

INSIGHTS

ATHLETIC APPAREL: A MARKET OPPORTUNITY



Athletic apparel is an important and growing product category, accounting for 13% of total U.S. apparel offerings at retail in 2009, based on data from Cotton Incorporated's Retail Monitor™. According to Just-Style, the U.S. athletic apparel market grew an estimated 8.5% from 2003 to 2008, from \$13.0 billion to \$14.1 billion, and is projected to grow another 8.5% by 2014, to \$15.3 billion. Athletic apparel appeals to a wide range of consumers, as over two-thirds of U.S. consumers exercise at least once a week, according to Cotton Incorporated's Lifestyle Monitor™. Consumers also appreciate the versatility of athletic apparel, wearing it for non-athletic purposes as well. Furthermore, they are willing to pay full price for its functionality—the Retail Monitor™ found that athletic apparel was significantly less likely to be offered “on sale” than non-athletic clothing (46% vs. 54%).

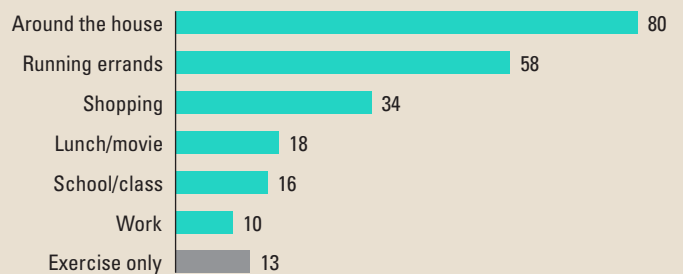
To gain insight into this growing market, Cotton Incorporated conducted a national survey of consumers who had bought athletic apparel within the past year and who reported exercising regularly. Consumers were asked how they purchased and used athletic apparel and their attitudes towards its features. These consumers exercised an average of 3.8 days a week, and differences in exercise frequency by gender and age group were small. As might be expected, younger consumers (aged 13 to 24) were more likely to run, dance, and play organized team sports, while their elders were more likely to walk or hike. Women were more likely to participate in walking and cardio training, while men were more likely to weight train.

Although consumers buy athletic apparel to wear when exercising, the vast majority wear it for other purposes as

well. Only 13% of respondents said they wore their athletic apparel only for exercise, while 80% reported wearing it around the house. Women were more likely to wear athletic apparel while running errands (61%), whereas men were more likely to wear it out to lunch or a movie (22%) or to work (15%). Nearly half (46%) of young consumers (aged 13 to 24) said they wore athletic apparel to school or class.

ATHLETIC APPAREL OFFERS VERSATILITY

% of consumers who wear athletic apparel for other purposes*



*Consumers could cite more than one purpose.
Cotton Incorporated's 2009 Sports Apparel Study

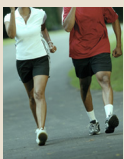
KEY FEATURES: COMFORT AND FIT

Given the versatility of athletic apparel, it is not surprising that consumers look for the same key features in these garments as they do in other types of apparel. When asked what they liked about their current favorite athletic garment, consumers cited comfort/softness first (47%), followed by fit (16%). These same factors drove their purchases—when asked their main reason for buying a particular athletic garment, 44% cited fit/comfort, followed by price (14%) and performance features (12%). Women cared more than men about fit/comfort (49% vs. 39%), while men cared more than women about performance features (15% vs. 9%), and the youngest consumers (13 to 24) cared more about style than did older consumers (11% vs. 4%).

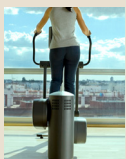
The most popular retail channels for athletic apparel were mass merchants and sports retailers (29% each). Regardless of retail channel, consumers cared most about fit/comfort. However, the number-two factor among those who shopped at mass merchants was price (20%), while those who shopped at sports retailers were more likely to care about performance features (19%) than price (8%).

FAVORED FORMS OF EXERCISE

% of respondents who participate in each activity*



Walking
58%



Cardio training
46%



Weight training
44%



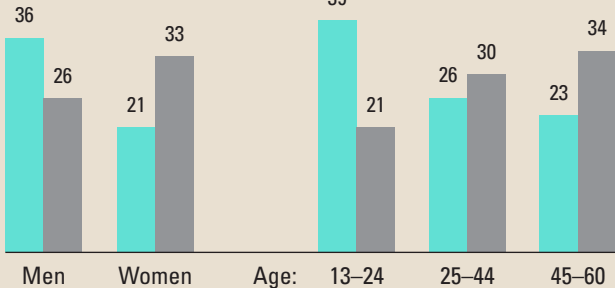
Running
33%

*Consumers could cite more than one activity.
Cotton Incorporated's 2009 Sports Apparel Study

ATHLETIC APPAREL: A MARKET OPPORTUNITY

TOP RETAIL CHANNELS FOR ATHLETIC APPAREL

% of consumers purchasing most of their athletic apparel at
■ Sports retailers vs. ■ Mass merchants



Cotton Incorporated's 2009 Sports Apparel Study

COTTON FOR COMFORT

Consumers shopping for athletic apparel like to make informed purchase decisions—77% said they were likely to read labels, and 64% said that the information provided on labels was likely to influence their purchases. A key piece of information they glean from labels is fiber content. When asked to choose among three athletic apparel products with the same price, style, and performance features but with different fiber content, most consumers chose cotton (76%) over polyester (12%) or nylon (12%). Nearly a third of consumers (31%) said they avoided certain fibers when buying athletic apparel, and the most-avoided fiber was polyester (35%)—the main reasons being that it was uncomfortable, was too hot, and didn't breathe. In contrast, the comfort of cotton makes it consumers' favorite fiber to wear when exercising. When asked what attributes best described cotton athletic apparel, most consumers cited comfort (87%) and softness (86%), followed by durability (77%) and good fit (77%). However, despite consumers' interest in cotton athletic apparel, the Retail Monitor™ found that only 38% of athletic apparel offered at retail contained cotton.

PERFORMING UP TO EXPECTATIONS?

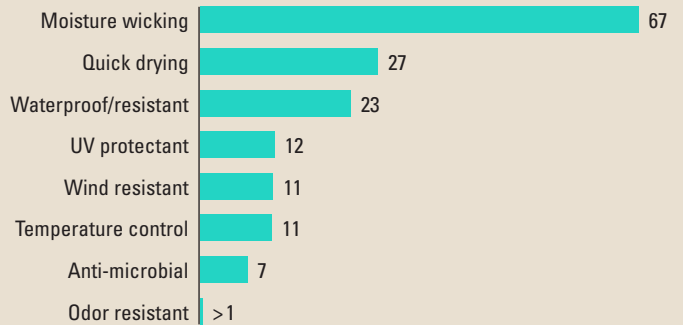
In a market dominated by synthetic fibers, only 3% of consumers said they were satisfied with their synthetic performance athletic apparel. Over a third (35%) said they had purchased athletic apparel with a feature that did not perform as expected. Most consumers (93%) said they would be upset if they bought a garment for a specific performance feature and it failed to perform, and 90% said they would not purchase the brand again.

Dissatisfied customers signal market opportunities. Consumers love cotton for its comfort, and they like the idea of cotton athletic apparel with performance features. When asked whether they would purchase cotton athletic apparel

that offered the same performance features as synthetic apparel, almost all consumers (97%) said they would prefer a cotton alternative or would be willing to try it. However, the Retail Monitor found that only 13% of athletic apparel containing cotton was marketed as offering performance features, compared with 35% of total athletic apparel.

A FOCUS ON MOISTURE MANAGEMENT

Of the 35% of athletic apparel offering performance features, % offering each feature*



*Products could offer more than one feature.
Cotton Incorporated's Retail Monitor™

Regardless of fiber content, the most common performance feature was moisture management (including moisture wicking and quick drying), found in 95% of performance athletic apparel. Respondents in the Sports Apparel Study said they would be willing to pay a premium for cotton athletic apparel that wicks moisture away from the body (65%) or keeps the wearer dry (65%). Consumers' favorable attitudes towards cotton in athletic apparel and their willingness to pay a premium for their favorite fiber suggest a market opportunity for performance-oriented cotton athletic apparel products—using, for example, Cotton Incorporated's innovative TransDRY™ and Wicking Windows™ technologies for moisture management. For more information on moisture-management technologies for cotton products, please visit www.cottoninc.com/Transdry.

About the Research

Cotton Incorporated's 2009 Sports Apparel Study surveyed a nationwide sample of consumers aged 13 to 60 who had purchased athletic apparel in the past 12 months, who exercised at least twice a week, and who were the sole or partial decisionmakers on apparel purchases. The sample was 50% female and 50% male 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.

