

INSIGHTS

BRAZIL & COLOMBIA: APPAREL ATTITUDES



Brazil and Colombia are poised for retail growth, driven by the rising education, employment, and affluence of their young middle classes. In Colombia, improved political and economic stability have attracted international retail investment, spreading beyond urban areas to underserved second- and third-tier cities. Although Colombian retail sales growth has slowed in 2008 (according to the National Administrative Department of Statistics), overall economic growth is stable, and domestic and international investment in retail mall space continues to climb. In Brazil's somewhat more mature retail market, consumers have access to more stores. They also have more money to spend, due to expanding consumer credit, increasing job opportunities, and higher wages. In both countries, consumers are gaining access to new products and are ready to increase their discretionary spending on electronics, household appliances, and apparel.

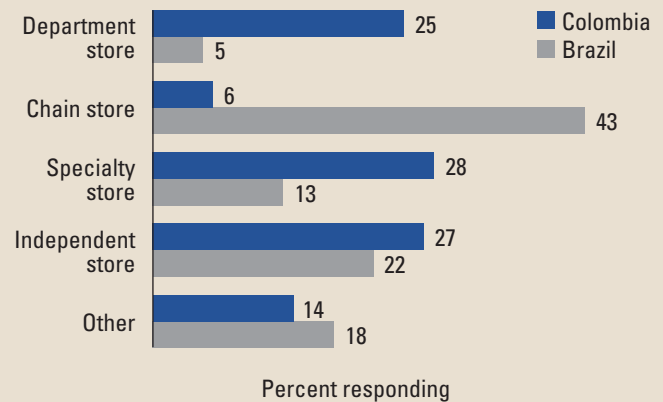
To tap the full potential of these emerging middle-class markets, it helps to understand consumers' attitudes and preferences with respect to clothing and clothes shopping. According to the Global Lifestyle Monitor, consumers in Brazil and Colombia, like consumers around the world, seek out retailers that offer high-quality items at low prices. However, Brazilian and Colombian shoppers stand out when it comes to their strong preference for cotton-centric products, such as jeans and T-shirts, and their special fondness for denim.

WHERE ARE THEY SHOPPING?

Colombian and Brazilian consumers prefer to shop for apparel at different retail channels, particularly with respect to department, specialty, and chain stores. In Brazil, 43% of respondents said they preferred to buy most of their clothes at chain stores, compared with only 6% of Colombian consumers. In Colombia, retail channel preferences were more

DIFFERING RETAIL CHANNEL PREFERENCES

In which type of store do you buy most of your clothes?



Global Lifestyle Monitor

diverse, with the responses distributed fairly evenly among department stores (25%), specialty stores (28%), and independent stores (27%). These differences may reflect the higher level of international retail investment in Brazil, where consumers are more likely to encounter chain stores. In contrast, Colombia's retail market consists mainly of small domestic and independently owned stores. As international retail investment in Colombia grows, Colombian consumers' preferences in retail channels are likely to shift.

BALANCING PRICE AND QUALITY

When Brazilian and Colombian consumers were asked what they liked most about their favorite clothing store, value was a prominent theme. Unsurprisingly, three of the top ten factors cited were related to price—a key concern of middle-class consumers everywhere. Brazilian and Colombian shoppers agreed on nine of the top ten things they liked most, but their emphasis differed. In Colombia, the top two factors were quality and selection/variety—each named by over half the respondents. In Brazil, selection/variety was the top factor, but respondents were more likely to cite price-related factors (such as good/low prices, promotions, or sales) than quality. Compared with Brazilian shoppers, Colombian shoppers were twice as likely to cite either quality or style/designs, and they placed more emphasis on the shopping experience

About the Survey

The Global Lifestyle Monitor is a biennial consumer research study conducted by Cotton Council International, Cotton Incorporated, and Synovate. In the 2008 survey, 5,000 consumers (approximately 500 in each of 10 countries) were surveyed via telephone and face-to-face interviews. Consumers were male and female, aged 15 to 54, and representative of each country's demographic and geographic profiles. U.S. data are from Cotton Incorporated's Lifestyle Monitor™, which in the first quarter of 2008 surveyed 1,500 consumers aged 13 to 70 and which was conducted via the Internet by Bellomy Research.

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TOP TEN FEATURES OF CLOTHING STORES

What do you like most about the clothing store you use most often?

Brazil	Colombia
1. Selection or variety	1. Quality of clothes
2. Good or low prices	2. Selection or variety
3. Promotions	3. Good or low prices
4. Sales or bargain prices	4. Styles, designs
5. Method of payment	5. Promotions
6. Quality of clothes	6. Ease of shopping
7. Styles, designs	7. Knowledgeable staff
8. Ease of shopping	8. Entertaining environment
9. Knowledgeable staff	9. Sales or bargain prices
10. Convenient location	10. Method of payment

Global Lifestyle Monitor

(ease of shopping, knowledgeable staff, entertaining store environment, and atmosphere or decorations).

WHAT ARE THEY BUYING? COTTON

When South American consumers were asked what apparel they had purchased in the past three months, the top two responses were cotton-centric items — T-shirts (78%) and jeans (75%). This preference for casual dress reflects the young demographics of Brazil and Colombia, where over 60% of the populations are under the age of 35, compared with 47% of the U.S. population (U.S. Census Bureau data). Beyond the popular pairing of jeans with T-shirts, South American consumers also view cotton as a comfortable and fashionable wardrobe component — 80% identified cotton as the fiber best suited for today’s fashions (up from 70% in 2006), and 84% preferred cotton for the clothing they wore the most (up from 75% in 2006).

DESIRE FOR DENIM

Denim is a favorite among Brazilian and Colombian consumers, whose higher-than-average purchases of denim are in keeping with their attitudes toward the fabric. Although 83% are satisfied with the current styles of denim apparel, almost as many are interested in new denim styles. Consumers reported wearing denim an average of four days a week, and the majority (69%) said they enjoyed wearing denim regularly or that their wardrobes were full of denim and they loved to wear it. This enjoyment translates to high levels of denim ownership—the highest reported in the global survey (along with Germany). Consumers in both Brazil and Colombia reported owning an average of 18 denim items, up from 15 in 1999 and well above the global average of 14.

Since 1999, the number of pairs of denim jeans owned is up 26% in Brazil and 29% in Colombia. By age group, growth in jeans ownership has been highest among Brazilian consumers aged 25 to 34 and Colombian consumers aged 45 to 55. This growth is not expected to slow any time soon, as 81% of these shoppers said they would buy just as many or even more pairs of jeans over the next year.

While the overall outlook for denim in these countries is positive, retailers and manufacturers should take note of national preferences in bottomsweat. In particular, Brazilian consumers wear more shorts, including denim shorts, than their Colombian neighbors. Brazilian respondents were more than twice as likely as their Colombian counterparts to have purchased shorts in the past three months (64% vs. 30%). Similarly, Brazilian consumers own an average of four pairs of denim shorts, while Colombian consumers have only two. On the other hand, the average Colombian wardrobe holds nine pairs of denim jeans, compared with seven in Brazil. In both countries, shoppers are willing to pay more for denim jeans than for other casual pants, by 46% in Brazil (60 vs. 41 reals) and by 40% in Colombia (77,000 vs. 55,000 pesos).

A LOVE OF DENIM

	Average number of denim garments owned				
	Brazil	Colombia	Germany	U.S.	Global*
Jeans	7	9	9	7	6
Shirts	2	3	2	2	2
Shorts	4	2	2	3	2
Skirts	3	1	2	1	2
Jackets	1	2	2	1	1
Dresses	1	1	1	1	1
Total	18	18	18	15	14

*Includes the United States.

Global Lifestyle Monitor & Cotton Incorporated's Lifestyle Monitor™

AGREEING ON COTTON AND DENIM

In both Brazil and Colombia, consumers were interested in finding high-quality apparel at reasonable prices. Colombian shoppers were most likely to favor stores that offered high quality, while Brazilian shoppers were more focused on price, but consumers in both countries expressed a preference for cotton apparel, especially denim. Cotton’s comfort and fashionability earned high marks in the region, and consumers expressed satisfaction with current denim fashions, along with a desire to try new denim styles. Despite differences between Brazilian and Colombian consumers in their denim bottomsweat preferences, interest in denim is high and continues to grow in both countries.

