Cautious shoppers begin to return to retail stores

Factoring for late Easter, March sales rose 1 percent

By Mae Anderson
THE ASSOCIATED PRESS

NEW YORK — March retail sales showed encouraging signs that consumers are no longer cutting their spending, a key to finding a bottom to the recession.

Shoppers were still very cautious. They largely stuck to buying necessities like groceries in March and held back on bigger purchases, and same-store sales fell overall, results reported by an industry group Thursday showed.

But about half the 31 retailers that Thomson Reuters tracks reported same-store sales were better in March than analysts expected. And Gallup estimates that the average daily consumer spending it tracks rose from $53 in mid-March to $71 by the last week of the month. Gallup said their weekly Consumer Mood Index is the most positive it has been since February 2008.

Economists and analysts closely watch consumer spending because it accounts for 70 percent of all U.S. economic activity. The economy's steep contraction in late 2008 was caused in large part by the 4.3 percent drop in consumer spending in the fourth quarter; that was the largest drop in more than 28 years.

Retail sales

Sales continued to decline in March, as consumers remained cautious.

Percent change in major retailers' sales compared to March 2008:

March 2009	
Wal-Mart Stores Inc.	1.4% ↑
Costco Wholesale	-5.0% ↓
Target Corp.	-6.3% ↓
J.C. Penney Co.	-7.2% ↓
Macy's Inc.	-9.2% ↓
Dillard's Inc.	-19.0% ↓
Saks Inc.	-23.6% ↓

NOTE: Sales include those from stores opened for at least one year. Reporting periods vary slightly.

AP

This year's late Easter skewed the results a bit. Analysts said a more consistent and complete picture of where consumer spending is heading this spring will emerge when March and April results are read together.

"On the surface, results look weak but this is one of those months to say 'Yes, but...,'" said chief economist Michael Niemira with the International Council of Shopping Centers. "The tone from retailers' comments is better than the reported performance."

Overall same-store sales fell 2.1 percent in March, a bigger decline than anal-

See RETAIL on page 2B

RETAIL

FROM PAGE 1B

ysts expected, according to the monthly tally from Goldman Sachs and ICSC. But last year's figures included Easter, which doesn't come until April 12 this year.

Once Easter is excluded, same-store sales actually rose 1 percent in March from a year earlier. Same store sales are considered a key metric of the retail industry's health because they exclude activity at stores that opened or closed during the year.

"An interesting dynamic is starting to unfold, what I call 'frugal fatigue,'" said Marshal Cohen, chief industry analyst at market research firm NPD Group Inc. "The consumer is beginning to say 'I know I have to save money, spend less and be cautious, but I still have a job, I still have needs and I still have to spend.'"

One positive sign was that several retailers, including J.C. Penney Co., TJX Cos., American Eagle Outfitters Inc. and others, boosted or at least raised the low end of quarterly guidance.

Groceries, health products and accessories remain the most popular sellers, and the discount sector remained the standout.

But Wal-Mart Stores Inc., usually an outperformer, said same-store sales excluding fuel rose 1.4 percent, a smaller rise than the 3.2 percent analysts polled by Thomson Reuters predicted. But the world's largest retailer blamed Easter for the miss and remained upbeat, saying first-quarter results will be at the high end of guidance.

The Greenville News
greenvilleonline.com
Friday
APRIL 10, 2009