

## WGSN: Brands should look to Gen X

Trend forecaster WGSN believes consumer products marketers are missing an opportunity by not appealing to Gen X. In an executive summary titled "Gen X: Meet the Power Punks," the consultancy lays out the case for targeting the demographic. By 2028, Gen Xers' total per capita income will surpass Boomers', according to the Pew Research Center. As younger Boomers retire, Gen Xers will soon occupy the majority of executive corporate and political roles. Gen Xers are redefining middle age and have significant spending influence on their Gen Z children. Gen Xers are as tech-literate as the digital natives born years later.

According to a 2018 Forbes report, three in five Gen X customers agree that once they find a brand they like, they'll stick with it. "Increasingly, they are the people in power: power of the purse, power of the household, power of the board room – and they're moving into political power," the summary noted.

Gen Xers are now middle-aged – and they intend to age well. They also have a multi-generational mindset, whether it's multi-generational households or inter-generational travel. WGSN pointed to a US National Association of Realtors finding that in 2018, Gen Xers became the largest share of multi-generational home buyers at 16%.

"Gen X assesses spending through the lens of how it will benefit the wider multi-generational dynamic. Brands need to create products and services that add value across the extended family ecosystem," said WGSN.

The report also noted that Gen Z is acting as a shopping adviser to Gen X, with a substantial impact on the latter group's spending in home electronics and beauty. They are also socially and environmentally conscious, with 58% of them agreeing that buying can be a moral decision. "As climate change and its impact on the future of the family are becoming a real concept to more Gen X consumers, they are starting to question not only business and brand responsibilities but, more significantly, their own," said WGSN. "Expect this shift to radically overhaul the types of product attributes and services Gen Xers will value in the next decade." ■ *Source: HFN*

## Many retailers' sustainability goals being addressed through private label programs

When Walmart, Target and other large retailers began laying out their sustainability goals for the coming years, they decided to look in the mirror first. They started with private label. In extensive corporate responsibility reports, the two mass merchants – along with many of their retail peers, have detailed how they plan to address climate change, waste and recycling, water and chemical use, sustainable sourcing and other concerns. Sustainable packaging is on the list, and retailers are turning to their private label brand suppliers for help. At its annual supplier forum held earlier this year, Walmart highlighted how it is working with suppliers to improve the sustainability of its private brand product packaging, with an emphasis on increased recyclability and making it easier for customers to recycle the materials. It is an initiative expected to impact more than 30,000 SKUs for Walmart and Sam's Club, including home furnishings. The commitments are to: Seek to achieve 100% recyclable, reusable or industrially compostable packaging for its private brand packaging by 2025; Target at least 20% post-consumer recycled content in private brand packaging by 2025; Label 100% of food and consumable private brand packaging with the How2Recycle label by 2022 (the How2Recycle label is a standardized labeling system that clearly communicates recycling instructions to the public); Work with suppliers to eliminate the non-recyclable packaging material PVC in general merchandise packaging by 2020; Reduce private brand packaging when possible, optimizing the use to meet the need.

Walmart also encouraged its national suppliers to make similar commitments through its Project Gigaton platform – a Walmart initiative to avoid 1 billion metric tons (a gigaton) of greenhouse gases from the global value chain by 2030. Suppliers are being asked to measure and report their carbon footprint generated in several different areas of manufacturing, including packaging. And it introduced a new recycling playbook, with overviews on which plastic packaging is most easily recycled, to help companies pursue recyclable packaging and recycled content goals.

Kohl's has similar packaging goals in its considerable sustainability effort: it plans to label 100 percent of Kohl's-owned branded packaging with the How2Recycle label by 2025 and reduce the amount of plastic and cardboard in its own-branded packaging. And Target devotes at least six pages in its extensive 2019 corporate responsibility report to responsible resource use, including a section on sustainable packaging and single-use plastics. Amazon was initially quiet about its sustainable packaging initiatives but about two years ago it "got loud and prominent" about its efforts, starting with its "frustration-free" packaging, which was initially more about convenience than sustainability but over time has become one and the same. It makes sense for retailers to achieve sustainability goals by focusing first on their private label programs, mainly because they have more control over them. They are also leading by example. ■ *Source: HFN Mag*

## Macy's focuses on female entrepreneurship with new Initiative

Through a partnership with SoGal Ventures, a venture capital fund, Macy's has launched SoGifted shops, which feature a selection of products and gifts from women-founded brands, including the HidrateSpark 3 smart water bottle.



This shop-in-a-shop is in seven locations nationwide: Herald Square (New York), Lenox Square (Atlanta), Fashion Show (Las Vegas), Northshore (Boston), North Star (San Antonio), Twelve Oaks (Detroit) and Galleria (Ft. Lauderdale). The shops are open through January 2020. The new initiative reinforces Macy's newly established diversity and inclusion goals, which include increasing representation and advancing the growth of under-represented suppliers, the retailer said.

The SoGifted shops are similar to Macy's partnership with b8ta, operator of the Ark Marketplace platform that allows brands that haven't traditionally operated stores to quickly set up physical retail operations. SoGifted shops will also host events.



SoGal co-founders Galbut and Pocket Sun guide more than 65 companies, reaching a network of more than 100,000 entrepreneurs in more than 30 countries. Macy's recently obtained a minority stake in SoGal. ■ *Source: HFN Mag*

## Pier 1 to close up to 450 stores

Pier 1 Imports said it will close up to 450 stores, nearly half of the remaining store count, in an effort to return to profitability and better position itself with the current business conditions. The news came in the Top 100 company's fiscal third quarter earnings release, which included a \$59 million loss for the period ended Nov. 30, a 13.3% net sales decline and a comparable stores sales decline of 11.4%.

The closings would be on top of 45 stores that closed in the third quarter, which left the company with 942 stores at the end of the period, now down to 936, according to the release. "To reflect the revised store footprint, the company also plans to close certain distribution centers and reduce its corporate expenses, including via cuts in corporate headcount," it said.

It did not disclose details on the closing locations, such as timing and markets, and didn't say how many employees are losing their jobs. The long-struggling Pier 1 has been under pressure for years, posting consecutive declines in sales for the past four fiscal years profit and gross profit declines



for the past five (including a \$198.8 million loss for the fiscal year ended March 2, 2019). In recent years, the retailer has been through a series of leaders and turnaround plans with little to show for them. Net sales in the most recent third quarter decreased 13.3% to \$358.4 million from \$413.2 million for the same period a year ago. Pier 1 cited lower traffic for the decrease and said the shift in holiday selling days that were included in the previous year's third quarter impacted same-store sales this time, something that should reverse itself in this fourth quarter. "Pier 1 has been a troubled merchant for over a decade, trying to update an old image," said Jerry Epperson, industry analyst and managing director of Richmond, Va.-based Mann, Armistead & Epperson. "Sadly, it was early in finding the value in 'global' sourcing of more rustic styles and that has now been used by many others. Every consumer has an image of Pier One, even if they have not been in the stores for 15 or 20 years." ■

*Source: Furniture Today*

## Steep duties bring shifts in vanity cabinet sourcing

Furniture industry in USA still in the category say they have shifted their sourcing on bathroom vanities in order to avoid proposed antidumping and countervailing duties on vanities made in China. This shift aims to protect them and their customers from double, and in some cases triple-digit duties proposed by the US Department of Commerce.

These duties are in response to allegations from a group of US kitchen and bath cabinet manufacturers that Chinese producers are not only selling at unfair prices, an issue addressed by the antidumping investigation, but they also allege they are benefiting from Chinese government subsidies, which is being addressed by the proposed countervailing duties.

Preliminary duties in the antidumping case, which will be finalized in early 2020, range from 4.49% to 262.18%, with most falling around 39.25%. Preliminary countervailing duties range from 10.97% to 229.24%. The duties are assigned to manufacturers but ultimately paid by importers of record.

Coast to Coast Imports, which has sold many vanity sinks over the years, shifted its production to Vietnam by May 2019, according to Andy Stein, CEO. "We just have three vanity SKUs," Stein said. "We had more in the past, but we only have three and it is all the same style, just different sizes. It is a huge seller for us," he added of the category, which offers single-sink models of 36 inches and 48 inches and one 60-inch model for double sinks. The units also

come in two finishes, which gives it six models total. He added that the shift to Vietnam was not a challenge as its source factories were capable of producing case units similar to those used in the vanity sink cabinets.

A lot of vanity sinks are sold online by resources such as Overstock and Wayfair. On their respective sites, the e-tailers can show a lot of SKUs at different angles that show their scale in relation to the bath room. The tariffs themselves, which are as

high as 25% on furniture, are in addition to the duties, in effect posing a double hit to vanity sinks. Wayfair also discussed the overall effect of China tariffs in its latest third quarter earnings call on Oct 31.

Vietnam in particular has been a major destination for

Chinese-made vanities. Some factory owners said they didn't want to make major changes in their production and finishing lines, only to face the possibility that any one of the vanity sink customers could shift orders to other factories at a moment's notice. But there are factories that have taken on the business.

Not everyone has shifted vanity sourcing. Some producers, including Hooker Furniture, have kept the few vanities they produce in China, as they are not as high volume products. ■

Source: *Furniture Today*

