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Business Models in Fashion

An exploratory study explaining the key fashion business models and their changes over time

Abstract: Although a considerable body of research has investigated the fashion industry, insufficient attention has been paid to define and explain fashion business models and their changes over time. To address this research gap, firstly, lack of coherence in business model conceptualization is addressed by formulating a conceptual business model framework. This is done through a systematic review of previous studies and formulation of key business model components. Secondly, the newly developed business model framework is assessed through application of fashion industry data and adjusted based on the learnings acquired from the empirical evaluation. Finally, the updated version of the conceptual business model framework is used for the fashion industry data analysis. As a result of this qualitative study a coherent business model framework is established and key fashion business models are identified and explained. Moreover, the most significant changes in each of the identified business models are illustrated including an explanation of the recently emerged concept "See-Now, Buy-Now".

Keywords: business model, designer brands, fashion, fast fashion retailers, luxury fashion brands, See-Now, Buy-Now

Author: Viktorija Gudino, 40881

Supervisor: Professor Patrick Regnér

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Glossary

Capsule collection – usually a limited edition set of items; this collection prioritizes functionality (commercial potential) over seasons and trends.

Fashion designer brands – brands that are mainly competing in *couture* and *prêt-à-porter* segments and have their competence in fashion clothing. These brands follow the fashion house designer's vision and are expected to create seasonal trends. The designer brands are associated with very high quality and seasonal collections that are presented through fashion shows.

Fast fashion brands – characterized by affordable prices, a very fast reaction to fashion trends, an efficient supply chain, and a fast turnover of products. Fast fashion companies are usually vertically integrated and have tight control over the whole value chain to provide short delivery to the market.

Haute couture –garments made-to-order for private clients and their specific measurements during more than one fitting. Haute couture houses present a collection of no less than 50 original designs to the public every season, in January and July respectively.

Licensing – an agreement where external partners are given rights for manufacturing and distribution of a fashion brand's products, mainly fragrances, accessories and eyewear.

Luxury fashion brand – a brand that is characterized by the highest level of exclusivity, price range and natural or created scarcity, reserved only for the elite. The luxury brand is classic and timeless, thus not related to fashion trends and seasonality.

Pre-collection - smaller scale and more mainstream than main seasonal collections. Originally pre-collections were made for customers who travelled a lot and needed wardrobe "out of season". Now the main purpose is to bridge the gap between brand's fall and spring collections. Because pre-collections are simpler than main collections, they usually are up to 20 per cent cheaper.

Prêt-à-Porter / Ready-to-wear – garments or footwear produced in standardized measurements and sold through different sales channels rather than made to measure for an individual customer

Seasonal collection - seasonal group of products. Modern collections are a mix of products that are new and seasonal, together with products that are carried over from the previous season. Traditionally this collection is available for purchase from four to six months after the fashion show.

See-Now, Buy-Now – a business model that aims to address consumers' demand for immediacy and improve the efficiency of business operations by ensuring an in-season delivery of the collections across the sales channels instead of delivering collections four to six months after the fashion show as it has been practiced by the traditional fashion business model.

1. Introduction

Fashion is one of the largest industries in the world. In 2016 retail value of the global apparel and footwear industry reached $1.67 trillion. Between 2011 and 2016 the compound annual growth rate of the apparel and footwear industry volume was +3.4%. Moreover, globally the number of fashion pieces purchased per capita increased from 14.7 in 2011 to 16.3 in 2016 (Euromonitor International, 2017). During the last two decades, the fashion industry has undergone many significant changes. Technological development has been providing new business opportunities (Bhardwaj & Fairhurst, 2010). Tremendous growth of fast fashion retailers has been significantly affecting most of the fashion industry segments (Caro & Martínez-de-Albéniz, 2015). The volatile global economy and increasingly demanding consumers have been putting significant pressure on the fashion business (*The State of Fashion 2017, 2016*). In line with Teece's (2010) argument that changing environment motivates companies to evolve their business models, the challenges and new opportunities faced by the fashion industry have been leading firms to reconsider their business models. The spectrum of business model changes across different fashion segments varies from minor updates in the luxury category to the game-changing innovation in the mass market brought by the development of fast fashion. Further, the culmination of addressing the outdated fashion business models is the growing number of fashion brands, including Burberry and Tommy Hilfiger, that are switching to the so-called "See-Now, Buy-Now" approach (*The State of Fashion 2017, 2016*). Taking into account the considerable size and dynamic development of the industry, it is surprising, how little attention scholars have so far devoted to investigating business models in the fashion industry.

A considerable number of researchers studied the fashion industry by investigating the fast fashion concept (for example, Bhardwaj & Fairhurst, 2010; Caro & Martínez-de-Albéniz, 2015) and presenting case studies on particular fashion companies (Crofton & Dopico, 2012; Moore & Birtwistle, 2004; Moore & Wigley, 2004; Moore & Doyle, 2010; Regnér & Yildiz, 2014). Although some fashion studies referred to the concept of business model (for example, Caro & Martínez-de-Albéniz), the term was used in a rather intuitive and loose manner. Therefore, while there are studies aiming to explore the fashion industry, there is a strong gap in research efforts aiming to coherently define and explain fashion business models.

The insufficient research body on fashion business models is partly explained by the overall immaturity of the business model concept. Only following the advent of Internet in the mid-

1990s, when companies started to look for new ways of doing business (Chesbrough & Rosenbloom, 2002), researchers in the field of business and management started to pay considerable attention to exploring the concept of business model (Zott, Amit & Massa, 2011; Osterwalder, Pigneur & Tucci, 2005; Massa, Tucci & Afuah, 2017). Zott et al. (2011) found that starting from the mid-1990s, the number of articles about business models has skyrocketed. Massa et al. (2017) presented updated numbers to acknowledge that this trend continued through 2015 and beyond. Despite a growing body of research in the area, the business model literature is still immature (Teece, 2010) and lacks conceptual agreement among scholars (Chesbrough & Rosenbloom, 2002; Shafer, Smith & Linder, 2005; Zott et al., 2011). To address this issue, several works (for example, Osterwalder, Pigneur & Tucci, 2005; Zott et al., 2011; Massa et al., 2017) attempted to classify various interpretations of business model, but all proposed quite different solutions. Therefore, despite a continuously growing number of studies, the research body on business models is characterized by significant lack of coherence and agreement among the scholars.

1.1. Purpose, Research Questions and Delimitations

While the primary focus of this study is set on investigating fashion business models, it is crucial to establish an understanding of the business model concept in general. Previous studies aimed to conceptualize business model, taking various approaches. Among these attempts there are conceptual descriptions of business model elements (Osterwalder et al., 2005; Teece, 2010; Shafer et al., 2005), empirical studies of organizations (Chesbrough & Rosenbloom, 2002) and formulation of key differences between strategy and business model concepts (Casadesus-Masanell & Ricart, 2010; Osterwalder et al., 2005; Zott & Amit, 2008). Although all these attempts were led by the same aim of establishing a business model concept and theory, the spectrum of the perspectives is rather broad. Due to the relative novelty and immaturity of business model conceptualization, it is rather difficult to highlight superiority of one set of views over other. Therefore, one of the main purposes of this thesis is to contribute to the developing business model conceptualization and theory. The first purpose of this thesis is formulated below.

Purpose 1: **To establish a coherent business model framework.**

To address this purpose, it is important to identify and explain key elements that form a coherent business model framework. Therefore, a guiding research question is formulated below.

RQ1: What are the key business model components?

In order to answer to the first research question an extensive review of existing business model literature was done with aim to identify critical business model elements. While there have been some efforts to consolidate business model components (for example, Shafer et al., 2005; Osterwalder et al., 2005), there is still a substantial lack of a coherent perspective on business model conceptualization. For example, Shafer et al. (2005) summarized business model components that were most often referred to in earlier studies and formed a business model framework based on that. However, their proposition remained solely conceptual, since the proposed model lacked empirical assessment. To address this issue, the conceptual framework formulated in this thesis is further evaluated through an empirical analysis of the fashion industry. This approach ensures not only an evaluation of the framework's applicability to empirical data, but also encourages using empirical data for further improvement of the proposed conceptual framework. Thus, this thesis aims to combine previous theoretical research with empirical data assessment to establish a coherent business model framework.

Existing empirical research within the fashion industry managed to highlight some of the business model developments, though in a rather collateral manner. What existing fashion research lacks is: (1) explaining and describing key business models in the industry; and (2) exploring how these business models have changed over the years. Based on the results from investigating the first research question, the aim is to establish an understanding of key business models in the fashion industry. Therefore, the second purpose of this thesis is formulated below.

Purpose 2: To establish an understanding of the key fashion business models.

As mentioned earlier, the fashion industry is facing considerable changes in its business models. One of the most recent and extreme developments is firms' switching to the See-Now, Buy-Now approach. Taking into account that See-Now, Buy-Now is a very new phenomenon, this thesis is one of the first academic attempts to explain this new concept. To address the second purpose of this thesis, the two guiding research questions are formulated below.

RQ2: What are the key business models in the fashion industry?

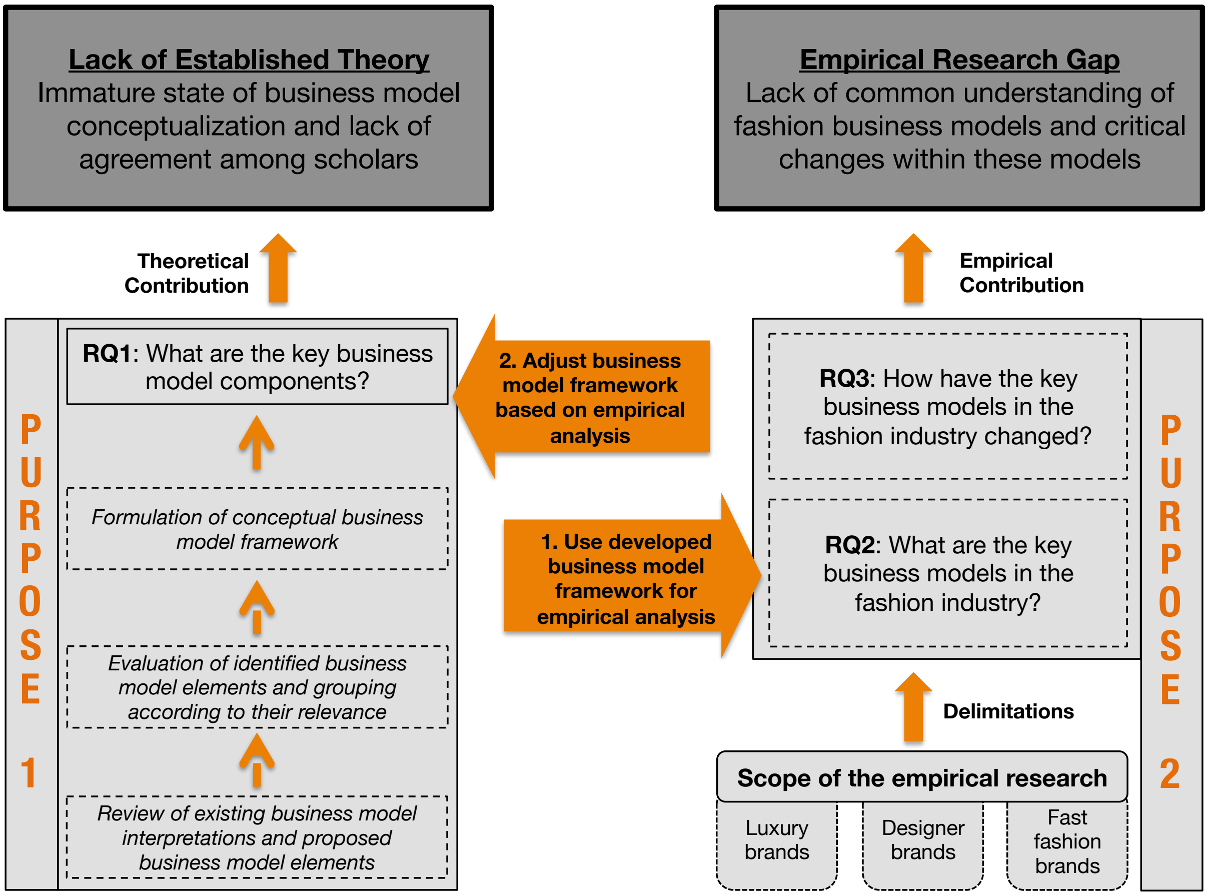
RQ3: How have the key business models in the fashion industry changed?

In order to answer these research questions, a qualitative study based on semi-structured interviews of fashion industry experts and an extensive review of secondary data was carried out. In-depth investigation was delimited to three fashion segments: luxury brands, fashion designer brands and fast fashion retailers. A more detailed description of the fashion industry structure and reasoning for the choice of focus-segments are provided in sections 2.2. and 2.3.

1.2. Knowledge Contribution Objectives

Contribution objectives of this thesis can be divided into two categories: theoretical and empirical (Figure 1). By approaching existing business model research in a systematic way the goal is not only to review and evaluate existing literature, but also to add knowledge to the developing business model theory. This is delivered by formulating a conceptual business model framework.

Figure 1. Research design and contribution



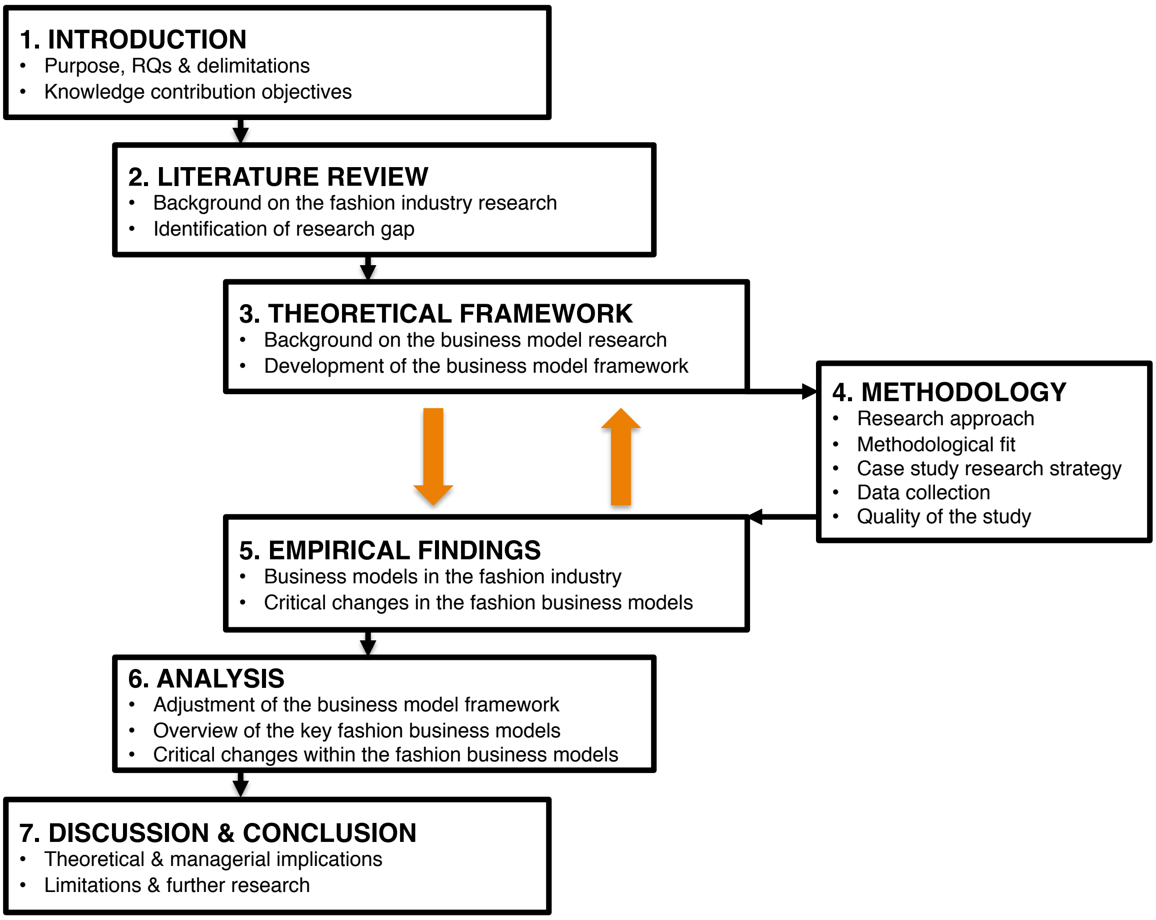
Further the developed business model framework is used as a tool for empirical investigation. The aim of the empirical investigation is to describe and explain the key business models in the fashion industry, and above all to evaluate how these business models have changed over time. Furthermore, as this is one of the first academic attempts to explore the newly developed See-Now, Buy-Now approach, this thesis provides first grounds for further investigation of this concept.

Finally, to further address theoretical research gap, learnings acquired during the empirical investigation are referred back to the newly developed business model framework. This means that the empirical investigation is used to further assess and improve the conceptual business model framework.

1.3. Research Outline

This thesis consists of seven main sections: Introduction, Literature Review, Theoretical Framework, Methodology, Empirical Findings, Analysis, and Discussion and Conclusion. The thesis content roadmap is visualized in Figure 2.

Figure 2. Thesis content roadmap



2. Fashion Industry Literature Review

In order to provide a background for the investigation, the following sections introduce to the development of the fashion industry (2.1.), describe the fashion industry structure today (2.2.) and identify gaps in the existing research on business models in fashion (2.3.).

2.1. Development of the Fashion Industry

The fashion industry structure, as we know it today, is a recent phenomenon. Starting from the end of the Second World War and up to 1970s seasonal fashion was associated only with womenswear in *haute couture* and *prêt-à-porter* segments (Corbellini & Saviolo, 2009). After the Second World War, French *haute couture* companies started to attract substantial financial investments and introduced licensing of new product categories to differentiate risk and acquire additional sources of income. In the 1960s the market of *haute couture* started to shrink steadily, while casual wear and youth clothing sales skyrocketed. For both *haute couture* and *prêt-à-porter* brands, clothing was primarily used to build a prestigious brand image while product licensing and perfumes became the major source of revenue. Similarly today *haute couture* often represents loss, but many fashion houses keep this segment for brand building purposes and facilitation of ready-to-wear lines' sales (Crane, 1997; Corbellini & Saviolo, 2009).

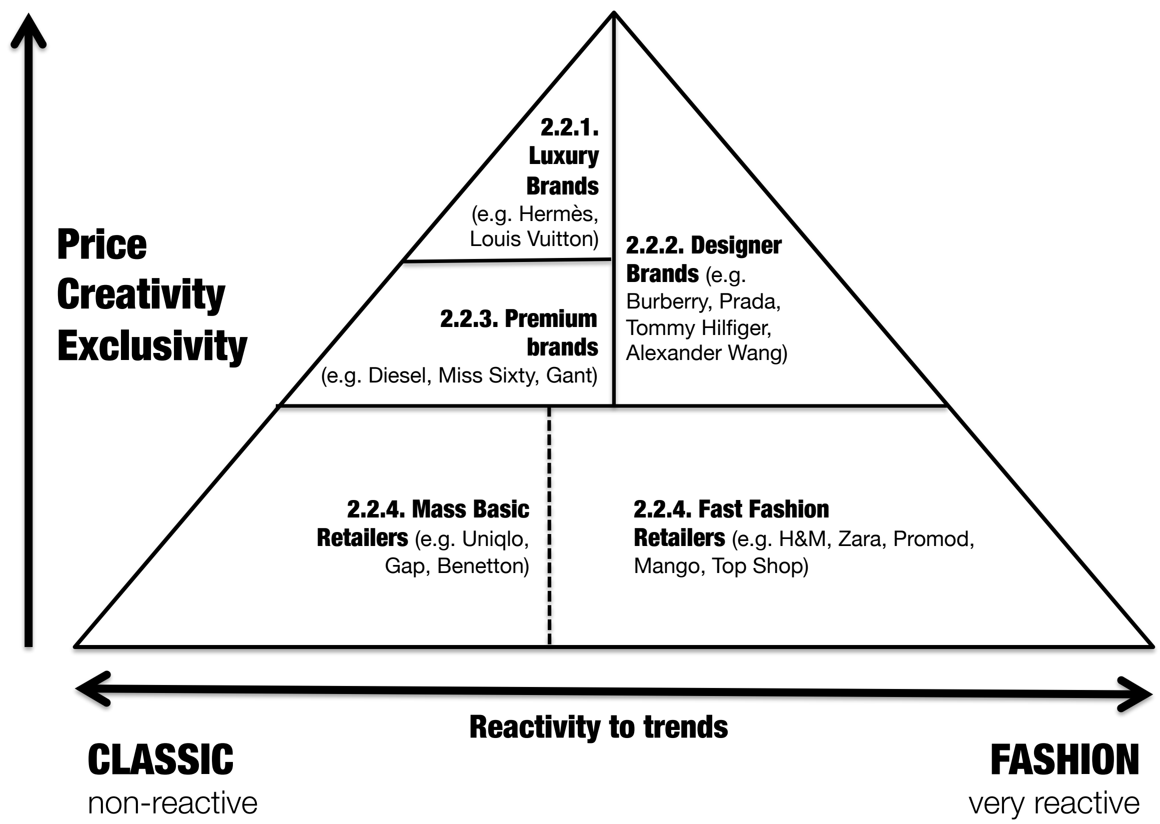
Starting from the 1980s, some of the most significant changes in the fashion industry were caused by the tremendous growth of vertical retailers in the mass market. This imposed completely new value proposition and business logics. If before the mass market was characterized mainly by low fashionability and low price, brands such as H&M and Zara brought significant innovation by introducing a continuous flow of fashionable items at very affordable prices in wide-spread chains of stores. This is how the business model of fast fashion was born (Corbellini & Saviolo, 2009).

Traditionally, fashion shows were primarily restricted to buyers, media representatives, designers and other industry insiders. Starting from the 1990s, fashion shows became open to the public. This led to a demystification of the fashion process and increased availability of the upcoming trends to the general public. As a result, fashion-conscious consumers were exposed to new trends very early and fast fashion producers had enough time to absorb, interpret and deliver to stores the upcoming trends in their product lines much faster than the designer brands that initially created the trends (Bhardwaj & Fairhurst, 2010). This facilitated an increasing competition and pressure within the industry. To satisfy a growing demand for variety among consumers, the concept of updating the product range and adding additional collections within existing seasons emerged across various market segments. This development was relevant not only for the fast fashion segment, but also for many other segments, which inevitably led brands to increase "number of seasons" and thus, deliveries of new products to stores (Corbellini & Saviolo, 2009). Such emergence of small collections has been encouraging consumers to visit stores much more often, following the idea "Here Today, Gone Tomorrow" (Bhardwaj & Fairhurst, 2010). Media actively encourages this development – instead of covering new season trends twice a year as before, fashion magazines started to advertise new trends on a monthly basis encouraging consumers to buy more (Corbellini & Saviolo, 2009).

2.2. The Fashion Industry Structure

Nowadays, the fashion industry is very diverse. In terms of price, creativity and exclusivity it can be visualized as a pyramid, where the most expensive, creative and exclusive brands are placed on the top of the pyramid (Figure 3). Another important distinguishing factor is a degree of reaction towards fashion trends and seasonality (Saviolo, 2014a). Brands, that are less reactive to fashion trends and changing seasons, are placed on the left. On the right side of the

Figure 3. Fashion industry structure (based on Corbellini & Saviolo, 2009; Saviolo, 2014a)



pyramid there are brands that are either creators of fashion trends (designer brands) or immediate followers of emerging trends (fast fashion retailers). In the following paragraphs each of the fashion industry pyramid parts is described in more detail.

2.2.1. Luxury Brands

The concept of luxury is connected to features such as elitism, extravagance, prestige (Dubois & Czellar, 2002), legacy, heritage, craftsmanship and timelessness (Saviolo, 2014b; 2014c). The desirability of luxury brand exceeds its functional value and provides the owner with a perceived heightened status through ownership. Typically, luxury brands are characterized by natural or artificially created scarcity due to restricted distribution (Jackson & Haid, 2002; Dubois & Czellar, 2002).

The luxury goods segment is one of the oldest in the fashion industry. It originated in France and most of the luxury houses started in the leather goods business, such as Louis Vuitton and Hermès, or in jewels, so called hard luxury, such as Bulgari and Cartier (Corbellini & Saviolo, 2009; Saviolo, 2014b). Nowadays, product categories that form the luxury segment are accessories, such as leather goods, silk items and shoes; apparel, which traditionally relates to *haute couture* and *prêt-à-porter*; perfumes and cosmetics; and jewelry and watches. These days, luxury companies use apparel mostly for marketing purposes, supporting the core luxury business of accessories that offer higher margins and form the most significant share in terms of sales value and turnover (Corbellini & Saviolo, 2009). Nowadays, the luxury sector is very much concentrated with the top four brands: Louis Vuitton, Gucci, Hermès and Coach. In addition, fashion designer companies such as Prada, Versace and Armani are moving into luxury, offering exclusive lines. Brands that started as luxury brands typically do not expand in any line extensions to remain exclusive. Instead, it is more usual to enter new product categories (Corbellini & Saviolo, 2009).

The main difference between luxury and pure fashion brands is reactivity to trends. Luxury products are classic and timeless. Nothing is fast about luxury brands – production, delivery to market and even consumption are supposed to take time (Saviolo, 2014d). Luxury companies are always vertically integrated in terms of both manufacturing and retail. This is done in order to control every part of the value chain. Retail is fundamentally important, as due to limited availability this is a central place for presenting the brand (Corbellini & Saviolo, 2009).

In terms of governance, there are two main models: independent brands and brands that are included in the portfolio of luxury conglomerates. The format of luxury conglomerates developed during the last 15 years (Saviolo, 2014e). The leading luxury conglomerates today are LVMH, Kering and Richemont (Corbellini & Saviolo, 2009). The main advantages of being part of a luxury conglomerate are increased negotiation power, knowledge transfer and economies of scale (Saviolo, 2014e). Moore and Birtwistle (2005) refer to all these benefits as "parenting advantage".

In conclusion, the research body on luxury business models is not sufficient. Although there are plenty of works exploring the concept of luxury (for example, Kapferer & Bastien, 2012), where fashion products are just a part of the overall concept, there is lack of works that focus particularly on luxury fashion. Further, in terms of research perspective, most of the works focus on marketing of luxury brands (for example, Bruce & Kratz, 2007; Miller & Mills, 2012; Vickers & Renand, 2003) especially taking the consumer perspective (for example, Fionda & Moore, 2009; Nia & Lynne Zaichkowsky, 2000; Vigneron & Johnson, 1999; Phau & Prendergast, 2000). There is a considerable number of studies that have taken a case study approach to investigate particular luxury brands (for example, Jackson & Haid, 2002; Moore & Birtwistle, 2005; Moore & Doyle, 2010). However, none of these studies provides an explicit discussion about the luxury fashion business model. Therefore, there is serious lack of works exploring luxury fashion business model.

2.2.2. Designer Brands

Designer brands are mainly competing in *couture* and *prêt-à-porter* product segments, with a main competence in fashion clothing. The value proposition of these brands is based on prestige and the image of the brand's designer. The designer is responsible for creating new trends and assuring that the brand is consistent in its product offering (Corbellini, 2014). Designer brands are associated with very high quality and seasonal collections that are presented through fashion shows (Corbellini & Saviolo, 2009).

Designer brands originated from small designer shops or fashion houses. As a result of growth, designers entered licensing agreements with external partners for manufacturing and distribution of their products (Corbellini, 2014). Based on these agreements, licensing partners produced and distributed some parts of apparel collections on designers' behalf, but mostly focused on fragrances, accessories and eyewear (Corbellini & Saviolo, 2009). When the business started to grow and it became harder to control and ensure quality, many designer brands decided to step away from the license agreements and take direct control over their clothing lines. Nowadays, licensing is still important, but mostly in categories other than clothing, such as fragrances and eyewear (Corbellini, 2014).

Quite a typical feature for designer brands was the creation of line extensions with the aim of delivering their creativity in more accessible or youth-oriented lines. Some of the examples are Emporio Armani and Armani exchange, D&G, Valentino Red and MiuMiu (Corbellini & Saviolo, 2009). In the past, these secondary lines were a major source of revenues for fashion designers. However, this has changed over the years. On the one hand, fast fashion retailers started to offer more sophisticated and fashionable products at much more affordable prices (Bhardwaj & Fairhurst, 2010). On the other hand, the competition among the primary lines intensified as well. As a result of this, many brands realized, that in order to remain competitive, they needed to remain focused in terms of design, investments and resources. Instead of investing in two fashion shows, advertising campaigns and retail, they switched their attention to the master brand (Corbellini, 2014).

In conclusion, the research body examining designer brands mainly consists of separate case studies on individual brands (for example, Moore & Wigley, 2004; Moore & Birtwistle, 2004). While these research works are valuable for obtaining a perspective on designer brands in general, there is an evident shortage of studies focusing on designer brands' business model. Although Moore and Birtwistle (2004) examined the business model of the designer brand Burberry, they never substantiated their understanding of the business model concept and business model components. Therefore, the existing research body on designer brands business model is insufficient.

2.2.3. Premium Brands

This segment is quite wide and is mostly positioned in the medium price range. Premium brands are usually not involved in production and retail, but are focused on controlling the brand concept. These brands are not very responsive to fashion trends or seasonality. Among the most important values offered to consumers are price-to-quality ratio and brand image. This is one of the most heterogeneous segments within the fashion industry (Corbellini & Saviolo, 2009).

It is rather difficult to identify a sufficient number of common characteristics that are particularly relevant for premium brands. Due to the heterogeneity and lack of strong, particularly successful brands in this segment, the research body of premium brands is limited. In order to explore premium brands' business model, a better understanding of common brands' characteristics within the segment should be established. To address the heterogeneity of premium brands, the segment might need to be divided into smaller sub-segments, to achieve formulation of precise common characteristics. The limited time frame intended for this thesis does not support undertaking this responsibility in addition to the already formulated research purposes. Therefore, the premium brands segment, due to its heterogeneity and lack of common characteristics, is excluded from the in-depth investigation of this thesis.

2.2.4. Mass Basic Retailers and Fast Fashion Retailers

Historically, mass market used to be a very homogenous segment. The key value proposition for customers was the lowest price in the market and for the company, the main focus was achieving low costs (Corbellini & Saviolo, 2009). However, this was changed when companies such as Zara and H&M started to segment the mass market by offering different product lines and significantly shortening the design-to-retail cycle. Inditex, the owner of Zara, describes its business thinking as "creativity and quality design together with rapid response to market demands" (Crofton & Dopico, 2012). Instead of following the traditional fashion business model with seasonal collections and a several months long design-to retail cycle, Inditex operates over one hundred subsidiaries, has vertically integrated design, just-in-time production, distribution and retail, allowing it to provide quick responses to customer demands and affordable prices. The fast fashion concept introduced by Zara and later applied by many other mass market brands changed the fashion industry (Crofton & Dopico, 2012). This business model is characterized by short product lifecycles, an efficient supply chain and a fast turnover of products (Corbellini & Saviolo, 2009).

Nowadays, the overall mass market is shared between mass basic retailers and fast fashion retailers. Both segments are focusing on low price. Contrary to fast fashion retailers, mass basic retailers are not reactive to fashion trends or seasonality. This is done mainly by offering basic items, such as, for example, t-shirts and sweaters. As there is no need to deliver trendy items to the market, mass basic retailers do not need to speed up their supply chain (Corbellini & Saviolo, 2009).

Most of the fast fashion companies are vertical retailers. This means that they have complete control over the whole value chain, including design, manufacturing, logistics and distribution (Saviolo, 2014f). Collections are designed by internal design teams. In the case of Inditex, over three hundred designers continuously seek information about emerging trends by attending fashion shows, looking through magazines and social media accounts of fashion opinion leaders and analyzing streetstyle photographs from larger events (Crofton & Dopico, 2012). Further, to ensure a quick response to the market demand, fast fashion retailers have developed a detailed quantitative information gathering system from the point-of-sales (Saviolo, 2014f). In the case of Inditex, retail stores send to headquarters detailed information on daily sold items distinguished by style and color. This information is directly analyzed and used for further production and supply planning. This results in Inditex delivering new products to all of the group's stores twice a week (Inditex, n.d.).

Since all the design and production decisions follow an established analysis procedure and the quantities of the same kind of product are relatively small, sales risks are limited. Moreover, small deliveries twice a week eliminate the need for large stocks in stores (Crofton & Dopico, 2012). Profitability is achieved by a large overall sales quantity and collecting margins that are usually shared between producer and retailer (Corbellini & Saviolo, 2009).

Across different fast fashion brands there are several key differences that lead to slightly different business models. Zara is fully vertically integrated. Compared to most of the other brands, that although control but outsource manufacturing, Zara has most of its own manufacturing facilities in Europe. This allows Zara to be the fastest brand to market, resulting in an only two-week delivery time to the store floors. H&M and Gap do not own factories, but instead have sourcing and production offices close to their network of suppliers. Further, companies such as Mango and Benetton do not own retail network, instead they are based on franchising agreements (Crofton & Dopico, 2012; Saviolo, 2014f).

In conclusion, from all market segments, mass market in the form of fast fashion retailers is covered in the literature most. This is explained by the fact that fast fashion is a relatively new development within the mass market, though its innovative approach to business has affected the whole fashion industry. There is a considerable number of works aiming to explain the fast fashion concept and its business model (Bhardwaj & Fairhurst, 2010; Caro & Martínez-de-Albéniz, 2014). As in the fast fashion segment there are two very strong and explicit leaders, Zara and H&M, considerable amount of works have taken case-study approach to explain the fast fashion concept (Crofton & Dopico, 2012; Sull & Turconi, 2008; Regnér & Yildiz, 2014). Some studies refer to the term "business model" throughout their works. However, very often the business model concept is used and referred to in a very vague and undefined manner. This means that despite using the term "business model", authors often fail to define what they actually mean by the business model concept and distinguishing description of business model from description of overall fast fashion segment. For example, in their case Regnér & Yildiz (2014) refer to the business model concept when describing several fast fashion brands, but there is little coherence between how these business models are described and what the business model components are. Therefore, despite considerable research efforts devoted to exploring the concept of fast fashion, the amount of works taking business model perspective is still very limited, sequentially, identifying research gap.

2.3. Conclusion and Research Gap

The literature review has highlighted some key differences among the main fashion industry segments. While existing academic contributions on the fashion industry are important, just a few aimed to provide an explanation of one or several fashion business models. The literature review on the luxury segment showed that the research body on luxury business model is very limited. While some studies aimed to describe designer brands business model taking a case study approach (for example, Moore & Birtwistle, 2004), the research area on designer brands business model is still underrepresented. From all reviewed segments, fast fashion retailers are studied the most. Nevertheless, these studies lack sufficient explanation of the fast fashion retailers' business model. Although several studies refer to the business model concept, the term lacks definition and explanation.

Therefore, the literature review shows that there is a clear shortage of works aiming to explain business models within the fashion industry. The second purpose of this thesis, which aims to establish an understanding of the key fashion business models, addresses this research gap. However, to provide a detailed investigation of this underrepresented area, it is necessary to develop a coherent business model framework. This is addressed by the first purpose of this thesis. Therefore, in the next section (3.), the conceptual business model framework is presented.

Following the findings of the literature review, investigation of this thesis is focused on the three main fashion industry segments: luxury brands, designer brands and fast fashion retailers. Fast fashion retailers have emerged from the mass basic retailers segment and most of the fast fashion brands still have product lines that are characteristic to the mass basic retailers segment. Therefore, the mass basic retailers business model is briefly covered while discussing the fast fashion business model. The remaining fashion industry segment, premium brands, is excluded from the research scope of this thesis due to considerable heterogeneity of brands within the segment.

3. Theoretical Framework

In this section, based on previous research on business models, a conceptual business model framework is developed. The section starts with providing a critical overview on existing business model interpretations within strategic management research (3.1.). Then the approach to framework development is explained in detail and the developed conceptual framework is presented (3.2.).

3.1. Business Model Definitions within Strategic Management Research

Although the term “business model” is raising increasing interest of researchers and practitioners, the business model literature is still immature (Teece, 2010). Following quite general and intuitive thinking based on a strategic management perspective, a business model can be described in terms of how an organization operates to create value for its stakeholders and achieve its goals such as, for example, growth and profitability (Casadesus-Masanell & Ricart, 2010; Massa, et al., 2017). Going beyond such an intuitive approach leads to discovering a variety of different business model interpretations. Although the concept of business model draws significant attention among both researchers and practitioners, a common and widely accepted definition is yet to be developed (Chesbrough & Rosenbloom, 2002; Shafer, et al., 2005; Zott, et al., 2011).

Overall, the business model has been referred to as a conceptual tool or model (Osterwalder et al., 2005), framework (Chesbrough & Rosenbloom, 2002), logic of a firm (Teece, 2010), a story (Magretta, 2002), structural template (Zott & Amit, 2008) and representation (Arend, 2013). Among the existing attempts to conceptualize the term, there are descriptions of business model elements (for example, Teece, 2010; Shafer et al., 2005), empirical studies of real organizations (for example, Chesbrough & Rosenbloom, 2002) and formulations of critical differences between strategy and business model concepts (for example, Casadesus-Masanell & Ricart, 2010; Osterwalder et al., 2005; Zott & Amit, 2008). A summary of the definitions that are often referred to in literature is presented in Table 1.

Table 1. Selected definitions of the business model

Authors	Definition
Magretta, 2002	"… stories that explain how enterprises work. A good business model answers Peter Drucker's age-old questions: Who is the customer? And what does the customer value? It also answers the fundamental questions every manager must ask: How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?"
Chesbrough & Rosenbloom, 2002	"The business model provides a coherent framework that takes technological characteristics and potentials as inputs, and converts them through customers and markets into economic outputs. The business model is thus conceived as a focusing device that mediates between technology development and economic value creation."
Morris, Schindehutte & Allen, 2005	"A business model is a concise representation of how an interrelated set of decision variables in the areas of venture strategy, architecture, and economics are addressed to create sustainable competitive advantage in defined markets."
Zott & Amit, 2008	"The business model is a structural template that describes the organization of a focal firm's transactions with all of its external constituents in factor and product markets."
Osterwalder, Pigneur & Tucci, 2005	"A business model is a conceptual tool that contains a set of elements and their relationships and allows expressing the business logic of a specific firm. It is a description of the value a company offers to one or several segments of customers and of the architecture of the firm and its network of partners for creating, marketing, and delivering this value and relationship capital, to generate profitable and sustainable revenue streams."
Johnson, Christensen & Kagermann, 2008	"A business model, from our point of view, consists of four interlocking elements that, taken together, create and deliver value." These elements are: customer value proposition, profit formula, key resources, key processes.
Teece, 2010	"A business model articulates the logic and provides data and other evidence that demonstrates how a business creates and delivers value to customers. It also outlines the architecture of revenues, costs, and profits associated with the business enterprise delivering that value."
Zott & Amit, 2010	"The business model describes the system of interdependent activities that are performed by the firm and by its partners and the mechanisms that link these activities to each other."
Casadesus-Masanell & Ricart, 2010	"Business Model refers to the logic of the firm, the way it operates and how it creates value for its stakeholders."
Doz & Kosonen, 2010	"Business models can be defined both objectively and subjectively. Objectively they are sets of structured and interdependent operational relationships between a firm and its customers, suppliers, complementors, partners and other stakeholders, and among its internal units and departments (functions, staff, operating units, etc.). […] But, for the firm's management, business models also function as a subjective representation of these mechanisms, delineating how it believes the firm relates to its environment. So business models stand as cognitive structures providing a theory of how to set boundaries to the firm, of how to create value, and how to organize its internal structure and governance."
Baden-Fuller & Haefliger, 2013	"… a system that solves the problem of identifying who is (or are) the customer(s), engaging with their needs, delivering satisfaction, and monetizing the value."
Johnson, et al., 2017	"A business model describes a value proposition for customers and other participants, an arrangement of activities that produces this value, and associated revenue and cost structures"
Massa, Tucci & Afuah, 2017	"[…] a description of an organization and how that organization functions in achieving its goals (e.g., profitability, growth, social impact…)"

This overview of business model definitions clearly shows that the existing research body lacks coherence and agreement on business model conceptualization. On the one hand, there are definitions that refer to the business model as a way of thinking, story, logic and representations of the focal firm (for example, Teece, 2010; Magretta, 2002; Arend, 2013; Massa et al., 2017), thus, defining the term in a rather broad and vague manner. On the other hand, there is a considerable number of definitions that provide their view on key business model components (for example, Teece, 2010; Shafer et al., 2005; Osterwalder et al., 2005; Johnson et al., 2017). Since the spectrum of different views is rather broad, it is difficult to highlight superiority of one set of views over other. Therefore, to establish a coherent business model framework, existing literature is reviewed and evaluated to identify critical business model components. The approach towards the creation of a conceptual business model framework is described in the following sub-section (3.2.).

3.2. Developing Conceptual Business Model Framework

Due to its immaturity and the lack of agreement within business model conceptualization, the first purpose of this thesis attempts to establish a coherent business model framework. To address this purpose, an extensive literature review is done to identify key business models components presented by the previous studies. The following paragraphs present the approach in more detail and summarize the results of the literature review.

3.2.1. Approach to framework development

Inspired by the methodology formulated by Gioia, Corley and Hamilton (2012), the existing business model studies were evaluated with an aim to identify critical business model components. The process started with identifying and reviewing previous studies that aimed to describe and conceptualize a business model definition. This was done by searching articles related to the term “business model” in Google Scholar. The resulting set of articles was reviewed based on the number of citations and ranking of the publishing journals. Next, the selected articles were reviewed with an aim to identify business model components proposed by existing business model literature. Gioia et al. (2012) refer to this stage as identifying first order concepts. Further, the vast amount of identified components were critically reviewed and, based on similarities, grouped in so-called second-order themes. Finally, the identified second-order themes were further evaluated and, based on logical coherence, grouped in the aggregate dimensions (Gioia et al., 2012). These dimensions were put together to form a conceptual business model framework (Figure 4).

3.2.2. Defining key business model components

Using the approach described above, a wide range of business model elements were reviewed and organized in five aggregate dimensions: value creation, value configuration, value capture, value network and strategy (Figure 4).

Figure 4. Review of business model elements

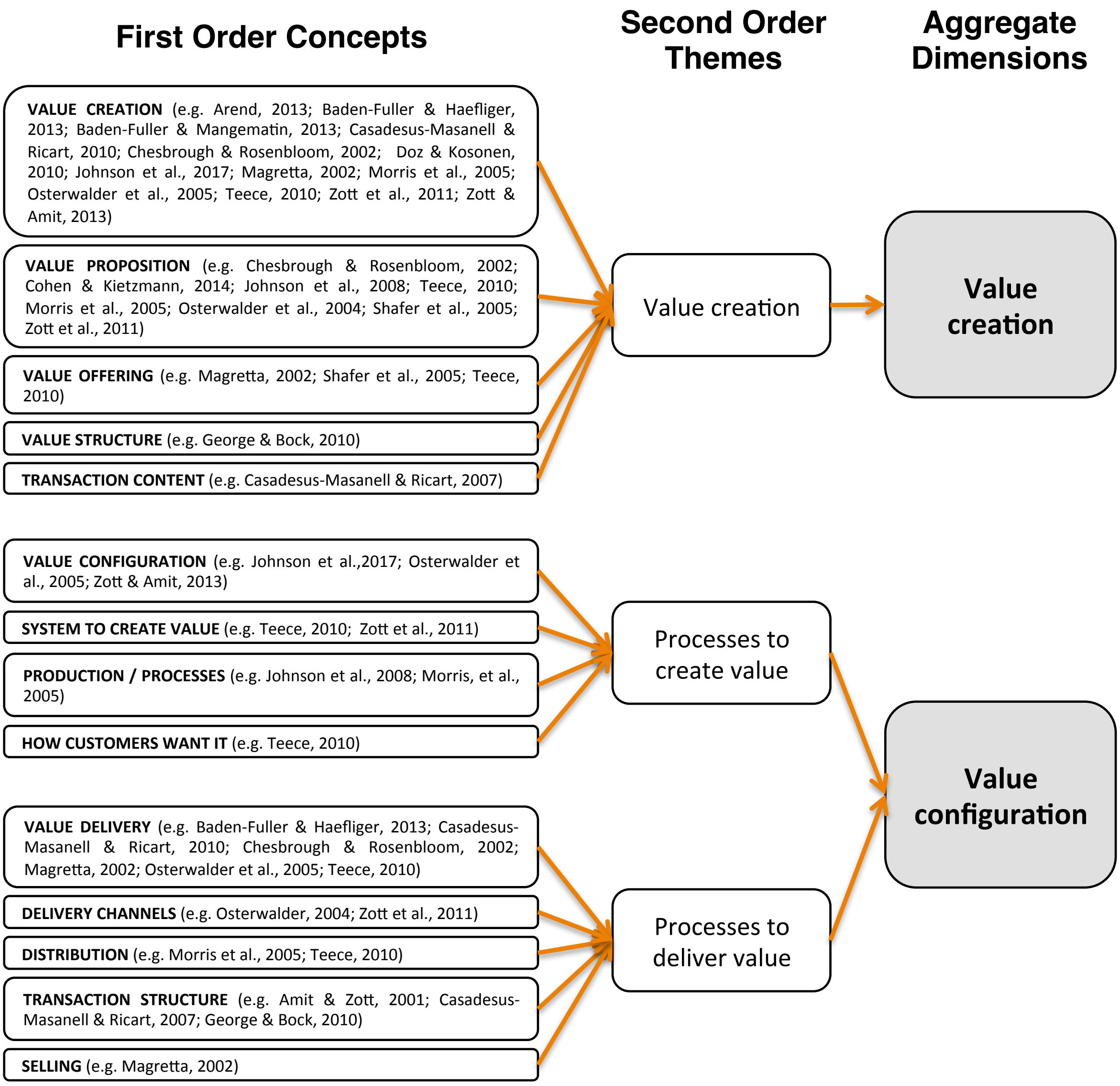
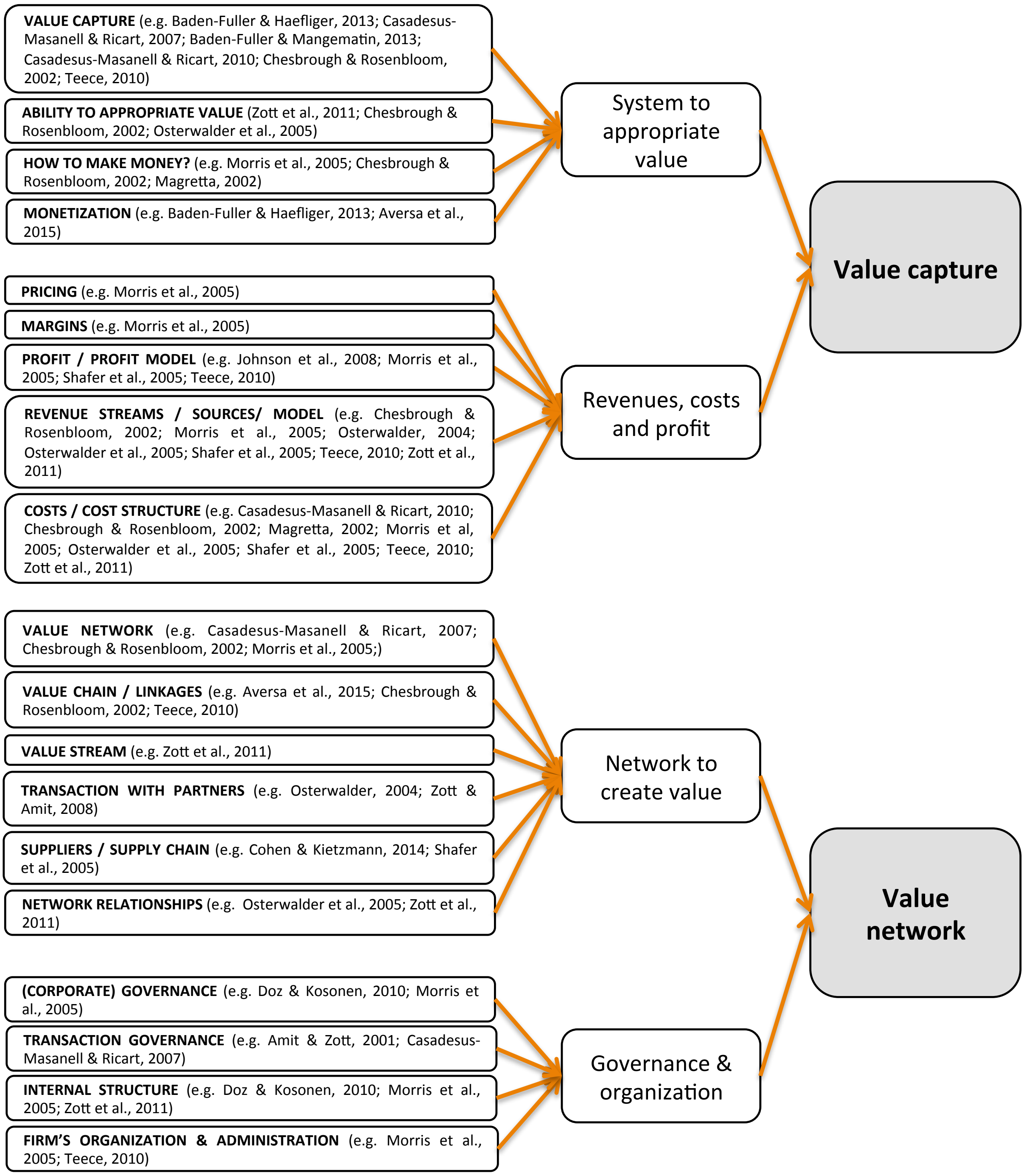


Figure 4 (continued)



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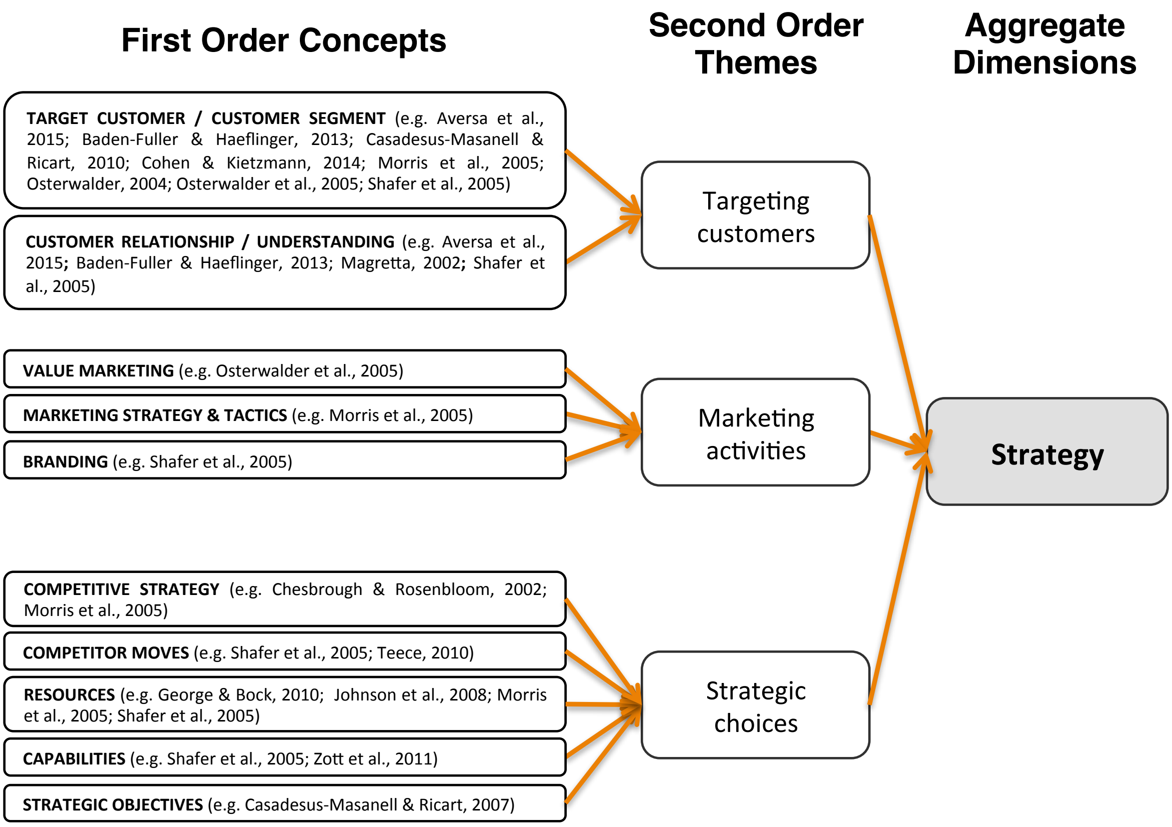


Throughout the existing business model literature, value creation is a component that is referred to the most. While often this element is also called "value proposition" or "value offering", the conceptual idea behind these names is the same – value creation represents *what* the particular proposition of the firm aiming to address customer problems and needs is.

The second aggregate dimension identified is value configuration. In line with the first order concepts identified in previous studies, value configuration consists of two main themes – processes needed to create value and processes employed to deliver value to customers. Therefore, value configuration explains different processes, activities and resources needed to connect consumers with the created value through, for example, production, delivery channels, distribution, technology and sales activities.

The third aggregate dimension is value capture. On the one hand, value capture describes measures as, for example, revenue, costs, margins and profit. On the other hand, it explains activities and processes that enable value appropriation and split between the focal firm and other stakeholders.

The fourth aggregate dimension is value network. It explains who and what are the different parties of a value chain and how they are organized among themselves. Therefore, value network describes the linkages among the processes and involved parties, as well as overall governance and organization within the focal firm and with external partners.

The fifth aggregate dimension consists of consumer targeting, marketing activities and strategic choices. All these three categories are very much related to establishing the focal firm's positioning within the market. Therefore, this aggregate dimension is called strategy.

3.2.3. Business model and strategy

One of the main critiques and confusions regarding the business model concept is the lack of clarity in terms of how it differs from the theory of strategy. Often, both terms are used interchangeably (Magretta, 2002; Massa et al., 2017). To limit confusion, it is important to establish a clear understanding and distinction between the two constructs.

Casadesus-Masanell and Ricart (2010) argue that, while a business model describes the logic in terms of how a company operates and creates value, strategy addresses the particular business model chosen to compete in the market. Therefore, a business model reflects the firm's implemented strategy. On a general level, a business model can be seen as a snapshot, while strategy should always include execution and implementation parts (Osterwalder et al, 2005).

Usually, it should be relatively easy for competing firms to imitate a successful business model. Furthermore, a successful business model often becomes the best practice of the industry and, sooner or later, is shared among multiple competitors (Teece, 2010; Johnson et al., 2017). Even though firms can share the same business model, their strategies in the market can still differ (Johnson et al., 2017). While the main aim of a business model is to describe the system of how separate pieces within a company work together, it is the task of strategy, to account for competition and formulate a relevant positioning in the market (Chesbrough & Rosenbloom, 2002; Magretta, 2002; Zott & Amit, 2008). In essence, strategy is supposed to explain how the firm will perform better than its competitors.

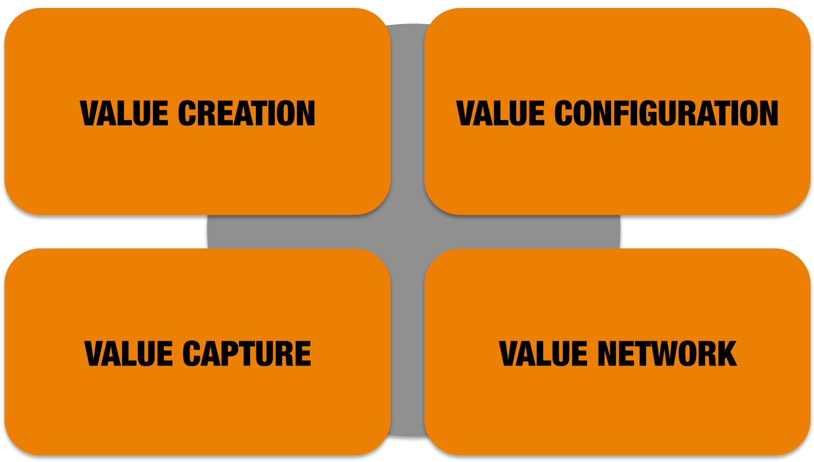
In sum, the business model can be seen as a snapshot describing the way a firm operates. While the business model focuses on the mechanism of the firm, it does not aim to explain the firm's results in the market. Contrary to this, the key variable for strategy is competitive advantage. This means that the aim of the strategy is to position the focal firm in a competitive setting within the marketplace and describe in what ways the focal firm will outperform its competition in terms of, for example, profit, sales or market share.

3.2.4. Preliminary business model framework

The business model literature review identified five main aggregate dimensions addressed as business model components, namely value creation, value configuration, value capture, value network and strategy. Although some of the authors refer to strategic elements, such as, for example, marketing, competitive strategy and targeting consumers, most of the researchers prefer distinguishing business model and strategy concepts and exclude strategic elements from their formulation of business model framework. Following the arguments presented in the previous sub-section (3.2.3.) this thesis embraces the logic that business model and strategy concepts should not be confused or used interchangeably. Therefore, to address the identified lack of coherent business model conceptualization, the focus of this thesis is set particularly on investigating the business model concept. Sequentially, the strategy dimension is excluded from the five aggregate dimensions identified during an extensive literature review.

The resulting conceptual framework consists of the four elements: value creation, value configuration, value capture and value network (Figure 5). Compared to the previous research, the resulting framework resembles the one formulated by Johnson et al. (2017). Their proposed construct consists of value creation, value configuration and value capture, but lacks the fourth dimension proposed here – value network.

Figure 5. Developed theoretical business model framework



This business model framework, that is developed based on extensive literature review, is only a preliminary construct. Further, this framework is assessed by applying empirical data of the fashion industry. After “testing” the preliminary framework with the data, adjustments are made. The resulting adjusted business model framework is presented and discussed in the section 6.1.

4. Methodology

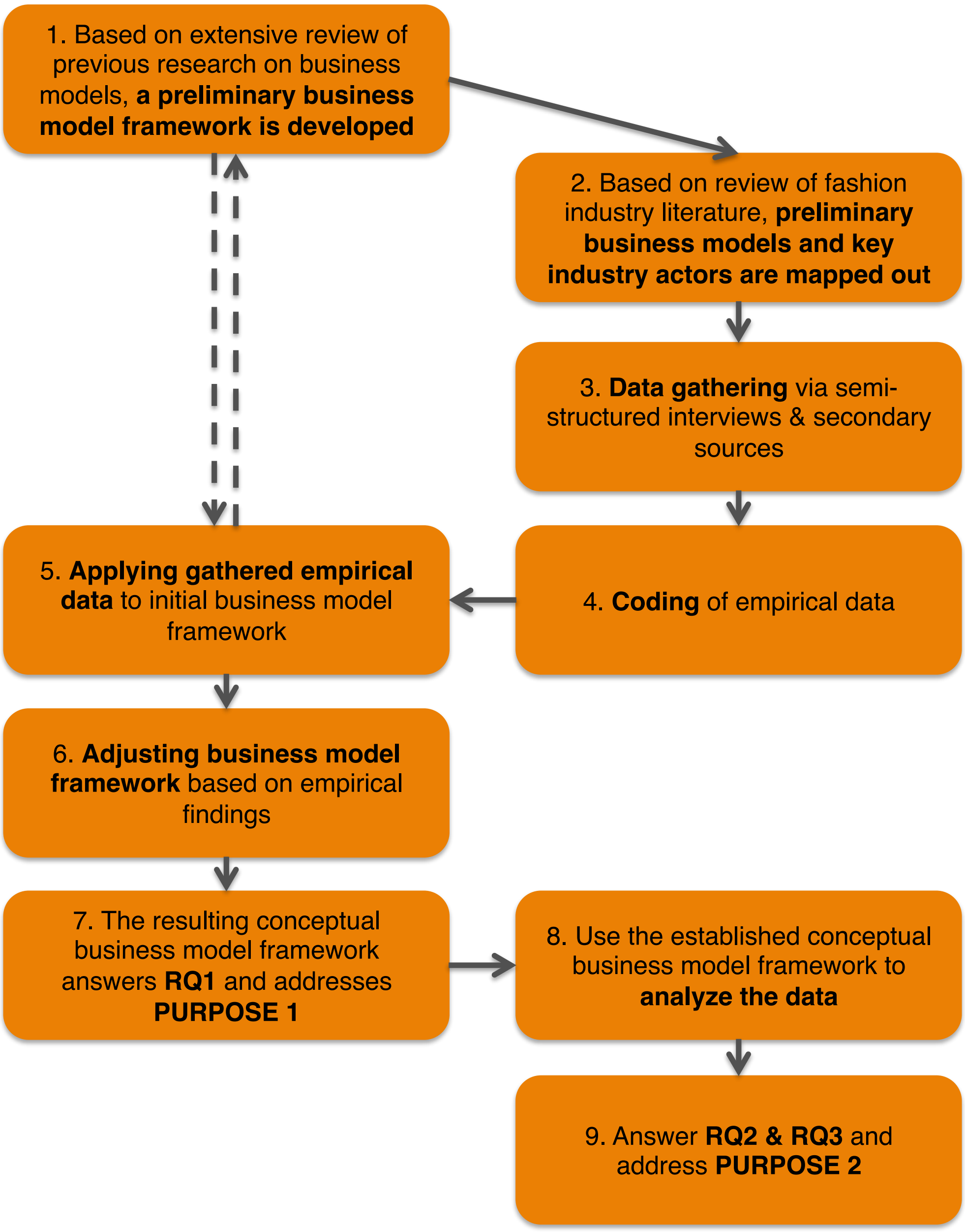
Following guidelines for a research paradigm structure by Saunders, Lewis & Thornhill (2009), this section explains the logic behind the empirical research approach (4.1.), motivates the choice of qualitative research methodology (4.2.) and case study research strategy (4.3.). Further, the approach to data collection, processing and analysis is presented in detail (4.4.). At the end of this section the quality of the study is assessed (4.5.).

4.1. Research Approach

A research approach determines logics behind a combination of existing theory and gathered empirical evidence for the purpose of investigation (Saunders, Lewis & Thornhill, 2009). While a deductive approach starts with existing theory and uses empirical evidence as a tool to test this theory, an inductive approach prioritizes empirics to construct new theories (Flick, 2014). The third way of conducting research is using an abductive approach, which requires "going back and forth" between the theoretical framework and empirical findings to discover new relationships and generate new concepts, rather than confirm existing theory (Dubois & Gadde, 2002). A major difference between the abductive approach and both inductive and deductive studies is the role and use of the theoretical framework. In abductive studies, evolvement of the original framework due to gained empirical insights is expected. Several authors (Dubois & Gadde, 2002; Flick, 2014) argue that the application of an abductive approach facilitates an expansion of both theoretical and empirical knowledge. Taking into account that the purpose of this research is equally distributed between theoretical and empirical goals, the abductive research approach has been determined to be most suitable for this thesis. For the purposes of this study, following an abductive research approach allows to contribute to the developing business model theory and to establish a better understanding of business models in fashion.

In line with abductive research logic, Dubois and Gadde (2002) propose a concept of systematic combining as "a non-linear, path-dependent process of combining efforts with the ultimate objective of matching theory and reality", during which both theory and the analytical framework are constantly confronted with empirical findings. This way, systematic combining ensures a process where the theoretical framework, empirical fieldwork and a case analysis develop simultaneously (Dubois & Gadde, 2002). Glaser (1978, as cited in Flick, 2014) argues, that instead of forcing empirical findings to fit a preconceived framework, it should be used as a tool to reassess the pre-defined categories and be updated if needed. This approach, focusing on simultaneous development of theory and empirics, was a guiding principle in developing the research design of this thesis (Figure 6).

Figure 6. Overall research design



The research processes started with an extensive review of the business model literature and development of a preliminary version of a conceptual business model framework (this process was explained in more detail in sub-section 3.4.). Next, the fashion industry literature was reviewed to map out preliminary fashion business models and identify key industry actors. This allowed for an identification of the key people to be approached for data gathering, both within fashion companies and in the industry in general. Empirical data was gathered through both semi-structured interviews and a review of secondary sources. The gathered data was coded and applied to the developed business model framework. This way, the preliminary framework was assessed using empirical data, and then adjusted accordingly. The resulting conceptual framework answered the first research question and addressed the first purpose of this thesis. Further, the developed conceptual business model framework was used for empirical data analysis answering the second and third research questions and, therefore, addressing the second purpose of this thesis.

4.1.1. Triangulation

Research decisions made in this thesis were based on the concept of triangulation. There are four main types of triangulation - data, investigator, theory and methodological (Denzin, 1970, as cited in Flick, 2014). While it was not possible to achieve investigator triangulation for this thesis, as the research was done by one person only, it was attempted to achieve triangulation in the other three types. For data triangulation, different data sources were used in terms of time, space and people (Flick, 2014). This was done by combining interviews of brand representatives and industry experts working in different companies, positions and locations. Further, an extensive review of secondary data sources was done to supplement primary data findings. The selected approach towards business model theory secured theory triangulation: instead of just applying one of the many views, this study is based on aggregated concepts, formulated by studying different perspectives on business model conceptualization. Finally, the methodology of this research is based on continuous juxtaposition of theory and empirical findings, leading to a regular reassessment of the results and, thereby, to methodological triangulation.

4.2. Methodological Fit

Taking into account that the research body on business models in fashion is limited, this study follows an exploratory purpose (Saunders et al., 2009). An exploratory study provides a valuable means of examining patterns in a rather unexplored or immature research field and is useful in gaining understanding of a problem where the precise nature is unknown (Saunders et al., 2009; Yin, 2014). As data on business models within the fashion industry, especially on the recent development See-Now, Buy-Now, is limited, a qualitative data collection to study the area of interest is of vital importance. Moreover, the purpose of this thesis is not connected to testing existing theoretical constructs. Instead, the process is focused on contributing to the developing business model theory and establishing common understanding of key business models in the fashion industry. In order to achieve these goals, a qualitative study is the most suitable approach.

4.3. Case Study Research Strategy

This thesis follows a case study research strategy. According to Yin (2014), a case is something that represents an interesting topic to study empirically. Although case studies are traditionally tied to particular companies, events or issues, it is important to remember that in its essence, a case is a unit of analysis. Following this logic and addressing research questions of this study, different business models in the fashion industry are approached as separate cases. This means that the evidence gathered from primary and secondary sources is focused around separate business models.

Case study research is considered to be a preferred method among others when (1) a researcher has limited or no control over behavioral events; and (2) the focus of study is a contemporary phenomenon (Yin, 2014). Both these conditions describe the nature of this study quite precisely. Moreover, case study strategy is recognized as being useful for a simultaneous development of both theory and empirics. Dubois and Gadde (2002) argue that, following a case study approach and regularly going “back and forth” between empirical findings and theory, allow expanding our understanding of both theory and empirics in a productive manner. Eisenhardt (1989) argues that such a juxtaposition of theory and empirical evidence is “the hallmark of building theory from case studies”. Therefore, for the purposes of this thesis, a case study research strategy has been recognized as superior over other methods.

4.4. Data Collection

For a case study research, Yin (2014) suggests to involve a broad variety of data collection techniques and sources. Therefore, primary data, acquired in a form of semi-structured interviews (the list of interviewees is provided in Appendix A), is combined with secondary data, such as company and industry reports, industry conferences and presentations, expert analyses and articles (the list of secondary data sources is provided in Appendix C).

4.4.1. Interview sample

For this study, a “step-by-step” sampling strategy was employed. This sampling strategy is based on theoretical sampling developed by Glaser and Strauss (1967) and is in line with an abductive research approach, where decisions about choosing next interviewees are made in the process of collecting and interpreting data (Flick, 2014). Therefore, the process of data collection is controlled by the emerging theory.

The interview sample consists of 14 interviews each of which lasted 20-70 minutes. The full list of interviewees is provided in Appendix A. The interviews were held either face-to-face, via phone, Skype or email. The interviews were conducted with both representatives of fashion brand companies (for example, Burberry, H&M, Stella McCartney, and Acne Studios) and fashion industry experts (for example, Luxury brands merchandising and sales advisor, Engagement manager at Global apparel, fashion and luxury group at McKinsey & Co and Director of the Luxury and Fashion Knowledge center at SDA Bocconi). The interviewees were selected to represent diverse degrees and areas of experience within the fashion industry. Moreover, to ensure data validity, the interviewees were selected from diverse locations including Sweden, the UK, Italy, France and Switzerland. The diverse locations, organizations and positions of the interviewees ensured a representation of various fashion market participants. This approach is in line with a theory of systematic combining, where the purpose of using multiple sources is motivated by a high potential of new discoveries within the research area (Dubois & Gadde, 2002).

4.4.2. Interview design

For this thesis, data was collected using semi-structured interviews. This approach is based on a preparation of an interview guide with mainly open-ended questions. Open-ended questions enable the exploration of new concepts and insights. In line with responsive interviewing the interview guide was applied flexibly and questions from the guide evolved in response to what the interviewees answered (Rubin & Rubin, 2012, as cited in Flick, 2014). The interview guide has been adapted throughout the process, to better fit each interviewee's background. Further, in line with the abductive research approach, findings from the interviews were continuously reinterpreted, which led to regular adjustments of the interview guide for further interviews.

One of the main learnings was that representatives of the brand companies often were cautious about confidentiality issues, as most of the interviewed firms have strict corporate protocols restricting the sharing of internal information with external parties. Therefore, in the process the interview guide was adjusted to approach the interviewees, including the representatives of fashion brands, as industry experts. This allowed achieving more open conversations and gaining better insights about the industry. An example of an interview guide is shown in Appendix B.

The interviews held face-to-face, via phone and Skype were organized in a similar manner, following the interview guide. Two of the participants preferred to answer questions via email due to tight work and travelling schedules. Flick (2014) recognizes email interviewing as an adequate form of semi-structured interview. In this case, the interview started with sending a couple of questions to the interviewees and depending on their answers, further questions were sent out.

4.4.3. Data processing

All interviews were transcribed within 48 hours after the interview. The transcribed interviews were then coded to identify recurring concepts. The data coding was guided by the theoretical coding approach (Glaser, 1978, as cited in Flick, 2014). The process started with open coding to attach first level concepts to the data (Gioia et al., 2012). Further, the coded empirical data findings were applied to the developed business model framework. This means, that the empirical data points were grouped according to the four dimensions of the business model framework – value creation, value configuration, value capture and value network. This approach is called pattern matching. According to this technique, empirically based patterns are compared with constructs predicted before the data collection through studying previous research (Trochim, 1989, as cited in Yin, 2014).

Further, following the abductive research approach of this study, the four dimensions of the framework were assessed in terms logical coherence and potential updates based on empirical findings. The resulting updated conceptual framework was used as a key tool to address the second and third research question of this study.

4.5. Quality of the Study

While quantitative research benefits from well-formulated quality assessment methods, the problem of how to evaluate qualitative research is not fully solved yet (Flick, 2014). One of the approaches discussed by Flick (2014) is to adapt classical quality criteria as reliability and validity and look into assessing additional “method-appropriate criteria”. Following this logic, in the next sections assessment on quality criteria is provided.

4.5.1. Reliability

Reliability concerns the extent to which the techniques of the data collection and analysis lead to consistent results (Saunders et al., 2009). The quality of recording and documenting data is a central basis to assessing reliability (Flick, 2014). To ensure reliability of this study, all of the interviews were recorded and carefully transcribed. Data analysis was performed using the qualitative data analysis software NVivo, which allows tracing back data origins in terms of both data transcription and the original recording of the interview.

4.5.2. Validity

Validity refers to the extent of whether the measure really reflects what it was indented to reflect (Saunders et al., 2009), or in other words, validity represents how credible interpretations of the researcher are (Silverman, 2013). The risk is that the interviewer interprets the empirical data in a way that might differ significantly if conducted by other people. This risk is partly addressed by the applied data analysis method. Through coding of the empirical material, only the concepts that emerged across several replies and secondary data sources were used for further analysis. This limited an option for developing interpretations of weak concepts. Further, aiming to provide maximum transparency, the empirical data presentation in section 5 is supported by summaries of the most representative interview quotes and secondary data excerpts that the developed interpretations were based on. Moreover, Appendices D–F provide an extended list of key quotes and secondary data findings that together formed the base for empirical analysis and discussion. This approach is in line with the suggestion of data presentation by Gioia et al. (2012), to bring “qualitative rigor” and maximize validity of qualitative research studies.

4.5.3. Credibility

Flick (2014) suggests credibility as one of the alternative methods to assess qualitative research quality. Credibility gains particular importance in abductive studies where the aim is to develop theory (Eisenhardt, 1989). To maximize the credibility of an abductive study, high quality empirical insights are of great importance to ensure that the collected data is relevant to revise existing theory. To address this perspective on credibility, only experienced professionals within the fashion field were chosen for interviews. This implies that they are knowledgeable enough to provide high quality insights.

Further, it is important to ensure logical coherence leading to the interpretation of findings. One way to address this is to provide reader-friendly information that would allow the reader to evaluate adequacy of the research setting (Eisenhardt, 1989). Building on this idea, both primary and secondary data was analyzed in several steps, making it easy for the reader to follow the path from data to concepts and conclusions (Gioia et al., 2012).

5. Empirical Findings

In this section, empirical findings are presented in a structured way. The earlier developed preliminary version of the business model framework is used as a tool to structure data findings for each of the three fashion industry segments: luxury brands, designer brands and fast fashion retailers. Following the second and third research question, the section starts with presenting empirical findings that describe the key fashion business models (5.1.). Further, findings on the most critical changes in the key business models are presented (5.2.). Finally, the data findings on See-Now, Buy-Now are provided (5.3.).

5.1. Business Models in the Fashion Industry

This sub-section describes empirical findings on the key fashion business models: luxury brands (5.1.1.), designer brands (5.1.2.) and fast fashion retailers (5.1.3.). The empirical data is structured around the four dimensions of the conceptual business model framework formulated in the section 3.2.

5.1.1. Luxury brands' business model

As shown in Figure 7 (more detailed evidence is provided in Appendix D1), ***value creation*** in the luxury brands' business model strongly relies on the iconic and timeless product. Luxury products are beyond the system of fashion trends and seasonality. In addition to superior product quality, luxury brands are to a great extent concerned with an exquisite and highly personal service. Among the most important values provided to customers, are exclusivity and limited availability of products. Limited product availability is partly justified by using highly exclusive and even rare materials or production techniques. However, often, luxury brands are artificially restricting product availability despite existing demand. Characteristic product scarcity justifies high prices and provides luxury product owners with a perception of owning something that is not available to most of the people, thus reserved only for the elite. The emotional value provided by luxury brands creates a halo effect, which cascades from the most expensive and actually exclusive product categories as, for example, leather goods and jewelry, to less expensive products such as scarfs, eyewear and other accessories. Although prices and actual exclusivity of most luxury accessories are not high, customers still obtain the perception of exclusivity and heightened status.

Value configuration of the luxury brands' business model is strongly associated with craftsmanship and handmade production. This leads to a time-consuming production process and an elongated time to market. To strengthen exclusivity and iconic status, luxury brands have to be very selective in choosing not only their sales channels, but also city areas, neighboring shops and other establishments, that together add to the overall creation of brand impression and experience.

In the fashion industry, the highest prices and by extension margins are characterizing the ***value capture*** dimension of luxury brands. Particularly high margins enable limited and tightly controlled sales volume. Due to the fact that luxury brands are motivated to control the whole experience, they generally prefer their own retail and e-commerce channels to wholesale channels. This way, luxury brands avoid sharing margins with other market participants.

The management of luxury brands is characterized by a strict control of most of the processes associated with the brand. This means that the focal company is overall deeply involved in the ***value network*** of their business model. Nowadays, most of the largest luxury fashion brands are owned by large luxury conglomerates such as LVMH, Kering and Richemont. Being part of a luxury conglomerate affects the overall governance and organization of the focal firm in several ways. First, top management is often shared across the companies and rotation of executives among the companies is fairly usual practice. Second, taking into account the size and influence of luxury conglomerates, their high bargaining power benefits the focal firm in different negotiations ranging from prices to location of retail stores to valuable partnerships.

Figure 7. Luxury brands' business model: most representative quotes, categories and dimensions

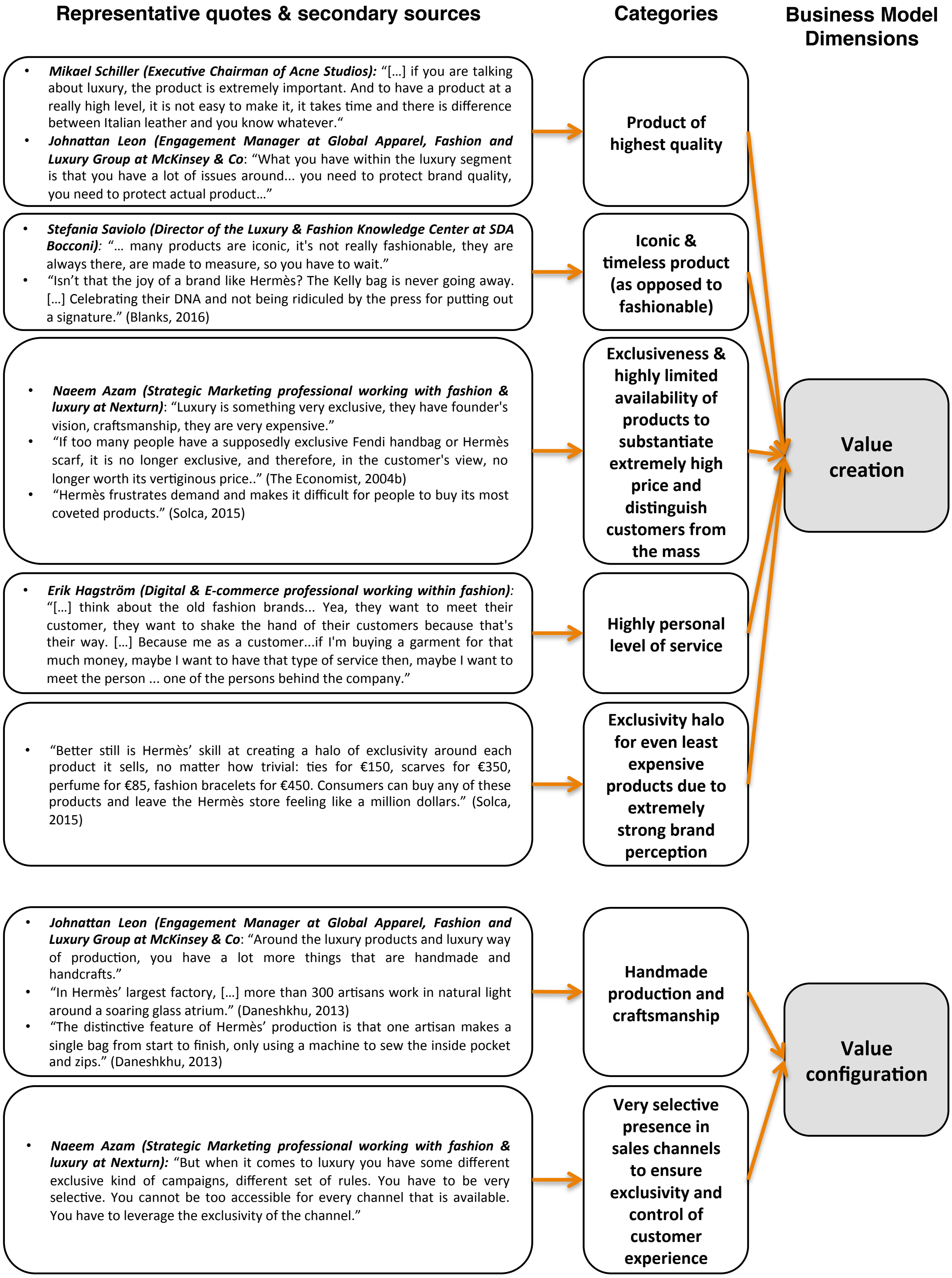
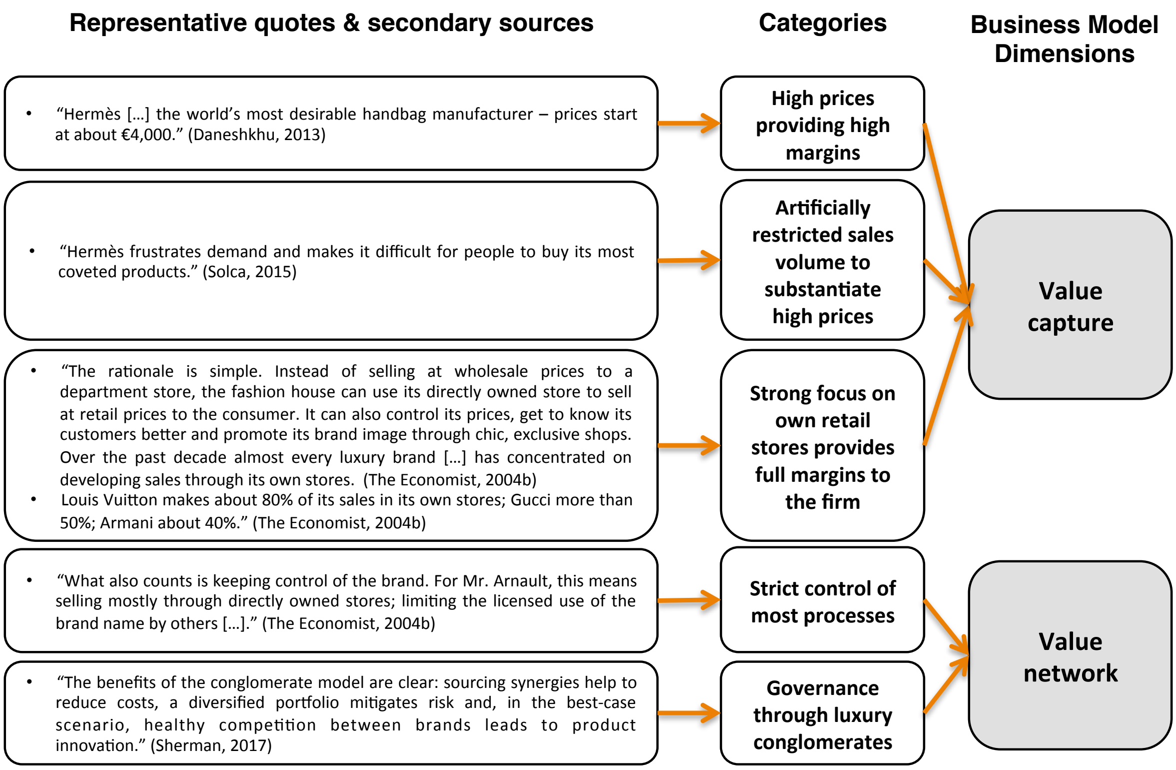


Figure 7 (continued)



5.1.2. Designer brands' business model

Value creation in the designer brands' business model is strongly rooted in the creative vision of the head designer. The designer is the key person behind the brand whose main task is to create trends for the upcoming seasons. The designer's vision of the upcoming trends is usually presented through fashion shows that take place at least bi-annually. Therefore, designer brands' value creation is based on offering new products to the customers several times a year. Representative quotes and conceptual categories explaining the designer brands' business model are shown in Figure 8 (further evidence is provided in Appendix D2).

As mentioned in the previous paragraph, the designer brands' business model is based on regular proposition of new trends to the customers. Therefore, one of the key activities describing ***value configuration*** is the developing seasonal collections. The collection is presented during the fashion show and in a brand showroom. A showroom is mainly aimed at wholesale buyers and other sales partners to make their orders for the new collection. It is worth mentioning that most of the designer brands sell their products in different channels, combining own retail and e-commerce with different channels of wholesale partners, including department stores and third party e-commerce. After combining all orders, production starts. Production usually takes several months and stores receive their orders four to six months later.

In terms of ***value capture*** the designer brands' business model is based on high margins, though lower than those of luxury brands. Many brands are still involved in licensing agreements, though much less than in previous decades. Product categories that are produced and distributed by licensees usually include eyewear and beauty products. Licensing is an additional source of revenues in a form of royalty payments (usually 3-8% of gross sales). The introduction and steady adoption of one's own e-commerce allow brands to maintain full margins.

A key point in ***value network*** of the designer brands' business model is addressing the cooperation between the creative and business sides. The designer is a key source of ensuring value creation in the form of trends and creativity. However, all companies are pressured to deliver positive results, especially those that are publicly owned. Based on the results of previous seasons, business analysts tend to make projections and suggestions for the items that should be included in the upcoming collection. Such interference in a designer's creative freedom is often a source of conflicts within companies. Therefore, establishing ways of organizing successful cooperation between the designer and management is of key significance. Further, control over the brand ensures smooth operations not only among the focal firm's activities, but also in the quality of the licensing agreements' execution.

Figure 8. Designer brands business model: most representative quotes, categories and dimensions

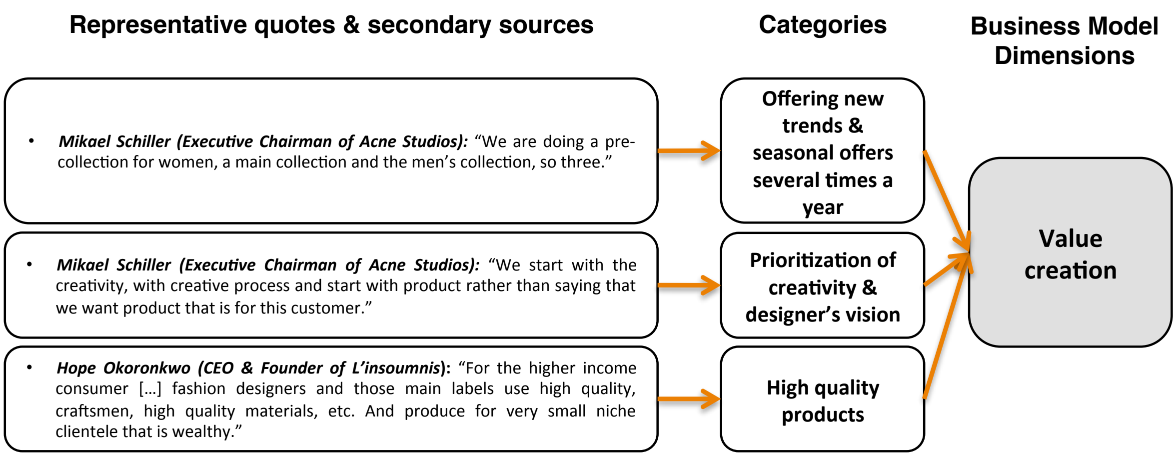


Figure 8 (continued)

Representative quotes & secondary sources	Categories	Business Model Dimensions
• ***Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor)***: "… shows the samples to the press and the buyers…" • ***Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi):*** "Because the fashion cycle works that you make a sample, then you present a sample to buyers and then after you know what they buy, you produce."	**Collection presentation via fashion show & showroom**	**Value configuration**
• ***Mikael Schiller (Executive Chairman of Acne Studios):*** "…show it (collection) to the wholesale accounts, place orders for wholesale accounts and deliver six months later on or four months later on." • ***Mikael Schiller (Executive Chairman of Acne Studios):*** "…place orders for our own stores and deliver six months later on or four months later on." • "For designers working within the established schedule, orders aren't placed until after the show." (Pike, 2016)	**Collecting orders from sales partners and placing orders for own retail**	**Value configuration**
• ***Johnattan Leon (Engagement Manager at Global Apparel, Fashion and Luxury Group at McKinsey & Co):*** "… long lead times for production…" • Production then takes several months, meaning pieces don't arrive in store until six months later." (Pike, 2016)	**Production & delivery to stores 4-6 months after fashion show**	**Value configuration**
• ***Mikael Schiller (Executive Chairman of Acne Studios):*** "15% our own e-commerce 45% our own retail and 40% everything else, which is brick and mortar, department stores, 3rd party e-tailers, such as Net-A-Porter and MyTheresa and franchise." • ***Johnattan Leon (Engagement Manager at Global Apparel, Fashion and Luxury Group at McKinsey & Co):*** "online is definitely something that is particularly growing."	**Combination of own physical & e-commerce stores and third party retail and e-commerce**	**Value configuration**
• ***Erik Hagström (Digital & E-commerce professional working within fashion):*** "For premium, if you buy one piece, you spend what, 6000SEK? They don't need to sell that much." • "[…] prices that give the high-fashion brands gross margins of 50-60% on clothes and 80% on leather goods." (The Economist, 2004a)	**Setting high prices & high margins**	**Value capture**
• ***Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor):*** "E-commerce with the new model of money structuring allows designers to sell directly to the customers and have the margins." • ***Mikael Schiller (Executive Chairman of Acne Studios)***: "We also launched […] our e-commerce site. And there is obvious advantage when it comes to our own e-commerce and our own retail in terms of being able to control the whole universe and also getting the full margin and also having a direct contact with our consumer."	**Collecting full margins in own retail & growing e-commerce**	**Value capture**
• "In the short term a licence is a guarantee of profit: the designer grants someone else the right to produce and sell a product under his name, and in return receives an up-front fee followed by a royalty of 3-8% of gross sales. The licensee bears the risk and the designer reaps a reward." (The Economist, 2004b)	**Royalties from licensing agreements**	**Value capture**
• "Rather like a pop star, the designer needs a good manager. "There is almost no example of a success story in our industry that is not based on a foundation of two people. In France, Christian Dior had Jacques Rout, and Yves Saint Laurent had Pierre Berge. Chanel is now identified with Karl Lagerfeld […]; but it is Alain Wertheimer, says Mr Toledano, who "is discreetly running the business"[…] (The Economist, 2004b)	**Cooperation between designer and management**	**Value network**
• "And, most of all, keep control of your brand. Licensing and franchising can help a business develop: Armani had a manufacturing agreement with Italy's GFT for 21 years. "However, no one looks after your name as you do yourself." (The Economist, 2004b)	**Firm's control over quality delivered by licensees**	**Value network**

5.1.3. Fast fashion retailers' business model

The essence of ***value creation*** in the fast fashion retailers' business model is balancing the latest fashion, quality and price. For a relatively low price, fast fashion retailers offer a wide variety of different product categories that are oriented towards the latest fashion. This way, fashion trends have become more accessible to the wider public than before, when fashionability was mainly focused in the designer brands segment. Representative quotes and conceptual categories explaining the fast fashion retailers' business model are presented in Figure 9 (more detailed evidence is provided in Appendix D3)

The key features of ***value configuration*** in the fast fashion retailers' business model consist of a fast reaction and adoption of fashion trends and the ability to deliver products to the market in a record speed, because of efficient and agile production, operations and logistics processes. In order to recognize new trends and incorporate them in new product development, fast fashion retailers follow designers' fashion shows, look for inspiration in streetstyle and track celebrities' outfit choices. Further, companies practice continuous data analysis of own sales and incorporate the results in production planning and tailoring regular deliveries to stores. To ensure convenience and easy accessibility, fast fashion retailers are characterized by a large number of stores. The advent of Internet has allowed fast fashion retailers to embrace e-commerce and improve convenience and product availability even more.

While prices of fast fashion retailers' products are very democratic, ***value capture*** is oriented towards selling many pieces. A motivation to purchase many pieces is triggered by regular product updates. Further, as products are produced and delivered in small batches, fast fashion retailers are limiting risks of overproduction and limiting costs due to small stocks.

The fast fashion retailers' ***value network*** is based on well-established and functioning systems of operations within the company and with external partners. To ensure smooth operations and high speed, all parties involved the retailers must be connected to a stable network. On the downside, implementing changes in large and well-established systems can be hard, costly and time-consuming.

Figure 9. Fast fashion retailers' business model: most representative quotes, categories and dimensions

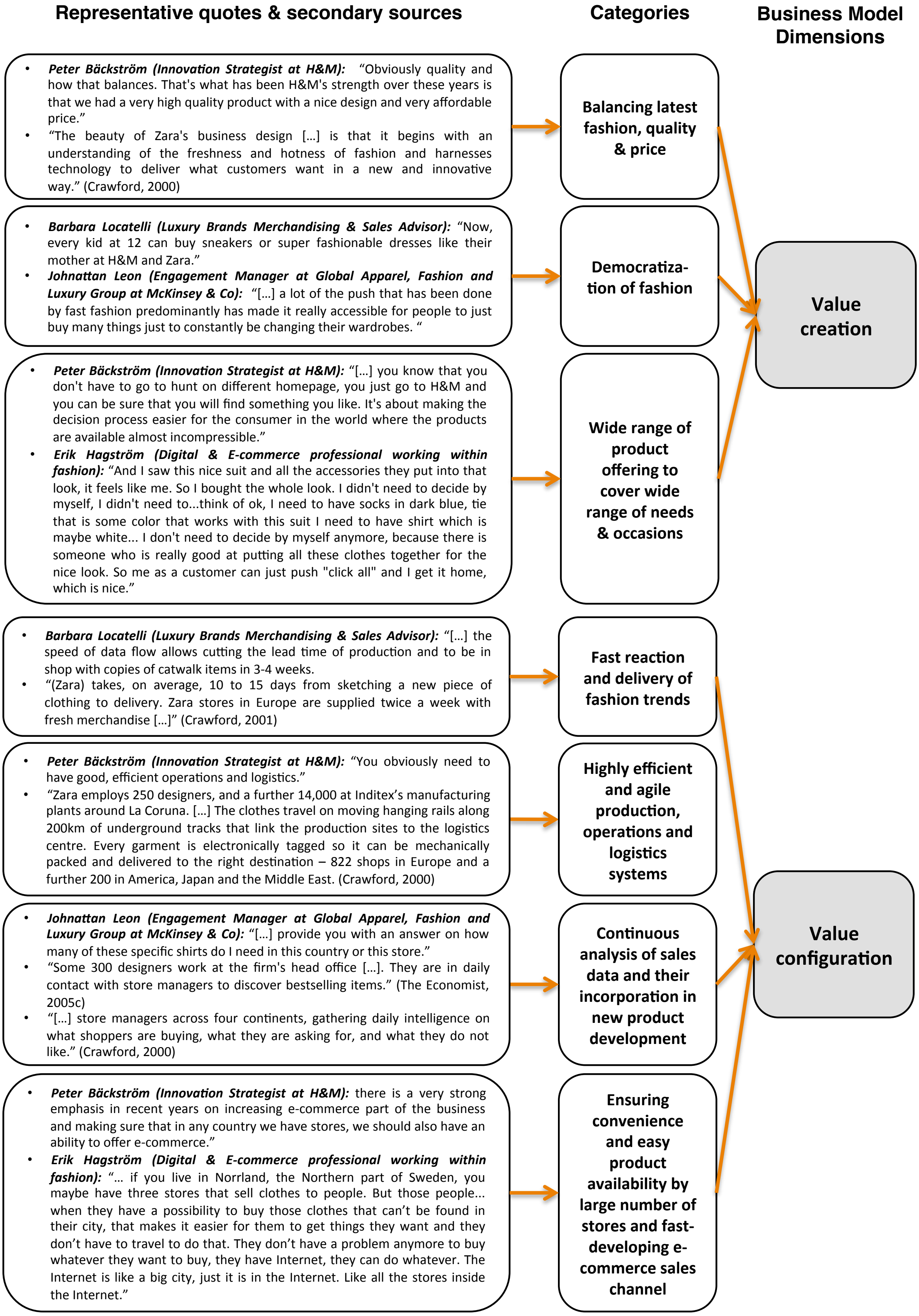
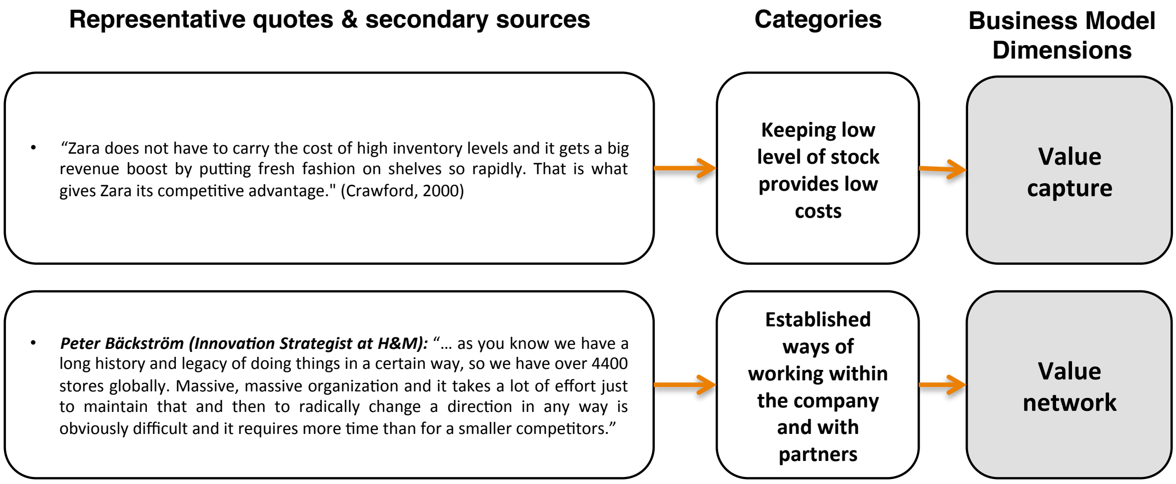


Figure 9 (continued)



5.1.4. Conclusion

The conceptual business model framework formulated in the sub-section 3.2. was used to structure empirical data findings for each of the three fashion industry segments: luxury brands, designer brands and fast fashion retailers. Following this approach allowed gaining more detailed and richer insights than provided by the literature review in the section 2. Moreover, applying the same conceptual framework to structure empirical findings on different fashion industry segments helped to determine business models for each of the segment. This approach clearly shows that each of the three fashion segments follows considerably different business model. This finding addresses the second research question of this thesis, which aims to explain the key business models in the fashion industry. The three identified fashion business models are explained in more detail in the section 6.2.

Following the third research question, which aims to explain how have the key fashion business models changed, the next sub-section presents empirical findings on the most critical changes within the three key fashion business models.

5.2. Critical Changes in Fashion Business Models

Similarly as in the previous section, empirical findings for each of the three fashion business models are structured around the four dimensions of the business model framework. A description of the empirical data is supported by most representative quotes, but further evidence is provided in Appendix E1 – Appendix E3.

5.2.1. Changes in luxury brands' business model

Compared to the other two business models, the essence of ***value creation*** by luxury brands has changed the least. This means that the key features and pillars of the luxury value offering have been highly stable and still can be described by exclusivity, timelessness and relative scarcity. However, despite their iconic status, luxury brands are also looking for new ways to satisfy demanding customers and strengthen brand appeal. In recent years, there has been a number of examples where luxury brands entered new product categories or involved in quite unexpected collaborations. There are at least two cases exemplifying this statement. First, the collaboration between the luxury brand Hermès and Apple Watch allowed Hermès to enter a more contemporary and highly attractive category by offering leather bands for the watch. Second, the luxury brand Louis Vuitton recently collaborated with the well-established street wear brand Supreme, integrating the result of the collaboration in a seasonal collection (detailed evidence on luxury brands' business model changes is provided in Appendix E1).

Luxury brands have been continuously concerned with providing high-quality brand experience and service. Even though this feature has not changed greatly, in terms of ***value configuration*** the ways in which experience and service are delivered have been updated. For years, luxury brands refused to join e-commerce, due to strong concerns that this sales channel is not adequate to provide a luxury experience. Although luxury brands are still considerably less represented in e-commerce than other segments, luxury e-commerce sales are continuously growing.

> *"So I think it [e-commerce] is something that is slowly coming from the brands themselves. Because they want to make sure that they are protecting their product and the brand. But that [e-commerce] is something that is also from the consumer perspective… they adapt more slowly, just because it is a big change and because of price they are less willing to buy online. But that is something that is definitely shifting and that is slowly growing."* Johnattan Leon, Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co

In sum, empirical data shows that the luxury brands' business model has been relatively stable. The key change is a cautious but continuous adoption of e-commerce and other technological possibilities. Furthermore, now luxury brands take more open and bold approaches towards product offering and entering new product categories.

5.2.2. Changes in designer brands' business model

One of the most significant changes within the ***value creation*** dimension of the designer brands' business model is addressing customers' need for newness. Since the advent of Internet and social media customers continuously get exposed to new trends and new products and, therefore, get bored with new product offerings much faster than before.

> *"I hear from my consumers all the time that what I have in store feels old, even when it just dropped! They're constantly asking for newness."* CFDA, 2016

To deal with this issue and keep customers' attention, designers have been increasing their number of collections. Therefore, besides the two traditional seasonal collections per year, designer brands have been introducing additional solutions as, for example, pre-collections and capsule collections.

> *"Fashions change faster than they used to: brands can no longer get by with just two collections a year. They launch new ranges more frequently, often staging their own publicity events."* The Economist, 2015

In line with customers' demand for new products, more and more designer brands are introducing different mass-customization and value co-creation solutions. For example, for several seasons Burberry offered services of its craftsmen to customize purchases with tailor-made embroidery, while Gucci allowed its customers to choose fabrics, lining, buttons and other details themselves. Further evidence containing the full list of categorized empirical findings about the changes in designer brands' business model is provided in Appendix E2.

During recent decades, a considerable number of changes took place in the ***value configuration*** dimension of the designer brands' business model. Initially, fashion shows were aimed at industry insiders to get introduced to the new collection for their own professional needs. For example, buyers from different sales channels placed orders for collection pieces they liked, while media representatives took photographs and prepared exclusive collection overviews for upcoming print issues. The advent of technology and digital opportunities opened access to fashion shows for everyone who was interested. Through social media and different websites pictures of the new collection are available instantly. To leverage these opportunities of reaching a large number of people, brands started to invite new groups of people to their shows, including social media influencers, celebrities and, most importantly, customers.

Therefore, from an event meant for industry professionals, fashion shows have evolved into something that is much closer to a communication platform.

> *"The show now is more for the public and not only for the people working in the business. And then artists use the show as a platform. So, I think the role of the fashion show has changed a lot."* Barbara Locatelli, Luxury Brands Merchandising & Sales Advisor

Further, such an evolution of the fashion show created a situation where brands have to reconsider timings of their traditional fashion calendar. This is driven by the fact that the new collection gets the most attention around the time of the fashion show in a form of digital and social media coverage. However, usually, there are at least four to six months between the fashion show and the time when the collection is actually available for purchase. This is because buyers are traditionally placing their orders right after the fashion show. At the time when the new collection appears on shop floors and e-commerce channels, customers are already being exposed to the fashion show and communication of the next collection. This lack of coherence among different business model parts and processes leads firms to reconsider their calendars and adapt their processes to decrease time-to-market.

> *"Interviews with dozens of retailers, editors, designers and private individuals over the last few weeks suggest that women are experiencing product fatigue. After being inundated by images and live streams from runway shows, from awards shows where the items are worn mere days after they appear on the runway, and from ad campaigns (and the making of ad campaigns), by the time these customers see the clothes in stores, the dresses and skirts and suits seem tediously familiar. Old. Over."* Friedman, 2016

While designer brands can minimize lead-time for their own retail and e-commerce relatively easily, as they can already place orders during the collection creation process, there is no widely accepted solution for wholesale. Currently, brands are experimenting with different approaches. One of them is the so-called See-Now, Buy-Now concept that is presented in more detail in section 5.3.

In recent years designer brands have been actively increasing their focus towards their own retail and e-commerce.

> *"[…] brands have been cutting out the middlemen in their distribution chains. More than 80% of the shoes, bags and other products bearing the Prada label are now sold in its own shops, compared with about 50% a decade ago. For Burberry, the share has grown from less than 40% to more than 70% over the same period*." The Economist, 2015

Own retail channels allow for better control, faster reactions, deeper connections with the customers and full margins from product sales. However, there are several new sales channels that have developed over the years. For example, nowadays more and more sales are done via outlets. In outlets designer brands are not only selling pieces from previous collections, but also utilizing this channel to organize a special production for filling production capacity and using leftover fabrics. Two other newly developed sales channels, private sales and trunk shows, are more oriented towards a tailor-made and exclusive service for special customers. These two solutions provide customers access to the new collection in a selected place, time and within a selected circle of people.

In addition to numerous other transformative effects mentioned earlier, technology development considerably affected many processes within production and operations. For example, access to data allows for more efficiency and faster planning. The ability to construct representative digital visualizations of final product allows designers to make final adjustments before even cutting the fabric. Patterns and other materials can be shared among departments placed in different offices and even continents. All these developments significantly improve effectiveness and efficiency.

In addition to increasing productivity of operations, technology development affects ***value capture*** by decreasing costs. As brands shift more towards e-commerce rather than physical stores, this allows not only for a reduction in costs of headcount, rent and stock, but also for a collection of full margins.

To address cost saving and efficiency issues more brands are merging their men and women collections together instead of showing them separately.

> *"[…] the show is so expensive. So they […] do less fashion shows, make them online and have together male and female. […] This is a matter of savings; this is a matter of costs."* Stefania Saviolo, Director of the Luxury & Fashion Knowledge Center at SDA Bocconi

Men's fashion week presentations in London, Milan, Paris and New York take place in January, while women's fashion weeks in these fashion capitals are usually organized in February and the beginning of March. By showing women's collection together with men in January allows not only saving costs of organizing additional show, but also presenting and, therefore, delivering the new women's collection one month earlier than following traditional schedule. In this case, the new collection has a longer period on shop floors before the seasonal discounts start. This way, firms are able to collect higher margins for a longer period of time.

To benefit from the initial excitement and interest towards the new collection, during or right after the fashion show, brands have been introducing different options to ensure sales. For example, Balenciaga offers customers to pre-purchase the pieces they like even before they are available in stores. This and similar activities not only generate instant sales, but also reduce the risk for the company and provide valuable information for better production planning.

The designer brands' ***value network*** is affected by the emergence of new interest groups between the firms and their customers. These groups include professionals who directly act as customers' agents in the sales process as, for example, personal shoppers and stylists. In addition, there are different groups of influencers who draw the attention of a large number of people and, therefore, can affect the public opinion about the brand. These groups include bloggers, models and celebrities, whose followers' base range from several thousands to millions.

> *"Now in France our top clients are personal shoppers from Asia. […] So, they are not really our clients, but they are a very important part of the process. They come to the stores and make selection for customers."* Marijke Schiffer, Retail Manager at Stella McCartney

Firms are actively engaging and cooperating with this growing network as they have a significant effect on sales. For example, Cate Blanchett wearing Esteban Cortázar's dress for one of the public events resulted in 35 personal requests from customers who wanted to purchase the dress, and half of the dresses that were ordered by retail partners were pre-sold even before they reached the stores.

Communication among the focal firm and its partners has transformed into a dialogue, where media, buyers and stylists are not only receiving information from the brand, but also contributing to the brand's sales. For example, the media sharing which pieces from the collection will be covered most in their overviews or stylists sharing which dresses were chosen by celebrities, allow designer brands to react to this information by including these pieces in their e-commerce channel faster or adjust their production to meet demand.

Previously, it was mentioned that the designer's role and importance in designer brands could not be compared to any other business model. The designer is at heart of the brand, creating its identity and generating seasonal trends. However, due to an increasing access to analytical tools, management and commercial departments of the firms have been getting more involved in influencing the product offering. This means that commercial teams are carefully analyzing sales results and developing their suggestions for what should be included in the new collection. For example, if yellow cashmere sweaters were among bestsellers of the season, the designer would be kindly asked to create more cashmere sweaters in other colors for the upcoming collection. Such interference of the business side into the creative field is bothering a designer's creative process and is a source of conflicts.

> "*[…] the market dictates what creativity needs to do, in order to sell. It tells you we need so and so, five trousers, and 10 dresses — we need this and that. All of this information comes from commercial teams and merchandising."* Amed, 2016

In sum, empirical data findings show that the designer brands' business model has changed considerably. Most of the key adjustments took place during the last 20 years due to changing environment in terms of technology development and new consumer needs.

5.2.3. Changes in fast fashion retailers' business model

One of the main characteristics describing the ***value creation*** of fast fashion retailers is balancing fashion, quality and price. Empirical evidence shows that over the last two decades, fast fashion retailers managed to improve product quality and further address the fashionability aspect by increasing speed to market even more. This means, that by leveraging easy access to information on new fashion trends, fast fashion retailers now are able to offer customers their interpretations of new trends significantly faster than designer brands. Appendix E3 provides detailed evidence on the fast fashion retailers' business model changes presented in this sub-section.

Compared to the early stages of fast fashion retailers, today they are segmenting their value offering to address the needs of many different customer groups.

> *"We do a lot of catwalk show collections. We have the Studio line, we have Conscious Exclusive, we obviously have designer collaborations, and I think all of them are just to emphasize H&M's commitment to, well… fashion, and actually driving the industry and not just selling socks and t-shirts. We place a great emphasis on actually having fashion in fashion so to speak."* Peter Bäckström, Innovation Strategist at H&M

Both H&M and Zara have lines called "Basic". These lines are the closest to the mass basic retailers' product offering, because they are not affected by fashion trends and cover such product categories as simple t-shirts or sweaters. Another product segment offered by H&M is called "Everyday" which provides moderately fashionable and trendy offerings for every day and is meant for many people. H&M also has a line called "Studio" that is the firm's vision of high fashion. Comparing to other lines, H&M Studio is more expensive, materials used are of higher quality and it even has its own fashion show during the Paris Fashion Week. Both the H&M Studio line and collaborations with famous designers are used to address the fashion conscious customer segment and emphasize H&M's commitment to fashion.

Fast fashion retailers have been developing new ways to increase convenience for their customers. First, due to a rapidly increasing number of stores and developed e-commerce, shopping is now much easier and less time-consuming. Moreover, the way products are presented in e-commerce has shifted into presenting "total looks" instead of separate products. This way, fast fashion retailers are offering their customers finished looks, combined by fashion stylists where everything looks good and stylish. Such an approach to bundled offerings not only increases convenience for customer, but also facilitates that more items are sold per customer.

Considerable changes took place in ***value configuration*** within the fast fashion retailers' business model. The increased speed to market described earlier is based on considerable development of technology that allows to speed-up the whole value chain even more. Firms' offline and online operations are merging and improving the overall shopping process for customers. Moreover, due to increasing globalization and blurring preferences among customers from different locations, fast fashion retailers are increasingly able to align their assortment across markets. This further improves efficiency and decreases costs. Due to bi-weekly deliveries of new products, the number of one design pieces is small. Fast fashion retailers are purposefully creating this scarcity of products motivating customers to buy right when they see something they like, as that particular piece probably will be sold out a week later.

> *"This helps to create a scarcity value. Shoppers cannot be sure that something that has caught their eye will appear in the store again--or can be found at another Zara store, even in the same city. On the other hand, they also know that everyone they meet will not be wearing it."* The Economist, 2005c

Significantly more than the other two business models, fast fashion retailers are embracing e-commerce in their ***value capture*** activities. While designer brands, and especially luxury brands, are still very cautious about the ways they approach e-commerce possibilities, fast fashion has fully adapted this channel for their needs. Moreover, nowadays, fast fashion retailers' communication is very much focused on generating instant sales. Both offline and online advertisement usually contain prices of the items, but online advertisements and social media posts are often directly linked to the brands' e-commerce page where the presented items can be purchased. This way, brands have decreased the number of clicks between the advertisement and the actual purchase, generating incremental sales. In terms of the ***value network*** dimension no significant changes were discovered.

5.2.4. Conclusion

Empirical data clearly shows that all three business models have evolved over time across all four dimensions. Within the three fashion segments, the luxury brands business model has changed the least. From a customers' perspective, luxury products and service quality have not changed significantly, though the ways of creating and delivering products to customers have adopted new possibilities offered by technological development. Although for years luxury brands refused joining e-commerce, in recent years growing number of brands started to adopt this sales channel.

The main changes in designer brands' business model were facilitated by customers' demand for newness and regular assortment update. Due to this designer brands started to deliver increasing number of collections per year. Development of technology motivated designer brands to reconsider the function of fashion show and traditional fashion calendar, as well as adopt e-commerce and improve efficiency and effectiveness of production and other technological processes.

Development of technology and increasing access to information allow fast fashion retailers to improve the efficiency and effectiveness of their processes even more, therefore delivering the latest fashion trends to their stores even faster than before. Considerably more than the other two business models fast fashion retailers adopted e-commerce channel focusing on highly convenient experience that sequentially facilitates instant sales.

5.3. See-Now, Buy-Now Concept

Some of the most recent and most extreme changes in fashion brands' business models are associated with adopting the so-called See-Now, Buy-Now approach. In its essence, See-Now, Buy-Now addresses the traditional timings of the fashion system, which, according to many brands and industry professionals, are outdated. Following the traditional calendar, designer brands present their fall/winter collections in one of the fashion weeks that usually take place in February. In this case, the time between the fashion show and the moment when items from the new collection are available for purchase, varies between four to six months. A similar time span exists for spring/summer collections. The main reason for this setting is due to the fact that traditionally, wholesale buyers see the collection for the first time during the fashion show, and after this event they make their orders. After combining orders from all sales channels, fashion companies normally start the production process. Therefore, only after four to six months, fashion companies are able to deliver the collection to stores.

Contrary to the traditional fashion system, firms that follow the See-Now, Buy-Now approach provide the new collection for purchase right after the fashion show. More detailed information about the reasons why the traditional fashion system became ineffective, advantages and challenges of See-Now, Buy-Now are provided in the following paragraphs.

5.3.1. Main reasons for switching to See-Now, Buy-Now

Even though the traditional fashion system worked well for many decades, the advent of technology decreased its effectiveness. Historically, fashion shows were available only for the industry insiders to make product orders in the case of wholesale buyers and to prepare collection overviews in the case of media representatives. In this traditional situation, advertisements in media and collection actually appearing in stores were the first occasions that customers saw the new collection. Nowadays, due to the technological advancement, pictures get online already during the fashion show. Moreover, to embrace the opportunity of reaching many people online, fashion brands became more democratic in terms of invitees to the fashion show. Now next to the buyers and media representatives, there are celebrities, social media influencers and main customers of the brand. All these groups tend to be very active in social media, sharing the pictures from the fashion show. Furthermore, established media accounts have adapted to the digital environment, providing overviews of the collections immediately in their digital versions. Due to this, customers are exposed to the new trends much earlier than before. Attention towards the new collection is peaked around the time of the show, building customers' impatience since they are not able to purchase items for at least four months.

> *"It's always felt a little alien, inviting people from around the world to tune in and to watch, to Instagram, share and like and all of those things, but then not be able to buy it, or look at it, until four to six months [later]. I found [the shift to fashion immediacy] great — a natural thing," says Christopher Bailey, chief creative officer and chief executive of Burberry." Amed & Mellery-Pratt, 2016*

Additionally, as the new trends are publicly available so early, fast fashion companies are able to absorb the new trends, interpret them in their products and deliver to stores just in a couple of weeks. This is considerably faster than that of the designer brands which have proposed these trends. All this creates a situation where customers are often tired and not so interested in the collection when it actually appears in stores.

> *"I think the match that set the entire bomb was the rise of digital. The fast fashion companies could never have copied all these other brands if we didn't put the images online immediately. Fashion hasn't had time to reset its systems and values for a digital revolution. So you have a lot of dumb decisions being made." Blanks, 2016*

In previous sections it was mentioned that currently, many designer brands prioritize their own retail to wholesale. For brands that have a considerable share of own retail, switching to See-Now, Buy Now is considerably easier, because they can plan needed product quantities already during the collection creation process. One of the main challenges of switching to See-Now, Buy-Now is aligning new timings with wholesalers. For the brands to start production, they should already have all orders in place, otherwise production, without knowing actual demand from sales partners, is extremely risky. A more detailed summary of the data on key reasons for switching to See-Now, Buy-Now is provided in Appendix F1.

5.3.2. Main challenges of switching to See-Now, Buy-Now

The most fundamental challenge that needs to be addressed to fully adopt the See-Now, Buy-Now approach is a restructuring of the supply chain. To provide a setting where, directly after the fashion show, pieces from the new collection are available for purchase in physical stores and online, the collection has to be already produced and delivered to stores. To ensure this, fashion firms need to know the quantities for production, which are highly dependent on the orders from wholesale buyers. Therefore, fashion companies need to find ways to present the new collection to the buyers several months before the show to collect their orders. To make this work, fashion companies have to significantly restructure their entire supply chain and establish new ways of working with their partners. Therefore, following the See-Now, Buy-Now concept is associated with considerable pressure on the supply chain, especially if taking into account that the restructuring process has to take place while companies are fully running. As a further consideration, fashion companies have to ensure that the pictures from these closed presentations are not distributed before the fashion show. To ensure this, fashion companies currently ask buyers to sign confidentiality agreements.

Although most of the fashion industry representatives agree that the traditional fashion system is outdated, not everyone sees See-Now, Buy-Now as the most appropriate solution. Most of the companies in the industry are still following the traditional fashion system. The See-Now, Buy-Now approach is in its early stages and there is no established way of working. Therefore, disrupting the existing fashion system is a challenging process for the pioneers of the See-Now, Buy-Now approach. Furthermore, for smaller fashion companies that are more dependent on wholesalers and have less bargaining power, it is considerably harder to implement the needed changes. A detailed summary of the data on key challenges faced by See-Now, Buy-Now is provided in Appendix F2.

5.3.3. Main areas of restructuring due to adopting See-Now, Buy-Now

One of the main changes imposed by adopting See-Now, Buy-Now was already briefly mentioned in the previous section, namely, showing the new collection to buyers several months before the public fashion show.

> *"Ken Downing, fashion director of Neiman Marcus […] said: "The new model is simple and effective. We buy quietly in the showrooms from samples under*

embargo, and our choices then go into production without the extravaganza of the runway." Paton, 2017

Cooperation with media representatives is organized in a similar way. This means that during the public fashion show, all the advertising campaigns and other solutions that require production time have to be ready for publishing. If these two tasks are accomplished, fashion companies can have more freedom in organizing their fashion shows for the public. Besides, the format of the fashion show can be transformed to fully employ this platform for maximizing customer interest and excitement about the new collection. For example, Tom Ford organized his fall/winter 2015 runway in Los Angeles during the Oscars weekend. Tommy Hilfiger organized a two-day carnival where the presentation of the collection was supplemented by entertaining activities and instant sales opportunities. Further evidence characterizing main areas of restructuring due to switching to See-Now, Buy-Now is provided in Appendix F3.

5.3.4. Key advantages of See-Now, Buy-Now

Adopting See-Now, Buy Now is motivated by several key advantages that the new approach entails. The new in-season delivery allows fashion firms to be closer to their customers. This way, firms not only address the customers' need for immediacy, but also align the three stages of the new collection – showing, buying and wearing. Therefore, customers do not need to plan ahead of the season and can make their purchases in line with their current needs. Moreover, embracing immediacy limits fast fashion retailers' adoption and delivery of the new trends before the designer brands' collections reach the stores.

As the new collection is not only presented, but also delivered in the right season, brands are addressing the lack of perceived product newness that is characteristic to the traditional fashion calendar. This way adopters of See-Now, Buy-Now also have a great potential to increase their full-price sales volume and decrease the amount of seasonal clothes sold on discounts.

According to the two main pioneers, Tommy Hilfiger and Burberry, the adoption of See-Now, Buy-Now has positively affected their creativity. Now the designers are able to present the story of the collection in a more united way creating synergies among the different stages of the collection development and presentation. Detailed data findings on the main advantages of See-Now, Buy-Now are summarized in Appendix F4.

5.3.5. Lack of agreement within the fashion industry

Despite a growing interest towards adopting See-Now, Buy-Now, some of the most important and powerful organizations within the fashion industry have replied with quite a negative attitude towards the concept. For example, luxury conglomerates LVMH and Kering, as well as the national fashion organizations of France and Italy do not consider See-Now, Buy-Now to be a solution for luxury and designer brands. An interesting observation relates to the fact that, so far, brands that have fully adopted See-Now, Buy-Now are coming from the US and the UK, while the brands and organizations from the two old luxury countries, Italy and France, mostly prefer the traditional fashion system. This shows that at the moment the fashion industry participants lack a common understanding and agreement on what is the best way for the brands to approach the changing environment and address the outdated traditional fashion system. Detailed data findings supporting the statements made are provided in Appendix F5.

5.3.6. Conclusion

In sum, switching to the See-Now, Buy-Now approach causes significant changes in brands' business models. While there is no absolute agreement on whether the new approach is viable, more and more brands adopt the new business model by either switching all of their operations or experimenting with smaller capsule collections that are available for purchase right after the fashion show. The influence of switching to See-Now, Buy-Now goes over the focal firm and significantly affect firm's business partners, as they also have to adjust their processes accordingly. So far, the brands that have switched to See-Now, Buy-Now mostly represent designer brands. Knowing that designer brands are the main source of new trends in the industry, and therefore, often a source of inspiration for fast fashion companies, if an increasing number of designer brands adopts the new approach, fast fashion retailers might need to considerably adjust their operations to ensure a fast delivery of the newest trends to the market.

6. Analysis

The aim of this section is to analyze empirical findings using the developed conceptual business model framework and to answer the research questions formulated in the beginning of this thesis. To do this, the section starts with a review and adjustment of the business model framework, therefore, answering the first research question (6.1.). Further, the second research question is addressed by providing an overview of the key fashion business models (6.2.) Finally, the third research question is answered by presenting critical business model changes in a systematic way (6.3.)

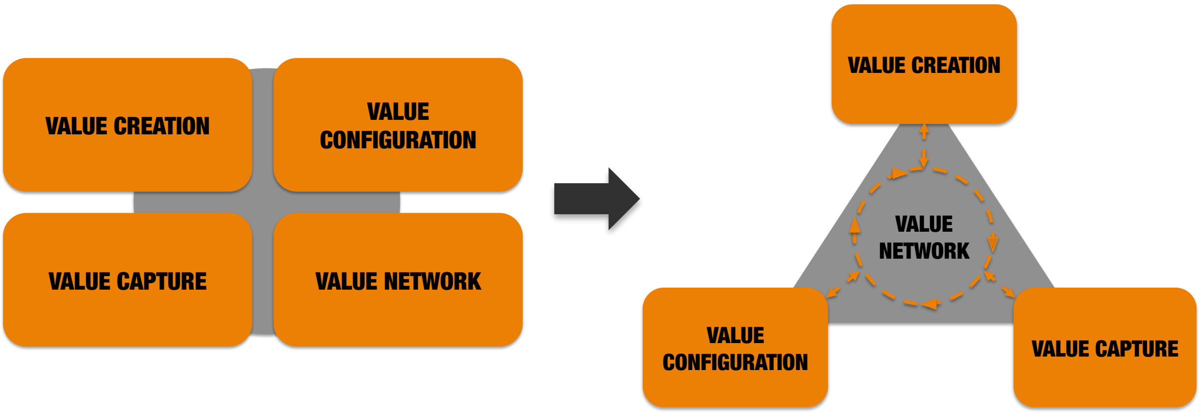
6.1. Review and Adjustment of the Conceptual Business Model Framework

Throughout the review of empirical data findings, the developed conceptual business model framework proved to be a useful tool. The framework not only helped to describe different business models within the fashion industry, but also allowed recognizing key differences among the business models and distinguishing critical changes across the four different dimensions.

Even though the initial version of the framework was found to be an adequate tool for structuring empirical data on business models, a need for one key adjustment was recognized. In the initial version of the framework all four dimensions were approached in a similar manner to form four building blocks of the framework. By applying empirical data to the initial framework it was found that the dimensions were isolated from each other and lacked connection and interaction. Moreover, it became evident that one of the four blocks, namely value network, played this important role of connecting the remaining three dimensions. In its essence, value network represents various internal and external connections as well as organization and governance practices that enable value creation, value configuration and value capture. This means that neither of the business model dimensions can effectively function in isolation without interacting with other dimensions to create and deliver value to the final customer. Therefore, value network through management, organization and governance practices connects the dimensions of value creation, value configuration and value capture. Taking into account these learnings that were acquired through empirical data assessment, the initial version of the business model framework was updated (Figure 10).

By formulating the final framework based on analysis of existing business model research and application of empirical data, the key business model components were identified. Therefore, the first research question is answered and the first purpose of this thesis is fulfilled. Further, this updated version of business model framework is used in analysis of the empirical data.

Figure 10. Evolution of conceptual business model framework



6.2. Overview of the Key Business Models in the Fashion Industry

A presentation of empirical data findings was structured using the four dimensions of the developed business model framework. Therefore, an overall understanding of each business model's essential characteristics is already established. Since, the adjustment of the business model framework does not affect the content of the dimensions, but only their structural relationships, data application to the respective dimensions is not changed. Nevertheless, to address the second research question, which requires describing the key business models in the fashion industry, a concise summary of the three business models is provided in Figure 11. Each business model is summarized using the four dimensions of the developed business model framework. In the following paragraphs the three business models are compared based on the differences in the four business model dimensions.

6.2.1. Value creation

In line with the literature review, luxury brands' value creation relies on products that are iconic and timeless, therefore, the products are hardly influenced by fashion trends. For the two other business models, fashion trends are the essence of their value proposition, though in quite different ways. Designer brands are the main source of new trends in the whole fashion industry. This means that a designer's creativity and ability to create new trends that are successfully received by the market are the key elements of designer brands value creation.

Figure 11. Overview of key business models in fashion.

The key strengths of fast fashion retailers are low prices and tremendous speed of design-to-market delivery. With easy availability of information provided by the development of technology, now fast fashion retailers are also able to incorporate fashionability in their value proposition in an incredibly short period of time. Therefore, in addition to low prices fast fashion retailers are addressing fashionability and new trends in their value creation. Hence, comparing to designer brands, fast fashion retailers are mostly following newly emerged trends instead of creating new trends themselves. An exception, discovered during the empirical data collection, was the H&M Studio line within fast fashion retailer H&M’s portfolio. The H&M Studio line is a capsule collection that is presented during Paris Fashion Week and is used to address H&M’s vision and proposition of high fashion trends.

6.2.2. Value configuration

Exclusive and iconic luxury products rely heavily on exclusive production materials, craftsmanship techniques and handmade production that are not widely available. All these factors extend production time. Since luxury brands enjoy extremely high margins partly supported by artificially created scarcity of the products available for purchase, luxury brands’ value configuration is not concerned with such aims as production efficiency or economies of scale.

Although designer brands are also enjoying relatively high margins, they are much more concerned about costs and effective production. Within the designer brands’ segment the established way of communicating new trends is via bi-annual fashion shows. Therefore, designer brands’ value configuration processes are strongly linked to the established fashion industry calendar. This means that to be able to present new collection during the selected fashion week, designers need to subordinate other processes accordingly. After a fashion show presentation, orders for one’s own retail channels and wholesale are collected and incorporated in production quantities. When the production is finished, the collection is delivered to both physical and online sales channels. Therefore, it can be said that the value configuration of designer brands can be described by activity blocks that follow each other in sequential order and there is no much overlapping among the processes.

Contrary to this, fast fashion retailers’ value configuration is characterized by continuous and simultaneous activation of all processes required to create value. This means that the fast fashion retailers’ business model is relying on a well-established synchronized system of activities that ensure regular update of product assortment in very short time periods.

6.2.3. Value capture

Comparing to the two other business models, luxury brands are the only ones that intentionally restrict availability of their product to provide exclusivity. To ensure sustainable business, a limited number of products sold has to be combined with very high margins in luxury brands' value capture formula. Therefore, luxury brands enjoy the highest margins and, sequentially, prices in the fashion industry.

Although designer brands also have relatively high prices, there are not any special restrictions in product availability. Furthermore, motivated by customers' demand for more frequent assortment update, that is partially driven by fast fashion retailers, nowadays designer brands deliver more collections per year than before, introducing, for example, pre-seasonal and capsule collections.

Given this information, fast fashion retailers are characterized by considerably lower prices than both luxury brands and designer brands. Fast fashion retailers' value capture is based on large number of sold pieces for democratic prices. Regularly updated product assortment motivates customers make more frequent purchases.

6.2.4. Value network

To ensure luxury brands' value creation, configuration and capture established by their business model, value network is characterized by strict control over most of the processes. This is necessary to ensure the highest quality of both product and accompanying service. Most of the luxury brands are owned by luxury conglomerates which influences the governance and organization practices within the focal firm.

In the case of designer brands, the whole value proposition is based on the creative vision of the designer. The designer is not only responsible for creating new trends, but is, in some way, the face of the brand. Based on analysis of sales volume and structure, commercial teams are providing their projections of items, colors and other elements that potentially should result in high sales for the next collection. These commercial guidelines are limiting designer's creative freedom. To address both creative and business ways of thinking, firms are experimenting with different ways how to organize work process.

For fast fashion retailers a key area of the value network is efficient and smooth organization of all stages and process within their business models. This means that to ensure value creation, configuration and capture, all of the underlying processes have to be in tight alignment.

6.2.5. Conclusion

Previous sections provided an overview of the three key business models in the fashion industry. Each business model was described based on the four dimensions of the developed business model framework – value creation, value configuration, value capture and value network. Moreover, each dimension was used to highlight key differences among the business models. Following the second purpose of this thesis, this approach aimed at establishing common understanding of different business models in the fashion industry and, therefore, answered the second research question – *"What are the key business models in the fashion industry?"*

6.3. Critical Changes within Fashion Business Models

Although empirical data revealed a number of various changes and small adjustments within all three fashion business models, this section reviews only the most important changes within each business model.

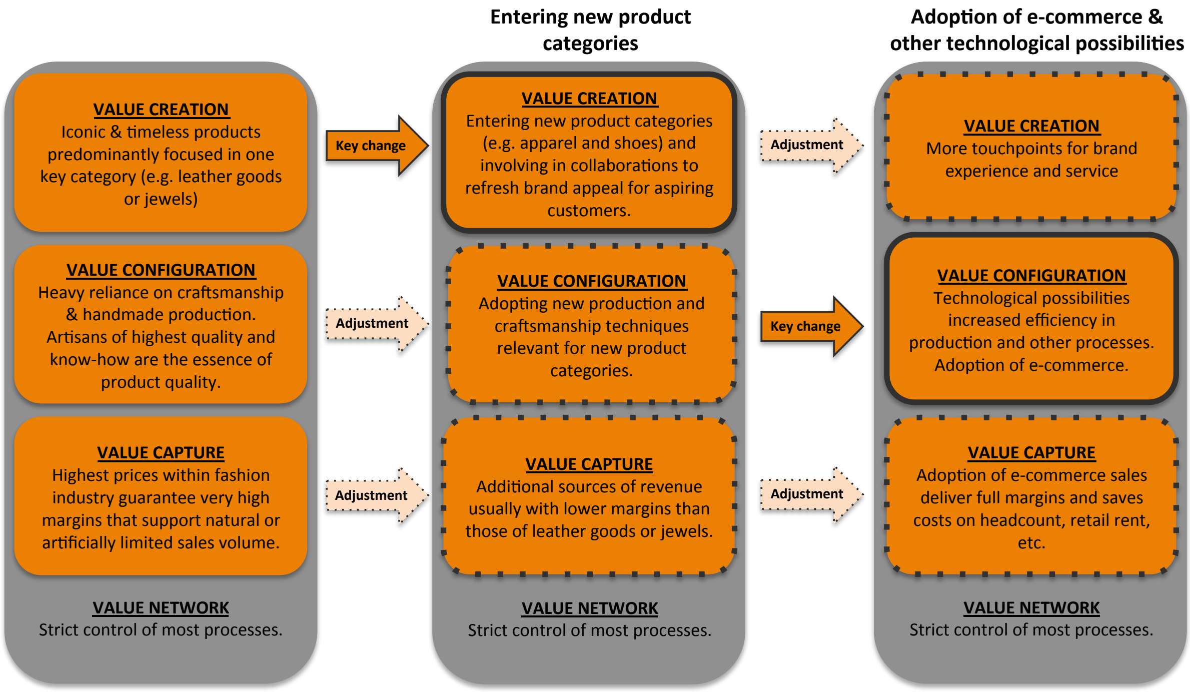
6.3.1. Key changes in the luxury brands' business model

In early stages of the luxury business model, value creation was based predominantly on one product category, mostly leather goods or jewels. When traditional luxury brands started to grow, they entered new product categories such as apparel, shoes, perfumes, cosmetics and watches. These new categories helped to extend the value proposition, address new customers and leverage communication opportunities provided by seasonal presentation and communication of apparel collection. Nevertheless, most of the luxury brands remained focused on their initial product categories. There are several reasons for that. First, leather goods and jewels provide considerably higher margins than, for example, apparel. Second, following the key value creation features of luxury brands, namely timelessness and iconic status, it is challenging to deliver these values in apparel product category, as clothes are very much connected with fashion trends. In general they have a limited lifetime to claim timelessness as leather goods or jewels can. Entering new product categories required an adoption of new production techniques and know-how. In addition, new product categories provided additional source of revenues, though usually with lower margins than the initial categories of leather goods or jewels.

The development of technology in the most recent decade increased efficiency of some production techniques and adoption of new online-based sales channels. Moreover, new technological possibilities allowed extending means of value creation in terms of new ways of providing service and ensuring more convenience for customers. Adoption of e-commerce not only ensures full margin for the focal firm, but also allows saving costs in, for example, retail rent and headcount.

The simplified luxury business model is depicted in Figure 12 to highlight changes in business model dimensions. The dimension changes are distinguished between key changes and sequential changes that followed to adjust to the key changes.

Figure 12. Key changes in luxury business model



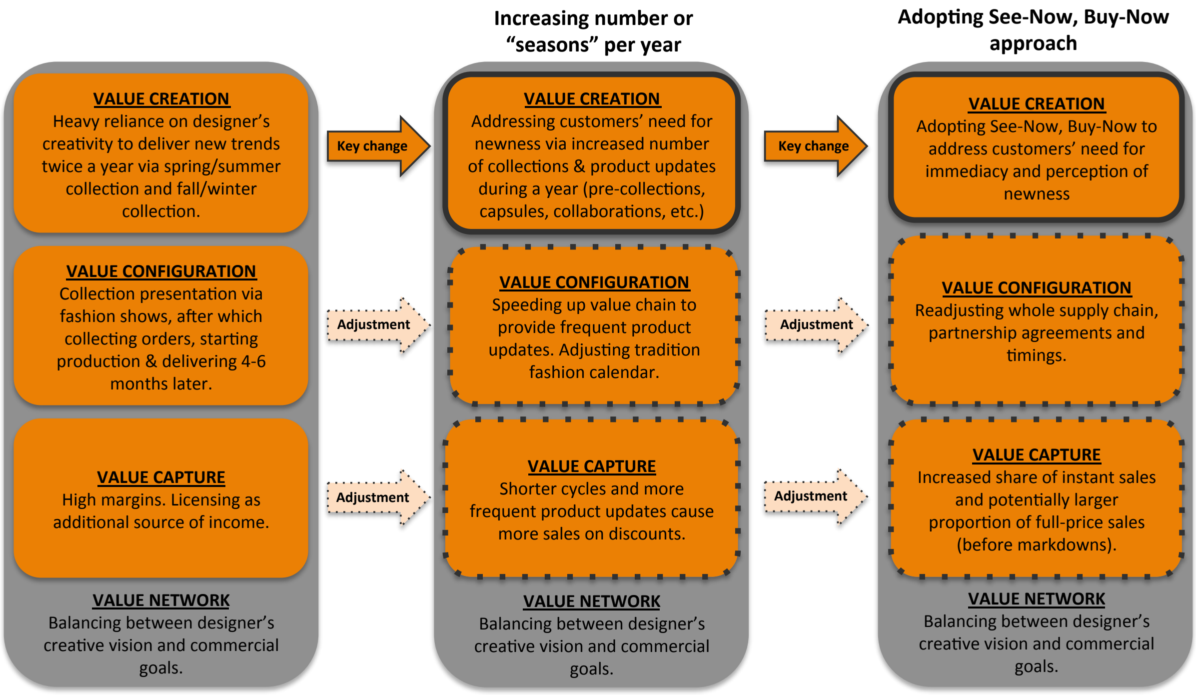
6.3.2. Key changes in the designer brands' business model

Following traditional business model designer brands developed two seasonal collections a year and presented them via bi-annual fashion shows. Before these fashion shows were reserved only for industry insiders. Customers were able to see the new collections via printed magazines 2-3 months later or in actual stores. Due to the advent of Internet and social media pictures of the new collection are available instantly. Such an abundance of early information creates a perception of outdated assortment when products are actually available for purchase. Moreover, frequent update of product assortment and delivery of the new trends by fast fashion retailers build a strong desire for newness among customers. To address this issue designer brands have increased number of "collections" per year. In addition to traditional two seasonal collections, designer brands have introduced pre-collections (or so-called cruise collections), capsule collections and different collaborations with other designers, artists and celebrities. More frequent updates of assortment require restructuring the supply chain, adjustments in creative process and established timings. While shorter product cycles cause steady peaks in instant sales right after the new assortment reaches the stores, they also entail more frequent markdowns to sell the "older" assortment after the new reaches the store.

Building on the customers' desire for immediacy and the outdated nature of traditional designer brands' business model, some brands have been adopting See-Now, Buy-Now concept. The main novelty in terms of value creation is providing all the items from the new collection available for purchase right after the fashion show. This way customers do not need to wait and plan their purchases well in advance. Moreover, switching to See-Now, Buy-Now allows aligning the three dimensions – collection presentation, collection availability and right seasonality. This means that brands adopting See-Now, Buy-Now can adjust their fashion shows and product offering to match existing season and, therefore, increase their relevance for customers. Adopting See-Now, Buy-Now requires significant restructuring of the whole supply chain, partnership agreements and timing. First results of the brands that have fully switched to See-Now, Buy-Now approach as, for example, Tommy Hilfiger and Burberry, have showed that the new business model has very positive effect on instant sales. This means that some of the items showed in the fashion show were sold out during the first days after the fashion show.

Simplified designer brands business model is depicted in Figure 13 to highlight changes in business model dimensions. The dimension changes are distinguished between key changes and sequential changes that followed to adjust to the key changes.

Figure 13. Key changes in designer brands business model



6.3.3. Key changes in the fast fashion retailers' business model

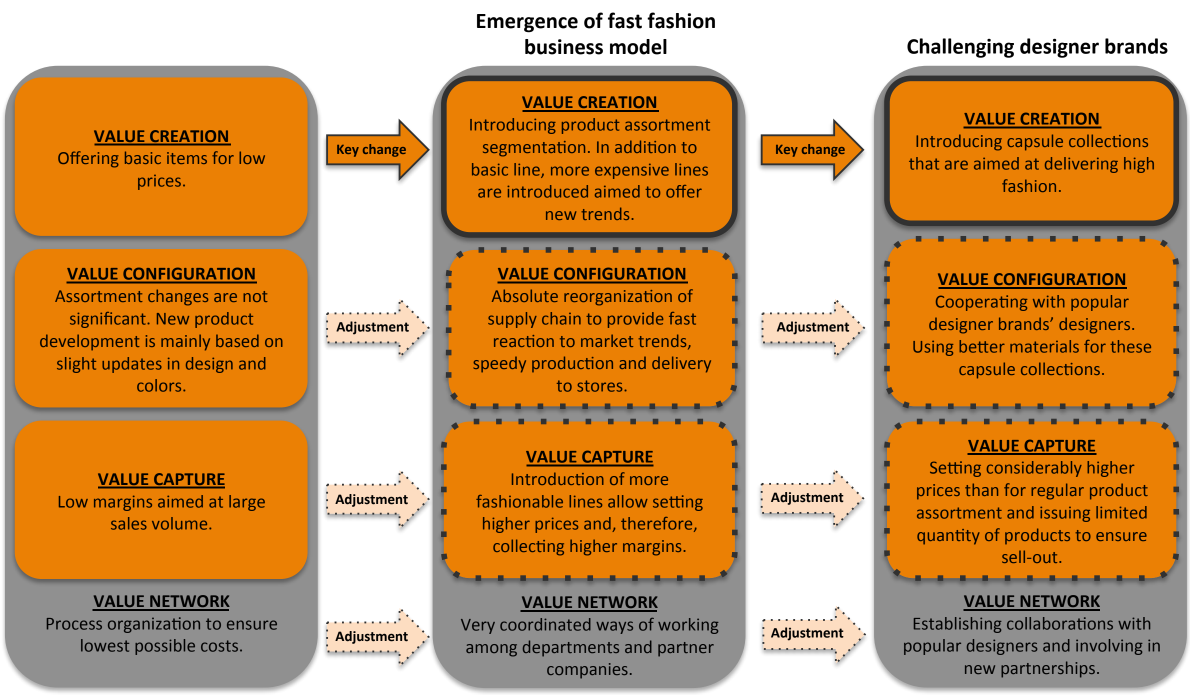
It was already mentioned that the fast fashion retailers' business model has emerged from the mass basic retailers. The overwhelming business model change took place when such brands as Zara and H&M started to segment their product assortment. If before mass basic retailers focused only on the lowest possible price in their product offering, then fast fashion retailers started to distinguish their product offering in different product lines. Firstly, fast fashion retailers kept their basic lines to offer products that do not require the latest fashion but have stable demand in products such as simple t-shirts, jeans and socks. On top of that, fast fashion retailers developed lines that are based on recent fashion trends. Thereby, offering customers fashionability for affordable price. The development of technology allowed for improving efficiency and speed of delivering the newest fashion trends to the market.

Further, fast fashion retailers started to address demand for high fashion by developing their own seasonal lines that are aimed to represent fast fashion brands' vision of fashion trends. These lines usually are delivered only twice a year and have higher prices than the rest of assortment. In addition, for several years fast fashion retailer H&M offered capsule collections developed in collaboration with designer brands like Lanvin, Karl Lagerfeld and Alexander

Wang. All these attempts are expanding fast fashion retailers value offering decreasing the fashionability gap to designer brands.

Simplified changes in fast fashion retailers business model are depicted in Figure 14. The dimension changes are distinguished between key changes and sequential changes that followed to adjust to the key changes.

Figure 14. Key changes in fast fashion retailers



6.3.4. Conclusion

Previous sections provided an overview of the key changes in the fashion business models. The overview showed that all three business models have undergone several significant changes. From the three business models luxury brands business model has changed the least and remains quite stable over the years. The key changes adopted by designer brands business model are related to customers' demand for newness and immediacy. The culmination of this development is the adoption of See-Now, Buy-Now approach. Fast fashion retailers have emerged from the mass basic retailers segment. In addition to characteristic segmentation of product offering, recently fast fashion retailers started to provide product lines and capsule collections that are aimed to eliminate the gap to designer brands product offering.

Therefore, following the second purpose of this thesis, the previous sections provided an answer to the third research question – *"How have the key business models in the fashion industry changed?"*

7. Discussion and Conclusion

This thesis started with a primary interest in investigating business models in fashion. It was soon evident that there is a considerable lack of studies exploring fashion business models. Although some works refer to the term “business model”, a clear definition and explanation of the business model concept is lacking. Moreover, the number of works aiming to establish a coherent understanding of different fashion business models is highly limited. This research gap is partly explained by the overall immaturity and lack of agreement on business model conceptualization. Therefore, to address both these issues, this thesis followed two purposes: (1) *To establish a coherent business model framework*; and (2) *To establish an understanding of key fashion business models*. In the following sub-sections theoretical and empirical contributions are discussed, as well as managerial implications, limitations and suggestions for further research are presented.

7.1. Theoretical Contribution

While considerable number of researchers aimed to conceptualize business model, the spectrum of perspectives is rather broad. Number of scholars (for example, Zott et al., 2011; Massa et al., 2017) attempted to classify various interpretations of business model, but all proposed quite different solutions. Similarly researchers attempted to formulate conceptual business model elements (for example, Osterwalder et al., 2005; Teece, 2010) but their views lacked agreement and coherence. While researchers have been continuously proposing new formulations of business model components, Shafer et al. (2005) reviewed the existing studies and summarized the business model components that were the most often referred to in the literature. Although this contribution is important, it is based solely on the review of previous works and lacks empirical assessment. To address this issue in the current thesis, the first step of formulating the conceptual business model framework by reviewing existing literature was complemented by assessing the developed business model framework through application of empirical data of the fashion industry. Application of the fashion industry data allowed “testing” the applicability of the developed framework and above all evaluating logical coherence of its content and construction. Based on the learnings acquired during the application of empirical data, the developed business model framework was further adjusted, thereby utilizing the empirical learnings for further development of the conceptual business model framework. The resulting business model framework consists of the three fundamental building blocks: value creation, value configuration and value capture, which are connected among themselves through the value network dimension.

Most of the reviewed studies proposing their perspective on business model composition, approached and presented business model elements in isolation, thus, not addressing the interaction among different business model components (for example, Shafer et al., 2005; Osterwalder et al., 2005; Johnson et al., 2017). Similar conclusion was achieved in this thesis after formulation of the business model framework based on previous studies. However, after the assessment of preliminary framework based on fashion industry data, it became evident that the structure of the business model framework blocks should be updated. The empirical evidence showed that business model components are not isolated from each other. Instead, if there is a change in one component, other components tend to adjust. This is clearly showed in the analysis of the business model changes in the section 6.4.

Therefore, this study provides a coherent business model framework by identifying and explaining key business model components and above all proposing a new way of structuring these components to represent continuous interaction among them.

7.2. Empirical Contribution

The developed business model framework was used to analyze fashion industry data and establish an understanding of the key business models in the fashion industry. Review of fashion industry studies clearly indicated a shortage of works aiming to explain fashion business models. While some of the studies referred to the term “business model”, in most of the cases the term was used in a rather vague and undefined manner. Moreover, the research body aiming to address different business models within the fashion industry is highly limited. To address this research gap the developed business model framework was applied to the identified key fashion industry segments. This approach led to formulation of the three key business models in the fashion industry – luxury brands’ business model, designer brands’ business model and fast fashion retailers’ business model. Using the same conceptual framework allowed establishing a clear understanding and distinction among the three business models based on the four business model elements. Therefore, this is one of the first academic attempts to address and explain different fashion business models in a coherent way.

Further, the dynamic nature of the business models in the fashion industry was considerably neglected. The review of fashion studies showed that over the years the fashion industry has undergone many considerable changes. Nevertheless, these changes have never been addressed taking a business model perspective. Through application of the developed business model framework, this thesis identified and explained the key changes in each of the three business models. Furthermore, this thesis is one of the first academic attempts explaining the essence of the new See-Now, Buy-Now approach that emerged in the beginning of 2016. Explaining the key changes in the fashion industry business models facilitates further establishment of fashion business models' understanding.

7.3. Managerial Implications

The findings presented in this study are relevant for a wide range of actors within and outside the fashion industry. The developed business model framework is simple to understand and apply. By using the framework as a tool for formulating business models of particular firms or industries, managers can acquire better understanding of their current business models and potentially identify new opportunities and sources of improvement. Moreover, the developed business model framework can be used to analyze and plan potential business model changes. The analysis of the fashion industry data clearly showed that by initiating change in one of the business model components, other business model parts tend to adjust to the key change. Therefore, by using the developed framework, managers can assess which sequential changes potentially could be caused by the initial business model change.

An overview and explanation of the key business models and their changes facilitate development of common understanding of the fashion industry. Moreover, explaining the key reasons, challenges and advantages of adopting the See-Now, Buy-Now approach provides practitioners a coherent overview and basis for evaluating whether this new approach is suitable for them. While the findings on the ways in which different fashion business models adjusted to the new environment are specific to the fashion industry, this thesis can be a useful and insightful example for other industries that are undergoing changes in environment and, therefore, are adjusting their business models.

7.4. Limitations

The scope of this study was set on investigating the three key fashion business models identified as a result of fashion literature review. Although this scope provides an adequate overview and explanation of the key fashion business models, investigating premium brands and mass basic retailers in more detail would provide a complete industry picture.

While the selection process of interviewees was directed to gain perspectives from different markets, companies and positions, expanding the number of interviewees could lead to even more detailed insights and additional learnings. Further, having more interviewees representing the same companies would allow contrasting their answers and possibly present a more detailed case study based on a particular company.

The developed business model framework proved to be a useful tool. Application of the fashion industry data encouraged making a considerable adjustment in the structure of the framework. While the final version of the business model framework addresses the business model structure of the fashion industry well, it is possible that framework application to other industries would result in additional adjustments. Therefore, the developed business model framework needs further assessment based on data from other industries.

7.5. Future Research

This study provides basis for several directions of further research. Firstly, the developed business model framework would benefit from further assessment based on other industries' data. By applying the developed framework to investigate other industries in an abductive way, future research efforts could further improve the formulated business model framework.

Secondly, the present study provided an overview of the key fashion business models. By broadening the interview sample and including more actors related to the fashion industry more detailed insights could be discovered. Moreover, considerable research efforts should be involved to explain the business models within the premium brands' segment that based on the literature review is characterized by high level of heterogeneity.

Finally, this is one of the first academic attempts to explore the new See-Now, Buy-Now concept. While this thesis provides an overview and explains main principles of the new concept, more detailed investigation would be beneficial to understand better the future potential of the See-Now, Buy-Now approach for the fashion industry.

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Appendices

Appendix A: Overview of Interviews

No	Name	Position & Organization	Located in	Date
IN1	Anna Claudia Valerio	Ex-employee at Chiara Ferragni Collection & the author of thesis on See-Now, Buy-Now at Bocconi University	Milan, Italy	6.03.2017.
IN2	Mikael Schiller	Executive Chairman at Acne Studios	Stockholm, Sweden	9.03.2017.
IN3	Stefania Saviolo	Director of the Luxury & Fashion Knowledge Center at SDA Bocconi	Milan, Italy	21.03.2017.
IN4	Erik Hagström	Digital and Ecommerce professional working in fashion industry	Stockholm Sweden	23.03.2017.
IN5	Peter Bäckström	Innovation Strategist at H&M	Stockholm, Sweden	24.03.2017.
IN6	Erica Corbellini	Director of the Master's in Fashion, Experience & Design Management at Bocconi University	Milan, Italy	24.03.2017.
IN7	Naeem Azam	Strategic Marketing professional working with fashion & luxury at Nexturn	Dubai, UAE	29.03.2017.
IN8	Hope Okoronkwo	CEO & Founder at L'insoumnis	Accra, Ghana	31.03.2017.
IN9	Johnattan Leon	Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co	London, UK	3.04.2017.
IN10	Ann-Sofie Johansson	Creative Advisor at H&M	Stockholm Sweden	7.04.2017.
IN11	Barbara Locatelli	Luxury Brands Merchandising & Sales Advisor	Lugano, Switzerland	7.04.2017.
IN12	Marijke Schiffer	Retail Manager at Stella McCartney	Paris, France	10.04.2017.
IN13	Madara Grīnvalde	Digital Adviser at Burberry (ex. Business Development & Marketing Manager at L'Officiel)	London, UK	12.04.2017
IN14	Gustaf Folke	Project Leader at The Boston Consulting Group	Stockholm, Sweden	26.04.2017

Appendix B: An Example of Interview Guide

INTRODUCTION

- Presentation of the interviewer and the purpose of the thesis
- Asking interviewee to introduce him/herself
- Explanation of the interview procedure

BUSINESS MODEL

1. How would you describe the most significant changes or developments within the fashion industry in recent years?
2. What are the most important factors causing these changes?
3. What has development of technology brought to the fashion industry?
4. How has the consumer of fashion changed over years?
5. How have the sales channels of fashion changed over years?
6. How have communication channels of fashion changed over years?
7. How does rapid development of fast fashion affect other fashion business models (e.g. designer brands and luxury brands)?

SEE-NOW, BUY-NOW

1. What are the main reasons for brands switching to See-Now, Buy-Now?
2. What were the main challenges switching to See-Now, Buy-Now?
3. What are the advantages of this new model? What are the weak sides?
4. Why most of the brands are hesitating to switch to SNBN?

Appendix C: Overview of Secondary Data

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Appendix D1: Luxury Brands' Business Model

Extended list of categorized data

VALUE CREATION
Product of highest quality
Mikael Schiller (Executive Chairman of Acne Studios): "[…] if you are talking about luxury, the product is extremely important. And to have a product at a really high level, it is not easy to make it, it takes time and there is difference between Italian leather and you know whatever."
Mikael Schiller (Executive Chairman of Acne Studios): "And in that sense, I think they are right. Their quality for a pair of shoes is always great."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "What you have within the luxury segment is that you have a lot of issues around... you need to protect brand quality, you need to protect actual product…"
Iconic and timeless product (as opposed to fashionability)
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "[…] many products are iconic, it's not really fashionable, they are always there, are made to measure, so you have to wait."
"Isn't that the joy of a brand like Hermès? The Kelly bag is never going away. […] Celebrating their DNA and not being ridiculed by the press for putting out a signature." (Blanks, 2016)
Exclusiveness & highly limited availability of products to substantiate extremely high price and distinguish customers from the mass
Naeem Azam (Strategic Marketing Professional working with fashion & luxury at Nexturn): "Luxury is something very exclusive, they have founder's vision, craftsmanship, they are very expensive."
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "So, for consumers, the value of waiting refers also to piece you are buying. There is instant buying, you want the piece, you see it and there is no much to think about it. And for other pieces you see and you know that waiting also means quality."
Erik Hagström (Digital & E-commerce professional working within fashion): "They want to be hard to catch. They want to be that guy or girl standing in the corner "Sorry, I'll be standing there and looking awesome and I'll come to you when it's time" It's a little like that."
Erik Hagström (Digital & E-commerce professional working within fashion): "They don't want it to make possible for everyone to wear it. They want their specific persona. Because every person wearing their clothes are in a final way a marketing. [...] They want to have their specific persona wearing their Gucci or Prada."
"Hermès should "grow but not get fat" (Daneshkhu, 2013)
"The destroyer of brand integrity is "brand dilution", which is the perverse reward for popularity. If too many people have a supposedly exclusive Fendi handbag or Hermès scarf, it is no longer exclusive, and therefore, in the customer's view, no longer worth its vertiginous price. It is this logic that explains the luxury sector's constant efforts to limit counterfeiting and copying." (The Economist, 2004b)
"Hermès frustrates demand and makes it difficult for people to buy its most coveted products." (Solca, 2015)
"The artisans have at least two years' training. It takes about 18 hours to make a (Hermès) Kelly […]. Because of the time needed to train artisans, supply lags demand and customers typically have to wait months for the bag of their choice." (Daneshkhu, 2013)
Highly personal level of service
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "But from a consumer perspective there is a big difference if you buy your whole wardrobe from a value brand or a wardrobe from a luxury brand. And there is something around the experience and the value that drives different behaviors."
Erik Hagström (Digital & E-commerce professional working within fashion): "There are... think about all of the old fashion brands...Yea, they want to meet their customer, they want to shake the hand of their customers because that's their way. And they have their heritage in being these old companies and I think it's nice in their way. Because me as a customer...if I'm buying a garment for that much money, maybe I want to have that type of service then, maybe I want to meet the person ... one of the persons behind the company."
Exclusivity halo for even least expensive products due to extremely strong brand perception
"Better still is Hermès' skill at creating a halo of exclusivity around each product it sells, no matter how trivial: ties for €150, scarves for €350, perfume for €85, fashion bracelets for €450. Consumers can buy any of these products and leave the Hermès store feeling like a million dollars." (Solca, 2015)
"For the luxury labels in their own stores, it is hard to make money with expensive dresses occupying a lot of precious retail space. Expensive shoes and handbags are a safer bet, so almost everybody does them too." (The Economist, 2004b)
VALUE CONFIGURATION
Handmade production and craftsmanship
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "Around the luxury products and luxury way of production, you have a lot more things that are handmade and handcrafts."
"In Hermès' largest factory, […] more than 300 artisans work in natural light around a soaring glass atrium." (Daneshkhu, 2013)
"The distinctive feature of Hermès' production is that one artisan makes a single bag from start to finish, only using a machine to sew the inside pocket and zips." (Daneshkhu, 2013)
Mikael Schiller (Executive Chairman of Acne Studios): "There are reasons why things take time."
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "[…] it is simply impossible to

show and produce, and deliver in short time."
Very elective presence in sales channels to ensure exclusivity and control of customer experience
Naeem Azam (Strategic Marketing Professional working with fashion & luxury at Nexturn): "But when it comes to luxury you have some different exclusive kind of campaigns, different set of rules. You have to be very selective. You cannot be too accessible for every channel that is available. You have to leverage the exclusivity of the channel."
VALUE CAPTURE
High prices providing high margins
Naeem Azam (Strategic Marketing Professional working with fashion & luxury at Nexturn): "For luxury buyers price is not an issue, they are more concerned about their consumer experience. Luxury buyers are not affected by economy, they have high purchasing power."
"Hermès […] the world's most desirable handbag manufacturer – prices start at about €4,000." (Daneshkhu, 2013)
Artificially restricted sales volume to substantiate high prices
"Hermès frustrates demand and makes it difficult for people to buy its most coveted products." (Solca, 2015)
Strong focus on own retail stores provides full margins to the firm
Erik Hagström (Digital & E-commerce professional working within fashion): "They want to have their specific persona wearing their Gucci or Prada. And that persona is a person that goes to store to buy their shoes."
"The rationale is simple. Instead of selling at wholesale prices to a department store, the fashion house can use its directly owned store to sell at retail prices to the consumer. It can also control its prices, get to know its customers better and promote its brand image through chic, exclusive shops. Over the past decade almost every luxury brand […] has concentrated on developing sales through its own stores. (The Economist, 2004b)
"Louis Vuitton, for example, has more than 300 stores in 50 countries. The New York "flagship" is on Manhattan's Fifth Avenue; the Hong Kong equivalent is in the Landmark building, with a constant queue of Japanese visitors outside. Gucci's huge Manhattan store is on Madison Avenue. Armani is opening a flagship store on Shanghai's Bund to add to the 290-odd it has around the world. Louis Vuitton makes about 80% of its sales in its own stores; Gucci more than 50%; Armani about 40%." (The Economist, 2004b)
"The downside is the burden of fixed costs such as rent and employees." (The Economist, 2004b)
VALUE NETWORK
Strict control of most processes
"What also counts is keeping control of the brand. For Mr Arnault, this means selling mostly through directly owned stores; limiting the licensed use of the brand name by others […]." (The Economist, 2004b)
Governance through luxury conglomerates
"The benefits of the conglomerate model are clear: sourcing synergies help to reduce costs, a diversified portfolio mitigates risk and, in the best-case scenario, healthy competition between brands leads to product innovation." (Sherman, 2017)

Appendix D2: Designer Brands' Business Model

Extended list of categorized data

VALUE CREATION
Offering new trends and seasonal offers several times a year
Mikael Schiller (Executive Chairman of Acne Studios): "We are doing a pre-collection for women, a main collection and the men's collection, so three."
Prioritization of creativity & designer's vision
Mikael Schiller (Executive Chairman of Acne Studios): "The creativity is the start and then the business comes."
Mikael Schiller (Executive Chairman of Acne Studios): "We start with the creativity, with creative process and start with product rather than saying that we want product that is for this customer."
High quality products
Hope Okoronkwo (CEO & Founder of L'insoumnis): "For the higher income consumer […] fashion designers and those main labels use high quality, craftsmen, high quality materials, etc. And produce for very small niche clientele that is wealthy."
VALUE CONFIGURATION
Collection presentation via fashion show and showroom
Mikael Schiller (Executive Chairman of Acne Studios): "[…] show it (collection) in a presentation, take pictures of it…"
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "[…] shows the samples to the press and the buyers…"
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "Because the fashion cycle works that you make a sample, then you present a sample to buyers and then after you know what they buy, you produce."
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "The point is that the fashion show as we knew it in the past 30 years was something created for the press, for the fashion editors, for buyers."
"[…] because buyers from department stores and other retailers are in the audience (of fashion shows), ready to sign contracts if they like what they see. (The Economist, 2015)
Collecting orders from sales partners and placing orders for own retail
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "[…] either opens a brick-and-mortars shop, either makes sales directly to the shops, either he uses agents to distribute the collection, either has the collection in the franchising, in partners that open retail for them"
Mikael Schiller (Executive Chairman of Acne Studios): "[…]place orders for our own stores and deliver six months later on or four months later on."
Mikael Schiller (Executive Chairman of Acne Studios): "[…]show it (collection) to the wholesale accounts, place orders for wholesale accounts and deliver six months later on or four months later on."
"For designers working within the established schedule, orders aren't placed until after the show." (Pike, 2016)
Production & delivery to stores 4-6 months after fashion show
"[…] long lead times for production…"
Production then takes several months, meaning pieces don't arrive in store until six months later." (Pike, 2016)
"[…] traditional show format, where clothes are normally delivered in store six months after their catwalk appearance […]" (Ellison, 2016)
Combination brand of own physical & e-commerce stores and third party retail and e-commerce
Mikael Schiller (Executive Chairman of Acne Studios): "15% our own e-commerce 45% our own retail and 40% everything else, which is brick-and-mortar, department stores, 3rd party e-tailers, such as Net-A-Porter and MyTheresa and franchise."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "Online is definitely something that is particularly growing."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "But we can also see rise of online brands. So something that you see are Yoox Net-a-Porter, Asos, Zalando."
Marijke Schiffer (Retail Manager at Stella McCartney): "Farfetch does extremely well, as well as Yoox Net-a-Porter. Our e-commerce does good."
VALUE CAPTURE
Setting high prices & high margins
"[…] prices that give the high-fashion brands gross margins of 50-60% on clothes and 80% on leather goods." (The Economist, 2004a)
Erik Hagström (Digital & E-commerce professional working within fashion): "For premium, if you buy one piece, you spend what, 6000SEK? They don't need to sell that much, they don't want to be that way."
Collecting full margins in own retail & growing e-commerce
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "E-commerce with the new model of money structuring allows designers to sell directly to the customers and have the margins."
Mikael Schiller (Executive Chairman of Acne Studios): "We also launched […] our e-commerce site. And there is obvious advantage when it comes to our own e-commerce and our own retail in terms of being able to control the whole universe and also getting the full margin and also having a direct contact with our consumer."
Royalties from licensing agreements
"In the short term a licence is a guarantee of profit: the designer grants someone else the right to produce and sell a product

under his name, and in return receives an up-front fee followed by a royalty of 3-8% of gross sales. The licensee bears the risk and the designer reaps a reward. The problem is in the long term. If a licensee sells the product at a discount, or lowers its quality, or sells it in the wrong place, or bundles it together with low-quality products, the "brand integrity" will be harmed, perhaps permanently. The trend now is for labels to buy back their licences." (The Economist, 2004b)
"Nonetheless, licences have their uses. Being a dress designer does not mean you know how to make sunglasses or women's tights or produce a perfume, so why not hire out your name to those who do, such as Luxottica in eyewear or Estee Lauder and Procter &Gamble in cosmetics and fragrances? Dior Couture, for example, still has eyeglasses, jewellery, lingerie and hosiery made under licence, though most of its other 300 or so licences have been taken back." (The Economist, 2004b)
VALUE NETWORK
Cooperation between designer and management
"Rather like a pop star, the designer needs a good manager. "There is almost no example of a success story in our industry that is not based on a foundation of two people," says Mr Toledano. In France, Christian Dior had Jacques Rout, and Yves Saint Laurent had Pierre Berge. Chanel is now identified with Karl Lagerfeld […] but it is Alain Wertheimer, says Mr Toledano, who "is discreetly running the business". In Italy, Miuccia Prada has Patrizio Bertelli; the late Gianni Versace had his brother Santo; even Giorgio Armani, a rare case of someone successful both as a designer and a businessman, started with a business partner, Sergio Galleotti. In America, Calvin Klein had Barry Schwartz, and Ralph Lauren worked with Peter Strom." (The Economist, 2004b)
"The difficulty is to sustain the relationship. Virtually every designer leaves college dreaming of establishing his or her own label, so to work for an existing label is a detour on the way to the dream. On the other hand, not to work for a famous fashion house might consign you to poverty and irrelevance. One solution is to allow a designer his own label while still working for the established brand. Karl Lagerfeld has his own label while still designing for Chanel; similarly John Galliano at Dior." (The Economist, 2004b)
"Clearly, then, loyalty should not be taken for granted. […] in a successful relationship the designer "respects the brand, and the brand trusts the designer's interpretation of its DNA". If the designer rejuvenates the brand, "he becomes the figurehead, and the house that wants to secure his collaboration will find it crucial to allow this new designer to share the company's profits." In other words, loyalty will have to be bought." (The Economist, 2004b)
"[…] says Bernard Arnault. "It's not enough to have a talented designer; the management must be inspired, too. The creative process is very disorganized; the production process has to be very rational." (The Economist, 2004b)
"Ralph Toledano, the chief executive of Chloe in Paris, argues that disappointments are inevitable when a designer has to cope alone with the pressures of business. "Creativity is essential: this is the essence of our business, our main asset. But, and this is where business comes in, fashion is not an art--it is creation applied to garments and accessories which must be successfully sold." (The Economist, 2004b)
Firm's control over quality delivered by licensees
"And, most of all, keep control of your brand. Licensing and franchising can help a business develop: Armani had a manufacturing agreement with Italy's GFT for 21 years. "However, no one looks after your name as you do yourself. My view is that a vertically integrated approach, where we control all aspects of design, production, distribution and retail, is ultimately the correct strategy for the long-term prosperity of the brand."" (The Economist, 2004b)

Appendix D3: Fast Fashion Retailers Business Model

Extended list of categorized data

VALUE CREATION
Balancing latest fashion, quality & price
Peter Bäckström (Innovation Strategist at H&M): "Obviously quality and how that balances. That's what has been H&M's strength over these years is that we had a very high quality product with a nice design and very affordable price."
"The beauty of Zara's business design […] is that it begins with an understanding of the freshness and hotness of fashion and harnesses technology to deliver what customers want in a new and innovative way." (Crawford, 2000)
Democratization of fashion
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Now, every kid at 12 can buy sneakers or super fashionable dresses like their mother at H&M and Zara."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "[…] a lot of the push that has been done by fast fashion predominantly has made it really accessible for people to just buy many things just to constantly be changing their wardrobes. "
Wide range of product offering to cover wide range of needs & occasions
Peter Bäckström (Innovation Strategist at H&M): "But then you have companies like H&M and Zara that are, sort of, in their own way of quality assurance, you know that you don't have to go to hunter different homepage, you just go to H&M and you can be sure that you will find something you like. It's about making the decision process easier for the consumer in the world where the products are available almost incompressible."
Erik Hagström (Digital & E-commerce professional working within fashion): "And I saw this nice suit and all the accessories they put into that look, it feels like me. So I bought the whole look. I didn't need to decide by myself, I didn't need to...think of ok, I need to have socks in dark blue, tie that is some color that works with this suit I need to have shirt which is maybe white... I don't need to decide by myself anymore, because there is someone who is really good at putting all these clothes together for the nice look. SO me as a customer can just push "click all" and I get it home, which is nice."
VALUE CONFIGURATION
Fast reaction and delivery of fashion trends
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "[…] the speed of data flow allows cutting the lead time of production and to be in shop with copies of catwalk items in 3-4 weeks.
"(Zara) takes, on average, 10 to 15 days from sketching a new piece of clothing to delivery. Zara stores in Europe are supplied twice a week with fresh merchandise […]" (Crawford, 2001)
"Inditex's ability to respond to changing trends is designed to "minimize fashion risk". (Crawford, 2001)
"Another task-force travels the globe, visiting university campuses, discos and other venues to observe what the young and the hip are wearing. That information also gets fed back to Zara's headquarters – often using handheld computers that transmit images as well as data. " (Crawford, 2000)
Highly efficient and agile production, operations and logistics systems
Peter Bäckström (Innovation Strategist at H&M): "You obviously need to have good, efficient operations and logistics."
"Inditex manufactures most of its collections in-house. Production is in small batches. Zara does not overstock; if an item is not selling, production is scrapped." (Crawford, 2001)
"The process is both capital- and labour-intensive. Zara employs 250 designers, and a further 14,000 at Inditex's manufacturing plants around La Coruna. […] The clothes travel on moving hanging rails along 200km of underground tracks that link the production sites to the logistics centre. Every garment is electronically tagged so it can be mechanically packed and delivered to the right destination – 822 shops in Europe and a further 200 in America, Japan and the Middle East. (Crawford, 2000)
"Most apparel retailers of Zara's size and mass-market appeal outsource production to cheaper cost centres in the Far East: Zara manufactures in-house. Much of the clothing business is considered a low-tech, low-skill "old economy" industry: Zara has invested heavily in computerized logistics." (Crawford, 2000)
"[…] a vast logistics centre in A Coruna, where garments travel along tracks and optical reading devices to sort out and distribute more than 60,000 items of clothing an hour. " (Crawford, 2001)
"At Inditex's heart is a vertical integration of design, just-in-time production, delivery and sales." (The Economist, 2005c)
"Hennes & Mauritz (H&M) of Sweden […] is not as fast to market with new styles--months rather than weeks. […] It has distribution centres dotted around Europe. Some 65% of its product is made in lower-cost countries in Asia. That means its cost base is lower than Inditex's, but it is more vulnerable to disruptions." (The Economist, 2011)
Continuous analysis of sales data and their incorporation in new product development
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "[…] provide you with an answer on how many of these specific shirts do I need in this country or this store."
"[…] store managers across four continents, gathering daily intelligence on what shoppers are buying, what they are asking for, and what they do not like." (Crawford, 2000)
"The monitoring of passing fashions is vital to Zara, because it makes very little of its collections in advance. Mr Castellano says: "We have the ability to scrap an entire production line if it is not selling. We can dye collections in new colours, and we can create a new fashion line in days." (Crawford, 2000)
"Some 300 designers work at the firm's head office […]. They are in daily contact with store managers to discover bestselling items." (The Economist, 2005c)
Ensuring convenience and easy product availability by large number of stores and fast-developing e-commerce

sales channel
Peter Bäckström (Innovation Strategist at H&M): There is a very strong emphasis in recent years on increasing e-commerce part of the business and making sure that in any country we have stores, we should also have an ability to offer e-commerce.”
Erik Hagström (Digital & E-commerce professional working within fashion): “[…] if you live in Norrland, the Northern part of Sweden, you maybe have three stores that sell clothes to people. But those people... when they have a possibility to buy those clothes that can’t be found in their city, that makes it easier for them to get things they want and they don’t have to travel to do that. They don’t have a problem anymore to buy whatever they want to buy, they have Internet, they can do whatever. The Internet is like a big city, just it is in the Internet. Like all the stores inside the Internet.”
Peter Bäckström (Innovation Strategist at H&M): “[…] you need to strike a balance between how many stores you have and how many... is your e-commerce presence. And it is a well-known fact that kind of physical presence, or actual stores are actually driving e-commerce sales.”
Erik Hagström (Digital & E-commerce professional working within fashion): “All fast fashion brands are in e-commerce, in that way they make it possible to buy their clothes in an easy way.”
Peter Bäckström (Innovation Strategist at H&M): “[…] the most important thing is that e-commerce is growing very quickly.”
VALUE CAPTURE
Keeping low level of stock provides low costs
“Zara does not have to carry the cost of high inventory levels and it gets a big revenue boost by putting fresh fashion on shelves so rapidly. That is what gives Zara its competitive advantage." (Crawford, 2000)
VALUE NETWORK
Established ways of working within the company and with partners
Peter Bäckström (Innovation Strategist at H&M): “[…] as you know we have a long history and legacy of doing things in a certain way, so we have over 4400 stores globally. Massive, massive organization and it takes a lot of effort just to maintain that and then to radically change a direction in any way is obviously difficult and it requires more time than for a smaller competitors.”

Appendix E1: Changes in Luxury Brands' Business Model

Extended list of categorized data

VALUE CREATION
Stable value offering across the years
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "I have to say, that I don't see many changes, like Hermes, Chanel, it is almost the same experience if not better. I think that the values are more or less the same, the means through which the values are passed on to the customers have changed."
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "Products are iconic, it's not really fashionable, they are always there, are made to measure, so you have to wait."
Collaboration with brands from other segments and industries
"The recent launch of Apple Watch Hermès is the nth example of the luxury brand's extraordinary ability to appear both impossibly exclusive and widely available. For Apple, the partnership rescues the "cool factor" of the Apple Watch, which was drawing perilously close to appearing geeky despite the company's attempts to build coolness around its luxury-level gold model. For Hermès, it attracts attention back to a category with which the brand has been struggling and offers an easier entry point for aspirational consumers. It sells a little piece of the brand — a Hermès leather band — at a very significant premium and, I assume, a considerable margin." (Solca, 2015)
"Louis Vuitton X Supreme: integrating one of the world's greatest street brands and one of its biggest luxury houses was the sort of challenge Jones was put on the planet to meet." (Blanks, 2017)
VALUE CONFIGURATION
Cautious adoption of new digital and e-commerce solutions ensuring luxury experience
Erik Hagström (Digital & E-commerce professional working within fashion): "Luxury doesn't use e-commerce the same was as fast fashion does."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "…online is definitely something that is particularly growing."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "So I think it (e-commerce) is something that is slowly coming from the brands themselves. Because they want to make sure that they are protecting their product and the brand."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "But that (e-commerce) is something that is also from the consumer perspective, they adapt more slowly, just because it is a big change and because of price they are less willing to buy online. But that is something that is definitely shifting and that is slowly growing."
"In the five-year period from 2009 to 2014, online sales of luxury goods grew four times faster than offline sales. In fact, in 2014, nearly all luxury market growth came from e-commerce, with online sales registering the sharpest spike on record, reaching €14 billion, up 50 percent from 2013, according to a report by McKinsey & Company," (Kansara, 2016)
""To buy a luxury product you have to touch it," says Mr Arnault. Many companies offer just a small range of their products for digital sale, and some none at all." (The Economist, 2014)
"LVMH is working on an ecommerce site that would bring together all of its brands – and those of competitors – on one portal and represent the most ambitious attempt yet by the French group to cannibalize on fast-growing online sales of luxury goods." (Agnew & Ellison, 2017)
"During all the years that we have been researching and writing about the luxury and retail industries, the biggest and potentially the most disruptive change has been the rise of online shopping. Yet compared to other market segments, luxury is still relatively underdeveloped on the internet. Historically, this is rooted in a deep fear that, by selling online, luxury brands would risk debasing their exclusive image. Consumers, for their part, have traditionally been wary of spending large sums on items they can't touch or try on; online, they also forgo the experiential value of visiting a temple-like luxury flagship. But both factors are changing fast. Luxury brands and consumers alike are rapidly embracing e-commerce." (Solca & Bowler, 2017)
"But by now the big luxury brands have learned their lesson and are putting more and more resource and attention into developing their own online operations." (Solca & Bowler, 2017)
"The question is no longer if and when luxury brands should embrace the digital opportunity, but how they should go about doing it." (Remy et al., 2015)
"Luxury players must also innovate to transpose online the unique experience they offer in their stores." (Remy et al., 2015)
"But Net-a-Porter was established at a time when luxury goods brands knew little about online, were avoiding the channel and had little in the way of in-house capabilities. As a result, the early aggregators, of which Net-a-Porter was the pioneer, built a traditional wholesale business model that echoed traditional department stores, buying and pushing out merchandise to customers. For brands this offered a simple solution to online. Net-a-Porter was simply another wholesale account that offered incremental sales to online consumers. […] New models are emerging that potentially fit better with the strategies of luxury brands." (Solca & Bowler, 2017)
VALUE CAPTURE
No significant changes discovered
VALUE NETWORK
No significant changes discovered

Appendix E2: Changes in Designer Brands' Business Model

Extended list of categorized data

VALUE CREATION
Addressing need for newness & regular update of product offering
Mikael Schiller (Executive Chairman of Acne Studios): "When it comes to some special projects like Small leather goods, sunglasses and these type of things, we often launch on our own e-tail and retail and then we can say it is form of See-Now, Buy-Now in a sense, but we don't have show, but we present it just before or at the same time as you can find it in the store and (our e-tail)"
"I hear from my consumers all the time that what I have in store feels old, even when it just dropped! They're constantly asking for newness." (CFDA, 2016)
"Technology and social media have rewired the fashion system as everyone knows it. Shows no longer just reach retail, industry insiders, and press. Images and livestreams from shows are accessible worldwide in real time, exposing consumers to designs months before they are available for purchase and providing sufficient time for so-called Fast Fashion brands to manufacture and deliver such trends. Even for industry segments and brands not directly challenged by Fast Fashion interpretations, this contributes to the ubiquity of trends and designs. As a result – as our interviewees saw it – trends and designs can seem out-of-date or stale by the time they reach stores, causing general consumer confusion and fatigue and ultimately hurting designer full-price retail." (CFDA, 2016)
"The new retail reality — in which product is being delivered weekly or monthly, not quarterly — has pushed designers and their creative partners alike to constantly deliver accompanying content to consumers in a drip-like feed." (Sherman, 2016)
"You also don't have time to really analyse and think about what you're doing. You have to be a machine of ideas that produces new things every three months. The whole industry runs so fast because we need to deliver something new to the store every two weeks so the client isn't bored. They don't want to wait for six months, so we have the precollection, the pre-pre-collection, and the main collection, which nobody is buying, so it all just ends up on a sales rack. (Amed, 2016)
"Fashions change faster than they used to: brands can no longer get by with just two collections a year. They launch new ranges more frequently, often staging their own publicity events." (The Economist, 2015)
"Experimenting with fashion cycles is not new. The pace of fashion has accelerated greatly in recent years, with many brands increasing the number of collections—now averaging six per year—and ratcheting down the lead times for pieces, even at the luxury end of the spectrum. At the same time, the reduced time between cycles has led to an increase in alleged plagiarism, as the pressure to create new collections is as much a concern for mass-market players as it is for luxury brands." (The State of Fashion, 2016)
"The industry became too fast; brands and companies are basically forced to constantly bring lots of new products to market, which leaves little time to really consider perfecting the product." (Sherman, 2017)
Value co-creation & mass customization
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "The customer base is wider and more spread around the world. So, the value is just mass-customized."
"The process begins with selecting your shoe style (from a choice of six), its height and its colour. To these you can attach whatever you like, however you like, from a 24-variation selection of seven sparkling Swarovski buttons or 20 variations of seven "brooches". […] It's about giving you, the personal wearer, control. You own it." (Leitch, 2017)
"Gucci now allows customers of both genders to dictate fabrics, linings and buttons, as well as to add or subtract patches and monograms." (Leitch, 2017)
"[…] Burberry showed its collection in September, […] when the audience flooded downstairs, they found an offering from the other end of the technological scale – craftspeople expert in silversmithing, embroidery, bookbinding, passementerie and ceramics making one-off products for the celebrity guests." (Leitch, 2017)
"Both Dolce & Gabbana and Prada are embarking on a policy […] of making all of their stores look different, and offering goods that are particular to those locations. As Stefano Cantini, group strategic-marketing director of the Prada Group, told Women's Wear Daily earlier this year: "Our customer is global and they find us wherever they are – so by carving out exclusive styles for different locations we are offering them the opportunity to collect on their travels and to purchase something that isn't available everywhere…This goes back to a bigger strategy of offering the customer new and bespoke experiences around the world." (Leitch, 2017)
VALUE CONFIGURATION
Reconsidering function of fashion show
Erica Corbellini (Director of the Master in Fashion, Experience & Design Management at Bocconi University): "Fashion shows should rethink their mission because in the past they were just for professionals, the buyers, and the journalists."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "The show now is more for the public and not only for the people working in the business. And then artists use the show as a platform. So, I think the role of the fashion show has changed a lot."
Erica Corbellini (Director of the Master in Fashion, Experience & Design Management at Bocconi University): "In any case fashion shows are not anymore so much to communicate sales campaigns. They are more something to show the brand and what is more extravagant or those products in which there is more fashionability incorporated, but in stores there is a mix between this and something that is carryover from the last season."
Erica Corbellini (Director of the Master in Fashion, Experience & Design Management at Bocconi University): "Nowadays they are for everyone. But, if it is so, there is a risk that after a while customer becomes oversaturated with fashion shows. It might be exciting in the beginning to follow your favourite brand fashion show online, but when they are so many, I mean, probably you lose a little bit of interest. So I don't really know the solution."

Mikael Schiller (Executive Chairman of Acne Studios): "I think, you know, I would say that the show as a phenomenon is quite outdated in a sense that from sales perspective, Chinese actress can be much more important than Anna Wintour."
"Fashion houses take part in them (fashion shows) for two reasons. First, because buyers from department stores and other retailers are in the audience, ready to sign contracts if they like what they see. Second, as a broader brand building exercise, to convince consumers that a label is still at the cutting edge. In recent years, the second of these motives has become more central." (The Economist, 2015)
"Only 5-10 per cent of store merchandise is presented on the runway. For us, the show is not about commercial product. It's about being transgressive and remaining interesting, so that we have something to talk about." (Ellison, 2016)
"Fashion shows are a trade event — that still exists and hasn't gone away. But now the fashion show platform is going out to millions of people who are saying, "I want that bag!" And you have brands like Versus Versace doing 'buy now, see now' from a catwalk show, but that collection is not being seen or traded in the same cycle." (Blanks, 2016)
"Technology has made fashion shows – originally mostly trade events – accessible to a vastly larger audience in real time, amplifying excitement around designs up to six months before the product is available." (CFDA, 2016)
"So the fashion shows have become less about selling the latest collection to other retailers' buyers and more about communicating the brand's image to a wider public." (The Economist, 2015)
"The purpose of the fashion show has been drastically changed by social media, and as a result, designers are facing a free-for-all when it comes to presenting their new collections, a standard activity that used to be straightforward." (Milnes, 2016)
"But, things have changed. Specifically, technology has put the fashion show in front of millions of viewers. Live streams, Instagram posts and Snapchat stories have blown the doors open. "What was once a trade event is now in front of a mass audience in real time," said CFDA president Steven Kolb in the report. "That amplifies excitement." (Milnes, 2016)
"Live-streaming of catwalk shows is now common practice, as is giving celebrity bloggers front-row seats alongside editors of the main fashion bibles. Brands feed their "communities" with streams of images on Instagram and Pinterest and Hollywood-quality videos on YouTube." (The Economist, 2014)
"Some designers aren't interested in making a game of one-upmanship out of fashion week. Kate Spade isn't hosting a fashion show or presentation this year, instead inviting press by appointment only. In past seasons, the brand has hosted presentations in the form of parties with celebrities in attendance and the clothing as the centerpiece. Editors seeing the collection will be discouraged from sharing full looks on social media until next February. Instead, Kate Spade will focus its social presence on the fall collection that's on sale now. Derek Lam will be going the same route, showing his collection personally to press and buyers only. Even designer and CFDA chairman Diane Von Furstenberg, who hosted a model-packed, Instagram-perfect party for her fall/winter collection in February, is stepping away from the consumer-facing collection premiere, and taking private appointments." (Milnes, 2016)
Reconsidering fashion calendar and timing
"For business, it makes some sense: by showing women's clothes on menswear catwalks, brands can use the earlier calendar dates to increase their in-store shelf life. The women's season is a source of frustration for designers who want to keep their product in store for longer before sales begin. "Sales are the terror of our industry where a piece of fashion has a lifetime of four months," says Albert Kriemler of fashion house Akris […]. "The menswear dates would be much more reasonable to the industry in terms of delivery." (Ellison, 2016)
"A brand like Coach isn't waiting for the wholesale buyers and department stores to make their orders during fashion week any more," said Victor Luis, chief executive of Coach, in February. "To be able to deliver in August, which is when the stores now want their product, we have had to make major manufacturing decisions well before the show. We've ordered the materials and product that we expect will perform well and spoken to our factories. It's a fallacy to think of show week as the focus of the buying calendar." (Ellison, 2016)
"Interviews with dozens of retailers, editors, designers and private individuals over the last few weeks suggest that women are experiencing product fatigue. After being inundated by images and live streams from runway shows, from awards shows where the items are worn mere days after they appear on the runway, and from ad campaigns (and the making of ad campaigns), by the time these customers see the clothes in stores, the dresses and skirts and suits seem tediously familiar. Old. Over." (Friedman, 2016)
"Ken Downing, the fashion director of Neiman Marcus, said recently that he was showing a client a hot-off-the-delivery-van $11,000 embroidered jacket, only to have her wrinkle her nose and say, "But don't you have anything new?" "It arrived the day before," he observed. But it had been online since last October. (Friedman, 2016)
"However, as she pointed out, the fashion world is on a schedule that demands that retailers be shown a collection months before it can be sold, as they have to place the orders and wait while clothes are manufactured. And magazines like Vogue and Harper's Bazaar have a three- or four-month lead-time. Fashion week has traditionally served as the fulcrum for this — and fashion week has developed a set of stakeholders that have nothing to do with fashion per se. (Friedman, 2016)
"Haute couture week is quickly becoming a popular choice for ready-to-wear designers aiming to cut through the clutter and align their main lines with the lucrative sales period for pre-collections, when buyers spend about 80 percent of their budgets. […]most traditional retailers spent the majority of their seasonal budgets on pre-collections that deliver earlier and drive the majority of sales. By the time buyers see an in-season collection debut during fashion month, they typically have much less budget to spend. "They come back to the showroom in October, but it's for a few key items or pieces that they should have in the shop that get attention," says Nathalie Ours, partner at PR Consulting Paris." (Fernandez, 2017)
"The whole fashion business went in the direction of a more rapid introduction of products. Shorter introduction cycles go hand-in-hand with retail. The wholesale business is based on a historic twice- a- year presentation of your collections." (Michaels, 2005)
Creating synergy between online and offline environments
Erica Corbellini (Director of the Master in Fashion, Experience & Design Management at Bocconi University): "You really need to experience the brand and then you will probably come back online. More and more people would go into the store in order to see something, get in touch with the brand but they will not necessarily buy in the store."
"Burberry sees its website and its shops as complementary." (The Economist, 2014)
Embracing digital possibilities and data provide tailor-made offers
Marijke Schiffer (Retail Manager at Stella McCartney): "Due to all these changes we need to follow our customers tightly. Using technology, we take all their details, clothing sizes, use phone data. We invest a lot in clientelling. We use several tools for

this. With Asian customers we communicate a lot through WeChat"
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "[…] the use of big data to actually be able to target specific customer basis."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "[…] if you are able to mine data and to actually make connections between the dataset, you can actually be more specific into pinpointing who will buy things where. So if you have a consumer who is really picky, right, because they want that very specific product for them, they want it personalized, unique, something they feel emotionally connected to, but they are also willing to shop along different value set from buy-in, I don't know... I might be fine with buying shoes from Primark, but I want my bag from Chanel. Then you have something that bears cross models, so if I'm a brand, how do I really target specific customer? The more data you have, the more specific models you can use to mine that data."
Much more efficient, cheaper and faster operations due to development of technology
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Other developments are more into computing. CRM, managing of customers, managing of logistics and shipping, everything, even like merchandising, which is more my part, has changed a lot. Because before we had to calculate everything by hand and get feedbacks from the shops, but now we already have all the information we need and we can quickly give feedback to the designers for the next collection plan. Before it was a little bit hand-made calculation. So, basically, everything is faster and cheaper even in A-level brands."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Then... first of all, this technical development started more or less 10 years ago with digitalization of information concerning manufacturing of garments, for instance, especially in shoe business. […] Basically there are shapes in wood or plastic, they are used to produce… the skin is put around the shape and then it's produced. And […] for a big production you maybe need 500 of these and they are made in Italy and that is pretty expensive. Now […] they have scanners for these shapes that they send through files to China and with 3D printers they can do them all with the shapes of the shoes directly, which is amazing if compared to before when they had to cut the shapes in wood, which takes a lot of time. So the lead times have changed because of that."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Another development is 3D rendering of the collection, garments. […] Now with the 3D rendering […] the designer can immediately understand if the shape is more or less correct. When you apply fabrics to the digital shape you can actually see how it will look and move. […] So designers could check the positioning of the prints even before cutting the style so that they can make adjustments to the patterns. In this sense this is a huge saving of time and time much less costs."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "But then also reduce costs by leveraging automation, robotics and then the use of big data to actually be able to target specific customer basis."
Increased focus on own retail and e-commerce
"That is largely because […] brands have been cutting out the middlemen in their distribution chains. More than 80% of the shoes, bags and other products bearing the Prada label are now sold in its own shops, compared with about 50% a decade ago. For Burberry, the share has grown from less than 40% to more than 70% over the same period.." (The Economist, 2015)
"Another advantage of a retail network is the opportunity to generate feedback from high-street customers." (Michaels, 2005)
Mikael Schiller (Executive Chairman of Acne Studios): "What happened was that a lot of the stores were asking not to sell them stuff but rather to put things on concession, which means that we would take the whole risk from the stock perspective and also from the cashflow perspective. And this would be very difficult. So 2002 and 2003 we kind of really opened up for having our own store and this went really well. And after that we kind of decided that we wanted to continue to build up the stores."
"Once you have your own retail it actually simplifies everything." (Amed, 2016)
"Fendi went from two stores to an astonishing 117 in three years. Its sales – almost all wholesale until the expansion – are now two- thirds retail." (Michaels, 2005)
Leveraging new sales channels
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "And another thing in terms of channels is private sales. Sample garment from the fashion show or showroom are now instead of putting into archive are sold directly to the customers and they do these VIP sales in the showroom for the press, family and friends. And this is not something done in a massive way before."
Marijke Schiffer (Retail Manager at Stella McCartney): "In certain countries stores do a lot consignments for their customers. In France we do consignments for VIP clients, Royal families or actors. […] mainly in London, when the collection is sent to client's home. They try it out and send back what they don't buy."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "The second is trunk show, that had a very big comeback. At the beginning the trunk show was developed in the States where couture producers would go around the smaller towns and offer the trunk show, take the orders and then get back to the main town and start producing and deliver. Now the trunk shows are also used by A-level brands. Right after the fashion show they invite their VIP customers from the shops and add these personal orders to their general production order."
"Long-term, massive real estate buildout is less prevalent, as retailers are looking to be more adaptive on short-term experiments and other inventive ideas." According to PopUp Republic, a retail marketing database, the pop-up industry was valued at $50 billion in 2016." (Milnes, 2017a)
""(Prada) pop-up stores will be used for new projects to create excitement with consumers," said Bertelli (Prada CEO). "Pop-up stores are a project that may actually be compared to fast fashion in a certain way – it's quick, fun and exciting […]." (Milnes, 2017b)
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "The other channel is outlets, which came to reality 15 years ago. Now a lot of sales go through outlets. And even special production is done for the outlets, even if customers are unaware.. leftover fabrics, leftover leather for handbags. So you have special production for outlets."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Basically outlets are built be entrepreneurs, then contracts are done with the brands, the brands open their own shops inside the outlets and they just pay commission fee for the space, sometimes there is commission fee for the sales, and the brands manage directly. And in outlets you place overproduction, or sometimes you plan to produce for outlets to top up the production to reach the production minimum for fabrics or cutters."

VALUE CAPTURE

Decrease costs & prolong products' lifecycle before marking down by merging female and male fashion shows

Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "The phenomenon is now that the cycle is too long and the show is so expensive. So they […] to do less fashion shows to make them online and to have together male and female. […] This is a matter of savings; this is a matter of costs. […] Better focus and it makes it easier and more efficient to buy."

"Again, Burberry was among the first to announce such an approach. But the mixed catwalk was already well established, with Gucci, Prada and Saint Laurent among those experimenting. Gucci has made the shift permanent." (Ellison, 2016)

"It also allows product to sit on the shop floor for longer, which not only suits the designer's transseasonal designs, but has also helped generate a healthy sell-through rate of between 50 to 65 percent across its 35 wholesale doors, more than half of which happens in the first few weeks after arrival, with a notable spike mid-way, when stores traditionally get seasonal deliveries. Some stores, depending on the depth of their buy, also arrange to have a second delivery." (Pike, 2016)

Addressing established discounting culture

Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "One of the things that we mention in the report is this discount culture and how people are waiting more and more for things to be on discount just because the brands are doing it."

"Part of the reason why consumers have been able to seek discounts and promotions has been their uptake on e-commerce and digital tools, which has created price transparency across brands and regions. Over the past few years, consumers have grown more comfortable with digital interactions and buying online." (The State of Fashion, 2016)

"Promotions and discounts are the new normal: Consumers have come to expect frequent discounts and promotions, buying less and less at full-price. Not only are consumers demanding more customised and personalised fashion, but they are also increasingly expecting it at lower prices." (The State of Fashion, 2016)

"For a long time we have been shipping fall in July, then it sits on floors until the season and it starts selling when it is marked down." (CFDA, 2016)

"Perceived "early" deliveries and markdowns hurting full-price sales: The race to earlier deliveries and therefore markdowns is leading to merchandise at retail that is seen as increasingly out of sync with the physical season, while our consumers are looking to buy clothes closer to when they need it. This results in retailers and brands failing to capitalize on "see now, wear now" consumer trends as well as in-season clothes' being on markdowns during relevant time / season, hurting full-price sales potential." (CFDA, 2016)

"Discounting remains the scourge of the industry. Gucci has a plan: last December the Kering-owned company renounced the sale season, saying its products will simply hang alongside new season stock with no reduction." (Ellison, 2016)

"Likewise at Saint Laurent, which claimed the creation of the "permanent collection" that is never discounted has contributed to the company breaking the $1bn revenue barrier last year." (Ellison, 2016)

Reduce costs and benefit from higher margins by shifting focus towards online over physical stores

Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "So one of the big shifts in technology from a production stand point, from the costs… what you see in the past years, cost reduction was a big topic. You had a lot companies that have been restructuring so we mention a few examples of companies that went into headcount restructuring, a lot of stores clothing. That has to do with technology being adopted in the use of online shopping and consumers being more open to the idea of buying things online."

Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "We've seen a lot of store closers, particularly around department stores and some of these big chains. We do see the amount of wholesale or own store format decrease, and that goes along with the cost reduction and focusing a lot more on e-commerce."

Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "E-commerce with the new model of money structuring allows designers to sell directly to the customers and have the margins."

Mikael Schiller (Executive Chairman of Acne Studios): "And there is obvious advantage when it comes to our own e-commerce and our own retail in terms of being able to control the whole universe and also getting the full margin and also having a direct contact with our consumer."

"[Launching] e-commerce, and that ability to sell to our own customer directly let us get markdowns under control," she said. "Before, we were beholden to a retailer who was doing markdowns all the time. You don't get a loyal customer with markdowns." (Milnes, 2017c)

Ensuring early sales by introducing different ways of pre-commitment from customers

Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "Buyers cannot have much risk by pre-committing on too much. It is safer when consumers pre-buy, it shows final trend. "

"Indeed, other retailers and brands have started to integrate online pre-order sales into their Fashion Week plans. The American department-store chain Nordstrom live-streamed Jason Wu's fashion show on Friday and is pre-selling a large handful of pieces from the collection on its site, starting next Wednesday. Burberry presells some of its Prorsum collection online after simulcasting the show each season, and also streams the shows in some stores in a dedicated space dubbed the Burberry Retail Theatre." (Felder, 2012)

"Brands such as BCBG Max Azria and Herve Leger are selling some looks in advance on their websites, with each of two autumn deliveries available online around six weeks before they reach traditional stores. Pre-selling is particularly appealing to retailers and designers because it pushes customers to pay full price instead of waiting for things to go on sale, or simply choosing to buy something else in the meantime." (Felder, 2012)

"Burberry has led the way: it was one of the first to live-stream its displays, and last September it became the first to use Twitter's "buy" function, allowing consumers to purchase items straight off the catwalk." (The Economist, 2015)

VALUE NETWORK

Emergence of new networks and interest groups between to firm and the final customer

Marijke Schiffer (Retail Manager at Stella McCartney): "Now in France our top clients are personal shoppers from Asia. They

live here or travel and make purchases for their clients in Asia. So, they are not really our clients, but they are a very important part of the process. They come to the stores and make selection for customers."
Erik Hagström (Digital & E-commerce professional working within fashion): "I mean, social media, back in the days you bought Vogue and Elle, today you are sitting with Instagram and you can have fashion bloggers, you can have big fashion companies in your stream and you can have whatever you want to have there. And that is inspiring."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Another very strong communication channel is celebrities. Before it was a little bit the other way around. The movie stars or singers would ask the brands to provide with clothes. Now there is an actual collaboration between the brands and stylists of celebrities to push their own cloth budgets. So the clothes are given for free or offered to celebrities in a very systematic ways."
Naeem Azam (Strategic Marketing Professional working with fashion & luxury at Nexturn): "One of the major changes is a lot of contribution from social media influencers. They are playing really crucial roles in developing your market and developing your brands. They have a lot of fans and followers. Social media influencers now are really playing a crucial role in developing brands, promoting brands, word-of-mouth."
"Cortázar points to the dress worn by Cate Blanchett as an example of the desire digital media can drum up. "This dress, worn by this actress, was all over the world in 20 minutes," he remembers. And consumers' interest in it quickly translated to real sales. The brand itself had 35 personal requests from customers across the UK, the USA and the Middle East wanting to purchase the dress, and 50 percent of the dresses bought by retailers were pre-sold before they even arrived in stores." (Pike, 2016)
"Schuman the Sartorialist explains how he sees the change in attitudes: "In the beginning, people [in luxury] were afraid of the internet and the [idea of bloggers'] comments," he says. "Now they are going after the blogs full-steam. The whole thing with Dolce & Gabbana and [bloggers] in the front row, it's like they realized that if you can't control it, you might just have to learn to deal with it."" (Copping, 2009)
"[…] as Christopher Bailey, Burberry's creative director, puts it: "It's important that the bloggers become well-respected. They have a very articulate way of expressing an opinion. The difference between bloggers and traditional press is that [bloggers] are often talking directly to a final consumer."" (Copping, 2009)
"A recent survey of the luxury industry by the Boston Consulting Group (BCG) concluded that word of mouth overtook magazines last year as the biggest influence on consumers' purchase decisions." (The Economist, 2015)
"The ascendance of digital has also contributed to a rise in the number of touchpoints between consumers and brands, who now come into continuous contact with each other across a much wider range of platforms, from Instagram to e-commerce sites, resulting in more complex, non-linear paths to purchase." (Kansara, 2016)
Changing the role and functions of partners in value creation and delivery
***Erica Corbellini (Director of the Master in Fashion, Experience & Design Management at Bocconi University)*:** "Customer delighting or customer relationship management is extending into wider groups, such as buyers. Before this was just a job of brand ambassadors to take care of the best customers who are spending more. Today this is something the company wants to provide for everyone."
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "When you launch the order, you make a meeting with the press, so the press tells you what the stylists loved, what magazines booked for their editorials, and you know about the VIP orders, so you want to make sure to include them in your e-commerce."
"Cortázar also has the advantage of knowing in advance which looks are most popular with buyers — and can give them appropriate runway attention. "So, I can say: 'That needs to be on the runway,'" he says. "Buyers are going to want to see that and Instagram it right now." (Pike, 2006)
"Cortázar also has to take care that images of the collection don't leak before the catwalk show, and all buyers are now asked to sign confidentially agreements before they make their orders, so collection images don't accidentally wind up on social media and steal his show's thunder." (Pike, 2016)
Conflict between creative and business visions
"That is not working is the fact that there is no relationship between the creative vision and the commercial vision. I think they are very separated, yet they are very dependent on each other," (Amed, 2016)
"This dependency creates an unbalanced relationship because the market dictates what creativity needs to do, in order to sell. It tells you we need so and so, five trousers, and 10 dresses — we need this and that. All of this information comes from commercial teams and merchandising." (Amed, 2016)
"Today's creative directors must be artists but, increasingly, they must also be magicians of merchandise, businessmen and brand-builders." (Ellison, 2015)
"Another form of pressure bearing down on creativity comes from the way new designs are sanctioned for production. Fashion designers are being encouraged to take more input from the buying and merchandising teams to react to what is selling rather than defining what will sell through forward-looking design risks." (The State of Fashion, 2016)

Appendix E3: Changes in Fast Fashion Retailers' Business Model

Extended list of categorized data

VALUE CREATION
Always "fresh" supply of market trends due to increased speed of delivering market trends
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "I would say the only thing that changed is fast fashion, where the speed of data flow allows cutting the lead time of production and to be on shop with copies of catwalk items in 3-4 weeks. So in that sense it changed."
"Production is deliberately carried out in small batches to avoid oversupply. While there is some replenishment of stock, most lines are replaced quickly with yet more new designs rather than with more of the same." (The Economist, 2005c)
"Fast Fashion brands have gained the ability to deliver interpretations of designs to retail before the actual designer collections that inspired them." (CFDA, 2016)
Segmentation of value offering
Peter Bäckström (Innovation Strategist at H&M): "We do a lot of catwalk show collections. We have the Studio line, we have Conscious Exclusive, we obviously have designer collaborations, and I think all of them are just to emphasize H&M's commitment to, well fashion, and actually driving the industry and just selling socks and t-shirts. We place a great emphasis on actually having fashion in fashion so to speak."
Ann-Sofie Johansson (Creative Advisor at H&M): "Well, these are the offerings we have at H&M. For, example, our big ladies concept that is called "Everyday". That is kind of fashion for many people like the current fashion that really appeals to many people. And the base of the triangle is more kind of basic things that don't change so much from season to season. They always have to be contemporary and modern, but you know maybe they are here to stay for longer time. So basics, contemporary fashion and kind of latest fashion at top of the triangle."
Ann-Sofie Johansson (Creative Advisor at H&M): "I mean, we have always done these kind of collections we call them "press collections" to show what we believe in for the season for press and media. And then when we decided to start showing them in Paris, we actually named the line "Studio", but it is the same purpose to show what we believe in as a fashion company for press and media, and our customers, of course."
Ann-Sofie Johansson (Creative Advisor at H&M): "(H&M Studio line) is a line where we can experiment a little bit more. It's… you know like on the top of triangle of what we are offering at H&M. So it's more really fashion and we can have a little bit higher price points and upgraded fabrics. And it should be all about what we believe is, you know, the latest fashion. So it's high end fashion."
Peter Bäckström (Innovation Strategist at H&M): "I mean, it (H&M Studio line) is in a much smaller scale than the normal collections, so it gives you a possibility to work with other materials and different design process altogether. […] So all in all it's delimitations and not that strict when it comes to these collections comparing to other lines."
"But H&M does things differently, including the hiring of star designers. Stella McCartney has been appointed to design its autumn collection, which will be sold in some of its European and American stores." (The Economist, 2005c)
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "There are more segments of products for the different segments of customers."
Ann-Sofie Johansson (Creative Advisor at H&M): "Each season, they create a limited-edition collection full of key looks and statement pieces to reflect the most important trends of that time. With the Studio collections, we have an opportunity to show our love of fashion and be both contemporary and forward-thinking in our designs. The H&M Studio Collection has also since 2013 been presented with a runway show during Paris Fashion Week."
Increased convenience and possibility to navigate through product assortment due to technology development
Erik Hagström (Digital & E-commerce professional working within fashion): "I knew that it is supposed to be dark blue and I went to Zara and filtered on blue suits. I didn't need to scroll through all suits, I just clicked on blue suits."
Erik Hagström (Digital & E-commerce professional working within fashion): "I mean, I'm in the store like Zara or any other, and just to filter out which clothes I like the most, it is a little bit hard. The last time I was in store… I know that I want to buy a pair of pants, but the thing is that, there are so many pants hanging in the store… And I don't even know the difference between the different models. The only difference I see is the color of it. And then I have to take time to try them out to see if there is something for me. And that would take a lot of time. And… I mean, today I go into my favorite jeans store in app in my phone and when I know that I need a pair of new jeans… I know that they have this one model that I like, the only thing I need to do myself, is to tell them I want this pair of jeans in this color. This is the only thing I have to focus on."
Erik Hagström (Digital & E-commerce professional working within fashion): I think that part of technology has made a lot more time for us as customers to do whatever we want to do instead of going to stores. But at the same time we have been a little bit lazy in that way as well. Because we are putting ourselves in someone else's hands. In some ways it seems that you should have your own decisions, which is still possible with al the technology, but, I mean, human beings, all of us are getting a little bit more like… someone else have to fix that and we just pay for that."
Erik Hagström (Digital & E-commerce professional working within fashion): "It's not just fashion that has been affected, it's our lifestyle, it's how we are using our time. Back in the days you had to go to the city, to go to the store for whatever you needed to buy. [...] for example, if I'm going to this dinner and I want to have something nice on me, I had to go to the store and I had to plan my day to take the time to go to the store and look through all the different clothes and now I can be sitting wherever I want to sit, because my phone as I said before, it is like my computer. […] And since I have my phone everywhere, I can plan the clothes for this dinner from wherever I want to, because I can buy them from wherever I want to, I don't need to go to the store to solve it."

VALUE CONFIGURATION
Creating synergies between online and offline operations
Peter Bäckström (Innovation Strategist at H&M): "I think the biggest change is that even though if we still see even smaller part of wholesales actually being happening on websites and mobile, they are all influenced or initiated on digital touchpoints. So it is sort of the foundation for the entire shopping experience from consumer perspective. So essentially they are starting on Instagram or Pinterest and browsing and, you know, finding inspiration and then usually end up in a physical store but obviously due to increasing degree of influence from digital touchpoints."
Peter Bäckström (Innovation Strategist at H&M): "You need to strike a balance between how many stores you have and how many... is your e-commerce presence. And it is a well-known fact that kind of physical presence, or actual stores are actually driving e-commerce sales. It's one of the most efficient marketing activities you can do is to open a physical store. You see a lot of pure play e-commerce retailers that are actually opening physical stores to supplement their e-commerce sales."
Aligning assortment across the markets
"Back in the 1970s, styles differed strongly from market to market. Now the company's assortment is 95 per cent the same wherever you go. "You adjust less because the markets are becoming more and more similar all over the world. We read more or less the same magazines, watch the same films and listen to the same music," Mr Persson explains at the company's headquarters in central Stockholm. "That's good for us: we don't have to adapt so much." (George, 2001)
Changes in operations due to technology development
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "I think social media and e-commerce is just a tip of the iceberg because all the fashion models completely changed due to e-commerce in terms of logistics, manufacturing, analysis, margins."
Ensuring even faster speed to market
"The most impressive competitor, however, is Zara, a Spanish company operating in 46 countries, which has shortened the fashion cycle to the point where it no longer exists. By having 200 in-house designers and by controlling the whole process from textile mill to retail shop, Zara can put new items in its 626 stores twice a week." (The Economist, 2004)
"The secret of Zara's success is its speed—four weeks for a new fashion idea to hit the shops—and the feedback that store managers send to head office, to help it fine-tune its ideas. There is also firm control from Spain, the sole logistics hub. Although 34% of Inditex's manufacturing is outsourced to Asia, and 14% to parts of Europe including Turkey, those tend to be the more basic items. The high-fashion stuff, 49% of what it sells, is cut and finished in Spain though some sewing is done elsewhere." (The Economist, 2011)
"Zara has pioneered the concept of "live collections", which can be designed, manufactured, distributed and sold almost as quickly as their customers' fleeting enthusiasms." (Crawford, 2000)
"All of Zara's shops use point-of-sale terminals to report directly to La Coruna. On top of that, every evening store managers consult a personal digital assistant to check what new designs are available and to place their orders according to what they think will sell best to their customers. In this way, its store managers help shape designs." (The Economist, 2005c)
Creating scarcity to push purchase
"But most important of all, we want our customers to understand that if they like something, they must buy it now, because it won't be in the shops the following week. It is all about creating a climate of scarcity and opportunity." (Crawford, 2000)
"This helps to create a scarcity value. Shoppers cannot be sure that something that has caught their eye will appear in the store again--or can be found at another Zara store, even in the same city. On the other hand, they also know that everyone they meet will not be wearing it." (The Economist, 2005c)
"Jose Maria Castellano, Inditex's chief executive, recalls that when Zara opened its first store in the UK two years ago, on Regent Street in London, shoppers would come in to browse and then leave. "They would tell our shop assistants that they would come back when the sales started, and we would have to explain that what they liked would not be in the sales, because the stock changed every week. (Crawford, 2000)
Moreover, it ruthlessly removes its lines—even the best-selling ones—every three weeks or so." (The Economist, 2004)
VALUE CAPTURE
Instant sales facilitated by communication solutions
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "The communication is focused on the actual sales today then in the past. Especially for the middle-business kind go brands."
Embracing e-commerce sales
Erik Hagström (Digital & E-commerce professional working within fashion): "All fast fashion brands are in e-commerce, in that way they make it possible to buy their clothes in an easy way."
Erik Hagström (Digital & E-commerce professional working within fashion): "If you live in Norrland, the Northern part of Sweden, you maybe have three stores that sell clothes to people. But those people... when they have a possibility to buy those clothes that can't be found in their city, that makes it easier for them to get things they want and they don't have to travel to do that. They don't have a problem anymore to buy whatever they want to buy, they have Internet, they can do whatever. The Internet is like a big city, just it is in the Internet. Like all the stores inside the Internet."
VALUE NETWORK
No significant changes discovered

Appendix F1: Reasons for switching to See-Now, Buy-Now

Extended list of categorized data

REASONS FOR SWITCHING TO SEE-NOW, BUY-NOW
Customers' impatience
Ann-Sofie Johansson (Creative Advisor at H&M): "A lot of customers are impatient, they have a hard time waiting for things. When they see something, they immediately want to have it."
Ann-Sofie Johansson (Creative Advisor at H&M): "[…], it is for our fashion conscious customers whoever they are. Just a matter of making more convenient for them to be able to shop into the collection right away instead of waiting six months."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "it is just an industry response to consumer behaviour and consumers wanting difference in what they buy a lot faster to stores."
Peter Bäckström (Innovation Strategist at H&M): "But also because in general consumers nowadays are much more, sort of, time sensitive in a way. And their attention time is shrinking. When they see something they like they want to get that immediately and if you have to force someone to wait 6 months there is a big chance that they will forget all about it when the time comes. So, in order to stay relevant, you need to be able to show and sell more instantly."
"We live in the era of information in the 21st century; the century of Instagram and Snapchat. People see something and there are no borders anymore — they want it." (Amed, 2016)
"Paul Smith and a number of smaller designer brands — all publicly announcing a shift to some form of fashion immediacy strategy, seeking to better […] capitalise on immediate demand for runway products." (Amed & Mellery-Pratt, 2016)
"Another factor is the belief that some consumers demand fashion immediacy and view it as a natural progression for fashion brands. "We listened to the consumer and understood that [what] they are demanding is instant gratification and experiences," says Tommy Hilfiger, founder and designer of his eponymous brand. (Amed & Mellery-Pratt, 2016)
"Arguably, the rise of B2C fashion shows, photo- sharing social media apps and e-commerce have already shifted consumer preferences toward immediate gratification and heightened expectations for newness. Some believe that changing the fashion cycle is simply a sign that brands are catching up. "The traditional 'attraction of anticipation' will still exist, but there has to be some change. We are living in a radically different world," says Bailey." (Amed & Mellery-Pratt, 2016)
"There was no question for us that customers were getting tired of product long before it had even arrived in the store," he (Ken Downing, fashion director of Neiman Marcus, the American retailer) said. "Retailers are in the midst of a very challenged trading environment right now, so for the future health of the industry, this is a model that in some variation more of the fashion community will realize it has to embrace in some capacity." (Paton, 2017)
Broken traditional fashion system
Ann-Sofie Johansson (Creative Advisor at H&M): "But if we look at how we used to do it when they had to wait for half a year, it wasn't so clear. It's harder to keep the interest, I think. When we showed in March in Paris and the collection was out in September and then it was a challenge to talk about the collection again and to really make the interest around the collection again. In that sense it is easy now to communicate around the collection I believe."
"Fashion shows had long been strictly industry events for press and buyers to preview collections. But the rise of digital media has shed transparency on the model, with runway shows morphing into powerful consumer marketing events, leaving brands ill-equipped to convert social media buzz into sales for collections that have yet to be produced." (Hoang, 2016)
"If we look historically at the prêt-à-porter model, designers would get an inspiration, make a collection, produce a collection and deliver the collection to stores. Others would look at what they did and try to copy it, but it would take a year to a year-and-a half for the copies to get there." (Amed, 2016)
"We embrace social media and the Internet, but the timing of this communication is out of sync with the availability of collections, which arrive many months after the consumer has seen them online. We try to respond to the customer's need for newness, but in doing so, we have created an over-proliferation of products that don't have enough time to sell before the next collection drops, leading to waste." (Amed, 2016)
"Paul Smith and a number of smaller designer brands — all publicly announcing a shift to some form of fashion immediacy strategy, seeking to better rationalise the fashion show calendar for consumers […]. (Amed & Mellery-Pratt, 2016)
"But although they had increased the number of product drops throughout the year, brands found themselves creating publicity around these collections months before consumers were able to buy them at retail. "It's always felt a little alien, inviting people from around the world to tune in and to watch, to Instagram, share and like and all of those things, but then not be able to buy it, or look at it, until four to six months [later]. I found [the shift to fashion immediacy] great — a natural thing," says Christopher Bailey, chief creative officer and chief executive of Burberry. (Amed & Mellery-Pratt, 2016)
"[…] the runway's purpose should be for generating in-season excitement, not showing a collection to a buyer. If a designer isn't taking advantage of the halo effect that surrounds a theatrical runway show, he or she is waiting six months for those products to land. "We didn't have this transparency before. You went to a store to see a collection, that visibility was on the store's terms," said Hali. "Anyone with a laptop or a phone can see a fashion show today, and they don't want to wait six months. If they can buy right away, that's a boost to the brand and the retailer carrying it." (Milnes, 2017g)
Pressure coming from fast fashion retailers
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "Consumers get annoyed to wait for 6 months for something that has been already copied by fast fashion. So that's why some brands as Burberry decided to do this kind of business model."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "The reason why they adopted this model is very much because they see consumers driving the fashion. So obviously the fast fashion model has responded to the consumers wanting to buy things that are in season that change more frequently and so when you take the more luxury and affordable luxury based brands and you put them in this battle that is obviously a response to the consumers

wanting this. But that obviously came from lower segments. So I think that shows more of a signal for the power switching more towards consumers and less on the brands."
"Zara is delivering the same things to their stores in three weeks." (Amed, 2016)
"I agree. I think the match that set the entire bomb was the rise of digital. The fast fashion companies could never have copied all these other brands if we didn't put the images online immediately. Fashion hasn't had time to reset its systems and values for a digital revolution. So you have a lot of dumb decisions being made." (Blanks, 2016)
"The impetuses behind the change vary, spanning from a response to customer behavior and a need to get closer to consumers, to the pressure caused by fast-fashion retailers that tear looks from the runway and even climate change." (Milnes, 2017f)
Potential source of competitive advantage
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "And the other one is definitely a point of competitive... or, I don't know... from the brands that are adopting it more on the upper segment of the value scale, it's definitely a challenge to the fast fashion players. It's to make them competitive from response point of view."
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "For the ones that are doing it first, it's also gonna be a way to differentiate from other players within the value segment. So, obviously right now it is a big, how do I say it… it caused a lot of media attention, obviously by doing this, it is drawing people's attention, so it's also a good thing for them."
Increasing proportion of own retail vs wholesale
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "Due to the fact that fashion is getting more and more into the retail comparing to the past when it was that more than half of the business was wholesale. So the wholesale channel had to buy fashion in showroom and these six months were needed to buy fashion into the showrooms. Now, owning the retail they can sell directly to their stores and also online. So for all of these reasons it is not make much sense to wait so much."
Aiming to increase sales
"Running counter to cost-reduction measures, fashion companies are attempting to increase sales by responding more rapidly to consumer demand." (The State of Fashion, 2016)
Looking ahead, several contemporaneous factors will continue to drive the industry's adoption of fashion immediacy strategies in 2017. The first is the need for organic growth in a challenging global economic climate. Ninety-five percent of the business executives polled in the BoF-McKinsey Global Fashion Survey, believe that driving sales growth, rather than cutting costs, will be the key focus to increase profits in 2017. Brands can view fashion immediacy as an attractive potential growth lever, to address the traditional fashion system's inability to concurrently serve the needs of a global consumer base and to better capitalise on the media and consumer interest in fashion shows. (Amed & Mellery-Pratt, 2016)
Need for matching seasons in showing-buying-wearing
"Customers are much more interested in buying now and wearing now," said Nordstrom Inc. co-president Peter Nordstrom, on a conference call with investors on Thursday. "The idea that she would buy something and then put it in her closet for a couple of months until the weather changes — that has changed a lot over the years. And it's not a great scenario for us." But when it comes to designers' ready-to-wear collections, department stores' hands are tied until the vendors switch to a see-now-buy-now schedule. (Milnes, 2017g)
"An out-of-season fashion calendar — one that shows winter coats on the runway right as winter is ending, for instance — negatively affects what department stores have in stock. They have fall clothes on sales floors in the middle of summer, while fast fashion companies like Zara are jumping on runway trends, capitalizing on brand new collections with knee-jerk production processes." (Milnes, 2017g)
Ann-Sofie Johansson (Creative Advisor at H&M): "[…], it is for our fashion conscious customers whoever they are. Just a matter of making more convenient for them to be able to shop into the collection right away instead of waiting six months."

Appendix F2: Challenges of switching to See-Now, Buy-Now

Extended list of categorized data

CHALLENGES OF SEE-NOW, BUY-NOW
Pressure on supply chain
Peter Bäckström (Innovation Strategist at H&M): "And then in terms of logistics of it, it must be a lot harder to have everything done... everything needs to be faster and smoother and more efficient throughout the process."
Erica Corbellini (Director of the Master in Fashion, Experience & Design Management at Bocconi University): "Company-wise it puts a lot of pressure on supply chain. Because, in oder to be able to deliver in one, maximum two weeks, the companies have to align the fashion shows not only with sampling, as they used to do but also do stock production. Which means that they have to decide which garments will be sold."
"A business on the scale of Tommy Hilfiger, for example, sells through 20,000 points of sale, in more than 1,500 stores in over 115 countries. Burberry's collection was available for purchase immediately after the show from the company's flagship stores, on its website and at selected wholesale partners including Barneys New York, Colette in Paris and Hong Kong-based travel retailer DFS Group." (Amed & Mellery-Pratt, 2016)
Large investment of restructuring
Peter Bäckström (Innovation Strategist at H&M): "It is quite a big investment for a company to implement that."
Distinguishing between potential benefit and harm depending on the brand positioning and capacity to restructure
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "You don 't want to do that if you are a really luxury brand, just because somewhere customers have creativity and the really respect that. Making those clothes takes a lot of time. I am not sure that this is right for the customers to have something that I've decided that they need to buy. I think it doesn't give enough importance for the luxury manufacturers profits and also to the designers activities."
"Brands like Burberry and Tommy Hilfiger have the resources to do things like overhaul their internal business models and host weekend-long carnival parties surrounding their catwalks, as Hilfiger has done two seasons in a row. Thakoon had to seek an outside partnership to support his restructuring, which was secured when the deal with Bright Fame Fashion was penned. Resting a vision that still hasn't been tested out at scale in the arms of an outside investor is a risky move for a brand that lacks the size and name recognition of a Burberry." (Milnes, 2017e)
"Stafford said that Thakoon's experience should serve as a learning experience for brands in similar boats that are looking to rethink their models, rather than a cautionary tale. "We're progressing towards this place where luxury designers and brands can have a direct relationship with customers, but it's going to take time," she said. "They need to make sure they have the tools and platform in place, and then it's about paying attention to your customers and reacting in real time." (Milnes, 2017e)
"The creative head of Chanel, Fendi and his own brand acknowledged the capabilities some companies might have to deliver high volumes in shorter timeframes through direct distribution. But Mr Lagerfeld said the system would be disastrous for smaller designers still dependent on wholesale to achieve sales." (Ellison, 2016)
Higher level of risk and pre-commitment
Barbara Locatelli (Luxury Brands Merchandising & Sales Advisor): "In some sort this requires some sort of risk, because this requires a lot of risk for the brand, because you are obliged to buy fabric, produce, keep them in your warehouse, do the fashion show, let the customer order and do that immediately."
Peter Bäckström (Innovation Strategist at H&M): "obviously, you have to by definition have a lot of faith in your product line. It can be difficult to adjust volume, as you essentially are betting on the products before you have any kind of feedback and uncertainty increases."
Adjusting ways of working with wholesale and media
Mikael Schiller (Executive Chairman of Acne Studios): "I think it is very tricky when it comes to wholesale, because one of the big advantages of wholesale is that you place an order to the factories for the orders you already have from Net-a-Porter and so on. And I think if you want to do SNBN, either you have to get stores to order what they haven't seen, which might get tricky, or you have to risk which obviously has downsides."
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "Retailers, they can actually do what they want. With wholesale they have much longer cycle."
"It's impossible to get the timing just right so that inventory isn't left sitting around. At the same time, when some brands dive in and other brands sit out on a production cycle, department stores are left with a mishmash of collections reflecting different seasons. (Milnes, 2017d)
"It's very 'every man for himself' right now," said Rony Zeidan, founder of the agency RO NY. "And that's wonky when you're in a department store. The industry has to wake up at some point and realize that the see-now-buy-now notion needs to apply to across deliveries at the store level." (Milnes, 2017d)
Stefania Saviolo (Director of the Luxury & Fashion Knowledge Center at SDA Bocconi): "But impact on publishing is very important. While in the past you had to buy the press and the fashion publishing press was available only one month after the show."
Restructuring while companies are fully running
Johnattan Leon (Engagement Manager at Global Apparel, Fashion & Luxury Group at McKinsey & Co): "So you have one calendar that is given... all brands have their own calendars with their processes for how to do it, so being able to shift one calendar to another just causes a lot of coordination and a lot of internally being able to have all the teams being on board to do this change. So it's both from operational point of view, it's almost like resetting the way the brand works, which when you have a whole team of people working it takes a lot of work to do that. It's not like you can just a pause company completely re-do a whole processes and calendar and start again. You have to do it as you are creating the collection. So I think that is a big challenge for the companies."

“So an initiative of this scale and size requires a tremendous amount of collaboration. And collaboration with teams that never worked so early together before and in some cases teams that never worked together before. This was a highly complex logistical exercise. We are talking about trying to get 4 million products that were produced over three different production waves around the world on shopflors on the same day at the same time. We had to establish a new cross-function team just to keep transparency going, because there were so many moving parts going on at the same time. In the typical process we all know it leads of course with the collection and the show and then into selling and then the marketing machine comes in the end to bring it home to consumers. It’s like a relay race where there is really intense sprint handled by one team before it gets given over to the next team. But in our model it all has to be happening simultaneously, which has never happened before for anyone.” (Baker, 2016)
“It’s extremely hard to disrupt an industry and fashion is one of the oldest,” said Kimmy Scotti, a partner at VC firm 8vc. “You can’t change an engine while a car is in motion.” (Milnes, 2017d)
Challenge to disrupt the existing ways of working
“Thakoon decided to pull out of department stores altogether to control when and how customers interacted with collections. For a smaller brand with less name recognition like Thakoon, however, taking on the responsibility of a restructuring that goes against the grain of the rest of the industry was a hefty task. In a statement, his business partner, Bright Fame Fashion, said that “the business model is ahead of the current retail environment.” (Milnes, 2017d)
“The consumer audience is there, they’re ready,” said Elizabeth Stafford, director of business and strategy at digital agency Four32C. “But luxury fashion has a challenge ahead of it: to move successfully into the see-now-buy-now model and retain the sense of exclusivity and scarcity that drive true luxury. It’s going to take time and a lot of failing to do this.” (Milnes, 2017d)

Appendix F3: Main areas of restructuring for switching to See-Now, Buy-Now

Extended list of categorized data

MAIN AREAS OF RESTRUCTURE DUE TO SWITCHING TO SEE-NOW, BUY-NOW
Aligning fashion shows with deliveries to stores
"See-now, buy-now" adds to channel pressures: New cycle models are promising immediate consumer gratification, from off-therunway fashion to instant delivery. (The State of Fashion, 2016)
"In a statement, Mr. Bailey said: "The changes we are making will allow us to build a closer connection between the experience that we create with our runway shows and the moment when people can physically explore the collections for themselves. Our shows have been evolving to close this gap for some time. From livestreams to ordering straight from the runway to live social media campaigns, this is the latest step in a creative process that will continue to evolve." (Friedman, 2016)
Showing new collection to buyers and media months before the fashion show
"By showing his (Vetements) collections privately to buyers several months in advance, and focusing his fashion shows on reaching the end consumer, he is able to deliver products to stores a few weeks after fashion week, capitalising on the buzz and attention it creates." (Amed, 2016)
"'In-season relevancy' emerged as a recurring idea in the study, with various tactical configurations, including the following model: More intimate retail / press appointments or presentations 4-6 months before deliveries, with an option to then have in-season activations when collections are delivered to stores and available online for sale." (*Examining the Future of New York Fashion Week*, 2016)
"Ken Downing, fashion director of Neiman Marcus, the American retailer that has worked with Rebecca Minkoff, Burberry, Tom Ford and Ralph Lauren on see-now, buy-now collections, said: "The new model is simple and effective. We buy quietly in the showrooms from samples under embargo, and our choices then go into production without the extravaganza of the runway." (Paton, 2017)
"Keep retail and press appointments / presentations as the culmination of the design process to allow buyers to place orders and provide long-lead press with original content early enough, but make them more intimate and exclusive: » Presentations will convey the creative tone and themes of a collection for the traditional fashion industry with a focus on the products, designer big ideas, and story-telling. Editors and buyers interviewed expressed they do not need all the 'bells and whistles' for these presentations. The timing is aligned to allow for production and long-lead press placement, without compressing current manufacturing timelines." (*Examining the Future of New York Fashion Week*, 2016)
"There are also implications for wholesale partners and press, who must see the collection before the show and place their orders in advance. Restricted showrooms were set up for key international wholesale buyers and press to view the collection in the strictest of confidence, at times secured through non-disclosure agreements. In Burberry's showroom, accessories were also displayed as well as inspiration boards with images, photographs and swatches of fabric to give the clearest possible sense of the collection's themes." (Amed & Mellery-Pratt, 2016)
"Communications assets for the new season must now be immediately available following the show, impacting the highly pressured work schedules of the creative teams who craft communications strategies, from photographers to art-directors, make-up artists to hair stylists. In September 2016, when Mario Testino took his place front row at the Burberry show, he had shot the accompanying ad campaign, which was already in the hands of Anna Wintour, American Vogue's editor-in-chief, to run in the magazine." (Amed & Mellery-Pratt, 2016)
"Ralph Lauren's two shows past runway season: Press and buyers were invited to a private showing months earlier than the public runway, which was live streamed." (Milnes, 2017g)
"This means buyers will need to make decisions months ahead of a runway show, potentially based on a photo or sketch of an image that hasn't been created yet. "Today, you have to have your buying and selling teams in a new mindset," said Ken Downing, the fashion director at Neiman Marcus. "Buyers are smart. They know what to look for, and can buy a collection without seeing a runway show first. A buyer's time is mostly spent in showrooms anyway." (Milnes, 2017g)
More freedom for in-season event if focusing on final customers now
"An "in-season event" does not have to be a traditional runway show, nor does it have to feature only "shoppable" looks. While the clothes are at the center, designers may choose to show an artistic or lifestyle interpretation of the collection." (*Examining the Future of New York Fashion Week*, 2016)
"Similarly, "consumer-relevant" does not have to mean having consumers as guests at the show. Examples could range from digital campaigns to small parties / events, to short films, to large-scale, high-production entertainment shows." (*Examining the Future of New York Fashion Week*, 2016)
"In-season activations do not necessarily need to happen during […] fashion week. Alternative locations and timing could be considered based on the brand. For example, Tom Ford brought his Fall 2015 runway show to Los Angeles on Oscars weekend." (*Examining the Future of New York Fashion Week*, 2016)
"The ultimate West Coast fashion festival, "TOMMYLAND" welcomed some 3,000 visitors with graffiti murals, light installations, rides, and performances from local roller-skaters, fir acts and acrobats." (Tommy Hilfiger, 2017)
Re-establishing brands' timelines
"It took a lot of work to recreate our calendar. We had to have intense synchronisation across every different aspect of our business," explains Avery Baker, chief brand officer at Tommy Hilfiger and the chief-architect of its move to fashion immediacy. Previously, samples would have been debuted at the runway show, but the new schedules mean they are made around three months before the show." (Amed & Mellery-Pratt, 2016)
"But for the latest Burberry show, Bailey had to develop production techniques, deadlines and budgets as a part of the design process. "Now, as we are designing the show we will be passing things over immediately to our supply chain partners to say, 'Let's look at the lead times on this; how can we work with this factory to get this on the date that we need it?" he continues." (Amed & Mellery-Pratt, 2016)

Appendix F4: Main advantages of See-Now, Buy-Now

Extended list of categorized data

ADVANTAGES OF SEE-NOW, BUY-NOW
Closer connection to customers
Ann-Sofie Johansson (Creative Advisor at H&M): "And this is one way of offering that (immediacy) to them. And as I said coming a bit closer to our customers."
Ann-Sofie Johansson (Creative Advisor at H&M): "Fashion has become truly global now, which is so exciting, and it gives us an even greater opportunity to provide fashion lovers worldwide with our collections"
""We are now directly linked to the customer. My designer can come [to the store] and really see what's working, what's performing, what's not performing," Panichgul told[…]. "It's closing the gap between design and the customer. With this new model, I'm able to control message, from the runway to in-store to online, and add additional content." (Milnes, 2017e)
Ann-Sofie Johansson (Creative Advisor at H&M): "Closing the gap between the retail calendar and runway calendar by making the H&M Studio collection available straight from the runway was very appreciated by our customers. We also definitely value the direct communication we could have with our customers through our "see now, buy now" runway show on March 1 and I think anything that brings us closer to our customers and makes fashion even more accessible is very positive."
More full-price sales
"Boost full-price selling and increase return on investment." (*Examining the Future of New York Fashion Week*, 2016)
Positive setting for designers' creativity
"Free up more time for designers to focus on creativity, inspiration and developing products between the two Fashion Weeks." (*Examining the Future of New York Fashion Week*, 2016)
"But according to both Bailey and Hilfiger, rather than a creative constraint as detractors claim, the earlier deadlines brought on by fashion immediacy strategies offer time for reflection and can therefore award creative advantages. "It gave us time to unpack the inspiration, the stories, the artisans that went behind it, the craft that went behind it [and] the music that was the spirit of the collection," says Bailey, who created an art and craft infused collection and exhibition for the Burberry collection presented in September 2016 at Makers House, where artisan weavers, bookbinders, calligraphers and saddlers — all linked to London concept store The New Craftsmen — were on hand." (Amed & Mellery-Pratt, 2016)
"Baker says that Tommy Hilfiger's pivot toward fashion immediacy was also a boost for creativity: "It was an extremely dynamic process, having that adaptability and agility to find interesting and fresh ways to tell the story, we actually found [it] to be super creative. I think our own team was even inspired and surprised at how the final show came together because it felt really fresh," she says." Amed & Mellery-Pratt, 2016)
"Bailey goes so far as to call claims of fashion immediacy's negative impact on creativity "an incredibly patronising" argument. "We designers are not stupid; we do have brain cells and we're not constrained by timings. We will find solutions to these problems," he asserts. There are, however, some creative aspects where the shift in timing is absolute." (Amed & Mellery-Pratt, 2016)
Creating barriers for fast fashion brands to deliver new trends faster to the market
"Limit the ability of Fast Fashion to imitate original designs. (*Examining the Future of New York Fashion Week*, 2016)
Increase the perceived newness of product deliveries to stores
"Retailers: Increase the perceived newness as deliveries will be timed closer to consumer need and marketed to the public at the same time." (*Examining the Future of New York Fashion Week*, 2016)
Matching seasons in showing-buying-wearing
"'See now, buy now' is also about consumers being able to 'wear now,' and addressing the seasonality issues that have become more of a practical issue for retailers and customers around the world." (Paton, 2017)

Appendix F5: Lack of agreement about See-Now, Buy-Now

Extended list of categorized data

LACK OF AGREEMENT
Against See-Now, Buy-Now
"However, the global fashion industry has been neither united nor unanimous in its view on this break from tradition. In fact, some of its most influential figures went on record against the shifts in strategy, including senior representatives of the two biggest luxury fashion conglomerates LVMH and Kering, as well as the leaders of national fashion associations such as the Fédération Française de la Couture du Prêt-à-Porter des Couturiers et des Créateurs de Mode and the Camera Nazionale della Moda Italiana. Kering's chairman and chief executive François- Henri Pinault said in a statement that fashion immediacy "negated the dream of luxury," and that delayed gratification (rather than instant gratification) is what "creates desire." The task force put together by Ralph Toledano, president of the Fédération Française de la Couture, which comprised of Sidney Toledano, chief executive of Christian Dior, and Bruno Pavlovsky, Chanel's president of fashion, amongst others, took the position that, "the present system was valid." (Amed & Mellery-Pratt, 2016)
"See-now-buy-now has more going against it than delivery timing. It's going to take more than a few seasons and some forward-thinking brands for fashion's longstanding operations to upheave. Any industry tent-poled by old guards is going to resist disruption; fashion, potentially more so." (Milnes, 2017d)
Geographical and cultural differences in approach
"While some industry leaders — based mostly in New York and London — advocated for rapid change, the French and Italian designer establishment seemed to prefer the status quo. And given the latter's collective weight in the global fashion industry, the move toward fashion immediacy became a matter for companies to tackle individually." (Amed & Mellery-Pratt, 2016)
"It's a regional difference, too. More traditional markets like Paris and Milan are not going to bend over backwards to try to win over customers with a buzzy new collection and Instagram strategy — it goes against the elusive ideal of luxury." (Milnes, 2017d)
"Right now, the fashion industry is split between brands that are willing to switch their production cycles to match an in-season calendar, rather than one that operates six months ahead of schedule, and those who are not. For more traditional brands, particularly those based in Paris and Milan, it takes a lot to ruffle feathers and impart change. Forward-thinking brands like Burberry, Tommy Hilfiger and Thakoon (which is based in New York) have recognized the gap between when customers are seeing new collections and when they're actually going on sale, and have decided to do something about it." (Milnes, 2017e)
"It's very much a cultural difference," said Rony Zeidan, founder of the agency RO NY. "In America, it's inherent for people to buy. Europeans are a bit more classic in their approaches. There's a stronghold in Europe when it comes to remaining loyal to heritage and culture, and history." (Milnes, 2017f)
"Designer brands that have spearheaded the see-now-buy-now, in season fashion show movement are mostly concentrated in New York and London. This past February fashion month, brands that showed in-season collections and capsules included Tommy Hilfiger, Ralph Lauren, Thakoon, Burberry, Rebecca Minkoff, Michael Kors, Kate Spade, Hugo Boss and Topshop Unique — all brands native to the American or British markets." (Milnes, 2017f)
""It's certainly a cultural difference," said Chris Paradysz, CEO of PMX Agency. "In America and, to an extent, London, it's push, push, push [to buy]. France and Italy have a much different cadence. You'd never see Hermès doing that." (Milnes, 2017f)

Appendix F6: Empirical examples of See-Now, Buy-Now

Extended list of categorized data

EMPIRICAL EXAMPLES
Absolute switch to see-now, buy-now
"Following months of industry speculation on the subject, on February 5th 2016, Burberry became the first major fashion house to announce a realignment of its show calendar by combining men's and women's collections into twice-annual seasonless shows. That very same day, Tom Ford announced a plan to postpone his fashion show for six months to show in September and make the collection immediately available to consumers. Within a week, they were joined by Tommy Hilfiger." (Amed & Mellery-Pratt, 2016)
"Some luxury brands, led by Burberry, Tom Ford, and Tommy Hilfiger, have experimented with the "see-now, buy-now" approach, extending it all the way to the runways of September's fashion shows." (The State of Fashion, 2016)
"Burberry and Tommy Hilfiger have, so far, been two poster children for the immediate fashion show, having shown two in-season collections each. Both have overhauled their production and supply chains to manage to do so, and have the weighty pull of legacy brand recognition behind them to buck the rules." (Milnes, 2017d)
"The day before Tommy and I have just sat down with Imran and Lauren and did a big interview story with the BoF, announcing that Tommy would be shifting to the "See-Now, Buy-Now" runway model. There it is. This was a really, really big move for our company. In six months time we had an ambition that every single look from our runway would be available globally online and on the shopfloors for our consumers all around the world. It was gonna be a change for pretty much everything we did in every way we worked. It was very big transformation for our organization." (Baker, 2016)
Hybrid approaches
"A hybrid model also emerged, that maintains the current timing but includes 'capsule collections' available immediately for increased "shoppability." Main show would still be the culmination of the design / creative process but include a capsule collection available for sale immediately with brands taking appropriate inventory risk. This idea was particularly preferred by luxury and select accessible luxury participants. Benefits: addressing the demand for more immediacy with the capsule while keeping the show at the culmination of the design process and still building excitement for the future collections. This would avoid the potential complexity of decoupling the trade event from the consumer-relevant event." *Examining the Future of New York Fashion Week*, 2016)
"Other brands like Alexander Wang and Michael Kors have dabbled in see-now-buy-now with capsule collections, which is more reactionary than a real business strategy. It also fails to solve the problem that see-now-buy-now sets out to do, which is close the gap between full collections being shown on the runway and their delivery. For Wang, however, it just wasn't doable: the rest of the industry isn't there. "We explored every option," said Wang […] "Are we going to change our fashion show? Are we going to do capsule collections every month? Buyers spend 70 percent of their budgets on pre-collections, 80 percent of our business is wholesale — so what we do depends a lot on buyers and what they want." (Milnes, 2017d)
"Some European brands like Prada and Christopher Kane are testing a see-now-buy-now capsule (for instance, a small selection of shoes and purses that goes on sale immediately), rather than a full collection. But a capsule collection only quenches the consumer desire to purchase something amidst the buzz of a runway show; it doesn't solve the problem of current seasonal deliveries being out of tune with modern customer behavior." (Milnes, 2017f)
"But no matter how cutting edge a mobile app is, department stores are ultimately competing on inventory. As designers like Tom Ford, Burberry and Ralph Lauren shift their entire collections to an in-season calendar, and others like Vetements, Gucci and Prada experiment with see-now-buy-now capsules, department stores have to be ready internally to adapt to this change." (Milnes, 2017g)
"Massimo Ferretti, executive president of Aeffe, the Italian parent group of brands including Moschino and Alberta Ferretti, was an early adopter of the runway-capsule model with Jeremy Scott's debut collection for Moschino in 2014. Today, around 10 percent of the Moschino business is made up of see-now, buy-now sales, with 38,000 pieces in production and 10,000 cellphone covers created in the days before the show. But, Mr. Ferretti said: "I would never consider moving the entire business over to this new and experimental strategy. Ultimately, quality ready-to-wear needs time for true creativity and quality to flourish. It is just not conceivable to create and scale collections three months in advance. His sister, Alberta Ferretti, who introduced the Rainbow Week capsule collection last month, agreed. "Our first pieces have sold out all over the world, but they are seven cashmere sweaters in seven different colors," Ms. Ferretti said. "Beautiful, practical pieces, but ultimately relatively easy for us to conceive of and produce and very different to our runway and precollections." (Paton, 2017) "(Paton, 2017)
"Other brands have been testing the idea with small capsule collections: Moschino also offers select pieces to buy straight from the runway, as does Versace. This season, Rebecca Minkoff is showing her spring line on the New York catwalk, as opposed to fall, which goes into stores in July and August, and which she will reveal by appointment only separately." (Friedman, 2016)
H&M Studio
Ann-Sofie Johansson (Creative Advisor at H&M): "So, when we decided to start showing in Paris, we said that we will continue to show in Paris and we wanted to try SNBN. And I think now as you mentioned yourself, there are so many things going on in fashion and we wanted to try this format also and also to become a little bit closer to our customers."

Appendix F7: Brands that have quitted See-Now, Buy-Now

Extended list of categorized data

QUITTING SEE-NOW, BUY-NOW
Brands that quitted see-now, buy-now after one season
"A little more than six months after debuting an in-season collection at the former Four Seasons restaurant in New York in front of friends and clients like Julianne Moore and Uma Thurman, Mr. Ford told WWD that he was returning to the old see-now, buy-six-months-later cycle of fashion (that is: have show, let everyone digest, sell the clothes in the next season). (Friedman, 2017)
"Thakoon Panichgul — whose first see-now, buy-now show for his namesake label was held in September under the lights of the Brooklyn Bridge — announced he was "taking a pause" in the light of an "eventual restructure." (Friedman, 2017)
Reasons
"Both designers say that they still think the show system is broken in some way, to be sure, but that they no longer think see-now, buy-now is the answer." (Friedman, 2017)
"The problem, apparently, is the market: It just wasn't ready to accommodate that kind of change. Mr. Ford, for example, told WWD that his fall collection was delivered in July/August, as are most fall collections. But since he wanted to keep it under wraps until the show — held in September — he lost a month of selling time. All those other designers who showed their spring collections in September had no issue with selling fall clothes in August because they'd shown those collections in February. So even though Mr. Ford claimed a big sales bump after the show, it wasn't enough to offset the loss of that month. (Friedman, 2017)
"A spokeswoman for Thakoon said, "We have recognized that the business model is ahead of the current retail environment." (Friedman, 2017)
"Which points up the biggest difference between the brands sticking with the revised structure (at least at the moment), like Burberry, Tommy Hilfiger and Ralph Lauren; and those that are not, like Tom Ford and Thakoon. The bigger names have their own enormous global store networks through which they do a majority of their sales. Tom Ford and Thakoon do not, and that puts them in a codependent relationship with department stores and independent retailers, who are caught up in the traditional six-months-ahead pattern." (Friedman, 2017)
"Given the complicated web of different brands offered in such stores, a drastic change in the cycle was probably never going to work unless the industry as a whole shifted its showing-selling season. And you can imagine the likelihood of that. If designers can't agree on the basic concept of all having fashion shows in a centralized place, how are they going to agree on switching the classic production-delivery-marketing plan?" (Friedman, 2017)
"As a result, Mr. Panichgul is assessing his options, Mr. Ford has said he will return to the established show schedule in September and will present his spring collection in New York, and an industry predicated on newness has discovered that it is actually pretty deeply stuck in its old ways." (Friedman, 2017)
"The reasoning: It's a logistical nightmare. See-now-buy-now was supposed to modernize the stodgy cyclical release cycle the fashion industry is wedded to, but right now see-now-buy-now is just not yet feasible." (Milnes, 2017d)