



Small retailers struggle in tough season

Consignment store sees bright spot as people flock to discounts

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Henry Burton will never know whether the snow that blanketed Seattle during the holiday season was a blessing or a curse.

The unusually heavy snowfall and cold temperatures left many Seattleites snowbound for days right around Christmas and Hanukkah. That meant Burton, owner of Fremont Place Book Co., may have lost customers who would normally have driven to his independent bookstore. But he also gained some who were left to do their holiday shopping on foot and discovered his shop, in Seattle's Fremont neighborhood, for the first time.

Some of those people have since returned to his store, leaving Burton hopeful that he has gained some new regulars.

In the end, Burton saw business fall by 6.5 percent for December from a year ago, although he was able to bring in enough money to pay his bills and even start the year with a bit of savings. Still, he's not yet sure whether he'll be writing himself a paycheck this year.

"I may get a little bit, but not as much as I had hoped to," he said this week.

Like a lot of small retailers, Burton depends heavily on the holiday season to ring up sales — and, like a lot of smaller retailers, this past holiday season proved especially challenging.

Fremont Place Book Co. was one of three small stores featured in a December article about how independent retailers were faring during the 2008 holiday season. This month, msnbc.com is checking back with those retailers — a bookstore, a gift shop and a consignment store — to find out how the season turned out.

Buying cheaper books

For Burton, the weather added another curveball to the already uncertain season, bringing the Seattle area to a virtual standstill and delaying deliveries of special orders for many of his customers.

On the plus side, Burton thinks the weather forced some people to stop and enjoy the holiday season more, and made them more forgiving of things like the delayed orders.

"People just seemed a lot more relaxed about the whole thing," He said.

Overall, Burton said the shop was as busy as it ever is around the holidays, but people's shopping habits were different. Burton sold more paperbacks as customers balked at big cookbooks and coffee table books, and calendars weren't as popular as he had hoped.

"People were buying as many books. They were just buying a lot cheaper books," he said.

This month, Burton has been paring down his inventory by returning books to distributors and publishers, in order to save money. He's also working with his landlord in the hopes of keeping his rent from being raised. And he's already wondering about how things will go this summer, when he typically benefits from tourism traffic.

"We'll see what happens," he said. "If there aren't many tourists around, that could be a problem."

Weather and economic woes

As soon as business started dropping off last fall, workers at the Artisan Center in Denver refined their holiday strategy in the hopes of appealing to more cost-conscious shoppers. A stronger-than-expected start initially left them hopeful, but then a spate of cold weather combined with the economic woes made them fearful that business could be down as much as 18 percent in December.

But the 32-year-old gift shop, located in the city's upscale Cherry Creek neighborhood, got an early Christmas present when business picked up significantly in the final days before the holiday.

Manager Julie Hayward said the staff also was surprised by a business uptick in the week following Christmas as shoppers who came in to exchange items ended up spending more.

"They would bring back a \$20 necklace and get something that was \$60," Hayward said.

The two strong weeks left the shop with a slightly less dour 14 percent drop in business for the month, compared with a year ago. Overall, the store saw a 7 percent drop for the year.

Still, a decline in business during what is traditionally the shop's busiest time will take its toll. The company let go of one regular staffer as well as a seasonal employee.

Hayward said the remaining 11 staffers are being asked to work two fewer days per month so the store can save money.

"It's a way to cut back without losing anybody," Hayward said.

The store, which carries items such as jewelry, scarves and children's gifts, is planning conservatively for the coming year. Instead of the traditional goal of besting the previous year, store managers hope to simply do as well as they did in 2005.

'We held our own'

While other retailers were fretting about a drop in business, Ladybug Landing enjoyed spectacular growth in the holiday season, thanks largely to the fact that it deals in more bargain-oriented resale.

The 16-month-old consignment store, which specializes in children's and maternity wear, saw business nearly double from a year ago, as more people sought out bargains amid the recession.

Sarah Meyers, owner of the Lexington, Ky., store, was pleasantly surprised to see that business was pretty good even during the holidays, when she was expecting that sales would slow as people sought out more traditional retailers for holiday gifts.

"We held our own during the holiday," she said.

As the holidays grew near, Meyers also continued to see people bringing in consignment items, in hopes of getting a bit of extra cash for the holidays. That trend has not slowed.

These days, she said she's often fielding 20 calls a day with people wanting to bring in spring and summer items to sell.

Meanwhile, the weak economy appears to be drawing in more shoppers as well: Meyers said she often hears from customers facing job losses or other economic woes.

"People are just so appreciative of being able to find a deal right now," she said.

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