What impact has a fast fashion strategy on fashion companies’ supply chain management?

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ABSTRACT

TITEL: What impact has a fast fashion strategy on fashion companies’ supply chain management?

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FIVE KEYWORDS: Fast Fashion, Supply chain management, Traditional supply chain, Quick Response, Agile supply chain.

PURPOSE: The purpose of this paper is to describe supply chain management in fast fashion companies and analyse why different fast fashion companies choose different supply chain management behaviour.

METHODOLGY: The research is built on a qualitative study. To be able to answer the chosen research question a deductive method is used. The information collected is built on secondary data.

THEORETICAL PERSPEKTIVE: The theory of this paper is based on researches about fast fashion and theories about strategies in supply chain management. The Traditional supply chain, Quick Response and the Agile supply chain are the three main theories. Two of the most primary articles used are written by Barnes & Lea- Greenwood and Christopher et al.

EMPIRICAL PERSPEKTIVE: The empirical study is based on the two leading companies within the fast fashion area, Zara and H&M.

CONCLUSION: This study shows that the supply chain management of a company using the fast fashion strategy is where the company combines their traditional supply chain with the modern demand driven Quick Response and Agile supply chain. In theory so far fast fashion is described only in terms of demand driven supply chain management however according to this research the fast fashion strategy is shown to be applied by fashion companies characterized by a mix of the traditional and modern demand driven supply chain.
Table of Contents
1. Introduction ................................................................................................................. 5
  1.1 Background ............................................................................................................... 5
  1.2 Problem discussion ................................................................................................. 6
  1.3 Problem .................................................................................................................. 6
  1.4 Purpose ................................................................................................................... 6
  1.5 Limitations ............................................................................................................. 7
2. Theory ......................................................................................................................... 8
  2.1 The Fast fashion concept ...................................................................................... 8
  2.2 Supply Chain management .................................................................................... 9
    2.2.1 Time and supply chain ................................................................................... 9
  2.3 From traditional chain to demand chain .............................................................. 10
  2.4 Quick Response ..................................................................................................... 11
  2.5 Agile Supply Chain ............................................................................................... 13
3. Method ......................................................................................................................... 15
  3.1 Research Approach ............................................................................................... 15
  3.2 Collection of data ................................................................................................. 15
  3.3 Quality of the research ....................................................................................... 16
    3.3.1 Validity ........................................................................................................... 16
    3.3.2 Reliability ....................................................................................................... 17
  3.4 Method critic .......................................................................................................... 17
4. Empirical findings ....................................................................................................... 18
  4.1 Chosen Companies ............................................................................................... 18
  4.2 Company presentation of Zara ............................................................................. 18
    4.2.1 Fast Fashion .................................................................................................. 18
    4.2.2 Supply chain management .......................................................................... 19
    4.2.3 QR and Agile ............................................................................................... 20
  4.3 Company presentation of H&M ........................................................................... 20
    4.3.1 Fast fashion .................................................................................................. 21
    4.3.2 Supply chain management .......................................................................... 22
    4.3.3 QR and Agile ............................................................................................... 22
5. Analysis ....................................................................................................................... 24
  5.1 Fast Fashion .......................................................................................................... 24
  5.2 Supply Chain Management ................................................................................... 25
5.3 QR and Agile................................................................................................................. 26
6. Conclusion......................................................................................................................... 31
   6.1 Future Research............................................................................................................. 32
7. References .......................................................................................................................... 33
   7.1 Books............................................................................................................................ 33
   7.2 Articles .......................................................................................................................... 34
   7.3 Electronic Resources .................................................................................................... 35
1. Introduction

In this chapter the background and the problem discussion of this paper will be presented which subsequently lead to the problem formulation. Further the purpose and the limitation are described. Some central concepts are presented in this chapter to help the reader to follow the text.

1.1 Background

The globalisation of the world is constantly increasing and the boarders between countries are becoming more and more insignificant. The phenomena has connected many countries in the world which has lead to that many companies now cooperate in one huge global market. This has resulted in an enlarged amount of international companies acting in a global environment (Stiglitz, 2007). Acting international has many advantages, however the changes on the market and the competition is on a higher level in a global market. The competition is especially high in fast moving industries which are represented by short life cycles and consumer demand that change over weeks or even nights (Sheridan et al, 2006). The fashion industry is a sector characterized by short product life cycles, high volatility, low predictability and high impulse purchasing. The fashion industry is one of the most globalised sectors in the world and it has a turnover every year of multibillion amounts. Thereby fashion has a leading role in the global growth (Jackson & Shaw, 2006). The global fashion markets changing trends demands a high level of information circulation and the requirements on this market are very high (Melin, 2001; Christopher et al, 2004). Today’s media, easy access to Internet, television and magazines makes it easy to spread information and it makes fashion visible to the customers which in the next step affect their demand (Barnes & Lea-Greenwood, 2010).

The fashion market today is a highly competitive market and consumers have a constant need for new products and the latest fashion trends (Christopher et al, 2004). Additionally price in no longer enough to be able to compete on the market and the speed of product decisions are crucial for delivering what consumers are demanding and expecting, which is fashion products available on a frequent basis (Jones, 2002; Bruce & Daly, 2006). The fast changes in the industry require relationships with suppliers possessing different skills and products. Furthermore the fashion industry requires suppliers that understand the importance of changes and the ability to get trends into the store and available to the consumer in shortest possible time (Bruce & Daly, 2006).

Today fashion consumers tend to spend a smaller share on their income on fashion than in the past, however consumers are instead buying fashion products more frequent and in larger numbers of items than before. These changes constitute a challenge for retailers and suppliers because they have to be active all the time to be able to fulfil consumer demand. The companies have to offer a broad variety within the collections, regarding size, colour, design etcetera and this have to be on a frequent base to be able to keep the customers (Nordås, 2004). The increased consumer demand has resulted in a higher number of collections per year compared to the traditional four seasons, summer, autumn, winter and spring collections. This is a challenge but also an opportunity for fashion companies because it can lead to increased turn over and the possibility to attract customers with continually new products. However this also brings an enlarged risk of absence of inventory and the enforcement of price realisation (Hines & Bruce, 2007). Hence, this puts a lot of pressure on the companies to
act fast, efficient and to have a flexible supply chain which at every point accommodate to the customer demand (Hunter et al, 2002).

1.2 Problem discussion
The concept of fast-fashion has become an important part of today’s international companies acting in the fashion industry. The globalisation has a great impact on this quite new phenomenon (Stiglitz, 2007). Fast fashion is the concept where retailers adjust their business strategies to get the latest trends into the store in shortest possible way (Barnes & Lea-Greenwood, 2010). Fast fashion is characterized by time reduction in the supply chain and increased consumer choice by constant merchandise replenishment (Cheng et al, 2008). The fashion market is full of competitors and it is no longer enough to have low prices to be able to survive. Consumers demand high fashion products and the challenges for the companies are to get the latest trend into the market in the right time (Jackson & Shaw, 2006). The increased demand from the consumers is leading to short product life cycles and time has therefore become a crucially factor for fast fashion companies. Companies in the fashion industry constantly have to deliver new trends with new products. This has become a problem for fashion companies since it is tuff and costly to always be up-to-date (Strömqvist, 2008).

The fast fashion concept has become a key factor for many fashion companies in the last decade. Initially it was only a few actors that used this concept and it was regarded as a niche concept. Today the concept has been adopted by several players in the fashion industry. In terms of supply chain management the fast fashion strategy is representing a pull strategy which is the total difference from the traditional manufacturer driven push strategy. The fashion companies are today using improved supply chains to be more responsive to changes in trends and consumer demand (Barnes & Lea-Greenwood, 2010). Furthermore, to be able to deliver the trendy products in right time, it is important that the companies have an efficient supply chain (Jacobs, 2006).

The traditional supply chain has been developed in the fashion industry because of the increased need for an efficient supply chain that quickly responds to changing fashion on the market. Hence in the last decades the industry has learned that supply chain efficiency can be made to reduce lead-times and sales forecasts errors (Jacobs, 2006). Therefore supply chain strategies such as Quick response and Agile supply chains have been developed and used by fast moving fashion companies (Christopher et al, 2004). Fashion companies are trying to compress the lead-time to satisfy the customer demand and thereby keep their position on the market (Hayes & Jones, 2006). Getting competitive advantage is now the main thing in the fashion industry and the focus is no longer on price but on satisfying the customer demand (Barnes & Lea-Greenwood, 2010). To be able to meat the customer demand the retailers have to be quick in their respond otherwise the customers turn to other fashion retailers (Sheridan et al, 2006). Further it is important to point out that even though the demands of the customers are fulfilled the essential thing is to get the product available to the customers in the right time. That is to say in the end it is all about having the right product, in the right place in the right time (Christopher et al, 2004).

1.3 Problem
What impact has a fast fashion strategy on fashion companies’ supply chain management?

1.4 Purpose
The purpose of this paper is to describe supply chain management in fast fashion companies and analyse why different fast fashion companies choose different supply chain management behaviour.
1.5 Limitations
The concept of fast fashion has only been known for a few decades which make the research limited to the few previous studies. Fast fashion in the retail store environment is excluded in this paper because the focus is on the strategy of how to get the fashion into the store, available to the customer in right time. Supply chain management is a crucial part in this paper and the demand driven perspective is considered and focus is on the Quick response and agile supply chain. Other demand driven strategies such as Lean and Just-in-time are not included in this research because QR and Agile were the most relevant ones for this research.
2. Theory

In this chapter are the theories which constitute the ground of the analysis presented. The chapter starts with the concept of fast fashion and continues with supply chain management followed by a description of the time factor in fast fashion. Further the development of the demand driven supply chain is described and thereafter the demand driven supply chains Quick Response and Agile supply chain are presented.

2.1 The Fast fashion concept

Fast fashion is a type of strategy that retailers adopt to be able to get current and emerging trends quickly into the assortment (Sheridan et al, 2006). It is important for fashion companies to quickly respond to changing fashion (Hayes & Jones, 2006). Fast fashion is about reducing lead-times and thereby be able to offer products to the consumer in right time. The two most important factors of fast fashion is lead-time and consumer demand. The fashion retailers are using a business strategy, which reduces the time it takes to get the fashion products into the store and in which the buying system is built on in-season buying so that the product ranges consistently are updated with new collections through the season (Barnes & Lea-Greenwood, 2010).

Fast fashion is a business strategy which aims to reduce the processes involved in the buying cycle and lead times for getting new fashion product into stores, in order to satisfy consumer demand at its peak (Barnes & Lea-Greenwood, 2010, p 761).

The key feature of fast fashion is “newness” and it is all about always being up-to-date, the continuing renewal of fashion products and to get merchandise delivered to the store. Fashion trends and consumer demand has made the concept of fast fashion common among many fashion companies today. The product life cycle of a product is very short and the products have limited time in the market place from their introduction stage to decline. This puts pressure on the retailers to more frequently renew their product ranges. The product life cycle of fashion products have gone from months to weeks or even days (Barnes & Lea-Greenwood, 2010). The trend of fashion and appearance has increased and consumers are more demanding than in the past. Consumers have become increasingly fashion-conscious and therefore the size of the fashion market has enlarged. The growth of media and magazine availability and its coverage of fashion have resulted in an increased number of fashion aware consumers (Hayes & Jones, 2006).

The awareness and knowledge of fashion makes the consumers more confident about fashion which results in increased demand for new fashion products. The consumers now want every new changing style and that puts pressure on the retailer to always have the latest products. As mentioned before media has an important part in consumer demand because it influences trends and consumers look in magazines for the latest trends and then actively search for these key pieces (Hayes & Jones, 2006). Promotional activities such as advertising, websites and magazines are the most popular enticement appealing to almost seven million people. Fashion from mass media and celebrities have a direct influence on the shopping behaviour (Media and Fashion, 2010). Catwalks have been the drivers of fashion and a lot of fashion companies have based its concept on the interpretation on catwalk trends. Celebrity trends are also extremely important in the fashion industry since consumer looks at them as style advisors. Weekly magazines and daily TV-shows drives the consumer demand which result in more frequently shopping and the consumers expects to see new looks and up-to-date products in the stores every time they shop. Fast fashion is about the ability to act to trends and is
therefore strongly linked to supply chain management and quick response (Barnes & Lea-Greenwood, 2010).

2.2 Supply Chain management

There are a number of factors that have impacted on the changes in supply chains. Shorter product life cycles, high levels of impulse buying and high volatility of consumer demand have made it impossible not to change the strategies for the supply chains. Consumers’ desire for constantly new and varying products make the product life cycles short. Further increased media availability of fashion such as “gossip” magazines also has a high impact on the shortened product life cycles. This easy access to trends has resulted in a demand-driven supply chain within the fashion industry (Doyle et al, 2006). The supply chain is a very important part of fast fashion because it is the most primer factor to be able to get the latest fashion pieces into the market. Effective supply chain management is a key factor within the fast fashion concept. There are a lot of concepts that have been developed to improve the supply chain in the fashion industry. Just-in-time, Agile supply chains, Quick response and Lean are all concepts that helps improving the supply chain (Barnes & Lea-Greenwood, 2010). Effective management of the supply chain has become an important part of success which has resulted in competition between the supply chains rather than between companies. Supply chain is today about strategies in terms of organisation and co-ordination with the different parts within the supply chain. To be able to deliver value to the customers companies are turning to partnering with other members of the supply chain. This way the strategies of the actors are moving away from the traditional supply chain, which are using a wide number of suppliers, and instead they are using a limited set of suppliers working as partners (Barnes & Lea-Greenwood, 2006).

In the last five years, management commitment to supply-chain integration has increased significantly, with growing emphasis on forging “downstream” linkages with distributors’ retailers and consumers (Barnes & Lea-Greenwood, 2006, p 262).

Suppliers and distributors are now looking strategically for partners to work out profitable strategies with. In the past supply chains were notoriously long, complex and inflexible. The structure of the supply chains lead to long buying cycles which became totally inappropriate for the fashion sector and the fashion consumer which constantly demanded new products (Barnes & Lea-Greenwood, 2006). Thereby concepts as Quick Response (QR) and Agile supply chains developed and made it possible for fashion companies to fulfil the demand of the customer. Time, market driven requirements and agility are the key dimensions of the two supply chain concepts developed in the modern fashion industry (Doyle et al 2006).

2.2.1 Time and supply chain

In psychology time is a main term and it is defined as a happening of “then”, “now” and “later” (Bruzelius & Skärvad, 1992). In the fashion industry time is a crucial term and companies acting in this industry is constantly trying to get the fashion into the store and available to the customer in shortest possible time (Barnes & Lea-Greenwood, 2010). Reducing lead-times has become a big part of the fast fashion strategy and Christopher et al (2004) are describing three different lead-times that must be effective for the company to be able to respond to quick changes in market demand.
• Time to market

This is the time it takes to identify a trend and get it as a product and then deliver it to the stores and make it accessible to the customers. The product life cycle within the fashion industry are short which makes it important to see every opportunity on the market and thereby make sure that the time to the market is as short as possible. Trends creates the possibility of profit, however it can also lead to high level of inventory and the force of price reduction if the product is not introduced to the market at the right time (Christopher et al, 2004; Ferni & Sparks, 2004). In recent decades, fashion products were not available to the customers until the season after the actual trend. At that time it could take months for the product to reach the consumer but today the product is available in only four week or even less. Shorter time-to market increases the opportunity for fashion companies to copy fashion trends and get the product in the market at the right time (Bruce et al, 2004).

• Time to serve

Time to serve is the time it takes from the order to delivery. I can take a long time from the capture of the customer order to the deliver of the product. Often this problem lies in the multiple step from that it is decided to place an order and then through the generation of documentation, for example quota approval and the letters of credit. The manufacturing is the next step but in fact this time is already compromised because there is an underpinning philosophy of cost-minimisation. This view of costs is too narrow and self-defending because the real issue is about the total supply chain cost, the obsolescence, forced mark-downs and inventory costs (Christopher et al, 2004). Costs increases in pace with time. If the lead-time is long risks increases in the shape of missing inventories. Further the level of handling costs increases when having long and complex supply chains (Bruce et al, 2004).

• Time to react

This is the time it takes to recognize changes in demand on the market and there after react to them. Suppliers often have problems to predict changes in the demand because a high level of inventory has a tendency to cover up the real demand. This dilemma can be solved by shorter supply chains and good communication and information between the partners in the supply chain (Christopher et al, 2004; Fernie & Sparks, 2004).

2.3 From traditional chain to demand chain

In the last decade companies have learned that in order the decrease lead-times supply chains can be made more efficient. The traditional supply chain needs about 18 months to deliver for a new season. This time line is from the designers rule to the delivered product. However, months before the designers set the rules, decisions on colour and fabric have already been made. Thereby the concrete supply chain of the garment is much shorter than 18 months but still this time is not an option for a fashion company whose customers are demanding new items at least every week. There are fashion companies connected to the concept of fast fashion which applies a special strategy in their supply chain which makes it possible to produce apparel from design to distribution in three to eight weeks. The fast fashion companies get the fashion to the customer in quickest possible time and fulfil their demand, however many people in the fashion industry mean that these fast fashion companies are parasites. This is based on that these companies take advantage of the preparatory work from others by copying their designs. In some cases this is a fact, though the major accomplishment of these fast fashion companies can be found in their supply chain (Jacobs, 2006).
Back in the eighties the normal lead-time in the fashion industry was about 66 weeks from raw material to consumer. Of these 66 weeks only 11 was connected to manufacturing, 40 to warehousing and 15 for the products lying and waiting in the store. Today this lead-time would be unprofitable for fashion companies. Quantities and varieties are now decided according to sales which in the next step are dependent on consumer demand which has become the main thing in the supply chain. The traditional supply chain is often defined as the supply-oriented part of the value chain and the “new” types of supply chains, are defined as the demand orientated part of the value chain. Fast fashion companies are in the demand-orientated part of the value chain (Jacobs, 2006).

The traditional supply chain has a push-strategy which is a method where production of the products begins without concerns of what the customers are demanding (Krajewski et al. 2007). In other words, the production is operated from an unpredictable schedule without thinking about if the products are demanded and are instead “pushed” towards the consumers. Companies that are applying the traditional push-strategy are often using mass production which leads to a high level of inventories. A high level of inventories can work as security because when the demand increases the company can directly offer more products. On the other hand, a high level of inventories can also have a negative affect because if the products become unpopular the company has to reduce the price of the unsold items (Harrison & Van Hoek, 1999). Companies that are using the traditional supply chain management and the push-strategy are often producing in low income countries because it is easier to get economic of scale this way. As a result, this strategy brings long lead-times and the products are not produced frequently over time. Further the traditional supply chain has problems to respond quickly to changing demand which can eventuate in delays, overstocking and product obsolescence (Olhager & Östlund, 1990).

The retail sector within fast fashion has replaced the traditional push-strategy with the pull-strategy. Prediction on upcoming trends by designers, as according to a push-strategy is no longer the used strategy. Instead retailers are responding on the trends and the demands of the customer and according to that then try to get the right products into the market in shortest possible time. The fast fashion concept takes into account the demand of the customer which results in a demand chain driven strategy, pull strategy (Barnes & Lea-Greenwood, 2010). The Quick Response concept and the agile supply chain are representing the demand driven and fast acting pull-strategy (Doyle et al, 2006).

2.4 Quick Response

The Quick Response (QR) was developed between suppliers and retailers in the United States so that they could compete with manufacturers from other countries (Sheridan et al, 2006). Different techniques that are used to achieve time compression and thereby fast fashion can include a QR strategy (Hayes & Jones, 2006). Evolution of supply chain management and agile supply chains has been the background for the QR concept. The concept has become synonymous with the textile and apparel supply chain (Barnes & Lea-Greenwood, 2006).

QR can be defined as following:

A consumer driven business strategy of cooperative planning by supply chain partners, to ensure the right goods, are in the right place, at the right time, using IT and flexible manufacturing to eliminate inefficiencies from the entire supply chain (Sheridan et al, 2006, p 302).
To reduce lead-time is determined for fashion companies because this industry is dependent on fashion product and not basic product. QR was coined as a strategy to improve the supply chain and achieve fast fashion. This involves location of manufacturing, used technologies and supply chain relationships (Hayes & Jones, 2006).

QR is a mode of operation in which a manufacturing or service industry strives to provide products or services to its customers in the precise quantities, varieties and within the time frames that those customers require (Hayes & Jones, 2006, p 284).

Advanced information technology is the most important factor in QR. Hayes & Jones (2006) claims that advancements in technology have grown to be ever more important in decreasing the total time it takes to get the product to the market. The main thing behind QR systems is that demand is captured almost directly and as close to the ending consumer as possible. Advanced technologies make it possible for suppliers to be instantly informed of changes in inventory and can thereby act fast according to this. This shortens the lead-time compared to using traditional methods, when information is being based on forecasts and purchase orders (Sheridan et al, 2006). Response in QR supply chains are demand driven and are built on sales information rather than on forecasts (Barnes & Lea-Greenwood, 2006). Integration and collaboration is two key concepts of QR to be able to improve the efficiency of the supply chain. Hence in analysing different supply chain concepts such as QR it is important to remember that the fashion consumer is the heart of the discussion (Barnes & Lea-Greenwood, 2010). QR has shown to be successful in increasing the efficiency for basic textile products but it has recently been even more successful regarding high fashion products. This indicates a move in the direction of achieving QR in the quick turnover fashion goods segment. The concept of QR has become a strategy for fashions companies to regain competitive advantage from other companies using low cost overseas manufacturers. Domestic manufacturers try to respond to the threat from overseas manufacturers by operating a QR system and thereby achieve integration and collaboration in the supply chain (Barnes & Lea-Greenwood, 2006).

![Diagram](https://via.placeholder.com/150)


Retailers and suppliers collaborating mean that they have to share information such as confidential sales data. This data is based on individual stock keeping units to be able to order and scheduling according to this information. Floor ready merchandise can then be supplied to the store which makes it possible for the supplier to provide the products with barcodes tickets, price tag, hangers, security tags and garment information. This result in shorter distribution cycle, reduces handling and distributions costs. It also improves the specificity of
the deliveries and in-stock situations. This way the time between sales and refilling of products is considerably reduced which in the next step better consumer availability and choice and the price for the consumer (Sheridan et al., 2006). Within the fashion industry QR is about minimizing pre-season ordering, taking advantage of improved speed and flexibility in the supply chain. This is achieved by placing small orders which are in-season and ordering more frequent. The production is pre-booked but the final information about delivery is not decided until close to delivery time. This has resulted in a significantly higher “open-to-buy” budget among companies applying QR strategies (Barnes & Lea-Greenwood, 2006). QR consists of a relationship between the retailer and supplier and it has to be a win/win situation to work where both advantages and risks are shared (Sheridan, 2006). Since time has become a settling factor in the fashion industry these collaborations between retailer and suppliers have become very important which have resulted in concepts as QR and Agile Supply Chain (Christopher et al, 2004).

2.5 Agile Supply Chain

Agile supply chains are described as flexible, short and demand driven supply chains. The key concept of agile supply chains is that they are driven by information, for example market data and information sharing between companies in the supply chain. Attention has been paid to the ability to respond fast to the demand of fast fashion customers. To be able to fulfil this consumer demand and respond to it as quick as possible the agile supply networks are used (Barnes & Lea-Greenwood, 2010). The visibility of the information in the supply chain makes it possible to be more responsiveness to changes in consumer demand and in the market. Compared to traditional supply chains, where the end customer is geographically far away from manufacturing and production business in the supply chain, agile supply chains share data such as up-to-date point-of-sale (POS) which can be applied through the supply chain for immediate ordering and replacement of products (Barnes & Lea-Greenwood, 2006).

The agile supply chain do not only benefit the different actors within the chain but also designers can use the up-to-date information and thereby respond extremely quick to the information and then put it together with technology and create new market-driven designs. Communication technology can, through computer aided design and electronic data exchange, shorten lead-times (Barnes & Lea-Greenwood, 2006). Agile supply chains are built on information, strategies and structures that deliver on the basis of “real time” demand. In contrast the traditional supply chain is driven by forecasts and inventory. Fashion markets are volatile and hard to predict in nature which creates the need for agility. Agile supply chains are characterized by four main factors; market sensitive, virtual integration, network-based and process aligned which are described below (Christopher et al, 2004).

- **Market sensitivity**

Market sensitive means that the chain is closely connected to the demand of the fashion customer. To be close to the customer is a goal in any business but in the fashion industry it is vital (Christopher et al, 2004). The supply chain must be capable of knowing demand and be able to respond to the real demand instead of relying on forecasts (Harrison et al, 1999). To determine what replacement requirements and products to get available, data as point-of-sales is analysed daily. The data is also used to analyse trends because the point-of-sales data is based on consumers’ preferences and requirements (Christopher et al, 2004).
**Virtual integration**

Virtual integration means that the company relies on the information of the partners in the supply chain. The agile supply chain is considered virtual because of the integration and information sharing. All the partners in the chain from the fabric manufacturer to the garment maker to the retailer, all have the same information and numbers. This result in a close connection between the partners and the relationship becomes much stronger. Just a few years ago not many retailers would share their point-of-sale data with their suppliers, however today there is a growing knowledge that shared information can result in higher level of on-the-shelf availability to be managed with fewer inventories. In the next step this could lead to reduction in transaction costs (Christopher et al, 2004).

**Networked-based**

Agile supply chains characterized as being network-based means that flexibility is gained by the use of specialized strengths of the players in the supply chain (Christopher et al, 2004). Cooperation is very important and it demands a lot of work, trust and openness to be able to succeed (Lowson et al, 1999). The main principle of the agile network is changes according to requirements (Christopher et al, 2004).

**Process alignment**

The agile supply chain is process aligned which means that there is a strong connection between the members in the network at the same time as they focus on their core competence (Christopher et al, 2004; Harrison, 1999). Process alignment is defined as the process to create connections without boundaries. For example are there no delays caused by hands-off or buffers between the different levels in the chain and it is possible that transactions are paperless (Christopher et al, 2004). Below is a model taken from Harrison et al, 1999 showed to illustrate the foundations for agility in a fashion business.

*Source: The picture illustrated the characteristics of the agile supply chain developed by Harrison, Christopher & van Hoek (1999)(Christopher et al, 2004).*
3. Method

In this chapter the methods used to conduct this study, will be presented. The research approach, collection of data, quality of the research and the methodical critic are described.

3.1 Research Approach

The subject of this paper was chosen because the interest of fashion has increased radical among people in the last decade. Media in combination with easy access to internet, television and newspapers have changed the demand of the people. Fast fashion is thereby a quit new phenomena that has grown dramatically over the last five years. Some international companies have used special strategies and worked according to fast fashion for quite a long time and this has resulted in that those companies now are known as fast fashion companies, which make the subject even more relevant to research about. My own interest of the fashion industry has of course also contributed to the choice of subject. Fashion has always been a part of me and clothes, shoes and accessories has always attracted me. Further during the last years the fashion interest has grown even bigger and the reason for this is the availability of new fashion products everywhere. Movies, magazines, blogs on internet, shopping on internet have definitely influenced my own interest in fashion and every time I go into a fashion store I expect to see new items that represent the latest fashion.

The research started with the search of suitable theories within the subject of fast fashion and the main focus is on what impact the supply chain strategy has in this area. To get a greater view and thereby be able to put the subject into a bigger context I have read several of articles and books about supply chain management and the time factor within the fashion industry. From the research was then theory relevant for this paper chosen. To be able to answer the chosen research question a deductive method is used. The deductive method moves from general ideas and theories to particular situations and the particular is deduced from the general theories (Neville, 2005). Research findings and already existing theories are applied on analyses. Analyses and conclusions are made by connecting the theories to the empirical findings (Bryman & Bell, 2007). The use of already existing theories strengthens the objectivity of the research (Patel & Davidsson, 2003).

The two chosen companies to study are H&M and Zara because both of these companies have been in the front of the studied subject, fast fashion. Researches about fast fashion often describe the concept in terms of H&M´s and Zara´s behaviour on the market and their supply chain management. Both of the companies are using the fast fashion concept and have a lot of similarities in their supply chain but they also show differences which made it interesting to study these two fashion companies. H&M and Zara are also both international companies, operating in many different countries of the world and fast fashion is a concept that has grown with the globalisation and the internationalization of fashion companies which made these two companies suitable for this research.

3.2 Collection of data

The research is built on a qualitative study. The qualitative study is built on understanding and interpretation and it has its ground in the hermeneutical theory which is about the understanding of how the human perceive their own self and the situation that they are in (Lundahl & Skärvad, 2009). To be able to understand a phenomenon and to interpret and to
get the answer to questions as, what is this? and, what are the underlying patterns?, is the qualitative study a suitable method to use (Patel & Davidsson, 1994).

This research is built on secondary data. Secondary data refer to already existing data gathered by someone else. This data can be both internal and external to the organization and can be reached through Internet, public information etcetera. There are many different sources to get secondary data through, books, databases, media and annual reports of companies (Sekaran & Bougie, 2009). Secondary data has been used in the study because none of the companies were interested in answer questions in an interview or via email. Emails with questions concerning the subject and the companies were not responded so all the empirical data has been collected through already existing data. The case companies´ official web sites, press releases and other public material such as newspapers, fashion magazines, market reports, so called “naturally occurring material” have been used. This material is irrespective of researchers intentions and actions and thereby the term naturally (Eriksson & Kovalainen, 2008). Further articles where Zara and H&M are used as example of developer of the fast fashion concept are used in the empirical part of this research. Many researches claim that Zara and H&M as fast fashion companies, have developed the strategies that constitute the ground in fast fashion. An advantage in using secondary data as a source is that it is a time and cost saving way of acquiring information (Sekaran & Bougie, 2009).

The theoretical data that has been collected was found in scientific articles and in literature. To be able to get a deeper insight of the topic I have looked at as many different theories within the fast fashion concept as possible. Theoretical articles have been reviewed and studied in order to answer the purpose of this paper and to be able to identify their applicability and practical utilization. From then on most relevant theories were chosen to be able to answer the research question. To be able to make the research valid it has been essential that the operationalization has been completed in an accurate way (Andersen, 1998). The conformity of the theory and the empirical findings has been good because the two chosen companies, H&M and Zara are often shown as example in theories and scientifically articles that are explaining the concept of fast fashion. Most of the empirical facts, as mentioned above, have been collected through web sites and articles which then have been connected to the chosen theory. The gap between theory and empirical findings has thereby been minimized and the validity is seen as reliable (Andersen, 1998).

3.3 Quality of the research
For a research to be creditable and the result reliable the quality of the study has a great impact (Merriam, 1998). Validity and reliability are the main criteria when measuring the credibility of a qualitative study (Yin, 2007). Validity and reliability can be a problem in the qualitative research method because the researchers’ interpretations and reviews are in focus (Merriam, 1998).

3.3.1 Validity
The validity is the concept of how trustworthy and credible the research is (Merriam, 1998). Validity can be measured by answering two questions, what is measured in by this test?, and does this result reproduce factive reality: that is, is it true? If no answer can be given to these questions the research is not valid (Arbnor & Bjerke, 2009). The conclusions should be able to give an explanation and description of what’s happened, in other words, research findings are valid when they are true and certain. True in this matter means that the findings represent
the phenomena referred to and that the findings are backed up by references (Eriksson & Kovalainen, 2008). Further the internal validity is referring to the connection between the reality and the research (Merriam, 1998). This study is built on scientifically articles and literature to be able to see the phenomena from different perspectives and in a bigger context and from thereon be able to connect this to the research question. The empirical findings and references are used to be able to establish conclusions that are in line with the reality. The external validity is about the quality of the research, weather the results can be applied on other situations, and thereby create a general picture, or not (Merriam, 1998). Case studies representing only one case have been criticised because it gives a small opportunity of the possibility of generalisation (Yin, 2007). This study is based on a case of two companies and therefore generalisation is not an objective, however the objective is to give conclusions that can give the reader a general picture of the subject.

3.3.2 Reliability
One classic evolution criteria that often is used in qualitative researches is reliability. The reliability is connected to the establishment of a degree of consistency in the research. This means, if it is possible for other researchers to copy the study and come up with similar findings (Eriksson & Kovalainen, 2008). Reliability is important to minimize the shortages of the study and also to have the objective that the results can be reached in another situation (Yin, 2007). Reliability can be hard to reach in qualitative studies because if the results are going to be used in other situations, it has to be taken into account that the society and conditions changes constantly. The reliability has been considered during this research and a critical approach has been applied and the material has been chosen with precision. The reliability is decided from the measurements and the researches precision when collecting data (Yin, 2007).

3.4 Method critic
To collect the material for a research can be a tuff process since both literature but mostly Internet is continuously updated. Furthermore different researchers and authors have different views and opinions of one subject which leads to that the result of different researches are influenced by writers’ knowledge and subject opinion. The risk of ambiguousness is therefore always present when writing a thesis (Lundahl & Skärvad, 2009).

Since the empirical data is collected through homepages and newspaper it is all up to date which is very important within the studied area and the fashion industry. Further the credibility of the empirical facts is high since it mostly is based on facts from the official homepages of H&M and Zara. However, the empirical data can also get old and “out of time” very quickly since most of the material is collected via Internet. The theoretical information consists of recent studies of fast fashion since the concept is relatively new and there are not any old researches about it. Further the researches about fast fashion are limited which also affect the result of this paper. When using secondary data is it very important to use various sources and up-to-date sources because secondary data can become obsolete (Sekaran & Bougie, 2009). The theories used regarding supply chain management are also relatively new and that is because the “old” traditional supply chain is not in focus but the development of the supply chain. This chosen perspective made it possible to use theories that are current and up-to-date.
4. Empirical findings

In this chapter the empirical findings from company web sites, articles and fashion magazines will be presented. The chapter starts with a presentation of the chosen fast fashion companies and continues with the fast fashion strategy and supply chain management of the two companies.

4.1 Chosen Companies

Zara and H&M are the two companies most strongly connected to the concept of fast fashion. These two international fashion companies are often used in researches as examples to clarify the fast fashion concept and to explain in what way it has developed a new strategy regarding, demand, lead-time and supply chain management. To be able to evaluate the supply chain management within fast fashion and to see similarities and differences in the strategy for supply chain are Zara and H&M the most interesting companies to study.

4.2 Company presentation of Zara

Zara is one of the largest international companies and it is famous for its fast fashion concept. Zara is owned by Inditex which is one of the world’s biggest distribution groups. The company’s first store was opened in 1975 in the Spanish city, La Coruña, by Amanico Ortega. The rumour says that the founder, Ortega, in desperation opened an own store close to the factory because an order had been cancelled and he did not want the products to be waisted, therefore he decided to sell the products himself (Ferdows et al, 2004). Ortega, already then realized that in the fashion industry it is all about time and communication and also that it is important to keep distributors and production close (Dutta, 2003).

The vision of Zara is that the consumer is the most important thing and the business model includes design, production, distribution and sales through their wide retail network (Zara Company, 2011). Zara is a fashion chain that is located in 77 countries with over 1483 stores located in the world’s largest cities. The international footprint of the fashion company proves that national borders are no hinder when it comes to sharing fashion culture. Zara’s approach to design is strongly linked to their customers. Zara is using a non stop flow of information from the stores to convey their customers’ desire and demand. Zara is harmonized with its customers who help the company to shape the ideas, trends and tastes developing in the fashion world (Zara, 2011). Zara’s collections are also influenced by interpretation of catwalk trends (Barnes & Lea- Greenwood, 2010). This concept is a part of Zara’s success, to capture the trends and tastes among a wide range of people, cultures and generations that all have different values, however which share a special interest for fashion (Zara, 2011).

4.2.1 Fast Fashion

Zara is a good example of a fast fashion company that have been successful in developing a quick and flexible supply chain. The company can design, produce and deliver a new product in only 15 days. This brings the possibility for Zara to offer up-to-date design and fashion which their consumers demand (Ferdows et al, 2004). The CEO of Zara, José Maria Castellano, describes the fashion industry as a fast moving industry where everything is about reducing lead-times. The CEO exemplifies fashion as a piece of bread and says that the fashion stock is like the stock for food which gets old really fast. The first day the bread looks
really good and the demand is high but the next day it starts to look old and the seller may even have to put down the price to be able to sell the product. After a week the seller has to give the bread away just so the new products gets shell place (Dutta, 2002).

Zara is handling fresh products in a good way. By having short lead-times, small quantities and a lot of different model the products are kept fresh (Dutta, 2002). Zara’s well-operating supply chain is making these things possible. The supply chain is built on three main principles, good communication, regular pace through the supply chain and control of the recourses to be able to increase the flexibility of the chain (Fedows et al, 2004). The strategy that Zara has is to produce small volumes of each model to easily be able to adapt to trends on the market and customer demand. The small volumes have an advantage in that the risk of unpopularity decreases. In the fashion industry it is also known that a small the number of pieces of each item makes them more attractive. This strategy is making it possible for Zara to have high margins and decrease the amount of price reductions. The usual percentage of cut downs in the fashion industry is 35-40 percent, however Zara only has price reduction on 18 percent of their clothes (Dutta, 2002).

Zara is producing approximately 12 000 different models per year while the competitors only produces between 2000-4000 per year (Mcafee et al, 2004). Therefore is replenishment of products unusual, instead are new products replacing the old ones. Zara has a young target group and their taste in trend is constantly changing, hence Zara is striving to create products which have a short product life cycle. This way the company gets the customer to feel that if they do not buy an item when they see it, it might be gone the next time they visit the store. In a period of four week, 75 percent of all clothes in the store are replaced by new products (Mcafee et al, 2004). The focus on short lead-times is very high because Zara wants to be able to offer the customer the items that they are demanding in right time. When a new trend is identified it only takes Zara 30 days to produce it and get it to the store. This is a great advantage that Zara has and it also increases the time of sale of a trend (Dutta, 2002).

4.2.2 Supply chain management
Zara’s business idea is to link the demand of the customer to the production and the production to the distribution. Zara puts a lot of effort in indentifying trends and this is made through customer researches and through communication between the stores and the main office. The employees in the stores are monitoring the sale and then twice a week reporting the results to the main office. These reports also include ideas of new garments, models and colours that the customers are demanding. Information about trends and demand is also collected trough visits at universities and parties. This way Zara is kept updated about what young fashion icons are wearing (Dutta, 2002). They then put together this information and order the products needed and their supply chain with the short lead-times can then quickly deliver what the customers are demanding. After the order is made it takes approximately two days until the product is in the store, with the prerequisites that the product already is produced. The orders that the stores put in have to be matched with the produced products that are in the distribution channel. In cases where the supply is bigger than the demand, is it the best selling store that gets the order a second time (Mcafee et al, 2004).

Many fashion companies today outsource their production to countries in Asia where the production costs are low, however Zara has 80 percent of its production within Europe. To keep high flexibility and control Zara owns a lot of its production, approximately half of all manufacturers are owned by Zara (Dutta, 2002). The factories are equipped with high
tectonically machines for colouring and cutting. The goal for Zara is not to get economic of scale and they rather produce in small batches where the factories are prioritizing quality in front of maximizing of output (Ferdows et al, 2004). Zara having vertically integrated supply chains makes it possible to constantly produce new products with short lead-times (Mcafee et al, 2004). It is mostly the high fashion products that are demanding short lead-times. Products such as men’s shirts are not demanding such short lead-times since they have a more constant demand. These products are produced in China and Turkey where the lead-time is two to four months (Macafee et al, 2004). Zara has clothes both for women, men and children and the different sections demand different lead-times. Therefore every section also has its own team for design, sale, buying and product planning. The purpose is that the information in one channel not should affect another channel which is making the supply chain even more effective (Ferdows et al, 2004).

4.2.3 QR and Agile
Zara’s strategy also depends a lot on technology and information. They use a big computer data base to handle all information about the demand and the daily sales reporting. In La Coruña there are a lot of different information systems that support the operations. There are for example systems for orders, incoming products and inventory balance. These different systems make it possible to design products according to the materials that already are in the storage and to easily get information about the products (Dutta, 2002). The distribution channel of Zara is highly handled by automatic, the technology is automatically reading the items and ordering them to the right place. Zara is using a system called, Convoysystem, which can be compared with an assembly line. This system makes it possible for the factories to accept orders concerning quantities for each item and also the sorting of the items to makes them ready for delivery to every store (Macafee et al, 2004).

The stores in Western Europe get their products delivered by truck, coming from the Spanish supply chain while the stores in North and Eastern Europe get their delivery via air. The products are quickly transported from the factory to the distributors, then finally to the stores. This result in that Zara has extremely small stocks in their supply chain (Mcafee et al, 2004). Zara is thereby not focusing on forecasts, in its place they are working with quick reactions and by producing according to customer demand. In the contrast to many other fashion companies that planes a year ahead, Zara is focusing on getting information about what fabrics and how much they are going to buy. This way of acting has a great advantage compared to the forecasts strategy because the loss of buying wrong material is less than the production of wrong products. Further fabrics can be used for many different models. Zara is also buying uncoloured fabrics to be able to colour them according to the trends and customer demand. The fabrics are bought mainly from India, Asia and Morocco. When the season begins and Zara knows the colour for each model, they start to colour them in their own factories in Spain. The design team are responsible for this work and they are also located in Spain (Dutta, 2002).

4.3 Company presentation of H&M
H&M, which stands for Hennes and Mauritz is a Swedish fashion company, founded in Västerås 1947 by Erling Persson (The world of H&M, 2011). Today H&M is operating in 40 countries, with 2 200 stores and the company has 87 000 employees (About H&M, 2011). The philosophy of H&M is, to offer fashion and quality at affordable prices. H&M has a
broad and varied range of products for women, men and children. H&M also offers cosmetics, accessories and shoes. The stores are renewed with fresh items every day and what the customers are demanding is very important to the company (Short about H&M, 2011).

Germany constitutes the biggest market and thereafter comes the UK and Swedish market. H&M have expanded significantly the latest years and the company has great opportunities to continue growing and expanding in 2011. In 2006 H&M expanded through franchising in the Middle East, in Dubai and Kuwait. This was an exception because franchising in usually not at part of the company’s establishment strategy. The head office is located in Sweden, which is the second biggest market (The world of H&M, 2011). All collections are made centrally by approximately 100 designers together with buyers and style constructers. H&M does not own any factories instead are they buying their products from approximately 700 suppliers mostly from Asia and Europe. The company has about 20 production offices which also are located in these continents. In 2010 H&M had a turnover of 126 966 million SEK (Swedish krona) (Short about H&M, 2011).

4.3.1 Fast fashion
H&M is also a fashion company strongly connected to the fast fashion concept. When creating a collection H&M values the understanding of customer needs very high. What the customer wants should be the key through the whole process, from idea to the creation of a new product and to the customer buys it. The creation and plans for the different collections is made centrally (From Idea to store, 2011). H&M´s strategy when starting working on a new collection is that their designers, pattern makers and buyers agree on the trend that will impregnate the fashion of H&M in the coming season and collection. The next step is to try to find a balance between the different styles, modern basics, current fashion and high fashion. To build up the range of products H&M puts together a good combination of the different styles and a number of factors affect the final range. The trends from last season are combined with the coming season’s trends concerning models, colours etcetera (Idea and design, 2011). The customer demand in different stores and markets constitute the base for the product range. The location of the store, if it is located in a city or not and the size of the store also influence the distribution of the product range. The high fashion products are often produced in limited quantities which are sold in the stores located in big cities. However, the basic products, such as tops, trousers and jackets are produced in larger volumes and distributed to many stores (Planning the range, 2011).

The design team are taking the world as inspiration so trends and styles are identified and adopted when creating the collections. How many people working in the design team depends on the concept. However, they all have the same interest and goal, to create fashion according to what the customers are demanding. The design team creates and produces the suitable mix of merchandise for every concept. The challenge is to create a good balance between fashion, price and quality. To be able to catch forthcoming trends, the idea and design work has to be done in a creative way all the time (Planning the range, 2011). H&M constantly keeps their mind open of what is happening in the world and then derives inspiration from films, street fashion, media, trend institutes, other cultures, trade fairs, exhibitions and also from fashion history. Generally the themes are planned a year in advance, however the very latest fashion trends are adapted quickly. H&M offers a lot of different concepts to be able to meet the demand from customers in all ages and with all styles. The trends, with different styles and models are made to suit and meet the demand of the customers. When creating a new season
collection, themes, colours, fabrics, silhouettes and garment types are decided in order to please the customer (Idea and design, 2011).

4.3.2 Supply chain management
H&M does not own their H&M stores, instead they are renting the premises. This has been their strategy since the establishment and this strong strategy gives the company the possibility to have flexible control. Clothes and other products are bought from approximately 700 different suppliers, hence H&M are not owning any factories. H&M is using independent suppliers mostly in Asia and Europe, to which they outsource the whole production of products. This strategy demands a high level of planning and organizing. What to produce is decided by the buying department and then H&M’s productions offices are taking care of the practical part. In the productions offices employees consist mostly of people from the local population and they have continuous contact with the suppliers. It is the production offices that are responsible for noting orders with the correct supplier and they also have the responsibility of the products being of good quality and being delivered in right time, in the right place. The responsible of the production offices is also to check and make sure that the production is handled in a good way with for example good working conditions for the people working in the factories. Further the production offices work is also to ensure the quality and safety of the products, which is operated through numerous testing, checking for shrinkage, twisting, colourfastness and if the chemical requirements have been fulfilled (Buying production, 2011).

H&M have different lead-times for different products. The lead-time can differ from a few weeks and up to months. A short lead time does not always have to be the best since the most important thing is to get the right lead-time which creates a balance between quality, price and time. Therefore it is central to know the suitable time for each product. High fashion products, often in small volumes, require considerably short lead-time while high volume, basic products and products within the child section can have long lead-times. For the basic products it can even be an advantage to put orders in far in advance (Buying production, 2011).

4.3.3 QR and Agile
From the suppliers are the products shipped to the stores via a number of distribution centres which are located in different sales markets. The distribution centres are unpacking and allocation the products and thereafter they are distributed to the different stores. Within the EU the distribution channels are not constrained to a special country, they are instead serving the stores in a geographic region. This way the distribution of the products becomes as effective as possible. The stores do not have back up stocks so they get refill from the central stockrooms. When a product is sold directly a request for replenishment is sent to the central stockrooms. The H&M stores gets good delivered every day because of the high sale and turnover of products. Simplicity, reliability and transparency are the three key words for H&M’s logistics. The first of these key words, simplicity stand for that the logistics must be easy and should not get too complex. Reliability is referring to that, not always is the best way to choose the fastest transportation, instead the most reliable and environmentally friendly way is prioritized. To have good information exchange between the different links in the supply and logistical chain is very important for H&M, which refers to the last key word, transparency (Green logistics, 2011).
The key concept for H&M is to get the right product to the right store at the right time so that the customer always sees something exciting and new when they come to the store. To fulfil this is a challenge for H&M and for every fashion company. Further it is not only the time factor that makes this a challenge but also the fact the H&M is striving to have the greenest possible transports. To get as environment friendly transports as possible is in line with H&M’s ongoing work to get sustainability. H&M is monitoring the performance of for example logistic service providers and in just a few years have the airfreight volumes been halved. Good that are transported from Asia are almost completely sent by sea. Concerning the production and transportation in Europe H&M’s objective is to increase movements by road and rail. H&M are very successful in this strategy because 90 percent of all transports are completed via road, rail or sea. Transportation via air is only done in extraordinary cases, for example when the products have to be delivered really fast (Green logistics, 2011).
5. Analysis

In this chapter the empirical findings will be analysed with the presented theories to be able to evaluate the research question.

5.1 Fast Fashion

To respond quickly to changing fashion is one of the main things for fashion companies (Hayes & Jones, 2006). Zara is adopting a strategy that is all about time and communication. To keep distributors and production close is also something that Zara is putting in front of their strategy. To be able to have high flexibility and control Zara owns a lot of its production and 80% of its production is located within Europe (Dutta, 2002). Zara has vertically integrated supply chains which makes it possible to produce products in a short period of time (Mcafee et al., 2004; Barnes & Lea-Greenwood, 2010). H&M also has time as a key in their strategy, however H&M is using a different strategy when it comes to their production and supply chain. H&M does not prefer closeness to their production since the philosophy of H&M is to offer fashion and quality at affordable prices (Short about H&M, 2011). To keep the prices low and still have high fashion is a challenge and therefore H&M are producing their products in parts of the world where there are good conditions for keeping low prices, such as low salaries. Instead of owning any factories which Zara is, H&M is buying their products from around 700 suppliers located in Asia and Europe (Short about H&M, 2011).

Both of the companies are using a fast fashion strategy and they are both aiming to get the latest fashion available to the customers in the right time and the design of the fashion is built on the demand of the customers (Doyle et al., 2006). The two most important factors of fast fashion is just lead-time and consumer demand (Barnes & Lea-Greenwood, 2010). Zara and H&M are having the same target group, involving women, men and children. The largest segment which there is most focus on is the women who are demanding the latest fashion every week or even every day (Hayes & Jones, 2006). The product life cycle of fashion products has been this compromised which has made time a crucial factor (Barnes & Lea-Greenwood, 2010). To fulfil the demand is the main purpose of both Zara and H&M but their vision do differ. All companies have an own business idea however many companies in the same industry with the same target group tend to have similar ideas (Barnes & Lea-Greenwood, 2010). Zara and H&M share the vision of that the consumer is the most important thing but when it comes to price the two companies differ. Zara is putting quality in front of price while H&M wants everybody to be able to afford their products and therefore tries to keep the prices low (Zara Company, 2011; Short about H&M, 2011).

Today consumers are very fashion-conscious and this has made the market grow and consumers are more demanding than in the past (Hayes & Jones, 2006). The fast fashion strategy is not only dependent on the supply chain but also on the approach to design. Zara’s approach to design is strongly connected to their customers. Zara is using a flow of information from the stores which have the direct connection to the customers and to the design team. The ideas, trends and tastes are developed in harmonization with the mind of the customers (Zara, 2011). The collections of Zara are inspired and created from the customers’ response tight with its own interpretation of the catwalk (Zara, 2011; Barnes & Lea-Greenwood, 2010). This concept creates trends among a wide range of people and this way Zara is getting the better of two information sources, both from the customer and from the high fashion world (Barnes & Lea-Greenwood, 2010; Doyle et al., 2006). H&M is also inspired by their customers and their demand is very important (Short about H&M, 2011). To get the fashion in the catwalks into the store is however not something the company is striving for. Instead H&M derives inspiration from films, street fashion, media, trend institutes, other
cultures, trade fairs, exhibitions and also from fashion history. H&M is always keeping their mind open for what is happening in the world and is then trying to create a collection based on the total impact from all these sources. Customers are also inspired of street fashion, films and media in general and by using this method H&M are getting the items that the customers seen in magazines and films etcetera into reality and available in the store for an affordable price (Idea and design, 2011). Further the fashion from media has shown to have a direct influence of the shopping behaviour of the customers (Media and Fashion, 2010). This is an effective way to get information about the demand since the growth of media and its fashion coverage have increased the fashion consciousness among customers and this is a benefit for fashion companies (Hayes & Jones, 2006). Often are celebrities wearing clothes from high fashion designers and the customers are inspired by this however not everybody can afford items from these designer and therefore they turn to for example H&M and Zara. Even though H&M are not directly inspired by catwalks their collections still follow the same trend because the catwalks are often in line with the general fashion of the season (Planning the range, 2011).

5.2 Supply Chain Management
To have a well-operating and effective supply chain is the most important thing for a company applying a fast fashion strategy chain (Barnes & Lea-Greenwood, 2010). Zara’s supply chain makes it possible for the company to have short lead times and the products are therefore kept fresh (Dutta, 2003; Fedows et al, 2004). Zara is only producing a few copies of each item which makes it easier to adapt to the fast changing trends, also the customers gets the feeling that the item is special if not everybody on the streets wears it. This way the products have a small risk of becoming unpopular (Doyle et al, 2006). This type of fast fashion strategy that Zara is using makes it possible for the company to have high margins and price reduction decreases (Dutta, 2003). Zara is not aiming to get economic of scale and they rather produce in small quantities where the factories are prioritizing quality in front of maximizing of output (Ferdows et al, 2004). H&M on the other hand is using a different fast fashion strategy and are instead aiming to produce several copies of each item and thereby get economic of scale which leads to fact that the company can keep low prices (Buying production, 2011). However when it comes to the very latest fashion products H&M also limit the quantities. These high fashion products are sold in the stores located in the big cities and are not in the general collection and these products have to be delivered to the customer in right time (Barnes & Lea-Greenwood, 2006). Other products, often basic items but of course also including fashion products are produced in big quantities (Planning the range, 2011).

Zara has short lead-time for almost all their products but they do have products that do not have to get into the store as quick as the high fashion products. Approximately 20% of Zara’s total production is produced over sea which constitutes the products that are not high fashion and therefore can have longer lead-time (Macafee et al, 2004). H&M on the other hand has the majority of its production in Asia (Short about H&M, 2011). H&M has different lead-times for different products and for example basic products such as tops, trousers and jackets have a longer lead time than the high fashion products. This is because these products have a plane demand and sale (Planning the range, 2011). Since H&M are producing most of their products in Asia where lead-times are longer than when produced close, producing big quantities is effective (Short about H&M, 2011). Using this strategy H&M can keep their low prices and sell a lot of the popular items, however the unpopular fashion items that are not sold have to be price reduced. For example colour and combinations of garments that did not become a trend has to be sold for maybe half of the original price (Christopher et al, 2004;
Ferni & Sparks, 2004). This is the risk of mass producing however if the company manage to sell big quantities of some products these can fill up for the once that has to be price reduced (Christopher et al, 2004).

Zara has a supply chain management that is built on the demand of the customer and therefore the company does not have to rely on forecasts which reflect the traditional supply chain (Dutta, 2003; Harrison & Van Hoek, 1999). The employees working in the stores are reporting the sale and these reports includes ideas of new models, garments and colours, in general what the customers want (Dutta, 2003). This information is then put together and passed on to the supply chain that can act fast. The supply chain then deliver the order in two days, if it is produced (Mcafee et al, 2004). The main reason to that the supply chain can deliver the order in such a short time is that they work as partners (Sheridan et al, 2006). To be able to deliver in time the company are using a limited set of suppliers working as partners (Barnes & Lea-Greenwood, 2006). H&M are as mentioned using suppliers and outsourcing which demands a high level of planning and organizing. The buying department is deciding what to produce and then H&M’s productions offices are handling the practical part. The employees in the production offices are mostly people from the local population and they have constant contact and share information with the different suppliers which reflect the Agile supply chain management (Buying production, 2011; Barnes & Lea-Greenwood, 2010). The production offices then have the responsibility to control testing, quality safety etcetera (Buying production, 2011). This type of communication technology can through computer aided design and electronic data exchange, shorten lead-times (Barnes & Lea-Greenwood, 2006).

5.3 QR and Agile

Time, market driven requirements and agility are the key dimensions of the two supply chain concepts developed in the modern fashion industry (Doyle et al 2006). QR has been developed by using IT and flexible manufacturing and cooperative planning to be able to respond to market demand (Sheridan et al, 2006). The key concept of agile supply chains is that they are driven by information (Barnes & Lea-Greenwood, 2010). The manufacturing location, used technologies and supply chain relationships are important parts in the QR strategy (Hayes & Jones, 2006). Zara and H&M are both using QR and Agile supply chain as a part of their strategy.

Zara is using Quick response and has an agile supply chain. The company is focusing on the communication and technology within the company (Hayes & Jones, 2006). Zara has 80% of its production in Europe and owns half of all their manufacturers which show that the goal is to have a quick and flexible supply chain (Dutta, 2003). Zara is therefore producing a lot of their high fashion products in Spain where they are close to the market so that the Agile supply chain can share data such as POS. This information is then shared through the supply chain so that products can be ordered and replaced as fast as possible (Barnes & Lea-Greenwood, 2006; Christopher et al, 2004). The fact that Zara is producing in Europe which is close to their market makes it easier for them to control the time it takes to get the products into the market (Dutta, 2003; Bruce et al, 2004). The closeness gives them high control of their manufacturers and it eases the possibility to deliver the products in right time. The main thing behind QR systems is that demand is captured almost directly and as close to the ending consumer as possible (Sheridan et al, 2006). The factories that Zara is using are equipped with high technology machines for colouring and cutting so that they can act fast according to the different trends (Ferdows et al, 2004). Advanced information technology is helping Zara to
produce fast and this is the most important factor in QR (Hayes & Jones, 2006). The goal for Zara is to produce small volumes of each item and to have factories that are prioritizing quality in front of the maximizing of output (Ferdows et al, 2004). The advanced technologies combined with information sharing make it possible for the suppliers to be informed of changes in inventory and can from that act fast which shortens the lead-time for the products (Sheridan et al, 2006; Barnes & Lea- Greenwood, 2010). Zara’s information technology and the reporting made from the employees to the main office is also a good example of how information and technology can be used to be as effective as possible and thereby respond to consumer demand as quick as possible (Ferdows et al, 2004; Barnes & Lea- Greenwood, 2010). Zara also has the routine that the employees in the stores twice a week are reporting the sales results to the main office (Dutta, 2003). This strategy of openness and trust in the cooperation helps them getting knowledge about the latest trend which is profitable because Zara does not have to relay on forecasts, instead they get the information directly from the stores (Lowson et al, 1999). When the information is put together and with the prerequisites that the product already is produced, it takes Zara approximately two days until the product is in the store and this is a good example of Quick response to the demand as a result of their agile supply chain (Mcafee et al, 2004; Sheridan et al, 2006; Barnes & Lea- Greenwood, 2010).

Further Zara’s distribution channel is also handled with technology and the orders are automatically read and from there on the right items get delivered to the right place. Zara is also using the Convosystem for the factories to accept orders concerning quantities for each item and also the sorting of the items to makes them ready for delivery to each store (Macafee et al, 2004). Advanced technology makes it possible for the suppliers to be instantly informed of changes in inventory and can thereby act fast according to this (Sheridan et al, 2006). Zara is not planning ahead but are instead focusing on getting information of what fabrics they are going to buy and in what quantities. This strategy has a great advantage compared to the traditional forecasts strategy because the risk of buying and producing wrong products decreases (Dutta, 2003; Jacobs, 2006; Harrison et al, 1999). This way of acting is also a part of the QR strategy because response in QR supply chains is demand driven and built on sales information rather than on forecasts (Barnes & Lea- Greenwood, 2006). Zara is only producing a small number of each item and this is also a part QR because QR is about minimizing pre-season ordering, taking advantage of improved speed and flexibility in the supply chain. To achieve this, the company has to place small orders frequent (Barnes & Lea- Greenwood, 2006). However, when it comes to their basic products such as men’s shirts Zara is producing in bigger volumes in China or Turkey where the cost are low (Macafee et al, 2004). This shows that even though Zara is a typical QR and Agile company they have a part that is characterized by the traditional supply chain management (Olhager & Östlund, 1990).

When H&M first was founded the company used the traditional supply chain and the push-strategy. The company is known for producing high volumes, however over the years H&M has started to move away from this strategy. This strategy is no longer possible to use for fashion products since the lead-time can be up to months and the consumers are demanding new products every week (Jacobs, 2006). H&M are now focusing on getting high fashion products into the market in time and this has lead to development in their supply chain management. The focus for high fashion products are now on having an information sharing and quick supply chain. To reach this goal H&M are putting their distribution channel in centre (Barnes & Lea- Greenwood, 2010). To get the products to the store in fastest possible way, are the distributions channels not constrained to a certain country but are instead serving stores in a geographical region (Green logistics, 2011). This way H&M gets closer to the market and the customer which is an important part of the QR strategy (Sheridan et al, 2006).
The distribution centres are unpacking and allocating the product and they are then sent to the right store. This way the store does not have to have back up stores instead they get refill from the central stockrooms. When a product is sold a request for replenishment is directly sent to these stockrooms which can act fast (Green logistics, 2011). This information sharing in the supply chain makes it possible for H&M to be responsiveness to changes in demand and in the market (Barnes & Lea-Greenwood, 2006). The information sharing that H&M are using between the stores and the suppliers result in higher level of on-the-shelf availability which can lead to the reduction of transaction costs (Christopher et al, 2004). Reliability and transparency are words that are valued in H&M’s logistics (Green logistics, 2011). This indicates that they want to have a supply chain that is impregnated by good relations with trust and information sharing between the different actors in the network (Christopher et al, 2004; Harrison, 1999).

When it comes to the production H&M, in contrast to Zara, does not own their factories but they are still producing some products close to the market and the customer (Buying production, 2011). Therefore they have the strategy of controlling their distribution centres to be able to control the delivery of the product (Green logistics, 2011). This is accomplished with technology and information sharing which are the two most important words for the QR and Agile supply chain management (Barnes & Lea-Greenwood, 2010; Hayes & Jones, 2006). H&M are having a well-operating distribution channel and put a lot of effort in this part of the chain. The company also consider the environment for their transports and this way of having a well organized supply chain H&M reduce the lead time and can compete in the fast fashion area even though they are using overseas manufacturers for most of their products (Green logistics, 2011; Hayes & Jones, 2006).

H&M is using the QR and Agile strategy in terms of the focus in capturing the demand in shortest possible way (Sheridan et al, 2006). However H&M are combining QR and Agile supply chain with the traditional supply chain. The company is planning their collections according to trends and designers, pattern makers and buyers are deciding on what to create for the coming collection. To build up the range of products in a new collection H&M puts together a good combination of the different styles. The styles are impregnated from celebrities, catwalks, street fashion etcetera. All these factors are based on the demand of the customer and characterized by the pull-strategy which shown that the supply chain management is built on the demand driven strategy but the overseas mass production is characterized by the traditional supply chain (Idea and design, 2011; Jacobs, 2006; Olhager & Östlund, 1990). A possible reason for that H&M are combining the traditional and the Agile supply chain is that H&M is an quit old and well established company which makes them want to stick to the traditional supply chain as a security (The world of H&M, 2011). Further the company had a different type of image and vision when they started compared to the one they have today so therefore they already had established suppliers in low income countries that they trusted. Still H&M have kept their main vision of having low prices affordable to everybody (Short about H&M, 2011). This makes it almost necessary for H&M to keep their suppliers in Asia and for some parts use the traditional strategy of producing in big quantities demanding (Krajewski et al. 2007).

Both Zara and H&M are working to compromise their lead-times and by using QR and Agile with high speed production, this can be accomplished. This way the company become more competitive than if they would have used the traditional supply chain management. The two companies are using the awareness, efficiency and reduced level of inventories which are all parts of the QR supply chain management. Time, relation to the demand and information both with the customers, within the company and with the suppliers, are all factors of the Agile
supply chain and according to this paper it is shown that these attributes are a part of both Zara’s and H&M’s strategy. Contingency is a critical factor in fast fashion and the companies have to be able to handle this in a good way to be able to keep their position in the market. Since the supply chain has been developed with technology and good communication it is now easier for the companies to avoid uncertainty and instead focus on the most important thing, the customer demand (Barnes & Lea-Greenwood, 2010).

The theory shows that the supply chain in a fast fashion company in general differs from the traditional supply chain management. The base of this is the competition of being the first to deliver products on the market. The explanation to why this is so important for fashion companies today is that the demand of the individual has increased in the last decade, which in the next step forces the fashion companies to become more effective. The choice of distribution channel has a great impact on the efficiency and Zara and H&M has shown a development in their supply chain management by moving away from the push strategy and instead adapted a pull strategy. Earlier fashion companies did not put effort on what the customer wanted and produced the items without any research of the demand. By using the pull strategy is the company instead using the demand and the market as the base for the development of a products. This way the company can have control of the actual consumption within the company and in the market. This research has shown that fast fashion is not only built on the demand driven strategies QR and Agile but also on the traditional supply chain management. The combination of the traditional supply chain, the Agile supply chain and QR is what the fast fashion strategy is about for the two most successful companies in the fast fashion industry. The fast fashion concept has until now only been presented in terms of demand driven strategies, I have therefore created a model that shows how fast fashion is concluded from this research. The Fast Fashion model created according to this paper is shown below:

Model: Created to illustrate the building blocks for the supply chain management of today’s fast fashion companies.

The model shows the fast fashion strategy where the strategy is a mix of the traditional supply chain, Quick response and the Agile supply chain. The fast fashion concept is not only about the demand driven supply chain strategy but a combination of QR, Agile and the traditional supply chain strategy. The companies using the fast fashion strategy are focusing on the demand and to get the fashion available to the customer in right time using information and technology but it is also about having a secure supply chain that can produce high volumes of
basic products. The control of the supply chain which has its ground in the traditional supply chain is combined with flexibility which is one of the main things that are reached when having an Agile supply chain. This model illustrates the supply chain management that the leading fast fashion companies are using to create an effective supply chain.
6. Conclusion

The purpose of this paper was to describe supply chain management in fast fashion companies and analyse why different fast fashion companies choose different supply chain behaviour. In this chapter the results and conclusions of this paper will be presented. Further suggestions of future research will be given.

What impact has a fast fashion strategy on fashion companies´ supply chain management?

The short product life cycles in the fashion industry has forced fashion companies to rationalize their supply chain and the fast fashion strategy has become a vital phenomenon to survive in the fashion industry. Fast fashion can be described in terms of flexibility, effectiveness and fulfilment of customer demand. Awareness among customers today have created new kinds of strategies and developed the traditional supply chain for fashion companies. The concept have been developed in pace with these changes within the fashion industry. Fast fashion pushes fashion companies to change their supply chain management. The key words that the fast fashion companies focus on are agility, quick response, time and the fulfilment of demand. The concept results in changes in the supply chain management however these changes are not necessarily the same for each company. The goal is to possess all the characteristics of fast fashion but how the companies reach them differs in terms of supply chain management. This research also shows that the leading fast fashion companies have a lot of similarities in their supply chain management. The most important similarity is that it is the demand of the customer that impregnate the supply chain, from design to store. Further it also shows that the traditional supply chain is still a part of the demand driven supply chain. Fast fashion is a lot about demand, agility and quick response but is also about finding the right balance in the supply chain and to accommodate this to the customer demand. Customers do not have the same demand for each item which is one of the reasons for the successful combination of the demand driven and the traditional supply chain.

Time is the most important thing for high fashion items at the same time as low cost production is for basic products. Low production cost and big volumes is characterized by the traditional supply chain which also is a part of the fast fashion strategy. The size of the traditional part of the supply chain differs between companies, for some this part is half of the strategy and for some it is only a small part. The way of getting an effective, flexible and quick supply chain has according to this paper not shown to be the most important thing, instead is has shown that finding the balance between the demand driven and the traditional supply chain is what constitutes a fast fashion strategy and thereby a fast fashion company. The reason for why companies choose different behaviour in their supply chain management is connected to their vision and the price strategy that they are using. If the price strategy is to keep low prices the traditional strategy has shown to be a bigger part of their supply chain management than if the company has a price strategy that allows higher prices. The mix of the traditional and demand driven supply chain therefore look different even though the strategy in general is the same. The fast fashion strategy pushes the companies to move from a traditional push-strategy to a demand driven pull-strategy. However since the concept is quit new in the fashion market the companies still wants to keep some of the safe traditional strategy. To conclude the supply chain management of a company using the fast fashion strategy is where the company combine their traditional supply chain with the modern demand driven Quick Response and Agile supply chain. In theory so far fast fashion is described only in terms of demand driven supply chain management however according to this research the fast fashion strategy is shown to be applied by fashion companies characterized by a mix of the traditional and modern demand driven supply chain.
6.1 Future Research

As shown in this research fast fashion is a quit new but fast growing concept. Therefore it would be interesting to do further study of fast fashion also in other industries than the fashion industry. There are a lot of other industries that are fast moving in today's changing world and to study these industries in terms of fast fashion would be very interesting. The technology industry is for example an industry that is changing fast and products such as mobile phones and computers tends to be old extremely fast. Here it would be interesting to investigate what kind of supply chain management the companies acting in this area are applying. The concept of fast fashion is strongly connected to the fashion industry, however this strategy is probably suitable also for other industries that are trying to shorten their supply chain and be more effective. The needed efficiency is grounded in the fact that the customers are demanding more today than before. Therefore to study the fast fashion concept from the customers point of view instead of the companies would be an interesting and new approach do further research about.
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