

THE YEAR 2003

A Year to Be Choosy

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winners and losers emerged. Total consumer spending was up only slightly in 2002, but some industries felt the pinch more than others. Men's clothing-store sales were down in the fall, while sales at bookstores fell about 2% from a year ago. Still, there were some bright spots—like home prices, which grew 6.9% in the third quarter compared with a year earlier. And retailers found their share of hits, including NBA merchandise and those pricey flat-panel television sets.

With more practice in low-key spending, people are expected to adjust even further next year with fewer but more selective choices. In November, a month filled with dismal economic news and worries about a possible war in Iraq, shoppers still increased their spending on clothing and retail goods much more than expected. Meanwhile, the Travel Industry Association forecasts a 5% gain in travel

Here come pastel shoes: The world may be scary, but the fashion industry is in a great mood.

spending in 2003 after two years of decline. "You want to buy just five really amazing things," says Ms. McNicol, the New York coat shopper. "So they need to be right."

Or at least look right. Below, a few calls from the pros we talked to:

Dining

MUST HAVE: Yak cheese
MUST GO: Merlots
BUZZ WORD: Steak

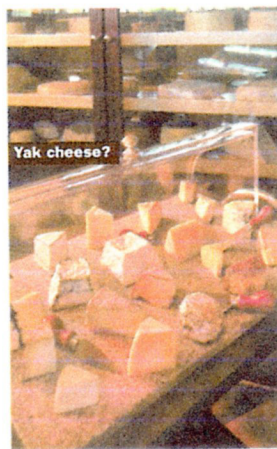
Menus will be holographic. Dishes will be called "food aromatherapy." One New York restaurant even has diners eating in total darkness while waiters rush around in night goggles spilling wine.

It's not the food—it's the gimmick, as restaurants desperate for business go to extremes. The recession and slimmed-down expense accounts made 2002 one of the industry's slowest over the past 12 years, and though next year should be better, it will fall well short of the pretty picture seen in the 1990s, according to the National Restaurant Association. So chefs are trying to grab your attention by playing up things like salt, letting customers pick from several different varieties. And cheese fans can tour a cellar full of the stuff at Spiaggia in Chicago, or even have it for dessert, in the form of Parmesan ice cream at Carmaya in Brooklyn, N.Y.

At least some restaurants are starting to coddle top customers in the slow economy. Seattle's Fandango admits its fre-



Expect more strange blends



Yak cheese?

quent diners to the "Cha-cha Loyalty Club," giving them holiday goodie baskets—and an invitation to the chef's annual pig roast.

Cars

MUST HAVE: Porsche Cayenne
MUST GO: SUVs on steroids
BUZZ WORD: Boxy

Is this the year "crossovers" become ridiculous? We think so. Like fusion cuisine, these so-called combination vehicles are ending up as one big mush. SUVs now can look like a station wagon (the Volvo XC90), a minivan (Acura's MDX, which has sold almost 48,000 units this year, up 29% from a year ago) and a pickup truck (Chevrolet's Avalanche, which has logged more than 80,000 sales this year). "I don't buy the concept of mongrel half-breeds," says Jim Hall with AutoPacific in Southfield, Mich. "No customer is looking for that."

Still, there are more strange blends

ahead. Take the SSR, a coming Chevy vehicle with the low ride, big wheels and fat tires of a sports car, the cargo bed of a pickup and rounded, bulging fenders reminiscent of the 1950s. Did we mention it's a convertible? Even sports-car specialist Porsche is getting into the SUV game with the \$88,000 Cayenne Turbo, which has a top speed of 165 mph but paltry cargo space compared with traditional sport-utility vehicles. And things are even getting confusing on the inside, as cars borrow living-room looks like platinum switches, marble bars, multiple DVD screens and dashboards that look and act like computers.

Travel

MUST HAVE: A vacation somewhere exotic
MUST GO: Drinking cruise-ship water
BUZZ WORD: Private island

Cheap chic is the key here. Sophisticated travelers still want to brag about where they've been—they just don't want to pay for it. So many are flocking to such obscure hotspots as the coast of Croatia, down-and-out Buenos Aires and sketchy Cambodia. "These places are perceived as safer," says Tom Bingle, executive vice president for sales for Hohagan & Co., which has seen 2003 bookings for spots like the South Pacific, Vietnam and the Amazon "explode."

To get there, travelers who are tired of being treated badly by the airlines and their ever-shrinking amenities are going by private jet, but often at a bargain. Los Angeles travel agent Gary Mansour now arranges for clients to get reduced rates (\$5,500 instead of \$40,000 per trip, for example) on one-way, dead-head segments with respected charter operators.

With corporate-travel expenditures expected to remain flat in 2003, according to the National Business Travel Association, and leisure travelers saying they'll stay closer to home—that from the Travel Industry Association—there are some good deals at far-flung luxury properties to be had next year, from the luxurious El Monasterio in Cuzco, Peru, (\$200 instead of \$400) to the Marmara Hotel in Bodrum, Turkey (\$300 instead of \$600 a night).

Home Front

MUST HAVE: Superthick mattress
MUST GO: Generic granite
WORDS TO AVOID: Bursting bubble

It probably should have happened last year, but it appears the boom in oversize houses is finally slowing down, with growth down to about one-third of what it was in the late '80s and early '90s. But the bigger question, of course, is whether the real-estate bubble will finally pop. Like many forecasters, economist Karl Case at Case Shiller Weiss has his own new list of where to buy a house (Wash-

ington and Los Angeles might not be bad) and where not to (once-hot towns like Scarsdale, N.Y., and Palo Alto, Calif.). Other forecasters say prices for upscale homes in Philadelphia and Rochester probably won't fizzle, at least for a while.

Inside the home it's still all about nesting, but not everything will be warm and fuzzy. Some designers are pushing boxy furniture and stainless steel—one outfit even sells a stainless-steel front door. Another strange development: not-too-practical conversation pieces that are copied from rare European antiques, like the Broyhill fowl safe based on a china cabinet that once held live chickens (retail \$1,740), and French Heritage's reproduction of a Louis XVI love-letter desk, retailing for \$2,250.

Technology/Design

MUST HAVE: A TV set thinner than your waistline
MUST GO: VCRs
BUZZ WORD: Multifunction

The forecast here is flat: flat television sets and flat computer screens at home, at hotels and at work. Sales of flat-panel TV sets increased 21% in 2002 and are expected to rise an additional 21% next year, according to the

Consumer Electronics Association. "This is the first year they've made any impact," says a spokesman.

Portable and multifunctional gadgets will also rule, thanks partly to the success of Apple's iPod music player, and overall sales of portable digital music are expected to hit \$30 billion by 2006 as products get cheaper and better. Among the new gadgets is the Archos Multi Jukebox MultiMedia player, a \$400 all-in-one player that not only plays songs and takes pictures, but even plugs into a TV set and tapes the latest episode of "Alias." In 2003, look for Soniblu to launch a palm-size portable hand-held videoplayer that will hold about 50 hours of video and could retail for less than \$1,000. Says Rob Enderle, consumer-electronics analyst at Giga Information Group: "This will be the DVD player of 2003." At least if you like watching on a tiny screen.

For true gadget freaks, the combos are even weirder. An Xact WristLinx watch is also a walkie-talkie, while Sony Ericsson offers a mobile phone that takes pictures with a built-in digital camera so when someone calls, you can remember who they are when their picture pops up on your screen.

Angkor Wat, Cambodia

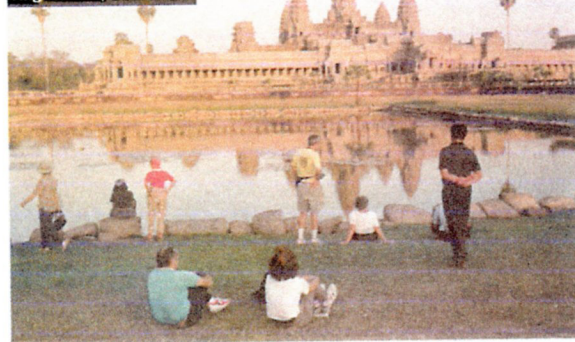


Photo: Getty/AP