Brands in fashion: evolution and trends.

Francesco Pellizzari: Technical Assistance Manager

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Evolution of the fashion system.

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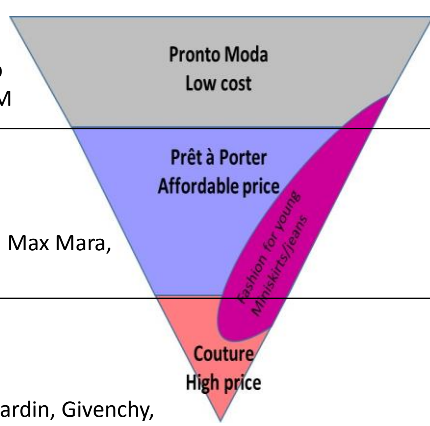
Migration of the core of the business from the Stylist to the Retailer.

1995-2015
Fashion for all.
Spanish leadership
Zara, Mango+ H&M



K player: the store Brand
K factor: retail (rotation)
Stylist and Producer unknown.

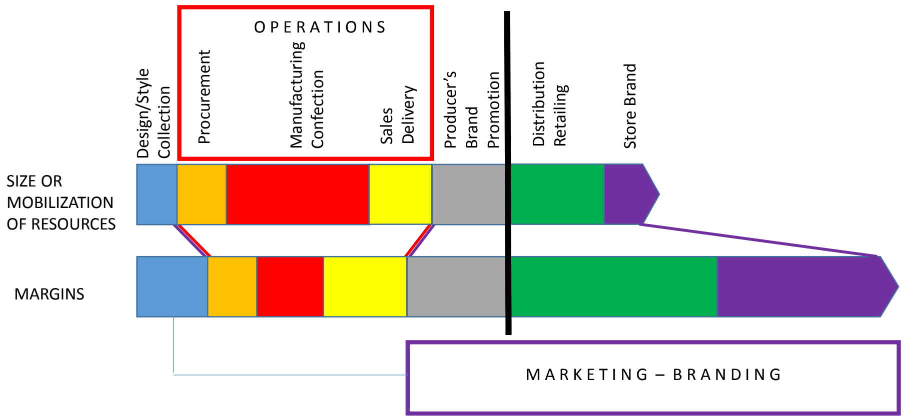
1975-1995
Fashion for Many.
Italian leadership.
Armani, Valentino, Max Mara, Versace, Prada, ….

K player: the Stylist turned Industrial Brand.
K factor: the collection(s).
Initial separation manufacturing and retailing.

1950-1975
Fashion for few.
French leadership.
Chanel, Hermes, Cardin, Givenchy, YSL, LV, …..

K player: the "pure" Stylist craftsmanship.
K factor: the Model.
Style, production and distribution

The Value Chain in the Fashion Industry.



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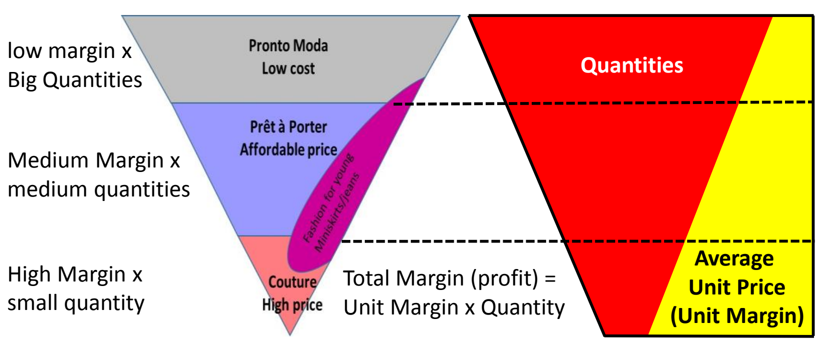
Prices, margins and quantities.



The migration from Couture to Pronto Moda (or from Stylist to Retailer) lowered the "Average Price", depressed the Margin per Unit sold, and emphasized Quantity as the K factor for reaching profitability.
THIS EVOLUTION PUTS SMEs IN A WEAKER POSITION.
Furthermore, the "low cost" philosophy is impacting of consumer's behaviour shifting his/her satisfaction from quality to quantity. Fashion means short product life cycle.

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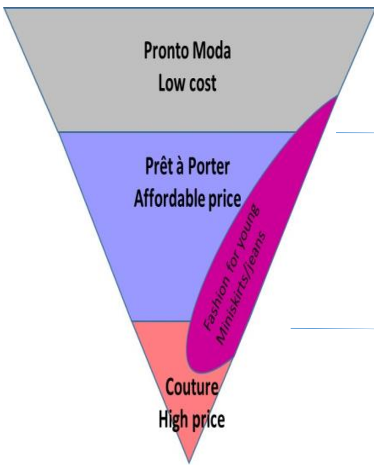
Key factors for branding.



The Brand of the Retailer.
Promotion/Advertising of the Store Brand
Merchandising. Brand Extension as portfolio of Store Chains (Zara Home, Bershka ..)

The Brand of the Collections
(shops functional to the industrial Brand)
Promotion/Advertising of the Collection/product
Brand Extension as portfolio of Product Lines and Goods (sunglasses, perfumes, shoes, …)

The "griffe" of the stylist, personal contacts, PR and gossip, testimonials of celebrities.

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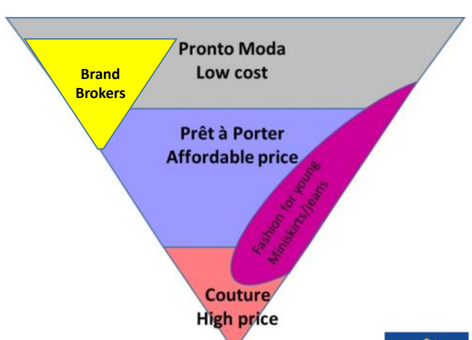
Recent evolution: devaluation of the brand.

The overwhelming role of retailing (and the price as competitive factor) fostered the birth and development of new commercial forms: factory shops, discounted outlets and e-commerce "brand brokers".
The outcome is a "devaluation of the brand" and a commodization of the branded product. This put huge pressure on the margins of the value chain.



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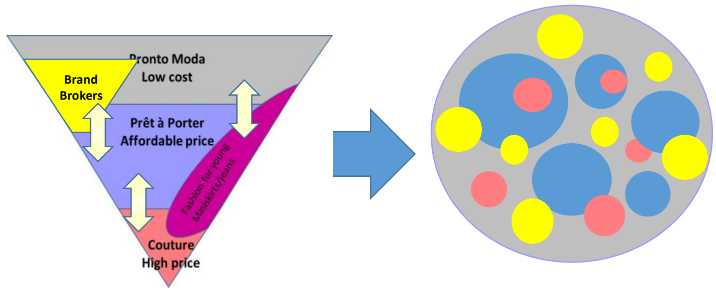
Co-existence, co-evolution of business models.

The fashion business is global (inputs and outputs), all encompassing, with fuzzy bounders between brand positioning, products, segments, ….



The Low Cost business model is now the driver of the fashion business. All segments encompassing, giving the overall direction to the others. Retailing stronger than production and design/style. Leading international brands are a suffocating presence in all markets.

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Trends: Customized Creativity in a integrated business

On the Supply side: **The business model of many enterprises** (not large, not retail integrated), **is becoming unsustainable.**

On the Demand side: **The upper segments** (income top-end classes and cultural elites) **are increasingly unsatisfied with brands.**

New business models are needed and the concept of “brand” must be rethought.

Back to origins: designer’s workshops are mushrooming in fashion capitals like Paris, London and Milan. The new fashion business is not “branded”, products are not to be “exposed”, not for social emulation.
They are for “connoisseurs” and self gratification.

The growing business is “CUSTOMIZED CREATIVITY”.
Obviously, this emerging development has still a very limited impact on the whole sector … however every “long march starts by a single, small step”.

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Lessons for “local” (small) brands.

Price is hardly a lever, place (distribution) is hardly a lever (malls), costs and inputs are hardly a lever .....

Customize the offer….

- **products for segments hardly accessible by international brands** (ethnic, ethic, cultural ...).
- **final customization of products**: not only adjustments, instead tailored modifications (service)
- **strong identity** (not necessarily international) in: products, store, services.

Specialization and focus on **categories** (narrow but deep catalogue/range), significant examples exists:

Underwear	Stockings	Sportswear	Shirts
Ties	??????		

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A Mediterranean scope.

To be Mediterranean brings “value” for the final consumer or for some segment of the market?

A Network of Mediterranean local brands can provide advantages in … procurement? design? manufacturing? customization? marketing?

What are the Strengths and Opportunities of a Mediterranean producer? Or of a Mediterranean network/system?

How the new technological, social, environmental, political scenario is changing the set of SW and OT?

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Thank you.
Good Luck & Keep Going

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