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Clothing – Buying Less, Better, Cheaper or Not at All?

Many people have been stuffing their wardrobes full of cheap-and-cheerful fast fashion over the past few years. Now comes the recession – will more people buy more cheap goods, or will there be a ‘buying less but better’ movement? SALLY BAIN looks at the trends and implications.

Conversations I've had with just about anyone over the last few months have always somewhere brought in the topic of what we've been buying, or not buying. And the general view has been we're cutting back on anything that isn't 'worth it'.

But there does seem to be some polarisation. Some people looking for everyday clothing basics are gravitating rather more to the value sector (ie Primark hosiery, second-skin undies, T-shirts and stretchy camisoles are unbeatable for quality/price). Some people who have been stuffing their wardrobes full of cheap fast fashion are tiring of it, are slowing down and wanting something that gives them more 'value'.

What is losing out is the undifferentiated middle market – which would lose out to more distinctive brands / enticing low price operators anyway, but now the impact will be much harder.

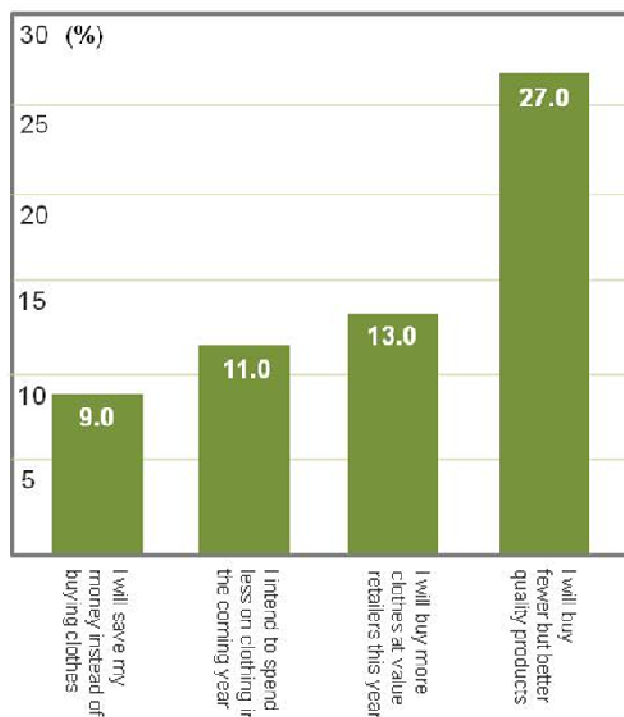
Research done in the US revealed a changing consumer sentiment to clothing that I believe is just as relevant in the UK. Given the statement 'I buy based on quality, not price', 36% of consumers agreed in February 2008, and 60% agreed in February this year.

It can be hard to define and communicate the various elements of what makes up 'quality' ... but whatever element each brand/retailer defines as its core values and differentiation needs to have that more clearly promoted as part of the mix.

In gloomy low-confidence times, I believe that 'quality' is just as much, and probably more, to do with emotion than any physical product attributes. When the 'quality' of the product / service / experience is in its ability to make you feel happy. At the recent 'Pure' womenswear trade exhibition in London I came across Joules – a brand with such verve, fun and style it made me smile. How many companies do that? Check it out at www.joulesclothing.com.

The trend to 'quality' is also seen from Mintel's consumer research for its Clothing Retail UK report that was published in September 2008, where 'buying less but better' far outweighs buying cheaper (see chart below).

While Mintel's further research in January on consumer spending intentions showed that the number of people saying they want to buy clothes hadn't gone down, I believe the 'buying less but better' trend will be continuing.



Source: Mintel Clothing UK report, September 2008

Will everyone be affected the same? Many analysts and commentators have purported the view that the youth market is insulated from the recession / downturn in spending. A TNS Worldpanel Fashion survey in December 2008 showed that consumers aged 25-54 had 'dramatically' cut back spending on clothing, but that under-20s were still spending strongly.

But I believe this scenario is changing. The GfK NOP Consumer Confidence Survey in January this year said one of the most noticeable changes was the slump in confidence among 16-29s, largely attributable to job concerns. My conversations with undergraduate students at the London College of Fashion supports this: some say their parents are feeling the pinch (which impacted them) and it is harder to get part-time retail jobs. They are also changing their clothes buying habits.

I got a group of them together to participate with me in a forthcoming Radio 4 programme about 'fashion and the credit crunch'. Where were they shopping? What were they buying?

It was fascinating ... they are still going to Primark but more are going to Uniqlo for better quality cashmere and denim basics; Top Shop is still very popular but ASOS and smaller brands and independents rated highly for have 'more interesting' fashion that 'not everyone would be wearing'. Some are saving up for designer items; some are making their own All said they had cut back.

E-tailer ASOS has been much lauded for bucking the downturn trend (sales were up 108% year-on-year for the 42 weeks to 16 January 2009) and it's interesting that it has launched ASOS RED, offering up to 70% off fashion and beauty brands. There's only a limited selection so far, but it plans to build it up to about 300 brands. Premium clothing online retailer Net-a-Porter is also launching an off-price designer fashion website called Outnet.

In all of this, the key issue is that all clothing retailers need to create confidence among consumers to keep spending, at whatever level of the market. What makes them feel happy, what do they feel is 'worth it'? Jean-Noel Kapferer's new book 'The Luxury Strategy' (published December 2008) quotes a top executive at Mercedes Benz: 'Our job is to make people dream of new products. As soon as they have money they will buy. Life goes on.'

