

Forecasting Demand in Indian Fashion Industry

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ABSTRACT

Forecasting demand is a vital concern for driving effective operations management plans. This is particularly the case in the fashion industry, where demand uncertainty, lack of historical data and seasonal trends generally coexist. The purpose of this study is to discuss the actual state of the context in the fashion industry compared with the forecasting approaches developed over the last few years. This study is a step towards the better understanding of current trends and forecasting methods. They also admire the people who follow the new trends and styles. The individual status is an important determinant of a consumer which reflects his/her social level in the society.

Keywords: *Fashion, forecasting, trend, demand, India*

I.INTRODUCTION

Forecasting the future demand for particular styles, fabrics and colours is an important aspect of the fashion industry. Textile specialists work two years ahead to determine the general guidelines for each fashion season. Fashion forecasting is an important activity to ensure that the process of observation related to short and long term planning can be based on sound and rational decision making and not hype. Forecasting can bridge the gap between ambiguous, conflicting signs and the action taken by the design team. "Fashion forecasting combines theories of fashion changes with the process of organizing and analysing the information and synthesizing the data into actionable forecasts." Forecasting is a creative process that can be understood, practiced and applied. Forecasting provides a way for executives to expand their thinking about changes, through anticipating the future, and projecting the likely outcomes.

II. ANALYSIS AND FINDINGS

Long term forecasting (over 2 years ahead) is used by executives for corporate planning purposes. It is also used for marketing managers to position products in the marketplace in relationship to competition.

Short term forecasting is used by product developers, merchandisers and production managers to give style direction and shape collections. For short term forecasting most apparel companies subscribe to one or more services, whose job is to scan the market and report on the developments in color, textiles and style directions.

Forecasters reflect the earliest views on trends some eighteen months in advance of the season. At this stage, color is a crucial consideration of yarn mills. It is also the focus of discussion among others who are interested in very early trend decision-making. Fashion forecasters combine the views emerging about color and fabric

from the early yarn and fabric trade shows with their socio-economic and cultural analysis. Major trends in lifestyles, attitude and culture in particular music, sport, cinema and television are used to predict changing consumer demands.

Fashion forecasting involves the following activities such as studying market conditions, noting the life style of the people, researching sales statistics, evaluating popular designer collections, surveying fashion publications, observing street fashions etc. For the consumer it must be quite baffling to understand how each designer, manufacturers and retailers all seem to know what styles and colours will be in fashion. The reality is that since the 1970s there have been companies who specialize in fashion prediction and act as consultants to interested parties in the fashion world.

Companies such as the Paris-based organizations Peclers and romostyl, France, and London-based Worth Global Style Network WGSN) sell their predictions on styles, colour and the market for the coming season or even further in advance for up to 18 months. There are at least 10 main organizations of this type in the world, although some specialize in specific markets such as children's wear. Their predictions are not all identical, although there are usually many similarities between them.

These predictions help manufacturers and retail buyers alike to take and stock the fashions; styles and colours that will be 'the fashion' for a coming season. However, at the end of the day the final decision rests with the customer in deciding whether to buy or not.

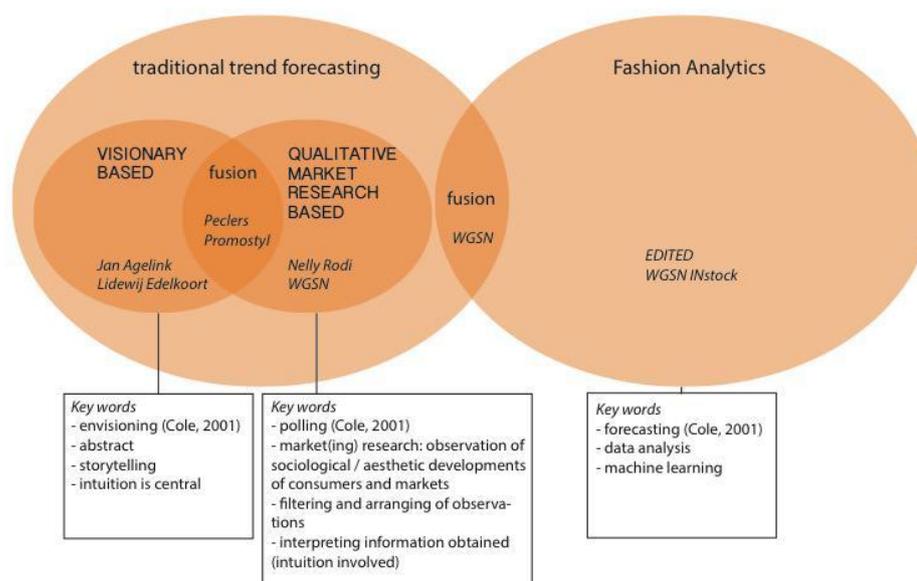
Consumers, fashion trend forecasting agencies and fashion companies influence each other when a trend is being established. Hence, this interplay of influences is what is named the 'dynamics of fashion trend forecasting'. High fashion designers and consumers that produce (social) media content are followed by other consumers, fashion companies and forecasting agencies who want to stay up to date about the latest developments in fashion. Fashion companies, in general, subsequently influence consumers by using branding and marketing strategies in order to seduce the consumer into buying their products. With regard to forecasting agencies, a distinction is made between fashion analytics agencies and traditional trend forecasting agencies. Fashion analytics thrives on data whereas traditional trend forecasting is fuelled by intuition. These forecasting agencies are the main influencers of mass market fashion companies, as brands continue to rely heavily on agencies' predictions. Mass market brands' free creativity is therefore diminished.

According to scholar Maria MacKinney-Valentin (2010), fashion forecasters supply fashion companies with either 'trend recipes' (information on colour, materials and fabrics) or with visionary inspiration. Fashion companies use this information as an inspiration to base their collection on. This way, they know that they will not miss out on any information that is supplied also to their competitors, which leads to an industry in which all agents follow the same path. Discussed in this paper is the lack of creativity and, as a result, the uniformity of the fashion industry and the question whether 'trend forecasting is actually 'forecasting' or 'determining what we will wear'?' To a large extent this concern is caused by the dynamic between trend forecasting agencies and mass market fashion companies, where the fashion company follows the advice of the forecaster. The focus lies on the interplay between forecasters and mass market brands, as trend forecasting agencies have proven to play

a crucial role in determining trends and influencing mass market fashion companies. A distinction is made between intuitive trend forecasting and data trend forecasting, as the two operate differently and their distinct approaches influence the dynamics. Although the consumer plays an important role in the dynamics of trend forecasting as well, for reasons of relevancy for the main concern of this article the consumer is not the main focus of attention.

III. THE TYPES OF FASHION TREND FORECASTING

Within fashion trend forecasting a distinction can be made between traditional trend forecasting – which consists of visionary based forecasting and qualitative market research-based forecasting – and fashion analytics. Visionary based trend forecasting can be described as abstract storytelling. For this type of forecasting, intuition is central. Qualitative market research-based forecasting companies focus on market(ing) research and on observations of consumer and market developments, which they later translate into usable material. Here, intuition is at play again. The basics of fashion analytics, on the contrary, do not leave room for intuition. For this type of forecasting, data analysis and machine learning is of utmost importance for making forecasts. In Figure 1, the difference and relation between the different types of forecasting is visualised. Some forecasters or forecasting agencies possess characteristics of both traditional trend forecasting and fashion analytics, like WGSN, or of both visionary based forecasting and qualitative market research-based forecasting, like Peclers. These agencies are indicated in the ‘fusion’ sections of the Figure.



IV. THE FASHION FORECASTING PROCESS

a) Trend forecasting businesses

French companies based in Paris have traditionally dominated fashion forecasting. Although a number of larger ones are still based in Paris, many with satellite offices around the world, a number of new niche forecasters have emerged offering their own specialties of product and services.

Some better-known trend forecasters include:

- . SachaPacha
- . Peclers Trend Union
- . Line Creative Partners
- . Au Studio Promostyl
- . Promostyl

Forecasting is more than just attending runway shows and picking out potential trends that can be knocked off at lower prices (although that is part of it). It is a process that spans shifts in color and styles, changes in lifestyles and buying patterns and different ways of doing business. What appears to be near random activity is in fact a process of negotiation between the fashion industry and the consumer, and between the various segments in the supply side chain.

b) Consumer research

Manufacturers and retailers may ask consumers directly about their buying preferences. Consumer reactions are compiled and tabulated to find preferences for certain garments or accessories, colors or sizes and so on ,or products to fit specific consumer tastes.

Surveys, by telephone or mail are conducted by publication and market research companies for manufacturers and retailers. These surveys include questions about income, life-style, fashion preference and shopping habits. Customers are usually selected by the market research firm to meet with manufacturers or retailers. In-store informal interview can help researchers obtain information by simply asking customers what they would like to buy, what styles they like that are currently available and what merchandise they want, but cannot find.

The apparel supply chain has one purpose, i.e. to provide an appealing and desirable product to satisfy customer needs, wants or aspirations. When successful, the connection results in a sale, because this connection is the purpose of the process. Every forecast begins with the customer, by observing the customer's adjustments to the marketplace and in the unexpected ways the customer adjusts the marketplace to his lifestyle and preferences.

c) Colour Forecasting

Stimulating sales is the driving force behind color forecasting. Color grabs the customers' attention, makes an emotional connection and leads them to the product. Even when the basic product stays the same, changing the color gives a sense of something new. Color consultants help companies decide on the right color story to sell the product. Some consultants specialize in advising on color. Others develop color forecasts as part of their overall product development function. Some large companies have departments dedicated to setting color

directions for multiple lines. Professional color organizations bring together experts to collaborate on forecasts for industries like women's wear, men's wear, children's wear and residential and non-residential interiors.

d) Textile Development

Frequently, the development of a completely new product is the result of a particular functional need, but often it is driven by the benefits offered by a new fabric. Specialist forecasters make the point that the technology is changing the range of product, as through the ranges of benefits that designers can build into garment product through the textiles used in construction. Fabrics range from slick surfaces like leather and futuristic plastic to softer surfaces like cashmere, from flat weaves to heavy textures like boucle and from the solid structure of flannel to the web-like open structure of crochet. Clothing has been called "the second skin" in recognition of its intimate connection with a person's physical and psychological comfort. So it is not surprising that news about which fabrics are "in" or "out" plays such a prominent role in forecasting fashion. Newness in fabrics comes from the introduction of new fibers, the manipulation of yarn and fabric structures, variation in pattern and prints and innovative finishing processes. These innovations are introduced in trade shows and exhibitions held in the fashion capitals of the world.

e) The Range of shows

The fashion shows: The word here is its widest possible interpretation to refer to the range of organised textile and fashion garment trade shows, operating over the 16 months preceding season. Trade shows, whether yarn, fabric or product have a basic function, which is to sell products.

Visitors vary according to the nature of the show. A yarn show will attract a range of people including fabric manufacturers, some retail buyers and designers. The fabric show performs a more balanced role with great emphasis on then sales of the fabric, but with more retail designers and buyers attending, as the product on the show has a greater relevance to garment design. Garment design shows are much more diverse, ranging from the products trade shows through to the high profile Ready -to-wear Designer shows like London Fashion week and then the exclusive Couture shows. Continuing this sequence, specialist product trade shows are held after the fabric shows. These shows are segmented according to broad sector like men's wear or women's wear, and by specialist product categories, like sports wear or lingerie. These shows are a good indicator of color, fabric, styling and new products.

f) Sales Forecasting

Forecasting is relatively easy, straightforward and accurate for products with long lifetime and steady sales. However, the fashion apparel business is one of the most volatile, because it creates products that are new, highly seasonal or have short lifetimes. In such situations forecasts become increasingly inaccurate. Errors in sales forecasting result in two kinds of losses:

- Markdowns, when retailers have unwanted goods remaining at the end of a selling period, such goods then must be sold, even at a loss.
- Lost sales on more popular items because of stockouts (merchandise not available in stock at the time when consumers request it).

Companies have been slow to recognize the changing market environment and adapt forecasting practices to decrease the uncertainty about product demand. Sales forecasting impacts every apparel executive's work life, whether they help develop the analysis, read and act on the reports or merely react to the result of over- or under-estimating sales. For this reason, apparel executives need a basic understanding of the traditional approaches to sales forecasting and the leading-edge technologies making real-time marketing a reality in the apparel industry. Eventually, a manufacturer and retailer researches his own sales record. Rising sales statistics show what fashion trends are developing and declining sales show what styles have passed their peak. Overall sales show, that as style is not meeting consumer needs for quality or fit, it's time to drop it from the line and move on to new styles.

g) Cultural Indicators

In the apparel field, companies need an early warning system so that specific product categories can be fine-tuned to trends within a market segment. While timing is important, an agile and responsive company will be able to capitalize on trends whenever they are spotted; sometimes just as a glimmer far in the future and sometimes as a phenomenon in the building stage. Waning trends are another signal. When some avocation, interest or lifestyle loses cultural power, it is a good time to survey the information landscape for the next big thing.

h) Final Stage of forecasting

The 'Fashion look' for the season is therefore the result of a process of development that combines the evolved views of textiles and product trade show, forecasters, designers buyers and ready to wear shows. Like collage, the final picture emerges after various layers have come together. Even though these shows have an impact on some last minute high street fashion buys, their major impact is mainly on reflecting the final views on trends close to the season. Crucially, the media coverage of the shows is another important dimension in the trend development process, as it highlights fashion trends that fashion editors believe will be strong for the forthcoming season. Such 'authoritative' coverage of the media, focusing attention on aspects of fashion, including the 'must-have' looks, colors and products influences the consumers' acceptance of hot trends for a season.

V. HOW DOES FASHION FORECASTING FUNCTION?

How does some color, fabric or silhouette become a trend or as we call it 'the latest style'.

Contrary to common belief, these directions are not decided at the whims and fancies of a few individual or designers. It is a research based and a very technical process and takes years and internationally there are dedicated agencies that work towards fashion forecasting. The first directions are published for public reference many seasons in advance. This means that the forecasters are ready with a particular season about 2 years prior to it. These initial ideas are collated to form an overview on the changing dynamics of the world. The resultant is an indication towards various trends. The kind of buildings that would be constructed; the colors that would be painted on the walls; the shapes of cars and the technical advancements their engines would sport; video games that the kids would play; the movies that people would want to see; the food and the ambience that

people would want to spend their time with; the kind of screens that people would want to see on their office desks. 'Fashion forecast' is not a definition, but just a prediction based on past and the future. It helps creative minds to get a direction for their thoughts to take shape in a more viable form. A very vital aspect of design or creating something is taking 'that' first step. What colors should be used? What fonts would work best? What forms would look trendy. Fashion Forecasting bridges that essential link in the business of Fashion

Coming back to ground realities in India, our sensibility of clothing is very different and diverse. Though in the recent past a new commonality has emerged in the way metros dress-up. What we need to look at is a forecast direction that is specific to India. Bodies like FDCI, NIFT, NID and other related organizations and professionals need to work towards it.

India is emerging as a potential market for apparel and fashion. International forecasting agencies are already featuring India regularly in their reports. With more and more foreign interest in top end as well as mass market segments and a booming domestic business, a guideline is almost essential. This would help the players to understand and cater in a more proficient manner. Unlike most of the foreign businesses which were launched in their original form and failed miserably, clothing also needs that Indian tweak

The designers need to play a much more mature and important role in formalising an India centric forecast. The way ahead is to have our own color palette and style statement. Though subconsciously a lot of designers are already doing it for their own label but common platform needs to be built sincerely.

VI. CONCLUSION

It is clear that the field of fashion trend forecasting may be approached and regarded differently in order to stimulate creativity and prevent the fashion industry from being or becoming boring and monotone. This approach to forecasting in general is liberating and makes us aware of how we, these days, try to set the future by predicting in a restrictive sense and thus narrow down scenarios that could have possibly happened if we would not have shaped the future the way we did.

If creativity is not controlled and if brands would not rely on forecasting agencies, it would be possible for creativity and innovative ideas to spread out through society despite their possible oddity at first notice. This flow of events would be possible since creative and innovative ideas would not be judged upon by society – a nation founded on certain rules and values; a striated world – in the very instant they appear. Creativity and innovation would flourish and the fashion industry would develop into a genuine creative practice: the uniformity of trends would disappear. This suggestion is a hypothetical step towards a more open-minded fashion industry; it is a suggested step to change fashion minds. It is, nevertheless, impossible to escape from the striated entirely, as socio-economic aspects will always be involved in our modern society. However, if the fashion industry would succeed to open up to smooth space, it would allow for a more open and free of judgement approach in which designers – designers, not trend 'forecasters' – follow their own intuition and are able to change design direction any time they want; a 'nomadic' approach to fashion design, free from trends

that have been set by so-called 'forecasters'. This way, the fashion industry could be called a 'creative' industry again and individuals would be able to fulfil their need of self-expression more profoundly.

Fashion industry in India is now facing a tug of war between the designers for copyright protection although there are imitations by some designers from other designers' work. There should be strict law to prevent such copying. The other important requirement is to ban shows and telecasts of such shows which show nudity in the name of fashion. Besides, there should be legislation against consumption of dangerous medicines like autorexia and bulimia which some models consume to remain slim. Fashion designing is a creative art and it should be promoted as such.

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