



23E57000 - FASHION MARKETING

**BUSINESS MODELS
AND FASHION**

AGENDA

- Guest lecture: Namkyu Chun,
Aalto ARTS
- Overview of contemporary
business models in fashion
- Guest lecture: CEO of
Vaatepuu



HAUTE COUTURE | PRÊT-À-PORTER



Haute Couture

- Tailored production
- Selective customer base
- Day/evening wear
- Limited promotion
- Exclusive retailing
- Premium pricing
- 6 month lead time
- Fashion show as artistic spectacle and brand charisma
- Primacy on brand leadership

Prêt-à-Porter

- Standardized factory production
- Mass audiences
- Summer/winter collections
- Mass promotion
- Multi-channel retail
- Varied pricing and selection
- 12 month lead time
- Fashion show as promotional event showcasing selection
- Primacy on profitability

NEW BUSINESS MODELS

- What are the general drivers for new business models in fashion?
- What are the key elements of new business models in fashion?

Business Horizons (2017) 60, 759–770



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Innovative and sustainable business models in the fashion industry: Entrepreneurial drivers, opportunities, and challenges



Bruna Villa Todeschini ^{a,*}, Marcelo Nogueira Cortimiglia ^a,
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NEW BUSINESS MODELS

- Consumer awareness
- Circular economy
- CSR
- Sharing economy
- Technological innovation

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BUSINESS NEWS APRIL 5, 2019 / 6:03 PM / 3 DAYS AGO

Fashion backwards? H&M to trial sales of vintage garments

3 MIN READ



BERLIN (Reuters) - H&M will trial sales of second-hand and vintage clothes as it seeks to tap into consumers' growing concerns about the environmental cost of fast fashion, its head of sustainability said on Friday.

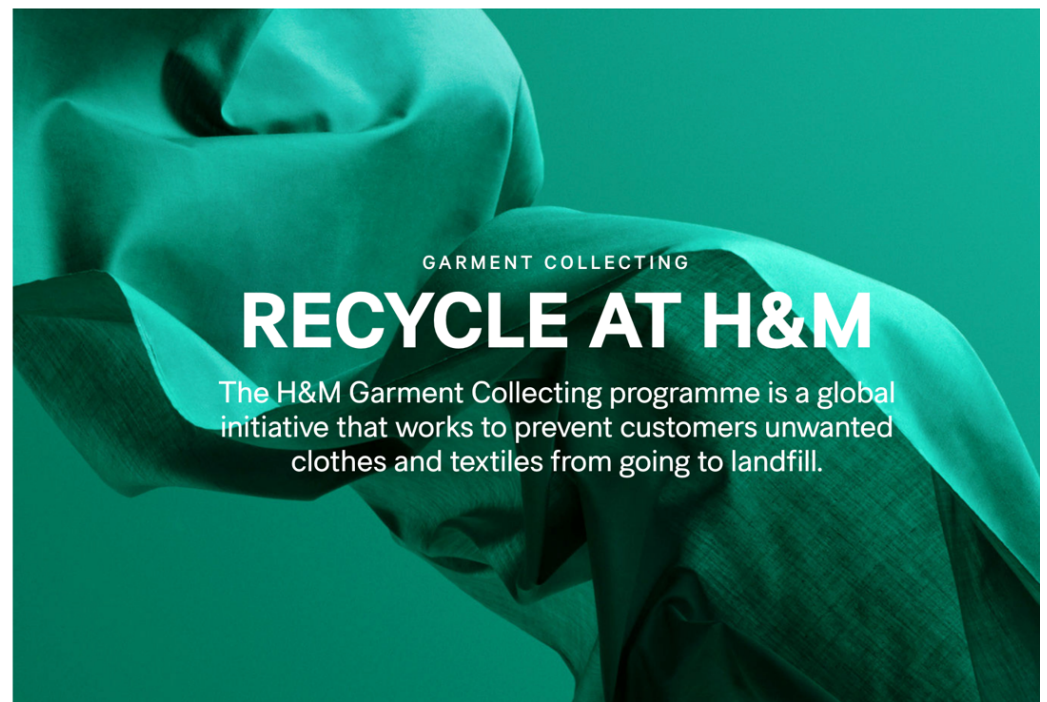


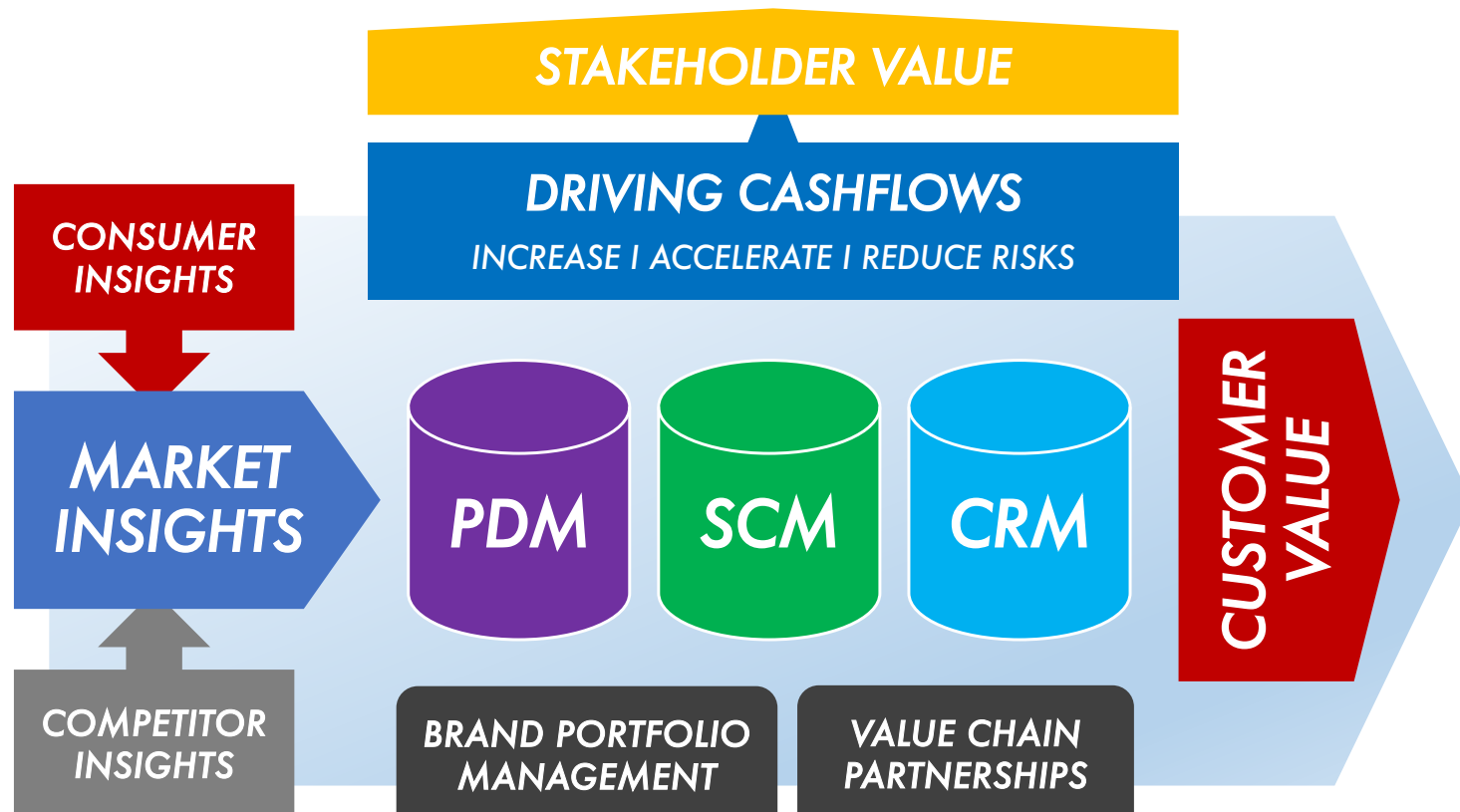
Anna Gedda, H&M Head Of Sustainability looks at the collection of clothes made from environmentally friendly materials at a conference in Berlin, Germany April 5, 2019. REUTERS/Emma Thomasson



LADIES MEN DIVIDED KIDS H&M HOME SALE #HMXME

HM.COM / LADIES / CAMPAIGNS / BE A FASHION RECYCLER





Strategic Marketing Architecture

Adapted from Mattila (2011)

NEW BUSINESS MODELS

- Fast fashion
- Slow fashion
- (Extreme) Luxury fashion
- “The reverse value chain” (recycling, upcycling...)

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Table 1. Trends and drivers of sustainability-related business model innovation for fashion businesses

Macro-trend	Driver of sustainable innovation	Where does it drive innovation in the business model?	Examples of innovative and sustainable business models in fashion
Circular economy	Recycling	Cost structure, key activities, key partners	Incumbent: Adidas Startup: Orange Fiber
	Vegan	Key partners, key resources, channels, value proposition	Startup: Preza
	Upcycling	Key resources, key activities, value proposition	Startups: Colibrii, Revoada, Preza
Corporate social responsibility	Sweatshop free	Customer relationship, key resources, key activities	Incumbent: American Apparel
	Fair trade	Customer relationship, key partners	Incumbents: People Tree, Eileen Fisher Startups: Colibrii, Revoada
	Locally sourced	Customer relationship, value proposition, key partners	Startups: Contextura, Lanieri, Orange Fiber, Revoada, Colibrii
Sharing economy and collaborative consumption	Fashion library	Customer relationship, value proposition, revenue streams	Startups: LENA, Rent the Runway
	Second hand	Value proposition, channels, customer relationship, key activities, revenue streams	Startup: Armadio Verde
	Collaboration	Key partners, key activities, key resources, delivery channels, customer relationship	Startups: Armadio Verde, Preza, Revoada
Technological innovation	Sustainable raw materials	Key resources, customer relationship, cost structure	Startups: Orange Fiber, Contextura
	Zero waste	Key resources, key activities, cost structure	Startups: ELSE Corp, Orange Fiber, Zero Waste Daniel, Contextura
	Wearables	Key resources, key activities, key partners, value proposition, cost structure	Startup: Ringly
Consumer awareness	Capsule wardrobe	Customer relationship, value proposition, revenue streams	Drivers generated mainly by consumer behavior
	Lowsumerism	Customer relationship, value proposition, revenue streams	Startups: Armadio Verde, Contextura, Preza, Lanieri
	Slow fashion	Value proposition, customer relationship	

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SLOW + FASHION—an Oxymoron—or a Promise for the Future ...?

Hazel Clark

Hazel Clark is Dean of the School of Art and Design History and Theory at Parsons the New School for Design, New York. Her publications include *The Cheongsam* (OUP 2000), and co-editing with Alexandra Palmer, *Old Clothes, New Looks: Second Hand Fashion* (Berg 2005), and, with Eugenia Paulicelli, *The Fabric of Cultures: Fashion, Identity and Globalization* (Routledge 2009).
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Abstract

Conceptually, the slow food movement provides the point of departure for this article, which asks if the slow approach can offer a sustainable solution for fashion. Three “lines of reflection” are addressed: the valuing of local resources and distributed economies; transparent production systems with less intermediation between producer and consumer; and sustainable and sensorial products that have a longer usable life and are more highly valued than typical “consumables.” Each is investigated using examples that together address the possible global dominance of fast fashion, provide more sustainable ways of approaching fashion, and

Slow Fashion: An Invitation for Systems Change

Kate Fletcher

Kate Fletcher is a consultant, writer, and design activist in fashion, textiles, and sustainability. She holds a PhD from Chelsea College of Art and Design, is Reader in Sustainable Fashion at London College of Fashion, and the author of *Sustainable Fashion and Textiles: Design Journeys*.
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Abstract

In some circles, “fast” has become a proxy for a type of fashion that epitomizes ideas of unsustainability; yet high speed is not in itself a descriptor of unethical and/or environmentally damaging practices but a tool that is used to increase sales and deliver economic growth with attendant ecological and social effects. Questions about speed probe deeply into the economic systems, business models, and value sets that underpin the fashion sector today and which profoundly shape its sustainability potential. In this article, ideas and practices of the lexicographical opposite to “fast,” i.e. slow culture, are framed as an

SLOW FASHION

- Reduction of intermediaries between consumers and producers and highlight collaborative/cooperative work between them
- Local production and sourcing, challenge existing hierarchies in supply chains
- Sustainability at the core—empowering producers, especially women
- Sensorial and tactile products—challenge fashion's obsession with image and especially newness

FOR NEXT TIME:

1. Holt, D. B. (2003). Brands and branding. Boston, MA: Harvard Business School.
 2. Phan, M., Thomas, R., & Heine, K. (2011). Social media and luxury brand management: The case of Burberry. *Journal of Global Fashion Marketing*, 2 (4), 213-222.
 3. Moore, C.M. & Birtwistle, G. (2004). The Burberry business model: creating an international luxury fashion brand. *International Journal of Retail & Distribution Management*, 32(8), 412-422.
- Remember: GAP case!!
1. Please read the entire article
 1. These two are recommended reading. We will discuss Burberry's branding based on these two articles