

Lifestyle COTTON INCORPORATED monitor™

A weekly update on consumer attitudes and behavior based on ongoing research from Cotton Incorporated

Phoning It In

Smart Shoppers, Retailers See Potential of Mobile Commerce

If shopping online has made buying apparel easier for women too busy to get to a store, shopping by smartphone could be even more convenient

Mobile apps for the iPhone, Blackberry and Android phones are very new, but they have the potential to further re-shape retail. Stores with the best and fastest apps or phone-friendly e-commerce sites will come out on top in the mobile commerce, or "m-commerce" game.

Gilt Groupe has apps for the iPhone, iPad, and Android devices and has seen an "incredible" response from consumers.

"We consider the apps very important to growing our business and take them very seriously," says Shan Lyn Ma, senior director of product management. Gilt Groupe introduced the Android app July 22. "In a matter of months, our mobile apps have come to account for 5% of weekday and 8% of weekend revenue."

Sixty percent of females plan to buy apparel in the coming months, according to the Cotton Incorporated Lifestyle Monitor™ Survey. Though the overwhelming majority of consumers buy in stores, it is possible the convenience factor of m-shopping could catch on faster than shopping online. The Monitor survey finds just 5% of women buy most of their clothes online. Currently, women prefer to shop mass merchants (26%), chain stores (22%), specialty stores (13%), department stores (11%) and off-priced stores (10%).

That could all change. Women running short on time might not be able to visit a store, but since their phones are always at their fingertips, ostensibly a purchase could be, too.

The ease of m-commerce could also lead to more impulse shopping. Currently, 37% of female consumers reporting to the Monitor survey say they purchase apparel on impulse.

"This is a complete change for anyone used to traditional store shopping, but all ages are doing it," says Mike Gatti, executive director of RAMA, the National Retail Federation's

marketing division. "Retailers should definitely be looking at having apps or phone-friendly sites. You want your customer to be able to shop 24/7, whenever they want."

A recent Shop.org survey found 62% of retailers either have not started or are only in the early stages of planning their mobile commerce strategy. The NRF is helping to guide stores with its newly unveiled Mobile Retailing Blueprint. It serves as "a virtual roadmap" for retailers interested in growing their business through mobile sales and marketing.

Since some retailers do not even have a web presence, m-commerce might be immediately dismissed as unnecessary. Gatti says no retailer should make that mistake.

"I know small retailers face obvious budget constraints; not everyone can afford to build an app," Gatti acknowledges. "But customers can be very demanding. My advice is, have a web presence so people can use their phone to buy from your site. That way even if people are walking by your store when it's closed, they can buy something they see in the window with their phone. M-commerce is a way to have your business work for you even when you're not open."

Plenty of stores are looking for a modern edge. Among them: A/X Armani's m-commerce site for the iPad; Wet Seal's iRunway app, as well as a mobile web site; and Lilly Pulitzer's newly introduced m-commerce website that is compatible with all web-enabled phones, and optimized for the iPhone and Android devices.

Window shopping and store displays provide the second most popular source of clothing ideas, cited by 47% of women responding to the Monitor survey. Most (65%) get their apparel ideas from what they already own and like.

Some people worry that e- and m-commerce will cannibalize store business. But Rapunzel's Closet in Palm Beach, FL, launched its e-commerce site in 2004 based on the success of its two boutiques. It was updated in 2008 to include children's, and come September ShopRapunzel.com will re-launch with a new platform.

"Or site will be much more phone-friendly, and we will be able to track mobile users once it's launched," says Hallie Rosenthal, operations manager. "We're really excited about our re-launch and the features that our new site will bring to our shoppers."

Rapunzel's Closet plans to offer a mobile app as "phase two" of its redesign. It will also allow the store to further analyze stats on mobile users by device.

Gilt Groupe follows its device stats closely. The iPhone app is used almost equally between men and women, but more men use

the iPad and Android apps than women. Top items sold via Gilt Groupe's mobile apps are men's sneakers and high-end suits, women's dresses and jewelry, and home goods. The iPad does very well with indoor and outdoor furniture pieces.

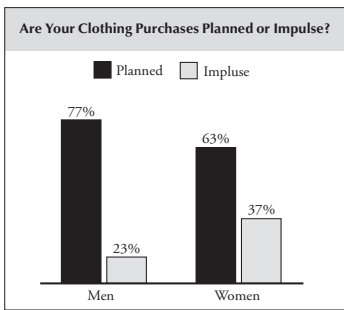
Coming up, Gilt is experimenting with "mobile exclusive" sales, solely for those who use its apps.

"In the next few years, the challenge will be how we can make browsing and buying more compelling emotionally," Masays. "We want to make m-commerce more fun than shopping in real life," perhaps through 3D images or social networking components.

Gatti says even though U.S. m-commerce is a little behind some parts of the world, like Japan, "This is really taking hold. Consumers are excited about it."

"In the next few years, the challenge will be how we can make browsing and buying more compelling emotionally. We want to make m-commerce more fun than shopping in real life."

Shan Lyn Ma, Gilt Groupe



This article is one in a series that appears in these pages on Thursdays. The data contained is based on findings from the Cotton Incorporated Lifestyle Monitor™ survey, a consumer attitudinal study, as well as upon other of the company's industrial indicators including its Retail Monitor and Supply Chain Insights analyses. A digital version of this column and other relevant information can be found at CottonLifestyleMonitor.com.



WWD THURSDAY

Sportswear/Men's



Heather Graham

FASHION

6 "White Collar" actor Matt Bomer channels Old Hollywood sartorial elegance in this spring's double-breasted ensembles.

GENERAL

- 1 Mark Lee, who stepped down as Gucci's president and ceo in December 2008, is in advanced talks to become ceo of Barneys, according to market sources.
- 3 Double-digit increases in both wholesale and retail revenues pushed Polo Ralph Lauren Corp.'s first-quarter profits 57.3 percent higher.
- 3 Propelled by a 41 percent increase in retail sales, Prada said consolidated revenues rose 29 percent in the first half ended July 31.
- 8 David Chu's relaunch of Jack Nicklaus apparel is under way with a raft of international distribution deals, including HMX Group as the U.S. licensee.
- 14 Swatch Group posted record sales in the first half, as strong demand for its timepieces across all segments and regions allowed the company to snatch market share from competitors.

EYE

4 For the last two summers, the fedora has held sway as the fashion flock's top topper. But recently, celebs have been stepping out in floppy styles.

Classified Advertisements.....15

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DAILY QUOTE "We're not jumping around chasing every last nickel at the risk of losing quality, although we do bargain hard."

— Roger Farah, president and chief operating officer, Polo Ralph Lauren Corp., on offsetting higher costs. Page 3.



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TODAY ON
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.COM

- Celebrity Fashion: Seeing Spots
- Additional images from the "One Flight Up" launch party
- Beauty Radar Screen: Aug. 5

Katy Perry shows her spots in Malaysia.