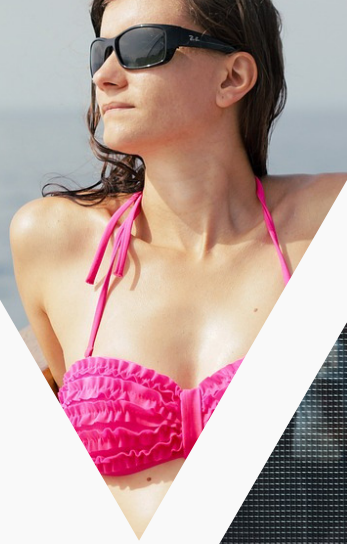


FASHION ECOMMERCE

2017, A DIFFICULT YEAR.

An insight into the challenges faced by online fashion retailers in 2016 and how they can prepare for 2017.



*It is without doubt
that 2016 has been
one of the
strangest, most
turbulent and
historic years in
recent history.*

It is without doubt that 2016 has been one of the strangest, most turbulent and historic years in recent history.

A maelstrom of security threats, turbulent market conditions, upended political normalities, and new spending behaviours have culminated into a hard year for the fashion industry.

In one study 67 per cent of fashion executives reported that conditions in the industry have worsened during 2016, partly brought on by financial performance.

Over the last decade the industry grew at a rate of roughly five per cent annually, even outpacing overall GDP growth.

But this year it is expected that in the final weeks of the year, growth could reach just 2 per cent.

For some sectors, including luxury and mid-market brands, this growth rate could be as low as 0.5 per cent.

In the UK, expectations were hit both by a dour growth warning by rating agency Moody's in April and the outcome of the EU Referendum, which came only one month later.

It was also discovered by the Office for National Statistics that clothing and footwear sales had contracted every month from August 2015 to April 2016.

But not everyone in fashion had a bad year, as both ASOS and Boohoo reported a 31 per cent and 40 per cent increase in EU revenue in the first six months of the year respectively. At the time of writing, for every £5 spent on shopping, at least £1 of that is spent on the internet or through a mobile app.

According to the IMRG Capgemini eRetail Sales Index, 27 per cent of all retail sales now take place online, boosted in part by the growth of mobile ecommerce, with 45 per cent of those sales happening on a mobile device in the last quarter of 2015.

It has been predicted that before the end of the year, fashion shall become the biggest online market, and might account for almost 30 per cent of purchases made online.



So how did ecommerce sites such as ASOS and Boohoo do so well while others struggled in the retail mire?

According to ASOS, one of its most sought after clothing types this year has been “muscle fit” tops for men. Using that information, let’s see how the SERPs (Search Engine Results Pages) stack up for “muscle fit t shirts”.

Unsurprisingly we find ASOS at the top of the rankings for this product type. What’s interesting here however is that the company is also found in second place, with this result featuring a blog charting the company’s top ten muscle fit tops.

This goes to show that relevant supporting content can be placed highly in SERPs, even when faced with tough competition from competitors such as Topman and River Island.

There is also little surprise to see that the search also brings back a number of fitness websites and forums.

This could be for a variety of reasons – the first being that the search engine understands that when someone searches for a type of clothing, it does not strictly mean that they want to buy it.



Top 20 Results for "muscle fit t shirts"

- #1 asos.com
- #2 asos.com
- #3 riverisland.com
- #4 topman.com
- #5 musclefitbasics.com
- #6 musclefitbasics.com
- #7 mensfitness.com
- #8 burton.co.uk
- #9 amazon.co.uk
- #10 reemclothing.com
- #11 shopstyle.co.uk
- #12 boohoo.com
- #13 topix.com
- #14 puma.com
- #15 predacore.co.uk
- #16 absoluteathletica.com
- #17 ldnmuscle.com
- #18 abercrombie.com
- #19 ebay.co.uk
- #20 dailydefinition.co.uk

The second is of course due to the fact that one of the words within the search is “muscle”, which is an obvious association to fitness and health, so it’s almost to be expected that the search also brings up those results.

But this SERP also indicates opportunity, as the online retailers featured within it are a mix of fashion and sports stores, showing that although there is much competition among them, there is SERP flexibility amongst one of the most popular clothing items of the past 12 months.





ASOS also puts a heavy amount of time and effort into its social media campaigns.

Speaking to the Financial Times in April, Nick Beighton, Chief Executive at ASOS said that for the next six months he would be focussing the company's marketing on social media, stating that **60 per cent of its customer traffic came through mobile devices**, before citing Snapchat as a key platform.

It is therefore perhaps no surprise to see ASOS performing well for such a popular item.

ASOS
discover fashion online

SALT
. a g e n c y

But what about women's clothing?

Now that the Christmas party season is in full swing, the traditional black dress should be flying out of the stores. Let's see who is topping the SERPs for this popular item.

Interestingly, we find a new range of stores for the search term "black dress".

Unlike before we can see that ASOS has fallen by the wayside and is only featured once. We also find Boohoo a little higher and River Island isn't in the top 20 whatsoever.

What's especially interesting is that the second result in the SERP features the Twitter account for Little Black Dress – one of the leading women's ecommerce stores in the UK.

What this indicates is a strong and reasoned social media approach, alongside the fact that Google considers the SERP to potentially be a branded search query – despite the fact that the actual website is much further down the list, which is not ideal.

Unlike the last SERP, this one seems much less fragmented and shows that there is strong competition for this search term.



Top 20 Results for "little black dress"

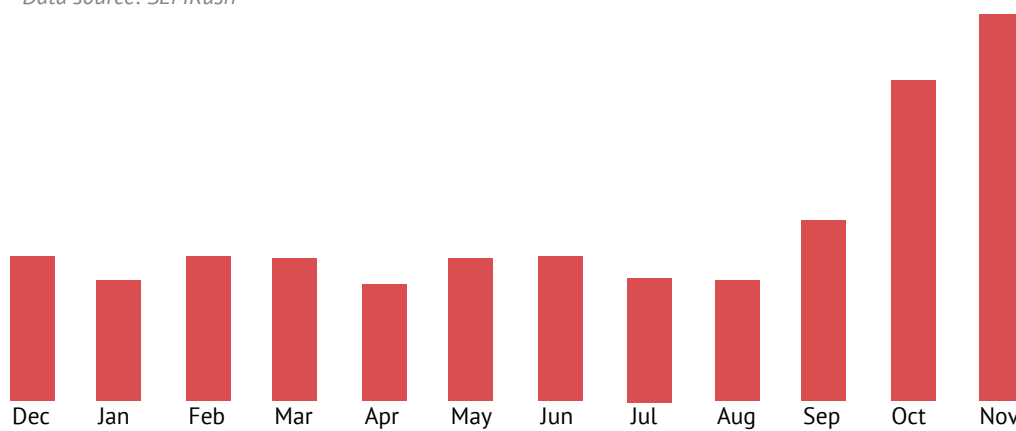
- #1 newlook.com
- #2 twitter.com
- #3 missguided.co.uk
- #4 prettyslitlething.com
- #5 debenhams.com
- #6 very.co.uk
- #7 next.co.uk
- #8 asos.com
- #9 littleblackdress.co.uk
- #10 boohoo.com
- #11 johnlewis.com
- #12 houseoffraser.co.uk
- #13 houseoffraser.co.uk
- #14 lipsy.co.uk
- #15 frenchconnection.com
- #16 missselfridge.com
- #17 monsoon.co.uk
- #18 glamorous.com
- #19 wallis.co.uk
- #20 romanoriginals.co.uk

It seems that many of the top brands are well aware that this is a popular search query – especially when you look at the trend over the past twelve months, which shows an increasing number of searches throughout the last few months.



Search Trends for 'little black dress'

Data source: SEMRush



With top brands being well placed for this, it is important that smaller and independent stores prepare for next year's trend, while at the same time, those currently in the top 20 try to maintain those lucrative positions.

As search interest intensifies for this sought after item towards the end of the year, brands who have established a foundation earlier in the year will be in a better position in terms of organic search come October.



Looking at a top selling summer garment, it is of no surprise to see both ASOS and Boohoo within the top three positions for “bikini”.

Again, this popular search query, with 540 million results, is a tough and competitive SERP, with Wikipedia being the only result that doesn't afford the user the opportunity to shop for the swimsuit.

It's also good that Swimwear365 and Heidi Klein are featured, as in 2015, bikinis made up 68 per cent of all swimwear sales for women, while swimwear purchases were made predominantly by women at 88 per cent – failure to secure a high position in this SERP would spell difficulties for the companies.

New Look also feature twice, with two separate categories (swimwear and bikinis) located in 10th and 11th place, which shows strong technical and search knowledge, and will doubtless put them in influential positions in the coming spring.

So what do brands need to do into 2017 to maintain or create more growth?

First of all it is important to understand that the year could well be as volatile as 2016, as economic environments do not change just because the year has.



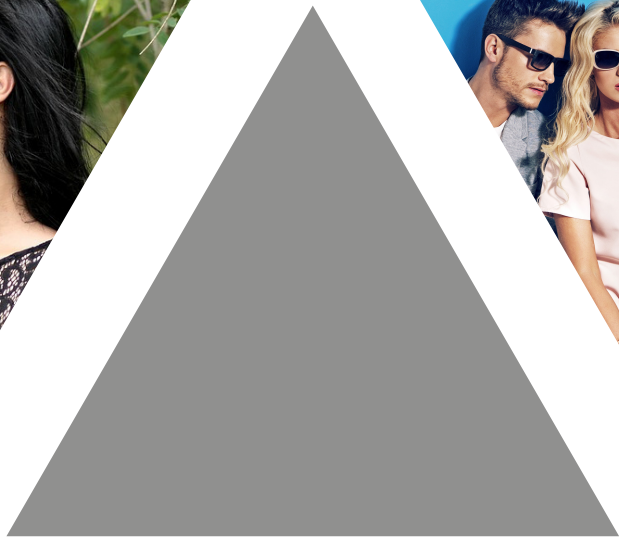
Top 20 Results for "bikini"

- #1 asos.com
- #2 next.co.uk
- #3 boohoo.com
- #4 swimwear365.co.uk
- #5 debenhams.com
- #6 hm.com
- #7 figleaves.com
- #8 wikipedia.org
- #9 beachcafe.com
- #10 newlook.com
- #11 newlook.com
- #12 bravissimo.com
- #13 riverisland.com
- #14 missguided.co.uk
- #15 surfdome.com
- #16 asda.com
- #17 houseoffraser.co.uk
- #18 jackwills.com
- #19 heidiklein.com
- #20 accessorize.com

At the time of writing there is no real conclusion or end date for Brexit, and we have not yet experienced the full ramifications of 2016's Presidential Election, meaning that international trade deals are hanging in the balance well into next year.

With so many existing and future trade deals on the line, fashion companies and brands need to take market volatility as the norm and adjust their business, marketing, and online behaviour accordingly – planning is where the success stories shall lie.





FASHION ECOMMERCE. 2017, A DIFFICULT YEAR.

Only a couple of months ago, Swedish retailer, H&M underestimated the length of summer, putting their autumn stock out towards the end of August, while its customers were still buying the previous season's garments from elsewhere – costing the retailer millions.

But we predict that the clincher, and sinker, of many fashion retailers next year will be technology.

With so many behavioural changes happening across all age groups, including reliance on apps and social media platforms, retailers shall no longer be able to get away with websites and marketing ploys that are but a few seasons out of date.

Indeed, 2017 shall be more app focused than ever, which is saying a lot when you consider that this year shall account for £25.2 billion in mobile shopping, which is an increase of more than 25 per cent from the previous year.

This means that companies like Reem Clothing, one of the quickest growing fashion stores in the UK, could lose out on millions simply because it does not have an app available on either the Play or Apple app stores.

In fact, technology research company Gartner has predicted that mobile traffic to ecommerce sites will increase by up to 50 per cent next year while virtual assistants will generate \$2 billion in revenue in the US.

It is therefore crucial for new and emerging ecommerce sites to have a full understanding of what needs to be achieved from a technical perspective, or risk losing potential customers at a rate of up to 50 per cent – something that they simply cannot afford to do.

What's more, in May of this year, Google rolled out its mobile-friendly algorithm, which gives a ranking boost for mobile-friendly websites in search results.

If an ecommerce site hasn't been updated recently, it might not meet Google's strict mobile guidelines and it is possible that traffic and rankings might have already been impacted by this new algorithm.

An omni-channel organic and technical SEO campaign is crucial for ecommerce stores. Technical audits, market gap analyses, penalty inspections, and SEO campaign audits are key to acquiring and maintaining search visibility next year.



ACKNOWLEDGEMENTS

This white paper has been produced by SALT.agency. Written and designed in house.

All brand logos and trademarks belong to their respective owners.

<https://salt.agency/>

REFERENCES

<http://www.telegraph.co.uk/finance/newsbysector/retailandconsumer/11657830/Online-shopping-to-grow-by-320bn-in-three-years.html>

<https://econsultancy.com/blog/66501-how-fashion-brands-are-setting-trends-in-digital/>

<http://republik-media.com/insights/10-digital-trends-for-the-fashion-industry-in-2016/>

<http://www.thedrum.com/opinion/2016/10/27/digital-marketing-killing-the-magic-catwalk-fashion-shows>

<http://www.netimperative.com/2016/05/uk-ecommerce-trends-clothing-drives-sales-growth-slows/>

<http://www.highsnobiety.com/2016/04/21/mia-hm-world-recycle-week-hypocrisy/>

<http://qz.com/658057/hm-and-m-i-a-have-joined-in-an-absurd-new-campaign-to-get-you-to-recycle-clothes/>

<http://seekingalpha.com/article/4014575-boohoo-com-riding-global-fashion-e-commerce-wave>

<http://www.londonstockexchange.com/exchange/news/market-news/market-news-detail/BOO/12979441.html>

<https://www.ft.com/content/778b9b52-abdc-334c-8bc9-87cfd645e542>

<https://www.ft.com/content/6bdc1904-0085-11e6-9cc4-27926f2b110c>

<http://www.hl.co.uk/shares/shares-search-results/a/asos-plc-ordinary-3.5p/share-news>

http://www.just-style.com/news/are-hm-store-sales-cannibalising-online-growth_id127851.aspx

<http://www.wsj.com/articles/h-m-earnings-fall-as-sales-growth-stalls-1466578251>

<http://blog.fashionmetric.com/the-current-state-of-apparel-ecommerce-in-2016/>

<http://www.forbes.com/sites/laura-inamedinova/2016/05/05/top-5-fashion-ecommerce-websites-that-change-the-way-you-shop/#6ae76647edbd>



A large, solid red triangle pointing upwards, centered at the bottom of the page. The text 'SALT .agency' is printed in white inside the lower portion of the triangle.

SALT
.agency