



The UK
Ecommerce
Association

Fashion Connect 2022: Key Learnings

What did we find out at IMRG's Fashion Connect conference, and how can this inform retail strategy?

March 2022

Take a Look Inside

Fashion
Connect
2022:
Key
Insights

- Key takeaways from Fashion Connect
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IMRG

"Fashion Connect 2022 was a conference to remember. IMRG enjoyed facilitating an event for industry experts to get together to learn from one another. Thank you for attending, we can't wait to see you all again soon."

We help our members understand and improve their online retail performance through a busy programme of performance benchmarking, data analysis, insight, best practice-sharing and events. We have been tracking online sales since 2000 – and now measure over 120 individual metrics in a series of indexes, providing in-depth intelligence on online and mobile sales, delivery trends, marketing ROI and channel performance.

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Key Takeaways from Fashion Connect

Fashion Connect 2022: Key Insights

IMRG's physical Fashion Connect event took place at The Hurlingham Club, in Fulham, on 9th February 2022. The day was full of insightful conversations, data presentations from IMRG, panels with leading retailers, and discussions of industry topics on individual tables. The day was topped off with a delicious lunch, and glamorous drinks reception.



Whilst at the event, we heard some interesting conversations surrounding retail industry knowledge. What did we learn from Fashion Connect, about how retailers can best optimise their strategy, and prepare for the year ahead? In this write up, we cover some of the data from the day, and hear from delegates at the event on their key takeaways.

What Did IMRG Observe?

We heard some insightful conversations, and learnt a lot from our expert panellists. There were some dominant themes, as well as niche snippets of information, which we've summarised in these bullet points. What did we learn from our attendees?

- **Starting Over**

It was observed by retailers, that many huge brands feel as though they're starting again since the pandemic, as retailers struggle to find their feet in a new climate. Some are viewing their well-established businesses as start-ups, whilst they attempt to improve and change their strategy.

- **Marketplaces**

Marketplaces provide an alternative channel for reaching customers, but there is such a range that finding the best fits for their products presents a challenge.

- **Inflation**

Due to inflation, it's harder to buy goods in fashion – there are backlogs and outages, and the supply chain is still slow. Containers can take twice as long, and be twice as expensive, providing challenges to retailers.

- **Black Friday 2022**

In 2022, a new factor could change Black Friday behaviour for the first time: the world cup. Retailers have never dealt with the distraction of the world cup, and therefore we don't know what to expect.

- **Holiday Shopping**

Retailers are hopeful that there'll be more holiday and back to school shopping in 2022, as 2020 saw less uniform and holiday shopping due to the pandemic.

- **Sustainability**

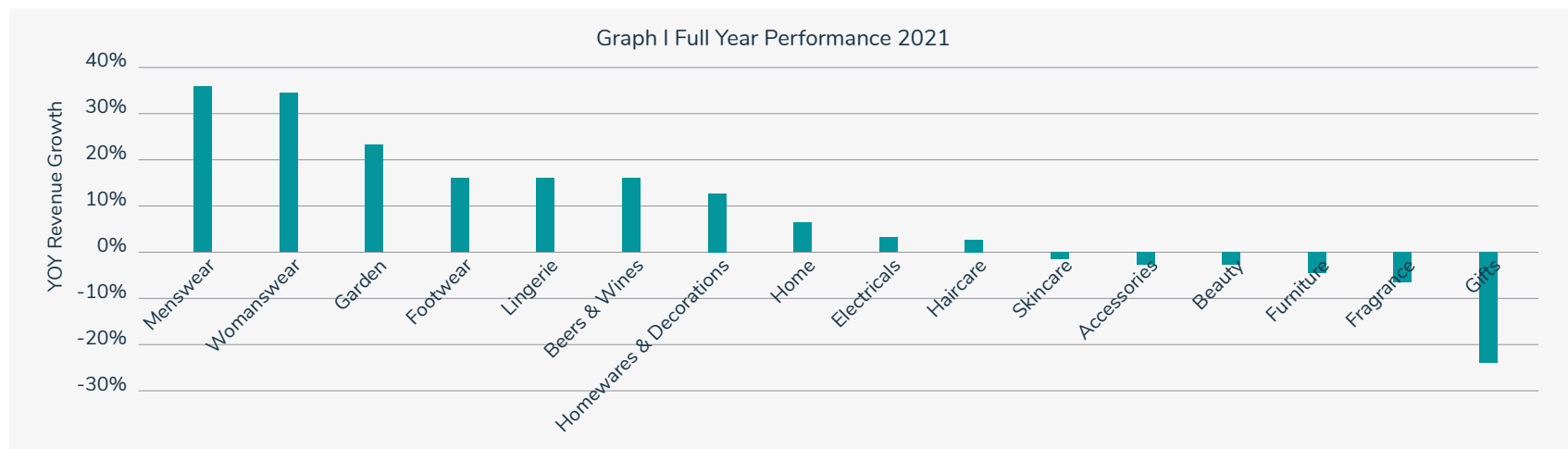
One of the main issues retailers face, is the disconnect between the customer focus on sustainability, and the struggle for brands to apply these changes. For example, customers are seemingly more eco-conscious, but in reality their shopping behaviour can be contradictory. This raises questions of whether customers think they're shopping green, when they're not.

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Fashion Performance 2021

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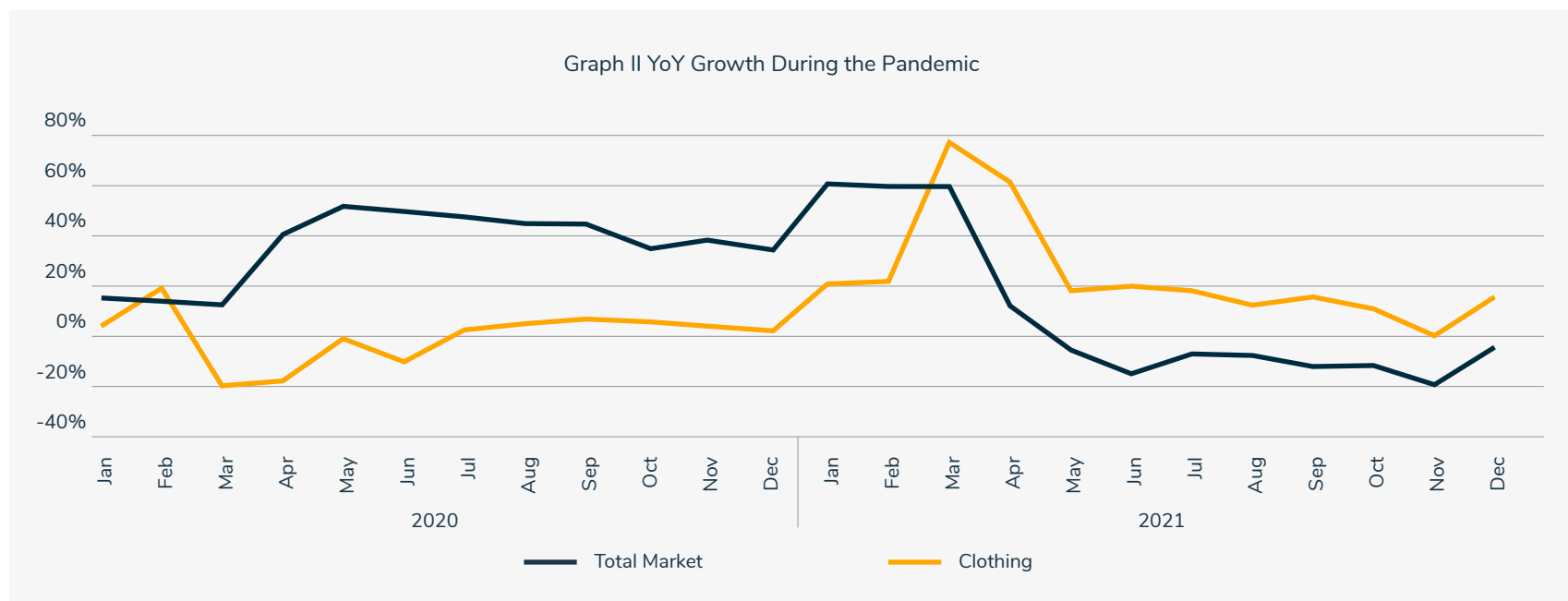
From IMRG's presentations, we learnt about how fashion has performed compared to the rest of the market, in the last year. Graph 1 depicts category year-on-year (YoY) growth. Menswear and womenswear saw the highest YoY growth of all of our categories in 2021, however, this is just a rebalancing of market performance, after negative performance during the lockdowns, therefore making this year's YoY performance appear higher. Footwear also had a good year, recovering from the pandemic, along with lingerie following close behind. Overall, the fashion categories saw between 15-35% growth from the previous year; indexing 2021 growth against 2019, covering the full pandemic period, revenue was up 20%



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Graph II shows an interesting comparison between total market growth, and clothing categories. We can see a clear shift between growth, depending on the state of the UK market. During the lockdowns of 2021, clothing performed poorer than the rest of the market by a long way, seeing up to -20% negative growth. However, in 2021, when people began returning to work, and to life in general, growth boomed compared to the year before. There was an increased appetite for clothing and footwear, as customers returned to the outside world. The sub-categories that recorded positive growth in the 2020 lockdowns were trainers, and athleisure-wear, whilst in 2021 formalwear and shoes made a return.

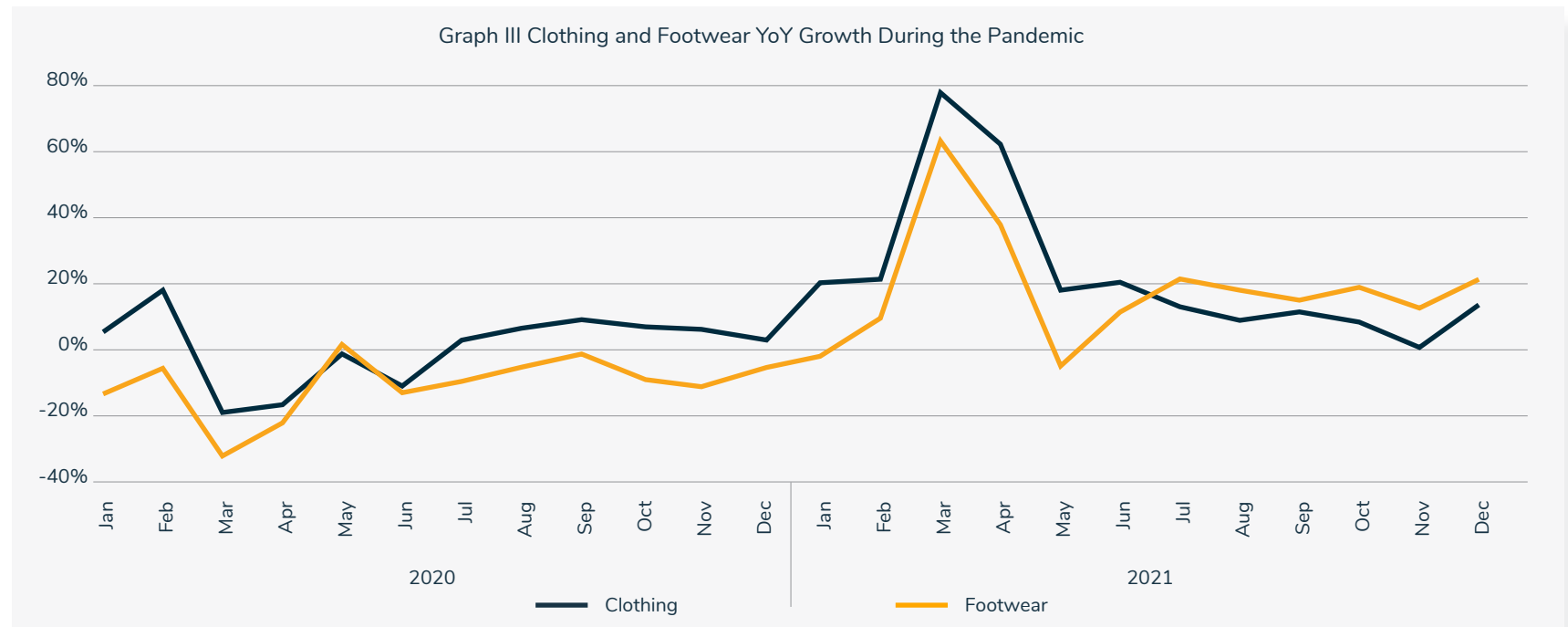


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Putting the Focus on Footwear

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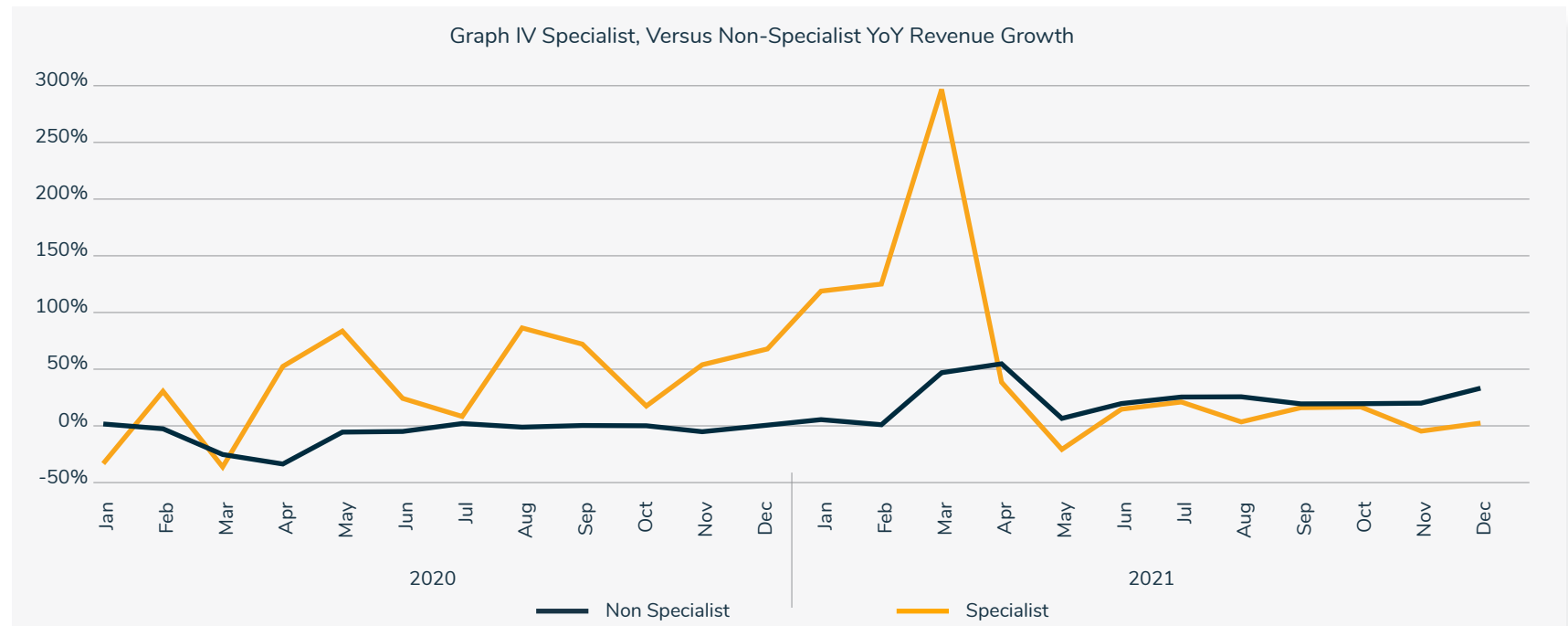
Footwear retailers may be wondering where they stand in the market, so we put together our results to see how they compare. From graph III, we can see that footwear was seeing lower growth than clothing during the lockdowns, as people were going out less, but in 2021, as the UK opened up again, footwear overtook the rest of clothing. This is a similar trend to clothing in general, seeing a drop in 2020, and a recovery in 2021.



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One interesting pattern that we found, was the difference between specialist and non-specialist (such as department stores) footwear retailers. During the lockdowns, the spend on footwear seemed to be focused on specialists, particularly in the huge spike around January and March 2021, shown by the orange line. However, in 2021, non-specialist footwear companies took the lead. This trend could be because people had more spare income to spend on specialist companies, and a desire to get the right items whilst they were at home. With extra time, and extra money, the pandemic created an appetite for specialist apparel.



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Let's Hear from the Delegates

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“The UK’s top retailers are still dealing with the fallout from Brexit as they trade cross-border. For some, a spotlight on the weak links in their supply chain meant they were able to remedy issues to rebuild a more robust system. Nevertheless, a lack of product availability, labour shortages, and delivery delays continue to pose a challenge. Retailers are going above and beyond to deliver goods to their customers on time. Now more than ever, businesses that are selling internationally need support to overcome trade barriers and provide buyers with a smooth shopping experience.”

Avalara
Tax compliance done right

Nicole Morton, Cross Border Solutions Manager and
Benjamin Faust, Tax Technology Solutions Manager at Avalara

“This year’s Fashion Connect covered many interesting topics, but what stood out for me was the persistent theme that technology is key for all retail to improve as we go into 2022. The rapid digitisation of the last few years and the growth of channels, like video shopping and the metaverse, mean that consumers are spending more time and money online than ever before. This has meant that retailers need to become more ‘start-uppy’, adapting quickly to change in order to keep up.

parcelLab

“The competition online has changed and we’ve seen multi-channel retailers investing heavily in digital quickly, driven of course by the events of the last two years. So, whether this technology is built in house or sought through a third party, the fact remains that digital transformation, and with it a focus on experience, is, and should be, the number one priority for fashion retailers going into 2022.”

Katharine Biggs, Head of Marketing Communications - EMEA
at parcelLab

It was great to meet with brands in person again at Fashion Connect, and insightful to see the trends data presented by IMRG mirrored the paid social trends we are seeing in the Nest Index of fashion brands. There has been a clear shift to digital in the past couple of years that we see continuing into 2022 as fashion brands continue to build out channels such as Paid Social as serious acquisition channels.”

NEST

Luke Jonas, CCO at Nest

“Firstly, we really enjoyed Fashion Connect, it was a great event to be part of with many interesting takeaways. From our perspective, there was a clear theme amongst retailers to have a customer experience that is reactive to changing consumer behaviours and trends, and there are many technologies to help them do this.

akeneo

“However, what wasn’t evident was how fashion retailers are coupling their customer experiences with their product experiences. What we see often is that a retailer’s biggest competitor to beat is actually themselves. Studies show that 80% of shoppers have abandoned a purchase not because of competition but because the product information was incomplete, inaccurate or not compelling enough. If you’re not focusing on your product experience when crafting your customer experience, it will be sub-par.

“Looking forward, 2022 poses a huge opportunity for retailers alike to adjust to the growing needs of the customers online shopping habits. We’re definitely excited to see what this year has in store for the fashion industry.”

Douglas Mendes, Business Acquisition and
William Mitchelmore, Account Executive at Akeneo

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“With various stages of lockdown and consumer fear, we have seen a huge shift in shopping behaviour. Many moved to exclusively shopping online, and plan to maintain their increased online activity. It’s become difficult to meet consumer demand, as the focus has shifted more towards loungewear and required brands to diversify their offering. Online shopping also increases returns creating even more strain on margins.

EPSILON™

“However, what retailers have gained from this shift is an increase in traceable, actionable consumer data, each online conversion holds far more data than the average in-store sale. If it’s possible to combine “not logged in” site visits with logged in users, or even leading to purchase, we have a wealth of data available to influence business decisions, such as those made by marketing to drive performance and growth – something which is becoming more challenging due to IDFA and 3rd party cookie loss, as demonstrated by a loss of performance from social partners.

“Retailers have to capitalise on this increase in data by connecting to a persistent, omnichannel identifier which is not reliant on 3rd party cookies. It will enable them to connect all the data points at scale, and accurately.”

Amiee Stroud, Business Development Director at Epsilon



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Conclusions from Connect

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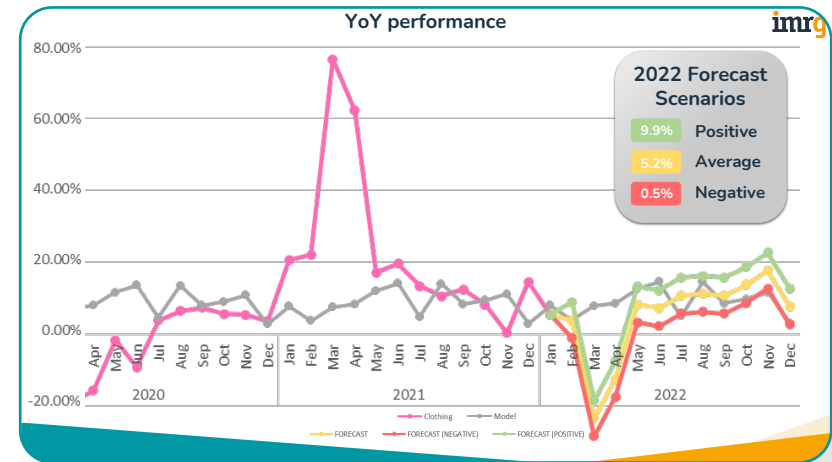
Our data analysts made some predictions about what the future of fashion might hold, and it's looking positive. With the low growth of 2020, and high growth of 2021 making YoY growth hard to understand during the pandemic, this spring, it'll be two years since the first lockdowns. This means we'll come full circle, and hopefully we'll see growth even out, thus providing a more accurate measure of the industry.

Our analysts used the previous data from our index to predict how the next year might play out. The model works by feeding in historic data from retailers, to predict the future. Market predictions can be difficult during such turbulent times, but what do we think will happen in the future?

The grey line represents previous predictions from the model (if the pandemic had not occurred and caused such big spikes in 2020 and 2021), the pink line shows the actual performance of clothing, and the lines in red, yellow, and green depict how the next year might play out for growth.

We modelled how the fashion market might look in a negative scenario, an average scenario, and a positive scenario. In the negative prediction, we think there'll be +0.5% overall growth in the sector, whilst in the positive scenario, there'll be +9.8%. Our average prediction is +5.2%. Whilst it may not be the enormous growth of the post-pandemic year, it appears that the forecast for fashion is looking sunny, with both scenarios predicting positive growth – unlike that of the UK lockdowns. However, whilst we don't yet know what socio-economic conditions might impact this growth, we can utilise the data and retailer observations from the past year to best inform strategy, and prepare for the year ahead.

We'd also like to say a big thank you to our sponsors.



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