6 Designer Fashion

Core activities:

Clothing design

Manufacture of clothes for exhibition

Consultancy and diffusion lines

Related activities:

Magazine publishing

Design education

Graphic design

Product design

Fashion photography

Hair care and cosmetics

Accessories design

Perfumes design

Modelling

Related industries:

Textiles

Clothing manufacture

High Street clothes retailing

6 DESIGNER FASHION

REVENUES £600 million (1996) [a]
EXPORTS £350 million (1996) [b]
EMPLOYMENT 11,500 (1996) [c]

a *DTI, 1998: British Fashion Designer Report.* b *DTI, 1998 British Fashion Designer Report.* c *DTI, 1998 British Fashion Designer Report; DCMS, 1998: Creative Industries Mapping Document.*

Mintel define "designer fashion" as encompassing four key sectors:

i) couture: the original designer market dominated by French based international brands: Dior, Chanel, Givenchy, YSL;

ii) international designers: a label usually dominated by one name: Donna Karan, CK;

iii) diffusion: designers producing "high-street" ranges for specific stores, for example, Clements Ribiero at Dorothy Perkins, Jasper Conran at Debenhams;

iv) high fashion: up and coming new designers, usually endorsed by celebrities.

INDUSTRY REVENUES

In 1996 the UK Designer Fashion industry had gross sales of approximately £600 million.[1] This industry was estimated to be worth 9% of the UK Apparel Manufacturing Industry.

UK MARKET SIZE

The UK designer fashion industry is the fourth largest in the world after the US (£5.2 billion), Italy (£1.5 billion) and France (£900 million).[2]

BALANCE OF TRADE

The DTI British Fashion Designer Report survey data found that 60% of UK designer companies exported in 1996 and that approximately £350 million, 65% of sales, came from exports.

1, 2, *DTI, 1998:* *British Fashion Designer Report.*

The main export markets are Japan and the US.[3]

EMPLOYMENT

An estimated 1000-1500 people are employed directly in the UK designer industry, less than 1% of the total UK apparel industry.[4]

It is estimated that a further 10,000 people are employed in machining, pattern-cutting, manufacture, marketing, distribution and retail.[5]

It is estimated that in the UK at any one time there are 200 moderately successful British designers, but only 10-20% will be established in five years.[6]

INDUSTRY STRUCTURE

Of the companies sampled in the 1996 DTI study of the UK fashion industry:

- *Over 75% had a turnover of under £1 million;*
- *11% had a £1million-£3 million turnover;*
- *5% had a turnover of over £10 million.*

The UK industry is different in structure from its international competition in that it mainly consists of small companies. The US, French and Italian industries are characterised by large multinational brands such as Calvin Klein, Gucci and Chanel. The Burberry brand is a key UK equivalent.

3 ***UK Fashion Exports.***
4 ***DTI, 1998:*** *British Fashion Designer Report.*
5 ***DCMS, 1998:*** *Creative Industries Mapping Document, 1998.*
6 ***Mintel, 2000:*** *website.*

INTERNATIONAL CRITICAL ACCLAIM

Young British designers enjoy an excellent reputation internationally and all too often are "poached" from Britain by the international fashion houses, e.g. Stella McCartney at Chloe and Alexander McQueen at Givenchy. However, both Anthony Symonds and Matthew Williamson are UK-based with a considerable international reputation. Symonds made his London Fashion Week debut in 1998 and receives sponsorship from Marks & Spencer.

Britain is acknowledged as being the international leader in "young, leading edge" fashion design and as a source of fashion inspiration. It is seen as particularly good at taking trends from the "street" and it is often allied to the music industry.

SECONDARY ECONOMIC IMPACT

Designer fashion forms a small but important part of the entire British clothing and textile industry. Figures for 1999 were:

- *total number of people employed was 307,000;*

- *total consumer expenditure on apparel was £30 million;*

- *total value of textile exports was £3.6 million.*

Source: British Fashion Council Annual Statistics.

POTENTIAL FOR GROWTH

One of the biggest contributory factors to growth in the last couple of years has been the launch of designer diffusion ranges through high street retailers, basically off-the-peg ranges around a designer name. Debenhams, for example, now includes ranges from Pierce Fonda, Jasper Conran and Maria Grachvogel. This trend is likely to develop further.

Designer fashion is an area which attracts a new generation of young consumers with significant disposable income; 35% of people in the 25-34 age group now live alone.

Recent international indicators are good: Gucci reported record earnings in the fourth quarter of 1999 with a 18% sales increase year on year.[7] Key growth sectors are men and children's wear and fashion in the home.

7 ***British Apparel & Textile Council, September 2000:***
Apparel Industry Magazine.

IMPACT OF E-COMMERCE/ INTERNET/TECHNOLOGY

Just over £5 million worth of clothing was sold online in the UK last year.[8]

The Internet is not an obvious contender for designer clothes retailing. Boo.com was a high-profile flop, and the Internet cannot provide the social experience consumers enjoy in clothes shopping nor offer the equivalent of feeling or trying on clothes.

The Internet offers retail opportunities for discount lines.

Established designers seem to be adopting a "wait and see" attitude before setting up their own e-commerce business, but do support selected on-line retail businesses.

The Internet is a good opportunity for young designers to have a "presence" at lower cost, supporting their involvement in trade shows by providing a contact and information point.

The issues of access, availability and lack of technical knowledge are often cited by the industry as reasons why the internet has to date not been fully exploited by the industry.

GROWING THE SECTOR – POINTS FOR CONSIDERATION

Key issues are the financial backing and development of business skills in new designers as they graduate.

Young designers need help and advice on how to acquire and exploit the backing of large companies.

Diffusion ranges could provide a good opportunity for young designers to launch themselves.

Designers' relationship with manufacturers remains a key issue: in Italy and France designers tend to work with manufacturers as business partners therefore sharing the risk. In the UK this is not the case and the manufacturers operate as suppliers with tough minimum order requirements that can prohibit young designers from getting started.

Children's and men's clothes are the sub-sectors showing the most growth.

Globalisation and consolidation are key market trends which could lead to more difficulties for young designers in establishing themselves. Equally there could be major opportunities, for example, they could be "adopted" as individual designers under the guidance of a large brand.

In the absence of an international British-based brand such as Chloe or Gucci, retaining talent in the UK will continue to be difficult.

Retail opportunities outside London: Mintel report that 13% of the population felt that they purchased less designer fashion than they wanted to because they could not find retail outlets.

More market information is required, particularly in the area of exports.

8 *Financial Times, 13 August 2000.*