

The Prologic Report – ‘Technology in Fashion’ – shows fashion sector sees eCommerce as the way to combat the recession

In-depth research into the confidence of the fashion sector reveals significantly more optimism and hope for the future than last year, as the focus shifts from cost reduction to investment, with eCommerce the top priority

12th November 2009, London, UK: The Prologic Report – ‘Technology in Fashion’ – presents new market research into the challenges and issues faced by the UK fashion industry. Prologic <http://www.prologic.com> the specialist provider of software, services and consultancy to the fashion & lifestyle sector, reveals that there is significantly more optimism and hope for the future than last year when the recession was just beginning to bite, as the focus begins to shift from cost reduction to investment.

Produced in partnership with Oracle and carried out by retail industry market research specialist Martec, The Prologic Report – ‘Technology in Fashion’ – is an annual report that focuses on the challenges and issues faced by the UK fashion retail sector whilst also providing a crucial insight into strategies for surviving and prospering in the current economic climate. It also examines investment priorities for IT budgets and satisfaction with current systems.

Executive Summary of The Prologic Report

- This UK fashion industry survey covers companies with total sales of £5.2 billion and a total of 9,030 stores, representing 18% of the UK fashion industry.
- 55% of companies predicted their sales would increase next year compared to this year, with 33% predicting they would stay the same, and only 12% predicting a decrease.
- 63% said their top priority this year is investment in eCommerce, followed by an increase in wholesaling (58%).
- This year companies are reporting their IT spend at 2.3% of sales, compared to 1.8% of sales last year.
- Website sales represent a significant proportion of total sales for most fashion industry companies at 6.3% of total sales.
- The majority of companies have websites that are in profit (68%) and half say they achieve profitability within the first year of operation. However, this leaves a third that are not trading profitably.
- Of those that are profitable, 68% say their website is more profitable than their stores.
- 67% of retailers are currently able to offer their customers the chance to return products bought online at the store.
- However, checking store stock levels from the website, a capability that consumers are particularly keen on, is currently offered by only 30% of companies.

The research was conducted via telephone interview with leading figures across the fashion retail industry, from Managing Directors and Finance Directors to IT Directors. The results reflect the opinions of some 18% of the UK’s clothing, footwear and accessories market.

Sam Jackson, Chief Executive of Prologic, comments, "It is encouraging to see that the mood is now more optimistic, and that the majority of retailers are predicting sales will increase. Whilst controlling costs is still very important, it looks like companies are now more forward looking and do not see cutting back as the primary way to stay profitable. Website sales now represent a significant proportion of the total for many fashion companies, which is clearly why they now see investment in eCommerce as a top priority."

Brian Hume, Managing Director of Martec International who undertook the research, comments, "The evidence is that IT budgets are returning to their long-term average. IT spend on multi-channel functionality is up significantly. This year, companies' report that their IT spend is back to a more normal level and they predict that levels will increase into next year. Most companies say their website is one of the few areas where they are seeing sales growth, and so they are scaling up this area of their business. They are broadening their range, increasing the number of countries covered and improving website usability."

The research also shows that considerable efforts are being made to improve the shopping experience for customers across every channel. However, whilst most retailers (67%) are currently able to offer their customers the chance to return products bought online at the store, only 30% of companies are able to check store stock levels from the website, a capability that consumers are particularly keen on.

Prologic's Sam Jackson concludes, "There is now a real need for integrated business systems that provide visibility and accurate information across all sales channels. As retailers increasingly trade through their own stores, franchise, wholesale, mail order and over the web, they need software that can manage and integrate every aspect of their business operations."

For your free copy of The Prologic Report 2009/10- *'Technology in Fashion'*, please go to

<http://www.prologic.com/ThePrologicReport/eCommerce/Invitation.aspx>

About Prologic

Stock market-listed, **Prologic** is a specialist provider of software, services and consultancy to the fashion & lifestyle sector. The company's enterprise software application, CIMS, is a web-deployed, single solution, multi-channel business system designed to meet the complex needs of the sector. Modules include planning, merchandising, store systems, sourcing, warehousing, wholesale, franchise, eCommerce and reporting.

Prologic's approach of delivering its software as a single version, single database product, based on continuous customer-driven improvement, provides distinct advantages over the traditional practice of interfacing disparate point solutions.

With a track record extending over two decades, Prologic has supported the growth of many of the UK's best known and most successful brands. Customers include Aquascutum, Fat Face, Hobbs, Liberty, Paul Smith, Ted Baker, TM Lewin, White Stuff and many other high street names.

For further information, please contact:

Will Gardiner

itpr

<http://www.itpr.co.uk>

+44 (0) 1932 578800

Nicola Gibson

Marketing Executive

Prologic plc

+44 (0) 1442 876277

Released: 12th November 2009