

## Amazon Ramps Up Its Effort in Apparel



Source: [www.amazon.com](http://www.amazon.com)

- 1) Amazon announced on June 20 that it is launching a new service called Prime Wardrobe, which lets customers try on clothes before they buy them and return them for free if they decide they do not want them.
- 2) Prime Wardrobe, which is still in beta, will be available to Amazon Prime members at no extra charge and will offer customers one week to decide whether they would like to keep what they ordered.
- 3) Through the service, Amazon Prime customers select at least three (and a maximum of 15) Prime Wardrobe-eligible clothing items or accessories, such as shoes or watches, from a range of more than 1 million men's, women's and kids' items available on Amazon Fashion.
- 4) The service may attract Prime shoppers who have been reluctant to take a chance on Amazon's apparel offering and give Amazon access to more data on consumer buying patterns at the same time.
- 5) The move is Amazon's latest attempt to boost its apparel business. The company launched the Echo Look "style assistant" in May and began partnering with celebrities such as NBA star Dwyane Wade to build out a one-stop shop on its website.
- 6) Euromonitor International estimates that Amazon's clothing and footwear sales reached \$13 billion in 2016, accounting for 13% of Amazon's US gross merchandise volume.

**Amazon Launches New “Try Before You Buy” Prime Wardrobe Service**

Amazon announced on Tuesday that it is launching a new service called Prime Wardrobe, which lets customers try on clothes before they buy them and return them for free if they decide they do not want to keep them.



Source: [www.amazon.com](http://www.amazon.com)

Prime Wardrobe will be available to Amazon Prime members at no extra charge and will offer customers one week to decide whether they would like to keep what they ordered, according to Amazon. Amazon will ship the items in a resealable, returnable box with a prepaid shipping label.

Through the service, Amazon Prime customers select at least three (and a maximum of 15) Prime Wardrobe–eligible clothing items or accessories, such as shoes or watches, from a range of more than 1 million items available on Amazon Fashion, across men’s, women’s and kids’ categories. The Prime Wardrobe service features many brands beyond Amazon’s own house brands, including Calvin Klein, Theory, J Brand, Hugo Boss, Adidas and Levi’s.

If a customer keeps five or more items in a Prime Wardrobe order, he or she will get 20% off those items. That discount falls to 10% when a shopper keeps only three or four items, according to Amazon.

The service, which is still in beta but is accepting sign-up requests for notification when it launches, is similar to a number of other try-before-you-buy services such as Stitch Fix and Trunk Club (which is owned by Nordstrom).

**Figure 1. Service Comparison: Amazon Prime Wardrobe, Stitch Fix and Trunk Club**

|                       | Prime Wardrobe                        | Stitch Fix                                 | Trunk Club         |
|-----------------------|---------------------------------------|--|--------------------|
| Cost                  | No fee (included in Prime membership) | \$20 per box, but credited toward purchase | No fee             |
| Number of Items       | 3–15                                  | 5  | 12–15 on average   |
| Discount              | 20% for keeping 5 or more             | 25% for keeping all 5                      | None               |
| Try-On Period         | 7 days                                | 3 days                                     | 10 days            |
| Shipping/Return Costs | Free                                  | Free                                       | Free               |
| Shopping              | Customer choice                       | Assigned a stylist                         | Assigned a stylist |

Source: *Company websites/Fung Global Retail & Technology*



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**Creating a Brick-and-Mortar Return Option**

The Prime Wardrobe announcement comes just days after Amazon announced that it would acquire grocery chain Whole Foods Market for \$13.7 billion. We can only speculate regarding Amazon’s future plans (if any) for allowing customers to make in-store returns of items ordered through the new fashion service at any of the more than 460 Whole Foods stores. However, for customers who do not want to go to a UPS location to send back items, returning items to a Whole Foods store could be a convenient option. It could also drive traffic to the Whole Foods stores. That said, Amazon does not offer an in-store return option in any of its existing stores yet.

**Amazon’s Move into Apparel**

Prime Wardrobe is Amazon’s latest attempt to boost its apparel business. In May, the company launched its Echo Look “style assistant” and began working with celebrities such as NBA player Dwyane Wade to build out mini stores on its website. The Prime Wardrobe service also may be a strategy to lure reluctant Prime members to take a chance on Amazon’s private-label apparel brands, all of which are relatively new. Amazon has invested heavily to improve its private labels, which include Lark & Ro, North Eleven and Society New York.

Euromonitor International estimates that Amazon’s clothing and footwear sales totaled \$13 billion in 2016, accounting for 13% of Amazon’s US gross merchandise volume.

**Figure 2. Key Amazon Apparel Events**

| Date     | Event  |
|----------|--|
| Jun 2017 | Launches try-before-you-buy fashion service Prime Wardrobe                           |
| May 2017 | Dwyane Wade launches Amazon Fashion store  |
| Apr 2017 | Launches Alexa-enabled Echo product line specifically for clothing                   |
| Apr 2017 | Adds private-label lingerie line   |
| Feb 2017 | Hires senior design and buying talent from Marks & Spencer and Primark               |
| Feb 2016 | Quietly launches seven private-label brands  |
| Aug 2015 | Participates in \$8 million series B round in shoppable fashion site WhoWhatWear.com |
| Apr 2015 | Acquires Shoefitr  |
| May 2011 | Launches MyHabit.com (private-sale site; closed in 2016)                             |
| Oct 2010 | Acquires members-only club BuyVIP.com for \$96.5 million                             |
| Nov 2009 | Acquires Zappos for \$1.1 billion in stock (and website 6pm.com)                     |
| Jun 2008 | Acquires Fabric.com (online store for fabrics, tools and accessories)                |
| Jan 2007 | Launches Endless.com (shoe and handbag website; closed in 2012)                      |
| Feb 2006 | Acquires Shopbop.com (fashion-forward apparel, shoes and accessories for women)      |
| Nov 2002 | Launches apparel and accessories store   |

Source: Amazon.com/Fung Global Retail & Technology



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