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ANNOUNCEMENT

The fashion shift: a radically different Women's Fashion category following the pandemic

The IADS and NellyRodi regularly take stock on the new trends induced by the Covid-19 pandemic through a series of monthly product category workshops. Their last one, which also hosted IMG members, was dedicated to Women's Fashion and highlighted the difficulties experienced by this category.

Fashion sales decreased by -20% in Europe and -23% in the US from 2019 to 2020, and the recovery is not yet in sight in 2021: McKinsey expects European sales to be somewhere between -12% to -24% this year compared with 2020, and between -6% and -16% in the US, with China being the only market to fully recover. Everywhere, the pandemic accelerated trends that pre-existed on the fashion market:

- The increasing digitalisation of the shopping experience, favouring e-commerce,
- Customers massively turning towards responsible, fair and socially committed brands and retailers.

Coupled with the 2020 tourism slump and lack of visibility on the recovery of this retail-essential industry, the situation forced retailers to contain the losses in the fashion category, which represents 21% of the total turnover for IADS members, and 48% for IMG members, by addressing local customers through digitalisation, refreshed instore experiences, and a new product offer.

In 2021-22, Women's Fashion will need to overcome three unprecedented challenges

- The pandemic led to a generalized casualisation of fashion: Whatever the price positioning (Luxury, Premium, Mid-range and Entry level), casual wear is now the most significant part of the business: 63% of IADS members' and 45% of IMG members' businesses. Blurring boundaries between fashion and sportswear, this segment mixes style and comfort, a key factor for remote-working customers during the pandemic. Now that companies start to favour a combination of remote work and in-office days, the casualisation will also impact the office wear segment (23% of the business for both IADS and IMG members): customers from this category will actively look to combine statement pieces ('dress to impress' during the office days) and 'power casual' items for the remote-working days.
- Fashion will become more extreme on both ends. Thanks to the gradual reopening of social activities and functions (ceremonies, parties), it is expected that special occasion pieces (33% of the IMG members' business and 14% for IADS members) will rise again. This, combined with the casualisation phenomenon, leads buyers to expect that the Women's fashion market will stretch even more, both in terms of prices (lower entry level price points, higher luxury prices) and style (more low-key pieces, more extravagant ones).
- Retailers will have to deal with consumer's contradiction. NellyRodi pointed out the self-contradicting customers' behaviour, as they expect retailers to be sustainable and stand for justice, while also expecting speed and constant product renewal at the same time. As a consequence, stores will have to simultaneously cater to the needs of 2 types of radically different customers: the 'compulsive buyer', favouring entertainment and newness, and the 'thoughtful buyer', embracing new responsible trends such as rental or second-hand. Unfortunately, this contradiction is not easy to solve.

Since the e-commerce category's share is between 5% to 16% of the total business, with significant potential (Bain & Company estimates that it should reach 60% in the future), the answer to the customer contradiction has to be digital: retail technology can help create 1-to-1 relationships between retailers and customers,

through livestreams, FaceTime or WhatsApp sales, free 'book online, try in store' services, or in-store curated product boxes sent to top customers & coupled with speedy deliveries.

Brand Panorama

During the workshop, NellyRodi identified 24 brands to watch:

- Illustrating the category transformation: 8 by Yoox, Tribute Brand, Misha Nonoo and Ba&sh.
- Fulfilling CSR requirements: Pangaia, Olistic, Marcia, Universal Standard.
- Focusing on digital: Boohoo, Shein, FashionNova, Sincerely Jules.
- Regional brands going global: Low Classic, N°21, Supriya Lele, Ambush.
- Illustrating pop culture: Recc, Rotate, Louis Vuitton x Riot Games collaboration, Chen Lo.
- Going big on storytelling: Gentle Monster, Kitsey Martin, Sézane, Ganni.

IADS and IMG members also reviewed together the new and/or successful brands from their own assortments: 17 in Luxury, 41 in Premium and 28 in Mid-range segments (list available upon request).

The fashion shift forces retailers to adapt

After months of new customer habits during the pandemic (most notably the work-from-home-induced new habits), growth for the Women's Fashion category will be fuelled online, forcing retailers to build relevant bridges between stores and digital. Department stores will also have to deal with customers' contradictory expectations, from 'slow life' to instant product availability. New opportunities stand in new models such as second-hand, rental and DNVBs, which could represent a way to combine customer expectations, economic necessities, and adaptation to the unprecedented fashion shift that took place during the pandemic.

About NellyRodi

NellyRodi is a consulting agency in Business and Creative Intelligence.

Based in Paris, Tokyo and New York, it is a global reference for foresight applied to industries and services. Our business, based on understanding new consumer standards and new uses, is to support brands, investment funds and institutions on their desirability and performance levers.

Backed by NellyRodi's international future-forward expertise, we not only provide strategic support at the highest levels, i.e. to senior management and investors, but also at the field and operational level.

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About IADS – International Association of Department Stores

The IADS is the most exclusive and oldest professional department store think tank in the world. Its uniqueness lies in the close relationship between its member CEOs, making it a very powerful asset for decision-making at the highest level.

Today, the Association gathers a group of 12 members across the world, all leaders or key players on their respective markets, and represents more than €31bn cumulated annual turnover, achieved through more than 490 stores with 233,000 associates in 19 countries. Members are: Centro Beco (Venezuela), Beijing Hualian Group (PRC), Breuninger (Germany), El Corte Inglés (Spain), El Palacio de Hierro (Mexico), Falabella (Chile), Galeries Lafayette (France), Lifestyle International Holding (Hong Kong), Magasin du Nord (Denmark), Manor (Switzerland), The Mall (Thailand), SM (Philippines).

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About IMG

Founded in 1958, the IMG is an International Association of family owned and managed multibrand luxury fashion retailers.

Today, the Association gathers a group of 10 members across the world: Harry Rosen (Canada), Troelstrup (Denmark), Braun (Germany), Louis Copeland and Sons (Ireland), Del'Oglio (Italy), Santa Eulalia (Spain), Bon Génie Grieder (Switzerland), Oger (The Netherlands), Beymen (Turkey), Mitchells (USA)

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