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Retail rallies

Northwestern Washington shoppers continue to spend money despite economic woes around the country



Epicure in Anacortes is focusing on selling the essentials to keep customers rolling in.

By Amanda Baltazar

While U.S. retailers may be seeing a huge decline in sales due to this year's downslide in the economy, it seems that stores in the Pacific Northwest have been hit much less harshly, for the most part.

While data for the third quarter of the year is not yet available, the second quarter was strong, according to Hart Hodges, director of the Center for Economic and Business Research at Western Washington University.

That was good news after a poor first quarter, which was slightly lower than the previous year in retail trade, he said. Total taxable sales were up 2 percent, which is not good news when you factor in population growth and inflation. "You'd expect 4 percent to 5 percent growth, so 2 percent is actually down," he explained. Beyond the country's economic woes, another potential hazard for retailers in the most northwestern part of Washington state was the opening of the Seattle Premium Outlets in Marysville three and a half years ago. With 110 stores ranging



The new bold colors of the Outlet Shoppes in Burlington are designed to catch the eyes of drivers on Interstate 5.

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from Nike to Banana Republic and Coach, leisurely spaced through 383,000 square feet, it's the biggest outlet center in the state.

The new outlet hasn't really hurt business at all, though, said Gina Slechta, marketing director for Horizon Group Properties, which has owned the Outlet Shoppes at Burlington for just over a year.

"The outlet industry is holding strong. I'd say the Northwest is definitely stronger than in Southern California, for example, and we don't feel the Burlington market is seeing any problems."

What's helping further boost business at Burlington's Outlet Shoppes is a recent redesign. Horizon Group repainted all the stores in bold colors, mostly greens and oranges, took out columns that were blocking storefronts, and brought in new retailers, including lululemon, HTnaturals and Pendleton. Coming up in the spring will be three additional stores, including the Fragrance Outlet and OshKosh B'Gosh.

"We felt the shopping center was a diamond in the rough," said Slechta. "We were the original owner [of this mall] 10 years ago and since we purchased it back we've seen great increases in sales."

It's a diamond, she added, because of its location, right on I-5. "We've painted it with bold colors which makes it pop right off the interstate. It used to blend in and it was just one color. Now there's a definition to the storefronts and it's a combination of a contemporary look, but one that blends in well with the Northwest."

The Horizon Group has put a lot into getting the word out about both the new look and the new stores at the Outlet Shoppes. Billboard advertising and brochures have been widely distributed and a grand reopening event held in late September included a kids' fun day, a concert and a Skagit's Got Talent event.

For independent retailers in northwestern Washington, the story also seems to be mostly positive. According to Malachy Kavanagh, spokesman for the International Council of Shopping Centers in New York, areas like Florida, Nevada and California, which have been adversely affected by high foreclosure rates, are doing poorly.

"But in the Northwest," he said, "the tech industry is doing well so [the region] is probably doing better than other areas."

Small retailers weigh in

The Purple Smile wine store in Fairhaven has been enjoying a good year. "It's certainly a roller coaster but it's been moving in the right direction," said owner Jeff Wicklund.

In fact, sales are up 40 percent across the board compared to 2007 "but that doesn't come without aggressively beating the drum and marketing," he said.

"You can't, in this business or any other, sit on your laurels.

"When times are hard people might not indulge themselves in fancy cars and dinners. And if you're not spending as much money on the big luxuries, there's more money left over for the little luxuries that grape juice can offer."

The part of Wicklund's business that has been most affected is the middle, he said. The lower-end and the ultra-premium wines have not seen any change since the downswing in the economy. "It's a pendulum that swings; [Wine is] a commodity that people find a little cathartic."

He saw the same trends after 9/11, when he ran a wine store in Everett. "People wanted to hunker down and cocoon, which is what they're doing now," he said. Business has slowed down a little for Bob Cole, owner of The Wood Merchant in La Conner.

"It's hit and miss some days," he said.

What works in his favor is that people like buying from stores in La Conner because they feel good about putting money back into the local economy. "People care about where our artists are from," said Cole, "and people like that the money they pay goes to a person rather than a company."

Almost three-quarters of Cole's wood workers come from Washington, Idaho or

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Oregon, which seems to be customers' preference, "but as long as it's U.S. made, that's the key area," he said.

Another La Conner store, Wyman Park, a gift store, is continuing to do well.

"I'm amazed," said owner Cathie Wyman. "People aren't buying big ticket items like they used to, but those items ebb and flow. And as far as everyday items go, we're doing remarkably well.

"Home decor is not as popular as it was, but jewelry and gifts are doing well. I'm a little nervous; I'm wondering if the other shoe's going to drop."

Further west, in Anacortes, Watermark Book Co. is feeling the difficulties, but only somewhat.

"It's hard to say because October is always slower for us, but I'd imagine that Christmas gifts will be limited and people will be mindful," said owner Patti Pattee.

Consumers will keep returning for books, she said, because compared to many other products, they're good value and can be shared.

"Also, I've noticed that people are wanting comfort and some distraction," she said, adding that maybe when it comes to reading, people will economize on newspapers and magazines. She continues to recommend customers to the two Anacortes used bookstores and the library, but many people return to her store, wanting to buy a book they've enjoyed for a friend.

A block away from Watermark is Epicure, a kitchen store that opened a year and a half ago.

So far, as the store has moved into its second year, every month has outperformed the previous year, according to owner Cheryl Frazier.

"We're really focused in these hard times on essentials – what people need for cooking, cleanup and baking," she said. This is helped, she added, by the fact that consumers are eating and entertaining more at home these days, instead of eating out.

According to Mitch Everton, executive director of the Anacortes Chamber of Commerce, what's happening with retail is situational.

"Anything linked to new homes is probably problematic," he said, but people are continuing their hobbies. "To the extent that if you're addicted to something – if you're a knitter – you'll still buy yarn, but perhaps less expensive yarn."

He said he expects Anacortes home improvement stores like Ace Hardware and Sebo's Hardware to continue to do well as people fix up their homes instead of moving.

To encourage people to do their shopping in downtown Anacortes, the town's chamber is launching a new program this month, called 'Buy Close By.' The ongoing project will include posters and window decals and downtown retailers will distribute cotton bags featuring the program's distinctive logo.

This new logo and the tag line will be fully integrated with Anacortes' advertising campaign by January 2009.

Canadian dollars

It's not all local business keeping these stores afloat.

Canadians are visiting the Northwest corner of Washington in their hordes, sometimes even making up the bulk of business on the weekends.

"A decade ago, Canadians would come [to the U.S.] more because of the strong dollar," said Hodges. "But in general, now they're coming because of better customer service and a better inventory than in Canada." They also come because they're looking for something they can't find in Canada, he added.

Hodges based his statements on border crossings, which have remained similar for the past five years, he said. "The number of shoppers might be the same but they may be buying more." They're also making bigger purchases, he added, such as homes and used cars.

They're also coming for the prices.

"We're doing great because we're receiving a tremendous amount of traffic from the Canadian market," said Slechta of the Outlet Shoppes.

“With the dollar being on a par, people are shopping here more than they did previously,” she said. “It’s a big draw and our retailers are telling us that around 75 percent of shoppers at the weekend are from Canada.”

The story is a similar one at Bellis Fair mall in Bellingham.

“Business has been very good for several years at Bellis Fair. The rise in the value of the Canadian dollar for the past couple of years has had a significant impact on our business,” said Dennis Curtis, general manager.

The stores that are proving to be most popular with Canadian visitors, he said, to no surprise, are those that are unavailable north of the border.

Shoppers from Canada tell him that price and selection are the main reason they shop at Bellis Fair. “I was recently in a mall in Vancouver and saw a cycling shirt that I’ve been thinking about buying,” said Curtis. “The same shirt was priced at \$69.99 at the Canadian mall versus \$49.99 at Bellis Fair.”

The Wood Merchant has also been seeing a spike in business from Canada. “It’s increased because their dollar has been better lately. We’ve seen people looking at things for years and finally buy them,” said Cole.

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