



Fashion Flash Report.

Fickle yet fashionable:
How apparel consumers
are leading the multi-
device revolution.

SEPTEMBER 2015



Executive Summary



The long and the short of it:

- **Fashion is forward.** The fashion industry is moving to mobile faster than any other retail category, with 33% of fashion purchases now coming from mobile devices.
- **There's no stopping mobile fashion.** Mobile growth is steady at +18% YOY (and up to 37% in the U.S. and 78% in Brazil).
- **Fashion shoppers are device-hoppers.** 43% use multiple devices on the path to purchase, and many purchase on any device (desktop, tablet, smartphone) or platform (app or website) at hand.
- **Fashion shoppers are fickle.** Even the most loyal customers browse multiple apparel sites.

Methodology

These trends and forecasts are based on Criteo's unique pool of online shopping data covering 1.4 billion transactions totaling over \$160 billion of annual sales. Unless otherwise stated, the subset used in this report totals 278 million transactions from 832 fashion & luxury retailers in 12 countries. Retailers included in the sample offer apparel, shoes, accessories, lingerie and/or luxury products.

Mobile commerce in this report excludes NFC/proximity payments.

No one does mobile like the fashion industry

MOBILE RULES FASHION & LUXURY

Retailers in the fashion & luxury vertical have gained more from the mobile trend than other e-tailers*.

Why? Products are easy to purchase on smaller form factors. And fashion retailers have embraced mobile-minded tactics like limited-time and first-come-first-served offers.

MOBILE DELIVERS 33% OF ONLINE FASHION SALES GLOBALLY

In the U.S., mobile's share of fashion sales is **8 percentage points higher** than health & beauty sales and **17 points** above home decoration.

SMALL SCREEN, BIG SPEND

In most countries, the average mobile shopping cart is very close to that of desktop: on average, for \$100 spent on desktop, consumers spend \$94 on mobile.

STEADY GROWTH

Total share of mobile purchases is up +18% since Q3 2014.



Growth of mobile share of sales from Q3 2014 to Q2 2015 globally



+18%

Average mobile share of eCommerce sales in fashion & luxury globally



33%

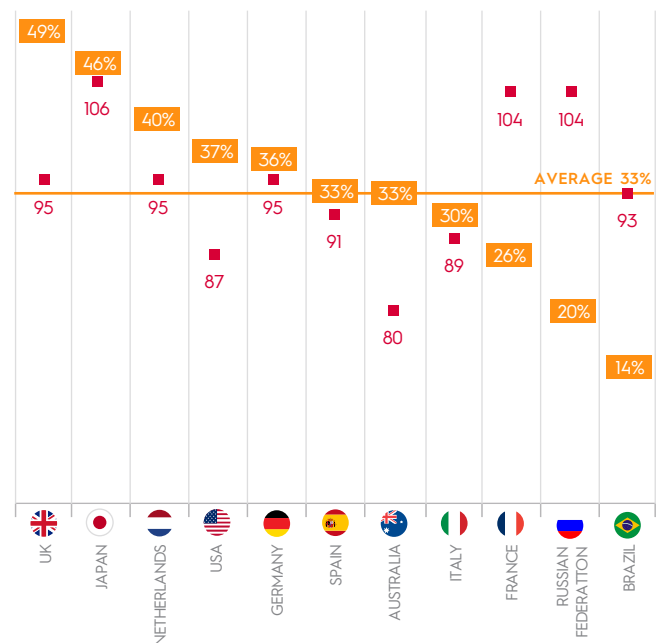
Average mobile shopping cart value vs. desktop globally



94%

Mobile share of eCommerce sales and average shopping cart: fashion & luxury

■ Mobile share of transactions
■ Avg. shopping cart on mobile
(indexed against desktop - 100=avg. cart on desktop)



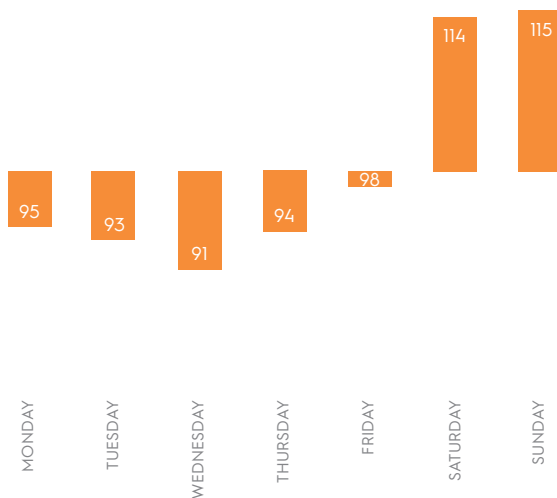
Source: Criteo, Q3 2014 - Q2 2015

Base: 278 million transactions from 832 fashion & luxury retailers

* For comparisons across verticals and much more, please see Criteo's State of Mobile Commerce report.

Slaves to fashion, not platform

Share of mobile fashion sales by day of week (U.S.)**
Indexed (100=weekly average)



MORE THAN OTHER INDUSTRIES, FASHION SHOPPERS ARE PLATFORM HOPPERS.

They increasingly use multiple devices throughout the buying journey: In 43% of purchases, U.S. fashion shoppers use multiple devices to visit the same retailer, against 40% on average across all retail categories.

MOBILE SHOPPING PEAKS ON WEEKENDS.

Globally (except in Japan) mobile shoppers tend to load up on the weekends. Weekend peaks are most pronounced in countries where mobile shopping is still novel.

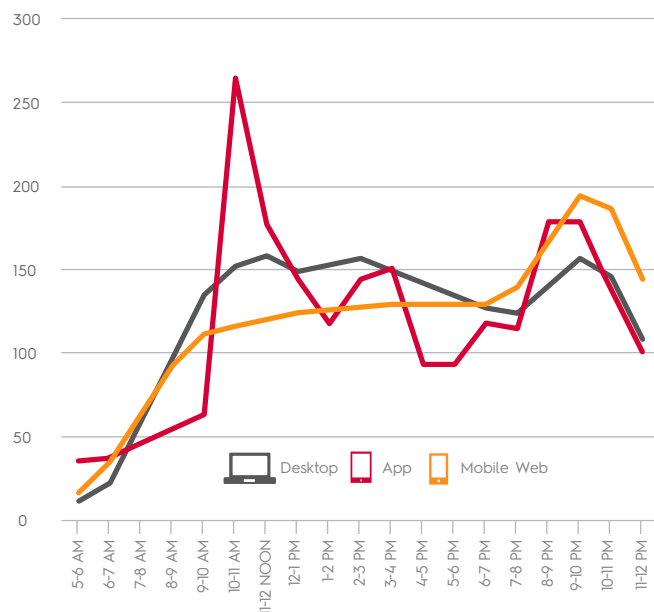
PLATFORM USAGE CHANGES BY DAY PART.

App purchases peak in the morning when shoppers are away from home, time is scarce, high-speed connectivity isn't guaranteed, and limited-time offers are expiring.

Shoppers use the mobile web predominantly in the evening.

Desktop is strongest during office hours.

Fashion & luxury sales by platform and day part***
Indexed (100=average across day parts)



43%

of fashion purchases now involve multiple devices prior to purchase*



* Source: Criteo, State of Mobile Commerce report, Q2 2015. Base: 19 U.S. retailers

** Source: Criteo, Q3 2014 - Q2 2015. Base: 96 million transactions from 155 US fashion & luxury retailers

*** Source: Criteo, June 24-30, 2015. Base: fashion retailers from five countries with over 25% of eCommerce transactions on mobile and more than 10% of those on mobile apps

Slaves to fashion, not platform

FASHION SHOPPING AND SMARTPHONES GO TOGETHER LIKE DOLCE & GABBANA

Smartphones are gaining ground against tablets everywhere*, and fashion is leading the trend in the U.S. and the U.K. with a larger piece of the mobile pie than other retail categories.

In France, Germany, Brazil and Japan, the share of tablets among mobile fashion sales is equal or higher than among retail sales overall.

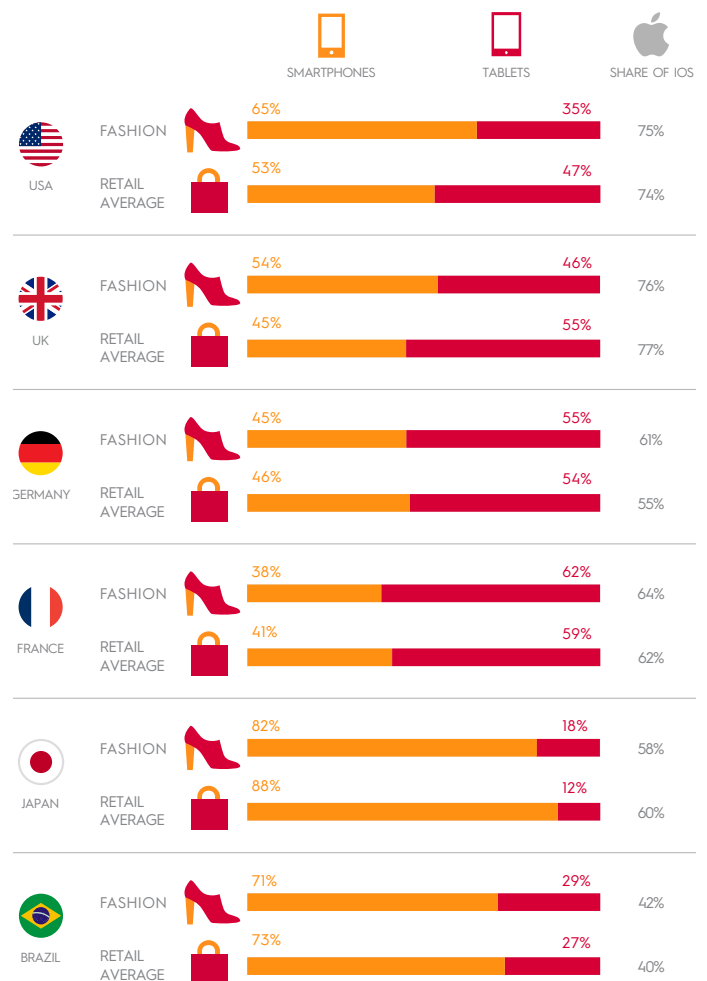
IOS IS ALWAYS IN STYLE

iOS accounts for three quarters of mobile fashion sales in the U.S. and the U.K. and six out of 10 in Germany, France and Japan.

In Brazil, where Android is the dominant operating system, iOS has more of the fashion sector than retail overall.



Mobile fashion sales by device type and geo**

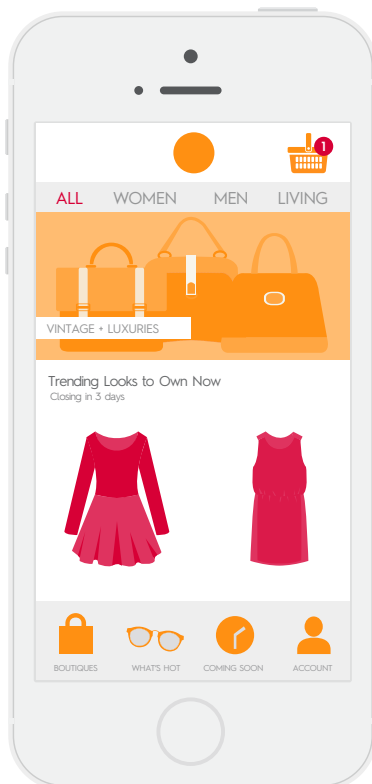
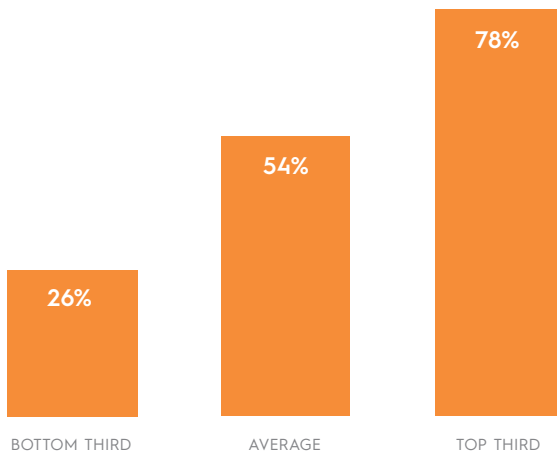


* See Criteo's State of Mobile Commerce report for more information about how smartphones are displacing tablets globally.

** Source: Criteo, State of Mobile Commerce report, Q2 2015

Is your app dressed for success?

Share of apps among mobile sales



TOP-PERFORMING APPS GENERATE OVER 3/4 OF MOBILE SALES FOR THEIR RETAILERS.

On average, apps drive 54% of mobile sales, but the best drive as much as 78%.

So what makes an app a trendsetter? Flawless execution and an obsession with urgency:

- **User-focused** - top performers' apps consistently received 4- to 5-star ratings in the app stores
- **Built for speed** - with limited-time offers, easy checkout and fuel for impulse purchases
- **Serves as a reminder** - with features like an option to save items, add them to a wishlist, and transfer them easily to the shopping cart
- **Well-connected** - making it easy for users to share items they like on social networks



Source: Criteo, June 24-30, 2015. Base: fashion retailers from five countries with over 25% of eCommerce transactions on mobile and more than 10% of those on mobile apps

Impulse buys and loyal customers drive revenue

SEE IT, NEED IT.

Fashion is all about impulse purchases. Six fashion sales out of 10 occur on the same day as the first visit on retailers' websites.

HALF OF THE REVENUE COMES FROM EXISTING PURCHASERS.

Existing purchasers may represent just 13% of fashion retailers' user count, but they account for over half of the revenue. Users with four or more past purchases account for 22% of revenue even though they make up less than 3% of the average site's users.

BUT, REPEAT PURCHASERS ARE EVEN MORE LIKELY TO CHECK OUT YOUR COMPETITION.

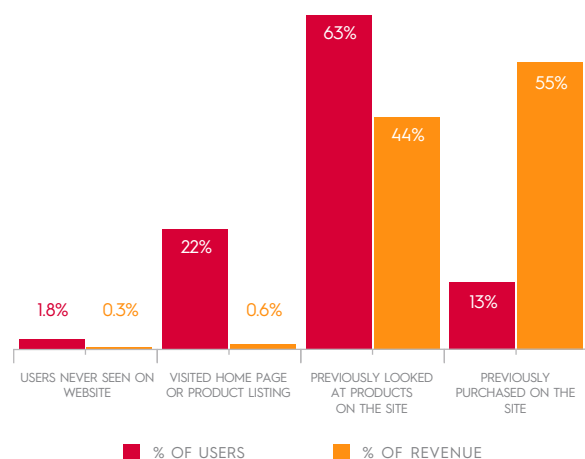
In fashion, just because users purchase frequently doesn't mean they are loyal – quite the opposite. Indeed, heavy buyers show an even higher propensity to visit several fashion retailer websites than casual customers.

Given the sheer weight of frequent buyers, there is tremendous value for fashion retailers in retaining them and ensuring they don't go to the competition.

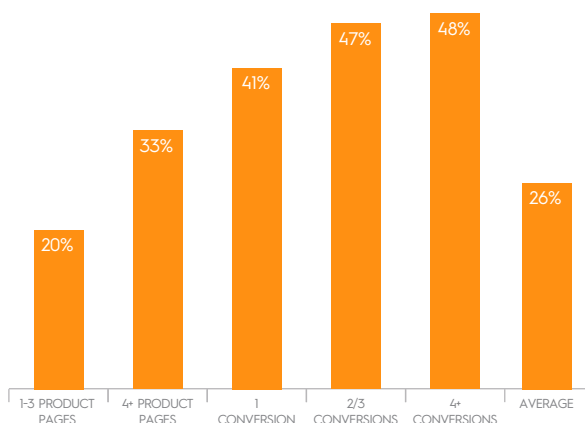
60%

of U.S. fashion purchases occur within 24 hours of users starting their purchasing journey*

User count and share of revenue by browsing history, U.S.**



Propensity to visit multiple retail sites in the same category during the same month, by browsing history, U.S.**



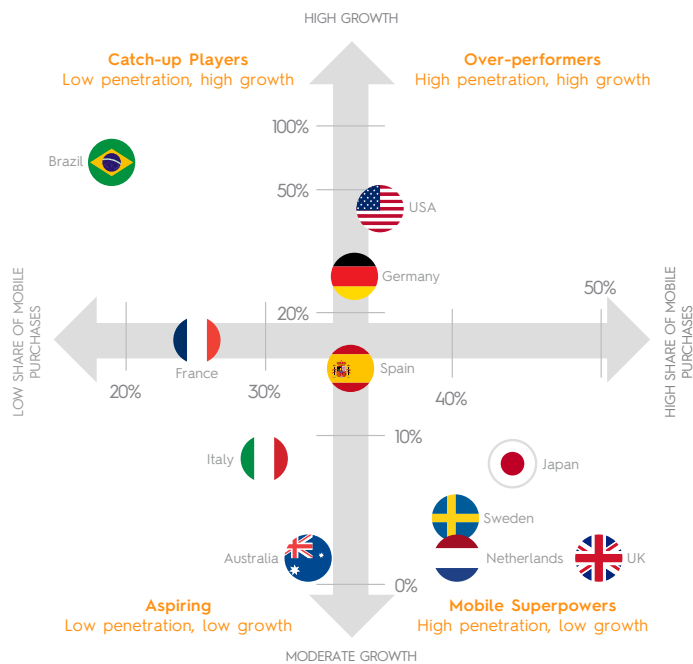
Source: Criteo, April 2015. Base: 30 U.S. fashion retailers.

* Beginning of the journey is defined as the first visit to the advertiser's website during the month

** Browsing history represents known user history during the last 30 days.

Where will the mobile fashion bug bite next?

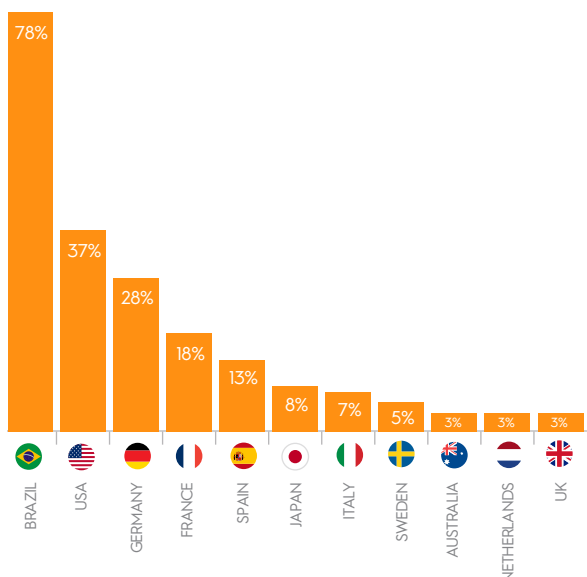
The next big thing: a typology of nations



NEW SUPERPOWERS ARE RISING

- Established mobile economies like Japan, the U.K., the Netherlands and Sweden still lead the pack, with mobile accounting for close to half of all online fashion sales. But growth is flat.
- The U.S., Brazil, and Germany are closing fast in mobile fashion eCommerce, with rapid growth.
- With fashion shoppers in major markets like the US and Brazil rapidly becoming platform-agnostic, some ripple effects around the world are to be expected due to international retailers ramping up their offerings across all devices globally in order to compete locally.

Growth of the share of mobile, Q3 2014 - Q2 2015



Source: Criteo, Q3 2014 - Q2 2015. Base: 278 million transactions from 832 fashion & luxury retailers

How to woo the device-hopping shopper



Design a fabulous mobile experience

It's coming, so get ready for it. Create a superior buying experience on every screen, and you will capture more sales from fashion shoppers as they move from device to device.

Tips:

- Speed up your mobile efforts, even if mobile penetration in the markets you operate in seems low today.
- Track users across devices.
- Prioritize smartphones against tablets.



Show the love to your existing customers

Even if they do frequently visit your competitors' sites, your existing customers are your most important customers. Fickle as they are, you must work to outshine your competition to get them back to your site frequently.

Tips:

- Offer a curated shopping experience in order to capture additional sales from heavy buyers.
- Reactivate even shoppers who've purchased recently.

Make your app runway-worthy



Don't skimp, don't take shortcuts, and do take risks – your app must be couture-perfect, especially on iOS.

Your design must invite repeat visits, minimize time-to-purchase and cultivate impulse buys. The investment will pay off, potentially driving a huge share of your mobile sales.

Tips:

- Reduce purchase to as few clicks as possible.
- Make it easy for users to save items, or add them to their wishlist.
- Connect your app to your brand's social media accounts and make sharing easy.



About Criteo.

Criteo delivers personalized performance marketing at an extensive scale. Measuring return on post-click sales, Criteo makes ROI transparent and easy to measure. Criteo has over 1,600 employees in 27 offices across the Americas, EMEA and Asia-Pacific, serving over 8,500 advertisers worldwide and with direct relationships with over 10,000 publishers.

For more information, please visit

www.criteo.com



This Fashion Flash Report can be found at
<http://www.criteo.com/resources/fashion-flash-report/>

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