Transforming the Retail Value Chain: Retail PLM

“...We just wanted to make our lives easier.”

SOURCE: A prominent outdoor lifestyle brand in the United States

The world is changing. The core business of fashion – creating the finest products, setting the latest trends, and meeting customer needs – may have remained static for hundreds of years. But, the economic and technological landscape in which it occurs today would be unrecognizable to designers, buyers, technicians and executives working even at the beginning of the twenty-first century.

In the upcoming years, you will produce more products than ever before, faster and more competitively priced than would have seemed possible even six months ago. Your margins will be tighter, your consumers close, and your competitors closer. Shifting commercial realities will make the economic pressures you’re aware of...
today more keenly felt on your bottom line, and the moral and ethical obligations of doing business on the world stage will become more pronounced than at any other time in the history of international commerce.

And if there’s one certainty in an uncertain future, it’s change. The very forces that are driving competition, forcing down cycle times, affecting the global economy, and influencing product development are inherently unpredictable. Sooner rather than later, every retailer, brand and manufacturer will find its success – its profitability and its ability to remain creative and relevant – defined by its ability to respond to change.

But those businesses that take steps to not only quantify and qualify this unpredictability, but also understand where it originates from, are better prepared to face that uncertainty.

In the forms of technological solutions like product lifecycle management (PLM) and best practices, the tools exist today to allow even the most complex global product development and supply chains to run efficiently and to permit even the most involved customer base to feel as though they are shaping the future direction of their favourite retailers and brands.
Factors such as changing economies, government policies, regional factors and sometimes even unseasonal pop-ups on social media can affect the market and also consumer behaviour.”

SOURCE: A luxury fashion house in Germany

Every retailer and brand, whether they deal in apparel, accessories, footwear or consumer goods, understands that products are neither developed nor sold in a vacuum. A mix of forces – economical, environmental, aesthetic, social – shape the world in which we make and sell products, and leader among those is the consumer him or herself.

And today those consumers exist in more territories worldwide and are accessible via more channels than ever before. Consumers no longer look to brands to define their perception of trends or to help them decide what to buy – a decline of 10% in just two years (Source: Edelman Berland) and the vast majority will now crowd-source their buying patterns, learning and sharing information about the latest styles without ever approaching the industry’s traditional influencing methods: the personal shopper, seasonal catalogue, and marketing campaign.
Changes in RFA industries

This new way of shopping also signifies an overall growth in the potential market for retail and consumer goods, and worldwide apparel sales grew 4% in 2012 (Source: NPD data), driven in part by demand for more choice, more colorways, more SKUs, and more diversity. The challenge is to provide that choice without compromising on quality, and this demands more than just working harder: it requires entirely new methods, coupled with a willingness to change and to learn from best practices.

No single retailer or brand is alone in facing these challenges, however, and history demonstrates that the apparel and consumer goods industries have weathered these kinds of tectonic change transformations before – through industrialisation in the eighteenth and nineteenth centuries, or through offshore manufacturing in the latter part of the twentieth.

Whatever the next month, year or decades throw at your business, the technological tools and solutions which exist today to allow you not just to survive and keep pace in a difficult environment, but to flourish and create a competitive product advantage.

“Accessibility of information shapes our lives.”

SOURCE: Joseph C. Magnacca, CEO of Walgreens, speaking at NRF 2013
While they can be as diverse as a freehand drawing tools and warehouse management systems, most prominent amongst these solutions is product lifecycle management. PLM at its core remains a suite of software and an accompanying ideology designed to make the lifecycle of your products (from their inception on a designer’s Adobe Illustrator canvas to their eventual destination on the hanger of a flagship store) as efficient and manageable as possible.

Today, these fifty-plus solutions are designed to overcome common industry challenges and prepare retailers and brands for an uncertain future by enabling:

- Streamlined processes
- Refined business processes and an informed sense of strategic direction
- A single source of centrally accessible and consolidated product data
- Robust and reliable support for global collaboration with distributed teams and supply chain partners
- Reduced cycle times and overall product cost, with notable efficiencies and reductions seen from sourcing to sampling

Technology in isolation is not sufficient to allow a business to achieve these goals, however. In order to truly meet the needs of modern consumers, retailers, brands and manufacturers need a thorough understanding of the market itself – its opportunities as well as challenges – and insight into the types of enabling technology that are available today. Also the opportunity to benefit from the experience of peers who have been there before them can help them understand the kind of flexibility and receptiveness to transformation the coming years will require.
1 | The shape of the market

Whether garments, accessories and footwear are sold only domestically or also exported in a range of SKUs to a host of markets in the wider world, their creation is almost invariably an international effort.

Very few regions of the world have all the natural, human, and infrastructure resources required to design, source, manufacture and sell products in a way that is both efficient and profitable. And yet retailers and brands must manufacture products where the raw materials and labor required are most cost-effective, and sell them where their identified consumers engage with the brand. As a consequence, adopting a global mind-set is a requirement of modern product development – even where those products are sold exclusively in domestic markets.

“The customer is everywhere.”

SOURCE: A footwear and apparel group in the United States

A global mind-set means more than just thinking about your local market forces or pricing your global supply chain. Instead, it covers everything from positioning products worldwide – delivering the right garments, footwear and accessories to the right markets, at the right price, on trend- to recognizing the role that international economy plays in the creation and consumption of those products.

Understanding the shape of today’s market is vital for retailers, brands and manufacturers who hope to profit from and succeed in it.
The products that come to define brands are conceptualized and visualized in the traditional fashion nexuses of London, Paris, Milan, and New York, as well as in an increasing number of boutique hubs worldwide, and in cities becoming newly renowned for their creativity.

As we have seen, these products are very rarely sampled, stitched, sewn or manufactured in the territories in which they were designed – instead being predominantly manufactured in China, India, Bangladesh, Vietnam, Pakistan and Indonesia [Source: Plunkett Research]. Indeed, the Chinese textile industry accounts for a significant percentage of all global apparel production, much of it conducted by third-party manufacturing partners working on behalf of brands in the USA, UK, Scandinavia and mainland Europe.

And while that offshore manufacturing is as prominent as ever, recent figures demonstrate that it is no longer sufficient by itself to deliver the savings that permit businesses to remain competitive, as fabric mill prices have risen precipitously since 2005 [Source: US Bureau of Labor Statistics].

These cost increases are closely tied to the rise of social and environment compliance, mandated in many cases by international legislation. Those retailers and brands that do not already ensure that their extended supply chain adheres to fair labor and sustainability practices will soon be required to do so.

In fact, many of those traditional manufacturing strongholds have seen their factories switch over to making products designed and distributed domestically, or indeed have become brands in their own right. Brands that, like Chinese Olympian Li Ning’s eponymous sportswear lines, are today challenging the dominance of global fixtures like Nike in their home territories.
As a result, not only are the costs of international manufacture (and its associated shipping and sampling) becoming higher, but the actual pool of manufacturing talent available to retailers and brands has shrunk. Research also suggests that emerging manufacturing territories like Bangladesh may struggle with the influx of business from China, leading to increased costs in the areas of sampling and quality assurance (Source: Just-Style).

Globally speaking and adopting a multi-channel perspective, things are less gloomy than they might seem. In many instances, where in-store sales are down, online sales are up, and vice versa. And leading brands are continuing to invest in premium real estate where, in a break from tradition, success is not measured in sales-per-square-foot, but rather in the opportunity to flagship store provides for consumers to “live the brand” and be exposed to the products, ethics and expertise that brought them to the shop front in the first place.

Despite a predicted decline in bricks and mortar stores of some 10% in the next decade in the UK alone (Source: Hammerson property), in-store shopping still accounted for some $500 billion in spending in the 2012/13 holiday period in the United States (Source: Jill Pulieri, IBM, speaking at NRF 2013), which suggests that retail channels are still attracting consumers who are ready and willing to spend.

So, while the market is undoubtedly shifting, there appears to be little value lost when we consider the full range of retail channels that are available to today’s fashion and consumer goods industries.
Industry analysis (Source: Planetretail.net) demonstrates the omni-channel potential of businesses like Fast Retailing’s wildly successful Uniqlo concept (in store and online, and undergoing dramatic international expansion), as well as the unabated growth of online giants like ASOS, for whom e-commerce has provided an entirely new paradigm in fulfilling consumer demand. Similarly, we now see traditional designers embracing and flourishing through new digital channels, such as in Michael Kors’ newfound status as the most sought-after American luxury brand online (Source: The Digital Luxury Group).

Recent figures (Source: Draper’s Record, February 2013) also suggest that those same luxury and high-fashion brands are experiencing an overall surge in interest, despite year-on-year sales figures reported by luxury brand Hermes as having increased by 26% in 2012.

Every retailer, brand or manufacturer is a global business, whether it’s in product development, sourcing, communication, social media or communication. Interconnected, international business means that even single-territory, boutique brands can be exposed to market fluctuations and forces.

“A global company might be affected either by a negative factor affecting several regions or their specific region alone... it might also profit from an opportunity that exists in yet another region at the same time. The ability to handle each depends on how well that company is prepared for their impacts.”

SOURCE: A luxury fashion manufacturer in Turkey}
And whether we are considering the immense tides of international commerce, or the challenges faced in domestic markets, being prepared for an impact of one form or another is a sound strategy in an inherently unpredictable world.

“...Social, mobile, cloud, and the fickle consumer are at the heart of a new nexus of forces.”

SOURCE: Lori Mitchell-Keller, SAP, presenting at NRF 2013

It is important to note, though, that these multivariate channels exist beyond retail— with the presence of social media in the market, the consumer is everywhere, not just at the point of sale. Retailers in the retail and consumer goods sectors can no longer treat their online presences as simple storefronts; they must instead serve as listening devices and barometers of consumer trend and brand perception.

Statistics suggest, that consumers today, specifically Millennials, base their purchasing decisions not just on price and selection (although these are significant factors), but on the “experience” or “fun factor” of shopping (SOURCE: Symphony-IRI) and are heavily influenced by the kind of new media that is defined by the social media era: smartphone applications, social network recommendations, and in-store multimedia experiences.
Social media is everywhere, and all of our brands are very active on Facebook, so we get a lot of feedback from our customers via that avenue.”

SOURCE: A footwear and accessories group in the United States

This proliferation of information means that today’s consumers are interconnected to a degree they have never been before. And to compound the speed at which trend and customer feedback reverberate around the globe, the unpredictable and multi-faceted changes that characterize the market as a whole can spread today in the time it takes to click a hyperlink. Manufacturers are now able to use this interaction and actually integrate direct feedback via social network sites and apps into their products and lines.

A good understanding of the market as it stands today (enabled by tools like social media and industry performance statistics) can help to prepare your business for the inevitability of change, and it’s imperative also to ensure that whatever shape the market takes this year and in years to come, your products and are flexible, agile and intelligent enough to keep pace with ever-changing consumer demands.

2 Common challenges and key opportunities

The demands of today’s market for retail, footwear and consumer products have given rise to a host of challenges for retailers, brands and manufacturers worldwide. As consumer demand increases and competition becomes more pronounced, pressures are felt at every stage of the product lifecycle – from design to delivery.

No single area in a company faces these challenges in isolation: difficulties in design are compounded by problems in production, and roadblocks in resourcing occur alongside compliance issues in quality assurance. And each of these individual challenges are multiplied, regionalized, seasonalized.

There are, however, common themes that have come to define these challenges – those that affect every business, from the sportswear retailer to the luxury brand. It should be noted that in the same way that problems do not occur in isolation, neither should they be solved that way. Solutions intended to address one or more of these common challenges can become solutions for many, if not all, of them (Source: Tech-Clarity, Issue In Focus: Product Analytics).
## Common challenges:

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<thead>
<tr>
<th>Challenge</th>
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<tbody>
<tr>
<td>The necessity to produce products that can reach target markets more quickly than ever before.</td>
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<td>The desire to produce products without any drop in quality, at a lower cost.</td>
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<td>The need to do more with less – to optimize the processes in a product lifecycle, laying the foundations for more efficient and creative product development.</td>
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<td>The overriding business goals to improve profitability and increase product margins.</td>
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<td>The strategic business driver of international expansion and the desire to capitalize on investment opportunities presented in overseas markets.</td>
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<td>The need (soon to be affected yet further by compliance legislation) to improve supply chain agility while also growing partnerships with members of the global supply chain.</td>
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<td>The demand for better quality products and quality assurance processes, to increase consumer loyalty and reduce the risk of returns.</td>
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<td>The requirement to keep up with consumer demand for innovation</td>
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<tr>
<td>The need for insight into every stage of the product lifecycle, to ensure that workflow and milestones are properly managed, and to enable true transparency and traceability in advance.</td>
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“We are facing [many] challenges at the same time, causing a strong upheaval in the way we conduct our business and changing the way we view our structure, systems and processes.”

*Source: A luxury fashion house in the United States*
By examining each challenge in further detail, we can see that commonality does exist between retailers, brands and manufacturers wishing to remain profitably in an ever-changing industry.

**IMPROVE SPEED TO MARKET**

“Speed to market, delaying styling decisions to be more fashion right.”

SOURCE: A sportswear brand in the United Kingdom

<table>
<thead>
<tr>
<th>Who</th>
<th>VP of Design / Product Development and VP of Merchandising / VP Product Management</th>
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<tbody>
<tr>
<td>Where</td>
<td>Predominantly affects Western markets, where communications between consumers and the ascendance of “fast fashion” have conspired to reduce cycle times and increase the number of seasons expected within a single calendar year.</td>
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<td>Why</td>
<td>Driven by the closing gap between inspiration and finished garments, retailers and brands in the retail, footwear and consumer goods sectors find themselves required to deliver products that are closer to trend than ever before. The work of companies like Zara has given rise to an expectation that styles can make the transition from the catwalk to store shelves in a matter of weeks, when traditional lead times are measured in months. In order to keep pace with consumer demand, steps must be taken to shorten lead times as much as possible.</td>
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**REDUCE COST AND INCREASE MARGINS**

“Changes in internal organizational demands for faster input of data, better and more flexible reporting and more in depth analytics.”

SOURCE: A renowned fashion brand in the United Kingdom

<table>
<thead>
<tr>
<th>Who</th>
<th>VP of Design / Product Development, VP of Merchandising / VP Product Management, and VP of Sourcing / Supply Chain</th>
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<tr>
<td>Where</td>
<td>A universal desire, common to all markets where fashion and consumer products are developed and sold.</td>
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<tr>
<td>Why</td>
<td>A two-fold challenge, driven by the desire for increased profitability, this common task requires both a reduction in product cost (both in terms of raw materials and labor) and the kind of market insight, performance reporting and business intelligence that allows the resulting final product to be priced as cost-effectively as possible.</td>
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### IMPROVE PRODUCT QUALITY

**Who:** VP of Sourcing / Supply Chain  
**Where:** Common across all territories, this challenge is a smaller concern to some high-volume retailers (the UK’s Primark, for instance) for whom quality is secondary to price.  
**Why:** Quality is increasingly being seen as a primary consumer concern. In addition to traditional fashion checklists, workwear and performance wear brands also have incredibly stringent quality assurance processes, which can be both time consuming and costly to operate. Poor quality materials, manufacturing processes, and QA processes contribute directly to high rates of return, and significantly affect profitability of entire product lines.

### IMPROVE CREATIVITY

**Who:** VP of Design / Product Development  
**Where:** A common challenge, but one that is especially pronounced in more competitive regions and sectors with several established retailers and / or brands vying for consumer attention.  
**Why:** Without standardized data storage and retrieval methods in place, much of the creative work that goes into the design of a product is either lost or never re-used due to time constraints, leading to the recreation of a significant portion of assets each season. Similarly, many design teams are reluctant to adopt technology, since they fear that standardization will jeopardize their essential creativity. Both factors minimize the amount of time and creative energy available during new product introduction, leading to more stagnant products or slower design processes.

### ENABLE MARKET EXPANSION

**Who:** VP of Merchandising / VP Product Management  
**Where:** A universal desire in any market where domestic success, the legislative environment or increased competition render internationalization an attractive prospect.  
**Why:** Another several-fold challenge, international expansion can be driven by a number of possible catalysts: a retailer or brand may have achieved significant market penetration in its home territory, leading it to consider international expansion as a logical avenue for growth or a retailer or brand may have seen its target demographic diminish domestically, but may recognize a market for its products in a new territory (Source: Grail Research).  

While these opportunities do often occur, a business recognizing them is not as valuable as it having the insight and the resources to ensure that it is able to capitalize on chances of international success.
“One of our biggest risks is keeping track of all of our restricted substances. With PLM, we’re able to notify which materials are on that restricted substances list, and make sure that they’re not going into our products.”

SOURCE: A footwear and apparel group in the United States

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<th>Who:</th>
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<td>Where:</td>
<td>Common to most Western markets, particularly those for whom offshore manufacturing is still the dominant model, and in whose home territories consumers are beginning to base their brand perceptions on more than just product quality and availability.</td>
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<td>Why:</td>
<td>Supply chain agility refers to the capacity of a given retailer or brand to shift a portion of their supply chain (traditionally sourcing or manufacturing) from one partner or region to another. Traditionally this would have been a purely fiscal decision, driven by competition from emerging manufacturing environments, but today the sudden need to move seamlessly from one manufacturing partner to another is often driven by social, ethical or environmental compliance impacts. Independent research shows that less than 20% of clothing brands know of every supplier in their global chain - demonstrating how production can easily be either sub-contracted or simply conducted off the radar, leaving the retailer or brand none the wiser (Source: Free2Work Apparel Industry Trends 2012). One of the modern retail and consumer goods industries’ greatest challenges is to conduct product design and development as cost-effectively as possible, without compromising brand ethics and exposing the public face of their business to social or legal scrutiny without true transparency and traceability in place across the entire global supply chain.</td>
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“Social media needs to be integrated into the fabric of our organization, capturing internal and external sentiment and insights. This will help to drive a truly open collaboration environment within and across the organization and across our consumer base. This is the single most compelling and exciting shift in business for years.”

SOURCE: An international outdoor and performance wear group

<table>
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<th><strong>Who:</strong></th>
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<tr>
<td><strong>Where:</strong></td>
<td>All territories with sufficient electrical and communications infrastructure to have allowed social media to become a potent force – predominantly the USA, UK, Europe, China, India, Latin America, Australia, and Scandinavia.</td>
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<td><strong>Why:</strong></td>
<td>Research predicts that by 2015, the 20% of businesses that employ social media for more than just blind marketing will lead their industries in revenue growth (Source: Gartner). Rather than just being one-directional avenues of communication social networks are instead bi-directional listening devices capable of generating a huge amount of valuable trend and performance information, as well as presenting a valuable opportunity to appoint influencers to help spread a company’s brand. Further than this, social media tools can also be used within a company’s extended supply chain for the purposes of cross-functional communication in a setting and through a medium that is widely used among today’s workforce. This method is dubbed “the company as community” and represents a true paradigm shift in the way that both intra and extra-corporate communications will be handled in the near future. Like many of these challenges, though, social media is not something that can be addressed with a simple plug-in or the creation of a business Twitter feed or Pinterest page – it requires a change in corporate culture, empowered and supported by the right solution(s).</td>
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3 | The technological landscape

Brand perception and international legislation are shaping the way that retailers and brands do business, so by ensuring that no prohibited materials enter your products, and making sure that the garments, accessories or consumer products are produced within safe, fair working environments, those responsible for sourcing and compliance within your organization are performing an extremely valuable task.

“If we want to reach our goals, we have to be with the cutting edge technology”

SOURCE: An outdoor lifestyle group in the United States

With such rapid fluctuations in the markets for retail and consumer products themselves, a range of technological solutions has emerged to address the resulting business challenges. Within the last decade a thriving and fiercely competitive industry has taken shape, with more than fifty vendors catering to core product life-cycle management solutions for the retail industry alone. Building on the pioneering work undertaken by early adopters, these solutions are today in use by most of the world’s leading retailers and brands, and have proven themselves in their capabilities to deliver core efficiency savings at the highest possible level. And, where PLM for retail and consumer goods is concerned, industry growth shows no sign of slowing, with combined sales accounting for between $270 and $350 million worldwide, and predicted growth potential of 14% by the close of the 2013 fiscal year (Source: WhichPLM Annual Review 2012).

“I think organizations are looking to streamline data and to get information faster and cleaner through technology, to be able to react faster and achieve the best margin.”

SOURCE: A luxury design house in the United States
“The biggest industry trend is turning towards the technology and how you implement it.”

SOURCE: A luxury design house in the United States

“...We are seeing the emergence of new systems that weren’t there even two years ago: their vendors have realised they can get more business from flexibility.”

SOURCE: An own-label high street retailer in the United Kingdom
So, just how should a retailer, brand or manufacturer who recognizes the day-to-day challenges in their own business begin to make sense of what technology can do for them? Before committing to a PLM implementation, it’s important to understand what constitutes a retail-focused solution: what typically are its core capabilities, and how might it alleviate some of the challenges you face at both the strategic and process levels?

**The essential capabilities of a retail-focused PLM solution:**

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<tr>
<th>Capability</th>
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<td>The ability to serve as a centralized source of all data as a product goes through a typical lifecycle (inspiration, design, technical scoping, communication to supply chain partners and manufacturers, prototyping, sampling, approval, production, shipping, display, and disposal).</td>
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<td>The ability to create, share and collaborate with supply chain partners during the sourcing and manufacturing processes.</td>
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<td>The functionality to streamline and optimize internal working to ensure that distributed teams are able to work from a single source of information.</td>
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<td>The ability to serve as a digital asset management store (&quot;DAM&quot;), allowing design, inspiration and technical specifications to be imported from the designer or garment technician’s system of choice, stored and re-used for future product development.</td>
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<td>Robust support for line planning, allowing retailers and brands to shape their lines and collections in a way that is both efficient and informed.</td>
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<td>Support for workflow tracking, allowing product milestones to be transparently tracked, and to trigger next steps so that the completion of a design amendment could, for example, automatically trigger an alert to a garment technologist that an item is ready to be shared.</td>
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<td>The ability to track and trace samples to conduct quality assurance on production prototypes.</td>
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<td>Facilities that allow the user to both engage with and evaluate supply chain partners. A “supplier portal” can allow select partners access to a limited version of the system, so that the retailer or brand can be certain that only the latest version of information is in use, while supplier ranking capabilities allow sourcing managers to carefully evaluate supply chain partners on a range of discrete criteria – from environmental compliance to product quality and returns.</td>
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80% PLM implementations have delivered the expected savings in time and efficiency – eliminating data redundancy and streamlining repetitive tasks across the entire product journey [Source: WhichPLM Annual Review 2012].
Selection Process:

As the retail and consumer goods markets for PLM have grown, so too have the reach of the solutions themselves. PLM solutions have grown to create real value from concept to delivery by acting as a connecting thread of product master data – tied into social media, marketing, sampling, social compliance, store visualisation and a host of additional process spread along the product journey.

According to end users of PLM surveyed in 2012 (Source: WhichPLM Annual Review 2012) some additional benefits include:

1. Supply chain management, collaboration and ranking processes.

2. Support for bill of labor (BOL), including integration to graphical labor values and established standard minute values (SMVs).

3. Tools for the management of green-socio-ethical compliance

4. Robust materials management processes, including: material development and testing, color development, artwork development, or packaging and labeling.

Until recently, many of these compounded and additional benefits were considered to be less important for smaller or medium-sized organizations, as there was a perception that beyond its core capabilities, PLM technology and its associate benefits were reserved for companies with turnovers measured in the billions of dollars. Today, with a drastic increase in out of the box functionality, organizations from large corporations to boutiques can begin to benefit from the best practices and rapid time to value enjoyed by the early adopters who helped to carve out the niche for PLM for retail and consumer goods.

“...When selecting a PLM provider, I would say the biggest thing is partnership. It’s not just about implementing a new technology into your company; it’s about getting all of your team members bought into that technology.”

SOURCE: An outdoor footwear and apparel group in the United States
60% of PLM users within the retail, footwear and apparel industries (Source: Which-PLM Annual Review 2012) cited a vendor’s fashion industry experience as a considerable influence on their decision of whether to implement a PLM solution. When we take account of just how significant a PLM implementation project can be, we begin to understand why retailers and brands prefer a solution partner that has demonstrable expertise and available resources.

Research shows that “high performers”, i.e. those retailers and brands who achieve the most significant returns on their investments in technology, customise their software less (Source: PTC and Tech Clarity global survey).

Benefitting from a PLM solution requires not only continued commitment to the system, but also on-going evaluation of the best options for your business. High-level evaluations of a host of solutions exist in the marketplace (through portals like WhichPLM, CIMdata, Apparel Magazine and RIS), and the most thorough evaluation incorporates an analysis of your unique business requirements.

“We needed to pull data from several sources in order to see the big picture”

SOURCE: A well-known womenswear brand in the United States

Research demonstrates that retailers and brands in general are becoming savvier where technology implementations are concerned. In 2012 almost 80% of PLM implementations were forecast by a detailed internal assessment period within a number of companies (SOURCE: WhichPLM Annual Review 2012). Industry leaders take this opportunity one step further and use the review and process maturity assessment period as a chance to examine their entire business. By adopting this approach, they can be certain that the system they are implementing fits into their existing structure or, use the data generated from this analysis to identify areas in which their own processes should be adapted in order to make the most of their technology investment.

No examination of the technological landscape would be complete without an indication of how likely it is to change in the near future. Asked in early 2012 what they saw as the most important functionality requirements for the future, end users of PLM listed (Source: WhichPLM Annual Review 2012):

- Integration to mobile devices
- The standardisation of an XML format for common processes and key attributes
- Improved integration to third party solutions
- Feature-based costing tools
When we consider just how many job roles can be enhanced or transformed through the use of mobile technology alone, we can see how any examination of the technological landscape should cover not just the ways in which each shortlisted solution will support your current business objectives, but how each vendor’s roadmap will enable you to keep abreast of technological and market developments in the near future.

Research *[Source: Tech Clarity and PTC global survey]* shows that effective and profitable users of PLM benefit from what is called a “long tail”, where the benefits they’re able to realize (both in terms of software and their own process refinement and introspection) increase steadily over a two-to-four-year period following implementation.

### How industry leaders are setting the pace

While technology is a vital tool in the most creative, most profitable and most effective brands, success in product development and PLM implementation also requires the unity of internal and strategic priorities in a host of different areas.

**Leading in speed and flexibility:**

Producing trend-right products as quickly as possible is a common goal for virtually all retailers and brands working in the retail and consumer goods industries. While market forces are pushing businesses to reduce cycle and lead times, industry leaders are working in unison with supply chain partners to develop relationships that allow them to respond as seamlessly as possible to changes in trend and demand.

> For the apparel industry, the minute a design is made, you should be the first to put it on store shelves. To be able to do this, the complete product cycle should be tightly bound together, and the global supply chain must be ready to assist you as rapidly as possible.”

*SOURCE: A luxury fashion manufacturer in Turkey*
Many of these leaders treat supply chain partners as part of their business, not only ensuring manufacturing capacity at critical times, but taking an active role in the development of technologies and standards that will permit them to produce products of the future as rapidly as possible.

**Leading in partnerships:**

Partnerships, for industry leaders, mean more than just supply chain management: where some retailers and brands may find themselves shopping for technology, industry leaders are shopping for partners. Just as the right PLM vendor will not simply deposit an out-of-the-box solution on the customer’s desk with minimal guidance, the right customers will work closely with their vendor to ensure that their needs (and by extension, the needs of the industry at large) are met.

**Leading in emergence:**

Many industry leaders have identified expansion into emerging markets as a cornerstone of their future growth, with leading retailers and brands like Decathlon *(Source: Draper’s Record, February 2013)* continuing to enjoy significant interest in new territories. Industry leaders are increasingly recognizing that in many cases, overseas territories represent untapped markets ready for the introduction of products or lines tailored specifically to their cultural and regional trends. And whether their expansion is handled via a franchise model or by direct expansion into new and emerging territories, industry leaders employ a strategic approach to overseas expansion, based on both internal and reliable third party market intelligence.

“We need to ensure that the system providers are moving with the changing face of the markets.”

*SOURCE: A multi-brand retailer in Europe*

**Leading in diversity:**

Although this trend is more pronounced in retail – particularly for large-scale or department store retailers that have the real estate and capacity to stock multiple product types across the retail and consumer goods sectors – industry leaders in both the retail and brand sectors acknowledge that core products and lines may not remain that way forever. And while haute couture and prestigious brands may have the luxury of trading on timeless classics, this striving for diversity is common to much of retail.
The dominant market force for us is to build balanced portfolios of “in demand” merchandise. It’s less about focusing on fashion only, but keeping up with customer demand regardless of product type or lifecycle.”

Sources: A large retailer in South Africa

Leading in differentiation:

In many cases, online retail has dominated in-store sales in recent years. But the beginning of mobile device sophistication has given rise to the phenomenon of “show-rooming”, where consumers treat bricks-and-mortar stores as venues through which to browse a brand’s catalogue, before turning to social media and dedicated applications to help explore and find additional information on these items.

At the moment your consumer steps into your store, you should be creating a difference between you and all of your competitors, either in your products or in the services that you are providing the consumer.”

Source: A luxury fashion house in Germany
As a result, industry leaders are working to differentiate in-store and online experiences, playing to the strengths of each. By providing a comprehensive digital experience that can unify both physical retail and e-commerce, flagship stores have become the newest method by which consumers can “live the brand”, and the experiences, multi-touch devices, and lifestyle experiments conducted within those of the most forward-thinking brands are an important point of differentiation.

“Burberry Regent Street brings our digital world to life in a physical space for the first time, walking through the doors is just like walking into our website.”

SOURCE: Angela Ahrendts, CEO, Burberry.

Leading in communication:

There is essentially no aspect of the product lifecycle that is not touched by a product lifecycle management process: job roles from design and development to technical work, from sourcing, sampling, and quality assurance to logistics. This is due at least in part to the fact that PLM is intended to bring those roles and teams together, allowing distributed, coordinated teams to rely on digital means to create and share product information around the world.

“PLM technology is wonderful and it helps business processes without a doubt, but oftentimes, I think the people portion is overlooked. Technology will not be successful if you don’t manage the change in people.”

SOURCE: A footwear and apparel group in the United States
We have seen the force of change within the retail and consumer goods industries, industry leaders recognize that this collaborative power means that a PLM initiative cannot be simply management driven – designers, garment technicians, executives and supply chain managers alike must understand the importance of a product life-cycle management process not just at the strategic level but how it will affect their own role. And this communication is bi-directional, since end user feedback can help companies understand the way PLM is implemented and introduced.

By learning from the experiences of those pioneering retailers and brands, businesses of all shapes and sizes can turn to technological solutions and partners that are best equipped to help them flourish in the future.

5 | A Partner For the Future

As we have seen, consumer demand has begun to disregard the concept of traditional seasons, with product line development expected every few weeks as opposed to four times a year. And so, to keep pace with demand for new trends, retailers and brands are steadily introducing more new products with each passing season, and decreasing the number of carryovers as savvy shoppers begin to seek out and prioritize innovation.

“With PLM, we were able to take one of our brands’ calendars from 90 weeks down to 70 weeks, which allows us to be on trend and closer to market.”

- Deckers, PTC customers since 2011

An extensive variety of steps like storyboarding, assortment planning, line planning, raw materials development, product specification development, sampling, costing, sourcing and vendor management contribute to the development of even a single garment. And in order to deliver styles that are on budget, on trend and on time, these development processes and the people responsible for them must remain in sync. By using the collaborative capabilities of a PLM solution, modifications or missed deadlines can be instantly shared across a distributed, global team, ensuring that everybody from the designer to the supply chain executive is aligned to deliver the shortest possible time to market.

PTC Windchill FlexPLM (built on the industry-leading PTC Windchill framework), is configurable, scalable and proven, and has been implemented by many of the top leaders in retail, footwear, apparel, and consumer goods on every continent.
FlexPLM is web-based and built from the ground up to manage the complex workflow, sourcing, trend and design processes of the retail and consumer goods industries. It helps retailers and brands achieve goals in reducing cycle time, reducing cost, managing complex assortments, improving their ability to introduce new products, lines and channels, and delivering true product advantage. With robust calendar management that allows for quick, one-click tracking of product milestones against seasonal calendars, FlexPLM is able to tightly integrate design departments to materials management and workflow solutions.

With increases in the efficiency of product development, improved and streamlined access to materials and sample management, and real-time auditing and quality assurance processes, FlexPLM includes a full complement of core and extended functionality to address the most common or the most unique product development challenges.

As the industry leader in 2012, PTC is committed to helping retailers, brands and manufacturers of all shapes and sizes remain profitable and efficient, and create the best possible products for the markets we serve.

Contact PTC

To find out more and to discover why global leaders like Liz Claiborne, Nike, Adidas, and Patagonia trust their product development – the font of their creativity and profitability – to PTC’s industry leading FlexPLM solution.