

CLOTHING RETAILING – GERMANY – 2021

The German clothing retail sector is recovering well from pandemic-induced losses, providing opportunities for retailers to respond to trends such as casualisation.



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Report Content

EXECUTIVE SUMMARY

Key issues covered in this Report

- Overview

Impact of COVID-19 on the clothing retail sector

- COVID-19 has impacted the sector severely, but recovery is expected in the medium term
- COVID-19's impact on the clothing retail sector and German consumer behaviour

Market context

- Germany's population is ageing steadily
- eCommerce surges in popularity
- High rates of obesity and overweight

Mintel predicts

- Market size & forecast following COVID-19 outbreak
- The pandemic had an extremely negative impact on the sector in 2020...
 - Graph 1: retail sales (€bn, excluding VAT) for clothing specialists, 2014-21
- ...but steady recovery is expected over the next five-year period

Opportunities

- Provide more sustainable clothing solutions to ethically minded consumers
- Offer greater choice in terms of casual clothing
- Be size-inclusive
- Utilise augmented reality tools to connect with customers

The competitive landscape

- The sector suffered greatly in 2020, but there is a more positive outlook forecast for 2021
- The German clothing retail market remains fragmented
- Quick download resources

MARKET DRIVERS

- COVID-19: market context
- The impact of COVID-19 on the German economy
 - Graph 2: key economic data, in real terms, 2019-23
- The impact of the economy on the market
- Brexit: some disruption for German trade will be inevitable

eCommerce

- The rise of pureplay online retailers in the market...
- ...and what this means for the clothing retail sector

Population demographics

- Getting prepared for an ageing population
 - Graph 3: population structure by age, 2020-30
- Getting prepared for an ageing population

Obesity

- Overweight and obesity levels remain high in Germany...
- ...and are rising significantly amongst children

MARKET ACTIVITY

Sector size and forecast

- Note on forecast in response to COVID-19
- Lockdown measures resulted in a sharp sales decline in 2020
 - Graph 4: retail sales (€bn, excluding VAT) for clothing specialists, 2014-21
- Clothing specialists have been much more negatively impacted by the pandemic than other non-food retailers

Consumer spending

- Consumer spending on clothing dropped significantly
- Consumers postpone non-essential spending on certain categories
 - Graph 5: changes to usual spending habits compared to before the COVID-19 outbreak, by category, 2021

Channels of distribution

- Specialists continue to dominate the clothing retail sector

WHAT CONSUMERS WANT, AND WHY

Purchasing methods for clothing

- Methods by which clothes were bought
 - Graph 6: methods by which clothes (excluding underwear and footwear) were bought for individual use in the last 12 months, 2020 vs 2021
- Ensure that consumers are aware of the benefits of store-based shopping
- Be cognizant of age differences in methods used for clothes shopping
- Older consumers stay clear of physical stores...
- ...and are less likely to purchase clothing
- German consumers show a preference for shopping clothes online

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- Ensure that delivery options are fast and affordable

Retailers shopped at

- C&A and H&M compete fiercely against one another
 - Graph 7: retailers from which clothes have been bought in-store for individual use, 2021
- C&A and H&M compete fiercely against one another
- Specialists remain the first port of call for consumers shopping in-store
 - Graph 8: retailers from which clothes have been bought in-store for individual use, NET, 2021
- Extend clothing ranges in supermarkets
- Reposition department stores and emphasise their convenience
- Amazon is by far the most popular choice amongst consumers that purchase clothing online
 - Graph 9: retailers from which clothes have been bought online for individual use, 2021
- Consumers tend to shop at only one or two online retailers...
 - Graph 10: repertoire of retailers shopped at online in the last 12 months, 2021
- Highlight commitment to sustainable clothing production
- Online-only retailers achieve high levels of market penetration
 - Graph 11: retailers from which clothes have been bought online for individual use, NET, 2021

Impact of COVID-19 on clothes shopping

- COVID-19 causes consumers to reduce their spending on clothing
 - Graph 12: impact of COVID-19 on consumer behaviours towards clothes shopping, 2021
- Engage with consumers that are wearing older wardrobe items
- Demonstrate a tangible commitment to sustainable clothing production
- Offer strong casual ranges to consumers
- Reach consumers via technology

Factors which encourage the purchase of new clothing

- Graph 13: factors which encourage the purchase of new clothing, 2021
- Changes in size and weight prompt new clothing purchases
- Consumers are often shopping with a specific event or occasion in mind...
- ...whilst holidays present opportunities for retailers to drive sales growth
- Respond to fashion trends...
- ...and ramp up influencer marketing to target younger consumers

Looking ahead: what consumers want to see from retailers

- Improve quality of clothing items and offer a wider range of sizes to consumers
 - Graph 14: features which consumers would like to see from clothing retailers/brands shopped at, 2021
- Provide consumers with better-quality items
- Make returns and exchanges as smooth and stress-free as possible...
- ...or offer 'try before you buy' options

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- Cater to consumers of different body shapes and sizes
- Be a lot more transparent about where and how items are made...
- ...and stand out with a good value-for-money proposition

Consumer behaviours in relation to clothes shopping

- German clothes shoppers favour sustainability, flexibility and convenience
 - Graph 15: consumer behaviours in relation to clothes shopping, 2021
- Cater to consumers that are making a conscious effort to purchase clothing made from more sustainable materials
- Explore opportunities to branch out into other categories
- The rise in popularity of 'pre-loved' clothing amongst younger consumers
- Buy now, pay later: the popularity of interest-free credit schemes surges
- Target pay-later schemes at those who purchase via smartphone
 - Graph 16: purchasing methods for clothing by usage of a pay-later scheme (eg Klarna), 2021

RETAILER ACTIVITY

Leading retailers

- Fashion was among the hardest-hit sectors in 2020, but has recovered well in the latter half of 2021
- Leading clothing retailers

Market share

- The German clothing retail market remains fragmented, with leader H&M representing only 5.5% of spending
 - Graph 17: top ten specialist clothing retailers' share of total spending on clothing, 2020

Online

- Online is well positioned as a retail channel in Germany...
 - Graph 18: individuals who made internet purchases in the last three months, 2010-20
- ...and online sales of clothing and footwear look set to experience further growth
 - Graph 19: online retail sales of clothing (€m), including VAT, 2014-20
- The world's largest online retailer challenges the success of others
- More retailers enter the world of ecommerce in Germany

Retail innovation

- Fashion retailers are tapping into second-hand
- H&M trials virtual fitting rooms
- Primark extends clothing takeback scheme across Europe
- C&A begins the manufacture of clothing in Germany
- Technology which fuses the benefits of both online and offline channels

Advertising and marketing activity

- Zalando Lounge: ready for you to explore
- TK Maxx targets older consumers in its latest TV advertisement
- C&A promotes its usage of recycled materials

MARKET SEGMENTATION, SIZE AND FORECAST

- Steady recovery is expected for the sector over the next five-year period

COVID-19 SCENARIO PERFORMANCE

- Mintel's approach to predicting the impact of COVID-19
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- Fundamental differences in how COVID-19 is affecting consumer markets
- The risk of vaccine-resistant strains of COVID-19 adds huge uncertainty
- Long-term impact of COVID-19 on clothing retailing
- Recovery is expected, but extended COVID-19 disruption would impact recovery levels
- COVID-19 market disruption: risks and outcomes

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

Appendix – market size and forecast

- Forecast methodology
- Forecast methodology – fan chart
- Market size – value
- Market forecast and prediction intervals – value

Appendix – COVID scenario performance methodology and assumptions

- Scenario performance
- Rapid COVID-19 recovery scenario outline
- Central COVID-19 disruption scenario outline
- Extended COVID-19 disruption scenario outline
- Scenario methodology

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