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Global Fashion Industry in The Face of Covid-19

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Introduction

This essay looks at the impact of the Covid outbreak and how that impact has brought changes in the ways businesses in the fashion industry operate. It goes on to explain the major forces that have influenced the business environment of the industry. It, then, conducts a PESTLE analysis of the industry in light of Covid. Next, it discusses both challenges and opportunities that are present in the industry. It conducts Porter's five forces analysis in the fashion industry context. It outlines whether these five forces are in favour of industry growth

and progress or not. Lastly, it provides a glance into the way Marks & Spencer is coping with the new normal.

1. Analyse the impact of the pandemic and explain the major forces that have shaped the business environment of the fashion industry.

Coronavirus has placed a deadlock on everything on the planet, which is also severely felt in the realm of business. It has changed the way people normally live and work. People have turned to online mediums to work from home. Businesses have replaced their old approaches of doing business with new ones (Brydges, et al., 2020). The fashion industry is no exception to these changes. The manners in which organizations in the industry work have changed radically, supplanting the typical methods of business operations. People working in the industry lost their jobs and businesses closed down their outlets and manufacturing and assembly plants. They are living very miserably, which is only due to the Covid outbreak. Suppliers that provide raw materials to businesses in the fashion industry also face an unprecedented situation of uncertainty. The demand for raw materials has gone down to an all-time low. Supply chain networks and partners suffer as they do not get to transport products from one party through another all the way to end consumers. There is tension in everyone involved in the fashion business. The public demand for products of the fashion industry has reduced to a lower percentage. However, there is still a ray of hope for the fashion industry as online platforms present endless possibilities for growth (Guercini & Runfola, 2015).

PESTLE Analysis



Source: Professional Academy (2017)

Political Factors

The domain of politics assumes the most fundamental part in the business world of any industry (Daniels, et al., 2014). In the fashion industry context, it is even more a dominant force. Political security is critical and fundamental for organisations in the industry. Moreover, these organisations have been taking part in international business for a very long time. The reasons for participation in international business are numerous. The most important ones include labour outsourcing, acquiring raw materials at a cheap rate, and reducing production costs. In a Covid-affected world, the reality is extremely harsh, with many countries blocking entry. Covid has contributed to the rise of various issues that hinder the worldwide development and sustainability of the industry.

Economical Factors

It is incredibly expensive for giant businesses in the fashion industry to manufacture their clothing products in their home countries (Caniato, et al., 2015). This is the reason they do not produce in first-world countries. They feel that manufacturing their products in these regions would cost them to the point where they are only left with a very little profit margin. Also, there are ample options in the least developed countries where raw materials and labour costs are super low. Choosing from these options and using them rewards them with an increasing amount of profits, which makes them financially sound and more capable.

Social Factors

Social forces assume a major compelling part in the fashion business. Social trends and styles mostly dictate the ways fashion is perceived in the minds of people to a great extent (Maria, et al., 2019). People develop fashion sense from their surrounding environments in society and the people they idolise from other spheres of society. Media houses and the fashion climate in society influence people to dress in certain ways that they connect with. Fashion also helps these people create their own distinctive personalities based on what they like and admire. Social factors drive consumer demand in the fashion industry more than anything. This has been going on for years after years. Covid-19 has proved the point even more clearly.

Technological Factors

If there is one factor that has changed the way the businesses in fashion the industry operate, it must be technology. The last decade has seen the most number of technological breakthroughs undoubtedly. The world has never changed this radically and rapidly before. These changes have also impacted the fashion business world and have taken it to next level.

The fourth industrial revolution is happening now where AI and other technological advancements have taken the driving seat of everything (Thomassey & Zeng, 2018). Many opportunities have popped up too as social media platforms continue to become more popular and the centre force of daily life. Facebook, Instagram, YouTube, etc. have grown to become the virtual marketplace for selling fashion products.

Legal Factors

Organizations in the fashion business contaminate the environment in a very bad way. Besides, they stay under expanded investigation and observation of environmentalists that exist to ensure the climate is safeguarded and its various elements are in balance. They must be viable and agreeing with natural principles and guidelines of environmental protection. These organizations supposedly misuse workers by not paying them what they reasonably deserve as wages and compelling them to work over 8 hours (D'Amato, et al., 2019). The working conditions of these workers are very poor and prone to accidents. They lead to mishaps that occasionally hurt the labourers and make them unable to work any longer at times, depending on the intensity of the damage caused by these accidents. Organisations in the fashion world should consent to work and labour rights protection laws in nations where they have locations and factories.

Environmental Factors

The manufacturing cycles of the businesses in the fashion industry discharge unsafe synthetic substances into the air that leads to imperilling the climate and the overall environmental balance. This is just at the beginning of the process, which is just the underlying one (Grappi, et al., 2017). At various levels, Businesses in the fashion industry dirty the climate in a harmful manner. During shipments of processed products, which are for end-users, ships and different vehicles reach them to the shoppers' doorsteps, which causes contamination through emissions of toxic gases into the air and spilling chemical substances into the seas.

2. In light of the COVID19 pandemic, critically assess the opportunities and challenges that these forces have presented to the key players in the fashion industry and explain why and how some firms have been able to adapt better than others to this changing business environment.

Coronavirus has changed the typical methods of doing everything in a matter of moments. It has constrained upon individuals a totally alternate and alienated approach for living, working, and existing. As organisations happen to be functioning in the same world, the negative impacts of the emergency resulted from the Covid-19 epidemic descend on them to a great length too (McMaster, et al., 2020). They were forced to close down their business activities and assembling plants in light of the fact that the Covid pandemic negatively affected them profusely, which happens to hurt their growth, progress, and prosperity. Covid has disturbed the long-term as well as short objectives of these organisations doing business in the fashion industry. Selling volumes and deals have hit outrageous lows that nobody has at any point envisioned previously, which undermines the presence of these businesses by and large. This phenomenal decline in sales volume in the fashion industry has been gravely discouraging and frightful (Chakraborty & Biswas, 2020). It has incited these organizations to consider various approaches to be good to go so they don't fail and fall on the actual skirt of going bankrupt. Business pioneers have likewise concocted new viewpoints that offer plenty of chances to come out from the deadlock, which may help cope with the new normal. A few organisations have planned systems to recover from the financial misfortunes brought about by Covid-19. This is reasonable from a strategic standpoint for businesses to get back to operations even in a limited scope.

Porter's Five Forces



Source: Your Template (2019)

Bargaining Power of Suppliers

Bargaining power of suppliers is an important variable in Porter's five forces model. It determines a number of key factors (Palmer & Hartley, 2012). The input that goes into the production of final fashion products comes from suppliers. If there is any disruption from suppliers' end when it comes to providing raw materials, the production process is likely to suffer severely. Raw materials include texture, cotton, buttons, zippers, etc. Their prices dictate the production costs of fashion products. In first-world countries, suppliers are very few in number and enjoy increasing bargaining power.

Bargaining Power of Consumers

Consumers typically do not get to heavily exercise bargaining power on businesses in the fashion industry as they offer premium and branded products that call for high prices (Sudha & Sheena, 2017). The pricing is justified because their products provide more benefits and superior value. Furthermore, there is very little scope for consumers to influence the actions and policies of the businesses in the fashion industry.

Competition from Existing Players

There are a number of players in the fashion industry that make the competition even stronger. This variable exerts high levels of power that keep all the businesses in the industry on the edge (Nagurney & Yu, 2012). Any business that loses sight of the market dynamics and the underlying factors of competition is going to miss out on new opportunities and lose the current market position. It is important to make sure that businesses facing extreme competition should stay vigilant about the changing nature of competitive forces.

Threat of New Entrants

Threat of new entrants means the possibility and chances of forming new businesses in the industry. If there is no heavy investment involved when starting a business in an industry, the industry is considered a good place for new businesses (Lu, et al., 2011). The fashion industry does not provide that opportunity as establishing a business in this industry requires a very big investment.

Threat of Substitutes

Threat of substitutes is high in the fashion industry as almost all similar products exist. Brands in the industry continue to spend a huge amount of money as part of branding purposes. They run promotional campaigns all around the year just to win consumers over to

buy their clothing products. They face the risk of losing sales to their rivals that are always on the move to take away sales from them.

Marks & Spencer's Way to Adaptability

Marks & Spencer responded to Covid-19 by donating clothing products to the ones who are in dire need of them. It also donated clothing care packages to extend the hand of help to patients who got discharged from the hospitals. It has introduced its "Shop Safely" initiative with which it promises to provide extensive hygiene protocols. With its store reopening as restrictions get loosened, it has preventive measures of social distancing in place in all of its stores. It makes wearing masks an obligation for all of its employees and for those that come to shop in its outlets. It managed to recover some of the losses incurred by being strongly present on online platforms.

Conclusion

The fashion industry has faced a very unprecedented and difficult situation as Covid has taken the world by storm. It saw the decline of businesses within its domain. Designers, models, manufacturers, retail stores, and other core business partners in the industry have taken the hit of the pandemic, which has increased the levels of tension in all of them. Workers have been the worst and most unfortunate victim of the situation. They have lost their only jobs, which is their single and only income stream. They are living in the extremes of poverty. They do not have funds to buy food and other essentials. Marks & Spencer has donated clothes to its workers and those who are in need of them.

Recommendations

- ✓ The fashion industry should initiate support programmes and provide assistance to people working in the industry.
- ✓ The fashion industry should help its fraternity whenever there is an issue.
- ✓ The fashion industry, as a whole, should look for ways to develop a contingency plan for businesses.
- ✓ The fashion industry should motivate its players who are facing numerous difficulties.
- ✓ The fashion industry should cooperate more with business in the industry.

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