



SOME THOUGHTS ON 2019 HOLIDAY GIFT SHOPPING

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With a relatively strong economy again this year, it is likely that holiday gift spending will be high this year. However, because consumers have become accustomed to pronounced discounts and bargains both from online and brick-and-mortar retailing, it is likely that competition for consumer spending will be intense, resulting in aggressive price competition. Although it is relatively easy to move one online site to another to shop, crowding makes it difficult to move between retailers. Therefore, competition even to get consumers into the store in the first place is tough.

A large portion of Black Friday shopping is now done online. This has allowed retailers to move up Black Friday sales, with many starting before Thanksgiving. Brick-and-mortar merchants that began to open their stores on Thanksgiving Day itself during the last recession suffered considerable public backlash as many shoppers felt that it was inappropriate to ask employees to give up time with their families on this special day. Allowing customers to shop online avoids this problem since online orders do not require elaborate staffing.

Some chains, such as Office Depot, offer bargains that can be bought online but must be picked up in-store to avoid shipping fees. This provides an opportunity to get customers into the actual stores where they may make additional purchases while picking up their online purchases.

Black Friday shopping on Thanksgiving Day can be appealing to consumers. Many may be bored before the Thanksgiving meal, and shopping may create a relief if tensions arise as family members come together. Merchants such as Amazon release deals gradually so that shopping can become a never-ending stream as shoppers continue to check back for new deals.

From a technological point of view, Black Friday should have been a historical relic. Back in the late 1990s and early 2000s, many shoppers had slow, dial-up access or not access at home, so it made

sense that then bandwidth intensive pages with images could be better viewed once getting back to work on Friday. Today, most households have high speed Internet access, eliminating that problem. In practice, Black Friday is now an opportunity for merchants to offer another round of deals.

Although Amazon dominates online sales, a number of retail chains such as Home Depot, Target, Staples, and Office Depot offer a large assortment of online bargains. Historically, Black Friday sales have premised on having a limited quantity of exceptional bargains. Today, retail chains are able to get steep discounts from manufacturers by committing to buying large quantities well in advance. Thus, for the most part, the attractive bargains will mostly be available to those who seek them. One benefit of online sales is that distribution is consolidated from a limited number of warehouses. This means that the mismatch with demand that would exist at individual retail locations is largely cancelled out, limiting over and under-stocks.

This year, Thanksgiving falls on November 28, the very latest date at which it can occur. (The earliest it can occur is November 22). Historically, a late Thanksgiving date has had retailers worried that there will be less time to shop for the holidays. To the extent that online sales and some in-store sales are beginning to happen before, rather than after, Thanksgiving, this may be less of a concern, although there may be a limit as to how far ahead of Thanksgiving you can start serious sales. One would not think that with at least several weeks before Thanksgiving and Christmas that anyone would be seriously short of time to complete gift purchases. However, the answer here may involve the number of gifts bought rather than the extent to which an individual is able to buy for everyone on his or her list in time. Even with the procrastination that delays shopping for many, it should be readily feasible to find gifts for everyone on one's list. This is especially the case with the option today of shopping online, which allows the customer to shop when this is convenient and without having to spend time traveling to the store. Where the shorter post-Thanksgiving shopping period does come into play, however, is in the number of gifts that are bought and the value of gifts selected. A longer buying period may allow the shopper to buy multiple gifts to certain recipients, adding on smaller gifts uniquely suited for a particular recipient when these are encountered. It is also possible with less time available, some shoppers will pass up higher end gifts where more thought and research may be needed to make sure that a good deal is made, opting instead for lower priced, simpler items where the stakes are lower.