

Posted on Fri, Dec. 09, 2005

## **Contra Costa Times**

### **The gift of grab**

#### **Holiday shoppers must be savvy to snag hot-tech gadgets**

By Ellen Lee

CONTRA COSTA TIMES

For about three weeks now, Josh Lowensohn has been checking in regularly with the Target store in Walnut Creek in hopes of getting his hands on the Xbox 360, Microsoft Corp.'s new gaming console.

The Xbox 360, one of this holiday season's hardest-to-find gifts, has been pretty much sold out in stores since it debuted last month. The exception is online at places like Craigslist and eBay, where they're selling for at least twice the \$299 to \$399 retail price. One person plunked down \$3,500 on eBay for the new system and 17 games.

Lowensohn, 23, thought he had finally scored Monday when he called a few minutes before 8 a.m. and found that the store had received a shipment of 10 Xbox consoles the night before. He immediately sprinted to Target from his workplace a few blocks away, only to find that in those critical few minutes the last one had already been snatched up.

"I pretty much ran three blocks to get to Target," he said. "I got there just as the last one was being sold to some old woman, who gladly proclaimed she was going to sell it on eBay."

The Xbox 360, as well as the iPod Nano, ranks among this year's hottest, fastest-selling holiday items. So with two weeks before Christmas and Hanukkah, how does a customer get one?

The simple answer is persistence.

Call stores daily. The best time is in the morning, about an hour before it opens. The store can't predict exactly when the next shipment will arrive, said Brian MacCallister, operations manager at Concord's Circuit City, but if customers call in the morning, the manager will know if a shipment arrived the night before and how many will be available.

That gives customers time to make the trek to the store and arrive before the doors open. The store can also tell if a shipment is in transit, though they can't project how long that transit could take.

Most major retailers, including Circuit City and Best Buy, expect to receive another load of Xbox consoles before the holidays. Rumor has it that it could be around late next week.

"We're supposed to get them before Christmas but when we don't know," said MacCallister, who said he had heard the rumor but didn't know if it was true.

The iPod is being replenished on store shelves regularly, but the black iPod nano has been especially in demand, analysts and retailers reported. The trick there is not to be picky, since the iPod nano comes in four types.

"We can't guarantee we have all the models in the store at one time," said Brian Lucas, a Best Buy spokesman. "We're getting them in but they disappear."

Some 47,000 Xbox 360 consoles have been sold on eBay since the Nov. 22 launch -- that's a rate of one every 2.5 minutes -- according to eBay.

In addition to the Xbox and iPod nano, Emeryville-based LeapFrog's FLY Pentop Computer has also been popular this season, said Jim "Griff" Griffith, dean of eBay education. "It is a really

hot item on eBay," he said.

Terri Wygal of Martinez tried a few times to find the educational toy at Toys 'R' Us and Target as a gift for her 11-year-old daughter, but could never find it. She has also been trying to locate, without success, Xbox 360 consoles for her 9-year-old son and for employees at her husband's hardware store.

But she did land an iPod nano, a present for her husband, at the Apple Store in Walnut Creek on Thursday.

"It's funny how you get caught up in the hype," she said about searching for the Xbox. But "you can beat your head against the wall so many times."

The hype helps drive sales, said Peter Sealey, adjunct marketing professor at UC Berkeley's Haas School of Business.

"It would have been a problem for the image of the Xbox" if it had been allowed to sit on store shelves after its launch, Sealey said. Instead, the lack of Xbox 360s "creates an aura of shortage and desirability that I believe was part of the marketing program. ... It's a technique marketers have refined and used very, very aggressively to increase publicity and aura and ultimately, the long term sales of the product."

Not so, Microsoft said.

Microsoft, which expects to sell some 3 million Xbox 360 consoles in three months worldwide, said it is churning out the machines as fast as it can and loading them onto 747s for delivery. But because it decided to launch the system almost simultaneously in the United States, Europe and Japan, its stock is spread thin.

"We're replenishing the retail channel every week," said David Hufford, a Microsoft Xbox spokesman. "It's in our best interests to sell as many Xbox 360s as possible. We're just in a place now where demand for the product outstrips the supply."

Shoppers should aim for stores that aren't still trying to fill earlier pre-orders, Hufford recommended.

They could also try more out-of-the-way stores: Lowensohn recalls how he couldn't find a Nintendo 64 in his Portland hometown several years ago, but on the day after the launch, he happened to be in a town an hour south and found a store with an entire stock of the popular gaming consoles.

No guarantees if that strategy will work this time. Most who have an Xbox in hand either ordered the console in advance or camped out the night before the launch.

"If you don't already have one, chances are you won't get one," said Rob Enderle, principal analyst of the Enderle Group.

Overall, consumers are expected spend \$17.1 billion in consumer electronic gifts this season, according to the Consumer Electronics Association. MP3 players, like the iPod, top the most wanted list.

"It's probably a good problem for both Microsoft and Apple," said Tim Bajarin, principal analyst at Creative Strategies. "It's better to have a product with hot demand than the alternative."