Dressing down: understanding the decline of branded fashion

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Following the news of Ben Shermanâ€™s decline and subsequent sale to Marquee Brands, Simon Horner, director of fashion at Kantar Worldpanel, considers how brands can use research to re-engage with consumers.

The recent sale of Ben Sherman has placed the spotlight firmly on the plight of brands.Â The clothing manufacturer has lost 700,000 buyers over the past five years and no longer has a womenswear offer.Â Its experience is far from unique.

In 2005, 25 per cent of all branded items were sold through independent boutiques â€“ that figure now stands at just 5 per cent.Â In the place of these smaller establishments, large department stores and online retailers have cornered the branded market.Â With Sports Directâ€™s acquisitions of both Republic and USC, it now sells over one in 10 of all branded clothing items.Â Although a handful of their own stores remain, almost half of all of Ben Shermanâ€™s sales are made through either TK Maxx or Debenhams. Â

All of these outlets have one thing in common: heavy discounting.Â Debenhams is well known for its regular sales, and selling brands at seriously reduced prices has been TK Maxxâ€™s raison dâ€™Ãªtre ever since it launched in the UK in 1994.Â With platforms like this accounting for nearly 50 per cent of Ben Shermanâ€™s total sales, margins quickly become squeezed, a reality which is replicated across the branded market.Â Brands currently account for only one in every Â£10 spent on the British fashion market, and this figure is in decline.

The reason for this is that, among consumers, brand is simply no longer a top priority when making a purchase.Â Only 2 per cent of people cited brand as their number one consideration when deciding what to buy, compared with 29 per cent who prioritised price and 26 per cent who focused on fit. Â

Chart: When you buy a fashion item, which of the following is the most important factor to you? % = BuyersÂ

So what action can the new owners of Ben Sherman, and others like them, take in such a hostile environment?Â The answer isnâ€™t new: acknowledge that the prestige of a brand label is no longer enough to tempt shoppers and give the customer what they really want.

In a world of infinite choice, we are only prepared to spend more if we feel we are getting more.Â Own labels have markedly enhanced their offer in recent decades, proving they can more than compete with brands on quality.Â They are winning because they can offer a product that shoppers feel is comparable to branded pieces in their fit and quality, but at a fraction of the price.Â The extraordinary growth of the supermarketsâ€™ fashion offer is testament to this, with a quarter of all clothing now being sold through grocers.

This leaves brands with two choices.Â They could reduce their prices to bring them in line with own labels.Â But in doing so they would be entering an unquestionably crowded sector of the market alongside more seasoned competitors and could seriously risk pricing themselves out. Â

Instead, if brands are to reclaim their place as the premium alternative to own labels then they need to rediscover their point of differentiation and communicate it effectively.Â What is it about their offer which will make consumers prepared to spend the extra cash?Â If they find themselves struggling to answer, they need to rethink their strategy.Â Our research shows that itâ€™s quality and fit that matter most, so brands should begin by reassessing the quality of their materials and consistency in sizing.Â Rather than lowering their prices, brands need to raise their standards.

Diesel is a good example of the middle road, having recently developed a cheaper range while continuing to sell its usual, more expensive, products.Â This has allowed the brand to cater effectively to those who want lower prices without compromising its premium range.Â It has broadened its market by meeting the needs of a subsection of its customers, without undermining its point of differentiation. Â

Research is vital to understanding exactly what will drive a shopper to purchase your product in any scenario, whether thatâ€™s for own labels or brands as they struggle to regain a foothold.Â It is only by listening to the customers they hope to win back that they will thrive.

Simon Horner, Director, Kantar Worldpanel