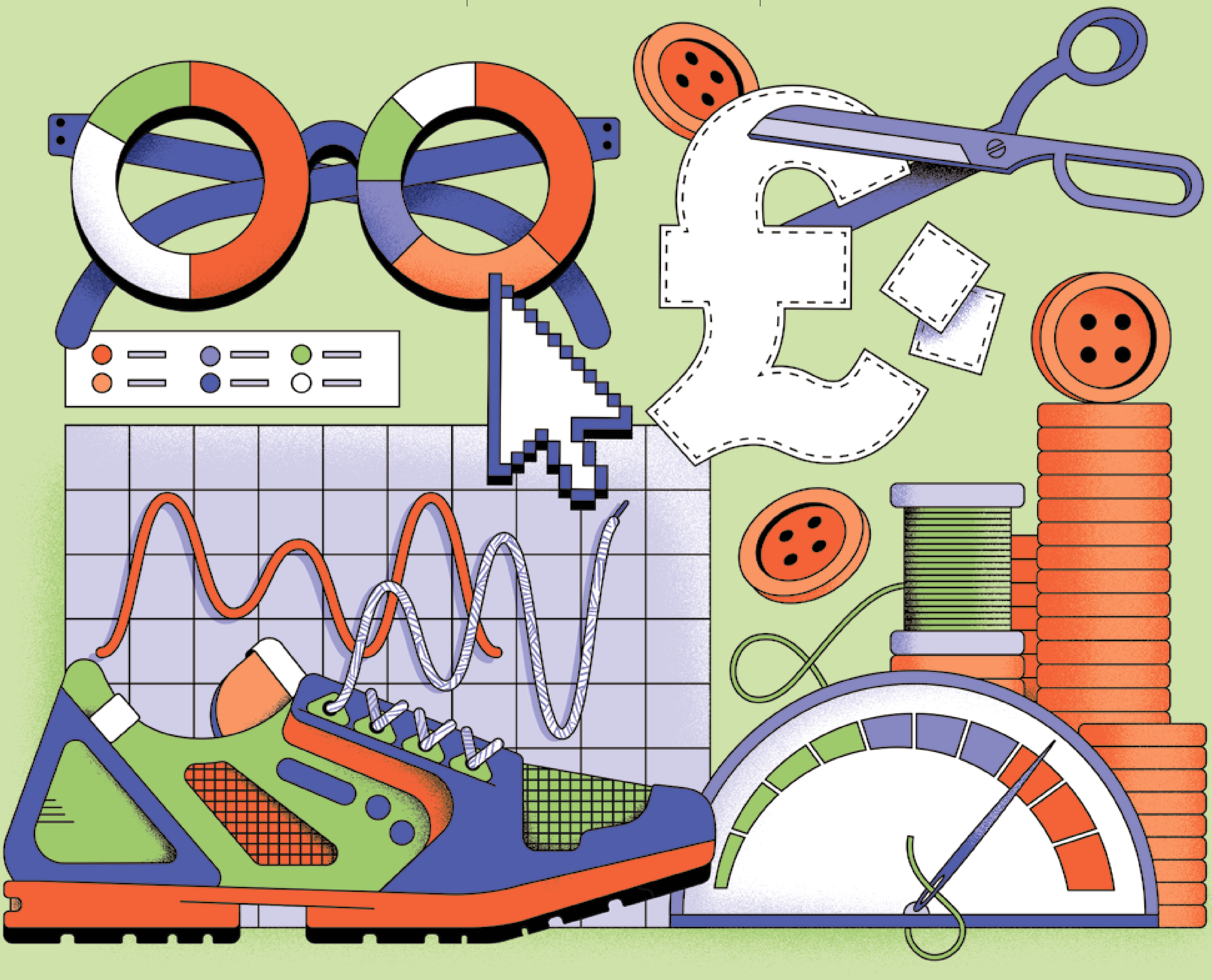
THE FASHION ECONOMY



THE FASHION ECONOMY

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SEASONS

Open season: Covid's impact on the industry's rhythms

The fashion calendar has been changing gradually for years, but the pandemic has forced players throughout the supply chain to contemplate a radical reset

Josh Sims

Fashion weeks used to make sense. The way that they were scheduled – about six months before the clothes on show would be delivered to retailers – enabled manufacturers, buyers and journalists to plan effectively. But things have changed. For one thing, these hitherto elitist affairs have been democratised by the access afforded by the internet, driving the consumer's desire for instant gratification. For another, catwalk shows have become entertainment events, with many of the garments exhibited never making it into production.

Both the timing and the traditions of ever more localised fashion weeks can feel remarkably antiquated, given that their premise is to showcase the new. Many industry insiders argue that the system has long been unfit for purpose. Could the Covid crisis be a driving force for change?

Rachel Jones, a lecturer in fashion business management at the University of Westminster, notes that higher-end brands have "felt pressured by the speed of trends, and by the breakdown of seasonality that online shopping has caused, to show and deliver at an ever more breakneck pace, even though production times can be squeezed only so much. This has accelerated the collapse of the six-monthly cycle, which began when well-financed brands started bringing in inter-season collections."

Jones continues: "The break in the schedule that Covid made necessary looks to be the chance to reset the system's timings. It has given catwalk brands a kind of permission to break free and try things in new ways that are more convenient, competitive and current."

The adoption of livestreaming has been one response – the world's first fashion week of any significant size to go fully digital, Shanghai Fashion Week, reached more than 11 million livestream viewers in March 2020, for instance. Another has been the replacement of traditional media with Instagram and other social platforms.

By relying on either of these marketing channels, brands cede control of the narrative to the consumer – a consumer who's more vocally critical and impatient for the goods to be delivered. This has inspired 'see now, buy now' direct-to-consumer programmes of varying effectiveness. Many brands that have tried to shrink the gap between showing a product and making it available this way have tended to see an increase


Thomas Barwick via GettyImages

in online interest and footfall, rather than actual sales.

But other brands are trying more radical moves, shunning the traditional calendar altogether. London-based designer Mary Katrantzou, for instance, runs a couture collection in parallel with a season-less, all-year-round collection that she launched during the first national lockdown.

"Taking the courage of my convictions has shown me how you can be liberated from the relentless pace of the fashion calendar and take the time needed to develop products, which I, as someone without huge resources, find vital to creativity," she says. "There's an acceptance that things need to change. Many designers are feeling freer to show their collections in different ways. Showing, for instance, is increasingly about communicating values to the consumer. Working with buyers has become something separate from that, especially as they are increasingly looking to buy all year round too."

The pandemic has led players of all sizes to rethink their approach to showcasing and producing. Yves Saint Laurent, for instance, last year announced plans to show according to its own schedule.

Ermenegildo Zegna, one of the biggest brands of high-end menswear, has shifted towards what its artistic director, Alessandro Sartori, calls a more hybrid approach. He's sceptical of the 'see it, buy it' approach – "it's fake, because really it's based on production orders just being kept on hold" – but concedes that, given the influence of fast fashion, there is pressure to "get the freshest and right collection to the consumer at the right time", resulting in a need to shorten the production cycle.

This cannot be done at a cost to quality, he stresses, so Zegna's new method is to deliver a series of 'wardrobes' throughout the year, with smaller production runs allowing them to be closer to delivery dates (in turn enabling a better, less wasteful response to market needs), while retaining the six-month cycle for garments requiring special fabrication.

"You can complete part of a collection in two months – manufacturers can generally cope with that – but not all of it. You therefore end up with a blended system, which strikes me as more appropriate for the fashion market of tomorrow," Sartori argues.

And as for presenting the collections? It says much that he has been busy in recent weeks shooting about 8,000 photos of more than 1,000 looks, while also making a series of short films. Sartori says this is "simply about using digital media in a cleverer way. If you have a digital way of showing nearly all aspects of a garment, why do you need a catwalk show? The whole industry's dynamic needs to change, but a big push is still needed to make that happen."

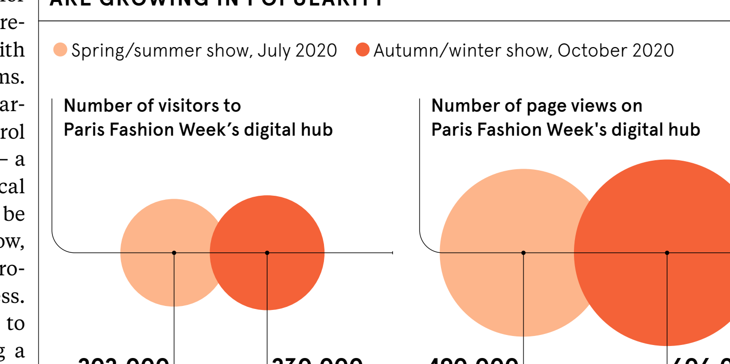
Paul Alger, director of international affairs at the UK Fashion and Textile Association, reckons that some parts of the supply chain remain "in denial about the issue" and that change may be compromised by competing interests. Retailers want to buy closer to the season – with many now so cash-strapped that they are pushing for sale-or-return contracts that small clothing firms can't easily stretch to – while textile makers, which operate on longer lead times than designers, are worried about their planning.

If the fashion calendar were to be shortened, "the manufacturers could cope. The question is whether they'd like it," he says. "But many firms have been operating on a short-order basis for longer than people might realise. And, while change may create uncertainty in the supply chain, the challenge for all players in this industry is to be as flexible as possible."

Yet not everybody believes that change is necessary, or desirable – at least, not when considering fashion's place in culture. Menswear designer Oliver Spencer thinks that, while the six-monthly cycle may not work for the high street or the customer, it still works well for more considered clothing – not only in terms of quality, but also in terms of ethical and environmentally sustainable production.

"If you promote making things that last from a sustainability standpoint, you need to stick to the current system," he argues. "The high street may be able to operate on a faster one while many consumers want instant gratification, yet many others are questioning the impact of that now, especially since Covid. In the longer term, the outcome will be governed by the growth of slow fashion."

THE DIGITAL ASPECTS OF FASHION WEEKS ARE GROWING IN POPULARITY



Fédération de la Haute Couture et de la Mode, 2020

SEARCH

Too much information

Online shoppers are becoming overwhelmed by choice. Helping them to cut through the noise and pinpoint the right items is the latest challenge for fashion brands


Drakula & Co via GettyImages

Nick Easen

Searching for any fashion item online can be a frustrating experience. Many of us have been paralysed by the vast selection of apparel and accessories on show, especially since the lockdown restrictions on high-street trade prompted brands to shift huge catalogues on to the web. Helping consumers to make sense of the dizzying digital array of products has become vital. Product discovery is the new battleground.

With its natural-language search technology, Google has made life harder for fashion brands, because the consumer automatically assumes that there will be a similar level of searchability when using their websites. Online shoppers expect to be able to search for a 'little black cocktail dress' on a brand's site and obtain perfect results immediately. They are often left frustrated when this doesn't happen.

To help them out – and so retain their custom – brands are having to make the most of the information that they can get shoppers to provide. So says Papinder Dosanjh, head of data science and machine learning at Asos. "Data is crucial in making high-quality decisions that respond to the changing needs of customers," she says. "They expect a tailored experience, with products highlighted for them based on our insights into their preferences."

Brands are using artificial intelligence to build an understanding of their customers, using data from their searches, the terms they use, the items they click on and the products they eventually buy.

The tools they are using to track shoppers' purchasing patterns have improved significantly, yet there are still problems, according to Graham Broomfield, chief omnichannel officer at Neve Jewels Group and a digital technology adviser to a number of fashion brands.

"The challenge is that in marketing you need to say something amazing about new items, but most people don't actually search this way. For instance, no one searches for a 'midnight dress'," Broomfield says. "There is a chasm between branding and merchandising. Defined attributes matter. Managing product attributes on a large catalogue is also a full-time job."

Unsurprisingly, there has been an upsurge in product returns as consumers have struggled to find the right items. Almost half of UK online shoppers have had to send an unsuitable purchase back in the past year, according to Mintel.

"This is an issue for brands," says Michelle Du-Prât, co-founder and group strategy director at design agency Household. "It not only represents a financial loss; it's also an environmental concern."

Personalisation is becoming increasingly important in product discovery. If brands know more about you, they can tailor products more effectively to your requirements. Yet Google has plans to stop supporting third-party cookies on its popular Chrome web browser, which will make it harder for brands to track shoppers and predict their buying behaviour.

Du-Prât says that brands will therefore need to "use rewards to incentivise customers to share more data, creating a transparent exchange of value that benefits both parties".

Sizing tools such as ShoeSize.Me are helping customers to pinpoint the right products first time, based on millions of data points on similar products and returns. And brands such as Stitch Fix are collecting data on sizing, likes and dislikes, as well as discards, based predominantly on first-person data-sharing.

Andrew Cooper, ecommerce director at sustainable fashion brand Tala, says that the simplicity of these tools when it comes to data collection is comparable to that of Tinder, the popular dating app.

"You view images and swipe left or right depending on whether you like what you see or not. This builds a powerful data set of a customer's personal style," he says. "It means that the products they are then presented with should be refined to better match their tastes."

Such approaches do raise issues concerning privacy. And there is a fine line between being helpful and being overfamiliar – no one wants to be freaked out by inappropriate product suggestions based on their search queries.

Given that 150 million smart speakers were sold worldwide in 2020 alone, according to *Business Wire*, the future of product discovery lies in voice search. The technology has become significantly more sophisticated in recent years, with natural language processing and machine learning that makes sense of pictures. But the advance has created its own problems for brands, according to Cooper.

"Careful thought is required from the outset when creating products," he notes. "Businesses need to consider factors such as how easy it is for people to recall and say the name of a product, for instance."

The next frontier is being able to help people search for apparel that matches their ethical values.

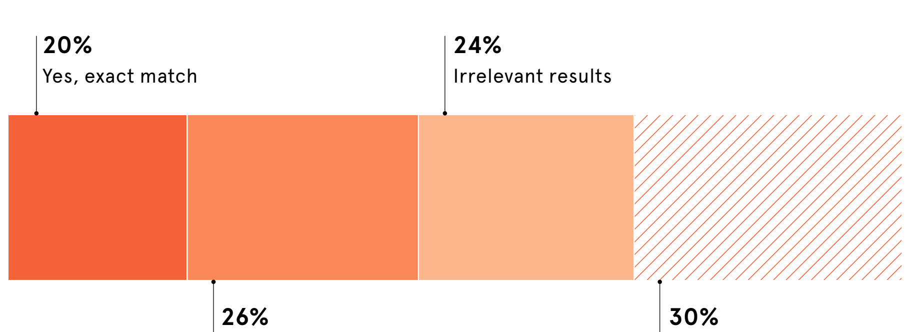
> "You need to say something amazing about new items, but most people don't actually search this way. For instance, no one searches for a 'midnight dress'

Sustainability is topping the agenda for many brands. It means a lot of new tagging for products that contain, say, ethically sourced materials with small carbon footprints.

The factors that drive shoppers' buying decisions are "evolving fast", says Mark Adams, CEO of Attraqt, a specialist in AI-based search technology. "What people search for is becoming much more complex – consumers will increasingly search for a brand's values, for instance. You may have the right products and have written descriptions for them, but they may not be tagged in a way that would help consumers identify the values they're seeking. Product content that supports this is really going to matter."

PRODUCT SEARCH STILL HAS A LONG WAY TO GO

Percentage of British fashion retailers who say relevant results were displayed when using complex natural-language query strings (eg. 'men's trainers under £50')



Klevu, 2021

OPINION

'The fashion industry and government must collaborate and co-invest to tackle industrial change'

September is a milestone, marking the first London Fashion Week for 18 months that will be truly reflective of its original form. It will be a celebration not only of our designers but also of the entire creative ecosystem that makes London the vibrant and inspiring city it is.

London Fashion Week 2021 will focus on the cultural reopening of the UK. Through collaboration across the creative industries, we will welcome guests to experience all that we have to offer. In addition to the fashion week schedule, there will be exhibitions, restaurants, shops, theatres and gigs.

As well as a celebration of creativity, London Fashion Week is an important moment for business. This global platform is vital for designers to sell their products both to the global retail community and directly to consumers. In addition to the direct impact it has on the fashion industry, the event has an economic impact on the city and the country as a whole. Now, more than ever, we need this, as retailers enter the critical fourth quarter with the hope that spending on tourism will return safely and consumers will support British businesses.

London Fashion Week is a platform that enables us to highlight the important work we do through the Institute of Positive Fashion, specifically on diversity, equity and inclusion. The British Fashion Council has signed up to 'BBC 50:50 The Equality Project' to help ensure more diverse representation across all levels of the industry.

The original project has used data to shift representation within the media. We have partnered the BBC to develop a similar programme to help fashion businesses monitor their teams, subcontractors and models during London Fashion Week.

As part of this, we are monitoring the diversity of backstage teams at the event. The data gathered will be used to benchmark and track progress in terms of reflecting audiences, consumers and communities. We hope that this will be a step towards making fashion an industry that we're all proud to be part of – one that is accessible to everyone, regardless of race, gender, age, sexual orientation or disability.

This year also sets out the beginning of the decade of change for the fashion industry in terms of its impact on the planet. We have refocused our strategy and are taking our members, patrons and broader industry on this journey with us. We strongly encourage brands to join the Race to Zero and pledge to become carbon neutral by 2050, with specific targets over the next decade to catalyse change. In September, we will publish a list of all those that have already made these powerful commitments and encourage more to do the same.

This September, we will also share the findings from our academic research, the Circular Fashion Ecosystem Project. We will publish a 'target state' for the fashion industry, looking at the full value chain and how we can reduce the volume of new product; maximise use and revaluation; and optimise material recovery through innovation and technology. At the Institute of Positive Fashion forum in June, we also launched the Future of Fashion Innovation showcase, which highlights the UK's position as a world leader in disruptive innovations. It is really exciting to see the potential power of innovation and technology in the sector.

In the run-up to COP26, we're focused on bringing members of the industry together to agree what policy changes and business incentives are needed to achieve real progress. Many new businesses are already challenging the system. They should be incentivised to continue to do things differently and raise the bar.

Fashion and the government must collaborate and co-invest to tackle industrial change. In doing so, this will enable the industry to accelerate its carbon-neutral pledges. ●

Caroline Rush
Chief executive, British Fashion Council

Digital-first Sweaty Betty sprints past competitors

Women's activewear brand Sweaty Betty is reaping the rewards of smart investment in its digital presence and interaction with online customers during the Covid-19 pandemic

The past 18 months have seen global retail disrupted with an intensity felt by few other sectors, amplifying the essential nature of online engagement and accelerating the urgency to embrace a digital-first, data-driven approach focused squarely on the customer. Brands that continued to invest wisely in digital during the pandemic have been rewarded by rapid growth in difficult conditions, including premium activewear and lifestyle brand Sweaty Betty.

Having previously been supported by digital commerce agency Tryzens in creating a new online store in 2018, Sweaty Betty has worked with the agency to expand its ecommerce capabilities. When the pandemic struck and countries went into lockdown, dramatically reshaping the retail landscape, the company acted quickly to ensure it was able to deliver the best possible experience across channels in an online-only environment.

Recognising that experience should lead, supported by technology, Sweaty Betty embarked on an entire site refresh. User experience research and observing customers' reactions to different designs provided valuable qualitative information on top of the significant wealth of quantitative data Sweaty Betty already held on, for example, shopping behaviour and abandoned basket rates. One insight the research revealed was that most customers prefer personalised recommended items visible for purchase in their basket at the start of a shop.

Guided by the insights, Tryzens helped Sweaty Betty optimise a new basket design that shows recommended products when a basket is empty, tailored by how the user shops and popular styles. The site now has a seamless one-page checkout with payment and delivery options, including click and collect from Waitrose stores.

In line with its global growth ambitions, Sweaty Betty also launched a dedicated German site and a cross-border solution that enables it to deliver to more than 200 countries and provide a localised experience, including currency, pricing, delivery and tax, for 120 markets. This has fuelled growth in international transactions by more than 100%.

"We always build our experiences with our customer in mind, though with so many avenues to explore, it becomes invaluable to have the right advice at the right time from your digital partner," says Annabel Thorburn, senior vice-present of ecommerce at Sweaty Betty. "Our partnership has a high level of trust, communication and alignment, which means we work towards the same goals and achieve them with agility."

Thanks to its digital-first mentality and awareness of consumer trends, clients of Tryzens grow at over two-times the industry average. As businesses continue to look to connect with customers on a deeper level, driving loyalty and retention, one key e-commerce trend that Tryzens anticipates accelerating in importance is personalisation of the user experience.

In a recent study by Tryzens, just 6% of British consumers said they didn't know personalisation existed, indicating people are well accustomed to targeted experiences. However, sentiments towards it are mixed. While 37% describe it as "fantastic", at least in principle, one in five call it "annoying" and 12% say it is "creepy".

The research also revealed a demographic split. While consumers aged between 25 and 34 call personalisation "fantastic and helpful", only 13% of over-65s agree. Meanwhile, six in 10 younger consumers say they want their shopping experience to be specific to them, compared with just 34% in the older group. Over half of all respondents say personalisation enables them to see the best offers and content. As millennials become the most dominant consumer group, it's clear there will be growing demand for personalisation.

"Personalisation provides an experience that is compelling, positive and engaging," says Dan Fountain, managing director for the UK and Ireland at Tryzens. "Experiences need to become more natural, intuitive and adapted to each customer, from browsing to purchase method and even delivery preferences. The key for any business is to really understand customer sentiment and preference at an individual level, and to take that learning and craft it into every touchpoint with your brand for a seamless experience that resonates for them."

6in10

younger consumers say they want their shopping experience to be specific to them

Tryzens

To download Tryzens' personalisation customer survey with exclusive insights from over 2000 respondents, visit tryzens.com/personalisation-2021

tryzens.

DIVERSITY AND INCLUSION

Why Black-owned fashion brands matter

Systemic racism has historically limited opportunities for Black talent in fashion. Many in the industry have pledged to change this, but are their deeds matching their words?

Sue Omar

On 25 May 2020, smartphone video footage of a white police officer named Derek Chauvin killing an unarmed Black man, George Floyd, in Minneapolis was circulated around the globe. The murder – shocking in its casual brutality – became symbolic of the realities of racial injustice, sparking a wave of protests that extended well beyond the US.

Early the following week, fashion designers and retailers were among the thousands of businesses that published Instagram posts featuring a black square and anti-racism slogans to stand in solidarity with the Black Lives Matter movement. Despite its overall lack of diversity and its reputation for using racist imagery in design and marketing, the industry showed up in full force, with well-known brands taking to the internet to pledge their commitment to changing their ways.

Aurora James, founder and creative director of US footwear brand Brother Vellies, challenged large retailers such as Saks Fifth Avenue, Net-a-Porter and Macy's to walk the talk by dedicating at least 15% of their shelf space to Black-owned fashion brands. In the UK, meanwhile, rap artist Swiss set up Black Pound Day – the first Saturday of each month – as a way to redress the economic inequalities that Black people face by encouraging consumers to patronise Black-owned businesses whenever possible.

Just over a year on from the start of such initiatives, has the industry delivered on its promise to become more diverse and inclusive?

Several fashion magazines – following the ground-breaking example set by Edward Enninful, who became *British Vogue*'s first Black editor-in-chief in 2017 – have made it their mission to diversify their coverage by publishing regular features highlighting the work of Black brand owners and designers. For Timmy Amoo, womenswear designer and owner of label Canopi House, this has been a welcome development.

"Before June 2020, we used the term 'Black-owned' in our community as a means of supporting each other, but it has since become a term that resonates with the wider world – and I am glad to see that," she says. "It has certainly brought to light the issues that Black people face – especially in fashion – when it comes to finding stockists and obtaining finance and other types of support."

Canopi House

But other industry insiders believe that the mainstream media can do much more to inspire long-term change than publishing guides to the best in Black-owned fashion (articles that have generally been compiled by white journalists).

Agnès Cushnie, co-founder and director of art and marketing at high-end footwear brand Sante and Wade, says: "I have seen British publications featuring lists of Black businesses to show their support for the movement, but I have yet to come across any substantial framework designed to ensure that diverse designers are guaranteed to be considered for inclusion on fashion shoots, features, paid opportunities and so forth."

It is evident, then, that further work needs to be done by the media to give Black people in the industry the prominence they warrant, both on and off the catwalk. This would help them to access the same opportunities that their white counterparts have always had to take their careers and businesses on to the next level.

According to The Fashion Spot, autumn/winter 2021 was "officially the most racially diverse season on record", with "a little over 43% of castings going to models of colour". But, although the presence of Black models on catwalks and campaigns has increased in recent months, the luxury sector has yet to fully embrace the work of young Black designers aspiring to become international players.

One such designer is Benjamin Kyei, a 24-year-old London-born Ghanaian who established the Gosse au Coeur label in 2017.

"When I first started researching my fashion line, I felt like a bit of an intruder because I wanted to enter the luxury market and sell T-shirts for £200," he recalls. "Although I spent two years studying luxury fashion before launching my brand, it was always in the back of my mind that I, as a Black man, didn't look like the typical male fashion designer – ie, older and white."

Kyei continues: "People did not quite understand my vision as a newcomer. But I was inspired by Kanye West, who launched Yeezy in 2017 and achieved huge sales with no formal fashion education, and also by Virgil Abloh, founder of the luxury streetwear brand Off-White."

In what may be a sign of further changes to come in the high-end segment, London-based menswear designer Bianca Saunders was shortlisted for the prestigious LVMH prize. She is hoping to go one step further than Abloh's protégé, Samuel Ross, who was a finalist in the 2018 edition.

Kyei says that he'd "like to see more up-and-coming Black designers aiming for the luxury space. It would also be good to be recognised for our creative talent first and foremost, as opposed to the obstacles we've had to overcome because of the colour of our skin."

In February this year, CNBC quoted research indicating that 80% of all Black-owned businesses were failing within 18 months of incorporation. Fashion line Farai London is one of the 20%. Founded by creative director Mary-Ann Msengi during the first UK lockdown, it has gained an enviable following thanks in no small part to the effectiveness of organic influencer marketing. The company recently announced that its brand will be stocked by Selfridges, both online and in its flagship London store – a clear sign that things are moving in the right direction.

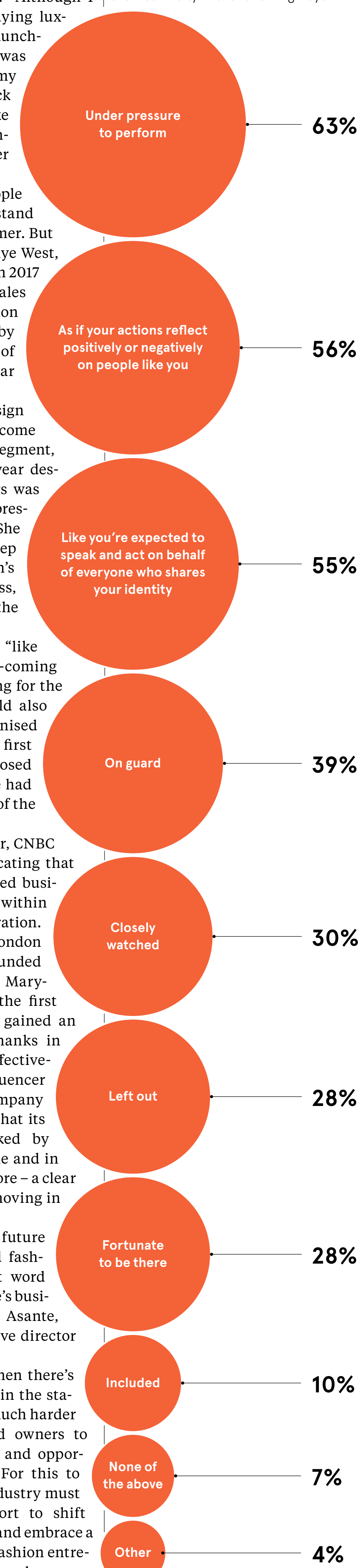
So what does the future hold for Black-owned fashion brands? The last word goes to Agnès Cushnie's business partner, Shola Asante, co-founder and creative director at Sante and Wade.

"I hope for a day when there's no longer a disparity in the statistics showing how much harder it is for Black brand owners to gain access to funds and opportunities," she says. "For this to happen, the entire industry must make a genuine effort to shift negative perceptions and embrace a future where a Black fashion entrepreneur has the same chance as any other of success."

> Before June 2020, we used the term 'Black-owned' in our community as a means of supporting each other, but it has since become a term that resonates with the wider world

THE INDIRECT EFFECTS OF FASHION'S LACK OF DIVERSITY

Percentage of Black members of the fashion industry who describe their feelings towards being 'the only' of their ethnicity in the following ways

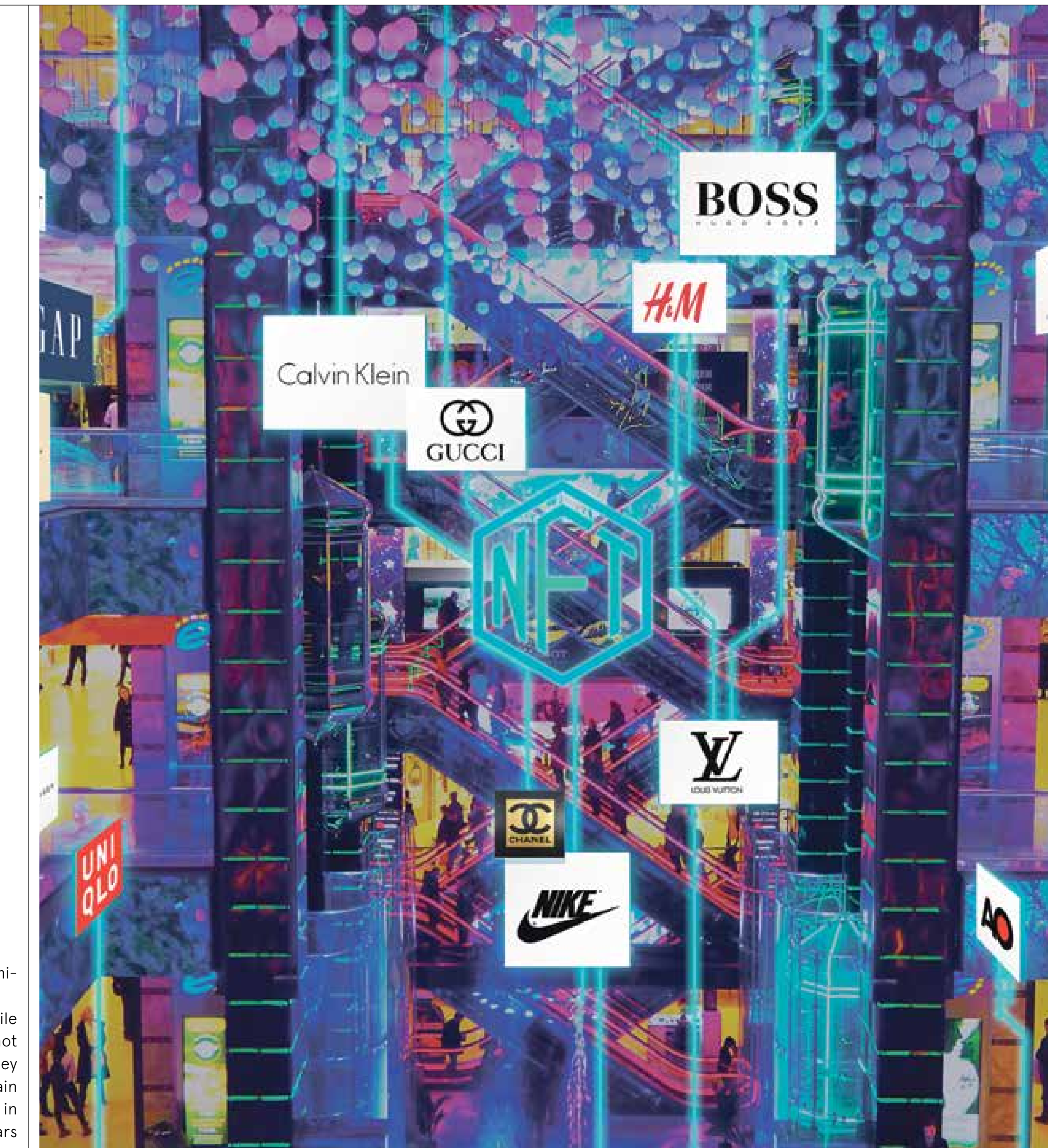


Council of Fashion Designers of America with McKinsey, 2021

Commercial feature

Fashion is embracing the metaverse, so are payment providers

As fashion creates new products and experiences for the digital world, it cannot forget about a crucial element of the customer experience, payments



Fashion has a perennial desire for relevancy, newness and innovation. Now with the wholesale shift to online accelerated by Covid lockdowns, fashion brands are increasingly embracing the metaverse. With more physical assets mirrored in the online world, it's not surprising that fashion brands are adopting cutting-edge digital ways to pay, trade and authenticate the 'it' bag or that exclusive dress.

In the years to come, the virtual world of pixelated clothing and avatars will accelerate. Non-fungible tokens, or NFTs, cryptocurrencies and blockchain are now being adopted by some labels who want to appeal to a younger generation. Digital fashion is increasingly reflecting real fashion. Cryptowallets can now be used to pay for virtual outfits. LVMH, Richemont and Prada are just some of the brands getting in on the act.

"For the first time in history, we are seeing a shift where fashion items are bought online and consumed online, not in the physical world. How you target and communicate with this next generation of consumers is evolving. This includes your proposition in the market and covers everything from how you validate a piece of couture, to how you buy and sell it, as well as value it," explains Motie Bring, chief commercial officer at Nuvei, a global payment technology provider.

Right now, the fashion industry is teetering on the brink of a digital boom. Brands are looking at new ways to bring items of clothing, jewellery, accessories and footwear into our lives that go beyond the physical product. At the same time, brands are trying to illustrate provenance, sustainability and transparency, as well as value in new ways. This has huge ramifications for the industry.

"Fashion brands need to be agile and open to new technologies - not just payment methods, but how they operate digitally in order to remain relevant. 'Buy now, pay later' in Europe was unheard of a few years ago. Now it's one of the fastest growing trends. Apple, Google and Amazon Pay are also recent phenomena, fashion houses thought they would never need to accept these payment methods - now many do," details Bring, from Nuvei, which works with brands such as Mandarina Duck, The Level Group, Rinascente and Maternia.

"Right now, fashion brands are evolving into technology businesses that cater for fashion. Many businesses are becoming extremely digitally focused. They are busy promoting their tech in terms of how shoppers interact with their products online. This creates a new dynamic. Those brands who aren't evolving in this way are being left behind."

While the art world was stormed by NFTs, which are principally unique tokens that tie the ownership of an artwork, video or any other virtual asset to a specific digital wallet address, therefore determining ownership. Non-fungible tokens are underpinned by blockchain, the same technology that is used for cryptocurrencies.

Yet, the fashion world is only just beginning to wake up to the potential of NFTs. Burberry is experimenting with them, Gucci has been talking about them too. Fashion brands saw physical sales plummet because of the Covid-19 pandemic. They've now woken up to the real potential of digital.

"Fashion brands who want to stay relevant have to cater for the latest cutting-edge consumer trends. Shoppers don't just want the shirt, the dress or the bag, they want the experiences around it, which includes how they authenticate, pay and validate these items," states Bring from Nuvei, a payments-processing platform active in 150 currencies, 40 cryptocurrencies, and 470 alternative payment methods.

"Being willing to experiment is key in the fashion industry. What was relevant two years ago isn't relevant now. The pace of change is accelerating. In both the fashion and the technology world. Covid has pushed things into the future. Brands have to deploy what customers are increasingly demanding."

In May, the blockchain industry generated roughly one million in unique active wallets, according to a Dapp Industry Report, while the NFT market reached US$350m in sales for this month. These forms of value are growing at considerable rates.

"Many more consumers will want to be in this space in the next few years. More shoppers will want to authenticate that dress using NFTs, account for it using blockchain and pay for it using a crypto wallet. A good payment partner should be able to give you the range that you need to cover all types of payment methods and technologies," points out the CCO of Nuvei, which is Canada's largest private and non-bank payment processor and active in 200 markets across the globe.

"Fashion brands need to offer a large swathe of payment types, otherwise they can miss out on the 5% or so who want to pay but can't because they cannot see their payment method of choice. You never know which technology or new cryptocurrency will be the winning one over time, but if you want to stay relevant, you have to have multiple offerings."

In the next five years the world of fashion is likely to morph even further, not just the metaverse, but also new tie-ups and partnerships which will need to be serviced by seamless payment processes. For instance, Ralph Lauren is entering the Esports arena, while Christian Louboutin is combining augmented reality to create exclusive immersive experiences, while Farfetch provides virtual outfits online festivals. Expect a lot more.

Many initiatives have the potential to also drive greater sustainability and transparency in a climate-conscious world, where blockchain can make fashion brands more accountable, while the move to more digital offerings can reduce emissions from the sector.

"Being open to new technologies is crucial for fashion. Being willing to experiment is key in this sector. Fintech companies also have to be partners in this space and to facilitate this exciting evolution. It is not our job to determine how consumers will behave, it is our job to facilitate their behaviour. That's what we are trying to do as a global and innovative leader in the payments space. Innovation is key. It needs to be part of any company's DNA. It's part of ours."

> It is not our job to determine how consumers will behave, it is our job to facilitate their behaviour

Commercial feature

Sustainable, powerful fashion transformation in the 'new normal'

Driving deep sustainability with technology

Covid-19 has massively disrupted fashion businesses' daily operations and sales strategies. Having the right technology is essential to survival

Since the arrival of the coronavirus pandemic, fashion businesses have suffered enormous operational and financial strain. Lockdowns worldwide have mandated an overhaul of daily processes, eliminated exhibition opportunities and curtailed essential sales routes.

For smaller brands, the initial shift was towards home working and managing disparate workforces. Andrea Menè, managing director at the fashion technology business Zedonk, describes that process as "a big challenge for fashion brands whose businesses were driven by face-to-face interactions". He adds: "In terms of maintaining core processes and working together efficiently, it's certainly been a difficult transition for many, but made easier for those who implemented technology early on."

Traditional fashion shows and sales channels have also been heavily impacted by lockdown rules. "The wholesale landscape has completely changed with no physical shows or presentations," Menè explains. "Consumer sales routes have also been changing - with brands needing to sell remotely and online using systems such as Zedonk. More effort has gone towards direct models, but as lockdowns ease, they've simultaneously needed to work on getting back to excellent bricks-and-mortar experiences."

With coronavirus likely to remain a factor in all our lives, brands now need to harness future-proof ways of working that are supported with powerful technology. For smaller fashion firms, many of which still manage their operations from spreadsheets, it is imperative to consider enterprise resource planning software hosted in the cloud to provide adaptability, affordability, and optimal process efficiency.

"ERP is essential in allowing each department to fulfil its role without disruption, saving time and money by streamlining processes, and cutting out costly manual mistakes," notes Menè. The technology also boosts a brand's efficiency by automating repeated steps, and allowing status and performance reports to be downloadable in seconds.

Over 1,000 small and medium-sized fashion brands across 45 countries work with Zedonk's cloud ERP system to manage growth and prepare for the future. The system is modular, so it covers different sizes and types of business, and seamlessly integrates development, sales, production, inventory, allocation, logistics and reporting functions. It also contains a new virtual selling module that allows brands to showcase collections, communicate with retailers and receive orders. By being dedicated completely to the fashion industry, the quick-to-integrate ERP system allows brands and designers to run daily operations without disruption, in contrast to generic alternatives that require extensive customisation.

As countries look towards a 'new normal', Zedonk is ensuring it remains at the forefront of change in the fashion industry by constantly engaging with fashion firms, business incubators, industry associations and education institutions. "Brands are adjusting to the new ways of working and seeking to ensure they are future-ready," Menè concludes. "Using a dedicated, efficient ERP system that meets their needs will be essential to success."

158k
sales orders created

27m
units on sales orders

£4bn
worth of sales orders

To find out more about harnessing cloud ERP to support powerful growth post-pandemic, visit zedonk.co.uk

zedonk.

Q&A

Powerful transformation beyond the pandemic

Fashion brands face enormous demands to improve their environmental and ethical credentials. **Luca Tonello**, sales director at Dedagroup Stealth, explains how technology will transform impact

Q What are the main sustainability challenges for fashion brands?

A Water consumption, carbon emissions and ethical production. The industry uses around 1.5 trillion litres of water annually and generates roughly 23 kilogrammes of greenhouse gases for every kilogramme of clothing produced, while there are important questions around employee conditions across the global supply chain. Luxury brands may buy 'sustainable' materials but struggle to audit suppliers. Fast fashion brands may find it tough to cheaply source sustainably and ethically. Online brands' high return rates augment the carbon damage from goods delivery. There is a long way ahead for the right business models, supported by technology.

Q Are these pressures likely to increase quickly?

A Yes. The fashion industry has complex processes, among the most harmful to the environment in terms of carbon emissions, water usage and wastage. While there are still only a few formal regulations targeting the sector's sustainability, we expect many more as initiatives are formulated globally. The industry knows to change before being compelled. In mature markets, consumer behaviour is further pressuring transformation.

Q What response are you seeing from fashion houses?

A Beyond initial commitments, brands are now embedding sustainability with dedicated teams. There are also significant industry initiatives such as the Sustainable Apparel Coalition, raw materials data's HIGG index. The UN Alliance for Sustainable Fashion and the 2019 Fashion Pact aimed at improving employee conditions and environmental impact. But fashion businesses struggle to consolidate and interpret the raft of internal and supplier data, often relying on spreadsheets. Without the right tools, it is impossible to achieve proper transparency and change.

Q How can technology be used to transform sustainability?

A Having the right technology is essential in tracking and measurement, beginning with the traceability of materials and evaluation of production suppliers, and carrying on through the business to the consumer. Technology that collects and analyses this data well is an enabler of circular, sustainable business models. It helps companies manage and understand information across entire lifecycles of products, empowering better choices. The right tools must be actively embedded into regular workflows to maximise impact.

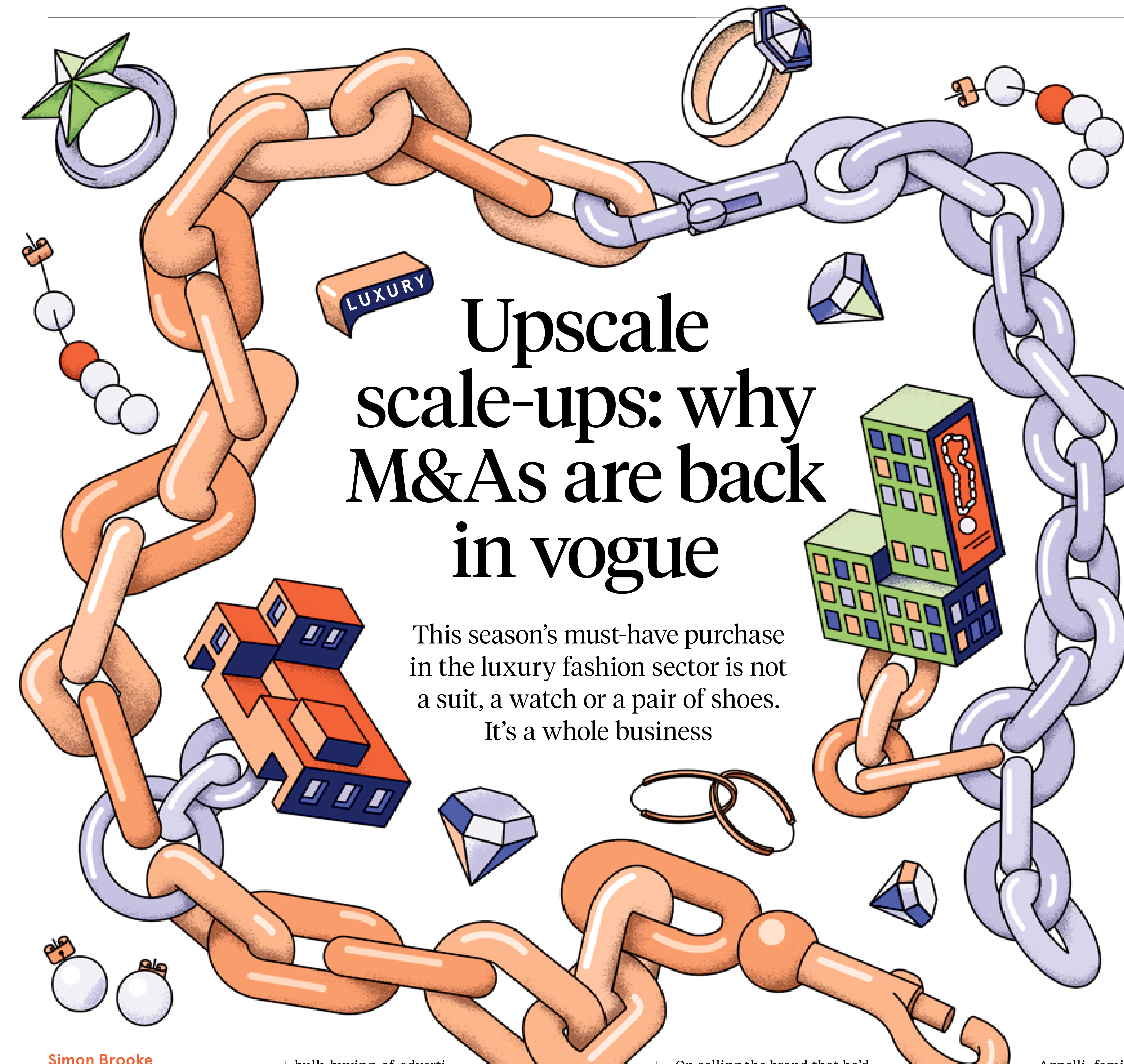
> **Having the right technology is essential in tracking and measurement**

Q How does Dedagroup Stealth help?

A We are completely focused on the fashion market. Our Stealth Platform is used by 60% of the top iconic Italian brands and now contains an advanced sustainability module, which collates standardised data from the Higg Index, augmenting it with businesses' own sustainability information and key performance indicators. By integrating this into all workflows, we enable companies to consistently make the right choices. Fashion brands across Europe are using Stealth, the Fashion Platform to manage their processes along the supply chain and distribution channels, and also to measure sustainability. They include Fendi, whose dedicated team has moved from manual data uploads to our analytical dashboards empowering sustainability across clothing, shoes and leather goods. For all fashion brands, the future lies in introducing sustainable business models enabled by accurate and transparent technology.

To find out more about how to reshape the fashion industry with technology, visit dedagroupstealth.com

DEDAGROUP STEALTH



Upscale scale-ups: why M&As are back in vogue

This season's must-have purchase in the luxury fashion sector is not a suit, a watch or a pair of shoes. It's a whole business

Simon Brooke

As the wealthiest consumers return to the stores at last, some of the big hitters in the luxury space have already been on a shopping spree of their own. VF Corporation bagged high-end streetwear brand Supreme for $2.1bn (£1.5bn) and Moncler snapped up Stone Island for $1.4bn at the end of last year, but these deals were dwarfed by LVMH's tortuous $15.8bn takeover of Tiffany, which finally got over the line in January 2021. Since then, Italian group Only The Brave (OTB), which also owns Marni and Maison Margiela, has added Jil Sander to its portfolio.

While the need to expand is clearly one of the main objectives of the acquiring business, there are several other important motives. For example, when LVMH took a minority stake in Tuscan tannery business Masoni, it enabled the conglomerate to secure its leather supply chain, lock in prices and ensure the quality of raw materials just before the pandemic struck.

Such deals also provide potential synergies and economies of scale, with the opportunity for shared manufacturing operations and the bulk buying of advertising space. Crucially, the pooling of resources can help in the rush to expand ecommerce operations and improve data analysis capabilities for better customer relationship management – a high priority for high-end players. And, of course, there is a big element of risk mitigation: having a clutch of brands in a diversified portfolio will soften the blow if one or two should have a less-than-sparkling season or even slip out of fashion.

One big difference between M&A deals in luxury fashion and those in most other sectors is that the sellers' brands will normally be left untouched, given their high value. It would be unthinkable for LVMH to subsume Tiffany into its existing jewellery brands, for instance.

> **Offering profit margins that have traditionally been about 25%, luxury brands seem like particularly attractive targets**

On selling the brand that he'd been building for more than 25 years, Supreme's founder and CEO, James Jebbia, stressed that he was forming a "partnership" with VF Corporation. "This will maintain our unique culture and independence, while allowing us to grow on the same path we've been on since 1994," he said.

Many luxury brands have been owned by the same dynasties for generations, some of those families are getting more interested in the idea of selling up. This is because the conditions have become particularly favourable, according to Erwan Rambourg, HSBC's co-head of consumer and retail research.

"This is a sellers' market," he says. "There's a realisation among them that, if you're running a small independent brand and you still want your family name to be in bright lights in 20 years' time, it will be tough to achieve that on your own in such a crowded market."

Although three big conglomerates – Kering, LVMH and Richemont – have dominated the luxury sector's M&A activities over the past two decades, new players are entering the fray, cheque books at the ready. Exor, the holding company for the Agnelli family, bought a €541m (£467m) stake in Christian Louboutin in April, for instance. Analysts believe that Exor and OTB could join the big three as the sector's powerhouses.

"There's an increasing number of financial buyers too," reports Professor Scott Moeller, director of the M&A research centre at London's Cass Business School and a former acquisition specialist at Morgan Stanley. "Debt is cheap right now, private equity has a lot of 'dry powder' and the special-purpose acquisition companies that have raised billions during Q4 2020 and Q1 2021 are seeking investments. Offering profit margins that have traditionally been about 25%, luxury brands seem like particularly attractive targets to them. Because of the element of glamour, they're also viewed as trophy assets."

So what's the next big deal in the offing? Mario Ortelli, managing partner of M&A consultancy Ortelli & Co, suggests that Chanel could find a buyer.

"The brand may be sold, but only if the planets are in correct alignment. Sound business reasons are needed, plus a change of mindset among its owners, the Wertheimer family," he says. "Burberry is also being discussed as a potential target, given that it's a plc without a controlling shareholder."

The M&A drive seems set to continue, according to Rambourg, who is sceptical about the suggestion that LVMH has put plans for further takeovers on hold.

"They are looking at anything that moves," he argues. "They may tell you: 'We have other fish to fry.' But their pan is so big that they can fry Tiffany and a lot of smaller fish besides."

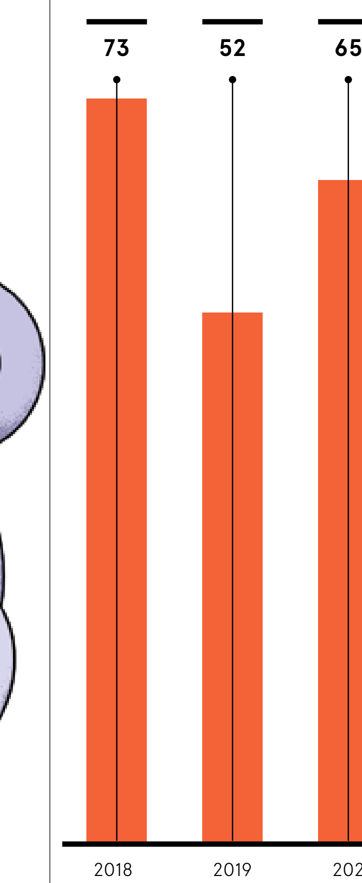
Rambourg's colleague Anne-Laure Bismuth, director and equity research analyst at HSBC, points to recent comments by Giorgio Armani suggesting that independence is no longer "so strictly necessary" for the label and that it might consider a joint venture with another Italian business. "Exor appears to fit that description," she says.

One of the most significant deals possible in the luxury space would be a merger between two of the big three. It was widely reported in March that Richemont had received overtures from Kering but had rejected the cash-and-shares offer issued directly by Kering's CEO, François-Henri Pinault, to Johann Rupert, Richemont's chairman and controlling shareholder.

With Kering's successful record in soft luxury (clothing and bags) and Richemont's emphasis on hard luxury (watches and jewellery), there was some logic behind the move, even though the price wasn't right. Next time, though, it might be.

LUXURY MERGERS AND ACQUISITIONS BOUNCE BACK

Annual totals of M&A deals in the apparel and accessories section of the luxury market



Deloitte, 2021

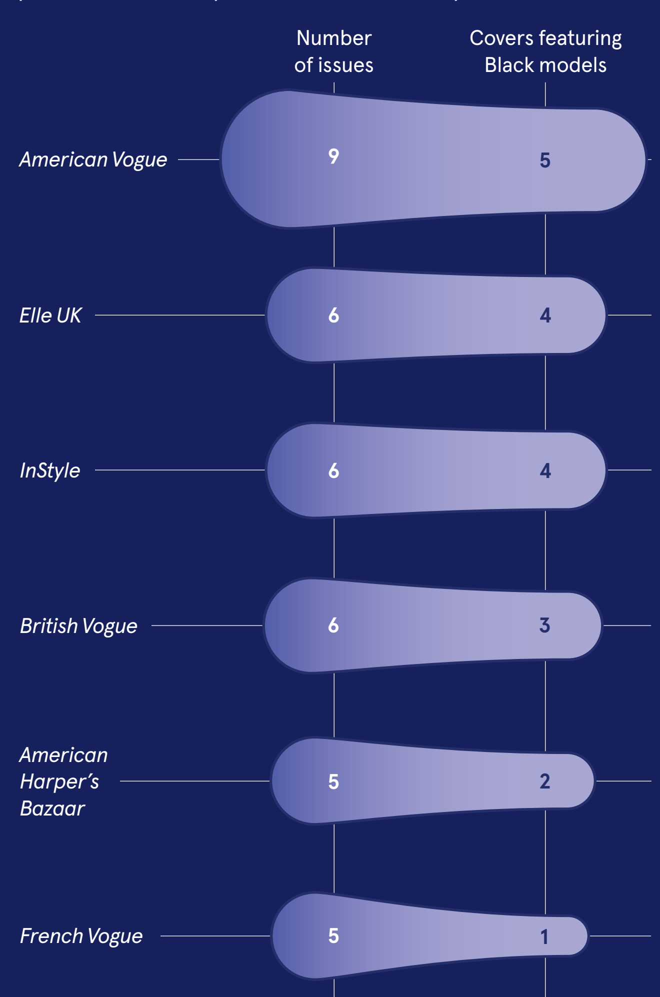
IS FASHION LIVING UP TO ITS BLM PROMISES?

After the murder of George Floyd in May 2020 and the wave of Black Lives Matter protests that followed, many fashion brands made statements in support of the global anti-racism campaign. Well over a year on, do the numbers show that there's been any real change in the industry?

JUDGING THE INDUSTRY BY ITS COVERS

NYT, 2021

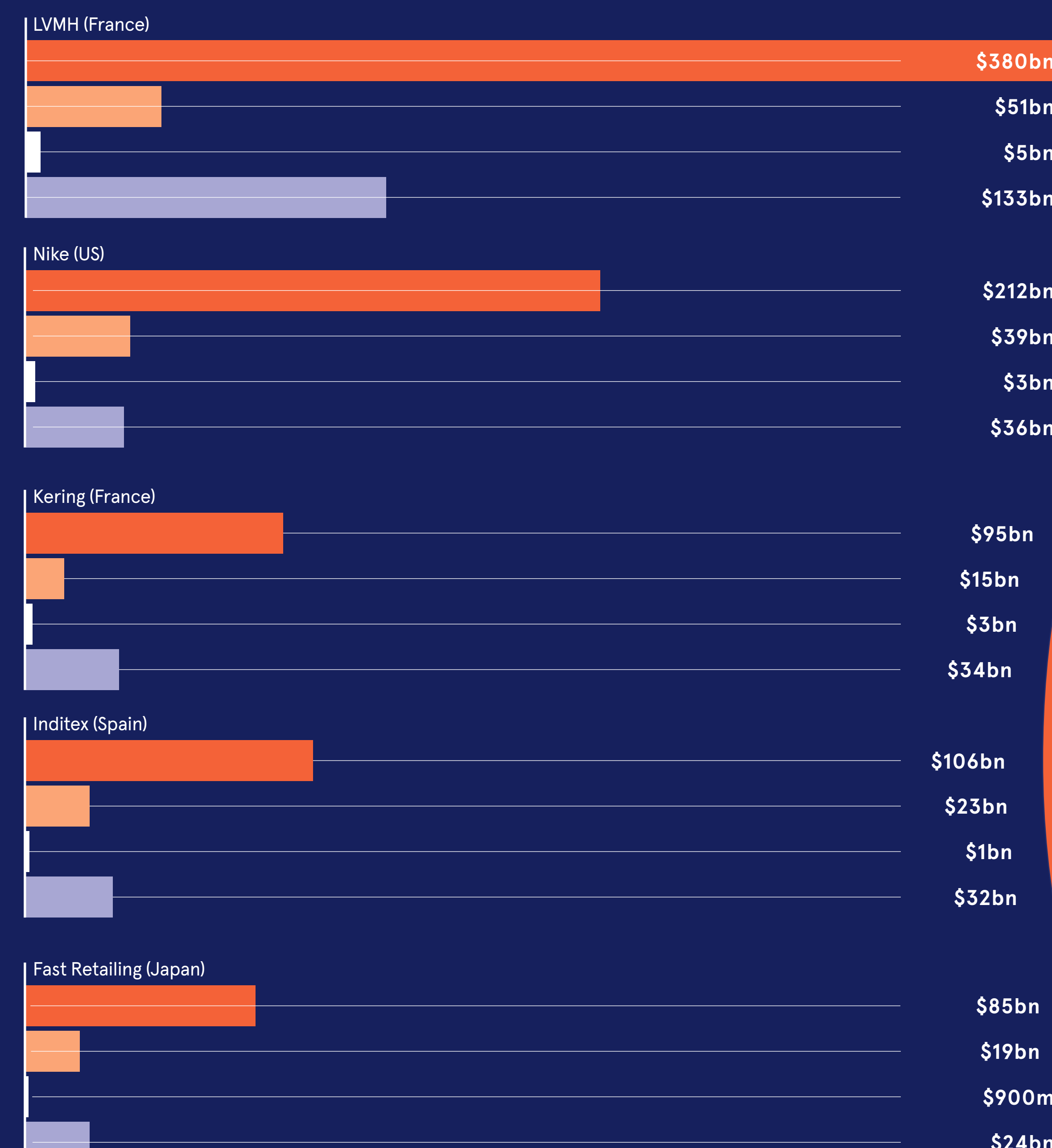
Top fashion publications featuring Black cover models in issues published between September 2020 and February 2021



WHERE IS THE MONEY?

Forbes, 2021

With a combined market value of almost $880bn, the five largest apparel companies in the world have significant power to set the tone of the industry



WALKING THE WALK

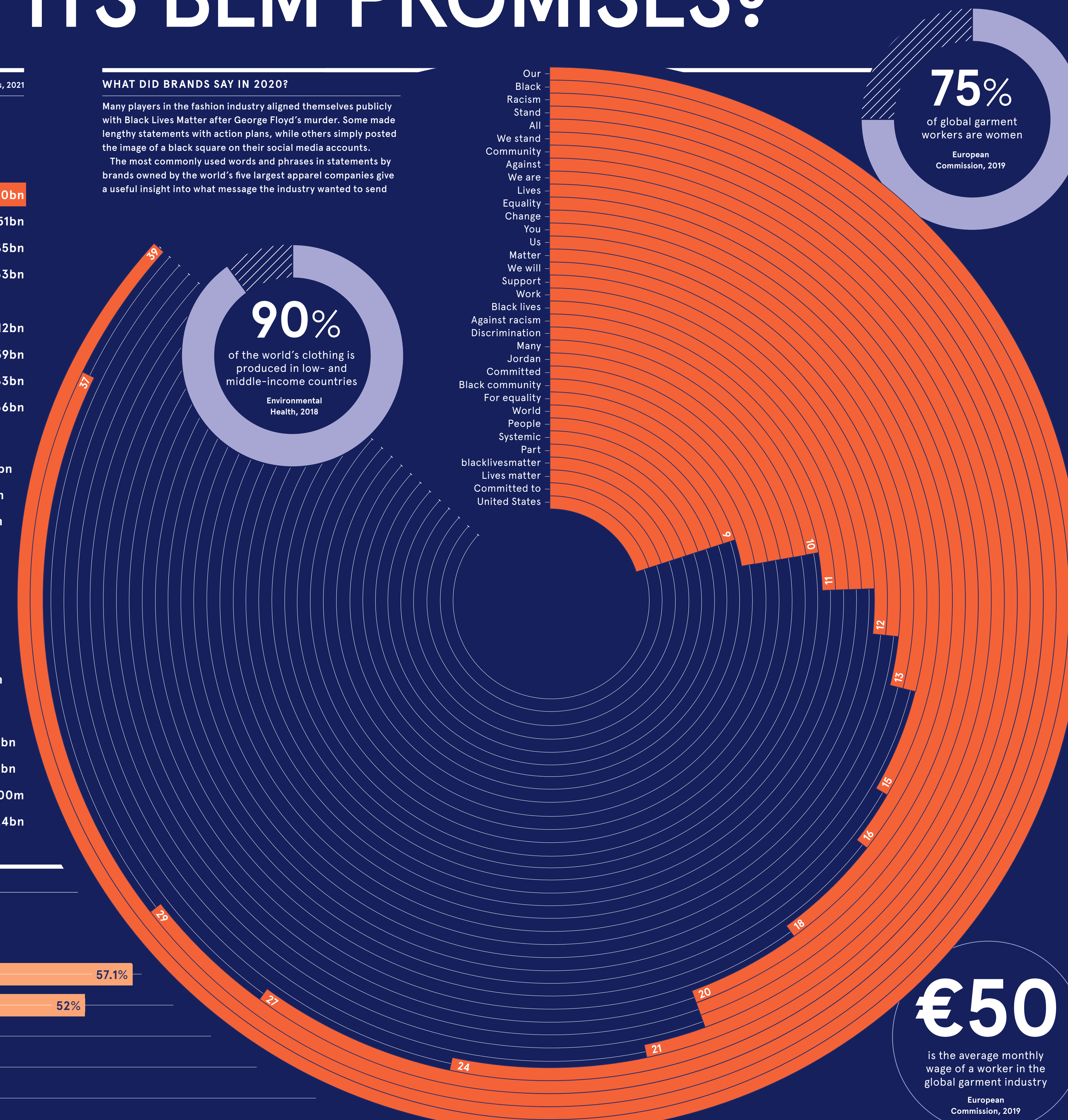
Proportion of people of colour in the total number of models working at the big four fashion weeks before and after George Floyd's murder

The Fashion Spot, 2020

WHAT DID BRANDS SAY IN 2020?

Many players in the fashion industry aligned themselves publicly with Black Lives Matter after George Floyd's murder. Some made lengthy statements with action plans, while others simply posted the image of a black square on their social media accounts.

The most commonly used words and phrases in statements by brands owned by the world's five largest apparel companies give a useful insight into what message the industry wanted to send



SUSTAINABILITY

Four ways to make fashion less wasteful

Their industry is notoriously prodigal, but some retailers and brands are going to great lengths to improve matters. Here are just a few of the initiatives they're taking

MaryLou Costa

Another Tomorrow
01

Fashion is responsible for 10% of the world's carbon emissions, according to a 2019 study by the Ellen MacArthur Foundation and the UN Environment Programme. That's more than the total produced by international flights and shipping combined. As the UN prepares to hold its 26th conference on climate change in Glasgow this October, what have fashion businesses been doing to make their sector more sustainable?

1 Even slower fashion: the made-to-order model

Net-a-Porter and Selfridges have started stocking brands that operate on a made-to-order model, while H&M is offering custom-made jeans on demand in selected test markets. This approach can reduce waste and the number of unsold items by producing only what consumers have already committed to buying, rather than ordering high volumes and pushing sales.

But this approach faces a big challenge: continual oversupply in the industry has trained consumers to expect to get what they want straight away. Can they be re-educated to become more patient?

Cally Russell firmly believes that it's possible. He is the founder of This is Unfolded, a made-to-order online brand that offers a limited capsule collection with a six-week turnaround. The trick, he says, is to keep in touch with customers over that time.

"We've had to think about how we make it an interesting period, so we talk to our shoppers about every stage an item goes through," he says. "We have received huge amounts of feedback from people who have actually enjoyed that time, because we have engaged them in the process and made it a bit more of a spectacle. This kind of approach, we hope, is getting results."

Those hopes are being realised if the business's numbers are anything to go by. The return rate is just over 1%, compared with an industry average of about 30%.

Vanessa Barboni Hallik, founder and CEO of US sustainable luxury brand Another Tomorrow, stresses that the made-to-order model must use more efficient technologies and processes to keep turnaround times down to an absolute minimum.

This is the only way in which brands using this approach can compete effectively against their mainstream rivals, she argues, adding: "How do you ask people to wait when at the same time there's an excess of products already available – often at a lower price?"

01
US luxury brand Another Tomorrow says that its "platform for a technology-based circular economy was built on modern business principles of community, transparency and organic scarcity"

02
Online brand This is Unfolded starts production only once an order is taken. The money it saves through this method is invested to support the education of children in India

03
Conventional hosiery can take up to a century to break down in landfill, but Billi London has designed its tights to biodegrade within five years

Billi London
03

2 Repairing is caring: restoration services

Offering repair services to keep customers' purchases in the best shape was once the domain of specialists, but the provision of aftercare is becoming more widespread. High-end retailers Farfetch, Harvey Nichols, Harrods and Selfridges have partnered with The Restory, for instance, to offer repairs to premium products.

The Restory is understandably keen to help boost the luxury sector's sustainability credentials by making aftercare a standard service. But what potential is there for it in mainstream fashion?

Swedish denim label Nudie Jeans has long made free lifetime repairs a selling point. The brand's sustainability manager, Sandya Lang, says: "For us, it comes naturally to take

This is Unfolded
02

care of our product. We see it as our responsibility to do that. We have trained our store staff to explain to customers the benefits of prolonging the life of each purchase."

Is this another area where more mainstream players can step up to ensure that sustainability doesn't become the preserve of high-end customers? To Lang, the principles of aftercare appear incongruous with those of fast fashion.

"There might not be the same opportunity in that sector," she says. "Certain items are more suitable than others for aftercare. If you buy something from a fast-fashion brand, its quality might not be good enough in the first place to enable a nice repair."

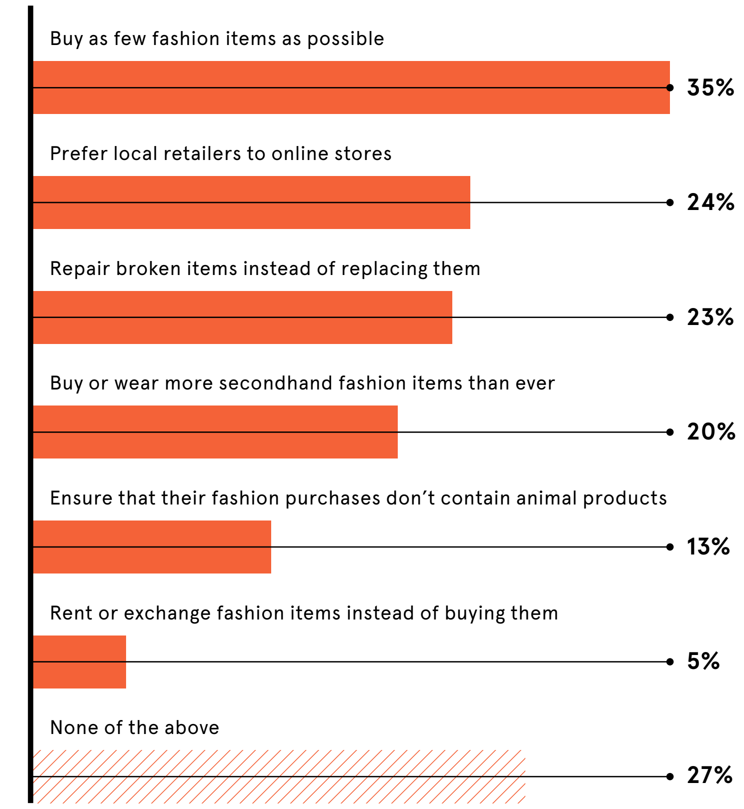
3 Sheer ingenuity: biodegradable tights

French entrepreneurs Marie Bouhier and Sophie Billi-Hardwick realised that biodegradability was becoming a successful solution in the fashion

> "Women tend to dispose of their ripped tights robotically, without realising the impact this has on the environment

A QUARTER OF CONSUMERS DON'T CONSIDER SUSTAINABILITY WHEN THINKING ABOUT FASHION

Percentage of UK consumers who say they do the following



Statista, 2021

industry but that it hadn't yet been applied to hosiery. For such small garments, tights are a big problem when it comes to waste management. Globally, about 8 billion pairs are purchased, worn a few times and discarded each year. Most are non-recyclable and can take a century to decompose in landfill. It was for these reasons that the pair established their biodegradable tights brand, Billi London, on the back of a hugely successful crowdfunding campaign in May 2020.

This was the culmination of an 18-month collaboration with Italian fibre experts to find the correct weaving technique to achieve a premium product designed to biodegrade in landfill in only five years.

"Women tend to dispose of their ripped tights robotically, without realising the impact this has on the environment. This is how it's always been," Billi-Hardwick says. "Because of this, we're also trying to educate our customers and bring them on a conscious living journey with us."

She and Bouhier are planning for their brand to become the leader in biodegradable intimate wear in Europe by 2025. They sell on their own website; through online marketplaces Wolf & Badger, Know the Origin and Lone Design Club; and in Parisian designer boutique La Maison Perchée. Billi London is also set to feature in a pop-up store at Covent Garden this year.

4 Second-chance salon: recommerce

The pandemic has heightened consumer demand for sustainable shopping choices – and retailers have been responding. The value of the global market for secondhand clothes, for instance, is expected to leap from £21bn in 2020 to £47bn in 2025, according to research by ThredUp and GlobalData Retail.

Retail Gazette has estimated that 17% of retailers will have started selling secondhand items by the end of this year. Meanwhile, dedicated secondhand platforms such as The RealReal, Vestiaire Collective, Depop and ThredUp are innovating with brand and influencer partnerships in the effort to maintain a competitive advantage.

The RealReal in particular has seen an upsurge in the popularity of its B2B programme, which enables luxury retailers and brands to sell to its community of 20 million shoppers – one-third of whom use the platform as a replacement for fast fashion. So says Allison Sommer, its senior director of strategic initiatives, who adds that consumer demand for the sustainable products featured on its website has nearly quadrupled in two years.

She puts these trends down to a combination of factors. "Retailers and brands are coming to us directly, while we've been contacting some of the most in-demand brands on the site that we think could be seeking extra sales channels. Because we sell to a global audience, seasonality doesn't affect us. Knitwear is performing just as strongly as summer dresses right now, for instance."

Sommer continues: "We have seen a real shift in how brands are prioritising sustainability. The Covid crisis has been a catalyst for them, expediting their commitment to support resale. Nearly half of our buyers say that they will be shopping with more sustainable retailers and brands over the coming decade, while 60% say that they'll be buying more resale items." ●

MARKETING

Over the influence?

Fashion has been a successful pioneer of influencer marketing, but some players in the industry are having second thoughts about whether the channel represents true value for money

Megan Tatum

It turns out that you don't have to be a Kardashian to earn big bucks as a fashion influencer. For US designer and blogger Danielle Bernstein, a single sponsored Instagram post shared with her 2.5 million style-obsessed followers can reputedly earn her up to $20,000 (£14,700). It's been reported that Mexican fashion influencer Julie Sariñana, who regularly shares images of designer clothes and accessories with her 5.6 million followers, can command a six-figure sum for the sponsored content she posts. And high-end style icon Wendy Nguyen has accrued a speculated income of about $1m so far via her channels on YouTube, Instagram and Facebook.

But such eye-watering sums have prompted scepticism among some fashion brands as to the true return on investments in social media influencers. Combined with the fact that it's becoming increasingly tough to market products online – thanks to the increasing cost of customer acquisition and the growing list of web browsers ending their support for third-party cookies – it's raising questions about the effectiveness of influencer marketing.

Has the industry finally had its fill of influencer culture, or is the way that brands are dealing with these online trendsetters simply evolving to ensure that they get their full money's worth?

Along with cosmetics, fashion was one of the first industries to recognise the potential in influencer partnerships. In the early 2010s, the first stars of social media were securing front-row seats at fashion shows and hiring professional photographers for their own shoots. In a few short years, brands were paying them big money to model their garments. Not long after that, advertising regulators began cracking down on influencers who were failing to label material they were posting as sponsored content.

03

Ben Gabbe/Stringer via GettyImages

01

Dominique Charriau/Contributor via GettyImages

Despite such setbacks and the poor publicity these generated for influencer marketing as a whole, the channel is now worth about $10bn a year compared with $1.7bn in 2016, according to an estimate by the Influencer Marketing Hub. In short, influencers' position as a cornerstone of marketing strategy for many firms, including fashion brands, is stronger than ever.

For Lounge Underwear, a five-year-old brand based in Solihull, "influencers have always been crucial in our marketing – even more so during our early days, where we could gain huge exposure for relatively little investment", says its co-founder and CEO, Daniel Marsden. "The social landscape has changed massively over the past few years, but influencer marketing still plays a huge part in our growth."

Another young business that has been reliant on influencers is With Nothing Underneath. The women's shirt brand, which has been operating in London since 2017, considers them "paramount to our success so far", according to its co-founder and CEO, Pip Durell.

"I can't see that changing any time soon," she says. "We don't do any traditional advertising or marketing. We don't have a PR rep. Using influencers *is* our marketing strategy."

That said, brands have been overhauling their approach to influencer marketing, given that the channel has become so crowded and costly – and that consumers are becoming increasingly wary of inauthentic endorsements. For one thing, they are moving away from the biggest names and adopting lower-key relationships with so-called micro-influencers – those with fewer than 10,000 followers.

This is a trend that PR consultant Georgia Gadsby experienced at first hand while she was working as a fashion blogger up until 2018.

"I noticed that bigger brands were starting to approach me with offers of collaboration, despite my status as a micro-influencer," she recalls. "With fewer than 10,000 followers, I still managed to work with names such as Shein. This was truly the start of their discovery that the connections between micro-influencers and their followers are more valuable than any traditional advertising technique. We were telling our audiences directly to buy the products we loved because we thought that they would love them too."

02

Cassidy Sparrow/Contributor via GettyImages

01
Mexican fashion influencer Julie Sariñana at Christian Dior's Paris Fashion Week show in September 2018

02
Style curator Wendy Nguyen, whose channel on Instagram has more than 1 million followers, at a fashion event in New York in November 2019

03
Designer and blogger Danielle Bernstein at New York Fashion Week in February 2020

This is something that Marsden has learnt in his time developing Lounge Underwear. "Whereas it used to almost be a case of 'the bigger, the better', we have since found that micro-influencers hold a lot more weight with their followers, as they are more relatable," he says.

Marsden adds that his business prefers to enter long-term contracts with micro-influencers to lock in the value they offer. "We don't want a shallow and meaningless working relationship. We try to partner with them so that they can truly buy into our brand. Their promotion of it is more genuine as a result."

Trust is golden in influencer marketing. According to a survey by Blue Fountain Media, 35% of social media users start doubting influencers' authenticity when they spot the hashtags '#ad' or '#sponsored' on their posts. As a result, influencer partnerships have, as with Lounge Underwear, become far deeper than they used to be. In some cases, influencers are even getting involved in the development of collections.

"The dynamic between brand and influencer has evolved," says Mary Keane-Dawson, group CEO at influencer marketing agency Takumi. "Influencers started as an advertising channel for brands to showcase new collections. Now they are providing creative direction and giving brands a real insight into what the consumer wants from them."

> We don't do any traditional advertising or marketing. We don't have a PR rep. Using influencers is our marketing strategy

In 2019, for instance, Aimee Song became one of the first fashion influencers to partner a high-end online retailer, working with Revolve to start her own line. We've since seen a number of collaborations, ranging from the MissPap label's collection with Love Island winner Amber Gill to Holland Cooper's limited edition of blazers and dresses with Victoria Magrath, editor of the InTheFrow lifestyle blog.

Carefully curated, influencer partnerships can even help brands seeking to improve their reputation on matters such as diversity and inclusion. Julie Brander, a senior account director specialising in influencer marketing at PR company Weber Shandwick, says that influencers who are "willing to step out and talk about real-life issues that truly matter to them are those who really resonate with consumers. The more authentic and well-rounded the influencer and their content are, the better the results."

Gadsby recalls that "the more that I shared my queerness on social platforms – by using hashtags such as "#LesbianVisibilityDay", for example – the more offers for brand collaborations I seemed to receive. I could see the true rise of companies wanting to diversify their advertising. I genuinely believe that the ease of finding influencers from different backgrounds on social media means that brands no longer have an excuse not to be inclusive."

The growth in social media tools that aid the buying process has created a far clearer path between influencers' activities and sales.

Brander says: "It's definitely important that brands co-create content with influencers that maximises the technology's potential. You only have to look at the integration of swipe-ups, Instagram Shopping, Shopify and ShopStyle to see how the two can be paired to be economically valuable."

Keane-Dawson agrees. "Shoppable features are changing social media and the 'buyer journey' for fashion brands. These platforms are changing from a place where users post, reminisce and browse to a place where they're always window shopping. You can now get items in your shopping basket directly from posts on most social channels. It's a seamless retail experience."

It's clear that, while fashion brands and retailers have become more circumspect about forming relationships with influencers, this channel has become a highly sophisticated marketing tool for those prepared to wield it to its full potential.

HUMAN RIGHTS

Chinese puzzle: a struggle between principle and profit

The massive growth opportunities that China offers are tempting for many big players in fashion. But, while the potential rewards are great, so are the ethical risks

Mark Walsh

Mark Kerrison/Contributor via GettyImages

01

fotografixx via GettyImages

02

Fashion brands love to talk about their commitment to sustainability. But senior executives have tended to become less loquacious when the industry's links to forced labour in China have come up in recent earnings calls.

"With regard to China, the situation remains complex," said H&M's CEO, Helena Helmersson, during a conference call in July about the company's latest quarterly results.

Such quiet equivocation contrasts with fashion brands' otherwise high-profile embrace of environmental, sustainability and corporate governance (ESG) values. This reflects the challenge they face in upholding their own pledges on human rights and international standards without alienating a key growth market. The dilemma they face is intensified by the broader trade and human rights tensions affecting diplomatic relations between China and the West.

"They're caught between two big markets," says Sarosh Kuruvilla, professor of industrial relations, Asian studies and public affairs at Cornell University and the author of a recent book about corporate self-regulation in global supply chains. "Brands have to take a decision about how they continue to balance: by saying one thing and doing another, or by saying one thing and not doing anything.

The challenge became clear earlier this year when brands including H&M and Nike became the targets of a boycott in China over months-old statements expressing their concern about reports that members of the country's Muslim minority Uyghur community were being forced to work in cotton production in the north-western territory of Xinjiang.

Journalists have linked several of the world's best-known fashion brands, via their supply chains, to Xinjiang cotton or forced labour elsewhere in China in cases where Uyghurs have been sent to textile factories around the country.

The Chinese backlash against H&M, which included the company's removal from important ecommerce sites such as Tmall.com and JD.com, forced the Swedish fashion giant into issuing a statement to assert that it was "dedicated to regaining the trust and confidence of our customers, colleagues and business partners in China".

54%

of firms in the apparel sector have faced allegations of forced labour in their supply chains

Know The Chain, 2021

01
Members of the Uyghur community joined people from Hong Kong and Tibet on a rally in London in June as part of a global protest at their oppression by the Chinese government

02
H&M was among a number of high-profile fashion retailers to be boycotted in China this year after it expressed concerns about the country's use of Uyghur forced labour in the production of cotton

Conversely, Inditex, the parent of fast-fashion retailer Zara, came under fire from western activists in March after it had quietly removed a statement from its website condemning forced labour in Xinjiang. Campaigners urged the company to reaffirm that none of its products contained cotton from the region.

It's perhaps not surprising that senior executives have become tight-lipped about the issue. Yet at the same time they haven't been shy when it comes to discussing China's market potential.

"China is a primary focus for us. It will continue to be. We think we can create enormous value out of that market," said Burberry's CEO, Marco Gobbetti, during the luxury brand's fiscal Q4 earnings presentation in May. Its overall 32% year-on-year gain in comparable store sales was buoyed by a 50% sales jump in mainland China.

Likewise, German fashion house Hugo Boss said it almost doubled its sales in China during Q1 2021. The company's CFO, Yves Müller, talked up its plans to expand in Asia, especially China, while scaling back in Europe and the US in the medium term.

China's relatively fast recovery from Covid-19 has made it all the more appealing for companies hard hit by the pandemic. That's especially true for luxury brands, which have long cultivated the nation's growing base of affluent shoppers.

"The whole luxury market will be very dependent on China. It's highly dependent already, but it's going to be more and more so over the next five-plus years," predicts David Swartz, an analyst covering the apparel industry for US investment research firm Morningstar.

Management consultancy Bain & Company expects China to account for 46% of the worldwide luxury goods market by 2025, up from 35% in 2019. With this in mind, Swartz suggests that fashion brands have more to lose by irking Beijing and/or Chinese consumers than by running afoul of ESG-focused investors or activists in the US and Europe.

Morningstar unit Sustainalytics analyses the investment risk of companies across 42 industries on ESG issues. It generally rates companies in the apparel/textile sector as low to medium risk. This might seem strange, given the industry's long association with poor pay and working conditions, as well as tragedies such as the collapse of the Rana Plaza factory building in Bangladesh in 2013. But the investment risk is minimised by the lack of regulation, especially of supply chains, along with the fact that "many people still consume these products, despite their negative impacts on people and the planet", explains Jessica Grant, a senior researcher at Sustainalytics.

But there are exceptions. Grant points to the controversy that arose last year over allegations of abuses in the UK supply chain of online retailer Boohoo Group. A *Sunday Times* investigation revealed evidence of illegally poor wages and working conditions among its suppliers in Leicester.

Because of the ramifications for Boohoo – including the divestment of Aberdeen Standard Investments, one of the firm's largest investors – Sustainalytics downgraded the company's overall risk score. It is now teetering on the cusp of "high risk", according to Grant.

Boohoo says that it has been making "great progress" with the change programme it started last year. "We are also working collaboratively with government agencies, NGOs and many more to drive long-term meaningful change, which will make a positive difference to the sector and those employed in it."

Western governments have begun to take action against Beijing for its oppression of the Uyghurs. For example, US Customs and Border Protection has ramped up the enforcement of orders to stop imports of cotton and other products from Xinjiang, according to a *Wall Street Journal* report last month. Uniqlo has been among those firms whose shipments were detained because they contained goods suspected of being produced at least partly by forced labour.

> "Brands have to take a decision about how they continue to balance: by saying one thing and doing another, or by saying one thing and not doing anything

Separately, the US Senate passed the Uyghur Forced Labor Prevention Act in July. This bipartisan bill would ban imports from Xinjiang on the presumption that any product manufactured in the territory has, unless proven otherwise, been made using forced labour.

The EU is incorporating tougher measures as well. In March, Brussels introduced legislation that would require companies in member states to conduct due diligence to ensure against human rights violations in their supply chains. Norway passed its own human rights due diligence law in April, with Germany following suit in June.

And, although the UK's Modern Slavery Act 2015 already addresses forced labour and human trafficking, campaign groups are pressing Parliament to pass a mandatory due diligence law to bolster the act.

Apparel companies have long conducted voluntary social audits of their operations, but experts say that this system of self-regulation often falls short. In particular, efforts to monitor and prevent labour violations typically focus on the facilities where the end product is made. But businesses struggle to extend their auditing oversight to earlier parts of the supply chain – for instance, spinning mills and cotton farms – where forced labour is more likely to be occurring.

In its latest report on the apparel industry, not-for-profit enterprise KnowTheChain – which tracks corporate supply-chain practices – found that only seven of the 37 companies it studied had disclosed the labour risks extant in all of the links in their chains.

Some firms have made significant progress. Boohoo, for instance, revealed in June that it will be growing its own cotton in Pakistan. Yet there is much more to do across the industry as a whole.

As Kuruvilla says: "The supply-chain traceability problem is not something that the apparel companies have solved."

20%

of the world's cotton comes from Xinjiang

70%

of the territory's cotton has to be picked by hand

570,000

people were mobilised into cotton-picking operations in three Uyghur regions as part of Beijing's coercive labour training and transfer scheme in 2018

Newlines Institute, 2020

Commercial feature

Product data drives success in the social commerce age

The rise of social commerce has meant brands now have a larger number of digital channels in which they can connect with consumers in powerful ways, but only if they get product data right

Ecommerce has evolved at a rapid pace over the last two decades. Beginning with a simple website with a few products people could buy, the enormous growth of Amazon has transformed the business landscape, and ecommerce has taken on such a tight grip over the retail industry that more and more retailers have opted to become ecommerce marketplaces in their own right.

It is no longer just retailers wanting to become marketplaces but social media firms too, which has fuelled the latest wave of innovation: social commerce, in which social networks are increasingly integrating shopping and checkout capabilities. This is partly because they are seeking new ways to monetise their platforms, in light of tightening privacy laws threatening their core advertising businesses, but partly also because it's where young consumers reside.

The pandemic, meanwhile, has only served to amplify the business case. The average time spent per day with social networks reached 65 minutes in 2020, up from 56 minutes in 2019, according to an Insider Intelligence report. It's clear the dominance of ecommerce combined with store closures and social media usage growth has accelerated the rise of social commerce.

"The large social platforms have seen the opportunity to provide commerce capabilities in their existing walled gardens which they can control," says Marcel Hollerbach, chief innovation officer at Productsup, an ecommerce data integration company. "Facebook launched Shops two years ago, Instagram checkout is available, TikTok is working on something similar. Fast-forward two to three years, I expect all the large platforms to have some sort of shopping and native checkout capabilities."

This presents great opportunities for brands, which can have a direct relationship with consumers at a micro-targeted level, finding niche audiences among special interest groups that fit a particular buyer profile. Social commerce is attractive to brands and retailers because it is a real two-way medium of conversation with consumers. However, there are also big challenges.

Each digital channel has different requirements on how product details, including titles, descriptions, prices, availability, images and videos, need to be connected, uploaded and delivered. Some have APIs, some require CSV uploads, and some have other technical specifications. Beyond that, brands also need to contextualise the content depending on the channel. How you advertise on Tiktok is different from Facebook, which is different from Google.

"I think what's even more interesting is that if you go into social, you don't just contextualise for the platform but you can also contextualise for the audiences," says Hollerbach. "You have maybe 50 different audiences that respond to your content, but perhaps you want to present your Nivea cream differently to a hipster from Berlin than to a family father. You can burn through a lot of money by not presenting the product in the right way. The result is a really bad return on ad spend and you are not connecting with consumers in the ways you could be."

Productsup works with brands and retailers globally to help them syndicate the content and catalogues of all the products they sell across the whole ecommerce ecosystem. The company provides intuitive platform for product content integration, optimisation and distribution in commerce, enabling brands to validate, structure and enrich their product content for thousands of channels. With agile data and seamless connectivity, Productsup customers can get their products to market faster, scale their business and capture new opportunities as they happen.

"We're a translation engine in the middle of brands and ecommerce," says Hollerbach. "We know the specifications of all channels and we connect once to your product catalogue, which can be in a PIM system or commerce system, and syndicate it out. We then not only help you to contextualise for the channels but also for the audience, and sync orders across them. Social commerce is incredibly powerful, but you'll only see that value with a platform like Productsup."

For more information, visit productsup.com

Productsup

Plus-size model Ashley Graham at the Melbourne Fashion Festival in 2019

Naomi Rahim/Contributor via Getty Images

INCLUSIVITY

Why plus-size fashion makes business sense

Brands that overlook the market for larger apparel risk harming their company's image – and profits

Rose Stokes

Last September, a dispute broke out on social media between ethical clothing brand Lucy & Yak and a group of influencers and writers. Among the charges levelled against the label was that it was being fatphobic, with critics reproving it for ignoring its plus-size fanbase.

A PR disaster followed for the multimillion-pound business, which has cultivated an image of sustainability and inclusivity. This included a tearful video posted on social media by Lucy & Yak's founders, Chris Renwick and Lucy Greenwood, and subsequent rebuttals labelling their behaviour as disingenuous.

The pair took steps to address the problem, extending their range up to a size 32, among numerous other changes. They have since said that the experience turned out to be positive, enabling their brand to extend its reach.

This case should serve as a cautionary tale for other brands looking to operate in the plus-size clothing market, which is on track to reach $697bn (£510bn) in value by 2027, according to a recent forecast by Allied Market Research. One thing is clear: for both millennial and post-millennial shoppers, inclusivity is important.

So what are the risks and rewards of embracing (or avoiding) size inclusivity? And what can brands do to ensure that customers believe that their efforts are genuine?

According to Stephanie Yeboah, a plus-size writer and influencer and author of *Fattily Ever After*, there is simply no excuse in 2021 for alienating plus-size people.

"The past 10 years have shown that there's a huge market in fat people wanting to dress stylishly," she says. "Certain parts of the fashion industry are missing a trick by constantly refusing to add more sizes or use plus-size women to model their clothes."

> Certain parts of the fashion industry are missing a trick by constantly refusing to add more sizes or use plus-size women to model their clothes

Aja Barber, a sustainability consultant, writer and stylist, believes that brands ignoring the plus-size market are leaning into fatphobia. "You either want people to wear the clothes or you don't," she says, attributing their hesitancy to the legacy idea in fashion that "plus-size bodies are not aspirational", which continues to permeate the industry.

As for cost being a barrier, the bigger risk is missing out on the potential rewards. Sophie Slater is co-founder and owner of Birdsong, a made-to-order sustainable clothing brand that has included up to size 30 from the start. She argues that, while there may be initial extra costs in creating patterns, paying size graders and finding models, opening yourself to a new market of potential customers will pay dividends.

"Plus sizes are really popular," Slater says. "It cost us money to do it properly, but this has increased our market too."

Although there's a moral imperative to being inclusive, it simply doesn't make good business sense to ignore the fastest-growing segment in the market, she adds. "If you have money to spend and are a for-profit business, there is simply no excuse for that."

Brands that want to extend their range need to do it properly. For Yeboah, a crucial step, albeit far from the only one, is getting the right talent on board. This means hiring people – be they designers, fitters, marketing professionals or models – who are plus size and can understand the daily challenges faced by fat people, as well as what they require to feel included.

Otherwise, as Barber points out, you risk looking disingenuous, which could end up hurting your brand more, especially if you're vocally supporting diversity as a means of gaining clout.

"If you're saying that your brand's feminism is intersectional, then your products need to be inclusive. So that includes all sizes, abilities and colours of skin," she says.

Yeboah warns brands against being quiet about expanding their sizes. If they are hiding away their plus-size clothes in their marketing, she says, this might suggest that they aren't being genuine in their efforts.

"Fat women want to be able to dress well, but we want brands to mean it if they're extending their ranges," says Yeboah, who would like high-street names to carry up to a size 26 at minimum. She cites Asos as an example of a brand that's getting things right.

Barber emphasises a need to supply high-quality, sustainably made clothes that will last. Otherwise, they risk worsening fast fashion's heavy environmental toll. She also points to a tradition of brands offering flimsy, poorly made apparel to the plus-size market.

"It sends a message that your body is temporary – that the clothes don't need to last because you won't be fat forever," Barber says.

The demand is clearly there. In an industry that has historically been built around the concept of exclusivity, things are starting to change. This even extends to players at the very top of the tree, with high-end fashion houses such as Valentino adding to their size offering over the past year.

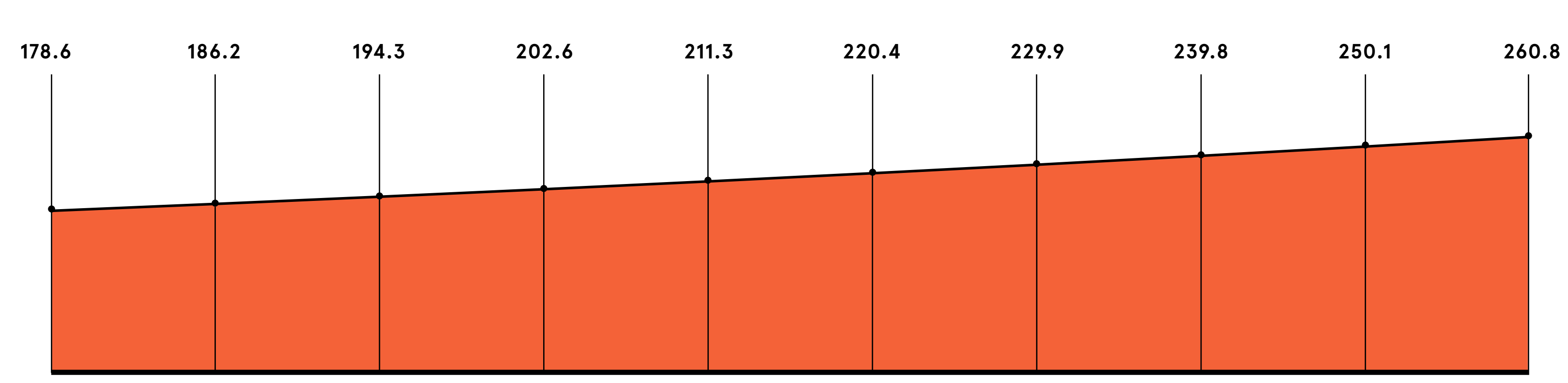
Fashion is hugely influential in shaping the way we view bodies as a society, so the imperative for inclusion is clear. But, aside from that, it simply makes business sense to offer clothes that everyone can buy. There are significant opportunities on offer to those companies that genuinely pursue inclusiveness.

As Yeboah says: "The feeling you get as a fat person when you wear something you want to wear, not something you have to wear because nothing else fits, is incredible."

THE POWER OF PLUS SIZE

GlobeNewswire, 2020

Forecast value of the global market for women's plus-size apparel ($bn)



Commercial feature

Personalisation powers emotional connections with fashion consumers

Convenience is no longer a competitive advantage for fashion retailers online. The only real way to stand out is by fostering an emotional connection – and personalisation is the key

Retail may be a millennia-old industry that every human interacts with on a daily basis, but most of the evolution in the way people experience it has occurred in the last couple of decades through digitalisation. The biggest segment of retail, fashion, has historically relied most on fostering an emotional connection with consumers, leaving marketers facing the greatest obstacles in emulating the feeling people get when they enter a store, but online.

Whereas, previously, convenience was the main battleground for achieving competitive advantage in the fashion economy – trying to make it as easy as possible for consumers to find and buy the clothes that demonstrate their personality – that is no longer the case in a digital world where consumers can discover and buy anything from anywhere at any time. Instead, brands and retailers now compete on the emotional experience that drives loyalty.

"Fashion is about feeling good when you're making that purchase," says Ivan Mazour, CEO and founder of Ometria, a customer data and marketing platform that powers the marketing of hundreds of retailers. "You paint a picture in your own mind about the person you will be once you're wearing that item of clothing. That is the competitive landscape for fashion retailers today. It's no longer about being able to create a product or supply a product. It's about being able to create an experience, a memory and a future vision of the individual.

"A memory is created when something special happens or makes us feel understood and validated. In the physical world, back in the day, that would happen because your tailor, for instance, would know you and remember what you like. That experience feels good because you have a sense of being heard and singled out. Through the transition to digital, fashion retailers have had to figure out how they can create that kind of experience online."

The Covid-19 pandemic has only served to accelerate this landscape, with lockdowns showing fashion retailers, many for the first time, what it's like to operate in a purely digital environment. The most successful companies pivoted quickly, turning to technology to provide insights that previously came through in-person interactions. What do people want to buy? What do they look at but don't end up buying? What are they returning and why? In a digital world, this spreads further to what emails are being opened and adverts clicked.

All of these different touchpoints are a window into the minds of digital customers, but retailers have to be careful how they go about it. An obtrusive pop-up that asks people what they're interested in is not a good experience. Instead, consumers expect brands to simply learn from their online behaviour, in a GDPR-compliant way that doesn't abuse their privacy, and then use that information to create a personalised experience that is tailored to them.

"That is absolutely possible in today's world, fully digital and fully online, and it's already happening," says Mazour. "Not only are the top fashion retail brands increasingly doing it, but it is now becoming the requirement to survive and thrive. It is the competitive landscape. Either you do that or nobody will come to your website and nobody will click and buy again."

Ometria is a customer data and marketing platform that allows retailers to connect the dots, from understanding the customer all the way through to creating a memorable experience that gets them to come back. It enables companies to increase customer revenue by sending personalised, relevant marketing messages throughout the customer journey.

The platform is powered by artificial intelligence (AI), which is crucial given there is no longer a way of creating memorable experiences online by relying on manual logic and legacy systems. A typical legacy approach created a small number of semi-demographic data segment audiences and sent a slightly different message to each one. Instead of 10 million people seeing the same message, 10 groups of a million people saw slightly different ones.

> For fashion brands it's no longer about being able to create or supply a product. It's about being able to create an experience, a memory and a future vision of the individual

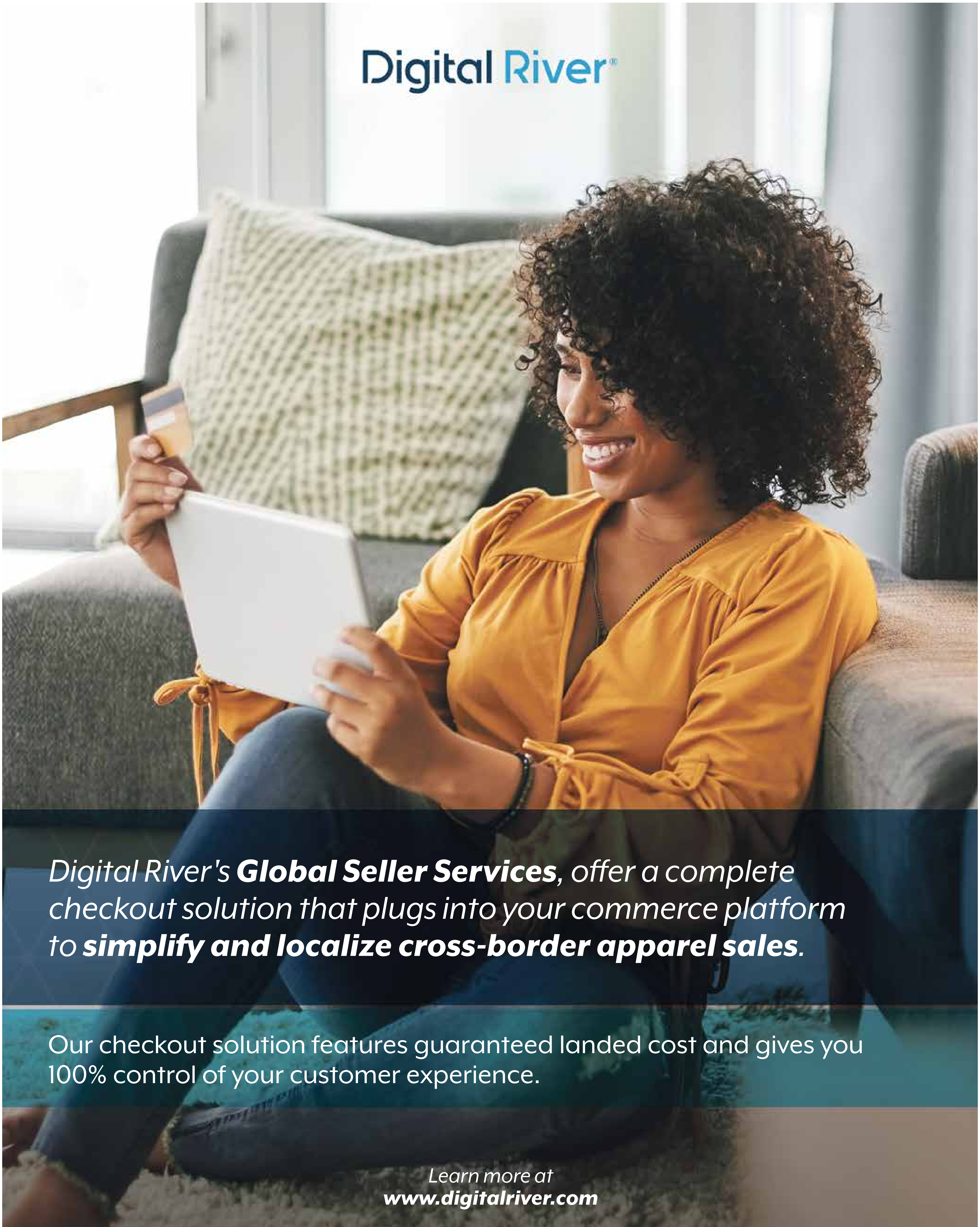
This approach does not achieve the outcome that fashion brands want to create today. Crucially, it's not what the leading companies are now doing, which means there is no pre-AI world that a fashion brand can go back to if they want to survive. Only a piece of AI that can translate a brand vision and objectives into 10 million different unique experiences can deliver on the competitive advantages necessary to thrive in the digital economy today.

Human marketers still have to be in charge, however, because only they know what the brand identity, strategy, values, vision and objectives are. They may not have the ability to translate all of that into millions of personalised experiences across dozens of digital channels, navigating laws around the world, but they must always be in the driving seat.

"It is now on marketers to make or break the business because if they don't create that experience, their brand could be in trouble," says Mazour. "They are the pilot but their co-pilot is a machine that does 95% of the heavy lifting – a reliable piece of AI that provides full transparency and visibility as well as the ability to jump in and take control of any element. Marketers need that sitting next to them as their co-marketer, continually reinforcing those experiences, creating memories and getting customers to come back.

"We believe by 2030 that's how every single retail marketer will be running, with Ometria as the co-marketer that powers that. We do the whole thing, from understanding each customer, all the way to the creation of experiences across dozens of different channels."

For more information, visit ometria.com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