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International Change and technological evolution in the Fashion Industry

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The aim of this research is to sketch out the parameters of the fashion industry. Whilst, without doubt fashion is a means of personal and cultural expression, it is also an industry. The industrial and economic aspects have been relatively under-researched. We highlight the fact that the fashion industry is fast evolving, and growing. Traditional economic analyses have under-examined some of the crucial drivers of change in this sector but these are all important issues for a number of reasons. First, the local and global consequences of the transformation of the fashion industry help us to understand the challenges facing urban and regional economies, particularly in Europe. Second, the fashion industry, like the cultural industries more generally, is leading a new form of economic development that blends qualitative elements and quantitative forms, a culturalisation of economic action. In so doing we also raise three questions, one has already been alluded to: what is the 'fashion industry'; and following this, a second: is the fashion industry the same, or different, to other cultural industries? Finally, in relation to the dynamics of change, we point to the role of situatedness: the importance of place and institutional embedding.

Più precisamente la *fashion* genera beni simbolici caratterizzati da una localizzazione idiosincratica e da una evoluzione legata al volgere delle generazioni (Santagata, 2005; Barrère e Santagata, 2005). Tempo e spazio, tipicamente le due più prossime caratteristiche della moda, si sono dilatate: il tempo ha accelerato il suo passo fino a trasformarsi in *fast fashion* e lo spazio si è allargato alla globalità. Le nuove tecnologie infine hanno di fatto ridefinito il quadro analitico consentendo nuove innovazioni fisiche ed etiche e una nuova ricentralizzazione della produzione e del controllo della distribuzione nei distretti e luoghi originari.

1. A global perspective of Fashion production systems

Fashion is a system of bodily display, derived from around costume, and extends to jewellery, luggage and perfume shading into a broader definition of luxury goods. Fashion is normally characterised both as forms of everyday clothing and as luxury rather than utilitarian needs. A further defining characteristic, one which gives us the noun 'fashion', signifies a constant and shifting value system whereby items may be

deemed in or out of fashion, and hence symbolic revaluing leads to their cultural and economic value being repeatedly and quickly transformed.

Stated in these terms the focus is on the changing patterns of objects and their consumption: fashion being a particular case of all consumption. The question follows: is fashion an evocation of a trend, or an industry? The answer is both. In the former sense it is a contested and dynamic information stream that constitutes and defines value. Fashion is time-based and culturally situated in character; it is a combination of design and innovation and, as such, its qualities are context dependent and relationally, not absolutely, defined. In this sense fashion can be a constituent of any product. Some have argued that increasingly the design, or fashion component, of all products is expanding and hence this aspect is becoming an important part of explaining industrial growth and change. The critical aspect is not the proportion of a product that may be 'design related', but that of product differentiation through which the crucial buy/not buy decision is made primarily on the basis of design or fashion, not on price alone. This is what is referred to as the culturalisation, or we might say the fashioning of industry (Scott, 2000). In this sense it may be argued that all industries are becoming fashion industries. This has serious implications of the explanation and understanding of the practices of economic action that are normally based upon the (economic and cultural) values that are not so acutely time, or context, dependent. It may be exceptional, or an indication of things to come, but the dynamism of values and shifting product differentiation, and the production re-organisation that are required to sustain it, are the essence of the cultural and creative industries, and the fashion industry in particular.

A second perspective we can regard fashion is as an industry in the conventional sense such that raw materials are transformed and worked upon, reproduced in large quantities, and exchanged in a market. Fashion clothing is the product of distinct skills, institutions and commodities in their unique combinations. In the past the higher value-added end of the fashion industry may have been relatively autonomous from the economy, and it was considered to be a discretionary item. However, now we are in an era where fashion has become a shaper, in some cases a driver, of other industries and whole local economies. The fashion industry is a combination of the textile and mass clothing industries, as well as those of fashion design and haute couture. This is an unwieldy amalgam, both unstable and subject to continual reformation, which is leading the evolution and dynamics of the contemporary fashion industry and the shifting boundaries of the mass and luxury markets.

The shifting boundaries of the fashion industry

In the past the fashion industry was commonly defined as a small subsection of the clothing industry; it was formerly simply associated with Haute Couture, or the elite design elements of fashion; mass production, and mass market goods were seen as separate (and considered to be 'normal' industrial goods). The slightly wider definition of 'luxury goods' has often been used to indicate a common concern with the horizontal marketing of associated goods via association, a lifestyle; but still focusing on goods that have a very high selling price to manufacturing cost ratio: the premium is the design. On one hand this makes the fashion industry very similar to other cultural industries: managing new properties and bringing them to market. On the other hand, the legal position is different between music and fashion, clothing is not protected by copyright, although logos are; hence, on one hand, the proliferation

of logo as design as a means to protect clothing from copying; on the other hand, speed to market has often been sufficient protection for rapidly changing product lines.

Whilst luxury rather than utilitarian clothing is our concern, this delimitation has some instability and permeability so we need to be aware of the industry as a totality. As noted, the current phase of capitalism has led to a culturalisation of all industries, hence giving import to the symbolic creators as well as to efficient manufacture; in this sense fashion is a classic cultural industry. Additionally, we can point to the fact that fashion products have benefited in many developed countries from the increase of income levels, which have turned into relative and absolute flow of cultural consumption. This expansion of existing markets has also been dwarfed by the growth in wealth and expenditure of the developing world, especially a growth dominated by young and aspirant middle class consumers. As a result, fashion is no longer confined to a North American-European elite.

Clearly, the market for all cultural goods, including fashion, is growing; however, this is only half of the story, as a significant shift has occurred in the organisation of the fashion industry, it has not simply expanded evenly to meet demand. Initially the industry was bifurcated between a very small elite haute couture and mass consumption; however changes in retailing in the mid 20th century increasingly drove the expansion of the ready to wear market (Breward, 2003). Along side, but in dynamic cultural tension to both, has been the growth of a distinct 'youth market' that has its own subdivisions of one off and mass production tied in closely to the cultural industries and popular culture, especially the music industry (McRobbie, 1989). All segments bear a close relation to one another. Finally, there is the mainstream fashion that blends into utilitarian clothing, the low cost, low margin ready to wear: it is a continuum of markets rather than strict sub-division, the same goes for organisation.

Haute couture has its main focus on the designer and the style leader, the mass clothing market on the low cost per item. In between is a complex space that has undergone change and growth; it is the strategic space that has been addressed by designers, makers and retailers/ distributors using various innovations of product and process. What is apparent is that whilst cost remains critical in this field, it is part of a mix rather than the final determinant; information (positioning, quality) is even more important in terms of eventual sales in the growing ready-to-wear markets.

Varieties of Fast Fashion

The fashion and luxury industry is currently experiencing a tension between the power of money, manufacture, or retail. The money dimension is where the power of a holding company to balance risks and to maintain an investment fund has sustained large entities that sustain brands and exploit horizontal and vertical integration (by associating other lifestyle co-brands that cover perfume and luggage). The LVMH and PPR groups are profound examples of such an approach, as the smaller focused companies of Armani and Gucci (Crane, 1997; Djelic & Ainamo, 1999). In many respects this is a normative industrial strategy built around design expertise and control of intellectual property via super-branding, and sustained by heavy investment, as well as advertising.

The real battle, however, has been in the organisational space of manufacturers and retailers in the mid ready to wear market. European manufacturers have been severely

threatened by low cost labour competition from Asia. The traditional low cost, mass market, slow fashion turnover market has more or less left Europe. Initially, there was much hope that the value added design and marketing, or even higher value, higher skill, ready to wear might be maintained in Europe in the 1970s based upon superior craft skills, this was not to be. In the 1980s the notable transformation of industrial districts in Northern Italy provided models of how these craft skills coupled with short and flexible production chains, and flexible production systems could respond and maintain a market niche with high quality fashion against the competition of low cost, low skill volume producers (Brusco, 1982; Dunford, 2006). The debate was about the 'new competition' based on quality (Best, 1990), which it was felt that European producers had a competitive advantage for (Zeitlin & Totterdill, 1989).

Retail has always been an area of potential competitive advantage in the fashion industry. Since the growth of the ready to wear in the early 20th century retailers have grown in power, and in classic commodity chain fashion, they have used their purchasing power to define price and quality from producers. Thus, the power of retailers has been enormous, as they have sought to define and drive their fashion positioning with own label collections. Here initially the focus was on the buyer to acquire, and then drive (through production), what was to be in that season's collection. Thus, products were, due to the long production chains and time lags, a distant echo of the cat-walks. Successful retailers sought to manage such disadvantage by making a virtue of 'standard' and 'basic' fashion ranges. This generated fierce price competition amongst suppliers, with obvious implications for low pay at best, and exploitation at worst. The over extended supply chain, and lack of oversight of labour conditions has been a common consumer activist challenge for clothing retailers.

In this context, retail is the field of Fast Fashion that contains the most striking of organisational innovation today (Tokatli, 2008). This has led to a blurring of the boundaries of manufacturer and retail. Whilst manufacturers were experimenting with flexible specialisation production, the retailers were concerned with stockholding. One early innovative strategy was pioneered by Benetton which was to link sales data directly with the 'just in time' dyeing of woollen goods (Belussi, 1997). Mass production could thus take place in a neutral colour, and items dyed more or less as trends shifted. This just in time system favoured short delivery times, and physical proximity; it was in effect a technological upgrade of the industrial district. This process linked production and consumption, not simply other producers (the industrial district model).

Zara took a step further (Segre Reinach, 2005). They focused less on design and more on translating selected high fashion catwalk designs into mass production, quickly. They were able to use their production systems to capitalise on speed and sufficient quality to stock stores. Those coming solely from retail, such as Top Shop, H and M, and Forever 21 have pushed the concept further still (Hauge, 2007). The notion of speed is not simply copying a design and putting it into mass production, but one of shortening the 'season'. Traditionally, the fashion season echoed the annual cycle: spring and autumn. However, the new competition has driven the speed of fashion turnover to between 4-6 weeks, or less; this created huge logistical challenges: this means that production runs of clothes are shorter and change more often. In the internet shopping age retailers have sought and succeeded in retaining the focus of competition on the store. The current battle is to attract consumers to view shopping as an event, one that they must return to at regular intervals. Retailers now have plans

for regular complete shop refits, and deliveries to store as often as twice a week. Moreover, inventories are not only lowered in warehouses, but are shortened to purposefully sell out of stock at stores. The trade off is that advertising is less. For example, Primark, a UK fast fashion operator, claimed to do no advertising the money being invested in logistical costs instead. The anticipation is of an instant decision to buy is not premeditated or prompted advertising but to create a frenzied atmosphere in store where if items are not purchased immediately they will be no longer obtainable.

It was an early claim of Zara that the fast fashion model was one that would keep clothing production in Spain, and Europe as a whole. It is a sign of the times and an indication of yet another transformation that the European manufacture strategy of Zara is now international. However it is not simply a reversion to an earlier model of using low cost production. This is yet another iteration of hybrid production form where 'low cost producers' are themselves increasingly high skilled, and design initiators. Zara and similar companies seek to mobilise an international production chain as well as international design components innovated by manufacturing suppliers. The focus on the fast turn over of retail sales means that companies like Zara find it profitable to ship half full containers across the world, or support higher labour costs locally, to ensure a timely flow of stock turnover: A triumph of a product's unique qualities over that of price alone .

Clearly one of the tensions in these transformations is the investment – or lack of investment - in design. As we have noted copyright does not apply to fashion and hence under-investment in new design and innovation is a potential consequence of fast fashion, which cannibalises every new trend as quickly as it makes an appearance on the catwalk. A new niche has emerged: the 'cool hunter', or the 'fashion blogger'. No longer are stylists researching in museums and libraries for past fashion inspiration, now style books are constructed from what (extra) ordinary people wear in the street and are blogged internationally, or sourced to fashion companies. However, despite the apparent outsourcing of design the 'spotting' skill still remains in the editorial process of the intermediary, or the designers' skill in making up novel designs. These capabilities are the strategic weakness of fast fashion.

A fixture of the last century has been the seasonal fashion displays highlighting future season's collections. These are under threat from the retailers cutting of the fashion season. The fashion show performs multiple functions; in particular it is a way for the fashion production system to meet face to face. In fashion as in other cultural industries this temporary network form, that mobilises dispersed international flows and mixes them with local connections is a vital part of the tacit information exchange and trust relationship that underpin cultural production. Another function is for fashion shows to be a showpiece for the city, and a means of attracting tourists or foreign direct investment. An increasing number of city authorities are now sponsoring a fashion week in the hope of getting on the fashion map, and attracting publicity (Weller, 2008). So, there are future questions as to the precise role of the fashion week in this emergent system.

Beyond this yet another flow of information - carried on backstage, that of fixing the colours and fabrics for next season but one. On one hand producers can react to the cat walk, on the other hand they need to 'tool up' with what will be the necessary materials so that they, and associated luxury producers, can lock step with the designers to keep a coherent trend going. The debates about fast fashion, and the struggle between retailers and manufacturers should not lead us to forget the threads

that literally bind the industry from cotton, silk or artificial fibre producer to finished clothing. The future markets for fashion will be in the BRIC economies, and less in Europe and North America.

The emergent picture of the fashion industry is one that is complex and swiftly changing. The most dynamic fields concern logistics, time and information. Paradoxically, the adopted strategies are working to neuter simple cost advantage. Arguably, the history of the last century of fashion has been the battle for control and expansion of the ready to wear, where a complex trade off between cost and qualities has taken place. As we have noted the latest iteration is ‘fast fashion’. However, all fashion is fast, and it is clear that there are multiple strategies within ‘fast fashion’, and neither time nor cost are the sole criteria. As a simple way of comprehending this complex field we propose here a new map of the fashion industry.

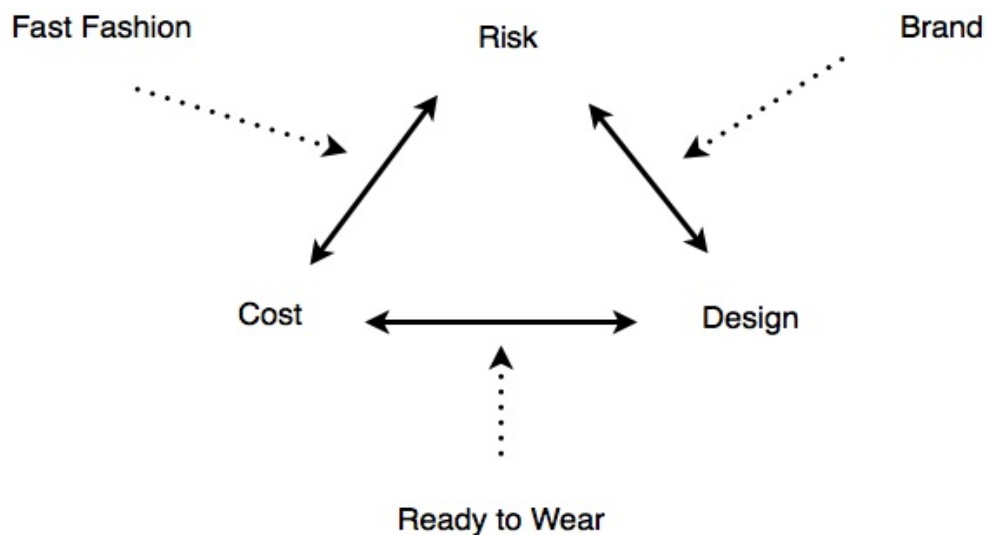


Fig 3: The strategic challenges, and recent solutions, of the fashion industry

The diagram seeks to summarise this space as characterised by three sets of tension between Low Cost, High risk, and Design intensity. The place-holders at the low cost end are the traditional subcontracted manufacture. The traditional product is simple, generic and low design and utilitarian fashion. The design intensive node is that of the couture provider, high cost, one off, and with lots of investment in design and innovation and governed by the fashion season. Traditionally, the ready to wear goods would lie on a continuum between these. Arguably, the new position, made possible by extreme logistics: it is a way of playing both ends off against one another, by using technologies to minimise risks. So, fast fashion is an example of low cost, design-selected product, which will have a very short shelf life, survives. In between there are a number of other possible spaces to occupy. Fashion brands reduce risk by wrapping new design in safe packages. Other strategies might be youth / street fashion that lies somewhere in the middle. As will be clear, any particular strategic position is a trade off between competing dimensions; the precise positioning of any company depends first upon their organisation (if they are a retailer, manufacturer, or

designer, etc.). Second, the strategy has to be flexible and responsive to local circumstances. This ‘embedding’ is a fourth dimension of strategic positioning. Finally, another dimension, thus far ignored, is the recycling of clothing from the west to the global south. As well as providing a reuse for short used clothes, it is also building a demand for branded clothing in some of the worlds poorest markets such as West Africa.

If this is the current state of the art in the global fashion, we have to move now to the analysis of the technological frontier. As we will see new technologies are a growing fields of action, appreciated both by consumers and fashion producers. This new trend is also emblematic of a new phase of recentralization to the western countries production, maily based on ICTs and on the green ideology.

2. Fashion and technology: innovation strategies in business models, brand communication and marketing.

The field of fashion is nowadays rich of creative and innovative trends, which involve changes in business models, new communication strategies, emerging patterns of consumption and new production techniques and materials. Crucially, these new trends are mainly the result of the integration between the fashion system and current technological advances.

Innovation in business models

Technology and fashion have become an indissoluble combination. On one hand, the technology affects textile production and packaging, communication and distribution, transforming the entire production process, on the other technology has become an integral part of products.

The recent technological and infrastructural evolution in e-commerce is leading to the development of new business online models in the fashion and luxury segment. Below, we present and describe the most innovative models, namely personal subscription, social merchandising/crowd-producing, mass customisation and collaborative consumption.

Personal subscription

Through Personal Subscription consumers join a monthly club and fill out a survey to identify their style preferences. Then the system shows them a selection of products each month that they can choose to buy for a flat rate. From the customer viewpoint this is a mean to select products according to their style and to choose a regular amount of money to be spent on clothes and accessories. In economic terms this model reduces search costs and transaction costs for consumers. From online retailers’ point of view, it generates more predictable revenue streams. Personal subscription is the natural evolution to the private sale push model like “Vente Privee” and “Saldiprivati”. Some examples of Personal Subscription models are: Shoedazzle (3 million members); StylistPick, Beachmint with its specialized clubs Jewelmint, Stylemint, Beautymint and Shoemint; Birchbox that has its Italian competitor in Beauty Box.

Social merchandising and crowd-producing

This second model is based on user-generated content, comments, reviews, posts on blogs, links, articles, made by non-expert contributors. Since there's a growing segment of consumers search online about products before purchasing, user-generated content has become an important part of the data used in the decision-making process. People ask other people for advice about the best product to buy, the reliability of the online seller, on the use of products and services and the level of satisfaction. These contents could also be used by the online fashion shops and brands as feedback for social merchandising and for crowd-producing.

In the first case they display ratings, likes, comments and (in some cases) purchases on their website or on social network like Facebook to grab the attention of prospective customers and influence his shopping experience based on the prior contacts of social network friends with the website. Secondly, they could use their most creative customers to produce high level content. For example Threadless, Polyvore and Macy's Fashion Director let consumers share looks that combine several items and then promote them virally to drive sales. In this way they have new and creative content, increase customers' loyalty through deeper engagement with the brand, increase sales through compelling new product ideas and could identify new trends before competitors.

Mass customisation

In the past, luxury goods used to be highly customized and expensive products based on the buyer's personal preferences, tastes and budget. But as mass production began to replace craft production as the dominant form of economic activity, the opportunity and the economic viability of high customization and differentiation of products lost its strength. Today, the rise of a new business model, called "mass customisation", enabled by technological innovations brings back individuality in the product design process.

Mass customisation is a production model that combines elements of mass production with those of bespoke tailoring. The pioneer of this business model for fashion system is Levi Strauss, which in 1994 launched its Original Spin jeans for women. Customers were measured in its stores and their details were sent electronically to Levi's factory. The customised jeans were then cut electronically and mailed to the customer.

The secret of this process is called modularity: the company creates a series of standardised production modules, which can then be assembled in a varied and innovative way. It is necessary to identify which key elements of a product could be customisable (according to production feasibility and costs) to offer the right degree of variability still ensuring manageable and scalable production.

In fashion, mass customisation extends the promise of clothing that's perfectly designed to fit the individual at low price. For the luxury fashion industry, this represents a significant opportunity for companies to differentiate themselves *vis-à-vis* competitors and build stronger, more engaged and loyal relationships with consumers.

Furthermore, one of the elements of interest in mass customisation is the possibility of co-design of the product: customer could choose styles, colours, materials and give their measurements to get the exact products they want, given the proposed choice. This feature favors the reduction of what some authors define 'the sacrifice of the consumer', that is the cost of the necessary adjustment that a customer has to put in

place when buying a standardised good. Furthermore, Mass Customization models enhance customers' brand loyalty and provide the company valuable information about the colours and designs that come first in preference among their customers.

Louis Vuitton with Mon Monogram, Prada with Customize, NikeiD and Burberry Bespoke are the most known examples of projects of mass customisation.

Collaborative consumption

Collaborative consumption refers to all the forms of peer-to-peer marketplaces and platforms, where people could swap, share, or rent products that normally are outside of their economic reach. Sellers can get rid of used or depreciating assets, while buyers can consume the items' residual value at a price that is substantially cheaper than retail. This model includes also secondary market for pre-owned luxury goods, such as Covetique. Sellers send their products to the site, which holds them on consignment until they are sold and play the function of authentication of items and of their quality.

This model is at its first steps: we can identify a key player - Rent the Runaway – with its 1 million members, but also several local groups using Facebook or other social network as exchange platform.

Other platforms, like Lyst, help users keep track of the time when an item shown on the runway is available for purchase, aggregating all useful informations in one place. These platforms have also the function of “social filtering”: users can follow other people who have similar tastes and styles and this can help discover pieces that they might be interested in.

Innovation in marketing and brand communication

The shift of fashion models from being brand-centric to being consumer-centric is also evident in fashion communication. The traditional players - newspapers, magazines - are losing ground in favour of online communication, often created by a new category of “non professional” experts. While fashion has always been led by a small élité such as the top brands, a handful of celebrities and a few magazines,, nowadays, with fashion blogs the entire flow of information is changing.

Fashion blogs and bloggers are emerging as key players in the fashion industry as new means of communication, new marketing tools and new form of professional career. Nowadays, “regular” people from all over the world are becoming the biggest voices in fashion via their blog. Fashion bloggers are becoming fashion influencers — a title, in the past, that was only given to celebrities. Even top designers and major labels are buying into this, requesting fashion bloggers to be at the front row of Fashion Week and other star studded events. Fashion blogs have some interesting characteristics as compared to traditional media: they have an advantage in time effectiveness compared to magazine publishing and they are also effective media for fashion forecast. Blogs have made it possible to have a direct line with the general public. Companies such as Mod Cloth, h&m, Birchbox and American Apparel are all starting to bypass the traditional press, talking directly with personal style, beauty and fashion bloggers.

Product innovation

Another aspect of the relationship between fashion and technology is the transformation of fashion goods in technological products. While the production of high-tech fabrics were traditionally directed to sportswear, to ensure maximum comfort and performance, in recent years we have indeed seen the prototype and the production of wearable technologies for leisure and luxury clothes, whose deployment is permitted by the development of research to make flexible the components of electronic systems, such as silicon.

The new wave of wearable technologies and gadgets, from the Google Glass to the app Pebble watch, signals that wearable tech is ready to move out of science-fiction movie, onto our lives and bodies.

One of the first technologies used was the OLED, organic materials capable of emitting light flexible if fed by electric current. The OLED technology allows the printing of such material on almost any media, including tissues, thus allowing the development of bright fabrics.

Another technology that is having interesting developments is the integration of computer systems to textile fibers to capture and share information from the body and between people, either for medical and social purpose. Some applications are designed to measure the vital signs of individual who wear a particular dress or to charge the batteries of mobile phones or MP3 players via an integrated solar panel. Others, however, integrate in clothes devices that allow to connect to social networks and to exchange data (music, pictures, phone numbers), by touching, as AngelDevil Touch.

In addition to the wearable technologies, applications also include smart materials such as phase change materials for active thermoregulation for sportswear or breathable membranes in memory shape polymer, which vary their permeability to vapour as a function of temperature.

A further phase of the relationship between technology and fashion is represented by 3D printing capabilities. 3D printing, also called additive manufacturing, is the process of making three dimensional solid objects from a digital file. The items are obtained by a printing process adding one another, different levels of material. This process is faster than weaving textiles or making accessories, and opens up enormous possibilities for bespoke (custom made to order) clothing: using laser beams to fuse layers of recycled plastic powder into shape, fashion designers are now able to make seamless, perfect-fitting clothing from 3D laser printers with virtually no waste. For example Iris van Herpen, one of the most prominent fashion designers (Lady Gaga and Björk are two clients of this 27-year-old Dutch fashion designer) realised some prototypes dresses with 3d printer, while Pauline van Dongen has made 3D-printed high heel shoes. Another project is the N12 bikini designed by Continuum Fashion. This is the world's first ready-to-wear, completely 3D-printed article of clothing. All of the pieces, closures included, are made directly by 3D printing and snap together without any sewing. Among makers in Italy that have been working in the field of fashion we can mention: Riccardo Marchesi, a businessman in textile machinery who has reinvented his work with the project Plug and Wear and manufactures smart textiles with electronic sensors; Zoe Romano, media activist and co-founder of the collaborative fashion project Openwear; and Serpica Narothe the first open-licensed brand.

Ethical, green and handmade fashion

A final innovative trend in the fashion industry refers to ethical fashion and green fashion and a return to craftsmanship. These are three facets of the fashion system that share a common care for the environment, the sustainability of production, the respect of workers and resources.

By selecting and certifying the materials and by investing in sustainable production systems, ethical and green fashion has been a growing phenomenon for about 15 years, as indicated by the research presented in the workshop of the International Trade Centre Ethical Fashion in Rome during fashion shows. The pioneering brands in this context have been Stella McCartney and NOIR, which were founded on the basis of ethical principles near the turn of the millennium. Now there are entire fashion exhibitions, blogs, websites, focused on so-called sustainable fashion.

The use of biological tissues, of certified and sustainable chain of production, are all aspects linked to ethical fashion production, nonetheless every firm stress on of these aspects. Some emphasised a commitment to traditional techniques, others pointed to locally sourced materials, while still others mentioned the importance of reducing carbon footprint. There's still a lot of confusion on the definition of ethic fashion.

In recent years we can also observe a tendency to ethic luxury: cosmetics, accessories, high fashion clothes from renewable resources. For example, LVMH, the luxury group of Bernard Arnault, holds the 49 percent stake in Edun, the sustainable clothing label founded by Bono and Ali Hewson.

Interestingly, while Italy is one of the most important markets and producers of biological food, the market of bio and ethical fashion products is still underdeveloped. In this context, leading success cases in the taste and food system could be taken as example to enhance the production and consumption of such fashion products.

But is sustainability a positive differentiator in fashion demand? Environmental awareness amongst fashion consumers is rising, but in fashion, sustainability cannot drive sales without desirability.

3. The changing role of fashion fairs as intermediaries

According to Caves (2000) intermediaries or gatekeepers (for example art dealers, book publishers, film distributors) can be defined as those who “decide whether the prospective value of [an artist’s] creative output warrants the cost of humdrum inputs needed to place it before final buyers” (p. 19). In other words, gatekeepers are legitimised to select, describe and evaluate cultural products and, at the end, decide what to put on the market. Gatekeepers are mediators between producers and consumers, but it is clearly not a one-way relation. Their role is not neutral (Towse, 2003). By selecting and deciding what consumers can buy, they have an active role in affecting both the cultural production and the cultural consumption.

Each cultural industry has clearly its own sets of intermediaries that select and recognize a work as creative, promote and bring it to the market. Various intermediaries shaping the development of the designer fashion industries can be identified, ranging from “old” intermediaries such as stylists, models, photographers, magazine editors and journalists, sales agents, buyers, fashion forecasters, PR agents,

fashion weeks and fairs, fashion-related educational institutions to a range of “new” intermediaries such as marketing and consumption websites, social networking websites, fashion bloggers.

Those intermediaries determine what the consumer will see or hear. Less than a decade ago, the fashion world was exclusive and relied on scarcity of opinions and information. In recent years the fashion world has entered the new media revolution and new ways to be closer to consumers have been developed. Media reporting, be it online and offline, is an important part of the fashion distribution. More and more often, people want to buy what they see in magazines or on Facebook or in their favorite fashion blogger site, or wore by their favorite celebrities. That’s why we can see a rising in old and new media reporting on social events - from fashion runways shows, to celebrations of a fashion designer or *maison*, to opening of new flagship shops, to film festivals, galas and so on. They are fundamental in cultivating the buzz and awareness around this industry.

Apart from media, other intermediaries have a special role in the fashion industries: stylists, buyers, showrooms and fashion fairs. In order to be seen in those media, online or offline, fashion items need to be first selected by stylists and buyers. The first ones are important for editorials in magazines or by choosing what celebrities wear, the latter are important in determining what will be in stores, so what will be at the end available to buy and wear.

Stylists and buyers can be directly in contact with the fashion designers, but more often they choose what to shoot in their editorials or what to buy for their stores attending fashion weeks, fairs and showrooms. Buyers have to deal with a lot of issues related to their store, which included also working with finance, with interior architects, management and training. In addition they are also involved in the definition of the identity of the store. This is very relevant to position and differentiate themselves. Typical examples are shops like 10 Corso Como in Milan, L’Eclaireur in Paris, and Luisa Via Roma in Florence.

Let’s not forget that fashion trends can be set by designers, trend forecasters, old and new fashion media, buyers and so on, but they can also and more often originate from urban subcultures. At the end the relation between what consumers demand and what suppliers offer is a dynamic one. They both are influenced by and influence each other in a complex and multi-dimensional way (Hauge, 2006). In conclusion, we argue that there is a complex intertwinement of roles among intermediaries, designers and consumers reflecting the complexity, fragmentation and segmentation of the fashion industry.

History, evolution and role of fashion fairs

As already highlighted in the previous paragraph, fashion fairs, together with fashion weeks and showrooms, constitute central intermediaries in how fashion reaches buyers and consumers. One of the few scholars who have analyzed the role of trade fairs in the global fashion business is Lise Skov (2006). She highlighted four main characteristics to define the type of fair: a) the type of clothing (e.g. women’s wear); b) the market segment (e.g. from high end to low-end); c) their place in the value chain (e.g. from upstream to downstream, that is from raw materials to consumer markets); d) the geographical dispersion of the fashion industry.

Skov (2006) proposes the term “intermediary fairs” to distinguish the contemporary way in which fairs operate. She argues that fairs are not anymore attached to and showcasing the regional production base (what has been called “export fairs”), but they act as nodal points in geographically dispersed production systems. “Fairs are essential for the social organization of time and space in the territorially dispersed fashion business” (Skov, 2006: pg. 781). Those are special events in time and space that group together all the most relevant actors in a particular segment of the fashion industry; fairs help to hold economic network together rather than to spread them around.

What is clear is that in order to remain important to the fashion business, fairs had to change their role and redefine themselves as global intermediaries with a cluster of new functions and services. Originally the production seasons were only two, winter and summer: in January the collection autumn-winter of the same year was presented, then two or three months of sales and in August the production started. At that time, fairs were the only place where buyers could see new clothes and make their orders. Fairs were mostly trade places. Today, the rise in number of production seasons (from only two to almost monthly delivery of new garments) has reduced the role of fairs as unique trading places.

“We are present at Pitti, Tranoi, Première Classe in Paris. Fairs are certainly keeping an important role as a platform for enhancing visibility and for launching a new product, but they last for few days. Beyond fairs, we rely on a very good multi-brand showroom like Massimo Bonini for the entire sales period of three months and we are in well-known multi-brand stores such as Luisa Via Roma or Antonioli” (D. Mariniello, personal interview).

With a short production cycle the risk that consumer tastes change is lowered; moreover providing new garments more frequently guarantees that consumers will return to the (online) shop regularly. Buyers, therefore, need to buy fashion items more than twice a year. This speeding up of the production system requires even stronger networks between designers and buyers, between production and distribution. This has also increased the importance of showrooms. While fairs and fashion weeks only last for a week, showrooms can keep the collection for three months. Moreover, few brands present their entire new collection in a fair; most of them do it during fashion weeks or in the showrooms.

“When I was a buyer for my shop in Antwerp, I was going to a lot of fairs. Fairs were commercial events, to buy, to see your competitors but they were also social events, we were going together for dinner. In Paris you could stay more than a week. After the fashion week you could go to visit all the showrooms. Today it is a lot more commercial, it is too hectic, too expensive, you go for less days and you do not have time for social gathering” (L. Loppa, director of Polimoda).

“In the past buyers were actually writing orders during the fairs, they would seat and write down everything, there was a queue of them. Today the main reason to attend the fair is to see the different collections. In particular buyers from department stores don’t write the order, they just pass by the stand and pick up the look book” (B. Cavallini, personal interview).

Places where production and distribution can meet have enormously risen in numbers. To remain attractive, fairs had to add new services and deal with different overlapping purposes. Apart from offering a place for trade, they also have to allow networking

and knowledge creation and dissemination. Fairs can be seen today as “a social setting in which different types of encounters take place, including encounters for trade, networks and knowledge [creation and dissemination]” (Skov, 2006: pg. 781). The historical evolution of Pitti Immagine will illustrate better how fairs have changed, are changing and the complexity of the intermediaries’ roles in the fashion industry.

The case of Pitti Immagine

One of the most important institutions in the world to organize fashion-related fairs and events is Pitti Immagine in Florence. The origins of Pitti Immagine have to be found in the fashion-related activities organized by Giovanni Battista Giorgini in the 1950s. Thanks to his entrepreneurial and visionary spirit, Giovanni Battista Giorgini organized a special fashion show for a selected number of American buyers and journalists in Florence on February 12, 1951. Eight American buyers assisted to the catwalks of ten high fashion tailors and four boutique tailors were selected, among them Emilio Pucci and Sorelle Fontana. The fashion show organized in July in the same year saw the participation of 300 buyers. In order to enter in Palazzo Strozzi, where the sales were taking place, buyers needed to guarantee purchases of at least 500 Lire (almost 8,000 euro).

It was the first time that a high-end fashion show with Italian fashion garments was exclusively organized for American buyers. That event signed the birth of the Italian Fashion. The carefully selected buyers and journalists invited were the key gatekeepers at that time. Therefore their positive reactions opened the door to the successful development of the Italian fashion system

The success was not left to chance. Everything was wisely and strategically chosen: the type of collections, the way they were presented, the stage-direction of the first runway. The fashion houses invited to participate were selected according to their originality and autonomy from the French *haute couture*; and they were allowed to show only a limited number of pieces. Instead of presenting the garments according to the name of designers, Giorgini decided to group them according to the type of clothing presented, in order to highlight their shared and distinctive characteristics.

The idea behind was to create and promote an image of Italy as modern and creative (Orsi Landini, 2003). Giorgini’s primary concern was not fashion *per se*, but rather its potential as image and identity creator and promoter. We can argue that fashion was used as a tool for city marketing, or even better for the marketing of the entire country. In addition, the choice of the location was also strategic; Giorgini wanted to make an even stronger link between fashion and art, exploiting the so-called Renaissance effect. Historical buildings were chosen as location for the fashion shows and events. In 1951 the fashion show was organized in Villa Torrigiani, Giorgini’s home; from 1952 to 1982 the fashion shows were organized in the beautiful Sala Bianca in Palazzo Pitti while the sales contracts were dealt in Palazzo Strozzi; from 1963 the fairs moved towards the periphery of Florence, Fortezza da Basso with its Renaissance walls and Stazione Leopolda reconverted into one of the most experimental venue in the city.

Florence soon became a new fashion capital. In 1954 the shows were organized by the newly created non profit organization *Centro di Firenze per la Moda Italiana* (CFMI- Florentine Centre for the Italian Fashion) which today is the holding of Pitti

Immagine (officially born in 1988). In 1955 there were already 500 buyers and 200 journalists; Pitti was the biggest and most prestigious trade fashion fair in Europe. In the 1960s the geography of the fashion world started to change again and high fashion shows moved to Paris and Rome.

Until mid 1970s, the position of Pitti was highly competitive. New fairs were created, predicting and reflecting the high segmentation of the fashion market: Pitti Uomo (Man) in 1972; Pitti Bimbo (Child) in 1975; Pitti Filati (Knitwear) in 1977, Pitti Casa (Home) in 1978. Then due to a lack of infrastructure and lack of understanding and support from the local government, Pitti started to lose ground. In the 70s and 80s Milan became the center for the women's ready-to-wear and designer collections, while Florence managed to keep its role as center for men's fashion and the rest of the textile-clothing industry. However, it was only thanks to a radical transformation in the management and strategy of CFMI that Pitti began to rise again in the 80s and 90s; the involvement of key Italian entrepreneurs was a key factor. Still today, key fashion entrepreneurs make one hundred per cent of its members in the board of directors, from Ferruccio Ferragamo to Laudomia Pucci and Brunello Cucinelli.

Attention to innovative approaches to fashion and experimentation, strong selection of high quality products, ability to review and revise fairs and cultural events being ahead of the changes in the fashion industry has preserved and at the same time renovated the role of Pitti Immagine. But who are the designers present in Pitti? Few big names are currently present in the fairs because of the changes in the distribution chain; they mostly own showrooms and mono-brand stores around the globe and they do not need the fair. The fair helps instead those designers that start with a multi-brand strategy and that they need the fair as a commercial and promotional platform.

“Lanvin, Dior do not go to a fair because they have their own showrooms. Sometimes the fair is the beginning for a new designer. It gives him international visibility and it's a commercial platform. Just think to Umit Benan, winner of Who is on Next/Uomo in 2009. He made his debut in Pitti Uomo in 2010 and now he is in Trussardi” (L. Loppa, personal interview).

At the same time buyers choose to go to Pitti because of the renowned high selection of participants (through a technical committee) and because of the quality of the events in Fortezza da Basso, extremely exclusive and rich in content. In the last summer edition of Pitti Uomo, Pitti most famous fair, there were 19,000 buyers, of which 7,400 foreigners, 1,059 brands/collections, of which 387 from abroad, a total number of presences of 32,000 and 59,000 square meters of exposition space.

“It is not easy to be selected for the fair. You have to go through a committee which checks who you are, the market position and strategy of your brand – where and how – and most importantly your collection should be in line with the image of the fair” (D. Mariniello, personal interview).

Apart from innovative international fashion fairs, Pitti Immagine has dedicated a considerable amount of its resources to the creation of cultural events (Biennale di Firenze) and projects that foster the growth of a fashion culture, to promote in foreign markets (Ente Italia Moda) and training through Polimoda (one of the most prestigious fashion school in the world), to digitalize its historical archive, to initiate researches, to organize conferences, seminars, and publishing activities. *Pitti Discovery* was established in 1999 with the clear intent to study the relationship between fashion, art, architecture and communication, selecting the most innovative

ones; many artists, events and publications were developed, from Pipilotti Rist, Inez and Vinoodh, and Vanessa Beecroft to Raf Simons and Gareth Pugh.

Until the 80s, ninety per cent of the Italian fairs were controlled by the system of associations represented through Confindustria; they were extremely linked to the regional production. CFMI had instead adopted a different strategy: internationalization and fashion culture. Firstly, it was one of first fairs to invite foreign designers, nevertheless a high resistance. Secondly, it started to dedicate a considerable amount of its resources to the creation of cultural events, fashion shows and projects that foster the growth of a fashion culture. The idea was not to compete or overlap with Milan or Paris fashion weeks, but to show innovative designers that were never seen in Europe or Italy or never seen before, and making a strong connection with the cultural and artistic Florentine heritage.

“The fair is not a typical fair but it is a festival of creativity. Its success lies in the quality of ideas, quality of the project, quality of the realization, quality of the communication, quality of the selection of participants” (R. Napoleone, personal interview).

In conclusion, the changes in the fashion production and distribution system have strongly affected the role of intermediaries and in particular the role of the fashion fairs. Today fairs are not meant exclusively for direct sales but they serve more as a platform for visibility and communication. Promotion reaches not only buyers but also final consumers, thanks to old and new media and a series of related events. Fairs are an important source of networking, information and knowledge creation and dissemination. They are special events in time and space that group together all the most relevant actors in a particular segment of the geographically dispersed fashion industry. Participants are there not only for trading but also for studying the competitors, and having a general overview of the activities and strategies of their segment of the fashion industry. The problems, however, is that there are too many of them so choosing which one to attend becomes of strategic relevance.

Reputation is a key word. It takes time to build it and times to keep it, trying to be ahead of the new development in fashion world. The reputation of the fairs is guaranteed by the quality of the ideas, the communication, the strict selection of participants. At the same time, being present in one important fair can be a sign of prestige for the designer. We have seen, however, that fairs are not important to all designers: differences exist for examples between the big names of fashion and the young designers, with their related mono-brand or multi-brand strategies.

The evolution of the Pitti Immagine reflects the definition of “intermediary fair” proposed by Skov (2006). The fair has different functions: from commercial to communication, networking and knowledge creation and diffusion. Pitti fairs managed to keep and create not only new places for trade but also to promote a fashion culture, through innovative events, projects and publications. Keeping high the selection criteria, attention to quality and details in the entire process, Pitti managed to evolve and create new role without losing its importance.

4. Local embeddedness of global economies: fashion industry in Milan, London and Florence.

Fashion industry is rooted in space, and in particular in the city thanks to a number of pillars, not at all exclusive of the fashion industry, but strongly characterising the territorial relations of such a sector. First, the fashion industry is characterised by a high concentration of workers, professionals and talented people that create local networks strongly rooted with the urban environment; secondly fashion products are contaminated by the specificities of the context, in particular as far as local creativity and local know-how are concerned; thirdly education and cultural institutions, collective actors and local government are the institutional roots influencing the fashion industry in many different ways.

In the following section we focus on this three “roots” of the fashion industry with the city, and this is done through the presentation of three cases where the fashion industry is both locally moored and channelled on the global markets. Milan, Florence and London represent three cities where the fashion industry is characterised by a different organisation in the local environment, and can be understood as ideal types of fashion city: Milan is the stage where powerful and luxury brands are acting as a magnet for many designers and talented people: the system works mainly thanks informal and close relations. On the opposite side the London fashion industry is sustained by a well organised system, shaped by strong institutions and collective actors. Florence, finally, shows a particular situation where local fashion companies are strongly linked with the local artisanal production, in particular in the leather processing, a local asset that allows the fashion maisons to be competitive within the global luxury-goods market.

Milan: Creative communities and local networks

The cultural and creative economy is acknowledged to be supported by networks of designers and workers who tend to concentrate in specific cities: evocative in this regard is the artistic community in Paris in the early 1900 or Beat Generation in San Francisco in the '50s. The concept of the creative community has generated directly or indirectly a number of studies on the spatial concentration of workers in the cultural economy and on the social mechanisms that underline to their relations (Banks 2000; Molotch 2002; Menger 1999; d' Ovidio 2010b).

The fashion industry in Milan appears to be strongly moored to the Milanese context: the system of fashion in Milan is based on networks of creative professionals, through which they organize business, they manage personal careers and resolve problems, thanks to the sense of mutual trust that is consolidated within the networks. And more importantly, networks are a fundamental mechanism for the recognition of talent and professionalism. No wonder that, for the need to be seen and recognized in the "right" places, and the need to interact with other professionals, fashion designers from Milan devote much of their time in meetings and interactions, to attend parties and events (d' Ovidio 2010a, 2008).

The designers have very dense networks of relationships: the networking activity is in itself a fundamental and challenging job in many areas. Assiduous interactions between actors in Milan created the system that Storper and Venables called the loop (2004), or circle of recognition, which produces and makes uses of social capital at different levels: it builds trust between operators, promotes the circulation of information, it generates the recognition of talent. The mutual recognition generates a

virtuous circle where trust and confidence are growing among operators, and this is essential: as many authors underlying many of the activities are organised by project, and operators are free-lance working on the single project. Further, trust and recognition are the mechanism that let people working together and share their knowledge and know-how. One of the key information exchanged within the network is about their own career that tends to be very flexible. It is therefore essential to rely on a vast network of relationships to maintain continuity of work and to be able to move from one engagement to another.

Finally, networks function also as a tool for the talent recognition: in highly competitive areas, it is always necessary to affirm one's worth and to demonstrate the qualities needed to perform the work. The group functions as a kind of mirror that reflects the skills of members and only membership is the guarantee of the reputation of those who participate in the group.

The strength of designers and creative networks working in the fashion system in Milan has a long lasting history: in the 1972 Aldo Ferrante, chief of five fashion brands, decided to hold a fashion show in Milan. He was to be followed by many young Milanese designers, such as Missoni and Krizia, who left Florence and showed in Milan. The following year would be the debut year for Giorgio Armani who showed in Milan, too. The fashion show in Milan had an absolute success, due to many aspects, among them its geographical position and its strong links with foreign market (Foot 2001), but also, most importantly, thanks to the presence of a strong network of people working in the fashion system at all levels: designers, studios and model agencies, P.R. agents, journalists, magazine editors and photographers, shops and show rooms organisers and so on (White 2000). Indeed Milan was the Italian hub of fashion publishing industry, from Vogue Italia to Amica already established in the city from the 1960s. Moreover, the rise of many industrial design companies in Milan, the success of the Triennale and the image of Milan as a city for design and innovation, made of Milan the ideal city for the design of clothes, too.

The Milanese fashion system, led by big names and important maisons is constantly working in order to maintain a high position both at the national and international level, and this is obtained in many ways. Fashion designers in Milan are, undoubtedly, public figures, and they demonstrate their importance by occupying, symbolically, the urban space. Moreover the network around the fashion industry is also promoting a number of situations to promote young and emerging fashion designers, in order to enrich the creative environment of the city: White, The Vogue Talents Corner, My Own Show, are some of the many events that are organised by magazines, schools and fashion maisons to promote fresh creativity in the city. Nevertheless, due mainly to the strength and economic power of the main actors within the local fashion industry, it is very difficult for an emerging designer to enter the scene, and to be able to compete with such prevailing actors, and this, paradoxically, is the main danger for the Milanese system that risks to collapse into itself if not stimulated and revived by a new generation of designers.

London: A workforce for the fostering of the local fashion industry

One of the peculiar features of the fashion industry in London is its configuration as a field of creative production where institutions, collective actors and designers interact within a vibrant creative atmosphere. It is exactly in their interaction that the field are

shaped and composed by two main groups of elements: first of all designers that, as in the Milanese case, develop strong relational networks; secondly the institutional actors and collective bodies that work together for the success of the local fashion economy.

Structures of networks correspond with the Milanese one: creative people, designers, stylists, journalists, fashion schools academics and so on. The networks in London share similar functions with that of Milan. However, what is very different from the previous case is that often relations among designers are developing also on a creative base, serving as a tool to nurture creativity and to develop ideas. This happens in particular among designers who are “fresh from schools” and they are very close to their previous academic networks.

Many fashion designers, moreover, establish strong relations with the art world, much more than it happens in Milan: within their networks with artists, designers share large part of their creative work.

Nevertheless, a second group of elements constitutes the London field of fashion production: institutions and collective organisations. Within the field of fashion production, fashion schools and the British Fashion Council are the main actors that built, together with the network of designers, that very strong system that is internationally known.

Fashion schools are mainly focused on two main goals: teaching on how to express creativity at its top and forming successful fashion designers. Firstly, fashion schools are usually within art colleges, and therefore fashion is taught starting from its creative side, pushing students to express and experiment their creativity as much as they can. Nevertheless, and this is in line with the second aim, students are trained to work immediately as independent fashion designers and they are encouraged to launch their own label. This of course is allowed thanks to the strong links that fashion schools developed with BFC.

Students with a degree from London fashion schools, not only are well trained and already insert in the system, but they have a strong social capital on which they draw during their carrier: on the one side their class-mate, on the other hand teachers that often are fashion designers themselves. Therefore both social and creative or cultural capitals are easily reproduced.

Next to the fashion schools, the British Fashion Council works to support the fashion industry and its work is done building solid relations with the fashion schools, thus building a powerful system. Among the many awards that BFC organises to boost the industry, the most important in term of emerging young designers is NEWGEN awards, that offers the chance to present their own collection to the Fashion Show to a number of emerging designers. In the last 10 years NEWGEN award has been given to more than 50 designers. Among them, many are now at the centre of international attention, as for instance Peter Pilotto that will be a guest in the next Pitti show in Florence, Christopher Kane or Giles Deacon.

Presented in such a way, it is easily understandable that the London fashion industry is highly innovative and also rather experimental. If this is the main asset of the local production, it is also its main problematic aspect: paradoxically the London fashion system seems not completely able to profit from innovative creation and to adapt it to consumers' taste. If it's true that fashion market is built around taste-creation it is also true that too much innovation is not able to reach a large segment of the market, thus

impeding a real boom of the London fashion production. Moreover, and this is also related to the aforementioned issue, British Fashion Council does not push fashion abroad, and London fashion remains narrowed mainly in the local market. Finally, on the production side, Londoner and the British fashion in general suffers from two points of view: schools do not really emphasise the sartorial elements of fashion and craft know-how is not always well-developed on this side; secondly the country lacks a real productive sector in the fashion and clothing industry and it has negative influences again on the know-how and craft ability of the British fashion designers.

Florence: perfectly mixing creativity and local craftsmanship

In many analyses about the so-called creative city, many references are often made to the creative or stimulating environments, that are where local and diffuse creativity is produced. These environments are said to be more apt at hosting the cultural economy, than others. Recently Bertacchini and Santagata trace a portrait of the creative atmosphere that keeps into account a cumulative process of skills, knowledge, experimentation. In this view “when the system of ideas reaches its critical mass, the creative atmosphere becomes visible and effective” (Bertacchini e Santagata 2012:20).

On a similar vein, another research stream analyses how specific elements of the local culture, and in particular local know-how and craft skills, are critical to the development of local cultural economies (Micelli 2010). Within this framework, Bovone (2006) uses the term of “quartiere alla moda” (fashion neighbourhood) to indicate a newly gentrified area where the whole filière of the production of symbolic economy is simultaneously present: production, signification, consumption. In these areas creative people are attracted by the presence of both creative or innovative people and craftsman, so that they draw from and reinforce the creative atmosphere: the interplay among craftsmanship, know-how, creativity, tacit and shared knowledge, the local aesthetics and so on (Bovone 2006).

The city of Florence, as far as its fashion industry is concerned, can be addressed as a city where the creative atmosphere is visible and effective: the local know-how in all sectors of the fashion system (leather, textiles, clothing, footwear and even gold and jewelry) is superimposed with a strong entrepreneurship attitude, a brilliant creativity and a good relations with institutions. Many fashion maisons in the city have a long history, being founded in the early 1900s, starting as small artisanal shops and becoming soon a focal point for shopping. Thanks to the local concentration of craftsman, these companies have been able to increase their production without losing their distinctiveness. After their starting success, many other companies started their activity in the area, profit both from the creative elements of the city of Florence and the craftsmanship of the area. Now the Florentine fashion maison are able to circulate globally a fashion product that is imbued by a unique craftsmanship essence.

All told, Tuscan fashion districts produce a turnover close to 20 billion euros, just under one quarter of the regional gross domestic product, being one of driving forces behind exports in the region . In fact, Tuscany “signs” 20% of Italian textile exports, 12% of clothing exports, 22% of sales abroad of footwear and as much as 40% of national leather good exports. Between Scandicci and Valdisevie, but also further south as far as Aretine Valdarno, there is a network of small and very small mainly craftwork manufacturers producing handbags, wallets and belts for the majority of

international designers. In fact, this area serves not only major groups rooted in Tuscany – like Gucci, Prada and Ferragamo – but also groups managed elsewhere including Louis Vuitton, Dior, Chanel and Céline, who find the environment, proficiency and labour organisation suitable for satisfying their quality needs, but also flexibility.

In the Florentine area an important number of fashion houses are embedded in such a context, some of them occupying the very high-end segment of the global fashion system, some others covering a niche market, but all of them with quite an important presence on the global fashion market. They all share a strong connection with the local craft districts, mainly, but not solely, with that of leather processing. The local fashion houses gain their success thanks to their capacity of combining entrepreneurial attitude, creativity and craftsmanship, and this is made possible thanks both to the “creative atmosphere” and to the local institutions and local actors. Their distinctive quality is thus the strong craftsmanship character of all the production and “made in Italy” or even “made in Tuscany” is used also as a brand strategy. Most of the Florentine fashion companies’ headquarter is composed by the creative office and the company’s factory, where designers and stylists, developers and craftsman work together in the making of the prototypes. Once they are developed, products are made locally (by a dense networks of micro and small activities) and distributed worldwide.

In order to better analyse and present the relations between the Florentine area and the fashion industry three examples of fashion companies are here reported. The three cases well represent the different kind of fashion companies present locally, but they are to be considered just as case studies, while it is not our intention to use them as representative sample of the fashion system as a whole.

Our first story is that of Cavallini, a niche company, now much specialised in hosiery, producing design stocking and tights, leggings and a small collection of seamless clothes. The company comprises offices, creative department, production and distribution in the same large building in San Miniato, just at the borders of Florence. Cavallini shows regularly at the New York fashion week and its products are sold worldwide, especially in the U.S. and the U.K.

The whole production and distribution is made by the company, except the production of yarn. The company lies on two main elements: from the one side the creativity and genius of Emilio Cavallini, founder of the company who have been working and researching for long time in London and then coming back to his home land to start his own business. On the other hand the strong technology and craft skill that is needed to maintain such a high position in the market. The company is positioned in an area that was formerly a hosiery district, now many manufactures moved and concentrate in the hosiery district around Brescia, in Lombardy. Cavallini has been able to stay in the area for two main reasons. First, the local skills are very important and still present in the area: for the company it is crucial to keep working with the same persons (not only in the company itself, but with yarn producers, dyers, and machinery technicians); secondly, being their goods directed to a niche market, with a very high added value in immaterial components, the efforts must be put in keeping high-level quality and design, and not to reduce prices.

Cavallini represents a good example of a very selected and innovative product, that is manufactured thanks to a very specific know-how linked to a high creativity and that is distributed all over the world.

The second brand that we refer to is Ermanno Scervino, a young company in the Florentine area (it has been founded in 2000), that has been able to take advantages of the craftsmanship skill of the area as well as the creativity of its founder.

In 2007 the headquarters was opened in Grassano, in the hilly environs of Florence.

The atelier, the research laboratory and the prototype, knitwear and finished garment departments are grouped together in the new premises so that they are in continual contact with the style concept. This is to the benefit of Ermanno Scervino's working strategy, which is to be directly engaged in the developments of his research, remaining in intimate contact with all the phases of workmanship.

The new headquarters also houses the offices in charge of administration and manufacturing and distribution logistics for the entire group. The production is completely made in Italy, as many of the Florentine companies, while the prototype, research and development is made entirely within the company, that incorporated two small enterprises: a knitwear and a trousseau manufacture.

Although the strong tradition, however, it is not always easy to find new generation of workers, and people coming from professional schools are not completely trained to work, so they need to be trained inside the company.

Finally, Gucci. Founded in 1921 by Guccio Gucci as a small workplace where shoes and bags were made and sold directly, now is a global "giant" with revenues of 3 billion euros, around 8,000 employees and 350 shops in the world. The whole production is made in Italy, employing (directly and indirectly) about 45,000 people. Although the artisanal elements in the company has always been present, in the last 3 years the company decided to strengthen it both from the point of view of its image and especially, through a series of concrete local actions that reinforce all the productive filière. Above many programmes implemented, two of them are to be mentioned: in 2009 an agreement has been signed among Gucci, trade unions, Confindustria and other local institutions in order to activate a Permanent Committee focused on filière policies. The main task of the Committee is promoting operational actions in order to sustain standard of social responsibility, to value the local know-how, to implement innovation paths and also to economically sustain small and medium local enterprises. Secondly, more recently in 2011 Gucci sponsored its main (in)direct suppliers to join forces together and to build formal networks. The result is thus the creation of three networks connecting a total of 24 small and medium enterprises (for a total of more than 600 employees) that are cooperating on efficiency, technological and organisational innovation, quality standard and sustainability. Gucci's role is that of facilitator and intermediate, consulting as far as organisation, training and also financial issues are concerned.

Gucci is, thus, based on three main pillars: the fashion and creative side, the craftsmanship quality of their products, and the social and environmental responsibility. This is their challenging receipt to successfully compete within the global market.

From this presentation it emerges not only the strong value of the Florentine craft tradition, but also the need for the fashion maison to be constantly very competitive as far as design and research are concerned. Nevertheless, and this is the main challenge that the Florentine area has to face in the next few years, the economic structure of the small and medium enterprises is not always very strong and they risk to collapse

without effective development programmes aimed at sustaining them during periods of crises. Private-public alliance in this respect seems to be a successful strategy, but it should be implemented at large scale, with a clearer governance.