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Summary: Even though there's been no clear economic recovery, our tracking data points to an improved first half of 2010 for multichannel apparel marketers. Several 1H 2010 stats show a leveling off of the negative trends seen in 2009. For example, 2010 YTD promotion activity was on par with 2009. While still down from the previous year, the overall total number of apparel mailable names rebounded somewhat in 2Q 2010. We saw other encouraging signs like new launches, product expansions, and gains in individual housefile universes. Let's hope that going into the 2010 fall and holiday seasons, consumers are a little less cautious and marketers can continue to ride this encouraging wave.

Highlights

Direct Mail Campaign Activity: In 1H 2010, the total number of **Apparel** direct mail campaigns tracked by MarketRelevance varied little from the same period of 2009. February was up the most year-over-year.

Direct Mail Universe Size: The **Apparel** segment totaled 50.9MM mailable names in 2Q 2010, up from last quarter, but down 1.2MM (2.3%) from the prior year.

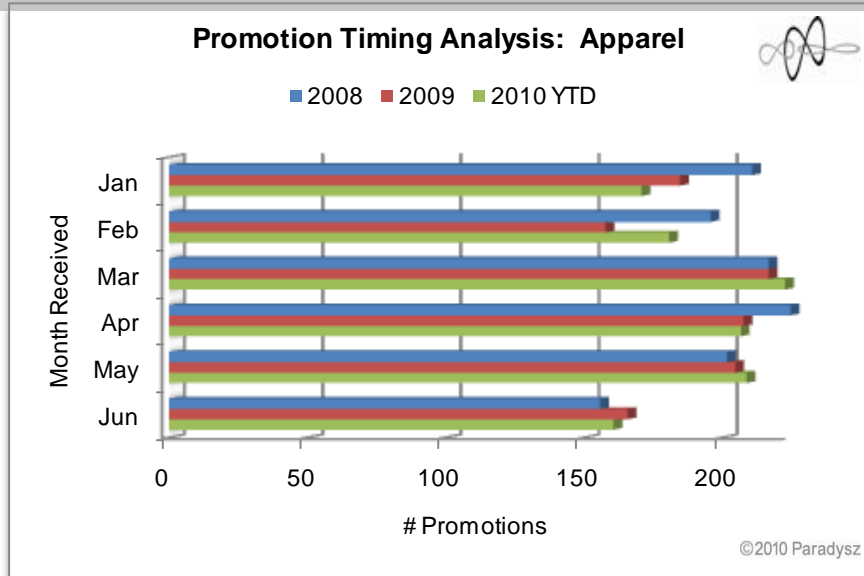
Direct Mail Universe Size: The year-over-year change in housefile sizes for **Apparel** improved somewhat in 1H 2010. Our final 2009 report showed that a majority of lists (67%) were in decline, and 29% had grown. Here, 43% of lists saw growth.

Direct Mail List Costs: In 2Q 2010, the average list cost per thousand (CPM) for the **Apparel** catalog market was \$115.14/M, up slightly from \$114.36 the previous year.

Promotions of Interest: Boden added a teen centric spin off to its collection of catalogs. Fellow British import Rohan was tracked for the first time in the U.S. Spanx added swimwear and men's. The Player's Catalog plans a name change.

Promotion Activity – Monthly Mail Dates

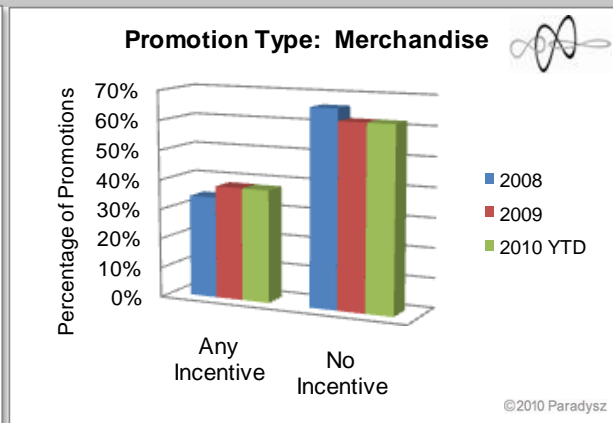
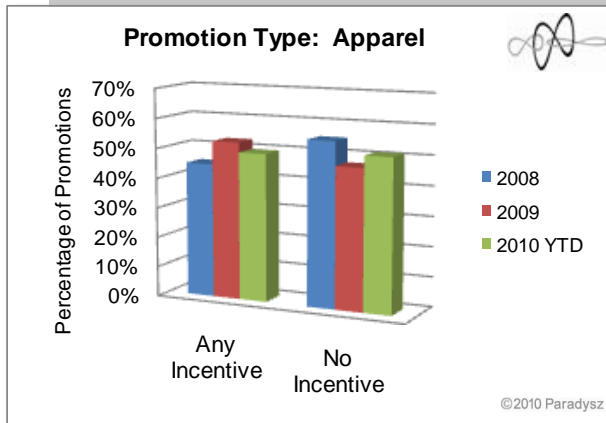
The total number of **Apparel** campaigns in 1H 2010 varied little from last year (1,152 vs. 1,139); February saw the biggest increase (up 23 campaigns.) While activity was on par from the previous year, mailers have pulled back over the past three years -- 2010 was down about 5% from the same period in 2008.



Identical catalogs tracked with similar in home dates but different incentives (e.g. free shipping vs. discounts), wraps or laser messaging are typically classified as a single campaign.

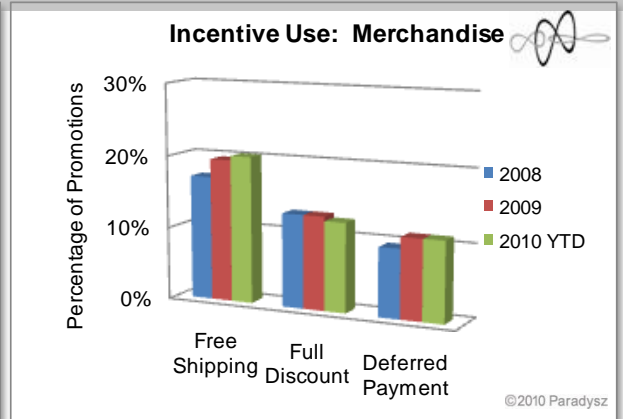
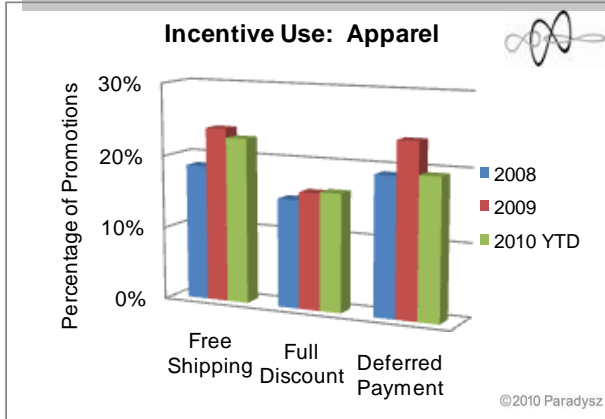
Promotion Activity – Incentive Use

While the majority of merchandise catalogs do not offer any kind of incentives, **Apparel** mailers typically offer buyers' incentives like free shipping, deferred payment, and discounts. In 1H 2010 the split is fairly even (51% no incentive/49% incentivized.) Given the typical fall/holiday promotional flurry, it will be important to see how the rest of the year plays out in this regard.



Promotion Activity – Incentive Trends

Free shipping and deferred payment are the most popular incentives for **Apparel** mailers. In 2010 YTD, 23% offered free shipping and 19% offered deferred payment. Among merchandise catalogs, free shipping was the most prevalent incentive, used in 20% of promotions so far this year.



Apparel catalogs that sometimes offer free shipping include L.L. Bean, Blair, Lands' End, and Boden.

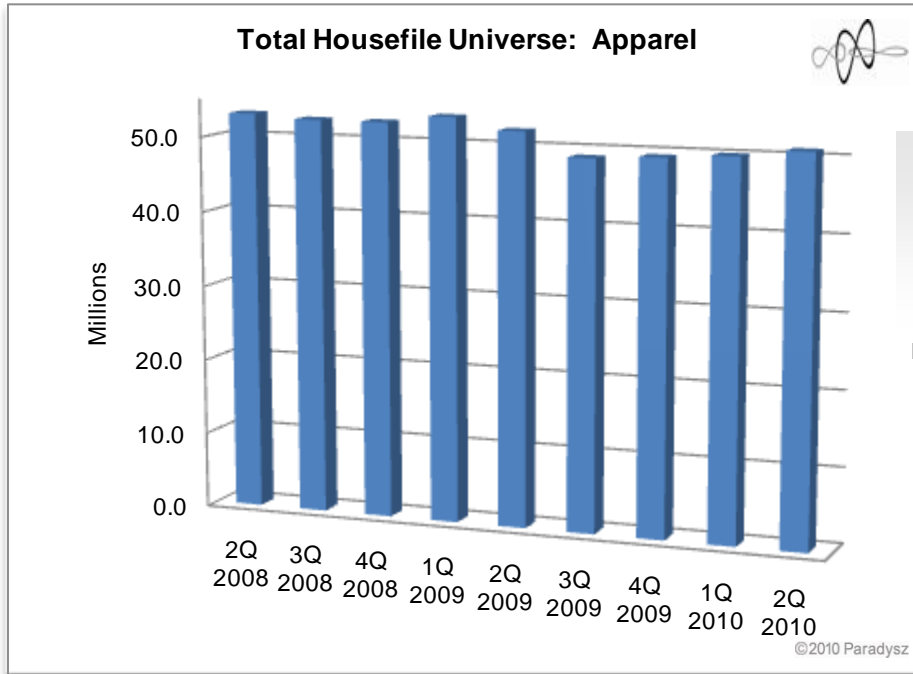
Apparel catalogs that typically offer deferred payment include Blair, Newport News and Silhouettes (all tied to some form of credit card offer).

Discount offers are often seen from Coldwater Creek, J. Crew and Newport News.



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Direct Mail Universe Study – Total Apparel Housefiles

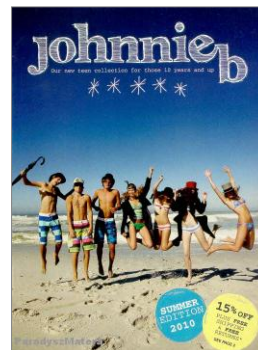


The 2Q 2010 total housefile universe for **Apparel** was 50.9 million names, down 1.2 million names (-2.3%) from 2Q 2009.

Select Promotions of Interest

Johnnie b

British retailer Boden sells stylish clothing for women and men (through the main Boden brand), children and babies (through Mini Boden) and now teens. Launched at the beginning of 2010, the most recent spinoff, Johnnie b, is for children 10+ who have grown out of Mini Boden. Broadly speaking, Boden's apparel offerings are comparable style-wise to J. Crew or Banana Republic, with items ranging from basic t-shirts to dress wear. Johnnie b product examples include a Halter Bikini (\$36), Tie Detail Shorts (\$42) and Graphic T-shirts (\$24). In its Summer Edition 2010 catalog, Johnnie b offers familiar incentives from other Boden catalogs, including free shipping and a 15% discount with any order.



Vitals: direct mail, delivered 4/4/10, 7¼" x 5½" catalog, 62 pages, free shipping and 15% off any order

Rohan



Another British import has been tracked by MarketRelevance. Rohan's Summer catalog for men arrived in 1H 2010 with the tagline "Born in Britain, worn worldwide." The selection of travel and outdoor apparel is designed to be technical, but functional. The introductory note says "Rohan was born in Yorkshire over thirty years ago and has been used in the world's wildest places ever since." (As further evidence, the note says it was used in 1978 on the first oxygen-free ascent of Mount Everest.) Product examples include an Expedition Short Sleeve shirt (\$80), and Ultimate Cargo pants for \$105.

Vitals: direct mail, delivered 6/11/10, 9" x 8¾" catalog, 100 pages

Spanx

The Early Spring 2010 Spanx catalog announced two new product categories: women's swimwear and the addition of shape wear for men. The company's founder Sara Blakely discusses the news in the opening letter in the catalog, saying thousands of pleading e-mails from customers sparked the additions. Slimming separates, bras, tights and bodywear also appear in the catalog; examples include the Half Slip (\$52 - \$56) and Bra-llelujah! (\$62). Swim selections include a Swimdress (\$198) and One Shoulder One Piece (\$178). Spanx for Men come in three styles of compression undershirts and sell for \$55 to \$58.



Vitals: direct mail, delivered 2/13/10, 9" x 8¾" catalog, 36 pages, free shipping on \$50+ orders

The Player's Catalog



Men's apparel catalog The Player's Catalog announced its upcoming name change in a June 2010 print catalog. The Marin Sports brand will adopt the name of its new designer label Justin Harvey this fall. This change is explained inside the book, stating that, "For years you have known us as The Player's Catalog which was an appropriate name 17 years ago when we started out featuring a wide variety of golf products, men's apparel and accessories. Over time as our catalog has transformed into a designer men's apparel catalog we feel that it's time we choose a more fitting name for our book." Apparel ranges from casual to dress wear (e.g. Tommy Bahama Classic Island Ease Jeans for \$98, Allen Edmonds Nashua Moccasins at \$225 and Robert Talbott Estate Shirts on sale for \$119)

Vitals: direct mail, delivered 6/22/10, 10½" x 8", 32 pages

About Market Trends

Market Trends is a product of Paradysz Research, designed to give mailers actionable competitive intelligence within their core market category. Our goal is to provide clients with targeted information and reporting on a semiannual basis to more quickly benchmark progress relative to their specific marketplace and to aid in strategic planning.

The Market Trends **Apparel** market set is comprised of those mailers with a consistent product mix focused primarily on apparel or footwear. There are 300+ unique catalog titles and 150+ lists in this market set, including *Anthropologie, Athleta, Auditions, B.A. Mason, Bachrach, Barrie Pace, Bedford Fair, Ben Silver Collection, Blair Corporation, Boden, Casual Male XL, Chadwick's, Charles Tyrwhitt, CWD Kids, Eddie Bauer, FootSmart, J. Crew, Jos. A. Bank, L.L. Bean, Orvis, Paul Fredrick Menstyle, Silhouettes, Spiegel, Talbots, TravelSmith* and *Victoria's Secret*.

Data for promotion tracking charts and statistics are drawn from MarketRelevance, Paradysz's proprietary media and promotion tracking tool. MarketRelevance tracks direct mail throughout the United States using a proprietary network of consumer and business units. Our national penetration includes 9 distinct geographic regions with diverse Nielsen county coverage (A, B, C and D) in every region. Only direct mail promotions with verifiable in-home mail dates are included in this study. The Apparel catalog statistics above are drawn from 2,777 apparel catalogs tracked in 2008, 2,651 in 2009 and 1,294 in 2010 YTD. Merchandise catalog statistics are drawn from 4,405 non-apparel merchandise catalogs tracked in 2008, 3,949 in 2009 and 1,680 in 2010 YTD.

Data for mailer and marketplace universe growth are a product of the MarketRelevance proprietary universe tracking system. MarketRelevance maintains a database of historic 12 month/active counts on 96,000+ total U.S. list properties. The 43,000+ active properties, combined with those properties that were active during any given study period, are used for all universe trending. Only rental or exchange files with consistently verifiable 12 month/active counts are included in this study.

Staff

Editor: Susan Davis

Contributors: Glenn Lulich, Joe Liu, Nathan Thompson

Contact Us

If you have any questions about this Market Trends report or suggestions for future issues, please contact Susan Davis at sdavis@paradysz.com.



paradysz

corporate headquarters

5 hanover square • new york, new york 10004

212.387.0300

paradysz.com