

DowntownWomensClub.com December 2006 Online Shopping Survey



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Downtown Women's Club

DowntownWomensClub.com 2006 Online Shopping Survey

Introduction

In November 2006, DowntownWomensClub.com, a women's network and career website, surveyed 500+ businesswomen across three generations about their shopping habits, both online and off. We then compared the responses from the three generations – Generation Y, Generation X and Baby Boomers – and found some startling differences among these groups.

Key Findings

Clothing/Accessory purchases

- Generation Y businesswomen **are half as likely** to shop in a traditional department store as their Boomer colleagues for clothing and accessories; but **twice as likely** to spend their money at a retail chain.
- Generation Y businesswomen don't use catalogs, but **are much more likely** to shop online (for clothing, accessories and cosmetics) than their Generation X and Boomer counterparts.
- Celebrity endorsements **are the least influential factor** when it comes to clothing or cosmetics purchases in all age groups. (Although it had a slightly bigger influence on Generation Y).
- Generation Y **is much more influenced** by a friend's recommendations and word of mouth than other generations on any purchases.

Online shopping

- Generation X and Y businesswomen are not nearly as concerned with using their credit cards online as their Boomer colleagues.
- The biggest detractors that keep businesswomen (all generations) from shopping online for clothing/accessories are:
 1. the need to try things on;
 2. worries about returns; and
 3. not wanting to pay shipping costs.
- The biggest detractors that keep women (all generations) from purchasing cosmetics online are:
 1. because they need to try or see things in person;
 2. they like samples and testers; and
 3. it's just not as fun as going in person!

Cosmetic purchases

- All generations are brand-loyal to their cosmetics.
- Generation Y buys most of their cosmetics at pharmacies and are more likely to frequent a retail chain like Sephora or shop online than their Boomer and Generation X colleagues.
- The #2 reason Generation Y shops online for cosmetics (after being more time efficient) is because they can find more discounts.

Misc. splurges and influences

- Computers and computer accessories were the fourth largest "splurge" category after clothing, travel and shoes.
- While purchasing from a "woman-owned business" was the most compelling outside influencer for Boomers and Generation X businesswomen, "environmentally-conscious" topped the list for Generation Y.
- Political donations by a company was the least compelling factor for making purchasing decisions for all age groups.

Conclusions

Based on the key findings, traditional retailers can no longer ignore online shopping. It appears that fear of giving credit cards online will continue to dissipate, and companies can succeed in attracting Generation Y by implementing some or all of the following:

- worry-free, easy returns
- eliminate shipping costs
- periodic discounts and sales
- large inventories
- samples and testers
- catalog-quality visuals on-line
- create a fun shopping experience
- build brand loyalty from a young age
- launch word-of-mouth marketing campaigns
- become environmentally and socially conscious

Methodology

We surveyed the members of DowntownWomensClub.com, who are professional businesswomen ranging in age from 22 to 62+. Of the 500+ women we had respond: 192 were Baby Boomers (b. 1946-1964); 210 were Generation X (b. 1965-1976); and 101 were Generation Y (b. 1977-1993).¹

- 79% work full-time (26% self-employed; 53% at a company); 18% work part-time either self-employed or at a company; 8% are in transition; and 1% job shares.
- 76% have incomes greater than \$50,000 (nearly half of these women have incomes over \$75,000).
- 66% of respondents don't have kids (single or married); and
- 83% were white; 7% Black; 4% Asian; 3% Hispanic; and 4% other.

¹ We had a handful of Greatest Generation (pre-1946) respondents, but not enough to be statistically significant.

Part I – Where do you purchase that great outfit and killer accessories and why?

Question #1: Where do you go when you need (o.k., "want") a new outfit or some killer accessories?

- Department stores - traditional (Neiman Marcus, Saks, Macy's)
- Department stores – discount (Target, Walmart, Kohl's)
- Retail chains (Old Navy, Gap, Ann Taylor, Talbots)
- Outlet shops
- Boutiques
- Trunk shows/private shopping parties
- Catalogs (calling in/not going to the website)
- Online at a catalog retailer (Boston Proper, Sundance)
- Online at a traditional retailer (Nordstrom's, Gap, Target)
- Online at a virtual retailer (Overstock, Bluefly, Zappo's, eBags)
- Online at eBay

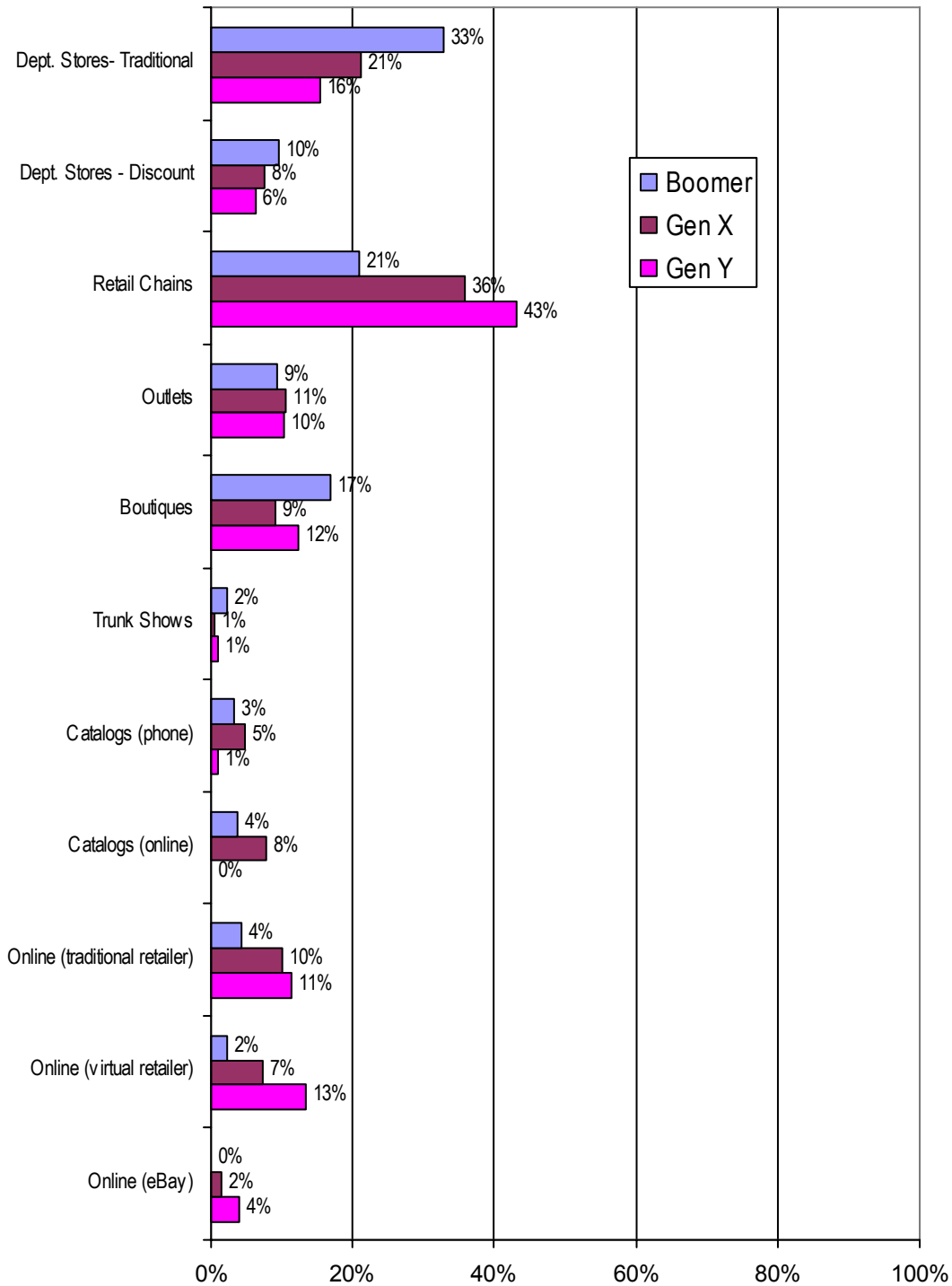
Recently, *BusinessWeek* magazine questioned why department stores “led the retail pack in same-store sales gains last month.”

Department stores led the retail pack in same-store sales gains last month, continuing a rise this year that has generated hoopla about the long-dying industry's revival. But the figures, for sales in stores open at least a year, are deceiving. “Everybody is talking about how department stores are showing all this growth,” says Marshal Cohen at market researcher NPD Group. “That’s bull.”

--BusinessWeek, Dec. 4th, 2006, UPFront, Retail Detail “A Revival May Not be in Store.”

After computing the results of our survey, we tend to agree with *BusinessWeek's* theory that temporary gains were made because business shifted to certain stores from closed stores and consolidation. Why? Because of the businesswomen we surveyed, **only half as many Generation Y members as Boomers shop at traditional department stores.** Where are these young women shopping? Retail chains like Banana Republic, Ann Taylor and H&M; as well as online at virtual and traditional retailers.

Where do you shop **most of the time** for a new outfit or "killer" accessories? (broken down by generation).



Question #2 – Which retailers get the bulk of your hard-earned cash?

This question illustrated the results of the previous question where traditional department stores like Macy’s and Lord & Taylor dropped down or off the list in Generations X and Y. Instead, retail chains like H&M, Express and Victoria’s Secret make appearances on their lists. Nordstrom, a traditional department store, actually rose on the Generation Y list; but this is likely due to their strong online presence.

Rank	Baby Boomers	Generation X	Generation Y
1	Macy’s/Filene’s	Ann Taylor	Banana Republic
2	Banana Republic	Macy’s/Filene’s	Ann Taylor
3	TJ Maxx	Target	Macy’s
4	Marshalls	Banana Republic	Nordstrom
5	Lord & Taylor	Gap	Gap
6	Nordstrom	Nordstrom	H&M
7	Talbots	Talbots	Target
8	Target	Ann Taylor Loft	Victoria’s Secret
9	Ann Taylor	J. Crew	Express
10	Filene’s Basement	Marshalls	Ann Taylor Loft

Question #3 - For our tech-loving shoppers in the crowd, what motivates you to shop online for clothing and accessories? The top 5 reasons are:

1. It’s more time efficient – 75%
2. I can do it at all hours from all time zones – 69%
3. I can multitask while doing it – 52%
4. I have a wider selection – 39%
5. I don’t ever have to leave my house – 36%

Question #4 - When a website recommends "Customers who bought this product also bought Product x...," how do you respond?

Only 50% of Boomers will check out the other item versus 58% of Generation X and 72% of Generation Y.

Question #5 - Do you ever let websites keep your credit card on file?

52% of all generations say yes, they let websites keep their credit card on file. However the breakdown is noteworthy: 44% Boomer; 56% Generation X; and 62% Generation Y.

Question #6 - If you DON'T shop online for clothing and accessories, why not? (all generations combined)

1. I need to try things on – 84%
2. I'm worried about dealing with returns – 44%
3. I don't want to pay shipping – 38%
4. It's not as fun as going in person – 32%
5. I don't want to give my credit card online – 13%*

**If you break the numbers down by generation as to who does not want to use a credit card online, it was 24% Boomers, 5% Generation X and 4% Generation Y, which reflects the answers given in the previous question.*

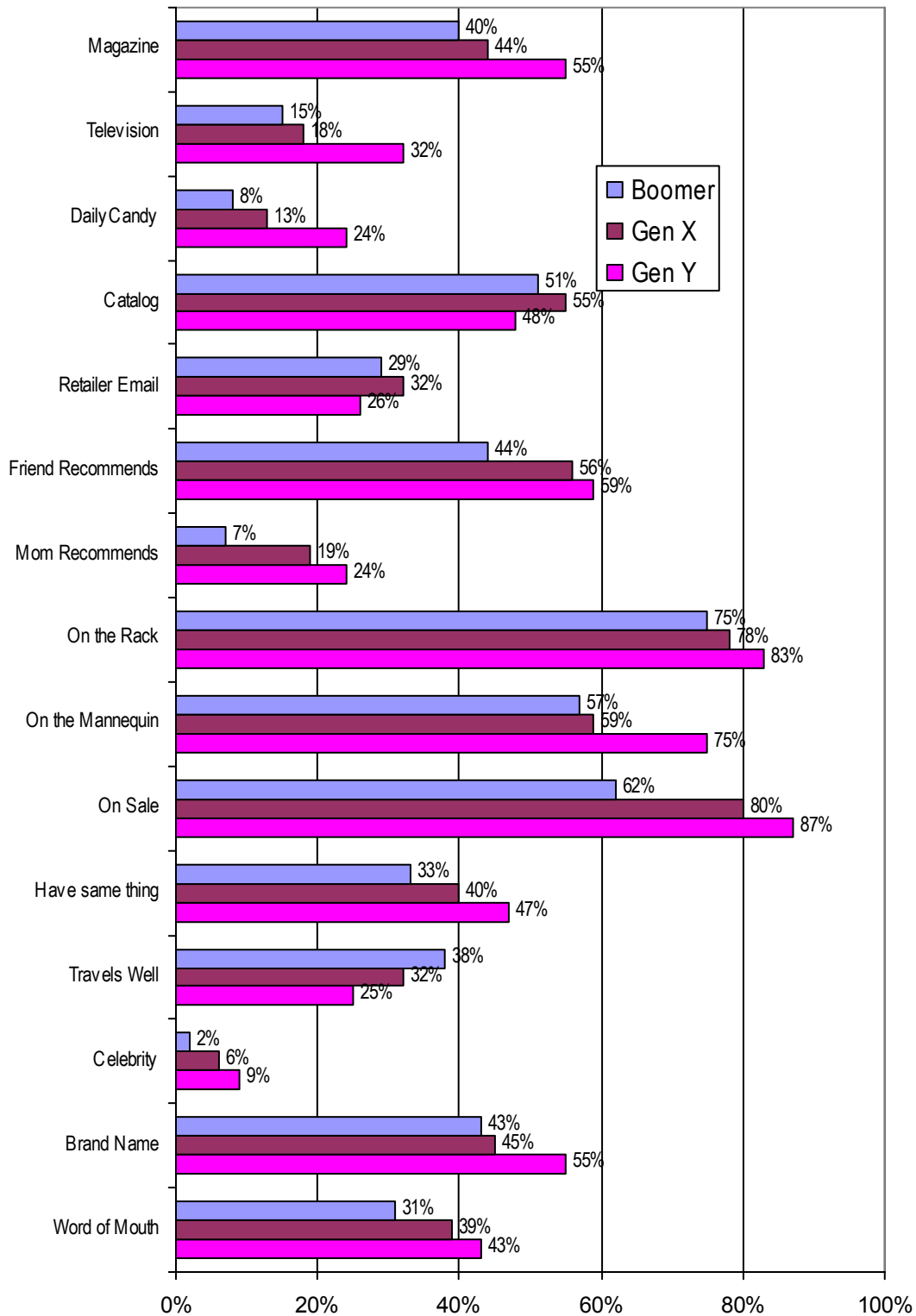
Question #7 - In addition to your fabulous innate sense of fashion, what influences your shopping decisions when it comes to clothing/accessories purchases?

In this question we asked members to rank how much the following influenced their purchasing decisions for clothing and accessories. The chart that follows is a multi-generational breakdown of those factors that received a “sometimes or most of the time” ranking, with percentages reflecting the percentage of respondents in their generational age group.

- Saw it in a magazine
- Saw it on television
- Saw it in an online service like DailyCandy
- Saw it in a catalog
- Saw it in an email from a retailer
- Recommended by a friend
- Recommended by my mom
- Saw it on the rack
- Saw it on a mannequin or window display
- It was on sale
- I already have the same thing in another color
- It looked like it would travel well
- Endorsed by a celebrity
- Brand name
- General word of mouth

It seems that no matter what the age group, the biggest influencers are (1) what's on sale, (2) what they find on a rack or (3) what they see on a mannequin. Not surprisingly, Generation Y is much more influenced by magazines, television and online services. However, it's clear that celebrities don't move much clothing off the racks, and it's better to have a recognized brand name or good buzz. Generation X and Y are much more influenced by friend recommendations and word of mouth. Although, surprisingly, they're also influenced by their moms!

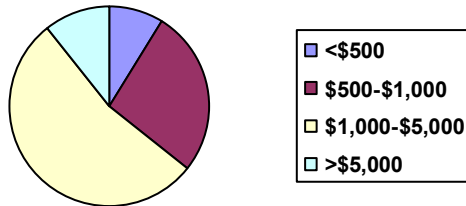
What influences your purchasing decisions *sometimes* or *most of the time*? (broken down by generation).



Question #8 – How much do you spend on clothing in a year?

In this question, the only variables we found between generations were clearly related to income/stage in life, as Boomers were more likely to be present in the higher spending categories, but not significantly so.

How much do you spend on clothing in a year?



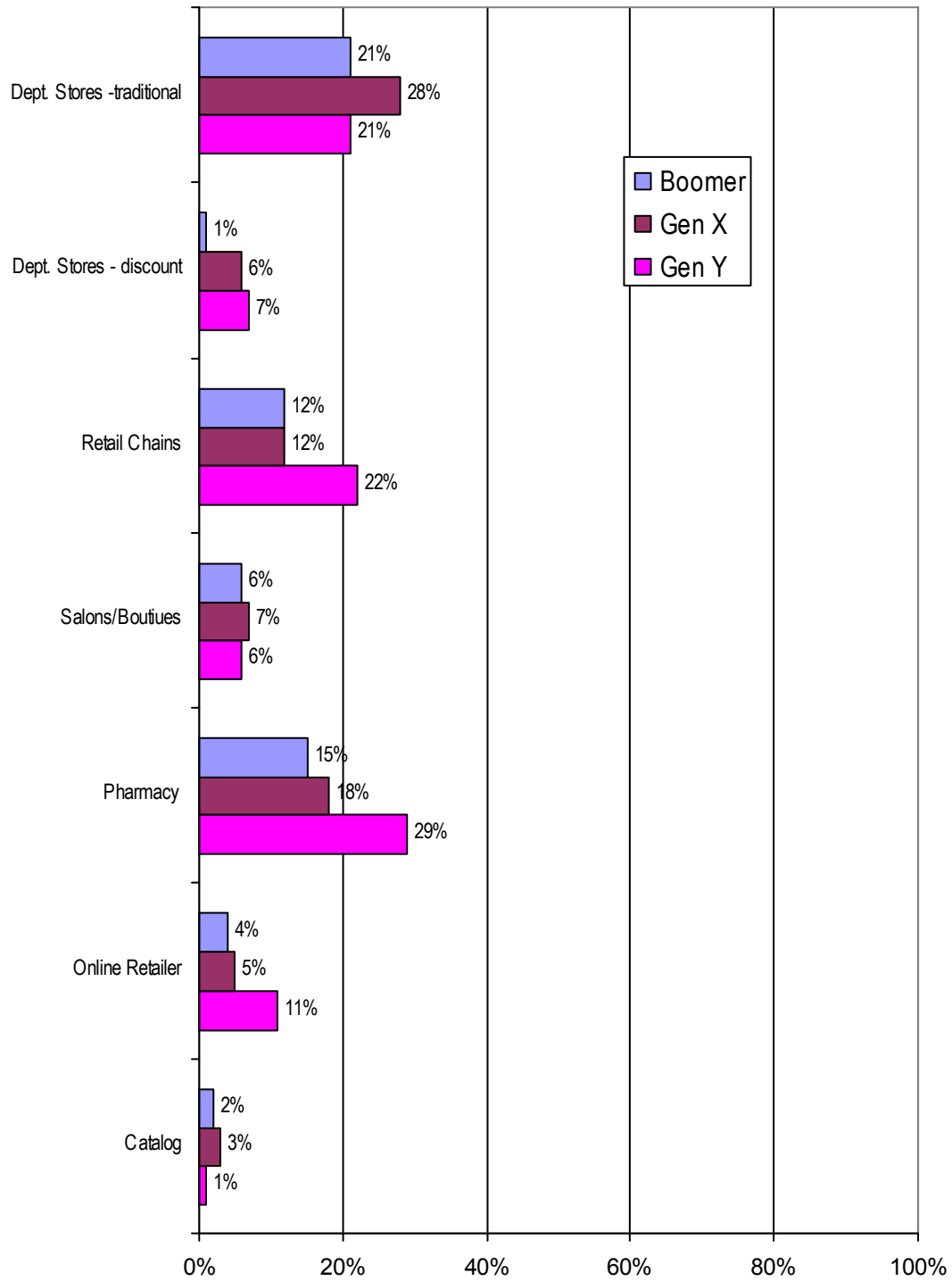
Part III – How do you buy your makeup?

Question #9 - Let's talk about makeup and skin care: Where do you buy your cosmetics (makeup and skin treatments)?

- Department stores - traditional (Neiman Marcus, Macy's)
- Department stores – discount (Target, Kohl's)
- Retail chains – walk in (Sephora, Beauty & Main)
- Salons or boutiques
- Pharmacy (Walgreens, CVS)
- Online retailer (Sephora, Ultra)
- Catalog (Bliss)

Like earlier responses about shopping for clothing, Generation Y businesswomen are more likely to go to a retail chain or shop online than their Boomer and Generation X colleagues. However, they do most of their cosmetic purchases at pharmacies.

Where do you shop **most of the time** for makeup and skincare products?
 (broken down by generation).



Question #10 - For our tech-loving shoppers in the crowd, what motivates you to shop online for cosmetics? The top 5 reasons are:

1. It's more time efficient – 61%
2. I can do it at all hours from all time zones – 42%
3. I have a wider selection – 38%
4. I don't ever have to leave my house – 33%
5. I get better discounts – 33%*

Generation Y businesswomen find more discounts online, as the generational breakdown is: 24% Boomers, 39% Generation X, and 42% Generation Y. **This means that discounts were the #2 reason for Generation Y to buy cosmetics online*

Question #11 - If you DON'T shop online for cosmetics, why not?

1. I need to try or see things in person – 68%
2. It's all about the samples and testers – 37%
3. It's not as fun as going in person – 23%
4. Don't want to pay shipping – 22%
5. Worried about dealing with returns – 21%

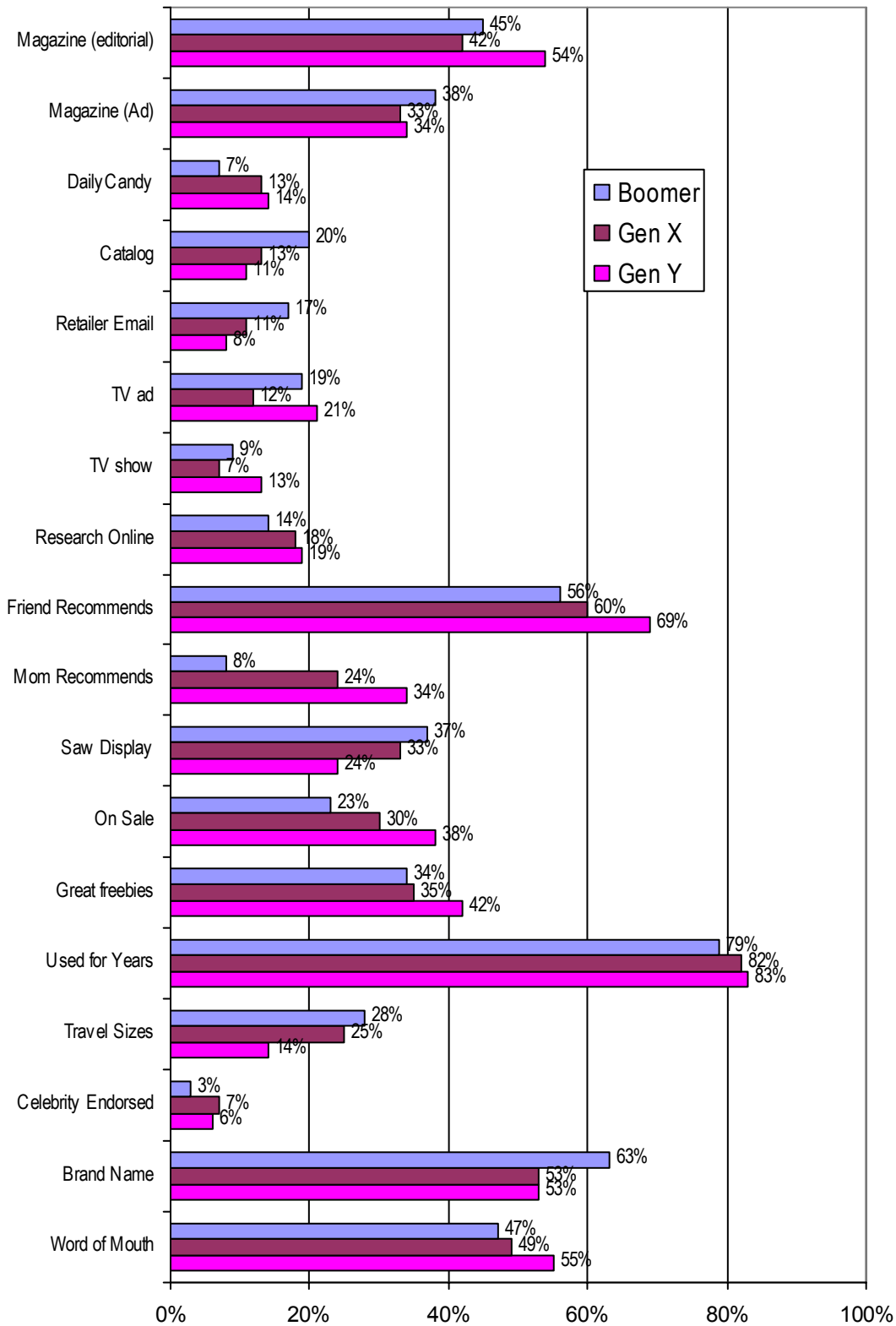
Question #12 - What influences your shopping decisions when it comes to cosmetic purchases?

In this question we asked members to rank how much the following influenced their purchasing decisions for cosmetics. The chart that follows is a multi-generational breakdown of those factors that received a “sometimes or most of the time” ranking, with percentages reflecting the percentage of respondents in their generational age group.

- Saw it in a magazine (editorial)
- Saw it in a magazine (advertised)
- Saw it in an online service like DailyCandy
- Saw it in a catalog
- Saw it in an email from a retailer
- Saw it on TV (ad)
- Saw it on TV (show)
- Researched it on the web (iVillage, MakeupAlley)
- Recommended by a friend
- Recommended by my mom
- Saw it on display
- It was on sale/had a coupon
- They were giving great freebies
- Used it for years
- They come in travel sizes
- Endorsed by a celebrity
- Brand name
- General word of mouth

When it comes to makeup, like with clothing, celebrity endorsements are not a major influencing factor. But, all generations are brand loyal, sticking with them for years, with word of mouth and friend recommendations being leading influencers, followed by magazines.

What influences your cosmetic purchases *sometimes* or *most of the time* ? (broken down by generation).



Question #13 – What are your favorite cosmetic brands?

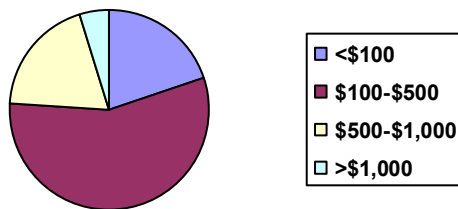
Must be the Clinique giveaways that keep it upfront and center with all generations. Of interest is Neutrogena catapulting onto the list in spot #3 for Generation X, and Sephora and CoverGirl showing up for Generation Y (and Estee Lauder and Mary Kay dropping off the list.) One noticeable absence across all age groups – Avon.

Rank	Baby Boomers	Generation X	Generation Y
1	Clinique	MAC	MAC
2	Estee Lauder	Clinique	Clinique
3	L'Oreal	Neutrogena	Maybelline
4	MAC	Lancome	Bobbi Brown
5	Mary Kay	Bobbi Brown	Lancome
6	Bobbi Brown	Estee Lauder	Neutrogena
7	Maybelline	L'Oreal	CoverGirl
8	Lancome	Maybelline	L'Oreal
9	Chanel	Chanel	Sephora
10	Revlon	Mary Kay	Chanel

Question #14 – How much do you spend on cosmetics in a year?

In this question, the only variables we found between generations were clearly related to income/stage in life, as Boomers were more likely to be present in the higher spending categories, but not significantly so.

How much do you spend on cosmetics in a year?



Part IV – Splurges and general influencers

Question #15 - What was your last big splurge?

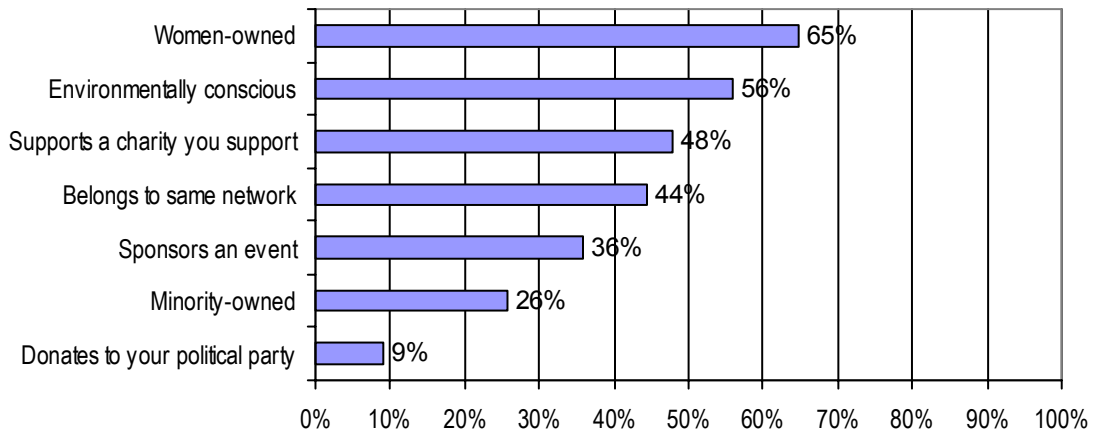
1. Clothing
2. Travel
3. Shoes
4. Computer/computer accessory
5. Spa visit
6. Furniture
7. Handbag/briefcase/laptop bag

- 8. Jewelry
- 9. Makeup
- 10. iPod

The interesting tidbit here is that computers rank right up there at #4.

Question #16 – All else being equal, and you could get that next big fabulous purchase anywhere, which of the following factors might influence which company you shop with?

Other factors that might influence purchases - All Generations Combined
(Multiple answers allowed)



** There was not much difference in the generations except for on the “women-owned” businesses, where the breakdown was 66% Boomers; 71% Generation X; and 49% Generation Y. This would place “Environmentally conscious” as the top outside influencer for Generation Y, ahead of “women-owned.”*

About DowntownWomensClub.com

DowntownWomensClub.com (www.downtownwomensclub.com) is a leader in "Networking to Go" - 24/7 business and social networking that is convenient, pressure free and adaptable to today's varying work styles. It was founded in 1998 by Diane K. Danielson, whose credits include author, lawyer, entrepreneur and software developer. Its innovative "Clicks and Mix" model offers thousands of women an online and offline community using new and emerging technologies such as DWC Faces (a proprietary, Internet-searchable member directory for career women). Member-launched, custom tailored local chapters currently include Boston, Chicago, Washington DC, LA, NYC, Pittsburgh, Providence, San Diego, and Worcester, MA, with new locations in the pipeline. For a yearly membership fee of \$49.99, members access "networking to go," professional development, promotional opportunities, social events, discounts and more, anytime, anywhere and any way they choose.

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