

Case 3 Oasis



An example of clothing lines from Oasis for 2009

The fashion business is one that has been changing radically in recent years. The success of 'fast fashion' retailers like Zara and H&M has meant that styles and designs come and go more quickly than ever, while advances in information technology and highly efficient planning mean that new products can be developed more quickly and brought from low-cost manufacturing sites in Asia and Eastern Europe to Western markets in a very short space of time. All of this means that the buying function for fashion retailers has become even more critical. Buyers must be able to anticipate what styles and designs are likely to appeal to customers for the coming season. These decisions have far-reaching consequences. Get them wrong and retailers and their suppliers suffer losses caused by unsold stock or the need to discount them heavily.

Company background

Oasis is a UK-based own-label women's fashion retailer aimed at 18–30-year-olds. It was launched in 1991 and is now part of the Mosaic Fashions group,

which has been owned by acquisitive Icelandic company, Baugur, since 2003. Oasis has over 300 UK outlets, run as stand-alone stores or concessions in department stores, and operates franchises in 19 countries in Europe, the Middle East and the Far East. After opening an Oasis outlet in Beijing, the retailer plans to launch 100 concessions in China. Annual turnover for Oasis averages £200 million and its headquarters are based in Shoreditch, London, in the same premises as some of its sister companies. In addition to Oasis, Mosaic Fashions comprises retailers Karen Millen, Coast, Principles, Warehouse, Odille, Anoushka G and Shoe Studio. In addition, parent company Baugur has invested in various UK retail chains, including House of Fraser, Jane Norman and All Saints, designer labels Matthew Williamson and PPQ, food retailer Iceland, and toy store Hamleys.

Oasis sells own-label products, which are exclusive to its stores, designed and developed centrally at head office by buying, merchandising and design teams, supported by services including marketing, learning

Table C3.1 Oasis sub-brands

Sub-brand	Product types
Future Organic	Denim and T-shirt range made from environmentally friendly organic cotton fabrics
Premium Denim	Branded range available only in Oasis outlets, featuring fabric tags and customized packaging
New Vintage	Designs inspired by clothing from vintage markets and updated by the Oasis design team
Odille	The Odille lingerie range was launched as a sub-brand of Oasis in 2004, and now includes swimwear and nightwear; Odille has since become a brand in its own right, being sold in several UK department stores and distributed in the USA via outlets of lingerie retailer Victoria's Secret
Escape	Lifestyle and travel products including accessories and homeware

and development, finance, human resources and information technology. The design team develops products by researching trends, sourcing suitable fabrics and trims, and sketching ideas. The buying team collaborates with the in-house designers to select and develop those products they believe will appeal most to potential customers. They view the Oasis core target customer as being in her late 20s, while recognizing that its ranges also attract a substantial number of customers under 25 and over 30. The company describes its collections as being 'wearable' and able to 'transcend seasons while still having a fashionable edge'. Oasis caters for fashion followers by offering styles that combine fashionability and practicality, often remaining wearable in terms of style and quality for more than one season (see Table C3.1). Oasis launched a transactional website in 2006, selling a selected range of the company's products; it contains an interactive fitting room, blog and career information.

Product development processes

Buying and merchandising are the key decision-making units within Oasis. When the buyers have selected the designs they consider to be the most appropriate for the typical customer, they then decide which suppliers would be suitable to manufacture them. Fashion retailers rarely own factories, so the

buyers deal with suppliers in various countries, who will organize the manufacture of the products on their behalf. Oasis sources products globally, choosing manufacturers that have the most suitable skills and sufficient production capacity to make the products. In common with most UK fashion retailers, Oasis imports a large proportion of its garments from the Far East, due to competitive prices and good standards of manufacture, with a limited amount of specialist products such as knitwear being made in the UK. This reflects the fact that over 95 per cent of clothing and footwear sold in the UK is imported.

Within Oasis, the buying director is in charge of three buying managers, each of whom is responsible for a team of buyers, assistant buyers and buying clerks. Buyers work closely with merchandisers, designers and quality assurers (QAs) in order to successfully develop the product range. Buyers also liaise with the in-house marketing department, providing garments for promotional photo shoots. At Oasis, the buyer's job involves negotiating prices for products with suppliers, buying products in the right colours and quantities within the right timescale, and ensuring that the garments fit correctly.

Buying a range at Oasis starts with the design team presenting initial concepts of product styles and colours for the season, based on various sources of inspiration, including shopping trips to Paris, Milan and New York. (In the fashion business, a 'season' is approximately six months: either spring and summer or autumn and winter.) The designers group clothes according to their end use, such as casual wear or work wear. A department planning meeting is held for buyers, designers and merchandisers to review design sketches and decide which styles should be made into prototype samples by suppliers. The buying team then specifies appropriate selling prices and the samples are reviewed and reformulated if required at a team meeting, which is referred to as 'vision day'. Buyers in Oasis review the proposed range of products regularly and, at a 'pre-selection' meeting, the whole team analyses samples of all of the products that will be sold in-store in a specific month.

After these preparatory meetings, the buyers are ready to present the finalized range of samples to the buying and design directors and merchandise controller at a 'range review' meeting, around seven weeks before it is delivered to the stores. This enables the team to analyse the whole range and make any final adjustments by amending or replacing garments. A small proportion of the budget is retained to introduce any high-fashion items at this point, before each item in the range goes into production with the

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specified supplier. The merchandise team is responsible for calculating the figures for the range, such as order quantities, and liaising with suppliers to ensure that the products arrive in-store at the correct time. Buyers and QAs liaise with suppliers to ensure that the fit and quality of the garments, and the fabric from which they are made, meet the standards specified by Oasis. The company has an overseas sourcing office in Hong Kong, staffed with employees to liaise with Chinese suppliers on behalf of Oasis.

Oasis requires its suppliers to conform to an ethical code of practice that covers relevant social and environmental issues. Oasis states on its website that it 'is committed to operating ethically with its suppliers and their employees', and its suppliers must ensure that:

- employees' rights, working hours, wages, work environment, disciplining procedure and residential facilities (if appropriate) must meet Oasis's standards
- they do not use child labour
- they do not use enforced labour in any part of the supply chain
- Health & Safety standards are met.

The Oasis design, buying, merchandising and QA teams often work on different stages of three seasons simultaneously. Forward planning is essential in the fashion business, to allow time for product development, manufacturing and transport, so initial preparation for a season's range may start more than a year in advance of products going into stores. Delivery of products is organized so that Oasis stores receive new styles every week. When each season has finished, the performance of the range is judged on the amount of items reduced in the sale, the profit margin and how it has performed compared to the original plan. The buyers review their ranges' strengths and weaknesses to help them devise an action plan for the next season.

Oasis buying manager Beth Jelly considers the most difficult aspect of her job to be 'judging what the customer will want to buy, well ahead of the selling season' and estimating each product's life cycle. Buyers receive feedback from customers in various

forms to enable them to meet customers' needs more effectively. Staff from Oasis stores give weekly feedback to head office, including a SWOT (strengths, weaknesses, opportunities and threats) analysis of the current range. The buyers occasionally work anonymously in the changing rooms of Oasis stores to gain direct feedback from customers on their opinions of their products, and to discuss the ranges with retail staff.

References

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Questions

1. Describe the buying decision process for fashion retailers. What are the key stages of the buying process?
2. Are there any ways in which the buying process can be improved?
3. Describe the key factors that influence the behaviour of the buyers for the Oasis chain?
4. How does the behaviour of consumer fashion buyers influence that of the buyers in fashion outlets?

This case was prepared by Helen Goworek, Senior Lecturer in Marketing, Nottingham Trent University, as a basis for class discussion rather than to illustrate either effective or ineffective management.