



Reshaping Retail:

What's next for the fashion and luxury market?



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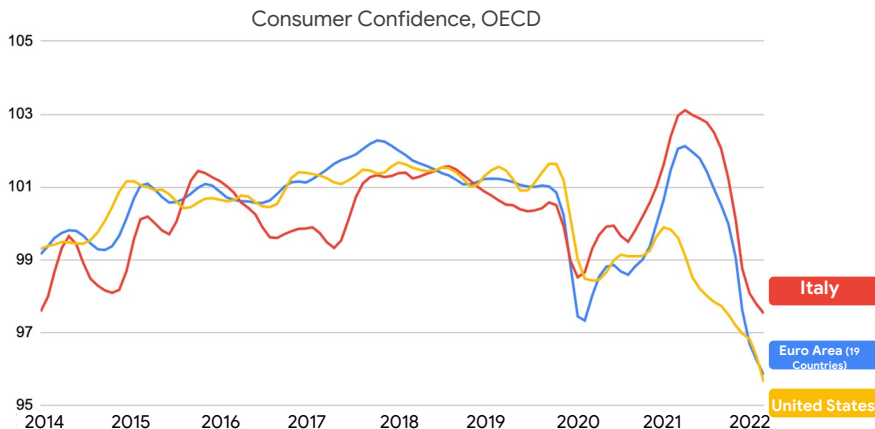
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The last few years have been full of uncertainty.

The pandemic changed the world. We continue to face great global uncertainty. The war in Ukraine and the resulting humanitarian catastrophe is having wider political and economic implications. Tough GDP forecasts, falling consumer confidence, tight labour markets, disrupted global supply chains and rising energy and food prices. Not to mention longer-term challenges like sustainability and inclusion.

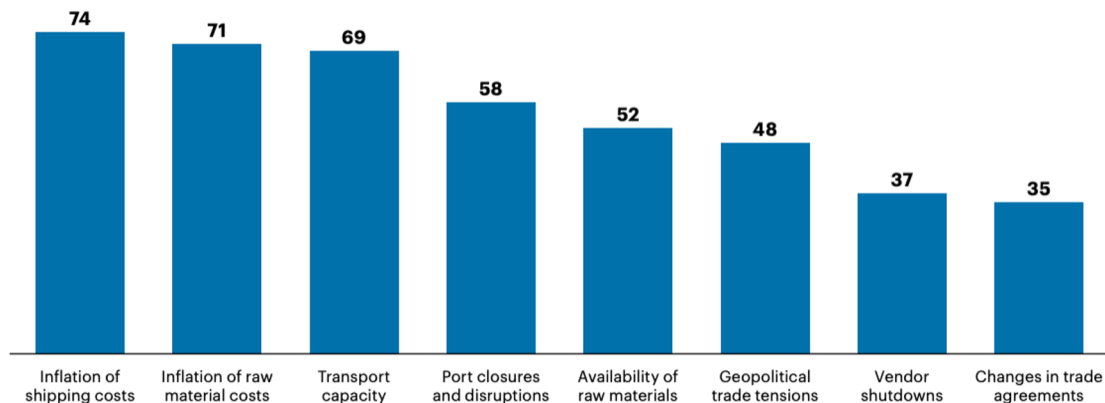
IT Economy / Consumer Search Insights - July 2022



Fashion's complex supply chain is experiencing bottlenecks, inflation and overall disruption

Multiple factors will negatively impact supply chains in 2022, with higher shipping and material costs as the main concerns.

OPERATIONAL TRENDS EXPECTED TO IMPACT¹ SUPPLY CHAINS IN 2022, % OF RESPONDENTS



¹ Responded "very high impact" or "high impact"

Source: BOF-McKinsey & Company, The State of Fashion 2022 Survey



As for consumers, these issues are heavily affecting their shopping experience both online and offline while shaping their future buying expectations.

43% unable to purchase a product due it being
out of stock online

36% experienced longer lines or **busier in-store
locations**



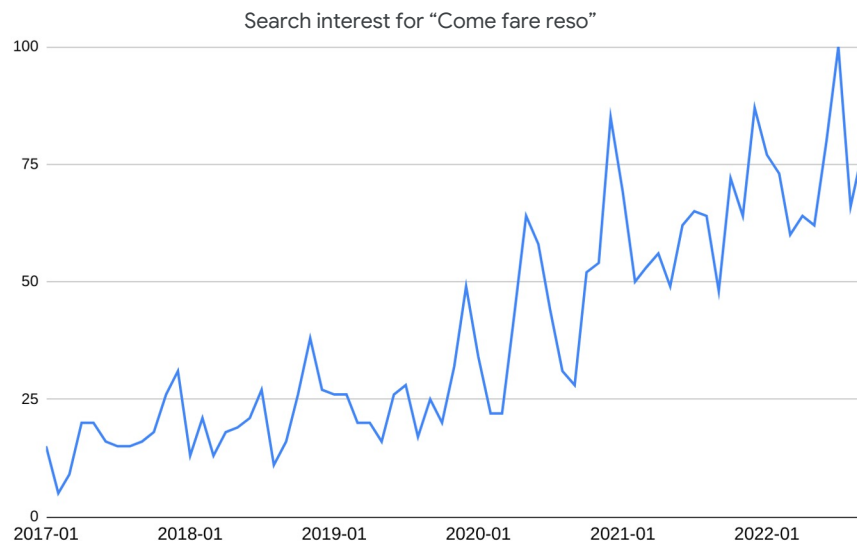
Emerging consumer behavior is adding pressure to the supply chain.

Over the last years, people have started returning items ordered online at an increasing speed.

An estimated

30-40%

of online sales are
returned



Source: Google Trends. IT, Jan 2017 - Sep 2022 (monthly)

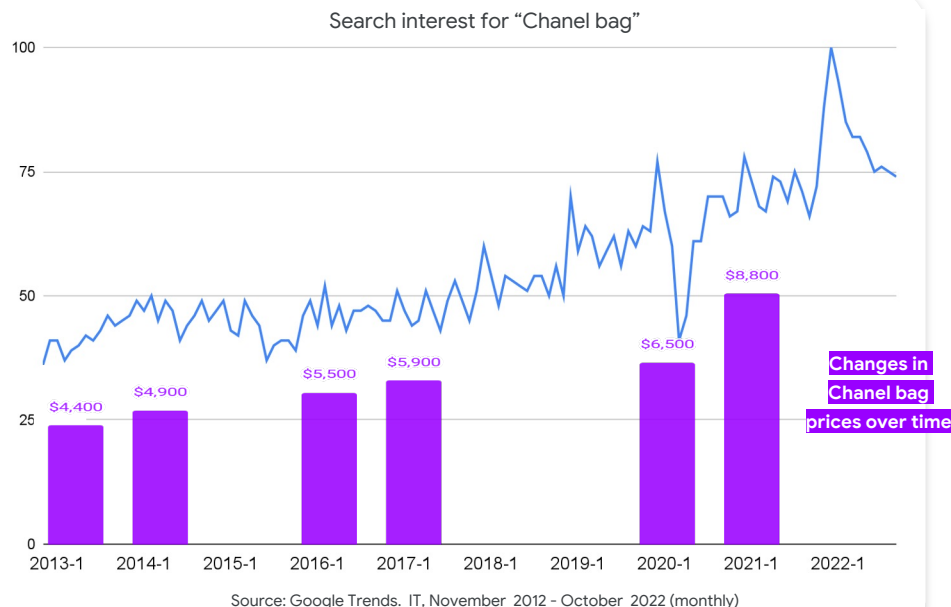
Fast fashion and **luxury** have been impacted differently by the overall market uncertainty.

Indeed, customers of high-end items are **less price sensitive** and **more value driven**. While, fast fashion buyers are **more price conscious** and **look for solutions to afford** new items.

Hence, when it comes to price fluctuations we can fairly say that **luxury consumers** are not so sensitive.

The Chanel Classic Flap bag **price has increased by 100%** in the past decade.

Nevertheless, **search interest** for the brand and its luxury accessories **has increased** too.



While **fast fashion consumers** are price-conscious and look for ways to afford new items

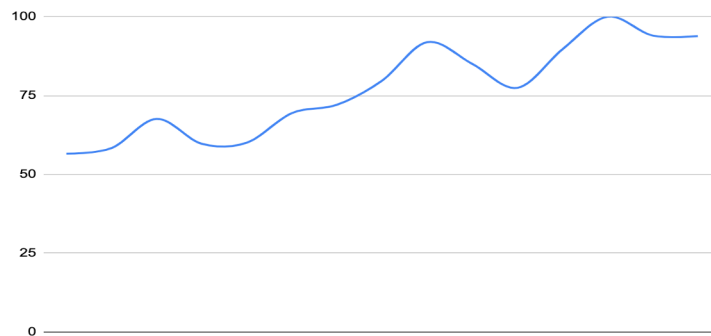
+84%
increase in
search about
“Codice
sconto shein”

YoY Growth: Jan-Sep 2022 vs Jan-Sep 2021
Source: Google Trends, IT

+60%
increase in
search about
“Paga dopo”

YoY Growth: Jan-Sep 2022 vs Jan-Sep 2021
Source: Google Trends, IT

Search interest for “codice sconto” in Shopping



Source: Google Trends. IT, Jan 2019 - Sep 2022 (quarterly)

Search interest for “zalando paga dopo”

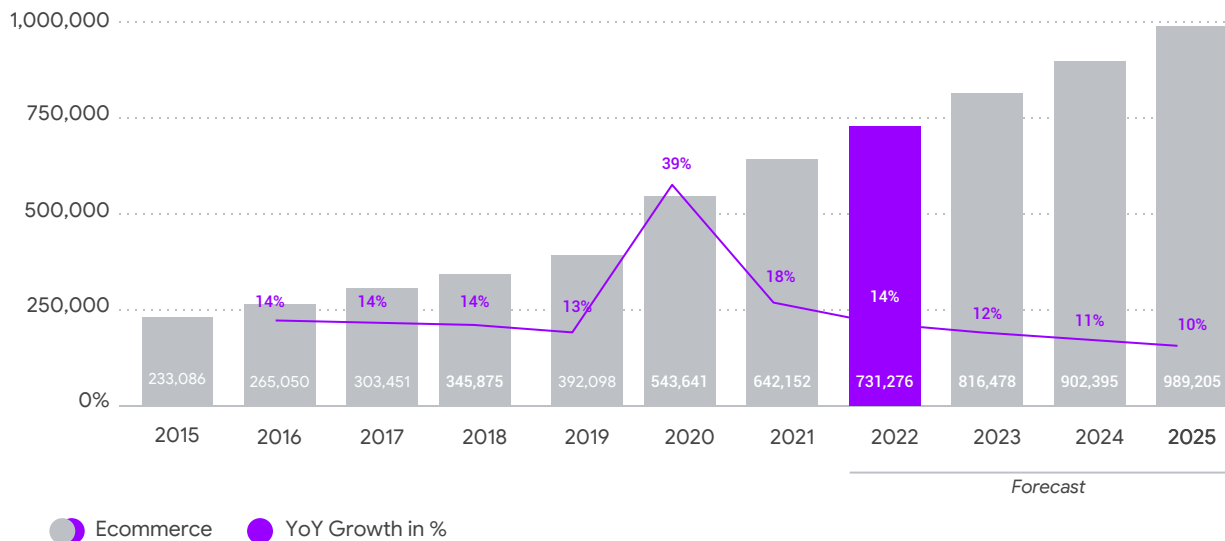


Source: Google Trends. IT, Jan 2019 - Sep 2022 (quarterly)

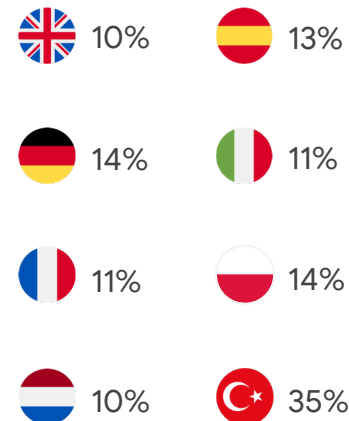
Covid-19 has given a strong boost to E-commerce, which is continuing and will continue to grow steadily.

E-Commerce sales in EUR million

Retail Value RSP incl. Sales Tax - EUR million - 2015-2025

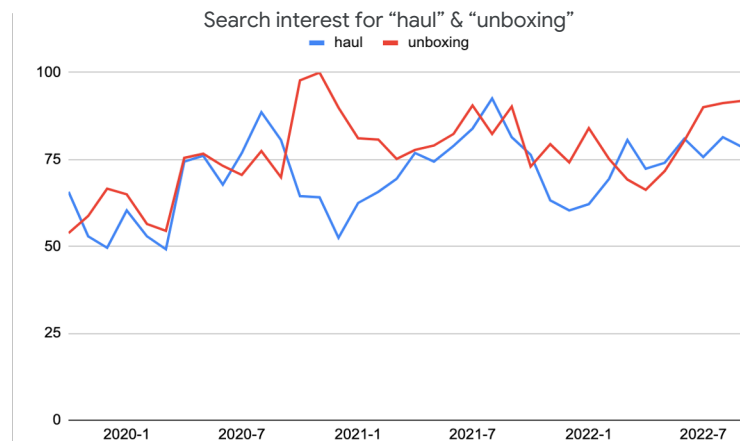


Expected eComm growth in selected european countries in 2022



Moreover, the pandemic has also encouraged consumers to dive into social media to seek entertainment and look for fashion inspiration.

“A thing that I like to watch on YouTube is a luxury brand haul. They buy items, and they talk more in depth about the quality of them, and how it feels. But you can find a lot of other content on fashion on YouTube: inspiration on outfits, fashion shows and background stories.”



Source: Google Trends. Youtube IT, Sep 2019 - October 2022 (monthly)

Fueled by digitalization, we see the rise of Microtrends, Aesthetics & Viral Products

‘Social media is deciding trends at breakneck pace, and it's fueling fast fashion’

Source: npr, August 2022

‘Give any social media platform long enough, and it turns into a mall.’

‘The Next Big Anything’

Source: The New York Times 2021

bucket hat

dickies

cottagecore

light academia

puffer

dark academia

oversize

crochet

mocassini

pantaloni cargo

VW Choker

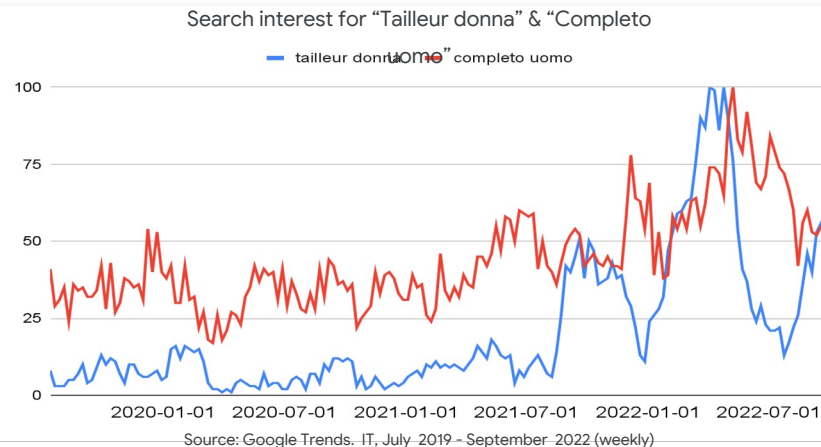
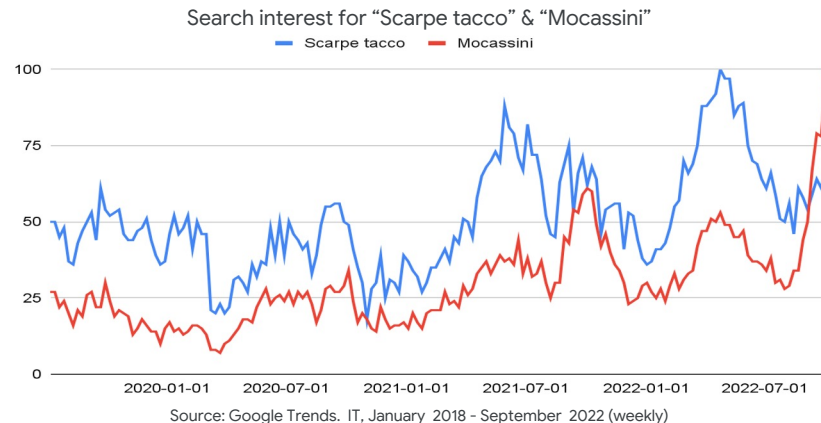


Despite microtrends, we identified a **stable** growing pattern after the pandemic. It's time for a Wardrobe Reboot.

Consumers stepping out from the COVID-19 pandemic have a desire for newness which calls for the reallocation of wallet share to other categories more related to the new normal and formal wear.

37%

of fashion executives expect **occasion wear** to be a top-three category for year-on-year sales growth



Consumers are discussing and **raising awareness** on the topic by searching for the environmental impact of fashion



Consumers are becoming **more socially conscious** when purchasing clothing and footwear.

Which is the impact of rising sustainability awareness on consumers?

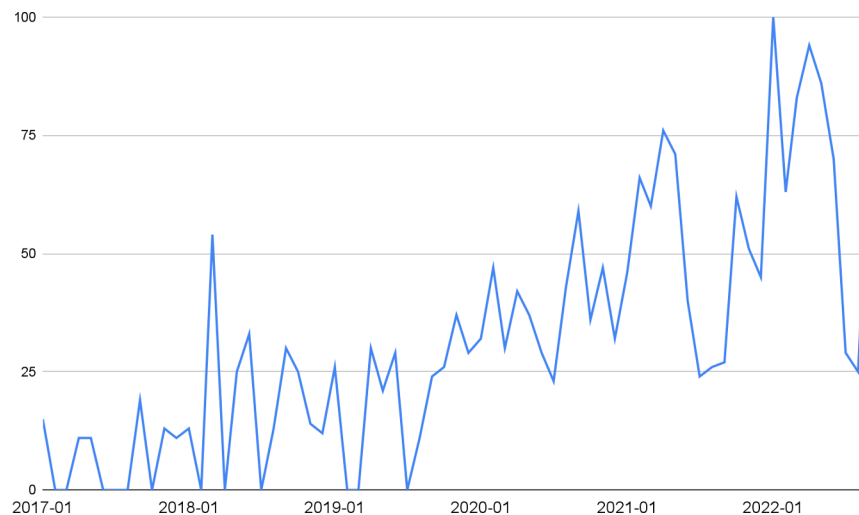


People are acknowledging the issue and taking action as a response

78%

of consumers are likely to **switch** from a familiar brand in favor of a new, if more sustainable

Search interest for “Moda sostenibile”



Source: Google Trends. IT, January 2017 - September 2022 (monthly)

Vintage and Second-hand fashion & luxury have seen a surge in search interest as consumers look to switch to eco-friendly shopping styles.



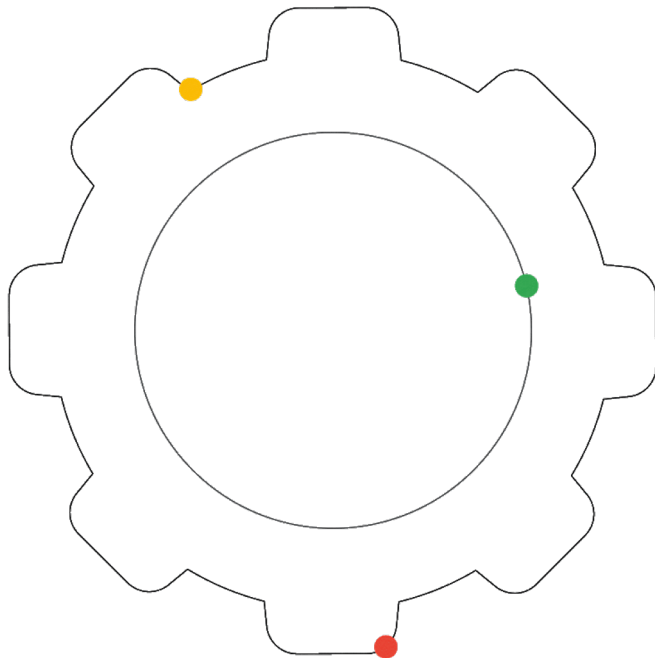
+12%
YoY growth (2022-
2021) of second-hand
market for luxury
items

To keep pace with changing consumer habits, stay close to your customers wherever they are

1.

Tighten the alignment between marketing metrics and **business priorities**

- Identify business goals
- Establish a shared source of truth
- Bring everyone on board



2.

Use **privacy-first measurement** and relevant first-party data

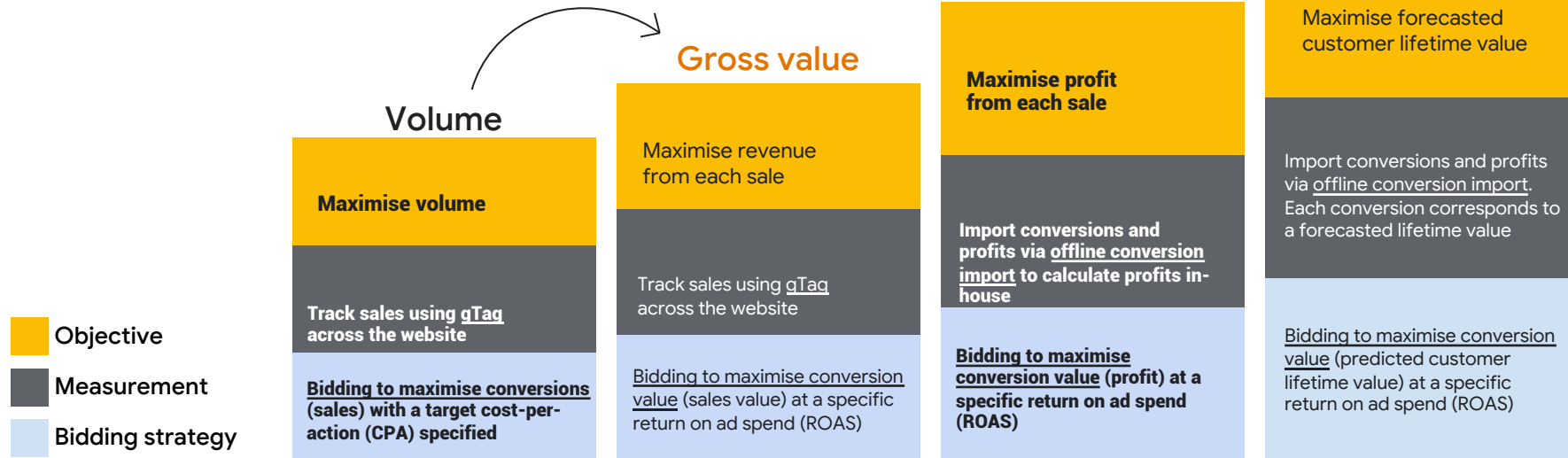
- Ensure privacy and value-centric measurement
- Reflect all of your ROI by capturing all your marketing and sales conversions

3.

Find your **most valuable customers**

- Maintain scale at a higher ROI by using automation to find higher value customers
- Test, learn, and scale with a culture of experimentation
- Gain new & incremental customers with cost efficient reach

Tighten marketing metrics to business priorities

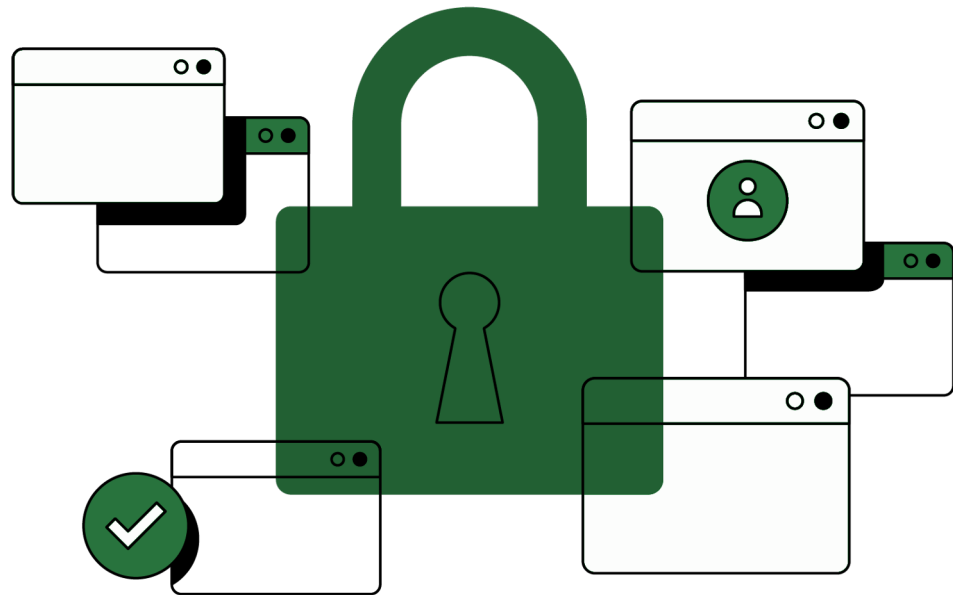


Use privacy-first measurement and relevant first party data

- ✓ Use privacy-centric measurement tools
- ✓ Measure and adjust value of conversions
- ✓ Leverage the power of first-party data

2X

Incremental revenue
generated by advertisers that
link all their first-party data
sources

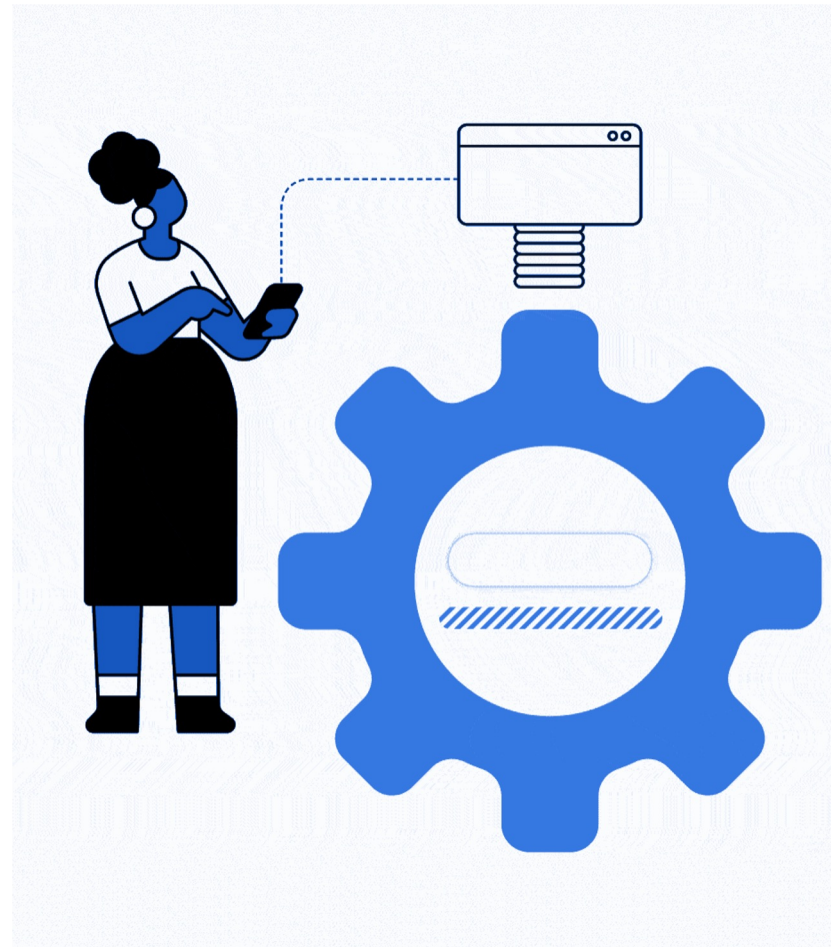


Use automation to capture changing consumer demand

- ✓ Adopt a value-based bidding strategy based on your campaign objective — such as target ROAS or maximise conversion value
- ✓ Combine value-based bidding with broad match to capture high value and new Search queries relevant to your business while meeting performance targets
- ✓ Craft stronger calls to action using Responsive Search Ads to tailor relevant messages to users

14% Businesses optimising for value see an average 14% **increase in conversion values**

20% Businesses using automation solutions see an average 20% **more conversion volume**



Gain new customers with cost efficient reach

- ✓ Complement search with YouTube using a combination of CPM + CPA formats for the most efficient reach & conversion volume:

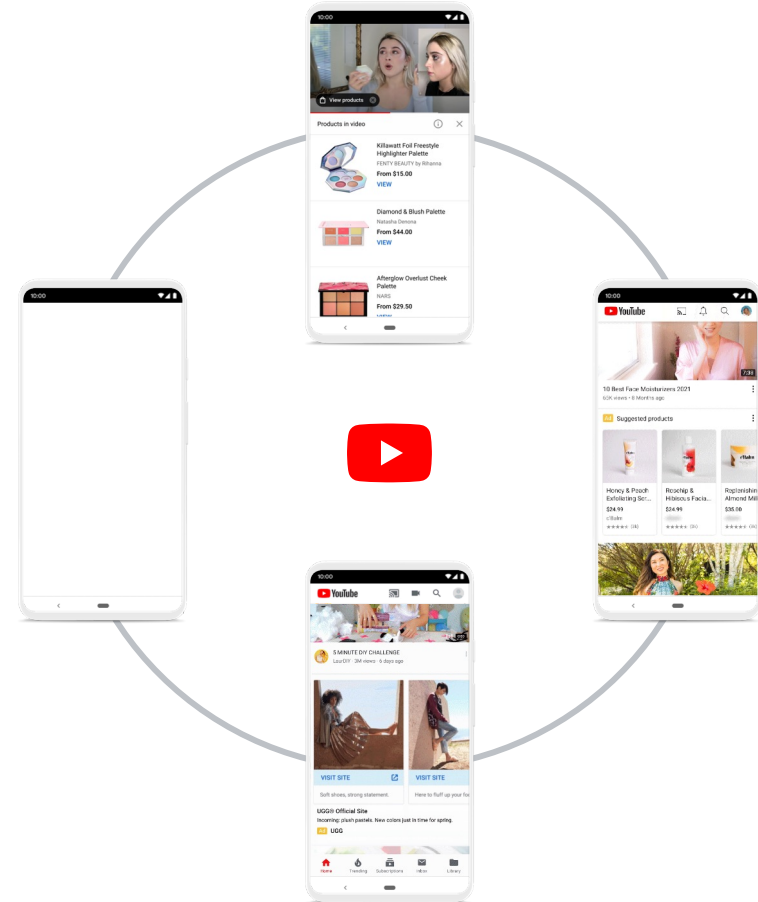
- **Maintain awareness & consideration** through TrueView for Reach, Non-Skippable formats and Bumpers (cross-device incl. .cTV)
- **Drive conversions** through Video Action Campaigns & Discovery Ads (e.g. home feed formats)

90%

Of people say they discover new brands or product on YouTube¹

65%

Of the target audience reached by YouTube was incremental to TV²



¹Source: Google/Ipsos, Global, Global Retail Study, Base: total sample (n=14,206), online 18+ who shopped in the last week, countries included: AR, AU, BR, CA, CZ, FR, DE, IN, ID, IT, JP, KR, MX, NL, PL, PT, RU, SA, ZA, ES, SE, TR, UA, GB, U.S., AE, VN, Feb. 2019.

²Source: Google Internal data 2020 - Study across 1400 cross media reports across 7 EMEA markets



Thank you 



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