“Losing the lust for lingerie”
A research after missed sales in lingerie stores
Research Report, January 2014
Preface

Here before you is the final part of my education at the Amsterdam Fashion Institute. This thesis is the last chapter of a story that started in September 2009. Over the past four and half years a story has been written by a young woman who gradually found her true passion in the fashion industry; retail. Retail combined with the love for lingerie will shape my professional career the upcoming years.

The past couple of months have been a true challenge. Writing this thesis has tested my determination and my ability to deal with setbacks. I am very grateful for all the new insides I have gained and for the eye openers that came out of this research. I am positive that the gained insight will help me in my professional career and will help the retail department of Van de Velde with setting course to a more profitable business.

I would like to thank Dirk de Vos, the retail manager of Van de Velde, for giving me the opportunity to graduate at my own pace and giving me the time and freedom to do so. Next to that I would like to thank all stores who collaborated on this research, without their input this research would not exist today. I would also like to thank Loes Jaspers for all her time and patience with SPSS. Next to that I would like to thank my family and friends for their much needed help and support. I can honestly say that without my family and friends I would probably not have a thesis ready today. Thank you all!

Suzanne M. Jansen
Executive Summary

This study was meant to do an in-depth research of the lost sales phenomenon in the luxury lingerie market. 20 stores participated in this research, and in total around 150 visitors contributed to this study. The central question in this research was ‘What factors are causing missed sales to occur in a luxurious lingerie retail concept and what might be possible solutions to prevent missed sales in these retail concepts.’ A luxurious lingerie specialty store is an independent store that is specialized in selling luxurious lingerie. These stores carry well known more expensive labels and have an extensive offering in styles and sizes. The sales staffs in this kind of stores are the specialists on the market. The concepts of research are two retail concepts owned by the company Van de Velde, the Dutch concept Lincherie and German stores of the British concept Rigby & Peller. Both stores focus on a personalized advise to the consumer.

According to Quix and Van der Kind (2012) a lost sale occurs when a customer has the intention to purchase an article in the store, but that intention is not followed by an actual purchase. An important aspect of this definition is the purchase intention. The purchase intention is decisive to determine to what category the customer belongs. A customer can belong to one of four categories: planned purchase, unplanned or impulse purchase, missed sale or orientation. Possible causes for missed sales can be found in the expectations of the customers concerning topics like the assortment, in the service of the store, in the price setting or positioning of the store. In the lingerie the stores researched the main reason for missed sales to occur was the assortment. The most occurring reason is that the product is not in the assortment at all. Other important reasons were that the preferred item was out of stock or the right size or colour was unavailable. Only a small percentage of the people state that price is affecting their buying behaviour.

A decent service in lingerie stores has proven to be of great value. Many of the visitors in the two retail concepts decided to make a purchase after they had a fitting session with one of the lingerie stylists. The store personnel could be of help in lowering the missed sales.
Table of content

Executive Summary p. 2

Table of content p. 3

1. Introduction p. 4
   1.1 Problem Definition and sub-questions p. 5
   1.2 Thesis outline p. 6
2. The market p. 7
   2.1 Introducing the company Van de Velde p. 7
   2.2 The definition of the term luxurious lingerie concept p. 9
   2.3 Retail Concepts; Introducing Rigby & Peller and Lincherie p. 10
3. Missed Sales p. 15
4. Important aspects of the lingerie store p. 20
   4.1 The importance of the right assortment p. 20
   4.2 Service in lingerie stores p. 21
   4.3. Customer Behaviour and Lingerie p. 22
5. Methodology p. 26
   5.1 The sample p. 26
   5.2 Hypotheses p. 28
6. Results p. 30
   6.1 The occurrence of missed sales in the Van de Velde stores. p. 30
   6.2 The main reason for missed sales; testing Hypothesis 1 and 2 p. 31
   6.3 Are people willing to order an item? p. 33
   6.4 Service is everything; testing Hypothesis 3 p. 34
7. Conclusion p. 35

Source List p. 38

Appendix p. 40
Chapter 1. Introduction

The past few years have been difficult for retailers. Ever since the financial crisis started in 2008 the consumer trust has been under pressure. Even though the economy is recovering slowly from the recession the consumer spending is still going down. According to the latest figures of the Dutch market, consumers are spending again 2,3% less than in 2012 (nrc.nl, November 2013). This means that revenues of many retailers are still under pressure, making it hard for them to keep their heads above the water.

The situation on the body fashion market shows a similar trend. The turnover in the body fashion market in the Netherlands, declined with 4,3% in 2012, according to CBW Mitex (2012). This trend seems to continue in 2013. In general the consumer is careful in spending their money, but even in crisis times some companies accomplish a turnover growth. Van de Velde NV as a company refuses to look at external factors for declines in turnover; The company is focussing on their own internal strengths and weaknesses. In the presentation of the half-year figures of the company, CEO Ignace van Doorselaere states that the retail department needs to focus on organic growth of their current stores. Meaning that the retail department is expected to perform a significant like-for-like growth in 2014. This means that growth is not being realized by opening new stores, but that the sales of the existing stores have to increase compared to the previous year (Van der Kind, Quix 2008). The company’s goal is to let their existing stores grow by 10% in 2014. To accomplish this goal the key question is how that growth can be realized.

There are many ways to increase turnover per store. One of the solutions could be to spend more money on marketing so more visitors are attracted to the stores. But with an average conversion rate in the Van de Velde stores of below 20%, this might be an unnecessary investment for the company. A low conversion rate implicates that many visitors are leaving the stores empty handed, the customers and their turnover are lost. By keeping a similar traffic level together with increasing conversion rate per store, significant growth per store can be realized. Therefore I would like to focus on the internal marketing mix of the stores, more specifically I am interested in the lost sales of the Van de Velde stores. Lost sales could provide an important opportunity for Van de
Velde NV to increase the turnover without opening new stores, since the potential customers are in the stores already.

The management of Van de Velde describes problems and solutions often with the use of metaphors, more specifically soccer metaphors. I would like to take their example for the use of the term lost sales. The term ‘lost’ in the soccer industry is mostly used for losing games, as an unchangeable fact. So when talking about lost sales this would implicate that the battle for the consumer is lost. But is this really true? I would like to call the phenomenon lost sales, missed sales. Missed is like missing a goal, giving the soccer player an opportunity to learn about his competition, to learn from his mistakes, to fine-tune his strategy and giving him another chance to score again. The purpose of this research is to gain insights in the existence of missed sales in the body fashion industry. It is meant to look for the reasons behind missed sales. In the end the conclusion of this research needs to lead to an advice to the company Van de Velde. This advice will state opportunities concerning missed sales and possibilities to attack the missed sales. In this way the conversion rate can be increased, and more importantly the organic growth that the company is longing for can be realized. Therefore I would like to speak about missed sales instead of lost sales, since in every missed shot there is an opportunity to learn and to score the next goal.

1.1 Problem Definition and sub-questions

So far the research concerning missed sales has focused itself on the total retail environment. The problem with such broad researches is that the outcomes can be quite general. Fashion retailing covers so many branches, which are all very different. What works for clothing retailers might not work for retailers in the body fashion market. The critical point in this study is how missed sales relate to the body fashion market, more in particular to the luxurious specialty store. Based on the information stated above, the following main research question is stated:

“What factors are causing missed sales to occur in a luxurious lingerie retail concept and what might be possible solutions to prevent missed sales in these retail concepts.”

In order to be able to answer this main research question a number of sub-questions can be raised.
1.2 Thesis Outline
This chapter will describe the outline of this research report. The structure of the report is based on the sub-questions described above. First I want to start with the introduction of the company Van de Velde. The first thing that needs to be clarified is the definition of a luxury retail concept, what does this actually mean. This definition is followed by a short description of the market. After that the retail concepts that are researched in this report are introduced. A comparison is made between both retail concepts as well. The third chapter of this research report is the explanation of the missed sales phenomenon and what are results of previous researches after missed sales.

In the chapter following a few important aspects of a luxury lingerie concept are described. What is the importance of the assortment and service in these kinds of stores. What kind of customer behaviour is specific for lingerie stores? The literature review ends with a chapter of important factors in a lingerie store that will influence the customer experience and could influence the missed sales. After the literature review an overview is given of the methodology used for this report, followed by the hypothesis that we state. We end this report with the results of research we performed among customers in the retail concepts. We end this report with the answer on the sub-questions and by answering the main research. This research report needs to backbone of an advice given to the company Van de Velde. In this advice the consequences of missed sales for the company will be calculated. Possible actions take can be taken to prevent missed sales will presented in this advice.
Chapter 2. The market

2.1 Introducing the company Van de Velde
The company Van de Velde was found on 10 December 1919, just after World War I by Achiel Van de Velde and Margaretha Van de Velde (Van de Velde, 2011). It started as a small company producing corsets. From the beginning onwards the company focused on essential products. Key values of the company were quality, a strong relationship with its clients and its suppliers and a great service to their clients. Thanks to these strong key values the company survived the Great Depression. Another challenge came with the Second World War. The company found a way to survive during the war and saw expansion possibilities in Holland after the war ended. After the war a new generation Van de Velde’s entered the company. The modern woman was looking for more comfortable underwear, instead of the old fashioned corset. In the years after the war Van de Velde adapted itself to the wishes of the modern woman, by usage of softer and more elastic materials. Due to this innovation in materials and being able to meet the wishes of it’s consumers, the company gained importance on the market and grew exponentially.

In the fifties, the company went from production on request, to a set production and ordering from stock. It was in the fifties that Lycra was invented, a new step in the liberation of the female body. The company became successful in producing body stockings and launched the first stretch bra into the Benelux market. In 1961 the company starts with the brand Lily of France and is going into a more fashionable direction. In the sixties the company starts to collaborate with PrimaDonna, a German lingerie manufacturer. In the seventies the company proved again to be able to resist the economic crisis. With the focus on creativity, innovation and by staying self-critical the company managed to stay alive. In 1977 Van de Velde launches its own brand Van Dell, with the main focus on bras. In the eighties the company decides to shift its focus to more fashionable underwear, and became a fashion company. That is why in 1981 the brand Marie Jo was introduced to the world. In 1989 the brand PrimaDonna enters the brand portfolio of Van de Velde.
The company grew exponentially during the eighties and beginning of the nineties. But the production facilities were not able to keep up with this growth. Van de Velde decided to start collaborating with the Chinese company TopForm. This collaboration proved to be a golden combination, since the company is still working with TopForm today. To be more flexible in its production the company started its own production facility in Tunisia in 1995 and opened the doors of its own factory in 1999. In 1997 the company entered the stock market. In the years following the company launched several new brands: L’aventure, Marie Jo Intense, Andres Sarda and PrimaDonna Twist.

In the past ten years the company started to focus on the retail side of the industry as well and is now owner of several retail brands. In 2003 the company opened the first Marie Jo Boutique in France and several German stores followed. The new strategy did not always proved to be successful; some stores were closed down in the years following. The company started to believe that a Marie Jo Boutique should be able to help all kinds of women and needed to offer products for different occasions. The product offering was extended with new non Van de Velde brands and products like swimwear and nightwear. The name did not longer cover the concept and therefore in 2009 the Oreia concept was born. Oreia comes from the Greek word for pretty but also has the French word oreille in it, what means listening. A perfect combination, since through the Oreia stores the company wanted to make a woman prettier by listening closely to the customer.

Lingerie can make or break your outfit. Surprisingly enough, only few consumers realise this. Almost 70% of the women wear the wrong bra size. A bra with a good fit can make you look lighter and will make your cloths look even prettier. A very important aspect of the company today is the special training programme that Van de Velde set up, called Lingerie Styling. Through this styling programme the personnel in specialty stores is trained in finding the perfect fit, colour and shape for their consumers. In this way Van de Velde invests in the specialty store as its main sales channel and is able to follow its mission: “to shape the body and mind of women”.

This training is only given to selected specialty stores. Why? Because the company believes that the fitting room has to be the centre of attention. In specialty stores the service level is in general higher. The staff in these stores is trained to measure the size
of the consumer. They select the perfect fit based on the consumer’s physical appearance. Next to that they take the personal taste of the consumer and the desired effect into account. The store employee performs a colour analysis for every consumer as well. All with one goal in mind: finding the perfect lingerie for every consumer. In the end the company hopes to educate its consumer and to create an environment where the consumer will return to the specialty store.

In 2007 Van de Velde bought the American chain store Intimacy. Intimacy is a chain that works with the bra-fitting concept that is closely related to the idea of Lingerie Styling from Van de Velde. The expansion of retail did not end with the take over of Intimacy. In 2010 Van de Velde took over the Dutch franchising formula called Lincherie, currently this formula contains 31 stores in The Netherlands. Next to that the company gained a majority participation in Rigby & Peller, a British lingerie concept, in 2011. Van de Velde has always believed in the concept of Rigby & Peller, and it’s heritage in Lingerie Styling. Therefore Van de Velde decided to change the concept of their European stores from Oreia to Rigby & Peller as well. In that same year a joint venture was closed with Private shop in China. Now in 2013 the company owns around 90 stores worldwide. It can be stated that the company is no longer just a manufacturer but it is starting to become a serious retailer.

2.2 The definition of the term luxurious lingerie concept

Since this study researches luxurious lingerie stores this definition needs to be explained first. There are several players on the bodyfashion market with a different positioning. Retailers in the bodyfashion industry can roughly be divided into two categories department stores and independent stores. Many women shop for lingerie in bigger department stores like de Bijenkorf, V&D and Hema in the Netherlands or Karstadt, KDW, Kaufhof in Germany. These department stores offer a wide variation in brands. Many brands own a shop-in-shop in these department stores. Independent stores can be divided into mono brand or multi brand stores. Well-known chain stores are Hunkemöller or Victoria’s Secret, but many brands who started as a wholesaler are now trying to prove themselves as a retailer too, for example Triumph has opened many own stores, some of which are franchised. Next to these mono brand stores there are multibrand stores. These stores can be part of a group, for example Livera and Lincherie
in the Netherlands or Rigby & Peller in Germany. A large part of the bodyfashion market exists out of independent entrepreneurs with a lingerie boutique. This research focuses on multi brand stores that are part of a group. We call them the luxury lingerie specialty store. We use the term luxury, because of the positioning in the market. These stores carry well known more expensive labels and have an extensive offering in different styles and sizes. The store staff is trained. These stores are the specialists on the market.

2.3 Retail Concepts; Introducing Rigby & Peller and Lincherie

In order to justify the outcome of this research it needs to be clear that the retail concepts that are investigated in this research are representative for the bodyfashion market. The concepts need to show enough similarities and differences in order to justify the findings. For this research I have investigated two retail concepts owned by the company Van de Velde, namely Rigby & Peller and Lincherie. Strategy of both stores is to connect with the customer because of the great service the stores are offering and not because of promotional offers. Excellent service and sincere connections with customers are the backbone of these two concepts. This needs to differentiate them from other players on the market.

The stores are located in two markets. The first concept Rigby & Peller is present in Germany and consists of nine stores today. The concept itself was introduced to the German market about one year ago. This does not mean that all stores are only one year old. Van de Velde Retail has been present on the German lingerie market for over ten years now. Over the years new locations were opened, some others disappeared. Before the introduction of the British concept of Rigby & Peller the stores were known under the name Oreia Lingerie Stylists. Core of the concept is Lingerie Styling, a very personal approach to each customer, deliver an exquisite service level and establish a unique fitting room experience. The concept is positioned higher in the market. The brand portfolio is limited to six lingerie brands with bra’s available from a price point of around 75 euro up to 170 euro. Other product categories offered at Rigby & Peller are swimwear and a small range of luxurious nightwear. Rigby & Peller added a small assortment of stockings to its product offering in October. The stores are located in eight big cities in Germany, for example Munich, Düsseldorf and Berlin. Most stores are located in a B-location or an A2 location. This means that the stores are close to a main
shopping area, but not located on a main shopping street or a top location with large amounts of traffic. The average age of the customers of Rigby & Peller is around 48 years old. Purchasing for the Rigby & Peller stores is centrally organized, and done by the buyer of the retail department in Europe. The ticket size in these stores is on average around 115 euro. The average conversion rate at Rigby & Peller is around 20%.

The second concept Lincherie is a retail formula that has been present on the Dutch market for many years. Originally Lincherie was part of a franchise formula, owned by Euretco. In 2011 the company Van de Velde bought the Lincherie group from Euretco. Now a days the Lincherie group consists of 31 stores across the Netherlands. In March 2013 Van de Velde took over the Donker group (textilia.nl, 2013), which existed out of eleven stores mainly situated in the North-West of Holland. The Donker Group existed out of four retail concepts; one Lincherie store, three Jackie D. stores, two Livera stores and five Lindessa stores. Van de Velde has transformed ten of the eleven stores into Lincherie stores in October 2013 (textilia.nl, 2013). With the introduction of these ten stores to the Lincherie concept, Lincherie is not only a franchise formula anymore but contains several company owned stores as well. In this research we focus on the company owned stores, because more accurate information was available on those stores. The Lincherie stores focus, similar to Rigby & Peller, on a personalized advice and service to each customer. Lincherie has compared to Rigby & Peller a broader assortment and more product categories. Of course all stores, both Lincherie and Rigby and Peller, have a large offering in lingerie and swimwear, but the Lincherie stores offer a bigger diversity in brands. Next to that the Lincherie stores have a large offering in basic underwear, nightwear and stockings. Many of the Lincherie stores carry a selection of men’s underwear as well. Prices vary between 40 euro up till 120 euro per bra. The average ticket size is compared to Rigby & Peller much lower, it lays around 64 euro, but the differences among the stores are quite big. Is it strange that the average ticket size in these stores is lower? No, since the product offering at Lincherie contains more products at a lower price point. For example if a store has many customers that are coming to buy a pair of basic knickers, those stores will have a lower average ticket. At Rigby & Peller that sort of products are not part of the assortment, so most people come in to buy a lingerie set or a bra, this makes that the average ticket size is higher.
The conversion rate on the other hand is higher at Lincherie; around 27%. This could be a result of the variation in product offering.

In order to find data, to be able to compare the two concepts on brand and product diversity, several analysis are made in the cash register of both stores. The data are from the first of July until the end of December. First an analysis is made to compare the differences in product categories. Since the figures are based on the period July until December the swimwear share in the stores is relatively low. An analysis made on an entire year will show a shift in the swimwear share.

Figure 1: Share of the product categories the Netherlands. Source: Cegid

Figure 2: Share of the product categories Germany. Source: Cegid
As you can see the percentage of the turnover in lingerie is more than 13% higher in the German stores. Swimwear is in both concepts equally important. The contribution to the turnover of the nightwear and homewear category is much bigger in the Netherlands. Also menswear and stockings make a significant part of the turnover.

In figure 3 and 4 the difference in brand variety between the two store concepts is very clear. The variety in the Dutch Lincherie stores is much wider than in the German Rigby & Peller stores. In total Lincherie is carrying 53 different brands. Questionable is if the amount of brands in the Dutch stores makes a clear story to the consumer. It might be difficult to have a clear positioning in the market with this amount of brands. Also from a purchasing point of view this amount of brands is highly inefficient, similar time is spend in smaller brands that looking at the contribution to the turnover don’t bring enough money to the table.

![Figure 3: Brand Diversity the Netherlands. Source: Cegid](image)

Rigby & Peller on the other hand is the exact opposite. The turnover is highly dependant on five main brands. In total Rigby & Peller is carrying 26 brands, less than half of the brand offering of Lincherie. A limited brand offering brings several risks. What if the collections of two of the five brands are not good, which brand is able to replace the turnover? From a consumer point of view this product offering might be too limited.
Other product categories or brands need to be added in order to bring more turnover and security.

Figure 4: Brand diversity Germany. Source: Cegid
Chapter 3. Lost Sales

An important definition in this research is the term ‘lost sales’ or missed sales. Based on the literature research I performed I want to explain what is meant by this term and explain the importance for the body fashion industry.

The retail monitor formula is showing a more detailed analysis of the turnover of a store or concept. \( T = TA \times Vi \times C \times AT \) (Quix, 2012), this formula tells us that turnover is created by the amount of potential visitors * the visitors index * conversion rate * average ticket. \( A \times Vi \) is influenced by the external marketing mix. It says something about the attraction power of the concept. The second part of the formula \( (C \times AT) \) is influenced by the internal marketing mix, and says something about the transaction value of the concept. In this thesis the main focus will be on the transaction power of the concept, since that will be a main driver for growth the upcoming years.

According to Quix and Van der Kind (2012) a lost sale occurs when a customer has the intention to purchase an article in the store, but that intention is not followed by an actual purchase. In this definition an important aspect is the purchase intention of the customer. Therefore Quix and Van der Kind have identified four possible situations regarding the purchase intention of the customer and its actual purchase behaviour. The first situation is the planned purchase; a visitor with a purchase intention whose intention is indeed followed by a purchase. The second situation is an unplanned purchase; visitors without a purchase intention but who actually buy something in the store, also called the impulse purchase. The third situation is the actual lost sale: visitors who have a purchase intention but who have decided to leave the store empty-handed. The last situation occurs when customers without a purchase intention leave the store without a purchase. These are customers who just visit a store for orientation or for fun shopping. The sum of the planned and unplanned purchases is the conversion rate.

In my perception an extra note needs to be placed in the definition of lost sales. In my opinion a lost sale does not always implicate that a customer has not purchased at all in the store. For example it is possible that a customer buys a bra, but the matching brief that she wanted is out of stock, and the customer does not want to order this brief. This
is also an example of a lost sale, even though the customer has made a purchase, but has not purchased entirely what she intended.

The fact that Quix and Van der Kind are talking about a planned purchase, embraces the idea of unplanned purchase, or impulse purchase. Not every customer goes out shopping with a buying activity in mind. Already in 1972, Tauber, found in an exploratory study that people shop for a variety of reasons, which is not necessarily a buying motive. Tauber found that many reasons behind a shopping experience have to do with social or personal motives. People might shop from a feeling of inspiration or self-gratification. For example people feel depressed and try to lift this feeling by buying something pretty for themselves. Another motive can be found in the possibility to demand attention of store staff to look for a feeling of power, status. People might look for social experiences or sharing of interests. Different shopper classifications should be distinguished with the additional benefits people obtain from shopping. Stern (1962) states that there are four classifications for impulse buying. The first classification is pure impulse buying; this is what can be seen as the true impulse buying, directed by emotional impulses. The second is reminder impulse buying. In this classification the consumer is reminded that they need a product, but before entering the store there was no existence of a purchase intention. This impulse is driven by previous knowledge for example through advertisement or previous buying behaviour. The third classification is suggestion impulse buying. In this classification the consumer sees the product for the first time and is able to imagine the need for the product, this buying behaviour is driven by a functional impulse. Important is that there is no previous knowledge on the product. The last classification is in my perspective the most interesting one, planned impulse behaviour. Hereby the impulse occurs when the shopper enters the store with some specific purchases in mind, but with the expectation and intention to make other purchases as well. This type of impulse buying shows a very thin line with a planned purchase. Where does impulse buying stops and planned purchasing start? Don’t we all have something in mind when we enter a store? If this is even impulse purchasing, what divides planned from unplanned purchasing behaviour? Therefore I would gather these kind of impulse purchases under planned purchasing behaviour.
Over the years several researchers and consultant agencies have done research on the phenomenon of lost sales in the Netherlands. However none of these researches focused on the lingerie market itself, with its specific characteristics. Boer & Croon (2007) performed an extensive research on lost sales in the Dutch non-food sector. Their research in five different branches shows that the amount of lost sales in the non-food sector in Holland is significant. On average 1 of 6 customers is a lost sale, approximately 17% of the total visitors. This is around 32% of the potential turnover, around 6 billion euro. When looking at the reasons for the lost sales in total, six reasons were distinguished. The main reason was that the product was not in the assortment 35%, this was followed by the reason that the product or size was sold out 24%, the customer could not find the product 10% or service was not existing or bad 6%. Reasons that were less occurring were that the product was too expensive or the store was too crowded. There are significant differences between the various branches. Boer & Croon also state several possibilities to prevent lost sales from occurring. Important successes for a low lost sales rate were a clear positioning, quality, pro-activity of the personnel on the floor and a clear structure in routing of the store. Also inventory management and the higher management of a chain is determining the success and the height of the lost sales percentage.

In results of a similar research performed by Quix and Bakker in 2011 the lost sales percentage was 28,1%. This was the average lost sales percentage in five branches. Quix and Bakker follow the same definition in lost sales as is used in this research. Contributing to the lost sales are consumers that not buy at all or buy less than intended. The conversion was on average around 46%. Around 26% is orienting in the stores. On average a retailer missed €52,78 turnover per lost sale. The main reason for occurrence of lost sales was the assortment of the stores: 83,6%. Within the assortment several reasons were given. The main reason was that the desired product was out of stock, this could be the product, brand, colour or size that was unavailable. Other reasons were that the variety in the assortment was not good or the price level was not satisfying. Personnel was in 1.5% of the cases the reason for a lost sale. There were differences between the branches. For example branches with a more fashionable character like shoe retailers or fashion retailers showed a higher percentage of lost sales. Also the percentage of fun shoppers is higher than in other industries.
In the research of Quix and Bakker, they did not only look at the entire branch but also looked at the individual contributing chains. Chains that are successful and had a lower percentage of lost sales were chains that had a very clear positioning. This clear positioning makes it easy for customers to know what they can expect from the store, assortment, and the service in a particular store. The fulfilment of a customer’s expectation is what makes or breaks the customer’s shopping experience. Knowing your customer becomes more and more important to be able to deliver the right store experience. The research also shows that stores with a higher service level, stores that really help their customers, show a lower level of lost sales. Quix is saying that the perception of the consumer in out of stock situation is different from the actual out of stock situation. Here the sales floor staffs play an important roll. Perhaps the customer can’t find the product and needs help finding it. Or if an item is really out of stock, the sales staff can offer them something else. Again, here it is important as well that when a store creates expectations of an excellent service for the customer, this service needs to be delivered otherwise it will lead to an unsatisfied customer and to lost sales. If a store has a higher amount of m² this will reflect in the self-service ratio of the customer. This raises the following question: If a concept has a high service promise, does this automatically mean that they should not build bigger stores? This might be true, because they have to increase the amount of personnel available on the floor to be able to live up to their promise.

It remains questionable how a customer will respond to a lost sale. A research done by Gruen and Corsten in 2002 for the University of Colorado on out of stock situations show that customers have several ways to respond to an out of stock situation. Either they substitute the product within the same brand or with another brand, they buy the item at another store, delay the purchase till the item is available again or do not purchase the item at all. This research has been performed for the grocery sector, but it is not unthinkable that fashion consumers think alike. Currently the customer is much more aware of the potential product offering due to the raise of the internet (2010) retail 2020. If a customer wants to have a particular product there is a possibility to order it for the customer in the store. But this is not always the solution. The database of the Van de Velde stores shows that the amount of people not picking up a customer
order lays around 35% on average. Another option is purchasing online. A big risk, however, remains that the more time customers get to think about their purchase, the bigger the chance that they might reconsider a purchase and not spend at all.
Chapter 4. Important aspects of the lingerie store

4.1 The importance of the right assortment
There are many things important in creating the right retail concept. You need to have a good location with a decent amount of traffic. You need to have an attractive looking store, with a logic routing and lay-out and you need to have the right sales person in your store, who is friendly and knowledgeable. But in the end the product you are carrying is the most essential in retail. One of the biggest challenges a retailer has to face is finding the right assortment. Retailers try to find the right balance in their offering among variety, being the number of product categories offered, depth of the assortment and the stock levels that need to be in store for every stock keeping unit. (Mantrala, 2009) All these area's are related. Important limitations in the retailers purchasing process are the budget and the store space. (Grewal, Levy & Kumar, 2009).

The assortment needs to be tailored to the specific needs of the area where the store is located. What works in one country will not always be successful in another country, but even stores in a similar country can vary. For example the demographics and taste in a rich area of Amsterdam might vary from the people in a town in the north of Holland, like Alkmaar. This implicates that retailers need to research their potential clientele, to create the right assortment. On the other hand retailers have to deal with a customer that is more oriented than in the past. Due to the rise of the internet customers are much more aware of the total offering of brands, making it harder for retailers to anticipate on specific needs.

A large offering might be positive, since the customer has a lot to choose from, but besides the hassle that the purchasing team needs to go through in offering a wide variety of categories and brands the customer might experience too much choice as something negative (Mantrala, 2009). This is the case when the offering creates a feeling of being overwhelmed or if the decision making process is too complex. Retailers need to present a clear story to their consumers, by making a few choices for them. On top of that, the perceived variety can be different for customers than the real variety (Broniarczyk, Hoyerm McAlister, 1998). Retailers need to communicate their assortment in a clear and visible way, visual merchandise plays an important role in this.
With the right visual merchandise the perceived variety of the store can change into a more realistic view.

4.2 Service in lingerie stores
According to Tracey and Wiersema (1993) there are three types of leadership; product leadership, operational excellence and customer intimacy. With a strategy focused on customer intimacy companies are trying to fully understand their client. The company will direct all products and services to the needs of its client. The focus is on the lifetime value of a customer, not on the single turnover that a transaction can generate. This is exactly the focus of the specialty stores of Van de Velde.

Both store concepts are working around a concept developed by Van de Velde called Lingerie Styling. Lingerie Styling is a fitting room-service concept that needs to improve the culture in the fitting room across European specialty stores (Van de Velde, 2011). Market research performed by Van de Velde tells us that more than 70% of the women wear the wrong bra size. Since the company’s mission is “To shape the body and mind of women” Van de Velde decided that they wanted to improve the service level of lingerie stores, and by doing so attract more customers to the specialty stores. In this way the company is securing its market. The fitting room needs to be the centre of the lingerie store. In the dressing room, every woman will be offered the best lingerie advice for her body, personality and lifestyle. In this, the role of Lingerie Stylists and a personal approach is crucial. At the same time Van de Velde has developed its retail department around Lingerie Styling. Since styling is one of the core fundamentals of the company’s retail vision, Van de Velde is sending mystery shoppers to the stores every two months. With the information that comes out of the mystery visits, field managers that coach the stores will work on points that need more attention. In this way the company tries to secure the service level in all its stores.

Next to that the relatives and friends of the retail team are asked to mystery visit our stores as well. Because of the fact that these people are not trained as mystery shoppers, they see the store through the eyes of an actual consumer. These visits are a source of valuable information in order to build a good performing retail concept. The outcome of this research is most of the time very confronting, since during these visits one of the
findings is often that the store staff is missing out on the essentials in customer service. Noticing a customer and letting them know that they are being noticed are often things that are easily forgotten. On the other hand these same visits show that once the customer has entered the fitting room the real experience of Lingerie Styling starts. Once a customer is starting a fitting experience there is a sincere attention for the woman, and the stylist will find lingerie that suits the personality, shape and taste. A styling session is being experienced as a feeling of being the centre of attention, a gift.

During the several store visits that I have done over the past few months it is clear that a normal fitting session takes a long time. A fit session easily takes up half an hour to an hour of a customer’s time. During a fitting session the customer demands a lot of attention of the stylists. This time consuming approach makes it questionable if this service will hold during high traffic moments. Will the promise of an excellent service hold, or will it be impossible to give a customer the attention that she deserves while serving multiple customers at the same time? If personal advice is the unique selling point another question that needs to be raised is the following: what if the competition starts using the perfect fit promise? What will be left of the unique selling point of the Van de Velde stores?

4.3. Customer Behaviour and Lingerie

People who have seen the movie Bridget Jones’ Diary will probably remember the scene where Bridget is wearing ‘granny knickers’ in a love scene with Hugh Grant. After a very long inner war she decides to wear this since the high brief is more flattering under the dress, but is not sexy at all to see. This inner battle of what underwear to wear is an example of the influence of lingerie on our emotions. Purchasing and selling lingerie is, compared to other fashion products, a lot more related to the psychology of women and their self-esteem. The customer is more vulnerable in a lingerie store, showing a lot of their body to a stylist. Lingerie is a product that is very personal, intimate. Therefore it is important to understand the reasons for purchasing lingerie and the different consumer types that are buying lingerie. The feeling of self-monitoring and self-confidence is stronger when lingerie is visible for others. For example in the purchase of swimwear customers will look at different factors compared to the purchase of a functional bra.
According to a market research of Mintel in the United Kingdom in 2008 only 34% of the British women wear matching underwear (DailyMail, 2008). The same research claims that women in the UK spend around 10 pounds per month on underwear. At the same time 44% of the women state, in a similar research performed by Mintel in 2012, that they believe that lingerie has the power to make them feel good. Based on my own experience in selling luxury lingerie this is actually the case. Women tend to have a very negative self-image, while standing in the fitting room of a lingerie store. But when trying on a beautiful set of lingerie, in the right size, shape and colour, an often heart statement is the following: ‘Wow, I actually feel sexy and beautiful’. Your customer will all of a sudden stand up straight and look confident.

Several researches have been performed for Van de Velde over the years concerning customer experience and satisfaction of the different retail concepts. A recent research, assigned by Van de Velde in November 2012, Callebaut & Co found that the way women deal with femininity, their bodies and their sexuality determines the relationship they have with lingerie. See figure 5. There are four main ways of dealing with sexuality. Exploring sexuality, experiencing sexuality, treasuring sexuality and concealing sexuality. A woman who finds herself in the bottom right corner is insecure about her body and about her sexuality. This type of woman will need to receive reassurance and a feeling of comfort and safety from the lingerie stylist. This type of woman is mostly concerned about the right fit and the stylist is her expert. A woman who is in the left middle is very confident, she is aware of her sexuality and she will demand attention from the stylist. In this case the stylist will need to pamper her customer and make her feel special, so that the customer has the feeling of standing out, she is looking for a mind-blowing experience. This customer will also look for something more outspoken in a product. A woman in the right upper corner has accepted her body as it is, she will like to try different styles as long as she feels good in it. This is illustrated in figure 5. This idea of sexuality and lingerie shows again that every customer needs to be approached in a personal way.
The team of Callebaut & Co asked during a focus group in Dortmund about positive and negative experiences in a lingerie store. Based on the answers given they distinguish several drivers and barriers of shopping for luxury lingerie. They differentiate basic drivers and barriers and extra drivers and barriers. Next to that a difference is made in functional aspects of the store experience and emotional aspects. The basic drivers are those things that are fundamental and necessary to be present in a luxury lingerie store. The basic barriers are presumed to be definite deal breakers if they occur. Extra drivers and barriers are those things that can surprise a customer or may cause a feeling of disappointment, the extras need to set a store apart from other luxury lingerie stores. Basic functional drivers were for example an offer of high quality products, surprising brands and a large offer in sizes and different shapes. The store needs to be clean and needs to have large fitting rooms. The salesperson needs to be caring and knowledgeable and needs to take time for her clients. Being arrogant or unavailable is absolutely not done. Functional barriers on the other hand were not finding your size, a high price, an uninviting shop or shop window or a crowded store. And a very important deal breaker is being left alone in the fitting room for a longer time. Essential emotional drivers were feeling welcome, feeling understood, feeling feminine and sensual.
Emotional barriers were for example feeling naked, not feeling beautiful or a negative self-image. Also the feeling of being pressured by the salesperson is an important barrier. Extra drivers could be being offered a drink, a personalized approach, explanation of your body, and being given the feeling of uniqueness. Extra barriers are the need to order a certain item (even though most stores see this as an service), unflattering light and models in the window that are too perfect.

Each and every woman and her breasts are different from those of another woman. The difficulty of breasts is explained well by lingerie designer Marlies Dekkers in the book Stout (2007): “Breast need to fit into the cup nicely, if it is a 80A or a 75C. When it comes to volume and mass all 75C breasts might be the same, but when it comes to shape they are all different. It is almost a mathematic question to find the ideal fit and shape, that will fit all those breasts nicely”. In total there are now almost 100 different sizes available on the market. Breast size between 65-115 cm and cup sizes from A till J, and some brands even produce a K cup. Recently Van de Velde announced that from January 2014 onwards they will stock a J cup, since the cup size of women continues to grow (nieuwsblad.be, November 2013). Somewhere between 70% till 80% of the women does not know which size she has or wears the wrong size (Reusens, 2007). Next to the amount of sizes another challenge in finding the right lingerie is finding the right shape. Several shapes are available, each shape meant for a different type of breast or a different type of woman. With all these things to taken into account lingerie is probably one of the most difficult pieces of clothing.
5. Methodology

This chapter describes the methodology behind this study of missed sales in the body fashion industry. It will describe the sample of respondents on the survey and the way these respondents are approached.

The research will be based on the experiences of two different retail concepts in the luxurious lingerie segment, situated in two countries The Netherlands and Germany. The first concept is Lincherie in the Netherlands. The second concept is Rigby & Peller, lingerie stylists, in Germany. The Rigby & Peller concept can be found in several countries worldwide. The UK, Germany, Spain, Denmark and China. In this research I will focus on the German Rigby & Peller stores. Despite the fact that the two concepts are owned by the same company, Van de Velde NV, the concepts show enough differences to justify the outcome of the research.

The first part of the survey focuses primarily on the existence of a purchase intention of the visitor. Four groups are being differentiated in the survey. Planned purchase, unplanned purchase, lost sales and orientation is differentiated. If and when a customer belongs to one of these groups is determined in the first two questions of the survey. The second part of the survey is meant to test the general opinion about the store, if the assortment is right, the prices ok etc. The third part of the survey asked about the most important reason for not buying a product and if they were satisfaction about the service. This part contains the reasons for a possible missed sale. The final part of the questionnaire asked for the main reason of visit and asked for demographics like age and size.

5.1 The Sample
The sample that has served for the research was made up out of 147 respondents. These respondents were all visitors from the Van de Velde stores. The respondents were either visitor of the Rigby & Peller stores in Germany or the Lincherie stores in Holland. The data for this research is obtained from exit interviews. Each visitor was asked when leaving the store if he/she wanted to answer a short questionnaire. Lost sales can only be measured through interviews on location, since it is essential to know the actual
purchase intention of the customer. The chance that the customer forgets certain aspects of its store visit is increasing if the time and distance are growing. This is why research on location is the best method to measure missed sales. No selection was made based on whether these visitors made purchase or did not make a purchase. As many visitors of the stores as possible were approached by the sales staff to respond to the questionnaire. The store staff performed the questionnaires to the visitors in the store, since I did not had the possibility to visit all the stores myself to perform the survey. A consequence however is that the questions concerning the service level in the stores probably do not represent the actual feeling of the customers.

In total the research is performed in 25 stores, divided over the Netherlands and Germany. The survey is conducted on both weekdays as during the weekend. In total 147 people participated on the survey. Even though the amount of participants is quite low to give an exact view on the situation in the Van de Velde stores, I do feel that the outcomes of the research will remain the same. Adding more respondents will probably only confirm the outcome of the research.

The sample contains only women, since women are the core customers of the Van de Velde stores. Even though the stores in Holland also sell men's underwear, the focus in this research is only on women. Men's underwear is responsible for 3% of the turnover in the Dutch stores, and based on interviews with the store managers, women are mostly responsible for this turnover, because they buy the underwear for their husbands or boyfriends. The average age of the participants is 47 years old. If we take a look at the average age in the Cegid database of 40.000 customers, the average age is 48. So this implicates that the sample is representative for the customers shopping at Lingerie and Rigby & Peller. The most occurring cup size under the respondents is an 85D and a 75D, if we compare this to the most sold bra size in the Cegid database, which is 80D this means that also on behalf of size, the sample is representative for the stores I have researched.

After I made the analysis on the survey that was performed in the months October and November 2013, I contacted a few of the store managers. I interviewed them on what
they feel the reasons behind the lost sales are. After that they were confronted with the findings of the research.

5.2 Hypotheses
This part will describe the few hypotheses that will be tested based on the research questions formulated. The main purpose of the study is to find the reasons for missed sales in luxury lingerie stores. The influence of the assortment in the buying decisions of the consumer is very big. In previous research done by the Uva and Q&A research in five branches (Quix, Bakker 2011) it is shown that in 84% of the cases the assortment was the biggest driver for lost sales. In 41,2% the main reason for missed sales was an out of stock situation. Also variation in the assortment (26,2%) and price (9.7%) were important drivers for lost sales. In the survey that is conducted I would like to proof if this is also the case in luxury lingerie stores. Therefore the first hypothesis is: ‘The main reason for lost sales to occur can be found in the assortment of the lingerie’.

As stated in previous chapters of this research, it is a real challenge to find the right lingerie. In luxury lingerie stores the service of the store personnel is very important. Especially in the Rigby & Peller stores a big part of the product offering is in drawers. Without the help of the store personnel it will be difficult for the customer to have an overview of the assortment. The personnel guides the customer through the fitting process and they advice the customer in what product suits the client best. Therefore I would like to state the second hypothesis as following: ‘Most customers that have a fitting session with one of the stylists will make a purchase and the missed sales percentage will be lower.’

Because I believe that the main reason for missed sales will be found in the assortment, I believe that because of the smaller product offering at Rigby & Peller, the missed sales percentage will be higher in comparison to the missed sales percentage of the Lincherie stores. Therefore the third hypothesis is: ‘A smaller offering in product categories will increase the missed sales percentage’.

In general the products at the Van de Velde stores are more expensive. It is possible that because of this price point a certain customer group will not contribute to the turnover
of the stores. It could be that for example a younger clientele is attracted by the store but is not able to afford the prices, or the right assortment is not available. Therefore I would like to state the last hypothesis: *the current assortment at the Van de Velde stores is not appealing enough for younger customers or is too expensive.*
6. Results

This part of the research report will present the results of the analysis performed on the surveys held in the Van de Velde retail stores.

6.1 The occurrence of missed sales in the Van de Velde stores.

When looking at the purchase intention of the respondents to the survey among visitors of Rigby & Peller and Lincherie around 80% of the respondents state that they had a purchase intention before entering the store. Around 10% states that their purchase intention changed during the store visit, they came in to have a look around and they were triggered in store to buy something. Another 10% is just looking around, browsing in store. These figures are similar for both concepts. Comparing this to the outcome of the research of Bakker and Quix (2010) in the fashion retail the difference is quite big. In the fashion industry the purchase intention is around 58%. Why is this difference so significant? The orientation process for fashion items takes place in the stores, also know as fun shopping. People are visiting several stores, without knowing what they want exactly and if they want to purchase something altogether. With lingerie this is often different. Customers come in knowing that they need a new bra, not necessarily knowing what kind of bra.

Missed sales cannot be found only in visitors that do not make a purchase in a store at all. In this research, customers that made a purchase in the store but have not found everything that they were looking for, are contributing to missed sales. When looking at the outcome of the survey 37,4% of the respondents came into the stores wanting to buy something and found everything that they were looking for, they made a planned purchase. Only 7,5% of all respondents claims that they were just looking around, and were not seduced to make an impulse purchase. Around 21% of the respondents states that they had the intention to make a purchase but could not find what they were looking for at all. These 22% of the respondents make the actual missed sale. Another 20% bought something at either Rigby & Peller or Lincherie, but was not able to find everything they had wanted to buy. So this means that if the actual missed sales are combined with the respondents that have not found their complete order the total of missed sales lays around 41% of the respondents.
As stated before only 7.5% of the respondents was just orientating in the store. If you compare this with the results of the research performed by Q&A (2010) in the fashion sector, the difference in orientating visitors is remarkable. The percentage of orientation in the fashion stores is 36.7%. Lingerie is considered to be a part of the fashion branch, but the outcome of this research implicates that people are not visiting lingerie stores just to have a look, the majority of the visitors of a lingerie store comes in having a purchase intention.

Are there any differences between the two countries? In Germany 25.8% of the respondents is making a planned purchase. Only 3% is making an impulse purchase. 25.8% of the respondents is stating that they could have bought more. Another 27.4% claims that they could not find what they were looking for in the store, so those respondents make the true missed sales. The total missed sales percentage is at 51.6%. Next to that 11% of the people contributing to the survey stated that they were just looking around. At the Lincherie stores the amount of missed sales is much lower. 45.9% of the respondents made a planned purchase and found everything they were looking for. Around 15.3% bought something, but would have liked to buy something else as well. And only 16% of the respondents claimed that they had a purchase intention, but left the store empty handed. Around 12% of the respondents changed their purchase intention in store and made an impulse purchase.

Comparing the results between the two concepts, it becomes clear that the percentage missed sales at Lincherie is significantly lower than the missed sales percentage at Rigby & Peller. Especially the low percentage of impulse purchases at Rigby & Peller is striking, it is showing the difference in store concepts. At Lincherie there is much more product offering visible on the shopping floor and there are more product categories available. At Rigby & Peller there is very little product visible on the floor, many items are in drawers to create a more high-end image. This difference in product visibility and product assortment might be a reason for a lower percentage at Rigby & Peller.

6.2 The main reason for missed sales; testing Hypothesis 1 and 2
The previous paragraph concludes that missed sales occur in the luxurious lingerie concepts Lincherie and Rigby & Peller. But a more important question, and the first part
of the main research question of this research is: ‘*What factors are causing missed sales to occur in a luxurious lingerie retail concept?’* Without the reasons for missed sales it is impossible to come up with solutions to bring the percentage missed sales down. When looking at what is causing the missed sale, a difference needs to be made in made between the case where there was a purchase intention but no purchase at all, or when the respondent made a purchase, but did not find entirely what she was looking for.

First, I would like to look at the reasons for missed sales for the first category of respondents, which has not made a purchase at all but had the intention to buy. The most important reason for missed sales (54%) is that the product that the respondent was looking for was not part of the assortment at all, for example at Rigby & Peller many people were looking for basic tops. This category, underwear, is not part of the product mix of Rigby & Peller. 17% of the respondents say that the colour that they were looking for was not available. This is particularly the case with people that are very sure about what they want to have. For example a customer that wants to have the bra that she has bought before in another colour. In those cases it will be difficult for the store personnel to make the customer buy something else. Another 11% says that the size they were looking for was sold out or unavailable. Over 11% says that the product was available, but they found it too expensive.

In the second category, respondents made a purchase, but claim that they wanted to buy more if they had the opportunity. Here the main reason for lost sales is that the size was not available or sold out (33%). The second most important reason is that the product was not part of the assortment 33%. Almost 21% states that the colour that they were looking for was sold out or unavailable. A small percentage, only 6%, states that the product was available, but that they found the product too expensive. It will be interesting for the company to measure the lost sales in this particular group also at the beginning of the season. The data of the current survey are collected during the months October and November. In those months the fashion collection has been in store for several months already, and it is possible that some sizes are no longer available in the store and that there is no possibility to make a customer order for the missing item at the supplier.
Are there differences in reasons for lost sales between the two concepts? At Rigby & Peller the most occurring reasons for missed sales in the category of customers that did buy something, but not found everything they were looking for is that the product is not in the assortment (23.3%). Followed by colour not available (23.1%) and size not available (116.7%). From the respondents that walked out empty handed, the most occurring reason for missed sales was that the product was not in the assortment (26.7%) or that colour (19.2%) or size (16.7%) was not in stock. Another 16% finds the products too expensive. If we compare this with the numbers from Lincherie there are some differences. From the customers that purchased something, but could have bought more, 8% states that the product was not in the assortment. Here the most occurring reason is that the size was unavailable (17.5%). Based on these numbers it could be that the size pack of the Lincherie stores is not totally right or that there is not enough variation in sizes. From the people who did not buy at all the most occurring reason is that the product is not in the assortment 23%. Other reasons are not mentioned or were not applicable. Overall it a be concluded that the product assortment at Rigby & Peller is the biggest problem, at Lincherie this is the availability of certain sizes.

6.3 Are people willing to order a product that is unavailable?
As a retailer it is impossible to stock everything that a supplier has to offer, so a retailer makes choices in what will be taken in assortment and what not. An option to give customers the possibility to purchase that particular item of their desire, is to make a customer order. On the question if visitors of the stores would like to order a product if it is unavailable in the store around 52% answered that they would like to order the product if it is available within one week. 28% answered that they wanted the product on the same day so they would not place a customer order. Another 16% stated that they already ordered the product. Letting customers order the product of their preference brings along several risks. The most important risk is that the customers do not pick up the order. In that case stores stock products that they might not have in collection or sizes that will be hard to sell to other customers. Analyzing the customer orders from Rigby & Peller and Lincherie, this risk becomes visible. At Rigby & Peller around 400 customer orders were made in the previous year. From these orders around 38% was not bought by the customer, this means that this stock will remain in store.
6.4 Service is everything; testing hypothesis 3

As stated in previous chapters the personnel in the store plays a very important role in customers finding the right products. Van de Velde has developed a complete training programme for store personnel called Lingerie Training. Of course the goal of such a training is that in the end a better styling in the store, a better service, will give specialty stores an unique selling point and in the end a higher turnover. But is this really the case, does help of a salesperson leads to an actual purchase? In the questionnaire all respondents are asked if they were satisfied with the service in the store. In all cases people gave an answer that implicates that the service was satisfying. This means that service was no reason for missed sales. If we compare this to the research of Boer & Croon, or Quix the amount of lost sales occurred by bad service was this percentage around 7% for the fashion retailers. The idea that the service in both Rigby & Peller and Lincherie is correct is confirmed by the outcome of the survey. However it will remain important to check the service level through the company’s mystery visit programme and the visits by relatives and friends of the retail team. Out of all the respondents around 65% had a fit session with one of the staff members. From this 65% around 77% of the people questioned decided to make a purchase. 28% of the people who had a fitting session states that they were willing to buy something, but could not find what they were looking for. This implicates that as soon as someone has a fitting experience they will purchase. Around 35% of the respondents did not have a fit session with one of the sales people, however out of these people 43% still makes a purchase. This percentage is higher at Lincherie stores, probably because the product offering in these stores is different from the offering at Rigby & Peller.
Conclusion

This study was meant to do an in-depth research of the lost sales phenomenon in the luxury lingerie market. 20 stores participated in this research, and in total around 150 visitors contributed to this study. The central question in this research was *What factors are causing missed sales to occur in a luxurious lingerie retail concept and what might be possible solutions to prevent missed sales in these retail concepts.*

What is the definition of a luxurious lingerie retail concept and what concepts are researched? A luxurious lingerie specialty store is an independent store that is specialized in selling luxurious lingerie. These stores carry well known more expensive labels and have an extensive offering in styles and sizes. The sales staffs are the specialists on the market. The concepts of research are two retail concepts owned by the company Van de Velde, the Dutch concept Lincherie and German stores of the British concept Rigby & Peller. The concept of Rigby & Peller has a higher positioning on the market. The product offering at Rigby & Peller is small but the depth of the assortment is extensive. Lincherie has a lower positioning and offers more product categories. The variety in brands is more extensive as well at Lincherie. Both stores focus on a personalized advise to the consumer and are well trained through the Lingerie Styling programme of Van de Velde. A problem in both store concepts is that the conversion rate per store is too low.

To be able to answer the main research question several subquestions need to be answered. An important question that needed to be answered was: *What is the definition of missed sales?* This question can be answered as following: According to Quix and Van der Kind (2012) a lost sale occurs when a customer has the intention to purchase an article in the store, but that intention is not followed by an actual purchase. An important aspect of this definition is the *purchase intention*. The purchase intention is decisive to determine to what category the customer belongs. A customer can belong to one of four categories: planned purchase, unplanned or impulse purchase, missed sale or orientation. The difference between the purchase intention in lingerie stores and the purchase intention in the fashion retail is significant, in the lingerie stores researched the purchase intention was much higher than in general fashion stores. This implicates that the customer is more involved with the purchasing of lingerie, compared to the
purchase of fashion. Most customers know what kind of product they would like to buy, when entering a lingerie store.

Possible causes for missed sales can be found in the expectations of the customers concerning topics like the assortment, in the service of the store, in the price setting or positioning of the store. In the fashion industry the main reason for lost sales can be found in the assortment, in particular in out of stock situations. In the lingerie the stores researched the main reason for missed sales to occur was assortment as well. Almost all respondents stated that this was the main reason. When looking into depth what exactly in the assortment causes missed sales this varies between two groups of visitors. One group exists out of people that actually made a purchase, but were planning on spending more than they have actually bought. In this group the main reason was that the item they preferred was unavailable, this could either be the colour or the size. In the group that did not make a purchase at all, like in the definition of Quix, the main reason was that the product was not in the assortment of the store at all. Only a small percentage of the people state that price is affecting their buying behaviour.

An important characteristic of the lingerie market is the behaviour of customers in lingerie stores. In general the customer is more vulnerable in a lingerie store. Lingerie is a product that is very personal and intimate. Lingerie has a strong link to they way women deal with their sexuality. Different consumer types request a different approach in service. The fact that there is a large amount of sizes and shapes available on the market makes that well trained store personnel is important. A decent service in lingerie stores has proven to be of great value. Many of the visitors in the two retail concepts decided to make a purchase after they had a fitting session with on of the lingerie stylists. The store personnel could be of help in lowering the missed sales. Stylists are able to point customers to the right articles. Essential in this matter is that the staff is well aware of the product available on floor.

Retail is not a fixed document. It will always change with the moment of the economy, with the needs and expectations of customers. We need to look at missed sales like they are opportunities for another goal, for another chance to win the battle. Missed sales
should not be looked at as a burden, but as an opportunity to keep the team sharp and innovative, to develop the department in order to become stronger and profitable.
Source list thesis


Q&A Research & Consultancy (2010), Report: Retail 2020 Re’structure; CBW-Mitex Doorn, November 2010.


Tsaousi, C. (2011) ‘Consuming underwear; Fashioning the female identity’, University of Leicester


Internet sources

accessed 26 November 2013
Appendix

I. Survey
Missed Sales Questionnaire

Location of the store:

1. Did you make a purchase in this store?
   - Yes, I got everything I wanted
   - Yes, but I did not find everything I wanted
   - No, I could not find what I wanted
   - No, I was just looking around

2. Were you intending on buying a product in this store? If yes, did you plan this purchase before you visited the store or during the store visit?
   - Yes, before I visited the store
   - No, but I got triggered during my visit
   - No

3. Did you got a styling session with one of the stylists?
   - Yes
   - No

Answer the following statements.
1 = Strongly Agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly Disagree

4. The variety of brands in the assortment I this store was good:
   - 1
   - 2
   - 3
   - 4
   - 5

5. The variety of sizes in the assortment I this store was good:
   - 1
   - 2
   - 3
   - 4
   - 5

6. The variety of products in the assortment I this store was good:
   - 1
   - 2
   - 3
   - 4
   - 5
7. The reason that I have not purchased something is because I could not find the product
   ☐ 1
   ☐ 2
   ☐ 3
   ☐ 4
   ☐ 5

8. The price point is this store is not too expensive
   ☐ 1
   ☐ 2
   ☐ 3
   ☐ 4
   ☐ 5

9. What is the reason that you bought less than you originally planned?
   ☐ The sort of product I wanted was not available
   ☐ The brand I like was not available in the store
   ☐ The size of the product I wanted was not available or sold out
   ☐ The color of the product I wanted was not available or sold out
   ☐ I found the product in the store, but I think the product is too expensive

9. What is the reason that you bought less than you originally planned?
   ☐ I was not helped by the staff:
   ☐ I did not like the service in the store
   ☐ I felt I was being pushed
   ☐ The color of the product I wanted was not available, namely:
   ☐ I found the product in the store, but I think the product is too expensive

10. Would you be interested in ordering the preferred product?
    ☐ No, I wanted to have the product today
    ☐ Yes, If the product is available within one week
    ☐ Yes, I ordered the product
    ☐ Not applicable

11. How did you feel about the service in this store
    ☐ The did not get any help
    ☐ The stylist was friendly and knowledgeable
    ☐ I found the service in this store unsatisfying
    ☐ I felt I was being pushed
    ☐ I was satisfied with the service offered

12. How long did you had to wait in the store?
    ☐ I was not noticed by the staff
    ☐ I felt the stylist forgot about me
    ☐ I felt I had to wait for a very long time
    ☐ The stylist was quick and was helpful
I was able to look around first before she helped me

13. What is the main reason for shopping in this store?
   - I don't know my size and I want to get measured
   - I am a regular customer and I am in need of something new
   - I am in need of a new bra and I heard this was the right store for that
   - I am curious about the store
   - I am going to pick up an order
   - I am joining with a friend/relative
   - Spontaneously
   - I read an advertisement

What is your age?

What is your bra size?
II. Results SPSS:

**Statistics**

<table>
<thead>
<tr>
<th>age</th>
<th>N</th>
<th>Valid</th>
<th>Missing</th>
<th>Mean</th>
<th>Median</th>
<th>Mode</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>135</td>
<td></td>
<td>13</td>
<td>47.66</td>
<td>47.00</td>
<td>34</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>bra size</th>
<th>Frequency</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Valid</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>105D</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>105E</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>65E</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>65F</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>70A</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>70B</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>70C</td>
<td>4</td>
<td>2.7</td>
<td>3.3</td>
</tr>
<tr>
<td>70E</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>70G</td>
<td>2</td>
<td>1.4</td>
<td>1.6</td>
</tr>
<tr>
<td>75B</td>
<td>6</td>
<td>4.1</td>
<td>4.9</td>
</tr>
<tr>
<td>75C</td>
<td>10</td>
<td>6.8</td>
<td>8.1</td>
</tr>
<tr>
<td>75D</td>
<td>12</td>
<td>8.1</td>
<td>9.8</td>
</tr>
<tr>
<td>75E</td>
<td>3</td>
<td>2.0</td>
<td>2.4</td>
</tr>
<tr>
<td>75F</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>75G</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>75I</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td>80A</td>
<td>2</td>
<td>1.4</td>
<td>1.6</td>
</tr>
<tr>
<td>80B</td>
<td>3</td>
<td>2.0</td>
<td>2.4</td>
</tr>
<tr>
<td>80C</td>
<td>7</td>
<td>4.7</td>
<td>5.7</td>
</tr>
<tr>
<td>80D</td>
<td>6</td>
<td>4.1</td>
<td>4.9</td>
</tr>
<tr>
<td>80E</td>
<td>7</td>
<td>4.7</td>
<td>5.7</td>
</tr>
<tr>
<td>80F</td>
<td>5</td>
<td>3.4</td>
<td>4.1</td>
</tr>
<tr>
<td>80G</td>
<td>4</td>
<td>2.7</td>
<td>3.3</td>
</tr>
<tr>
<td>85A</td>
<td>1</td>
<td>.7</td>
<td>.8</td>
</tr>
<tr>
<td></td>
<td>85B</td>
<td>85C</td>
<td>85D</td>
</tr>
<tr>
<td>---</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td>4</td>
<td>8</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td>2,7</td>
<td>5,4</td>
<td>8,8</td>
</tr>
<tr>
<td></td>
<td>3,3</td>
<td>6,5</td>
<td>10,6</td>
</tr>
</tbody>
</table>

Results SPSS Question 2. Did you had a purchase intention before you entered the store?

<table>
<thead>
<tr>
<th>Purchase intention</th>
<th>country store</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Netherlands</td>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>Count</td>
<td>Table Total N %</td>
<td>Count</td>
<td>Table Total N %</td>
</tr>
<tr>
<td>Yes</td>
<td>66</td>
<td>44,6%</td>
<td>49</td>
</tr>
<tr>
<td>No, but changed</td>
<td>14</td>
<td>9,5%</td>
<td>4</td>
</tr>
<tr>
<td>No</td>
<td>5</td>
<td>3,4%</td>
<td>9</td>
</tr>
</tbody>
</table>
Question number 3. Did you have a fitting session with one of our stylists combined with purchasing behavior?

<table>
<thead>
<tr>
<th>Purchase intention</th>
<th>Yes</th>
<th>Yes, but not completely</th>
<th>No</th>
<th>No, just looking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Table N</td>
<td>Count</td>
<td>Table N</td>
<td>Count</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0,0%</td>
<td>0</td>
<td>0,0%</td>
</tr>
<tr>
<td>Yes, but changed</td>
<td>1</td>
<td>1,6%</td>
<td>1</td>
<td>1,6%</td>
</tr>
<tr>
<td>Yes</td>
<td>16</td>
<td>25,8%</td>
<td>16</td>
<td>25,8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Purchase intention</th>
<th>Yes</th>
<th>Yes, but not completely</th>
<th>No</th>
<th>No, just looking</th>
</tr>
</thead>
<tbody>
<tr>
<td>Count</td>
<td>Table N</td>
<td>Count</td>
<td>Table N</td>
<td>Count</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td>0,0%</td>
<td>0</td>
<td>0,0%</td>
</tr>
<tr>
<td>Yes, but changed</td>
<td>1</td>
<td>1,6%</td>
<td>1</td>
<td>1,6%</td>
</tr>
<tr>
<td>Yes</td>
<td>39</td>
<td>45,9%</td>
<td>13</td>
<td>15,3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Did you purchase something in this store?</th>
<th>Fit session with stylist?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Count</td>
<td>Column N %</td>
</tr>
<tr>
<td>Yes</td>
<td>54</td>
</tr>
<tr>
<td>Yes, but not completely</td>
<td>20</td>
</tr>
<tr>
<td>No</td>
<td>20</td>
</tr>
<tr>
<td>No, just looking</td>
<td>1</td>
</tr>
</tbody>
</table>
Question 9: What was the reason that you did not bought something or bought less than intended?

<table>
<thead>
<tr>
<th>Purchase intention</th>
<th>Did you purchase something in this store?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Yes, but not completely</td>
</tr>
<tr>
<td></td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>No, just looking</td>
</tr>
</tbody>
</table>

| reason1 product not in assortment | Yes | 14,3% | 24,7% | 0,0% |
| reason2 brand not in assortment  | Yes | 3,9%  | 3,9%  | 0,0% |
| reason3 size not available       | Yes | 17,5% | 6,3%  | 0,0% |
| reason4 color not available      | Yes | 11,5% | 9,8%  | 0,0% |
| reason5 product too expensive    | Yes | 3,4%  | 6,8%  | 0,0% |

<table>
<thead>
<tr>
<th>country store</th>
<th>Purchase intention</th>
<th>Did you purchase something in this store?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Yes, but not completely</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>No</td>
<td>No, just looking</td>
</tr>
</tbody>
</table>

| reason1 product not in assortment | Yes | 0 % | 23,3% | 26,7% | 0 % |
| reason2 brand not in assortment  | Yes | 0 % | 11,1% | 5,6%  | 0 % |
| reason3 size not available       | Yes | 4,2%| 16,7% | 16,7% | 0 % |
| reason4 color not available      | Yes | 0 % | 23,1% | 19,2% | 0 % |
| reason5 product too expensive    | Yes | 5,3%| 0 %   | 15,8% | 0 % |
Question 10. Would you be interested in ordering the item if it was unavailable?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Purchase intention</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Count</td>
</tr>
<tr>
<td>Would you like to order the product?</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Yes, one week</td>
</tr>
<tr>
<td></td>
<td>Yes, already ordered</td>
</tr>
<tr>
<td>Would you like to order the product?</td>
<td>Yes</td>
</tr>
<tr>
<td>-------------------------------------</td>
<td>-----</td>
</tr>
<tr>
<td>Yes, already ordered</td>
<td>8</td>
</tr>
<tr>
<td>Germany</td>
<td></td>
</tr>
<tr>
<td>Purchase intention</td>
<td></td>
</tr>
<tr>
<td>Yes</td>
<td>12</td>
</tr>
<tr>
<td>Yes, one week</td>
<td>9</td>
</tr>
<tr>
<td>Yes, already ordered</td>
<td>4</td>
</tr>
</tbody>
</table>
Question number 13 reason for visit

<table>
<thead>
<tr>
<th>Visit</th>
<th>Yes/No</th>
<th>Count</th>
<th>Table Valid N %</th>
<th>Count</th>
<th>Table Valid N %</th>
</tr>
</thead>
<tbody>
<tr>
<td>visit1 wanted to know my size</td>
<td>Yes</td>
<td>10</td>
<td>50,0%</td>
<td>10</td>
<td>50,0%</td>
</tr>
<tr>
<td>visit2 regular customer</td>
<td>Yes</td>
<td>55</td>
<td>73,3%</td>
<td>20</td>
<td>26,7%</td>
</tr>
<tr>
<td>visit3 word of mouth</td>
<td>Yes</td>
<td>9</td>
<td>30,0%</td>
<td>21</td>
<td>70,0%</td>
</tr>
<tr>
<td>visit4 curiosity</td>
<td>Yes</td>
<td>13</td>
<td>40,6%</td>
<td>19</td>
<td>59,4%</td>
</tr>
<tr>
<td>visit5 pick up order</td>
<td>Yes</td>
<td>0</td>
<td>0,0%</td>
<td>0</td>
<td>0,0%</td>
</tr>
<tr>
<td>visit6 joined friend/relative</td>
<td>Yes</td>
<td>4</td>
<td>66,7%</td>
<td>2</td>
<td>33,3%</td>
</tr>
<tr>
<td>visit7 spontaneous</td>
<td>Yes</td>
<td>1</td>
<td>50,0%</td>
<td>1</td>
<td>50,0%</td>
</tr>
<tr>
<td>visit8 advertisement</td>
<td>Yes</td>
<td>0</td>
<td>0,0%</td>
<td>5</td>
<td>100,0%</td>
</tr>
</tbody>
</table>
Statistics in Euro by Product Category
from 01/07/2013 to 31/12/2013 and from 01/12/2013 to 20/12/2013

Product Category the Netherlands
Statistics in Euro by Product Category
from 01/07/2013 to 31/12/2013 and from 01/12/2013 to 20/12/2013

Product Category
Germany

- Lingerie: 85.99%
- Swimwear: 5.66%
- Nightwear: 4.57%
- Homewear: 0.26%
- Shapewear: 0.25%
- Stockings: 0.05%
- Menswear: 0.34%
- Accessories: 0.08%
- Outdoorwear: 0.37%
- Others: 0.44%