



Fashion Flash Report

Wooing The New Generation Of Fashion Shoppers

2016 EDITION



2016 Fashion flash report key threads

Trending – A new generation of mobile-first fashion shoppers

Most fashion shoppers under 35 purchase via smartphone. Our analysis of this new breed of fashion shopper provides tips to attract and retain them.

Out – The linear shopping funnel

Desktop is still alive and well, but it no longer runs the show – more than half of US fashion shoppers use mobile devices to shop and buy. Retailers must adapt and embrace people-centric identification technologies.

In – Tips for fashion acquisition

Our examination of shoppers who increased the number of stores they purchased from in the past year reveals patterns that marketers can exploit for acquisition and retention.

2016 Fashion flash report methodology



The dataset

A subset of the Criteo database covering **200+** US fashion retailers and **5M** transactions, enabling us to analyze transactions on all devices and provide granular detail into purchasing behavior.



The survey

1,500+ US fashion shoppers representative of the US population, providing insight into the demographics and psychographics behind behaviors and trends.



1

Device-hopping Is The
New Way To Shop

More U.S. fashion shoppers buy on mobile devices than use desktop only

In the US, **52%** of online fashion shoppers purchase using mobile (smartphones or tablets).

Just **48%** shop only on desktop.

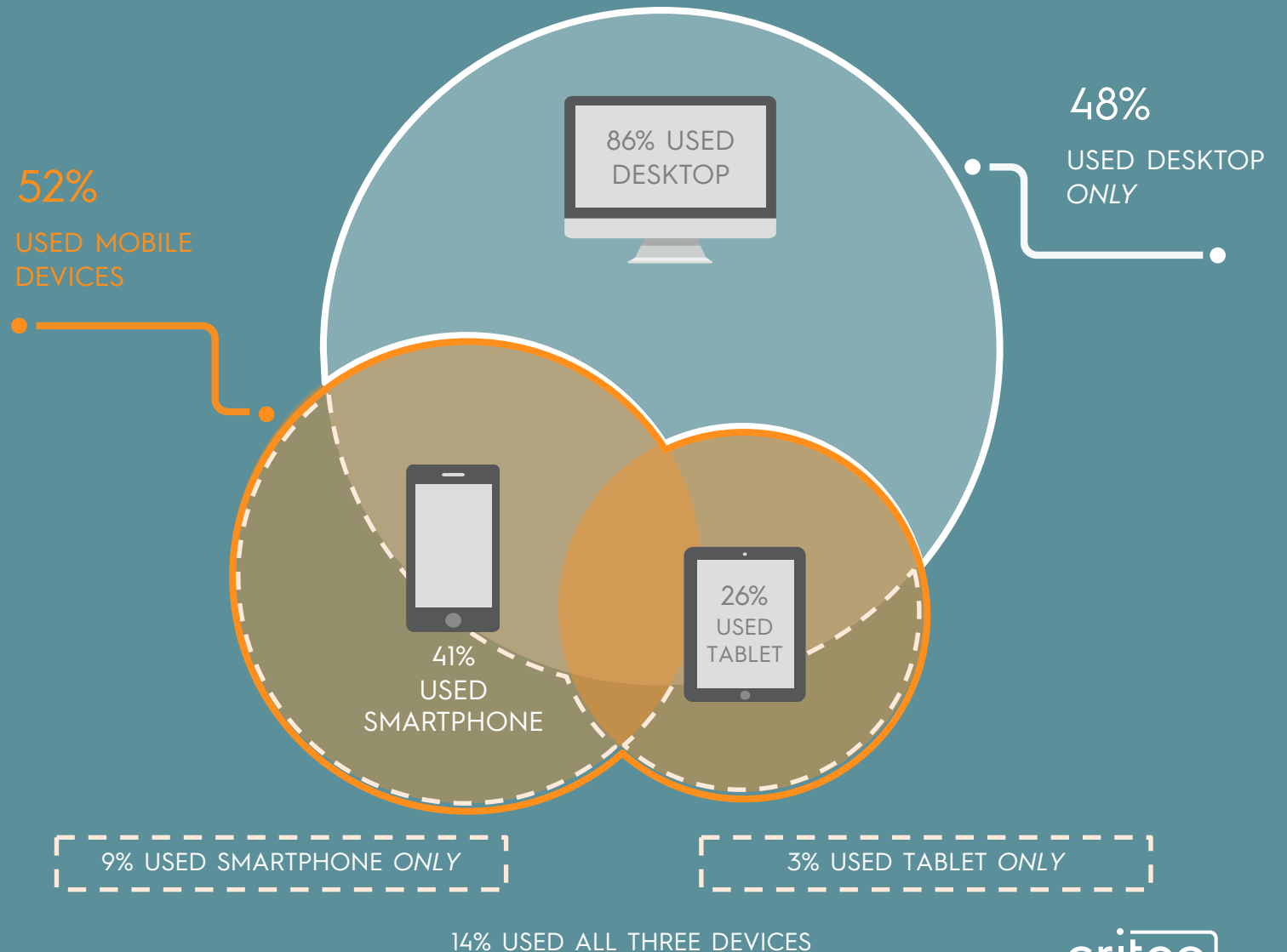


Source: Criteo survey

N=1,536

* Thinking about the last 12 months, have you purchased one or more articles of clothing using a computer / a smartphone / a tablet? (check all that apply)

Devices Used To Purchase Clothes, Last 12 Months*



The new fashion funnel is mix & match

Our analysis of Device Hoppers* reveals that **79%** of smartphone shoppers and **87%** of tablet shoppers actually purchased on multiple devices.

Retailer Response: tracking a user's path across all devices has become key to making your advertising campaigns relevant.

With the right technology, you can send personalized messages to consumers at each stage of the purchase journey, regardless of the device they're using.



Source: Criteo survey
N=1,536
*Fashion shoppers that purchased from more than one device in the last 12 months

Share of Buyers Using Multiple Devices Among...

Buyers who Purchased on Desktop



Buyers who Purchased on Smartphone



Buyers who Purchased on Tablet







Different devices suit different products

Fashion shoppers favor small screens for low-risk items (T-shirts etc.) and products they don't need to try on (e.g., accessories).

Retailer Response: Make product recommendations that reflect this correlation to drive quick conversions.

Top 5 Products Purchased On

 SMARTPHONE	 DESKTOP/ LAPTOPS	 TABLETS	 IN STORE
T-Shirts	Shoes	Shoes	Pants
Shirts	T-Shirts	T-Shirts	T-Shirts
Shoes	Shirts	Shirts	Shirts
Pants	Pants	Pants	Shoes
Accessories (Belts, Hats, etc.)	Underwear, Lingerie	Accessories (Belts, Hats, etc.)	Underwear, Lingerie



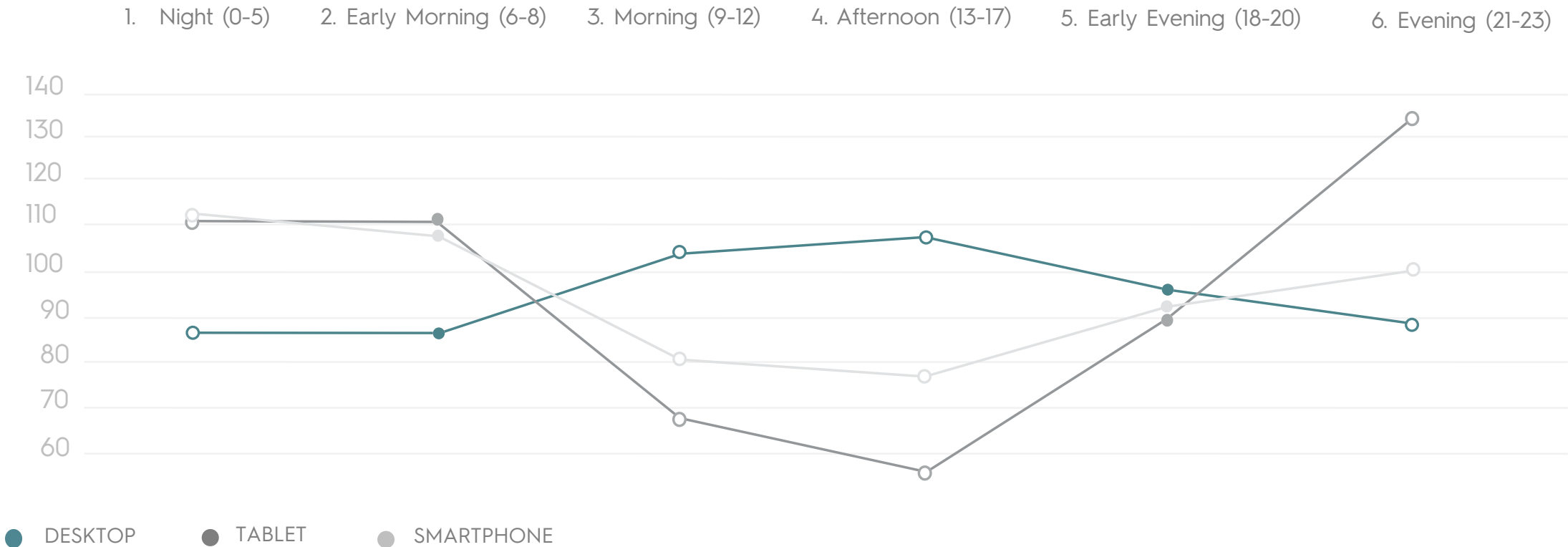
Source: Criteo survey

Base: people having purchased at least once on device. Items with sample size under 100 and "Others" were excluded.

Mobile shopping owns the evening, while desktop rules the day

Sales By Device And Time Of The Day (ET)

Indexed (100=Average Daily Share For Each Device)



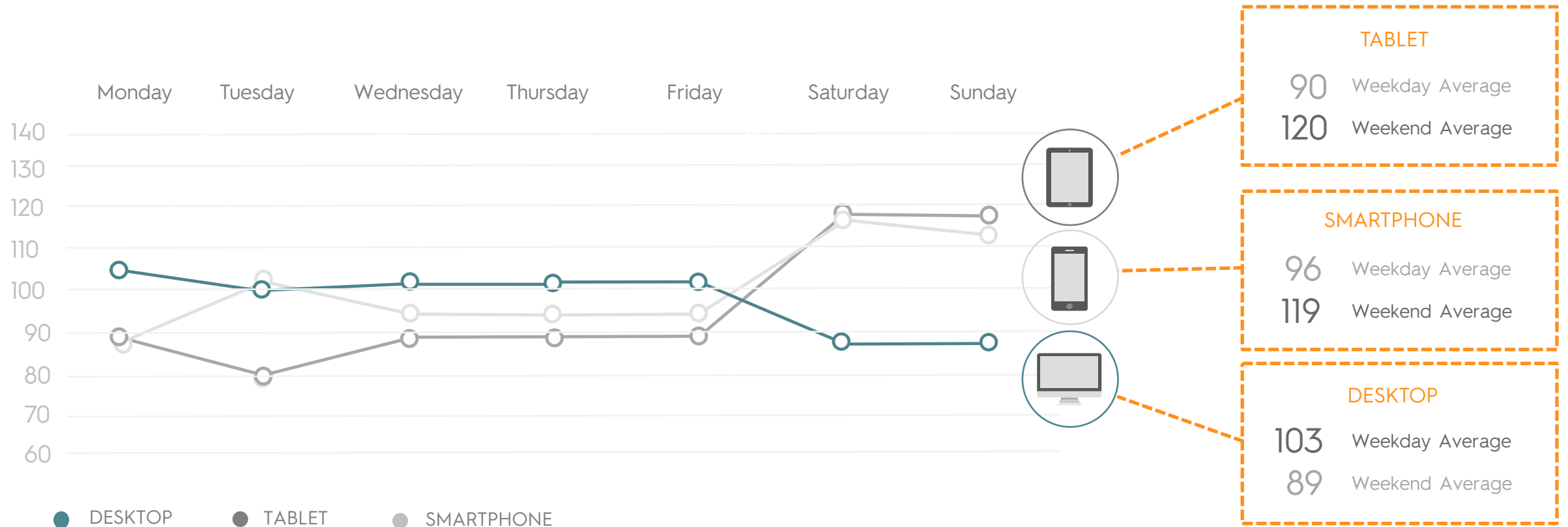
Source: Criteo dataset

N=205 US fashion retailers, weekdays only. Applications excluded from smartphone and tablet data. Eastern time.

Mobile shopping spikes on the weekend

Sales By Device And Day Of The Week

Indexed (100=Average Daily Share For Each Device)



Source: Criteo dataset

N=205 US fashion retailers. Applications excluded from smartphone and tablet data.

A person's hands are shown holding a white smartphone. The person is wearing a silver metal watch on their left wrist. The background is a blurred city skyline at night, with several green circular light bokeh effects scattered across the scene. On the left side, there is a teal circle containing the number 2.

2

Meet The Smartphonista

Get ready for the next generation of fashion shoppers: Smartphonistas

Fashion shoppers that purchase on smartphones ("Smartphonistas") are a valuable audience for fashion retailers.

Smartphonistas account for **nearly two thirds (63%)** of fashion buyers under 35, and will represent the bulk of all fashion shoppers in the future.

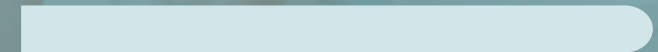


Source: Criteo survey
N=634 smartphone fashion buyers

Share Of Smartphonistas Among Fashion Buyers



BUYERS UNDER 34



63%



ALL BUYERS



41%

Smartphonistas aren't your average shopper



Smartphonistas don't just buy clothes; they truly are into fashion
59% say they love buying clothes (vs. **46%** of desktop buyers).



You might think Smartphonistas are value-seekers but they aren't
The share of smartphone fashion shoppers describing themselves as cost-conscious is **58%**, not significantly different from that of desktop shoppers (**58%**) and tablet shoppers (**57%**).



Smartphonistas want their fashion right here, right now
They are **30%** more likely than desktop buyers to consider swift delivery as very important.



Smartphones means smart buyers
Smartphonistas are **32%** more likely than desktop buyers to order several sizes for a single piece and return those that don't fit.



Source: Criteo survey
N=634 smartphone fashion buyers

Smartphonistas use phones throughout the journey



Source: Criteo survey
N=634 smartphone fashion buyers



Research

Smartphone-first - **68%** research new clothes on a smartphone first.

Showrooming - **67%** frequently use phones in-store to check prices



Purchase

Pleasure Shopping - **51%** say they prefer purchasing on smartphones vs. other devices. And 80% agree that mobile retail websites have improved over the past two years.

Security matters - **49%** say they're wary of entering credit card details on a smartphone. But only 40% make secure solutions like Apple Pay and Google Wallet their first choice.



After Purchase

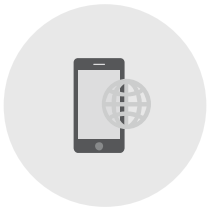
Social sharing - Smartphonistas are almost twice as likely to share images of purchases on social networks (**37% vs. 20%** for desktop buyers)

The fashion app-scape



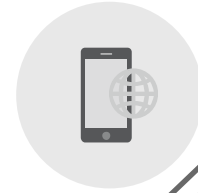
App Fans (prefer using apps)

- Aged **25 - 44** (ind 110)
- College graduates or above (ind 116)
- Want to spend as little time as possible shopping for clothes (ind 128)



App Avoiders (prefer not using apps)

- Aged **45** and above (ind 143)
- More likely to be female (ind 108)



App-Nostics

- Under **25** (ind 116)
- Relatively modest revenues (under \$35k ind 124)
- Describe themselves as cost conscious (ind 113)



Source: Criteo survey

N=523 smartphone fashion buyers

100=smartphone clothes purchasers average

Outfit your app

While most Smartphonistas purchase via mobile web, apps convert better and command higher average baskets*.

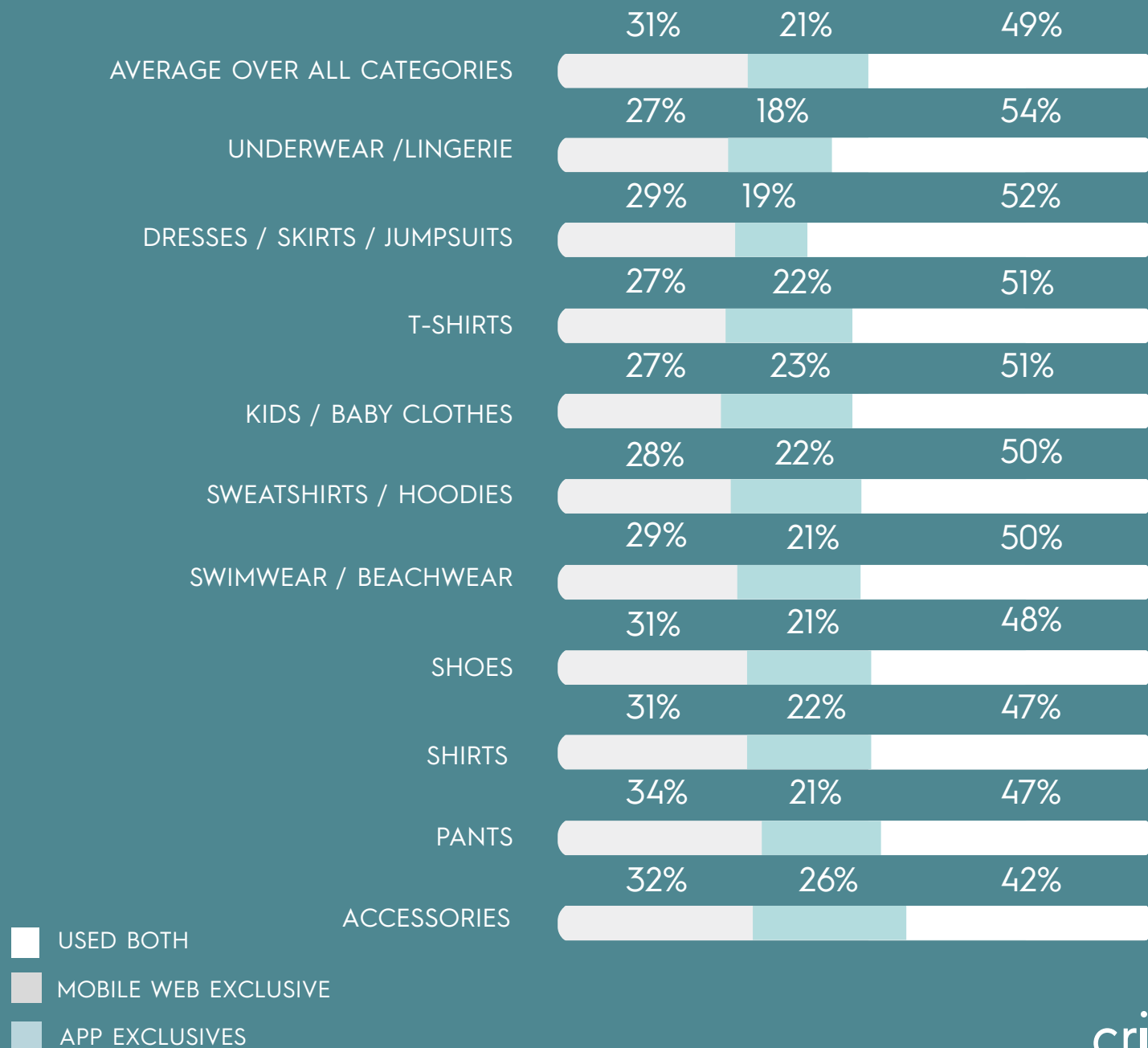
Retailer Response: retailers must optimize the shopping experience on both mobile web and apps or risk losing significant sales.

Source: Criteo survey



N=523 smartphone clothes purchasers (categories w N<100 were included in the average but removed from the graph)

*For more details on apps vs. mobile web, cf. Criteo's State of Mobile Commerce report



Courting Smartphonistas: six tips for retailers

1

Impress on app AND mobile web

You must provide a great experience on both platforms.

2

Offer quick delivery

Deliver fast, and they'll return for more. Slick packaging doesn't hurt.

3

Help them find the right size

Make sizing straightforward, and offer free returns as a backup.

Courting Smartphonistas: six tips for retailers

4

Simplify social sharing

These shoppers love to show off their purchases. Use it to your advantage.

5

Provide payment choices

Half of Smartphonistas worry about credit card security, and 40% use Google Wallet or Apple Pay. Provide options to please them all.

6

Tailor recommendations

They tend to purchase lower-risk items (T-shirts, accessories, etc.), so cater product recommendations accordingly.

A woman with dark skin is shown from the waist up, wearing a teal sleeveless top and maroon pants. She is holding a red smartphone in both hands and looking at it. She is also holding two large shopping bags, one pink and one white, which are hanging from her left arm. The background is a red wall with a white textured surface on the left. The overall image has a soft, slightly blurred aesthetic.

3

The Art Of Fashion Acquisition

Making it fit

Acquiring new fashion customers is notoriously hard. What's more, it can take several purchases before a customer earns you a profit, and turning new customers into loyal buyers takes finesse.

Here is our advice for convincing consumers to give you a try, and even more important, retaining them over time.



Who are the highest-potential prospects for your acquisition campaigns?

Acquiring new customers in fashion is costly, so focus on low-hanging fruit.

The ideal target audience for acquisition campaigns are “Shop Hoppers” who have purchased from at least one new retailer in the past year.

Retailer Response: acquisition campaigns must segment users and focus on the Shop Hopper profile.



Source: Criteo survey
N=1,489

Typical Shop Hoppers Are:



Under 45

- Shop Hoppers are **40%** more likely than non-Shop Hoppers to be under 45



Device-hopper

- Shop Hoppers are almost **2x** as likely to have purchased clothes on several devices during the past year
- They are also **50%** more likely to be smartphone purchasers



Fashionable

- **2.3x** more Shop Hoppers than non-Shop Hoppers say they like to keep abreast of fashion trends



Heavy buyer

- On average, Shop Hoppers purchased 4.3 product categories over the year, **44%** above non-Shop Hoppers

What motivates a Shop Hopper?

True, low prices and special offers are key to attracting new fashion shoppers. But they're not the only reasons fashionistas will try your brand.

Your product selection, your reputation and the way you present your products shouldn't be underestimated from an acquisition standpoint.



Source: Criteo survey

N=862

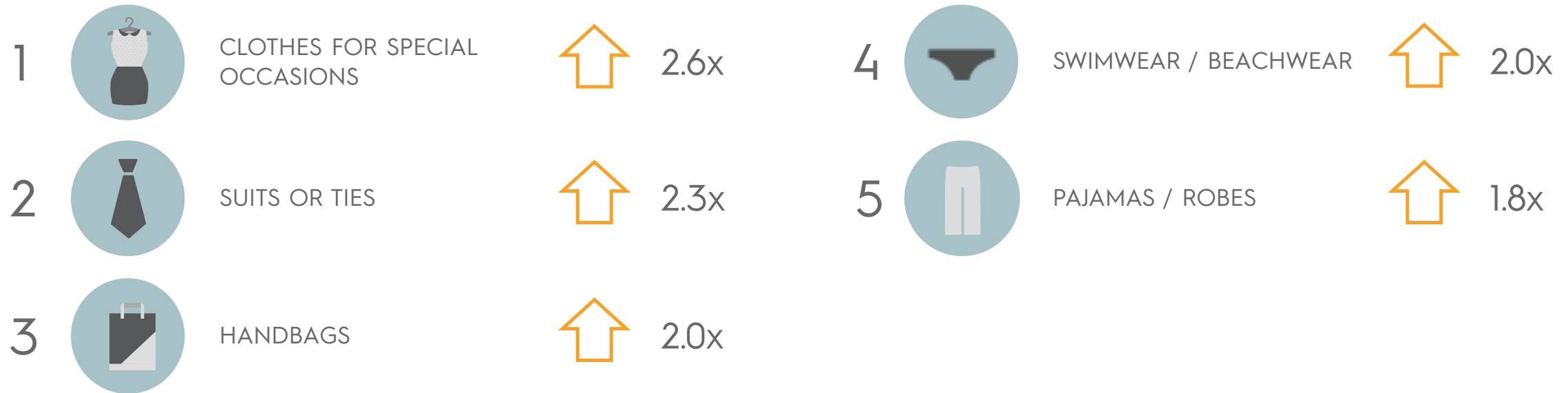
Top Reasons Shop Hoppers Purchase From A New Retailer:



Opportunities for acquisition

Infrequent purchases such as special-occasion clothing and swimwear are prime opportunities to attract new customers.

Propensity to purchase product (Shop Hoppers vs. non-Shop Hoppers)



Source: Criteo survey
N=1,489

Getting shoppers hooked

Previous buyers are **7.6x** more likely to purchase from your website within 30 days of a visit vs. first-timers.

This propensity increases the more they purchase from you.

Retailer Response: Getting newly-acquired fashionistas to purchase quickly once they've visited your site should be a key part of your acquisition efforts.

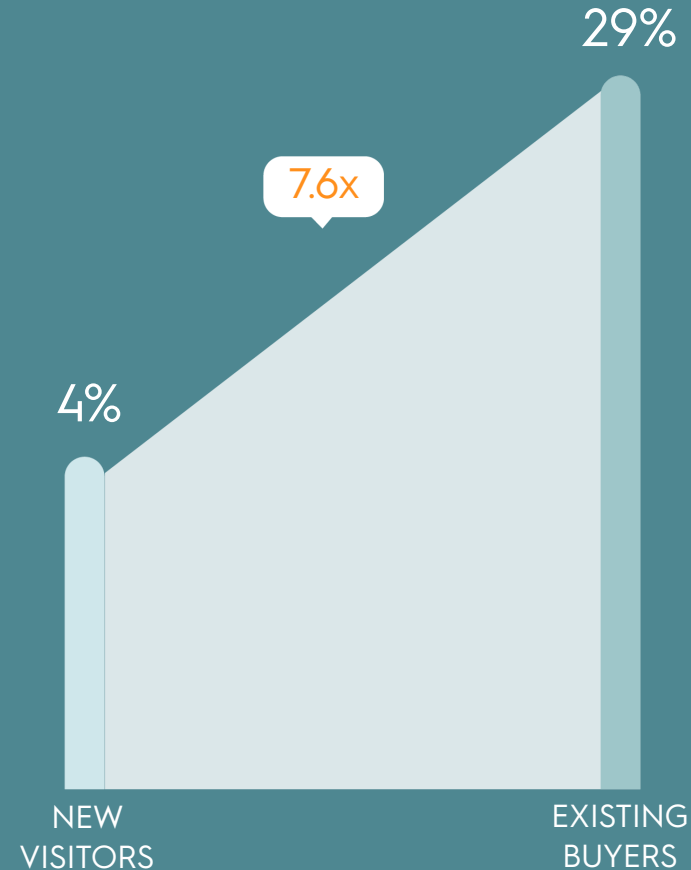


Source: Criteo dataset
N=205 US fashion retailers

Propensity To Purchase, By Past User Activity

% OF USERS HAVING MADE A PURCHASE
WITHIN 30 DAYS OF VISITING WEBSITE

BREAKDOWN OF EXISTING BUYERS
BY NO. OF PAST SALES



So, what makes people stay with a retailer?

The more they come back, the more profitable they become.
Price, delivery, customer service and a great experience are all key to retention.

Reasons Why Shop Hoppers Stay With A New Retailer

1	THEIR PRICES ARE CHEAPER	52%	7	THEIR PACKAGING WAS GOOD	14%
2	THE DELIVERY WAS FAST	41%	8	THEIR DELIVERY OPTIONS ARE PRACTICAL	14%
3	THE PRODUCT OFFERING MATCHED MY TASTES OR NEEDS	40%	9	THEIR MOBILE WEBSITE IS PRACTICAL	12%
4	THEIR PRODUCT IS WORLD WIDE	30%	10	THEY OFFER GOOD ADVANTAGES TO LOYAL CUSTOMERS	12%
5	THEIR CUSTOMER SERVICE IS GOOD	24%	11	THEIR MOBILE APP IS PRACTICAL	10%
6	THEIR WEBSITE IS WELL MADE	20%	12	THEY OFFER SOMETHING THAT I DIDN'T PREVIOUSLY NEED	5%



Source: Criteo survey

N=807

Base: Shop Hoppers stating they were very or moderately likely to purchase again from new retailer

Six tips for smart acquisition in fashion

1

Target the right users

Not everyone is made for Fashion. Your acquisition campaigns will be much more efficient if you're able to identify the shoppers most likely to purchase

2

Entice across devices

Shop Hoppers often use multiple devices. Track them across their devices to send the right message and customer experience at all times.

3

Taylor recommendations

Personalize recommendations to show products first-time buyers are most likely to purchase.

Six tips for smart acquisition in fashion

4

Dress up delivery

Fast delivery is second only to price when it comes to attracting new customers.

If you can deliver in less than three days, make it known to new users.

5

Bedazzle your service

Polish your customer service – especially for newly-acquired customers.

Friendly customer service that responds quickly and solves problems can help guarantee that first-time buyers will return.

6

Stay in style

Repeat customers are your most profitable – invest in keeping them active and happy.

Use all the help you can to quickly close the deal with first-time visitors.

Email or retarget prospects when you reduce the price of an item they like.

A man with short brown hair, wearing a tan button-down jacket over a grey t-shirt, is looking down at a smartphone he is holding with both hands. He is standing on a city street. In the background, several yellow taxis are visible, slightly out of focus. The overall scene is dimly lit, suggesting an overcast day or early evening.

4

International Trends

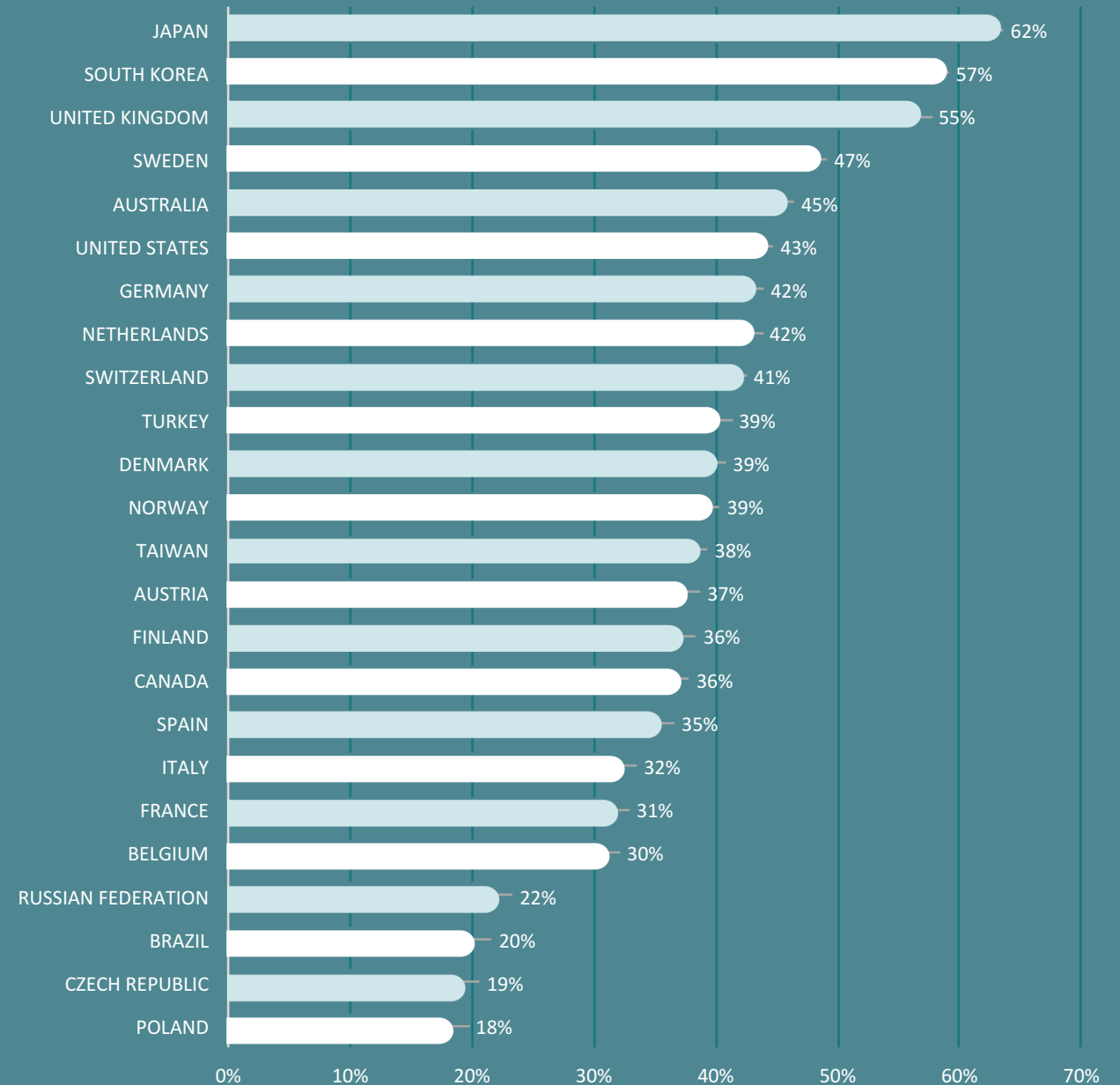
Share of mobile among fashion sales by country

Over half of UK fashion sales now happen on mobile, with Sweden, Australia and the US closing the gap.



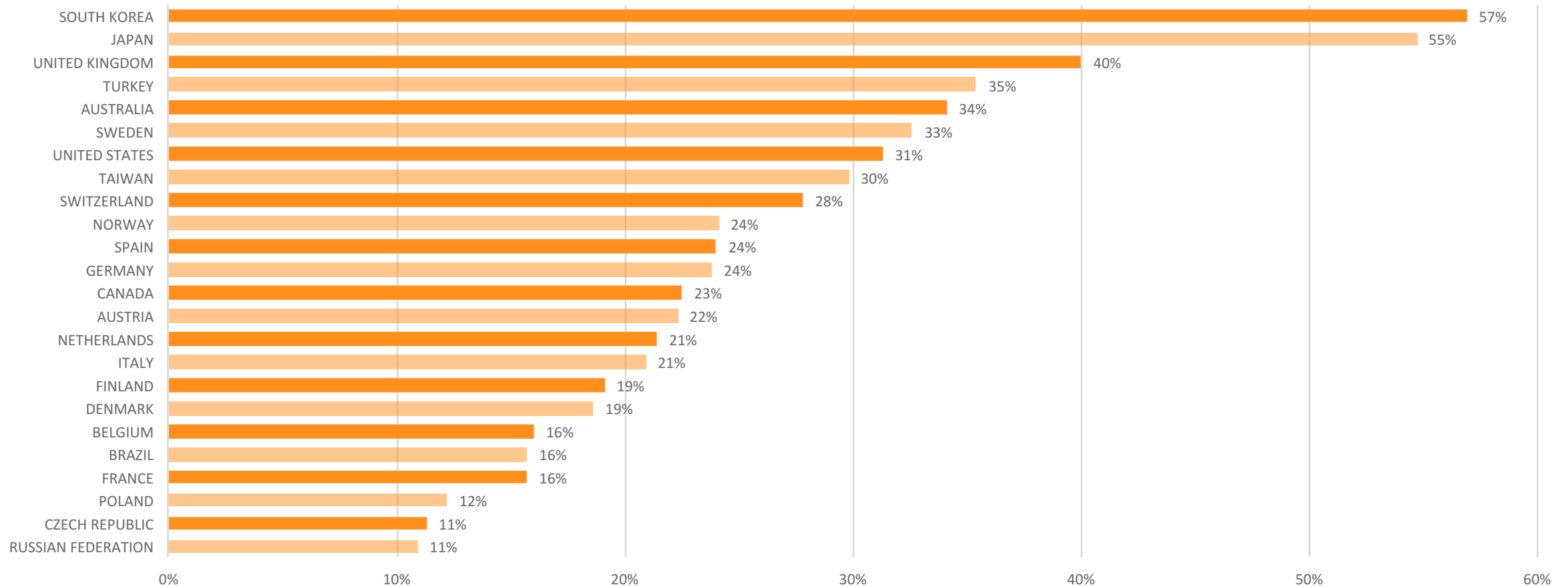
Source: Criteo Database

State of Mobile Commerce report, Q2 2015. Applications Excluded.



Share of smartphones among fashion sales, by country

Due to the high percentage of tablets among its mobile sales, the UK is still 15 percentage points behind Japan and South Korea in smartphone sales.



Source: Criteo Database

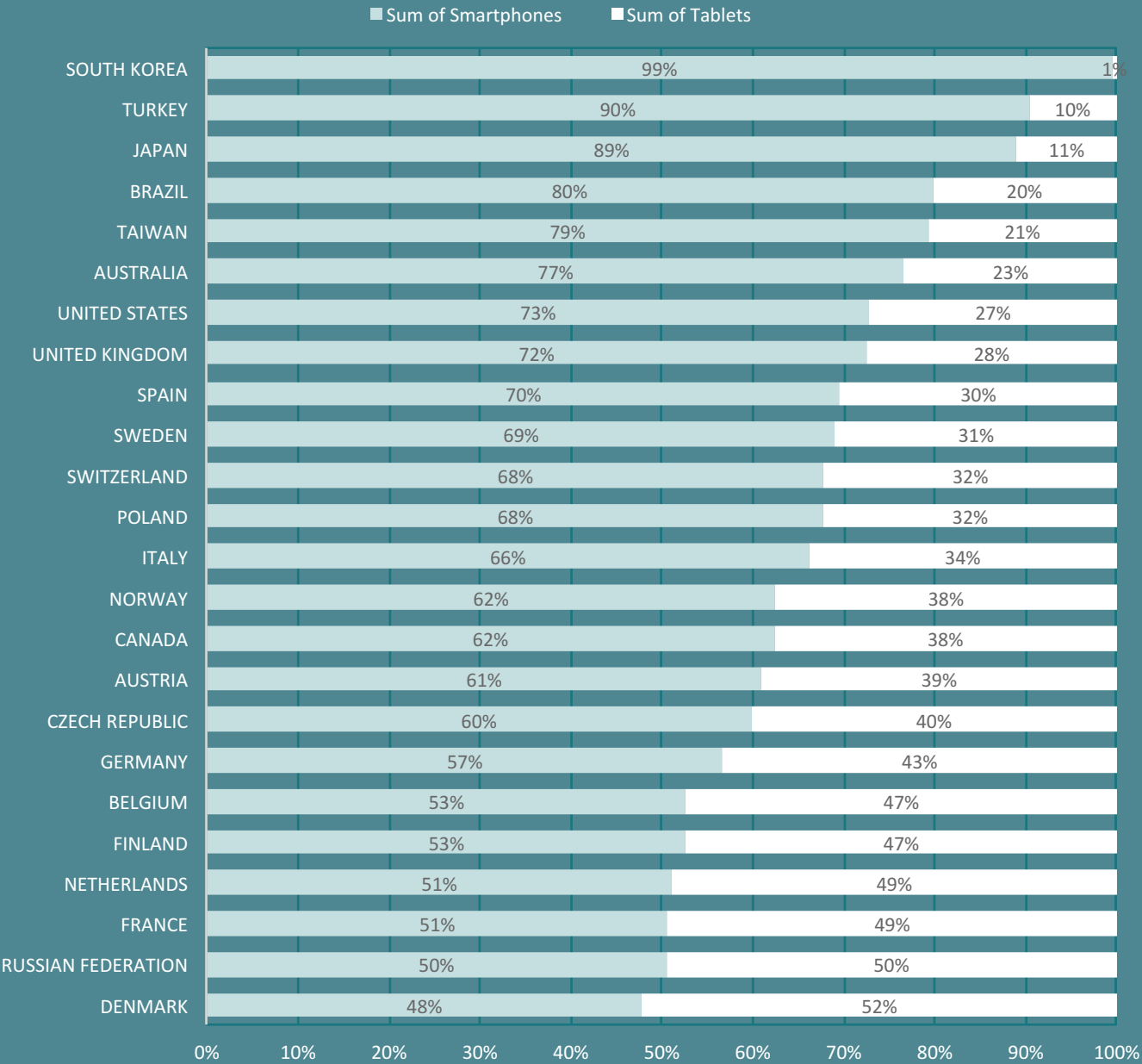
State of Mobile Commerce report, Q2 2015. Applications Excluded.

Share of smartphones vs. tables among fashion sales by country

Turkey has leapfrogged the tablet phase and achieved high mobile penetration, with only one out of ten and one out of five mobile sales coming from tablets, respectively.

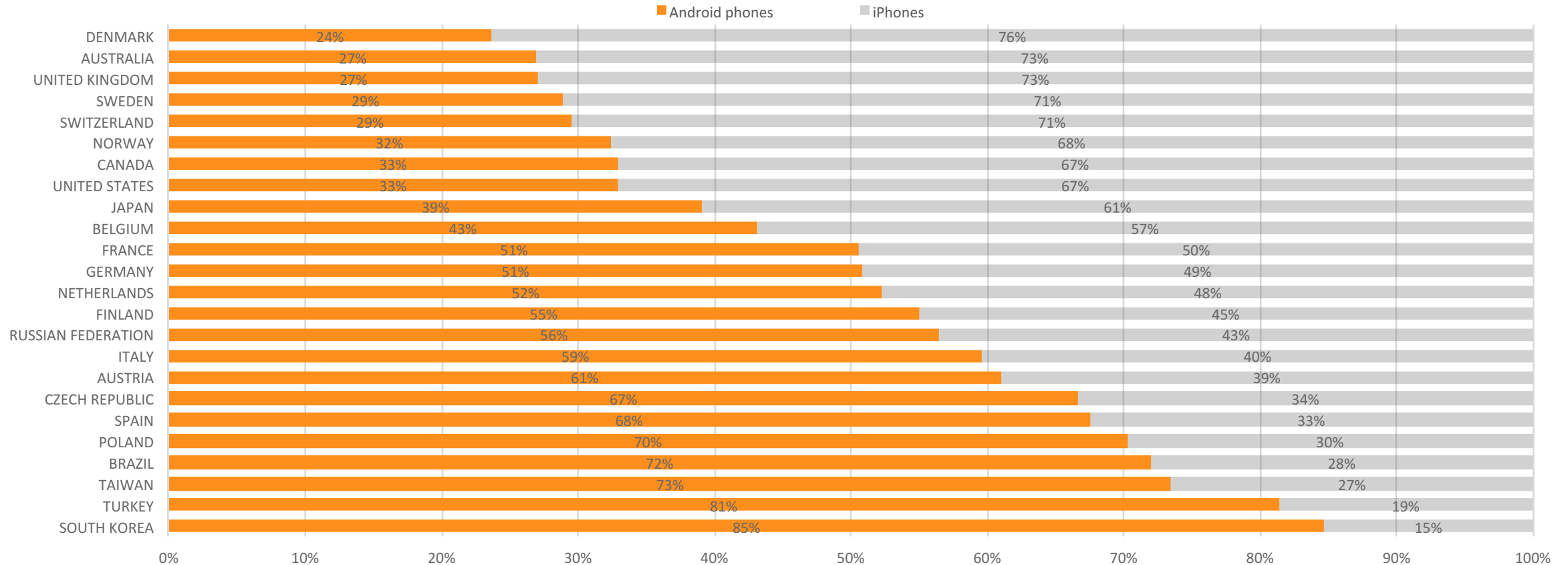


Source: Criteo Database
State of Mobile Commerce report, Q2 2015. Applications Excluded.



Share of smartphones among fashion sales, by country and operating system

The share of iPhones tends to be higher in countries with higher purchasing power, with the exception of South Korea (home of Samsung) and Finland (home of Nokia).



Source: Criteo Database

State of Mobile Commerce report, Q2 2015. Applications Excluded.

About Criteo

Criteo (NASDAQ: CRTO) delivers personalized performance marketing at an extensive scale. Measuring return on post-click sales, Criteo makes ROI transparent and easy to measure. Criteo has 2,000 employees in 31 offices across the Americas, Europe and Asia-Pacific, serving 12,000 advertisers worldwide with direct relationships with 17,000 publishers.

Criteo ads reach over 1.2 billion unique Internet users (comScore, January 2016).

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