



**KOZLER**

BUSINESS SOLUTIONS

*retail clothing*  
Australian Market  
Report  
2022

# Industry overview

Accurate March 2022

**Revenue**  
\$19.4BN  
**Annual Growth 2017-2022**  
1.6%

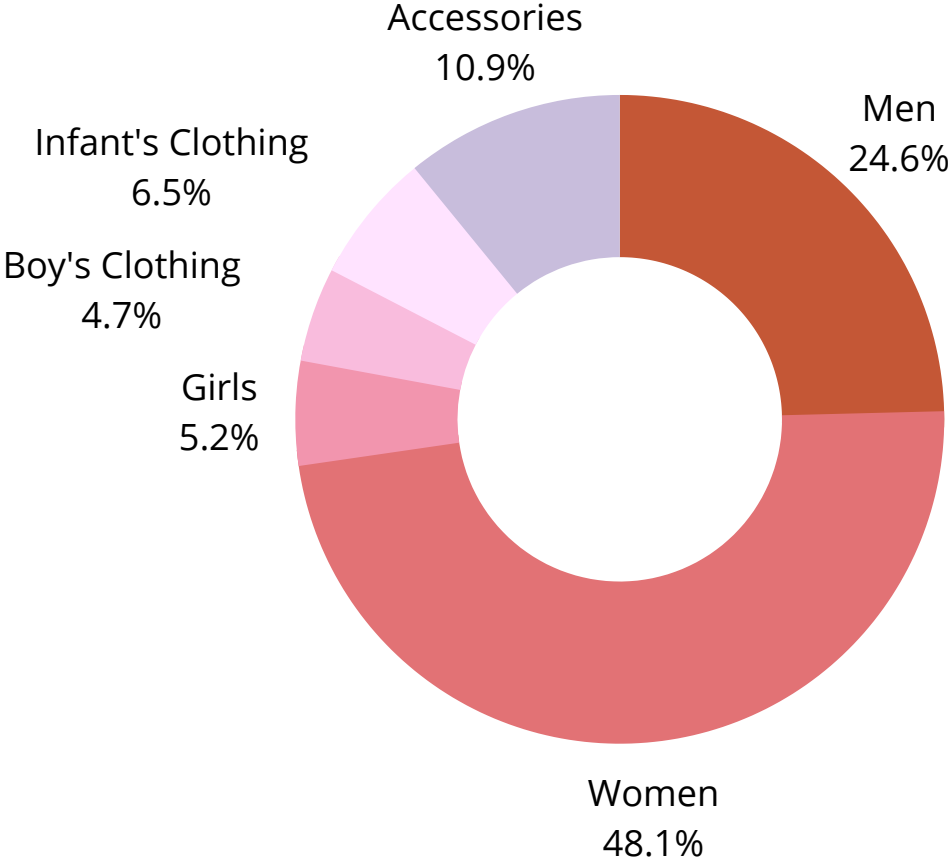
**Profit**  
\$1BN  
**Annual Growth 2016-2021**  
-2.5%  
**Profit Margins**  
5.2%

**Number of businesses**  
13,551

**Number of employees**  
97,870

**Wages**  
\$4BN

## Industry Breakdown



# Competitive Landscape

## Market Share Concentration

Concentration in this industry is Low



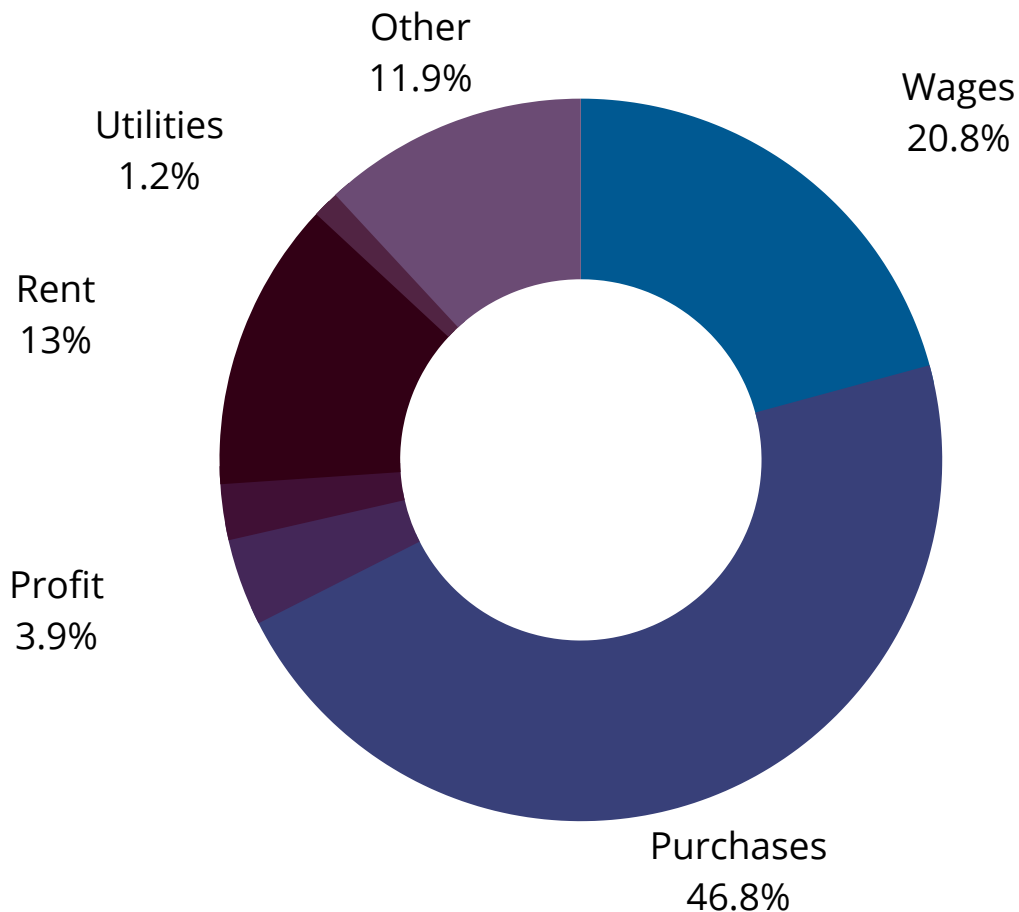
Major Players 10.1%

Minor Players 89.9%

Low market share concentration characterises the Clothing Retailing industry, with the four largest players expected to account for less than 40% of industry revenue in the current year.

# Average Cost Structure

Cost structure is how the average clothing retailer allocates their resources



# Trends

- Niche stores are forecast to maintain strong profits due to their ability to charge higher prices
- Industry operators are projected to increasingly adopt virtual stores (online stores) and adaptive storefronts
- Industry competition has intensified as international retailers have expanded their local presence
- Australian retailers will have to compete with overseas entrants that have larger supply chains
- Larger retailers have aimed to increase their economies of scale through mergers and acquisitions
- Rising smartphone uptake has significantly boosted the mobile shopping segment
- Increase in competition from online-only stores
- Online shopping is expected to continue to rise

## Industry Outlook

The clothing retail industry is forecasted to grow over the next 5 years but at a much slower pace than in the past 5 year period.

- Industry competition is forecast to remain strong over the next 5 years
- Franchises and chain stores are projected to take market share from independent stores, due to their economies of scale.
- Online stores are forecasted to use more consumer-centric marketing.
  - Marketing itself is changing drastically away from traditional product-focused advertising towards inbound marketing approaches.
- Brick & mortar shopping experiences are becoming increasingly automated with innovations such as automated dressing rooms allowing customers to try on and order clothes without leaving their dressing room and RFID self-checkout systems.
  - These new technologies can potentially help clothing retailers boost sales, improve customer service and decrease costs.
- Major industry players are increasing sourcing from manufacturers and cutting out intermediaries such as wholesalers in order to boost profits

# Basis of Competition

## Competition in this industry is High and the trend is Increasing

Operators in the industry experience competition with other industry players (internal competition) and operators from other industries (external competition). The level of competition in this industry is currently high and increasing.

The Clothing Retailing industry is highly competitive due to the large number of retail stores that exist.

While retailers have traditionally competed against other internal operators on the basis of product, price and quality. Competition has increased from external sources such as online retailers over the past five years. The entry of international fashion retailers such as Zara and H&M has also increased internal competition.

### Main Areas of Competition

- Price
  - Price competition is important for all industry participants that do not offer niche or premium brands, particularly among retailers that target low to middle-income earners.
  - Due to their size, department stores are able to source products directly from overseas at discounted prices and can therefore offer a broad selection of products at different price points. Myer and David Jones also stock a range of exclusive local and international labels, which further intensifies competition.
- Quality
  - Quality of product can directly affect the likely hood of repeat customers or customer referrals
- Brand Status
  - Brand status is important in the industry, as well-known, quality brands can often be sold at a premium price. Industry participants at the high-end of the spectrum do not compete on price, instead competing in terms of quality, style and service.
- Marketing
  - With the use of effective advertising and marketing, retailers can generate brand awareness, encourage sales and stay front of mind.
- Customer Service
  - Customer service quality is a differentiating factor that can influence repeat business and profit margins. Customers are more likely to return to a store where they have received professional and friendly service.
- Convenience
  - Store Location
    - Establishments in the industry also compete based on geographic location. Shoppers are more likely to purchase items from retailers that are conveniently located to them, with the exception of exclusive and niche retailers.

- Online Stores
  - The rise of online retailers such as the Iconic, Showpo and Farfetch that are offering Australian consumers an extensive range of brands and products at competitive prices. Moreover, many online retailers also provide free shipping on purchases, and in some cases free returns, further adding to the convenience of online transactions.
  - Consumer-to-consumer websites such as eBay also pose a threat to industry revenue, as second-hand goods are sold to potential customers. Online businesses can also sell their products through these sites, further affecting revenue for the industry.
- Fashion Trends
  - Fashion trends also affect competition in the industry. Retailers must be quick to adopt new styles to maintain revenue. The exclusivity of a product range also influences demand.

To remain competitive against online operators, traditional brick and mortar retailers must endeavour to differentiate themselves through in-store experience and price.

# Keywords

Australia August 2021

Search Terms	Traffic per month	Competition
Clothes	40,500	High
Clothing store	33,100	Low
Womens clothing	33,100	High
Baby Clothes	27,100	High
Mens clothing	22,200	High
Vintage clothing	18,100	High
Kids clothes	14,800	High
Plus size clothing	14,800	High

## Top Potential Customer problems

August 2021

What sizes are plus size?

What is business casual?

How to dress at a winter wedding?

What is black tie dress code?

How to tie a tie?

Where to buy breast feeding friendly clothes?

What to wear to a job interview in Australia?

**If you would like us to do some custom keyword research for your business get in touch.**

# Key Success Factors

## **Ability to control stock on hand:**

Industry operators need adequate stock controls to minimise inventory costs and increase stock turns. Clothing retailers need to ensure stock levels are maintained at all times, popular items are reordered and slower selling stock is discounted.

## **Superior financial management and debt management:**

Cash flow management controls, such as managing cash inflow from customers and outflow to suppliers, protect a company's profitability. Steady cash flow is a primary indicator of business health.

## **Having a clear market position:**

Clothing retailers need to present a clear and consistent brand. Effective market positioning can help independent, small-scale clothing retail operators compete with large department stores and larger retailers.

## **Production of goods currently favoured by the market:**

Popular, fashionable styles and brands can be sold at a higher margin. Retailers must keep up with trends to attract repeat visits from fashion-conscious customers.

## **Attractive product presentation:**

A store's layout and stock display must reinforce the company's image and encourage customers to purchase goods. Stores with efficient layouts that clearly present products are better positioned to generate higher sales.

## **Proximity to key markets:**

Stores need to be located in areas of high passing traffic volume. Successful clothing retailers are usually located in shopping centres, on shopping strips or close to other business and activity hubs.

## **Understanding your margin - Measuring & monitoring your KPIs**

Stores need to keep on top of finances, understand your margins and continuously monitor your KPIs.

## **Customer experience & services**

Successful stores give exceptional customer service and go above and beyond customer expectations.

## **Omnichannel sales & marketing**

As the world continues to move towards online sales, in order to remain competitive and grow you may need to consider implementing online sales into your strategy. Online selling has been shown to not only attract new customers but if done correctly increase sales from current customers as well.



# Marketing Tips for Success

## **Pull out niche items**

How can you serve certain audiences with your products?

Example: Breastfeeding mums need particular clothes what clothes do you have that would suit this community, can you pull them out and make them easy to find?

## **Stay on top of events and time of year desires.**

What events could people be shopping for? Melbourne cup, Christmas parties, activewear for the new year.

## **Talk to your audience, don't always sell.**

Build a deeper relationship with your audience by listening and communicating with them on social media. Create content that helps answer their questions and entertains them.

## **Have a digital marketing strategy**

Use of digital marketing is currently the best way to grow your clothing retail business.

Employing both organic and paid strategies to build brand awareness and connect with new potential customers.

## **Measure your results**

Regularly check your campaigns and make sure they have a return on investment. If a campaign is not profitable don't be afraid to end it early.

## **Learn from insights**

Look at what is working and do more of that.

## **Employ retargeting strategies online.**

Retargeting is when a person visits your website and then sees ad's for your brand or product once they have left.

## **Create upsells**

Think about what items could be sold together. Create bundle offers or suggestions when checking out.

## **Reduce friction in your buying cycle**

Customers are less and less patient when trying to find relevant information such as sizing guides and product information.