



# University of HUDDERSFIELD

## University of Huddersfield Repository

Wigley, Stephen M.

Market-facing Alliances in the Fashion Retail Sector – Managing Synergy in a Creative Industry.

### Original Citation

Wigley, Stephen M. (2012) Market-facing Alliances in the Fashion Retail Sector – Managing Synergy in a Creative Industry. In: 19th Eirass Conference on Retailing and Consumer Services, July 9th-11th 2012, Vienna, Austria.

This version is available at <http://eprints.hud.ac.uk/id/eprint/17255/>

The University Repository is a digital collection of the research output of the University, available on Open Access. Copyright and Moral Rights for the items on this site are retained by the individual author and/or other copyright owners. Users may access full items free of charge; copies of full text items generally can be reproduced, displayed or performed and given to third parties in any format or medium for personal research or study, educational or not-for-profit purposes without prior permission or charge, provided:

- The authors, title and full bibliographic details is credited in any copy;
- A hyperlink and/or URL is included for the original metadata page; and
- The content is not changed in any way.

For more information, including our policy and submission procedure, please contact the Repository Team at: [E.mailbox@hud.ac.uk](mailto:E.mailbox@hud.ac.uk).

<http://eprints.hud.ac.uk/>

# Market-facing Alliances in the Fashion Retail Sector – Managing Synergy in a Creative Industry.

**Folli Follicle  
baby**



**Stephen Wigley**

University of Huddersfield

# Introduction

- Context and aim.
- Literature.
- Methodology.
- Findings.
- Conclusion

# Context & Aim

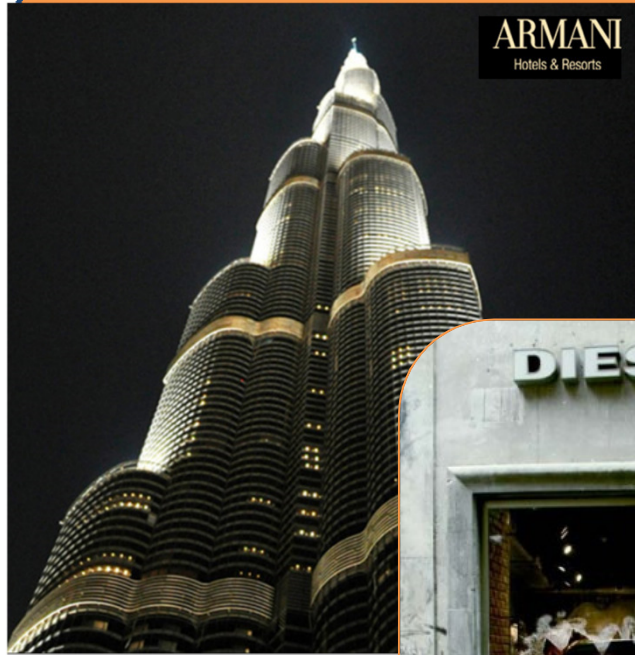
## Fashion retailing:

- Dynamic market and intense competition.
- Apparent inconsistencies in what defines success – ‘back of house’ & ‘market-facing’.

→ Growth demands innovative corporate structures & business processes...

...alliance emerging as key.

# Context & Aim



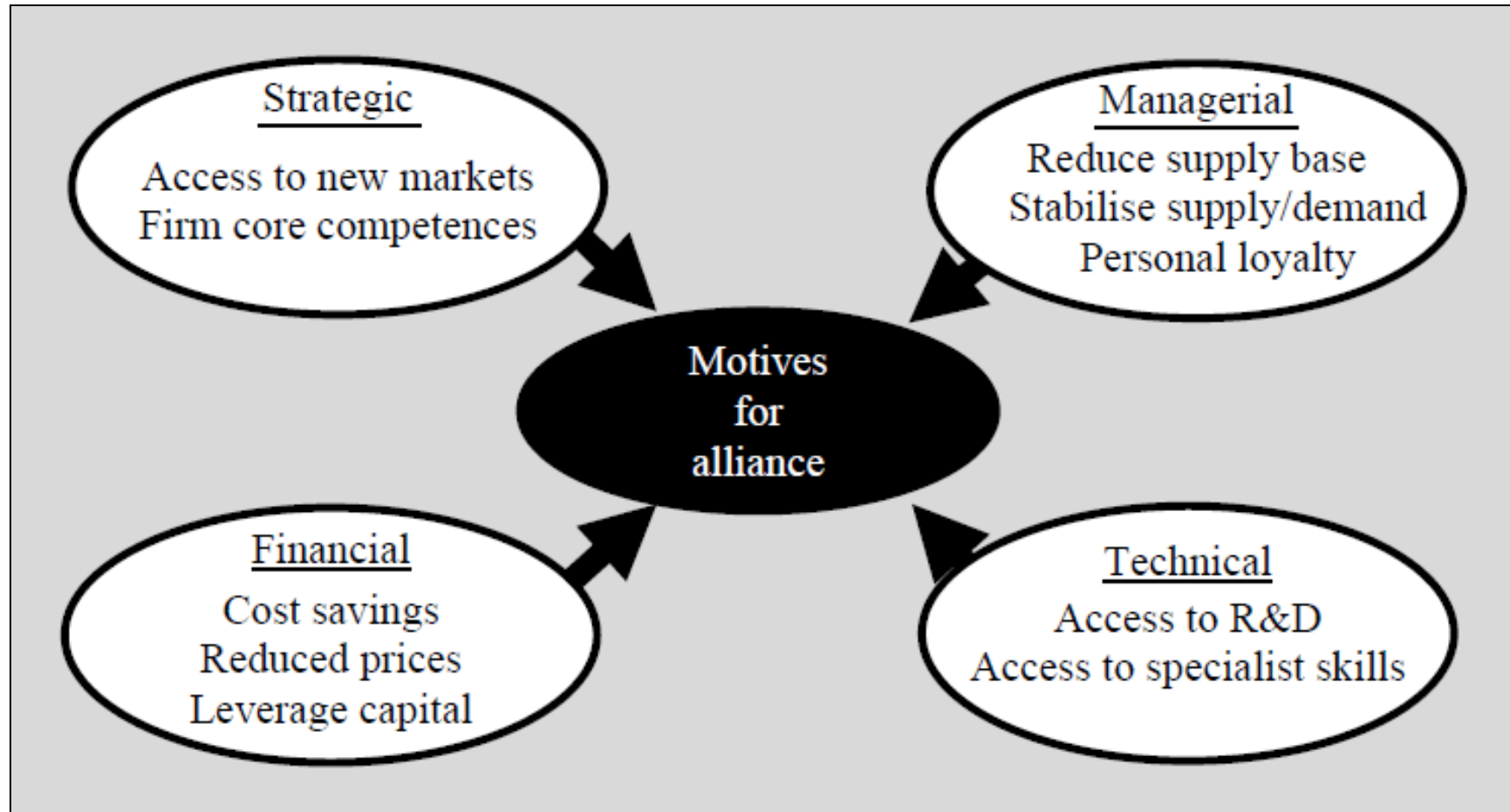
# Context & Aim

- ‘Market-facing’ alliances are apparently common in fashion – increasingly so...
  - ...but literature has focused on ‘back of house’ alliances.
- Aim is to understand why and how market-facing alliances in the fashion sector occur.

## Literature - *Definitions*

- Alliance, JV, collaboration...?
  - Das & Teng (2003) – all of the above.
- “voluntary cooperative inter-firm agreements aimed at achieving competitive advantage for the partners” characterised by “each firm... remaining independent, without without losing their strategic autonomy despite their common goal” (Das & Teng 2001 / Dussuage & Garette 1999)

# Literature - *Motives*



Whipple & Gentry (2000)



# Literature – *Partner Selection*

- Tomlinson (1970) – 6 Factors.
- Complimentarity – Lorange & Roos 1993)
- Brouthers et al (1995):
  - Complimentary skills;
  - Cooperative cultures;
  - Compatible goals;
  - Commensurate levels of risk...variable dependent on needs, circumstances, experience etc. of the alliance.

# Methodology

- Case study informed by interviews and corporate and media reports.
- Folli Follie – jewellery & accessories.
- Lapin House - childrenswear

Folli Follie  
Folli Follie  
baby

LAPIN HOUSE

# Findings - *Motives*

- Strategic – growth & competitive advantage.
- Financial – to share investment and risk.
- Technological – complementary skills & resources.
- Managerial – access the Chinese market.

## **Folli Follie:**

- Product line expansion;
- Access to specialist skills;
- Quick entry to new product category;
- Reduced supplier-selection risk;
- Reduced NPD/R&D costs;
- Brand extension.

## **Lapin House:**

- Access to new geographic market;
- Speed & ease of market entry;
- Access to FF's experience;
- Piggy-back on FF's brand;
- Rationalise supply-base & manufacturing.

# Findings - *Motives*

	Generic motives	Folli follie	Common motives	Lapin house
Strategic		Product line expansion ↓ Brand name expansion	Market growth opportunities	Market expansion ↓ Brand name expansion
		Speed of entry to new geographic market ↓ <b>Access to skills in childrenswear design and manufacturing</b>	Chinese market attractiveness ↓ Competitive advantage	Speed of entry to new geographic market ↓ <b>Access to skills in branding and Chinese retailing</b>
Technological		Access to technical resources ↓ Shortened lead times	Access to complimentary skills and resources	
	Financial	Reduced new product development and manufacturing costs	Shared set-up costs ↓ Dispersal of risk	Sourcing/manufacturing efficiencies and reduced market entry costs
Managerial		Reduced supplier selection risk		Rationalized supply base

# Findings – *Partner Selection*

- Mutual positive compatibilities.
- Complimentary strengths and weaknesses.
- Nationality & language a key factor.

## **Folli Follie:**

- LH's expertise in category;
- LH's manufacturing & distribution systems;
- Greek nationality;
- Previous experience.

## **Lapin House:**

- FF's Chinese retail license & network;
- FF's brand awareness;
- FF's experience in China;
- Greek nationality.

## Findings – *Operation & Success*

- “like any relationship having much in common makes the partnership easier”.
- Shared culture and previous collaboration.
- Honest and open account of strengths & weaknesses, aspirations and expectations.
- Identification of ‘cross-over’ competences & focus delegation of activities.
- Appreciation that risk to brand was not equal – but potential reward was also unequal.

# Conclusion

- New motive, specific to fashion industry, identified.
- Role of creative professionals and market-facing competences heightened.
- Heightened significance of...:
  - Corporate culture;
  - Language and nationality;
  - Personal relationships.
- Raises issue of ‘industry-specific’ motives being explored further.

# Conclusion

