



UK and US fashion markets gear up for downturn

WGSN's new Fashion Reports provide key insights for decision makers

London 8 January, 2009 WGSN, the world's leading creative intelligence service, today launches its Fashion Reports, designed as the definitive guide to the fashion industry and the challenges that face it. The reports are based on extensive surveys carried out in the last quarter 2008 amongst hundreds of WGSN's subscribers. This includes the world's leading designers, retailers, manufacturers, buyers and executives. Combined with the knowledge of WGSN's world-renowned fashion experts, the reports provide unrivalled insight into the current state of the market.

The first two reports just published cover the UK and US, providing key findings on critical topics including designer culture, supply chain and distribution, fashion retail, and government and economy.

WGSN chief executive Neil Bradford says "The documents contain the invaluable collective wisdom of hundreds of our subscribers, all of whom are industry professionals. The Fashion Reports aim to make sense of current developments in the global economy and fashion business, providing an in-depth look at the fashion industry from WGSN's unique perspective."

Key learnings include:

- The **UK high-street moves significantly faster than the US**: The average lead time for the British fashion industry is 28.6 weeks compared to 39.6 weeks in the US. British fast fashion companies plan their product on average 33 weeks ahead, compared with 42 weeks in the US. The erosion of

the traditional seasons puts fast fashion retailers in a stronger position, and European and Asian chains will increasingly target the US

- With funding even harder to obtain, **private money will become more important**. In the UK, private finance deals from local investors for designer labels will become a key factor for success, while US designers plan to attract investors from Asian manufacturing and retail giants as well as Middle Eastern financiers by offering major licensing/product expansion opportunities
- Fashion continues to be an import industry, predominantly from China, although the country's rising cost of labour and favouring of home-grown designers means **UK and US manufacturing is increasingly moving to other Asian countries**. In particular India and Vietnam are benefiting. For UK retailers requiring a short time to market Eastern Europe and Turkey are set to benefit, while for the US close-to-home regions in central and south America must do more to attract business
- Designers in both territories are **concentrating on their key strengths** to survive the current downturn: While the UK is looking at creativity and innovation, their US counterparts are playing on commercial expertise, focusing on meeting margins and keeping costs down
- In the UK, **the highstreet - especially the value sector - is better placed** to face the continuing economic woes than their mid-market competitors. Unlike the last recession, this time the **luxury industry is feeling the crunch** as much as other retail sectors, although the US will continue to see expansion from international high-end designers thanks to its relatively underserved luxury market
- **Retail employment will continue to fall** and current predictions are being revised downwards on both sides of the Atlantic. US malls and strip-centers are increasingly under pressure with the **highest levels of vacancies** since 2001 and 1994 respectively
- **Ethical trading issues continue to be important** during the recession as customers are more aware than ever of how their fashion is produced. US

companies in particular are demanding more transparency on this issue from their manufacturers

- Designers on both sides of the Atlantic agree on the key pieces for spring/summer 2009: **Grey marl jersey, utility dresses, looser jackets and jumpsuits.** Catwalk-style bra tops and big shoulders are yet to be backed by designers.

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About the WGSN Fashion Reports

The Fashion Reports are published exclusively by WGSN. The data in the first two reports released is based on 481 respondents in the UK and 633 in the US. Reports can also be purchased for £995 direct from WGSN. The first two reports will be followed towards the end of the first quarter by China and Japan and France, Germany, Italy and Spain in the second quarter 2009.

About WGSN – The global leader in style trend analysis

WGSN (Worth Global Style Network) is a subscription service that delivers information, analysis and inspiration to the apparel, style, design and fashion retail industries.

WGSN's forward-looking trend analysis, real-time intelligence updated every hour and 10 year archive of reports and images provide information and inspiration for industries across the world. Our global team of 200 experts design, analyse, photograph and write about style, sourcing, distribution, consumer insight and the business of fashion. In-house consultancies, bespoke city tours and other services are available to our clients.

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