

Americas: Retail: Specialty Stores

Equity Research

CollegeFashionista schools us on the top apparel brands

A close-up on what fashion-focused college women want

CollegeFashionista (CF) is an online community of college-aged, fashion-focused women – one of the largest and most engaged in the US. Its network of “style gurus” actively posts about styles, products, and trends on the CF website, as well as on its own social platforms via Instagram and the like. We view the CF community as a relevant leading indicator for apparel industry trends because of its high personal interest in fashion and because college-aged individuals are regarded as influencers for many apparel retailers and brands. In this report, we tap into the responses of 867 style gurus in CF’s 2015 Back to School (BTS) survey.

Must-have items this BTS season and where to buy them

Respondents are most focused on clothing and footwear purchases for BTS. The biggest key item trends in our survey include: jeans (skinny, boyfriend, distressed, and other), backpacks, and booties. They prefer to shop for apparel online over physical stores.

Free People the favorite apparel brand by a wide margin

13% of respondents identified Free People as their favorite clothing brand. Topshop, Forever 21, Urban Outfitters, H&M, and Zara were also high on the list. ASOS and Brandy Melville punched above their weight in importance relative to their small market shares. Teen retailers American Eagle, A&F / Hollister, and Aeropostale did not rank well with this group.

Handbags an important category; KATE and KORS resonate most

We were encouraged to see bags, totes, and handbags high on the priority list as important items for BTS. When asked to identify their favorite handbag brands, Kate Spade (17% of respondents) was most frequently noted, followed by Michael Kors (13%). Coach did not register well with respondents (only 4% identified as a favorite) despite a strong push from the brand toward younger, fashion-forward women, suggesting it may take longer for brand reinvigoration efforts to bear fruit.

NKE dominates in Athletic

Just about half of style gurus identified Nike as their favorite athletic brand. Lululemon came in second, ranking #1 with 19% of respondents. Victoria’s Secret athletic had a surprisingly strong showing relative to other brands.

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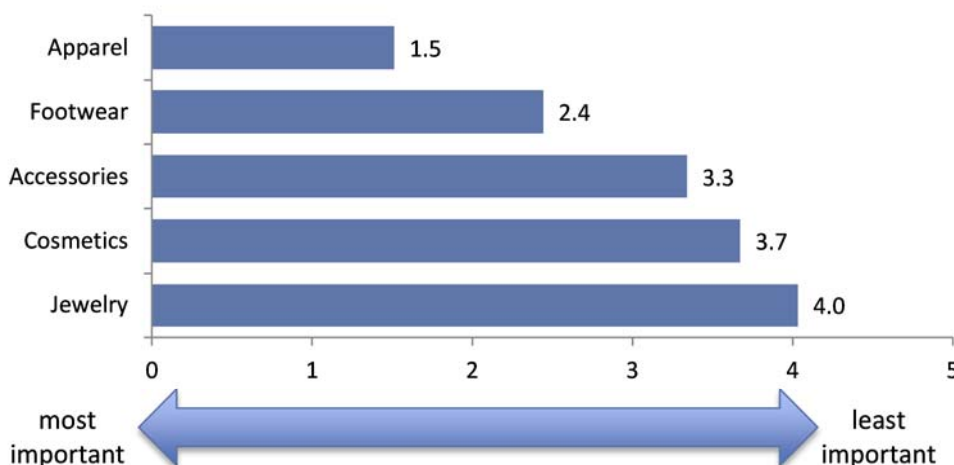
A close-up on BTS priorities for fashion-focused college women

We analyzed category, product, and brand spending priorities from CollegeFashionista's style guru community fielded during CF's Back to School survey. This sub-set of consumers is at the forefront of fashion trends, in our view, because of its active engagement in the fashion community and because of its demographic profile (college-aged women). A total of 867 responses were fielded for the survey, with geographic skew towards the northeast US. Our most important takeaways:

- **Online is the preferred way to shop clothes** – This is a big endorsement for the ecommerce channel, which is still under 15% of sales for the broader apparel industry. Increased migration online is a big hurdle for apparel brands with large, mall-based store fleets (for example AEO), but a positive for brands with strong ecommerce platforms and small, high quality real estate portfolios (like URBN, Buy).
- **Top Apparel Brands: Free People, Top Shop, Forever 21, Zara, and Urban Outfitters** – This is positive for URBN (Buy) and negative for traditional Teen Retail (AEO, ANF both Sell) which did not resonate well with this group.
- **Handbags still matter, and the brands of choice are Kate Spade and Michael Kors** – Style gurus called out bags as a focus BTS purchase, with specific importance on backpacks and totes. Kate Spade is the favorite brand, followed by Michael Kors (Neutral), suggesting brand equity for these two is still vibrant. Coach (Sell) ranked low on the list, with less than 5% of respondents identifying it as their favorite brand. The relatively low ranking from this specific group of consumers, which we believe COH has been specifically targeting with its brand turnaround initiative, leaves us cautious that it may take longer to jumpstart momentum.
- **Nike the decisive leader in Athletic** – Nike (CL-Buy) was the standout athletic apparel brand among this group, with 47% of respondents identifying it as their top brand. Lululemon (Sell) ranked #2 at 19%. Victoria's Secret (owned by L Brands, CL-Buy), Fabletics and Zella (Nordstrom's private label brand) had solid showings despite relatively small market shares. Under Armour's (Neutral) relatively modest showing at 2% suggests its women's initiative has more work to do.

Exhibit 1: Apparel is the most important item on BTS shopping list

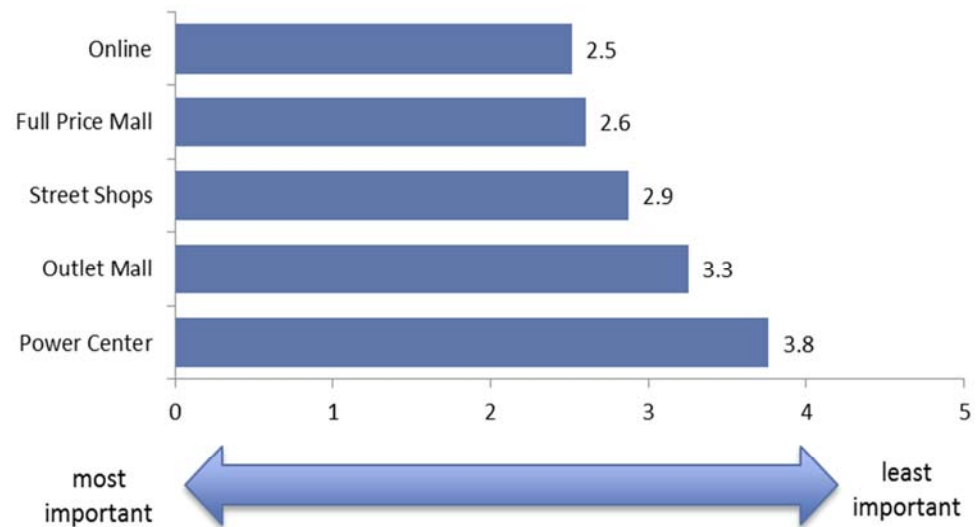
Average response to the question: "Rank your spending priorities for this back-to-school shopping season based on the choices below. 1 is most important"



Source: CollegeFashionista

Exhibit 2: Fashion-focused college women prefer online over stores to shop BTS

"Rank your most important shopping destination for cosmetics this back-to-school season from most important to least important. 1 is most important and 5 is least important."



Source: CollegeFashionista

Exhibit 3: Bags and jeans are the focus items for BTS

Top responses to the question "In your opinion what is the one must have fashion item for this back-to-school shopping season?" ranked by % of times mentioned

Top Item	% Respondents
Bags: Backpacks and Totes	21%
Jeans: Boyfriend, Distressed, and Skinny	17%
Boots & Booties	9%
Jacket: Leather, Jean, and Military	7%
Dresses	3%

Source: CollegeFashionista

Exhibit 4: CF's style gurus identified their top brands in the Handbag, Apparel, and Athletic categories.

% of respondents who identified an individual brand as their favorite within each respective category

Handbags		Apparel		Athletic	
Kate Spade	17%	Free People	13%	Nike	47%
Michael Kors	13%	Topshop	8%	Lululemon	19%
Rebecca Minkoff	7%	Forever 21	7%	Adidas	5%
Marc by Marc Jacobs	6%	Zara	6%	Victoria's Secret	4%
Celine	5%	Urban Outfitters	6%	Under Armour	2%
Coach	4%	H&M	5%	Athleta	2%
Louis Vuitton	4%	J Crew	4%	Forever 21	2%
Longchamp	3%	Madewell	3%	Zella	1%
Tory Burch	3%	Brandy Melville	3%	Fabletics	1%
Chanel	3%	Asos	2%	Old Navy	1%

Source: CollegeFashionista

Rating and pricing information

Abercrombie & Fitch (S/N, \$17.30), American Eagle Outfitters Inc. (S/N, \$15.65), Coach Inc. (S/A, \$28.72), L Brands Inc. (B/A, \$78.07), lululemon athletica inc. (S/N, \$59.07), Michael Kors Holdings (N/A, \$38.06), Nike Inc. (B/N, \$103.87), Under Armour Inc. (N/N, \$85.44) and Urban Outfitters Inc. (B/N, \$28.54)

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