

# INDUSTRY NEWS

## Holiday Retail Sales Growth Put At 4.5%

Holiday retail sales in the U.S. should grow a robust 4.5 percent over last year, ringing up \$219.9 billion at the cash registers, according to the National Retail Federation.

The projections include brick-and-mortar sales, as well as catalogues and e-commerce, the NFR said.

Despite economic and geopolitical concerns, consumers continue to set money aside for what's more important to them, NFR President Tracy Mullin said in prepared release.

Holiday sales are those transacted in November and December.

Shrinkage at stores reflects over 10 percent of sales. Last year retailers lost \$10.7 billion to shoplifters and another \$15.8 billion to employee theft.

## Wal-Mart Story: More Diversity, More Sales

Wal-Mart Stores Inc. will continue to dominate the retail scene in America this year with worldwide sales projected to top \$300 billion. Outside auto-related activity, Wal-Mart stores will collect almost 9 cents out of every dollar spent by consumers at retail.

But as the chain grows at about 10 percent a year, its image is being challenged by lawsuits and negative publicity surrounding its treatment of 1.5 million employees. (More than the U.S. Army). So CEO Lee Scott has taken the offensive to promote diversification among its managers.

"Where we're wrong we will change," Scott told the Wall Street Journal. "Where we are right, we will fight and take each issue to the wall.

"...We will be pragmatic when necessary, willing to compromise as long as we're not compromising our principles," Scott asserted.

On the increased presence of off-shore goods, Scott had this to say:

"There is an assumption that the only way to reduce costs is to go offshore...We have a history of working with companies to drive out unnecessary costs – inventory costs, packaging expenses – from the business and passing the savings on to customers..."

I am not familiar with the idea that Wal-Mart brings anyone in and says you need to take this item offshore. I can't say it never happened, but I can say that it is not our policy...The percentage of merchandise bought overseas is lower than many companies..."

## September Retail Sales Reflect U.S. Jobs

September sales by retailers in the United States seemed to reflect the employment and earnings trends.

Stores catering to the wealthiest consumers—Nordstrom and Neiman Marcus to name two—continued to show healthy gains. But higher gasoline prices, sluggish pay increases, and exodus of manufacturing jobs all took their toll on the middle-class and lower wage earners.

Sears, Dillards, Limited and Kohls reported lower sales compared to a year ago.

But mass merchants which are pushing free trade and access to lower-priced goods from Asia all reported gains for the month. Wal-Mart, which had sales in excess of \$25.7 billion, was up 10.8 percent. Costco warehouse sales were up 11 percent and low-end Dollar General was reporting increases exceeding 12 percent.

JC Penney, categorized as a department store, showed increases of 2.1 percent, meeting its forecast. But the chain expressed worries about the soft consumer spending, particularly in the heartland.

"It's not about jobs. It's about wages," said Richard Hastings, a Bernard Sands retail analyst. The job growth in the U.S. is more about low-wage jobs than higher-paying manufacturing or technology positions, it was asserted.

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