

LUXURY MEMO SPECIAL REPORTS

## State of apparel and accessories – Luxury Memo special report

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*Fashion is adapting for the future. Image credit: Gucci*

By SARAH JONES

The latest fashion trend is experimentation, as apparel and accessories companies evolve in response to modern styles of consumption and dressing.

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Forces such as a rise in digitization, calls for sustainability and a changing consumer base are pushing even heritage labels to adopt new methods of engaging with consumers and selling. While some brands hold onto traditional business practices, others are embracing innovation.

"I believe the main challenges are about dealing with the contradictions of the industry, and the opportunities are lying in the successful resolution of these contradictions," said Yana Bushmeleva, chief operating officer of **Fashionbi**, Milan.

"For example, the topic of sustainability is now discussed almost by every brand, at the same time the fashion industry is the second-most polluting industry in the world," she said. "Another contradiction is how to maintain the status of exclusivity for the premium and luxury brands with such speed of launching new collections or how to serve such different group of customers?"

"Before the main target was the adult generation. Nowadays, the brands want to sell the clothes to daughters and mothers simultaneously."

Top 5 trends in luxury apparel and accessories

- Creative director musical chairs

Over the past few years, luxury houses have seen a spate of artistic director arrivals and departures as long-term tenures go out of style.

- Digital disruption

Digital media has forced fashion brands to become more inclusive and accessible, whether through social media outreach or ecommerce.

- Fashion calendar experimentation

Luxury apparel and accessories labels are toying with the fashion calendar, choosing alternative runway show schedules and formats. They are also experimenting with new merchandise release dates to achieve a sense of newness in a faster fashion cycle.

- Changing styles

More casual styles are invading luxury design, with apparel such as sneakers and denim getting a high-fashion treatment.

- Sustainability

Fashion is a major polluter of the planet, and many brands are looking to change this through different materials and processes. Others are looking to alter consumer behavior, hoping to instill greener buying habits.

### Creative changes

In previous decades, creative director appointments would usher in a lengthy relationship between a house and a designer. A prime example is Karl Lagerfeld's long-running tenure at Chanel and Fendi.

However, this loyalty - on both sides - has changed in recent years.

A number of designers who had given almost a decade or more to a particular brand departed, such as Celine's Phoebe Philo, Lanvin's Alber Elbaz, Givenchy's Riccardo Tisci, Burberry's Christopher Bailey and Bottega Veneta's Tomas Maier.

These creative chiefs have been replaced with new talents, who bring with them new interpretations of house codes and aesthetics.

Along with the end of long-term relationships, a number of designers have parted ways with their employers after short stints leading a brand.

Alexander Wang left Balenciaga after the first term of his three-year contract was up, and Raf Simons, Dior's former creative director, similarly left after just three years.



*Raf Simons left Dior after three years. Image credit: Dior*

Some designer tenures at houses can even be counted in months. Since 2016, menswear label Brioni has had two creative directors, both of whom left shortly after starting.

Lanvin similarly has gone through two creative directors since Mr. Elbaz was pushed out in 2015.

This game of designer musical chairs creates less consistency at these houses, as the creative vision changes frequently. Some brands have also been left with vacancies for months as they seek talent to fill the brand-leading role.

In addition to a string of appointments and departures, the creative director candidates have also evolved. Rather than plucking known entities from rival labels, brands are instead opting for more under-the-radar talents.

For instance, Gucci drafted Alessandro Michele from within its own house. Since his appointment as artistic director in 2015, Mr. Michele has shaken up Gucci's image in a way that is resonating with consumers, and the brand has seen a surge of popularity thanks to his designs and marketing.

During an investor presentation on June 7, Kering shared that its ambition is for Gucci's revenues to reach 10 billion

euros, or \$11.8 billion at current exchange. In 2017, Gucci's sales surpassed 6 billion euros, or about \$7 billion, for the first time, growing 41.9 percent year-over-year ([see story](#)).



*Balenciaga has become a hot fashion brand. Image credit: Balenciaga*

While an unconventional move, Kering-owned Balenciaga's choice of designer Demna Gvasalia as its creative director has helped the brand become the hottest label in fashion.

Balenciaga saw the most growth of any Kering house in 2017, surpassing even the accelerating Gucci. During the Financial Times Business of Luxury Summit on May 22, the brand's CEO explained how Mr. Gvasalia's streetwear style has infused Balenciaga with a new energy ([see story](#)).

Similarly to Gucci, Balenciaga's revenues have been on the rise in recent years.

"We are coming from the era of fast fashion and passing through the age of social networks where images, including those of people, are swiped with a rapid pace," said Danilo Venturi, director of [Polimoda](#), Florence, Italy. "Over time, this creates a mentality that redefines the parameters of human relationships.

"So I think this game of thrones is quite normal: everything works the same way now," he said. "This is also the result of many companies asking designers to be managers, which is often impossible, or the event itself is used opportunistically to exploit the news.

"Indeed, there is nothing wrong with change. However, luxury houses should remember that given the absence of their founder, the best way to manage their identity is to find a creative director who maintains the company is as if the founder were alive today. Since the newcomer does not necessarily resemble the originator but applies the same basic values to the contemporary, this process requires culture, sensibility and perseverance on the company's behalf."

#### Digital divide

As an increasing portion of consumers' lives move online, digital channels continue to disrupt the apparel and accessories business.

One of the major changes courtesy of digital is the addition of online selling.

Within luxury, fashion labels were some of the slowest to adopting ecommerce strategies. Ready-to-wear in particular was a category that many kept offline.

In the past few years, a number of brands including Fendi, Prada and Cline have made the move toward ecommerce.

However, some labels, including Chanel and Dior, still keep apparel solely offline, despite selling entry-level categories such as beauty via direct-operated digital stores.



*Celine's e-commerce site. Image credit: Celine*

Other brands that have made the move online still keep some items exclusive to the in-store environment.

For instance, Louis Vuitton's trunks and Herms' Birkin bags remain solely bricks-and-mortar items.

Consumers have shown a willingness to buy apparel without trying it on first, but some solutions aim to eliminate uncertainty at point of purchase.

Try-before-you-buy services from companies such as Nordstrom-owned Trunk Club enable shoppers to turn their home into a fitting room. Merchandise picked out specially for the consumer is shipped to them, and they are only charged for what they decide to keep.

As innovations such as augmented reality and voice assistants become more mainstream, consumers are expected to move even more of their shopping online.

The majority of consumers who have shopped online using augmented reality would be willing to give up the apparel in-store buying experience entirely, according to a report from Axtaxi. While the luxury buying process is largely still driven by physical stores, technology could make more consumers willing to forego the bricks-and-mortar experience in the coming years ([see story](#)).

A number of technology companies have also sought to solve the sizing dilemma caused by a lack of standardization. Using tools beyond a size chart can help to cut down on returns.

Balenciaga is among the clients of Virtusize, which uses measurements of previous purchases to help consumers determine the right fit. Similarly, True Fit works with brands including Nordstrom, Moda Operandi and Michael Kors, using machine learning to give consumers size recommendations based on what has fit them in other brands.

EyeFitU allows consumers to find their size in a number of brands including Gucci and Ralph Lauren. After entering their measurements, shoppers will be shown merchandise that will fit them from various retailers.

Brands have also launched in-store solutions aimed at creating a better fit or completing a look.

A number of bespoke tailoring companies have leveraged 3D body scanning to perfect sizing for clients.

Italian fashion house Brioni similarly created a digital component to its made-to-measure tailoring to help consumers visualize a completed custom look. Brioni's "Mirror" uses 3D technology to show virtual representations of what garments will look like in different fabric and fit options ([see story](#)).



*Brioni Mirror. Image credit: Brioni*

Beyond retail, the rise of digital has changed how brands engage with consumers.

Fashion shows used to be closed events that were primarily held for media, buyers and top clients. However, in recent years, the runway presentation has opened to all brand fans through social media.

By default, most fashion shows today are live streamed, letting consumers watch in real-time from across the globe. Social media also allows brands to give an inside look at their atelier, providing perspective on the making of high-fashion.

Italian fashion label Valentino highlighted the craftsmanship behind its designs ahead of its haute couture show to demonstrate the quality of its products.

Luxury brands often take time to connect with consumers by revealing the craftsmanship behind-the-scenes to show the real caliber of their products. Valentino used this strategy by giving its seamstresses a platform to discuss the passion that goes into making couture items ahead of its haute couture presentation on Jan. 24 in Paris ([see story](#)).

*Valentino took consumers behind-the-scenes of its atelier*

Social media, in particular, opens up a two-way communication between brands and an aspirational audience.

While some consumers may not be able to afford designs right now, they are establishing a relationship with a brand that can grow as they gain more disposable income.

Beyond social media, some brands have used digital tools to take their shows to a broader audience.

For Givenchy's spring/summer 2016 show in New York, the brand opened up tickets to the public. In addition, the label streamed the presentation in strategic outdoor places throughout the city ([see story](#)).

Ralph Lauren similarly worked with live-streaming application Periscope to simulcast its spring/summer 2016 show to pedestrians in London's Piccadilly Circus ([see story](#)).

"What I see is that the brands are moving quite slow in the direction of the digital retail," Fashionbi's Ms. Bushmeleva said. "There are still many questions and obstacles that are not resolved first of all internally, I mean inside the companies.

"As the result, the experiments that the brands are doing in the field of digital marketing and retail are quite superficial and always successful," she said. "The first success factor is to be able thanks to technology to support and serve the customers in a best way possible.

"Even quite standard service as ecommerce still didn't achieve its level of perfection. Just check how many negative comments the people are leaving on Instagram and especially Facebook pages of the brands because they didn't receive their orders or because they faced difficulties during the return.

"First of all, the digital revolution should be made inside the company and after on a front end at the online and offline for clients."

Revised calendar

As the fashion show has become more democratized, apparel and accessories brands are grappling with what many believe is an outdated fashion calendar. Traditionally, there was a six-month span between the runway show and a collection's debut in stores.

When the primary fashion media were long-lead magazines, most of the publicity surrounding a particular collection would premiere closer to the release date. However, today with immediate content being produced, the time between runway and retail can make a collection feel stale once it is available for sale.

Looking to combat this, a number of brands have shifted their show schedules.

Burberry and Ralph Lauren are among the brands that have opted for a see-now, buy-now approach. Instead of showing clothing months ahead of time, they present in-season attire that is available to buy immediately off the runway.



*Ralph Lauren's runway show at his home in New York State. Image credit: Ralph Lauren*

Another solution is to have private presentations for buyers and press in the traditional timeframe, while saving a consumer-facing reveal for closer to the actual season. With this option, imagery of a collection is often embargoed to ensure newness when a collection launches to shoppers.

Some labels have chosen to show outside of the official fashion weeks, picking timeframes that work better for them.

Other brands have opted out of the runway show entirely.

French fashion house J. Mendel eschewed a runway show, choosing to show its spring/summer 2017 collection via digital channels.

In lieu of the traditional show, the brand created an artsy film that debuted on its Web site during New York Fashion Week. Another example of a design house reworking the format of premiering a collection, this digital reveal took a consumer-centric focus, allowing fans online to view at the same time as editors and buyers ([see story](#)).

#### *J. Mendel's virtual runway*

Meanwhile, British accessories maker Anya Hindmarch will no longer present its latest collections during London Fashion Week.

The first accessories brand to present during London Fashion Week, Anya Hindmarch is known for its whimsical designs and crisp-bag clutch and showed its collections in two shows per year. Instead of staging its usual visual feast, Anya Hindmarch has ended its fashion show run, swapping out the traditional runway format for an event series it is calling "consumer happenings" ([see story](#)).

Beyond the runway show, labels are innovating the delivery schedule to achieve newness.

A growing number of luxury labels and retailers have been adopting the drop retail format, opting for a series of limited-edition releases per year rather than the traditional seasonal store arrivals. The streetwear-inspired release format has been effective at building hype for labels such as Supreme, and luxury brands are hoping it achieves the same effect for them ([see story](#)).

For instance, Moncler Genius is a new concept replacing the tired seasonal collection strategy with new monthly designs and social media campaigns ([see story](#)).



*Moncler Genius will release eight collections this year. Image credit: Moncler*

Tod's is similarly turning to monthly capsules in a new business strategy aimed at appealing to younger consumers. Named Tod's Factory as an homage to Andy Warhol's studio, the approach will include collaborations with designers on capsule collections.

Both Moncler and Tod's are looking to shrink the typical six-month lull between new runway collections ([see story](#)).

While some labels herald alternatives such as see-now, buy-now as the future for fashion, others are not as convinced.

The Fédération Française de la Couture du Prêt-à-Porter des Couturiers et des Créateurs de Mode disagreed that the fashion calendar standard needs to be updated for the modern consumer. As a number of U.S. and British brands announced departures from tradition, French fashion's governing body expressed that its board members denounce the see-now, buy-now model ([see story](#)).

In 2017, Tom Ford announced that after only one year of supporting the see-now, buy-now business model, the brand is dropping it, suggesting that the once popular trend may be dying out among the big names of the fashion world.

The fashion brand cited difficulties relating to the store-shipping and fashion show schedules that made it challenging to have a collection for sale and on the runway at the same time. With other big fashion houses such as Thakoon also dropping see-now, buy-now, the fire of the business model looks like it could be slowly dying out, while some still defend this retail innovation ([see story](#)).

"The industry is in a period of experimentation and I think we will continue to see new ideas and new approaches," said Steven Kolb, CEO of the [Council of Fashion Designers of America](#), New York. "Brands will settle into formats that work best for them and there will be less confusion from mixed efforts."

## Style shift

Along with the traditional fashion calendar, style norms are being disrupted. Consumers today lead a more casual lifestyle, with office and event dressing norms changing to accept previously pass garments such as jeans.

Luxury shoppers are increasingly turning towards more casual styles for self-expression, according to a report from the Boston Consulting Group and Altagamma.

Millennials are expected to represent half of the luxury market by 2024, and their fashion choices differ from previous generations, as they are more apt to mix high and low labels as they seek out clothing that fits their personal brand. Traditional luxury brands are responding through adaptation and collaboration ([see story](#)).

As consumers become increasingly comfortable investing in denim, luxury brands are looking to win their business with upscale jeans.

Tom Ford recently launched a denim line for men, and labels including Valentino and Berluti enable male consumers to visit their stores to have custom jeans made to measure. What was once considered a utilitarian item is now looked to for a fashion statement, and brands that might not typically be associated with jeans are getting on board ([see story](#)).

Sports footwear is also on point to become a major component of the luxury shoe market, according to new research from Fashionbi.



*Sneakers have been given the high-fashion treatment. Image credit: Dolce & Gabbana*

The subsegment of the footwear industry has seen a 7 percent compound annual growth rate, which is leading the entire footwear industry. This will likely continue to trend upward with demand and sales rising ([see story](#)).

High-end apparel usually calls to mind quality suits, elegant evening gowns and watches made from precious metals, but more brands are turning to T-shirts as luxury goods, exemplifying the growing influence of streetwear on the fashion industry.

When a simple T-shirt from Versace can cost hundreds of dollars, it cuts to the heart of what makes a product luxury. For some, it has to do with price, but others see rarity, quality and other factors as well ([see story](#)).

As consumers seek individuality over status through dressing, they are facing more pressure from premium labels. Luxury powerhouses are also seeing competition from more indie labels as consumers crave what no one else has.

Rather than trying to beat streetwear at its game, some brands have instead opted to join up for collaborations.

Louis Vuitton launched a co-branded collection with Supreme ([see story](#)), while Jimmy Choo teamed with Off-White for a capsule of streetwear-style shoes.



*Jimmy Choo x Off-White is just one of the recent luxury streetwear collaborations. Image credit: Jimmy Choo*

Aside from streetwear influences, gendered dressing is also evolving with the times.

Luxury fashion labels are breaking with tradition, bending the rules of gendered dressing through their designs and marketing.

From co-ed fashion shows and unisex collections to cross dressing in campaigns, brands are incorporating themselves into the larger conversation around gender identity ([see story](#)).

The fashion industry is also facing calls to be more inclusive.

The market for plus-size clothing is booming, opening up opportunities for luxury brands and retailers that cater to the demand for a wider range of sizes.

Today in the United States, 67 percent of women wear a size 16 or above, but this significant portion of the population has typically been underserved by the fashion industry. A number of players are looking to change this, putting pressure on the broader industry to change ([see story](#)).

There are also pushes for more diverse representation on runways and in marketing. Some brands have taken this up, casting models of color and plus-size faces in campaigns.

Style changes have also been reflected in the dissemination of trends.

"If 10 years ago it was obvious who copied whom, today this information has become unclear," Polimoda's Mr. Venturi said. "The idea of copying has exceeded itself. We are living in the post-truth era, a culture as valid for news as for products.

"This is also clear in the so-called subscription economy," he said. "We don't buy music anymore, nor do we download it, we just stream it," he said. "As all songs pass through the same compressors, this results in similar sounds, often to the point that authors play alike from the onset to adapt to that sound.

"I already hear someone saying that this system should be adopted in fashion, rendering it more sustainable.



Personally, I think that the solution is no more and no less the return to making unique products, iconic, new, made to last, that make you want to own and screw them to exhaustion.

"Fashion brands are meant to lead society, not to adapt. They must seduce and love their clients."

### Global goods

Fashion is a global business, with the industry depending on movement of people and products across borders. Recently this has been disrupted with a number of protectionist policies.

The United Kingdom's vote to leave the European Union has created uncertainty surrounding the fate of free cross-border trade and immigration that the industry relies on.

Looking to safeguard access to international talent, the British Fashion Council teamed with the Arts Council England and the Department for Digital, Culture, Media and Sport to become an independent assessor for Tier 1 Exceptional Talent visas.

"In light of Brexit, the British Fashion Council were thrilled to work with the Arts Council and the DCMS to extend the opportunity for talented individuals to secure Tier 1 visas, allowing them to continue to work as fashion designers in the U.K. and contribute to our growing industry," said Caroline Rush, CEO of the British Fashion Council, in a statement. "This is a great example of positive change to support the creative industries to improve access to the best international talent."

Other fashion organizations have spoken out on the issue, highlighting the value that immigrants bring to the industry.

During New York Fashion Week, Cond Nast's *W* magazine gathered models, photographers, designers and stylists at Milk Studios to send a pro-immigration message. Combatting the Trump administration's refugee ban that was currently being rewritten, the video's message was simply, "I am an immigrant."

The brainchild of *W*'s then-creative director Edward Enninful, who was born in Ghana and raised in London, the video includes 81 participants such as designers Diane von Furstenberg and Joseph Altuzara, photographers Inez van Lamsweerde and Vinoodh Matadin and model Adriana Lima. These personalities' words are intercut with each other, creating a united message ([see story](#)).

The United States' escalating threats of trade wars are also worrying fashion companies, with a report finding that tightening trade is the number one challenge that apparel and accessories executives are facing.



*Fashion relies on trade. Image credit: USFIA*

According to a study from the United States Fashion Industry Association, along with concerns about more tariffs, fashion executives are fretting more over increased production and sourcing costs than they did last year.

A key target of President Trump's trade disputes is China, which is the top international source for textiles and apparel, leading fashion companies to think about changing their supply model ([see story](#)).

### Green goals

Sustainability is being emphasized throughout the luxury business, but fashion in particular has taken up the cause. The apparel and accessories sector is the second biggest polluter of the planet, coming in only behind the oil industry.

A number of luxury brands have looked to be leaders in sustainability. From reducing water and waste to tracking carbon emissions, fashion is seeking to give its processes a green makeover.

Conglomerate Kering is encouraging the luxury and fashion community to adopt sustainability through education.

The group is working with the London College of Fashion, UAL on a free six-week course that will cover both the theories and applications of sustainability for the luxury business. In an effort to make a larger impact, the class is being made available to any and all who wish to learn ([see story](#)).

Others have sought to create a dialogue within the industry about sustainability.

Italian fashion label Prada is teaming with the Yale School of Management and Politecnico di Milano School of Management to explore how digital intersects with sustainability.

On Nov. 28 in Milan, Prada will gather executives and students for a "Shaping a Sustainable Digital Future" conference. This is the second of Prada's future-focused events, as the brand seeks to create a conversation around sustainability ([see story](#)).

Gucci and Stella McCartney are among the brands that have created sustainability-focused Web sites, allowing consumers to easily track their progress on key metrics.



*Ferragamo is putting sustainability at the center of its growth strategy. Image credit: Ferragamo*

Italian fashion company Ferragamo Group is similarly aiming to consistently integrate responsible environmental and social practices into its corporate culture with the creation of a company-wide sustainability policy ([see story](#)).

While luxury labels are among the fashion industry's frontrunners in sustainability, these companies are facing challenges to achieve additional progress and impact.

A report from the Boston Consulting Group and the Global Fashion Agenda finds that luxury brands improved their sustainability performance in the past year. Despite gains in the overall fashion industry's sustainability, the report notes that there is still room for improvement ([see story](#)).

In addition to tracking eco-friendly objectives, a number of brands are adapting to new sustainable and ethical norms through product design.

Ferragamo has developed a textile from orange skins, while Hugo Boss used pineapple fiber to create shoes ([see story](#)).

A number of brands including Giorgio Armani, Michael Kors and Furla have ceased the use of real fur.

Vegetarian label Stella McCartney has worked with Bolt Threads on alternative materials including mushroom-derived faux leather.



*Bolt Threads is launching Mylo, a faux leather. Image courtesy of Bolt Threads*

Sustainability is so profoundly consequential in luxury manufacturing today that leather in the future will likely be completely synthesized, according to the CEO of Bottega Veneta ([see story](#)).

Brands are also focused on providing for people through fashion.

Sustainable fashion consultancy Eco-Age is championing artisan skills through a global initiative that pairs design talents with craftspeople.

The Commonwealth Fashion Exchange showcased designs that utilize handwork from the organizations' 52 member countries at an event during London Fashion Week in February. As consumers become more aware of who is making their products, this project aims to promote the possibilities of ethical production ([see story](#)).

As luxury companies strive to be more sustainable, a key part of their efforts should revolve around consumer education, according to a report from Fashionbi.

The last stages in a product's lifecycle are often among the most wasteful, since consumers today purchase more clothing than before and more frequently discard garments. Per Fashionbi's "Sustainability In The Fashion Industry" report, brands can play a role in shifting consumption patterns through awareness initiatives and a focus on creating better quality, longer lasting fashion ([see story](#)).

Consumers, on average, throw out 80 pounds of clothing per year. Looking to dramatize this wastefulness, Vetements took over Harrods' store windows.



*Vetements took over Harrods' windows to shed light on overproduction. Image credit: Harrods*

Vetements piled clothing in the retailer's panes to demonstrate the issue of overproduction. The display also included bins, which took consumers' donations ([see story](#)).

Stella McCartney is also taking on wastefulness, teaming up with consignment marketplace The RealReal to promote a circular fashion cycle ([see story](#)).

"Brands are challenged with an outdated supply chain model," the CFDA's Mr. Kolb said. "The opportunity is to create a new system that is efficient and reflects sustainability practices."

Best practices for luxury apparel and accessories:

- Yana Bushmeleva, chief operating officer of Fashionbi

- "To analyze the behavior of current customers, what and how they buy? Which channels do they use to speak with the brand? If I have a question about the product or my online order and I ask this question on Facebook, for example, why you are asking me to send me an email to info@...com? Listen to your customer and reply to him/her, always and within 24 hours."
  - "Invest in the improvement of the internal operations and CRM platforms in order to be able to support the customers at any touch point and create a real omni-experience."
  - Steven Kolb, CEO of the CFDA
    - "Brands should focus on direct-to-consumer and continue to communicate directly to them through their own editorial channels."
  - Danilo Venturi, director of Polimoda
    - "My students are each day more ethnically and culturally hybridized. On weekends it is easier to fly to another European city than to drive to the sea, they have money to pay for a course but ask for a loan, they wear everything and its opposite but with novelty, they buy online but using their phones. The new generations cannot be targeted with segmentations. It is necessary to understand their psychology, the part of their identity that mutates over time and the one that remains constant, though perhaps this is not easily discernable. These 2,300 people from 70 different countries [in Polimoda] are the perfect sample of the new fashion consumer, one looking for a unique experience in retail, not a party, but culture, something worth seeking that remains, something with which they can identify. Today, fashion marketing and retail must be content-based. Somehow they must be a form of education."
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