

The Global Business Environment in the light of Fashion Industry: Linea Fashion

Assessment-2

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Introduction

For every business industry, an analysis about its environment is a must to assess the crucial factors that can affect the industry at a large (Satryo, 2018). This study is going to provide a clear picture about the business environment in the context of Linea Fashion. Through this paper, the critical factors that affect the fashion business environment will be identified and assessed to get a proper understanding about it. The impact of Covid 19 on fashion industry will be analyzed as well as the impact of various business environmental models will be assessed and the features, characteristics, problems and solutions will be provided regarding international trade and some recommendations for mentioned business.

About Linea Fashion

Linea Fashion deals with expensive womenswear and menswear and related accessories as well as shoes, located in Hampstead, London, United Kingdom, with great success of almost 25 years. It focuses on customer needs and desires and manufactures exclusive fashion trends so that people feel confident at the time they wear the brand and provides customized services (Ayres, 2018). Its key competitors are including Zara Fashion, New Look, River Island, Industries Clothing, Boudi Fashion, and Frockdrop, with operations in the Asian and European countries at a large as it is an international brand.



LINEA FASHION
EST.1991
LONDON
WORLDWIDE SHIPPING

The logo for Linea Fashion is centered on the page. It consists of the brand name 'LINEA FASHION' in a large, bold, sans-serif font. Below this, 'EST.1991' is written in a smaller, bold, sans-serif font. Underneath that, 'LONDON' is written in a smaller, regular, sans-serif font. Finally, 'WORLDWIDE SHIPPING' is written at the bottom in a smaller, regular, sans-serif font.

Figure 1. Linea Fashion Logo
Source: (Wolf, 2019)

Impact of Covid 19 and the forces that affect the business environment of the Fashion Industry

Impact of Covid 19 Pandemic in the Fashion Industry

During corona pandemic, every business industry faces a huge loss where the portion is greater in fashion industry (Chakraborty and Biswas, 2020). It causes many people become unemployed and restricts the fashion shows to be launched as the press also becomes closed due to lockdown, and such actions decrease the sales dramatically. As people lose their job, they go for cheaper option to meet their fashion desires that leads the bigger brands like Linea fashion, Zara, New Look, etc. to lose their customer base as well as face loss in financial statements (D'Adamo and Lupi, 2021). Many people start to work from home and for that reason, the demand for oversized and classy dresses increases so that they can work comfortably. Most of the business brands focus on online site to continue their business. The demand for masks is increasing in huge percentage and the fashion industry also take the opportunity by preparing fashionable masks with different designs and colors to make the people feel elite (Dalton, 2020).

Major Factors that shape the business environment of Fashion Industry

Fashion is a crucial part of every culture of every country, as people are now becoming trendier and focusing on fashionable clothes and accessories (Yunos and Abdul Lasi, 2020). But there are some critical factors that affect the fashion industry those are discussed as follows-

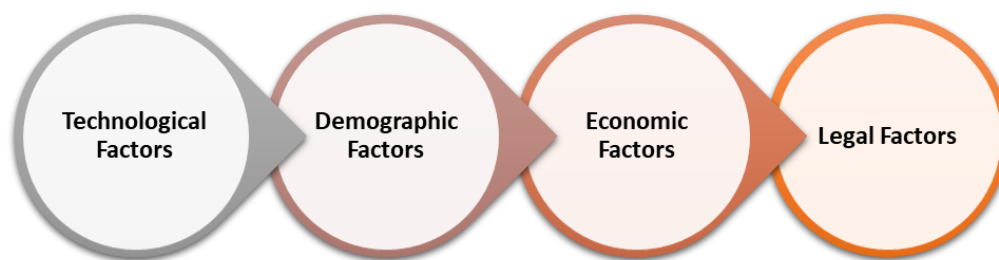


Figure 2. Factors affecting Fashion industry
Source: (Choi and Shin, 2018)

Technological advancements make the fashion industry to boom in ecommerce site by upgrading various software and make the customers react comfortably because many of them prefer online catalogs than to visit physical shops and that raises popularity among young generations who are online addicted and like to scroll online products that raise the sales of fashion industry (Dobrosavljević and Urošević, 2020). **Demographics** like as age, gender, education, social status, jobs, income level, also affect the fashion industry as it needs to put more emphasis on the factors to make collections as different aged people demands designed clothes different. **Economic factor** like recession has a severe impact on fashion industry as when the economy is in the recession period, people don't have enough money to go for elite brands of fashion and the industry should manufacture lower cost products to meet customer needs (Lee and Hwang, 2019). At last, the **legal factors** also affect the fashion industry as government is imposing various laws and regulations regarding labors, environment those should be followed by the businesses. Now-a-days people are concerning about the green environment that impacts more on the businesses to make the environment pollution free and make it to avoid global warming as the weather change also changes the clothing trends.

Assessing the Opportunities and Challenges of above Factors in the light of Covid 19 with the context of Linea Fashion

PESTEL Analysis of Linea Fashion

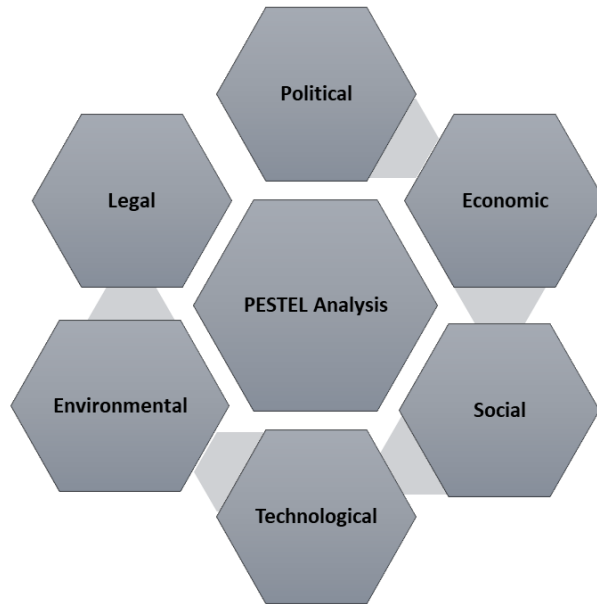


Figure 3. PESTEL Analysis
Source: (Chavan, 2018)

Through PESTEL analysis, Linea fashion analyses the challenges including lockdown regulations and recent Brexit issue make the sales of the company to decrease about 47% due to the recession appeared in the industry that leads the people to prefer cheap brands and social luxurious trends become down little (LUO, 2021). The corona pandemic also leads to change in labor laws that causes an increase in operational expenditures about 22% of total expenses and causes to increase product price. The only solution the Linea Fashion takes, is that it exploits the opportunities lies in ecommerce site. It focuses more on online business where it takes various promotional strategies like as short ads, to attract the people more (Banerjee and Buhroy, 2020). It also keeps its product price slightly lower than its competitors like as Zara fashion, New Look, etc.

SWOT Analysis of Linea Fashion

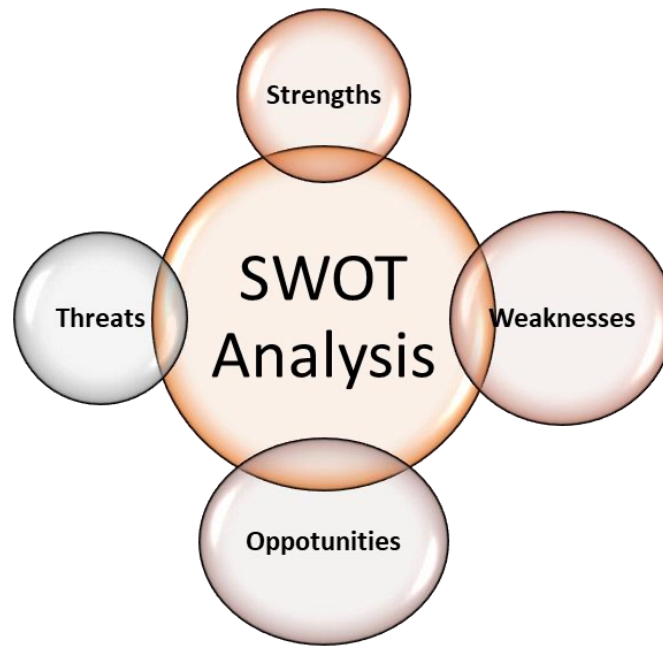


Figure 4. SWOT Analysis
Source: (Khan, 2021)

Through SWOT analysis, Linea Fashion assesses that it is performing not well in the both domestic and international market due to corona pandemic and gradually it becomes a major weakness for the business and that lies many threats for its operations including the risks of international trade mostly in China, consumer tastes are shifting from luxurious and expensive goods that causes negative impact on the financial statements of the company, and also sometimes diverts the operations to the malfunctions and causes to lose brand images and business reputation (Madsen, 2020). To solve such challenges, it uses its strengths like its several product items with diversified portfolios and strong operational excellence to exploit the opportunities of high demand in comfortable products and designable masks with its higher access in ecommerce site to deliver products to customers' residences (Chavan, 2021).

Porter's Five Forces Model in Linea Fashion

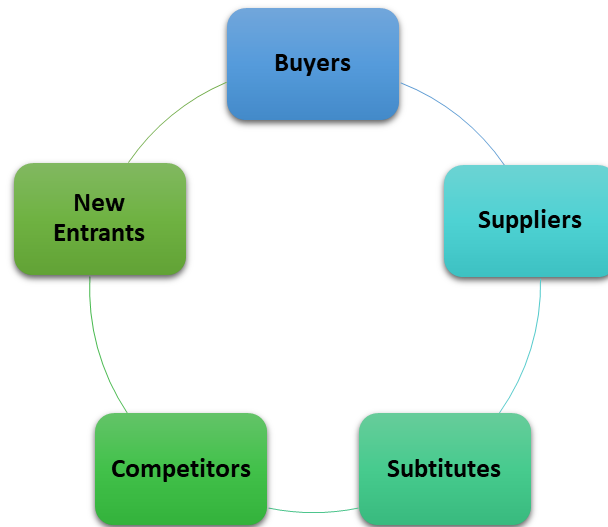


Figure 5. Porter's Five Forces Model
Source: (Önören, Arar and Yurdakul, 2021)

With the help of Porter's five forces model of business environment analysis, it faces the challenges of higher bargaining power to its products due to larger options cheap of fashion products as well as the suppliers as the raw materials price increases due to less supplier options in the time of corona pandemic (Asad, 2020). But at this crucial time, no new fashion brands enter to the industry and it seems an opportunity that the Linea Fashion have to compete with the existing competitors only. It also makes a competitive analysis to distinguish its products and human resources than that of competitors to gain competitive advantages (Na, 2021). The competitive analysis is given below-

Linea Fashion	Zara	New Look	Burberry
It produces stylist and innovative apparels.	It produces quality and classic apparels.	It produces sexy and ultra-modern dresses.	It produces egalitarian products.
It has Cognitive and creative designers.	It has Self-developed people.	It has Cotemporary and modern fashionists.	It has Sterling people.
Its product range are including menswear, womenswear, belts,	Its products include leather goods, dresses, jewelries,	It produces leather goods, clothes, eyewear, fragrances,	It produces clothes, leather products, home products,

shoes, moneybags, and other leather products etc.	stationaries, etc.	etc.	beauty products, fragrances, etc.
It focuses on providing superior tastes to the customers.	It focuses on business achievements.	It focuses on providing products that make people confident.	It focuses on traditions, and heritages.

Product Life Cycle Model in Linea Fashion

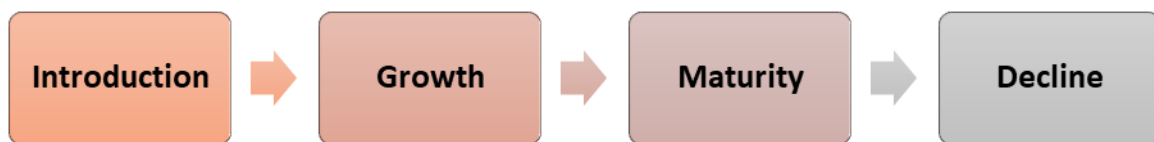


Figure 6. Product Life Cycle Model
Source: (Colucci and Vecchi, 2020)

In 2020, Linea Fashion launched new collection of spring and summer womenswear and that time corona pandemic appears and the government starts lockdown process that prohibits the introduction phase of new collection because the fashion shows are totally stopped as well as the press release (Marques, Marques and Ferreira, 2020). And the growth of existing collection also lags behind for prohibiting promotional activities as well as the sales decrease in a larger percentage. The business is facing its decline phase before growth and maturity phase. It takes action to reduce such losses by taking the help of technology touch in its online sites (Akberdina, Tyulin, Chursin and Yudin, 2020).

Porters Value Chain Model in Linea Fashion

In the fashion industry, value chain activities involve primary activities where it focuses on product design and development and supporting activities where it focuses on technology improvement, trainings and development of employees to support the primary activities (Önören, Arar and Yurdakul, 2021). During corona pandemic, Linea fashion innovates new collection of clothes and accessories but it cannot make the products to sell out and it has a strong workforce and creative fashionists but they are leaving the organization due to lockdown that impact the fashion brand severely. To solve the problems, it makes the best use of the technology in its

ecommerce site to make promotional activities like as short advertisements, catalogs, etc. (Asad, 2020). It also plans to make the best use of its employees to make them work in home effectively by training them with how to use the technology devices and software in the business purposes to make them more productive that can increase the sales of collections and can make the brand cope up with the crucial situation (Banerjee and Buhroy, 2020).

Conclusion

From the above discussion, it can be concluded that the global fashion industry is affected by various factors like as demographics, technology factors, economic and legal factors. The Linea Fashion that is a leading market brand in the United Kingdom faces various challenges in the global industry due to corona pandemic by decreasing sales because of lockdown step and shifting the demand for products that is analyzed through the product life cycle model, Porter's five forces model, Porter's value chain model, SWOT analysis and PESTEL analysis of business environment and takes necessary actions to exploit the opportunities by overcoming the challenges, by investing mainly in ecommerce site to compete in the present market.

Recommendations

There are some recommendations to Linea Fashion to improve in the market of global fashion industry during the situation of corona pandemic. It should improve its strategy of product development to attract the customers of both domestic and foreign market. It should improve its promotional strategies to make awareness of new collections through digital and social media marketing in the ecommerce site as people are less interested to visit physical shop. It should analyze the strategies taken by the competitors at this period and improve its strategies to gain competitive advantage. It should analyze the customers' expectations and their affordability during the corona pandemic to meet their desires. It should more focus on recent admirers of customers that they are demanding more comfortable and oversized clothes.

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