

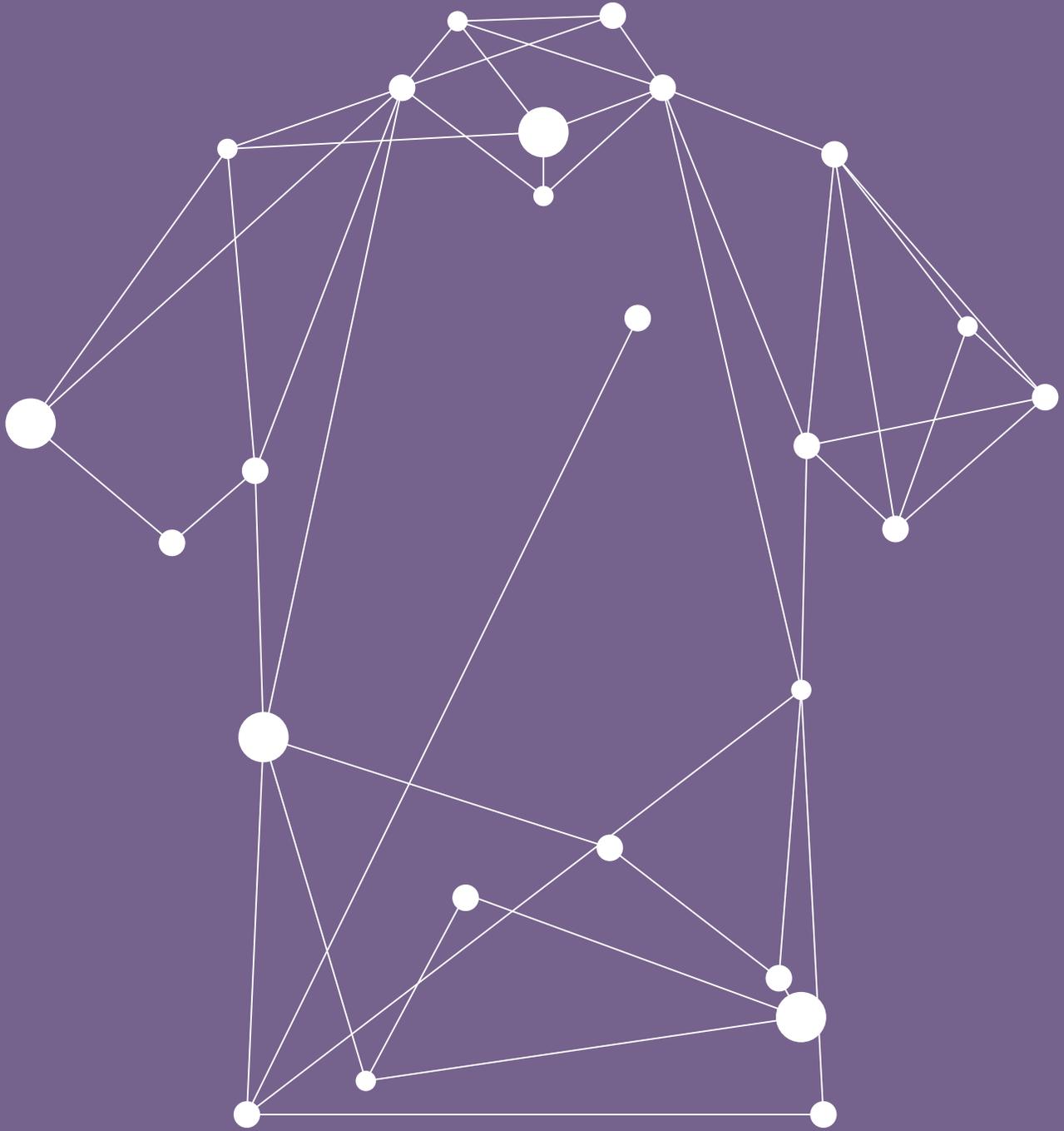


Fixing a Bad Fit: Apparel Returns Today

Fashion Metric
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Introduction

The retail apparel industry is in enormous flux. As the entire state of apparel shopping, both online and offline, is changing, the state of returns is naturally morphing as well. Retailers of all kinds are suffering through enormous apparel return rates due to poor fit. On the other side, shoppers often end up frustrated with the process of trying to find clothing that will work for their bodies.

Apparel Returns Today

In this report, we took a deep dive into understanding apparel return rates from every angle, explore the history of apparel sizing, take a look at the hidden economic impact of consumer uncertainty—and offer solutions for today's retailers.

The truth is, the problem of sizing consistency has been a part of the ready-to-wear apparel industry since its inception over a century ago. The first large-scale survey of women's bodies was completed in 1940, but had so many problems that after trying to fix the data for several decades, the resulting recommendations were abandoned in the 1980's.

What was left is what we still deal with today: sizing charts that vary widely from one brand to another, and that have continued to shift measurements from year to year. As a result, today's size 00 is yester-year's size 8; a size 14 pair of jeans fits an entirely different body type depending on the retailer; and up to 40% of clothing gets returned is due to sizing issues.

As a result, an enormous percentage of apparel is returned—up to \$260 billion globally each year. Many things have happened in response: to start with, consumers have begun to expect easy, free returns. A new phenomenon, “the bedroom as changing room” has begun to take hold as consumers ignore confusing sizing charts and buy extra

sizes with the intention at the outset of returning what doesn't fit.

How can today's apparel retailers combat this? By using technology first, smart brands and businesses are able to offer the most accurate information about size and fit possible today. Not just any technology will work, though: enough time has passed that we now know what kinds of tech are the most helpful in combatting fit problems today.

Let's take a look.

How We Got Here: A Brief History of Returns

The Beginning of Ready-to-Wear Sizing

In the Washington Post, fashion design superstar Tim Gunn recently railed against American fashion designers for refusing to create clothing in sizes large enough for the average woman. As he put it, “This a design failure and not a customer issue.” He’s right—but the truth is, sizing problems have been a part of the ready-to-wear industry since its inception. Let’s take a look at *why*.

Patterns + Sizing

For centuries, sizing wasn't much of an issue at all. Prior to mid-19th century, nearly all clothing was custom made individually, by a tailor or by a seamstress at home. (The occasional exceptions were coats and undergarments.) All of that started to change during the American Civil war.

Initially, Civil War soldiers (who were all men, apart from the 400 or so women who disguised themselves as men in order to fight) had their uniforms custom tailored for them in their homes. Eventually, because of the huge volume of uniforms needed, manufacturers began to build factories, and for the first time, uniforms were mass produced in a basic size. This standard size pattern was created by measuring a soldier's chests, and guessing the size based on that one piece of information. (Later on, people even tried that same technique for women—can you imagine?)

After the war, these same standard sizes were used as the basis for a sizing system used by men's clothing retailers—for the first time. Women's ready-to-wear sizing standardization didn't start until decades later. Beginning in the 1920's, multiple factors combined to create a necessity for women's ready-to-wear sizing charts.

Catalogue companies, such as Sears & Roebuck and Montgomery Ward, were a part of the brand new Mail Order Association of America, which was trying as

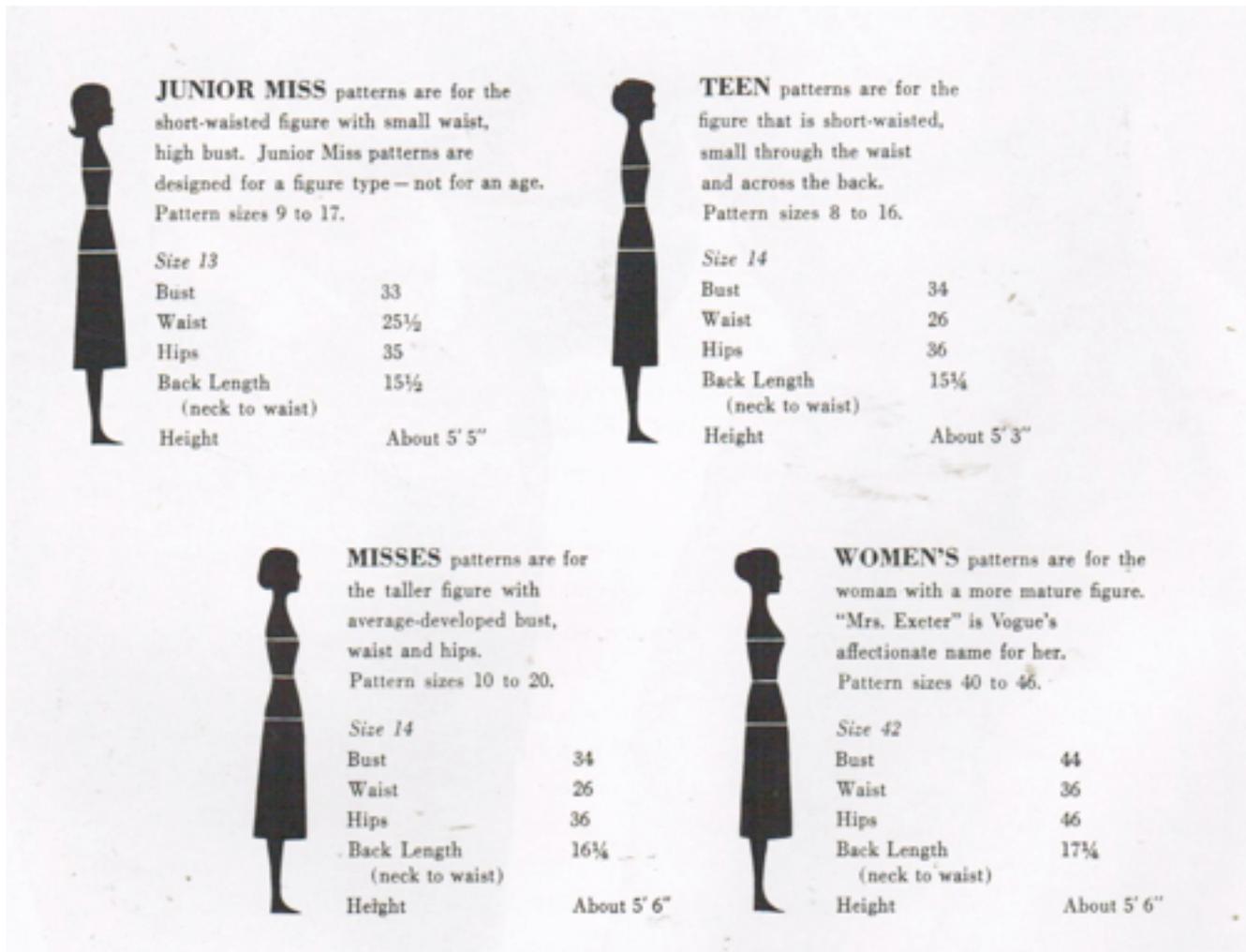
early as 1930 to reduce returns through more consistent fit. The rise of industrial production techniques, along with these newly popular mail-order catalogues, created a demand that was fueled by the rise of the advertising industry. No longer did mass produced goods have a stigma attached; they were seen as convenient and trendy—and off-the-rack clothing because a mark of efficiency and a point of pride.

Ready-to-Wear Sizing Gains Acceptance

The combination of these factors eventually convinced many women that ready-to-wear clothing was not only fashionable, but that it was increasingly convenient—and it began to become part of the status quo. Unfortunately, the many different retailers popular at the time used a variety of different sizing systems, and as a result, women found that the clothes often didn't fit the way they expected it to.

This inconsistent sizing contributed to women needing additional tailoring at home, and to a high rate of returns. Despite the inconsistent sizing, though, the demand for easy to buy ready-to-wear clothing grew. Soon, for the first time ever, brick and mortar boutiques and large department stores began to spring up, offering off-the-rack clothing options to the masses. Ready-to-wear clothing had become one of the big innovations of the early 20th century—but sizing remained an issue.

Fixing a Bad Fit



Size chart from the 1958 *Vogue Sewing Book*, from Midvale Vintage

Sizing Standardization

With the goal of creating sizing standardization, the first ever known study

of women's body measurements was conducted by the National Bureau of Home Economics (part of the U.S. Department of Agriculture) from 1939-1940. Over 15,000 women participated; each had 59 body measurements taken, resulting in close to a million data points.

Later, in 1958, the National Bureau of Standards conducted another study to reanalyze the previous results and added in the measurements of some women who had been in the army during WWII. The publication of this updated sizing standard study was published in 1958 as the “Body Measurements for the Sizing of Women’s Patterns and Apparel.” It was the first time ever that standardized industry-wide women’s size charts for clothing were proposed. The sizing systems, though, were not as broadly adopted by brands or manufacturers as the Bureau had hoped.

One of the key problems with the study quickly became apparent: a decided lack of diversity. No non-white women were included, limiting the range of results. Additionally, the respondents were paid a small sum, which during the Great Depression likely led to a strong bias towards underweight body types. The results were hopelessly skewed, and therefore the sizing standard was unfortunately inaccurate.

Acknowledging this, an update to the standards was attempted in the 1970’s. This, however, was to no avail, as brands had already started creating their own sizing patterns based on their unique customer demographics—which is the

situation the industry struggles with still today. The recommendations were officially withdrawn in 1983, and only pattern companies still use them today.

Vanity Sizing

As time passed, something happened to the general population: they began to gain weight and change shape. What was once the standard hour glass figure had become the pear figure. Many brands and manufacturers responded with something known in the industry as “vanity sizing”—which is essentially appealing to a customer’s ego as a marketing strategy. Essentially, brands sell bigger clothes, but with a smaller size on the tag, thus “allowing” a customer to think she is smaller than she thought.

Vanity sizing (sometimes also called size inflation) is still rampant today, meaning that sizes are changing quickly. The smallest size in 1958 was a size 8; now the size 00 has been invented. This has been happened, in part, to combat the changing size of sizes. Today’s size 8 measurements would have been called a size 14 or 16 back in 1958. Same woman, same measurements, completely different size.

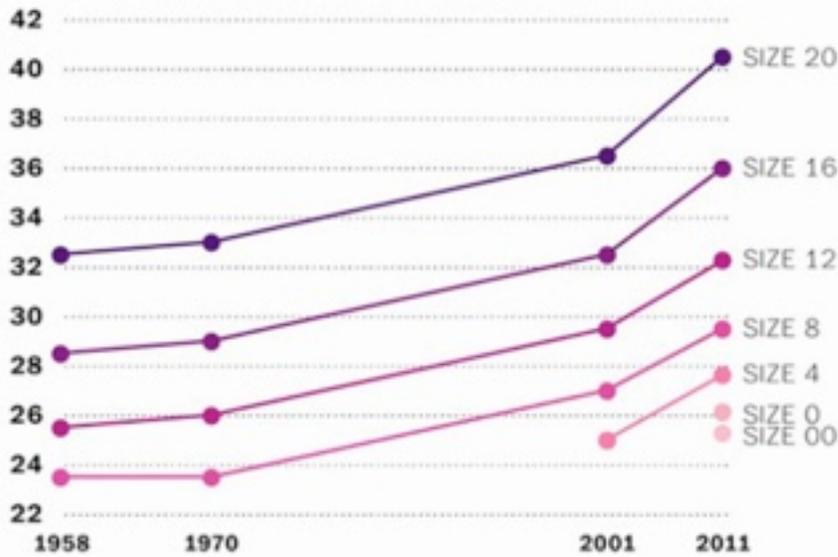
This change in standards is why people often talk about how actress and sex symbol Marilyn Monroe wore a size 12. It may be true, but a size 12 isn’t what it used to be. In fact, sizes are changing so quickly that over as short a time span as a decade, the average measurements for a size can shift enough to render that size obsolete. It’s incredibly confusing for shoppers.

Fixing a Bad Fit

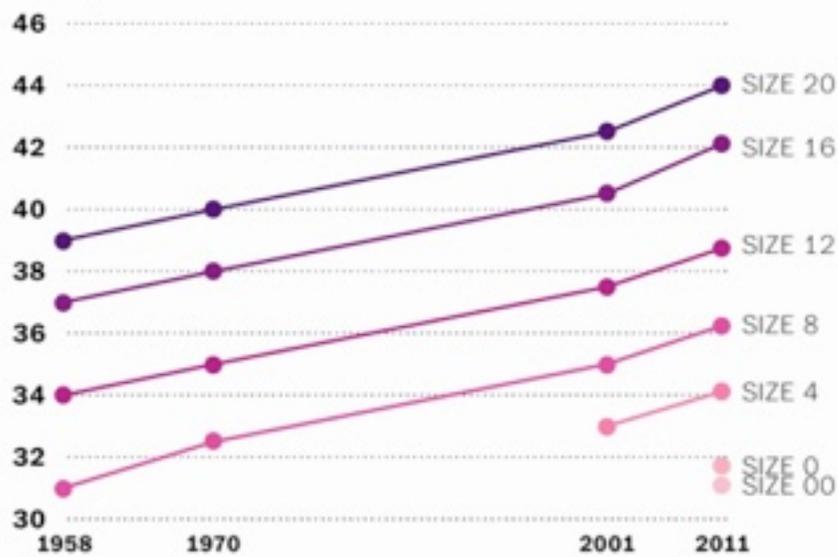
Vanity sizing.

Waist and bust measurements for standard womens' clothing sizes.

Waist, in inches



Bust, in inches



*When is a size 12 not a size 12?
When it's a size 4.*

Graphic from Washington Post.

The End Result

After all of this, where have we ended up? With a sizing mess. Due to fit issues, consumers continue to be frustrated, and retailers are grappling with enormous apparel return rates. The enormous lack of consistency due to non-standardization of sizing is resulting in shoppers becoming disenchanted with both retailer's products and their own bodies, and also resulted in businesses struggling to keep up.

**It doesn't have to
be this way.**

Returns Today: By the Numbers

The lack of sizing standardization (and the increasing ubiquity of vanity sizing) did not present as big of an issue before we reached the digital age. Department stores and boutiques offered the obvious solution: changing rooms.

Now, however, with the increased consumer interest in buying clothes online, sizing uncertainty has created an enormous impact on bottom lines in the form of high apparel return rates. In fact, apparel return rates are the highest of any product vertical, adding up to billions of dollars annually in lost revenue.

Returns Are Big Business

Online shopping is estimated by RetailNext to be a \$294 billion dollar annual business in the US alone, with an estimated \$3.5 trillion in worldwide online sales predicted by eMarketer by the year 2020.

The Retail Equation partnered with the National Retail Federation for the annual report on consumer returns, and pointed to their calculation of \$260.5 billion in global returns annually, "If merchandise returns were a corporation, it would rank #3 on the Fortune 500 list."

According to research from Sucharita Mulpuru at Forrester, offline returns average around 10%, online purchases clock in at 20%, and "expensive" online purchases are returned up to 50% of the time. The Wall Street Journal reports an average online return rate of 30%. (Typically, the more "fit sensitive" an item is, the higher the likelihood of being returned.) When added up, it's easy to see that returns are a billion dollar baby.

Online Sales:



■ US: \$294 billion (RetailNext)

■ Global: \$3.5 trillion by 2020 (eMarketer)

■ Annual Global Returns: \$260.5 billion

Equivalent to #3 on the Fortune 500 list (The Retail Equation / NRF)

The Expectation of Free Returns

Free returns are becoming the expectation. While the mathematics of free returns can be complex, the offering is edging ever closer to becoming a standard cost of doing business for online sellers. A 2015 study by the National Retail Federation showed that 49% of retailers were offering free return shipping—a number that is expected to rise to fully half by the end of 2016.

With return rates in online apparel shopping being so high, it is still important to offer customers free and easy returns. Nextopia commissioned a report that found that 62% of shoppers are more likely to shop online if they know they can return an item in store. A study conducted by Forrester and commissioned by the USPS (who, we must point out, loves to ship in both directions!) shows that if returning an item from an online store is a hassle, 73% of respondents agree that they are less likely to buy from that retailer in the future.

A 2015 Future of Retail Study by Walker Sands surfaced some important information: not only did 83% of shoppers say that free shipping made them more likely to buy goods online, 65% said that free returns had the same effect.

As Chris Dunn, Head of Business Development at TrueShip, wrote in Entrepreneur, “However, many retailers

believe that by making the returns process difficult, customers won’t make returns. This is a mistake. If a customer wants to return an item, he or she won’t be deterred by those difficulties, just annoyed and less likely to shop with the retailer in the future.”

Don’t think that eliminating free returns is the answer: while making a return more cumbersome or costly for consumers would likely decrease overall return rates initially, it would discourage shoppers from purchasing in the future. Thus, eliminating free returns is a practice that is not recommended as it would have a huge economic impact on the business. Customer happiness is, after all, of upmost importance.

Approximate Returns:



Return’s Influence on Customers:

- **62%** more likely to buy online if can return in store (*Nextopia*)
- **65%** more likely to buy if offered free returns (*Walker Sands*)
- ← **73%** less likely to buy in the future if return is a hassle (*Forrester / USPS*)

How Shoppers Behave Today

It's clear to see how sizing inconsistencies and uncertainty are driving massive rates of apparel returns. When sizing varies so wildly from brand to brand, shoppers experience a high degree of uncertainty. And consumers are not just returning more, they are changing their behavior in other ways as well.

With the constant changing size and fit landscape in ecommerce, consumer expectations have evolved too. While progressive retailers and brands are realizing the benefits of offering easy, free returns, we are seeing consumer trends that are beginning to change the entire ethos of online apparel shopping.

Here's how.

The Bedroom as a Changing Room

As free returns begin to become the norm, an emerging consumer trend has co-developed: the bedroom as changing room. Given the widespread challenge of consumer sizing uncertainty across brands, shoppers have attempted to solve their uncertainties by trying multiple sizes on at home.

As Sophie Glover, head of technical services at ASOS, noted, "...some customers treat our free shipping service as part of their changing room experience, except it's at home in their bedroom." Instead of showrooming (where customers treat stores like a showroom to look at goods) perhaps this trend could be called "fitting room-ing." Shoppers want to bring the experience to them.

Lee Bloor, the founder of online UK retailer Lavish Alice told Olive Clancey from the BBC the same thing: "...these days we are noticing a trend of consumers buying multiple sizes of the same product so they use their bedrooms as their changing rooms."

All of this is a reflection of the broader consumer trend towards an at-home solution to the sizing problem. Since size charts are often terribly confusing (more on that below), trying on multiple sizes of a

product with the intention of returning the ill-fitting ones has become the consumer-driven solution to the problem. This is the bedroom as changing room.

Size Chart Confusion

One of the main ways that retailers attempt to help shoppers navigate the fractured sizing landscape is through size charts. In fact, they have become so ubiquitous that most shoppers consult them without a second thought.

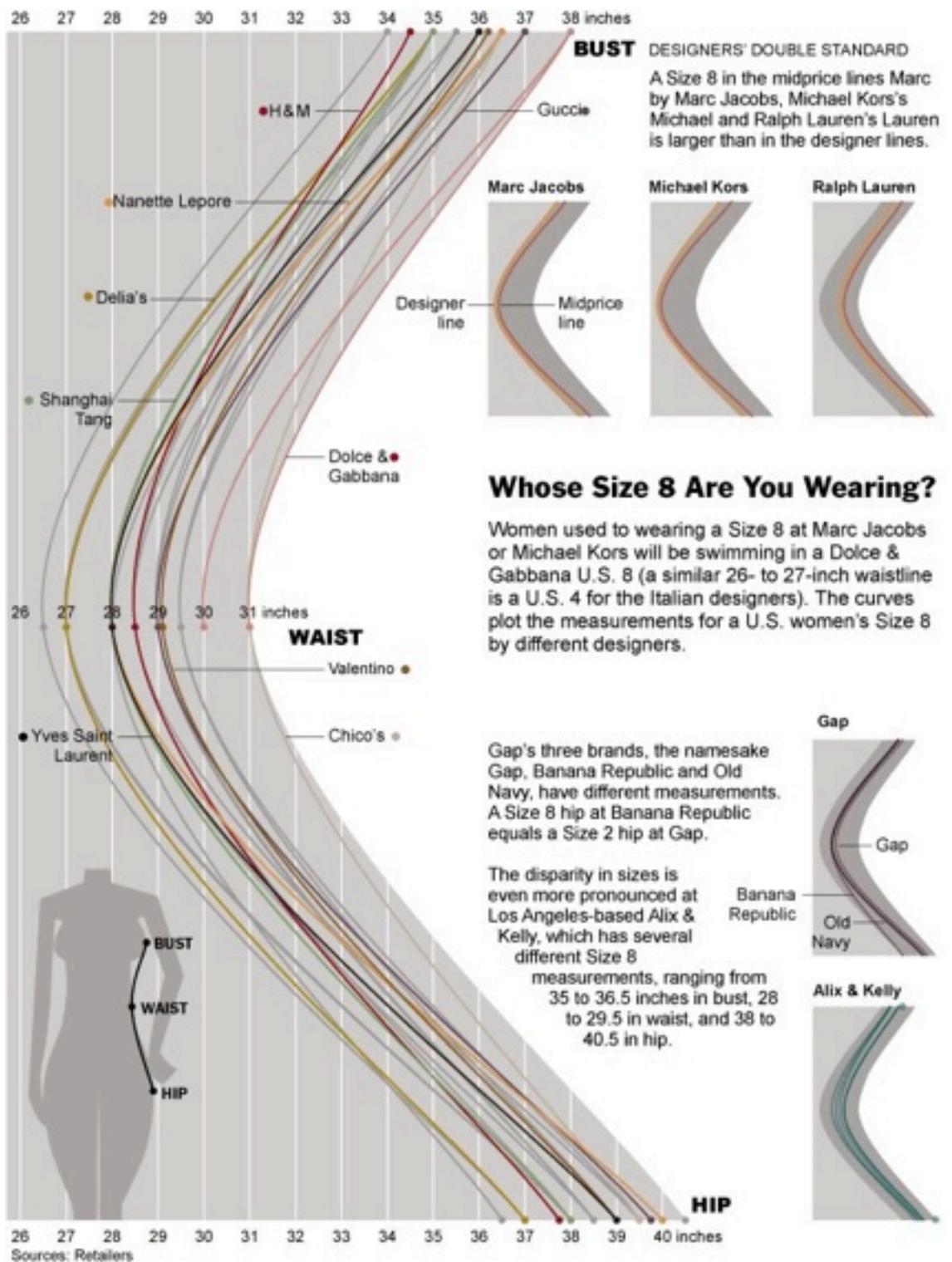
The problem with size charts, though, is that they rarely help a shopper actually select the best *size*. They usually include a description of body measurements, such as "hips," that often require a measuring tape to get right, a task that online shoppers are unlikely to do. After all, the average person doesn't know their hip circumference—and also doesn't know exactly where the "hips" are for these purposes. When faced with sizing uncertainty, many shoppers hesitate to complete the purchase at all. Cart abandonment rates are incredibly high: numbers up to 70% are frequently cited. This is even more prevalent for bigger ticket items, as the new techniques for dealing with unpredictable sizing won't work: ordering multiple sizes can result in a prohibitively hefty charge on the shopper's credit card.

Fixing a Bad Fit

So, we've seen that shoppers have tried to approach the problem by using the bedroom as changing room. And, we've seen that retailers have tried their best to standardize sizes among themselves. But we continue to see enormous financial costs associated with sizing irregularity.

**What's a
retailer to do?**

Apparel Returns Today



This New York Times chart shows the drastic differences found in the "same" sizes.

Reducing Return Rates

For many people on both sides of the shopping equation, the ideal fix would be for there to be industry-wide sizing standardization. More than a century into ready-to-wear, this seems a very unlikely scenario. There are, however, ways for brands and businesses to take control back, and to offer shoppers the best experience possible.

Technology as a Helper

The problem may be old, but thanks to technological advances, the solutions can be new. By thoughtfully leveraging current technologies, such as machine learning algorithms, brands can help shoppers more easily find the answers to their fit questions. Smart businesses are helping shoppers determine their size through technology: by asking shoppers simple questions, and then applying in-depth data science to offer intelligent recommendations

It is imperative that any technology implementations be easy to use. Our research and experience have shown that taking webcam images or selfies to try to determine size has proven unpopular with consumers, generally requiring too much effort or eliciting discomfort in taking a picture wearing tight fitting clothing.

Technology that acts as a brand translator (comparing product sizing to a favorite shirt in a shopper's closet, for instance) has the ease-of-use factor, which can be appealing to shoppers. But, we've seen how difficult it is to maintain accuracy over time, since sizing in brands changes, often seasonally. Additionally, many brands can have multiple fits even *within* a garment category.

Using technology can be the best move for retailers, but it has to be chosen and implemented in an intelligent way—one that both works for shoppers and stands the test of time.

Customer Reviews

Another way to ensure that customers are getting what they paid for is through utilizing customer reviews, which can help to bridge the gap between online and offline shopping. Information is power, and a well informed customer is more likely to want to keep an item—they know with a higher level of accuracy what they are getting.

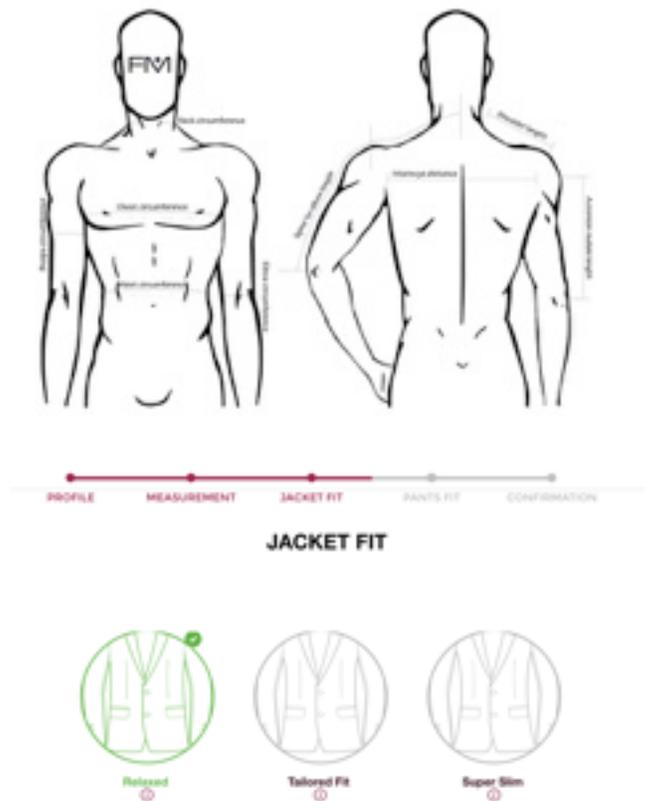
Kissmetrics shows that 55% of shoppers say that online reviews influence their buying decisions. To gather reviews, retailers should be sure to send followup emails; according to Matt Parsons of PowerReviews, up to 70% of reviews originate from post purchase emails—be sure to harness their power.

Unlocking the Human Body

At the core of sizing patterns are body measurements, which represent countless variations of sizes and shapes. Unlocking human body data is paramount in understanding how a garment will fit, which

we've seen as a focus for more than a century.

What we've learned in that time is that in order to obtain the most accurate garment recommendation, we must first have an accurate, detailed prediction of a shopper's body measurements. One of the beautiful things about this truth is that it takes us full circle: by connecting the old-world talent of the Master Tailors who relied on personalized, individualized body measurements to the artificial intelligence in the digital age, we can finally find the solution to the age-old problem of finding accurate fit.



Summary

While the fit and size of ready-to-wear apparel have been challenging garment makers for over a hundred years, the application of new technologies can finally start to solve the dilemma. Retailers no longer have to be trapped by high return rates, nor do consumers need to continue to wade through confusing size charts or a bedroom full of things to be returned.

By implementing best practices, and taking advantage of today's new technologies, apparel companies can finally start to reduce returns - while offering the best customer experience possible. We see that as a true win-win.

Further Resources

A funny video from Vox about what it's like to shop for one size | www.vox.com/2016/8/3/12353906/womens-clothing-sizes-vaunt-sizing

The National Institute of Standards and Technology's virtual museum exhibit about Standardization in Women's Clothing | museum.nist.gov/exhibits/apparel/index.htm

"Why Clothing Sizes Make No Sense", a great read from Slate | www.slate.com/articles/arts/design/2012/01/clothing_sizes_getting_bigger_why_our_sizing_system_makes_no_sense_.html

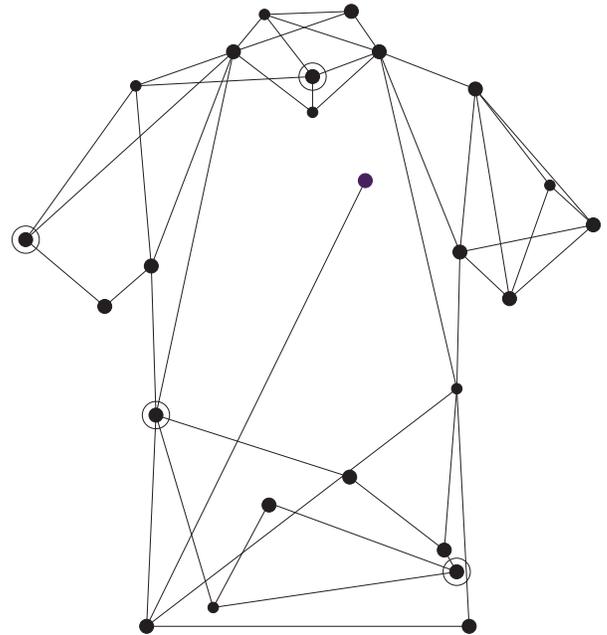
The Absurdity of Women's Clothing Sizes, In One Chart

About Fashion Metric

Fashion Metric is a SaaS solution for apparel retailers and brands to gather intelligence about their customers and personalize the online apparel shopping experience. By deploying a comprehensive set of machine learning and data science technologies for accurately predicting body measurements, we help shoppers select the best ready-to-wear size or purchase custom clothing online.

Using responses to as few as four input questions that 90% of shoppers can easily answer about themselves, the Virtual Sizer technology outputs clothing size recommendations for brands and retailers to power data-enriched consumer experiences. No scanners, selfies, or tape measures needed.

When your shoppers are confident about fit, you'll see increased conversions, reduced returns, and fewer abandoned carts. The Virtual Sizer makes it easy to turn simple shopper information into a highly personalized experience and actionable data. We've stripped away the extras of other 'fit technologies' to focus on a concise product with precise results. Your website, your customers — let the Virtual Sizer be the engine powering personalization for your customer journey.



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