

# Retail Product Merchandising: Retail Buying-Selling Cycle

## **SECTION 2: Establishing the Retail Merchandise Mix**

### **Part 1: The Basics of the Retail Merchandise Mix**

#### *Part 1: 1-3 Style Structure in the Apparel Segment*

As previously discussed in *Part 1: 1-2* of this **Section**, the organizational structure of the high-end market of the women's wear fashion apparel industry begins with *Haute Couture* or European designer apparel. The next level is *Prêt-à-Porter* or European ready-to-wear (RTW). However, the elevated fashion level and costly price points of the merchandise in the European RTW segment should not be confused with the mass-produced RTW products designed and developed in the United States. (Refer to *Haute Couture* or *Couture and Designers* explanations in the previous *Part 1: 1-2*.)

In the United States, the organizational style structure of the women's apparel industry is built upon designer merchandise that may be sourced from either well-known designers who operate their own design companies or from branded apparel companies who hire name designers to create their seasonal lines. However, the majority of merchandise available in the United States is *ready-to-wear (RTW)* or mass-produced merchandise. This merchandise is developed by U.S. manufacturers and is produced sometimes in domestic factories but is most often sourced from international manufacturers and contractors.

United States companies producing this mass-produced merchandise target various and sundry consumer market segments who have different lifestyles, occupations, and income levels, as well as fashion taste levels. Additionally, these products, offered at all price points, target both domestic and international market segments in several channels of distribution.

The European fashion industry is organized and operates very differently in comparison to the United States textile/apparel complex. Due to its rich cultural heritage, the impact of its historic beginnings, and the textile/apparel industry's recognized, highly trained labor force with expertise and skill in the needle trades, the European fashion industry has established a sound foundation and set the pace for the entire fashion industry. In fact, since its early beginnings, the American textile/apparel industry has been influenced by the European industry. However, the two industries were established and thus organized very differently. A brief overview of the organizational structures are contrasted and compared in the following discussion.

In the European fashion industry, based on the type of innovative, creative endeavor, designers may patent, trademark, copyright, and/or register a design. These designs are then protected by legal systems in the countries in which they operate. For example, dating as far back as the 1930s, the noted designer, Chanel, filed a copyright infringement lawsuit against another designer whom she thought was copying her designs. Chanel won the case based on the court ruling that her designs were composed of specific colors and materials that result in a "work of art". Since the Chanel designs were considered works of art, those designs were protected by the legal system and could not be copied. More recently, in a French court, Yves Saint Laurent (YSL) sued Ralph Lauren over the design of a tuxedo dress. YSL won the case.

However, in the United States, the mass-production fashion apparel, accessory, and shoe industries are founded on adaptations or stylistic interpretations of designer creations or are knockoffs (i.e., copy of designer item that is produced in a lower price point) of items from major designer lines. From the early 1930s, the fashion elite and buyers from major U.S. department stores attended Fashion Weeks in Paris. There, buyers purchased designer garments and original patterns, brought them back to the U.S., and then had them mass-produced for their department stores. In today's current market, department stores are now developing their private label lines based on current fashion trends from designer lines.

In the United States, fashion apparel, accessories, and shoe designs are not protected under a copyright or trademark law. Apparel is considered as utilitarian or for a functional purpose. Thus, the creative designs cannot be copyrighted or trademarked. However, textile companies or textile designers can copyright original prints or patterns as well as unique colorways or color stories. For example, Tiffany is known for its blue box and Target® is known for the red and white bull's eye graphic. Color utilized in these ways identifies the brand or the origin of the product.



Additionally, logos, symbols, and graphics identifying specific brands of clothing, accessories, and shoes can be trademarked in the United States. The “LV” graphic logo of the design house of Louis Vuitton, the unique tartan plaid pattern of Burberry, and the “swoosh” graphic of Nike or the three lines signifying the Adidas brand are all examples of trademarked items that cannot be copied legally.

On the other hand, due to state-of-the-art technology, well-known designers, contract designers, anonymous company designers, and stylist in the U.S. simultaneously glean inspiration for design creativity from the same fashion trends, from historic design creations, from streetwear, from current media sources, and from movies, plays, and other well-known award shows. Therefore, the designers in

all industry zones (i.e., designer, bridge, contemporary, better, moderate, and popular) are exposed simultaneously to the same trends and design concepts. Thus, these fashion trends and design creations are interpreted, adapted and/or knocked off concurrently in all of the fashion apparel zones in the United States. Therefore, fashion merchandise in the U.S. can be purchased at various price points, in several fashion and quality levels, in a variety of channels of distribution.

Furthermore, name designers who create innovative design collections for the luxury market, oftentimes use the trend ideas from their creative, expensive collection lines to create secondary lines or extension lines for other zones, such as the bridge zone. Frequently, these secondary lines are offered in less expensive fabrications at lower price points the next season. However, the most current trend is for those same name designers to create exclusive product for discount fashion retailers or major department stores. These lines are designed to target a specific consumer segment, priced to attract that same consumer, and adapted to fit the needs, wants, and desires of those customers.



In summary, retailers must decide how to build the merchandise mix based on the organizational structure and composition of available product found in the industry segment where the merchandise is procured. Will the store buyer travel to Europe to buy the luxury designer lines or will the buyer buy goods domestically in the designer zone, the bridge zone, the contemporary zone or the better to moderate zones? Or, will the channel of distribution dictate discount goods? What fashion level, quality level, or price points of merchandise will be needed to attract the target consumer segment served? These decisions must be made before the merchandise mix is procured.

In the following discussion in *Part 1: 1-4 Product Life Cycle* of this **Section**, the Product Life Cycle stages are related to the stages and substages of the Fashion Cycle Curve.