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DesMoinesRegister.com/life

Payment plans lure shoppers

More national retailers reintroduce the option, and some local stores never stopped

By **PATT JOHNSON**
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Ken Pleake is anticipating a busy weekend at the Kmart store he manages in Urbandale as shoppers get down to business whittling away at their holiday gift lists.

The first weekend in November is generally when he sees an influx of shoppers putting items on layaway so they can pay for them in installments.

"People don't want to put the big gifts like electronics, toys and exercise bikes on credit cards so they use layaway," said Pleake.

Kmart and a growing list of major retailers like Sears, Toys R Us, Walmart and others have brought back layaway, which is a way to pay for purchases without having to charge them and pay interest



BUYER BEWARE

The Iowa Better Business Bureau offers these tips to consumers using layaway programs:

» Ask how much time you have to pay off the item. Most stores have set minimum installments during a set period of time.

» Find out when the payments are due, how much you have to put down and if there are any storage or service fees. Many have an upfront fee ranging from \$5 to \$15.

» Ask about refunds and returns or if you change your mind once you've started making payments. Most will refund your money, sometimes keeping a small service fee.

» What if the item goes on sale after you put it on layaway? Some will make price adjustments in a set period of time like seven to 14 days of purchase. Some of the plans:

WALMART

Eligible items: Toys, electronics and fine jewelry.

Down payment: 10 percent of the total
Service charge: \$5

Minimums: Total purchase must be more than \$50 and each item must be \$15 or more.

Cancellation fee: Varies by state

Restrictions: Layaway is not offered on Nov. 25, the Friday after Thanksgiving

KMART

Eligible items: No restrictions

Down payment: \$15 or 10 percent of the total purchase, whichever is greater
Service charge: \$5

Cancellation fee: \$10

TOYS R US

Eligible items: Pools, outdoor play equipment and play sets, bikes, battery-powered vehicles, strollers, car seats, infant and toddler furniture, dollhouses, kitchens, basketball systems and musical instruments and some other items.

Down payment: 20 percent of the total

Service charge: \$5

Cancellation fee: \$10

ions, that's a good thing," said Russ Laczniak, a marketing professor at Iowa State University.

Last year's layaway business was the best it has been in many years at the Urbandale Kmart, Pleake said. "And I expect this year to be on par," he said.

Tight budgets and an uncertain economy have caused shoppers to be more cautious with their money, he said. Spreading payments out over several weeks allows consumers to get what they want without having to face big bills after the holidays.

Layaway, born in the Great Depression, was popular for decades before losing its luster in the 1970s. Some retailers, like Kmart, hung on to the option. Walmart ended its layaway program sev-

ly as shoppers search for ways to stretch their already thin budgets.

ConsumerSearch.com, an online company that does consumer product research, conducted a survey that showed 71 percent of the folks they talked to said they were considering using layaway programs in the next six months. Forty-two percent planned to use it for holiday gifts this year.

National retailers aren't the only ones with the deferred payment plans. Some Des Moines area shops have been offering install-

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GIFTS

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ment plans for years.

"We have been offering layaway for 20 years," said Dan Kavanaugh, owner of The Kavanaugh Art Gallery in West Des Moines' Historic Valley Junction. Customers pay 15 percent down and can then take 12 months to pay for their purchase.

"Normally it's people who don't want to pay that price all at once, or whose

budget doesn't allow it," he said. "It's not a huge percentage of our business and we seldom have anybody asking about it. But we have some small signs that say 'Ask about 12 month layaway.' If we sell a piece of art with layaway that we may not have otherwise, that is a benefit to us."

Josephs Jewelers, with three stores in the Des Moines area, has always offered layaway, which customers mainly use for large ticket purchases such as engagement rings and anniversary and birth-

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TRISHA JOSEPH

Josephs Jewelers

day gifts, said Trisha Joseph.

After a 20 percent down payment, the balance is divided into 12 equal payments. Customers can pay off the item earlier.

One client bought a new ring for his wife that he

wanted to give her on their anniversary. He put it on layaway for a year and when the woman came into the store to have her old ring cleaned, the clerk replaced it with the new ring. "It was a complete surprise to her," Joseph said.

More people recently have asked about the layaway option, she said.

"People are able to buy something and pay for it over several months with no fees," she said. "That option has allowed us to capture more of an audience."

There are risks to using layaway. Some stores will return merchandise to the shelves if buyers miss a payment. And there's always the chance shoppers will miss out on deep discounts that show up days before Christmas.

But the upside is that when you see an item you want, you can be assured you'll get it because with layaway it is set aside.

The folk art and home furnishing store Sticks has mostly one-of-a-kind items, so layaway, while not often used, is a way to assure shoppers get the exact item they want, said Ariel Minervini, manager of the East Village shop.

But the program at Sticks is limited to more expensive items, generally ranging from \$1,000 to \$5,000.