

Shoppers Turn Out, but Retailers Still Wary

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"Traffic was down a little bit, not a lot. Seven to 8 percent for the whole week, 2 or 3 percent over the weekend," said one ceo of a national specialty chain, who requested anonymity. "Sunday was a good day. Everybody is coming in looking for deals. Online was great last week, as high as 30 percent," though returns, free shipping and marketing costs will bring profits down, the ceo added. Asked why women's apparel isn't selling, he said, "Tech is great, women's is not. Women are buying leggings with a top over it, expensive handbags and expensive shoes. Cocktail dresses are OK, but people are dressing up less, dressing simpler."

"The lull ended on-time — this past Friday," said Craig Johnson, president of Customer Growth Partners. "This past weekend, traditionally the third-biggest of the two-month holiday season, retail traffic was up about 5 percent, year-over-year, and sales were up about 3 to 4 percent this weekend, due to heavy promos." "Last week was a bit of relief."

as iPhone wallets, gift cards, quilted jackets, activewear, mixed-metal necklaces, earrings, sweaters, jewelry, Xbox One, "Frozen" toys and electronics were among the items and categories that have done well.

According to a report issued Monday by Morgan Stanley Research, a later Hanukkah [Dec. 16 versus Nov. 27 last year] "likely contributed to a steady build over week two of December." The report indicated "electronics and appliances, restaurants, home improvement and health and personal care continue to deliver outsized growth compared to clothing retailers and department stores."

"New York has not been that great. It's not horrible, business-wise, but traffic was pretty light last week," said Jim Turner, a partner in Elaine Turner, the accessories, footwear and jewelry firm with eight stores, including one on Madison Avenue and 82nd Street. His stores in Texas are performing better, though overall the group is more promotional than a year ago, said Turner, whose company is based in Houston.

Not all is bad. Online sales continue to have double-digit increases. According to Britt Beemer, chairman and ceo of America's Research Group, "The number of people online is not up a lot, but people online are buying more. Retailers are doing a better job selling their base of customers, versus selling new shoppers, for the Christmas season."

In another sign of the growing popularity of online shopping, the National Retail Federation plans to release another consumer holiday survey on Wednesday, which will disclose that half of those polled plan to do the remainder of their holiday shopping online.

Brick-and-mortar comparisons should also be helped by last year's depressed results due to a snowstorm that hit on the weekend before Christmas.

However, AccuWeather reported Monday that as many as three storms with snow, ice, rain and thunderstorms may affect areas from the South Central states to the Northeast through the weekend and Christmas.

The NRF's survey could also add to the general uncertainty as it's expected to disclose that more shopping has been done at this point of the season compared with last year.

Beemer thinks that discounts offered last week by retailers did little to inspire shopping. Those offering "up to" 50 percent off had better shift to 50 percent off — period — with another 10 percent

thrown in, he said. "The consumer is waiting in a big, big way to see bigger discounts," Beemer told WWD.

ARG's Christmas Shopping Forecast, involving 1,000 telephone interviews with consumers conducted Dec. 12 to 14, found that 41.2 percent of consumers did not shop last weekend, versus 28.2 percent last year. "A lot of consumers were quite upset with the advertising. They're waiting for bigger discounts."

The portion of shoppers using credit cards more than they planned is way down this year, to 34.5 percent from 56 percent last year. "Shoppers are ex-

mall traffic overall as "very anemic."

However, General Growth Properties reported "overall pretty strong traffic," with Oakbrook Center in Chicago up 9 percent, RiverTown Crossings outside Grand Rapids, Mich., up about the same, and the Market Place mall in Champaign, Ill., up 3 percent. "I'm not saying we don't have properties trending down, but the average overall is pretty strong," said Scott Morey, executive vice president of marketing, experience and technology, at GGP.

Higher-priced retailers are also seeing decent luxury sales. "We're already up for December pretty significantly, so

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"Frozen" toys, Xbox One and gift cards have sold well.

Business improved toward the end of the week. It doesn't seem to be tanking," said Arnold Aronson, managing director of retail strategies at Kurt Salmon. "I don't think anyone planned great business after the extended Black Friday," he said, referring to the Black Friday promotions that retailers offered days or weeks before the day itself. "Everyone is gearing up for the final week. Price incentives will be excellent. Saturday will vie with Black Friday to be the biggest day of the year."

Clutches, boots, tech accessories such



Clutches and quilted jackets have also been strong performers.



tremely conservative and cautious this season," said Beemer. "They are spending their money only after careful consideration."

"The question of the season now is whether retailers will offer deals to draw consumers to stores before Christmas; and the many gift-card holders back to stores right after Christmas. They will need to offer much bigger bargains to get the consumer's attention. The consumer is spending less and there are fewer shoppers, but at least with the right deals the consumer will be in the store." He described



The activewear category has kept pace.

"I'm delighted with that," said Connie Sigel, owner of the upscale Elements boutique in Dallas.

She attributed the increase partly to a merchandise remix that eliminated lower-priced goods like T-shirts and beefed up the inventory of more special items. Elements' top sellers for self purchase this season are leather jackets, including Veda styles retailing around \$800 to \$900 and detailed fashion looks by Valery Kovalska selling at \$2,000 and higher. The most popular gifts have been monogramable suede and leather fold-over clutches by Clare V. at \$220 and Pamela Love's holiday fashion jewelry collection, which is priced for less than \$250.

— WITH CONTRIBUTIONS FROM HOLLY HABER

Price Resistance Firms for Holiday

By ARNOLD J. KARR

U.S. SHOPPERS appear to be priming the promotional pump this holiday season as they become more assertive about their reluctance to buy products they consider to be overpriced.

According to data provided exclusively to WWD by First Insight Inc., the Sewickley, Pa.-based predictive analytics firm that works with retailers and brands to gauge consumers' reactions to products and pricing, overall price resistance is greater this holiday season, but certain sectors and categories — including the still-hot luxury market and

athleisure category and the new field of smartwatches — appear to be enjoying exemptions.

In the past, First Insight's data have shown that consumers would be willing to pay a higher price than the one planned by the store or brand for about 11 percent of products they view overall. But that number has dropped to between 8 and 9 percent for holiday 2014, suggesting reduced price elasticity and increased promotional pressure for marketers, according to Jim Shea, chief marketing officer of First Insight.

Although the figures vary by category within the sector, consumers polled regarding luxury

products are willing to pay 10 to 20 percent or more above the price suggested by the store or brand. Additionally, and consistent with retail sales patterns throughout the year, athleisure products are showing less price resistance as consumers look to incorporate the trend into their wardrobes and those of their loved ones.

"Those products are showing extremely strong product acceptance and interest," Shea said. "And, based on how the market has moved, there are a lot more products to be tested."

While First Insight analyzes data for its clients, polling is arranged by the brands and stores,

which, through social media, e-mail and other means, request that their customers participate in an online game of "What Would You Pay?" "This also gives us an ideal platform to study the value of a particular brand or a brand with a name attached to it," Shea told WWD. "In a licensing situation, we could help the brand determine if the added value covers the royalty."

In the nascent smartwatch category, the results were somewhat skewed by the Apple Watch, for which consumers on average are willing to pay \$306, \$44 below its list price of \$350. However, women buying an Apple Watch for themselves are willing to

pay nearly \$50 more than the list price and Millennials are willing to pay \$85 more than those aged 35 to 49. Self-described "early adopters," perhaps more aware of the retail pricing, on average would pay \$353, just above the target price. The most popular of the smartwatches tested was the ASUS Zenwatch, priced at \$199.99 but coming in with an average of \$206 in the "What Would You Pay?" survey.

"The first generation of smartwatches seem to be unisex, if not designed for men," Shea noted, "but this market, essentially new for 2014, obviously has a future among women."

First Insight's client roster includes retailers and suppliers of apparel, footwear, accessories, jewelry, sporting goods and home goods. It processes about 3 million data points a month.