AB Tasty

Fashion Forward

Building the Customer Experiences of Today and Tomorrow

Contents

Introduction

"What you wear is how you present yourself to the world, especially today, when human contacts are so quick. Fashion is instant language." —Miuccia Prada

It's an old trope, but one that still holds true - fashion is an important means of self-expression. Some researchers even argue what **you wear affects your inner psychology,** not only how you're perceived by others.

Most would agree that fashion is personal - it helps construct your self-image, it reflects your values, buying power, tastes and culture. It can for some be a means of recreation and socialization - discussing the latest trends with colleagues, going on a shopping trip with friends, sharing tips with family.

For these reasons, customer experiences around fashion lend themselves very well to the techniques of personalization and omnichannel communication. They also stand to benefit from constant optimization, as consumer expectations are high, ever-changing and constantly being met by competitors.

Indeed, **McKinsey's February 2020 Fashion Trends report** predicts that,

> *"Fashion retailers will ramp up their presence in neighborhoods and districts beyond traditional commercial zones, with stores that focus on service, convenience, personalization, and the customer experience."*

Fashion brands have immense opportunities to create truly exceptional customer experiences. They also have unique challenges to face, including the impact of the coronavirus pandemic that will surely continue to ripple outwards during the coming months, and potentially years. Considering the crucial role that customer experience plays in brand loyalty, one might be tempted to say that, to meet these challenges, fashion retailers will need to now more than ever optimize these experiences in novel and effective ways.

CHALLENGES

Discounting

"We expect that themes of digital acceleration, discounting, industry consolidation and corporate innovation will be prioritised once the immediate crisis subsides."

This is one of the opening predictions in McKinsey's The State of Fashion 2020 Coronavirus Update Report. It certainly seems likely - the pandemic has shaken consumer confidence and spending power, which is sure to be felt strongly in a discretionary industry like fashion. Indeed, **a third wave of research conducted by Global Web Index** across 17 countries between April 22 - 27 2020, found the following:

"When we ask consumers how they plan to respond to the outbreak financially, about 8 in 10 plan to delay big purchases, while just over 4 in 10 say they will cut back on the day-to-day things they buy [...] The appeal of promotions and discounts emerges in several places across wave 3 of our research. For example, those who have delayed purchasing a technology device are twice as likely to say they will wait for it to be on promotion/offer as they are to look for cheaper options from the same brand. They are also almost four times more likely to hold out for promotions rather than looking for cheaper options from an alternative brand. It's a similar story with luxury items (e.g. designer clothes, shoes, fragrances); those who have delayed such a purchase are more likely to wait for a promotion than take any of the other actions we asked about. This suggests a clear opportunity to galvanize loyalty and encourage spending through the use of offers."

Similarly, BrandWatch recently found that 'affordability' was a top concern of consumers when it comes to fashion purchases:

What attribute is most important to you when choosing a fashion brand to use?

Attribute	Percentage
Convenience	11%
Sustainability	5%
Fast customer service	3%
Friendly customer service	5%
Quality	35%
Personalisation	7%
Innovative products or services	4%
Affordability	23%
None of the above	7%

The temptation for fashion retailers to turn to online discounting will be great, and the reward potentially significant. Transaction rates will probably increase after smart discounting practices, especially those for more expensive, discretionary items or those promoted through a personalization campaign.

Care should be taken however not to overly rely on this tactic. Especially for higher-end fashion houses, aggressive discounting can have negative impacts on brand perception. As **Glossy** explains, brands will need to weigh the pros and cons in a balancing act between the needs of the fashion brand, boutique partners, inventory woes and overall supply and demand, not to mention brand perception and possible long-term impact on consumer expectations.

For fashion brands that do decide to implement some sort of discounting, our recommendation is to privilege a personalized approach. Relevance is always appreciated and effective.

Personalized Online Discounting Campaign Ideas

Personalization campaigns powered by Artificial Intelligence can scale faster and segment in a granular and automated way, for efficient and effective results. Based on AB Tasty's Engagement Level and Content Interest personalization capabilities, here are some discounting campaign ideas to consider with your team:

Disengaged	Wanderers	Valuable Visitors	Loyal Clients
ENGAGEMENT LEVEL SEGMENTATION: Set an exit-intent pop-in promoting discounts for first-time purchases.	**ENGAGEMENT LEVEL SEGMENTATION:** Create a promotional banner on selected product pages.	**ENGAGEMENT LEVEL SEGMENTATION:** Set a snippet of text on the basket page reminding shoppers of discounts or free shipping after spending a minimum amount.	**ENGAGEMENT LEVEL SEGMENTATION:** Show a banner or countdown clock reminding VIP clients of time-limited 'loyal shoppers' special discount.
CONTENT INTEREST SEGMENTATION: Did a disengaged visitor view at least one product? Personalize the homepage banner image with an image of that product to re-engage.	**CONTENT INTEREST SEGMENTATION:** What do these wanderers view most? Personalize the promotional offer banners based on their preferences.	**CONTENT INTEREST SEGMENTATION:** Highlight cross-sell or upsell opportunities that focus on fashion items they've shown interest in.	**CONTENT INTEREST SEGMENTATION:** Offer a free gift that's complementary to items this segment prefers.

Segments identified automatically via Machine Learning technology (NLP) and 9 key visitor metrics.

Visit https://www.abtasty.com/personalization/ to learn more.

Luxury

Luxury fashion brands may find themselves particularly challenged by the current climate, unable to aggressively discount and falling into a strict discretionary category.

We've previously given advice on how luxury brands can achieve what we believe are their four main goals: increasing online transactions, drive-to-store tactics, engaging their community and strengthening brand awareness and storytelling.

In this novel context, many luxury brands focused on engaging their community, turning to social media to keep the connection with their fans alive. **Virtual catwalks** and new home leisure hashtags, especially in China, became the norm during the Covid-19 worldwide lockdowns. As we'll explore in a below section, continuing to blur the lines between physical and digital customer experiences in an omnichannel approach is one way for luxury brands to maintain prominence until consumer confidence begins to return.

However, perhaps the most important move for fashion houses to embrace is a visible commitment to corporate social responsibility, as part of their long-term brand building strategy. Indeed, in an **April 2020** press release from the Luxury Institute entitled, *Preparing To Reignite Your Luxury Business Post Pandemic,* they described their first rule of thumb as being, ***Build brand equity through generosity and kind deeds.*** Luxury brands are in a unique position to show the world what lies at the heart of their brand values and mission, and in so doing strengthen or perhaps even reinvent their brand image in a positive light.

OPPORTUNITIES

Digital Adaptation

"Social distancing has highlighted the importance of digital channels more than ever and lockdowns have elevated digital as an urgent priority across the entire value chain but, unless companies scale up and strengthen their digital capabilities in the recovery phase of the crisis, they will suffer in the longer term. Consumers will continue to demand more in this space and brands must act fast to deliver."

As highlighted in McKinsey's State of Fashion 2020 Coronavirus Update Report, if digital wasn't already a big part of your strategy, it needs to be now.

Fashion brands that already have a strong presence on digital platforms will naturally have a leg up, and might want to focus on tweaking and improving what's already working. For those just starting out, beginning simply and testing and learning with a data-driven, experiment-based approach is the only way to be sure you're building effective digital experiences.

No two campaigns will produce exactly the same results for two different brands, but it can be helpful to take inspiration from peers' successes in a continuous optimization strategy.

CXO Pays Off : Average ROI from AB Tasty's Fashion Clients	
Average gain per entity	1,264,772 Euros
Monthly average gain per entity	316,193 Euros
Average number of experiment per entity per month	8
Gain per experiment per entity per month	38,572 Euros
Projected yearly gains per entity	3,794,317 Euros
*Data collected from December 2019 to March 2020**	

*Data collected from AB Tasty fashion clients with over 1 million unique monthly visitors

For example, we've found working with clients that:

Personalizing the experience for first-time visitors can increase engagement - French lingerie brand Livy increased newsletter subscriptions by 15% with a dual-design newsletter pop-in.

Spending time optimizing product pages can be well worth it: French brand Envie de Fraises was able to increase their CTR (Click-through rate) simply by better matching the color of the clothing worn by the models.

Continuously iterating on your experimentation process to achieve maximum results is the best approach, as UK Luxury brand Flannels discovered - after a series of A/B tests tweaking their customer login process, they increased by 15% the number of visitors continuing to the next stage of the buyer journey.

In the end however, there's no magic formula. Each fashion brand's audience and offering is different. Continuous experimentation is the only way to truly hit the nail on the head when it comes to building outstanding customer experiences.
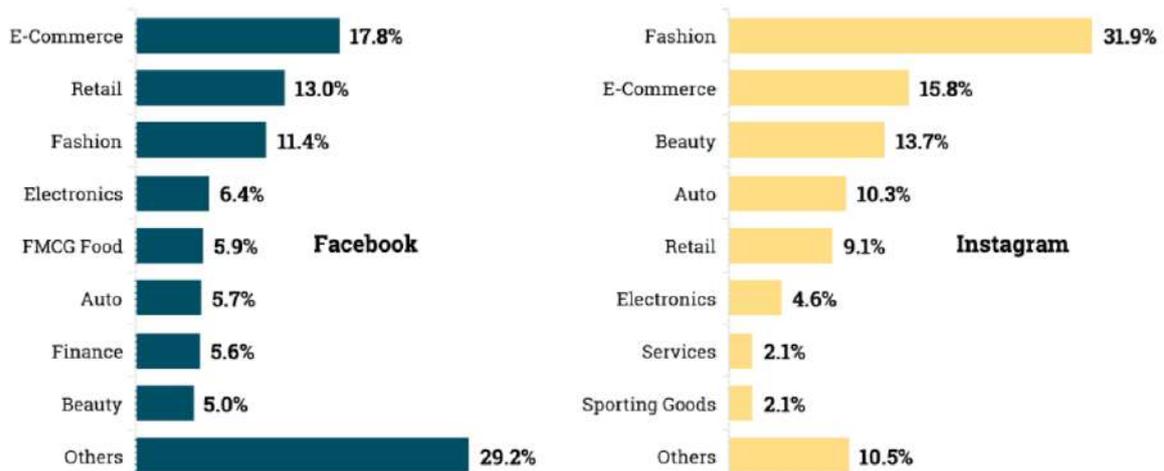
Social Commerce

Social commerce has been on the rise, and especially for the fashion industry, the right positioning on networks like Instagram and Facebook is paramount. As a recent report from SocialBakers found,

"...the Fashion industry accounted for the largest share of overall interactions on Instagram in Q3 2019, making up 31.9% of total interactions (up from 27.8% in Q2 2019)."

Distribution of Facebook and Instagram Interactions
By Industry, in Q3 2019

marketing charts

Facebook

Industry	%
E-Commerce	17.8%
Retail	13.0%
Fashion	11.4%
Electronics	6.4%
FMCG Food	5.9%
Auto	5.7%
Finance	5.6%
Beauty	5.0%
Others	29.2%

Instagram

Industry	%
Fashion	31.9%
E-Commerce	15.8%
Beauty	13.7%
Auto	10.3%
Retail	9.1%
Electronics	4.6%
Services	2.1%
Sporting Goods	2.1%
Others	10.5%

Published on MarketingCharts.com in January 2020 | Data Source: Socialbakers

Based on an analysis of Facebook & Instagram Brand Pages Worldwide

Source

Especially for **youthful shoppers**, finding inspiration and discovering new fashion items on social media is particularly popular:

"Social media is often the go-to place for discovering new products among shoppers. This is especially true for younger consumers, with three-fifths (59%) of US and UK consumers between the ages of 18-24 years old saying they discover new products on social media platforms such as Facebook, Instagram and Twitter.

Similarly, Yotpo's survey found that more than half (55.2%) of Gen Z (ages 14-24 years old) respondents found inspiration for the most recent online fashion purchase on social media, while 50.6% of Millennials (ages 25-34 years old) reported the same."

Since fashion is inherently both a visual and a social phenomenon, it's no surprise that social media continues to play a bigger and bigger role in the customer experience for fashionistas. Often driven by short-form video content, savvy and youthful shoppers **increasingly opt for omnichannel shopping experiences** that blend social media, e-commerce, and m-commerce experiences. There's an immense opportunity for forward-thinking fashion brands to master these dynamics and offer refreshing customer experiences to fulfill these expectations and drive up engagement and revenue.

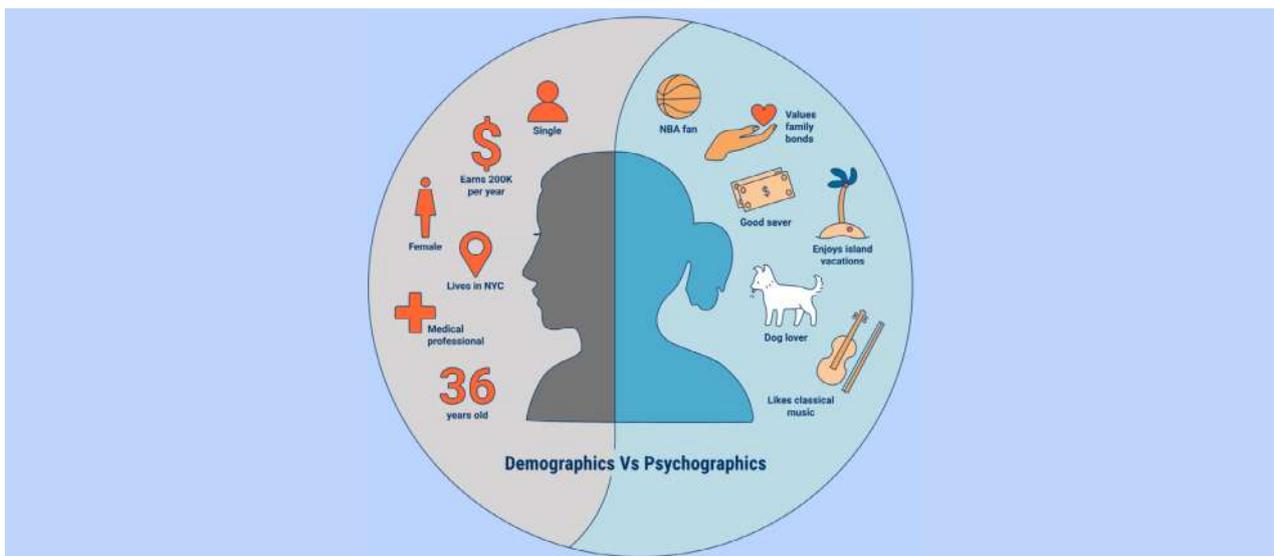# PSYCHOGRAPHIC-BASED PERSONALIZATION

A few things come to mind when talking about personalization in the fashion industry. You think about the ability to 'build your own sneaker' (**Nike**), or assemble a charm bracelet based on your zodiac sign and personal interests (**Alex and Ani**) - though this is probably better described as product customization.

You might also think about product recommendations based on past purchases, or promotional banners that show you menswear if you're a man and womenswear if you're a woman.

But one area of personalization deserves more attention, especially in this current climate, is that of personalization based on psychographics.

Unlike demographic or behavioral personalization, psychographic personalization takes into account the motivations or state of mind of consumers. It asks, why do they shop this way? **What's driving them?**


Source

It can be tricky for brands to harness this kind of personalization, since in many ways it's less straightforward than a standard behavioral or demographic approach.

At AB Tasty, we've recently made it easy to personalize based on psychographic data surrounding Content Interest. Using Natural Language Processing (NLP) AI technology, our clients are able to segment their audience based on the type of content they're interested in. For fashion brands, this might be anything from style of shoe to the length of a hemline.

As we'll see below, personalizing in this way can dovetail with bigger and more meaningful societal trends that drive someone's psychographic data:
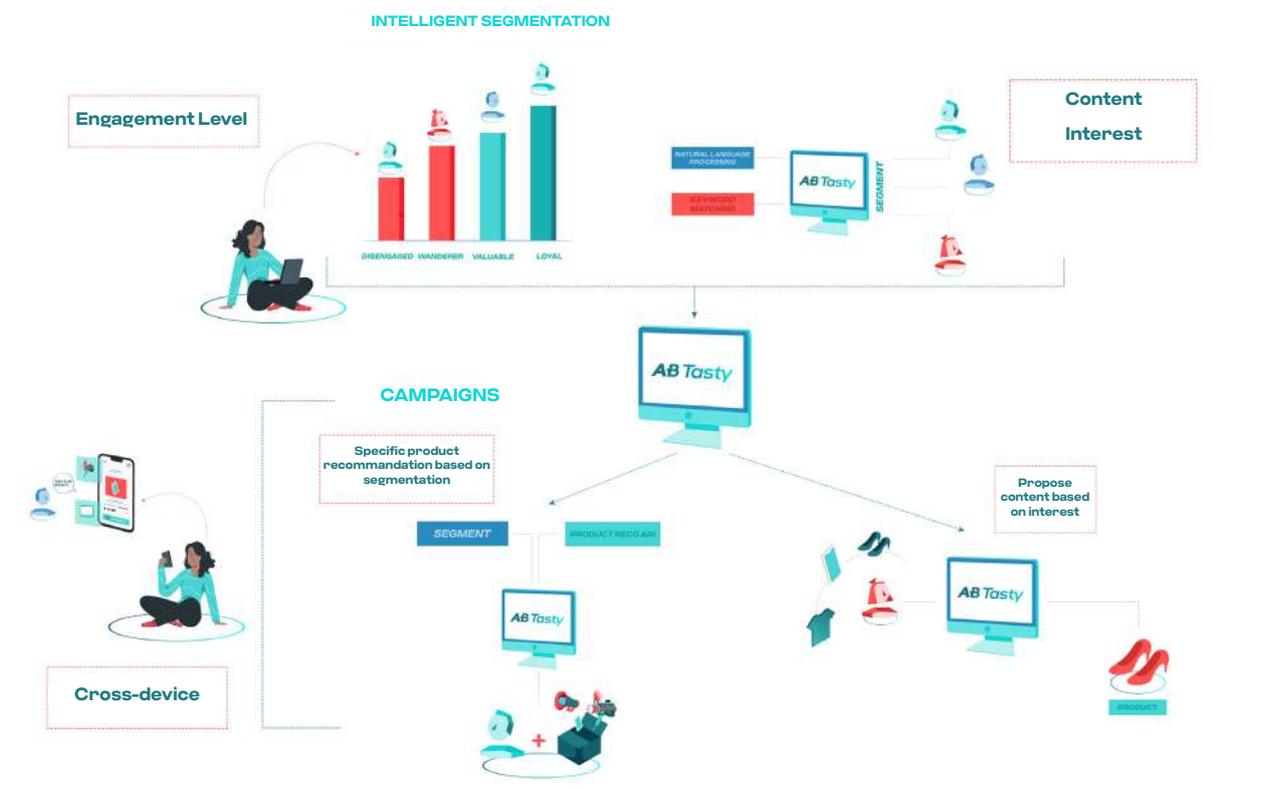
Sustainable Fashion

Though political landscapes vary from region to region and country to country, there is a **growing global awareness** about the impact of human activity on the environment, and what society can do as a whole to mitigate the negative impact.

When it comes to clothing, this awareness is reflected in the slow but steady consumer shift towards **sustainable fashion.** The notion encapsulates a variety of ideas, but usually centers on the environmental and gendered impact of the fashion industry, and issues stemming from the supply chain.

Though adoption of these ideals are not uniform - you can see this in the BrandWatch data cited in a previous section - there is growing consumer awareness around sustainable fashion shopping. Indeed, it was one of **McKinsey's Top Themes** from the State of Fashion report (2020):

"Sustainability awareness is increasingly impacting purchasing behaviors, although there remains a big gap between what people say and what they do. Still, fashion can no longer afford to ignore its customers' preferences, even amid confusion over what sustainability really means."

So, how are some fashion brands meeting this demand?

Let's take an interview that Peclers Paris - the leading trend spotters - did with French fashion brand Patine. They describe their brand mission as follows:

"First of all, to be a fashion brand and not just a "green" label, to question the place that fashion gives to sustainability and the way we consume it, to engage our community and make the experience of a sustainable purchase fun and joyful."

For Patine, the construction of customer experiences is rooted entirely in the idea of sustainable fashion. The psychographic motivations of their consumers directly informs the way they build these experiences. This can mean many things, from the in-store boutique experience to the direct-to-consumer online one.

What's particularly interesting is how any fashion retailer can personalize the customer experience around these psychographic motivations with the right tools. For example, using a capability like AB Tasty's Content Interest, a shopper might be interested in buying **clothing made with natural fabrics that are better for the environment** and their health. They might then be shown promotional banners for products using this type of fabric, or be promoted to sign up for the 'sustainable fashion' themed newsletter.

It's important to remember these things are not black and white:

"Hugo Adams, CEO of the Frugi Group, an organic cotton brand, says the company has two distinct customer types: the dark green and the pistachio green. The dark greens prize sustainability and ethics over everything else, and tend to be the most vocal. The pistachios put style and comfort in prime position. While the brand must be consistent in its communications, the marketing messages to either group emphasize different aspects." Forbes

An AI-powered personalization solution will allow for the nuanced and granular personalized experiences that fit complex and evolving consumer motivations.

LOOKING FORWARD

Digital Fashion

Today, fashion brands will need to navigate between the economic realities of the Covid-19 pandemic, burgeoning opportunities around digital transformation, omnichannel experiences and a shifting consumer consciousness.

One of tomorrow's trends looks like it may feed off of all of these dynamics to create a powerful new opportunity - that of digital fashion.

As the digital fashion company **The Fabricant** explains,

> *"As a company of creative technologists we envision a future where fashion transcends the physical body, and our digital identities permeate daily life to become the new reality. The Fabricant will be a leader in the movement that uploads the human to the next level of existence. We are building a business that prepares for that eventuality."*

Yes, you understood correctly - Digital Fashion is an emerging trend in which digital-only clothing is designed and sold in virtual marketplaces, and worn in online environments.

Proponents point out that the environmental effects of Digital Fashion are significantly less than those of traditional fashion. And psychologists have been tracking our increasingly digitized existences since the advent of the internet. There's even a field - cyberpsychology - that aims to study this new melding of the human mind with computers. As Dr. John R Suler explains in the introduction of his book, Psychology of the Digital Age,

"We experience our online activities as occurring in a psychologically tangible space that mimics the sensation of space in the physical world [...] On a deeper psychological level, we perceive that territory on the other side of our device screen as an extension of our psyches, a space that reflects our personalities, beliefs, and lifestyles."

This analysis gets us back to the introduction of this report - what is the goal of fashion? If 'clothing' is utilitarian in that it keeps us warm and shields us from the societal taboo of public nudity, fashion is an expression of our identity. To that extent, and to the extent that our lives are going increasingly 'online', digital fashion is a reasonable extension of our current, physical fashion practices.

We even got a hint of what the future might hold during the various worldwide Covid-19 induced lockdowns. **Vogue Business** found that,

"But as sales stall, interest in fashion hasn't disappeared: platforms that let people engage with clothes digitally are on the rise. New users for fashion try-on app Forma, for example, are doubling each week. Its users are spending more than 50 per cent more time on the app and trying almost double as many outfits per user, compared to pre-coronavirus activity, says co-founder and CEO Ben Chiang. And Drest, the six-month-old fashion gaming app *that lets users style digital models, is seeing a 50 percent month-over-month increase in installs; in Italy, it saw a 400 per cent uplift during the first week in April, compared to the week prior."*

Truly forward-thinking fashion brands should perhaps prepare for this growing interest in digital fashion. We may not all start investing thousands of dollars tomorrow in a virtual outfit only seen on Tiktok, but as we continue to blur the lines between physical and digital experiences, whether through omnichannel tactics, VR and AR, the IoT or true digital fashion, the brands that are able to meet these challenges head on will be the ones that succeed in the long term.

About AB Tasty

AB Tasty is the fastest-growing provider of AI-powered experimentation, personalization and product optimization solutions, helping businesses drive more conversions and revenue on all their digital assets. We provide marketing, product and technical teams with an easy-to-use customer experience optimization platform, allowing them to turn website or mobile visitors into customers, subscribers or leads, while delivering outstanding user experiences. AB Tasty's customer list includes Ashley Furniture, Kiehl's, Sephora, USA Today, YSL Beauty, as well as more than 900 global enterprises.

To learn more, please visit www.abtasty.com

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