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Earnings Call

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Call Participants

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Presentation

Operator

Thank you for standing by. My name is Jay, and I will be your conference operator today. At this time, I would like to welcome everyone to the J.Jill's Fourth Quarter 2025 Earnings Call. [Operator Instructions].

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 March 31, 2026, and J.Jill does not undertake any obligation to update these forward-looking statements. Finally, J.Jill may refer to certain adjusted 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 March 31, 2026. If you do not have a copy of today's press release, you may obtain one by visiting the Investor Relations page on the website at jjill.com.

I would now like to turn the conference over to Mary Ellen Coyne, Chief Executive Officer and President of J.Jill. You may begin.

Mary Ellen Coyne
CEO, President & Director

Good morning, everyone, and thank you for joining us today. 2025 marks the beginning of a strategic evolution for J.Jill. We embarked on a period of testing and learning in order to build a strong foundation for our business by expanding our customer file through product evolution, enhancing the customer journey and improving the way we work as an organization.

While we delivered fourth quarter results that exceeded the updated guidance we provided in January, the period reinforced why this evolution is essential. We had an early assortment that did not resonate as hoped. We came up against earlier and deeper competitive holiday promotions. And we watched our direct customer continue to migrate towards the promotional end of the spectrum, seeking value and discounts rather than engaging at full price. Against this backdrop, our teams remained agile and reacted in season to ensure we ended the period with inventories in a clean position.

As we enter 2026, we are taking the steps to transition and position the business for long-term growth. To achieve our objectives, we must expand our customer files. This requires patience and precision. We're expanding into new categories and modernizing our aesthetic to appeal to a broader customer base. But doing so in a way that upholds the quality, fit and values that our loyal customers expect and trust from J.Jill. That's why our test-and-learn methodology is so critical. It allows us to validate new concepts with both new and existing customers before scaling, ensuring we're building sustainable growth rather than simply pursuing short-term gains.

As we move through 2026 and beyond, you'll see us continue this balanced approach. And we believe the investments and strategic shifts we are making will position us well to achieve our objectives. This evolution will take time, and we should not expect the path to be linear. But we are committed to maintaining a disciplined operating model, carefully managing expenses and leveraging our strong financial position and strengthen balance sheet as we pursue this course.

None of this transformation would be possible without a best-in-class team. A combination of strong internal leaders with deep knowledge of J.Jill, and outside leaders bringing relevant experience and new perspectives. Throughout 2025, we've made deliberate decisions to strengthen our leadership bench by recruiting proven talent with deep expertise in brand transformation. We brought Courtney O'Connor on board in July as Chief Merchandising Officer to support our product evolution. And Viv Rettke in November

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as the company's first-ever Chief Growth Officer to lead our e-commerce and AI initiatives. As we grow, we will continue investing in talent that complements our existing strengths and supports new capabilities.

Turning now to our 3 key strategic pillars. First, evolving the product. In 2025, we analyzed our assortment and identified areas in which we needed to streamline, remove redundancy and evolve to capture a greater share of our customers' wardrobe. We began testing categories and concepts to expand the relevance of our product assortments. In Q4, for example, we successfully tested small capsules in areas where we saw potential but wanted to validate customer response before making larger commitments.

We also piloted a localized merchandising strategy, adjusting our assortment to better reflect the lifestyle needs of specific markets. What became clear through those tests is that when we gave our customer the newness she wanted, she responded even in a highly challenging promotional environment. These learnings shaped how we approach our 2026 assortment and are informing our broader merchandising strategy going forward.

As a reminder, our summer 2026 assortment, which will be introduced in Q2, will capture the first influence from our strengthened merchant and design team and we expect continued improvements in assortment as we move throughout the year. There will be more newness with silhouettes and fabrics as well as the beginning stages of expansion into areas of accessories such as bags and belts. Our goal is to continue to provide our loyal customer the quality and value she knows and loves us for, while introducing relevant and compelling products focused on the new customers who we aim to attract.

Our second pillar is enhancing the customer journey. This past fall, we began to look at our marketing strategy differently and how we think about customer acquisition and engagement. Historically, our marketing spend has been disproportionately focused on our existing customer base. And while customer retention remains important, we know this approach was limiting our ability to expand our customer file and drive the kind of growth we're targeting.

In 2026 and beyond, we plan to continue to rebalance our marketing investments to address the top of the funnel, building broader brand awareness and capturing new customers who may not yet be familiar with J.Jill. We believe these awareness building initiatives will help us reach a larger, more diverse audience.

Our third pillar is operational improvements. Throughout 2025, we focused on strengthening our operational capabilities and leveraging new technologies that we expect to support future growth. We successfully implemented our new OMS system, providing us with a more modern platform, and created the Chief Growth Officer role to fully maximize e-commerce and AI to help drive long-term success.

As an organization, we are embracing the capabilities and efficiencies that AI can enable. With every potential use case, we ask ourselves: will it increase revenue? Will it increase efficiency? And will it drive speed to market? As we begin 2026, we are introducing several new tools across the organization and have kicked off a significant project, the implementation of a new merchandise planning and allocation tool from Anaplan.

We plan to leverage this predictive AI-powered forecasting model to optimize how we plan and allocate inventory across the business. Thanks to the hard work of our team, we are on track to go live late in the second half of 2026 with meaningful benefits expected to begin in 2027 and we will continue to improve as the system learns and we scale it to drive better demand forecasting, smarter allocation by location and reduced markdowns.

As we look forward to 2026, we are confident in our strategic direction while being realistic about the current consumer environment, the impacts of tariffs and the work ahead. While the quarter has seen a challenging start largely driven by continued price sensitivity, particularly in our direct channel, we are encouraged by the performance in our stores supported by trained associates, providing personalized guidance and tactile experiences that excite both existing and new customers around the brand's product evolution. Importantly, we are taking key learnings from these first few weeks of the year to inform our go-forward plan, all of which is reflected in our outlook, which Mark will review.

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In closing, we're viewing 2026 as a period of deliberate accelerated change to expand our customer file while maintaining our operational discipline. We remain committed to our methodical test-and-learn approach, building on validated successes around new initiatives before scaling investments. I am confident that this measured approach, combined with our strong balance sheet and operational rigor will position us to achieve our objectives and deliver long-term shareholder value.

And with that, I'll turn it over to Mark.

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

Thank you, Mary Ellen, and good morning, everyone. As Mary Ellen outlined, 2025 marked the beginning of a strategic evolution for J.Jill, a deliberate period of evaluation, testing and learning, that began to build the foundation for expanding our customer file.

As we enter 2026, we are deploying these learnings which while we expect will take some time to fully take hold, we are confident will position the business well for long-term sustainable growth. Before discussing our 2026 outlook, let me provide context on fiscal 2025, which demonstrated the resilience of our operating model even as we began this evolution and despite significant external headwinds.

We generated $23.2 million in free cash flow in the year, maintained a solid gross margin rate of 68.7% despite incurring approximately $7.5 million of incremental net tariff costs. We opened 4 net new stores, successfully upgraded our order management system and delivered adjusted EBITDA of $84.3 million on sales of $596.5 million. We also strengthened the balance sheet and returned significant capital to shareholders. We refinanced our $75 million term loan, which will save approximately $2 million in annualized cash interest expense.

We repurchased $10.4 million or about 638,000 shares of J.Jill stock and paid approximately $5 million in ordinary dividends demonstrating our ongoing commitment of returning cash to shareholders and supporting total shareholder return. These results reflect the operational discipline and agility of our organization in navigating a complex environment. The tariff policy enacted in April created unprecedented operational complexity and we experienced a slowdown in our customers' shopping behavior throughout the year, contributing to a 3% decline in comparable sales for the year.

I want to thank our vendor partners for their support amidst these challenges and recognize and thank our cross-functional teams for their agility and resilience adapting their work and processes in response to the changing business requirements. Many of the same team members manage the successful March 2025 cutover to our new OMS system, a major modernization of our technology foundation.

As we move into 2026, we are planning for a year of strategic investment and measured transition. We're building the foundation for sustainable, profitable growth by expanding our customer file, modernizing our product offering and further strengthening our operational capabilities. This requires deliberate investments that will pressure near-term profitability, but position us for stronger performance in 2027 and beyond.

Our financial approach doesn't change. We're being disciplined about where we invest, measuring returns carefully and maintaining financial flexibility to adjust as we learn. Our strong balance sheet and cash position provide flexibility to execute this strategic evolution while continuing to return capital to shareholders.

With that context, let me walk through our fourth quarter performance and then provide our outlook for fiscal 2026. Total company sales for the quarter were $138.4 million down 3.1% compared to Q4 of 2024. Total company comparable sales for the fourth quarter decreased 4.8%, driven by the retail channel. Store sales for Q4 were down 9% versus Q4 2024, driven by soft traffic and conversion, which were partially offset by stronger average unit retails and average transaction values in the quarter.

Net new stores contributed approximately $2 million in revenue. Direct sales as a percentage of total sales were 53.5% in the quarter. Compared to the fourth quarter of fiscal 2024, direct sales were up 2.6%, driven by markdown sales, which benefited from ship-from-store capabilities.

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Q4 total company gross profit was $87.3 million compared to $94.8 million last year. Q4 gross margin was 63.1%, down 320 basis points versus Q4 2024, driven by approximately $4.5 million of net tariff costs incurred during the quarter and deeper year-over-year discounting amidst a very competitive promotional environment. These headwinds were partially offset by favorable freight costs this year compared to last.

SG&A expenses for the quarter were about $87 million compared to $89.3 million last year as increased selling expense and G&A overhead were more than offset by lower marketing, management incentive, nonrecurring costs and stock-based compensation. Adjusted EBITDA was $7.2 million in the quarter compared to $14.5 million in Q4 2024. Interest expense was $2.2 million in Q4, down about $500,000 compared to last year, driven by the term loan refinance completed in December.

Adjusted net income per diluted share in Q4 2025 was a loss of $0.02 per share compared to earnings of $0.32 per share in Q4 2024. Average weighted diluted share count in Q4 this year of 15.3 million shares reflected the impact of repurchasing 637,700 shares in fiscal 2025. Please refer to today's press release for reconciliations of non-GAAP financial measures to their most comparable GAAP financial measures. Adjusted EBITDA, adjusted net income and adjusted net income per diluted share to net income and free cash flow to cash from operations.

Turning to cash. We ended the quarter and full year with $41 million of cash. For fiscal 2025, we generated $42.1 million of cash from operations and $23.2 million of free cash flow, defined as cash from operations less capital expenditures. We refinanced our $75 million term loan in December extending the term through December of 2030 and saving approximately $2 million in annual cash interest expense. The regular quarterly cash dividends totaling $5 million and approximately $10.4 million of share repurchases in 2025 were funded from cash on hand. As of January 31, 2026, there was $14.1 million of availability remaining under the stock repurchase authorization that expires in December 2026.

Looking at inventory. At the end of the fourth quarter, total inventory, excluding the impact of tariffs was about flat compared to the end of fourth quarter last year, including approximately $9 million related to net tariff costs, reported inventory at end of Q4 was up 14% compared to end of Q4 inventory last year. Capital expenditures for the quarter were $10.1 million.

Total capital expenditures for full year 2025 were $18.9 million focused on new store openings and the OMS project. With respect to store count, we opened 7 stores in the fourth quarter with no closures. We ended the year with 256 stores, a net increase of 4 for the year as 9 new store openings were offset by 5 closures.

Turning to our expectations for fiscal 2026. As mentioned, we expect 2026 will be a year of deliberate investment. Our guidance reflects this along with the continued uncertainty in the consumer and geopolitical environment, the turbulent trade policy landscape and the expectation that it will take some time for new customers to respond to our evolving product assortments.

As Mary Ellen mentioned, and as is reflected in our first quarter guidance, we have seen a softer start to Q1. We expect this performance to gradually improve in second quarter as the new assortments hit in their entirety for the first time before gaining incremental momentum as we move into the second half of 2026. Further, our guidance assumes tariffs incurred and paid for products landed before February 28, 2026, will expense through the P&L during the first half of 2026.

As a reminder, these tariffs were an average rate of approximately 20% and net of vendor offsets are expected to result in about $5 million of added cost of goods sold in the first quarter compared to 0 tariffs incurred in Q1 2025. Going forward, we are now assuming 10% tariffs on goods received after February 28 through the end of the first quarter and 15% on goods received for the rest of the year. Given these rates, we expect the second quarter to incur approximately $4 million of incremental net tariff costs compared to less than $1 million incurred last year in Q2 and Q3 and Q4 to incur approximately $3 million of net tariff costs each compared to $2.5 million and $4.5 million in Q3 and Q4 last year, respectively.

Total tariff load net of vendor offsets in 2026 will be about $15 million compared to about $7.5 million incurred in 2025. Our assumptions related to tariff rates are all subject to any additional changes the U.S. may enact to global trade policies.

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Further, our guidance does not assume receipt of any refunds of tariffs paid to date. For the first quarter of fiscal 2026, we expect sales to be down approximately 5% to 7% compared to last year, with total company comp sales down approximately 7% to 9%. We expect adjusted EBITDA to be in the range of $15 million to $17 million, reflecting approximately $5 million of tariff pressure.

For Q1, we expect gross margin to be down about 400 basis points compared to Q1 2025 as the annualized impacts of tariffs is incurred and product and marketing strategies are still evolving. While the quarter is off to a challenging start, as discussed, we are seeing relatively better performance quarter-to-date in our retail channel.

For full year fiscal 2026, we expect sales to be down 2% to about flat compared to last year. Total company comp sales to be in the range of down 3% to down 1% and adjusted EBITDA of $70 million to $75 million. This guidance assumes full year gross margins down about 50 basis points compared to 2025 as we expect headwinds related to tariffs in the first half to be partially offset by better full-price selling, lower promotions and lower year-over-year tariffs beginning in Q4.

Regarding inventory, we will continue to take a prudent approach to inventory investments given the relative uncertainty we have discussed with unit purchases positioned down in the mid-single digits.

Regarding store count, we continue to see opportunity to expand, but remain disciplined in our approach amidst our brand evolution. We are pleased with the performance of new stores opened to date and expect to grow net store count by about 5 stores by the end of fiscal 2026. Of our planned openings, approximately half are in reentry markets.

We expect reentry stores to ramp very quickly given the customer reception and brand awareness that exists in these markets, while new markets are experiencing a longer ramp period. We expect openings in new markets to experience about a 3- to 5-year ramp to maturity. New stores represent an attractive investment opportunity and we are excited to continue to expand our footprint at a disciplined pace.

With respect to total capital expenditures, we expect to spend about $25 million in fiscal 2026 with investments focused on new stores and a new merch planning and allocation system that is projected to be completed toward the end of 2026. Regarding free cash flow, we expect free cash flow for fiscal 2026 of about $20 million.

And finally, with respect to cash distributions, we announced today that our Board of Directors approved a $0.09 dividend, reflecting a $0.01 or 12.5% increase in our ordinary dividend payable April 28 to shareholders of record as of April 14, and we have $14 million remaining on our share repurchase program, which is authorized through December 2026. It is important to note that given the timing of year-end and Q4 earnings announcements, our Q1 repurchase window tends to be shorter than other windows during the year.

In summary, we believe we are making the adjustments necessary to position the business for sustainable growth. We are confident the modernization and evolution of our product and marketing efforts will enhance and broaden the appeal and awareness of our incredible brand. And we believe the investments we are making in our front-end MP&A platforms will position us well and provide benefits into fiscal 2027 and beyond, all while continuing with our commitment to distribute excess cash to shareholders through our ordinary dividend program and share repurchases.
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 Jonna Kim of TD Cowen.

Jungwon Kim
TD Cowen, Research Division

Your customers are more sensitive to macro, how would you assess how much of the softness you're seeing in the first quarter is due to macro versus other factors? Would love any color there?

And then second question, how will this year's Mother's Day differ from last year? What are key product and marketing changes ahead of the Mother's Day.

Mary Ellen Coyne
CEO, President & Director

Good morning Jonna, thanks for your question. So we are at the start of a very deliberate evolution. That being said, we do believe that Q1, which had a challenging start, was amidst of very tough macro backdrop, and we've talked about this consumer being impacted by that. We absolutely see that more in our direct channel, which is a continuation from what we saw in Q4. What is very encouraging to us is what we are seeing in stores with our talented store teams able to engage to have convert new customers and existing customers.

But we do believe that the macro environment had an impact in this quarter for sure.

With respect to Mother's Day, the marketing team has exciting initiatives in play. We are really focused on the timing of when we're launching our catalog when we are launching digital marketing. There is a whole program around it that we're super excited about, all backed up by a product drop that is coming in the 10 days before.

Operator

Your next question comes from the line of Dana Telsey of Telsey Group.

Dana Lauren Telsey
Telsey Advisory Group LLC

A lot of work underway. As you think about the product assortment and the test-and-learn that you've put in place, what is changing, bottoms, tops, sweaters, style, look, prints, patterns, what is changing? And what do you expect to see and when will the new full assortment be there?

And then with the customer acquisition strategies, who do you want to capture now that's different than your old customer? And as you think of the balance of the business, how much should be new versus existing customers go forward?

And then lastly, Mark, just on the components of margins. What are you seeing from energy prices and the impact of freight costs?

Mary Ellen Coyne
CEO, President & Director

Good morning Dana. I'll start with the first question, which is what is changing in the assortment. So we are taking this time to really test and learn coming out of Q4 going into Q1. And what we are focused on is both new and existing customers achieving more of her wardrobe.

We are moving with what we are calling a more modern aesthetic, which is really addressing her lifestyle, and that lifestyle will be built with core things that she has known and loved from the J.Jill brand for years,

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accentuated by newness, and we see her really responding to newness, but it's how we give her versatile wardrobing pieces that take her through every aspect of her day and her life.

We see it being a very balanced approach, both in product and in marketing with everything we do, really benefiting the 3 customer segments that you referred to, right? So as we think about customers, we are focused on retaining the customers we have. We are focused on attracting new, and we are focused on reactivating people who have not shopped the brand recently. When we think about this customer segment, we love this customer segment. She's loyal. She's responsive. She has money and time to spend on herself. When we look at the segment today, we -- 45 to 65 is our target audience.

Today, our customer sits at the higher end of that and we know we have tremendous opportunity to target the middle of that range and bring very qualified women into this audience.

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

Great. And with respect to the gross margin, Dana, as we discussed on the last question, the macro environment is obviously very volatile right now and evolving quite real time. What we've included in our guidance is anything that we have seen concrete as of now with respect to gas or oil prices, et cetera.

What that means is that in sort of the ocean container rate environment, we've seen some momentary spikes here and there, but it seems to be normalizing itself fairly quickly. And so right now, what we're seeing is more flat ocean container rates, maybe up a tiny bit that we would have factored in. I mentioned in Q4 was the first quarter in a while where we actually had freight -- small freight savings.

And now, as I mentioned, more flat, maybe a little bit of pressure, but still watching it closely and it's evolving real time. In the expenses, we've seen some of the carriers, including the USPS pass-through fuel charge surcharges and we've reflected that in our SG&A included in our guidance going forward.

Mary Ellen Coyne
CEO, President & Director

Yes. And I just want to circle back for one minute, Dana and just reiterate, while we know we have a great customer, we also know the #1 priority for us is to appeal to a broader audience, and we're excited about some of the testing that we've done with performance indicators that are encouraging as we move forward.

Operator

Your next question comes from the line of Corey Tarlowe of Jefferies.

Corey Tarlowe
Jefferies LLC, Research Division

Can you talk a little bit about trends by month? And any color on what you're seeing quarter-to-date?

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

Yes, Corey, it's Mark. With respect to Q4, we mentioned, overall, it was a pretty promotional quarter. It was markdown driven, particularly in the direct channel. The month themselves, January was the strongest, and it was sequentially better than December, better than November.I think we messaged some of that in some of our intra-quarter remarks that we've made around the guidance. The January performance was heavily sale. It's a sale period. It was heavily markdown driven as well. So the cadence was, as I mentioned, but with a deepening markdown support later in the quarter.

And then I would say quarter-to-date, we've seen a challenging start. We mentioned that in our remarks. It's very much in line with how we've guided the quarter overall and are committed as we exit all of these quarters through this learning period to manage our inventory as necessary during the quarter to exit as clean as we can entering the new quarter.

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Corey Tarlowe
Jefferies LLC, Research Division

Understood. And I think you mentioned a new merchandise planning system. I know that there have been other initiatives that you've undertaken, whether it was the OMS project or other items. Can you talk a little bit about the benefits of this, what the costs are and then how we should think about other incremental projects that are coming in, in this year, which I think you called an investment year?

Mary Ellen Coyne
CEO, President & Director

I mean, Corey, I'll start just by saying we are so excited about the MP&A project through Anaplan. It will allow us to take what is today a very manual Excel-based system and move it to predictive AI forecasting, which will allow us to have inventory optimized in the right location, in the right depth at the right time. So we're very excited about what this means from a customer service -- customer experience because the inventory will be where they need it, but also from a revenue and margin driving initiative.

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

Yes. And Corey, the OMS, one of the great advantages of the OMS project was taking a very old system and modernizing it, which then enables you to bolt in these newer technologies. So excited to be leveraging the newer platform to now start enhancing front-end systems, as Mary Ellen mentioned.

With respect to the investments, I would say the investments this year continue to be new stores. We mentioned we're opening net 5. We also have some relocations in the plan in 2026. And then the Anaplan project is a more targeted project than an OMS project would be. An OMS project is far region, which allows us within the capital guide that we provided to also invest in other smaller systems enhancements, benefits. Mary Ellen mentioned a few of them in her remarks around driving direct business, et cetera. So that's kind of what's behind the expectation of it being an investment here with respect to capital.

And then in the SG&A side of things, the investments really start with marketing more in Q2 and forward and then obviously, payroll and some of the investments we've made in talent.

Operator

Your next question comes from the line of Dylan Carden of William Blair.

Anna Linscott
William Blair & Company L.L.C., Research Division

This is Anna Linscott on for Dylan Carden. So the guide implies a softer first quarter with improvement as the year progresses, which I believe is a similar setup to this time last year. What would you say is different this year versus last year that gives you the confidence in the back half inflection? And how much of that outlook depends on macro stabilization or improvement?

Mary Ellen Coyne
CEO, President & Director

So I'll start -- thank you for the question. Listen, as we're entering 2026, we are in a period of evolution, and we are testing and learning every day. What I would say is we are sitting today with an incredibly talented team who are aligned on our vision and are committed to our journey. So as we move forward, we will see product improvements through Q2, 3, 4. We will see learnings from our marketing initiatives that we're testing, where we are rebalancing spend, where we are trying new things. And moving forward, we'll see that growth as we lean into the things that are working and equally as we pull away from those tests that don't.

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

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I was just going to add with respect to the Q4, as Mary Ellen mentioned, the product, obviously, it's -- we're still pre the new assortments in Q1. And we're also in that period of unanniversaried tariffs. So the first half of the year, currently, as we outlined in my remarks, carries $9 million of tariffs against less than $1 million last year. And then that tariff load actually evens and becomes again, assuming the assumptions that we laid out that the tariff rates for the rest of the year around 15% post the Q1 receipts that Q4 would then turn to a small tailwind.

So just with respect to the years over years, there's some elements of just that structural component of tariff that supports that as well.

Anna Linscott
William Blair & Company L.L.C., Research Division

Understood. And then on pricing, do you guys see additional opportunity for targeted price increases in 2026? Is this reflected in the current guide? Or does the current consumer environment warrant a more cautious approach?

Mary Ellen Coyne
CEO, President & Director

We will be taking a very measured approach to pricing. As we've said in our remarks, we have seen the overall consumer and specifically our direct channel be more price-sensitive. We're seeing incredible promotion out there in the market. So we will be very measured about any increases we take in price.

Operator

And your next question comes from the line of Janine Stichter of BTIG.

Ethan Siavosh Saghi
BTIG, LLC, Research Division

You've got Ethan Saghi on for Janine. Can you just provide some more color on which categories performed well and which may have lagged in Q4 and quarter-to-date?

Mary Ellen Coyne
CEO, President & Director

Sure. So in Q4, what we saw was that newness and novelty were driving the business. So where we had repeat programs from a year prior or 2 years prior, they were very soft. We also saw success in some of the tests we had out there. We saw success in our travel capsule. We saw success in expanded categories in outerwear. We saw the start of accessories, which has really moved into Q1 as a success story and we tested some price points, particularly in sweaters with cashmere and saw success.

As we moved into Q1, we are seeing newness rebounding. We are -- but again, Q1 is not indicative of our true product evolution. Where we really see that evolution is in Q2, where newness in fabric and silhouette and category mix really starts to evolve based on our learnings. Clearly, with the goal to drive full price selling in both channels because we know that we've really seen the retail channel working. We've seen things like our dress business turnaround. It's exciting to see what's happening there.

Operator
With no further questions, that concludes our Q&A session and also concludes today's conference call. Thank you for your participation. You may now disconnect.

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