

W. Frank Barton School of Business

# Center for Economic Development and Business Research

## Women's Clothing Stores Subsector in the Wichita Metropolitan Area

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WICHITA STATE  
UNIVERSITY

1845 Fairmount St.  
Wichita KS 67260-0121  
316-978-3225  
[www.CEDBR.org](http://www.CEDBR.org)  
[cedbr@wichita.edu](mailto:cedbr@wichita.edu)

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This article reports market research data on the Women's Clothing Stores subsector in the Wichita Metropolitan Statistical Area (MSA). This information was compiled to help current retailers and potential new entrants into the Women's Clothing Stores subsector have a better understanding of their market, learn more about opportunities and challenges associated with the subsector, and make informed decisions.<sup>1</sup> Principal sources used are from the Kansas Department of Revenue, the U.S. Census Bureau, and IbisWorld.

## Women's Clothing Stores Subsector

By the National American Industry Classification System (NAICS)'s definition,<sup>2</sup> the Women's Clothing Stores subsector includes establishments mainly involved in selling a general line of new women's (maternity wear included), misses', and juniors' clothing. These establishments can also provide basic alterations.

The Women's Clothing Stores subsector in the Wichita MSA represented 79.4 percent<sup>3</sup> of the entire retail trade Clothing and Clothing Accessories sector in Kansas in 2011. The performance and external dynamics in this subsector have the potential to influence the overall level of the retail trade sector in the state.

### *Performance*

In retail industries, performance can be measured by the level of sales, the change in employment levels, the change in the number of establishments, and an area's ability to pull in consumers from outside of its borders. In examining each of these measurements, it is clear that although the Women's Clothing Stores subsector was affected by the recession, performance has steadily improved in recent years.

Taxable sales for the Women's Clothing Stores subsector in the Wichita metro area (Chart 1) went up by 13.2 percent between 2007 and 2012. During that period, the highest growth occurred in 2008 when sales increased 8.6 percent despite the recession.<sup>4</sup> The taxable sales for the Women's Clothing Stores subsector in Wichita started to rise from 2010; in fact, they increased by 2 percent in 2010, 3.6 percent in 2011, and then slowed to a 0.8 percent increase in 2012.

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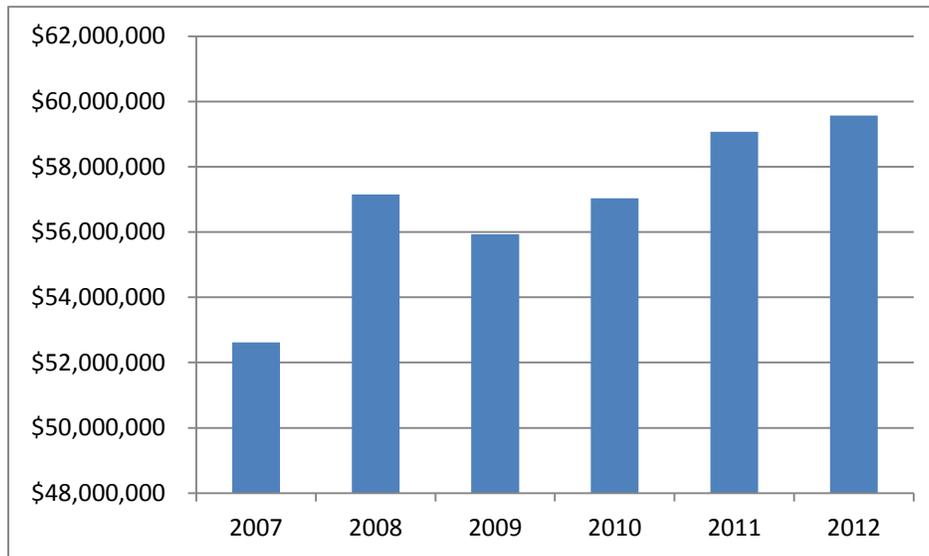
<sup>1</sup>The Center for Economic Development and Business Research (CEDBR) provides customized market research to government, businesses, and nonprofit agencies for the Kansas City, Lawrence, Topeka, and Wichita metropolitan areas. Market research reports include analyses that provide a better understanding of an industry or a specific sector. If you would like to request a market research report or get more information, please visit [www.cedbr.org](http://www.cedbr.org) or email CEDBR's director, Jeremy Hill, at [jeremy.hill@wichita.edu](mailto:jeremy.hill@wichita.edu).

<sup>2</sup>Source: U.S. Census Bureau, 2007 NAICS.

<sup>3</sup>Real taxable retail sales data.

<sup>4</sup>The recession started in December 2007 and ended in June 2009.

**Chart 1: Real Taxable Sales for the Women’s Clothing Stores Subsector in the Wichita MSA**



Source: Kansas Department of Revenue, State Sales Tax Collections by NAICS.

Employment for the Women’s Clothing Stores subsector in the Wichita area was nearly flat in 2008, losing six employees. Nonetheless, employment experienced an upsurge in 2009 when an extra 263 employees were added to the sector. Wages also rose significantly in 2009 to \$15,250,000 from \$6,702,000 in 2008. This 2009 growth in employment and wages could be a consequence of the 2008 increase in sales. Employment increased from 825 in 2009 to 895 in 2011. Wages also kept increasing to \$17,558,000 in 2011.

In addition to tracking sales, the change in the number of establishments in an area can indicate the performance of a retail sector. There was an average of 50 women’s clothing stores in the Wichita area from 2007 to 2012. Similar to the sector’s taxable retail sales, the number of stores increased to a peak in 2008, adding four stores (Table 1).

**Table 1: Annual Average Number of Women’s Clothing Store Locations in the Wichita MSA**

|   | Annual Average Number of Store Locations |
|---|--|
| 2007  | 48                                       |
| 2008  | 52                                       |
| 2009  | 50                                       |
| 2010  | 50                                       |
| 2011  | 49                                       |
| 2012  | 50                                       |
| Source: Kansas Department of Revenue, State Sales Tax Collections by NAICS. |  |

Examining information from the Center for Economic Development and Business Research’s Kansas Information Database <sup>5</sup> provides more detailed information on how the number of establishments in this industry has potentially changed between 2009 and 2013. KID informs on openings and closings, as well as expansions and relocations (Table 2).

**Table 2: Examples of Closings, Openings, Relocations, and Expansions of Women’s Clothing Stores in the Wichita MSA**

| Store Name                      | Activity   | City      | Year |
|---------------------------------|------------|-----------|------|
| Pink Saloon                     | Relocation | El Dorado | 2009 |
| Kate Lane                       | Closing    | Wichita   | 2009 |
| Francesca's Collections         | Opening    | Wichita   | 2009 |
| Savage Threads                  | Relocation | Wichita   | 2010 |
| Lbd                             | Opening    | Wichita   | 2010 |
| Katherine's                     | Closing    | Newton    | 2010 |
| Lane Bryant (New Market Square) | Expansion  | Wichita   | 2011 |
| Body Central                    | Expansion  | Wichita   | 2012 |
| Carla's Love It                 | Closing    | Wichita   | 2012 |
| Fashion Bug                     | Closing    | Wichita   | 2013 |
| Apricot Lane Boutique           | Expansion  | Wichita   | 2013 |
| Lady's Grace Boutique           | Relocation | Wichita   | 2013 |
| Lane Bryant (Towne West Square) | Closing    | Wichita   | 2013 |
| Chic Street Boutique            | Expansion  | Wichita   | 2013 |
| Loft                            | Expansion  | Wichita   | 2013 |

Source: Kansas Information Database, CEDBR.

Another way to measure the performance of a retail sector is by measuring the number of customers that are brought in from outside of the local area. The retail business activity in Wichita is strong since local businesses in the area attract customers from outside its borders. This is measured by the trade pull factor.<sup>6</sup> While a pull factor higher than 1.0 indicates that an area is attracting customers from outside its boundaries, a pull factor of exactly 1.0 means the trade that is pulled in is offset by the trade that is lost. Although pull factors in the city have been higher than 1.0 in the five years ending in 2012, they have been declining somewhat since 2009. Based on Table 3, most of the retail strength of the Wichita area can be attributed to Sedgwick County, as its pull factor was the only one above 1.0 from 2005 through 2012, compared to the other MSA counties.

<sup>5</sup> CEDBR’s KID is a set of data containing economically pertinent news articles and information from local and national newspapers. KID helps stay current on events impacting the economic and business environments in the Kansas City, Lawrence, Topeka, and Wichita MSAs. The database is also used to create reports for key players in the area’s economic growth and development, such as the Wichita Area Chamber of Commerce or the Greater Wichita Economic Development Coalition, as well as other essential partners. Through weekly and monthly reports, KID delivers information and news on companies, industries, and sectors. For more information about KID, please visit [www.cedbr.org](http://www.cedbr.org) or contact Jeremy Hill at [jeremy.hill@wichita.edu](mailto:jeremy.hill@wichita.edu).

<sup>6</sup> According to the Kansas Department of Revenue, the county/city trade pull factor “is a location quotient of retail trade. It is a measure of the relative strength of the retail business community. The county/city trade pull factor is computed by dividing the per capita sales tax of a county/city by the statewide per capita sales tax.”

**Table 3: Pull Factors in the Wichita Metropolitan Areas and its Counties**

|                           | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---------------------------|------|------|------|------|------|------|------|------|
| County Trade Pull Factors |      |      |      |      |      |      |      |      |
| Butler County             | 0.67 | 0.69 | 0.69 | 0.71 | 0.73 | 0.71 | 0.72 | 0.71 |
| Harvey County             | 0.79 | 0.77 | 0.78 | 0.79 | 0.79 | 0.78 | 0.75 | 0.74 |
| Sedgwick County           | 1.17 | 1.16 | 1.17 | 1.15 | 1.14 | 1.14 | 1.12 | 1.13 |
| Sumner County             | 0.46 | 0.47 | 0.47 | 0.5  | 0.53 | 0.54 | 0.53 | 0.64 |
| City Trade Pull Factors   |      |      |      |      |      |      |      |      |
| City of Wichita           | 1.21 | 1.20 | 1.22 | 1.20 | 1.20 | 1.18 | 1.12 | 1.11 |

Source: Kansas Department of Revenue, 2005-2012 Annual Reports of Trade Pull Factors and Trade Area Captures.

There are many factors influencing the performance of women’s clothing stores. Two possible explanations for sales levels over this time period are retail therapy and a delayed reaction to the recession that began in December 2007.

The 2008 rise in taxable sales for the Women’s Clothing Stores subsector could be partially explained by retail therapy — activity in which people shop and spend money to improve their mood. *“Shopping to improve one’s mood, long derided as a quick temporary fix for the blues, has been the subject of a string of new reports and surveys that suggests that shopping while sad may indeed help ease this feeling and minimize the impact of a looming stressful event”*.<sup>7</sup> In March 2013, on behalf of Ebates.com, TNS global surveyed 1,000 adults concerning retail therapy — the adults were 18 and older and located within the United States. Based on the survey, 51.8 percent of the U.S. population engages in retail therapy, including 63.9 percent of the female population. The results showed that adults with a household income of less than \$30,000 were more likely to engage in retail therapy than those who make \$75,000 or more. Clothing is the top item women buy when they engage in retail therapy (Table 4).

**Table 4: Retail Therapy Survey’s Results**

| Top Items Women Buy for Retail Therapy                       |       |
|--|-------|
| 1. Clothes   | 57.9% |
| 2. Food  | 34.7% |
| 3. Shoes   | 32.4% |
| 4. Accessories   | 29.1% |
| 5. Books/Magazines   | 28.7% |
| Events that Encourage Participants in Retail Therapy to Shop |       |
| 1. A bad day at work   | 18.9% |
| 2. Receiving bad news  | 14.6% |
| 3. A fight with a significant other                          | 12.2% |

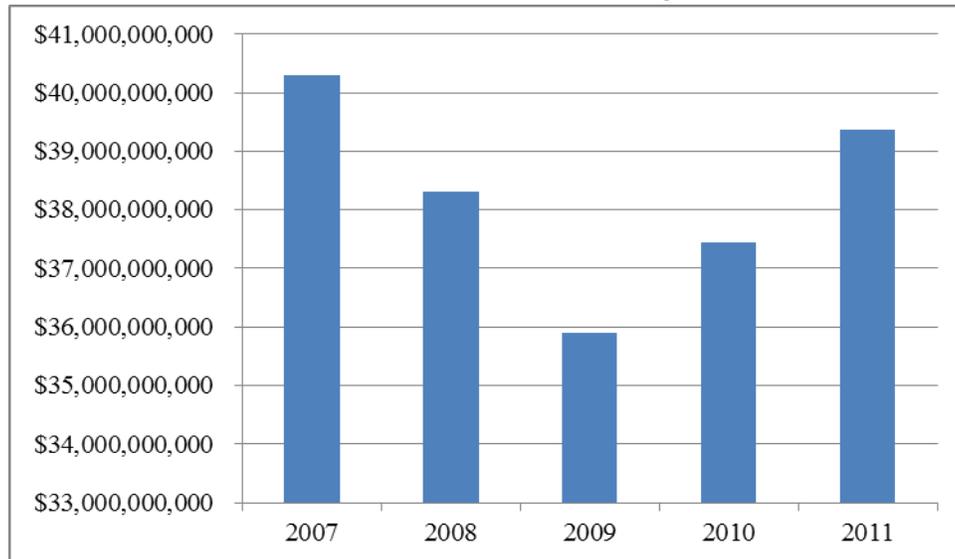
Source: Little, Katie, “Shop ‘Til You Drop: Retail Therapy Works,” CNBC, April 2, 2013.

Another explanation for the increase in sales in 2008 could be that the Women’s Clothing Stores subsector in the Wichita area experienced a delayed response to the contraction of the economy. In fact, it is only in 2009 that the subsector’s sales dropped by 2.1 percent. There are other examples of delayed

<sup>7</sup> Source: Little, Katie, “Shop ‘Til You Drop: Retail Therapy Works,” CNBC, April 2, 2013.

responses to recessions in the economic history of the Wichita MSA and Kansas. Unemployment levels in the MSA and the state did not start to rise before May 2008, while unemployment levels began to increase at the national level from September 2007.<sup>8</sup> Chart 2 shows that sales of women’s clothing stores at the national level were affected by the recession from 2008.

**Chart 2: Real Estimated Annual Sales of U.S. Women’s Clothing Stores**



Source: 2011 Annual Retail Trade Survey, Census Bureau.

The performance of the Women’s Clothing Stores subsector has steadily improved in recent years. Although more and more residents from Wichita and Sedgwick County are shopping outside of their respective geographic boundaries, taxable sales, employment level, and the number of locations have been growing. The improvements in this sector can partially be attributed to external factors.

### **Major External Dynamics**

External dynamics are factors that have the power to influence sales levels in the Women’s Clothing Stores subsector. According to IbisWorld, a leading source of market data, the Women’s Clothing Stores subsector is strongly influenced by the adult female population and external competition from other retailers.

#### **Adult Female Population**

Female adults are an important factor affecting the demand for women’s clothing stores, particularly the population between 35 and 64 years old (Table 5). The table below points out that this group spends more than the average for all consumers in women’s apparel. The 35- to 64-year-old female residents represented an annualized rate of 38 percent of the total population in the Wichita metropolitan area between 2007 and 2011, or a total of 188,511 in 2011. Based on the 2012 CEDBR’s population

<sup>8</sup> Source: Jolly, Kasey, and Townsend, Mary Jane, “*The Unemployment Rate — A Labor Force Relationship*,” Center for Economic Development and Business Research, July 2009.

projections and the assumption that the female-male ratio is generally around 50 percent,<sup>9</sup> Sedgwick County — which is the largest county in terms of population in the Wichita MSA — is expected to increase its female residents aged 35 to 64 years old by roughly 96,000 in 2015.

**Table 5: 2007-2011 U.S. Average Annual Consumer Expenditure on Women’s Apparel<sup>10</sup>**

| Age Group     | Average Annual Expenditure |
|---------------|----------------------------|
| Under 25      | \$ 499                     |
| 25 to 34      | \$ 557                     |
| 35 to 44      | \$ 595                     |
| 45 to 54      | \$ 750                     |
| 55 to 64      | \$ 630                     |
| 65 and over   | \$ 444                     |
| All consumers | \$ 590                     |

Source: 2007-2011 Consumer Expenditure Surveys, Bureau of Labor Statistics.  
Note: Male population included.

### Other Retailer Stores

The sales of the Women’s Clothing Stores subsector have been affected by the growing demand for women’s clothing at department stores, supercenters, and nontraditional retail sectors — internet- and television-based retailers, direct-mail order, and discounters. Retailers from these other competitive retail trade subsectors represent a significant threat to the Women’s Clothing Store subsector in the Wichita area, as more and more price-conscious customers purchase clothing in those retail places.

Even though competition from other retailers looms and trade pull factors for the City of Wichita and Sedgwick County have been declining, the other measures of performance and external dynamic reveal a positive outlook for the Women’s Clothing Stores subsector in the Wichita metropolitan area. Indeed, taxable sales, employment levels, and the number of establishments have been growing in recent years. As well, Sedgwick County’s population, whose annual expenditure on women’s apparel is above the national average, is expected to increase in the years to come. This positive outlook may be due to strong demand for women’s clothing in the Wichita market.

## Women’s Clothing Stores Market

Market demand supports retail subsector. The demand is defined by major targets, a size, and a profile. As with other retail subsectors, the Women’s Clothing Store market is affected by the factors that determine the final decision of whether to buy women’s clothing. This section was assembled to offer data and information to current players and new entrants on potential opportunities provided by the Women’s Clothing Stores market.

<sup>9</sup> The ratio was 50.8%/48.2% in 2011 and around 50 percent in recent years, by the U.S. Census Bureau’s ACS.

<sup>10</sup> 16 years old and over.

## Major Target Markets

The Women's Clothing Stores market is defined by major targets that purchase the most in women's clothing stores. Most of the women's clothing stores in the Wichita metro area target a specific age group of women. The three target groups are, 45- to 64-years, 35- to 44-years, and 25- to 34-years-old (Tables 5 and 8). These customers also represented 51 percent<sup>11</sup> of the total population in the Wichita metropolitan area in 2011.

- **45-64 Years**

Most of the female population aged 45- to 64-years-old are baby boomers. Representing 25.5 percent of the Wichita MSA's total female population, this group accounts for a large share of the workforce. As the U.S. Census Bureau data indicates, approximately 70 percent of the people in this age group (male included) earned an income of more than \$40,000 in 2011<sup>12</sup> in the Wichita MSA. Most of these adults had professions that necessitate wearing business attire and, thereby, represent a significant share of the demand for women's clothing.

- **35-44 Years**

In 2011, this group accounted for 12.3 percent of the total female population in the metro area. According to IbisWorld,<sup>13</sup> adults aged 35- to 44-years-old have a strong purchasing power for clothing due to well-established careers and their ability to save. This generation's purchases of women's clothing remained stable during the recession because their saving abilities helped them maintain their purchasing power.

- **25-34 Years**

Over 13.1 percent of the female adults in the Wichita MSA are aged 25- to 34-years-old in 2011. This market has an increasing demand for women's clothing as more of these adults join the labor force. IbisWorld mentions that the majority of this age group frequently spends a large share of income to buy clothing, especially casual wear, as they pay attention to fashion trends.

## Market Size

In addition to major target markets, market size also defines the Women's Clothing Stores market in the Wichita area. The market size is indicative of whether a market is saturated or underserved.

In retail industries, market size can be measured by trade area capture.

Trade area capture data evaluates the customer base served in an area, such as a city, by multiplying its population by its trade pull factor. Table 6 indicates that the female base customer served by the city of Wichita increased the highest for the 45- to 64-year-old target market (19.9 percent) between 2007 and 2011, followed by the youngest target market (10.1 percent). During the same period, the female base customer served by the city increased the least for the 35- to 44-year-old target market (6.0 percent).

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<sup>11</sup> In this paragraph, the Wichita MSA's female population estimates are from the U.S. Census Bureau's 2011 American Community Survey.

<sup>12</sup> U.S. Census Bureau, 2011 ACS, April 2013.

<sup>13</sup> IbisWorld, "Women's Clothing Stores in the U.S.," November 2012.

Although the market in the city is well served, there is still room for opportunities. In fact, table 6 shows that there were 2,841, 2,507, and 5,222 female residents aged 25- to 34-years, 35-to 44-years, and 45- to 64-years-old, respectively, that were not served in the city in 2011. Furthermore, the number of people in these major target markets is likely to grow. Based on CEDBR’s 2012 population projections and the assumption that the female-male ratio is generally around 50 percent, Sedgwick County’s female population will increase by roughly 35,000 for the 25- to 34-year-olds, 31,000 for the 35- to 44-year-olds, and 64,613 for the 45- to 64-year-olds.

**Table 6: Trade Area Capture for the Major Target Markets (female population) in the City of Wichita<sup>14</sup>**

|                              | 2007   | 2008   | 2009   | 2010   | 2011   |
|------------------------------|--------|--------|--------|--------|--------|
| 25-34 Years                  | 26,171 | 25,604 | 28,326 | 28,074 | 26,514 |
| Trade Area Capture (persons) | 21,505 | 21,337 | 23,605 | 23,812 | 23,673 |
| Unserved Market              | 4,666  | 4,267  | 4,721  | 4,262  | 2,841  |
| 35-44 Years                  | 23,990 | 23,946 | 22,661 | 23,005 | 23,395 |
| Trade Area Capture (persons) | 19,712 | 19,955 | 18,884 | 19,512 | 20,888 |
| Unserved Market              | 4,278  | 3,991  | 3,777  | 3,493  | 2,507  |
| 45-64 Years                  | 44,163 | 43,471 | 46,266 | 47,765 | 48,739 |
| Trade Area Capture (persons) | 36,288 | 36,226 | 38,555 | 40,513 | 43,517 |
| Unserved Market              | 7,875  | 7,245  | 7,711  | 7,252  | 5,222  |

Source: Kansas Department of Revenue, 2007-2011 Annual Reports of Trade Pull Factors and U.S. Census Bureau's 2007-2011 American Community Surveys. Data were compiled by CEDBR.  
 Note: Unserved Market = Female Population by Age Group - Trade Area Capture.

## Market Profile

Another element defining the Women’s Clothing Stores market is the market profile. Economic and demographic characteristics form the profile of the market for the subsector. Learning about the profile of customers is essential in order to fully understand market needs and know how to handle market opportunities.

The 2013 ReferenceUSAGov’s<sup>15</sup> Consumer Databases gives income and age characteristics of the inhabitants in the Wichita MSA for whom women’s apparel represents a significant part of their lifestyles.<sup>16</sup> The 55- to 64-years age group concentrates the largest population (23,849 inhabitants) that is more likely to spend the most on women’s clothing, followed by the 45- to 54-years age group who exhibits interest in women’s apparel.<sup>17</sup> Most of the population aged between 25 and 34 years old who exhibits interest for women’s apparel have an annual income that ranges from \$20,000 to \$99,000 (Chart

<sup>14</sup> The female population estimates are not for the Wichita MSA, but for the city of Wichita.

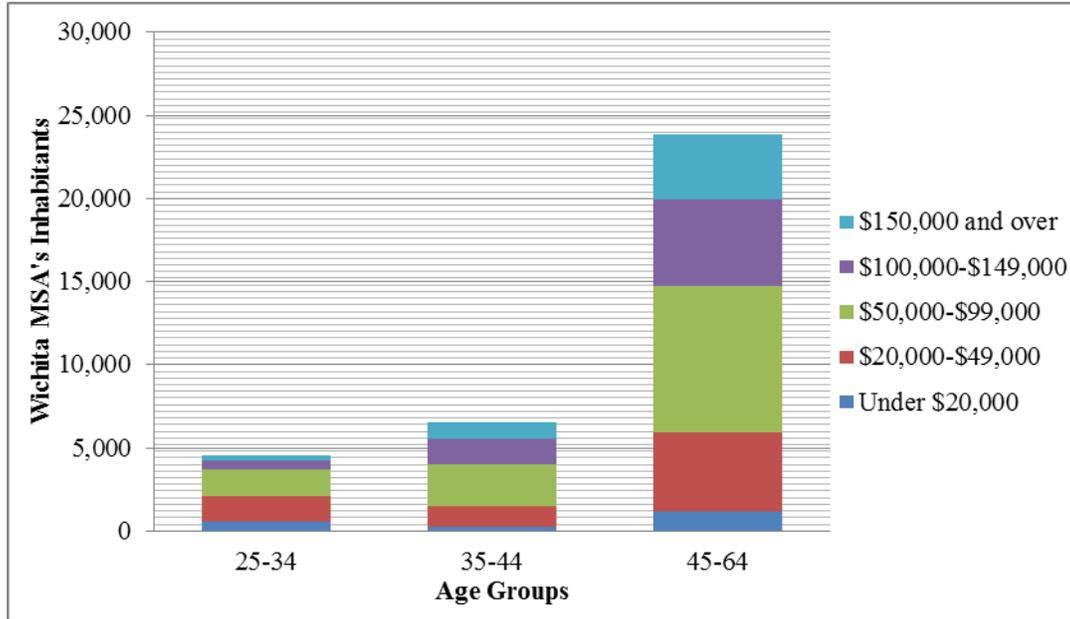
<sup>15</sup> ReferenceUSAGov is an “Internet-based reference service from the Government Division of Infogroup. The site was designed for use as a reference tool in Government Agencies and is continually enhanced based upon suggestions from Government Agencies.” [www.referenceUSAGov.com](http://www.referenceUSAGov.com).

<sup>16</sup> ReferenceUSAGov cites that “Lifestyles are scored based on level of interest from 0 to 9 in our database. 0 meaning no interest; 9 meaning heavy interest. Selecting lifestyles from the categories below [Apparel/Fashion/Beauty category] will include individuals with a score of 6 and higher (6 to 9).” Male population included.

<sup>17</sup> These numbers are ReferenceUSAGov’s estimates, which are based on a sample size of 36,004 inhabitants of the Wichita MSA.

3). Most of the population in the 35- to 44-years-old and the 45- to 64-years-old, who also have a strong interest in women’s clothing, earn between \$50,000 and \$149,000 per year.<sup>18</sup>

**Chart 3: Economic and Demographic Characteristics of Wichita MSA’s Inhabitants with Interest in Women’s Apparel<sup>19</sup>**



Source: Consumer Databases, ReferenceUSAGov.  
 Sample size: 36,004

Aggregate household income by age group<sup>20</sup> in Sedgwick County indicates that the highest incomes — aggregate income of \$70,000,000 and higher — for the 25- to 34 year-olds were concentrated in the middle west side of the county and a few were also in the county’s upper west and middle east areas in 2011. The locations of the highest aggregated incomes for the 35- to 64-year-olds were more dispersed the same year. In fact, these high incomes were more concentrated in the middle east of Sedgwick County, but there were also a significant share of high income present in the middle west side. A few were also situated in the south east and upper east areas.

### *Determinants of Demand*

Determinants of demand are factors that have the power to influence the purchase of women’s clothing. The demand for women’s clothing in stores is based on economic factors, such as per capita personal income and relative price. Customers’ purchases of women’s clothing can also be impacted by brand awareness, fashion trends, weather and holidays.

<sup>18</sup> For each target market in the sample size, there were between 78.9 percent and 81.8 percent of female residents. For each target market in the sample, there were between 2.6 percent and 3.9 percent of residents whose gender was not specified by ReferenceUSAGov.

<sup>19</sup> Women’s apparel, stylish women’s apparel, and accessories.

<sup>20</sup> Aggregate Household Income in the Past 12 Months by Age of Householder from U.S. Census Bureau’s 2011 ACS.

### Per Capita Personal Income

According to the Bureau of Economic Analysis, “personal income is the income received by all persons from all sources. Personal income is the sum of net earnings by place of residence, property income, and personal current transfer receipts.” To compute per capita personal income, the total personal income of the residents of an area is divided by the population of that area. Per capita personal income is a factor that affects the demand for women’s clothing, because an increase in income signifies that people have more purchasing power.

There is a positive relationship between per capita personal income and clothing sales in the Wichita area (Chart 4). In 2008, an increase in per capita income led to a rise in taxable sales for the Women’s Clothing Stores subsector, as customers had more purchasing power.

**Chart 4: Per Capita Personal Income and Taxable Sales for the Women’s Clothing Stores Subsector**



Source: State and Local Area Personal Income from the Bureau of Economic Analysis and State Sales Tax Collections by NAICS from the Kansas Department of Revenue.

### Relative Price

The price of women’s clothing relative to other goods will also affect the demand for the subsector. In fact, if women’s clothing prices are more expensive than other goods, customers will probably be reluctant to buy.

### Brand Awareness

Some customers value brands. Consequently, it is important for stores and firms to promote their brands and make sure they are recognized.

### Fashion Trends

Customers who give great attention to their appearances make frequent clothing purchases to update their wardrobe to changes in fashion trends.

## **Weather and Holidays**

The demand for women's clothing rises during seasonal changes and holiday periods as people look for dressier clothing to celebrate events and appropriate clothing for colder or warmer weather.

The Women's Clothing Stores market has prospects for current players and potential new entrants since there is still a significant share of the female population that is not served in the city of Wichita for each major target market; and the main consumer group, 45- to 64-years-olds, has the most purchasing power. Furthermore, as long as per capita personal income rises, one may expect taxable sales for the Women's Clothing Stores subsector to continue their upward trend. Although there are opportunities for new entrants, this is a competitive subsector.

## **Women's Clothing Stores Competitive Environment**

The Women's Clothing Stores subsector is competitive, particularly due to low barriers to entry and internal and external competition. The integration of critical success factors by stores has helped maintain the subsector's level of competitiveness.

### ***Competitive Subsector***

The degree of concentration, the presence of few difficult barriers to entry, and internal and external competition makes the Wichita MSA's Women's Clothing Stores subsector competitive.

### **Concentration**

The Women's Clothing Stores subsector in the Wichita metropolitan area is competitive because there is a significant share of smaller stores, approximately 42 percent<sup>21</sup> based on ReferenceUSA's Business Databases<sup>22</sup> — there is an estimate of 21 women's clothing stores locally operated and owned in the area in 2012.<sup>23</sup> In addition, from IbisWorld, the national market share concentration of the top four players, which have at least one store in the Wichita MSA, is low at 18.4 percent in 2012 (Table 7).

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<sup>21</sup> In 2012, 42 percent is the total of 21 locally operated and owned women's clothing stores divided by 50 women's clothing stores, including locally operated and owned stores and national outlets. As noted previously, based on the Kansas Department of Revenue data, there was an average of 50 locations of women's clothing stores in the Wichita MSA in 2012.

<sup>22</sup> Source: Business Databases, ReferenceUSAGov.

<sup>23</sup> The estimated number only includes the stores that align with the NAICS definition of Women's Clothing Stores Sector. Those stores have been recorded in the ReferenceUSAGov's Business Databases for at least two consecutive years, as of 2013.

**Table 7: Top Four National Retailer Companies in the Wichita MSA in 2012**

| Company Name                 | Store Name  | Number of Locations | City               | Area                       | Number of Employees per Location | Target Market* |
|------------------------------|-------------|---------------------|--------------------|----------------------------|----------------------------------|----------------|
| AnnTaylor Stores Corporation | AnnTaylor   | 1                   | Wichita            | Bradley Fair               | 10-19                            | 25-55          |
| Charming Shoppes Inc.        | Lane Bryant | 3                   | Wichita            | NewMarket Square           | 10-19                            | 35-55          |
|                              |             |                     | Wichita            | Towne East Square          | 10-19                            |                |
|                              |             |                     | Wichita            | Towne West Square          | 10-19                            |                |
|                              | Catherines  | 2                   | Wichita            | East Gate Shopping Center  | 5-9                              | 45+            |
| Wichita                      |             |                     | West Kellogg Drive | 5-9                        |                                  |                |
|                              | Fashion Bug | 1                   | Wichita            | Twin Lakes Shopping Center | -                                | -              |
| The Dress Barn Inc.          | Dress Barn  | 4                   | Derby              | North Rock Road            | 10-19                            | 35-55          |
|                              |             |                     | Newton             | South East 36th Street     | 5-9                              |                |
|                              |             |                     | Wichita            | East Gate Shopping Center  | 10-19                            |                |
|                              |             |                     | Wichita            | NewMarket Square           | 10-19                            |                |
|                              | Maurices    | 3                   | Derby              | North Rock Road            | 10-19                            | 17-34          |
|                              |             |                     | Wichita            | Towne East Square          | 10-19                            |                |
|                              |             |                     | Wichita            | Towne West Square          | 10-19                            |                |
| Forever 21 Inc.              | Forever 21  | 1                   | Wichita            | Towne East Square          | 50-99                            | 15-30          |

Sources: IbisWorld, ReferenceUSA Gov, Ascenaretail.com  
Notes: Dressbarn Inc. reorganized itself into Ascena Retail Group Inc. in January 2011. Charming Shoppes Inc. merged with Ascena Retail Group Inc. in June 2012. Wichita metro area's Fashion Bug store closed in January 2013.  
\* Age group

The area counts the presence of other national chain stores. Body Central and Charlotte Russe are examples. In the coming years, more national retail chains are probably going to expand in Wichita. The Wichita Business Journal<sup>24</sup> affirms that compared to the early 1990s, the number of national retail chains in the area is increasing. In fact, Body Central opened a second store in NewMarket Square in 2012, Apricot Lane Boutique opened its first store in the Wichita area at Bradley Fair in March 2013, and Ann Taylor Stores Corp. is planning to open the first Loft store at Bradley Fair this fall.

**Barriers to Entry**

The Women’s Clothing Store subsector is competitive because there are few difficult barriers to entry to overcome. The major barrier to entry, which is the investment required for the establishment of a brand name, requires time and financial capacity, and thus can dissuade potential new entrants.

**Internal Competition**

Players in the Women’s Clothing Stores subsector differentiate themselves to increase their brand awareness by investing in marketing, merchandising, store location, and customer service. These factors of differentiation are essential to establish a brand name, encourage customers to visit, and build a customer base. Nonetheless, national chain retailers have more capability in implementing strategies of differentiation. Two articles published in November 2010 and 2011 by the Wichita Eagle<sup>25</sup> pointed out this fact and the level of competition that it creates between local stores and national retail outlets in the Wichita area, particularly during holiday sales. In fact, national competitors in the area have the financial

<sup>24</sup> Wichita Business Journal, “Wichita Becoming a More Attractive Market for National Chains,” April 13, 2012.

<sup>25</sup> Wichita Eagle, “Wichita Merchants Let Out Sighs of Relief,” November 25, 2010.

Wichita Eagle, “Black Friday Helps Some Retailers, Hurts Others,” November 28, 2011.

capabilities to promote holiday sales by changing their opening hours or offering unique deals. Unlike several small retailers, most national retailers have online stores that help them increase their market shares. Online stores allow customers to look in advance for deals and benefit from online discounts. Moreover, those retailers have a wider selection of clothing and advantages in purchasing, distribution, and marketing — internet social network marketing tools are very common among national retailers, partly because they are cheaper than traditional marketing tools. However, Wichita’s smaller retailers are aware that holiday sales are usually “*a big chain day*.”<sup>26</sup> That is why they do not offer large discounts during holiday sales, such as Black Friday. Also, they compete with national chains by offering unique clothing items or exploiting niche markets.

The Women’s Clothing Stores subsector is challenged by the increasing demand of consumers for other subsectors’ retail trade stores selling women’s clothing as well.

### **External Competition**

An increasing market size of the Women’s Clothing Stores subsector is captured by department stores, supercenters, and nontraditional retailers because of attractive attributes and choices they provide customers:

- *Convenience*  
A customer has the possibility to not only buy women’s clothing at JC Penney, but also men’s clothing.
- *Broader Range*  
Online retailers provide the option to choose among a wide selection of items.
- *More Competitive Deals*  
Customers benefit from cheaper prices and markdowns when they shop at discount stores.
- *Information*  
Internet and comparison apps allow customers to search for an item, evaluate its price easily, and limit their spending.

A Wichita Eagle article<sup>27</sup> mentioned that stores that sell used clothing performed well during the last recession and are expanding across Wichita because customers look for bargains to save money, particularly during an economic contraction. To meet the growing demand for used goods and discounted prices, Goodwill Industries has expanded in the Wichita metropolitan area since 2008. KID counted at least three expansions of Goodwill Industries stores in the Wichita MSA between 2009 and 2011 (Table 8). Table 8 also indicates the increase in the number of retailers from other competitive sectors in the metro.

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<sup>26</sup> Wichita Eagle, “*Black Friday Helps Some Retailers, Hurts Others*,” November 28, 2011.

<sup>27</sup> Wichita Eagle, “*Sales Climb at Second-Hand Stores*,” September 2011.

**Table 8: Nontraditional Retailers in the Wichita Metropolitan Area**

| Other Store Retailer   | Sector                     | Status    | City                   | Year |
|------------------------|----------------------------|-----------|------------------------|------|
| Kohl's                 | Department Store           | Expansion | Derby                  | 2007 |
| Goodwill Industries    | Used Merchandise Store     | Expansion | Derby                  | 2009 |
| Goodwill Industries    | Used Merchandise Store     | Expansion | Wichita (Cherry Creek) | 2011 |
| Goodwill Industries    | Used Merchandise Store     | Expansion | Wichita (Twin Lakes)   | 2011 |
| Kohl's                 | Department Store           | Expansion | Hutchinson             | 2012 |
| Closet Junkie          | Used Merchandise Store     | Opening   | Wichita                | 2012 |
| Calamity Jane's Resale | Used Merchandise Store     | Opening   | Wichita                | 2012 |
| Marshalls              | Department Store           | Expansion | Wichita                | 2012 |
| Empirthreads.com       | Online Retailer            | Opening   | Wichita                | 2012 |
| Walmart Supercenter    | Discount Department Stores | Expansion | Goddard                | 2013 |
| Grannynkids.com        | Online Retailer            | Opening   | Wichita                | 2013 |
| Ginger Lily Boutique   | Traveling Fashion Truck    | Opening   | Wichita                | 2013 |

Source: Kansas Information Database, CEDBR.

The Women's Clothing Stores subsector in the Wichita MSA is competitive due to the low concentration level of national retailers in the area. Also, the presence of few difficult barriers to entry and internal and external competition help shape a competitive environment. The level of competitiveness in the subsector is maintained by the integration of critical success factors in the strategy of current players.

### ***Critical Success Factors***

Critical success factors are generally the reasons behind the success of a business. IbisWorld identifies the following critical success factors:

#### **Brand Recognition**

Women's clothing stores with established brand names attract customers' attention, and thus encourage purchases of products.

#### **Customer Service Quality**

As customers pay attention to the extent to which their needs have been filled during their shopping experience, it is primordial to hire skilled personnel who know how to meet customers' expectations.

#### **Strategic Store Location**

A store location near key markets or passing traffic increases visibility.

#### **Profitable Pricing Strategies**

Planned pricing strategies should take into account the sensibility of customers to price and the fact that today's customer is smart. Online retailers and comparison apps allow them to learn more about a product value. Moreover, if women's clothing stores have higher prices, customers have the option to buy the similar products at nontraditional retail outlets, such as Ebay.

### **Good Merchandising**

A good merchandising policy uses presentation to value the pricing and originality of a clothing line and stimulate customers' interest. Products have to be eye-catching to make sure customers enjoy the time they spend in a store and encourage them to return. A merchandising policy benefits a brand or an image.

### **Identifying Fashion Trends**

Items presented in a store should represent current fashion trends and the tastes of target markets.

Players and potential new entrants have to face challenges associated with the environment of the Women's Clothing Stores subsector. More national chains are expected to come to the Wichita MSA, this change will probably affect the competitive environment by increasing the level of competition existing between the locally owned and operated stores and national chain outlets. Moreover, there is also an external competition from other subsectors' retail trade retailers — selling women's clothing — whose demand is increasing.

The outlook for the Women's Clothing Stores subsector in the Wichita MSA is positive:

- The subsector performance has steadily improved in recent years, partly because of external dynamics. An increase in taxable sales and employment levels (since 2009) and the number of establishments (since 2012) has been observed, although competition from other subsectors' retail trade retailers has become more apparent and trade pull factors for the city of Wichita and Sedgwick County have been declining.
- The market is another reason to conclude a positive outlook for the Women's Clothing Stores subsector in the Wichita MSA. Current retailers and potential new entrants have yet to explore an untapped customer base represented for each major target market in the city of Wichita. In addition, the 45- to 64 year-olds, have the advantage to earn an annual income that is higher than the median income in the Wichita area and that positively affects taxable sales for the subsector.
- The Women's Clothing Stores subsector in the Wichita area is competitive as there is a low degree of concentration of the top four national retailers. The existence of few barriers to entry and an internal and external competition adds to the competitiveness of the environment, which is maintained by the integration of critical success factors in the stores' strategies.