

Retailers wheeling and dealing



SUSAN WALSH / The Associated Press

Shoppers take advantage of at the Pentagon City Mall in Arlington, Va. Some shoppers are holding out for discounts as they finish up their holiday buying.

Discounts, sales hooking shoppers

By Jayne O'Donnell
USA TODAY

Consumer confidence is improving and sending more shoppers to the malls. And stores, wiser after deep discounting during the recession, have reduced inventories, so they don't have to slash prices to clear shelves.

So why, then, are there promotions and price cuts everywhere you turn this holiday season?

ShopLocal, which does localized online circulars for more than 100 major retailers, says the number of retailers' daily offers this year exceeded any of the last four years right before and after Thanksgiving.

Since then, the level of deals has dropped below last year but still is higher than 2006-08.

Retail sales were up

just 0.8 percent in November, but department stores saw 2.8 percent gains and specialty stores increased 2.7 percent, the Commerce Department said.

ShopLocal CEO Vikram Sharma says retailers aren't confident enough to cut promotions much.

Retailers also know that consumers are trained to look for sales and will often go elsewhere if they don't see a price cut.

"It's extremely hard to change consumer mindsets once you've educated them," says Randy Allen, who teaches marketing and strategy at the Johnson School at Cornell University.

Allen, a former Kmart executive and retail consultant at Deloitte, says grocery stores and some

department stores have gotten people used to "high-low pricing," where products are temporarily discounted and then returned to the original price.

Talbots started its 50 percent off Red Hanger sale this week, two weeks earlier than last year, which Allen says signals the chain's nervousness.

Spokeswoman Julie Lorigan says Talbots planned to have it earlier, in part, to satisfy "customer demand."

But although the level of promotions is high, the degree of discounting and number of promotions still lag behind last year. And retailers are being much more "strategic and smart" about their deals, says specialty retail analyst Amy Noblin.