CONSUMER INSIGHTS FOR APPAREL PURCHASING

INSIGHTS FROM
NIELSEN RETAIL CHANNEL TRACK

nielsen
AN UNCOMMON SENSE OF THE CONSUMER™
OFF THE RACK:
SEAMLESS, CONNECTED SHOPPING EXPERIENCES WILL WIN OVER SHOPPERS

Depending on your perspective, shopping for new clothes can be a chore, a luxurious treat or fall somewhere in between. But no matter your point-of-view, the increasing integration of new technology into the retail shopping experience is changing the way consumers shop for apparel. Today, modern shoppers expect retailers to deliver a connected, seamless shopping experience.

According to the U.S. Bureau of Labor Statistics, U.S. households spent an average of $1,786 on apparel, clothing and shoes in 2014, accounting for roughly 3.3% of annual household expenditures. Spending in this category dipped during the height of the Great Recession, but has slowly started to rebound as consumers feel cautiously optimistic about the economy. According to the Nielsen Global Survey of Consumer Confidence and Spending Intentions, 23% of Americans spend spare cash on apparel once they cover their essential living expenses, yet 45% indicate they have spent less on clothes in the last year in order to save money.
Shopping for apparel is a regular and frequent activity for most U.S. consumers. According to Nielsen Channel Track, roughly 70% of American shoppers have made an apparel purchase in the last six months. Most of these shoppers (82%) made purchases at a physical store location.

Despite strong brick-and-mortar trends, however, retailers and brands shouldn’t ignore online and mobile purchasing opportunities. That’s because almost half of U.S. shoppers (41%) have made an online apparel purchase in the last six months, and roughly 12% made a mobile apparel purchase. As retailers continue to provide integrated online and mobile options to shoppers, these figures are likely to increase. E-commerce is driving the retail industry and Nielsen TDLinx projects online sales growth of 12.2% between 2015 and 2020.


1Nielsen TDLinx & Nielsen Analytics; CAGRs (compounded annual growth rates – dollar basis)
Online and mobile channels also serve as important sources of information for shoppers, even when they ultimately make apparel purchases at physical store locations. These channels provide a means to research product reviews, compare prices and product options and find store information. Among the 52% of shoppers who “shopped around” before purchasing in the past six months, roughly 60% shopped around online and roughly 7% shopped around via mobile.

For shoppers who ultimately made apparel purchases via a mobile device, online and physical store locations served as webrooms and showrooms. Whether these shoppers wanted to try on clothes or shoes to gauge the fit, touch the materials or zoom in for a closer look, roughly 63% of mobile purchasers shopped around before making a purchase. And of these shoppers, 41% shopped around via online and 29% shopped around at a physical location.
PRE-PURCHASE SHOP AROUND ACTIVITY
APPAREL/CLOTHING/SHOES

Source: Nielsen Retail Channel Track 2016

PRE-PURCHASE SHOPPING ACTIVITIES BY PURCHASE CHANNEL:
APPAREL/CLOTHING/SHOES

Source: Nielsen Retail Channel Track 2016
When making purchases via online and mobile, most shoppers use retailer websites or marketplace websites like Amazon. Use of marketplace websites and apps is poised to grow over time. According to research from Cowen Group, Amazon is projected to be the top U.S. apparel retailer by 2017, surpassing current leader Macy's and beating key competitors like Wal-Mart and Target.

An array of retailers—from big box to department store—are giving shoppers an integrated shopping experience. These experiences are aimed at developing synergies between the on-and offline realms rather than isolating each of them in solitude. For example, many retailers are diversifying their options for purchase delivery. The vast majority of website purchases are still shipped directly to the shopper, but roughly one in 10 online shoppers have used in-store pickup for apparel, clothing and shoe purchases in the last six months.

### WEBSITE PURCHASE METHOD AMONG ONLINE AND MOBILE SHOPPERS IN LAST 6 MONTHS: APPAREL/CLOTHING/SHOES

<table>
<thead>
<tr>
<th></th>
<th>PC</th>
<th>MOBILE</th>
</tr>
</thead>
<tbody>
<tr>
<td>RETAILER WEBSITE</td>
<td>58%</td>
<td></td>
</tr>
<tr>
<td>MARKETPLACE WEBSITE</td>
<td>55%</td>
<td>58%</td>
</tr>
<tr>
<td>MANUFACTURER WEBSITE</td>
<td>19%</td>
<td>23%</td>
</tr>
<tr>
<td>OTHER</td>
<td>7%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Source: Nielsen Retail Channel Track 2016
Consumers have more choices than ever when it comes to the way they interact with retailers—from using mobile coupons, to reading online reviews, to trying on clothes at the mall. To be successful, retailers must meet the high expectations of shoppers and deliver a seamless, connected shopping experience across channels.

CONCLUSION

Acquiring new customers is expensive. Retailers need to keep their existing customers loyal and facilitate a positive integrated experience in today’s complex omni-channel landscape. Knowing what they want and what is important to them is essential to compete in today’s environment.

Whether it’s who or why, it’s imperative to know about the channels consumers use. Nielsen offers a new view of consumer retail interactions, channel usage and usage reason to enable informed, strategic and tactical decisions to elevate your customers’ experience. Nielsen Retail Channel Track provides you with the insights needed to better serve customers, improve satisfaction levels and keep them coming back.

For more information about channel effectiveness solutions, please contact your Nielsen representative or visit www.nielsen.com
ABOUT THE DATA

The Nielsen Retail Channel Track survey is designed to help you understand the differences in behaviors and preferences amongst Retail industries across various channels. With this data, Nielsen is able to answer questions in the following areas:

The Nielsen Retail Channel Track is a survey designed to help our clients understand the differences in behaviors and preferences for the retail industry across various channels. This online survey that is fielded semi-annually. Each wave of the survey includes approximately 7,500 respondents. The survey provides information including, but not limited to:

- Satisfaction with each channel interaction
- Primary reasoning for selecting each channel for each interaction
- Cross-channel behaviors
- Types of interactions by channel in the last 30 days
- Channel preferences for frequent purchases (grocery, baby supplies, etc.)
- Channel preferences for items purchased less frequently (apparel, electronics, etc.)
- Shopping behaviors, such as show-rooming or web-rooming

Additionally, the survey allows clients to better understand which channels are delivering the best results so that they can optimize their channel interactions.

By using Nielsen Retail Channel Track survey data, clients will be able to consume the data to help describe the behaviors of customers and prospects in the marketplace. This data is also helpful to serve as inputs for custom projects and models to inform a deeper understanding of the channel behaviors and preferences.
ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen’s Watch segment provides media and advertising clients with Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged goods manufacturers and retailers the industry’s only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world’s population.

For more information, visit www.nielsen.com.

Copyright © 2016 The Nielsen Company. All rights reserved. Nielsen and the Nielsen logo are trademarks or registered trademarks of CZT/ACN Trademarks, L.L.C. Other product and service names are trademarks or registered trademarks of their respective companies. 16/9914