



## Galaxy Fashion Report

**Event Partner**





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**30 DAYS**  
ON THE INTERNET

## Fashion

### Executive Summary

The fashion industry has become a part of the Internet revolution, coming on-line and into its own in the e-commerce marketplace over the past few years. “E-tailing is behind the retail world’s most radical upheaval since the mallification of America.” (MSNBC) Malls may have brought people out of their homes to shop at national chain stores, but e-tailors have brought shopping into homes worldwide by paving a new fashion avenue on the information superhighway.

America Online, the leviathan of US internet service providers reported recently that clothing was second only to toys in popularity on its Internet mall with a 210% increase in sales between 1998 and 1999. (USA Today) “Online apparel sales reached \$1.1 billion in 1999, roughly twice the amount of 1998 sales, according to the NPD Group, Inc.” (CyberAtlas)

A report by Forrester Research predicts that online retail spending will reach a total of \$38 billion dollars this year. In the same report 60% of Internet users polled said that they shop on-line for clothing. (CyberAtlas) Jupiter Communications projects that on-line sales of clothing may jump to an impressive \$10.8 billion by the year 2003, grabbing roughly 9% of the apparel market or close to that of catalog sales. (MSNBC)

According to the NRF/Forrester Online Retail Index, the first quarter of 2000 has seen an increase in spending by mainstream consumers for apparel, following the normal offline shopping trend for the spring season. Internet apparel spending grew from \$175 million in March 2000 to \$223 million in April. (CyberAtlas)

Media Metrix July 2000  
Key Measures: Multiple Category Selection  
Retail - apparel, footwear,  
fragrances/cosmetics

1	ABERCROMBIE.COM
2	AE.COM
3	ALLOY.COM
4	AVON.COM
5	BANANAREPUBLIC.COM
6	BARGAINCLOTHING.COM
7	BLUEFLY.COM
8	CHADWICKS.COM
9	COLDWATERCREEK.COM
10	DELIAS.COM

According to PricewaterhouseCoopers, familiar and established retailers are driving the market by bringing their trusted brands on-line. Traditional and catalog retailers are not surprisingly the strongest players on-line. (CyberAtlas) Aggressive advertising has also helped to encourage otherwise web wary shoppers to try on Web shopping. "Internet sales of computers, software, books and music have soared in recent years, but up until now there just wasn't the same excitement over clothes... That began to change this year as many big retailers and catalog companies stepped up their online efforts." (USA Today)

Design houses have been slow to join the on-line marketplace, concerned that the clientele for designer fashions require the ability to touch, feel and try on clothing. "High-fashion and high-priced designer duds aren't a natural for the Web. Sizes vary from designer to designer and the trendy cut of their duds makes it almost a necessity to try them on first." (MSNBC) One way in which some designers are using the Internet is by association with a third party vendor who sells more than one brand. France's Moët Hennessy Louis Vuitton for example has joined forces with multibrand site eluxury.com. (USA Today)

Apparel, footwear and cosmetics have had a slow start on-line, but shifts in demographics and attitude have helped increase sales. "About the only thing you can be sure of is that once you think you understand the online retail landscape, it changes." (CyberAtlas) Shopping sites continue to gain momentum as more women come on-line, Internet shoppers begin to see brands they trust, and technology is developed to provide features e-shoppers want to see in virtual stores.

Women are the most likely to purchase clothing online and accordingly, PricewaterhouseCoopers reports that women's clothing is the most popular type of apparel purchased on-line. (CyberAtlas) "...fueling sales is the fact that more women are jumping into the online world, which has long been dominated by men." (USA Today)

Apparel is most popular among those in the 20 to 40 year old age range. According to the NPD Group, Inc, "to reach the core of the online apparel audience, apparel e-tailers will want to address the 35- to 44-year-old market." (CyberAtlas) NPD reported that this age group held 41% of sales for online clothing in 1999.

As catalog retailers are well suited for the web so catalog shoppers are a natural fit when it comes to shopping the Internet for clothes. "Online clothing purchasers are also likely to be catalog customers, indicating that they are already used to buying clothes without being able to touch the fabric, see the color, or try the items on for size." (CyberAtlas)

While catalog shoppers may be comfortable without the reassurance of being able to try on or touch clothing, according to a recent report by PricewaterhouseCoopers the inability to try on clothes or to touch fabrics were the top two problems consumers have with shopping for apparel on-line. "The inability to size people accurately remains one of the biggest obstacles to online apparel sales. Each company thinks its technology can

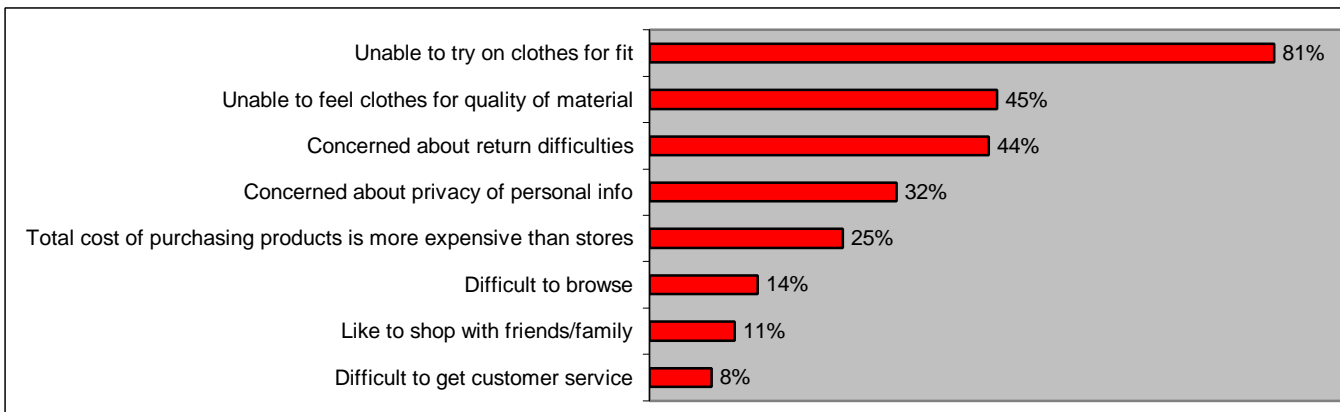
reduce the number of returns due to ill-fitting merchandise, which cost U.S. retailers about \$25 billion a year.” (Wired)

Another large concern is the difference in cost. Some on-line retailers have unreasonable shipping costs. Additionally some e-tailers offer fewer special promotions than are often available at discount stores. “When asked what online shopping sites might do to entice consumers to purchase clothing in the future, pricing issues overwhelmingly took the top two spots.” (CyberAtlas)

Privacy is an issue that is shared by Internet savvy and Internet wary alike. The largest barrier for those not yet buying on-line remains the fear relinquishing credit card information over the Internet.

### Problems with Shopping for Clothes Online

Source: PricewaterhouseCoopers



The sizing issue is one that could potentially be solved with advances in technology. Two companies, The Right Size and EzSize.com claim that they have solved the problem.

EzSize plans to set a new industry standard with its creation of a device called a body scanner. “The company intends to set up scanning booths in retail locations all over the country. You’d go in to a booth, get scanned, and get an EzSize I.D. That I.D. would allow you to purchase perfect-fitting items online or in stores...” (Wired)

The Right Size plans to use an already popular technology called collaborative filtering to determine the best fit. The filtering technique is used by companies such as Amazon.com to make recommendations to shoppers based similar interests. By determining what clothing items you have already purchased which fit well, The Right Size hopes to point consumers to other items which should, if the concept works as expected, fit just as well. “...initial tests with focus groups and at the Fashion Institute of Technology... yielded ‘exceptional’ results.” (Wired)

Another solution which is already available on sites such as Landsend.com provide a virtual model which can be customized to your body type such that you can see how clothing might look on you in the real world. “[Some web sites] allow shoppers to punch in their size so a computerized model can "try on" clothes for them.” (USA TODAY)

The Webby Awards 2000 Nominees and Winners: Fashion*	
<p><b>Webby Award Winner</b> Paul Smith <a href="http://www.paulsmith.co.uk">http://www.paulsmith.co.uk</a></p> <p><b>People's Voice Winner</b> toddoldham.com <a href="http://www.toddoldham.com">http://www.toddoldham.com</a></p> <p><small>*Sites promoting personal style, clothing design, and accessories. These include sites selling fashion, marketing designers, and editorial sites with fashion news and information.</small></p>	<p><b>Other Nominees:</b></p> <p>FashionUK <a href="http://www.fuk.co.uk">http://www.fuk.co.uk</a></p> <p>Hint Fashion Magazine <a href="http://www.hintmag.com">http://www.hintmag.com</a></p> <p>Solemates: The Century in Shoes <a href="http://www.centuryinshoes.com">http://www.centuryinshoes.com</a></p>

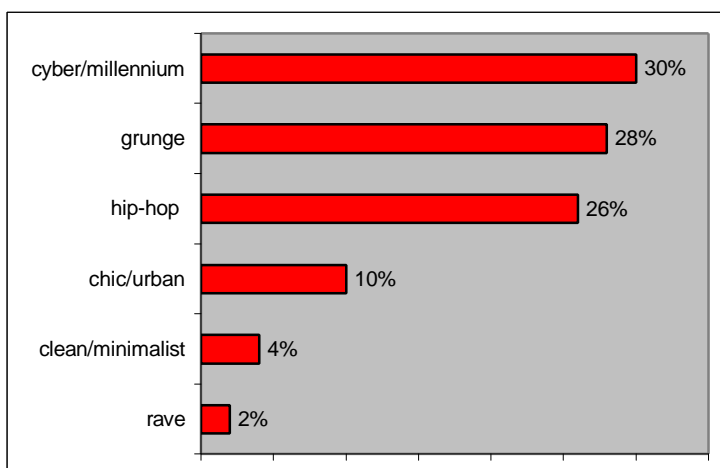
It is unclear how on-line retailers will compete with their brick-and-mortar competitors in terms of pricing and discounts. The next few years may show whether interactive features such as better sizing tools, the convenience of the Internet, and brand name shopping will be enough to keep consumers on-line.

### Galaxy Survey



The Galaxy Poll on September 10, 2000, asked users which trend they thought best defined the look of the 1990's. The cyber/millennium trend took most of the votes at 30% followed closely by grunge with 28% and hip-hop with 26%. The chic/urban look took 10%, clean/minimalist 4% with the rave look coming in last at 2%.

What trend best defines the 1990s?



## **The Galaxy Top 10**

### **Alight.com**

<http://www.alight.com>

Here's how it seems to go in fashion mags, on TV and at the movies... We see a lot of models and actresses who are really, really thin. Then, we read articles that say, "We know that size 14 and up is normal." But then, when it comes time to actually prove this point, too often we're let down by limited clothes selections in plus sizes. Is anyone really listening to non-stick-sized women who want great clothes? Alight.com is. The specialty online retailer offers only plus sizes. You'll find fashion lines in your size from Ellen Tracy, Tamotsu, Eileen Fisher, Donna Ricco, and Emme. They also carry junior plus designs from Everlast, California Concepts, and LA Movers. You can search for clothes several different ways—by price, size, brand, what's new, and what's on sale. As you shop, a mini-shopping bag helps you keep track of your choices and your total amount of sales. They've also got great articles about trends, fashion tips, and expert advice from designers to help you look your best.

### **Fashion Planet**

<http://www.fp1.com>

Are you dying for a shopping spree through New York's fashion district but you live far from the Big Apple? Fashion Planet can help you. Take a virtual window shopping tour of New York. You can visit shops and boutiques on Madison Avenue, Fifth Avenue, and 57th Street. Wander aimlessly or search by specific store. Fashion Planet also features a monthly online magazine and weekly news stories to keep you up on the industry's latest collections and trends as well as lifestyles and personalities of fashion fiends around the world. Buy the latest fashions and luxury brand items. You can look into the future, too, in The Future of Fashion-- keep one step ahead of everyone else when it comes to looking your most smashing. This site is loaded with wonderful photos of inspiring fashions, the people who create them, and the people who wear them.

### **Fashion News**

<http://www.fashionguide.com>

Extra! Extra! Read all about it. FashionNews.com is part of the World News Network. Read fashion stories in the Top News department-- from reports on the big designer shows to what small, independent designers are up to. Recently, they even had an article about a doggie bed designer. Wanna get the dish on models? Go to The Catwalk for purrrectly delicious inside scoops. Four departments—Fashion News, Beauty, Textile and Fashion Schools will link you to over four dozen sites from online versions of magazines like Cosmo, Elle and Vogue, to textile industry sites, to fashion schools around the world.

**FashionUK**

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

The Brits are so...well, British. We're not talking about that old stiff-upper-lip cliché, either. A lot of fun and funk has come out of the UK, like those moptop lads from Liverpool, the super twiggy Twiggy, the powerful punks, the bastion of be-yourself—Boy George, and so much more. That is, the Brits know fashion, they make fashion, they chat fashion. And FashionUK.com offers international fashion news with a lovely English accent. Read daily news headlines. Find out the latest beauty products and secrets. Enter online contests to win fab fashion prizes. Get help from cheeky fashion experts. Link out to gazillions of fashion sites on the Web. Use the Shop Guide to track down the best independent thread shops in the UK. Chat with other fashion fanatics. And don't forget—while you're picking up all this great information, take a few minutes to stop and shop, shop, shop.

**Hint Fashion Magazine**

<http://www.hintmag.com>

Fashion hint: Hint Fashion Magazine is the place to go if you want all the inside, down and dirty, up and coming, over and out fashion talk you can handle. Hint doesn't just give you clues to what's going on, they lay it on the line. This online mag of the rag industry has uber-gossipy departments and the writers mince no words and, sometimes, spare no feelings. Chic Happens features “who, what and wear news and gossip.” LunchVox is all about “fashion soundbites good enough to chew.” Jetsetera is “the art of parties” – with tasty bits on who did what with whom where and, naturally, what they were wearing at the time. ModelMania will give you a look at the hottest chicks on the catwalk and let you vote for your favorite. There are even video clips to show you fashion in action. Once you've digested all that, discuss your fashion views on the message boards.

**Lucire**

<http://lucire.com>

Lucire is an international fashion magazine and a global shopping spree rolled into one. Check out fashion trends from around the world. Read features about fashion celebrities and how to capture a star look for yourself. Link to the best articles from several other women's sites in the News Extra Department. Check out trends and tips. See the latest collections and glam ads. Travel to exotic locations. Get a peek into the minds and lives of top clothing and accessory designers.

**Papermag**

<http://www.papermag.com>

New York City is, no doubt about it, a fashion culture hub where the sleekest meets the chicest meets the truly bizarre. As electrifying as the city from which it hails, PaperMag.com greets you with a black background and neon-blaring departments. In the Paper Daily department, check out photos of beautiful people in Cultural Sushi and read

up on smart and savvy literary types in Lit Wit. The Stylin' department brings you ChitChat with Joey—profiles of designers that make us drool, Fashion Schmashion, Ask Mr. Micky—the “demented advice column”—and more. The Paper Magazine link will take you to electronic versions of features from the print side of Paper, like hot celeb interviews. The Guide checks out all of Manhattan, from clubs to books to art to music, food and more. Even if you don't live in NYC you can still have fun taking a virtual tour of the place. And if you feel so moved, check out Word Up where you are cordially invited by the folks at Paper to, “come blab with us.”

### **Solemates: The Century In Shoes**

<http://www.centuryinshoes.com/>

Shoes are the window to the sole. Solemates illustrates this point nicely in a fun Web site that will take you on a tour through the shoe aisles of history. The Dial-a-Decade in Shoes tool allows you to click on any decade in the 1900's and learn how people were covering their feet in that era. Not only that, but you'll get a mini history lesson in the political and social climate of your era of choice. Find out how what was going on in the world affected what was being worn on the feet. There's also a timeline to show you what historians have uncovered in the footwear arena dating as far back as 8,000 B.C. And the Special Features area will provide you with insightful articles on shoe designers.

### **Virtual Runway**

<http://www.virtualrunway.com>

Ever see pictures in entertainment and fashion magazines of the rich and famous hobnobbing at fashion shows? Do you wish you could be there, at the edge of the runway, watching the models sashay and prance, swish and sulk down the catwalk? Now you can—virtually, anyway. VirtualRunway takes you to the world's fashion shows online. Check out shows for designers such as: Marc Jacobs, Moschino, Pamela Dennis and Vera Wong. Go directly to boutiques classified by product lines like: High Impact Purses, Fashion Tees, Bosom Buddies, Dynamite Denim and more. Track fashion headlines in HauteNews. Read articles about fashion folk in Shining Stars. And get great advice in Designer Q & A.

### **Women.com - Fashion and Beauty Channel**

<http://fb.women.com/fashionandbeauty>

From the top of your head to the tips of your toes, this site focuses on fashion that includes who you are as much as what you wear. Start out by reading fun and frank articles, like Mary Peacock's “The All Purpose Butt”—a look at the bottomside of life. Get tips and product suggestions in the Makeup, Hair and Skin departments to make sure you're totally pulled together before you walk out that door. The Fashion area will tell you what's hot now and what was cool once upon a long time ago. Learn how to best accessorize your great fashion finds in Accessories. And check out cool tools like the Virtual Closet where you'll get priceless pointers on how to build a wardrobe that's just right for your personal style.

### **Fashion Runners Up:**

Eve.com  
<http://www.eve.com>

FashionDig  
<http://www.fashiondig.com/>

Fashion Net  
<http://www.fashion.net/>

Hair-styles.com  
<http://www.hair-styles.com/>

Jolique  
<http://www.jolique.com/>

The Look On-line  
<http://www.lookonline.com/>

NYStyle Magazine  
<http://www.nystyle.com/asp/magazine/magazine.asp>

Retro Magazine  
<http://www.retroactive.com/>

Style Detective  
<http://www.styledetective.com/>

Walk In Closet  
<http://www.walkincloset.com/>

### **Financial Analysis**

The overall category of Consumer Cyclical is down 1.7% for the year. Within this category, Retailers-Apparel and Textiles-Apparel are both down for the year 15.1% and 16.3% respectively. The DJIA is down 1.2% and the NASDAQ is down 3.7% for the year.

**30 Days Financial Analysis**  
In Millions

<u>Company</u>	<u>Status</u>	<u>Ticker</u>	<u>Closing Price</u> <u>9/5/00</u>	<u>Tot Rev</u> <u>Q1, Q2 99</u>	<u>Tot Rev</u> <u>Q1, Q2 00</u>	<u>% change</u>
Alight.com	Private					
Fashion Planet	Private					
Fashion Guide	International					
Fashion UK	International					
Hint Fashion	Private					
Lucire	International					
PaperMag	Private					
Solemates: Century in Shoes	Private					
Virtual Runway	Private					
Women.com: Fashion and Beauty	Public	WCOM	3.19	NA	26.7	NA

<u>Company</u>	<u>Q1 FY 00</u>	<u>Q2 FY 00</u>	<u>% change</u>	<u>Trailing 12</u> <u>Months revenue</u>	<u>Market Cap</u>
Alight.com					
Fashion Planet					
Fashion Guide					
Fashion UK					
Hint Fashion					
Lucire					
PaperMag					
Solemates: Century in Shoes					
Virtual Runway					
Women.com: Fashion and Beauty	14.4	12.3	-14.6	47.3	149.2

<u>Company</u>	<u>EBITDA</u> <u>(ttm)</u>	<u>P/E</u>	<u>ROE%</u>	<u>EPS (ttm)</u>	<u>Cash (and</u> <u>Equivalents)</u> <u>(mrq)</u>	<u>Sector</u> <u>Average</u> <u>P/E</u>
Alight.com						
Fashion Planet						
Fashion Guide						
Fashion UK						
Hint Fashion						
Lucire						
PaperMag						
Solemates: Century in Shoes						
Virtual Runway						
Women.com: Fashion and Beauty	-35.7	NA	-50.4	-1.46	53.9	116.9

## Company, Officers, Locations and Descriptions

Alight.com

Private: alight.com is based in New York City and is funded by RRE Ventures.

Fashion Planet

Private: New York, NY.

Fashion Guide

International: The World News Network

Fashion UK

International: WideMedia

Hint Fashion

Private: New York, NY

Lucire

International: JY&A Media

PaperMag

Private

Solemates: The Century in Shoes

Private: The Marketing Store

Virtual Runway

Private: Houston, TX

Women.com: Fashion and Beauty Channel

1820 Gateway Drive

Suite 100

San Mateo , CA 94404

Phone: (650) 378-6500

Women.com Networks, Inc. is an Internet network dedicated to women, featuring original content, personalized services, community and online shopping. For the 6 months ended 6/30/00, revenues totalled \$26.6M, up from \$9.4M. Net loss applic. to Common rose 5% to \$32.1M. Revenues reflect higher advertising and sponsorship sales. Net loss was offset by higher SG&A expenses and goodwill amortization related to World Game and EZSharing.com acquisitions.

Marleen McDaniel, Chmn./Pres./CEO

Ellen Pack, Sr. VP

Gina Garrubbo, Exec. VP

A. Erin Ruane, Sr. VP.

### **Financial Information Sources:**

Morningstar.com

Stockpoint.com

### **Executive Summary Sources:**

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Webby Awards

<[http://www.webbies.com/nominees/2000/fashion\\_win.html](http://www.webbies.com/nominees/2000/fashion_win.html)>



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