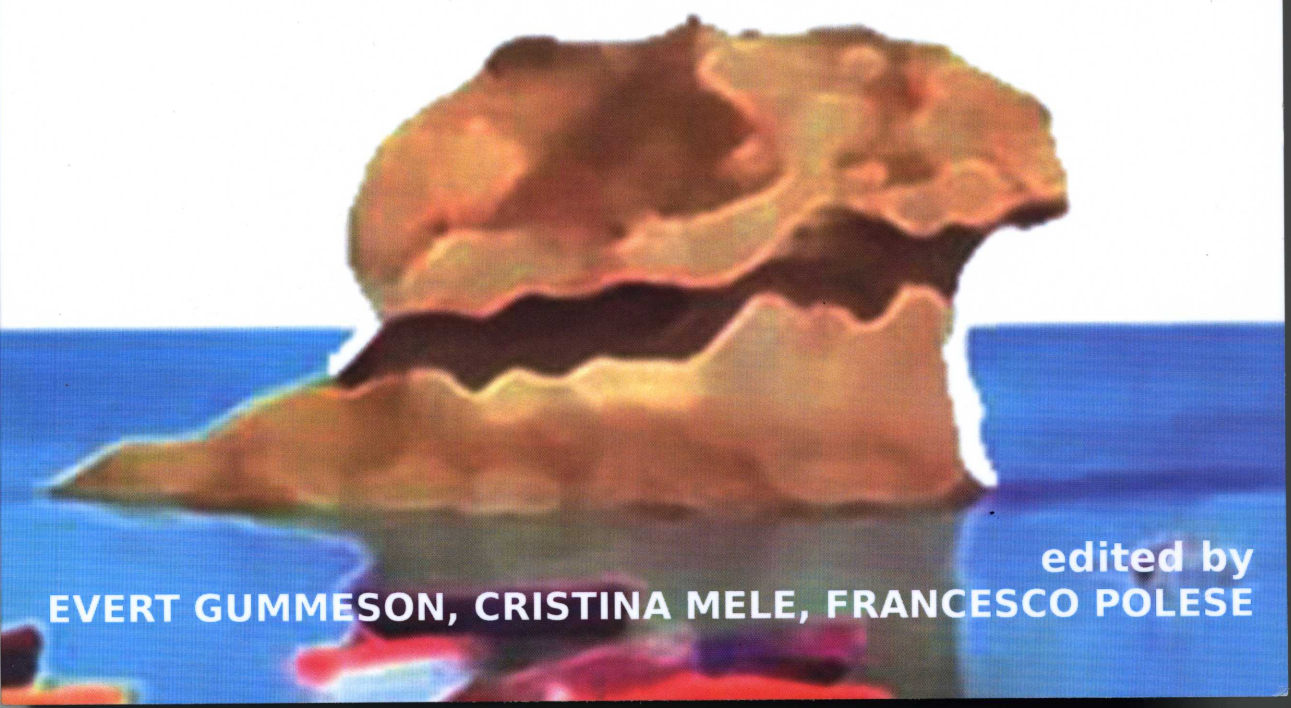
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SERVICE DOMINANT LOGIC, NETWORK & SYSTEMS THEORY AND SERVICE SCIENCE: INTEGRATING THREE PERSPECTIVES FOR A NEW SERVICE AGENDA.



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SAPA

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Value creation process in the fast fashion industry. Towards a networking approach

<Value co-creation and the changing role of suppliers and customers>

Andrea Moretta Tartaglione[1] - Emanuela Antonucci[2]

ABSTRACT

Purpose – Quick response, short product life cycles, customer-centric businesses, agile supply chains and reduction of lead times are considered to be the core business strategies in the sector of fast fashion. The work is an attempt to identify the most revealing management and organizational tools that support the final value creation and service delivery processes in the international industry of fast fashion

Design/Methodology/approach – In order to fulfill such a purpose, the paper detects the sector through the recent developments from Service-Dominant (S-D) Logic and Network Theory scientific proposals

Findings – Value is a co-created performance, requiring several actors participation. In the fast fashion, such actors are represented by textile businesses, providers, retailers, stores, customers. They all interact within a supply chain becoming a value chain in which stakeholders interact with each other contributing to the final value generation. At the light of this research, it seems to be restrictive to identify in the lead time reduction the success factor of the fast fashion businesses, but it should be pursued in politics of integration, interaction, co-creation and sharing throughout the chain.
Fast fashion is an example of totally integrated global chain working and performing as a whole business in which every single component co-creates the final mutual benefit

Practical implications – Textile organizations taking part in the network represented by fast fashion are called to re-organize their activities in function of a highly developed integration level and so to move towards a networking approach, fostering the mutual exchange of resources in order to co-create a common value

Originality/value – The paper adds value to the study of the fast fashion industry, valorizing the importance of the co-creating perspective within the supply chain management

Key words – Fast fashion, Service-Dominant (S-D) logic, Network Theory, value co-creation

Paper type – Conceptual paper

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1. The most recent evolution in the fashion industry

In the last two decades, global fashion industry undergone a deep transformation due to various changes in the business environment (Wigley, Moore, 2007; Lu et al., 2009; Bhardwaj, Fairhurst, 2010). Over the years, fashion industry has faced many challenges in response to competitive forces that have involved both the endogenous structure and the external aspects related to it. The evolution dynamics of the fashion industry saw the fading of mass production, the fade of fashion seasons, the modified structural characteristics in the supply chain and finally the customer evolution as main drivers.
The following section explores such changes occurred since '90s.

Fading of mass production
By the early '90s, fashion sector success relied on low cost mass production of standardized dresses, produced even in the long run due to the restricted design possibilities for factories. Think at first, original Levi's 501. That is, consumer 'till that time was less sensitive toward stylish and fashionable, and simply preferred basic apparel. Clothing was based on convenience and functionality factors.
Then, a sudden increase occurred firstly in the woman fashion oriented apparel compared to the standardized one. For instance, the women's wear industry introduced colored and textures pants (Donnellan, 1996) replacing denim. Rapidly, it became evident that mass production for fashion products was not a solution to gain profits in the fashion business (Malone, 1998, 1999).

Fading of fashion seasons
"As fashion is considered to be a temporary cyclical phenomena adopted by consumers for a particular time (Sproles, 1979), it becomes evident that the life cycle for fashion is quite small" (Bhardwaj, Fairhurst, 2010).
A further aspect that has resulted in substantial changes in the fashion industry has been fading of the seasons, going from static collections divided into seasonal events to a revolution started in the '90s with retailers begin to expand their range through updated products (Barnes, Lea-Greenwood, 2006; Hines, 2001; Hoffman, 2007). Over the last decade, the concept of seasonality was exasperated with new collections in the same season overcoming the concept of the season itself, in favor of a continuous renewal. Practically, there was the addition of 3-4 mini-collections within the same season. During the 1980s, a typical life cycle for fashion apparel had four stages: introduction and adoption by fashion leaders; growth and increase in public acceptance; mass conformity (maturation); and finally the decline and obsolescence of fashion. Also, the fashion calendar during this time was primarily based on the factory exhibitions and shows, that consisted of basic Spring/Summer and Autumn/Winter collections which typically resulted in a seasonal range of one full year.
Hence, towards the beginning of the 1990s, retailers started focusing on expanding their product range with updated products and provide refreshing products with the idea of "here today, gone tomorrow". In order to increase the variety of fashion apparel in the market, the concept of adding more phases to the existing seasons (that is, the period of time during which fashion products are sold) in a fashion calendar came into existence. The addition of 3 to 5 mid-seasons forced pushed suppliers to deliver fashion apparel in smaller batches with reduced lead time (Tyler et al., 2006). Ax example cited by Bhardwaj and Fairhurst (2010) was Liz Claiborne who developed six seasons instead of just two (Bailey, 2001).

Structural characteristics modification
In the late 1980s, the fashion apparel industry was dominated by several big retailers increasing the market competition level (Barnes, Lea- Greenwood, 2006). In order to survive such competition, some apparel retailers moved from product-driven chains to buyer-driven ones, developed alliances

with their suppliers and then promoted their distinctive brands (Bhardwaj, Fairhurst, 2010; Tyler et al., 2006) also acting strategically by linking with overseas factories (Gereffi, 1999). Apparel industry developed around the late 80s a new infrastructure where offshore with low labour costs became a trend, resulting in a substantial cost advantage. Although such merit of outsourcing, it became evident that it led to significantly longer lead times, complicated supply chains and complex import/export procedures (Birtwistle et al., 2003; Bruce, Daly, 2006). All these factors forced the industry towards a restructuring in order to improve the operational performance (Taplin, 2006).

Customer evolution

Over the past twenty years, there have been many important changes in consumption patterns, which have not led to the development of a new consumer, but to endless types of consumers, and therefore to an extreme fragmentation of the target. The new consumer, also called "multidimensional", is characterized by a multiplicity of styles and behaviors, also referred to as "transversal" - especially among young people - who does not identify with a single style, but tends to create contamination and commingling of styles and genres. Even the traditional classification of the consumer (driven on low cost or luxury goods) is going to disappear more and more often, since consumers of "high-level" buy low cost products and, conversely, consumers of "low-level" seek the experience of occasional luxury. As revealed by Ko and Meghee (2012) and Willems et al. (2012) fine fashion and fast fashion are ever more converging with “Zarafication” (D’Aveni, 2010) –that is commoditization- and “massclusivity” of luxury fashions as the retailers need to move luxury products from the classes to the masses (Danzinger, 2005). It often happens, in fact, that consumers tend to mix items of luxury (Armani, Ferrè, Versace, just to mention some Italian high fashion brand) with others of less commercial value (such as a Zara shirt, H & M pant, Promode jacket).

These transformations into a tailspin traditional criteria of demand segmentation (by sex, age, education, social class, etc.) invalidated the ability to interpret and describe phenomena difficult to fit and, above all, absolutely unstable (Saviolo, Testa, 2000; Sabbadin, 1997), which concern consumers more and more mature, independent and selective (Morace, 1998).

2. Fast fashion sector

Fashion is defined as an expression that is widely accepted by a group of people over time (Bhardwaj, Fairhurst, 2010). Fast fashion is the term used to indicate the set of strategies adopted by fashion retailers to respond current and emerging fashion trends quickly and effectively in current merchandise assortments (Fernie, 2004).

In today's competitive environments, characterized by growing complexity, logics of innovation are imposed to organizations, capable to address companies quickly into new products, new performance but also new perspectives able of govern complexity through variety and variability of responses to environmental changes, starting with the close relation between time and competitive advantage of companies.

The fashion system, and in particular the fast fashion, highlights the importance of time as a factor of competitiveness. Of course, proper management of the time factor in such a context must necessarily be part of a integrated view of all business processes.

The elements that have led to the need for an efficient management of fast fashion are in particular: the growing complexity and dynamism of the sector (Barnes, Lea-Greenwood, 2006; Fernie, Sparks, 1998; National Post, 2009) and the changes in the buying and consumption patterns involving a greater attention to the quality offered, the innovation tempestivity and the speed of deliveries in addition to a high component of purchases impulses (Whatne, Heide, 2004; Fisher, 1997; National Post, 2009), which makes it necessary to place the goods on the market before the season or consumer preferences change; the intensification of competition which requires to make products available to market ahead of competitors (Djelic, Ainamo, 1999; Mazaira et al., 2003; Bharjwad, Fairhurst, 2010); shortening the life cycle of product from months to weeks and even

days and the high volatility of demand in terms of both varieties and variability (Sull, Turconi, 2008; Barnes et al., 2007); the evolution of consumers towards a more awareness of fashion (Bruce, Daly, 2006; Mintel, 2009) with the consequent difficulties in forecasting demand due to volatility and the same nature of the consumer's decision process; increase in information availability (Bhardwaj, Fairhust, 2010) as well as various information channels, such as magazines, television, internet (Barnes, 2008) and social networks.

The time factor, in fashion, allows a differentiation and implies larger advantages with respect to the innovation focused exclusively on the product. The ability to manage and govern time is something difficult to imitate as it integrates the skills and organizational capacities to relationships quality and to reliability of the businesses networks (Ciappei, Sani, 2006); the firms in a network characterized by efficient reliable partner are able to govern the complexity and inefficiencies through strong inter-organizational relations sharing the same management models that focus on creating value and competitive advantage through an efficient management of time and resources.

This rediscovery of the value of efficient production, founded on a re-organization and synchronization of time and methods, revealed successful especially in the fast fashion, which in recent decades has brought new ways of enjoying fashion and new patterns of consumption by various segments and variegated consumers; the competition, which in the past was focused exclusively on the quality and design now, now finds a tool in addition, identified in the time for product availability at the centers of retail distribution. In this sense, competitive advantage can be developed through good design, excellent production and an excellent ability in the management of the logistics process at all levels; these aspects are leading to a logic of time minimization in the management of all business functions: from purchase and supply policies, to the definition of the production cycles passing through the strategies of decentralization and the definition of the plants layout, until the choice of distribution.

The ultimate goal essentially lays in the desire to reduce lead times of fashion products, that is the time that elapses between the moment of the conception and design to the moment of sale to the final consumer. The lead time reduction is achieved through the minimization of its three components:

- Time to market: that is the time that the company employs to recognize a market opportunity and translate it into a finished product sold on the market;
- The Time to serve: the time that the company uses to distribute the products ordered by consumers to the stores;
- The Time to react: the time span that the company takes to modify its products in response to changes in demand.

It remains clear that the three mentioned moments are characterized by the need to have excellent skills in analysis, systematization and data processing. The decrease in times within the chain leads consequently to postpone the taking of productive choices at a time closest to that of actual manifestation of market demand, making estimates more reliable. In this way, companies manage to reduce the problem of fixed costs. In fact, at the moment of production to able to estimate effective demand is not possible, and brands are forced to deal with a certain share of fixed costs not recoverable; only at the season opening, they will be able to check the return on investment. The more distant in time the decision to make fixed and sunk investment with respect to the moment in which the company is able to experience the demand, the greater will be the risk for the company to incur into error. The speed and efficiency management in business processes, however, allows to not necessarily bear all the fixed investments to day "x" of starting production, but on an ongoing basis during the accounting period (the season based on actual demand).

Fisher and Raman (1999) show how the use of data of the first two weeks of sale allows users to make long-term estimates by reducing significantly forecast mistakes. Naturally, the implementation of this technique requires a fast and flexible channel to produce and deliver in small quantities and with reduced lead-time. We know how important IT technologies are in order to make contributions in terms of reduction and integrated synchronization of the multiple times that

characterize the overall operating cycle, through a harmonic synchronization of the ordering times, programming time of production, lead time of supply and production, time of output logistics, with more and more reduced response time to market. The gradual diffusion of IT technologies, applicable both at production and decision-making level, is an important possibility to work interactively and quickly at a distance and in real time by increasing the levels of strategic flexibility of businesses and ensuring an adequate response to the emerging needs of the market; the use of IT technology combined with a Just in Time systems allow the implementation of Quick Response, at the base of an effective time management.

As mentioned until now, the fast fashion is a trend that has spread from the '90s through companies that have revisited their management policies and their structure in order to achieve objectives characterized by rapid response to market stimuli through short product life cycles, continuous renewal of stocks and, therefore, fast ordering of the products in the stores, all at affordable prices and with an attractive design.

The Fast Fashion segment is continuing to grow at high rates. Over the past five years the income of the fast fashion players has grown with an average of 15-20% (while the luxury segment records a growth of 0.8%) (source: Bain & Co., 2013). For Zara group, for example, net profit between 2011 and 2012 were up to 22% (2.36 billion) (source: ilfattoquotidiano, 2013), in an industry, the clothing one, being strongly influenced by the crisis, in Europe and not only.

During the same period, as stressed by data in the following table, there has been a continuous increase in the annual income for some of the main FF brands, despite in different percentages. The Indirex Group, with over 6,000 stores in 86 markets on five continents, with a virtual e-commerce covering 23 countries, more than 120,000 employees, 10,000 of which hired in 2012, since 2008 increased its revenues by over 5 billion euro, going from 10.4000000000 to 15.9000000000 euros in 2012, registering a growth in the last five years of 52%.

Table 1: FF industry income per group (billion €)

	Indirex (Zara, Massimo Dutti, Bershka, etc.)	**H&M**	**Mango**
2008	10.4	8.3	1.4
2009	11.8	9.8	1.4
2010	12.5	12.2	1.2
2011	13.8	12.4	1.4
2012	15.9	14	1.6

Source: Our elaboration on data published by Indirex Group, H&M, Mango

3. Theorical considerations. Businesses as service value networks

We are now living in the service age. From an operative view point, daily organizational activities are attributable to a service logic, of mutual and shared nature. In fact, such a logic currently pervades the organizational realities, both industrial and not. The service offered by modern organizational systems, regardless of the sector or market, meets the requirements of dynamic, adaptability, efficiency, in order to address and solve the growing levels of complexity and turbulence of the global market, which is characterized by constantly evolving style and quality of life, level of technology, purchasing behavior.

It is apparent, therefore, the raising of the service as core of many organizations looking for more interaction with the reference context (Gronroos, 2006), in the attempt to reach a defensible market position over time. This culture creates and promotes actions and behaviors aimed to meet all stakeholders expectations. The service orientation reflects, for the organization, the adoption of a long-term policy aimed at the support and recognition of business behaviors and attitudes which can create and deliver excellence.

Ultimately, the growing importance of services and service culture implies a reorganization of productive structures, the diffusion of innovative technologies as well as of a new business logic.
Today, the emerging Service Economy definitively suggests new ways of managing value processes, both within and among firms (Polese et al., 2009). In the following section, we attempt to investigate such changes in business environment, deepening the emerging concepts of service and network theories.

3.1 The Service-Dominant (S-D) logic

Among the various research school developed on service, emblematic in this sense is the scientific proposal of the Service-Dominant (S-D) logic, which originated in the US academic world.
Value co-creation is one of the pillars of the S-D logic (Vargo, Lusch, 2004, 2006, 2011).
There are different levels at which value co-creation can occur: co-conception of ideas, co-design, co-production, co-promotion, co-pricing, co-distribution, co-consumption, co-maintenance, co-outsourcing, and co-experiencing (Frow el al., 2010).
Although a larger variety of business assets are taken into account when addressing the value creation, it is increasingly recognised that a merely internal understanding of value creation, as it could be a firm-centred approach, is a restricted interpretation of value creation process. Rather, it is clear that value creation must be interpreted in terms of business models and theories embedding the interconnectedness concepts (relationships, interactions, networks) featuring modern organizations.
The term 'co-creation of value' has emerged prominently in the context of Service Dominant logic (S-D Logic) (Vargo, Lusch, 2004, 2006; Lusch et al., 2007) to describe a new approach to business interaction involving producers, consumers and other 'resource integrators'. The term 'value co-creation' within service research, hence, has been introduced to describe a new paradigm of business interaction, in which service is offered and exchanged between producers and customers, rather than being exchanged as was the case in the prevailing goods-dominant logic (G-D Logic).
Such a participatory approach was already been stressed in studies of value creation (Ravald, Grönroos, 1996) which emphasised that enterprises do not create value in isolation (Hakansson, Snehota, 1989), but are engaged in cooperative value-creation processes involving multiplicity of actors and resources (Prahalad, Ramaswamy, 2004).
A central actor in the value-creation processes is customer (Normann, Ramirez, 1994) that although being the most important external actor in value creation, is not the only one, as underlined by Gummesson (2008b) through the concept of balanced centricity trying to reduce what he perceives as an over-emphasis on 'customer orientation' in favour of appropriate recognition of the role of other actors involved in the value co-creation process.
As discussed by Vargo (2009) "value co-creation is a complex process involving the integration of resources from numerous sources in unique ways". It can be argued that co-creation is a complex issue (Polese, 2009) due to the fact that:

- Co-creation involves many actors, each of them with its own perspective;
- Co-creation is a process characterized by high dynamism;
- Each actor involved in co-creation exchanges has its own perspective and goals/objectives.

As observed by Polese et al. (2011), adopting the S-D Logic concept of co-creation has deep implications for organizations. First, the co-creation of value implies an active role of customers who have to be sufficiently skilled and aware to assess the benefits and sacrifices associated with an offer proposition or a relationship (Grönroos, 1997, 2000). Moreover, customers must be capable of searching for information, evaluating available options, and deciding whether to buy a particular product/service or not. Finally, it is recognized the emotional involvement of customers/consumers who ought to play an active experiential role for their choice in co-producing their needs interactively with the provider.
Second, communication becomes a crucial element of value co-creation since it facilitates the flow of information and the transfer of competencies (Ballantyne, Varey, 2006). In this regard, advances

in information and communication technology (ICT) - such as the internet, blogs, e-commerce, social networks and so on - enable new interaction and co-creation mechanisms.
Third, a holistic view to value co-creation becomes necessary both at the individual level (Prahalad, Ramaswamy, 2004) as well as within supply chains and value chain management systems (Flint, Mentzer, 2006).
The logic of co-creation of value is defined in such a sense a win-win logic, that is considered the interaction between different entities represented by various organizations and the desire to gain a collective mutual satisfaction, in which the active contribution is multiple, integration is maximum, complementarity is essential. Such a logic only develops through the promotion and maintenance of relationships with stakeholders or through a common desire to encourage the process of co-creation (through non-opportunistic behavior, long-term relationships and shared values).
Within value process, thus, value creation is not anymore a sequential and linear process delivered from one business to the next in the production chain; rather it is a contemporary, circular, iterative process in which value is co-created in a constellation of co-operant actors.
Thus, new approach to organization management based on networks is needed, whereby all parties uniquely integrate multiple resources for their own benefit and for the benefit of others (Vargo, 2009).

3.2 The Network Theory

In last decades Porter's value chain model has provided a view of firms' exchanges analysis by considering the flow of goods and services from raw materials to consumption; the model, indeed, suggests a supplier value chain with a traditional approach, focusing on internal factors affecting business performance and value creation capacity (Porter, 1985). Accordingly, every company occupied a position on a value chain where suppliers provided inputs, companies then added value to these inputs, passing them to the next actor of the chain (Porter, 1980). In this view, supplier centricity was the pillar of most management and marketing studies in line with a goods-dominant perspective. The provider was the value creator who delivered goods to customer through an exchange transaction. Value was created inside the production process and it was reflected in the market sale price (value in exchange).
This linear model doesn't seems suitable anymore to today's dynamic and complex environment, which require a higher level, reticular view of inter-organizational exchanges where businesses are no longer left alone in their value creation processes (Håkansson, Snehota, 1995).
For this reason emerging models have been proposed and discussed within a customer value chain ranged from supplier-centric lean production to customer-centric lean consumption (Womack, Jones, 2005). Therefore, the strategic key seems to be the reconfiguration of roles and relationships among such constellation of actors.
According to recent logics of participation and co-creation, actors may be interrelated with closer entities at any step of the chain; in respect of new network theories applications, in fact, many to many networks are involved in a reticular system (Gummesson, 2008a), characterized by relationship interactions, resources sharing (information and knowledge) and common purposes, allowing to increase global value chain and to develop a convergent and useful service thinking (Polese, Minguzzi, 2009). Indeed, there are many more stakeholders involved in these processes, that may well be represented by a reticular value system identifiable as a network.
Networks exist when relationships exist. Within business theories, nature and characteristics of the relationships between the single entities of the network can be attributed to and included in the relationships that pass between the aggregate's centre and periphery. The elements that make up a service network can be identified in the centre, peripheral units (single firms/actors that make up an aggregate, also called network nodes), and connections.
A network's coordination mechanisms can have rules and be planned, supervised or managed by an authority. It is clear, however, that harmonic development is fostered by the structural homogeneity and proximity of the aggregate's peripheral entities. This is like a homeostatic process of balancing internal and external components, factors, and resources in order to attain a more powerful

equilibrium (Beer, 1975), whereas equilibrium refers to satisfactory status, maximizing the beneficial effects on the all participants, such as citizens, clients, partners or other kinds of stakeholders.
Therefore, we may assume that every network is made up of many peripheral entities that are connected among themselves, but also that relationships are carried out with the environment outside the network, following a dense social relational pattern. A virtual centre has the task of connecting the entities that make up the aggregate, not only from a structural point of view but also from a systemic point of view, allowing each entity to communicate with the others while contributing to the final goal of service systems' networks. In this sense, its management functions as a meta-regulator of relationships, as it directs and monitors the reticular system. It must also make the intrinsic final goals of the network by encouraging its finalized development.
Despite the scope of directing and managing organizations for overall benefit and value creation, the processes that generate value are nonlinear, non-predictable, and difficult to handle, especially for the numbers of actors involved in both the production system and the consumption/market system.
Today, the value chain model is replaced by networking culture and the synergic co-operation of many actors with constant interactions and experiences sharing. Thus, the network and its complexity need to be addressed in order to better understand the potentials and challenges of these value creation models.
Thus, we can conclude by saying that economic actors cannot be considered apart from other organisations or from their operating context (Castells, 1996; Barabási, 2002; Capra, 2002; Barile, 2008). Participating actors in order to face environmental complexity (Hakansson, Ostberg, 1975) indeed stimulate interactions along the business, social, and political dimensions of every context.
In today's scenario, network studies, including studies of economic behaviour, resource allocation, collaborative advantages and the importance of alliances, roles, and cooperative strategies (Castells, 1996; Gulati, 1998; Capra, 2002), contribute to the conceptualisation of the value network (Allee, 2000) as a model of inter-organizational exchanges, an attempt to address the increasing complexity of inter-firm relationships (Polese et al., 2009).
Value Network represents '*a complex sets of social and technical resources that work together via relationships to create economic value in the form of knowledge, intelligence, a product (business), services or social good*" (Allee, 2000), that is to say that social relations and technologies have the key role to promote and sustain long lasting competitive value exchanges among actors (Mele, Polese, 2011).

4. Managerial and organizational tools in the fast fashion

Fast fashion can represent a valid case study analysis of the role of certain management models in the process of managing international markets complexity, characterized, specifically, from high variability in terms of finance, credit, planning and research, organization, distribution and patterns change in consumption. In this scenario, managerial models cannot be rigid and require continuous adjustments and corrections in order to identify optimal combinations of resources in limited times, in complex situations and in scarcity of information. The distinctive skills and technological resources – necessarily related to fixed investment in research and development – together with human resources and new models of integrated management, are the decisive factors of competitive advantage and the speed-to-market a crucial variable.
In the following part, as shown by Fig. 1, the main laverages for FF brands success will be analysed as well as their management, aimed at an efficient organization of the value chain.

Figure 1: The fast fashion industry leverages



Source: Our elaboration

Changes in consumption pattern and customer behaviour (analysed in paragraph 1) make it essential from a business view point the transition from supply chain management (SCM) to demand chain management (DCM), or a management of value chain activities driven by actual demand in the reference sector. The move to demand chain management involves planning of the supply chain no longer "starting from the factory" but "backwards from the end customer". While SCM was oriented primarily to cost reduction and optimization of merely logistical aspects, in DCM the efficient answer to the demand needs becomes the main objective.

The participation of the customer in value co-creation perspective is a key leverage and configure the development tools of information management and relationship management with customers, in order to identify trends and communicate certain data connecting the final demand with the system design, production and distribution, which means to develop an information infrastructure with reactive and interactive communication channels. The client opinion determines the success of the collection. So, the retail channel is an important dimension but for many years has mainly been used to strengthen communication in only one way. In current competitive contexts, instead, characterized by complexity, it follows the importance for the enterprise to have a continuous flow of information feedbacks to predict in advance future events or even to allow corrective course of action. Businesses in the fast fashion, thanks to synchronized interdependencies of all materials and information within purchasing, production, logistics and sales functions dynamically modify their activities based on input from customers (Chow et al., 2010), using the information and data from sales points to ensure customers a greater satisfaction preferences (Kozlowski et al., 2012), so that products are managed and revised by the department where they operate their own stylists and sent in production. The distribution strategy of vertical integration has among its objectives to implement an effective communication with the final consumer. Sale points offer as a suitable instrument to build a real relational platform, through which create solid relationships of trust with customers. Stores do not sell just the product, but involve clients.

The need for integration is also reflected in the strategies of internationalization for fashion companies, although global sourcing is one of the modes of internationalization widespread - with the consequent disintegration of the vertical chain of the value through the implementation of sub contracting in countries low labor costs (favoring an 'optical reduction costs, but greatly extending the supply chain of many players of the fashion world and causing the stiffness in time to the market) - in recent years is developing, by some companies, the trend of vertical integration, enhancing the speed-to-market. In certain economies and certain sectors of the fashion industry the need to have production closer to headquarters and renounce to cost savings has to be accomplish.

In fact, while manufacturing in less developed countries initially represented a cost advantage to the larger apparel firms which moved earlier abroad, the large number of subcontractors in many countries has made low cost global manufacturing available to even small competitors (Richardson, 1996).
According to what just said, communication and management of communication channel necessarily assumes a key role. The distribution formula in the fast fashion is based on the direct control of the shops which, while constituting a significant investment cost, provide better flexibility in the sales strategies, direct control of customer information and are an effective vehicle for the transmission of the corporate image. The latter, in the fashion industry is largely based on advertising, but a number of factors made this tool progressively less effective:

- crowding information to which we are exposed today generates cognitive filters that select severely advertising messages;
- some of the parameters of the traditional marketing (such as criteria for target segmentation based on socio-demographic) are no longer sufficient to explain consumption behavior, and then to design effective messages;
- the cost of advertising has increased tremendously.

In this context, it is extremely effective strategic decision adopted by FF brands to opt for an alternative leverage to advertising, which is distribution through strategies of vertical branding, ie downstream integration processes with the aim to control the process of distribution and implement effective communication with the end consumer to build brand image and brand identity. The store, in fact, using a variety of hard elements (location, internal and external layout) and soft elements (entertainment services), enables communication of brand identity through a direct relationship with consumers, and not through promises and expectations typical of advertising, which could well lead to disappointment; in addition, the sales point represents a suitable instrument to build a real relational platform, through which it is possible to create solid relationships of trust with clients; resources, which are traditionally devoted to investments in advertising, are used by FF firms to strategic positioning in the most central areas of the cities or in the shopping malls as well as in highly attractive location of the sales network.
In the case of traditional fashion, brand value as catalyst for the company's philosophy, has more importance than product itself transformed into a vehicle; conversely, fast fashion tends to enhance the product by reducing the responsibility allocation of creating value to the only immaterial communication, communicating first of all with the product itself. In the stores, not just products are sold, but client is involved, as receiver of the brand philosophy, as advocated in the *experiential view* (Hirschman, Holbrook, 1982), in which it is recognizes the importance to make the customer to live the experience, involving him emotionally during the purchase or consumption of a product: this is one of the most effective strategies to differentiate the offer of a brand from that of competitors. The emphasis is on the hedonic value of the product, that immateriality difficult to classify and able to satisfy the senses of the person and to nourish his imagination. The experiential perspective offers many tools, defined experience providers, that is " experience creators ", able to contribute to the success of a product, which include the design and packaging of the product itself, the atmosphere of the sales point, events, contexts of consumption and advertising. With this in mind the stores try to create an affective and emotional atmosphere around the product, capable of satisfying the desires of the consumer and the desire to escape from reality. It is clear, therefore, the need to make use of communication tool not only verbal, that tickle and intrigue the emotional and instinctive target customer emotional sphere.
Thus, the ownership of the sales network allows a full autonomy in the design of the variables that impact the shopping experience, as well as providing instant verification of the results of the communication policy in sales volumes. The companies of the fast fashion tend, since some years, to favor the creation of megastores that have a greater impact on customers and record a higher sales per square meter. For this reason the management of franchising and licensing is today more and more often replaced by a relation of ownership.

Season fading is another main change occurred in the apparel sector. In this context, it was born the concept of lean retailing pushing manufacturers to innovate their production processes in order to be able to meet the new demands of retailers and in this way to reduce the volumes of the finished product and, consequently, the risk of unsold. Companies prefer to offer at the beginning of season a wide variety of products in small quantities for each reference (Stock Keeping Unit - SKU) and then redefine production on the basis of sales data. This type of production is made possible by the systems of "quick response" (Hunter, 1990; Hammond, 1990; Iyer, Bergen, 1997). It is a system of process innovations applied to the clothing sector from the '90s, including the introduction of computer control systems of production and warehousing, with the objective of greater synchronization between supply and demand by reducing the lead time. Quick response is a strategy for linking retailing and manufacturing in order to provide the flexibility needed to quickly respond to markets. In fact, it enables manufacturers to adjust production in response to retail sales in order to deliver the styles and quantities needed to meet the demand more quickly, more efficiently and less risky. All operators in the fast fashion tend to have a time-to-market extremely small: from 25% to 40% of a collection is drawn and delivered in stores in a few weeks (on average from 4 to 6) (source: fast fashion magazine, 2013). Between the benefits, there are inventory costs reduction and fewer markdowns of overproduced items and so inventory risks The adoption of quick response systems requires a strong sharing of information within the supply chain and the ability of all actors to work in an integrated way (Iyer, Bergen, 1997), close coordination between the marketing, sales, and purchasing activities of the retailer and the design, production, and distribution activities of the manufacturer.

It is believed, however, that the fast fashion's most successful operative systems are characterized by the combination of quick response with enhanced design. In this case, the purpose of the business is to focus on the design and development of the trendiest products without sacrificing the reduction of lead time production. The enhanced design is carried out by a team of trend spotters who work closely with a team of designers. Their job is to constantly monitor everything is new and popular on fashion runways, to the "streets" and models preferred by customers in retail stores, thanks with immediate feedback from employees. Among the tools that many companies are using in recent years to identify trends in the market there are web 2.0 and social network sites that allow constant communications with stakeholders of the product or brand and provide continuous feedback, advice, opinions, and trends. Through integrated forms of communication, firms can attempt to persuade users towards new forms of consumption and use of products / services but at the same time acquire information and ideas.

The objectives that encourage companies to adopt these processes is to create higher value products for target customers, generating in them a greater willingness to pay and at the same time attracting higher level consumers. Clearly, the adoption of a process of enhanced design involves risks of a substantial increase in cost for the organizations: higher fixed costs (designers, automated platforms, etc.), and higher variable costs (more labor intensive, use of local skilled labor). For these reasons it is important to combine the enhanced design with the quick response: thanks to the rapid cooperation between all business functions, especially in retailing, fast fashion companies are able to constantly monitor the trade off between the benefits of the strategy (the availability of consumers to pay higher prices) and the costs (fixed and variable) incurred.

The basic idea of such a speedup is that fast response times and appropriate levels of quality and reliability of the final product represent together an effective response to create value and gain competitive advantages. At the same time, it is possible to overcome the traditional idea of a trade-off between savings in time, cost savings and variety, being aware of the difficulties related to such possibility. They are thus create two types of offer: the basic, oriented to a mass market, in which the collection is standardized and not very dissimilar from those of previous seasons, and for which brands try to maintain a low end price, also charging the production to overseas countries with low labor costs, and a fashion offer oriented to selective market that is characterized by constant and careful study of emerging trends, to which high prices are applied and the production process

remains within the company for the need of collaboration between the design team and production workers, quality control and deliveries.
Definitively, the joint application of the processes described seems to be able to reduce the strategic behavior of consumers, who delay intentionally purchases in order to wait for the sales. This behavior reduces the margins of retailers and can dramatically reduce profitability as well. In particular, quick response reduces the amount of stocks to sell during sales time, as it constantly control the production level; the enhanced design allows to offer customers products of superior quality and high fashion that is appreciated and that makes them less likely to take the risk of postponing the purchase not finding it available. In conclusion, quick response and enhanced design induce consumers to pay the full price, ensuring for the company a decrease in the expected utility as a result of future sales and an increase in actual utility given immediate purchase at full price.
Another important leverage is the ability to implement a strategy aimed at optimizing the entire supply chain as managed by an advanced information system. Short development cycles, simple prototypes quickly developed, small batch and high variety all ensure customers recent models availability in limited quantities, in a certain sense exclusivity is generated at a low price with frequent deliveries (Ferdows et al., 2004; Reinach, 2005; Dunford, 2006). To achieve such results agile and flexible supply chain models are organized, simultaneously adopting a series of practices different from other logistics systems adopted by enterprises in the fashion (Christopher, 2005). In particular:

- The synchronization of activities between suppliers and customers through the sharing of information throughout the supply chain, through the use of common databases and tools (such as EDI and POS);
- The ongoing collaboration between suppliers and buyers, through the adoption of procedures such as Vendor Managed Inventory (VMI) which shift responsibility for inventory management from the customer to the supplier, where the latter programs purchase, production and distribution no longer on the basis of the orders issued by the client, but on the information shared within the supply chain related to sales and consumption rates;
- The reduction of complexity through a production plan driven by actual demand and the forecast of the functions of sales or marketing, so as to reduce the variety of products to that really desired by customers. Moreover, the simplification is obtained by the elimination of activities that do not add value, the reduction of the suppliers number and closest relations with the rest of them;
- The adoption of a production design which postpones the assembly phase and final configuration of the product in time closer to the demand, in order to accomplish customer needs. In this way, it is possible to have in warehouse only stocks of semi-finished products, and not finished ones. To achieve agility in the supply chain is, in fact, necessary that the semi-finished products must only be assembled and distributed; usually this is done through the use of the technical design of effective products such as Design For Manufacturing (DFM) and Design For Assembling (DFA);
- The priority on the management of processes instead of individual functions. Inter-functional processes, understood as a horizontal series of activities that create value for customers, are handled by interdisciplinary teams enjoying high autonomy as to reduce the stiffness and slowness to react to demand changes. In contrast, organizations that follow a logic based on division of labor, in which the assets are divided for business functions or departments, while getting an effective use of resources are slow to react to market changes;
- The use of appropriate performance indexes. Having agility as objective, fast fashion brands prefer to traditional performance indicators, metrics based on time, such as the production cycles reduction and time-to-market, a widely used measure is the perfect fulfillment of the order. A perfect order is one in which the customer gets exactly what they want in time and place determined.

The fast fashion companies differ from each other in the choice of supply modes, some prefer the global sourcing, as it allows to adjust quickly to demand changes, while others opt for vertical integration which allows for a greater collaboration and sharing of information in the supply chain, the exploitation of economies of scale and learning economies and the application of Quick Response which cannot be realized without a close and integrated relationship between all actors. In fact, such companies, although manifest the prevalence of one of the two modes, usually take part in their production with relations of the other type.
To conclude, FF success is determined by a complex mix, characterized certainly by the time reduction, but also by advanced management tools, by an efficient organization of the value chain, realized acting simultaneously on a number of leverages which joint application creates strong production potentialities and a competitive differential.

5. Conclusions

Apparel markets have become more varied and faster changing. The development of new, quick fashion reflects the transition from a production-driven to a market-driven approach in the fashion apparel industry.
During the past two decades, the fashion apparel industry received increasing attention in the buyer-supplier relationships and quick response supply chain management (Crewe, Davenport 1991; Fiorito et al., 1995; Sohal et al., 1998; Perry, Sohal, 2000).
Retailers have started realizing that flexibility and rapid responsiveness to the market are the core for competitiveness in today's market. The obsolete long-buying cycles for many fashion retailers has forced them to improve responsiveness through quick response (Fernie, Azuma, 2004), just-in-time (Bruce et al., 2004) and agile supply chains (Bruce et al., 2004; Christopher et al., 2004). In order to improve efficiency in the demand-driven market, such practices have been related to vertical integration consisting in collaboration, information sharing and trust between entities in a supply chain (Birtwistle et al., 2003).
Companies that have distinguished themselves in the fast fashion for their ability to provide a solution to problems such as the high variety and volatility of demand, are characterized by a strong responsiveness to the enterprise-market synchronization problems through an orientation to time efficiency, which translates into efficiency gains by reducing the operational processes time resulting into a rapid response to the market demand. The result is the creation of products with a high degree of consumer tastes compliance as well as with a lower lead time than the typical programmed model.
Though the success key in the fast fashion is identified precisely in such a time reduction, the competitive advantage of these brands lies in the reorganization of activities, which are no longer managed by a division between phases and business functions, but as functional interdependent processes, through a collaboration at all levels of the supply chain according to a model of mutual long-lasting share. Such a vision focused on processes - which assumes a high level of integration of the activities not of the structures - involves a shift from hierarchical patterns to reticular ones which, through high levels of coordination, appear to be agile and flexible structures.
The need to decrease times is also changing the trends in supply chain management; fast fashion companies are oriented to a strategy of strong connection with the local sub-providing system, in the perspective that geographical closeness implies advantages (agile supply chain, reduction of inventory levels and of stocking), which can over-compensate the cost differentials of production decentralization and externalization.
Therefore, there are many innovative aspects introduced by brands in the management models of fast fashion industry (among which we recall here the shift in a production logic from push to pull and the abandonment of advertising as a mean of communication); hence, it results to be reductive to retrace the phenomenon of fast fashion simply to the timing factor.

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