

MINI RETREAT

The Economy's Impact on Fashion
Business and Design Education

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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)

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
- C. 15 mos in 1991; 19 mos in 2001.
- D. 12 mos in 1991; 7 mos in 2001.

Answer:

C. 15 mos in 1991; 19 mos in 2001.

End of recession	Unemployment Rate Peak	Months from end of recession to unempl. peak
Nov 2001	Jun 2003	19
Mar 1991	Jun 1992	15

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:**

1973

2.4 million

1996

1.5 million

Sept.

2009

412 thousand

Source: US Bureau of Labor Statistics

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)

<u>1991</u>	<u>1996</u>	<u>2001</u>	<u>2006</u>
\$25.1	\$40.3	\$63.3	\$83.4

Source: U.S. Dept. of Commerce, Office of Textiles and Apparel

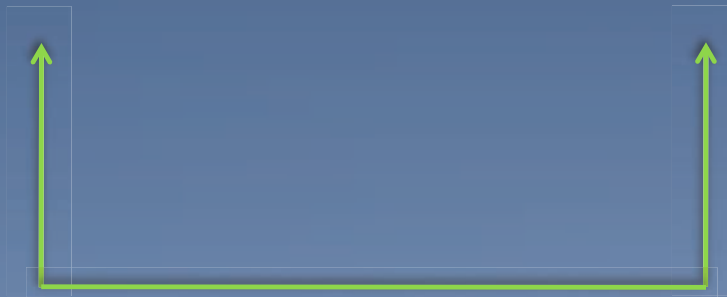
Comparing the latest year's sales for the largest discounter (Wal-Mart) versus the largest department store chain (Macy's), Wal-Mart sales exceeded Macy's sales by a factor of:

- 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)

<u>Wal-Mart</u>	<u>Target</u>	<u>Macy's</u>	<u>JC Penney</u>	<u>Saks</u>
\$401	\$63	\$25	\$18	\$3



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%

Wal-Mart Net Sales

(\$ Billions for year ending Jan. 31)

<u>2000</u>	<u>2003</u>	<u>2006</u>	<u>2009</u>
\$156	\$230	\$309	\$401

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%

6 Months Sales through 8/1/09

% Change Versus Year Ago

<u>Wal-Mart</u>	<u>Target</u>	<u>JC Penney</u>	<u>Macy's</u>	<u>Saks</u>
-1%	-1%	-7%	-10%	-21%

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