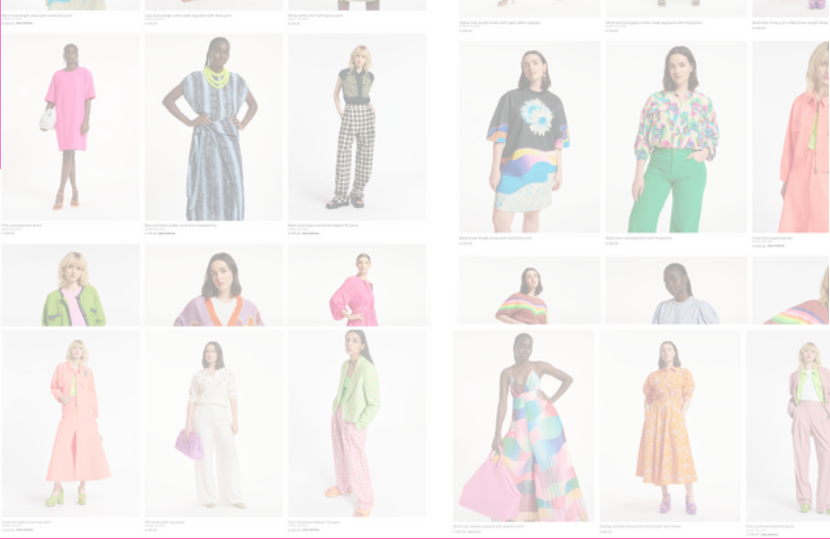
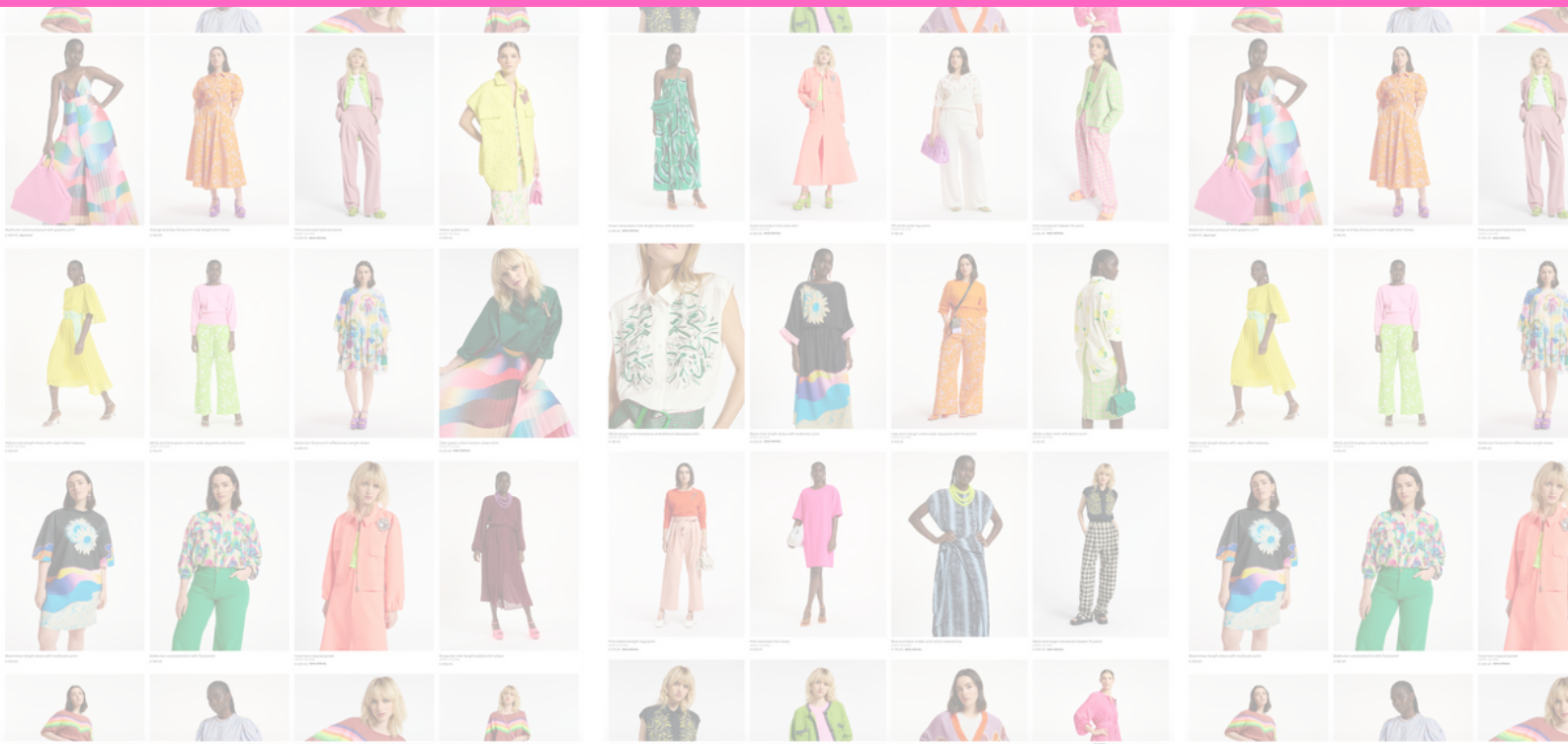


WHITE PAPER



THE BATTLE FOR THE ONLINE FASHION CUSTOMER

BY CHRISTINA HADINOTO



**"A SATISFIED CUSTOMER IS THE BEST BUSINESS STRATEGY OF ALL."
- MICHAEL LEBOEUF, AMERICAN BUSINESS AUTHOR**

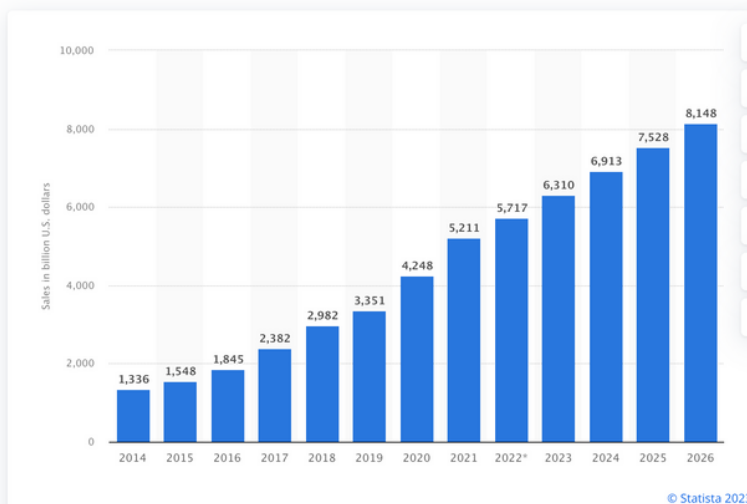
The Conversion Struggle in E-Commerce

Traditional retail is encountering notable difficulties as e-commerce revenue continues to grow steadily, and the COVID-19 pandemic has further expedited the rise of online shopping. To address these challenges, retailers have begun embracing digital retail strategies, with a particular emphasis on providing an omni-channel experience that integrates both offline and online touchpoints for their customers.

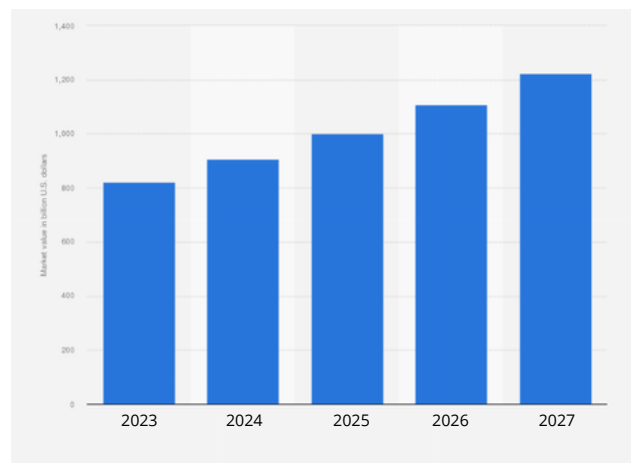
After the COVID-19 pandemic, there has been a significant increase in people's enjoyment of physical experiences, with physical shopping being one of the activities that have regained popularity. Nevertheless, e-commerce business is still booming, and is expected to grow with an annual growth rate (CAGR 2023-2027) of 11.19%, resulting in a projected market volume of US\$5.47tn by 2027 worldwide.

Global retail e-commerce sales are projected to reach a staggering US\$8.1 trillion by 2026. Within this growth, the apparel and shoes segment is anticipated to hold a substantial market value of US\$1.2 billion by the year 2027.

Retail e-commerce sales worldwide from 2014 to 2026
(in billion U.S. dollars)



Apparel & Shoes market value 2023-2027
(in billion U.S. dollars)



Digital retail offers the potential for enhancing customer experience and increasing sales, but it also comes with its fair share of challenges. Managing customer experience throughout the online journey is more complex compared to the physical retail environment. Retailers and fashion brands operating online stores face several obstacles, including low conversion rates, high return rates, and difficulties in maintaining customer engagement on their webshops.

Conversion Optimization Strategies



According to Shopify, the top fashion brands have ranked the following 15 Conversion Rate Optimization (CRO) strategies as the most effective:

1. Benchmark Your Conversion Rates
2. Optimize for Mobile-First Experiences
3. Improve Site Performance and Speed
4. Create High-Quality Photos and Copy
5. Use a Platform That Tells Your Story in Pictures
6. Generate Honest Ratings and Reviews
7. Refine Your Site Search Functionality
8. Get Creative with Free Shipping Offers
9. Automate Sales, Discounts, and Pricing
10. Upsell to Increase Average Order Values
11. Personalize Recommendations with AI
12. Customize Checkout Experiences
13. Enable Customers to Buy on Any Platform
14. Integrate Your Social and Advertising Strategy
15. Let Them Try Before Buying

Let's focus on "Personalized Recommendations with AI," beginning with an explanation of this concept. Subsequently, we will delve into the outcomes of a particular use case.

E-Commerce Personalization

E-commerce personalization involves crafting individualized interactions and experiences for customers in the online realm. This customization is achieved by considering various factors such as a customer's past purchases, browsing habits, geographic location, language, and other relevant personal information.

One of the significant challenges faced by companies operating an e-commerce channel is the confusion experienced by customers due to the vast array of options, leading to reduced purchase rates. However, these obstacles can be addressed effectively through the implementation of personalization technologies. These innovative tools assist customers in identifying products and services that precisely align with their preferences and requirements. By doing so, the decision-making process becomes more streamlined, and the need for extensive interaction with sales support systems is greatly reduced.

The presence of personalization can be the determining factor that influences whether customers opt for your brand or look elsewhere for their shopping needs. The key benefit of personalization lies in its ability to minimize friction, as it enables customers to effortlessly discover what they seek, especially when the personalization algorithm takes their search intent into account.

Here are some other benefits of e-commerce personalization:



- Better conversions

By implementing personalization, you enhance the chances of making a sale as it assists customers in navigating through the overwhelming options and enables them to discover precisely what they desire.

To boost purchase intent for customers who may be uncertain about their preferences or engaging in casual browsing, utilizing personalized product recommendations tailored to their preferences or relevant parameters can be highly effective. Such personalized suggestions are crafted to guide customers from initial awareness to becoming repeat buyers. Additionally, implementing cart abandonment triggers can help re-engage and win back customers. By offering time-limited and personalized deals, a sense of urgency is created, encouraging customers to take action promptly.

- Increased customer loyalty

By providing curated product recommendations, promotions, and offers, businesses can assist customers in streamlining their choices. Research indicates that nearly 40% of consumers have abandoned websites due to feeling overwhelmed by an excessive number of options. Therefore, offering a website experience that enables customers to filter content and view curated recommendations can significantly improve efficiency and enhance customer satisfaction.

- Competitive advantage

In the highly competitive landscape of e-commerce, brands often resort to price differentiation to stand out. However, a more effective approach lies in providing a personalized shopping experience, which allows you to cater to your customers uniquely and precisely when they express purchase intent. By doing so, you can create a stronger connection with your audience and set yourself apart from the competition.

- A better understanding of your customers

The abundance of first-party data, which is collected directly by the organization, offers valuable insights into customer preferences, purchasing patterns, and motivations behind their buying decisions. Leveraging these insights can significantly enhance your personalization strategies and aid in identifying areas where product lines can be improved or discontinued. In addition, utilizing third-party data can further enhance your marketing strategies and enable effective management of product supply and demand ratios. The combination of both first-party and third-party data empowers businesses to make informed decisions, strengthen their marketing efforts, and optimize their product offerings to better cater to their customers' needs.

Use Case: Find My Fit with Marie Méro & Contour Lab

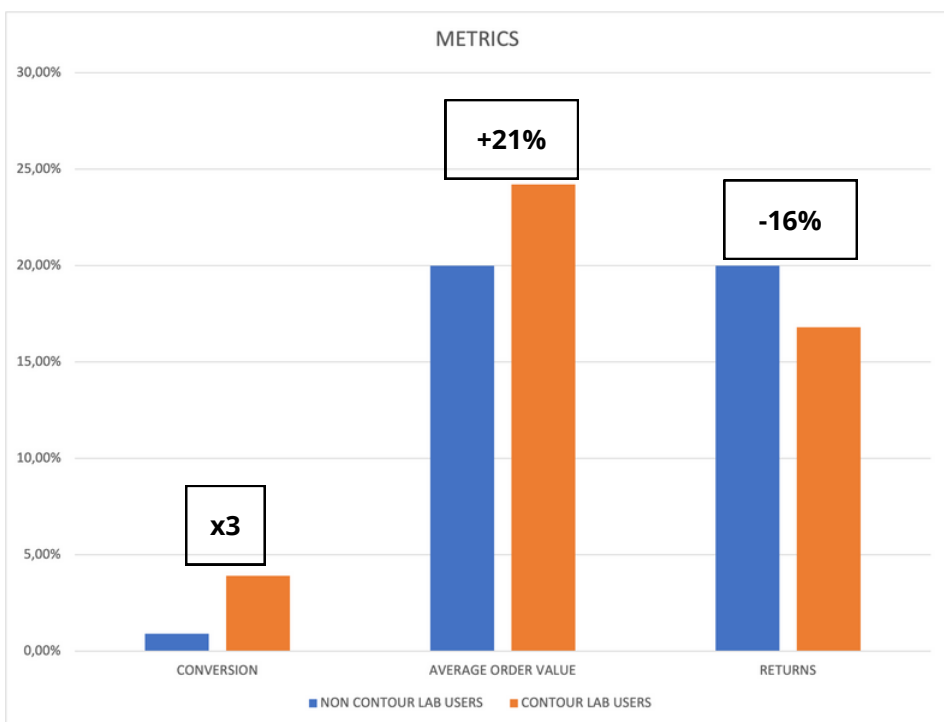
An illustration of the aforementioned personalization approach is found in Contour Lab's "body type shopping tool." This innovative software allows consumers to have their body type analyzed on fashion webshops. As a result, they receive a personalized and well-organized product page showcasing clothing pieces that best complement their body type. This inclusive approach caters to the diversity of body types, providing customers with tailored advice right from the start of their online shopping journey.

By narrowing down the overwhelming array of product choices, the shopping experience becomes smoother and more frictionless, allowing consumers to make successful purchase decisions with ease. As a result, customer satisfaction is heightened, and shoppers feel guided and supported in their fashion choices, thanks to the personalized assistance offered by Contour Lab's body type shopping tool.



Marie Méro stands out as one of the pioneering Belgian brands to adopt the innovative "matchmaker software" on their webshop.

With this tool, they have obtained incredible results in terms of Conversion Rate, Average Order Value and Return Rate.



Customers utilizing this technology exhibited **3 times higher** conversion rates, compared to non-users, resulting in a significant **21% increase** in their purchase spending. On average, these users had 6 items in their shopping baskets instead of just 2. They also experienced a remarkable **16% decrease** in product returns.

By implementing this personalized approach, Marie Méro experienced substantial growth in revenue and customer acquisition, contributing significantly to their bottom-line profit. Moreover, this strategy proved to be a cost-saving gem, as it effectively reduced returns, which can be a costly process for businesses. Even if the returned item is in good condition, the expenses associated with transport, labor, and inspection are still incurred (usually borne by the business). Additionally, a lower return rate positively impacts the environment by reducing carbon emissions, further highlighting the benefits of this personalized approach for both the company and the planet.

The data intelligence insights derived from these personalized recommendations prove to be equally advantageous. Fashion brands can leverage this data to gain a deeper understanding of their actual customer database and utilize it for enhanced product merchandising both offline and online, as well as for optimizing supply and demand ratios. Consequently, this leads to improved sales performance and a reduction in fashion waste, benefiting both the brand and the environment.



“Personal styling advice and excellent service are two of the most important pillars of Marie Méro, as well in our shops as online. We strongly believe in the power of Artificial Intelligence and the use of Machine Learning to make it possible to give customers better clothing advice. Happy that we, as one of the first Belgian brands, are able to provide the Matchmaker software of Contour Lab to our customers and give them access to digital body type shopping this way.”

- Yentl (Marketing Manager MM) & Marline (Operations Manager MM)

The Need for Competitive Advantage

As mentioned earlier, the fashion industry continues to flourish, which inevitably results in intensified competition among brands. To truly thrive in this saturated market, fashion retailers must work diligently to establish a robust identity and a distinct competitive advantage that sets them apart from the crowd.

Furthermore, the fashion industry is experiencing growth across various sectors, encompassing local and global brands as well as retailers and wholesalers. Additionally, there has been a noticeable surge in the popularity of second-hand thrifting stores and platforms, appealing to environmentally conscious and budget-minded shoppers. With this proliferation of fashion businesses, customers now have an abundance of options to select from. The presence of diverse business models has heightened competition within the fashion industry.

Undoubtedly, innovation is essential for success in this rapidly evolving industry

More info on www.contourlab.io

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