



CHRISTMAS 2005: BARGAINS GALORE!

If you are one of the many millions of Americans who will be shopping this holiday season for gifts for loved ones, friends, and business associates, you are in the driver's seat when it comes to finding the best prices. Several events this past year have merchants scrambling to set prices low enough so that you will shop and shop big. Let's take a look at how these events are shaping the retailing landscape and how you can make it all work to your advantage.

High Oil Prices – Hurricanes Katrina and Rita pushed already high fuel prices to record levels. Although off of their peak levels, prices are still too high for many consumers who feel pinched and are likely to cut back on spending. Factor in Hurricane Wilma and this will be a tough year for many.

Rising Mortgage Rates – Incremental increases in mortgage rates means that mortgage bills are going up, taking away from money that could be used elsewhere. Home sales remain steady, so companies like Home Depot are likely to benefit, while department stores will be scrambling.

Credit Card Changes – Our nation's new bankruptcy laws coupled with credit card companies requiring higher minimum payments will certainly put the squeeze on for some. Not necessarily a bad thing to require higher payments, but the timing couldn't be worse.

Online retailers have a great opportunity to capitalize on consumer's reticence. With lower overheads, free shipping, and access to a large pool of inventory, look for online shopping to jump up again this year.

For "brick and mortar" retailers, expect that the motto, "If you cut prices sharply, they will come," to hold true. Stagnant inventories cost money to maintain; moved merchandise means money that can be applied to the bottom line.

Look for aggressive sales and even price wars this holiday season as merchants redouble their efforts to reel you in. They have to; for some their very survival depends on your patronage.

Shop wisely!

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