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Retailers, economists mixed on holiday sales expectations

Austin Business Journal - by [Kate Harrington](#) ABJ Staff

It's been billed as "the most wonderful time of the year." But for local retailers, this holiday season may bring a mixed bag, store owners and local economists say.

While many local retailers are preparing aggressive campaigns to lure shoppers and say they feel more optimistic about holiday performance this year, some say this year's sale tax revenue indicates that a less than stellar holiday season lies ahead.

Steve Bercu, CEO of **BookPeople** in Austin, said the bookstore's sales have recently gone positive for the year, and after a strong August, September and October to date, he's expecting holiday sales this year to be up also. Bercu said last year's holiday season saw sales dip somewhat, although he declined to share percentages.

BookPeople is taking steps to optimize holiday sales, he said, by making the store's interior aesthetically appealing, ensuring staff are up on training and bringing top authors and speakers into the store, including former U.S. Secretary of State Madeleine Albright and television chef and author Alton Brown. And it will help that this year's lineup of books is among the best in the past decade, Bercu said, which he expects will attract shoppers.

Paul Carrozza, owner of Austin-based **RunTex**, is also expecting a good holiday season. RunTex's sales will likely hold steady through the end of the year, and holiday sales are projected to grow by 5 percent compared with the 2008 holiday season, he said.

"I think people are more thoughtful in buying, and they are less likely to try something new," Carrozza said of consumer habits this year. "They want the proven items."

To attract holiday traffic, he said RunTex is promoting its gift cards, giving a special holiday RunTex shirt with the purchase of a gift card.

But Angelos Angelou, principal executive officer of Austin economics research company AngelouEconomics, said sales tax revenue year to date suggests that Austin retailers may not see positive holiday spending. Holiday sales for many retailers account for up to 30 percent or more of annual revenue, he added.

Year-to-date, Austin's sales tax revenue is down 11 percent, a greater decline than in any other major city in Texas and greater than the state's year-to-date sales tax revenue decline of 3.8 percent, Angelou said.

"To me that suggests consumers in Austin are concerned about the job market," he said. "They're not spending. I presume they are saving for a rainy day. This does suggest, in my view, we'll be flat to negative" for the holiday season.

The exception to the gloomy sales tax revenue has come from smaller cities in the Austin metro area, he noted, including Kyle and Buda to the south and Leander and Cedar Park to the north.

To appeal to consumers, Lakeline Mall is holding various events and promotions, including goody bags for the first 200 customers who enter the morning of Black Friday, said Ashley Pearce, a spokesperson for **Simon Property Group Inc.** (NYSE: SPG). Simon operates Lakeline Mall, Barton Creek Square Mall and The Domain in Austin.

On the other end of the local retail spectrum, the **Austin Independent Business Alliance** is also repeating its Austin Unchained event, which challenges Austin residents to shop for one day — the Saturday after Thanksgiving — at locally owned stores. Dean Lofton, executive director of the alliance, said if Austinites switched all their shopping to locally owned businesses for that day, it would result in \$14 million pumped into the local economy.

Nationally, forecasts for holiday retail spending are brighter than last year's. The **National Retail Federation** in early October released its projections, saying that holiday retail industry sales will decline 1 percent this year to \$437.6 billion nationwide. Holiday sales are defined as retail industry sales in November and December.

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Nick Simonite

Dean Lofton, executive director of the Austin Independent Business Alliance, is urging area shoppers to buy from locally owned stores on the Saturday after Thanksgiving Day.

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