

# BLACKS RETAIL REPORT

Luxury Apparel

April 2006

## Flash NEWS

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## Men's TRENDS

Moderate to  
High End

March Trend  
-1.2%



90-Day Trend  
-1.4%



Department  
90-Day Trends

Moderate to  
High End

Clothing  
-3.7%



Furnishings  
-2.9%



Sportswear  
2.0%



## THE BIG PICTURE

Although a cooling off is expected later this year, the U.S. economy continues to rumble ahead. Growth during the first quarter was brisk and consumers took note, with confidence reaching a four-year high in March.

But despite the economic optimism retail sales have been spotty. High-end luxury vendors continue to thrive while middle-to-better retailers are experiencing some stagnation.

Once again, oil prices are surging to new highs and this could have a psychological impact on consumers, leading to slower sales.

## RETAIL REWIND

Since March sales have been mediocre we could be preparing for a flat period ahead. This is a natural cycle after a sustained period of retail growth. However, this slowdown has been accelerated by a lack of exciting new apparel trends, and a general move toward what we call 'lifestyle' shopping. Consumers, underwhelmed with current clothing trends, are opting to buy other items that reflect their personal style, such as music, accessories and gadgets.

Some of the hottest stores identified this trend long ago and have been reaping rewards from a diversified product base. An extreme example of this kind of diversification is British label Paul Smith, which sells everything items such as cologne, furniture, luggage and gifts.

Since there is little newness in apparel these days ageing trends such as jackets, washed out fabrics and better cotton pants continue to get kicked around, to the detriment of many retailers.

Some of the lighter-colored spring goods have been selling but not with the same enthusiasm as last year. We saw strong action in casual pants for spring '05, but demand for the non-denim category has waned this season.

In such an anemic fashion climate, retailers should already be able to identify slow-moving items. Be prepared to take action soon, should markdowns be necessary.

## SPRING STRATEGY

Our better retailers staged trunk shoes in an effort to kickstart sales this season, and it looks as though the strategy has paid off. According to a survey of our merchants, trunk show sales are slightly up over last year, even though overall sales were down or flat in March.

Be persistent in inviting customers to these sales. Although it may be hard to get them in the door, once there, customers are often impressed with the exclusive items on offer, not to mention the specialty treatment.

Some merchants are taking advantage of the popularity of trunk shows by hosting a variety of shows with various vendors. Some combine shows by classification or offer complements like clothing and shoes. Looking ahead, we expect these shows to continue to be a key selling tool.

## SEASONAL SELL-THRU

By now spring completion dates have passed so everything received at this point should be at a discount or cancelled unless you really need it.

Work with vendors on returns and try to get an idea of what your seasonal sell-thru rate will be.

Merchants have been spending a lot of time in market and must now focus on selling and calculating where markdowns will land.

## **BLACKS Bottom Line**

**Now is the time to calculate your seasonal sell-thru rate.**