



The TAMM “Insider” Newsletter (December 15, 2009)

“If a cluttered desk is the sign of a cluttered mind, what is the significance of a clean desk?...Dr. Laurence J. Peter, Canadian educator

Season’s Greetings

First of all, *Season’s Greetings, Merry Christmas and Happy Hanukkah* from all of your friends at TAMM! May it be the best holiday season ever!

What’s Happening at the Mall?

At the end of the third quarter this year, the vacancy rate for enclosed malls stood at 8.6% nationwide, and the figure for open-air shopping centers had reached 10.3%, according to research firm Reis, Inc. For enclosed malls, those typically anchored by big-box retailers or supermarkets, this figure was the worst since 1992. Among retail properties completed this year, almost a third opened at least half-empty.

But not every shopping center is a shadow of its former self. Ethnic malls, those targeted retail communities that cater to specific ethnicities and cultural communities, are bucking the current economic trends and thriving despite the downturn. Bustling bazaars like Seattle’s Great Wall Mall, which delivers an authentic Pan-Asian experience, and Fort Worth’s La Gran Plaza, a Mexican-themed hub that serves the local Latino community, aren’t just surviving...they’re actually growing. While the success of ethnic malls is at least partly due to booming minority populations in American, other contributing factors include intangibles, like familiarity and loyalty, as well as concentrated access to culturally tailored products, services and entertainment. They’re cultural nerve centers and social hubs for the targeted demographic group.

Apparel Industry News

Nelson Wade, designer of men and women’s fine custom apparel is now offering custom tailored, made to measure topcoats. Renowned for their quality tailoring, Nelson Wade sources their fabrics in Italy, England and other factories throughout the

world... **Uniform Advantage**, a leading provider of medical scrubs and nursing uniforms online, is now shipping to Canada. The site carries name brands such as Cherokee Uniforms, Landau Scrubs, Dickies Medical Scrubs, Dansko and Crocs shoes, as well as their own UA brands... **Valentio, Giorgio Armani** and other Italian fashion houses have traditionally avoided putting their products online. But this year, the companies have decided to step out on a limb and test virtual stores, as they try to shore up sales and seek new revenue sources... **Devanlay S.A.**, the Paris-based holder of the worldwide manufacturing and distribution license for Lacoste apparel has tapped Steve Birkhold as the new CEO of its US subsidiary effective January 4, 2010. The current president and CEO Robert Siegel will step down at the end of the year. Birkhold is currently the CEO of **Diesel USA**, a position he has held since October 2007. He started his career at May Department Stores and went on in the denim arena at **VF Corporation**, where he served in several positions including general manager of Lee Jeans, president of Earl Jeans and finally general manager of Nautica Jeans...and lastly, **Dockers** is trying to boost its appeal with a younger generation of men by adding new colors and styles to its line of casual pants.

Holiday Sales Update

The National Retail Federation (NRF) reports that 195 million shoppers visited stores and websites over Black Friday weekend, up from 172 million last year (+13%). However, the average spending over the weekend dropped to \$343.31 per person from \$372.57 a year ago (-7.9%). Shoppers' destination of choice seemed to be department stores, with nearly half (49.4%) of holiday shoppers visiting at least one, a 12.9% increase from last year. Discount retailers took an uncharacteristic back seat, with 43.2% of holiday shoppers heading to discount stores over the weekend and another 7.8% heading to outlet stores. Shoppers also visited electronics stores (29.0%), clothing stores (22.9%), and grocery stores (19.6%). According to the survey, the most popular purchases were clothing (40.9%) and books (40.3%), which remained nearly unchanged over last year.

TAMM Update

Please be on the lookout in the next week or two for a special TAMM announcement.

Textile Industry News

Heilongjiang Lanxi Sunrise Linen Textile Industry Co. Ltd, a wholly owned subsidiary of **China Linen Textiles** has announced the signing of an agreement to ship fabric to Italy for some of the major users of various types of linen fabric... **UFS Holdings-Premiere Fibers Inc.** plans to invest \$2.5 million during the next three years at its plant in Anson County, NC. The company plans to convert a yarn-spinning line to making high performance fabric for the military.

Technology



[print tee](#), a “sunlight-activated” shirt, which launched at the [ARS Electronica Festival](#) this year. The shirt is available at the moondial [website](#). The concept is partially the brainchild of Sabine Seymour- a Parsons professors and author of the book “*Fashionable Technology*” which deals with the intersection of design, fashion, science, and technology.

Recently, [Moondial](#) teamed up with NYC based designers [Wendy & Jim](#) to create the [Sun N°01 limited edition zebra](#)

Retail Industry News

Reliance Brands, a part of **Reliance Retail**, which is part of **Reliance Industries**, the largest privately held conglomerate in India, announced that it has partnered with US-based Timberland to distribute the latter’s footwear and apparel in the Indian market... **Wal-Mart** has announced it will operate official FIFA World Cup branded event shops in nearly all of its stores worldwide. The World Cup is the Olympics of the soccer world and comes around every four years; it’s coming up in 2010 in South Africa... **Gap** stores across Vancouver, Canada have introduced a new, innovative loyalty program for their shoppers called *Sprize* at <http://www.mysprize.com/>. To participate, customers go to the web site and create an account for themselves in the program and then go shopping at the participating Gap stores. After 45 days, if the price of the items they purchased goes down, their account is credited with the difference. Customers can then go back to any participating Gap store and use their *Sprize* account funds for additional purchases. This removes the need for customers to wait for sales to be announced, and minimizes their hesitation to spend money now, because they are guaranteed savings, if it happens. Plus, it ties the customer to the chain... purchasing fashionable and trendy clothing accessories from top designers just got easier in the UK with the launch of Diffusiononline.co.uk. This is the online store for **Diffusion UK**, a brick and mortar chain of stores that first opened in 1988. The stores are scattered across the country, and are known for their wide range of fashionable attire, with a mix of styles ranging from Ugg boots to Diesel jeans... **JC Penney** has announced that it is partnering with Mango, the Spanish fashion brand, to become the exclusive department store retailer in the US for the *MNG by Mango* brand. Beginning in the fall of 2010, the brand will launch in up to 75 stores, with plans to expand to approximately 600 the following year. Also in JC Penney news, the retailer has called off its search for a new president and chief merchandising officer, and simply expanded the duties of three executive vice presidents: Jeffrey Allison will oversee merchandising in home textiles; Steven Lawrence will oversee merchandising for menswear; and Elizabeth Sweney will do the same for women’s apparel...and lastly, **Ross Stores** announced that Barbara Rentler, formerly

Executive Vice President for merchandising of **Ross Dress for Less**, has been promoted to president and chief merchandising officer. In her new role, she will continue to manage all apparel and apparel-related merchandising at Ross, as well as take on responsibility for the Ross home businesses. The company also promoted Michael O'Sullivan, formerly EVP and chief administrative officer, to president and COO, and James Fassio, previously EVP for property development, construction and store design, to president and chief development officer.

World Trade

To promote **Pakistan** as a major producer of value-added finished textile products in the international market, the government is planning to set up three garment cities with infrastructure needs, as well as room for related suppliers and living quarters for workers...the Textiles Minister for **India** has called on the domestic apparel industry to target exporting \$25 billion worth of garments by 2012, a 13.6% increase over the \$22 billion recorded in the last financial year...trade ministers from the **WTO** member governments issued a statement on December 1 calling for the eight year old Doha Round of negotiations to be concluded by the end of 2010...**Japan** and **Turkey** have concluded 4 years of negotiations and signed a bilateral free trade agreement, which will go into effect by 2011 and eliminate all tariffs between the two countries over 12 years...the **US** Department of Transportation reports that surface transportation trade in goods with NAFTA partners **Canada** and **Mexico** rose for the 4th straight month in September, increasing 5.6%. The \$57.3 billion total is still 20.2% below September 2008, but the year-over-year decline continues to slow...the National Textile Association has filed public comments with the Senate Finance Committee in opposition to 24 duty suspension or related bills that are being considered for inclusion in a **Miscellaneous Tariff Bill**. Each bill was addressed separately and specific reasons for opposing them were given...and lastly, AATCC will hold it's inaugural Global Conference and Exhibition, January 28-30 at the Bombay Textile Research Association in **Mumbai, India**. The focus will be emerging trends in textile processing for a sustainable future.

New Standard Mileage Rates for 2010

If you haven't heard, beginning January 1, 2010, the standard mileage rates for the use of a car (also vans, pickups and panel trucks) will be:

- 50 cents per mile for business miles driven
- 16.5 cents per mile driven for medical or moving purposes, and
- 14 cents per mile driven in service of charitable organizations

These new rates are slightly lower than the 2009 rates, and reflect generally lower transportation costs compared to a year ago. The IRS bases these standard mileage rates on a study conducted each year by Runzheimer International of the fixed and variable costs of operating an automobile.

Retail Sales Results

Reporters say that Black Friday weekend failed to give retailers the big boost they had hoped for, as many chains reported weak results in November. Same-store sales for 30 chains such as Target, Gap and J.C. Penney, said 15 of the retailers in its Same Store Sales Index have reported their results. Of those 15, 85% missed analysts' sales estimates, while 15% beat expectations. Apparel retailers were hit especially hard, as consumers continued to hold back on discretionary spending.

- Among the bright spots was **Limited Brands**, whose same-store sales rose 3% in the month ended November. 28, beating the 2.5% estimated decline in an analyst survey by Thomson Reuters. **Victoria's Secret** stores posted a 3% gain, compared with analysts' estimate of a 5.3% drop. Total sales climbed to \$781.1 million from \$755.6 million.
- **Abercrombie & Fitch Co.** said that sales in its stores that have been open at least a year fell 17% in November, worse than analysts predicted.
- **Gap** said its same-store sales remained flat in November, helped by a strong performance from its **Old Navy** stores. Analysts predicted an increase of 0.1%. Gap said its **Old Navy North America** same-store sales climbed 6%, while **Gap North America** and **Banana Republic North America** both fell 4%. Same-store sales at international stores declined 5% for the four weeks ended November 28. Analysts expected a decline of 3.8%. Total monthly sales edged up 2% to \$1.42 billion.
- At **The Buckle**, same-store sales increased 1.4%, less than analysts expected.
- **American Eagle's** same-store sales fell 2%, in line with expectations.
- **Children's Place Retail Stores'** same-store sales slid 13% in November, falling well below Wall Street's expectations.
- **Wet Seal** saw its sales dip 5% in November, hurt by soft results at its namesake stores. But the performance beat the estimates of analysts.
- **Destination Maternity Corp.** said unfavorable weather, a difficult comparison and the ongoing struggles of the retail sector during the recession contributed to an 11.6% drop in its same-store sales. Its results were in line with expectations.
- **TJX Cos.** said that same-store sales climbed 8% in November, as shoppers continued to flock to its **T.J. Maxx** and **Marshalls** stores in search of bargains, but missed Wall Street expectations as it dealt with unseasonably warm weather.
- **Charming Shoppes** said its **Lane Bryant**, **Fashion Bug** and **Catherine's** stores all posted sales declines. Total sales dropped 17%, hurt by 115 store closings and a decline in same-store sales. Sales fell to \$460.2 million from \$553.1 million, while same-store sales fell 13%.
- **Target Corp.** reported that same-store sales for November dropped more than expected by slipping 1.5% for the month. Analysts had predicted a 0.5% decline. Net retail sales for the four weeks fell 1.5%

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