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ESTIMATION OF CONSUMER DEMANDS: AN APPLICATION TO U.S. APPAREL EXPENDITURES

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ABSTRACT

A set of new statistical methods will be presented to model the U.S. men's wear markets along with the general consumption trends among U.S. male and female populations. The Almost Ideal Demand (AID) system of Deaton and Muellbauer (1980) was extended to include general, nonlinear and nonadditive habit effects. By employing a "Habit Stock" model into a first-order differential demand system, the pattern of shifts as well as the dynamic changes in the market shares were estimated. The results of analysis on four categories of men's bottom during 1990-96 suggest that the dynamic habit stock formation is a highly promising new concept for explaining the current and emerging fashion trends and market shares. The paper will also discuss the potential of using social science data obtained from consumers' general social behaviors during 1990-1998 for the projection of future apparel consumption trends.

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