



Fast Fashion Should Spur On Back Office Reform

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Biography

Sanjeev Sularia is Chief Executive Officer and Co-Founder of Intelligence Node (www.intelligencenode.com), where he focuses on client acquisition and delivering on the vision behind Intelligence Node and becoming a global partner for leading retail brands.

He brings in deep retail industry knowledge, from his previous positions as CFO for Exclusively.in (an e-commerce portal for upscale fashion), now acquired by Snapdeal, and CFO for Shersingh.com (a private label e-commerce fast fashion portal), now under Myntra.

Sanjeev was also Head of Research and Analytics for ClientKnowledge UK (ICAP) and the Co-Founder of CIBnode, the precursor to Intelligence Node.

Sanjeev is a graduate of London Business School.

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Abstract

Fast fashion has brought fresh air into the textile and apparel industries and it quickly struck a chord with the consumers. Fashion retailers are encouraging consumers to visit their stores more frequently with the idea of 'Here Today, Gone Tomorrow'. Today's fashion market is highly competitive and there is constant need to 'refresh' product ranges. As the author of this article explains, in today's highly competitive fashion market, fast fashion should be pushing retailers to look at their pricing and inventory strategies and making sure they get their pricing, data and channel strategy right from the outset.

Introduction

As soon as a new fashion hits the haute couture catwalk it is often only hours before it goes mass market – this is the world of 'fast fashion'.

Consumers can't get enough of fast fashion. They can get copies of expensive gowns they see celebrities wearing on the catwalks. But for retailers, it is a challenge to deliver fast enough. Why? Because it puts enormous pressure on global sourcing, procurement and the supply chains to be as lean, efficient and productive as possible. In turn, this has a major impact on pricing and sourcing strategies. On top of this, it is extremely hard to forecast demand and supply accurately in the fashion industry.

Fast fashion can't afford bottlenecks

Today's fast fashion requires very frequent stock changes delivered with low price tags. The likes of H&M, Primark and Zara have got fast fashion sewn up. Their



Analysis

competitive advantage is no secret. Zara, for example, controls far more of its manufacturing and supply chains than many of its competitors and tries to keep as much of production in house as possible. This has left other retailers struggling to play catch up.

Fast fashion has created a pricing and garment race, which means that retailers have to be super efficient in their infrastructure to satisfy customer demands. Fast fashion is by its nature one of the most dynamic industries around and needs to be very flexible. But, unfortunately, this isn't happening for the majority, who are still trying to put their supply chains in order. Our insights into the US retail ecosystem – based on real-time, comprehensive data feeds shows that it takes 43,000 minutes to make a change on an ecommerce site. That equates to just under a month. The US offline market average is a staggering 270 days. Little wonder some high street brands are losing out on sales.

Fashion companies must understand how technology can make them more competitive in what is a cutthroat marketplace. They need to realize that inventory management can help them reach their sales goals, instead of being left with unsold stock to discount at the end of the season.

Supply chain management isn't just about creating a sustainable system, it is also imperative that a strategic plan in manufacturing and retail is firmly in place. Zara, for example, relies heavily on inventory optimization models to ensure it isn't left with stock. This way Zara can delivery to stores only what is required and turn product around quickly.

At the same time, it is paramount to schedule producing and distribution as far in advance as possible to keep the manufacturing cost predictable and avoid extra cost in rushing through orders.

Getting a handle on taxonomy

Online retailers, regardless of segment, need to map their own product categories to the taxonomies of a host of ecommerce channels, each channel taxonomy is different. No one said this task is easy – and it is proving particularly complex for the fashion industry.

Let's take this season's colour beige, for example. It is a popular colour, but did you know it comes in endless shades, such as 'beige', 'camel', 'cream', 'sand', 'nude' etc? We counted 30 variations in one supplier's system.

Unfortunately technology hasn't serviced the fashion industry as well as other consumer sectors such as groceries. Why? Simply because data analytics isn't as strong. This is down to a lack of standardized product taxonomy for SKUs, which makes classifying and sorting items in colors, sizes etc., complex.

To make matters worse, when the same product – a pair of beige wedge shoes, for example – has different IDs in the system, such as retailer-specific Unique Product Codes instead of brand SKU IDs, the database becomes even more scrambled and makes stock taking almost impossible.



Omni-channel plays its part

Having a single 360-degree window on inventory is also paramount if you are looking to deliver an omni-channel experience to customers. Here you can harvest data across all channels to garner exactly what items your customers are buying, or want to buy, whilst keeping a consistent price across the business model.

Fast fashion is disposable, cheap and hugely appealing to consumers. But to compete in this market, companies need to be flexible, efficient and able to deliver at a staggering pace. The likes of Zara have invested in technology that has enabled them to be as nibble as possible. There is your answer to retaining success in fast fashion.