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Earnings Call

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Presentation

Operator

Hello, and welcome to the J.Jill Inc. Q3 2024 Earnings Call.

Before we begin, I need to remind you that certain comments made during these remarks may constitute forward-looking statements and are made pursuant to and within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 as amended. Such forward-looking statements are subject to both known and unknown risks and uncertainties that could cause actual results to differ materially from such statements.

Those risks and uncertainties are described in the press release and J.Jill's SEC filings. The forward-looking statements made on this recording are as of December 11, 2024, and J.Jill does not undertake any obligation to update these forward-looking statements.

Finally, J.Jill may refer to certain adjusted or non-GAAP financial measures during these remarks. A reconciliation schedule showing the GAAP versus non-GAAP financial measures is available in the press release issued December 11, 2024. If you do not have a copy of today's press release, you may obtain one by visiting the Investor Relations page of the website at jjill.com. [Operator Instructions]

I will now turn the call over to Claire Spofford, President and Chief Executive Officer of J.Jill Inc. Claire, please go ahead.

Claire Spofford
President, CEO & Director

Good afternoon. Thank you, everyone, for joining us.

Before we discuss our quarterly results, I want to take a moment to address the announcement of my planned retirement next year. After 4 years leading this incredible company and after nearly 3 decades leading retail organizations, I have decided that the time is right for a new chapter. I am extremely proud of what our team has accomplished together, transforming J.Jill into a stronger, more agile retailer positioned for sustainable growth. The Board has begun a thorough search process to identify my successor, and I'm fully committed to ensuring a smooth and seamless transition.

Looking back, I'm particularly proud of how we strengthened the foundation of this business. We implemented rigorous operational discipline and refocused the organization to prioritize full price selling with a new mindset of earning our way back into growth. More recently, we've taken steps to modernize the brand, enhance our value proposition and strengthen our omnichannel capabilities, all while maintaining our unwavering focus on serving our customers.

The operational discipline and strategic framework we've established will serve the company well as it enters its next chapter. This next stage of growth will be focused on capitalizing on the opportunities that are ahead, including new store growth and unlocking robust omnichannel capabilities. We are also engaging a consultant that brings fresh perspective to further enhance the business' growth plans.

In addition, we are excited to announce in recognition of the strong foundation we've built and are confident in the future that the Board has authorized a new share repurchase program. This authorization reflects a strong step forward with our TSR strategy as well as the conviction in our business model, proven track record of cash generation and the significant growth opportunities that lie ahead.

Now let me turn to review highlights from our third quarter results. For the third quarter, we delivered results in line with our expectations as our teams remain focused on executing our operating model. We were disciplined with promotional actions and tightly managed expenses while continuing to invest in our long-term initiatives. Through this focus, we delivered another quarter of healthy margin performance, reflective of the strength of our operating principles. While there continued to be some consumer distraction due to world events and pressure on full price selling, we were encouraged by the engagement we continue to draw from customers, particularly around our core fall franchises and rich color palettes.

We saw strong conversion in both our retail and direct channels, supported by our focused relevant assortments, which helped to partially offset traffic trends during the period. Excluding disruption from hurricanes that impacted our stores across the Southeast, we saw retail relatively outperform the direct channel, largely as a result of a more price-sensitive customer in direct, where we've continued to see customers overall remain very choiceful with their spend.

While our customer file was down slightly for the period, our best customer cohort delivered growth, outperforming the overall file. We saw growth in orders per customer in the quarter, which supported our spend per customer results.

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As you will recall, we view our private label credit card similarly to a loyalty program, and we are encouraged by the increase in applications we received from the [Love Your] loyalty campaign we ran this quarter. While we are managing our marketing spend with discipline given the current environment, we are continuing to actively drive engagement with customers through events such as this across our stores and social media platforms.

In addition to our [Love Your] loyalty campaign, we conducted geographically focused retail marketing tests in 2 markets that yielded strong results and will be scaled as we move into 2025. Our Instagram series, One Minute, No Limits that highlights our Head of Design, Elliot Staples, offering advice on how to leverage J.Jill product to achieve trend-right versatile look has seen especially strong engagement and supports the versatility of our product assortment with styling tips and fun suggestions for outfitting.

In addition to this styling series, we also launched our iconic campaign this quarter, which drove engagement and was instrumental in delivering strong results in bottoms in the quarter and in modernizing the presentation of the brand and products, 2 areas of focus for us as we continue to modernize our brand and value proposition to appeal to a wider range of customers.

Through this campaign, we took one of our core products, the ponte pants and provided new ways to style this customer favorite. The strength in our bottoms assortment also helped to offset ongoing softness in dresses that we discussed on our last quarter call. While dresses are a smaller part of our assortment in the second half of the year, we've continued to see customers gravitate towards a trend in separate.

And while we saw a slower start to our more seasonal products like sweaters and outerwear early in the period, we were pleased to see performance pick up in these areas as we moved more into the heart of the fall season, supported by focused promotions and colder weather.

During the quarter, we also continued our progress in modernizing our systems and infrastructure and realized some promising trends in omnichannel transaction growth and an efficient customer service in our stores for our new POS system. We are excited about the new capabilities that will be enabled by a new order management system that will come online in 2025.

In addition, we have continued to strengthen our store fleet with the opening of 3 new stores and the reopening of 1 store that we had closed for relocation in Q2.

In summary, our third quarter results were in line with our expectations and reflect the strength of our operating model. The opportunities we have to continue to capitalize on our strong loyal customer base and the progress we are continuing to make in strengthening our omnichannel model. As we look to the holidays, while we have not yet seen the robust return of the full-price customer that we saw earlier this year, we are continuing to engage with our consumer with festive holiday sweaters and accessories and flowing newness regularly.

With the shortened holiday selling calendar, we have also made changes to the timing of our floor sets that we believe will support our sales and margin objectives for the quarter.

Before I turn the call over to Mark, I want to acknowledge the work of our teams. Throughout this year and indeed over the past 4 years, they have continued to stay focused on executing with passion and discipline while navigating an evolving consumer landscape. It has been my honor to lead this great organization, and I truly believe that with the strategic framework we've established, combined with our operational discipline and the support of fresh perspectives they're bringing in, will position J.Jill for continued success in this next phase of growth.

I will now turn the call over to Mark.

Mark W. Webb
Executive VP and Chief Financial & Operating Officer

Thank you, Claire. First off, I know I speak for the entire J.Jill team when I say it has been an honor to work alongside you these past 4 years. We strengthened the foundation of the business and instilled a disciplined operating model, which continues to yield results even amidst a somewhat challenging consumer environment as reflected in our third quarter performance.

As we discussed on the Q2 call, our expectations as we entered Q3 took into account the trends we were seeing in the business as well as easier year-over-year comparisons as we progressed through the period. As Claire discussed, while we have not yet seen the strong return to full price selling we saw earlier this year, we have maintained our operating discipline.

During the quarter, we delivered a healthy gross margin of 71.4%, even after taking markdowns and additional targeted promotions where needed to end the quarter with inventories on a normalized basis flat to last year. We also remained focused on the

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controllables, reducing expenses where possible while protecting strategic investments in marketing and the OMS project, delivering adjusted EBITDA for the quarter of $26.8 million or 17.7% of sales.

Now I'll review third quarter financial performance in more detail. Total company comparable sales for third quarter decreased 0.8% compared to a positive 1.9% last year. The decline was driven by an approximate $800,000 negative comp impact from incremental storm activity on store and direct sales in the quarter as well as by softer full price selling in the direct channel. Excluding the incremental impact of storms, total company comp sales were negative 0.3% for the quarter.

Total company sales for the quarter were about $151 million, up 0.3% versus Q3 2023. This performance was the result of a $2 million benefit due to the calendar shift compared to reported Q3 2023, which was mostly offset by lower comp, including the negative impact of storms just mentioned.

Store sales for Q3 were up 0.2% compared to Q3 2023, driven primarily by the calendar shift, offset by the storm impact. Regarding the storms, first, we are very pleased and relieved that all of our associates are safe and accounted for. We did have one store in Asheville, North Carolina that had to close with an uncertain reopening date due to extensive damage to the store and to the Biltmore Village Center in which it is located.

Direct sales as a percentage of total sales were about 46% in the quarter. Compared to the third quarter of fiscal 2023, direct sales were up 0.3% as the benefit of the calendar shift and improving return rates were partially offset by softer full price selling in the quarter and the impact of storms during the period.

Q3 total company gross profit was about $108 million, down about $600,000 compared to Q3 2023. Q3 gross margin was 71.4%, down 60 basis points versus Q3 2023, driven by elevated levels of full price promotion, additional markdowns and elevated ocean freight costs in the quarter.

As we have previously discussed, we are shipping goods early to offset delays related to the rerouting of shipping lanes away from the Red Sea, and we took evasive measures to reroute some holiday goods to the West Coast in advance of the potential East Coast port strike this fall.

This resulted in goods associated with our late fall and holiday floor sets carrying elevated freight costs from the summer that will be realized as we sell these goods in Q4. Importantly, while there is still uncertainty related to the East Coast port contract extension expiring in January 2025, overall ocean freight rates have stabilized more in line with prior year for spring goods that are shipping now in fourth quarter and will be sold during Q1 of fiscal 2025.

SG&A expenses for the quarter were about $89 million compared to approximately $86 million last year. The increase was driven primarily by wage inflation, marketing and $400,000 in incremental expense associated with the OMS project, all of which were partially offset by favorable management incentive.

Adjusted EBITDA was $26.8 million in the quarter compared to $28.6 million in Q3 2023. Please refer to today's press release for a reconciliation of adjusted EBITDA to net income, the most comparable GAAP financial measure.

Turning to cash flow. For the quarter, we generated about $19 million of cash from operations, resulting in ending cash of about $39 million with 0 borrowings against the ABL.

Looking at inventory. As mentioned on prior quarter calls, we expect reported inventories to be up this year due to calendar shift timing and the strategy to ship goods approximately 1 week early to offset delays related to the rerouting of shipping lanes away from the Red Sea. As a result, at the end of third quarter, total reported inventories were up about 9% compared to the end of third quarter last year. On a normalized basis, inventories were about flat to end the quarter.

Capital expenditures for the quarter were $5.5 million compared to $3.7 million last year. Investments were focused on stores and the OMS technology project, which continues to make good progress on the path to implementation in fiscal 2025.

With respect to store count, we ended the quarter with 247 stores. We closed 1 store in Asheville, North Carolina due to extensive hurricane damage, as I mentioned, and we opened a total of 4 stores in the quarter, consisting of 1 reopening in Lynnfield, Massachusetts of a store closed for relocation during the second quarter and the opening of 3 new stores in Virginia Beach, Atlanta and Colorado Springs. The Virginia Beach store opened at the end of August as a reentry into a new center in the single-store market exited 4 years ago. The Atlanta opening at end of October marked the seventh store in this vibrant market, the first in West Marietta, Georgia and West Cob.

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And also at the end of October, we reentered the same center in the single-store Colorado Springs market we exited 3 years ago following a redevelopment and remerchandising of the Promenade Shops Lifestyle Center.

We are excited to continue expanding the fleet. New stores represent an opportunity to capture new customers, grow awareness and deliver healthy financial results with payback periods just under 3 years and healthy cash-on-cash returns of over 30%. We are actively working on our plans for next year and continue to see opportunity to open up to 50 net new stores in the next 5 years.

Turning now to our outlook. As we have mentioned, we have not yet seen the return of the strong full-price customer we saw earlier this year, though we continue to operate with discipline and manage our controllables. As such, we are tightening our outlook slightly with the assumption this trend continues throughout the remainder of the year.

For fourth quarter, we expect sales compared to the 14-week Q4 2023 to be down 4% to 6% compared to $150.3 million in the prior year. We expect Q4 revenue to be negatively impacted by about $2 million related to the calendar shift and another $8 million associated with the extra week in Q4 last year. We expect total comparable sales growth, which excludes the impact from the 53rd week, to increase 1% to 3% compared to the prior year period. This expectation reflects the continuation of trends I just mentioned against the easier comparison to the prior year period, which saw comparable sales decline 3.6%.

We expect Q4 adjusted EBITDA to be in the range of $12 million and $14 million. This guidance reflects expected gross margin pressure greater than that seen in Q3, largely driven by the elevated freight costs associated with our holiday products that I reviewed earlier, our continuing commitment to moving inventory in season through pricing and promotion actions as necessary and the impact of the calendar shift, which pulls in a markdown week to this year versus a full price week included in the last year comparison.

For full year, we expect total revenue to be about flat to plus 1%, total company comparable sales to be up 1% to 2% and for gross margin to be down modestly. Given our performance year-to-date and our expectations for Q4, we have narrowed our guidance range for adjusted EBITDA to $105 million to $107 million, reflecting a year-over-year decline of 5% to 7%. This outlook is compared to prior year revenue of $608 million and adjusted EBITDA of $113 million and incorporates the negative impact from the loss of the 53rd week compared to fiscal year 2023 of about $8 million in sales and $2 million in adjusted EBITDA as well as approximately $2 million in incremental operating expenses related to the OMS project.

Excluding the impact of the 53rd week and the operating expense investment in the OMS project, we expect fiscal 2024 revenue to be up in the range of 1% to 2% and adjusted EBITDA to be down 2% to 4% compared to the prior year.

Regarding store count, for fourth quarter, we expect to open 5 new stores and close up to 5 stores to deliver 4 net new stores for fiscal year 2024, excluding the temporary closure in Asheville. And with respect to total capital expenditures, we still expect to spend about $22 million in reported CapEx during fiscal 2024.

In closing, as Claire mentioned, we remain confident in the operating model of the business and are focused on executing and operating with discipline. Our expectations for this year will yield the fourth consecutive year of adjusted EBITDA margin in the high teens while generating significant free cash flow. As we look beyond this year, we expect to continue to deliver on the operating model and are committed to our capital allocation priorities, including investing in the business, paying down debt and driving total shareholder return strategies. We have significantly strengthened the balance sheet this year, reducing debt levels to approximately $76 million of principal outstanding and initiated our first ordinary dividend program, demonstrating our commitment to driving total shareholder returns.

Today, we are very pleased to have announced the next step in that strategy, the Board's authorization of a $25 million share repurchase program, the first one since going public in 2017. The authorization is good for 2 years and is expected to be funded through existing cash and future free cash flow. The timing, manner, price and amount of any repurchases will depend on many factors, and we plan to be measured but opportunistic.

In addition, we are looking forward to bringing in additional resources, as Claire reviewed, to support our team in further advancing the growth plans of the business. We continue to believe in the opportunities that lie ahead with new store growth and unlocking the new omnichannel capabilities that we have invested in these past 2 years. We also recognize the untapped potential we have in this great brand and look forward to advancing our growth plans and trajectory to position J.Jill for long-term success.
Thank you. I will now hand it back to the operator for questions.

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Question and Answer

Operator

[Operator Instructions] Your first question comes from the line of Janine Stichter with BTIG.

Janine Marie Hoffman Stichter
BTIG, LLC, Research Division

Congrats on the solid quarter in a tough environment. I guess to start out, just maybe the cadence of the trends in the quarter. I know August got off to a slow start. Maybe elaborate more on what you've seen kind of notwithstanding the hurricane. And curious what you're seeing just in terms of consumer behavior. Are we still seeing consumers kind of shopping around those peak periods and then taking a break or a breather during the lulls? Or are you seeing any change in how the consumer is responding?

Claire Spofford
President, CEO & Director

Thanks, Janine. So yes, August was a soft month for us. We had nice sequential improvement as we move deeper into the quarter. The latter half of the quarter was a little bit of an easier compare, but we were pleased to see traction as we got into the quarter. We put those sort of hurricane events behind us. And as I mentioned, we also saw some colder weather as well as some of our efforts to engage consumers gaining some nice traction. So it was a sequential improvement over the quarter on a year-over-year basis.

We continue to see the consumer behavior be mixed. Mark, I think, mentioned in his script about the full-price consumer not coming back in as robust a way as we saw earlier in the year. And so it is a little bit mixed and a little bit mixed by channel. The direct consumer continues to be a little bit more price sensitive than our retail consumer and traded into markdowns a little bit more in the quarter. But we supported the business and achieved our objectives through focused promotions, supporting the top line and also ensuring that we exited the quarter in the right inventory position.

Janine Marie Hoffman Stichter
BTIG, LLC, Research Division

Great. And then maybe just the broader promotional environment. Have you seen any change there? And might that be part of what you're seeing as far as the consumer gravitating towards promotion?

Claire Spofford
President, CEO & Director

Yes. I mean we're in a very obviously promotional quarter, Q4 in women's apparel retail. We did pull forward the beginning of our Black Friday promotion a little bit, but not as much as we saw some others doing. And we had sort of an okay performance over that time period. But the fourth quarter just tends to be terribly promotional across the board.

Operator

The next question is from Dylan Carden with William Blair.

Dylan Douglas Carden
William Blair & Company L.L.C., Research Division

Curious, you mentioned weather as being a little bit of a headwind, but not nearly as much as some others have been talking about this earnings season. Do you think that sort of a delay in cool weather hit you in any meaningful capacity? And I guess if there's a sequential ramp, maybe was that just some of the easier comparisons or -- yes.

Claire Spofford
President, CEO & Director

Yes. Great question, Dylan. It definitely was part of what we saw as we were sort of moving into September from August. I mentioned we had a little bit of softness in some of our core programs in sweaters and outerwear beginning -- at the beginning of the fall season, really coming into September. Those did pick up as the weather got colder. I was going to say improved, but got colder. And then we also did kind of surgically promote them as we got later into the quarter to help support catching up on those categories. But we definitely think it was a little bit of a headwind in the early part of the fall season.

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Dylan Douglas Carden
William Blair & Company L.L.C., Research Division

Makes sense. And Mark, is it safe to assume that the comp guide for the fourth quarter is kind of what you're doing in the business now? Or is there an assumed ramp just given those comparisons get easier?

Mark W. Webb
Executive VP and Chief Financial & Operating Officer

Thanks for the question, Dylan. Yes, the guide assumes kind of what we're seeing in the business and trending that forward. It always -- we always try to encompass a range of potential outcomes and feel like given where we're at in the quarter, that's a reasonable guide.

Dylan Douglas Carden
William Blair & Company L.L.C., Research Division

And then finally for me, the sort of the comments that you haven't seen the full-price customer come back to the business like you saw in the beginning of the year. Is that -- have you lost that customer? Or is that customer just now only engaging at sort of lower price points, more promotional levels?

Claire Spofford
President, CEO & Director

Yes. It's -- I mean, it's not a binary thing, Dylan, it's about a mix of sort of consumer behaviors. As I said, our direct customer tends to be a little bit more price sensitive. So we did see higher markdown penetration in that quarter in direct.

But we still have a pretty robust full price and full price with limited promo customer, as you can see in the margin performance in the business. So it's not an all or nothing thing. It's just we had an incredibly strong May and June and full price penetration was super high. And then we saw some change in behavior as we moved into the summer. So we haven't seen that May, June profile come completely back.

Operator

The next question comes from Corey Tarlowe with Jefferies.

Corey Tarlowe
Jefferies LLC, Research Division

Claire, I think in your comments, you had mentioned something about your customer file trends. Could you maybe unpack that for us a little bit more to just give us a little bit better understanding of how the consumer has been interacting with the brand generally and any trends that you've seen within your file specifically that you can call out?

Claire Spofford
President, CEO & Director

Sure. So the overall customer file tracked fairly consistently with the top line of the business. It contracted slightly, but our best customer cohort outperformed that and continued to be very strong in the quarter. So I think it's -- again, it's hard to speak generically about the customer when there are different segments that are behaving differently. So I think that's not surprising that you'd see the customer contract a little bit if traffic is off and it was off in both channels in the quarter.

Corey Tarlowe
Jefferies LLC, Research Division

Got it. And then, Mark, as you think about the store opening opportunity, is there any thought to what 2025 might look like in terms of openings? I know you've talked about a multiyear plan for a number of stores, but I'm curious, I would imagine that the plans for '25 are coming into view at this point.

Mark W. Webb
Executive VP and Chief Financial & Operating Officer

Yes, Corey. We have a very robust pipeline of potential store voids that we're chasing down. So first of all, we're pleased we updated -- we provided our guidance for this year of net 4 with basically 9 store openings and expecting 5 closures in Q4. That represents a

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ramp-up in our store pipeline from certainly where we've been in the last 4 years and a ramp-up from last year. So we would expect that to continue to ramp higher.

We mentioned the 50-store opportunity over the 5-year time frame, and we've mentioned 20 to 25 over a more medium-term or 3-ish year time frame. So I would say net 4 this year, and we'll ramp into that 20 to 25 in the next couple of years.

Operator

The next question is from Jonna Kim with TD Cowen.

Jungwon Kim
TD Cowen, Research Division

Just curious on your comment about direct consumers being more price sensitive. Has this been the trend prior? And sort of what are potential strategies to change that dynamic going forward? And then just a second question on marketing spend. How are you thinking about marketing spend as we look to '25 and sort of any changes that you have as you continue to learn through your marketing initiatives?

Claire Spofford
President, CEO & Director

Great. Thanks for the question. The direct consumer -- so historically, before we sort of instituted this much more full price focused business model, the direct consumer was very much more than today sort of a markdown customer and someone who would largely buy on promo, and we were a lot more promotional in those days.

Today, we still see that customer be a little bit more price sensitive than our retail customer. I think logically, the retail customer is going to the store with the purpose of purchasing the direct customer might be enticed a little bit more with promos and off-price options. That said, again, I would point to the margin profile of the business and the overall margin profile of the business is still very, very healthy and very full price focused. We're speaking, honestly, on a relative basis in the quarter.

And then with regard to marketing spend, we haven't talked about '25 in any detail. We'll certainly do that when we get on to the Q4 call in March. But we are investing behind marketing. We are investing to bring new customers into the brand to build awareness. We feel great about the potential for this brand and this business and introducing new customers to it. So we are investing, but we're also trying to maintain the right level of discipline given the uncertainty that we have continued to see in the macro environment and some of that sensitivity from the consumer.

Operator

[Operator Instructions] Your next question comes from Ryan Meyers with Lake Street Capital Markets.

Ryan Robert Meyers
Lake Street Capital Markets, LLC, Research Division

Just one for me. Wondering if you can talk a little bit about a potential tariff impact as that obviously seems to be the top of the list of concerns for people. Just maybe highlight the supply chain, any sort of impact or anything we should be aware of there?

Mark W. Webb
Executive VP and Chief Financial & Operating Officer

Yes, Ryan, thanks for the question. I'll take that one. So obviously, there's a lot of real-time information flowing out there around potential tariffs. The good news for us is that China, which is one of those that have been talked about with respect to tariffs, for us, China is below 5% in terms of finished goods production. So that's not really an issue for us. We don't really do much importing from Canada or Mexico, so some of those items.

But the general thinking around tariffs and that which we're hearing, again, there's still a lot of detailed information to be better understood about what will actually be implemented, the timing, the amounts, et cetera. But we're very much aware of them. We are tracking them. The impacts at some of the levels that they're talking about with respect to sort of all country tariffs would be meaningful and obviously would require some level of negotiations with vendors, some level of price reviews on our products and some level of absorption within the company. But it's still way too early to comment on given that it's not yet the new administration, and we need to see where this stuff all lands.

Operator

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The next question comes from Marni Shapiro with The Retail Tracker.

Marni Shapiro
The Retail Tracker

Congratulations, Claire. It's so exciting. I hope you're off to do something fun. I'm just curious, I know you said robust full price selling hasn't returned. But just within that context, I'm curious if the levels you saw in May, June, is that where you expect to get back to? Or was that higher than usual? And then just along those lines, did you see an improvement in full price selling even if it wasn't back to May and June?

Claire Spofford
President, CEO & Director

Yes. Great question. Thank you. So we talk all the time about May and June being our holiday, but our holiday without having to promote as much. So it was an unusually strong May and June this year. And so the full price penetration was very, very healthy. We did see pressure over July and August that we talked about on our last call. And we did see as we moved into the fall season, some strengthening of trend, right? And so I think the full price profile of the business in the quarter overall was relatively strong, just not as robust as we have seen and we did see at the beginning of Q2.

Marni Shapiro
The Retail Tracker

Okay. That makes sense. And then could I just follow up on, I guess, the full price selling or just what she's looking to buy? Is she gravitating towards the fashion and the novelty? Because when you hit holiday, I felt like the store looked very different. I mean it was -- that snowflake sweater right in the front that sold out in 15 minutes. It looked very different and the colors were very rich and beautiful. So I'm curious if she's still gravitating towards the fashion. And if so, does it -- are you thinking about kind of what that balance looks like on an ongoing basis?

Claire Spofford
President, CEO & Director

Yes. Great question. Thank you. Actually, some of our strengths in Q3, I mentioned the bottoms business. I mentioned our iconic marketing campaign. The iconic campaign was structured around our ponte pants that we've had a version of in the line for a very long time. It is super central and core to our assortment. We refreshed the way we styled it, the way we shot it, the way we presented it and we created a spotlight on it, and it saw some really nice traction, which was part of the strength in bottoms, which tend to be more -- less fashion for us.

The snowflake, so the fourth quarter tends to be a fairly traditional assortment and level of fashion for us. we know what our customer looks for and she loves snowflakes. So that snowflake sweater that you saw sell out quickly is reflective of that. And so I guess my point is that it's really a very kind of seasonal thing in terms of the mix of fashion and core programs, but we continue to be focused on creating the right balance in that and understanding the seasonality and the trends from our consumer to reflect that appropriately.

Operator
This concludes our Q&A session and will conclude today's conference call. Thank you for joining. You may now disconnect.

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