

# Basics of the Business of Fashion

What is the goal? Who is the target? What is assumed about the target market? What values are assumed?







Gucci  
Spring '16

# The Fashion Market

<http://wwd.com/retail-news/technology/amazon-closing-myhabit-fashion-jeff-bezos-10416395/>

<http://www.bls.gov/spotlight/2012/fashion/>

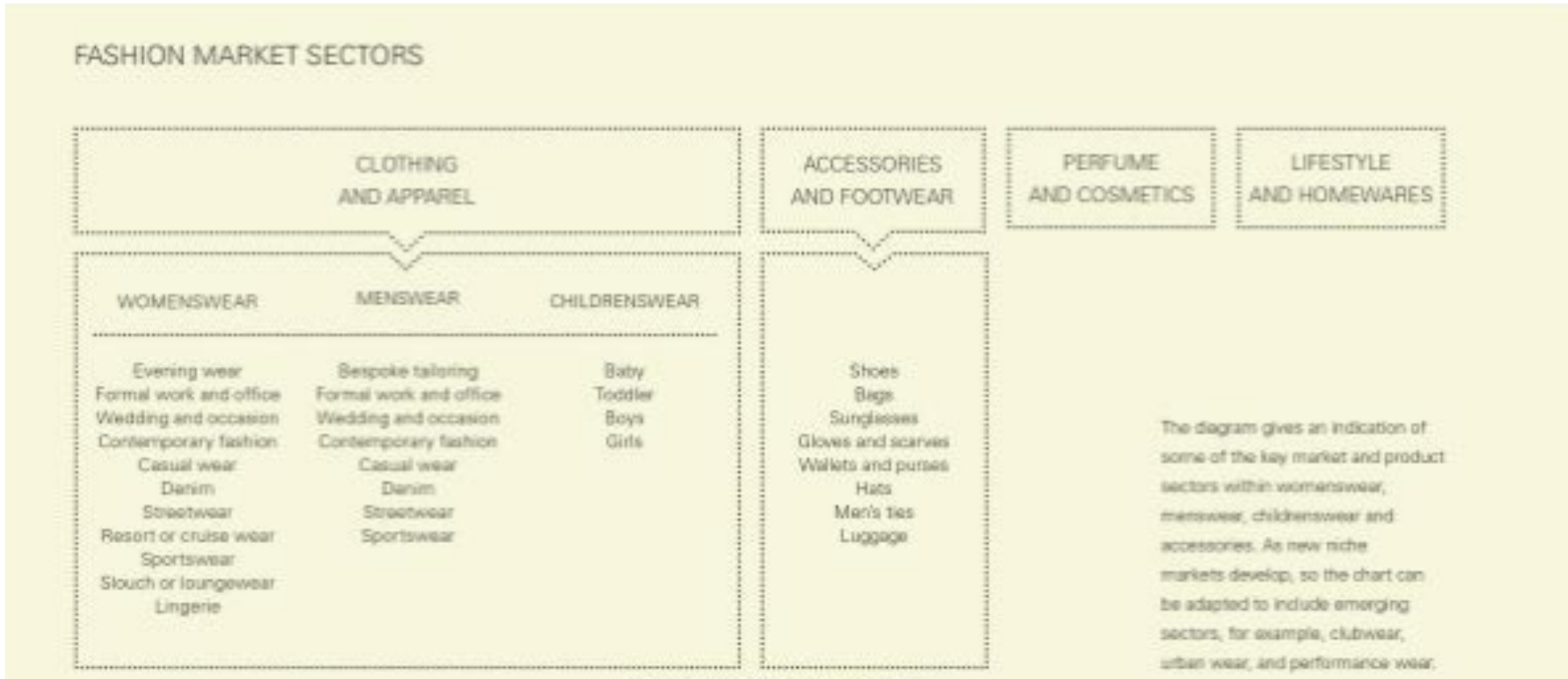
[http://www.ted.com/talks/johanna blakley lessons from fashion s free culture](http://www.ted.com/talks/johanna_blakley_lessons_from_fashion_s_free_culture)

<http://www.forbes.com/sites/francesbridges/2014/11/20/how-to-make-it-in-the-fashion-industry/#36b576d327d9>

<http://www.forbes.com/sites/matthewcarroll/2012/02/22/how-fashion-brands-set-prices/#53b07601214a>

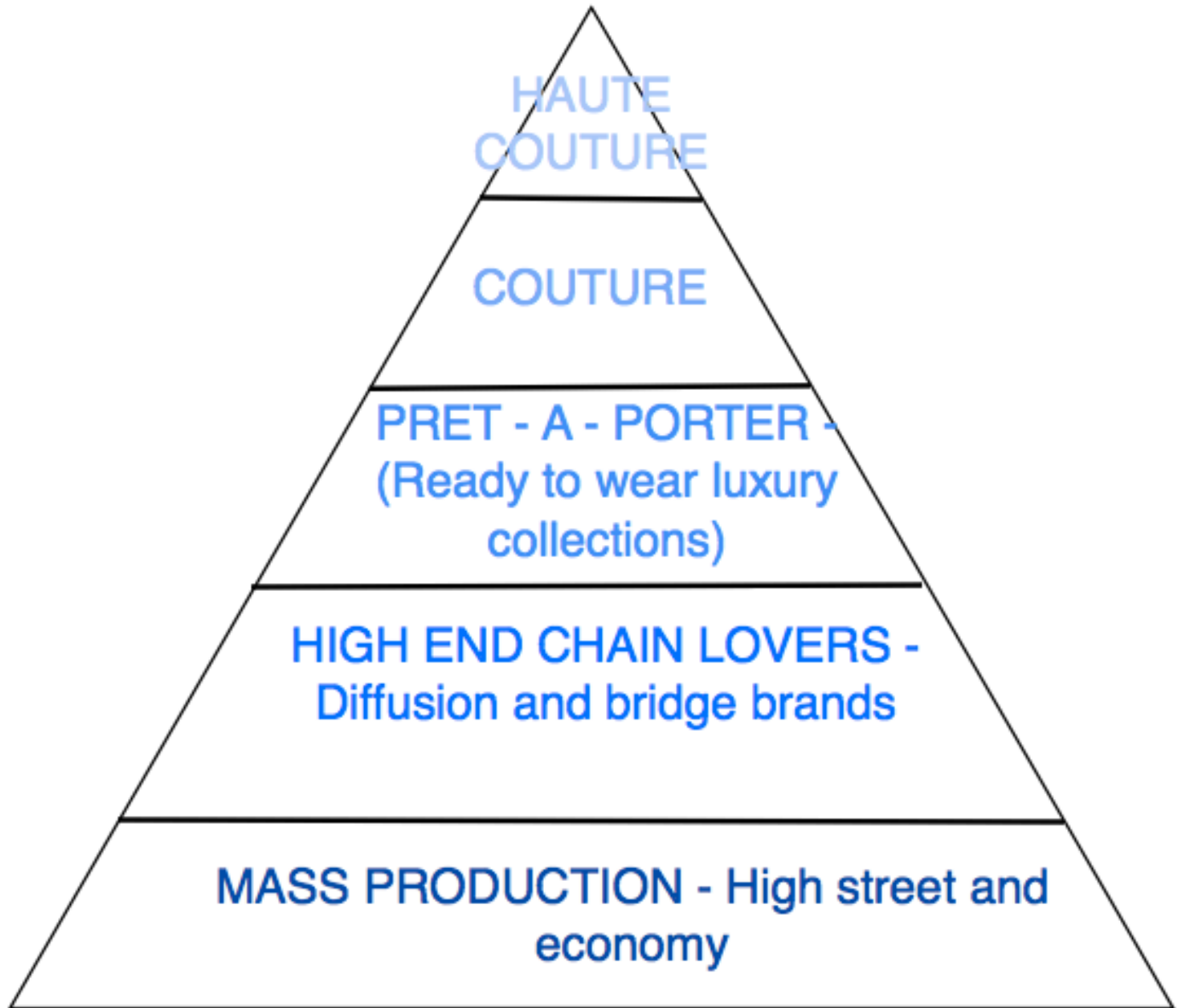
<https://www.businessoffashion.com/articles/fashion-tech/decoding-amazons-fashion-ambitions>

# Fashion Market Sectors



# Levels of Fashion

## Hierarchy of Fashion





# Haute Couture

<https://www.youtube.com/watch?v=Wqkgo6fV8q8>

[https://www.youtube.com/watch?v=2SUYg0hCC\\_8](https://www.youtube.com/watch?v=2SUYg0hCC_8)



# Haute Couture

“high sewing” or “high dress making

In [France](#), the term *haute couture* is protected by law and is defined by the [Chambre de commerce et d'industrie de Paris](#) based in [Paris](#).

To earn the right to call itself a couture house and to use the term *haute couture* in its advertising and any other way, members of the [Chambre syndicale de la haute couture](#) must follow specific rules; they must:

- design made-to-order for private clients, with one or more fittings;
- have a workshop (*atelier*) in Paris that employs at least fifteen staff members full-time;
- have at least twenty full-time technical people, in at least one workshop (*atelier*); and
- present a collection of at least fifty original designs to the public every fashion season (twice, in January and July of each year), of both day and evening garments.

<https://www.youtube.com/watch?v=N0T7r5AHN80>



## **Official members as of Spring 2016**

[Alexandre Vauthier](#)—[Alexis Mabille](#)—[Bouchra Jarrar](#)—[Chanel](#)—[Christian Dior](#)—[Christophe Josse](#)—[Franck Sorbier](#)—[Giambattista Valli](#)—[Givenchy](#)—[Jean Paul Gaultier](#)—[Maison Margiela](#)—[Stéphane Rolland](#)—[Yiqing Yin](#)<sup>[13]</sup>

## **Correspondent members (foreign)**

[Armani Privé](#)—[Atelier Versace](#)—[Elie Saab](#)—[Valentino](#)—[Viktor & Rolf](#)<sup>[14]</sup>

## **Guest members**

[Aouadi](#)—[Dice Kayek](#)—[Guo Pei](#)—[Ilja](#)—[Julien Fournié](#)—[Ralph & Russo](#)—[Schiaparelli](#)—[Ulyana Sergeenko](#)—[Zuhair Murad](#)

## **Jewelry**

[Boucheron](#)—[Chanel Joaillerie](#)—[Chaumet](#)—[Dior Joaillerie](#)—[Van Cleef & Arpels](#)

## **Accessories**

[Loulou de la Falaise](#)—[Massaro](#)—[On aura tout vu](#)



<https://www.givenchy.com/en/>

[https://www.brooklynmuseum.org/exhibitions/jean\\_paul\\_gaultier/](https://www.brooklynmuseum.org/exhibitions/jean_paul_gaultier/)

John Galliano, now at Maison Margiela



# Couture

Custom-made clothing not recognized by the Chambre



Donna Karan

**Pret-a-porter**  
(Ready to wear high end)



DKNY

## Diffusion or Bridge Lines

The use of a diffusion line is a part of the strategy of [Massification](#) where luxury brands attempt to reach a broader market in order to increase revenue and brand recognition.

“halo effect”

Diffusion line	Brand	
10 Crosby	<a href="#">Derek Lam</a>	
<a href="#">Armani Exchange</a>	<a href="#">Armani</a>	
BDL	<a href="#">Ben de Lisi</a>	For <a href="#">Debenhams</a>
Cheap & Chic	<a href="#">Moschino</a>	
CK	<a href="#">Calvin Klein</a>	
D&G	<a href="#">Dolce &amp; Gabbana</a>	Closed 2011
<a href="#">DKNY</a>	<a href="#">Donna Karan</a>	
DRKSHDW	<a href="#">Rick Owens</a>	
<a href="#">Emporio Armani</a>	<a href="#">Armani</a>	
Farhi	<a href="#">Nicole Farhi</a>	
Giamba	<a href="#">Giambattista Valli</a>	
Just Cavalli	<a href="#">Roberto Cavalli</a>	
Karl	<a href="#">Karl Lagerfeld</a>	
L'Agent	<a href="#">Agent Provocateur</a>	
Marc	<a href="#">Marc Jacobs</a>	
McQ	<a href="#">Alexander McQueen</a>	
MICHAEL Michael Kors	<a href="#">Michael Kors</a>	

Diffusion line	Brand	
Mimi Holliday	<a href="#">Damaris</a>	
Miss Wu	<a href="#">Jason Wu</a>	
<a href="#">Miu Miu</a>	<a href="#">Prada</a>	
MW	<a href="#">Matthew Williamson</a>	For <a href="#">Macy's</a>
Notte	<a href="#">Marchesa</a>	
Overture	<a href="#">Judith Leiber</a>	
<a href="#">Pierre Balmain</a>	<a href="#">Balmain</a>	
RED Valentino	<a href="#">Valentino Garavani</a>	
Richard Chai Love	<a href="#">Richard Chai</a>	
See	<a href="#">Chloé</a>	
Simply Vera	<a href="#">Vera Wang</a>	For <a href="#">Kohl's</a> and <a href="#">Harris Scarfe</a>
Sonia	<a href="#">Sonia Rykiel</a>	
T	<a href="#">Alexander Wang</a>	
Versus	<a href="#">Versace</a>	
Victoria	<a href="#">Victoria Beckham</a>	
Wannabe	<a href="#">Patrick Cox</a>	



<http://www.businessoffashion.com/articles/intelligence/diffusion-lines-still-make-sense>

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**BOF** DAILY DIGEST NEWS & ANALYSIS VOICES CAREERS BOF 500 EDUCATION FASHION WEEK

654 SHARES


INTELLIGENCE

# Do Diffusion Lines Still Make Sense?

In the face of fierce competition and heavy cost structures, some brands are rethinking the logic of their diffusion lines.

COMMENT

BY ROBIN MELLERY-PRATT  
DECEMBER 17, 2014 18:11



EMPORIO ARMANI

<http://www.bbc.com/news/magazine-11372095>

magazine

## How to say 'Louis Vuitton' and other designers' names

By Jo Kim  
BBC Pronunciation Unit

🕒 20 September 2010 | Magazine



### Top Stories

#### French police killer 'obeyed IS order'

The killer of a French police couple at their home near Paris was responding to calls by so-called Islamic State "to kill infidels", police say.

🕒 14 June 2016

#### Orlando victim describes playing dead

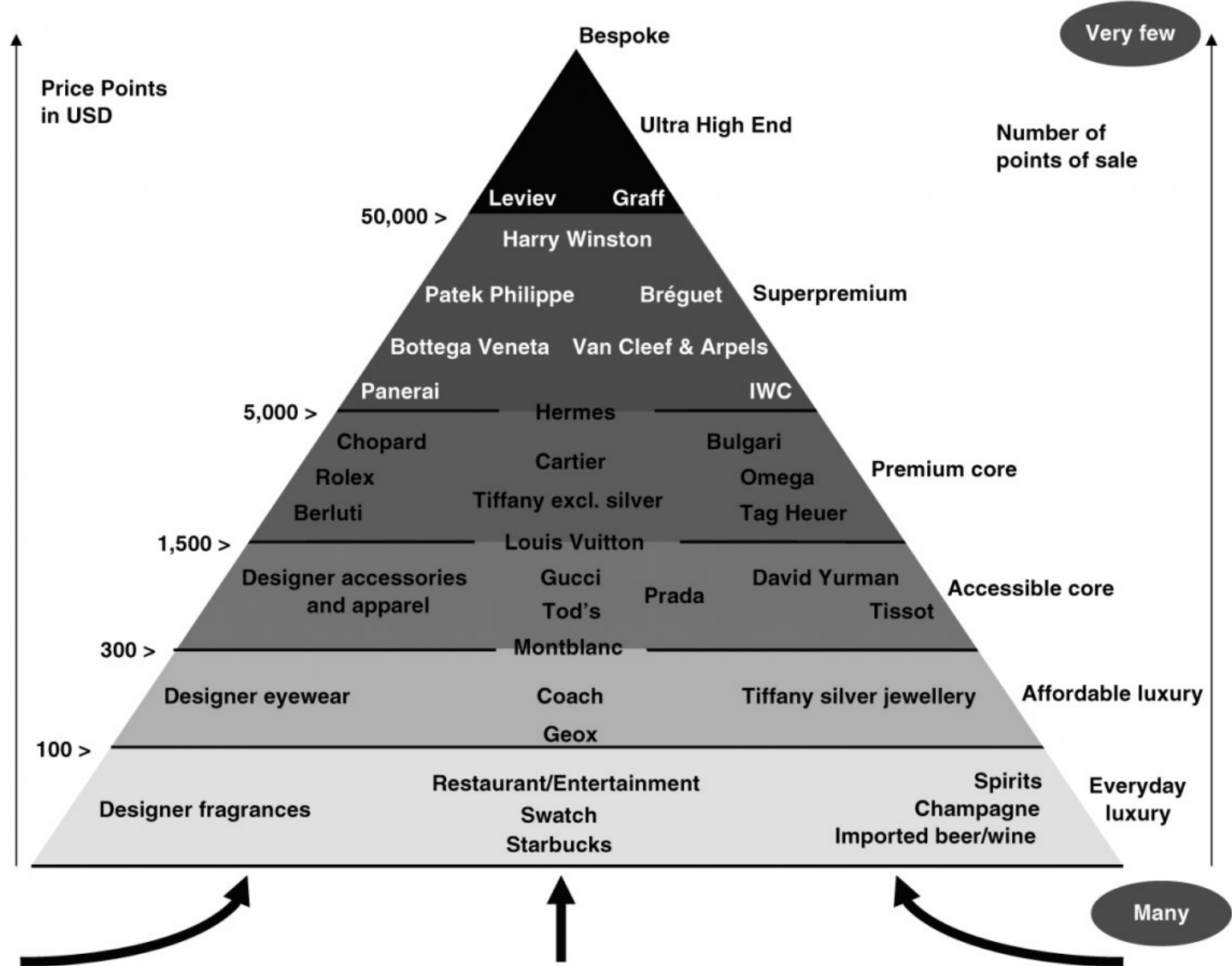
🕒 7 hours ago

#### Russia 'hacked Democrats data on Trump'

🕒 5 hours ago

ADVERTISEMENT

Rambourg created a brand pyramid to show how major brands range in accessibility from everyday luxuries like Starbucks to ultra high end luxury like Graff diamonds. This is the luxury power ranking:



<http://www.countryandtownhouse.co.uk/style/what-is-luxury-the-inside-story/>

<https://www.businessoffashion.com/articles/intelligence/to-have-and-have-not>

<https://www.youtube.com/watch?v=fd7lfcnlb9c>



MADE FOR ALL

# Mass Production (Chains and Department Stores)



ALFANI



NEW ARRIVALS ARE ON SALE 35% OFF\* FULL-PRICE MERCHANDISE FOR PASSPORT MEMBERS. NOT A MEMBER YET? TAKE 30% OFF.



# JUNIORS SIZING

## A- CHEST/BUST:

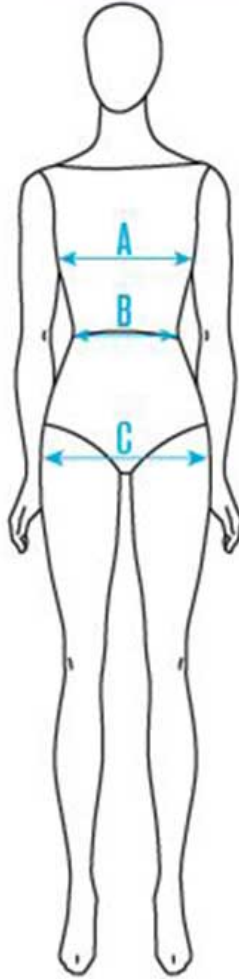
MEASURE AROUND YOUR BODY UNDER YOUR ARMS AT FULLEST PART OF YOUR CHEST. REMEMBER TO KEEP THE MEASURING TAPE COMFORTABLE.

## B- NATURAL WAIST:

MEASURE AROUND YOUR NATURAL WAISTLINE (USUALLY IN LINE WITH YOUR BELLY BUTTON). REMEMBER TO KEEP THE MEASURING TAPE COMFORTABLE.

## C- HIPS:

MEASURE AROUND THE FULLEST PART OF YOUR BODY AT HIP LEVEL. REMEMBER TO KEEP THE MEASURING TAPE COMFORTABLE.



Off the rack

	XS	SM	MED	LG	XLG
CHEST	30"-31"	32"-33"	34"-35"	36"-37"	38"-39"
WAIST	24"	25"-26"	27"-28"	29.5"-31"	32"-34"
HIP	33"-34"	35"-36"	37"-38"	38"-39.5"	40"-41"
# SIZE	0-1	3-5	7	9-11	13-15

Discount or “Economy” and Off-pricers (but not really)



**TARGET**





Terri Agins (like “pagans”)



[https://www.youtube.com/watch?v=r\\_b1qFn6iV-M](https://www.youtube.com/watch?v=r_b1qFn6iV-M) Robin Givhan (Giv ohn)



Suzy Menkes

<https://www.youtube.com/watch?v=cl4fvAEODVY>



Cathy Horyn, NY Times



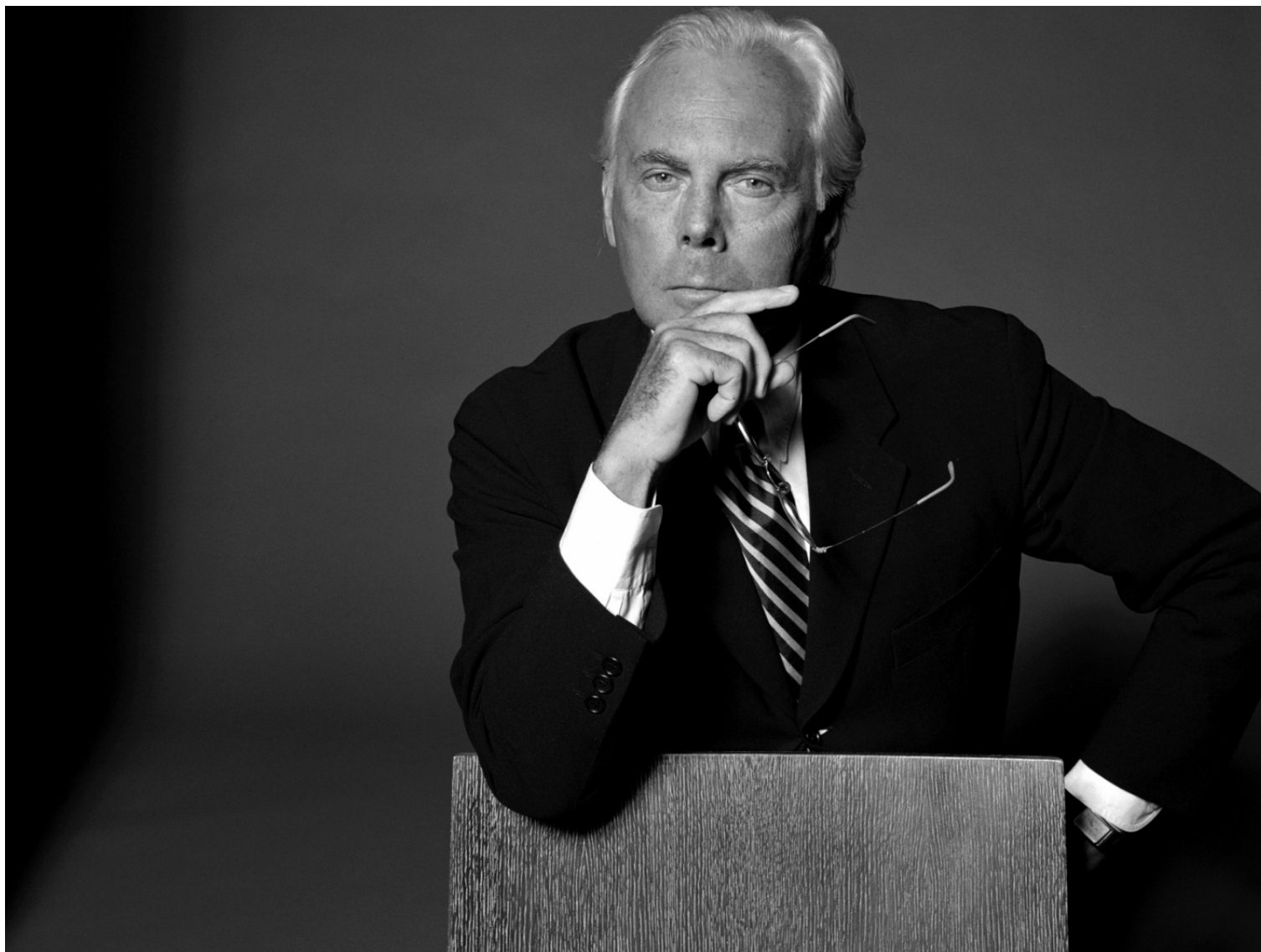
Hamish Bowles



Imran Amed



# Focus Brand: **Armani S.p.A., founded 1975**



What “position” does the brand hold in your mind?

MAN

WOMAN

KIDS

WEEKLY MUST-HAVE

SHOP THE LOOK

SALE

WORLD OF ARMANI

GIORGIO ARMANI

EMPORIO ARMANI

EA7

ARMANI COLLEZIONI

ARMANI JEANS

GIORGIO ARMANI

FALL WINTER

SPRING SUMMER

WOMAN

MAN

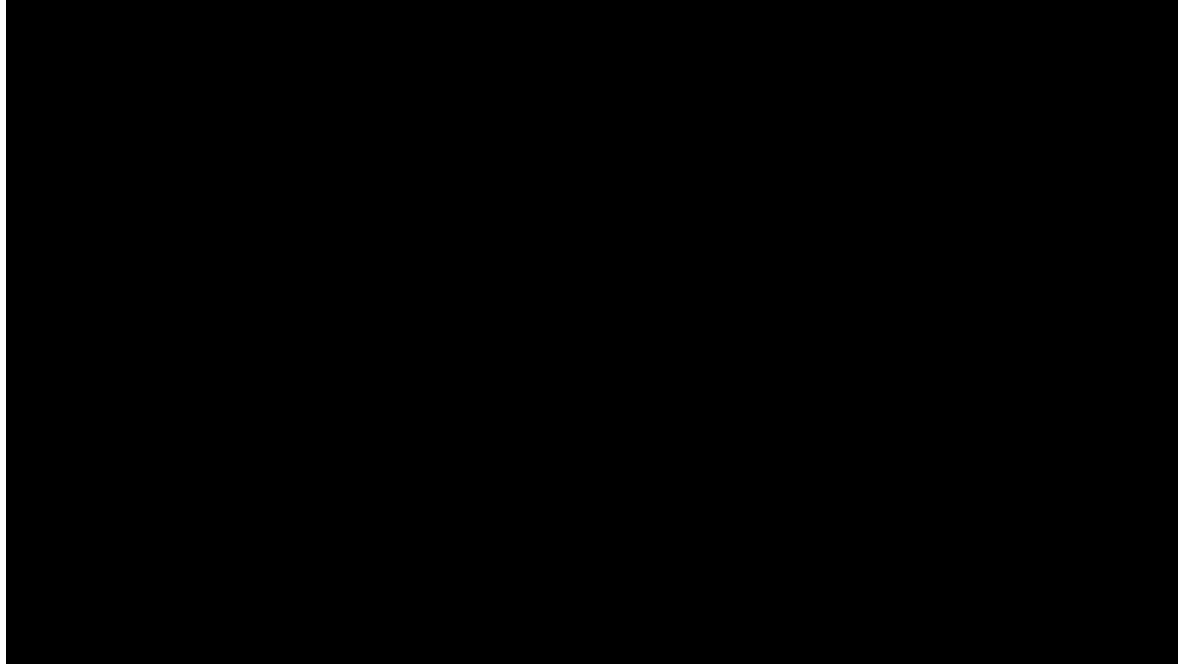
GIORGIO ARMANI SIGNATURE

LE SAC TI

FASHION SHOW

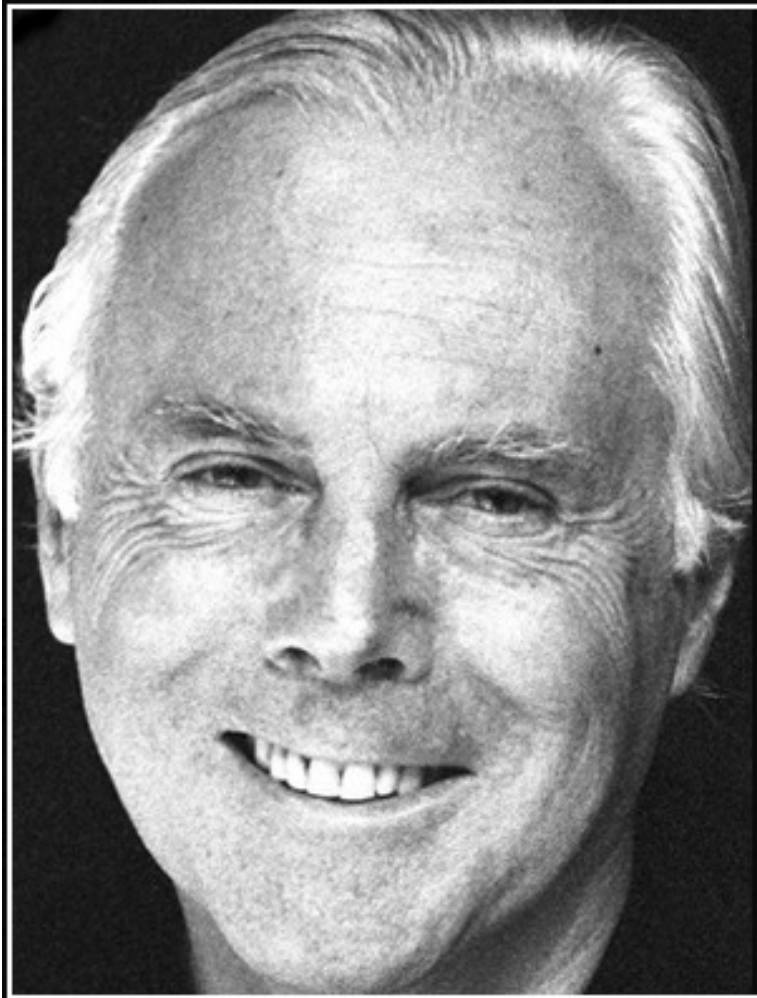
CATALOGUES





Interview

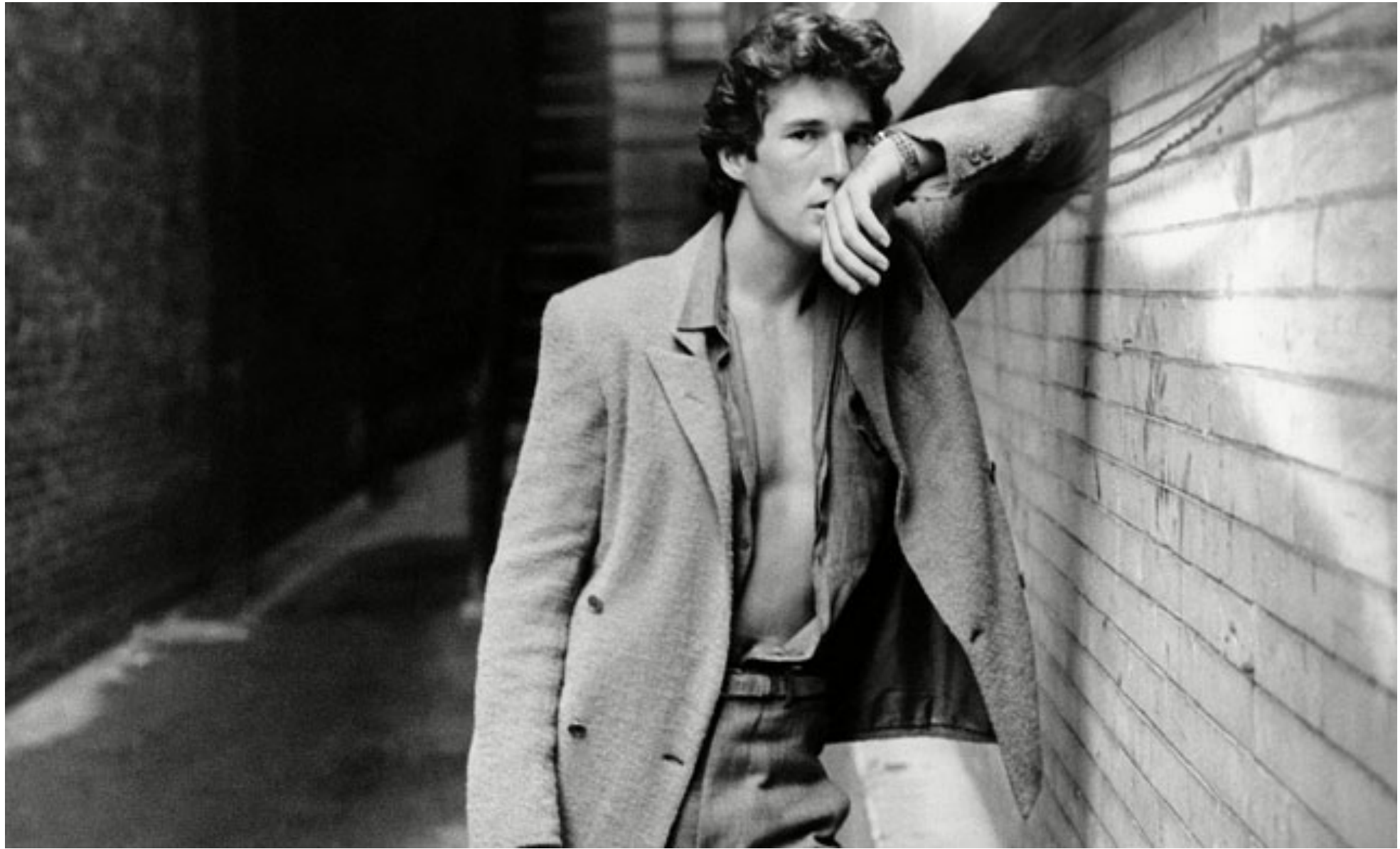
<https://www.youtube.com/watch?v=x6zd18LUxp4>



Elegance is not catching somebody's  
eyes, it's staying in somebody's  
memory

— *Giorgio Armani* —

AZ QUOTES





<http://clothesonfilm.com/>

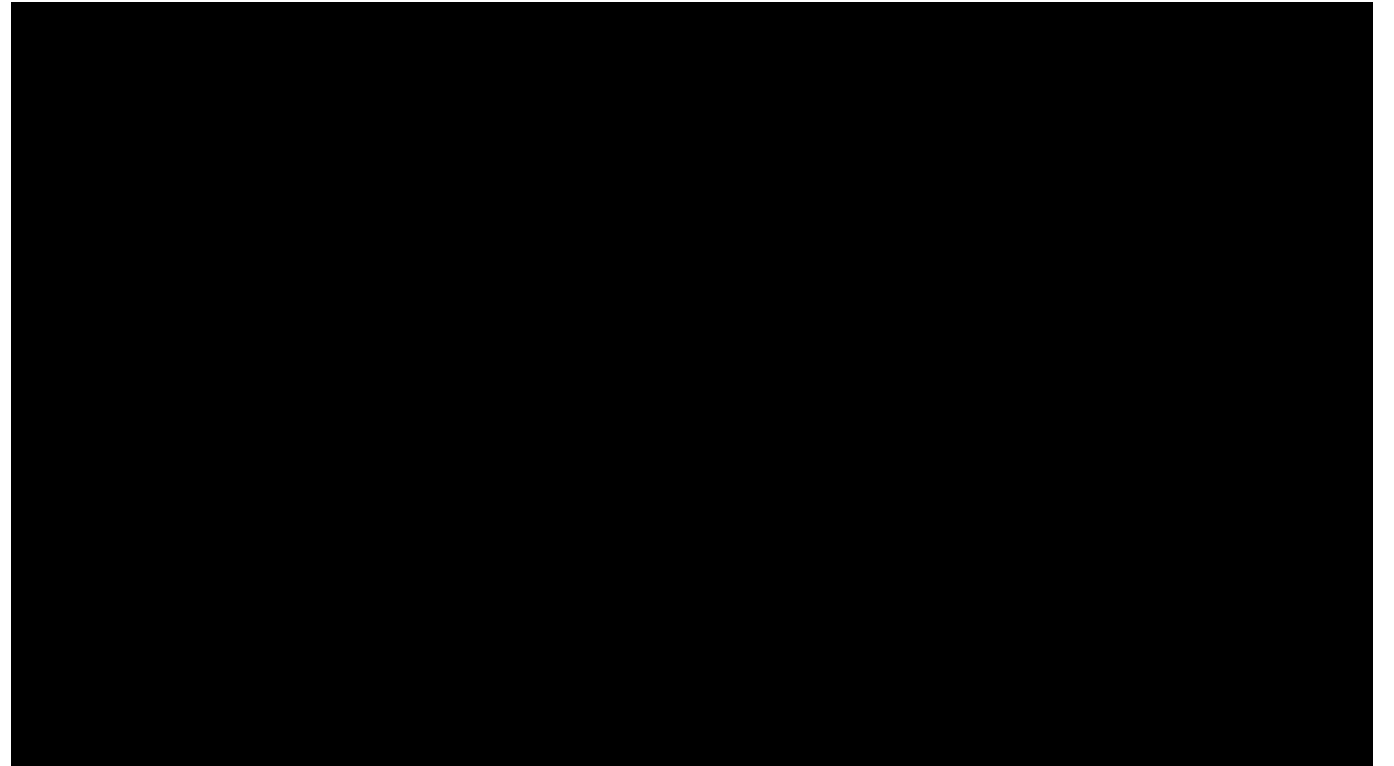


## **Armani S.p.A., founded 1975**

- (Haute) Couture = **Armani Prive**
- High-end ready to wear (Pret-a-porter) in boutiques and selected high end department store = **Giorgio Armani**
- High-end ready to wear (younger, trendier) in high end department stores and official website = **Emporio Armani**
- High End, some “made to measure” professional wear in high end department stores and 2 freestanding boutiques in Paris and Milan = **Armani Collezioni**
- Bridge line of denim collection sold in department stores = **Armani Jeans**
- Bridge line for young, launched in the U.S., 270 stores, 31 countries = **Armani Exchange**
- **Also: Armani Junior, Armani Casa, Armani Dolci, Armani Fiori, Armani Hotels**

Changes

<https://www.youtube.com/watch?v=ggvFgWz1Vjw>



Terri Agins (Agin like “pagan”)

# Retail (from another angle)

<http://wwd.com/retail-news/technology/amazon-closing-myhabit-fashion-jeff-bezos-10416395/>

<http://wwd.com/retail-news/direct-internet-catalogue/think-tank-buy-now-wear-now-fashion-stephan-schambach-10418286/>

<https://www.theguardian.com/media-network/2016/jul/07/bricks-and-mortar-ecommerce-retail-digital>

<https://www.businessoffashion.com/community/voices/discussions/what-will-the-store-of-the-future-look-like/open-stage-experiences-or-go-extinct>

“Retailers are responsible for the successful distribution of fashion.” – WoF, p. 529

Department Store (Traditional = hard and soft goods; Specialty = hard OR soft goods)



DISCOVER  
THE MAGIC!

SHOP NOW ▶

FREE SHIPPING  
with \$99 purchase

★ macy's





**Flagship, Dallas**  
(Other locations = Branches)



LV at Bloomingdales

Polo at Macy's



(Notice the ceilings.)

Collection merchandising, leased departments



## Specialty Stores

- In most cases, product brand = retailer
- Strong customer loyalty

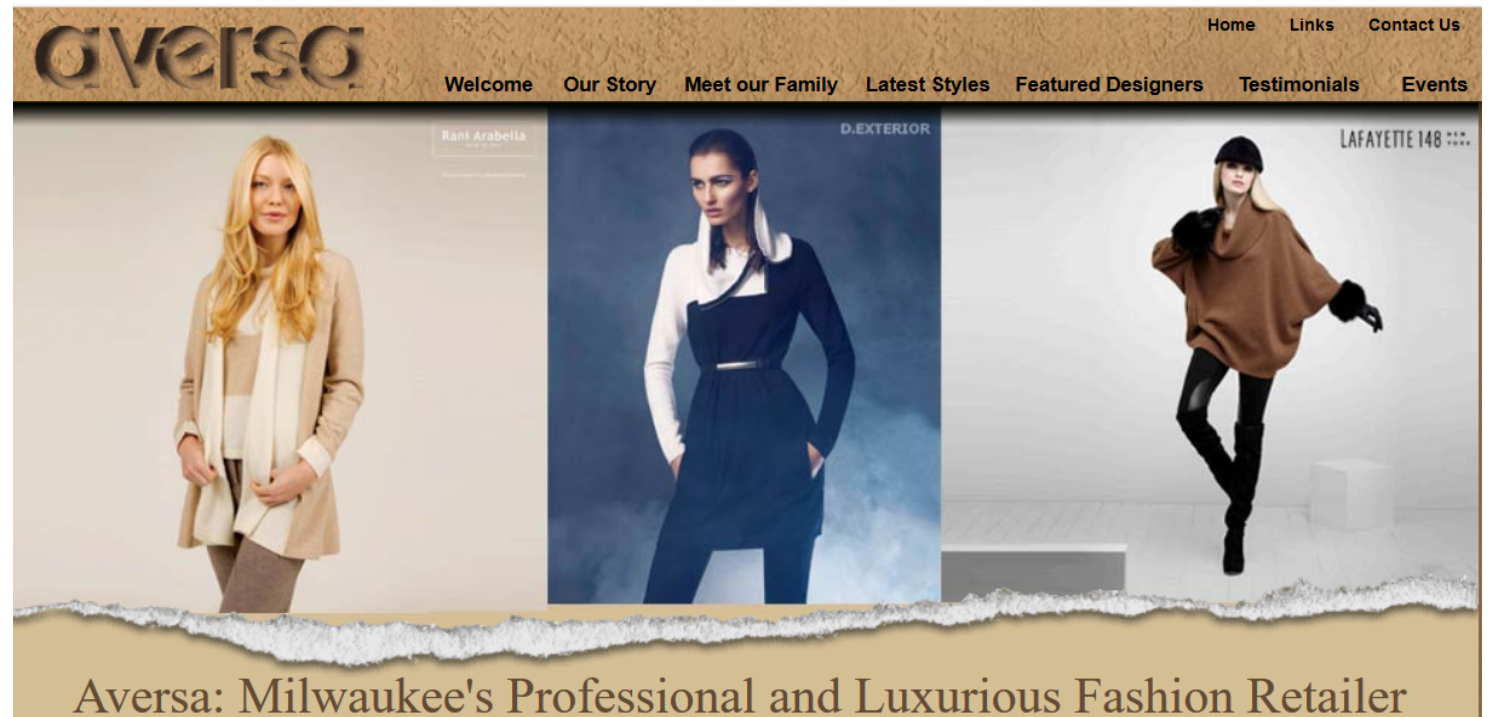




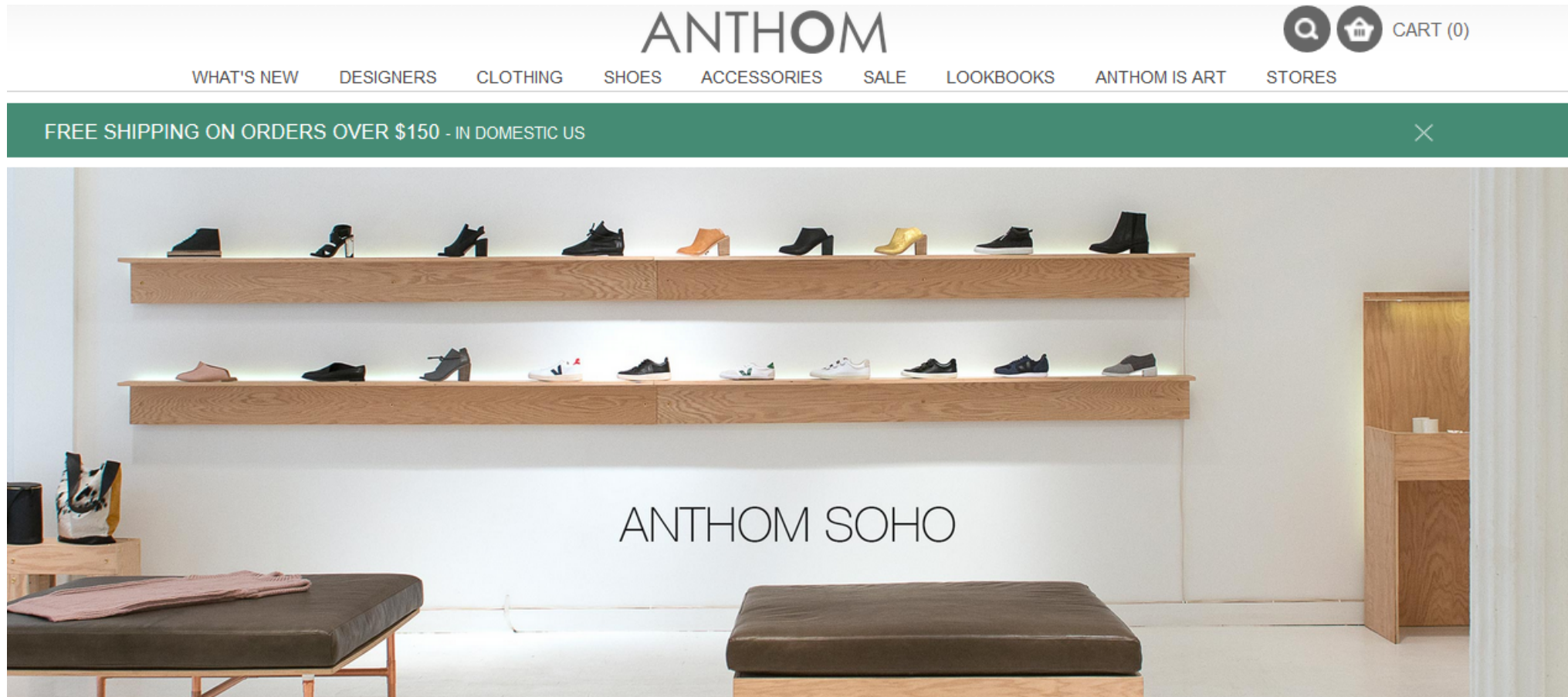


## Boutiques

- Most often one unit
- Upscale
- Few pieces of each time
- Custom-tailored apparel sometimes
- Assisted by trained sales people who may develop their own clientele.  
(index cards of clients for phone calls)



## Indie Boutiques





[http://www.hoovers.com/company-information/cs/company-profile.francescas\\_collections\\_inc.d0ae20dd7807a8ab.html](http://www.hoovers.com/company-information/cs/company-profile.francescas_collections_inc.d0ae20dd7807a8ab.html)

## Off-price Retailers

- Buy late in the season,
- Sell at reduced prices to consumers
- Often sell prestigious labels



## Factory Outlet

- Manufacturers open units to dispose of season leftovers and current, slow-selling items.
- Some outlets have items made specifically to be sold in the outlets
- Clustered with others in locations not near the main shopping districts
- Often near tourist destinations, although now factory outlets have become the tourist destinations as well.



## Category Killers

Specialty discounters

Carry large selections of one merchandise classification

Sell at discount prices



So what is DSW?



The Audrey Brooke, Kelly & Katie, Lulu Townsend, and Poppie Jones-branded shoes and purses sold by DSW, are actually [private-label](#) brands created by DSW.

## **Mass Merchandise Discounters**

Manufacturers find these very attractive options

Emphasis is on price and value; few frills

Limited sales help

**Walmart**  
**Save money. Live better.**

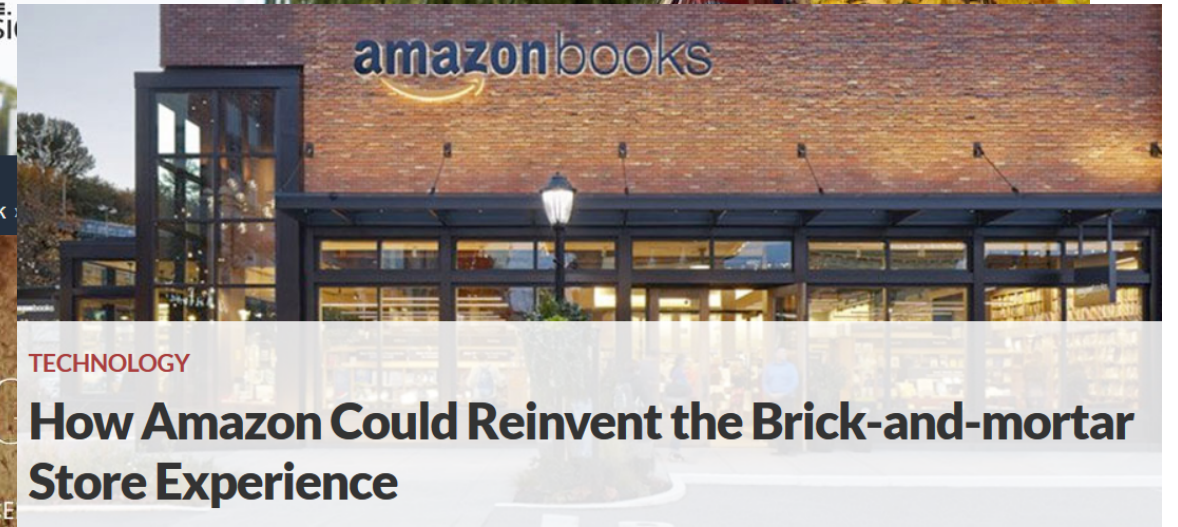
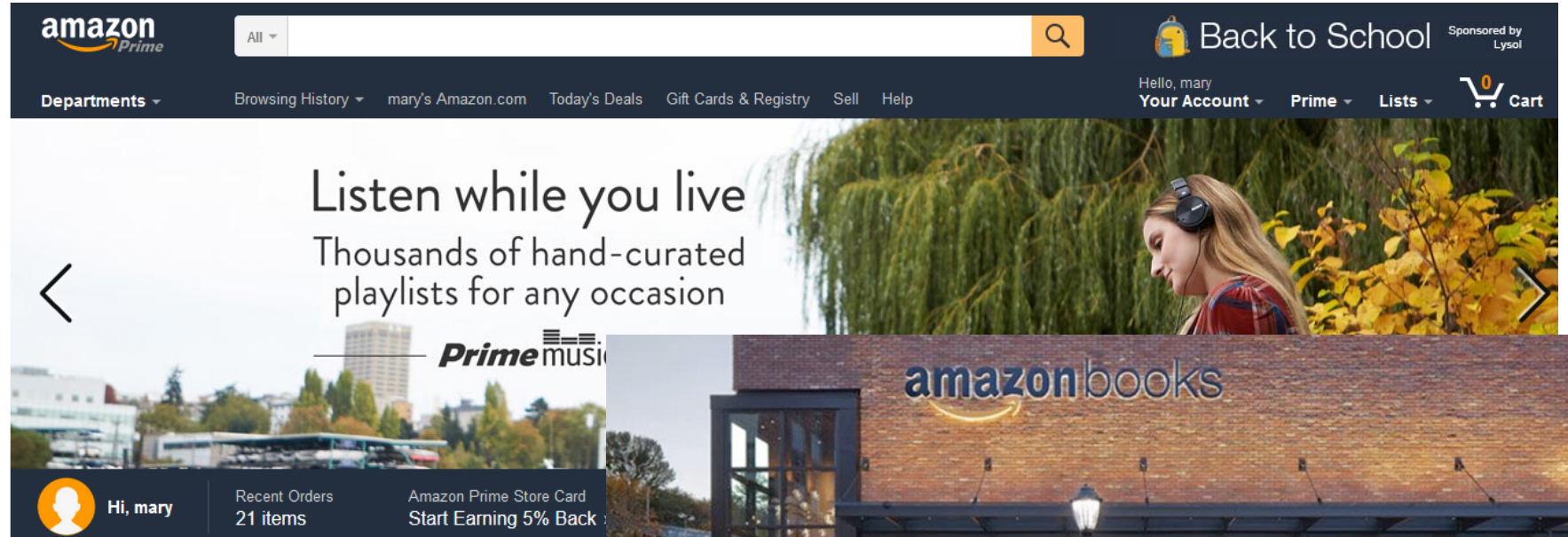
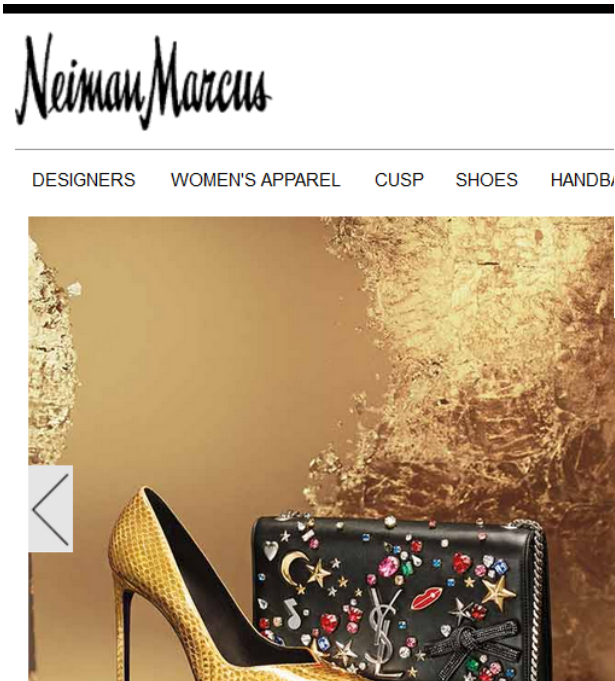




# **Catalogs, Television**

## On-line Retailers

Most companies that previously restricted their selling to retail stores or catalogs now have an on-line presence.



## Pop up Retail



There are various benefits to pop-ups such as marketing, testing products, locations, or markets, and as a low-cost way to start a business. Some pop-up shops, such as Ricky's and other Halloween stores, are seasonal, allowing brands to capture foot traffic without committing to a long-term lease.<sup>[17]</sup> Other brands use pop-ups to create engagement, such as Marc Jacobs Tweet Shop's exchange of "social currency" for free product <sup>[18]</sup> and [King and McGaw](#) who used a pop-up to exhibit and sell prints from the [Mourlot Studios](#) in [Soho, London](#).<sup>[19]</sup>

## Purchasing Fashion Merchandise within the Corporation

**GMM** – General Merchandise Manager – determines dollar allocations for each division's purchases and head the team that will create the store's fashion image.

**DMM** – Divisional Merchandise Manager - Responsible for dividing their purchasing budgets among the departments (Menswear is divided into tailored, sportswear, outerwear, etc.)

A **Buyer** purchases for the department. **Develops Model Stock.** –p. 551 WoF

Fashion Director – helps Buyers make decisions.

# Discussion: Who benefits from “fast fashion?”

<http://qz.com/571152/2015-is-the-year-that-upended-the-fashion-business/>

(Video included.)

