



*Business Transformation  
in the Apparel Category  
Through Greater  
Customer Centricity*

*The Power of Social Currency*

SEPTEMBER 2016

*Dear Reader:*

*Why **should you care** what's inside this report? Because whether you lead a brand repositioning or a business transformation project, whether you are in charge of a new brand launch, coming up with new ways to convert runway success to consumer sales, or simply hoping to improve your marketing or advertising, **understanding consumers** matters more than ever and achieving new levels of customer centricity should be a relentless pursuit.*

*This study covers **90 brands, of which 25 are apparel brands**. It provides a window into understanding consumers' behavior in today's social, mobile, and digital context – something that is long overdue in **the apparel category**.*

*We appreciate any feedback about our research, thoughts, and insights, and are happy to answer any questions.*

*Thank you.*

Vivaldi introduced the term *Social Currency* in 2010 and expanded on the research in 2012. These studies established the role of Social Currency in driving preference and choice, and in *building strong brands*. This year, Vivaldi partnered with Chadwick Martin Bailey (CMB), a world-class research consulting firm, in a comprehensive effort to more deeply understand the social lives of consumers and what does and did not create Social Currency. This report focuses specifically on the apparel category and is an abstract of our main report that can be found at [http://bit.ly/Social\\_Currency](http://bit.ly/Social_Currency).



2010



2012



2016

05

INTRODUCING SOCIAL CURRENCY

10

STUDY FINDINGS IN THE APPAREL CATEGORY

20

BEST PRACTICES UNCOVERED

*“While a lot of companies are doing digital (transformation), very few are doing it well yet.”*

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*George Westerman /Principal Scientist, MIT/*

*Business transformation  
through technology*

Business transformation  
can only be successful if  
it takes into account the  
changes taking place in  
people's lives...



*Social, digital, and mobile  
lives today*

Companies need  
to comprehensively  
understand and  
truly embrace the  
complexity  
of people's lives



*Social Currency*

measures the ability of brands to fit into how consumers manage their social lives in today's digital and mobile age.

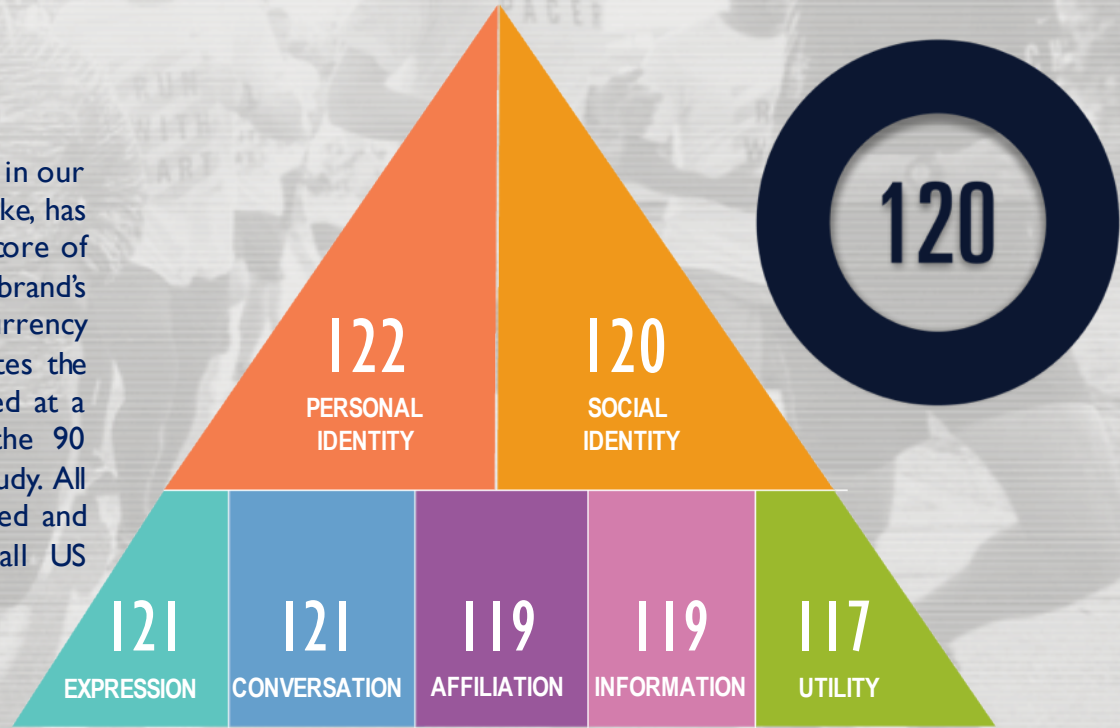


**7 Social Currency Dimensions**

-  How much my relationship to the brand plays into my *self-image* and *self-esteem*.
-  How much *I feel a sense of belonging* or *kinship* with others who use the brand.
-  How much the brand facilitates *communicating who I am*.
-  How much the content shared by/about the brand engages me.
-  How much the brand helps me forge *new social connections* or *relationships*.
-  How much other people help me *discover*, *evaluate*, and *make decisions* about the brand.
-  How much my engagement with the brand or its customers *enhances the value* I get from the brand.



As an example, the best performing brand in our study overall and the fashion category, Nike, has an indexed Social Currency composite score of 120 - a weighted composite of the brand's results on the 7 dimensions. This Social Currency score means that in the US, Nike facilitates the identity-building behaviors we've described at a 20% higher rate than the average of the 90 industry-leading brands covered in our study. All numbers on this slide are similarly indexed and represent a market-level snapshot of all US consumers who are aware of Nike.

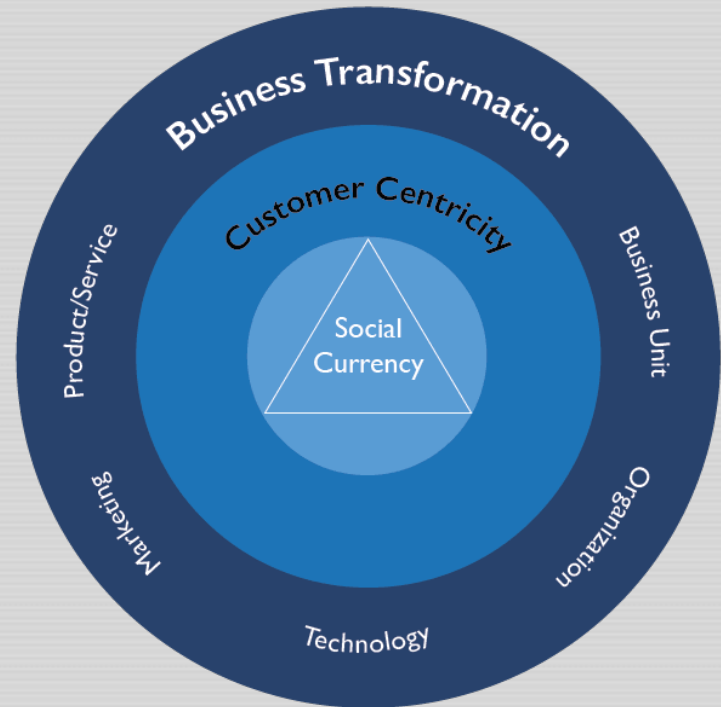




**Social Currency** is a powerful way to achieve the level of understanding of consumers required for business transformation efforts to be successful and to lead to a competitive advantage.

Social Currency describes how consumers manage their social lives in today's digital and mobile age and how brands or businesses can help consumers make decisions and live their lives more efficiently and effectively.

Adopting a Social Currency strategy will ensure that all initiatives around business transformation focus on enhancing consumers' lives and helping consumers to be more efficient and effective.



*“Research is to see what everybody else has seen, and to think what nobody else has thought.”*

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*Albert Szent-Gyorgyi / Nobel Prize Winning Psychologist/*



*Average Social Currency Scores*

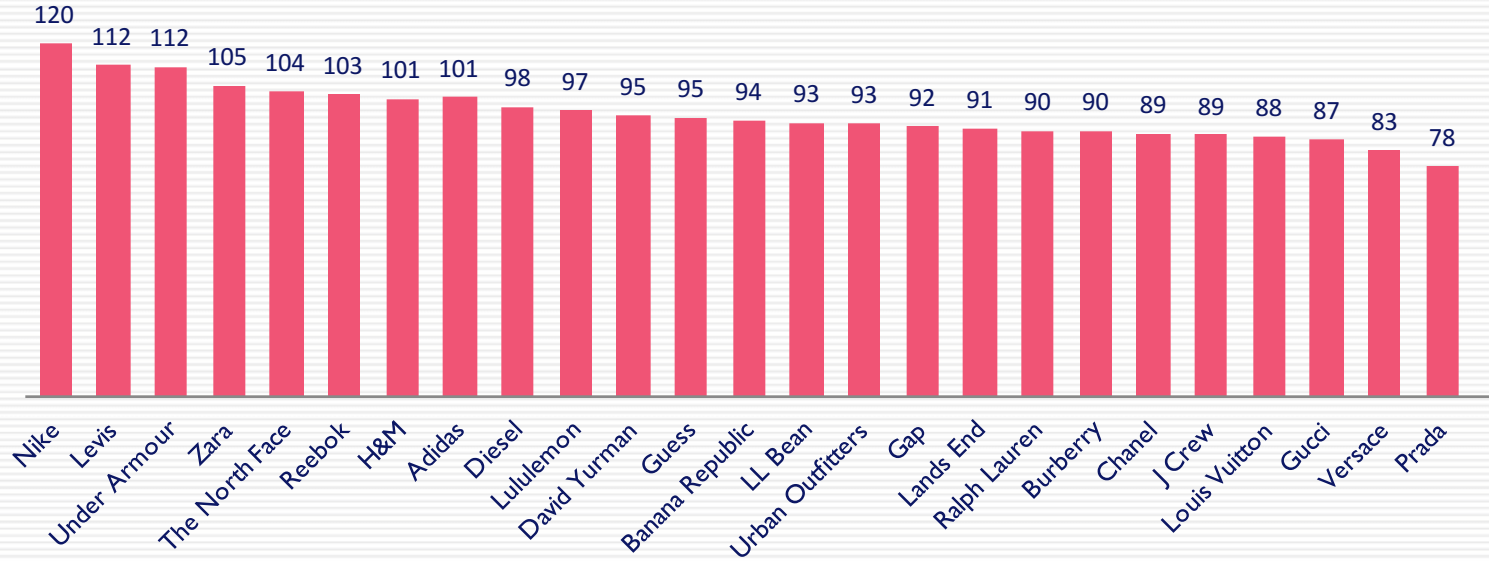


The apparel industry overall does not perform as well as other categories on Social Currency.

*Top 5 brands*

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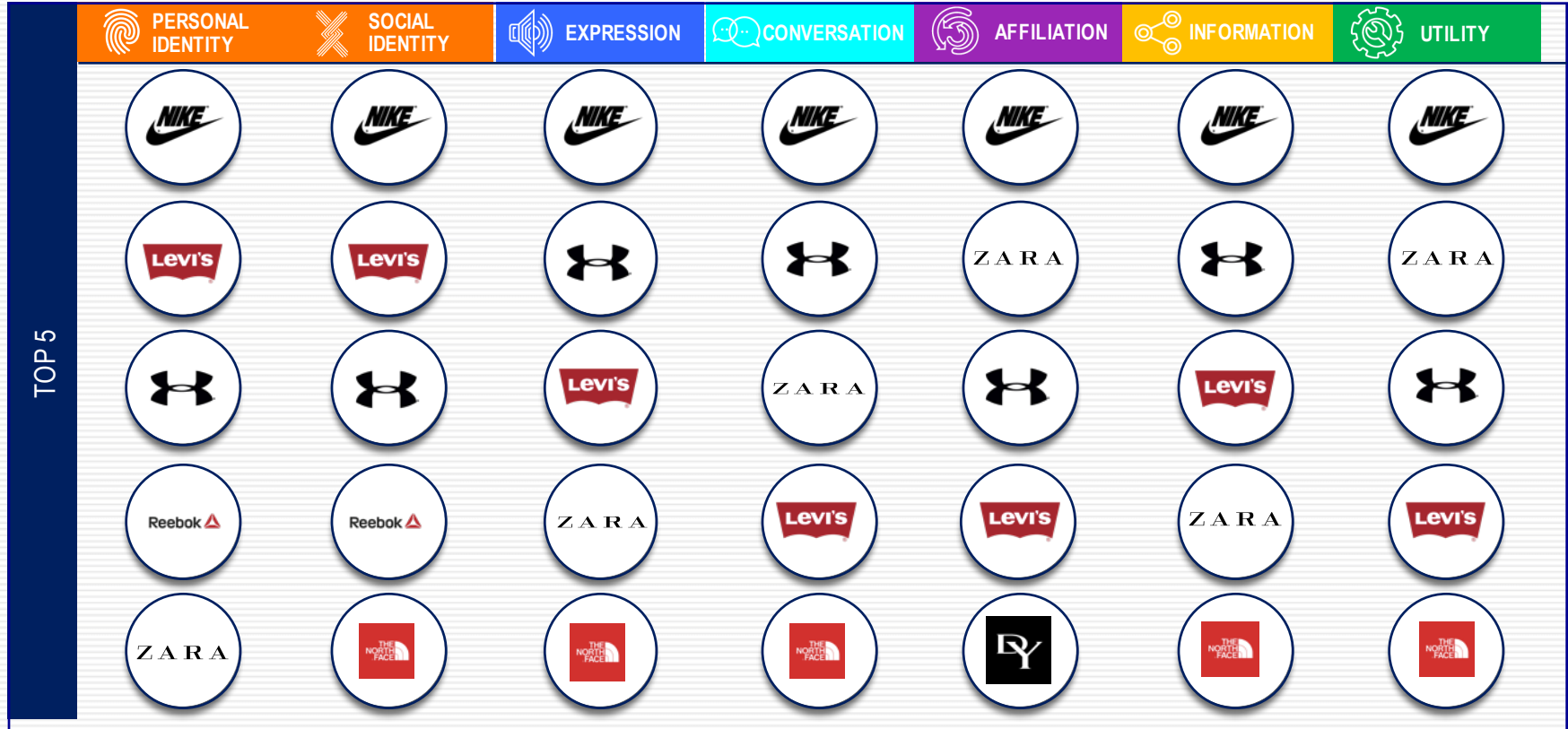
Five fashion brands pull ahead and score highest on Social Currency.

*Social Currency Scores*

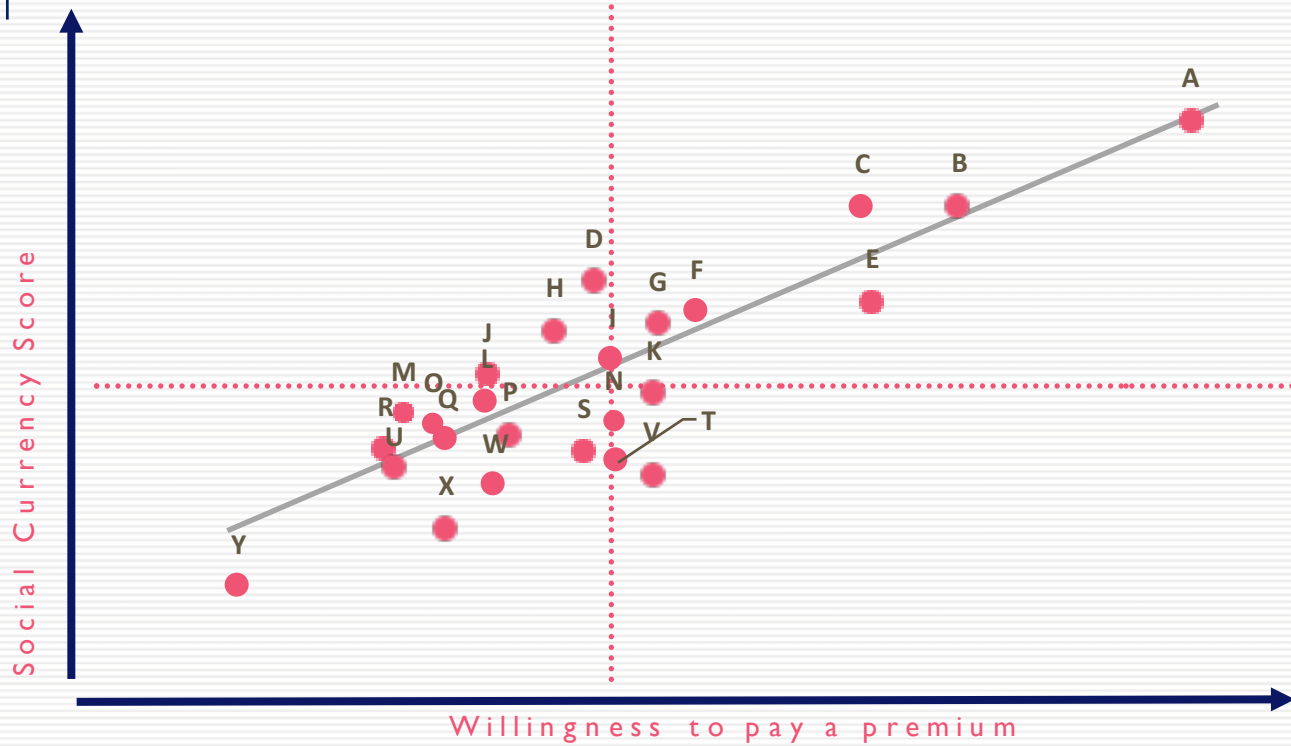
The winning brands understand better than others how brands can be present and add value to their consumer's lives, beyond the direct product and service they sell.



# THE TOP 5 BRANDS PER SOCIAL CURRENCY DIMENSION



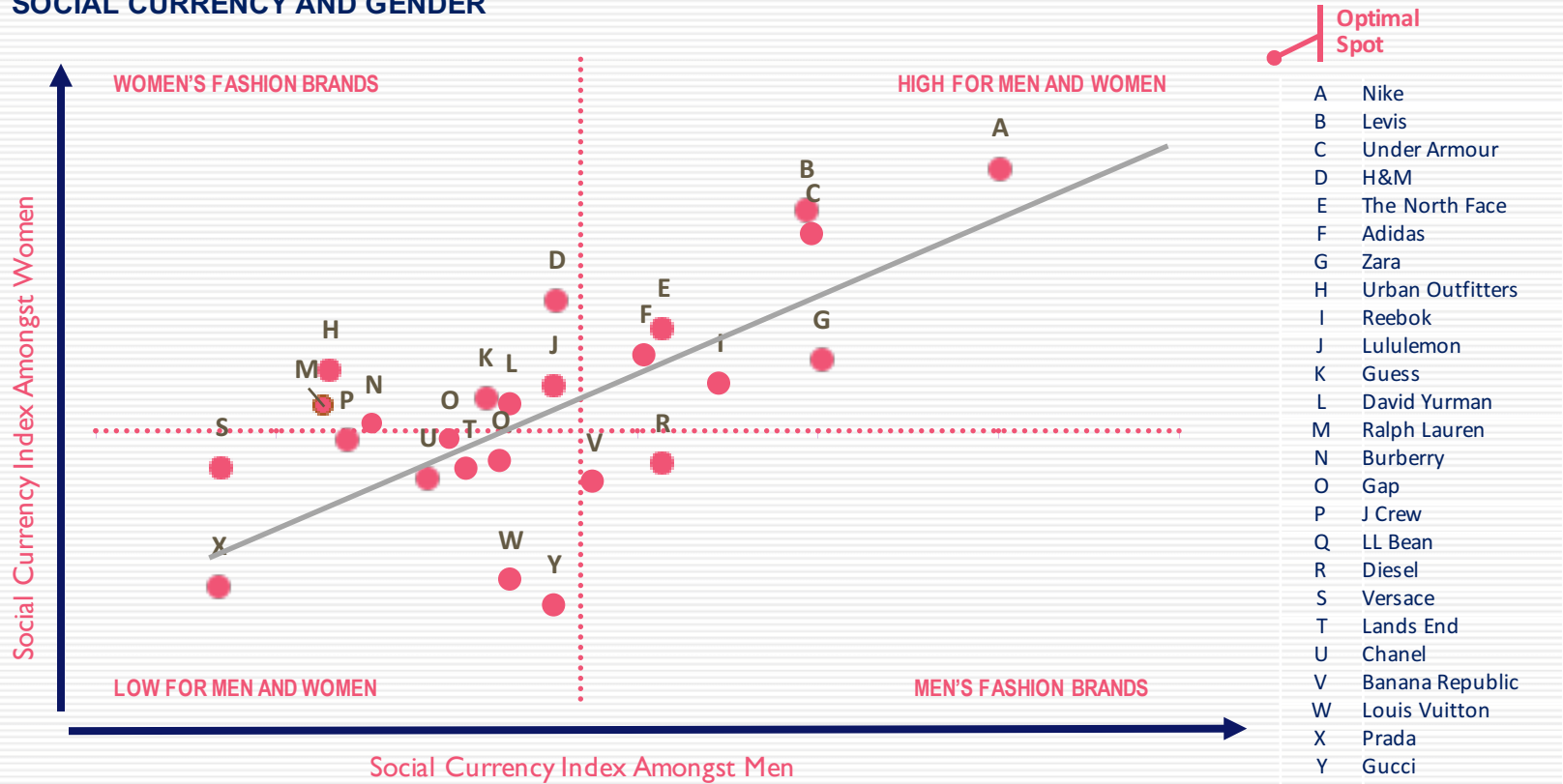
# 16 | SOCIAL CURRENCY VS. WILLINGNESS TO PAY A PREMIUM



A	Nike
B	Levis
C	Under Armour
D	Zara
E	The North Face
F	Reebok
G	Adidas
H	H&M
I	Diesel
J	Lululemon
K	David Yurman
L	Guess
M	Banana Republic
N	LL Bean
O	Urban Outfitters
P	Gap
Q	Lands End
R	Ralph Lauren
S	Burberry
T	Chanel
U	J Crew
V	Louis Vuitton
W	Gucci
X	Versace
Y	Prada

Social Currency is strongly related to willingness to pay a premium for fashion brands. Similar to likelihood to choose over other brands, the likes of Prada, Versace and Louis Vuitton underperform on Social Currency as compared to what their willingness to pay a premium should suggest. Zara, Under Armour and H&M amongst others, break the curve.

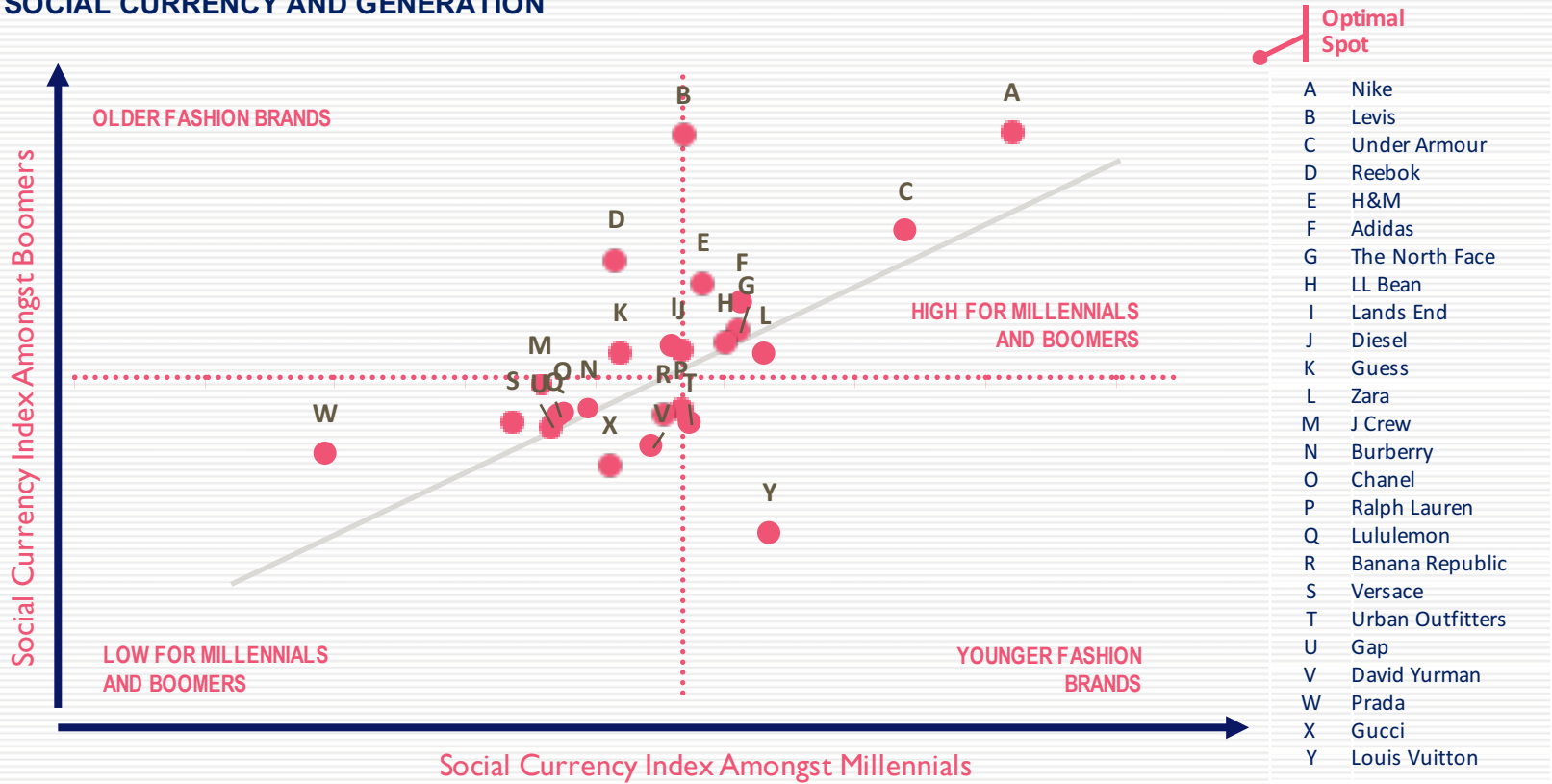
# 17 | SOCIAL CURRENCY AND GENDER



While there is some agreement on Social Currency across gender, there are particular brands which score higher among men or women. Nike, Levis, and Under Armour have the highest Social Currency overall, regardless of gender. Brands like Banana Republic and Diesel score higher among men than women. In contrast, H&M and Urban Outfitters over-perform amongst women.

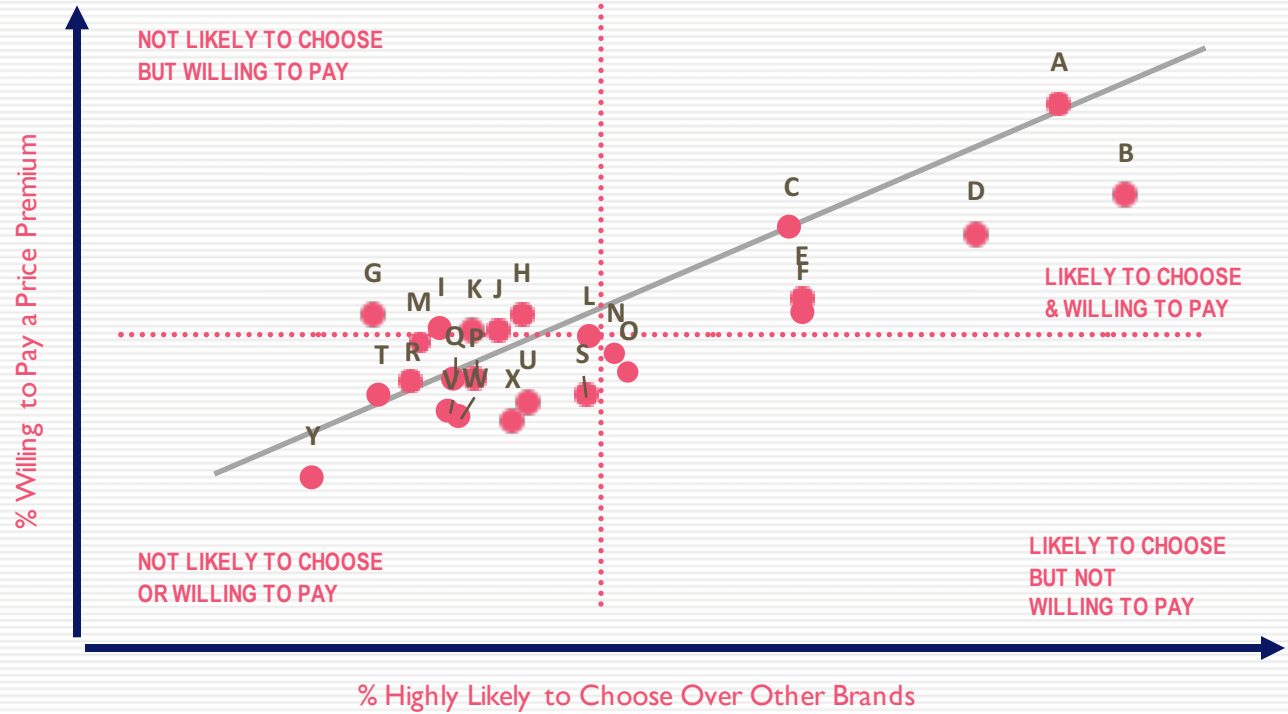
**NOTE: This is all relative to the average.**

# 18 | SOCIAL CURRENCY AND GENERATION



While there is a general agreement between Millennials and Boomers on Social Currency, there are a few brands that stick out as particularly old or young brands. Louis Vuitton has the third highest Social Currency score among Millennials but is ranked last among Boomers. Brands such as Reebok and Guess score higher among Boomers than Millennials. While Nike scores particularly well among young and old, Levis scores particularly well among Boomers but has middling Social Currency amongst Millennials.

# 19 WILLINGNESS TO PAY PRICE PREMIUM VS. LIKELIHOOD TO CHOOSE



- Optimal Spot
- A Nike
- B Levis
- C The North Face
- D Under Armour
- E Reebok
- F Adidas
- G David Yurman
- H Louis Vuitton
- I Chanel
- J LL Bean
- K Diesel
- L Zara
- M Burberry
- N H&M
- O Gap
- P Gucci
- Q Guess
- R Lululemon
- S Lands End
- T Versace
- U Urban Outfitters
- V Banana Republic
- W J Crew
- X Ralph Lauren
- Y Prada

Amongst all consumers, Nike, Levis, The North Face and Under Armour have some of the most loyal customers likely to choose their brands over others and willing to pay a premium. Using the familiar quadrant system, we'd categorize brands such as the Gap and H&M as value/commodity brands. These brands are high-frequency purchases, but consumers are unwilling to pay extra for them. Alternatively, we'd consider brands such as David Yurman, Chanel, Diesel and Burberry as more luxury brands i.e. they aren't everyday purchases but when they do buy them, consumers are willing to pay more.

*“The only source of knowledge  
is experience.”*

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*Albert Einstein /Theoretical Physicist/*





Nike tops the charts and performs very strongly on every single one of the Social Currency dimensions. The brand's success is driven by both *Personal Identity* and *Social Identity* which was achieved by evolving from a position of inspiring athletes to now enabling them to do so through a digital ecosystem of engagement, which led to the creation of a worldwide community of users in the process.



Under Armour is the surprise over-performer in our study, with high Social Currency scores relative to much larger competitors. With the "I Will What I Want" campaign, the brand tapped into an exciting insight that spoke to consumers about the power of their own will, while the business model adopted the broad and rapidly-changing product offering of the fashion industry, leading to a particularly high performance on *Conversation*.



While the world's oldest and largest denim brand suffered some rough years, the brands' awareness never waned, and the company has embarked on a comeback that translates to strong performance on *Information*. A \$100 million "Live in Levi's" marketing campaign recently went live, with the goal of documenting people's relationship with the brand.



Zara has notoriously accelerated the pace of the fashion industry and is also known for its investment in beautiful stores and notable locations. By providing access to the world of high fashion, the brand has boosted its *Affiliation* dimension – consumers feel a sense of kinship with other Zara consumers and also have a sense of belonging to the broader fashion-forward community.

*Leveraging Social Currency to drive success in the apparel category require the following steps:*

- *Review* the overall strategic brand foundation—vision, positioning, promise—and *assess and measure* the brand's performance on each of the dimensions of Social Currency.
- *Identify* key initiatives, programs and efforts that create, strengthen, and reinforce the Expression, Conversation, Affiliation, Information, and Utility dimensions and maximize Personal and Social Identity.
- *Segment* or *re-segment* your market based on which audiences over-index on particular Social Currency behaviors, then *link* segment profiles to your DMP and *build* audiences for ad targeting and programmatic buying based on segments' social profiles or activities.
- *Create* an organization-wide system or process so that marketers and brand managers incorporate Social Currency into marketing plans, and *incorporate* the dimensions into agency briefs to focus your campaign efforts towards creating more utility, providing more information or generating more conversation.
- *Share* the Social Currency framework with other C-level executives who lead major strategic initiatives such as larger business transformation efforts, *identify* ways in which Social Currency leads to greater customer-centricity, and how it can drive new business models. *Develop* a dashboard that shows the organization how Social Currency drives brand-building, strong customer relationships, and business results.



*This report benefited from the experiences and insights of all the partners and staff at Vivaldi and CMB. We are lucky to be a part of a community of over 200 extremely talented and smart consultants, strategists, designers, digital and social media experts, and data scientists. So many have helped along the way, from conceptualizing our company's thinking about brands, business, social media and digital strategy, to executing the research and surveys, to designing and producing the final report.*

*In particular, we'd like to thank Markus Zinnbauer, Inga Folta, Stefan Schneider, Jessi Mardakhaev, Jenifer Ekstein, Sara Bhourj, Lucas Austin, Jay Weiner, James Kelley, Ed Loessi, and Megan McManaman. They helped uncover the insights that shape Social Currency, and contributed countless hours to research, analysis, and content creation.*



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*Vivaldi unlocks innovation and growth opportunities for brands and businesses in the context of today's digitally connected world.*

We are known for:

- Identifying growth opportunities
- Building strong brands
- Creating bold innovation
- Leading internal transformation
- Designing powerful brand experiences

Vivaldi's strategic guidance helps brand and business leaders create breakthrough yet actionable strategies.

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*New York | Chicago | Toronto | Buenos Aires | London | Zurich | Munich | Hamburg |  
Dusseldorf | Singapore*

The image features a blue-tinted city skyline in the background, with the One World Trade Center being the most prominent building. A large, light-colored triangle is overlaid on the right side of the image. Inside this triangle, the word "VIVALDI\_" is written in a bold, black, sans-serif font. The underscore at the end of the name is a key visual element.

VIVALDI\_



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*Thank You!*