Anindya Ray

FASHION FABLES

Inside the Business of Fashion

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ANINDYA RAY

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Foreword

Life is a journey – one laden with ups & downs, learnings & lessons, experiences & anecdotes… And to be able to share them with the world is a rewarding experience, something that I have been thinking of doing for a long, long time.

My writing journey started during the pandemic, when I finally put pen to paper and started developing a chapter on insideapparel.net.

Initially, I strung together a few words, out of the massive archive of my learnings & experiences from the Indian Fashion industry, but today, those chapters have taken the shape of this book.

I wanted to write not because I am a wordsmith, but because I wanted to share my learnings with others, in the hope that it will help them navigate this ever-changing fashion industry.

In this industry, there is no formula for success and, most of the times, 1+1 is not 2. Nonetheless, experiences help you navigate these uncertainties better.

But do you need to make your own mistakes to learn?

I believe not. For intelligent is the person who can learn from others' mistakes too.

But how will that happen when no one really writes in this industry?

Don't get me wrong. There are many books written about the fashion industry but next to none talk about the back end or the unattractive aspects of this industry.

We talk about beautiful designs made by the brands & the designers, but seldom do we speak about the merchandisers who, painstakingly, ensure that the designs reach the shop floor for you to buy.

If we look back, in most ancient cultures, lessons were initially passed on verbally for generations and later, at some point, written down; I would like this book to be a start in the furtherance of the written word.

The future professionals need not repeat the mistakes my counterparts & I have made and learnt, that in many ways, shaped the industry the way it is today.

I have been a part of the fashion industry for more than 30 years now and have seen fashion through a completely different lens. For you to understand my writing, learnings and experiences, you must understand what '**Fashion**' really means to me.

To the world it is synonymous with ART; It's a trend and an expression of creativity.

But to me, fashion is nothing but a '**business mechanism**' - one that creates a demand when there is no actual need for it.

Shocking! Isn't it?

But this is the truth.

A BIT OF HISTORY

Let's deep dive into the history of fashion and analyse how it has worked on the mass psyche and how it dominates and dictates consumerism, forcing unsuspecting people to be a part of this journey of evolving fashion trends.

According to me, fashion, in yesteryears, was about quality, colours and craftsmanship. This, however, had a narrow audience; it was only restricted to the royal or the noble classes. To the masses, clothes were mostly a necessity, something to cover the body with & protect it against weather changes.

Fashion, in those times, was mostly centered around what the human hand could create. It was the artisans that were highly regarded for the skills they

possessed - be it the exquisite seamstresses of France or the fine cotton weavers of India.

It's interesting to note, that India was the largest producer and exporter of fine cotton fabric in the 1800's which occupied a 23-25% share of India's GDP. India was renowned for its fine quality & craftsmanship.

But with the passing years, the scenario changed.

INDUSTRIAL REVOLUTION

The industrial revolution gave rise to '**Fashion Retail**' as we see it today.

It replaced the human hand with machines and started large scale production of fabrics. Lakhs of metres would be produced on these machines, monthly. This led to surplus or excessive production - a much higher supply than there was demand for.

Now, the industrialists, who had heavily invested in setting up of these factories, had to sell their goods failing which they would incur losses. A direct conclusion for this problem was that they needed to create a market for their product. Thus, came in the practice of creating artificial demand in the clothing industry. All thoughts and mechanisms focused on how to make people buy more clothes when they do not even need it.

Seasonal clothing, which was a mere practical need due to shift in weather conditions, became a trend paradigm. The industry started telling people that they need to wear deeper & darker colours during winters and brighter and cheerful ones during summer. The 'chintz pink' from this summer was getting replaced by 'paloma pink' for the next summer. The winter coat from last year became outdated because it was not done in the colour for this year.

Though, largely, a western concept, this seeped into the fashion retail space world over with globalisation. Even in tropical countries, like India, we were made to believe that summer & winter calls for different fabrics, colours and silhouettes.

Slowly, the designers got replaced by big brands, who projected trends for the coming seasons, made millions of pieces, advertised and told people what they need to wear to stay in tune with trends.

Over the many years, fashion became for the masses and a social need to abide by, failing which one would be looked down upon.

So, what started as a demand and supply mechanism by the industrialists became a social dictate of today. Being fashionable became a need. Thereby, buying fashionable clothes became a necessity…

The brands have come up with different creative solutions to ensure they keep selling more & more. Even a sturdy garment like jeans, which is meant to be worn for years, is reinvented every year. The 'mid-rise skinny fit', that was popular two years ago, has now been replaced by the 'high-rise flare fit'. This, clubbed with higher purchasing power of the consumers, has created a new-age phenomenon - one lead by '**Fast Fashion**'.

When I look back at my childhood, I do not remember buying clothes as often as we do now. We mostly bought clothes around festival times or special occasions like a wedding in the family or a birthday.

In fact, we took pride in our 'pass-me-downs'. The clothes passed on from the older to the younger siblings, mom's saree passed on as wedding trousseau or father-in-law's pashmina shawl passed on to the son-in-law, were prized possessions.

Those were the days when fabric was bought and thoughtfully stitched from the neighborhood tailor. After that, ready-made garments came into vogue, permeating the landscape of India and the rest of the globe as well. This, devastatingly, affected the buying pattern of the people. Suddenly, we started producing, buying and wearing clothes that we did not need.

A little bit of research in this context leads us to some shocking revelations.

A typical household in the USA in the 1950's and 1960's used to throw away 12 garments a year, and today that number stands at 65 garments a year, some of which are worn once or never.

Today, fashion has gone beyond clothes and jewellery. Look at mobile phones for an example… and I must admit, I am no less a victim of this!

I remember buying my first iPhone in 2009. Ever since, the world has seen a new iPhone model launch every year and I, myself, have bought a new

one every 2 or 3 years, irrespective of the fact that my old iPhone works well, maybe even as efficiently as the newer one, yet I succumb to the idea of having that new phone in my hand. I know many, like me, do succumb to the desire of owning that new piece of technology. Maybe because we feel better. Buying a phone, in today's world, is as important in creating a fashion statement as buying trendy garments.

Gone are the days when the brands divided their calendars into two seasons; today we talk about nimble supply chain, where brands can launch new collections every 15 days, coaxing the customer to buy more and more to stay relevant. They dictate the market by stating, "this autumn these colours of Fall will sell" or "this winter parka or a trench coat or anorak would sell".

Consumers keep coming back trying to find clothes matching the trend and, inevitably, buy. Interestingly, the concept of FOMO (*fear of missing out*) acted as a bigger pull in this scenario.

THE VILLAINOUS INVENTORY

With the passing of time, the practice of seasonality became the DNA of the fashion industry. At universities, students were taught to work on seasons; professionals were taught to plan such too.

In fact, fashion forecasting agencies are a mainstay of the fashion industry today. Huge amounts of money and time are spent on researching and putting together reports that tell us what is going to sell 2 years from now - the colours, silhouettes, fabrics and more. The designers and buyers base their seasonal work on these predictions.

What we are essentially doing is – '**Forecasting**'. We are creating an inventory basis what will sell 2 years from now and such assumptions.

Based on this, the unique method of '**spray and pray**' came about. Make goods, send it to 200 stores, put up some ads and pray that someone would come and buy those goods.

And this is the **real villain of our industry**!

Inventory eats up the capital in this industry. The brands stock huge inventory in the hope to sell the goods and make money. The problem is that everything is based on prediction and most of us have no clue what will sell.

Many a times, in my experience, our predictions have miserably failed. What we thought would be a hit product turned out to be a failure that forced us to incur losses due to liquidation.

The advent of social media has made this worse. We are in a situation where brands have lost their power to force trends on consumers. Today, consumers make their own trends. It is, after all, the age of the creators and not followers.

Buying behaviour has completely changed and brands, today, are unable to forecast what the consumer will buy and from where. Consumers, who looked at brands for education on fashion trends, are now becoming the educators themselves, defining trends as they go. The forecasting model, in this scenario, is completely out of sync. How can one predict what the consumer will wear 2 years ahead when trends change daily?

This unpredictability of forecast method clubbed with the economies of scale makes inventory the biggest evil of this industry.

So, I ask - does making 5000 pieces of a product make sense?

RISE OF THE NEW-AGE FASHION BUSINESSES

With the advent of social media and technology, fashion retail has also seen a shift. Most consumers, these days, are purchasing through phones, tablets or laptops from the convenience of their homes. This enables the brands to engage with the consumers on a daily basis. And that's where the new-age, tech-driven fashion brands are breaking the mould. They look at fashion retail very differently.

The hard-coded system of seasons and all, on which the fashion industry is primarily built, does not matter to them.

They have built a new age supply chain where only 50-150 pieces of a style may be manufactured. The images of these are put out on social media and their respective websites. And if they sell, they make more of those - killing the inventory evil and limiting their losses in the form of liquidation and capital that is stuck.

PUSH-BASED TO PULL-BASED MARKET DYNAMICS

When brands manufacture what is sold, it is called the '**Pull-based Strategy**', which is diametrically opposite to the '**Push-based Strategy**', where the brands decide what to make and push into the market.

In the pull-based strategy, only what's sold is made, reducing the inventory burden to a minimal, thereby reducing the losses for the business. The equation is simple: less inventory equals to less capital invested and less inventory also equals to less liquidation.

The methodology, used by these brands, is simple: hold fabric as inventory, create a sample, showcase to the consumers, and make when the order comes in.

In some cases, the brands choose to make 50-150 pieces in the style and make more of it as the sale happens.

Basically, if there is demand, the brands will supply.

This strategy is further evolving as new-age brands adopt technology to replace the process of creating a sample and doing a photoshoot. They are now creating 3D or virtual models of the garment, putting it up on social media to garner responses and then manufacturing the garments. By doing so, it further reduces the inventory risk and heightens the probability of success.

As the consumers evolve, new technology comes to the forefront and so do, brands and the fashion retail spaces.

In the coming chapters, we will dwell further into these concepts but before doing so, it was imperative to understand what fashion retail really was, is and will be in the future.

Overall, the fashion retail industry has evolved over all these years. But most of these learnings are not written down and passed on. This book is my endeavour to doing so.

THE FUTURE OF FASHION

The fashion industry has gone through many changes from time to time… And today it stands on the principle of a metamorphic evolution.

Gone are the glory days of the 80's and 90's, the new era has brought with itself a new way of life. The advent of technology has changed our lives completely and has impacted how the business of fashion runs. Not just the front end, but also the back end.

Today, every facet in the fashion industry works differently, be it the designers who draw magic with their minds or the manufacturers who make the designers' vision a reality!

This first part - **"The Future of Fashion"** - dwells into the core of the fashion industry and the many functions that run it, while exploring its future.

Future of the Fashion Industry and its Impact

This is the first of the '**Future**' series - a set of 6 articles - where I talk about the **Future of the Fashion Industry and its Impact** on various functions and stakeholders. In this article, I want to discuss the components which are driving the future of fashion from the consumer perspective.

The consumer has been evolving. While the basic product has not changed, a few things that have are:

- Where he/she buys
- Who influences him/her to buy
- How important is fashion to him/her

These last few years have seen a paradigm shift in consumer behaviour while the industry is still playing catch-up. It is still working in the shadow of the 80's & 90's glory days.

Consumers still buy as many clothes if not more, just not as much from the same old established players. Caught up in the idea of forecasting, planning, seasons, trade shows, the fashion industry has been trying to manage the disaggregated stakeholders in the supply chain through the old analog process of mails, excel sheets and endless meetings.

A lot of new companies, who were digital-first and did not understand the rules of the fashion industry, experimented with the idea of a supply chain, and succeeded in changing the very rules of the game. For example, BooHoo, Asos, just to name a few.

First, let's discuss these sweeping changes in the consumer landscape.

1. Experience Over Acquisition

Even in the early 2000's, fashion and brands were prized possessions. But now, a lot of that wallet share has moved to acquiring experiences whether it's dining out, holidaying, engaging in online content or gaming. The ability to immortalise people's experiences through social media is making these ways cooler than just being old-school fashionable.

2. The Selfish Generation

Decades of peace and development have assured this generation of their financial and physical security. Thus, this new generation is more focused on pursuing their interests and hobbies. This has created the most self-obsessed generation ever and, in return, they are also influencing other generations around them. This has virtually re-written the relevance of fashion in the current generation, where desires have moved beyond acquiring material things.

3. The Lazy Economy

There was a time when going out for shopping was a pleasurable use of time. But today, with so much to do and such little time in hand, is going out for shopping as big as it used to be? Even older generations have started buying online. And given India's infrastructure, very few want to brave traffic, parking queues and pollution to go out to shop when they can just easily do it online.

4. A Sign From Mother Nature

Almost everyone is enjoying the reduced pollution and stress levels, even the birds have returned to the cities. 'Work from Home' is now a reality which will not only reduce the need for commercial spaces, but also reduce traffic, minimise travel and make people question the old status quo. Sustainability and 'green fashion' are movements that will gain from this awakening as will the renewed advent of slow fashion.

5. Sustainable Living

Better awareness of the ecological damages, caused by the fashion industry, is pushing consumers to demand for more sustainable fashion, brands

and retailers to care for the world around them. Apparel supply chains have constantly shifted their manufacturing to underdeveloped nations to maintain and reduce costs. Over the last few decades, the inflation of final consumer price in garments is the lowest when compared to all other categories and industries.

This global catastrophe has fast forwarded technology, making work-from-home, disaggregated teams, online meetups, digital economy and virtual living, a reality. So how will this further impact consumer behaviour?

6. Living With Less

Suddenly, it has dawned upon people that it's possible to live with less. This thought has brought families together, friends closer and communities first. People are suddenly realising that it's possible to make time for the 'more important' things in life. Marketers may need to work doubly hard on keeping their businesses relevant.

7. Need For Security

Need for security will impact the 'where & how' we buy. It may well accelerate e-commerce businesses by a decade, besides also paving a way for collaboration between the online and brick & mortar industries to work with each other. Just like how, today, one may use multiple debit cards of different banks in the same ATM, in the future, all stores may become fulfilment points across channels - paving the way for a seamless consumer experience.

So, what do all these mean for the fashion industry? While a lot of traditional businesses seem to be failing, there are a lot of new players moving from strength to strength.

What are the lessons to be learnt here?

8. Fashion Vs. Trends

In these series of articles, for the ease of understanding, the two words have been defined differently. 'Fashion' refers to the ability of brands to dictate what the consumers will wear, while 'Trends' refers to what the consumers

prefer to wear. Consumers mix and match to create trends which brands need to recognise and follow.

In the golden age of brands, the 80's, 90's and early 2000's, brands were able to dictate fashion to their consumers. Today, trends are made on social media and are easily available. It is all happening 'right now' and not waiting to be forecast by brands.

9. The Consumer Is in The Driver's Seat

This has never been truer. Social Media and E-Commerce have democratised the marketplace. Brands no longer forecast fashion, and designers no longer influence it to the extent they used to. For the first time, since the industrial revolution, the wheel has turned completely. Digital markets have allowed consumers to buy what they want and from whom they want. Brands will find it increasingly difficult to dictate terms to the consumers.

10. The Changing Relevance of Brands

Earlier, brands stood for lifestyle niche. Buying the brand meant buying into its philosophy. If you bought a Nike, you bought into its lifestyle. Wearing the brand communicated that you stood for active lifestyle.

But today, all you have to do is post a selfie, sweating it out in the gym, and it sends out the same message.

Brands must engage with their consumers at a much deeper level. The brands need to resonate the consumers' philosophy. Brands, which are unable to do this, run the risk of losing relevance.

We, the insiders of the apparel industry are at the brink of change. To stay relevant, we must innovate processes and think outside the box. And we need to do this today!

A few fundamental questions that arise are:

- What is the role of **DESIGN?** Is it just enough to forecast fashion? Do we need to decentralise our teams? Do we need to curate and not just create?

- How will **SUPPLY CHAIN** move from a forecast-based to a demand-driven model? Would this have an impact on the inventory levels? Are small lot sizes really a challenge?
- Can **B&M** afford to look at multiple products as one entity? Do we need to adapt a segmentation strategy to manage product? Can we not apply different rules of demand to different segments?
- Are conventional **MARKETING & SALES** methodologies enough? Do we need to become digital first? Do we need to reimagine offline business too?
- What is the **ROLE OF THE VENDOR** in this new world? Does he become the innovation and trend-spotting lab for the brands?

The following articles will dwell deep into each function and discover the answers to the above questions. Looking forward to your comments. Let's make these conversations as rich as possible.

The Future of Fashion Marketing

This is the second article in the **Future Series**. In the previous article, we discussed the changing consumer behaviour and how it's impacting the industry. In this article, I want to talk about what this means for fashion companies.

In this article, 'Brands' refers to both retail brands and fashion brands.

The one major takeaway we get from this fast-changing consumer behaviour is that brands need to reassess their relevance to their consumers as seen here. In the 80's, 90's and the early 2000's, which I refer to as the Golden Era of Fashion brands, the brand made the person. Now, in this newly established status quo, the brand is trying to fit into the life of the person. People's lifestyles are the biggest decider.

When I look at the Indian market today, it looks like a deluge of opportunism as opposed to well-thought through positioning of brands.

THE 5 PILLARS OF BRAND BUILDING IN THE FUTURE

BRANDS AS THE TRUSTED FRIEND

DEFINING PURPROSE
The **Why Buy Me** principle, defining value to customer

STORY TELLING
Engage through integrated story telling & consistent messaging

LIFESTYLE vs CATEGORY
Learning what not to do is as important as knowing clearly what to do

DIGITAL FIRST
Reverse the thinking from digital as an extension of the brand to the core of the brand

HONESTY & SINCERITY
Be real, consumers can see through posturing & opportunism

Defining Purpose

This clearly states establishing - why does a brand need to exist and what is it doing for the consumer.

This is what I call the '**Why buy me Principle**' for e.g., in the Indian domestic market, we have a plethora of mass-value fashion brands/retailers (not taking names, referring to all of them without any exception) but what exactly is their purpose except that 'we sell cheap clothes/fashion'.

Whereas, when seen in the international context - a Uniqlo, Zara, H&M have clearly defined what they mean to the consumer. Their positioning is very clear - unique value-added products at low prices, quick adoption of fashion from ramp to the masses and mass production of trendy fashion.

To be relevant in the long run, grow exponentially and leave a clear niche in the consumer psyche, brands need to clearly differentiate and position themselves. This is even more relevant in today's noisy landscape.

Now, let's move to another very interesting facet of the fashion brands - the **obsession with becoming lifestyle brands**.

Lifestyle vs. Category

Brands no more dictate lifestyle choices as consumers absorb them from different social media sources. Influencers are a '**thing**' today, peddling lifestyles to all. Rarely do we come across someone who buys a complete ensemble of a mannequin or for instance, picks up everything from the same store for decorating the home. Mostly, everyone mixes and matches.

While brands offer a complete lifestyle to establish a 'lifestyle approach', their sales mix is usually dominated by one category. Some of the most iconic brands are category-based/predominant brands for e.g., Levis.

With online shopping becoming a more dominant sales channel, the consumer is usually exposed to only a category and not the complete offering. So, the question I pose is: Should brands not put in energy, effort and resources in the same proportion in categories as the sales that it begets?

A simple fix to managing this is knowing when to switch from category to lifestyle. Many brands have bitten the dust by spending disproportionate amounts in building retail and lifestyle offerings when they may have done extremely well if they were category-focused.

Businesses should take clear positions on categories in some channels, while reducing the lifestyle offerings to only owned or controlled spaces. Wouldn't this help improve inventory productivity? Even today, brands offer nonmoving categories to complete the offering. Does anyone look at the cost of carrying inventory in the name of offering a complete mix, particularly when the consumer is clearly not buying?

There is nothing wrong with Lifestyle Brands, but sometimes a category-based play may well be a smarter one. This choice should be a well calibrated one, otherwise this may be a one-way trip to an early exit.

Learning what not to do is as important to brand building as knowing what to do.

But defining 'why and where to play alone' is not sufficient. Let's discuss how brands can stay relevant in this new reality.

Story Telling

Indian fashion brands tend to be opportunistic in their communication. Now, whether it is because of the frequent churn at the top, sheer opportunism, bottom line pressures or a typical Indian disregard for our own history, or a combination of all these, I do not know.

But it's important to tell stories. They are engaging and they help build relationships and values with the consumer. But to tell stories, brands need to know themselves. They need to build a shared purpose and history with the consumer. They need to celebrate wins and take social positions based on their own positioning.

This story telling needs to be **consistent**.

That way the customer feels that he knows you, there is familiarity. A classic case of consistency in India is possibly – Max - you know exactly what you will get in their stores. Internationally, it could be Nike. Frequent reinventing

the brand can alienate the consumers, therefore changes must be handled subtly.

But let's not divert from the topic. The questions are:

- Do our brands archive? Do they catalogue their history? What was the 1st garment they sold? Which is their best-selling SKU? Do they have a museum/library of their archives? Do they take pride in their history and values?
- Are they sharing inside stories of victories and struggles with their consumers?
- Do they control their narrative themselves?
- Most importantly, is it integrated across all media, retail, online etc.?

In this new reality, brands need to start becoming virtual people, confidantes, a friend to the consumer. Brands that do that will find it easy to build loyalty even in this world of transitory relationships.

Story telling is not very expensive, but it takes dogged persistence and in today's digital environment, it makes for compelling engagement.

But is that enough? How do we then win consumers' trust?

Honesty and Sincerity

Consumers have become cynical with opportunism and posturing from brands. The number of scams and exposés in the recent past have taken the sheen away from businesses. The trust factor is gone.

A classic example would be 'greenwashing'. Several brands in the recent past have been taken to task for misleading consumers and making them feel good about their purchases.

How do you build Honesty and Sincerity?

There is no easy way out here. It must be through clearly laid down values which are demonstrated by senior management and communicated through all consumer touch points. Need I repeat that integrated and consistent approach to this is the only way. A classic example here would be the Tata brand.

So, it's not true that brands cannot influence consumers like they used to. The truth is that they need to build credibility, something that takes time along with consistency and an integrated approach to building brands. Consumers can see through you, and in a world where no secret can be hidden for long, only genuine values will win in the long run.

And finally, let's talk about accepting and facing reality.

Digital First Brands

Brands need to reconfigure their businesses into becoming digital first. What does this phrase even mean today? Is this just a jargon? Let's understand in simple words.

- Do we manage our websites as flagship stores?
- What percentage of our online sales come from our own website?
- Do we review online sales with the same intensity as we do our retail sales?
- Are our fulfilment centres geared for e-commerce?
- Do we manage our own digital marketing?
- Have we created the right set of competencies in the brand?
- Are we planning merchandise and supply chains differently for online businesses?

Building sales through online channel partners by managing them like key accounts is not thinking digital. Most brands, today, look at online as another channel. They still think brick & mortar and go digital by extension. The trick is in reversing this thinking.

To Conclude

I would simply say that most brands are still living in their glory days. They need to evolve into becoming a trusted friend, who is consistent and engaging in a virtual world: they need to become virtual companions.

Month-end pressures and living quarter-to-quarter is a reality. But to not build the brand while still managing operational issues is condemning the business to an eternity in duress.

Today, it is still possible to grow through physical expansion as the economy is still opening. But in the very near future, as the markets mature, these questions will come back to bite us. This will happen as the consumer gets more discerning with social media and international brands keep upgrading them.

Building the brand will define who survives and grows in the future.

The Future of Fashion Design

This is the third article in the '**Future**' series that explores the changing landscape of the fashion industry and the evolution of various functions & stakeholders in it. In this article, I have discussed the evolving role of fashion design.

In this article, '**design**' refers to commercial fashion design for brand/retail and not couture.

To begin with, we will first discuss:

- Recommendation on brand categorisation and its use in creating effective and relevant design team structure
- How to build competencies based on product strategy
- Go beyond the concept of seasons
- Move to managing multiple calendars
- Evolve to a digital-first world
- To conclude, I will also talk about how this impacts the day-to-day life of a designer

Before moving ahead we should revisit how I have defined the words '**Fashion**' and '**Trend**' differently here, but for quick reference 'fashion' refers to the brands' ability to dictate what to wear and 'trends' is about evolving consumer taste which gains mass appeal.

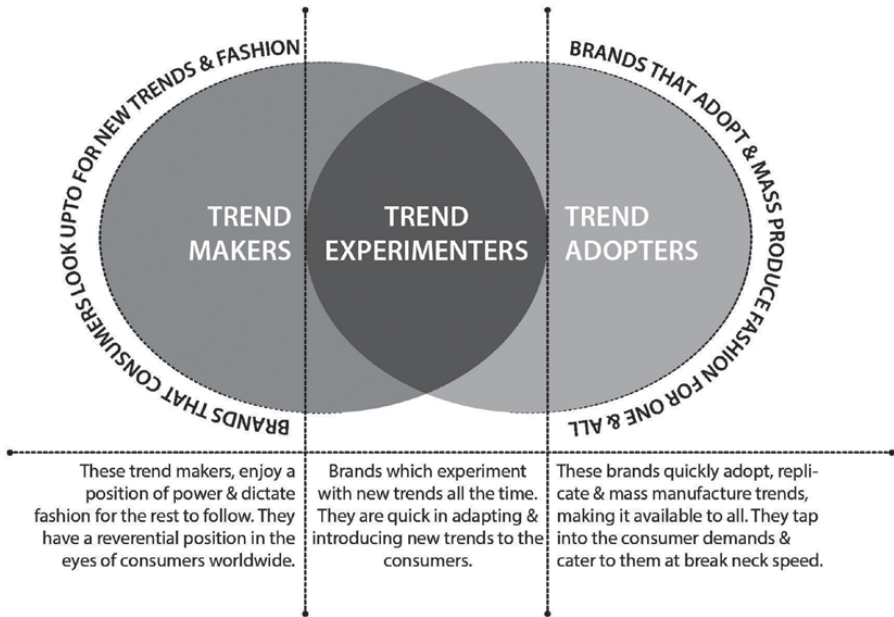I work on a very simple categorisation of brands:

How To Categorise Brands for This New Emerging Market?

As we saw in the previous article, brands no longer impact or set trends the way they used to in the 80's, 90's and the early 2000's. So, based on this, I have redefined how we could classify brands. Simply put, there are three variants:

Trend Makers - Consumers look up to these brands for setting new trends/fashion.
Trend Experimenters - Brands that constantly experiment with new trends and
   bring them to the larger consumer base.
Trend Adopters - Brands that replicate and mass manufacture the trends,
   making it available to one and all.

CONSUMERS LOOK UPTO FOR NEW TRENDS & FASHION

BRANDS THAT ADOPT & MASS PRODUCE FASHION FOR ONE & ALL

BRANDS THAT

TREND MAKERS	TREND EXPERIMENTERS	TREND ADOPTERS
These trend makers, enjoy a position of power & dictate fashion for the rest to follow. They have a reverential position in the eyes of consumers worldwide.	Brands which experiment with new trends all the time. They are quick in adapting & introducing new trends to the consumers.	These brands quickly adopt, replicate & mass manufacture trends, making it available to all. They tap into the consumer demands & cater to them at break neck speed.

*Note - This categorisation is based on inferences drawn from personal experience. At the time of publication, I have not come across other authors who have used this scheme to categorise brands. If you, the reader, have come across such a source, do share it in the comments below.

Having defined the business segment, we now move on to how we should
structure our design teams to get the best value for the business.

Structure Design Teams Differently to Manage Different Business Segments

I have always maintained that design teams should be structured differently
for different business models. What works for a trend maker will not work
for a trend adopter following trends.

A properly structured team can be of immense value to business. So, to
attach designers to some buying teams, in a scattered manner - as is the case
in many companies - may also not be a desirable solution.

The role of design should change from forecasting to innovation to trendspotting, based on the category of brand. However, there is something of these elements in each category of brands, just in varying degrees, based on how their brand is positioned as given in the infographic below.
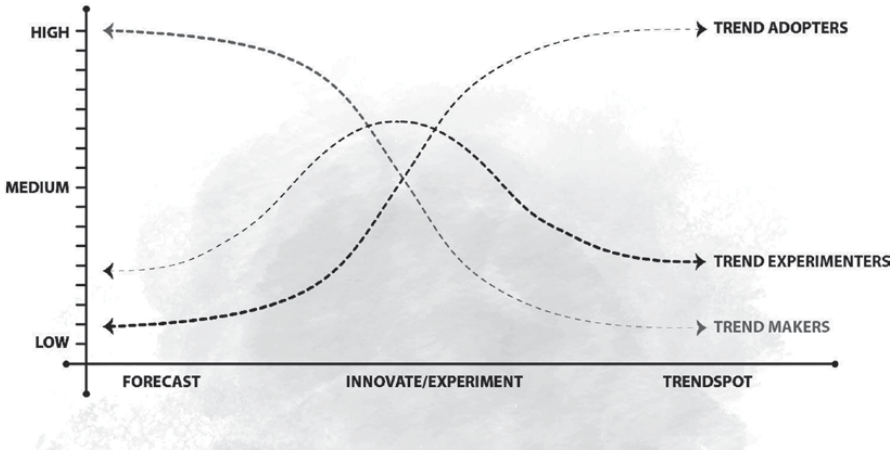
In India, the role of the design teams and how they should be structured, is not well understood. I cannot stress enough, how properly structuring a design team can greatly enhance reaction time and speed to market, thus enhancing business value many times over.

<u>Here are two important aspects I want to point out:</u>

1. In brands, where trend-spotting and quick response is important, I always feel that it is better to have two verticals within the design team
    (a) **The classical design team**, that forecasts fashion, manages brand salience, gives direction and creates designs and
    (b) **Curates and manages co-create** with other partners to ensure quick response to market.
2. Brands need to structure design teams in a way that works best for them. But across the world today, design teams are being moved to a more disaggregated way of working. Many, category-specialist, design teams are being relocated to factories. In some cases, vendors are being asked to set up design teams to support the brands. This allows for flexibility and faster speed to market.

Now let's understand product strategy and how to build capabilities around it for effectiveness.

Build Design & Innovation Capabilities Based on Product Strategy

Typically design and innovation capabilities should be built based on the following principle:

- **Dominate** - What we are known for
- **Excel** - What we are good at
- **Manage** - Where we are present

And the way to build capability is to ensure total control on the 'Dominate Category' - get the best talent, support with investment in innovation and market it well. Then have an adequate play between create and curate for the 'Excel Category'. And finally, handle the 'Manage Category' through collaboration with partners.

Brands should own the direction and the selection of products going into their lines - but is it necessary to create everything by oneself?

Having large design teams slows down the reaction time to market and obsessing over originality can prove very expensive in terms of time lost, particularly when one can be original through smart curation.

Move From Season to Go-To-Market Cycles

The myth of seasonal planning and launches has been bust. Seasons used to be about getting the consumer to refresh their wardrobes ensuring higher buys. Now, the consumer has moved to buying whenever they want. With promotions going round the year, brands need to plan their go-to-market cycles more frequently and design teams need to align to this.

The challenge here is to maintain the homogeneity and look & feel of the brand along with multiple drops, curation and ensure that the consumer feels at home even with such frequent launch cycles.

Have Different Calendars for Different Categories and Channels

Go-to-market cycles can and should be different for different categories based on their lead times, and for various channels based on their requirements to re-fresh. Which would then mean a different calendar, say for jeans, as against one for, say graphic tees and so on.

This means splitting the product line into multiple calendars with different go-to-market deadlines and cycles. This can exponentially increase response time to market, if managed with rigour.

And now, let's talk about the most fundamental change taking place in design.

Design Is Moving into the 3rd Dimension

3D is the defining change in the tech side on design. This will ease visualisation by internal teams and customers, virtualising the sampling, fit testing and speeding up the complete process of concept-to-shelf.

Virtual roadshows, testing design on controlled social media and allowing selection through voting will not only reduce development cycles, but will also be the single most powerful tool in reducing sampling spends and enabling speed to market.

Conclusion

Let me summarise the above-mentioned points from a 30k-height perspective and what it would mean for the designers in day-to-day working.

1. **Research has a new meaning**. Designers must expand their horizons beyond forecasting agencies. They must look at unconventional resources like social media, streaming platforms, politics, sports as everything ignites a trend these days.
2. **Aquire new skill sets.** Integrate within their work style 3D softwares, virtual draping softwares, virtual fittings on 3D models, virtual fashion shows, virtual roadshows, online visual merchandising to name a few.
3. **Change in team structuring.** One person cannot do it all. Apart from creators and curators, specialists in 3D softwares may also be needed.
4. **Change in processes and prioritisation.** Relook at how tech packs are created? Do we have the time to follow conventional methods? With virtual coming to the forefront, hand and feel may lose priority. What one sees is what sells. Designers need to keep this in mind. With consumers also shifting to online buying, the optics of the product have higher relevance.
5. **Commercial calls.** We no longer have the time to obsess over smaller details. The bigger picture must be given more importance. A 'not so right' product at the 'right time' will make more money than a 'perfect product' at the 'wrong time'. Once the trend is obsolete, the merchandise is wasted. It does not matter if it matches the Pantone perfectly.

6. **Work on smaller, closer to market ranges and manage multiple calendars** instead of working on one big seasonal launch. Create & curate small collections which tie into larger stories.

7. **Behavioural changes required.** Start managing relationships with vendors. Become educators who can guide vendors in understanding the brand handwriting and ethos. Designers need to think out of the box, not just in design but also in processes.

The Future of Fashion Buying

This is the **fourth article** of the '**Future**' series exploring the changing world of the fashion industry and what it means for its various stakeholders. In this chapter, I shall be discussing the evolving role of the **Buying and Merchandising** function in the Brands and Retail companies.

To keep it simple, for this article, the term '**Buying**' refers to the buying, merchandising, product management and planning functions. The term '**Brands**' refers to both fashion and retail brands.

Many important topics like - the changing relevance of seasons, product strategy, fashion vs. trends, multiple go-to-market calendars, have already been covered in the previous article, hence I am not touching upon it again.

But, before we start, let's look at why this central function needs an overhaul? As we discussed in the first article, fashion brands are no longer in the driver's seat, they don't dictate trends anymore. So, brands find it increasingly difficult to forecast sales accurately in these uncertain times which leads to:

- Inefficient inventory buildup and reduced availability of right merchandise
- Lower sales, higher inventories and higher markdowns

So, In this Article, I Will Talk About:
- Moving to inventory planning linked to sales
- Building a bestseller-led strategy through 'test and repeat' merchandising
- The importance of defining the product architecture by supply chain logic
- Supported by a segmented approach to OTB management
- Augmented by dynamic pricing
- Finally, the use of AI to, improve inventory efficiency and increase profitability for brands in the future.

Hence, let us explore how businesses can be more robust and closer to their consumers, starting with removing an anomaly in the thinking that drives planning today.

Move From 'Inventory Made for Planogram' To 'Sale-Based Inventory'

Planograms are the holy grail of retail. There are numerous AI-driven softwares that help visualise and manage this complex architecture. Unfortunately, brands use a cluster of different planograms to plan storage and display in different types of stores, and then use that capacity for filling the store with inventory.

Planograms should be viewed more as display optimiser to enable higher sales through better visibility rather than an inventory tool. Modern store fixtures are flexible and allow for open or stacked displays enabling reducing or increasing inventory holding capacity.

Hence, inventories must be reflective of sales and not planned for filling up fixed planograms. Once the inventory is defined (ideally based on weeks cover), then planograms should be used to optimise visibility.

I have often found this to be an extremely misunderstood concept amongst buying and planning teams, which keep filling up inventory in stores without it having a direct link to sales.

Having understood that the first step is to buy what can be sold as against to buying to fill display areas or complete the offering, we now move to discussing more fundamental changes in the operations of the Buying and Planning function.

Building A Bestseller-Led Strategy

This is probably the only industry where goods come in with a deliberately, limited shelf life as we have pre-decided the products' fate. Imagine if car models had to be taken out every six months to pave the way for new cars, what would happen to their inventory and markdowns?

However, the question I ask is - Is this pre-defined life cycle relevant anymore?

Brands define their product line based on their understanding of their own positioning and what they perceive the consumer will buy from them.

But in reality, post launch, the market clearly repositions a brand in terms of how they perceive it and what they want to buy from it. And we know this through their bestselling products.

This is what I refer to as the '**Bestseller strategy**' for brands. This means that every product that becomes a fast-moving bestseller should be immediately moved to a 'replenishment pipe' – with defined threshold ROS (rate of sale), below which it should be discontinued. This is the way all other industries operate – but why not fashion?

Bestsellers should meet three qualifying factors:

- It should be a high velocity product
- It should be possible to be put on a replenishment pipe
- It should have wide acceptability across channels and geographies

Of course, this needs a calibrated approach – for e.g., faddish products, long leads etc., cannot be taken on replenishment even if they become bestsellers – may be repeated, but not replenished.

Basically, do brands need to rethink core as well? Should their bestsellers become core, rather than piling up inventory, offering products which are 'classic by definition' as core, but no one is buying? These are questions which I would like the reader to consider and comment on.

But the question then becomes - How do brands consistently score hits or in other words bestsellers?

Move To A 'Test and Repeat' Merchandising Strategy

Buying is as much an art as it is a science. Some of the best buyers are those who can smell a bestseller way in advance and take a punt on the numbers, thereby **maximising sales** and **profits**. But these legendary buyers are hard to come by.

Here, I must mention that there are many **AI-based tool**s that promise to rate or predict product saleability or identify trends. Well, this may help in guiding product creation, but the actual hits can only be assured with requisite testing.

So, how do companies keep scoring hits? Social networking provides an amazing opportunity as does sample testing in select channels.

<u>Here are a few tips:</u>

- Create a limited test group for testing new products, connected through social networking.
- Keep launching new products, styles in that group - get it rated, tested and based on that decide on what to proceed with.
- This creates fertile ground to keep innovating and experimenting with trends. It becomes even more viable if designs are presented in 3D where the customer can't make out that it is not a real sample, allowing for quick decision-making even before test ordering.

This is a simple solution to creating more hits through testing. The trick in quick go-to-market and product launch is in operating with platformed raw materials. This is today being used by most tech savvy brands – a simple way to keep scoring hits in the business.

But how do we build these strategies into our product architecture in a way that optimises supply chain?

Building The Product Architecture Based on Supply Chain Pipes

The key to this is really marrying back-end supply chain with demand planning and buying. Let's first understand what the supply chain pipes (clustering supply logic through different rules and lead times) are. They can be simply explained as in this infographic:

SUPPLY CHAIN PIPES
TOOLS FOR DEMAND PLANNING & BUYING

①	②	③	④	⑤
REPLENISHMENT PIPE	**FLEXIBLE PIPE**	**FAST REACT**	**REGULAR FASHION**	**LONG LEAD**
Rigid Logic *Work with pre-standardised components with no room for changes/experimentation.*	**Semi - Rigid Logic** *A mix of standardised components with some new elements added/changed.*	**Semi - Flexible Logic** *Quick response products made from pre-standardised & in stock components.*	**Flexible Logic** *Conventional seasonal lines where one has the freedom to play with all components.*	**Flexible Logic** *Work with new age innovative products which requires R&D and experimentation.*
Very Low Lead Time	**Low Lead Time**	**Low Lead Time**	**Regular Lead Time**	**High Lead Time**
Very Low Inventory Holding	**Low Inventory Holding**	**Low Inventory Holding**	**High Inventory Holding**	**High Inventory Holding**