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## Business XML

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Posted on Sat, Nov. 26, 2005

### East Bay shoppers undeterred by tough times, plan to spend

By Blanca Torres and Rick Jurgens  
CONTRA COSTA TIMES

East Bay consumers responded to the official opening of the holiday selling season Friday by flocking to malls and stores, demonstrating that recent economic setbacks, war and natural catastrophes haven't snuffed out the urge to shop.

Yet Friday's buying didn't set to rest fears that bad news -- economic and world and national -- would dampen this year's holiday spending. After an early-morning rush for bargains, the turn-out by shoppers did not strain the capacity of most local parking lots and store aisles.

Some braved morning showers to get a head start. At Richmond's Hilltop Mall, a woman with stylish wraparound sunglasses strode through a small crowd wearing designer jeans and a brown T-shirt proclaiming, "You better make more than I spend."

That may be a tough order. "You look at what's going on in the world, the disasters going on, war, gas prices, PG&E, even cable's going up," said Curtis McCray as he shopped at El Cerrito Plaza. McCray was unsure how much he would spend for the holidays: "What you spent \$100 for last year is not going to be the same this year."

Others vowed to continue shopping despite adversity. Carla Diez-Canseco, a Menlo Park human resources director who was shopping with her mother and 2-year-old daughter in downtown Pleasanton, said that higher gasoline prices and other factors were "not going to stop me from enjoying my family and friends." Diez-Canseco said she plans to spend about \$3,000 on the holiday, about \$500 more than last year.

But Diez-Canseco may be swimming against the tide. A national poll of 2,000 consumers by Maritz Research Inc., a St. Louis-based firm, found that one in four will spend less this holiday season, while 12 percent plan to spend more and about two-thirds will spend about the same as last year.

Some consumers said they would spend less because they had given to charities. "People have a set amount of money that they are going to be able to spend around the holidays," said Gloria Park Bartolone, a vice president at Maritz. "They have sacrificed and have spent money on people they don't even know and, as a result, they're finding they have less money to spend on gifts."

In recent months, worries about higher prices, especially for fuel, caused a dramatic decline of consumer sentiment, as measured in a monthly survey by the University of Michigan. The drop between July and October was the second largest ever recorded, and more than twice the size of the largest drop that was not

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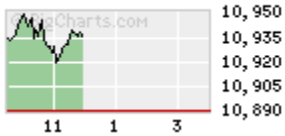

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followed by a recession. The November survey, released Wednesday, improved slightly.

Yet the National Retail Federation, a trade association, remained optimistic. "Recent consumer spending has surpassed our expectations, and we expect this momentum to continue through the holiday season," Chief Executive Tracy Mullin said in a release.

But Standard & Poor's, a credit rating service, noted that consumers spent more than they earned each of the past four months and warned that retailers face "a difficult holiday season." The agency estimated that annual growth in holiday sales would slow to somewhere in a range from 3.5 percent to 4 percent this year, compared to 5.3 percent last year.

Many consumers are feeling pressure on their pocketbooks, said Brad Stroh, co-chief executive of Freedom Debt Relief, a San Mateo-based consumer counseling company. Consumers have been hit by higher prices, lagging wages and slower gains in home equity, he said: "In the past three years, people have relied on home-price appreciation as a source of cash for spending."

Changes in bankruptcy laws that make it harder to eliminate debt and higher minimum payment requirements for credit card debts also could slow buying, he added: "People will say, 'I have \$30,000 on my credit cards and this time I can't just get rid of it by refinancing.'"

Of course, personal experience shapes the economic outlook of many consumers. "I'll actually spend more this year because I was a little less financially stable last year," said John Benutty, 22, of Berkeley as he shopped at Broadway Plaza in downtown Walnut Creek.

But Judy Pollock of Oakley said her husband's retirement had prompted her to cut back -- to \$3,000 -- her budget for gifts for her eight grandchildren and the nearly three dozen others on her Christmas list. Pollock also vowed to string her yard with a full complement of holiday lights despite the prospect of higher utility bills.

Some see in shopping a higher cause. "I think spending money is good just because it helps the economy," said Michelle Spagnolo, 50, a Sacramento resident shopping in Walnut Creek. She shrugged off higher fuel prices but acknowledged that she had put a ceiling on her spending plans: "This year it's \$1,000 for everybody, and if I stay under that then I'm good."

Others see consumer malaise being driven by grim headlines. The American death toll in the Iraq war recently passed 2,100. Storms in the Gulf of Mexico killed or made homeless thousands of people. Movie star Angelina Jolie spent her holiday in Pakistan to call attention to the plight of survivors of the massive earthquake that killed tens of thousands. "Since we've had the hurricanes, the war, I think we've been pummeled a bit this fall," said Kit Yarrow, a consumer psychologist at Golden Gate University in San Francisco.

Still, it's possible that consumers could respond by opening up their checkbooks, according to Yarrow. "I think emotionally consumers are so ready to celebrate, to have something positive to have a break from negative," she said. Consumers might also find in shopping some fulfillment of their desire to connect with other people, she added.

Of course, not all the connections made Friday were good. In Orlando, Fla., one over-aggressive shopper was wrestled to the ground by security guards after he cut in a line for a discounted laptop computer, the Wall Street Journal reported.

And in Emeryville, some eager shoppers so brimmed with the lust to buy that they ignored a man with a baby in a stroller in the crosswalk as they impatiently turned off Powell Street in the direction of the Bay Street mall and the Ikea store.

Elsewhere, the shopping fervor remained tempered by civility. At the Hilltop Mall at midday, clusters of cars outside the Macy's, Sears and JCPenney stores were islands in a sea of surrounding open parking spaces. Inside the mall, things were busy in Sears' children's clothing department, yet 15 shoppers stood politely in a check-out line, perhaps inspired by a nearby Barbie Fairytopia display. At small upper-level stores, things were quieter. Only a half-dozen customers were scattered through the aisles of one toy store.

The parking lot outside Wal-Mart in Martinez was busy but not full. Shoppers trickled in past a makeshift receiving line of unofficial greeters that included petitioners for ballot initiatives, a California Highway Patrolman with a rack of automobile and pedestrian safety tips and Phil Tucker, a trade union supporter from Napa.

Tucker paused from distributing an anti-Wal-Mart leaflet from a group called WakeUpWalMart.com to note that enough bargain hunters had risen early to fill the store's parking lot by 4:30 a.m. And that comment, in a small holiday miracle, was echoed by Tucker's everyday adversary, store manager Marco Campbell, who stood a few feet away.

Times staff writers Rowena Coetsee, Eric Louie, Danielle Samaniego and Chris Treadway contributed to this story. Blanca Torres covers retail and consumer issues. You can reach Torres at 925-943-8263 or at [btorres@cctimes.com](mailto:btorres@cctimes.com). Reach Rick Jurgens at 925-943-8088 or at [rjurgens@cctimes.com](mailto:rjurgens@cctimes.com).



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