Mini Retreat
The Economy’s Impact on Fashion Business and Design Education

November 20, 2009

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When did our current recession start as declared by National Bureau of Economic Research?
A. September 2008
B. January 2009
C. July 2008
D. December 2007
Answer:

D. Dec 2007

In a statement released in December 2008, the Business Cycle Dating Committee of the NBER officially declared December 2007 as the start date of our current recession.
What do you think is the range of the current unemployment rate in the US?

A. 4-6%
B. 6-8%
C. 8-10%
D. 10-12%
Answer:
D. 10-12%
(as of October 09)

Source: Bureau of Labor Statistics
The rate of unemployment usually lags behind the recession. It may even rise well after BEA declares the end of a recession. Which of the following pairs do you think best represent the lag times in the 2001 and 1991 recessions?

A. 6 months in 1991 ; 4 mos in 2001  
B. 1 mo in 1991; 3 mos in 2001  
Answer:


<table>
<thead>
<tr>
<th>End of recession</th>
<th>Unemployment Rate Peak</th>
<th>Months from end of recession to unempl. peak</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nov 2001</td>
<td>Jun 2003</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: BLS, NBER
Which economic sector was worst hit by recession?
A. Financial sector.
B. Construction
C. Manufacturing
D. Education
Answer:

C. Manufacturing
Which industry is the largest manufacturing industry in NYC?
A. Auto industry
B. Food industry
C. Fashion industry
D. Computer industry
Answer:

C. Fashion industry
The inflation rate in 2008 was 3.8%. What do you think the inflation rate was for September 2009?

A. +6%
B. +10%
C. -1.3%
D. 0%
Answer:
C. -1.3%
Yes, the **short-term** environment will be tough for our graduates.

But the fashion and apparel industry has been undergoing severe **long-term** change that FIT needs to address.
Which percentage best represents the decline in US textile and apparel manufacturing since 1973?

A. 37%
B. 56%
C. 83%
D. 92%
Answer:
C. 83%

U.S. manufacturing employment in textile/textile products mills and apparel has declined as follows:

<table>
<thead>
<tr>
<th></th>
<th>1973</th>
<th>1996</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept.</td>
<td>2.4 million</td>
<td>1.5 million</td>
<td>412 thousand</td>
</tr>
</tbody>
</table>

US clothing imports in 1996 were $40 billion. In 2006, they were:

A. $57 billion
B. $64 billion
C. $71 billion
D. $83 billion
Answer:

D. $83 billion

U. S. Clothing Imports (Billions of $’s)

$25.1   $40.3   $63.3   $83.4

Source: U.S. Dept. of Commerce, Office of Textiles and Apparel
Comparing the latest year’s sales for the largest discounter (Wal-Mart) versus the largest department store chain (Macy’s), Wal-Mart sales exceeded Macy’s sales by a factor of:

A. 5 to 1
B. 11 to 1
C. 16 to 1
D. 24 to 1
Answer:
C. 16 to 1

Net Merchandise Sales for Year Ending 1/31/09
(Billions of $’s)

<table>
<thead>
<tr>
<th></th>
<th>Wal-Mart</th>
<th>Target</th>
<th>Macy’s</th>
<th>JC Penney</th>
<th>Saks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>$401</td>
<td>$63</td>
<td>$25</td>
<td>$18</td>
<td>$3</td>
</tr>
</tbody>
</table>
Considering the much lower prices in Wal-Mart versus Macy’s (…each dollar in Wal-Mart means more units of sale) and Macy’s average sales per employee of $149k, Wal-Mart’s average sales per employee were:

A. $128k  
B. $142k  
C. $216k  
D. $349k

Basis: Net U.S. merchandise sales for year ending 1/31/09 divided by year-end U.S. employee count
Answer:
C. $216k
Source: Company annual reports
This issue is not just about a point in time.

How much have Wal-Mart sales grown in the 9 years since fiscal 2000?
A. 58%
B. 104%
C. 123%
D. 157%
Answer:

D. 157%

<table>
<thead>
<tr>
<th>Year</th>
<th>Wal-Mart Net Sales ($ Billions for year ending Jan. 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$156</td>
</tr>
<tr>
<td>2003</td>
<td>$230</td>
</tr>
<tr>
<td>2006</td>
<td>$309</td>
</tr>
<tr>
<td>2009</td>
<td>$401</td>
</tr>
</tbody>
</table>
More recently, looking at latest 6 months’ reported sales (through end of July), Wal-Mart and Target both experienced sales declines of 1%. Macy’s sales results for the same period were:

A. -3%
B. -10%
C. -13%
D. -18%
Answer:

B. -10%

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<th>Macy’s</th>
<th>Saks</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Change Versus Year Ago</td>
<td>-1%</td>
<td>-1%</td>
<td>-7%</td>
<td>-10%</td>
<td>-21%</td>
</tr>
</tbody>
</table>

Source: Company 10-Q’s
Between March 1, 2008 and January 31, 2009, Saks reduced its employee count by:

A. 8%
B. 16%
C. 22%
D. 29%
Answer: 
C. 22%

Source: Saks 10-k reports for fiscal years ending January 31 of 2008 and 2009
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Thank You