

## Customer, Product, and Trend Research

**Demographics**

The demographics for the target market of ísa are women between the ages of 25 and 34 years old. Their income level ranges from \$25,000-\$35,000 a year. They live in the middle Tennessee area and regularly commute to Nashville. They have a college degree and work in local businesses mainly in the creative field. The ethnicity in the middle Tennessee area is 63% Caucasian, 26% African American, 8% Hispanic, and 3% Asian (United States Census Bureau).

**Psychographics**

The target market for our brand are women who personally value stores that are locally owned, eco-friendly and locally sourced items. They typically buy new clothes for each season, and try to find good sales and promotions. They enjoy shopping both in store and online, preferably on a smartphone or tablet. They like to “shop small”; they shop mainly in local Nashville stores. Our target market prefers clothes that are comfortable and of neutral colors. They like classic styles that incorporate the latest trends. They don’t care much about the brand of an item, but what is instead well made and moderately priced. They don’t want something from Forever 21 that seems cheap and poorly made, but they also are on a budget and don’t want to spend a ton of money on brand named items. Our target market expects stores that have friendly service and are happy to help with any questions they may have. They like to feel welcomed when they walk in a store. In their free time our target market likes to go get drinks with friends in the 12 South area of Nashville, TN. She’s active on social media and loves sending funny snapchats back and forth with her friends. They like natural workouts, such as

hiking and riding bikes outside. In general, our target markets attitude is a positive thinker, independent, hardworking, and is a problem solver.

## **Apparel Industry Trends**

The Apparel Industry are the makers and sellers of fashionable clothing to people or companies committed in a precise kind of commercial (Apparel Industry 2008). There are different ways the apparel industry has impacted consumer behavior; one being internet. The internet led to online shopping, and the consumers no longer have to go to the brick and mortar stores; they can have it delivered right to the front door. Consumers worldwide will spend \$1.672 trillion online as of late 2015, eMarketer also believes that the spending amount will triple by the year 2019 (Omnichannel Model, 2015). Being able to purchase merchandise online will impact how and what the consumer will purchase and will have online shopping grow rapidly, since it is making shoppers become accustomed to a much greater level of convenience, choice and accessibility (Omnichannel Model, 2015). The shopping online will continue to grow and less people will be going into the physical stores to shop for clothing, and any other type of merchandise. In the apparel industry there are a lot of potential ways for growth and trends that could lead to a business opportunity. One of the ways for growth is by going natural or organic. Organic cotton has become a bigger trend throughout the decades because people are becoming more aware of what their clothing consists of. The interest in organic cotton is increasing throughout many stores, with the top five stores for organic cotton were H&M, C&A, Nike, Inditex, and Anvil Knitwear in the year 2011 (Friedman, 2012, p.7). Along with people being cautious of what is in their clothing, some consumers are being eco-friendly as well. Eco-friendly clothing is a potential for growth as well, because waste is inherently built into the fashion industry; water waste, fabric waste, and synthetic material (Medina 2014, p. 8). Trends that are

related to the particular product segment we are gearing towards, is apparel industry that supplies local and small quantities rapidly (Tomorrow's Apparel Industry). The segment we are branding towards are working women that can go from work to night hours without going home to change; their work clothes can transition into happy hour attire. Any designer that is working in the fashion business cannot ignore the working woman today (Menkes 2014, p.B13(L)). The "working woman" is a pretty big trend among the apparel industry because it is great for business opportunity for new designers to establish themselves. Some of the potential trends related to the segment is the fact that the women demand the practicality that was once reserved for the male species and something you could wear to leave the boardroom early and go out to dance (Menkes, 2014, p.B13(L)). Therefore, we know that the apparel industry are the makes and doers in the fashion world, people look towards technology when they want to make a purchase, eco-friendly clothes are a thing of the future, and the working woman is here to stay. These are all types of consumer behaviors, which make a movement in the fashion world.

## **Technology Trends**

The fashion industry in both department stores and luxury brands is seeing significant changes with emerging technologies. Most retailers have transitioned to including E-commerce retailing with online stores and delivery methods. Upcoming trends in technology will impact the fashion industry and its shift towards technology will make things easier for both the consumer and retailers.

Advanced Machine Learning or Artificial Intelligence (AI), is predicted to become an important part of fashion technology. Companies are switching from statistical analysis of historic data and choosing computer version AI, and deep learning to study consumer tastes to predict and personalize recommendations at an individual level (Kumar 2016). The use of

Artificial Intelligence allows for a more accurate product selection for the customers through understanding and interpreting their preferences. AI also helps retailers manage inventory through the use of predictive modeling and can help to identify ideal store locations, (Pearson 2017).

Several stores have already begun to use Watson, An Artificial Intelligence technology, which is made by IBM. Macy's On Call app has started using Watson to help answer customer questions about different brands and products. Other companies like North Face has incorporated Watson as a digital shopping tool that asks a series of questions in order to generate relevant coat suggestions for their customers. Emily Bezzant, a head analyst at Edited, which is a retail analytic company, predicts that in 2017 Artificial Intelligence will become a huge retail trend, stating, "AI and machine learning are not a fad; they're a new technology innovation that means huge sets of data can be leveraged into decisions that could formerly only be made by people," (Pearson 2017). Our brand can incorporate the use of AI, just as Macy's and North Face, in order to predict and personalize what our target market is wanting. This would be a great tool to use to manage inventory, and also help minimize the chances of a human error.

Another significant change in technology is the use of smartphones and tablets. With the constant changes in technology customers are now able to pay using their iPhone, Androids, and even Apple watches. These changes have also made starting a business easier, and paying with smartphones through the use of companies like Square, which produces card readers and a register app that can be attached to an iPad or even an iPhone to except payments (Dickey 2012). It also allows businesses to keep track of sales and pay employees. This technology is especially helpful for small local stores starting their business. This also introduces the possibility for larger stores to equip employees with iPad or tablets with point of sale capabilities (Foley 2014).

Another way companies are incorporating the use of smartphones is through the use of beacons. Stores like Urban Outfitters, Macy's, and Kohl's have begun to use location based beacons which uses Bluetooth to communicate to customers who walk by the beacon placed in the store and have the stores app on their phone (Anders 2016). This can inform the customer of product information, alert them of special deals, and help them keep track of loyalty points (Anders 2016). The use of smartphones in stores can provide consumers with a convenient shopping experience by being able to pay with their phone, as well create a more personal shopping experience through the use of beacons.

## **Economic trends**

While different economists will debate over the actual state of the US economy, overall it is doing well, especially since the recession in 2008 (Amadeo, 2017). The US is currently in an expansion phase which is projected to continue for the next one to three years (Amadeo, 2017). This portion of an economies cycle means that the US economy is growing stronger, but not yet at its full peak. The end of 2017 saw the Consumer Confidence Index, higher than it had been in sixteen years (Giggot, 2016). While some called it a "Trump market bump," James Freeman, an editor from the Wall Street Journal credits this to a rise in business confidence, not just consumer confidence (Giggot, 2016). Others, such as Lucy MacDonald, Chief Investment Officer of Global Equities at Allianz Global, credit this bump to the recovery in oil (Klaas, 2017). Whatever the cause, there is no denying that 2016 ended strongly and that those results will roll over into 2017.

MacDonald has predicted that inflation will follow the same path with a good start to 2017, and the potential to slow as the year goes on (Klaas, 2017). The Federal Reserve would like to reach its two percent goal this year as long as the economy is still looking good (Amadeo, 2017).

While two percent is what the Federal Reserve normally aims to hit, this will feel like a lot more. In 2015, the inflation rate was as low as -0.9% for the PPI annual variation and only as high as 0.7 with the CPI annual variation (F, 2016). While the Federal Reserve is trying to get back to the norm, it might still feel like a huge change for consumers and have an effect on interest rates.

It is suggested that the US economy recovering also helps other economies around the world (Klaas, 2017). With that being said, the rest of the world's economies have varying issues. The long term effects of Brexit are still unknown, but most economist agree that it will continue to effect Europe economics for a while (Matthews, 2017). There is also a current referendum in Italy that could separate it from the European Union. Carl Weinberg, chief economist with High Frequency Economics predicts that an additional departure like Brexit would send Europe into a recession (Matthews, 2017). While China's economics grew in power during the American recession, they are now facing some challenges of their own. The Chinese President needs to shift the economy in a consumer spending based way if China wants to remain being an economic power in the future (Matthews, 2017).

With so much going on in the US and world economic markets, it can be hard to say how a consumer will spend their money. The US economy is based mostly on service-oriented companies, one of which is retail (F, 2016). As the US economy continues to improve, one can only assume that retail will continue to improve. Even in economies like Italy's, that are currently struggling, they are using new tactics; for example, trying to make their customer understand the value of their product and why it costs as much as it does, and to get customers purchasing again in a changing environment (Zargani, 2016).

## Customer Trends

Our ideal women lives and mostly shops in East Nashville, Tennessee. We are specifically targeting women ages 25-34, who live, work, and shop in the metropolitan area. According to American Fact Finder, the 2015 census population for East Nashville is 13,169 (“American Fact Finder”, 2015). The size of our target market for that area is pretty significant; women make up 10.9 % of the population, our 25-34 age range makes up 20.5%, with the median age being 32 years old (“American Fact Finder”, 2015). Nashville is a great area for our brand to be promoted, since our target market makes up a good amount of the population.

Our target market spends money a lot differently than the generations before them; they spend less, and buy more. They have less money to spend, so they use the money they do have on good quality products and services, especially one's they trust after doing heavy research. Millennial's are overall very brand conscious, and they tend to spend money on specifically branded products. According to Goldman Sachs Global Investment Research, millennial's are purchasing from brands that cost less and offer maximum convenience (“Millennial's Coming of Age”, 2017). With that being said, millennial's aren't spending a lot of money on clothing like a lot of people assume. John Weiss states, millennial's are thrifty. They buy more, and spend less than generations before them. They make more frequent purchases and also go out more, but they spend about a quarter less than any other generation (Weiss, 2016). The same author states that millennials spend \$140 a month on clothing (Weiss, 2016). As our target market enters their professional careers, their spending will obviously go up.

Our target market responds to products/services through the use of a tablet or smartphone to research a product/service while shopping either online or in-store. Debra Kaye states, millennial's are a tech-savvy, media-connected generation, so business's need to have a

strong social media presence to reach this generation (Kaye, 2014). Millennials like brands that engage with them, and they gravitate towards brands that they trust. The communication between the millennial consumer and the overall company should be two way. Our target market does not trust big name brands, so when shopping, they like to have the opportunity to research the brand, read the mission statement, read through reviews, and become loyal to a brand that has a strong social media presence so they can engage with the company.

Our target market, has the highest purchasing power than any other generation, which is over \$200 billion per year (Goldstein, 2015). Our target market is very unique when it comes to making a purchase. They go through many steps before they even commit to a potential purchase from a company. Joel Goldstein states, when millennials make a purchase, they are just not buying into the product, but the overall brand itself; they prefer to find companies with values that align with their own (Goldstein, 2015). Our target market is not easily influenced. They do not trust the advertisements that are always broadcasted on the television, instead they review blogs before making a purchase. Dan Schawbel states in his article that 33% of millennials rely on blogs when they are going to make a purchase. They look to social media for authenticity (Schawbel, 2015). Our target market ranks authenticity over content. They have to first trust a company before they even bother reading the content they produce. Our target market shops more online, than they do in brick-and-mortar stores. Millennials like for everything to be easy and convenient, so E-commerce is very important. In Joel Goldstein's article, "How do Millennials Make Purchase Decisions", he brings up the fact that millennials do not want to hurdle over obstacles when it comes to going through a transaction. They value speed and efficiency; E-Commerce businesses need to have mobile friendly sites that are quick and easy to use (Goldstein, 2015). Online shopping is the main source for purchase within our target market.



As stated in the previous paragraph, our target market purchases after they have researched a specific company; whether it be through the reading of blogs, browsing around their social media account, and finding a brand that aligns with their own views. Once our target market trusts a brand, then that is when they will make a purchase. They are really picky about who/what they purchase from. They are not easily influenced, and will go through multiple steps (mainly research or reading reviews) before making a purchase. After trust is gained and loyalty is formed, that is when a millennial will purchase a product.

Our target market purchases from a plethora of places. One of the most relevant brands amongst Millennial's is Amazon. This generation loves easy, quick, and convenient shopping experiences, and obviously Amazon gives them just that. They can buy anything from clothes, food, and books from Amazon, and if one has Amazon Prime, then they can receive their products pretty much the next day. Millennial's are tech-savvy and they look towards brands that build relationships with its customers. Amazon has emerged as an intimate brand, one that has built relationships and engages with those who use it, and has become a connection to millennial's ("Amazon Ranked Most Intimate Brand Among Millennial's", 2015). An article from Business Insider "The Top 15 Apparel Brands for Millennial's", released the top 15 brands that Millennial's purchase from, after asking over 1,000 millennial's where they like to shop. The top 15 brands for Millennial's Aeropostale, Under Armour, Chanel, Levi's, Victoria's Secret, Forever 21, Van's, Converse, JCPenny, Macy's, Adidas, Jordan, Target, and Nike (Lutz, 2015). These brands have altered themselves to fit the millennial mindset, and have changed how they advertise themselves to cater to the needs of those who fall into the millennial category.

Our target market receives their messages mainly via Instagram, Facebook and Snapchat. Our target market wants clothing at an affordable cost that they can buy locally and have it be

good quality. According to Christina Binkley, journalist for Wall Street Journal, she addresses how millennials are pulling away from fast fashion and caring more about what they're wearing and the quality of the clothing (2015). They believe in making environmentally friendly decisions regarding their clothing and the materials that make their clothing. Our target market likes to have some free time in the evenings to focus on themselves and relax after work. They like to read magazines and lifestyle blogs for fun. The image our target market is trying to portray is strong, independent women who have successful careers. They believe women can be in places of power without compromising their lifestyle. Our target market enjoys working and then going out to happy hour with friends afterwards. The price our target market is willing to accept is between \$25 and \$150. Some lifestyle trends that relate to our target market are sustainability in the fashion industry, shopping from local businesses, and supporting the community. Another lifestyle trend that relates to our target market is living a healthy life by eating well and exercising. Our target market takes care of herself while also thinking about the environment. She shops confidently and knows what she wants.

## **Fashion Trends**

Some Spring 2017 trends that relate to our product and our customer are bralettes, plunging necklines and muted colors. Bralettes are a very big trend right now with women preferring a more natural bra, rather than the wired and uncomfortable bras. Our target market prefers bralettes as well because they add a touch of femininity to their look while also allowing for comfort throughout the day. The use of angular lines and geometric shapes come through in the clothes, especially the shape of a triangle. The triangle represents power and confidence. The Pantone colors that are used are kale, pale dogwood, and hazelnut. These three colors are on trend for spring 2017, paired with these colors is black, white and similar neutrals. Our

target market loves to be on trend while still wearing a classic style. She lets herself be the statement and her clothes be an accessory which is why the colors are more muted and don't stand out as much as brighter colors.

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