

Fashion sector report

Q4 2016

Online fashion is booming. With new advertisers entering the sector every month, coupled with an increase in demand for fashion on the go, it is an area that has experienced strong year-on-year growth on the Awin network. Powered by development of virtual dressing rooms, customized shopping portals, and live product videos, the Fashion Sector has become one of the top three performing verticals of this past year.

Awin investigates key Q4 trends in the recent successes of the fashion vertical.



2.97%
Conversion Rate

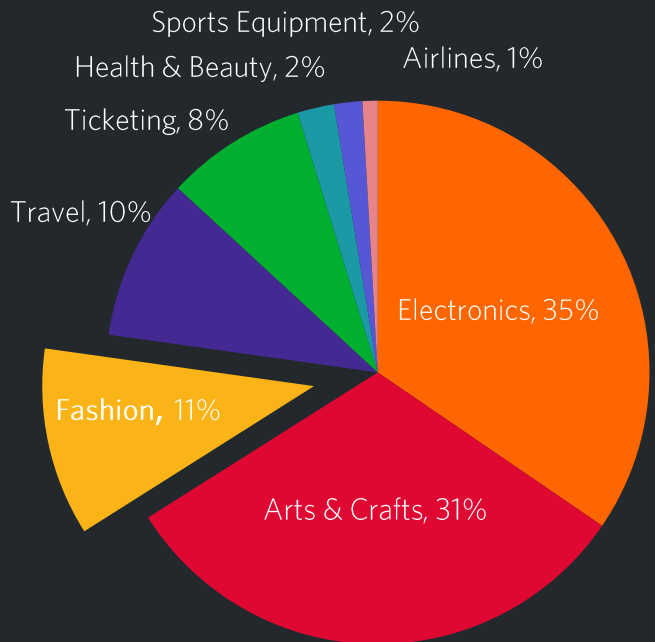


\$140.43
Average Order Value

Just the facts

The Fashion Sector is one of the top grossing sectors for the holiday season alongside Electronics and Arts & Crafts. At \$155, AOV was highest through desktop purchases.

Q4'16 Sales by sector



Shopping holiday takeaways

Single's Day 2016 revenue reached \$17.8 billion, with a record breaking **175,000** orders per second. The Fashion Sector was the second most popular only behind Department Stores, accounting for 5% of all US sales.

The peak buying times for Fashion on Black Friday were **12:00 am, 3:00 pm, & 11:00 pm.**

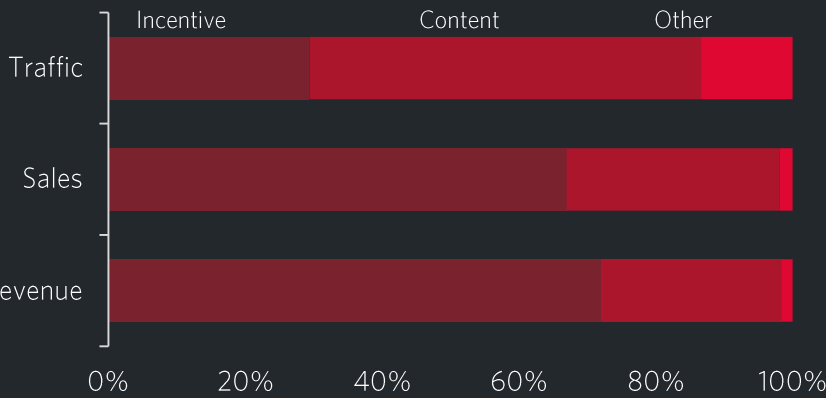
10% of all Black Friday purchases were fashion related.



Publisher split

Social Traffic and Content affiliates showed impressive growth in the Fashion Sector during the key shopping holidays. Discount code saw a 41% YoY decrease as consumer behavior has shifted from finding the least expensive to the best product, now leveraging cashback when possible.

Performance by Publisher Type



Social Traffic held a

11.13% share

of network traffic in Q4.

37% of Social Traffic

promoted the Fashion Sector specifically.

Content affiliates drove a higher volume of traffic to retailer's sites despite only accounting for 30% of sales in Q4 2016. With a **57% share of total clicks**, a **60% uplift from 2015's performance**, price comparison, social influence, and editorial content affiliates initiated the majority of Q4 sales.

However, when comparing sales to traffic, incentive affiliates still drive the highest conversion rates, accounting for 67% of total sales demand as an increasing number of shoppers hunt down a value add in return. Here, Cashback saw the highest percentage of revenue with 35%, followed closely by Coupon (31%).

While consumer intent to purchase is strongest for low funnel converters such as incentive partners, those brands focused on funnel optimization maximized sales throughout key trading periods. Given the high traffic generated by content partners, it is clear that these affiliates are equally important in initiating a sale by educating and (re)engaging consumers throughout the purchase journey. As an alternative to paying high placement costs for branding & product awareness via individual post, a greater appreciation of content partners gave way to Payment on Influence and Cross-Device tracking. The goal is to optimize the sales funnel by offering performance based compensation that engages and rewards affiliates fairly for their contribution.

CASHBACK

partners were the best converting in Q4 at **17.6%**

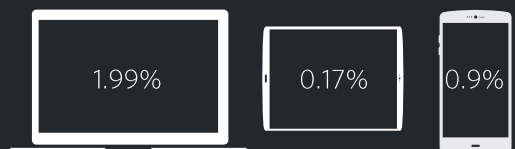
What next?

Q4 2016 demonstrated the need to adopt payment on influence so advertisers can fairly reward early funnel contributors who are able to drive initial interest and create awareness of different advertiser products.

Content's effect on conversion rate

Retail's conversion rate decreased by 24% YoY. This decrease is likely due to the increase in traffic from lower converting content publishers paired with tracking lost via multi-device purchases, stressing the need for Cross-Device tracking.

Conversion Rate by Device





Growth of mobile activity

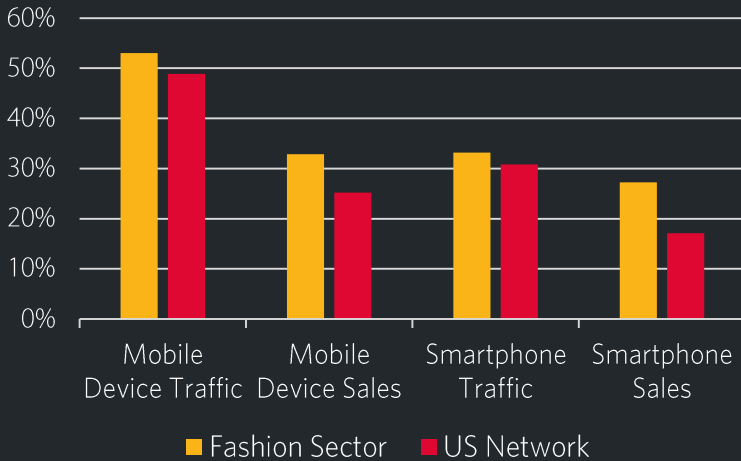
The Fashion Sector is one that truly lends itself to mobile commerce. The affiliate channel can be harnessed to take advantage of consumers that are increasingly turning to mobile devices not only to research, but also to purchase.



More than half of fashion traffic is now **mobile**



While a quarter of all transactions take place on **mobile**



Traffic & sales

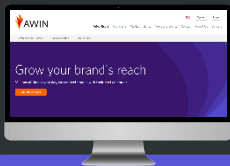
In Q4 2016, about 53% of traffic for the Fashion Sector originated from a mobile device.

Increasing 35% YoY, total mobile traffic surpassed that of desktop traffic (47%). Most mobile traffic in Q4 2016 was driven by Social Traffic (37%) followed by Coupon (24%).

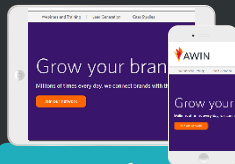
The trend in mobile traffic was not duplicated in sales performance. Only about 33% of retail sales originated from a mobile device in Q4, only a 3% YoY uplift. According to Google as many as two in every three sales involves consumers switching between different devices before making a final purchase solidifying the need for a Cross Device Tracking solution.

Average time spent online daily per device

2010



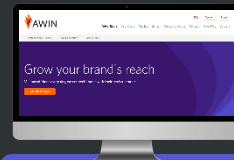
2.4 hrs.



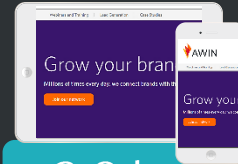
0.4 hrs.

x2

2015



2.4 hrs.



2.8 hrs.

Average time spent per day with Major Media by US adults – eMarketer April 2015

Affiliate marketing in the mobile age

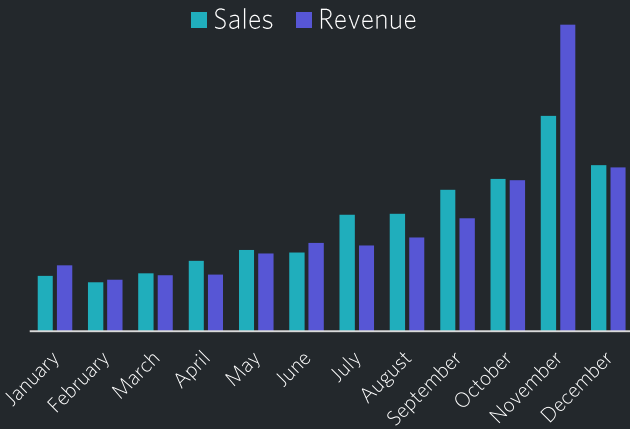
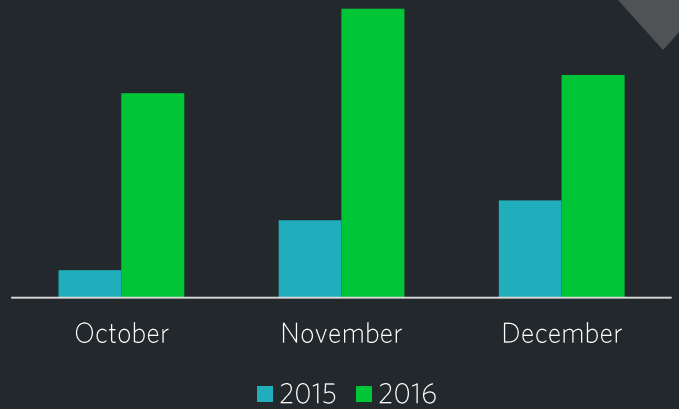
Time spent daily on a mobile device increased 600% from 2010 to 2015. Customer journeys are becoming increasingly complex as consumers are using a number of channels across multiple devices. With this added layer of complexity, it is vital for businesses to be able to track cross device user journeys. With cross-device tracking live, retailers have more insight into the consumer journey and the impact switching devices has on these.



Performance by month

Q4 performance

The chart to the right considers advertisers within the fashion and clothing sector's year over year sales growth in Q4. In 2015, December sales outperformed November, a trend that changed in 2016 when November's performance was the highest of the quarter explained by a growing trade through Single's Day (11/11) in North America.



2016 in review

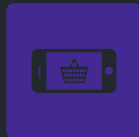
The graph to the left compares 2016's sales and revenue by month. Historically we have seen the highest average order values in the month of November. Most recently we can tie this to Single's Day and the hype of Cyber Weekend which kicks off holiday shopping in the US.



Key highlights & takeaways



The increase in traffic proves value in content affiliates and necessitates performance based compensation models to fairly reward influences in maximizing sales revenues.



With more than half of all traffic driven through mobile devices for the Fashion Sector, mobile optimized campaigns are key drivers to success in Q4.



As more devices are added to the consumer journey larger discrepancies in traffic and sales require to set cross-device tracking as the new tracking standard in the affiliate channel.

