



Consumer and Retail Insights

February 2019

Cotton Incorporated's *Consumer and Retail Insights*



300,000+
**INTERVIEWS
CONDUCTED**



2,000,000+
**GARMENTS
AUDITED**



625,000+
**REVIEWS
ANALYZED**



RETAIL EVOLUTION

MODERN PERFORMANCE

EXTENDED-SIZE MARKET

SUSTAINABLE TRENDS



Global Trends and Challenges

Clothing remains top interest, but increasingly rivaled by food & electronics

Preferred Item to Shop



Clothes – 36%



Food – 21%



Electronics – 14%



Shoes – 11%



Cosmetics – 8%

Top Purchase Drivers



Comfort – 96%



Fit – 96%



Quality – 93%



Price – 94%



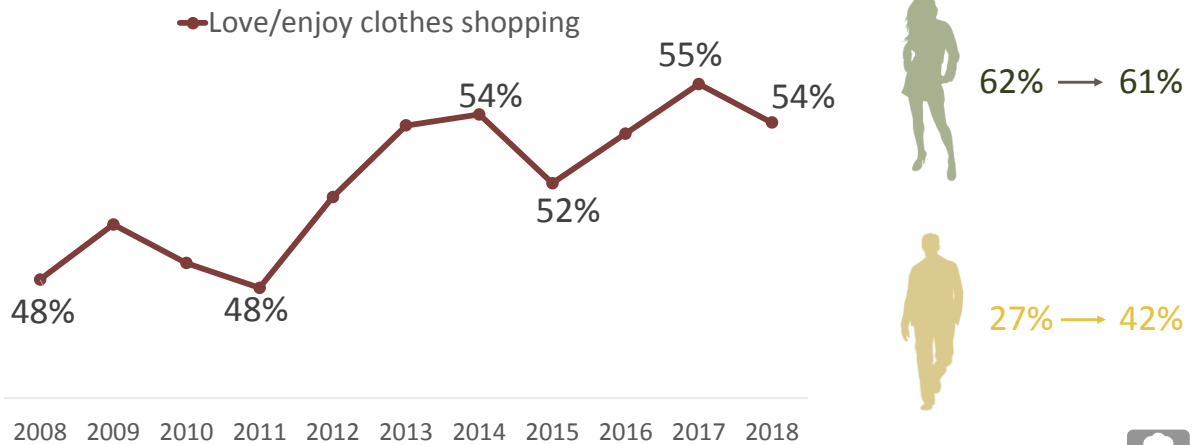
Color/Style - 88%
Durability



Source: CCI and Cotton Incorporated's Global Lifestyle Monitor™ Survey

Increased Interest in Clothes Shopping

Men's interest in clothing has grown over last decade

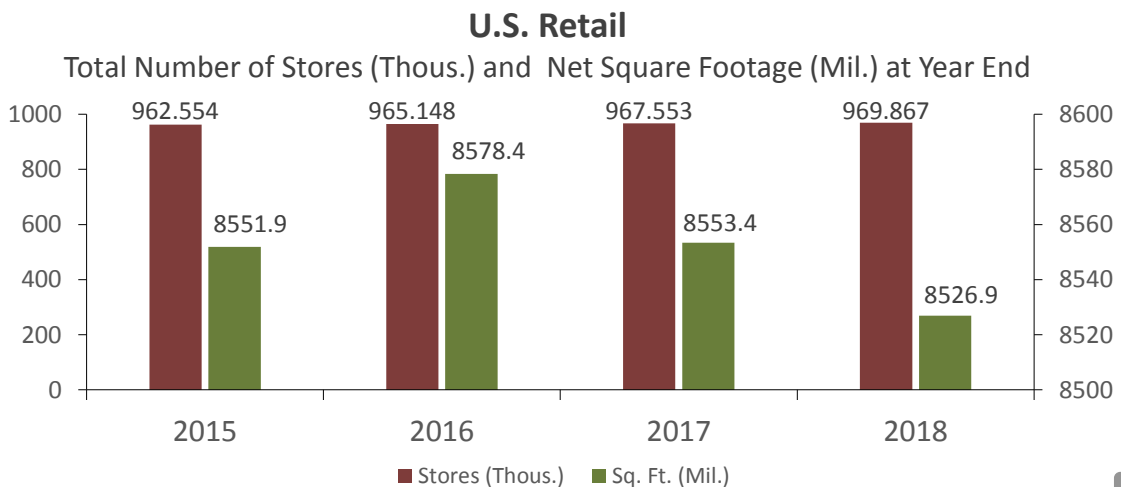


Source: Cotton Incorporated's Lifestyle Monitor™ Survey



Retail Not Dead, but Evolving

More, but smaller



Source: Euromonitor International



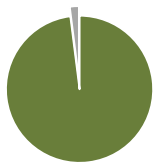
Consumers follow a winding path to purchase



Consumers still prefer to buy in-store

In-store apparel shopping still king

PERCENT WHO PREFER TO PURCHASE
MOST CLOTHING IN-STORE



THAILAND
98%



INDIA
72%



U.S.
85%



JAPAN
70%



CHINA
45%

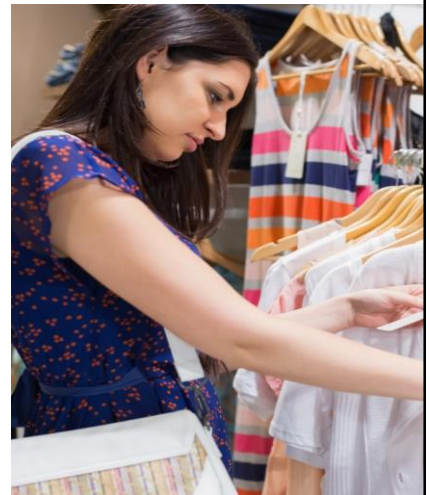
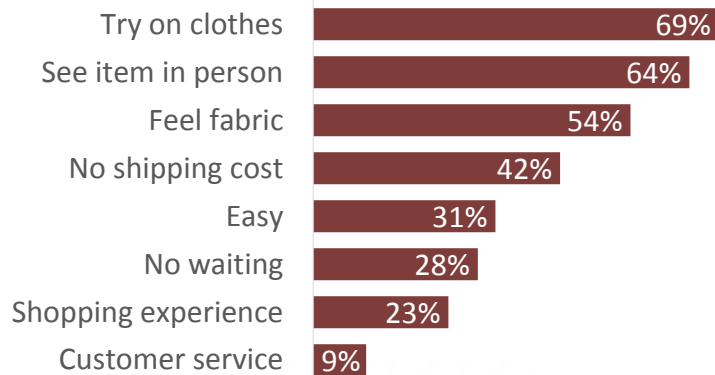


Source: CCI and Cotton Incorporated's Global Lifestyle Monitor™ Survey

Why Prefer Physical Store

Consumers want to physically interact with clothing

Percent who prefer physical stores for
the following reasons:



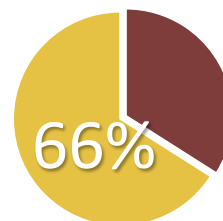
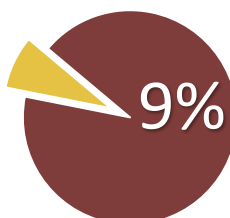
Source: Cotton Incorporated's Lifestyle Monitor™ Survey

All About The Service

Nordstrom Local Gets Personal



Prefer to shop in-stores
because of the customer
service



Want brands to focus
on customer service

Source: Cotton Incorporated's Lifestyle Monitor™ Survey



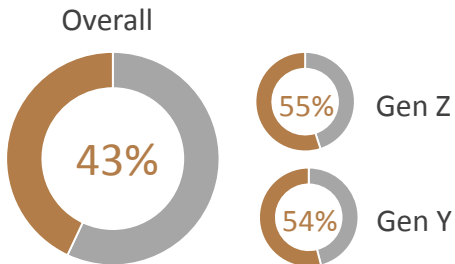
Ecommerce Sites Going Traditional

Ecommerce only sites recognize the value in physical stores



Consumers Blend Digital and Physical

Keep your customers focused on your brand



Would like brands to combine digital in physical stores



Source: Cotton Incorporated's Lifestyle Monitor™ Survey

RETAIL EVOLUTION

MODERN PERFORMANCE

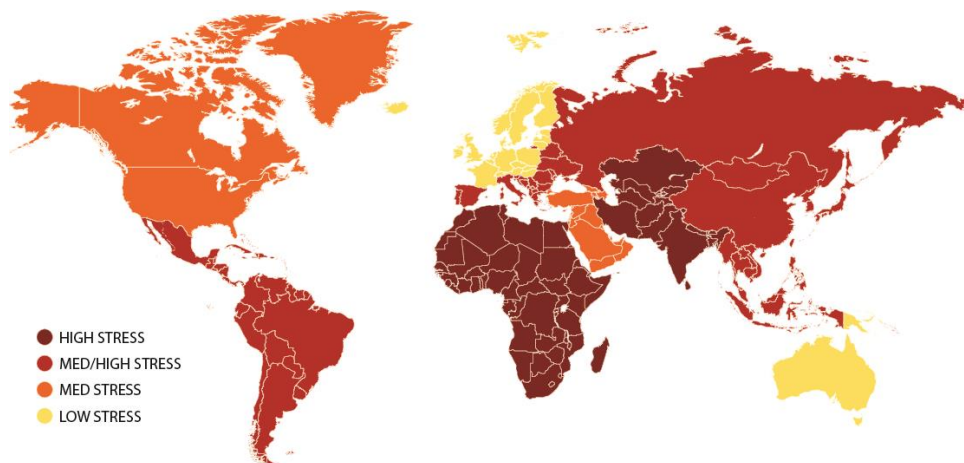
EXTENDED-SIZE MARKET

SUSTAINABLE TRENDS



STRESS IN MODERN LIFE

Modern life has brought high stress to many



Source: Zipjet





PERFORMANCE FEATURES - GLOBAL


If clothing can do more, the consumer can worry less

Percent saying the following features are appealing:

82%  Easy Care

80%  Fade Resistance

78%  Temperature Control

77%  Stain Resistance

76%  Wrinkle Resistance

75%  Moisture Management

Source: CCI & Cotton Incorporated's 2018 *Global Lifestyle Monitor*



Stress-Relieving Performance

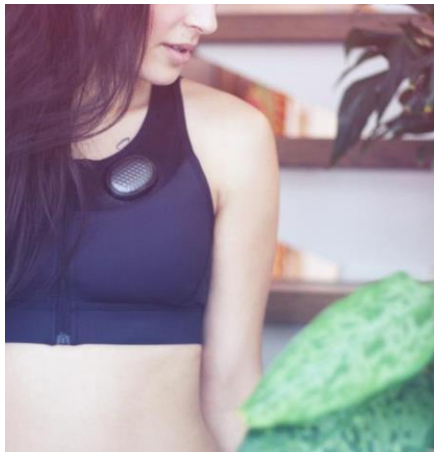
Consumers look for smart textiles that address physical symptoms of stress

Percent saying they are likely to buy clothing with the following features:



Source: CCI & Cotton Incorporated's 2018 *Global Lifestyle Monitor Survey*

Apparel for Stress Relief



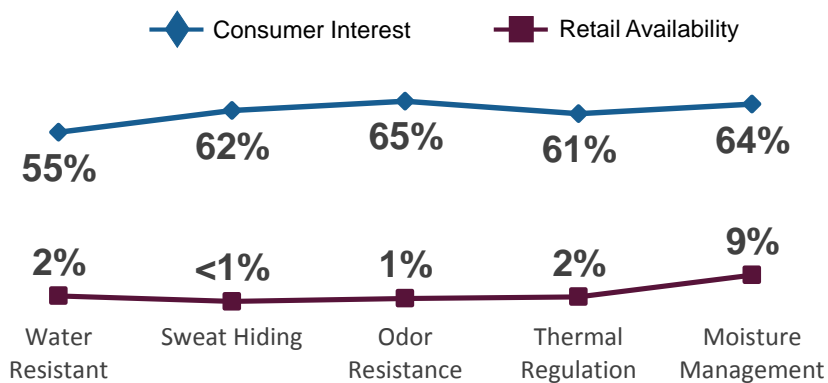
Bring Your Mind In-tune with Your Body

The VITALI Smart Bra tracks your breathing, and heart rate variability (HRV), key physiological indicators of the balance between stress and your wellbeing. The biofeedback gives you guidance at the time when an unbalance is first detected, so small actions such as taking a deep breath can effectively take you back on track.



Performance Features Interest: U.S.

Retail availability does not match interest



Source: CCI and Cotton Incorporated's Retail Monitor™ and Global Lifestyle Monitor™ studies



Performance Success



RETAIL EVOLUTION

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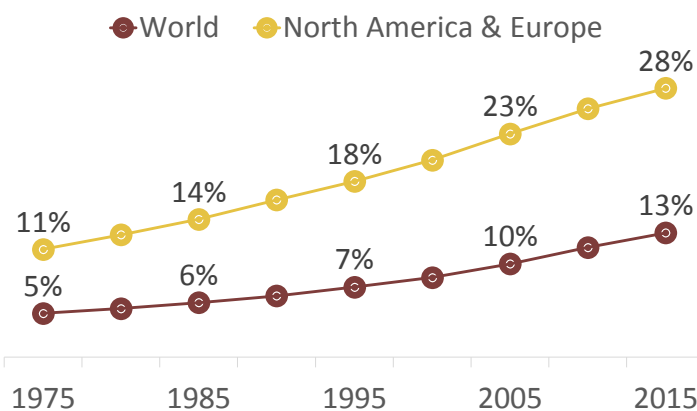
SUSTAINABLE TRENDS



Growing
Population

*Rates of obesity rise
worldwide*

Percentage of Obese Adults, 1975-2015



Source: UN Food and Agricultural Organization/WHO



Difficulty Finding Clothing

Consumers struggle to find clothing in extended sizes

Percent of plus-size consumers who say the following is difficult to find in their size



39%

Performance
wear



42%

Businesswear



47%

Swimwear



Source: Cotton Incorporated's 2018 Plus Size Survey

Looking for Performance

Despite difficulty, consumers look for performance

Percent likely to look for the following features:



84%

Breathability
Enhancement



84%

Stretch



83%

Durability
Enhancement



80%

Wrinkle
Resistance



79%

Fade
Resistance



79%

Moisture
Management



77%

Sweat Hiding



Source: Cotton Incorporated's 2018 Plus Size Survey

Performance Clothing for All



"We want more sizes to be a normal part of the assortment. We don't want to treat extended sizes as though this customer is different. She's the same customer, she's doing the same things and she wants to have the same options. She's not an afterthought."

- Trina Fornerette-Ballard, REI

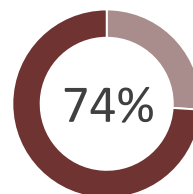


Comfort and Cotton

Extended sizes consumers prefer cotton

Clothing factors ranked in order of importance:

1. Comfort
2. Style
3. Quality
4. Flattering
5. Price
6. Versatility



Cotton and cotton blends are my favorite fiber to wear



More Shopping, More Spent

Offering extended sizes is win-win

If more stores offered clothing in your size, how would your clothes shopping change?

52% Enjoy shopping more

49% Shop more often

41% Try new styles

38% Spend more money



Source: Cotton Incorporated's 2018 Plus Size Survey

Finding Fit

Online retailers improving fit issues

Consumers say knowing size/fit would influence their decision to purchase clothing online:

CHINA

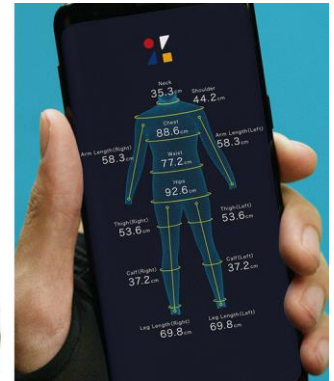
77%
detailed sizing
information

77%
detailed fit
information

U.S.

71%
detailed sizing
information

66%
detailed fit
information



We believe every body deserves to be celebrated, which is why we aim to fit everybody. At ZOZO, you will never see the option to select a size on our website or find a size tag in your clothing. At ZOZO we are building a size-free world.



RETAIL EVOLUTION

MODERN PERFORMANCE

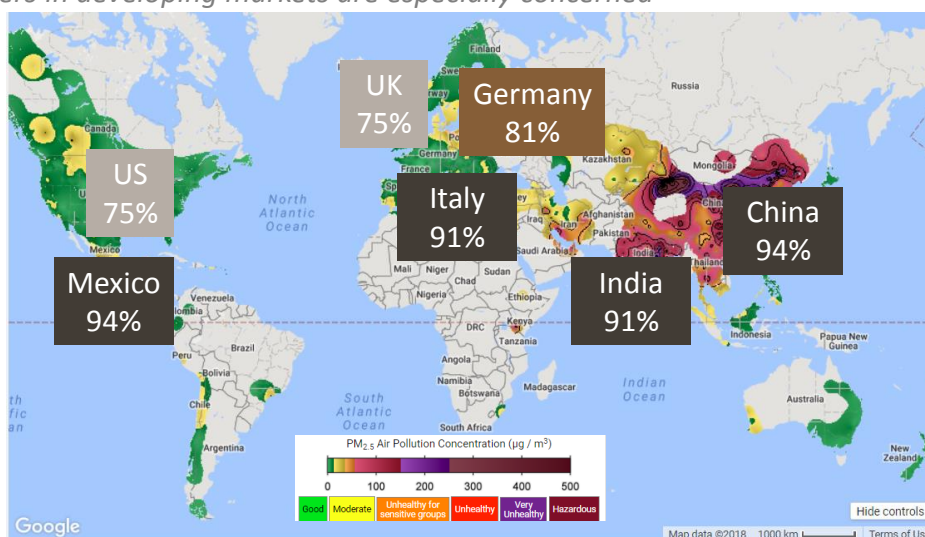
EXTENDED-SIZE MARKET

SUSTAINABLE TRENDS



Environmental Issues Affect Daily Life

Consumers in developing markets are especially concerned



Source: CCI & Cotton Incorporated's Global Environment Survey



Top Environmental Concerns

Consumers across the globe have environmental concerns



U.S.

- Water Quality
- Air Quality
- Food Safety
- Depletion of Natural Resources



Rest of World

- Air Quality
- Food Safety
- Water Quality
- Climate Change

31

Source: CCI & Cotton Incorporated's Global Environment Survey

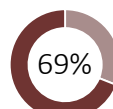


Motivation for Sustainable Actions

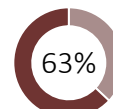
Protecting the world, doing the right thing, and healthy living motivate



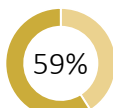
*To protect the world for my children/
grandchildren/ future generations*



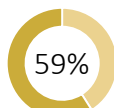
Mexico



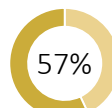
Italy



U.S.



U.K.



Germany



Simply because it is the right thing to do



India



China



To live a more balanced/ healthier lifestyle

32

Source: CCI & Cotton Incorporated's Global Environment Research 2017



Influence of Sustainability on Clothing Purchases

Sustainability of clothing matters to consumers



61%



46%

33

Source: CCI & Cotton Incorporated's Global Environment Survey 2017



What Makes Clothing Sustainable

Consumers describe sustainable clothing as "Natural" and "100%" cotton

Natural



47%

100% Cotton



47%

Organic



43%

Durable or
Long-Lasting



43%

Recycled



42%

High Quality



40%

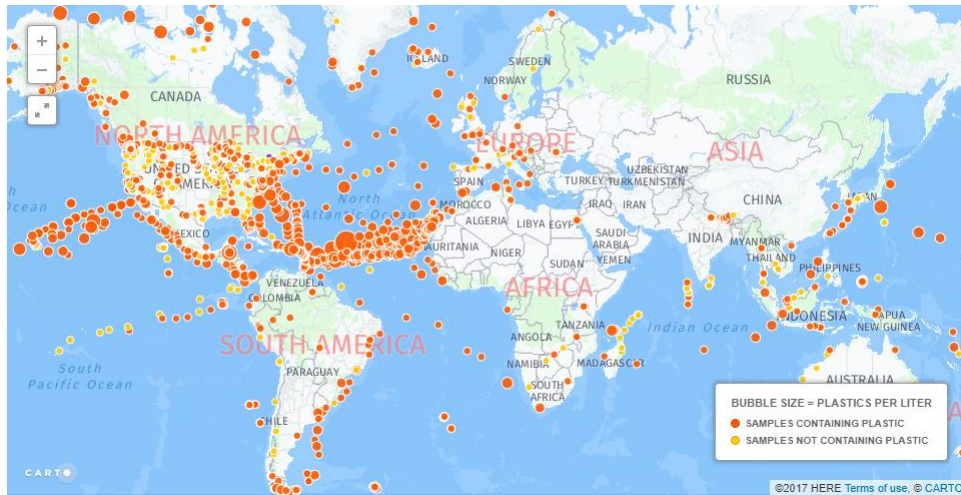
34

Source: CCI & Cotton Incorporated's Global Environment Survey 2017



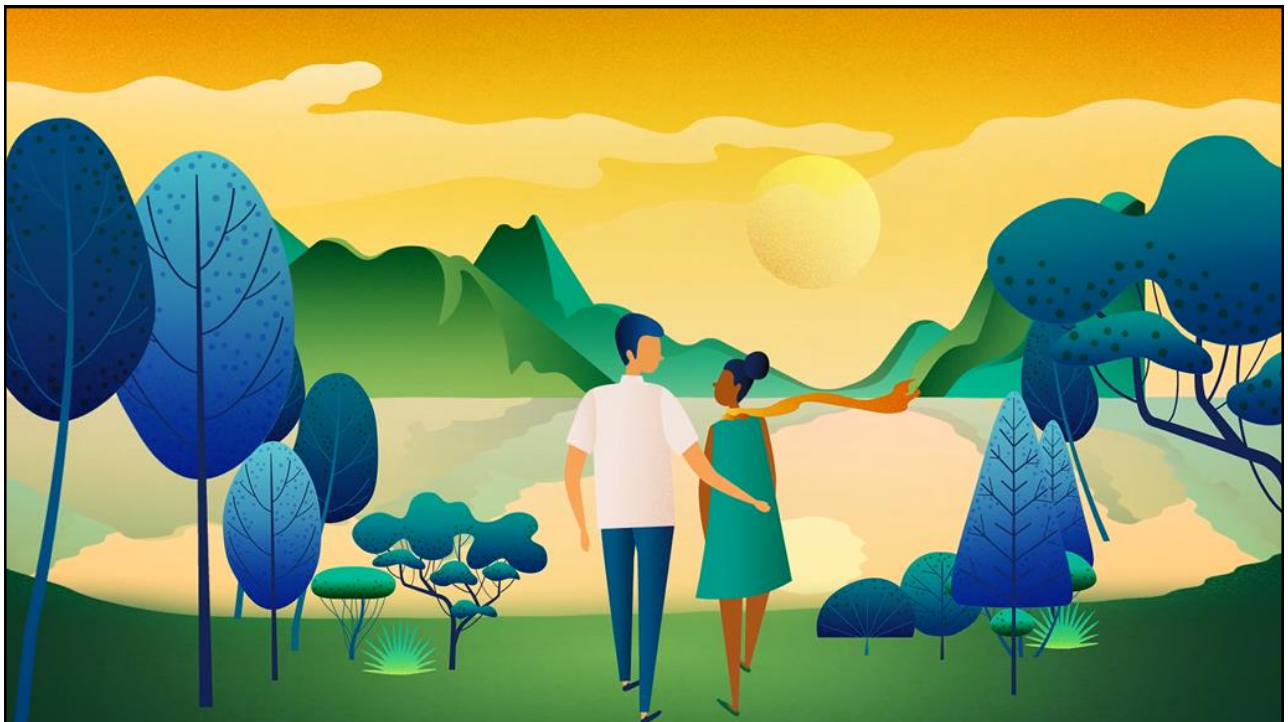
Microplastics Issue

Microplastics pollution widespread



35

Source: Adventurers and Scientists for Conservation Microplastic Study

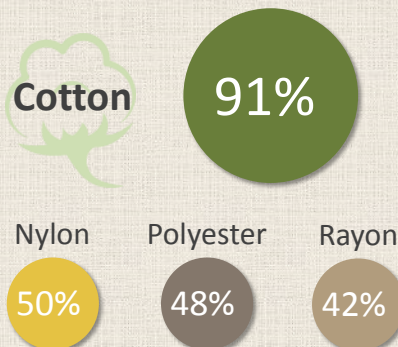


Consumers Look to Cotton

Cotton is often how consumers identify a clothing product as sustainable



Percent saying the following are safe for the environment:



Source: CCI & Cotton Incorporated's Global Environment Research



Circular Fashion



Circular Fashion: Increasing Longevity

Brands increase clothing durability to reduce industry waste



SIZES NEWBORN-5T
ok! dokie™

SHOP BOYS ▶
SHOP GIRLS ▶
SHOP BABY ▶



Easy returns for one year with receipt!



Circular Fashion: End of life

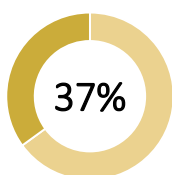
Brands looking for end of life uses for garments



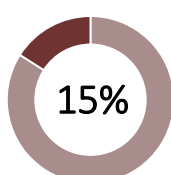
Blame for Non-Sustainable Apparel

Consumers blame the industry if an apparel item is not made in an environmentally-friendly way

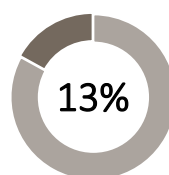
Manufacturer



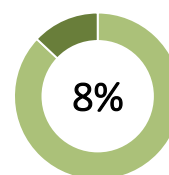
Myself



Brand



Store



41

Source: Cotton Incorporated's *Lifestyle Monitor™* Survey



Consumer and Retail Insights

Retail Evolution

Mix digital and physical for seamless shopping journey

Modern Performance

Add comfort and functionality with performance features in all clothing types

Extended-Size Market

Reach this growing market with extended sizes that stylishly perform

Sustainability

Partner in sustainability with durable clothing and circular fashion



Cotton Incorporated Resources



Cottoninc.com



CottonToday.Cottoninc.com



cottonworks.com



BlueJeansGoGreen.org



LifestyleMonitor.Cottoninc.com



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