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Redefining supply network strategies to face changing environments. A study from the fashion and luxury industry

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Abstract This research intends to offer an original contribution by studying how fashion and luxury companies have redefined both their marketing (in terms of price, product, promotion and placement) and operations actions (in terms of the relationship between supply network partners, types of integration, location of production, outsourcing and network objectives) to challenge contextual dynamic changes. The study adopts the multiple case study method. Evidence from 11 Italian companies highlights different areas under exploration to better respond to dynamic business contexts. Findings show how contextual changes significantly compel a growing alignment between marketing and supply network activities. Case studies indicate that closer partnerships and collaborations among companies within the entire value chain are crucial to realizing new collections, with compressed lead times and improved quality content. Finally, this study identifies two new production strategies (*pronto-programmato* and *focused-programmato*) adopted by fashion and luxury companies to improve competitiveness in changing business conditions.

Keywords Fashion industry · Luxury industry · Supply network · Production strategies

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1 Introduction

This paper studies companies operating in the fashion and luxury industry. Although some authors distinguish between luxury and fashion companies (Corbellini and Saviolo 2007; Kapferer 2008), we pursue an approach in which luxury and fashion concepts are blended. In fact, there is a growing convergence of business models in the fashion industry toward offering lifestyle products; the idea of luxury is becoming strictly related to fashion features for the consumer (Cappellari 2008). Indeed, both luxury and fashion allude to the emotional sphere (Dazinger 2005) and leverage on the intangible characteristics of products (Christopher and Peck 1997). Moreover, both terms refer to a cross-sector concept that encompasses several industries, such as apparel, footwear, leather, jewellery, perfumes and cosmetics (Brun et al. 2008). In this view, most apparel companies now sell shoes, bags and even perfumes and cosmetics, while shoe and bag manufacturers have diversified into apparel and/or jewellery. Finally, the recent economic crisis deeply shaped consumers' attitudes about price sensibility and changed their shopping priorities, causing the affordable luxury concept to emerge (Roche et al. 2009; Yeoman 2011).

This research aims to extend knowledge on how Italian fashion and luxury companies have challenged the contextual changes associated with the dynamic market conditions, redefining their business strategies to remain competitive. Due to the crisis, even big players in the industry are looking to structure an integrated approach in their supply networks. The fashion and luxury industry is characterized by short product life cycles, high volatility and low predictability of product demand (Christopher and Peck 1997); thus, the identification of market changes and the development of coherence in marketing and supply network processes (Gröβler 2010) represents both a challenging and profitable way to reach customer requirements and improve companies' competitiveness. In fact, empirical evidence demonstrates that industry growth can no longer be sustained only by marketing and communication activities; rather, it is also necessary to better integrate and align all the actors and processes along the entire supply network according to a market-driven perspective, thus organizing and implementing coherent market and operations activities.

However, previous studies mainly focus either on marketing or on operations and supply network. Literature holistically examining the all supply network actions is rather scarce (Brun et al. 2008). Accordingly, this research intends to offer an original contribution and extend knowledge of the industry, analysing the reorganization strategy of whole supply networks, both in terms of marketing and operations/supply networks due to new contextual changes.

To achieve this goal, we adopted a multiple case study method. We studied in-depth eleven Italian fashion and luxury case studies using a semi-structured interview protocol specifically designed for this research. Case studies make it possible to collect information on changes introduced in marketing (in terms of price, product, promotion and placement strategies) (McCarthy 1960; Kotler 2008) as well as operations/supply network activities and choices (in terms of relationships between supply network partners, integration, location of production, outsourcing and network objectives) (Cooper et al. 1997; Harland et al. 1999; Kopczac and Johnson 2003; Danese et al. 2006; Brun et al. 2008; MacCarthy and Jayarathne 2013).

Findings highlight how contextual changes significantly impacted the supply network structure by requiring a strong alignment between marketing and operations and supply network accomplishments. The study also indicates that closer partnerships and collaborations among companies within the entire value chain are crucial to realizing new collections, with compressed lead times and improved quality content. Finally, this study offers an interesting interpretation of two innovative production strategies (*pronto-programmato* and *focused-programmato*) that differ in terms of the roles played by the country of origin and product innovation (e.g., better quality or stylistic content). These two strategies represent two different business models to compete in the market.

2 Literature review and research question development

2.1 Contextual changes

In recent years, changes in the global marketplace have been constant. Competition, globalisation of markets and increasingly demanding customers have made business systems more complex for management. Companies must be able to supply a growing variety of products, often personalised to customers' individual needs. This situation has caused increasing complexity in the management of global supply chains with the production of smaller lot sizes and greater coordination requirements among different actors to align widespread supply chains (Perona and Miragliotta 2004). Due to growing internal and external system variations, it is critical to analyse how to effectively manage global supply chains disturbed by contextual uncertainty (Kinra and Kotzab 2008). Macro-system changes and the links between organizations and the relevant external environment conjunctures, under which supply chains have to operate, provide a perspective for understanding specific operative companies' constraints and changes (Kinra and Kotzab 2008).

Along these lines, Guisinger (2001) proposed a conceptual framework to incorporate contextual complexity into international operations, maintaining that increased environmental complexity is linked to increased complexity in the management of supply network operations. From an operations point of view, supply networks are complex adaptive systems for contextual changes (Choi et al. 2001); meanwhile, contextual complexity can be described as the range and diversity of additional factors that supply chain operations have to consider because of their presence in extended, complex, and, most of the time, global supply networks (Kinra and Kotzab 2008). In this manner, complexity becomes a key managerial issue that operations and supply chain managers must address to better manage the supply network (Choi and Krause 2006).

From a performance point of view, some studies show that complexity affecting supply networks has a negative impact on manufacturing (Bozarth et al. 2009) and delivery performance (Vachon and Klassen 2002). Perona and Miragliotta (2004) suggest that the ability to control complexity within manufacturing and logistical systems can be regarded as a core competence for jointly improving efficiency and effectiveness on a supply network-wide scale, therefore showing the possibility of a trade-off shifting between these two performance areas.

Following Bozarth et al. (2009), this study attempts to analyse the dynamic complexity with regards to the unpredictability of a system's response to a given set of inputs, driven in part by the interconnectedness of the many parts that make up the system (i.e. a company and/or its supply network).

2.1.1 *Contextual changes within the fashion and luxury industry*

All of these studies highlight the need to tackle complexity and changes in different industrial settings, particularly in dynamic industries, such as fashion and luxury. In comparison to producer-driven supply networks, such as the automotive or aerospace sectors, fashion and luxury supply networks comparatively have been much less studied (MacCarthy and Jayarathne 2013). Nonetheless, the fashion and luxury industry has long attracted the attention of researchers (e.g. Fisher 1997; Christopher et al. 2004; Bruce et al. 2004), mainly because it is recognised as a very dynamic and changing sector, and an important constituent of the global industrial system.

Particularly in Italy, this industry has achieved a turnover of almost 51 billion in 2012, which is 31 % of all EU 27 industry turnover (SMI 2013). Companies in the Italian fashion industry (including distribution) employ more than one million workers and represent 27.6 % of EU 27 industrial companies. However, after many years of continuous growth, the fashion and luxury companies today have to face the challenges posed by a new competitive changing environment (Luzzini and Ronchi 2010). Trade liberalization for textiles and apparel products, the removal of any restrictions on exports from low labour-cost countries to the European Union and the United States allowed Far East countries (such as China, Turkey, Bangladesh, India, Indonesia and Vietnam) to become important industry players (Gereffi and Frederick 2010). Due to global markets and competitors, fashion market uncertainty has increased in terms of unpredictable changes in customer requirements (Caniato et al. 2013). From a customer's point of view, purchasing attitude is increasingly influenced by the shopping experience, not just specific product characteristics (Dazinger 2005). All of these aspects have increased complexity and led to new changes and challenges that companies must be able to handle to remain competitive in the marketplace (Brun and Castelli 2008).

Moreover, the great economic recession, that started in late 2007 and has not yet ended, has lowered the demand for fashion and luxury products, both in national and international markets, leading to massive reorganization across the industry's supply networks. Many companies in the Italian fashion and luxury industry did not survive the crisis (an impressive 45 % of the total) and have gone out of business with an average sales reduction of about 15–20 % (The European House Ambrosetti 2010). The portion of young firms (under 5 years of activity) that did not survive the crisis is more than twice the analogous portion of older firms that have maintained their activities (Istat 2011). Despite the relevance of these economic regression changes, few contributions (e.g. Gereffi and Frederick 2010) have been made to the literature to identify the implications of such contextual changes within the fashion and luxury industry.

In today's economic context, the recession appears to have a longer lasting effect because it is taking time for consumers to return to their normal levels of spending. In addition, changes in customer purchasing behaviour and modified economic contexts have driven companies to reconsider their business strategies, developing coherent marketing and operations activities while adopting an increasingly market-driven perspective, where the need for a new and enhanced alignment between marketing and operations/supply network activities is a must. This necessity has yet to be investigated deeply.

2.2 Changes in marketing activities in the fashion and luxury industry

Based on previous contributions (e.g. Barnes and Lea-Greenwood 2006; Şen 2008; Brun and Castelli 2008; Gereffi and Frederick 2010) price, product, promotion and placement represent sound categorizations for studying different types of marketing actions, where fashion and luxury companies are making efforts to react to contextual changes.

A first major area of change results from increased customer *price* sensibility (Roche et al. 2009; Yeoman 2011). Today companies have to target a different kind of consumer, a more price-conscious buyer, by enlarging their collection variety and introducing more affordable entry prices. Recent research has shown that during recessions, consumer price sensibility increases even for the luxury segment (Roche et al. 2009). This doesn't mean there is no more room for high quality and high priced products, but companies are forced to put more emphasis on the idea of "value". High prices also must be justified by superior intrinsic and extrinsic quality because the consumer is no longer willing to pay a higher price just for the brand name (Cappellari 2008).

A second major change involves the *product* area (Priest 2005; Brun and Castelli 2008). In recent years, due to the increased uncertainty in demand predictability, it has become even harder to guess both how much and what consumers will buy. Fashion and luxury companies have always been at the mercy of rapidly changing styles, but in recent years, consumers have been asking for more new fashionable (and even affordable) products (Tran 2010). In the past, the high margins gained on sold goods could be seen as compensation for the risk of not selling a large part of the assortment (Vona 2004). Nowadays, however, increased market variability makes it harder to sustain the "traditional" model based on two collections (i.e. spring-summer and autumn-winter) per year, where the sold goods pay for those that go unsold. It thus becomes more important to adapt fads to what the market is really demanding. In recent years, an answer to this challenge has come from the "fast fashion" business model, where some companies have developed the capability of reacting faster to market demand, thus minimizing the risk of having stores full of merchandise that diverge from customer demand (Ghemawat and Nueno 2003; Barnes and Lea-Greenwood 2006). Indeed, consumers are asking for more variety within collections in terms of materials and design (Bruce et al. 2004; Brun and Castelli 2008). Meanwhile, the nature of the product determines the type of supply network that will realize the collection (MacCarthy and Jayarathne 2013). By studying the dichotomy between functional and innovative products, Fisher (1997) provides an important contribution to analysing the fashion and luxury supply networks, which can be distinguished between efficient and responsive ones. Lamming et al. (2000) further develop Fisher's framework by considering other features of products, namely their degree of innovation, complexity and uniqueness—these traits are of paramount importance in describing supply network strategies in the fashion and luxury industry.

A third change concerns the *promotion* area. To achieve a differentiation advantage, promotion within the fashion and luxury industry relies on brand image (Richardson 1996). In this vein, further contributions highlight the fact that appropriated brand management may heavily influence consumers (Keller et al. 2002; Reddy and Terblanche 2005). In this way, brands are becoming "the world's new opinion makers" (Kunde 2002). According to Kapferer (2008), a brand is not only a name or logo; at a much more profound and abstract level, it is a collection of values, a relationship and a promise to the customer. The reinforcement of brand management becomes strategic, and, therefore, it should be integrated into the core of the firm and permeate all the phases of product realization. Brand relevance, especially in the fashion and luxury market, is a growing spring of value for consumers. Brands provide a basis for differentiation in the social context. Hence, a source of competitive advantage arises from the degree to which organizations are able to orient their practices towards building the brand and sustaining it over time (Brun and Castelli 2008).

The last area of change is in regards to the *placement* aspects. Being close to the customer is a goal of any market-oriented business, and for the fashion and luxury industry, it is vital (Christopher et al. 2004; Brun and Castelli 2008). Therefore, competition means identifying the proper distribution channels for specific markets and customers. Companies currently use many different retail formats to best exploit the contact with consumers, ranging from flagship to mono-brand to multi-brand stores, passing through many other modes, such as franchising and licensing. Different formats of stores typically target different consumer segments, and the success of a specific distribution channel depends on the company's ability to identify customer needs and segmentations while simultaneously planning operations to cover customer requirements (Dazinger 2005). Similarly, e-commerce represents a way to provide both physical products and information to customers, satisfying their new requests and needs. E-commerce is one of the most important applications of information technology, revolutionizing supply chain management in both production and retailing by identifying a new means of collections placement (Gunasekaran et al. 2002). It has quickly changed the conditions for doing business around the world, thanks to the opportunity to access timely information from supply network partners. Online stores do not simply offer products; they provide additional and complementary features, such as in-depth articles, blogger opinions and advanced virtualization tools. This new distribution channel allows the possibility of satisfying new needs of customers, but it must be carefully supported by operations and supply network processes to provide products in an affordable and timely manner. For example, the development of an e-commerce channel does not seem to be an ideal choice for made-to-measure products requiring direct contact between customers and sales assistants, even if new ICT solutions (for instance 3D body scanners) help by providing tailored products through improved technological instruments.

2.3 Changes in the operations activities in the fashion and luxury industry

To react properly to contextual changes, competitiveness should consider not only the management of appropriate marketing levers, but also pass through the management of the right actions in the field of operations and through the whole supply network (Caniato et al. 2009; Brun and Castelli 2008; Brun et al. 2008; Luzzini and Ronchi 2010, 2011). Recent studies show that luxury and fashion companies cannot focus only on marketing efforts if they seek better brand positioning and more valuable features for their products and services (Caniato et al. 2013). In fact, it is necessary to better integrate and align all the actors and processes along the whole supply network (Brun et al. 2008). Fashion and luxury supply chains are very complicated networks, composed of many different entities, including retailers, distributors, logistics and warehousing companies, designers, merchandisers, textile and leather producers, trims producers, garment manufacturers and embellishment service providers (e.g. decorative attachments, printing and washing) (MacCarthy and Jayarathne 2013). Because of these differences and the resulting complexity of fashion and luxury supply networks the most appropriate dimensions to analyse and compare fashion and luxury supply networks in relation to contextual changes are several.

First, the *relationship among supply chain partners* between a focal company and other organizations has been identified as one of the most important factors that influence the structure of the network (MacCarthy and Jayarathne 2013). In particular, the way in which companies collaborate seems to be one of the key aspects to be considered in terms of sharing a vision and policy, as well as providing sales forecasting and production data and information. Coordination and alignment of activities among different actors within the supply network is a prerequisite to accelerating production and delivery lead times and configuring proper supply network activities (Brun and Castelli 2008).

Second, the *type of integration* with business partners (MacCarthy and Jayarathne 2013) represents one of the most debated topics in the literature. For instance, the Zara case has become one of the most interesting contributions to the industry literature for its very peculiar supply network. In fact, Zara, with its strong integrated supply network, nurtures the ability to design, manufacture and distribute products to its worldwide stores within a limited amount of time (i.e. about 2 weeks) (Ferdows et al. 2004; Tokatli et al. 2008). The type of integration deeply influences the ability of a company to respond quickly to contextual changes. For instance, Benetton was famous for utilizing an integrated retail channel (through the use of point of sales in licensing) able to quickly identify market trends (thanks to the use of ICT solutions to transmit information rapidly) and translate them into fresh collections (Camuffo et al. 2001).

Third the *location of production* is another key choice for a fashion company that has important implications for the firm's operations and supply network (Christopher et al. 2006; Taplin 2006; Brun et al. 2008; Şen 2008). The competitive advantage of country of origin is a crucial aspect for the companies that produce primarily in local districts to build competitive barriers; this makes entrance into the market impossible for foreign companies, especially in the short term (Barney 1991). In the opposite scenario, some companies develop off-shore manufacturing sites based in low-labour cost emerging economies to gain cost savings (Şen 2008). Nowadays these production organization patterns may be too simplistic because of the complexity and variety of collection times as well as the renewed role of information and communication technologies in better connecting global supply networks (Jin 2004; Macchion et al. 2014). Puig et al. (2009) note that, although fashion firms can reduce production costs by sourcing and producing globally, they may not be agile enough to meet changing consumers' requirements in a timely manner. To optimise the cost/agility trade-offs, several companies are now considering a blend of global and local sourcing and production activities (Jin 2004; Purvis et al. 2014).

Forth, another major concern is the *type of outsourcing*. From a core competence point of view, the collections design remains an ability that companies keep in house because it defines material requirements, aesthetic aspects and product identity. However, outsourcing, particularly for production, is a very common business practice. High rates of outsourcing, both at the local and international level, has become increasingly important because labour cost remains one of the biggest costs for any manufacturing company (Vachon et al. 2009; Abecassis-Moedas 2006; Taplin 2006; Shi and Yu 2013). Even if labour cost saving is strongly related to outsourcing choices, there are also other motivations connected to this practice. First, other important costs (for instance the cost of shipping, importing and exporting products and components) could lead companies to question the effectiveness of outsourcing fashion products to very distant areas. On the contrary, some companies could have approached the outsourcing path as a way to increase the flexibility of their supply network and to be able to respond to ever-changing customer requirements. Finally, other companies could shift non-core activities to outsourced partners to focus just on their core and most profitable competencies.

Finally, the identification of the *type of supply network structured according to objectives* plays a key role. The literature has devoted increasing attention to the relationship between product and supply network structures, distinguishing between efficient (i.e. suitable for functional products with stable demand) and responsive (i.e. for innovative products with uncertain demand) aims (Fisher 1997). Other authors have explored the implications of efficient or agile objectives on supply networks activities (e.g. De Toni and Nassimbeni 2003; Harland et al. 2004; Lee 2002; Christopher et al. 2006). In essence, the idea of agility primarily concerns responsiveness. It deals with the ability to match supply and demand in turbulent and unpredictable markets, which is essential in demand-driven rather than forecast-driven business contexts. In comparison, efficiency focuses on optimization and fits principally with stable environments (Christopher et al. 2006). In reality, the two approaches are not independent, but can balance each other. In many situations, this balance is a requirement for a hybridized supply network, appropriate for products with predictable "base" demand and unpredictable "surge" fluctuations (Christopher et al. 2006).

In terms of companies specifically competing in the fashion industry, they normally are classified according to two supply network business structures, focused mainly on responsiveness or quality objectives: "*pronto moda*" (i.e. quick response or fast fashion) (Birtwistle et al. 2003; Barnes and Lea-Greenwood 2006; Runfola and Guercini 2013) and "*programmato*" (i.e. planned production) (Vona 2004). Companies following a "*pronto moda*" approach develop a responsive supply network, able to implement a pull strategy in the collection design and production realization. During the sales season, they continuously individuate trends and styles dictated by the principal fashion-setter companies, by analysing and interpreting on-going market responses (Aage and Belussi 2008). This way, they can design and produce products for which customers have already shown appreciation. To implement this business model, it is necessary to have a very flexible supply network structure, able to obtain finished products in a very short time while making them immediately available in shops at affordable prices. This strategy also helps companies to minimize risks of both obsolescence and lack of stock. They create short-lived differentiation advantages that are easily and rapidly eroded through imitation of new styles (Richardson 1996; Tran 2010). In this hyper-competitive market, "*pronto moda*" companies need to endlessly refresh products, increasing the frequency of change for the entire merchandise line within a store (Christopher et al. 2004). However, the price they have to pay is lack of originality in defining their style, they are followers even though they are fast, and lower quality in process and product (Vona 2004).

On the other side, companies following a "*programmato*" approach implement a more efficient supply network based on a push strategy. They act as market-makers, developing innovative ideas and products (Vona 2004). To do so, companies need long lead times to design and manage many activities along the whole supply network. These activities have to be planned and executed well before sales to final customers can take place. Output includes two product collections: spring-summer and fall-winter. Though this approach guarantees high quality and original stylish garments, its main pitfall is that the two main collections must be planned 1 year in advance based only on sales forecasting, and this style no longer seems to align with the turbulent and ever-changing global market.

2.4 Research question development

Notwithstanding a recent increase in studies on fashion and luxury supply networks, there remains scarce research investigating contemporary contextual changes (influenced by the new economic context and customer purchasing behaviours) and their impact on both marketing and operations/supply network activities (Brun et al. 2008; MacCarthy and Jayarathne 2013). With this in mind, this paper aims to extend knowledge about the underlying strategies adopted by companies in this industry to improve their competitiveness in changed business conditions. According to these considerations, this paper addresses the following research question:

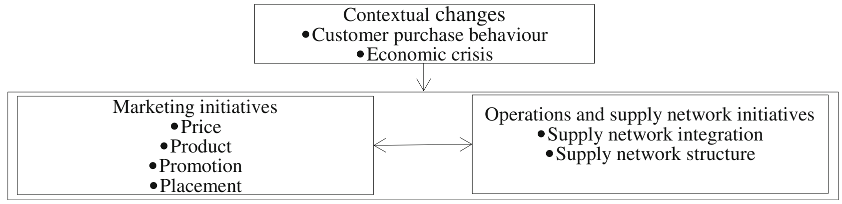
RQ – How have contextual changes influenced the reorganization of marketing and operations/supply network activities and initiatives within the fashion and luxury industry?

Figure 1 shows the framework of the research.

3 Research methodology

This study adopts a descriptive case studies research design, which is suggested in the first research development stages when investigating events or phenomena that have little or when no theoretical background and no a priori theory can be identified (Yin 2003; Danese et al. 2006). This methodology is appropriate for describing and exploring new phenomena or for building new knowledge in the field of operations management (Voss et al. 2002), in particular whether the boundaries between the context and the phenomenon are unclear (Yin 2003). Moreover, case studies provide new and creative insights while holding high validity with practitioners (Voss et al. 2002), especially when asking questions of why, what and how (Yin 2003). The choice of this research design depends on the research aim

Fig. 1 Framework of the research



under investigation and the state of knowledge development. In fact, this study focuses on identifying changes in both marketing and operations activities after contextual transformations (namely, the economic crisis and changed customer purchasing behaviours), where literature on this issue is at an early stage of development. Therefore, descriptive case study research seemed to be the most appropriate approach to the research question.

To investigate the research question, the multiple case study method has been adopted. Given the diversity evident in fashion and luxury companies, we acknowledged that companies could utilize different marketing approaches and operations/supply network structures, and we decided to deepen the discussion by studying various case studies. For a descriptive study, researchers may select one or more exemplar and representative cases that are characterized by extreme or unique circumstances (Yin 2003). The fashion and luxury industry provides a context especially appropriate for identifying exemplar case studies: important changes have forced companies in the sector to implement several initiatives in their marketing and operations activities to compete or even to survive in the current competitive environment. In this research, different supply network and marketing initiatives have been considered as exemplars. In fact, this is the best situation for understanding the rationale behind choices made by fashion companies because of contextual changes.

The research involved a sample of eleven Italian apparel companies operating within the fashion and luxury sector (Table 1). This number can be considered sufficient to provide an accurate account (Eisenhardt 1989; Voss et al. 2002; Yin 2003).

In particular, our research focuses on companies operating in the fashion and luxury industry whose headquarters are located in north-eastern Italy. This area is acknowledged as one of the most representative for the Italian fashion and luxury system with the highest density of innovation and creativity (The European House Ambrosetti 2010).

We selected a heterogeneous case study (i.e. theoretical sampling) due to the purpose of exploring and comparing different business models. Moreover, in the selection phase, we used the literal replication technique to obtain both convergent and contrasting results (Yin 2003). We compiled a list of possible companies to interview on the basis of existing relationships and made initial contact with each of the eleven firms via e-mail. Then, a written explanation of the research was sent to the companies' managers, along with the interview protocol. Companies that agreed to participate in the research had to possess the following characteristics:

- Brand ownership: we decided to focus only on companies that sell their own brand products to better analyse contextual changes in driving industry reorganization.
- Export-orientation: we selected companies that realize a significant part of their revenues through exporting their products to international companies, both on the supply (i.e. production and/or outsourcing) and demand sides of the supply network.
- Turnover of over 5 million euros: Italy has an average firm size that is lower than that of most of the industrialized countries. However, this research does not intend to be country-specific, but to offer more general insights at the industry level.

To collect information, we used a semi-structured interview protocol specifically designed for this research. The interview protocol was first developed

Table 1 The sample

Case	Turnover €	Employees	% Export	Main product
A	27,000,000	50	80	Clothing
B	402,000,000	1400	90	Bags
C	2,218,000,000	9766	35	Clothing
D	140,000,000	780	73	Suits
E	900,000,000	14,000	25	Socks, underwear and swimsuits
F	892,000,000	2900	60	Shoes
G	84,000,000	220	56	Clothing
H	58,000,000	60	18	Jackets and clothing
I	25,000,000	51	35	Clothing for woman
L	15,000,000	200	65	Suits
M	18,000,000	60	25	Shirt

through a careful review of the literature to ascertain the macro-categories of variables concerning contextual, marketing and operations/supply networks characterizing fashion and luxury companies' management changes. The macro-categories of variables highlighted by this preliminary study phase were then discussed and summarized within our research team. To analyse contextual changes, we focused on the implications related to new customer purchasing behaviour and economic context, which emerged from the literature review and preliminary investigation among practitioners as the most important contextual changes affecting fashion companies today. We based the research analysis on the typical marketing macro-variables proposed by McCarthy (1960) and Kotler (2008) in order to evaluate companies' price, product, placement and promotion policies. In addition, in line with several supply network management studies (Cooper et al. 1997; Harland et al. 1999; Kopczac and Johnson 2003; Danese et al. 2006), we investigated two further macro-categories of variables linked to supply network structure and partnership/integration of processes within the supply networks. On this basis, the interview protocol was designed. To better identify variables and formulate questions to be included in the interview, thus confirming reliability and validity, a pilot case study was conducted to further refine the interview protocol. Table 2 shows the final version of the research protocol.

Secondary data, such as information collected from websites, journals and other documents, were used to triangulate data and ensure research reliability (Yin 2003). All of the interviews were conducted by researchers who visited the company's headquarters. To present the project and its goals, a letter including the interview structure was sent to target respondents before the visit. Respondents included top managers and/or entrepreneurs who had full knowledge and responsibility for the company's organizational and strategic choices. When possible, multiple interviews were conducted (Modell 2005). Each interview was conducted in 2012 by a team of two or three investigators to improve the effectiveness of the research and the probability of discovering tacit knowledge (Eisenhardt 1989). All interviews were recorded to keep records of the conversations. We created a database with all the recordings and then transcribed interviews into documents. While company visits were taking place, periodical meetings were organized, during which the whole research team highlighted and discussed any problems that had emerged as well as their perceptions to identify common lines of action.

Data reduction was used to analyse and compare data collected from the interviews. The collected information was coded and cross-verified. The final goal of the coding phase was to arrive at an objective view of the case, to reduce the amount of data, to avoid bias and to validate interpretations. We based this analysis on variables identified in the literature and previously synthetized in the research protocol (Table 2). Appendix 1 summarizes the within-case analysis, where for each variable, the different policies adopted by companies are highlighted.

4 Findings and discussion

Case study analysis has pointed out several insightful results that help to explain how fashion and luxury supply networks might be reorganized to restore full competitiveness. The

Table 2 Research protocol

Construct		Description	Reference
Contextual changes	Customer purchase behaviour	Modification in buying behaviour of the ultimate customer.	Caniato et al. 2013
	Economic crisis	Modification in economic market situation.	Gereffi and Frederick 2010
Marketing changes	Price	Modification of price strategy.	McCarthy 1960; Christopher et al. 2004; Corbellini and Saviolo 2007; Kapferer 2008; Kotler 2008; Brun and Castelli 2008
	Product	Variation of collections' innovation, complexity, uniqueness, and importance of the country of origin.	
	Promotion	Reinforcement of brand awareness.	
	Placement	Investments in new markets and distribution channels.	
Operations changes	Supply network integration	Improvement of relationships among supply chain partners; reinforcement of integration.	Danese et al. 2006; Brun et al. 2008; MacCarthy and Jayarathne 2013
	Supply network structure	Location of production; adoption of outsourcing.	

research first considers all decisions companies have taken to deal with contextual changes. All the companies, even those in the luxury segments, highlighted an increased consumers' price sensibility that reflects the problematic economic conditions. Most of the companies noted important repercussions to their businesses primarily resulting from significant contractions in sell-outs and fewer items being purchased by customers. Customers not only are searching for price discounts but also limit their purchases to needed goods. In this context, as customers become ever more aware, competent and exigent, companies should align their marketing and operations actions to address new and emerging needs. Our analysis provides evidence of the areas being explored by companies to better respond to customers' nascent needs.

4.1 Marketing implications

As for marketing consequences, companies have adopted different *pricing* policies to address the fact that most customers have less money to spend. The majority of the analysed companies adapted their price positioning to new customer requirements mainly by lowering the prices of their products and/or increasing the supply and range of entry prices. The evidence showed no distinction between different segments of the fashion industry. In fact, even luxury companies (not only low-range fashion companies) decided to modify their price policies to meet customer requirements. Equally important, the only companies that did not change their price policy offered affordable collections and, because of this feature, did not redefine their collection prices.

At the same time, to increase attraction, important actions have been undertaken in the *product* area. First of all, companies have lavished an essential effort through innovation. In approaching product innovation within collections, two distinct programmes can be recognised. The first one (companies B, D, I, L, M) focuses on technical innovation, searching for new raw materials realised with new and improved technologies to provide to customer new quality choices. For this goal, the design and purchasing players actively collaborate with suppliers to ensure innovation in product quality. The second action (A, B, C, D, E, F, G, H) interests companies that decided to introduce new fashionable collections. This choice required a rationalization of processes, both internally within companies' boundaries and externally with supply network partners, to be able to create, produce and distribute new collections with compressed lead times. These additional collections, often called flash/capsule collections or limited editions, do not replace companies' main collection (i.e. spring-summer and autumn-winter ones); instead, they are released at different moments in the season to make the brand more appealing for customers and attract them to shops. The achievement of an enhanced collaboration within the entire supply network seems to be a prerequisite and win-win for both of the companies' groups to be able to innovate on their offered products.

Comparing these results to Fisher's (1997) work, it emerges that there is an important variation in the balance between innovative and functional products. In his work, Fisher highlighted the fact that even fashion products could be divided into two categories (i.e. innovative and functional), based on their level of innovation and required lead times. Our research shows that this equilibrium is no longer a force in the industry, with its significant shift towards innovative products in terms of new quality characteristics and stylistic content.

Moreover, a new area of product innovation deals with the growing emphasis on sustainability (De Brito et al. 2008; Caniato et al. 2011) that is forcing companies to develop new collections based on green concepts. Companies have realized that this issue is becoming a critical decision-making characteristic in customers' purchasing behaviour (Luzzini and Ronchi 2010, 2011). As Kotler (2008) asserted, companies increasingly seek to maintain or improve both customers' and society's well-being; with this in mind, the green issue holds great resonance (Chamorro et al. 2009; De Brito et al. 2008). Indeed, environmental and social concerns have become pivotal in driving consumers' product choices and have important repercussions on supplier selection decisions as well (Cleveland et al. 2005; Shen et al. 2012). Therefore, companies have striven to respond to these new consumer concerns by offering and expanding with a new variety of green products that satisfy consumers' expectations (Kotler 2008). Several projects have been launched by the investigated companies to improve the sustainability of products or the company itself. For example, firms C and A developed and commercialized an organic cotton product line, and E created the first organic stocking collection made of bamboo. Other companies went further, transforming their entire business strategy according to the sustainability revolution. Company B, which is already a certified ISO 14001, approved a corporate plan to reduce emissions and select materials and components for their collections respecting strict internal environmental protocols. Furthermore, in collaboration with tanneries partners, Company B developed new technological improvements for more vegetable tanning processes. Firm H designed a new brand entirely based on the idea of sustainability. Starting from an innovative product concept, H developed its collection with no impact on the environment, by using sustainable and recycled materials, eliminating fur inserts and implementing processes in line with a green approach. Company L has introduced an organic wool collection without any colorants and washed only with soap (from plants using green energy created with photovoltaic systems). Again, the realization of greener products is possible through the establishment of greater collaboration between supply network partners to jointly develop the new products in line with customers' sustainable expectations.

All of these product changes consequently increased complexity in terms of the quality of raw materials and number of collections requested by the market. In particular, the introduction of new collections in addition to the traditional ones implies new operational challenges for companies in terms of reorganizing process lead times and identifying new raw materials and technologies for their realization.

Most of the time, the search for quality improvement coincides with greater attention to the product's country of origin. In general, the companies underlined the greater importance of a product style that recalls the Italian way of living. However, companies emphasising product quality increasingly focused on the country of origin label as a powerful means of providing customers a guarantee of the quality for the price paid. Two different approaches emerged from the case analysis in this field. The first one strongly levers this specific characteristic to build competitive barriers that make entry into the market difficult - or impossible - for foreign competitors (Barney 1991; Becattini 2002; Guercini 2004). The direct consequence of this strategy is to produce exclusively in Italy, and clearly tag and market products accordingly (i.e. using the *Made in Italy* label). This strategy is followed primarily by luxury companies, with a sharp and long established tailoring and handmade tradition. They produce luxury garments, often *made to measure* for the customer, with a relatively high final price, as firms B, L and D. For these companies, the "Made in Italy" label continues to be a critical strategic factor, seeking to convey more than just information about the state-of-the-art design and high quality. The "Made in Italy" label acts as proof of a particular place, history and manufacturing quality associated with the Italian lifestyle. Even the outsourced activities are outsourced within Italy. For example, the only activity B carries out internally is the cutting of valuable leathers, while all other stages of production are outsourced to a network of Italian handicraft workshops, each of which specializes in a particular process or production phase. The high profit margin and positive market appreciation allows these companies to remain competitive, even when pursuing this expensive production strategy, as no labour cost efficiencies are exploited by producing in Italy.

The second approach emerging from the case studies analysis is in some ways more interesting and counterintuitive. For many analysed companies, "Made in Italy" is no longer a critical success factor in the fashion industry (Di Maria and Finotto 2008). They do not consider the geographical origin of their products to be a winning-order criterion, but they still preserve and look for a strong linkage with Italy through the distinctive characteristic of "*Italianity*", defined as creativity, design, and aesthetic taste, all of which recall the Italian lifestyle. In this view, "*Italianity*" is a feeling, not a production origin label. Aligned with this strategy, these companies (F, A, M, E, G, I, H) chose to outsource their production activities to low labour cost countries before the economic crisis of 2009. There are three main reasons why companies strive to globalize their supply networks, either sourcing from around the world, or moving manufacturing to East Europe, North Africa or Far East Asia: 1) to seek cheap labour for cost advantage (companies F, M, E, G, H); 2) to search for particular competencies (company I); or 3) to be nearer to their markets (company A). The new demand in global markets has confirmed the rationale behind this strategy. For these companies, outsourcing production on a global scale is just a natural extension of a more articulated strategy (Zhao et al. 2006). Countries like China, and in the near future India, where many of the Italian fashion companies outsource their production, are becoming very profitable markets for the fashion and luxury industry (Gao et al. 2009). As such, locating production close to or within these final markets, is a twofold winning strategy that reduces transportation costs and avoids unnecessary journeys and passages. For example, A still designs its collections in Italy, but then outsources all the production and logistical activities of its collections for the American markets to Mexico.

In the *promotion* area, different actions have been launched to overcome contextual changes and improve brand awareness to be more attractive among customers. First of all, companies have reinforced their presence in stores. For instance, company A decided to improve collaboration with other group's brands by developing new exposition areas in stores, and company D increased attention to product positioning within shops. Some companies enlarged their stylistic collaborations with other brands to attract more customers with a limited budget to their new collections. This was not the case for companies with high product quality innovation that were not interested in blending their brand with others; they continued to focus on "product assets", such as new enhanced quality in raw materials.

The last area concerns innovative *placement* actions to deal with new market contexts. One major area is the development of new markets, through the exploitation of the e-commerce channel. The Internet's contribution is twofold: on one side, it improves direct sales, and on the other, it favours online marketing that better supports customer relationship management. Thanks to the web, consumers are more actively involved in communication with the company, and they themselves become potential suppliers of information. Indeed, market changes have increased the importance of the Internet as an economic tool for selling products at cheaper prices, but it also allows the gathering of more information about products. Moreover, the use of e-commerce tools could have a positive effect even on consumers' intentions to purchase clothing items from non-Internet channels after finding the items on websites. In this way, e-commerce is becoming a fundamental communication and distribution channel in the fashion and luxury industry, particularly exploited by young customers (Seock and Norton 2007). These opportunities have been taken advantage of by companies, such as firms A, B, C, E, F, G, I and M, who hit on e-commerce as a new distribution channel. On the contrary, H and L maintain a different approach. They mainly produce sartorial clothes and do not believe that an e-shop can be a substitute for the personal feeling of unique retailing. Moreover, the Internet could cause some conflicts with their traditional sale channels. Thus, they use their websites mainly to share information with supply network partners (i.e. web shops can check real-time availability of products and raw materials, thus improving stock visibility) (Di Maria and Finotto 2008). Thus far, case studies have indeed shown that e-commerce remains unfit to support a sartorial approach to the market, because of the constraints to sell tailored clothing based on virtual technologies. However, ICT companies are rapidly filling this gap, and, in the near future, information and communication technologies could buttress new product development processes for these companies as well.

4.2 Operations and supply network implications

To respond properly and quickly to changed market conditions, marketing actions are necessary, but not enough. Also crucial is strong alignment with operations and supply network areas. Within the area of operations and supply networks, the literature maintains the importance of considering aspects related to the variation of *supply network integration,* particularly the relationship between different partners (MacCarthy and Jayarathne 2013). All of the case studies highlighted the necessity to develop stronger relationships with business partners to overcome the challenges posed by modern markets. In the context of economic contraction, companies necessarily had to pay more attention to process cost rationalization and efficiency along the entire supply network, thus developing proper integration projects accordingly. For example, companies A, B, C, E and H rationalized their organizations, applying lean management techniques and principles to eliminate waste along the entire supply network. Moreover, firms B, M, D, and L started to co-develop specific information systems with suppliers to include new allocation and procurement policies that eliminated superfluous raw materials while optimizing workflows. Other activities to foster integration with supply chain partners were implemented to co-share risks in this fragile economic context. In particular, the increased percentage of unsold products called for a specific shared policy to deal with surplus products, and goods return policies were reformulated to help retailer partners financially (company A, B, D, I).

However, our study indicates that internal rationalization is insufficient to counter market changes and remain competitive. Companies have realized that they also should improve the responsiveness of the entire supply network to respond to changing market demands. As Lee (2004) demonstrated, supply chains must be more than cost effective; they must have agility, alignment and adaptability (i.e. the triple "A" model) to outperform others. Closer partnerships and collaborations among companies within the entire value chain have become crucial in realizing collections with compressed lead times and improved quality. What emerges from the case studies is how companies tried to implement integration strategies according to their initial lack of responsiveness. For instance, some companies accomplished new downstream-oriented activities, such as the development of franchising and licensing shops (companies A, B, C, D, E, F, G, H, I); others implemented upstream actions, such as the development of vertical agreements (companies A, D, E), new collaborative service level agreements (company B) or new collaborative projects involving suppliers from the very early steps of collection design (companies A, B, D, L, M).

For the *supply chain structure,* different configuration choices emerge based on the specific necessities of companies of reconfiguring their networks according to flexibility and quality aims. On the one side, companies focusing on flexibility developed different structures. The most flexible one is the development of a production network adjacent, or quite near, to production headquarters to be able to collaborate actively with production partners (Companies B, D, E, L, M). A very peculiar example is the case of company A: to be very flexible in serving the American market, the company decided to locate their production site and entire supply network in Central America. Through this strategy, they gain labour cost advances and, at the same time, they can quickly respond to changes in the American market demand. Instead, companies C, F, G and H continued to adopt a production network structure seeking labour cost advantages. However, they also increased the number of suppliers to allocate different collections according to specific production site capabilities and to compress collections' lead times.

Companies levering quality improvements structured their supply and production networks using local suppliers, taking full advantage of the country of origin (companies B, D, L, M). However, this was not the case for company I. Because of the necessity to find particular embroidery skills, it selected foreign suppliers to provide customers with the top quality processing, confirming research indicating that quality is a necessary criterion to succeed in the market.

All in all, it is possible to identify two new production models that fashion and luxury companies followed to react to contextual changes that acted as catalysts in driving transformations within the supply network, by changing how and when companies design and realize their collections. A first group of companies pursues a new production model that maintains and mixes advantages of the *programmato* strategy (developing two collections per year with a lead time of 6–

12 months) with the agility and quick response of the *pronto moda* (developing many quick flash collections in 15–30 days). This hybrid model is based on a "push and pull" strategy. Companies, trying to better respond to unpredictable customer needs, are combining the two seasonal collections (the push supply) with some flash, or secondary, collections (the pull supply), designed and realised in very compressed time frames during the sale season. In our research, companies A, B, C, E, F, G and H are implemented this innovative mixed strategy. All of these firms augmented or introduced new, flash or capsule collections, or limited editions to be more responsive to customer and market changes and trends. The two seasonal main collections (i.e. spring-summer and fall-winter) continue to exist, but offer less variety and are constantly renewed by the latest collection. Moreover, even the main collections are not delivered to stores in one batch, but in small lots across the season, seeking alignment between demand and supply, the effectiveness of which depends on the company's ability to read the market and react quickly. Interestingly enough, this approach nurtures companies' capability of designing and supplying ever more innovative and fashionable products. Firm B, for example, patented the seams of its bags and invested in product materials and design to improve and speed up product innovation.

Implementing this strategy is not an easy task, and it cannot occur overnight. Increasing the number of collections requires that a company reorganize its supply network, dedicating much energy to making it more adaptable and agile. Our research has shown that it is not important if the supply chain is vertically integrated with its own plants located in foreign low-cost countries (firm E), or completely outsourced abroad (firm A) or still within the Italian fashion districts (firm B) (Lazzeretti et al. 2008). The main goal—and prerequisite—to implementing the "*pronto programmato*" approach is that the supply network be flexible, responsive, fast and efficient to manage the new collections. Therefore, these companies reorganised their value chains to improve efficiency and better coordinate all their network activities. The research indicates that integration between different actors of the same supply network can lead to benefits in terms of competitive advantage for the whole system. Indeed, for fashion and luxury apparel companies today, supply network management is a feasible way to counter market changes, if they are able to design, produce and deliver fashionable products, create value for money, compress time to market and reduce inefficiencies.

Our research also highlights that a second group of companies—D, I, L, M—continued to follow a *programmato* approach. These companies didn't find it necessary to change their supply network structure and increase product supply to meet new and fashionable consumers' needs because their customers have more traditional and formal tastes. They still run two collections per year. For example, M had previously supplied four collections per year but returned to two collections because its market could not absorb more than two collections. The rationale behind this strategy is to reinforce the focus on core products and business. As such, even this approach is a new kind of model, one we called "*focused programmato*". In fact, to strengthen the *programmato* characteristics, these companies *focus* on products that maintain their traditional style that has been appreciated by customers over time. Meanwhile, they conduct research into innovative raw materials and form partnerships with suppliers to increase the quality of final products and customer service. Therefore, supply network agility and adaptability are not as critical because production times still follow the scheduled collections framework and do not require rapid changes in the mix. Figure 2 summarises the characteristics of the two models.

5 Discussion and conclusions

This research has investigated how Italian fashion and luxury companies reorganized their value chains to sustain their competitiveness within contextual changes. New customers' purchasing behaviours and the economic crisis worked as catalysts to accelerate some companies' changes in marketing and operations activities and have proven to be the real drivers reshaping business strategies within the fashion and luxury industry to react to increasingly volatile demand. In this context, our work encompasses marketing and operations initiatives contextually, where previous studies mainly focused either on marketing or on operations and supply network. Even if there is no one best way (in terms of performance achievement) to design fashion and luxury supply networks, our study can be useful in highlighting the decisions that companies have made to deal with changes in consumers' purchasing behaviour and in market conditions.

This research makes certain contributions for both academics and practitioners. First, our study underlines the necessity for thorough alignment between marketing and operations decisions and activities. Marketing initiatives in the areas of price, product, promotion and placement should be strongly related to supply network structure and integrations with partners, and vice versa (Brun et al. 2008; MacCarthy and Jayarathne 2013). Because of the necessity to target a more price- and even green-conscious consumer, companies are enlarging their collection variety to meet new market requirements. In the meantime, e-commerce is becoming one of the most important mechanisms through which producers can directly capture market changes and trends, selling the right products to the right customers quickly and without intermediaries. However, in this scenario, production-scheduling activities, not only within company boundaries, but also within extended networks, have become increasingly difficult to manage.

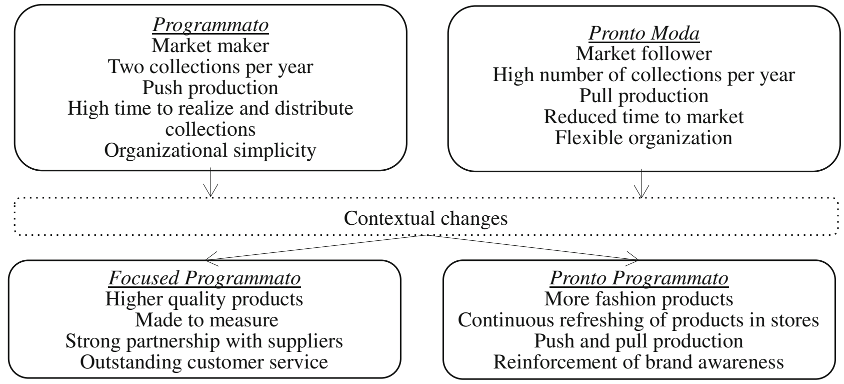


Fig. 2 Characteristics of fashion and luxury production models

Second, our study provides evidence about the important role played by collaboration to better respond to new contextual changes. Greater alignment with all the supply network partners permits the achievement of better results not only for operations rationalization (e.g. material flow optimization), but also for business competitiveness (e.g. risk-sharing initiatives to overcome critical reduction of sell-out). Improved collaboration also facilities continuous product and process innovation, which has become a prerequisite to developing and delivering up-to-the-minute merchandise instead of functional products (Fisher 1997; Caniato et al. 2013). In fact, collaboration allows the renewal of products by developing more innovative collections in terms of more fashionable content and higher quality assets.

However, the delivery of many innovative collections implies new operations challenges, including the reorganization of process lead times and identification of fresh raw materials and technologies for product realization. Consequently, the third contribution concerns production models that fashion and luxury companies have to follow to quickly react to contextual changes. Our work extends current knowledge by identifying two novel production approaches (i.e. the *pronto programmato* and *focused programmato*). These models require two completely different supply networks: the *focused programmato* is oriented to made-to-measure production and product innovation based on quality improvement; the *pronto programmato* implements a push-and-pull approach to quickly adapt to stylistic trends. In this scenario, the product country of origin plays pivotal, though differing roles. For companies that use product quality as the winning-order criterion, the use of a "Made in Italy" label remains the main goal for the entire supply network. This process eventually allows the building of competitive market barriers and overcomes international competition from the supply and distribution points of view, reinforcing the national and international debate on labels. By way of comparison, some companies are looking just for "*Italianity*", defined as creativity, design, and aesthetic taste, all of which recall the Italian lifestyle and feeling. They do not consider the geographical origin of their production as a winning-order criterion, thus allowing a degree of freedom to design and manage global supply networks according to business strategy (i.e. lowering costs). Furthermore, the more traditional and sartorial-focused *programmato* approach remains unfit for e-commerce because of the current difficulties in realizing tailored clothing based on virtual technologies, even if ICTs could support new product development in the future.

From a managerial point of view, our study suggests ways for companies to compete in the market by offering a description of the latest fashion and luxury industry changes. Indeed, fashion and luxury companies can influence consumers' purchase behaviour depending on their ability to fulfil fashion consumer needs (Chan and Wong 2012). In this way, our results provide practitioners some concrete suggestions for adapting their companies' supply network strategies to market needs.

As with every work, our study suffers from some limitations that could provide avenues for future research. This study is limited to Italian fashion and luxury companies. We provide fresh knowledge about fashion and luxury companies' strategies along the whole value chain in terms of marketing and operational actions that challenge contextual changes; nonetheless, more studies are needed to achieve a "full understanding" of such changes. The next step could be to expand the research to other countries. A longitudinal approach could also be adopted to address the evolution of the described strategy choices over time. Finally, the research does not consider the relationships between marketing and supply network initiatives and operational and economic performance. In accordance with the aim of the study, we analysed marketing and operations actions to challenge contextual dynamic changes without identifying any one choice as better than the others. However, this issue could enrich knowledge about changes in the fashion and luxury industry.

Appendix 1

Table 3 Within-case analysis

Changes		Companies A	B	C	D	E	F	G	H	I	L	M
Contextual	Customer purchase behaviour	Increased price and green sensibility	Increased price and green sensibility	Increased price and green sensibility	Increased price sensibility	Increased price and green sensibility	Increased price sensibility	Increased price sensibility	Increased price and green sensibility	More attention to value for money	Increased price and green sensibility	More attention to value for money
	Economic crisis	Less units brought per transaction	Sell-out contraction	Reduction of international expansion	Sell-out contraction	None particular variation	None particular variation	Sell-out contraction	Less units brought per transaction	Sell-out contraction	Sell-out contraction	Sell-out contraction
Price	Modification of price strategy	Increase entry price's number. Reduction of price	Increase entry price's number	Partial reduction of price	Increase entry price's number	No	No	Increase entry price's number. Reduction of price	Partial reduction of product's price	No	Reduction of price	No
Product	Increase of innovation	more fashionable products and green products	more fashionable products and green products; increased quality of raw materials	more fashionable products and green products	increased quality of raw materials	more fashionable products and green products	more fashionable products	products were already fashionable	more fashionable products; green products	increased quality of raw materials	increased quality of raw materials; green products	increased quality of raw materials
	Increase of complexity	Many additional micro collections to traditional scheduled ones	Many additional micro collections to traditional scheduled ones; quality improvement	Many additional micro collections to traditional scheduled ones	Quality improvement	Many additional micro collections to traditional scheduled ones	Many additional micro collections to traditional scheduled ones	Many additional many micro collections to traditional scheduled ones	Additional many micro collections to traditional scheduled ones	Quality improvement	Quality improvement	Quality improvement
	Increase of uniqueness	In style	In materials and style	In style	In materials and style	In materials and style	In style	In style	In style	In materials	In materials and style	In materials
	Increase of importance of country of origin	of "Italianity"	of Made in Italy	No	of Made in Italy	of "Italianity"	of "Italianity"	of "Italianity"	of "Italianity"	of "Italianity"	of Made in Italy	of "Italianity"
Promotion	Reinforcement of brand awareness	Collaboration with group's brands. Reinforcement in stores. Realization of brand extension	Brand high positioning. Reinforcement in stores. Realization of brand extension	Reinforcement in stores. Realization of brand extension	Reinforcement in stores. Future project for brand extension	Reinforcement in stores. Realization of brand extension	Reinforcement in stores. Realization of brand extension	Future project for brand extension	Realization of brand extension	No	No	No
Placement	Development of new markets	of emerging markets and e-commerce	of emerging markets and e-commerce	of emerging markets and e-commerce	of emerging markets and e-commerce	of e-commerce	of emerging markets (future projects) and e-commerce	of e-commerce	of emerging markets (future project) and e-commerce	of emerging markets (future project) and e-commerce	No	of e-commerce
	Development of new distribution channel	use of retail channel also with other group's brands)	of retail channel all over the world	of retail channel all over the world	of retail channel mainly in foreign countries	of retail channel in Italy	of retail channel all over the world	of retail channel (future projects)	of retail channel (future projects)	of retail channel (future projects) in foreign countries	No	No
Supply network integration	Improved relationship	To develop lean supply, stylistic improvement,	To develop lean supply, risk sharing; stylistic improvement	To develop lean supply	To develop lean supply, reduction	To develop lean supply	To achieve reduction of lead time	To achieve reduction	To develop lean supply,	To develop increased quality in raw	To develop increased quality in raw	To develop increased quality in raw

Table 3 (continued)

Changes		Companies A	B	C	D	E	F	G	H	I	L	M
	among SC partners	risk sharing, reduction of lead time			of lead time, risk sharing; SC stock visibility; stylistic reason			of lead time	reduction of lead time	materials; risk sharing	materials; SC stock visibility	materials; SC stock visibility
	Reinforcement of integration	Upstream; downstream with other group brands	Fully	Downstream	Fully	Fully	Downstream	Future project for downstream integration	Future project for downstream integration	Future project for downstream integration	Upstream	Upstream
Supply network structure	Production location	Near to markets served	In Italy	In low cost countries	In Italy only for the top line	In low cost countries but quite near to headquarter	In low cost countries	In low cost countries	In low cost countries	In skilled foreign districts	In Italy	In Italy and in countries near to headquarter
	Strengthening of outsourcing	of production for labour cost and flexibility	of only some production phases for flexibility	of production for labour cost	Vertically integrated (for the top-line)	Vertically integrated	of production for labour cost	of production for labour cost	of production for labour cost	of production to focus on core competence	Vertically i ntegrated	of some production phases for flexibility

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