

The fashion industry's old business model is out of style

The Internet is bringing high fashion to the masses, and the recession is making retailers and designers put the consumer first, not the brand.



The fashion industry is shedding 20th century habits and charting a new future. (Zela Lobb / For The Times)

By BOOTH MOORE Fashion Critic

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The \$300-billion fashion business is in the midst of an epic shake-up that is changing the way clothes are designed, marketed and purchased. The Internet -- the same force that has splintered the media and music industries -- is challenging the taste-making role of the fashion elite, a shift that is being accelerated by the rise of cheap chic and a recession that has blunted more-is-more spending.

In turn, many retail businesses, confronted by changing spending patterns, are becoming less brand-centric and more consumer-centric. And the logic of the runway shows -- now underway in New York and scheduled next month in Milan and Paris -- is being questioned by some of the top names in the business, who understand that shoppers don't want to wait six months between seeing designer clothes on the runway and being able to buy them in stores.

"It's the first time I can remember this kind of shift in the fashion paradigm," said David Wolfe, creative director of the Doneger Group, a New York trend forecasting firm. "The flashy addictive fashion [is] becoming less and less relevant to people's lives."

What's more relevant, it seems, are shopkeepers who keep the customer in mind and instant access to style and fashion advice provided by the Internet.

Not only does the Internet allow the convenience of shopping any time, anywhere, it's also a platform for a new generation of style arbiters who can dictate trends from their living rooms.

Aggregator websites let shoppers sift through styles and compare prices from dozens of online stores at once. Shopstyle, for example, offers cross-shopping by brand or search term at www.shopstyle.com and sends personalized e-mails with sale alerts. Covet (www.covet.com) edits styles shown to individuals based on a questionnaire about preferences for color and silhouette. MyShape lets users input their measurements (www.myshape.com) and shop only for the items that fit their size and style profile.

And for those who can't be bothered to sit in front of a computer, mobile technology is making it possible to shop from the palm of your hand, which is why fashion designers are rushing to launch their own iPhone applications.

The result of all this interactivity is that there is more information than ever about fashion.

Runway looks, traditionally shown to buyers and the media six to eight months before they land in stores, can be seen online minutes after a designer shows them, worn by celebrities days later, and knocked off soon after that. Which means that sharp-shoulder silhouette that came down the Balmain runway in Paris in March was available at the mall long before the designer original arrived, and at a fraction of the price.

As trends seem to travel at warp speed, fashion magazines such as Vogue and Elle, which have traditionally been looked to for guidance on style, are struggling. The September issues, typically the biggest of the year, are nearly a third slimmer than last year's. Ad pages in Vogue decreased 36%, to 429.

Some of that money is moving to the Internet. Louis Vuitton North America more than doubled its digital ad spending in 2008, to \$286,000, from \$107,000 in 2007, according to TNS Media, a New York-based firm that monitors advertising spending in media.

And why not? The Internet makes it possible not only to read about fashion but to participate in it. The use of sites that enable users to create their own fashion spreads, share photos of themselves in different outfits and elicit wardrobe advice from their peers is skyrocketing.

"Between new technology and the economy, the fashion industry will never be the same," New York designer Norma Kamali said. "It makes you stand back and say, 'If I continue doing what I'm doing, I may not stay in business.' It's time to rethink and look at what's working and what's not."

One tradition that's being rethought is the semiannual New York runway show, which typically costs a designer \$200,000 to \$300,000 to mount. In July, the Council of Fashion Designers of America held a meeting in New York City where the relevance of fashion shows was discussed, along with their exclusivity (they are not open to the public).

It was a spirited debate that drew big names, including designers Diane von Furstenberg (who also serves as the council's president), Donna Karan, Betsey Johnson, Lazaro Hernandez and Jack McCollough of Proenza Schouler, and Vogue editor Anna Wintour.

"We spend so much money on shows, but what is it getting us?" Karan said at the meeting.

"Maybe there can be a fashion week that says 'trade' and another one that says 'shop.'" Von Furstenberg suggested.

Some designers are testing alternatives.

For the first time, on Thursday, Kamali will be showing clothes during New York Fashion Week that are available to purchase not six months from now, but on the spot.

"The fashion shows used to be such an elite situation, only for editors and very special buyers," Kamali said.

"Then it opened up and became more of a celebrity-type event. Now there is no elite anymore. You don't have to be in the same country to see a runway show. Everybody can see it as soon as it's over on the

Internet." Kamali also plans to launch an iPhone application that will allow customers to buy from her signature line, a second line for EBay priced under \$200 and her mass market Wal-Mart line.

Meanwhile, Los Angeles' Jared Gold is bypassing the fashion week format altogether and taking his runway collection directly to the consumer with a whistle-stop tour sponsored by Amtrak, among others. The clothes will be available for sale at his events, which begin in November.

By combining the runway and retail, Gold is creating a unique shopping experience, something that is all too rare today, experts say. Retail sales at stores have declined 7% in the last year, and industry observers say that they must reinvent the shopping experience, and enhance it with entertainment and technology, or risk going under.

The global strategy of branding and merchandising that has dominated the luxury sector for the last decade is falling away in favor of more authentic, localized experiences. Luxury brands are borrowing ideas from the fast-fashion world -- opening pop-up shops, launching limited-edition collections, even mixing it up with the mass market.

Shoppers are "accustomed to having new styles in the stores all the time, and this is forcing luxury brands to be more similar to Zara and H&M in the way they emphasize newness, entertainment and the in-store experience," said Claudia D'Arpizio, a business consultant for market research firm Bain & Co.

"The retail industry has gotten lackadaisical," said Marshal Cohen, chief industry analyst for Port Washington, N.Y.-based market research firm NPD Group. "It went through eight years of uninterrupted growth, where you could just stick it on the floor and it would sell because the customer wasn't thinking about what they were spending money on. But the rules have changed, and you have to earn your stripes again. And price isn't the only answer.

"Now retail is going through experiential growth mode," Cohen continued. "You are going to hear about wine and cheese parties, football Sundays, women's Tupperware parties for panties. It will be about creating a social atmosphere and an educational experience" in stores, he said.

Which is why menswear designer John Varvatos, who turned the famous punk rock club CBGB into a retail store in New York City's Bowery neighborhood last year, is duplicating the experience in Las Vegas. He recently opened a version of the Bowery boutique in the Hard Rock Hotel & Casino, complete with a stage for rock performances, vintage vinyl records and audio equipment for sale alongside \$2,000 suits.

Shoppers are looking to TV and movies for style guidance as well, and Hollywood is trying to cash in. Fashion has gone from being esoteric high art (couture) to pop culture, the subject of TV shows, movies and websites. It's no wonder the Bravo TV channel is getting into the handbag business, with styles created exclusively for its "NYC Prep" series that viewers can purchase online. Talent agency William Morris Endeavor Entertainment recently signed designing duo Kate and Laura Mulleavy of Rodarte, with an eye toward developing publishing projects and product collaborations for them.

Even "American Idol" creator Simon Fuller is getting in on the action, by investing in designers such as Roland Mouret and launching Fashionair, a hybrid fashion entertainment and e-commerce website (www.fashionair.com) featuring video programming taped around the world and edited at Fuller's 19 Entertainment Ltd. studios in London. Like "American Idol," and unlike most fashion magazines, the site aims to be inclusive, giving users a voice.

"In any jungle it's survival of the fittest," says Wolfe, the trend analyst.

"Some people will be left behind. But in the long run this will be healthy for the fashion business."

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