

Thinking about the last time you bought an article of clothing, why did you buy it?

What was the most important reason that made you choose that specific article of clothing?







The Marketing Challenge

 Sales of apparel as a percent of spending on the dollar are challenged Consumer Expenditures Bureau of Economic Analysis

Cents of each dollar spent

Item	2015	2016	2017
Durable Goods	13.4	13.8	14.3
Motor Vehicles	3.2	3.3	3.5
Housing	15.2	15.1	14.9
Health Care	16.7	16.9	16.9
Eating Out	7.2	7.2	7.2
Clothing & Footwear	3.3	3.3	3.3
	<u> </u>		0-0
Women/Girls	1.6	1.6	1.6
Women/Girls Men/Boys		1.6 0.9	
	1.6		1.6
Men/Boys	1.6 0.9	0.9	1.6 0.9

The Marketing Challenge

- Sales of apparel as a percent of spending on the dollar are challenged
- Consumers' access to brands and retailers is growing and vice versa

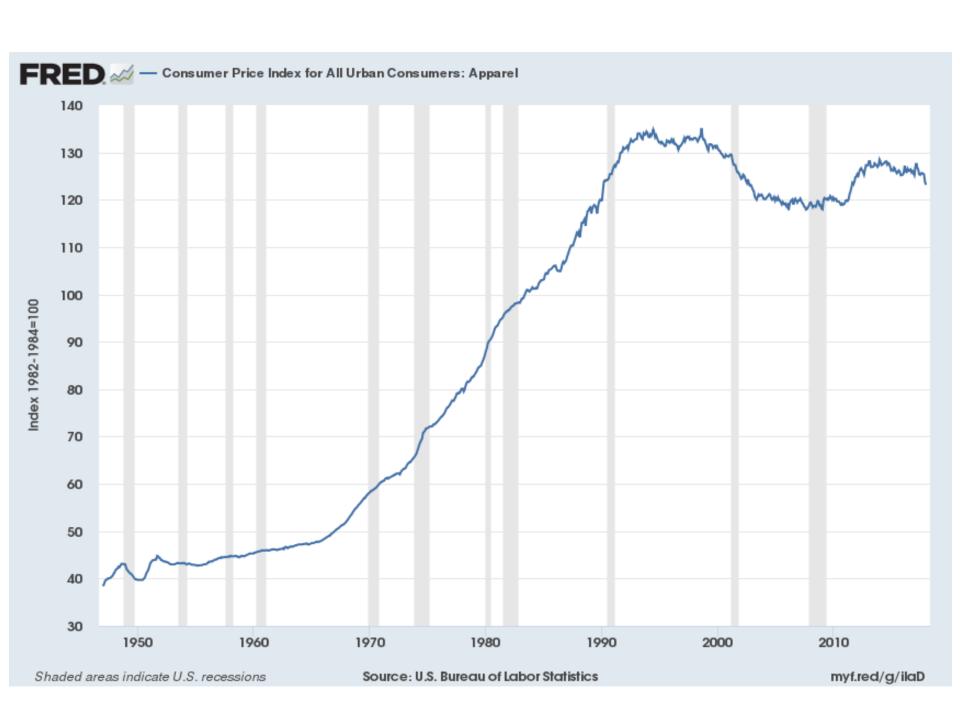
Online Clothing Sales

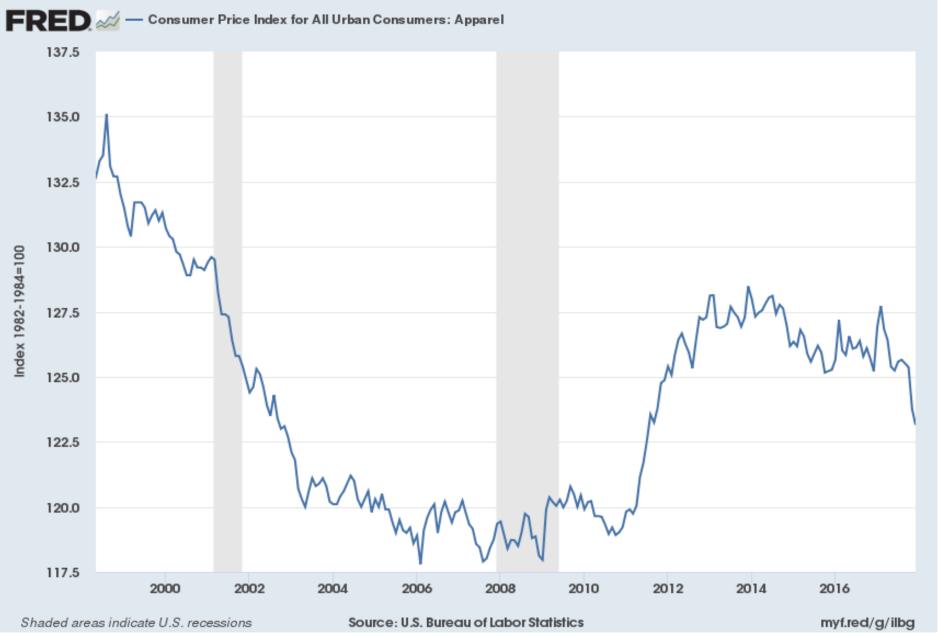
- Projected to increase by 45% in next 5 years
- Clothing and fashion accessories is one of the leading categories of consumer online spending
- Nearly 10% return rate for clothing purchases, but 40% rate for online purchases

Sources: Mintel, NRF

The Marketing Challenge

- Sales of apparel as a percent of spending on the dollar are challenged
- Consumers' access to brands and retailers is growing and vice versa
- More choice, more brands, more opportunity for consumers will lead to more competition and downward pressure on retail prices





1982-84 = 100

Purchase drivers

Here's what matters most to consumers and what retailers, brands and manufacturers MUST deliver.

Why Buy?	2016	2011
Willy Duy:	2010	2011
Fit	75%	74%
Price	63%	61%
Style	49%	36%
Durability	43%	46%
Performance	27%	27%
Laundry Instructions	26%	28%
Country of Origin	20%	23%
Environment	15%	14%
Brand Name	14%	15%

Purchase drivers

Here's what matters most to consumers and what retailers, brands and manufacturers MUST deliver.

Consumers are largely unwilling to pay for sustainability.

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The effect of competition/access

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U.S. Denim Market

Product Allocation of U.S. Consumers' Wardrobes (unit basis)

Underwear	15%	Casual Slacks	5%
T-Shirts	15%	Outerwear	4%
Casual Shirts	12%	Bras	4%
Denim Jeans	6%	Pajamas	4%
Sweaters	6%	Dress Pants	4%
Dress Shirts	6%	Dresses	3%
Shorts	6%	Skirts	3%
Athleticwear	6%	Suits	1%

Denim Jean Shopping Habits



Average number of jeans owned

7



Average price paid for jeans

\$35



Percent who have purchased premium jeans

12%

Source: Cotton Incorporated's Lifestyle Monitor™ Survey

What Jean Colors Are U.S. Consumers Likely to Purchase?

Dark Blue 79%

Med. Blue 65%

Black 45%

Light Blue 38%

Gray 18% Purple 6%

Red 5%

Green 5%

Yellow 2%

Pink 2%

Gold 2%

Orange 1%



Source: Cotton Incorporated's Lifestyle Monitor™ Survey

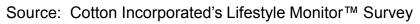
What Kind of Jeans Fit or Style Do Men and Women Buy?



Relaxed	41%
Regular	26%
Loose	11%
Classic	7%
Boot Cut	5%
Slim	5%
Skinny	2%



Boot Cut	28%
Relaxed	20%
Regular	12%
Skinny	12%
Classic	8%
Slim	8%
Loose	5%







Hips 15%

Length 36%



Waist 26%

Thighs

11%



Current Pant Size Females



0-6	36%
7-11	24%
12-14	25%
15+	31%





Why did you buy premium denim jeans?





Why did you buy premium denim jeans?





Why did you buy premium denim jeans?







Do you really think she's loyal to your brand?

Premium Jeans Shoppers Brand Loyalty



Premium Jeans Shoppers Brand Loyalty



Adding Value to your Product



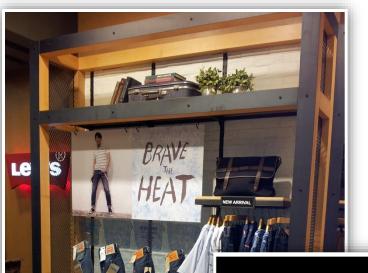


Wash Fastness Improvement on Indigo-dyed Jeans



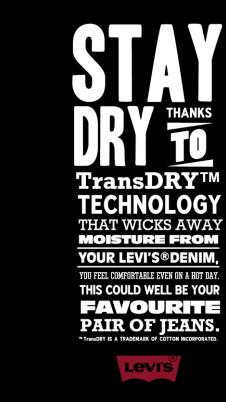






Levi's





TransDRY™ Technology Adoption

- Adopted TransDRY™ technology on Men's Cool Jeans collection
 - 502[®] and 511[®]
 - Selling Price: Around US\$115-160



LEVI'S®
Adopts TransDRY® TECHNOLOGY

How concerned are you about each of the following issues?

Genetically-modified plants for use in clothing

Child Labor Practices

Depletion of Resources such as Oil

Increasing Prices at Retail

Air Quality

Water Quality

Clothing treated with dyes and chemicals

Pesticides to Grow Cotton

Global Warming

If you purchased apparel that you thought was environmentally friendly and later found out that it was not, how would you react?

Extremely bothered, would complain and take action!

May be bothered, but would do nothing

Would not be bothered

The Anger Thermometer

After leaving, you find that your fast food drive through order was incorrect.

89%

You find the batteries were not included in a product when they were advertised as included.

83%

You find out the apparel cannot be washed at home and must be taken to the cleaners.

67%

You find out the apparel was not made in an "environmentally-friendly" way as advertised.

35%



Environmentally friendly clothing

Important?

27% 1994

The importance of environmentally friendly clothing

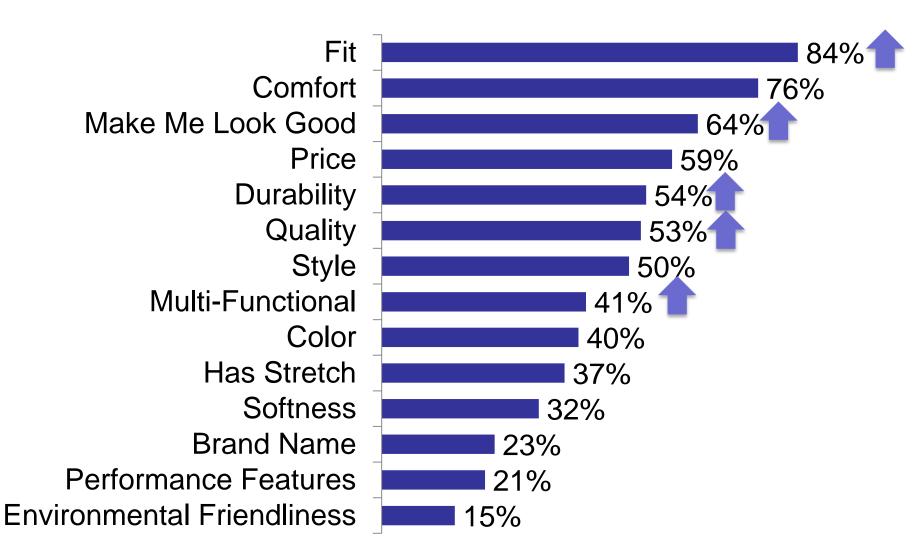
27% 1994

The importance of environmentally friendly clothing

2016 15%

Awareness ≠ Importance

Factors Very Important* to U.S. Consumers' Denim Jean Purchases



Source: Cotton Incorporated's Lifestyle Monitor™ Survey *Top-2 box responses on an 11-point scale



eco-denim 25% Off

Loomstate, Edun, Good Society and more. Shop now >>





The Industry Challenge

- Drivers of consumer purchasing are key to profitability
- Sustainable production and manufacturing are not easily understood concepts—they are scientific and often complex
- The industry has a big environmental footprint



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