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VOGUE

Why She Shops:
The 2010 Fashion and Beauty Study

September 2010

Why She Shops: The 2010 Fashion and Beauty Study

METHODOLOGY

1. Online survey conducted Summer 2010
2. 5,000 women, age 18–60
Qualification based on level of interest and spend in fashion & beauty
3. 134 brands and retailers across apparel, accessories, beauty

Why She Shops: The 2010 Fashion and Beauty Study

The style-conscious woman is spending in 2010

Style-consciousness is a mindset; not dependent on age or income
Spends 3x the American consumer; more disproportionately in luxury
Looks for any reason to shop (even in a slow economy)

Price is not the most important factor in driving brand selection

Still reluctant to pay full price, yet:

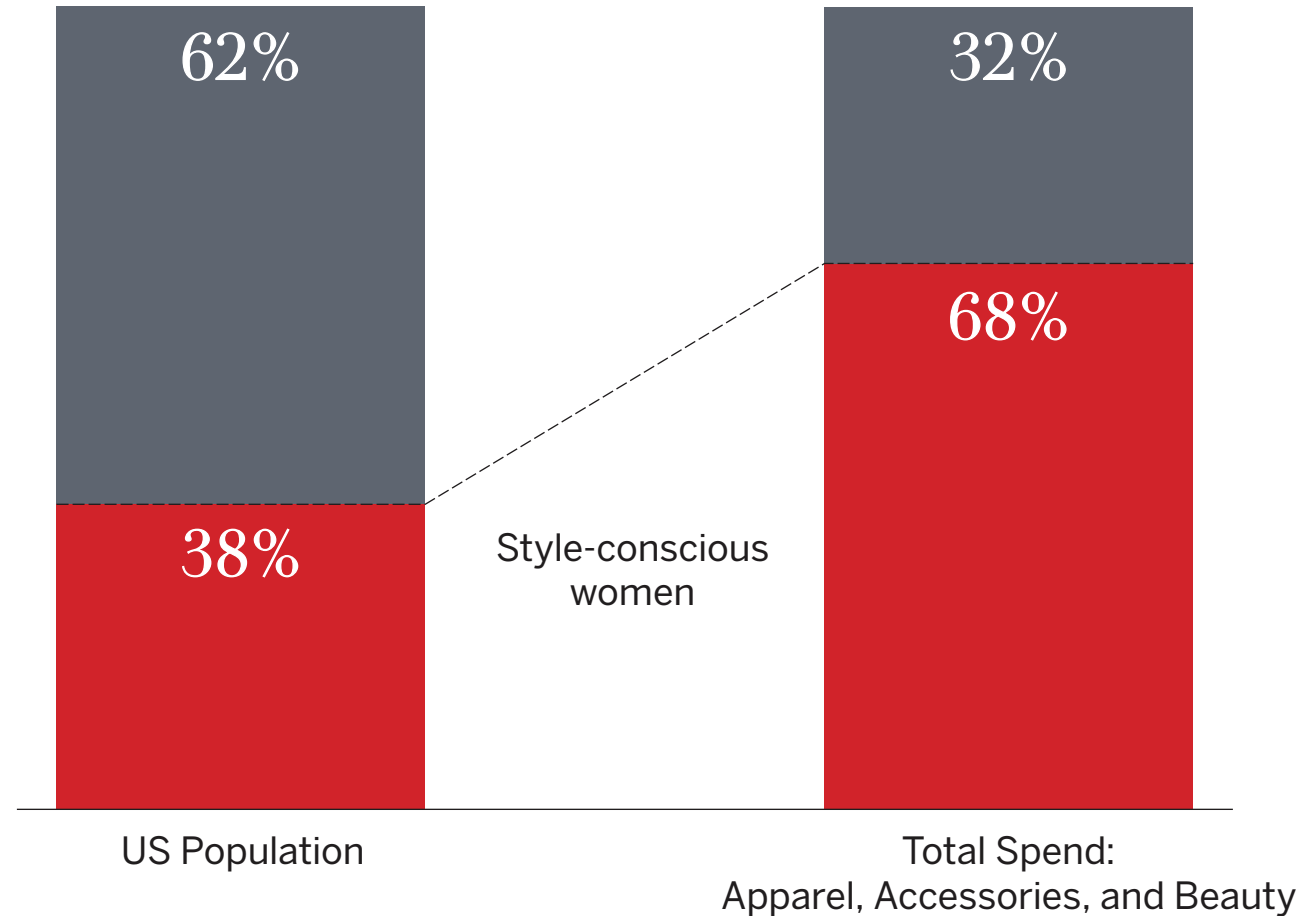
- Winning brands represent all price points
- Quality is a key driver of brand selection; emphasis on heritage and provenance in luxury
- Returning to classic brands that are viewed as durable, timeless and tailored

She represents a significant market opportunity

Unmet desire for more classic brands than she can find today
Spends significantly more than other women online
Early adopter of mobile technology

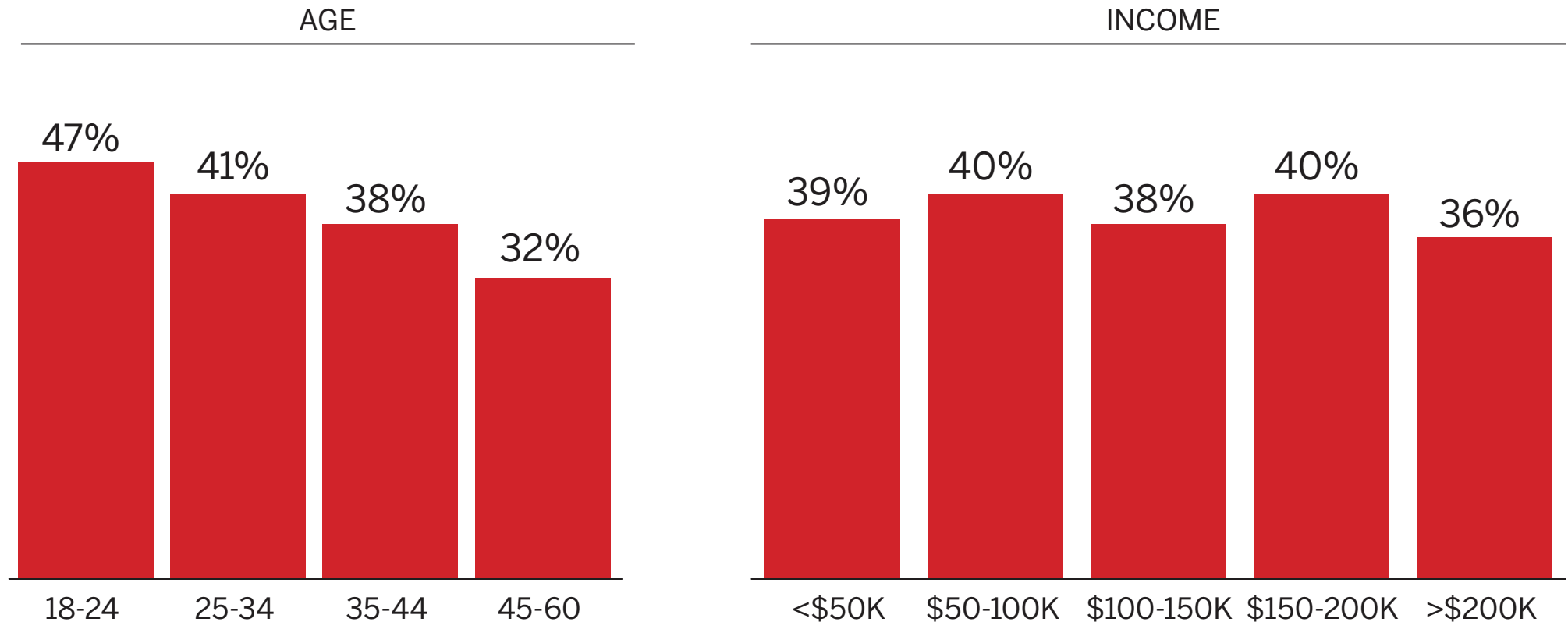
Who she is

The “Style-Conscious” woman represents 40% of the population and accounts for 70% of total apparel, accessories and beauty spend



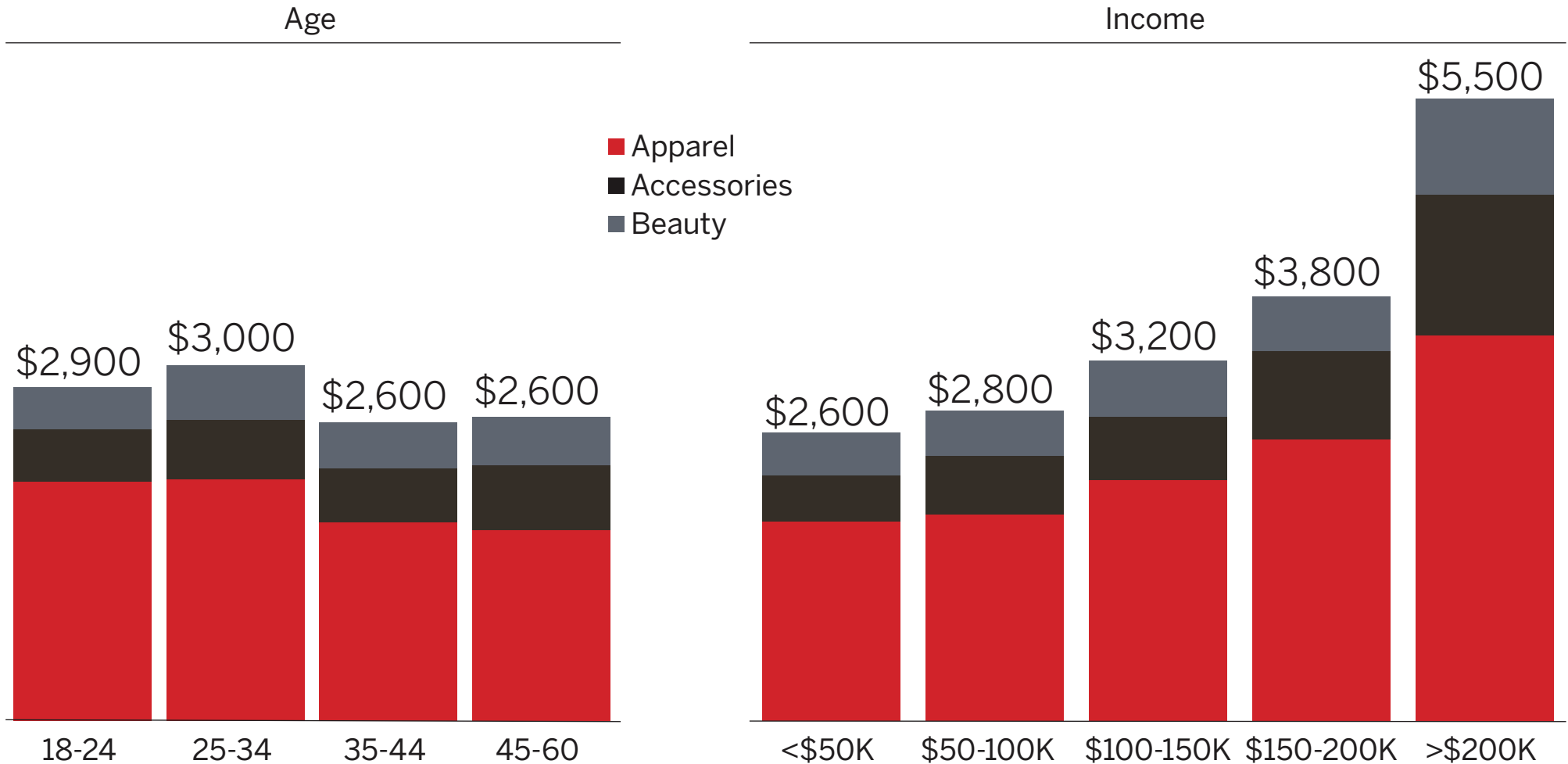
Note: Style-conscious women defined as women who spent more than \$1000 on apparel OR more than \$250 on accessories OR more than \$100 on beauty over the last year, and women who selected a 3, 4, or 5 on a 5-point scale for the following questions: 'I follow the latest fashions' AND 'I am stylish', where 1 = 'Does not describe me at all' and 5 = 'Describes me completely'

Style-consciousness spans age and income levels



Note: Data shown is the percentage of women who qualified based on spend levels and who selected a 3, 4, or 5 on a 5-point scale for the following questions: 'I follow the latest fashions' AND 'I am stylish', where 1 = 'Does not describe me at all' and 5 = 'Describes me completely'

Apparel spending decreases with age but spend across categories increases with income



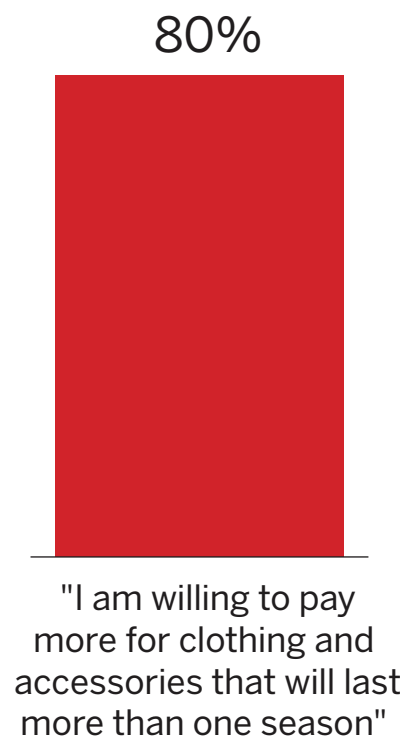
How she spends

The style-conscious woman is seeking quality (but still has a discerning eye towards value)

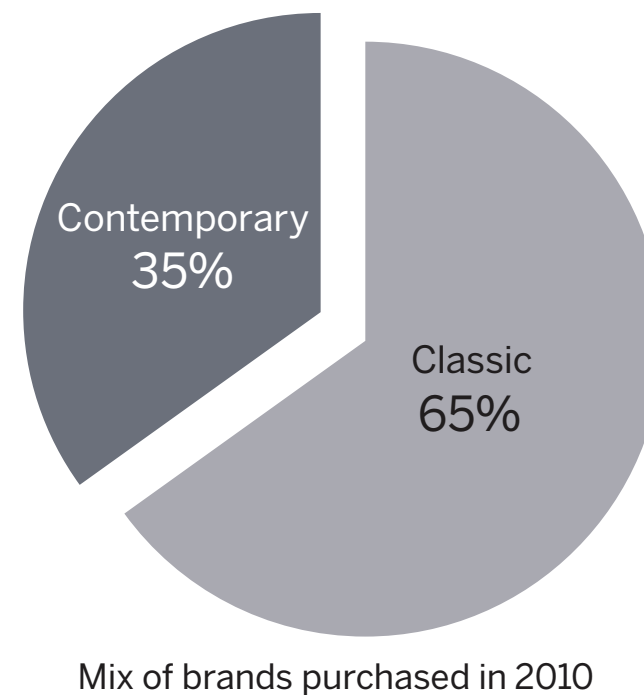
She is still skeptical
about paying full price...



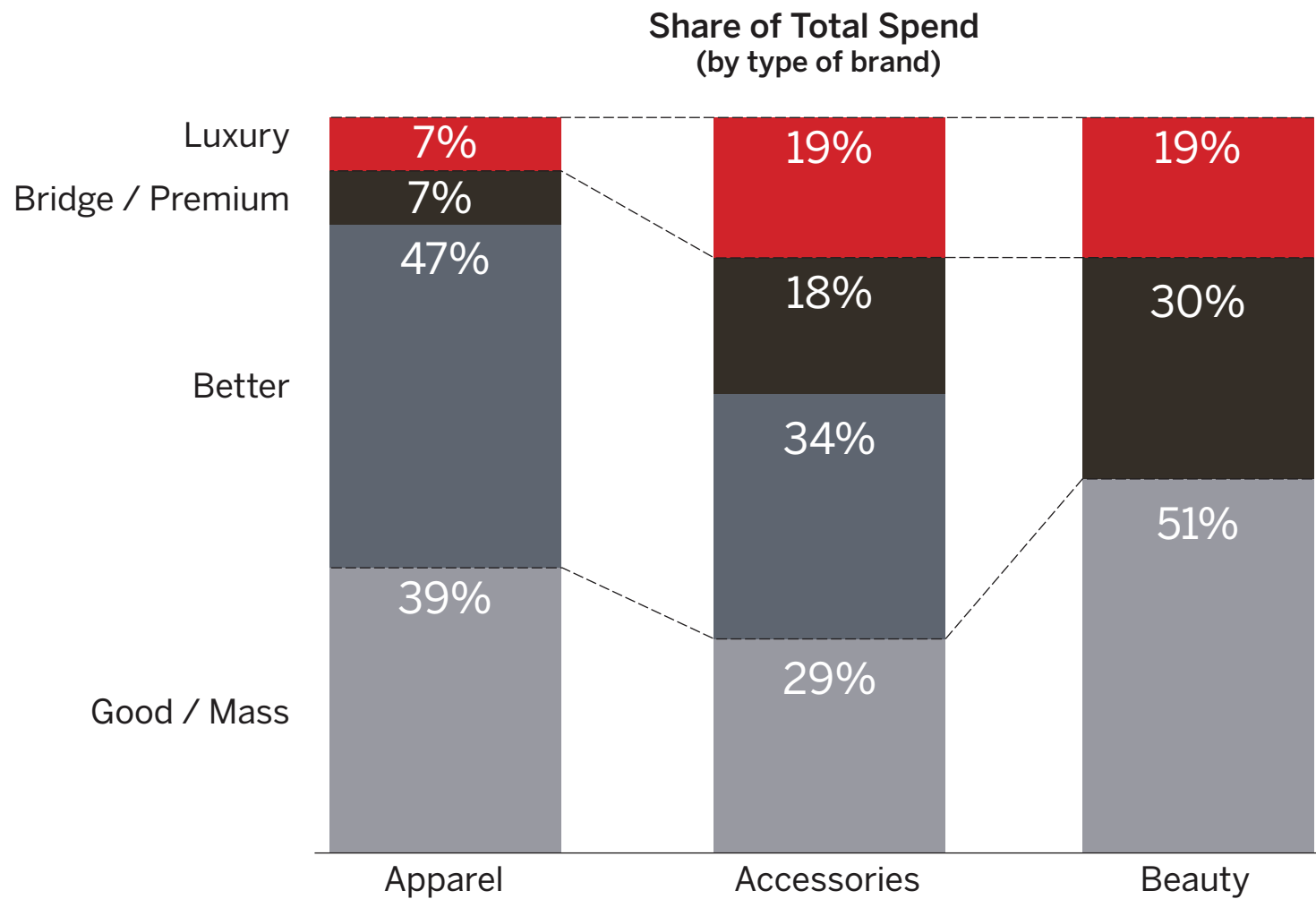
... and is explicitly
seeking lasting value.



As a result, she is
disproportionately investing
in timeless "classic" styles

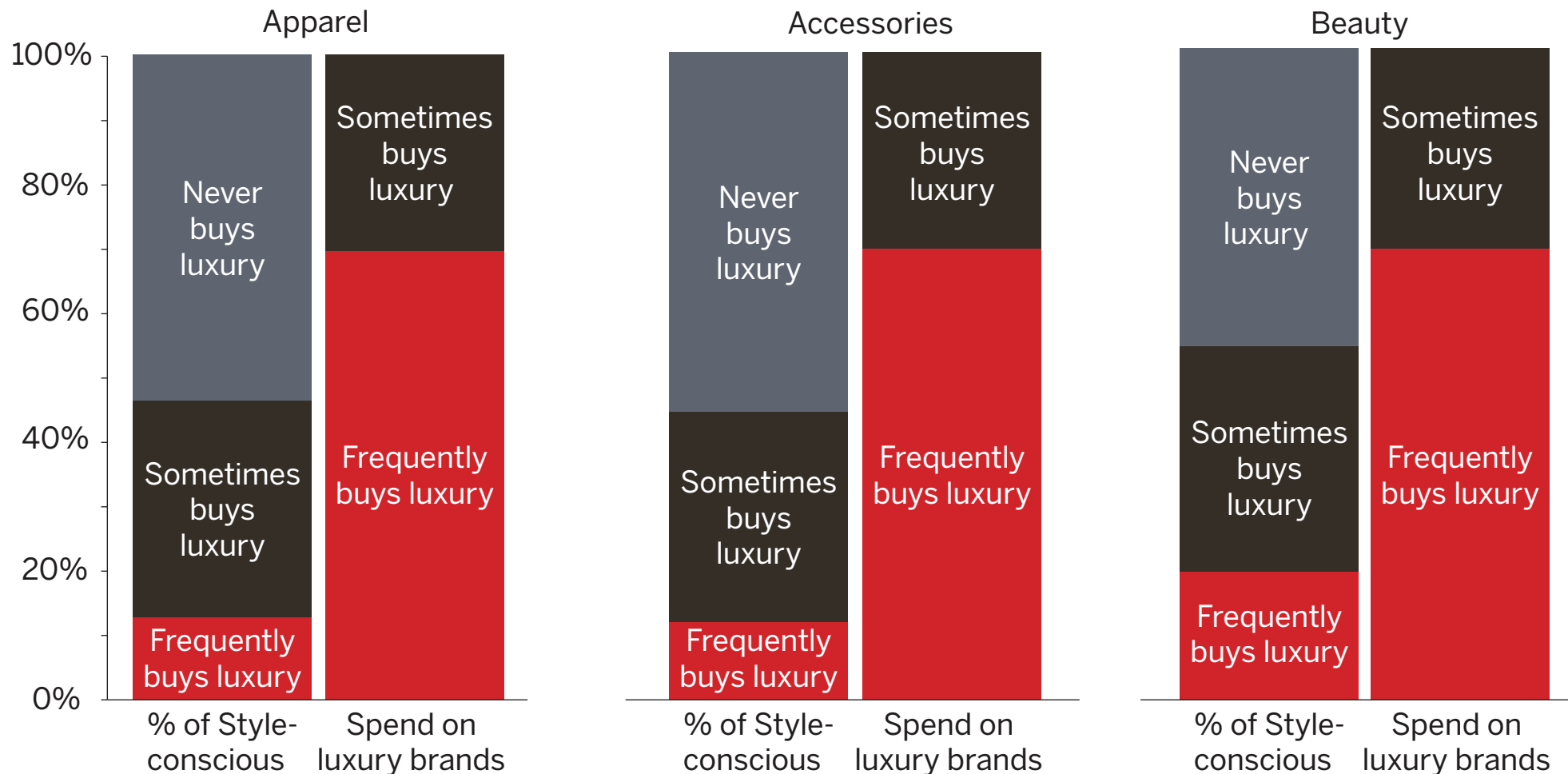


The style-conscious woman is more likely to splurge on accessories and beauty than she is on apparel



Survey question: What percent of your total [category] spend over the last 12 months was spent on each of the following brands?

A small portion of style-conscious women (15-20%) make up over 70% of total luxury spending



Note: 'Frequently buys luxury' is defined as at least 15% of apparel spend on luxury brands, at least 30% of accessories spend on luxury brands, and at least 30% of beauty spend on luxury brands

Luxury shoppers are unique, even among other style-conscious women

Heritage

- 60% willing to pay for brands with a strong heritage of quality and craftsmanship (vs. 50% for non-luxury consumers)

Sustainability/Provenance

- 30% willing to pay more for products based on sustainability or where they are made (vs. 20% for non-luxury consumers)

Innovation

- 42% prefer to purchase beauty brands that use the latest scientific research to improve their products (vs. 32% for non-luxury consumers)

How she shops

- Spend 3x more at luxury dept stores and 30% less at vertical retailers vs. non-luxury consumers
- 35% are shopping through online time-limited flash sales monthly (vs. 25% for non-luxury consumers)
- Are early adopters of mobile technology—1.5x more likely to have purchased on mobile phones than all other style-conscious consumers

What brands she loves

The 2010 Fashion and Beauty Brand Index evaluates each brand based on significance and loyalty

Brand Significance

INCIDENCE

The percent of style-conscious women that have bought each brand in the last 12 months

SHARE OF WALLET

Among style-conscious women that buy the brand, spend on that brand as a percent of total category spend



Brand Loyalty

NET PROMOTER[®] SCORE

% of Promoters
minus
% of Detractors

The 2010 Fashion and Beauty Brand Index

Top Apparel Brands

1. Express
2. Victoria's Secret
3. Banana Republic
4. Ann Taylor Loft
5. Lane Bryant
6. Levi's
7. Ann Taylor
8. 7 for all Mankind
9. White House/Black Market
10. Ralph Lauren
11. Burberry
12. Gap
13. BCBG
14. Chico's
15. Jones New York

Top Accessories Brands

- Coach
- Express
- Louis Vuitton
- Nine West
- Chanel
- Fossil
- Cole Haan
- Forever 21
- Marc Jacobs
- Steve Madden
- J.Crew
- Chico's
- Gucci
- Ann Taylor
- Dior

Top Beauty Brands

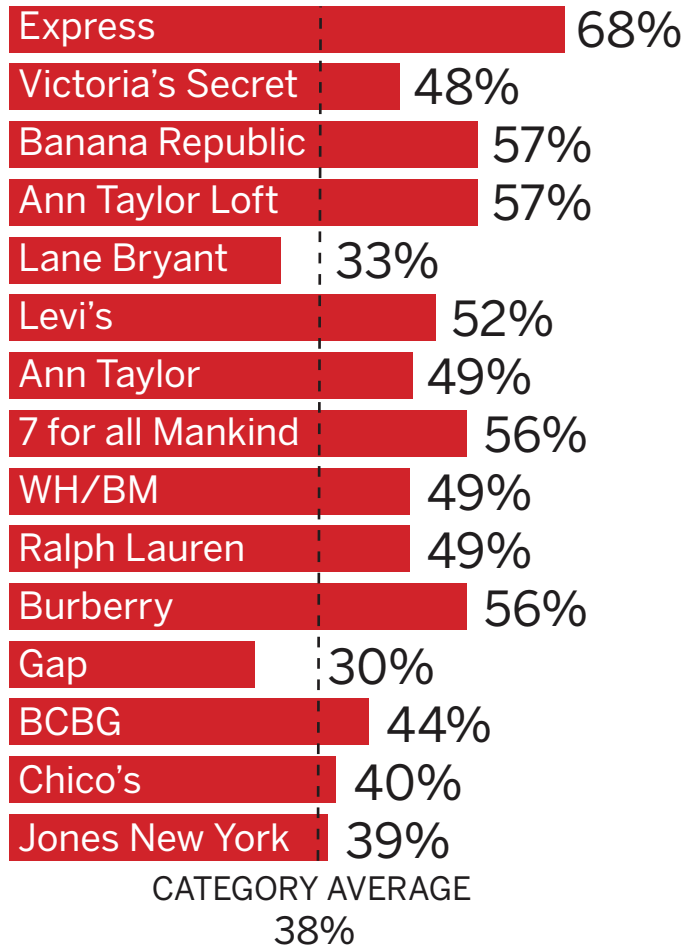
- Bare Escentuals
- Clinique
- MAC
- Bobbi Brown
- Neutrogena
- Kiehl's
- Estée Lauder
- Origins
- Chanel
- Lancôme
- Olay
- Aveeno
- CoverGirl
- Fresh
- Laura Mercier

The top 15 brands in apparel, accessories and beauty represent a broad spectrum of incidence and share of wallet

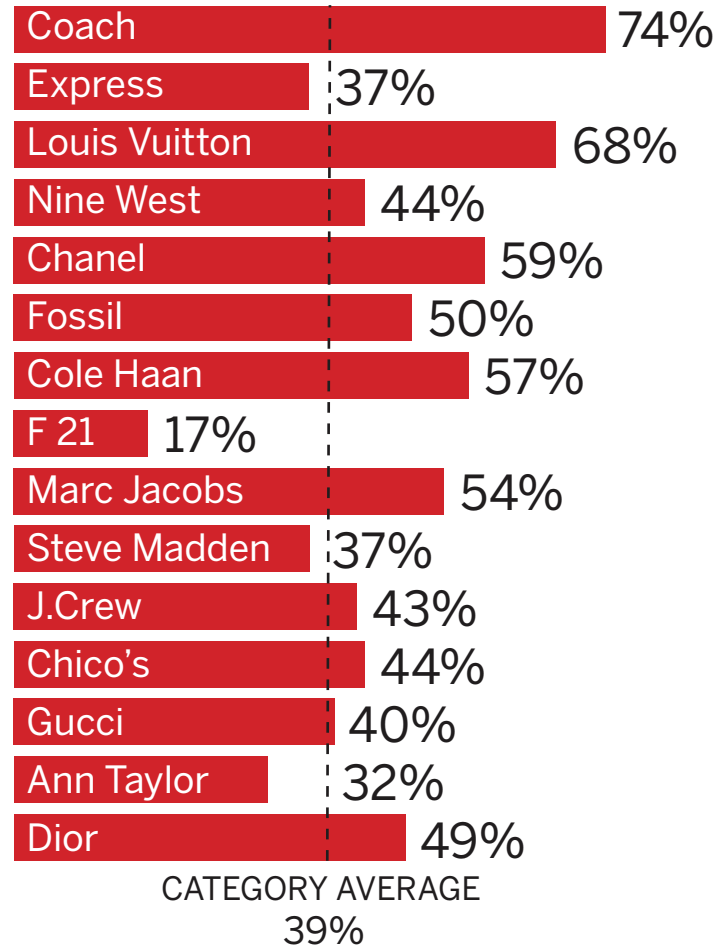


Consumer loyalty is a must—winning brands score +20 points above average on Net Promoter[®] scores

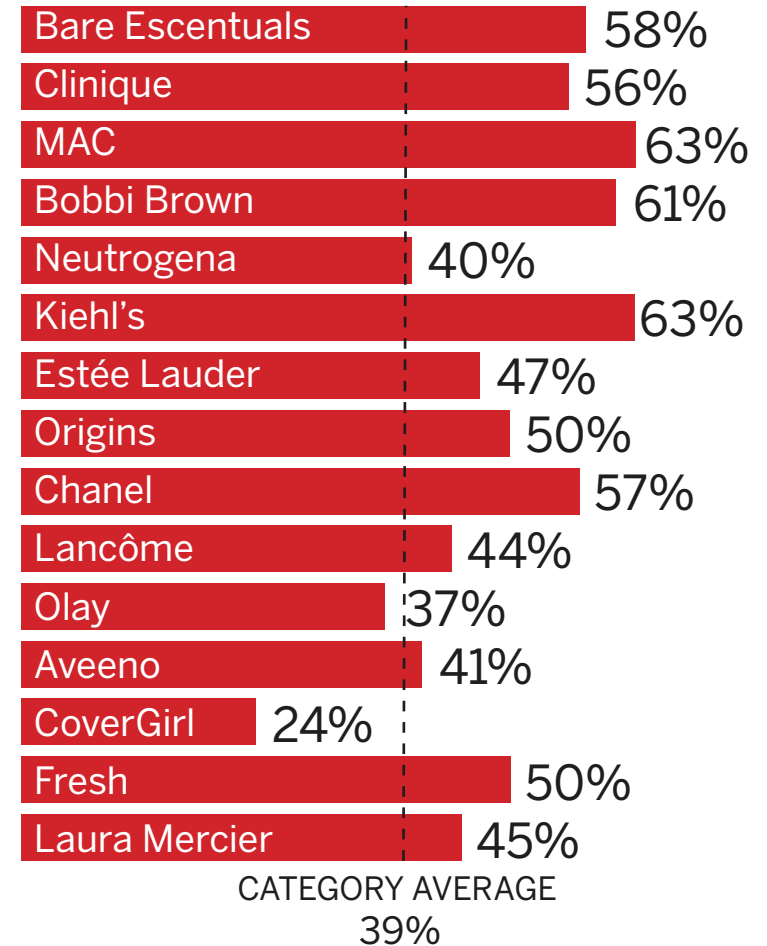
Top 15 Apparel brands



Top 15 Accessories brands

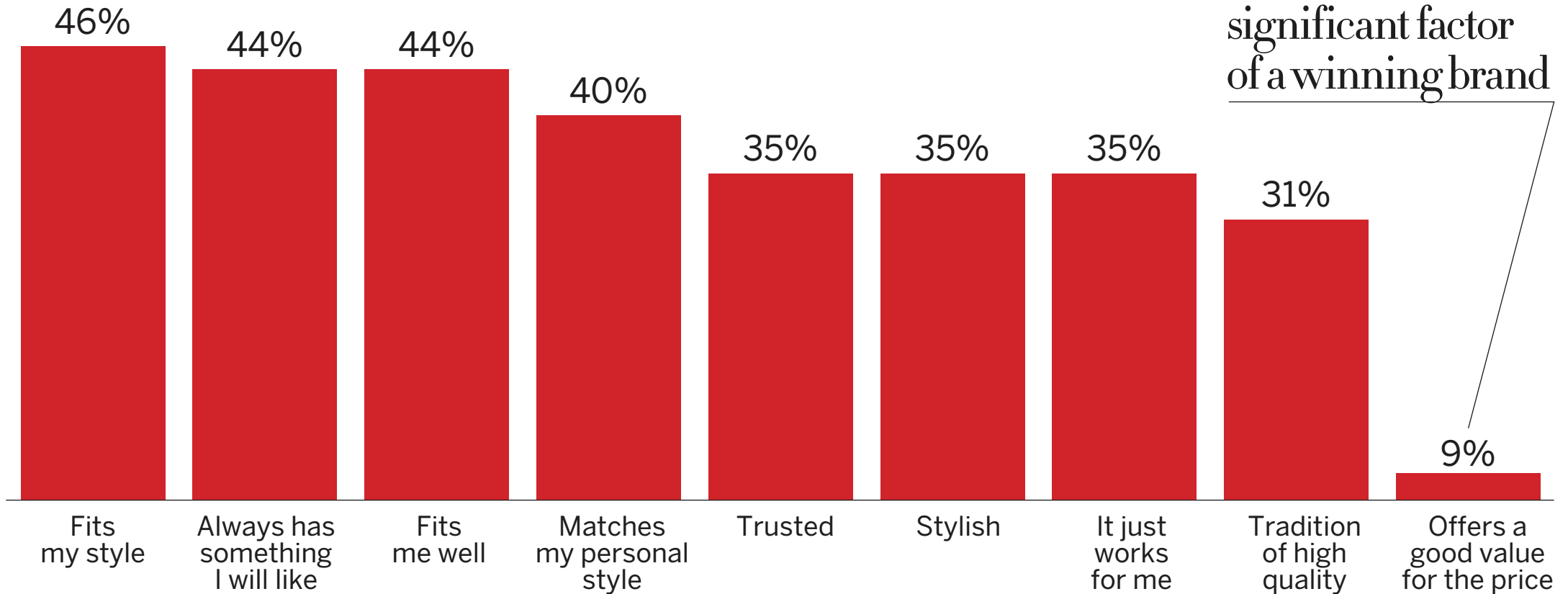


Top 15 Beauty brands



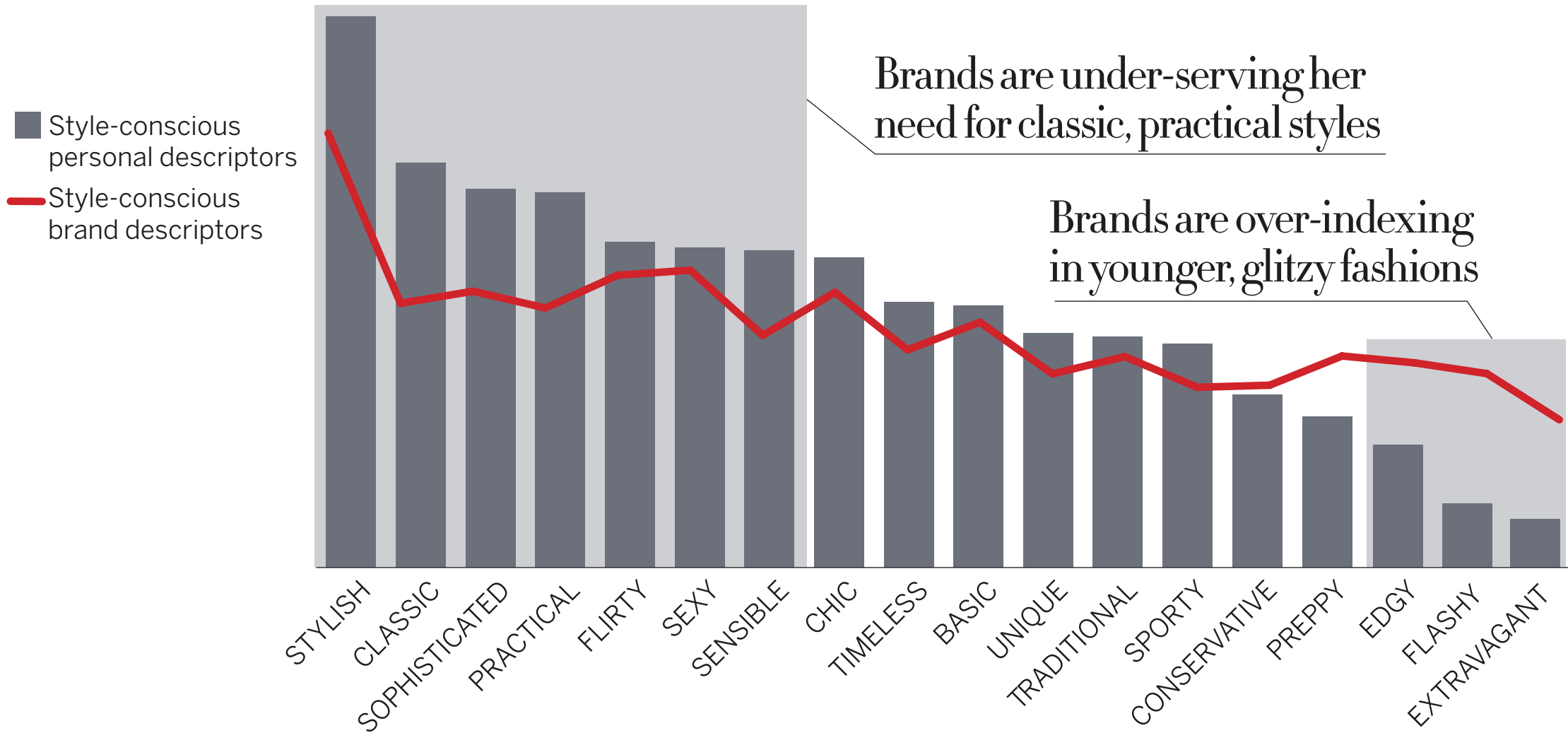
Winning apparel/accessories brands excel in style, fit and quality

Most Important Characteristics of Winning Brands
(Difference between top brands and underperformers)



Survey question: For each brand, select the adjective or statement that describes the brand's [clothing or accessories]. Note: Data shown is the difference between the percentage of women who selected that adjective or statement for winning brands minus the percentage of women who selected that adjective or statement for under-performing brands.

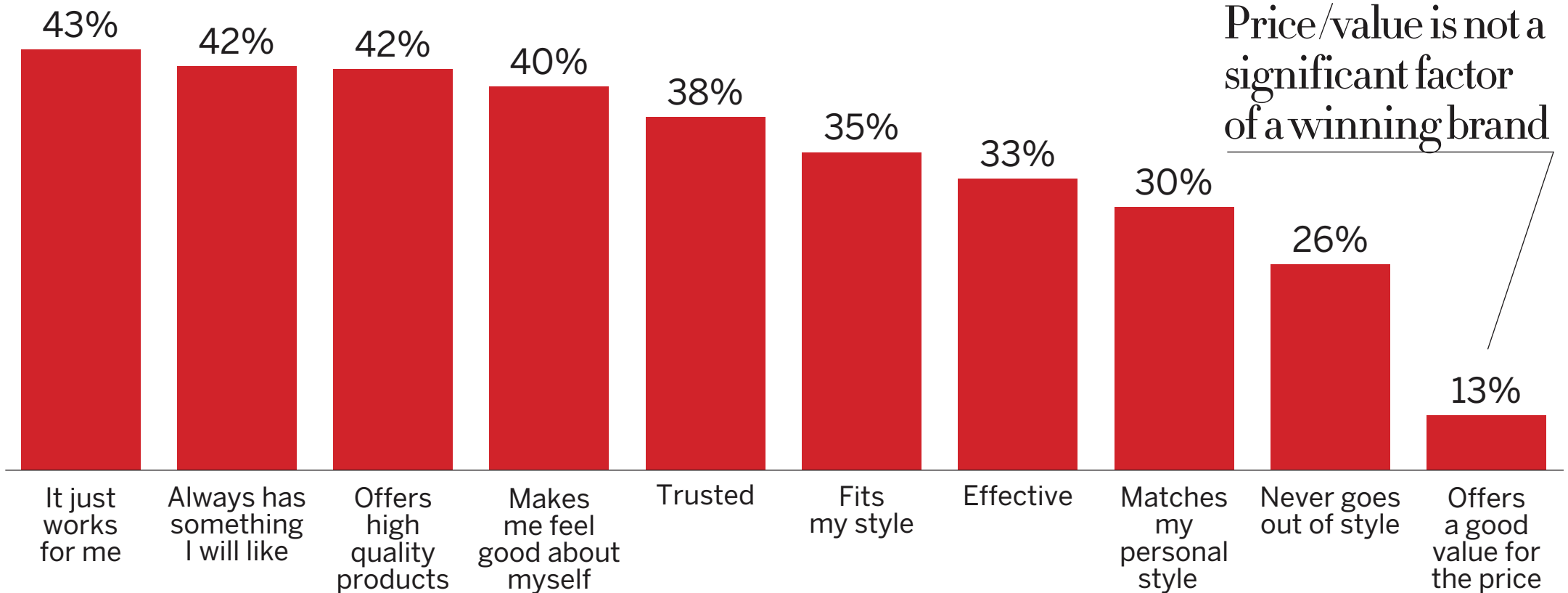
White space opportunity: style-conscious women have unmet needs for classic styles in apparel and accessories



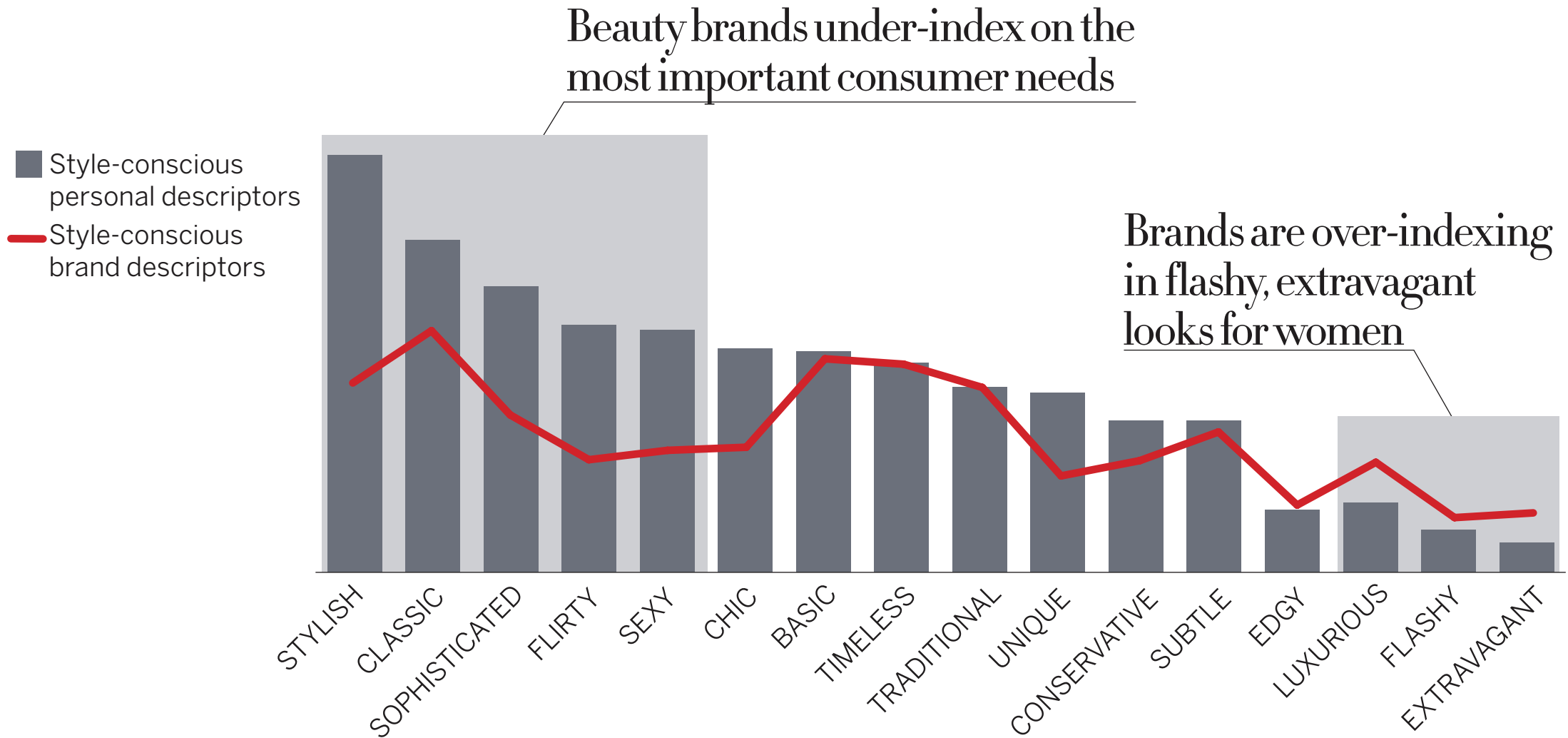
Note: Bars indicate respondents' answer to 'Please select all adjectives that best describe your personal style.' and line indicates respondents' answer to 'For each brand, select the adjective(s) that describe the brand's [clothing or accessories]'. Height of bar and line reflects the percentage of women that selected that adjective.

Winning beauty brands excel in offering quality and the 'right style' for consumers

Most Important Characteristics of Winning Brands
(Difference between top brands and underperformers)



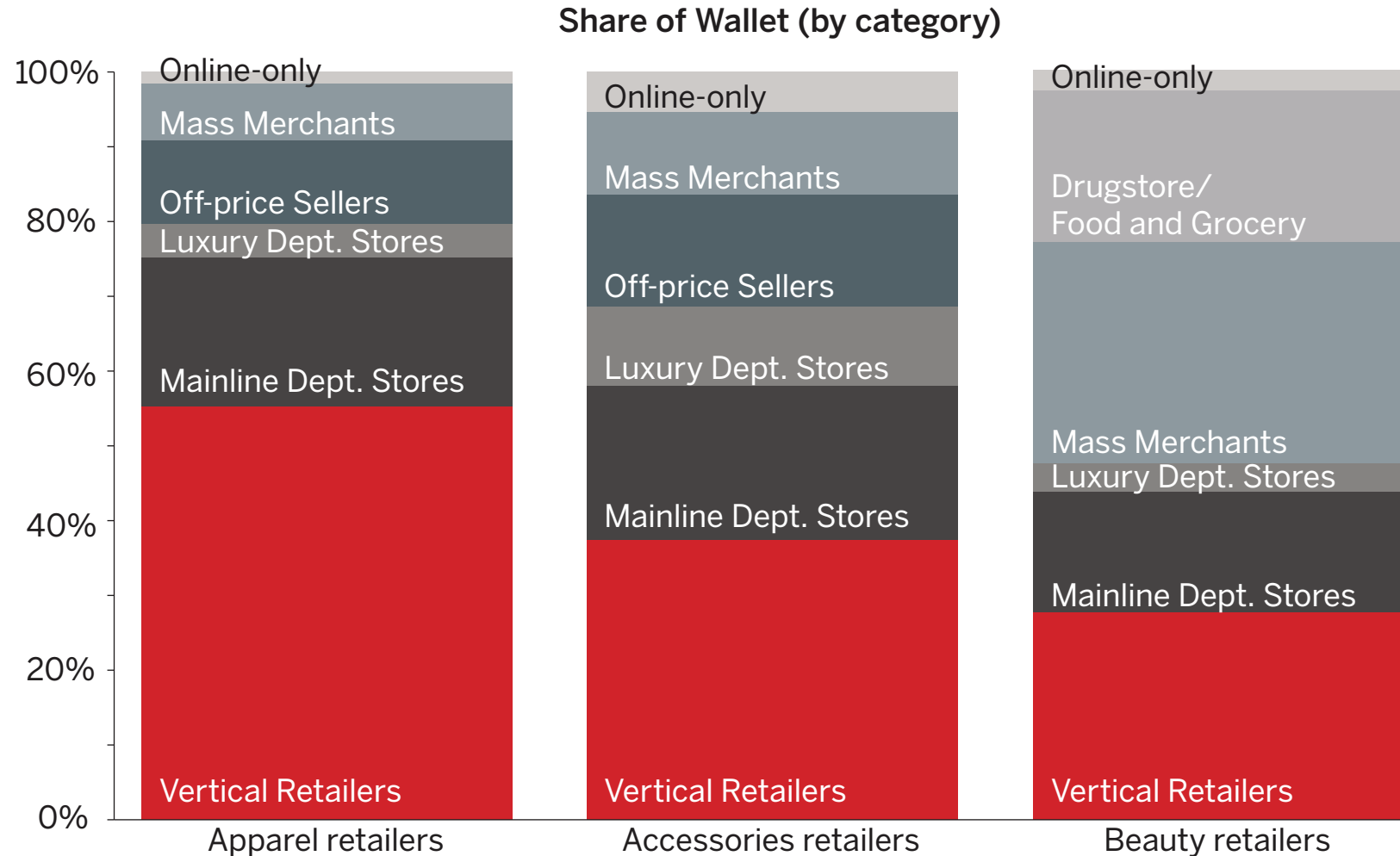
White space opportunity: beauty brands can win consumers by focusing on classic, sophisticated looks and sexy, chic trends



Note: Bars indicate respondents' answer to 'Please select all adjectives that best describe your personal style.' and line indicates respondents' answer to 'For each brand, select the adjective(s) that describe the brand's beauty products.'
Height of bar and line reflects the percentage of women that selected that adjective.

Where she shops

Style-conscious women favor specialty retailers in apparel and accessories and shop across retailers for beauty

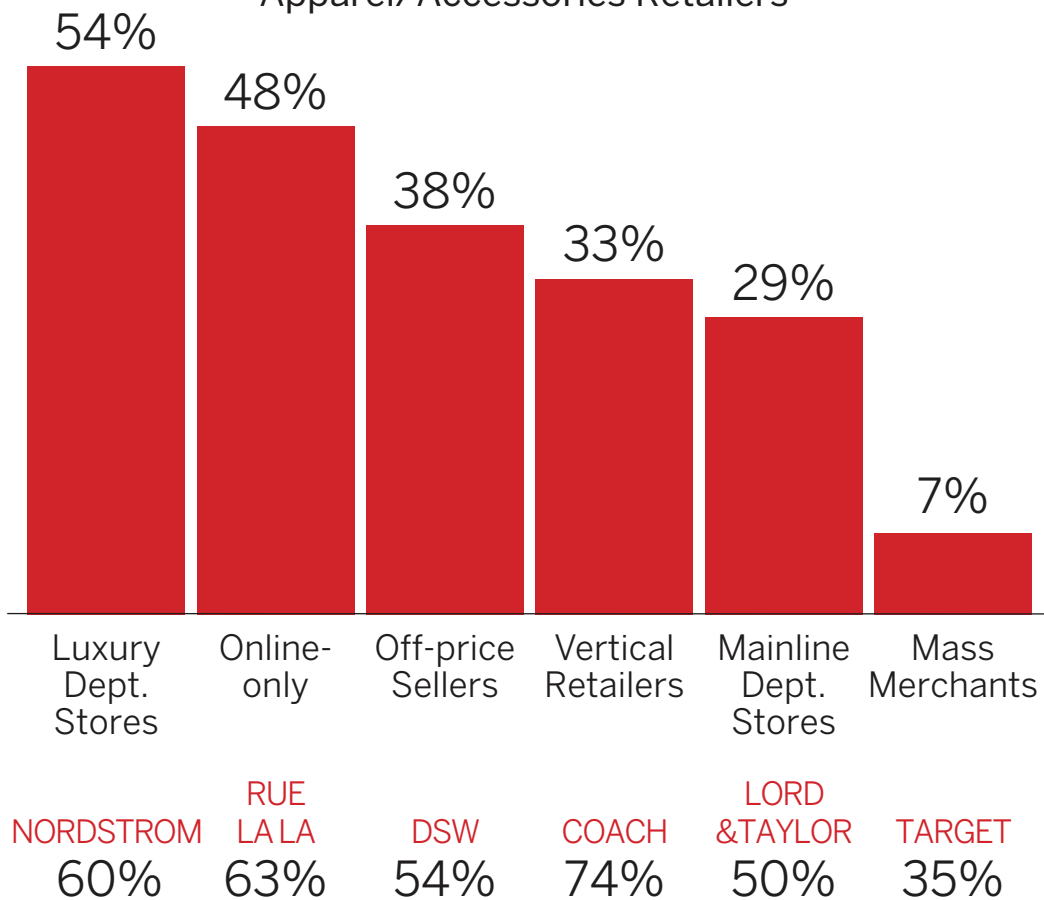


Survey question: What percent of your total [category] spend over the last 12 months was spent at each of the following retailers?

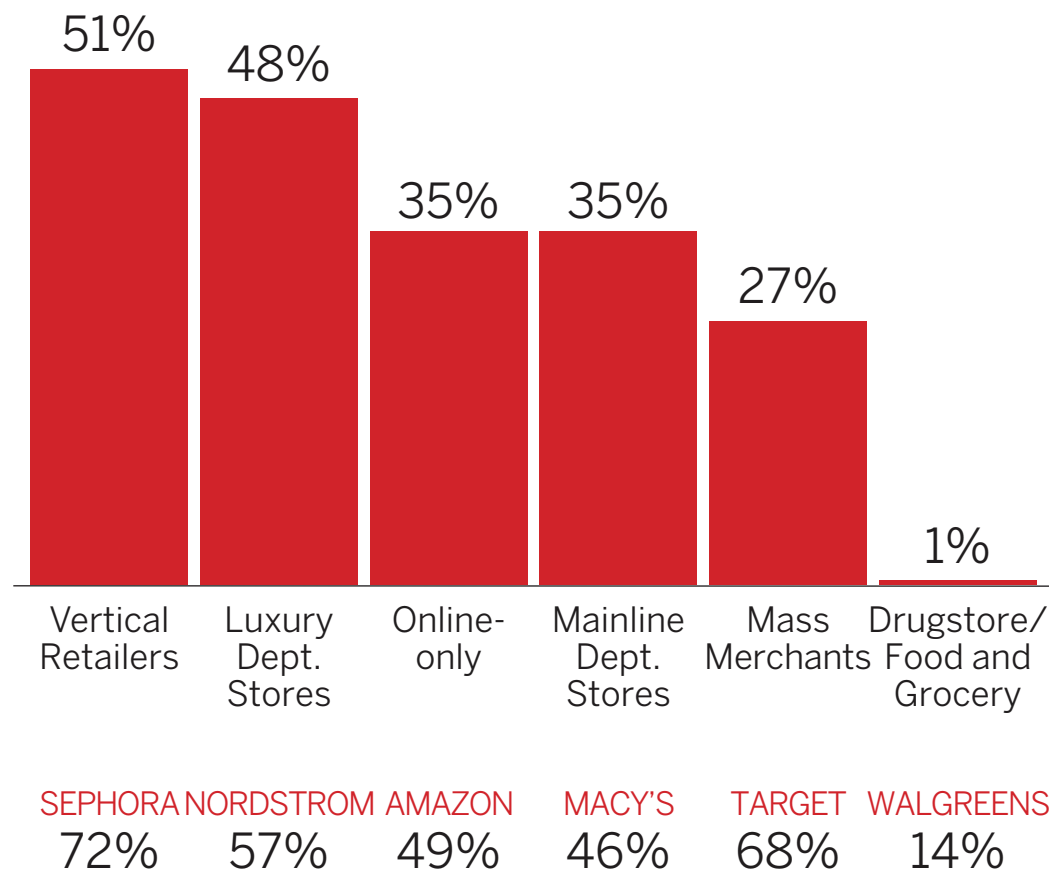
Luxury department stores and online-only retailers earn the highest loyalty among style-conscious women

Net Promoter Scores
(by retailer category)

Apparel/Accessories Retailers



Beauty Retailers



Survey question: On a scale from 0 to 10, where "0" means "not at all likely" and "10" means "extremely likely", how likely are you to recommend the retailers below to a friend or a colleague for clothing?

Winning fashion/accessories retailers excel in quality, style and selection

Most Important Characteristics of Winning Retailers

(Difference between top retailers and underperformers)

Convenience and value are the least defining characteristics of winning retailers

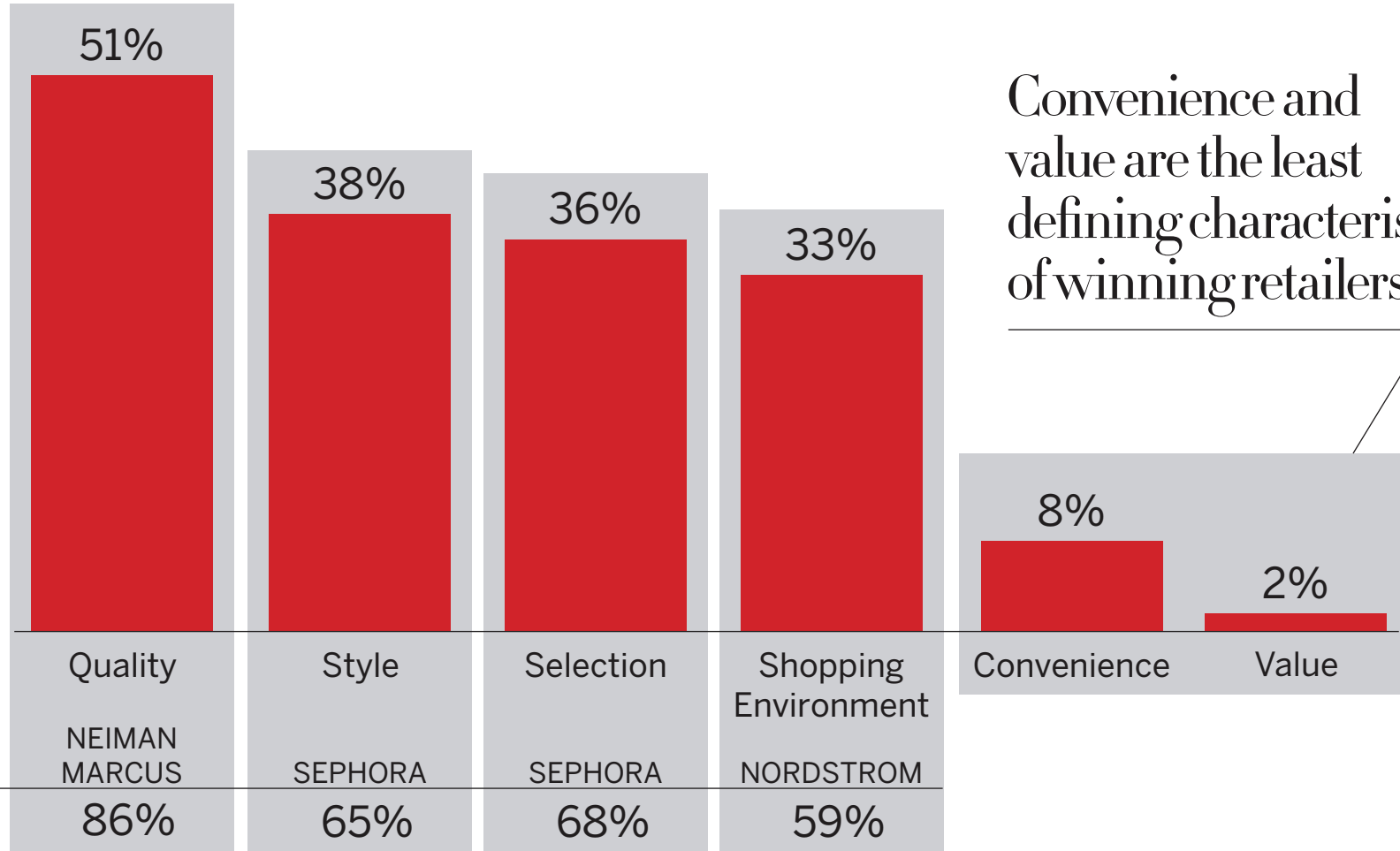


Survey question: Please select the statement(s) that describe each retailer. Please only answer these questions about your shopping experience for [clothing or accessories] at each retailer. Note: Statements were grouped into the six categories shown; data shown is the difference between the percentage of women who selected that statement for winning retailers minus the percentage of women who selected that statement for under-performing retailers.

Winning beauty retailers excel in quality, style and shopping environment

Most Important Characteristics of Winning Retailers

(Difference between top retailers and underperformers)



Convenience and value are the least defining characteristics of winning retailers

WINNING RETAILERS

Quality

NEIMAN
MARCUS

86%

Style

SEPHORA

65%

Selection

SEPHORA

68%

Shopping
Environment

NORDSTROM

59%

Convenience

8%

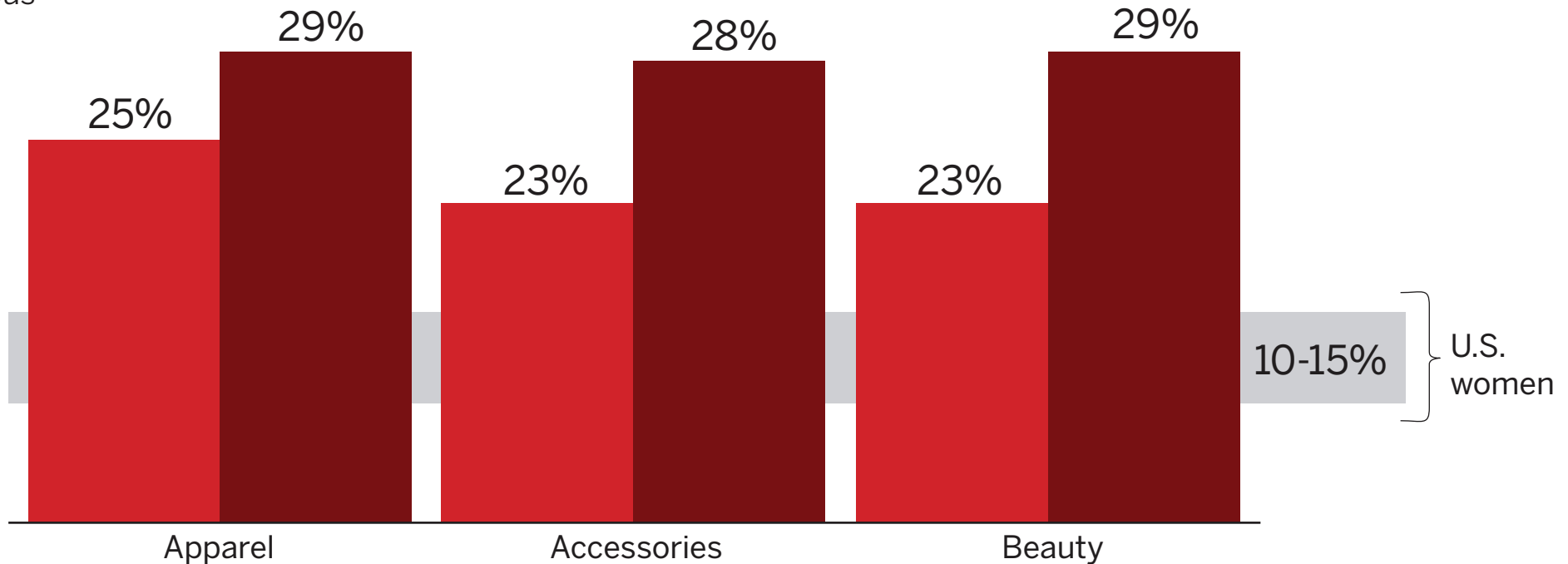
2%

Value

Style-conscious women spend significantly more online than other shoppers

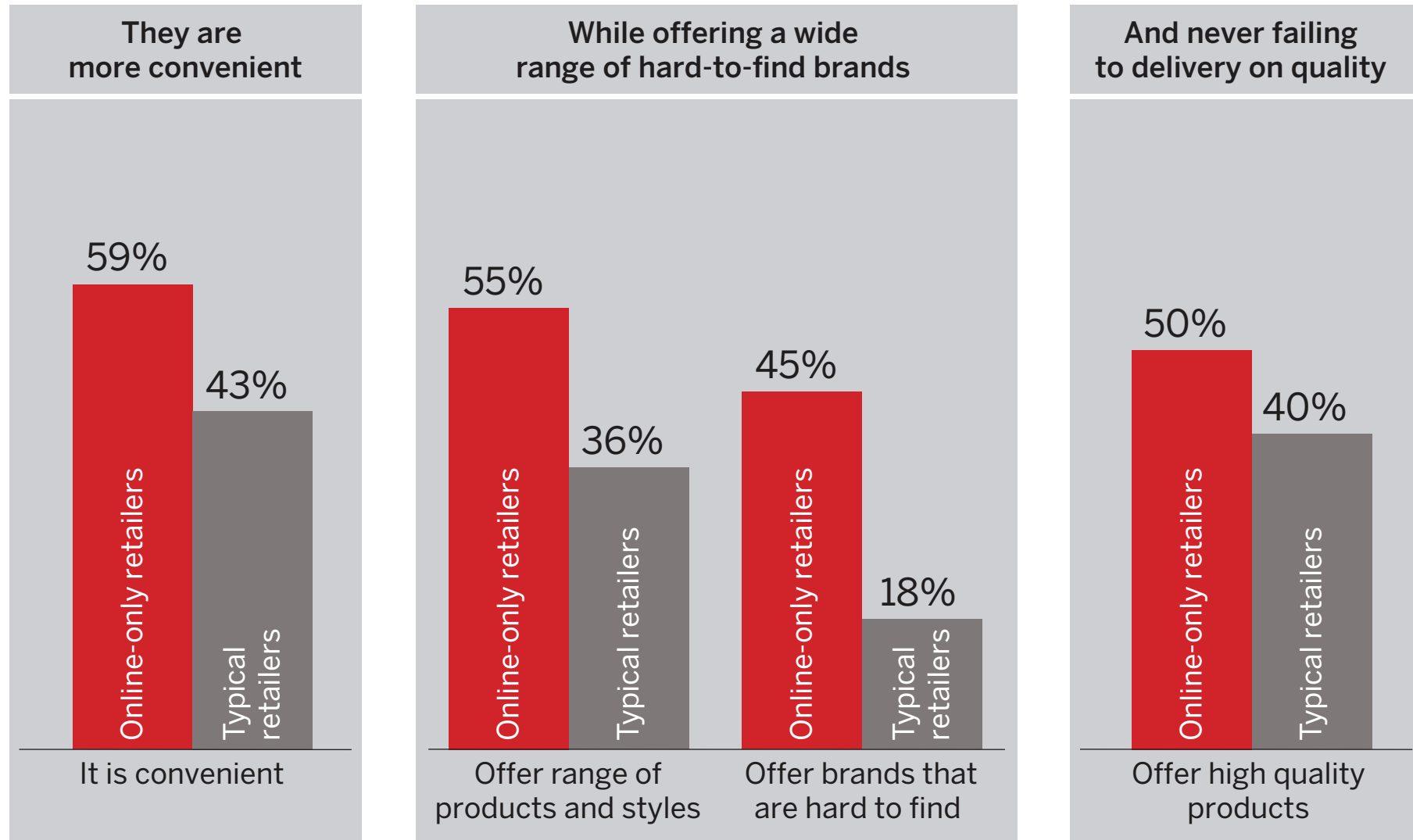
Share of Spend Online

- Style-conscious women
- High spending style-conscious women



Survey question: What percent of the total amount you spent on [clothing, accessories, or beauty products] over the last 12 months was spent in the store vs. online? Note: High-spending women defined as annual category spend of at least \$5000 in apparel, \$1000 in accessories, or \$500 in beauty.

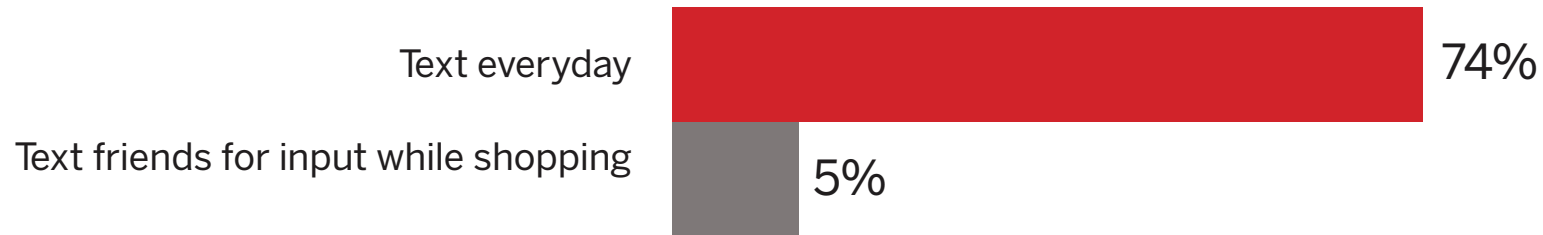
Online-only retailers are delivering in key drivers of loyalty



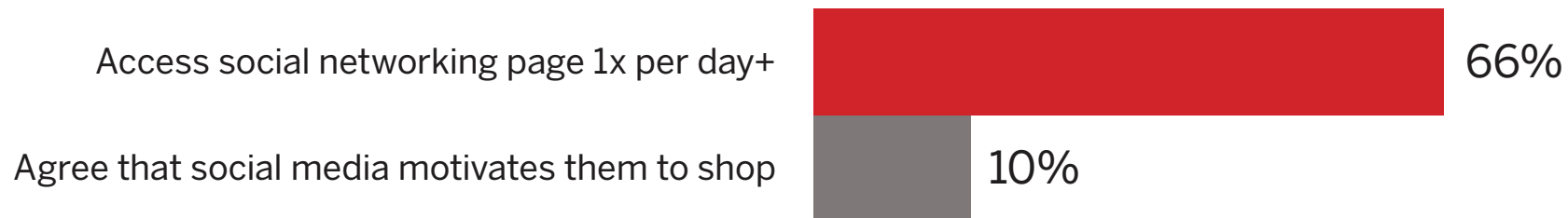
Survey question: Please select the statement(s) that describe each retailer. Please only answer these questions about your shopping experience for [clothing, accessories or beauty] at each retailer. Note: Data shown is the percentage of women who selected that statement

Style-conscious women use social networking and mobile technology, but don't yet rely on it for shopping

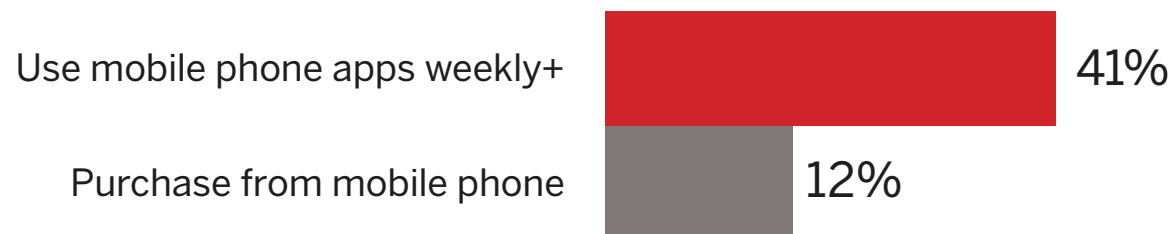
TEXTING



SOCIAL NETWORKING



MOBILE APPLICATIONS



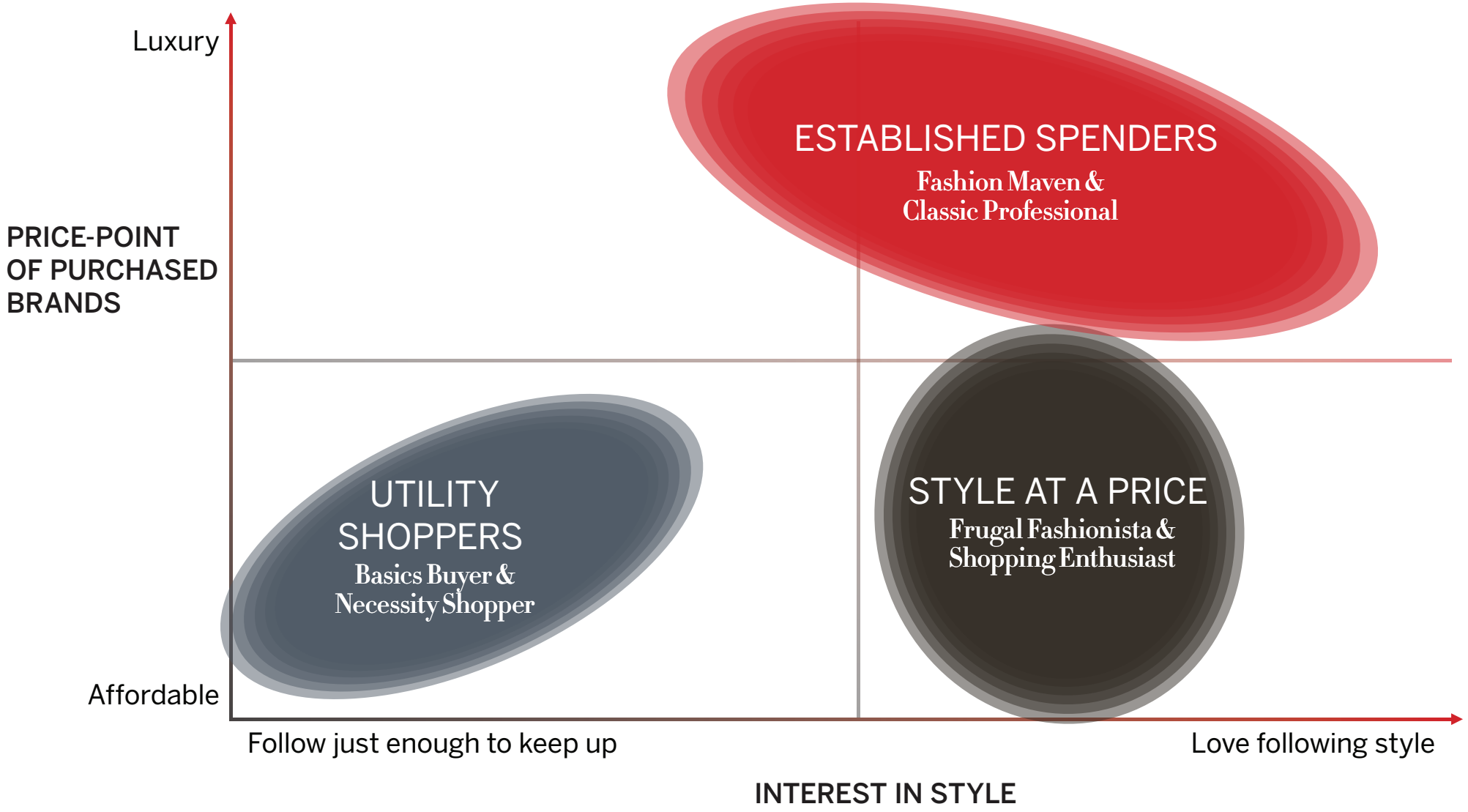
How to find her

Not all style-conscious women behave the same way; there are six unique consumer segments

ESTABLISHED SPENDERS		STYLE AT A PRICE		UTILITY SHOPPERS	
Fashion Maven	Classic Professional	Frugal Fashionista	Shopping Enthusiast	Basics Buyer	Necessity Shopper
Fashion expert and luxury brand lover who is not afraid to spend to keep up with the latest trends	Older, wealthy professional who buys quality, classic products over the latest trends	Fun, stylish, recent graduate who uses starting-level salary to look fashionable	Younger, less wealthy woman who can't shop enough and follows all aspects of fashion	Mom who doesn't have the time or energy for fashion, simply preferring comfort and ease	Older woman who doesn't love shopping and doesn't stay in-touch with latest fashions

% Of Style-Conscious Population	24%	17%	15%	11%	20%	13%
% Of Style-Conscious Spend	30%	20%	15%	12%	16%	7%
Average Age	33	44	27	28	34	42

The six segments shop a range of styles and price-points



Fashion Mavens and Classic Professionals spend the most across all categories

Share of Spend by Category



Fashion Maven

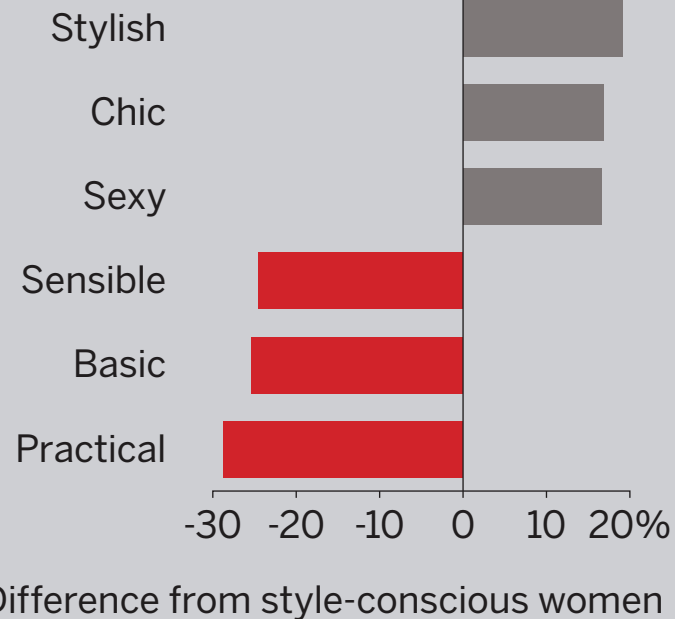
WHO IS SHE?

- Highest annual spend
- Loves to shop
- Higher income
- Willing to put the time and money towards the perfect look
- Shops across all price points

WHERE DO YOU FIND HER?

- Frequently reads through fashion and beauty magazines
- Visits fashion and beauty websites and blogs
- Uses mobile phone applications

WHAT'S HER STYLE?



WHERE DOES SHE SHOP?



Calvin Klein
MARC JACOBS



BOBBI BROWN
MICHAEL KORS

M·A·C
SEPHORA

Classic Professional

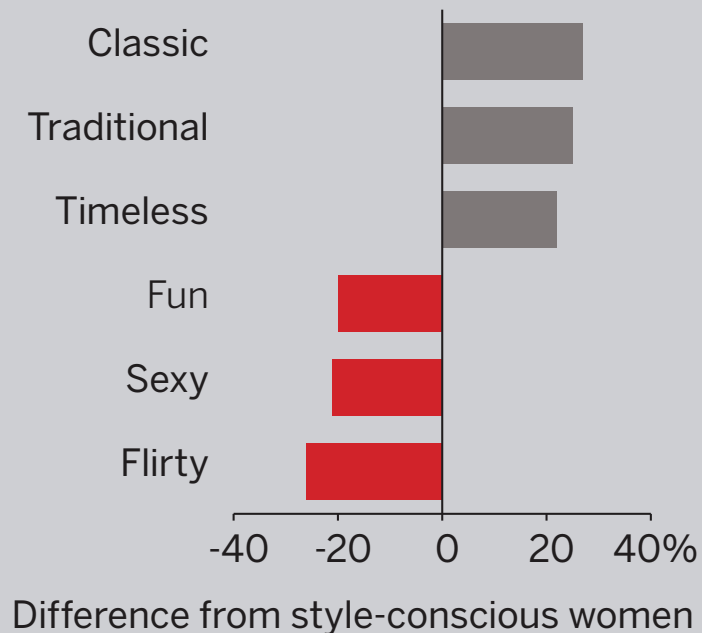
WHO IS SHE?

- Oldest and highest income of all segments
- Spends second most: primarily on known, trusted brands
- Classic, professional, and stylish
- Trusts a brand with a strong heritage

WHERE DO YOU FIND HER?

- Limited social media usage (including online shopping)
- Frequently reads through fashion and beauty magazines

WHAT'S HER STYLE?



WHERE DOES SHE SHOP?



ESTÉE LAUDER

Neiman Marcus



NORDSTROM

JONES NEW YORK

LANCÔME
PARIS

Talbots

ANN TAYLOR

Frugal Fashionista

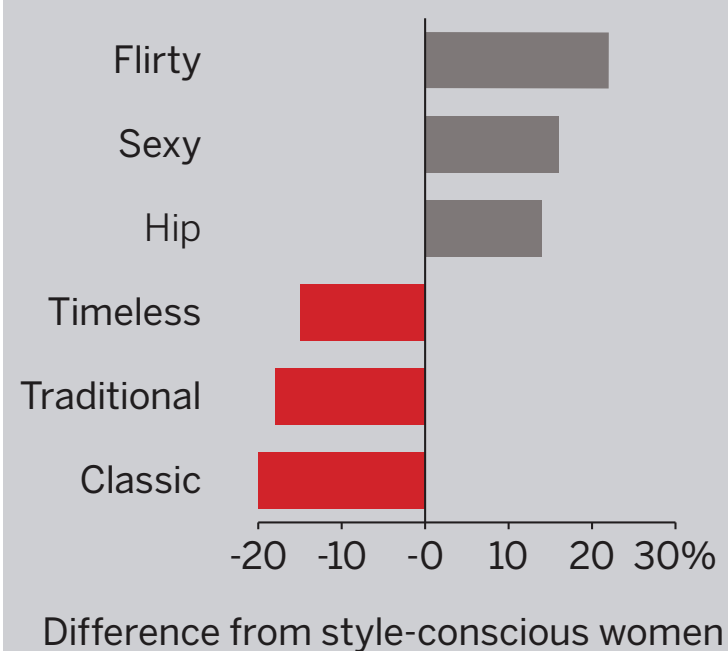
WHO IS SHE?

- Youngest and lowest average income
- Fun, stylish, and flirty
- Wishes she could shop more often
- Shops for deals, buying even if its something she doesn't need

WHERE DO YOU FIND HER?

- Very active social media usage (texting, social networking)
- Uses mobile phone applications

WHAT'S HER STYLE?



WHERE DOES SHE SHOP?

H&M

Neutrogena[®]
BCBG

FOREVER 21[®]

COVERGIRL
ALDO



bebe

Shopping Enthusiast

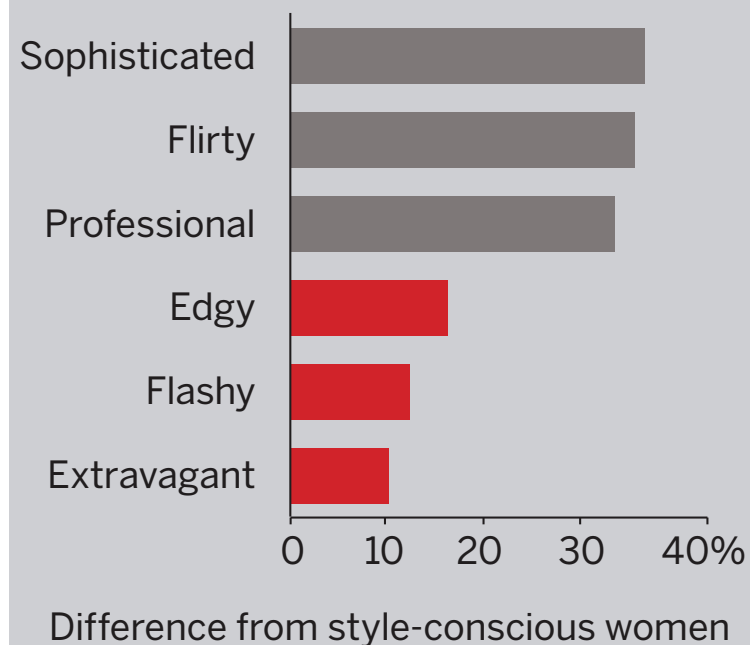
WHO IS SHE?

- Lower overall income, but third highest spend
- Stylish, fun, and professional
- Loves to mix and match high and low end brands
- Likes to buy deals even if she doesn't need it

WHERE DO YOU FIND HER?

- Texts and emails friends for advice while shopping
- High overall online spend (~25%)
- Active social networking – ~90% access page weekly or more

WHAT'S HER STYLE?



WHERE DOES SHE SHOP?



Basics Buyer

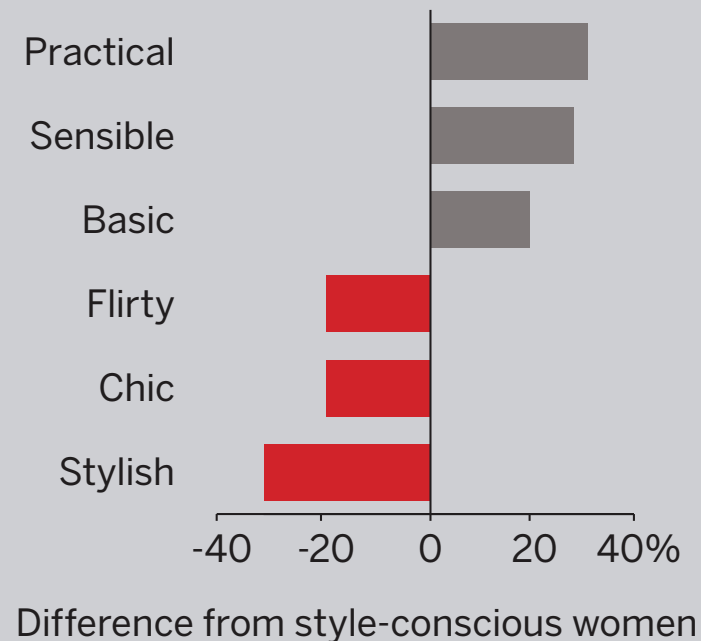
WHO IS SHE?

- Primarily 25-34 years old and slightly lower income
- Low average spend
- Does not consider herself stylish
- Comfort biggest factor in purchasing clothing
- Likes shopping at one-stop shops

WHERE DO YOU FIND HER?

- Highest overall online spend percentage (~27%)
- Frequently texts, but does not use mobile phone apps

WHAT'S HER STYLE?



WHERE DOES SHE SHOP?



Necessity Shopper

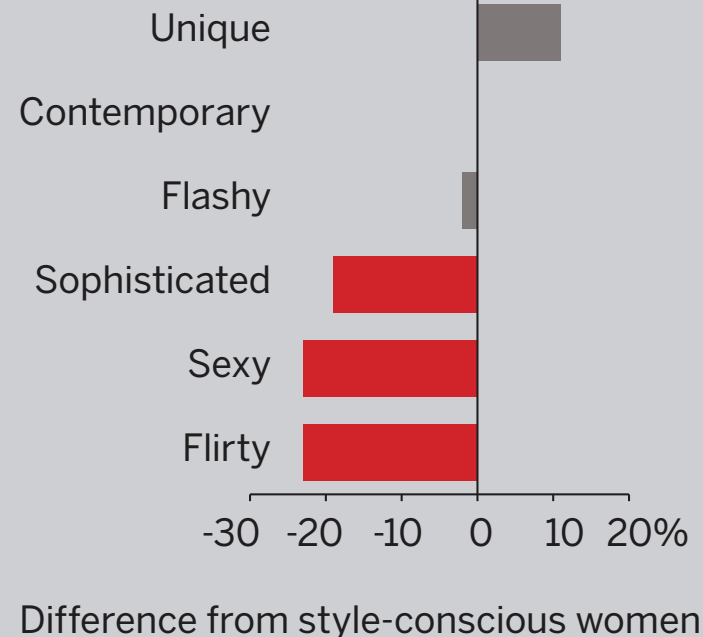
WHO IS SHE?

- Older (~50% over 45 years old) and slightly lower income
- Lowest average spend
- Does not love to shop
- Does not follow the latest fashions or trends
- No desire to shop more frequently

WHERE DO YOU FIND HER?

- Low usage of social media (mobile applications, fashion and beauty websites and blogs)
- Shops online similar with other style-conscious women (~24%)

WHAT'S HER STYLE?



WHERE DOES SHE SHOP?

KOHL'S

LANE BRYANT

OLD NAVY

LIZ CLAIBORNE



Neutrogena®

JONES NEW YORK

chico's

NINE WEST

TARGET®

Key insights on the style-conscious woman

1. **Style-conscious women account for over 2/3 of total spending on women's apparel, accessories, and beauty.** The 40% of women defined as style-conscious account for 70% of total spending on apparel, accessories, and beauty.
2. **The style-conscious woman is spending in 2010.** The style-conscious woman spends 3x the average woman. She loves to shop, and uses upcoming professional and social occasions as reasons to go shopping.
3. **Price is not her most important consideration.** While she is still reluctant to pay full price—only 11% do so regularly—her favorite brands cover all price points and she is willing to pay more to get exactly what she wants.
4. **She is increasingly factoring value into her purchase decisions.** Quality is one of the most important criteria in selecting her favorite brands or retailers, and in 2010, she is overwhelmingly favoring (65%) classic brands that she views as durable, timeless and tailored.
5. **A narrow band of style-conscious women account for the vast majority of US luxury sales.** 15% of the style-conscious women, representing 6% of women aged 18-60, account for approximately 70% of luxury purchases.
6. **The style-conscious woman rewards targeted brands with her loyalty.** Design targets need to be specific—she describes her favorite brands as “making me feel good about myself.” These winning brands have twice the number of brand advocates as other brands surveyed.

Key insights on the style-conscious woman

7. **The market today isn't addressing all of her needs.** She perceives a gap between her desire for timeless brands & products and what is available today, and sees an over supply of brands that are “edgy,” “flashy,” or “extravagant.”
8. **When a brand doesn't keep up with her, the style-conscious woman will look for something new.** Innovation is essential in all categories. In beauty, she places great value on technological advances, while in apparel and accessories, winners “always have something she likes.” When it comes to channels e-commerce players are beating traditional retailers at delivering newness, breadth, and customization.
9. **When selecting a retailer, quality, style, selection, and environment all trump convenience and value.** Luxury department stores set the standard around on each of these characteristics, even though she spends more at vertical retailers and mainline department stores.
10. **Digital is essential for your brand.** She does a significant portion of her spending online (twice the average), is active in social media and is an early adopter in mobile commerce, but her purchases have not yet been strongly influenced by social or mobile media.

Bios

Erika Serow

Erika Serow is a Partner in Bain's New York office. She is a leader in the firm's Global Retail Practice, and specializes in fashion and apparel. Over the last 15 years, Ms. Serow has advised clients on a multitude of issues including growth strategy, assortment optimization, localization, acquisitions and divestitures, multi-channel expansion, performance improvement and organization. She has been quoted extensively in the press and was recognized by Consulting Magazine in 2009 as one of eight "Women Leaders in Consulting".

Diego Scotti

Diego Scotti is Executive Director of Marketing for Vogue magazine. Mr. Scotti joined Vogue in 2008 after 15 years at American Express, where he held a variety of positions in marketing and communications, including the role of VP Head of Global Advertising and Brand Management. Mr. Scotti's accomplishments include the creation of the "My Life. My Card." campaign, one of the most successful advertising campaigns in American Express history. Mr. Scotti is a regular presenter and panelist in industry forums. He was recognized as one of the "Marketing top 40 under 40" by Advertising Age in 2007 and named "one of the top 20 most intriguing people in marketing" by MIN magazine.

Contact Information

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Appendix

Brands and Retailers included in survey

1. 7 for All Mankind
2. Abercrombie & Fitch
3. Aldo
4. Alexis Bittar
5. Almay
6. Amazon.com
7. American Eagle
8. Ann Taylor
9. Ann Taylor Loft
10. Aveeno
11. Baby Phat
12. Banana Republic
13. Bare Escentuals
14. Barney's New York
15. Bath & Body Works
16. BCBG
17. Bebe
18. Bloomingdale's
19. BlueFly.com
20. Bobbi Brown
21. Brooks Brothers
22. Burberry
23. Burberry (Fragrance)
24. Calvin Klein
25. Calvin Klein (Fragrance)
26. Carolina Herrera
27. Chanel
28. Chanel (Fragrance)
29. Chico's
30. Claire's
31. Clarins
32. Clinique
33. Coach
34. Cole Haan
35. Cover Girl
36. CVS
37. Diesel
38. Dillard's
39. Dior
40. Dior (Fragrance)
41. DKNY
42. Dolce & Gabbana
43. Dolce & Gabbana (Fragrance)
44. Donna Karan
45. Donna Karan (Fragrance)
46. Drugstore.com
47. DSW
48. Elizabeth Arden
49. Estée Lauder
50. Express
51. Fendi
52. Forever 21
53. Fossil
54. Fresh
55. Gap
56. Gilt.com
57. Giorgio Armani
58. Gucci
59. Gucci (Fragrance)
60. H&M
61. Hermes
62. J Brand
63. J.Crew
64. JCPenney
65. Jimmy Choo
66. Jones New York
67. Juicy Couture
68. Juicy Couture (Fragrance)
69. Kate Spade
70. Kenneth Cole
71. Kiehl's
72. Kohl's
73. La Mer
74. Lancôme
75. Lane Bryant
76. Laura Mercier
77. Lauren by Ralph Lauren
78. Levi's
79. Liz Claiborne
80. Loehmann's
81. Lord & Taylor
82. L'Oréal
83. Louis Vuitton
84. MAC
85. Macy's
86. Marc Jacobs
87. Marc Jacobs (Fragrance)
88. Marshall's
89. Maybelline
90. Michael Kors
91. Neiman Marcus
92. Net-A-Porter.com
93. Neutrogena
94. Nine West
95. Nordstrom
96. Olay
97. Old Navy
98. Origins
99. Oscar de la Renta
100. Oscar de la Renta (Fragrance)
101. Payless
102. Piperlime.com
103. Prada
104. Prada (Fragrance)
105. Ralph Lauren (Fragrance)
106. Ralph Lauren Collection
107. Revlon
108. Rite Aid
109. Ross
110. RueLaLa.com
111. Saks Fifth Avenue
112. Sears
113. Sephora
114. St. John
115. Steve Madden
116. Stuart Weitzman
117. Swatch
118. Talbots
119. Target
120. Theory
121. TJ Maxx
122. Tod's
123. Tommy Hilfiger
124. Tory Burch
125. True Religion
126. Ugg
127. Ulta
128. Victoria's Secret
129. Walgreens/
Duane Reade
130. Walmart
131. White House
Black Market
132. Yves Saint Laurent
133. Zappos.com
134. Zara