The fast fashion phenomenon

Mersiha Memic & Frida N. Minhas

Luxury fashion brands responding to fast fashion
Acknowledgements

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Abstract

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Purpose:
The purpose of this thesis has been to study, describe and analyze how luxury fashion brands have responded to fast fashion.

Background:
It has been stated that the life of luxury fashion brands has become more difficult since the proliferation of fast fashion brands. The Italian luxury fashion designer Giorgio Armani has said that "Fast fashion is a growing reality in our sector". Anna Wintour, the editor-in-chief of American Vogue has credited Zara for creating a ‘seasonless cycle for fashion’. Fast fashion brands such as H&M, Zara, Mango and Topshop have through interpreting catwalk trends with a speedy time-to-market been extremely successful at attracting the fashion conscious consumer. Even loyal high-end customers have started to mix their luxury fashion with fast fashion. Luxury fashion brands once dismissed the fast fashion brands as irrelevant to their high-end business, which however have started to drain away sales from the luxury fashion brands.

Method:
A qualitative research approach was taken to meet the purpose of collecting the relevant data. An interview was made with PR and Marketing Manager at Group 88, Robert Meeder who manages brands such as Gucci, Burberry and Bottega Veneta in Copenhagen. We also did a content analysis on articles collected that address the issue of how different luxury fashion brands have responded to fast fashion for the empirical study.

Conclusion:
Luxury fashion brands have responded to fast fashion by inclining towards the fast fashion model or reacting against it. Some of the reactions have been to offer lower priced lines under their own sub-brands. They have also allowed their customers to buy products during online webcasts in order to ensure early deliveries. Improvements have been made within logistics in order to speed up the time-to-market. The luxury fashion brands are also working more ‘seasonless’ than before and focusing on their heritage to portray a slower and more indulgent image to the consumer.
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1. Introduction

In this introduction part we will begin by briefly presenting the fast fashion phenomenon. The
literature on the subject will be discussed in the problem discussion, leading up to the
research question. Further on we will continue with our purpose and the delimitations of the
thesis.

1.1 Background

‘Take a stroll down London’s Old Bond Street or Milan’s Via Montenapoleone and you will
see the latest offerings of Chanel and Gucci: exquisite creations of the finest material and
craftsmanship. Hop over to Oxford Street or Corso Vittorio Emanuele, and you will discover
the window displays of H&M and Zara are exhibiting pretty much the same designs – albeit
with lower quality materials, questionable craftsmanship, and significantly lower prices.
Guess which is flush with cash?’ (Brown, 2011)

It has been stated that the life of luxury fashion brands has become more difficult since the
proliferation of fast fashion brands. (BoF, 2011) The Italian luxury fashion designer Giorgio
Armani said that "Fast fashion is a growing reality in our sector". (Colavita and Keiser,
2005) H&M, Zara, Topshop and Mango are examples of retail brands that have been referred
to as fast fashion brands. These brands have with their credible fashion offerings been
extremely successful at attracting the fashion conscious consumer. They have done this
through interpreting catwalk trends with a speedy time-to-market. But that is not all, the fast
fashion brands have also pioneered designer collaborations; H&M’s customers have lined up
in front of their stores causing stampedes. Through these collaborations H&M has received
new customers to the brand. (BoF, 2011)

Topshop has also been a groundbreaker in this category through its collaborations with the
model Kate Moss and its runway shows during London Fashion Week featuring their Unique
collection. They recently opened a new flagship store opposite of Harrods in London and are
the only retailers offering emerging international designer’s fashion, which also shows that
the brand is looking way over its traditional high street position. (BoF, 2011; Luxury Briefing,
2011)

Anna Wintour, the editor-in-chief of American Vogue (Vogue, 2011) has credited Zara for
creating a ‘seasonless cycle for fashion’. Zara has with the help of computer technology been
able to spot new trends and produce about ten thousand new products a year, causing the shelf
life of a garment to fall from six months to a couple of weeks. (Thomas 2007, p.316) Zara is
also one of the brands that have made the two seasons, Spring/Summer and Autumn/Winter
more obsolete and the fashion customer is becoming more and more used to this. (Roberts,
2010)

Luxury fashion brands once dismissed the fast fashion brands as irrelevant to their high-end
business. However has the growing influence of fast fashion brands been undeniable and
‘started to drain away sales from the high-end designers from Milan to Paris that are their
inspiration.’ (Rohwedder, 2004, p.1)
The fast fashion brands have changed customer’s expectations concerning speed and variety and showing that style is possible at low prices. Even loyal high-end customers have started to mix their luxury fashion with fast fashion. ‘Attracted by the speed at which new styles are in stores and the fun of buying 10 cheap knockoffs for the price of one authentic jacket, many wealthy consumers are becoming loyal to fast fashion as well.’ (Rohwedder, 2004, p.1)

The director of world-wide operations for the Italian luxury brand Etro, Fabio Gnocchi has said that "What luxury brands can learn from these companies is their short time-to-market and constantly new merchandise” "Even in the luxury business, customers want new merchandise all the time.” (Rohwedder, 2004, p.2)

1.2 Problem discussion

Liz Barnes, Professor at University of Manchester and Gaynor Lea-Greenwood, Professor at Manchester Metropolitan University were editors of the first ‘fast fashion’ special edition of the Journal of Fashion Marketing and Management in 2006. In their own paper in the edition they stated that the phenomenon of fast fashion was under-researched academically and yet it had received a lot of attention in the fashion and business press. (Barnes and Lea-Greenwood 2006, p.259)

At the point of writing this thesis, both of the editors are requesting new academic papers for a second special edition about fast fashion in the Journal of Fashion Marketing and Management. In the first special edition the editors wrote that the industry saw fast fashion as a new approach to manufacturing, supply and retail of fashion apparel. However now the editors are saying that we have passed the introduction phase of fast fashion and what is of interest today is to look at the current thoughts on fast fashion. Since it is now known that fast fashion embraces all aspects of fashion retail marketing, and is not only a supply chain strategy. (Barnes and Lea-Greenwood, 2011)

Both Barnes and Lea-Greenwood state that the interest shown from both academia and the modern industry around the subject of fast fashion is vast. The first ‘fast fashion’ special edition was one of the most downloaded editions in the journal’s history. The growing interest for the subject has continued to grow, seen through the increase of downloads in the last five years. (Barnes and Lea-Greenwood, 2011)

One of the topics the editors are requesting for the second edition is the ‘Luxury brand response to fast fashion’. (Barnes and Lea-Greenwood, 2011) This indicates that the luxury brand response to fast fashion is one area that has been under-researched academically. We have ourselves noticed the immense growth of fast fashion during the last years and felt that it would be interesting to study how fast fashion has affected other segments within the fashion market. Since the focus of fast fashion has always been on mass retailers, in particular brands such as Zara, we have been curious to study it in relation to luxury fashion brands.

The first time we got in touch with the fast fashion phenomenon in relation to other segments within the fashion industry was when reading Professor David Walters (2006), Sydney University article. He had written about how the ‘knockoffs’ of the luxury fashion brands
reached the stores of the fast fashion brands much faster and cheaper than the luxury fashion brands. Furthermore he stated that the fast fashion retailers had also influenced expectations of the fashion consumer concerning speed, variety and style at low prices. To respond to this luxury fashion brands such as Escada had introduced mini-collections prior to the main season and Salvatore Ferragamo had started using Information and Computer Technologies to reduce the time-to-market. (Walters 2006, p.257)

Uche Okonkwo (2007) is another author who has written in her book ‘Luxury Fashion Branding: Trends, Tactics, Techniques’ about the fast fashion phenomenon’s effect on luxury fashion. She states that the most visible change being made in the luxury fashion sector is the rising offer and status of the fast fashion brands. These brands are standing side by side with the luxury fashion brands in the eyes of the luxury consumer who interprets luxury fashion differently and has adopted mass fashion. The fast fashion brands are focusing on the mass market, but are no longer considered low-end or middle-end mass brands, they have become elevated and are now emanating a ‘luxurious’ appeal. (Okonkwo 2007, p.228)

Since the fast fashion brands have been able to interpret the catwalk trends shown by the luxury fashion brands and quickly offer these in their stores, they have caused a change within customer’s expectations. Today even the high-end consumer is mixing luxury fashion with fast fashion. These factors indicate that fast fashion brands could today be considered as a threat to the luxury fashion brands. We want to find out if all the luxury fashion brands have reacted in the same way or in different ways towards fast fashion. Have they all speeded up? Are there any counter-reactions?

1.3 Research question

How have luxury fashion brands responded to fast fashion?

1.4 Purpose

The purpose of this thesis is to study, describe and analyze how luxury fashion brands have responded to fast fashion.

1.5 Delimitations

When writing about fast fashion brands in this thesis, we have purposely excluded supermarket brands such as Walmart. Instead the focus is on independent brands such as H&M or Zara. Supermarket brands can be considered fast fashion; however the relevance of these in relation to luxury fashion brands is none as we do not consider them a threat because they cater to a totally different consumer.
2. Theoretical framework

The theoretical framework has been divided into three different sections. The first section deals with luxury fashion while the second addresses fast fashion. The third section concentrates on the effect fast fashion brands have had on luxury fashion brands, and the shifts within luxury fashion - to show previous research within the area. Lastly we summarize the main findings from the three sections. The brands being mentioned in the theoretical framework can be found in the appendix.

2.1 Luxury fashion

“Luxury is a necessity that begins where necessity ends.” Coco Chanel (Okonkwo 2007, p.7)

2.1.1 Background

It was during the ancient Egyptian period that the very concept of luxury related to fashion, beauty and appearance became known. The royal Pharaohs were flamboyant in their dressing and employed the services of the best jewelers, craftsmen, artists and designers in order to assemble their wardrobe. Only the finest materials were used when producing their fashion goods. However the modern luxury fashion that we are accustomed to today did not start to take shape until the industrial revolution, when mass production techniques led the way for ready-to-wear fashion. Luxury fashion was also altered significantly after the First World War, when the world’s monarchies, social class systems and aristocracy were dissolved. (Okonkwo 2007, pp.14-15) During the early years of industrialization when living standards were rising, wealthy Americans and Asians started to travel to Europe in order to purchase luxury goods, which in result boosted international trade and the global economy’s expansion. (Okonkwo 2007, p.1)

There has always been an important link between fashion and the history of mankind and social evolution. Changes in society, history, traditions, politics, economy, religion, psychology and technology are what constantly influence fashion, making it a symbol of society. These changes have also been witnessed by the luxury industry, where old luxury brands have developed and enhanced with age, while the new luxury brands have become attractive with the help of effective modern techniques. Several of today’s most valuable and largest luxury brands like Louis Vuitton and Gucci have a long history dating back to the 19th and early 20th century. Both of the brands and their origin countries France and Italy have had a key role in the development of the global fashion industry. (Okonkwo 2007, p.15)

2.1.2 Luxury fashion brands

What characterizes a luxury fashion brand is differentiation, exclusivity, scarcity, brand strength, innovation, premium prices, high quality and product craftsmanship and precision. Furthermore can outstanding customer service, flawless store presentations, powerful advertising, core competence and global recognition be added as distinctive traits of luxury brands. All these characteristics result in the creation of brand value, which translates into
revenues and an indispensible intangible asset for luxury companies. Luxury fashion brands are also characterized by their iconic product designs, the personality of the founder, the brand’s name and visual symbols associated to the brand and its history. (Hines and Bruce 2007 pp.131-132, Okonkwo 2007, pp.11-12)

Other attributes that define luxury fashion brands are their investments in premier locations and their flagship stores that resemble museums; one example of this is when Prada took over the Guggenheim Museum in New York to create their store. Luxury retailers usually cluster themselves with other luxury retailers in the capital cities at certain streets, such as Fifth Avenue in New York or Rue du Fauborg St Honoré in Paris. Another important aspect of luxury fashion brands is the heritage of the brand, which is connected to the history of the brand’s founder and its craftsmanship. This is all built into a luxury brand, making its history part of its uniqueness, as in the case of Louis Vuitton’s travel bags. (Hines and Bruce 2007 p.132)

Within the luxury fashion business, the ‘brand name’ is everything. This is due to the fact that it is the ‘brand name’ or ‘brand logo’ that attracts consumers to a brand and creates a relationship between them and their chosen brand. The luxury fashion sector has realized the importance of branding and therefore applies it as a core competence and key focus for all business strategies. (Okonkwo 2007, pp.13-14) The fashion business is forward-thinking and always in constant change. That is why the role of branding is most important for luxury products. Without branding the continuous desire for luxury products would falter when changes occurred in fashion. This is also why luxury fashion brands strive for innovation, differentiation and appeal. (Okonkwo 2007, p.10)

According to Kapferer and Bastien (2009, pp.69-70) ‘luxury for oneself and luxury for others’ are the two value aspects of luxury. For luxury companies the latter is crucial to sustain, the fact that there should be more people aware of the brand than those who can actually afford to buy it. If somebody is watching another person and doesn’t recognize the brand they’re wearing, then part of the brands value is lost. As a luxury fashion brand it is vital to spread brand awareness further than ones target group.

In the fashion world, it is the luxury fashion brands that set the fashion trends for each season during the various fashion weeks in cities like Paris, Milan and New York. In the previous century, haute couture designers like Christian Dior or Valentino used to set the standard for what color or cut was fashionable that season through their designs. Today the scenario is different, because of branding there is as a wider choice and variety in brand and product offering. However, the top designers within the fashion business are still worshipped like gods. Through their designs they indirectly dictate the taste of the fashion society, telling the public what to wear and not to wear. The consumer population waits for these dictations and the fast fashion brands utilize them to predict what trends to produce. If for example Marc Jacobs, chief designer of Louis Vuitton decides to show designs only in white for a specific season, then the world of fashion will adopt and follow. (Okonkwo 2007, p.10)

LVMH (Moët Hennessy Louis Vuitton) and Gucci Group are two of the largest companies within the luxury fashion industry. LVMH is the leading group when it comes to sales, product sector and geographical coverage. The luxury fashion brands are the ones dominating
the luxury industry. (Hines and Bruce 2007, p.133) LVMH has more than 50 luxury brands in its portfolio whereof 13 are luxury fashion brands like for examples Céline and Emilio Pucci. Gucci Group that is owned by PPR Luxury Group manages brands such as Gucci, Bottega Veneta, Alexander McQueen and Stella McCartney. (LVMH, 2011, PPR, 2011)

Luxury brands have been a significant part of France’s economy, valued at €11.7 billion. 82 percent of luxury brands are exported to Europe, USA and France. The demand for luxury brands are increasing. Countries where growth of wealth is present such as Russia, China, Middle East and South America are potential new markets for luxury goods. China currently represents a market of 10 million potential consumers of luxury products and according to the Ipsos Institute in 2014 it will become the first country to have 24 percent of the world market share of the luxury industry. (Hines and Bruce 2007, pp.133-134)

2.1.3 Luxury fashion products

“I am against fashion that doesn’t last. I cannot accept that you throw your clothes away just because it is spring.”  
Coco Chanel  (Reed 2009, p.36)

A luxury product is an item that is loaded with meaning, to which a consumer becomes attached to. It is a ‘lived-in’ product, not an ordinary functional product that one would immediately throw away or replace as soon as it starts to fall apart or gets outdated. A luxury product is resilient and even increases in value as time goes by. The design of luxury products are made to stand the test of time and resist wear, using materials that time only serves to enhance (e.g. Louis Vuitton’s natural cowhide). In contrast to industrially manufactured objects that are meant to wear out and become outdated in order to be replaced and keep production busy. (Kapferer and Bastien 2009, p.25) Some luxury products even have waiting lists to reinforce their exclusivity and rarity, such as Hermès ‘Kelly’ handbag that has a 2-year waiting list. (Hines and Bruce 2007, p.131)

According to Kapferer and Bastien (2009, pp.25-26) one should be able to trace the imprint of a person on luxury products. This means that a luxury product should be handmade and sold by one individual to another. Not like standard consumer products that are mass-manufactured by machine and could be sold almost anywhere.

Within the luxury fashion market there are three different categories of products, differentiated through pricing. Here are the following categories and examples of products:

- **Expensive luxury products**: jewelry, apparel, leathergoods, wristwatches, special-edition products
- **Medium-priced luxury products**: eyewear and in some cases wristwatches
- **Lower-priced luxury products**: cosmetics, fragrances, writing material (Okonkwo 2007, p.237)
2.1.4 The luxury fashion consumer

The luxury fashion consumer of today is very different from the past, where wealthy consumers were easy to satisfy and understand. The current luxury consumer is difficult to place in a box of definite descriptive characteristics. They cannot be segmented as before. The consumer has evolved from being a ‘head-to-toe designer-clad single-brand loyalist’ to a knowledgeable, confident and critical consumer. When deciding to purchase a luxury product it is based more on their own style needs and less on the ‘brand name’ factor. (Okonkwo 2007, pp.64-65) The luxury consumers are not easily fooled by any aspect of a brand’s offerings. They have great knowledge about product materials and their sources. They can easily interpret marketing and branding messages. They are keeping themselves informed through product comparisons, reviews, virtual communities and publicly accessed brand information. (Okonkwo 2007, p.66)

It is women who account for a large proportion of the luxury consumer market; however men and children are also important luxury consumers. (Okonkwo 2007, p.65) According to Okonkwo (2007, p.69) ‘four out of every five luxury purchases are either made by women or are controlled by women’.

The target group for luxury fashion is mainly made up of ‘High Net Worth Individuals’ and they are found worldwide. What characterizes these people is that they have more than $1 million in assets and about 61 percent of them are over 56 years of age. However there is another group of people, referred to as ‘day trippers’ or excursionists’, which are another potential target group. These people are occasional luxury buyers and often only buy accessories or products at accessible prices that are mere brand extensions. (Kapferer and Bastien 2009, pp.103-104)

2.2 Fast fashion

2.2.1 Background

The concept of fast fashion has its roots in the development of Quick Response, QR in the late 1970’s and throughout 1980’s as American textiles and apparel suppliers encountered severe competitive pressures from the Far East and other low-cost supply countries. According to Harrison and Hoek (2008, p.255) QR is when companies try to meet customer demand through supplying the right quantity, variety and quality at the right time to the right place for the right price. Ever since a small number of retail organizations adopted and successfully implemented fast fashion, the industry has perceived it as a competitive advantage. For instance Spanish Zara was perceived as an innovator in this retail genre, delivering new products from the drawing board to the stores within one to two weeks. (Hines and Bruce 2007, p.40, Walker et al., 2000)

According to Barnes and Lea-Greenwood (2006, pp.259-260) fast fashion is a business strategy. In order to satisfy consumer demand at its peak, the aim of fast fashion is to reduce involved processes in the buying cycle and lead times for delivering new fashion products
into stores. For modern fashion retailers fast fashion has been the key strategy for success. Both Zara and H&M have become well known for constantly renewing their product range with fashion-led styles, attracting media and driving customers to visit their stores on a frequent basis.

The focus in fast fashion is on being able to respond quickly to changing fashion trends and consumer demands in order to gain competitive advantage. Consumer’s insatiable demand for newness is the driving force in fast fashion. The retailers have implemented fast fashion in order to satisfy consumer demand more efficient and effective. Time is reduced and the fashionable items are in store to meet the demand. Fast fashion also drives retail as a marketing tool, allowing retailers to frequently create up-to-date product offers to present to their customers. (Barnes and Lea-Greenwood 2006, pp.259-260)

Prior to fast fashion, the fashion buying of mass retailers was traditionally driven by a fixed calendar organized around a two season (Spring/Summer and Autumn/Winter) approach to product assortment. The planning process occurred one year in advance of the selling season and was mostly based on previous sales data. However the need for a quick reaction towards emerging trends and fashion consumer demands has created a shift in the fashion buying cycle. Retailers have moved away from planned seasonal products towards creating smaller collections more frequently, resulting in as many as 20 ‘seasons’ per year as in the case of Zara. (Barnes and Lea-Greenwood 2006, p.261)

### 2.2.2 Fast fashion brands

As previously mentioned fast fashion is a business strategy which has been adopted by mass retailers such as H&M and Zara. As this phenomenon has spread within the fashion industry, rather than being referred to mass retailers they have become known as fast fashion brands. What characterizes these brands is the trendy inexpensive clothing they offer, that mimics high-end fashion and is delivered to consumers in rapid speed. From conception to delivery it takes about two to four weeks. (Plunkett 2010, pp.22-23) Another aspect that characterizes fast fashion brands is that they only produce their products in smaller volumes that usually are not replenished, in order to minimize the risk of inaccuracy and being out of date. (Hines and Bruce 2007, p.44)

In terms of sales and stores Swedish H&M is the largest actor on the fast fashion market. From the design table to the stores, their lead time is about three weeks. H&M does not typically restock their products. Having this ‘now or never’ policy promotes their image as the store to go to for the latest style. (Plunkett 2010, pp.22-23)

Another notable fast fashion brand is Spanish Mango, which has created a smart distribution system that is able to keep their products and inventory up to date. This system categorizes the clothes according to style traits such as casual or dressy before shipping them to stores were they would be most successful at selling that specific category. The system has enabled their products to be delivered within four weeks to the stores. Another strategy executed by Mango is only displaying one item per size in their stores, in order to promote a sense of
fashion immediacy. This makes the customer wonder if their size will be around tomorrow. (Plunkett 2010, pp.22-23)

It has been stated that these fast fashion brands take their cue from luxury fashion brands when deciding what to produce. (Okonkwo 2007, p.10) This has caused many to argue about the issue of copying. Fashion being copied is however not a recent problem; French couturiers used to suffer from competitors who made sketches at their shows or measured the seams of original designs to make patterns to produce copies. The copies would often be made quickly and reach the market much earlier than the originals. What has changed today is not the speed of copying, but the low cost and large scale at which copies are being made. (Hemphill and Suk 2009, pp.1170-1171) According to Hemphill and Suk (2009, p.1170) in their article in the Stanford Law Review there are two distinctions that can be made between fast fashion brands, fast fashion designers and fast fashion copyists. Designers challenge and even enhance the fashion innovation process, while copyists threaten the innovation process. Copyists also pull the direction of innovation from fashion’s expressive aspects towards fashion’s status conferral aspects.

Forever 21 is a notable fast fashion copyist from USA and has been a defendant in about fifty-three lawsuits regarding close copying during the years 2003 to 2008. In contrast for the same time period, H&M had two lawsuits while Zara had none. (Hemphill and Suk 2009, p.1171-1173) Copying is however not a necessary part of the fast fashion business model. Retailers that do sell copies do not only sell copies. There are even a few fast fashion brands that avoid exact or close copies. Zara and H&M are two leading fast fashion brands that are abstaining from close copying. Like the fast fashion copyists, they move their products to market very rapidly, however their on-trend products are not precise copies but rather interpretations or adaptations made by in-house designers. (Hemphill and Suk 2009, pp.1172-1173)

2.2.3 Fast fashion products

What characterizes a fast fashion product is that it is disposable and for immediate consumption – capturing the look of the moment. It is not durable and not built to last. It also should not linger in the wardrobe. It is not commodity clothing or a ‘beige cardigan’. The price for a fast fashion product is affordable and customers need to repurchase within a short-time frame since the clothes get outdated. (Hines and Bruce 2007, p.44) Fast fashion products usually only cost 10 percent of the price charged by luxury fashion brands. (Walters 2006, p.258) However, contrary to what many would believe fast fashion does not apply to the whole range in the fast fashion brand’s stores. Bruce and Daly (2006, p.330) stated that as much as 80 percent may be core or basic lines and only 20 percent may account as fast fashion.

2.2.4 The fast fashion consumer

A typical fast fashion customer expects to have great variety and a choice of up-to-date well-designed clothes when arriving to stores. Aspects such as quality and low prices are very
important. The following value expectations are the most important to customers of fast fashion:

- current fashion designs
- immediate availability of trends
- variety/choice
- low price with matching quality
- service that includes an attractive store design
  (Walters 2006, p.258)

The target group for fast fashion is mainly made up of a younger age group, 16-24 year olds and they are typically female customers. This is due to the fact that they tend to purchase clothing more often and usually spend more. Fast fashion consumers are frequent visitors of stores in order not to miss out on the latest trend. This is because fast fashion usually is produced in small quantities and not replenished. (Barnes and Lea-Greenwood 2006, p.260)

### 2.3 Fast fashion brand’s effect on luxury fashion brands

#### 2.3.1 Elevation of fast fashion brands

The fast fashion brands branding and marketing mix strategies have become comparably similar to those of luxury fashion brands. The fast fashion brands have developed changes in retail tactics in order to eliminate a “luxurious” appeal. (Okonkwo 2007, pp.228-229)

What lies behind the elevation of fast fashion brands is their high expansion and rapid growth which is driven by their high turnover in sales and profitability. It is also due to the rise of fast fashion brands asset value. The shift in the global supply chain of fashion production to closer locations and the continuously growing individual consumer style has also contributed to the elevation of fast fashion brands. (Okonkwo 2007, p.230)

To highlight this even further one can look at the example of fast fashion brand Zara, which was featured for the first time in 2005 on the list of the Top 100 Global Brands Scoreboard by Interbrand. It was ranked on the 77th place, with a brand value that placed higher than luxury brands such as Hermès, Prada and Giorgio Armani. The following year it rose to no. 73, with an estimated brand value of $4.23 billion. This clearly demonstrates that fast fashion brands are increasing their brand equity among consumers. (Okonkwo 2007, p.230)

The strategies that have been used by the fast fashion brands in order to become elevated are:

- **Fast design turnover**
  ‘Fast Fashion’, is the business model that encourages fast design turnover where new designs reach the stores ‘every few weeks instead of every fashion season.’ The model of fast fashion encourages customers to visit the stores frequently, ensuring them to find something new every time they visit the stores. Fast fashion items are hardly placed on sale, which is another benefit of fast design turnover, giving higher revenues for the brands. Since there is a need for frequent change of retail stock in fast fashion, several fast
fashion brands have outsourced their production closer to their base. (Okonkwo 2007, p.229)

- **Limited-edition products**
  A spin-off of fast fashion is the limited-edition products. The stores do not get overstocked with rapid fashion design turnover meaning that each product under the fast-fashion model is limited edition. These products address individualism, customization and independence in style interpretation for the customers who prefer having a personal style. Each item is viewed as individual. (Okonkwo 2007, p.229)

- **Brand communications**
  Fast fashion brands are advertising in fashion magazines like Vogue and Vanity Fair. The concept, feel and style as well as the message and design communications in these ads in print media are reflecting a ‘luxury’ feel. Okonkwo refers to this kind of brand communication as ‘luxe-style’ and states that previously this advertising medium was the sole domain of luxury brands. When a consumer sees an advertisement from a fast fashion brand next to a luxury fashion brand ‘it does something to their mind’ and is a contributing factor to the changed perceptions consumers have of fast fashion brands and luxury fashion brands. (Okonkwo 2007, p.229)

- **Celebrity product and brands endorsement**
  Once pioneered by luxury fashion brands, now several fast fashion brands are using the celebrity association to endorse their products. These celebrities lend their images to the brands. One example of this is Madonna who has fronted H&M’s advertisement campaigns. (Okonkwo 2007, p.230)

- **Prestige retail location**
  The fast fashion brands have the same retail location strategies as the luxury brands. They are present in major fashion cities like Paris, New York, Milan etc. and on prestige locations through stand alone stores and retail spaces in luxury department stores. (Okonkwo 2007, p.230)

- **Co-branding with luxury fashion designers**
  To elevate their brand status fast fashion brands have started to collaborate with luxury fashion designers. One prominent example of this is H&M’s several collaborations with designers such as Karl Lagerfeld, Stella McCartney and Viktor & Rolf in creating limited-edition collections. Ten years ago these collaborations would have been unthinkable, however today these collaborations have developed an alliance between the two categories of fashion through acknowledging that they have consumers in the same sectors. (Okonkwo 2007, p.230)

### 2.3.2 Competing for the same consumer

One of the most visible changes in luxury fashion is the rising offer and status of the fast fashion brands. These brands are more relevant today since both the luxury competitive environment and luxury consumers have changed. Fast fashion brands stand side by side with
luxury brands since consumers interpret luxury fashion differently and have adopted mass fashion. The fast fashion brands have been successful in entering on the arena of the luxury consumers and are therefore defined and perceived differently. Although the fast fashion brands are focusing on the mass market the brands are no longer considered low-end or middle-end mass brands. (Okonkwo 2007, p.228) The fast fashion brands have devised effective strategies that have allowed them to compete with luxury fashion brands for the same consumer. The brands also have contributed to the attitude change of luxury consumers, who have become their own stylists. (Okonkwo 2007, pp.36-37) ‘…Zara and H&M have given them the confidence to be experimental and bold enough to mix high-street with luxury fashion in one outfit; something that their grandmothers would have considered taboo in the past.’ (Okonkwo 2007, p.66)

‘In 2005 Robert Polet, President and CEO of the Gucci Group, recognized the importance of this type of fashion when he stated that consumers of luxury products are being ‘educated’ by fast fashion retailers who offer new products every 6 weeks creating a fast shopping rhythm’ (Hines and Bruce 2007, p.179)

2.3.3 Shifts within luxury fashion

According to Okonkwo (2007, p.231) indications have showed that luxury fashion brands are inclining towards the model of fast fashion and developing production and retailing models. Pre-collections have been introduced by brands such as Chanel, Prada, Dolce & Gabbana and Versace to reach consumers need for fast and early products prior to the main season collection and to receive better commercial gains. Less emphasis is placed on runway shows, giving more attention to the pre-collection shows.

To spur product rotation Gucci and Dior have developed capsule-collections and cruise collections that are also launched prior to the main season collection. Frequent product change and shelf life of luxury products are becoming shorter, and length and size of the seasonal products are increasing. Okonkwo (2007, pp.230-231) states that ‘the emphasis on creativity in product development should be the driving force of luxury goods creation, using the fast fashion model. This way, the creativity is ensured to meet consumer needs better.’

As mentioned above luxury products have traditionally lasted a lifetime and have rarely been disposed of. However there has been a development in the beginning of the 20th century that has caused luxury products to become disposable. This development has been caused by the fast fashion phenomenon. Luxury products lifecycle has become shorter and the design turnover higher, which has lead to ‘it’ fashion items changing every few weeks. (Okonkwo 2007, p.64)

Walters (2006, p.257) has stated that a marketing response for e.g. Escada has been to introduce mini-collections that are ‘reflecting trends that develop mid-season.’ These mini-collections are also referred to as hot fill-ins and the merchandise of these collections often reaches the stores every two to three weeks. Both time and cost is being decreased by following this supply chain process.
The luxury brand Salvatore Ferragamo has used Information and Computer Technologies to reduce the time-to-market of designs with about 20 percent. Salvatore Ferragamo has also used production systems that match their suppliers to lessen the time for placing a prototype order and replenishment. The inventory has resulted in lower inventory holdings and more rapid stock-turns by introducing a centralized inventory management. The Italian brand Etro has worked through dividing their product line into color schemes and themes from the moment the products have been created, and then to change the style and colors monthly. (Walters 2006, p.257)

As reported by Plunkett (2010, p.20) there has been another shift for some European luxury brands concerning production. They have started to outsource their production from e.g. France and Italy to cheaper labor countries such as China.

Both Plunkett (2010, p.20) and Okonkwo (2007, p.66) are stating that luxury fashion brands are mixing haute couture with lower-priced ready to wear. Diffusion lines as they are called are lower-priced sub-brands. One example is Giorgio Armani’s diffusion line which is called Emporio Armani. These diffusion lines are massproduced and designed to appeal to the younger costumer. They are about 50 percent cheaper in price compared to the top-of-the-line designer products and their profit margins are 20 percent in contrary to the 45 percent of the high-end labels. (Plunkett 2010, p.20)

2.4 Summary of the theoretical framework

Luxury fashion
Characteristics of luxury fashion brands are: exclusivity, scarcity, innovation, premium prices, high quality, product craftsmanship, precision, outstanding customer service, powerful advertising, core competence, iconic product designs, the personality of the founder, exclusive retail locations, the brand’s name and visual symbols associated to the brand and its history. (Okonkwo 2007, pp.11-12, Hines and Bruce 2007 pp.131-132) Luxury fashion brands set the fashion trends for each season during the fashion weeks in Paris, Milan and New York etc. Luxury fashion brands strive for innovation, differentiation and appeal since the fashion business is forward-thinking and always in constant change. (Okonkwo 2007, p.10) Luxury products are loaded with meaning. They are ‘lived-in’ products that stand the test of time and also increase in value as time goes by. They should be handmade and not mass-produced. (Kapferer and Bastien 2009, p.25-26) The current consumer of luxury fashion has evolved from being a ‘head-to-toe designer-clad single-brand loyalist’ to a knowledgeable, confident and critical consumer. (Okonkwo 2007, pp.64-65)

Fast fashion
Fast fashion is a business strategy where the aim is to reduce involved processes in the buying cycle and lead times in order to deliver new fashion products into stores and meet consumer demand at its peak. What characterizes a fast fashion brand is offering trendy, inexpensive apparel in smaller volumes which are usually not replenished, mimicking high-end fashion and delivering it to consumers at rapid speed. From conception to delivery it usually takes about two to four weeks. (Plunkett 2010, pp.22-23) Fast fashion products are disposable and for immediate consumption. (Hines and Bruce 2007, p.44) They usually only cost 10 percent
of the price charged by luxury fashion brands. (Walters 2006, p.258) Only 20 percent of the assortment in a store may account as fast fashion. (Bruce and Daly 2006, p.330) Fast fashion’s target group is typically 16-24 year old female customers.

**Fast fashion’s effect on luxury fashion brands**

Fast fashion brands have become elevated and are emanating a ‘luxurious’ appeal. (Okonkwo 2007, pp.228-229) Although they are focusing on the mass market the brands are no longer considered low-end or middle-end mass brands. (Okonkwo 2007, p.228) Luxury fashion brands have responded to fast fashion and are inclining towards the model of fast fashion and developing production and retailing models. Luxury fashion brands have introduced pre-collections in order to spur product rotation and to reach consumers needs for fast and early delivery. They have also created more affordable diffusion lines that are massproduced and 50 percent cheaper in price compared to the top-of-the-line designer products. (Plunkett 2010, p.20) As reported by Plunkett (2010, p.20) there has also been another shift for some European luxury brands concerning production. They have started to outsource their production from e.g. France and Italy to cheaper labor countries such as China and use Information and Computer Technologies.
3. Methodology

In this chapter we will present the research approach that has been followed in order to reach the results presented in the thesis. The information gathering and the analysis process will be described, as well as the trustworthiness of the thesis.

3.1 Method of research

3.1.1 Qualitative research

When initiating a research process one must first decide what research approach to choose in order to determine what methods to apply to answer the research question and purpose. There are two distinctive research approaches a researcher can choose between, qualitative and quantitative. (Bryman 2008, p.4) According to Bryman (2008, pp.366-367) quantitative research usually emphasizes quantification in the collection and analysis of data, while in qualitative research the emphasis is usually put on words.

We set about this research through a qualitative approach because the focus was on attempting to understand how luxury fashion brands have responded towards fast fashion. The data was collected and analyzed through a qualitative content analysis and the result was presented in a written form. Since no numbers or statistics were used, a quantitative approach was not appropriate. (Bouma and Atkinson 1995, p.208) This method was also chosen because we wanted to get a broader view of how the luxury fashion brands have responded to fast fashion and to study it in its context. Fast fashion has always been studied in relation to the mass retail brands, so little is known about its relationship to luxury fashion. Through this approach we can receive new angles on fast fashion as well as understanding the underlying causes to the responses of luxury fashion brands.

3.2 Information gathering

3.2.1 Primary and secondary data

The data that has been collected in this thesis is a combination of both primary and secondary data. The primary data was collected through a qualitative interview, while the secondary data consists of various literature, articles and electronic sources. (Andersen 1998, p.150)

3.2.2 Literature review

When initiating a scientific research one should always begin with examining reports of previous studies related to the subject of interest. According to Cooper (1998, p.xi) ‘without this step, researchers cannot expect to construct an integrated, comprehensive picture of the world.’ In this thesis a literature review was made in order to shape a theoretical framework. We wanted to find out what other authors had previously written on the subject of interest. The data was collected through different search engines, electronic journals and full-text
databases such as Business Source Premier and Emerald. Key concepts used to search were luxury fashion and fast fashion.

### 3.2.3 Qualitative interview

The purpose of the study is to find out how the luxury fashion brands have responded to fast fashion. In order to find out the luxury fashion brands viewpoint, a qualitative interview with a luxury fashion brand was deemed an appropriate method. We initially decided to contact the five most globally well known luxury fashion brands, based on Interbrand’s 100 Best Global Brands 2010 list. The contacted brands were Louis Vuitton, Gucci, Hermès, Giorgio Armani and Burberry. (Interbrand, 2011) However as we did not get a response from the brands, we continued to pursue our research with our other planned interview.

According to Trost (2010, p.41) what characterizes a qualitative interview is that it has a high degree of structure, but a low degree of standardization. Standardization is usually relevant to quantitative interviews, where a high standardization means that all respondents received the same questions. While structure deals with the issue of what kind of questions are being asked and if the interviewer is able to keep the focus on one subject and not several. (Trost 2010, pp.39-40)

We chose to perform a semi-structured interview with the PR and Marketing manager for Group 88 in Copenhagen. The reason why we chose this respondent is because of his vast experience and knowledge of working with luxury fashion brands. This structure was chosen in order to leave room for the respondent to speak freely on what he found relevant to the subject of interest. The interview was carried out through email due to the limitations of the thesis in terms of time and financial means. The respondent was sent a background to our research and could then answer freely to the subject, meaning no answering alternatives were given as in a questionnaire.

### 3.2.4 Article review

Literature is not the only potential source for social scientific analysis, newspapers, magazines, television programs and other mass media can also be used. Mass media outputs can be analyzed through a quantitative content analysis, however to keep the qualitative nature preserved one should perform a qualitative content analysis. (Bryman 2008, p.523) We have chosen to collect articles that address the issue of how different luxury fashion brands have responded to fast fashion for the empirical study. These articles will be analyzed through a qualitative content analysis.

### 3.3 Analysis of data

When performing a qualitative research, analysis is the process were one uses the data collected to identify themes and construct hypotheses to further on show support for these themes and hypotheses. In a qualitative research the researcher does not try to prove a hypothesis as in a quantitative research, instead it tries to show that the hypothesis is plausible. The analysis usually occurs at the end of the research; however in a qualitative
research it is actually an ongoing process that starts when the research begins. (Bouma and Atkinson 1995, p.213)

3.3.1 Qualitative content analysis

The qualitative content analysis has been said to be the most widespread approach to qualitatively analyzing documents. It allows underlying themes in the material to be searched-out. In this analysis approach to documents, it is the role of the researcher that is emphasized in the construction of the meaning of texts. (Bryman 2008, p.276)

Through a qualitative content analysis we have been able to categorize data from the collected articles to understand the meaning in the context in which these categories derive from. (Bryman 2008, p.276) This has helped us to understand how luxury fashion brands have responded to fast fashion. We have extracted themes and presented them by for example marking out quotations from newspaper articles and magazines in the empirical study. (Bryman 2008, p.529)

Since it was a qualitative content analysis and not quantitative, the emphasis was not on quantifying the data, but rather to understand the underlying meaning. So for example when looking at collaborations between luxury fashion designers and fast fashion brands, the focus was not on how many collaborations there had been, but rather on understanding the reason why these designers had chosen to do these collaborations.

3.4 The trustworthiness of the thesis

3.4.1 Reliability and validity

Reliability and validity are two important criteria used when establishing and assessing the quality and limitations of a research. However many qualitative researchers have discussed the relevance of these criteria when concerning a qualitative research. (Bryman 2008, p.376) According to Christensen et al. (2010, p.307) the very notion of reliability within a qualitative research is impossible, due to the fact that reliability has to do with the degree of repetition. Since the researched phenomenon was studied during a specific timeframe, it would be impossible for us or anyone else to repeat the research and get the exact same results due to the fact that the reality that is being studied is always under constant change.

Validity is divided into two definitions. Internal validity deals with the credibility of the research, if the results match reality. External validity has to do with the extent to which the results of the research can be generalizable. (Christensen et al. 2010, pp.307-308) When performing a qualitative research achieving statistical generalization is not possible, however a researcher can instead focus on what degree the results are applicable to other cases. (Christensen et al. 2010, p.310) We have tried to increase the credibility in our research by being systematic in the collection of data as well as being transparent through the research process. We have also tried to be as critical as possible towards all of the sources used, especially the articles. If the possibility was there then we always tried to use primary sources, rather than secondary sources.
4. Empirical study

In this empirical study we will present the results from the interview and the data that we have gathered. The data gathered through the article review has been divided into different themes in regards to how the luxury fashion brands have responded towards fast fashion. The brands being mentioned in the empirical study can be found in the appendix.

4.1 Luxury fashion brands responding to fast fashion

4.1.1 Interview

Robert Meeder is PR and Marketing Manager at Group 88 in Copenhagen. Group 88 is one of Scandinavia’s leading luxury retail and wholesale companies managing luxury fashion brands such as Gucci, Bottega Veneta, Burberry and Mulberry. Meeder is also the course founder of the MA, Fashion Management program at The Swedish School of Textiles in Borås. (Linkedin, 2011, Group 88, 2011)

Robert Meeder, was asked to give his opinion on what the luxury fashion brands have done in reaction to fast fashion and if they are competing with fast fashion, in what way. He stated that Gucci, Burberry, Bottega Veneta and Mulberry etc. are ongoing a change.

Meeder also said that the luxury fashion brands he manages are differentiating themselves from fast fashion brands through positioning. They are also distinguishing themselves through their product range, brand image and the ‘feeling’ they are giving away. The luxury fashion brands are putting great focus on craftsmanship and quality, offering handmade items that are produced in fewer quantities.

Robert Meeder mentioned that the luxury fashion brands have in the past overexploited brand logos to raise turnover and profits, calling it the period of “the logo-mania”. This attracted a younger and un-loyal clientele to the brands, pushing away the older/traditional customer. Now the brands are following the heritage trend of returning to their roots, which is according to Meeder “the core identity of what set these luxury brands apart from the others”. Gucci is for example showing this through celebrating its 90th anniversary this year.

The luxury fashion brands have also started to project the idea of experience and lifestyle in their recent ad campaigns. “If you take a look at the recent ad campaigns from many of the brands the projection of a slower more indulgent image is being used”, Meeder said.

Another aspect that differentiates luxury fashion brands from fast fashion brands is the service being offered by trained staff members in the boutiques, who are told to get to know their customers. Meeder added that for luxury fashion brands “it is better to have quality one on one service over quantity of sales.”
4.1.2 Article review divided into different themes

4.1.2.1 Viewpoint on fast fashion

As fast fashion has been discussed more and more in the press many journalists are starting to ask luxury fashion designers their opinion on the ‘fast fashion boom’. Designers are being asked if they are positive or negative towards the increasing influence of fast fashion on the fashion industry. Here are some prominent luxury fashion designers viewpoints on fast fashion.

In an interview with Women’s Wear Daily, Miuccia Prada, head designer for Prada was asked to give her opinion on the fast fashion boom:

”I have never even considered it and I’ve explained why. It's because I don't like the idea of a bad copy of what one does for the main brand. If I had an ingenious idea to do fashion that costs less but that wasn't a bad copy of something else, with completely different criteria and ways of doing things, I would do it. Also for myself, it would be an ingenious idea. For now, what I see more or less is the bad copy. Also with clothes that cost little, you need to ask why they cost so little. Because no one ever asks themselves that. But it definitely is part of today so it's all fine. I don't have a problem with it. Everything that happens happens, so there's no need to be against it. It's logical that it's like this.” (Kaiser, 2011)

“...I would hope that those chains would create a young fashion that's fresh, autonomous with new ideas...and that they would do fewer bad copies. There are already bad copies around. What I don't understand is all the admiration for this [imitation]. What's more, the same people in the luxury industry defend the market of the things that cost little. When things cost very little, you need to ask yourself how and where they were made.” (Kaiser, 2011)

“Luxury products are costly because the companies...manufacture in Europe, produce with salaries that have to be paid. You have to pay for everything that is needed to do research etc., etc. It's clear that these things cost money. It's not like the owners of luxury brands make enormous profits. Probably the [mass market players] earn much more.” (Kaiser, 2011)

Christophe Lemaire, the artistic director of Hermès has in an interview for The New York Times expressed his views on the fast pace of fashion and his plans for the brand:

“It’s the malady of our industry – always to go quicker and quicker and that everything should be instant.” “It is a global disease of our time – the idea of consumerism, this perverse thing. And also the Internet is great, but it can also be a bit crazy this way of wanting everything to be immediate and zap to the next thing. In the fashion field, it didn’t create very interesting things. You need time to create quality. You need time to think. You need time to dream. You need time to step back. If you are always in a constant rush, running after time and trying to kill time, you become crazy. And you don’t produce real quality.”(Wilson, 2011)

“I don’t know. We want to change that at Hermès by showing another approach to style. It is a house where you feel you can build season after season. There is a beautiful example in the
buckles for the bags. There is so much passion in how to make the bag and making the hardware that has just the right noise when it closes. Sometimes they will spend three seasons looking for the perfect noise for the bags. Sometimes they will pick up a buckle that was made 20 years ago and they will rework it to improve it. I love this idea of improving every season, instead of washing everything away and trying to impress everyone and make a spectacle. That’s not the point. We need good quality product and honest product, and that makes you feel better.” (Wilson, 2011)

The chief executive of Gucci Group, Domenico De Sole spoke in 2004 about fast fashion stating that luxury fashion brands shouldn’t see fast fashion as a threat due to their high quality and their different customer.

‘fast fashion consists of lower quality than authentic designer creations and caters to a different consumer.’ (Rohwedder, 2004)

Roberto Cavalli, head designer of Roberto Cavalli also seems to agree with this notion saying that:

‘fashion houses will maintain their creative edge because they can follow their own creative impulses rather than market needs. And luxury shoppers demand a level of service that low-cost stores can't provide’. (Rohwedder, 2004)

Emmanuel Chirico, chief executive of the parent company of Calvin Klein has argued that fast fashion will not be a threat due to changes in the world that will undermine fast fashion brands ability to be competitive.

‘the advantages of fast-fashion retailers, such as speed to market, will soon be undermined by the rise in labor costs in places such as China and commodity prices.’ (Collings, 2011)

4.1.2.2 Non-disclosure of the luxury fashion brand

In September 2010, when Tom Ford decided to present his womenswear collection at New York Fashion Week, no photographers were allowed. Only Terry Richardson, who is the photographer behind Tom Ford’s ad campaigns, A-list fashion editors and personally invited models who wore the clothes were allowed to come. The designer told Women’s Wear Daily the day after the show the reason behind his non-disclosure was because he believed that fashion was moving in such a fast pace. The clothes were being overexposed way too quickly, before they even reached the designer’s stores. The customer became bored of the clothes when they actually reached the stores and could find copies of them in fast fashion brands stores before that. Tom Ford said that:

"I'm holding everything back, controlling all the photography.” "I'm sure there were some leaks last night from people shooting with cell phones. I wish that that hadn't happened. I
don’t know if it did - I’m sure it did. I’m holding all the clothes back. The clothes are not going out to magazines before January issues. The clothes are not going to celebrities before December. The images are not being released online until December, when they'll go online on my website." (White, 2010)

"you see the clothes, within an hour or so they're online, the world sees them. They don't get to a store for six months. The next week, young celebrity girls are wearing them on red carpets. They're in every magazine. The customer is bored with those clothes by the time they get to the store. They're overexposed, they've lost their freshness, you see somebody wearing it and you say, 'Oh, that's that jacket that was in blah, blah, blah, blah, blah.' Or [a] customer doesn’t want to wear that jacket that was in blah, blah, blah, blah, blah. In addition, all of the fast-fashion companies that do a great job, by the way, knock everything off. So it's everywhere, all over the streets in three months and by the time you get it to the store, what's the point?.‖ (White, 2010)

4.1.2.3 Innovation and extension of collections

In an article published in Bloomberg Cavalli’s chief executive officer Gianluca Brozzetti said that the speed of change from the fast fashion retailers have increased the pressure on luxury brands to offer new products more often. In order to attract and retain customers it is needed for the luxury companies to innovate. The chief executive officer further mentioned that:

“Loyal clients that are coming to the store frequently will get bored of not finding something new,” (Roberts, 2010)

Cavalli, Chanel and Yves Saint Laurent have all started to offer pre-collections and limited-edition lines of apparel and accessories. This is done in addition to the traditional Spring/Summer and Autumn/Winter collections which the fashion weeks in Paris, Milan, London and New York have their eyes on. Burberry can also be added to the brands that have introduced a limited-edition range of apparel and accessories. Cavalli also introduced in November 2010 a Saint Tropez denim collection for spring in addition to the main seasonal range. Since it would be costly to present new collections each month the chief executive officer of Cavalli has expressed that:

“But the premium luxury brands are developing packages that can be delivered in step to the shops so that almost every four weeks you have something new to show the clients,” (Roberts, 2010)

4.1.2.4 Improvements within logistics

By improving logistics a brand can react quicker to changes in consumption patterns. This is something that Burberry has done when introducing their limited-edition range in April 2010, which went from design to shelf within three months. Burberry has also started to replenish their stock on a monthly basis in order to react to customers’ demands quicker. (Roberts, 2010) Rohwedder and Johnson (2008) quoted the chief financial officer of Burberry, Stanley
Cartwright speaking of how the brand is keeping an eye on how fast fashion brand Zara is working:

“They're a fantastic case study in terms of how they manage to get product to their stores so fast” “We are mindful of their techniques.” (Rohwedder and Johnson, 2008)

Since November 2008, Burberry’s share price has climbed from £175 to £1,116 in 2011. The success can be credited to investment in their supply chain.

‘…Burberry’s success has been the investment in its supply chain. Project Atlas, an overhaul of the company’s supply chain and IT systems, was launched in 2006, culminating in the roll-out of global SAP systems in 2010. This has given it a much improved granular understanding of every phase from design to the consumer, allowing the company to react rapidly to sales trends and capitalise on bestsellers. Burberry completely re-engineered its supply chain, cutting the number of distribution centres, freight carriers and suppliers and, through improved production planning, significantly reduced the use of air freight in favour of cheaper sea freight. These measures were estimated to deliver approximately £25m in annual savings, or 14 percent of operating profit. As a result of these measures the company can now also give fast fashion a run for its money through dramatically shortened times to market.’ (BoF, 2011)

It is also said that luxury fashion brands such as Gucci, Louis Vuitton and Burberry have looked over their own practices in order to send new fashions to stores more frequently. (White, 2010)

**4.1.2.5 Enabling purchase through online webcasts**

Since September 2009, Burberry has allowed their customers to order items online during webcasts of fashion shows in order to enable early deliveries. iPad tablet computers have also been installed in their stores during London Fashion Week. The CEO at Burberry, Angela Ahrendts has expressed the reason behind this to be:

“It’s got to be a dynamic business,” “So keep being dynamic is going to be part of our longer term success.” (Roberts, 2010)

**4.1.2.6 Managing risks by going ‘season-less’**

Seasonality risk has been reduced by luxury fashion brands through complementing their main season collections (Spring/Summer and Autumn/Winter) with pre-collections, cruise and pre-Fall collections, increasing the number of collections from two to up to six per year. Luxury fashion brands are even starting to look at fast fashion brands practices. (BoF, 2011)

‘These inter-seasonal collections tend to contain more commercial pieces than the main collections, often have more accessible price points and now account for the bulk of sales of a fashion brand. This is also music to retailers’ ears whose aim it is to get fresh stock into stores, so as to give customers a reason to come back, and shift the stock as quickly as
possible. Some luxury brands have taken a leaf out of the book of leading fast fashion players such as Inditex, introducing flash collections in their stores.’ (BoF, 2011)

### 4.1.2.7 Introduction of lower priced lines and outsourcing

In 2005, Giorgio Armani decided to create his own fast fashion phenomenon by taking back control over the licensed sub-brand A/X Armani Exchange. The A/X Armani Exchange is Giorgio Armani’s lowest-priced line. An average retail price for a garment is $50 and ‘fresh collections arrive monthly, if not twice monthly.’ It is also said that the delivery cycle of the garments is similar to those of fast fashion retailers such as H&M and Zara. Though what differentiates the A/X Armani Exchange from the fast fashion brands is the higher designer cachet. (Colavita and Keiser, 2005) According to the designer, Giorgio Armani:

"Fast fashion is a growing reality in our sector." "This is in fact the way we have always conceived of A/X Armani Exchange, both in the design of the collection and in the way it is manufactured and distributed." (Colavita and Keiser, 2005)

Except from having a main line, the design duo Dolce & Gabbana has also started a mid priced sub-brand called D&G. The line is trendier, lower priced and more available with more D&G boutiques around the world. In 2006 there was a wider trend from the world’s luxury fashion houses to look to their lower-priced secondary labels for growth. The price for the diffusion lines can be up to 50 percent cheaper than the main line. Amongst the names are Prada’s Miu Miu, Donna Karan’s DKNY, Versace’s Versus and Giorgio Armani’s Emporio Armani. The diffusion lines ‘ride on the visibility of their high-end brands to ring up big sales.’ The diffusion lines have higher volume and lower margins compared with the luxury lines. Around 70 percent of D&G manufacturing would be outsourced to Mediterranean countries and Asia. (Passariello, 2006) One of the key strategies for the diffusion line D&G is to narrow the price gap with rivals, as it remains one of the more high-priced among the diffusion lines. The Italian designer Stefano Gabbana has said:

“We want to become cheaper," Fashion is for everybody.” (Passariello, 2006)

‘Other diffusion brands are also repositioning their prices. Roberto Cavalli’s Just Cavalli and Gianfranco Ferre’s GF Ferre have increased their number of $190 jeans, T-shirts and other sportswear items in order to be more competitive with Zara prices, according to Maurizio Negro, chief executive of Ittierre, the IT Holding division that makes Just Cavalli and GF Ferre.’ (Passariello, 2006)

### 4.1.2.8 Standing out by creative ad campaigns and fashion shows

In the same article Passariello (2006) wrote about how diffusion lines differ from fast fashion by their ad campaigns and fashion shows.
‘To set themselves apart from fast-fashion brands, D&G and other diffusion brands are emphasizing their creativity -- something they say cheaper, copy-cat brands lack -- by running glitzy ad campaigns and fashion shows. In contrast, the fast-fashion brands run little advertising, and when they do, the ads are functional, often flashing prices. And D&G is increasing the frequency of its ads. Miu Miu, the diffusion line of Prada Group NV’s Prada SpA, recently cast the actress Kim Basinger in a sultry bedroom scene in an ad campaign.’

### 4.1.2.9 Collaborating with fast fashion brands

Alber Elbaz was the latest designer in 2010 to do a ‘high/low collaboration’ with fast fashion brand H&M. In 2004 Karl Lagerfeld was the first designer to start the collaborations, followed by other brands such as Stella McCartney, Victor & Rolf and Comme des Garçons. The head designer of Lanvin, Alber Elbaz said this about the collaboration with H&M:

“...I was thinking about the definition of luxury and about H&M, and I wanted them to go up rather than Lanvin to go down,” “an interesting exercise in high street and high fashion.” (Menkes, 2010)

“I never wanted to do it, because it seemed like giving ideas away — like giving a child for adoption,” “But everything in life is timing. I feel that the world is changing.” (Menkes, 2010)

Some designers have however voiced their disregard for the co-branding trend, such as the Belgian-American designer Diane Von Furstenburg who expressed in an interview for The New York Times that she didn’t want to do a collaboration but only supported the idea in order to give designers the credit they deserve instead of just being copied.

“I don't want to do a collaboration, but I think it is good because it raises the value of designers, rather than just copying,”"But then I think we have reached a time of excess - of all kinds. And fast fashion is excessive. I believe in authenticity.” (Menkes, 2008)

Donatella Versace, the head designer for Versace has also declined to create a lower-priced line for H&M because she did not want to confuse Versace’s customers.

"I respect everyone who does it," "But the reason I didn't do it is because I work very hard to put the Versace line in the luxury section. I think to put the Versace line in H&M would confuse the brand." (Reyes, 2008)

"I think designer fast fashion it is over," "It didn't bring anything back. It is great for them - but not for the designer. There should be more quality.” (Menkes, 2008)

In Vogue (2004) there was a quote from Stern Magazine where Karl Lagerfeld had spoken about the collaboration he did with H&M the same year, saying that he would never do it again because they made the collection too limited, rather than giving more people the ability to buy into the brand of Karl Lagerfeld.
"It was great to work with the people at H&M as we all helped each other to make it a success," "But the incomprehensible decisions of the management in Stockholm have taken away any desire to do it again. They did not make the clothes in sufficient quantities. I find it embarrassing that H&M let down so many people... I don't think that is very kind, especially for people in small towns and countries in eastern Europe. It is snobbery created by anti-snobbery." (Vogue, 2004)
5. Analysis

In this analysis we will begin by presenting the actions of the fast fashion brands that have in turn caused reactions from the luxury fashion brands. Further on the focus will be on how the luxury fashion brands have reacted. We will bring together the findings from the theory and put it into relation with the findings from the empirical study.

We have both in the theoretical framework and in the empirical study found that fast fashion has had an effect on luxury fashion brands. However we have not found any information about counter reactions against fast fashion for the luxury fashion brands in the theory. According to Okonkwo (2007, pp.228-229) the effect on luxury fashion brands became prominent when the fast fashion brands became elevated and started to eminate a ‘luxurious’ appeal. Even though the focus of the fast fashion brands is on the mass market, the brands are no longer considered as low-end or middle-end mass brands. (Okonkwo 2007, p.228) In the empirical study the actions from the luxury fashion brands have also showed that the fast fashion brands have not gone unnoticed. According to the theory we have found luxury fashion brands are responding to fast fashion by inclining towards the model of fast fashion. The luxury fashion brands are developing production and retailing models. Pre-collections, diffusion lines, outsourcing of production to cheaper labor countries and Information and Computer Technologies are being used. With these the luxury fashion brands can reach consumer needs for fast and early deliveries and spur product rotation. They can also mass produce and offer 50 percent cheaper products compared to the top-of-the-line designer products. (Plunkett 2010, p.20)

5.1 Adapting to the fast fashion model

In the empirical study we have come to see that luxury fashion brands are adapting towards the model of fast fashion. Luxury fashion brands have looked over their own practices to send new fashions to stores more frequently. (White, 2010) The luxury fashion brands have noticed the speed of change from the fast fashion brands and are now feeling pressured to offer new products more often. They do not want loyal customers who visit the stores frequently to become bored of not finding something new. New pieces from a collection are also being delivered in steps to the stores every four weeks in order to offer customers something new, since it would be too costly to present new collections every month. Luxury fashion brands have complemented their Spring/Summer and Autumn/Winter collections with pre-collections, cruise, flash, pre-Fall collections and limited-edition lines increasing the number of collections from two to up to six per year. (BoF, 2011)

In 2006 there was a wider trend from the world’s luxury fashion houses to look to their lower-priced secondary labels for growth, referred to as diffusion lines. The diffusion lines are up 50 percent cheaper than the main line, as was also confirmed in the theory. In order to become more competitive with fast fashion brands prices, some luxury fashion brands have increased their number of lower priced items. Creativity is emphasized with glitzy ads and fashion shows, something that the fast fashion brands lack. (Passariello, 2006) One luxury fashion brand had gone the step further in creating their own fast fashion phenomenon as they call it, by taking back control of their before licensed and lower priced sub-brand. The delivery cycle
of those garments are said to be similar to those of fast fashion brands, though what differentiates the sub-brand from a fast fashion brand is the designer cachet. Fresh collections arrive to the stores once or twice each month. (Colavita and Keiser, 2005) The sub-brands are usually trendier, lower priced and more available with more boutiques. What makes the sub-brands differ from the main lines is the manufacturing, which is usually outsourced to cheaper labor countries, as was also stated by Plunkett (2010, p.20). The aim for the luxury fashion brands sub-brands was to become cheaper, since there is a belief that fashion is for everybody. (Passariello, 2006)

Luxury fashion brands have also improved their logistics in order to deliver new products to their stores from design to shelf within three months. (Roberts, 2010) IT systems have been used in order to react rapidly to sales trends and capitalize on bestsellers. (BoF, 2011) Another shift that was found in the empirical study was to offer customers the ability to order items online already during live webcasts of runway shows in order to enable early deliveries. (Roberts, 2010)

The co-branding with luxury fashion designers has come up in both the theory as well as in the empirical study. The designer collaborations could not according to Okonkwo (2007, p.230) have been thinkable ten years ago but have ‘today’ developed an alliance between the two categories of fashion through acknowledging that they have consumers in the same sectors. In the empirical study reasons for co-branding with fast fashion brands were found to be that that the timing was right since the world is changing. (Menkes, 2010) This action can be supported by the statement from Okonkwo (2007, p.10) when referring to the fashion business as being forward-thinking and always in constant change. Kapferer and Bastien (2009, pp.69-70) have also in the theory stated that it is crucial for luxury fashion companies to spread brand awareness further than ones target group. The brand value of a luxury fashion brand would be lost if no one recognized the brand that the customer wears.

5.2 Counter reactions against fast fashion

Counter reactions found in the empirical study are that there is a belief that the speed to market which is the advantage of fast fashion soon will be undermined by rising commodity prices and labor costs in places such as China, which seems to suggest that luxury fashion brands don’t see fast fashion as a threat in the long run. (Collings, 2011) A counter reaction to fast fashion has also been to control all media outlets at runway shows in order to reduce the spread of images of the clothes being shown. This ensures that fast fashion brands will not be able to knockoff the clothes or the clothes being overexposed. (White, 2010)

Another thing that is not appreciated about fast fashion is the fact that it is excessive and that the luxury fashion designers believe in authenticity. (Menkes, 2008) They also believe that they will maintain their creative edge because they can follow their own creative impulses rather than following market needs like the fast fashion brands. (Rohwedder, 2004) There is also the belief that luxury products cannot be speeded up since it takes time to create quality and real quality will be lost when trying to reduce time. (Wilson, 2011) This has also been confirmed by Robert Meeder when he said that the luxury brands are focusing on craftsmanship and quality and offering handmade items that are produced in fewer quantities.
Some luxury fashion brands believe that fast fashion caters to a different consumer than the luxury fashion consumer, due to fast fashion items low quality and low level of service. Meeder also mentioned this in the interview, when he spoke about how the luxury fashion brands are differentiating themselves from fast fashion brands by the service that is being provided by trained staff members in the boutiques. The emphasis is on quality one on one service rather than the quantity of sales. Luxury brands are also following the current heritage trend of returning to their roots, which is the core identity of what sets the luxury fashion brands apart from fast fashion brands.

In addition we have also found other luxury fashion designers who have spoken out about their disregard for co-branding. The belief was there from some designers that it is better to do these collaborations with the fast fashion brands and get the credit, rather than just letting them knockoff the designs. Another reason they do not want to do these collaborations is because they have worked hard to position their luxury fashion brand as luxury and by doing these collaborations they would just confuse their customer. Some designers even believed that the designer fast fashion was over, because it was good for the fast fashion brands, but not for the luxury fashion brands. (Menkes, 2008) Another view on fast fashion was that fast fashion is a bad copy and one should ask why their products cost so little, asking how and where the products are made. Emphasizing the fact that there is a reason why luxury products are so expensive. Luxury products are manufactured in Europe and produced with salaries that have to be paid. (Kaiser, 2011)
In this chapter we will summarize and discuss the findings of the analysis. In addition our finishing comments and proposals for further studies will be presented.

The purpose of this thesis was to study, describe and analyze how luxury fashion brands have responded to fast fashion. We wanted to find out if all the luxury fashion brands have reacted in the same way or in different ways towards fast fashion. We had asked ourselves if all of the luxury fashion brands have speeded up by inclining towards fast fashion or if there were any counter reactions.

The research question that we had set up was:

- How have luxury fashion brands responded to fast fashion?

We set about this research through a qualitative approach because the focus was on attempting to understand in what ways luxury fashion brands have responded towards fast fashion. We initially decided to contact the five most globally well known luxury fashion brands, based on Interbrand’s 100 Best Global Brands 2010 list. However as we did not get a response from the brands, we continued to pursue our research with our other planned interview. If the luxury fashion brands had responded, we would have had the benefit of having additional primary sources. We chose to perform an interview with the PR and Marketing manager for Group 88 in Copenhagen. For the empirical study we also decided to collect articles, which would later on be analyzed through a qualitative content analysis. With the following of this method we have been able to find out the different ways that the luxury fashion brands have reacted towards fast fashion. In particular we have found data on the counter reactions against fast fashion, which was lacking in the theoretical framework.

Luxury fashion brands have responded to fast fashion by inclining towards the fast fashion model or reacting against it. This has been shown in the empirical study with the brands viewpoint on fast fashion. Responses have been found within themes that have emerged during the empirical study which are: non-disclosure of the luxury fashion brand, innovation and extension of collections, improvements within logistics, enabling purchase through online webcasts, ‘season-less’, lower priced lines and outsourcing, standing out by creative ad campaigns and fashion shows and co-branding with fast fashion brands. Through the interview with the PR and Marketing Manager at Group 88 we could find ‘themes’ there as well, such as the focus on craftsmanship and quality, returning to the roots of the brand, portraying a slower and more indulgent image and high quality service being offered in boutiques. All of this is being done to distinguish the luxury fashion brands from the fast fashion brands.

Reactions have emerged from the luxury fashion brands due to the rise of fast fashion brands and their strategies to eminate a ‘luxurious’ appeal. (Okonkwo 2007, p.228) The luxury brands have seen the development fast fashion brands have gone through. The products they are offering today are at a much higher fashion degree. They are able to provide the fashion conscious consumer with the latest trends at affordable prices, making it even easier for the
customer to purchase more and often. (Hines and Bruce 2007, p.44) The luxury consumers have previously been unwilling to mix fast fashion with luxury, however the times have changed and now they are more than willing to shop at fast fashion retailers. (Okonkwo 2007, p.66)

What differentiates a luxury fashion brand from a fast fashion brand is that it is characterized by exclusivity, scarcity, premium prices, high quality, product craftsmanship and precision, prestigious retail locations, iconic products and visual symbols that are associated with the brand’s history. (Okonkwo 2007, pp.11-12, Hines and Bruce 2007, pp.131-132) While fast fashion brands are characterized by the trendy and affordable apparel that they deliver to their customers at a rapid speed. The apparel usually mimics high-end fashion and are produced in smaller volumes that are rarely replenished. (Plunkett 2010, pp.22-23) Luxury products are ‘lived-in’ products and are not easily disposed of like fast fashion products. Fast fashion products are not durable and usually get outdated quickly. Luxury products are made to stand the test of time and can even increase in value as time goes by. (Hines and Bruce 2007, p.44, p.131) Luxury products should be handmade, while fast fashion products are mass-produced. (Kapferer and Bastien 2009, pp.25-26) Luxury products should not be too available in order to reinforce the exclusivity and rarity around them. (Hines and Bruce 2007, p.131)

If a luxury fashion brand was to completely embrace fast fashion it would go against the traditional idea of what characterizes luxury. The luxury fashion brands have found a way to bypass this through their lower-priced sub-brands, which are more available and also usually outsourced. There is however a risk that the critical luxury consumer will see through this and just like the fast fashion brands have become ‘elevated’, the luxury fashion brands can become ‘lowered’. Since fast fashion is disposable and has a low price with matching quality, the items from the luxury fashion brands sub-brands can be viewed the same if they follow the model of fast fashion. Outsourcing to cheaper labor countries may also reduce the customer’s expectations of the products, since the luxury fashion brands cannot guarantee the high quality they usually provide. The different reactions of the luxury fashion brands can be questioned and criticized, for e.g. when it comes to co-branding that might be more beneficial to the fast fashion brands as they can become even more elevated through this. On the other hand by doing these collaborations the designers can get the credit they deserve rather than just being ‘copied’ as Diane Von Furstenburg has remarked.

Luxury fashion brands should not completely adopt the fast fashion model, but they can however learn from it especially concerning logistics. They have to find a balance, in where the ‘luxury’ is kept intact. Christophe Lemaire, the artistic director of Hermès has understood the importance of this by keeping in touch with the brands heritage and maintaining the focus on producing high quality products, rather than trying to reduce time. “You need time to create quality. You need time to think. You need time to dream. You need time to step back. If you are always in a constant rush, running after time and trying to kill time, you become crazy. And you don’t produce real quality”, he said. (Wilson, 2011) The director of worldwide operations for the Italian luxury brand Etro, Fabio Gnocchi has also pointed out, that what luxury fashion brands need to learn from fast fashion brands is their short time-to-market and their constantly new merchandise. “Even in the luxury business, customers want new merchandise all the time”, he said. (Rohwedder, 2004) Innovations such as enabling customers to purchase through online webcasts of runway shows and delivering collections
between the main seasons are both great ways for the luxury fashion brands to constantly offer their customers something new. This can be done in order to refrain the customers of luxury fashion from buying from fast fashion. One aspect that really distinguishes luxury fashion brands from fast fashion brands is their continuous focus on giving the customer high quality service in their boutiques, which today fast fashion brands lack.

6.1 Finishing comments

We believe that instead of following the cheaper, faster approach luxury fashion brands should distinguish themselves by focusing on their craftsmanship, doing what they are known for and producing high quality products that are timeless. They should reintroduce the customer to the world of luxury, showing them what makes it so unique and beautiful. The process that takes place when creating a luxury product should be emphasized and not rushed. This is an art of business, and it should stay that way.

6.2 Proposal for further studies

We have in this study highlighted the reactions of luxury fashion brands towards fast fashion. Proposals for further studies could be to research certain areas more in-depth. This means one could focus on for example marketing communication; comparing and seeing how the luxury fashion brand’s ads differ from the fast fashion brand’s ads. Another aspect could be to look at ethical and environmental considerations that are growing issues within the fashion industry. One could follow luxury fashion and compare it with fast fashion from a sustainability point of view. Case studies could be made on certain companies from both luxury and fast fashion in order to receive concrete inside views. Consumer behavior in regards to this subject could also be interesting to research. For example could consumer perceptions be studied in order to find out if the brand value is weakened by a luxury fashion brand adapting to the fast fashion model or vice versa.
7. References

List of references that have been used presented in alphabetical order.


**Appendix 1: Brand Index**

*Brief overview of luxury fashion brands and fast fashion brands that have been mentioned in this thesis, in alphabetical order beginning with the luxury fashion brands.*

### Luxury Fashion Brands

<table>
<thead>
<tr>
<th>Brand</th>
<th>Year</th>
<th>Founder</th>
<th>Country</th>
<th>Designer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alexander McQueen</strong></td>
<td>1992</td>
<td>Lee McQueen</td>
<td>UK</td>
<td>Sarah Burton</td>
</tr>
<tr>
<td><strong>Bottega Veneta</strong></td>
<td>1966</td>
<td>Michele Taddei &amp; Renzo Zengiaro</td>
<td>Italy</td>
<td>Thomas Maier</td>
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<tr>
<td><strong>Burberry</strong></td>
<td>1856</td>
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<td>UK</td>
<td>Christopher Bailey</td>
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<td><strong>Calvin Klein</strong></td>
<td>1968</td>
<td>Calvin Klein</td>
<td>USA</td>
<td>Francisco Costa</td>
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<tr>
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<td>1945</td>
<td>Céline Vipiana</td>
<td>France</td>
<td>Phoebe Philo</td>
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<tr>
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<td>1909</td>
<td>Coco Chanel</td>
<td>France</td>
<td>Karl Lagerfeld</td>
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<td>1946</td>
<td>Christian Dior</td>
<td>France</td>
<td>John Galliano</td>
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<tr>
<td><strong>Diane Von Furstenburg</strong></td>
<td>1969</td>
<td>Rei Kawakubo</td>
<td>Japan</td>
<td>Rei Kawakubo</td>
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<tr>
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<td>Diane Von Furstenburg</td>
<td>USA</td>
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<td><strong>Donna Karan</strong></td>
<td>1985</td>
<td>Domenico Dolce &amp; Stefano Gabbana</td>
<td>Italy</td>
<td>Domenico Dolce &amp; Stefano Gabbana</td>
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<tr>
<td><strong>Emilio Pucci</strong></td>
<td>1984</td>
<td>Donna Karan</td>
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<td>1947</td>
<td>Emilio Pucci</td>
<td>Italy</td>
<td>Peter Dundas</td>
</tr>
<tr>
<td><strong>Etro</strong></td>
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<td>Margaretha Ley &amp; Wolfgang Ley</td>
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<td>Damiano Biella</td>
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<td>Italy</td>
<td>Tommaso Aquilano &amp; Roberto Rimondi</td>
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<td>Year</td>
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<td>Designer</td>
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<td>Tom Ford</td>
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<td>Valentino Garavani</td>
<td>Italy</td>
<td>Maria Grazia Chiuri &amp; Pier Paolo Piccioli</td>
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<td>Donatella Versace</td>
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<td>1961</td>
<td>Yves Saint Laurent</td>
<td>France</td>
<td>Stefano Pilati</td>
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### Fast Fashion Brands

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