

Retailers Hopeful for Spring

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Retailers — one of the main reasons this whole fashion show thing is happening in the first place — are looking to pull off a neat trick for spring: Generating single-digit sales gains off of flat inventories.

"We have been feeling very positive about our ability to drive a significantly improved full-price business and improved margins with very tight inventories. Our approach for next spring will be along that line," said Ron Frasch, president and chief merchandising officer of Saks Fifth Avenue. "We are a little more optimistic with our sales plan, but we are still going to be close to the vest with inventory and expenses. We are not out of this yet. There's still a lot of instability in the stock market, and we are still in a state of 'you just don't know.' Less formal and more relaxed clothes are really key."

Asked if he sees designers dropping prices, Frasch said, "No, I don't anticipate that. With the pre-collections and men's business we have not seen any perceptible downward movement."

"We feel we have a good trend going," said Michael Gould, chairman and chief executive officer of Bloomingdale's. "We have continued to perform better than the competition. Obviously, it's about staying focused." One senior retail executive said, "We are probably not going to buy that much inventory. We see a low single-digit inventory investment [leading to] a midsingle digit sales range. But next spring won't be back at 2007 levels. We are still working at a very suppressed base."

"Most department stores will have flattish inventories," said one ceo who requested anonymity. "That prevents you from getting more than a 3 or 4 percent sales increase." "We are looking to turn our inventories faster and we will look to each designer for what's been his or her strength in our stores," said Susan Davidson, ceo of Scoop. "We are planning our inventories a little bit cautiously, but if we love the collection, we are prepared to shoot for a 10 percent increase in sales, no more, off an inventory increase more or less half of that. We're looking to the collections for timeless investment pieces. Fashion is going in that direction anyway" Lord & Taylor takes credit for sales increases ahead of the industry average. "We want to stay one step ahead of the customer and continue our double-digit increases by going deeper into key items and looking for new vendors," said Brendan Hoffman, ceo of Lord & Taylor. "We have been cautiously optimistic. Now we are a lot more bullish."

We were pleased with Labor Day results. That's reinforced our optimism." Hoffman said L&T will pursue "a balance of dress up and casual and outfits that are more versatile....There are people protecting their jobs or looking for new jobs and they would err on the side of being more dressed up. But there are also [more casual-minded] people who want to blow off steam."