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THE RECORD

Thanksgiving store openings forced by changing shopping patterns, online commerce

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Westfield Garden State Plaza is one of two Paramus malls to open from 6 p.m. to 11 p.m. Thanksgiving night

The decision by two Paramus malls to open on Thanksgiving for the first time is another sign of a new holiday tradition: retailers fighting for the biggest piece of pie.

The pie is the \$616.9 billion that Americans are expected to spend in November and December, and with retail growth sluggish, one store's gain means another store's loss.

Forces leading to more and earlier holiday openings include a battle for market share among retailers spooked by the recession, statistics that show shoppers are spending earlier, and a realization by retailers, starting five years ago, that Americans are spending most of Thanksgiving Day shopping online.

In Paramus, the tipping point for Westfield Garden State Plaza and Paramus Park was the decision by Macy's to open stores at those malls, even though they could stay open only five hours because of a Paramus ordinance that requires stores to close at 11 p.m.

Retail experts say they don't expect Thanksgiving store openings to go away. "In the battle for market share, if one person does something, you have to do it," said retail analyst Howard Davidowitz. "There's only X amount of business to be done. The question is who takes it from whom because the pie is not big enough for everybody to gain."

Like last year, retailers aren't offering their best door-buster specials on Black Friday but on Thanksgiving evening — a 50-inch high-definition TV at Walmart for \$218, a \$1 Samsung phone at Target, Dr. Dre headphones for \$80 at Best Buy — in an effort to grab holiday dollars before they are spent at a competitor.

"Some retailers are concerned that if they're not open, they are going to cede some of that market share to their competition, so it kind of turns into a feeding frenzy if you will," said Russell Evans, vice president for global marketing for ShopperTrak, the Chicago-based analytics firm that monitors sales and store traffic.

Last year, Macy's opened stores everywhere in the country at 8 p.m., but kept its Paramus stores closed rather than open for only three hours because of the 11 p.m. closing rule. This year, when the chain moved its Thanksgiving opening time up to 6 p.m., the holiday-opening math made sense.

"They have to be open for enough hours to allow for a buildup of shopping and to make it reasonable for the employees," said Davidowitz. No retailer would be likely to open for just two or three hours, he said.

Elina Kazan, a spokeswoman for Macy's, said the retailer wanted to open its stores at the Garden State Plaza and Paramus Park because "these two stores are top destinations in Bergen County."

Davidowitz, chairman of Davidowitz & Associates, a retail consulting and investment banking firm based in New York, said he doubted the malls would have opened without Macy's.

"Macy's drives the decision because Macy's drives the traffic," he said. "If Macy's opens, that guarantees a fair amount of traffic in the mall."

In recent years, ShopperTrak has increasingly seen sales shifting from December into November, Evans said, as retailers start their holiday promotions earlier and earlier. Although the number of people in stores rises in December, shoppers spend more in November, he said.

"The people in the stores in November are buying more and spending more of their holiday budget," Evans said. Retailers are responding to that.

Most of the retailers leading the fight over market share and trying to grab holiday sales earlier each year depend on budget-conscious shoppers and bargain hunters.

"If you go down the list of giant retailers — Kmart, Sears, Toys 'R' Us, — many of them are in desperation mode for market share," Davidowitz said. "Opening on Thanksgiving is one thing they can do to try to gain some."

The Thanksgiving night door-buster shoppers, he said, "are the people who have this sense of desperation that they have \$350 to spend and they have to get 32 gifts, and they've got to get these deals."

Wal-Mart announced on Wednesday that it will make its door-buster specials available starting at 6 p.m. on Thanksgiving, the same as last year. Walmart stores are typically open 24 hours a day, but the specials are roped off until 6 p.m.

Lori Sackler, a senior vice president at Morgan Stanley Wealth Management in Paramus and author of "The M Word: The Money Talk Every Family Needs to Have about Wealth and Their Financial Future," said the retailers supply a lot of incentives in the form of discounts to get shoppers to come out on Thanksgiving night.

“If you can get your dollar to go a little bit further you can cover more people and get more gifts. So it’s definitely good for the consumer,” she said. “There are plenty of people who want to do that.”

Sackler and Morgan Stanley expect that consumers will be spending more freely this year because an improving economy is creating more spending power for consumers. But she doesn’t expect retailers to stop opening on Thanksgiving.

“I don’t know if it will ever go back to normal,” she said, “but what’s normal any more” in an age when people can shop any time for anything online.