



## Black Friday's Big Deals

The Motley Fool

By Dayana Yochim

You might want to rethink that third helping of late-night cold turkey on Thursday. You wouldn't want to miss your wake-up call from Kermit the Frog on behalf of Target stores.

If that's not enough to rouse you from your post-holiday slumber, maybe the free breakfast starting at 5 a.m. at Sam's Club will. No? If you bring your own grounds and can find an electrical outlet while you're in the checkout line at Wal-Mart, you can brew your own cup of high-octane joe in a full-sized coffee maker (or opt instead for your choice of a 2-quart slow cooker or a food chopper) on special for just \$3.98.

### Ready? Set. Shop!

In case you and the other expected 130 million bargain hunters jockeying for the good parking spaces are not aware, the Friday after Thanksgiving — “Black Friday” — marks the official start of the Christmas shopping season. Retailers are rolling out all the stops to make sure that the holiday sales don't somehow slip your mind.

The Black Friday buzz started early this year. In late October, technology site CNET.com was aflutter about a rumored holiday special on Windows laptop and desktop computers at **Wal-Mart** (NYSE: WMT). The alleged \$398 price tag, it said, would represent a new industry low on the price of mainstream laptops.

No one has to guess what's under Wal-Mart's tree now. Shoppers can preview Black Friday specials at Walmart.com before the sales circulars arrive in the mail. And just this week, the company announced that its stores would match any price featured on an identical product in a local competitor's print advertisement.

The bargain retailer isn't just taking on **Target** (NYSE: TGT) and **Costco** (Nasdaq: COST) this season. Its sights are set on Tiffany, Bloomingdale's, and The Sharper Image shoppers, too, by luring them with cashmere scarves, diamond and platinum jewelry, and plasma TVs.

Wal-Mart is determined to get Christmas right this year — so much so that its holiday push left the starting gate on Nov. 1, the earliest in company history.

Wal-Mart really, really, *really* wants your business. Bad.

**The facts of Black Friday**

“Black Friday” may sound sinister (and there are financial calamities in history sometimes referred to in the same shadowy terms), but the phrase used mainly by marketers and melodramatic headline writers simply refers to a cyclical turning point in a retailer’s business — a point at which a company begins to show that it is earning a profit.

Most retailers (save for the errant “Just Christmas” kiosk proprietor) don’t actually rely on one day’s sales to define their entire fiscal year. But if they did, you may be surprised to know that Black Friday probably wouldn’t be it.

According to the International Council of Shopping Centers data, most holiday shopping occurs the days directly preceding Christmas. It reports that the busiest shopping day in 2004 was Dec. 18, which brought in \$8 billion. A huge chunk of sales also takes place in the 15 days following the holiday (making us Black Friday warriors look like amateur bargain hunters).

Clearly, the holiday season is critical to a store’s year-end tally. According to the National Retail Federation (NRF) trade group, 20% of retail industry sales (more than \$400 billion) takes place in November and December. A distant second is the greeting-card-challenged “back to school/college” shopping season, which brings in about \$40 billion, followed by Valentine’s Day, at about \$13 billion, and St. Patty’s Day, during which consumers spend less than \$2 billion.

Still, Black Friday plays no small role making the “Winter Holidays” category a blowout:

Last year, shoppers spent \$8 billion on Black Friday, compared with \$4 billion the following Friday, according to an article in *The New York Times*.

The average American will spend \$738.11 on holiday tchotchkes, and couples aren’t getting bulk bargains — they’ll spend double that amount (\$1,500).

Santa will get a workout this weekend. In 2004, the average number of pictures taken with Santa Claus per mall was 4,000.

The NRF changed its tune on Nov. 22 and revised its holiday sales expectations. It now says sales will increase 6% over 2004 to reach \$439.5 billion, after previously predicting a 5% jump to \$435.3 billion. Why the sudden surge of optimism? Falling gas prices and strong October retail sales persuaded the organization to make its first-ever forecast revision.

Not to be outdone, online retailers are drawing attention to their big day: Cyber Monday. The Monday after the Friday after Thanksgiving is becoming one of the biggest online shopping days of the year, according to a Shop.org/BizRate “eHoliday Mood Study.” Why Monday? Shoppers who didn’t find what they needed in stores over the Thanksgiving weekend use their boss’ fast Internet connection at work to cross the remaining gifts off their lists.



Cyber Monday might explain why worker productivity is down the week before a major holiday. A recent poll by Accountemps found that 44% of executives said employees are less productive around the holidays.

### **Where the deals are**

So what will it take to wake consumers from their turkey coma come Friday? Free coffee? Sweepstakes? Would bikini-clad Wal-Mart greeters in Santa caps do the trick? (That's probably not a wise move, since **Abercrombie & Fitch** (NYSE: ANF) got flak for a holiday campaign where store greeters in some major cities were male models wearing only underwear.)

The bait might get you in the store, but the bargains are what will keep you there. Ditch the heavy coat and the kids, stock up on trail mix, and get ready to shop. According to a survey by investment firm SG Cowen & Co., here's where holiday shoppers are headed. Start your shopping carts ...

**Wal-Mart:** No surprise here. The survey found that the retailer will be the first stop for apparel, home furnishings, and jewelry. According to bfads.net, here's what shoppers will find:

Many of these deals are already available to online shoppers.

**Best Buy:** Some 54% of respondents will head to Best Buy for electronics, where the following doorbuster deals await early-morning shoppers, according to blackfridayads.com:

**Limited Brands:** The company's Bath & Body Works chain will be a pit stop for 51% of shoppers. Online shoppers can get free shipping on purchases of \$75 or more, according to the company website. If you click around, you can find holiday deals, such as 50% off a 3-foot teddy bear with a \$25 purchase. Shoppers who head to Express early, according to blackfridayads.com, will get 30% off suits and outerwear, a free clutch with any purse purchase, a free hat and scarf with any \$75 purchase, a free pointelle camisole with any Mac hoodie purchase, and various sweaters for less than \$20. And at Victoria's Secret, yet another part of the Limited Brands personal-care empire (as well as a must-shop destination for about 30% of those surveyed), there are pajama gift sets on sale for \$29, as well as free matching slippers for shoppers who purchase pajamas from certain VS collections.

**Toys "R" Us:** No Black Friday excursion would be complete without braving the crowds at this children's retailer. There you'll meet 62.2% of your fellow toy shoppers, according to the Cowen survey. The hot tickets for early-bird shoppers this year, says GottaDeal.com, are:

Shrek 2 game and video for \$79.99. Hot Wheels and Matchbox packs for \$11.97. Leap Frog Learning Leapstart Table for \$19.99. Star Wars Revenge of the Sith Light Saber Action 2-Pack for \$39.99. WWE Action Figures 4-Pack for \$9.97. My Little Pony Deluxe 4-Pack for \$9.97.



**Amazon.com:** And for those who are happy with their parking space in the garage, this endless on-line mall will help 58% of holiday shoppers cross books, music, and videos off of their “Dear Santa” list. On the main page at Amazon.com, you can see how many items have been ordered worldwide since Nov. 1 on the company’s Delight-O-Meter. (As of this writing the count was 34,407,792.) On the website, you can get gift ideas from the editors of *Lucky*, *Shop Etc.*, *Domino*, *Bon Appetit*, *Cosmo*, *Dwell*, *Fitness*, *GQ*, *Harper’s*, *PC Gamer*, and *Popular Mechanics*. Gift ideas are organized by product category, recipient, price, and special purpose (stocking stuffers, corporate gifts).

If you strike out on Black Friday, don’t feel bad. According to a new Indiana University study, post-Thanksgiving shoppers leave stores empty-handed more often than you would think. According to Ray Burke, the E.W. Kelley Professor of Business Administration at IU’s Kelley School of Business, the percentage of adult shoppers who bought something on Black Friday is less than 44% in the first few hours. The average is just 31% for the entire hectic day.

Why the empty bags? Just what you would expect on one of the biggest shopping days of the year: long checkout lines, an overwhelmed sales staff, crowding (which limited access to some of the goods), and out-of-stock items.

Maybe you should have Kermit make that wake-up call half an hour earlier this year.

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