Fashion online retailing: Dressed for success

Contributed by Mintel
Wednesday, 21 March 2007

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When it comes to fashion, many wish they could kit themselves out with the wave of a magic wand or the click of their fingers, but it turns out that today all it takes is the push of a button. Latest research from MINTEL Oxygen finds sales of fashion (clothing and footwear) online have increased by a massive 461% over the past 5 years alone, cutting through the Â£1 billion mark for the first time ever to reach Â£1.2 billion in 2006. An increasing number of broadband Internet connections, greater confidence in online shopping and a broader selection of clothes available online have been fundamental to the market's impressive growth.

"The online clothing industry is still in relative infancy but there is little doubt that 2006 was the defining year for the online fashion market. Last year was the first year that the business case for selling fashion over the Internet came close to being proven and fashion retailers have only just started to see the justification in investing millions of pounds in improving their internet presence. 2006 also marked the year where many retailers chose to start selling their whole range online," comments Neil Mason, senior retail analyst at MINTEL.

Significantly, retailers previously not involved with online fashion are now joining the trend creating a new value-led area in the market. What is more, online fashion looks set to have the future pretty well wrapped up, with retail sales of online clothing and footwear set to increase by a further 138% between 2006 and 2011, to reach Â£2.9 billion.

"Fashion online has seen a wide range of innovation that will continue to attract consumers to the market. But the challenge for retailers is to make Internet fashion shopping a more effective, enjoyable and profitable way of buying clothes than conventional home shopping has been until now," explains Neil Mason.

In total, online spending on clothing and footwear is estimated at only around 3% of the total for the category in 2006.

Older consumers measure up well in the online stakes
The biggest change in the past 2 years has been that younger consumers aged 15-24 have become more inclined to shop online. Between July 2004 and July 2006, the percentage of Internet users of this age shopping online rose from just 14% to one in five (19%). Online shoppers aged 55 and over have also increased, from a very low base of 6% to 9% over the same period.

"Younger consumers under 25 have begun to switch possibly because there is a much wider selection of younger fashion available through retailers' websites than was previously the case. Older customers, on the other hand, many of whom already use conventional home shopping methods such as catalogues, have finally overcome some of their hesitation about using the Internet and are rapidly converting to the net," comments Neil Mason.

Catalogue operators sew up the market
Within this fast-expanding market, the traditional catalogue operators are dominant. Mintel estimates that the five largest operators, led by Next Directory, share between them 52% of the market.

The niche mail order sector, made up of retailers like Boden and Lands' End, account for a significant 19% market share, with high street retailers accounting for a similar percentage. The remainder of the market (10%) is made up of pureplay internet operators, including auction sites.

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