

SUNDAY TIMES

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Penn Traffic in a jam again

BY TIM GULLA
TIMES-STARBUCKS WRITER

The Bi-Lo in Wilkes-Barre was thin on products last week. Many shelves were empty, as the store wound down toward its closing today.

There wasn't a single banana, apple, or potato in the produce section. The deli and the meat coolers were empty.

Yet the store was bustling with activity, as pre-holiday shoppers snapped up deals on the remaining dry goods, cans and

For second time since 1999, company operating in bankruptcy; closing more Bi-Lo stores

soda that was selling at half-price or less.

Despite the brisk business, though, there is no future for this store, or many others in the chain. Another Bi-Lo in Tunkhannock, for example, is also closing today.

Bi-Lo's ailing parent, Syracuse-based Penn Traffic Co., a company bleeding red ink for

years, is banking its future on its strongest markets.

It is attempting to emerge from its second bankruptcy since 1999.

"Chapter 11 requires tough decisions," says Joe Ramirez, a Pittsburgh-based spokesman for Penn Traffic.

Penn Traffic can't promise the current round of closures and

sales will be the last. An additional store in Watsontown, near Williamsport, for instance, may be closed or sold within 90 days, Mr. Ramirez said.

"The reorganization is not yet complete, so there may be additional store sales or closures before the company reemerges from bankruptcy," Mr. Ramirez said.

SHUTTING DOORS

Closing stores is not new for Penn Traffic.

The company had 262 supermarkets in its fold prior to its first bankruptcy in 1999. Among those markets were 58 former Acme and 14 Insalco markets, many of which were located in Northeastern Pennsylvania.

The number of markets began to decline in 1998, before the com-

Please see PENN, Page B3

PENN: More than 2,000 jobs cut so far, 41 stores have been closed, nine more sold

FROM PAGE H1

pany entered its first bankruptcy, as the company closed or sold a number of local stores in the Wilkes-Barre and Scranton areas.

Of the former Acme and Insalaco properties, only seven remain open today, said Michelle Kessler, assistant regional director of United Food and Commercial Workers Local 1776, which represents workers at several Penn Traffic markets.

When it entered its second bankruptcy last May, Penn Traffic operated 212 stores under the trade names of Bi-Lo, Big Bear, Big Bear Plus, P&C and Quality.

Since October, Penn Traffic has announced the closure of 41 more stores and the sale of 9 others.

The closings will cost 1,975 jobs in stores. About 100 administrative and supervisory positions will be cut as well.

Even as it's divesting itself of stores, the company continues to post losses.

For the 22-week period ending Nov. 1, Penn Traffic reported a

A TRAFFIC JAM

Penn Traffic Co., parent company of local Bi-Lo stores, ranked 41st nationally among grocery chains, with estimated sales of \$2.3 billion in fiscal 2003. Here's a look at how some other chains ranked, with name, headquarters, number of locations and fiscal 2003 sales:

1. Wal-Mart Supercenters, Bentonville, Ark., 1,243 stores, \$95 billion

2. Kroger Co., Cincinnati, 3,685 stores, \$51.8 billion

24. Giant Eagle, Pittsburgh, 213 stores, \$4.4 billion

33. Aldi, Batavia, Ill., 625 stores, \$3.2 billion

35. Wegmans Food Markets, Rochester, N.Y., 64 stores, \$3 billion

39. Price Chopper, Schenectady, N.Y., 102 stores, \$2.5 billion

43. Wels Markets, Sunbury, 161 stores, \$2 billion

74. Radner's Markets, Reading, 45 stores, \$700 million

Source: *Supermarketnews.com*

net loss of \$21.4 million to the U.S. Bankruptcy Court for the Southern District of New York. The losses come after Penn Traffic lost \$102.3 million on revenues of \$2.4 billion in fiscal 2001; it lost \$98.8 million on revenues of \$2.4 billion in fiscal 2002, according to Securities and Exchange Commission filings.

"All the stores selected to be closed were under-performing stores, either unprofitable or

among the company's least profitable stores with no likelihood they would become more profitable," Mr. Ramirez said.

A TOUGH ROAD

A number of factors are responsible for Penn Traffic's ongoing difficulties, Mr. Ramirez said. Among them are increasing competition from other vendors, the effects of the recent economic

slowdown and rising costs in many aspects of company operations, from labor and health care to fuel.

While she did not know the financial data for Penn Traffic stores that are closing, Ms. Kessler said the chain could have done more to serve customers and remain in business.

"You have to be competitive, run good ads, keep the stores up and shelves filled," she said. "Many of our (union) members will tell you (the company) could have done a better job."

The challenges, though, are not unique to Penn Traffic, observers say.

"From a financial point of view, supermarkets have to sustain a fairly substantial inventory," said Anthony Liuzzo, Ph.D., a professor of business and economics at Wilkes University. "Their gross profit margin tends to be relatively low."

Industrywide, Dr. Liuzzo said, supermarkets are in increasingly competitive markets and consumers are becoming more savvy. Grocers are often stuck between low cost providers, such

as Wal-Mart, and specialty markets catering to higher-end buyers.

Meanwhile, Penn Traffic is moving to concentrate on its strongest markets in New York, Pennsylvania, Ohio and Virginia. Its remaining stores in the area include Dallas, Hallstead

and Montrose.

There's no set timeline for the company's emergence from bankruptcy, Mr. Ramirez said. The company simply wants to do it as soon as possible, he said.

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OLD-FASHIONED CHRISTMAS — FEWER DISCOUNTS



JOE BURBANK/ORLANDO SENTINEL

Some discounts remain. August Max at the Altamonte Mall offers bargains Friday, but in general, last-minute shoppers won't find the low prices that were available in recent years.

Don't expect to see many 75%-off tags

The economy improved and more people have jobs, so shops don't need deep reductions to sell merchandise.

By TIM BARKER
SENTINEL STAFF WRITER

FRONT PAGE

If you're one of those Christmas shoppers who waits until the last possible minute for the absolute best prices, be prepared. This may not be your year.

For weeks, retail experts have predicted this holiday-shopping season wouldn't be the same festival of bar-

gains that consumers have grown used to. And with Christmas only five days away, those experts are looking pretty smart.

"The real bargain hunters are not going to be as happy as they have been in previous years," said Anthony Liuzzo, an economics professor at Pennsylvania's Wilkes University.

The decline in major markdowns — the 50 percent- to 70 percent-off sales

of recent years — is the result of a variety of factors, not the least of which is an improving economy.

Interest rates are low, unemployment rates are falling, the stock market is soaring and Saddam Hussein has been nabbed.

"There are just lots of things that have gone right," Liuzzo said.

Unfortunately for bargain shoppers, this running spate of good news doesn't do much to scare retailers into cutting their prices.

For many stores, it's not even an option, thanks to inventories that are de-

cidedly and deliberately smaller than in previous years. They simply don't have enough stuff to sell it cheaply without the risk of having empty shelves before Christmas.

"If consumers are expecting to see 75 percent discounts across the board, that's not going to happen," said Patricia Duker, spokeswoman for the International Council of Shopping Centers.

To be sure, there will be plenty of discounting in these last few days. But

PLEASE SEE DISCOUNT, A20

Late shoppers still expect to find deals

DISCOUNT FROM A1

your chances of finding the best deals depend on what you are looking for.

Duker and others say the most competitive areas for retailers — and therefore the most likely to result in real bargains — are clothing, toys, electronics and jewelry.

Indeed, heavy competition has already forced aggressive discounting by KB Toys.

"It is a very cutthroat business this year in the toy industry," spokesman John Riley said. "We have been forced to be much more promotional than we usually would be."

Many retailers, however, refuse to discuss their marketing strategies and financial issues.

A spokeswoman for electronics giant Best Buy Co. would not comment on the company's holiday tactics. But its most recent financial filing with the government suggests the company is expecting a modest increase in fourth-quarter profits, thanks largely to an extra shopping day this holiday season.

Sears, Roebuck and Co. did announce earlier this month its intention to offer heavy discounts, despite predictions to the contrary.

"While some experts speculated that this holiday season might not be as promotional as in the past, the promotions are on and Sears is in the game aggressively," the company said in a news release.

Still, industry insiders maintain that the best deals this year won't be reserved for those with the most patience. In some cases, they say, the bottom-dollar price on some items may already have come and gone.

"People who wait until the last minute will still find bargains," said Ellen Tolley, spokeswoman for the National Retail Federation. "But they won't necessarily be at the lowest prices of the season."

That's not good news for folks such as Connie Goodwin, 54, of Orlando, who still has shopping to do and less than a week to do it.

"I do this every year. I'm a procrastinator, but at least I can find sales," Goodwin said.

And not everyone is convinced they have let the best bargains slip past by waiting.

Ivette Cordero, 45, is a veteran gift shopper with a list that stretches across some 40 names. With half her shopping unfinished, Cordero isn't worried.

"I'm thinking there will be deals. There usually are," she said. "And they're pretty much the same every year."

Dina Sanchez of the Sentinel staff contributed to this report. Tim Barker can be reached at tbarker@orlandosentinel.com or 407-420-5022.

Online shopping clicking with consumers

BY STEPHEN DAILY
TAGS-SHAWANN WRITER

INSIDE

● Holiday retail sales may not hit optimistic forecast. **Page H3**

While many of us are getting ready for the last-minute crunch of the Christmas shopping season, Scranton resident Donna Simpson is sitting home relaxing. Ms. Simpson, a wife and mother of three, finished her shopping two weeks ago. She didn't beat the traffic. She eluded the traffic.

She has bought everything — clothes, shoes, toys, CDs, and books — online, and she's been doing it for five years.

"I do almost all of my shopping online. The gifts come right to the door. I don't have to be elbow-to-elbow with dozens of people," she said. "It's the convenience. I can't stand the crowds. I

won't even go to the mall for lunch," she said.

These days, more and more people are following Ms. Simpson's approach.

In November, online retail sales reached a record \$5.89 billion, a 22 percent increase from a year ago, according to BizRate.com, an association for online retailers.

Online sales still represent just a small slice of the holiday sales pie — less than 5 percent of the total — but it is increasing, said Dr. Anthony Liuzzo, a pro-

fessor of business and economics at Wilkes University.

LOCALS CATCH THE WAVE

Bryan Cavage, vice president of Archventure, a Scranton-based Web site designer and consultant, said small businesses in the area are catching on to Internet sales. About half of local businesses currently have a Web presence of some sort, he said.

"The area may lack a little behind larger cities, but the economic resurgence of the area will be a great push for local companies to create a Web presence for their businesses," he said.

The membership directories of the Greater Scranton Chamber

Please see ONLINE, Page H3

HOW TO PROFIT ON THE WEB

Small, local businesses can compete with the big boys online. Here's some advice:

● **DO THE RESEARCH.** Get an idea of what types of Web site features you like. Then set expectations and goals for what your site will be.

● **THINK VISUALLY.** Incorporate colors and graphics that are easy on the potential customer's eyes. See what Web sites other industry-related companies are using.

● **PLAY TO YOUR STRENGTHS.** If your product is in a niche market, use that to your advantage. Base

the design and content of the Web site around those customers.

● **MAKE A BUDGET.** Know what you want to spend on both Web site development and marketing. Incorporate your Web site address into your marketing and ads.

● **GET HELP.** Speak with a Web design company. Explain your product and expectations, and get your site under development. When it's up, begin marketing campaigns in all facets of advertisement, such as the Internet, radio and print.

Source: Archventure Inc.

ONLINE: More shoppers clicking for purchases

FROM PAGE H1

of Commerce and the Greater Wilkes-Barre Chamber of Business and Industry also note about half the businesses in the region have a Web presence. Slightly more have e-mail addresses.

Most of the small business Web sites in the region, though, are informational. Few sell products over the Web, based on a review of area sites.

The proportion is similar to national statistics.

A survey of small businesses with Web sites conducted by Interland, a provider of Web hosting and online services, found 38 percent said visitors could purchase products or services online. The majority offered sites to describe the company's products, location, hours and contact information.

Among the participants in online commerce is Dixon Sealer & Supply Inc. in Scranton. Two years ago, the provider of outside specialty products and services wouldn't have dreamed of selling a 1,500-gallon sand-pump sprayer truck to a buyer in Illinois for \$15,000, or a backhoe truck to a Texas customer for around \$14,000.

That was before the company decided to develop a Web site.

"It seems like everything was going that way and we figured we would give it a try," vice president Steve Dixon said.

Mr. Dixon, who has been in business for 30 years, sells dozens of products, including seal coating, crack filling, line painting equipment, and traffic signs. All of their products are now available online to customers all over the world.

"We sell just about everything online. It has been a bigger help for our sales," Mr. Dixon said.

LET IT SNOW

Online sales are expected to account for about 4.5 percent of annual total retail sales this year, up from 3.6 percent last year,

according to the National Retail Federation.

Internet shopping will continue to grow, but it will plateau, as there will always be a market for outside shopping, Wilkes' Dr. Liuzzo said. Also, online buying has yet to catch on as strongly in the Scranton/Wilkes-Barre region, he said.

Nationwide, shoppers flocked to the Internet for their holiday gift shopping over the Thanksgiving weekend, ringing up \$1.2 billion in total online sales, according to ComScore Networks, an e-commerce market research firm based in Reston, Va.

Several retailers, such as I.L. Bean and the Home Shopping Network, set online sales records during last weekend's snowstorm.

Snow and bad weather torture malls and outside retailers, but is a winter wonderland for online retailers. Shoppers who stay at home will often turn to the computer, Dr. Liuzzo said. Mondays also tend to be the best day of the week for online sales, as workers hesitant to start the work week will surf the Web for some deals.

Free shipping is also a carrot this year.

About 700 companies are offering free shipping deals, nearly four times as many as a year ago, according to BizRate.

The majority of online purchases are books, CDs, airline tickets, and other non-apparel products.

Among the biggest users locally are real estate and retail companies, Mr. Cavage said.

"Real estate companies can present their visitors with a vast amount of information on their listings without the need of a person," he said. "Retail companies that utilize e-commerce Web sites have the ability to sell their product to customers across the world."

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Burrelle's

Is Excessive Giving Taking Away Our Christmas Spirit?

BY KRISTIN WINTERMANTEL DURKIN
THE SUNDAY TIMES

At 78, Loretta Culkin fondly remembers the Christmases of her childhood. Tiptoeing down the stairs of her Scranton home in the 1930s with her six brothers and sisters to sneak a peek at what Santa had brought. Unwrapping their gifts, mostly practical items — socks, underwear, clothing — with a few special surprises like dolls or a baby carriage thrown in.

It was different from the holiday season nowadays, in which Mrs. Culkin sees parents giving to their children too easily and too often — so much that sometimes children come to expect gifts and rewards, not just at Christmas but all year long.

"We were just thankful for what we got," she said. "There was not so much wanting as there is today ... Religion was such a big part of Christmas for us, because we're literally celebrating Christ's birthday. I think nowadays most people forget that."

Milford resident Arlene Moglia, 66, says the commercialism of the Christmas season has made the holiday infinitely more stressful than the way she remembers it.

"We really go out of our way today to find out what color, shape and size will be just right," she said. She and Mrs. Culkin are not alone in thinking the commercialism of Christmas has gotten out of hand. Stop just about anyone on the street and he or she will probably agree.

YEARS OF CONCERN

And yet, the opinion that the simple, spiritual side of the holiday has fallen away is nothing new. Back in 1965, Charlie Brown was complaining about holiday materialism in the animated special, "A Charlie Brown

Christmas."

Actually, for more than a century, people have thought the Christmas season was getting too commercial.

In her book, "Merry Christmas! Celebrating America's Greatest Holiday," Karal Ann Marling, Ph.D., notes that as early as the 1870s, pundits were "breast-beating over soulless American materialism and love of luxury." She quotes a magazine article from 1885 that read, "Every boy and girl has heard it said that the Americans are a material ... money-getting people."

And the renowned muck-raking journalist Jacob Riis wrote a 1904 book called "Is There a Santa Claus?" in which he called gift-giving "a barbaric cult ... a nightmare to the shopper and the clerks in the big stores." He maintained that Santa and the other American traditions of Christmas were metaphors for the values attached to the story of the Nativity. Mr. Riis touted events that focused on the spiritual side of the holiday — community trees, dinners for the poor, caroling with neighbors.

WORKERS PAY PRICE

Dr. Marling, a professor of American studies at the University of Minnesota, also wrote about the long hours of department-store clerks during the holiday shopping season — even in the early 1900s. She describes one clerk who wrote of closing time on Christmas Eve: "Aisles thinned and the store relaxed into a bacchanalian chaos of trampled debris, merchandise strewn as if a flock of vultures had left their pickings, a battlefield strewn with geegaws and the tinsel of Christmastide."

Suggestions for a less-commercial Christmas season surfaced in the 19th century in religious publi-

Please see **GIVING**, Page F2

GENERATIONAL: Memories Of Christmas Observances

FROM PAGE F1

Joyce Stackhouse, 66

Bloomsburg

Ms. Stackhouse has had the chance to witness holiday celebrations around the world because her husband is a retired Army master sergeant. In many foreign countries, Christmas was a much more low-key event than it is in the United States, she said.



tradition of making it a special day."

Unlike many people who regret the absence of spirituality and religion from the holiday, she thinks that this area has preserved a rich tradition of keeping Christ in Christmas.

"Religion is still so much a part of Christmas for us — we go to Christmas Mass together every year," she said. "And I think for everyone who wants to, wherever they live, it's always going to be that way."

Judi Mozeleski, 53

Carbondale

Ms. Mozeleski grew up the child of a single mom in the 1950s, a rarity for the era. She said Christmas has always had a soft spot in her heart because she lost her parents so young. It helped her realize the importance of family early on in her life.



"My mother always made it special for the very reason that my someone was missing from the celebration," she said. "That's why it's always been so important for me to carry on the

Michelle Wzorek, 42

Moosic

For Ms. Wzorek, the most vivid holiday memories are of visits at her grandparents' house. "When I think of Christmas, I think of my grandparents. It wasn't so much about the presents or who got what, but it was about eating, talking and sharing time with family." She believes people have come to focus too much on the material side of Christmas. "It gets so demanding, stressful and hectic that I think people often forget the true meaning of Christmas."



GIVING: Is Christmas Season Getting Too Commercialized?

FROM PAGE F1

cations, particularly after the 1880s, when the "full-blown culture of Christmas shopping" and gift-giving emerged, according to Dr. Marling.

"We've had the term Black Friday for decades," said Gale Jaeger, Ph.D., an associate professor of marketing at Marywood University. "With the commercialism of the holidays, we've just gotten into the habit of going overboard — so retailers make use of that."

The holidays have become about keeping up with the neighbors, making sure family members get everything they want, Dr. Jaeger said.

"A lot of this has sociological and psychological underpinnings. These things are quite embedded in the American psyche," she said, noting that the phrase "conspicuous consumerism" was coined in 1899.

LAND OF PLENTY

She pointed out that even the immigrants who settled America always saw the new country as a land of plenty, with opportunities to acquire material things and build a better life.

Still, Dr. Jaeger said, from a personal perspective, she finds the commercial side of Christmas a bit daunting.

"It is only Thanksgiving and already I am tired of snowmen," she said recently. She posed a scenario that she said is little more than a pipe dream: people giving gifts to their loved ones throughout the year, in order to preserve the meaning and spirit of Christmas, Hanukkah, and Kwanzaa.

"What is it we really love about the holidays? I think it is family, friends and a time to honor the spirit of the occasion and of one another rather than getting all wrapped up in the commercial wrappings."

Anthony L. Liuzzo, Ph.D., a professor of business and economics at Wilkes University, has studied holiday retail spending for many years. That spending, throughout November and December, represents between 25 percent and 30 percent of all retail sales for a year, he said, adding that the sales during that period can make or break businesses.

In 2002, holiday retail sales amounted to about \$210 billion (compared to \$125 billion in 1993). Sales in the second largest retail period, just before Halloween, totaled just about \$6 billion.

The growth in holiday spending over the past several decades involves two separate issues — the fact that Christmas has become the most important retail period of the year, and the fact that people are spending more.

SPENDING MORE

Various factors have led to the ability or willingness to spend more. Dr. Liuzzo said, from the advent of dual-income families, to the more frequent use of credit cards, to the increases in real estate values in the 1970s and '80s and stock market values in the '90s.

"Plus, the shopping experience itself has become an important event — the thrill of the hunt, finding that hard-to-get gift. If a person can give something that is hard to obtain, that leads to bragging rights," he said.

The Wilkes professor also addressed the intangible psychological aspect of gift-giving. Christmas is the time of year when people want to express themselves and their feelings, and that frequently manifests itself through financial or material gifts. They'll give holiday tips, for instance, to those who provide services, like delivery people or hair stylists.

At the same time, retailers are rolling out the Christmas merchandise earlier and earlier, consumers are growing more savvy, Dr. Liuzzo said. They will wait until December if they have to, to take advantage of last-minute sales. In fact, the biggest holiday shopping day of the year is not Black Friday but the Saturday

before Dec. 25.

"That leads us to believe more people are shopping later rather than earlier," said John Kokinchak, vice president of property management with Prizm Asset Management Co., which operates the Mall at Steamtown. Like Dr. Liuzzo, Mr. Kokinchak also noted how holiday sales account for a large percentage of annual retail sales. He estimated it could be anywhere from 25 percent to 40 percent or 45 percent. "It's a very important time."

COMMERCIALISM SAME

Mr. Kokinchak said he's been in the shopping-center industry for 17 years and believes the commercial aspect of the holidays is pretty much the same. "It's just as commercial now as it was 17 years ago," he said. "Retail is retail."

Capt. David Payne, corps commanding officer of the Scranton Salvation Army, said, "I understand this is a make-or-break time for retailers." But he also believes the emphasis at Christmastime has grown in the wrong direction. "It becomes 'all about me,' and it's not about 'me' — it's about Him."

"I think the emphasis needs to get back to Christ, and the gift he gave us," said Capt. Payne, who is also an ordained minister.

Still, the Salvation Army benefits from one of the holiday season's most public acts of giving — the tossing of coins and bills into the group's ubiquitous red kettles that dot shopping malls and street corners.

"The red kettle campaign is almost a Christmas institution," Capt. Payne said, adding that the Salvation Army doesn't have a hard time getting people to donate at this time of year. The money raised is used for food baskets, toys and clothing the organization distributes to the needy.

"The kettle is a teaching tool," he said. "We see parents teaching their children how to give. Kids are amazed: 'Why is that person out there with that bell?' By the time they and their parents reach the kettle, the parents have some coins out and show the kids how to put them in."

HOSTED DISCUSSION

The issue of holiday commercialism is on people's minds in many different venues. The Justice Club at the University of Scranton recently hosted a discussion on the subject for students and faculty.

Anthony Giancattarino, a senior who participated, said many students had been complaining about seeing Christmas decorations before Thanksgiving, so the club decided to make commercialism the subject of one of its biweekly discussions.

In the discussion among a dozen students and faculty, "there was definitely a consensus of how we're losing the religious aspect (of Christmas)," Mr. Giancattarino said, who added that there seems to be a lot more desire for gifts these days.

"I was very lucky my parents always kind of kept Mass at the center of the holiday," he said. Even now, his family will say a special prayer before starting any secular activities on Dec. 25.

Such gestures are a good antidote to all the time spent shopping for gifts and other holiday items — time that takes us away from family and friends, said Richard Klonoski, Ph.D., a professor of philosophy at the University of Scranton.

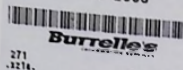
"In the name of connecting (by buying gifts) we kind of disconnect from our families for a few weeks," he said.

A way to reconnect and conceive Christmas in a more spiritual, meaningful way is to present ourselves to one another. Spend time with family and friends, Dr. Klonoski said. "Be a gift to each other."

Contact the writer:

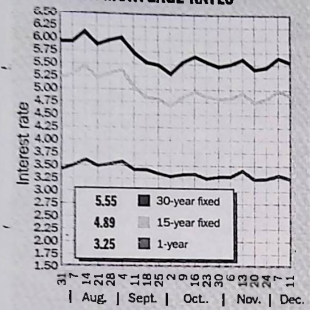
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ATLANTA MORTGAGE RATES



Source: Bank Rate Monitor

STAFF

Holiday sales hold
key to rate course

Uncertain investors contributed to a drop in long-term mortgage rates last week.

The benchmark 30-year fixed mortgage fell 15 basis points to 5.92 percent, according to the Bankrate.com national survey of large lenders. A basis point is one-hundredth of 1 percentage point. The mortgages in last week's survey had an average total of 0.39 discount and origination points. One year ago, the mortgage index was 6.25 percent.

The 15-year fixed mortgage fell 15 basis points last week to 5.27 percent. The one-year adjustable-rate mortgage remained flat at 4.02 percent.

Fixed mortgage rates in Atlanta also retreated last week. The 30-year conventional mortgage rate fell 9 basis points to 5.55 percent. The 15-year rate dropped 10 basis points to 4.89 percent. The one-year adjustable-rate mortgage declined 7 basis points to 3.25 percent.

Rates dropped because Wall Street is wishy-washy, mortgage experts believe. "I think there's a wait-and-see attitude on what's happening — see how it shakes out," says Jim Bradley, president of American Residential Lending Corp. in Atlanta. Investors are waiting to see how holiday sales, employment and production numbers shake out in the fourth quarter.

Anthony Luzzo, an economist at Wilkes University in Wilkes-Barre, Pa., studies the holiday shopping season each year. In September, he predicted that same-store sales would rise 4 percent in November and December, which at the time seemed optimistic. When the government reported that the economy grew extremely fast in the third quarter and that jobs had been created in August, September and October, pundits began forecasting holiday sales increases of up to 6 percent. Luzzo hasn't changed his forecast of 4 percent growth.

Pundits called his forecast overly optimistic and then not optimistic enough. Sales were strong in the weekend after Thanksgiving and then were diminished by the snowstorm in the Northeast.

So it's a little difficult to tell exactly how sales are going, Luzzo is sticking to his guns, predicting the biggest increase in holiday sales in four years as the economy bounces back.

— Bankrate.com

Metro Atlanta home mortgage rates

Here are the mortgage loan rates charged on Thursday by a sampling of 50 lenders in the Atlanta metropolitan area according to Bankrate.com. Rates are based on a \$165,000 loan amount and a 20 percent down payment for single-family owner-occupied homes. Points are expressed as origination points and discount points. Some lenders do not express all their costs in origination fees. The APR is the annual percentage rate that calculated the total cost to borrow including all fees and points. One-year mortgage rates may be below market and subject to change in one year.

LENDER	PHONE	30-YEAR FIXED RATE					15-YEAR FIXED RATE					1-YEAR ADJUSTABLE RATE				
		Interest (Pct)	Points Disc/Orig	Commit (Days)	APR (Pct)	Interest (Pct)	Points Disc/Orig	Commit (Days)	APR (Pct)	Interest (Pct)	Points Disc/Orig	Commit (Days)	APR Cap (%)	Year/Life		
AAA Mortgage Services	770-225-2440	5.36%	1.00/1.00	30	5.61%	4.75%	1.00/1.00	30	5.13%	3.63%	1.00/0.50	30	4.25%	2/6		
All Access Mortgage	678-504-1682	5.50%	0.00/0.50	30	5.66%	5.00%	0.00/0.50	30	5.03%	3.00%	0.00/0.50	30	3.82%	2/6		
Allen Financial Group Inc.	770-955-9900	5.63%	0.00/0.50	30	5.68%	5.00%	0.00/0.50	30	5.09%	3.36%	0.00/0.50	30	4.11%	2/6		
Allied Home Mtg. Capital Corp.	770-579-8787	5.50%	0.50/1.00	45	5.66%	4.75%	0.75/1.00	45	5.06%	3.13%	0.00/1.00	45	4.15%	2/6		
American Direct Mortgage	770-973-7899	5.75%	0.00/1.00	30	5.89%	5.00%	0.00/1.00	30	5.22%	3.00%	0.00/1.00	30	4.03%	2/6		
American Discount Mortgage	800-216-9117	5.50%	0.50/1.00	30	5.64%	4.88%	0.50/1.00	30	5.11%	NA	0.00/0.50	NA	NA	NA		
American Home Mortgage	404-256-1024	5.25%	1.00/1.00	30	5.48%	4.63%	0.50/1.00	30	4.94%	3.88%	0.00/1.00	30	4.23%	2/6		
American Mtg. Services Inc.	770-331-4045	5.50%	0.00/1.00	30	5.78%	5.00%	0.00/1.00	30	5.26%	3.25%	0.00/1.00	30	4.00%	2/6		
American Residential Lending	770-436-5980	5.63%	0.00/0.50	30	5.68%	5.00%	0.00/0.50	30	5.08%	4.00%	0.00/0.50	30	4.33%	2/6		
American United Mortgage	770-518-2438	5.50%	0.00/0.50	30	5.52%	5.00%	0.00/0.50	30	5.03%	2.88%	0.00/0.50	30	3.81%	2/6		
America's Home Lender	770-516-5719	5.25%	1.00/0.50	30	5.47%	4.50%	1.00/0.50	30	4.86%	3.50%	0.00/0.50	30	3.75%	2/6		
Armstrong Mortgage Corp.	866-845-3400	5.75%	0.00/0.50	30	5.81%	5.00%	0.00/0.50	30	5.09%	4.38%	0.00/0.50	30	4.21%	2/6		
ArStar Mortgage Network	770-426-9878	5.50%	0.00/0.25	30	5.62%	4.75%	0.00/0.38	30	4.97%	3.13%	0.00/0.50	30	4.15%	2/6		
Assured Home Mtg. Corp.	770-271-3730	5.63%	0.00/1.00	30	5.76%	5.00%	0.00/1.00	30	5.21%	3.00%	0.00/1.00	30	4.14%	2/6		
Bank of America	770-988-8550	5.50%	0.38/1.00	30	5.68%	4.88%	0.00/1.00	30	5.12%	3.00%	0.00/1.00	30	4.21%	2/6		
Capital City Mortgage	770-165-0655	5.50%	0.50/1.00	30	5.78%	5.13%	0.50/1.00	30	5.41%	4.13%	0.00/1.00	30	4.40%	2/6		
Century Home Mortgage	770-984-2225	5.63%	0.00/0.75	30	5.78%	4.88%	0.38/0.50	30	5.14%	3.25%	0.00/0.75	30	4.18%	2/6		
Chateau Mortgage Corp.	878-822-3787	5.50%	0.75/1.00	30	5.66%	4.75%	0.51/1.00	30	5.08%	3.00%	0.00/1.00	30	4.14%	2/6		
First Home Mortgage	770-951-0002	5.50%	0.63/1.00	30	5.66%	4.75%	0.38/1.00	30	4.99%	3.25%	0.00/1.00	30	4.15%	2/6		
First Horizon Home Loans	770-594-7337	5.75%	0.00/1.00	30	5.87%	5.13%	0.00/1.00	30	5.33%	2.88%	0.00/1.00	30	4.13%	2/6		
First PrimeSouth Mortgage Corp.	678-841-1100	5.50%	0.38/0.75	30	5.67%	4.88%	0.13/0.75	30	5.11%	3.38%	0.00/0.75	30	4.30%	2/6		
First Regional Mortgage	866-904-4850	5.63%	0.00/0.50	30	5.69%	5.00%	0.00/0.50	30	5.10%	3.50%	0.00/0.50	30	4.12%	2/6		
First State Mortgage Inc.	404-647-3554	5.50%	0.00/0.50	30	5.67%	4.88%	0.00/0.50	30	5.17%	3.13%	0.00/0.50	30	4.38%	2/6		
G Squared Financial LLC	770-641-9980	5.50%	0.00/0.50	30	5.54%	4.88%	0.00/0.50	30	4.95%	3.13%	0.00/0.50	30	4.05%	2/6		
GBL Financial Services Inc.	770-246-1755	5.50%	0.00/0.50	30	5.58%	4.88%	0.00/0.50	30	5.01%	3.38%	0.00/0.50	30	4.13%	2/6		
Georgia Lending & Investments	770-777-1080	5.50%	0.00/0.50	30	5.56%	4.88%	0.00/0.50	30	4.99%	3.63%	0.00/0.50	30	3.81%	2/6		
Hammont Crossing Mortgage	770-396-7008	5.63%	0.00/0.80	30	5.74%	4.88%	0.00/0.80	30	5.07%	3.00%	0.00/0.80	30	4.13%	2/6		
HomeBanc Mortgage	404-351-1056	5.75%	0.87/1.00	30	5.97%	5.00%	1.00/1.00	30	5.38%	3.13%	0.75/1.00	30	4.23%	2/6		
Mini Street Bank	766-613-1094	5.75%	0.00/0.50	30	5.68%	5.00%	0.00/0.50	30	5.63%	NA	0.00/0.50	NA	NA	NA		
Minor Brothers Financial Inc.	404-847-3554	5.50%	0.00/0.50	30	5.71%	5.00%	0.00/0.50	30	5.27%	3.13%	0.00/0.50	30	4.15%	2/6		
Mortgage Warehouse LLC	770-220-2288	5.75%	0.00/0.50	30	5.79%	5.00%	0.00/0.50	30	5.07%	3.63%	1.00/0.50	30	4.20%	2/6		
New South Federal Savings Bank	770-908-1800	5.50%	0.00/1.00	30	5.62%	4.75%	0.25/1.00	30	4.99%	3.00%	0.00/1.00	30	4.13%	2/6		
Peach State Mortgage	770-565-7556	5.38%	0.75/1.00	30	5.59%	4.75%	0.38/1.00	30	5.04%	3.00%	0.00/1.00	30	4.28%	2/6		
Peachtree Mortgage Services	770-481-0052	5.63%	0.00/0.50	30	5.68%	5.25%	0.00/0.50	30	5.34%	NA	0.00/0.50	NA	NA	NA		
Pine State Mortgage	404-252-9272	5.63%	0.63/1.00	30	5.81%	4.88%	0.63/1.00	30	5.18%	2.75%	0.25/1.00	30	4.14%	2/6		
Premier Mortgage Exchange	770-874-8704	5.50%	0.12/1.00	30	5.60%	4.88%	0.12/1.00	30	5.05%	2.75%	0.83/1.00	30	3.93%	2/6		
Southeast Funding Association	770-856-3178	5.75%	0.00/0.50	30	5.80%	5.13%	0.00/0.50	30	5.21%	3.25%	0.00/0.50	30	4.09%	2/6		
Southeast Home Funding	770-873-1811	5.63%	0.00/0.50	30	5.73%	4.75%	0.00/0.50	30	5.07%	2.88%	0.00/0.50	30	4.59%	2/6		
Southern Mtg. Investment Corp.	770-528-9440	5.50%	0.00/0.50	30	5.65%	5.00%	0.00/0.50	30	5.16%	NA	0.00/0.50	NA	NA	NA		
SouthWest Bank	800-CALL-518	5.75%	0.00/1.00	30	5.86%	5.00%	0.00/1.00	30	5.03%	3.25%	0.00/1.00	30	3.92%	2/6		
Sunshine Mortgage	770-437-4100	5.38%	0.75/1.00	30	5.56%	4.75%	0.50/1.00	30	5.01%	2.75%	0.75/1.00	30	4.17%	2/6		
SunTrust Financial Inc.	770-551-4100	5.75%	0.25/1.00	30	5.89%	5.00%	0.38/1.00	30	5.24%	2.88%	0.25/1.00	60	4.26%	2/6		
United Capital Financial	770-552-7500	5.50%	0.00/0.50	45	5.71%	4.88%	0.00/0.50	45	4.99%	3.00%	0.00/0.50	45	4.06%	2/6		
Valley Mortgage	770-812-8760	5.63%	0.25/0.50	30	5.89%	4.88%	0.25/0.50	30	4.98%	3.00%	0.00/0.50	30	4.22%	2/6		
Vanguard Home Mortgage	770-281-2221	5.38%	0.00/1.00	30	5.52%	4.75%	0.00/1.00	30	4.98%	2.75%	0.00/1.00	30	4.15%	2/6		
Wachovia Bank NA	770-618-1822	5.63%	0.88/1.00	30	5.86%	4.88%	0.38/1.00	30	5.18%	NA	0.00/0.50	NA	NA	NA		
Washington Mutual Bank	866-926-8536	5.38%	0.75/1.00	30	5.59%	4.75%	0.88/1.00	30	5.12%	3.50%	0.38/1.00	30	4.23%	2/6		
Wells Fargo Home Mortgage	770-590-3735	5.50%	1.00/1.00	30	5.71%	4.75%	0.88/1.00	30	5.07%	2.25%	0.88/1.00	30	4.15%	2/6		
Wendland Financial Services	770-232-1771	5.38%	0.68/1.00	30	5.58%	4.75%	0.97/1.00	30	5.10%	2.75%	0.92/1.00	30	4.20%	2/6		
Your Best Rate Financial	866-456-YRFF	5.50%	0.00/0.50	40	5.52%	4.88%	0.00/0.50	40	4.92%	3.00%	0.00/0.50	35	3.82%	2/6		
ATLANTA AVERAGE		5.55%	0.29/0.63		5.69%	4.89%	0.27/0.62		5.11%	3.25%	0.16/0.61		4.36%			

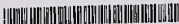
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Mortgage rate calculator

Monthly principal, interest payments for 30-year, fixed-rate mortgage. Escrow payments for taxes, insurance not included.

	5.0%	5.25%	5.5%	5.75%	6.0%	6.5%	7.0%	7.5%	8.0%
\$100,000	\$536.82	\$552.20	\$567.79	\$583.57	\$599.55	\$632.07	\$665.30	\$699.21	\$732.76
\$110,000	\$590.50	\$607.42	\$624.57	\$641.93	\$659.51	\$692.27	\$727.83	\$763.14	\$798.14
\$120,000	\$644.18	\$662.64	\$681.35	\$700.28	\$719.46	\$752.48	\$788.36	\$823.06	\$858.52
\$130,000	\$697.87	\$717.86	\$738.13	\$758.64	\$779.42	\$821.69	\$864.89	\$908.98	\$953.89
\$140,000	\$751.55	\$773.08	\$794.91	\$817.00	\$839.37	\$884.90	\$931.42	\$978.90	\$1,027.27
\$150,000	\$805.23	\$828.30	\$851.69	\$875.36	\$899.33	\$948.10	\$997.95	\$1,048.82	\$1,100.65
\$160,000	\$858.91	\$883.52	\$908.46	\$933.71	\$959.28	\$1,011.31	\$1,064.48	\$1,118.74	\$1,174.02
\$170,000	\$912.59	\$938.74	\$964.21	\$990.07	\$1,016.24	\$1,074.52	\$1,131.01	\$1,188.66	\$1,247.40
\$180,000	\$966.28	\$993.96	\$1,020.22	\$1,050.43	\$1,077.19	\$1,137.72	\$1,197.51	\$1,258.80	\$1,320.78
\$190,000	\$1,019.96	\$1,049.18	\$1,078.80	\$1,108.78	\$1,139.15	\$1,200.93	\$1,264.07	\$1,328.51	\$1,394.15
\$200,000	\$1,073.64	\$1,104.40	\$1,135.58	\$1,167.14	\$1,199.10	\$1,264.14	\$1,330.60	\$1,398.43	\$1,467.53



Burrelles

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Discount chains start holiday season with strong weekend

By SARAH HALE MEITNER
SENTINEL STAFF WRITER

Consumers snapped up cheap DVD players, Bratz dolls and other merchandise throughout the Thanksgiving weekend, giving retailers a healthy start to the holiday shopping season, experts said Tuesday.

A run on electronics, toys and

apparel fueled sales during the weekend, especially on Friday, one of the biggest shopping days of the year. Although shoppers eagerly plucked discounted products from store shelves and many arrived at malls as early as 5 a.m. to take advantage of bargains, experts said most customers were careful not to splurge.

Nationally, retailers reported

FAO to return to Chapter 11, C

sales of \$12.4 billion on Friday and Saturday, up 5.4 percent from the same period a year ago, according to Chicago-based consultants ShopperTrak. The day after Thanksgiving — known as "Black Friday" because of the profits it generates for retailers' ledgers —

accounted for \$7.2 billion, a 4.8 percent gain from last year, the company said.

The research firm Bank of Tokyo-Mitsubishi posted a similar year-over-year gain of 5.2 percent for the week that ended Saturday, though it also noted that sales were uneven across the industry.

PLEASE SEE SALES, C7

Retailers to report results on Thursday

SALES FROM C1

"Most retailers are still right where they were a week ago," said Rick McAllister, president of the Florida Retail Federation. "They aren't any more or less optimistic looking forward this season. Sales over the weekend were good, but the reviews are mixed."

Discount chains reported solid gains across a range of product lines, while other retailers, such as department stores, struggled last week, according to Redbook Research Inc.'s weekly sales report.

For instance, Wal-Mart Stores Inc., the world's largest retailer, set a single-day sales record on Friday of \$152 billion, compared with \$143 billion the same day a year before.

Most retailers will post their November same-store sales — a key industry indicator — on Thursday, giving analysts a weekend's worth of ideas of how well their stores are performing. Sales overall last month may have risen by as little as 1.2 percent or as much as 4.1 percent compared with last year, according to early reports.

Although sales over the three-day Thanksgiving weekend were up from a year ago, experts warned that Black Friday isn't always a good measure of what's to come. Last year, consumers gobbled up merchandise Thanksgiving weekend but held back in December, leaving retailers with their worst year-end showing in a decade.

While the holiday retail season appears to be off to a very good start, the first weekend of the season is traditionally not an accurate predictor of the rest of the season, Michael Nemitz, a consultant to ShopperTrak and analyst with Bank of Tokyo-Mitsubishi, said in a written statement. "And because of this, the industry is taking a po-

sition of cautious optimism," Nemitz said consumers did seem more willing this year to buy full-priced merchandise, which could bode well for retailers who have slashed their holiday inventories to avoid huge markdowns closer to Christmas.

"Not only are the incentives and discounts bringing people into the stores to shop and buy, retailers also report that full-priced merchandise did well. This is really a vote of confidence by the consumer," he said.

Britt Beemer, president of America's Research Group in Charleston, S.C., agreed that retailers had a solid Thanksgiving weekend — but said it could have been better.

Consumers were out in force, he said, but many didn't splurge on impulse items. According to a consumer survey his company conducted, only 22 percent of shoppers last weekend plan to spend money on full-priced merchandise.

"Ultimately, it's up to consumers to decide how much they'll spend," the Orlando-based retail expert said. "We could see a car-and-mouse game between retailers and consumers until they [shoppers] get the kinds of discounts they want."

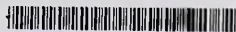
Still, DVD players were marked as low as \$19.99 this past weekend. Bratz dolls sold out at some stores, and brightly colored apparel moved well.

"Wal-Mart did very well... DVD players sold like crazy. Clearly, shoppers were out shopping," said Anthony Luzzo, a professor of business and economics at Wykes University in Wykes-shire, Pa. "It shows that consumers are willing to spend."

Sarah Hale Meitner can be reached at smeitner@sentinelonline.com or 407-420-5718.

LEADER

CORNING, NY
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Information Services

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With holidays coming, try shopping locally

THE ISSUE | Challenges facing local retailers
this holiday shopping season.

OUR OPINION | November and December sales can make or
break a local business, so patronize local stores.

It's beginning to look
a lot like Christmas.
Even snowed before
and during the 29th annual
Sparkle of Christmas
Saturday.

Sparkle started in 1974
as a community holiday
gift from the Corning
Merchants Association.
And Saturday's event
reminded us to encourage
you once again to patron-
ize local businesses this
holiday season.

Forecasts vary widely on
retail sales for the fourth
quarter, which includes
the holiday shopping sea-
son. The National Retail
Federation predicts a 5.7
percent increase over last
year's sales. Retail Forward
forecasts a 4 percent gain,
as does Wilkes University.

But there are possible
pitfalls that challenge the
expectation of modest
retail growth in the
Southern Tier.

Consumer confidence is
slipping. Consumer debt is
rising. Job security
remains shaky. Wholesale
prices spiked 0.8 percent
in October, the largest
increase in seven months.

And Internet sales have
been strong.

BizRate.com foresees a 22

percent spike in online
retail sales for the fourth
quarter. Retail Forward, 27
percent. And eMarketer, an
astonishing 29.1 percent.

Millions of U.S. con-
sumers – perhaps many of
you – have picked up the
online shopping habit.
The Internet has become
an integral part of holiday
shopping over the last
several years, and the
Corning Area Chamber of
Commerce again is
imploping local residents
to kick that habit.

We support the cham-
ber's "Spend Locally" cam-
paign and encourage you
to do your holiday shop-
ping at local businesses.

Holiday retail sales last
year made up 22.7 percent
of total U.S. retail sales.
November and December
sales can make or break a
local business.

Small-business owners
are your friends and
neighbors. The many large
retailers throughout the
area employ several hun-
dred more. Turn off you
computers and patronize
local stores.

Spending locally this
holiday season is the right
thing to do.

PET AGE

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DECEMBER 2003



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EDITOR'S NOTE



Holly, Jolly Holidays

The average shopper plans to spend \$23.04 more on holiday gifts, accessories and supplies than he or she spent in November and December last year, according to a new survey by the National Retail Federation (Washington). Multiply that by 215 million adults in the United States, and you could be talking about some pretty happy holidays for store owners across the country.

Just how happy? As you might have guessed, that depends on who you ask. For example, Retail Forward Inc. (Columbus, Ohio) expects holiday sales to increase 4 percent. The National Retail Foundation predicts they will increase 5.7 percent—the largest increase since 1999. Dr. Anthony Liuzzo, professor of business and economics at Wilkes University (Wilkes-Barre, Pa.), thinks they will increase 6 percent.

Considering that holiday sales in 2002 increased a miserly 2.2 percent, even the conservative forecast sounds pretty good.

Experts base upbeat predictions on several positive factors: better-than-expected sales increases in September, low interest rates, low inflation, rising stock prices, tax cuts. At the same time, they acknowledge negative factors that could temper spending: a weak job market, rising energy costs, waning home buying and refinancing, bad news from Iraq and even nasty weather that discourages people from traveling to stores.

"Though many consumers are more financially comfortable now than they were a year ago, they are still looking for great prices and savings on gifts and everyday merchandise," said Phil Rist, vice president of strategy for BIGresearch (Worthington, Ohio). "The retailers that succeed this holiday season will be those that continue to focus on sales and promotions to drive traffic."

Even though you've already spent weeks placing orders, stocking shelves and planning promotions, in reality, you've only just begun. With 24 shopping days until Christmas—including the weekend just before the 25th, which typically represents 30 percent of holiday sales—you're facing the equivalent of a marathon. So grab a cappuccino and a power bar (or the cheap, legal stimulant of your choice) and go sell some pet products. We'll be here when you cross the finish line on Dec. 26!

Karen Long MacLeod
Editor in Chief

P.S. Turn to page 69 for the PET AGE Sourcebook, the perfect year-round shopping tool for pet store owners and managers, with thousands of completely new and updated listings about the pet industry suppliers you deal with daily.

PET AGE DECEMBER 2003

ALEX CLARK

Shoppers line up early to catch bargains

Electronic devices
top this year's lists

By Anne Danahy
danahy@centerdaily.com

Getting in line to go shopping before the sun rises isn't typical for Kelly Shakespeare and Karen Walsh. But the sisters said, getting gifts for Walsh's children was enough to rouse them.

"I learned the hard way last year — you don't wait until the week before" the holiday, said Walsh, of State College. Her sister was visiting from Richmond.

The two were among those lined up before sunrise Friday at Target for the store's 6 a.m. opening.

"I got here for a DVD player," said Ross Dann, of State College. Dann got to the Ferguson Township store at 5 a.m., putting him first in line.

"I'm a bargain shopper. I always look for the best deals. This (store) had the best deal for today — the DVD home entertainment system. It's only \$88," Dann said.

Lewistown resident Amy Murphy, there to buy Hot Wheels for a Salvation Army gift donation and a carpet cleaner, offered a different reason for the early-morning shopping: "Because we're crazy."

Whatever the reason, the early-morning turnout was strong, according to the store manager. That showing of consumers looking for toys, electronic devices and other gift ideas could signal more than holiday spirit, according to several reports — it may reflect economic recovery.

Anthony Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, predicts that holiday sales could jump 4 percent this year, according to a report from



Cole Soster, 21 months, looks at a book while his mother, Janice, shops at the Banner Pike Wal-Mart in College Township on Friday. The Sosters, of West Chester, were visiting State College for Thanksgiving.

Newswise

Luzzo cites stability, the stock market and market confidence in the Federal Reserve as contributing factors. Newswise, a news service, reports.

The National Retail Federation points to low interest rates, low inflation and consumer confidence as a few of the reasons behind its forecast of a 5.7 percent increase in holiday sales.

The federation is predicting \$217.4 billion in spending this holiday season, according to a Sept. 16 news release from the Washington-based organization. "After several strong months

of retail sales growth, it seems clear that the economy is picking up momentum just in time for the holidays," Rosalind Wells, the federation's chief economist, said in a news release.

The strong sales could lead to a short supply of some items, Luzzo says in the Newswise story.

That could be seen Friday at Wal-Mart. Store manager Bill Frantz said a \$33 vacuum was sold out by 6:30 a.m., a half-hour after the store opened. By 7 a.m., what started as a pile of 400 DVD players was down to about two dozen. Frantz said he was

substituting for sold-out items.

"How today goes is usually how the rest of the season goes," Frantz said. But, he said, it's not a guarantee of a good retail season.

He said that when he arrived at 4:30 a.m., people were already lining up. By 6 a.m., he said, the line stretched almost to Barnes & Noble Booksellers, a long parking lot away.

There were lines inside the store too. Houseville resident Mary Jane DeArmitt waited with a cart full of gifts — a waffle maker for about \$5 for her grandson to take to college next

year and Barbie VW Beetles for a friend's daughters.

"I'm ready to spend more this year than I have in the last five years. It's not because of the economy, it's because my family has increased a little," DeArmitt said.

Shoppers and store managers said electronic devices were topping people's lists this year.

Brad Meyer, store manager of Target, said he agreed with a radio report he heard saying technology is what will sell this season.

See Shoppers, Page A6

Shoppers catch early bargains

Shoppers, continued from A1

"People are really looking for something new and innovative, and that's where they'll spend their money," Meyer said. He said Target's advertising and sales of educational toys such as LeapFrog are in keeping with that.

Shoppers were busy buying toys for children in downtown State College, too.

"This is usually one of our busiest days," said Kay Enright, owner of the Growing Tree, on the corner of Allen Street and Beaver Avenue. "We just have a lot of regular customers who

come back all the time and shop for Christmas."

Downtown shoppers were also boarding "The Polar Express" on Friday. The child-friendly activities organized by the Downtown State College Improvement District are named after the book by Chris Van Allsburg and include a reading of the book at Schlow Memorial Library, then a trolley ride to "Santa's workshop" on Calder Way. Children can buy holiday gifts and have their pictures taken with Santa.

Kim Kaskoskie, of Port Matilda, was at "Santa's workshop" with her two daughters.



Nancy Bowes, of Columbus, Ohio, shops at the Banner Pike Wal-Mart in College Township on Friday. Bowes was visiting State College for Thanksgiving.

"I think it's great," she said as her daughter, Lauren, browsed through possible gifts to buy with a downtown coin she was given after the reading.

"The Polar Express" will run

from 11 a.m. to 2 p.m. each Saturday and Sunday until Christmas.

Anne Danahy can be reached at 231-4648.

Hopes high for 'Black Friday'

Retailers gear up for what they hope will be a very merry season to get out of the red.

BY MICHAEL YEOMANS
AND RICK STOFFER

As families across the nation digest their Thanksgiving leftovers, all signs point to bigger consumer appetites this holiday season.

Today, sometimes referred to as Black Friday by retailers, marks the traditional start of the shopping season, and retail experts say the recent spate is still on of positive the shelves news on the for two economy is Downtown likely to produce improved retailers. A6 performance

over last year's weak 2.2 percent sales increase. But like trying to guess what was in Aunt Sally's stuffing, those experts are uncertain over exactly how the holiday shopping season will unfold. Larry Parker, of McCandless, said his family is likely to spend more this year. "With my boys getting older, the toys get more elaborate," he said, noting that Santa is likely to be generous to Parker's two sons with some sort of video game system. Despite the attitude of people like Parker, many major retailers are worried that they will once again have to resort to steep discounts to move their merchandise. Some, like Marshall-based American Eagle Outfitters Inc., are offering more subtle promotions, trying to avoid the deep across-the-board discounts that gave 2002's shopping season an air of desperation. In other sectors, however, the gloves have already come off. This week brought the news that discounter Target is engaging in a toy price war to wrest market share from Wal-Mart. Love 'em or hate 'em,

Hopes high for 'Black Friday'

HOPES • FROM A1

chances are you shop 'em. Bentonville, Ark.-based Wal-Mart, with 2002 revenues of \$245 billion, is the largest company in the world — three times larger than the world's second-largest retailer, France's Carrefour, and larger than Carrefour, supermarket giant Kroger and fellow discount store chain Target combined.

"As Wal-Mart goes, so goes the entire holiday shopping season," said Anthony L. Liuzzo, professor of business and economics at Wilkes University, Wilkes-Barre. "The Wal-Mart phenomenon really emerged in the late 1990s, as consumers became more price- and quality-conscious. Today, it's not uncommon to see BMWs and Mercedes in Wal-Mart parking lots."

College student Nicole Proviano, 20, of Irwin, Westmoreland County, was shopping this week at Monroeville Mall and said she will be spending less because of her educational expenses.

Proviano said she looks for discounts and enjoys shopping at Target and Wal-Mart.

Despite Wal-Mart's low price and one-stop-shopping appeal, its growing dominance is a turn-off to some consumers.

Elizabeth Gardner and her grandmother, Betty Worf, both of Mt. Lebanon, got an early jump on Christmas shopping at the Galleria.

Gardner said they shop for presents at a number of stores — with one notable exception. She said they never go to Wal-Mart.

"My daughter would have a fit," she said, adding that it is too big to walk around in.

Long-suffering department stores, such as Kaufmann's, J.C. Penney and Sears, could get a bit of a boost this year.

"Department stores will improve over last year's numbers, but their positive results will not be as good as the discounters, the Wal-Marts, Targets, and the warehouse clubs, the Costco, the BJ Wholesale Clubs," said Steve Baumgarten, a retail analyst in Pittsburgh with Parker/Hunter. "Department stores continue to lose market share to the discounters and the warehouses. Shoppers have realized that if the exact same product is sold at a department store and a discounter, you get it where it is cheaper."

Baumgarten is forecasting a 6 percent increase in December non-auto sales. Columbus, Ohio-based Retail Forward Inc. is less optimistic at 4 percent. Among the most pessimistic is the Conference Board Survey of 5,000 households, which indicates sales could actually drop 5 percent.

Department stores have responded to the discounters by devoting more energy to promoting their own private-label merchandise lines. According to Deloitte & Touche LLP's annual consumer holiday survey, 80 percent of consumers will buy private label merchandise for themselves or someone else this holiday season.

High-end merchandise purveyors, including Tiffany, Neiman-Marcus, Gucci and Burberry, are expected to have a merry holiday season, as those that have money will be willing to spend it.

Other trends to watch include the increasing popularity of gift card giving. The cards can be purchased for individual stores or they can be bought at mall service centers for spending in any of the mall's shops.

They take the guesswork out of gift-buying, and retailers like them because gift card recipients tend to splurge on higher-priced merchandise with a higher profit margin, often spending more than the value of the gift card. Returns are also reduced.

Deloitte says 80 percent of survey respondents intend to buy gift cards or certificates this year, up 11 percent from 2000.

Americans are also expected to be practical, spending most on clothing and items for the home.

Baumgarten points out that about 30 percent of the proceeds from home refinancings are plowed back into the home.

Staff writers Vince Guerrieri and Karen Zapf contributed to this report.



Burrelles

104
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52 11...

Black Friday

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The biggest shopping day of the year may just live up to its name

By KENT JACKSON

kent.jackson@standardspeaker.com

Black Friday is no longer the biggest shopping day of the year in America, but this year maybe it should be, a Wilkes University professor said.

Business and economics professor Dr. Anthony Liuzzo predicts that shoppers who wait might not find the end-of-the-season bargains that they seized last year.

"We won't see deep discounting. My advice is to get out early and get the best prices. This is really the time to take advantage," Liuzzo said.

Stores won't have extra goods to put on sale later in December because they haven't stocked up to meet the demand that Liuzzo forecasts.

"While consumers show every sign of a willingness to spend, inventory levels remain at very low levels... As a result, we can expect numerous shortages in holiday goods as Dec. 25

NOVEMBER 2003

OCTOBER			NOVEMBER		
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Shopping
28
BLACK
Friday

approaches," Liuzzo writes in his 15th annual holiday forecast.

At Ball State University, marketing Professor James Lowry said stores keep inventories low but re-order items that sell out.

"I think retailers are still somewhat gun-shy from last year and inventories are down to moderate levels until they see what is selling," Lowry said.

He suggested that shoppers should hit stores early in case the re-orders arrive after Christmas.

During the Christmas season of November and December, shoppers

plunked down \$210 billion last year.

This year, Liuzzo expects same-store sales will increase 4 percent, compared with 1 percent last year.

He unveiled his prediction in September.

Since then, U.S. government figures show 286,000 jobs sprung up between August and October, the best three months since January 2001. The 7.2-percent increase in economic output is the fastest, third-quarter growth in 20 years.

See BLACK FRIDAY, page 31

Black Friday

(Continued from page 21)

On Nov. 12, Ernst and Young, a business consulting firm, predicted retail growth of 5.2 percent for the Christmas season. East Coast metro areas will lag the national average, the forecast says.

Big spenders, enriched by this year's tax cut and an upkick in the stock market, are likely to purchase luxury gifts, Ernst and Young says. Allan Miller, a marketing professor at Towson University in Baltimore, is more pessimistic about the shopping season than other economists.

"Watching people shop - no one buys anything anymore unless it's on sale, I'm not talking just a sale but it's got to be reduced three to four times before people even think about something," Miller said.

Jobs have blossomed, but they pay lower wages so blue-collar areas like northern Pennsylvania are less likely to join the shopping spree, he said.

In Pennsylvania, 29 percent of residents say their personal finances are worse than a year ago, according to the "November 2003 Statewide Keystone Poll" conducted for the Center for Opinion Research at Franklin and Marshall College.

Nationwide, Christmas shopping starts earlier. Miller thinks lots of people bought Christmas goods in January during the after-holiday sales.

Traditionally, the Christmas season commenced in stores on Black Friday.

But in the past four years, no more than 10.1 percent of Christmas sales occurred on Thanksgiving weekend, according to the International Council of Shopping Centers.

The council says most malls hang Christmas decorations by Nov. 1, and Santa generally arrives at the stores by Nov. 15.

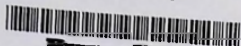
Though the season starts earlier, shoppers wait longer to buy gifts.

For at least the past six years, the Saturday before Christmas was the top shopping day of the year.

Black Friday, during that span, ranked no higher than fourth.

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For Internet retailers, Black Monday is the big shopping day

By **KENT JACKSON**

kent.jackson@standardspeaker.com

Christmas shoppers will continue to buy more presents via the Internet this year, but they also like to browse on-line before making purchases in stores.

As a result, they're better informed about prices, styles and options when they enter the malls.

Retailers have noticed,

and established Web sites that preview what shoppers will find inside real stores.

"All major chains have an on-line presence," Wilkes University Professor Anthony Liuzzo said.

For security, Liuzzo, a professor of business and economics, recommends that Internet shoppers stick to Web sites for companies that also have brick-and-mortar stores or established

on-line retailers.

"Be careful with the use of credit cards. Watch those charges very carefully," he said.

Shoppers buy 7 percent of their Christmas gifts on the Internet, an increase from 3 percent four years ago, Liuzzo said.

Last year, Internet sales accounted for \$14 billion of the \$210 billion spent during the holidays.

Those sales have increased 30 percent to 40 percent annually.

Where stores clerks traditionally expected huge crowds on Black Friday, e-tailers await Black Monday.

The Monday after Thanksgiving is emerging as the biggest day of the year for on-line shoppers, Liuzzo said.

See **INTERNET**, page 31

Internet

(Continued from page 21)

He suggests shoppers order early to give Internet firms time to ship presents before Christmas.

This holiday season, 41 percent of shoppers said they plan to purchase something through the Internet, a Harris Interactive poll conducted for Blue Martini Software found.

Another 29 percent of shoppers will search the Internet, and 33 percent will browse catalogs before making a final selection at a store, according to the poll.

Shoppers, however, continue to make 70 percent of their decisions about what to buy in stores, RTKL, an architectural planning firm, said in its holiday forecast.

"They still like to smell, touch, feel, use all their sensory perceptions before they buy an article, but they're willing to note styles and colors through the Internet," Marketing Professor James Lowry of Ball State University said.

On the Internet, shoppers save money by finding on-line coupons, and they save time, Lowry said.

"We have a poverty of time. It's more convenient to shop on-line than take the time to go to the retail mall," he said.

After the holidays, the Internet might cost consumers some time.

Twelve percent of all on-line purchases are returned, Liuzzo said, compared to 6 percent of catalog sales and 3 percent of store sales.

Local retailers ready for busiest shopping day of the year

(From Page A-1)

Amy Landis of Sunbury said she will be back today shopping again.

"There are good bargains early in the morning," said Landis, who added that she enjoys the Black Friday shopping tradition.

Her husband Mark, however, said he would not be accompanying his wife. Instead, he'll be at work.

"It will probably be a good thing," he joked.

The Landises said they plan on spending about the same amount as they did last year. They also said that the gifts they buy for others aren't usually just in one category.

"We probably buy a little bit of everything," Mark said.

The American Express survey showed that shoppers will spend about \$1,000 on gifts during the holiday season.

Elizabeth Aikey, 21, of Watertown said she will spend less than she did last year. She also said that she's not a big fan of trying to compete with



Nickelodeon's Dora the Explorer, left, is one of several toys that toy makers hope will be a big seller this year. This year Elmo is back with Hokey Pokey Elmo. At right, Elmos, Go-Go Dogs and Bratz are stacked to the ceiling at KB Toys



MARK NANCE/Sun-Gazette

crowds on Black Friday.

"I try to get it over with beforehand," she said of her holiday shopping.

Gift certificates were what Betty Sonnes' grandchildren asked for.

"They want to pick out what they want," said the Muncy res-

ident.

In fact, 75 percent of those asked in the survey said they planned to buy gift cards, which outranks gifts of cash at 38 percent.

Music and video stores are expected to draw more shoppers than last year. Specialty

clothing stores also should see increased foot traffic, according to the survey.

Credit cards will also be getting a workout on Black Friday. Sixty percent of respondents said they planned to use credit cards, while 15 percent of those said they would use them ex-

clusively for their purchases.

Dr. Anthony Liuzzo, a professor of economics at Wilkes University, said in an industry press release that retailers should do well during the shopping season, seeing total sales increase by 4 percent.

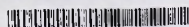
He also noted that although

"Retail sales during the weekend just prior to Christmas represent about 30 percent of holiday sales."

Dr. Anthony Liuzzo,
Economics professor,
Wilkes University

Black Friday can be a boost to retailers and the overall economy, the weekend after Thanksgiving only accounts for 10 percent of holiday sales.

"Retail sales during the weekend just prior to Christmas represent about 30 percent of holiday sales," he said.



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WHAT'S INSIDE

Busiest Shopping Day?	56
Shopping Wonderland	60
Sheriff Carona's Wish List	62
Perfect Gifts	66



Unwrapping the Gift Wrap

O.C.'s retailers display cautious optimism as the holiday season kicks in.

Forget silent nights. After three disappointing holiday seasons, retailers are hoping for a chorus of cha-chings this Christmas. If the fury of recent wildfires has singed shoppers' passions for delivering the perfect present for all on their holiday lists, it's not apparent in the optimism of local retailers. In the aftermath of last year's hugely disappointing holiday sales season and the below-par returns of two previous years, Orange County vendors we interviewed express cautious hope about holding the Grinch at bay during the critical fourth quarter of 2003.

Their cheeriness is buoyed by the prophecies of national retail analysts. According to Dr. Anthony Liuzzo, professor of business and economics at Pennsylvania's Wilkes University and a forecaster of holiday retail sales for the past 15 years, all signs point to the best holiday retail season since the start of the millennium. The International Council of Shopping Centers (ICSC) concurs, pointing to increased disposable income kick-started by tax cuts, a booming housing market and a luxury market revival.

Reasons for caution remain, the Council concedes. Energy prices remain high, the job market has yet to prove it's on the mend, and sales growth during the back-to-school season may have been excessively reliant on one-off factors, such as the child tax credit checks.

On the bright side: "Retail sales have exceeded the forecasts of almost all the major retail players," Liuzzo says. "Consumers are demonstrating that they are willing to spend the tax cuts they are now seeing

in their paychecks." From November through the end of the year, that spending typically accounts for 20 to 40 percent of a retailer's annual sales volume, both online and in traditional stores.

Locally, Shayne Voorheis, director of sales and marketing at Fashion Island, echoes Liuzzo's confidence. "Since July, we've seen a strong increase in sales and traffic and we're prepared for a great holiday season," she says. Her assurance may be well grounded, since a robust back-to-school shopping season typically forecasts strong holiday returns.

Equally bright is the outlook at The Shops at Mission Viejo, where such outlets as Girl Mania, Bañana Republic and Pottery Barn Kids cater to well-heeled families. "We had a huge back-to-school season and we expect Christmas to be just as positive," says Patsy Sanquist, The Shops' marketing director.

Elves across the nation

Across the U.S., Liuzzo predicts retailers will see sales increases totaling about 4 percent over last year for the 2003 holiday season. In 2002, the U.S. Census Bureau reported sales increases of a scant two percent compared to a giddy 8.3 percent in 1999, 3.7 percent in 2000 and 3.9 percent in 2001.

Other analysts have even jollier outlooks. Projections from the National Retail Federation (NRF) call for a 5.7 percent jump in holiday sales over last season, bringing November through January spending to \$217.4 billion.

Carl Steidtmann, chief economist for Deloitte Research, envisions a picture that's sweeter still,

BY MELISSA ADAMS

PHOTO BY DAVID KAWASHIMA

Unwrapping the Gift Wrap

calling for last year's coal to be replaced by sugar plums in retailers' stockings: 6-7 percent jumps in holiday sales. Outlays for general merchandise, apparel and furniture are projected to climb even higher.

"After several strong months of retail sales growth, it seems clear the economy is picking up momentum just in time for the holidays," says Rosalind Wells, NRF chief economist. Citing low interest rates, low inflation, rising equity markets and mounting consumer confidence as favorable factors, she predicts, "Retail sales gains for the 2003 holiday season will be far better than the meager increases experienced a year ago."

"Consumers have spent the last several years on an emotional and economic roller coaster," concludes Tracy Mullin, NRF president. "Now, Americans appear to be ready to shop and ready to spend, just in time for the biggest shopping season of the year."

Local creatures are stirring

To gear up for the onslaught, South Coast Plaza, Orange County's largest shopping center, has doubled its concierge staff to about 60 shopping counselors and increased staff at its five valet stations by 25 percent, to 100 employees, for the season.

"We expect the increases we saw going into the fourth quarter to continue through the end of the year," says Debra Gunn Downing, executive director of marketing at South Coast Plaza, where more than 23 million annual visitors account for more than \$1 billion in annual sales.

Recently opened stores at the 114-acre retail Mecca that bills itself as "The Ultimate Shopping Resort" include Bottega Veneta, Paul Frank, Eileen Fisher and Sony Style. In September, jeweler Temple St. Claire debuted with the first of her upscale boutiques featuring couture collectibles and a new line of engagement rings. Heading into its second holiday season is the only West Coast David Yurman flagship store, with luxury watch designs and fine jewelry.

Seasonal specialty stores include Christmas Dazzle, stocked with ornaments from around the world, and Home Holidays & Traditions, offering up collectibles, personalized stockings and complimentary personalization of ornaments. Partygoers can find gift baskets filled with novelty foods at Hickory Farms or chock-full of gourmet-baked goods, chocolates and premium wines at Mrs. Beasley's and The Wrapper.

Closer to the coast, The Irvine Co.'s Fashion Island also has new tenants and hopes to attract shoppers with additional concierge services, personal shoppers and other conveniences for its end-of-year season. Back for 2003 are Macy's Holiday Lane and The Art of Christmas – seasonal shops offering a wide selection of artificial Christmas trees, ornaments and holiday décor.

In November, Indigo Palms Denim Company, a division of Tommy Bahama, unveiled its first retail store at Fashion Island, housing Indigo Palms denim sportswear for men and women alongside an Island Soft collection for men featuring trousers, shorts, shirts and jackets in cashmere, silk, linen and suede. In October, MaxStudio.com, known for leading-edge women's fashions, opened its doors near the koi pond at the open-air center.

"People wear jeans not only with T-shirts, but with cashmere sweaters," says George Santacroce, president of Tommy Bahama Retail. "The combination of



Madison Avenue
Stylist Leslie
Christen.

PHOTO BY DAVID KAWASHIMA

Indigo Palms and Island Soft offers our guests the opportunity to blend luxury and denim in a way that reflects their casual lifestyle."

Santa Claus is coming to town

With the same scrutiny they apply to consumers' lifestyles, executives who guide the destinies of retailers strive to create a total shopping experience. "Our centers offer more than great shopping," says Nina Robinson, vice president of marketing for The Irvine Co.'s retail properties. "This time of year, they provide a true sense of the holiday spirit, with an ice rink at Irvine Spectrum Center, the traditional Christmas tree at Fashion Island and strolling carolers at our neighborhood and community centers."

Customer service also figures into the mix. At Fashion Island, shoppers can streamline seasonal chores through gift-wrapping and shipping services at The Mail Room, near the service shops adjacent to Tutto Mare, near The Ultimate Invitation in Atrium Court and near Gold Crown Hallmark, close to Barnes & Noble.

At the Concierge Center in Atrium Court, they can purchase gift certificates, pick up a complimentary wheelchair or stroller, make a restaurant reservation and obtain assistance for finding the perfect holiday gift for that special someone. A personal shopper is available at the main Concierge Desk, to assist with corporate and personal selections. Bloomingdale's and Neiman Marcus also have personal shoppers who can help with wish list fulfillment.

"Our concierge staff is very knowledgeable about what stores are featuring," explains Fashion Island's Voorheis. "If you call or come in, looking for a sweater for your teenage niece or a Louis Vuitton bag to match your holiday outfit, they can tell you where to find it."

On rainy days, loaner umbrellas can be had at the Fashion Island Concierge and at valet stations between Robinsons-May and Apple Computer and between Thaipoon and Daily Grill. Shop 'til you drop types can purchase an annual valet parking pass for \$100 at the Concierge Desk – a perfect gift for the avid shopper on your list.

If you don't want to get in your car at all to patronize local centers, you're in luck thanks to The Irvine Co.'s new online gift certificate program. For the

Continued on page 58

Busiest shopping day?

Contrary to popular misconception, Thanksgiving weekend – including Black Friday, the day after Thanksgiving – is not the busiest shopping period of the year.

According to the International Council of Shopping Centers, that honor actually belongs to the last weekend before Christmas, when 30 percent of holiday retail sales are typically rung up, compared to 10 percent during the three days following the annual turkey-fest.

If there is any deep message in knowing these facts, it is this: Shop early.

Unwrapping the Gift Wrap

ultimate marriage of clicks and bricks, visit www.shoptheirvinecompany.com before Dec. 31 to enjoy complimentary shipping when you purchase a gift certificate for \$50 or more for Corona del Mar Plaza, Crystal Cove Promenade, Fashion Island, Irvine Spectrum Center or The Market Place in Tustin.

Almost as easy for gift givers who want to wrap up holiday shopping without worrying about wrong sizes or boxes to wrap is the Simon Gift Card, redeemable anywhere in the U.S. where Visa is accepted. Available in denominations of \$20 to \$500, the cards can be purchased locally at Brea Mall, Westminster Mall and Laguna Hills Mall, as well as at some 230 Simon Property Group malls across the nation.

New on the scene

In addition to retailers at major shopping centers, local consumers have new options for parting with \$637 – the average intended holiday budget for 2003 according to a recent poll by the NPD Group, a market research firm in Port Washington, N.Y.

Hoping to attract style mavens of Newport Coast, where the median annual income is \$164,653 (more than both the \$145,859 average household income within a three-mile radius of Fashion Island and the \$146,301 average income in homes within the same radius of Corona del Mar Plaza) is Ambrosia Home. The upscale furniture and accessories shop opened this month in The Bluffs Shopping Center, The Irvine Co.'s newest collection of casual dining and retail shops that debuted in summer 2003 at the corner of MacArthur and Bison.

The brainchild of model home merchandiser Debra Newell, Ambrosia Home features nine interior vignettes in different styles – including contemporary, nautical, island tropical, European transitional and shabby chic – on its showroom floor. “We take the guesswork out of what furniture styles, fabrics and accessories go together,” says Newell, who likens her decorating concept to the Garanimals children’s clothing line that uses code tags to make it easy to match kids’ separates. A half-dozen interior designers at her outlet for turnkey décor are available to help shoppers sift through portfolios of furnishings and accessories, to pull together a scheme throughout a home.

In the same center, Newell – who has headed up Ambrosia Interior Design in Tustin for 21 years – opened Madison Avenue in October. The chic women’s clothing boutique features classic to contemporary sportswear and evening-wear, including lingerie and some 150 lines of designer dresses, suits and accessories.

To provide a first-class shopping experience, Newell offers up robes and champagne for her discerning clientele. To nurture the patience of male tag-a-longs, she’s set up what amounts to a husband- or boyfriend-tending station at the center of the shop, with a large-screen television tuned in to sports channels and a magazine rack stocked with the likes of *Golf Digest*, *Money Magazine* and *Sports Illustrated*.

One-of-a-kind options

A different wardrobe adventure can be had at Ginger’s Island in Irvine. Named for the sexy starlet who found herself stranded on a South Pacific island in one of television’s most popular sitcoms, the outlet for custom swimwear, fitness and nightlife apparel provides an economical,



made-to-order alternative to off-the-rack women’s clothing. Expect a laid-back, island ambience when you walk into the kid-friendly shop on Jeronimo Road, complete with a playroom where owner Lissa Walker’s three young boys often hang out.

“Ginger was the smartest one on Gilligan’s Island,” says Walker, a former figure skater who designed all of her own outfits. “She brought along enough clothes on a three-hour tour to last a lifetime.”

Just as the enterprising sitcom character fashioned her own luscious attire out of Mrs. Howell’s hand-me-downs, Ginger’s Island customers can fashion made-to-order wardrobes for cruise or resort vacations. Custom-created using personal measurements rather than manufacturers’ size specifications, garments can be crafted in hundreds of styles and fabrics, with design features limited only by a customer’s imagination.

“If you have a vision of a crushed velvet, plum-colored holiday dress with puffy sleeves and a short, slim skirt, you can have it in your closet in one to three weeks,” says Walker. For such a custom garment, expect to pay between \$150 and \$400 at Ginger’s Island.

Made-to-order swimwear in mix ‘n match styles and fabrics typically runs \$75 to \$125. In 2004, Walker plans to offer custom clothing for everyone in the family, with Hawaiian shirts for Dad, Lil’ Buddy sportswear for boys and Lil’ Mary Ann clothing for girls. Matching clothing for kids and parents also will be available. A retail store in Irvine Spectrum Center or Las Vegas is on the horizon, and Walker plans to go nationwide within two years.

Need a custom fragrance to go with that one-of-a-kind sarong or bikini? Head for The Fragrance Shop on South Coast Highway in Laguna Beach, where owner Lee Rasmussen offers more than 500 designer fragrances in pure oil form, without alcohol or other fillers. Modeled after stores in Miami and New Orleans, Rasmussen’s shop is heading into its second holiday season.

“The economy is a lot better this year than last and we’re hoping for 30 to

Continued on page 60



Shopping Wonderland

Explore these 26 new stores in Orange County.

BY LYNN ARMITAGE

This holiday season, you'll have even more ways to spend your hard-earned cash. A robust boom of new stores has hit Orange County. Here's a snapshot of what's ready to be unwrapped when you do the shopping at just three of the county's dozens of shopping centers:

FASHION ISLAND

Indigo Palms Denim Company: This first-ever store of its kind, owned by Tommy Bahama, features relaxed, sophisticated styles focusing on denim, with coordinates in suede and cashmere.

MaxStudio.com: A boutique of leading-edge fashions for trend-conscious women.

Babystyle: Offers maternity wear, clothing for babies and toddlers, toys, nursery furniture and décor, baby gear and gifts.

Forever 21: Chic, trendy fashions for girls and young women.

Chuck Jones Gallery: Features favorite animated characters created by Chuck Jones. Relocated from Laguna Beach.

First Cut: An upscale hair salon exclusively for children. Also offers party packages with mini spa treatments and mock facials.

Pamperline: The first store in the U.S. by one of Europe's most exclusive designers of children's clothing, from newborn to size 12.

The Silk Trading Company: Known for luxury textiles, drapery, paint and home furnishings, The Silk Trading Company inspires clients to realize their own style.

Clam Jumper Restaurant: A popular dining establishment for families and busy professionals, known for its generous portions and good value.

MAX & Co.: Part of the MaxMara fashion group, this Italian label is a collection of fashion-forward contemporary silhouettes with plenty of feminine flair.

Paul Frank: His first store within a shopping center, featuring his characters Julius and friends on clothing, sleepwear, swimwear and accessories for both men and women.

Marina Rinaldi: Fuller, Italian fashions for the woman size 10 through 22, constructed with the same craftsmanship as those created by luxury good designers who cater to the smaller frame.

Vertigo: Fabulous, chic designs from this Paris-based retailer.

Eileen Fisher: Simple clothes inspired by movement and freedom, inviting women to stretch, dance, work and play without constraint.

Sony Style: A showcase of Sony's most innovative electronics and entertainment products and services, as well as the latest music and movies from Sony Music and Sony Pictures Entertainment.

Temple St. Clair: Timeless jewelry pieces that feature an elegant restraint, a clean modern line and a sensitivity to color.

Roberto Cavalli: The first West Coast boutique of this Italian designer-to-the-stars. Menswear, lingerie, swimwear, fragrances, handbag collections and unique runway pieces not available at other stores.

THE SHOPS AT MISSION VIEJO

BeBe Sport: The latest fashions in bold lines, great fabrics and style.

Girl Mania: Completely cool fashions and accessories for girls 4-14! Also a great place for parties, makeovers, dance jams and more.

Janie & Jack: Adorable clothes and accessories for little ones, from preemies to 3T's.

Paper Doll: A showcase of cards, stationery, pens, gorgeous wrapping paper, tissue, collectibles and jewelry.

Sephora: A dazzling, international array of cosmetic brands, colors, styles and types to put a wonderful face on things.

Oceans 33: A cosmopolitan dining environment featuring a rotisserie, wood-burning oven and grill. OCM

Lynn Armitage is a senior writer with Churn Publishing, Inc.

40 percent of our holiday sales to come from local repeat business," says Rasmussen, who will open a second shop in Las Vegas next year. For under \$50, his customers can make scents based on Joy, Escape, Obsession or any other favorite designer fragrance. Or, they can opt for a custom fragrance, specially blended to suggest floral, fruity, vanilla or any other nuances. A dozen house blends include Rain, China Musk, True Gardenia and Arabian Sandalwood. Boutique-quality bath and body products also are available, either unscented or scented with The Fragrance Shop's pure version of virtually any fragrance.

What's hot for 2003

Presumably, some of the credit for seasonal retail success lies with marketers who lie awake on many eves prior to the night before Christmas, dreaming up hot holiday gifts that can command full price sales all season long. For 2003, gotta-have-it goods in line to replicate the success of such hot sellers of past seasons as pashmina shawls and Furby dolls include GI Joe 40th anniversary figures and "Built to Rule" Transformers for kids.

According to the ICSC, gift giving 2003 is leaning toward a "retro-theme" that will give new life to toys that were hot two decades ago. Watch for new incarnations of Cabbage Patch babies and Strawberry Shortcake, and for toys that fall into one of three camps—nostalgia (Hokey Pokey Elmo, My Little Pony, Care Bears, Barbie); high tech (Neopets); and educational (Leapfrog).

The return to the '80s also will bring back tweed clothing; statement boots embellished with buttons, fur and buckles; white shirts and vintage linens. Furnishings in such unusual colors as clous, Tabasco, aqua, cinnamon and khaki will be popular this season, as will any home decor in copper, according to ICSC forecasters. Glitzy, metallic evening sandals, diamonds in fancy shapes, aromatherapy oils and MP3 players the likes of Apples IPOD also are destined to be hot gift items.

Primal passions to ignite sales

If shoppers fulfill the forecasts of Faith Popcorn, America's foremost trend diviner and founder of the

Continued on page 62



Oceans 33®

SOUTH COAST PLAZA

Aldo: Specializing in fashion footwear, leather goods and accessories.

Stilla: Featuring cosmetics galore. Experience the world's first cosmetic vending machines at this Orange County exclusive store.

Kiehl's since 1851: Founded as an Old World apothecary, Kiehl's offers a unique selection of cosmetic, pharmaceutical, herbal and medicinal products.

Unwrapping the Gift Wrap

marketing consultancy BrainReserve, they'll be motivated by some of the most basic human needs and emotions in this year's holiday shopping extravaganza. Following a period of economic downturn, global turmoil, corporate scandal, terrorism and emotional recovery, the 2003 end-of-year marketplace will be fueled by Primal Passions, says the trend-tracker who foretold such behaviors as "cocooning," "anchoring," "being alive" and "pleasure revenge." Food, family, love and vanity will drive what's hot this holiday season.

In the consumable category, shoppers might turn to Beverages & More, the Concord, California-based beverage superstore, for holiday party needs and edible gifts. Founded in 1994, the retail beverage "category killer" now has 31 stores throughout California and has tripled in size since 2001.

"We now have a real presence in Orange County, with stores in Brea and Irvine, as well as our newest store in Fashion Island's Atrium Court where we're optimistic about our second holiday season," says Joel Weis, Southern California area manager.

With gift baskets that were designed and ordered by summer's end, as well as thousands of wines and spirits, Weis hopes to attract customers who are "drinking less but drinking better." Predicted hot sellers include champagnes, imported red wines and domestic varietals in the \$8-\$15 range, and such premium imports as Ketel One Citron Vodka. Also available at the warehouse-style stores are hand-rolled cigars, specialty food items, glassware and beverage accessories. For the wine lover in the family, consider a Beaulieu Napa Cabernet Basket stocked with Beaulieu Napa Cabernet, caramel cookies, vanilla biscotti, Camembert cheese and cheese swirls, all for \$35.99.

Popcorn's predicted focus on family may manifest itself in fast-selling monogrammed items, available for girls from ages 4-14 at such stores as Girl Mania at The Shops at Mission Viejo. "Customizing clothing and accessories

Girl Mania
Sales Associate
Adriana Sellers

PHOTO BY DAVID KAWASHIMA



with initials is hot," says The Shops' Patsy Sanquist. Teens through thirtysomethings will be drawn to Banana Republic clothing in vibrant colors, in such luxury fabrics as cashmere, merino wool and suede. Sandquist predicts. For a younger set, toy kitchen appliances in blue and stainless are available at Pottery Barn Kids in The Shops at Mission Viejo.

To kindle love, shoppers can head into Between the Sheets at Fashion Island, home of exotic bed dressing in such tactile fabrics as satin, natural silk, velvet, latex, hi-gloss PVC and super soft micro-fleece. "The soft economy hasn't hurt us," notes Nicole Serpico, store manager. "We've seen a huge sales increase since 9/11. Now more than ever, people treasure their homes and want to make the time they spend there special."

If you're in the market for 1,020-count imported Egyptian sheets, sumptuous comforters, sheepskin mattress pads, bed or bath accessories or inlaid wood furniture, Between the Sheets is the place. For something truly special, check out a Tuscan bed that goes for \$15,000 or an Italian marble table with a bronze lion base that will set you back \$29,000.

Female vanity has always impacted holiday sales, but this year male vanity or "manity," as Popcorn terms it, is going mass. "Men from every demographic group are realizing they won't lose their machismo by caring about or improving how they look," the trend psychic says. "Watch for the growth of numerous male institutions once reserved for women, such as men's day spas and salons."

That might explain the popularity of such virtual escape venues as Burke Williams in The Block at Orange and on Crown Valley Parkway in Mission Viejo, where men can opt for such stress busters as "Gentlemen's Choice" — a three- to five-hour getaway that includes a massage, facial, herbal wrap, exfoliating salt glo treatment, scalp treatment and spa pedicure for \$410. Gift certificates are available for individual treatments, day packages or specified dollar amounts.

The women on your list are likely to appreciate such a gift, as well. According to an online study by Frfrk About Women, a marketing to women consultancy that helps companies build brand relationships with women, the most desired holiday gift for women this season is the gift of escape, whether it's a vacation, a cruise, or a day at the spa. By contrast, almost half the men in that study said they would prefer a gift from the electronics department.

To satisfy their desires, Asian manufacturers of electronic gadgets have been busy meeting increased holiday orders from American retailers. If strong sales of everything from semiconductors to finished cell phones, digital cameras and DVD recorders are any indication, the long-awaited tech recovery is in sight.

Continued on page 64

Sheriff's 10 Wishes

Michael Carona is wishing for a good hair day.

One thing you can count on when Orange County Sheriff Michael Carona is asked for a holiday wish list: It won't be of the usual kind. Instead of pricey gifts, he's thinking of ways to make the world a safer, better place. His trademark sense of humor shines through, as well (we'll work on Wish No. 2, sir, but we don't want to appear overly optimistic on No. 5). So, read on:

1. Orange County remains the safest county in America.
2. That I am selected, for the third time, as one of OC METRO Magazine's Hottest 25.
3. A quick and safe return for all American troops abroad.
4. Every state in the nation adopts the Amber Alert and that they NEVER have to use it.
5. The development of stronger shampoos to stimulate hair growth.
6. That each of us harbor respect and tolerance for one another.
7. Scientists discover that steaks and Ketel One martinis actually are good for you.
8. Solutions to the budget crisis.
9. Learn to spell "Schwarzenegger" correctly.
10. We continue to reach out to our youth, building strong foundations for their future. OCA

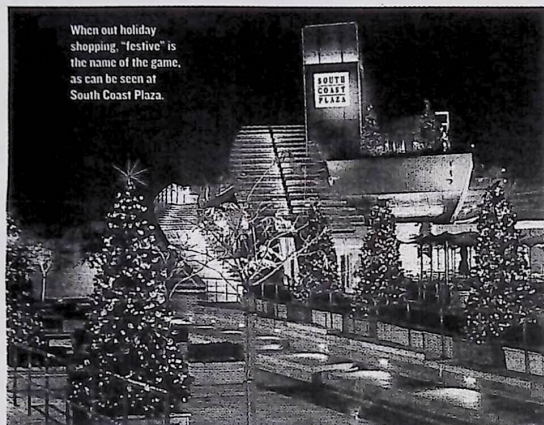


PHOTO BY MARK SANAGUE

Unwrapping the Gift Wrap

According to executives at Sony Corp and Matsushita Electric Industrial Co., Japan's consumer electronics leviathans, DVD players are poised for a boom this holiday season. Available for between \$450 and \$1,200 at such electronics superstores as Best Buy, Fry's and Circuit City — down from retail prices beginning at about \$800 last year and \$1,700 in 2001 — the recorders could replace VCRs and their cumbersome tapes as the preferred technology for archiving the last episode of "The OC" or little Jessica's first birthday party.

Gadget hunters looking for a less pricey option will find 10 DVD player models at Best Buy at Costa Mesa's Metro Pointe for under \$100. Other hot sellers are likely to include cell phones with built-in cameras, available for as little as \$250 at Best Buy after a mail-in rebate, DVD-writing drives for PCs priced from about \$100 to \$250, and flat-screen TVs that can be had for under \$300.



When out holiday shopping, "festive" is the name of the game, as can be seen at South Coast Plaza.

Fabulous fur and other trends

"Fur is back," reports Hunter Tate, general manager at Giorgio Armani, opposite Macy's in South Coast Plaza's chi-chi Jewel Court wing. Also big this holiday season, according to the former St. John exec, are exotic skins, luxury cashmere and brooches studded with semi-precious stones.

If the must-haves on your significant other's holiday list include gloves or shoes crafted of crocodile skin, a handbag that started life as a python, a limited edition mink and silk scarf or an evening bag studded with Swarovski crystals, head for this upscale venue. "Many of our customers are buying a single luxury item rather than several smaller gifts — one great leather jacket, a cashmere overcoat or a fox stole," Tate observes.

If you're in the market for such big-ticket items, prepare to dig deep. You'll part with \$800 to \$4,000 for a python handbag and at least \$4,000 for a similar item fashioned of crocodile skin. For \$850, purchase a fox wrap in navy, red or cream. If you're truly smitten, you may not think twice about unloading \$1,400 for a mink and silk scarf stocking stuffer. Purchase 10 of those for what a reversible suede and mink coat will run.

"Based on the response we had to our fall collection this year, we anticipate a great holiday season," Tate says. "People are shopping earlier because they know we might have a dozen of a certain item in the entire nation. They're also in a more giving spirit, because they're thinking, 'It's been a roller coaster

year. We've gone through a lot and it's time to do a little extra for the holidays.'" Already, Tate has worked with victims of the recent wildfires from San Diego and Big Bear, trying to re-establish their lifestyles after devastating losses.

"After the fires and the war, we're bound to have a better year," predicts Heidi Miller, owner of Tight Assets stores in Newport Beach and Laguna Beach, as well as Carlsbad and Palm Desert. "With interest rates holding at low levels and the economy looking up, people are parting with cash. They're not spending like they used to, but they are spending."

Chances are, the founder of Heidi's Frozen Yogurt knows whereof she speaks. In 1981, when interest rates were in double digits, she opened the first of her healthful snack shops and grew the chain to 120 stores in nine states over a 12-year period. "People were anxious about buying big ticket items back then, but they were comfortable dropping a buck or two for frozen yogurt," recalls the former gymnast and body builder.

Decades later, similar consumer hesitancy has impacted Miller's holiday retail strategy at boutiques where she proffers trendy workout, dance and hip street wear. Of current inventory ordered in late summer, she says, "I don't rely on big-ticket items. My customers want something unique and different, but they don't necessarily want to spend a lot of money. They come here for great-fitting workout wear, one-of-a-kind gift items and party accessories." Popular sellers, many imported from Brazil, run between \$35 and \$65.

To attract customers, Miller relies on her fashion sense and gut instinct. "I buy shallow, not deep, unlike the big department stores," she explains. "I turn merchandise around quickly. There's always something new in the stores, so that customers are tempted every time they turn around."

Reality bytes and beyond

Beyond bricks and mortar, Melody Vargas' About Retail Industry guide predicts a growth of 25 percent in U.S. e-commerce retail sales, to \$17 billion during the fourth quarter compared with \$13.8 billion during the same period last year. That would be a year-over-year increase of 27 percent — the highest growth rate since e-commerce went mainstream in the 2000 season.

Among local retailers capitalizing on the cyber-shopping boom is Beverages & More, which reports almost doubling its Internet business since it began retailing online in 1999. Customers can make purchases on the Web and pick up their orders an hour later, or have them shipped or delivered.

On the other end of the spectrum is "total immersion," says retailer Lindy Lu Bartlett, whose Beach 'N Backyards opened on Labor Day this year along Costa Mesa's 17th Street. After a hectic day at the office, customers can don bathing suits to personally experience a hydro-spa they might purchase for between \$3,100 and \$7,900. Also available at the indoor and outdoor home decor outlet is Lindy's hip "Lu Lu's Closet" Bohemian line of clothing and accessories, featuring such must-haves as silk drawstring pajama pants and beaded tank tops from Bali.

If that's not exotic enough for you, steer clear of Fashion Island's Neiman Marcus and head for your keyboard, where you'll find the 77th edition of the mega-retailer's Christmas Book at www.neimanmarcus.com. Among this year's 11 fantasy gifts are his-and-hers interactive, remote-controlled male and female robots designed by International Robotics, priced at \$400,000 for the adult-size pair. Make a true fashion statement with a 44 6-carat yellow diamond ring set in 18-karat gold, for \$800,000, or get to that New Year's bash in style in your choice of Bombardier Learjet, from \$7.7 million to \$12.7 million.

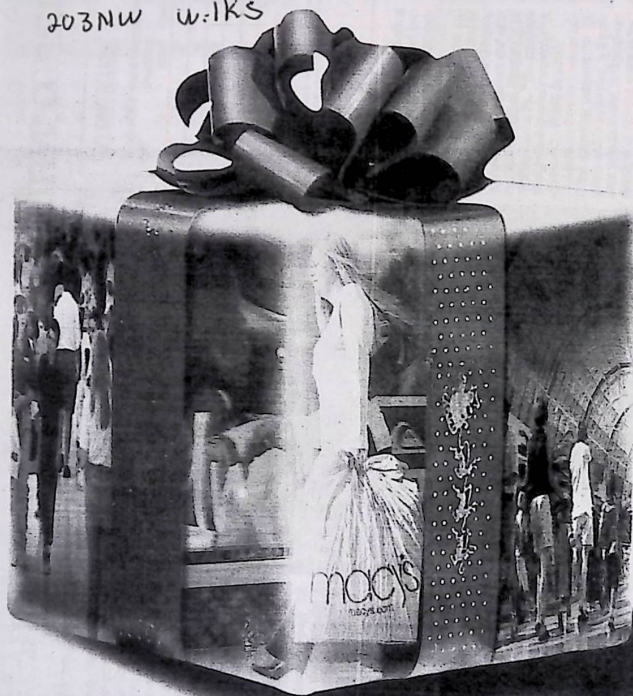
Still chewing on a holiday gift list but can't sink your teeth into any of these big-ticket indulgences? To retailers' chagrin, you might know all too well about reality's hard-to-swallow pills that may or may not take a bite out of 2003 sales.

Melissa Adams is a Newport Beach-based freelance writer.

A gift for retailers

Analysts expect holiday shoppers to pull out the stops this year

203NW WIKS



PHOTOS OF SHOPPERS BY JOHN BACIK,
BOBBY COXER AND BRADLEY LOGAN/
ORLANDO SENTINEL
PHOTO ILLUSTRATION BY DANIEL PASANO/
ORLANDO SENTINEL

By SARAH HALE MEITNER
SENTINEL STAFF WRITER

For the first time in a while, U.S. shoppers are expected to spend, spend, spend during this year's ho, ho, ho season.

Retailers and industry experts are optimistic that this year's holiday shopping will be the best since at least 1999, thanks to an improving economy, stable stock market and millions of ready-to-spend consumers who appear to be hitting the stores early.

Despite the tepid job market and lingering concerns about the war in Iraq, analysts are predicting 4 percent to 6.5 percent sales gains for this year's holiday shopping, well ahead of last year's disappointing 0.5 percent increase — the weakest holiday showing since 1990.

Naysayers warn that the outlook seemed even brighter in September, when shoppers bought heavily during the back-to-school period. Since then, some national retailers have posted lower-than-expected third-quarter earnings and warned of fourth-quarter weakness, which could be a sign of trouble.

They also point out that retailers are carrying leaner inventories in an effort to avoid having to discount leftover merchandise by as much as 80 percent in the days right before and after Christmas. The absence of such huge bargains — which were common last year — could dissuade some con-

PLEASE SEE SHOPPING, H2

Pent-up demand expected to drive consumers to spend more

SHOPPING FROM HI

sumers from last-minute or post-holiday splurging.

Still, American shoppers already seem to be in the spending mood, even though the traditional start of the holiday-shopping season — the day after Thanksgiving, known among retailers as "Black Friday" — is still a week and a half away.

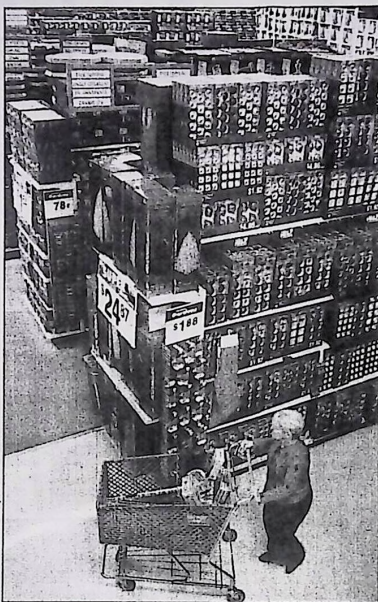
And anything will be an improvement on last year.

During the first week in November, consumers spent 5.8 percent more than they did a year ago, according to Bank of Tokyo-Mitsubishi, which monitors weekly chain-store sales. And throughout October, the year-over-year gains each week averaged 4.3 percent.

"People just have more money than they did a year ago and they're willing to spend it," said Ellen Tolley, a spokeswoman at the National Retail Federation, which is predicting \$217.4 billion in holiday sales, a 5.7 percent increase from last year. "They're planning to give more generous gifts and aren't skimping like they have the past three years."

Slow but steady growth in the U.S. economy, the mid-year tax-rate cuts and refund checks, and improved employee raises are cited by the industry for putting extra cash in the pockets of consumers, who have promptly spent it. Millions more Americans also refinanced their houses during the past year, freeing up additional disposable income.

Although higher energy costs have siphoned some of that disposable income and the job market has yet to rebound, consumers this year are expected to spend 3.5 percent more on gifts, or \$672 apiece, compared



RED HUBER/ORLANDO SENTINEL

Early bird. Barbara Kramer shops at the Wal-Mart on Kirkman Road. Lean inventories mean last-minute shoppers may find bare shelves.

with \$649 a head a year ago, according to the National Retail Federation.

Demand for home electronics, from flat-screen televisions to digital cameras to MP3 players, is expected to drive much of this year's sales growth, experts say. Sales of toys are likely to top last year's

totals, thanks to nostalgic offerings like Care Bears and Strawberry Shortcake and new items like Hokey Pokey Elmo.

Women's apparel and accessories, including "must-have" suede, sweaters and chandelier earrings, also are expected to sell well. Even certain segments of the industry that posted de-

SHOPPING SEASONS

According to one forecast, this year's holiday season could be the best in a decade.

Upshot

Year	Shopping days*	Sales growth**	
1997	27	4.5%	Last-minute buying, post-Christmas bargain hunting give boost.
1998	28	5.1%	Best year since '92, thanks to last-minute shopping and cold weather.
1999	29	5.4%	Solid sales up to Christmas, followed by purchases fueled by Y2K fears.
2000	31	2.4%	Decent finish too little, too late; post-Christmas sales were mixed.
2001	32	2.2%	Last-minute surge in demand falls short amid pockets of weakness.
2002	26	0.5%	Good start spoiled by December lull. Weak sales despite strong finish.
2003***	27	5.5%	Retailers promote sooner, more often, hoping to build early cushion.

* The number of days between Thanksgiving and Christmas.

** Based on year-over-year comparisons of November-December comparable-store sales reported by the nation's largest retailers.

*** Projection

SOURCE: Bank of Tokyo-Mitsubishi Ltd.

clines in recent years, including men's apparel, jewelry and luxury goods, are expected to outperform previous years.

"The retailers that are expected to do well will probably do great," said Anthony Liuzzo, a professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "The retailers that probably aren't expected to do as well will still do good."

Liuzzo, who has forecast holiday spending patterns for 15 years and is expecting a 4 percent gain this year, said pent-up demand is driving consumers' spending.

Thanks to the stock market slump, the 2001 recession and the 9-11 terrorist attacks, fastidious shoppers have kept a close eye on their gift-giving budgets the past three years.

Now, with more cash in hand, shoppers are expected to spend more on each gift, compensating for the less-than-stellar presents they gave their friends and family in previous years.

Britt Beemer, an Orlando retail expert who conducts regular consumer surveys, also expects shoppers to spend nicer

gifts this year. Consumers last year indicated that they planned to spend \$21 to \$25 on each gift; this year, they're planning to spend between \$36 and \$50.

Consumers also are planning to give gifts to more people, he said.

"People know how much they spent last year," said Beemer, president of America's Research Group in Charleston, S.C. "They feel like they need to give something nicer."

Gift cards for use at retail stores, restaurants and day spas are also expected to sell well this year. Nearly 49 percent of consumers said they were planning to buy gift cards or gift certificates, compared with 39 percent a year ago, Beemer said.

Gift cards were the one bright spot last year in an otherwise disappointing retail season. Sales of gift cards reportedly totaled between \$36 million and \$38 million — a 20 percent increase from 2001.

Online sales this holiday are expected to remain cheery. Analysts have forecast 22 percent to 29 percent gains — and

sales totals as high as \$18.4 billion — during the fourth quarter.

Web-based sales are expected to comprise about 7 percent of all holiday spending this year, up from 3 percent in 1999. Consumers are more comfortable spending money online and are less worried about the security of their personal information, Liuzzo said. E-commerce companies also have speeded up delivery of their merchandise.

While the biggest shopping days of the season are usually the Saturday before Christmas, Christmas Eve and the day after Thanksgiving, the biggest shopping day for online sales is the Monday after Thanksgiving, Liuzzo said.

"People are sitting at work and thinking that they better start shopping," he said.

Because retailers ordered less merchandise and are carrying leaner inventories this year, in an effort to protect their bottom lines, customers should start shopping early, said Pa-

PLEASE SEE SHOPPING, H5

Stores' leaner inventories may mean fewer discounts

SHOPPING FROM H2 0

trice Duker, a spokeswoman at the International Council of Shopping Centers. And don't expect the deep discounts that were common a year ago, she said.

"You'll probably see 50 percent off sales, but if you're waiting for the 75, 80 percent mark-downs, you won't see them," she said. "Retailers did a good job of controlling inventory and not ordering too much excess. There isn't going to be a lot left over."

A drop in the amount of discounting this season could hinder sales growth, Beemer said. About 49 percent of the shoppers he surveyed indicated that they didn't plan to do most of their shopping until merchandise was marked down at least 50 percent.

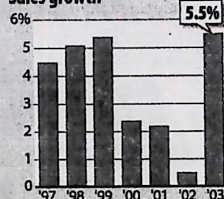
"If retailers cooperate and mark merchandise that low, this season could go up 7 to 8 percent," he said, but added, "Because they [retailers] are more focused on Wall Street than Main Street, that probably won't happen."

Other factors, such as terrorist activity or weather that's too cold or too warm, could also affect holiday spending, Duker said.

HOPING FOR LOTS OF HO HO HO

This year's holiday shopping season is expected to be the best in several years.

Sales growth*



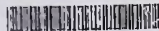
*From previous year, November-December sales, nation's largest retailers.

SOURCE: Bank of Tokyo-Mitsubishi Ltd.

ORLANDO SENTINEL

"If the prices are right, people will spend," she said. "They're saying, 'I don't want to be conservative anymore.' As long as everything else goes OK, too, this holiday season should be one of the best we've seen in a while."

Sarah Hale Meitner can be reached at smeitner@orlandosentinel.com or 407-420-5718.



Economists see best holiday shopping in 4 years

RETAIL SALES: The average American family is feeling more secure.

BY KAREN DYBIS
THE DETROIT NEWS

As the biggest shopping period of the year begins, signs of a growing recovery have most economists and analysts predicting this

could be the best holiday for retailers in four years.

But some consumers say they are taking a more cautious approach to the season, paring their gift lists and curtailing spending until a full-blown economic revival is in progress.

Nationwide, the most conservative observers say U.S. holiday sales should be up about 4 percent this year. The industry's biggest cheer-

leader, the National Retail Federation, predicts a 5.7 percent jump. In 2002, holiday sales rose a paltry 2 percent, the lowest increase in the past decade. The retail federation had expected sales to rise 3.5 percent.

Why the optimism? Economists say the average American family is feeling more secure. Discretionary income is growing. Home sales are up. The stock mar-

ket is rising. And the employment outlook is improving, although job growth is flat. An optimistic consumer is a busy shopper.

"Usually, when consumers have cash, they spend it," said Carl Steidtmann, chief economist at Deloitte Research in New York.

But Detroit resident Michelle Shorter said she plans to follow a strict holi-

day gift list to keep her budget in line. Her emphasis is on spending time with family and friends.

"We need to be more considerate of the people we love now more than ever because (the past two years have taught us) they can be taken away from us at a moment's notice," Shorter said.

Still, Shorter, a Detroit schoolteacher, said she is feeling good about her fi-

nances, particularly because she recently refinanced her home and the interest rate on her student loans has fallen.

The opposite is true for Cathy Schenkel. The Dearborn Heights, Mich., mother of four boys says her family is cutting back. With a close relative out of work, the extended family agreed to reduce their spending per child to \$30 instead of the

usual \$50.

Schenkel is scouring sale fliers for special deals. Toys 'R' Us got her in the door when they offered a free video game with the purchase of two others. "When I see something I know the kids want, I grab it," she said.

The holiday season is crucial to stores, especially

See HOLIDAY, Page E6, Col. 4

Holiday

Continued from Page E1

those that sell toys, apparel or electronics, which can earn between 25 percent to 35 percent of annual sales in November and December.

Today's tight-fisted consumers have challenged retailers. Many economists and retail analysts expect stores to boost their holiday sales through more decorations, increased customer service and deeper discounts if all else fails.

Still, stores are going into the season feeling relatively optimistic, thanks to better-than-expected sales during the back-to-school and Halloween seasons.

Sales were up 5.1 percent in August and a healthy 5.9 percent in September compared to the same period last year, the biggest monthly gain in 18 months, according to the Bank of Tokyo-Mitsubishi.

October sales increased a more modest 3.2 percent. The unseasonably warm weather hurt apparel stores but boosted Halloween candy and costume revenue. Winners included Costco with an 11 percent jump and Wal-

Mart's healthy 4.5 percent increase. Sales fell 2.3 percent at JCPenney, 8.4 percent at Talbots and a whopping 11.6 percent at Kohl's.

Steidtmann predicts stores this year will see their best profits since 1999. If that proves accurate, it could provide additional proof that the country's economy has rebounded.

"There's confidence that there's legs to this expansion that won't give out one or two quarters from now," said David Littmann, chief economist and senior vice president at Comerica Bank in Detroit. "There's been a definite upswing."

The nation also is enjoying a level of political stability. In 2001, shoppers were reeling from 9-11. Last year, the impending war with Iraq clouded the holiday horizon.

The Iraqi situation has improved enough to reassure shoppers that it is safe to go back into the malls, said Anthony Luzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa.

All of the indicators are there, Luzzo said. "There's a lot of pent-up demand. People are waiting to spend money this year."

Nonetheless, October's luke-

warm sales have contrarians like Stephen Hoch, a marketing professor at the University of Pennsylvania's Wharton business school, worried the holidays may turn out like last year — retailers will put the store on sale at the cost of their overall profits.

"Retailers will want to start motivating shoppers, and that means pulling the trigger on discounts," Hoch said.

He specifically pointed to retailers like Kmart Holding Corp., the company that will celebrate its first holiday outside of bankruptcy protection this year.

"The problem (with Kmart) is there's no reason to shop there," Hoch said. "Admittedly, there are a few Kmart locations where there are no Wal-Marts or Targets. ... But Kmart is like a diluted version of the other two."

Hoch said retailers such as Kmart, FAO Inc., Restoration Hardware and Spiegel Inc. need a strong fourth quarter to convince shoppers and investors that their businesses are viable into 2004.

Intense competition from savvy stores like Wal-Mart, Costco and Dollar Tree has retailers of all kinds looking for ways to cut costs, improve services and stay relevant to consumers.



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Holidays could be joyful for retailers

Gannett News Service

As the biggest shopping period begins, signs of a growing recovery have most economists and analysts predicting this could be the best holiday for retailers in four years.

But some consumers say they are taking a more cautious approach to the season, paring their gift lists and curtailing spending until a full-blown economic revival is in progress.

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Still, Shorter said she is feeling good about her finances, particularly because she recently refinanced her home and the inter-



SHOPPERS WALK PAST the Christmas displays at Target in Clinton, Mich. Retailers are optimistic that holiday sales will increase by about 4 percent this holiday shopping season. Gannett photo.

est rate on her student loans has fallen.

The holiday season is crucial to stores, especially those that sell toys, apparel or electronics, which can earn between 25 percent to 35 percent of annual sales in November and December.

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"All of the indicators are there," Liuzzo said. "There's a lot of pent-up demand. People are waiting to spend money this year."

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Holiday handbook: Retail outlook

As gloom lifts, holiday shoppers may spend more

FRONT PAGE

Retailers
project 5%
hike over
'02 in Mich.

By Karen Dybis
The Detroit News

The holiday season is nine days old. Do you know where your presents are?

As the biggest shopping period of the year begins, signs of a growing recovery have most economists and analysts predicting this could be the best holiday for retailers in four years.

But some consumers say they are taking a more cautious approach to the season, paring their gift lists and curtailing spending until a full-blown economic revival is in progress.

Michigan-based retailers are projecting holiday sales will increase 5 percent over 2002, according to a survey by Lansing-based Michigan Retailers Association and the Federal Reserve Bank of Chicago. Last year, the state's holiday sales fell 2.2 percent, the first decline since the group started tracking sales in 1994.

Nationwide, the most conservative observers say U.S. holiday sales should be up about 4 percent this year. The industry's biggest cheerleader, the National Retail Federation, pre-



Daniel Meers, The Detroit News

Shoppers at the Target store in Clinton Township are already being treated to a Christmas display. October sales at Target Corp. were up 1.6 percent.

dicts a 5.7 percent jump. In 2002, U.S. holiday sales rose a paltry 2 percent, the lowest increase in the past decade. The retail federation had expected sales to rise 3.5 percent.

Why the optimism? Economists say the average American family is feeling more secure, thanks to good tidings across the nation and in Metro Detroit. Discretionary income is growing. Home sales are up. The stock market is rising. And the employment outlook is improving, although job growth is flat. An optimistic consumer is a busy shopper.

"Usually, when consumers have cash, they spend it," said

Carl Steidtmann, chief economist at Deloitte Research in New York.

For many Metro Detroit families, this holiday is a test of their resourcefulness as they cope with limited funds or family members out of work. Shoppers say they are looking for meaningful gifts that won't force them to break into their piggy banks.

Detroit's Michelle A. Shorter said she plans to follow a strict holiday gift list to keep her budget in line. Her emphasis is on spending time with family and friends.

Please see SALES, Page 11A

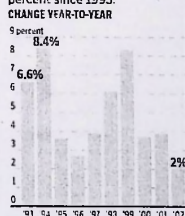


Charles V. Times / The Detroit News

Carin, Logan and Sarah Snider shop at The Sharper Image in Troy. The retailer raised its third-quarter estimate after October sales rose 12 percent.

Sales slump

Retailers considered last year's sales dismal, compared with the average sales growth of 5.2 percent since 1993.



Source: U.S. Census Bureau
The Detroit News

SALES

Continued from Page 1A

"We need to be more considerate of the people we love now more than ever because (the past two years have taught us) they can be taken away from us at a moment's notice," Shorter said.

Still, Shorter, a Detroit school teacher and part of The Detroit News' holiday consumer panel, said she is feeling good about her finances, particularly because she recently refinanced her home and the interest rate on her student loans has fallen.

The opposite is true for Cathy Schenkel. The Dearborn Heights mother of four boys says her family is cutting back. With a close relative out of work, the extended family agreed to reduce their spending per child to \$30 instead of the usual \$50.

Schenkel is scouring sale fliers for special deals. Toys "R" Us got her in the door when they offered a free video game with the purchase of two others. "When I see something I know the kids want, I grab it," she said.

The holiday season is crucial to stores, especially those that sell toys, apparel or electronics, which can earn between 25 percent to 35 percent of annual sales in November and December.

Today's tight-fisted consumers have challenged retailers. Many economists and retail analysts expect stores to boost their holiday sales through more decorations, increased customer service and deeper discounts if all else fails.

Still, stores are going into the



Nancy Dupile, left, gets some of her early holiday shopping done at Target as cashier Sawanna Stubbs totals up her purchases.

season feeling relatively optimistic, thanks to better-than-expected sales during the back-to-school and Halloween seasons.

Sales were up 31 percent in August and a healthy 59 percent in September compared to the same period last year, the biggest monthly gain in 18 months, according to the Bank of Tokyo-Mitsubishi.

October sales increased a more modest 3.2 percent. The unseasonably warm weather hurt apparel stores, but boosted Halloween candy and costume revenue. Winners included Costco with an 8 percent jump and Wal-Mart's healthy 4.5 percent increase. Sales fell 2.3 percent at J.C. Penney, 8.4 percent at Talbots and a whopping 12.6 percent at Kohl's.

Steidtmann predicts stores this year will see their best profits since 1999. If that proves accurate, it could provide additional proof that the country's economy has rebounded.

"There's confidence that there's legs to this expansion that won't give out one or two quarters from now," said David Litmann, chief economist and senior vice president at Comerica Bank in Detroit. "There's been a definite upswing."

The nation also is enjoying a level of political stability. In 2001, shoppers were reeling from September 11. Last year, the impending war with Iraq clouded the holiday horizon.

The Iraq situation has improved enough to reassure shoppers that it is safe to go back into the malls, said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa.

"All of the indicators are there," Liuzzo said. "There's a lot of pent-up demand. People are waiting to spend money this year."

Nonetheless, October's lukewarm sales have contrarians like Stephen Hoch, a marketing professor at the University of Pennsylvania's Wharton business

school, worried the holidays may turn out like last year — retailers will put the store on sale at the cost of their overall profits.

"Retailers will want to start motivating shoppers, and that means pulling the trigger on discounts," Hoch said.

He specifically pointed to retailers like Kmart Holding Corp., the Troy-based company that will celebrate its first holiday outside of bankruptcy protection this year.

"The problem (with Kmart) is there's no reason to shop there," Hoch said. "Admittedly, there are a few Kmart locations where there are no Wal-Marts or Targets."

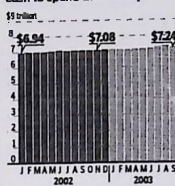
But Kmart is like a diluted version of the other two.

Hoch said retailers such as Kmart, FAO Inc., Restoration Hardware and Spiegel Inc. need a strong fourth quarter to convince shoppers and investors that their businesses are viable into 2004.

Intense competition from savvy stores like Wal-Mart, Cost-

Disposable income

The growth in consumers' disposable income has experts predicting people will have more cash to spend this holiday.



Source: U.S. Commerce Department Bureau of Economic Analysis
The Detroit News

co and Dollar Tree has retailers of all kinds looking for ways to cut costs, improve services and stay relevant to consumers.

Because there's no hot, must-have gift this year, retailers are scrambling for ways to attract customers. Stores are decorating earlier than usual this year, making the day after Halloween the season's unofficial launch, long before the old kickoff of the Friday after Thanksgiving.

"The retail landscape is a very crowded place, and there's a lot of retailers doing the same things," said Tad Shepperd, president of ShopperTrak, a Chicago-based research firm that tracks store traffic nationwide.

Michigan-based chains are looking for ways to stand out. Damman Hardware, a 17-store chain based in Madison Heights, expects a brisk holiday season from sales of its core products, including hardware, household items and repair kits, said CEO and President Rick Damman.

To build new sales, about 10 percent of the chain's inventory will be "Wise Buys," or products it purchased in bulk or odd lots that

More online

Holiday Central, the seasonal Web site of Detroit News Online, offers you help in getting a handle on the holiday season with articles on how to avoid holiday stress, buying gifts and decorating your home on a budget, as well as suggestions about where to go for holiday events, list of area craft shows, holiday movie previews and plenty of recipes.

Other features include:

- A selection of holiday e-cards to send to friends.
- Online games for a little holiday stress relief.
- Festive screen savers and wallpaper for your computer.

- The Grumpy Elf is on hand to answer your holiday question with an instant answer. Connect to Holiday Central at detroitnews.com/holidays/.

would make ideal gifts, Damman said. "They're great values at great prices," he said.

Borders Group Inc. is expanding its holiday partnerships, part of a pilot program the Ann Arbor-based bookstore chain launched last holiday.

An agreement with toy retailer FAO will give Borders' superstores a larger toy selection starting around Thanksgiving. Borders also will operate two temporary stores — Christmas on the Mall, which sells ornaments and decorations, and Lego kiosks at almost 70 malls nationwide, said Susan Zwick, director of seasonal businesses and outlet operations. That's in addition to its Day by Day Calendar stores, which pop up only around the holidays.

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Holiday retail spending is important to us all

In the old days, it started right after Thanksgiving. Then, we began to notice it immediately following Halloween. Soon it began in early October. Now, the day after Labor Day appears to be the official kickoff.

I'm not referring to the date that National Football League competition gets exciting. I'm referring to a season that is even more important to businesses, consumers, and the economy: holiday retail sales.

Holiday retail sales are generally measured by "same store sales" for the months of November and December. Sales for these two months represent between 25 and 30 percent of all retail sales for the entire year - so that success or failure during this period can make or break individual retailers.

During 2002, holiday retail sales totaled about \$210 billion. To put this figure in perspective,



Anthony L. Liuzzo
In This Corner

the second largest period, just prior to Halloween, accounts for only about \$6 billion.

Black Friday, the day after Thanksgiving, used to be the biggest single retail day of the year. However, oddly enough, while retailers are stringing up the Christmas lights earlier and earlier, consumers have been waiting longer and longer to make their purchasing decisions.

The Saturday just prior to De-

cember 25 is now the biggest shopping day of the season. And 10 percent of holiday spending now takes place during the week between Christmas and New Year's.

Consumers, as a group, are getting more savvy. As they delay their purchases, the retailers get very nervous and slash prices. Deep discounting begins in earnest during about the second week of December.

The result is that, although sales generally increase each year, store profits have been declining; according to some estimates, by as much as 10 percent per year over the last 10 years or so.

Employers take note: Do not expect high productivity on the Monday after Thanksgiving, as this day represents the largest online shopping day of the year.

Still, contrary to the boasting of Web surfers, online sales only

amount to about \$14 billion, or 7 percent, of the total. In addition, an estimated 12 percent of all online purchases are returned, as compared to 6 percent of paper catalogue sales, and only 3 percent of in-store sales.

The mall experience is going to be with us for the foreseeable future.

The big players in this game include many of the local and regional retailers. Among the discounters are Wal-Mart, Target, Costco, and Dollar General. All of these have done quite well in recent years, as consumers have sought out bargains during the recent economic slowdown.

The middle group includes the department stores, such as Sears, JCPenney, Nordstrom, Saks, and Nieman Marcus. We can spot the apparel vendors in our local malls, such as Gap, Limited, TJ Maxx, and Abercrombie and Fitch. Both Michael's and Pier 1 Imports are also significantly af-

fected by the holiday retail results.

During periods of rapid economic growth, such as in the late 1990s, holiday retail sales increased by some healthy percentages, as high as 7 percent in one year. In 2000 and 2001, these sales were disappointing with increases of only between 2 and 3 percent. Then, sales were affected by a slowing economy, the collapse of the technology markets, and, of course, 9/11. In 2002, a pending war with Iraq, coupled with a stalled economic recovery, provided for an increase of a paltry 1 percent.

This year should be very different, however.

Retail experts generally agree that this will be the best year so far this millennium, with an increase in same store sales of perhaps greater than 4 percent. Businesses will be forced to respond by going deeply into the labor markets for new hires to sat-

isfy the surge in demand, and unemployment should fall as a direct result.

Of course, all of these predictions assume that the economic and international environment remains stable and that there are no major instances of terrorism or nasty weather events from Mother Nature.

The importance of the holiday retail season upon each of us is clear. Now, if we can only do something about making those National Football League games more interesting.

Anthony L. Liuzzo, J.D., Ph.D. is professor of business and economics at Wilkes University.

Would you like to write about an issue of interest to the area business community? IN THIS CORNER features commentary by guest columnists. Send ideas to businessweekly@timeshamrock.com or call Business Editor Ken Knelly at 348-9117.

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Start shopping now

The Friday after Thanksgiving is often considered one of the biggest shopping days of the year. But ABCNews.com reports that Nov. 28 might offer too little too late for holidays gifts.

In the online report, retail watchers say many stores were overstocked in the past few holiday seasons, so they're being more cautious with ordering this year. That means consumers could end up paying full price for those products that are available, warn experts.

"I think it's going to be a season of few selections toward the end of the year," say Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa.

"The savvy consumer will be in the malls early."

Retail sales forecast: don't look for end-of-season discounts

'Best shopping season of the millennium' starts this month

NEPA Star Journal Nov. 03

By Ralph Nardone

Economists predict a brisk holiday season for retailers in northeast Pennsylvania. With an economic recovery in the wings and healthy sales recorded for Labor Day and back-to-school, area stores are facing crowded aisles and ringing registers.

One local expert is confident that the retail industry in northeast Pennsylvania will mirror the national growth forecasted by the U.S. Department of Commerce (DOC).

Anthony Liuzzo, Ph.D., professor of business and economics at Wilkes University and nationally-quoted retail industry pundit for the last 15 years, said all of the indicators point to an increase of 4 percent. "The stock markets are up and consumers are willing to spend," Liuzzo said.

"This is a consumer-driven economic recovery, not a business-driven one," Liuzzo said. "If consumers are willing to buy, businesses will have to respond," he said. Retail sales this year have exceeded the forecasts of almost all of the major retail players, he said.

"All indicators suggest this will be the best holiday season since the start of the millennium," he said.

Liuzzo emphasizes 30 percent of annual retail sales take place during the holiday season of November and December. Strong sales and profits during this time

of year are critically important to the economic recovery, he added.

He advises consumers to "shop early" and retailers to "begin building inventory to meet consumer demand."

Inventories will be low because businesses are "not recognizing the magnitude of the current recovery," he said.

"There may now be some shortages of goods, decreased selection and very little discounting as the season progresses," he added.

Retailers may suffer because of lost sales due to shortages in goods. Liuzzo points out that retail profits dropped by 10 percent since 1990, even with the overall growth in sales.

In northeast Pennsylvania, the significant influx of large retailers such as Target shows how strong the local economy is, he said. "Retailers are smart people. They do their research before they expand into an area."

He is sure that both the new retailers in the area and the ones that have been here for years will realize strong sales.

Even with the negative news about a "jobless recovery," Liuzzo holds fast to his optimism about the national and local retail businesses.

He adds that with the increase in retail

Retail forecast continues on next page



Carrie Juronak visual display manager at Boscov's in Scranton.

Photo by Jack O'Brien

aware Black Friday — local pundit predicts shopping mania

Nominate a young person today!

In our next issue we are going to honor our region's brightest young people.

December is the month that features our "top 20 under 40" insert. This will be the third time the *Business Journal* has spotlighted up-and-coming business people.

There is still time to nominate a young person you think deserves the honor. If selected, the honoree is photographed and profiled in our special edition.

Honorees are also feted at a special dinner in the spring.

Don't miss this chance to let our region's young people shine! Go to www.npbj.com to get a nomination form, or call (570) 207-9001.

Holiday Gift Guide highlights unique gifts

Retailers are supposedly going to rake it in this holiday season. In fact, local economist Dr. Anthony Luzzo of Wilkes University says that the retailers themselves will be caught by surprise by the demand and may run out of inventory.

The bottom line: shop early and don't expect bargains.

Perhaps this predicted retailing

onslaught explains how I ended up receiving the Neiman Marcus catalog this year. You know the catalog. It's the one selling the BMWs and Lear jets.

After perusing the pages and deciding Neiman Marcus definitely bought the wrong mailing list, I came to the satisfied conclusion that our own Gift Guide, beginning on page 29, features items as upscale and unusual as anything in that over-priced catalog.

Take a look at some of the unique gift suggestions. The 7-carat diamond bracelet certainly caught my eye.

In this issue, we also take a tour of some area restaurants who will be serving Thanksgiving dinner (page 11).

The National Restaurant Association reports that our crazy-busy lives are making restaurants more and more popular on Thanksgiving. Top of the Eighties in Luzerne County reports that it serves 400 to 600 people on the holiday.

So whether your trip takes you over the river and through the woods to the home of a relative or to the dining room of an area restaurateur, may it be a day of peace and thankfulness. You'll need it before Black Friday inaugurates the mayhem predicted by Dr. Luzzo!

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They said it here

"Inventories will be low because businesses are not recognizing the magnitude of the current recovery... There may be shortages of goods, decreased selection and very little discounting as the season progresses."

— Anthony Luzzo, Ph.D., professor of business and economics, Wilkes University, discussing the holiday shopping season, page 14

"It is not uncommon to see significant excess revenues returned to the operating budget at not-for-profits in the form of discretionary capital investments, buyouts, and bonuses. These don't appear as operating expenses, rather than operating margins."

— Dan Kopen, M.D., president of the Luzerne County Medical Society, explaining why privately-owned surgery centers appear more profitable than hospitals, page 24

"The steel tariff was a terrible idea. The only benefits from the tariff were political ones for Bush."

— Bart Bernini, president of Penn Marketing, on steel tariffs imposed by President Bush, page 28

"This was a way to help mitigate the rate of increase for customers who qualify. The amount of their premiums still went up... but not as high."

— Gerry Snyder, Blue Cross of NEPA, on NEPA's "customer appreciation" credits, page 37

Retail forecast

continued from previous page

sales, unemployment numbers will drop as more workers are needed to support consumer spending.

"The better it gets, the better it gets," he said. As new retailers move into northeast Pennsylvania, they will hire. Those newly-hired people will have more money to spend, feeding the cycle.

Luzzo says that American consumers have been through a lot lately with the war on terror and the crisis of September 11. Businesses have benefited because of their vigilance through those trying times. Now everything has changed. There is nothing bad on the horizon.

In addition, consumers are demonstrating that they are willing to spend the tax cuts initiated by the Bush Administration in 2003. Moreover, the Fed proved this past year that it is taking appropriate action to stimulate the economy and protect against deflation.

The only threat to the holiday season at this time, Luzzo says, is "Mother Nature." "We need a normal winter, not too warm and not too cold," he said.

If we experience an excessively cold winter, consumers may have to spend a lot more of their money on heating, compounded by higher gas and oil prices.

Or, if there are significantly heavy snowfalls that halt consumers' efforts to get to

the stores, retailers may not be able to capitalize on high consumer confidence. An overly warm winter can drive down the demand for seasonal products such as snow blowers, leaving retailers with a lot of inventory on their hands.

Luzzo expects that new "tech toys" will sell well. He also points to a very good season for "deep discounters" such as Wal-Mart.

Joe Snyder, general manager for the Wal-Mart store in Pittston agrees with the positive outlook based on the performance of his store. The management there has been a little surprised at how well merchandise has been moving this year.

Snyder says, "We've ordered a lot of inventory to make sure we have the right products for the customer," Snyder said. "Taking care of the customer is having what they want." He adds that customers reward retailers who have the products they want by opening their wallets.

The DOC forecasts that mall-based stores may not do as well as "super-center" retailers, according to Retail Forward Inc., a global retail market research firm. Dollar stores and warehouse clubs will show the strongest gains. Furniture, home furnishings and consumer electronics may slow a little, the report said.

The non-store retail sector which includes online sales, mail-order catalogs, and the home improvement store sector are expected to show more growth than the industry overall. ■

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By AIMEE TABOR
atbo@standard-speaker.com

The race for Crestwood School Board still has some competition with two candidates running for one, two-year seat.

Former Director Joseph Krivak and current Director Mark Allen are seeking the open seat. Krivak, who has served on the board previously for 14 years, will look to seek another after barely missing being re-elected last election.

Allen is looking to continue to serve on the board. He was appointed by the board during the summer to fill an unexpired term created after Tom Marsilio resigned.

The two-year seat is the only one that's left up for grabs. The other five open seats have been decided in the May Primary.

After that election, Jerry Orloski, Cynthia MacLennan, Bill Jones, Louise Fioo and Gene R. Mancini Jr. all secured positions on the Republican and Democratic tickets, guaranteeing them a spot on the board.

Those candidates ran together as Independents United for a Crestwood School Board.

Krivak and Allen both explained their reasons for running for the school board, and what they hope to accomplish.

Joseph Krivak

Krivak said he decided to run for director after seeing what has occurred in the district over the past few years.

The most important issues he cited included lack of leadership and fiscal irresponsibility by the current board majority.

"The board's played musical chairs with the presidency," Krivak said.

Krivak referred to the number of times the board has changed presidents. Since last November, the board has moved to change the president three times during a five-month period.

Besides lack of leadership, Krivak said he would like to see the contracts settled. He said the board hasn't been able to settle any of the three outstanding contracts with secretaries, teachers and custodial staff.

"There's not a single group working under a contract," Krivak said.

During a few years since he's been on the board, Krivak said he has seen fiscal irresponsibility by the current board majority.

Particularly, he cited the tax increases, and the \$7 million bond issue, which will cost district taxpayers an additional \$5.5 million bringing the total amount paid to \$12.5 million.

With the tax increases the board majority approved, Krivak said it's difficult for senior citizens of the community because they live on a fixed income.

The bond issue was something Krivak was especially concerned with because of the additional \$5.5 million in interest.

"Interest rates are at a historic low," he said. "The district should have borrowed at a lower rate."

Krivak researched the bond issue and found



Joseph Krivak

Election 2003

out the additional millions of dollars in interest is a result of the way the bond is structured.

For the first 10 years, there's little interest paid back. In the last 10 years, the district has to pay back a majority of the interest.

Other areas of concern Krivak has with the current board majority include cuts to educational programs such as Reading Recovery – a program he said he championed, nepotism by hiring relatives and violations to the hiring policy by changing the recommendations made by the superintendent.

Krivak, who previously served on the board for a total of 14 years, said he never missed a meeting or a work session. Although he's not on the board, Krivak said he remains active by attending the meetings.

Mark Allen

Allen currently serves on the board, and was appointed earlier in the year to fill Marsilio's vacancy until the next election.

During that time, Allen said he has worked to serve the community to the best of his abilities.

Allen said he's always had a desire to serve on the board and to give voice to the community he's lived in for numerous years.

"I looked at this as my opportunity to serve

the community," Allen said of his appointment. "I've always been involved in the community."

Throughout the years, Allen has served on various committees and has been actively involved in the community.

"I think that's why they sought me out," he said of the board appointment to fill Marsilio's seat.

Allen also cited several issues he would like to see accomplished if he's elected.

The one that tops his list is the teachers' contract. Allen said he would like to see that issue resolved in a timely manner.

Other major issues include the search for a new superintendent, and continuing to improve the education system for the students.

"We're looking for leadership for the district and we're trying to work out an entire teachers contract," Allen said.

Besides being involved at the community level, Allen has been a lifelong educator at the secondary level.

Allen, who also has two children in the district, currently works at Wilkes University as dean of students.

With his experience, Allen said he feels he would make an ideal choice for the board.

Allen also has gained the support from the Independents United for a Crestwood School Board candidates who already secured their positions on the board.



Mark Allen



P225FF Wilkes

MICHAEL J. MULLEN / TIMES-SHAMROCK PHOTOGRAPHER

Heather Grove picks through Halloween items at Party City in Dickson City with her sons Jaxson, 2, left, and Sterling, 4.

SCARED TO DEBT

Halloween becoming an increasingly expensive holiday

BY STEPHEN DAILY
TIMES-SHAMROCK NEWSPAPERS

Today more than ever, Halloween is not just about ghosts and goblins. It is about dollars and cents. And retailers are looking to cash in on the growing Halloween phenomenon.

It is the third largest party occasion, after New Year's and the Super Bowl. More candy is sold than on Valentine's Day. Nearly two-thirds of adults will participate in the holiday in some fashion, according to a National Retail Federation survey. Half of them will spend more than \$100 doing so.

More than 28 million cards will be exchanged and nearly

\$7 billion will be spent, according to the survey, conducted for the trade group by Big Research.

"We have seen a gradual increase in Halloween sales over the last 10 years and this year is a lot better," said Tony Ligi, store manager of Party City, in Dickson City. "This is our Christmas. This is the busiest time of year for us."

Hundreds of parents and

children rushed through the aisles of Party City in Dickson City on Columbus Day, taking advantage of the day off.

One of the busy shoppers was Margaret McCarty of Clifford, who brought her two sons, Zachary, 11, and Benjamin, 8, to pick out their costumes.

Maneuvering through a crowded store to find the right costumes was a mixture of trick and treat, she said.

"It's fun to see them having fun, but it can be a hassle to fight through the store," she said.

COMING OF AGE

Halloween has long been

viewed as a parent-child holiday, decorating the home and giving children the opportunity to go out trick-or-treating. But an ever increasing number of young adults are getting involved in the holiday — mainly to party — and are helping to drive the increase in sales.

The federation survey reveals the biggest supporters of the Halloween retail trend are those between 18 and 34, who spend an average of \$67 a year to celebrate — a clear sign of the holiday's growing popularity with young adults.

"I think it's just a reason to get dressed up and an excuse

Please see HALLOWEEN, Page H10

Halloween grips older crowd as well

FROM PAGE H1

to have a good time," said Clare Stockbine, a University of Scranton senior. "Halloween allows students to have fun while doing something out of the ordinary."

While the majority of costume-buyers in Halloween stores this week were children, Mr. Ligi said young adults frequent the store during the final two weeks before Halloween getting ready for their parties.

"There is no doubt Halloween has increased in popularity. It used to be just young kids and now its young adults throwing parties," said Ellen Tolley, a National Retail Federation spokeswoman. "More people are decorating their homes. And parents continue to buy candy."

In addition to more Halloween parties, there are more Halloween events, haunted houses, hay rides and other Halloween activities, Ms. Tolley said.

The Mall at Steamtown, the Viewmont Mall, and the Wyoming Valley Mall are all involved in more Halloween activities for both children and adults this year. Viewmont will feature a haunted house display, several Halloween stories for children and the mallwide "treat-or-treat" on Oct. 30.

"The popularity of Halloween started a few years ago for us," said mall spokeswoman Holly Jones. "Last year we had between 1,800 and 2,000 kids come here to treat-or-treat."

In addition to more events, all three malls have rented extra space, or signed a temporary tenant, to sell Halloween decorations and apparel.

THE CHANGING FACE OF COSTUMES

Politics, trends, fads, icons and the media influence what the popular Halloween costumes are each year. Here is a look at the more popular costumes over the past few years.

1998 — Politics rules as people dress as Bill and Hillary Clinton, Bob Dole and Ross Perot.



1997 — Children and adults don costumes inspired by the "Batman & Robin Movie."

1998 — Younger children opt for Teletubbies costumes. Adults dress up as Bill Clintons and beret-wearing Monica Lewinskys.

1999 — Pikachu and other Pokemon characters are hot for children. Many adults chose to emulate Austin Powers, following the summer hit movie "The Spy who Shagged Me."



2000 — Even before the movie is released, little Harry Potters hit the streets. Pokemon and "Toy Story 2" gear join the trick-or-treat crowd.

2001 — Following the 9/11 terrorist attacks, children parade their

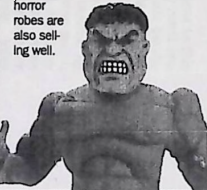
SOURCE: Elusion Graphics

pride dressed in firefighter and police officer costumes. Other patriotic themes, such as Uncle Sam and the Statue of Liberty, are popular.



2002 — Superheroes invade the streets, with Spider-Man and Wonder Woman leading the way. SpongeBob SquarePants is the rage among kids.

2003 — Retailers expect superheroes to make a return with Spider-Man and the Hulk roaming the streets. A variety of witch costumes and horror robes are also selling well.



REAPING THE BENEFITS

Whether it is a child dressing as a clown or a woman showcasing a revealing French maid outfit, Halloween retailers are the ones going home with the most treats at the end of the night.

Halloween is expected to bring in \$6.9 billion this year, making it second — to the largest spending holiday, Christmas, which brings in upwards of \$210 billion, according to the federation survey.

A combination of adults' increasing fascination with Halloween and more family activities has helped transform the holiday into a much-needed sales boost for many retailers.

Party City, a Rockaway, N.J.-based retailer of party supplies with locations in Wilkes-Barre and Dickson City, saw its October sales at its company-owned stores increase 17 percent in 2002. Wal-Mart Stores Inc. said Monday its October sales at U.S. stores open at least a year would meet its forecast of a 3 percent to 5 percent gain.

Another sign of potentially favorable Halloween sales this year

is the increase in consumer spending. U.S. same-store sales rose 5.9 percent for September, their strongest gain since jumping 8.4 percent in March 2002, according to a Bank of Tokyo-Mitsubishi survey.

"Over the last 10 years, we have seen a gradual increase in Halloween spending. The holiday now appeals to teens and adults in their 20s," said Dr. Anthony Liuzzo, professor of business and economics at Wilkes University, who has been forecasting holiday retail sales since 1988.

NO LONGER ONE NIGHT

It's not just stores getting more October foot traffic. Pumpkin patches and farms have seen gradual increases as well.

Roba's Tree Farm and Pumpkin Patch in South Abington Township has seen increases every year since it began Halloween events 10 years ago, said John Roba, who owns the farm with his wife, Sue. Mr. Roba estimates a 30 percent increase in visitors this year. The farm added 100 parking spaces to accommodate the higher volume. He said this fall will be the largest ever, as thousands of visitors passed through the farm on Columbus Day weekend alone.

Mr. Roba said families value togetherness during this time of

year and that has played a part in the popularity of the season and holiday. Some of the attractions at Roba's include hayrides, a picnic area, a cornfield maze, a kid's corral, petting zoo and pumpkin launcher.

Halloween continues to be the second-biggest holiday for decorating next to the winter holidays. About 60 percent of people plan to decorate their homes or yards. More than half of people will dress up in costumes, spending an average of almost \$30, according to the survey.

Halloween still lags other holidays in greeting card sales, being eighth largest card-sending holiday. But according to an American Greetings survey, Halloween card sales increased between 20 percent and 40 percent last year over 2001.

The same survey shows that Halloween is no longer a one-night event, with most decorators opting to display both fall and Halloween-related images from early September until Thanksgiving.

The trend, dubbed "Falloween" incorporates pumpkins, fall fruits such as apples, and leaves in oranges, reds, yellows, and greens.

Nearly nine out of 10 adults age 45 and over will spend their Halloween night at home hand-

ling out candy, according to the survey.

Bigresearch polled 7,569 consumers last month for the survey. It has a margin of error of plus or minus 1 percent.

Discounters will continue to see the majority of traffic this year. More than two-thirds of consumers said they plan to shop for Halloween merchandise at a

discount store. About half of Halloween shoppers will heading to the grocery store; about a quarter will go to specialty party stores.

"Halloween is now our biggest season. People have discovered harvest season and like to go out to enjoy the last of the good weather," Mr. Roba said.



MICHAEL J. MULLEN / TIMES-SHAMROCK PHOTOGRAPHER

Retailers are discovering that Halloween is as much about the adult as it is the child.

Christmas may feature low store inventory

BY STEPHEN DAILY
TIMES-SHAMROCK WRITER

Christmas is 10 weeks away but you may want to deck the malls soon to find the best deals.

Many stores plan to maintain tighter inventories this year, avoiding piles of excess merchandise sold at cut rates before Christmas, said Dr. Anthony Liuzzo, professor of business and economics at Wilkes University.

"While consumers show every sign of a willingness to spend, inventory levels remain at very low levels," said Dr. Liuzzo, who has been forecasting holiday retail sales since 1988. "There will be few last minute discounts available. Shoppers are wise to shop early to get the best price and largest selections," he said.

Still, while inventories may be down, others don't believe it should affect shoppers in search of the best deals.

"I also heard about stores carrying less inventory, but it shouldn't be a problem," said Jason Milch, spokesman at Chicago-based Shopper Trak.

"There will always be last-minute clearance merchandise," he said. "Retailers are not going to lose out on profits during their busiest season because they are understocked."

Early indicators point to this being the best holiday retail season since 1999. Economic barometers have been rising recently, along with consumer confidence.

Retailers have fared well of late, too. Retail sales for the month of September finished up 7.5 percent from the same month in 2002, according to the Commerce Department. Last week marked the 24th consecutive week of year-over-year sales growth dating back to April.

Mr. Liuzzo is forecasting a 4 percent increase in holiday sales this year. That compares to a 1 percent increase in 2002, among the worst annual changes in years. The National Retail Federation, an industry trade group, expects sales to rise 5.7 percent over last year, to \$217.4 billion.

Regardless of statistics, studies show there will be plenty of last minute shoppers.

Shopping during the Thanksgiving weekend — including Black Friday — accounts for roughly 10 percent of holiday sales. Retail sales during the weekend prior to Christmas are three times as much.

Another 10 percent of holiday sales come the week after Christmas, as retailers dump their remaining merchandise.

That number will likely be lower this year as well.

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Retail expert predicts 4 percent holiday sales increase this year

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STATE COLLEGE, Pa. — You might want to start your Christmas shopping early this year.

According to Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., who has been forecasting holiday retail sales since 1988, we can expect numerous shortages in holiday goods at Dec. 25 approaches.

"Manufacturers and retailers seem not to be recognizing the magnitude of the current recovery," he said.

"While consumers show every sign of a willingness to spend, inventory levels remain at very low levels. There will be few last minute discounts available, and shoppers are

wise to shop early to get the best prices and largest selections."

The best season. "All early indicators suggest that this will be the best holiday retail season since the start of the millennium. Retail sales have been brisk, and have exceeded the forecasts of almost all of the major retail players," he said.

"Consumers are demonstrating that they are willing to spend the luxuries they are now seeing in their paychecks."

Liuzzo predicts retailers will see their most satisfying shopping season in several years, with sales increases totaling about 4 percent.

In 2002, sales increased by only 1

percent, comparing to close to 7 percent in 1999, 2.5 percent in 2000 and 2.7 percent in 2001.

Winter forecast. His preliminary forecast is based on a number of positive changes over last year including:

- **Stability.** "The more stable international climate than either in 2001 or 2002 should soothe consumer worries and put them in a spendi mood," he said.

- **What matters most** is the public perception of how foreign wars and economic crises will impact the United States.

- **In 2002**, consumers were uncertain about prospective military action in Iraq. In 2003, the situation is far more certain in Iraq and, barring another major terror incident, we can expect this certainty to translate into brisker sales."

- **The stock market.** "The market continues to show steady improvement," he adds.

- **This will have the effect** of consumers noticing increases in their wealth with an attendant increase in spending."

- **Consumer confidence.** "All indicators of consumer confidence show that consumers are in the mood to shop. Indeed, the recovery to date has been largely consumer driven, with businesses hesitating to acknowledge that the economy is expanding."

- **Reliance on increases in work productivity** is certain to end in the near future. At that point, businesses will have no choice but to return to hiring."

- **The Fed.** "The Federal Reserve has shown that it remains aggressively in both stimulating the economy and protecting against the unlikely threat of deflation. The markets have seemingly finally placed trust in the Fed's implicit promise to hold interest rates down."

Tech toys. Liuzzo expects the latest tech toys — including flat screen televisions, DVDs, software, games and digital cameras — to continue to sell well.

Apparel may also make a comeback. Deep discounters will continue to flourish, he said.

"The deep discounters have done extremely well in recent years; Wal-Mart continues to outperform its competitors," he said.

"The middle retailers, including department stores like JCPenney and Sears, have not been performing as well as in recent times. Consumers have shown that they are price conscious as well as quality conscious."

"Given that we are in a recovery, we can probably expect this trend to continue."

Buy online. Web sales continue to climb, but still represent a modest percentage of the total.

"In 2002, there were about \$210 billion in holiday sales in total. Web sales accounted for approximately \$14 billion of this, or 7 percent," he said.

"This was up from 3 percent in 1999, 4 percent in 2000, and 5 percent in 2001."

Web sales still seem to disappoint e-tailers, who expected increases of 100 percent per year, but have only been realizing gains of 30 to 40 percent.

A big deal. Seasonal retail is a big deal, said Liuzzo.

"Holiday sales are generally defined as the same store sales made during the last two months of the year. These sales represent 25 to 30 percent of total year retail sales."

"Since 1990, profits have declined about 10 percent per year, indicating deep discounting and increased competition for consumer dollars."

"Contrary to popular misconception, the Thanksgiving weekend — including Black Friday — only accounts for about 10 percent of holiday sales, while retail sales during the weekend just prior to Christmas represent about 30 percent of holiday sales."

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Retailers look at job report as gauge for holiday shopping season

By GEORGE CHAMBERLIN
 Daily Transcript Financial Correspondent

SAN DIEGO — With the possible exception of people looking for a job, no group was more thrilled with the positive employment report issued on Friday than retailers. The Labor Department reported that U.S. payrolls rose by 57,000 in September, the first increase since January.

"Friday's data acted as a major boon for bulls, who had been hoping for some time that the 'other shoe' of employment would drop to confirm the sustainability of the current economic recovery," read a statement from Standard & Poor's.

Recent reports from organizations like the Conference Board and the National Retail Federation have suggested that consumers might be tightfisted during the upcoming holiday shopping season without some sign of improvement in the job market.

"The economy and retail sales are on the rebound, but the signs suggest that it will be an uneven rebound," said Frank Badillo, senior economist at consulting firm Retail Forward. "Until consumers benefit from a pick up in the job market, sustaining the rebound depends on a lot of one-time economic drivers such as the surge in mortgage refinancing and tax breaks. The holiday season is far from a slam dunk

for retailers."

But the National Retail Federation is optimistic that this will be the year that shoppers return with enthusiasm. And it couldn't happen at a better time.

"Consumers have spent the last several years on an emotional and economic rollercoaster," said Tracy Mullin, president of the NRF. "Now, Americans appear to be ready to shop and ready to spend, just in time for the biggest shopping season of the year."

The federation is forecasting that holiday retail sales this year will total \$217.4 billion, an increase of 5.7 percent over the 2002 season. Last year retail sales rose a modest 2.2 percent. Unfortunately, that left a lot of retailers with excess inventory after the holidays, a situation they don't want to repeat this year.

"Manufacturers and retailers seem not to be recognizing the magnitude of the current recovery," said Anthony Liuzzo, professor of business and economics at Wilkes University. "While consumers show every sign of a willingness to spend, inventory levels remain very low. There will be few last minute discounts available, and shoppers are wise to shop early to get the best prices and largest selection."

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Retailers

Continued from Page 1A

How important is the period between Thanksgiving and Christmas to retailers? Last year holiday sales represented 22.7 percent of the entire year's retail activity.

And, things are looking up for the new kid on the retail block, the Internet. Forrester Research is forecasting that online holiday sales will total \$12.2 billion this year, an increase of 42 percent over last year. Once again, many shoppers will likely opt for the convenience of shopping online.

"Widespread free shipping promotions are the primary reason that the 2002 holiday shopping season was such a good one," according to Ken Cassat, an analyst with Jupiter Research. "Online

retailers may have created the expectation among consumers that free shipping and handling is now the norm, which puts a lot of pressure on retailers to run free shipping promotions into perpetuity."

If holiday spending lives up to its expectations, there will be a coincidental effect of creating more new jobs, further improving the potential for the spending season.

"Retailers, like other sectors of the economy, are proceeding cautiously when it comes to adding workers," said consultant John Challenger. "An anticipated increase in holiday sales by itself will probably not be enough to boost hiring as much as some people are probably hoping."

However, Challenger says that retailers are expected to add about

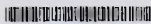
555,000 workers this year to deal with the seasonal demand. That is in line with last year's hiring but well below the pre-recession levels of 655,000 hirings in 1998, 1999 and 2000.

"The economy stands poised to deliver one of the best holiday seasons of the past 10 years and, most certainly, the best holiday season of the new millennium," said Carl Steidtmann, chief economist at Deloitte Research.

Chamberlin's financial analysis column appears each Monday in The Daily Transcript. Chamberlin also reports daily on stocks and local business on NBC 7/39 and on "Money In The Morning" on KOGO 600 AM.

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BARGAIN HUNTERS: Shoppers who waited until the last days before Christmas in 2002 found prices slashed up to 70%. But analysts say such a scenario is unlikely to be repeated this year.

Belated Holiday Shoppers Likely to Get Lump of Coal

Analysts say increasing demand and leaner inventories will mean fewer bargains and less selection this year.

By ABIGAIL GOLDMAN
Times Staff Writer

Over the last several years, retailers have taught holiday shoppers that the best deals come to those who wait to buy. This Christmas, however, consumers may learn a new axiom: The early bird gets the only holiday gifts worth having.

Financial analysts are predicting that retailers will have their merriest Christmas in years in 2003, with lean inventories and steadily increasing demand all but ensuring tidy profits.

For shoppers, on the other hand, fewer goods mean fewer bargains, not as many last-minute sales and a whole lot less selection as the season wears on.

"This is the year when consumers want to be in the stores early on in the season, rather than later," said Anthony Luzzo, a professor of business and economics at Wilkes University in Wilkes-Barre, Pa., who estimates a 4% gain in overall retail sales this holiday. "The retailers are in an excellent position."

This year's potential good fortunes would come from last year's bad decisions. Hoping for economic recovery during the second half of 2002, many retailers planned big, betting that well-stocked shelves would mean a bonanza when shoppers unleashed pent-up demand.

Growth in inventories outpaced sales last year for the first time since his firm has tracked such numbers, said Todd Slater, a retail analyst with Lazard in

New York.

But neither the recovery — nor the demand — materialized. Even with prices slashed 50% to 70% before Christmas, shoppers nervous about the economy and global politics held tight to their wallets.

The nation's largest chain stores posted a scant 1% sales gain in stores open at least a year last December, according to the Bank of Tokyo-Mitsubishi — the smallest rise in more than three decades. Combined with flat same-store sales in November, holiday sales rose just 0.5%.

The fallout continued to plague sellers, particularly apparel retailers, into the first half of 2003.

"No matter how much you mark it down, no one is going to pay too much for an angora sweater in June," Slater said. "The science is to maximize sales at all times by owning only the perfect amount of goods that people want to buy. That's not possible, which means that retail is more of an art than a science."

As retailers worked off the excess this year, they pared their ordering to avoid a repeat of last year's debacle. Even department stores, known for overbuying in hopes that large selection will differentiate them from specialty store competitors, have found themselves on the lean side going into the fourth quarter.

At the same time, the economy looks as if it has started to rebound and consumers have begun heading back to the stores, said Carl Steidtmann, the chief economist for Deloitte Research.

In August, U.S. personal income rose by 0.2% from July, the Commerce Department said. Personal spending grew a healthy 0.8%.

Same-store sales in August rose 0.1% overall, according to U.S. Bancorp Piper Jaffray, versus a 2.9% gain a year ago. The

firm predicts that a report on September sales in stores open at least a year, which will be released Thursday, will show a gain of 4.1% compared with a year ago.

But cuts, a continuation of low interest rates and the rebounding stock market are fueling consumer demand, Steidtmann said. For the holiday season, he is predicting a 0.5% to 7% retail sales gain.

"As retailers and their suppliers look to the holiday season, they have good reason to be optimistic," Steidtmann said in a report titled, "Coming Soon: The Millennium's Best Holiday Season." "Enhanced sales growth coupled with tight inventory and cost control will trigger one of the better profit performances by consumer businesses in recent memory."

Steidtmann forecast that retail profits would gain 20% or more over the next year.

Barring a sharp economic reversal or new uncertainty on the geopolitical stage, about the only downside most retailers face is missed opportunity, Luzzo said. The tight rein on merchandise could mean losing market share to competitors if supply runs out before consumers are finished spending, he cautioned.

Lazard's Slater, however, said if a store lost customers to a competitor this season, it wouldn't be because it had too little merchandise. It would be from having the wrong kind.

"Retailers almost never suffer from too little inventory, only from too much," Slater said. "Even though inventory levels are low, have you ever walked into a department store — even in the depths of a recession — and seen anything but jammed fixtures? It's hardly noticeable by the consumer."

Except, he added, if that consumer were hoping for a sale.



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'The football season for us is king. All the other major sports also contribute, but football is our main revenue generator as far as the sports bar goes.'

Jason Keam, manager at Champs Sports Bar



MIKE SIMONS for The Cincinnati Enquirer

Dianne and Jim McMichael of Denver take in the Monday Night Football game at Champs Sports Bar on Sept. 22. The Denver Broncos defeated the Oakland Raiders in the game, 31-10. They were in town on business.

Football carries retail on robust shoulders

By Randy Tucker
The Cincinnati Enquirer

Jason Keam is a huge football fan. But he's a bigger fan of the football season.

Although he enjoys watching the games, the manager at Champs Sports Bar downtown really gets excited when he sees hordes of patrons piling in to watch the dozens of NFL and college football games the bar broadcasts this time of year.

"The football season for us is king," Keam said as he greeted jersey-clad guests for last week's

Monday Night Football game, in which the Denver Broncos steamrollered the Oakland Raiders 31-10. "All the other major sports also contribute, but football is our main revenue generator as far as the sports bar goes."

Keam said football games typically attract more customers than other televised sports, and those customers generally stay longer and spend more money on food and beverages, although he declined to be specific.

Indeed, many sports bars can earn as much as half of their annual revenues during the football season, based on industry

estimates.

"No matter where I am, it seems that I always drop a load of cash on Monday night" during the football season, said Bob Dayton, a Memphis, Tenn., businessman staying at the Hyatt Regency downtown, where Champs is located. "I probably spend thirty bucks on food and drinks before halftime. By the end of the game, it's closer to fifty. I don't usually spend that much in bars in one night. But the games seem to go on forever, and I always stay until the end."

It's not just sports bars that

benefit from the pigskin mania that annually captures the attention of more than 100 million Americans and generated more than \$14 billion in advertising revenue last year.

The football season traditionally boosts sales for a variety of retailers, including merchants who sell televisions, comfortable chairs, liquor and pizza.

"We see a dramatic increase in the number of people looking at TVs, especially projection screens, just before the football season begins," said Mike Wil-

See FOOTBALL, Page 12 C



MIKE SIMONS for The Cincinnati Enquirer

Amy Wiesch of Hammond, Ind., plays pool with the *Monday Night Football* game on in the background at Champs Sports bar on Sept. 22. Wiesch was in Cincinnati on business.

Football: Season rocks retail

From Page 11

liams, store manager at H.H. Gregg near Tri-County Mall. "We raise our inventory levels a little bit to accommodate the demand. It tails off some in the middle of the season, but once the Super Bowl rolls around, we see sales pick up again."

But what good is a new TV if you don't have a comfortable chair to watch it from, right?

"Sales of recliners always pick

up when the football season begins. That's why we start promoting them at least a month before the first kickoff," said Mike Haselwood, assistant manager at Sofa Express in Florence. "I always put the game on when people come in to look at recliners on Sunday, and there's hardly an empty seat in the store."

The pickup in sales caused by the football season is good news for retailers and may help them maintain momentum coming off a

strong back-to-school shopping season.

"Retail sales have been brisk, and have exceeded the forecasts of almost all of the major retail players," said Anthony Liuzzo, a retailing expert and professor of business and economics at Wilkes University in Wilkes-Barre, Pa. "Consumers are demonstrating that they are willing to spend."

E-mail rtucker@enquirer.com

Cincinnati Enquirer, Cincinnati, OH	Randy Tucker	9/28/2003
Coshocton Tribune, Coshocton, OH	Randy Tucker	10/11/2003
Sunday Register Star, Rockford, IL	Randy Tucker	10/12/2003
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Sheboygan Press, Sheboygan, WI	Randy Tucker	10/12/2003
Reporter, Fond Du Lac, WI	Randy Tucker	10/12/2003

Football carries retail on robust shoulders

By Randy Tucker

It's a hard sell.

But it's a hard sell.

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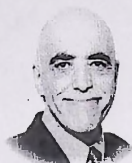
Holiday retail spending is important to us all

CV 11-9-03
In the old days, it started right after Thanksgiving. Then, we began to notice it immediately following Halloween. Soon it began in early October. Now, the day after Labor Day appears to be the official kickoff.

I'm not referring to the date that National Football League competition gets exciting. I'm referring to a season that is even more important to businesses, consumers, and the economy: holiday retail sales.

Holiday retail sales are generally measured by "same store sales" for the months of November and December. Sales for these two months represent between 25 and 30 percent of all retail sales for the entire year - so that success or failure during this period can make or break individual retailers.

During 2002, holiday retail sales totaled about \$210 billion. To put this figure in perspective,



Anthony L. Iuzzo
In This Corner

the second largest period, just prior to Halloween, accounts for only about \$6 billion.

Black Friday, the day after Thanksgiving, used to be the biggest single retail day of the year. However, oddly enough, while retailers are stringing up the Christmas lights earlier and earlier, consumers have been waiting longer and longer to make their purchasing decisions.

The Saturday just prior to De-

cember 25 is now the biggest shopping day of the season. And 10 percent of holiday spending now takes place during the week between Christmas and New Year's.

Consumers, as a group, are getting more savvy. As they delay their purchases, the retailers get very nervous and slash prices. Deep discounting begins in earnest during about the second week of December.

The result is that, although sales generally increase each year, store profits have been declining, according to some estimates, by as much as 10 percent per year over the last 10 years or so.

Employers take note: Do not expect high productivity on the Monday after Thanksgiving, as this day represents the largest online shopping day of the year.

Still, contrary to the boasting of Web surfers, online sales only

amount to about \$14 billion, or 7 percent, of the total. In addition, an estimated 12 percent of all online purchases are returned, as compared to 6 percent of paper catalogue sales, and only 3 percent of in-store sales.

The mall experience is going to be with us for the foreseeable future.

The big players in this game include many of the local and regional retailers. Among the discounters are Wal-Mart, Target, Costco, and Dollar General. All of these have done quite well in recent years, as consumers have sought out bargains during the recent economic slowdown.

The middle group includes the department stores, such as Sears, JCPenney, Nordstrom, Saks, and Neiman Marcus. We can spot the apparel vendors in our local malls, such as Gap, Limited, TJ Maxx, and Abercrombie and Fitch. Both Michael's and Pier 1 Imports are also significantly af-

fected by the holiday retail results.

During periods of rapid economic growth, such as in the late 1990s, holiday retail sales increased by some healthy percentages, as high as 7 percent in one year. In 2000 and 2001, these sales were disappointing with increases of only between 2 and 3 percent. Then, sales were affected by a slowing economy, the collapse of the technology markets, and, of course, 9/11. In 2002, a pending war with Iraq, coupled with a stalled economic recovery, provided for an increase of a paltry 1 percent.

This year should be very different, however.

Retail experts generally agree that this will be the best year so far this millennium, with an increase in same store sales of perhaps greater than 4 percent. Businesses will be forced to respond by going deeply into the labor markets for new hires to sat-

isfy the surge in demand, and unemployment should fall as a direct result.

Of course, all of these predictions assume that the economic and international environment remains stable and that there are no major instances of terrorism or nasty weather events from Mother Nature.

The importance of the holiday retail season upon each of us is clear. Now, if we can only do something about making those National Football League games more interesting.

Anthony L. Iuzzo, J.D., Ph.D. is professor of business and economics at Wilkes University.

Would you like to write about an issue of interest to the area business community? IN THIS CORNER features commentary by guest columnists. Send ideas to businessweekly@timeshamrock.com or call Business Editor Ken Knolly at 348-9117.

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Regional firms spending again

By Stephen Dally *PSDF*
TRIBUNE STAFF WRITER

The Scranton/Wilkes-Barre region did its part in contributing to the largest quarterly jump the U.S. economy has seen in nearly 20 years.

Local officials say after a year and a half of inactivity, investment in regional businesses has surged — a trend that started in May.

"What we have seen is a consumer-driven recovery. We've had a very strong and steady increase in consumer demand, but the supply has not kept up," said Dr. Anthony L. Liuzzo, professor of business and economic at Wilkes University. "Now, we see businesses responding by moving into the area."

Scranton Mayor Chris Doherty points to the recent swell in downtown investment as evidence of a growing economy.

Companies such as Aventis Pasteur and Southern Union have made commitments to build in downtown Scranton. The Hilton Scranton and Conference Center and the Scranton Enterprise Center, a small business incubator, are also recent additions.

12 Please see Economy, Page A2

Continued from Page A1

ECONOMY: Area firms resume capital spending

FROM PAGE A1 *815*

Despite the growing economy, though, local jobs have not followed suit.

There were 4,200 fewer jobs in September 2003 in the Scranton/Wilkes-Barre/Hazleton region compared to a year earlier, according to state Department of Labor and Industry figures.

But many say Thursday's strong economic report signals a reversal of the job-loss trend.

"As more consumers and businesses spend, the next step is the rehiring of the labor market," Dr. Liuzzo said. "We have already seen several retail outlets and restaurants opening up."

Dan Walsh, administrator of the Scranton Plan, the Greater Scranton Chamber of Commerce's economic development

arm, said more businesses are calling and asking about the area. He said he expects some of the inquiries will translate into capital investments and great employment opportunities in the months to come.

On Monday, local economic development and government officials will gather at Jessup Small Business Center to announce a new business coming to the area.

"We have many things in the pipelines and will bring in sizable employers and investment to the county, resulting in a few hundred jobs," Mr. Walsh said. "I think right now, Lackawanna County is doing a lot better than other parts of the state and other parts of the country this size."

Contact the writer:
sdally@limeshamrock.com

HOLIDAY RETAIL SALES FORECAST - 2003

The Author

Dr. Liuzzo began forecasting holiday retail sales in 1988. His predictions have appeared in numerous national, regional, and local publications. As an academic, he is unbiased and does not represent government or industry. On the other hand, he confesses that he does not have access to the true numbers, which most retail firms do not disclose.

When are forecasts issued?

Forecasting begins in earnest in September. Labor Day is the early indicator. Usually apparel does better for Labor Day than for Christmas. Black Friday is the next big indicator. During 2002, Labor Day sales were a bit brisker than anticipated, creating a bit of optimism. The optimism, however, was not well placed, and overall holiday sales in 2002 were quite disappointing. Similarly, all early indications are that 2003 Labor Day sales were quite brisk, and the same air of optimism now prevails.

How are holiday sales defined?

Holiday sales are generally defined as same store sales made during the last two months of the year (November and December). These sales represent 25% to 30% of total year retail sales. Since 1990, profits have declined about 10% per year, indicating deep discounting and increased competition for consumer dollars. Other interesting facts are that, contrary to popular misconception, the Thanksgiving weekend only accounts for about 10% of holiday sales, while retail sales during the weekend just prior to Christmas represent about 30% of holiday sales. Furthermore, the week between Christmas and New Year's brings in about 10% of holiday sales. The average consumer spends about \$700 during this time period.

What are the variables in the forecast?

Many variables influence holiday retail sales. These include:

1. Consumer Confidence - its direction and variability.
2. Same store sales for recent months - their direction and variability.
3. Stock Market Performance, which captures the wealth effect on spending - its direction and volatility.
4. Other Economic Indicators - including more tenuously related indicators, such as housing and autos.
5. Consumer Debt - interest rates, credit card debt, and bankruptcies have a huge impact.
6. Political Climate - presidential politics are important. For example, the election of a new president usually creates optimism
7. International Climate - What matters most is the public's perception of how foreign wars and foreign economic crises will impact the USA. In 2002, consumers were uncertain about prospective military action in Iraq. In 2003, the situation is far more certain in Iraq and, barring another major terror incident, we can expect this certainty to translate into brisker sales.
8. The Weather - The northern portions of the US need cold, but not bitter cold, and with no large snowstorms. The other areas need no disturbances, for example, earthquakes, floods, fires, etc.
9. The Day of the Week - the day on which 12/25 falls is important. The Saturday before

Christmas is now the busiest shopping day of the year, replacing Black Friday. This impacts the number of shopping days before Christmas.

10. What Sells? Sales of hi-tech products were great during the 90s. However, PCs have now saturated the market, and discounting needs to be done to push these. The latest tech toys seem to be generating some renewed interest - DVDs, software, games, digital cameras. Flat screen TVs should be a big seller in 2003. Apparel sales have been volatile, losing some ground in 2001 and 2002, but showing real signs of life in 2003.

11. Where? There are often regional differences. Regions include the Northeast, Mid-Atlantic, West, Midwest, Southeast, and the Southwest.

12. Who? The deep discounters have done extremely well in recent years (Wal-Mart continues to outperform its competitors). When the economy is strong, the specialty stores do well. The middle retailers, including department stores like JC Penney and Sears, have not been performing as well in recent times. Consumers have shown that they are price conscious as well as quality conscious. Given that we are in a recovery, we can probably expect this trend to continue.

What the game?

If retailers overestimate demand, by 12/15 or so, they slash prices to unload their inventory. If retailers underestimate demand, consumers get few discounts. In either event, those hard to get items, like the "in" toys, remain impossible to find, and are rarely discounted. In the past couple of years, retailers have used high powered software (similar to that which the airlines use) to more accurately predict demand. This has allowed them to manage discounting better. In 2003, manufacturers and retailers seem not to be recognizing the magnitude of the current recovery. While consumers show every sign of a willingness to spend, inventory levels remain at very low levels. This in part explains the fact that the unemployment rate has not fallen in line with the recovery. As a result, should sales increase as I predict they will, we can expect numerous shortages in holiday goods as December 25 approaches. There will be few last minute discounts available, and shoppers are wise to shop early to get the best prices and largest selections.

What about online sales?

In 2002, there were about \$210 billion in holiday sales in total (interestingly, Halloween is now the second largest retail holiday, with about \$6 billion in sales). Web sales accounted for approximately \$14 billion of this, or 7%. This was up from 3% in 1999, and 4% in 2000, and 5% in 2001. So, web sales continue to climb but still represent a modest percentage of the total. Also web sales were disappointing, since e-tailers have expected increases of 100%/year, but have only been realizing increases of about 30% to 40% annually. The Monday after Thanksgiving is the biggest web sales day of the year, when employees go back to work and do their online shopping.

A word of advice - consumers should (a) stay with e-tailers with whom they are familiar, (b) stay with bricks and mortars who do business on the web, and (c) continue to watch the security of their credit cards.

The web tends to cut into paper catalogue sales, rather than mall sales. Most experts now have finally agreed that the mall experience is here to stay. Interestingly, when it comes to returned merchandise, 12% of all web sales are returned. This compares to 6% of paper catalogue sales and 3% of in-store sales. 50% of all web sales are made with companies whose primary business is from bricks and mortars.

Who are the players?

The discounters include retailers such as Wal-Mart, Target, Costco, and Dollar General. The department stores include retailers such as Sears, J.C. Penney, Federated, May, Dillard's, Nordstrom, Saks, and Neiman Marcus. The apparel stores include retailers such as Gap, Limited, TJX, Kohl's, Talbot's, Abercrombie & Fitch, and Ann Taylor. Other stores include Michaels and Pier 1 Imports.

What were the results in 2002?

Overall, in 2002, sales increased by only about 1%. This compares to close to 7% in 1999, 2.5% in 2000, and 2.7% in 2001 (these are "same store sales" for November and December).

While there were no clear winners in 2002, the discounters managed to hold their own. The 2002 losers included the department stores, apparel, and technology.

What will happen in 2003?

There are many positives associated with this preliminary forecast for the 2003 holiday shopping season. These include the following:

(1) Stability. A more stable international climate than in either 2001 (September 11) or 2002 (the pending war with Iraq) should soothe consumers' worries and put them in a spending mood.

(2) The stock market. The market continues to show steady improvement. This will have the effect of consumers noticing increases in their wealth with an attendant increase in spending.

(3) Consumer confidence. All indicators of consumer confidence depict the fact that consumers are in the mood to shop. Indeed, the recovery to date has been largely consumer driven, with businesses hesitating to acknowledge that the economy is expanding. Reliance on increases in worker productivity is certain to end in the near future. At that point, businesses will have no choice but to return to hiring.

(4) The Fed. The Federal Reserve has shown that it remains aggressive in both stimulating the economy and protecting against the unlikely threat of deflation. The markets have seemingly finally placed trust in the Fed's implicit promise to hold interest rates down.

(5) The numbers. All early indicators suggest that this will be the best holiday retail season since the start of the millennium. Retail sales have been brisk, and have exceeded the forecasts of almost all of the major retail players. Consumers are demonstrating that they are willing to spend the tax cuts they are now seeing in their paychecks.

Taking all of the above into consideration, retailers can probably expect to see their most satisfying shopping season in several years, with sales increases totaling about 4%.

The above report was prepared September 15, 2003 by Anthony L. Liuzzo, J.D., Ph.D. Dr Liuzzo is Professor of Business and Economics at Wilkes University in Wilkes Barre, Pennsylvania. He may be reached at (570) 408-4709 or at liuzzo@wilkes.edu.



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208
JULIA 3

INSIDE RETAILING LORENE YUE

Eyewear boutique chain sees more Chicago-area locations

Richard Golden's vision for his optical company includes a dozen new Chicago stores in the next couple of years.

The founder of SEE, which stands for Selective Eyewear Elements, has been scouting spots for his retail concept. Golden, who also heads the Michigan-based D.O.C. eyewear chain, wants to create a Gap for glasses.

"The purpose was to come out with something where you don't

have to pay \$400 to \$600 for a pair of glasses," Golden said. "At SEE, nothing, including frames and single-vision prescription lenses, is over \$199."

No wonder rocker Ozzy Osbourne reportedly snapped up 13 pair at a Detroit-area SEE.

The stores are small—about 1,000 square feet—but jammed with more than 600 pairs of glasses, all of them created by SEE. That's how Golden keeps his prices low. Brand names such as Armani and Cartier mean licensing fees, and that drives up prices.

He's opened 16 SEE boutiques in eight states. The first Chicago location opened three years ago in Lincoln Park at 2531 N. Clark St. Another store opened in Woodfield mall and the third location just opened at Old Orchard.

Christmas crystal balls: Forecasts for holiday sales are rolling in,

Reporters' notebooks

- **TUESDAY**
Inside Retailing
- WEDNESDAY**
Inside Commercial Real Estate
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Inside Technology

with some prognosticators predicting a strong showing.

Anthony Liuzzo, a business and economics professor at Wilkes University in Wilkes-Barre, Pa., suggests that shoppers will show no hesitation in buying something they like. He's seeing product shortages as the calendar creeps toward Dec. 25.

"Manufacturers and retailers seem not to be recognizing the magnitude of the current recovery," he said. "While consumers show every sign of a willingness to spend, inventory levels remain at very low levels."

Liuzzo's looking for a 4 percent increase in holiday sales.

Senior economists at Retail Forward Inc., a market research firm in Columbus, Ohio, are also calling for a 4 percent increase in sales. That's just a notch above the 3.7 percent growth in 2002.

E-commerce sales and home improvement sales are expected to beat the 4 percent growth rate.

Discount retailers and warehouse clubs will prevail while mall-based department stores will continue to struggle. Book and toy stores may see a small boost.

Stiletto stalkers: Manolo Blah-

nik knows the way to raise a woman's confidence, as well as her stature, is through a fabulous pair of shoes.

"Women want to be different every day, every hour," said the shoe designer, who has made millions from getting women to perch in precariously high high-heels. "It's a theatrical moment [putting on the perfect pair]."

Theatrics is a great way to describe the scene Friday evening at the Michigan Avenue Neiman Marcus shoe salon, where women lined up to meet Blahnik and gush about his shoes. They were buying, too, at prices that averaged between \$400 and \$600, and getting newly purchased pairs autographed by the footwear master.

"I don't believe it," Blahnik said of the turnout and his popularity. "It's one of those things I can't comprehend."

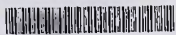
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Jim Kirk
Media and marketing

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Subject: Retail expert predicts rosy holiday sales
Date: Monday, September 22, 2003 8:55:43 PM EST
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Retail expert predicts rosy holiday sales

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WILKES-BARRE, Pa., Sept. 22 (UPI) -- A professor of business and economics at Wilkes University in Wilkes-Barre, Pa., predicts numerous shortages in holiday goods as Dec. 25th approaches.

Anthony Liuzzo told newswide.com: "Manufacturers and retailers seem not to be recognizing the magnitude of the current recovery. While consumers show every sign of a willingness to spend, inventory levels remain at very low levels.

"There will be few last minute discounts available, and shoppers are wise to shop early to get the best prices and largest selections."

Liuzzo predicts retailers will see their most satisfying shopping season in several years, with sales increases totaling about 4 percent.

He said: "All early indicators suggest that this will be the best holiday retail season since the start of the millennium. Retail sales have been brisk and have exceeded the forecasts of almost all of the major retail players.

"Consumers are demonstrating that they are willing to spend the tax cuts they are now seeing in their paychecks."

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Developing diversity

Pa25FF Wilkes
Companies say future economic growth requires change in region's work force

BY DAVID FALCHIK
TIMES SHAMROCK WRITER

As the nation become less white, dark skin still stands out in Northeastern Pennsylvania.

The overwhelmingly white, European ancestry cripples the region's growth, say economic developers. And it is increasingly costly, as the economy shifts from traditional manufacturing to skilled service jobs, they say.

The high-tech, global companies local economic developers crave insist on a diversified work force.

"Our lack of diversity severely impairs our marketing efforts and it is near the top of the list of the region's negatives," said James Cummings, president of Penn's Northeast, a regional economic development marketing group. "Work force diversity is as important to some companies as education and taxes."

Efforts are underway to alter the mix. Companies, rather than area government leaders, have led the way.

In one effort, a handful of existing large employers are supporting the Northeastern Pennsylvania Diversity Education Consortium based at College Misericordia in Dallas. Companies hope the group will educate the region and its work force about the economic and social value of diversity.

With the exception of a diversity guide published by the Greater Wilkes-Barre Chamber of Commerce and Industry, though, local economic developers have few initiatives to promote diversity.

And even companies with an commitment to diversity find it a challenge to increase minority representation in their Northeastern Pennsylvania work force.

"Northeastern Pennsylvania does not look like America," said Andy Logue, vice president for human resources for Dallas-based Commonwealth Telephone.

SOME SUCCESS

Northeastern Pennsylvania has a history of diversity, with the railroads, mills and coal mines providing work for millions of European immigrants in the 19th century.

While the ethnic composition of the region hasn't changed much since, the defi-

nition of diversity has.

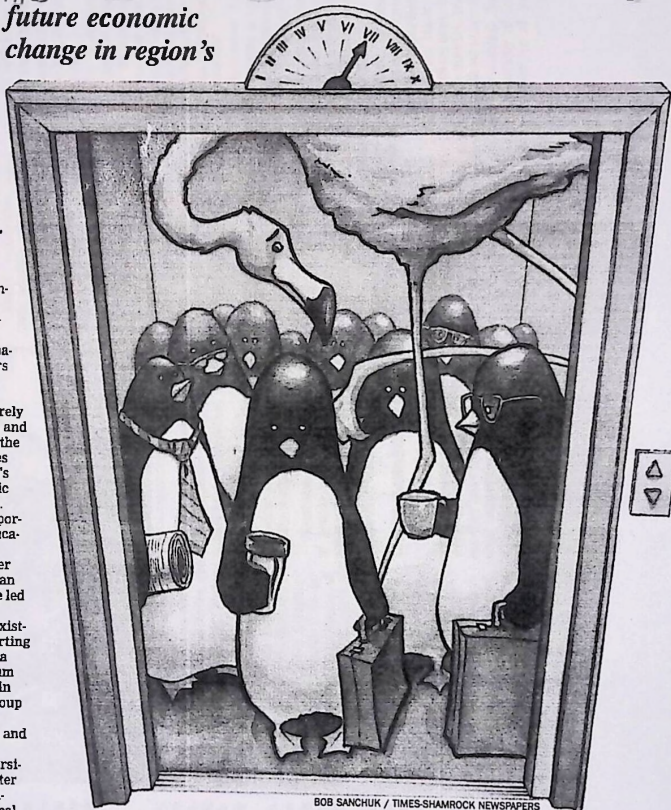
Today, the region's lack of racial diversity is regularly voiced as a concern by those looking to locate

facilities in the region, particularly those who are relocating key employees and their families.

Black or African-Americans make up about 1.7 percent of the Scranton-

Wilkes-Barre-Hazleton population, according to Claritas Inc., a San Diego-based market research firm. Hispanics comprise about 1.4 percent and Asians less than 1 percent of residents.

"We are rarely told why we lose a proj-



BOB SANCHUK / TIMES-SHAMROCK NEWSPAPERS

INSIDE

• Area minorities say the region could be more inviting with amenities directed toward their culture.
Page H10

ect," Mr. Cummings said. "But the implication is key minority executives who visited felt for whatever reason, they wouldn't fit in here."

Even so, some companies have brought high-paying jobs to the area.

In 1994, Scranton was in the running for a NatWest Bank facility. The company would be relocating 110 families of key employees, many of those nonwhite.

Site selection consultants asked chamber officials to sell the region to their minority families. Scranton chamber officials identified 20 local minority professionals. Each agreed to be an ambassador for the region, agreeing to speak with NatWest's minority employees.

Diversity key factor as customer bases change

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FROM PAGE H1

It worked. NatWest human resources officials told Mr. Cummings local families cited mostly consumer concerns — they couldn't find the types of food or hair care products they were accustomed to, for example. No one reported problems with overt racism, although some families expressed concerns that their older children had limited opportunities to date within their race.

MORE CHALLENGES

The days of "local" economies, when a company's customers and suppliers were in the same general area, are declining. And the growing U.S. minority population means the customer base is changing.

Dallas-based Commonwealth Telephone Enterprises has seen more minorities, particularly Hispanics, among its customers in the York and Harrisburg areas.

Without a diverse work force, companies will lose touch with their customers and markets. Some will find it more difficult to market products to minorities.

"When your customer base changes, you change with it," Mr. Logue said. "In the 21st century, diversity is just good business."

Mehoopany is home to con-



WARREN RUDA / TIMES-SHAMROCK PHOTOGRAPHER

Diversity mixers, such as this one at College Misericordia in Dallas, attempt to educate the region about the economic and social benefits of diversity. From left: Hlaham Nabaa, Linda Trompetter, Sharon Vanwright, Yolanda Harrison and Wagha Taylor.

sumer products giant Procter & Gamble's largest North American production facility. Company displays often include Tide or Pampers packaging in scores of different languages.

"When we recruit management, we draw from a base that will provide the diversity we want to help us better understand our customers," said spokesman Chuck O'Hara. "Diversity is critical to our success."

Business decisions are always superior when made by a team of people from diverse backgrounds, said Wilkes University

Professor of Business and Economics Anthony L. Liuzzo.

Businesses don't want a group of people who view things the same way, he said. Even in modern manufacturing requires collaborative decision making.

LABOR MARKETS

Even a staunch commitment won't necessarily yield a diverse work force. Company officials say they have to work hard to recruit minorities to the Scranton and Wilkes-Barre areas and still fall short of their goals.

UPS, the world's largest package-delivery company, has been honored as corporate citizen of the year by the NAACP and praised by Hispanic magazine as the top company to work for.

Racial minorities make up over one-third of the company's 320,000 U.S. work force. Yet the UPS facilities in Wilkes-Barre and Scranton have few minority employees.

"I would be surprised if any organization in Northeastern Pennsylvania could meet, let alone exceed, the diversity of the general population with minority population that low," said UPS Spokesman Malcolm Berkley.

Of the 2,450 employees at Procter & Gamble in Mehoopany, about 1 percent of the hourly employees are minorities. Of the facility's 220 managers, 19 percent are minority members, said Mr. O'Hara.

Officials at Commonwealth Telephone and Prudential both attest to a bottom-down commitment to diversity. Yet officials at both companies say their racial diversity mirrors the region.

OVERCOMING

Local economic developers have done little to promote diversity in the region. As the focus is on bringing employers to the region and growing the economy,

altering demographics just isn't a priority, they say.

In Mr. Cummings view, economic developers should continue doing what they are doing — target world-class companies who will bring professional minorities to the region.

Meanwhile, local companies are taking the lead in promoting diversity.

The Northeastern Pennsylvania Diversity Education Consortium includes several local companies. For a decade, the group was a coalition of colleges. The group offers diversity training in schools and the workplace and brings in speakers to address the community.

Businesses hope the group will create a more progressive, inclusive community.

"If we create an inclusive environment in Northeastern Pennsylvania, hopefully, we may be able to attract employees," said Gavin Cerco, a vice president at Prudential.

When Commonwealth Telephone moved operations to downtown Wilkes-Barre, Mr. Logue met with black church leaders, told them about the potential job opportunities. He also gave them his direct phone number.

Prudential helped fund the University of Scranton, a pro-

gram for at-risk youth from grade seven through high school.

Some of those students have turned up as Prudential interns, Mr. Cerco said.

Prudential and P&G have "affinity groups" within their facilities, clubs for minority groups including black, Asian, gay and lesbian, and handicapped.

Perhaps the most concrete possibility for changing the complexion of Northeastern Pennsylvania is the much-discussed passenger rail to Hoboken, N.J.

U.S. Rep. Paul Kanjorski, D-Nanticoke, said the rail will allow Manhattan and New Jersey workers to move east, diversifying the region's work force and making it more productive and competitive in the new economy.

"My congressional district is less diverse than the state of Utah," he said. "We have got to develop a work force that will be competitive in an increasingly diverse nation and in an increasingly global economy."

Dr. Liuzzo, who moved to the region from New York, said urbanites and minorities will come to the region. It's inevitable, he said.

"Northeastern Pennsylvania and everything it has to offer is a well kept secret," he said. "Once the secret gets out, they will come."

NORTHEASTERN PENNSYLVANIA

BUSINESS WEEKLY

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THE SUNDAY TIMES

SUNDAY, AUGUST 10, 2003

THE SUNDAY VOICE

Region losing businesses, workers

BY DAVID FALCHER
TIMES-SHAMROCK NEWSPAPERS

26
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The number of businesses in Lackawanna and Luzerne counties decreased from 2001 to 2002, but those declines were still better than the state average, according to a study released last week.

However, the region lost a larger percentage of employees than the state.

Lackawanna County lost 134, or 2.4 percent, and Luzerne County lost 96, or its 1.1 percent, of its businesses, according to the report "Pennsylvania County Industry Trends from 2001-2002." The report was released by the

Recession, shrinking population blamed

Pennsylvania State Data Center in Harrisburg.

Pennsylvania on the whole saw the number of businesses shrink 4.1 percent — the first decrease in a decade.

Meanwhile, Lackawanna lost 1.7 percent of its employees and while Luzerne saw a loss of employment of 2.7 percent. In the state, the number of employees declined 1 percent.

Penn State-Worthington Assistant Professor of Business David Echevarria said the loss represents small businesses giving

up the struggle to stay afloat in the down economy.

"The recession took its toll on poorly capitalized small businesses," he said. "It's unfortunate, but not all that unusual."

The loss of businesses in the Scranton and Wilkes-Barre area is less than most other regions of the state. Only six of the 67 counties saw the number of businesses increase in that time.

The center said it relied on unemployment compensation statistics, which includes about 95 percent of the state's non-

agricultural wage and salary employment.

Wilkes University Professor of Business and Economics Anthony L. Liuzzo attributed employment declines to decreasing population and the exit of people from the work force.

"The labor force is declining because many people have just given up," Mr. Liuzzo said. "Add that to population declines and you will see decreases. It's certainly not good news for the region."

The largest increase in em-

ployees was in the border counties Pike and Wayne, 6.1 and 5 percent, respectively.

Wilkes-Barre Chamber of Commerce & Industry Project Development Specialist Tom Ruskey also attributed Luzerne the drop in employees to cutbacks at larger employers such as Fairchild Semiconductor Inc. in Mountaintop and Techneglas in Pittston Township. Those employee cuts may have trickled down to other, smaller support operations, resulting in the decrease of employers.

"The number reflect a downsizing, not a closing of major employers," Mr. Ruskey said.



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Greenspan at fault? Some say yes

BY JEREMY R. COOKE

TIMES SHAMROCK NEWSPAPERS

This month, Alan Greenspan can celebrate — if he chooses to be so exuberant — 16 years as the chairman of the Board of Governors of the Federal Reserve System, a title more commonly abbreviated to the “Fed chairman.” But some local and national economists wonder, as they have before, whether he has much to celebrate.

The federal government is facing massive deficits. Mortgage rates have shot up a point in just

one week. Officials are struggling to get people to invest and spend more, and to increase growth in the economy, as stocks begin the road back to where they were a few years ago.



GREENSPAN

In a July 25 New York Times column, Princeton economist Paul Krugman said Mr. Greenspan “bears some of the responsibility” for the

“huge fiscal damage he has inflicted on the republic in recent years.”

“I used to be a great admirer of Mr. Greenspan,” Mr. Krugman wrote. “But something has gone very wrong with the maestro.”

Area economists disagree over whether the man who used to play clarinet in a swing band deserves the blame for disarray in the economy.

Thomas A. Knapp, Ph.D., associate professor of economics at Penn State Wilkes-Barre, said it can be tricky separating the economist from the politician in

the Fed chairman. “The difficulty with evaluating Greenspan is that you can’t completely divide your professional economic judgments from your sensibilities and your politics as a citizen,” Dr. Knapp said.

He said the chairman has to ask himself different questions when dealing with the current Bush administration.

“When Bush was elected and announced his tax cut proposals, the Fed chief really wore two hats,” said Mr. Greenspan. “What am I going to do as the chief economist, as a

scientist?” And does he as a citizen like or dislike the demeanor of that fiscal policy?”

Dr. Knapp said he’s inclined to agree with Mr. Krugman: “I think a lot of economists are generally disappointed he (the Fed chairman) didn’t more forcefully speak out in the early Bush days as to the folly of those tax cuts.”

The Penn State professor also pointed out the challenges of gauging the ultimate effects of

Please see GREENSPAN, Page H3

GREENSPAN: Many blame Fed chief

FROM PAGE H1

Mr. Greenspan’s monetary policy decisions, because they do not exist in a vacuum.

“So many variables end up changing, you never get to see the train run in its course,” he said.

But considering what the nation has been through in recent years, Anthony L. Liuzzo, Ph.D., said not much blame needs to be thrown in anyone’s direction.

“This economy is still very strong. It’s not like we were all air,” said Dr. Liuzzo, professor of business and economics at Wilkes University. “We’re so used to a great economy. You kind of blame the chief when the chief doesn’t have the right ingredients.”

The Wilkes professor met Mr. Greenspan a few times when both were earning their doctorates in economics from New York University in the 1970s, he said.

Mr. Greenspan took over as the nation’s chief economist just two months before the stock market crash of 1987. He has weathered wars, recessions, the dot-com bubble — which he called “irrational exuberance” — and the 9/11 attacks. And he is onto his fourth presidential administration.

“I have been a very strong supporter down the years of the Greenspanian philosophy,” Dr. Liuzzo said. “I personally still come out of the same mindset.”

Dr. Liuzzo said the Fed chairman’s power has been somewhat limited recently, because the key interest rate he helps to set has been near historic lows.

Instead, he has to rely more on his testimony before Congress to keep the economy balanced between boom and bust.

Dr. Knapp said people often wonder why Mr. Greenspan seems to speak in riddles when facing a congressional committee.

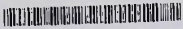
“He wants people to think everything’s OK without giving them specific reasons for why he thinks that,” he said. “He does not want to upset markets.”

If Dr. Liuzzo has had any gripe with the Fed chief, it is probably related to individual rate-cut or rate-hike decisions and not the overall direction, he said.

“When Greenspan speaks, I and most people listen very attentively,” he added. “I haven’t found much fault.”

Contact the writer:

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Prof with murder conviction loses one job, quits another

STATE COLLEGE (AP) — A university professor convicted of three murders in Texas nearly 40 years ago quit his job at Penn State University one day after a California university rescinded the job offer it had made him.

In a statement Friday afternoon, Penn State spokesman Bill Mahon said Paul Eric Krueger had decided not to return to the university, where he was an assistant professor and director of the Institute for Research in Training and Development, a graduate program that teaches employee-training methods.

"The university and Dr. Krueger both recognize that his ability to carry out his responsibilities effectively as a faculty member in Penn State's College of Education has been compromised in light of the revelations about his history," the statement read.

The announcement comes one day after National University, a private business-oriented college based in La Jolla, Calif., announced it had rescinded its offer to hire Krueger. Officials at National learned of Krueger's past last week.

Krueger, who has no telephone listing in the State College area, did not immediately respond to an e-mail from The Associated Press.

Officials at Penn State learned only a month ago that Krueger was on parole for the 1965 murder of three fishermen near Corpus Christi, Texas. Krueger pleaded guilty

the following year and spent more than 12 years in prison before being paroled in 1979.

The university does not typically ask about criminal convictions on faculty job applications.

After being paroled, Krueger earned a master's degree and two doctorates, a Ph.D. in sociology from South Dakota State University and an Ed.D. in educational policy, planning and administration from the University of Southern California. He was a business professor at Augustana College in South Dakota before coming to Penn State in 1999.

Last week, National University spokesman Hoyt Smith said the university had signed a contract with Krueger, who was to begin in the fall as an associate professor of business.

But in a statement released Thursday, Shahram Azordegan, dean of National's School of Business and Information Management, said that keeping Krueger on the faculty "would be inconsistent with National University's institutional values and the best interests of its students, alumni, faculty and staff."

"I think all I can tell you is it has been an unfortunate story and that everyone here has a lot of regrets," Smith said. "This fellow was an outstanding scholar and would have been a great fit in so many ways, but the circum-

PSU to require background checks for new faculty hires

STATE COLLEGE (AP) — Penn State will require background checks for new faculty hires after learning that an assistant professor had been convicted of a triple homicide nearly 40 years ago, university administrators said.

Paul Eric Krueger, who was convicted in 1966 for the murder of three fishermen near Corpus Christi, Texas, has also given notice that he does not plan to return to the university. Krueger worked as an assistant professor and director of the Institute for Research in Training and Development, a graduate program that teaches employee-training methods.

Penn State spokesman Bill Mahon said the school and other Big Ten universities had been discussing whether to require background checks for months before learning of Krueger's criminal history.

Penn State had previously mandated checks only for staff applicants and is working out ways to implement the change in policy, Mahon said.

Officials at Penn State learned only a month ago that Krueger was on parole for the 1965 murder.

On Thursday, National University in La Jolla, Calif., which hired Krueger as an associate business professor, announced that it was rescinding his employment contract.

stances what they are, a decision had to be made."

Although they had not heard from Krueger, officials at Penn State began planning to replace him after learning that he had accepted the job at National.

Anthony L. Liuzzo, an attorney and business professor at Wilkes University, said it was unclear whether a university could dismiss Krueger solely because of a criminal conviction — even a triple murder — that had nothing to

do with his teaching or research responsibilities.

"If it goes before a jury, it's a very interesting case as to whether or not a jury would decide that any employer has a right to look at murder convictions from 40 years ago in determining a person's ability to teach college," Liuzzo said.

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On the Net:
National University:
<http://www.nu.edu>
Penn State University:
<http://www.psu.edu>

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PSU prof sees job offer rescinded

Calif. university 'regrets' circumstances surrounding triple-murder convict

By DAN LEWERENZ

Associated Press Writer

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In a statement Friday afternoon, Penn State spokesman Bill Mahon said Paul Eric Krueger had decided not to return to the university, where he was an assistant professor and director of the Institute for Research in Training and Development, a graduate program that teaches employee-training methods.

"The university and Dr. Krueger both recognize that his ability to carry out his responsibilities effectively as a faculty member in Penn State's College of Education has been compromised in light of the

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The announcement comes one day after National University, a private business-oriented college based in La Jolla, Calif., announced it had rescinded its offer to hire Krueger. Officials at National learned of Krueger's past last week.

Krueger, who has no telephone listing in the State College area, did not immediately respond to an e-mail from the Associated Press.

'A lot of regrets'

Officials at Penn State learned only a month ago that Krueger was on parole for the 1965 murder of three fishermen near Corpus Christi, Texas. Krueger pleaded guilty the following year and spent more than 12 years in prison before being paroled in 1979.

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But in a statement released Thursday, Shahram Azordegan, dean of National's School of Business and Information Management, said that keeping Krueger on the faculty "would be inconsistent with National

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PHOENIX

PHOENIXVILLE, PA.
SATURDAY 3, 810
AUG 2 2003



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Paroled professor loses one job, quits another

By DAN LEWERENZ
Associated Press Writer

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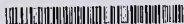
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California school rescinds offer to PSU prof with murder conviction

By DAN LEWERENZ

Associated Press Writer 0235FF

STATE COLLEGE, Pa. (AP) — A California university has rescinded its job offer to a college professor convicted of three murders in Texas nearly 40 years ago, but Penn State University officials were still unsure whether he would remain at the institution where he has taught for the last four years.

Officials at Penn State learned only a month ago that Paul Eric Krueger was on parole for the 1965 murder of three fishermen near Corpus Christi, Texas. Krueger pleaded guilty the following year and spent more than 12 years in prison before being paroled in 1979.

"We've got to figure out what the status of everything is," Penn State spokesman Bill Mahon said Friday. "We began making the assumption a few days ago, with him taking the job at National (University), that he wasn't planning to come back this fall. We began plans ... to cover his courses this fall and

to look to other faculty to work as advisers for his students."

The university does not typically ask about criminal convictions on faculty job applications.

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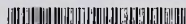
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Mahon said Penn State officials began discussions with Krueger on Thursday about whether he would return to Penn State.

Anthony L. Liuzzo, an attorney and business professor at Wilkes University, said that if Krueger had accepted a job elsewhere that Penn State might not be required to keep his faculty position open.



Burrelles

PSU professor quits one job, loses another

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On the Net:
National University:
<http://www.nu.edu>
Penn State University:
<http://www.psu.edu>

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CLEARFIELD, PA
SATURDAY 14,750
AUG 2 2003



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Professor with murder conviction loses one job, quits another

By Dan Lewerenz
Associated Press Writer

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Paroled prof quits job a day after losing another

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PAUL ERIC KRUEGER

... Convicted murderer ...

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ASSOCIATED PRESS

PAUL KRUEGER

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ACLU questions records of liquor purchases in Pa.

STATE COLLEGE, Pa. (AP) — Do you remember what you bought the last time you stopped in your local Wine and Spirits shop? If you've still got that youthful look, chances are the state knows — and they might share that information with law enforcement.

It's a little-known practice that some fear violates the privacy and due process rights of customers, who have no choice in Pennsylvania but to buy wine and liquor from the state.

Donna Pinkham, a spokeswoman for the Pennsylvania Liquor Control Board, confirmed Wednesday that the agency keeps data on the liquor purchases of anyone who is asked to show a photo ID at any of the state's 638 Wine and Spirits shops. That data is kept for seven years, Pinkham said, and is sometimes turned over to law enforcement agencies.

That concerns Stefan Presser, legal director for the ACLU of Pennsylvania, who said it might violate both equal protection and privacy rights.

"First, they make an arbitrary decision to card me; it's whatever the gut sense is," Presser said. "And notwithstanding the fact that they got it wrong — that I am legally entitled to purchase alcohol — you're now saying they're going to keep a record on me? What's the point? What's the legitimate governmental purpose? I think there's a potential privacy violation here."

It's unclear whether any other state keeps such detailed records. The National Alcohol Beverage Control Association presents Pennsylvania and 17 other states in which the state directly controls liquor sales; the rest of the nation is represented by the National Conference of State Liquor Administrators. Officials with both organizations said they were unfamiliar with Pennsylvania's law, but did not know of any other state that kept such detailed records.

"I'm sure if that's what they do, then they have a good rationale for it," said Murphy J. Painter, commissioner of Alco-

hol and Tobacco Control for Louisiana and president of the NCSLA.

Pinkham said there were two reasons for keeping those records. First, if a minor was to use someone else's license to buy alcohol, the record would show whether the liquor store had properly checked ID. Second, it would provide a paper trail if someone was found to have illegally given alcohol to minors.

"It has a deterrent effect," Pinkham said. "Even if the ID is accepted, I think the fact that we have on record that the ID was used for purchase of a beverage, certainly you're aware that if you get in trouble with that beverage, then you face additional penalties."

Pinkham said law enforcement agencies request such records from PLCB about 20 times per year.

Anthony L. Liuzzo, an attorney and business professor at

Wilkes University, said the state might have an interest in verifying photo IDs and reducing underage drinking, but that might not necessarily justify keeping such detailed records.

"What right does the state of Pennsylvania, or any state for that matter, have to know what kinds of liquors I'm drinking, what kinds of wines I'm drinking, and so on?" Liuzzo said. "From a constitutional point of view — and I'm not a constitutional law expert — the courts ... are going to weight the benefits to the state of having this information versus the impact on privacy."

But Peter Goldberger, an Ardmore attorney who serves on the Pennsylvania ACLU's board of directors, said it might not be that clear. Although most people might want to keep their liquor purchases private, he said that unless such records were specifically protected, the state probably was acting within the law.

Allentown Morning Call, Allentown, PA	Dan Lewerenz	4/10/03
Express-Times, Bethlehem, PA	Dan Lewerenz	4/10/03
Record Herald, Waynesboro, PA	Dan Lewerenz	4/10/03
Mercury, Pottstown, PA	Dan Lewerenz	4/10/03
Times & Observer, Warren, PA	Dan Lewerenz	4/10/03
Evening Sun, Hanover, PA	Dan Lewerenz	4/10/03
Spirit, Punxsutawney, PA	Dan Lewerenz	4/10/03
Herald, Sharon, PA	Dan Lewerenz	4/10/03
Williamsport Sun-Gazette	Dan Lewerenz	4/10/03
Reading Eagle, Reading, PA	Dan Lewerenz	4/10/03
Express, Lock Haven, PA	Dan Lewerenz	4/10/03
Observer-Reporter, Washington, PA	Dan Lewerenz	4/10/03
Intelligencer Journal, Lancaster, PA	Dan Lewerenz	4/10/03
Centre Daily Times, State College, PA	Dan Lewerenz	4/10/03
Progress, Clearfield, PA	Dan Lewerenz	4/10/03
Altoona Mirror, Altoona, PA	Dan Lewerenz	4/10/03
Bradford Era, Bradford, PA	Dan Lewerenz	4/10/03
Latrobe Bulletin, Latrobe, PA	Dan Lewerenz	4/21/03

CV 4-5-03

Wilkes professor co-authors book on business law

Dr. Anthony L. Liuzzo, professor of Business Administration and Director of the Business Division and MBA Program at Wilkes University, has recently co-authored the fifth edition of *Essentials of Business Law*, a broad-based introduction to the field of business law for college students and high school students enrolled in advanced placement courses. The book is currently available through Glencoe/McGraw-Hill.

Key features of the textbook include new case studies and chapters on ethics, contracts, sales, consumer protection, property, commercial paper and business and technology.

"The text includes current and updated content that promotes student discussion and ensures that students are made aware of the latest developments in the law," said Dr. Liuzzo. "Such topics as e-commerce, environmental and international law are all given increased emphasis."

A member of Wilkes University's faculty since 1990, Dr. Liuzzo teaches undergraduate courses in Business Law and Entrepreneurship as well as graduate level courses in Human Resources Law and Finance.

Liuzzo holds a B.S. from Fordham University, a Juris Doctorate from St. John's University and an MBA, M.Phil., and Ph.D. from New York University. He resides in Dallas.

Collection of sale data for liquor questioned

PLCB defends little-known practice as deterrent

P225 FF

BY DAN LEVERENZ
Of The Associated Press

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ON THE WEB

Pennsylvania Liquor Control Board
www.lcb.state.pa.us
ACLU of Pennsylvania
www.aclupa.org/

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people might want to keep their liquor purchases private, but he said that unless such records were specifically protected, the state probably was acting within the law.

"Buying liquor is something a lot of people do, and the amount of liquor they buy and the type of liquor they buy is probably something people consider to be very personal," Goldberger said.

"Hopefully, if it were brought to their attention, the state Legislature might change that, or the agency might change it, as I believe they should," Goldberger said.



Michael Como, 26, of State College, signs a receipt verifying his age after state Wine and Spirits shop clerk Dave Johnson rang him up yesterday in State College.

PAT LITTLE, The Associated Press

SUNDAY TIMES

SCRANTON, PA
SUNDAY 76,877
MAY 25 2003



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An MBA providing personal and professional benefits

BY ROBERT M. BURKE
AND ANTHONY L. LIUZZO

In today's uncertain economic times, more than ever before, experience and education are the crucial ingredients to success. To be sure, experience is invaluable, but it is usually not sufficient to satisfy demanding human resources departments. Organizations, confronting limited resources, look for advanced degree candidates to occupy both new and current position openings. A master of business administration (MBA) degree represents just the ticket to success.

All profit-seeking and not-for-profit entities want and need individuals trained in advanced business management in order to keep

the organization running efficiently and effectively. You do not have to be an investment banker, a CPA, or even a CEO to utilize this education. The MBA degree is marketable, a great networking tool, and contributes to your financial and personal growth.

How does an MBA increase your marketability? Simply the fact that you earned the degree displays an appreciation for, and a commitment to, education and growth. The degree demonstrates clearly to all that you value knowledge and are interested in professional and personal betterment.

Earning an MBA does not automatically secure the fact that you will save the world, but it does show current and potential employers that you are trainable, organized, and motivated. Completing the MBA degree course-work requires more "perspiration" than "inspiration," and demands self motivation, as most classes are held in the evenings,



**ANTHONY
L. LIUZZO**

**ROBERT
M. BURKE**

In This Corner

weekends, or, in some cases, in an online Web-based format.

As well as honing your business skills, an MBA sharpens both "people" and "confidence" skills. In a typical MBA program, you will work in various groups and prepare presentations. There is simply no better way to gain people and confidence skills than by interacting with other professionals.

Once confidence is gained in these group settings and presentations, the subsequent job inter-

view is just not that intimidating.

There also is no better way to root out prospective jobs and careers. About 90% of all MBA students are full-time employees, many in human resources positions, for many diverse companies. Taking MBA courses can, in effect, be like having your own "job network" with group members who become professional friends and co-workers.

Speaking of job markets, the average MBA graduate earns a significantly higher salary than do those individuals who lack the degree. It is a proven fact that the benefits of an MBA far outweigh the cost of tuition. Tax advantages, financial aid, scholarships, and, most frequently, employer-provided tuition assistance makes the MBA an attractive opportunity. When you consider the cost of an MBA and the attendant upward-mobility gained from the degree, it is intriguing that more people do not continue their edu-

cation. While time constraints are certainly a major factor explaining the lack of a larger MBA student population, simply taking one course per semester is often manageable.

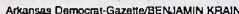
If you did not major in undergraduate business or accounting, you can still earn an MBA and experience the same benefits. While some prerequisite courses may be required in some instances, the non-business/accounting undergraduate may have more success in the job market due to the combination of a liberal arts or science degree with the MBA. In any case, when it comes to potential employment or possible promotion, the resume indicating the earned MBA is usually placed at the top of the pile.

Many MBA programs have a wide variety of concentrations, including e-business and entrepreneurship. These concentrations instill the skills needed to

start your own business venture or even a dot.com success. Yes, even after all the dot.com pioneer failures, there are numerous success stories, like eBay and Monster.com.

An MBA is not always about more money, or a promotion, or workplace bragging rights. Earning the degree results in fulfillment of personal goals and enrichment. While you may be content with your current employment, most people recognize the need for additional challenges and opportunities. Whatever the source of your motivation for earning an MBA degree — employment, promotion, entrepreneurial, or personal fulfillment — it awaits you.

ROBERT M. BURKE, M.B.A. is coordinator of the MBA Program at Wilkes University. **ANTHONY L. LIUZZO, J.D., M.B.A., PH.D.** is professor of business and economics at Wilkes University.



As a result many colleges are increasing tuition and consid-
See **COLLEGE**, Page 3B

College

• Continued from Page 1B
ering limiting enrollment.

GETTING LAID OFF

"A recessionary economy usually does not impact upon a traditional undergraduate student's decision to attend college," said Anthony Liuzzo, professor of economics and head of the business division at Wilkes University in Wilkes-Barre, Pa.

"However, nontraditional students, if unemployed, often use the time to get back in the classroom to finish the degree they may have discontinued years earlier," he said.

Leslie Callison stopped pursuing a bachelor's degree in the mid-1980s and later went to work for American Airlines.

After the Sept. 11 terrorist attacks, Callison's employer laid her off, ending her 11-year stint with the company.

"I was called into my manager's office ... and told to pack my personal belongings, turn in my keys, ID badge and travel card," the former lab technician said. "My 11-year career, filled with good performance reviews, great benefits and stability had come to an end."

Later, Callison learned she was eligible for funds the government had set aside to pay for displaced airline employees' college education. She, too, collects unemployment benefits.

"I thought this was an excellent opportunity to complete my degree," Callison said.

The 38-year-old mother of one is working toward a degree in Spanish at Tulsa Community College in Tulsa, Okla., and plans to transfer to the University of Arkansas in Fayetteville this summer. Callison wants to teach high school Spanish.

Although the U.S. Education Department has not released enrollment figures for 2001, several states are reporting increased enrollments at two-year schools.

At the nation's largest two-year school, Miami-Dade Community College, enrollment jumped 14 percent to 80,352 full- and part-time students — the largest increase in the school's history, said

Economists and university officials agree that when recessions hit, college enrollments, particularly at two-year community colleges, rise. So far enrollment has behaved no differently during the current economic downturn.

Betty Semet, the school's director of media relations.

Semet said the economic downturn appears to be a major reason for the increase.

The North Carolina Community College System saw enrollment rise 15 percent, about triple the increase in a normal year, said Stephen C. Scott, the college system's executive vice president and chief operating officer.

The Arkansas Department of Higher Education co-opted a number of technical colleges around the state in the early 1990s, creating the state's system of 22 two-year schools. Since then, those schools' enrollment has risen steadily, producing some of the country's fastest growing two-year schools.

So higher education officials weren't surprised when Arkansas' community college enrollment rose 6 percent, from 40,832 students in fall 2000, to 43,383 last fall.

But because enrollment typically drops at the start of the spring semester, higher education officials were somewhat astonished that this spring's enrollment declined only 1.5 percent from the fall's — the smallest decrease during that period in the past five years. From 1997 to 2001, enrollment dropped an average of 5.4 percent from fall to spring.

The higher enrollments have coincided with the state's rising

unemployment. December's unemployment rate was 5.5 percent, up 2 percent from December 2000.

RIISING TUITION

College officials say the influx of new students during slow economic times is a double-edged sword.

While pleased with the growth, they worry about how their institutions will afford it.

Tuition covers only about 20 percent of what an education at a two-year school costs, said Barbara Anderson, the higher education department's associate director of finance.

The more displaced workers there are, the less the state receives in taxes, which strains the budgets of state agencies.

"It's a hard time to be growing," Anderson said.

Anderson said Arkansas' community colleges raise tuition an average of about 8 percent each year.

But this year, some two-year colleges are considering raising tuition as much as 14 percent, she said.

A NEW WORLD

More than 30 years had passed since Ingram had been in a classroom when he entered Pulaski Tech in January 2001.

Although he performed well in his English composition courses, he struggled with college-level math. Ingram also had to relearn how to study and take notes.

Still, he's maintained a perfect grade-point average, he said.

Until last year, Ingram had never owned a computer. But he knows computers will continue playing a major role in the 21st century economy, and so his applied science degree specializes in computer networking.

Ingram would like a job that involves computers at a four-year school. That way he could continue his education and earn a bachelor's degree.

In high school, Ingram despised academics, but life and hard physical labor, he said, has taught him the importance of knowledge.

"Now," he said, "I could make a career out of learning. It's just a whole new fascinating world to me."

SCRANTON TIMES

SCRANTON, PA
SATURDAY 31,390
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Our viewpoint

Booze commissars get to know you

EP215FF
Pennsylvania's booze commissars at the Liquor Control Board are famous for running a Soviet-style, state-controlled monopoly over alcohol sales. Now it appears that the LCB has emulated the Soviets even further by maintaining secret dossiers on many of its customers.

If you're over 21, don't be flattered when an LCB clerk asks you for identification before ringing up your sale. Instead, be wary.

The agency, of course, is on the mark in asking for ID from youthful-looking customers. It's in everyone's interest to prevent booze sales to minors. But that should be the beginning and the end of the LCB's interest. Once the customer proves he is 21 or older, the only legitimate issue for the LCB is the sale itself. What that customer buys and consumes is none of the state's business.

But the booze commissars can't help themselves. Even after determining a young-looking customer is of legal age, the agency keeps records on the purchase for seven years.

This, says the LCB politburo in Harrisburg, is to serve as a deterrent against the use of false identification, or to discourage legal-aged purchasers from selling or giving the drinks to minors.

So, in the eyes of the LCB, every young-looking customer who buys a bottle of anything at a state liquor store is not just a customer, but a *suspect*.

Anthony L. Liuzzo, an attorney and business professor at Wilkes University, posed exactly the right question on the state's dossiers on customers: "What right does the state of Pennsylvania, or any state for that matter, have to know what kinds of liquors I'm drinking, what kinds of wines I'm drinking, and so on?"

The answer is that the state has no such right. The LCB commissars violate the privacy of LCB customers by keeping long-term records on them, only because state law does not specifically preclude the LCB from doing so.

Since the monopolists at the LCB can't be expected to care about customers' privacy (what are they going to do, shop somewhere else?), the Legislature should specifically legislate that the agency may not keep records on individual customers' purchases. And, it should instruct the LCB to purge its database of personal dossiers, reminding the commissars that the Cold War is over and that the good guys — those who believe in individual rights over state prerogatives — won.

It doesn't come out and say it, but we know this is you. :-)

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Openers
Deflation? What Deflation?
Jeanne Lee

07/01/2003
Money Magazine
Time Inc.
23
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It must have struck many Americans as laughable--in a bitter kind of way--when Alan Greenspan expressed concern last month about deflation. That's deflation, as in the opposite of inflation, as in prices going down and our money stretching further than it once did.

Many must have wondered, What universe does this guy live in? Does Greenspan not pay property taxes? Get his hair cut? Go to a grocery store? Why, the price of ground beef is up 7.7% this year. Ground beef!

There are some rational explanations. For one, while certain prices have indeed gone down (cameras, cars, clothing), others that can have a greater impact on your wallet (child care, health care, utility bills) are up dramatically. Then there's a perception issue: After the salad days of the 1990s, you may be used to a standard of living that you can't afford anymore--even at what are, in some cases, lower prices. Finally, there's the fact that, well, Greenspan really does spend his time in an alternate universe. It's called the future. He slogs through reams of economic data to predict what might happen before anyone else sees it coming. His statements last month made it clear that serious deflation is not imminent or even likely, just something to look out for.

So even if Greenspan is right to worry, why is he complaining? His concern is that we could enter a deflationary death spiral a la Japan, where a weak economy hurt demand, which undercut prices, which led to job losses, which hurt demand and so on.

We're not at that point--yet. But what will we do if it looms near? Back in the 1970s, as the U.S. sank into a serious economic funk, President Ford donned a WHIP INFLATION NOW button--a laughably feeble gesture. The day Greenspan starts sporting buttons is the day we ought to stop laughing. --JEANNE LEE

COST OF LIVING

PRICES GOING UP

Beef

Babysitting

Dentist visits

Haircuts

Utility bills

PRICES GOING DOWN

It doesn't come out and say it, but we know this is you. :-)

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COST OF LIVING

PRICES GOING UP

Beef

Babysitting

Dentist visits

Haircuts

Utility bills

PRICES GOING DOWN

Fine restaurants

Digital cameras

Fruits and vegetables

Clothing

American cars

Sources: Bureau of Labor Statistics, Technomics, **Wilkes University**.

Quote: A question about Alan Greenspan: What universe does this guy live in?

Caption: COLOR PHOTO: MARK PETERSON If beef prices are up, why does that burger cost you less in many a nice restaurant?

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DALLAS POST

DALLAS, PA
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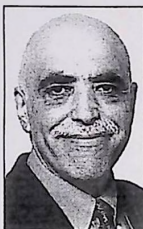


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MOVERS & SHAKERS

Dr. Anthony L. Liuzzo, Professor of Business Administration and Director of the Business Division and MBA Program at Wilkes University, has recently co-authored the fifth edition of *Essentials of Business Law*, a broad-based introduction to the field of business law for college students and high school



Dr. Anthony Liuzzo

students enrolled in advanced placement courses. The book is currently available through Glencoe/McGraw-Hill.

Key features of the textbook include new case studies and chapters on ethics, contracts, sales, consumer protection, property, commercial paper and business and technology.

A member of Wilkes University's faculty since 1990, Dr. Liuzzo teaches undergraduate courses in Business Law and Entrepreneurship as well as graduate level courses in Human Resources Law and Finance.

Liuzzo holds a B.S. from Fordham University, a Juris Doctorate from St. John's University and an MBA, M.Phil., and Ph.D. from New York University. He resides in Dallas.

...

Marine Corps Cpl. Michael J. Walsh, III, son of Cathy Shook of 228 Terrace Ave., Trucksville, recently made a port visit in East Timor while on a six-month deployment to the Western Pacific and Arabian Gulf while assigned to the 11th MEU, based in Camp Pendleton, Calif.

Walsh was one of approximately 500 Marines and Sailors from the 11th MEU and the USS Belleau Wood Amphibious Ready Group that participated in the largest humanitarian assistance project conducted in East Timor in the last two years. The volunteers set up medical and dental clinics where they treated the local citizens and worked on schools and other buildings.

Walsh is a 1999 graduate of King's Kids Christian School of Wilkes-Barre.

...

King's College Professor of Philosophy **Henry Nardone** departed for Thailand in early January to teach at Webster University's Ca-am campus, located two hours southwest of Bangkok, Thailand.



Dr. Henry Nardone

Professor

Nardone will teach business ethics and critical thinking to international and Thai students on the campus for the institution's eight-week spring semester.

This opportunity is made possible through an agreement between the King's College Study Abroad Program and the Study Abroad Program of Webster University in St. Louis. With every 10 King's students who study at a Webster campus abroad, a King's College faculty member is invited to lecture on one of Webster's foreign campuses.

Professor Nardone is a graduate of King's College and the Catholic University of America; he lives at Harveys Lake.



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Former anchorwoman sues KOIN

Shirley Hancock says her contract wasn't renewed because of her age and her complaints about hostility

By ASHBEL S. GREEN
THE OREGONIAN

Former Portland television news anchor Shirley Hancock has sued KOIN (6), claiming management did not renew her contract in 2001 because of her age and because she had complained about a hostile work environment.

The lawsuit also claims that management discriminated against her by refusing to pay her as much as co-anchors who are men.

Hancock joins a growing number of women television anchors who've filed civil-rights lawsuits against their former employers. The suit, filed Aug. 6 in Multnomah County Circuit Court, has been shifted to U.S. District Court in Portland.

The suit seeks unspecified back and lost future pay, but does not specify an amount.

Robert Carey, an attorney for Emmis Communications, the Indianapolis-based owner of KOIN, declined to comment. A call to the station last week was not returned.

Hancock also declined to comment.

Hancock worked for the station for 18 years as a reporter and anchor, according to the suit. She and Mike Donahue were co-anchors for about 16 years, the longest-running team in Portland.

Emmis bought KOIN in October 2000. In March 2001, the company laid off between 20 and 30 employ-

ees in Portland.

The suit claims that most of the employees were older than 40, but in court papers Emmis and KOIN officials deny that age was a factor in the personnel moves.

Emmis continued its staffing moves in June 2001, reassigning Donahue, laying off several employees and declining to renew the contract of Hancock, who was then 43. Jeff Gianola and Kelley Day replaced Donahue and Hancock.



HANCOCK
Says men made more than she

"I think this is a blessing," Hancock said at the time. "I just need to find a healthier place where I can go to work without a knot in my stomach every day."

She now works as a public relations consultant in Portland.

In her suit, Hancock says the station repeatedly ignored her complaints that she was paid less than her male co-anchors, as well as other anchors in the Portland television market.

She also says the work environment included derogatory comments by an on-air personality and some managers about women and gay people, and bullying of women interns by a man who was an on-air personality.

In addition, the suit says, a former news director shouted obscenities at Donahue and Hancock, made negative comments about Hancock's work to her peers and urged the staff to "whore up the news."

In court papers, Emmis acknowledges that Hancock com-

plained in writing about the dynamics of the newsroom, including some of the examples in the suit.

But KOIN and Emmis officials deny in the papers that they discriminated against Hancock because of her age or gender or that management retaliated because she complained.

Shortly after she left the station, Hancock said the failure to renew her contract was the last straw.

"I feel like I've endured some really tough times with some questionable management practices," she said.

Other women anchors older than 40 have sued their former stations in recent years alleging age and gender discrimination.

In 1999, Janet Peckinpaugh won a \$3.8 million court verdict against WFSB-TV in Hartford, Conn., after a jury found the station guilty of gender discrimination. The jury did not uphold her claim of age discrimination. Peckinpaugh lost her job when she was 44.

Last year, 55-year-old Beverly Williams sued KYW-TV in Philadelphia, claiming race, gender and age discrimination, and Carol Kaplan, 41, made the same claims in her suit against WGRZ-TV in Buffalo, N.Y.

Anthony L. Iuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., notes that federal law prohibits employers from discriminating on the basis of age or gender, except under limited circumstances.

Movie-makers, for example, can consider age, gender and race when casting a film, said Iuzzo, who holds a law degree.

On the other hand, he said, courts in the 1970s rejected the policy of many airlines to hire only

women as flight attendants.

More recently, Hooters, a restaurant chain that features voluptuous and scantily clad women as servers, paid \$3.75 million in 1997 to settle a class-action lawsuit filed by men who said the company was discriminatory by refusing to hire them because of their gender.

Iuzzo said the burden on Hancock is to prove that KOIN discriminated against her because of her age or gender. At the same time, he said, TV stations have generally preferred to avoid trials that could reveal embarrassing details about their newsrooms.

"The vast majority of these cases are settled," he said.

Brent Hunsberger of The Oregonian contributed to this report.

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ATLANTA, GA
SUNDAY FEB. 23, 1993
MAR 23 2003BURLINGTON JOURNAL-CONSTITUTION
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Metro Atlanta home mortgage rates

Here are the mortgage loan rates charged on Thursday by the top 20 financial institutions ranked by total dollar amount of loans closed in the Atlanta metropolitan market area according to Bankrate.com. Rates are based on a \$150,000 loan amount and a 20 percent down payment for single-family, owner-occupied homes. Points are expressed as origination points and discount points. Some lenders do not express all their costs in origination fees. The APR is the annual percentage rate that calculated the total cost to borrow including all fees and points. One-year mortgage rates may be below market and subject to change in one year.

LENDER	SHE	30-YEAR FIXED-RATE				15-YEAR "PRIME" RATE				1-YEAR ADJUSTABLE			
		Interest (Pct)	Points	Commit (Days)	APR	Interest (Pct)	Points	Commit (Days)	APR	Interest (Pct)	Points	Commit (Days)	APR
HomeBanc Mortgage	404-351-4056	5.65%	1.13/00	45	5.82%	4.88%	0.88/00	45	5.20%	3.50%	0.38/00	45	3.97%
Bank of America	800-741-1811	5.75%	0.00/15	45	5.87%	5.75%	0.90/00	45	5.44%	3.35%	0.00/00	45	3.79%
Wells Fargo Home Mortgage	770-590-3735	5.38%	2.13/00	30	5.69%	4.75%	1.63/00	30	5.20%	2.55%	1.68/00	30	4.19%
SunTrust Mortgage, Inc.	770-554-4100	5.63%	0.88/00	30	5.83%	4.68%	0.38/00	30	5.13%	3.25%	0.00/00	30	4.08%
Bank of America Mortgage	678-339-9451	5.75%	0.00/00	30	5.90%	5.00%	0.16/00	30	5.25%	3.50%	0.21/00	30	3.79%
SunTrust Mortgage	770-431-4100	5.25%	1.53/00	30	5.51%	4.15%	0.50/00	30	5.01%	2.88%	0.63/00	30	4.05%
Sun America Mortgage	404-252-0192	5.50%	1.00/00	60	5.70%	4.75%	1.00/00	60	5.09%	NA	0.00/00	NA	NA
Wachovia Bank	770-618-1822	5.50%	0.83/00	30	5.71%	5.00%	0.13/00	30	5.28%	NA	0.00/00	NA	NA
BBK	800-226-5228	5.61%	0.63/00	30	5.80%	4.75%	1.00/00	30	5.09%	3.00%	0.13/00	30	3.95%
BankingAmerica Financial Corp.	770-834-7200	5.75%	0.00/00	45	5.87%	5.00%	0.00/00	45	5.20%	NA	0.00/00	NA	NA
North American Mtg Co.	770-650-3100	5.75%	0.38/00	30	5.79%	5.13%	0.38/00	30	5.20%	4.25%	1.38/00	30	4.06%
Envest	678-417-8866	5.50%	1.13/00	30	5.72%	4.75%	0.88/00	30	5.07%	2.88%	1.13/00	30	4.14%
Guaranty Residential Lending	770-487-2400	5.38%	1.63/00	30	5.64%	4.75%	1.00/00	30	5.09%	2.88%	1.13/00	30	4.14%
Southwest Bank	404-252-5500	5.63%	0.53/00	30	5.80%	4.88%	0.51/00	30	5.11%	3.40%	0.00/00	30	3.98%
Pine State Mortgage	404-252-5272	5.38%	1.38/00	30	5.63%	4.75%	1.25/00	30	5.15%	3.50%	1.00/00	30	5.03%
Coast Bank	770-378-8661	5.63%	0.50/00	30	5.83%	4.88%	0.00/00	30	5.14%	3.38%	0.00/00	30	4.26%
Bank of North Georgia	770-751-4720	5.63%	0.00/00	30	5.75%	4.75%	0.63/00	30	5.04%	3.67%	0.00/00	30	4.08%
Washington Mutual Bank	404-256-1024	5.50%	0.13/00	30	5.69%	4.75%	0.00/00	30	5.04%	3.25%	1.31/00	30	3.95%
Primary Capital Financial	770-226-8181	5.75%	0.00/00	30	5.96%	5.13%	0.00/00	30	5.32%	NA	0.00/00	NA	NA
Atlanta Financial Services	770-237-1771	5.25%	2.48/00	30	5.60%	4.83%	2.41/00	30	5.21%	3.00%	2.16/00	30	4.17%
WELFAVANCE	5.56%	0.80/00	30	5.76%	4.87%	0.59/00	30	5.15%	3.32%	0.50/00	30	4.19%	

Here is a sampling of other lenders in the Atlanta metro area.

LENDER	Address	30-YEAR FIXED RATE				15-YEAR FIXED RATE				1-YEAR ADJUSTABLE RATE			
		Interest (Pct)	Points	Commit (Days)	APR	Interest (Pct)	Points	Commit (Days)	APR	Interest (Pct)	Points	Commit (Days)	APR
All Access Mortgage	678-904-1862	5.75%	0.00/15	30	5.91%	4.88%	0.00/15	30	5.06%	4.00%	0.00/15	30	4.18%
Alien Financial Group, Inc.	404-555-9900	5.80%	0.00/00	45	6.01%	5.13%	0.00/00	45	5.35%	3.88%	0.00/00	45	4.14%
AmFirst Mortgage Corp.	678-819-8060	5.75%	1.00/00	45	6.11%	5.00%	1.00/00	45	5.55%	NA	0.00/00	NA	NA
American Home Lender	770-516-5179	5.50%	1.00/00	30	5.63%	4.75%	1.00/00	30	5.06%	3.88%	0.00/00	30	4.08%
American Home Mortgage	404-256-1024	5.38%	0.13/00	30	5.69%	4.75%	0.00/00	30	4.88%	3.50%	0.00/00	30	4.04%
American Home Mortgage Group Inc.	770-599-9952	5.50%	0.50/00	30	5.67%	4.75%	0.25/00	30	5.00%	3.75%	0.00/00	30	5.25%
American Residential Lending	770-438-0980	5.75%	0.00/00	30	5.78%	4.25%	0.00/00	30	5.29%	3.63%	0.00/00	30	5.02%
Atlantic South Mortgage	404-255-8885	5.75%	0.00/00	30	5.88%	5.00%	0.00/00	30	5.13%	3.88%	0.00/00	30	4.28%
BKS Mortgage Services	678-290-6460	5.75%	0.00/00	30	5.88%	5.00%	0.00/00	30	5.15%	3.88%	0.00/00	30	4.00%
Capital City Mortgage Inc.	770-795-0955	5.63%	0.50/00	30	5.81%	4.88%	0.50/00	30	5.16%	4.38%	0.00/00	30	4.52%
Century Home Mortgage	770-384-2223	5.63%	0.95/00	30	5.81%	4.88%	0.95/00	30	5.11%	3.88%	0.00/00	30	4.01%
Chatham Mortgage Corp.	678-622-3767	5.75%	2.10/00	30	5.96%	4.50%	2.28/00	30	5.07%	4.00%	0.75/00	30	4.05%
Citizens Federal Mortgage	770-911-0106	5.75%	1.69/00	30	5.93%	4.75%	0.78/00	30	5.17%	3.75%	0.00/00	30	3.93%
City Mortgage Services	404-949-9451	5.63%	0.13/08	30	5.79%	5.00%	0.00/08	30	5.21%	3.75%	0.00/00	30	3.96%
Discounted Mortgage Solutions	770-368-8572	5.75%	0.00/00	30	5.89%	4.88%	0.00/00	30	5.13%	3.75%	0.00/00	30	5.71%
First Home Mortgage	770-651-0002	5.38%	1.33/00	30	5.61%	4.75%	1.00/00	30	5.08%	3.75%	1.26/00	30	4.06%
First Home Mortgage Inc.	404-661-9556	5.50%	0.26/00	30	5.70%	4.88%	0.50/00	30	5.11%	3.50%	0.25/00	30	5.58%
Georgia Discount Inc.	800-992-7017	5.80%	0.00/00	30	6.07%	5.13%	0.00/00	30	5.44%	NA	0.00/00	NA	NA
Georgia Lending & Investments	770-777-1080	5.63%	0.75/00	30	5.77%	4.88%	0.61/00	30	5.09%	3.88%	0.00/00	30	4.00%
Georgia Mortgage Inc.	678-641-0030	5.75%	0.00/00	30	5.86%	5.00%	0.00/00	30	5.19%	3.50%	0.00/00	30	3.99%
Home Savings Mortgage	678-322-3030	5.75%	0.00/00	30	5.85%	0.00%	0.13/00	30	5.26%	3.75%	0.00/00	30	3.83%
Home Savings Mortgage	770-474-2511	5.63%	0.13/00	30	5.74%	4.88%	0.00/00	30	5.04%	3.75%	0.00/00	30	3.95%
HomeStar Mortgage Services	678-475-3801	5.38%	1.50/00	30	5.65%	4.75%	1.38/00	30	5.10%	3.00%	0.75/00	30	3.96%
Home Mortgage	678-297-0000	5.75%	0.00/00	30	5.95%	5.00%	0.00/00	30	5.22%	3.75%	0.00/00	30	4.25%
Novelty Home Mortgage	770-575-5760	5.75%	0.00/08	30	6.00%	5.13%	0.00/08	30	5.39%	4.25%	0.10/08	30	4.23%
Real Estate Mortgage Services	770-481-0052	5.75%	0.00/00	30	5.88%	5.00%	0.13/00	30	5.24%	NA	0.00/00	NA	NA
Planner's Capital, LLC	678-960-8800	5.75%	2.27/00	30	5.95%	4.75%	1.20/00	30	5.14%	NA	0.00/00	NA	NA
Princeton Mortgage Co. Inc.	678-841-1150	5.63%	0.63/08	30	5.83%	4.88%	0.50/08	30	5.14%	3.88%	1.00/08	30	4.09%
United Capital Financial	770-552-7500	5.75%	0.00/00	30	5.78%	4.88%	0.00/00	30	4.83%	4.50%	0.00/00	30	4.01%
United States Mortgage	404-459-8600	5.75%	0.00/00	30	5.82%	5.00%	0.00/00	30	5.23%	4.25%	0.63/00	30	4.05%

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Mortgage rate calculator

Monthly principal, interest payments for 30-year, fixed-rate mortgage. Escrow payments for taxes, insurance not included.

	5.0%	5.25%	5.5%	5.75%	6.0%	6.5%	7.0%	7.5%	8.0%
\$100,000	\$536.82	\$552.20	\$567.79	\$583.57	\$599.55	\$632.20	\$665.21	\$699.21	\$733.76
\$110,000	\$580.50	\$597.42	\$614.57	\$631.93	\$649.51	\$683.27	\$717.83	\$753.14	\$789.14
\$120,000	\$624.18	\$642.64	\$661.35	\$679.28	\$697.48	\$732.48	\$768.36	\$805.06	\$842.52
\$130,000	\$667.87	\$687.86	\$708.13	\$728.64	\$749.32	\$785.42	\$822.89	\$861.69	\$900.88
\$140,000	\$711.55	\$732.98	\$754.91	\$777.00	\$799.37	\$836.94	\$875.82	\$915.98	\$957.42
\$150,000	\$755.23	\$778.30	\$801.89	\$825.69	\$849.69	\$898.33	\$938.19	\$979.36	\$1,021.82
\$160,000	\$798.91	\$823.52	\$848.58	\$873.88	\$899.32	\$949.00	\$990.00	\$1,032.42	\$1,076.14
\$170,000	\$842.59	\$868.84	\$895.48	\$922.31	\$949.32	\$1,000.00	\$1,042.42	\$1,086.66	\$1,132.40
\$180,000	\$886.27	\$914.16	\$942.42	\$970.93	\$1,000.00	\$1,052.42	\$1,096.66	\$1,142.40	\$1,189.14
\$190,000	\$929.95	\$959.48	\$989.48	\$1,019.73	\$1,050.43	\$1,103.42	\$1,148.66	\$1,195.14	\$1,242.82
\$200,000	\$973.63	\$1,004.42	\$1,035.58	\$1,067.14	\$1,099.10	\$1,153.42	\$1,200.00	\$1,247.82	\$1,296.14

— BankRate.com

Attitude on deficits a factor in rates

Mortgage rates ratcheted upward sharply last week, ending a six-week streak of decreasing rates.

In Atlanta, the 30-year conventional mortgage rate rose 22 basis points to 5.56 percent. The 15-year rate rose 18 basis points to 4.87 percent. The one-year adjustable-rate mortgage rose 16 basis points to 3.32 percent.

Rates also shot up nationally, according to the Bankrate.com National Index. The benchmark 30-year rate rose 22 basis points to 5.92 percent, the 15-year was up 25 basis points to 5.25 percent. The one-year rose 15 basis points to 4.11 percent.

A basis point is one-hundredth of 1 percentage point. The mortgages in the survey had an average total of 0.43 discount and origination points. One year ago, the mortgage index was 7.10 percent.

The buildup to war has caused mortgage rates to drop slowly, and the last week caused rates to rise. But what about the long term?

More specifically, how will large federal budget deficits affect mortgage rates? The federal government estimates that budget deficits will exceed \$300 billion a year well into the future.

Poul Krugman, a Princeton University economist and New York Times columnist, wrote that he recently switched to a fixed-rate mortgage. The fixed-rate mortgage "means higher monthly payments," he wrote, "but I'm terrified about what will happen to interest rates if skyrocketing budget deficits lead to the implications of skyrocketing budget deficits."

Generally, economists agree that large budget deficits cause interest rates to rise. But they say it's not quite that simple.

Anthony Luizzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa., says deficits raise interest rates if investors view the deficits negatively. At times like this, with the economy dragging, investors welcome deficits because they stimulate the economy — and that's what the economy needs now.

But at some point — maybe when the deficits move from cyclical to structural — investors perceive a problem. Perception matters. When investors don't like what they see, interest rates rise.



Bankruptcy bonanza

Filings soar as law was to be stiffened

By M. PAUL JACKSON
michaj@leader.net

TL 1-12-03

"Typically, people are taking advantage of their constitutional rights to wipe their debts clean. More people are aware of it."

Chuck Smith
Systems administrator for the
U.S. Bankruptcy Court in
Wilkes-Barre

In 2001, Congress passed a bill that would have enacted sweeping changes to the country's bankruptcy laws, making it harder for consumers to file bankruptcy cases.

The result? More bankruptcy filings. A lot more.

The number of bankruptcy filings for the Middle District of Pennsylvania increased nearly 18 percent from 2000 to 2001 as more residents from Harrisburg to Scranton filed for debt relief in anticipation of the coming law, experts say.

And, the middle district is on track for another record year in 2002.

Area bankruptcy attorneys say most of the filings are the result of a growing number of people finding it more difficult to survive financially — and turning to bankruptcy as a way to erase their debts.

According to the U.S. Bankruptcy Court, 12,220 people filed either Chapter 7 or Chapter 13 claims in 2001, the district's highest recorded figure. In 2000, about 10,369 people sought bankruptcy relief.

"Typically, people are taking advantage of their constitutional rights to wipe their debts clean," said Chuck Smith, systems administrator for the U.S. Bankruptcy Court in Wilkes-Barre. "More people are aware of it."

And, as of Dec. 27, there were about 12,348 bankruptcy filings for the middle district, according to court records. Complete figures for last year were not immediately available.

"It looks like (2002) is going to be a record year," Smith said.

Area, Middle District figures up

The number of bankruptcy filings in Northeastern Pennsylvania has steadily increased each year since 2000, as more people struggle with credit debt, bankruptcy attorneys say.

And, anticipating changes to the country's bankruptcy laws, more people have filed for bankruptcy.

Below are figures from bankruptcy filings from the federal bankruptcy court in Wilkes-Barre:

Bankruptcy filings for the Wilkes-Barre area. The area includes Luzerne, Lackawanna, Clinton, Wayne and Sullivan counties.

2002: 5,410

2001: 5,217

2000: 4,594

Filings for the Middle District of Pennsylvania. The area includes Wilkes-Barre, as well as the cities of Harrisburg and York and Montour, Snyder and Union counties:

*2002: 12,348

2001: 12,230

* Through Dec. 27

The Middle District of Pennsylvania includes 33 counties from the Maryland to the New York state lines. It includes Luzerne, Lackawanna, Wyoming, York and Centre counties.

Most consumers filed Chapter 7, the most common form of bankruptcy. In a Chapter 7 claim, most of a consumer's unsecured debt is wiped out. In a Chapter 13 claim, some debts are typically paid back during a specified time period.

Bankruptcy filings for middle Pennsylvania have steadily increased.

According to the bankruptcy court, filings have increased every year until 1999, when the number of filings actually dropped.

There were 10,258 bankruptcy filings in 1999, compared to 10,710 filings in 1998.

The district's 17.9 percent filing jump from 2000 to 2001 is head and shoulders above previous year figures. In 1999, only 10,258 people

See BANKRUPTCY, Page 2D

BANKRUPTCY

Continued from Page 1D

filed claims, a difference of 1 percent from the year 2000.

In April 2001, Congress passed a law designed to make it more difficult for consumers to erase their debt.

The law would have required bankruptcy filers to first undergo credit counseling, and would have shifted some Chapter 7 filers into Chapter 13, requiring them to repay their debts.

The law was supposed to be

signed by President Bush in the fall, but the Sept. 11 terrorist attacks, combined with the downturn of the national economy, postponed the signing. The change in bankruptcy law has been dormant ever since.

Some blame rise on economy

Bankruptcy experts say consumers were eager to claim insolvency before the law changes.

But some bankruptcy attorneys disagree.

According to attorney Robert P. Sheils of Clark Summit, a faulty economy and the easy lure of credit

cards have pushed more people into debt.

"More and more people are in trouble," Sheils said. "What we're seeing is a lot of people getting credit card debt and they can't handle it anymore."

More people, believing in the strength of the stock market, relied on credit to make purchases during the late 1990s, said Dr. Anthony Luzzo, a Wilkes University economics professor.

As a result, more people were hurt when the market began to falter, he said.

"People began hitting their credit because of the perception the economy was so great," they said. "All of a sudden people are in trouble."

Typically, consumers charge the debt of one credit card onto the balances of another, accruing even more debt, Sheils said.

"It becomes their own Ponzi scheme, and then, all of a sudden, the roof caves in," Sheils said. "There were a lot of people who didn't share in the go-go days of the '90s."

M. Paul Jackson, a staff writer, may be reached at 829-7134.

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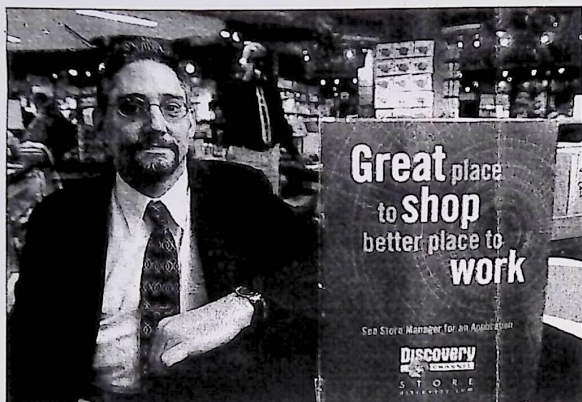
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EARL MERTON NELSON, SUN STAFF
Mike Zuber, general manager of the Discovery Channel Store at Harborplace, says there are "a lot of good quality people" wanting to work during the November-December holiday period.

Stores seeking to stock up on holiday staff

203111 11/19/02

400,000-500,000 temps may be hired for season

Lots of good applicants, and jobs

The only worry is whether consumer will be spending

By LORRAINE MIRABELLA
SUN STAFF

Despite worries over consumer spending during the holidays, retailers are hanging out help-wanted signs or posting jobs on the Internet in hopes of hiring as many or slightly more seasonal store workers than a year ago.

Retailers are expected to add 400,000 to 500,000 temporary jobs in November and December — about 1.5 percent to 2.5 percent more than during nonholiday months, the National Retail Federation (NRF) projects.

Last year, about 23.9 million people worked in retail in November and December, or 1.63 percent more than in any of the first 10 months of the year, the NRF said. That was the smallest rise in holiday hiring in a decade in which increases ranged from 1.93 percent in 1991 to 4 percent in 1994, the NRF said.

Retailers hired fewer workers than usual for the 2001 holiday season after terrorist attacks prompted forecasts to lower sales expectations.

This year, even with consumer confidence at a nine-year low, retailers are taking no chances on losing business to better-staffed competitors and won't likely skimp on the number of workers, experts say.

"Retailers know it's always busy, and the last thing they want to do is disappoint customers or not serve them because they don't have enough on staff," said Ellen Tolley, an NRF spokeswoman. "Most retailers, from small gift card shops to huge discount or department stores, are looking to add on for the holiday season."

The Discovery Channel Store plans to staff its 187 stores at

two to three times the normal levels, said Pamela Rucker, a spokeswoman. The usual 10 employees per store would grow to 25 or 30, she said, slightly more than in previous years. The retailer also plans to increase the hours of current sales people.

Mike Zuber, the general manager of the Discovery Channel Store at Harborplace, said he typically looks to fill positions with former summer workers who are familiar with the retail chain.

"It hasn't been very difficult for us to find people; there are a lot of good quality people," said Zuber, who said he has gotten about as many applications as usual.

Though the number of seasonal workers (See Jobs, 9a)

Holiday help is wanted by nation's retailers

[Jobs, from Page 1a]

might exceed last year's, it still won't approach the more robust numbers of years past. Between 1988 and 2000 retailers added an average of 739,000 workers in November and December, the NRF said.

And a survey of state retail associations shows that while retailers will bring on extra help, those numbers could be 10 percent to 15 percent lower than normal because of low expectations for sales growth.

Of about 25 retail associations surveyed by outplacement consulting firm Challenger, Gray & Christmas Inc., 63 percent said holiday hiring by their members would likely be down from years past, in some cases by as much as 25 percent.

The firm noted that retail employment in October was down to 23.3 million, from 23.5 million in October 2001.

Hiring is expected to be most brisk at large department and chain stores, which will probably increase staffs by the usual 20 percent to 25 percent, the survey said.

Discounters, too, are expected to need more workers.

"Consumers are far more price-sensitive than in the past, so whoever has the lowest prices, those guys will get the sales," said Anthony Laizzo, professor of business and economics at Wilkes University in Pennsylvania.

Sears, Roebuck and Co., for one, plans to boost its numbers of store workers by 20 percent to

25 percent as it has for the past few years.

"There is discussion about whether people are going to shop, but there's no question there will be a more intense level of activity in the stores [compared with nonholiday months], and we have to have those people for customer service," said Jan Drummond, a Sears spokeswoman. "We have to be very competitive in the market this year."

J.C. Penney Co. Inc. is trying to woo applicants by making it as easy as possible to apply — in stores, online or through a toll-free number — by offering special incentives such as bonuses and by paying more than last year in most markets. Penney hires holiday help based on the need and size of each store, typically 10 percent to 15 percent more than the annual crew, but "overall, hiring levels are going to remain flat as compared to last year," said Stephanie Brown, a spokeswoman.

This year, though, the chain plans to hire more people to replenish stock and work cash registers than to staff departments. The new focus is part of a shift to a centralized checkout system.

"Shopping is all about speed and convenience during the holidays, getting in and out, especially during the holidays when you're fighting the crowds," Brown said.

On the flip side of a weakened economy, retailers are having a somewhat easier time finding qualified workers. They're draw-

ing from a pool that includes the usual students seeking part-time work as well as an increasing number of workers with office jobs looking for extra spending money.

"It's a different atmosphere," said Rucker, of Discovery Channel. "For folks who may have had great jobs last year and don't have them this year, a couple of years ago the thought of working a second job for the holiday season may have been the furthest thing from their minds."

Brown, the Penney spokeswoman, said the pool of qual-

fied applicants has grown and includes more people with business and customer service experience.

One respondent to the Challenger, Gray & Christmas hiring survey said holiday-season applicants used to be mostly teenagers.

Now, said Wanda Easley-Small, the human resources manager for Macy's West in Albuquerque, N.M., the stores are seeing older applicants, including retirees and white-collar professionals who have lost their jobs to downsizing.

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[Home](#) > [Fed Alert](#) >**Fed adopts wait-and-see stance, leaves rates alone**

By Holden Lewis - Bankrate.com



With its attention split between the lackluster economy and the confrontation with Iraq, the Federal Reserve's rate-setting committee has elected to sit tight.

The Federal Open Market Committee maintained the federal funds rate at 1.25 percent. The panel said the economic outlook remains unchanged, with the risks balanced between inflation and anemic growth.

"In light of the unusually large uncertainties clouding the geopolitical situation in the short run and their apparent effects on economic decisionmaking, the Committee does not believe it can usefully characterize the current balance of risks with respect to the prospects for its long-run goals of price stability and sustainable economic growth," the Fed announced. "Rather, the Committee decided to refrain from making that determination until some of those uncertainties abate."

The statement is a sign that the Fed will keep a close eye on the economy and won't stand by idly if things get worse.

The Fed probably believes consumer confidence will fall even more, and unemployment will rise, but things will improve within a few months, said Anthony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa.

"The strength of the economy is manifest. We're just going through a weak point right now," he added.

The Fed has found itself in an awkward spot in the last few months. It has acknowledged that the economy is in what Chairman Alan Greenspan calls a "soft spot," but blamed the economic lethargy on anxiety about Iraq (in Fedpeak, "geopolitical risks").

As the pace of layoffs increased and consumer confidence went into freefall this year, the Fed insisted that its policy is "accommodative" -- designed to stimulate the economy. Specifically, the Fed has tried to persuade businesses to hire workers and invest in new equipment. But businesses have locked their checkbooks away, waiting for the confrontation with Iraq to be resolved.

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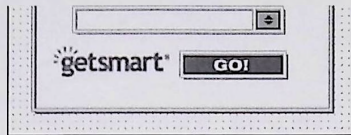
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Speaking a few days before the meeting, National City economist Richard DeKaser said he expected the rate-setting panel to "spend a lot of time discussing the international situation -- where does it fit vis-a-vis Iraq and Korea? I think they're preoccupied with uncertainties related to war and where that's headed in the next inter-meeting period."

The committee's next meeting is scheduled for May 6. That doesn't mean the panel will wait until then if it decides another rate cut is needed. In 2001, the Fed made three rate cuts between meetings. One of those cuts came Sept. 17, six days after the terrorist attacks.

The federal funds rate is what Fed-member banks charge one another for overnight loans. It also is known as the overnight rate. The Federal Reserve sets a target for the overnight rate and controls it indirectly by adding and subtracting cash from the banking system.

The prime rate, which is what banks charge to their biggest customers, is 3 percentage points higher than the overnight rate. Some consumer rates are based upon the prime rate.

Long-term mortgage rates don't necessarily follow changes in the federal funds rate. Instead, mortgage rates tend to move in the same direction as yields on Treasury notes, which in turn move up and down according to investors' economic outlook.

-- Posted: March 18, 2003

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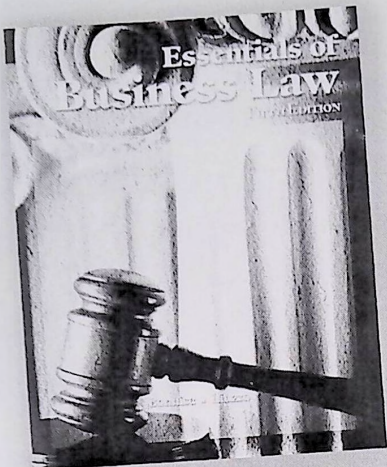
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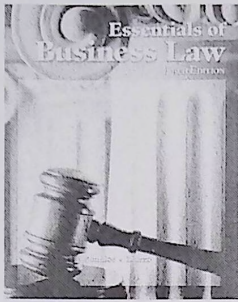
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Table of Contents

PART I. INTRODUCTION TO THE LAW

Chapter 1: Our System of Law
Chapter 2: Ethics and the Law
Chapter 3: Criminal Law
Chapter 4: Tort Law
Chapter 5: Administrative Law

PART II: CONTRACTS

- Chapter 6: Introduction to Contracts
- Chapter 7: Offer, Acceptance, and Mutual Agreement
- Chapter 8: Consideration
- Chapter 9: Competent Parties
- Chapter 10: Legal Purpose of Contracts
- Chapter 11: Form of Contracts
- Chapter 12: Operation of Contracts
- Chapter 13: Discharge of Contracts

PART III: SALES, AGENCY, AND CONSUMER PROTECTION

- Chapter 14: Transfer of Title
- Chapter 15: Sales
- Chapter 16: Agency and Employment
- Chapter 17: Warranties and Product Liability
- Chapter 18: Professional Responsibility

PART IV: PROPERTY

- Chapter 19: Real and Personal Property
- Chapter 20: Bailments
- Chapter 21: Landlord-Tenant Relations
- Chapter 22: Wills, Intestacy, and Trusts

PART V: COMMERCIAL PAPER

- Chapter 23: Introduction to Commercial Paper
- Chapter 24: Transfer and Discharge of Commercial Paper

PART VI: BUSINESS AND TECHNOLOGY

- Chapter 25: Computer Privacy and Speech
- Chapter 26: Conducting Business in Cyberspace

PART VII: INTERNATIONAL BUSINESS AND THE ENVIRONMENT

- Chapter 27: International Business Law
- Chapter 28: Business and the Environment

Back Matter

Glossary

Index

Components:

- Student Edition 0-07-830505-5
- Instructor Manual 0-07-830506-3