The New York Times

MANAGING YOUR MONEY, WORK AND SUCCESS

Spending Well

AUGUST 29-30, 2015

Talking Points

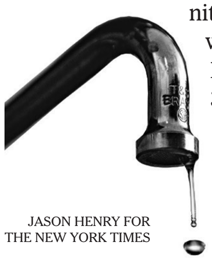
DEFY MEDIA & AWESOMENESSTV

Netflix Appeals to Teenagers

Netflix is entering the awkward teenage years, at least with its latest programming push. It is adding to its streaming service films and television series focused on teenagers and "tweens." Netflix has licensed two films from popular YouTube personalities, including "Smosh: The Movie" from Anthony Padilla, left, and Ian Andrew Hecox, the creators of a YouTube comedy channel that has over 21 million subscribers; and "Bad Night." It also has picked up the TV series "Lost & Found Music Studios" and "Degrassi: Next Class."

Coca-Cola Saves Water

The Coca-Cola Company is five years ahead of schedule in its efforts to return the water it uses to the environment and to communities around the world. Coca-Cola uses roughly 300 billion liters each year to produce about 160 billion liters of Coke, Sprite, Fanta and hundreds of other drinks. The company is making more efficient use of water in its plants and implementing wastewater treatment standards for its manufacturers as well as developing community water projects.



JASON HENRY FOR THE NEW YORK TIMES

Concussion Risk for Youths

Sports-related concussions account for more than half of all emergency room visits by children aged 8 through 13, according to the National Athletic Trainers' Association. A child who suffers a concussion is one and a half times more likely to experience another, and those who have had two concussions have a threefold greater risk of the same injury happening again.

More Computers in Schools

School districts are investing more in technology for their students and the volume of personal computers in the classroom is surging, according to a report from IDK, a market research firm. Last year, 13.2 million computer systems, worth about $7 billion, were shipped to schools, a 33 percent increase over 2013.

KENDRICK BRINSON FOR THE NEW YORK TIMES

DIFFERENT PRIORITIES Some retailers are struggling as shoppers prioritize experiences over goods. Decorating a window at an American Apparel store.

Spending Shift Hurts Retailers

SHOPPING
HIROKO TABUCHI

As Americans spend more money on doing things, not buying things, department stores are losing out.

A rebound in overall spending at retailers, which grew 0.6 percent in July from the previous month, has eluded department stores, where sales dropped 0.8 percent.

Department stores made up one of two categories tracked by the Commerce Department where spending declined. Spending at electronics and appliance stores also fell 1.2 percent in July.

Data released by the Commerce Department shows that American consumers are putting what extra money they have into eating out, upgrading their cars or fixing up their homes, as well as spending on sports gear, health and beauty. Spending at restaurants and bars has jumped more than 9 percent this year through July compared with the same period last year, and on autos by more than 7 percent, according to the agency.

Analysts say a wider shift is afoot in the mind of the consumer, spurred by the popularity of a growing body of scientific studies that appear to show that experiences, not objects, bring the most happiness. Millennials — the 20- and 30-somethings marketers covet — would rather spend on vacations, meals with friends, gym memberships and smartphones, many surveys suggest.

"It's becoming more and more about the experience — whether it's going to a festival or sharing a car ride or going to a new city," said Richard E. Jaffe, an analyst at Stifel Nicolaus, the investment firm.

The shift in consumer mind-sets is hurting major department store chains like Macy's and Kohl's, which both recently reported tepid quarterly earnings. Macy's pared back its annual sales growth forecast this year to zero after sales at stores open for at least a year fell 2.1 percent. Kohl's squeezed out a 0.1 percent growth in same-store sales.

The picture at Nordstrom has been much prettier, underscoring how the economic recovery has benefited the nation's wealthiest, while income growth for the middle class has been more elusive. Nordstrom's profits topped estimates as comparable sales jumped nearly 5 percent. But even upscale retailers are facing trouble. Foreign tourists are spending less in the United States, their purchasing power crimped by the strong dollar.

Americans have not stopped spending on goods. But when they do, they are increasingly buying online. Amazon's Prime Day most likely stole consumer dollars away from brick-and-mortar stores this summer, analysts said. Online sales jumped 1.5 percent in July.

Discount stores like T. J. Maxx, Ross Stores and Burlington are also taking a bigger share of shoppers' dollars, prompting department stores to jump into the same lower-priced space.

This fall, Macy's will open the doors to four off-price outlet stores, called Macy's Backstage, in and around New York City, joining Nordstrom Rack and the Saks Fifth Avenue Off 5th stores, both discount spinoffs. Kohl's also unveiled its first off-price store, Off-Aisle by Kohl's, in June.

Millennials are more likely to go on vacation than to buy clothes.

That is a risky strategy that could both cannibalize and devalue the department store chains' full-price offerings, analysts say. But the race into the off-price space shows just how hard it has become to persuade consumers to buy more stuff.

"Retailers are discounting in so many ways now. And if one does it, they all have to do it," said Chris G. Christopher Jr. of IHS Global Insight. "That's driven retail goods prices into negative territory."

Department stores are striking back with other strategies. Kohl's has been bolstering its sportswear offerings, with plans to open up new N.F.L., N.C.A.A. and M.L.B. stores at Kohl's locations.

Stores are focusing on transforming shopping into the kind of experience that they say today's consumer craves. Macy's is rolling out beacons at its stores that beam deals and other information to shoppers' smartphones, and offer points for checking into different parts of the store, to create a gamelike shopping experience.

Selling more goods will only get harder as the economy recovers, said Rajiv Lal, professor of retailing at Harvard Business School.

"With affluence, people have so much stuff in their closet," he said, adding that consumers are not looking to buy more material products but something that will strike their imagination.

"And if they don't see anything in stores they fancy, they'll seek out experiences," he said. "It's experience versus the mundane."

Advice After Market Falls: Take a Deep Breath, Do Nothing

INVESTING
RON LIEBER

The impulse when the stock market falls hard for a few days in a row is to do something. Anything. Our life savings are often on the line, after all.

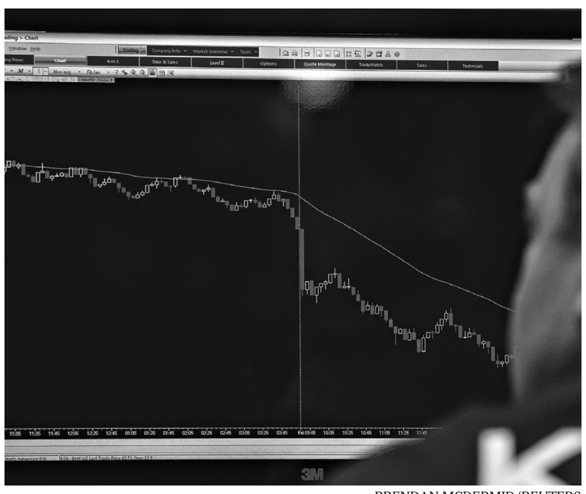
But that's just the thing: Stocks are most useful for long-term goals. So unless those goals have changed, it probably doesn't make much sense to overhaul an investment strategy based on a blip of market activity.

So pour yourself a drink, or sit down with a pint of ice cream, and consider the following six things.

First, you are not the stock market. Chances are, your portfolio is a diverse mix of investments. Many people save in target-date mutual funds that do the work of diversification for them.

Second, if you have been investing in stocks in the last six years, you are most likely a big winner. It's generally a bad idea to look at your investment statements too often, but if you can't help yourself, take a quick peek.

That outsize gain you see is one reason you are in stocks in the first place. Plenty of research shows that if you miss just a few days of the market's biggest gains, which would have happened if you pulled out after the recent market drops, your long-term portfolio will suffer. If you put a bunch of your money in cash, how will you know when to get back in the market? You'll probably be looking for a sign, and that sign will be the very rebound days that you missed out on.



BRENDAN MCDERMID/REUTERS

ROUGH TRADING DAYS The steep drops in the market this month caused some investors to re-evaluate their positions. The rallies that followed offered relief, but long term, few investments offer the returns of equities that many of us rely on for a comfortable retirement.

Still uneasy? Consider a third point: At some time in the past, when you were not scared, you made a decision to construct your portfolio a certain way. You knew that stocks involved risk and that the returns they have traditionally delivered, above and beyond what cash and bonds do, was the reward for your persistence.

Nothing about recent events suggests that the fundamentals of capitalism have changed. So neither should your confidence in very long-term ownership of the pieces of the for-profit enterprises that benefit from your fortitude.

Nobody knows for sure whether we're in for a decline, or if a recovery will be sustained. But if there is a decline and you are a regular investor, you'll be buying more when prices are lower.

Which brings us to point No. 4: Long-term investors have time to recover. I know too many 70-year-olds who sold all of their stocks in 2009 and are healthy enough to live to 100. They'd be going on a lot more vacations now and be worrying less about long-term care if they had held firm.

Worried about a 529 college savings plan for a 12-year-old? Hopefully, you weren't 100 percent in stocks with six years to go before needing money for tuition. Still, you have at least nine years for a portion of that portfolio to recover.If that 12-year-old is the oldest of at least two children, you could pay cash for some tuition bills for the eldest and let some of the account ride longer for the next child.

Let's say you still have trouble sleeping. Then you may be the sort of person who needs to consider a fifth point: Some people cannot handle the stress of investing in stocks. But try to give this more time, and consider the alternatives. Few investments can deliver the kinds of returns that stocks can without their own accompanying anxiety.

Another possibility is to save more in safer investments like cash or bonds. Most people don't have enough income to do that easily, so settling for lower returns will mean a combination of working longer and living modestly, forever. For some, that is fine.

One final point for new investors (and their parents and grandparents, who ought to offer counseling in days like these): This is what markets do. There is absolutely nothing abnormal about it.

Most of us have to save somewhere, and history suggests that stocks are the most accessible route to get the returns you'll need to retire someday. It would take decades of systemic economic erosion to prove otherwise, and a few days of market declines do not suggest that anything like that is upon us.