



Round two in the recession:

The fashion middle market ups its game

Customers can expect real designer bargains in the January sales

London 18 December 2008 WGSN, the world's leading creative intelligence service, expects the battle on the high street to enter a new stage once the 'real' mark-downs start and a new season dawns. And while customers are cautious, they are still prepared to spend if there is an irresistible bargain to be had.

Sandra Halliday, WGSN Managing Editor for Business Reporting and Analysis, says "Fashion retail has been faring slightly better than expected with some surprising spikes in activity at key shopping streets and malls, driven by discounts. We expect even heavier markdowns in the New Year, moving to 50% or 75% much faster than usual. But retailers will have to be careful not to overdo it, in order to maintain profit margins." In terms of new season merchandise, Halliday notes that while pre-spring has arrived in some high-end stores, the middle-market has not yet shown major merchandise initiatives. "It's as if they're gingerly testing a few pre-spring pieces to see how they'll be received."

Retailers are feeling the pinch across the fashion price spectrum. The middle market retailers have started to compete with the value sector by offering their own value-for-money propositions. The luxury fashion sector in the meantime has been relatively unprepared for the downturn, assuming it was recession-

proof. But investment pieces continue to attract luxury customers even though are moving from It-Bags to shoes.

Middle and value market retailers are pulling out all the stops to attract customers by continuing to drive interest with more designer collaborations and limited editions, these having proved successful in the past few years. Customers can also expect more in-store innovation to lure them in.

All this puts major pressure on the designers, brands and private label suppliers to perfect their operations. “We expect retailers to be more ruthless with suppliers” says Halliday. “Stock will have to be in-store on time and in perfect condition to avoid it being returned. On re-orders the lead times will be much shorter as retailers try to respond quickly to signs of strength or weakness on key items.”

While customers remain worried about their job security and financial stability, WGSN’s ‘What’s in Store’ editor, Francesca Muston, has put together some advice for smart retailers on what shoppers will look out for in the sale to carry them through to next season:

1. Sculptural looks are set to continue with a strong emphasis on shoulders
2. Bright colours such as fuchsia, corals and oranges
3. The all-in-one in all shapes and forms, with a silky version for a glam look
4. Harem trousers, sometimes as part of the all-in-one
5. The 80s workout trend with leggings, oversized tees and grey marl jersey
6. Stilettos with forepart platform
7. Snakeskin leather accessories
8. Fringing on bags and shoes
9. Multi-strap and caged upper shoes
10. Big, chunky, heavy jewellery.

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For further information please contact:

Greenfields Communications

Nina May, PR-Consultant (English, Deutsch)

Tel: +44 (0)7971 430242 nmay@greenfieldscommunications.com

WGSN Alison Gough, Communications Executive

Tel: +44 (0) 20 7728 5726 alison.gough@wgsn.com

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