

WWD

Pricing Report Shows the Negative Impact of Apparel Markdowns

An analysis of three-year's worth of data showed the impact of marking down apparel.

By [Arthur Zaczkiewicz](#) on October 26, 2016



Fung Global [Retail](#) & Technology managing director Deborah Weinswig partnered with [First Insight](#) to dive into more than three years of pricing and consumer preferences data on the women's wear market. After crunching the data, the analysis revealed the impact of a market flush with markdowns that seem to be [changing consumer behavior](#).

“On average, across all women's wear categories tested between January 2013 and June 2016, consumers were willing to pay only 76 percent of full price,” the authors of the report noted. “Consumers not seeing the value at full price is a key driver of the markdown challenge that has been plaguing retailers and brands.”

Weinswig and First Insight found that during that time period, the tested manufacturer's suggested [retail](#) price, or MSRP, of “women's tops and bottoms fell by 14 percent and 13 percent, respectively.”

“The prices that consumers were willing to pay in these core women's categories also declined over the period, to only 74 percent to 79 percent of planned MSRPs,” the researchers said in the report, which is being released today.

The researchers said that due to the growth of ath-leisurewear “and the casualization of women's wear, consumers are showing less price resistance in some subcategories.”



Pricing Report Shows the Negative Impact of Apparel Markdowns (cont.)

By way of example, the analysts said consumers “were willing to pay 82 percent of planned MSRPs for knit bottoms tested by First Insight, even though planned MSRPs increased significantly over the period.”

The analysis involved a data set of more than 57,000 apparel and accessories across 10 categories that had gone through First Insight’s predictive analytics testing program. “Our analysis revealed that MSRPs are trending downward in core women’s wear categories, but upward in noncore categories,” Weinswig said in the report.

The analysts noted that there is a “persistent and significant gap between the planned MSRPs tested and the prices consumers are willing to pay, that consumers are more willing to accept price growth in ath-leisurewear and activewear than in other categories, and that consumers are unwilling to pay top dollar for footwear.”