

Discounting is key driver for consumers buying fashion

- *43% of clothing purchases are driven by discounts*
- *25% of consumers never buy clothes at full price, preferring to wait for end of season sales or markdowns before making a purchase*
- *37% of consumers state that a price reduction is more important to consumers than a low starting price*

Blue Yonder, London, 7th June 2017 – Research from Blue Yonder, a market-leading provider of artificial intelligence solutions for retailers, in partnership with Retail Week Connect, has revealed that traditional retail buying cycles are no longer relevant for today's fast-paced fashion marketplace. As seasonal buying is consigned to history, buying cycles of up to eight months no longer work. Retailers face challenges of keeping pricing strategies in line with changing customer demand and expectations of sales and promotions.

Under pressure to offer discounts to meet customers' price expectations, retailers are ultimately damaging their profit margins. The current approach of keeping prices low to begin with is hurting retailers as they are forced to offer even greater discounts on high volumes of leftover stock at the end of the season.

The research of 4,000 consumers, conducted in the UK, US, France and Germany, found that discounts are the second-highest driver for clothing purchases globally, with 42% of consumers waiting until the end of season sales before buying. Only 12% buy because of the season's latest collections.

The research also highlighted:

- 21% of shoppers in the UK never buy clothes when they are full price.
- 31% of UK shoppers wait until an end of season sale or until an item is marked down before making a purchase.
- Promotional sales are the main reason UK consumers buy clothes, with 35% stating it is their main driver.
- A reduction in price is more important than low starting prices for 32% of UK consumers.

Despite the importance of discounts in purchasing decisions, consumers are becoming savvier about their shopping strategies and brand loyalty is diminishing. Nearly a third of UK consumers (29%) look for the same item online when making a purchase in store to check prices. This puts retailers at risk of losing customers and missing out on revenue, if their pricing strategy is not right.

Matt Hopkins, Vice President of Retail Strategy Development, at Blue Yonder says: "Pricing is a key competitive weapon for retailers facing increasing pressure from online, value players and volatile customer behavior. Getting it right is a complex process that should consider all external factors, such as stock location, product availability, promotions and competition, which can significantly affect the price elasticity of a product.

"Retailers need technology that can scale, manage vast data inputs and respond quickly to market dynamics. The granular data and marginal gains offered by machine learning can enable them to make the best pricing decisions daily to deliver the best customer experience. If done correctly, the results can be impressive. Markdowns, product availability and pricing can all be balanced in line with the business goals." he concluded.

For more information on price optimization strategies, please click here to download the full report <https://www.blue-yonder.com/en/fashions-new-rules-for-pricing>

The research was conducted by Censuswide, with 4,000 consumers surveyed in the US, UK, Germany and France. Censuswide abide by and employ members of the Market Research Society which is based on the ESOMAR principles.

About Blue Yonder

Blue Yonder enables retailers to take a transformative approach to their core processes, automating complex decisions that deliver higher profits and customer value using artificial intelligence (AI).

With machine learning embedded into their core operational systems, retailers can respond more quickly to changing market conditions and customer dynamics.

With its roots in particle physics at CERN, Blue Yonder now works for international grocery, fashion and general merchandise retailers. The company has been awarded the Gartner Cool Vendor Award 2015, the Experton Big Data Leader Award 2016 and the BT Retail Week Award.

Blue Yonder. Best Decisions, Delivered Daily.

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