

# Fashion Chachacha, Fashion chained and unchained

*chances and changes in the chain*

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Dany Jacobs en Andreas Stockert

*Fashion Chained and UnChained  
Changes and Changes in the Chain*

## FASHION CHACHACHA

Fashion Chained and UnChained:  
Chances and Changes in the Chain



Hogeschool van Amsterdam  
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## FASHION CHACHACHA

Fashion Chained and UnChained:  
Chances and Changes in the Chain

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Hogeschool van Amsterdam, University of Professional Education

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University of Professional Education

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## FASHION CONSUMERS

### HOW TO SERVE THEM, IF WE DON'T KNOW THEM?

#### Andreas Stockert

##### *Fashion consumers – the unsatisfied species*

Everybody has shopping experience in fashion. You need a new winter coat because the cold season is starting and it was chilly the first time this year on the bus station or you need an outdoor jacket because you and your friends have decided to have a day walk in the Alps. Or another possibility: you stroll through the streets of Amsterdam and you see a nice shirt, which would go extremely well with one of your favourite suits (you still have almost a few dozen shirts in your wardrobe). Or you walk through a department store and you see a special offer of branded sports socks, three for a very good price, and you buy one package just in case you could need them.

All these and similar observations we can do a million times all over the world everyday. We see people who have a clear idea of what they want to buy – a specific garment for a specific event or use. And we see others who buy spontaneously because the price, the nice colour or other product characteristics make the garment so sexy they have to have it right away.

In a study called 'European Consumer Outlook' from 2003 from KSA (Kurt Salmon Associates) on which I had the pleasure to research actively, we found out that the group of fashion consumers who know exactly what they want to buy – in our example coat and outdoor jacket – represent 2/3 of the fashion consumers. The minority buys spontaneously because of price, fashion, location, convenience or other reasons. For fashion marketing people this is a very interesting result, because it shows that the marketing instruments have to aim at their target consumers far before they decide where to look to buy a certain garment. When this consumer crosses the threshold of sale, other influences become important. Brand loyalty, trust in the retail store and its private labels, the amount of money he wants to spend and other indicators play a major role.

Now the trouble begins. The European Consumer Outlook study shocks us all when we see what happens in reality on the salesfloor every minute: interviews with real consumers in England, France, Germany and Italy show that from the 2/3 of fashion consumers who know what they want to buy and are willing to spend money, only 50% can be satisfied. The species of consumers who want to spend their money on fashion obviously becomes more and more rare; people spend their money very restrictively on garments. Only 50% of the consumers who enter a shop or department

figure 1  
Reasons why fashion consumers don't buy



store, leave the location with a bag in which we will find one or more fashion items. The crucial question is: what happens to the rest of the non-buying people – the other 50% which represents 1/3 of all fashion consumers? The number one reason for not buying is price. Obviously the marketing and merchandise people of the fashion manufacturer or the retailer misjudge the price the target consumer is willing to spend, or a competitor has a better offer. The next reason deals with product availability. Reasons like ‘the size is not available’, ‘the colour is wrong’, ‘couldn’t find the product’ or ‘the preferred brand is not there’ are clear indicators that the logistic and the buying department misjudged the timing and the amount of people who would like to buy that specific garment. But the designers also misjudged the client. More than 50% of the non-buying consumers who actually want to buy, express that the garment doesn’t meet their taste and doesn’t fit – reactions which could have been found out if somebody of the fashion industry would have asked the consumer for his opinion. Store managers kill the last bit of possible client satisfaction with unfriendly personnel, or personnel that is not available to serve the potential client, or maybe the check-out time is too long.

Fashion consumers, we like them, but we don’t love them. We like their wallets, but we don’t love them, because they are so unpredictable, suspicious and difficult.

These phenomena are independent of price and fashion level. Last summer (2003) Bally for example advertised a very fashionable catsuit for women in black and white (Emma Peel style from the sixties) to reposition the brand in the consumer’s mind in *Madame*, *Vogue* and other glossy magazines. You couldn’t buy these pieces, however. I guess the only two items you could find in size 36 at Bally’s factory outlet were the two production samples used

exhibit 1  
Bally advertising  
Summer 2003



during the photo shooting. Burberry and many other brands show similar examples – the designed and advertised items never reach the consumers.

A few years ago Prada sent out an exclusive booklet with Christmas presents to its key account customers. The personnel on the floor had never heard about this marketing campaign and the Prada items from the Christmas booklet were never ever seen on the floor. Everyday fashion also shows the ignorance of the fashion consumer: we know the itching of labels in shirts and blouses which we cut off – a waste of marketing money considering the effort it was for the fashion company to sell us that shirt or blouse. Yet we cut off the key value of the firm: the label.

A final example: Modint, the Dutch fashion organisation, offered a study about the body sizes of the Dutch population to its members, because a lot of dramatic changes in body shapes had occurred. In the last 20 years Dutch people became taller by 10 cm and in the last 3 years the average size of a Dutch woman increased from 42 to 44. From Modint's 800 members only 3 bought the study! The rest didn't care. Yet we wonder why 52% of the European consumers tell us that the size doesn't fit. Most women collections still end with size 42. When the garment and also the shoe industry reduce more and more of their fringe sizes – the very small and very big ones – they will also sell less to the people accompanying the 'fringe customers'. If we overlapped 'normal' collections extending into the sizes 44 and 46 with the

figure 2  
 What are the unsatisfied  
 fashion consumers doing?

what happens when consumers do  
 not find what they are looking for?  
 (fashion, Germany)



sizes 44 and 46 of the big size collection, more women would find what they were looking for and would get complimented still belonging to the normal size group. Same effects with small sizes. American fashion firms like Liz Claiborne have developed the 'petite collection' for small women sizes, which they sold successfully. Previously, smaller sized women had to buy garment in the children department. These examples are definitely concrete steps to increase consumers' satisfaction.

But what will the other 50% of the consumers do who have not found what they wanted? The answer looks very poor: 73% of them go to another store. In general, however, a similar situation characterised by high prices, low product availability and bad service also exists here. 50% of these consumers do not buy. Other consumers postpone the buying or convert their money to other products (13%).

Finally, we discover that when the expectations of the consumers are not met, most of the potential turnover is lost. This statement hurts, especially when the industry and retailers blame the consumer for holding back buying fashion.

Could it be that the whole fashion industry needs more client orientation, a more marketing driven approach? Remember the old marketing slogan: give the market what it wants but for a profit. That does not mean more colourful pictures and advertisements. No, it means more knowledge about the fashion consumer's needs and demands is required when they want to buy fashion.

*A necessary paradigm change in the fashion business*

These observations raise the following questions: Why does the fashion industry act like this? Is there no interaction with the consumer? Who is the fashion consumer and what are his needs, preferences and wishes? There must be a reason why so few professionals in fashion know the consumer's needs well enough.

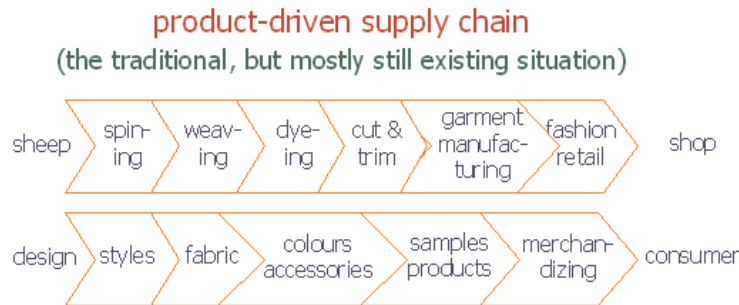


A certain reason is the development of the fashion distribution channels in the last decades. More and more owner run fashion stores have gone. These owners were the link between the demands of the client and the fashion manufacturer, because they had personal contacts with consumers in their stores. As chain stores became more dominant, this link between the consumer and the industry got lost. Their different divisions like design, sourcing and buying, logistics, merchandising, marketing and sales have lost the link with the consumer to an increasing extent. Finally, the separation of buying and selling functions destroyed the consumer orientation. One instrument to bridge this gap of knowledge of the consumer was the 'invention' of the target consumer – an idea of American consumer industry firms. When we ask Esprit for example who their target female consumer is, they describe her as around thirty years old, urban, professional, single, independent, self confident et cetera. However, when we ask firms like Mexx, Tom Tailor, S. Oliver for their target female consumer, we get more or less the same answer. The target consumer is a guideline and a profile for the identification of customers of a brand. She should be like this artificial urban girl. In reality this target consumer constitutes just a small minority of all customers buying or willing to buy these brands, and the profile doesn't provide any information about their requirements. The trend of fashion industry shows the opposite. Customisation and individualisation will determine the future. We have to satisfy an *individual* consumer, not an artificial target profile.

Conclusion: the key problem of the fashion industry is its paradigm. The image it likes to sell is no reality. In most cases the fashion industry works in a traditional, old-fashioned way, the push principle – thinking from the sheep to the shop, from the designer to the consumer – still dominates the fashion value chain. It is not only the material flow, it is also the flow of information and ideas which go into one direction in a product view driven manner.

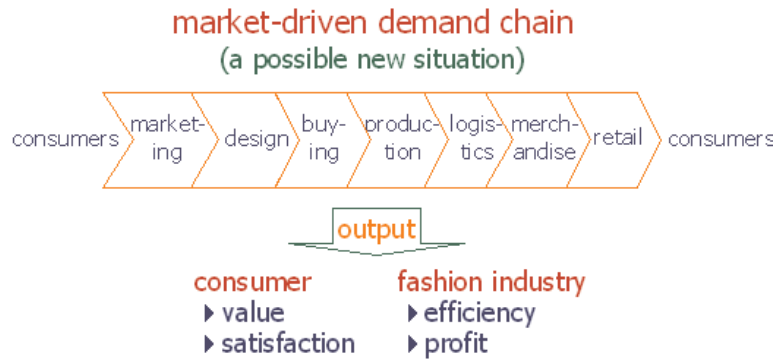
For a specific type of fashion firms, the fashion leaders, the traditional paradigm still works and will work in the future. When H&M for example shows Naomi Campbell with sexy underwear on big city lights in wintertime, H&M dictates what young girls and those who wanted to be like Campbell will wear under their clothes. The power of H&M's push campaign was so strong that even other lingerie and underwear retailers increased their

figure 3  
The push principle of the traditional fashion supply chain



turnover up to 30%. If we would do the same survey on reasons why consumers don't buy on a Saturday morning at H&M, the results would be quite different. The H&M buyers don't care that much about the fit and the quality of the garment, because they want to wear this specific H&M fashion item. Even long check-out times are more bearable for H&M clients. Similar developments can be seen in footwear. Puma's new strength in sneakers design did set a trend and revolutionised the footwear industry world-wide. Puma now has a dictating fashion leadership position. But as we all know the position of a fashion leader goes up very quickly and goes down even faster. From this point of view the fashion leadership position is not a safe one. In the long run these firms also have to think about the fashion paradigm for the time period succeeding their leadership position. That means, the further the positioning of a fashion manufacturer or a fashion retailer is removed from a leadership position, the more it needs pull elements in its strategy. So, we probably need mixes of push and pull elements depending on the strategic position the companies are willing and able to possess. Dany Jacobs will go more deeply into this in his contribution. The few fashion leaders in the world that are strong enough to dictate the trend, may be arrogant to some extent. These 'unchained' designers create fashion trends without asking the consumers what they want. In these cases, that is probably the right way to act. Otherwise the strength of innovation in fashion would be damaged. But what happens to all the hundreds and thousands of fashion firms who do not belong to the fashion leadership elite? How will they attract the consumer to their garments? An increasing amount of fashion companies – however still a minority – know the problems we have described, and try to involve consumers into their value chain. That's how the paradigm of demand chain was born – a more market driven approach to fashion, using consumers as a source of ideas, knowing their needs, their ways of spending money for fashion, their priorities and their requirements. This thinking starts and ends with the consumer – quite a revolution!

figure 4  
The pull principle of the advanced fashion demand chain



The consumer needs and requirements pull all the functions in the fashion industry: designer groups, buying offices, logistic departments, merchandise teams as well as marketing and sales personnel will aim their activities at these demanding clients to an increasing degree. Their success depends on how good these firms fulfil these demands. The result of this market driven pull principle from the consumer side will bring higher values and a better satisfaction of consumer needs, and in parallel higher efficiencies and profits for the industry: win-win!

*AMFI's demand chain research approach – the Fashion ChaChaCha*

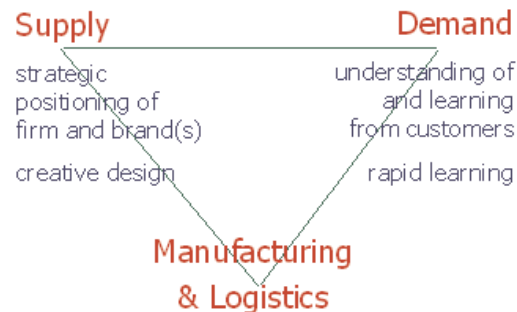
Based on the facts of fashion reality, truly simplified to make it understandable for outsiders, Dany Jacobs and I, and the AMFI Knowledge Circle try to find ways out of the singular supply chain view of the fashion industry with the help of the Fashion ChaChaCha.

As one can see from the subtitle of this book, the Fashion ChaChaCha symbolises chances and changes in the fashion chain. The right mix of the chained (controlled, strictly managed) market and consumer driven demand chain and the unchained creative designer and product driven supply chain has to be found. So, as Dany Jacobs also will explain, we do not want to kill fashion creativity and innovation, quite to the contrary. However, we do believe that this creativity can be structured and inspired by a higher degree of consumer intelligence.

The essence of fashion is continuous product innovation (foremost style innovation, but also e.g. innovation in fabrics or retail concepts), sometimes challenging customer fantasies. But this product innovation is, in its turn, also continuously inspired by new lifestyles (comfort, sport) and new social movements (like feminism or punk).

So, in general there is continuous interaction and co-evolution between a supply (strategic positioning of firm and brand identities, autonomous style innovation) and a demand (new customer needs) orientation. Most firms

figure 5  
The fashion triangle



more or less explicitly make a strategic choice between the many possible combinations of a certain 'strategic' (i.e. basic) identity and a favoured customer group. This does, however, not take away the fact that many of the actual customers of a firm or brand differ considerably from this targeted customer group.

Finally, there always is the implementation of this positioning into – hopefully – feasible and profitable business models, including the manufacturing, logistics and distribution chain. So when we want to talk about real 'demand chain management', besides the simple supply chain models, we have to include the basic tension between creative supply and the most advanced understanding of demand. The triangle shows this tension between supply and demand, both supported by the operational functions manufacturing and logistics.

We also agreed that instead of talking how the world should be, first the Knowledge Circle is trying to reach a deeper understanding of how real fashion firms are actually working with these conflicting requirements of their industry. It is clear that they are not all following the same road. So our main question is: how do firms organise the interaction between demand pull and design push, and – on the basis of what we learn – how can this process be improved, to generate more value (for consumers, industry, retail)?

The AMFI research programme wants to answer six major questions during the next three years:

- 1 What methodologies do fashion firms and other consumer-related industries use to find out consumer needs and preferences?
- 2 What are these consumer industries doing with the results from these surveys with respect to product innovation, design, logistics, sales,

- advertising, category management and all other functions around their business model?
- 3 How do firms organise the interaction between demand pull and design push?
  - 4 How can this process be improved to generate more value (for consumers, industry, retail)?
  - 5 In which way can the fashion industry use these methodologies? To what extent have they to be modified to take into account the industry's characteristics?
  - 6 What are the consequences of these methodologies for professional education?

On the operational working level Dany and I have established the AMFI Knowledge Circle and the Demand Chain Knowledge Centre, which intends to do (contract) research for the fashion industry. Beside the two lecturers, its members are teachers from AMFI from different disciplines covering the whole fashion value chain as well as students, working on specific research subjects related to the demand chain. Once a year the AMFI Knowledge Circle will publish the results of this research programme. Hopefully these publications will motivate people of AMFI and fashion firms to participate in the creation of value adding solutions. The fashion industry and retailers therefore are invited to work with us in order to build a new demand driven body of fashion knowledge.

At AMFI we do not have any intention of building a nice ivory tower, in which we are reflecting upon ways the fashion business could be changed. On the contrary, we are interested in real life cases to find out how fashion firms actually work and how their practices can be improved, hopefully with the help of the results from our research programme.

#### *The targets of our research programme*

AMFI will seize the opportunity to have a look at the fashion industry from a different angle. This different angle is first of all shown in the mix of the two lecturers: Dany Jacobs, a strategy and innovation professor, and myself, a practical expert with much management and consulting experience in the fashion industry.

We think our research topic is really hot. The situation in the fashion industry is very tense after a couple of very lean years. An increasing amount

of customers have become very smart shoppers, at the same time it seems as if the instruments of the fashion industry to tackle this situation are very limited. Especially price battles risk to destroy the image and profits of many firms, they may even endanger their existence. So, even if market research is not a new discipline, it appears we still have a lot to learn. Moreover, all customer knowledge in the world will not help us if we do not develop smart strategies. Dany Jacobs and I truly believe the fashion industry is to some extent one of the most advanced and knowledge-based sectors there are. At the same time we think the potential for improvement in this industry still is enormous.

One of the outputs of the research programme will be a right mix of chained and unchained activities. The programme deals with elements constituting this 'mix', as well as with internal organisational conditions to bring this knowledge to a more competitive position. Dany and I will come up with concrete recommendations.

To generate practical solutions, the testing of new ideas in real life is necessary. We therefore both look for the co-operation with fashion manufacturers and retailers as well as fashion federations to see how useful our new inventions can be in real life.

With this demand chain research programme, AMFI wants to make a substantial contribution to the continuous improvement of the fashion industry in today's tough industry situation.

LOOKING AT STRATEGY

FASHION, DESIGN AND THE PARADOXES OF STRATEGIC VISION

**Dany Jacobs**

‘Glatt Eis, ein Paradeis für den der gut tanzen weiss’  
Friedrich Nietzsche, *Die Fröhliche Wissenschaft*

In the first part of this book, Andreas Stockert addressed the critical issue of knowing and serving better the fashion customers. I could not agree more. But at the same time, as we know in the field of strategy: knowing does not necessarily lead to following. As in many other dances, in the Fashion ChaChaCha, there is a co-evolutionary play of leading and following. Creative dance partners always surprise one another. The more we know our partner, the better we can lead *and* follow. The Fashion ChaChaCha is about better following and better leading. Andreas Stockert started with the pull part, the following: better knowing our final consumers. But as is also known, market research as such does not lead to innovation. Especially fashion design also has to surprise and to inspire. As a consequence, I start with the push part, the leading. But in a similar way as my colleague finished his part with remarks on strategy, I will have to break the rhythm with a long shuffle on following, or more precisely co-evolution.

My starting point and main theme concerns the visual aspects of strategic management, to a large extent based on experiences in the fashion industry. For most people in the fashion industry this is a quite obvious issue. Fashion, brand identity and strategy are about visual expression, aren't they? Within AMFI, for many years one of the three specialisations available to students was even called 'Visual marketing'.<sup>1</sup> So the point that a strategic vision has to be translated into something visible in this industry is beyond doubt. But elsewhere in strategic management one can read a lot about strategic vision, without this being translated into something really visible!<sup>2</sup> The last five years I have been attending the yearly conferences of the international Strategic Management Society. But I cannot remember one paper or lecture related to the visual aspects of strategy.

1 - From this year on, 'Visual marketing' has been re-branded as 'Concepts and brands'.

2 - In a recent book on corporate identities and reputations (Fombrun, Van Riel, 2004) in which the importance of visibility and 'high exposure on the street' is emphasised, design is not even mentioned!

So what I basically will do, is first introduce this idea of visualisation of strategy. I will shortly summarise what I see as the state of the art in this field. The main thesis I develop here is that because of the relative underdevelopment of this part of strategic management, old-fashioned top-down ideas are still predominant. In the terminology of this publication: in such cases there is too much chaining of the strategic concept. This means that there is still too much top-down thinking and – at least in theory – too little room for creative adaptation, learning and co-evolution. As a consequence of increasing turbulence and complexity in most industries, however, this traditional top-down approach in reality is unsustainable. It hampers and restrains the necessary levels of creativity and entrepreneurship.<sup>3</sup> But, I will also show that there are dangers involved with too much unchaining, especially when creative designers think they have a free hand to play with the identity of their brand. Fashion provides an ideal basis for illustrating these issues. I can imagine that some will argue that fashion is a special case, as the visual aspects, design, and creativity are key in this industry. These aspects, however, make fashion in my opinion a forerunner, not an exception. Maybe talking about fashion as a forerunner will surprise some. I am regularly amazed to hear from people in the fashion business that they see their industry as a kind of laggard in the framework of the knowledge-based economy. I, to the contrary, defend that there is no need for such an inferiority complex. The fashion industry is one of the most complex, knowledge-based and global industries there is.<sup>4</sup> So, other industries may learn a lot from this fascinating sector.

3 - Entrepreneurship within the framework of larger enterprises is sometimes called intrapreneurship.

4 - In Keith Pavitt's famous industry typology (Pavitt, 1984), textiles and clothing were classified as supplier-dominated industries. This means that they get their new manufacturing technologies elsewhere and concentrate on product innovation. It certainly is true that the fashion industry is not dependent on the latest basic scientific insights in biology or nanotechnology, as for example the pharmaceutical or the microchips industries are. According to my thesis, however, fashion and other creative industries are science-based from a totally different perspective. Only to mention a few aspects: they have to understand customers and social trends, to think about creative innovations, to know about the organisation of international supply chains and about ethical issues related to globalisation.



This is the main thread of this second contribution to the Fashion ChaChaCha.

*The visual aspects of strategy*

Let me start with the visual aspects of strategy, an issue well known in fashion and other design-based sectors, but still largely neglected in strategic literature. What do we mean by this? Well, shortly: each organisation has a kind of identity with a necessary visual representation, for its members and for the outside world, in strategy shorthand: for all its stakeholders. When we talk about 'organisational identity' (and culture) we mostly emphasise the internal aspects, when we use the term 'corporate identity' external aspects and communication get more attention as a rule.<sup>5</sup>

In this respect, sometimes even a so-called strategic school is contrasted with a more visual school. The first, 'strategic' school then focuses on the 'central idea' of an organisation, which includes its vision, mission and philosophy. The latter, 'visual' school concentrates on the more visible and tangible manifestations of this identity. Originally this more visual school stems from the graphic design community, which traditionally concerned itself with the creation of a company name, logo, colour, and house style. Later buildings, corporate architecture, décor of retail outlet, product and packaging design and maybe even ritualised behaviour of the personnel were included as well (Hatch & Schultz, 2000: 13-14). One only has to think about the two kilo of paper every candidate of a McDonald's franchise has to implement<sup>6</sup> to understand how far this can go. In Amsterdam the opening of Ralph Lauren's local flagship store had to be delayed for two months because Lauren's stylist was not satisfied with the floor tiles (Escher, 2003). As a result of this kind of developments the concept of the experience economy was coined. In this respect, the originators of this concept, Joseph Pine and James Gilmore, even talk about 'work as theatre' (Pine & Gilmore, 1999). In the field of retail there is now a whole literature about 'design for interaction' (Baggerman, 2000: 156-187; Schmitt, Simonson, 1997: 279-301), in which also famous architects like the Dutch Rem Koolhaas, who for example designed the Prada flagship store in New York City, play an important role (Chung et al., 2001).

5 - For a nice overview of these two sides of the coin, cfr. Hatch & Schultz, 2000.

6 - *De Standaard Magazine*, 07-06-02.

Let me, however, clarify that for the moment I want to concentrate on the visualisation of strategy, not on the creation of environments which are attractive to customers – visual marketing – even when both issues are hopefully connected. In this respect, I am far from happy with the opposition just mentioned between so-called strategic and visual schools. Maybe for tactical reasons, it was necessary at a certain moment to establish the visual against the strategic and the conceptual. But of course this is a very artificial split, reminding us of the unholy cartesian opposition between body and mind. Strategy relates to all our senses. And whether we like it or not, each visual expression of the organisation, its logo, its offices or shops, its style, and each of its products express certain values – as we learn from semiotics. More than a decade ago, for example, the Rabobank changed its logo from a cold, blue, abstract, modernist symbol to something warmer – more human?

*exhibit 1*  
Old and new Rabobank  
logos



Or think about the organic, but massive, a bit castle-like architecture of the headquarters of the late NMB Bank, compared with the more modern, fragile, transparent shoe-like shape of the headquarters of its successor company ING.

Why is all of this important? Because organisations and their products compete for our attention, for so-called brain space (Davenport & Beck, 2001). Especially in an ‘over communicated society’, in communication ‘less is more’ (Ries, Trout, 1986: 6-8). Our brain first acknowledges and remembers shapes. Visual images are remembered and recognised more directly than words and texts (Wheeler, 2003: 7). I remember being driven by a taxi in a Moscow snowy night and seeing a big billboard with only Nike’s swoosh logo, nothing else. As such a logo is internationally recognised and doesn’t ask for translation or explanation, it has enormous value.

*exhibit 2*

Headquarters of NMB  
Bank and of its successor  
company ING



After shapes, our brain recognises colours (Wheeler, 2003: 7). Some firms are directly associated with a colour: Kodak for example with gold yellow; most postal organisations and socialist parties with red; and IBM is even called Big Blue. Again, whether we like it or not, different colours have different emotional and also political connotations and related popularities. Green, for example, has connotations with nature, but also with hope. Notwithstanding its cold connotation, blue generally is the most popular colour. And outside the Netherlands, orange is one of the least liked colours. Silver, which in general also has a very low popularity, for some reason is liked by many people for their car, maybe because it appears to have a connotation with speed<sup>7</sup> (Heller, 1989)! Finally, only after shapes and colours comes content, as it takes more time for the brain to interpret language. When this content is strong, distinctive, authentic and thus in line with a recognisable core theme of the organisation *and* its visualisation, it has more chance to 'stick' in the mind of its audience (Fombrun, Van Riel, 2004: 86-93).

So design matters, in an aesthetic way, in a semiotic way, but increasingly economically and strategically as well. Increasingly, because in a knowledge-based economy competitive advantage no longer can be sustained for long just through lower cost or higher tech (Lorenz, 1986: 146). Competitive differentiation is based on design and related value propositions with an added value. Today this is even more the case, since it is important to get the attention of and to connect emotionally with customers and other stakeholders in an experience and attention economy like ours. Within this framework the identity of an organisation and the values and emotions it addresses, the corporate, business and product brands and the image they try to convey are tremendously important intangible assets of the organisation,

7 - For 'deeper' aspects of colour, like saturation, brightness, and hue, and the different behavioural reactions they enhance, see Schmitt, Simonson 1997: 94-97.

and, moreover, the more easily defensible ones.<sup>8</sup> So, it is worthwhile giving these matters due consideration at an early stage.

Some people may react by stating that of course design is important, but that it is 'only' an operational or at utmost a tactical issue. I do not agree, first because strategy has to remain closely related to operations and tactics. Strategic management has to build on the primary, operational processes of the organisation, because these tell us everything about its strengths and weaknesses.<sup>9</sup> Moreover, I am increasingly convinced that in a situation of complex competitive interplay, the different players can only look ahead a few rounds of the game. For this reason tactics deserve much more attention by strategists than has been the case in the previous decades.<sup>10</sup>

All of this may be true, but the key argument is that brand identity and design are not merely operational or tactical, they are more in the core of strategy than possibly anything else. Organisations may need core competences, but the fact is that most of these are not unique to one firm or organisation. In the end, the only defensible core asset of an organisation is its brand and its design. Tangible and visible representations of an organisation's identity are key weapons in ongoing competitive fights. Imagine military strategists wanting to discuss strategy without including discussion of their most strategic weapon!

To give an example: think about three department store concepts in the Netherlands, which, by the way, are all part of the same company: Hema, Bijenkorf and V&D. Why are the first two quite successful, while the last one has been in trouble for more than twenty years? Many reasons can be given. But I suspect the most important one is that the first two department stores are nicely and consistently designed, whereas the latter one fails dramatically in this respect.

8 - In the shorthand of Dickinson and Svensen (2000: 123): 'Beauty is the essence of sustainable competitive advantage', a statement which is also defended – but especially for mature markets – by Schmitt and Simonson (1997: 13-25).

9 - I clarified this in my public lecture as professor in Strategic management at the University of Groningen (Jacobs, 1999).

10 - I am elaborating this thesis in a separate paper.

*Design management and the tension between consistency and creativity*

So much for the importance of the visual aspects of identity and strategy. I come to the next question people always ask me when I finally succeed in convincing them to some extent: Is this new? Haven't we known this for decades?

As I already mentioned, not too much has been written about this. But of course, the field is not totally barren. Already in 1986 the late *Financial Times* journalist Christopher Lorenz wrote a nice book on *The Design Dimension*, subtitled *The New Competitive Weapon for Business* (Lorenz, 1986). And in the last decade, a few additional books have been published with titles like *Corporate design management* (Michels, Van Thiel, 2002), *Designing Brand Identity* (Wheeler, 2003) or even *Beautiful Corporations* (Dickinson, Svensen, 2000). And what is more important: in these titles the word design has its literal, visual meaning. This is less obvious than it may seem, as in the general strategic and management literature, design mostly has a more abstract meaning. When we design an organisational framework, or a strategy process, most of the work is not visual. We maybe draw an organigram of a hierarchy or sketch a time scale with the most important phases of a process. But most of this design work is conceptual, not visual. When Henry Mintzberg coined the term 'design school' related to strategic management, he did *not* talk about visual design, but about the traditional, rational, top-down approach in that field (Mintzberg, 1994: 36-39; Mintzberg et al., 1998: 23-45).

When we talk about visually 'designing' brand or corporate identities, we talk about more than the visual aspects. We also deal with concepts. In this respect it is striking to what extent most of the visual design literature still is quite traditional, as even this literature starts with concepts and tries to derive the visual aspects of strategy top-down from these. Isn't that how it should be? Well, I don't know how other people think, but personally I develop new ideas by making sketches and diagrams, or by starting to write a text and then to see to what it leads. The French poet Aragon once wrote a book in which he said that he had never learnt to write a book. Never did he know beforehand what would happen. The only thing he needed was a good beginning, and from then onwards he felt just like the reader, curious about what would happen, which kind of people would appear, and in which places... (Aragon, 1669: 10). In complexity science this is called 'emergence' or 'self organisation' (Waldrop, 1992): new things, for example ideas, emerge

from the unpredictable interaction between a multitude of elements, mostly on the basis of simple rules. Since Mintzberg we talk also in strategic literature about 'emergent strategies' which come into being relatively spontaneously as a consequence of a multitude of actions by many actors within the organisation (Mintzberg, 1994: 24-26).

In science we know the workings of 'serendipity': much of the inventions and discoveries take place by chance: we are trying to find India and we discover America, or we are searching for the needle in the haystack and we find a nice peasant's daughter (Van Anandel & Andreae, 2001).

Of course, *some* inventions and discoveries are the result of a rational deduction, but I suspect that this is not the dominant searching style of most people. For this reason I find it surprising that especially this visual world of designers sometimes seems to be the last place where Plato's philosopher-kings are kept in high esteem. No emergence or spontaneity here, no learning by doing or by trying! No, everything has to be thought through beforehand, and ideally with a long-term vision!

Is it because the visual element of strategy making is relatively underdeveloped, or because design theorists want to defend themselves against the more tacit and intuitive culture of the design world, that this top-down approach from concept to visual design, from top-management's ideas down to the design of garbage cans, is still predominant here? Could it be that these designers want to show that they are real, i.e. rational strategists and not just intuitive designers? Or is it because many managers with whom they deal, still cherish this idea of top-down rationality and control, even when this is largely an illusion? Whatever the reason may be, most of the literature about designing corporate identities appears to have survived rather well within what Mintzberg called the traditional design approach, even when he himself did not coin this concept with visual design in mind.

I will give you an example. Alina Wheeler in her book about *Designing Brand Identity* states: 'No one can say with absolute certainty what new products and services a company may offer in five or ten years. The [brand identity] designer, however, needs to anticipate and create a flexible infrastructure to accommodate the future.' (Wheeler, 2003: 28). We understand this. A firm may not be able or wanting to change its logo and house style every two years. For this reason a firm has to walk the thin line between consistency and flexibility. But Wheeler goes one step further and talks about the need for a 'carefully designed balance between control and creative latitude' (2003:

29). Again I think we can understand the logic behind this, but wonder how someone is able to design such a balance between control and creativity in a careful manner. When you design this balance beforehand, what will remain of the 'creative latitude'? Isn't this just plain control?

A bit further Wheeler gives the designer the following advice: '[S]teer the conversation away from aesthetic criticism and toward functional and marketing criteria' (Wheeler, 2003: 93). Again, I think we can understand the logic. It may be very difficult to discuss aesthetic tastes with managers. Aren't strategic discussions yet difficult enough without that? But at the same time, this kind of remarks is of course unilaterally rational. Aren't most people more visual than rational? People may agree on a rational concept, but may not be happy with its visual representation. Maybe when they see that representation they understand, they are not happy with the concept after all! But our designer philosopher-kings do not agree. We only may discuss concepts and abstract functional and marketing issues, not their concrete visual representations. These designers have a visual profession, but apparently they don't want other people to interfere. Moreover, they claim a degree of rationality which simply does not exist, certainly not in this field! Of course we expect design professionals also to clarify the functional and marketing issues of designs. If it appears, for example, from research that the colour you would prefer, is not well accepted in your target market, think again. In this way we may reduce unnecessary problems and risks.<sup>11</sup> But at the same time it is an illusion that professionals of any kind are able to provide absolute certainties in this respect. Moreover, even the most rational professionals have their preferences and likings. They lie if they suggest their proposals have no relation with these. In the end, each strategy is a leap in the dark. Otherwise, it would not be a strategy. Therefore, isn't it appropriate that ultimately only the people from the organisation itself take the responsibility for this?

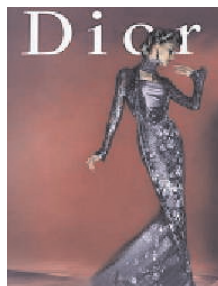
I am arguing that consistency is desirable, but not at the cost of killing creativity and self organisation. Alina Wheeler is clearly right when she talks about a necessary balance between consistency and flexibility. But she should

11 - Unless we want to shock, of course – a classic marketing trick used by quite a few innovators (Schroeder, 2000; Brown, 2003: 126-129, 132): think for example of Benetton's advertising campaigns or simply the FCUK [French Connection UK] brand.

have stopped there. Creativity does not survive control. So, everyone who wants creativity and innovation has to learn to live with an ultimate and fundamental lack of control. There is a tension to be managed, but not by strictly controlling it. Am I not overstating the issue, might be your reaction? If we go on in this way, aren't we left without any strategy in the end, with total freedom – as we say in Dutch: *vrijheid blijheid*?

Let me state quite clearly that I would not have chosen this theme for my public lecture if this was the ultimate consequence. In other words, I take the visual aspect of strategy very seriously. At the same time, however, I do not think this cause is helped by claiming an irrational degree of rationality. So, in order to clarify my position, let us change the perspective and look at the other side of the coin and start from the visual, from the design practice. Look for a moment at these advertisings from Dior and Gucci in 1998. One can clearly suspect a concept behind these. It is about colour, luxury, movement, maybe vitality, *joie de vivre* on the one hand and about sophistication and chic on the other. But to what extent do we recognize a clear concept?

exhibit 3  
Dior and Gucci  
advertisings 1998



In order to clarify this further: compare these ads with ads from Dior and Gucci five years later. Maybe it is still about the same concepts. Especially Dior works with the same kind of colours. Moreover, Dior again has one woman, and Gucci a couple. But both concepts have moved in a similar, rougher direction. And the brand names have become less prominent. So there is some identity, but also similarity and co-evolution. Brand images and representations do not exist in a void, they are influenced by others.



exhibit 4  
Dior and Gucci  
advertisings 2003



So there are clearly waves of co-evolution, of fashions so to say, which may be partly based on customer reactions. I suspect that each of the designers of these ads has a rational story for his or her principal. But to what extent are these designers not just influenced by colleagues working for other principals? Like all of us, designers have their peer influences and fashions.

Are these brand representations really consistent and differentiating enough? Maybe they are, maybe not. Maybe these representations are not differentiating enough, but maybe it is good they are following a certain fashion. Isn't fashion always walking the thin line of individuality and socialisation? Are consumers not always behaving on the basis of specific combinations of individual and social drives (Jager, 2000: 78-84; Janssen & Jager, 2001)?

And isn't this also true for strategy making? We have to be different, but also to understand the market, isn't it? This is the necessary eternal interplay between the inside-out and outside-in perspectives when we think strategically. As Hamel and Prahalad (1994) stated: we are competing for foresight, i.e. understanding the market as far ahead as possible, and at the same time have to be self-conscious, trying to mould the future in line with our plans and ambitions (i.e. showing 'intellectual leadership').

Apparently the designers of these ads thought that these were the right ads to make at each moment, and they were not stopped by some kind of consistency guardian. Was this the right thing to do at that moment for their targeted audience? We probably will never know. What we know is that Dior and Gucci are doing rather well, but not whether they could possibly have done even better. Even when the situation would have been worse at Gucci or

Dior, we would not know whether this was the result of inconsistent positioning, other mistakes or just plain bad luck.<sup>12</sup> At this moment, some people may think that in this case the fashion industry is an exception. As this industry is throwing millions of different goods on the market every year, it is probably difficult to maintain a consistent image. But when we talk about corporate identities, logos and house styles, there should be more top-down consistency. To some extent that may be true, but increasingly we also talk about concepts like globalisation, the combination of global with local approaches. McDonald's nowadays is less consistent than it was a decade ago, and is that a problem? I suppose the opposite would be the case.

exhibit 5  
McDonald's 'consistency'



Let us look for a moment at some easier examples, which illustrate that maybe we should not take logos and images too seriously. Is Shell trying to present a defensive image with its shell? In a similar vain: is ABN AMRO trying to shield itself from competition? Moreover, ABN AMRO is now also

12 - See for example the very nice account of Philip Streatfield's experiences as manager of the pharmaceutical company SmithKline Beecham. About 1992, for example, compared with their 1989 prevision: 'When 1992 arrived, however, ten of the [planned] eleven product introductions did not materialize, amounting to a £ 38 million shortfall in the sales projection. But then there were also unexpected, yet significant, favorable swings in other products. The vaccines portfolio, for example, did not shrink as expected but continued to grow significantly. (...) Sales of Seroxat turned out to be three times the original projections in its first year. The resulting net sales amounted to approximately £ 190 million, achieving the goal of staying in the top five rank, but not at all in the way we had envisage back in 1989. We cannot say, therefore, that we achieved the goal because of the plan' (Streatfield 2001: 59).

exhibit 6  
What do logos precisely mean?



using this logo for daughter companies in other countries. For example the Banco Real in Brazil now features the same green and yellow ABN AMRO shield. This creates expectations! But as an ABN AMRO customer, I am not able to use my ABN AMRO pin pass at the Banco Real! Is that consistent?

And what would be the idea behind the strange Philips logo? Philips does present it consistently, but what does it mean? We already agreed that Rabo's new logo is somewhat warmer and more human than its previous one, but what exactly does it express? When we take into account that in our culture progress is visually mostly expressed as a movement from the left to the right, do we have to conclude that the philosopher-kings at Rabo really wanted to express a conservative meaning with this man figure walking to the left? The truth is probably that we have to take design seriously, but at the same time not too seriously. At a certain moment logos become icons, they still have some connotations, but we don't think too much about them. To give yet another example: I often see feminist friends wear T-shirts with slogans like 'Just do it' or 'No Problem', who would certainly deny that these have to be read as sexual invitations.

Again, I am not arguing against corporate identities, colours and logos. But why be so restrictive? Personally, I suspect that these identities become more lively when we allow our professionals to work with them in a creative way. Why doesn't V&D allow its managers and professionals to experiment on a local basis with its concept, and then tries to learn from these different experiences?<sup>13</sup> For this reason, I pleaded in my public lecture as a Strategy professor at the University of Groningen, for 'half empty' strategic concepts, which provide a general direction and identity, but also mobilise the participation of the creative professionals at all levels of the organisation in the further development of these (Jacobs, 1999). In addition, these half empty concepts allow for learning and a kind of Darwinist selection between

13 - This is the kind of approach McDonald's now follows in order to revitalise its concept (*BusinessWeek*, 13-01-03 & 03-03-03). Or think about the more than 600 variations of the Absolut Vodka campaign, which 'runs completely counter to best practice guidelines found in most marketing primers' (Brown, 2003: 122-123).

different possible versions of this strategic identity.<sup>14</sup> Without this mobilisation of all creative resources in the firm, when the employees do not feel connected with the identity and core processes of the organisation, the concept will miss an authentic soul, and therefore not even be half, but completely empty. This is also the reason why corporate design has to start with the identity of the organisation, not with just trying to please customers. So, recognising the importance of design is not enough. Good design touches more than the surface. On the basis of nice design, Philips for example has been able to sell more of its consumer products, but not more than that (Dickinson, Svensen, 2000: 30-41, 68-70). In comparison, firms like Apple or Ben & Jerry's were much better in touching the soul of their customers.

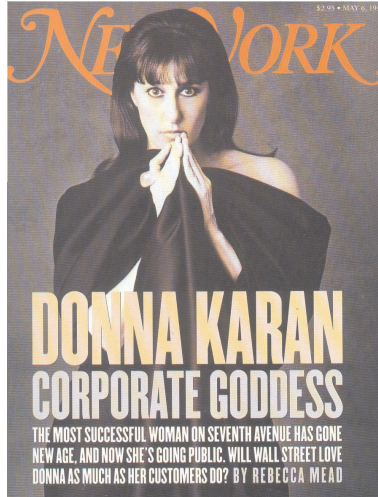
*The danger of too much unchaining*

Moreover, giving one or a few core designers too much power engenders other risks. Let me therefore dig somewhat deeper and make the story maybe less pleasing by looking at an example which shows the creativity of one person remained too much unchained. As we said, one of the main advantages of a strong and relatively consistent brand and design identity is that it may allow a firm to carve a relatively stable niche for itself within a further more volatile environment.

In such a way, Donna Karan made herself a huge following in the eighties with the creation of a modern and flexible, relatively straightforward but also to some extent sexy and glamorous fashion line, directed at independent, affluent women. Apart from much tactical and interpersonal ingenuity in the first years of her career, much luck was part of this story. But in the end, Karan had this following of women who knew what to expect from her. In this way, she provided them with a beacon of relative stability in an otherwise turbulent fashion world. A nice example of a visually consistent identity. Karan cherished her artistic autonomy, but the kind of customer frustration Andreas Stockert just brought back to our attention, also seemed to inspire her: 'I consider the customer a part of my creative process. (...) I'm always

14 - To be sure, this is not a plea for amateurism. But even authors like Schmitt and Simonson who argue against aesthetic variety – 'Variety leads towards perceptions of flexibility but can also convey sloppiness and lack of identity' – warn (e.g. in the case of Nike Town!) of the danger of 'aesthetic totalitarianism' (2000: 65, 283).

exhibit 7  
May 1995 Donna Karan  
finds spirituality



listening to my friends saying, “Why can’t I find this? Why can’t I find that?” (...). So, today, I want to create places where people get what they want. I don’t want to confuse them’ (Sichy, 1998: 17).

This did not refrain her from also overplaying her creative hand at different moments. In the beginning of the nineties, she found spirituality, religion and Eastern philosophy. As a result, her clothes started to look less sexy. She started to experiment with dowdy-looking long skirts and baggy tops. A bit later she changed the silhouette of her menswear line from relatively loose to tight. In both cases the results were disastrous. At that time, Karan was only saved by making her company public and so attracting new capital. But she didn’t learn much from this experience and again made similar mistakes. So, later she had to be rescued again by selling the company, partly to Liz Claiborne, partly to LVMH. According to Teri Agins, long time fashion editor of the *Wall Street Journal*, Donna Karan was victim of the old school of fashion, so to say art for art’s sake without any restraint from the business side of the company (Agins, 1999: 209-246).

What can we learn from this case? First that Karan’s success was not the result of conscious top-down design. There was much more tactics, learning by doing and co-evolution in the story than most of the strategic design literature accounts for. A second lesson is that it is very difficult to manage or control creative talents, especially when they have been successful for some time. Karan really spent a few experienced managers who for some time were able to work with her. But in the beginning she probably had been too lucky, which made it difficult for her to learn from mistakes later on. As I

said before, sometimes it is difficult to assess success or failure to a firm's own actions and strategies, as also chance and (bad) luck are involved. But in this case I think we can attribute a lot of the problems to mistakes in the company, especially because Karan spent so much of the goodwill of her customers. Even after all these problems Donna Karan and DKNY remained well-known brands with a certain image to a lot of customers. That is also the reason why LVMH and Claiborne were prepared to spend quite some money to buy these companies. The most important lesson is, however, that making one person the guardian of brand identity, also brings important risks. I suspect that a team of dedicated, even very creative professionals wouldn't have done a less responsible job in defending this identity.

So, what did we learn until now? First, that strategic design matters, but also that it may be difficult to think about everything beforehand. There is more trial and error, intuition and interactive learning, and also co-evolution with customers and competitors involved in strategy making than our designer-philosopher-kings suggest. And second, that even when we are successful in establishing a relatively consistent brand, it may be difficult to maintain. One reason for this is that the relationship between concepts and visualisations is not clear-cut. An image may stand for different concepts or values. And designers may have different – creative! – interpretations of these. This is a source of innovation, but also of confusion. By the way, confusion itself is an important source of innovation, as we may learn from the history of scientific discovery.<sup>15</sup> But the Donna Karan case warned us about the danger of too much creativity and unpredictability in the hands of just one person. That is the third lesson: the identity of an organisation is not the property of one or a few people, even when these were its founders. So, after a long detour we have returned to Wheeler's balance between consistency and creativity. The traditional idea is, as we saw, that this balance has to be managed not to say controlled carefully and top-down. But is it possible to find the right equilibrium for this? Isn't it better to state it as a tension or a paradox, with which we have to learn to live? Managers and designers each have to play their role. They have to understand each other's role, but they shouldn't mix both. In the language of complexity: innovation takes place at the edge of

15 - See also Latour, 1987; Eco, 1999; Fonseca, 2002; Jacobs 2003.

chaos, where two conflicting logics ('attractors') meet, without necessarily finding a balance! Moreover, most professionals take their responsibilities when treated as adults – otherwise managers would really have an awful job.

*The danger of too much chaining*

As a kind of proof from the absurd, a 'reductio ad absurdum', let us look at what happens when the tension between creativity and management is broken from the other side, when management really takes over the process and fashion gets totally chained. For some people this is not absurd at all. For Teri Agins from the *Wall Street Journal*, this is the kind of future the fashion industry has to learn to live with. 'When a company goes public', she says, 'it's the end of fashion'. With this she means that when a company has shareholders to satisfy, it is 'the end of (...) fashion for fashion's sake. It means commodity merchandise – polo shirts, jeans, sweaters, and blazers – that sell year in year out' (Agins, 1999: 245). Of course, this kind of merchandise is of tremendous importance for all apparel firms. These basics literally provide the base of their turnover. But Agins forgets that this industry also wouldn't survive without fashion innovation. To what extent is this fashion innovation creativity- or demand-driven?

In our research programme at AMFI we use the term demand-chain management, which means that we think it important to understand real customers. As my colleague Andreas Stockert clarified in his contribution, this more customer-centred orientation still leaves much to be desired. But there are no easy answers. Look for example at Liz Claiborne, for Agins *the* example of the new, market-driven approach. In the mid-nineties, when it had problems, Claiborne didn't find the answer in fashion, she says. 'Instead Claiborne (...) spent \$ 1 million to conduct an extensive market research of more than six hundred consumers, mostly in focus groups. The study, conducted in 1995 and 1996 (...) employed psychologists who visited women at home, looked into their closets, and spent the day shopping with them. The intelligence Claiborne gleaned about women's preferences in fabrics, styles, fit, accessories, and colours were used by Claiborne's design teams. The strategy worked, as Claiborne's sales and profits started rising again in 1996' (Agins, 1999: 245). So, in Agins's vision, marketing has to take over from 'fashion'. In a similar vein Agins calls Ralph Lauren and Tommy Hilfiger with their ever recycled classics the 'haute couturiers of marketing' (Agins, 1999: 83).

Another of Agins's favourites is Gap with its 'antifashion explosion': 'With its combination of well-made classic clothes, the right price, and a hip, modern image, Gap became the new fashion destination for millions' (Agins, 1999: 185-186). But this example shows that Agins's answer is to good to be true. After a decade of success, also Gap has now floundered for several years, mostly because its image is too dull and predictable. Agins may tell that every six weeks Gap has a totally fresh assortment, but that doesn't show. After many good years also Tommy Hilfiger got into much trouble. In the meantime Ralph Lauren has hired some of the more creative European designers and opened a quite unclassic store in New York's creative Soho district. And why did Claiborne, with its superior customer knowledge, take over Mexx and exchange one of its most visible stores in New York City for a Mexx one? Could it be that it fell in the same predictability trap? I suppose Mexx can learn something from Claiborne's marketing experience, but hopefully not at the cost of losing its creative fashion edge.

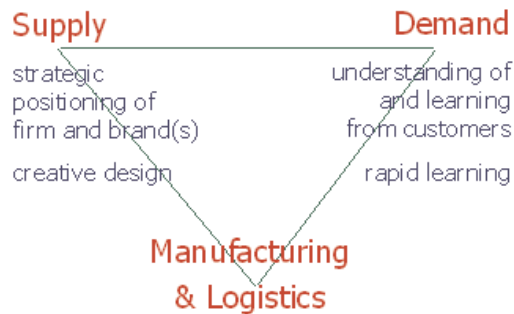
Nowadays we talk a lot about the experience economy, and franchise chains standardise their procedures in order to provide us with reliable levels of service. But a paradoxical consequence of this multiplication of franchise formulas is that all shopping centres in the world increasingly look the same, with bored shoppers as a consequence (*Textilia*, 02-01-04). So the final result is: less new experiences, as a consequence of investing in the experience economy! Also in other industries we observe more market research and more thought-through branding than twenty years ago, but in many cases with less excitement (Dickinson, Svensen, 2000: 31). Again, when the creative tension between creativity and consistency disappears, this too consistent controlling of the formulas kills innovation and experiences and, as a consequence, leads to decreased sales.

#### *Demand chain management and co-evolution*

As we have seen, fashion has to be more 'demand chained', but should also be allowed to unchain itself from time to time. If we look back at the fashion triangle which was presented in Andreas Stockert's contribution (figure 1) we see that on the one hand we have to better understand customers, on the other we have to surprise them with innovative creations. If one of these poles becomes too dominant, the working of this creative tension is neutralised. Moreover, choices in the field of manufacturing, outsourcing



figure 1  
The fashion triangle



and logistics – the third pole in figure 1 – have an impact on the possible options in the tension just described.

So even when we emphasise fashion firms have to learn more about their customers, we certainly do not want to nurture the illusion that this is the ultimate solution, so to say the end of the story. No, there will remain continuous learning from both sides. Fashion businesses try to learn from customers, for example by looking at sales figures or at what happens on the street. But customers learn as well, by looking at each other, at fashion, at magazines, and also at role models, for example in the fields of show business or sports (Terreehorst, 2004). All of this leads to continuous interplay, learning, and co-evolution.

We therefore disagree with Teri Agins, who states fashion is disappearing. It only works in different ways than before. Customers increasingly make their own choices, and in this way have become more unpredictable.<sup>16</sup> But they are still social beings, open to all kinds of external stimuli. As a consequence we still observe subsequent fashion styles with recognisable features. The fashion industry was the first industry which had to deal with this increasing

16 - Different fashion designers and firms target these autonomous, but hopefully influencible customers in similar wordings. When the American journalist Nicholas Coleridge interviewed a lot of designers in the eighties he found an amazing degree of similarity: 'The terms in which they described their philosophy and customers were similar, often identical, and yet the clothes had little in common. Words like "modern", "easy", "contemporary", "executive", "simplicity" and "spare" are apparently so ill-defined that, in the hands of a Seventh Avenue publicist, they can be applied with equal validity to a plain cotton camisole or a ruffled evening dress. (...) At each interview I asked the designer about their customer, and heard described the same amorphous woman, married or nearly married and yet the mistress of her own destiny, building a career but with a full rounded character, confident but confiding, ambitious but yielding, a workaholic but intending one day to quit the rat race for a beach house at Newport. Her life sounded so shot through with contradictions that you feared for her sanity' (Coleridge, 1988: 29).

unpredictability. That is one of the reasons why it is a lead industry in the knowledge-based experience economy, not a laggard.

How did the fashion industry react to these new developments? It is impossible to enumerate all the roads which have been followed by different firms. Moreover, it is precisely at the core of our research programme to study how fashion firms manage this tension in practice. We have already learnt that, for example with the help of Zees de Baat's company A3 Forecast Solutions, some firms try to get more short-term data on the relative success of different products in order to be able to bring more of these rapidly to the shelves. Others, like Mexx, train their salespeople to watch closely how customers talk about the different items in their store, to notice why they like or dislike them. Only a few appear to do something with complaints or remarks about missing items. As Andreas Stockert explained, there is still a lot to be gained here.

We might learn more, but at the same time we will never precisely know what customers want. Customers have a lot of needs and preferences they acknowledge, but they also have many they do not or do not yet know about. Why? First, because they are only partially rational. Second, because they are open to new offerings. And third, because they are influenced by their environment, of which they don't know yet the future development. So all of us continuously learn, individually and socially, also about ourselves, by doing, trying, looking, listening and getting clues from all directions. In this way we develop our values, tastes and preferences. By listening to other people, we may learn to what extent we have to change our tastes and values. Fashion is about individual expression *and* social adaptation (Janssen & Jager, 2001). All social, cultural and ideological movements had and have their role models and dressing codes. In the language of complexity theory: this is not random or unorganised complexity, which is relatively easy to study by statistical methods. No, this is organised complexity, which means that there is continuous interaction and feedback between all the actors. As a consequence of these interactions unexpected positive feedback loops come into being sometimes, leading to hypes and rages, and are thus opportunities for rapid growth. For fashion firms, these rapid growth opportunities may be very interesting, but also quite risky. One year, one is the master of the world, expanding rapidly; the following year one may be out of fashion, having all problems making ends meet. So, it is quite understandable that firms react differently to these growth opportunities.

Some organise to be able to profit from these, for example by establishing flexible networks with manufacturers in the whole world. Some even try to stimulate short-term hypes themselves. But others opt for the maintaining of a consistent brand, even at the cost of missing temporary growth opportunities.

All these options increasingly ask for a deeper understanding of the market. But as is stated by many innovation specialists before: market research as such never leads to innovation. Maybe more than any other industry, fashion design has to surprise and to inspire. When all competitors move to the middle ground, space is created for new designers.<sup>17</sup> This is reinforced by the fashion press, which is always looking for the new and the spectacular (Coleridge, 1988: 93). Also this is an example of co-evolution, just like there is co-evolution of the fashion press itself, with the world of show business and sports.

In a way, we know very much about fashion consumers, as clothing and fashion have been studied by many observers for a long time.<sup>18</sup> Of course, we also know a lot about people as drivers, television viewers or eaters, but this is only a fraction of what we already know about fashion and the self-presentation of different kinds of people. So, we know that many customers take their clothing more and more seriously. It remains difficult, however, to translate such insights into practical decisions about collections for the coming seasons. People want to look good and feel good with their clothes, but what this means in practice, changes continuously.

Does this mean that everything is volatile and turbulent? No, people also have identities, and, moreover, they learn about the kinds of clothes and brands which as a rule fit them better than other ones. From the Donna Karan case we learned that when consumers find a connection with a style or brand which 'feels good', they may be faithful to it for a longer period. In terms of transaction cost economics, the advantage is that such a connection decreases search costs. So, a basic insight remains that many people are looking for clothes and clothing brands with which they can connect both in an aesthetic and in a value sense: is this my kind of style, does it express my kind of values? We know that many people look for such a connection. But

17 - According to Yamamoto this explained the success of the Japanese designers in the eighties.

18 - For collections of these, see Johnson et al., 2003, and Carter, 2003.

we also know that despite the proliferation of brands and styles, many customers remain frustrated in this respect.

So, it appears that there is still a huge market for many more styles, brands, and concepts. This is also the answer to the danger of boredom in the increasingly uniform shopping centres. This development is illustrated by the multiplication of multi-brand corporations like LVMH, Gucci, Claiborne, VF, Secon, Euretco, or Companys. But the paradoxical effect of this proliferation is that search costs still increase. We can only hope that possible frustrations related to this are compensated by more exciting shopping experiences.

The careful reader has probably noticed that with these latter remarks we have come full circle. I started with the importance of the visible and tangible elements of strategic identities. I tried to correct unilateral top-down concepts related to these by emphasising co-evolutionary learning and trial and error processes at all levels. And finally, after reviewing different ways to deal, first with the tension between design management and creativity, and second, between understanding customers and stimulating fashion innovation, I arrived at the importance of value connections between customers and brands – brands which only come to life through their visual and tangible representations!

To summarise: with Andreas Stockert I defend that we need to know our customers better in order to serve them better, but as much that it is necessary to surprise them in a positive way. For this we also have to establish a value connection with these customers, to ensure that they will come back, when they do not find what they are looking for at a certain moment.

I also hope that through this contribution, some of the people who were not aware of this, now understand better what a knowledge-intensive sector the fashion industry is. Earlier than most other industries, this industry has been confronted with all kinds of challenges which require a lot of deep understanding and creativity. Traditionally we preserve the term fashion for the apparel and related industries like shoes and cosmetics. But ever more industries are rapidly becoming fashion industries, from bicycles to mobile phones.

Therefore, there is no need for this industry to have an inferiority complex, quite to the contrary! A few months ago I read an interview with the Belgian

chairman of the textiles and clothing federation, who said that there was too much talking about the knowledge-based economy, whereas traditional industries like his own felt neglected. I hope I have shown that there is no need for this industry to exclude itself from the knowledge-based economy, as it is one of the most complex and knowledge-based industries there is.



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## Dutch summaries – Nederlandse samenvattingen

### *De modeconsumenten*

Hoe kunnen we ze bedienen als we ze niet kennen?

#### **Andreas Stockert**

Nog steeds worden in de modesector veel kansen gemist doordat men niet genoeg op klantenwensen inspeelt. Uit internationaal onderzoek, waaraan ik in mijn tijd als KSA-consultant heb meegewerkt, komt bijvoorbeeld helder naar voren dat consumenten niet vinden wat ze zoeken: het is te duur, het past niet, of het heeft de verkeerde kleur... Daarnaast worden consumenten niet zelden afgeschrikt door onvriendelijk personeel of door lange wachtrijen bij paskamers en kassa's. Sommige van deze klanten gaan vervolgens bij de concurrentie kijken, ze kopen helemaal niets of ze besteden hun geld aan geheel andere zaken. Slechts 23% komt later nog eens terug. Een en ander vereist een radicale paradigmaverandering in de sector. Veel meer dan nu het geval is, moet de klant centraal komen te staan.

Om hieraan bij te dragen is bij AMFI in het kader van lectoraat en kenniskring 'demand chain management' het onderzoeksproject Fashion ChaChaCha opgezet. Door in de modeketen meer naar de vraagzijde te kijken, ontstaan nieuwe kansen en mogelijkheden. Daarbij geloven we overigens niet dat de modeketen totaal vraaggestuurd kan worden. Mode moet ook verrassen en inspireren. In ons project onderzoeken we daarom hoe zowel modebedrijven als interessante bedrijven in andere sectoren concreet vorm geven aan dit spanningsveld tussen beter klanten begrijpen enerzijds en creatief innoveren anderzijds. Op basis daarvan willen we bijdragen aan de continue kwaliteitsverbetering in de sector.

### *Naar strategie kijken*

Mode, design en de paradoxen van strategische visie

**Dany Jacobs**

Consumenten beter leren kennen, wat ik samen met Andreas Stockert verdedig, betekent niet dat we ze eenzijdig moeten volgen. Dat leidt al snel tot saaiheid en voorspelbaarheid die modeconsumenten ook niet op prijs stellen. We moeten klanten dus beter leren kennen, onder meer om ze beter te kunnen verrassen. Bedrijven moeten daarbij vooral ook niet hetzelfde doen als hun concurrenten. Steeds vaker heeft elk bedrijf – en eventueel elk merk daarbinnen – een eigen identiteit met eigen visuele vertaling. Ondanks het feit dat men veel over 'strategische visie' kan lezen, is de visualisering van strategie tot nu toe een onderontwikkeld gebied gebleven. En als er al over geschreven wordt, met name rond de ontwikkeling van een 'corporate design', overheersen nog meer dan elders in het vakgebied traditionele *top-down*-opvattingen.

In deze bijdrage verdedig ik dat een strategische identiteit nooit vast ligt, maar mee evolueert met andere ontwikkelingen, zowel door bijdragen van medewerkers ('intrapreneurs') van de eigen organisatie, als door reacties van andere partijen in de omgeving – waaronder natuurlijk ook de consumenten. Daarbij moeten de gevaren vermeden worden van te veel rigiditeit en controle van bovenaf enerzijds, en te veel vrijheid blijheid anderzijds. Toegepast op de modesector: consumenten willen geen saaiheid, maar ook geen totale onvoorspelbaarheid. Met ons onderzoeksprogramma Fashion ChaCha willen we die spannende ruimte verder verkennen. Daarbij denken we dat de modesector van andere sectoren kan leren, maar ook dat andere sectoren het nodige kunnen opsteken van deze bijzonder kennisintensieve sector. Want worden niet steeds méér producten modeproducten, van fietsen tot mobiele telefoons?

## Short biographies

### *Andreas Stockert*

Dr. Andreas Stockert (Mainz, 1955) studied Economics at the Johannes Gutenberg University in Mainz. In 1983 he got his Ph.D. with a thesis in the field of Human Resources Management at the University of Münster. He has a lot of management and consultancy experience, in particular in the field of textile and fashion industries. He was for example manager at NINO AG and Westdeutsche Landesbank, and consultant for Kienbaum Unternehmensberatung, Roland Berger & Partner and KSA Kurt Salomon Associates. In view of his work for the above mentioned firms he lived abroad for long times in places like San Francisco, Johannesburg, Hong Kong, Paris and Sao Paulo. Beside his current part-time lectureship at AMFI, Andreas Stockert is now company-wide supply chain management director of Charles Vögele Trading AG in Pfäffikon, Switzerland.

### *Dany Jacobs*

Prof. dr. Dany Jacobs (Brugge, 1954) studied Sociology at the universities of Leuven and Amsterdam. In 1988 he got his Ph.D. at the University of Nijmegen for *Regulated Steel*, a study on 200 years of economic regulation of the West-European steel industry. From 1988 to 1997 he worked at the TNO Center for Technology and Policy Studies, where he was project leader of more than 70 industry studies, focused on competition and innovation. His book *Het Kennisoffensief* (The Knowledge Offensive) on 'smart competing in the knowledge economy' (1996) was elected management book of the year 1997 by the Dutch organisation of business consultants Ooa. Since 1998 Dany Jacobs is professor of Strategic management at the University of Groningen. Besides, he was between 1998 and 2003 part-time associate (and for two years acting) dean of TSM Business School in Enschede, and is, since 2003, part-time lecturer at AMFI.

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