

## DROP HOW YOU SHOP

OUR SPENDING CAN'T DRIVE THE ECONOMY FOREVER.

LET'S LEAVE THE MALLS BEHIND.

By Paco Underhill

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We are a society of shoppers. We have been since we were prehistoric hunters and gatherers. From the souks of the Middle East to the night markets of Asia to the concourses of Tysons Corner, human beings come together to browse, bargain and purchase. Shopping isn't just about the acquisition of goods -- whether the season's hot toy or some sharp tool necessary for surviving the winter -- it's also about how we interact with each other.

For better or worse, the holidays have long been synonymous with shopping. And that has come to mean Black Friday, the start of the shopping sprint between Thanksgiving and Christmas and historically one of the busiest shopping days of the year. Over the past decade, retail marketers have staged events -- 5 a.m. openings with "doorbuster" deals -- designed to drive traffic to their stores, even risking stampedes for the sake of more sales. Particularly for specialty merchants, these five weeks are critical in making their annual bottom line.

This year the stakes are even higher. Many retail chains had a disastrous 2008 and are hoping for a miraculous recovery this season. However, some of them are not going to bounce back, and the results will prove instructive. The current way we measure the health of our economy, from the markets to consumer confidence ratings, depends on our overspending. But, simply put, we cannot continue to be a country where more than 70 percent of our economy is based on consumer spending, especially when that spending is based on credit.

Even in the best of times, Black Friday has always been an exaggerated gamble. Nearly every year, retailers overestimate how much they'll make in December, and nearly every year, when the numbers prove they were wrong, stock prices take a beating. Our post-holiday assessments are more about disappointments than clear victories. It doesn't look like it will be so different this time. According

to a survey by the consumer research firm NPD Group, 30 percent of holiday shoppers said they were planning to spend less than they did last year.

That makes sense, of course. American consumers spent the first part of 2009 hiding under their beds with their wallets shut. They were properly scared. Their home values, job security and retirement plans had all suffered. And though consumer confidence is significantly stronger than it was a year ago, most people say their finances have worsened. People have been reporting deteriorating finances for 13 consecutive months, the longest decline in the survey's 60-year history.

Our retail culture is undergoing a fundamental reordering. Consumers have spent beyond their personal limits, grossly misusing their credit cards and home equity, and the lessons have been painful. Roughly a third of Americans are suffering deep economic trauma, driven by job loss, home foreclosures or health problems. Those who are not suffering know someone close -- a friend, neighbor or family member -- who is. Many middle-class Americans find themselves living paycheck to paycheck with no savings. Even the rich are conscious that their piles are smaller.

Our children, meanwhile, have been raised with a sense of entitlement: Not providing a PlayStation3 is tantamount to child abuse. We talk to our kids about nutrition, safety and the environment, but we ignore our responsibility to teach them about money and how it works.

We could start by shifting out of our holiday shopping frenzy. I place some of the blame on Thanksgiving Day. It's one of the only times of the year when extended families meet and, for all the joy, the backdrop can be tense. Over turkey and mashed potatoes we exhaust all safe topics of conversation, and when Friday morning comes around, rather than talk about Sally's troubled teenagers or Darren's divorce, we go shopping.

And we know how to shop; the quest for deals is built into our DNA. America's retailers are addicted to the sale. Buy one get one free, gift with purchase and loss leaders are all part of the national vocabulary. We have stopped bragging about how much we spent for something and instead boast about how little we paid for it, now more than ever.

But today, it's about more than just a good deal. Americans are going on a financial diet and have rediscovered savings. This season more of our spending

in stores will be with cash, while online we'll spend more with debit cards. We have learned that we can't spend what we don't have.

Consumer spending can't drive us out of this recession. We have to adjust to lower, more responsible spending levels. We still will dress our children, maintain our homes and drive cars. We will eat, drink and have fun. But the transition to less will be painful.

America has too many stores and too many malls for the population they are meant to serve. While some are doing just fine, the vacancy rate in malls nationally is climbing. In urban centers such as New York, it is hard to find a block without at least one vacant storefront. E-commerce has transformed our shopping experience, but its fundamental impact has been on what we spend and what bricks-and-mortar stores look like. Apparel and grocery stores have been under huge pressure to control costs, and the most controllable cost is labor. Now that you can pull out your smart phone and check what thousands of online ratings sites say about that new TV you're considering, do you really need to talk to an informed salesperson? The retailer can only afford a limited number of worker bees roaming the aisles.

Retail, therefore, will not be the engine of long-term job creation. Much of the work is seasonal and part time; the pay is low and the benefits minimal. For many, such jobs are better than nothing, so the transition away from this readily available part-time work will be painful. But we need real jobs, work that strengthens our infrastructure and reduces our dependence on oil. Solar and wind power, battery technology, safe nuclear power, and, most important, conservation are areas with the potential to create life-sustaining jobs.

Our end-of-year holidays are about giving the meaningful people in our lives gifts that express what we often have difficulty saying. I love you. I'm proud of you. I respect you. I recognize your pain and stress. And we can do that in more ways than simply spending. If that means bleaker Black Friday returns, some economists are bound to be disappointed. But the rest of us will be just fine.

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