



NOVEL ECOMMERCE TECHNOLOGIES FOR THE CLOTHING INDUSTRY: FASHIONPHORIA-A SOCIAL FASHION PLATFORM

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Abstract: Fashion industry is one of the most vibrant and creative sector in Europe. Having over 5 million people directly employed in the fashion value chain and 850,000 companies established, this industry provides an important contribution to the EU economy with an annual turnover of EUR 525 billion. Despite the global competition, European retailers have managed to be competitive by moving to high- added value products, serving niche markets and investing on technology and novel ecommerce tools.

Fashion is in a transition phase where digital brands and eshops try to engage more shoppers, provide unique experiences and increase revenues. However, conversion rates are still low, competition is fierce and novel products and services are required in order to capture the attention of the consumer. More customer behaviors regarding fashion preferences of the users are needed and new advertising techniques have to be implemented in the sector.

In this paper, the market trends regarding clothing and eCommerce in Europe are provided. In addition, a market research is presented that reveals the need for a social fashion platform in Greece coupled with the expectations that an shopper has for a fashion aggregator. The basic functionalities of Fashionphoria, a novel social fashion platform are presented and the benefits for the fashionistas and the brands are outlined.

Key words: ecommerce, technology, gamification, digital advertising

1. INTRODUCTION

1.1. Market opportunities in E-commerce

Although Greece has been heavily struck by the economic crisis, e-commerce is still growing [1]. The reasons behind this statement are two significant factors:

- (a) The transformation of the retail industry to a digital one that will continue to generate economic activity;
- (b) The crisis has been a catalyst to accelerate creativeness, new and more effective practices, where digital retailing replaces old, inefficient practices of traditional retailing and logistics.

Consequently, more buyers are questioning the products they need and turn to a more efficient way to shop (on-line) than they would have without the crisis. According to Eurostat, Greece has the lowest turnover in E-commerce sales (2%) among the 28 member states, Fig. 1 [1].

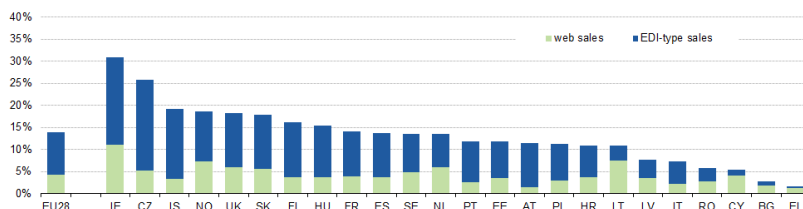


Fig. 1: Turnover from e-commerce broken down by web and EDI-type sales, 2012 (% total turnover) in EU countries [1]

For investors, this information is of high significance since it is evident that the E-commerce market is not yet mature and there is a big potential for market penetration in this area of interest. In addition, electronic transaction sales in Greece are among the lowest in EU countries (with Cyprus, Lithuania and Bulgaria), Fig 2, indicating that recent developments in payments infrastructure (simplified electronic communications systems) will change the Greek E-commerce field for the years to come.

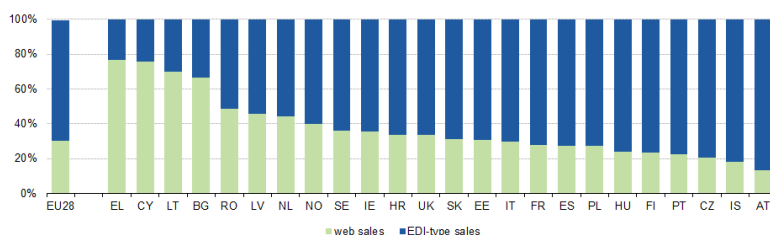


Fig. 2: Web sales and EDI-type sales in EU countries 2012 [1]

2. THE EXPERIMENTAL PART

2.1. E-commerce in Greece: a sector that gains ground

Greece has around 1.9 million e-shoppers and 6.09 million people use the Internet. Interestingly, despite the crisis, for five consecutive years from 2008 to 2012 E-commerce in Greece has increased to 18.5% [3], indicating a market that shows fast growth pace compared to other European e-commerce regions. B2C development in Greek E-commerce is considerably high with 1.9 million Greeks having bought on-line products of total value of 2.9 billion Euros with an average spend per e-shopper reaching 1.347 Euros, Fig 3. This value is among the highest amounts of money spent in EU according to Eurostat statistics.

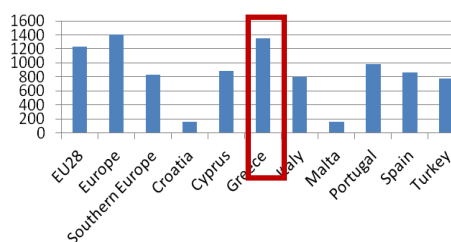


Fig. 3: Average spend per e-shopper in EU countries

E-commerce sales forecast for 2013 are to rise from 2.56bn to 3.5bn, with the number of e-Greek shoppers being 2.5 million [4] with 15.000 SMEs being involved in B2B transactions.

2.2. Why investing in Clothing, Footwear and Sports?

E-clothing: the King is back

Among the five purchased goods and services by percentage of users, clothing, footwear and sports are ranked first, Fig. 4, where in previous years they were lower in ranking and with lower market share.

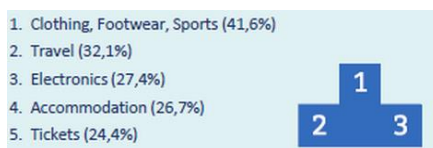


Fig. 4: Top five online purchased goods and services by percentage of users

2.3. The on-line behavior of Greek consumers

It should be noted that only 61% of the money spent by e-shoppers in Greece was carried out by Greek sites. In mature e-commerce markets in other EU countries an average of 80% of sales is attributed to national/local websites. Therefore, in the years to come, we expect the market share of Greek sites to increase and reach the average EU penetration. Greeks are still very reluctant to use the internet and purchase through the web. To our experience the most important factors are: firstly, the first assumption that can be made is that Greek consumers are very preoccupied with the safety of the on-line purchase. Secondly, they are concerned about possible product returns of the items purchased. Thirdly, they want to navigate through a simple and fast website. Lastly, they want the website to have an effective customer support. A transaction in which goods are paid for in full in cash or by certified check immediately when they are received by the buyer is the dominant payment method in Greece. This tendency demonstrates the distrust of the Greek consumer in the e-commerce. However, this behavior will change in the future, since generation Y has fully embraced the technology and in the years to come the shopping mentality will drastically change. Credit cards and Paypal are ranked second and third respectively, whereas debit cards and money deposits in bank accounts complete the puzzle of payment methods. Lately, the capital controls have altered the shopping behavior with an increase in e-payment being reported.

2.4 . The problem: Greek e-shops fail to monetize

Although the number of e-shops has significantly increased over the past years, their on line sales and their conversion rate is low. A number of reasons are responsible for these observations:

- (a) E-shops have failed to promote the idea of a safe environment for transactions and therefore a high number of shoppers are very reluctant to purchase on-line despite their high average spending. One in three Greeks does not trust the Electronic Data Interchange (EDI);
- (b) The delivery dates are long, their stock is limited;
- (c) The high prices of logistics in Greece are added up to the prices of the items advertised making the competition between e-shops fierce;

3. METHODOLOGY

3.1. Our Market Research for product-market fit

We performed a market research in order to investigate the behavior of the consumer and find answers to the following questions:

- Is the consumer visiting online fashion eshops and aggregators?



- Which factor affect her purchase decision?
- What products does she buy?
- Which are the products that she likes to purchase?
- Which are her expectations from a novel fashion platform?

We performed a nationwide quantitative research that was designed in an open source software[4]. An online questionnaire was used that was uploaded on our website with a random sampling of 290 females. Men were excluded from the survey for the this survey since our product is focused on women.

4. RESULTS

4.1 Key demographics

Women between 16 to 45 years of age participated in the survey with all of them coming form different regions of Greece such as Attica, Macedonia rural areas and islands. There was a significant response rate (19.3%) collected from girls between 18 and 24 years with the highest percentage (43.8%) of our sample observed for women between 25 to 34. The percentage of women aged between 35 and 44 reached approximately 30%. Regarding the geographical distribution it was revealed that 69.7% of the respondents reside in the region of Attica. However, a percentage of 14.5% was found to reside in the region of Macedonia (Western, Central and East-Macedonia and Thrace) and an equal percentage (14.5%) was reported for the remaining prefectures of Greece. Therefore, a representative sample was used in order to carry out this research. Our initial question was whether women visit fashion websites or not. As expected, the majority of the sample responded positively with only a small percentage of 3,8% stating not using the internet. A significant percentage uses the internet to explore products and purchase (59,7%) whereas a small percentage (1,4%) goes online for dedicated and scheduled purchase. This finding demonstrates the importance of user experience and interaction in fashion sites and the need for content since users desire to explore and get informed on products prior to purchase.

4.2 Online product purchase frequency

When the purchase frequency was asked, approximately 75% of the participants responded that they purchase “sometimes”, “often” and “very often” items from the internet. Therefore it can be assumed that the purchase behaviour of consumers is changing, the internet is influencing our purchase decisions and the number of people rarely buying or never buying products is reduced and has become a minority.

4.3 Popularity of the fashion websites in Greece

The purpose of this question was to identify which websites are more prominent to the user’s mind regarding fashion. Our findings, indicated that ASOS (www.asos.com) is the most renowned fashion website regarding fashion with a percentage of 34,8%. This is not a surprise since ASOS is one of the major fashion aggregators in Europe and overseas. However, an observations has to be outlined in this finding. The majority of Greek women has not related in her mind fashion with a specific website (42,8%). As a result, there is a gap in the market that has to be fulfilled with a fashion platform that will be the flagship of fashion and will promote style in Greece. A brand platform is required that will be related to fashion and sophisticated style. That gap in the market we plan to fullfill with the **Fashionphoria**, a representative fashion platform synonymous to style[5]. In addition, an encouraging finding was revealed when participants were asked whether they purchase items (clothing, shoes or accessories) online. A vast majority replied positive that purchases on the



internet clothes shoes and accessories which indicates that the online fashion market is present and active in Greece.

4.4 Factors influencing purchase decision of the consumer

Our purpose was to identify the priorities of the consumer prior to purchase and investigate the dynamics that influence her final decisions. Therefore, we asked participants to select those factors that they consider important prior to purchasing a fashion product. The findings suggested that the Greek consumer in fashion industry is very demanding, looking for products that are cost effective, comfortable, of high quality and match her style. Interestingly, when the brand name is questioned, the majority of participants responded that it is of neutral importance to them. In addition, when the finding was further analyzed by segmenting the age distribution groups, the same tendency was observed for all age groups examined.

4.5 Factors that influence online purchases of clothes, shoes or accessories

A number of factors that affect purchase of fashion items such as special offers, saving time, variety of products, size and quality of the product and delivery speed were examined in our survey. The big winners in this study were the special offers, saving time and product variety. Although the customer appreciates the product quality and are concerned for the size of the cloth, these factors coupled with the delivery speed are not of significant priority when purchase decision is formulated.

4.6 User's expectations for a novel fashion platform

We asked users their expectations for a new fashion platform. We were interested in identifying which features in a fashion platform are highly appreciated in order to develop our product accordingly and adapt to the arising opportunities. The results demonstrated that the update on new fashion items seems to be a very important aspect for the fashionista. Value for money purchases and the creation of the "Set" are also important features of the users, however, they should be considered at a subsequent stage.

5. DISCUSSION

5.1 The need for a Social Fashion Network

Based on the above observations regarding the low number of sales for Greek e-shops, it is evident that a new and intriguing environment is required in order to achieve the following challenges:

For the e-shopper the platform will:

- Provide the consumer with new shopping experiences;
- Assist the user in participating in the fashion industry-be proactive;

For the brands the platform will help them to

- Increase their sales utilizing a number of advertizing tools;
- Allow them to have an insight on users' preferences and adapt their advertising campaign accordingly;

5.2 Activities of a FashionPhorian user

- Update her status and comment on other users' status or Sets;
- Create a "Set", comment on it and share it on Social Media;

- Discover new products after having saved the “Set” and navigate to the corresponding webistes

6. CONCLUSIONS

Although there are a number of fashion aggregators in the global market [6, 7, 8], Fashionphoria is a unique social fashion network. It enables users:

1. to create their own outfits from (a) *clothing*, (b) *accessories* and (c) *shoes* that they find online;
2. to socialise with other users in topics such as style and fashion;

Added value of the product

The added value of the site, the core idea, is that the user can create a collage by using the products offered by brands and fashion e-shops. As a result, by mixing a matching products the user creates the so called “Set” and becomes a stylist, Fig. 6.

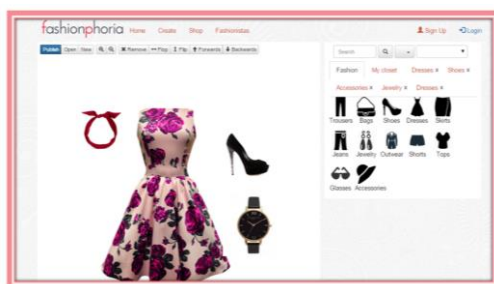


Fig. 6: *Creating a Set in the site*

The fashionista can select the background she prefers, add text, colors and other features with a scope to create a piece of style. Then, she can save the Set to the site or publish it directly to her blog or other social media such as Facebook, Twitter or Pinterest. When the Set is published on the site, the products that form the collage are displayed on the screen underneath the Set, with their image, price and the corresponding site for potential purchase. In case the user likes the product and decides to purchase or seek for further product details in the e-shop, she clicks on the button “Buy at” and gets transferred to the landing page of the brand or the e-shop. By this transfer Fashiophoria get paid by pay per click, helping the e-shop to attract more on-line customers and obtain revenue.

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