



Performance Apparel

The Market for Performance Features

Performance features in apparel, which add value and enhance wear, appearance, or functionality, offer differentiation among products within the apparel marketplace and enable retailers to tailor product lines to suit consumers' lifestyles. The most prevalent performance features in today's market are wrinkle resistance and stain resistance — over two thirds of consumers are aware of these features. In addition, newer performance features such as moisture wicking, antimicrobial finishes, and UV protection are gaining popularity among U.S. consumers.

More than half of consumers surveyed by Cotton Incorporated's Lifestyle Monitor™ have purchased apparel with performance features. Among the consumers who are aware of cotton apparel with performance features, 74% have purchased wrinkle-resistant cotton garments, 51% have purchased stain-resistant items, and slightly over a third have purchased items with properties of moisture wicking, odor resistance, or abrasion resistance.

What drives purchases of performance apparel is the benefit of the performance feature itself. About 41% of shoppers buy performance apparel for the specific feature, while 33% buy it for style and fit. In proprietary

research conducted by Cotton Incorporated, consumers' motivations to purchase performance apparel were found to fall into two categories — garment care and garment wear. Some consumers purchase apparel with wrinkle-resistant and stain-resistant finishes to enhance the garments' appearance when worn, while others most value the ease of care (minimal ironing and laundering) that these finishes offer. Interestingly, price and brand are less likely to drive purchases of performance apparel than of apparel in general.

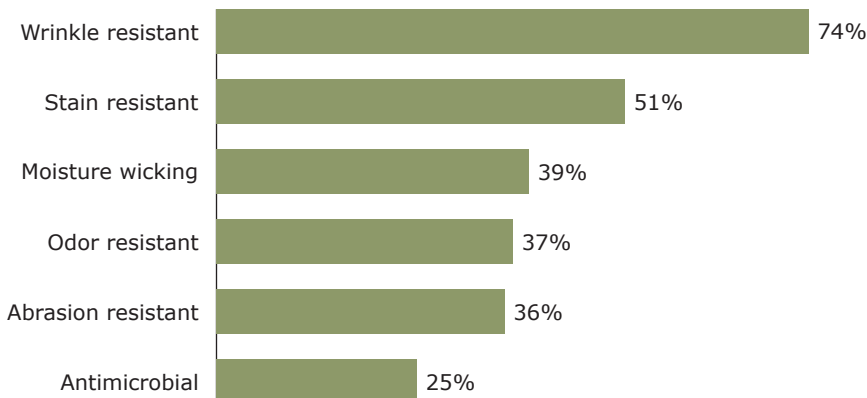
The Price Premium for Performance

Consumers are willing to pay more for apparel with performance features, as demonstrated by the history of the market for wrinkle-resistant apparel, which was the prototype performance-apparel market. In 1995, consumers paid \$2.30 more for a wrinkle-resistant 100% cotton shirt than for a non-wrinkle-resistant 100% cotton shirt. The premium in men's shirting has more than doubled since 1999, as the technology has improved. However, the premium paid for wrinkle-resistant men's slacks has eroded over the past decade, as more brands have entered the market. In 1995, 120 brands offered wrinkle-resistant slacks, but by 2005, the number had grown to 392, saturating the market and driving the price down. To ensure that a brand benefits from consumers' willingness to pay more in novel markets, early entry is important.

Where to Wear?

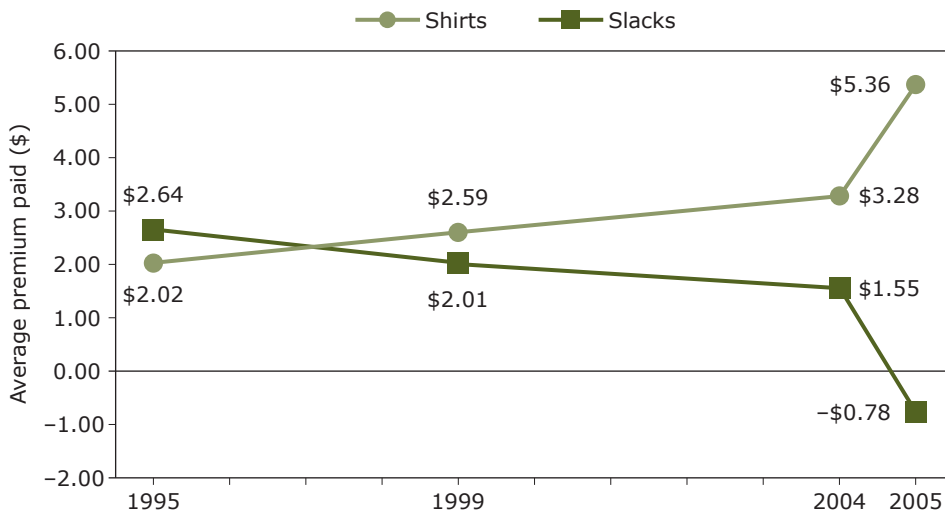
Although many products with performance features are intended as sports apparel, the majority of consumers purchasing apparel with moisture wicking, odor resistance, UV protection, or antimicrobial finishes are using these items as casual wear. When asked about occasions where they normally wear apparel with

Among consumers aware of cotton performance apparel, the majority have purchased at least one such item



The total exceeds 100% because more than one response was allowed.
Source: Cotton Incorporated's Lifestyle Monitor™.

In 100% cotton, the premium for wrinkle-resistance has grown for men's shirts but shrunk for men's slacks



Source: NPD Fashionworld AccuPanel and American Shoppers Panel.

performance features, 44% specified exercising or playing a sport, but many said they wore the apparel for other occasions, including work, hanging out with friends, or running errands. Men are significantly more likely than women (54% vs. 37%) to wear performance apparel for its intended purpose, to exercise or to play a particular sport, and women are significantly more likely than men (42% vs. 28%) to wear performance apparel while running errands.

Key Purchasers: Older Consumers

Consumers of all ages are attracted to and use performance features, but shoppers aged 35 to 70 are significantly more likely to have purchased apparel with performance technology than shoppers aged 16 to 34 (59% vs. 50%). When asked what performance apparel items they had purchased, older shoppers were significantly more likely to say outerwear (60%) than younger consumers (34%). On the other hand, younger shoppers were significantly more likely to say they had purchased athletic slacks or pants (20%) and sweat apparel or jogging suits (13%) than their older counter-

parts (8% and 2%, respectively). If older consumers' appreciation of performance features can be extended from outerwear to sportswear, this market could see increased sales.

Consumers Prefer Cotton

Although performance features are the primary reason consumers buy these apparel items, the majority prefer that the clothing be made of cotton. When asked their fiber preference among several athletic apparel items with the same price, style, and performance feature, three quarters of consumers preferred cotton over

other fibers. The second most popular fiber was nylon (16%), followed by polyester (10%).

For what occasions do consumers normally wear apparel with performance features?

44% wear it to exercise or for sports

25% wear it to meet friends out

36% wear it to run errands

20% wear it to hang out around the house

32% wear it to work

31% wear it for other occasions



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