

[Detnews.com](#) | [Weather](#) | [Jobs](#) | [Cars](#) | [Real Estate](#) | [Apartments](#) | [Shopping](#) | [Classifieds](#)**Business**[Local News](#) | [Sports](#) | [Autos Insider](#) | [Entertainment](#) | [Living](#) | [Forums](#) | [Photos](#)The Detroit News
detnews.com[Print this](#) | [Comment on this](#) | [E-mail this](#)[In Business](#) **155**[Main Index](#)[Careers](#)[-- Find a Job](#)[-- Post a Resume](#)[Money & Life](#)[Real Estate](#)[-- Find a Home](#)**SEARCH**
detnews.com

[Advanced Search](#)**Essentials**[Homepage](#)[Photo Galleries](#)[Weather](#)[Horoscope](#)[Lottery](#)[Crossword](#)[Contact Us](#)**Opinions**[Editorials](#)[Columnists](#)[CyberSurveys](#)[Forums](#)**Autos**[Autos Insider](#)[Autos Weblog](#)[Drive](#)[-- New Car Photos](#)[-- Car Reviews](#)[-- Latest Deals](#)[-- Model Reports](#)[Joyrides](#)**Business**[Business](#)[Money & Life](#)[Careers](#)[-- Find a Job](#)[Real Estate](#)[-- Find a Home](#)**Metro**[Metro/State](#)[Wayne](#)[Oakland](#)[Macomb](#)[Livingston](#)[Commuting](#)[Obituaries](#)[-- Death Notices](#)[Schools](#)[Detroit History](#)**Nation/World**[Nation/World](#)[Politics/Gov](#)[Health](#)[Religion](#)[Technology](#)

Thursday, January 26, 2006

Retail sales to stay on the skids**Michigan association predicts first quarter drop after 1.9% decrease for the holiday season.**

Sharon Terlep / The Detroit News

Stingier-than-usual shoppers left Michigan retailers with a nearly 2 percent drop in sales this holiday season and most signs point to more difficult times ahead.

According to a report released on Wednesday by the Michigan Retailers Association, sales during the 2005 holiday season dropped an average of 1.9 percent -- far bleaker than the 5 percent gain the group predicted in September and the 5.7 percent increase nationally.

Looking ahead, nearly two-thirds of association members who were surveyed predict their first-quarter sales will drop this year.

There is, however, a bright spot: Retailers managed a 2.8 percent sales gain in 2005, up from 2.5 percent the year before. Playing host to the Super Bowl is creating hope as well among store owners, many of whom are planning marketing blitzes and products designed around the event.

"We're in Michigan -- it's the economy," said Kim Nye, vice president and general manager of Saks Fifth Avenue at the Somerset Collection in Troy. "Every day is a challenge in this marketplace and the market that we're in."

The Lansing-based association's December Michigan Retail Index found that 49 percent of retailers had sales declines from the same month in 2004; 39 percent reported higher sales; and 12 percent reported sales remained the same.

Advertisement



Ricardo Thomas / The Detroit News

Michigan retailers don't see much good economic news on the horizon after coming out of a bleak holiday shopping

Sports

Sports Insider
Lions/NFL
Super Bowl
Pistons/NBA
Red Wings/NHL
Tigers/MLB
Shock/WNBA
MSU
U-M
More Colleges
High Schools
Golf
Motor Sports
Outdoors
More Sports
Scoreboards
Entertainment
Entertainment
Events
-- Event Finder
Movies/TV/DVD
-- Movie Finder
-- TV Listings
Eats & Drinks
-- Restaurants
-- Wine Report
Books
CD Reviews
Casino Guide
Michigan's Best

Living

Lifestyle
Homestyle
Fitness

Forums

News Talk
Faith Talk
Autos Talk
Wings Talk
Lions Talk
Pistons Talk
Tiger Talk
Big 10 Talk
High Schools
Movie Talk
Tech Talk

Weblogs

Autos Blog
Photo Blog
Politics Blog
Pistons Blog
Tigers Blog
NFL Blog
Red Wings Blog
Big 10 Blog

RSS

 Feeds

The association represents nearly 6,000 retail business members operating more than 13,000 stores across the state.

The lackluster season came as a stream of bad news poured out of key Michigan employers. General Motors Corp. said in November that it plans to close 12 facilities and cut 30,000 U.S. hourly jobs. A month earlier, Delphi Corp., the world's second-largest parts manufacturer, filed for bankruptcy.

Michigan recorded a 6.8 percent annual average unemployment rate last year, among the highest in the nation.

"It's easy to understand why many retailers are less than excited about the start of the new year," said Larry Meyer, association chairman and CEO. "They experienced a slower than expected holiday season and don't see much good economic news on the horizon."

The holiday season typically accounts for a third of retailers' annual sales. But the last-minute surge to snap up gifts didn't bring the expected boost.

Bad news about the economy was too pervasive to simply shrug off, shopper Kerri Cunningham said. Cunningham, a project manager for GM, said she held back more this holiday season than in the past.

"I just wanted to cut back on spending that seems to be getting out of control," said Cunningham, 36, of Novi. "Especially with the way Michigan is right now, with everyone cutting jobs."

Retailers should expect more of the same in 2006, said Kenneth Dalto, a retail analyst in Farmington Hills. Those predicting gains this year are likely being overly optimistic, he said.

The GM and Delphi news, combined with the major cost-cutting plan announced this week by Ford Motor Co., will make shoppers even more reluctant this year than last, he said. "A number of events occurred that will change the buying attitudes and optimism of consumers," Dalto said. "There's a general perception of very rough economic times ahead, pessimism and insecurity."

You can reach Sharon Terlep at (313) 223-4686 or sterlep@detnews.com.

More Business Headlines

- ▶ Milder weather cuts heating bills
- ▶ Doctors back ban on drug firms' gifts
- ▶ People on the move
- ▶ Nation/World Briefs
- ▶ Golden Dental Plans has the family touch
- ▶ Japanese investors stunned
- ▶ Metro/State Briefs
- ▶ Quick hits: Debt
- ▶ Senate blocks new safety rules for workplace
- ▶ Are unions crossing line with homeless pickets?
- ▶ Nation/World Briefs
- ▶ People on the move
- ▶ Builders put down roots

season. ▶ [See full image](#)

By the numbers

The Michigan Retailers Association released a report on Wednesday measuring last year's sales and making predictions for 2006. Some key facts:

Holiday sales down 1.9 percent from 2004

Annual sales up 2.8 percent

39 percent of retailers increased December sales compared with the same months last year, while 40 percent reported declines and 12 percent saw no change

40 percent of retailers believe their first-quarter 2006 sales will increase, while 29 percent predict declines and 31 percent predict no change.

Source: Michigan Retailers Association

- ▶ [Printer friendly version](#)
- ▶ [Comment on this story](#)
- ▶ [Send this story to a friend](#)
- ▶ [Get Home Delivery](#)

- ▶ Metro/State Briefs
- ▶ Disney buys Pixar for \$7.4B
- ▶ WTO meeting missing a host
- ▶ Calendar
- ▶ People on the move
- ▶ Firm crafts artistic, useful outdoor pieces

© Copyright 2006 The Detroit News. All rights reserved.