What retailers need to know about the Holiday FINdex for 2014
What is FINdex?

FINdex, or the Fashion Innovation Index, is a quarterly index used to measure US consumer sentiment toward fashion trends in the apparel, footwear and accessory industry.

As the index is tracked over time, the data provides the retailers with a better understanding of the link between consumer sentiment and retail sales.

Data is collected from a survey developed through a partnership between Kalypso, IU’s Kelley School of Business and CollegeFashionista.
Black Friday Failure Explained:
2014 Holiday FINdex Results

Many analysts predicted strong sales this Black Friday. On the surface it made sense: gas prices were down and the economy had been on an upward trend. The 2014 Holiday FINdex helps explain why Americans didn’t use their fuel savings on gifts. Here’s what we think retailers should know.

The Fashion Innovation Index -- called the “FINdex” -- is based on a survey conducted in the spring, summer, back to school and holiday seasons. The FINdex results help retailers better track and understand consumer sentiment toward the innovativeness of merchandise from season to season, and more quickly identify and adopt emerging fashion trends.

The FINdex has been declining since the Spring 2014 survey, showing a distinct downward trend. It declined again for Holiday 2014, coinciding with disappointing Black Friday results. Respondents indicated an increase in their interest and willingness to shop for Holiday 2014, but were less excited about the current merchandise offerings. They also found the current merchandise offerings less innovative.

Respondents also report that “innovative and fresh merchandise all the time” is the number one factor in shaping their perceptions of brands. Therefore, the gap in expected merchandise innovation vs. actual innovation may explain both the decline in the FINdex and the corresponding challenging start to the holiday selling season.

So it’s not necessarily about how much consumers have to spend – it’s about how innovative and exciting your products are. Here are the detailed results for the 2014 Holiday FINdex.

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The 2014 Holiday FINdex dropped slightly compared to last season.

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<td>2013 BTS</td>
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The FINdex calculations are based upon current sentiment and a spending index.

**Spending Index:**

Based on survey question 1, the spending index is calculated by taking consumer perception of whether they have more or less to spend, then weighting and combining the responses.

**Current Sentiment:**

Acts as a multiplier for the Spending Index. Based on survey questions 2, 3 and 5, this multiplier is calculated based upon innovativeness, enthusiasm for current products and willingness to shop early.
Consumer spending index and sentiment have been trending down since Spring 2014.
Consumer willingness to shop increases slightly despite decreasing enthusiasm for new products and perception of product innovativeness for the coming season

Respondents are asked 3 questions:

1. Considering the apparel and accessory products you have seen offered this season, how excited are you about the items you have seen relative to last year?

2. Considering the apparel and accessory products you have seen offered this season, how innovative are the items you have seen relative to past years?

3. How likely are you to shop early this year to make sure you get the items you’ve seen?
Innovative and fresh merchandise all the time is believed to be the most important factor to shape brand perceptions.

Respondents are asked: As you think about your favorite brands rank how important the following factors are in shaping your positive perception of the brand.
Topshop, Zara, and Free People are the Top 3 brands; True Religion, Madewell and American Apparel’s rating improved.

Respondents are asked to review the listing of brands and record their perception of them by selecting the column that BEST describes their feeling:
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