

BUSINESS

Shoppers Reach Their Limits on Some Price Increases

Efforts to charge more for certain items from sofas to T-shirts have met resistance; 'there was a revolt.'



Coach used fluffier leather for its latest Tabby 26 handbag, on right, which cost \$100 more than the original, on left.

PHOTO: COACH

By [Suzanne Kapner](#) [Follow](#)

Mar. 17, 2022 5:33 am ET

SAVE PRINT TEXT

Listen to article (8 minutes)

Queue

Apparel retailers and department stores are bumping up against pockets of price resistance, a sign that consumers are curtailing spending as inflation remains at the highest level in four decades.

YOUR MONEY BRIEFING

[Macy's](#) Inc. tried to raise prices on some mattresses and sofas by \$100, but shoppers pushed back, Chief

Shoppers Reject Higher Prices



00:00

1x



SUBSCRIBE

prices on its T-shirts by about \$20, then sales fell and the company rolled back the price increase. “There was a revolt,” said Steven Millman, its chief brand officer. “If we go any higher, we’ll do half the sales.”

With [inflation at a 40-year high](#), companies across the spectrum have been [charging more to offset rising costs](#) with little resistance from consumers. That trend is starting to change, especially on lower-priced apparel and furniture, according to industry executives, analysts and consumers.

[Retail sales slowed](#) in February compared with January, according to the Commerce Department. Compared with February 2021, sales are up 17.7%, but a large chunk is due to rising prices. In some categories, such as gasoline and food, all the gains were driven by inflation, according to research firm [GlobalData](#). In apparel, there is “some trading down with more shoppers turning to value players for some of their purchases,” according to Neil Saunders, a GlobalData managing director. “This is likely in response to squeezed budgets.”



Macy’s has been able to charge more for expensive items but not less-expensive models.

PHOTO: BRITAINY NEWMAN/ASSOCIATED PRESS

Unit sales of general merchandise goods such as apparel, footwear, toys and sports equipment declined in nine of the 10 weeks from Dec. 26 through March 5

Roughly 43% of consumers surveyed by NPD in February said that if prices continue to rise, they will delay less-important purchases to stick to a budget.

“We are seeing less demand as consumers pay higher prices,” said Marshal Cohen, NPD’s chief retail industry adviser. “Price sensitivity is starting to show up. There is a threshold that consumers don’t want to go over.”

Calloway Cook of Northampton, Mass., had been spending freely throughout the pandemic, but he started cutting back in the past two months as higher prices and a stock market made volatile by [Russia’s invasion of Ukraine](#) have him feeling less affluent. Instead of buying a new winter coat, he is sticking with the one he has and is forgoing the sneakers he had been eyeing. “It seems like it’s a good time to be more frugal,” said the 28-year-old, who runs a company that sells herbal supplements.



Target is one of the chains that reported strong holiday sales and curtailed promotions and raised prices.

PHOTO: TED SHAFFREY/ASSOCIATED PRESS

Apparel retailers have been among the biggest beneficiaries of consumer spending as Covid-19 restrictions ease and people refresh their wardrobes in anticipation of more in-person meetings and social events. Chains from Macy’s to [Target Corp.](#) reported strong holiday sales, and [many have curtailed promotions and raised prices](#), a departure for an industry that had been in a deflationary spiral for decades.



increases and fewer discounts.

But as [Citigroup](#) Inc. analyst Paul Lejuez noted in a recent report about the impact of inflation on apparel companies, despite a strong job market and rising wages, consumer “wallets are not infinite.”

Advertisement - Scroll to Continue

Roketa Dumas, a financial blogger who lives in Charlotte, N.C., planned to refresh her wardrobe this spring, but got sticker shock on recent shopping trips. Instead of buying four pairs of jeans, she settled for one pair. Rather than five new bras, she bought two. “The budget I had set aside isn’t enough given how much prices are up,” the 38-year-old said.

Commodity prices are hot right now. But the prices investors are paying in the open market for commodities like coffee, copper or corn can have little to do with the price customers pay at the store. WSJ’s Dion Rabouin explains. Illustration: Adele Morgan

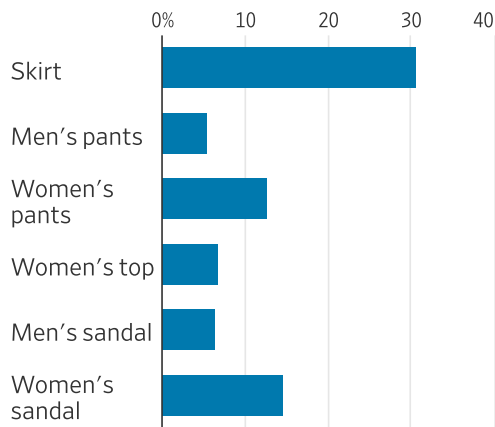
It isn’t just the rising prices of gasoline and toilet paper that are eating into disposable income, but also a shift back to spending on [services like dining out and travel](#).

The pushback from consumers varies across categories and brands. [Luxury players have been jacking up prices](#) with no visible collapse in demand. Items that are scarce because of supply-chain shortages also can command higher

Gender Gap

Women's clothing has seen bigger price increases.

Price change from Jan. 2021 to Jan. 2022



Source: DataWeave

Analytics company DataWeave Inc. found wide disparities in the price increases by item and gender. The average price of skirts is up 31% compared with a year ago, while pants cost only 8.6% more. Women on average are paying an extra 13% for pants, while men are paying an additional 5.3%.

“Women tend to be more fashion conscious and are willing to pay up for the newest styles,” said Krishnan Thyagarajan, DataWeave’s president.

Retailers are trying to figure out how far to push prices without losing

customers and developing workarounds when price increases aren’t feasible, the executives said.

Some brands are reducing costs by using lower-grade leather, lighter-weight cotton or cheaper trim, said Brian Ehrig, a partner in the consumer practice of consulting firm Kearney. Others are switching to less-expensive manufacturing techniques such as single-brushed instead of double-brushed fabrics—the difference being that rollers only fluff the fibers on the outside to make them softer, not on both sides, said Jackie Ferrari, CEO of clothing manufacturer American Fashion Network.

Premium brands are taking the opposite tack, by adding quality to products in the hope that consumers will pay more. When Coach introduced the latest version of its Tabby 26 handbag last spring, which is made of softer, fluffier leather than the original, it raised the price by \$100.

“Consumers could really see the additional value,” said Todd Kahn, CEO of the Coach brand, which is owned by [Tapestry](#) Inc.

Dealing With Inflation

Analysis from The Wall Street Journal, selected by the editors

ASK WSJ: CAN THE FED TAME INFLATION? WATCH THE CONVERSATION



**What Is Inflation?
What to Know**



**U.S. Inflation Hits
7.9%**



**Americans Are
Having an Inflation
'Aha' Moment**



**Shoppers Reach
Their Limits on
Some Price
Increases**



**Fed's Push to Tame
Inflation Gets More
Complicated**



**Inflation Is Taking
Biggest Toll on
Nonwhite Voters**



**Why Inflation Could
Stay High for
Decades**



**How to Inflation-
Proof Your
Investments**

Luc Wathieu, a Georgetown University professor who has studied pricing, said consumers are more likely to accept price increases if they are told the product is slightly different. “It cuts the comparison with the past,” Mr. Wathieu said.

He added that higher prices can make luxury items seem more desirable. “The more expensive the item, the better it is perceived,” Mr. Wathieu said.

Macy’s has been able to charge more for expensive items but not less-expensive models. The chain raised the price of a \$2,000 sectional sofa to \$2,200. But it was unable to charge \$100 more for a \$499 sofa. It ran into the same problem when it tried to raise the price of a \$499 mattress. “We tried to raise the price, and the customer pushed back on that,” Mr. Gennette said in an interview last month.

The same applies to clothing. Mr. Gennette told analysts in February that the chain can charge more for fashion but not for basic tank tops, T-shirts and shorts. In the case of basics, “we could be working short,” Mr. Gennette said, meaning that Macy’s is making less of a profit or sometimes taking a loss.

While Bella Dahl wasn’t able to charge more for T-shirts, it has raised prices on other items such as jogger pants and is introducing more-luxurious styles like a \$400 puffer jacket. Even though it raised the price of its shirttail button-down last year by about \$12, Mr. Millman said he probably can’t go much higher. “There is a limit to how much people are willing to pay for core items,” he said.

The Wall Street Journal wants to hear from you. How is inflation affecting you? *

Are you a consumer, a worker or a business owner?*



Name*

Email*

SUBMIT

By submitting your response to this questionnaire, you consent to Dow Jones processing your special categories of personal information and are indicating that your answers may be investigated and published by The Wall Street Journal and you are willing to be contacted by a Journal reporter to discuss your answers further. In an article on this subject, the Journal will not attribute your answers to you by name unless a reporter contacts you and you provide that consent.

Write to Suzanne Kapner at Suzanne.Kapner@wsj.com

Appeared in the March 18, 2022, print edition as 'Shoppers Push Back on Price Hikes'.



SPONSORED OFFERS

WALMART:
[20% off your next online order - Walmart coupon code](#)

DELL:
[Get 35% on Select Workstations & PCs with Dell coupon code](#)

JCPENNEY:
[Today's JCPenney coupon code - 30% off entire purchase](#)

BEST BUY:
[Save 15% or more from Best Buy deal of the Day](#)

NIKE:
[March Savings Event: Up to 64% off Nike's newest spring styles](#)

MICHAELS:
[Michaels coupon code for senior - Extra 10% off](#)

[BACK TO TOP ↗](#)



Corporate Subscriptions	My News	Sell Your Business	Corrections
Professor Journal	RSS Feeds	Sell Your Home	Jobs at WSJ
Student Journal	Video Center	Recruitment & Career Ads	News Archive
WSJ High School Program	Watchlist	Coupons	Register for Free
Public Library Program	Podcasts	Digital Self Service	Reprints & Licensing
WSJ Live	Visual Stories		Buy Issues
WSJ Membership Benefits			WSJ Shop
Customer Center			
Legal Policies			



[Dow Jones Products](#) |
 [Barron's](#) |
 [BigCharts](#) |
 [Dow Jones Newswires](#) |
 [Factiva](#) |
 [Financial News](#) |
 [Mansion Global](#) |
 [MarketWatch](#) |
 [Private Markets](#) |
 [Risk & Compliance](#) |
 [WSJ Pro](#) |
 [WSJ Video](#) |
 [WSJ Wine](#)

[Privacy Notice](#) |
 [Cookie Notice](#) |
 [Copyright Policy](#) |
 [Data Policy](#) |
 [Subscriber Agreement & Terms of Use](#) |
 [Your Ad Choices](#) |
 [Accessibility](#)

Copyright ©2022 Dow Jones & Company, Inc. All Rights Reserved.

[BACK TO TOP](#)

English Edition Edition

English



<p>WSJ Membership</p> <ul style="list-style-type: none"> WSJ+ Membership Benefits Subscription Options Why Subscribe? Corporate Subscriptions Professor Journal Student Journal WSJ High School Program Public Library Program WSJ Live WSJ Membership Benefits Customer Center Legal Policies 	<p>Customer Service</p> <ul style="list-style-type: none"> Customer Center Contact Us 	<p>Tools & Features</p> <ul style="list-style-type: none"> Newsletters & Alerts Guides Topics My News RSS Feeds Video Center Watchlist Podcasts Visual Stories 	<p>Ads</p> <ul style="list-style-type: none"> Advertise Commercial Real Estate Ads Place a Classified Ad Sell Your Business Sell Your Home Recruitment & Career Ads Coupons Digital Self Service 	<p>More</p> <ul style="list-style-type: none"> About Us Commercial Partnerships Content Partnerships Corrections Jobs at WSJ News Archive Register for Free Reprints & Licensing Buy Issues WSJ Shop
---	--	--	---	---



