DIGITAL IQ INDEX®

FASHION

November 30, 2015

Watch the Video

Tipping Point

The luxury goods industry is shifting focus from market growth to channel growth. Last year, online sales accounted for 6 percent of the €224 billion global market for luxury goods, but drove 80 percent of growth.[1] Online sales also witnessed the sharpest spike on record (up 55 percent)—leading to speculation that the industry is on the cusp of a tipping point. Extrapolating from the trajectories of mass peers, online sales could account for 12 to 18 percent of the market within the next decade.[2]

End of an Era for Brands

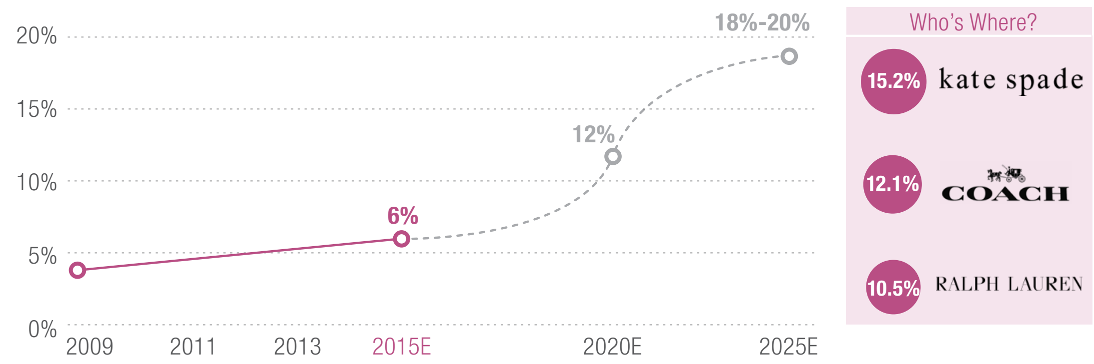
The engine of this growth will be wealthy consumers, earning in excess of $120,000 a year. Disposable income among this cohort is expected to grow 7 percent in 2016 (versus flat for the average consumer).[3] Wealthy consumers over-index for online purchases (including Amazon),[4] signaling not only a shift of channels, but partners—as evidenced by disappointing Q3 results from traditional luxury channel behemoths Macy's and Nordstrom.[5]

Less than a decade ago, 80 percent of affluents could identify their "favorite" luxury brand.[6] Today, that response rate has shrunk to 61 percent. Luxury brands face a stark reality: brand equity that took decades (if not centuries) to build does not transfer proportionately online. While the luxury market remains heavily fragmented in terms of offline sales,[7] as few as 7 brands generate over half of site visits. These brands will disproportionately benefit from the shifting channel mix in a winner-take-all economy.

1. "Digital Inside: Get Wired for the Ultimate Luxury Experience," Nathalie Remy & Marco Catena, McKinsey & Company, July 2015.
2. Ibid., McKinsey & Co.
3. "The Luxury E-Commerce Report: The shopping preferences of high-income consumers," Cooper Smith, BI Intelligence, November 6, 2015.
4. "Amazon.com: Today Vis-à-vis Luxury," Pulse Insight Briefs, Shullman Research Center, August 2015.
5. "Nordstrom, Penney, Macy's: Don't Investors Know It's Christmas," Miriam Gottfriend & Justin Lahart, The Wall Street Journal, November 13, 2015.
6. "The View from the Top: The Survey of Affluence & Wealth," Cara David, Time Inc. & YouGov, April 29, 2015.
7. "Luxury Goods in the U.S.," Euromonitor International, February 2015.

Fashion: Projected Share of Online Sales of Luxury Goods

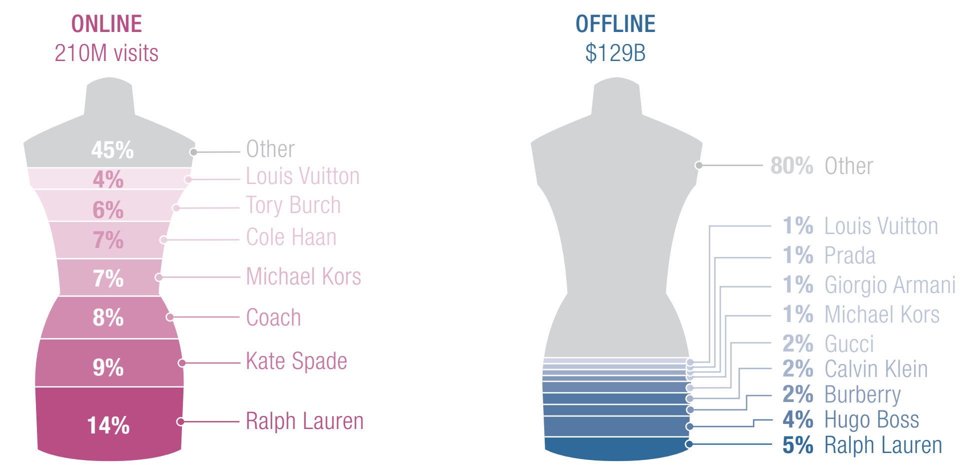
2009–2025E



Source: McKinsey & Company, July 2015; Internet Retail estimates; Company 10K Filings.

Fashion: Share of Brand Site Visits vs. Luxury Apparel & Accessories Sales

Trailing 12-Months vs. FY2014, n=83



Source: L2 analysis of Complete and Euromonitor data.

Co-opetition

For now, the online purchase path for luxury goods typically terminates with an authorized retail partner. While over half of upstream traffic to luxury brand sites originates from search engines, 40 percent of downstream traffic directs to a shopping site (or competitor).[8] From a search perspective, few Fashion brands demonstrate a competitive advantage on individual retail destinations.

Across 80 category keywords among leading e-tailers, L2 revealed a fragmented state of play. On average, nearly half of Fashion brands did not generate any first-page "hits" on either traditional retail partners (e.g., Saks Fifth Avenue) or pure-play e-tailers (e.g., Net-A-Porter). In other words, they remain invisible from a search perspective. Of brands that do achieve visibility, few repeat that success across multiple platforms. In terms of aggregate visibility, each platform produced a distinct leader—a result that was frequently replicated at a more granular, category-level (e.g., "handbags").

(Im)mobile

In the U.S., 37 percent of luxury e-commerce sales take place on a mobile device.[9] Of these, two-thirds happen on a smartphone versus a tablet, deviating from the device parity found in the wider retail sector. Fashion brands are largely mobile optimized (95 percent) and m-commerce ready (84 percent). However, they continue to lag in two areas.

Virtually no brands have reduced checkout friction on mobile devices, suppressing conversion rates.[10] In May, Cole Haan became the first Index brand to support "Buy with Apple Pay" from its app environment, reducing the number of required clicks from 15+ to a single thumbprint scan.[11] In addition, brands have been slow to port omnichannel capabilities to mobile screens. At present, only 16 percent of Fashion brands allow users to check local store inventory from mobile screens—failing to promote a channel-agnostic shopping experience.

8. "Luxe Trend Report: Luxury Brands Online," PM Digital, October 2015.
9. "Fickle Yet Fashionable: How apparel consumers are leading the multi-device revolution," Fashion Flash Report, Criteo, September 2015.
10. "Ecommerce Quarterly Report: The Offline Impact," Monetate, October 2015.
11. "Cole Haan Launches Apple Pay Into Mobile Application Experience," PR Newswire, May 14, 2015.

Digital IQ = Shareholder Value

Our thesis is that digital competence is inextricably linked to shareholder value. This study attempts to quantify the digital competence of 83 Fashion brands in the U.S. Our aim is to provide a robust tool to diagnose digital strengths and weaknesses, helping managers achieve greater return on incremental investment. Like the medium we are assessing, our approach is dynamic. Please reach out with comments to help improve our methodology and findings.

Regards, **L2**

Fashion: Brand Visibility on Keyword Search by E-Tailer

Category Keywords (e.g., "handbag")

November 2015 ■ Traditional Retailers ■ Online Pure-Plays

E-Tailer	Share of Index Brands Returning Any First-Page Results (n=83)	Average Monthly Traffic for Retailer (September 2015)	Brand with Highest Avg. Visibility Across All Category Keywords (n=80)	Average Monthly Traffic for Brand (September 2015)
Saks Fifth Avenue	79%	1.25M	TORY BURCH	418K
Neiman Marcus	72%	1.88M	GUCCI	312K
Bergdorf Goodman	62%	368K	PRADA	88K
Nordstrom	39%	9.64M	kate spade	1.01M
Barneys New York	38%	566K	BALENCIAGA	40K
Bloomingdales	36%	2.13M	RALPH LAUREN	1.35M
Net-A-Porter	48%	507K	SAINT LAURENT PARIS	155K
Gilt	48%	1.50M	LOUIS VUITTON	452K
Yoox	44%	300K	DOLCE & GABBANA	47K
Shopbop	39%	992K	MICHAEL KORS	605K
Mr. Porter	37%	412K	TOM FORD	108K

Source: L2 Digital IQ Index®: Fashion, November 2015.

ABOUT THE RANKING

DIGITAL IQ INDEX® FASHION

SITE & E-COMMERCE

35%

Technology & Interactivity:
Load Time, Analytics, Video & Content Integration, Guided Selling Tools

Search & Navigation:
Product Filtering/Sorting, Quick View, Keyword Search

Customer Service & Store Locator:
Contact Us, FAQ, Live Chat, Store Locator, Mapping, Personal Shopper

Product Pages:
Images Per SKU, Cross-Selling, Fit & Sizing Tools, Inventory Visibility & Estimated Shipping Date

E-Commerce & Omnichannel:
Direct Checkout, Click & Collect, Online Retailer Referral, Free Shipping & Returns

Customer Account:
Wish List Functionality, Profile Customization, Order Tracking, Expedited Login

E-TAILER VISIBILITY (where applicable):

- Barneys New York, Bergdorf Goodman, Bloomingdale's, Neiman Marcus, Nordstrom, Saks Fifth Avenue
- Gilt, Net-A-Porter, Mr Porter, Shopbop, Yoox

DIGITAL MARKETING

30%

Brand Search:
Traffic & Web Authority, SEO/SEM

Category Search:
Visibility Across 550+ Keywords Across 8 Categories

Web Advertising:
Display & Video Impressions, Creative Units, Retargeting, Cross-Platform Initiatives

Earned Media:
Reddit & Blog Mentions, Selective Presence on Industry-Specific Content (e.g., Polyvore, Racked, Refinery29, ShopStyle, Vogue, WWD, etc.)

Email Marketing:
Ease of Signup, Signup Incentives, Frequency, Content, Promotions, Triggered Emails, Smartphone Optimization, Personalization & Localization

MOBILE & TABLET

20%

Smartphone:
Compatibility, Load Time, Geolocation, Drive to Store, Mobile Feature Set

Tablet:
Compatibility, Load Time, UI/UX Optimization for Touch Input, Cart Persistence

Mobile Search:
"Above-the-Fold" Brand Visibility, Passes "Mobile-Friendly" Test, Local Paid Ad Extensions

Mobile Advertising (where applicable):
Impressions & Creative Units Registered on Mobile Devices

Mobile Apps (where applicable):
Presence, App Store Performance (iOS & Android), Drive toCommerce, In-Store Functionality

SOCIAL MEDIA

15%

Facebook:
Reach, Engagement, Responsiveness, Support of Native Video Format, Call-to-Action Buttons

Instagram:
Reach, Engagement, Post Frequency, Video Content, Social Commerce Initiatives, #Brand Mentions

YouTube:
Brand Search Visibility, Viewership, Channel Experience, Performance & Optimization of Most Viewed Content

Twitter:
Reach, Engagement, Programming Tactics, Customer Service Support, #Campaign Mentions

Emerging Platforms (where applicable):
Pinterest, Google+, Vine, Periscope, Snapchat

GENIUS 140+	GIFTED 110–139	AVERAGE 90–109	CHALLENGED 70–89	FEEBLE <70
Digital competence is a point of competitive differentiation for these brands. Creatively engineered messaging reaches consumers on a variety of devices and in many online environments.	Brands are experimenting and innovating across site, mobile, and social platforms. Digital presence is consistent with brand image and larger marketing efforts.	Digital presence is functional yet predictable. Efforts are often siloed across platforms.	Limited or inconsistent adoption of mobile and social media platforms. Sites lack inspiration and utility.	Investment does not match opportunity.

DIGITAL IQ INDEX RANKING

DIGITAL IQ INDEX® **FASHION**

IN THE COMPANY OF GENIUS | **GIFTED**

RANK	BRAND		DIGITAL IQ
1	BURBERRY	Burberry Group	141
2	kate spade	Kate Spade & Co.	140
3	RALPH LAUREN	Ralph Lauren Corporation	138
4	LOUIS VUITTON	LVMH	137
4	TORY BURCH	Tory Burch	137
6	COACH	Coach, Inc.	136
7	GUCCI	Kering	134
8	MICHAEL KORS	Michael Kors Holdings Limited	132
9	Calvin Klein	PVH Corp	129
10	BOSS HUGO BOSS	Hugo Boss AG	128
11	JIMMY CHOO	JAB Holding Co.	127
12	TOMMY HILFIGER	PVH Corp	126
13	MARC JACOBS	LVMH	124
14	DVF DIANE von FURSTENBERG	Diane von Furstenberg	123
15	COLE HAAN	Apax Partners	120
16	DOLCE & GABBANA	Dolce&Gabbana Holding S.r.l.	119

GENIUS
Burberry
Kate Spade
GIFTED
Ralph Lauren
Louis Vuitton
Tory Burch
Coach
Gucci
Michael Kors
Calvin Klein
Hugo Boss
Jimmy Choo
Tommy Hilfiger
Marc Jacobs
Diane von Furstenberg
Cole Haan
Dolce & Gabbana
Hermès
Lacoste
Vineyard Vines
Bottega Veneta
Fendi
Stuart Weitzman
Tom Ford
Versace
Valentino
AVERAGE
Chanel
Paul Smith
Belstaff
Giorgio Armani
rag & bone
Balenciaga
Christian Louboutin
Prada
Oscar de la Renta
Rebecca Minkoff
Salvatore Ferragamo
Alexander McQueen
Alice + Olivia
Bally
John Varvatos
Vince
Ermenegildo Zegna
Stella McCartney
Alexander Wang
La Perla
Moschino
Saint Laurent
Tod's
Roberto Cavalli
Badgley Mischka
Theory
Escada
Balmain
Dior
Lanvin
Mulberry
CHALLENGED
L.K. Bennett
Missoni
Tibi
Vivienne Westwood
Etro
Elie Tahari
Miu Miu
Sergio Rossi
Lancel
Loro Piana
Kenzo
Helmut Lang
Max Mara
Brunello Cucinelli
Jil Sander
Proenza Schouler
Givenchy
FEEBLE
Chloé
Roger Vivier
Alfred Dunhill
Emilio Pucci
Manolo Blahnik
Carolina Herrera
Paco Rabanne
Nina Ricci
Céline
Jean Paul Gaultier

DIGITAL IQ INDEX RANKING

DIGITAL IQ INDEX® FASHION

GIFTED AVERAGE

RANK	BRAND	DIGITAL IQ
16	HERMÈS PARIS Hermès International S.A.	119
18	LACOSTE Maus Freres S.A.	118
18	vineyard vines Vineyard Vines, LLC	118
20	BOTTEGA VENETA Kering	114
20	FENDI ROMA LVMH	114
22	STUART WEITZMAN Coach	113
22	TOM FORD Tom Ford International LLC	113

RANK	BRAND	DIGITAL IQ
22	VERSACE Gianni Versace S.p.A.	113
25	VALENTINO Mayhoola for Investments S.P.C.	110
26	CHANEL Chanel	109
26	Paul Smith Paul Smith Ltd.	109
28	BELSTAFF JAB Holdings	108
28	GIORGIO ARMANI Giorgio Armani Corporation	108
28	rag & bone rag & bone, Inc.	108

RANK	BRAND	DIGITAL IQ
31	BALENCIAGA Kering	107
31	Louboutin Christian Louboutin	107
33	PRADA Prada Group	106
34	Oscar de la Renta Oscar de la Renta LLC	105
34	REBECCAMINKOFF Rebecca Minkoff LLC	105
36	Salvatore Ferragamo Salvatore Ferragamo	104
37	ALEXANDER McQUEEN Italia S.p.A.	103

GENIUS
Burberry
Kate Spade
GIFTED
Ralph Lauren
Louis Vuitton
Tory Burch
Coach
Gucci
Michael Kors
Calvin Klein
Hugo Boss
Jimmy Choo
Tommy Hilfiger
Marc Jacobs
Diane von Furstenberg
Cole Haan
Dolce & Gabbana
Hermès
Lacoste
Vineyard Vines
Bottega Veneta
Fendi
Stuart Weitzman
Tom Ford
Versace
Valentino
AVERAGE
Chanel
Paul Smith
Belstaff
Giorgio Armani
rag & bone
Balenciaga
Christian Louboutin
Prada
Oscar de la Renta
Rebecca Minkoff
Salvatore Ferragamo
Alexander McQueen
Alice + Olivia
Bally
John Varvatos
Vince
Ermenegildo Zegna
Stella McCartney
Alexander Wang
La Perla
Moschino
Saint Laurent
Tod's
Roberto Cavalli
Badgley Mischka
Theory
Escada
Balmain
Dior
Lanvin
Mulberry
CHALLENGED
L.K. Bennett
Missoni
Tibi
Vivienne Westwood
Etro
Elie Tahari
Miu Miu
Sergio Rossi
Lancel
Loro Piana
Kenzo
Helmut Lang
Max Mara
Brunello Cucinelli
Jil Sander
Proenza Schouler
Givenchy
FEEBLE
Chloé
Roger Vivier
Alfred Dunhill
Emilio Pucci
Manolo Blahnik
Carolina Herrera
Paco Rabanne
Nina Ricci
Céline
Jean Paul Gaultier

DIGITAL IQ INDEX RANKING

DIGITAL IQ INDEX® FASHION

L2

AVERAGE **CHALLENGED**

RANK	BRAND		DIGITAL IQ
37	Alice and Olivia by stacey bendet	Alice + Olivia	103
37	BALLY	JAB Holdings	103
37	john varvatos	Lion Capital	103
37	VINCE.	Vince Holding Corp	103
42	Zegna	Ermenegildo Zegna	102
42	STELLA McCARTNEY	Kering	102
44	ALEXANDER WANG	Alexander Wang Inc.	101
44	LA PERLA	Pacific Global Management	101
44	MOSCHINO	Aeffe S.p.A.	101
47	SAINT LAURENT PARIS	Kering	99
48	TOD'S	Tod's s.p.a	97
49	roberto cavalli	Roberto Cavalli S.p.A.	96
50	BADGLEY MISCHKA	Iconix Brand Group, Inc.	94
50	Theory	Fast Retailing Co, Ltd.	94
52	ESCADA	Escada Group	93
53	BALMAIN PARIS	Pierre Balmain, SA	92
54	Dior	LVMH	91
54	LANVIN PARIS	Harmonie SA	91
54	MULBERRY	Mulberry Group PLC	91
57	L.K.Bennett London	Phoenix Equity Partners/Sirius Equity	89
58	MISSONI	Missoni S.p.A.	87

GENIUS
Burberry
Kate Spade
GIFTED
Ralph Lauren
Louis Vuitton
Tory Burch
Coach
Gucci
Michael Kors
Calvin Klein
Hugo Boss
Jimmy Choo
Tommy Hilfiger
Marc Jacobs
Diane von Furstenberg
Cole Haan
Dolce & Gabbana
Hermès
Lacoste
Vineyard Vines
Bottega Veneta
Fendi
Stuart Weitzman
Tom Ford
Versace
Valentino
AVERAGE
Chanel
Paul Smith
Belstaff
Giorgio Armani
rag & bone
Balenciaga
Christian Louboutin
Prada
Oscar de la Renta
Rebecca Minkoff
Salvatore Ferragamo
Alexander McQueen
Alice + Olivia
Bally
John Varvatos
Vince
Ermenegildo Zegna
Stella McCartney
Alexander Wang
La Perla
Moschino
Saint Laurent
Tod's
Roberto Cavalli
Badgley Mischka
Theory
Escada
Balmain
Dior
Lanvin
Mulberry
CHALLENGED
L.K. Bennett
Missoni
Tibi
Vivienne Westwood
Etro
Elie Tahari
Miu Miu
Sergio Rossi
Lancel
Loro Piana
Kenzo
Helmut Lang
Max Mara
Brunello Cucinelli
Jil Sander
Proenza Schouler
Givenchy
FEEBLE
Chloé
Roger Vivier
Alfred Dunhill
Emilio Pucci
Manolo Blahnik
Carolina Herrera
Paco Rabanne
Nina Ricci
Céline
Jean Paul Gaultier

DIGITAL IQ INDEX RANKING

DIGITAL IQ INDEX® **FASHION**

L2

CHALLENGED **FEEBLE**

RANK	BRAND		DIGITAL IQ
59	Tibi	Tibi LLC	86
60	Vivienne Westwood	Vivienne Westwood	85
61	Etro	Etro SpA	82
62	Elie Tahari	Elie Tahari, Ltd.	81
62	Miu Miu	Prada Group	81
64	Sergio Rossi	Kering	80
65	Lancel	Compagnie Financiere Richemont S.A.	79
65	Loro Piana	LVMH	79
67	Kenzo	LVMH	78
68	Helmut Lang	Fast Retailing Co. Ltd.	77
69	MaxMara	Max Mara Fashion Group SRL	75
70	Brunello Cucinelli	Brunello Cucinelli S.p.A	74
70	Jil Sander	Onward Holdings Co., Ltd.	74
70	Proenza Schouler	Proenza Schouler	74
73	Givenchy	LVMH	72
74	Chloé	Compagnie Financiere Richemont S.A.	68
75	Roger Vivier	Tod's s.p.a	67
76	Alfred Dunhill	Compagnie Financiere Richemont S.A.	64
77	Emilio Pucci	LVMH	63
77	Manolo Blahnik	Manolo Blahnik International Ltd.	63
79	CH Carolina Herrera	Puig	61

GENIUS
Burberry
Kate Spade
GIFTED
Ralph Lauren
Louis Vuitton
Tory Burch
Coach
Gucci
Michael Kors
Calvin Klein
Hugo Boss
Jimmy Choo
Tommy Hilfiger
Marc Jacobs
Diane von Furstenberg
Cole Haan
Dolce & Gabbana
Hermès
Lacoste
Vineyard Vines
Bottega Veneta
Fendi
Stuart Weitzman
Tom Ford
Versace
Valentino
AVERAGE
Chanel
Paul Smith
Belstaff
Giorgio Armani
rag & bone
Balenciaga
Christian Louboutin
Prada
Oscar de la Renta
Rebecca Minkoff
Salvatore Ferragamo
Alexander McQueen
Alice + Olivia
Bally
John Varvatos
Vince
Ermenegildo Zegna
Stella McCartney
Alexander Wang
La Perla
Moschino
Saint Laurent
Tod's
Roberto Cavalli
Badgley Mischka
Theory
Escada
Balmain
Dior
Lanvin
Mulberry
CHALLENGED
L.K. Bennett
Missoni
Tibi
Vivienne Westwood
Etro
Elie Tahari
Miu Miu
Sergio Rossi
Lancel
Loro Piana
Kenzo
Helmut Lang
Max Mara
Brunello Cucinelli
Jil Sander
Proenza Schouler
Givenchy
FEEBLE
Chloé
Roger Vivier
Alfred Dunhill
Emilio Pucci
Manolo Blahnik
Carolina Herrera
Paco Rabanne
Nina Ricci
Céline
Jean Paul Gaultier

DIGITAL IQ INDEX RANKING

DIGITAL IQ INDEX® **FASHION**

L2

FEEBLE

RANK	BRAND	DIGITAL IQ
80	paco rabanne Puig	56
81	NINA RICCI Puig	55
82	CÉLINE LVMH	54
83	Jean Paul GAULTIER Puig	41

GENIUS
Burberry
Kate Spade
GIFTED
Ralph Lauren
Louis Vuitton
Tory Burch
Coach
Gucci
Michael Kors
Calvin Klein
Hugo Boss
Jimmy Choo
Tommy Hilfiger
Marc Jacobs
Diane von Furstenberg
Cole Haan
Dolce & Gabbana
Hermès
Lacoste
Vineyard Vines
Bottega Veneta
Fendi
Stuart Weitzman
Tom Ford
Versace
Valentino
AVERAGE
Chanel
Paul Smith
Belstaff
Giorgio Armani
rag & bone
Balenciaga
Christian Louboutin
Prada
Oscar de la Renta
Rebecca Minkoff
Salvatore Ferragamo
Alexander McQueen
Alice + Olivia
Bally
John Varvatos
Vince
Ermenegildo Zegna
Stella McCartney
Alexander Wang
La Perla
Moschino
Saint Laurent
Tod's
Roberto Cavalli
Badgley Mischka
Theory
Escada
Balmain
Dior
Lanvin
Mulberry
CHALLENGED
L.K. Bennett
Missoni
Tibi
Vivienne Westwood
Etro
Elie Tahari
Miu Miu
Sergio Rossi
Lancel
Loro Piana
Kenzo
Helmut Lang
Max Mara
Brunello Cucinelli
Jil Sander
Proenza Schouler
Givenchy
FEEBLE
Chloé
Roger Vivier
Alfred Dunhill
Emilio Pucci
Manolo Blahnik
Carolina Herrera
Paco Rabanne
Nina Ricci
Céline
Jean Paul Gaultier

Playing Catch-Up

In a new era where luxury brands and consumers have become more comfortable with the digital marketplace,[12] Index brands are striving to provide value through sites that balance accessibility with functionality. Among Fashion brands tracked since 2013, there has been a significant jump in customer service features. For example, brands offering basic FAQs have increased from 39 percent in 2013 to 71 percent in 2015, underscoring the increasing importance of "low-touch" sites.

Although 86 percent of brands now offer sophisticated filters (e.g., size, color, etc.) and 55 percent offer additional sorting capability (e.g., price, new arrivals, etc.), room remains for further investment. One rarely featured filter is Editor's Pick, currently offered by 6 percent of the Index. Another opportunity is Quick View functionality—while adoption is up from 19 percent to 76 percent since 2013, only a quarter of brands go further by allowing a shopper to complete the purchase through Quick Buy. Once on the product page, customer service via live chat is supported by 16 percent of brands, while 13 percent offer referrals to a personal shopper service.

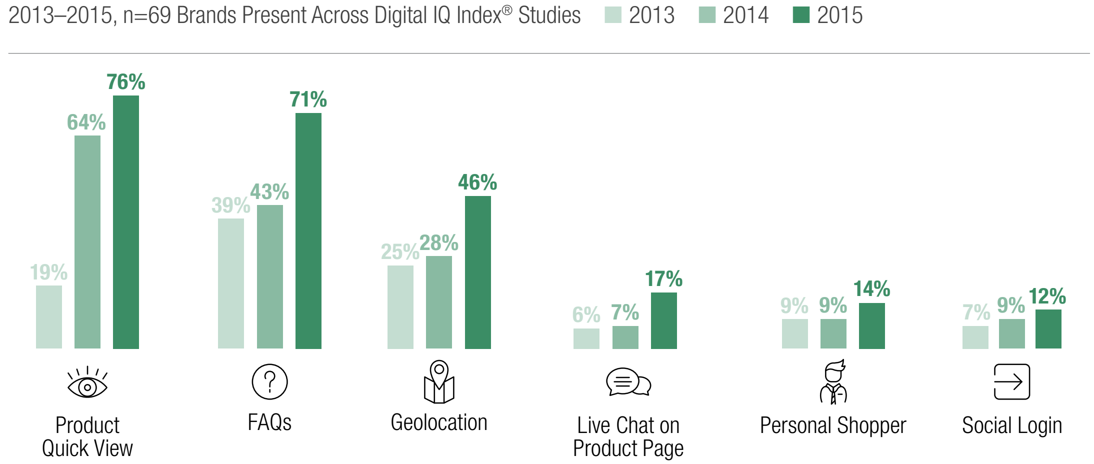
On average, consumers must click 2.2 times from the landing page to reach a product page and 4.2 times from the product page to complete the checkout process. While over half of Index brands have the ability to add products to a wish list from the cart, only 7 percent allow shoppers to view their wish list from the cart. Thirty-five percent of brands allow the shopper to change product attributes (beyond quantity) from the cart and 76 percent offer an express payment option (e.g., PayPal, ShopRunner, AMEX Express Checkout, Visa Checkout, etc.).

12. "Why Luxury Retailers Have Finally Given In To Digital," Jenny Cosgrave, CNBC, March 31, 2015

Fashion: Brand Site Investments Across Time

Percentage of Brands with Given Feature

2013–2015, n=69 Brands Present Across Digital IQ Index® Studies

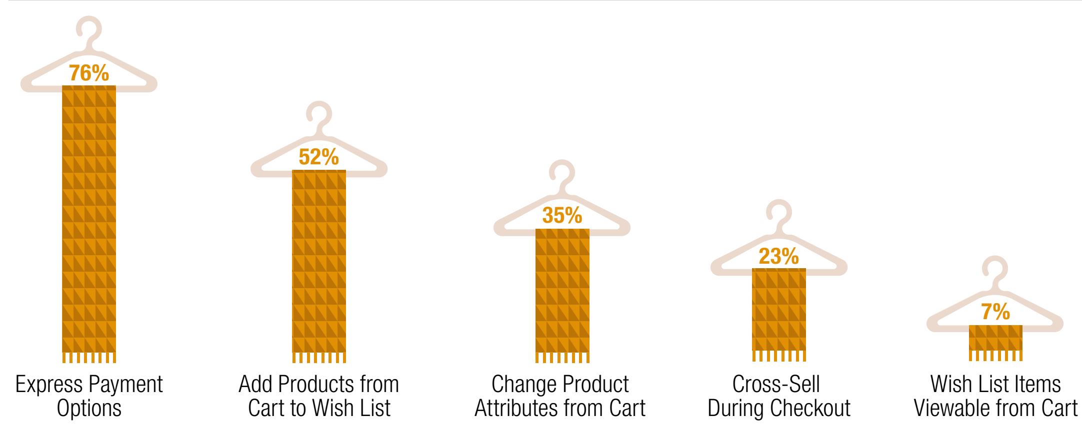


Source: L2 Digital IQ Index®: Fashion, November 2015.

Fashion: Visible Options During Checkout

Percentage of Brands with Given Feature

November 2015, n=71 Brands



Source: L2 Digital IQ Index®: Fashion, November 2015.

Email Marketing

The average email send rate increased 65 percent over last year to 2.8 emails per week vs. 1.7 emails per week. Calvin Klein led the Index, with 20 emails per week (7 times the 2015 average).

Examining the content of over 1,300 emails sent by brands during Q3 2015, the bulk were consistently driven by either editorial (81 percent) or promotional content (61 percent). Almost 40 percent of the Index used abandoned cart trigger emails at least once during the sample period. Notably, 31 percent of brands sent multiple abandoned cart reminders—a tactic that has proven to increase sales by 56 percent (versus sending just one).[13]

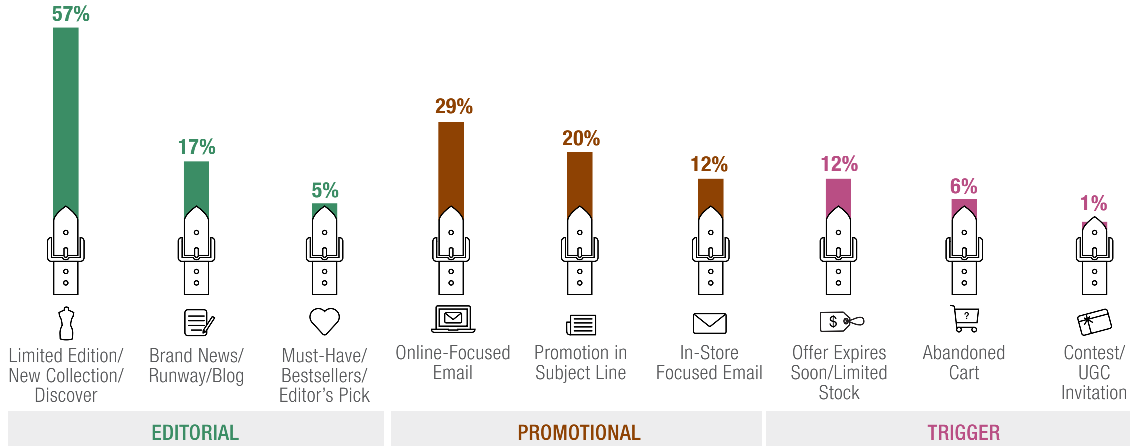
Despite over 40 percent of marketers believing that a lack of email innovation leads to sales loss,[14] Fashion brands continue to underutilize customer data when crafting messages. Though 59 percent of brands capture information at account signup, only 26 percent of brands personalize their emails. The ability to establish and maintain customer relationships via personalization is not just a best practice, it is becoming "table stakes" for the industry.[15] As site traffic becomes increasingly expensive, successful brands turn to personalized email marketing to drive top-line growth and conversion.

Facebook

13. "5 Ways to Improve Abandoned Cart Emails," Practical Ecommerce, Mary 2015
14. "More than 40 Percent of Marketers Report that Failing to Innovate with Email Will Result in Loss of Customers," Monetate, October 2014
15. Ibid.

Fashion: Call-to-Action Featured in Email Marketing, as Percentage of Total Emails Sent

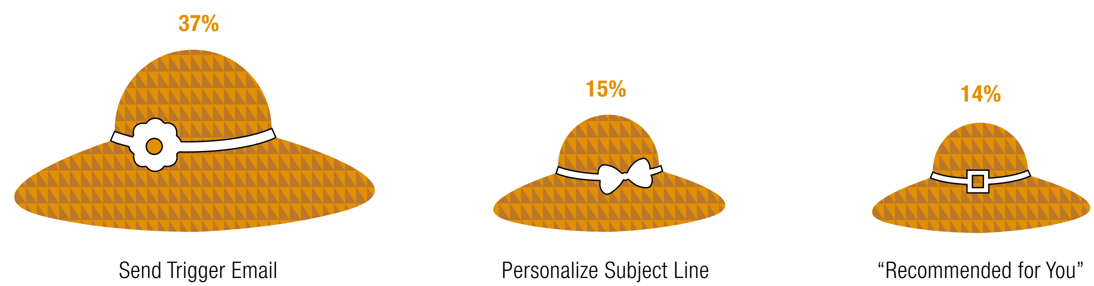
September–November 2015, n=1,371 Emails Sent by 72 Brands



Source: L2 Digital IQ Index®: Fashion, November 2015.

Fashion: Trigger & Personalized Email Tactics

September–November 2015, n=1,371 Emails Sent by 72 Brands



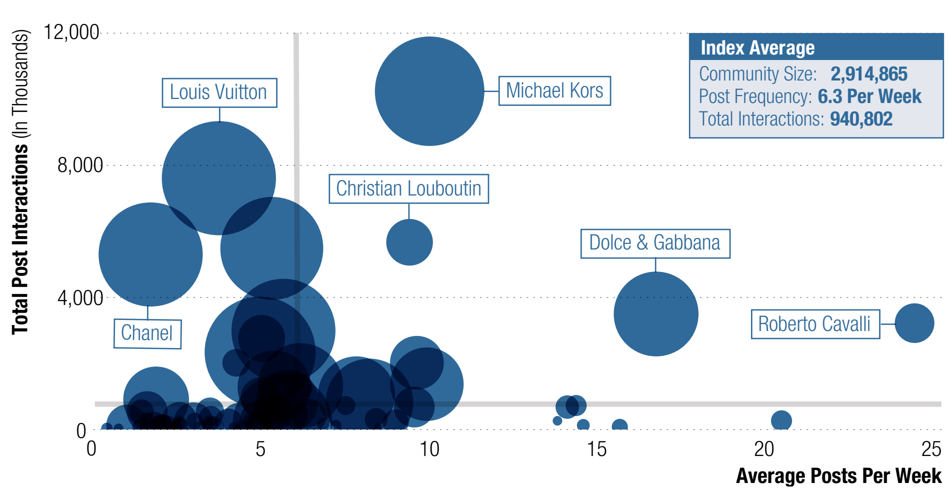
Source: L2 Digital IQ Index®: Fashion, November 2015.

In previous years, Fashion brands remained relatively immune to Facebook trends; however, the industry is finally feeling the effects of the social powerhouse. Interactions per quarter had been declining since Q3 2014 before dramatically dropping 46 percent in the first quarter of 2015. Post frequency has also declined, indicating a weakening relationship between post frequency and total interactions. Index brands are now finding a balance between publishing engaging content and figuring out how much investment is needed to publicize it.

Fashion brands are using Facebook to house diverse content. While product mentions and celebrity features dominate half of all posts, brands are experimenting with other types of content, including fashion show blitzes, campaigns, and short films. In terms of total interactions, brands that have the largest share of voice on Facebook are Michael Kors (15 percent), Louis Vuitton (11 percent), Christian Louboutin (8 percent), Dior (8 percent) and Chanel (7 percent).

Fashion: Reach, Post Frequency & Engagement on Facebook

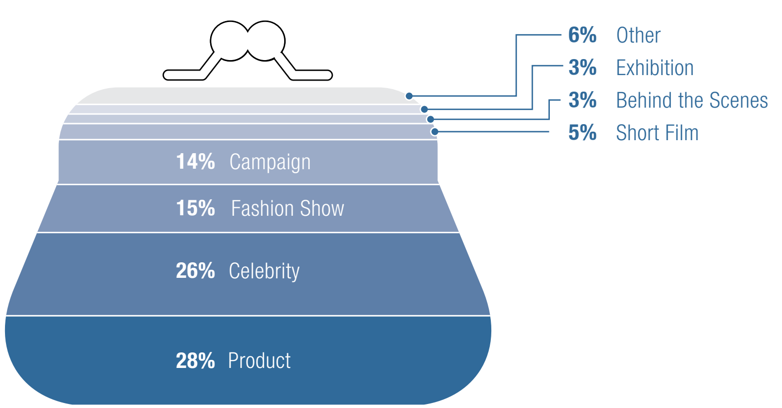
October 2014–2015, n=79 Brands with Complete Data ●●● Community Size



Source: L2 Digital IQ Index®: Fashion, November 2015.

Fashion: Facebook Content, Top Brand Posts by Engagement

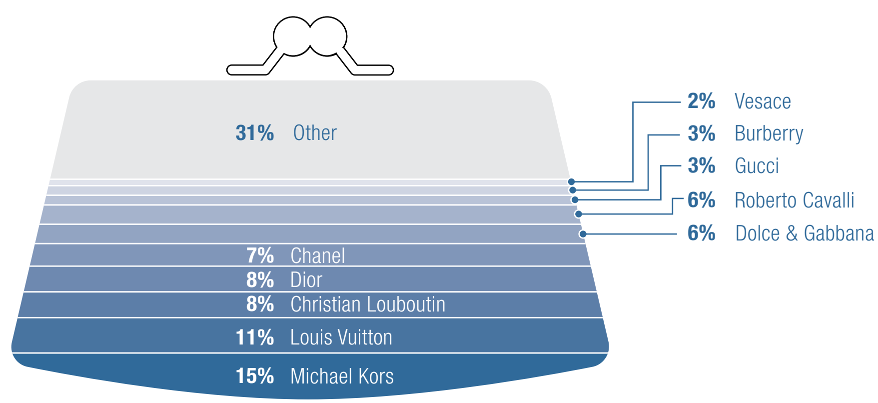
April–October 2015, n=178 Posts



Source: L2 Digital IQ Index®: Fashion, November 2015.

Fashion: Top Brands by Share of Voice on Facebook

September 2014–2015, n=70M Post Interactions*



* n=79 Brands with Complete Data
Source: L2 Digital IQ Index®: Fashion, November 2015.

Mobile Site

Mobile optimization is no longer a point of differentiation among Index brands. Across those brands tracked longitudinally since 2013, mobile site support has increased from 74 percent to 94 percent. There are two primary drivers behind this (now requisite) investment.

While smartphones still exhibit conversion rates roughly a third of that registered on desktop and tablet devices—the share of site visits from smartphones has increased nearly 40 percent year over year.[16] In addition, smartphones now drive half of search volume.[17] During September 2015, monthly average search volumes for all keywords associated with Fashion brand sites nearly doubled versus last year. Along the way, the share of searches executed on smartphones increased from 37 percent to 50 percent.

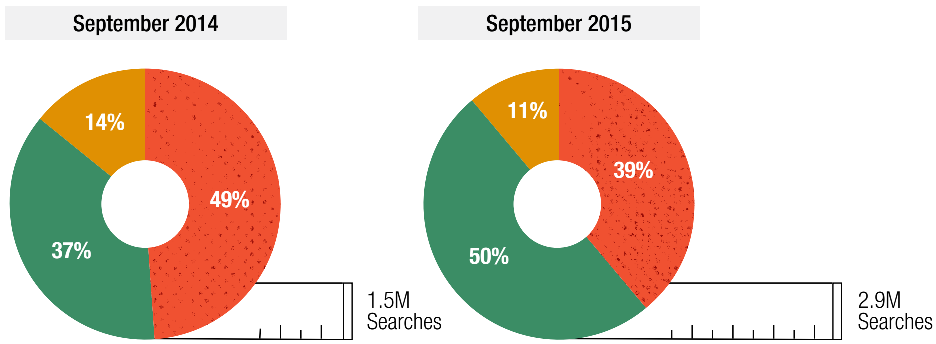
As of April 2015, Google consequently rewards "mobile friendly" sites in mobile search results.[18] A cross-industry survey of non-mobile friendly sites conducted a month following the changeover demonstrated a 27 percent net loss in mobile search position among non-conformists.[19] Currently, only seven Fashion brands (Coach, Escada, Etro, Jil Sander, La Perla, L.K. Bennett, and Versace) still fail this critical compatibility test.

16. "Ecommerce Quarterly Report: The Offline Impact," Monetate, October 2015.
17. L2 Analysis of Google AdWords: Keyword Planner, Average Monthly Searches, Breakdown by Device, September 2015.
18. "Rolling out the mobile-friendly update," Webmaster Central Blog, Google, April 21, 2015.
19. "Mobilegeddon: Nearly 50% of Non-Mobile Friendly URLs dropped in Rank," Eric Enge, Stone Temple Consulting, June 3, 2015.

Fashion: Average Monthly Search Volume for Related Keywords, by Device Type

September 2014 vs. September 2015, n=71 Brands Present Across Both Studies

Desktop/Laptop Mobile Tablet

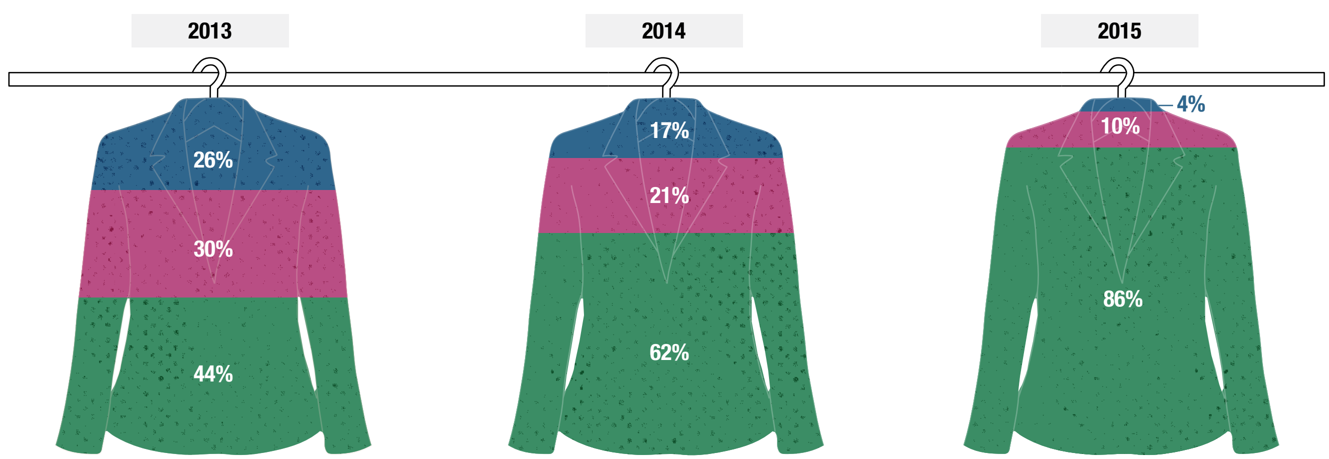


Source: L2 Analysis of Google AdWords: Keyword Planner, September 2015.

Fashion: Site Configuration on Mobile Devices

2013-2015, n=69 Brands Present Across All Studies

Responsive Design Unique Mobile Site
No Mobile Optimization



Source: L2 Digital IQ Index®: Fashion, November 2015.

Click logo to return here.

Click to jump to:

BENCHMARKING DIGITAL PERFORMANCE

L2 is a member-based business intelligence firm that benchmarks the digital performance of brands.

RESEARCH

Our 50+ annual reports include:

Digital IQ Index®

The definitive benchmark for online competence, Digital IQ Index® reports assess the digital performance of the top 60-100 brands across 12 industry verticals and 11 geographies. Brands are ranked against their peers on more than 850 data points diagnosing their digital strengths and weaknesses.

Intelligence Reports

Intelligence Reports complement L2's flagship Digital IQ Index® with a deeper dive into the platform or geographies of future growth. Critical areas of investigation include: Mobile, Video, Emerging Platforms, and Omnichannel Retail.

Insight Reports

Series of topical reports complementing The Digital IQ Index® reports with an in-depth analysis of specific tactics and opportunitites.

EVENTS

L2's 60+ global events are the largest gatherings of retail and consumer exectives in North America. At our events L2 research leads, academic thought leaders and industry experts provide insight into digital trends, performane and tools.

The Forum

At L2's annual flagship TED-style conference, help each November, CEOs, industry experts, academics and thought leaders speak to innovation and inspiration. Senior executives from the world's most iconic brands are in attendance.

Executive Education Clinics

L2's version of the one-day M.B.A, our quarterly clinics offer members an in-depth look at the issues, trends, strategies and technologies changing the face of digital.

Research Briefing

Held in cities across the world several times a month, these working breakfast or lunch sessions provide members with data and insights from L2's research portfolio.

MEMBERSHIP

For membership information and inquiries: membership@L2inc.com

UPCOMING RESEARCH

Digital IQ® Reports:

Beauty: China
Beauty 2015
Watches & Jewelry

L2 Intelligence Report

Death of Pure Play
Social Platforms

L2 Insight Reports

Consumer Electronics: Content to Commerce
Retail Innovations: Beacons

UPCOMING EVENTS

Breakfast: Amazon 2015

December 2, 2015 | New York

Breakfast: Watches & Jewelry

December 3, 2015 | New York

Breakfast: Auto 2015

December 8, 2015 | New York

Breakfast: Year in Review

December 10, 2015 | New York

CONTACT INFO:

740 Broadway, 5th Floor
New York, NY 10003

L2inc.com
info@L2inc.com