THE INDEX

IN PARTNERSHIP WITH

Klarna.

Part 1

The sectors, The Channels,
The Formats and The Behaviours

Tracking the current behaviours and the future intentions of the British fashion shopper

JULY 2020

The Introduction

Welcome to the latest installation of our regular consumer study, The Index in partnership with Klarna, which tracks the behaviour of the British fashion shopper. This study was taken at the end of July and tracks how shopper behaviour is rapidly changing in the COVID era.

During July, 44% of consumers said they had bought their clothing online only during the prior three months. This is clearly an improvement on our prior study, when for the most part consumers had been forced to buy online (with more than 60% saying they had bought online only) but pre-COVID in January on 18% of our consumers said they had bought online only.

What's more, our numbers this month show how the world has been turned on its head with older consumers, previously the most reluctant e-commerce shoppers, now the most enthusiastic.

The reasons are clear, the younger consumer is the most likely to feel comfortable heading to the shops, while older consumers (particularly as COVID cases take an upwards turn) are far more likely to remain at home as far as possible.

While Eat Out to Help Out and Back to School shopping helped footfall in August, along with the Staycation trend, newly imposed restrictions such as the "rule of six", the reinstatement of the work from home guidance, and the 10pm hospitality curfew, have suppressed demand yet again.

As retailers enter into the crucial final quarter, it will be crucial to capitalise on what demand there is in the market and pivot towards digital where possible.

The Index will be there to ensure you are kept up to date with the movements in the most dynamic, and erratic, fashion market anyone can remember.

In Part 2 of this study, we examine which of our 100 tracked retailers have performed the best in terms of shopper visits and spend and the all-important consumer sentiment. In this, Part 1, we look at the sectors, the formats, the channels and the behaviours to help you refine your strategies.

The Sectors

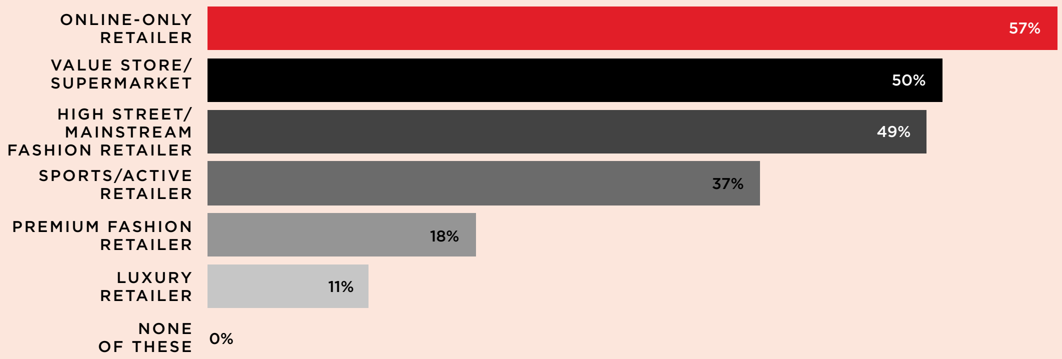
When asked which type of fashion retailer they have visited in the prior three months, 57% of our 2,000 consumers cited online-only retailers. This is down from the 61% in the prior month, but that's to be expected given that lockdown had covered much of the period under review last time.

Physical retailers have recovered, of course, but the interesting story her is the age breakdowns. Take a look at the age of the shoppers who have been visiting online-only stores and you will see that the over 55s are now just as likely to shop online for their fashion as the over 35s. More of them have visited online only stores than have visited mainstream high street stores and value fashion or supermarkets for clothing.

While the reasons for this are understood, the key question is whether this will change moving forward. With added restrictions on our movement and the winter ahead of us, it seems unlikely.

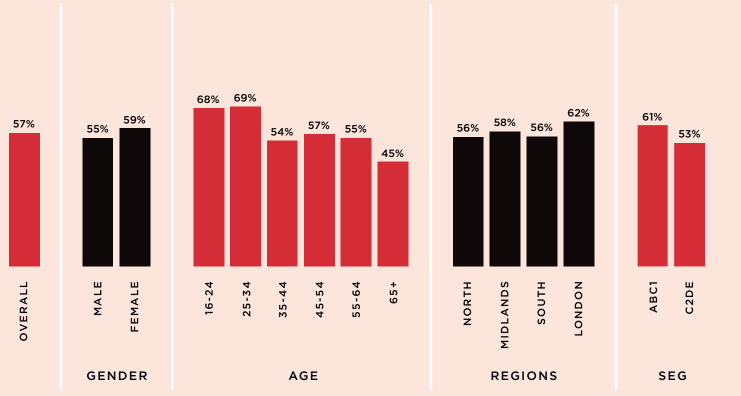
While there are downsides for brands that older consumers are now staying at home, there are plus sides too. These former digital refuseniks are now very likely to buy online and with the right marketing, targeting, product and service, they could be a lucrative new digital market.

Which of the following have you shopped for fashion (including accessories and footwear) in the past 3 months?

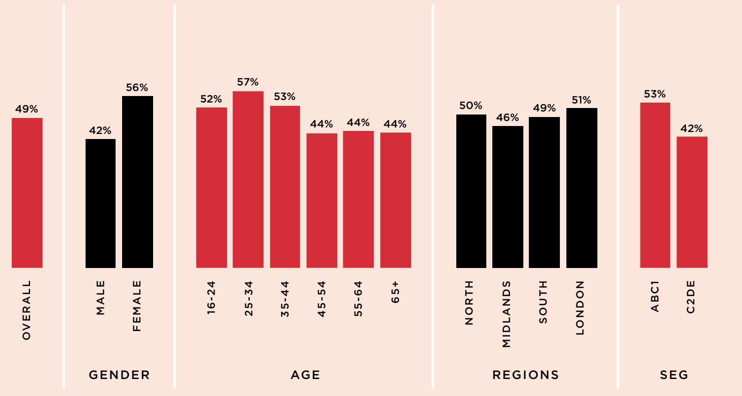


The Sectors continued

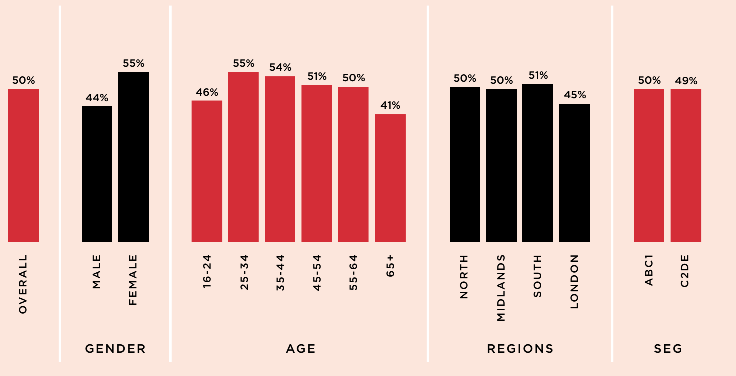
Online-only retailer
e.g. ASOS, Amazon, Boohoo



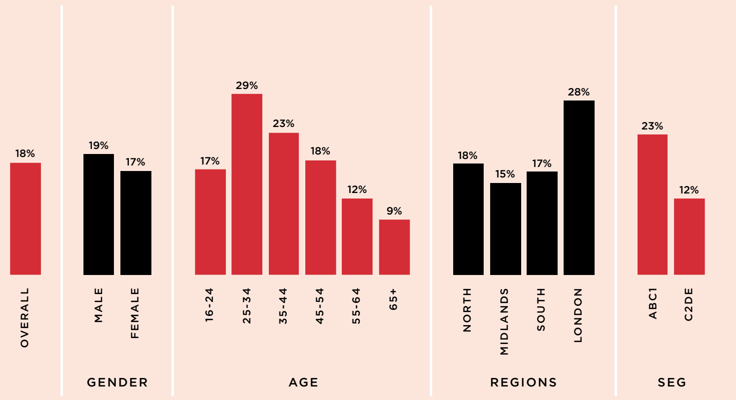
High street/mainstream fashion retailer (either online or in-store)
e.g. Topshop, Marks & Spencer, Next



Value store/supermarket (either online or in-store)
e.g. George at Asda, Matalan, Primark

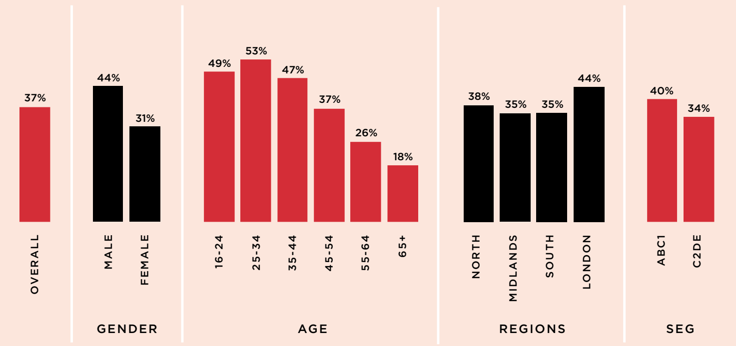


Premium fashion retailer (either online or in-store)
e.g. Jigsaw, John Lewis, Ted Baker

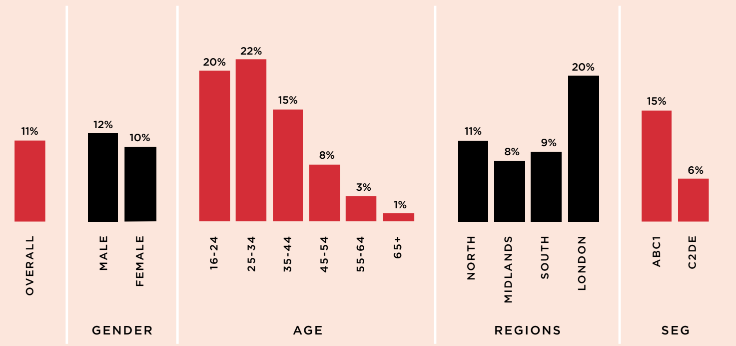


The Sectors continued

Sports/active retailer (either online or in-store)
e.g. JD Sports, Sports Direct, Nike



Luxury retailer (either online or in-store)
e.g. Net-A-Porter, Harvey Nichols, Selfridges



The Channels

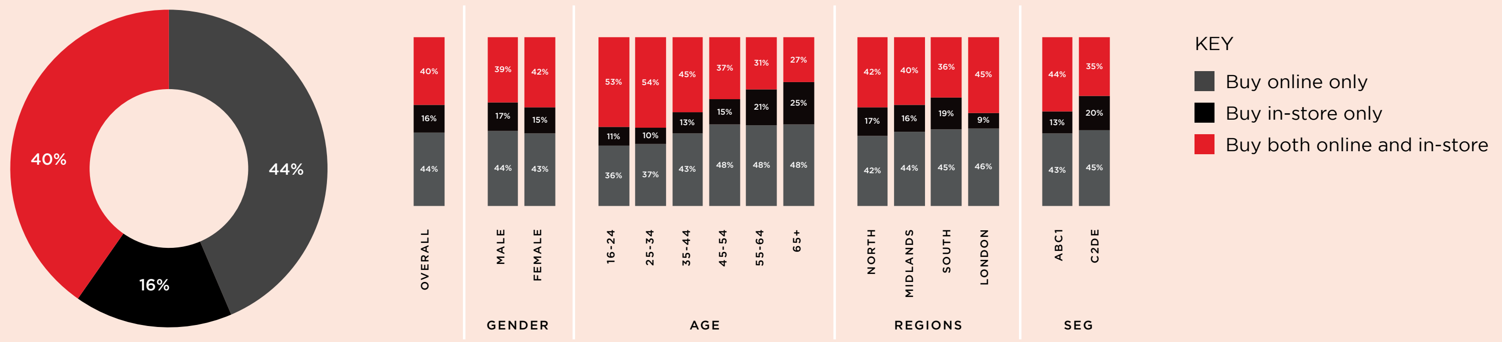
During July shoppers told us that in the prior three months, 44% of them had bought their clothing online only during the prior three months. This was a marked drop from the 63% who had bought all their clothes online only in the three months prior to June (much of that period had been covered by lockdown with only limited fashion in-store shopping available in supermarkets).

On the face of it that looks like good news for physical stores – and it is (note it is still by far the preferred channel whether people are shopping it or not). However, when you look at behaviour in January, when COVID was a mystery virus seemingly confined to a specific region of China, just 18% of consumers bought all of their clothing online in the prior three months. **Well over half (56%) had shopped across both stores and online with the remainder (26%) only visiting stores.**

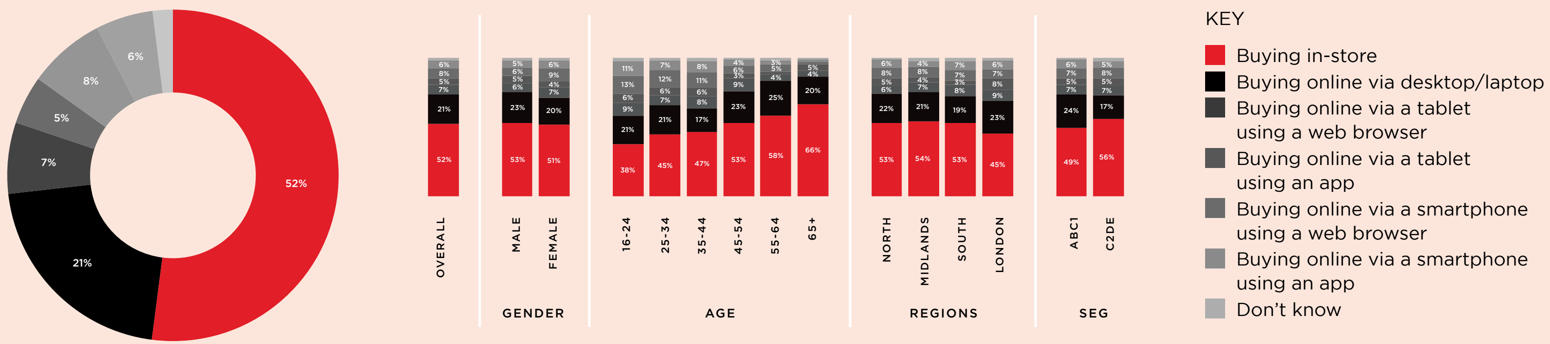
With 2.5 times more consumers still shopping online only for fashion than at the start of the year, the priority for retailers becomes clear. It’s time to invest in your digital channels. Hoping that shoppers will come back to physical retail in the same numbers they did before is an onerous strategy.

The Channels continued

When shopping for fashion in the past 3 months did you...



When shopping for fashion, which is your PREFERRED method?



The Formats

The high street saw a pick-up in preference for our fashion shoppers in July with pleasant weather and easier social distancing instilling confidence. 42% said they preferred to shop on the high street, up from just 38% last time.

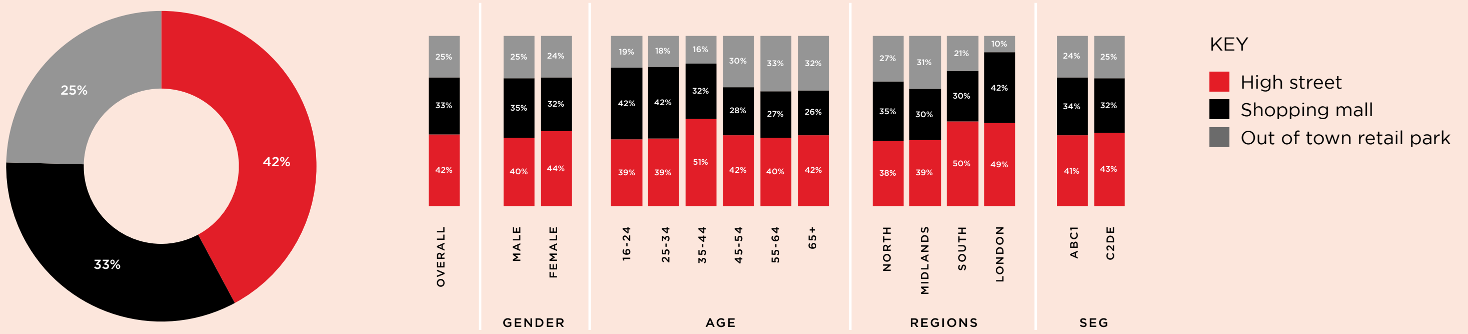
Shopping malls, on the other hand, have dropped off in preference with 33% saying they preferred them versus 33% last time. This may be explained by the need now to wear masks in all inside spaces, which some customers don't enjoy and which dents the confidence of others.

The generation gap remains clear though, younger consumers by a marked margin prefer a mall and all of its attendant food and beverage and other entertainment options. The older generation is far more likely to gravitate to a retail park where space allows for easier social distancing and ample parking.

When it comes to the specific types of physical stores our shoppers prefer, department stores (which have been among the most battered by COVID), maintain a 30% preference rating. That seems heartening news, but when it comes to shopping online they only score 19% in terms of preference (and it's worse among young consumers).

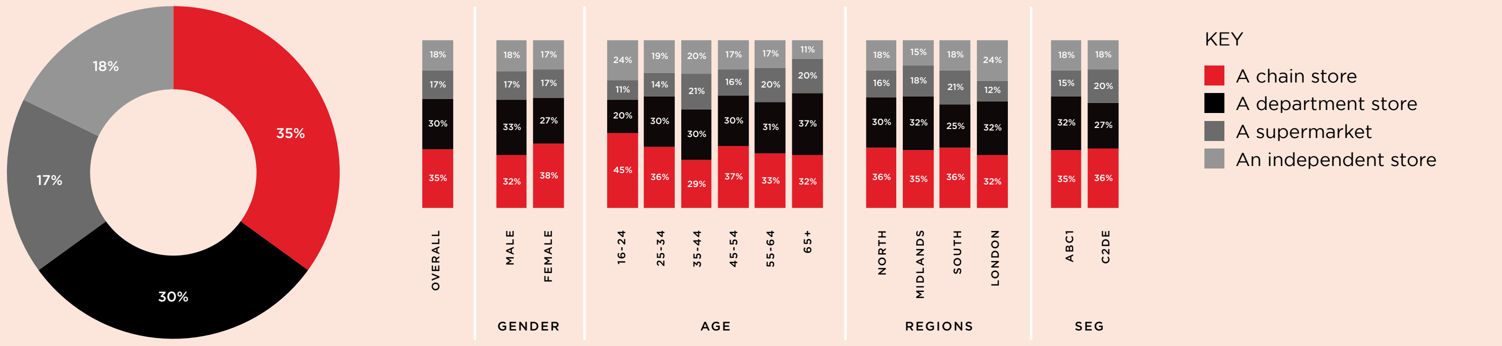
This needs to be an area of focus for all retailers but for department stores, it's all the more urgent.

If you shop for fashion in a physical store, which location is your most preferred?

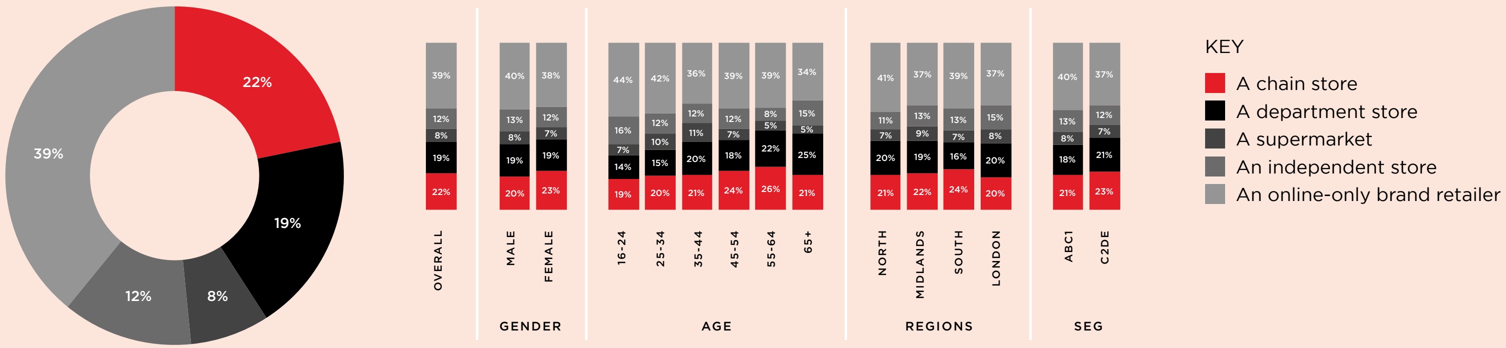


The Formats continued

Which type of fashion retailer, do you MOST prefer to shop at IN-STORE?



Which type of fashion retailer do you MOST prefer to shop at ONLINE?



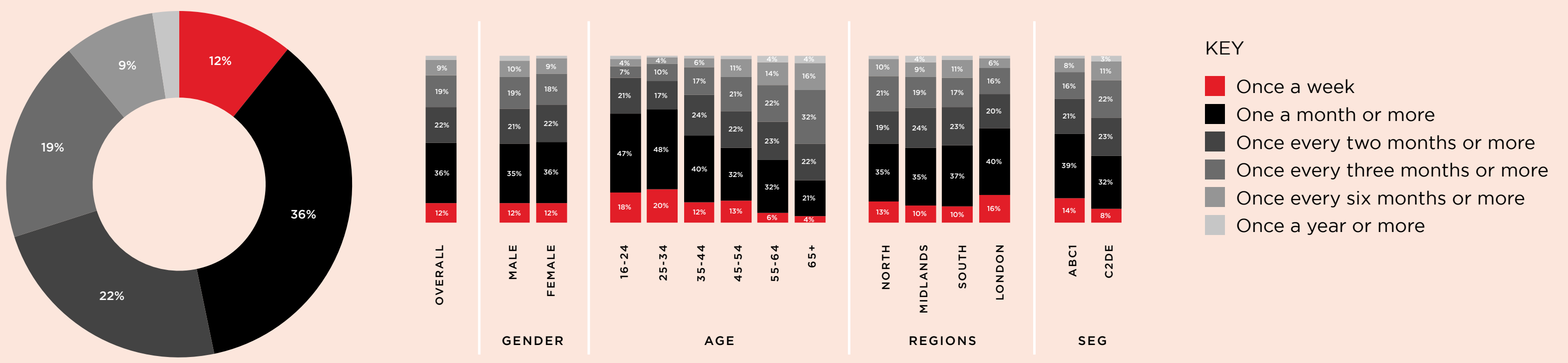
The Behaviours

Overall in July almost half of our consumers (48%) said they anticipated buy more fashion over the coming six months. At that time, they were no doubt eyeing a return to the office and hoping for more freedom and social events to return. In our next study we will see if that intention had been dimmed – we would anticipate so.

The same figure (48%) say they were shopping for fashion once a month or more at the moment, which is slightly down on pre-COVID levels but not much. Note, however that is driven by young consumers. Enthusiasm for shopping for clothing once a month or more drops considerably in the over 45 age groups.

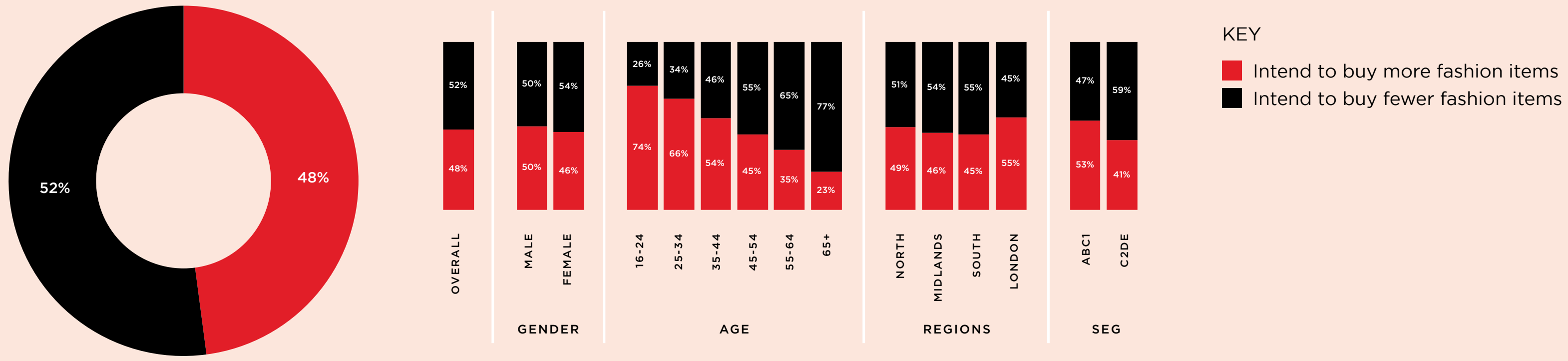
In addition, when it comes to spend, just 42% say they will be spending more on fashion. So, the reality is that while many people expect to consume more fashion but pay less for it, and with retailers desperately discounting to shift unsold stock and to tempt shoppers to spend, that seems a realistic expectation.

How often, typically, do you shop for fashion at the moment?

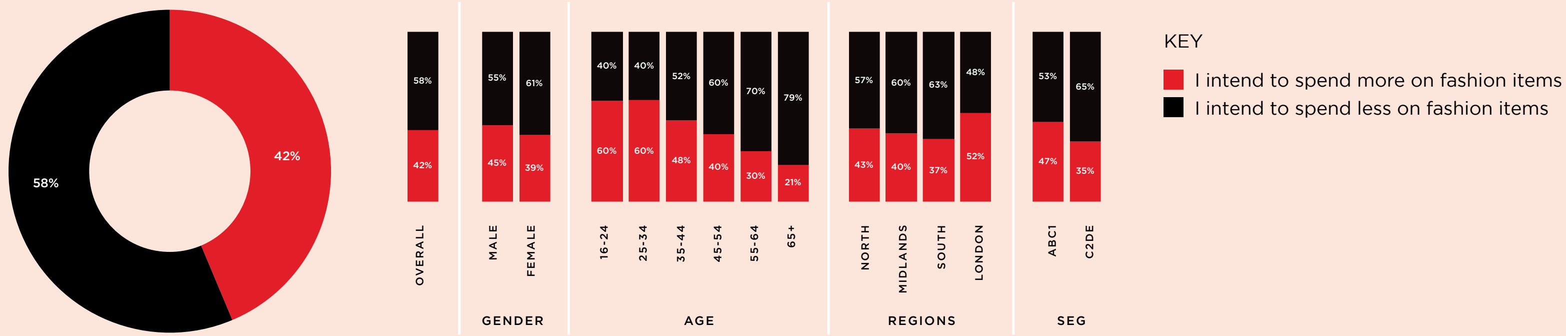


The Behaviours continued

Looking ahead at potential future fashion purchases in the coming six months, which best describes your intentions when it comes to the volume of the clothes you might purchase?



Looking ahead at potential future fashion purchases in the coming six months, which best describes your intentions when it comes to the cost of the clothes you might purchase?



The Information

On behalf of TheIndustry.fashion, Savanta surveyed 2,000 UK consumers at the end of July 2020, all of whom had shopped for fashion in the previous three months. 49% of respondents were male, 51% female. 18-24 year olds – 11%; 25-34 year olds – 19%; 35-44 year-olds – 17%; 45-54 year-olds – 17%; 55-64 year-olds – 13%, 65+ – 23%. Respondents were equally drawn from key regions and professional backgrounds.

In Part 2 of The Index we will look at our 100 tracked brands and find out who's shopping them and how, plus we reveal our all-important Buzz Scores to reflect consumer sentiment.

If you would like to interrogate our data further (we have detailed breakdowns on each answer and more information on categories of clothing shoppers buy for instance) or to discuss bespoke research opportunities, please contact:

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