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Tony Georgetown now attracting bargain hunters

Sarah Riordan THE WASHINGTON TIMES

Georgetown shoppers are used to variety, but this summer they are seeing something really unusual: giant sale signs in almost every shop window.

Shoppers are accustomed to seeing the discounts at the end of summer, not during the first week of July.

While bountiful bargains are good news for shoppers, they are bad news for shop owners, their suppliers and the economy as a whole. Prices only get slashed like this when the economy is bleeding.

Nakita McLelland, owner of The Dutch Lady on M Street, sells embroidered linens and antique furniture. Because the linens are often seasonal, she is cutting prices drastically and says sales are worse than last summer.

"I have embroidered napkins that were once \$125. Because I need to sell, they are now down to \$35," Ms. McLelland said. "My prices are now 50 percent under what they were last year at this time."

Ms. McLelland, who describes her shoppers as "sophisticated," said loyal customers are no longer buying. As a result, orange sale stickers adorn nearly every item in her store.

"My customers have been hit hard because they are the investors. They have lost a lot of money and can no longer afford to buy things such as fine linens," she said.

"It's been hard. I have customers apologizing to me, saying they are unable to buy my things because of the economy," she said.

That economy is still sending bad signals.

Consumer confidence fell sharply in June, after three months of gains, according to the Conference Board.

U.S. retail sales for May — the most recent month available — also were worse than expected. Sales at stores open a least a year fell 4.8 percent, according to a Thomson Reuters survey of 30 large retailers. Sales fell 2.7 percent in April.

Jim Lewis, chief executive officer of the consulting firm Enhanced Retail, whose clients include Home Depot and CVS, said retailers are worried and are therefore making drastic decisions.

"The current climate of uncertainty has altered the way the retailer thinks, period. It's interrupted their process and how they think about making money," Mr. Lewis said.

He attributes the summer price cutting to fear.

"They're wanting to get rid of everything in order to make room for fall. They currently have excess merchandise that never sold," Mr. Lewis said.

For buyers, though, it's a cool summer.

"I'm buying things I've never bought before because of the sales. Suddenly, I'm buying all this jewelry," said Maddy Carr, a Georgetown native.

Georgetown shopper Jenna Naranjl says the larger the sale, the harder it is to pass up.

"I'm always broke. So a 10 percent sale isn't that enticing anymore," Ms. Naranjl said. "If it's more like 40 percent, I'll stop and look."

Shoppers like Ms. Naranjl have caused Sharon Amar, manager of Celine de Paris, to reverse his stance and mark down his products by 50 percent.

"I am normally against sales. Americans go crazy for them, though. I have always felt that if a woman waits until a product is on sale to buy it, she has lost months where she could be wearing it and loving it," said Mr. Amar, a native of France.

"It has been a hard few months. We want the sale to bring in people so we can bring in new products and change the flow. We feel that something positive is coming, though," Mr. Amar said.

Retail sales are not as grim as people think, according to analyst Scarlet Pruitt of Blacks Consulting. Her firm deals with independently owned stores, and Ms. Pruitt, like Mr. Amar, says things are looking up.

"While they are discounting, it's nowhere near the levels we saw last fall and over Christmas. In fact, we saw a pickup in sales last month and some stores actually came close to flat growth against last year," Ms. Pruitt said. "This is a big change from earlier this year, when everyone was down by 30 percent at least."

The longer-term outlook may be uncertain, but Kathy Grannis of the National Retail Federation says the rest of the summer is an easier call.

"It wouldn't be surprising to see more aggressive promotions this summer based on the economy," she said. "People want to clear out their summer products to make room for the fall. They just want to get those customers in the door."