



The New Normal

Accelerating Consumer Trends in
the Current & Post-COVID World



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The New Normal

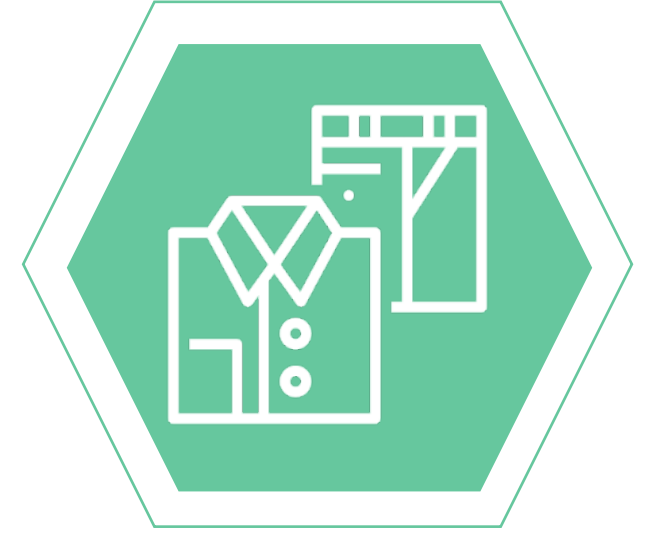
Accelerating Consumer Trends in
the Current & Post-COVID World



**COVID-19
ECONOMIC
IMPACTS**



**ONLINE
SHOPPING
SURGE**



**CLOTHING
TRENDS**



COVID-19 ECONOMIC IMPACTS

COVID-19 GLOBAL IMPACT

Economic impacts will be substantial

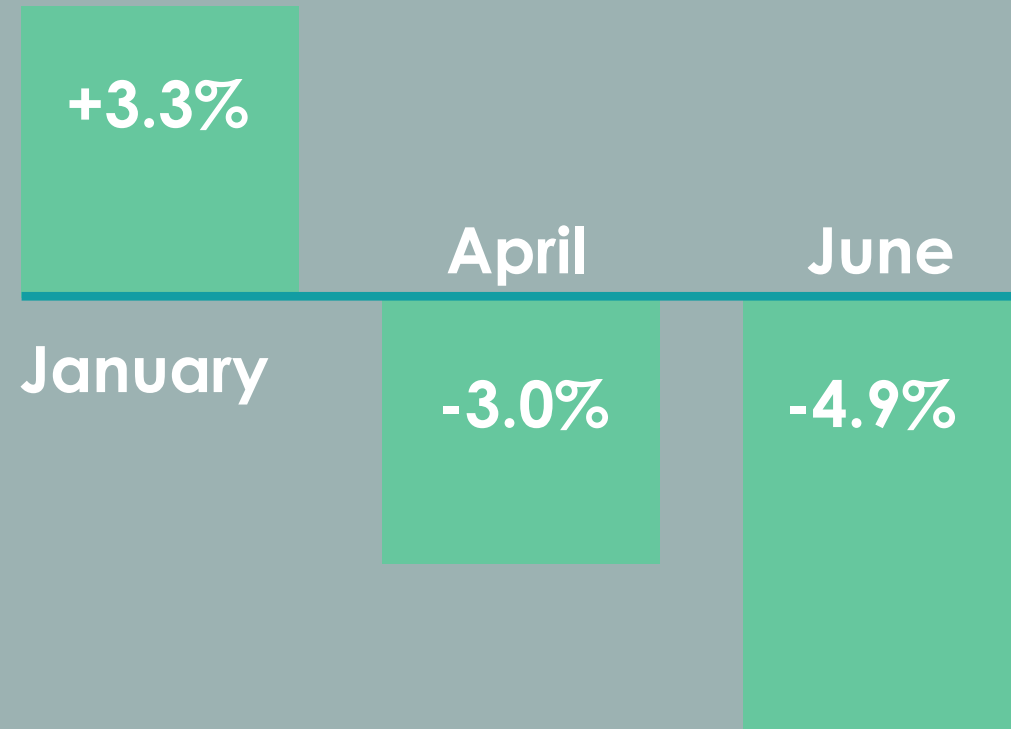
What level of impact will COVID-19 pandemic have on the global economy?



4.9% contraction projected

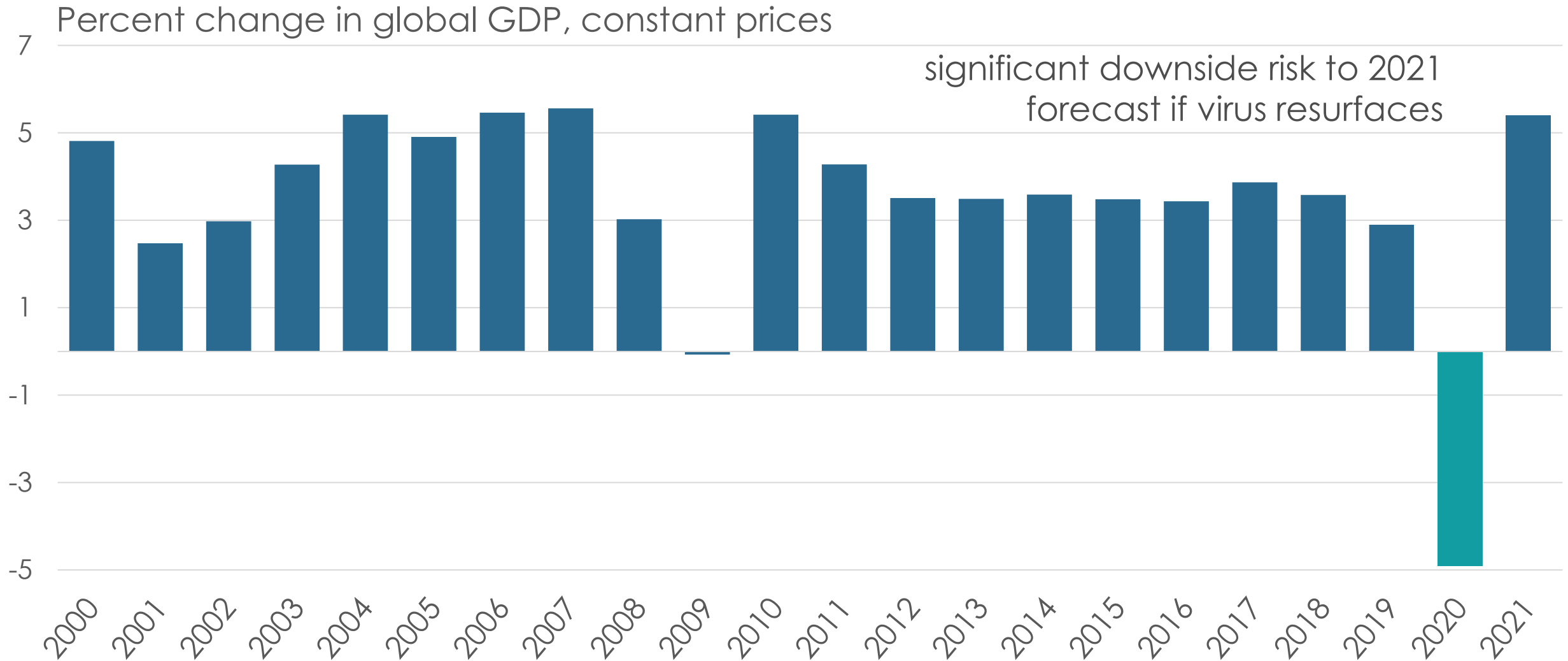
Source: IMF and World Economic forum

Forecast annual change
in real GDP, issued in
different months



***October next release date**

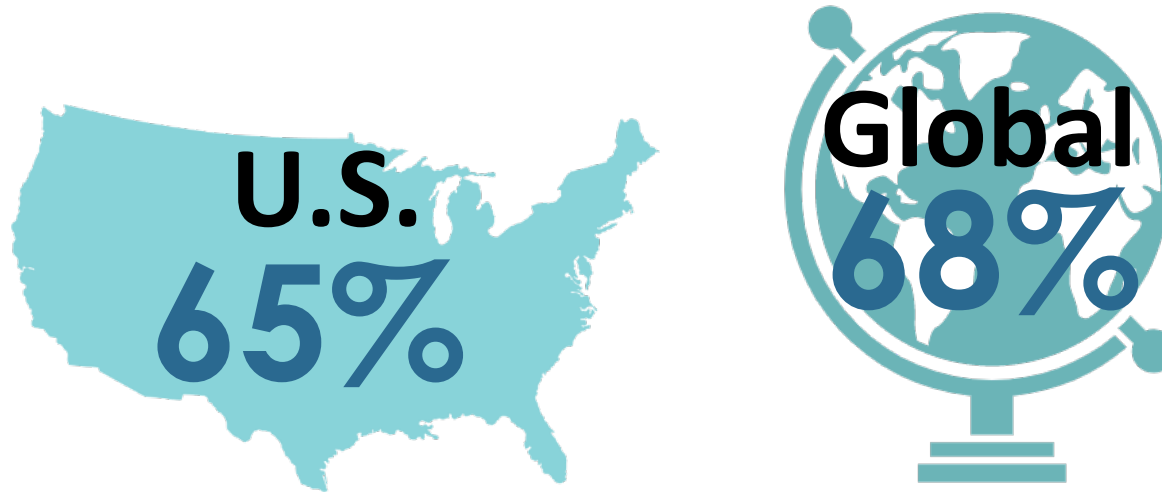
COVID-19 & GLOBAL GDP FORECASTS



Source: IMF global GDP forecast

COVID-19 CONSUMER EFFECTS

Many consumers across the globe are delaying purchases



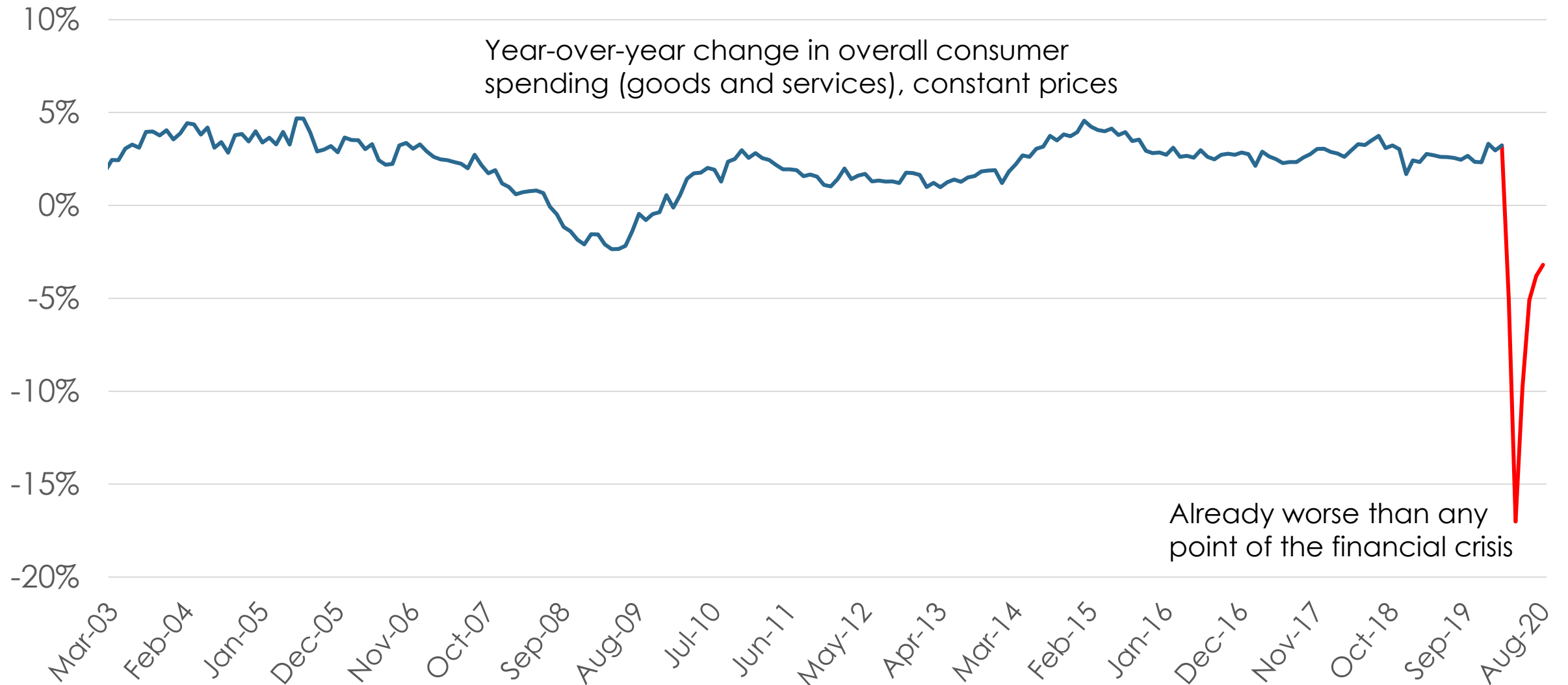
COVID-19 will have an impact on
my household finances

% who plan to delay
purchases until outbreak
is over in their country



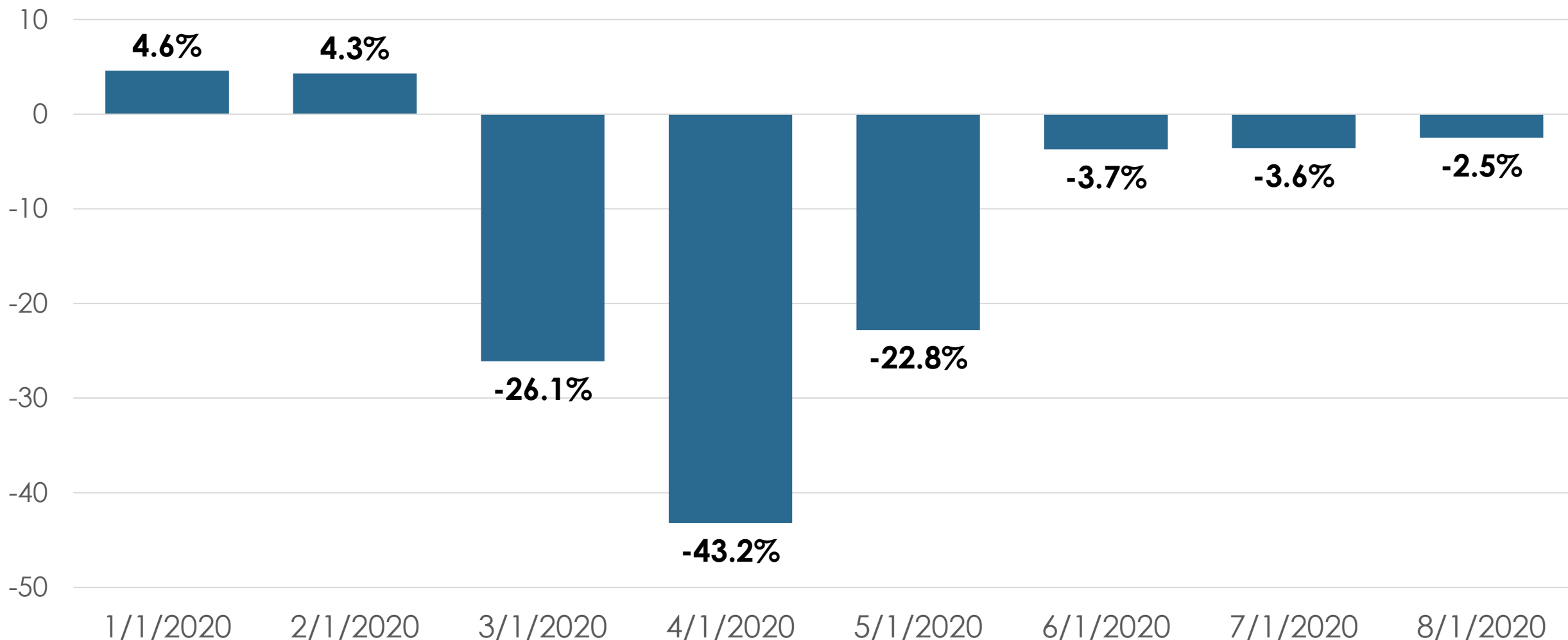
U.S. CONSUMER SPENDING

Largest drop on record



U.S. CONSUMER SPENDING: CLOTHING

Year-over-year change in overall consumer spending for clothing, constant prices



Source: U.S. Bureau of Economic Analysis

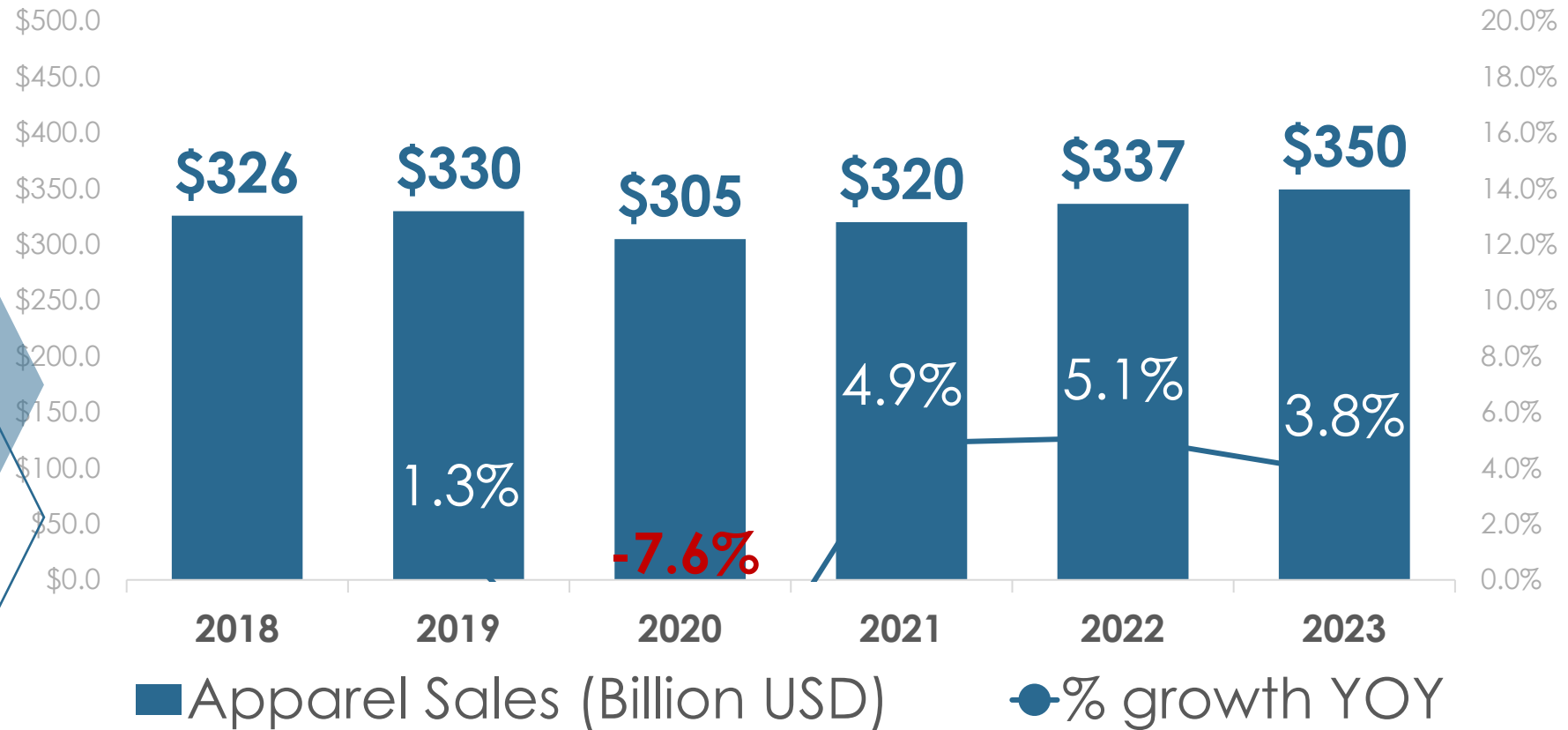
CLOTHING PURCHASES AFFECTED: U.S.

Consumer's apparel spending will drop and take time to recover

29%



of U.S. consumers say they are spending less on clothing than before COVID-19



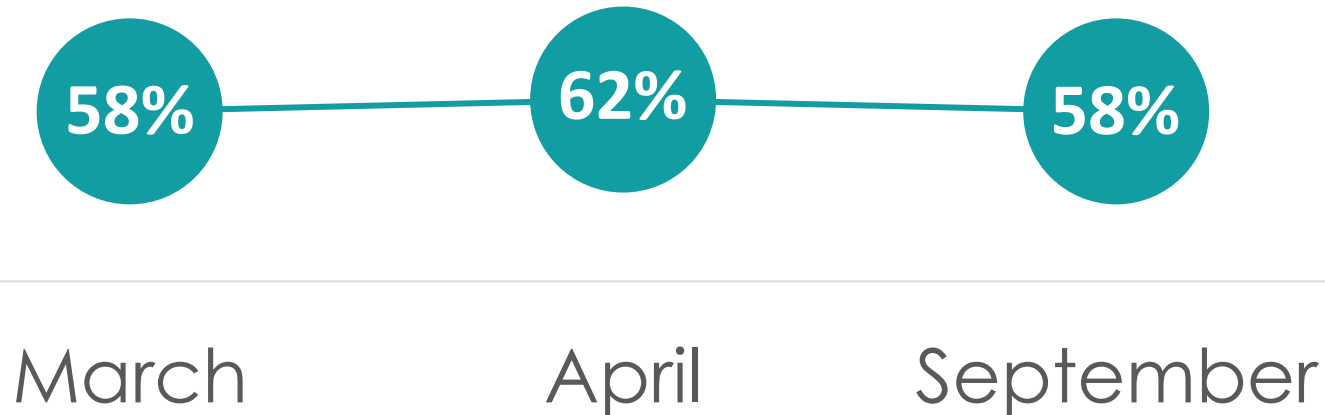


ONLINE SHOPPING SURGE

COVID-19 CONCERN: U.S.

Concerns around COVID-19 remain high for consumers

Percentage of U.S. consumer who are very concerned about the COVID-19 pandemic:



Source: Cotton Incorporated's 2020 Coronavirus Response Consumer Survey, Wave 3 September 7-11



COVID-19 CONSUMER EFFECTS: U.S.

Consumer concern is very high, keeping consumers out of physical stores



September survey finds consumers still staying home

Have shopped for clothing in physical stores in the last month

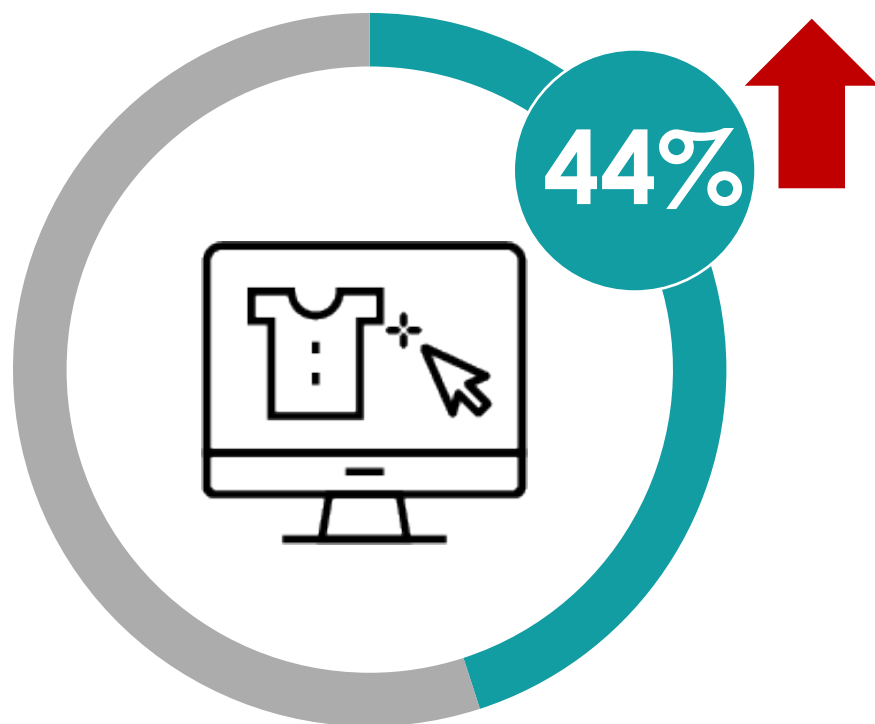


"It will take awhile before I am comfortable shopping in a mall"



SHOPPING ONLINE: U.S.

Consumers look online for shopping needs



Shopping online **more**
in the last month

Reasons consumers shop online **more**:



RETAIL SALE BY CHANNEL: U.S.

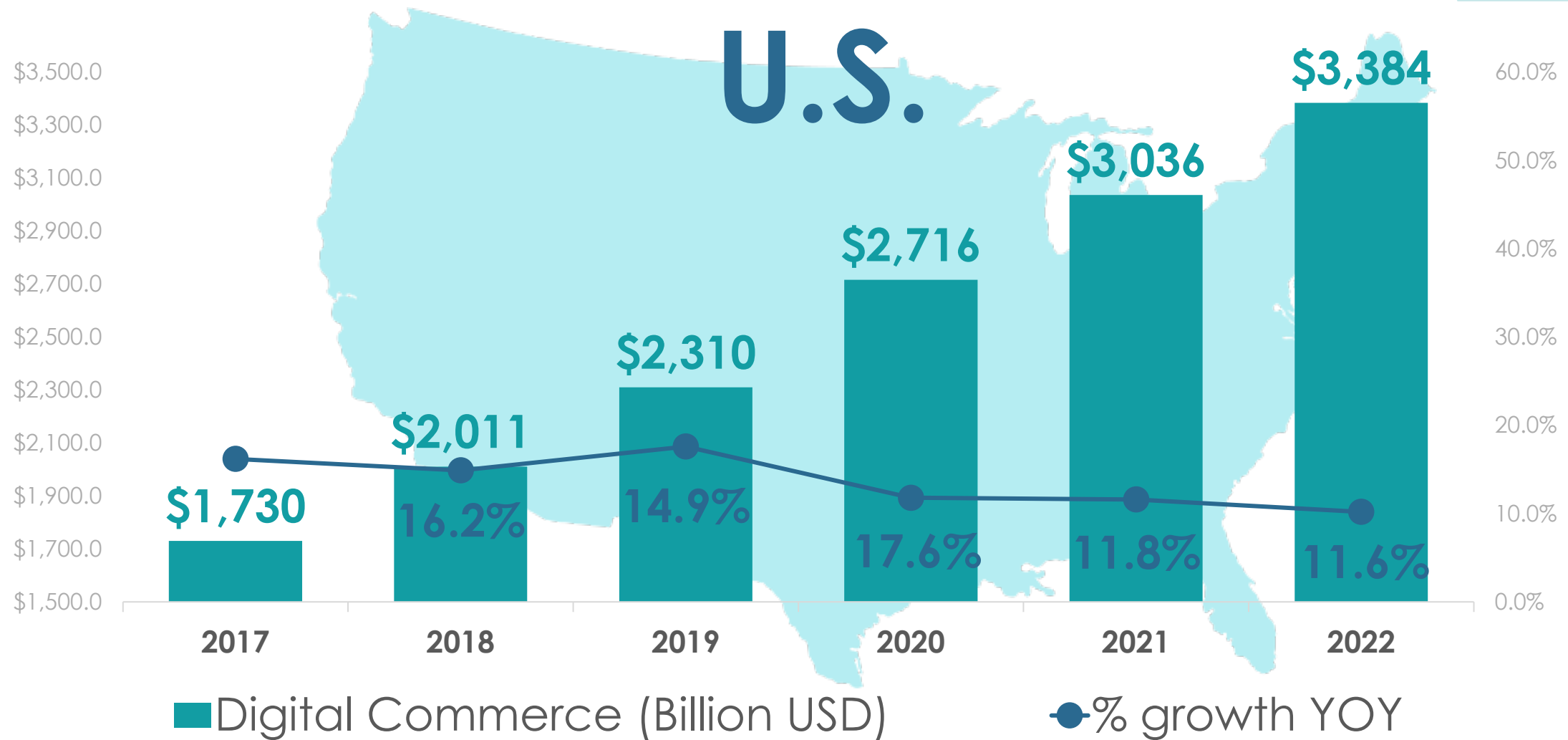
Retails Sales (by channel) year-over-year change

Date	Total Retail Sales	Online Sales
01/01/20	4.9%	8.3%
02/01/20	4.5%	8.6%
03/01/20	-5.6%	14.3%
04/01/20	-19.9%	22.7%
05/01/20	-5.6%	29.0%
06/01/20	2.2%	23.7%
07/01/20	2.4%	23.4%
08/01/20	2.6%	22.4%



Source: Bureau of Economic Analysis

ONLINE SHOPPING IN COVID-19 ERA



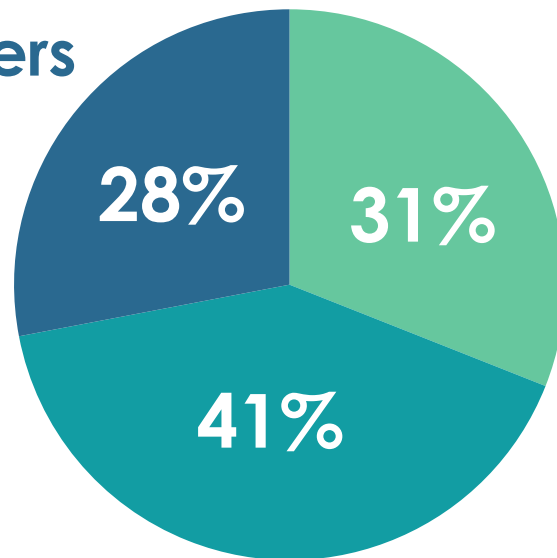
Source: Euromonitor

ONLINE CLOTHING SHOPPING: U.S.

COVID-19 has forced new adoptions for online clothes shopping

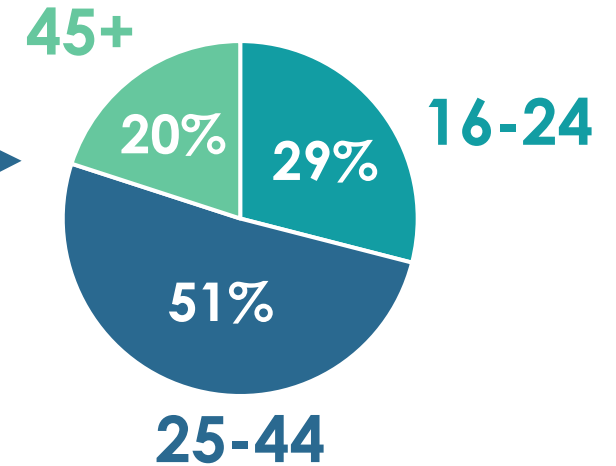
What is your experience with shopping online for clothing?

New Adopters



Never shopped this way

Always shopped this way



New Adopters' breakdown by age groups

COMMON ONLINE ISSUES: U.S.

Percentage who say the following issues make online clothes shopping more challenging:

FIT

68% How it
77% will fit

LOOK

65% How it will
70% look on me


QUALITY

61% Unsure of
70% quality

SHIPPING

54% Don't trust
71% that I will
receive what
was ordered

51% Cost/time of
66% shipping

 **Those that don't trust
online shopping**



INCREASING ONLINE CLOTHING SHOPPING

How to make consumers feel more comfortable shopping for clothing online:



Easy and free returns, 45%



Detailed fit information, 37%



Offering a quality guarantee, 34%



Reviews from customers who have bought garment, 34%



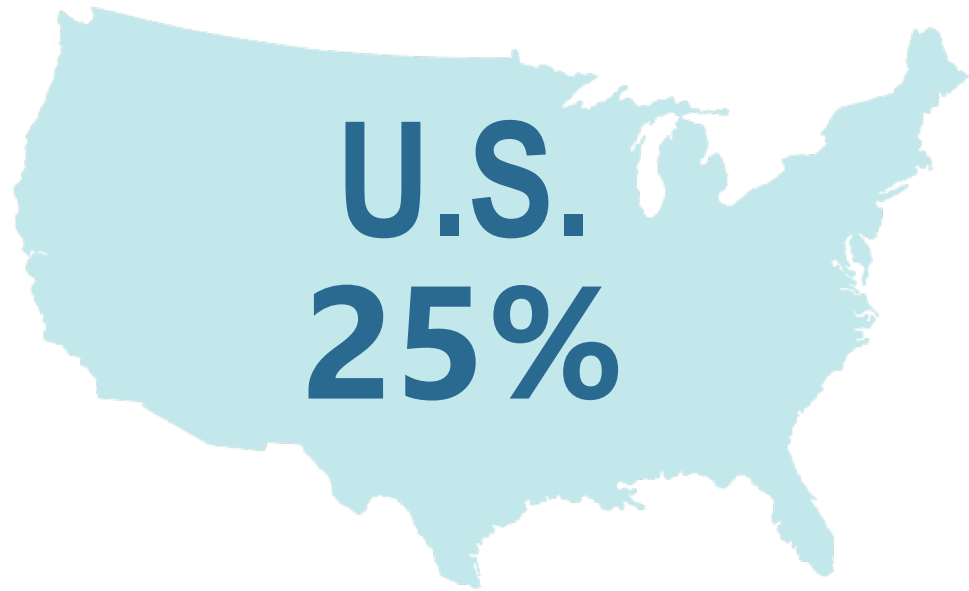
Being able to try on clothing before deciding to purchase, 36%



Customer-submitted photos of people wearing the garment, 26%

ONLINE PREFERENCES SHIFTING

**Consumer shopping preferences
expected to shift even after COVID**



**Equates to:
82 million people**

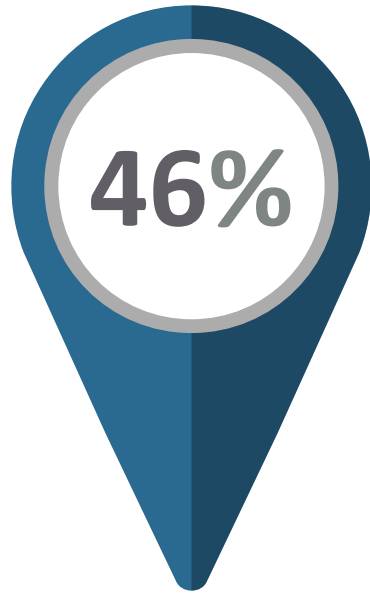
**% of consumers who will have a stronger preference for shopping for
clothes online after the pandemic is gone and stores reopen**

CLOTHES SHOPPING JOURNEY: U.S.

In-store still dominates clothing purchase preferences for U.S. consumers

Percent of consumers who prefer to do the following in-store when shopping for clothing:

BROWSING



RESEARCH



PURCHASING



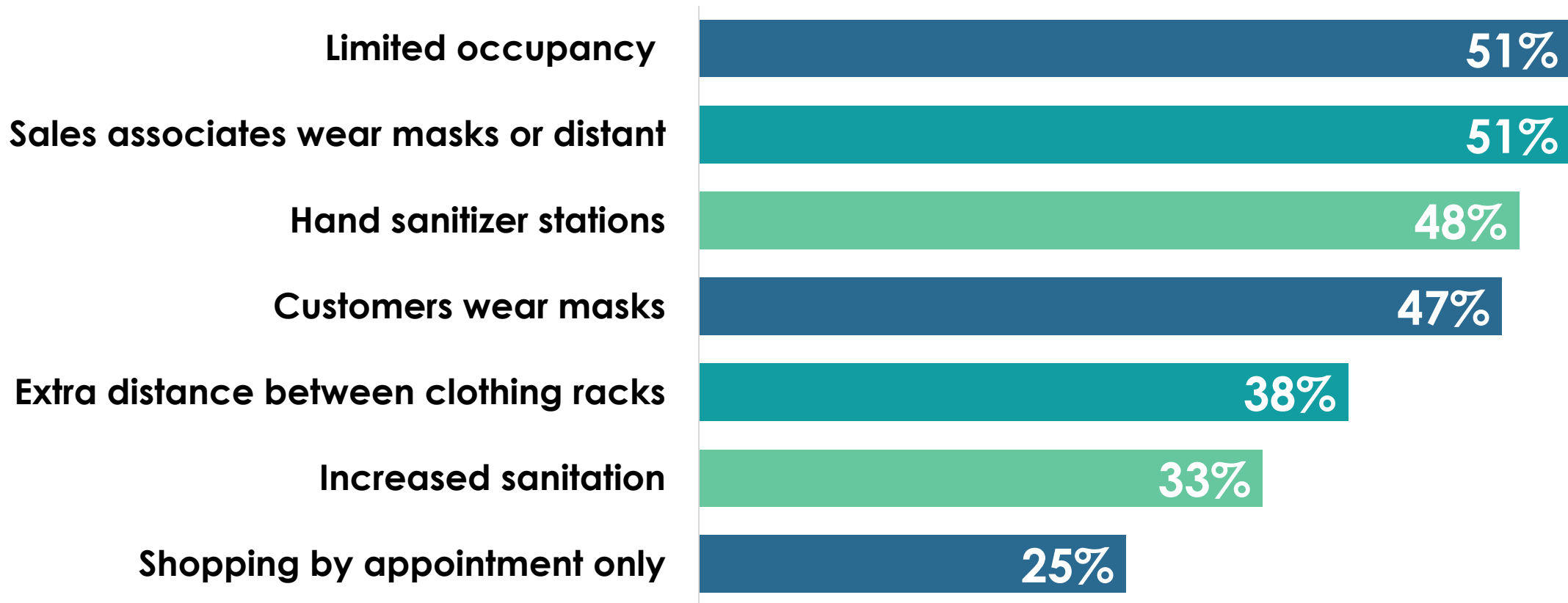
POST-PURCHASE



SHOPPING IN-STORES: U.S.

Consumers want brands/retailers to take steps to protect them

Percentage of consumers who say the following would make them feel more comfortable shopping for clothing in physical stores:



COVID-19 EFFECTS WILL PERSIST: U.S.

This experience will change the way consumers shop in the future



73%

This experience will change my way of shopping in the future



CLOTHING TRENDS

CLOTHING SHIFTS: U.S.

Consumers wearing more casual and activewear clothing

% of consumer who say they are wearing the following clothing everyday or every other day in the past month:



Source: Cotton Incorporated's 2019 Global Transparency Survey

CLOTHING PURCHASES COVID: U.S.

Consumers seeking out for loungewear and active clothing



Plan to spend more on clothing in the next few months

Percentage of consumers who plan to purchase the following in the next 3 months:



28%

Activewear



27%

Athleisure



25%

Loungewear



25%

Denim Jeans

CLOTHING PURCHASES: U.S.

Brands should focus on activewear as health/wellness interest is surging



Activewear made
for all your moves



for all your moves
Activewear made



以运动之名，我们同舟共济
如火如荼的抖音运动合拍活动正在进行中，更多运动发起人已登陆，
快来加入“我们”！

了解更多

了解更多

53%

Health and
Wellness are
top priority

50%

Increased
exercise

Source: Cotton Incorporated's 2020 Coronavirus Response Consumer Survey, Wave 3 September 7-11

COMFORT IS KING

**Consumer are rarely dressing up
and seek comfort**

Percent of consumers who
agree with the following:

85%

Wearing comfortable
clothes helps me feel
better right now

75%

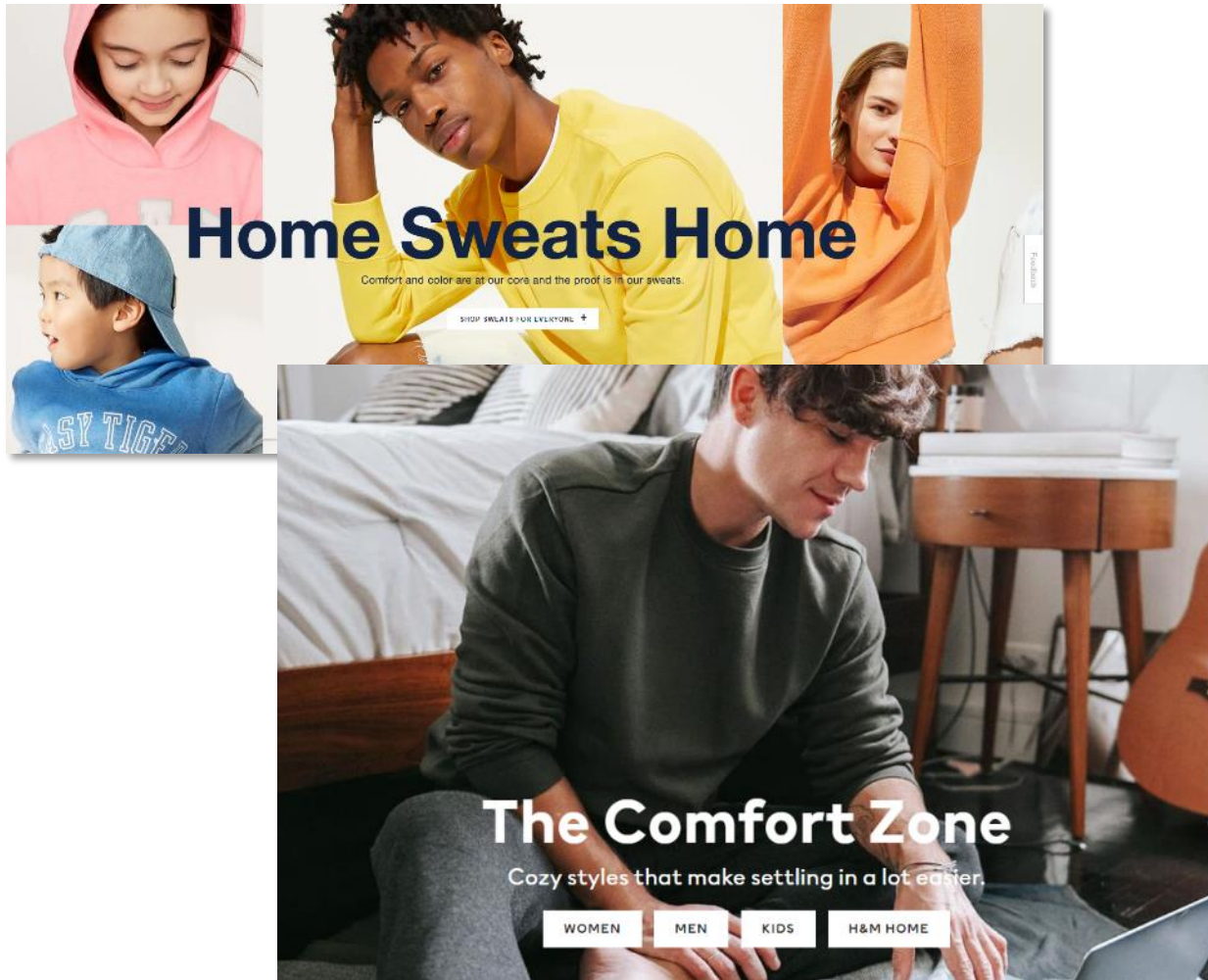
These days I rarely
have a reason to
“dress up”

Source: Cotton Incorporated's 2020 Coronavirus Response Consumer Survey, Wave 3 September 7-11



CLOTHING PURCHASES: U.S.

Brands should focus on comfort in the apparel offerings



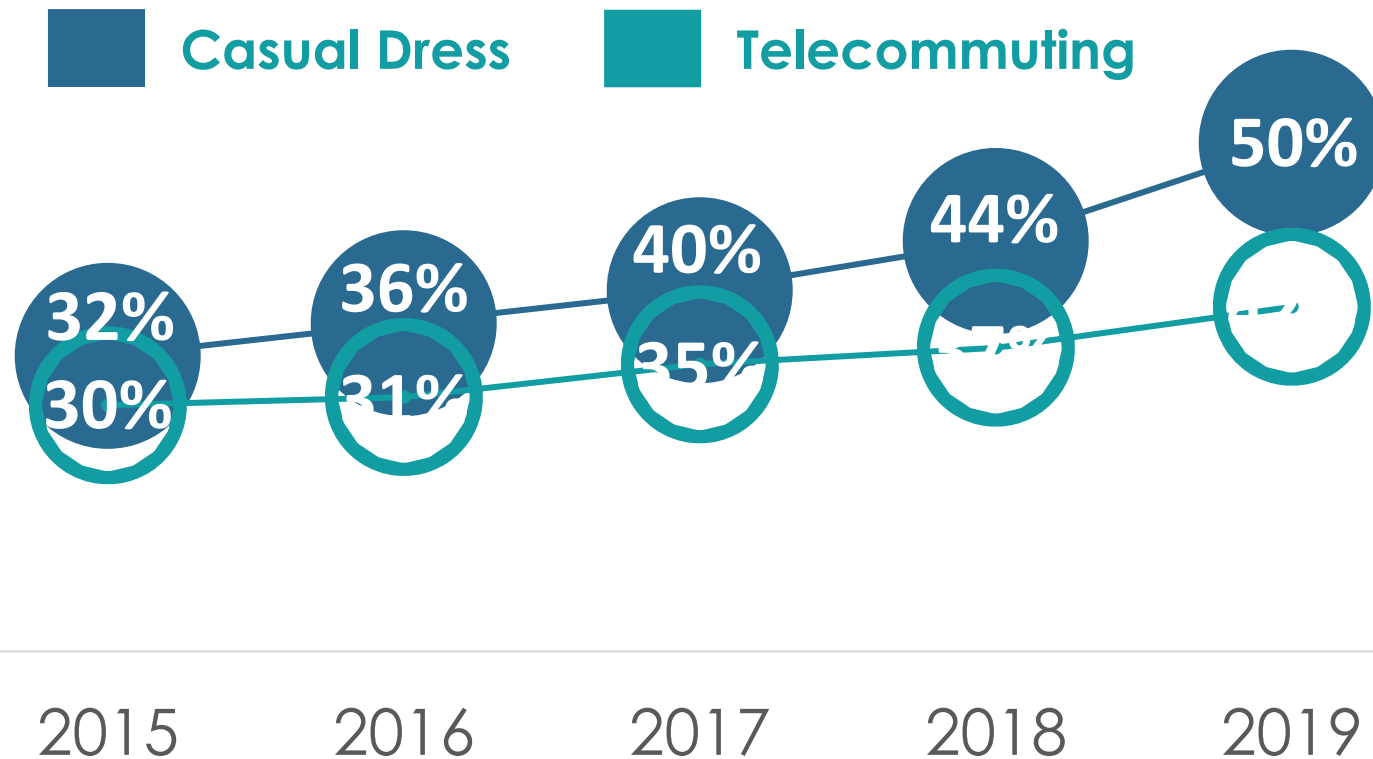
69% Wearing more comfortable clothes since COVID-19

67% Have purchased clothing made for comfort

WORK CASUAL DRESS ON THE RISE

Casual dress and telecommuting rising as workplace benefits

Percentage of U.S. companies allowing:



Source: Society for Human Resource Management



COTTON = COMFORT

Consumers choose cotton

% of consumer who describe cotton clothing, compared to manmade fiber blended, as the most:

85% FAVORITE TO WEAR

84% COMFORTABLE

82% SUSTAINABLE

75% HIGH QUALITY

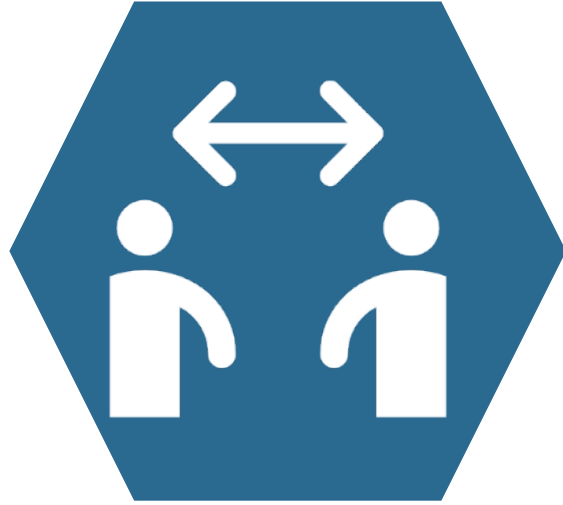
65% DURABLE



80%

Prefer their clothing
to be made of cotton

SUMMARY



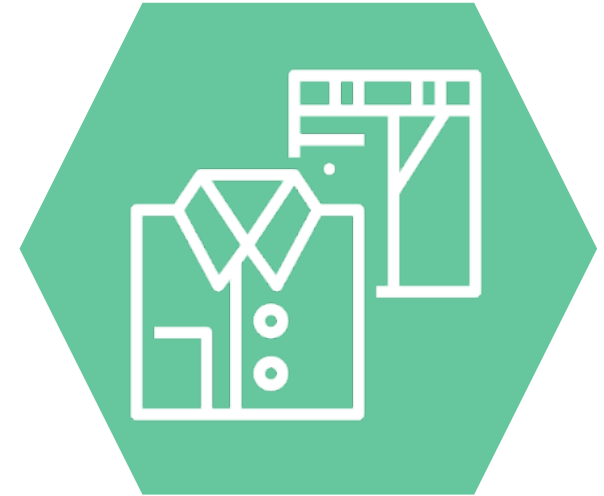
COVID-19 ECONOMIC IMPACTS

Economic impacts
are widespread,
but spending is
bouncing back



ONLINE SHOPPING SURGE

Look for ways to
capitalize on the
surge in online
shopping



CLOTHING TRENDS

Understand how
consumer's
clothing habits
are changing



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COVID-19 & Consumer Concerns in China



Around the world, consumers are responding to COVID-19 by social distancing, working remotely when possible, and staying home.

Following up on our U.S. survey to better understand the effects of the pandemic on consumer attitudes, the Cotton Incorporated Corporate Strategy & Insights department posed a series of questions to 500 consumers in China.

57% of consumers say they feel "very afraid these days."

Survey 1 – March 20-30, 2020

Age Range Concerned About COVID-19

46% – Age 14-24
45% – Age 25-44
51% – Age 45+

Consumer Spending

45% are spending more
38% are spending less
17% are spending about the same

Future Spending

70% expect this experience to change the way they shop in the future.

Online Spending

62% are shopping online more than before.

Survey 2 – April 28-May 3, 2020

Age Range Concerned About COVID-19

55% – Age 14-24

Effects of COVID in Order of Most Macro to More Cotton-Specific



Deteriorating Expectations for Global GDP

As recently as late January, the International Monetary Fund (IMF) was forecasting 2020 to be a year of accelerated global growth (from 2.9% in 2019 to 3.3% in 2020).

With the spread of COVID, there was a sharp reversal in expectations. Projections released in April called for the steepest contraction in their database (-3.0%, estimates back to 1980).¹ More recent figures, released in late June, show the IMF lowering their projection further to -5.4%.

The World Bank also released a projection in June, suggesting that there would be a 5.2% contraction in 2020. This would be the steepest drop since World War II and one of only four contractions larger than 5.0% in their database (figures back to 1870s; other steep declines are WWI, the Great Depression, and WWII). For a recent comparison, the World Bank estimates the global economy shrank 0.7% in 2009 with the financial crisis.²

COVID-19 & Consumer Concerns in Mexico



Around the world, consumers are responding to COVID-19 by social distancing, working remotely when possible, and staying home.

Following up on our U.S. survey to better understand the effects of the pandemic on consumer habits and attitudes, the Cotton Incorporated Corporate Strategy & Insights department posed a series of questions to 500 consumers in Mexico.

Survey 1 – April 28-29, 2020

Age Range Concerned About COVID-19

46% – Age 14-24
45% – Age 25-44
51% – Age 45+

Consumer Spending Habits

45% are spending more than before.
38% are spending less than before.
17% are spending about the same as before.

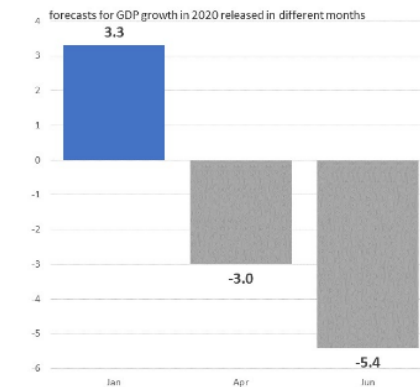
Future Spending

70% expect this experience to change the way they shop in the future.

Online Spending

62% are shopping online more than before.

IMF GDP Forecasts for 2020



Source: IMF

Learn more about the effects COVID on the global consumer level

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