

**Cautious Consumers Eye DVD for Holiday Gifts**

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Looking beyond the post-Thanksgiving Black Friday start to the holiday shopping season, retailers remain cautiously optimistic while expecting the worst.

The Commerce Department Nov. 25 reported that consumer spending in the third quarter fell 3.7%, the biggest drop since 1980, when the country was last in a recession. A 9.2% drop in disposable income — the largest since 1947 — underscored the decline.

Indeed, 40.3% of respondents of a survey conducted for the National Retail Federation said current business conditions were bad, compared to 37.1% who felt that way in October.

However, the Consumer Confidence Survey, based on a sample of 5,000 U.S. households through Nov. 18, found that 11.4% of respondents expected economic conditions to improve over the next six months, compared to 9.6% in October.

"Retailers realize that low prices will get consumers into stores this holiday season," said Tracy Mullin, president and CEO of the National Retail Federation. "Shoppers who held off buying a DVD player or winter coat over the past few months will find that prices may literally be too good to pass up."

More than 56% of HDTV households said they considered buying a Blu-ray movie for \$25 a better value than going out to dinner, the movies or a concert, according to a report by Greenfield Online.

Standaone Blu-ray players rated the second most popular item on HDTV owners' holiday wish lists (6.1%), and No. 1 among men 40 and under (13.4%) and men from 26 to 54 years old (14.2%).

Greenfield found that for the ubiquitous cash gift card during the holiday season, 7.1% of HDTV households would use a \$150 card toward the purchase of a Blu-ray player.

Aggressive marketing and pricing on DVD and Blu-ray players and software has many consumers again eying packaged media as gifts. An informal poll conducted by Home Media Magazine in Southern California found continued interest in packaged media.

Norman Balacut, a podiatrist from West Covina said he bought an HDTV seven months ago and subscribes to Netflix to satiate his demand for movies.

"I use the PlayStation 3 system to watch movies on Blu-ray, but I might buy a BD player if the price goes down," Balacut said.

Walnut resident Mike Alvarez, who also owns an HDTV, said he'd opt for DVDs instead of Blu-rays this holiday season.

Dan Narkorn from Brea said he recently bought *Iron Man* on Blu-ray (his first BD title) and was pleased with the picture quality and audio.

"You can tell the difference," Narkorn said.

A group of Los Angeles area college students queried had all heard of Blu-ray, including the format's improved picture, sound and storage capabilities.

Most planned, however, not to buy the high-definition packaged media any time soon, opting instead to focus on standard DVD.

"PS3 does the job, and it's cheaper than a Blu-ray player," said 21-year-old Spencer from Pomona.

With gasoline prices at their lowest levels since 2005, consumer confidence surged slightly heading into Nov. 28 and upstart Cyber Monday — the day retailers entice shoppers online with special deals, according to the National Retail Federation.

Nearly 84% of retailers will have a Cyber Monday promotion, compared to 72% last year. About 25% of merchants will offer free shipping during the holidays.

"Since the economy is sluggish, consumers will be looking for deals more than ever because they have less disposable income," said Luke Knowles, who operates a Web site (freeshipping.org) that lists online retailers offering free shipping.

Circuit City Stores, the bankrupt No. 2 consumer electronics retailer, sent out a media advisory inviting the press to the Richmond, Va.-based chain's 567 stores opening at 5 a.m. on Black Friday.

"It's the big story on the Friday after Thanksgiving," said spokesperson Jim Babb.

The invitation does not apply to the 155 Circuit City stores earmarked for closure.

The National Retail Federation said its expects 128 million people (down from 135 million last year) will likely shop Nov. 28 to 30, with 49 million actually hitting stores.

Consumer interviews conducted by Laleh Ghalambor.



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