Fashion’s landscape of ideas circulates to both consumers, through the media, and producers, through predictions of the fashion direction. From a fashion perspective, clothing production’s craft is manufacturing ‘concrete objects materialised out of abstract ideas’ (Guillet de Monthoux and Strati 2002:2). This chapter examines the processes associated with the materialisation of ideas after producers have selected the styles that will be manufactured in any season. It aims to understand how fashion styling, as a form of knowledge, acts to shape the strategies of firms and the technologies of production. To that end, it specifies the interconnected activities that contribute to the work of materialising fashion ideas as garments. The chapter completes the discussion of how styling is incorporated into clothes by shifting the scale to the micro-level of industrial organisation, to consider in practical terms how fashion ideas and fashion knowledge insinuate themselves into the production system.

Rather than focusing the discussion at the level of firms, the emphasis on fashion ideas leads naturally to an emphasis on the production of garment brands. Brands exist in a different dimension to firms – one firm may control many brands, but the reproduction of each brand involves a range of specialised tasks that are rarely contained within a single firm. Firms are only the ‘crucible within which both macro- and micro- forces meet and are played out’ (Taylor 1984a:8) when the forces effecting their operations are defined in narrow terms of production, labour, money capital and regulation (see also Taylor and Asheim 2001, Yeung 2000). Thinking at the level of brands overcomes the problems of firm scope and sets aside, initially, the vexed issues of vertical integration or disintegration in clothing production’s social and technical divisions of labour. Considering the distribution of activities within brand-bound complexes of firms facilitates an analysis that is conscious of knowledge transmission, reception and translation, but is also sensitive to the mechanisms that coordinate fashion’s styling with its seasonal rhythms. Exploring how fashion ideas expressed as brands act to structure the economic spaces of clothing production creates a framework for understanding interactions between firms and within firms, as well as their spatial
extensiveness. The resulting metaphor of clothing production informs the discussion of the internationalisation of garment production in the second part of the thesis.

The conceptualisation set out in this chapter addresses the major failing of previous research, which has tended to be polarised, emphasising either commodity flows or conceptual flows, but not both at once and not the nature of the interactions between them (Hartwick 1998:425). It places more emphasis than previous depictions on flows of knowledge and on the techniques that incorporate knowledge into material objects. This chapter highlights the practical means by which the production of material goods is increasingly governed by non-material powers — knowledge, expertise, planning and cybernetic skills.

The chapter is structured as follows. Section One describes the contemporary business discourses that underpin firm strategies in the fashion sector. Section Two discusses how firms combine multiple forms of intellectual property strategically to build and demarcate economic and social spaces—or brand identities— that incorporate business image, commodities, their representations, and associated forms of corporate organisation. Next, in Section Three, the discussion shifts to the role of fashion brands in bringing organisational coherence to the disparate activities and actors that comprise micro-level fashion systems. The coordinating role of brands is explored in Section Four. Here, the various components of fashion production are described as fields of activity linked by flows of ideas and commodities. This section develops the notion that fashion business is centrally concerned with the simultaneous coordination of fashion’s stylistic and rhythmic elements. The penultimate section seeks to understand the distribution of these activities among firms, explaining the vertical disintegration of fashion firms in terms of the disjunctures between incompatible specialisations. The chapter concludes that the organisational forms characteristic of the garment industries, and their spatial expressions, are the outcome of interactions between the stylistic and temporal imperatives of fashion.

6.1 The Economics of Fashion

The strategies of firms in the fashion and garment industries reflect firms’ understanding of the nature of fashion and the ways in which fashion influences consumer preferences. As ‘trickle-down’ theories of fashion diffusion have been replaced by a greater awareness of fashion’s close association with social group and
individual identity, firm strategies have altered accordingly. Conventional economic analyses based on ‘trickle down’ diffusion focus on fashion’s temporal rhythms, resulting in business strategies oriented to sensing and rapidly responding to the changing consumer mood. Since the development of discourses that assert a link between clothing and identity, new business discourses have focused on the relationship between products and consumer desire. This shift has considerable implications for industrial organisation.

6.1.1 Fashion Business as Time Competition

Conventionally, economic analyses highlight fashion’s rapid product obsolescence, its short product life cycles and its unpredictable, volatile or fluctuating demand conditions. The focus on the temporal aspects of fashion encourages the adoption of time-based competitive strategies that bring production closer to the market’s changing moods. In this view, successful firms ride expertly along the wave of fashion – but the fashion wave itself is formed in the mysterious depths of social processes that are external to firms and beyond their scope of influence.

Fashion’s rhythmic aspect is significant economically because its timing regulates the pace of fashion style changes and therefore the duration of the fashion industries’ circuits of productive capital (see Sheppard and Barnes 1990). In the context of uncertain consumer reactions to each new season’s styles, firms’ sales revenues in one season become the working capital available for investment for the next season’s production. This creates a precarious environment characterised by shallow capital. It implies path dependent trajectories of growth or decline over sequential seasons.

The economic significance of fashion changes are frequently explained in terms of a modified version of Vernon’s (1966) product cycle model, in which production moves through sequential stages, beginning with design and progressing through development, initiation, growth, saturation and decline (Sproles 1985, Figure 6.1). Fashion garments that capture consumer interest are characterised by rapid growth and high market penetration. Because consumer moods change, fashion garments’ marketability declines more rapidly than more standardised goods. Fashion clothing’s value to consumers collapses with the change in the fashion season. In effect, fashion garments have no ‘mature’ stage of development – they are structurally positioned in
the most uncertain (development and initiation) stages of product life cycle (Wasson 1981).

![Diagram of the Product Cycle for Fashion Garments](image)

**Figure 6.1 The Product Cycle for Fashion Garments**  
Source: Adapted from Vernon (1966) and Horn (1968).

These characteristics have important implications for firm strategy. Rapid product obsolescence creates an incentive for firms to limit their stocks (through limiting supplies and exhaustion strategies), to price late-season garments for the extraction of maximum profit, and to exploit geographical differences in consumer preferences (the differential penetration of fashion trends) to extend product lifetimes (Harrigan and Porter 1983). Pricing strategies are commonly related to product stages: garments that are ‘in’ fashion and ‘in’ season are less price sensitive, but price elasticity increases with the product-life ageing (Hanna and Dodge 1995:126). Because fashion

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1 In addition to its incessant quasi-seasonal rhythms, fashion also displays longer term trends as fashion changes evolve in a dialectical interrelation with technological change, restructuring of the social division of labour, regulatory changes, and changes in the construction of gender (Fine and Leopold 1993). In addition, trends such as the rise and fall of the mini-skirt span a number of fashion seasons.
garments experience a rapid decline in demand after their appeal has peaked, firms favour break-even and cost recovery pricing strategies combined with conservative sales projections (Balestri 1982, in Storper and Salais 1997). Therefore, a fashion product that leads a popular market trend —becoming a fashion ‘icon’ for a particular season— will attract high profits by virtue of its initial pricing structure. Firms that predict most accurately the communal fashion mood are rewarded with windfall profits.\(^2\)

Fashion-oriented businesses face high risks because market acceptance is always uncertain and dependent on consumer whims. Conventionally, economics understands uncertainty to increase exponentially with the length of time between the design of a garment and its offering to consumers at the point of sale. Assuming consumer preferences are exogenous, fashion’s time sensitivity implies that the closer production tracks the market, the less the risk of consumer rejection. In Figure 6.2., the curves AB and A’B’ show the degree of uncertainty, quantified as ‘fashion forecasting error’, as a decreasing function of the time between sales forecasts and the start of a fashion season. This inverse relation creates an incentive for firms to reduce lead-times and bring product decisions closer (in either temporal or geographical terms) to consumers. Reducing business risks in this way translates into improved returns on investment by limiting discounting of unsold end of season stock (Blackburn 1991).\(^3\)

The combination of the product cycle and shifting consumer preferences generate fashion’s distinctive competitive conditions and its distinctive organisational forms. Firms are independent actors, but since they recognise that their prices will be quickly matched by competitors, they tacitly cooperate by creating price ‘clusters’ – or customary pricing levels – which are stable across firms and across time but which vary with the type of product and the type of consumer (Woodside and Davenport 1976). The range of styles available at any level of the hierarchy of fashion attracts similar prices, so that within price-income strata consumer choices are determined primarily by style and other non-price factors. Higher status (designer and brand name) clothing maintains a highly inelastic pricing framework (Litvak Calatone and Warshaw 1985). The outcome is that cost pressures on firms are expressed in quality and/or quantity changes rather than in mutually destructive price wars. This produces fashion’s

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\(^2\) Provided the firm is in a position to meet unexpectedly high level of demand for its products.

\(^3\) At the end of the season, mark-down may be as much as 70\% of the original or start of season price (Webber and Weller 2001a).
characteristically quasi-monopolistic industry conditions and its ‘kinked’ demand curves (Sweezy 1953 [1939]. In addition, these conditions create an incentive for firms to maintain production cost equivalences relative to competitors, implying rapid industry-wide adoption of production innovations.

Overall, in this conception of fashion as a form of time-related unpredictability, market prices reflect the position of garments in relation to the fashion season and the fashion mood, which are external to any single firm. Firms prosper by ‘reading’ the market accurately and responding to it quickly.

6.1.2 Fashion Business as Controlling Market Spaces

Post-modern perceptions of the relations between clothing, personal identity and lifestyle have developed in parallel with new business approaches that focus on firms’ relationships with their customers, on the management of ideas and the commercial exploitation of the meaningful nature of objects. Rather than riding the fashion wave, this approach puts firms inside the wave, including them as a part of fashion’s energy. ‘Consumer Capitalism’ intervenes in the relation between meaning, consumer desire, and value to redefine the usefulness of commodities. It recasts the relationship between consumers and firms and develops new modes of constructing ‘need’ (Arthur 1996, Vandermerwe 1999). This strategic re-orientation adds new sophistication to the

Figure 6.2 Time and Uncertainty
Source: Adapted from Blackburn (1991:250 Exhibit 2)
production of new consumption as ‘a necessary aspect of the accumulation of capital’ (Harvey 1999 [1982]:8, see also Poire and Sabel 1984).

Recognising that clothing’s consumer markets are segmented into multiple market ‘spaces’, consumer capitalism proposes that firms develop niche products that complement the lifestyles of the consumers who fall within a targeted market space. To create such spaces, fashion businesses target established and emerging sub-cultural groups (Hebdige 1979, Mort 1996, Muggleton 2000). By identifying and building on particular social groups’ stylistic preferences, the firm makes itself a part of the group’s social world, interacting reflexively with its market. Products become a part of the group’s definition and shape ultimately the group identity (Thornton 1997). Securing customer loyalty creates a virtual monopoly over purchasing behaviour (Pike 2001).

Entrepreneurial firms take the connection with the market further, and create their own niches by operating in the social world to reorder existing conceptual frameworks and systems of classification in ways that recombine sets of attributes and re-orient consumers’ perceptions of the value of commodities or experiences (see Foucault 2001[1966]). However, given that consumer desires are constantly in motion, the ‘capture’ of a market space is always temporary. The makers of consumer products must either innovate to accommodate their audience’s shifting desires, or accept that brand ‘lifetimes’ are finite.4 Social groups that are too small or too poor to constitute an economically viable market are simply ignored, but if a social group increases in popularity, it is subsumed quickly into the mainstream as a ‘new’ fashion direction.

The logics of consumer capitalism re-orient conventional business strategy. Firm objectives (and the languages used to describe those objectives) are revised to create the impression of mutuality in the relationship between firms and consumers. Compared to marginal economics, consumer capitalism places less emphasis on market share, factor costs, regulatory infrastructure costs and short-term price competitiveness, and more emphasis on defining market and ‘enterprise’ spaces, extending the range of services contained in those spaces, and building ‘consumer value’ (loyalty) over time (Table 6.1). Because consumer capitalism views market prices as a measure of the intensity of consumer desire for any product (rather than as an indicator of its relative

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4 A recent example is the once booming ‘Globe’ street-wear brand, which began failing in the market when its target social group - young male skateboarders – moved on to new interests (Australian Financial Review 11/01/03).
abundance or scarcity or as a reflection of production costs), it is cognisant of the ways in which value is created and enhanced by consumers’ preferences.

Table 6.1 Traditional and Customer Capitalism Compared

<table>
<thead>
<tr>
<th>Traditional Capitalism</th>
<th>Customer Capitalism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aim</strong></td>
<td>Maintaining the status quo.</td>
</tr>
<tr>
<td><strong>Leaders</strong></td>
<td>Replicating and improving products and/or services.</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>Inventing new technologies.</td>
</tr>
<tr>
<td><strong>Object</strong></td>
<td>Optimising margins on unit transactions.</td>
</tr>
<tr>
<td><strong>Means</strong></td>
<td>Increasing market share in product/service categories.</td>
</tr>
<tr>
<td><strong>Value</strong></td>
<td>Making and moving more core products.</td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td>Markets and average consumers.</td>
</tr>
<tr>
<td><strong>Unit of Competition</strong></td>
<td>Companies, countries, industries.</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Scarce tangibles.</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>Return On Investment, Return On Asset and Return on Capital targets.</td>
</tr>
</tbody>
</table>


When consumer capitalism thinks in terms of ‘market spaces’, it includes all the products, the events, experiences, promotions, and customer service activities that generate consumer interest and secure control of a target market. The conditions at the point of sale are crucial to building brand identities, enhancing the value of products, building consumer loyalty and introducing brands into consumers’ lifestyles. Focusing on the emotions that elevate consumer desire encourages the development of follow-up services and other experiences (such as sponsorships) which generate ongoing interactions and lock in loyal customers: the aim is ‘not just bringing customers back for a repeat purchase, but seducing them, increasing the depth, breadth, longevity and diversity of their spend’ (Vandermerwe 1999:125). In consumer capitalism, therefore,
the creation of value transcends its historical embeddedness in commodities to reside additionally in the services that accompany material commodities and in consumer perceptions of value. From this standpoint, distinctions between commodities and the services that support commodities dissolve, and intangibles – ideas, knowledge and information—become at least as important as the ‘things’ they are associated with. Since intangibles are an infinite and mutable resource, they generate sustained growth and increasing returns on investment (Vandermerwe 1999:15, see also Romer 1987).

The creation of value does not reside ‘in’ products so much as in the activities associated with the maintenance of brand loyalty (only some of which are product based). Thus, firms’ competitiveness is measured in terms of relationships rather than by more conventional criterion such as output/labour ratios. A commodities’ market price, in that case, expresses multiple forms of value.

6.1.3 The Basis of Competition

When fashion is viewed in terms of time competition, the underlying assumption is that fashion garments are undifferentiated, and that firms compete with one another for market share. The alternative view strives to ensure that fashion commodities are not substitutable across market segments or brands within segments, so that each firm controls a minor monopoly in its target market. Firms that manage brands adopt the latter viewpoint.

6.2 Fashion, Brands and Commodities

Combinations of market oriented knowledges are brought together in fashion brands. In consumer capitalism, firms fill market spaces with brands that link design-rich products to the emotions and values of specific market segments. An extensive literature in business studies describes how brands ‘work’ by appropriating meanings and by surrounding themselves in socially desirable meanings (for example, Tauber 1988, Kapferer 1999). Brands provide a framework in which different forms of knowledge can be united, they circumscribe sets of knowledge and strategic assets and mark the boundaries of firms’ intellectual property rights. Fashion brands have an intimate relationship with commodities through their embedded design qualities — commodities are the focal point of brand activity because they carry the brand into the marketplace.
6.2.1 The Nature of Fashion Brands

Because each branded garment style can be defined in terms of its relation to the history and discipline of fashion, the styles created within any brand are inevitably positioned in a wider context. In the fashion industries, brands stabilise the otherwise slippery over-determined and under-coded meanings of garments and provide continuity across the rhythmic changes in fashion seasons. In this respect, fashion brands function to moderate the uncertainty of fashion over time by facilitating control and stability over consumer valuations. Brands perform multiple and complexly interrelated functions which include the capacity to:

(i) Assemble into a coherent package different forms of intellectual property;

(ii) Constitute a form of capital with a quantifiable market value;

(iii) Frame the aesthetic meanings of commodities;

(iv) Frame the emotional appeals of commodities;

(v) Provide product information to consumers;

(vi) Act as markers of quality and prestige;

(vii) Stabilise the meanings that consumers read into clothes;

(viii) Stabilise the value of individual commodities during the fashion season;

(ix) Stabilise the value of brands across multiple fashion seasons;

(x) Conceal the less appealing aspects of commodity production;

(xi) Raise consumer use values;

(xii) Signal expected price levels;

(xiii) Provide a lever by which firms manage consumption practices;

(xiv) Frame corporate identities;

(xv) Demarcate the scope of firm influence;

(xvi) Provide a codified expression of the brand aesthetic.

Through their relation to fashion knowledge assets, brand identities express, in an institutional framework, firms’ and commodities’ different positions in the hierarchy of styling complexity. The brands of elite designers can be distinguished by their aesthetic
qualities and stylistic referents, their complex knowledge content and their exclusive position in the market. These characteristics are protected by multiple forms of intellectual property rights (copyright, design right and trademarks) and are defended by economically powerful firms. In mass brands, on the other hand, where fashion knowledge is derivative, brands are less well protected by design-based rights and rely more heavily on the protection of trademarks. Elite brands and mass market brands use different sources of power to create monopolies, but each brand is positioned in a specific relation to the landscapes of fashion.

6.2.2 Brands and Commodities

In fashion, there can be no such thing as a commodity in its ‘natural’ or unbranded state because the branding process is incorporated into both design and input selection. Brands can be ‘added’ or appended to pre-existing commodities only when those commodities share the aesthetic values defined by that brand. It is useful therefore to understand the branding process as injecting into commodities at the design stage a latent form of (use) value that is not activated until it is united with (informed) consumer desire.

Since brands’ relationships to commodities are interwoven with the personalised nature of fashion, the aesthetic attributes or ‘aura’ of brand identity is paramount. Björkman (2002:69), extending the ‘wrapping’ metaphor first introduced by Haug (1986), defines brand aura as ‘a cover that is related to the feeling-experiences of beauty, exclusiveness, unique (sic) and authenticity that a product, service or brand creates’. However, since style qualities infuse garments, it is preferable to conceive of the brand aura is not as a cover, but as an expression and confirmation of qualities embedded in commodities.

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5 Since brand identities exist in a relation to the hierarchies of fashion, many less complex manufactured garments contain generalised style referents that are compatible with multiple, related brand identities. Therefore, an independent Hong Kong shirt-maker hoping to sell products to American buyers might manufacture purposefully products that appeal to a cluster brands that occupy similar positions in the landscapes of fashion by abstracting (generalising) their stylistic predispositions.

6 The notion of ‘aura’ comes originally from Benjamin (1973[1939]).
6.2.3 The Qualities of Fashion Brands

The unique qualities of fashion brands are revealed by comparing brand representations in the clothing and food sectors.\(^7\) In general, food brands generate stable, product-focussed definitions that build on their relationship with primary inputs to promote the association between a brand, a product and its ‘natural’ ingredients. Food brands also frequently localise their referents, presenting romanticised images of their sources in primary production locations (as in ‘Kenyan Coffee’ or ‘Jamaican Rum’). Garment firms do the opposite, striving to distance their brand identities from both component raw materials and production conditions. Clothing brands focus instead on timeless, spaceless and emotionally-charged ideas that fix meanings to intangible personalised referents—such as freedom, love, or family—that have a universal functionality.\(^8\) This is summed up by the manager of a brand specialised to basic ‘jeans and t-shirts’ fashion:

> Simplicity is our mantra. It goes through everything we do … the clothes, the stores, the business.

Interview AU03

By this measure, clothing brands are more highly evolved than food brands since they have moved further away from identities linked to provenance. The specificities of fashion brands link them to personal and lifestyle associations, but these interweave with the materialities of garments and fabrics.

> These are designers … the people who own the brands and the brand names. … without the designs, any Joe Blogg can make a shirt. It’s the differentiation that sells the garment and makes the money.

Interview HK17

Nonetheless, both food and clothing firms use brand mythologies, images and representations—often romanticising craft-based production forms such as hand-sewing

\(^7\) This comparison draws primarily on Fine and Leopold (1993).

\(^8\) The raw materials used in clothing manufacture are often unappealing and many early stage processes in garment production entail environmental sensitivities. Tencel © fabric, for example, is made from cellulose, which is produced from politically sensitive wood-chipping.
of garments or foot-stamping of grapes—to conceal production practices and distance products from undesirable associations, such as the conditions of manufacture in ‘Third World’ sweatshops or plantations. The practice of using brands and store ambience to distance fashion from the realities of garment production has characterised the garment and fashion trades since the inception of mass production (Frances 1993, McRobbie 1998). Obscuring the connections in the supply chain protects brand images from the unwelcome attention of labour rights activists.9

Sectoral differences in brand genres show that brand identities reflect, in broad terms, the qualities of commodities. Yet the characteristics of brands remain distinct from the commodities to which they refer. In fashion, the actual commodities that reach the market each season are the constantly changing embodiments of evolving brand identities, but the brand is disarticulated from any single object to the extent that the use value (the thing that consumers want) is the brand. For a handful of strong global brands such as Nike, the actual commodity is secondary desire (Goldman and Papson 1998).

6.2.4 Brands as Communities of Practice

Consumer capitalism encourages managers to reframe organisational goals to focus on the manner in which organisations create value rather than the manner in which they make things. In the late 1980s, to complement that perspective, a ‘cultural turn’ in organisational theory resulted in social and cultural practices within organisations being viewed increasingly as instrumental in the realisation of organisational goals (Alvesson 1993:28). Businesses came to understand their role as constructing their firms’ organisational ‘aura’ in the same way as design aesthetics construct the ‘aura’ of garments. Organisational structure and coherence became a strategic issue (ten Bos 2000:100). In consumer capitalism, since brands target market spaces which in turn define the boundaries of ‘enterprise spaces’, they also underpin corporate identity and corporate power.

In organisational cultures, brands act as metaphors, where, through the use of common language structures, they create for both customers and employees a ‘timeless reality’ or common ‘sense of knowing’ (Berlin 1981:98). Effectively, brand identity

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9 Major garment brands have also introduced ethical sourcing codes in response to labour rights campaigns that highlight supply chain linkages (see Chapter 11).
brackets together aesthetic, symbolic and cultural knowledges with the processes required to produce and market fashion. The stylistic predispositions of brands establish and reinforce organisational decision rules and routines according to aesthetic or style-related criteria in a manner analogous to the functioning of specialised technical knowledge resources within organisations (see Arrow 1962, Dosi and Marengo 1992).

Thus, we can understand the brand as providing an organisational context; as defining the boundaries of organisational ‘communities of practice’ (Brown and Duguid 2000, Wenger 1998), and therefore as defining the scope of tacit knowledge flows and collaborative problem-solving activities within and between firms (Denning 2001). When brands act in organisational terms, they connect and unify different fields of activity and provide the basis of communication between disparate elements (Björkman 2002). Brands therefore promote organisational coherence by offering, in a packaged and codified form, the sorts of shared understandings that managers hope their workers to internalise. In organisational terms, then, brand power re-positions the means of control over the labour process from coercive to collusive means. Brands overcome, to a degree, the disorganisation produced by contested objectives and motivations within organisations (see Schoenberger 1997, O’Neill and Gibson-Graham 1999).

Brand identities are not contained by institutional barriers. Brands extend the power of brand-owning firms beyond their own boundaries to incorporate associated firms and actors involved in the production of the brand. As they transcend and permeate firm boundaries, brands extend the ideological commitments of a company image, and therefore function to blur the boundary between the controlling organisation and ‘not’ the controlling organisation (Zwicky 1992:384). Organisational cultures thus adopt an ‘anthropological patina’ where ‘the concept of a fixed, unitary and boundary culture must give way to a sense of the fluidity and permeability of cultural sets’ (Wolfe 1982:387). As external firms are re-defined as a part of a brand’s community of practice, the scope of the brand-holding firms’ make-or-buy decisions alters. Effectively, the benefits of vertical integration can be achieved without its associated costs.

Brands in this sense provide a sophisticated and indirect system of control over production that draws on multiple organisational capabilities and integrates multiple

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10 The context of this quote is Wolfe’s (1982) discussion of cultural responsiveness to wider socio-political forces, but it is apt in this context as well.
competencies (Boisot 1998). These include production technologies, which configure social and physical systems to produce physical outcomes (garments), as well as strategic and organisational skills and competencies that enable commodities to be produced at an acceptable level of performance and quality.\textsuperscript{11} Firms succeed in (and profit from) garment production when the products they manufacture or trade are sold at prices greater than the costs of production or purchase. They profit greatly when the garments they produce capture the imagination of consumers – when garments’ aesthetic appeals elevate perceived values in the eyes of consumers.

6.2.5 Conclusion: The Power of Brands

To sum up, the metaphors contained in brand identities suffuse organisations and groups of organisations, creating their own ‘imagined communities’ (Benjamin 1973, Wenger 1998). Brands effectively extend organisational units from firms to include all the actors that contribute to the production of branded commodities and their related images. The power of brands is the capacity to override groupings based on equity (firms), to generate coherent linkages between organisations that are not necessarily involved in sequential value-adding relationships, and to bind together otherwise disparate entities across a range of specialisations. The power carried by brands is a discipline but also a process and a form of sovereignty (see Clegg 1989). Firms able to assert control over a brand—through its control of the intellectual property contained in unique designs—can incorporate or subsume into their organisational cultures multiple associated or subordinate firms without necessarily entering into formal arrangements of co-operation or dominance (contra Ruigrok and van Tulder 1995). This observation has implications for both network and commodity views global garment production because it envisages multiple modes of power operating simultaneously through firm interactions.

6.3 An Articulated Production System

In the past, within production-oriented metaphors of clothing production, descriptions of industrial structure have identified a set of institutional actors (retailers, wholesalers, manufacturers), and then described the shifting relationships between them in the context of changing social and regulatory conditions (Fine and Leopold 1993, Webber \textit{et al} 1992).

\textsuperscript{11} These are components of technological change (Webber \textit{et al} 1992).
Incorporating the role of brands and fashion values prompts a re-conceptualisation of fashion production as a system based on multiple micro-level groups of firms organisationally bounded by brand identities. This shifts the emphasis to the coordination of material and non-material aspects of fashion processes, the structures and spatialities of brand-production territories, and their relationships to fashion’s styles and rhythms.

The work of injecting desirable (fashion) meanings into garments and simultaneously ensuring that garments’ meanings are meaningful to (and valued by) potential customers requires the application of multiple forms of knowledge, some of which are codified and some tacit.\(^\text{12}\) Production requires the application of codified technical knowledges — such as the capacity to write design specifications, to make patterns and to operate machinery — that can be gleaned from books and instruction manuals. But producing fashion requires also knowledge of fashion styles and trends — knowledges that are in constant flux and that resist codification. Accomplishing the physical act of clothing production therefore requires creating a locus of interaction between different types of knowledge. It involves simultaneously articulating aesthetic quality into material products and into public images in a way that triggers emotional responses in target consumers.

Fashion production incorporates numerous related processes that adjust constantly both in themselves and in relation to one another. These can be understood through the notion of articulation, which envisages inter-linkages between elements as related structurally but in non-necessary, shifting and dynamic connections (Hall 1986:53).\(^\text{13}\) The notion of articulation makes it possible to think simultaneously of structural relations and indeterminate outcomes and at the same time to identify different modes and intensities of power relations. Applied to the fashion system, articulation provides a framework for describing the inter-relationships between material and non-material processes at the level of the tasks performed to produce commodities within each brand’s community of practice. The components of the

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\(^{12}\) Still, tacit and codified from of knowledge are complexly related to one another (Gertler 2002).

\(^{13}\) Note that Hall’s (1986) use of the term ‘articulation’ differs from its meaning in anthropology, where it refers to the relationship between capitalist and other modes of production.
articulated production system include all of the elements that must be coordinated to reproduce fashions from season to season.

6.3.1 Brandspaces

Because brands unify commodities, ideas and organisations, each brand is the centre of its own micro-level fashion system. Each fashion system can be conceptualised as comprising three interconnected fields of activity: the creation of fashion ideas, their reproduction in commodities, and their reception by consumers. Together these fields connect the world of ideas about fashion to the world of goods.

Figure 6.3 Brands in the Production System

Figure 6.3 depicts brands as positioned in the landscapes of fashion and as integrating flows of knowledge and flows of commodities. Each field of activity displays distinctive organisational and spatial characteristics. In the field of *Representations*, generalised fashion knowledge is transformed into brand-specific

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14 The notion of a ‘field’ of activity demarcates sub-systems which are relatively autonomous from each other but which are at the same time functionally dependent on the other elements (Bourdieu 1988).
interpretations. It connects the brand with the specialisations that define and promote a distinctive brand identity. The knowledge accumulated in this field provides the raw material from which both garment designs and brand images are created. In the field of Re-production, designs are made up as samples and then into multiple reproductions as commodity garments. The field of Consumption includes retailing, the structures and ambiances created to promote sales, and the socially constructed consumption practices that develop in such spaces. Firms that control a brand are in the best position to maintain an overview of these processes and to coordinate their various aspects to ensure that commodities bearing a season’s favoured styles arrive at retail stores at the same time as consumers’ desire for those styles flourishes.

The activities in each field adjust continually to each other and to changes in their external environments. Every change in consumption preferences and fashion trends produces changes in styling that place different demands on manufacture and reposition the market value of existing designs. Representations change with the fashion mood but also diverge from it to differentiate brand identities. Production methods and production locations shift as technologies, labour costs and the regulations governing clothing production change in absolute and relative terms. Each technological change in production alters the range of possible styles that can be made cost-efficiently in any location. New technologies also shift production cost relativities between products to alter consumption patterns. Fashion’s consumption spaces are sensitive to changes in consumer spending as well as broader social changes (Fine and Leopold 1993). Therefore, articulated fashion production generates dynamic and dialectically related spaces of activity. Fashion’s fields are connected or articulated by flows of ideas and commodities - their different imperatives, timings and spacings shape the organisation of brand-led production.

6.3.2 Concept Flows

The concept flow carries symbolic representations of fashion knowledge, codified as a brand identity, into the marketplace. It includes tasks associated with predicting, harnessing, accommodating or manipulating consumer preferences to maximise the extent to which the characteristics of garments develop in tandem with consumers’ ever-changing perceptions. This flow incorporates conceptual, business and artistic specialisations including concept development, design, marketing, point of sale strategy and market intelligence (Figure 6.4). Marketing and advertising strategies, brand
positioning and retailing strategies construct (and reconstruct seasonally) the brand image in the minds of consumers. These functions are necessarily located close to the market and in places with marketing and market research expertise.

![Diagram of Concept Flows – Design and Consumption]

Figure 6.4 Concept Flows – Design and Consumption

The decisions in this field — about brand positioning and price orientation, the scope of the brand’s product range, and the definition of a target market — are made in relation to dynamically changing market and business conditions as well as in relation to rival brands’ strategies (given that each brand is positioned relative to others in fashion’s hierarchies). To monitor consumer preferences, market intelligence spans the immediate monitoring and feedback on sales, formal market research, longitudinal analyses of changing demand patterns, studies of trends in consumer behaviour, and informal knowledge collected through personal exchanges. For larger firms, the concept flow has expanded with technical advances in computing and statistical methods that enable the collection and detailed analysis of information about consumer preferences (Cornish 1995:330-331). Nevertheless, while the ‘science’ of marketing may reassure producers anxious about market uncertainty, rapid fashion changes imply that in the short term the smaller firms in the industry rely on fashion predictions, feedback from retailers and the ‘gut feeling’ of fashion experts, rather than on formal market research.
6.3.3 **Translation Flows**

Previous accounts of garment production process have underestimated the importance and complexity of the skills involved in translating ideas into objects. Clothing designs carry the aesthetic values of brands into the material world of commodities. In the translation flow, the aesthetic preoccupations of designers are converted into a language that can be comprehended by manufacturers. This flow conveys ideas, information and instructions from the representational to the production field.

Organisationally, the translation flow is the most difficult aspect of garment production because activities in the field of production, where work is framed by the discourses of competition, benchmarking and factor costs, exist in a social world opposed diametrically to design, brand definition and brand development specialisations (Shapiro 1977, see also McRobbie 1998). If knowledge flows rely on shared norms, values and conventions (Zysman 1994), it follows that the aesthetic preoccupations of design and marketing personnel are socially and professionally incompatible with the interests of production personnel.

In the old days I was able to encounter, you know, a few people with technical background. Once that you bring up a problem with them they right away know what needs to be done. But these years, you know, the buyers we work with … It’s like talking to the wall. They have no idea.

_Interview HK08_

So different are the motivations and preoccupations in the fields of representation and reproduction that fashion has generated a tier of intermediaries—such as fashion agents and merchandisers—who facilitate the translation process, moderate incrementally the social distance between fashion ideas and their execution, and simultaneously bind together potentially antagonistic elements of the fashion production system. Intermediaries work close to production but also understand how finished garments should appear – which requires an awareness of the fashion direction, the brand aesthetic and the brand’s position in relation to other fashion brands. To effect control of the aesthetic qualities of garments, intermediaries locate ideally in places that are proximate to both fashion centres and production sites (as they are in cross-border production complexes such as Hong Kong-Guangdong). When production is spatially dispersed in a vertically disintegrated transnational system, mediators also require
expert knowledge of macro-economic conditions in different countries, of trade barriers, transport and production costs.

Figure 6.5 Translation Flows – Design and Reproduction
Source: Based on Birnbaum 2000: 60-64.

Birnbaum (2000) describes a global production structure in which production options and production locations are governed by the requirements of styling. Of more than 100 processes that contribute to a finished garment, almost all are located in the translation flow (as simplified in Figure 6.5). These include selecting manufacturing sites specialised to the technical demands of the particular style, selecting appropriate fabrics and trims, arranging for the making and approval of samples, quality assurance in production, and quality control over the finished product. Those engaged in the coordination of these processes must identify manufacturing firms able to supply the required number of products at the desired level of quality within the externally determined time frames of the fashion season.

15 In contrast, only thirteen processes are involved the much-researched flow from factory manufacture to delivery to the retail market.
The translation flow contains mechanisms to ensure that manufactured garments accord with the design qualities and standards of each brand. The work of translation incorporates into sewn fabric the aesthetic qualities that reflect both the motivations of the brand and the contemporary fashion mood. Even when designers’ written instructions contain minute details specifying every aspect of fabrication, the process is still open to misinterpretation because available technologies cannot yet fully codify the transposition of the two-dimensional information of written instructions into the three-dimensional form of objects.\textsuperscript{16} The limits to codification imply that production quality (defined as the capacity to create the appearance intended by the designer) is likely to be greater when producers are embedded socially in the milieu surrounding the styles that they produce. This implies either vertical integration of production and design functions, concentration of production in design-knowledge-rich places, or, in the case of vertically disintegrated production, a strong brand identity that creates common understandings or ‘habits of thought’ through the supply chain.

Aesthetic concerns also influence industrial location through the aesthetic qualities of input materials, which must also reflect the overall ‘look’ of the style and brand. Because the emotions of fashion are about how garments feel to the skin as well as how they look, fashion merchandisers need to physically feel the texture of a fabric to be certain of its suitability.

Because as you know, it’s a very … it’s a physical business, you have to touch it and feel the garment, you have to see the colours. And all this cannot be done on the computer.

Interview HK04

The production locations of branded clothing therefore gravitate to places with access to fashion-oriented fabrics and trims. Given the close relation between the tactile qualities of clothing and its marketability, control over the selection of fabrics and trim is a crucial aspect of the maintenance of a brand image and is therefore unlikely to be delegated to production contractors.

\textsuperscript{16} Hong Kong Fashion Week 2001 featured technological research that aims to transmit designs over the Internet in the form of three-dimensional holograms. This innovation is not yet commercialised.
The challenges of translation explain fashion’s friction of distance: the more complex the design, the narrower the allowable distance—in both social and geographical terms—between personnel with expertise in the aesthetics of a brand and personnel with expertise in the techniques of production. From this perspective, fashion production’s persistence in high wage countries and in regional production complexes reflects the connections between garment production and fashion knowledge. Furthermore, the spatial constraints imposed by ‘translation’ imperatives are independent of the space-time imperatives of seasonal production.

The constraints that fashion imposes on production have implications for the global configuration of manufacturing specialisations. If production creates styles that are positioned in a structured relationships to the landscape of fashion, it follows that manufacturing firms will specialise increasingly toward the fabrication of particular aesthetic qualities. Rather than specialising in ‘shirts’ or ‘trousers’, they will instead specialise in ‘Prada-like’ or ‘Chanel-like’ styles:

> We concentrate here on certain buyers and certain factories and a certain look.

Interview HK16

Globally, as garment manufacturing firms are becoming less differentiated by production capacities and worker skills (Birnbaum 2000), increasing specialisation by aesthetic criteria will differentiate the production system on a new axis, where manufacturers produce similar designs at various levels of quality and price.17

### 6.3.4 Commodity Flows

Commodity flows trace the pathways by which products travel from manufacturing sites to their destinations in retail stores. The flows of commodities from manufacture through wholesale, distribution and retail are shown in Figure 6.6 as a stock replenishment cycle focused on the timely delivery through ‘Just-in-Time (JIT) or

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17 Uniformity in the sewing process has increased across production locations with the codification of clothing production standards through benchmarks such as General Sewing Data (GSD), through concentration of the garment and textiles machinery sector, and through improved quality control standards.
‘Quick Response’ (QR) mechanisms. Efficient management of the commodity flows increases the rate of movement in two directions: forward, by reducing stock replenishment times; and backward, improving the flow of information to manufacturers from points of sale (Blackburn 1991). Yet, since JIT and QR are in reality little more than ‘simple signalling device(s)’ (Boisot 1998), they are the least knowledge intensive aspect of fashion production.

Figure 6.6 Commodity flows – Production to Consumption

The importance of JIT and QR to fashion is not so much an issue of accelerating the supply chain, as anticipated in time-based competition, but one of improving the coordination of supplies and their alignment to the rhythm of seasonal fashion demand

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18 Quick Response is a competitive strategy that increases stock turns, accelerates the circuit of capital in production, increases sales, and consequently increases profits. A study by management consultants Kurt Salmon and Associates reported that the implementation of QR increased returns on assets by 3-5%, depending on the sector (cited in Blackburn 1991:265).
and the local rate of fashion change. Feedback mechanisms in the commodity flow are also the final filter of the fashion process that eliminates unpopular styles (of those available) and replenishes popular styles. It influences firm profitability because it anticipates and accommodates ‘spur of the moment’ fashion purchases and minimises the sales lost when stock is unavailable. Feedback from EDI sales data also provides reassurance to fashion planners:

Early reads of sales are fantastic. Really [as a buyer] you’re out there by yourself, saying “Yep, this is going to work”. You have to back it a number of months out. [That’s a] Big Risk.

Interview HK18

Technological changes are also altering the relationships between firms in this dimension. Contemporary transformations are increasing specialisation and shifting responsibilities between manufacturers, wholesalers, retailers, and the independent warehousing and distribution sector.

Commodity flows were until recently regulated predominantly by electronic data interchange (EDI) technologies linking buyers and suppliers. EDI encouraged an organisational structure in which major retail stores linked to a number of ‘preferred’ suppliers. By 2002, multi-user, Internet-based buying and selling platforms were replacing EDI, undermining the ‘preferred supplier’ model, and encouraging a wider range of suppliers. These changes were also producing shifts in the configurations of warehousing and distribution functions. Recent changes in logistics technology and sourcing arrangements (especially bar-coding technologies) promote direct delivery by manufacturers to retail stores, via logistics specialists, rather than delivery to retailers’ distribution centres.

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19 However, fashion stores are beginning to break from seasons, introducing new styles more frequently in an effort to maintain customer interest.

20 Since the emotions evoked by fashion garments fade quickly, a sale not made is frequently a sale lost. If fashion brand appeals are created in three steps: seeing, trying on and then buying (Björkman 2002), required sizes must be in stock to complete the sale.
6.3.5 *Coordinating Multiple Flows*

By viewing the production system as primarily concerned with the coordination of production and consumption, the articulated production system understands fashion industries as deploying fashion knowledge and managing a range of specialisations, timings, and spacings to mitigate fashion’s uncertainty. Each flow has different sources of uncertainty, different time imperatives and different optimal spatialities. Table 6.2 summarises these differences to highlight the coordination problems faced in fashion clothing production.

Table 6.2 Flows in Relation to Space, Time and Uncertainty

<table>
<thead>
<tr>
<th>Specialisation</th>
<th>Representational Flows</th>
<th>Translation Flows</th>
<th>Commodity Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Source of Uncertainty</td>
<td>High - Consumer Fashion Whims</td>
<td>High - Technical capacity to reproduce brand aesthetic</td>
<td>Low – capacity for timely delivery</td>
</tr>
<tr>
<td>Management of Uncertainty</td>
<td>System-wide fashion predictions.</td>
<td>Organisational coherence and brand aesthetics.</td>
<td>Technologies of time management</td>
</tr>
<tr>
<td>Controls over Timing</td>
<td>External fashion season.</td>
<td>Fashion orientation of garments</td>
<td>Demand conditions</td>
</tr>
<tr>
<td>Aspects of Spatiality</td>
<td>Close to Markets and Marketing Expertise</td>
<td>Close to production sites and fashion expertise</td>
<td>Constrained by transport costs and delivery times.</td>
</tr>
</tbody>
</table>

Through brand management, the fashion industry minimises uncertainty by agreeing on a fashion direction and then by coordinating the three inter-dependent flows – the translation of ideas into commodities, the infiltration of those same ideas into the minds of potential buyers, and the timely delivery of goods to the market. Each aspect faces different pressures and imperatives. The vantage point of the brand is perhaps the only position in the production system from which all these processes can be appreciated at the one time.
6.4 The Organisation of Fashion into Firms

So far, the production system has been described in terms of processes. In the real world, these disparate activities are performed in an institutional framework – principally in firms that anticipate the fashion direction, create garments that both express the fashion trend and maintain the brand aesthetic, and coordinate the timely arrival of garments to retail stores. The different pressures and imperatives at different points in the process have implications for the industrial organisation and the role of core firms.

6.4.1 Spatialising Multiple Flows

Classical location theory expects the distance between production sites and markets to reflect the relative magnitude of labour, land and transport costs (Weber 1971). It anticipates that, other things being equal, firms will seek to locate production at sites that minimise transport costs between production and market locations. In reality the determinants of clothing production locations are much more complex. The industry consistently downplays the significance of labour costs in their decision-making, because the imperatives of fashion can often make ‘cheap’ labour expensive in the longer run:

It really depends on so many things - like prices, the nature of the garment, competence in the factory to do that garment and whether their production schedule at the moment is very full. We take all these things into consideration, rather than always [thinking] ‘pants is this company’.

Interview HK04

The time available for production is perhaps the most crucial factor in understanding location decisions. Each commodity’s position in relation to fashion’s rhythms determines how much time is available for its pre-production, production and distribution. Since fashion garments are effectively ‘perishables’, they have stringent

21 This model has since been replaced by more nuanced accounts, see Webber (1984), Clark et al (1986) Sheppard and Barnes (1990), Sayer and Walker (1992), Barnes (1996) for production locations, and Brown (1987) for retail locations. Nevertheless, the interrelation between distance and time remain crucial determinants industrial location.
time imperatives. However, contrary to Harvey (1990), time and distance are not interchangeable: first, because fashion time is segmented into quasi-seasonal blocks of known and rehearsed duration; and second, because the relationship between distance and delivery time is discontinuous. Air freight, which is used frequently for expensive high-fashion garments, brings geographically distant sites close to the market in temporal terms. Nonetheless, the efficiency and reliability of airports and sea terminals influence greatly the location of fashion industries because late deliveries increase the risk of garments being obsolete before they reach retail stores. Fashion commodities can be manufactured at any location capable of delivery within the time frames set by the fashion cycle, which implies that groups of garments with different life expectancies (fashion sensitivity) generate sets of production possibilities.

6.4.2 Vertical integration and disintegration

The functions of the articulated production system could be conducted within a single firm, but fashion’s multiple specialisations favour a vertically disintegrated structure. While the material aspects of fashion production are organised as a continuous sequence of value-adding tasks, they are at the same time integrated with the processes of idea-production, creating an inter-connected circuit of production. The various demands of fashion production create a complex division of labour which includes a range of specialisations (Figure 6.7).

![Figure 6.7 Firms in Brandspaces](image-url)
The extent to which brands perform production-related tasks in-house or through relationships with other firms alters with changing circumstances, competitive conditions, and the scarcity or abundance of different resources. Containing all the activities within a single firm would not necessarily reproduce the brand aesthetic any more effectively than a vertically disintegrated structure.\textsuperscript{22} Vertically integration slows the fashion system if large firms are bureaucratised:

We have some benefits of being vertical; we also have some negatives of being vertical. The negatives basically are that we don’t have a particularly responsive supply chain. It’s difficult. We have to place our orders a fair way out, which in the fashion industry is alright for some things but not for others. You have to place things so far out that the risk factor goes up.

Interview HK18

More important perhaps are social and strategic incompatibilities that limit the utility of vertical integration in some of the system’s links. Retailers and manufacturers in particular do not share common objectives, which makes it extremely difficult to work cooperatively, even within a vertically integrated firm:

I really believe that unless you get a really hands off approach, manufacturing and retailing should never be under the same roof. There is a basic flaw in either side being owned by the other. Manufacturers’ goal maybe to keep the factory working – therefore they see that as the important part of the world and retailing not being that important. And retailers will only take what they want, regardless of what’s happening in the factory. Which one has the power will change how the other one operates. That’s why it’s important to have an arms-length relationship.

Interview HK18

Retailers and importers are not allies either, apparently because retailers resent the ‘middleman’ margin that importers reap in return for their high-risk position in the production system:

\textsuperscript{22} The parameters of the make-or-buy decision also vary between cultures and over time. Japanese garment firms adopt a vertically integrated approach. Also, in response to the Asian financial crisis in 1997, many clothing firms re-integrated franchised retail operations.
Importers are hated by the retailer trade … They [retailers] are having to buy from a guy that’s making 40% on the FOB price of the garments he buys. And they’re having to pay this awful 40%, irrespective of whether it will sell in store because it’s ‘right’ rather than cheap and ‘wrong’.

Interview HK13

Vertical integration maximizes control over production, but as firms increase in size, direct control becomes more difficult to maintain (Schoenberger 1997). However, given fashion’s highly specialised divisions of labour and its time imperatives, garment production in high wage economies tends toward vertically disintegrated organisational forms that enable multiple specialisations, accommodate the different time demands of different products and specialisations, and allows supply chains to reconfigure with the shifting skill and technology demands implied by each change in fashion styling.

Since supervision in the translation flow requires technical production skills and fashion knowledge, the choice between different production options depends in practice on the depth of technical skills contained within the commissioning firm and the complexity of styling contained in any design. By implication, the greater the complexity of styling (the level of fashion), the greater the pressure for brand-based production systems to vertically disintegrate to access specialised skills. Creating fashion requires the coordination of different types of activities, but that does not imply that the relationships between the actors in the system are supportive, cooperative or convivial. On the contrary, each micro-level production system is frequently a site of struggle between competing interests.

6.5 Conclusion

Since fashion clothing production involves a set of processes that materialise abstract ideas, industrial development is not separate from aesthetic development. As Boisot (1998:4) contends ‘a firm’s distinctive competitiveness, its capabilities, and its technologies can be viewed as emerging from the discontinuous impact of its knowledge assets on the spatio-temporal and energy systems that make up its physical assets’. Brands activate marketing and business strategies, emotional appeals, and the characteristics of commodities. They link the logics of the commodities (and their styling) to the logics of the expansion of capital.
This chapter has shown that the central sources of power in the fashion production system are vested in the firms that control knowledge resources and the intellectual property of brands. In turn, firms that control brands are in a position to coordinate fashion’s multiple flows. The articulated production system locates brands in fashionspace and defines the boundaries of brand networks. It illuminates the system’s relational structure. Incorporating fashion’s constituent activities in a system of interrelated flows enables an exploration of the links between flows of ideas and flows of things, and enables the development of a spatialised account of garment production that considers both material and non-material processes. Subsequent chapters apply these insights to the analysis of the internationalisation of Australia’s garment production system.