EDITED Data Shows U.S. Online Retailers Lost Over $9.24 Million From Discounting Missteps

Women's Luxury Products Equate to Almost Half of Revenue Lost

NEW YORK - March 17, 2017 - EDITED, the world's biggest source of real-time data for brands and retailers, has released a comprehensive discount analysis of luxury, premium and mass market men's, women's and children's U.S. apparel, accessory and footwear brands from 114 online retailers from 2016. EDITED found that in 2016 retailers missed $9.24 million in revenue by miscalculating the optimal percentile in which to discount items.

EDITED's platform analyzed when the same products across retailers sold slower when discounted at a different percentile to identify the lost revenue amount. The women's luxury goods category incurred the biggest loss, accounting for almost half ($4.3 million) of the total revenue missed last year. Women's luxury goods were discounted at 40-50 percent initially compared to 30-40 percent, leaving products on shelves for 19 days longer. Menswear luxury goods lost over $687,000 in revenue when discounted at 40-50 percent versus 30-40 percent, with products not selling for 11 extra days.

"Discounting tends to happen once retailers have worked out consumer demand isn't high enough, but our analysis proves that an aggressive price reduction is not always the best approach," said Katie Smith, Senior Retail Analyst at EDITED. "The extent of how much a retailer discounts its products depends on a multitude of factors - including timing, product type, category and popularity. Having this level of granularity can quite literally mean that a retailer adds - or loses out - on hundreds of thousands of dollars per year in revenue."

Additional findings from EDITED's retail discount analysis:

- **Premium goods discounts are a mixed bag:** When women's premium goods were discounted at 20-30 percent off, retailers lost $1.69 million, with products not selling for an extra 16 days. However, men's premium products did not experience a significant revenue loss, indicating a more aligned discounting strategy with consumer demand.
- **Mass market showed the best discount to sales approach:** For womenswear, products sold 11 days' faster when first discounted at 30-40 percent rather than 40-50 percent. Retailers lost over $1.59 million in needless reductions with this approach. Meanwhile, mass market menswear retailers would have pocketed over $517,000 in sales had they chosen to discount at 20-30 percent rather than 30-40 percent.
- **Luxury products stay in stock:** Out of all the categories, luxury items take the longest to sell even when discounted, with menswear luxury items sitting in inventory for over three months on average (about 112 days) followed by womenswear (106 days) and children's (70 days).

- **Mass market products sell quickest after discounts:** Discounted mass market childrenswear took only 43 days on average to sell, compared to 80 days for premium products. Mass market womenswear took 63 days compared to 76 days for premium items. Finally, mass market and premium menswear took 67 days and 80 days to sell respectively.

EDITED's platform includes a discounting tool that helps retailers better understand and compare its discounts with its competitors' first, current and deepest markdowns in real-time. Using these insights, retailers can develop a discount strategy to optimize its margins.

Methodology

EDITED analyzed over 114 U.S. retailers selling men's, women's and children's luxury, premium and mass market brands online from January 1 to December 31, 2016. In general, the mass market category focuses on trend pieces characterized by shorter production cycles and more accessible price points. The premium market is defined by products sold in the upper mid- to high price ranges, while the luxury market offers products at the highest and most exclusive range. EDITED assessed the time taken to sell products across two different discount percentiles to calculate the amount of revenue lost, reviewing the product's initial selling price, discount rate, and duration the product was advertised before it sold. Sell out times include the time the product was marketed at full price.

About EDITED

EDITED, the world's biggest source of real-time data for brands and retailers, is the industry standard for pricing, assortment, demand and competitive metrics. EDITED helps brands like Topshop, Net-A-Porter and Ralph Lauren deliver the right products at the right price, at the right time. This is the most important thing to get right in the apparel business, and is how all the value is created or lost in the industry. Using artificial intelligence, machine learning and big data analytics, EDITED's platform is used by buyers, planners and trading teams to generate a huge competitive advantage. For more information, visit www.edited.com.

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