Chapter 15
The Fashion Trend Concept and Its Applicability to Fashion Markets and Supply Chains

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Abstract This paper focuses on different aspects of fashion markets. In a first step, fashion levels will be classified; followed by definitions on fashion trends, and the suggestions on a fashion trend concept. In order to fill this concept and support decision-making processes along the supply chain, such as the catching of actual fashion trends, it is required to fill this concept with relevant information on different product features. Social media text data is considered as one relevant source. Showing previous researches, we assume that for instance fashion weblogs can be used for extracting this information. In a further step, we describe different fashion markets, namely fast fashion and luxury, in order to examine the applicability of the approach to real-life markets and their supply chain processes. The paper concludes by formulating hypotheses on a potential application of the approach.

15.1 Introduction

The fashion industry faces challenges in meeting the demand of the customers. Often retailers are confronted with losses due to stock-outs or overstocked inventories (Fisher and Raman 2010). In addition, the demand for fashion is impacted by various factors such as changing weather conditions, celebrities, events, holidays, or the general economic situation (Thomassey 2010). A crucial challenge is that most fashion products are highly short-lived compared to their long time to market. Most production plants are situated in countries such as China, Taiwan, India, or Bangladesh. Lately, even these countries are turning too expensive for the companies due to an increased standard of living and higher salaries. Consequently, the

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first firms have started to locate some production plants to African countries such as Ethiopia or South Africa (NTV.de 2015). Though, the target regions are often European countries or the United States. Therefore, retailers are confronted with long transportation and shipping routes. In traditional retailing, reproducing good selling items during a current season is hardly possible or rather solely with additional costs. Some companies, for instance, place productions in Northern African countries or in Turkey in order to meet the demand during the season. Alternatively, companies use air shipping to replenish stocks in time.

This paper looks at different aspects. Figure 15.1 illustrates the aspects and the relevant stakeholders: consumers, social media, demand uncertainty, fashion levels, fashion trend concept, fashion markets, and supply chain processes. The paper is organized as followed: First, fashion levels, the classification of them and the relation to fashion markets is described. Then, we focus on defining a fashion trends and suggest the building of a fashion trend concept. In a further step, we propose on filling the concept with information extracted from social media text data, since consumers publish content on these applications. Assuming that the extraction of valuable information is possible through for instance fashion weblogs, the next question is, if the approach is applicable for fashion companies to. Therefore, different real-life markets and companies are examined. In particular, fast fashion and luxury markets are focused, due to their huge differences. After introducing both markets, we will conduct a comparison on their processes along the supply chain. We will conclude the paper by formulating two hypotheses regarding the applicability of the presented approach by fast fashion and luxury markets. Supporting arguments will be presented along with the hypotheses. Though, the actual testing of them is considered as future work.
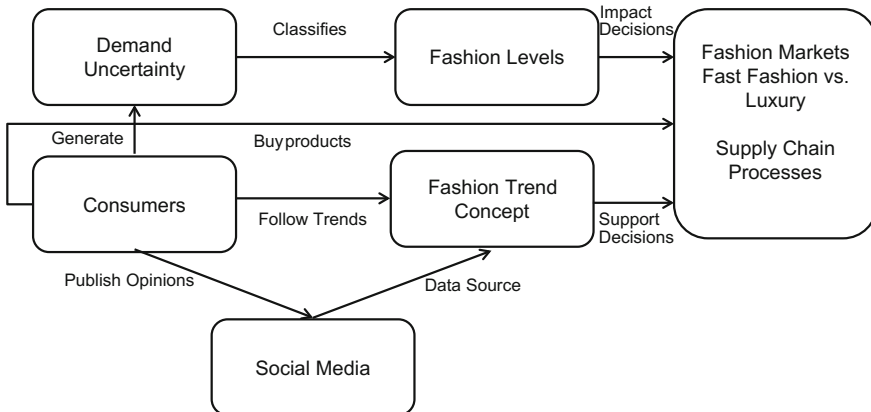

Fig. 15.1 Relation between the different mentioned aspects within the paper

15.2   Fashion Levels

The discussion of fashion levels is crucial in the context of this paper, since most decisions along the supply chains are based on the fashion level of the product. Literature suggests different ways for classifying the different levels of products. For instance, Wojaczek (1996) distinguishes different fashion levels and classifies them according to the criteria: novelty, life-time, sales risk, purpose, and replenishment options. He named the levels as high fashion, fashion, and basics articles. High fashion articles need continuous development and are highly short-lived. Furthermore, the fashion degree is the focus and replenishment of the products is hardly possible. Whereas, fashion articles are developed on a regular basis, with a short life-time and high sales risk. Similarly, the fashion degree is focused. Though, limited replenishment is possible. In contrast, basic articles are hardly further developed, have long life-times and the sales risk is low. The focus lies on the functionality of the product, and not on the fashion degree. Moreover, the replenishment of the articles is often possible. Hammond (1999) suggested a fashion triangle in which the relation of fashion grade and demand uncertainty is illustrated. He distinguished between basic products, fashion basic products, and fashion products and argued that the demand uncertainty increases with the fashion grade. This means that the demand uncertainty for basic products is lower than the fashion basic products, and for the fashion basic products is lower than fashion products. Lowson (2003) differs between basic products, seasonal (or fashion basic), and short-season (fast fashion) products. In all three classifications, the demand plays a crucial role with regard to the product type. This work considers fashion basic and fashion products, and ignores basic products due to low the demand uncertainty.

15.3   Fashion Trend Concept

Fashion basic products and in particular, fashion products often follow a certain trend. Since the term trend can be misleading, in the following, we look deeper at it. Starting from the word definition trend, we find on Merriam Webster (2015) the definition of a *current style or preference*. From an economic perspective, often deterministic trends or time series are mentioned. In the fashion literature, the term trend is stated as a *direction, movement or flow*. Combined with the term fashion, Cho and Lee (2005) see the meaning in trend as a *general tendency of the next fashion*. Looking at the literature on fashion trends, we can find works describing influences on a fashion trend such as social, political, economic, and cultural changes (Cho and Lee 2005). In addition, the authors assign the consumers a relevant role in setting a fashion trend (Perna 1987). Cho and Lee (2005) consider a fashion trend as something similar to a concept such as futurism, minimalism, or fun. Each trend is characterized by several different features. For instance,
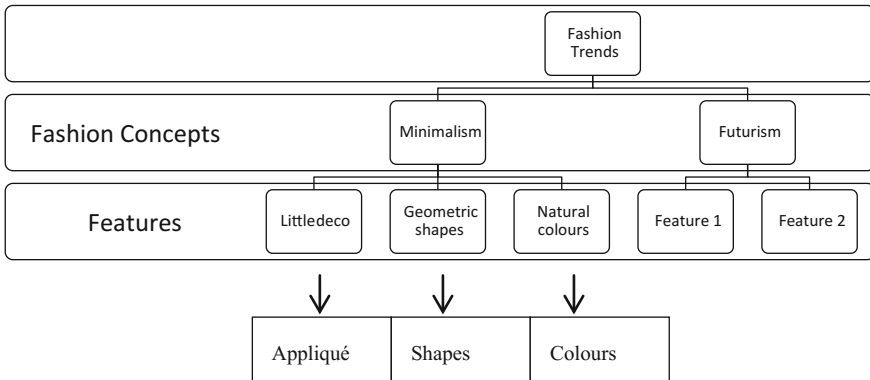
Fig. 15.2 Identifying relevant fashion product features out of past fashion trends

minimalism is characterized by *little decoration, frequent use of geometric shapes, neutral colors, and minimization of volume* (Cho and Lee 2005).

This research applies among others these fashion concepts in order to identify different features that a product can contain. In a further step, these features are used in generating the trend fashion concept. Figure 15.2 gives an overview on the process of building the concept. Taking a garment as an example, usually it has a particular color, fabric, material, cut, style, or pattern. Often a fashion trend is a combination of these features. Moreover, an emerging trend can also be manifested in each of the features. For instance, light blue is the leading color, silk the current preferred material, and vintage the leading style. Identified such an abstract concept, it is required to fill it with information on the different features.

As aforementioned, this research focuses on fashion products which are often consumer-driven. These consumers usually access social media applications in order to publish information on different topics. For this reason, we suggest considering the approach of Beheshti-Kashi and Thoben (2014) in which the authors propose to integrate social media text data into sales forecasting processes. Even though, the current paper is not dealing with sales forecasting, but more with the integration of potential relevant information extracted from social media, it is suggested for instance, to apply fashion weblogs as sources for filling the fashion trend concept.

15.4   Social Media and Fashion

With the emergence of the Web 2.0 and the development of a large number of social media platforms, every user with access to the internet has been empowered to publish his opinion and experiences on different platforms. Among the different applications, this research has considered weblogs and the microblogging service

Twitter so far. In Beheshti-Kashi (2015), so called hashtags posted along with Tweets (messages in Twitter) were focused in order to examine the posting behavior regarding fashion related content. It is reported, that indeed it is possible to extract information on product features such as the color, material, or style from the Tweets. In the case of the fashion weblogs, the primary question was not on the availability of fashion-related content, since their focus is reporting on fashion topics. In this case, the extraction of deeper information is targeted. Beheshti-Kashi et al. (2015) examined German fashion weblogs and showed that it is possible to extract more detailed information on different features. For the collection and processing of the text data, Text Mining and Natural Language Processing methods have been applied.

15.5 Fast Fashion Retailing

Fast fashion retailers strategy is oriented toward customers' demand and targets at responding to market changes in a timely manner. This demand is often tracked through sales data captured in the stores. In addition, mostly small and medium volumes are produced. In contrast, traditional apparel retailers place large volumes. Often fast fashion retailers follow a backward vertical integration. This strategy enables the companies to manage the different steps from design to distribution. Often a large portion of the supply chain is owned by the retailer, and the rest is often controlled due to close distances. One large difference between traditional and fast fashion retailing is the difference in lead times. Traditional retailing is characterized through long lead times, taking up to 29 weeks from the first design to the delivery to the stores. In contrast, fast fashion retailers take 15 days including the shipping to the stores. Also with regard to forecasts traditional retailers act differently: they do generate forecasts prior to the selling season. Whereas fast fashion is more closely to the season and also base often real time data from their stores in order to meet the demand of the customers. Though, often products are not replenished like in traditional retailing, where often replenishment is activated on an automatically based on the remaining level of supplies. Similar to the forecasts, designs are also forecasted 18–24 months prior to the selling season (Hines and Bruce 2014). For fast fashion, designs are often based on current runway fashion shows. Due to this strategy it is obvious that the fabrics have to be available in "gray" and not already colored, to be able to flexibly react to the catwalk designs during the season (Ghemawat and Nueno 2006). At this point mostly fast fashion companies follow a postponement strategy. Moreover, with regard to target groups differences occur: often female consumers between 16–24 years are the core target customers in the case of fast fashion. Reasons for that might be the fact that catwalk designs are offered by affordable prices. Therefore, young women who cannot afford the higher prices are able to purchase these articles and also be up to date. In regard of the quality, fast fashion companies do not claim highly qualitative garments; since they are *clothes to be worn 10 times* (Ghemawat and Nueno 2006).

15.5.1 The Case of Zara

Zara is considered as the innovator of fast fashion, and therefore, this section will describe their strategies more detailed (Hines and Bruce 2014). Zara, a Spanish retailer, is owned by Inditex and opened its first store in La Coruna in 1975. For each line, design teams consisting of designers, sourcing specialists, and product developer, are established. These teams work on designs for current seasons as well as for the following year at the same time. One crucial focus is on interpreting catwalk designs and makes them accessible for the mass market. In addition, Zara also employs trend spotters, who try also to catch the trends from the people for instance on university campuses. Beside the IT system in which all the sales data are captured, further information sources such as Internet, movies, TV, and industry publications are monitored. In order to reduce the risk of overstocked inventory, they often test products in key stores and only place larger productions if the customers react positively. With the flexibility of these systems, and the design team being able to modify current items, they are able to produce products with a slight modification and bring them to the stores within 2 weeks. All products independent from their production place have to be passed through the central distribution center in Arteixo, in north of Spain. 75 % of the products are transported via trucks to the stores in Spain, Portugal, France, Belgium, and Germany. For the rest air shipping is used. Usually, the merchandises are delivered to the stores within 24–48 h to European and outside European markets. They also do not participate in so-called ready-to-wear fashion shows. The products are first shown in the Zara stores (Ghemawat and Nueno 2006).

15.6 Luxury Markets

The luxury market is often considered as the counterpart to fast fashion retailing. Though, luxury markets are not homogenous. In order to compare fast fashion strategies with luxury markets, we need a deeper insight into this market. Table 15.1 gives an overview on variables and characteristics defined by different authors in order to classify luxury markets and products. It shows the variables positioning on the market, products, and duration of the shelf time which is measured in seasons or weeks.

As a general aspect, Fernie et al. (1997) state that most luxury companies provide besides to their "haute couture" also "diffusion lines" to reach a wider range of customers. These lines often differ in price, quality, and volumes. In addition, diffusion lines are mostly outsourced to Asian countries, while luxury lines are often manufactured in-house (Brun and Castelli 2015). However, values such as craftsmanship, high quality products, originality of design and exclusivity of the products are common values (Fionda and Moore 2008).

Table 15.1 Classification of luxury markets and products

Classification variables	References	Characteristics
Positioning on the market	Catry (2003)	Exclusive goods, limited editions
	Silverstein/Fiske (2003)	Addition of new luxury'
	Beverland (2004)	Mass level, premium, super-premium Icon level
Products	Altagamma (2008)	Absolute luxury products, aspirational luxury products, accessible luxury
	Brun/Castelli (2015)	Addition of mass market goods
Shelf time (weeks/seasons)	Brun/Castelli (2015)	Continuative, seasonal, fashion items
	Jacobs (2006)	Fashion products, continuative products

15.7 Fast Fashion Versus Absolute Luxury

This section shows a comparison between luxury and fast fashion companies along the supply chain: design, sourcing, manufacturing, distribution, and replenishment. Table 15.2 highlights the most relevant aspects. As shown in Table 15.1, luxury markets are not homogenous. In this comparison absolute fashion is considered as the counterpart for the fast fashion strategies. The design process includes also the stage of identifying or setting a fashion trend. This initial step differs largely in both cases. In most luxury company's designer's work independently on their designs, while in the case of fast fashion, usually designers are organized in teams. Besides to the different organizational structure, also the process differs.

Luxury designers focus on the originality of their work, whereas one purpose of fast fashion retailing is to interpret the catwalk's designs and make them accessible for the masses. Therefore, the originality of the design is considered as one

Table 15.2 Luxury versus fast fashion

Processes	Luxury	Fast fashion
Design	Single designers Originality of designs Setting a trend	Design teams Interpretation of catwalk design Tracking and following customer demands
Sourcing	Established relationships High quality	From external suppliers Quality of fabrics not the focus
Manufacturing	Often outsourcing to national companies Importance of craftsmanship	Often off-shored Product related strategies
Distribution	Established relationships, mono branded stores, official resellers	Central distribution centers, selling in own stores
Replenishment	Difficult due to long lead times	Not always desired

differentiating aspect. An additional relevant factor is the fact on what the demand is based on. Often haute couture and luxury designers' intention is to set a trend and to create the demand for their designs. In contrast, fast fashion companies follow a different strategy. These firms often consider their sales data which is tracked on a daily basis from the stores, as one crucial aspect for identifying the demand. Therefore, fast fashion usually follows a buyer-driven approach in the case of demand identification (Ghemawat and Nueno 2006). Luxury companies often have established relationships to their suppliers. One crucial factor is the quality of the fabrics and materials. In order to ensure the quality, investments in the infrastructure of the suppliers are not a rare strategy of luxury companies (Brun and Castelli 2015). Fast fashion companies often have larger numbers of external suppliers. One crucial difference is the dealing with the dyeing process. In the case of fast fashion, usually, a large portion of the dyeing is conducted during ongoing seasons in order to act responsively to market changes (Ghemawat and Nueno 2006). In contrast, luxury companies often finish this process prior to the season. Manufacturing in fast fashion mostly is off-shored. Though, it depends also on the companies. For instance, Zara follows a twofold production strategy depending on the product itself. Time-sensitive products are often produced in Spain/Portugal, while price-sensitive products are manufactured in Asian countries. In the case of absolute luxury, outsourcing is followed, but often to national high qualified companies since the craftsmanship still plays a crucial role (Ghemawat and Nueno 2006). Zara, for instance, owns a central distribution center in the North of Spain where all products weather they are produced in-house or outsourced/off-shored have to be passed through. Often the garments are sold in their own stores. Luxury companies often sell their products in mono-brand stores either owned or franchised stores. Often also they work with official resellers (Brun and Castelli 2015). In regard of replenishment strategies, most fast fashion companies follow the principle that there is no need for replenishment. With this strategy they want to give the feeling of limitedness to their customers, and want to attract them more often to their stores. Often the sold out products, are entered to the market and stores, in a variations within the same season (Hines and Bruce 2014). In contrast, replenishment in luxury companies is in some cases desired, but difficult to realize due to the long lead times.

15.8 Hypothesis

Describing the different segments and markets, we can formulate the two hypotheses shown in Table 15.3. At the right column some supporting arguments are presented. The testing of the hypothesis is considered as future work.

Table 15.3 Hypothesis on the applicability of the approach

Hypotheses	Supporting Arguments
Fast Fashion companies will have a higher interest in adapting or including information published on social media applications in their processes of identifying and evaluating a fashion trend.	Fast fashion companies: Focus on the right interpretation of the catwalk designs Chance to monitor the customers reactions of these design in real time Bloggers as tool for reaching the masses directly from the catwalks Luxury companies: Rely on the originality of their designs Reaching the masses not the focus
Fast fashion companies are more able to implement social media text data into their processes, and will have an additional value of it.	Fast fashion companies: Short lead times, often in 15 days shipped to the stores Luxury companies: Long lead times, often up to 6 months, Focus on craftsmanship (time intensive)

15.9 Conclusion and Future Work

This paper looks at different aspects related to fashion markets. Starting with the classification of different fashion levels and fashion trends, we suggest the process on building an abstract fashion trend concept which is required to be filled with information, in order to catch actual fashion trends. Showing results from two previous research works, we assume that social media text data is an adequate source for matching the information on product features and filling the trend concept. As a further aspect, we have focused on different fashion markets, namely fast fashion and luxury, in order to examine the potential applicability of the approach to real-life markets and companies. A comparison of both segments has resulted in the formulation of two hypotheses. The testing of these will remain as future research.

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