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Table of contents

1. Title page	1
2. Content list	2
3. Introduction	3
4. The key success factors for the fashion industry	4
5. SWOT Analysis	5
6. Porter's Five Forces Model	7
7. Conclusion	8
8. References	9

Impact of the pandemic and the major forces that have shaped the business environment of the fashion industry

Introduction

One of the most profitable and thriving industries in the world is the fashion industry. The globalization emergence has penetrated the minds of individuals with fashion. Currently, the global fashion industry has been greatly affected because of Covid-19 spread as the governments directed to close down all manufacturing plants, store closures, event cancellations to slow the virus spread. The virus has had a major effect on the fashion industry as a whole (Harari, 2020). Also, consumer demands have been greatly influenced. All at once, new opportunities have also been created for fashion brands as the conception of making fashionable face masks. This essay is mainly focused on the impact of the Covid-19 pandemic on the fashion industry overall. People might not have wondered that how this global pandemic would impact the most flourishing industry. Where so many industries have impacted by such a cruel virus, it would be strange if the world of fashion would have not. This essay also discusses the run and adaptation of the fashion industry after with Covid-19 impact.

Where the world had been facing the impact in unified isolation, fashion brands are worried about the impact of such unfolding situation on people who make their clothes. Retailers are encouraging their customers to buy online while shutting the doors of stores worldwide. If truth be told, as people are forced to stay at their homes who are severely burdened with finances and layoffs with new childcare responsibilities, their desire to buy new clothes have become an unattainable dream. The current situation definitely had run the movement of #nomoreloveforclothes. The overproduction of clothes is the main reason behind such crisis, hopefully the situation would bring revolutions in people like care for their clothes better, adopting a mindset of durability for wardrobes, and making and mending of clothing.

Where people are encouraging on putting an end to overconsumption of clothes for many years, this unexpected halt in manufacturing has impacted the most vulnerable and lowest paid people of the fashion industry. The global trade union, Industrial that works to aid workers to have a voice around the world articulates, millions of garment makers have already lost their jobs because of the pandemic with no access to financial or social nets which can help them through a bad weather. Bangladeshi manufacturer of the garment, Mostafiz Uddin reminds people with his writing for the business of fashion that "Poverty is a killer too, and many more people die from poverty than from COVID-19" (Chakraborty and Biswas, 2020).

A SWOT, key success factors, and porters' value chain analysis are used to analyse various factors that have impacted the performance of the fashion industry.

The key success factors for the fashion industry are stated below:

Government Support

The key element for the success of the fashion industry is the government support. Pro-active policies of the governments play a major in favouring the emergence of new players and boosting up the existing players in the market by creating such market conditions that can provide greater value for the customers. Competition among the fashion industry players automatically generates innovations and innovation is the backbone of the fashion industry.

Customer Awareness

High levels of Consumer awareness can bring the success of fashion industry. When consumer gets regular updates about the new fashion that are being innovated by the great players in the fashion industry indicates consumer awareness. People were already experiencing a move towards online platforms. Online is by far the highest growth segment for the fashion industry. In addition, as people are forced towards online world, it seems to be accelerating. Chief customer officer at Farfetch, Stephanie Phair says that “an online luxury fashion retail platform”. Consumers are moving to online because of store closures around the world. So now an online presence is a new key for the survival of fashion brands and their success in the upcoming future (Loscialpo, 2019).

Ability to bring in Continuous Innovations

Innovation is a major key for the success of any industry and so for the fashion industry. A basic tenet of the fashion industry is dependent on continuous innovations. For example, Hilfiger has created competitive advantage through the introduction of continuous innovations in their product line. Fashion innovations encompass the amalgamations of traditional and modern fashion. The big fashion events like London fashion week and Paris fashion week are major forums where big players in the fashion industry showcase their products to the target audience (Roggeveen et al., 2020). In recent times of pandemic, social distancing and travel restrictions have moved such fashion events to a digital world as the foreseeable future. No guest policy and an online streaming of catwalk would be a new normal for front row influencers of fashion capitals. Evidently fashion and apparel industries have already put their assets for a good use in the crisis, many companies are turning their factories to make hand sanitizers or face masks as well as donating their products and services to healthcare workers, and even helping jobless to find temporary roles within the industry through

hiring. The fashion industry is repetitively proving its ability of reinventing itself and adjusting itself to where, when, how, and what consumers will buy.

The analysis of key success factors reveal the significance of these three factors; government, consumer awareness, and ability to innovate continuously (Unterhitzenberger and Bryde, 2019). Innovation aspect generates an enough interest among market players to innovate their products. Even in the midst of pandemic, the fashion industry has potential to achieve success as all the key success factors are achievable for fashion organizations. A perfect blend of all the key success factors could help the fashion industry in generating a sustainable competitive advantage. In this highly competitive market even during pandemic.

SWOT Analysis

Strengths

Meanwhile, in the current crises, a capacity for empathy has been strengthened within the fashion industry through their shared global experiences. Although everybody is stuck indoors, their voices can be still amplified through the use of social media platforms, in particular when they speak together.

Weakness

Online retailing is unable to keep pace. Although consumer engagement with fashion brands and apparel industry is up at this time because of the most people idly scrolling through social media as they find themselves at home, such traffic is not doing any good. As many consumers pull back from discretionary spending, direct to consumer specialty apparel players, retailers having highest penetration, are even facing challenges. According to reporting from some retailers, sales of ecommerce were flat two weeks ago as compared to the same time last year and down twenty % last week. Further declines of 30% were also anticipated by these retailers or more at the coming weeks (Dunn, Hood, and Driessen, 2020). Furthermore, retailers who had a heavier concentration of in store sales like mid-tier department stores and fast fashion retailers are more pressurized to drive consumers online and to increase ecommerce operations (Laham, 2020). In addition, the risks of the completion of online orders disruption, such as because of reduced staffing, due to physical distancing, distribution center closures, site cleaning, and illness.

Opportunities

Fashion industry need to act swiftly and strategically for the restarting and restructuring their economies. Failing to do so can widen the existing issues in technology, wealth, and even in the productivity across borders (Brydges et al., 2021).

These shifts will bring a number of tactical changes such as strengthen and broaden processing capabilities, develop sustainable textiles, apparel production capabilities, bridge the infrastructure gap, and strengthen the external image of the country for apparel and textile industry as a destination of excellence. The changes will also become the reason for collaborations among different actors. Collaboration with industry associations for the apparel and textiles industry can be a strengthening of knowledge exchange and drive innovation. Vertical integration can also be fostered through partnering with knitting houses and brands for the fashion industry. Such collaborations would reveal higher added value in countries and would provide a strong return in investments.

Threats

According to the surveys on McKinsey consumer-sentiment conducted in April, a report demonstrates a significant drop in consumer intentions to purchase. On the other hand, the situation is different for online vs offline channels. According to the survey in North America and Europe, the intention to purchase in offline is declined by 70 to 80 % and 30 to 40 % in online (Pitts et al., 2018). In the same way, 74 % of Chinese consumers say they avoid shopping malls. It is evident that online shopping is a new forum where people are going to get the bulk of their new clothes and accessories at least for the next two years (Kawaf and Istanbuluoglu, 2019).

In many parts of the globe, lockdowns are reinstated because of Covid-19 coming back. Physical stores are affected greatly because of that as consumers are scared for entering large retail spaces. In addition, in those countries where people can still buy through direct shopping, brands are making efforts to move towards digital sales to remain profitable.

Porter's Five Forces Model

Michael Porter's five forces framework is one of the competitive frameworks for the analysis of any industry. The use of this framework for the market analysis can help organizations to analyze market potentials of other market players in the industry which in turn can aid in the generation of sustainable competitive advantage for the companies. The framework is analyzed through the use of five factors.

Bargaining power of suppliers

Face masks have become the most important commodity during the crisis whether on public spaces or on television. The big or small retailers are rushing to develop fashion forward masks especially for brand conscious, whereas functional suppliers are doing great on developing medical grade masks. Also many people have started to wrap a fabric scarf as a bandana around their face, indicating Wild West gunslinger style.

Bargaining power of Consumers

With the throttling of supply chains and asking for consumers to stay indoors, the world is witnessing a sharp decline in consumer spending on restaurants, travel, health, fashion, and beauty. As more consumers are finding themselves stuck indoors and idly scrolling through social media, consumers have seen more engaging with fashion and apparel brands interestingly. Nonetheless, the challenge is the conversion of such casual traffic into actual sales. With consumers, top players in the fashion space are also scrambling to restrain from discretionary spending and are adapting to such consumer behaviour because economic repercussions.

Competition from existing players

The fashion industry is one of the interest industries for analysing through the intensity of competitive rivalry. There are many sellers who sell similar products, the concept of brands is existing however which allow various companies to sell apparel for ludicrous rates. At the present time, there is very little innovation in apparel space, so the markets are quickly becoming drenched with similar products. In such case, the fashion industry is difficult to get into, and is almost becoming a 'race to the bottom' which is bad news for retailers.

Threat of new entrants

As mentioned previously, there are very little innovations left to bring in the table for the fashion industry. According to that, the fashion industry is not very

threatening. Although new entries could find unique ways to popularize their own products which may not be particularly special. The current state of the fashion industry is at 'high risk, high reward' for new entrants as it is not very difficult to get inside the door and copy others.

Threat of Substitution

The force is almost negligible as fortunately in the fashion retail industry there is very little to substitute clothes with. All the substitution within the fashion industry is really just competition.

The analysis show that while there are few threats and little supplier bargaining power, it is inadequate that markets are effectively nearing saturation. Buyers have greater power to bargain with plenty of choices and lots of competitors can make it hard to sustain a market position.

Conclusion

In summarization, the fashion industry seems difficult to successfully dive into and depressing for the firms that exist within this space. The on-going COVID-19 pandemic is inevitably changing the fashion industry continually. People have stopped buying clothes as a necessity and many brands and historic department stores have closed for good.

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