



FUTURE FASHION RETAIL

Baseline study on the future of fashion retail in Germany

The July edition of Fashion Talk featured the first findings of our Future Fashion Retail study. Here, we would like to present some pioneering shop concepts from our trend scouts for the German fashion retail industry as well as show you how

we, on the basis of our study, can work with you to develop a customized Future Fashion Shop concept for your company.

"It shouldn't only be about clothes. It's also about art, music, food, etc. Ideally, a showroom should constantly be pushing the boundaries so that I am always surprised with a new event at the weekend, a new theme or new fashion in a new location."

(Niels Holger Wien, trend analyst and color expert at the German Fashion Institute)

18 experts in fashion, trade, industry, marketing, architecture, design, and town administration have developed a number of visionary shop concepts for the German fashion retail industry in a workshop and online using a moderated GfK sociolog platform. The most prominent aspect of the concepts is advanced digitalization, which offers countless possibilities for the implementation of future trends.

Future Fashion Shop concepts

Retail trends on the basis of expert workshops



Here, we briefly present three of these concepts:

- **The Fashion Live Simulator:** With programmable monitor mirrors (or hologram mirrors), changing rooms will be transformed into real-life spaces where your customers can try on their items and simulate a near-real environment. Your customers can also see themselves in other locations (Paris, mountain peaks, the beach), feel different temperatures and seasons (warm, cold, summer, winter), smell the surroundings (flower meadow, the North Sea) and hear sounds (wind, disco). Your customers experience their new clothes in various real-life situations, and can make video recordings, which they can also share online with friends, to help them decide whether or not to buy the items.

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- **The FASHION APARTMENT** allows your customers to enter a residential space designed with a personal touch that gives them an insight into a different lifestyle and way of enjoying life. The furnishings and items on offer reflect the personal taste of another person, and his or her sense of style and preferences. Specific brands and individual pieces hanging invitingly in the wardrobes or lying on the bed are intended to be discovered

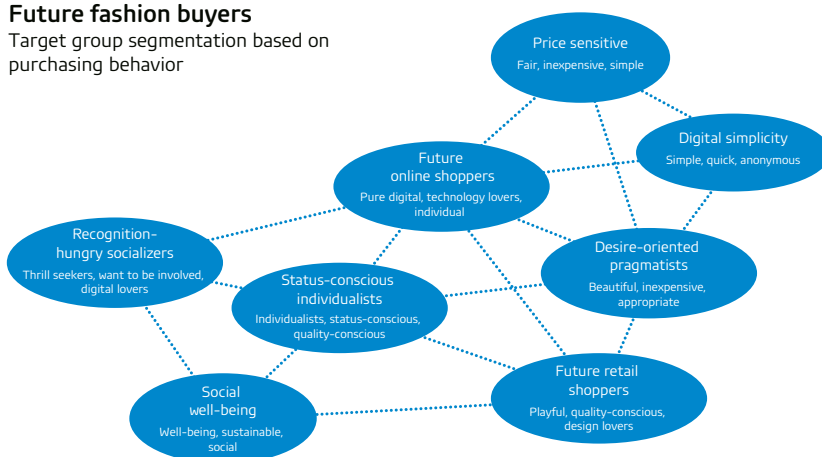
and explored. In addition to fashion items, books, accessories and furniture can also be sold in a FASHION APARTMENT.

- **The CLICK+FIT+COLLECT STORE** not only offers clothing available at their shop, but also cooperates with a network of brands and retailers. It is the address where customers can collect their online orders. The store need only be functional and small with low-key fittings. The opening hours take into account the needs and desires of customers, who can also use the store to try out and select products as well as collect their orders and return items after standard store closing times.

We also analyzed the future desires and needs of customers with regard to fashion purchasing before evaluating them quantitatively using the GfK textile panel of 16,800 participants. In this way, we could identify customer segments with different needs and requirements in terms of fashion purchases.

The result was eight clearly differentiated consumer types that currently determine the fashion market in Germany and will continue to do so in the future. By connecting these segments with actual fashion purchasing behavior from the GfK textile panel, we can demonstrate which buyer types are relevant for your company. The buyer types differ in terms of their shopping behavior, the structure of their social and emotional needs, sociodemographic data, how they spend their leisure time, brand preferences, etc. When comparing the types, for example, the “status-conscious individualists” (75% female, high income class, college graduates, purchasers of brands, highly status-conscious, disproportionately frequent buyers of designer brands, want individual consultations and wish to distinguish themselves from others through an individual style, etc.) with the “desire-oriented pragmatists” (54% female, low income class, fashion is important for them, they buy in accordance with their desires but often only at inexpensive prices, clothes are a symbol of belonging for them), it is apparent in how much detail the differences between the buyer groups are described and how the segmented target groups can be assigned to the entire spectrum of the German fashion retail market.

Future fashion buyers
Target group segmentation based on purchasing behavior

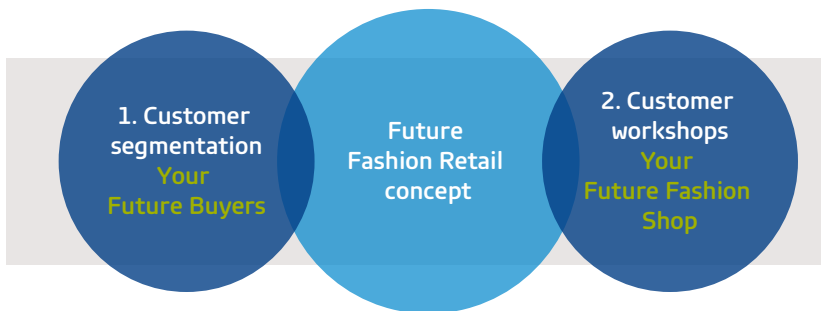


In order to better meet the expectations of consumers who are consistently becoming more educated and less loyal, we can work alongside you to develop your bespoke Future Fashion Shop concept. Although the concepts envisaged by our trend scouts are imaginative and visionary, in their

current form they are, of course, infeasible for bricks-and-mortar retail. Neither will every shop concept be suitable for your target group's tastes. The study's findings constitute a valuable basis on which we can work alongside you to design a customized forward-looking concept for your fashion retail company in five steps.

Your customized Future Fashion Shop concept

Developed with you, for you



Step 1:

In an internal kick-off meeting (**Internal Vision Group**) with the managers of your company and GfK's project team, we first work toward achieving a common understanding of your specific needs. Any existing ideas and conceptual elements are also introduced and discussed at this stage.

Step 2:

On the basis of actual purchasing behavior from the GfK Fashion Panel, we identify the future fashion buyers who are relevant for your company (**data-based shopper segmentation**). These are then described in detail with regard to their values and attitudes, desires and preferences when purchasing clothes as well as their specific fashion purchasing behavior. They also provide the basis for the recruitment of participants for the next step.

Step 3:

The main element in the development of a customized future fashion concept is working with customers on site at your place of business. Firstly, some initial spontaneous observations regarding possible areas for improvement are collected during a group tour through the store (**customer walks & talks**).

Step 4:

During this stage, intensive group work is carried out between these customers and the managers of your company (**T groups: client & customers reflection**). Here, we use a unique method, the primary benefit of which is the provision of direct feedback between the customer and the company.

Step 5:

The work ends with a joint management workshop (**creation workshop**). Here, GfK first presents the findings of the T groups before explaining the first opportunity fields and approaches for creating the concept. These are discussed with the managers of your company, and possibly developed further and refined as well as assessed for their feasibility. At the end of the process, you will have a concrete recommendation for your customized Future Fashion Shop.

Do you have any questions? Our expert will be happy to help you:

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About GfK

GfK is the trusted source of relevant market and consumer information that enables its clients to make smarter decisions. More than 13,000 market research experts combine their passion with GfK's long-standing data science experience. This allows GfK to deliver vital global insights matched with local market intelligence from more than 100 countries. By using innovative technologies and data sciences, GfK turns big data into smart data, enabling its clients to improve their competitive edge and enrich consumers' experiences and choices.



Focus on textiles

A GOLDEN START TO THE FALL FOR FASHION

The industry expected an upsurge. The last fall season was extremely weak. It should have been easy to beat, and it was, even if not by as much as many had hoped. After an almost tropical summer, the desire of consumers to spend money increased strongly at the start of the fall. Sales rose sharply but by November this uptrend was already over.

In the high selling month of September, textile dealers were finally able to smile once again, as they achieved almost double-digit growth! This more or less offset the large decrease of the previous year. October was even better. While the weather was variable with highs and lows, the purchasing mood of customers was consistently high. The latest fall fashion was very popular. Women in particular invested highly in their wardrobe in this month. Despite slightly lower prices, this resulted in revenue in the textile trade shooting up significantly.

However, this period of prosperity was short-lived, as by November a downward turn into minus figures had occurred. It was a month of temperatures that are more typical of spring. For this reason, neither men nor women were inclined to buy warm winter items. As a result, customers placed significantly fewer items in their shopping baskets than in the same month of the previous year, which itself had been very weak.

All in all, moderate single-digit growth was achieved across all three fall months of

September, October and November despite a slightly lower price level. And as expected, online trade was again able to take away a small amount of the market share from the bricks-and-mortar trade.

The under 30s and over 50s in particular had the strongest desire for new tops, trousers and jackets, and sharply increased their clothes spending. In contrast, the amount spent by 30 to 49 year olds was only just above the previous year's level. This was, however, only due to men, who generally gave fashion the cold shoulder in October.

The latest fall fashion was very popular among women in October.

In terms of the different income groups, it is again apparent that, as in the summer season, the highest income groups in particular sharply increased their expenditure on clothes to above average levels in the fall as well. Customers from lower-income households were more restrained in their fashion purchases.

In the fall, retailers were able to enjoy an increase in sales in almost all product areas. Customers especially favored hosiery, sportswear, children's clothes and accessories with each of these categories seeing double-digit sales growth. The most poorly performing category was shoes, which only witnessed a small growth in sales. Womenswear, menswear, and underwear all achieved average single-digit growth.

This season, classic specialist retailers beat the chain stores.

In comparison with the previous year, almost all sales channels were able to report figures in the black for the past fall season. However, the growth recorded by non-specialist retailers was approximately double that of specialist retailers. There was

a similar discrepancy between bricks-and-mortar stores and distance-selling retailers. Mail-order companies and online retailers were clearly ahead in terms of sales growth.

Among specialist retailers, the performance of the various sales channels demonstrated highly varying results. Small classic specialist retailers with a maximum of three branches performed somewhat better this season than the large chains. This, however, was due to the poor performance of multi-brand chain stores in the fall. Single-brand chains, on the other hand, were able to draw in customers with their range of products. Department stores and young fashion stores achieved only marginal growth.

To end the year positively, December would once again have had to be very successful. However, there was one less Saturday this December in comparison to previous year. As a result, the year-end rally remained thrilling until the end but it is unlikely that everyone will have closed the year on a high note.

Ask us about market size, market development, product shares, prices, and target groups.
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Focus on trends

A TURN OF THE SEASONS OR A TURNING POINT IN TIME?

As a trend analyst, I particularly value the campaign photos published by major international brands such as Prada, Gucci and Dolce & Gabbana. Provided you are able to „read“ them correctly, the pictures provide valuable information about current aesthetics in fashion.

There is no conference or expert panel that fails to observe or point out the sign of the times.

The best and most expensive photographers, models, stylists, and set designers are hired for these campaigns. Highly focused “influencers” assess and consider how to convey the message of the brand and the collection concerned.

Whether in black and white or color, on the Atlantic coast or in the studio, an angry glare or innocence – nothing is by accident. I love these campaign photos, which are always placed at the beginning of glossy magazines.

The December issue of Vogue features a Prada double spread of two outfits from the Cruise collection which left me fascinated. Enormous graphite-colored sequins are used on a coat and on a top with thick metal chains that function as straps. Underneath, sporty sweaters in a Bogner 1957 style with a zip in red/white/black and in blue/white/black can be found. Longsleeve elements stick out from a black and yellow striped longsleeve shirt. All topped off with large drop earrings made of turquoise balls or red plastic discs. This grandiose combination of a soccer pitch and a night at the opera is a highly compacted and refined street style à la

As is currently the case, no future form of fashion retail will be successful without a feel for the right looks.

Miuccia Prada. The creative street community was already combining Prada pieces with workwear or adidas but now Prada itself is playing the fashion DJ. The boundaries have long been blurred with categories breaking down and roles changing. Gerry Weber would like to create cool fashion

for cool women – with this message, the last remaining doubters are also suspecting that we now find ourselves at a turning point in time.

There is no conference or expert panel that fails to observe or point out the sign of the times. The mood

is dominated by an understandable insecurity because no one knows what the future will really hold. For most in the industry, the speed of change is too high to be able to develop any kind of fantasies about the future.

In light of this, GfK devised something very clever. For its latest project, it initiated a networked brainstorming and reporting process lasting several weeks with a group of international trend and retail experts with their fingers on the pulse. They reflected on what kinds of people – when, where, in which surroundings and in what kind of mood – are looking for suggestions and solutions to problems, and on what these suggestions and solutions are. In short, what expectations do customers have of the bricks-and-mortar fashion retailers of the future? GfK pooled different kinds of expertise together in a creative way because the problems are already so complex and differentiated that any assessment of them requires the consideration of multiple perspectives.

This is also the finding of the expert advice sought at the “Textilwirtschaft”, the specialist press for the textile industry, which concluded that we have to talk to each other more in order to find common solutions. This applies across all levels and across all hierarchies. However, this insight does not demand a “turning point”. Instead, the pressure from the competition just has to be strong enough.



This is also the same advice that Michael Kliger from Mytheresa.com gave to the participants at the Fashion Industry Conference in Düsseldorf. In his opinion, algorithms are no help. In contrast, all we require is knowledge about trends, the right looks and key pieces for the season. This has been the case for a long time, regardless of digitalization and internationalization. Trends, looks and key pieces are of existential importance in fashion retailing, although many seem to find this difficult to accept, with the sector placing much more emphasis on figures, lists and systems than on fashion expertise. However, now is a time when we suddenly need a lot of expertise. Curated shopping and intelligent conversations with customers cannot function without it. As is currently the case, no future form of fashion retail will be successful without a feel for the right looks. It is high time for fashion to be made a top priority in fashion retailing.

Elke Giese, trend analyst and fashion journalist, Berlin

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