

The New Zealand Designer Fashion Industry: Promoting a unified approach to industry development

Executive Summary

The presence of New Zealand designer fashion in the global marketplace is increasing, however more can be done to aid its progress and ensure its success. Creative industries such as designer fashion have been identified by the government as key to New Zealand's general economic development¹ and therefore attention to their success is important. Designer fashion as an industry is not fully developed in New Zealand; there is a lack of unity that may be impeding the industry's growth. If a strategy was developed - to unify the industry and market it collectively under a New Zealand orientated image - would this aid in realising the industry's potential for international success? That is the question which this report aimed to investigate.

A number of case studies were identified and examined and they provided some insight into what impact this kind of approach might have. Previous examples of a unified marketing strategy with an emphasis on the New Zealand image produced a success, both in media attention and in sales for the designers. This approach provides greater justification for government support; enables sharing of resources between designers; and is able to leverage off the existing New Zealand brand, to attract a higher level of recognition for the designers and the industry. On the other hand, the cost to pursuing this approach could be to compromise the individual and competitive natures of the industry, which may be essential aspects of the industry's operation.

However it should be noted that although what is mentioned above was the original focus of this report, research revealed that fundamental quantitative data was missing due to a lack of prior research on the industry. Because of this, an effective analysis of the problem and proposed solution could not be completed. Therefore the primary findings of this report suggest that the industry needs to be formally recognised and data on it needs to be collected, before any such analysis as was originally proposed can be conducted successfully.

¹ 'Developing creative industries within New Zealand', *New Zealand Trade and Enterprise*, [government website], <<http://www.nzte.govt.nz/section/11756.aspx>>, accessed May 2007.

Recommendations:

- Classification code for the designer fashion industry included in the industrial coding system.
- Quantitative research carried out on the state of the industry and its activities by the government in partnership with the industry.
- Further research carried out based on the data gathered as to the costs and benefits of a unified and New Zealand orientated approach to developing the industry.

Target Audience

This report is targeted at businesses within the designer fashion industry and existing industry organisations such as Fashion Industry New Zealand. It is equally directed towards government organisations involved in industry support such as New Zealand Trade and Enterprise and other organisations maintained by the Ministry of Economic Development. The Ministry of Tourism will also have relevant interests within this topic where international promotion of New Zealand is involved. Finally, other government organisations concerned about creative industries in general will have a significant interest in this research, for example, Creative New Zealand which is monitored by the Ministry for Arts, Culture and Heritage. Local city councils may be interested, as much research and progress can be made within regions towards promoting creative industries and the designer fashion industry in particular.

Introduction

The original goal of this report was to outline an argument for the promotion of greater unification within the designer fashion industry in New Zealand and to suggest why this unification should be specifically aligned with the broader New Zealand brand. The approach of focusing on the development of a particular industry ensures that the research and policy formulation is as effective as possible. It could also provide a useful model for pursuing economic development through other industries in a similar manner.

However during the process of research towards this goal another issue within the industry was uncovered, that is the lack of quantitative data on the industry. This discovery thwarted the pursuance of the initial goal to some extent, however it was still considered useful to present an

overview of the problem and set up a preliminary framework of assessment that further research could expand upon.

Some benefits and costs have been posited, which when data is gathered, may provide deeper insight into whether following the recommended action is advisable. Case studies were examined to forecast what the quantitative data is likely to indicate and the costs and benefits were assessed in light of these. Tentative conclusions were made that unifying the industry and marketing it collectively under a New Zealand brand would be beneficial to the industry. However the principal conclusion was that there is a need for greater research on the industry before any reliable policies can be developed.

Background

Fashion Industry New Zealand was formed in August 2002 by the industry to promote its collective objectives. It aimed to provide a supportive network and representation for the industry and to generate recognition of the industry's value to New Zealand both economically and culturally. FINZ acts on behalf of not only the designer fashion industry, but also the wider apparel industry. It proposes to fulfil its goals through encouraging collaboration between members; providing information and resources to the industry; developing relationships with government departments, industry organisations and media; and working in partnership with education providers relevant to the industry.²

The government has given recognition to the importance of creative industries, such as designer fashion, in economic development. Its 'Economic Transformation Agenda' led by the Ministry of Economic Development (MED) has the aim '...to progress New Zealand to a high income, knowledge-based market economy, which is both innovative and creative, and provides a unique quality of life to all New Zealanders'.³ The agency with one of the most active roles in implementing this agenda is New Zealand Trade and Enterprise (NZTE). It works with businesses and industry groups to boost their capability and facilitate their sustained and profitable participation in overseas markets.⁴ There is a strong focus on export performance

² *Fashion Industry New Zealand*, [website], <<http://www.finz.co.nz>>, accessed May 2007.

³ 'Economic Transformation', *The Ministry of Economic Development*, [government website], <http://www.med.govt.nz/templates/StandardSummary___22996.aspx>, accessed April 2007.

⁴ 'New Zealand Trade and Enterprise', *The Ministry of Economic Development*, [government website], <http://www.med.govt.nz/templates/StandardSummary___16.aspx>, accessed May 2007.

and international competitiveness as the primary driver of economic growth.⁵ NZTE also recognises that the creative industries are key to economic growth; it envisions a role for such industries in not only contributing to New Zealand's world class capability but also with the ability to 'leverage New Zealand's unique culture and as a knowledge based sector, [the creative industries] have the potential to generate wealth on a sustained basis and reposition New Zealand as a nation of new ideas and new thinking'.⁶

The best example of FINZ and NZTE working together to achieve these shared goals can be found in Air New Zealand Fashion Week. The event is held primarily to attract international and domestic buyers and has occurred annually since 2001 with increasing success.⁷ A study of the 2004 event which looked at its economic value found it was generating in excess of \$33.06 million, a figure which is believed to have increased in subsequent years.⁸ In 2005 it was estimated to have attracted \$22 million worth of domestic and international media coverage which equals or exceeds most major news and international sporting events of similar qualities in New Zealand.⁹ In 2006 the show included upwards of 72 designers from around the country.¹⁰ NZTE has also provided assistance to designers wishing to participate in the London and Paris fashion week shows as part of its strategy to showcase New Zealand designers' talent to buyers and media around the globe.¹¹

Previous studies of the designer fashion industry have accepted the definition of the industry established in the United Kingdom. This states the industry includes businesses involved with 'clothing design, manufacture of clothes for exhibition, consultancy and diffusion lines'.¹² The relatively young designer fashion industry is distinct to the well established apparel industry in New Zealand which encompasses all clothing manufacturing, because designer fashion

⁵ 'Industry Development', *The Ministry of Economic Development*, [government website], <http://www.med.govt.nz/templates/StandardSummary___15.aspx>, accessed May 2007.

⁶ 'Developing creative industries within New Zealand', op. cit.

⁷ 'Air New Zealand Fashion Week Worth \$33.06 Million', [Press Release], 1 September 2006, <<http://www.scoop.co.nz/stories/CU0609/S00016.htm>>

⁸ Ibid.

⁹ 'Air New Zealand Fashion Week Worth \$33.06 Million', op. cit.

¹⁰ '2006 Designers', *Air New Zealand Fashion Week*, [website], <<http://www.nzfashionweek.com/designers.html>>, accessed May 2007.

¹¹ 'Designer Fashion', *Market New Zealand*, [government website], <<http://www.marketnewzealand.com/MNZ/aboutNZ/sectors/14382/15175.aspx>>, accessed May 2007.

¹² Department for Culture, Media and Sport, UK <<http://www.culture.gov.uk/creative/index.html>> cited in Paul Blomfield, *The Designer Fashion Industry in New Zealand*, [online report], June 2002, <<http://www.nzte.govt.nz/common/files/designer-fashion-scoping.pdf>>, accessed April 2007. p. 15

involves a greater emphasis on design and creativity.¹³ However, the designer fashion industry is still not recognised formally as an industry in New Zealand. Within the Australia and New Zealand Standard Industrial Classification codes it falls under 'business services' in the design sub-sector. Within other reports on creative industries some attempts to provide statistics on the designer fashion industry have been made. However, frequently within those reports the industry is grouped with other industries under the label of 'design' and thereafter no data is provided, while other sectors also in the design industry continue to be mentioned specifically to the exclusion of designer fashion.¹⁴

Conceptual Framework

An analysis will be conducted which looks at the benefits and costs for designer fashion businesses to join a collective effort to promote the industry under a New Zealand-orientated image. The alternative to taking this action would be for businesses within the industry to choose to operate independently and engage in their own, separate marketing strategies to penetrate international markets.

This framework is a useful format for considering both the positive and negative aspects of a proposed course of action and provides a method for weighing up each aspect's importance. The final calculation of the difference between the costs and benefits will be an indication of which course of action will yield the best results.

Analysis

Because there is no formal recognition of the industry in the form of an industrial classification code, it is very difficult to find quantitative data on the state of the industry. Data on the wider apparel industry exists but the designer fashion industry is distinct in its particular emphasis on creativity and design, so statistics could not easily be inferred to describe the industry from those statistics which have been collected on apparel. The lack of data on the industry undoubtedly has an impact on research into strategies for advancement of the industry's interests and has been an impediment to the research within this report. Therefore within the analysis it has been difficult to predict the precise monetary values of the costs and benefits of

¹³ Blomfield, op. cit. p.1.

¹⁴ *Snapshot: Auckland's Creative Industries*, [Auckland City Council Report], November 2005, <<http://www.aucklandcity.govt.nz/council/documents/snapshot/default.asp>>

particular policy action. However, these factors can still be indicated and could be the subject of further research once data is gathered.

Benefits	Costs
Easier to gain government support	Loss of identity
Builds on reputation of New Zealand brand	Loss of competitive environment
Shared use of resources	

To develop greater understanding on the implications of each of these costs and benefits, they will be examined in detail with reference to particular cases. These are events where unification was demonstrated in the industry and use of the New Zealand identity occurred to bring about this unity.

Case Studies sourced from 2002 report by Paul Blomfield: ¹⁵

Cast Study #1

In 1999 four prominent New Zealand designers were chosen to exhibit at London Fashion Week. This was the first time that New Zealand designer fashion was presented to the world as a concept, as designers of a nation rather than individual entities. The shows were named 'The New Zealand Four' and were championed by Trade New Zealand. Funding support also came from the Brand New Zealand budget.

Case Study #2

Since 1997 New Zealand designers were individually being invited to participate in Australian Fashion Week, assisted in part by Trade New Zealand with any funding requirements. As an example of the existence of this individualistic approach, in 1998 Liz Findlay from Zambesi (a New Zealand designer fashion label) was quoted on National Radio saying "we never really thought of ourselves as 'New Zealand' designers. We just did our own thing." In 2001, a new strategy was adopted by the designers and Trade New Zealand to group the designers exhibiting in the event into two shows named 'New Zealand'. This was the first attempt within this event to use the New Zealand name for leverage and represented a shift from designers' past preference to compete independently with Australian designers.

¹⁵ Blomfield, op. cit.

Case Study #3

Air New Zealand Fashion Week is also a good example of unification within the industry. Because it is the national trade show for the industry it can be considered to be representative of New Zealand and therefore engaging with the concept of a New Zealand identity.

BENEFITS

Government support

Because the group of designers identified themselves as New Zealand in each case, it provided a rationale for government investment and support. Had they chosen to stand on their own, any attention they received would not necessarily imply automatic attention for New Zealand as well. As New Zealand businesses the government has an interest in their success because of the potential effects it could have on the economy and thus support from government trade organisations like NZTE is warranted. But as a group of businesses who specifically identify themselves with the country, they can present a stronger argument for support and other agencies can justify their assistance, such as those like Brand New Zealand.

New Zealand brand reputation

Through various trade and tourism initiatives, efforts have already been made to market New Zealand to the world. International recognition exists solely by virtue of being a country, at the least in a geographical sense. By using the New Zealand image, benefits could arise not just through recognition but also from positive association with the New Zealand brand. New Zealanders have already been promoted as environment friendly, innovative and with a different way of doing things. Designers could leverage off these notions and show how they apply to the fashion industry through linking themselves with their country's image.

Shared use of resources

Public relations and marketing strategies are very expensive to carry out, especially overseas; a group approach to this could minimise the expenses incurred by each party. In case study #1 three out of four of the designers said they could not afford to engage in any public relations measures even though they recognised its importance.¹⁶ In that case public relations were left to each designer to organise and fund and were therefore not part a major part of their selling strategy at the London Fashion Week. However the fourth designer, Karen Walker, saw PR as

¹⁶ 'Rave reviews and open chequebooks for Kiwi fashion designers in London', *The Independent*, 3 March 1999, p.21

an essential activity to undertake and included a substantial contribution to it within her budget for the event.¹⁷ The government agency such as NZTE could have taken a more holistic approach to marketing and managed it for the entire group during the event. This would have been a strong way of ensuring and supplementing the success of each business at the event. While marketing is the focus of this report, a group approach to shared resources could also encompass other areas such as exhibition expenses, research, shared locations and personnel costs.

COSTS

Loss of identity

By grouping themselves together under a New Zealand image designers may risk losing their individual identity. Grouping the designers together implies that there is a commonality between them, this is true in a geographical sense but it may be an arbitrary link and risks undermining the uniqueness of each brand. The industry fundamentally thrives on its celebration of difference and brands succeed through establishing their individuality, so this may produce unwillingness to cooperate as part of a unified effort. In case study #1 the designer Karen Walker demonstrated a desire to remain separate from the other three designers and chose to conduct procedures such as buyer meetings in a separate location. However she did exhibit alongside the others and participated in being labelled 'The New Zealand Four' at the show. It may be to preserve a sense of individuality that previous to 2001 designers rejected the idea of being named as 'New Zealand' at Australian Fashion Week and why more successful designers continue to elect out of participating in group shows.

Competitive industry

The nature of the fashion industry is that there is a lot of competition and it could be argued that this is something which the industry thrives upon. Designs and ideas compete with each other for the limited amount of interest and demand that exists in the marketplace. The efficiency which comes with this competition could be lost if these businesses are collected together and encouraged to work in unison. However, what must be considered is where the competition truly lies: is it within the domestic industry, or can more be gained from creating a stronger force of competition by unifying the New Zealand industry and challenging other members of the international fashion industry?

¹⁷ Ibid.

Discussion

In order to be included within statistics and research done on New Zealand's industries, the designer fashion industry needs to be formally classified. The Australia and New Zealand Standard Industrial Classification Code sets out criteria for an industry to have its own class established. With regards to economic significance it sets a minimum level of turnover for the industry at \$50 million or a minimum level of employment of 700 workers.¹⁸ In the scoping study conducted in 2002 the industry's turnover in wholesale prices including exports was assessed at \$159.7 million with employment in the sector totalling 1,424.¹⁹ The industry is currently classified under the 'business services' code in the design sub-sector.²⁰ This is not an accurate description of what is involved in the industry and most likely causes the industry to be grouped with other industries which are not sufficiently comparable. By including it under such a general heading rather than identifying by its proper label, any research conducted on the industry which relies on those figures cannot be said to truly representative of the industry's behaviour. For this reason it is advisable that a code be created which clearly identifies the industry and includes it within a relevant industry division and sector.

Once data has been collected on the scope and behaviour of the industry then a more accurate cost-benefit calculation can be determined. Government support could be estimated based on the figures for government spending on the industry and investment in businesses and agencies supporting those businesses. The collective amount that the industry spends on marketing measures could be assessed against the marketing expenditure of other types of industries, or against designer fashion industries overseas. Such research could indicate areas for growth in the industry and provide validation for proposed policies to achieve that growth. Without quantitative evidence for researchers to refer to, only inferences from particular cases can be made by those wishing to advocate a particular course of action for the industry. Through empirical observation of the selected case studies, it seems beneficial for the industry to adopt a unified and New Zealand-orientated approach to developing and marketing the New Zealand designer fashion industry. However this depends on the weight that is given to each of the costs and benefits outlined. Extended research may demonstrate that the costs of loss of

¹⁸ Australia and New Zealand Standard Industrial Classification Manual, *Statistics New Zealand*, [government website], 28 February 2006, <<http://www.stats.govt.nz/NR/rdonlyres/AFD548B1-5BFA-4C58-902E-79CF18B32772/0/anzsic06manualchapter2.pdf>>, accessed May 2007, p.15

¹⁹ Blomfield, op. cit. p.13.

²⁰ Snapshot, op. cit. p.96.

identity and competitive environment are too high to justify such a course of action. It may be necessary to conduct qualitative surveys of the members of the industry in addition to quantitative research.

Conclusion

Although the initial goal of this research could not be achieved, some important recommendations for policy action have still been discovered. It has been established that further research into the state of the industry in the form of statistics collection needs to be conducted. This must be preceded by the recognition and subsequent classification of the designer fashion industry as an industry separate from that of apparel and also design in general. Once this data has been amassed, reliable research will be able to be generated such as that matching the original goal of this research.

Analysis of such data may agree that there is a need for collective promotion of the industry under a New Zealand identity, as the cases examined within this report seem to conclude. Pursuance of this kind of strategy in the past has shown to be successful, however it would be more persuasive to compare these cases to similar situations in the future and analyse the results. This may involve conducting a type of quasi-experiment where the presence of a unified New Zealand group of designers at an overseas fashion show is compared to the attendance of a fashion show where designers participate individually. The sales and media attention generated at these two types of occurrences could be compared in a number of instances to see whether any differences occur.

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