Textile Consumer™

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An Expanding Market — Plus Sizes

Apparel sales continue to increase, albeit sluggishly, as the result of an expanding market—based on population and waistlines. Over the past decade, the U.S. population has increased at an annual rate of 1%, accounting for a portion of the gain in apparel sales. And, according to the latest survey conducted by the National Center for Heath Statistics, over 60% of adults and 14% of adolescents (most of whom are female) are considered overweight or obese. The average growth in sales of women's apparel at specialty stores over the past 10 years has been approximately 1% on a dollar basis, according to the U.S. Census Bureau, while sales by one of the most popular plus-size specialty retailers, Lane Bryant, have grown an average of 3% over the same period. Other specialty stores, such as Lands' End, Talbots, and Hot Topic, have successfully diversified into plus sizes, and over 40% of women in Cotton Incorporated's Lifestyle Monitor™ say they wear a size 12 or larger, making this population segment of vital interest to the apparel industry.

In the next five years, Charming Shoppes, Inc. (which owns Lane Bryant, Catherine's Plus Sizes, The Answer, Added Dimensions, Fashion Bug Plus, and other brands) is planning 1,000 new stores in the United States, most of them dedicated to the plus-size woman. The success of plus-size retailers hinges on understanding their customer's attitudinal and behavioral dimensions and making apparel shopping as conventional for her as it is for other consumers.

Faster Dollar Growth in Plus Sizes

Expenditures on apparel by plus-size consumers grew 8% from 1998 to 2001, while expenditures by other women grew only 3%. Growth in the plus-

(continued on page 2)

Effect of Yarn Imports on Yarn Prices

In the textile and apparel pipeline, from field to fiber to fabric to fashion, successive value-added costs incurred in producing textile and apparel goods combine to factor into the final prices paid by consumers. As key intermediate costs in this pipeline, yarn prices are an integral factor influencing downstream demand and profitability throughout the supply chain. This article introduces a new price index for imported yarns, based on U.S. Customs trade data, and compares this imported yarn index with domestic yarn prices.

U.S. cotton yarn production, estimated at 4 to 5 billion pounds over most of the last decade, consists of roughly 90% carded yarn and 10% combed. Similarly, carded yarn imports accounted for over 70% of the 261 million pounds of cotton yarn imported into the U.S. in 2001. Over the last several years, imported cotton yarns have accounted for an increasing share of U.S. yarn consumption, suggesting that prices of imported yarn are having a greater influence on domestic yarn prices. As the dollar has strengthened relative to several foreign currencies since 1995, imports of lower-priced carded and combed cotton yarns have risen faster than domestic production, garnering increased market share and more attention from the domestic textile industry.

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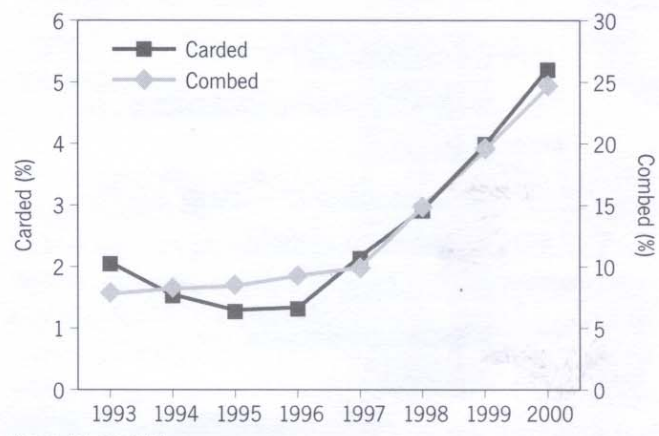
Import Share of Total Cotton Yarn Supply



Source: Werner InfoTex.

An Expanding Market *(continued from page 1)*

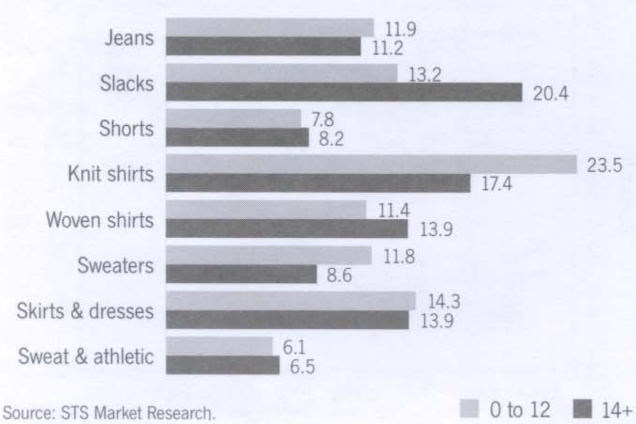
size market has been more than double that in the rest of the women's apparel market; however, women who wear sizes under 12 spend $1,077 per year on apparel, while plus-size women spend $923. Last year, among plus-size consumers, African-American women spent almost twice as much ($1,347) on apparel as white women ($777) and over one-third more than Hispanic women ($987). These figures reflect the tendency of ethnic minority consumers to spend more on clothing than white consumers, regardless of size.

Size Influences What Consumers Buy

A consumer's size influences what apparel items she buys. Compared with other shoppers, plus-size women buy more slacks and woven shirts and fewer knit shirts, according to data from STS Market Research. The percentages of apparel purchases allocated to slacks and woven shirts by plus-size consumers were 46% and 18% higher, respectively, than the percentages allocated by other consumers. These purchase patterns suggest that plus-size women are not as comfortable as their smaller-size counterparts in more revealing (skirts versus pants) or tighter-fitting (knit versus woven) clothing. Attitudinally, the preference for pants over dresses is supported by research from the Monitor. Half of all plus-size women say they would rather wear a pant suit than a skirt suit, a proportion 3 percentage points higher than for other women.

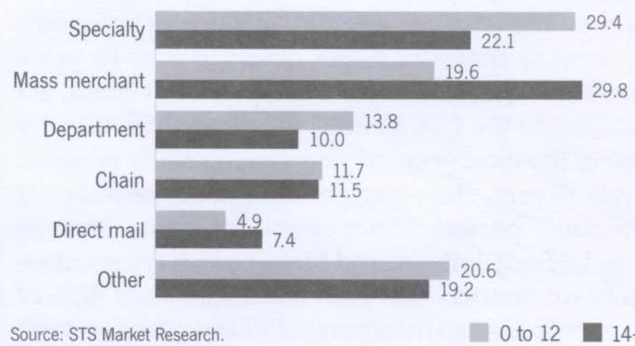
In 2001, most women, regardless of size, purchased their apparel at mass merchants, such as Wal-Mart, Target, or Kmart. Per visit, a plus-size consumer spends 11 minutes less shopping for apparel than other women, yet there are no significant differences in the influence of sales personnel on the two groups. Only 16% of women indicate that they are motivated by sales personnel to buy certain items. Rather, both groups cite store displays, catalogs, and fashion magazines as their leading sources for apparel ideas. With the entrance of more plus-size retailers and the willingness of magazines such as *Vogue* to feature plus-size models, interest in these media as fashion references may continue to grow.

Allocation of Women's Apparel Purchases
Percent of Units Purchased, 2001



Source: STS Market Research.

Outlet Share of Women's Apparel Sales
Percent of Unit Sales, 2001



Source: STS Market Research.

The Apparel Driver

Plus-size women are driven to buy apparel for different reasons than other women. Compared with other women, significantly more plus-size women say they "dress to impress" themselves, not men or other women. When shopping for apparel, more than half (58%) plan their clothing purchases, compared with 48% of smaller-size consumers. Plus-size women also are significantly more concerned with quality than other women. About 70% prefer to buy clothing that is higher in quality rather than more fashionable, compared with 57% of other respondents. These findings suggest that the plus-

Who Do You Dress To Impress?
Percent agreeing, by size, 2001

	0–6	7–11	12+
Men	52	50	40
Other women	22	24	20
Neither—myself	26	26	41

Source: Cotton Incorporated's Lifestyle Monitor™.

size consumer will respond better to apparel advertising that touts benefits, rather than sex appeal.

Denim is a Plus for All Sizes

Teenagers who are considered plus size allocate a significantly higher percentage of their apparel purchases to denim jeans than do other teens. According to data from STS Market Research's AccuPanel, plus-size females aged 13 to 18 allocated 26.5% of their unit purchases and 32.4% of their dollar purchases to denim jeans, compared with 16.2% and 20.6%, respectively, for other teens. But although plus-size teens allot a larger percentage of purchases to denim, ownership of denim jeans is consistent among teens of all sizes; on average, teens own 8.6 pairs of denim jeans. However, among adult women consumers, ownership of denim jeans is negatively correlated with size and age. These findings suggest that ownership of denim jeans is less about size than about age.

Ownership of Women's Denim Jeans

No. of pairs by apparel size, 2001

	0–6	7–11	12+
13–18	8.8	8.8	8.4
19–24	8.8	8.2	8.3
25–34	8.3	8.6	6.2
35–55	7.8	6.6	5.7
56–70	5.5	4.6	3.7

Source: Cotton Incorporated's Lifestyle Monitor™.

Flattery is Questionable

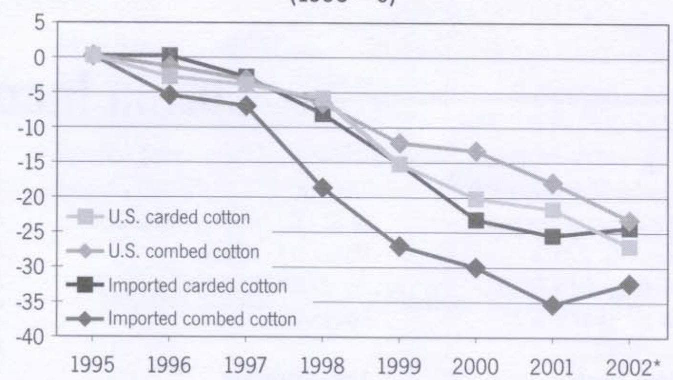
Women who wear a size 12 or larger have significantly different attitudes toward wearing apparel than women who wear a size 11 or smaller. Among plus-size women, 44% agree with the statement "Because of my size, I don't feel comfortable wearing the same styles as my friends," compared with 14% of all other women. An explanation lies in the fact that two-thirds of larger-size customers state that current styles do not flatter their shapes (compared with 51% of other consumers). This percentage of women is within the same statistical range as in 1998, indicating that while plus-size retailers may be benevolent with offerings, they are not meeting the ultimate need of the plus-size consumer — to flatter her shape. ■

Yarn Imports *(continued from page 1)*

The imported yarn index is based on yarn import data compiled in dollars and kilograms, providing both an aggregated and a country-specific *de facto* price per pound. Studied over time, these prices serve as a proxy for prices of foreign-produced cotton yarns shipped to the United States. Generally, the index shows that for the last several years, imported yarns, both carded and combed, have sold at lower prices than domestically produced yarns in most counts. Since peaking in late 1995, prices of domestic carded and combed yarns have declined in response to competition from lower-priced imports and downstream price pressure, dropping 23% to 27% annually over the period.

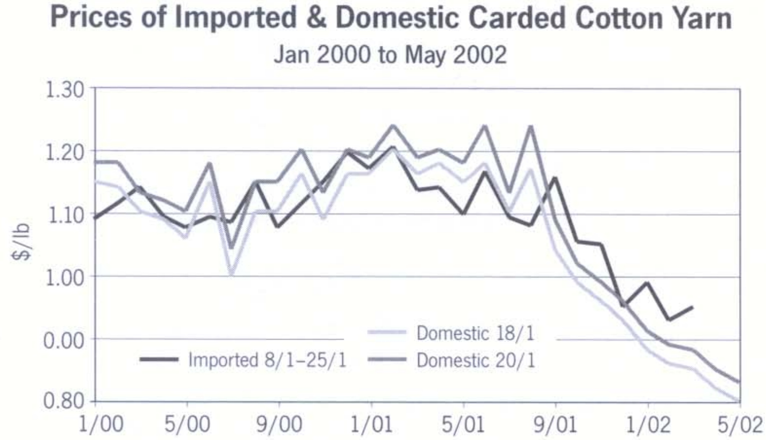
Percent Change in Domestic & Imported Yarn Prices

(1995 = 0)



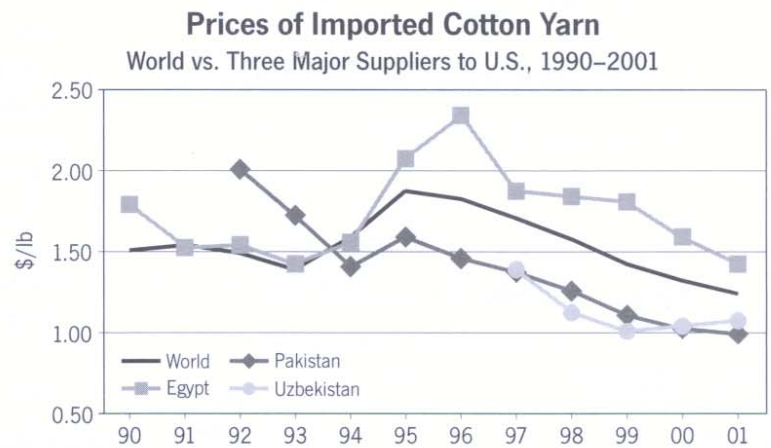
Source: BLS and Werner InfoTex. *Year to date.

Over the same seven-year period, prices of imported carded and combed yarns also have fallen, by 24% and 32%, respectively. From early 2000 to mid 2001, prices for domestic and imported carded yarns leveled out, as import volume remained flat. Since mid 2001, however, the dollar volume of carded imports has fallen faster than the weight volume, driving down the import price and ultimately continuing pressure on domestic prices. Three of the major foreign suppliers of U.S. cotton yarn imports—Pakistan, Egypt, and Uzbekistan—accounted for 36% of the 261 million pounds imported into the United States in 2001. Use of the imported yarn index to analyze the comparative prices of carded yarns from each country helps explain why imports from these regions have grown in recent years.



Source: Werner InfoTex and TextileWorld.

The world price for carded and combed cotton yarn imports climbed to $1.86/lb in 1995, but then began falling in tandem with raw cotton prices, sliding to $1.23/lb in 2001. Pakistan, the largest foreign yarn supplier for five of the last six years, enjoyed growing shipments to the United States during most of the 1990s because its yarn prices were consistently below world prices over the period. Similarly, Uzbekistan, which has shipped yarn to the United States for only the last five years, has seen shipments climb four of the five years, because it has maintained prices substantially below the world average. Conversely, Egypt, once the source of 19% of total U.S. yarn imports, has seen its import share wither to less than 6%, as it has maintained prices above the world average. Shifting patterns in cotton yarn import share during the 1990s can be explained by the difference between each country's price and the world average. Furthermore, monthly world prices and comparative country prices from the imported yarn index may provide an early glimpse of importing trends to watch. ■



Source: Werner InfoTex.

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