



COTTON USA™
THE COTTON THE WORLD TRUSTS

CHINESE CONSUMER TRENDS



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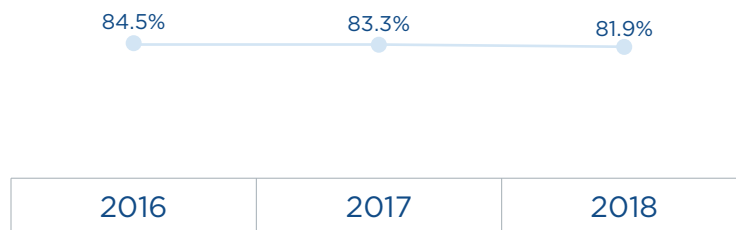
INTRODUCTION

China represents the largest consumer market in the world with a population of nearly 1.4 billion people as well as a growing middle class. Despite the importance of the Chinese market, little market research exists to understand Chinese consumer trends within the apparel industry. In order to fill this gap, Cotton Council International has sponsored third-party research on the Chinese consumer market over the past 8 years. Several interesting trends have emerged over the past few years as the Chinese middle class has grown and technology has played an even greater role in the consumer experience.

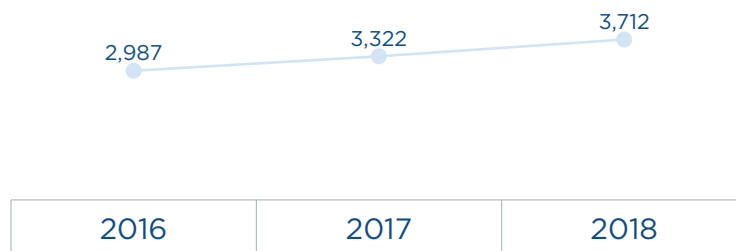
CONSUMER CONFIDENCE

Chinese consumers' perceptions of their household economic condition have decreased year-over-year since 2016. The percentage of Chinese household who believe their income will increase over the next year also has decreased over the past year from 49% in 2018 to 32% in 2019. However, even as economic conditions seem to be getting worse, Chinese consumers have been spending more money on clothing annually from 2016 to 2018.

THINKING ABOUT ECONOMIC CONDITIONS: HOW WOULD YOU ASSESS CURRENT ECONOMIC CONDITIONS FOR YOU/ YOUR HOUSEHOLD? (VERY GOOD / FAIRLY GOOD)



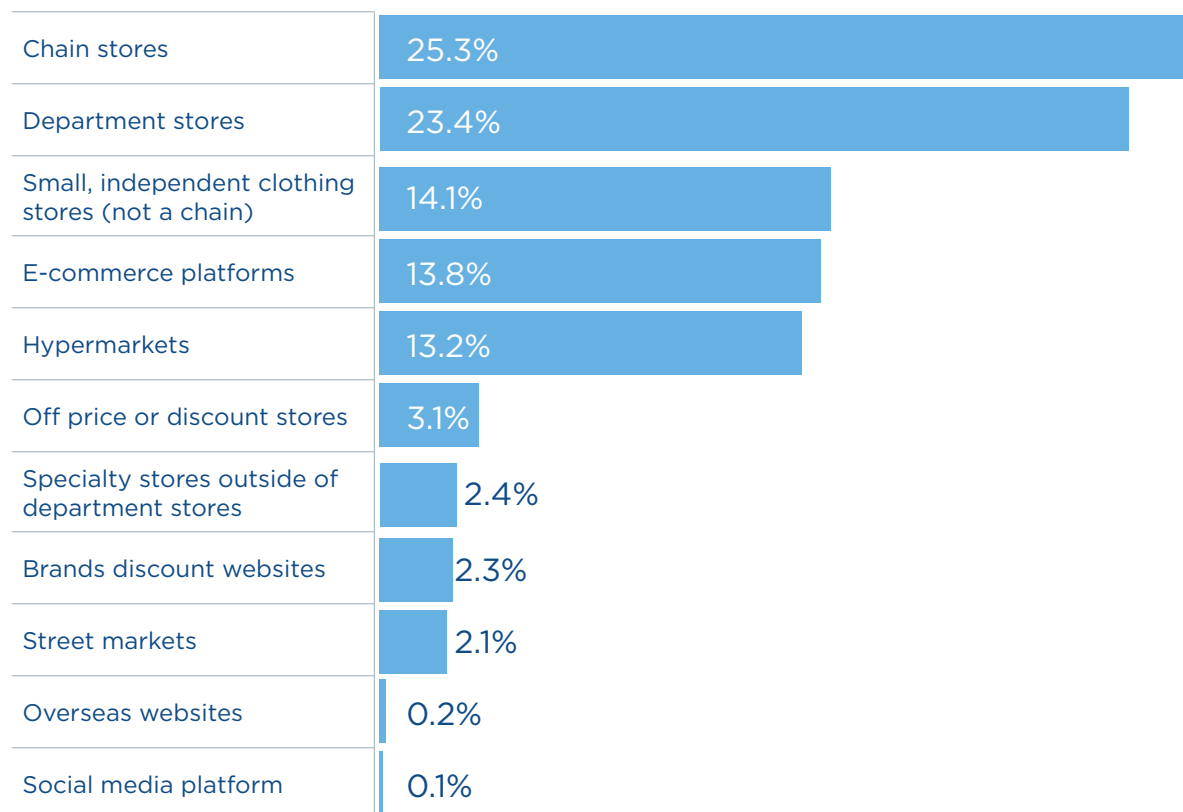
HOW MUCH DO YOU SPEND ON AVERAGE IN A YEAR FOR APPAREL FOR YOURSELF? (¥)



PURCHASE BEHAVIOR

Despite the focus on e-commerce in the media, offline stores are the most popular places for Chinese consumers to purchase clothes. A quarter of all Chinese consumers surveyed indicated that they purchase most of their clothing at chain stores, 23% at department stores and just 14% of Chinese consumers report that they purchase most of their clothing on e-commerce platforms.

IN WHICH PLACES DO YOU BUY MOST OF YOUR CLOTHING? (% BUY MOST)



Chinese consumers are also most heavily influenced by family and friends when making clothing purchases. Family members' influence has increased from 53% in 2016 to 65% in 2018, mostly with the over 30 age groups.

On the other hand, younger Chinese consumers are more influenced by websites, social media, and celebrities than older Chinese consumers. While 32% of overall Chinese consumers say they are influenced by e-commerce websites when making clothing decisions, over 40% of the under 30 age groups indicated e-commerce plays a role in their decision-making. Similarly, 28% of young adults aged 20-29 are influenced by social media sites when purchasing clothing, compared to just 16% of the overall Chinese population. These trends suggest online sources such as brand websites and social media accounts will continue to play an increasingly significant role influencing clothing purchase in the future. Brands and retailers focused on reaching younger age groups (under 30 years of age) can most effectively reach these groups online and celebrity endorsements may be of greater importance to these age groups.

WHERE DO YOU GET IDEAS FOR THE CLOTHING YOU WEAR AND PURCHASE?

Age Range (source: 2018)

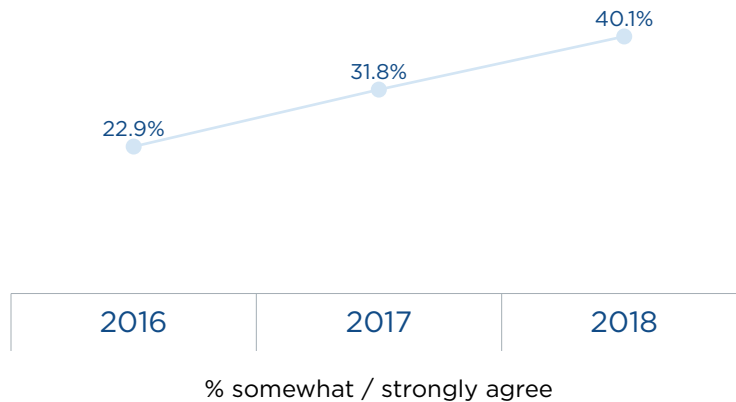
	2016 (%)	2017 (%)	2018 (%)	15-19 (%)	20-29 (%)	30-39 (%)	40-49 (%)	50-54 (%)
Friends and colleagues you see regularly	69.7	69.8	69.2	65.3	76.7	70.7	68.4	57.6
Family members	53.4	58.7	65.3	58.1	57.0	65.7	68.2	73.7
In-store displays or window shopping	64.7	59.1	51.6	44.1	51.5	54.9	53.8	46.9
Salespeople in stores	48.2	47.4	45.3	27.1	43.1	46.1	54.9	45.1
What you already own and like	23.6	33.7	42.6	36.2	41.6	42.5	46.1	43.4
Retailer, brand, or e-commerce websites	33.1	32.7	31.5	43.2	45.7	40.0	18.3	4.7
People you see on the street	20.4	19.4	21.6	18.7	21.0	22.6	27.4	13.7
Television	20.3	19.5	24.6	25.3	24.7	18.7	20.2	14.4
Social mediate sites	14.6	16.4	15.7	22.3	28.2	17.2	6.9	0.9
Celebrities	11.6	10.6	13.7	26.1	20.1	13.9	10.2	2.6
Magazines	9.5	9.5	9.4	7.6	16.2	10.6	5.9	1.3
Store fliers or mailbox inserts	5.7	5.8	6.4	5.8	7.0	7.2	6.8	3.4
Catalogs	3.5	2.1	3.7	0.6	5.0	5.4	3.5	0.6
Blogs	1.3	1.1	1.4	1.1	2.0	2.2	0.8	0.0
Emails from retailers, brands, or e-commerce sites	0.6	0.6	0.8	0.0	1.3	1.0	0.7	0.0

COTTON PERCEPTIONS

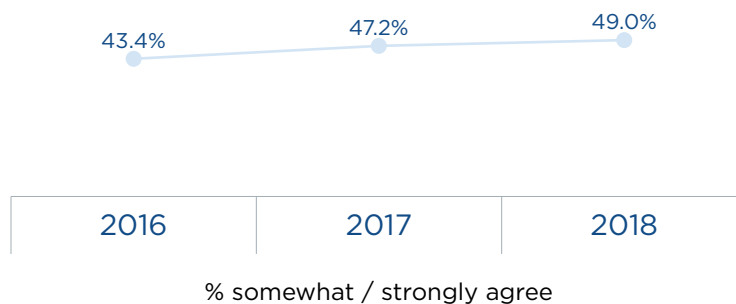
While perceptions of household economics have been decreasing over the past three years, over half of all Chinese consumers surveyed believe the cost of clothing has increased compared to the previous year. At the same time, more Chinese consumers than ever believe clothing quality is decreasing. In 2016 just 23% of Chinese consumers believed clothing quality decreased as compared to the previous year, while in 2018 that percentage increased to 40%. This perception of decreased quality mirrors an increase in perceptions that clothes that used to be made from cotton are now made from other fibers.

THINKING ABOUT THE CLOTHING ITEMS YOU HAVE PURCHASED WITHIN THE PAST FEW MONTHS, HOW MUCH DO YOU AGREE OR DISAGREE WITH THE FOLLOWING STATEMENTS?

I BELIEVE THE QUALITY OF CLOTHING, IN GENERAL, HAS DECREASED COMPARED TO LAST YEAR.



MANY OF THE CLOTHES (LIKE T-SHIRTS) THAT USED TO BE MADE FROM COTTON NOW SEEM TO BE MADE OF OTHER FIBERS.



SPORTSWEAR + COMFORT CATEGORIES

One of the categories that has moved away from cotton in the recent past is sportswear. However, results of this survey suggest that pushing cotton out of the sportswear category may be a mistake. When making purchase decisions, 79% of Chinese consumers would be more likely to shop for apparel at stores or brands offering natural fibers such as cotton. This sentiment has increased since 2016, when 73% of Chinese consumers sought out stores/brands with natural fibers. Chinese consumers are also increasingly seeking more environmentally-friendly stores and brands as 60% of Chinese consumers indicate this is important in their clothing decisions, up from 49% in 2016. Chinese consumers will continue to seek out brands and retailers who partner with fibers that tell a strong sustainability story. See more about COTTON USA's sustainability story [[click here](#)].

HOW LIKELY WOULD YOU BE TO SHOP FOR ATHLETIC APPAREL FROM A STORE OR BRAND THAT DOES EACH OF THE FOLLOWING VERSUS A STORE OR BRAND THAT DOES NOT?

	2016 (%)	2017 (%)	2018 (%)
Offers athletic apparel made from natural fibers like cotton or wool	73.4	76.5	78.9
Educates you on how the different performance features they offer in their clothing will benefit you	61.8	62.0	64.1
Offers athletic apparel that is made in an environmentally friendly or sustainable manner	49.3	52.9	59.5

Other categories where Chinese consumers seek cotton are “comfort” categories such as underwear, t-shirts, bedding, and bath towels. When asked about their willingness to pay more for cotton products, 82% of Chinese consumers would pay more for cotton underwear, 78% for bed sheets, 69% for bath towels, and 63% for t-shirts. These products all come in close contact with the skin, highlighting the importance of comfort in cotton. In fact, Chinese consumers overwhelmingly chose cotton as the most comfortable (76%) and breathable (76%) of the fibers.

CONCLUSION

While Chinese consumers continued to spend more money on clothing in 2018 than they did in the past, there are some early warning signs that this trend may not continue. Chinese consumers' economic outlook at the household level has decreased in each of the past two years. Results of the Chinese Consumer Trend Survey offer a few suggestions for mitigating any future impact of less spending within the Chinese apparel market:

1. Reach out to young Chinese consumers via social media and websites. Utilize celebrities to endorse products aimed at younger consumers.
2. Focus on sustainability and quality offered by cotton to both provide comfort and an environmentally friendly story to consumers. This is especially desired in the sportswear category.
3. Consumers will pay more money for the comfort of cotton when products are especially close against the skin. Chinese consumers overwhelmingly would pay more money for cotton in categories such as underwear, t-shirts, bedding, and towels.

To contact a COTTON USA representative for more information about U.S. cotton or to become a COTTON USA licensee, [click here](#).

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