



The Fashion Retailer's Guide to Ecommerce.

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Introduction

The Fashion Retailer's Guide to Ecommerce.

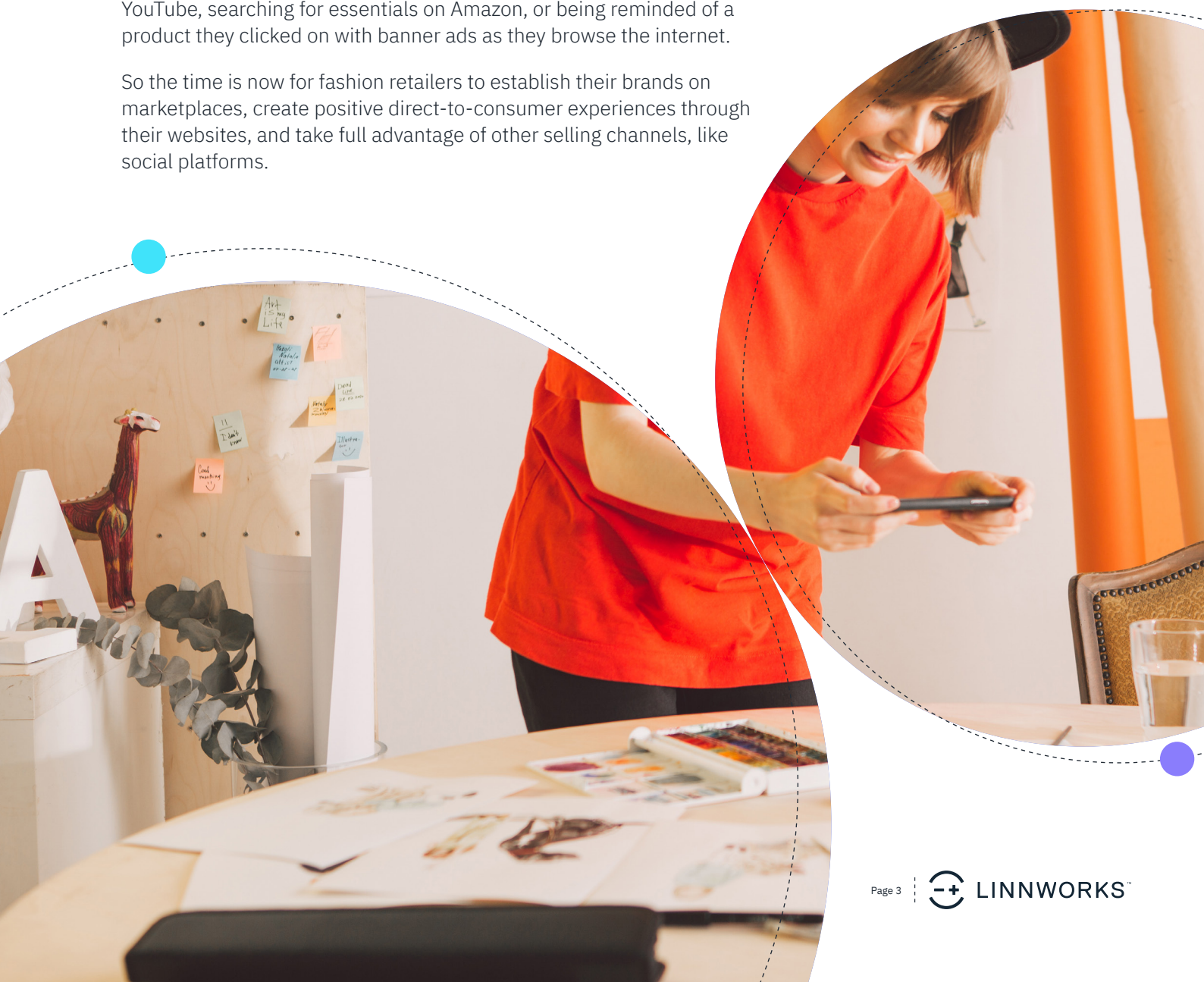
The global fashion ecommerce market is only growing.
The market is expected to hit \$1.164 trillion by the end of 2025.

But to capture your share of this growth, you must understand who your customers are and be where they want to shop.

Customers want to be able to purchase products easily and conveniently — 76% of customers even said convenience is their top priority when selecting a retailer, according to a recent consumer [research report from Linnworks](#).

Customers are influenced to buy in the channels where they spend their time — this could be scrolling through Instagram, watching a tutorial on YouTube, searching for essentials on Amazon, or being reminded of a product they clicked on with banner ads as they browse the internet.

So the time is now for fashion retailers to establish their brands on marketplaces, create positive direct-to-consumer experiences through their websites, and take full advantage of other selling channels, like social platforms.



How and Where Consumers Discover Products in Fashion.

In today's effortless economy, consumers discover and buy fashion products where they spend their time online. Let's explore the different channels.

Social Commerce.

According to **recent consumer research** from Linnworks, 70% of consumers shop while multitasking, and more than four in five shoppers like shopping on social channels.

Social platforms offer fashion shoppers targeted advertisements, personal connection to brands with engaging content, and recommendations from influencers and friends.

There are multiple ways **to win at social commerce**. You need to produce quality content with visual appeal to attract an audience. Additionally, your social presence should provide value and tell stories to connect with customers. This feeling of connection encourages brand loyalty. Another part of a winning social commerce strategy is fast response times to customers when they reach out on social media.

As a fashion retailer, you should use data from browsing and purchase history in addition to demographics to understand your customers and create personalized journeys for them. Understanding your brand performance and insights across the social platforms you're on is vital to maximize selling.

With that said, here's an overview of the opportunities to reach your target audience via social commerce:

Instagram

Instagram Shopping enables you to sell your products while telling your brand story. Customers can browse products and purchase them without ever leaving the app.



Product reviews and unboxings with the option to **buy directly on the app** with Buy on Google.

FACEBOOK

Facebook Shops offers your customers curated storefronts designed exclusively by you. Customers can organically discover your products through Facebook and they can then purchase these products directly in the app or on your website. You can even communicate with customers through Messenger to answer questions and offer support. When you set up a Facebook Shop store, you can sell to customers on both Facebook and Instagram.



Shoppable Pins provide users with a place to discover products. In May 2020, the company launched **The Shopping Spotlight** program, which features recommendations from Influencers on Pinterest and publishers in fashion and lifestyle. The company continues to create seamless shopping experiences for customers.

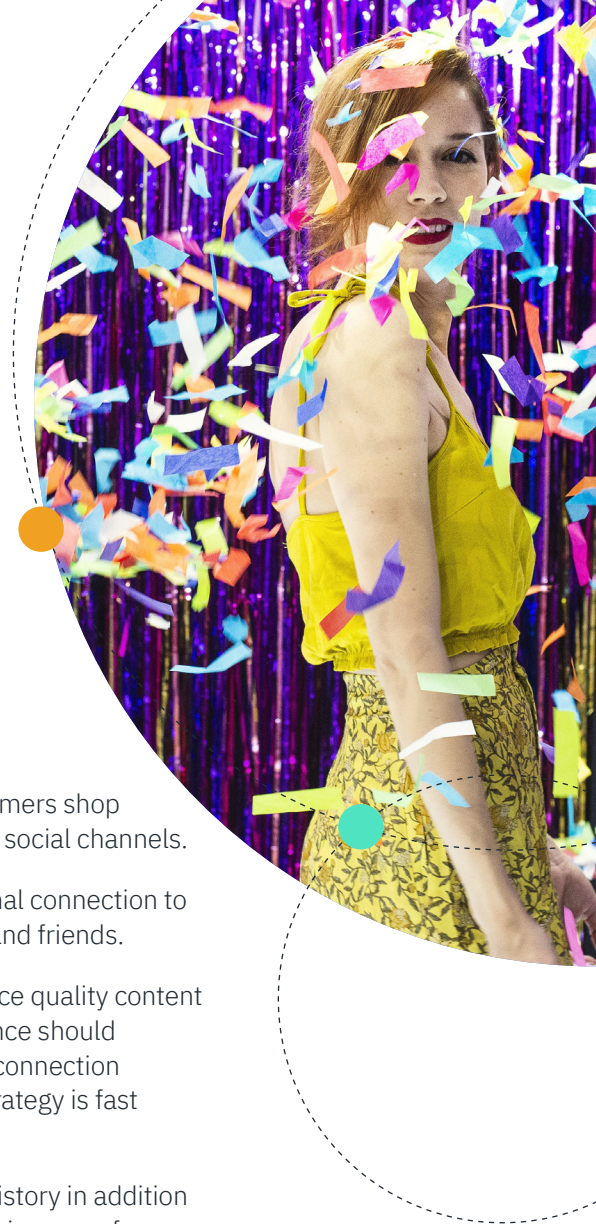


Snapchat

Clothing and accessory **immersive shopping** happens directly on the app.



TikTok is **adding social commerce features**. It's testing a feature that connects advertisers with influencers and features a "Shop Now" button in influencer videos.



How and Where Consumers Discover Products in Fashion.

Getting in front of the right audience on social media.

Keep in mind that different social platforms appeal to different audiences. So choosing a platform based on where your target audience is spending their time is a good idea.

Facebook has a large baby boomer audience and even **37% of the “Silent” generation**, those born before 1945, are on Facebook. Still, the largest age group on Facebook and Instagram is 25-34 year olds, **according to Sprout Social**. Pinterest’s largest age group is between 30-49. Snapchat and YouTube skew younger, with Snapchat’s largest age group 13-34 (75%) and YouTube’s at 15-25.



Livestream shopping and influencers.

Livestream shopping is a rising social commerce trend that puts you in front of the right audience. It’s already **gained traction in China** and is being tested by US retailers **like luxury department store Nordstrom**. By live-streaming fashion products, you offer your customers engaging content that connects them to your brand with the convenience of real-time communication while they’re looking at items and ready to purchase.

Influencers are another way to get in front of and engage the right customers. Influencers affect customer behavior when it comes to purchasing. While not a new trend, the global fashion influencer marketing market size is predicted to hit **\$9.2 billion by 2026**. And 89% of marketers believe in the effectiveness of influencer marketing, according to research from **SocialPubli**.

“With our fashion clients, it’s really important to make sure the imagery and language used are evocative of the customers themselves, while still remaining true to the brand standards. These are lifestyle products, so they need to be emblematic of what customers respond to in their everyday lives.”

“Oftentimes we see fashion brands attach stodgy, inaccessible wording in their social posts, which only alienates their customer base. You have to be true to your brand standards while making sure it resembles how most of your customers actually talk. Make sure the imagery captures a lifestyle that’s aspirational but still somewhat relatable.”

Eric Yonge, CEO and Creative Director, **EYStudios**



How and Where Consumers Discover Products in Fashion.

The Marketplace Opportunity.

According to Linnworks' research, 91% of consumers will start their shopping journeys directly on a marketplace for convenience. You need to be where customers are starting their journeys.

Marketplaces are only growing — and fast. **According to research from Mirakl**, in Q4 of 2020, marketplaces grew by 81% year-over-year. This is at least double the overall growth rate in ecommerce. And from Linnworks proprietary data, there has been a significant increase of 37% of marketplace GMV in Q1 2021 compared to Q1 2020.

While the pandemic has affected the rise of marketplace growth, marketplaces were already popular with consumers and retailers. **Research from McKinsey** shows that marketplaces made up half of global ecommerce before the pandemic. The reason for this is that marketplaces offer consumers the opportunity to buy from multiple retailers at once.

“Selling through online marketplaces within a carefully branded space can really build buzz around fashion retailers. Think about the excitement that rare deadstock from sports brands causes among sneakerheads, or the trend for vintage Laura Ashley – which resulted in dresses selling for more than their original price.

There's also the consideration of brand image. While an online marketplace such as eBay does create an alternative form of distribution with typically cheaper prices, it has the advantage of taking sale stock away from the main website and stores. It helps to protect the full-price label and reach a whole new customer base with eBay's audience of 29 million shoppers.

It's a win-win as these businesses benefit from a better margin, while helping to reduce unnecessary waste. We think that giving brands a place to sell their excess inventory and end of lines is just as important as second-hand to the circular economy, saving stock from landfill, and helping companies recoup some of their costs at the same time.”

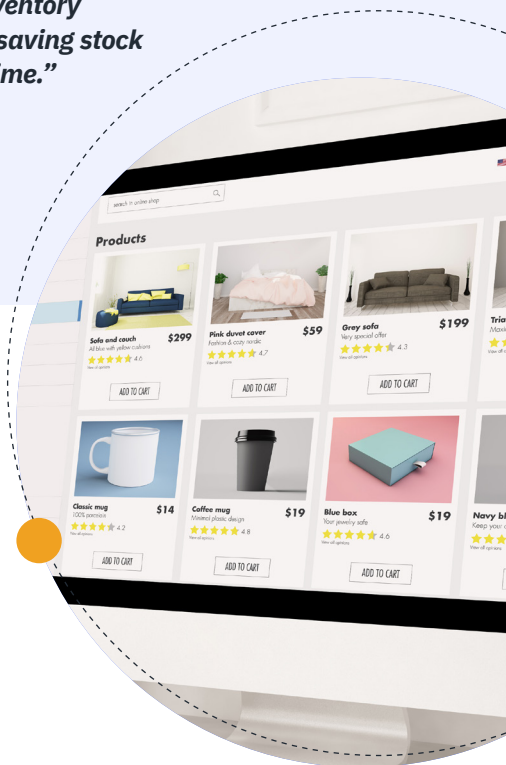
Jemma Tadd, Head of Fashion, **eBay**



Examples of popular marketplaces include Sears and Fruugo, which sell various products across departments such as clothing, electronics, shoes, housewares, jewelry, and more. There is also the popular fashion-specific marketplace ASOS. Other fashion-specific marketplaces to consider are Wish, Tanga, and Zalando.

The benefits of marketplaces:

- Offer consumers a variety of product offerings.
- Well-built search algorithms and convenience.
- Give fashion retailers access to a large audience.
- Provide customers an additional opportunity to find out about your brand.
- Retailers can test out new markets.



How and Where Consumers Discover Products in Fashion.

Direct to Consumer (DTC).

Lululemon is an example of a brand getting customers to come directly to it. According to a report by Diffusion PR, 2 in 5 Americans know of at least one DTC brand. Of those, in the past year, 7 in 10 have purchased from a DTC brand at least once. DTC keeps costs down for the fashion retailer and lets the brand own the entire customer experience. This creates more loyal, lifelong customers.

While DTC through your own website is a selling channel you should focus on, it's also important to tie it into your overall selling strategy with marketplaces, social commerce and in-store experiences. This strategy allows you to sell in the places your customers are shopping and reach a wider audience. You might find that DTC is better for your brand over time. For now, it's important to test out and expand into different channels especially as you grow.

“Selling direct-to-consumer (DTC) allows for a clear line of communication with your customers and gives you control over the entire customer journey, from the moment someone lands on your website until the product is delivered. You can leverage customer data to create personalized experiences on your website, such as product recommendations, or you can send emails to gather post-purchase feedback. Data insights like these help you get to know your customers first-hand, which ultimately increases engagement and builds brand loyalty over time.”

Meghan Stabler, VP of Product Marketing, [BigCommerce](#)



For more information on selling channels, download [The Linnworks Total Commerce Guide to Growth](#).



Selling Internationally.

There is an opportunity to expand your business internationally. You just need to determine if there is a demand for your products on an international level. If requests are coming in from customers in other countries for your products then that is a clear sign you should expand.

According to Digital Commerce 360, 51% of consumers across 40 international countries plan to make cross-border purchases in 2021. Cross-border selling opens brands up to an even wider audience.

A good way to begin selling internationally is to focus on growing across multiple marketplaces. Online marketplaces offer assistance with logistics, a ready-made customer base, and low-investment testing of products in a new market. Source: [Digital Commerce 360](#)

Jason Stuckey, GM for Linnworks North America, says, “We talk about global ecommerce and the reality is that prior to covid, global ecommerce really wasn’t there. It really wasn’t strong. In the US in particular only about 4% of sellers sold cross border before the pandemic. It’s important for sellers to pay attention because cross border opens them up to a larger audience and more sales, but you need to be prepared for it.”

It’s important to familiarize yourself with [international shipping and product regulations](#) before you begin selling cross border, especially in a post-Brexit world.

Sellers now need clear customs declarations when shipping products across the European Union. These need to include:

- A VAT number for the country where you are storing the product.
- Registering for an [Economic Operators Registration and Identification number](#) (EORI number) for customs purposes. It’s also essential to familiarize yourself with the International Commercial Terms laid out by the [International Chamber of Commerce](#).
- Contracts and International Terms and Conditions of Service (Incoterms) must be amended to reflect that your business is now an exporter.
- Country of Origin information.
- Harmonized Systems Codes to determine the level of duty and import VAT on your products.
- Licenses and certifications.

More information can be found in [Linnworks guide to Brexit for ecommerce businesses](#).



How to Succeed in 2021 and Beyond.

For fashion retailers, scaling success in multichannel ecommerce means a higher volume of orders and more inventory, shipping, and logistics to manage. Controlling these aspects of your business across all selling channels is complicated but vital to growth.

To succeed in 2021 and beyond, fashion retailers need to connect commerce across all channels and platforms by investing in a total commerce management solution like Linnworks. A solution like Linnworks will help retailers like you manage your orders, coordinate shipping, and delivery efforts, and trace stock and inventory across multiple channels, from one place, to maximize growth.

Automation.

A total commerce management system will allow you to automate as much of your workflow as possible. The more channels you have and the more stock you sell, the more room there is for human error. Automating processes such as inventory management, shipping, and returns helps mitigate the risk of error and leaves more time for you to focus on other aspects of your retail business.



Inventory Management.

Overselling items by accepting orders that are no longer in stock is one of the most challenging aspects of multichannel fashion retail. **Inventory management software** synchronizes orders and inventory across all of your marketplaces and channels. Because the stock levels are adjusted each time a customer purchases an item, it prevents overselling and stock-outs. As a result, the products listed across all of your platforms and channels will always accurately represent the physical products in stock.

Another challenge faced by retailers is the rapid evolution of fashion trends. Using an inventory management system can help you predict the correct amount of inventory your customers are likely to purchase at any given time with data trends and models. Having the right amount means less deadstock sitting on the shelves in the future. This is especially beneficial after an item is no longer in fashion.

In addition, unlike electronics or kitchen appliances, fashion retailers also allocate seasonal inventory. Understanding data trends and modeling will assist you in determining how many specific seasonal items you'll need in stock before your customers begin looking to purchase them during a particular season.

Many fashion retailers also offer customers the option to buy online and pick up in-store. While this helps create a **world-class customer experience**, it requires strategic and accurate inventory management. In order to reflect what consumers can pick up in the physical store, the products listed as available online must be reconciled in real-time with a total commerce inventory management system to avoid over-selling.



How to Succeed in 2021 and Beyond.

Shipping.

Using a shipping management system can help you select the best fulfillment method for your sales — regardless of platform or channel. With the right [shipping management software](#), you can designate carrier services based on predefined criteria (such as warehouse location, product information, and selling channel) to maximize your shipping efficiency.

It's important for growth to select a shipping management system that integrates with 3PLs or third-party logistics companies. 3PL is the use of a third-party service to outsource the distribution, warehousing, and/or fulfillment of its products.

3PLs are beneficial because they save your company time and money and improve the customer experience. 3PLs have multiple fulfillment centers. This means your product is physically closer to more of your customers. The close proximity makes shipping faster and less expensive for you — when a product sits in a fulfillment center near the customer, it can be shipped by ground transportation as opposed to air transportation.

The faster the shipping, the more satisfied (and loyal) the customer. **Ecommerce trends** highlight that 61% of consumers prioritize brands that offer next-day delivery. Meeting these fast shipping expectations can help create a **seamless customer experience** after your customers have already made a purchase.



Returns Management.

Because consumers expect convenience at every touchpoint throughout their buying journey, returns are no exception.

To make returns easier on the consumer, 72% of consumers are influenced by a return policy, **according to research from Linnworks**. A good return policy can turn a prospective customer into a lifelong one — and lifelong customers help your business grow. To keep your customers coming back, you need a **frictionless and straightforward returns policy**:

- Make your returns policy easy to find on your website.
- Personalize a returns policy to your business and audience.
- Be straightforward and use keywords for SEO.
- Make it easy and avoid phrases like “you are required” or “you must.”
- Be clear about what the customer can expect: store credit or a return of their money?
- Educate all employees across the company on your returns policy.

There are **significant costs** associated with returns for fashion retailers. More than just a shipping label, returns require transportation, labor, and reselling. When creating your policy, consider these logistical costs.

Suppose the product a customer is returning is inexpensive enough that the cost of the return outweighs the cost of the product itself. In that case, it can be more cost-effective for you to allow the customer to keep the item rather than wasting resources on a complicated return.

There are ways to help minimize returns. You can take actions to help customers find the right fit for them when shopping online with sizing technology. For example, you can create a virtual fitting room on your website and have the customer answer questions to help her find the right size. There are companies like **Fit Analytics** that provide accurate sizing recommendations to shoppers across the globe.

Returns are difficult to manage, but returns are unavoidable — fashion is personal and emotional and seeing a product is not the same as trying it on. Having a returns management solution in place will help you avoid unnecessary losses.



How to Succeed in 2021 and Beyond.

The future of online fashion retail.

Linnworks predicts that the future of fashion brands includes expanding in channels where customers are shopping. Every selling channel gives retailers opportunities to engage with and sell to customers, meeting customers where and when they want to shop.

In addition to expanding sales channels, **customization is also in the future** for fashion brands. For example, Ralph Lauren's chief innovation officer David Lauren has a goal to let customers create their dream products from scratch. The fashion brand recently started to give customers the opportunity to create their own custom Ralph Lauren Polo. Currently, Ralph Lauren is developing the infrastructure and technology for all garments to be made on demand.

When it comes to social commerce, social platforms like Instagram and Facebook are adapting and evolving to meet the convenience needs of shoppers. Engagement features like livestream and event shopping attract shoppers. For example, **Tommy Hilfiger even sold 1,300 hoodies** in under two minutes during a livestream shopping event in China. 14 million people attended the event. There is no doubt that social commerce will continue to play an ever increasing role in the fashion industry.

Your fashion business needs to be committed to a total commerce strategy, creating seamless and frictionless experiences for customers wherever they shop. Of course, expanding into different selling channels, tracking inventory and keeping up with each channel's operations is difficult to manage. The good news? The process can be automated with Linnworks, a total commerce solution.

