

By [Jayne O'Donnell](#), USA TODAY

NEW YORK — The recession pushed shoppers to pick necessities over discretionary items, discounts over luxury. But retailers hope to shift such behavioral changes further in coming months, affecting what consumers will buy, pay and experience at stores. "**Retailers** are following through on their strategy to **get their houses in order** during the recession so they are positioned to be strong players as the recession ends," says Dan Butler, vice president of retail operations for the [National Retail Federation](#), which held its annual conference here this month. "Whether it's technology, product assortment or sustainability, they're asking themselves, 'How can we be smarter about meeting the needs of our customers quickly?'"

The NRF said today it expects retail sales to rise 2.5% in 2010, up sharply from a 2.5% sales decline in 2009.

Increasing sales often means responding to what consumers want, such as reasonable prices. But many times, the changes are designed to ensure retailers' survival, such as when they reduce inventory so they don't have to resort to deep discounting. Sometimes it does both: [Macy's](#) strategy of offering customers different merchandise around the country allowed the company to downsize its corporate headquarters.

Such changes will continue in 2010; here are four ways shopping will be different:

### 1. What you can buy

Retailing is more competitive than ever, so stores have to focus on exactly what the customer wants to buy, says Kevin Sternecker of the retail advisory firm AMR Research. They need to have a store-by-store sense of how much to stock.

**The 2009 holiday season was the trial run of retailing's new less-is-more buying philosophy. Largely positive retail sales and earnings reports bore out the wisdom of the strategy.**

**Stores will continue to under- rather than over-buy so they don't have to resort to costly — for them — clearance sales.**

**Using software that closely monitors what's selling where and at what price, they're also trying to offer what consumers are likely to want at prices they'll be willing to pay.**

Aside from eliminating deep discounts, retailers are well aware of the psychological allure of limited quantities. Whether it's [J. Crew's](#) conservative ordering, [Target's](#) limited-time-only designer duds or [Ruelala.com's](#) one-day-only sales, consumers often buy when they fear they won't get another chance.

"I never saw anyone go out of business because they didn't have enough of something," former [Neiman Marcus](#) and [J.C. Penney](#) CEO Allen Questrom said at the NRF conference.

Sameness is out, too. Until recently, whether you shopped at a teen retailer or a department store, merchandise differed little among competitors. Teen stores were filled with jeans and graphic tees; department stores with [Ralph Lauren](#) and a host of other popular designers. With online competition, stores must offer "must-have" merchandise that shoppers want so badly they "can't wait three days," Betsy McLaughlin, CEO of teen retailer [Hot Topic](#), said at investment bank [Financo's](#) annual CEO event, also in New York.

Stores are also rapidly adding more private-label or exclusive merchandise that they hope will draw shoppers to them rather than some other store.

J.C. Penney, for example, has launched more than 20 private-label or exclusive merchandise lines since 2006, including brands by celebrity designers [Mary-Kate and Ashley Olsen](#) and former model [Kimora Lee Simmons](#). These only-at-Penney brands now make up 50% of the stores' sales. Starting this fall, Penney will also be the only place where you can buy the [Liz Claiborne](#) or [Claiborne](#) brands, other than [QVC](#).

## 2. How much you'll pay

Everyone from the CEOs of [Family Dollar](#) to Saks talks about "value" these days. But that doesn't mean stores are going to be doing much deep discounting in 2010. That's so last year. The trend going forward will be more regularly scheduled sales and more-attractive starting prices.

Even the dollar stores are having to go more downscale. Family Dollar CEO Howard Levine says his stores focused on \$5 gift promotions over the holidays and will continue to stress necessities over nice-to-haves such as apparel and furnishings.

Retailers also will be using smaller packages and making cheaper versions of products that they can charge less for, says Janet Hoffman, retail practice leader for consulting firm [Accenture](#).

Retailers are using software to help them analyze the precise prices they need to boost sales without cutting too much into profit margins.

"They're taking the art out of retailing and making it more of a science," says Jill Puleri, retail chief for IBM Global Business Services.

"This (holiday) season was very well-planned, while in the past it was a triage," she says. "We'll see this continue."

## 3. What you'll see in stores

Stores will be geared more toward service and the education of consumers about products. They'll also be a lot more fun.

With consumers shopping less often, "When they think about going out, you want them to think about you," says Chris Dull, president of franchising for NexGen Brands, which owns chains including The Athlete's Foot, MaggieMoo's and Marble Slab Creamery.

Events and entertainment are becoming increasingly common in stores and malls.

"As online sales go up, retailers have to get creative to get people in," Hoffman says. "There will be more tastings, more demos and more gimmicks to get them in the door."

- From Thanksgiving through Christmas, [Macerich's](#) 72 malls had "Freebie Fridays," with retailers offering free gifts and promotions. Even if people are shopping less, they "are still looking for a great experience and an enjoyable time," says Macerich spokeswoman Rebecca Stenholm. But it's more than just a good time: "Events must be directly linked to driving sales."

- Many stores in the sporting goods chain The Athlete's Foot, now called TAF, are being recast as either urban-oriented fashion retailers or suburban-oriented running stores, depending on where they are and what customers they serve.

Eric Gustavsen, whose company worked on the TAF redesign and rebranding, says retailers have to offer stores and products in the way consumers want them. Both types of stores will still have merchandise to suit all consumers, but modular store designs will allow more flexibility in what's front and center.

- The American Eagle store in Manhattan's Times Square displays billboard-size photos of customers modeling their new purchases. Puleri, whose company counts American Eagle among its clients, says customers have told the retailer they went to New York just to get their picture taken at American Eagle and to achieve what Puleri calls their "15 minutes of fame."

•British fashion retailer [Topshop](#), whose lone U.S. store is in New York City, has a photo studio where a professional will photograph its young customers with their friends and then post the pictures to their [Facebook](#) pages.

"Consumers have stated now that they are willing to help retailers through co-creation and collaboration," Puleri says. "It's about getting the buzz back around retail and what's going to differentiate these retailers."

#### **4. How green stores will be**

Stores, including [L.L. Bean](#), are being redesigned to be more environmentally friendly. The number of "green" products is being increased at [Wal-Mart](#), Target and other stores. And you may find yourself paying for the privilege of using a plastic bag — or being rewarded for reusing — at more stores.

Much of the environmental emphasis is behind the scenes and focused on saving energy to save money. When it comes to energy, "Any savings immediately hit the bottom line," says Peter Graf, who heads sustainability for the business software company SAP.

L.L. Bean stressed sustainability, a priority among its nature-minded customers, in its new prototype store in Mansfield, Mass. The carpet and rubber for floors were made of recycled materials, and most other construction materials were chosen with green qualities in mind. Redesigned stores will also feature more interactive and educational services, including fly-fishing and biking classes.

But store shelves are looking greener, too.

The energy consumption of many flat-panel TVs has been reduced by a third, and all the laptops at Wal-Mart are compliant with the federal Energy Star program, which sets strict energy-efficiency guidelines. Wal-Mart also says it is working to develop a "sustainability index" that would help consumers evaluate the green-ness of any products they buy.

Target launched the Loomstate brand of organic men's and women's fashions last spring for a limited time and plans new designer versions of environmentally sustainable merchandise this year. Target stores now sell green-friendly Seventh Generation and Method home products and more than 700 organic food items.

Last fall, Target began offering shoppers a 5-cent discount for every reusable bag used. CVS, [Whole Foods](#) and [Trader Joe's](#) offer discounts for reusable bags as well. Hoffman, who lives in San Francisco, where retailers are prohibited from using disposable plastic bags, expects more stores to offer discounts on reusable bags and for those that have plastic bags to consider charging for them.

Graf, who lived in Germany for 34 years before moving to the U.S. 10 years ago, says he was paying 10 cents for a plastic bag when he was a little boy. He agrees the free plastic bag may soon be a thing of the past.

"The days where you can go into a grocery store and get 15 plastic bags" are numbered, he says. "The more people start being concerned about it, the more they'll expect (retailers) to be responsible."