

## **Be true to yourself**

### **Consumer behaviour in the Fashion market 2011**

**What a summer! Revolutions and riots, rain and heat-waves, stock markets swings have made sure that boardrooms meetings in Q3 will certainly be high pressure. And it all started so well with raw material costs finally cooling off.**

**A firm and clear steering hand will certainly be needed in the coming months for any retailer in the fashion markets, and that means a clear mid-term strategy. Indeed, to hit the spot, the immediate tactics have to remain in line with the core market dynamics changes seen over the last months.**

**Measured through factual behaviours, what is actually paid for, results are now confirming the qualitative changes in consumer behaviour we had been hinting at, a function of structural changes in populations, expectations, sales media and apparent consumer choice systems.**

**More than ever, the watchword is "be true to yourself", which, in business terms, essentially means providing the consumer with a given value for a given price.**

### **The new demography of the coming decade: Western and mature markets will become structurally more conservative**

While the new expansion zones such as China, Brazil and India offer population structures which are relatively close to the 60s markets much of the Western market has been born out off, the Generation Z population will be a different proposition; the 35-55 segment will become prevalent. In

terms of marketing, it is not that the triggers will change, but that they will be pulled differently.

As we see both in weight and trend, the 15-35 segment will have much less impact as a dynamic force. They may remain the trend setters, but if you couple the numbers with the disposable income, the gravity centre of the markets will shift.

Because habits and technological penetration is pretty much equally spread, this will not have an impact on where the money is spent, but how, and on what.

At the very same time, the digital information network we are now part of, whether through phones, PCs, (or tablets) internet and, in the future, internet TVs, means that the information flow on products and offers, hence any marketing, will fundamentally change. The former paradigm of rarity and exclusivity of the information will become a game of differentiation and un-assisted recognition.

Add to the mix changing social references, and you have a completely new consumer cocktail. The minimum to expect is new behaviours, and this instantly translates into questions about the triggers for this new model of consumers.

### **The digital revolution did not only bring new shopping experiences and sales windows, it changed the very nature of consumers' expectations at a much deeper level**

The most talked about and visually measurable impact of the digital revolution is the ubiquity of information screens: mobile phones, smartphones, tablets, notebooks, PCs, and TV all being interlinked via common reference points, omnipresent in both private and public space, complement and overlap the shop formats, creating a continuous information/purchase experience. If the screen is "always-on", then so is the marketing proposition of brands and retailers.

This means, of course, the multiplication of brand and product exposure for consumers, but more directly, this changes the role, availability and impact of the purchase advisers; consumers now enter shops with their smartphones switched on, their social network is always there to comment and recommend. They can call a friend in store and even stream a live catwalk on a tablet to show "that" dress.

Beyond these practical and physical changes, technology has changed consumer expectations. To quote a few:

- Consumers expect instant gratification; we have come to expect products and advise which is available “at the click of a button”, figuratively and practically.
- Consumers expect personalisation; Following the creation of “My profile” on websites, it is logical that we now expect this concept to be extended to “My Product”, where we can purchase items that are available the way we want them to be.
- Consumers expect availability; Once upon a time, the fact that products could be available “at the click of a button” was in itself a wonder. Not only has this factor dwindled, but so has the sheer sense of technological wonder; we are now blasé about what was only yesterday pure science fiction - the WoW factor has moved on.

Undoubtedly, this has changed the way consumers purchase.

### **Decrypting market trends to guess where this leads**

As most dynamics of the purchasing act change, regarding essential purchases, such as clothing, we have to take a scientific view on testing what is happening on the high street before laying out new axioms.

In trying to formulate this change of behaviour, we took 2 categories. Vastly summarising, one could be described as an “investment” product, something you wear for longevity, jeans, and one of “disposable” products, T-Shirts. Our test bed is one homogeneous channel, mass merchants. Granted, the consumer expectations on this channel are rather set, mainly mass and cheap products, but because of this, it eliminates the dimension of channel choice and allows us to focus on product choice.

For both public groups, male and female, so far, spending is more sedated than in the previous decade, with overall prices at best holding up. However, a deeper look shows that the consumer has rationalised and maxed out what the channel has to offer today.

Their preference is to get value for money, in that they chose to spend on cheaper products for disposables, while the “investment” products remain rather more stable.

With so many fundamentals changing, it sounds logical that the result, far from being some temporary behaviour, is a rationalisation of the purchasing act, not simply going for cheap, but rebalancing the purchase equation.

In this sense, all marketing formulas are affected, from mass to luxury, through fast fashion, and each and every marketing positioning is valid as long as the offer is clear.



## **What to look out for in the coming months**

Because the core market dynamics have changed, the new upcoming economic circumstances will hit a public which is already showing a new set of reaction.

Over the coming months, for us, the main point will be to study, in detail, consumer behaviour and decrypt patterns through the actual sales-out, to spot exactly how these new triggers will create a new marketing balance.

For further information on Fashion, contact GfK's Pascal Bollon, Global Director for FashionLife.

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