

# INSIGHTS

## PRICE IS NOT PREMIUM IN DENIM JEANS



Denim jeans are a core cotton product and a wardrobe staple for U.S. consumers, and their popularity shows no signs of fading. According to Cotton Incorporated's Lifestyle Monitor, 96% of consumers own denim jeans — 7 pairs on average, accounting for 6% of all apparel items in their wardrobe. Based on data from Cotton Incorporated's Retail Monitor™, 18% of all cotton apparel is made of denim, and jeans account for 90% of denim items. For the 12 months ending March 2009, dollar sales of denim jeans were up 2.5% from the previous 12-month period, and unit sales were up 3.8% (NPD). U.S. imports of denim jeans grew 11% (from 512.6 to 568.9 million units) for the 12 months ending April 2009, while imports of non-denim bottomsweat, such as slacks and shorts, were down 8.6% (OTEXA). Premium denim jeans (those priced at \$100 or more) have done especially well, despite the economic downturn. Although premium jeans account for only 2% of denim jeans offerings at retail (according to the Retail Monitor), this key category sets trends for the entire denim jeans market in product styling, fit, fiber, and finishes that appeal to young, affluent fashion innovators.

### A GENUINE ATTACHMENT TO DENIM

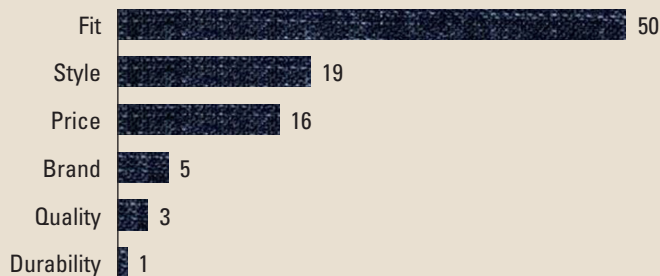
Denim jeans' appeal at retail reflects consumers' positive attitudes towards denim. According to the Lifestyle Monitor, 78% of consumers love or enjoy wearing denim. Consumers reported wearing denim jeans an average of four days a week, and 60% said they wore them to work. The comfort and versatility of cotton denim jeans translate into steady purchases. Among consumers who had recently bought apparel, 45% said they had purchased denim jeans (second only to knit shirts). Of those who said they planned to buy

#### About the Research

**Cotton Incorporated's Lifestyle Monitor™** is a monthly on-line research study that gauges the attitudes and behavior of U.S. consumers regarding clothing, appearance, fashion, home furnishings, fiber selection, and other topics. Each year, 6,000 consumers are surveyed, 60% female and 40% male, aged 13 to 70, and representative of the U.S. population based on ethnicity, income, education, and geography. **Cotton Incorporated's Retail Monitor™** is a quarterly survey of textile products carried by national mass-merchant, chain, department, and specialty stores. It is conducted in stores and via the Internet, and data are collected on product category, brand, fiber content, fabrication, price, country of origin, and product features.

### JEANS BUYERS CARE MOST ABOUT FIT

What is the most important feature of your next denim jeans purchase? (% responding)



Cotton Incorporated's Lifestyle Monitor™

apparel in the coming month, 40% said they planned to purchase jeans — 62% because they needed them (e.g., to replace old ones) and 28% because they wanted something new and different.

Generally, price is the top purchase driver for apparel; overall, 84% of consumers named price as the most important factor in their apparel purchases. However, jeans differ from other apparel product categories in that price is *not* the key factor for most shoppers. When consumers were asked to name the most important feature for their next denim jeans purchase, only 16% named price; the top response was fit (50%), followed by style (19%). Women were more likely than men to care most about fit (55% vs. 41%).

### THE STRENGTH OF PREMIUM DENIM JEANS

In spite of the downturn in consumer spending, sales of premium denim jeans have grown and are expected to remain strong. The fact that jeans shoppers care less about price than about style and fit enables the premium denim jeans market to continue to attract consumers. Premium denim jeans are at the cutting edge of jeans fashion, and their innovative fabrications and finishes, along with their well-known attention to fit, entice consumers to make discretionary jeans purchases. Denim's fashionability and versatility also help consumers rationalize the expense of pricier jeans, as evident from 2008 sales figures. According to NPD, sales of women's premium denim jeans were up 16% from 2007 to 2008, and growth was especially strong in men's premium denim, as sales rose 21% in 2008.

# PRICE IS NOT PREMIUM IN DENIM JEANS

## THE PREMIUM CONSUMER

When asked whether they had ever spent \$100 or more on a pair of jeans, 11% of Lifestyle Monitor respondents said yes; of these, 53% were male and 47% were female. The Retail Monitor found that women’s jeans dominated the offerings of premium denim at retail (60% vs. 40%). However, the past year has seen more premium denim jeans brands focus on developing products for male consumers. According to NPD’s Marshal Cohen, men’s denim has “joined the ranks of food and shelter, where the consumer believes it is a necessity.”

As might be expected, buyers of premium denim jeans tended to be young and affluent; 62% were aged 13 to 34, and 40% had annual household incomes of \$75,000 or more. Compared with consumers who had never bought premium denim jeans, they were more optimistic about the economy and about their personal finances. They reported buying jeans more often and were more willing to pay full price for jeans they liked, rather than waiting for them to go on sale. Consumers of premium denim may not always spend more than \$100 for a pair of jeans, but they reported spending an average of \$69, significantly more than the \$28 spent by other consumers. Premium denim jeans buyers said they planned to spend even more in the future—they expected to pay an average of \$84 for their next pair of jeans, well above the \$31 reported by other consumers, and one third of them planned to spend \$100 or more.

Buyers of premium denim jeans were more likely than other consumers to consider quality more important than price. They also were more likely to associate natural fibers such as cotton with high quality and to be willing to pay a premium for natural fibers. Reflecting the appeal of cotton denim to these high-end consumers, premium denim jeans

## ATTITUDES OF DENIM JEANS BUYERS

	Percent of consumers responding	
	Premium	Non-Premium
Very/somewhat optimistic about the economy	64	49
Very/somewhat optimistic about personal finances	80	50
Buy denim jeans every 6 months or more often	53	40
Pay full price, rather than wait for sale	89	43
Generally purchase clothing on impulse	42	28
Consider quality more important than price	71	47
Prefer to buy new brands over brands already owned	22	5

*Cotton Incorporated's Lifestyle Monitor™*

have a higher average cotton content than lower-priced jeans (99% vs. 95%, according to the Retail Monitor).

Like most consumers, those who buy premium denim jeans care about fit, and they expect and appreciate the better fit offered by higher-priced jeans. However, when asked their reasons for buying premium denim jeans, more consumers cited style (36%) than fit (31%)—a shift from previous research, which found that fit drove premium denim purchases. Premium denim jeans buyers also showed less brand loyalty than other consumers; 22% (vs. 5%) said they would rather try new brands of denim than stick with brands they already owned. Compared with other consumers, premium denim buyers were significantly less likely to get clothing ideas from what they already owned and significantly more likely to be inspired by TV shows, fashion magazines, and celebrities.

Denim jeans, especially premium denim, offer brands and retailers a market in which price is not paramount, where consumers focus more on product attributes, features, and fiber, and where innovation is rewarded. Even as sales have shrunk in other apparel categories, recent moves by brands to expand their denim product lines and to create tiered pricing have helped buoy this market and promote continued growth.

*For more information on denim product trends and innovative denim finishes and fabrications, please contact Cotton Incorporated.*

## INFLUENCERS OF PREMIUM DENIM CONSUMERS

Where do you get your clothing ideas (% responding)\*



	Premium	Non-Premium
Already own & like	53	69
Store displays	40	38
TV shows	40	13
Fashion magazines	38	17
People seen regularly	31	31
Family members	29	21
Catalogs	27	20
Celebrities	26	8

\*Consumers could cite more than one source of ideas.  
*Cotton Incorporated's Lifestyle Monitor™*

