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Retailers Wary as Chill Sets In

By DAVID MOIN

Retailers have sobered up after the promotional bacchanalia that drew record business on Black Friday and Cyber Monday.

They're still anticipating a good Christmas season, with sales forecasts generally from 2 to 6 percent ahead, and beginning this week they expect consumers to focus on gifts and shop less for themselves after last month's indulgences. But confidence levels among retailers have slipped and it's not just due to the post-Thanksgiving lull that sets in every year until the final two weeks before Christmas. November sales results, reported Thursday by major retailers, fell short overall. Temperatures haven't been low enough yet to spark cold-weather categories to the degree retailers planned for. And the last-minute rush for gifts is expected to be really last minute this year, as shoppers anticipate another avalanche of price cutting starting around Saturday, Dec. 17, otherwise known as Super Saturday.

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According to the latest America's Research Group/UBS Christmas Forecast, 58.8 percent of American consumers plan to wait for last-minute deals, up from 47.2 percent in 2010. The findings are based on 1,000 telephone interviews conducted from Dec. 2 to 4. "While bargains may be the force behind consumers' moves this year, shoppers don't seem as willing to break a sweat as in the past," said Britt Beemer, chief executive officer of ARG. "American consumers are either at home wrapping their gifts or laying in the weeds ready to pounce on last-minute deals. There's virtually no in-between."

"Since Cyber Monday, there has been a normalization of what we would expect. The environment continues to be very promotional and seems like it's only increasing," said Chris Kolbe, president of Lands' End, addressing the retail landscape overall. "With November just OK, there's more pressure in December to perform....Leading up to Black Friday, people were buying a lot for themselves, like outerwear jackets, new dresses, new boots. But right about now, it starts getting more about gift giving."

"The hype of what went on post Thanksgiving sucked some momentum out of the stores," said one department store executive, who requested anonymity. "But when you add what's being done online to the store business, together, it's not so bad. I'm not saying there is more uncertainty, but we'll see what happens."

One senior executive at a major regional chain said: "Like most folks, we pushed a lot of business into Black Friday with elongated hours and sales. That was very good. Since then it's been a little bit up and down. You do better on days when you have promotions than on the days when you don't. We've also had some weather issues, but we still feel pretty good about the season. We are pretty optimistic."

"There is always a bit of a letdown after that Thanksgiving weekend, always a lull," observed Steve Siegler,



Bottega Veneta RTW Spring 2012

Photo By Mauricio Miranda

president of J. McLaughlin. “It’s like consumers need to take a breather after getting so inundated with promotions.” In the days since Thanksgiving weekend, “Traffic has been a little up and down. It’s hard to predict. Business seemed to be OK in the first part of last week, died in the middle of the week, and picked up last weekend.”

TOP SEARCHED FOOTWEAR ITEMS ONLINE *

- 1 Bare Traps**
- 2 Air Jordan heels**
- 3 Ugg boots ▼**
- 4 (Payless) Predictions shoes**
- 5 Coach rain boots**

* BASED ON 250,000 SEARCHES DEC. 2-4 USING THE MOBILE APP OF THE FIND.

A week ago, Michael Kowalski, chairman and ceo of Tiffany & Co., sparked a mini luxe stock sell-off when he voiced [concerns about weakness in Europe and on the East Coast](#) in the U.S. [Neiman Marcus Inc., too, cited the potential impact of stock market gyrations](#) and troubled economies around the world. “We do remain concerned with the broader economy and effects on our customers. Our customers are very attuned to the fluctuations of the stock market and sensitive to the world economic news,” Karen Katz, Neiman’s president and ceo, told investors. “As we move into the holidays, we are ever mindful of the uncertainty of the economic news here and abroad.”

Stores selling designer clothes have been vigorously discounting for over a week, with markdowns usually in the 40 percent range, even though the luxury channel is running ahead of other sectors. It’s become standard procedure to discount designer goods this time of year, though according to some accounts, markdowns this year seem more pervasive, with more items on sale within the collections.

R. Neal Black, president and ceo of Jos. A Bank Clothiers Inc., the men’s wear retailer considered among the industry’s most aggressive promoters, [last week said](#), “The fourth quarter, compared to a very strong performance last year, has started out more slowly than we had planned. November comparable-store sales declined, while our direct segment sales increased, compared to the same period last year. As a result, we have adjusted our December merchandising and marketing plans for stores. We believe our efforts will be effective and appealing to our customers.”



Ugg Boots
Photo By WWD Staff

It's not all bad. Jos. A Bank said doorbusters are selling, particularly a merino wool top coat for \$99. "We're surprised at how good it was considering the warm weather, but customers are responding to low prices on known items," Black said.

Also, the retail business in December will benefit from the extra day between Thanksgiving and Christmas, 30 versus 29 last year, and Hanukkah falling later on the calendar. The day after Christmas, which is historically marked by heavy store traffic and frenzied returns, falls on a Monday and many companies will be closed, allowing consumers to hit the malls. Last year, the day after Christmas was a Sunday, which is not as good since many people go to church or stay home to watch football.

"Retailers may be happy to know that 27.3 percent of shoppers have spent beyond their budgets this year, up from 22.6 percent in 2010," Beemer said. Even so, with loss leaders driving so much traffic, Beemer said not everyone's bottom line will be a cause for celebration. He also said that Wal-Mart's traffic appears down, with 67.4 percent of the survey's respondent saying that they shopped Wal-Mart for gifts this year, from 68.5 percent last year.

Lands' End indicated there's been a strong reaction to this year's strategy of "heirloom gifting," providing gift items that are a bit more special than past seasons, such as hand-knit penguins made in Kenya, priced \$100. Lands' End is also doing well selling down robes, priced \$150, that the company recommends for indoor or outdoor use. Other Lands' End holiday bestsellers include holiday iPad covers in needlepoint for \$29.50, and Kindle covers, priced \$29.50 "Gifts that feel classic and have a new edge are selling," Kolbe said. "The things that are sticking around are the things that are more familiar, more commodified and built for price. We are not in the \$2 toaster biz."

TOP SEARCHED APPAREL ITEMS ONLINE *

- 1 Bottega Veneta blazers
- 2 Adam blazers
- 3 Emporio Armani blazers
- 4 Maison Martin Margiela blazers
- 5 North Face Women's Avenue parka

* BASED ON 500,000 SEARCHES DEC. 2-4 USING THE MOBILE APP OF THE FIND, A FIRM INVOLVED IN MOBILE, TABLETS AND SOCIAL COMMERCE TECHNOLOGIE, AND A SEARCH ENGINE.