FAST FASHION
ARE YOU UPTO SPEED

"Every morning in Africa, a gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a lion wakes up. It knows it must outrun the slowest gazelle or it will starve to death.

It doesn't matter whether you are a lion or a gazelle: when the sun comes up, you'd better be running."

Adopted from: Thomas Friedman's "The World Is Flat"

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Fashion is Fast …
Put on Your Running Shoes

For a long time, fashion was accessible to only a privileged few - partly due to high cost of product and partly due to limited sales channels. The advent of 21st century ushered in a new concept of Glocalisation in the business world. Companies were no longer restricting themselves to their home regions but were going global with an intent to meet local needs. Fashion industry, too, got infected. Not only did retailers brake the territory barrier by adopting new age marketing platforms but also worked towards making fashion affordable & accessible. Companies like Zara and H&M

pioneered the concept in the late 1990s with an objective to turnaround new products rapidly and have since made fashion fast, affordable and glocal for the consumers.

Retailers in the fast fashion space are facing a two-way challenge in current times - One is consumer driven and other is peer driven. Over the last decade, people across the world have increasingly grown look-conscious. Consumers want to reinvent their physical appearance frequently, keeping pace with changing seasons and trends. Technology, print & electronic media and multiple

sales channels have only made people more aware of what is in-vogue and what is a fashion faux-pas. So when trend changes every 2nd or 3rd month, consumers across the world expect their favorite retailer to offer them nothing but the latest product. The huge consumer demand resulting from transient fashion has thrown in tremendous opportunity for new players. Anybody who offers the trend-right product at attractive price is sure to get a sizeable chunk of consumer's attention and in turn put pressure on competitors.

To keep up with fast fashion, the retail industry needs to be agile, thinking on its feet, sensitive to changing customer needs, constantly monitoring customer buying behavior and delivering high quality products. Strategies based simply on low product cost and mark downs are no longer sustainable.

A fast fashion retailer is constantly seeking solutions to innovate in three key areas of Designing, Manufacturing and Costing in order to maintain its competitive advantage.

Additionally, rising input costs of raw material, labor and integration of a complex supply chain is only pushing the retail price upwards. Therefore, it becomes extremely imperative for a company to improve its operations constantly.

With the trend changing every two to three months, companies are faced with a tough challenge

to convert new concepts into actual products and bring them onto the store shelves across the world - all within a short period of 40-60 days. Therefore, companies which are able to bring down the time to market of their products are more likely to attract consumers than the ones which still follow traditional methods of managing product development and delivery.

Managing a large repository of information involving stake-holders from different parts of the world brings down the operational efficiency of a fashion retailer. So, companies are now looking to integrate their various teams on a common platform to take care of inefficiencies arising out of multiple communication channels.

Given the scenario, the implementation of Product Lifecycle Management (PLM) is

being rapidly adopted as a business strategy for successful integration across the fashion enterprise. Companies that took initial approach to PLM are beginning to see significant reductions in new product introduction lead times and consequently enjoying increased value realization. The industry has accepted that PLM is not just a set of technologies, but a strategic business approach that integrates people, processes, business systems, and information.

Fashion is different...
to different people

To understand what fashion means to different people let us classify Fashion on the dimensions of trendiness, mass appeal and price:

Mass Fashion - References to anything that is the current trend in look and dress; it is priced as per its aspiration value for the mass customers.

Fad - Products become a trend quickly or products trend in quickly. For a fad, products are available at very low prices to justify the short lifecycle. Fads may be related to certain events as in sports or music.

High Fashion - Is described as fashion which is driven by individual creativity of the

brand owner. It is trend setting, exclusive, customized and unique. The price of high fashion products is driven by exclusivity and customization and is usually out of reach for average consumer.

Fast Fashion - Emulates high fashion but is available to fashion seeking customers at a price that they are willing to pay.

A fashion brand can choose to deliver any of the above type of fashion and model their business accordingly. A mass fashion brand pursues 3 - 4 seasons in a year, and plans its assortment and store inventory accordingly. However a fast

fashion brand plans its assortment as multiple sub-seasons within a year with relatively small inventory in each cycle. Retailers like GAP, Liz Claiborne fall in the mass fashion category while companies like ZARA, H&M and Benetton spearhead the fast fashion brigade. Retailers who follow the fast fashion model have their task distinctly outlined, that is, to optimize time from concept inception to "in store" delivery while keeping a check on the price tag.

Dimensions of Fashion

To get a clearer understanding of the various types of fashions, their life-cycle and how they are placed in the market, let us look at a graphic representation of various types of fashion, on the dimension of velocity and price. The graph also depicts the categorization of fashion providers:

The placement of different fashion models on the graph depicts their relative positioning on the 'Fashion Velocity' & 'Price' scale

Features of Fast Fashion

Having understood the genesis of fast fashion and its various dimensions, let's look at some of the features of fast fashion that make it unique.

Access to high end fashion at lower prices

The customers of high fashion brand are celebrities or High Net worth Individuals who are constantly being followed by fashion hungry population eager to imitate their lifestyle. This is one of the main driving forces behind fast fashion brands. The objective of fast fashion is to provide customers with the same styles that their role models are wearing, quickly and at prices that do not burn a hole in their pocket.

Quicker and cheaper manufacturing

Quick and cheap manufacturing is the most challenging part of fast fashion. Fast Fashion works on smaller margins and to ensure

negligible built up of inefficiencies in the system, it requires operations to be extremely well planned and coordinated.

Fast Fashion styles are introduced with a short lifecycle

Fast fashion styles have a short shelf life. Acceptability of a new style launched in the market is high only when an old style shrinks and fades away. Hence brands aim to keep product volumes low and velocity high.

Rapid inventory turns

Fast fashion is akin to the concept of fast food, as quick turnaround time is the key to obliterating obsolescence. It involves shorter lead-times, swifter product development cycles and shorter shelf lives due to thinner inventory.
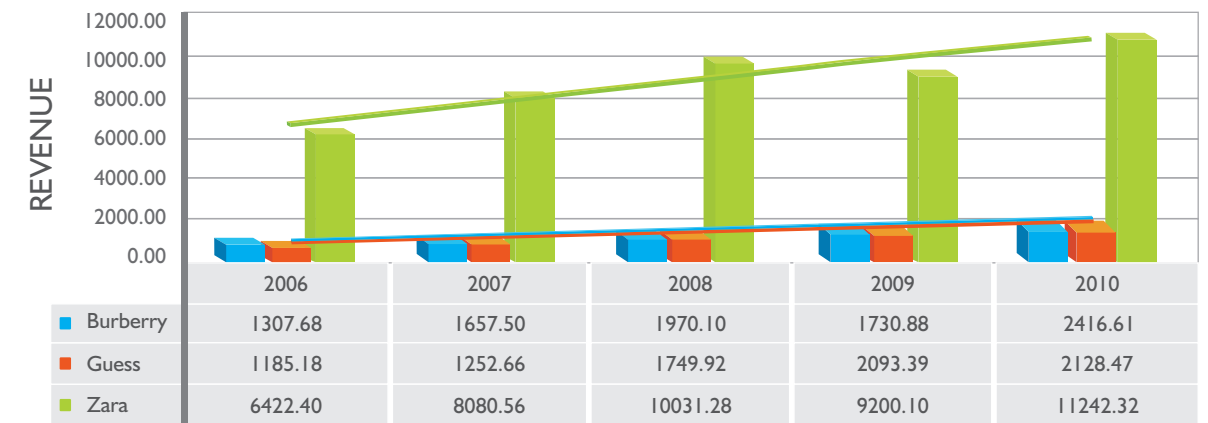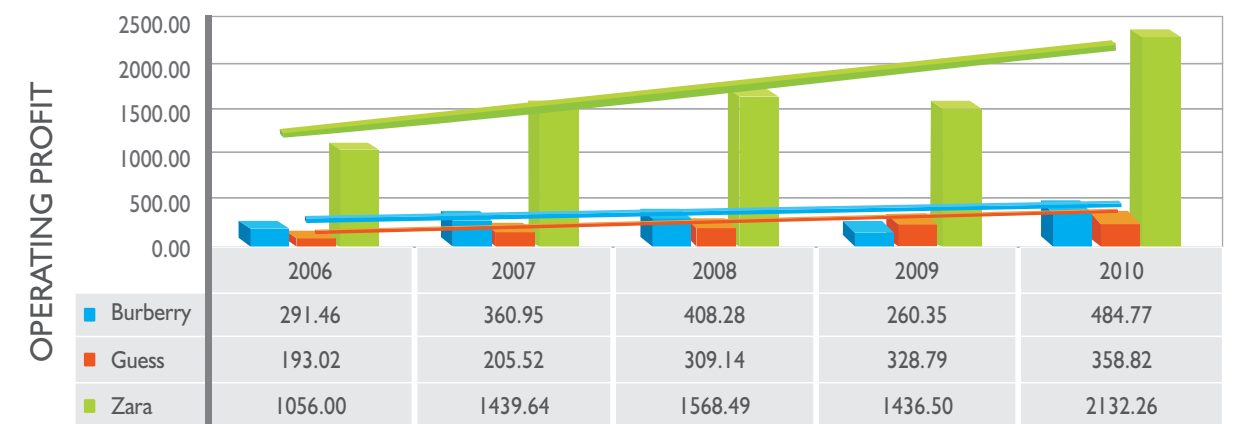
Zara & Fast Fashion

In order to compare the growth of different business models in fashion, we studied the last five year's Revenue and Operational Profits of the brands Burberry, Guess and Zara operating in High Fashion, Mass Fashion and Fast Fashion formats respectively.

Revenue (Million Dollars)

	2006	2007	2008	2009	2010
Burberry	1307.68	1657.50	1970.10	1730.88	2416.61
Guess	1185.18	1252.66	1749.92	2093.39	2128.47
Zara	6422.40	8080.56	10031.28	9200.10	11242.32

Operating Profit (Million Dollars)

|	2006	2007	2008	2009	2010
Burberry	291.46	360.95	408.28	260.35	484.77
Guess	193.02	205.52	309.14	328.79	358.82
Zara	1056.00	1439.64	1568.49	1436.50	2132.26

From the graph, it is evident that the quantum of business added by Zara is much higher than that by Burberry & Guess. It is further strengthened by the fact that Zara, in comparison, has been able to aggressively increase its footprint thereby depicting greater market acceptance. Hence, we can conclude that fast fashion is certainly a business trend that will continue to generate interest from the fashion business community.

But this growth is not devoid of the complexity that has become an identifier for fashion marketers

Taking Zara's context which has been described by Daniel Piette, Louis Vuitton's Fashion Director, as "possibly the most innovative and devastating retailer in the world", we are looking at a fashion organization that needs just two weeks to develop a new product and get it to stores, compared to the six-month industry average.

Complexity in Zara's landscape
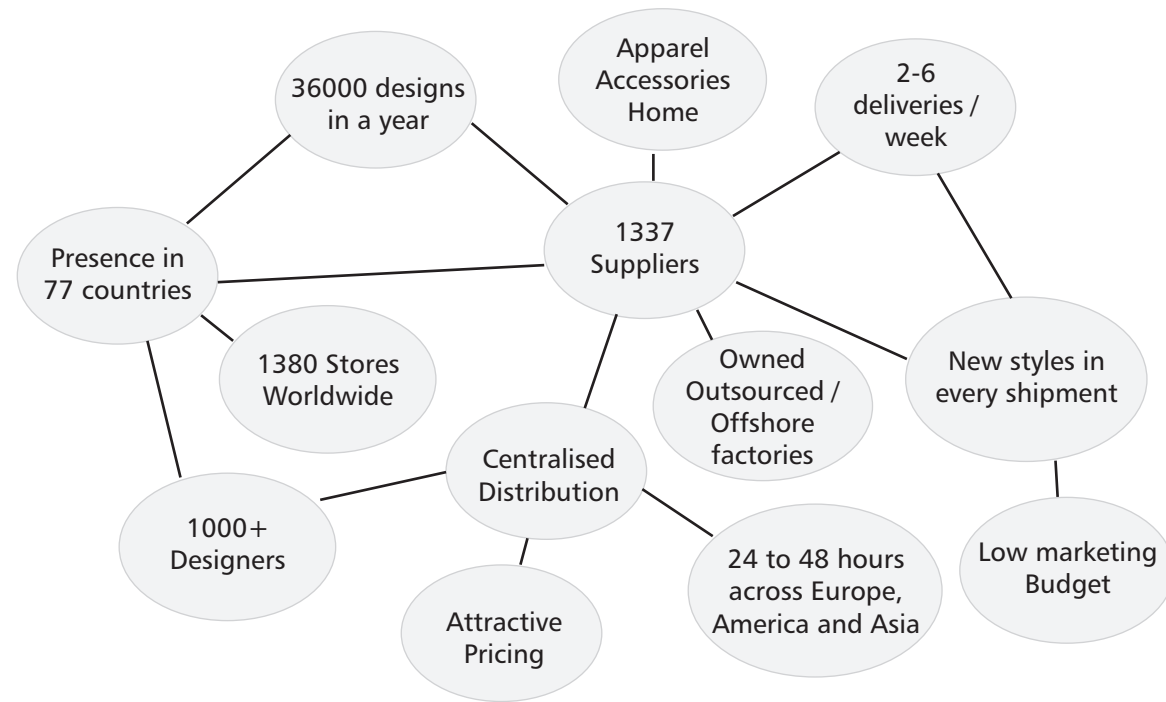
By any standards, this is an immense challenge that requires Zara to respond with a uniquely innovative approach of building an environment that fosters dynamic creativity. The stakeholders collaborate closely so that the various functions such as the design, merchandising and production are constantly in sync with each other.

A good PLM system simulates this physical environment at Zara and allows functionally and geographically dispersed participants to co-create.

PLM - Simplifying Complexity

A brilliant replacement to manual processes, PLM solutions not only accelerate an organization's product development cycle but also remove inherent inefficiencies of a manual product development process. Below figure illustrates the relative time taken in sample development cycle in a manual process vis-a-vis a PLM process. In the fast fashion industry, PLM solutions play the following significant roles:

Innovation: PLM allows designers to spend more time on creative and innovative thinking rather than struggling with data and communication. Designers are, therefore, able to improve quality and quantity of designs they churn out. Changes can be mapped and tracked back allowing designers to provide more value to downstream processes.

Transparency: A "single version of truth" ensures that processes move faster on the PLM system while avoiding the back & forth mechanism of a conventional communication and data sharing system. Having a web based system enables process owners to store, retrieve and manipulate data in real time, with seamless integration between various functions within the organization.

Complexity Management: Through PLM solutions, an organization can manage complex processes like storing fabric and raw material information in a simple and effective manner. With few clicks of the mouse, information pertaining to fabrics/ silhouette/ themes used in the past can be retrieved and used for analyzing trends and forecasting.

Sample Management: PLM brings organizations and their vendors to a single, shared platform enabling them to collaborate easily on Request for Quotes (RFQs), samples and timelines. Users can track various stages of sample development as in quality or design and offer accurate information on cost and time negotiations.

Resource Realignment: PLM tools enhance the efficiency of production center's resources to actually allow the movement of product from the home country to offshore, thus significantly reducing costs. PLM tools also enable joint development of strategies with vendors.

Cost Reduction: PLM tools break the silos between product teams and vendors, presenting an opportunity for aggregation of materials across product lines. This provides better leverage during negotiation with suppliers and manufacturers.
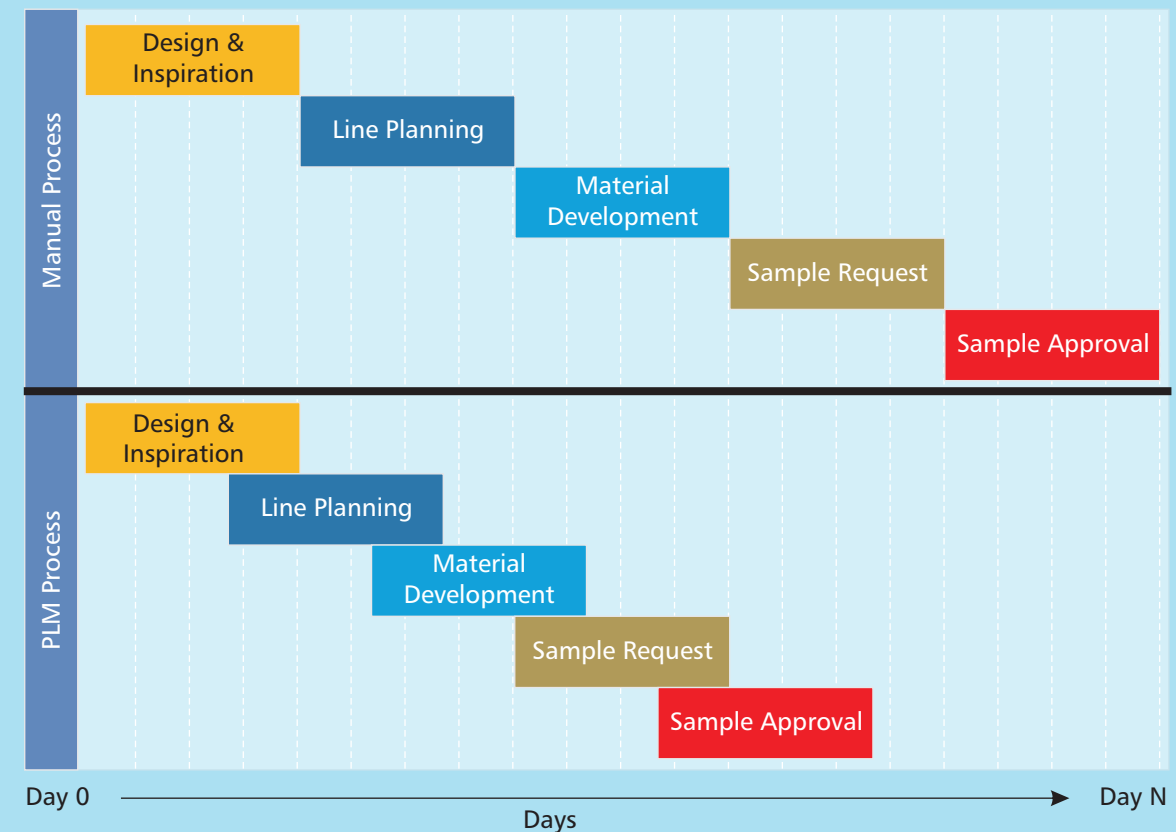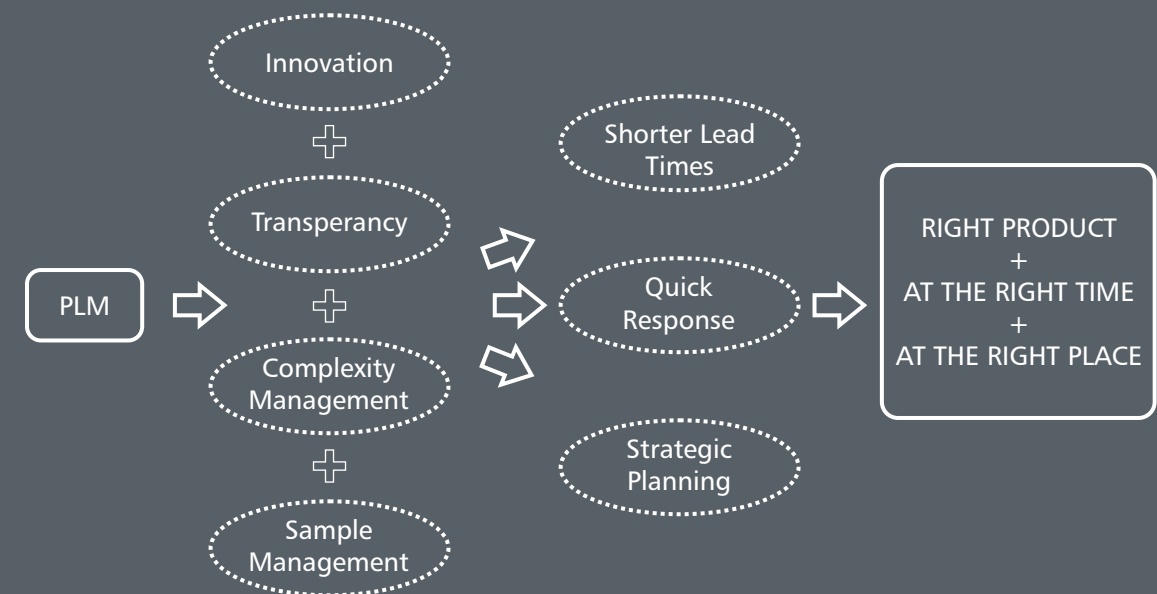
Conclusion

As technology shifts the power of decision making into the hands of customer, fast fashion will become faster, forcing the brands to contend with lower margins and faster delivery cycles. PLM is an ideal tool for such a dynamic scenario. The core advantage of a PLM system is that it is not just a set of solutions but also an up-to- the-minute practice that enables fashion companies to bring together the often irreconcilable goals of exceeding expectations of the customer and beating competition in the market place.

By viewing PLM as a system that integrates brand and product strategies, fosters a disciplined development process, manages resource efficiently and establishes key performance indicators, the fashion industry will be able to quickly react to emerging trends, draw on the experience of industry best practices and keep financial objectives on target.

PLM adds value throughout the lifecycle of a product, starting from conception and planning of a season to the time a product is delivered to the customer. By decreasing complexities and increasing efficiencies within a system, PLM helps in reducing lead time of a product, while making product development cost-efficient and the product superior in quality. A well defined PLM strategy not only keeps companies ahead on the innovation curve but also helps in delivering the product on time ensuring bottom line results.

As Fast Fashion becomes more and more important in today's business landscape for Retail, Footwear & Apparel Retailers, PLM will continue to provide a stitch in time.

PLM ➡ Innovation ➕ Transperancy ➕ Complexity Management ➕ Sample Management ➡ Shorter Lead Times / Quick Response / Strategic Planning ➡ RIGHT PRODUCT + AT THE RIGHT TIME + AT THE RIGHT PLACE

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An MBA in International Business Rajnish has an experience of 14 years in Manufacturing, Sourcing & Retailing. He has worked with Wal-Mart for 5 years prior to joining ITC Limited. Currently he is responsible for leading a team of business process consultants for FlexPLM that helps organizations in their product development initiatives. His global team works directly with the Customers in Retail, Footwear and Apparel Industry to map their current processes and offer future state solutions that drive business strategy goals.

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ITC Infotech is a fully owned subsidiary of ITC Ltd, a diversified business conglomerate. ITC is one of India's foremost private sector companies, and runs market-leading businesses in multiple segments. ITC completed 100 years of leadership in 2010.

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A robust outsourcing model, comprehensive suite of differentiated solutions, and focus on excellence in execution, have provided ITC Infotech a leadership position in its chosen domains. The company is working with a bevy of Fortune listed global customers, and its service delivery footprint spans five continents, spread across 140 countries..