

Retailers must re-write playbook this holiday season

Austin Business Journal by Cody Lyon, Staff writer

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Money is tight for most Americans, and retailers know that going into the holiday shopping season.

A Nov. 21 report by a group of [Wells Fargo & Co](#) . economists is saying U.S. retailers have had to improvise and adapt as cash-strapped consumers spend their dollars more cautiously due to economic malaise.

The economists are warning consumers that the days of jaw-dropping markdowns are gone. Instead, retailers have gotten smarter, and know they must do more than drop prices to survive in this climate.

So what's in store for Austin retailers? The senior economist who led the team that wrote the Wells Fargo report, [Mark Vitner](#), said Austin is doing better than the rest of the country, and that retailers here will probably see "stronger holiday spending gains."

"But the overall magnitude will likely be relatively small because sales were so strong last year," said Vitner, a senior economist at Wells Fargo.

What types of gifts will Austinites lean toward?

"Austin's younger population means gift purchases will be more heavily weighted towards electronics, particularly tablet computers and smartphones. Video games and book readers will also remain popular," Vitner said.

National big-box retailers with a presence in Austin said the economy has taken a toll, but they're optimistic.

“The economy continues to challenge retailers everywhere,” said Target spokeswoman [Andrea McAuley](#).

Still, she said Target had a great third quarter, and the store is well-positioned for this year’s holiday season.

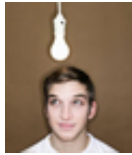

Smaller local retailers are keeping their chins up too, counting on shoppers who might be hoping to avoid the frenzy of malls and big-box stores.

Local high-end children’s clothing shop Little Green Beans at 9070 Research Blvd. is counting on consumers avoiding the crowds at bigger stores.

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