



# Business Models in fashion: evolution and trends.

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## Background.



This work is the project third step in the process of understanding the key issues for building up a T/C hypercluster in the Mediterranean Area in the apparel/fashion sector. The previous two steps of this “knowledge process” were started in Monastir (workshop: From subcontracting to co-contracting and full package production) and continued in Athens (Brands in fashion: evolution and trends).

**Today we focus on the evolution of the business models in the purpose of helping SMEs to better access the international markets.**

Our methodology is based on a comparison of the fashion system at its “heydays” (1985 ca.) with today (2015). That is thirty years after to “top” time for fashion, largely driven by Italian and French brands.



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## The potential market, the quantities.

<b>HEYDAYS</b>	<b>TODAY</b>
<p>Restricted to few western countries. USA, FR, IT, GER, UK and JAP reached 80% of the market. Concentrated in a limited number of cities (NY, LA, London, Paris, Milan, Tokyo and few minor others). One international Hub: Hong Kong. The potential market hardly reached hundreds of million of consumers.</p> <p>Europe was the core of the fashion world.</p>	<p>Global, including new market giants such as CN, RU, BR, the GULF and an Enlarged Europe, South East Asia. Leading cities include: Miami, Seoul SaoPaulo, Rio, Moscow, Shanghai, Bejin, Mumbay, Barcelona, Berlin ... The largest int.l hub is now DUBAI. European population is dropping in ever expanding world population.</p> <p>The potential market is over a billion consumers and much less European</p>

From “Small is beautiful” to “Big is necessary”.  
**THE SIZE GAP BETWEEN A BUSINESS AND ITS POTENTIAL MARKET IS DRAMMATICALLY WIDENED.**



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## The society, the qualities.

<b>HEYDAYS</b>	<b>TODAY</b>
<p>The “one dimension man” society described by the German sociologist H. Marcuse. A “mass” industrial culture, dominated by one-direction communication media (few TV channels, two or three leading fashion magazines ..), clear social classes and segments. The “western model” as the unique model for fashion.</p>	<p>The multi-dimension society. A individualistic culture, dominated by interactive and multi-direction communication media each of them specialized in a kind of message. A “liquid society”, as described by the American philosopher Z. Bauman, always moving and changing.</p> <p>The western model challenged by other cultural models.</p>

From the “the Total Look of the stylist ” to My “combined” look. Zara jacket+Prada shirt.  
From “I am western citizen” to “I am a modern representative of my own culture”.

**WE ARE IN A INDIVIDUALISTIC AND MULTI FACED SOCIETY  
MUCH LESS EURO CENTRED.**



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## The technology, the product performance

<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>HEYDAYS</b></p> <div style="background-color: #ffffcc; padding: 10px;"> <p><b>Exclusively based on “atoms”.</b>  <b>Production technology and Distribution technology separated</b>  <b>Product KPIs were:</b></p> <ul style="list-style-type: none"> <li>Updated Style/design</li> <li>Social recognition</li> <li>Textile Quality</li> <li>Durability</li> </ul> <p><b>The products targeted the market segments</b></p> </div>	<p style="writing-mode: vertical-rl; transform: rotate(180deg);"><b>TODAY</b></p> <div style="background-color: #003366; color: yellow; padding: 10px;"> <p><b>Based on “atoms” and “bytes”.</b>  <b>Production and distribution technology integrated (sell out, e-commerce).</b>  <b>Products KPI are:</b></p> <ul style="list-style-type: none"> <li>Style and technical performance</li> <li>Social recognition and specific use</li> <li>Engineered quality (IoT)</li> <li>Durability according to lifecycle.</li> </ul> <p><b>The product performance defines (create) its own niche</b></p> </div>
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From seasonal total look collections and stocks to “ever revolving” small collections driven by sell outs.  
 From “Style Overall” to the “Style of the (product) Performance.”

**AN INNOVATIVE TECHNOLOGICAL CONTENT IN THE PRODUCT AND IN THE BUSINESS MODEL (PROCESSES) IS NOT A PLUS, IS A MUST.**



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## The Marketing Concept.

<div style="background-color: #ffffcc; padding: 10px;"> <p><b>Marketing is all that your company does to lower the weight of the price in the buying decision making process of the consumer.</b>  <b>The company tries to control all the processes and the technologies keeping the final consumer in a passive role.</b></p> </div>	<div style="background-color: #003366; color: yellow; padding: 10px;"> <p><b>Marketing is all that your company does to keep the lowest price while satisfying at best the core need of the consumer.</b>  <b>The lowest price is realized by the an innovative use of technology and the interrelation with an active consumers.</b></p> </div>
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From “the price is the enemy” of the brand to “the price is a tool” of the brand  
 From the consumer is a target to the consumer is (also) a tool

**THE MARKET IS DRIVEN BY “NOT TOP-END BRANDS” WHO INSPIRE THE WHOLE SECTOR AND EXERT THE MOST INFLUENTIAL IMPACT ON THE DEFINITION OF CRITICAL FACTORS FOR MARKET SUCCESS.**



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## The fashion (mode, moda) concept.

*In statistics, the English term Mode (French: Mode, Italian: Moda) means: the value that appears most often in a set of data. Therefore, to be “à la mode” is not selective, is not elitist: on the contrary, is being like the mass!*

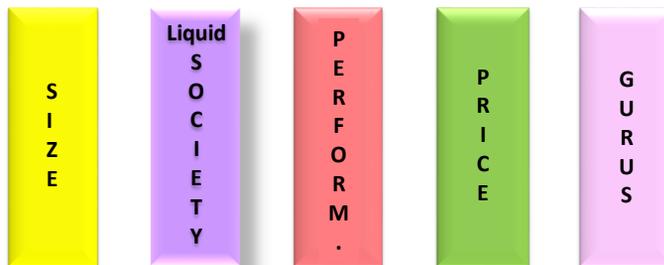
*Fashion is the adherence to “style canons” decided by some “gurus” whose status is created by a restricted number of opinion leaders of key media (Vogue, Vanity Fair, Harper’s Bazaar). Fashion is a system that guarantees the quick obsolescence of the product (that after a season goes “out of fashion”) and pampers brands, retailers, media and PR agencies.*

**This system is particularly fit with the old “mass society” of the heydays.**

From “I am in the mainstream because I follow the great gurus” (and show their brands) to “I am in a special stream and I take inspiration from accidental, ephemeral examples I select”.

**THE POWER OF THE FASHION SYSTEM IS MUCH WEAKER.**  
(still strong only to “nouveau riches”).

## A Summary.



From an ordered, directed, “monolithic” system  
to a fuzzy, ever mutable, multi-lithic environment.

**SMEs must update/innovate their mind-set (platonic categories) on fashion.  
New business models must be designed in particular by those who are  
compelled to compete with global companies/brands (SMEs).**



## How to design a business model for SMEs in order to be internationally competitive.

The current business model for internationalization is “entrepreneurly centred”: and based on "country/regional MANAGER" that “execute” or manage a market; this model is hardly sustainable by developing brands/companies.

**An innovative business model encompassing the above inputs, should be entrepreneurly distributed. That is: based on**

**Local ENTREPRENEURS" able to provide the WHOLE VALUE CHAIN (manufacturing/retailing) and, at the same time, ensuring brand promotion and product adaptation to the local markets (brand management, local brand positioning).**



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## A pathway to the Mediterranean Hyper-Cluster

**"International access to brands is now actively, and practically offering one of the best (and easiest in terms of implementation) solutions for creating the Mediterranean hyper cluster."**



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Thank you.  
Good Luck & Keep Going



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