



Fashion Industry Report



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Opportunities for retailers in the fashion industry



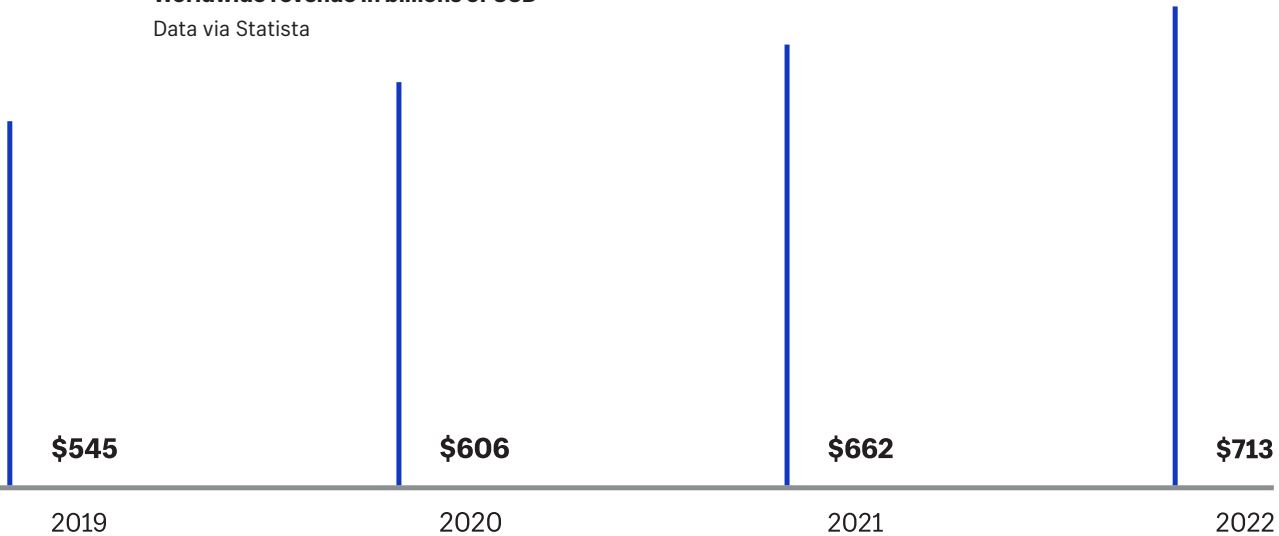
Global perspectives

Around the world, shoppers are buying more apparel and shoes than ever before. By 2022, the global ecommerce fashion industry is projected to grow to \$713 billion. (Statista) Experts predict the ecommerce segment of fashion and apparel will grow at a compound annual rate of 10.6% until 2022.

Ecommerce fashion industry

Worldwide revenue in billions of USD

Data via Statista



In such a fast-growing global market, brands are fighting to fill every gap in the fashion industry—and they’re looking to China to do it. Of all the regions with the most growth and potential, Asia Pacific consistently comes out on top. By revenue alone, China is the top consumer of fashion: The Asia Pacific is projected to make up 38% of market demand in 2020. Expected additional growth in Asia includes emerging markets such as smartphone penetration and the unprecedented expansion of the global middle class.

High-end U.S. fashion brands are increasingly vulnerable to an increase in trade war tariffs due to its reliance on China for manufacturing. While basic apparel items (T-shirts and underwear) can be shifted to other lower cost production hubs, due to technological constraints other countries cannot yet produce the same quantity or with the same quality as China.

Opportunities for retailers in the fashion industry

Technological innovation

In developed markets, retailers will increasingly drive growth with machine learning, artificial intelligence, and ecommerce automation tools that offer highly relevant and personalized customer experiences.

Innovative brands will likely take share as fit technology, virtual fitting rooms, and AI-powered virtual shopping assistants help consumers tailor or select the size and look most closely aligned with their tastes and preferences. Expect voice-powered shopping, visual search, and smart speakers to offer brands intimate touchpoints with their customers.

Influencers and celebrity culture

In today's economy, anyone can become a celebrity. What was once reserved for a chosen few, now anyone with a large enough following, community reach, talent, or visibility in music, sports, or film can ascend to the highest of celebrity heights. Social media influencers started as individuals with a hobby or interest in a specific industry and became superstars with a wide reach.

Collaborations with influencers and celebrities provide a huge opportunity for brands to leverage the reputation and following for retail. Influencers don't have to be top tier with millions of followers to be an important tool in the fashion industry. These people might have strong community ties and represent part of a whole—someone more relatable and accessible to your consumer base.

Whether your influencer's largest following lives on their Instagram feed or YouTube channel, more and more social media platforms are allowing their community members to shop directly, without ever having to leave the platform.

Sustainability

Increasingly, sustainability is top of mind for fashion retailers. Top to bottom, from consumer to luxury brand CEO, everyone is thinking about climate change and fashion's role in alleviating it.

With a little more than a decade left to stop irreversible damage to the Earth, it's imperative for the fashion industry at large to consider what steps they can take to promote sustainability and manage the quality of their product. Recently, French President Emmanuel Macron and Kering CEO François-Henri Pinault held a talk with luxury and fast fashion brands to discuss what they could do to protect the environment. In a landmark pact called the G7 Fashion Pact, 32 companies signed with the intention of protecting the oceans and focusing on biodiversity and climate change. ([FASHION](#))

Some of the world's largest brands were involved in the agreement. Chanel, Nike, H&M, and Adidas all agreed to reach zero carbon emissions by 2050, sustainably source raw materials in an effort to reduce chemicals in water supplies and the oceans, eliminate single-use plastics in B2B and D2C by 2030, and switch to 100% renewable energy by 2030. ([FASHION](#))

Already some brands are trying to curb their enormous carbon footprint by heavily encouraging the use of take-back programs, which is when a retailer takes back the clothes a consumer purchased from them. Not unlike a traditional returns program, take-back allows for worn, used, and once-loved clothes to be turned into new products to help cut down on landfill waste. Brands such as H&M, Levi's, Patagonia, and Madewell already have a take-back program in place. Not only is this model environmentally friendly, but it also brings in more consumers and repeat customers. These initiatives help generate net-new customers and encourage them to remain because they are giving back in a way that is both easy to do and impactful on the globe. ([VOGUE BUSINESS](#))

Sustainability goes beyond the products retailers are selling. It's also in the packaging used for shipping. The G7 Fashion Pact has already proved that being serious about sustainability means the elimination of single-use plastics. Average box size and usable packaging all play a role in reducing the carbon footprint on the planet. Consumers are demanding this from their retailers, who need to consider other options for fulfillment, like partnering with more localized centers to reduce the number of emissions from vehicles.

Threats for retailers in the fashion industry

Declining barriers to entry have made the ultra-competitive fashion and apparel industry even more complicated to navigate.



Competitive landscape

The “death” of brand loyalty combined with fast fashion’s ability to manufacture on demand and dropship from anywhere pose threats to established businesses who don’t have a strong brand presence. “Sticky” brands with loyal customers are agile in how they deliver their customer experience—whether that’s aligning themselves to a social cause, or hiring multiple influencers to represent their brand on social media.

In the new age of commerce, consumers are calling the shots. Brands are adapting their strategies to provide what customers demand, which means having a seamless experience both online and offline: being omnichannel, and planning pop-ups with limited-edition apparel. All of these examples give customers the reins with the hope of creating brand evangelists who return again and again for new and thrilling experiences.

For example, Allbirds has a physical store in Los Angeles but customers can’t actually buy anything in that space—they have to go online to do so. But the physical ability and sensory experience of being in the store and interacting with the products is enough for a customer to independently purchase online. It’s a risk, surely, to put that much trust in a customer who may or may not walk out with a purchase. But traditional stores have that same risk—expecting customers to browse and end up at the checkout counter. When that expectation is removed, and a customer is compelled to make that purchase on their own, the risk is worth it.

Not adapting to this new model where the customer’s need is prioritized is a threat to fashion retailers stuck in older modes of commerce. Participating in the culture, learning how to shape it, and stepping aside for customer interaction are all crucial in this highly competitive landscape.

These threats significantly increase the risk of holding an inventory position, especially in an age characterized by near-instant changes in consumer tastes and preferences. Consider, too, heightened customer expectations regarding ethically sourced materials and green manufacturing practices. Sustainability will likely force brands to encounter increased margin pressure.

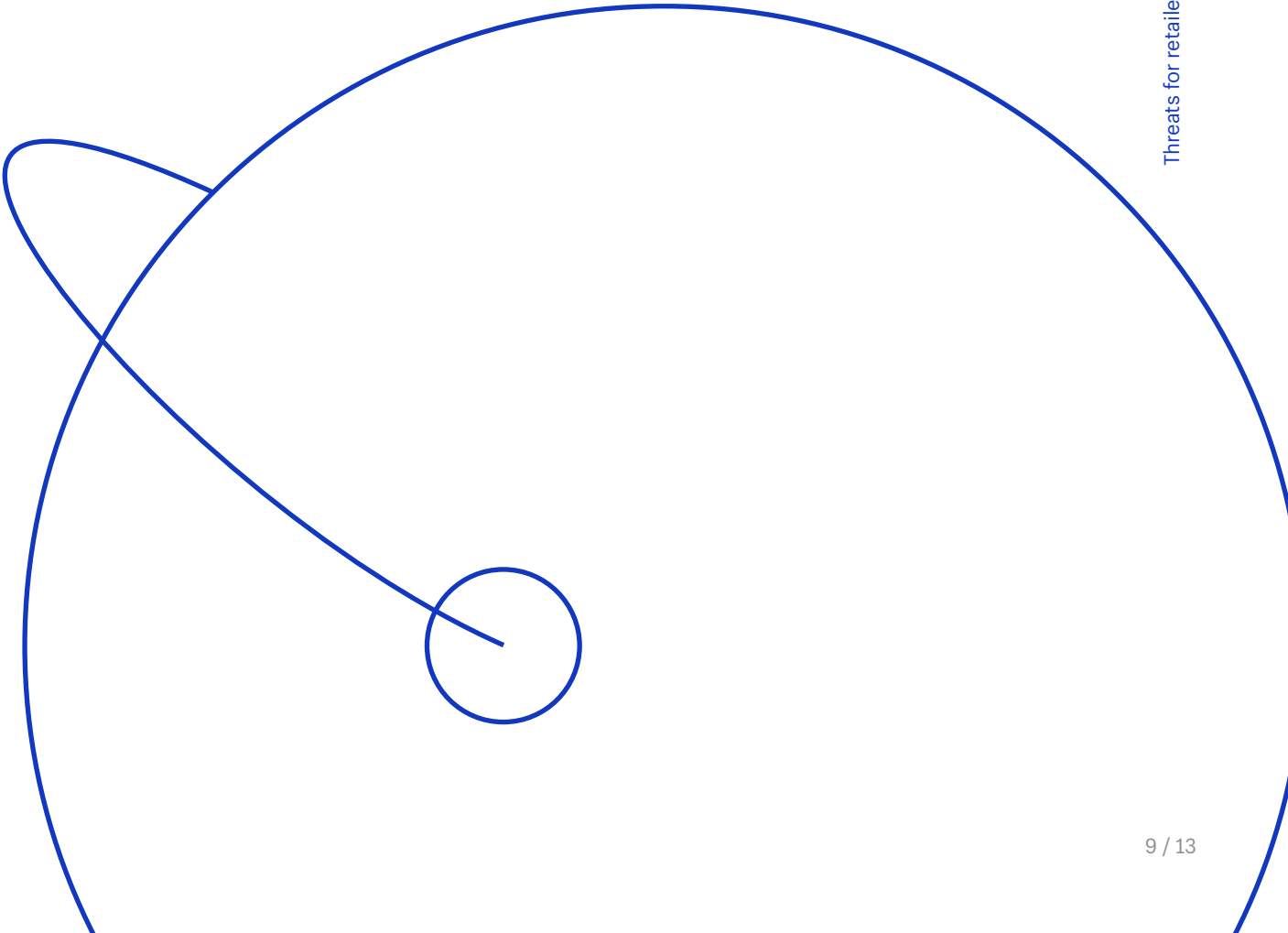
Amazon and eBay's world

It comes as no real surprise that analysts predict the two main ecommerce giants will command over 50% of all ecommerce sales by 2021. It can be intimidating to think about how soon that is.

Nearly 55% of product searches begin on Amazon, making it the largest marketplace search engine. It's important to understand that Amazon might not be every retailer's favorite channel, but should be an important part of every ecommerce strategy. When you consider Amazon as a highly discoverable entry-point to your omnichannel retail strategy, you can integrate the channel into the rest of your customer's brand experience. Your customers will be able to tell the difference between your owned customer experience and a search engine's, and hopefully, they prefer yours.

Combatting returns

Fashion and apparel brands must also contend with another threat that hurts margins: online return rates as high as 50% in some sectors. Even if more conservative estimates are accurate—30% of all online purchases are returned—forward-thinking leaders must aggressively work to reverse this trend.

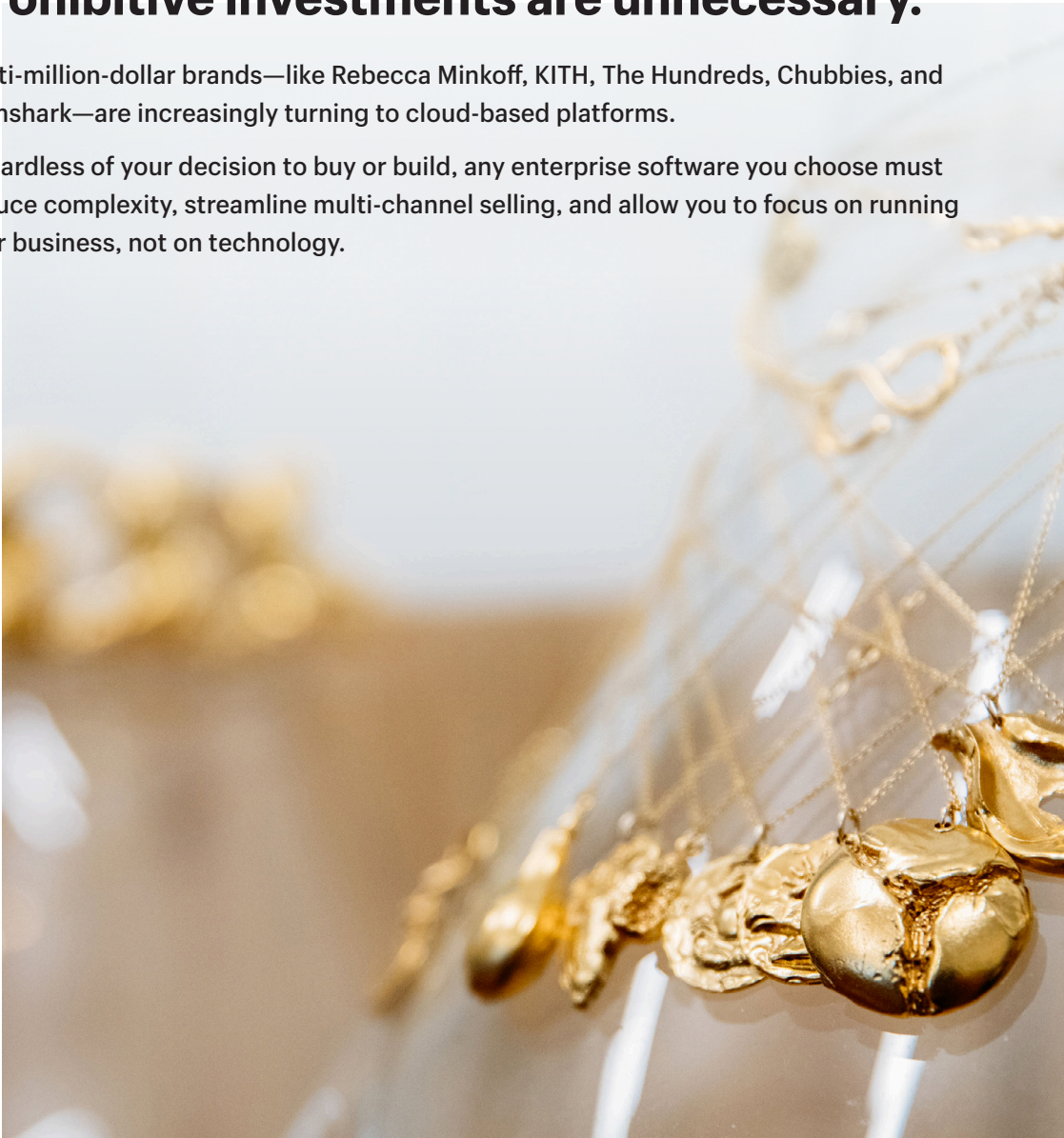


Fashion and apparel platform checklist

While custom-built commerce systems have historically been the norm for larger fashion and apparel brands, today such cost-prohibitive investments are unnecessary.

Multi-million-dollar brands—like Rebecca Minkoff, KITH, The Hundreds, Chubbies, and Gymshark—are increasingly turning to cloud-based platforms.

Regardless of your decision to buy or build, any enterprise software you choose must reduce complexity, streamline multi-channel selling, and allow you to focus on running your business, not on technology.



❑ **Customize and scale worldwide**

Any future-facing solution must allow you to quickly tailor your brand across geographies. Personalizing multiple storefronts around the globe and having the confidence to experiment, test new markets, and scale on demand during large traffic spikes is critical.

❑ **Flexible and optimized payment gateways**

Bridging the billion-dollar online to offline divide requires a flexible point-of-sale system that connects pop-up shops or brick-and-mortar sales with all your online channels. Likewise, any solution should host a wide variety of payment gateways that allow customers to check out how they want.

❑ **Native multi-channel capabilities**

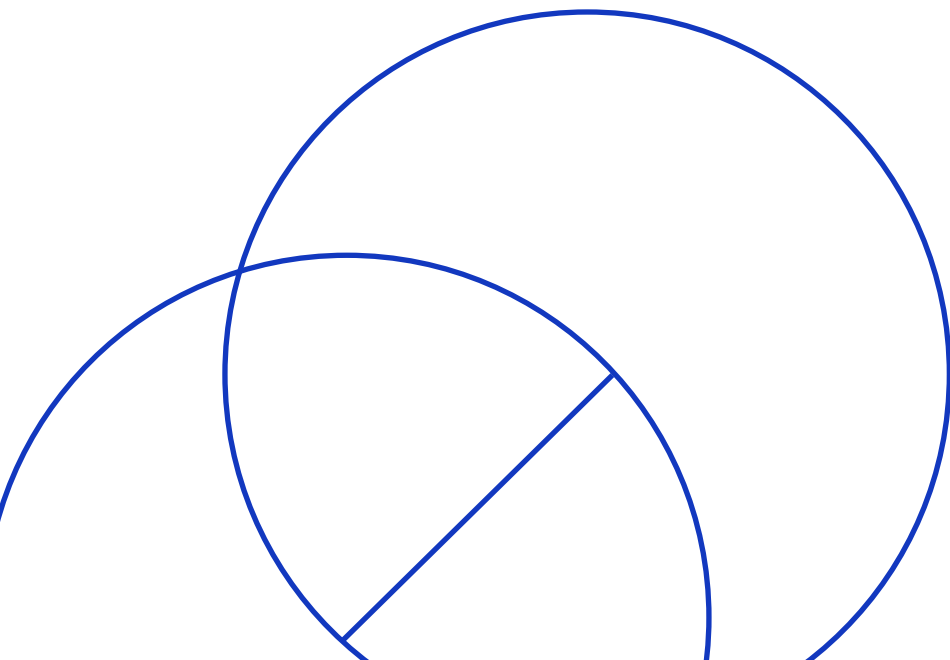
No technical barriers should exist once you determine you want to sell natively on today's most popular marketplaces or social media platforms. Solutions that offer one-click channel integration enable you to focus on growing that channel rather than the development work that underpins it.

❑ **Synchronized product information and inventory**

Solutions should automatically sync product information like price, description, and images with SKU counts. This ensures your brand's product data and inventory levels are accurate and updated in real time across channels. Without auto-sync functionality, the task of manually adjusting SKU counts across multiple channels will prove overwhelming.

❑ **End-to-end integration**

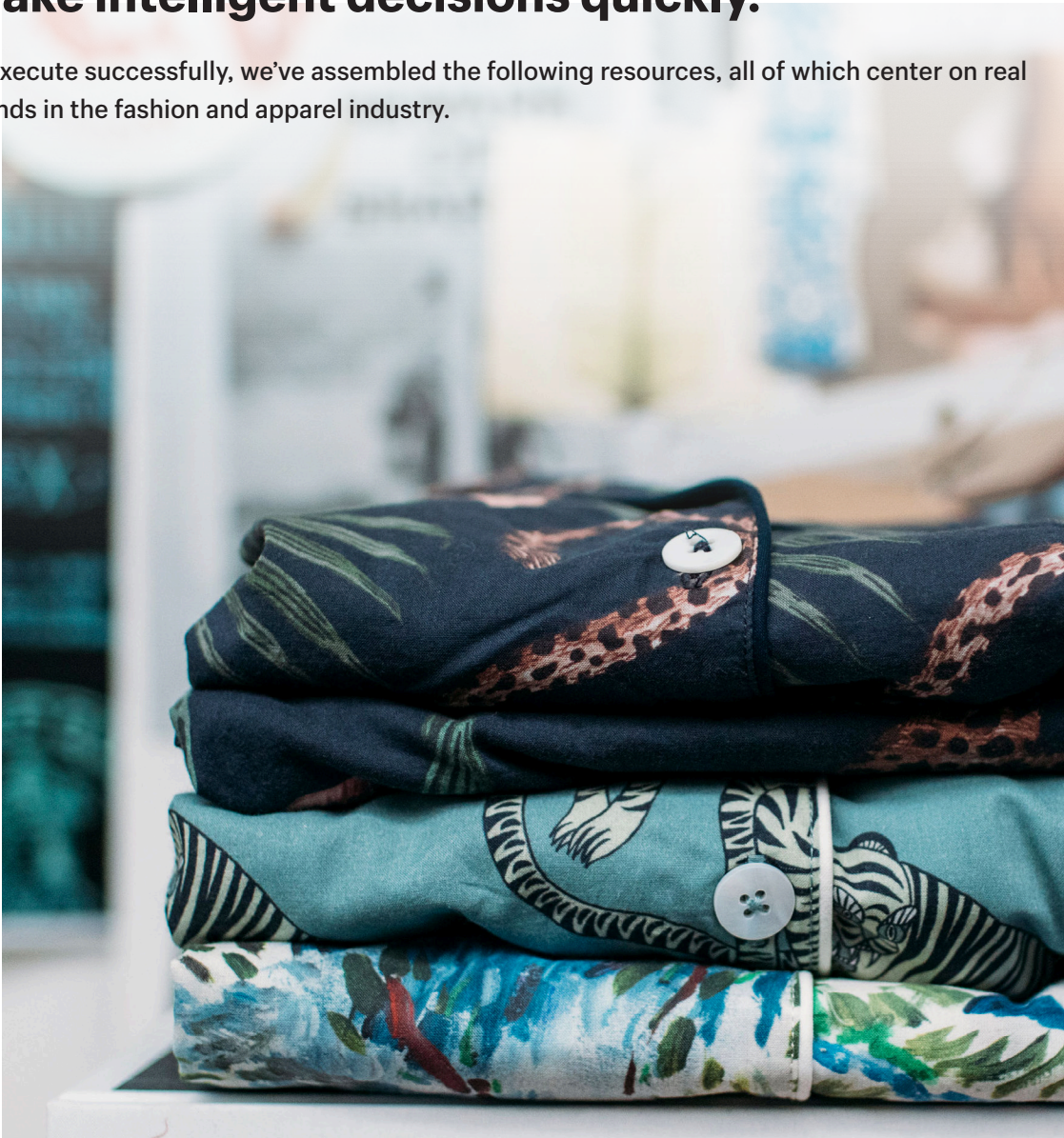
It's crucial that your multi-channel platform integrate both the sales and supply sides of your business. Without software that easily integrates third-party solutions, your ability to monitor data and make smarter inventory, pricing, and fulfillment decisions can be compromised and growth can stagnate.



Resources for a fashion and apparel strategy

As a fashion industry leader, you need a specific set of tools to achieve operational excellence and offer the real-time insight necessary to make intelligent decisions quickly.

To execute successfully, we've assembled the following resources, all of which center on real brands in the fashion and apparel industry.



[**Global ecommerce statistics and trends to launch your business beyond borders**](#)

Going global is a necessity. Unfortunately, it's also fraught with questions. Where to invest? What countries present the best product/market fit? How do you attract non-local buyers? To help you meet the challenges and take hold of the opportunities, we've organized comprehensive data into 11 international trends.

[**Fashion and the rise of social selling: Multi-channel strategies from top brands**](#)

Social media-savvy businesses have learned through first-hand experience that they need a multi-channel approach to attract, sell to, and nurture a loyal customer base online.

[**Millennials are changing the face of luxury ecommerce**](#)

How can luxury ecommerce brands drive sales among a demographic that's reaching its peak spending age? This post highlights how your luxury brand can grow faster by placing your bets in streetwear, sustainability, and personalizations to win with millennials.

[**The guide to successfully running a flash sale**](#)

Product drops, new releases, and holidays are the lifeblood of ecommerce fashion. Learn how to stand out, build trust, and generate recurring revenue rather than host margin-killing sales.

[**Optimize your warehouse to accelerate growth and compete with Amazon**](#)

Create a competitive advantage in the warehouse by tracking inventory and order fulfillment in real time and identify intelligent pick routes so customers get their orders faster.

[**The plague of ecommerce return rates and how to maintain profitability**](#)

How you deal with returns—before and after purchase—will differentiate your brand, create a competitive advantage, and even make you more profitable.

[**Save thousands of dollars by automating custom order fulfillment & fraud prevention**](#)

Discover the secret fast fashion brands are using to perfect on-demand manufacturing and protect themselves from the growing threat of costly order fraud.

[**Turbocharge sales by automating product tagging & inventory flags**](#)

Learn exactly how Khloé Kardashian's denim-focused fashion brand generates \$1 million a day by automating tedious back-end tasks and lacing the customer experience with urgency.