

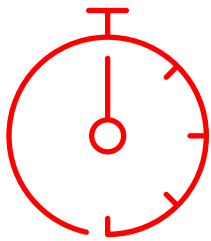
Kurt Salmon
Part of Accenture Strategy

SEE NOW, BUY NOW: EXECUTIVE SUMMARY



SEE NOW. BUY NOW. WEAR NOW.

Savvy retailers will recognize this as the mantra of their 18-24 year old customers. This group may be short on patience, but do not expect an apology. Coming of age in an era of instant gratification, the majority of Gen Z fashion shoppers (52 percent) use social media for style inspiration.



They expect the looks they see on catwalks, red carpets and vloggers' latest shout-outs to be available to them within days, if not immediately.

Not only do they want to buy and wear now, but they do not expect the looks they purchase to last. One in four young shoppers wears an item for less than six months before getting rid of it, while more than half wear it only up to a year.

In a world where outfits are immortalized on social media, 18-24 year old shoppers are looking for disposable, on-trend fashion that appears on their doorstep—or at their local retailer—at lightning speed.

Kurt Salmon, part of Accenture Strategy, identified six actions business retailers should consider to keep up with the demands of this young fashion-forward crowd.

ABOUT OUR STUDY

More than 20 in depth interviews with CEOs or senior executives of leading global fashion retailers.

A survey of senior managers from global apparel, footwear and accessories retailers and brands for quantitative insights.

A consumer survey of 2,000 UK shoppers to understand their fast fashion demands.

Extensive research by Kurt Salmon, part of Accenture Strategy across a number of markets.

1 FOCUS ON THE CUSTOMER.

It should almost go without saying, right? But, many retailers still maintain a mindset and culture that are more focused on rigid rules and structures than on the customer experience.

Focusing on the customer means a retailer can make decisions rapidly, with the agility and flexibility to change those decisions as many times as they must to get it right. Fashion for the masses can no longer be planned six to 12 months out. Rather, trends must be identified, designs agreed upon, production implemented and lines readied for sale in a fraction of that time.

SUGGESTIONS FOR FASHION COMPANIES:

Employ staff who get your target customer. Doing so will make customer interactions so much richer.

Change mindset and culture. Make departmental silos, legacy technology and lengthy approval processes passé. Reward employees for taking initiative to solve customer concerns and promote rapid innovation.

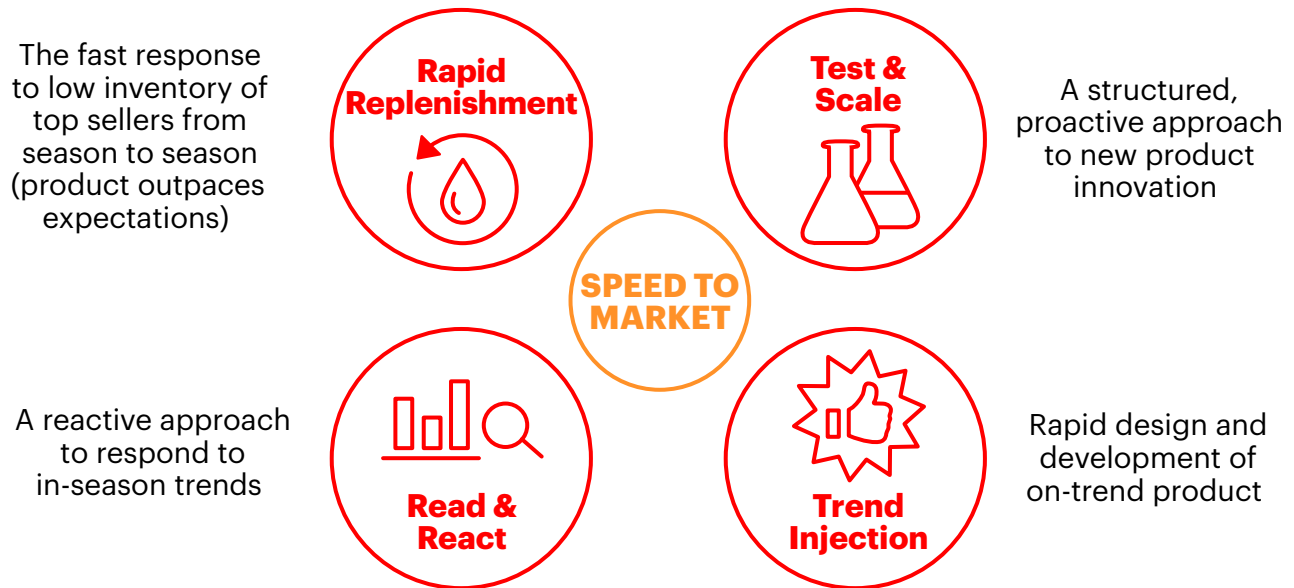
Make your technology scalable, adaptable and location agnostic. The leaders are switching from legacy systems to plug-and-play, cloud-based tools so their employees can work anywhere—and so their systems scale as necessary with as little effort as necessary.

2 BE MORE RESPONSIVE. FASTER. FASTER. FASTER STILL.

While companies focus on fast fashion offerings, they may not all take the same approach. Leading retailers are using analytics to develop their Merchandise Plan prior to design and development. This allows them to focus on what is required, in terms of breadth of the range as well as segmentation and key attributes. They are running on integrated business calendars with differentiated milestones per type of product—trendy vs. basic. Leading retailers are applying a Fabric First approach to allow for more focused development. And they are blocking materials to ensure materials are on hand, but can be tailored to the latest customer desires as close to their manufacturing date as possible. “Test and scale” is also becoming popular as a way to drive more regular injection of newness, based on better reading demand signals. Almost half of the senior managers we surveyed are using this model, in which companies conduct limited testing of new lines—online or in selected stores—to gauge consumer reaction. Trial production might be 200 pieces, followed by scaling up to 10,000 or more. Test-and-scale requires a streamlined organizational structure, but flexible sourcing strategies also help up the odds of successful fulfillment and scaling. Multiple models exist to help companies get to market faster (see Figure 1).

As the industry shifts more and more to fast-moving, short-production-run styles—responding to shoppers in-the-moment inclinations—fashion executives will need to look for ways to increase margins and decrease surplus stock.

FIGURE 1. SPEED-TO-MARKET MODELS VARY



Supply chain and sourcing strategies increasingly come into play: when speed matters. Almost two-thirds of the senior managers surveyed expected their cost to service to increase as customers demand faster fulfillment. As one fashion chain executive put it: “We have been able to source from lower wage countries over the last 10 years and there have been savings... there aren’t that many more countries with lower wage rates. The bigger issue today is rising cost...We will have to look for...a way to giving customers more value rather than cut cost out of the supply chain.”

Sixty-three percent of senior managers cited balancing higher production costs with the need to reduce shipping times as a major economic challenge.

SUGGESTIONS FOR FASHION COMPANIES:

Spread the love. Production cycles can be cut by nearshoring, flexible fabric finishing and using multiple sourcing to reduce overall production time.

But, spread it selectively. Several of the CEOs we interviewed are rationalizing the number of producers, developing strong relationships with a smaller core group.



3 INCREASE MOBILITY.

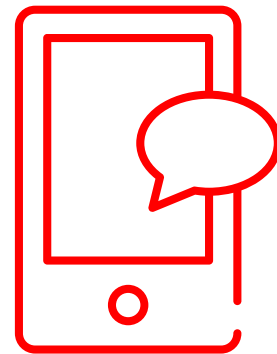
By 2020, Business Insider predicts that mobile commerce will reach U\$284 billion, accounting for 45 percent of the entire U.S. ecommerce market. And, according to Interactive Media in Retail Group (IMRG), a U.K. ecommerce trade organization, mobile sales increased by 47 percent year-on-year to December, 2016.

Young shoppers are making no secret of their penchant for moving back and forth between channels. As the CEO of a fast fashion pure-play put it: “Currently, 90 percent of U.K. apparel is bought in stores, with 10 percent online. However, mobile penetration in the younger age brackets, the under 30s, is 40 percent. This means that online growth [mobile for this age group] will grow from 10 percent to 40 percent in the next five to 10 years.”

SUGGESTIONS FOR FASHION COMPANIES:

Do the online and social swim. Fashion retailer ASOS has perfected playing on young customers’ preferred turf, with 6.5 million Facebook followers, 7.4 million linked via Instagram and 1.5m engaging via Twitter. The 4,000 new styles it adds to the ASOS website each week also help, as does the company’s app with 10 million active users.

Use technology to bring cross-channel consistency to your shoppers. As one U.K. fashion retailer explained: “The customer expects a seamless transaction between channels—if I leave something in my shopping basket on my laptop, I expect it to be on the mobile webpage when I look for it on my phone...”



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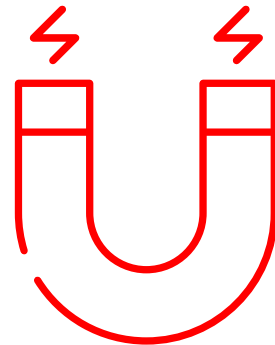
4 ENGAGE YOUR CUSTOMER.

Almost two-thirds of the senior managers we surveyed put customer engagement as the top element for success. And you cannot engage a customer you don't know inside and out. As a German fashion pure-play executive explained: “[We] are not so much a fashion company as an agile retail company. Agile retail companies use big data analytics to identify consumer trends...”

Multi-channel retailers have long cited a single view of the customer—integrating browsing, shopping and style preferences—as the holy grail. While the industry is still not there, big data and advanced analytics do get it closer, providing clear insights into customer behavior, buying trends and social media interactions to improve individual engagement.

SUGGESTION FOR FASHION COMPANIES:

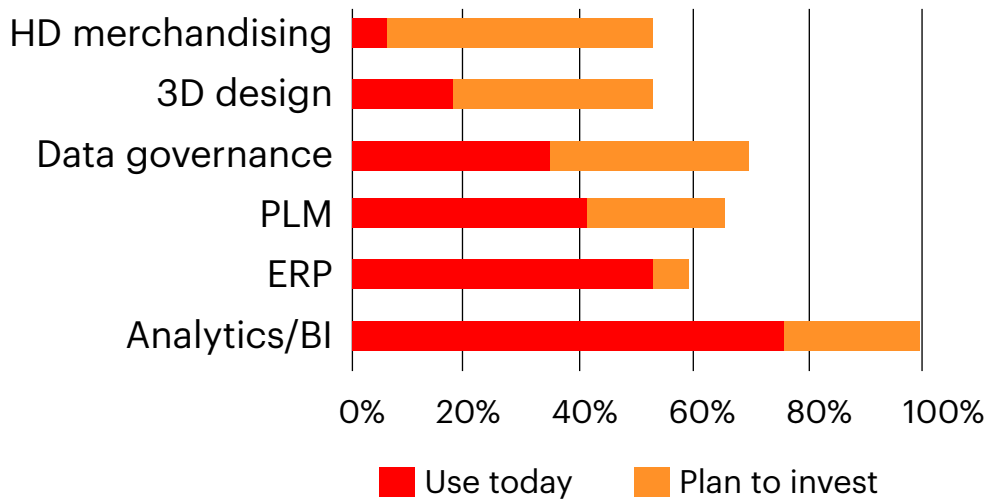
Expand beyond sales data. While using sales data and predictive analytics helps to pinpoint customer trends, adding product data to the mix turbocharges it. Using high-definition merchandising tools and incorporating crowdsourced customer feedback helps companies not only better meet customer needs, but better target them earlier in the innovation process.



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Embrace your inner nerd. Expanding beyond the usual cadre of standard technologies can help companies remain not just fashion forward, but on the cutting edge of the future. See Figure 2 for other technology investments companies are planning on to support fast fashion.

FIGURE 2. INVESTMENTS PLANNED IN THE NEXT 3 YEARS TO SUPPORT FAST FASHION



5 MAKE YOUR STORE A DESTINATION. AN EXPERIENCE. A SHOWCASE.

Stores are no longer just a place to buy fashion. Currently the 18-24 year-old set prefers social media, friends and retailers online communications for style inspiration. Embracing the expanded role of the store could help attract this age group into brick-and-mortar outlets.

THE STORE IS NO LONGER JUST A PLACE TO COMPLETE A PURCHASE



SUGGESTIONS FOR FASHION COMPANIES:

Revamp your operating model to drive footfall and revenue. Click-and-collect services have increased dramatically over the past few years. Companies are using them increasingly because they tend to convert returned online purchases into exchanges. One UK fashion CEO reported a 34 percent uplift on collect-from-store programs.

Offer something shoppers will not get online. Pampering, entertainment, face-to-face chats with brand ambassadors who sport a “cool” factor—all of these experiences are near impossible to provide online. Yet, many are appreciated by younger shoppers. Offering them just may increase in-store footfall.

6 FOCUS ON FAST. BUT DON'T FORGET SUSTAINABLE.

Gen Z, with its focus on the environment, climate change and resource availability, wants fast fashion—but not at the cost of any of the above. Given fashion's increasingly disposable nature, young shoppers will expect companies to provide transparency on labor practices, sourcing and materials to offset the “throw-away” mentality.

SUGGESTION FOR FASHION COMPANIES:

Investigate zero waste programs and how to be a good citizen of the circular economy. Half of the senior managers we surveyed were exploring programs to extend the product lifecycle, better incorporate recycled materials and facilitate reuse such as clothes swapping. Marks & Spencer has a “shwopping” recycling arrangement with Oxfam. H&M uses its “Conscious” program to deliver sustainable products. Leaders have their eye on the future generation's values—and most have shown they will vote with their wallets.

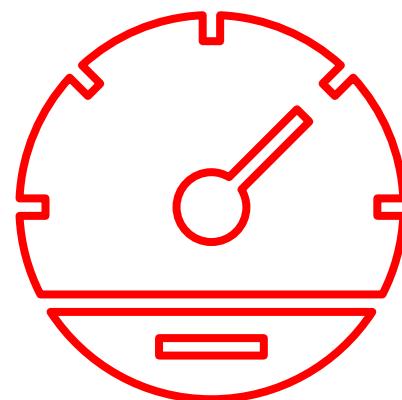
FASHION WILL ONLY GET FASTER. WILL YOU?

The trends we are seeing among today's digital savvy generations are likely to continue: there is no reason to believe that today's children, who have clutched smartphones since they could barely toddle, will behave any differently.


They will be wedded to their mobile devices, demand the same levels of instant gratification and possess the same preoccupation with image and social media as today's fast fashion buyers.

Servicing this demanding market successfully will require rapid decision making, flexible technology, strategic partnerships with suppliers, excellent customer engagement, and a presence in as many channels as those target customers choose to visit.

Fashion will only get faster. There is only one viable alternative. Set the pace.



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