

Textile Consumer™

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Understanding the Multicultural Consumer Base

Over the past decade, consumers and industry experts have complained that apparel offerings at retail have become "homogenized," and that this sameness is not enticing shoppers. This criticism raises interesting questions: Has the industry assumed that shopping preferences are uniform across the various cultural groups that make up the U.S. population? Do consumers of different cultural backgrounds approach shopping in the same way? Do they differ in levels of spending and the types of apparel they buy? If so, what are the best ways to target cultural subgroups effectively when marketing apparel?

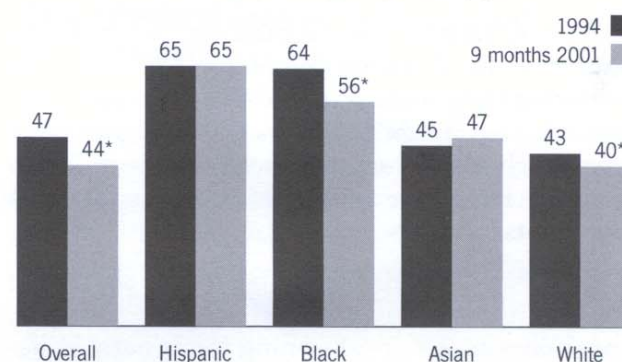
According to the U.S. Census Bureau, the minority population grew by approximately 34% from 1990 to 2000, compared with growth rates of 13.2% for the population as a whole and 5.9% for the European-American (white) population. Hispanic Americans led the growth, with a gain of 57.9%, as the collective minority population grew more than 5 times as fast as the white population. The growing influence of the minority population is reflected in its increased buying power. While all racial/ethnic groups showed gains in real median income in the past decade, household income growth for African-American (black), Hispanic-American, and Asian-American households (32.5%, 24.3%, and 23.1%, respectively) far surpassed that for white households (14.2%). This growth in minority population and income underscores the importance of taking a closer look at these groups' apparel shopping preferences and habits.

For the Love of Shopping...

In Cotton Incorporated's Lifestyle Monitor™ for the first three quarters of 2001, over 40% of consumers said they either loved or enjoyed shopping for apparel. Although the percentage was down significantly from 47% in 1994, no such decline was seen among Hispanic or Asian-American consumers. The overall decline was due entirely to statistically significant declines among white and black consumers — two groups that represent approximately 85%

of the U.S. population. Interestingly, although women buy approximately 80% of all apparel items and are more likely than men to enjoy shopping, men of all racial/ethnic groups have become more enthusiastic about shopping, while women's love of shopping has decreased.

Percent of U.S. Consumers Who Love or Enjoy Shopping for Apparel



Source: Cotton Incorporated's Lifestyle Monitor™.

*Statistically significant change from 1994.

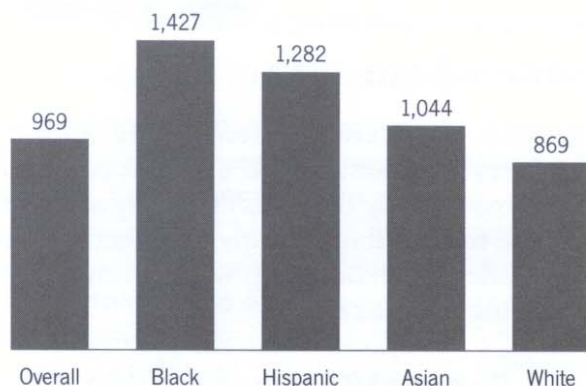
Though consumer attitudes toward shopping are less positive than in the mid 1990s, expenditures on apparel continue to grow. Overall, consumers are spending 35% more on apparel in 2001 than they did in 1994, and they will spend an average of \$969 on apparel for themselves in 2001. Black consumers will spend an average of \$1,427 on clothing (\$458 more than the average consumer), followed by Hispanic consumers at \$1,282, Asian Americans at \$1,044, and white consumers at \$869 (\$100 less than the average consumer).

Retail Outlet Preferences

Four types of retail outlets dominate the U.S. apparel market: department, chain, specialty, and mass-merchant stores. When asked where they buy most of their apparel, black shoppers most often named department stores, while Asian Americans were split between specialty and department stores. White and Hispanic consumers preferred chain stores,

Average Amount U.S. Consumers Will Spend on Apparel for Themselves in 2001

(based on first 9 months, dollars)



Source: Cotton Incorporated's Lifestyle Monitor™.

though by relatively small margins. According to data from the Monitor, the notion that Hispanic consumers buy most of their clothing at mass merchants is a myth; white consumers were significantly more likely than any other racial/ethnic group to say they bought most of their clothing at mass merchants.

From 1994 to 2001, there have been three significant shifts in apparel outlet preference patterns. First, fewer consumers are shopping for apparel at department and chain stores overall, while more are shopping at mass merchants. This shift has put deflationary pressure on average apparel prices and has been the impetus for markdowns at retail. Second, minorities are shopping more at specialty stores, a trend that has taken black and Hispanic shoppers away from department stores. In contrast, the preference of Asian Americans for department stores increased to 34% in 2001, up from 29% in 1994, while only 7% said they were shopping mainly at chain stores this year, down significantly from 23% in 1994. Finally, significantly fewer white consumers now say they shop for clothes mostly at department stores, while significantly more are shopping "down market" at mass merchants. Most of these trends hold when the data are analyzed within income groups. In the \$50,000 to \$75,000 household

income range, black and Hispanic consumers are most likely to shop for clothes at department stores, while white consumers are most likely to shop at chain stores. Asian Americans with household incomes below \$75,000 are much more inclined to shop at specialty stores than are other consumers in this income range.

Cross-shopping (shopping at several different outlets before buying an apparel item) is a common practice. Asian-American and black consumers are the most likely to cross-shop for clothing. When white consumers cross-shop, they tend to add lower-priced retailers to their itinerary. For example, a specialty-store shopper will cross-shop at a department store, a department-store shopper will try a chain store, and a chain-store shopper will check out a mass merchant. In contrast, minority shoppers are more likely to cross-shop "up market."

Minority shoppers also are more willing than white shoppers to pay regular price (37% vs. 25%). This attitudinal finding is supported by retail sales data from STS Market Research's AccuPanelSM. The average price paid for all apparel (including jeans, slacks, shorts, skirts, dresses, and sweat apparel) in the first nine months of 2001 was \$20.33; this figure includes items purchased at regular price and on sale. Black shoppers paid 19% more than the overall average, and Asian-American and Hispanic shoppers paid 16% and 4% more, respectively, while white shoppers paid an average of 5% less. Black consumers paid higher prices than other groups for casual clothing, such as jeans, shorts, and sweat apparel, while Asian Americans paid more for business-type apparel, such as slacks, skirts, and dresses.

Where U.S. Consumers Buy Most of Their Apparel

(1994 vs. 9 months 2001, percent of consumers responding)

	Total		Black		Hispanic		Asian		White	
	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001
Chain	28	24*	22	18	26	29	23	7*	29	26
Department	24	22*	30	29	28	25	29	34	24	20*
Mass merchant	16	21*	11	15	15	14	9	11	16	22*
Specialty	18	18	19	20	18	20	31	36	18	17
Other	14	15	18	17	13	11	8	13	13	14

Source: Cotton Incorporated's Lifestyle Monitor™. *Statistically significant change from 1994.

Denim jeans, which have enjoyed strong performance at retail over the past year, account for 11.4%

Average Price Paid for Apparel

(9 months 2001, dollars)

	Total	Black	Asian	Hispanic	White
Total apparel	20.33	24.15	23.66	21.07	19.84
Skirts/dresses	30.97	32.77	35.81	27.95	30.75
Slacks	24.86	26.83	28.43	25.34	24.60
Jeans	24.60	28.51	27.49	27.22	23.91
Sweat apparel	22.95	30.87	27.17	23.87	21.61
Shorts	15.75	17.95	17.82	16.77	15.43

Source: STS Market Research AccuPanelSM.

of total apparel purchases. Both the share of jeans in total apparel purchases and ownership of denim jeans tend to be higher among minorities than among white consumers. In the first nine months of 2001, denim jeans purchases accounted for 13.3% of apparel purchases by black, 12.8% of purchases by Hispanic, and 11.8% of purchases by Asian-American consumers, whereas they made up only 11.0% of purchases by white consumers. The average American owns 7.0 pairs of denim jeans; by racial/ethnic group, the averages are 8.9 for black, 7.8 for Hispanic, 6.7 for white, and 6.5 for Asian-American consumers.

As with other apparel categories, minorities pay higher prices for denim jeans. However, there is a discrepancy between what consumers actually pay for a pair of jeans and what they say they are willing to pay. According to the Lifestyle Monitor, consumers are willing to pay \$13.00 more for a good-fitting pair of denim jeans than they paid at retail in the first nine months of 2001. Asian Americans are willing to pay the most, at \$38.66 per pair. Hispanic and black consumers will pay \$36.20 and \$35.94, respectively, while white consumers will pay the least, at \$32.67.

What Makes Consumers Tick...

Consumers can be categorized as those who plan their apparel purchases versus those who buy on impulse. Impulse buyers also are likely to spend more on apparel than those who plan their purchases. Thus, it is not surprising that 52% of minority consumers buy on impulse, compared with 39% of white consumers. Those

most likely to buy on impulse also are more likely to identify themselves as fashion innovators. Among black consumers, 56% state that they are on the cutting edge of fashion or at least adopt changes before most. Approximately 45% of Hispanic and Asian-American consumers place themselves in these two categories, compared with only 34% of white consumers. However, while consumers of various racial/ethnic groups may differ in whether they keep up with current styles, over half of all consumers feel better if they get a second opinion when buying clothes — creating an opportunity for retailers to maximize the usefulness of sales associates. Hispanic shoppers are most likely to want additional input (29%), and white shoppers are least likely to (18%).

What Apparel Factors Are Important to Consumers...

The past eight years have seen a significant shift in consumer attitudes about what is important when buying apparel. As consumers have begun to cross-shop more, they have become more concerned about price. They also focus more on fabric content, and they increasingly scrutinize care instructions to determine whether garment care requires more effort than they are willing to expend. And, with globalization of the economy, consumers have become less concerned about where a garment is manufactured.

Across racial/ethnic groups, the most important factor consumers consider when purchasing apparel is price. White consumers are the most price sensitive; not only is price their most important factor, but its importance has increased by 14 percentage points since 1994. The next most important factors to consumers shopping for apparel are fabric content and care instructions. The importance of fabric

Important Factors When Buying Apparel

(1994 vs. 9 months 2001, percent of consumers responding)

	Total		Black		Hispanic		Asian		White	
	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001
Price	68	81*	68	79*	65	73	71	81*	69	83*
Fabric content	47	58*	41	56*	40	49	48	58*	49	60*
Care instructions	34	48*	37	44*	33	39	26	44*	34	50*
Origin of garment	45	38*	36	30*	37	29	32	30	47	40*
Brand name	29	34*	32	37*	31	38	43	63*	28	32*

Source: Cotton Incorporated's Lifestyle MonitorTM. *Statistically significant change from 1994.

content to consumers overall has increased by 11 percentage points since 1994. Asian Americans are significantly more concerned about brand names than other consumers, and white shoppers are more concerned about where a garment is manufactured.

Where Consumers Get Apparel Ideas...

When planning marketing strategy, it is helpful to know where consumers get apparel ideas and what will catch their attention. Reliance on external sources for apparel ideas has soared since 1994, especially among minorities. Store displays are the most effective means of reaching consumers of all racial/ethnic backgrounds, and this source of apparel ideas shows the least disparity among the groups.

The second most powerful persuasion tool for reaching minority markets is commercials and advertising, followed by fashion magazines. Approximately half of

minority shoppers say they rely on images and messages about clothing from media and magazines, compared with a third of white shoppers. Hispanic and black apparel shoppers are more likely than others to look to family, sales associates, and celebrities for ideas, while Asian Americans are more likely than others to get ideas from catalogs or people they see regularly. Since 1994, catalogs have gained the most in influence among consumers overall, while sales people continue to rank last as idea sources. This observation poses a challenge to retailers to increase the knowledge and helpfulness of their front-line employees.

Where U.S. Consumers Look for Apparel Ideas

(1994 vs. 9 months 2001, percent of consumers responding)

	Total		Black		Hispanic		Asian		White	
	1994	2001	1994	2001	1994	2001	1994	2001	1994	2001
Store displays	51	63*	49	64*	60	65	48	66*	51	61*
Catalogs	31	47*	33	49	25	45*	25	52*	32	44*
Commercials & ads	28	46*	30	50*	29	47*	38	55*	27	38*
People seen regularly	39	44*	38	37	36	46*	38	55*	40	47*
Family	26	39*	28	41*	24	42*	20	30	26	38*
Fashion magazines	23	39*	35	50*	32	47*	28	51*	20	30*
Celebrities	10	24*	20	35*	14	31*	12	19	8	16*
Sales people	18	23*	20	27	17	29*	17	19	18	18

Source: Cotton Incorporated's Lifestyle Monitor™. *Statistically significant change from 1994.

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