

Prentice Capital, [Michael Zimmerman's](#) Hedge Fund Believes M-Commerce is the Future of Retailing amid Weak Consumer Confidence

Summary: Prentice Capital Management's Michael Zimmerman notes that retailers with innovative mobile apps report up to five times more customer interaction than those not implementing mobile strategies and anticipates that online shopping and smartphone mcommerce will continue to take market share.

Consumer confidence is dropping but spending in some key areas is on the up. As stated by the Michigan Index, U.S. consumer confidence during August dropped six-year highs. In Addition, The [Bloomberg Consumer Comfort Index](#) slid for four consecutive weeks to its lowest reading since April.

“The economy, employment, wages, and retail sales continue to stagger along. Retailers and consumers are resilient but not overly optimistic about the broader economy” said NRF President Matthew Shay, but “positive retail sales growth continues month-after-month”.

This outlook is confirmed by August Nonstore retailers' sales amounts, the measure of sales via internet shopping, showing an increase of 0.5% seasonally-adjusted month-to-month and an impressive increase of 8.8% unadjusted year-over-year.

Michael Zimmerman, CEO of [Prentice Capital](#) Management believes today's consumer is stretched thin - yet increasing on-line sales figures demonstrate that low consumer confidence doesn't always equate to weak consumer spending. The job market and wages are stagnant, rates of interest and costs edging higher, record numbers of Americans on food stamps and the crisis of higher taxes - all factors that Zimmerman believes mean online shopping growth will quicken as consumers turn to their mobile devices seeking ways to maintain lifestyle choices at lower cost.

The data implies that consumers remain cautious with their pocketbooks and purchases. This month's weaker overall retail sales will continue to put pressure on policymakers, that are dealing with tapering, and retailers, who will need to concentrate on price and better participation strategies to entice consumer spending.

Zimmerman has recently remarked that US consumer retail growth will probably continue to perform well in the year ahead. His pattern of investing as demonstrated through Prentice Capital's disclosures has shown the Zimmerman hedge fund favors stocks with strong brands,

well conceived mobile and online commerce strategies.

As consumers evolve companies must follow suit, engaging their client base with new and innovative methods. An estimated 33% of Smartphone users check for product reviews, coupons and discounts prior to making a purchase, often while instore - a trend fuelled by Social media. Intelligent use of Social media and Smartphone data allows forward thinking companies to analyze customer behavior and quickly address needs and concerns, adapting as necessary.

Companies like Amazon and Starbucks have actively sought ways to communicate and connect more effectively with customers, creating mobile apps that provide immediate discounts and useful features to consumers. Starbucks allows customers to pay directly from their Smartphone in store, while Amazon gives consumers the ability to scan barcodes at bricks and mortar retailers, quickly displaying online discounts for the same and similar products.

2013 could become a breakthrough year for mobile shopping, especially if smartphone prices continue to fall and strong consumer uptake of the devices continues.

"Given the evidence, we seem to be entering the start of a persistent mobile age," Scott Galloway, a professor of marketing at NYU Stern and creator of L2, commented in a statement. "Brands ignore this shift at their own peril."

About Prentice Capital Management

Prentice Capital Management LP is hedge fund focused on private and public equity investments in the U.S. consumer and retail sectors.

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