



 **enalito**

# LUXE

A comprehensive eBook on Post pandemic Emerging trends  
in fashion industry with in depth discussion on how to utilize AI Tools  
to recession proof and grow online fashion business



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# Introduction

**"By 2022,  
brick-and-mortar  
retail spaces will  
be little more than  
showrooms"**

**Eddie Machaalani and Mitchell Harper  
(Co-Founders of BigCommerce)**

The fashion industry experienced a tectonic shift in the year 2020, as they stand corrected. According to a WDD survey, more than 50 fashion retailers, including well-known names like H&M, Levi's, and Nike, experienced revenue drops of up to a million US dollars by 2020.

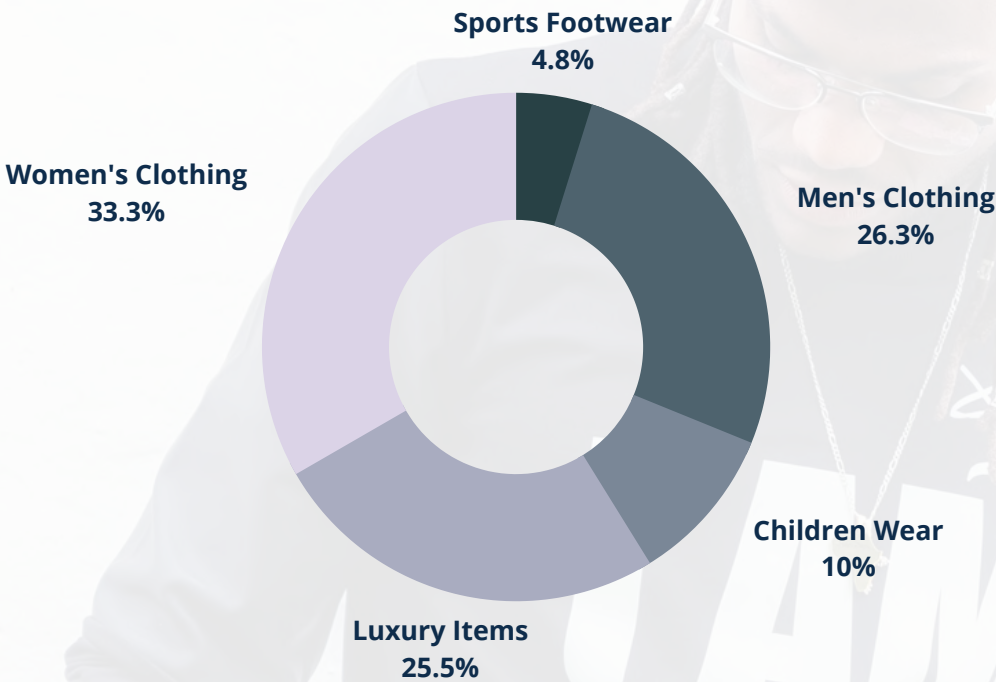
It is difficult to provide a simple explanation for this trend. The decline in sales revenues can be attributed to a number of interconnected factors. These include digital innovation, rapid globalization, and changes in consumer spending habits. And, of course, the covid pandemic bears some of the blame for making the fashion industry more volatile than ever.

We will attempt to present a 360-degree picture of the global fashion industry in this ebook, beginning with industry data, segment-wise growth, covid impact, latest trends, and concluding with a look at some of the major challenges facing the fashion industry.

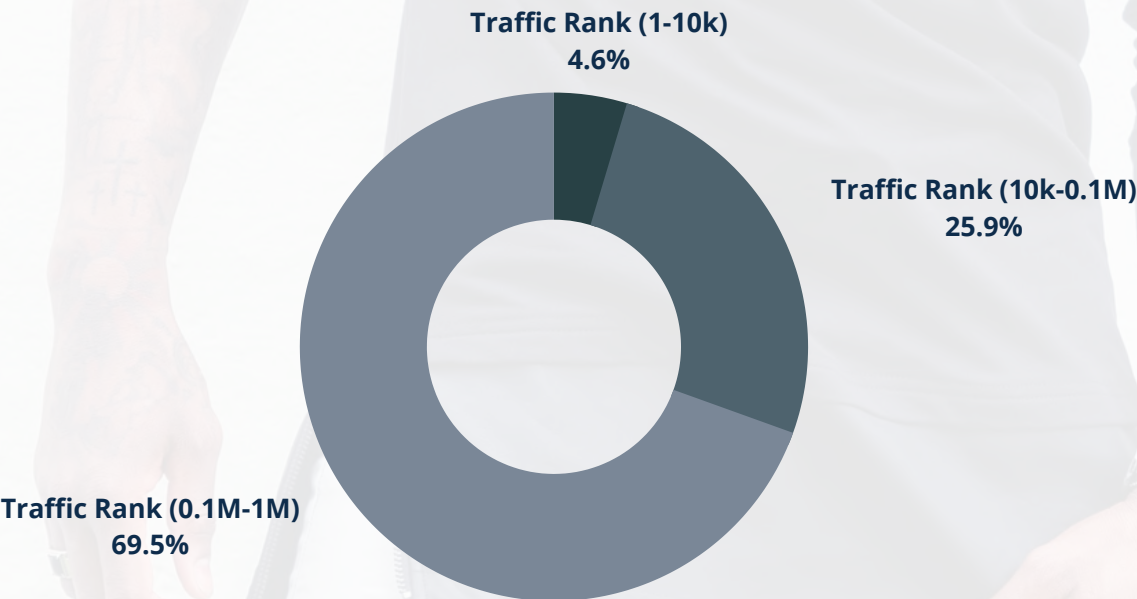


# Fashion Industry-Wide Data

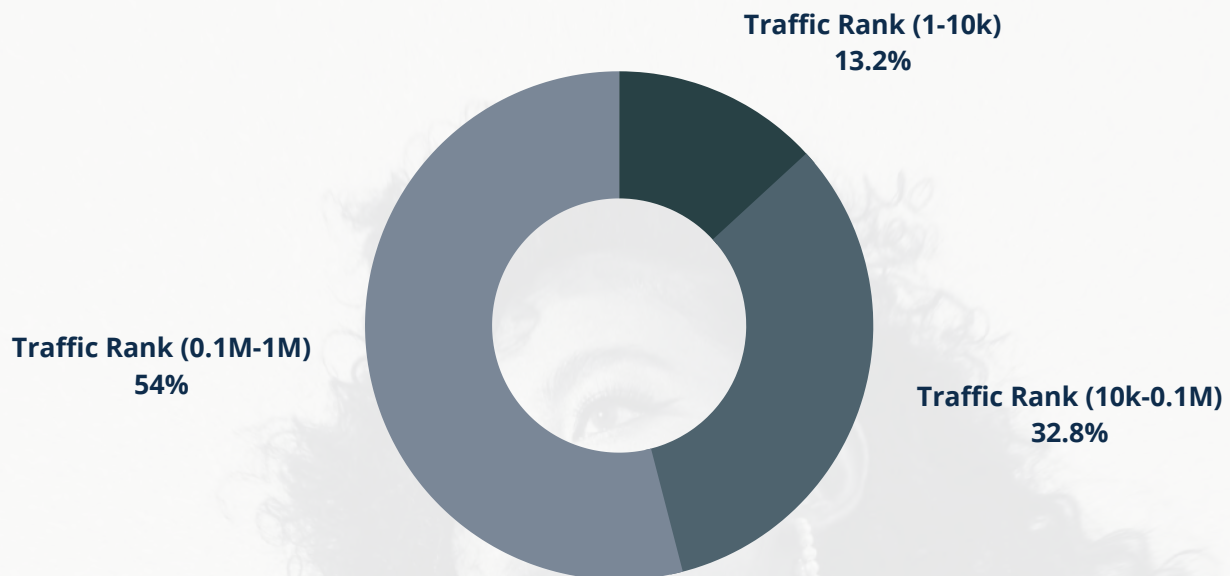
## Segment Wise Market Breakup of the Fashion Industry



*This graph depicts how womenswear dominates the market, followed by menswear, with 35.6 percent occupied by womenswear, 23.7 percent occupied by menswear, 26 percent occupied by luxury goods, 11 percent occupied by children wear, 9.3 percent occupied by sports footwear, and 3.4 percent occupied by bridalwear.*



*Traffic Rank (1-10k) 231, Traffic Rank (10k-0.1M) 1288, Traffic Rank (0.1M-1M) 3462*



*Traffic Rank (1-10k) 369, Traffic Rank (10k-0.1M) 919, Traffic Rank (0.1M-1M) 1514*

The fashion industry is a multibillion-dollar industry that is solely dedicated to fashion. It has been in the market for a long time and has been fiercely competing with every other business. Fashion Ecommerce is one of the modern era's products. It is a vital industry for the entire world. In terms of statistics, the fashion industry is a highly globalized industry worth £62.2 billion.

E-commerce aids the sector in the establishment of stores, the formulation of sales strategies, and the facilitation of customer purchases. Fashion sales increased by 29.9% of total retail e-commerce sales in the United States. It was discovered through a Statista survey. The fashion industry is divided into various segments.

- **Clothing and Apparel:** Clothing and Apparel is one of the fastest growing industries. It must be kept up to date with current and emerging trends. Customers are obsessed with staying current, and their market expectations are constantly changing. This evolution with changing times is frantic but fascinating to the rest of the world. Clothing and apparel are expanding at an incredible rate. This is also among the busiest industries due to the variety of activities involved. Designers, tailors, embroiderers, textile manufacturers, sketch artists, factory workers, store owners, and so on are all included. The market is booming these days, thanks to personalized goods and emails. It has aided conversion rates as well as customer loyalty. The apparel and clothing industry has become conversion-driven, thanks to advanced SEO ranking and email marketing.

- According to the Insights survey, 63 percent of customers may stop purchasing goods from a particular site if it is not personalized. The sector has expanded even further with the addition of Social Media as one of its sales channels.
- **Shoes:** The footwear industry is a unique one. In eCommerce fashion, it's also one of the multibillion-dollar sectors. When we've finished putting together our day's attire, the following question is, "What are we going to wear for footwear?" Shoes are an essential part of any ensemble. Customers spend enough money on clothing, but they also want to own a pair of shoes, sandals, and other footwear, so they spend money on it. Shoes, sneakers, sporting shoes, luxury, athletic, and other types of footwear are all included in this section. It is not gender-specific; each gender has their own footwear selection. When we talk about women's heels. It comes in a variety of styles and designs, which is also true for men. Aside from trendy sandals, heels, and sneakers, there has been an increase in sports, athletic shoes, and other commodities on the market. This is due to a growing awareness of the importance of leading a healthy lifestyle. In this industry, there is a preference for comfort over style. According to Statista, the worldwide footwear market is expected to be valued at over 365 billion dollars in 2020. Rubber boots, rubber flip-flops, and sports footwear are all in style these days, depending on the occasion and demand.
- **Bags and Accessories:** This group's attention-getters are bags and accessories. When they see a stunning accessory or a bag that catches their eye, they tend to forget about everything else. Customers are flocking to the market for both male and female accessories. Everyone has their eyes on something lovely and valuable. It's also a great place to go if you want to keep your cosmetics and wardrobe simple. As a result, accessories and luggage are the focal points of any outfit. According to Common Thread estimates, ecommerce penetration will rise from 46.6 percent this year to 60.32 percent by 2024, with a +8.5 percent increase in the bags and accessories category. With shifting styles and fashion, millennials have become more interested in accessories and bags. These are the most important fashion trends. In this section, you can choose from a range of possibilities. There has been an increase in potential customers as a result of social media's influence. According to Mordor Intelligence, the global handbag industry is predicted to grow at a CAGR of 4.5 percent over the next five years.

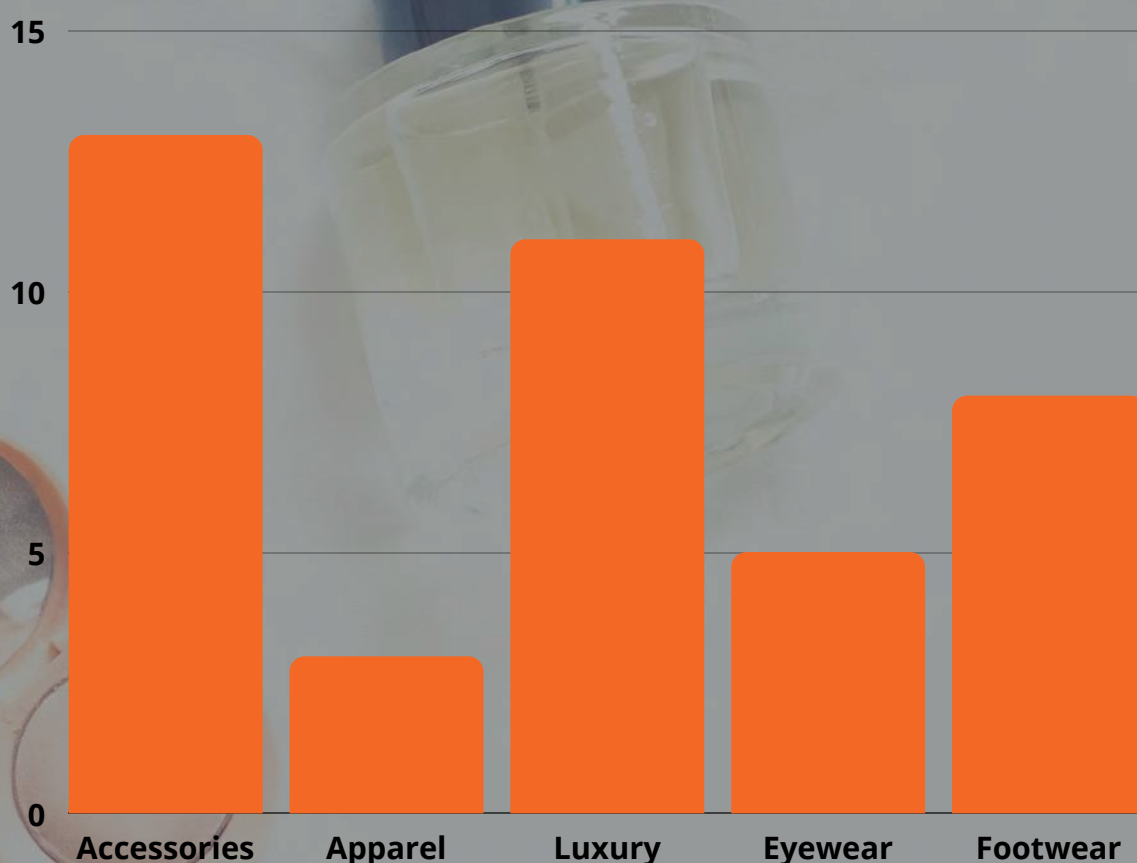


- **Jewelry and Luxury:** Jewelry and luxury goods are purchased by a large portion of the world's population. In the world of fashion, price is also a factor. It's all about exclusivity and customization. These days, jewelry is made using a computer-aided design technique, which results in very expensive prices. However, the benefits are well worth the work. There are many people who are obsessed with rare materials and high-priced items. Customers are drawn in by the beautiful designs of the jewelry. The demand for high-quality jewelry is a must among affluent clientele. It's not something we'll buy every day, but when we do, it needs to be unique. According to Statista, the total global jewelry market was valued at approximately 228 billion US dollars in 2020 and is expected to reach 307 billion US dollars by 2026.

Fashion trends come and go in a never-ending cycle in the fashion industry. Some trends will appear to be new, while others will look to be old. The best thing is that clients are unlikely to give up shopping. Global Fashion Trends are progressing every day, and are on a path to become one of the most significant E-commerce industries in the world.

# Fashion eCommerce Growth by Vertical

Because of the Covid 19 pandemic, the e-commerce sector has seen trends that deviate from typical growth patterns. This pandemic-induced trend can be seen in the fashion industry. While the industry had been experiencing consistent annual growth for some time, each sector in the fashion industry saw a drop in sales for the year 2020. Here's a chart to help you make sense of this information:



The impact of the Covid epidemic, which resulted in many individuals losing their employment and beginning to rationalize their spending, especially for non-essential products, is the primary cause of this fall.

While the fashion business benefited from the Covid lockdowns and limitations on movement, the fashion industry suffered because a high-performing area of the fashion sector, the accessories segment, which is considered a luxury, saw the sharpest drop in sales.

Despite the dip in 2020, industry experts expect that year-over-year growth trends in the fashion industry will resume.



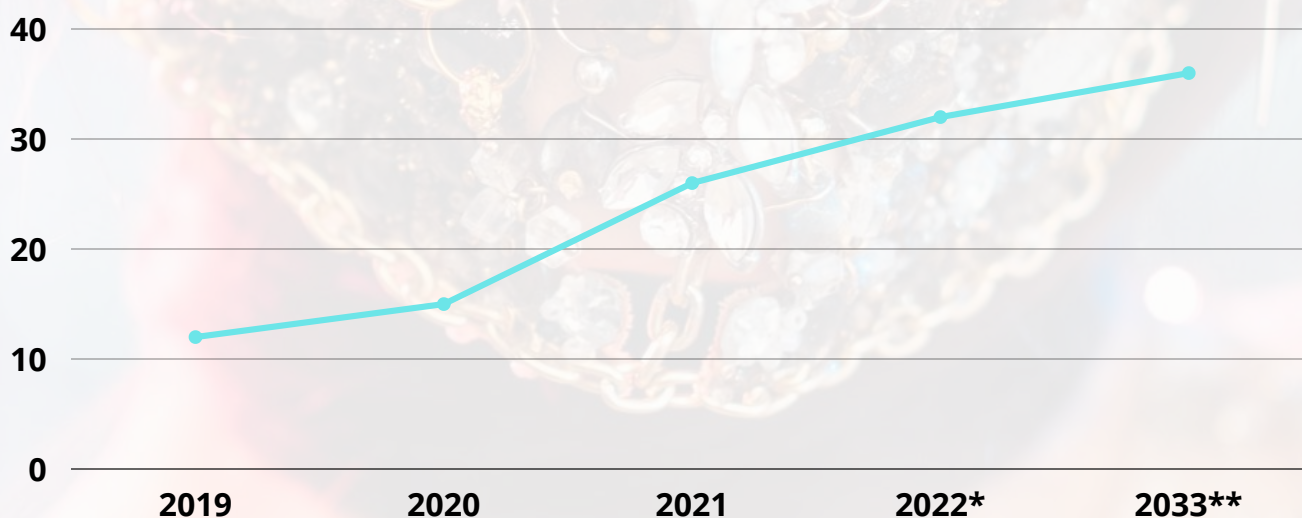
# Impact of Covid Pandemic on the Fashion Industry

The coronavirus outbreak threw the previous year's fashion ecommerce predictions into disarray. Following the implementation of worldwide lockdowns in March 2020, 27% of US consumers stated that they intend to spend significantly less on luxury and fashion goods than they had budgeted for this category previously.

Despite this, online fashion internet businesses have seen a significant increase in sales. During the second quarter of 2020, fashion ecommerce firms like Zalando had a 32 percent–34 percent increase in GMV.

Nearly half of the world's fashion Ecommerce companies have not adjusted their business or sales plans since the Covid epidemic began, possibly as a result of these strong sales results.

Surprisingly, one segment of the apparel retail industry has seen growth: athleisure. In 2018, the athleisure market was worth \$155.2 billion. According to analysts, the Athleisure market would grow at a CAGR of 6.7 percent from 2019 to 2026, reaching \$257 billion.



*Increase in the Athleisure segment from 2019 to 2023 (expected)*

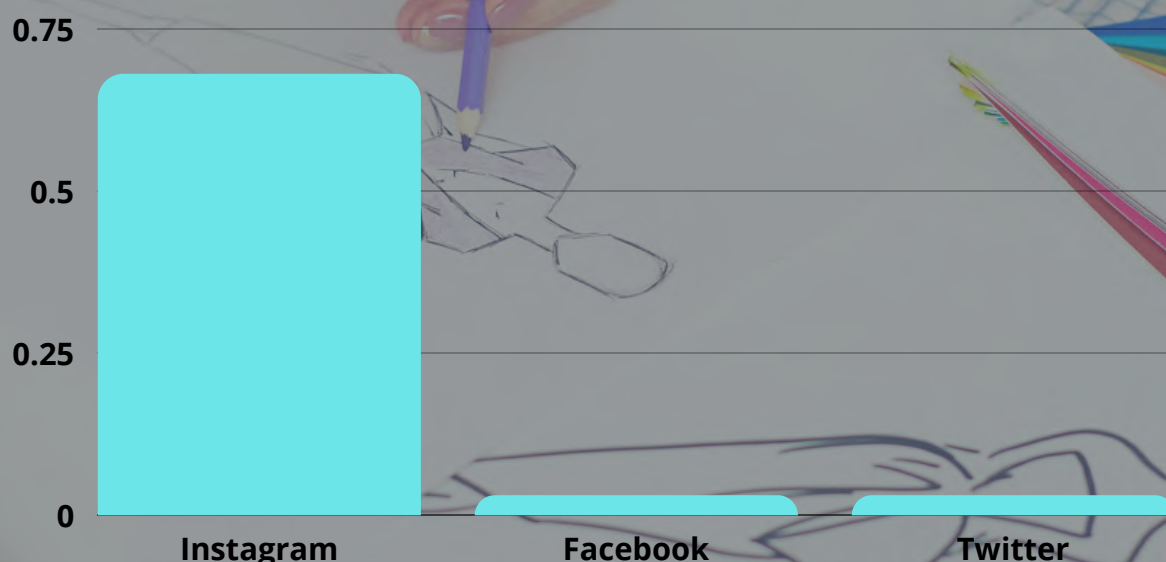
As schools, offline fashion stores, and workplaces closed, athleisure gear was a top pick for a quarter of Americans when it came to how they would spend their money on fashion goods.

Fashion brands who specialize in athleisure have reaped the benefits of the athleisure segment's rapid rise. Nike and Lululemon are two examples.

# Trends in the Fashion E-commerce Industry

## The idea of "Anywhere E-commerce"

Online buying is on the rise, with 60% of buyers indicating they would shop on their phones. As a result, fashion e-commerce businesses must meet clients wherever they are, on their mobile devices, rather than expecting them to stumble upon their website by chance. In the ecommerce world, fashion and social media go hand in hand. Even when it comes to "branded" content, especially on Instagram.



The most successful content portfolio, according to internet marketing experts, comprises a combination of product-centric content, influencer marketing, and micro-influencers in a unified marketing approach. Although it is simple to set up an online store, reaching out to people outside of the conventional box can be difficult. This is where Enalito enters the picture. Enalito has created an artificial intelligence (AI) software product (application) that solves the Choice Overload problem.



When the Enalito app is installed on a web store, it can assist an e-commerce merchant in understanding the shoppers, curating laser-sharp segments of shoppers and the various products, and sending personalized product recommendations and prices, resulting in a dramatic increase in Conversion Rate for E-commerce Businesses.

Enalito organized a summit in 2020 where we brought you all the fashion insights from established industry professionals and entrepreneurs on the panel on Enalito's Changing Shades of Fashion In the UK and US E-Summit 2020.

Here's what we discovered when scouting for "Anywhere E-commerce" : According to Leslie Fong, CEO and Founder of VENIM, fashion is so visual that you can't avoid the usual suspects. You must maintain your Instagram presence. The same is true for Facebook, but the audience is shifting from Facebook to Instagram to Tiktok. When it comes to social media and, of course, YouTube, it is still the obvious platform. In that regard, video is unquestionably the way of the future. Not only should you have a presence in video media, but you should also consider literally transforming your video platform, especially if you are a direct consumer brand. People will become accustomed to this type of interaction.





# 1

## The introduction of digital fitting rooms helps online conversion

For a long time, one of the most common complaints among online purchasers was that they couldn't picture themselves wearing or using the item. As a result, they weren't sure if it would suit them, or even if it would fit them at all.

Fashion brands have been on the lookout for methods to address this problem and encourage more customers to shop online. Although size guidelines and clothing quizzes can be useful in some situations, they are not a one-stop solution to the problem.

The concept of the digital fitting room is the most recent attempt to assist internet buyers with virtual trials of fashion products. Customers can see themselves on the clothing/fashion site and decide if that clothing/fashion item suits them using virtual reality technology in these fitting rooms.

The idea is to create an experience that closely resembles the real testing rooms.

Companies are hoping to take things to the next level by allowing you to submit the same information using your own image instead of typing it in. Augmented reality is a more contemporary technology that can be a powerful alternative to virtual reality. Customers can use augmented reality to look at models by simply pointing their phone camera at any flat surface and viewing them as if they were in the same room. This allows internet customers to have a better notion of product sizes.

# 2

## Omnichannel Strategies

In marketing, an omnichannel strategy entails sending messages to customers via all available channels. Because all channels are linked by the thread of a single brand message, the message remains consistent regardless of the customers being targeted. When the message presented is the proper one, omnichannel tactics have been shown to be highly effective, especially when both online and offline channels are covered.

This technique is effective because it unifies the brand's consumer approach and eliminates any conflicting messages. It also ensures that buyers are reminded of the things they are contemplating on a regular basis, regardless of where they are looking. Click and collect is one of the most obvious and effective omnichannel strategies. Customers can order their favorite products online and pick them up in a physical store using click and collect. This exposes children to both online branding and all of the products available in the store at the time of collection. Customers can also benefit from click and collect because it allows them to skip the real line in a store. Another popular way for bridging the actual and online worlds is to use augmented reality.

This is how you use a QR code- Customers can scan the QR code to acquire additional information. This could include information about a product, a video of it being modeled, or information about when supply is expected to be replenished. When a customer has access to all of this information, it enhances his or her purchasing experience.



# 3

## Growing Prominence of Delayed Payment Options

A majority of customers find expensive purchases on clothing, shoes and other fashion accessories out of their reach. This is especially true when they have to pay that large sum in one go. Companies, however, do not wish to miss such customers, just because they do not have that much money to pay in one go.

With delayed payment options, customers are able to buy an item, and make the payment in a staggered manner over time. Such payment plans that allow users to break down a large sum into smaller installments paid over time are gaining ground among fashion e-commerce companies. When customers are able to pay in installments, companies are bound to gain more sales and conversions.

Such a strategy opens the gates open to a wider range of customers hailing from diverse economic backgrounds.

Installment payments have led to brands forging relationships with customers who were previously too far apart. As more customers now spend more money per shop, the average order value and conversion trends are showing an upward trend. The good news for fashion e-commerce stores is that this trend is now well underway.

This delayed payment strategy is expected to gain traction and even do better than the credit card debt payments method. Hence, the coming years are bound to make the fashion e-commerce market accessible to all.



# Ecommerce Issues and their Solutions

In the e-commerce world of fashion, everybody has their eye on the latest piece. Nowadays, we all shop online. We hop from one site to another in search of the best collection, ranges and discounts. It is very convenient for us to shop anytime for anything we need. Fashion and Lifestyle have taken a jump in the business world. But do we know how much effort is given in the making and prospering of a fashion e-commerce business? Well, there are many challenges and struggles along the way.

The challenges faced by the fashion e-commerce industry are very common these days. Although the problems are common, some companies are not able to figure out their issues. In spite of figuring out the issues, they don't know how to solve them. Here are some of the challenges faced by the fashion industry in e-commerce work.

## 1. Enhanced Buying Experience



With the changing world, the fashion industry has to also keep up with the pace of customers' expectations. Previously, customers were looking for quality products and focused more on brands and their quality. Currently, the scenario is completely different. Apart from brands, customers now consider the value of delivery and packaging. They expect a quick delivery that fits into their schedule. Ecommerce customers expect the packaging of Fashion Ecommerce Stores to also include a return policy. According to Meredith Cantwell, Graphic Designer at Hari Mari, a footwear and apparel brand, being smaller allows you to be more nimble. If your company expands too quickly, you may find yourself stuck in a decision you made 10 years or two years ago. That is the only path you can take.

According to Invest, in comparison to 8.89 percent in brick-and-mortar establishments, 30% of all products ordered online are returned. If the product return process is simple, 92 percent of consumers surveyed stated they will buy again.

**Here's a solution:** Organize your e-commerce store in such a manner that it meets the customer's demands. Put your efforts into the delivery process. Make sure the products have the return option. After all, Return Policy is the biggest hit these days.

## 2. Return rates are high owing to size concerns



This is a very common yet complicated problem for the Fashion Ecommerce Business, particularly with apparel. Customers tend to choose clothes with sizing issues. This occurs with women's clothing more in comparison to others. Clothing that is ill-fitting results in a higher return rate and a higher refund rate. Most e-commerce stores face this issue to such an extent that almost half of all online shoppers in the U.S. purchase multiple sizes of a product, only to return some of them. One of Narvar's surveys in 2019 revealed this.

Stores can install a size solution such as 3D scanning, and a visible size display can be placed on every item.

## 3. Sustainability with the products



There is an increasing need for a transition to sustainable fashion due to the negative impacts of the fashion industry on pollution, water use, carbon emissions, and the environment in general. Additionally, customers are shifting to sustainable products. It cannot be accomplished in a click and requires time, but action should be taken as soon as possible. Almost 73% of millennials are willing to spend more on eco-friendly products, according to a Nielsen study.

Here's a possible solution to this challenge: Switch to eco-friendly products. For Fashion Ecommerce Sustainability, this is the best solution. By starting with hybrid products, which are a mix of regular products and sustainable products, you can start the process. Later on, you can switch completely and then you can see the boom in conversion rates.

Co-owners of the online jewelry shop Enalusa, a carbon neutral company, discuss how, beyond the personal aspect of climate change and environmental protection, Adam witnessed the crazy shift that online was taking over retail and how younger generations associate this with the growth aspect of going carbon neutral.



The jewelry industry is a significant part of ecommerce, and there is plenty of room for expansion. According to David, there is no single way to achieve carbon neutrality. In terms of themselves, they made certain that everything from sourcing to manufacturing to shipping is done in an environmentally friendly manner. He believes that it can be costly, but it is part of their company's mission. He talks about how big companies like Pandora promise to go carbon neutral in the next five years, but they want to do it right away. He believes that everyone, especially the fashion industry, should be doing this. To further promote their ideas and vision, they launched a fundraising campaign – United Together, selling bracelets that represent dependency.

Consider Jay Barton, who was named one of Forbes' 30 under 30 in the category of Fashion Ecommerce in 2020. Jay Barton founded ASRV Sportswear in 2014 after becoming dissatisfied with the lack of men's athleisure. In its first year, sales surpassed \$750,000. He now has a full line of performance athletic apparel with a streetwear aesthetic that has a cult following (Instagram followers: over 1 million) and allegedly generated \$18 million in sales in 2020.

As part of its new winter clothing line, sportswear company ASRV launched its first-ever non-fungible token collection in January 2022.

The apparel startup released 60 unique NFTs on OpenSea and gave them to the first 60 customers who purchased its \$348 special edition winter jacket. According to the company, the items sold out in minutes. Barton sees NFTs as a way for the company to participate in Web3 evolution as well as a tool for cultivating a more involved customer base. This states the importance of keeping up with trends.

Needless to say, fashion ecommerce is expanding and changing at a breakneck pace, and as technology advances, this pace will only accelerate. This is exciting for the industry because traditional fashion retailers can now expand their reach beyond brick-and-mortar stores to ecommerce sites that approach customers all over the world.

It can be difficult to keep up with the ever-changing trends and the rising opportunities that come with significant challenges.

However, you can improve your customers' digital journeys by studying recent trends, successful brands, and providing stellar customer service with our assistance. Visit [www.enalito.com](http://www.enalito.com) for more information on E-Commerce related queries.





Enalito was founded by Mr. Anand Katakwar (IIT-B, 1987 Batch) and Mr. Amit Koshal (Engineer and lawyer) in June 2019. Using the Artificial Intelligence & Machine Learning platform, Enalito has built a B2B SaaS product which assists small and mid-sized ecommerce businesses (e-retailers). Enalito empowers CEOs, CTOs, CMOs, eCommerce Directors, Marketing Managers, and other key business stakeholders in an e-commerce company and helps them make informed business decisions. When the Enalito app is installed on a web store built on Shopify, Magento, Woo Commerce, etc, Enalito can help an e-commerce merchant to do magic within their e-commerce business.

***For more information visit our Website:***  
**[www.enalito.com](http://www.enalito.com)**