



Matching Consumers' Expectations with Industry Standards: The Added Value of Wrinkle Resistance

One of the defining trends of the retail apparel market over the last decade has been the consistent decline in average retail prices. This trend can largely be explained by the phenomenal growth of the mass-merchant channel, which has gained share at the expense of department and national chain stores. But at the same time, another trend has emerged on the consumer side of the market. Research has shown quite convincingly that to win over apparel consumers, manufacturers, brands, and retailers must be able to identify "product value." Fashion sells, but only to a point, beyond which many consumers are searching for value in apparel. "Value" traditionally has been defined as a function of price and quality. However, today's consumers are redefining value to include functionality — they are asking, What can the clothing do for me?

Some of the best examples of functionality are product attributes such as wrinkle resistance, soil release, stain repellency, and fade resistance. Increasingly, manufacturers, brands, and retailers have come to offer — and consumers have come to expect — clothing with added functional value. Exploration of the intersection between industry

offerings and consumers' expectations was the focus of novel research recently conducted by Cotton Incorporated.

Engineering for Consumers' Expectations?

In responding to the demand for functional value, the industry must consider the following question: Is our apparel product over-engineered, under-engineered, or exactly meeting market expectations? Over-engineering leads to higher production costs, while under-engineering can lead to customer dissatisfaction and lost sales. Yet most companies engineer their apparel products *a priori*, factoring in little information about what customers are seeking. Too often, technical specifications are developed exclusively in the domains of product development and sourcing divisions, and are not integrated with market and consumer research. Many companies rely on product returns as a proxy for consumer satisfaction. But this feedback, though a helpful indicator, comes after product development decisions have been made and usually after large manufacturing orders already have been placed.

Apparel Product Labels That Connote "No Ironing Needed" to Consumers

Companies use a variety of labels to tell consumers that their products need little or no ironing. How effective are these labels in conveying the message? Cotton Incorporated asked consumers, as part of a larger consumer research study. Here are the results, from most to least effective.

1 Wrinkle Free

2 Wrinkle Resistant

3 No Worry

4 Care Free

5 Wrinkle Defiant

6 Stress Free

7 Easy Care

After discussion of these issues with retailers, manufacturers, and brands, Cotton Incorporated's Strategic Planning Division conducted a study in 2004 specifically to examine how consumers' expectations for apparel matched the technical standards used by the industry in developing apparel products. One characteristic we chose to study was wrinkle resistance, an attribute of 11% of shirts and 16% of slacks sold in the U.S. retail market. This functional attribute has garnered retailers a sales premium over prices paid for similar non-wrinkle-resistant shirts and slacks.

The Research Question: Fahrenheit vs. Celsius

Two different scales can be used to measure temperature — Fahrenheit and Celsius. Knowing the value on one scale allows us to calculate the equivalent value on the other scale. This analogy can be applied to comparing apparel attributes based on technical product specifications (the "Fahrenheit scale") with the same attributes as judged by consumers (the "Celsius scale").

In our research, we used the AATCC 124 fabric smoothness appearance test scale (which rates smoothness appearance on a scale of 1.0 to 5.0 by comparison with reference standards) and tried to determine the equivalent values on a scale of consumer satisfaction with smoothness appearance. Our study measured consumers' satisfaction with product appearance and their willingness to pay

for incremental increases in wrinkle-resistance performance on the technical scale.

For our study, we used 100% cotton blue pinpoint oxford dress shirts and khaki twill slacks. Sets of digital photographs of apparel items corresponding to AATCC 124 smoothness levels of 3.0, 3.5, 4.0, 4.5, and 5.0 were produced at 80% of the actual product size. The photographs were rated by certified textile scientists in Cotton Incorporated's Textile Services Laboratory to ensure that the images of the garments matched the values of the technical scale. Within the context of a broader consumer study, the photographs were shown to 800 male and female consumers aged 24 to 44 in five cities across the United States. Consumers qualified for the study if they had purchased or intended to purchase wrinkle-resistant apparel. This condition provided us with a consumer sample of actual and likely buyers of such apparel.

Consumers were told that the clothing product in each image had been washed and dried five times (corresponding to the AATCC 124 test procedure) and were asked to rate their satisfaction with the smoothness appearance shown in each product image. The order in which the images were shown was rotated among the five cities, a standard research procedure for reducing respondent bias. As consumers viewed the product images and responded to the questionnaire, they were unaware of the technical ratings for the product images.

Images of a 100% Cotton Dress Shirt Shown to Consumers

In the AATCC 124 test procedure, garments that have been washed and dried five times are rated for smoothness appearance on a scale of 1.0 to 5.0. Consumers were shown images at 80% of the actual product size. These images of a dress shirt represent a 3.0 and a 5.0 on the AATCC 124 test scale.

3.0



5.0



How Well Does Consumer Satisfaction Match Industry Standards?

For the blue dress shirts, the percentage of consumers who were “very” or “somewhat” satisfied with the appearance of the shirt increased markedly at the 4.5 level on the technical scale. Nearly 79% of consumers rated this smoothness appearance level as satisfactory, compared with only 44% at the 4.0 level. Consumers’ satisfaction ratings corresponded with their assessments of whether they would iron the shirt before wearing it: 61.2% of consumers said they would not iron the 4.5 shirt before wearing it, whereas 79.7% said they would touch up or definitely iron the 4.0 shirt.

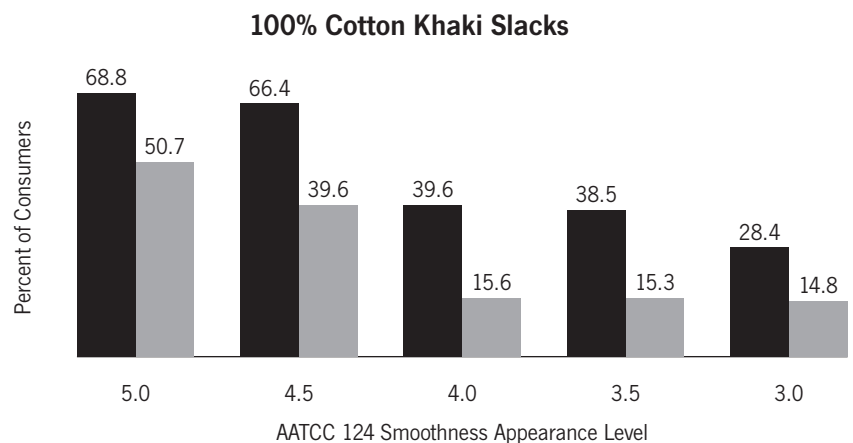
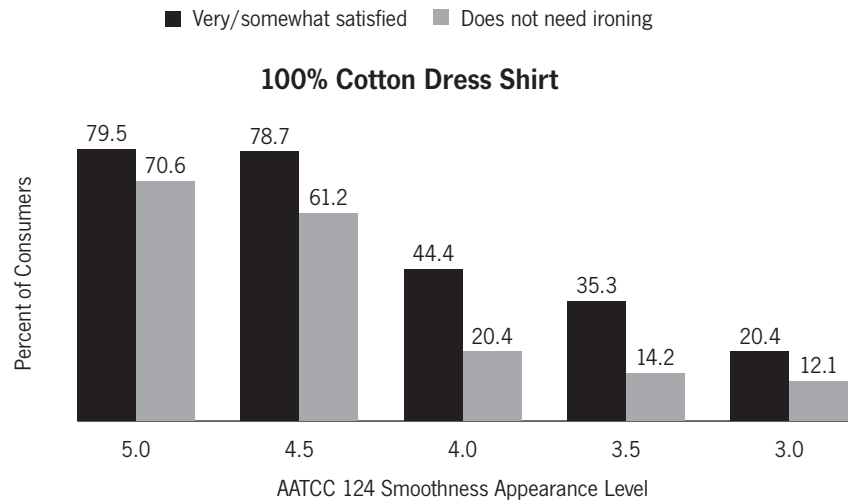
A similar result emerged in the test with khaki slacks. Significantly more consumers were satisfied with the smoothness appearance of slacks that ranked at least 4.5 on the technical scale (66%) than with slacks that ranked 4.0 (40%).

Will Consumers Pay More for Noticeably Better Wrinkle Resistance?

In this study, significantly higher percentages of consumers were satisfied with products that scored at least 4.5 on the smoothness appearance scale than with lower-scoring products. But the important question for the industry remains, If consumers can see a difference, are they willing to pay for that difference?

Two thirds of consumers said they would indeed pay more for a shirt with a smoothness appearance of 4.5 than for a shirt that scored 4.0. Furthermore, 53% said they would pay more for a shirt that scored 5.0 than for one that scored 4.5. But for products below 4.0 on the smoothness scale, fewer than half of consumers were willing to pay for any improvement in wrinkle-resistance performance. Similar results were found for slacks: 63% would pay for

Consumers’ Satisfaction with Smoothness Appearance



Source: Research by Cotton Incorporated.

an improvement from 4.0 to 4.5, and 52% would pay for an improvement from 4.5 to 5.0.

The consumer sample used in the research included four mutually exclusive subgroups of consumers who bought most of their clothing at either mass-merchant, specialty, department, or national chain stores. When the responses for satisfaction and willingness to pay were compared across these four subgroups, they did not differ significantly.

Matching Consumers’ Expectations with Market Realities

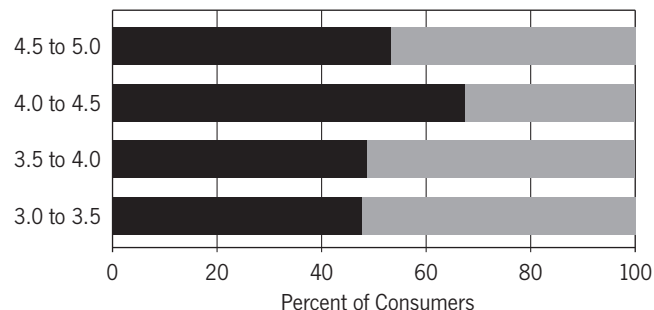
If the industry could deliver the ideal wrinkle-resistant product, a 5.0 on the technical scale, why wouldn’t all consumers be satisfied and willing to

Consumers' Willingness to Pay More for Better Wrinkle Resistance

■ Willing to pay more ■ Not willing to pay more

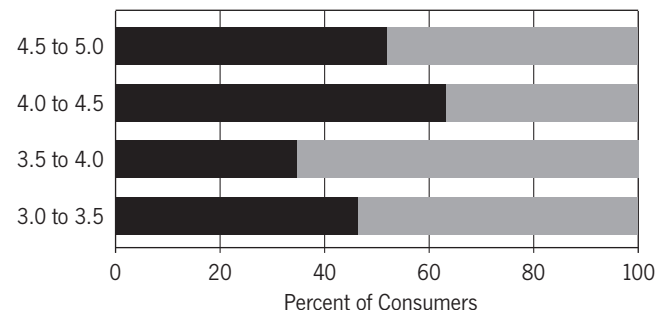
Improvement on the Smoothness Appearance Scale

100% Cotton Dress Shirt



Improvement on the Smoothness Appearance Scale

100% Cotton Khaki Slacks



Source: Research by Cotton Incorporated.

pay more for the product? The answer lies in consumers' behavior related to garment care and in the factors driving purchases of shirts and slacks.

When shown a 5.0 shirt, nearly 3 in 10 consumers said they would still iron the shirt before wearing it. Nearly 4 in 10 said they would iron a 4.5 shirt. With so many habitually ironing their shirts, the incremental improvement in wrinkle resistance at the 4.5 or 5.0 level does not translate into an obvious savings or added value for many consumers.

Good wrinkle resistance is a necessary but not a sufficient condition for commanding a price premium. Consumers selecting shirts and slacks are likely to evaluate several factors, including wrinkle resistance, before making a purchase decision. It is likely that comfort, styling, and purchase price are more important than wrinkle resistance alone, and consumers weigh the combination of these factors when deciding whether to pay a premium for better wrinkle resistance.

Cotton Incorporated

World Headquarters

6399 Weston Parkway
Cary, NC 27513
Tel. (919) 678-2220
Fax (919) 678-2231

New York

488 Madison Avenue
New York, NY 10022-5702
Tel. (212) 413-8300
Fax (212) 413-8377

Los Angeles

110 East 9th Street, Suite A-792
Los Angeles, CA 90079
Tel. (213) 627-3561
Fax (213) 627-3270

Mexico City

Av. Insurgentes Sur 1605, Piso 9
Col. San José Insurgentes 03900
México D.F.
Tel. 52-55-5663-4020
Fax 52-55-5663-4023

Osaka

Osaka Kokusai Building
27th Floor
3-13, Azuchi-Machi 2-chome
Chuo-ku, Osaka, 541, Japan
Tel. 81-6-266-0707
Fax 81-6-266-0710

Singapore

250 North Bridge Road
36-02 Raffles City Tower
Singapore 0617
Tel. 65-6337-2265
Fax 65-6337-3572

Shanghai

Unit 2309 & 2310, Plaza 66
1266 Nanjing Rd (W)
Shanghai, 200040 China
Tel. 86-21-6288-1666
Fax 86-21-6288-3666

www.cottoninc.com

Textile Consumer™ is published quarterly by Cotton Incorporated as a service to the textile and retailing industries.

