Google | KANTAR | HDE Handelsverband Deutschland

European Fashion Retail ’24

Standing out in the Sea of Sameness

November 2024 | Germany Narrative

Background | Standing out in the Sea of Sameness

Background
In the current competitive landscape, with new players entering the fashion retail market with aggressive marketing and new business concepts on the one hand and existing brands struggling to survive on the other, it is time for fashion retailers to develop strategies to survive and thrive in this environment and set the course for profitable growth in the future. Differentiation has become a critical factor for retailers to stand out and secure long-term growth. Recognizing this, Google and Kantar partnered to conduct a comprehensive study across nine European markets, analysing 30 retailers per market based on 40 differentiation drivers.

Why differentiation matters
Consumers have more choice than ever before and are increasingly price-sensitive in their behaviour. The key success factor for long-term growth is therefore building deeper connections that drive loyalty. Kantar BrandZ* data shows that brands that are perceived as different from others build deeper mental connections that encourage consumers to buy the brand more often - and possibly at a higher price. So differentiation is also an important factor in the brand's ability to charge more - what we call Pricing Power. A strong and differentiated retail brand with high Pricing Power is therefore able to grow profitably in the long term. The new paradigm 2025 and beyond in fashion retail: stand out or fade away.

Germany's fashion retail landscape – current status
Our research shows that differentiation is rare in Germany; only 1 in 3 retailers are perceived as differentiated. To provide guidance, this research has identified six key differentiation factors that retailers can leverage to unlock growth: Chic, Unique, Community, Responsible, Techy, and Fulfillment.

Our six differentiation factors in a nutshell

Chic	Leverage the desire for new looks – launch trends ahead of others, offer exclusive promotions & refresh range frequently
Unique	Know your shoppers and make them feel unique – anticipate needs through new personalised services
Community	Fulfill the desire for social moments – cultivate a shopper community, facilitate sharing of content, engage influencers
Responsible	Demonstrate dedication to shopper values – such as sustainability, inclusivity, transparency and fairness
Techy	Elevate the experience – offer leading technology, advanced apps, new features, or a connected omni-channel experience
Fulfillment	Delight your customers – pay attention to availability, offer choice, and stand out with an excellent fulfilment process

Source: Google EFS 2024 / *Source: Kantar BrandZ

Key Insights | Standing out in the Sea of Sameness (1 / 2)

#1 In Germany's competitive retail landscape, differentiation is paramount. Shoppers are aware of numerous brands but ultimately only buy at few. Only 28% of fashion retailer in Germany is perceived as differentiated, mostly on Chic and Fulfilment and weakest on Unique.

#2 Differentiation of German fashion retailers is on par with Europe, making it even more challenging for German retailers to stand out in European context.

#3 Across the 6 differentiation factors, some underlying patterns emerge: DTC brands differentiate stronger on Chic, while multi-category retailer excel on Techy and Fulfillment, Techy is also stronger among multi-brand retailers. Unique and Community have lower differentiation profiles overall. Those retailers that stand out here are mostly DTC.

#4 In comparison to Europe, Chic & Community are less important, Unique & Responsible & Techy more; Fulfilment is at the same level and has the lowest impact on differentiation. While Fulfilment is still important to shoppers, it is no big differentiator anymore.

Source: Google EFS 2024

Key Insights | Standing out in the Sea of Sameness (2 / 2)

	Chic 	Unique 	Community 	Responsible 	Techy 	Fulfillment 
Importance for differentiation	29%	20%	14%	16%	13%	9%
% of differentiated retailers	41%	13%	22%	22%	16%	28%
Strongest retailer segment(s)	DTC	DTC	DTC	DTC / multi-brand	Multi-category, multi-brand	multi-category
Opportunities for retailers	Delight shoppers with unique offers, invest in deep audience understanding, consider leveraging AI for early trend spotting	Personalization throughout all purchase steps, understand shoppers' past behavior to predict future desire and turn it into personalized targeting	Connect shoppers across touchpoints: video communities, social channel, streamed live events, etc.	Promote your fairness and honesty, but even more your values and beliefs. Ensure shoppers know what to expect from your brand.	Think about each digital touchpoint and invest in visible good technology; app-based shopping needs great usability.	Fulfillment is, but is not limited to, a process. While offering seamless process, emphasize your portfolio's quality and price ranges.
General learning across all factors	**Achieving successful differentiation hinges on profound customer insights, underpinned by a robust data infrastructure. AI empowers retailers with tools to expedite solution development and enhance optimization. Consequently, embedding data and AI at the core of any differentiation strategy is imperative**					

Source: Google EFS 2024

"Offers are similar, so if there's a filter option not working, I move to the next retailer.

German shopper, female 35 years old

Interchangeability and the lack of emotional connection are critical issues in today's rapidly changing fashion retail landscape. In an era of fierce competition, high consumer expectations, and a challenging economic environment this means: **stand out or fade.**

Source: Google EFS 2024, qualitative quote Germany

How to gain & retain a firm place in consumers' minds?

German fashion shoppers know almost 25 fashion retailers - but they frequently buy at only 7

This awareness-usage gap is a well-known phenomenon in the retail industry. In recent years, many fashion retailers have successfully optimised a frictionless shopping experience, with almost perfect fulfillment from order, to delivery and - if needed - return. Combined with a high visibility across the fashion purchase journey, this has worked for many of them to establish a strong salience over the years and to drive sales and secure market share.

But in 2024 and beyond, this is no longer enough!

Despite inflation recently decreasing, many shoppers continue to buy more carefully, or just buy less. Retailers are at risk of losing volume in the short-term or profit and growth in the longer-term. And some have faded away already in the past 2 years.

Google has, in collaboration with Kantar, identified **Differentiation** as a strong opportunity for fashion retailers to thrive and survive. Why?

Differentiation is not just "one more theme". Instead, it is the retailer's ability to stand out and capture share from competitors.

Source: Google EFS 2024, Shown is the average number of retailers shoppers are aware of (out of a list of 30-32 retailers per market) vs. the average number of retailers they preferably or regularly buy from. For more information on local retailer lists click here

Differentiation drives pricing power, allowing you to command a premium and drive sales now and in the future

Source: Kantar Meaningfully-Different and Salient Framework, Imbuing brands with a sense of difference, July 2023
Salience has been validated since 2006 with a retail brand's ability to drive short-term sales, and meaningful difference with its ability to command a price premium, and drive profitable long-term growth

Germany I To truly unlock differentiation, we conducted a large retailer benchmarking

We assessed 32 retailers on 40 differentiation drivers, among 1.000 German fashion shoppers in Q3 2024

About You	Ernsting's family	Tamaris
Adidas	H&M	Temu
Amazon	Hugo Boss	Tommy Hilfiger
ASOS	MANGO	Trendyol
BAUR	Marc O'Polo	Ulla Popken
Birkenstock	Mytheresa	Vestiaire Collective
Bonprix	Next	Vinted
Breuninger	Nike	Witt Weiden
C&A	OTTO	Zalando
Calvin Klein	Peek & Cloppenburg	Zara
Deichmann	SHEIN	

Source: Google EFS 2024/ Shown is the total number of retailers investigated.

Research Design – Qualitative & quantitative survey

Qualitative exploration

To gain a deeper understanding of the European fashion retail landscape from the shoppers' perspective, we conducted a qualitative pre-phase in which we looked at shoppers' habits, needs and how they perceive retailers. The main objective was to gather differentiation drivers for the quantitative phase.

Scope
Germany, Great Britain, Italy: In each market, 8 online 60 min in-depth interviews with a 30 min shopping exercise pre-task

Audience
Male/female shoppers 18+ who buy regularly from fashion retailers, are responsible for choosing and buying clothes, interested in or enjoy buying fashion and aware of selected retailers of interest

Fieldwork
May 2024

Quantitative survey

Scope
9 European markets: France, Germany, Great Britain, Italy, Netherlands, Poland, Spain, Sweden, Turkey

Audience
Recent buyers of apparel or fashion (past 3 months), involved in purchase decisions, 18 years or older

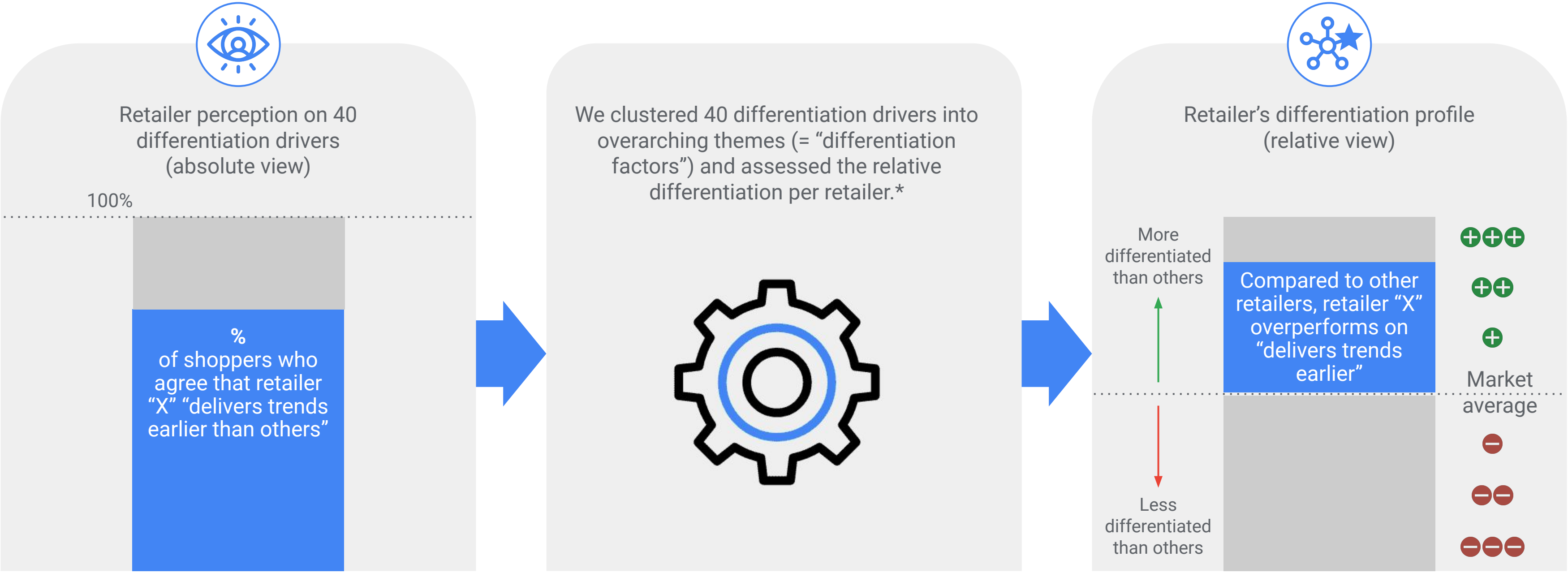
Sampling
Online representative for age, gender & region

Questionnaire
Online survey with n = 1000 per market, 15 min survey
Retailer assessment on Meaningful, Different and Salient KPIs, image perceptions on 40 drivers, media and touchpoint usage

Fieldwork
July / August 2024

Differentiation is unlocked through the lens of the shopper

Based on **stated retailer perception**, we **analytically** identified **retailer differentiation**, relative to others. This combination unveils differentiation holistically.



Source: Google EFS 2024 / *Retailer perception is the absolute degree of agreement with an image aspect for a particular retailer. Differentiation is an analytically derived relative strengths/weaknesses image profile compared to competitors, whereby the influence of retailer size is eliminated to make small and big brands comparable. For more information click here

The power of a differentiated fashion retail brand

Business relevance

The importance of differentiation for retailers, and what it means

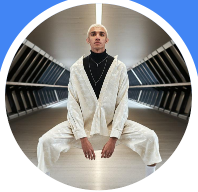
Identify space

6 key differentiation factors that make retailers stand out

Drive your space

Inspire with best practice, picked from our brand level benchmarking across all retailers assessed

Business Relevance



The importance of differentiation for retailers, and what it means

The Secrets of Profit & Long-Term Growth in Fashion Retail

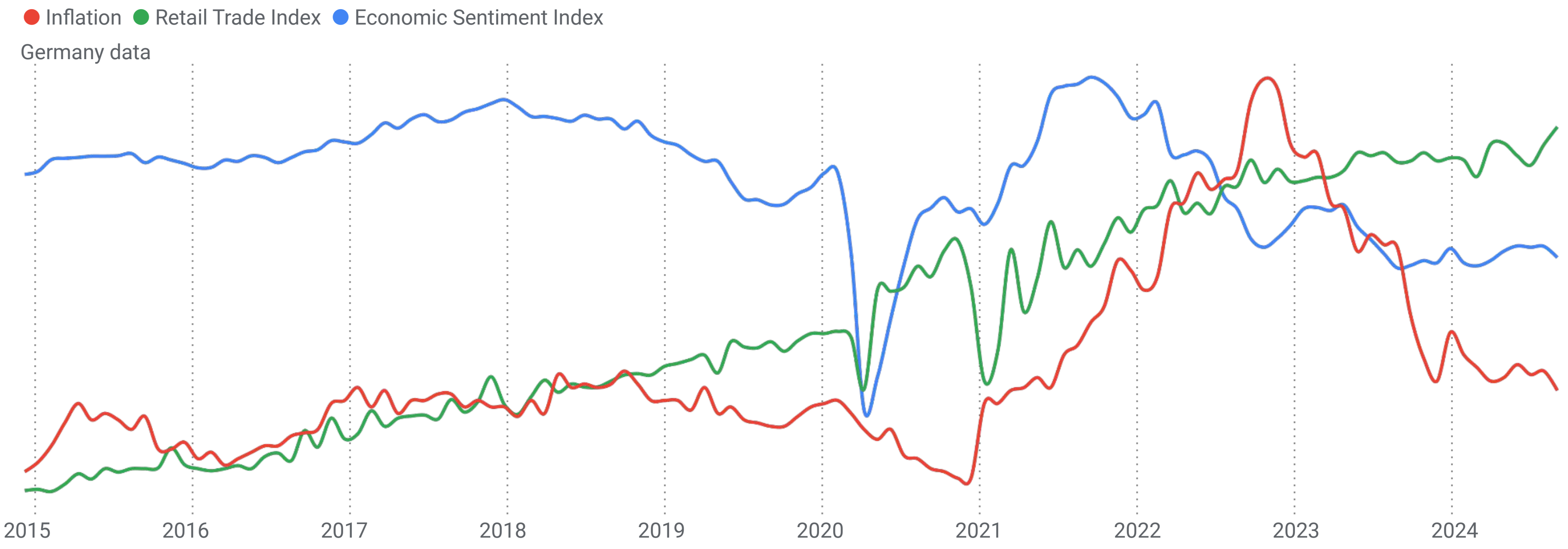
With this research, Google aims to address a critical gap in the fashion retail sector: **the lack of deep insights on achieving long-term growth through differentiation**.

Fashion supply & demand has come to a turning point

Market Conditions

Shopper demand

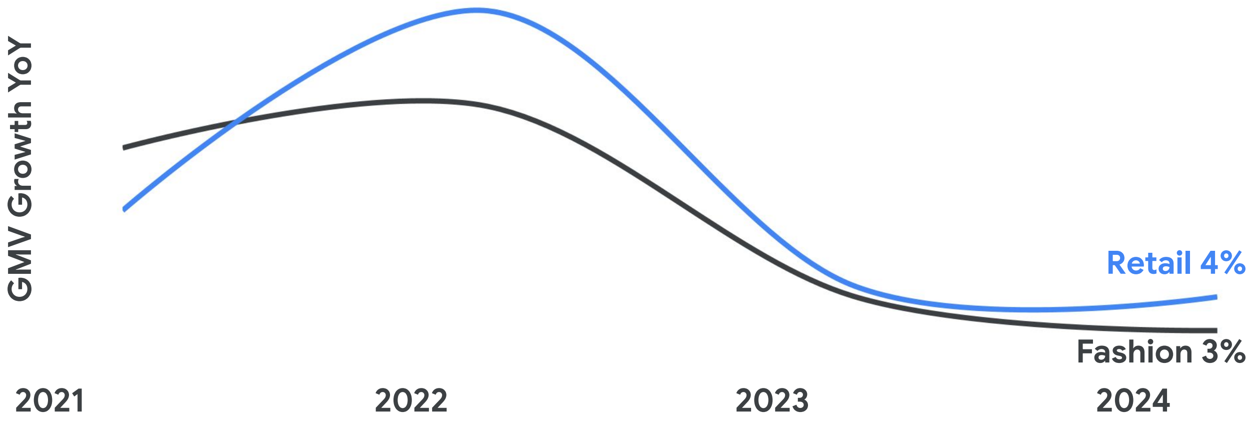
Despite falling inflation, uncertainty and caution still prevail – economic sentiment indicators remain stagnant



Source: Eurostat, Aug 2024/ Link / PDF-Link

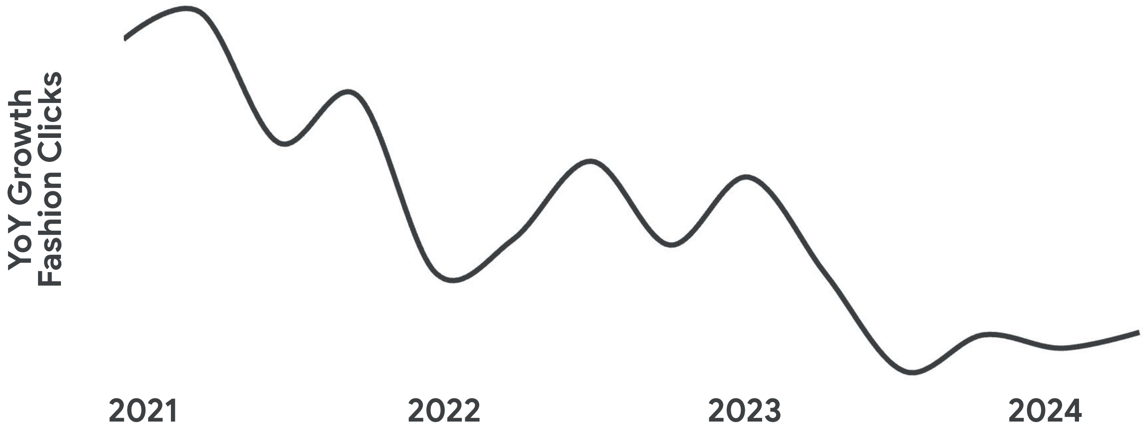
Retail is outgrowing fashion in 2024

Market conditions



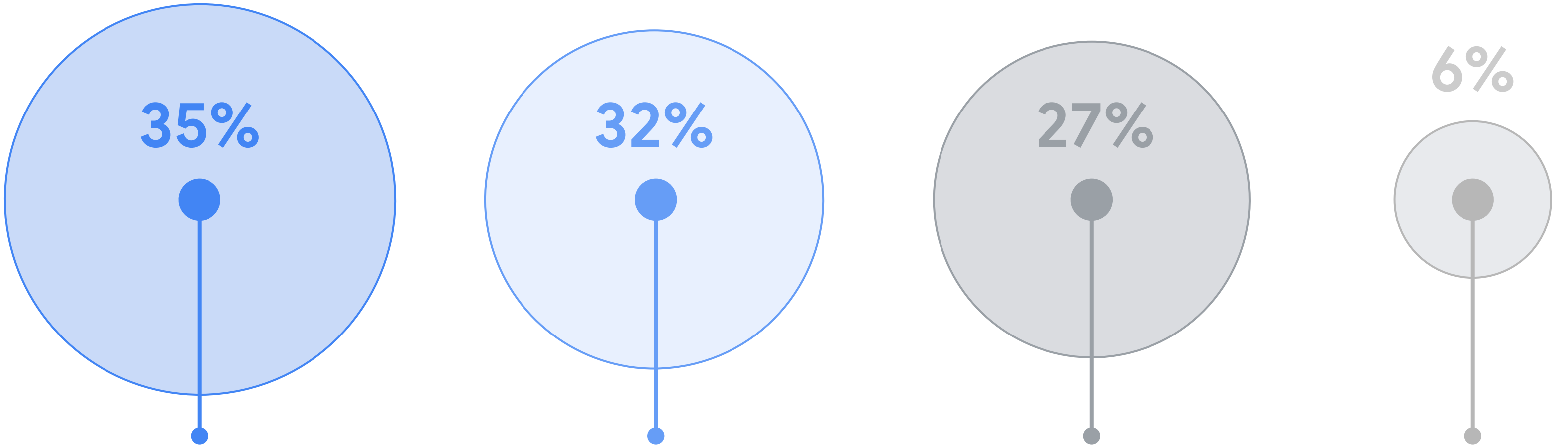
Quelle: Emarketer Total Retail Sales 2021 - 2024 vs Total Fashion, Accessories and Footwear Sales, Germany

Online fashion demand is normalizing following a pandemic high towards more sustainable levels



Source: Google Internal Data (Text + Shopping), Germany, Fashion, January 2021 - September 2024.

German consumers show a “Do I really need this now?”attitude



Being wary
Conscious of the Cost of Living crisis but only making a few adjustments to cater for it. Seem to be managing ok so far

Making real changes
Delaying purchases, reducing discretionary spending, switching value tiers

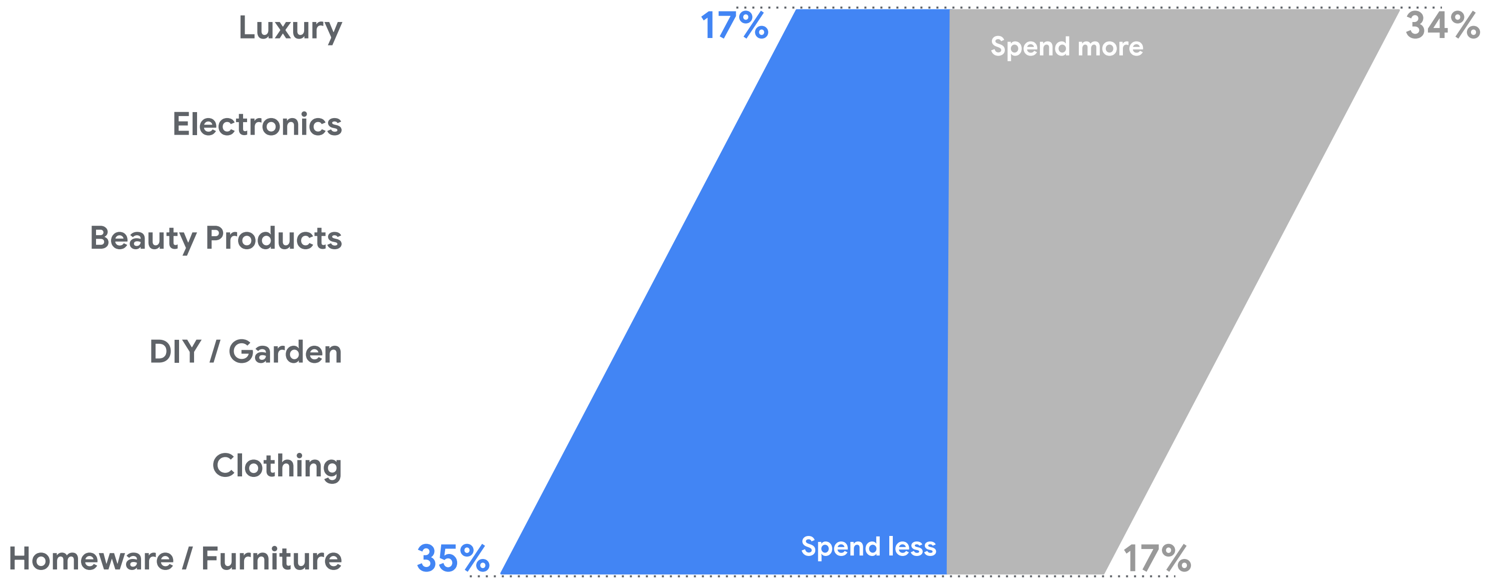
Struggling
Finding it difficult to pay household bills, reducing spend, and selling some items to help make ends meet

Limited Impact
Haven’t made many changes to spending

Source: Google / Savanta, August 2024, Germany, Q25: To what extent do you agree or disagree with the following statements? Unweighted, n= 2041.

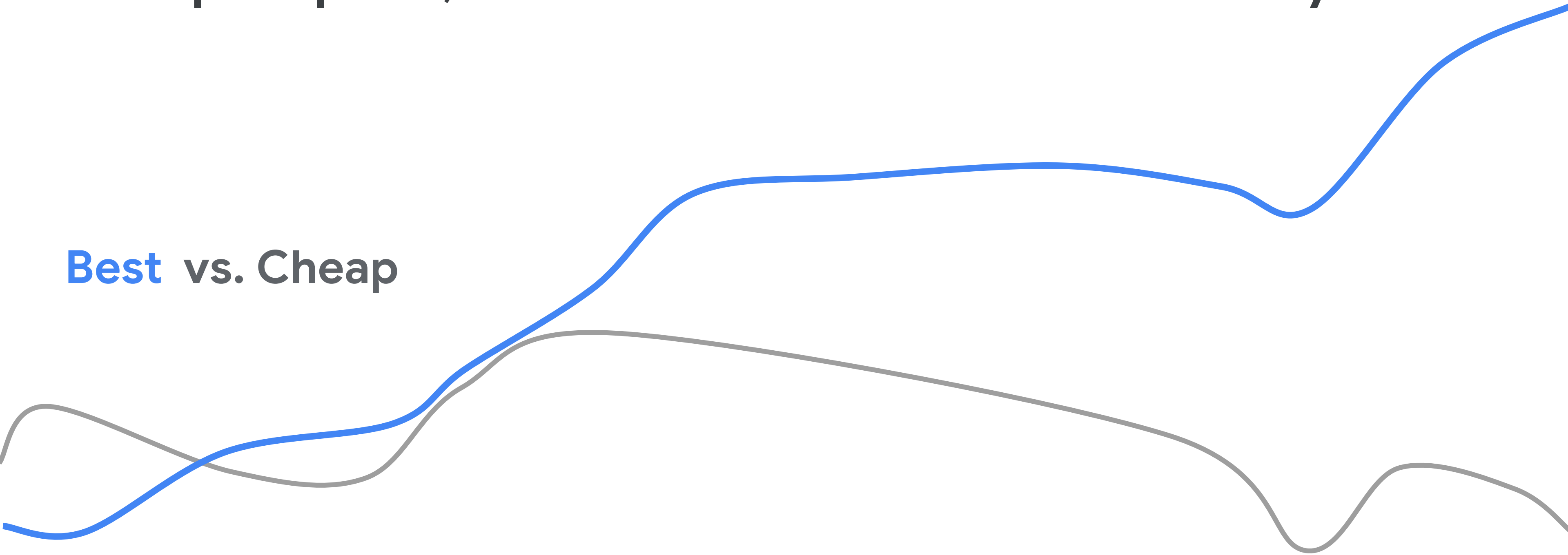
Pronunciation category-wise has changed as well: Fashion with cutbacks at the expense of luxury products

Spend change expectations over next 6 months, in % of respondents



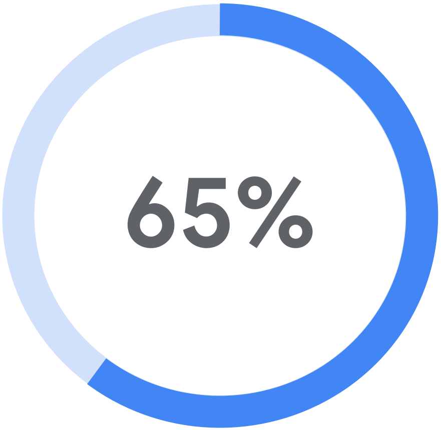
Source: Google / Savanta, August 2024, Germany, Q27A: How, if at all, do you expect the amount you spend overall on different items to change in the next 6 months vs. what you have spent in the past 6 months? Unweighted, n=2031.

Despite the mindful spending plans, it’s not about the cheapest price, it's about the best value for money

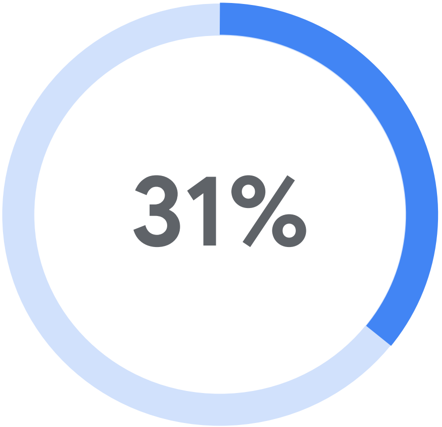


Source: Google Trends, January 2004 - July 2024, Germany.

To find the best value for money, shoppers are willing to try out new retailers, brands, marketplaces and products



of respondents have shopped at new retailers, **tried new brands and new products or new marketplaces** in the past 6 months



of respondents shop at a new retailer because the **product they wanted was cheaper** there compared to their usual retailer

Source: Google / Savanta, August 2024, Germany, Q27A 1. Have you bought ... products from any of the following in the last 6 months that you weren't previously using?, n=2401.

German fashion retail is challenged and new international competitors are entering the market

Krise in der Modebranche

Diese Modekonzerne mussten zuletzt Insolvenz anmelden

Die Modebranche steckt in Schwierigkeiten. Zahlreiche Unternehmen sind bereits

Mehr Umsatz, mehr Insolvenzen

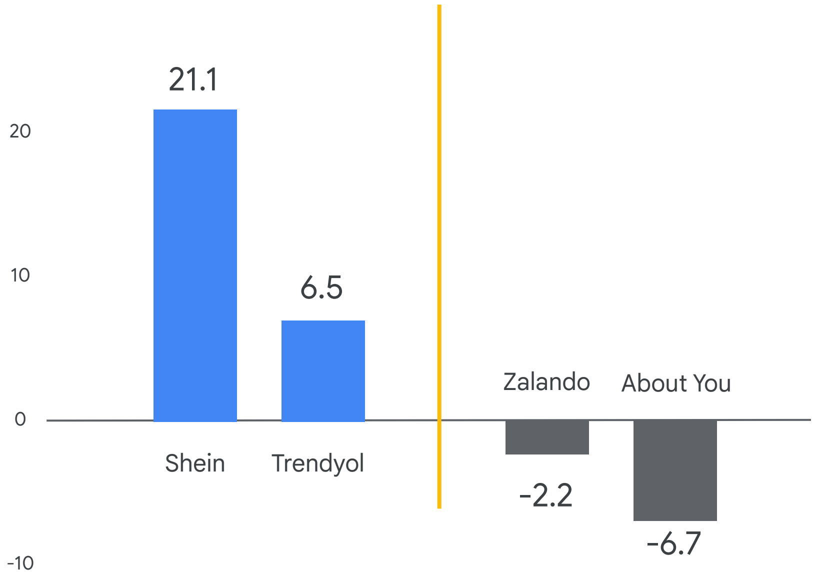
Gedrückte Stimmung in der Modebranche

Stand: 21.03.2024 16:38 Uhr

Die Geschäfte laufen wieder besser bei deutschen Modeketten. Doch die Branche hat mit der gedämpften Kauflaune zu kämpfen. Einige große Unternehmen sind zuletzt in die

Weitere prominente Modemarke verabschiedet sich aus Deutschland und schließt alle Geschäfte

Change YoY in monthly active users globally in %

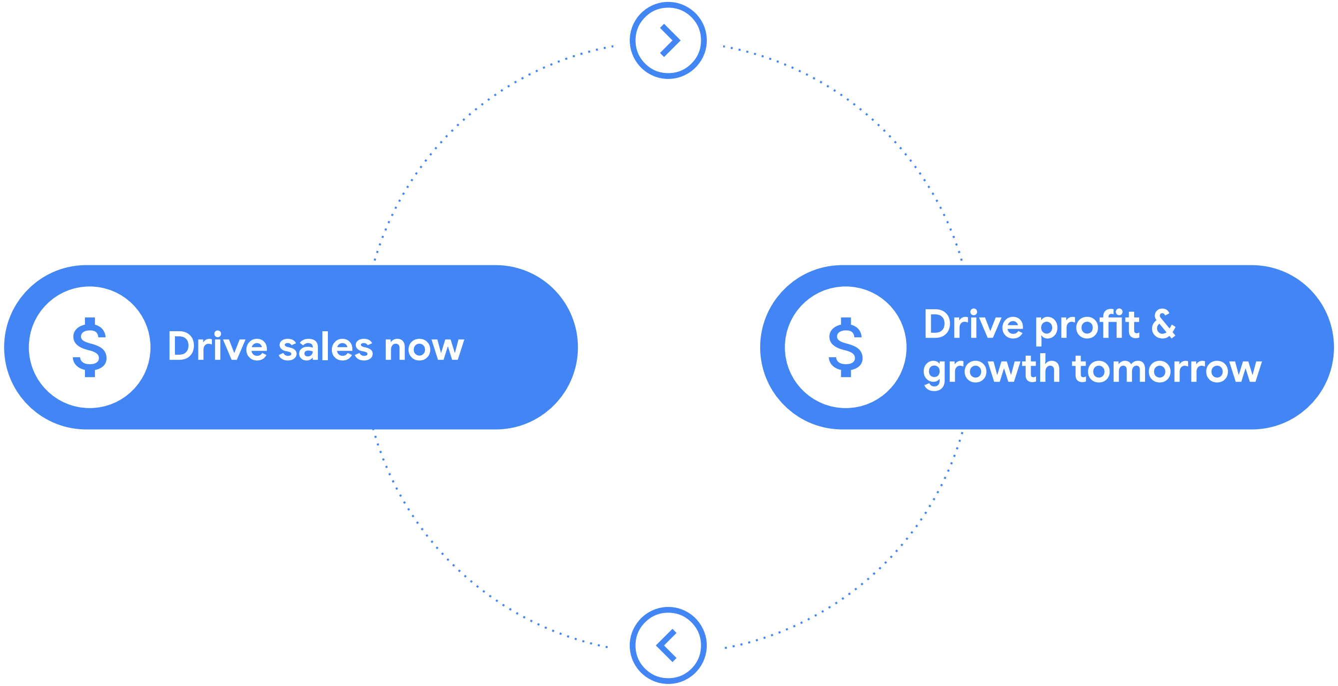


Source: Articles: Manager Magazin Aug. '24, Tagesschau.de Mar '24, Frankfurter Rundschau Sept '24, diagram from Manager Magazin with data from Mar '23 - Feb '24

Our Hypothesis:

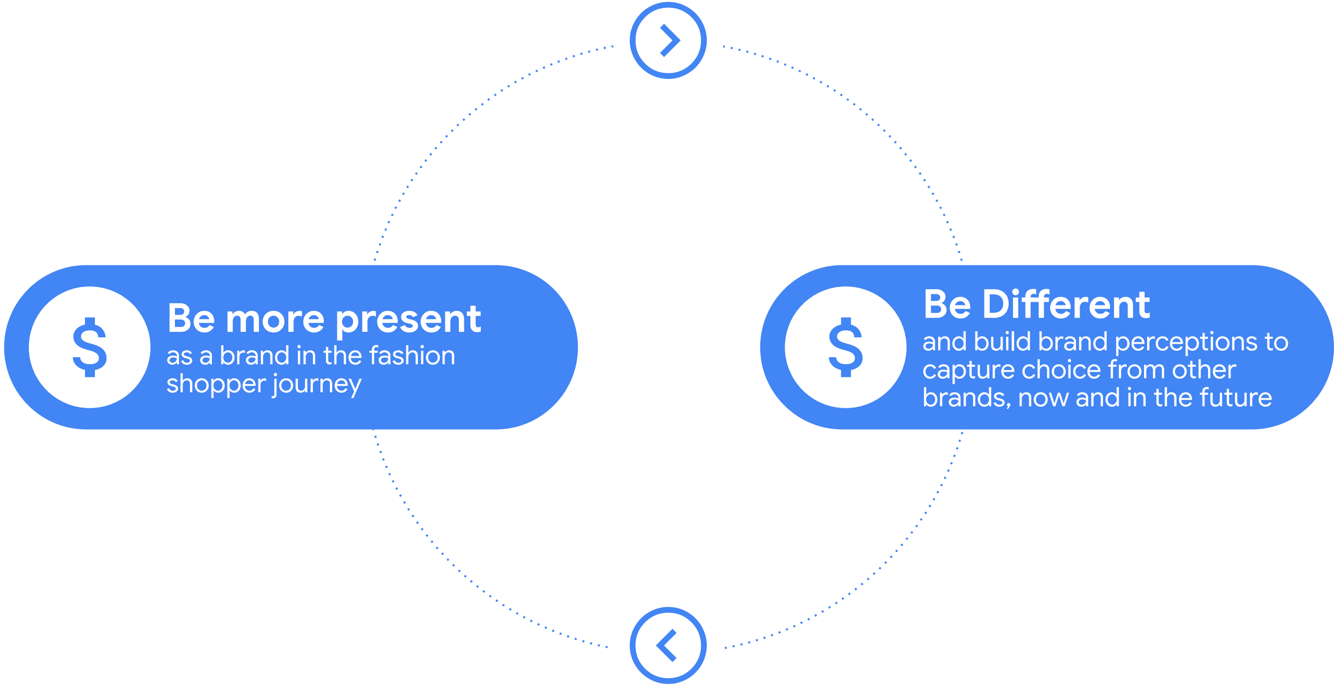
In today's environment, retailers need to invest in
Differentiation
in order to stand out

Fashion retailers need to balance investment to drive short-term sales while securing profit & long-term growth



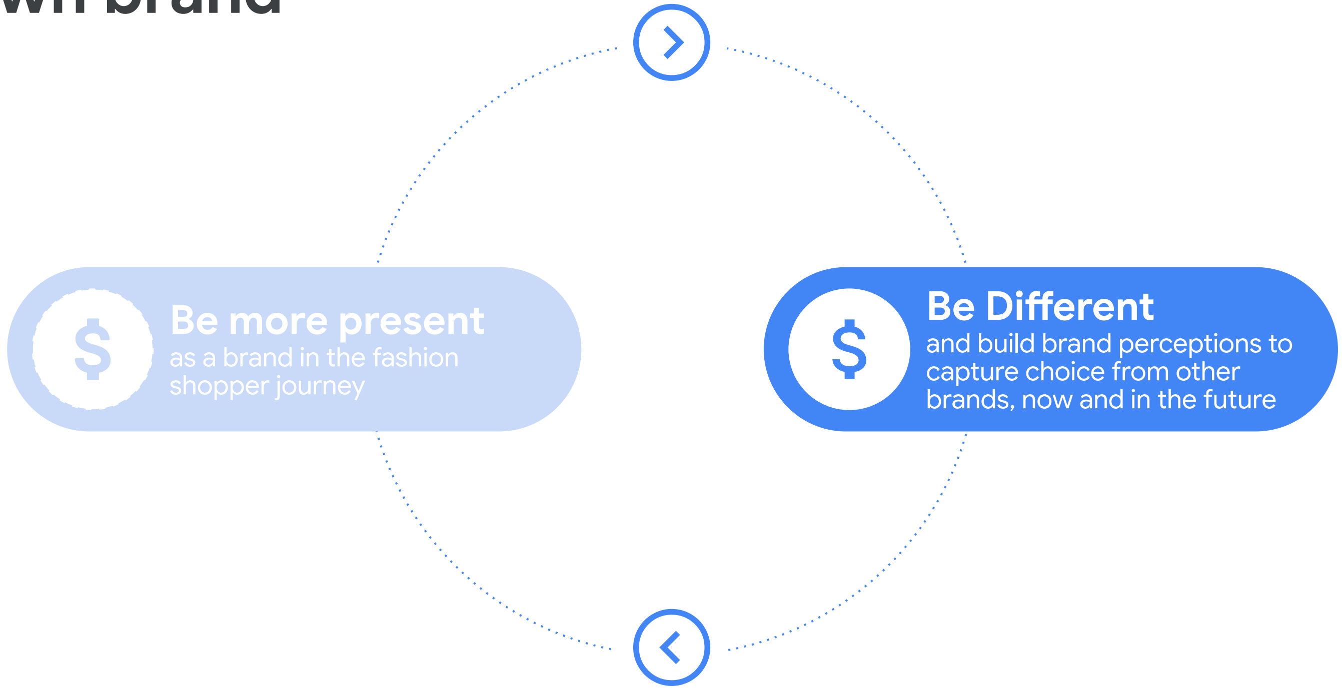
Source: Blueprint for Brand Growth © Kantar 2024. The Blueprint for Brand Growth © combines Kantar's knowledge from consumer research (Kantar BrandZ) with knowledge from purchase panel research (Kantar Worldpanel), incorporating billions of data points collected over the past 10 years. It covers thousands of brands across hundreds of categories in dozens of markets, providing expertise and guidance to help brands grow, now and in the future.

Brand presence in the journey drives short-term sales, a differentiated brand drives profit & long-term growth



Source: Blueprint for Brand Growth © Kantar 2024. The Blueprint for Brand Growth © combines Kantar's knowledge from consumer research (Kantar BrandZ) with knowledge from purchase panel research (Kantar Worldpanel), incorporating billions of data points collected over the past 10 years. It covers thousands of brands across hundreds of categories in dozens of markets, providing expertise and guidance to help brands grow, now and in the future.

Our report unveils powerful long-term growth opportunities for retailers, driven by the strength of their own brand



Source: [Blueprint for Brand Growth © Kantar 2024.] The Blueprint for Brand Growth © combines Kantar's knowledge from consumer research (Kantar BrandZ) with knowledge from purchase panel research (Kantar Worldpanel), incorporating billions of data points collected over the past 10 years. It covers thousands of brands across hundreds of categories in dozens of markets, providing expertise and guidance to help brands grow, now and in the future.

A differentiated…retailer

… sets itself apart from others by providing excellent & differentiated services, products or experience … and in doing so may even set trends

Source: Kantar Meaningfully-Different and Salient Framework, What is the Meaningful Different Salient framework? July, 22, The pursuit of 'difference' unlocks a multitude of benefits, July 2022

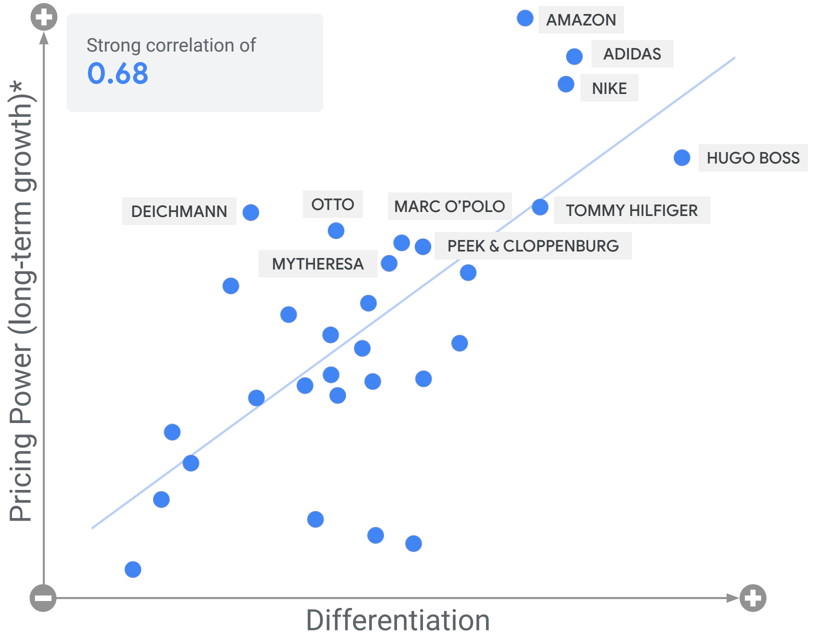
Strong correlation shows that Differentiation is a driver for success!

0.68

is the correlation coefficient between a retailer's level of differentiation, and its Pricing Power - a brand's ability to command a premium and achieve profitable long-term growth*.

Source: Google EFS 2024/ *Shown is the correlation coefficient between the differentiation score by retailer vs. the pricing power score by retailer (as an indicator of long-term growth potential). Correlation level across all investigated retailers in Germany, whereby 1 means perfect correlation and 0 = no correlation (a moderate correlation is considered as of 0.3 and a very high correlation as of 0.7). Find more details here.

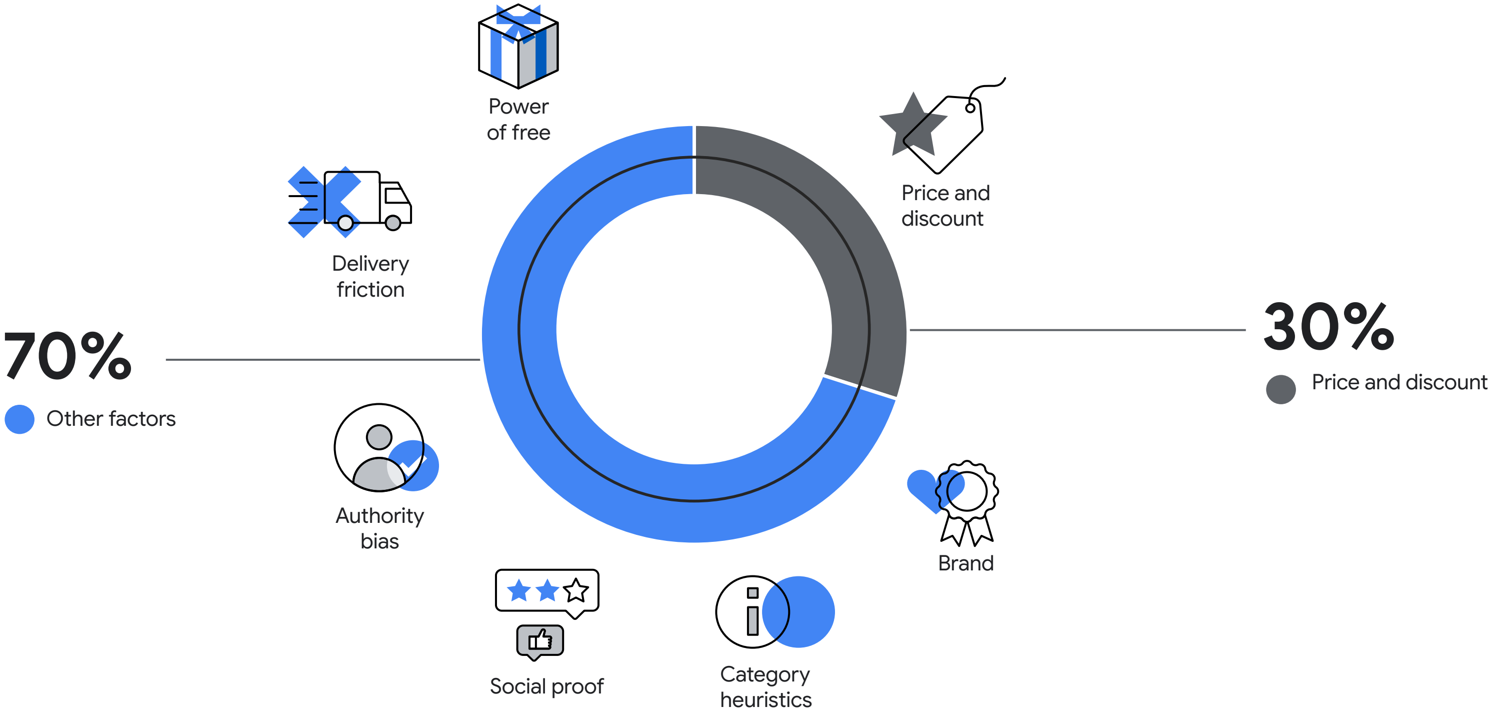
More differentiated retailers are poised to grow in the long-term



This is business critical – retailers that are differentiated have a higher Pricing Power and are more likely to drive profitable growth in the future in each market. It is time to unlock this super power.

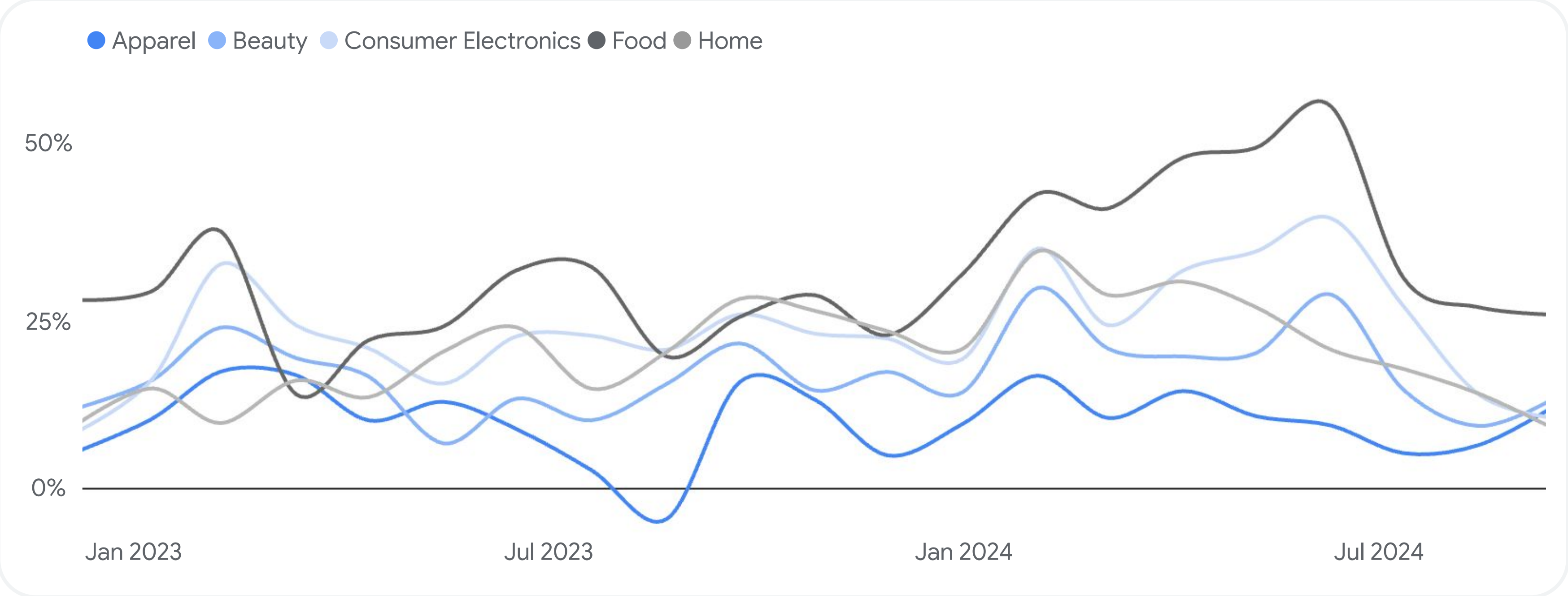
Source: Google EFS 2024/ Correlation matrix between the differentiation score by retailer (x-axis) vs. the pricing power score by retailer, all German retailers investigated in this survey.
*Pricing Power is Kantar's measure of the ability of a brand to justify a price premium relative to the category based on its strong equity perceptions. Pricing Power is an indicator for a brand's potential to generate profitable long-term growth.

Google's 'Decoding Decisions' research indicates that many other factors besides price influence a buying decision



Source: Google commissioned U.K. research conducted by The Behavioural Architects. n=844-1000 in-market online shoppers per category, U.K., ages 18-75, 2022.

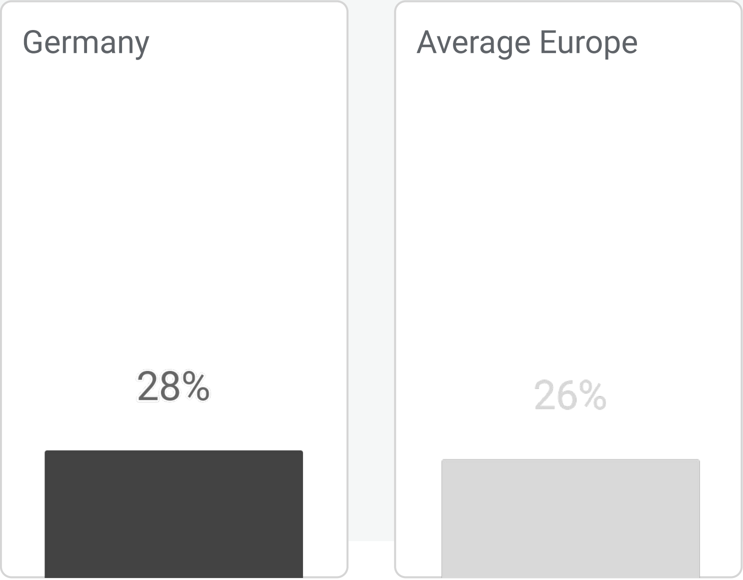
Promotional Intent is growing for all Retail categories, in Fashion however the least pronounced with YTD 11%



Source: Google Internal Data, January 01, 2023 to August 31, 2024, Germany. Promotional Intent is derived through specific identifiers such as: “rabatt”, “discount”, “voucher”, …

Differentiation is rare - in Germany as well as across Europe

% of retailers perceived as differentiated in each retail segment

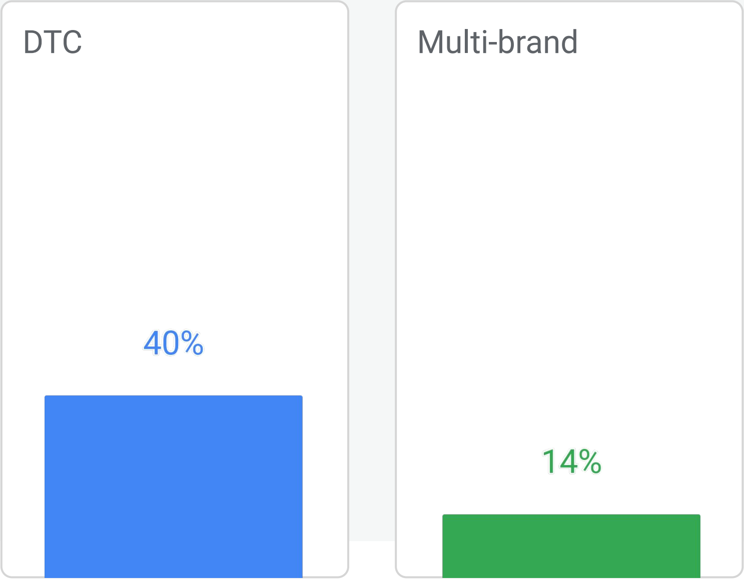


Although Germany is on par with the European average, fewer than one in three retailers stand out from the sea of sameness — a significant challenge for local retailers.

Source: Google EFS 2024/ Shown is the % of retailers with a retailer differentiation score of 110 and above. Reading example: from all 32 retailers in Germany, 28% have a differentiation score of 110 or above. 100 represents the average differentiation level across each market so that 110 and more represents those retailers who are seen as more differentiated than other fashion retailers across markets.

DTC brands are more differentiated, while only few multi-brand retailers manage to really stand out

% of retailers perceived as differentiated in each retail segment



This data shows that more DTC retailers have *embraced their brand and nurtured a more* unique profile than multi-brand retailers. For fashion retail, the imperative for 2024 and beyond is to transition from being perceived merely as a *channel for fashion brands to establishing itself as a distinct, robust brand*.

Source: Google EFS 2024/ Shown is the % of retailers with a retailer differentiation score of 110 and above in each retail category (reading example: from all DTC retailers in Germany, 40% have a differentiation score of 110 or above. 100 represents the average differentiation level across the market so that 110 and more represents those retailers who are seen as more differentiated than other fashion retailers across markets. Retailers were classified as multi-category, multi-brand and DTC. Multi-category (MC) is not shown here due to only few MC retailers investigated. 14 retailers were classified as MB and 15 as DTC.

Becoming more differentiated means to adopt and lead on brand perceptions that are in sync with your brand DNA

Fashion Retail Priorities

’24 and beyond:

1. Identify Space for differentiation
2. Find YOUR space that fits with your brand
3. Build your space in shopper’s mind

Identify Space

6 key differentiation factors that make retailers stand out

Setting the right priorities *now* is a key to long-term growth

Fashion retailers must define their identity and differentiation strategy. But how? This is the key question we seek to provide guidance to.

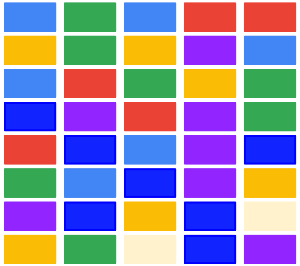
In the next chapter, we will introduce **six relevant differentiation factors for retailers to build a differentiation strategy**, with the goal to predispose more people to buy more from their brand. In doing so, we want to **inspire and encourage retailers to invest in the right shopper experiences**, grounded in deep customer knowledge, and leveraging tools and technology to build that perception as well as to **identify space for brand marketing and brand communication** as a means to strengthen this perception even further.

Identify Space: We analytically uncovered underlying patterns in survey responses

Shoppers' retailer perceptions on **40 single differentiation drivers**

Survey responses

Systematic perception patterns emerged beyond the surface

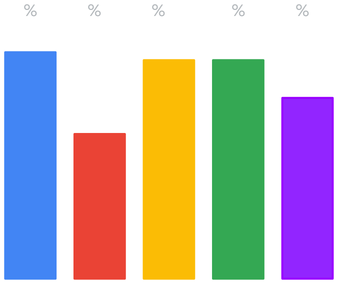


Analytics

We **grouped** similar differentiation drivers into **differentiation factors**

Factor Analysis

Via a **driver analysis** we identified the **importance of each factor for differentiation**



Driver Analysis

Source: Google EFS 2024/ We selected the top 6 differentiation factors out of a set of 7. Shoppers evaluated the retailers on 40 different drivers and similar themes and response patterns were analytically grouped into overarching differentiation factors. Please click here for more information

Six differentiation factors emerged as key opportunities

Chic

Leverage desire for new looks – launch trends ahead of others, offer exclusive promotions and refresh range frequently

Unique

Know your shopper and make them feel unique – anticipate needs through new personalised services such as style assistants or “how to combine” inspiration

Community

The desire for social moments – cultivate a shopper community, facilitate sharing of comments, pictures, stories, or videos and gain endorsements from favoured influencers

Responsible

Demonstrate dedication to shopper values – such as sustainability, fair labour practices, commitment to circularity or champion inclusivity through diverse styles, be transparent about data security, or offer fair and transparent prices

Techy

Elevate the experience – offer cutting-edge technology, advanced shopping apps, access to ratings & reviews, or improve connected omni-channel experience

Fulfillment

Delight your customers – pay attention to product availability, offer choices in terms of quality, sizes and prices, and stand out with an excellent fulfilment process, from order to delivery or return

Source: Google EFS 2024/ Shown are the top 6 factors that emerged from a statistical factor analysis of more than 40 different individual drivers. Shoppers evaluated the retailers on 40 different drivers and similar themes and response patterns were analytically grouped into these differentiation factors. The 6 factors cover all investigated drivers excluding occasions/category entry points. Please click here for more information

Chic

is the strongest driver for **differentiation** in Germany - but not the only one

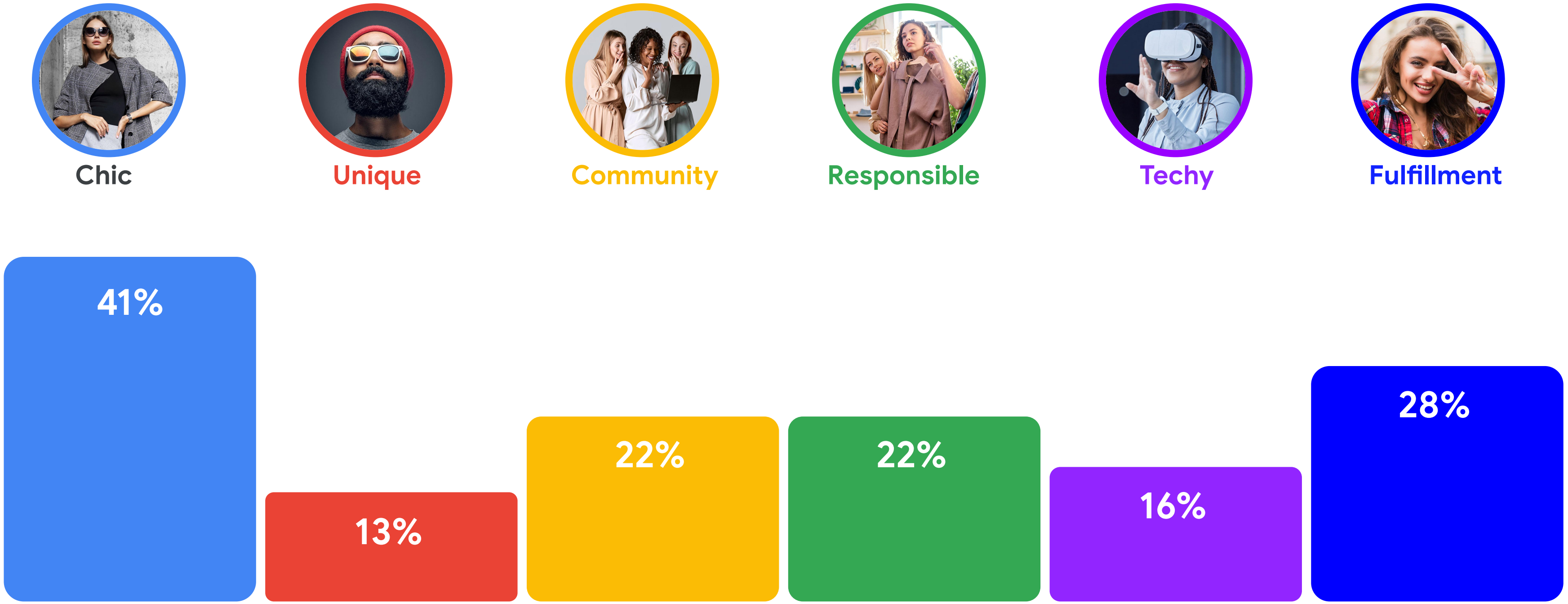
Importance of each factor to drive differentiation

Compared to the other markets, “unique” and “responsible” present a stronger opportunity for German retailers to drive differentiation on top of Chic.

Source: Google EFS 2024/ Shown is the importance of these 6 key factors for driving differentiation based on a statistical driver analysis [dependent variable: retailer differentiation index, independent variables: retailer evaluations on the 6 factors].

Most retailers differentiate on chic, fewest on unique

% differentiated retailers per factor



Quelle: Google EFS 2024/ Shown is the % of differentiated retailers per factor, selected from the benchmarking sheet, all retailers with a + / ++ / +++ on each factor

MB retailers successfully differentiate themselves on Responsible, and multi-category retailers on technology

Multi-category retailers lead on technology, while they are less associated with Chic or Unique. DTC brands show a rather balanced profile, and multi-brand retailers have a strong footprint on Responsible.

Source: Google EFS 2024/ Shown is the relative differentiation profile on the 6 factors Chic, Unique, Responsible, Community, Techy and Fulfillment for the 3 retailer categories DTC, MC, MB.

Drive your space

6 key differentiation factors that make retailers stand out

Differentiation is your unique runway

The challenge with differentiation - there is no single silver bullet. Each retailer must find its own runway that makes sense for the brand.

This chapter focuses on how retailers are perceived on the identified differentiation factors and provides inspiration on how individual retailers in selected markets have become differentiated in their niche. One universal insight we found across all retailers and markets: no one can stand out on all possible differentiation factors or drivers. And from this, a key recommendation emerges: rather than doing everything a bit - do a few things really well!

Chic | Highly important, 40% of German retailers stand out on chic, driven by DTC fashion retailers

29% impact on differentiation

Chic

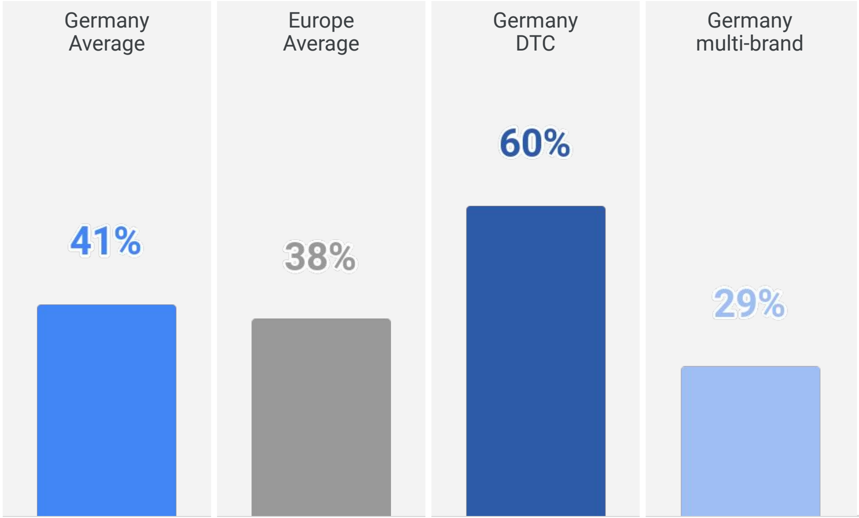
Differentiation needs activation:

Leverage the desire for new looks!

Tactical differentiation drivers for activation

- Offer new styles or trends earlier than others
- Create excitement through exclusive releases
- Frequent range refresh to stay current / on top of trends

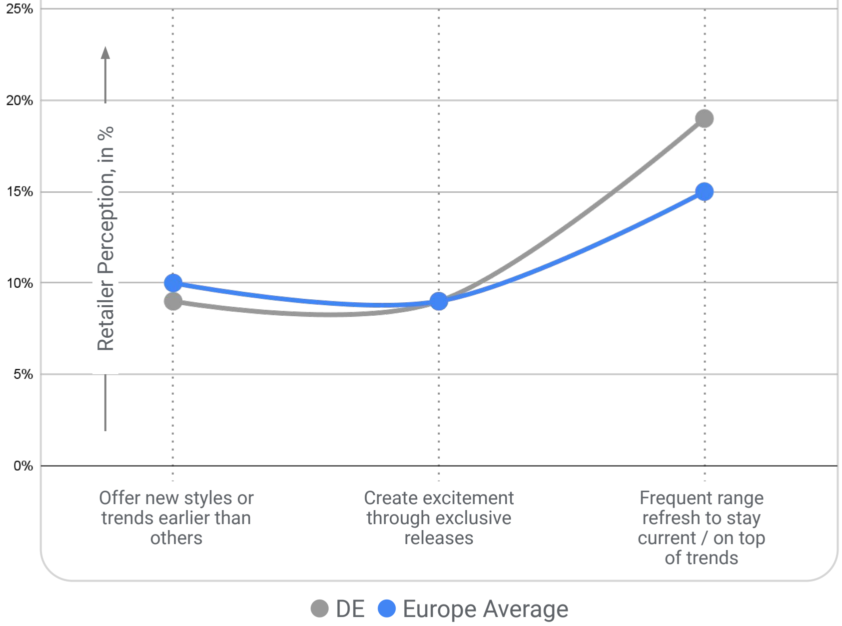
Retailer differentiation on Chic, in %



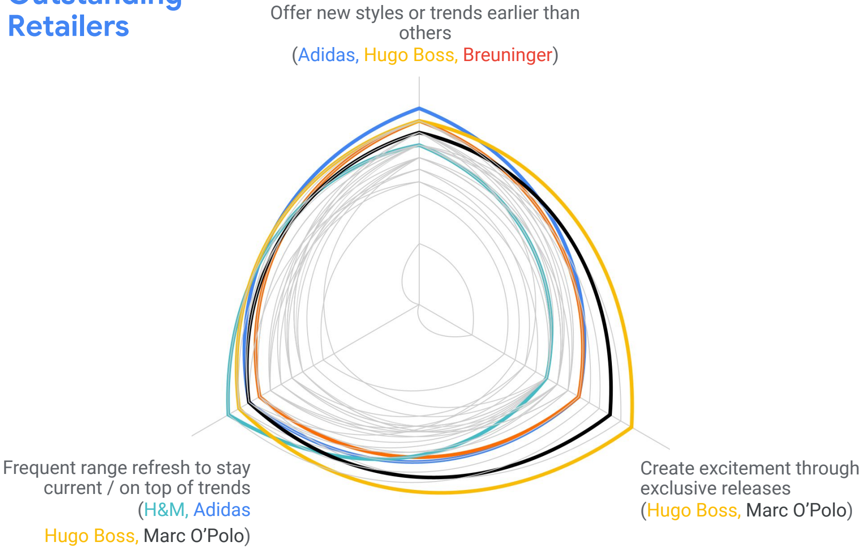
Source: Google EFS 2024/ Shown on the left are individual Differentiation Drivers retailers can activate in Chic. These individual drivers were assembled in qualitative research, desk research and trends analysis. For more information check method section. Shown on the right is the % of retailers with an above average differentiation level in the market on this factor, in % (based on Google benchmarking sheet)

Chic | Perception is dominated by "frequent range refresh"; Hugo Boss, Adidas and Marc O'Polo stand out

Retailer perception, in %



Outstanding Retailers



Source: Google EFS 2024/ Left: Shown is the % of perception on individual Chic drivers across all retailers / Right: Shown is the relative differentiation profile of retailers on the drivers, highlighted retailers stand particularly out on specific drivers. Note that mentioned retailers are just examples and can vary by country.

Unique| Important, hardly differentiated. If so, DTC retailers stand out

Unique

Differentiation needs activation:

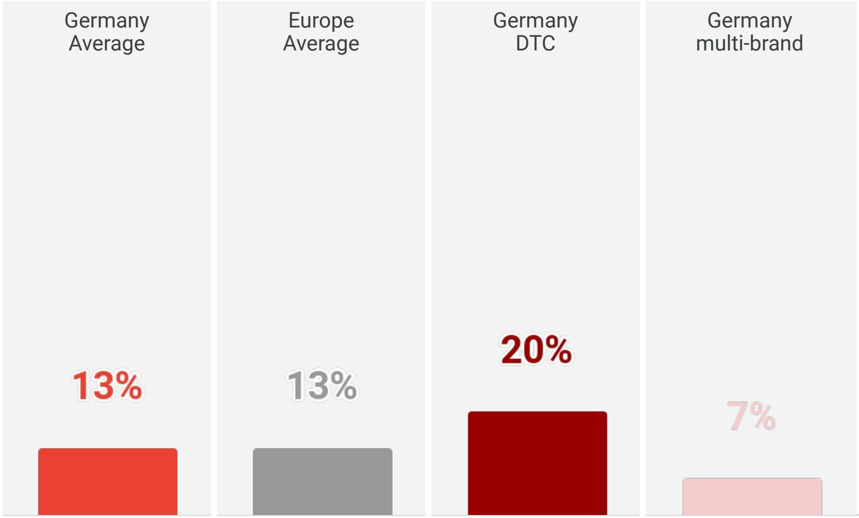
Know your shopper and make them feel unique!

Tactical differentiation drivers for activation

- Personalised style recommendations
- Improved experience CRM data / shopping history
- Personalised and catchy ads
- Help express shopper's uniqueness and status

Retailer differentiation on Unique, in %

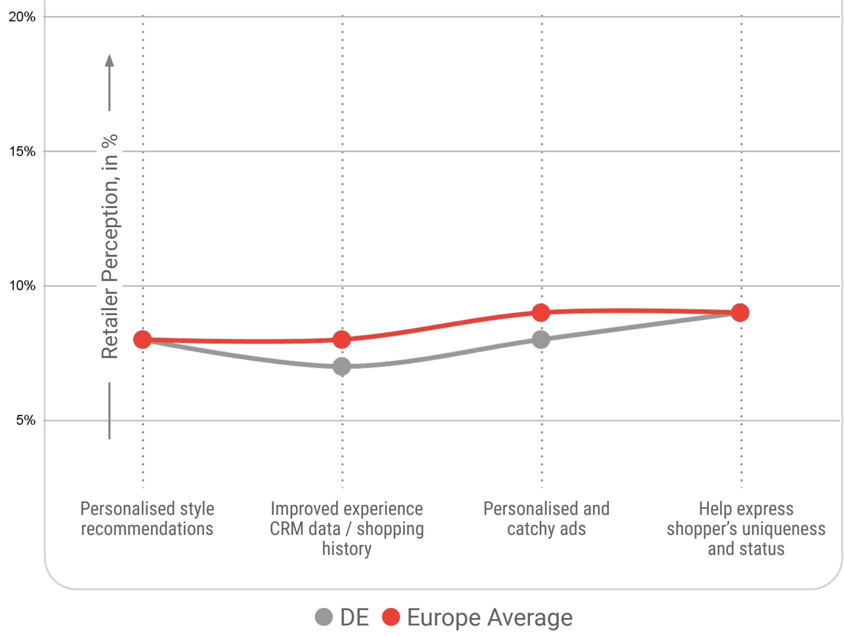
20% impact on differentiation



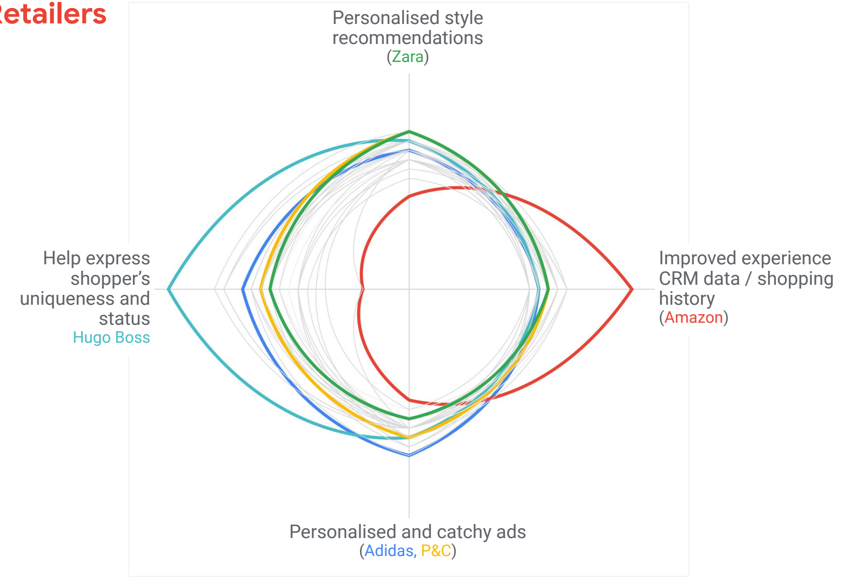
Source: Google EFS 2024/ Shown on the left are individual Differentiation Drivers retailers can activate in Unique. These individual drivers were assembled in qualitative research, desk research and trends analysis. For more information check method section. Shown on the right is the % of retailers with an above average differentiation level in the market on this factor, in % (based on Google benchmarking sheet)

Unique | Most associated to "status expression" and "catchy ads"; Hugo Boss and Adidas stand out here

Retailer perception, in %



Outstanding Retailers



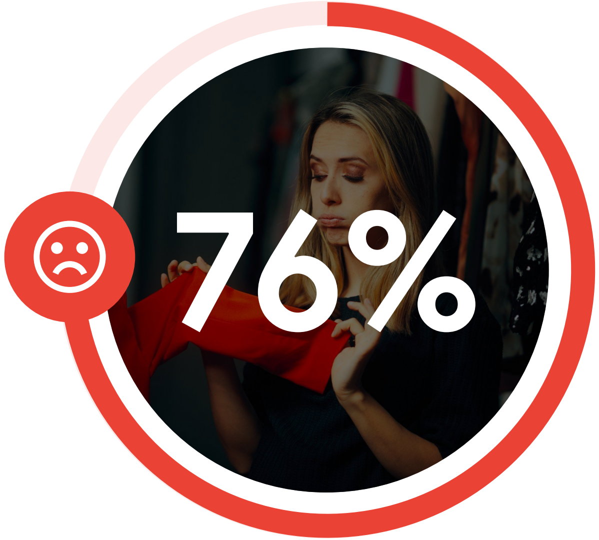
Source: Google EFS 2024/ Left: Shown is the % of perception on individual Unique drivers across all retailers / Right: Shown is the relative differentiation profile of retailers on the drivers, highlighted retailers stand particularly out on specific drivers.
Note that mentioned retailers are just examples and can vary by country.

1.5x

faster volume growth for queries five or more words vs. shorter queries

Source: Google Internal Data, Global-EN, Nov 2022 - Apr 2023 vs Nov 2023 - Apr 2024.

of consumers expect companies
to deliver personalized interactions.



of them get frustrated when
this doesn’t happen

Source: McKinsey The value of getting personalization right—or wrong—is multiplying, November 2021

Community | 2 in 10 retailers provide a differentiated experience on community, again driven by DTC retailers

14% impact on differentiation

Community

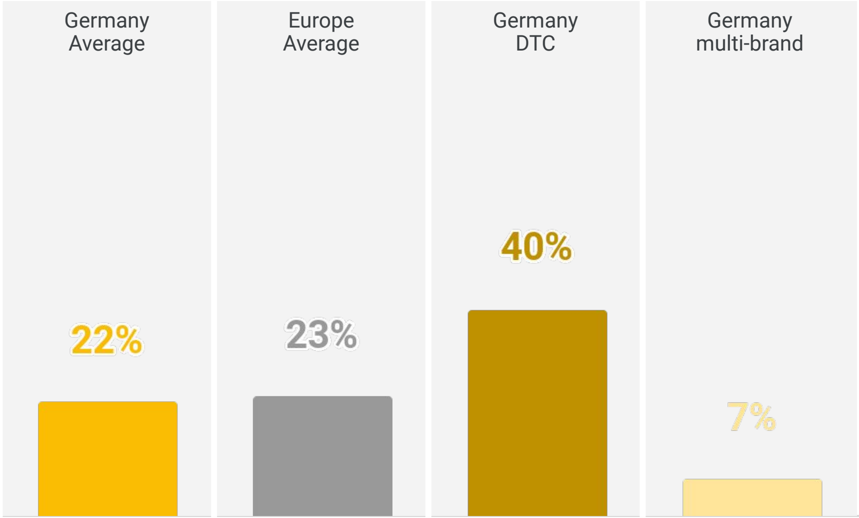
Differentiation needs activation:

Fulfil the desire for social moments - cultivate a shopper community!

Tactical differentiation drivers for activation

- Foster shopper communities through e.g. events, shared experiences
- Provide options to engage & share, comments, pictures, stories, upload videos
- Get influencer recommendations

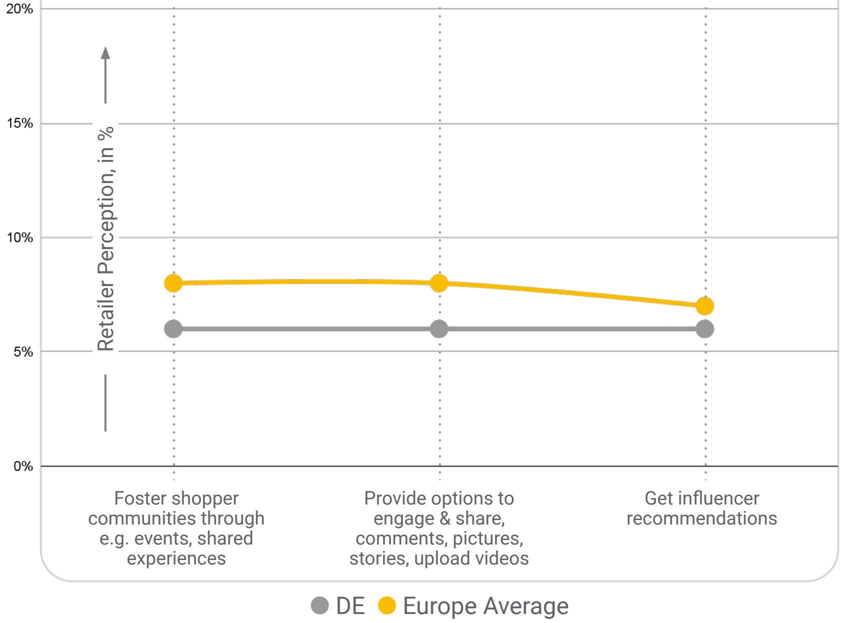
Retailer differentiation on Community, in %



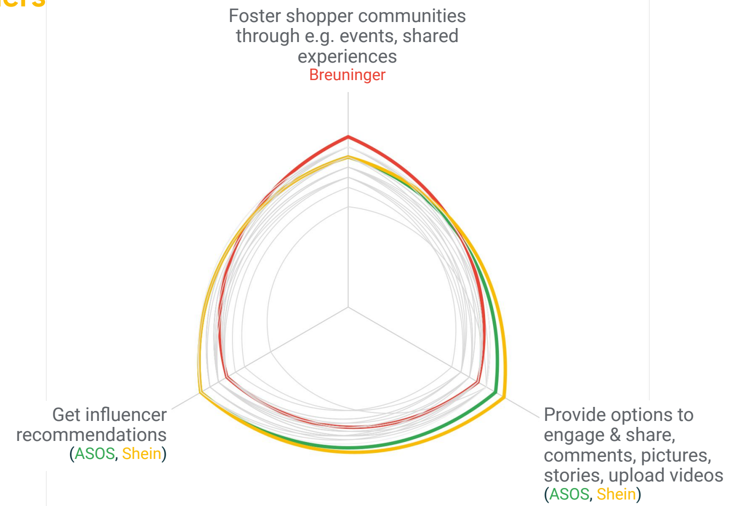
Source: Google EFS 2024/ Shown on the left are individual Differentiation Drivers retailers can activate in Community. These individual drivers were assembled in qualitative research, desk research and trends analysis. For more information check method section. Shown on the right is the % of retailers with an above average differentiation level in the market on this factor, in % (based on Google benchmarking sheet)

Community | Balanced perception, Zara & Breuninger stand out

Retailer perception, in %



Outstanding Retailers



Source: Google EFS 2024/ Left: Shown is the % of perception on individual Community drivers across all retailers / Right: Shown is the relative differentiation profile of retailers on the drivers, highlighted retailers stand particularly out on specific drivers. Note that mentioned retailers are just examples and can vary by country.

Younger generations want retailers to delight them

49%

of consumers agree that shopping is a form of entertainment.

Source: Google/Kantar, The Future of Retail, US, CA, BR, MX, UK, DE, FR, AU, KR n= 10,806 online consumers 18+, ~n=2700 per generation - Gen Z, Millennial, Gen X, Boomer, March 22-31, 2023

Responsible | 2 in 10 retailers provide a differentiated experience on responsible, again driven by DTC retailers

16%
impact on differentiation

Responsible

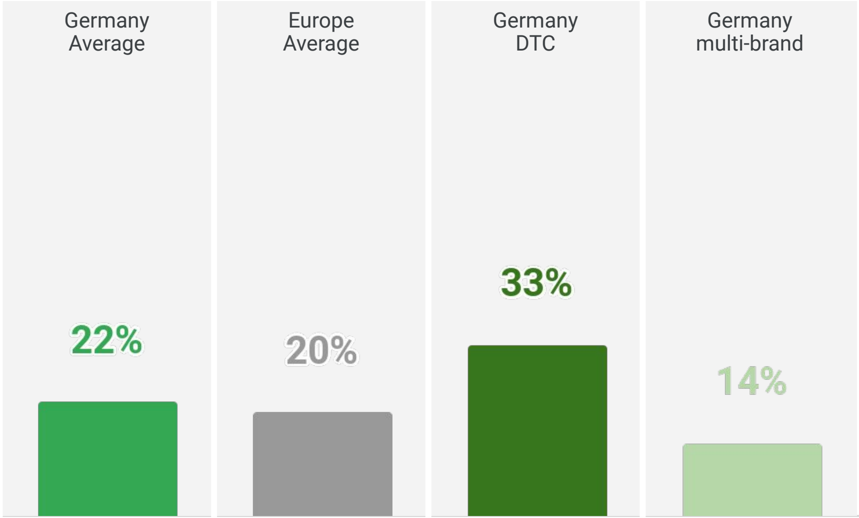
Differentiation needs activation:

Demonstrate dedication to shopper values!

Tactical differentiation drivers for activation

- Fair labor practices
- Appear inclusive through styles
- Clear what to expect from this retailer
- Fair & transparent prices

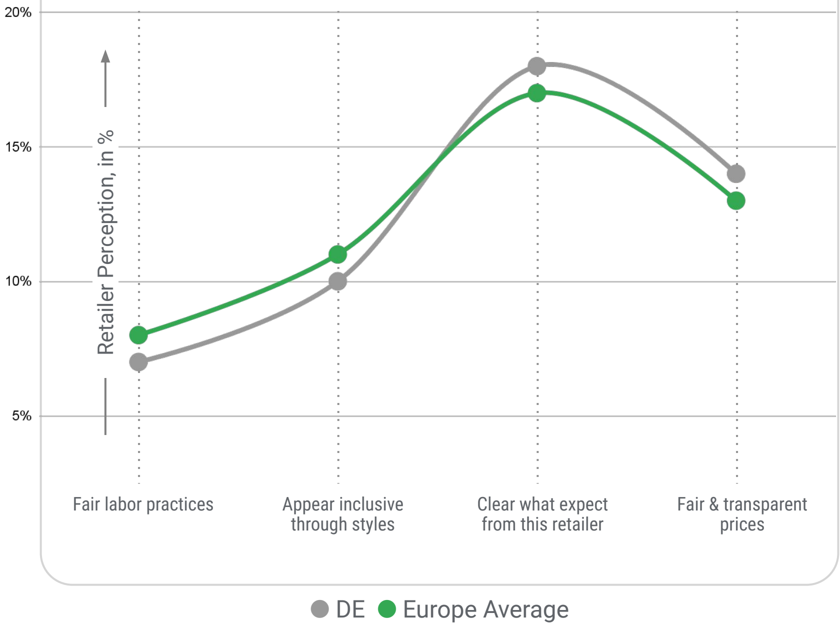
Retailer differentiation on Responsible, in %



Source: Google EFS 2024/ Shown on the left are individual Differentiation Drivers retailers can activate in Responsible. These individual drivers were assembled in qualitative research, desk research and trends analysis. For more information check method section. Shown on the right is the % of retailers with an above average differentiation level in the market on this factor, in % (based on Google benchmarking sheet)

Responsible | Clear expectations and transparency peak, retailer differentiation spans all dimensions

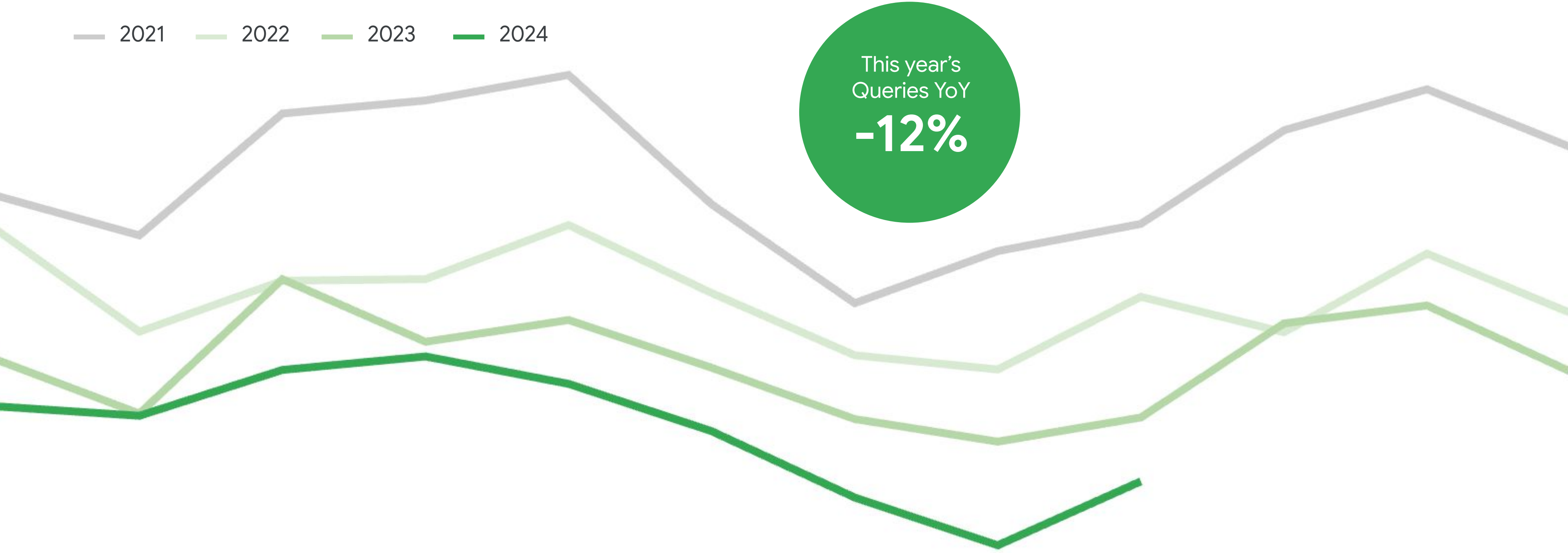
Retailer perception, in %



Outstanding Retailers

Source: Google EFS 2024/ Left: Shown is the % of perception on individual Responsible drivers across all retailers / Right: Shown is the relative differentiation profile of retailers on the drivers, highlighted retailers stand particularly out on specific drivers. Note that mentioned retailers are just examples and can vary by country.

Responsible | Sustainability is becoming redefined, with consumers searching less for sustainability in general



Source: Google Internal Data (Text + Shopping), Germany, January 2021 - September 2024, Apparel Searches related to Sustainability (i.e. queries containing “nachhaltige mode”, “fair produzierte shirts”, ...)

But more for specifics & “services” when it comes to sustainability

YoY Growth on Search, 2023

- **Bluesign certified** **+150%**
- **Mycelium leather** **+120%**
- **Sustainable leather** **+50%**
- **Chemical free clothing** **+50%**

Clothing rental

Clothing swap

Wedding gown rentals

Source: Google Search Trends depicted in Kantar, Global Report, Finding the Future Series - Fashion, February 2024, Link

Techy | Techy is almost only driven by multi-category retailers, reflecting their strong advancements

Techy

Differentiation needs activation:

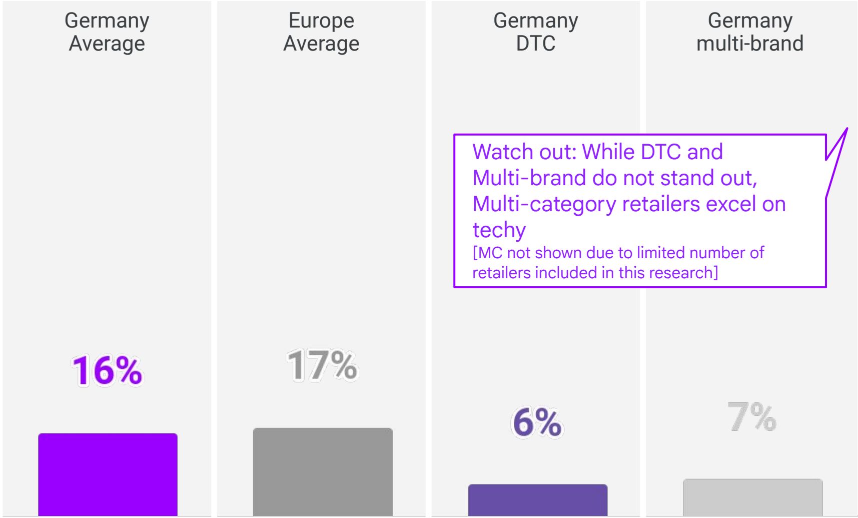
Elevate the shopping experience!

Tactical differentiation drivers for activation

- Easy & intuitive shopping app
- Appear tech advanced, through frequent launch of exciting new features or functions
- Seamless & connected omni-channel shopping experience
- Easy comparison of products and prices

Retailer differentiation on Techy, in %

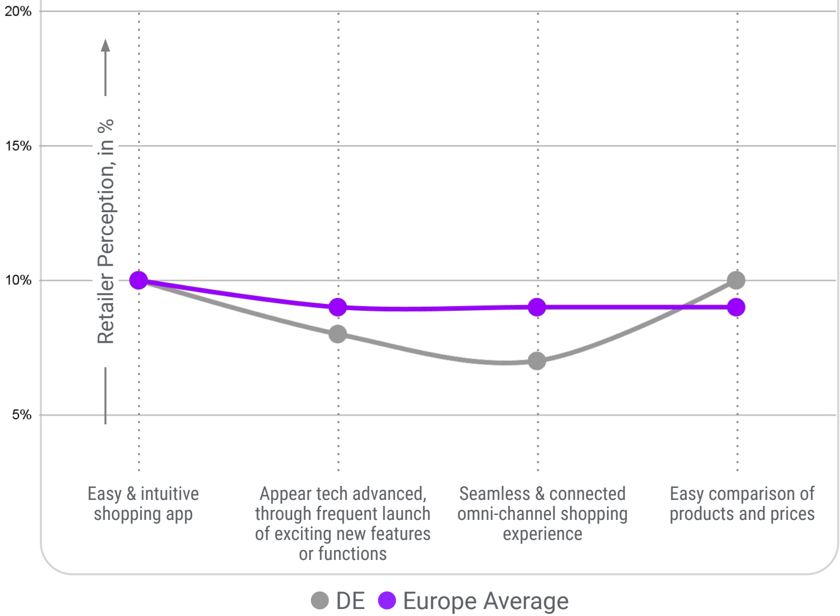
13% impact on differentiation



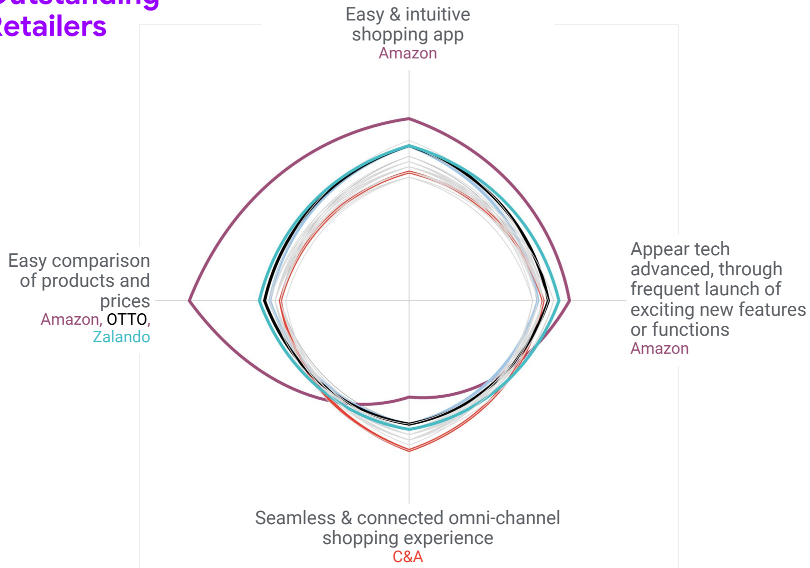
Source: Google EFS 2024/ Shown on the left are individual Differentiation Drivers retailers can activate in Techy. These individual drivers were assembled in qualitative research, desk research and trends analysis. For more information check method section. Shown on the right is the % of retailers with an above average differentiation level in the market on this factor, in % (based on Google benchmarking sheet)

Techy | Perception focus on intuitive & easy comparison, Amazon, Otto & Zalando differentiate most on this driver

Retailer perception, in %



Outstanding Retailers



Source: Google EFS 2024/ Left: Shown is the % of perception on individual Techy drivers across all retailers / Right: Shown is the relative differentiation profile of retailers on the drivers, highlighted retailers stand particularly out on specific drivers. Note that mentioned retailers are just examples and can vary by country.

Fulfillment | 1 in 3 retailers differentiate on fulfillment, more MB than DTC retailers, MC retailers also strong

9% impact on differentiation

Fulfillment

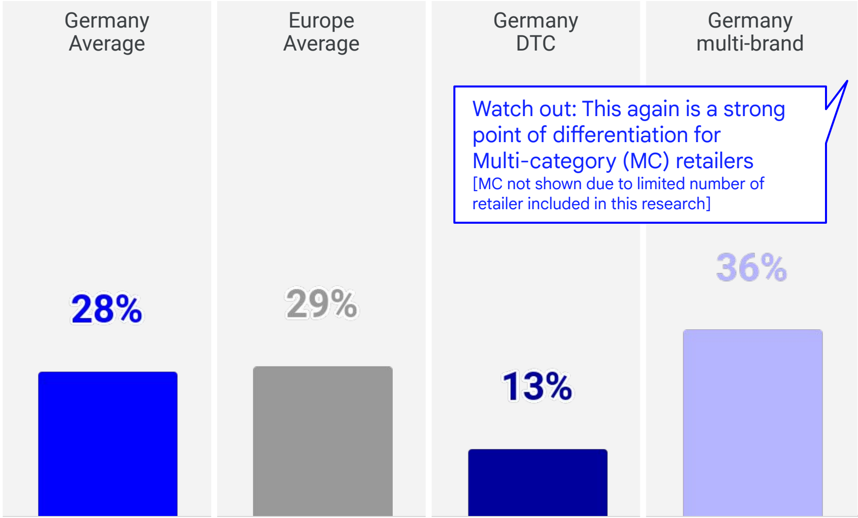
Differentiation needs activation:

Delight your customers with choice and an excellent process!

Tactical differentiation drivers for activation

- Easy returns process
- Offer products in different price ranges
- Stock quality items that are durable
- Attractive delivery options (e.g. express, free delivery options)

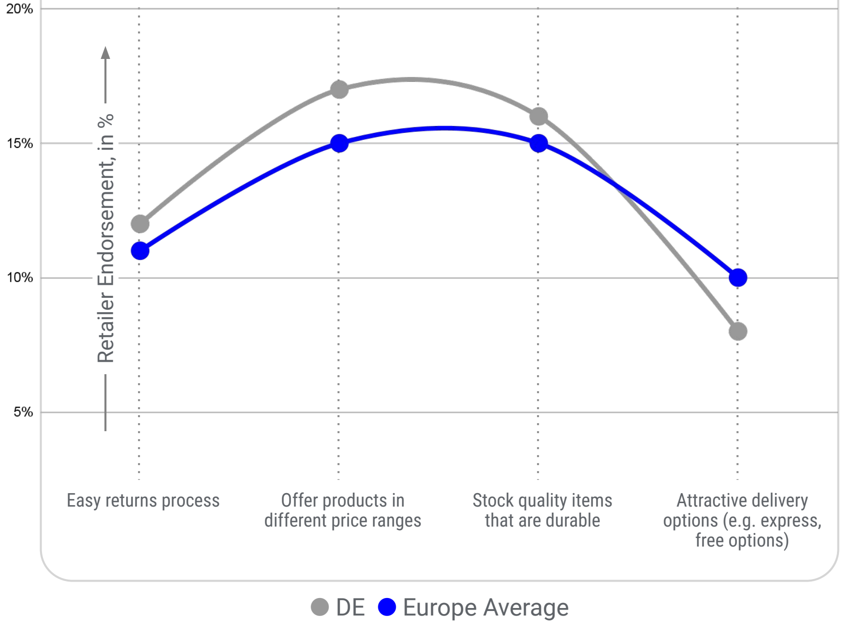
Retailer differentiation on Fulfillment, in %



Source: Google EFS 2024/ Shown on the left are individual Differentiation Drivers retailers can activate in Fulfillment. These individual drivers were assembled in qualitative research, desk research and trends analysis.For more information check method section Shown on the right is the % of retailers with an above average differentiation level in the market on this factor, in % (based on Google benchmarking sheet)

Fulfillment | High agreement to durable quality items and different price ranges, several retailers sharply profiled

Retailer perception, in %



Outstanding Retailers

Source: Google EFS 2024/ Left: Shown is the % of perception on individual Fulfillment drivers across all retailers / Right: Shown is the relative differentiation profile of retailers on the drivers, highlighted retailers stand particularly out on specific drivers. Note that mentioned retailers are just examples and can vary by country.

Key Insights | Standing out in the Sea of Sameness (1 / 2)

#1	In Germany's competitive retail landscape, differentiation is paramount. Shoppers are aware of numerous brands but ultimately only buy at few. Only 1 in 3 fashion retailer in Germany is perceived as differentiated, mostly on Chic and Fulfilment and weakest on Unique.
#2	Differentiation of German fashion retailers is on par with Europe, making it even more challenging for German retailers to stand out in European context.
#3	Across the 6 differentiation factors, some underlying patterns emerge: DTC brands differentiate stronger on Chic, while multi-category retailer excel on Techy and Fulfillment, Techy is also stronger among multi-brand retailers. Unique and Community have lower differentiation profiles overall. Those retailers that stand out here are mostly DTC.
#4	In comparison to Europe, Chic & Community are less important, Unique & Responsible & Techy more; Fulfilment is at the same level and has the lowest impact on differentiation. While Fulfilment is still important to shoppers, it is no big differentiator anymore.

Source: Google EFS 2024

Key Insights | Standing out in the Sea of Sameness (2 / 2)

	Chic 	Unique 	Community 	Responsible 	Techy 	Fulfillment 
Importance for differentiation	29%	20%	14%	16%	13%	9%
% of differentiated retailers	41%	13%	22%	22%	16%	28%
Strongest retailer segment(s)	DTC	DTC	DTC	DTC / multi-brand	Multi-category, multi-brand	multi-category
Opportunities for retailers	Delight shoppers with unique offers, invest in deep audience understanding, consider leveraging AI for early trend spotting	Personalization throughout all purchase steps, understand shoppers' past behavior to predict future desire and turn it into personalized targeting	Connect shoppers across touchpoints: video communities, social channel, streamed live events, etc.	Promote your fairness and honesty, but even more your values and beliefs. Ensure shoppers know what to expect from your brand.	Think about each digital touchpoint and invest in visible good technology; app-based shopping needs great usability.	Fulfillment is, but is not limited to, a process. While offering seamless process, emphasize your portfolio's quality and price ranges.
General learning across all factors	**Achieving successful differentiation hinges on profound customer insights, underpinned by a robust data infrastructure. AI empowers retailers with tools to expedite solution development and enhance optimization. Consequently, embedding data and AI at the core of any differentiation strategy is imperative**					

Source: Google EFS 2024

Recommendation I Make differentiation your key priority in 2025 and beyond

01

Identify space - Explore the differentiation factors and play your strengths considering your segment.

02

Find your space - While important for relevance, tech and fulfillment offer weak differentiation, especially for multi-category retailers, so focus on more factors to stand out. Go beyond your strengths.

03

Drive your space - Bring your chosen differentiation factors to life through CRM data, shopper experience, and loyalty programs, ensuring your customers truly feel the difference!

Source: Google EFS 2024

Google | KANTAR | HDE Handelsverband Deutschland

European Fashion Retail ’24

Standing out in the Sea of Sameness

October 2024 | Germany Narrative