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Rodi Jeans, a Turkish casual wear brand, expects its total revenue to increase by 30 percent in the new year



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Vengoo.com promises to bring the world of luxury accommodation to customers' fingertips with one Web site

Kerim Güzeliş, CEO of Arış Diamonds, is confident about the diamond sector despite financial crisis and believes his company will weather the storm.
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SPECIAL HOLIDAY SHOPPING SUPPLEMENT

DEC. 26, 2008 WWW.TODAYSZAMAN.COM



RETAILERS HOPE TO INCREASE SALES DURING HOLIDAY SEASON

DAVID NEYLAN ISTANBUL

Despite reports released earlier in the month and statements made by elected officials and interest groups to the contrary, new data released by the Turkish Statistics Institute (TurkStat) last week and comments

made by retailers across the country indicate that the crisis has spread from the financial sector and is now squarely being felt in the retail sector.

The lead-up to the New Year's shopping season, historically the busiest shopping season of the year, is increasingly disappointing retailers, who report drops in sales despite

slashing prices by as much as 60 percent.

Figures released last week by TurkStat reveal that the Consumer Confidence Index (CCI) has been declining sharply over the past few months: November's figures were 7.22 percent down over the previous month and 23.64 percent down from the same month last year. **CONTINUED ON PAGE 04**



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From the Editor

Amid the global financial crisis and associated economic slowdown, everybody has been wondering how consumers will behave during the holiday shopping season. Retailers are pulling out all the stops to encourage consumer spending, with deep discounts and sales signs all over stores in shopping malls throughout the country.

While some surveys predict worrisome scenarios, others are optimistic that the holiday season will help increase retail performance. If the last holiday season, Eid al-Adha earlier this month, is any measure, we certainly expect a huge spike in spending during the New Year's sales. In this special shopping supplement, Today's Zaman talks to people on both sides of the cash register and tries to draw an accurate map of how consumer behavior will shift in reaction to the economic slowdown.

Abdullah Bozkurt / Executive Editor

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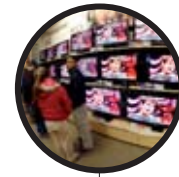
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COVER STORY: Despite reports released earlier in the month and statements made by elected officials and interest groups to the contrary, new data released by the Turkish Statistics Institute last week and comments made by retailers across the country indicate that the crisis has spread from the financial sector and is now squarely being felt in the retail sector.



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AS CRISIS THWARTS SHOPPERS, MOST RETAILERS FEEL PINCH

Despite reports released earlier in the month and statements made by elected officials to the contrary, new data released by the Turkish Statistics Institute last week and comments made by retailers across the country indicate that the crisis has spread from the financial sector and is now being felt in the retail sector.



PHOTO: KURSAT BAYHAN

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Turkey's probable slide into recession parallels to the experiences of major world economies, where consumers are witnessing the value of their stock portfolios plummet and the value of their homes sink in a context of increasing employment uncertainty.

A stroll through the upscale shopping district of Nişantaşı, a microcosm of consumerism in Turkey, reveals just how serious the New Year's shopping season is. This year, Christmas decorations are strung up around the neighborhood in what appears to be unprecedented levels.

But the Christmas spirit is paying off more for some than for others. Speaking with Today's Zaman last month, Serdar Urcar, general manager of HP Turkey, remarked that he was hopeful that HP and other companies would not cut its advertising budget during the crisis, as has been the case in the past, but focus instead on advertising and increasing market share.

As part of HP's advertising campaign, hundreds of lights prominently displaying the HP logo are strung overhead on Abdi İpekçi, the main retail street in Nişantaşı. A giant Christmas tree on an island in the middle of the road festooned with HP ornaments and bulbs is topped with a giant HP star.

HP's advertising appears to be paying off. The company reported that its sales were up this year by more than 30 percent for the week before the Eid al-Adha (Feast of the Sacrifice) holiday, presumably contributing further to the spread between HP and its competitors. HP market share is forecast to grow.

However, the scene in Nişantaşı could also illustrate just how dire the economic crisis has become:

Usually the time when demand is strongest and prices are at their highest, this year "Sale" signs can be seen in the windows of just about every store in the area.

Arzu Aksoy, retail manager at the Nişantaşı branch of Stefanel, an upper-mid level fashion chain at Rumeli and Vali Konak streets, claimed that sales were up by 25 percent this month. She qualified this statement, however, by noting that the store had to implement its large year-end sale earlier than normal this year. Moreover, she claimed this is still half of the 50 percent increase usually experienced at this time of the year.

Mustafa Akdağ, whose family runs a small retail empire consisting of numerous brand-name white goods outfits, clothing and athletics retail stores, and a chain of kitchen and home furnishings stores, described the December bayram shopping rush as the "worst ever." "Sales for the month before bayram were up 50 percent," he said. "This number is at least 30 percent down from previous bayrams." New Year's sales had yet to materialize.

Speaking by telephone on Monday, Levent Özkan of the Aydınli Group, distributor of such brands as Pierre Cardin in Turkey, cautioned against drawing conclusions too early. "There have been no concrete figures released yet," he said. "If we were speaking next week, I would be able to draw a conclusion." Nonetheless he was confident that there would not be a contraction in market share as a result of the early sales discounts: "We are forgoing profit. We don't want the economy to come to a full stop. This is what we need as a country."

Similar views were expressed by one senior manager from a large company that operates shopping malls around the country and who wished to remain anonymous. He said Turkey has indeed

been hit by the effects of the crisis. "Retail is not doing so well. ... The situation is critical," he said, adding that in even their best locations, turnover had been decreasing significantly. In other malls, he said, "the rent-to-turnover ratio has not been high."

Another insider who spoke to Today's Zaman, the vice president of a large shopping mall in Anatolia who also wanted to remain anonymous, revealed that all targets were off.

When asked if their malls were giving in to demands to reduce rent, the source said that other incentives were being provided instead of rental reductions, including assistance with making marketing budgets and fixing the euro-lira exchange rate. "We don't like rental reductions because our property value is tied to rents," he said.

Last month, retailers voiced angry protests against landlords and demanded rental reductions as a result of decreasing sales.

Tan Kantel, of AK's International Retail Consulting, a company that provides consulting for a number of international retail brands looking to invest in Turkey, said: "Sales are going very badly, especially the last three months. This is not my personal thought; you can feel this from the promotions they made during this period. The annual sale period started very early this year, and the sales discounts are unbelievable."

Many were expecting bankruptcies in the months ahead.

Not all are as pessimistic. Speaking at a news conference on Sunday, Rodi Jeans general coordinator Ahmet Can expressed hope that revenue would increase by more than 30 percent in the new year and that the company would increase its pres-

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ent number of stores in Turkey from 81 to 101. "We do not expect stagnation in the Turkish textile sector in 2009," he said. "Things are currently going well."

This view was reiterated by Sait Akarlılar, president of Mavi Jeans, who said last week that because there had not been any narrowing in production, it was unlikely that there would be any kind of a narrowing in retail sales, according to a report by the Anatolia news agency. Moreover he said that though there might be slight stagnation in the Turkish markets, he did not foresee a bad year and that forecasts predicted a rise in exports in 2009.

But as with many things in business, one's vantage point and interest determine the way numbers are interpreted. Despite the downbeat opinions expressed by retailers and shopping mall owners, recent studies, looking at third quarter sales, appear to have an optimistic outlook. The AMPD Retail Index by Nielsen data revealed that retail continued its growth through September and posted a 10 percent growth in revenues over the first three quarters of 2008.

Efficiency in the sector was also seen to be on the increase in the first nine months of the year, with revenue per square meter up by 8 percent over the previous year. The report also noted that employment increased in the sector by more than 2 percent.

At the beginning of the month, Ipsos KMG, another leading survey-based marketing research firm, released figures arguing that consumer demand in Turkey has not declined and remains strong despite the ongoing global financial turmoil. It was of the opinion that this would likely help domestic markets recover during the first few months of 2009.

One possible explanation for these different figures might be that with declining rents, turnover-to-rent ratios increase. Another explanation for the



PHOTO © AP

variation in figures might be that the numbers used were taken primarily from the third quarter, and it was not until the fourth quarter that the meltdown started making headlines and impacting consumer confidence. Zeynep Arapoglu of Birsay Consulting, which provides public relations for the Turkish Retailers Association (AMPD), said the latest sales figures for November had yet to be released.

It's unlikely, however, that reports published after the third quarter will have the same rosy results. Indeed, statements reported in the Referans daily by Seref Songör, president of the Association for

Shopping Centers and Retailers, suggest that during the first month of the fourth quarter there has been a steep decline of more than 25 percent over the previous month. "We don't know whether the narrowing is because of the crisis in Turkey, but in terms of motivation, we see that our people are [increasingly losing their desire] to shop," he said, according to the daily. But he indicated that the currency's volatility was playing a key role. "The activity in foreign exchange significantly affects people's approach in terms of savings and investment," he said. "We can see this very clearly, especially in October."

Last shopping weekend keeps retailers edgy

▶ The deals were there and, by most accounts, so were the shoppers. But at the close of the final holiday shopping weekend, consumers confessed they were still nervous about buying.

"This is going to be a poor Christmas," said Dee Dobbins, a 31-year-old from Goldsboro, N.C., who finished her holiday shopping with money she'd received from her recent graduation from North Carolina State University. "At least I had it, because I don't know what I would have done."

From flagship department stores to main street shops, consumers found packed parking lots, massive markdowns and extended hours -- in some places, around-the-clock shopping -- as merchants hope to salvage one of the worst shopping seasons in decades, brought on by the recession and growing economic uncertainty.

At the flagship Macy's store on 34th Street in New York, shoppers swarmed racks offering 65 percent off women's clothing. Elsewhere, the store was offering 50 percent off handbags by designers such as Dooney & Bourke and Coach and 40 percent off gold earrings.

The International Council of Shopping Centers expects established stores to post their worst performance for the holidays since at least 1969, when it began tracking such data. It predicts same-store sales -- or sales at stores open at least a year -- will fall as much as 1 percent for the November and December period and fears the decline could even be steeper.

Still, shoppers were out at Kmart and Sears stores this weekend as customers stocked up on last-minute gifts and electronics like Nintendo's Wii, Blu-ray players, digital cameras and tools. In some cases, shoppers lined up before stores opened for weekend doorbuster deals.

"For the most part, we beat our previous week, which was a great kind of benchmark, because last week was strong for us," said Tom Aiello, a spokesman for the stores owned by Sears Holdings Corp. **Chicago AP**



SEDUCTION. | "The kind of roles that I'm drawn to are often complex. To win the heart of an audience you must not explain or show too much. It's quite the opposite. Seduction is all about discretion and subtlety."

— *Eva Green, actress, with Clair de Lune gold jewellery from the Montblanc 4810 collection. Necklaces, bracelets and earrings in a sophisticated two-layer link design, subtly intertwined with the Montblanc emblem. MONTBLANC. A STORY TO TELL.*

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ONLINE RETAILERS HAPPY WITH NEW YEAR'S SALES

AYŞENUR BOZKURT İSTANBUL

While brick-and-mortar businesses have recorded a fall in demand compared to last year's New Year's Eve sales bonanza, online retailers are happy with their numbers. Cenk Arın, the CEO of popular GittiGidiyor.com, says trade volume has been increasing on the Web site. "Despite the much-talked-about crisis in the world, we have seen sales increase in December more than they did last year," he said. The site, partially owned by the online auction retailer Ebay, has posted 50 percent growth since last year. Arın believes GittiGidiyor will continue to grow in spite of the impact of the crisis on the non-financial economy.

To boost sales, online retailers are offering huge discounts and installment plans on credit card purchases. It seems that so far consumers are enjoying the deep discounts on Web sites. "Since I am a student, I personally cannot spare time to shop for presents for my friends or family members. Instead I order

from reliable online vendors that promise to deliver on time for New Year's Eve," said Tuğba Korkmaz, 22. "There are great advantages to buying online using a credit card as I can accumulate points that can be redeemed later as cash back." Kaan Dönmez, the CEO of another popular Web site, hepsiburada.com, notes online sales are growing steadily. "If there is a crisis in any country, customers tend to shop online to hunt for better bargains and competitive pricing," he stated. Korkmaz added that turnover for online retailers is increasing while revenue for other store owners is declining because of the high costs associated with overhead. "We can be very competitive price-wise," he said. Turnover for hepsiburada.com has increased by 29 percent, and customer orders for New Year's shopping have risen by 28 percent, Korkmaz explained.

The huge selection available on Web sites also presents another advantage for customers. "Why should I go to the mall when I have so much selection online?" Korkmaz asked.

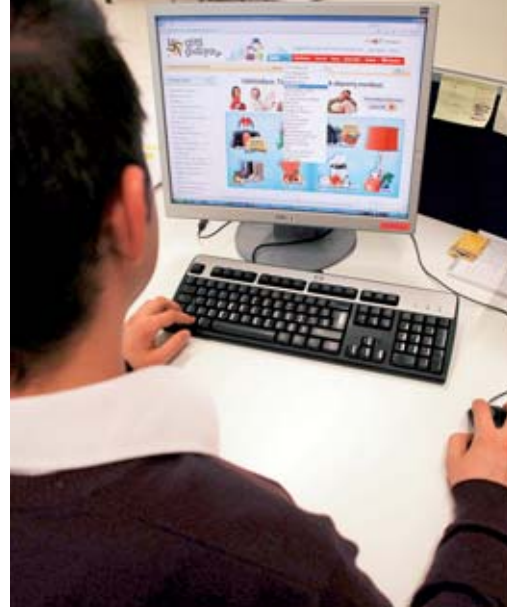
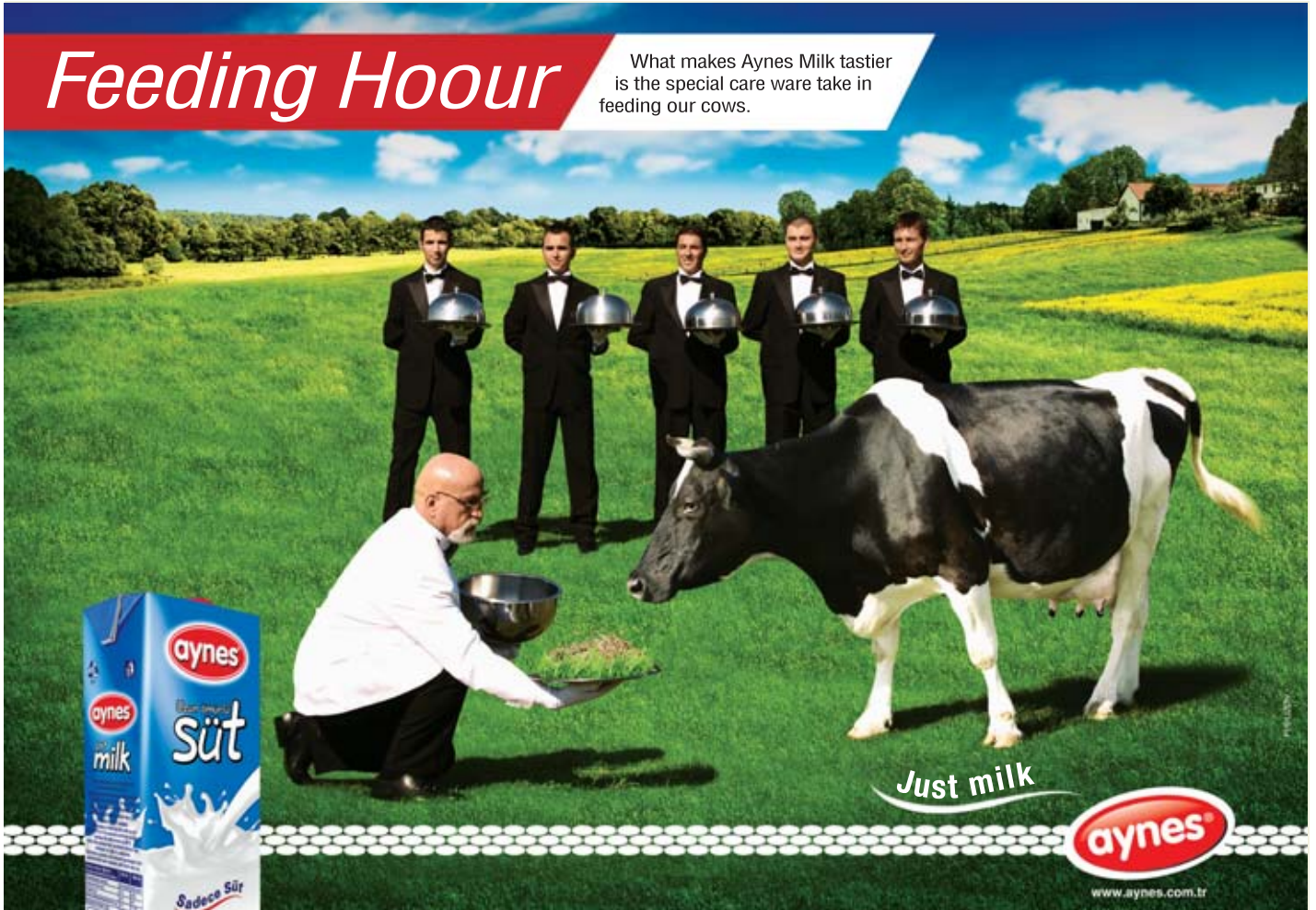


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CELLPHONE MARKET TO SHRINK IN 2009

Mobile phones sales will shrink next year at their fastest pace ever as consumers cut spending, a Reuters poll has shown, with analysts increasingly concerned about unsold phones piling up in stores.

On average, the poll of 36 analysts shows global market volumes shrinking 6.6 percent next year and 5.7 percent in the fourth quarter - traditionally the strongest period for the industry due to holiday sales. In a similar poll in early November, analysts on average forecast the market to rise 2.6 percent in 2009. But since then Nokia, the world's top cellphone maker, has warned twice on market growth, saying on Dec. 4 its best guess was for sales to fall 5 percent or more next year. "Fear and uncertainty are causing many suppliers and consumers to delay purchasing their next handsets," said Strategy Analytics' Neil Mawston.

Consumer electronics demand has slumped in the run-up to the key Christmas sales season, triggering the loss of 16,000 jobs at Sony Corp. and profit warnings from Samsung Electronics Co. and Texas Instruments Inc. British electronics group Laird plc., a component supplier for Nokia and others, last week announced the loss of 5,000 jobs, or nearly half its staff, and said it sees global handset volumes declining 10 percent next year.

Analyst estimates varied significantly due to the uncertainties over economic growth, with 2009 forecasts ranging from a market contraction of 13 percent to growth of 3 percent. Only two analysts polled expect growth next year. "A 5-10 percent decline is the best guess at the moment," said Nordea analyst Martti Larjo. "This can move either way, if the economy continues to go downward the numbers could be worse. But while growth is not impossible, it's unlikely."

The \$190 billion handset market, which was born in the 1980s and became a major growth industry after a surge in the late-1990s, had a brief shock in 2001 when the market fell 6 percent, its only contraction thus far. Analysts said cellphone makers may feel more pain this time around. When the market crashed in 2001, replacement sales tumbled but sales to first subscribers continued to grow, due to the low penetration of cellphones.

The European market -- where almost everybody has a phone and margins are fatter thanks to higher sales of technologically advanced phones -- is set to fall sharply this year and analysts say the trend will continue next year. Sales volumes in emerging markets surpassed developed markets in 2005, and this year around two-thirds of sales have been in emerging markets.

Cellphone makers have had time to prepare for the market slowdown, but analysts said they were increasingly worried over the possible build-up of large inventories, just like in 2001. "We fear that inventories could really exacerbate problems in the first quarter," said CCS Insight analyst Geoff Blaber. "A number of vendors look set to try and reach targets set at the start of the year in a very different climate. That

could result in a significant oversupply moving into the first quarter," Blaber said.

Analysts pointed to LG Electronics and Samsung Electronics as the most likely candidates to build-up inventories as they try to reach respective annual sales targets of 100 million and 200 million phones. "We will reach 100 million units at all costs," the head of LG's telecom division said earlier this month. LG is expected to sell fewer phones next year, but grab the number three spot in the market from Sony Ericsson. The two largest vendors, Nokia and Samsung Electronics, are set to exit 2009 stronger than before, increasing their market shares to 39.6 percent and 17.3 percent respectively. Motorola is seen as losing the most market share, with the wide range of estimates, from 55 million to 100.7 million phones, reflecting the uncertainty over the company's future. **Helsinki Reuters**



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ARABS LOOK FOR SHINE, TURKS FOR HEALING

TUBA OKÇU ISTANBUL

The stone market, including precious, semi-precious and non-precious varieties, sees shifting trends just as in the fashion world, with people from neighboring countries favoring very different types and designs of stone jewelry.

Everywhere you look these days, large and small stores are having huge sales. Shopping centers are doing everything they can to attract customers during the economic slowdown resulting from the global financial crisis.

One of the most important locations in Istanbul for shopping, crisis or not, is the Kapalıçarşı. But when there is a financial crisis, this spot does tend to get more visitors. Maybe it is due to its 500-year history, but this historic shopping labyrinth doesn't seem to care about what happens in the world outside it. Every day, thousands of people fill its hallways, looking at the treasures offered in store windows. Some of the most glittering store windows are those selling stones. And most of the customers looking at these stones are, of course, women.

But don't just think of these as rocks. Some of these little jewels are worth more than YTL



24,000 even when they are as small as a cube of sugar, which means the prices on these stones rival even the diamonds that decorate the dreams of so many. One of the most expensive stones is tanzanite. Beril and kunzite are also

extremely valuable. The more reasonably priced stones include opals, amethysts and rubies.

But in recent months, many Kapalıçarşı İç Bedesteni customers have been Arab. In particular, Lebanese women seem to have a great deal of interest in these stones. It is particularly meaningful that women from Beirut, a city that has not been calm in recent years, are so interested in these stones. Arabs generally lean towards fancy designs and showy jewelry. In fact, not only their jewelry but also their clothing is more likely to be decorated by stones than other cultures. After Arab customers, the next most interested in these stones are Americans. They tend to lean towards original designs, with a focus on the color and particular characteristics of each stone. One of the characteristics they are most interested in is an ethnic design or motif.

Local Turkish customers also generally focus on the particular characteristics of the stones they are thinking of buying. The stones Turks tend to want most are akik, turquoise and amber. Akik is thought to have blood pressure reducing effects in old Turkish lore, making it an ever-popular stone. As for amber, it is supposed to be good for goiter, while turquoise is said to protect against the evil.

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TURKS DREAM OF BIG MONEY ON NEW YEAR'S EVE

ROBERTA DAVENPORT ISTANBUL

Despite the economic crisis, there's still one place in İstanbul with a long line of Turks outside who are willing to wait hours for their turn at the register.

The venue is the National Lottery's (Milli Piyango) "Nimet Abla" stand in Eminönü, and many locals believe it's the luckiest spot from which to purchase a lotto ticket for the special Milli Piyango because of its history of selling winning tickets.

The National Lottery runs a special lottery drawing every Dec. 31 for New Year's, and this year, the tantalizing idea of "entering the new year with YTL 25 million" is attracting more than a few Turks to ticket sales booths in İstanbul and across the country. The hype surrounding the Dec. 31 jackpot is a normalized part of Turkish culture surrounding New Year's, but "piyangocus," or lottery ticket sellers, told Today's Zaman that they have been pleased with increased interest in the sales this year. Economic worries, they say, have only served to add to the frenzy.

At the Nimet Abla National Lottery vendor, worker Bilal Yıldız told Today's Zaman that his team worked from early in the morning and saw a particular increase in customer traffic around noontime,



PHOTO: DAA

which dropped off again toward the evening. "We've been selling tickets since the end of November, and they've been going fast. People believe in the luck of Nimet Abla and want to increase their chances at winning a cash prize by buying here."

The late "Nimet Abla" (Big Sister Nimet) was a piyangocu who sold a number of winning tickets, leading to something of a fan following mixed with superstition about the luckiness of buying a ticket from her.

Outside of authorized vendor locations, regular piyangocus are also selling tickets for the New Year's Jackpot and say that they've seen an increase in interest as well. "Crisis, crisis, all you hear everywhere is news about crisis. People are afraid that it'll be like 2001 all over again. These tickets are like dreams. People think about the things that they can buy for their families if they win, and all their worries dissipate. Most of them won't win anything at all, but people are willing to pay to be able to imagine entering the new year with YTL 25 million," said Niyazi, a piyangocu who sells tickets from a wooden cart in Mecidiyeköy.

Tickets for the National Lottery New Year's Jackpot are sold at YTL 6 for a quarter-ticket, YTL 12 for a half-ticket and YTL 24 for a full-ticket, with a total YTL 144,025,000 up for grabs (including the New Year's Jackpot and other drawings to be held at the

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same time). At the drawing on Dec. 31, ticket numbers will be drawn as follows: One winning ticket number will be worth YTL 25 million, one will be worth YTL 5 million, another YTL 1 million and another YTL 500,000. Five numbers drawn will be awarded YTL 200,000, 10 numbers will be awarded YTL 100,000, 50 tickets YTL 50,000 and 150 will receive YTL 10,000, YTL 5,000 and YTL 1,000 prizes. The Turkish Radio and Television Corporation (TRT) will broadcast the drawing for the YTL 25 million jackpot live.

"People have been interested in buying tickets much earlier this year," said Fatma, an elderly woman that has been selling tickets for the past five years. "We still have quite some time to go until the new year, but nobody wants to miss out on their chance. It's guaranteed money!"

What would you do with YTL 25 million?

Despite the odds, with only a couple of weeks left until the new year, two-thirds of the tickets for the New Year's Jackpot have already been sold, and the remainder are going fast. In Turkey, where the state has no qualms with running both the National Lottery and the Directorate of Religious Affairs (which has declared, in accordance with Islamic rules prohibiting gambling, that participation in the lottery is religiously forbidden), people of every age and background are buying tickets for the big drawing. Religious or not, young or old, male or female, the New Year's Jackpot has become an established part of the seasonal culture for a few weeks each year, as Turks set their worries aside and dream of what they would do with millions.

"I figure I might as well try my chances. Who knows, I might win!" said Mehmet, a 44-year-old tech-



PHOTOCELIL KIRNAPCI

nician who bought a quarter-ticket from a pijangocu in Taksim. What would he do with the money if he won? "Buy a house and a house for my son, who'll be getting married as soon as he finishes his military service."

"I have no idea what I'd do if I won, but I'm sure that if I win, I'll think of something," Canan, 23, said. Her boyfriend, Ozan, doesn't see the point in all the hype. "It's just a waste of money. But of course if she wins, I won't complain," he said. "I buy tickets every single year, and this year I'm going to buy more than one. There's a crisis, even America is going down, who knows what will happen in a few months? I am buying four quarter tickets to increase my chances. That's thinking smart, and I'm telling my daughter she should buy some too," Firat, 53, said.

The question on every participant's mind has

sparked a unique online event this year: An Internet site set up a five-week poll asking participants what they would do with YTL 25 million if they won the prize, with weekly winners of various prizes for the most interesting plans. So far, the usual responses have been things like "helping the poor," "buying a new home" and caring for relatives.

Some of the more unusual responses that have won in the Internet contest so far: "I would get plastic surgery to make myself as handsome as Brad Pitt, and then live my life." "Even if only for one minute, I would play a mobster on [popular television show] 'Kurtlar Vadisi' [Valley of the Wolves]." Hundreds of people have submitted entries to the contest so far. Free from economic restrictions, other Turks would send their parents on the hajj to Saudi Arabia, sacrifice animals and feed the poor, import gifts for their relatives, donate to favorite soccer teams and film movies.

What are the odds?

Despite all the hype (and National Lottery advertising), the drawing does not, of course, "guarantee money." This year's figure of YTL 25 million for the jackpot is the largest ever, but it remains to be seen whether anyone will hold that special ticket.

Only two New Year's drawings in recent years have resulted in claims of a possession of a jackpot-winning ticket. Most of the time, the biggest prize is split among more than one person, holders of quarter tickets, meaning that the grand prize jackpot figure dwindles rather quickly. The National Lottery Administration, however, can rest in confidence that it will be the winner at the end of the drawing -- the establishment has earned \$4.475 billion in the last five years.

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PHOTO □ TODAY'S ZAMAN

VENGOO.COM RAISING THE BAR IN HOTEL RESERVATIONS



Vengoo.com promises to bring the world of luxury accommodation to customers' fingertips, indexing and providing access with one Web site to the finest travel housing across the globe.

The mission of Vengoo.com is to provide hotel information and reservations service for locations throughout the world for businesspeople and vacationers who expect nothing less than top quality during their stays. Their criteria for the hotels listed on the site can be boiled down to two things: comfort and luxury.

Imagine traveling by private jet to a seven-star luxury hotel, or traveling by a specially reserved helicopter to the coves and seaside of any country in the world. These are the kinds of services offered by Vengoo.com, which lists hundreds of hotels and luxury services, running the gamut from high-end accommodations to private jet and helicopter rentals. Hours and even days of scouring search engine results to arrange an elite hotel, transportation and travel activities are cut down to minutes once a traveler decides on a location.

The Web site's services include a call center that is open 24 hours a day, seven days a week to help customers navigate the site and make their reservations. And perhaps the best part: The services offered by Vengoo.com -- which constitute serious competition even to top, experienced travel agencies -- are completely free to customers.

Vengoo.com in Turkey

A cursory glance at Vengoo.com's Turkey selections reveals a treasure trove of boutique and luxury hotel options that even longtime city residents may not be aware exist. The Turkey section of Vengoo.com offers services to travelers headed to Afyon, Ankara, Antalya, Aydin, Bodrum,

Cappadocia, Denizli, Erzurum, Eskisehir, Istanbul, Izmir, Konya, Manisa, Sakarya and Trabzon.

The Web site may be good news for the Turkish tourism industry, as it highlights Turkey as an attraction to wealthy customers, directing them straight to the best the country has to offer in terms of business and pleasure travel. Vengoo.com offers hotel accommodation assistance as well as travel planning and 24-hour concierge service, making luxury accommodation infinitely easier and hassle free for many busy business travelers. The site also helps plan travel for customers with multiple destinations on a business trip or vacation.

Special holiday selections

The advent of winter means holiday and vacation time for many throughout the world, and Vengoo.com is prepared with special vacation packages.

For those looking to shop and go on a vacation to bring in the new year at the same time, Vengoo.com offers a travel package that takes customers from Russia (Moscow and St. Petersburg) to London. The three cities, Vengoo.com emphasizes, have much to offer in terms of historical remnants and atmosphere, with plenty of places to go and things to see and do. A bonus is that customers traveling at these times will have a chance to benefit from major discounts and fine shopping establishments during the holiday season. All this is combined, of course, with the finest accommodations available in both cities.

Other special holiday packages offered by Vengoo.com this winter include special trips to locations including Venice, Prague and Morocco, with accommodations at boutique hotels, luxury homes and even palaces. **Istanbul** Today's Zaman

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TURKISH RETAILERS SACRIFICE PROFITS TO BEAT GLOBAL ECONOMIC CRISIS

Turkish retailers are resorting to deep discounts, sacrificing profits to protect market share as a sharp economic slowdown puts the brakes on Turkey's fast-growing retail sector, a sector group has said. Rapid growth in the Turkish economy since a financial crisis in 2001 has fuelled aggressive retail expansion and modern shopping centers continue to rise up across the 70-million strong country at a dizzying pace.

That growth is now evaporating in the face of the global financial crisis, shrinking export markets and falling consumer confidence. Retailers are being forced into drastic price cuts to defend the sector's outlook. "The basic goal now is not to lose market share and customers. We can say that we are sacrificing profitability," Ekrem Akyigit, the chairman of Turkey's United Brands Association (BMD), told a news conference. He said retailers have seen their markets shrinking some 5-15 percent this year as a result of consumer caution.

The BMD, whose members have an annual turnover of some \$17.5 billion, had previously forecast the non-food retail sector would grow to \$80 billion this year from \$70 billion in 2007. It has an ambitious target of 15 percent growth next year.

To prevent further market erosion, the 350 brands within the group were offering up to 50 percent discounts,

pushing closer cooperation and pressuring shopping centers to lower rents.

In a sign of sector discontent, shopping centre retailers in Trabzon and in the capital, Ankara, staged protests last month against high rents, closing their shops for up to two days, according to media reports. Retailers at the BMD meeting called for the introduction of "turnover rent," calculated with reference to the turnover generated at a shop, in a move to ease shopkeepers concerns and prevent job losses in the sector.

"The most important thing here is to maintain employment for the 160,000 people [who work for BMD companies]," Aslı Karadeniz, the general manager of a leading Turkish retailer, Boyner, told the meeting.

The shopping-center sector is expected to double in size in the next five years from around 190 centers at the moment, raising concerns that the market will be flooded just as the economy loses pace.

Retailers are also faced with higher import costs as a result of a weakening of the lira, which has lost around a quarter of its value against the dollar this year. Akyigit, whose fashion retail company Collezione has some 220 stores, said local retailers were beginning to consider renewing domestic production as the weaker lira made Asian imports less attractive. **Reuters** Istanbul

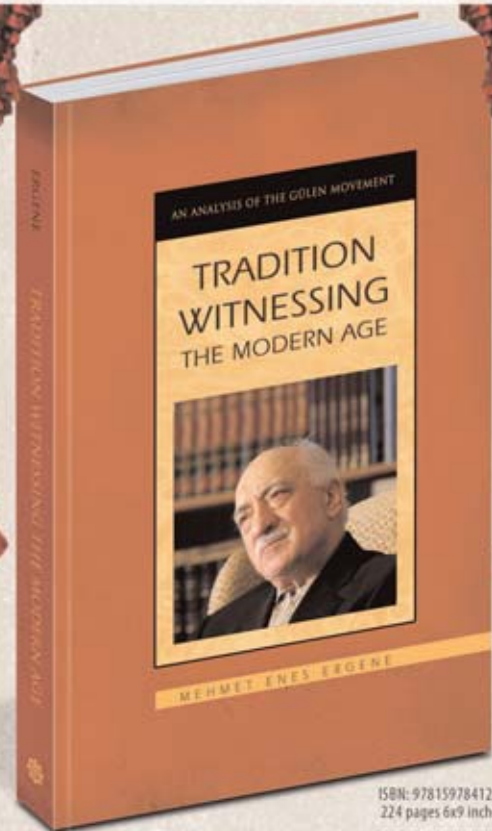


PHOTO: KURSAT BAYHAN

TRADITION WITNESSING THE MODERN AGE:

An Analysis of the Gülen Movement

BY M. ENES ERGENE



ISBN: 9781597841283
224 pages 6x9 inches

Addressing the sociological, cultural, and religious aspects of the Gülen movement, this insider's look also explores how traditional values can be combined with the modern world. The influence Fethullah Gülen has had on secularist Turkey is also examined.

Mehmet Enes Ergene is a writer who regularly addresses topics such as Islamic jurisprudence, Sufism, and the Gülen movement.

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ARIŞ CEO: GOLD INDOMITABLE, SECTOR WILL PULL THROUGH

Kerim Güzelis, CEO of Ariş Diamonds, is confident about the diamond and gold sectors despite the world financial crisis and believes that hard work will help his company weather the storm without so much as a scratch.

Güzelis shared with Today's Zaman his outlook on the direction of the gold and diamond markets given the current economic crisis in a recent interview. Acknowledging that the sector has suffered damage as a result of unstable markets and worried investors, Güzelis maintains that firms that do quality work will emerge from the financial turmoil largely unscathed. He notes the importance of cooperation across the sector as an important foundation for speeding up development.

What's the current state of the gold and diamond sector in Turkey? In terms of importance and potential, what is gold's position in the sector?

Turkey's gold market left the US gold market behind in the first quarter of 2007 to become the world's third largest gold market. When we look at the sector export figures, we see nearly \$1.5 billion in exports. What is to be understood from this is that our sector contributes significantly to the economy and employment.

What's the place of gold in the national finance market?

In the 1970s the gold sector was such that it directed all of the global financial and money markets. Particularly when money was being printed, a proportional amount of gold reserve would be set aside and the banknotes of the time would have this reserve noted on them. In later years, national financial markets put forward their own instruments and tried to decrease gold's use. But because gold was a powerful investment tool, it continued to protect its value and be preferred by investors. Today it still outperforms many other instruments used by medium and long-term investors.

What are the obstacles facing the sector's development?

In all of the world's countries, diamonds are imported in their raw form without private consumption tax [ÖTV] or value-added tax [KDV], and then billed value-added tax after being converted into jewels. In our country, diamonds are imported with a 20 percent value-added tax. This system is a great disadvantage in terms of our being able to compete with the world. Outside this, a small number of academics and professionals in our sector are slowing the sector's growth. We are lacking in terms of raising a qualified workforce because of a

lack of the necessary knowledge and experience at occupational and art schools and universities. The İMMİB [İstanbul Miners and Metal Exporters Union], the Jewelers' Chamber and other associations and firms don't work together at the necessary level of cooperation. Sector development is slowed because importance isn't attributed to design and innovation.

What are the latest developments in the gold and diamond sector?

The economic crisis being experienced all across the world has also affected our sector to the extent that it has affected the markets.

In the shadow of the financial crisis, what are your plans for 2009?

We believe that those firms that do their work well and constantly renew and develop themselves will not be affected by the crisis. For this reason, as Ariş, we examined all of our operations before the crisis started. We began work to strengthen our weak points and develop our strong points. We renew and develop ourselves according to the ever-changing conditions. In 2009, we're going to stay the course and continue with our work.

What's the difference in terms of your 2007 and 2008 export figures?

Since 2004, Ariş has directed its interest in exports to the domestic market, entering a period of branding. For this reason, we ignored the foreign market. We defined our strategy as to complete our branding period as quickly as possible and open up to foreign markets our products with high added value. Accordingly, our export figures dropped by 20 percent between 2007 and 2008.

In 2009, are you thinking of expanding your retail branch, or are you planning on cutting back in this area because of the crisis experienced in the last months of 2008?

We're thinking of expanding our retail branch. But we're still revising our plans right now. We're more selective when it comes to granting retail [privileges]. We are [only] considering working with vendors that will represent us better, are trustworthy, possess a high understanding of service and hold after-sales service as a principle.

What do you think needs to be done to interrupt the inactivity of the gold and diamond market?

The İMMİB, the Jewelers' Chamber and associations, firms and companies that undertake the

organization of fairs need to come together and create a strategy and roadmap, and academics and experts need to participate in efficient, concentrated efforts. Cooperation and power sharing in the sector is very important in terms of sector development. If a cooperative path can be determined like this, our sector can become the world's number-one market.

Do you have any plans to make investments abroad in 2009?

No, we don't.



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TURKS THINK TWICE BEFORE SPENDING MONEY, STUDY FINDS

ERGİN HAVA İSTANBUL

As unprecedented shocks continue to hit global financial markets, consumer confidence among Turks as we head into the holiday season is at record lows.

A survey focusing on the holiday spending of Turkish consumers conducted by Deloitte, an international research and consulting company, shows Turks now think twice before spending money. Of the respondents, 68 percent said they believe their purchasing power would decline in 2009 and that the country's economy would grow worse in the new year. Adding to such a pessimistic atmosphere, 55 percent of Turkish consumers said they expect to cut expenditures this holiday season. The survey was conducted in September and October, prior to the Eid al-Adha (Feast of the Sacrifice) holiday. Furthermore, 77 percent of respondents noted that the Turkish economy has experienced stagnation -- another reason why they felt urged to revise their spending habits.

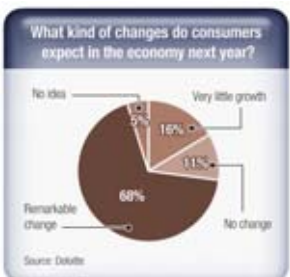
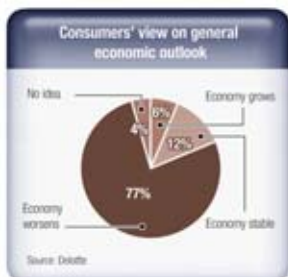
A steep increase in prices was cited by 52 percent of respondents as the main factor leading them to revise their spending. Likewise, the majority of consumers, already having seen a series of price increases throughout the year, will think twice while shopping for the holidays.

The survey also shows that Turkish consumers spend money more cautiously in general, having prepared a disciplined budget program for themselves. Accordingly, 46 percent said they would set budget targets and not diverge from them. Also, 55 percent of the respondents stated that the crisis will pass. These figures actually indicate that the consumers will avoid pur-

chasing expensive goods. Another sound reference supporting a similar idea is the latest survey conducted by the Turkish Statistics Institute (TurkStat), which revealed that consumer confidence in Turkey slumped 7.2 points in November compared to the previous month. Also, according to TurkStat data, consumers who believed they would have more purchasing power in the next quarter decreased by 7.91 points in the same period. The sharp decline in consumer confidence was therefore reason enough to add to an already bleak outlook.

Looking at the situation from the perspective of retailers and manufacturers, it would be unrealistic to expect that they would be spared from the negative effects of the crisis. Many retailers in Turkey rely heavily on the holiday season to meet their financial goals. But new strategies are called for in light of the current economic climate. If there is a silver lining to all of this, it is that forward-thinking retailers and manufacturers can turn the challenge of a downturn into an opportunity. In other words, if they want to come out ahead when things begin looking up again, they need to implement sustainable changes to attract picky consumers. Optimistically, we could conclude that consumers would be encouraged by positive developments, with oil prices having only recently decreased markedly.

Deloitte, operating in İstanbul and Ankara in various areas of expertise, began operations in Turkey in 1986. Deloitte Turkey provides a series of research services in the country, also having undertaken engagements to companies by assisting them in their institutional development projects.



GRAPHIC: TODAY'S ZAMAN

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PHOTO □ TODAY'S ZAMAN

CREATING HOLIDAY SPIRIT REQUIRES EXTRA EFFORT FROM EXPATS

ROBERTA DAVENPORT | ISTANBUL

For Western expatriates living in Muslim-majority Turkey, the winter season means a difficult but worthwhile effort to scour their neighborhoods for items to make holidays like Christmas and New Year's feel closer to what they were like back home.

Creating Christmas spirit in Turkey isn't easy, most expats will tell you, even those who are veterans in the field, working on their fourth or fifth holiday season away from home. Christmas isn't a national holiday or a cultural or religious tradition here, but expatriates across the country are going the extra mile to create the feeling of being home for the holidays.

Gifts to go under the tree

Expats largely agree that the easiest part of holiday shopping is buying presents. "I can't think of any place better than Istanbul for holiday shopping! There are unique and fashionable items everywhere, and you know for sure that nobody else will buy your special someone the same gift because you can't find the same things across the world," Susan Davies of Istanbul says.

She is one of many expats who carefully handpick gifts and mail them back to their home countries via PTT, FedEx or other private cargo companies. Davies' family is nearby in the UK, but for expats from places as far as the United

States, shipping costs become a major restriction on sending gifts from Turkey. Many are opting to abandon this traditional method, as in addition to high shipping and insurance costs for packages, it's hard to ensure delivery by the holidays.

"Back in Massachusetts, the post office tells you how long it'll take for your package to get to Oregon or California or Nevada. They tell you what the last day is to ensure delivery by a certain date. It's hard to get exact delivery dates here, and you never know what sorts of problems will crop up. Things can arrive weeks after they should have, or get lost. I've even had a package or two that never arrived, or that had clearly been tampered with and some of the gift items removed," says Joseph Sutton of Bursa. "So I've given up on shipping anything more than a postcard."

Discouraged by the postal system, some expatriates opt to send gifts home with fellow expat acquaintances who are traveling back to the US or UK for the holidays, splitting the costs for extra baggage to ensure the gifts get to their destinations on time.

A more popular option, however, has become online shopping using the Web sites of major US retailers. "You can get things shipped on-time and even gift-wrapped. It's probably the easiest way to send presents to family back home, as long as you have a credit card that works internationally," says Andrew Tompson from Istanbul.

With such a small market, Turkish retailers

mostly do not acknowledge the Christmas season. "I miss the holiday sales back home," explains Christina, an exchange student in Ankara. "I'll admit it's a big motivator in shopping for Christmas presents for me back home. This is my first year away from home for Christmas, and I've really realized what a big impact the holiday jingles and commercials have on me. I need to get people presents, but it's just not as much fun, and now that all the bayram sales are over, there's less incentive."

While presents, bought online or in-store and then shipped, are relatively easy to decide upon, some items remain elusive. Gift-buyers braving the postal system have a hard time finding basic items like wrapping paper and Christmas cards. "E-cards just don't do the trick, but you can't find Christmas cards here. And New Year's cards are in Turkish, so that doesn't help. I've started going to a store that makes wedding invitations and getting a pack of special-made cards for holidays like Christmas and Easter. Once you work out all the spelling mistakes, it's a pretty good fix," says Davies in Istanbul.

A perhaps easier route, however, would be to visit expat Linda Caldwell's shop at the Kapalı Çarşı (Grand Bazaar) in Istanbul, which sells packs of Christmas cards, some of them combining traditional Christmas themes with elements of Turkish culture and design. The shop, Deli Kızın Yeri, is at Halıcilar Cd. 82 in the bazaar. Some of the shop's card designs can be viewed at www.delikiz.com.

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A home for the holidays

Davies has been in the city for a little under a decade and says holiday decoration shopping is getting easier with each passing year: "It's pretty easy now to decorate your home, because New Year's is basically Christmas in Turkey. You can find stockings, artificial Christmas trees, tinsel, ornaments, oven mitts decorated with Santa Claus -- pretty much everything, but nativity scenes can be easily found at stores like Migros, Koçtaş and even smaller local züccaciyes and other stores. Malls like Cevahir also usually have stores that sell decorative houseware." As such decorations become more popular in Turkish homes, their prices also go down, making home decoration for the holidays a no-brainer for expats.

Creating culinary delights

A major thing that many endeavor to piece together for Christmas and New Year's are the holiday meals. Food, food and more food is the order of the day, and it can often be a frustrating experience to find all the ingredients necessary for a table full of traditional dishes.

"At home, we used to eat turkey for Thanksgiving, Christmas and New Year's. It's a hassle to get a whole turkey here until New Year's, and they're also pretty expensive, so I just roast a couple of chickens instead," says Maria Delgado from İzmir. "I make apple and pumpkin pie, and my sister and mother-in-law pitch in with traditional Turkish dishes. It works out."

For İstanbulites intent on a traditional meal, the long rows of spice sellers at İstanbul's Mısır Çarşısı are often a first stop to seek out the spices, herbs and other particulars needed for those special holiday meals and traditions: nutmeg, myrrh, cloves, cinnamon and the



PHOTO:AP

ever-elusive mistletoe. It's the first time that many expatriates are creating a Christmas meal this way.

Cooking for Christmas in Turkey is a new experience in that the lack of traditional Christmas foods on store shelves means they need to be made from scratch. "I remember looking everywhere for nutmeg last year to make eggnog. I love to cook, but I'm no pro. It's not something that I'd normally have to make for myself, but this is a Muslim country. Unless you want to settle for something like sahlep, you find ways to make holiday foods yourself," says Anna Zengin, a housewife in İstanbul.

For those who have given up completely, there

are some commercial options available. Some private catering companies offer Christmas meals complete with all the table fixings, cooked and ready to go, but the prices run particularly high, leaving most expatriates to figure out Christmas dinner on their own. "I don't want anything too fancy, and I don't need anyone to make Christmas dinner for me. It would just be nice if things like cranberry sauce and eggnog were sold in regular grocery stores," Zengin says.

Expats recommend looking for seasonal and foreign food items at bigger supermarkets like Carrefour and Migros, but they caution that these finds come with significant price tags.

DESPITE CRISIS, RODI PREDICTS 30 PERCENT JUMP IN REVENUE

PHOTO:ODAY'S ZAMAN



ERGİN HAVA İSTANBUL

Rodi Jeans, a Turkish casual wear brand, expects its total revenue to increase by 30 percent in the new year despite the adverse affects of the ongoing global financial crisis, a company representative has said.

Ahmet Can, the general coordinator of Rodi, said at a news conference that the textile sector in Turkey was in good shape despite the financial turmoil. "We do not expect stagnation in the Turkish textile sector in 2009," he said. "Things are currently going well."

He added that Rodi is planning to open a further 20 large stores by the end of 2009. Can emphasized that demand during the recent Muslim holidays of Eid al-Fitr and Eid al-Adha had been enough to support the sector.

"People, to a great extent, did not cut their clothing expenditures, especially during the holidays," he said, noting that domestic demand was still satisfactory. "We currently have 81 stores, and we expect to increase this number to 101," he stated; however, he added that it would be unrealistic to expect huge growth in the sector in 2009.

Can noted that the government should take swift action to revive the domestic market. "The Turkish non-financial sector is still having serious difficulties with banks," he said. "The banks are somehow in a panic, and they refuse to extend credit to companies. We hope the government will soon find a solution to this problem. It's high time to take action; otherwise, it will be too late."

He said the government should convince banks to be more supportive of the non-financial sector.

Established 30 years ago, Rodi has 81 stores throughout Turkey and 70 stores abroad operating under the Rodi brand. The company's exports have reached \$8 million so far this year.



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