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Retail Guide: Great Expectations

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The National Retail Federation's annual convention.

Photo By Courtesy Photo

After a dismal 2009, footwear retailers everywhere are heading into the new year with a big question on their mind: Will business finally get back on track in 2010?

While the economy is showing signs of recovery, shop owners should still brace for challenges ahead, said Gene Spiegelman, EVP of retail services at New York-based commercial real estate firm Cushman & Wakefield. "Retailers have controlled their margins and

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inventory. Now, growing sales volume is going to be the biggest challenge," he said. "That's always the case in the U.S., though, because regions are affected differently based on how they respond to economic situations."

Markets crushed by the housing crisis, including Florida, Michigan, Nevada and parts of California, will continue to face hardships, Spiegelman said. Still, bright spots remain, particularly in areas with the lowest mortgage delinquencies and unemployment rates. In New York, for instance, although retail vacancy levels are still higher than in years past, asking rents in certain neighborhoods such as Soho are up slightly, he said.

And in Las Vegas, where severe economic woes have put multimillion-dollar projects on hold and contributed to a spate of store closings, things appear to be off to a better start in 2010. The highly anticipated mixed-use CityCenter development finally opened its doors, bringing a big morale boost to luxury retailers that signed on to the project, as well as to surrounding retailers (see page 8 for more).

"We're excited about CityCenter opening right across the way and are hoping to get some traffic from their end," said Russ Joyner, EVP and GM of Miracle Mile Shops at Planet Hollywood. "We finished the year with traffic numbers posting a slight increase. It gives us a lot of confidence going forward."

To keep traffic figures trending up in 2010, Oona McSweeney, VP and editorial director of New York-based forecasting firm Stylesight, said it would be wise for merchants to get an early jump on what she considers the next big retail trend: tech-driven customer engagement. "As the economy strengthens, retail deals will become less drastic," she said, noting that consumer loyalty programs need to be a main focus for all retailers.

One of the most notable movements, she explained, is communicating with customers through their smart phones and overall mobile lifestyle. "The capabilities are becoming astounding," she said. For example, phone-based loyalty initiatives are popping up that enable retailers to reach shoppers through a VIP sticker containing a barcode, which is inserted into the user's phone. "The stores can have technology that, as you walk by, will recognize you as a customer, know the purchases you've made, and can text you customized offers."

Also on deck are major advances in digital signage and capabilities for consumers to link their smart phones to interactive store maps for a more effective and engaging way to shop. "The technology is there. [It's just a matter of] how quickly retailers embrace it and fund it," McSweeney said.

She added that the pop-up store format, a key trend in 2009, could be a great way to roll out such new technology.

"Pop-ups help to get a message out," said retail and merchandising expert Howard Ash of Howard Ash Inc. "Any way you can interact closely with the consumer in a targeted way is essential. Pop-ups will be strong this year. And you still have key real estate property available for short-term, exclusive formats."

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