

Chapter 8

Fast Fashion Business Model: An Overview

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ABSTRACT

Fast fashion is a commonly adopted strategy in fashion retailing, the relevance of which is well recognized both in academia and in practice; however fast fashion research is still under-developed and frequently focused on a single aspect of management or marketing. On the contrary, the aim of this chapter is to provide an overview of the whole fast fashion business model by describing its key drivers from a strategic management perspective. To reach this purpose, a critical systemization of the fast fashion literature review has been carried out and the fast fashion business models of the three major fast fashion companies worldwide have been investigated through the case study methodology. Findings have highlighted how the fast fashion business model is characterized by efficiency, speed and flexibility, all features that allow fast fashion companies to succeed in the highly competitive and over-supplied apparel market.

1. INTRODUCTION

Fast fashion represents a particularly interesting field of research for academics (Barnes & Lea-Greenwood, 2006; Cachon & Swinney, 2011; Sheridan, Moore, & Nobbs, 2006; Sull & Turconi, 2008) since it pertains to the clothing sector, which is oversupplied and highly competitive and, further, the business model adopted by companies operating within is very innovative in respect to the traditional one.

In general, fast fashion can be defined as ‘the retail strategy of adapting merchandise assortments to current and emerging trends as quickly and effectively as possible’ (Sull & Turconi, 2008, p. 6). Fast fashion companies combine rapid processes with a short time to market and are able to develop original brands that are distinctive and immediately recognizable to customers. Fashion retail brands such as Zara, Top Shop and H&M all are implementing fast fashion and, for example, Zara can reach a whole product cycle in only two weeks (Choi, Hui, Liu, Ng, & Yu, 2014). Instead, in the past, stylists started planning their collections for forthcoming seasons up to eight months before their market launch, obviously by running a high risk of failure due to the lack of stability in demand and a short product life

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cycle (Corbellini & Saviolo, 2009). Fast fashion companies do not need so much time to define their fashion items since they wait for the catwalks of fashion houses (at least one season in advance) in order to identify the prevailing trends and then design their collections by reflecting those trends and sales data. This approach allows fast fashion retailers to launch on the market a new range of items in a very short period, between two to six weeks; consequently, their clothes are always perceived as ‘innovative’ and ‘highly fashionable’.

As Hines and Bruce (2007) stated, fast fashion is a contemporary term used by fashion retailers to acknowledge that designs move from catwalk to store in the fastest time to capture current trends in the market. Then, fast fashion strategy reverses the traditional apparel manufacturing from a push approach where manufacturers decide which style will be in vogue in a season and move forward their products towards end customers, to a pull approach where it is the market to orientate products’ design and manufacturing and this makes companies to better cope with the demand’s variability. By reducing the uncertainty and risk of consumers’ strategic choices, the fast fashion business model can improve the economic performance of fashion companies (Li, Zhao, Shi, & Li, 2014).

Although many academics consider fast fashion as a unique business model, previous research has demonstrated, in reality, the co-existence of many fast fashion formulas (Runfola & Guercini, 2013); furthermore existing research about fast fashion is often primarily focused on a specific level of analysis (manufacturing, design, logistics, etc.) then, fast fashion still remains an under-researched area in academic management literature. The main purpose of this chapter is to provide an overview of the whole fast fashion business model from the preliminary conceptual design to the final product in the store. It will be shown how fast fashion companies manage their global value chains, by embracing all processes from design to manufacturing of materials and fashion goods (such as textiles, clothing, footwear, leather products, jewelry and accessories), as well as distribution and retailing to the final consumer.

To investigate the fast fashion business model, beside an academic literature review, a qualitative study will be carried out based on the case study methodology (Gummesson, 2000; Yin, 2003); companies selected for the study will include the first three well-established global fast fashion retailers worldwide, namely Inditex, H&M and Gap Inc. In particular, the value of this manuscript lies in the attempt to create an effective link between current practice and existing theory in fast fashion industry and in providing a systemization of the state-of-the-art of fast fashion literature review.

The chapter is structured as follows: the second section offers a synthesis of the managerial academic literature about fast fashion; the third section investigates the fast fashion business model with particular reference to the following strategies: design, manufacturing, distribution and retailing. The fourth section contains a comparative analysis of the major global fast fashion companies based on case studies; the fifth section provides future research directions; and the final section draws conclusions with managerial implications.

2. FAST FASHION BACKGROUND

The fashion industry can be broken down into different segments from ‘haute couture’ pertaining very prestigious items, accessible to a limited market, often hand-made and tailor-made for special occasions, until to ‘mass market’ referred to low cost fashion items directed to a very broad public (Cillo & Verona, 2008). In this last segment, beside retailers and supermarket chains, operate fast fashion companies that offer trendy garments at accessible prices.

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