

# WSJ

## THE WALL STREET JOURNAL WEEKEND



### How We Can Control AI

REVIEW



### OFF DUTY

Eating Good in the Neighborhood—Again

DOW JONES | News Corp \*\*\*\*\* SATURDAY/SUNDAY, JANUARY 27 - 28, 2024 - VOL. CCLXXXIII NO. 22 WSJ.com ★★ ★ \$6.00

## What's News

Business & Finance

- ◆ **The U.S. economy** notched another month of mild inflation in December, keeping the Federal Reserve on track to deliberate when and how quickly to reduce interest rates later this year. **A1**
- ◆ **Vince McMahon**, founder of modern pro wrestling, resigned as executive chairman of TKO Group after a former employee excused him of sex trafficking. **B9**
- ◆ **JetBlue** warned it could end its attempted takeover of Spirit after a judge blocked the merger. **B9**
- ◆ **The S&P 500** snapped a five-day streak of fresh records, as it fell 0.1%. The Dow edged up 0.2% while the Nasdaq declined 0.4%. **B11**
- ◆ **Bob Sternfels**, global managing partner of McKinsey, faces a runoff election that is expected to take place in the coming days. **B9**
- ◆ **The Biden administration** effectively froze the approval process for new plants to export U.S. liquefied natural gas. **A2**
- ◆ **Salesforce** is laying off about 700 employees in the latest round of layoffs to hit the tech industry. **B10**
- ◆ **A recent study** says the IPO market might be suffering from an extended hangover after a 2021 boom. **B11**

## World-Wide

- ◆ **A federal jury** ordered Donald Trump to pay more than \$83 million in damages for defaming writer E. Jean Carroll, handing the former president a financial and legal blow just as he moves closer to cementing the Republican nomination for November's presidential election. **A1**
- ◆ **The International Court of Justice** declined a plea to order Israel to cease military operations in Gaza but required the Jewish state to enable humanitarian aid to the enclave's civilians. **A1**
- ◆ **The United Nations** agency for Palestinian refugees said it is probing allegations that employees were linked to the Oct. 7 attacks in Israel, prompting the U.S. to announce a temporary pause in additional assistance. **A6**
- ◆ **Andrew Cuomo** harassed at least 13 women, according to a settlement announced by the Justice Department that described his office culture as a "sexually hostile work environment." **A3**
- ◆ **Biden urged Congress** to pass a border-overhaul bill and said he would be willing to "shut down the border" if it becomes overwhelmed with migrants, pointing to provisions of Senate talks. **A5**
- ◆ **A Yemeni rebel group** launched missiles at a U.S. destroyer and a British tanker, as China pressed Iran to lean on the Houthis to halt their attacks in the Red Sea. **A6**

## NOONAN

Nikki Haley should go for broke **A13**

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Health on Street.....	A2-5
Markets.....	B11
World News.....	A6-8

## Gershkovich's Detention Is Extended Again



SETBACK: Wall Street Journal reporter Evan Gershkovich leaves a Moscow court building Friday after he was ordered held for another two months on a Russian espionage allegation that he, the Journal and the U.S. government vehemently deny. **A7**

## World Court Rejects Demand To Order a Cease-Fire in Gaza

By JESS BRAVIN

The International Court of Justice declined a plea to order Israel to cease military operations in Gaza following Hamas's Oct. 7 terrorist attacks but required the Jewish state to enable humanitarian aid to the enclave's civilian population and take every measure to prevent destruction of its Palestinian community.

Friday's decision, adopted by an overwhelming majority of the United Nations court,

was a nuanced response to a blood-soaked conflict that began with Hamas's massacre of more than 1,200 people in Israel, triggering an Israeli military campaign that Gaza officials say has claimed more than 25,000 lives.

"The court is acutely aware of the extent of the human tragedy that is unfolding in the region and is deeply concerned about the continuing loss of life and human suffering," the ICJ's American president, Joan Donoghue, said in announcing

the ruling from the Peace Palace in The Hague.

The ICJ order came a month after South Africa initiated proceedings accusing Israel of violating the 1948 Genocide Convention, and two weeks after hearings where South Africa, backed by the Palestinian Authority, presented its case, portraying the Gaza operation as a continuing assault on Palestinians that began with Israel's establishment in 1948.

Israel, in rebuttal, said that

its military complies with international legal obligations and that noncombatant casualties had been exacerbated by Hamas's practice of locating fighters and supplies in civilian areas.

To side with South Africa, the court had to find that its allegations, if true, could be in

*Please turn to page A6*

- ◆ U.S. pauses funding for U.N. refugee agency..... **A6**
- ◆ Israel-Hamas conflict has no end in sight..... **A7**

## Door Stays Open for Rate Cuts This Year

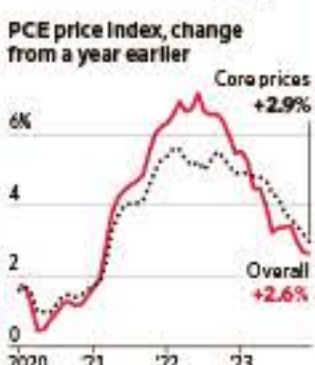
By HARRIET TORRY AND NICK TIMIRACS

The U.S. economy notched another month of mild inflation in December, keeping the Federal Reserve on track to deliberate when and how quickly to reduce interest rates later this year.

The Fed's preferred inflation measure, the personal-consumption expenditures price index, was up 2.6% in December from a year earlier, the Commerce Department said Friday, well below the 5.4% increase at the end of 2023.

Core prices, which exclude volatile food and energy costs,

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- ◆ **Stock indexes** finish the week higher..... **B11**
- ◆ **Heard on the Street:** Watch jobs to predict rate cut..... **B12**

## EXCHANGE



### BIG SPENDERS

Inside the competition for the world's richest shoppers **B1**

## Election Marathon Would Test Oldest Nominees Ever

If GOP primary contest ends quickly, the one-on-one face-off could become an endurance challenge for Biden and Trump

President Biden and Donald Trump are on track to be the oldest pair of presidential nominees in U.S. history. They also are star-

*By Annie Linskey, Alex Leary and Suzanne Vrantca*

ing at what could become the longest general-election campaign ever.

If Trump locks up the Republican nomination soon, the two men will face a marathon one-on-one race to the Nov. 5 general election. Such an endurance test threatens to bring headaches for both candidates and their campaign staffers—and for voters who

have said they dread a rematch of the 2020 race.

Biden, 81 years old, and Trump, 77, both like to sleep in their own beds at night. Both, too, are prone to errors and will be under the spotlight many months. Their campaigns will need to figure out how to pace them through such a long slog, while also adjusting how they raise and spend money.

In recent days, both Biden and Trump have made flubs that drew attention to their

*Please turn to page A10*

- ◆ Biden campaign frets over Israel..... **A4**
- ◆ World leaders brace for Trump redux.... **A8**

## Tourists Besiege African Wildlife. Reserve Your Cheetah for 4 p.m.?

Cute cubs can draw dozens of Land Rovers, prompting quest for a high-tech solution

By MICHAEL M. PHILLIPS

MAASAI MARA, Kenya—It's gotten to the point where even the hyenas have noticed that one of the world's great wildlife refuges is overrun by tourists.

Back in the day, spotted hyenas in the Maasai Mara National Reserve would track a pride of hunting lions and then slip in to steal leftover chunks of

hippo or impala. Now, hyenas track Toyota Land Cruisers, knowing a cluster of 4x4s inevitably signals a big cat nearby, likely with a fresh kill.

"Now they're not working too hard. They're just waiting for the vehicles," said Marley Sianto, assistant director of tourism and wildlife for Narok County, which operates the re-

*Appointment only?*

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## Image Renews Buzz on Amelia Earhart's Plane

By NIDHI SUBBARAMAN

When she disappeared on her most ambitious trip—what Amelia Earhart had hoped would be a record-setting journey around the world—it sparked a decadeslong mystery: What happened to her?

Now, a commercial real-estate investor from Charleston, S.C., thinks he might have found a vital clue.

Tony Romeo, a pilot himself and a former U.S. Air Force intelligence officer, is the latest in a string of adventurers to plumb the Pacific Ocean in search of the plane Earhart was flying in 1937 when, at the

peak of her fame, she vanished.

In December, Romeo—who sold his commercial properties to fund his search—returned from an expedition with a sonar image of an aircraft-shaped object resting on the ocean floor. He believes it is Earhart's Lockheed 10-E Electra, and experts are intrigued.

The location where Romeo said he captured the image is about right, said Dorothy Cochrane, a curator in the aeronautics department of the Smithsonian Institution's National Air and Space Museum, and sonar experts who have viewed the image agree that

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**McMahon Exits**  
TKO executive resigns after sexual abuse lawsuit. **B9**

# EXCHANGE

**Tough Brake**  
Tesla lags its rival 'Magnificent Seven' stocks. **B11**



BUSINESS | FINANCE | TECHNOLOGY | MANAGEMENT THE WALL STREET JOURNAL \*\*\*\*\* Saturday/Sunday, January 27 - 28, 2024 | B1  
 DJIA 38109.43 ▲ 60.30 0.16% NASDAQ 15455.36 ▼ 0.4% STOXX 600 483.84 ▲ 1.7% 10-YR. TREAS. ▼ 8/32, yield 4.159% OIL \$78.01 ▲ \$0.65 GOLD \$2,016.80 ▼ \$0.10 EURO \$1.0655 YEN 148.16

## Inside the Competition for The World's Richest Shoppers

Backstage passes. Secret dinners. Exclusive invites. When you have everything, stores lure you with the things money can't buy.  
By Suzanne Kapner

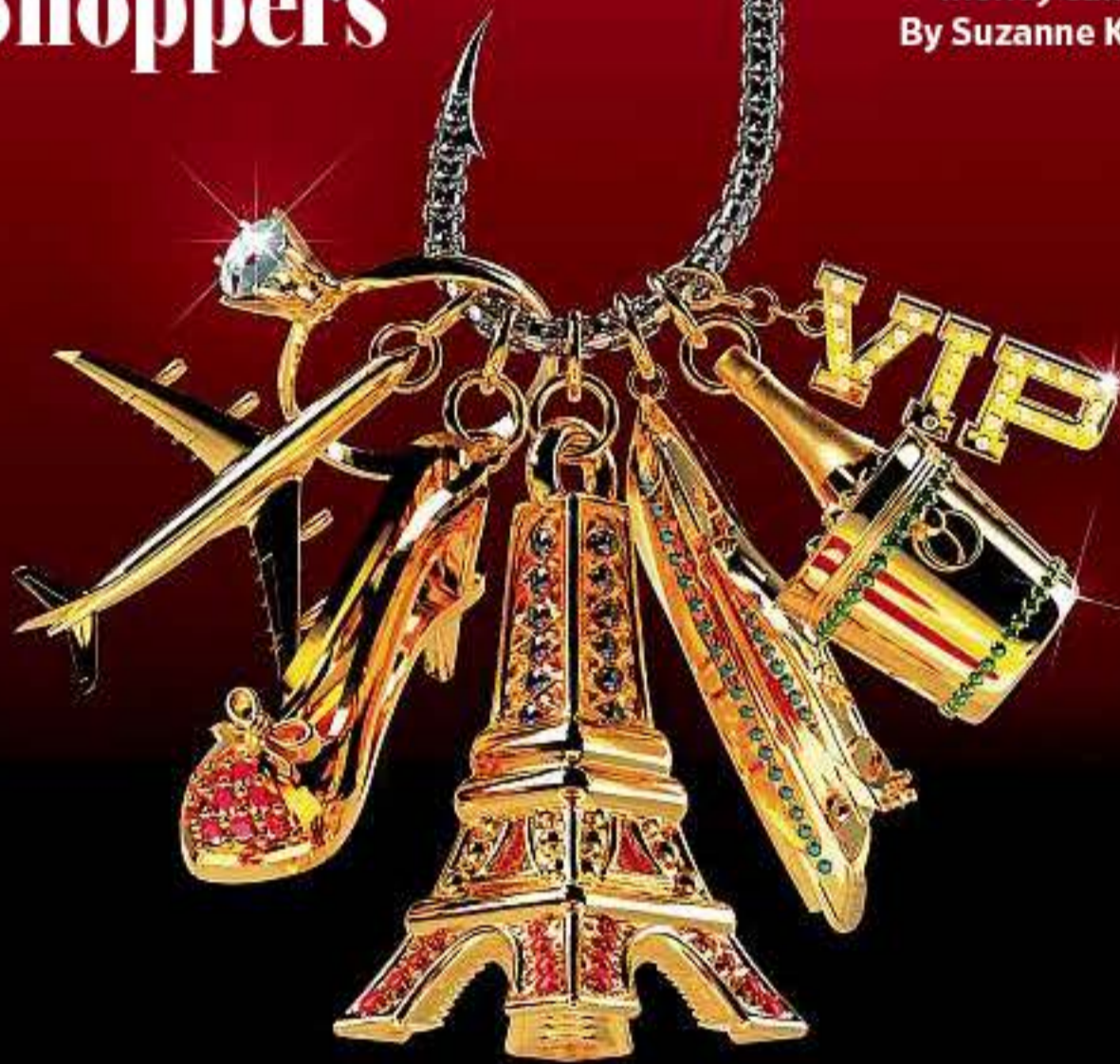


ILLUSTRATION BY TERRY GAY

### THE INTELLIGENT INVESTOR

JASON ZWEIG

## Good News, Investors: You Too Can Time Travel

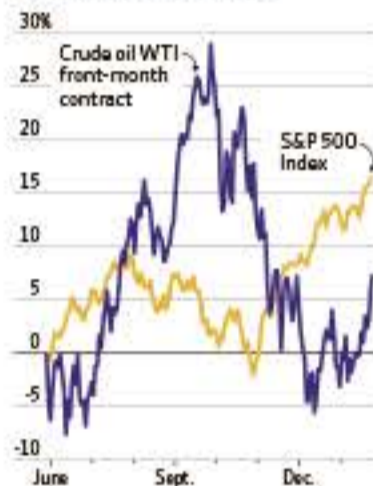


I just pulled a Rip Van Winkle—and maybe you should, too. I'm back at my regular post at The Wall Street Journal after being away on book leave. That

long hiatus disengaged me from the daily hubbub of markets so I could frame investing ideas in a longer historical and broader psychological perspective.

Like the character in the Washington Irving story who woke up after a 20-year nap, I've returned to a world both transformed and hauntingly familiar. The best part about coming back after this market sabbatical is noticing how silly so many forecasts seem to be—including my own. The second best part is the contentment that comes from never having been remotely tempted to act on any of those forecasts.

#### Performance since May 26



Source: FactSet

When my last regular column ran last May 26, the S&P 500 was already up 10.3% in 2023—right in line with the long-term average annual return of U.S. stocks. "Let's just call it a year right here," I recall muttering to myself.

That was the last thing I remember. From that day to this week, I tuned out the daily noise of fluctuations in stocks, bonds, commodities and economic indicators.

What's that you say? The S&P sank more than 10% and the Nasdaq Composite Index fell more than 12% between July and October? Then, in three wild weeks, they roared right back out of their declines?

I never noticed.

You say the yield on the 10-year Treasury, 3.8% when I left, shot up to 4.99% in October, then promptly reversed and sank almost all the way back, to 3.9% by year end?

On a chart, it looks like the cross-section of a volcano. I was oblivious.

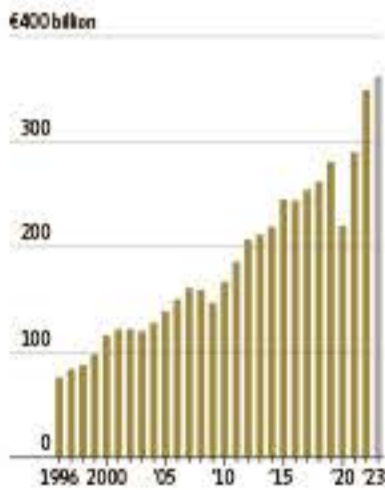
When I left, investors and analysts were obsessed with guessing when and how many times the Fed...  
Please turn to page B4

**I**N DECEMBER, about 20 people sipped Champagne at Lincoln Center's David H. Koch Theater as members of New York City Ballet rehearsed the Nutcracker. The attendees toured backstage and chatted with the dancers before decamping to Bad Roman, a glitzy Italian restaurant in Columbus Circle, for dinner.

They were all guests of Mytheresa, an online luxury retailer that has two stores in Germany.

A new era of one-upmanship has taken hold in luxury shopping, where retailers and brands are vying to outdo each other to attract and retain wealthy shoppers. Mytheresa gets more than a third of its sales from just 3% of shoppers. At Neiman Marcus 2% of customers deliver 40% of sales. The brands are treating customers the way airlines treat frequent fliers and casinos treat

#### Market for personal luxury goods



Note: €1 = \$1.09. Data for 2023 is estimated. Source: Bain & Co. and Altiparanea

"whales," the highest rollers who get fancy suites, drinks and other amenities.

Gucci and Brunello Cucinelli are opening invitation-only boutiques in cities that include Los Angeles, Milan, Paris and New York, where shoppers can peruse the latest collections without brushing up against the masses.

Louis Vuitton and Burberry are targeting the uber wealthy with hotel-suite-worthy dressing rooms. Saks Fifth Avenue and Neiman Marcus are dialing up the perks with early access to exclusive collections and experiences that money alone can't buy.

The efforts highlight a sobering reality for many sellers of luxury goods: After years of growth fueled by less-affluent shoppers shopping like affluent ones, luxury brands are watching...  
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### KEYWORDS | CHRISTOPHER MIMS

## Tim Cook's Biggest Success Is Now Apple's Biggest Liability



Apple Chief Executive Tim Cook has turned the company into a juggernaut on the strength of its integrated "walled garden" of gadgets and services. It's a strategy that has churned out enormous profits—and yet it's increasingly a problem for the company.

Apple's hardware business is showing weakness, with sales of some devices leveling off and others declining. To shore up its revenue, the company is increasingly dependent on its growing services offerings—subscriptions, commissions on sales in its App Store and the like—and is now in a position where it must defend and try to increase that revenue at all costs. In the long run, this strategy could backfire.

Apple's walled garden is unusually comprehensive, even by the standards of the industry. It's not just the collection of gadgets it sells. It's the fact that they are all integrated—in terms of both their hardware and software—that makes it very difficult for Apple customers to use devices outside of it, or switch to a competing ecosystem altogether. It has, in the words of regulators and economists, high switching costs.

Apple aggressively regulates this garden to ensure its profits, but its tactics are increasingly angering other companies and regulators, who are pushing back with growing force. Apple's response risks only angering them further. In some ways, the company may be backed into a corner, in that it increasingly depends for its profits...  
Please turn to page B4



Apple's next big hardware release, the \$3,500 Vision Pro headset, looks to remain a niche product for a long time to come.

JEFF CHAN/GETTY IMAGES

## EXCHANGE



▲ Mytheresa and Vogue hosted shoppers at a dinner party at the Colony Hotel in Palm Beach, Fla.

## The Competition for the World's Richest Shoppers

Continued from page B1  
their customer bases shrink and sales flag, particularly in the Americas, as more people feel the strain of high inflation and dwindling savings.

In response, many of these companies are responding by supercharging their courtship of the people who still have the means to spend.

▶ Neiman Marcus hosted big spenders at a dinner in Dallas to honor Brunello Cucinelli.

Sales of personal luxury goods in the Americas fell 8% in 2023 to 101 billion euros, or about \$110 billion, compared with 2022, according to Bain & Co. and Altgamma, the trade association for Italian luxury goods. Aspirational customers hit the brakes, while wealthier shoppers shifted their spending to other luxury segments such as travel and fine dining.

Sales are still growing at some companies, including LVMH Moët Hennessy Louis Vuitton and Mytheresa, but less than the turbocharged pace of recent years.

Neiman Marcus says it is focused on deepening relationships with those who spend more than \$25,000 a year, because they are ultra loyal and more resilient to inflation and other market shocks.

"At my age, it's harder to meet people—and the cool factor is hard to beat," said Lisa Sher-Chambers, a 57-year-old stylist who lives in Manhattan and has made friends through these experiences. She posed for a photo at Mytheresa's New York City Ballet event on stage with rows of empty seats behind her wearing a black Versace corset and Chanel skirt and posted it on Instagram. "I was blown away to be on that stage," she said, adding that these types of experiences make her more inclined to purchase from Mytheresa in the future.

▼ Saks hosted top customers in Aspen, Colo., with private jewelry shopping and sleigh rides.

Companies say it is less expensive to get existing customers to spend more than to acquire new ones.

Online customer-acquisition costs



have skyrocketed due to rising competition and new restrictions on the use of cookies, coding that helps marketers track people's movements around the web. And digital marketing can't create the pampering of physical experiences that people are craving.

The term VIP dates to at least the 1930s to denote people of importance. Companies have long catered to this group. Neiman Marcus' Incircle rewards program, with perks that range from free gift wrapping to a concierge service that can arrange travel and event tickets, has been around since 1984. The events for top customers are separate from—and a cut above—the rewards program.

Lately some airlines have made it harder to acquire status, particularly for lower-tier customers, after looser rules during the Covid-19 pandemic gave too many people access to special perks. And while music festivals are suffering from lower revenue as fewer concertgoers buy general-admission passes, sales of VIP seats are

booming.

"Everybody wants access," said Heather Kaminetsky, Mytheresa's North American president. "Clients will say, 'How did you get us in? We've been trying to get a reservation for nine months.'"

Kim Dempster, a longtime Neiman Marcus shopper, lost the diamond from her engagement ring after celebrating her 30th anniversary last year. The retailer paid for first-class airline tickets for her and her husband from their home in San Francisco to New York and put them up for three nights in December at the opulent Baccarat Hotel, which is decorated with the French company's crystal, including 17 chandeliers and a display of 2,000 glasses at the entrance.

The couple had a private shopping appointment at the showroom of Bayco Jewels, one of Neiman Marcus's suppliers, where they purchased a new diamond for her engagement ring and a yellow diamond for another ring—and dined at Cipriani's with the jeweler's founders.

Her husband Mark Dempster presented the new diamond set in her original engagement ring to her in the Bayco showroom by asking her to marry him for another 30 years.

"We get invited to loads of events," said Mark, a venture capitalist. "Experiences like this are a different ballgame. Now, a set of memories have been created and relationships formed that you couldn't do on your own."

Dunja Grubjesa, a 37-year-old owner of a logistic company, said she is getting invited to more events lately, including a visit to the Valentino archives in Rome and a two-night stay in a castle in Sorrento, Italy, where the flower arrangements matched dinnerware from Aquazura's home collection—both hosted by Mytheresa.

Grubjesa, who divides her time between Miami and Chicago, said her husband jokes that despite the trips, she's really not getting anything free. "He says I've already paid for everything they are giving me in purchases I've made," she said.

Mytheresa, which recently hosted a lunch for clients at the home of Italian designers Domenico Dolce and Stefano Gabbana in Portofino, Italy, often allows guests to invite a plus-one. "This can unlock new customers for us," said Kaminetsky.

Neiman Marcus hosted 50% more events for its best customers in 2023 compared with the previous year, including four days of red-carpet activities at the Cannes Film Festival. Guests were present at the unveiling of award statues created by Swiss jeweler and watchmaker Chopard; walked the red carpet and attended



▲ Mytheresa VIP shopper Lisa Sher-Chambers on stage at Lincoln Center in New York at an event hosted by the retailer.

film premieres alongside celebrities, and capped off the evening at after-parties.

Neiman Marcus used to showcase fine jewelry in catalog mailings but took it up a notch in November when it hosted a black-tie ball at the Hôtel Swexan in Dallas. Guests spent the afternoon in private shopping appointments with six jewelers, including Boucheron and Chopard, who each had their own suites. In the evening, they descended to the ballroom for dinner and dancing. Nearly \$140 million worth of jewelry was on display in an adjacent room so guests could continue browsing through the evening.

This year, Neiman Marcus is planning an all-expenses paid trip to Australia, where guests will visit the showroom of jewelry designer Margo McKinney and learn about pearl cultivation. Shoppers typically must spend upward of \$10,000 a year to qualify for special treatment.

Saks recently expanded its Limitless VIP program to include more exclusive experiences, such as a partnership with Saint Laurent, where a portion of its more than 6,000 Limitless members were able to purchase certain items from the brand's new collection 48 hours before they were available to the public. It recently hosted a weekend getaway to Aspen that included horse-drawn sleigh rides, skiing, spa treatments and private shopping appointments with a local jeweler.

"The aim for these events is to create long-lasting relationships with customers and to find people who will become ambassadors of the brand," said Carolina Cucinelli, Brunello Cucinelli's daughter and the brand's co-president and co-creative director. The Italian brand, known for its quiet-luxury aesthetic, has held events with Mytheresa and Neiman Marcus, where guests toured its private offices and were fitted for made-to-measure clothing.

"Customers really want that personal level of attention," said Neiman Marcus President Ryan Ross. Newly launched concierge-shopping service Long Story Short bills itself as a private club for power-shoppers and sells everything from Van Cleef & Arpels jewelry to Rolls-Royces. Clients pay a \$1,000 monthly fee and undergo thorough vetting to get access. Hopeful members provide a driver's license or passport, social-media links and complete a brief essay describing their background, upbringing or anything else that sheds light on what makes them unique.

