



Black Friday Implodes

For shoppers, Black Friday (the day after Thanksgiving) is the ultimate holiday. It's the kickoff of the largest commercial spending month in America and a chance for retailers to proudly compete over who has the best discounts. But despite the emblematic status it's achieved, the shopping madness of Black Friday might be on the verge of collapse.

The Rise

Black Friday has always been an important day for retailers. It signifies the start of the extremely lucrative holiday shopping season when retailers secure their profits for the year and move their annual budgets "into the black." The day is regarded as so important that businesses typically offer sales to ensure customers stopped at their stores.

Originally (as early as the 1920s), these Black Friday discounts were relatively minor; however, starting in the late 90s, retailers became increasingly competitive with their sales. As sale prices reached unthinkable lows over the next decade, Black Friday became the single biggest shopping day of the year and as much of a competition between customers as it was among retailers. Today, Black Friday has become synonymous with long lines, frenzied crowds and people getting trampled. It's every retailer's dream: customers fighting to buy from them.

Black Friday's power stems from Thanksgiving Day, when people don't shop and retailers are closed. The day off creates a clear starting line for retailers should offer their best seasonal sales. However, as Black Friday competition has intensified, retailers have started to break the rules to get an advantage.

The Fall

There is no law that stores need to be closed on Thanksgiving. Traditionally, retailers do not bother being open on Thanksgiving because almost no one shops and it costs extra to keep employees at work. But during the past couple years, the pressure to sell early has overcome any

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respect for the holiday. Many retailers now "cheat," opening on Thanksgiving evening (called "Gray Thursday") and staying open through the end of Black Friday.

But this expansion of Black Friday has done little to increase its popularity. When Thanksgiving is treated as normal sales day, all bets are off for when the Black Friday deals start. Why shouldn't retailers offer their best sales on Wednesday? Why not a week before? How are customers supposed to know when they should start shopping and when it's too late?

Besides losing its boundaries, Black Friday's expansion has also faced active opposition from several sources. Many people boycott the shopping holiday, saying that it brings out the worst in shoppers and that its focus on consumption undermines the spirit of the Thanksgiving holiday. Some companies agree and have simply moved their sales online to eliminate crowds from fighting in their stores. This year, outdoor equipment retailer REI is taking things a step further and will be intentionally closing its stores on Black Friday, asking its employees (and everyone else) to spend the day outside and away from shopping.

The Future

Though it's difficult to know for certain, Black Friday's best days are probably behind it. In 2013, Black Friday sales fell nearly 3 percent from the year before; in 2014, they fell another 11 percent, as more shoppers stayed at home. These were the first declines in more than a decade of sharp growth (Black Friday sales even climbed during the years of housing and economic crisis).

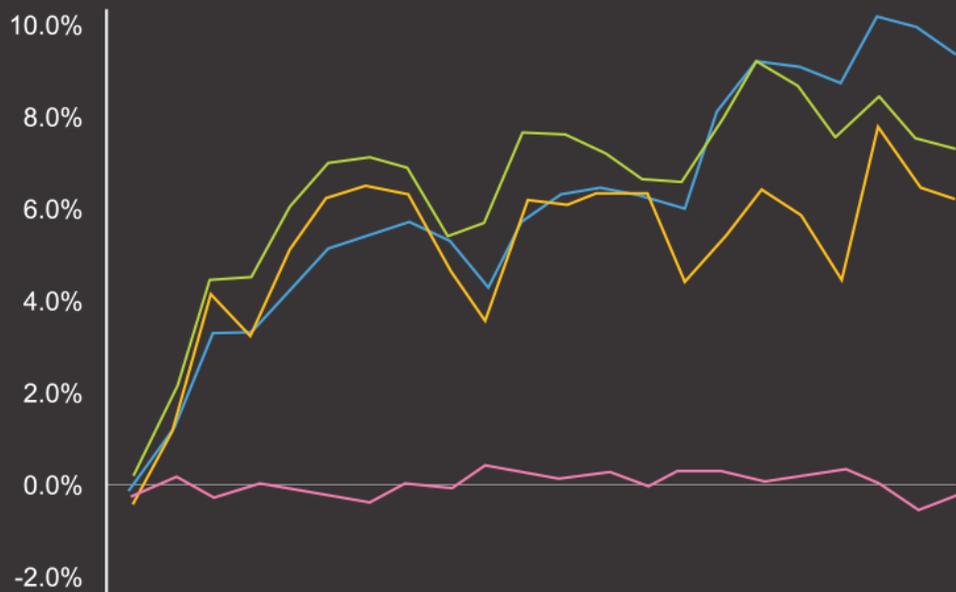
The good news is that even if Black Friday disappeared entirely, there is no real downside. Retailers might not get the one-day boom, but Black Friday does little to predict or enhance overall holiday spending anyway—shoppers tend to spend whatever they budgeted for the holidays. Meanwhile, online retail ensures consumers will still have every opportunity to find great deals whenever they start shopping for the holidays.

Why would Black Friday implode? Maybe it's just become too crazy to do anyone any good.

the market at a glance

OCTOBER

■ U.S. Large Cap (Dow Jones Industrial Average)
17,663.54 (8.47%) ▲
■ U.S. Mid/Small (Russell 2000)
1,161.86 (5.56%) ▲
■ Foreign Large (MSCI EAFE Index Fund)
61.11 (6.61%) ▲
■ Bond Market (Barclays Aggregate Bond Fund)
109.45 (-0.12%) ▼



Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

the market in action

- The U.S. Department of Labor reports that new unemployment claims fell to a seasonally adjusted rate of 263,000 for the week ending on October 3. It is the lowest new jobless claims rate in 42 years.
- Despite claiming the title of "World's Largest Auto Manufacturer" just months ago, Volkswagen reports its first quarterly loss in over 15 years as the company begins dealing with the expenses of its recent fuel emissions scandal.
- Walgreens Boots Alliance, the parent company of Walgreens drug stores, buys competitor Rite Aid Corp. in a \$17.2B acquisition. Walgreens and Rite Aid are the first and third largest retail drug stores in the United States, respectively. Rite Aid will continue to operate under its current name and brand.
- The National Association of Home Builders/Wells Fargo Housing Market Index rises to 64 in October. It is the highest the index has reached since 2005.
- American Apparel Inc., one of the most controversial clothing brands in the United States, files for bankruptcy after being unable to turn a profit since 2009 and having accumulated \$300M in debt.
- Personal computer giant Dell Inc. announces plans to buy EMC Corporation for \$67B. The acquisition is the largest ever in the tech industry and will allow Dell to provide software and cloud-storage services to its customers
- Wal-Mart Inc. share prices see their most dramatic one-day decline in over 15 years on October 14. Concerned by management's need to use corporate profits for long-term investments in the company, stock traders pushed share prices down roughly 9 percent (a loss of nearly \$20B in market capitalization) in less than half an hour.
- Solar technology provider SolarCity announces the creation of the world's most efficient solar panel to date and its plans to manufacture the panels in the United States.



Money in the Trash

As Fall (particularly Thanksgiving) is a time when many Americans find themselves thinking about food—and how much of it we have in this country.

One of the most astounding facts about the United States is how efficient we've become at feeding ourselves. In 1900, 44 percent of American jobs were in agriculture; today, it's just 2 percent. This agricultural productivity has benefitted us with vast quantities of cheap food, so much so that we now face a new problem: willingness to waste food.

Food waste comes in many forms and is linked to many problems (environmental, humanitarian and social). But for the everyday household, food waste is about money. Every year, the average American throws away about 25 percent of the food he or she buys. In dollar terms, households waste about \$2,200 (over 4 percent of the average household income) in unused food each year.

Fortunately, there are a few smart ways to help you cut down on food waste and save a lot of money:

Be realistic about what you'll eat

Because they provide a discount per unit, bulk purchases are often regarded as one of the best ways to save money. However, bulk purchases frequently contribute to food waste because they give us far more food than we can use. It is important to be realistic when shopping and not buy things just because it was a "good deal." Always shop with a grocery list that contains only what you need.

Challenge expiration dates

Although food comes with a "use by" or "sell by" date, take those guidelines with a grain of salt. Food expiration dates are typically manufacturer estimates of when they can guarantee the highest level of freshness, not the day the food suddenly goes bad. While some foods can spoil

rapidly, check online to see if your past-date food really needs to be thrown out immediately. (If you are uncertain, throw it away to be safe.) When you do need to throw food out, make a note so that you'll remember to buy less of that food in the future.

Plan meals in advance

Deciding on meals a week in advance can be annoying, but it makes shopping extremely easy. Coordinating your cooking helps you plan the best ways to use up ingredients from other meals (particularly vegetables) and can help you keep variety in your diet. Having a meal plan will also encourage you to use leftovers tactically and cut down on the need to buy fast food.

Grow at home

It's amazing how far a little gardening can go. Growing your own food not only saves money, it guarantees freshness and encourages you to eat all the vegetables you grow. Growing herbs can be particularly effective and convenient—herb plants are small and provide just what you need for the meal you are currently cooking. If you have a garden, start composting and put your other food waste to work.

Use restaurants tactically

Restaurants can be a great asset for people trying to save money and reduce waste. Why? Because the buying ingredients for certain foods can be extremely inefficient, especially when cooking elaborate meals for just one or two people. Eating out can prevent you from buying an array of one-time ingredients that will either be thrown out or flood your refrigerator with unhealthy leftovers. Restaurants serve people in bulk; sometimes, it's cheaper to have them do the work for you.



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