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## Retailers Should Still Ring Up A Profitable Christmas

By: [Christina Cheddar Berk](#), News Editor

So maybe the snowstorm that struck the Northeast wasn't the Grinch that stole a profitable Christmas away from retailers after all.

Several analysts are now predicting that retailers will make up a good chunk of the sales lost when shopping malls closed early due to the snowstorm.

According to several analysts, consumers headed to the stores early to get shopping done before the snow hit some densely populated East Coast towns. Plus, some shoppers will make up for lost time in the final days before the holiday, they said.

The bottom line: With three shopping days left until Christmas, most analysts are still calling for a profitable holiday season.

"We think it did dent sales," said Jeffrey Klinefelter, a retail analyst at Piper Jaffray. However he doesn't expect the impact of the storm to be "insurmountable." Except for a few retailers with heavy Northeast exposure, he expects they will get back "a majority of the lost sales."

Klinefelter said he expects retailers to end the holiday season with modest sales growth of about 1 percent, but the profit picture will be "very encouraging."

**Dana Telsey, chief research officer at Telsey Advisory Group, has been travelling around the country monitoring store traffic in more than 12 cities since the beginning of the month. She said she's seeing more shoppers in the stores than she had expected and lower prices than last year.**

**"This is going to be a profitable Christmas season...I think we'll see earnings will come in better than expected, but top-line sales should only be flat to up half-a-percent when all is said and done," Telsey said.**

One potential weak spot to look out for may be those stores that sell apparel for teens, says Ann Poole, an analyst at Stephens.

According to Poole, the clothing being sold by many teen retailers looks very similar from store to store. She also thinks the high level of discounting is a negative sign.

However, those apparel retailers that cater to women such as Coldwater Creek and Chico's are faring better than they have in a while. In her visits to stores, Poole has seen good traffic at these stores in recent weeks and shoppers are buying because the clothing is "very differentiated" from store to store. Also noteworthy is that discounting levels are below where they were a year ago, she said.

Urban Outfitters is also selling clothing that stands out from its competitors, according to Citi retail analyst Kimberly Greenberger. She expects Urban Outfitters shares could rise between 25 and 30 percent over the next 18 months.

One factor has been a correction among retail stocks as investors grew more skeptical about the group, Greenberger said. In addition to Urban Outfitters, she recommends Limited, Tiffany and Coach.

**Telsey also expects Tiffany to be "a standout" this holiday season as sales of fine jewelry are on the rise.**

**As the holiday season comes to a close, Telsey expects investors to start making a distinction between those retailers with sales growth and those increasing earnings by improving their profit margins and costs alone.**

**Investors also will be paying close attention to plans for next year, Telsey said.**