



INDUSTRY REPORT 2023

US Apparel eCommerce

**Pricing and Stock
Availability Trends on the
Backdrop of Inflation**



DATAWEAVE

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In a Nutshell: US Apparel in 2023

The apparel industry is stabilizing after almost two years of disruption due to the pandemic. In this new normal, retailers and manufacturers are adapting to new consumer preferences and doubling down on eCommerce. According to [eMarketer](#), in 2022, the fashion industry in the US was valued at \$473.42 billion, which is expected to reach \$494.89 billion by the end of 2023. To stay competitive with current trends and maximize profits, several US-based retailers have reduced in-store expenses and increased eCommerce capabilities.

The surge in online spending is fueling the expansion of the fashion retail business in the US. Over the past two decades, apparel eCommerce has continued to experience steady annual growth and accounts for ~23% of total online retail sales in the US, [according to Statista](#). Participation in social media, the development of user-friendly interfaces, and competitive pricing methods have all aided e-retailers in expanding their consumer base in a very competitive environment. However, the anticipated inflation in the US is expected to pose a key challenge to the industry.

In 2021, the holiday shopping season in a thriving US economy was marked by empty store shelves and a race to meet demand. However, concerns about overabundance and falling sales emerged just a year later due to inflation. Rising inflation rates are significantly impacting economies worldwide, and the US is no exception. According to a Reuters

report, due to high inflation, US consumer spending on clothing is **dropping**, which causes inventory to build up and widens the supply-demand mismatch. The report states that American consumers spent less in September 2022 than the prior month due to rising prices in all categories, from food to technology.

For retailers and brands, inflation can lead to cash flow disruption, excess inventory, high storage costs, lower revenues, and reduced margins. To manage this inflationary situation, fashion and apparel players will need to be more agile and versatile in their pricing strategies. This is only possible by leveraging technologies that enable advanced pricing and assortment management. Retailers must understand their market position and competitive landscape to effectively execute their retail strategy as the share of eCommerce and omnichannel keeps growing.

To overcome this challenge, [DataWeave's](#) Commerce Intelligence is designed to help retailers gain the competitive advantage they require by offering accurate, timely, and actionable competitive pricing and assortment insights. DataWeave gives retailers access to detailed pricing information on millions of products across dozens of competitors as desired.



US Apparel Industry Insights

For this report, we tracked price changes, discount trends, and stock availability among leading retailers and brands in the US. The main objective of the analysis is to understand how the strategies of leading retailers in the apparel category have altered in response to supply chain issues, inflationary pressures, and changing consumer preferences.

Our findings emphasize how crucial it is for apparel retailers and brands to alter their prices to cope with inflationary pressures, as well as address supply chain challenges to ensure optimum availability.

Our Methodology

We leveraged the DataWeave platform to monitor over 40,000 SKUs across leading fashion retailers between July 2022 and January 2023 to study how these retailers' and some top brands' pricing strategies and stock levels have changed in response to inflationary pressures, supply chain difficulties, and shifting consumer demand preferences.

Featured retailers

Featured brands

Categories tracked

Tops, Bottoms, Dresses, Jackets, Jumpsuits, Outerwear, Swimwear, Underwear, Hosiery, Gloves/Mittens, Sleepwear, Scarves, Suits

Timeline

July 2022 to January 2023



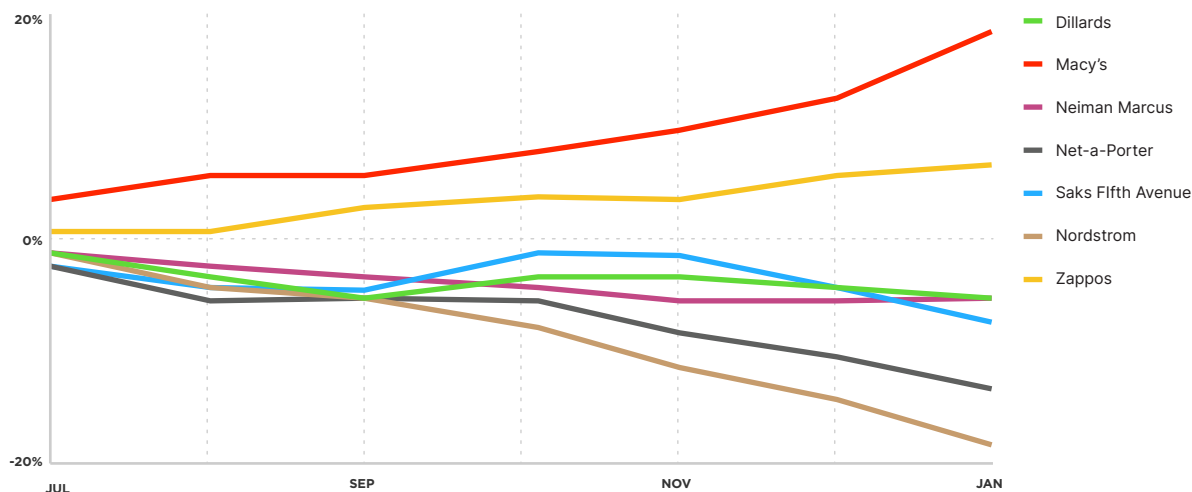
Impact of Inflation on Pricing

With all the talk of inflation, customers today make more informed decisions as comparison shopping is at their fingertips. Consumers compare across retailers and consider several factors such as price, delivery speed, and discounts when purchasing and improving their shopping experience. Hence, retailers need to maintain competitive prices.

In addition, it is important to understand whether inflation has affected all retailers equally or if retailers respond to inflationary pressures differently.

Our data indicates that Nordstrom, Net-a-Porter, Saks Fifth Avenue, Neiman Marcus, and Dillards dropped their prices consistently over the last few months, to end at prices around 19%, 14%, 8%, 6%, and 6% lower in January 2023 compared to June 2022, respectively.

Price Change Trend of Retailers



Price change (%) compared to June 2022 by retailers (July 2022- January 2023)



Nordstrom claims that despite price reductions, there was no increase in sales. This is largely due to weaker demand, as consumers divert their disposable income to spend on essentials, while fashion and apparel are considered to be discretionary spending categories. In its recent **Annual Report**, Nordstrom stated,

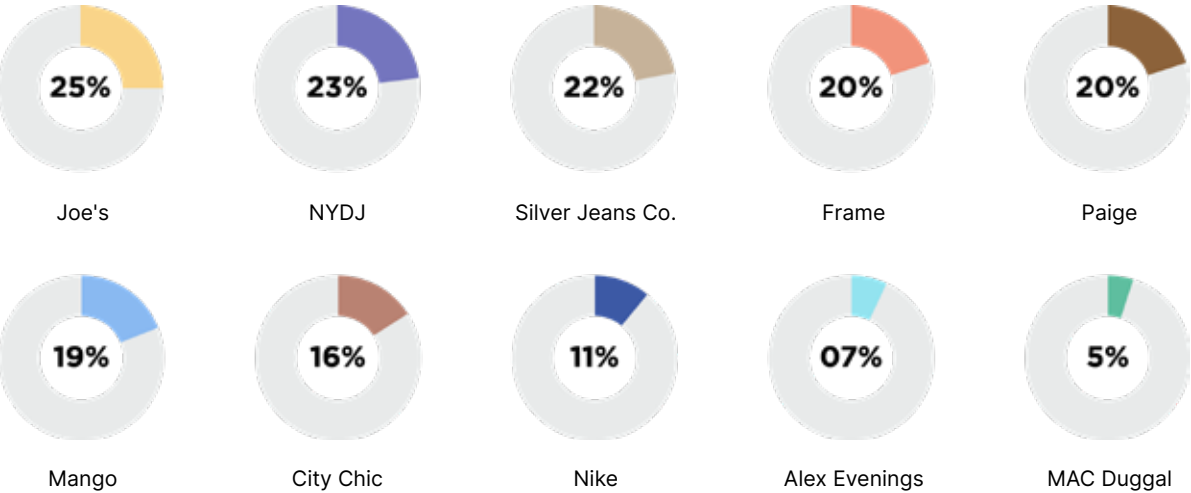
“During economic downturns or inflationary periods, including those resulting from the impacts of COVID-19, fewer customers may shop as these purchases may be seen as discretionary, and those who do shop may limit the amount of their purchases. Any reduced demand or changes in customer purchasing behavior may lead to lower sales, higher markdowns and an overly promotional environment or increased marketing and promotional spending.”

Taking prompt action and capitalizing on the need for consumers to buy less expensive or discounted goods via eCommerce platforms, especially when pitted against key competitors, is critical. To address this, apparel companies are aggressively driving sales in the current business environment, even at the expense of profit margins.

Macy’s and Zappos, on the other hand, have gradually been increasing their prices, to land at prices 18% and 6% higher in January 2023 compared to June 2022.

Pricing competitively is an area of focus not only for retailers but also for brand manufacturers who sell on marketplaces. Our data shows that due to higher inventories and softer market demand, many US apparel brands maintained a healthy discount level during the period of analysis. We picked a sample of brands and tracked the average discount over the last 7 months.

Average Discount of Brands



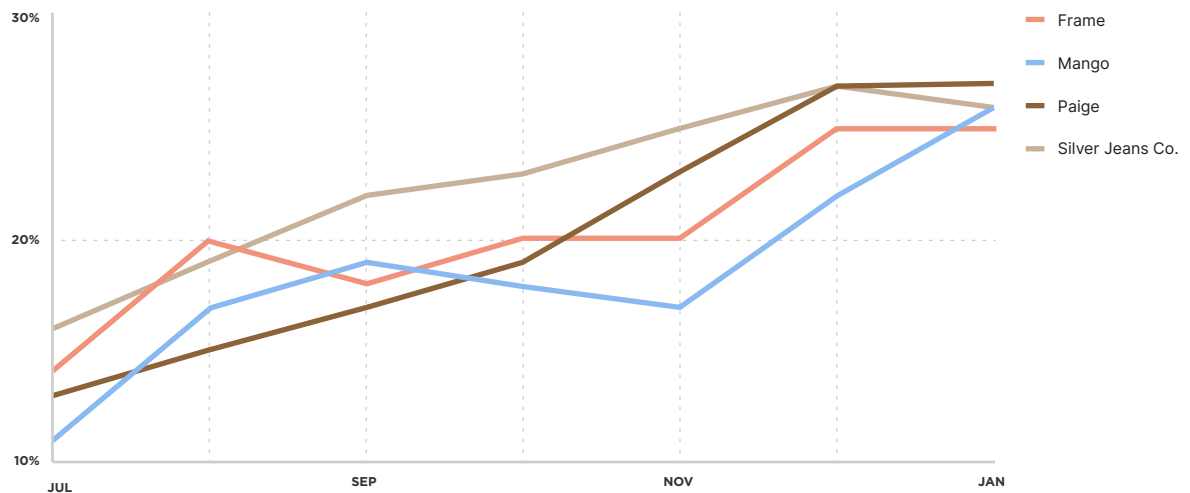
Average Discount (%) of Brands across all Retailers (July 2022 to January 2023)



While brands like MAC Duggal and Alex Evenings stuck to low discount levels of 5-7%, every other brand provided discounts in excess of 15%, with Joe's, NYDJ, and Silver Jeans Co. discounting as heavily as 25%, 23%, and 22% respectively.

On further analysis, we found that a few of these brands gradually increased their discount levels each month from July 2022 to January 2023. From the sample selected, the discounts offered by Mango, Paige, Frame, and Silver Jeans Co. grew by 15%, 14%, 11%, and 10% respectively. The following chart shows the gradual increase in the discounts offered by these brands in the analysis period.

Growing Discount Trend Across Specific Brands



Average Discount (%) Trend of Brands across all Retailers (July 2022 to January 2023)





Product Matching in Apparel: The Complexities and Significance

To be competitive, fashion and apparel retailers must be aware of how their product pricing compares to that of their competitors. This understanding can help identify opportunities for reducing prices to gain a competitive edge, or increasing prices without losing their lowest priced position.

A prerequisite to gaining these insights is the ability to match products across websites. However, matching products across different websites can be a huge challenge due to variations in titles, descriptions, and images across websites. Once products are matched, prices can be easily aggregated at the desired frequency to provide timely insights on competitive pricing positions.

In fashion, consumers may search for equivalent or similar products rather than identical ones, making it important to not only identify and match the same products, but also similar products across websites. This is possible with DataWeave's advanced product matching technology, which uses AI-driven semantics methodologies to identify and match exact and similar products from various web sources.

In the example shared here, two white shirts of different brands were matched based on their similarity in color, type, sleeve length, collar type, price range, and more. This enables retailers to compare their pricing not just against the same product but also substitutes across competitors - all at a massive scale.



Using this technology provides several benefits, including detailed insights on price improvement opportunities that can empower retailers to enhance their competitive positioning and influence consumers' perception of pricing.

Suggested Reading:

- [AI-powered Product Matching: The Key to Competitive Pricing Intelligence in eCommerce](#)
- [Similarity Matching Keeps Retailers Competitive: Know Your Rivals](#)

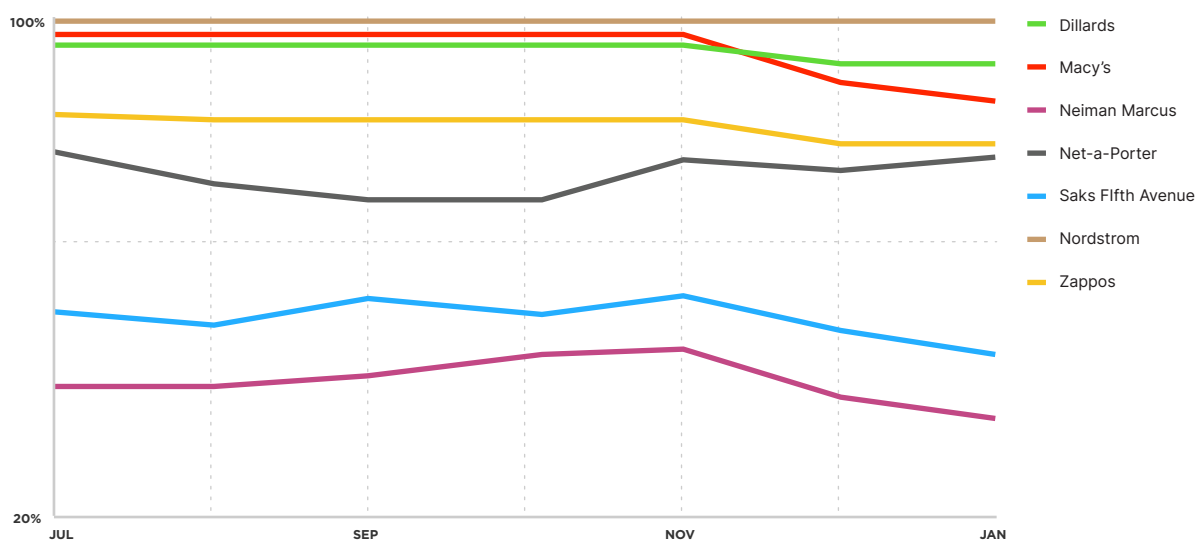


Influence of Supply Chain Dynamics on Apparel Retailers

The inventory issues faced by the apparel industry today are the result of supply-chain disruptions in 2022, which delayed many holiday shipments until the spring, just when rising inflation caused customers to reduce their spending. Earlier this year, the retailers were canceling orders to reduce the rise of the stockpiles of merchandise. Stores have also broadened and deepened their discounts to stimulate demand among inflation-conscious shoppers. Global Trade Daily **recently reported** that, in the third quarter of 2022, the average amount of inventory held by the US's 20 largest public apparel firms increased by 26% to US\$2.1 billion compared to pre-pandemic levels in 2019.

Product availability is critical when dealing with a wide consumer base with varying product preferences. Proper inventory management can assist fashion and apparel retailers in meeting demand while maintaining their competitive position.

Stock Availability Trend of Retailers



Stock Availability (%), by retailers (July 2022- January 2023)

We analyzed various retailers to study how their stock availability changed since July 2022. We found that Nordstrom consistently maintained close to 100% stock availability during the analysis period.



The following statement from Nordstrom's recent annual report is revealing:

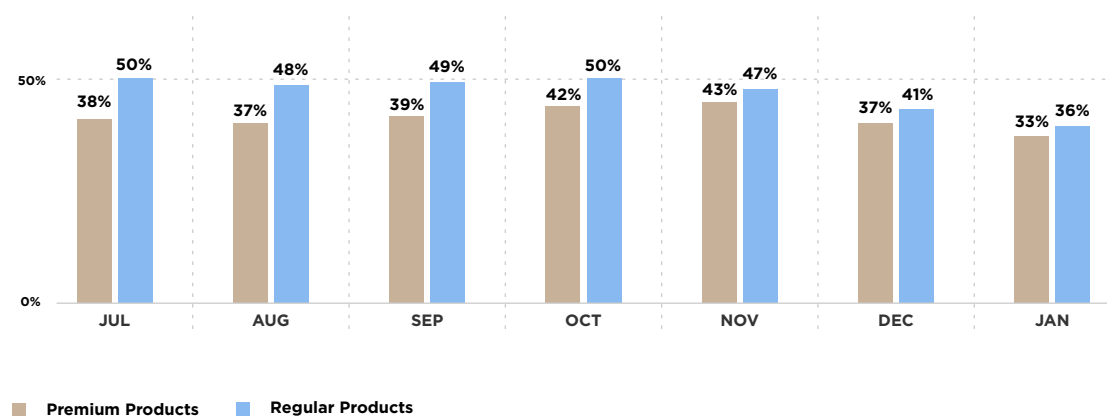
“Our focus on the customer requires us to build new supply chain capabilities and enhance existing ones, develop applications for electronic devices, improve customer-facing technology, deliver purchased products timely, enhance inventory management systems and allow greater and more fluid inventory availability between digital and retail locations through our Closer to You strategy. In addition, these strategies will require further expansion of and reliance on data science and analytics.”

The stock availability level of Macy's, Dillards, and Zappos declined from 98%, 96%, and 85% in July 2022 to 87%, 93%, and 80% in January 2023, respectively, indicating that supply chain disruptions are certainly pressurizing. However, they remain significantly better than during the outbreak of the COVID-19 pandemic. Saks Fifth Avenue (45-55% availability) and Neiman Marcus (35-45% availability) are clearly struggling with supply chain challenges and are unable to maintain healthy stock levels.

With Neiman Marcus, stock availability challenges persisted despite bringing on board **new supply chain chiefs** early in 2022. It is also possible that this is in response to the company's **post-pandemic strategy** to narrow its focus to its top 2% of customers, who account for 40% of its total sales.

In our analysis, we studied the difference between the stock availability of Neiman Marcus's premium products (defined as the top 20 percentile by price) compared to their regular assortment.

Stock Availability Trend of Neiman Marcus - Premium vs Regular Products

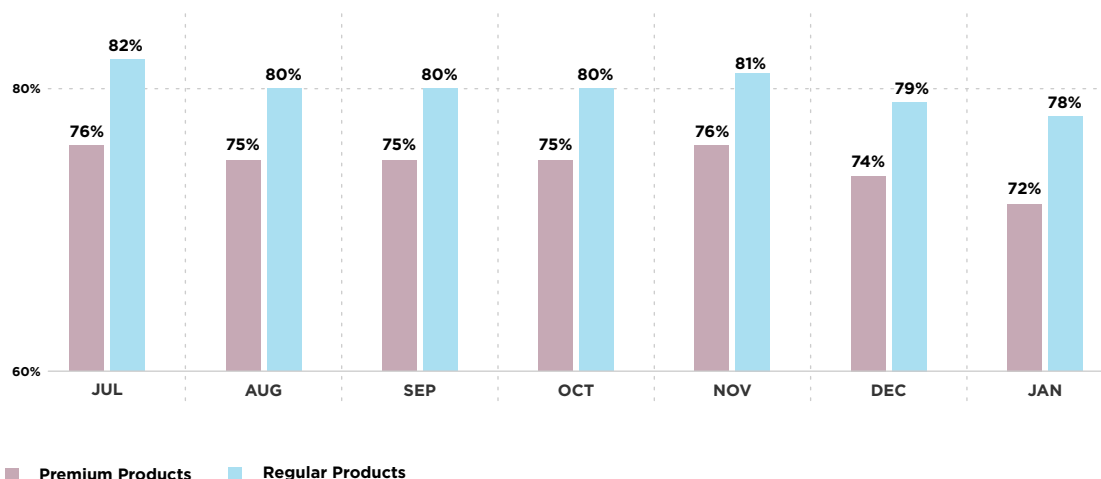


Stock Availability (%) of Neiman Marcus, premium vs regular products (July 2022- January 2023)

Surprisingly, the stock availability of its premium products was lower by 3% to 12% than that of its regular products. This suggests that Neiman Marcus's strategy of focusing on its **“jet-setting millionaire cohort”** has not fully taken flight yet.



Stock Availability Trend of All Retailers - Premium vs Regular Products



Stock Availability (%) of all retailers, premium vs regular products (July 2022- January 2023)

When we performed the same analysis across all retailers, we observed a similar trend of lower stock availability of premium products, which is expected, as shopper demand diminishes. It is clear that there is a greater focus by all retailers on the more affordable range of their assortment.

The Way Forward

To deal with inflationary pressures and shifting consumer buying patterns, fashion and apparel retailers and brands will benefit from comprehensive pricing, merchandising, and supply chain actions. The retailers must increase eCommerce capabilities to stay competitive with current trends while maximizing profits. To do this, they must leverage technologies that enable them to track their competitive price position across product categories, brands, price levels, and more, in order to identify and latch on to price improvement opportunities that scale revenues and maximize margins. They also must have competitive insights on other drivers of sales, such as stock availability, assortment strengths and weaknesses, delivery fees and times, and more.

As seen from this report, retailers and brands often face unique challenges, and hence adopt a diverse range of strategies to win against their competitors. Understanding, predicting, and responding to these strategies are key to success in today's cutthroat world of eCommerce. In addition, as macroeconomic factors and consumer buying behavior keeps changing, apparel retailers must have access to these competitive and market insights *every day*.

To learn more about how this can be achieved, [talk to us](#) today!

About DataWeave

DataWeave is a digital commerce analytics SaaS platform that provides competitive pricing and assortment intelligence to retailers and digital shelf analytics to consumer brands globally. With DataWeave, retailers and brands can grow their sales, margins, and market share across eCommerce to compete profitably at scale. Our AI-driven proprietary technology aggregates and delivers actionable eCommerce insights across 500+ billion data points globally, 400,000 brands, 1,500+ websites, 20+ verticals, and 25+ languages.

For Retailers

Commerce Intelligence

Drive profitable growth by making smarter pricing, promotions and product merchandising decisions with timely and up to date competitive insights.

For Consumer Brands

Digital Shelf Analytics

Optimize your eCommerce performance and sales by leveraging insights on share of search, product content, stock availability, promotions, and reviews.

Brand Protection

Protect your brand equity online by minimizing MAP violations, unauthorized merchants, and counterfeit products.

Sign up for a demo

Questions?

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