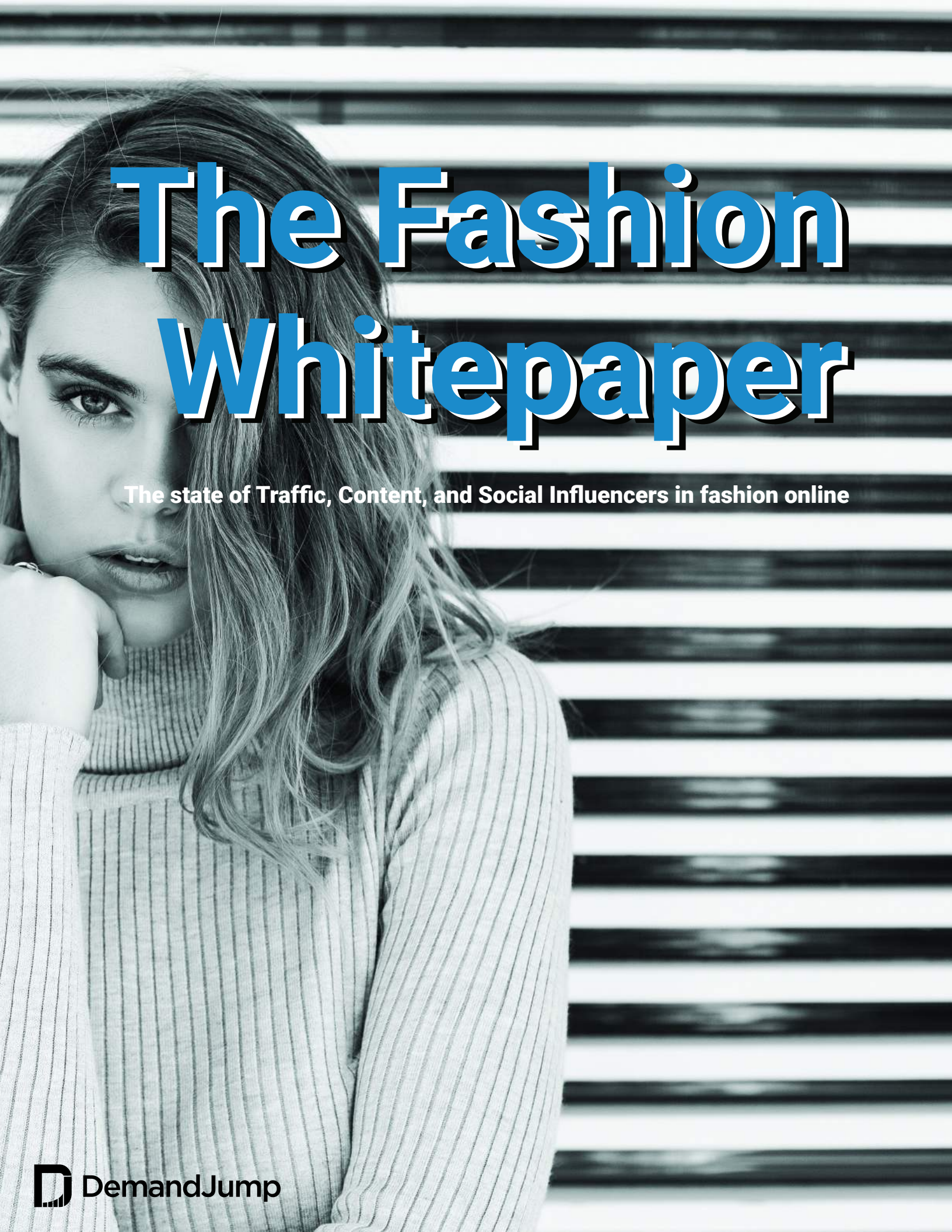




The Fashion Whitepaper

The state of Traffic, Content, and Social Influencers in fashion online

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MANY fashion brands believe that only a few hundred referral sites impact their traffic. Proprietary research conducted using DemandJump's Artificial Intelligence Marketing (AIM) platform indicates that number is not merely in the hundreds, but in the tens of thousands.

The key is knowing exactly where to focus marketing dollars to drive the biggest impact in revenue attribution. By monitoring only a few hundred referral websites, rather than the tens of thousands that really impact traffic, marketers are leaving (literally) millions of dollars in revenue on the table.

DemandJump's Artificial Intelligence Marketing (AIM) platform analyzed a real fashion brand (let's call them Make Fashion Great Again, Inc. or MFGA) that receives about 1M visitors from referral sources every year. The AIM platform forecasted that this brand is missing out on another 1M visits (100% of their current traffic), which, based on industry average conversion rates, equates to just over \$8M in revenue.

Keep in mind, the above metrics were forecasted using only the top 10 affiliates, blogs, news, and commerce sites from the AIM platform. Acting on these 40 opportunities alone would more than double their referral traffic, and have a massive positive impact on their bottom line.

The global apparel industry accounts for more than \$1T in annual revenue. Narrowing the scope a bit e-commerce will account for approximately \$40B this year in the United States alone. Analysts expect this number to reach \$60B by 2020, equating to an annual growth rate of 7.7%.¹

Around 40% of consumers currently purchase apparel online with projections estimating an increase to 52% by 2020. Average annual revenue per user for apparel is also expected to increase from \$381 to \$406.

Another study analyzed the impact of e-commerce on the entire U.S. retail industry. While e-commerce only accounts for around 8% (\$93B) of all retail revenue, it is growing at an annual rate of more than 15%.² This means all retailers will need to adapt their strategies to align with the growth of e-commerce.

INSIGHT: There is massive opportunity in e-commerce for fashion brands. As market share increasingly depends on a brand's ability to leverage multi-channel advertising spend, we are going to see some heroic winners, and some equally epic losers.

As the online and offline worlds become more intertwined, brands will need to pay close attention to budget allocation, and the effectiveness of each marketing channel.

The AIM platform analyzed 11 of MFGA's competitors and determined that organic Google search and direct traffic on average account for nearly 75% of traffic (ranging from 62%-83%). This was further supported by 3rd party research, including a Text Master study that found fashion brands receive around 70% of their traffic from direct and search.³

With thousands of opportunities and millions of dollars in revenue being left on the table, we wanted to dig deeper. AIM identifies the best traffic sources, the most relevant trends in content, and the most effective social influencers. Capitalizing on digital channels as a driver of revenue is critical in such a competitive landscape.

INSIGHT: With so many other referral sources out there, fashion brands should be driving traffic from more than just search and direct sources. There is huge opportunity in referral sources and social networks, which will prove to be a major differentiating factor in the coming months. The ultimate goal is understand the impact of your referral sources on direct and search traffic.

1

TRAFFIC

Marketers think that a few hundred sites drive traffic to their website, but our research has shown that in reality tens of thousands drive traffic to your website. The AIM Platform provides transparency for marketers and allows them to identify opportunities that can have a major impact on traffic.

For Brand X we found the main sources of qualified traffic to fashion brands are: commerce marketplaces, news sites, affiliate sites, and blogs. Many brands grossly underestimate how many websites impact referral traffic. In the case of many fashion retailers, these sources have the ability to substantially increase annual referral traffic and ultimately revenue.

Some of the best sources we identified for fashion brands are Dealmoon, Shopstyle, Brad's Deals, and Deal News which combined would drive over 350K in additional annual traffic and increase revenue by nearly \$1.8M. Just imagine if you acted on the next 100 sources.

2

CONTENT

Many current tools merely look at words or groups of words, but that is not helpful for creating content. The AIM Platform takes this to the next level and creates a content ecosystem that aggregates your and all of your competitors' content. From there AIM is able to identify topics and groups of topics to inform you what content is trending to help write the best content.

The AIM platform identified important trends by analyzing 5,000 pieces of content from the last 30 days. Some of the most popular topics included "designers", "brands and collections", "summer trends", and "street style" just to name a few. Since men's fashion week recently ended and women's fashion week is set to begin shortly, these trending topics are ultra-relevant.

Writing content and following the fashion industry can be a difficult because of the rate it is constantly changing. Using the AIM Platform allows marketers to stay on top of relevant trends and create content that truly adds value for their audience.

3

INFLUENCERS

Content has become a major pillar in most brands marketing strategies. However, creating relevant content is only half of the battle. Get your content in front of the right audience is equally as important and poses additional challenges.

The rise of micro-influencers is upon us, and a study has shown that these influencers convert recommendations 22.2x more often than normal recommendations.^{4/5} Our platform identifies influencers based on relevancy and recency, because we have found that an influencer's follower count is not that important. Celebrities still have their place in some influencer strategies, but micro-influencers have been shown to have a higher rate of engagement among their followers. Thus they can be more effective than influencers with huge followings for less money.

The AIM Platform identified critical social influencers in fashion including WhoWhatWear, The Zoe Report, The Fashion Guitar, Racked, WWD, Arabelle Sicardi, Vogue Runway, and W Magazine to name a few. AIM was able to discover the best influencers specific to keywords, topics or sets of topics—the data show that targeted influencers change depending on the specific piece of content a marketer creates. The platform identifies both traditional influencers and micro-influencers to give marketers the best chance to promote their content.



INSIGHT: If these forecasted traffic numbers were realized, MFGA would more than double their current referral traffic and increase annual revenue by about \$8M.

Every online retailer is aiming to increase qualified traffic, conversion rates, and revenue realization. Upon analyzing referral traffic to MFGA, AIM uncovered new traffic sources amounting to an eye opening 1M visits—an increase in referral traffic more than 100%.

The main sources of referral traffic are categorized as:

- » Commerce Sites
- » News Sites
- » Affiliates
- » Blogs

Affiliates drive the most traffic for fashion brand websites with Commerce sites and News sites also driving substantial traffic.

Different referral source categories may serve different purposes, so it is critical to understand each category individually.

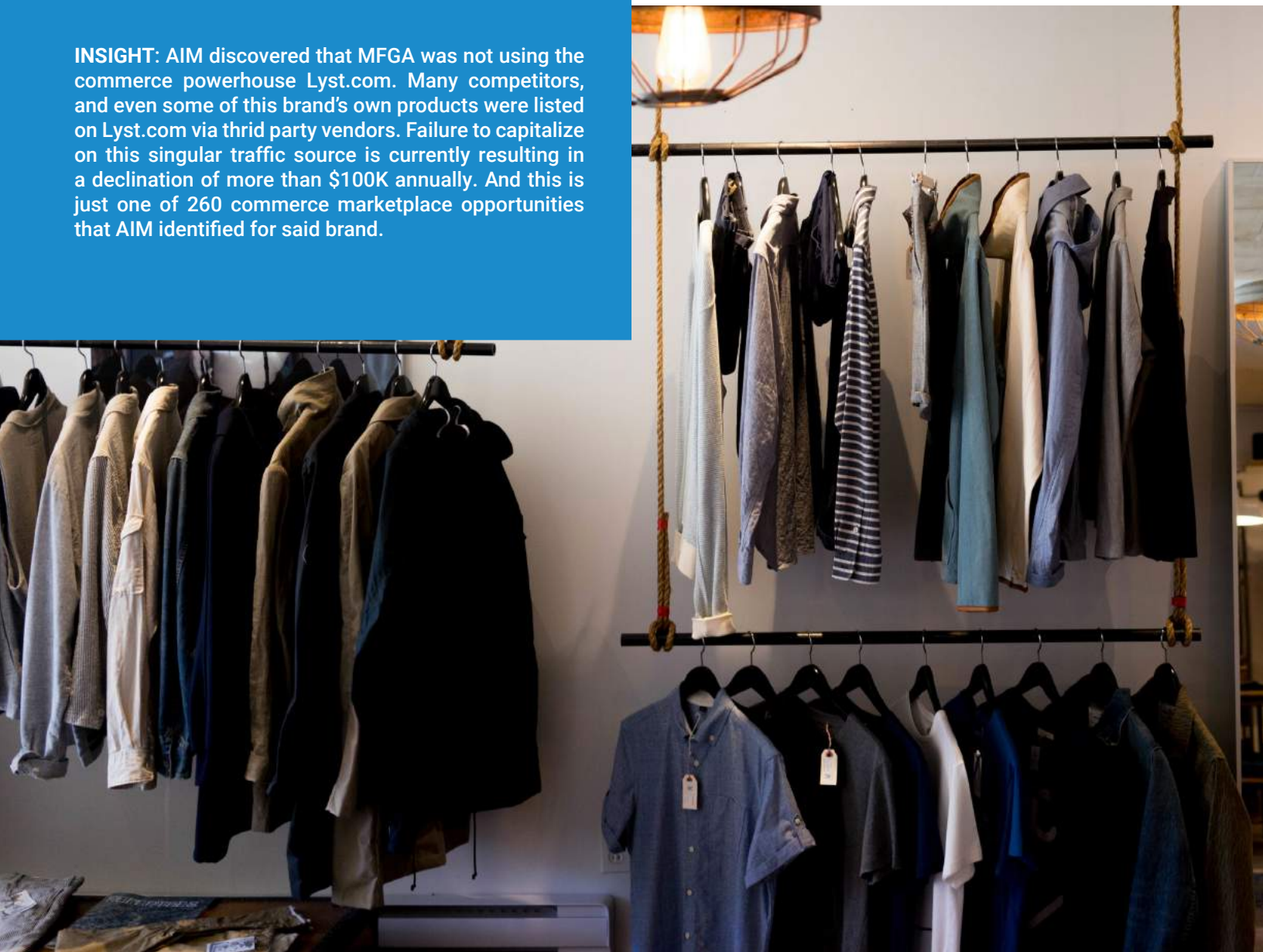
INSIGHT: The industry average shows that most referral sources have a conversion rate of 1.75%, but traffic from affiliates converts at 2x that number, or 3.5%.

Internet

commerce marketplaces have become extremely popular with consumers, especially as many retailers and brands are diving deeper into e-commerce. These marketplaces allow consumers to shop all their favorite brands and stores in one spot. As a fashion brand, leveraging these marketplaces is a key factor in driving qualified buyers to the checkout page.

Some of the other large commerce marketplaces uncovered by AIM include: Amazon, Lyst, Farfetch, and eBay. No brand is perfect, but the AIM platform shows where brands are not optimized and uncovers new sources. The key is knowing exactly where you stand to inform budget allocation. Time and time again we are amazed at how often we see brands not even present in the Top 50 traffic opportunities.

INSIGHT: AIM discovered that MFGA was not using the commerce powerhouse Lyst.com. Many competitors, and even some of this brand's own products were listed on Lyst.com via third party vendors. Failure to capitalize on this singular traffic source is currently resulting in a declination of more than \$100K annually. And this is just one of 260 commerce marketplace opportunities that AIM identified for said brand.



News sites provide an alternative medium for fashion brands to reach a wide audience. Fashion brands can utilize new sites to raise awareness and build hype for a new collection or product prior to the official launch.

Offering new products and collections in a news medium will drive interested shoppers to a fashion brand's website. It is especially effective if the news source focuses on fashion, design, or a related topic. AIM confirmed that referral sites like GQ, Hypebeast, Highsnobiety, and Daily Mail drove the most traffic from news sites to fashion brands.

Our findings suggest that fashion lifestyle news sources, like ones that write about culture, design, music, travel, fashion, etc., drive more traffic than news sites that just cater to clothing and fashion.

The AIM Platform identified that MFGA has not received any referral traffic from the New York Times over the past year, while competitors had. The New York Times has an enormous following, so it has the power to drastically raise awareness and promote a new product.

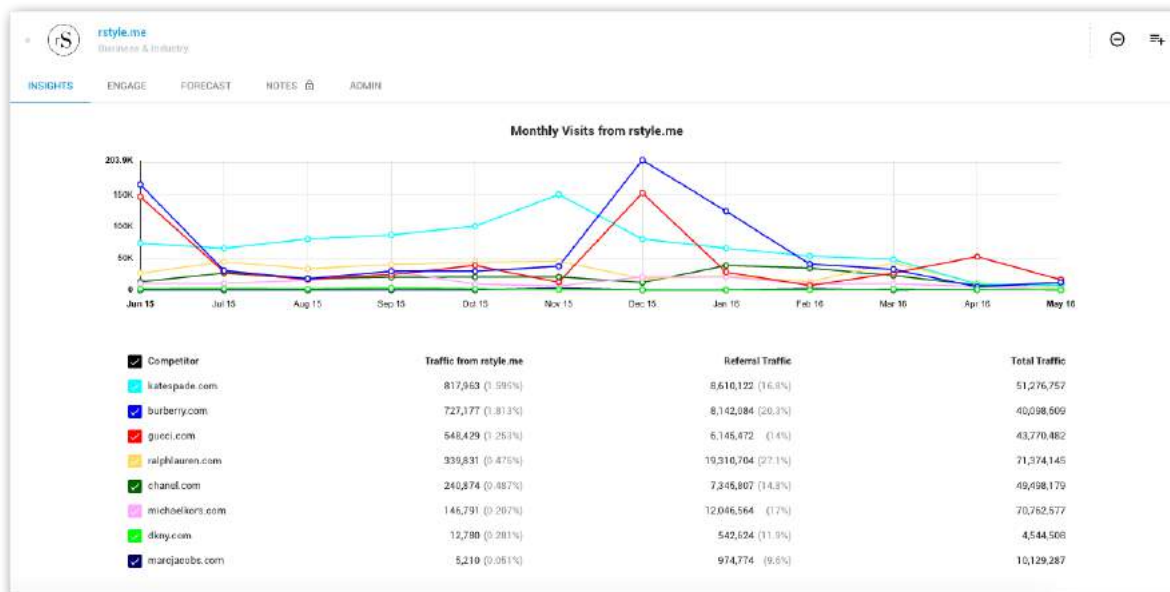
INSIGHT: Acting on these four news sources above would drive around 50K visitors, which is equivalent to an estimated \$100K in additional revenue.

The screenshot displays the DemandJump interface with the following details:

- Navigation:** DemandJump | Traffic | Content | Social | My Lists
- Tabs:** OVERVIEW | OPPORTUNITIES
- Marketing Channel:** Select All | Clear
 - ☐ Affiliate & LeadGen
 - ☐ Blog
 - ☐ Commerce
 - ☒ News
 - ☐ Marketing Tech
 - ☐ Search
 - ☐ Social
 - ☐ Email
 - ☐ Other
 - ☐ Uncategorized
- Traffic Source:** Select All | Clear
 - ☒ New
 - ☒ Existing
- Competitor:** Select All | Clear
 - ☒ barberry.com
 - ☒ chanel.com
 - ☒ dery.com
 - ☒ gucci.com
 - ☒ katopade.com
- Category:** Select All | Clear
 - ☒ Adult
 - ☒ Arts & Entertainment
 - ☒ Autos & Vehicles
 - ☒ Beauty & Fitness
 - ☒ Blacked
- Source List:**
 - dailymail.co.uk** (News & Media)
 - hypebeast.com** (News & Media, Magazines & E-Zines)
 - refinery29.com** (Arts & Entertainment, Fashion & Modeling)
 - highsnobiety.com** (Arts & Entertainment, Fashion & Modeling)
 - gq.com** (News & Media, Magazines & E-Zines)
 - nytimes.com** (News & Media, Newspapers)
 - lemonde.fr** (News & Media, Newspapers)
 - nymag.com** (News & Media, Magazines & E-Zines)
 - vogue.com** (News & Media, Magazines & E-Zines)
 - businessinsider.com** (News & Media, Business News)
- Footer:** A pagination bar showing page 1 of 12.

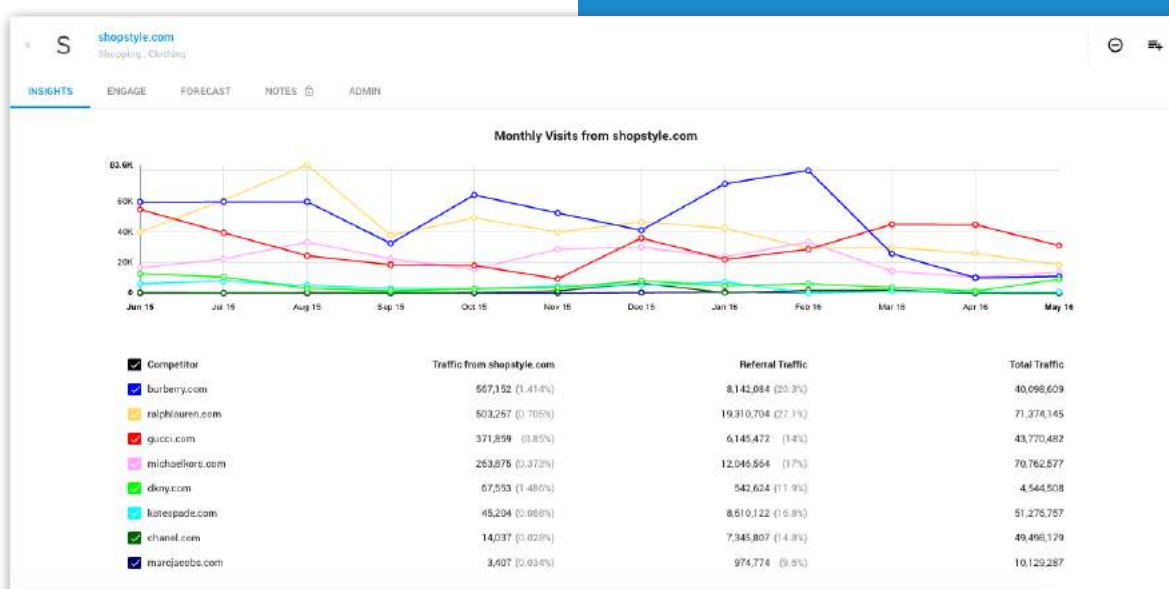
Our study suggests that affiliates convert at a rate almost 2x the average of all other referral sources. Affiliates also drive huge amounts of traffic to fashion brands. According to a Smart Insights study retail ecommerce conversion rate is around 3%.⁶ This is nearly twice the average conversion rate of MFGA's competitors (1.75%) taken from the Top 1000 ecommerce sites' data.

AIM confirms that affiliates are a very effective resource for fashion brands. The most popular sites include dealmoon, rewardStyle, ShopStyle, Dealnews, Brad's Deals, and Dealsea. These sites drive just under half a million visits which is approximately \$4.6M in revenue.



MFGA was neglecting or seriously underutilizing both Brad's Deals and Dealsea. AIM forecasted these missed traffic sources cost MFGA over 150K annual visitors and an increased annual revenue of more than \$1.5M.

These are just two affiliates that MFGA was ignoring and should be leveraging. AIM also identified weakness compared to competitors on sites like ShopStyle and rewardStyle. Capitalizing on these two affiliates would yield an increase in traffic of more than 125K visitors, and increased revenue of more than \$1.1M.



INSIGHT: Acting on just these four affiliate sources would drive more than an additional quarter million visitors and increase revenue by over \$2.6M.

Content

is a powerful way to grow your audience and nurture leads. The AIM platform analyzes your competitors' content and other industry leading blogs to create a content network. This allows you to identify content trends and helps inform your content strategy. The fashion industry is vast and has countless subcategories. Moreover, fashion is always changing, so it is important that brands are able to stay on top of it to create relevant content. The AIM platform allows brands to quickly analyze content and see which topics are the most relevant at a certain time.

AIM aggregates data to direct your content strategy. The platform found over 8,000 articles in the past month from relevant blogs and industry sites for fashion brands. The AIM platform aggregates content and categorizes each piece under an auto-generated topic. From there, AIM updates when new content is published, and it allows for content to be organized and sorted by date published, topic, and source—all in real time.

Today, anyone can start a blog and generate content, and it has become difficult to really stand out. An industry leading blog needs to follow relevant trends while also posting content that is unique to that blog. The AIM platform makes this easier.

Some of the most popular topics during fashion week included - designers, brands & collections, summer trends, and street style.

Beyond looking at organic content topics, AIM allows brands to search topics they're interested in using the "and" function. For example, if a user wants to find summer denim trends they would type "summer" into the platform's search bar and choose "jeans" to yield topics related to summer denim trends.

After performing this the platform returned trends such as, "distressed", "white", "black", "skinny", "cropped", "straight", "comfort", and "frayed". External research found these are all relevant to summer jean trends. The results were aggregated in about a minute, much quicker than it would take to do outside research.

Creating your own content that is relevant is important, but you also need to make sure it is reaching the right people. It is difficult to make sure you are effectively reaching your target audience. It is crucial to leverage social influencers to expand your reach and grow your audience.

The screenshot displays the DemandJump platform interface. At the top, there are navigation tabs: DemandJump, Traffic, Content, Social, and My Lists. Below these are 'EXPLORE' and 'MY CONTENT (Beta)' sections. A search bar is located on the left. The main content area shows a list of articles, each with a thumbnail image, title, source, date, and social media share counts. The articles listed are:

- img models introduces men's plus-size division – wwd** (07/31/2016) - they are calling the new division brawn and have signed their first model for the category, zach miko. (27418 shares)
- how to get an art education without going to art school | dazed** (07/31/2016) - can't make it to frieze london? these ten films will tell you (almost) everything you need to know without leaving the comfort of your keyboard. (27486 shares)
- kendall jenner & gigi hadid debut as victoria's secret angels** (07/14/2016) - the bff supermodels looked like naturals on the catwalk. (20886 shares)
- david bowie vs alexander mcqueen | dazed** (07/19/2016) - we revisit a 1996 dazed head-to-head between alexander mcqueen and david bowie in the wake of the icon's death. (20763 shares)
- Zendaya Wants Your Shoes to Feel Luxurious, Even if You Can't Afford Louboutins** (07/21/2016) - the 19-year-old star wants your shoes to feel luxurious, even if you can't afford christian louboutins. (16651 shares)

On the left sidebar, there are filters for Websites (All, wmagazine.com (90), fashionmagazine.com (78), papermag.com (60), hypebeast.com (55)), Recency (All, Last 24 hours (23), Last 7 days (198), Last 30 days (950), > 30 days old (0)), and Topics (All, fashion (950), industry (161), collection (160), people (154)).

Knowing

what to write about is only half of the battle. The AIM platform analyzes the relevancy and recency of social signals within Twitter (for now) to identify which influencers will allow your content to reach the right audience.

Newer blogs and content sources need a way to make a name for themselves. And larger, more established blogs are looking for ways to stay relevant and out in front of smaller, more agile publishers. A great way to do this is by utilizing highly-targeted social influencers and micro-influencers.

AIM uses the unique competitive set and content domains that is loaded into the platform to monitor social signals for content and tells which influencers are best suited to promote each piece of your content. This is all possible by using our proprietary algorithms.

Once the ecosystem has been

created it is easy to find influencers by topic or by content. Simply type a topic into the influencer search bar for the list of influencers. The algorithms that power AIM are sophisticated enough to rule out influencers who have inflated or superfluous statistics. The platform bases its results on content relevancy as it pertains to content that the influencer has posted.

Following on the summer trends example from above, the platform found influencers like WhoWhatWear, The Zoe Report, The Fashion Guitar, Racked, WWD, Arabelle Sicardi, Vogue Runway, and W Magazine.

These influencers range from tens of thousands of followers to a couple million and consist of various demographics. However, influence within their ecosystem is huge and when relevant content is posted, it has the ability to draw in attention.



The AIM platform is a powerful tool for any brand or company that is trying to get ahead of the competition. Put simply the platform finds qualified traffic opportunities, identifies content trends, and matches those trends to social influencers. This allows you to dramatically increase traffic to your website and increase revenue.

The fashion industry is extremely saturated, and that makes it very difficult for brands to breakout. Using the AIM platform makes that easier. From our research MFGA could increase their revenue by over \$8M, double their referral traffic and grow their audience all while efficiently creating content just by making a few tweaks to what they are already doing.

The central focus for fashion brands should be creating a strong digital presence. E-commerce is expected to continue growing at an impressive rate. The fashion industry is increasingly saturated and competitive. Raising brand awareness through content and social influencers is critical in gaining qualified traffic.

The AIM platform is a game changer for any fashion brand trying to increase their audience and traffic. The platform allows brands to see optimizable traffic opportunities while also seeing which sites their competitors are using for future opportunities.

Moreover, the content and influencer features allow brands to effectively create and promote content. This is especially powerful for younger brands trying to build a loyal base.

Taking advantage of qualified traffic sources, with special emphasis being placed on affiliate partners. Building relationships with rstyle, ShopStyle, Dealmoon, Dealnews, Bradsdeal, and Dealsea are sure to increase qualified traffic to your site and in turn increase revenue.

Content is also a vital tool when it comes to nurturing leads and driving relevant traffic to your e-commerce page. Understanding what topics are trending, when to post, and which channels to utilize will help to maximize publishing efforts and drive the highest return on investment. Top fashion topics during fashion week include, designers, "brands and collections", "summer trends", and "street style".

Social influencers can help marketers leverage a new audience, and target their efforts at highly qualified

customers. WhoWhatWear, The Zoe Report, The Fashion Guitar, Racked, WWD, Arabelle Sicardi, Vogue Runway, and W Magazine are all accounts to pay close attention to on Twitter. These influencers are relevant not just based on follower counts or total potential impressions, but on their actual degree of influence in fashion.

Lastly it should be noted that this study does not focus on search, video marketing, display and remarketing, or social networks. Online fashion is flush with different ways to reach your customers. For more information on the industry or the AIM platform, please visit demandjump.com or contact sales for a demo.



Our study is the result of an in-depth look at the competitive industry of beauty and personal care, specifically within the eCommerce vertical. Insights included in this report were obtained using DemandJump's Artificial Intelligence Marketing (AIM) platform following initialization with a list consisting of the top 26 beauty retailers and 30 top ranked blogs within the fashion industry ecosystem.

Unlike other attribution and competitive intelligence solutions, the DemandJump AIM platform collects inbound traffic data from commercially available sources, not only for a customer and its competitors, but also between their referral sources going out two degrees of separation. The result... a comprehensive map of the entire market ecosystem consisting of tens of thousands of sites that impact a business, which, before now, could not be seen by a marketer.

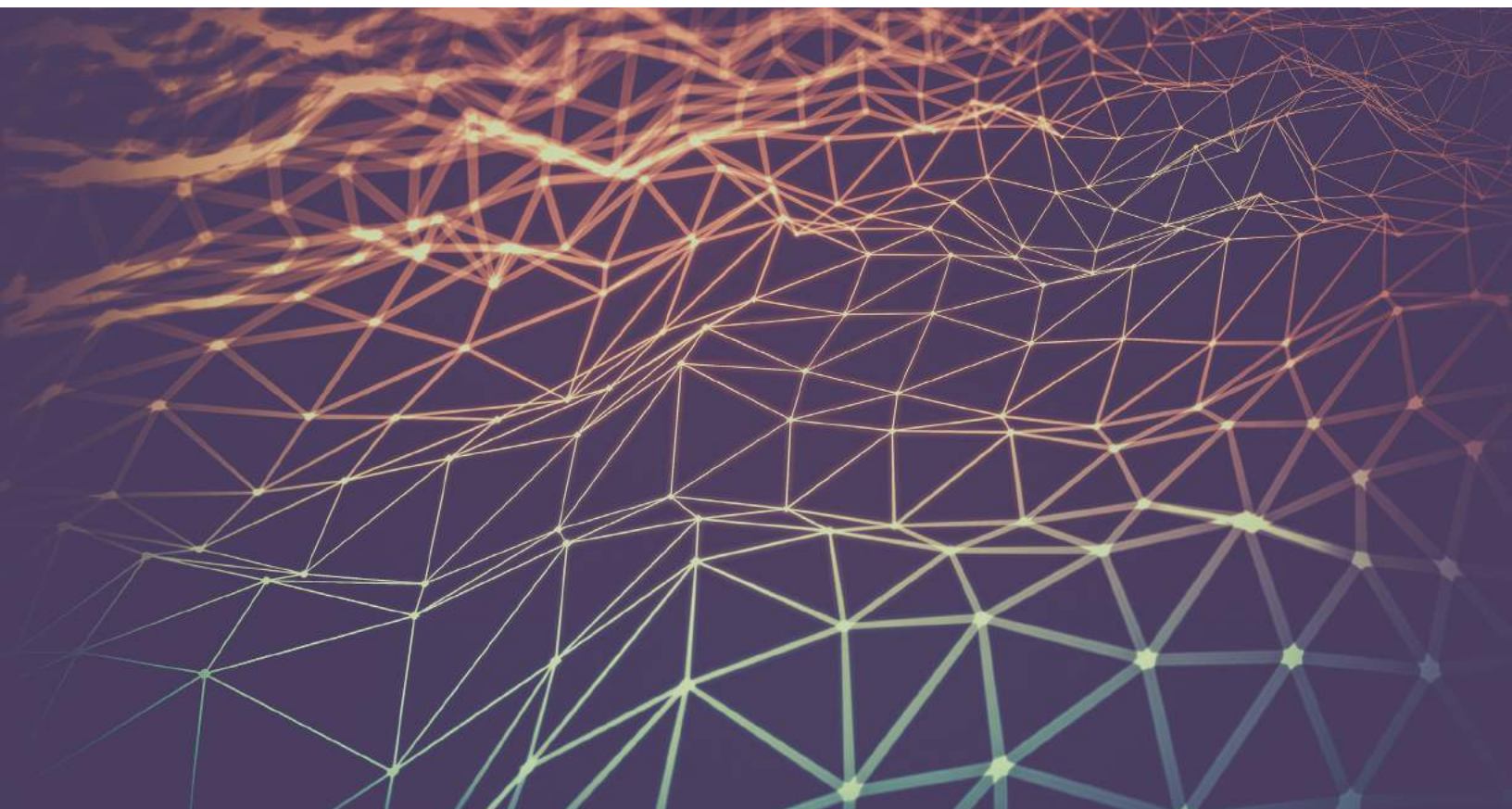
The DemandJump AIM platform relies on a unique application of the mathematics of graph theory and machine learning to identify patterns in these inter-domain traffic networks as they evolve over time, to show marketers where their biggest traffic sources are, and how to act on them.

Traffic opportunities (part 1) are qualified and ranked based on their relevancy and propagation strength targeting a specific business. The value of each traffic source in the network is a sum of two algorithmically derived quantities:

The known direct traffic contribution of that source to our users and their competitors.

The estimated indirect contribution of traffic to our market passing through second and third order connections.

To ensure users are aware of all relevant content within their ecosystem (part 2), the market graph of the health and beauty space developed in part 1 was mined using DemandJump's proprietary collection of algorithms which identify narrative content from raw data, filter results by quality, and extract knowledge (author metadata, keywords, topics) to inform analysis and recommendations by users. Unlike commercially available natural language processing techniques, which require extensive human supervision and inputs, DemandJump's platform is powered by unsupervised graph-based machine learning techniques that are highly robust and computationally scalable.



¹<http://wwd.com/retail-news/forecasts-analysis/ecommerce-sales-soar-10265879/>

²https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

³<https://images.textmaster.com/whitepapers/Customer-Acquisition-Study.pdf>

⁴<http://www.adweek.com/socialtimes/can-influencer-marketing-really-drive-conversions-study/637060>

⁵<http://digiday.com/agencies/micro-influencers/>

⁶<http://www.smartinsights.com/ecommerce/ecommerce-analytics/ecommerce-conversion-rates/>

About DemandJump

DemandJump's Artificial Intelligence Marketing (AIM) platform makes sense of digital data so marketers can uncover the best traffic driving sources specific to their brand(s), outmaneuver competition, optimize budget allocation and drive revenue growth across all digital marketing channels (and soon, offline channels). Simply put, DemandJump empowers marketers to ensure their marketing spend truly optimizes revenue generation.

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