BOLD METRICS



WHITEPAPER

A New Way To Drive Holiday Sales:

Revamp Your Fit Strategy With AI Sizing

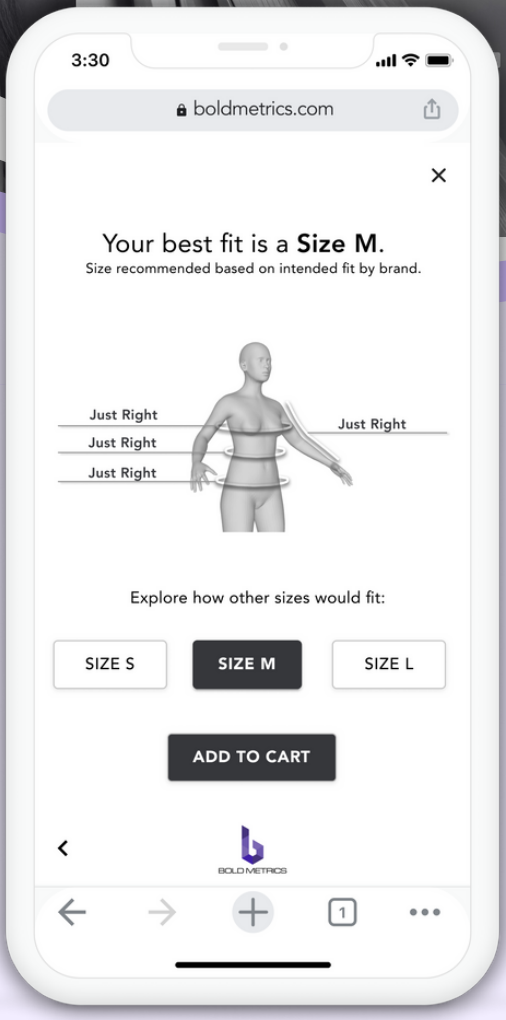


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Executive Summary

This white paper addresses how prioritizing a fit strategy using AI sizing solutions can help apparel businesses increase conversion and boost average order value (AOV) during the holidays, and reduce costly returns in the months after.

Brands and retailers often rely on heavily discounted products to drive sales, and while this can offer a short-term boost, it erodes margin and diminishes brand value. To tackle the challenges of the holiday season and stand out from the competition, this white paper further examines how a focused fit strategy can benefit brands and retailers looking for another tactic to drive sales while improving customer experience, preserving margin, and enriching the brand experience.

Research shows that personalization is highly valued by consumers, and when done effectively, can drive growth throughout the customer lifecycle. Implementing advanced AI fit technology that guides customers toward the right size can increase conversion rates and average order values, reduce returns, and enhance customer satisfaction, ultimately building long-term brand loyalty.

These outcomes contribute to not only a successful holiday season but also sustainable year-round growth in the competitive apparel industry.

Introduction

Nearly one-third of holiday shoppers plan to purchase fashion and apparel items[1], and anyone who has been in the industry during the holiday season knows that this surge in demand results in stiff competition among apparel businesses.

Slashed prices, increased ad spend, and special promotions are commonplace — but that cuts into profits and revenue. Then there's post-holiday returns, which have a huge effect on revenue. Of those holiday purchases, approximately 36% of clothing gifts are returned due to sizing issues[2], and returns can cost as much as 66% of the price of an item to process.[3]

Driven by factors like size variability and shifting consumer behaviors, it's estimated that holiday returns will rise to almost 18% for the 2023 shopping season, compared to the average return rate of 16.6% during the rest of the year (which increased from 10.6% in 2020)[4]. When multiple sizes are purchased, the return rate is even higher, further complicating the return management process. On top of that, consumers are starting their holiday shopping as early as October, requiring retailers to manage promotions to drive interest and then a longer return period post-purchase.[5]



To navigate this period profitably, it's essential for retailers and brands to be adequately prepared. Part of that is proper inventory management and carefully planned campaigns, but when it comes to apparel in particular, there is a huge opportunity for retailers to implement fit tactics that can quickly and drastically affect their bottom line.

Brands that use customer body data to improve sizing accuracy for shoppers often see an increase in conversion and AOV within weeks. It's never too soon to start thinking about the holidays, and companies that think ahead and implement this technology during the summer give themselves an edge over the competition— and an AI-powered, data-led strategy for successfully reducing holiday returns.

> "Having a world-class solution that's able to accurately fit our customers quickly from the comfort of their own home is a game-changer, and allows us to sit very competitively in the market."
>
> **Daniel Carpenter**
> **Sr. Director of Digital Product Management, Tailored Brands**

How Apparel Businesses Can Use AI to Prepare for the Holiday Rush

If an apparel brand really wants to stand out among the competition and increase brand loyalty, it's all about offering a seamless and personalized experience throughout the customer lifecycle. At the heart of this is a proven fit strategy, a critical aspect of the customer experience.

Studies show that 80% of consumers wanted personalization from retailers throughout the customer lifecycle.[6] Despite the overwhelming majority of consumers craving a personalized shopping process, only 20% of marketing professionals feel that retailers are actually doing a good job of it.[7] When done well, personalization at scale can quickly result in growth across all categories: acquisition, engagement, average order value (AOV), frequency of purchase, cross-selling, and more.[7]

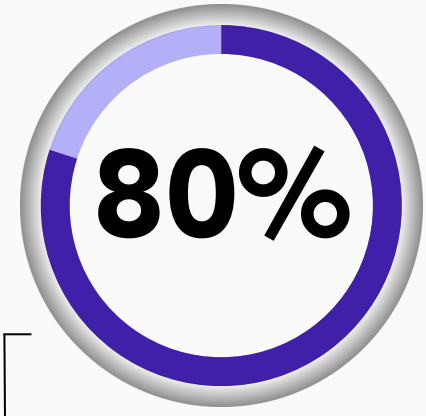
Even return policies have become powerful purchase incentives and a part of the overall customer experience, particularly during the holiday season. According to consumer surveys, 98% of shoppers say that if a retailer provides a fast, convenient, and hassle-free return experience, they are more likely to shop with that brand again. Returns have [8] become so commonplace that customers plan for it when they make a purchase.

What if a company could drastically reduce returns to essentially eliminate it from the sales process in the first place? Imagine how that would boost customer confidence and personalize their buying experience, while increasing the bottom line and improving sustainability initiatives?

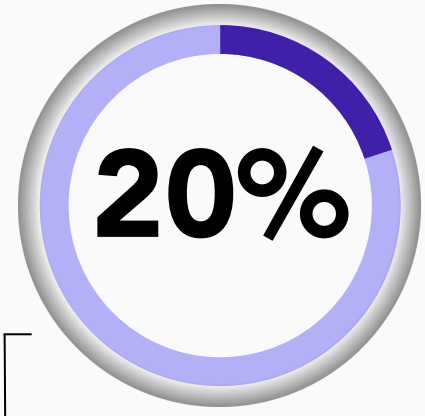
That's what an AI sizing solution can do.

Using advanced technologies, such as AI body measuring technology that creates a digital twin of each shopper, takes personalization to the next level and reduces the need for returns. Guiding customers to make informed decisions about the right size and fit increases conversion, reduces returns due to sizing issues, and increases customer satisfaction to build long-term customer loyalty.

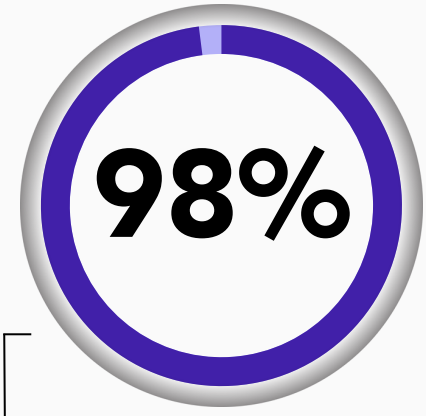
When implemented several months before the holiday season, brands can see a nearly immediate increase in conversion and AOV, boosting revenue and building brand loyalty that will pay off not just during the holiday months but throughout the year. The customer fit data collected can be used to drive holiday purchasing decisions and drive technical design for upcoming seasons as well.



of shoppers want personalization from retailers throughout the customer lifecycle.



of marketers feel that retailers are actually doing a good job of personalizing the retail experience.



of shoppers would return to shop at a retailer that provides a fast, convenient, and hassle-free return experience.

Choosing the Best Fit Solution

The holiday code freeze will be here before we know it, as brands buckle down during the highest web traffic period of the year. Now is the time for businesses to get their data ducks in a row and put a sizing solution into action.

Fit technology is considered to be the most impactful way that brands and retailers can improve their customer experience around fit and sizing. There are five main options when it comes to fit recommendation systems:

Brand translators

Compare an item's size to another brand's sizing. Usually, the brand comparisons are with well-known brands, which assumes that customers are familiar with how that apparel fits. Unfortunately, this equates a brand as one type of fit, therefore recommending the same size in every style without considering individual styles or categories, nor considering shopper fit preference. Such recommendations do not provide brands with access to customer data or additional insights to help with business decision-making.

Mobile scanning devices/apps

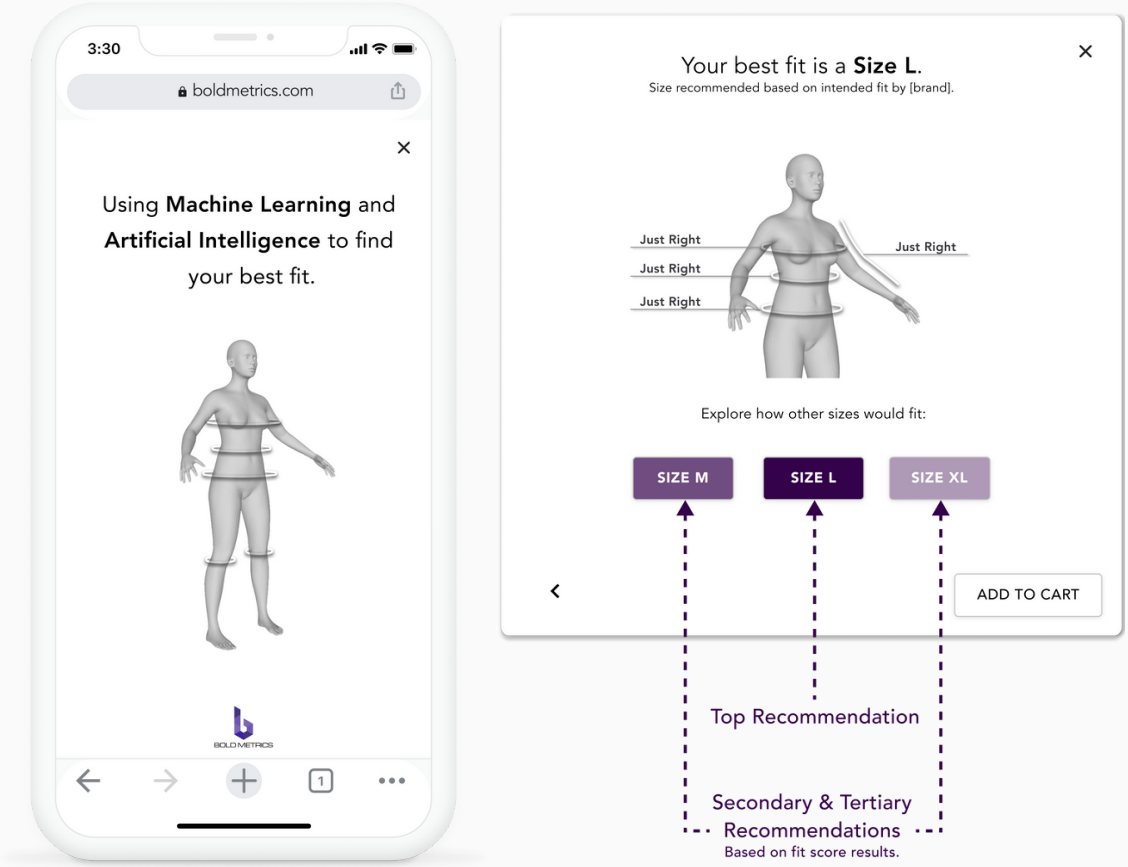
Downloaded onto a customer's smartphone and require selfies or a recording of the shopper to generate digital measurements. While apps are readily accessible given high mobile phone adoption rates, the technology often requires the user to change into tight-fitting, body-skimming clothing for the best and most accurate results. This method is cost-efficient but has an extremely low conversion rate due to the low accuracy and human error involved. Another issue is privacy concerns over how a customer's data is used.[9]

3D body scanners

Use optical devices to scan a person's body to achieve highly accurate measurements. The tools can create personalized individual customer profiles around body shape and size to match customers to better-fitting clothes, but adoption is usually focused in-store only, given the size of the scanners. Customers must remove their clothes or wear skin-tight clothing/underwear for accurate results, leading to privacy concerns around data ownership and usage. High-fidelity scanners can be prohibitively expensive, limiting scalability. The full potential of customer body data is also not leveraged.

Size charts

Shows how different body measurements correspond to different sizes. They are low cost and easy to implement online and in-store, and may be helpful to shoppers who already know their body measurements. Unfortunately, most customers do not know their sizes, and using a tape measure is subject to human error (if they have a measuring tape in the first place). When faced with a size chart, most people guess their size or purchase multiple items of the same style in different sizes (bracketing), leading to higher return rates and lower conversion in the long run. Size charts also do not take into account personal fit preferences or show a garment's unique fit characteristics.



AI and machine learning-based technology

Uses AI in the algorithmic generation of customer body measurements. After machine learning models train with enough data, they can take a small number of inputs and make a digital twin at a high level of accuracy. AI sizing solutions are easy to implement online and in-store and see greater accuracy in results over time because the algorithms learn via a feedback loop.

Brands see an increase in conversion rates, AOV, and reduced returns from the higher accuracy of predictions. They also achieve an in-depth understanding of how their apparel fits the customer by using the customer data captured to create a library of shopper digital twins. Upstream garment sizing insights can be leveraged to manufacture better-fitting clothing to demand, boosting sustainable production methods, with data-driven insights helping create a personalized online customer retail experience.

> "Fit is extremely important to our customers, so when we launched our new rental website we wanted to provide our customers with a best-in-class, easy, suit and tuxedo fitting experience."
>
> — **Kelly Helthall, VP Digital & Analytics, Men's Wearhouse**

AI is driving digital transformation within the apparel industry and is the most effective approach, given the scale, speed, and level of intelligent personalization around customer needs.

The collected consumer data on body measurements, preferences, and purchasing behavior can inform marketing strategies to send personalized promotions. Customized cross-selling and upselling drives conversion and increase AOV.

AI and machine learning-based sizing solutions also offer greater accuracy in results over time because the algorithms learn via a feedback loop. Brands continue to see increased conversion rates and reduced returns from providing their shoppers with accurate size recommendations. They also achieve an in-depth understanding of how their apparel fits the customer.

Businesses that are committed to improving their customer experience — and bottom line — are taking advantage of technology that is easy to use, accurate, and incorporates the shopper's fit. By matching customers to their best fit in that particular brand's sizing, customers are more confident in their purchase, knowing they're being shown the apparel that best fits both their body shape and personal fit preferences.

Not just benefiting the shopper and the marketing team, designers can use data-led insights on fit and sizing to create collections that cater to a wider size range of their customers by designing based on actual customer body measurements instead of size grading assumptions.

4 Ways to Leverage Fit Data To Increase Profits and Decrease Returns During the Holidays — and Beyond

At Bold Metrics, we have found four keys for optimizing fit technology for both the brand and their customers:

01 **Make it easy**

Shoppers should be able to get personalized fit recommendations in seconds by answering a few simple questions without needing a measuring tape, taking a selfie, or downloading something to their phone.

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02 **Implement early to make informed decisions**

Brands that implement sizing technology ahead of the holiday season can use data to make informed decisions that improve multiple aspects of the supply chain and customer life cycle

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03 **Gain insights into inventory**

When using fit tech that can recommend sizing options based on existing inventory, brands can mitigate supply chain shortages and offer customers up-to-date options based on personal fit and size preferences, even when stock is limited

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04 **Better understand your customers**

Data collected allows brands to make informed and personalized offers that are tailored to each customer's unique tastes and preferences, making a bigger conversion impact than generic marketing messaging, while decreasing returns

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Benefits of the Right Fit Solution

A truly optimized AI fit solution should offer sizing personalized to your brand and your products, while using data for even more accuracy and precision.

1 **ADOPTION**

92% of shoppers who start the tool complete the survey and get a recommendation.

92%

2 **CONVERSION INCREASE**

average conversion boost after using Bold Metrics AI solutions.

20%

3 **RETURN REDUCTION**

average return rate reduction after using Bold Metrics AI sizing solutions.

32%

Bold Metrics, for example, has generated 70+ million digital twins (and counting!) and takes a machine-learning approach that continues to improve results over time. From just 4-6 simple inputs from a customer, Bold Metrics can determine 50+ individual customer body measurements in seconds.

With this depth and breadth of data, Bold Metrics' size recommendations are within one millimeter of the fit customers would get from a Master Tailor. That kind of accuracy in body measurements results in higher brand confidence and conversion, and lowers returns related to fit.

When it comes to implementation, the solution shouldn't just be easy for shoppers to use — it should be easy for the company, too. Sizing solutions should be straightforward for brands that have an entire IT team behind them, but also easy to simply copy and paste a couple snippets of code.

Of course, the right fit solution has to also get results, especially during the holidays. When evaluating a solution, look for results and/or case studies that demonstrate:

- Increased AOV
- Decreased bracketing
- Tailor-level accuracy (without the potential for human error!)
- Personalized retail experience
- Positive sustainability impact around returns
- Improved inventory management and reduced stockout

Conclusion

While the holiday season presents myriad challenges for apparel businesses, it also presents a significant opportunity for growth for forward-thinking brands and retailers.

By leveraging AI sizing solutions like Bold Metrics that utilize customer body data to provide accurate fit recommendations, retailers can increase conversion and AOV, decrease return rates, and improve sustainability efforts. Implementing these solutions well in advance of the holiday season allows brands to see immediate benefits that extend into the holidays and beyond.

Among the various fit recommendation systems available, AI and machine learning-based technology proves to be the most effective approach due to scalability, accuracy, and intelligent personalization. These solutions generate digital twins of shoppers, allowing for personalized fit recommendations and the creation of a library of shopper profiles. This data can inform marketing strategies, drive upselling and cross-selling, and aid in the design of better-fitting clothing based on actual customer body measurements.

AI-powered fit solutions provide apparel businesses with a competitive edge during the holiday season and beyond, enabling retailers to deliver a seamless and personalized customer experience.

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About Bold Metrics

With a suite of powerful AI solutions that cater to the needs of apparel businesses from custom clothiers to SMEs, multi-brand retailers, and enterprise-level companies, Bold Metrics unlocks the power of body data to help brands boost conversion and AOV, reduce returns, and generate valuable data-backed insights to optimize operations from design to distribution.
Find out more at boldmetrics.com



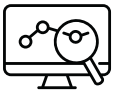
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INCREASE CONVERSION



REDUCE RETURNS



DATA-DRIVEN INSIGHTS



SCALABLE SOLUTIONS



IMPROVE SUSTAINABILITY

See What the Right Fit Tech Solution Can Do for Your Brand

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