gradient

/ intuition alone
is never enough

gradient
+
Reformation

Reformation Audience Research

How Gradient uncovered the mindsets and preferences of Reformation's customer segments, along with identifying their total addressable market

We worked backwards with Reformation to identify the key challenges they were facing. In order to grow their brand to the next level, Gradient and Ref decided to;

1. Build an understanding of Reformation's audience. Understand the segments and shopping preferences of the discrete customer segments within Ref's prospective customer pool.

2. Determine Reformation's total addressable market. Ref wants to understand the segments and shopping preferences of the discrete customer segments within their prospective pool.
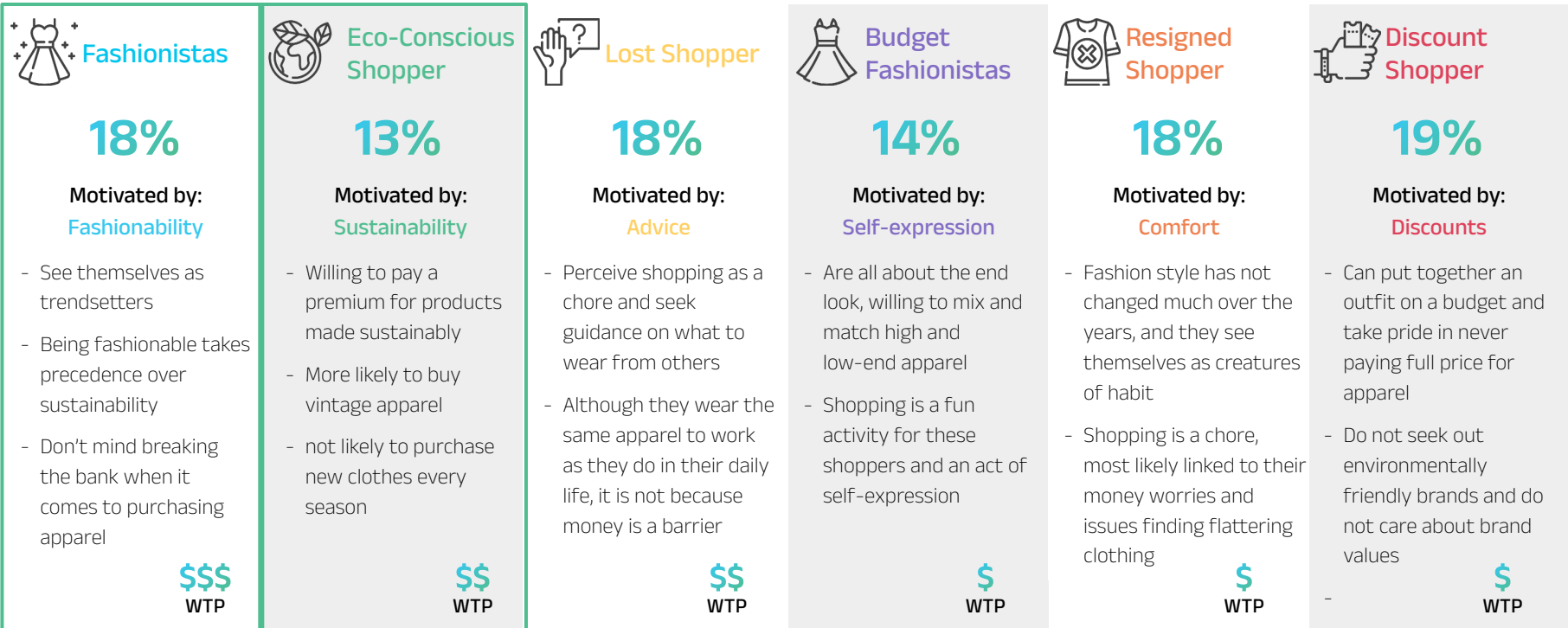
3. Identify the most important brand equities among prospective customer segments. To create an actionable marketing plan for the prospective customer segments uncovered, Ref needs to surface the brand equities that are most associated with purchasing apparel

gradient

Through a segmentation analysis, Gradient identified six discrete mindsets and shopping behaviors across all prospective customers

gradient

Fashionistas

18%

Motivated by:
Fashionability

- See themselves as trendsetters
- Being fashionable takes precedence over sustainability
- Don't mind breaking the bank when it comes to purchasing apparel

$$$
WTP

Eco-Conscious Shopper

13%

Motivated by:
Sustainability

- Willing to pay a premium for products made sustainably
- More likely to buy vintage apparel
- not likely to purchase new clothes every season

$$
WTP

Lost Shopper

18%

Motivated by:
Advice

- Perceive shopping as a chore and seek guidance on what to wear from others
- Although they wear the same apparel to work as they do in their daily life, it is not because money is a barrier

$$
WTP

Budget Fashionistas

14%

Motivated by:
Self-expression

- Are all about the end look, willing to mix and match high and low-end apparel
- Shopping is a fun activity for these shoppers and an act of self-expression

$
WTP

Resigned Shopper

18%

Motivated by:
Comfort

- Fashion style has not changed much over the years, and they see themselves as creatures of habit
- Shopping is a chore, most likely linked to their money worries and issues finding flattering clothing

$
WTP

Discount Shopper

19%

Motivated by:
Discounts

- Can put together an outfit on a budget and take pride in never paying full price for apparel
- Do not seek out environmentally friendly brands and do not care about brand values
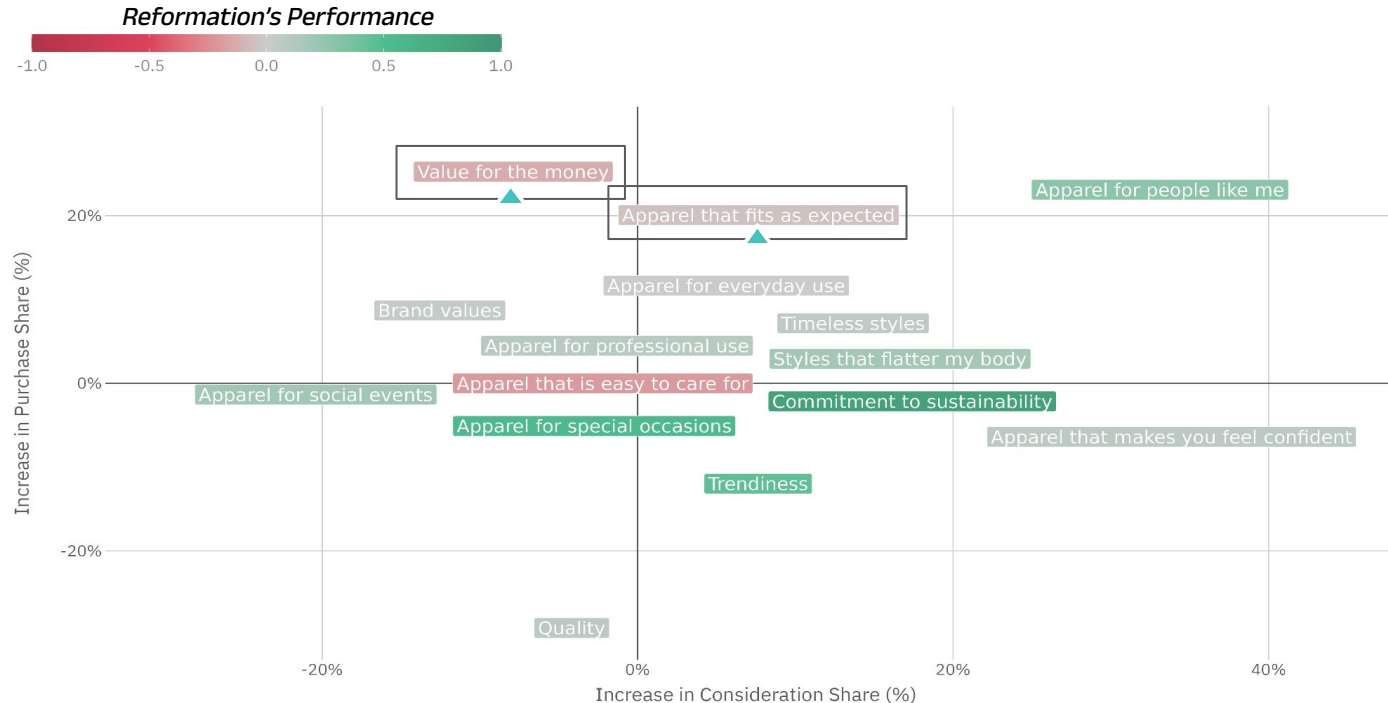-

$
WTP

The largest addressable market within the U.S. is the 36-50 year old age group, which became Reformation's new target market

Although the average spend of the 36-50 age group is slightly lower than the 26-35 age group, their willingness to pay for luxury clothing (incidence rate) is higher.

Age Group	Population Size (2020; US women; in millions)	TAM Incidence	Addressable Population (Millions)	Average Apparel Spend	TAM Apparel Spend ($M)
15-25	20.83	29%	5.99	$4,863.00	**$29,113**
26-35	22.63	40%	9.01	$5,542.50	**$49,918.41**
36-50	31.19	43%	13.34	$5,508.90	**$73,477.82**
51-64	32.25	24%	7.79	$4,815.00	**$37,518.22**
Totals	**106.9**	**33.8%**	**36.12**	**$5260.56**	**$190,027**

gradient

Ref is lagging behind its competitors in terms of attributes most associated with purchasing, and have updated their communication strategy to address these issues

Reformation's Performance

-1.0   -0.5   0.0   0.5   1.0

Increase in Purchase Share (%)

20%

0%

-20%

Increase in Consideration Share (%)

-20%   0%   20%   40%

Value for the money

Apparel that fits as expected

Apparel for people like me

Apparel for everyday use

Brand values

Timeless styles

Apparel for professional use

Styles that flatter my body

Apparel for social events

Apparel that is easy to care for

Commitment to sustainability

Apparel for special occasions

Apparel that makes you feel confident

Trendiness

Quality

Research Approach

Survey Development. The survey contained 40+ values-based statements, profiling variables (shopping attitudes, preferences and behaviors), an awareness-consideration-purchase funnel and a brand equity module.

Administer Survey. We conducted an online survey with an external panel (n=1,950) and current Ref customers (n=1,183) between August 2nd — August 10th, 2022.

Segmentation Analysis. A non-negative matrix factorization (NMF) analysis on the segment questions from all prospective customers was used to determine the most valid and reliable prospective customer segments

TAM Analysis. The total addressable market was calculated for each geographic market by the incidence rate for the survey across age groups

Brand Equity Analysis. Current and prospective customers rated brands they were aware of on 15 brand equities. These ratings were used to uncover the attributes most associated with purchasing apparel from a brand. In addition, this analysis revealed Ref's ranking on the brand equities relative to its top competitors

As a result of our audience research, Reformation …

- Ref realized it was missing a huge portion of their potential market by not selling to a large, national retailer.

    - Our results gave them confidence to engage in a partnership with that retailer

- The segmentation results became an internal **source of truth** for how the company defines, talks about and optimizes everything customer-facing that it does

- Sustainability and special occasion value propositions really shined through for Reformation and they embraces this to the fullest

"After working with the Gradient team at Stitch Fix, I employed them again at Reformation, and they exceeded my already high expectations again"

Sarah Earthman
Sr. Director, Customer Insights & Analytics

gradient

Gradient is your quantitative decision science partner

Who we are

Gradient equips our clients with **evidence-based clarity to answer their most challenging strategy questions** and achieve their growth goals.

We uncover critical objective realities for our partners with bespoke, consultative research programs that push the boundaries of custom statistical methodologies.

We work with startups, Fortune 100 brands, consulting firms, and political campaigns.

TRADITIONAL MARKET RESEARCH

DATA SCIENCE & ANALYTICS
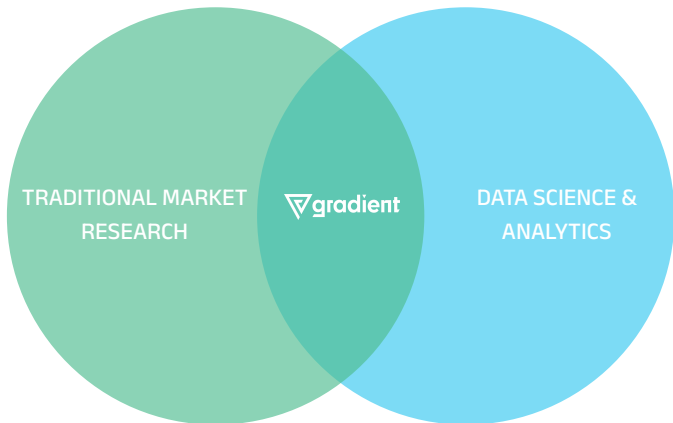
What makes us unique

We aren't a SaaS product or an off-the-shelf solution; nor are we a traditional research firm, producing the same reams of spreadsheets for every client.

Gradient seeks continuous improvement for our methodologies and for your organization. We integrate into your business, share your goals, and can't wait to champion your successes.

gradient

Do you have similar **audience-related** questions and need objective clarity on how to grow your business? Get in touch with us and let's see if we can partner with you to answer those questions
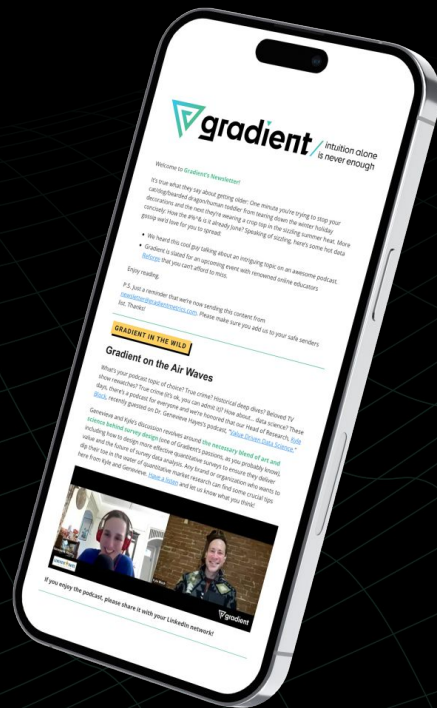
Contact us ▶

Bargain Hunters

Curious Consumers

Successful Spenders

One and Done

Lifetime Loyalists

Subscribe to our **free newsletter** to learn how we bring clarity to our clients' growth strategies with decision science research.

Subscribe ▶

www.gradientmetrics.com | Contact us | Subscribe to our newsletter