

Amazon Moves Closer to Becoming Top Retailer in US Apparel

Better shopping tools and shifting channel preferences are factors

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In 2015, Amazon made retail industry headlines when [Cowen and Company](#) forecast that the company would dethrone Macy's, the No. 1 clothing retailer, by 2017.

Fast forward a few years, and by many measures that did come to pass. According to [Morgan Stanley](#), Amazon had a 7.9% share of US apparel sales in 2017, compared with 4.1% for [Macy's](#). But Amazon wasn't in the top slot. That spot belonged to [Walmart](#), with an 8.6% share. The financial firm [expects that to change this year](#). Prime members are twice as likely to buy clothing on Amazon than nonmembers in 2018, up from 1.5 times a year earlier, per Morgan Stanley. And the number of Prime members is still growing.

Amazon also ranked second among retailers where [US internet users most purchased clothing](#) in 2017 (37.4%), according to a January 2018 [Coresight Research](#) survey, taking share from Target. Walmart was the most popular (41.8%).

We forecast that sales of apparel and accessories on Amazon will total \$39.88 billion in 2018, making up 15.4% of Amazon's ecommerce

sales and 38.5% of total retail ecommerce sales in the US. Sales growth for the category will hit 38.2% this year.



Amazon has struggled to be taken seriously as a fashion destination despite its efforts over the years, including hiring a Vogue editor, setting up a photo studio in Brooklyn's Williamsburg neighborhood and sponsoring Men's Fashion Week in New York. Many luxury brands, which have been slow to embrace ecommerce in general, are also reluctant to list their products on Amazon.

And there's a difference between fashion and clothing. For now, **Amazon is succeeding with basics**. The top reasons cited by US apparel buyers for shopping on Amazon, according to Coresight Research, were that the site was easy to browse (65.4%) and had cheap delivery (62.2%). Just 11.5% of respondents said it was because of up-to-date styles. Amazon's biggest sellers have been items like athletic gear, T-shirts and underwear by brands like Nike and Hanes. Amazon has also been successful in growing its clothing sales through the aggressive introduction of its own private labels, 86% of which were in the apparel, shoes and jewelry category, according to **Gartner L2** research from March 2018.

Like [groceries](#), apparel and shoes are a product category many consumers like to shop for in person. Physical stores were the location where US internet users were most likely to complete a clothing purchase (32%), according to Cowen and Company. Amazon ranked second, cited by 28% of respondents. This preference flipped, though, for those younger than 35.

Free returns have become a necessary cost of doing business, and online shoppers often buy multiple sizes and return those that don't fit. Amazon has tried to make digital apparel shopping more fool-proof by investing in better photography, new products like [Prime Wardrobe](#) and [Echo Look](#), as well as a rumored on-demand service based on customers' measurements.

Whether Amazon can become the top US apparel retailer overall in 2018 is up for debate. Though there is no question that the combination of better shopping tools, shifting channel preferences of millennials and Gen Z and a still-growing number of Prime members are all contributing factors to Amazon's dominance in the digital apparel sector.

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