

Criteo Apparel Trend Report



August 2018

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Introduction



We're big fans of data at Criteo. So when we get the chance to take a deep dive across specific verticals, we're excited to share what we find – especially in an industry as big as apparel. This year, US retail ecommerce sales of apparel will reach \$103.66 billion, making apparel the largest single product category comprising 19.7% of total ecommerce sales.¹ But this doesn't mean that shoppers are doing the majority of apparel purchasing online. Research shows that apparel shopping is still a tactile event: 32% of US internet users are still more likely to complete a clothing purchase at a physical store than online. So what did we find in our report? Well, we crunched the data and then looked at the macro trends across the market.

When shoppers do shop online, they don't tend to start their searches at search engines – they usually go directly to retailer sites. Apparel shoppers move seamlessly between online research and in-store purchase. Or they try on in-store, then stock up online. Our latest data shows that 35% of post-click sales completed on desktop are preceded by a click on another device – so shoppers may find something on their phones, but wait to buy it on their desktops.

¹"The State of US Apparel Shopping in Five Charts," www.emarketer.com

²"Millennials, Athleisure, and E-commerce Continue to Drive Apparel Sales, But Growth Has Slowed," <https://www.npd.com>

Here's what else we found:

1. Generation matters: in 2017, millennials had the highest apparel growth rate of all generations at 4%, representing \$2 billion in incremental sales²
2. Outside of the holiday season, spring is when shoppers buy the most
3. Mobile accounts for most if not all sales growth but desktop is still the bigger piece of the pie
4. Men and women shop differently, but both browse more than search, meaning shoppers tend to use website navigation to click around more than use a website's search function to look for specific options
5. Browsing across all apparel categories starts rising in October and peaks between Thanksgiving and Christmas





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Millennials lead online apparel and shopping growth



In 2017, while overall online sales slowed for all ages, millennials were the only generation to see an increase in online apparel sales. They had the highest apparel growth rate of all generations at 4 percent, representing \$2 billion in incremental sales.²

Baby boomers accounted for nearly 20% of annual apparel sales, and Gen Z generated almost a third, but both generations spent less online overall in 2017.

In our recent Gen Z report, we find that while Gen Z is young – under 22 by most definitions – and most haven't started their careers, they have significant spending power from allowances and part-time jobs.

However, while they spend the most time on their mobile devices over any other generation, they also have a passion for IRL (in real life) retail and are, more than other generations, dissatisfied with the online experience. Our report found that 38% of Gen Z find it difficult to find what they need online.



Percentage of Gen Z Shoppers Who Do These Activities Regularly



34% **Webrooming**
Research online, buy in-store



17% **Click and Collect**
Buy online, pick up at a store or kiosk



27%

Scan and Scram
See in-store, buy in-store
from another retailer online

15%

Click and Ship
See in-store, buy in-store on
retailer's mobile site/app.

18%

Showrooming
See it in-store, buy it online





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Outside of the holiday season, spring is when apparel shoppers buy the most



As the weather gets nicer, wardrobes start to change. Average order values in the apparel category reach their annual highest peaks in April and May with increases of 24% and 22% respectively, over January.

Compared to January

April

May

Average order value increases

24%

22%

Sales increases

6.5%

8.5%

Total revenue increases

26%

24%

Compared to January, sales increase 6.5% in April and 8.5% in May, with total revenue increasing 26% and 24%, respectively.

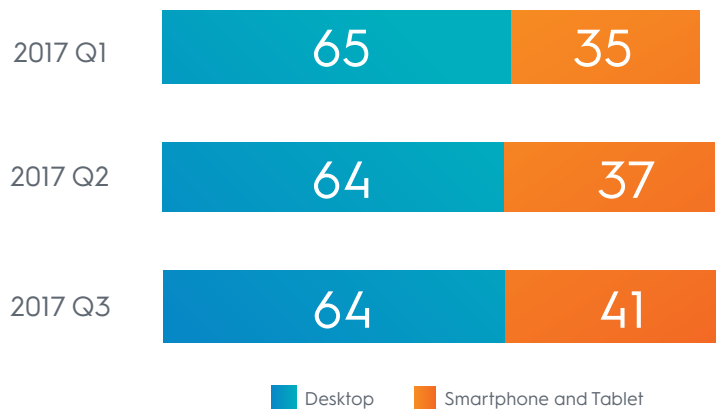
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Mobile accounts for most if not all sales growth in Apparel, but desktop still rules



Between Q1 and Q3 2017, all sales growth came from mobile in the apparel category while desktop sales slightly decreased. The same increase in mobile transactions is expected for 2018.

Quarterly Sales Growth by Device



Source: Criteo. Base: 100 = total sales in Q1 2017. Apparel retailers, US, 2017



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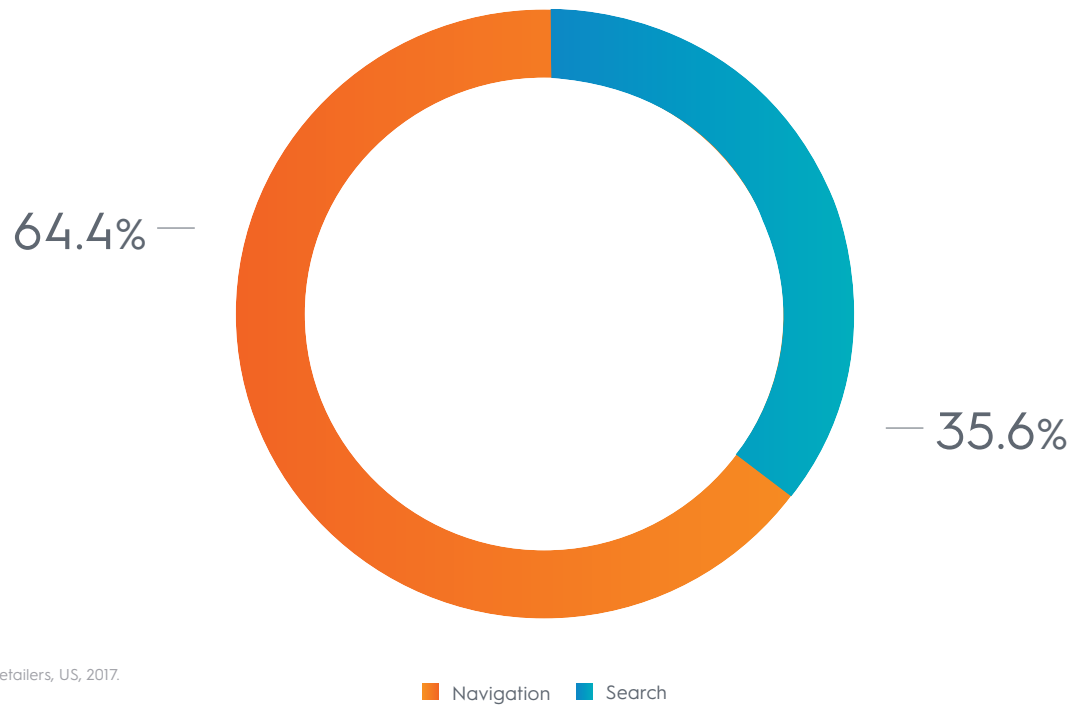
Men and women shop differently, but both navigate more than they search



Overall, across relevant categories, both men and women navigate more than search. Both men and women tend to use website navigation to click around more than use a website's search function to look for specific options - 64% vs. 36%, but this varies by each category.



Total Share of Pages



Source: Criteo, Apparel Retailers, US, 2017.

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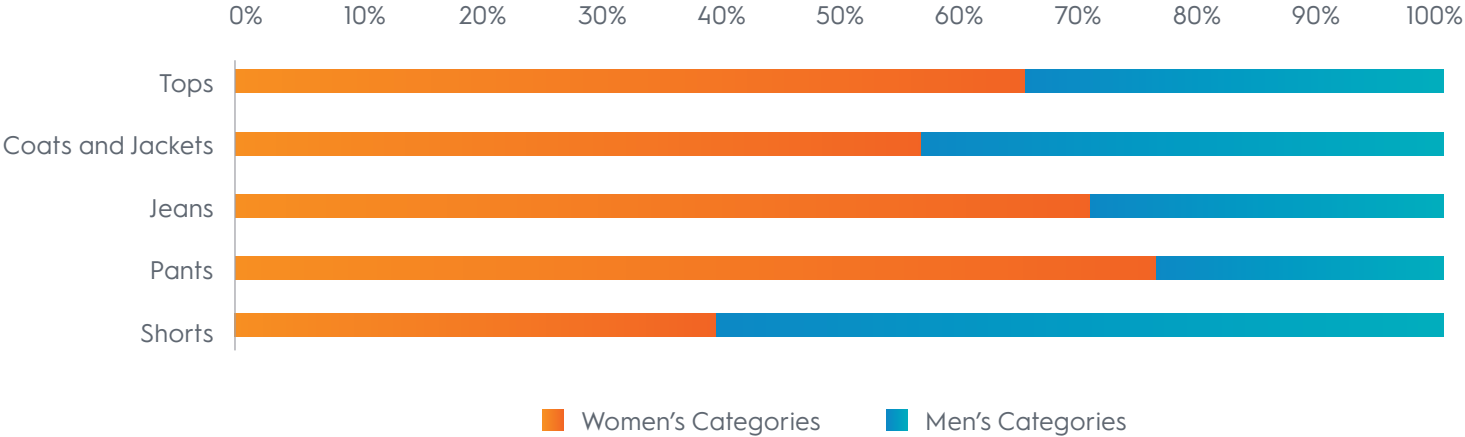
Shoppers navigate more for men's casual shirts and for women's jeans



When search and navigation data is broken down by category and gender, we see that men and women's search and navigation behavior doesn't differ too much. In most categories there is not much difference, but for shorts, jeans and casual shirts there is.

Men navigate more for casual shirts, but this could be because for women, shirts is a much broader category with more SKUs than for men, which means women need to do more specific searches to narrow what they want. When it comes to jeans however, women are more open to browsing.

Category Traffic Breakdown by Gender





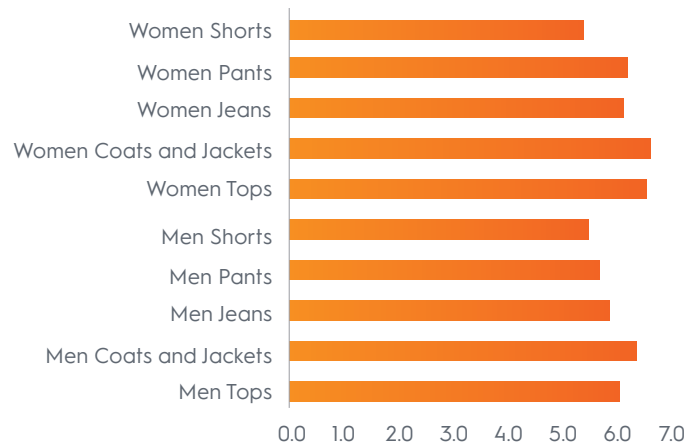
Men's categories tend to be purchased with more urgency



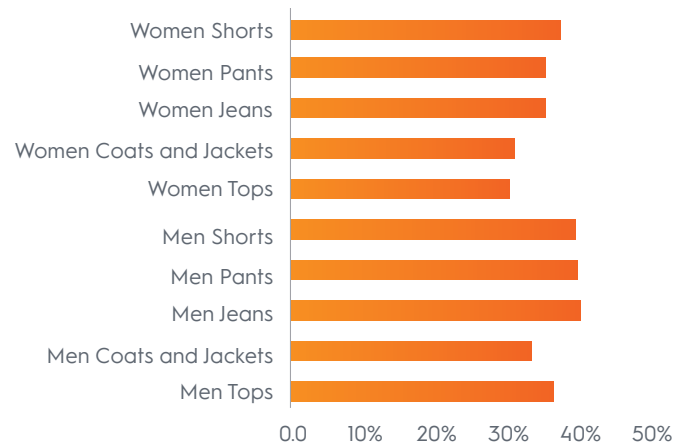
Our data shows that across categories, women take longer to make purchase decisions than men do. In the case with pants, women take 8% longer to purchase. Users are more likely to purchase the first day they browse, and overall, a third of users purchase immediately.

The average purchase cycle for both men and women is under one week. Shorts, Coats, and Jackets have the longest purchase cycles across both genders, perhaps because Coats and Jackets are bigger investments and Shorts tend to be weekend apparel items.

Average Purchase Cycle Length by Day



Purchase First Day





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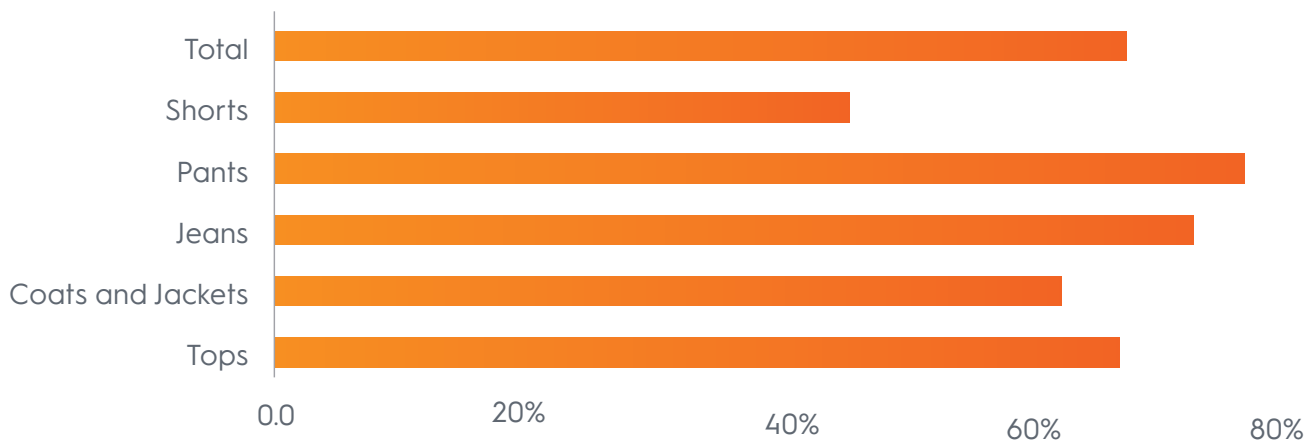
Pants and Jeans lead women's category traffic



When looking at traffic breakdown by gender, women's share of traffic in women's categories show that traffic for pants and jeans are highest, with almost identical sales percentages. Though jeans are a specific category, pants is a much broader category that includes many different types and styles of pants, hence the larger share of traffic in the pants category.



Overall: Share of Traffic in Women's Categories



Source: Criteo, Apparel Retailers, US, 2017.

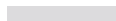


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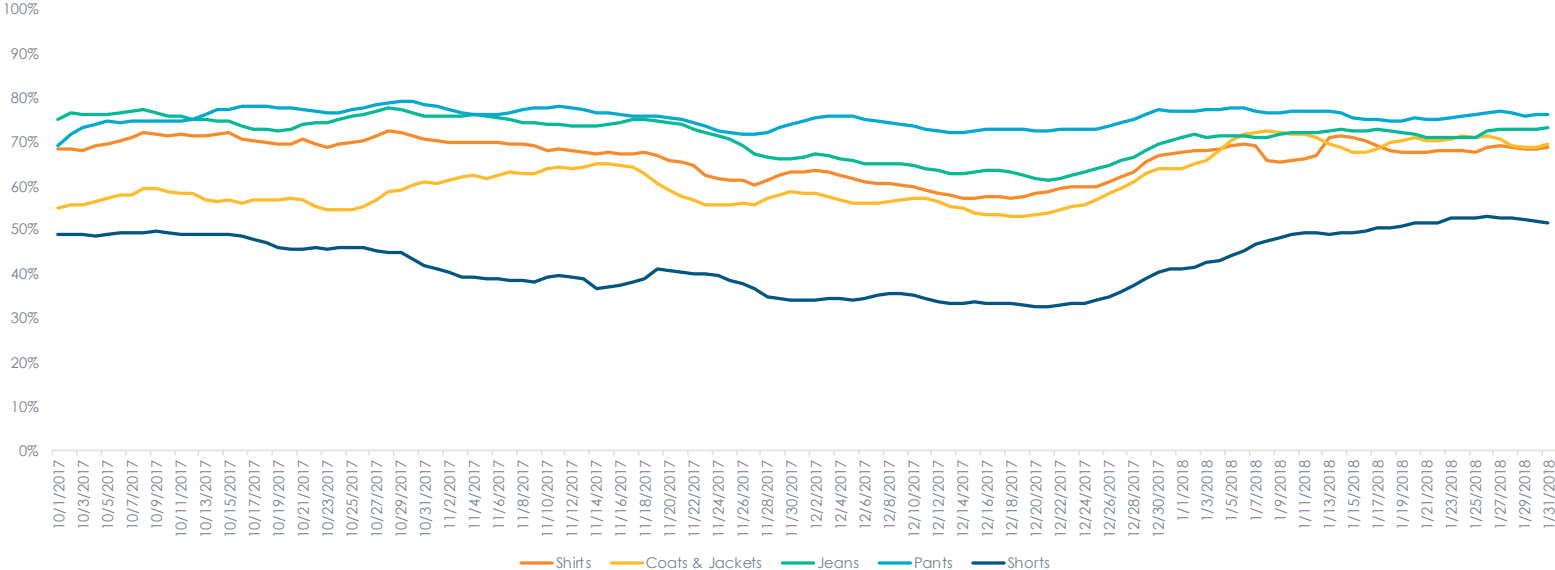
Around the holidays, women's category traffic increases – but there is a higher proportion of lift in men's categories.



Once the holidays roll around however, it's worth noting that women's category traffic declines. This could be because women are shopping for husbands, fathers, brothers, and boyfriends. Traffic doesn't decrease for women during the holidays but it shifts toward mens' categories a bit more. This is when mens' categories are a bit more active.



Holiday: Women's Share of Category Holiday Period



Source: Criteo. Apparel Retailers, US, 2017.



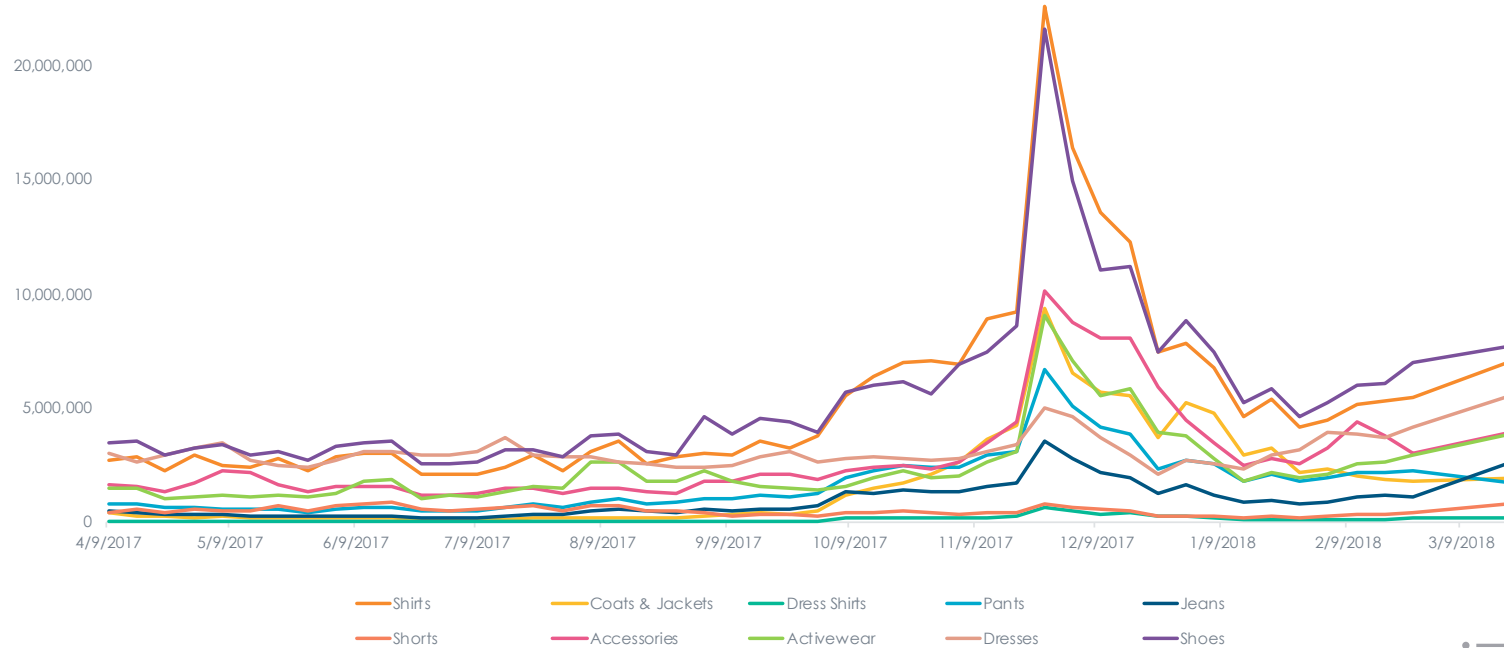
Browsing starts rising in October and peaks between Thanksgiving and Christmas.



Product page views across all categories start steadily rising in October, when people are searching across all categories in preparation for the holidays. Then in November, Shirts and Shoes spike in product pageview trends above all categories. Finally, in the weeks between Christmas and New Year, browsing rises again, thanks to people heading back to stores with returns and gift cards in hand, ready to shop for themselves.

Accessories, activewear, and coats and jackets have an almost identical increase in product pageviews, indicating that these items are popular gifts for both others and for shoppers themselves.

Product Page View Trends - All Categories



Source: Criteo. Apparel Retailers, US, 2017.



Shirt sales spike around the holidays

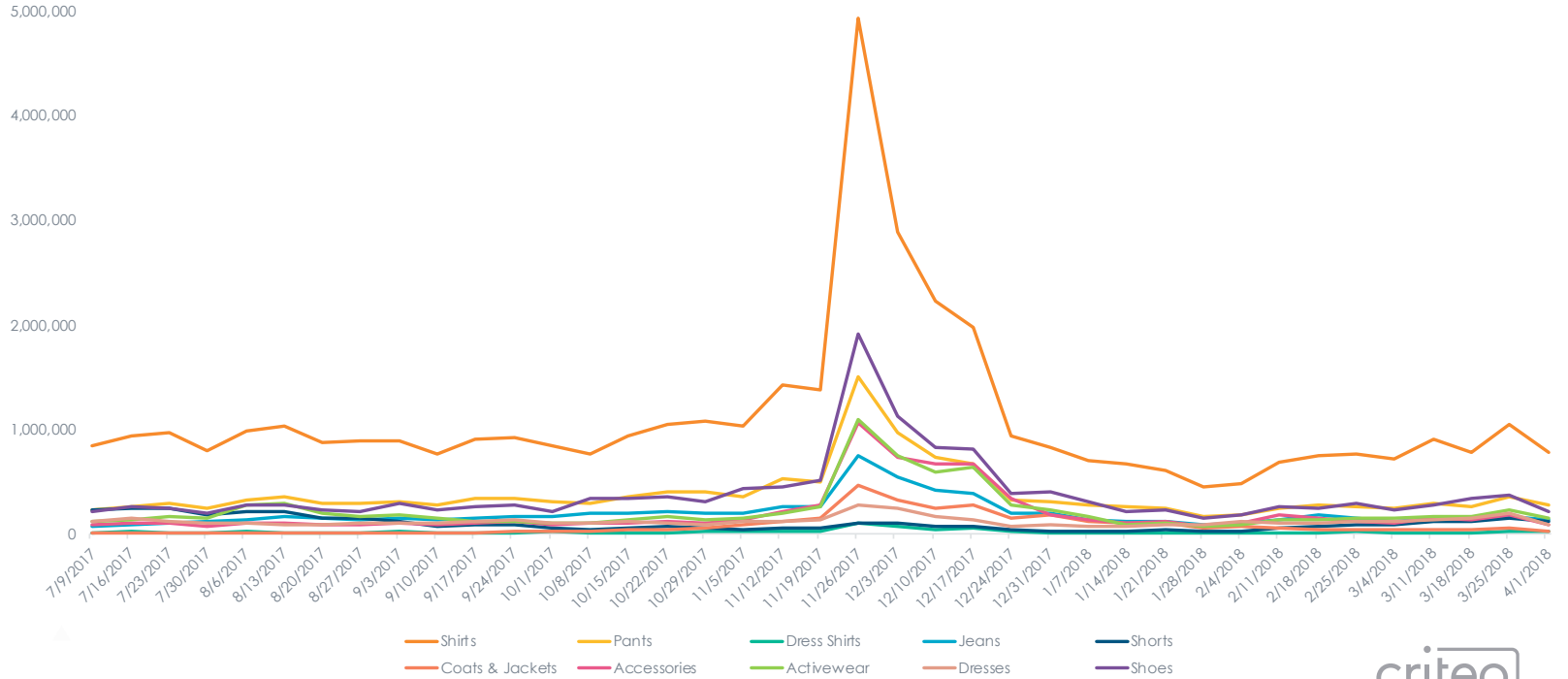


When it comes to units sold in the same holiday peak however, shirts increases dramatically high above all other categories. Dramatic spikes in shirts, pants, shoes, and activewear can be seen around the holidays.

But shoes, pants, and accessories might be harder to gift after all, as the increase in units sold of shirts is the highest, indicating that both women and men are mostly gifting shirts - which is a broad category that includes many types of SKUS, from sweaters to tank tops to blouses.



Units sold trends in all categories



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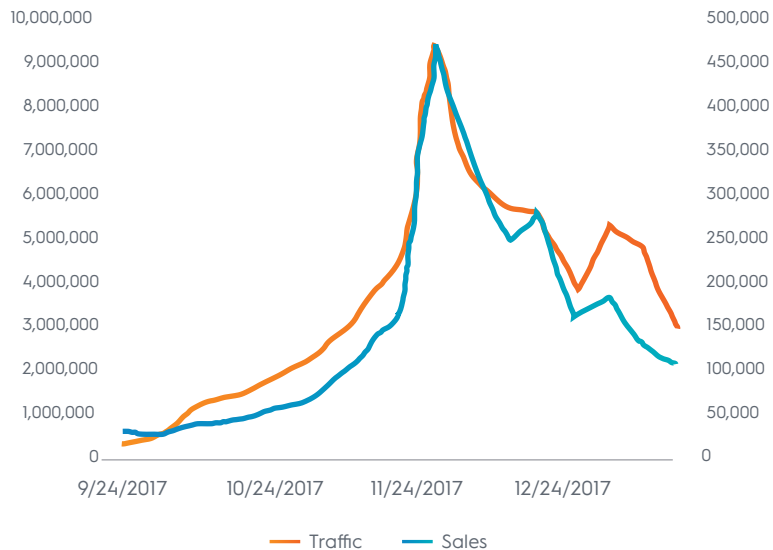
Capitalize on Black Friday



The biggest conversions occur around Black Friday, meaning brands need to start “owning the shelf” in early September to close this opportunity gap. Using Coats and Jackets as an example at the category level, the day where conversions peak is the day right after Thanksgiving, where traffic and sales are nearly equal.

Retailers might not immediately see returns, but there is a clear opportunity gap when it comes to owning the shelf starting from early Q4.

Coats and Jackets Weekly Volume



Using Coats and Jackets data to prevent any effect of mix shift, similar patterns apply to other categories

Best practices for brands



Own the shelf early, and be patient

Product page views across all categories start rising steadily in October. Brands need to start “owning the shelf” in early September to take advantage of this period when shoppers might not be ready to buy, but they’re starting to browse.

And even after the holidays, there’s the opportunity to win more sales: once shoppers have their gift cards and returns in hand, they head back to the stores to shop for themselves. If your campaigns have been running since October, you may want to keep them running until after Christmas or the New Year to maximize return on ad spend (ROAS).

Visibility and promotion are necessities

Make SKU-level data more specific to help shoppers find what they need as they search. Visibility relies on the strength of your product detail pages, so it’s important to review the content on these pages to make sure they’re powerful and informative, making your products easier to find. As our data shows, people struggle to find things online because there are endless SKUs to sort through, especially in crowded categories (i.e. “tops”). This is where promotions are necessary to make sure your products are more visible than those of your competitors. Use paid media to promote your products and cut through the noise.

When it comes to what users want from websites, the ability to filter through products and read real, verified reviews are (21% and 19% respectively) the second and third most important features to shoppers. Brands can stand out by making SKU labels more specific. For women, “shirts” encompasses blouses, tank tops, t-shirts, dress shirts, and everything in between.

Use Criteo Sponsored Products to cross-sell

Criteo Sponsored Products, which are relevant to the purchaser and multiple-SKU categories like Apparel & Accessories, reach shoppers at the point of need. Apparel and accessories brands who use Criteo Sponsored Products saw a 51% increase in share of consideration, and a 47% increase in share of sales. Retailers can use Sponsored Products to promote items that complement what a shopper may be browsing or searching for.

Sponsored Products ensures you have a strong brand presence across all digital shelves using one platform that puts you across retail sites. This ensures that apparel brands are driving shoppers back to the product detail pages, so that shoppers can convert. With appropriate tagging, the impact of paid search on retail sites can be extended to the brand sites that are so important to many Apparel & Accessories sites.



Contact

- For shopper insights throughout the year, go to criteo.com/insights.
- To learn more about how Criteo drives sales and profits for thousands of brands, retailers, and publishers worldwide, visit criteo.com

Methodology

The data analyzed comes from top apparel retailers in the US Criteo Sponsored Products network.