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WWD

JUL
2015
No. 3

WWD

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"We have to leave our taboos behind and create a brighter world." ELIO FIORUCCI, 1935-2015

FINE AND DANDY

An updated romantic elegance has emerged from the spring runway collections, infusing the season with fast-moving trends.



US	\$9.99	JAPAN	¥1500
CANADA	\$13	CHINA	¥80
UK	£8	HONG KONG	HK\$100
EUROPE	€11	INDIA	₹800

The Frugal Mass

Thanks to the Great Recession, retailers and brands face permanently penny-pinching shoppers. By ARTHUR ZACZKIEWICZ

Welcome to the New Frugality. J. Crew is the latest retailer to accept the reality of the new, penny-pinching consumer, revealing plans

to launch J. Crew Mercantile this fall. The retailer's chairman and chief executive officer Millard "Mickey" Drexler has used this formula before. As ceo of Gap Inc., he oversaw the development of the value-focused Old Navy format, which sat below its Banana Republic and Gap brands. Drexler has had to notice that, even as the Gap and Banana brands have struggled in recent years, Old Navy has been the group's star performer with consistent same-store sales growth.

But J. Crew and Gap are in no ways alone. The growth of more value-driven chains is on top of the expansion of traditional outlets, which both of those retailers continue to operate as do brands from Ralph Lauren to Michael Kors. Among specialty retailers, Express Inc. has quietly grown its Express Factory Outlet concept to 41 units of its 600 total stores with plans to add another 30 this year, and eventually roll out 150 off-price units.

Once firmly anchored by TJX Cos. Inc., Burlington Stores Inc. and Ross Stores Inc., the off-price channel has seen department store concepts Saks Off 5th and Nordstrom Rack expanding their positions while Macy's Inc. is now muscling into the segment with its Backstage format set to open this fall. With Nordstrom Inc., it's interesting to note that the department store chain now operates more off-price stores than full-price units.

But why, when the U.S. economy is once again the world's engine, are retailers focusing on low- and off-price formats?

Rachel Weingarten, principal at Culet Marketing & Media, a brand strategy agency in New

York City, as well as a fashion historian, author and academic, describes the off-price and value-driven trend as the "elephant in the room" due to "the ongoing lackluster sales and performance in a post-recession economy."

Traumatized by the Great Recession, consumers – spearheaded by the value-savvy Millennial shopper – have embraced "smart shopping" that centers on bargain-hunting tactics, researching products prior to purchase and perusing off-price stores and consignment shops for fashion finds while also occasionally splurging for an in-season shoe, dress or handbag.

These shoppers are the new permanently frugal, and are transforming the market by also making bargain hunting for quality products hip.

Yet, Weingarten says brands and marketers are missing the mark and the off-price route may not be the best approach. "Outlets and off-price are always appealing, but I also believe that people embracing enduring frugality sometimes wear it as a badge of honor; so while one season clothing popularized by stores like H&M and Old Navy were once the norm, I see a return to sturdiness and quality and wearing shoes or jackets from a season or two past becoming almost edgy," she explained.

"Instead of leaping on every trend du jour, women might forgo the marsala [Pantone's 2015 color of the year] jacket in favor of a more practical navy," Weingarten said. "In this way, retailers don't have to go the bargain basement route, but can potentially offer an alternate shopping experience, one that hasn't been the norm for decades.

"What? This old thing?" becomes a

secret code for a smart shopper, not someone who can't afford the styles of the moment."

Retailers and brands may want to consider further meditation on this nuance of consumer behavior and "code words." Moreover, maybe "frugal" has a slightly negative connotation. Natalie Kotlyar, partner in the consumer business practice at BDO, suggests instead of categorizing today's savvy shopper as frugal, "I'd say they are an educated, deal-searching consumer."

In an online survey conducted by WWD last week, 53 percent of respondents said price was "very important" in their purchasing decision, and 47 percent said they conduct their own online research prior to making a buy. Forty-two percent of respondents described themselves as a "frugal or smart shopper" while 33 percent said they "rarely buy items on impulse." Those polled also stretch their apparel dollars. "Most of what I buy must be usable for at least three seasons," said one respondent.

"During the recession, consumers who weren't already became more cost-conscious and relied heavily on available deals and promotions and utilized various tools to compare prices and seek out these deals and promotions – and that routine has stuck," Kotlyar said. "The idea that the educated consumer will hold off on making purchases until a sale or promotion becomes available is certainly a challenge facing retailers today."

Author and board member of the National Retail Federation and the Retail Advertising and Marketing Association Bolivar Bueno said there's been a fair amount of denial on the part of retailers in regard to the frugal consumer. "This has been a growing trend and many retailers did not ▶

want to believe it," Bueno said. "They believed that when the economy would return, consumers would go back to old habits. Something fundamental has changed – it has gone from frugality to mindful spending. Consumers see a connection with the idea that less is more sometimes. This means retailers have to work hard to prove the value that they bring to the life of consumers. She is very smart about her money and knows she has to balance a budget."

Indeed, today's smart shopper has the ball in her court – making it hard for retailers and brands to respond. Andrew Fox, president and ceo of Superjeweler.com, said consumers are expert at product and price comparisons. "If your brand is sold in multiple locations, expect the lowest priced to win, even for the most well-known brands," Fox said. "No matter what, brand managers can no longer afford to turn their noses up at people who want to spend less, as there are more and more of them. Great design, process automation, vertical integration, direct sourcing, excellent logistical processes are all key in being profitable in this hyper-competitive environment. Basically, retailers have to be better on every level in order to maintain profitability."

"This is not a trend, it's the new normal, and will last in [the apparel market] for the foreseeable future."

Ira Schwartz, ceo of Free Country

Karma Martell, a former apparel buyer at The Limited and Lane Bryant and now principal at marketing firm KarmaCom Inc., said retailers are on the right track with data mining where culling information about personal buying habits along with analyzing in-store data can help bolster sales and profits. Martell said the ubiquity of the Internet demands extra effort on the part of retailers as consumers need to be engaged in "micro moments" – meaning the engagement window is small and short.

"Consumers demand personalization," Martell added. "The more specifically you can address their needs and reach them in their micro moments, the more successful you will be."

Ira Schwartz, chief executive officer of outerwear and activewear brand Free Country, said to connect to this savvy consumer, companies also need to create "exciting product that looks and acts as aspirational as any high-brand product would, yet retains a value perception by the consumer."

Schwartz added that "value has never been more in style than it is today. This is not a trend, it's the new normal, and will last in [the apparel market] for the foreseeable future."

Lee Senderov, head of marketing for mobile shopping app Shopular, agreed and said it is "styl-ish" to be a frugal shopper. "The days of lavish, opulent overspending that were in vogue in previous decades have been replaced by sensibility and savvy when it comes to managing one's personal bottom-line," Senderov said. "How consumers approach the retail experience is very much a sign of the times." Senderov said this consumer behavior trend "will dominate the shopper experience for some time. We're seeing a continued overall move toward embracing simplicity and, especially among Millennials, price-awareness is just another part of this lifestyle equation." ■



Nudie Jeans is boosting its repair shops where consumers can fix jeans or leave them there to be resold.

Green Gets Real

The days of paying lip service to the eco-friendly denim movement are over.

By CYNTHIA MARTENS

Sustainability continues to move from superficial marketing tool to greater reality in denim.

Across the supply chain, European executives are taking steps toward water reduction, using natural dyes and organic cotton, and the elimination of certain chemicals from the treatment process as a standard for doing business.

Jeanologia, the Valencia, Spain-based firm that produces garment finishing machinery, has introduced the Light Scraper, which uses laser technology to create virtual sandpaper, replicating the look typically achieved with manual scraping that puts workers at risk of respiratory disease and repetitive motion injuries. Enrique Silla, founder and president of Jeanologia, said the technology also "changes flexibility and time to market, and means less inventory."

Marco Lucietti, global marketing manager of ISKO, a major denim cloth manufacturer and part of Turkey's Sanko Group, said, "Instead of talking about sustainability, we like to talk about 'responsible innovation.' The fact is, we're an industry that pollutes. We're trying to minimize our impact" across the board.

Lucietti noted that ISKO's factories use renewable energy sources and now recycle 90 percent of the water used in the manufacturing processes.

Ebru Ozaydin, marketing manager at Orta Anadolu, another Turkish denim fabric producer, said many of its customers are increasing the share of better cotton used in their denim and phasing out certain chemicals used on fabric.

"It's not a gimmick," she said, noting that many consumers are wary of the myriad ways companies claim to be ecological.

Although jeans made with organic cotton, treated with natural dyes and finished with eco-friendly chemicals are likely to cost more, "as members of the supply chain, we definitely shouldn't expect to get this money from consumers," said Ozaydin. "It has to be kind of melded within the whole chain."

Orta recently kicked off its "Vegan Denim" project, exploring natural alternatives to the synthetic indigo dye favored by the denim

industry, and even turning to tea, walnuts and acorn shells that yield a dye she described as "something between ecru and mustard" for new colors.

Alberto Candiani, global manager at the Candiani SpA denim mill, agreed that "sustainability as a marketing tool is over."

His firm's patented N-Denim dyeing technology uses nitrogen to delay oxidation and accelerate the absorption of indigo into yarn, allowing for a 35 percent reduction in water consumption and the elimination of hydrosulfates that can produce hazardous waste from the processing.

Denim dye-works and laundry company Martelli Lavorazioni Tessili has seen a lot of interest in its ice, laser and ozone finishing treatments, as well as in its Bio Nut Wash and other natural dyes that are part of its Development, Ecology, Research (D.ECO.R) project, according to Giovanni Petrin, general manager.

Fabio Adami Dalla Val, trade marketing manager and head of research and development at the M&J Group apparel company, said he has seen a "momentous" shift in the attitude of denim brands, many of which had previously limited their efforts to pushing sustainable "mini collections."

"They're not looking at the single garment anymore – they're looking for manufacturers who can implement entire systems," he said.

M&J Group is focusing on three goals in the coming years: converting all of its factories to the U.S. Green Building Council platinum-certified model of its Dhaka, Bangladesh, headquarters; accurately measuring resource consumption with its Start to Measure technology, and working with chemical suppliers on greener options.

"The new nuance of green today is transparency, because it's no longer possible to hide behind anything," said Alberto De Conti, managing director of The Italian Job, a branch of Garmon Group, a chemical firm that counts Orta among its recent converts.

The Italian Job aims to fine-tune the number of achievable looks in fashion using eco-friendly chemical treatments that pass the GreenScreen for Safer Chemicals test, developed by Clean Production Action, a nonprofit organization. ■