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FOCUS ON BUSINESS

Shifting economy forces local business adjustments

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Staff Writer

Joyce Hamrah, owner of Hamrah's in Cresskill, has not only noticed a difference in customer characteristic, but also is constantly making business adjustments to thrive during these difficult economic times, from conducting more on-sale events to importing additional clothing lines.

"We're paying better attention on being more service oriented," said Hamrah. "We're a specialty store based on supplying fine quality, but in order to appeal to a wider customer base we have started to sell lower price lines."

The mention of another looming recession has flooded the media waves and economic experts have already predicted the upcoming months to be pivotal, but with the unpleasant news, local businesses are hopeful that this situation will again blow over.

In 1987, the Cresskill clothing store battled through a recession and Hamrah again is relying on the same aspects that got them through prior tough times. The clothing store owner is positive that her business will persevere once the recession passes.

"Retailing has cycles and you have to work hard," said Hamrah. "We have been in business for a long time and we've always reflected what the customers want."

Hamrah may have a positive outlook, but experts say each industry is being impacted differently.

"Certainly, there are industries, such as housing and mortgage lending that are in recession," said John Longo, Ph.D., of Rutgers Business School. "However, many industries and companies are doing well. It might be best to say that we are in an economic slowdown and to adjust your portfolio accordingly."

There are conflicting opinions whether an official national recession, which is two consecutive quarters of negative growth, has started, but the warning signs are

prevalent. It's first important to understand the buildup and what may have caused the buildup to this crucial stage.

"Reasons can be found in the drop in housing prices compounded by layoffs in the financial services sector, high oil prices and a resulting overall drop in confidence," said Farrokh Langdana Ph.D., of Rutgers Business School. "Eventually the loss in household wealth transmitted through lower housing values and falling confidence will bite economic growth."

During times of a recession there is a survival of the fittest mentality, but driven and motivated workers will prevail. Lay-offs and downsizing are two signs that a recession may be in the works.

Longo said during a time of a recession where there are forced lay-offs "unemployed individuals often go back to school in a recession to upgrade their skills and to better compete for those open jobs still remaining on the market."

Hamrah has discussed customer reaction and financials with other fellow local business owners and all have noticed the change in shoppers' decisions. A fellow owner even mentioned that customers are now trying haggling and bargaining methods seen on television.

"My advice for the public is that everyone should start buying, instead of hesitating," Hamrah said.

The local restaurant businesses are also making changes.

A new three-course lunch menu debuted at Axia, the Greek seafood restaurant in Tenafly. This is just one way this restaurant is dealing with the somber talks of recession.

"We're keeping a tighter hold on service, controlling labor cost and tightening down on all costs without suffering any change in quality, especially in the food," head chef Alex Gorant said.

Gorant discussed how everything from the price of lemons to fuel has increased. The head chef could easily cut corners, but Axia is determined to provide the cus-

FAST FACTS

In macroeconomics, a recession is a decline in a country's gross domestic product (GDP), or negative real economic growth, for two or more successive quarters of a year.

In the United States, GDP is officially tracked by the Commerce Department's Bureau of Economic Analysis. An alternative, less accepted definition of recession is a downward trend in the rate of actual GDP growth as promoted by the business-cycle dating committee of the National Bureau of Economic Research. That private organization defines a recession more ambiguously as "a significant decline in economic activity spread across the economy, lasting more than a few months." A recession may involve simultaneous declines in coincident measures of overall economic activity such as employment, investment, and corporate profits. Recessions may be associated with falling prices (deflation), or, alternatively, sharply rising prices (inflation) in a process known as stagflation. A severe or long recession is referred to as an economic depression.

Source: Merriam Webster online and Wikipedia

tomers the utmost quality in dining no matter what. The head chef is making sure that prices remain as low as possible.

There hasn't been a significant

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STAFF PHOTO BY JOE CAMPOREALE

Local businesses discuss the threat of a possible recession and the steps they're taking to respond. See page 32.



STAFF PHOTO BY JOE CAMPOREALE

Joyce Hamrah prepares and shuffles through the numerous sale racks at Hamrah's in Cresskill. Having more reduced bargains and adopting additional clothing lines are just a couple ways the owner is attracting customers through difficult economic times.

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drop in customer flow, but Gorant noticed that people are cautious of spending.

For example people will skip that appetizer or dessert.

The head chef is optimistic that the economy will turn around, it's just a matter of time.

"The best way to get out of a recession is to spend and support local businesses," said Gorant.

"We're doing our part to keep prices the same."

On Jan. 22 the Federal Reserve Bank issued an emergency 0.75-point cut in its interest rate to try to help pump some life back into the poor economy, but it might be a little too late.

"Business spending is really more a function of confidence first and interest rates second," said Langdana. "With confidence down, even large interest rate cuts will not have a long and meaningful effect."

Customers are doing research

now more than ever and taking a cautious stance on spending. Experts highly believe local businesses that have a loyal customer and employee base will survive the temporary economic distress.

"The U.S. consumer is going to be in a very value-conscious phase for the next 6-8 months," said Langdana. "Keep in mind that our U.S. economy is the most resilient economy on the planet. The U.S. dollar will roar back."

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