

Impact of COVID-19 on Household's Clothing Expenditure

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Research purpose. COVID-19 in 2020 has created significant social and economic changes as it enters a long-term phase, and changes in consumer clothing, food, and lifestyle patterns are observed in various industries ("How COVID-19...", 2020). Study findings indicated that the COVID-19 crisis is likely to significantly impact households' disposable income and declines in consumer spending (Ameida et al., 2021, Coibion et al., 2020); consumers have been forced to reprioritize their shopping lists and forced to move online shopping. This study examines the impact of COVID-19 on Korean and U.S. households' clothing expenditure.

Methods. Research questions were: RQ1) How much has apparel expenditure decreased after COVID-19 in Korea and the U.S.? RQ2) What is a detailed analysis on apparel expenditures during 2019-2020 in Korea and the U.S.? and RQ3) What is the change in clothing expenditure by clothing sub-category in 2019-2020? The consumer expenditure surveys provide data on consumers' expenditures, income, and demographic characteristics. The raw data sets from the "Household Income and Expenditure Survey" and consumer price index data of 2016 and 2020 produced by Statistics Korea (<http://kostat.go.kr/>) were used for examining Korean household clothing expenditure. The raw data sets from the "Consumer Expenditure Surveys" by the U.S. Bureau of Labor Statistics (<http://www.bls.gov/>) and consumer price index data between 2016-2020 were used for examining U.S. household clothing expenditure. Descriptive statistics were used for data analysis.

Results. RQ1. There were decrease in restaurant/lodging, apparel, education, entertainment & reading, increase in groceries and housing expenditure in Korea and U.S. RQ2. The decrease size after COVID-19 can be divided into the decrease with no relation to COVID-19 (trend decline) and the decrease resulting from COVID-19 (COVID-19 decline). The apparel expenditures in the both U.S. and Korea declined even before COVID-19 but decreased even more after COVID-19. However, the decline of the apparel expenditure in Korea has become more significant with COVID-19. When we look at the apparel price, Korea shows a different trend in comparison to the U.S. Between 2019 and 2020, the overall apparel price decreases even more compared to overall consumer prices in U.S. However, the overall consumer prices increased by 0.5%, and apparel prices increased by 0.7% in Korea. RQ3. The decline of both men's and women's adult apparel was the greatest and the decline in footwear was second in the US, while the decline in young children's apparel was the smallest. In Korea, there was a decline in outerwear expenditure, while there was an increase in innerwear expenditure.

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Conclusion. Consumer spending on clothing had decreased significantly since the COVID-19 outbreak in Korea and the US, indicating a significant impact on the global clothing market due to sharply decreasing demand for clothing due to income decline, telecommuting and social distancing. The apparel expenditures in the U.S. and Korea declined even before COVID-19 but decreased even more after COVID-19. However, Korea shows a different trend in comparison to the U.S. It is difficult to explain how the prices have not lowered but rather increased by a small margin, even with a great demand decline in Korean during 2019-2020. Looking at clothing consumption by clothing sub-categories, few sub-categories like innerwear have increased consumption in Korea, indicating that the impact of COVID 19 has been different for each clothing category. The expenditure increase for innerwear can be attributed to the increased demand for comfortable and practical innerwear as telecommuting and remote classes increased, while the demand for outerwear for external activities decreased.

References

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