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Stocking up for the school year: Retailers expect to see large turnouts on tax-free weekend

By Bill Conrad, bconrad@starlocalnews.com, @Bill_PlanoStar on Twitter Aug 8, 2013

Texans across the state will hit the malls this weekend to take advantage of the annual back-to-school sales tax holiday.

From Friday through Sunday, most clothing, school supplies and backpacks costing less than \$100 will be tax-free, resulting in savings of about 8 percent. While this may not seem like much, Jared Pickens, a senior lecturer at the University of Texas at Dallas, said it can be a huge benefit for some Texans.

"This is a much better deal for lower- to middle-income people because, let's face it, the people in the upper income bracket can afford to buy things with the 8 percent tax included," said Pickens, who is also a certified financial planner. "A lower-income family with five kids might spend \$2,000 on clothes, and that \$160 they save is a big deal to them."

Pickens said one area he wants to look into is whether families who can afford to purchase items on other weekends find it "worth it" to stand in the long lines often associated with the weekend.

"Is it worth saving 8 percent to take the kids and stand in line and deal with the crowds?" he said. "For my family, it is not worth the time to go to a certain store with everyone screaming when the malls are busy; it historically makes me want to stay away. Not because I am frugal, which I am; I just find it an unmotivating factor."

While Pickens' family may be staying away this weekend, retailers are betting that many Texans don't feel the same way, said Abhijit Biswas, a marketing professor at UTD.

"This is not on the same magnitude as Black Friday when it comes to revenue generated, but from a retailer's perspective they are using this as an excuse to bring customers in," Biswas said. "It is well-known that only a few items like clothing and school supplies are tax-free, but that is really the bait on the hook for the retailer's perspective. It is an irresistible force that is drawing the consumers in, and once they are in, they are shopping for everything, not just the items that are tax-free. If a person walks in with a list of eight items, studies show they walk out with an average of 24 items."

Consumers are drawn to sales, Biswas said, noting that even when J.C. Penney eliminated most sales, shoppers stayed away even though the chain had lowered its everyday prices. Biswas said there is something in the human brain that means many shoppers are wired to buy things when they are on sale, even if they are not really needed. It is almost like a knee-jerk reaction, the professor said.

To deal with the increase in crowds, malls are expanding their hours of operation or holding special events this weekend. Many stores at Collin Creek Mall in Plano will open early and close late, including Macy's, which is closing at midnight each day.

At Stonebriar Centre in Frisco, students are invited to a Teen Vogue back-to-school event Saturday, where stores will display the latest fashion trends, accompanied by a DJ and gift cards, which will be given away to shoppers who spend more than \$100 during the event.

For a complete listing of tax-free items, visit window.state.tx.us/taxinfo/taxpubs/taxholiday/d/

Professor Abhijit Biswas' five reasons the tax-free holiday is a success for retailers

1. Tax-free weekend comes only once a year so shoppers have pressure to buy what they need, knowing they will have to wait a whole year if they miss it.
2. Biswas calls the second reason the "forbidden fruit syndrome." This is a chance for shoppers to legally cheat the IRS out of money, allowing them to "stick it to the IRS." Biswas notes some people who may pass on a 15 to 20 percent off sale at other times of the year jump on the chance to withhold 8.25 percent from the government.
3. The herd mentality means people want to do what others are doing. People want to keep up with the Joneses, and if everyone is going out shopping, potential shoppers don't want to be left behind.

4. The thrill of the hunt means people are looking for that special item, even if they don't need it. They might spend \$10 on gas to save \$2, all because of the thrill of the hunt.

5. Similar to the herd mentality, this weekend gives people something to talk about Monday at the water coolers. Biswas compared it to a Metroplex resident who wasn't a Cowboys fan. The day after the Cowboys play, that is all people are talking about, so non-Cowboys fans may feel left out. To prevent being left out, people shop this weekend to fit in.