Part A
Understanding Fashion Marketing

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Chapter One
An Introduction to Fashion Marketing

The global market for apparel, accessories and luxury goods was estimated to be worth US$1217 billion in 2006 and is expected to grow to approximately US$1800 billion by 2011. The company with the largest market share of this vast market is Christian Dior and, despite this great success, the company has approximately 1% of the global market. Global fashion remains one of the largest sectors of world trade that is truly competitive: 1.14 million people were employed in apparel manufacture in the European Union (EU) in 2004 and nearly one-third of all imported clothing bought in the EU in 2007 was manufactured in China. The UK fashion industry is estimated to be worth approximately £22 billion in retail sales value in 2008. Apparel manufacturing industry in the UK employed around 83 000 people in 2006, down from over 200 000 a decade earlier. The above statistics reveal that fashion is a large global business sector going through a period of great change. It is the application of marketing that plays a crucial role in managing this growth and change. This book shows how marketing can be applied to fashion products and services.

This introduction looks at both fashion and marketing and how design and marketing work together in practice. An overview of the fashion marketing process covers the role of marketing in the fashion industry and the ethical issues raised by marketing in this context, with some practical examples of the work of fashion marketers.

1.1 What is fashion?

1.1.1 Fashion is to do with change

Fashion essentially involves change, defined as a succession of short-term trends or fads. From this standpoint there can be fashions in

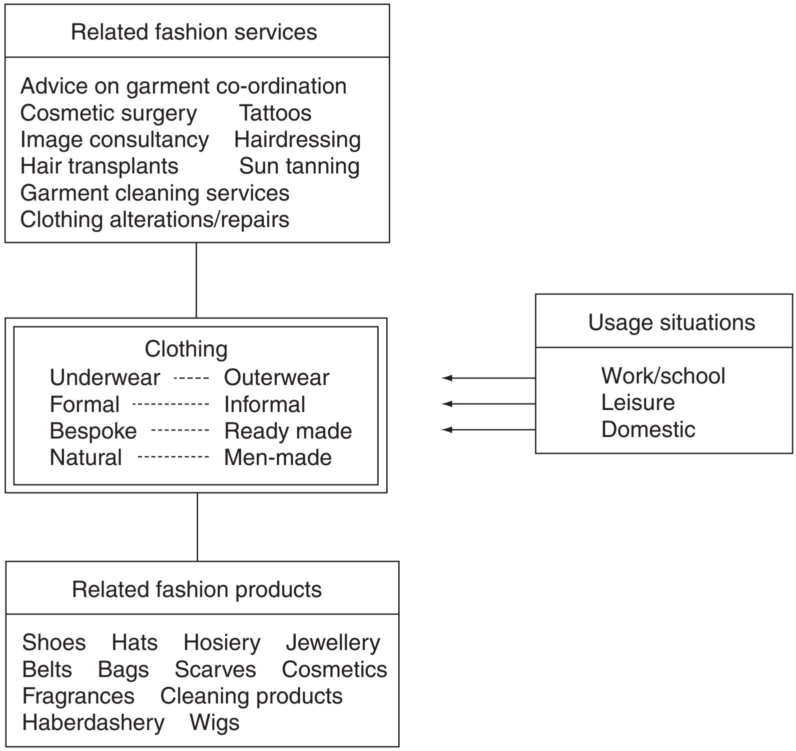

Figure 1.1 Fashion products and services.

almost any human activity from medical treatments to popular music. For the purpose of this book though, the concept of fashion will be taken to deal with the garments and related products and services as shown in Figure 1.1.

Figure 1.1 identifies some major categories of clothing along with their main usage situations, but this list is by no means exhaustive. Fashion marketers should take a broad view of their domain – fashion is not only about clothes.

The competitive ethos of the fashion industry revolves around seasonality. The industry has a vested interest in developing new products for the customer at the expense of existing items: this process is known as planned obsolescence. Planned obsolescence is not confined to the fashion industry, it occurs in several other manufacturing sectors such as the electronics or automobile industries. While the concept of planned obsolescence can be criticized from several perspectives, many customers appreciate the continual change in fashion products and services. Unfortunately, the rate and direction of change are usually slower and less predictable than the fashion industry would like.

1.1.2 Fashion is about creating

In order for the change which is intrinsic to fashion to take place, the industry must continually create new products. Used in another sense, the term fashion means to construct, mould or make. Fashion, therefore, also involves a strong creative and design component. Design skill is essential and can be seen in all products from the made-to-measure suit to the elaborate embroidery on a cardigan. The level of design can vary considerably from a basic item such as a T-shirt to the artistic creations of Coco Chanel, Christian Dior, Yves St Laurent or, in more recent times, Stella McCartney. To some the design of fashion garments can be viewed as an art in its own right, though this is a notion supported more in countries such as France and Italy than in Britain. The majority of garments sold do not come into this category, but the inspiration for the design of many of those garments may have come from works of art.

1.1.3 Fashion and marketing

The continual change, i.e. fashion, involves the exercise of creative design skills which result in products that range from the basic to the rare and elaborate. The creative design personnel provide part of the mechanism by which the industry responds to the need for change. At the same time the ability to identify products that the customer needs and will buy is also essential to the industry. Marketing can help to provide this additional knowledge and the skills needed to ensure that the creative component is used to best advantage, allowing businesses to succeed and grow.

1.2 What is marketing?

Marketing is a business philosophy or way of thinking about the firm from the perspective of the customer or the potential customer. Such a view has much merit as it focuses on the acid test for all business – if we do not meet the needs of our customers we will not survive, let alone thrive. Fashion firms depend upon customers making repeat purchases and the key to such loyalty is the satisfaction of customers' needs with garments which are stylish, durable, easy to care for, comfortable, perceived value for money and all the other criteria deemed relevant by the buyer. For this reason, fashion design personnel should readily appreciate the need to understand the customer's perspective. Most designers have a mental picture of a typical customer. Fashion marketers ask, how typical is that mental picture and does the 'customer' belong to a group of buyers that form a profitable prospect for the company? Notice that the notion of seeing the business from the perspective of the customer does not preclude concern for profit. Indeed, if profit is not actively sought then the firm's ability to meet customers' needs in the long term will be greatly diminished.

Marketing comprises a range of techniques and activities, some of which are highly familiar to the general public. Most people have encountered market researchers and all have seen advertisements. Other less public aspects include product development and branding, pricing, publicity, sales promotion, selling, forecasting and distribution. An overview of the range of fashion marketing activities is given later in this chapter.

Marketing is a management process concerned with anticipating, identifying and satisfying customer needs in order to meet the long-term goals of the organization. Whilst concerned with the organization's relationship with customers it is also concerned with internal organizational factors that affect the achievement of marketing goals.

1.2.1 Is marketing a solution to all business problems?

There are many views of what marketing is and what it does. To the zealots, marketing is the panacea for all business problems and can provide remedies for product failures or falling profits. Clearly, this is naive and does not recognize the interdependence of the many business and creative functions within organizations. Nor does this view fully appreciate the wider marketing environment that confronts all firms when they embark upon marketing activities.

The best marketing plans and activities can be easily and quickly undermined by changes in the economy or in competitors' actions. Such changes cannot always be anticipated, although a framework for monitoring and anticipating change is discussed in Chapter Two. In the fashion industry, which is highly competitive and is characterized by change, the role of good fortune cannot be easily discounted. The fashion industry is well known for the high failure rate of new businesses and the regular price reductions on product lines that have not sold. Such failures are in part a reflection of the enormous risk of fashion, but some are also due to the inadequate or inappropriate application of the marketing process. It is the contention of the authors that, when properly applied, marketing will help to reduce some uncertainty in the fashion industry and cut down the number of business failures.

1.3 What is fashion marketing?

Fashion marketing is the application of a range of techniques and a business philosophy that centres upon the customer and potential customer of clothing and related products and services in order to meet the long-term goals of the organization. It is a major argument of this book that fashion marketing is different from many other areas of marketing. The very nature of fashion, where change is intrinsic, gives different emphasis to marketing activities. Furthermore, the role of design in both leading and reflecting consumer demand results in a variety of approaches to fashion marketing which are explored below.

1.4 Fashion marketing in practice

Within the fashion industry there is enormous variation in the size and structure of businesses serving the needs of customers. From a small business comprising a self-employed knitwear designer to major multinational corporations such as Liz Claiborne or Zara, diversity remains a key feature. With legislative changes and expansion of the EU, the gradual removal of trade barriers on a global scale and the growth of the Internet, the fashion industry is increasingly a global business. This implies considerable variation in the cultural, social and economic perspective of the participants. The consequence of these variations in size, experience and perspective is that the practice of fashion marketing is not uniform at a national level, let alone at an international one.

At the centre of the debate over the role of fashion marketing within firms resides a tension between design and marketing imperatives. Relatively few fashion designers have had formal training in business or marketing, although fortunately this situation is changing in the EU. Similarly, the formal training of marketing personnel can often lack an appreciation of the role of design in business. Training has tended to be separate and this, when coupled with the differing approaches of the two areas, causes divergent views. Design students were traditionally taught to approach problems as though there were no constraints on time or cost so that creativity might flourish. The assumption of much of this training was that creativity flourishes when there is freedom from structural factors.

Spontaneity, eclecticism and the willingness to take risks in challenging the *status quo* are some values central to traditional design training.

Marketing training, by contrast, embraces different values. Marketers are taught to be systematic and analytical in approaching problems. The foundation of a lot of marketing involves the setting of objectives and quantifying inputs and outputs, such as advertising expenditure and market share. Success, marketing students are taught, comes from careful research and planning, not spontaneity or ignoring market realities such as competitor price levels. Owing to a lack of training, marketing personnel often fail to understand the aesthetic dimension of a design or many qualitative aspects of product development.

The above outlines concentrate on differences in perspective between marketing and design personnel but naturally there are areas where they share common values. Good designers and marketing personnel both recognize the need for thorough preparation and the exercise of professional skill, both understand the importance of communication, although with differing emphasis on the visual and process components, and both tend to be in agreement about the functional aspects of clothing, such as whether a garment is waterproof or machine washable.

Starkly put, the designer may see the marketing person as one who constrains freedom and imagination, while the marketer may see the designer as undisciplined and oblivious to costs and profitability. Such views are stereotypes fostered by differing experiences and training, and which are often held by those who do not understand the perspective of both the marketer and the designer. This difference in perspective engenders a range of views about what fashion marketing ought to be. Two views of fashion marketing are shown in Figure 1.2. These views can be labelled design centred and marketing centred, and are detailed below.

Sample statements	Fashion marketing is the same as promotion	Design should be based solely on marketing research
Assumption	Sell what we can make	Make what we can sell
Orientation	Design centred	Marketing centred
Alleged drawbacks	High failure rates Relies on intuition	Bland designs Stifles creativity

Figure 1.2 Two views of fashion marketing.

1.4.1 Design centred: fashion marketing as promotion

According to this view marketing is seen as synonymous with promotion. Adherents of the view state that designers are the real force, and marketers should merely help to sell ideas to the public. Translated into practice this view tends to have all marketing activity carried out by either public relations or advertising departments or agencies. Customers and potential customers are seen as people to be led or inspired by creative styling that is favourably promoted. At the extreme, it is rationalized that the only people who can appreciate creative styling, in a financial sense, are the more wealthy sections of society.

Research within such a perspective is limited to monitoring the activities of others who are thought to be at the forefront of creative change, i.e. film directors, musicians, artists, etc. Many great fashion designers subscribe to this view and have run successful businesses based upon the above assumptions. The principal weakness of this approach is that it depends ultimately on the skill and intuition of the designer in consistently meeting genuine customer needs and consequently earning profit.

1.4.2 Marketing centred: design as a research prescription

Here marketing is dominant and it regards the designer as someone who must respond to the specifications of customer requirements as established by marketing research. Detailed cost constraints may be imposed and sample garments pretested by, for example, retail selectors who may subsequently demand changes to meet their precise needs. Several major retail stores still operate systems not too far removed from this, with merchandisers and selectors exerting considerable control over the designer. The result, according to many, is a certain blandness in the design content of garments available from such retail outlets.

It is argued that marketing constraints have strangled the creative aspects of design. Taking profitability as a measure of popularity, this restrictive prescription for design seems to work for many firms. Whether popular acceptance of fashion designs equates with good design is another matter.

1.4.3 The fashion marketing concept

There is another way to view the relationship between marketing and design, and this is termed the fashion marketing concept. That good fashion design only requires sufficient promotion to succeed is a view

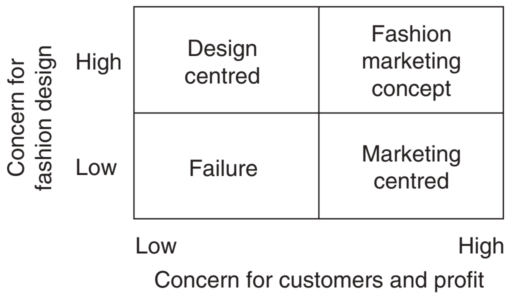

Figure 1.3 The fashion marketing concept.

applicable to a very limited number of businesses – usually those producing expensive garments for an elite market. The alternative view of fashion design as a function of marketing research fails to recognize either that many people do not know what they will like until presented with choices, or that their preferences change over time. For example, many who profess to hate a design seen on the catwalk may later come to like it when they try the garment themselves or realize that others have signalled acceptance. Good fashion design can challenge conventional views. It should be recognized that consumers vary in the conservatism they have towards fashion styles and also the speed and readiness with which they change their opinions.

A simple model of the interrelationship of fashion design and marketing can be seen above.

In the matrix in Figure 1.3 it can be seen that low concern for customers, profit and design leads to failure. This occurs as a consequence of overestimating design ability while disregarding customers' preferences and the need for profit.

The fashion marketing concept attempts to embrace the positive aspects of high concern for design, customers and profit by recognizing the interdependence of marketing and design. If designers understand how marketing can enhance the creative process and marketing personnel appreciate that within the fashion industry design can lead as well as respond to customer requirements, progress can be made. Market researchers can establish the sizing information customers want on garments and can also analyse reactions to several provisional illustrations, but they cannot produce detailed styling specifications. Marketing as applied to the fashion industry must appreciate the role of design. Some major retailers such as Zara have developed information systems bringing designers, manufacturing teams and retail sales staff much closer together enabling customers to be offered fast fashion at affordable prices and achieving good levels of profit for the company.

This section has discussed a number of approaches to fashion marketing. Many companies have embraced the fashion marketing concept and have demonstrated equal concern for design, customers and profits. In recent years an increasing number of winners of major fashion awards have also achieved success not only in terms of design but also in terms of sales and profit. Thus the fashion marketing concept is not just a theoretical model, it does work in practice and this book sets out to develop it further.

1.5 How fashion marketing can help the fashion industry

The vast output and profits from the fashion industry come not from the designer collections seen on the catwalk but from items sold in high street stores. To put the impact of designers in perspective, one only has to note that the British Fashion Awards' Designer of the Year will often have annual earnings that amount to less than a day's sales for one large retailer in the Arcadia group. Even so, the designer collections are given extensive coverage in the fashion press where each season more than 250 collections are reviewed within a matter of weeks. Reporting and promotion of these collections are suffused within hyperbole, excitement and genuine enthusiasm by many who attend, the catwalk exhibitions being viewed with a range of perceptions from incredulity to sheer entertainment. However, few people see the direct link that some less experienced commentators assert exists between the garments on the catwalk and 'what we will all be wearing next season'. The influence of the designer collections on everyday apparel purchases is complex and will be considered in later chapters on the fashion consumer, product design and fashion promotion.

The main concern of fashion marketers is therefore the design and sale of garments to the majority of the public, for that reason, the techniques described in this book will concentrate on high street fashion rather than haute couture.

Many people in the fashion industry have aspirations to run their own business. Indeed, the industry is characterized by many small firms and regrettably many failures. This book embraces the fashion marketing needs of people starting their own business; it does not, however, extend to all the needs of small businesses, particularly the financial and legal aspects of new ventures. For the new entrepreneur the chapter on marketing research will provide a sound basis on which to start building a business plan. The marketing component of the business plan is covered in the last chapter of this book.

Medium and large businesses are also catered for. The need for co-operation and communication between the various levels of distribution in this sector is so important that manufacturer, wholesaler, importer and exporter will all benefit from understanding the structural aspects of the marketing of clothing and related products and services. Many of the principles and techniques described in detail as applicable to the UK are transferable to other markets. For example, UK mass media data are given in the chapter on fashion promotion, but criteria for designing campaigns and selecting media are also given; these criteria are readily transferable.

1.6 What fashion marketers do: five examples

To give an overview of the sort of activities that fashion marketing personnel engage in, five examples will be given. A key point to note is that job titles do not always accurately reflect what people do. In fact, few people are called fashion marketing managers, but many carry out functions that are fashion marketing, e.g. those with job titles such as selector, merchandiser, sales executive or public relations consultant.

1.6.1 Fashion marketing research

A fashion marketing researcher may investigate the market shares of competitors and trends in those shares. Through a group discussion with potential consumers they may discover that a possible brand name has negative connotations and needs rethinking.

1.6.2 Fashion product management

A design manager may be concerned with producing a range of shirts for a major retailer. The shirts must co-ordinate with other garments such as jackets, trousers and ties, all of which may be provided by other manufacturers. The design manager must collect and pass on information to ensure that designers are adequately briefed. Later the manager will be required to sell the designs at a presentation to the retailer, usually in the face of fierce competition. The design manager's knowledge of the retailer's customers and an awareness of his or her own company costs will enable an effective marketing function.

1.6.3 Fashion promotion

A manufacturer of corporate workwear may have produced a range of clothes suitable for staff working in small independent restaurants. After careful research and planning the manufacturer may decide that a brochure is needed as part of the promotional effort. The brief to be given to the person preparing visual and textual material for the brochure will include an estimate of the number of brochures needed and a list of addresses – essential fashion marketing tasks.

1.6.4 Fashion distribution

An owner of a retail outlet selling her own specially designed millinery wishes to expand. She needs to research a few options including franchising her business, obtaining concessions in selected department stores and linking with a leading womenswear designer to produce new complementary ranges each season. Marketing research and analysis of the status of the business along with the preparation of a future marketing strategy are the major fashion marketing activities needed here.

1.6.5 Fashion product positioning and pricing

A major retailer discovers that a competitor is selling imported silk lingerie similar in design and quality to its own, but at prices that are 20% lower. A fashion marketing decision must be made about the positioning and pricing of the product, taking into consideration the strategic goals of the company as well as the price sensitivity of its customers.

1.7 Ethical issues in fashion marketing

The practice of fashion marketing is often criticized. These criticisms can be classified into two types, the micro-issues and the macro-issues.

Micro-issues concern particular products and services where consumers may feel that they have not been fairly treated or that they have been misled. Most customers have bought clothing that has fallen below expectations by, for example, coming apart at the seams or shrinking in the wash. These problems may occur due to poor quality control or at worst a callous attitude towards customers. Sadly, the view of customers as mere punters to be exploited does exist in some parts of the fashion industry but it is a short-sighted attitude as lack of repeat business, legal redress and negative word of mouth are all possible consequences. Given the number of items of clothing bought each year, however, some errors are inevitable and the issue really revolves around how the seller deals with the complaint. According to the fashion marketing concept we should be concerned about long-term consumer welfare as this is the key to building and retaining profitable custom.

The quick and fair correction of genuine errors reinforces the message to the customer that the retailer cares about long-term customer welfare. Unfortunately, some staff are placed in positions where their own interests may not coincide with those of the firm or the customer – those who work on a commission only basis, for example. Such practices should be condemned as they lead to an undermining of public confidence in the fashion industry.

Macro-issues are broader and emerge not from the conscious conspiracy of individuals or groups of individuals but as unintended or unanticipated consequences of certain activities.

The most obvious example is the criticism that the bulk of the fashion industry is lacking in sensitivity to environmental issues in that it encourages a throw-away society, conspicuous consumption and unnecessary use of packaging. Marks and Spencer plc can lay claim to a serious attempt to address some environmental concerns with their 'Plan A'. The Marks and Spencer 'Plan A because there is no Plan B' involves a £200 million eco-plan to become carbon neutral by 2012, to extend their sustainable fabric sourcing and to set new standards in ethical trading. Other attempts to address such concerns, although on a relatively small scale, include the so-called 'environmentally friendly' or 'green' fibres and recycled wool.

However, the charge of encouraging a throw-away society is a problem that is likely to recur with sharper and move vehement focus in the future. The public response to the various anti-fur campaigns run by PETA, Lynx and others since the 1980s has reduced the market for fur products in many countries and has transformed a status symbol of the rich to an item of derision. 'Green' issues in fashion marketing are examined further in Chapter Two.

Another example of a macro-issue is the use of particular models to show garments in advertising material or on the catwalk. Critics allege that this can cause damage ranging from supporting an image of women as mere sex objects to acting as a contributory factor in dietary problems of adolescent females. The over-representation of young, tall and slim female models raises many issues, not least of which is the sensitivity of some promoters to the responses of the audience. The Madrid Fashion Week has banned models with a body mass index (BMI) of below 18.5; this is a BMI that is regarded as unhealthy by the World Health Organization. The use of wider ranges of body shapes and sizes has been effectively used by Dove in their campaign for real beauty. The non-response or excuse of 'We have to do it, because everyone else does it' from some fashion companies may reveal an unwillingness to research other less potentially harmful ways of promotion. In an industry with an abundance of creative talent, it is surprising to find such pockets of conservatism.

1.8 An overview of the fashion marketing process

Fashion marketing can be viewed as a process and Figure 1.4 illustrates that process. It also gives an indication of the structure of this book and how various parts link together.

All firms operate within a wider commercial environment that influences their activities. Changes in value added tax may inhibit demand for certain garments whereas a fall in unemployment may stimulate demand for workwear. These two simple examples illustrate how changes in the marketing environment can have significant effects on the operation of fashion firms. The marketing environment and how to analyse it are covered in Chapter Two.

Central to the concept of fashion marketing is the role of the customer and Chapters Three and Four deal with understanding and researching the fashion purchaser. In Chapter Three the behaviour of consumers will be discussed. In particular, there will be an examination of the reasons why people buy particular garments: what influences them and what criteria they use. Clothing may be an expression of how people wish others to see them, it may denote membership

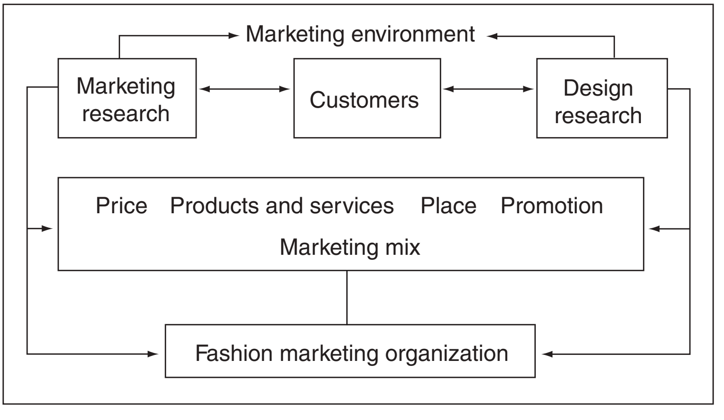

Figure 1.4 The fashion marketing process.

of a certain group or represent a particular lifestyle. To understand customers' aspirations and expectations about clothing fully, relevant psychological and sociological factors are examined in Chapter Three.

Chapter Four takes the understanding of customers' behaviour one step further by looking at how data concerning this behaviour are obtained, namely marketing research. This research can also involve the study of competitors and analysis of the company's own marketing efforts.

In Figure 1.4 the term marketing mix is used to describe the combination of variables used by the fashion marketer to meet the needs of specific groups of customers known as target markets. The selection of target markets and the management of the marketing mix are discussed in Chapters Five to Ten of this book.

Here is an example of how a variable may be adjusted using an example concerning price. A firm may decide to charge low prices and sell large quantities making a small profit on each item, but a large profit in total. A consequence of charging low prices may be that certain outlets are selected because their image is compatible with low prices. The concept of the marketing mix and target marketing are dealt with in Chapter Five. The actual components of the marketing mix are known for the sake of simplicity as the four Ps, i.e. Price, Product, Place and Promotion, and these are covered in Chapters Six to Nine. The role of design research, integral to product design and development, is covered in Chapter Six.

Putting all aspects of the marketing mix together to achieve the goals of the organization is the most important marketing task. Activities must be planned, co-ordinated and implemented effectively, and the results monitored. The final chapter deals with fashion marketing planning.

1.9 Summary

This chapter has introduced and defined fashion and marketing, and how fashion marketing:

- emphasizes the importance of design;
- aims to meet customers' needs;
- helps to achieve corporate goals.

There followed an examination of the practical side of fashion marketing:

- how fashion marketers work;
- the ethical issues.

The chapter concluded by:

- examining the business environment, and the place of fashion marketing within it;
- introducing the ideas of marketing research and consumer behaviour;
- outlining the concepts of target marketing and the fashion marketing mix.

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Chapter Two
The Fashion Market and the Marketing Environment

2.1 Introduction

A market is a place for buying and selling, for exchanging goods and services, usually for money. The fashion market is unusual because until early in the twentieth century it was almost solely the domain of kings, queens, aristocrats and other important people. As will be seen, great changes, mainly due to technology and increasing globalization, mean that we now have a fashion marketplace open to everyone.

Fashion can be a reflection of the time, from the utilitarian clothing of the war years to the yuppie look of the buoyant 1980s. Fashion also can be a reflection of individuals. Clothes are often chosen to reflect among other factors our age, gender, lifestyle and personality.

Because fashion is both a reflective and yet creative discipline, it is necessary for fashion marketers to be aware of the factors surrounding the market and develop a broad understanding of the issues that can affect the garments that are seen in any high street store.

2.2 The development of the fashion market

2.2.1 Origins of the modern fashion market

Until relatively recently, fashion had always been élitist and was used by its adopters to show that they were above the common people. Even the inventions of the eighteenth and nineteenth centuries; the spinning jenny, the water frame and the sewing machine have not had as great an effect on the market as have cultural changes and the explosion of the media during the twentieth century.

The end of World War I, in 1918, really marked the start of mass fashion. Style began to be influenced by the fashion designers of Paris, Milan, New York and London. In the 1930s film personalities and later pop stars all played their part in spreading or even starting fashion trends.

Some fashion styles are more easily explained than others. World War II forced hemlines up because of a shortage of material. In the 1950s newer freer styles made corsets less and less necessary. However, other fashions are less easily explained and are regarded by some as merely a whim or the market just looking for a change.

Technology played its part in advancing mass production methods, so that from the 1930s onwards ordinary people could buy copies of designer fashions from high street stores within weeks of the big fashion shows.

The media started to become an important influence in the late 1970s. People became more selective in what suited them, and magazines and books advised them on creating their own style. Designers could no longer dictate the styles as they had up to the 1960s. 'Street fashion' styles, developed by young people themselves in towns and cities, also affected designer clothes.

London was at the forefront of the fashion scene in the 1960s and early 1970s. Mary Quant was in her heyday and her clothing was famous the world over. It was the time of Carnaby Street, and Biba made famous by Barbara Hulanicki.

The influence of royalty on fashion made a comeback with the Princess of Wales in the 1980s as many women copied the lace and ruffles which she wore.

While not the first to introduce lifestyle segmentation to the market, George Davies, then chief executive of the Next chain, is undoubtedly the best known. His retailing phenomenon, targeting a particular age and lifestyle group, exploded onto the marketplace and had many other high street retailers following suit.

Changes towards a healthier lifestyle advocated by the medical profession and the increase in leisure time have encouraged people to take up more sport, particularly jogging and aerobics. Membership of health clubs and gyms has increased in recent years. So the clothing from this and other activities has moved into everyday wear.

The future for the fashion industry is mapped out, perhaps more than at any time in its history. Influences from the demographic structure, concern for the environment and further adoption of new technologies are all inevitable. These factors could stifle designers if they are not careful or could offer them greater challenges than any they have had to face so far.

2.2.2 Recent developments in the fashion market

Consumer demand for clothing is now more fragmented and discerning. Retailers are wary of carrying high levels of stock, major demographic changes are occurring, and many different styles and fabrics are available. These have all resulted in the mass market for clothing being fragmented and are eroding the advantages of long-run manufacture.

Previously the UK textile industry had a reputation for being dictatorial and short on choice. This was blamed on the nature of the relationship between retailers and manufacturers. Clothing retailing was dominated by a few large groups who exercised enormous power in the wholesale market for garments and fabrics. Retailers emphasized basic garments with very little fashion content, and Marks and Spencer in particular set very detailed specifications for fabrics, making-up and quality. Manufacturers such as Courtaulds and Carrington Viyella geared their production to large volumes of basic fabrics for a few major customers. It became uneconomic to deal with orders that either were small or required much design detail. Competition among retail chains was over the price and quality of garments.

Since then the market share of the multiple retailers (such as Bhs, Debenhams and Marks and Spencer) has been affected firstly by the emergence of smaller specialist chains (Benetton, Next) then grocery supermarkets ('George' at Asda and Tesco). Mintel 2005 estimates that 'George' sales in 2004 (excluding VAT) were £1.07 billion and that non-specialist retailers of this type enjoyed an increase in sales of 13% from 2003 to 2004, with this rising trend continuing. Further European retailers (Zara, H&M) have also gained market share in the UK by importing low-cost garments. To avoid competing with the abundance of low-cost imports, the big retailers have responded by increasing the speed with which they introduce fashion and style changes. This, in turn, has forced suppliers to manufacture shorter runs of garments with higher design and fashion content. In some parts of the market there has been a distinct shift in retail competition away from an emphasis on garment price to non-price factors, such as design, quality and fashion. However, this non-price competition has had only a limited success with even Marks and Spencer and its strong 'British Made' slogan, turning to importing more cheaply from overseas. Value retailers such as Matalan, Primark and TK Maxx, who have attracted the more price conscious shopper, have enjoyed considerable success in other sectors of the market (Table 2.1).

Table 2.1 UK trade in clothing (£ million), 2001–2005

	2001	2002	2003	2004	2005
Imports	9160	9806	10341	10884	11543
Exports	2592	2506	2713	2729	2679
Balance of trade	−6568	−7300	−7628	−8155	−8864
% change year on year		11.1	4.5	6.9	8.9

Source: HM Customs and Excise. © Crown copyright material is reproduced with the permission of the Controller of HMSO (and the Queen's Printer for Scotland).

2.3 The fashion market: size and structure

2.3.1 Structure of the fashion market

Apart from technology, another reason why fashion is now available to the masses is that there are several levels at which fashion clothing functions, as shown in Figure 2.1:

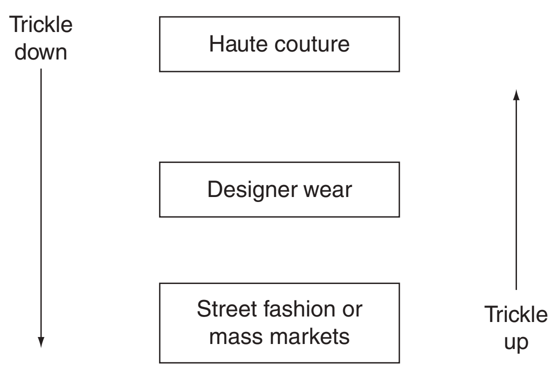


Figure 2.1 Levels of fashion.

- Haute couture houses are the major fashion houses of the world, run by recognized, internationally famous designers. They show their collections at least twice a year and sell individual garments for thousands of pounds. For many designers the catwalk shows are essentially a publicity exercise for the many goods that are sold under their name such as perfume and accessories.

- Designer wear is shown at pret à porter. The move into ready-to-wear clothing by designers meant that they could offer their stylish designs and high quality to a wider audience. The garments are still highly priced, although in hundreds of pounds sterling rather than thousands. They are to be found in the designers' shops, independent stores and some of the more exclusive department stores. Designs are not unique, but are still produced in limited numbers and, although some garments are produced abroad, there is very strict quality control.
- Mass market or street fashion is the market area in which most people buy their clothes. New fashions can be in the high street stores extremely quickly and what the customers lose in exclusivity they can make up for in value for money. This is one area of the market that is undergoing many changes and this chapter will look at how it is being affected.

This three-tier view of the market is perhaps oversimplistic as there are many strata and price levels between the ones mentioned. Many customers do not stick to any one level when buying their clothes.

The more affluent will buy several haute couture outfits but turn to designer wear for every day. Women who mostly buy designer ready-to-wear may occasionally splash out on a couture dress for a very special occasion. Those who generally only buy mass market clothing may still buy designer wear occasionally, if only from the discounted rail. In the early twenty-first century celebrity fashion icons have moved to mixing their outfits with some designer pieces and some from high street stores. At times it is difficult to identify the origin of our clothing and to decide who has the power in the marketplace. Is it the fibre and fabric industry that, after all, make the cloth for the garments? Is it the designers? Or perhaps the retailers are the power base in the market? Ultimately it should be the customer, but traditionally the fashion market has been one where the customer was dictated to and so merely followed along almost blindly.

The fashion flow chart in Figure 2.2 illustrates the flow of goods between the various participants in the marketplace. Later it will be seen that there is even more choice in deciding where the goods will be manufactured (see Section 2.5.2).

2.3.2 Size of the fashion market

All three levels of the market have shown some growth in domestic clothing demand in recent years. Growth of the total UK market for

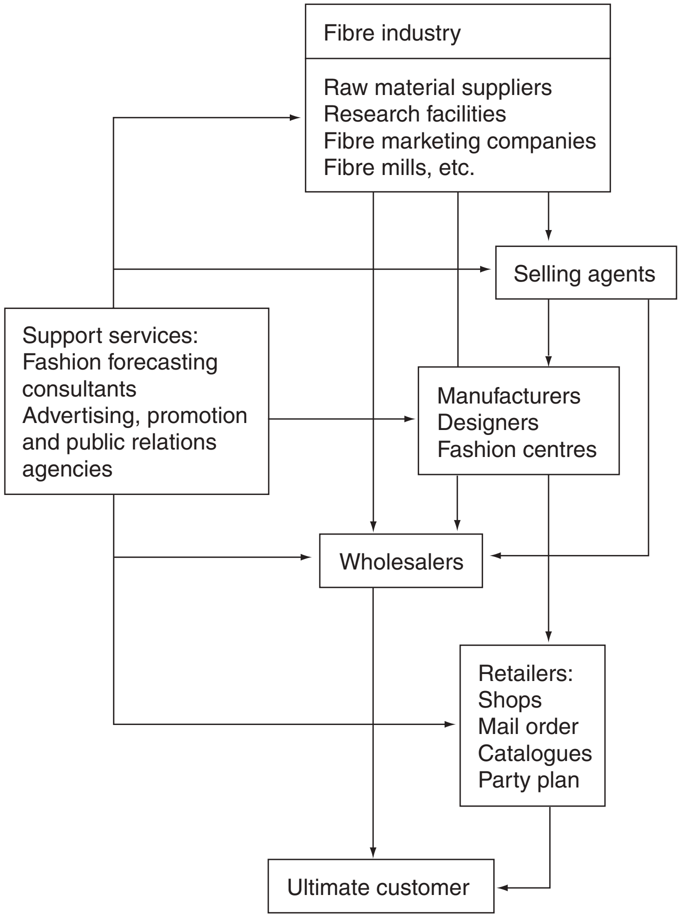


Figure 2.2 Fashion flow chart.

clothing has grown by over 16% from 1994 to 2004 and retail sales for 2006 are predicted to be nearly 50 billion (Table 2.2).

UK imports now greatly exceed exports, having increased from £9.1 billion to £11.5 billion from 2001 to 2005 with the main traders being Hong Kong, China and Turkey (see Table 2.1). UK exports have remained steady at about £2.5 billion per annum over the same period with about 73% of this output going to other European countries. As less UK manufactured clothes are sold in the home market the proportion of goods being exported is actually increasing. The figures become more complex as UK manufacturers are developing their own production facilities overseas to take advantage of lower wages and production costs (Table 2.3).

Table 2.2 Some major developments in fashion

Pre-nineteenth century	Fashions only for the rich and powerful
1918 onwards	Start of mass fashion
1930s	Film personalities influencing popular clothing
1939–1945	World War II – raised hemlines
1950s and 1960s	Freer styles, fewer control garments
1970s to 1990s	Growth of multi-nationals and mass media influence
1990s	Increase in branded and designer label goods
2000 onwards	Growth of electronic shopping
2002 onwards	Increasing influx of cheap foreign manufactured clothing

Table 2.3 Consumer spending on clothes

	Consumer Expenditure at Current Prices in £ Million					
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
Clothing	31 048	32 103	33 927	35 689	37 112	38 067
Footwear	4431	4719	5165	5466	5680	5661
Total	35 479	36 822	39 092	41 155	42 792	43 728
% change on year	+6.3	+3.8	+6.2	+5.3	+4.0	+2.2

Source: Consumption, The Blue Book 2006.

2.3.3 Employment in the fashion sector

Employment in the manufacturing of clothing textiles and leather production in the UK has now fallen to rank 24th out of the 25 categories of manufacturing industry recorded by the Government. Two main factors have reduced the numbers employed in the sector in recent years to only 132 000 in 2006 (Table 2.4). New technologies have reduced the need for many workers, particularly in the more skilled areas of pattern cutting as much of this can be computerized. The computer systems still need to be manned by a skilled workforce, but retraining has to be done and still there will be redundancies.

The far more important factor has been the stiff level of cheap competition from abroad. With an inability to raise prices in the face of a depressed domestic market and crippled by large debts, many firms have had to make savage cuts in their labour force and investment plans as the alternative to going out of business. In the late 1990s many major UK clothing manufacturers suffered as their customers

Table 2.4 Recent decline in employment figures in textile clothing and footwear industries (in '000s, in June each year)

1998	1999	2000	2001	2002	2003	2004	2005	2006
331	304	273	230	205	169	149	136	132

Source: ONS.

Table 2.5 Production output indices of total manufacturing industries and textiles, leather and clothing industries in the UK (index 2002 = 100, 2001, 2005)

	2001	2002	2003	2004	2005
Total manufacturing industries	103.2	100.0	100.1	101.9	101.3
Textiles, leather and clothing	108.1	100.0	98.1	87.0	83.2

Source: Monthly Digest of Statistics.

Table 2.6 Production of textile and textile products in UK, 2000–2006 (index 2003 = 100)

2000	2001	2002	2003	2004	2005	2006
122.4	107.2	99.7	100	98.1	90	89

Source: ONS.

chose to source garments from cheaper overseas suppliers. The UK clothing industry is made up of small, medium and large manufacturers. The smaller manufacturers feed off the larger companies by offering specialist finishing services. As the larger retailers turn to overseas manufacturing or supplying, so the vulnerable smaller companies suffer. Table 2.5 shows the fortunes of the fashion industry in the context of the decline in manufacturing (Table 2.6).

2.3.4 The current role of London in the fashion business

Fashion centres of the world have always included London, even before the era of Carnaby Street and Mary Quant, but recently designers have been choosing not to show in London. Now that London Fashion Week no longer has the financial backing of the French Chambre Syndicale (the French organization that decides which fashion houses may join the ranks of the haute couturiers), the number of exhibitions has declined. With it no longer being a requirement to show in London, designers have taken the opportunity to save the expense of showing at yet another fashion week, instead concentrating on the ones which they feel will be most prestigious and best covered by the media.

This shift away from London is of concern to the industry, particularly for the knock-on effect that it will have on everything from employment to tourism. Cities which are taking a more prominent role in the fashion year are New York, Tokyo and, new to the list, Shanghai.

2.3.5 The British High Street

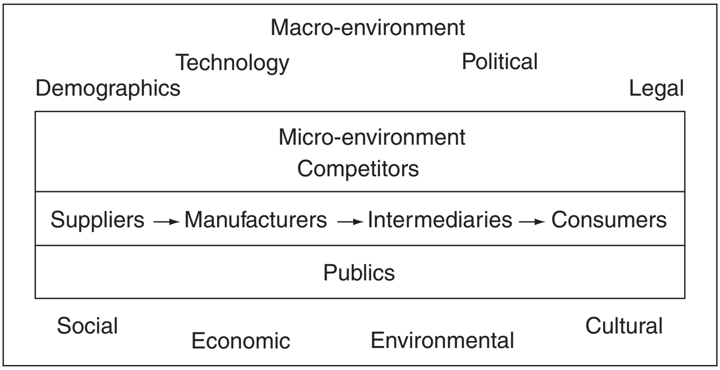
In contrast to Italy and most of the rest of Europe, UK has a much more consolidated market sector with only a few players as the big earners. Mintel (2005) stated that the top five UK retailers account for almost 45% of sales. The leading players by turnover being Marks and Spencer, Next, Arcadia Group (comprising Top Shop, Etam, Wallis, Dorothy Perkins, Burton, Miss Selfridge, Outfit and Evans), Matalan and Bhs. This dominance of the big players makes it hard for independent stores to get a foothold into the marketplace. It is hard to compete on price when dealing with high rents and cheap imported clothes.

2.4 Marketing environment

Fashion is ultimately about change. Every season there are new fashions that lead to obsolescence of last year's clothes. Many of these changes are brought about by designers trying to create something new to satisfy customers, but others are because of influences beyond the control of designers or manufacturers. These are all gathered together in what is called the marketing environment, as shown in Figure 2.3. Some changes occur very slowly while others can affect the market much more quickly; some are within a company's control and others are way beyond it.

2.5 Micro-marketing environment

Factors which ideally are within companies' control are to a greater or lesser extent their suppliers, marketing intermediaries (which help to get the goods from the factory to the consumer) and the consumers themselves. For customers the providers of fashion may seem to have a variety of sources, for instance the designer who has the idea for



Adapted from Kotler, P. (1994), *Marketing Management*, 8th edn., Prentice Hall International, New Jersey.

Figure 2.3 The marketing environment. Adapted from Kotler, P. (1994), *Marketing Management*, 8th Edition, Prentice Hall International, NJ.

the style, the manufacturer who makes up the garment or the retailer to whom the consumer goes to buy the garment.

2.5.1 Designers

While Paris is often thought of as the fashion capital of the world in fact there are five main cities supplying designs and new ideas to the international market.

Paris is historically seen as the fashion capital and has the edge on many other cities as its fashion industry is taken very seriously by government and citizens alike. The haute couture designers are protected by the French Chambre Syndicale, which has strict codes of practice for any designer wishing to style him- or herself as an haute couture house. The main French designers are Yves St Laurent, Chanel (now run by Karl Lagerfeld), Christian Dior, Pierre Cardin, Jean Paul Gaultier, Sonia Rykiel and Christian Lacroix. The British are also making an impact in France, with Julian MacDonald and John Galliano securing senior designing roles in French fashion houses.

Milan is the other fashion capital of Europe, and Italians have always taken fashion very seriously. There are probably fewer well-known designers, such as Giorgio Armani, Franco Moschino, Muicca Prada, Emanuel Ungaro and Versace, now headed by Donatella, sister to the founder Gianni who was tragically murdered in 1997, but Italy is a country whose people and retail set-up, with many more independent stores, is a successful environment for young designers.

London is no longer the focal point of fashion that it once was, though it still produces many internationally influential designers. Many are quite small fish by international standards but others have their designs bought by the rich and famous from all over the world. Although London is no longer a major centre, the UK clothing industry is still significant and exports are actually growing in contrast to internal sales. The city also retains many successful designers such as Bruce Oldfield, Jasper Conran, Matthew Williamson, Alexander McQueen, Dame Vivienne Westwood, Paul Smith, Katharine Hamnett, Joseph Ettedgui, Rifat Ozbek, Amanda Wakely, Betty Jackson and Caroline Charles.

In America the major centre is New York. To a considerable extent American fashions are confined to the home market, although all the big names are known and bought internationally. American designers include Ralph Lauren, Calvin Klein, Oscar de la Renta, Marc Jacobs, Vera Wang and Donna Karan.

Tokyo, the centre of the Japanese clothing market, has a reputation for a distinct style and for almost a lack of colour. There has been considerable growth in recent years at the top end of the Japanese clothing market by designers, especially since 1981 when Comme des Garçons and Yamamoto took Paris by storm. This is a fashion city that is destined to continue to grow with such designers as Yohji Yamamoto, Comme des Garçons (Miss Rei Kawakubo), Issey Miyake, Junya Wantanabe and Kenzo.

The Middle East is now considered the sixth fashion terminus of the world, not because any designs come from here but because it is where the submerged 11% of the fashion industry goes. Much clothing is bought by women either within or while on holiday from such places as Dubai, the United Arab Emirates, Kuwait, Bahrain and Saudi Arabia.

The overall market pattern now is that designers either make for themselves or subcontract to British or overseas manufacturers. Likewise retailers have their own designers and make them up in their own factories, subcontract their own designs to home or overseas manufacturers, or buy garments designed and made up by other companies.

2.5.2 International sourcing

The UK clothing industry is being squeezed further between the highly price-sensitive volume market which gets its supplies from low-wage economies and the quality end of the market which is increasingly supplied from Europe. The level of imports to the UK from the relatively high-cost producers on the continent has finally succumbed to pressure from other parts of the world and is decreasing.

Supplies come from three main sources:

1. UK, Europe and just beyond (Germany, France, Italy, Portugal, Eire, Turkey and more recently Romania) making up about 20% of UK clothing imports. Italy has traditionally been the major player here with Germany and France in close second place.
2. The Far East (Hong Kong, China, South Korea, Thailand, Taiwan, Malaysia, Indonesia and Mauritius). The two major players here are Hong Kong and China. They contribute, almost equally, to the 30% of clothing entering the UK from the Far East.
3. Asia (India, Bangladesh and Sri Lanka). These main three players contribute to more than 12% of UK clothing and accessory imports. Predictions that the reduction of quotas for Chinese goods would have a negative impact on these countries do not seem to have held true so far.

The greatest increase in supply has come from China and this is only expected to increase further now that quotas have been all but dropped to the UK and most of the rest of the world. However this does not seem to have affected UK exports suggesting there are different ranges of products being trade such as knitwear, rainwear and high-quality tailored items.

Imports from eastern European countries such as Romania have been seen to rise, as they have benefited from preferential access by the European Union (EU) in order to aid their economic restructuring prior to the abandonment of Multi-Fibre Agreement (MFA) quotas.

The days when Marks and Spencer used to boast that its garments were almost all produced in the UK, have long gone and they have suffered from criticism by some of the groups discussed later in Section 2.5.9.

2.5.3 Manufacturers

In the late 1990s and early 2000s a gloomy picture was painted as a result of the move towards global sourcing. Several larger clothing companies such as J. Baird Ltd closed factories and others such as Dewhurst in the north-east of England who relied on a few major customers such as Marks and Spencer have suffered from this loss of business.

There has been a reduction in the clothing manufacturing industry in the UK and many foreign companies have changed from both designing and manufacturing to one of merely cut, make and trim (CMT) for other people's designs. Other parts of this chapter look at the way forward for the UK manufacturing industry. There is undoubtedly a role that it can play in the international sourcing market if it exploits the strengths of flexibility and quality and moves away from competing on price alone. It is in these areas that the UK is still exporting its fashions, although Table 2.5 illustrates the changing fortunes in the import and export of clothing. Clothing manufacturers have had to improve their manufacturing methods. There has been severe cost cutting in some areas coupled with an increased emphasis on good design in other areas.

2.5.4 Marketing intermediaries

These are the main channels that help to get the goods from the manufacturer to the consumer. A detailed consideration of marketing intermediaries is given in Chapter Eight. Their roles can be many and varied. The main ones are:

- retailers,
- agents,
- distributors,
- wholesalers,
- advertising agencies,
- market research agencies.

The intermediary having the greatest influence on the clothing market is the retailer group. British clothes retailing is unique in that 70% of garment sales come from only 17 retail chains. The larger chains have taken an increasing share of the growing clothing market at the expense of the smaller firms. In 2004 the Arcadia group (formerly Burton), which included Dorothy Perkins, Top Shop, Top Man, Miss Selfridge, Wallis, Evans, Burtons and Outfit, had sales, estimated by Mintel, of £1527 million from their clothing outlets numbering more than 2000. Supermarkets have had an increase in the share of the clothing market; however, the largest market share still goes to Marks and Spencer despite the company's recent difficulties from which 2006 seemed to be a turning point. In Italy, by comparison, 95% of clothes are sold by single shops.

On the whole, competition, particularly on price, has intensified since the 1990s. Customers are increasingly looking for value for money; but are not totally driven by price; they also want good design, comfort and quality.

Companies have had to rationalize and restructure to combat increasing competition, cheaper imports and changing customer expectations. In consequence, many womenswear multiples have been forced to segment markets more effectively, making their customers much more aware of the markets that are being catered for. This has led and will increasingly lead to a narrowing of product ranges.

Retailers always need to be aware of how demographic factors can affect their core 15- to 29-year-old customer and adjust their offering accordingly. Demographic changes often force retailers to reposition themselves in the marketplace as was seen a few years ago when Top Shop, suffering from a reduction in the number of 15–20 year olds, decided to increase the age of their target customer upward. Targeting certain groups in terms of age and, often as important, lifestyle will become ever more crucial. Research into market trends and close co-operation with chosen target groups can help retailers. As the 'middle youth' market of women in their forties continue their youthful interest in fashion, there are opportunities for some retailers to try to keep customers loyal for longer. Others, such as H&M, have professed concern that the presence of too wide a target market in their stores could alienate their core younger customers.

2.5.5 Fashion predictors

For the consumer it must be quite baffling to understand how each year designers, manufacturers and retailers all seem to know what styles and colours will be in fashion. The reality is that since the 1970s there have been companies who specialize in fashion prediction and act as consultants to interested parties in the fashion world.

Companies such as the Paris-based organizations Peclers and Promostyl, France, and London-based Worth Global Style Network (WGSN) sell their predictions on styles, colour and the market for the coming season or even further in advance for up to 18 months. There are at least 10 main organizations of this type in the world, although some specialize in specific markets such as childrenswear. Their predictions are not all identical, although there are usually many similarities between them.

These predictions help manufacturers and retail buyers alike to make and stock the fashions; styles and colours that will be 'the fashion' for a coming season. However, at the end of the day the final decision rests with the customer in deciding whether to buy or not.

2.5.6 Consumers

Once fashion was dictated to consumers and there was little choice but to accept what was on offer. The tables are beginning to turn and the consumer has more power to accept or reject fashions. Recognizing this, clothing producers are researching the market more to see what will be acceptable before filling the stores with goods that just end up being discounted at sale time.

Consumers of all descriptions are more fashion educated and consequently more fashion conscious. They are demanding products that are designed to perform in special ways. Most want to express their personalities through their appearance and therefore their choice of clothing. The increasing numbers of working women want garments designed for their particular needs. They understand fashion cycles and they know when a style has become tired. Manufacturers must constantly research and develop new fibres, fabrics and uses for these to keep up with the consumer's higher level of ability to select from the vast choices on offer.

However, there are other changes in the marketplace affecting consumers' attitudes, values and priorities. They are suffering some degree of fashion fatigue. For some the desire to acquire is more muted and rather than spending their income on fashion clothing they prefer to choose from a much wider range of products, services and leisure pursuits.

In the past, fashion styles, types of garments and advertising were all deeply influenced and directed by the interests and needs of the young consumer. Now that the increasing numbers of older consumers are becoming a market to be reckoned with, things must change or opportunities will be lost. The trend is towards people dressing more to please themselves. They won't be dictated to. People are more self-reliant and cautious and careful for their individuality. They are putting more emphasis on self. Recognition of the new fashion consumer may mean that the fashion models of today will have the opportunity of a longer career than they first imagined. Elle McPherson's modelling career saw no sign of ending as she entered her forties and Twiggy who started her modelling career in the 1960s is still popular, with the turn around of Marks and Spencer being largely attributed to using her in their advertising. To a small degree the shape of the fashion model is showing signs of change with more magazines producing features using size 16+ models. This trend probably started with the then somewhat voluptuous Sophie Dahl being heavily featured in fashion magazines and on posters, although now at a size 10 she has ditched the trend herself.

2.5.7 Competition within the fashion market

Consumers today are presented with a bewildering array of choice, yet it is probably in the clothing market more than any other that the consumer complains that he or she cannot find what they want. The clothing producers and retailers are working hard to correct this, but increasing competition and very small margins have made many firms wary of too much investment and experimentation. The high street stores have had to work much harder at tempting consumers and at times it seemed as if price cuts were their only weapon.

However, much of the major competition happens at the sourcing of goods rather than in the stores, as summarized in Figure 2.4. It

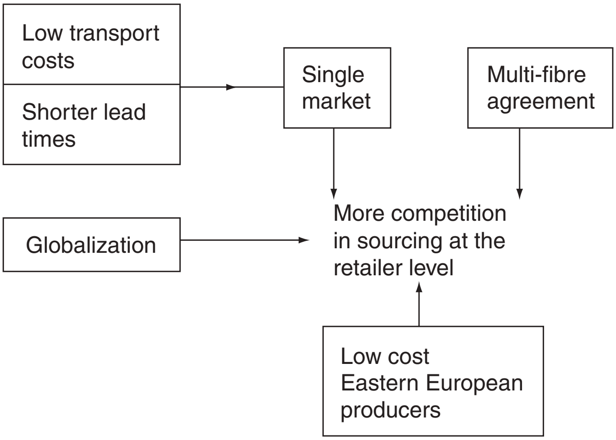


Figure 2.4 Competitive forces in fashion sourcing.

has been mentioned that globalization and sourcing from wherever cheapest is increasingly becoming the trend, particularly among European competitors. This is enabling them to keep overall costs down, while offering merchandise of good design and quality.

Since the opening of the single European market, competition from continental clothing producers has increased further, partly because of lower transport costs and shorter lead times. With a single MFA quota for the EU, the highly concentrated and accessible British clothing market has become even more of a target than it was previously.

There are also concerns about increased low-cost competition from some eastern European countries whose pleas for special treatment of their exports to the EU are showing sings of success. Now that Poland, Hungary and the Czech Republic have joined the EU, they too have gained free access to this vital market as will Turkey which is a candidate country. The clothing industries in these countries, in conjunction with EU companies, have undergone major restructuring and re-equipping. This has enabled them to present some formidable competition.

2.5.8 Direct and indirect competition for fashion products

Marketers have to realize that with increased choice consumers have many different ways to spend their money. In the western world people rarely need to buy clothes out of pure necessity. A woman does not merely choose between one dress and another; she also may choose between a new dress or hiring one, or making one or even to spend her money on something completely different like a handbag or entertainment. A man may choose between one jacket and another, or he may choose between a jacket and some new golf clubs.

When consumers have to choose between similar goods such as one shirt or another, the garments, stores or manufacturers can be described as being in direct competition. However, when the goods are different, but perhaps fulfil similar needs, like the woman choosing between buying and hiring a dress, then the stores and manufacturers are deemed to be in indirect competition.

2.5.9 Publics

There are many groups of publics that can affect a company's success, notably the financial institutions, unions and pressure groups to name but a few. The concept of fashion marketing publics is developed further in Chapter Eight within the context of fashion promotion.

Perhaps one of the most powerful groups to affect the fashion market is the media. A report in the fashion press after a designer shows a collection can have disastrous results. It is for this reason that some fashion editors have been criticized for having too much power and influence on the market. Whether true or not, much time and effort is spent between fashion editor and designer to try to maintain good relations between the two. It is hoped that this courting may result in a favourable article at a critical time.

While many national newspapers have strong fashion pages, the two most recognized fashion magazines in the UK are *Vogue* and *Elle*. Both are seen as essential reading for the woman or man who wants to know the important people and events in the fashion world. Powerful as these magazines are, neither has the overwhelming importance of the 92-year-old publication and premier daily newspaper for the women's fashion and retail industry in the USA as Women's Wear Daily, whose editor John Fairchild has long been regarded as a fashion guru.

Another force which seems to be having an impact is the pressure groups, concerned with the use of cheap labour and unethical practices. Anti-sweatshop campaign groups, in particular Labour Behind the Label, No Sweat and Tearfund have criticized manufactures whose production practices are deemed unethical. Their concerns have been taken up by the media and many retailers are now taking a much closer interest into the conditions under which their garments are being made.

2.6 Macro-marketing environment

Factors considered within the macro-environment affect not only the company, but all the other members of its micro-environment, namely

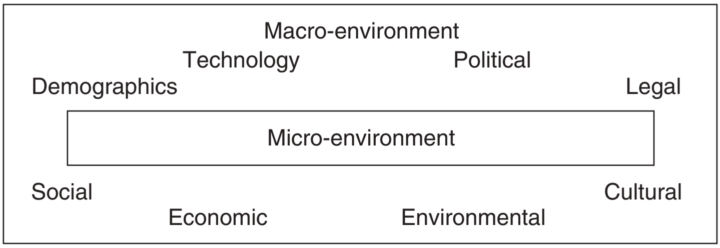


Figure 2.5 The macro-environment.

its suppliers, consumers, etc. These generally have a much wider influence and their effects become apparent more slowly than factors within the company. Factors within the macro-environment are cultural and social, political and legal, demographic, technological and environmental (Figure 2.5).

The inter-relationship of macro-environmental factors is most easily discerned in matters of world tension. Political, legal, social and economic matters become entwined to exert a great impact upon general levels of consumption. Consumer confidence was thought to have been dented by the Gulf War in 1991, which, although now over, has influenced consumer thinking. The war and terrorist activities in London have also affected the market as tourists stayed away for fear of terrorist action, which has particularly influenced more upmarket brands and retailers such as Jaeger and Austin Reed.

2.6.1 Political and legal

Politics and law might seem a world away from fashion but both can have extensive consequences for manufacturers. With such globalized sourcing of suppliers, world political events can aid or hamper the acquisition of supplies. A new legal requirement, be it in the product or the methods of manufacture, can have a make or break effect for some companies.

The General Agreement on Tariffs and Trade and the Multi-Fibre Agreement

The Arrangement Regarding International Trade in Textile, popularly known as the MFA, is an international agreement that regulated imports of textile and clothing products into western industrialized countries from low cost, mainly developing countries. Operating under the auspices of the General Agreement on Tariffs and Trade (GATT), the MFA currently has 43 signatories, the EU counting as one. Until January 2005, under the system most imports of textiles and clothing into developed countries were subject to detailed quantitative ceilings, implemented through a combination of import and export licences. The MFA was therefore unique in international regulation of trade in industrial products in that it was a formal departure from the free trade principles of GATT. Especially as there is no regulation on exports from industrialized countries to low-cost producers and there are no regulations between the EU and USA.

Originally signed in 1973, the MFA has been renewed on several occasions, most recently in 1994 in Uruguay where an agreement was made to phase out the quotas over a 10-year period which ended on 1 January 2005. This regulated, gradual dismantling of three decades of protection for western textile and clothing industries has had a huge impact on the UK clothing market, probably even more so than for some of its other EU partner's countries for whom imports from developing countries as well as exports to them would grow. However during 2005 imports from China quickly grew by more than 100% for many items and so the EU set up its own quotas to control the influx of Chinese clothing and footwear. In a hurry to beat the deadline for new quotas, Chinese manufacturers speeded up imports and quickly exceeded their full years' quota. Consequently 75 million items of Chinese manufactured clothing were held in European ports until a resolution for their release was reached in August 2005. Whilst, many of the items were school uniform required by retailers for sales prior to the autumn school term, there was also a large amount of underwear leading to the dispute being called the 'Bra Wars'. These new agreed quotas will last until 2007.

Legal aspects: children's nightwear and other safety considerations

All children's nightdresses and dressing gowns, including threads and trimmings, have to comply with British Standard BS 5722. Those which do not must be labelled 'keep away from fire'. While manufacturers had two years to comply completely with this standard, some were still taken unawares.

Hoods on children's coats and jackets can no longer be drawn by a cord for fear of strangulation or being caught in something such as a fairground roundabout, which could result in the child being dragged along by the cord.

Minimum wage

The introduction of the minimum wage in 1995 undoubtedly affected UK clothing manufacturers. Labour costs in North Africa and the Far

East showed a widening gap from UK labour costs and many British clothing manufacturers set up their own units abroad, initially favouring Morocco, Tunisia and Sri Lanka, and more recently moving further afield mainly to China. British and European manufacturers also have to conform to a more stringent set of legal obligations and working standards than many other countries.

Copyright

Any design is the creative work of the designer – it is an original and priced as such. Imitation can be said to be the highest form of flattery, but it is unlikely that any designers who have had their creations copied would agree.

There are essentially two types of copying, either of a logo or of a design, as shown in Figure 2.6. Both are very frustrating and often it is too late to do anything about it when, or if, the copying is discovered.

Logo copying might be imitations of the Lacoste crocodile, Mickey Mouse T-shirts or the copy of a registered design feature such as the Levi's stitching marks. Copies of this type are an infringement of trademark and the perpetrator can be sued.

Design copying can happen in one of two ways: first, before the garment is on general release, the thief can sketch designs at a fashion show, or steal the design sketches, computer tapes or discs from the designer's place of work, or even steal the actual garments. This can mean that the copies get into the shops at the same time as or even before the original. Secondly, designs can be copied once they are already in the stores.

Copies are usually cheaper and of inferior quality to the original and can give the original designer many problems. First, they will lose sales to the cheaper versions. At first sight the copies may not seem

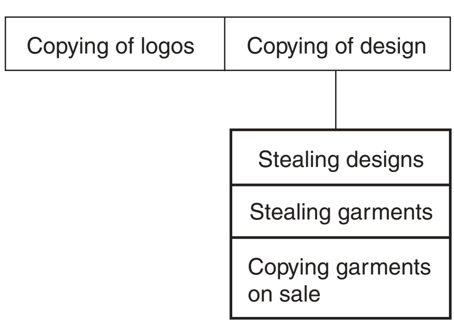


Figure 2.6 Copying of fashion.

any different to the unsuspecting buyer who usually would go for the cheaper version. Frequently it is only after wearing the garment or more particularly washing it that the quality differences become apparent. Fabrics do not wash or clean as well and seams will not hold as well. These quality differences can lead the original designer to get an unjustly poor reputation among the consumers who think that they are buying original labels.

Retailers could be criticized for encouraging this practice. Now that goods can be produced very quickly, high street stores pride themselves on having high fashion 'copies' available within their stores only days after they have been seen on the catwalks. Fashion magazines often have features, such as the *Sunday Times*' Style magazine's 'skinted and minted', showing their readers how to get a designer look at a fraction of the price by buying from high street stores. It is very difficult to decide at what point these items are blatant copies or merely following a fashion trend.

Copying of designs is not new. In 1975 the Fashion Design Protection Association was set up by Achilleas Constantinou of Ariella Fashion after he saw many of his designs in stores that he knew his company had not supplied. This was subsequently taken up by the British Clothing Industry Association (BCIA) who lobbied to get the Department of Trade and Industry to bring out the Copyright Designs and Patents Act in 1988. The aim of this Act is 'to protect creativity without restricting competition'. Designers are encouraged to claim copyright of their designs by signing and dating their original drawings. However, designs are often copied and sold in other countries without the designer ever knowing, although the effect might be felt in decreased sales and reputation. So these laudable efforts have not really solved the problem. Aside from the practical difficulties of time and cost in pursuing legal actions against the suppliers, there is still the problem of deciding when a fashion house is merely following a trend and when it is breaking the law.

One solution, used by Levi's, is to monitor the market outlets constantly, to make life harder for the counterfeiters. This may not be possible for a smaller company, especially when any monitoring has to be done internationally. Most of the copies are made abroad, to enable cheaper manufacture and avoid copyright laws. Another tactic used by Levi's is to tightly control the distribution of their red label tag stitched into all their jeans. They count out an exact number for their manufacturers and require exactly that number of pairs of jeans back from them, so preventing the manufacturer from producing overruns and selling them as originals.

Such is the problem that in November 1999 the Consumer Affairs Minister, Dr Kim Howells, attended the Sports Industries Federation

'War on Counterfeiting' conference in London. He pledged to 'Crack down on the "Mafia Gangsters" who peddle counterfeit sportswear costing the economy billions of pounds. Consumers need to know that fake goods are dangerous and damaging and rarely last as long as the genuine article'. Many companies are trying to do this crack-down themselves. Mulberry, the Bond Street producer of original leather handbag designs, took out 17 legal actions against retailers for copying their designs; only one reached court as the other 16 were all settled out of court. In all cases Mulberry won, either compensation or at least the withdrawal and destruction of stock.

2.6.2 Technological

As in all areas of industry new technology is making great inroads to improve quality of life and increase speed and quality of manufacture. In the area of fashion and clothing there have been many inventions. Some have had only minor effects on the market, whereas others have or are about to revolutionize them.

Other innovations in fabric technology are in the introduction of a variety of different properties in fabrics. Available in stores is heat-sensitive hosiery to keep the wearer warm or cold; moisturizing hosiery and underwear with a built-in fragrance capable of surviving up to 40 washes.

Fibres and fabrics

Lycra is not a fabric. The trademark Lycra is the property of the US-based chemical company Du Pont and is an Elastane fibre that lends itself to whichever fabric it is mixed with. Lycra is therefore an additive that gives knitted and woven textiles the quality of lasting stretch and recovery. It was first developed in 1959 and its first real use in garments was in the 1960s in ski wear and men's cord trousers. It was really not until the 1980s that it took off in knitted garments.

Lycra has become a household name associated with dancewear, swimwear, hosiery, cling-to-fit fashion separates such as leggings and vest dresses, in fact anything knitted. Lycra overcomes problems of fit and movement for body-hugging designs. Manufacturers obviously benefit from associations with a consumer recognizable brand in premium, superior quality garments and fabrics.

Such is the swimwear market's reliance on Lycra that swimwear designers do not design their collections until they have received Du Pont's own fashion forecasts.

Lycra is now being mixed with woven fabrics for outerwear and tailoring to take advantage of such benefits as improved appearance, better drape and less wrinkling. There is more development into adding Lycra to other cloth to create a wide diversity of fabrics. This has resulted in all kinds of finishes for fabrics using Lycra such as bubble, cire, shiny, matt, satin finish or printed.

The development of Lycra into other clothing, notably sportswear, has led to the increase of interest and sales in sportswear for professional, hobby and leisure purposes.

The clothing industry is extremely labour intensive, but installation of modern machinery fitted with the latest electronic controls is helping to improve productivity.

In the sportswear clothing field there have been huge developments in energy transfer fabrics which transfer heat away from the body so allowing sportsmen and -women to remain cool during their activity.

Computers

The dramatic increase in the use of computers has not passed by the fashion world, as shown in Figure 2.7. One of the main uses of computer systems is that of computer-aided design (CAD). The implication that this can have on the speed of transition of goods from design to the shop floor is quite phenomenal. It also has great implications for the employment sector in this industry. It may be the saviour of the UK clothing industry if it is accepted quickly enough.

A CAD system can perform a wide variety of tasks:

- The programmer designs a motif.
- The motif can be enlarged to any size, and duplicated to cover a piece of cloth. This can then be viewed on the computer screen to see how the design will look on the draped fabric.

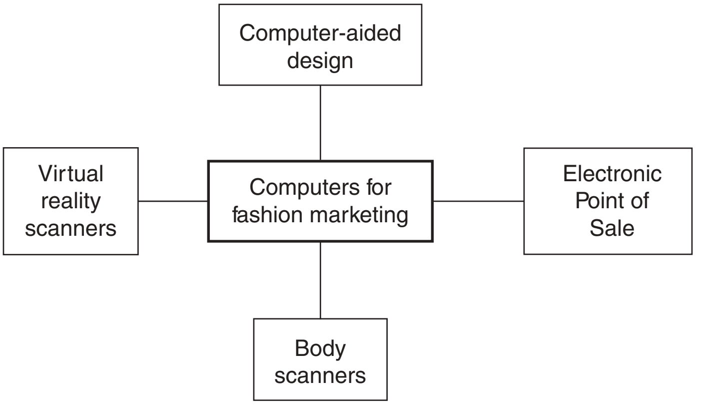


Figure 2.7 Computers in fashion marketing.

- The fabric can be tried in different colourways.
- The fabric can then be printed either directly onto the fabric using a bubble jet printer, or for larger lengths of fabric a printing layout can be produced.
- The operator can then design a garment, perhaps a blouse, by selecting different sleeves, collar, yoke, length, etc.
- The software will then print out a paper pattern to any basic measurements given.
- It can also plan a layout for the pattern pieces to achieve the optimum use of the fabric.

There is no reason why all these tasks cannot be performed by one skilled computer operator; however, the question today must be whether we need to train designers or computer operators. Although in 1992 only 150 out of 9000 fashion companies in the UK were using these systems to design garments, this number has increased dramatically, particularly as the systems become more flexible and prices are reduced.

These programmes can dramatically speed up the time it takes for a garment to get into the stores. They are also very cost effective both in terms of time saved and in minimizing fabric wastage. Perhaps the biggest saving that these systems can offer is in the area of pattern making and grading.

Some high street retailers like to deal with designers using this system as they can easily ask for adjustments to be made without delaying delivery time. So decisions are made more quickly and the buyer has more choice and influence.

Made-to-measure has been used as a means of producing garments since the inception of clothing. Since the industrial revolution, standardized sizing has gained prominence as it brings affordable garments to many markets. With growing populations comes diversity, the need for flexibility and the desire for better fitting clothes for all, not just those who can afford it. CAD can take a customer's measurements and reproduce designs or patterns for many different garments, quickly and accurately. It also can grade patterns for different sizes.

A further development in technology for the clothing market is for use in the made-to-measure market, where a system like a body scanner can be used to measure body size and shape within seconds to provide electronic tailoring.

In the future, virtual reality could transform the fashion business. There would be no need for supermodels or scrambles to get the front row at the fashion show. Designers could have the model they wanted parading around their salons, while clients could view whole couture collections in the comfort of their own homes.

Another major computerized invention for the retailer is EPoS (Electronic Point of Sale). This is very familiar in our supermarkets where bar codes are scanned to give the price. The bar codes can also tell the clothing retailer such information as size of garment, colour and how long it has been in stock. This information can then go into a central system that controls stock, and can, if necessary, rapidly reorder.

Computerized links with suppliers are growing in importance, speeding up order processing and improving the accuracy of transactions. The use of computers and EPoS has become very important in retail success in data capture at the point of sale, management of the merchandise and links with suppliers. Those retailers who have invested in these systems will fare best in the future.

Internet

With 86% of all homes in the UK having Internet access in 2006, clothes shopping via the web is predicted to continue to increase from the estimated 4.1 billion or 1.8% of retail sales estimated by Mintel (2005). While most fashion retailers now have established websites, but there are mixed fortunes in terms of online purchases. The tactile dimension of clothing purchases, the salience of colour matching with skin tones and the variability in sizing are all factors that continue to inhibit the use of the Internet by some customers. In addition, many consumers still express concerns about the security of passing credit card details over the Internet. The body scanner mentioned above could be used to see whether the clothes available via a website will fit the consumer before a purchase is made. Companies that have been most successful such as Next use a multi-channel format of store, catalogue and website. Other successes have been amongst those who specialize in selling online such as Asos with their celebrity inspired fashions or Figleaves with lingerie.

Television shopping

Still in its infancy, shopping via interactive television direct from the armchair has a similar potential to change how we buy clothing. However, growth of this area is limited by the same inhibitors as those connected with Internet shopping. Figures from Mintel (2003) estimate sales to be worth £395 million and only take a 2.7% share of the total home-shopping market.

Body scanners

Body scanners are a way of collecting 3D data about a consumer's body shape and size. By standing, fully clothed, in a booth or pod, up to 3000 body measurements can be taken in a matter of seconds by cameras and lasers. Minutes later an accurate true to scale 3D body model can be produced. This technology is already being put to a variety of uses. Whilst mass production companies can now ensure that their garments more closely fit the average consumer, the greater benefits will be made by the made-to-measure market for which measurement is both quick and accurate. Retailers are also finding uses for this technology. Selfridges, on Oxford Street, London, offer body scanning in order to produce custom-fit jeans. The customer can choose the fabric, rise and leg style and be assured of a perfect fitting pair of jeans. In some Gap stores consumers can use the body scanner to help them find which brands and sizes will offer the best fit. There are even predictions that body scanners could eliminate the need for changing rooms. The one market where they could reap most benefits are in clothing purchased online. Internet sales still suffer from consumer dissatisfaction due to poor fit and consumers frequently do not bother to return goods that don't fit, they just don't bother shopping with that company again. In time consumers could have their own body scan on their computer they could 'try on' clothes from participating online retailers. Early efforts in this area have been made by some organization such as Landsend to offer 'My Virtual Model™'. An attractive mannequin can be programmed to assume a customer's shape, skin tone, hairstyle and facial features, and customers can try clothes on their model to check fit and co-ordination of different outfits. Clearly this is more fun than accurate but as a tool for getting the customer involved with the merchandise it is very effective.

2.6.3 Demographics

This is the study of changes in the size and make-up of the population. While these changes occur slowly and can be predicted well in advance, only the foolish manufacturer ignores the effect they might have on business. The UK has begun to undergo a quite radical change in the make-up of its population and many of these changes will have strong repercussions on the fashion clothing market.

Customer size

As a nation we are changing shape and businesses are being forced to cope with the larger customer. Adult obesity rates have almost quadrupled in the past 25 years and now 22% of Britons are obese, classed as having a body mass index of over 30, and three-quarters are overweight. The implications for the fashion industry are obvious in terms of sizes, stock levels and styling. Not only are people heavier but the average height for both men and women has increased by 10 mm. This has implications for all sorts of goods and services such as transport, furniture and clothing.

Many clothing manufacturers are offering goods in a wider range of sizes or a more generous cut, although some have pandered to their customers' vanity and disguised the increase in size, Marks and Spencer have admitted that a size 12 made in the 1980s is not exactly the same as the equivalent size now. Even high fashion retailers targeting the younger consumer are realizing the need to cater for a broader range of sizes. Top Shop now offers a selection of their clothing up to size 16 and Next up to size 22, although availability is greater online or in the directory.

Apart from offering a wider range of sizes, some stores have a special own range in store, e.g. Bhs's range 'Extra', and H&M's range BiB. Many stores, including Marks and Spencer, also have petite ranges and New Look has a range for women over 5′7″. There are also more retailers catering solely for the larger customer. High and Mighty, as the name suggests, is a growing chain for men. Dawn French has an upmarket store in South Molton Street in London for women sized 16 and upwards. If the trend continues the time may come when it is the size 10s who are complaining that they cannot find anything to wear.

An ironic contrast, however, is the concern for people, particularly women, who try to stay extremely thin or have eating disorders. For them, stores are stocking jeans in sizes 6, 4 and sometimes even smaller.

Changes in the family

The much quoted statistic of the family with 2.4 children has changed. In recent years it has fluctuated around the 1.8 mark. Couples are tending to marry later and start a family later. This gives them the opportunity to become more financially stable, to get further on in their careers and to have more disposable income to spend on their children, some of it on clothing. More exclusive children's clothing shops have, like many others, suffered during the recession of the early 1990s. However, there is still a substantial designer market for childrenswear whether the garments are bought as gifts from generous grandparents or as regular clothing by more financially indulgent parents.

With more people remarrying and starting a second family in their late thirties and early forties, there is a need for maternity wear for the more mature expectant mother, who may also be working at the time. Whilst the high street caters quite well for the younger mother within high street stores such as New Look and H&M, there are several successful companies who sell mainly via catalogue or online. JoJo, Maman, Bebe and Isabella Oliver offer more upmarket ranges with a high design element to cater for the more mature and more affluent mother to be. These mothers will also want to keep a youthful appearance consistent with their young children so there are other market opportunities for post-natal ranges. Further details about the role of the family in purchasing behaviour are given in Chapter Three.

Age changes in the population

The British population is forecast to rise by less than 2% between 2005 and 2010, but the significant impact on the clothing sector is the large changes to the structure of the population. Not withstanding minor fluctuations, the long-term decline in the number of 15–24 year olds, high spenders on clothing, continues, albeit slowly. Table 2.7 illustrates how different age ranges will be affected.

Children

Over the past 15 years there have been fluctuations in the size of the population in different children's age bands. However, it is estimated that, despite the increasing trend for women to be older when they

Table 2.7 Population trends (male and female), Great Britain (in '000s)

	% Change		
Age range	**2000–2005**	**2005–2010**	**2010–2015**
0–4	−3.48	+2.15	+0.64
5–9	−6.39	−3.27	+2.15
10–14	−0.72	−6.36	−3.34
15–19	+9.14	−1.94	−6.25
20–24	+11.39	+7.75	−1.60
25–29	−7.88	+10.77	+6.88
30–34	−9.36	−7.52	+9.79
35–39	+0.84	−9.34	−7.70
40–44	+12.98	+0.65	−9.33
45–59	+5.57	+4.29	+6.91
60–64	+7.37	+20.58	−8.33
65–74	+2.19	+7.56	+15.68
75–84	+5.41	+1.86	+8.10
85+	+5.08	+16.87	+12.15
Total	+2.25	+2.34	+2.27

Source: Adapted from Government Actuary.

have their first child or even the move towards having a 'second family' with a new partner, there will be little growth in the children's market.

However, changes in the children's market can still present many opportunities for clothing and footwear demand for infants. Many retailers have recognized this and the market is very competitive. Retailers can best compete by offering good styles and designs with good value for money. The premium end of the market shows room for some expansion with many children's only label such as Miniman and Oilily, plus many adult designer labels offering diffusion children's ranges such as Baby Dior, Moschino, Armani, Ted Baker and DKNY.

The 10–14 years of age children's market remains underdeveloped in retail terms at present. Marks and Spencer have all but withdrawn their attempt to appeal to teenagers. Next fare better but sell most of the teen boys range online or via the Next Directory. The one apparent success with stand-alone stores was Tammy Girl a younger extension of the Etam range. Now under the control of Philip Green, owner of the Arcadia group and Bhs, Tammy would appear to have been demoted and is now only offered within the Bhs stores, reinforcing the opinion that this is a very difficult sector at which to win. The increasing interest in sportswear and sportswear labels would suggest that it is the sports outfitters that are best satisfying this group.

Traditional core market aged 15–34

The traditional core market for clothing suppliers, that of men and women between the ages of 15 and 34, declined rapidly between 1990 and 2000 when stores for whom the lower end of this market was key, such as Miss Selfridge, suffered as they saw their customer base drop by about a twelfth. This age group has remained fairly steady since then. Whilst the high spending 15–34 year olds will continue to remain steady in numbers as a group until 2010, there will be a drop in the 30 year olds at the top end of this market. There may be some consolation in the fact that the 20-year-old group will grow slightly, although they also have most demands on their finances with mortgages and many are starting to have families.

The mature market

In 2005 almost 56% of all inhabitants in Britain were aged 35 years or older. By 2010 the number of 45–54 year olds is expected to rise more rapidly than any other age group. Previously people of this age would have been grouped together with older consumers who traditionally spend less on clothing, particularly men, than consumers in their late teens, twenties and thirties. They bought fewer garments and often spent less per garment than younger people. But emerging from this group is the new 'middle youth' market as they are sometimes referred to, who have a greater interest in health, fashion and shopping, and whose members, particularly the women, are a potentially lucrative market for the retailer who can offer the right formula.

Going against this tradition of being the lowest spenders on clothing, in recent years, the spending of the 55–64 year olds has risen dramatically, particularly that of women. This increase is expected to continue as they benefit from inheritance money from older relatives.

Most older groups, particularly towards the higher end of the age bracket, are not as interested in fashion as in comfort and quality of clothes. They buy fewer and lower priced items than younger people. However, price is now becoming less significant and service levels are of increasing importance. There are now more magazines aimed at them and a somewhat improved choice of merchandise in the shops. Such people are influenced in their fashion attitudes by their growing affluence and are more aware of different styles. This is mainly due to having been brought up in the post-war boom years. Retailers aiming to serve this older market are responding with updated classic ranges, particularly for women. There is, however, still an opportunity to stimulate more menswear sales to older consumers by updating ranges and retail presentation.

2.6.4 The social and cultural environments

These can cover a wide range of issues, but are basically the society-wide influences, values and changes that can affect the market.

Leisure activities

Changes in the amount and types of leisure activity have resulted in a move away from formal codes of dress to much more casual styling. The increased amount of leisure time that many people have, due to shorter working hours, more electronic help in the home and convenience foods, has led to a need for more clothing to wear in these leisure hours.

Leisure wear, particularly in the guise of sportswear, has become a style to wear during the whole day for most ages and socio-economic groups. Nearly everyone wears some form of sportswear, be it T-shirts, sweatshirts, jogger bottoms or polo shirts. Tracksuits and trainers are almost a social uniform, in some parts of the market, for many daily activities such as shopping, housework, looking after children, dog walking and of course sports activities themselves.

The role of work

The market for menswear and womenswear is very different in terms of the occupational status of consumers. As far as the 'working wardrobe' is concerned a wearer's occupation influences both his or her garment needs and how much they can actually spend. Changes over time in the occupations that comprise the labour market can therefore have a major effect on the overall size and composition of the domestic clothing market. The relationship between the structure of the labour market, socio-economic groups and purchasing is developed further in Chapter Three.

The past 20 years has seen a gradual increase of working women to now make up just over 70% of the workforce. Less free time, more disposable income and a need for clothing for work all have implications for the clothing market. Although many of these women work part time, it is still be the case that working women have less free time in which to shop, but more disposable income. The desire to dress smartly, along with the desire for financial status, results in more spending on clothes for different occasions.

Women in supervisory jobs tend to spend well above the national average on their wardrobe. While there are still very few women in professional and higher managerial jobs, they do tend to spend more on their outerwear than the national average for women and are a small and highly lucrative market.

Economically inactive women spend well below average on clothing but cover a broad spectrum of ages, purchasing power and reasons for not working, for instance they may be students, pensioners, unemployed or women whose husbands have well-paid jobs.

For working men there has been a long-term shift from blue-collar to white-collar work, which one might think would stimulate consumption. Now that the UK is enjoying high levels of employment and the steep rise in unemployment during the recession is over, sales of formal workwear have not returned to their previous levels. This is partly due to fashion changes, but pressure on the finances of many of its core customers can also be a strong contributory factor.

Seasonal factors

Clothing producers and retailers have always found that demand for their goods is subject to the vagaries of the weather and the seasons. New ranges are introduced at certain times of the year in the expectation that the weather will be as normal. In the past few years the weather has been quite 'unseasonal' on many occasions. Summers have either arrived early and lasted longer than expected or even appear not to have arrived at all. Winters have been milder and suppliers have often found themselves with the wrong stock for the weather. This has led to a loss of profits either through lost sales due to shortages of clothing or through heavy discounting to get rid of leftover end-of-season stock. When viewing figures seasonally, it is necessary to look at several years together to avoid the bias of the extreme vagaries of the weather although as a trend we are buying less heavy overcoats and more summer wear.

Clothing sales are generally very low in January and February with only around 6% of the total annual consumer sales. Childrenswear is particularly weak here, whereas in September sales of school clothing make this month the second most important sales period for childrenswear. June is far more important than September for menswear and womenswear. This is the beginning of summer and the holiday season when around 10% of womenswear is bought, with menswear sales just slightly lower.

The largest amount of clothing is bought in December with 17% of total annual spending taking place. A large part of these sales is for gifts. This month is especially important for menswear as men very often receive clothing as gifts. Even the high volume of sales in the January sales in no way matches the bumper sales period before Christmas.

2.6.5 'Green' and ethical issues

As many consumers are accepting the concept of conserving and recycling in other areas such as washing powders and paper, so they may soon be questioning the need for constant renewal and replacement of clothing to follow fashion. To the environmentalist an industry that advocates continual change and ensures inbuilt obsolescence in its products is far from attractive.

To satisfy the environmentally conscious consumer the pace of fashion changes must slow down. The emphasis needs to shift from short-term fads to durable styles, comfort, quality and real innovations in fabrics and style that add to garments. There is already pressure to develop 'green fabrics' with demand for more organic cotton and an increased use of hemp but 'green clothing' is also likely to become an increasingly important issue. There will be a need for the recycling of fibres and fabrics, and production of biodegradable clothing.

Since successful companies need to recognize and anticipate consumer needs and desires, research and development into these environmental issues should be happening now.

Aligned to the concern of fabrics themselves is a concern over manufacturing conditions now that so many garments come from countries where wages are low and working conditions can be bad.

Green issues: the response of retailers

There have been several attempts to launch environmental clothing ranges by labels such as Esprit and Claus Steilmann, but the high-profile attempts by some parts of the fashion industry to become greener have yet to have any significant impact. At the retail end of the business, the major chain stores are examining how they can run their stores in a more environmentally friendly way. Most of their efforts may appear minor, but in total they could be quite significant.

Environmental efforts include:

- the use of recycled paper for till rolls;
- using recycled plastic and actually recycling garment overbags;
- recycling hangers and not offering them to the customer, but returning them to the clothing manufacturer to use again;
- using less packaging: Marks and Spencer now use virtually no extra packaging for most of its garments, a far cry from when jumpers were all packed in cardboard and cellophane;
- using fewer hardwoods for fittings in store design;
- using more energy efficient transport, etc.

Hoechst, a European polyester and fibre manufacturer, was the first fibre company to gain a certificate under EMAS, the European Eco-Management and Audit Scheme. The review of its environmental practices led to a comprehensive report on energy and water consumption, production emissions and recycling.

Marks and Spencer, in particular, are taking environmental concerns into account. They are aiming to keep abreast of such issues and take them into consideration in their buying decisions and operational areas.

Second-hand clothing

In some high street shopping centres charity shops seem to be almost as common as new clothing shops. The huge increase in the number of these and second-hand clothing outlets can be explained in many ways. As people buy more new clothing the second-hand clothing shops are an obvious place for them to dispose of their unwanted fashions from last season. Economic reasons could lead us to assume that lack of money means that the only clothing some people can afford is from the second-hand market. Or it could be that more environmentally conscious people are preferring to buy second hand and so recycling clothing rather than always buying new. The retro look of the late 1990s meant that second-hand clothes shops were a good source of desirable genuinely fashionable items.

One 'new' trend for the 2000s, partly fuelled by its popularity at red carpet events such as the Oscars, is vintage clothing. Be it a 1950s Dior dress or a 1970s Vivienne Westwood T-shirt, period pieces by well-known designers are becoming much sought after. Top Shop on Oxford Street, London, has a whole floor devoted to vintage clothing and several of London's famous markets such as Portobello Road are good hunting grounds for second-hand/recycled/vintage clothes. Many new websites have been launched devoted to the buying and selling of garments from another era. Ebay, whilst not exclusively selling clothing and accessories, plays a big part in this desire for recycled fashion.

Environmentally friendly fabrics

During the late 1980s, when there was a sudden focus on environmental issues, the textile industry was forced to improve its processes as a result of increased legislation. It had become evident that environmental damage was being caused by gaseous and liquid emissions from the industrial processes of many producers, including textiles.

New legislation covers, among other things, the wet processing activities such as dyeing and finishing. Already, many firms are spending large sums to reduce gaseous emissions from their processes and are investing in systems for recycling dyestuffs and other chemicals and even water.

There is much misinformation in the media that natural fibre fabrics are best, leading many people to think that natural fibres are good for the environment and synthetics are automatically bad. Most of this thinking is based on negative perceptions of the chemical industry. Although natural fibres biodegrade more easily, some give off toxic gases as they do so. Some processes for making synthetic fibres are actually friendlier to the environment than those for making natural fibres, especially when energy and water usage are taken into consideration.

It is not only the manufacture of the fabrics that is of concern, but how they biodegrade after disposal. Germany's leading clothing producers have been working on a range of biodegradable garments.

While the textile industry is usually blamed for the unfriendly emissions and wastage, it is arguable that the clothing manufacturers and fashion designers should really be blamed. They are the ones who dictate that strong dyed fabrics are required or non-crease products that need to be made from the thermoplastic properties of synthetics. The clothing and textile industries need to integrate their efforts for the future.

Whilst the consumer does not often consider the manufacturing processes, the desire for organic products, popular among food stuffs, has also moved into clothing. The use of organically grown natural fibres fulfils the needs of those with sensitive skin who react to chemicals and those with a greater environmental conscience.

Fair trade

With such a large proportion of clothing imported from overseas, concerns are growing regarding the working conditions within factories in some Asian countries. Large organizations such as Marks and Spencer and Nike have been accused of outsourcing to factories using the so-called 'sweatshop' labour. Often employing children, long working days in potentially unsafe and uncomfortable conditions are demanded in return for very low pay. Companies need to be able to reassure their customers that goods are manufactured ethically and fairly by closely monitoring the factories that supply them.

Some smaller organizations use overseas labour not for their low wages and ability to mass produce, but for the special skills that people can offer in hand-made garments.

'Green' fashions

Green fashion can be viewed in several different ways. On a simple level there is a growing movement against labels and conspicuous consumption. Some people are shying away from dressiness and are returning to basic clothing. Basics are usually part of traditional workwear – they have a high degree of functionality, and are simply cut and built to last. Doctor Marten boots and denim jeans are items of clothing that could be considered to be following the green ethos of less consumption as they are classic items that will not date and will only need replacing when they have worn out. Some of these views are shown in Figure 2.8.

In the late 1980s we also had the 'ecology look'. Fabrics were natural in both feel and colour. T-shirts available from the designer shop to the local chain store were adorned with environmental messages. Coming at a time when consumers had had enough of overt consumerism and the Yuppie look, the ecology look fitted in nicely as a contrast to the structured silhouettes and wide shoulders of the previous fashion.

The controversy over who is to blame for the less environmentally friendly fabrics, designer or textile manufacturer has not gone unnoticed by some designers. Most denim producers have replaced traditional chemical finishing by using pumice stone to achieve a stonewashed fabric finish. These new fabrics and processes will cost the consumer more. As with many environmentally friendly products there is a conflict of interest. Consumers and retailers seem to want

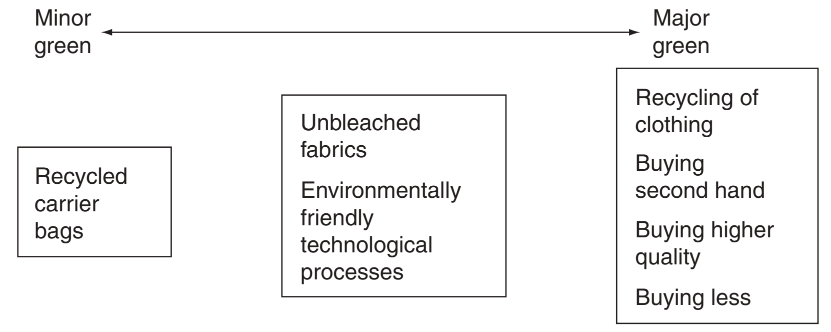


Figure 2.8 How 'green' can you be in fashion?

new, environmentally sustaining products but are reluctant to pay for the additional cost involved.

Friends of the Earth have produced ranges of 'green' fashions using unbleached, undyed cotton. This satisfied the ecology issue but not the fashion issue, and sales have been rather limited. They were avoiding the issue by not using any processes rather than finding 'green' solutions to enable fabrics to be used for fashion items.

The next logical stage is for designers to now take these issues on board. Many, such as Katharine Hamnett, are concerned about the fabrics they use and are developing more environmentally friendly fabrics. It has taken time for these to 'trickle down' to appear in the garments stocked in high street shops and they still do not constitute a large part of what we buy. One company, Edun, set up by Bono and Alison Hewson aims to offer a clothing line for people with a social conscience. They use organic fabrics, made up in environmentally friendly factories with ethical working conditions.

Paris held the first 'Ethical Fashion Show' in 2004 offering a platform for ethical and environmental designers around the world to showcase their clothing and accessories. Now an annual event, up to 50 designers show to the increasing number of distributors who want to sell designs that are ethically produced and environmentally friendly.

Another environmental concern for consumers is the risk of skin cancer that depletion of the ozone layer and excessive exposure to the sun may bring about. New ranges of beach and swimwear offering UV protection of up to 97% are being seen at holiday resorts, offering even more opportunity for Lycra.

2.6.6 Economy

General economic factors such as income, employment and home ownership have just as great an effect on the clothing industry as on other product groups. Consumer expenditure on new clothing is very dependent on the general state of the economy measured by the gross national product (GNP), their employment status and their disposable income. There are many other factors that influence the shape of the market for clothing and footwear. Consumer spending is influenced by some economic factors mentioned above while life-style changes that occur, such as getting married, having children, children leaving home and retirement, all alter people's requirements and aspirations for clothing and footwear. Clothing is one area where in recent years there has been price deflation, sales growth in volume is exceeding sales growth by value, people aren't buying less clothes but the clothes are becoming cheaper. In the 1960, households spent on average 10.3% of their income on clothing. This fell to less than 6% in the late 1990s and have more or less stayed at that figure ever since. This relatively low figure can be accounted for by the ability of manufacturers and retailers to source from around the world and constantly respond to competitive pressure on prices.

Recession versus 'feel good factor'

In the late 1980s and continuing into the early 1990s the UK was in a recession that was mirrored throughout the world. Increasing unemployment and high interest rates led consumers to be wary of spending more than was necessary. This in turn led to more frugal spending on clothing and a partial rejection of fashions that require a total new look, causing a move towards more classic styles that will last beyond the next season.

By the late 1990s there was discussion in the media of a 'feel good factor' in the economy, but this did not necessarily reach the clothing stores, many of which had somewhat lost their direction and positioning in terms of consumer needs. In the new millennium people may feel the benefit of low inflation rates, easily available credit and a consumer confidence that their standard of living will stay the same or get better. This can lead to more spending but with clothing, and the price deflation experienced in the market, more items purchased do not necessarily relate to more spending overall.

Unemployment

Local spending power can be greatly influenced by unemployment, which varies considerably from region to region within the UK. The retail sector of whole towns can be devastated by the closure of a large local employer.

Table 2.8 House price increases, 1997–2006 (index 1997 = 100)

Year	Standard Price	Index
1997	68 042	100.0
1998	71 704	105.4
1999	81 595	119.9
2000	84 293	123.9
2001	90 590	133.1
2002	106 195	156.1
2003	129 450	190.3
2004	157 091	230.9
2005	162 783	239.2
2006	177 962	261.5

Source: Adapted from Halifax UK House Price Index.

Home ownership

Home ownership has been increasing steadily since the end of World War II. However, as interest rates rose, the cost of mortgages greatly increased for a time, putting pressure on owner-occupied households. Even as rates began to fall again, consumer caution and the switch to saving spare cash may not result in the anticipated increase in spending. With average house prices having risen more than two and a half times over the past 10 years, homeowners have gained in confidence as they have seen the price of their house rise (Table 2.8). Coupled with relatively low interest rates homeowners have been able to spend more on themselves. They are more willing to access the equity in their homes by remortgaging. Conversely high house prices mean that it is hard to get a foothold onto the property ladder for first time buyers. They are having to save hard for a deposit and then take out large mortgages to buy even the most modest property.

Credit cards

There is concern that consumers and their willingness to take out personal loans and credit will follow the pattern of the 1980s. At that time consumers were more willing to borrow when their homes rose in value and were confident to extend their personal loans in the knowledge that their assets were appreciating in value faster than the rate of inflation. However, as the rise in interest rates caused depression of the housing market, and the value of some properties fell, the banks, so willing to lend in the 1980s, restricted credit. Spending on plastic cards has increased over four times the amount spent 10 years ago, although this does include debit as well as credit cards. Usage of store cards as consumers have realized the high interest rates being charged or as they are converted into store credit cards, likes Marks and Spencer, where purchases can be made in other stores using a Marks and Spencer credit/store card.

The rest of Europe does not have the same love of credit cards and willingness to go into debt as the British, having a much greater reluctance to take on the high levels of debt as seen in the UK.

European Monetary Union

In January 1999, 11 of the 15 EU members at that time joined the European Monetary Union (EMU) and now have a single currency – the Euro. Currently, the UK Government does not feel that the economy fulfils the five economic tests set out by the Maastricht Treaty, and so UK membership is still on hold. The likely addition of the UK to the EMU in the next few years will mean that stores will trade in the Euro. UK retailers will gain the chance to trade more easily in a wider European market although this will also mean more competition. It will be possible for EU consumers to easily buy throughout Europe and the world via the Internet.

Exchange rates

Both exports and imports are greatly affected by the strength of the pound. Since the late 1990s sterling was particularly strong, making imported clothing cheaper and hampering clothing exports by increasing their costs in foreign markets.

2.7 Trends in the marketing environment

Trends are relatively slow-moving changes in the marketplace that can occur for a variety of reasons, and businesses ignore them at their peril. Sometimes trends are business led and sometimes consumers lead the way. General fashions can change very quickly and go from one extreme to another whereas trends in clothing fashion tend to be slower and build upon themselves rather than ignore what went before.

2.7.1 Styles and consumer preferences

While there probably will always be people who are interested in high fashion there has been a noticeable move away from status and image dressing. Consumers still demand fashion, but they are requiring more understated styles that combine realism, comfort and practicality.

Changing work and lifestyles, with more time for leisure pursuits, are speeding the change from formal wear to a more casual look and sportswear. There is an increasing blur of divisions between active wear and fashion. Sometimes the sports store and boutique seem to be carrying almost the same merchandise.

The explosion in sportswear sales has been accompanied by a sharp rise in demand for other casual garments. Sales of conventional jumpers and cardigans have suffered a severe contraction as casual knitwear such as T-shirts and sweatshirts have grown in popularity.

Demand for womenswear is as crucial as ever to the health of the domestic clothing market. Demographic changes have already been mentioned and these will quickly affect the relevant markets. First, the upper end of the children's market should be considered. Secondly, customers in their late forties and fifties represent a great opportunity.

These changes and the long-term weather pattern are encouraging lighter weight clothing and trans-seasonal clothes, where many people no longer have a winter and summer wardrobe, but use the same clothes year-round. There are two distinct shifts in clothes labelling. Many manufacturers are continuing to manufacture or source under their own brand, such as Dorothy Perkins, Next or Karen Millen. Other stores are using and promoting the clothing designers themselves or bringing in strong brand names, particularly in the area of sports clothing. Some of these issues concerning taste preferences and seasonal aspects are developed further in Chapter Six in the context of product development.

2.7.2 Manufacturing

Retailers are increasingly under pressure to carry less stock in the interests of greater efficiency, and to offer the customer more choice, more often. This means that suppliers are required to deliver shorter runs of merchandise more frequently than in the past.

Too many manufacturers have also been taking a back seat and relying on retailers to keep them in touch with customers' demands. In the future the most successful manufacturers will be those who invest in market research, design and technology.

2.7.3 Trends in fibres and fabrics

Performance and versatility are becoming increasingly important. Customers are beginning to seek out specially engineered high-tech, high-performance fibres and fabrics such as Lycra and the tactile fabrics and ask for them by name. They are looking for fabrics to fulfil not only a fashion or style function, but also a clearly defined performance need.

Polyester and cotton are still the most widely used fibres, either on their own or as the dominant (50% or more) fibre in a blend; however, natural fibres are still more popular, and it is expected that their use, often for reasons of cost and handling properties, will rise further. Polyester is gradually losing ground and more cotton-rich blends are being used. Wool is still popular but for cost reasons it is again bought more as a blend than a pure fabric.

The main area of development in fabrics is still in blending stretch Elastane yarns. They are being applied to a much wider range of fabrics either for fashion effect in body-hugging styling or for comfort and recovery in outerwear and tailoring.

Microfibres such as superfine polyesters and polyamides in new forms and applications, especially in blends with other fibres and knitwear, are likely to remain the main area of interest for some time to come.

Changes in the pattern of shopping

Despite current government policy to limit the increase in out-of-town developments, the trend is towards large drive to shopping malls and complexes. This shopping trend is supplemented by the growth in catalogues and may be joined by a move towards electronic shopping.

2.8 Summary

- This is a time of change for the clothing market. The companies who survive will be the ones who initiate change and adapt. There is not much scope for those who are slow and lag behind. In the medium term there seems little prospect of a return to the high rates of growth in clothing sales seen during much of the 1980s.
- Unless they can offer the discounted prices and high value that customers are looking for, many companies will find that they can only survive by moving away from these price-sensitive parts of the market into segments where quality, design, variety and quick response to changes in fashion and consumer tastes matter more than price. Although now with an expectation of low prices, it will be hard for customers to accept much in the way of price increases as spare income has already been allocated to other things. If anything they are

moving the other way, demanding more quality and styling from retailers whilst still keeping prices low.

- In terms of clothing people are growing older later and there will be opportunities for producers and retailers who can meet the demand from older and more discerning customers who are looking for the current fashion styling in their clothing but adapted more closely to their needs such as better quality, more comfortable styling and well-informed friendly service.
- The market is not changing very much in overall size but there will be major demographic growth in certain areas. Age bands offering significant scope for sales are among the young adults (20–24) and 45–54 year olds.
- There is an increasing interest in designer labels resulting in more diffused lines and more mixing of labels and clothing at very different price points.
- Garments manufactured overseas are dominating the UK High Street. To compete the UK has to offer a quick response, meaning low stock levels for the retailer, especially as the seasons become less distinct and retailers want to offer more frequent seasonal ranges.
- Customers are choosing to buy their clothes from wherever suits them best, be it high street stores, out of town shopping malls, supermarkets, catalogues or via the Internet.
- Fashion is moving into an era where marketing techniques will be more influential than ever before. Clothing producers need to be far more aware of consumer needs. To a large extent fashion still leads, but consumers are beginning to exert more leverage in the issue. No longer will they merely wear what is dictated to them. The customer is becoming king.

Further reading

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