



# E-mail Marketing Generates Sales, but Consumers Say They're Overloaded

By Krystina Gustafson at CNBC

March 24, 2016



After years of neglect, the apparel industry may finally get some TLC.

[According to the government's latest read on consumer prices](#), the apparel index increased 1.6 percent in February. That represented a second-straight monthly gain for the category, reversing a downtrend that had persisted since 2012.

Likewise, separate data released by the government last week showed that sales at clothing stores rose 3.2 percent in the combined months of January and February. And now, with pockets of warm weather in the Northeast, analysts are optimistic that an early spring could spur further demand from shoppers.

Yet as several signs point to a boost in the category, one

major headwind continues to hold back a potential recovery. Aside from athletic apparel and skinny jeans — two popular styles that already have several years of spending behind them — there has yet to be one knockout trend that consumers are clamoring to put in their closets.

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"Just sitting in this room, show me anything that's common," Petro challenged at a New York City cafe.

"Find me any two coats that match, find me any two [pairs of] shoes that match."

"You can dress however you want, you can shop however you want, and you can get it however you want."

'No magic bullet'

Whereas in the past consumers coveted items that would make them fit in, Petro said today's shopper wants to stand out. That makes it difficult for retailers to decide which pieces to put on their shelves, and how big of a bet they should place on each item. If they have too much of a certain product, it will end up on the discount rack; if they have too little, they risk upsetting consumers and losing sales.

Petro's firm surveys consumers and uses data to predict which styles will perform well for particular retailers. But while his job is to lower the risk that companies face when investing in a new product, even he admits there is "no magic bullet" to gauge with 100 percent accuracy which items will be runaway hits.

In addition to his solution, which has been adopted by teen label [Abercrombie & Fitch](#), retailers are using several tactics to serve a more individualist shopper with lower risk. One technique that's becoming more common is to order a small amount of product during the first run and order the top sellers. [L Brands'](#) Victoria's Secret is one brand that uses this strategy. Generally speaking, this tactic is operationally difficult. It still requires retailers to place large, early orders on what they deem to be "safer" products, which are produced overseas. Then, they often rely on domestic

factories to produce the additional items at a higher cost.

Other retailers are using a less complex strategy to cater to consumers' unique tastes: Their size.

[Francesca's](#), for example, is a chain of more than 600 small boutiques that prides itself on eclectic, hand-picked merchandise, with new product flowing into its stores almost every day. That not only creates a treasure hunt feel similar to that of popular brands such as [TJ Maxx](#), but it also lowers the risk that shoppers will run into someone else wearing their same dress.

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Emile Warnsteker | Bloomberg | Getty Images  
Signage for Francesca's Collections, a subsidiary of Francesca's Holdings Corp., is displayed outside of a store in Shrewsbury, New Jersey.

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Francesca's on Wednesday topped Wall Street's fourth-quarter revenue and earnings expectations, helped by an 11 percent lift in its

comparable sales. CEO Michael Barnes attributed part of the double-digit sales growth to "more appropriate inventory levels" and the addition of new merchandise almost daily.

"This kept our assortment fresh and importantly trend right throughout the holiday season," Barnes told analysts.

Likewise, [in an interview with CNBC earlier this month](#), Wet Seal's new CEO, Melanie Cox, said that "to some degree, big is the enemy of cool." As such, the teen retailer — which last year shuttered two-thirds of its stores — is using a smaller footprint to its advantage. By refreshing the brand's stores with a new logo and more cohesive line of merchandise, the goal is to give its shops the "soul" or "DNA" that can be lacking at a larger competitor.

"Girls that aren't as confident in their look, they sort of get lost [in big stores]," she said.

Something's afoot in apparel

Though there hasn't been one big trend to emerge on the spring selling floors, some analysts are optimistic that the styles that have hit shelves could get consumers spending. Jefferies analyst Randal Konik listed off-the-shoulder tops, bralettes and cropped camisoles paired with high-waisted shorts as some emerging styles.

"After a prolonged period of fashion staleness, we are seeing some new trends forming," he said.

Konik added that pockets of "warm, spring-like temperatures" in the Northeast over the past few weeks have helped drum up traffic, telling investors earlier this month that stores were the "busiest we have seen in some time."

Still, analysts caution that it's too early to call a comeback in apparel. Jack Kleinhenz, chief economist at the National Retail Federation,



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said last week that consumers remain cautious, and are still in saving mode. Meanwhile Ken Perkins, president of Retail Metrics, said that pricing pressure continues to weigh on retailers, thanks to the growth of cheap fast-fashion labels and transparency on the Web. Petro agreed that such pressure is "not going away in the near term."

Yet while it may be too soon to plant a victory flag, Perkins said there are signs that something's afoot in apparel.

"It looks like there's a burgeoning return to apparel spending that might be starting to take place," he said. "Maybe we will see a shift in [consumers'] focus."