



Online Fashion Market Report 2020

Online fashion shopping in Japan
in the age of COVID-19

In a uniquely challenging and rapidly changing environment, information is key.

2020 will go down in history.

It has changed our lives in many ways which will be felt long after the COVID-19 epidemic is over. For the fashion industry, this is the year where e-commerce went from a sales channel to a lifeline.

Amid these challenges, the need for accurate information to make correct decisions and steps are paramount.

We consider it the utmost importance to help our clients by shedding light on the situation in the industry, which is why we decided to create this report on the major online fashion developments of 2020 and the impact of COVID-19.

For the purpose of this report, the Virtusize data science team has analyzed over 50 million orders across Japan's leading fashion retailers from the 1st of January to the 31st of December of 2020. We then compared this period to the same period in 2019 to reveal the trends and changes in the turbulent environment of 2020.

Please do not hesitate to reach out to us for any questions if you want additional information or support. We are here to help and to listen.



Take care of yourselves and stay safe.!

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Sell more. Create happy shoppers.

Virtusize is a fashion tech company focused on taking the guess-work out of e-commerce. We give shoppers the power to harness their own physical data and online wardrobe to find fashion they'll truly love.

**// We are now tracking over 20%
of online fashion purchases in Japan,
accumulating over 200 million orders.**

Our journey started when we launched our first service, Virtusize, which has since become a market leading standard for size and fit in Japan, Korea and beyond. By forming close data partnerships with our over 150 leading fashion clients, we have firmly established ourselves as the company with the largest fashion data set in Japan.

Virtusize has over 30 million users with services that can be seen on over 15 million products across more than 10 thousand brands.

We are now tracking over 20% of online fashion purchases in Japan, already accumulating over 200 million orders.

In this report we would like to leverage some of our vast data resources to help illuminate the status of online fashion shopping in Japan.



To find out more,
please visit virtusize.jp
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Online fashion sales keep growing, but the impact of COVID-19 is leading to changes in shoppers' behavior.

Below we summarize our key findings on the Japan market trends that have shaped the year 2020 amid the COVID-19 epidemic.*



Growth in online fashion revenue was robust at 15% year-over-year in 2020 during the COVID-19 pandemic.



We saw an increase in the average order values, driven by higher overall prices of items bought.



2020 saw a shift towards daytime and early evening shopping, while early morning and late night purchases declined.



Although many would have predicted the focus on weekends to diminish during the Covid-19 pandemic, the trend of shopping on weekends was actually further strengthened in 2020.



Accessories such as wallets, bags and clutches are the clear hit items of 2020. Easy to buy online, timeless and highly gratifying, they proved a safe purchase during a confusing year.

** It is important to note that correlation does not equal causation and that we reserve judgement on the exact extent of the impact of COVID-19 as it is one of many influencing factors on online fashion sales.*



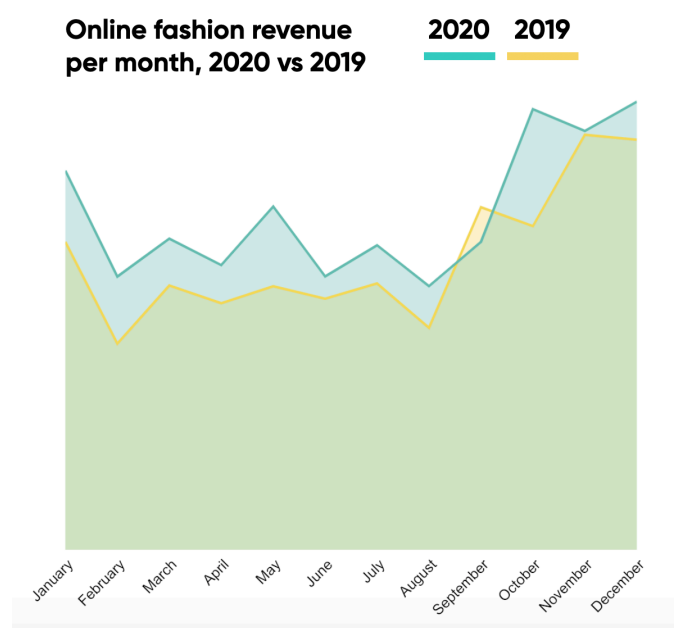
Fashion e-commerce sales grew at a robust 15% in 2020 amid a historically challenging year for fashion overall.

While brick and mortar fashion sales dropped 20-40% globally and in Japan in 2020, online sales continued to grow..

With Japanese fashion e-commerce typically growing 10-15% per year, the 15% growth rate of 15% in 2020 would generally still be on the high side. The key point, however, is the fact that the ratio of online to offline fashion sales exploded in 2020 amid around a 30% drop in offline fashion retail sales.

Online sales currently make up around 25% of total fashion sales in Japan, doubling from 2019.

Online fashion revenue per month, 2020 vs 2019





The average item of our clients price actually grew by 5.9% in 2020



+5.0%

Average order value, YoY



+5.9%

Average item price, YoY



-1%

Average number of items per order, YoY

Online fashion order values in 2020 compared to 2019

It was expected that the volume of online orders would grow in 2020 amid the COVID-19 pandemic, and it has. But interestingly, shoppers are also buying slightly more expensive items, with average item prices increasing by 5.9%. We believe this is partly due to a shift towards buying more accessories that tend to carry a higher item price, a trend that we examine further in the category analysis.



Early morning and late night shopping has taken a dip – hinting at a better work life balance?

2020 saw a shift towards daytime and early evening shopping.

While the time just after dinner continues to be the strongest performer for online fashion shopping, late nights and early mornings are seeing clear dips in fashion sale volumes. Instead, shoppers are opting to conduct their fashion shopping more during the daytime, with all periods between 11AM to 10PM increasing their share of purchases from 2019.

More time spent at home during the daytime, along with changes in commuting and working hours, could be leading shoppers to make their purchases earlier in the day.

Share of online fashion revenue per time of day, 2020		YoY change
4:00 AM	0.7%	+2%
5:00 AM	0.7%	-5%
6:00 AM	1.1%	-8%
7:00 AM	1.9%	-7%
8:00 AM	2.9%	-3%
9:00 AM	3.6%	+2%
10:00 AM	4.3%	-3%
11:00 AM	4.8%	+5%
12:00 PM	5.2%	+1%
1:00 PM	5.0%	+2%
2:00 PM	5.0%	+4%
3:00 PM	4.9%	+3%
4:00 PM	4.9%	+1%
5:00 PM	5.0%	+3%
6:00 PM	5.0%	+1%
7:00 PM	5.2%	+1%
8:00 PM	6.5%	+5%
9:00 PM	7.3%	+7%
10:00 PM	7.7%	+2%
11:00 PM	8.1%	-5%
12:00 AM	4.7%	-13%
1:00 AM	2.8%	-6%
2:00 AM	1.6%	-7%
3:00 AM	1.0%	-5%



Online fashion consumers refuse to abandon weekend shopping

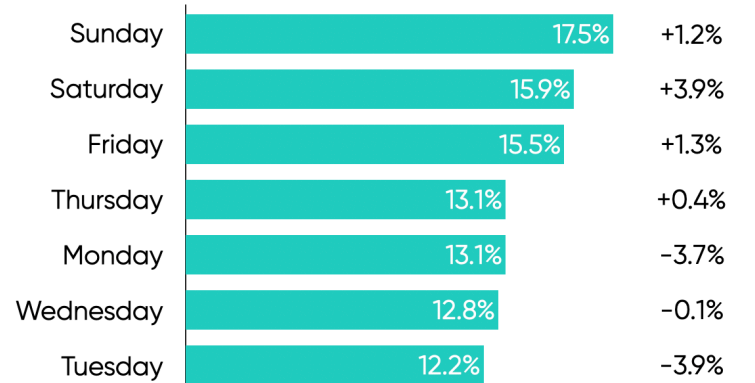
Weekend shopping stays strong in 2020.

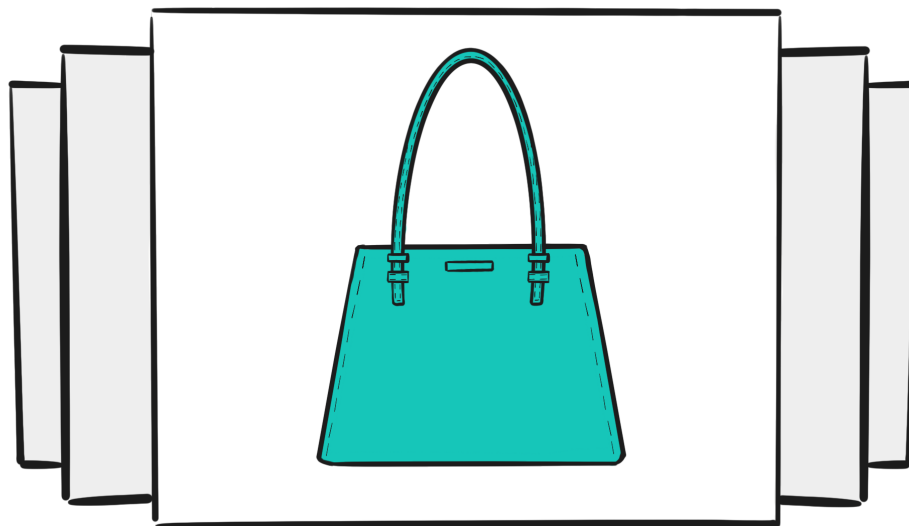
Online fashion shopping, similarly to offline shopping, typically sees higher concentrations on weekends.

Although many would have predicted the focus on weekends to diminish during the COVID-19 pandemic, the trend of shopping on weekends was actually further strengthened in 2020.

Fridays, Saturdays and Sundays all saw an increase in their share of online fashion purchases.

Share of online fashion revenue per weekday, 2020





Gratifying and easy to buy online - accessories are the hit items of 2020.

Two major categories of trends could be spotted during the pandemic.

The first was the major boost for accessories such as bags, wallets and clutches. These are categories that are typically easy to purchase online, while also being highly gratifying items for the shopper.

Another interesting trend we observed was a drop in female outside wear such as dresses, skirts, and coats, while more casual wear like t-shirts and tops saw large a large increase in growth.

Online sales growth per category in 2020 vs 2019



+20%
Bags



+46%
Wallets



+36%
Clutches

↗ **+21%** Tops
↗ **+20%** Pants
↗ **+14%** T-shirts

↗ **+12%** Sweaters
↗ **+10%** Shorts
↗ **+5%** Tunic

↘ **-28%** Coats
↘ **-17%** Dresses
↘ **-8%** Skirts



What does this mean for the future of fashion e-commerce?

2020 brought some unexpected and historically unprecedented challenges to the fashion industry ecosystem.

It has also been a catalyst for changes in the way shoppers engage with fashion in general, particularly online.

The biggest change in fashion shopping behavior was also the most expected: **where people mainly shop** has changed, with the online channel growing amid a huge drop in revenue for brick and mortar retail.

This has caused the share of fashion that is purchased online to double over the year - from around 12% to what we estimate to be around 25%.

This is still significantly lower than current levels in Europe and US which indicates to us that this is merely the beginning of a shift in which Japanese fashion retail has been lagging.

We have also seen that shoppers are distributing their purchases differently First, in the term of **when people shop**, with shoppers spreading out their purchases more over the daytime while cutting back on very early morning and late night shopping.

What people shop has also been affected, in both expected and somewhat surprising ways.

It was no great surprise to anyone that the demand for fashion often worn outside the home like dresses and coats took a dip while demand for t-shirts, tops, shorts, of clothing likely to be worn at home increased.

However, with many consumers pent up at home, possibly looking for comforting and highly gratifying items that are easy to buy online, we also saw a trend towards growing sales of accessories such as bags and wallets.

As shopper's demands continue to change, and a new group of shoppers enter the online market for the first time, retailers cannot afford to be complacent in understanding and catering to their customers' needs.

Expectations for shopping experiences and services will continue to grow.

Finding the right guidance before a purchase will be key for shoppers who have just recently shifted to online shopping.

We truly believe that the services offered by Virtusize – from fitting services to fashion discovery – will continue to pave the way in the ever-changing Japanese fashion industry.

We very much look forward to supporting our partners, current and future, in creating the next generation of shopping experiences together.





Stay safe, stay connected.

 **VIRTUSIZE**