

# Cotton Incorporated Supply Chain Insights

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## Global Denim Trends

### Denim: A Favorite in Any Language

Through brand, price, and spreading worldwide popularity, denim has become one of the most recognized fabrics in the apparel industry. Consumers in many countries, such as the United States and Germany, have worn and loved denim jeans for years, while others are just beginning to appreciate denim's comfort and style and to incorporate it into their wardrobes. As new denim markets have emerged and jeans ownership has reached an all-time high, global consumers' love of denim, denim purchase patterns, and love of cotton all have increased, according to the latest Global Lifestyle Monitor, a global consumer attitude study conducted by Cotton Council International and Cotton Incorporated.

#### Love for Denim Isn't Fading

Denim continues to be one of the most popular items in global consumers' wardrobes. The percentage of global consumers who agreed that "my wardrobe is full of denim and I love wearing it" or "I enjoy wearing denim regularly" rose to an all-time high of 64% in 2006. Affinity for denim was highest among German consumers (87%), followed by consumers in the United States (78%) and Colombia (76%). Since the inception of the Global Lifestyle Monitor in 1999, love of denim has grown most in the European countries of Germany (by 33 percentage

points), the United Kingdom (22 points), and Italy (17 points). Denim's increasing popularity is also reflected in the percentage of consumers who plan to purchase denim in the future. Nearly two-thirds of global consumers (outside of the United States) said that they planned to purchase as much or more denim in the next 12 months as in the past year.

#### Denim Ownership Is On the Rise

Around the world, consumers' closets are full of denim jeans, shirts, skirts, dresses, shorts, and jackets — and consumers are continuing to expand their denim wardrobes. The average number of denim

garments owned per global consumer increased from 11 in 1999 to 13 in 2006, with the most growth in jeans and skirts. Consumers reported owning the most denim garments in the United States (16), Thailand (16), and Colombia (15) and the fewest in China (4) and India (2). Nonetheless, almost every consumer owns denim — in 2006, 94% of global consumers owned at least one denim garment, up 4 percentage points since 2003.

The denim item most commonly owned by global consumers is jeans, with an average ownership of 7 pairs — up 29% since 1999. Nearly nine out of ten global consumers own at least one pair of denim jeans, and they wear them an average of three days a week. Jeans remain most popular among Americans, who own an average of 9 pairs, followed by consumers in Colombia (8 pairs), the United Kingdom (8 pairs), and Germany (7 pairs). German consumers showed the largest increase in denim jeans ownership, which was up an average of 2 pairs



#### German consumers love wearing denim the most

	<b>% of Consumers who love or enjoy wearing denim</b>	<b>Pairs of jeans owned</b>
Germany	87	7
United States*	78	9
Colombia	76	8
United Kingdom	73	8
Japan	69	6
Brazil	69	7
Italy	61	7
Thailand	43	2
China	39	7
India	35	4

Source: Global Lifestyle Monitor. \*Cotton Incorporated's Lifestyle Monitor™.

since 2003. Brazilian, Japanese, Chinese, and Indian consumers were below the global average for jeans ownership. However, although Indian consumers owned the fewest pairs of denim jeans (2), they had the second largest growth rate in jeans ownership, indicating that India may be an emerging denim market to watch.

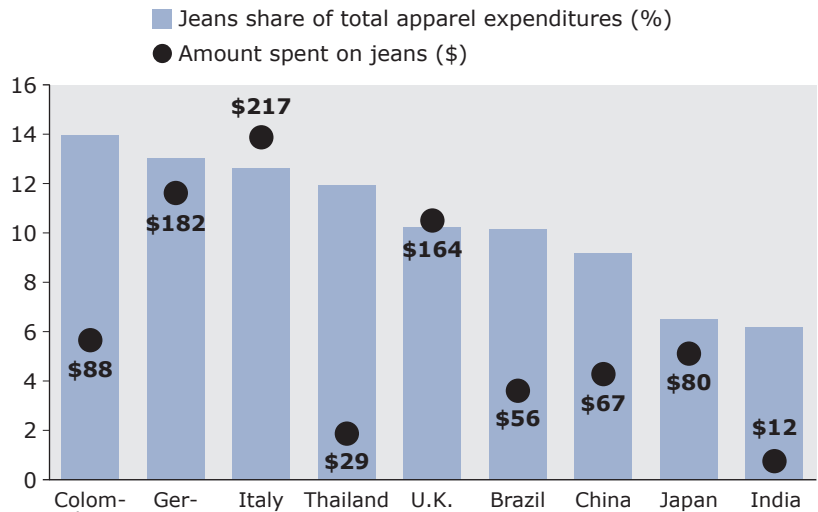
### Expenditures on Denim Jeans

Denim jeans continued to claim a significant part of Global Monitor consumers' clothing budgets—6% to 14% of total apparel expenditures. Over the last year, global consumers spent an average of \$921 on apparel, including \$99 (11%) on denim jeans. As a percentage of total apparel expenditures, jeans had the largest share among consumers in Colombia (14%), Germany (13%), and Italy (13%). Italian consumers spent the most on apparel (\$1,716) and likewise the most on denim jeans (\$217). Indian consumers spent the least on apparel (\$190) and the smallest share of their apparel budget on denim jeans (\$12, or 6%). Instead of jeans, Indian consumers preferred to spend on dresses, saris, and Punjabi suits, which accounted for over half (54%) of their apparel purchases.

### Denim in Mexico

The popularity of denim extends south of the U.S. border to Mexico, according to a recent study by Cotton Incorporated. Mexican consumers reported owning more denim garments (18 items) than consumers in the United States or any of the Global Monitor countries. Their total was boosted by ownership of more denim shirts, skirts, and jackets. Second only to U.S. consumers in denim jeans ownership, Mexican consumers reported owning an average of 8 pairs. Nearly everyone (98%) said they owned at least one pair of denim jeans, and Mexican consumers reported wearing jeans an average of four

### Global consumers spent 6% to 14% of their annual apparel budget on denim jeans—and from \$12 in India to \$217 in Italy



Source: Global Lifestyle Monitor.

days a week. Nonetheless, 79% planned to buy at least one more pair of denim jeans in the next few months. Over two thirds of Mexican consumers knew that denim jeans were made of cotton.

### A Global Feel for Cotton

Global Monitor consumers love denim for a variety of reasons, but mostly because they love cotton. Nearly two thirds of global consumers knew that denim was made of cotton, and 68% said they would pay more for natural fibers such as cotton. In addition, consumers love the way the fabric feels and wears. More than six out of ten global consumers said they wore denim because they liked the feel of the cotton fabric—a proportion that has increased consistently since 1999. Consumers also like the weight of denim and the styles offered in the market. Although three out of four Global Monitor consumers said they liked the current styles in denim, 67% said they enjoyed keeping up with denim styles and were always looking for something new in their favorite apparel categories.

### About the Surveys

The Global Lifestyle Monitor, a biennial consumer research study, was conducted for the fourth time in 2006. A total of 4,544 consumers were surveyed—approximately 500 in each of nine countries. Consumers were male and female, aged 15 to 54, and representative of each country's demographic and geographic profiles. The Global Lifestyle Monitor was conducted by Cotton Council International, Cotton Incorporated, and Synovate, a global research company, via telephone and face-to-face interviews. Additional research was provided by Cotton Incorporated's Lifestyle Monitor™, which in 2006 surveyed 4,000 U.S. consumers aged 16 to 70. The Lifestyle Monitor is conducted via telephone by Bellomy Research. In addition, Cotton Incorporated conducted a study in Mexico in 2007, which surveyed 1,000 Mexican consumers aged 18 to 54 in face-to-face in-home interviews. The study was conducted in partnership with W5, and the sample was representative of the A, B, and C+ socioeconomic stratifications in Mexico City.