

INDUSTRY REPORT



Fashion and apparel



shopifyplus

Insight and imagination for tomorrow and beyond



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Opportunities

Over the next decade, the fashion and apparel industry is expected to be marked by double-digit sales growth driven by an expanding global market.¹

International growth

Worldwide, experts predict that the ecommerce segment of fashion and apparel will increase at a compound annual rate of 10.6% from \$408 billion in 2017 to more than \$706 billion by 2022.²

With China³ already the top consumer of fashion as measured by revenue, expect additional growth in Asia and emerging markets as smartphone penetration⁴ increases as well as the unprecedented expansion⁵ of the global middle class.

Technological innovation

In developed markets, merchants will increasingly drive growth with machine learning, artificial intelligence, and ecommerce automation tools that offer highly relevant and personalized customer experiences.⁶

Innovative brands will likely take share as fit technology, virtual fitting rooms, and AI-powered virtual shopping assistants help consumers tailor or select the size and look most closely aligned with their tastes and preferences. Expect voice-powered shopping,⁷ visual search, and smart speakers⁸ to offer brands intimate touchpoints with their customers.



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The biggest advantage is our ability to tell a much more constant narrative. Social media has changed shopping patterns, and we're at the beginning now of how social is going to be integrated more with ecommerce, having a constant narrative.

What we loved about Shopify Plus is how easy it is for everyone in the organization to interact with the platform. It's a lot less complicated and geared toward mobile-first ecommerce with social and mobile payments built right in.

URI MINKOFF

CEO and Co-founder, REBECCA MINKOFF

Threats

Declining barriers to entry⁹ have made the ultra-competitive fashion and apparel industry even more complicated to navigate on a global scale.

Competitive landscape

The “death” of brand loyalty¹⁰ combined with fast-fashion’s¹¹ ability to manufacture on-demand¹² and dropship from anywhere pose real threats to established brands that lack an embedded social cause and aren’t as agile as necessary due to legacy assets, costs, and bureaucracies.

These threats significantly increase the risk of holding an inventory position, especially in an age characterized by near instant changes in consumer taste and preference. Consider as well the heightened customer expectations regarding ethically sourced materials and green manufacturing practices and brands will likely encounter increased margin pressure.

Combating returns

Fashion and apparel brands must also contend with another threat that can crimp margins; online return rates as high as 50%¹³ in some sectors. Even if more conservative estimates are accurate — one third of all online purchases are returned¹⁴ — forward-thinking leaders must aggressively work to reverse this trend.



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We do print on demand for new styles and as soon as we identify the design as a winner, we bulk print the product and offer it for same day shipping. There is no upfront inventory cost and when we do bulk print, it's a calculated risk backed by data. We also design all of our own unique designs and are able to protect our intellectual property using [ipshark.com](https://www.ipshark.com).

BRIAN LIM

CEO and Founder, The Emazing Group



Merchant spotlight: Gymshark

Following a disastrous Black Friday characterized by a website crash that cost them an estimated £100,000, Gymshark — a leading fitness apparel and accessories brand launched by nineteen-year-old pizza-delivery driver, Ben Francis — migrated to Shopify Plus to scale its ecommerce business globally.

Gymshark blends the physical and digital worlds by creating immersive online-offline customer experiences. Using Shopify's POS, the brand organizes world tours in which Gymshark customers can meet their fitness idols and make purchases at pop-up shops and special events.

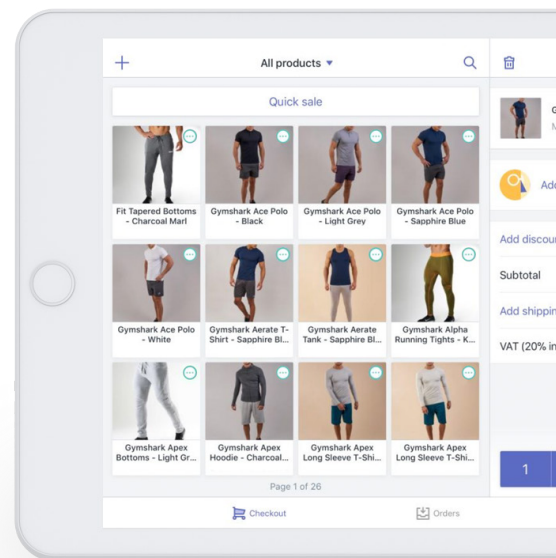
Since replatforming to Shopify Plus, Gymshark has ...

- Generated £41 million in sales during 2017
- Garnered three million social media followers in 131 countries
- Grown into a global fitness and apparel brands

"The great thing about Shopify Plus is the fact we fundamentally trust the platform. We can go into Black Friday and don't need to worry about the website crashing, whether we can or can't handle it."

BEN FRANCIS,
Gymshark's Founder

[Read more about Gymshark's success in the fashion and apparel industry](#)



Gymshark's Point of Sale



Merchant spotlight: Frankies Bikinis

With customers literally counting down the seconds prior to a big sale, Frankies Bikinis — a global destination for fashion forward boho-chic beachwear — uses Shopify Plus' Launchpad to automate all of the activities necessary to execute its monthly product launches.

Instead of manually updating the site, Frankies now pre-loads everything on its to-do list and instantly roll it all back once the event is over.

Frankies is also using Launchpad to automate its 24-hour flash sales. Putting major events on autopilot allows the company to focus on higher-value activities and achieve the following:

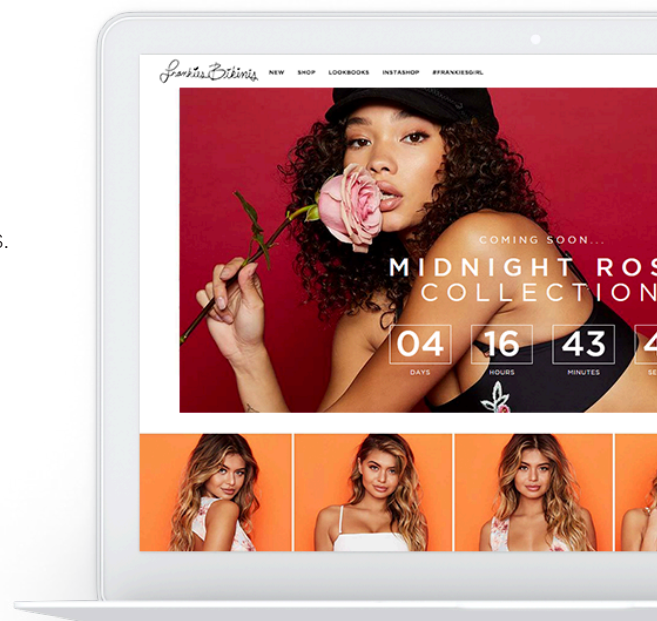
- Selling \$150,000 in an hour with one style selling out in two minutes
- Selling an additional \$95,000 in one hour when the item came back in stock
- Growing year over year sales more than 400%

"This is why Launchpad is our savior. We schedule everything during normal business hours and Launchpad does all of the work for us automatically."

BRITTNEY BOWLES,

Director of Marketing & Ecommerce at Frankies Bikinis

[Read more about Frankies Bikinis fashion and apparel success](#)



Frankies Bikinis landing page

Fashion and apparel platform checklist

While custom-built systems have historically been the norm for larger fashion and apparel brands, today such cost-prohibitive investments are unnecessary. Multi-million-dollar brands — like Rebecca Minkoff, KITH, The Hundreds, Chubbies, and Gymshark — are increasingly turning to cloud-based platforms.

Regardless of your decision to buy or build, any enterprise software you choose must reduce complexity, streamline multi-channel selling, and connect everything from the frontend to the back.

Customize and scale worldwide

Any future-facing solution must allow you to quickly tailor your brand across geographies. Personalizing multiple storefronts around the globe and having the confidence to experiment, test new markets, and scale on demand during large traffic spikes are critical.

Flexible and optimized payment gateways

Bridging the billion-dollar online to offline (O2O) divide requires a flexible point-of-sale system that connects pop-up shops or brick-and-mortar sales with all your online channels. Likewise, any solution should host a wide variety of payment gateways that allow customers to checkout how they want.

Native multi-channel capabilities

No technical barriers should exist once you determine you want to sell natively on today's most popular marketplaces or social-media platforms. Solutions that offer one-click channel integration enable you to focus on growing that channel rather than the development work that underpins it.

Synchronized product information and inventory

Solutions should automatically sync product information — like price, description, and images — with SKU counts to ensure your brand's product data and inventory levels are accurate and updated in real time across channels. Without auto-sync functionality the task of manually adjusting SKU counts across multiple channels will prove overwhelming.

End-to-end integration

It's crucial that your multi-channel platform integrate both the sales and supply sides of your business. Without software that easily integrates with third-party solutions, your ability to monitor data and make smarter inventory, pricing, and fulfillment decisions can be compromised and growth can stagnate.

Resources for a fashion and apparel strategy

Growing and maintaining your status as a global industry leader requires a specific set of tools you to achieve operational excellence and offer the real-time insight necessary to make intelligent decisions quickly.

To execute successfully, we've assembled the following resources all of which center on real merchants in the fashion and apparel industry:

Save Thousands of Dollars by Automating Custom Order Fulfillment & Fraud Prevention

<https://www.shopify.com/enterprise/shelfies-ecommerce-automation-flow>

Discover the secret fast fashion brands are using to perfect on-demand manufacturing and protect themselves from the growing threat of costly order fraud.

Turbocharge Sales by Automating Product Tagging & Inventory Flags

<https://www.shopify.com/enterprise/good-american-automation-flow>

Learn exactly how Khloé Kardashian's denim-focused fashion brand generates \$1 million a day by automating tedious backend tasks and lacing the customer experience with urgency.

Optimize Your Warehouse to Accelerate Growth & Compete with Amazon

<https://www.shopify.com/enterprise/how-a-seller-of-outlandish-party-costumes-optimized-its-warehouse-to-grow-400-compete-with-amazon>

Create a competitive advantage in the warehouse by tracking inventory and order fulfillment in real time and identify intelligent pick routes so customers get their orders faster.

Think Inside the Box & Offer Free Shipping That Increases Profit Margins

<https://www.shopify.com/enterprise/how-to-think-inside-the-box-offer-free-shipping-that-increases-profit-margins>

Instantly become more profitable by learning exactly how fast-growing fashion and apparel brands intelligently optimize packaging containers to offer free expedited shipping.

The Guide to Successfully Running a Flash Sale

<https://www.shopify.com/enterprise/78867398-the-guide-to-successfully-running-a-flash-sale>

Product drops, new releases, and holidays are the lifeblood of ecommerce fashion. Learn how to stand out, build trust, and generate recurring revenue rather than host margin-killing "sales."



References

- ¹ <http://www.mckinseyonmarketingandsales.com/succeeding-in-tomorrows-global-fashion-market>
- ² <https://www.statista.com/outlook/244/100/fashion/worldwide#>
- ³ <https://www.statista.com/outlook/244/100/fashion/worldwide#market-arpu>
- ⁴ <https://www.emarketer.com/Article/Asia-Pacific-Boasts-More-Than-1-Billion-Smartphone-Users/1012984>
- ⁵ https://www.brookings.edu/wp-content/uploads/2017/02/global_20170228_global-middle-class.pdf
- ⁶ <http://fortune.com/2016/07/06/keaton-row-business-model/>
- ⁷ <https://www.psfk.com/2017/12/will-voice-powered-shopping-death-brands.html>
- ⁸ <http://www.businessinsider.com/amazon-building-smart-speaker-lead-after-echo-sales-holidays-2017-12>
- ⁹ https://www.huffingtonpost.com/entry/why-the-fashion-industry-brought-vertical-commerce_us_5894a783e4b061551b3dfdb8
- ¹⁰ <http://adage.com/article/aarp-media/brand-loyalty-dead/310846/>
- ¹¹ <https://www.macquarie.com/au/about/newsroom/2017/fast-fashion-disrupt-retail>
- ¹² <https://www.shopify.com/enterprise/shelfies-ecommerce-automation-flow>
- ¹³ <http://www.iqmetrix.com/article/2015/08/how-e-tailers-personalize-outfits-to-customers-taste>
- ¹⁴ <http://www.wsj.com/articles/SB10001424052702304773104579270260683155216>