

Apparel Sales Take a Hit as Consumers Pull Back Spending on Clothes

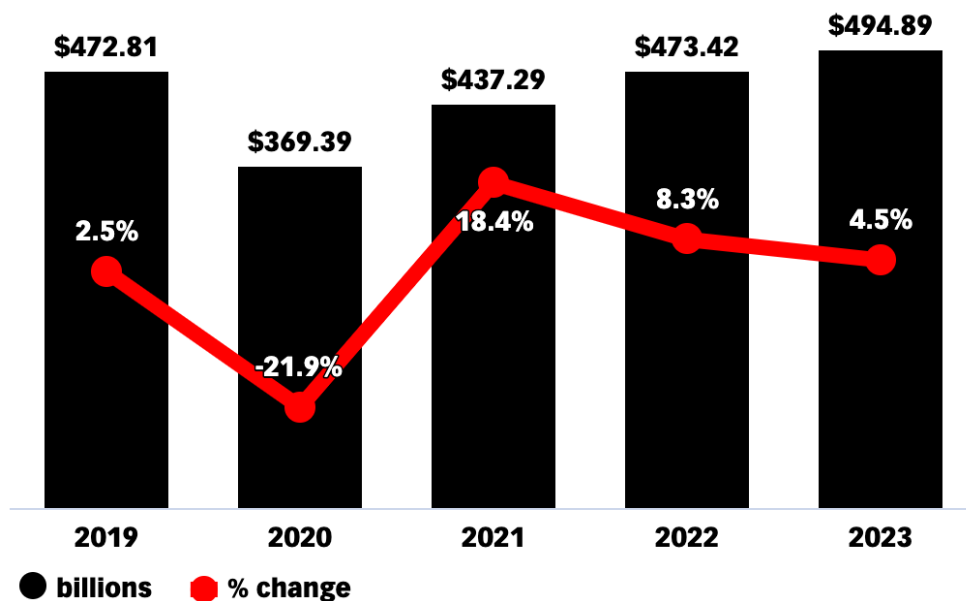
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Clothing and apparel retailers will see steep declines in 2020 as spending on discretionary items comes to a near halt amid the ongoing pandemic. We forecast a drop of nearly 22% in 2020 for total sales of apparel and accessories, which equates to a year-over-year loss of over \$100 billion.

Apparel & Accessories Retail Sales

US, 2019-2023



Source: eMarketer, May 2020

www.eMarketer.com

On the surface, the decline in apparel sales makes sense. Many clothing and department stores temporarily closed their locations to adhere to social distancing guidelines. Ecommerce retailers like Amazon prioritized essential goods in March, leaving voids in inventories for several product categories. However, when we look deeper into the apparel and accessories sector, the situation is a bit more complex than that.

For one, over the course of the past few months, consumer shopping priorities have drastically shifted away from discretionary purchases and more toward groceries and other household essentials. During March, when concerns of the virus quickly escalated, shopping for clothes took a back seat. Data from the [US Department of Commerce](#) shows that spending at clothing retailers was down 51.3% year over year in March. And in April, the declines were even steeper—clothing retailers saw their sales plummet by 89.3%.

Even now, as more states are slowly lifting lockdown measures and some businesses are reopening, spending on apparel doesn't seem to be bouncing back—and it may not do so anytime soon. Given the financial challenges that many consumers are facing because of pandemic-related job losses, apparel sales will be depressed for some time.

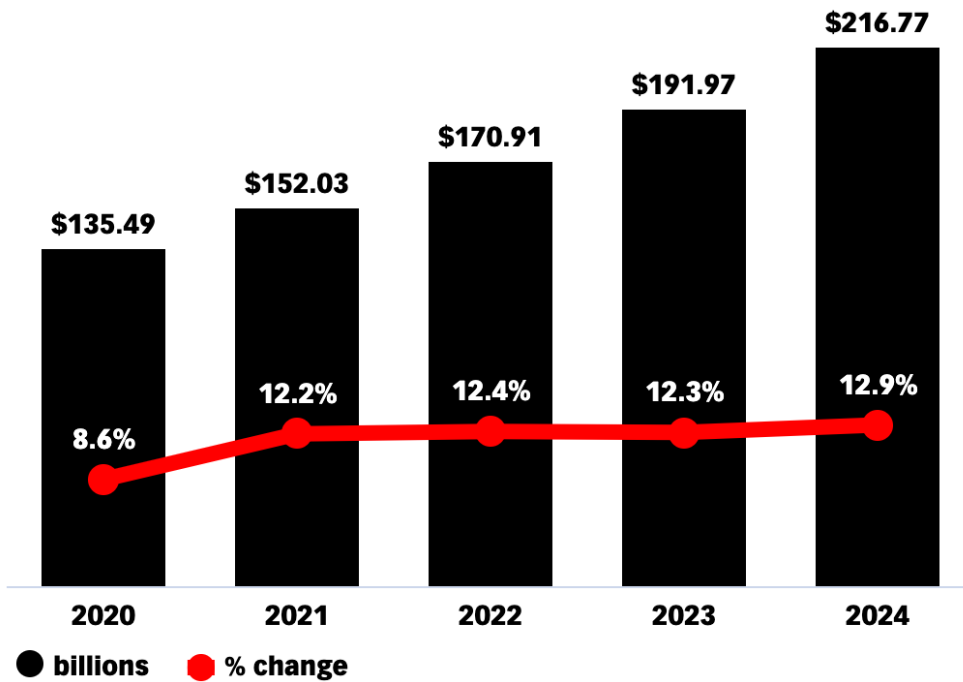
When asked how their shopping behavior will change over the next few months as a result of the pandemic, 40% of online shoppers said they expect to minimize discretionary purchases in order to save money, according to an April 2020 [survey](#) by [Digital Commerce 360](#) and [Bizrate Insights](#).

Another aspect of apparel spending is that people buy new clothes for special occasions, including weddings and vacations. With many of these events either canceled or postponed, attire sales are completely lost. While there might be some pent-up demand when retailers start to open up again, many of the lost sales won't be recovered this year. In fact, we don't predict apparel sales will return to pre-pandemic levels until the end of 2022—more than two years after the start of the crisis. At that time, sales will reach an estimated \$473.42 billion.

And while ecommerce is typically seen as the bright spot during this pandemic, we forecast that online apparel sales will also be dampened this year.

Apparel & Accessories Retail Ecommerce Sales

US, 2020-2024



Source: eMarketer, May 2020

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Online clothing and accessories sales will rise just 8.6% in 2020, a significant deceleration from last year's growth of 15.9%.