

INSIGHTS

THE HOME TEXTILE CONSUMER



Although the declining housing market, rising food and fuel prices, and overall sluggish economy have slowed consumer spending, women's love of shopping for home textiles is undimmed. Their self-reported spending on home-textile products has not decreased, and they still care more about quality than price. Furthermore, they are still willing to pay a premium for 100% cotton, according to Cotton Incorporated's 2008 Home Fabrics Survey of female consumers across the United States. In fact, the importance of 100% cotton to consumers is growing, as is their satisfaction with all-cotton products. However, the economic downturn does appear to have affected where and why women buy home textiles.

IT'S THE ECONOMY...

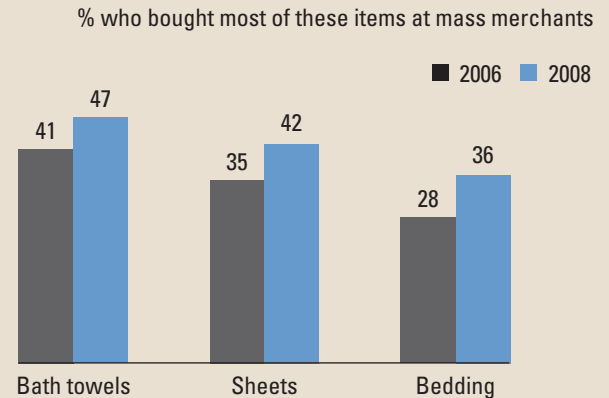
Possibly in response to the economic downturn, consumers are flocking to mass merchants. Mass merchants were already the preferred source for home textiles, but from 2006 to 2008, the percentage of women favoring mass merchants jumped significantly for all three major categories of home textiles (bath towels, sheets, and bedding). This shift came mainly at the expense of national chain stores and off-price stores. Interestingly, the shift was driven by higher-income consumers, as growing numbers of women with household incomes over \$50,000 shopped at mass merchants for towels (37%, up from 34%), sheets (34%, up from 26%), and bedding (29%, up from 21%).

The economy may also have influenced consumers' reasons for buying home-textile products. Women are most likely to buy towels and sheets because they need them and to buy bedding because they are ready for a change—this is nothing new. However, from 2006 to 2008, the percentage of women who purchased home textiles because they were “ready for a change” declined significantly, from 30% to 24% for sheets and from 39% to 32% for bedding.

About the Survey

Cotton Incorporated's latest Home Fabrics Survey, completed in 2008, was conducted by the Praxi Group (Kittredge, CO) in a nationwide sample of women aged 25 to 70. The 800 women who completed the on-line survey were the primary purchasers of home fabric for their households, and represented a mixture of ethnicities, geographic locations, and levels of income and education.

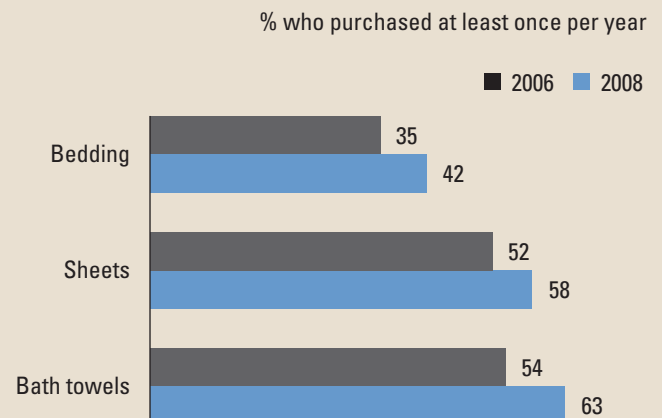
CONSUMERS TURNED TO MASS MERCHANTS



Cotton Incorporated's 2008 Home Fabrics Survey

At the same time, consumers were likely to buy items because they were on sale. This reason for purchasing was not an option in the 2006 survey, but when “on sale/good price” was added as an option in 2008, it was given as the reason for buying bath towels by 15% of women and for buying sheets and bedding by 17%. Women also reported purchasing all types of home textiles more frequently in 2008 than in 2006, and the percentage who did not buy these products in the past three months was down significantly, from 42%

ARE WOMEN STOCKING UP ON HOME TEXTILES?



Cotton Incorporated's 2008 Home Fabrics Survey

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to 30% for towels, 41% to 34% for sheets, and 48% to 42% for bedding. As a result, women actually reported spending slightly more on home textiles than in the 2006 survey. These results suggest that women are stocking up on home textiles when they find bargains.

WHAT WOMEN LOOK FOR IN HOME TEXTILES

Women overwhelmingly prefer to decorate their own homes (95%), rather than have someone else do it (5%), and economic conditions have not dampened their enthusiasm—80% like to shop for home textiles, up from 77% in 2006. Even more women enjoy shopping for home textiles than “like or love” shopping for clothes (53%, according to Cotton Incorporated’s 2007 Lifestyle Monitor™).

Consumers also care more about environmental friendliness in home textiles than in apparel. When shopping for home textiles, 20% of women put a lot of effort into finding environmentally friendly products, compared with 16% of those shopping for apparel (according to Cotton Incorporated’s 2008 Consumer Environment Study). In the Home Fabrics Survey, close to half of women said that environmental friendliness was a very important feature (41% for towels, 45% for sheets, and 46% for bedding). According to the Consumer Environment Study, nearly three quarters of consumers believe that natural fibers are better for the environment than synthetic fibers, and they consider cotton to be the safest fiber for the environment.

The feature consumers care least about in home textiles is brand name—for each product category, nearly a third of women rated brand name as not at all important. The features they considered most important depended on the product, but price never topped the list.

COTTON — THE PREFERRED FIBER

Cotton is still the preferred fiber for home textiles — together, 100% cotton and cotton blends were preferred for towels by 97% of consumers, for sheets by 89%, and for bedding by 90%. The majority of women are willing to pay a premium for all-cotton home textiles, and the percentage willing to



pay more for 100% cotton bedding increased significantly from 2006 to 2008 (from 51% to 56%).

Nearly all bath towels (98%) offered at retail are 100% cotton (according to Cotton Incorporated’s Retail Audit). No women reported dissatisfaction with the performance of all-cotton towels, and the percentage who were “very satisfied” increased significantly, from 62% to 67%, indicating that the industry is paying attention to what features consumers want in their all-cotton towels.

The percentage of women who considered 100% cotton to be a very important feature in home textiles was up significantly from 2006 to 2008 for all three product categories, climbing 15 percentage points for towels, 18 points for sheets, and 18 points for bedding. The top reason women gave for purchasing 100% cotton home-textile products was the unparalleled comfort and feel of cotton.

KEY FEATURES

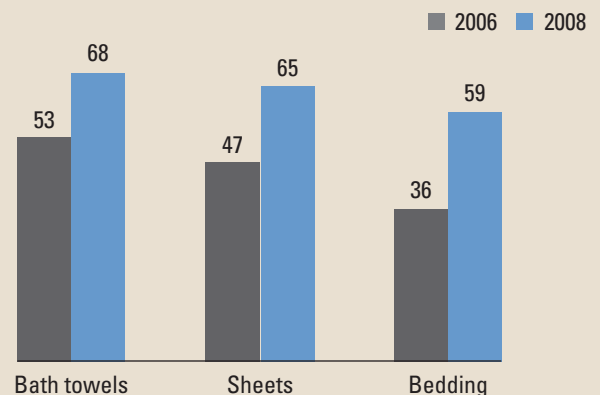
% who consider the feature very important*

Category	Feature	Percentage
Bath towels	Softness	87
	Size	85
	Durability	83
	Easy to clean	82
	Absorbency	80
Sheets	Size/fit	95
	Softness	91
	Price	89
	Durability	87
	Color/pattern	84
Bedding	Size/fit	93
	Wash at home	88
	Easy to clean	87
	Price	87
	Color/pattern	86

*8 to 10 on a scale of 1 to 10
Cotton Incorporated’s Home Fabrics Survey

COTTON GREW IN IMPORTANCE

% who considered 100% cotton to be a very important feature



Cotton Incorporated’s 2008 Home Fabrics Survey

