#LFW
Talks Digital

A report on designer fashion,
digital technology and business growth

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This short thought piece has been produced following the #LFW Talks Digital event programme that was held at London Fashion Week in September 2014.

These events featured some of the leading entrepreneurs, journalists and commentators working in fashion and technology, and helped to frame the major issues that, both individually and collectively, businesses will need to address if the fashion technology sector is to fulfil its potential.

For more than thirty years, long before the first website was ever launched, the British Fashion Council has worked to showcase and nurture designer fashion talent, and to raise the profile and earnings of the UK's fashion businesses around the world. It continues to do so in the digital age, working with partners such as the Knowledge Transfer Network and recognising that the new technologies and platforms transforming so many sectors of the economy will also provide new opportunities for fashion businesses to innovate, apply their creative skills and grow.

Caroline Rush

CEO, British Fashion Council

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The Creative and Commercial Opportunity

The fashion industry is one of the country's most significant industries. Focused around designer fashion, but spanning across textiles, media, retail and leisure, it contributes £26 billion to the UK economy, and is responsible for 797,000 jobs[1]. Fashion's total contribution via both indirect support for supply chain industries and induced spending of employees' wage income is estimated to have risen to over £46 billion[2]. And of course fashion's high profile adds to the UK's standing in the world as a cultural and business destination.

[1] The Value of the UK Fashion Industry
– Updated Report (Oxford Economics 2014)

[2] ibid

[3] Creative Industries Economic Estimates
(DCMS, 2015)

[4] London 2036: An agenda for Jobs
and Growth (London First, 2015)

At the same time the UK has become increasingly recognised in recent years for the growth of its digital economy. As with the fashion industry, the software and computer services sector is very much a national phenomenon, employing 825,000 nationwide[3] and with significant economic activity not only in larger cities such as Manchester and Glasgow but also in high-growth clusters in areas such as Bristol, Brighton and Oxford. It is particularly in London, where the Tech City Hub has been described as Europe's largest technology cluster, that opportunities have been highlighted. As the business group London First put it in their recent report: "The growth in London's creative sector should be seen as a complement to London's position in technology. The line between the technology and creative sectors is increasingly blurred, and each sector acts as a catalyst for innovation in the other.[4]"

Given the size and dynamism of these two sectors it is no surprise that the UK, and especially London, has become a leader in the new area of 'fashion tech'. Groups of businesses, innovators, investors and entrepreneurs have started to emerge in the intersection between fashion design and technology: applying the latest technologies and platforms to create new products, services and customer experiences. These range from increasingly sophisticated e-commerce platforms (including those based around shared economy business models) through to 'horizon scanning' innovations around wearable devices, digital skins that transmit emotional states, cybernetic clothing and haptic technologies that recreate the sense of touch.

Fashion design has always been the harnessing of creative and technical skills, and the ability to design clothing and accessories that are not only attractive and desirable, but also functional. As such, digital technologies offer exciting new market opportunities. In the area of wearable devices, the coming together of healthcare, digital technologies and fashion is already playing out, but this is only the beginning. For instance, Swarovski has undertaken research projects on conductive gemstones, which could reposition them as a smart materials business.

But the path to sustained economic success is by no means straightforward. In its short history, the digital economy has become as well known for its volatility as for its growth. There is no doubt that commercial returns exist, but for those entrepreneurs and creative professionals the innovation challenges are not just technological, but also around service design, organisational structure and business models.

"How you wear your clothes has always been a means of communication, and digital media technologies should be building on this."

Francesca Rosella,
Director, CuteCircuit

"At the intersection of digital technologies and creative practices such as fashion, friction and frustration can arise. But these frictions can also lead to new creative, social and commercial awards."

Simon Hopkins,
The Knowledge Transfer Network

The Designer Fashion Experience in a Digital World

When the first wave of e-commerce websites launched more than a decade ago many wondered whether the fashion retail experience could be replicated on screen, but in fact the online market for fashion has grown rapidly, with sales of online fashion in the UK exceeding £10 billion in 2014.

Today as many as 70% of internet users buy clothing (including footwear) online, making it the most purchased item[5]. More surprising perhaps, is how successfully the high-end, luxury market has fared with even relatively expensive and unique items of jewellery now being bought online.

But it is not just a case of measuring e-commerce vs. in-store sales and charting the increase of one at the expense of the other. More fundamentally, the distinction between online and offline is coming to an end. The modern consumer will have any number of connected devices being used in a range of professional and personal environments. According to the latest figures from Ofcom[6], 77% of adults in the UK have some form of broadband access and 57% use their mobile handset to access the internet. With mobile internet use growing faster than even computer-based connectivity did, the focus for brands is on 'touch points', those moments in which they can reach out to consumers, and best interact and transact with them.

Wearing clothes has always been a means of communication, and technology provides new ways of building on this. Luxury brands will need to use digital technologies to achieve a customer experience of the same quality and intimacy. Customers want reassurance and guidance: they need to be advised that they are buying the right thing, and to feel confident that it will work for them. New technologies and media channels can help to do this, but the platforms need to be of the highest levels of functionality, design and quality.

"It's become possible to do business digitally in a way I would have never imagined just five years ago. If you're prepared to embrace change, it's an incredibly exciting time for the jewellery industry."

Stephen Webster MBE,
Designer, Stephen Webster

"In five to ten years, we'll stop saying online/offline, in the same way that we no longer talk about having or not having electricity."

Tracy Yaverbaun,
Head of Development, Instagram

[5] Mintel Clothing and Fashion Market Research (www.mintel.com)

[6] Communications Market Report (Ofcom, 2014)

Personalisation and Luxury

The concept of luxury is highly subjective and difficult to define, but most would agree that an essential element of a luxury brand is exclusivity. In many ways digital technologies would seem to work directly against this.

The digital economy eliminates scarcity, widens consumer choice and breaks down barriers to market. Clicking through menus or typing into search engines reduce sensations of intimacy and remove the direct contact that is so integral to the experience of fashion, whether it is trying on a new dress in a boutique or choosing a bracelet from a jeweller. For established fashion brands it has been their ability to carefully design and control the customer experience that has been key to their success. In the world of online retail, multiple channels and social media, this becomes a far greater challenge.

But there are important ways in which digital technologies can still add brand value in luxury markets. Critical to this is personalisation. In the music and publishing industries, algorithms for analysing and predicting customer behaviour pioneered by the likes of Amazon have radically changed the means by which businesses can market and sell to customers. The scope for fashion businesses to do the same is, if anything, even greater. People's tastes in books and music may vary, but when it comes to items of clothing and accessories, there is even greater potential to design, modify and deliver the exact product that people want. Many predict that the new media channels, data storage mechanisms, analytics algorithms and bespoke production will herald an era of 'mass customization' for the industry. Certainly, it is already the case that, whether through the in-store retail experience or interactions taking place over digital channels, it is possible to generate and collect huge amounts of valuable data – although, of course, there is little point in doing so without a clear purpose and strategy for using it.

Personalisation is powered by data capture and under-pinning this there needs to be trust – an issue which is becoming increasingly contentious across the digital economy. Important questions are raised: if someone undertakes a 3-D body scan, then who owns this data? For two hundred years the tailors of Savile Row have been entrusted with confidential information by their clients, but will customers be prepared to do the same on a digital platform, with complex and opaque processes around the collection, storage and sharing of data? For individual brands, as well as government and industry, the regulatory challenge is to ensure that businesses can innovate and best serve their customers, without infringing on security and privacy concerns.

"Data is just the digital representation of our customers. The question of 'what's our data strategy' is really 'what's our customer strategy?'"

Graham Cooke,
CEO, Qubit

3

Innovating in the Right Way & at the Right Speed

Digital technologies have had a spectacular impact on the fashion industry, from internet logistics systems to the rise of the celebrity fashion blogger having far-reaching affects across the value chain.

But throughout the strength of a brand has been based on its authenticity and integrity. Despite the growth of online fashion sales it is still the case that coherent business strategy, core brand values and customer understanding remain the key components of success, and should drive the speed and manner in which businesses innovate. Technologies should be considered and integrated across a business plan and not as something to be added at the end. Established fashion brands should take particular care. While almost all emerging designers must have a digital presence to gain visibility in the market place, those who already have a recognised brand have to consider the risks.

There are salutary lessons, and not just from the early days of dot.com mania. In retail, for instance, there has recently been considerable interest in how digital technologies can 'reinvent the high street' – enhancing and elaborating upon the in-store customer experience by using the latest technologies and multimedia installations. The results have not always been successful. Making new technologies work, particularly at scale, is not easy. In flagship stores there have been problems with functionality, customer confusion and inadequately trained staff. Rolling out similar installations across hundreds of high street outlets is a daunting challenge for even the most established fashion retailers.

For the technology to work it must be implemented from top to bottom, and become fully integrated within the business. There is little point investing in an ambitious social media campaign without an e-commerce website, and no point in having an e-commerce website without an effective logistics operation. ›

"It's too easy to get distracted by the technology. Fashion brands need to focus less on how, and more on the who and why."

Tracy Yaverbaun,
Head of Development, Instagram

"Through digital, retail and publishing are coming together. If people see something, they expect to be able to buy it at the same time."

Remi Paringaux,
Founder & Creative Director, Meri Media

"Technology should be used in a way which is authentic and brand building. Too often it is about gadgets and media stunts without being integral to the company's strategy."

Rachel Arthur,
Global Senior Editor, WGSN

> The drive to innovate, to be perceived as being ahead of the curve, can often result in costly mistakes, and it is vital that a fashion brand doesn't jeopardize its core values. There are concerns that the speed of technological innovation is if not threatening, then at least changing, the creative process. The speed at which information now flows in the industry, from fashion shows to the consumer across the world, means that businesses are under unprecedented pressure to bring new designs to market. As with other creative industries such as film, the modern consumer is getting impatient, and the delays between fashion shows and retail launches becoming less explicable.

When it comes to digital products and platforms, this narrow emphasis on technology and the speed of delivery can be unhelpful. Above all else, a luxury item is something that has been well made and critically important to the success of an online fashion venture is the quality of the design that is brought to bear. Fashion businesses need to remain focused on the customer journey, the quality of the digital interactions and using the technology to achieving a more immersive experience with the brand. Designing the customer experience requires a very different set of skills from software engineering, and fashion brands need to invest in interactive designers and user-experience experts, as a crucial means by which value is differentiated in the market.

4

The Role of Government

The fashion industry has enjoyed great economic success in recent years, which is testament to the creative talent, innovation and entrepreneurial energies of business. ›

Credits

› But it should be recognised that government has also had an important role to play in this: investing in the education and skills base, especially its world-class higher education institutes; and taking an active role in promoting and showcasing fashion talent, both domestically with support for London Fashion Week, and also internationally through the work of UKTI.

It is important that public agencies take a similarly positive approach to developing fashion tech. Levels of public support up until now have been relatively modest. Through agencies and institutes such as Innovate UK, the BBC, NESTA and research councils, considerable investment has gone into research and development in the audio-visual and content industries. While in the US, of course, public investment at an early stage was vital to the development of much of the digital economy infrastructure, including Google. By contrast, the fashion tech sector is yet to benefit from comparable investment and support.

The innovation challenges for fashion are many and varied, from 3D printing technologies through to virtual reality environments or search engines based upon images rather than text. The opportunities are hugely exciting, and the industry needs to take a proactive approach to working with public bodies to identify and resource the research programmes that will shape the fashion industry in the 21st century and which will help ensure that the UK maintains its leading position in the years ahead.

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