

CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management



BACHELOR THESIS

**Expansion of the fashion companies to the Czech
Republic**

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Declaration

I declare I have worked on the Bachelor thesis on my own and I have used only the sources mentioned in the references.

Prague, the 30th April 2009

.....

Eva Rydvalová

Acknowledgement to the supervisor

I would like to thank the supervisor of my bachelor thesis, Ing Mansoor Maitah Ph.D., for his expert advices and valuable comments as well as for his patience.

**Expansion of fashion companies to
the Czech Republic**

**Expanze módních společností do
České Republiky**

Summary

Fashion is for whole centuries part of habits, nationalities, cultures but also economy. Apparel industry has come through as a significant economical concept, especially during the second part of 20th century. If we ignore boom of different fashion labels, systematic growth of new materials and using still more quality and more expensive processes, just a passing look into any magazine might persuade us, that fashion is one of the most respected business branches, whether it goes about famous or less noted labels. Apparel industry involves many and many different branches and to the future it might still grow, so it is necessary to keep on watching it.

Kew words

Theories of fashion, marketing, advertising, franchising, shopping centers, fashion company

Sourn

Móda je po celá staletí součástí, zvyků, národností, kultur ale i hospodářství. Modní průmysl si za poslední desetiletí, zejména v druhé polovině 20. století prorazil cestu jako významný ekonomický pojem. Opomeneme-li samotný rozmach různorodých módních značek, soustavný vývoj nových materiálů a měnící se trendy, směřující k využívání stále kvalitnějšího a dražšího zpracování, pouhý pohled do jakéhokoli magazínu nás přesvědčí o tom, že v současné době je móda jednou z nejrespektovanějších obchodních odvětví, ať již jde o zažité či méně známé značky. Modní průmysl zahrnuje spousty a spousty odvětví a do budoucích let se bude jistě stále rozvíjet, proto je jistě nezbytné tento vývoj stále sledovat.

Klíčová slova

Módní teorie, marketing, reklama, frančízing, obchodní centra, módní společnost

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1 Introduction

Fashion plays an important role in the modern society. Fashion could be taken like one of the global indicators - as national economies grow increasingly international, clothing styles have become correspondingly global. But people have different attitudes to fashion. Especially women are very choosy and particular about what to wear and like to spend a lot of money on clothes.

The styles of clothing have been influenced by different factors, such as geography, religion, climate, poverty or wealth. The way we dress also depends on our taste, on the season and the proper occasion. The fact, that our eye is easily fooled is used also in the fashion. There is a variety of materials the dress can be made of - natural materials such as cotton, wool, linen, silk, corduroy, lace or denim and the vast collection of new fabrics based on man-made fibres.

Different cultures have modified these originally. European styles in accordance with local values and lifestyles. In particular, religious beliefs have influenced the clothing that women wear in public. Thus, a woman in Iran may wear blue jeans and a T-shirt at home, but cover them up with an enveloping robe called a *chador* when she goes outside.

In addition, many people enjoy wearing their traditional clothing on holidays and other special occasions for reasons of national or ethnic pride.

The fashion business comprises many different industries, from textiles and chemicals to apparel manufacturing and retail merchandising. Fashion business use many professionals to extend - fashion media, including magazines and broadcasting, require fashion editors, photographers, stylists, and many others.

Fashion designers and people working in this field may become wealthy, successful and famous whether they are working in couture or ready-to-wear.

2 Objectives of thesis and methodology

The aim of this thesis is to evaluate how it is possible to get in the market, which possibilities of trading are available for the retailers and outline how did the year 2008 evolved in apparel industry.

The major objectives of this thesis are:

- To clarify and explain the basic strategies how does apparel industry work and which are the expectations to get in the market
- To show how does fashion business work, what are the best known ways to trade with fashion, how did fashion business progress in the year 2008 and how can be internet used to promote label and make it accessible for customers

The starting point was to properly examine secondary data. They were collected through published literature, magazine articles and Internet articles. The fundamental data was gained through interview with skilled fashion retailer, with collaborators and also with author's own effusive experience with fashion business. The amount of theories capitalized was essential to approximate crucial issue of fashion business and to approach the basics of apparel industry

Finally the author will show how it is possible to promote company on internet and how to use quality information through the internet.

3 Literature overview

„Fashion“¹ is a complex concept, but economic analysis requires simple, operational definitions. Therefore this thesis uses definitions based on those stated by Paul Nysrtom in his 1928 book, Economics of Fashion. He defined „style“ as „a characteristic or distinctive mode or method of expression in the field of some art“ (p. 3) and „fashion“ as „the prevailing style at any given time“ (p. 4). A source of confusion is that the word „fashion“ can be used to mean either „content“ or „process“. In writing or speech, the word „fashion“ is often misused as a synonym for women’s clothing. Yet most consumer goods and services are subject to the fashion process. Fashion also affects noneconomic matters such as social customs. The economic structure of consumer goods industries reflects the role of fashion, which in turn indirectly affects basic industries. Because „fashion“ can involve virtually all aspects of contemporary life, this thesis concentrates on the economics of clothing.

3.1 Economic and clothing

The “economics of clothing”² involve three processes: production, making the clothing; distribution, getting the clothing from the maker to the consumer; and consumption, actually using the clothing. Although consumption drives production and distribution, the three processes are in many ways inseparable. The system is fiercely competitive at all stages, partly but not entirely because clothing is a fashion good. Although some plain utilitarian garments may seem to be little affected by fashion, their production and distribution are highly competitive as well.

¹ STEELEe, Valerie. Encyclopedia of clothing and fashion – The concept of fashion. Thomson Gale, 2005. p. 401

² STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 400

In developed nations, fashions in clothing and other goods and services change so rapidly and in so many ways that it's difficult to keep track.

People may assume that, in ancient cultures or isolated societies, styles of clothing, dwellings, tools, and customs remained strict for generations. Yet scholars discern small incremental changes when they can find sufficient data. Major features of the economics of clothing today have roots in the distant past.

Perhaps in prehistoric times, or on the frontier of pioneer America, isolated family units produced all their own clothing. But in fact, most people probably hunted in groups for large, fur-bearing animals and specialized in doing certain tasks. Production of apparel has always been highly labour-intensive, and evidence of specialization appears early.

3.1.1 The global economy

The "apparel economy"³ is truly global. From earliest times, it has extended to the lots of human occupation. In each geographic area, people exploited native plants, animals, and minerals. The Chinese learned the secrets of the silkworm; linen grew in the Nile valley, cotton in the Indus River valley; Mesopotamians raised sheep for their wool. Shellfish found at the eastern end of the Mediterranean sea provided precious purple dye. Polar cultures relied upon the furs and skins of local creatures, both land and sea. Natives of what is now the Pacific coast of Canada used cedar bark garments to shed rain; some peoples made cloaks of grasses.

In time, precious textiles, furs, and ornaments moved by long, difficult overland trade routes or hazardous water voyages. Later, textile centres evolved where people demanded large quantities of luxury fabrics and were willing to pay well for them. Byzantium, as well as Sicily, produced fine silks during the middle Ages, although they were far from the original sources of silk.

³ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 400

Even so, proximity of raw materials gave some geographic areas advantages over others. Certain districts in Italy, Germany, Flanders, and England became textile centres, specializing in locally produced fibres and distinctive techniques. In medieval times travelling merchants transported fine textiles from production centres to regional trade fairs on a regular basis.

3.1.2 Growing ferocity of competition⁴

By the late twentieth century, large European corporations, some outside the apparel business, competed to buy Paris couture houses and leading Italian design firms, while other high-end design houses gobbled up each other. Sales of expensive apparel and luxury accessories to wealthy people and entertainers all over the world burgeoned in the 1990's economic boom. Designer-name firms outdid each other by opening showy retail stores, designed by avant-garde architects, in major cities around the world, but some of these stores attracted more lookers than purchasers and soon closed. Young design-school graduates from England, Belgium, New York, California, and elsewhere started their own small firms; only a lucky few achieved enough recognition or financial backing to stay in business.

⁴ STEELE, Valerie. Encyclopedia of clothing and Thomson Gale, 2005. p. 403

3.1.3 A low-paid workforce⁵

Clothing workers have always been poorly paid. Clothing for serfs and servant on medieval estates was produced on-site, usually from materials grown, harvested and processed by serfs-essentially, slave labour.

Even today, “sweatshops” owned by and employing immigrants from Asia flourish in New York City.

During the second half of the twentieth century, garment manufacture spread to Hong Kong, then to China and other parts of Southeast Asia, not to mention Latin America and African locations that have large numbers of people willing to work for low wages. Although machines facilitate clothing construction, much of the process resists automation. Reading clothing labels is a lesson in geography.

3.1.4 Factoring

A long-time practice in the fashion industry is “factoring”⁶, whereby a company takes out short-term loans to buy fabrics and other materials to produce garments for the season, and then repays the loans as retailers purchase the goods. The specialized lenders are called “factors”. Factoring is not limited to apparel production; it also exists in other industries where fashion changes quickly, such as toys. A plague of the fashion business is that retailers squeeze manufacturers by returning unsold goods or paying less than the agreed –upon price. Because the garment business is so competitive, profits are low and existence is risky.

⁵ STEELE, Valerie. Encyclopedia of clothing and Thomson Gale, 2005. p. 403

⁶ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p.404

3.1.5 Continuing change⁷

The garment business consists of all sizes of firms from giant to tiny although the trend is giant companies; these are not assured of success. Large corporations manufacture clothing under many labels. Some famous brand names produce different qualities of clothing for different types of retailers, contracting out production of some merchandise lines to other corporations. Major producers can go bankrupt unexpectedly; failure lurks just around the corner due to shifting customer tastes and variety of other uncertainties. International trade regulations, tariffs, and quota systems engage the services of corps of lawyers and other specialists.

Everything changes quickly in the apparel world. Cities of developed nations are littered with abandoned factories, empty retail stores, defunct design houses, and wreckage of supporting industries. Once-famous department stores are now history. As more shopping centres and big-box stores open, downtowns and old shopping centres die. Everyone in the business knows that there is too much retail space, yet they keep building stores Change is the only certainty.

The next phase in clothing distribution is the Web, whether goods are sold by conventional retail stores, catalogue retailers, Web-based retailers, or something completely different. Auction sites such as eBay offer vintage clothing and also help manufactures and retailers trade large quantities of materials and clothing among themselves.

⁷ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 404

3.2 Theories of fashion

Fashion⁸ involves change, novelty, and the context of time, place, and wearer. Blumer (1969) describes fashion influence as a process of „collective selection“ whereby the formation of taste derives from a group of people responding collectively to the „spirit of times“.

Central to any definition of fashion is the relationship between the designed product and how it is distributed and consumed.

Fashion systems model

The study of fashion in the twentieth century has been framed in terms of a fashion systems model with a distinct centre from which innovations and modifications radiate outward (Davis 1992). Designers work from the premise of one look, one image for all, with rules about hem lengths and what to wear with what. In this model, the fashion-consuming public develops from an innovative central core, surrounded by receptive bands of fashion consumers radiating outward from the centre.

Within this system innovation can originate from a select grouping of designers, such as Christian Dior who introduced the „New Look“ in 1947. Influential factors can range from individual tastes, to current events, to marketing and sales promotions. The ultimate qualifier of the fashion systems model is the scope of influence, urging, even demanding, one look for all. The element of conformity is instrumental.

Populist model

An alternative model to the fashion systems model is the „populist“ model. This model is characterized as polycentric, where groups based upon differences of age, socioeconomic status, location, and culture create their own fashion.

⁸ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 21

Such groups might include teenagers in a certain school or senior citizens in retirement community. Polhemus (1994) describes „styletribes“ may create their own looks from combining existing garments, creating their own custom colours by tie-dyeing or painting, mixing and matching from previously worn and recycled clothing available in thrift shops and vintage markets. They are not so concerned with one sty of dressing as with expressing themselves, though there is an element of conformity that derives from the processes used and the resulting social behaviour. Polhemus reflects that such „styltribes“ have flourished at „precisely that time in history when individuality and personal freedom have come to be seen as the defining features of our age“ (p.14).

3.2.1 The flow of fashion⁹

The distribution of fashion has been described as a movement, a flow, or trickle from one element of society to another. The diffusion of influences from centre to periphery may be conceived of in hierarchical or in horizontal terms, such as the trickle-down, trickle-across, or trickle-up theories.

Trickle down

The oldest theory of distribution is the trickle-down theory described by Veblen in 1899. To function, this trickle-down movement depends upon a hierarchical society and a striving for upward mobility among the various social strata. In this model, a style is first offered and adopted by people at the top strata of society and gradually becomes accepted by those lower in the strata (Veblen; Simmel; Laver). This distribution model assumes a social hierarchy in which people seek to identify with the affluent and those at the top seek both distinction and , eventually, distance from those socially below them.

Fashion is considered a vehicle of conspicuous consumption and upward mobility for those seeking to copy styles of dress. Once the fashion is adopted by those below, the affluent reject that look for another.

⁹ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005 .p. 21

Trickle across

Proponents of the trickle-across theory claim that fashion moves horizontally between groups on similar social levels (King; Robinson). In the trickle-across model, there is little lag time between adoptions from one group to another. Evidence for this theory occurs when designers show a look simultaneously at prices ranging from the high end to lower end ready-to-wear. Robinson (1958) supports the trickle-across theory when he states that any social group takes its cue from contiguous groups in the social stratum. King(1963) cited reasons for this pattern of distribution, such as rapid mass communications, promotional efforts of manufacturers and retailers, and exposure of a look to all fashion leaders.

Trickle up

The trickle-up or bubble-up pattern is the newest of the fashion movement theories. In this theory the innovation is initiated from the street, so to speak, and adopted from lower income groups. The innovation eventually flows to upper-income groups; thus the movement is from the bottom up.

Examples of the trickle-up theory of fashion distribution include a very early proponent, Chanel, who believed fashion ideas originated from the streets and then were adopted by couture designers. Many of the ideas she pursued were motivated by her perception of the needs of women for functional and comfortable dress. Following World War II the young discovered Army/Navy surplus stores and began to wear pea jackets and khaki pants.

Another category of clothing, the T-shirt , initially worn by labourers as a functional and practical undergarment, has since been adopted universally as a casual outer garment and message board.

3.3 Marketing

Markets¹⁰ are groups of actual or potential buyers who can afford to buy the product, have the needed authority to buy the product, desire the product, and will respond similarly to a marketing mix appeal.

Markets are broadly categorized in terms of what they do and what they buy; we can say that fashion market is part of the consumer market and is composed of people and groups who buy products for personal, family, or household use.

3.3.1 Analysing Market Shares¹¹

In a competitive commercial environment the only certain way to monitor company performance is by comparison of results against those of competitors. The standards established in the appraisal of competitor profiles provide the foundation for a full analysis of market shares. Companies wishing to enter a market which is new to them will need to assess the extent to which policies adopted by present suppliers have been successful. In obtaining full information on the total market size it is necessary to assess the extent to which the market can be penetrated either by winning a share of the existing market or by concentrating on growth and winning the business which would normally have been obtained by the present suppliers.

Measurement of the total market should be undertaken only after the business activity of the company has been determined and a reasoned definition of the total market prepared. There is frequent confusion about the total market for a particular product. It is, in fact, the total amount of money spent in the satisfaction of a need, irrespective of the products, which satisfy that need.

This means all types of fashion compete against each other, the many different types of transport are competitors, all aids to business efficiency are in competition.

¹⁰ SANDHUSEN, Richard. Marketing. 3rd ed. Barron's Educational Series, 2000. p. 86

¹¹ STAPLETON, John. J. THOMAS, Michael. How to prepare a marketing plan: a guide to reaching the consumer market. 5th ed. Gower Publishing, 1997. p. 72

The manufacturer who supplies only one kind of product to satisfy a need has a market by penetration, in which similar products compete directly against each other. A marketing-oriented company will not only win business from competitors for similar products but will also expand the market by penetration at the expense of indirect competitors for the total market.

3.3.2 Analysis by value and size of outlet

Over the past few years there has been a steady increase in the average size of firm from the very small outlet through all industries up to the larger industrial empires. At the same time there has been steady merging among non-competing companies, giving rise to the term 'Conglomerate Company'. This expression describes a large group of companies with diverse products and markets. It is reasonable to assume that this tendency is occurring more rapidly in some industries than in others. In industries where it is particularly marked, suppliers may be facing an increased marketing problem. With a reduction in the total potential outlets and with the buying strength of those remaining becoming more pronounced, suppliers are faced with increasing competition from other suppliers, thus experiencing a serious deterioration in profitability.

3.3.3 Marketing mixes

Marketing mixes¹² are combinations of marketing tools that marketing managers orchestrate to satisfy customers and company objectives. The marketing mix is usually associated with the four Ps: *product*, *price*, *promotion* and *place*.

The *product* – in marketing terms, is defined as anything, tangible or intangible, offered for attention, acquisition, use, or consumption that is capable of satisfying needs. The satisfaction people get from products can derive from any aspect of the product, such as its quality, brand name, service warranty, package, supplementary use, or symbolic value.

The *price* – the price that customers pay for a product influences the product's image and likelihood of purchase. It is the only revenue-generating element of the marketing mix and the easiest to change. Price is usually based on analyses of costs, customer needs, competitive prices, and government regulatory and political mandates.

Promotion – promotion programs, designed to persuade customers to buy the product, include personal selling, advertising (paid messages carried by the media), publicity (unpaid messages carried by the media), and sales promotion (marketing activities, other than those already mentioned, designed to stimulate customer purchasing and dealer effectiveness).

¹² SANDHUSEN, Richard. Marketing. 3rd ed. Barron's Educational Series, 2000. p. 89

Place – refers to where the product is made available to market members and covers two areas: (1) channels of distribution, such as wholesalers or retailers handling products between producers and consumers, and (2) physical distribution, such as transportation, warehousing, and inventory control facilities designed to make products available at appropriate times and places in marketing channels.

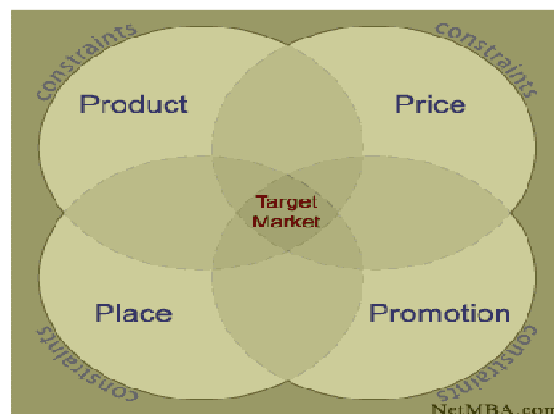


Photo no.1

Source: <http://www.netmba.com/marketing/mix/>

3.3.4 Product innovation

A new look¹³ may be the result of innovations in the products of dress, the way they are put together, or the type of behaviour elicited by the manner of dressing.

A fashionable look involves the form of clothing on the human body and its potential for meaning (DeLong 1998). Meaning can derive from the product, but meaning can also develop from ways of wearing the product, or from the body itself (Entwistle 2000). Fashionable dress embodies the latest aesthetic and what is defined as desirable at a given moment.

¹³ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 22

Lipovetsky (1994) claims that determining factors in fashion are the quest for novelty and the excitement of aesthetic play, while Roche (1994) describes fashion as dynamic change.

Though fashion implies continual change, certain products have persisted over long periods of time, such as blue jeans, which were made a staple of dressing in the United States in the twentieth century. Though blue jeans are a recognizable form, there is the potential for great variety in the product details, including stone washing, dyeing, painting, tearing, and fraying. Blue jeans epitomize the growth of casual fashion and endure because they can change to resonate with the times.

3.3.5 The fashion life cycle

An innovation is perceived as having a life cycle¹⁴, that is, it is born, matures, and dies. Roger's (1983) classic writing spells out rate of change, including characteristics of the product, the market, or audience, the distribution cycle, and those characteristics of individuals and societies where innovation takes place.

Diffusion of innovations

Diffusions the spread of an innovation within and across social systems. Rogers (1983) defines an innovation as a design or product perceived as new by an individual. New styles are offered each season and whether an innovation is accepted depends upon the presence of five characteristics:

1. Relative advantage is the degree an innovation is seen as better than previous alternatives, in areas such as function, cost, social prestige, or more satisfying aesthetics.

¹⁴ STEELE, Valerie. Encyclopedia of clothing and fashion – The fashion life cycle. p. 22

2. Compatibility is the degree to which an innovation is consistent with the existing norms and values of the potential adopters. An innovation is less likely to be adopted that requires a change in values.

3. Complexity concerns how difficult it is to learn about and understand the innovation. An innovation has a greater chance of acceptance if easily learned and experienced.

4. Trial ability is the extent to which an innovation may be tested with a limited commitment that is, easily and inexpensively tried without too much risk.

5. Observability is the ease with which an innovation may be communicated to others.

The individual's role

The fashion adoption process results from individuals making a decision to purchase and wear a new fashion. Rogers (1983) suggests that this process involves five basic stages: awareness, interest, evaluation, trial, and adoption.

The individual becomes aware of the fashion, takes an interest in it, and evaluates it as having some relative advantage that could range from a new fabric technology or simply as being consistent with self concept or what one's friends are wearing. If the individual evaluates the fashion positively, the process proceeds to trial and adoption.

The study of the pattern of consumer's adoption of a fashion is often represented by a bell-shaped curve. The life cycle of a specific fashion represented graphically indicates duration, rate of adoption, and level of acceptance.

For example, the curve for a fashion that is rapidly adopted but also rapidly declines will show early growth and quick recession.

The curve resulting from plotting the data in this way leads to characteristic patterns of fashion adoption, applicable for fads or classics. The graph is also useful to identify type of consumer in terms of when each adopts a fashion within its life cycle. The consumer who adopts the fashion at the beginning of the curve is an innovator or opinion leader; at the peak, a mass-market consumer; after the peak a laggard or isolate.

Fashion leaders and followers

Theories of fashion distribution all have in common the identification of leaders and followers. The fashion leader often transmits a particular look by first adopting it and then communicating it to others. Fashion followers include large numbers of consumers who accept and wear the merchandise that has been casually communicated to them.

3.3.6 Characteristics and influencing factors

Basic tensions addressed by fashion in Western culture are status, gender, occasion, the body, and social regulation. Craik (1994) suggests potential fashion instabilities, such as youth versus age; masculinity versus femininity; androgyny versus singularity; inclusiveness versus exclusiveness; and work versus play.

Fashion systems generally establish means for self-formation through dress, decoration, and gesture that attempt to regulate such tensions, conflicts, and ambiguities.

Social change and fashion

Social change is defined as a succession of events that replace existing societal patterns with new ones over time. This process is pervasive and can modify roles of men and women, lifestyles, family structures, and functions.

Fashion theorists believe that fashion is a reflection of social, economic, political, and cultural changes, but also that fashion expresses modernity and symbolizes the spirit of the times (Lehman 2000; Blumer 1969; Laver 1937). Fashion both reflects and expresses the specific time in history.

Appearance and identity

Clothes are fundamental to the modern consumer's sense of identity. That criticism of one's clothing and appearance is taken more personally and intensely than criticism of one's car or house suggests a high correlation between appearance and personal identity. People may buy a new product to identify with a particular group or to express their own personality. Simmel (1904) explained this dual tendency of conformity and individuality, reasoning that the individual found pleasure in dressing for self-expression, but at the same time gained support from dressing similarly to others. Flugel (1930) interpreted paradox using the idea of superior and inferior, that is, an individual strives to be like others when they seem superior but unlike them when they seem inferior. In this way fashion can provide identity, both as an emblem of hierarchy and equalizer of appearance.

Culture, observer, and wearer

Fashion favours the critical gaze of the knowing observer, or the one "in the know", and the wearer who arranges the body for his own delight and enjoyment. Perceptions of the observer and wearer of fashion are sharpened based upon the many potential variations in lines, shapes, textures, and colours. For example, clothing of French inspiration and origin emphasized contour and cut of dress historically. Fashion changes occurred in the layout of the garment, which in turn focused attention on the silhouette and details, such as bias cutting and shaping (DeLong 1998). In contrast, societies, where traditional dress has been worn, Korea, for example, fashion in traditional dress has derived more from the colours, motifs, and patterns adorning the surfaces, with that layout of the garments holding relatively constant.

Dress, agency, and popular culture

Popular culture can be defined loosely as those elements of entertainment that run alongside, within, and often counter to the elite structures of society. A new conception of popular culture was pertinent to the potential of dress as a communicator of social distinction and belonging.

This movement preceded and contributed to the consumer and technological revolutions of the eighteenth century. Today popular culture is enhanced by the influence of mass media, and the medium has become the message, in many ways. According to Wilson (1985), fashion has become the connective tissue of the cultural organism and is essential to the world of mass communication, spectacle, and modernity.

Pursuit of modernity

Fashion is an accessible and flexible means of expressing modernity. The fashionable body has been associated with the city as a locus of social interaction and display (Breward, Steele 1998).

As a means of expressing modernity, Western fashions have been adopted by our society.

A gender and dress

A tension exists when women have been assigned the dual role of being fashionable as well as the subordinate gender (Breward 1995). In the last two centuries fashion has been primarily assigned to women, and it follows that fashionable dress and the beautification of the self could be perceived as expressions of subordination. Male dress has been somewhat overlooked. The male ideal focused upon proportion, strength, nobility, and grace; the female ideal included diminutive size, delicacy, and heightened colour.

3.3.7 Market forces and momentum¹⁵

The fashion industry has led the way, or followed, depending upon the nature of the fashion and its origins (Wilson 1985).

Fashion serves as a reflection of their time and place and can be determined by society, culture, history, economy, lifestyle, and the marketing system. The market for fashion ranges from the world of couture mass-produced clothing called ready-to-wear.

Mass production and democratization of clothing

To provide clothing at moderate cost for all citizens took two primary developments, mass production and mass distribution (Kidwell and Christman 1974). Mass production required developing the technology for middle-quality clothing that could be made available for the majority. Mass distribution required the retailing of ready-made clothing and innovations in salesmanship and advertising.

Marketing and distribution systems

Entwistle (2000) describes fashion as the product of a chain of activities that includes industrial, economic, cultural, and aesthetic. Changes in production and marketing strategies allowed for the expansion in consumer activity during the second half of the eighteenth century that led to increased consumption and the speeding up of the fashion cycle. This led to an increase in fashions that could be selected to reflect specific and individual circumstances.

In the twentieth century consumer choice was affected by means of mass distribution including chain stores, mail order, and Internet shopping. Chain stores have made fashion accessible within a relatively short drive for most consumers. Mail order

¹⁵ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 24

has enabled a consumer in a remote area to follow fashion trends, select an appropriate garment, and place an order for ready-made clothing.

Internet shopping relies on person's access to a computer. Chain stores, mail order, and Internet shopping have extended the reach of fashion and created new consumer groups.

3.3.8 Fashion advertising

Fashion advertisements¹⁶ have their own stylistic modes and spheres of production and consumption, involving the interrelationship of word and image among other things. Yet, technological and social changes in clothing and retailing, and the impact of class, gender, and race politics, also have to be taken into account.

• ¹⁶ STEELE, Valerie. Encyclopedia of clothing and fashion. Thomson Gale, 2005. p. 27

3.4 Franchising

Is a kind of business organization which already has a popular product or service (the franchisor) which comes in a progressive stipulated relationship with other commerce (franchisees) working under the franchisor's trade name and usually with the franchisor's supervision.

The Czech Franchise Association (CAF)

Is an unprofitable, practical establishment coupling at the nation level franchising licensors and experts dealing with franchising matters, i.e. in the part of law and counselling. The Czech Franchise Association started in 1993, its seat consists of huge, famous international system and small national franchise system as well.

The operations of CFA are centred on seconding the grow of present franchise systems and making better specifications for the development of this kind of commerce.

The head objectives of the Czech Franchise Association:

- To posit the franchise form of commerce and to be its expert referee; to notify both laic and skilled public of the basics and meaning of franchising and to protect it;
- To connect business entities actively, successfully and unitable operate in the part of franchising;
- To afford information subvention and service to its members and to those interested in franchising; to help them in conversion important information, specialized understanding, contacts and reports regarding franchising;
- To endeavour for intelligible application of legal adjustments (legislation) of franchising business inclusive competition, levies and financing;

- To boost and enforce the understanding of and the consistent loyalty to ethical specifications outlined in the European Code of Franchising Ethics;
- To boost macro-economic initiatives of franchising in the area of the advancement of small- and medium-sized enterprises, quality of services and job opportunities; to assist Czech business entities in "exporting" domestic franchise systems and support the "import" of well-proven foreign systems and investments to the Czech Republic on the basis of franchising;
- To maintain contacts and collaborate with institutions, professional and specialized federations in the CR and other franchise federations especially from the countries of the European Union with the aim of creating synergic effects and instructing the members of such institutions of the activities of the Czech Franchise Association.

The Czech Franchise Association will embrace all companies in Czech Republic which are operating on a franchising basis or are intending to do so in future as many labels are going to do.

In the world wide view of number of active franchising systems is leader China with 2100 franchising systems, followed by United States with 1500 franchising systems and on the third place is France.

The Czech Franchise Association (CAF) files about 90 franchising systems and nets, which embody more or less elements of franchising.

4 Case study of the Czech Republic

4.1 Shopping centres

On thousand Czechs falls more square metres of shopping centres than on thousands Germans. The last additions were: City Park Jihlava, Nisa Liberec, Arkády Pankrác and Afi Palace Pardubice.

Czechs like shopping and shopping centres are very good business. With this idea started developers few years ago, during the period of economical growth, with construction around whole Czech Republic.

Now economy slows down and people cease spend headless and that is why during the last year was built just 60% from planned area of shopping centres in Czech Republic. From whole 250 000 which were planned for 14 centres, was opened just 9 centres with shopping area of 150 000 square metres. Whole area of shopping centres exceed 1,9 millions square metres in Czech Republic last year. For the year 2009 is planned even less shopping centre than last year.

More than 130 thousands square metres of addition represent four shopping centres and three shopping parks – Arkády Pankrác in Prague, centrum Nisa in Liberec, City Park Jihlava, Afi Palace Pardubice and CPI Retail Parks in Příbram, Prostějov and Český Těšín.

Shops are mostly occupied but economy decrease and among people is less money. Some projects can have problems with hireling business spaces but nowadays situation is not such bad and complications don't appear a lot. Labels struggle with market shares and often engage shopping centres out of capital to avoid competitors.

So in the end of the 2008 was in Czech Republic 1,9 millions square metres of shopping centres. That is 183 square meters on thousands of inhabitant. This is more than average in EU countries which is 166 square metres, more than in Germany (143), Italy (138) or in Belgium (88), but less than in Austria (270), Sweden (333) or Norway (788)

Some of the shopping centres in the Czech Republic¹⁷

- Europark Štěrboholy
- Fashion Arena Outlet Štěrboholy
- Palác Flóra
- Galerie Fénix Vysočanská
- Nákupní centrum Eden
- Centrum Černý most
- Novodvorská Plaza
- Nový Smíchov
- Obchodní centrum Letňany
- Galerie Butovice
- Metropole Zličín
- Obchodní centrum Chodov
- Obchodní centrum Šestka
- Avion Shopping Park
- Nákupní centrum Stodůlky
- Hypermarket Tesco Skalka
- Galerie Myslbek
- Galerie Myšák
- Atrium Karlovo náměstí
- Obchodní dům Kotva
- Palladium Praha
- Futurum Hradec Králové
- Čepkov Zlín
- Géčko České Budějovice
- Avion Shopping Park Ostrava
- Interspar Ostrava - Dubina

¹⁷ <http://www.erupce.cz/obchodni-centra/>

4.2 Outlets

Outlet centres started in 80s in the USA, from where this concept extended all around the Europe and during the last years they are goanna be famous even in the Czech Republic thanks' to new rising outlet centres.

Outlet is special shopping centre in which are products sold with 30% minimum sale. Mostly those are brand-name products such as clothes, shoes, accessories or home equipment. Sales are really expressive, they are between 30 -70%. It is thanks' to outlets, opposite of order shops, often order products from old or ending seasonal collections. Products are absolutely new so that is not the same like second hand.

In the last year operated in 15 EU countries about 120 outlet centres and building up more seven was planned. The densest net of outlet centres is in Great Britain, where was 39 centres last year.

First opened outlet which was opened was Freeport Hatě, which is situated on the borders with Austria.

Although is term ,outlet' in Czech Republic quite new, Czechs start to like shopping in outlet centres. Turnovers are higher every year and there is also higher interest in renting shopping spaces. High attendance was seen also in outlet centre Fashion Arena in Prague-Štěrboholi, which was opened in November in 2007. Just in first three months it was visited by half a million visitors, that is more than what comparable outlet centre in Eastern Europe countries –Hungary and Polland - had. Fashion Arena lures also visitors from other and far regions that is different than how it is by order shopping centres. During one visit people realize even number of shopping usually for whole family.

- Fashion Arena - Štěrboholy (otevřen 15.11.07)
- Outlet Airport Praha - Tuchoměřice
- Exit 66 - Locket
- Freeport Hatě

4.3 The year 2008 in the fashion business in the Czech Republic

4.3.1 The first quarter

Already in the first quarter of the year returns were not such favourable for business men like the year before. While in the year 2007 all of quarters finished with double-digit accrual of revenues, in the year 2008 was it already in the first quarter just 1% accrual of revenues. January and February were discount months so still in plus but underflow came in March (-3%)

4.3.2 The second quarter

The second quarter was not such a slim. Thank's to early coming of summer weather, all of three months (April, May, June – even double-digit 12%) noted expansion of revenues. The second quarter, which outcome was 9% against the year 2007, was the best quarter of the year 2008.

4.3.3 The third quarter

The third quarter was good enough and during the June revenues increase about 15%. But in August the high inflation and uncertainty on financial markets expressed oneself. Czech customers started to safe very rapidly in all sections. Decline approved also in textile retails, but just about 1,5%. But in September was decline higher, about 10,5%. Whole quarter finished with result about +1%, so the same as in the first quarter.

4.3.4 The fourth quarter

The last quarter finished extremely bad. It's turnover balance – 8% influenced unwell also the result of whole year 2008, which finished – after successful 12,5% turnover balance in the year 2007 – just with increase about 1%. October was the worst of the last year. Depression from September intensified in October to – 19%. Smaller retailers, with turnover up to 50mil. Kč had yield decrease 35% compared with the same period in the year 2007. November was not such bad, there was decline ,just‘ 5,5%. December finished with increase 1% thanks to bigger fashion pools. Quite surplus was in shops in cities Prague, Brno and Hradec Králové. Smaller towns, such as Písek, Třebíč, Prostějov, Frýdek Místek, they were still in decline.

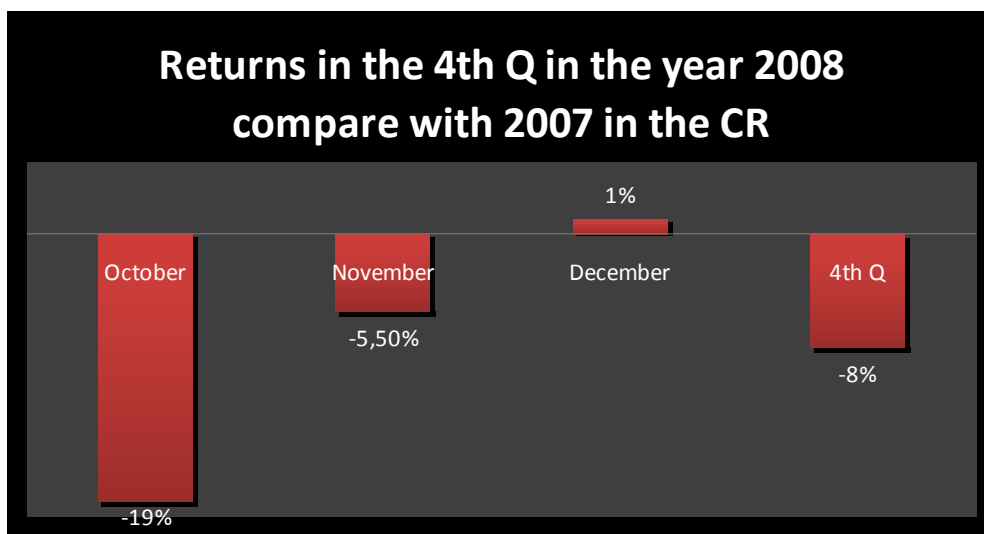


Photo no. 2

Fashion turnover balance result in the year 2008 is +1%. Against many retailers vision and compared to the year 2007, which turnover balance was 12,5% it is a great disillusion. Turnover balance result in the year 2008 is comparable with the year 2005. The highest turnover have as usual bigger fashion pools which press the prices down and dictate prices on the market.



Photo no. 3

4.4 The C&A company

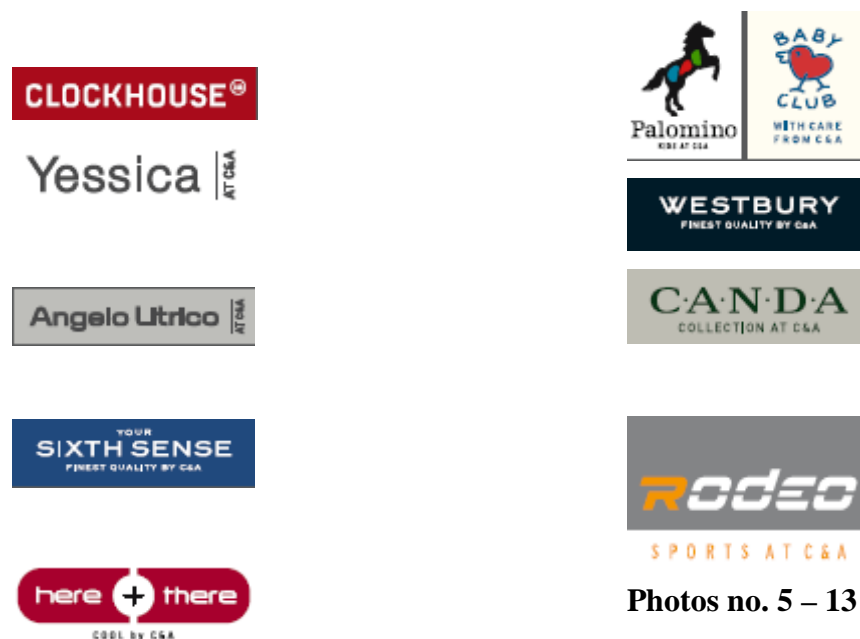


Photo no. 4

Source: <http://www.c-and-a.com>

C&A cover 10 exclusive brands such as Clockhouse, Westbury and Your Sixth Sense. The customer can choose clothes for whole family from children to grand parents. That is, what does this label vote for – clothes for everyone.

C&A is one of the most famous enterprise selling fashion in Europe already for many decades. Already in the 17th cent. dealt members of the Brenninkmeyer family with cloth and textile. But own history of success started 200 years later, when brothers Clemens and August (that is why C&A) lost left their home in Metting, in Germany and opened store with textile in Sneek, in Holland in 1841.



Photos no. 5 – 13

Source: <http://www.c-and-a.com>

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Clemens & August Brenninkmeyer

Photo no. 14

Source: <http://www.c-and-a.com>

First store, that was opened in 1861, was great success. It was even one of the first shop, that offer confection – already made dresses in different sizes – to huge public. And also for favourable prices. Enterprise enlarged and already until the year 1910 were opened great number of branch stores in Holland. Next development ran over the borders. So there were opened first companies in Germany and England in the 1922. A second wave followed after the Second World War in very different social and economical climates. It began in 1963 in Belgium, in 1972 in Switzerland, in 1982 in Luxembourg and 1983 in Spain, in 1984 in Austria, Portugal in 1991, the Czech Republic in 1999, Poland in 2001, Hungary in 2002 and Russia as the youngest of the 13 C&A countries in Europe, in 2005.



Photo no. 15

Source: <http://www.c-and-a.com>

C&A is an enterprise, which characterizes values which have place in family life. As a private company we can see its aim and partnerships for a long time. They try to keep long time partnerships on all level; even it is with their customers, collaborators, suppliers or with anyone else, with who they collaborate daily. But currently they are under the pressure of competitors. That is why they care to have strong and responsible stand on the market.



Photo no. 16

Source: <http://www.c-and-a.com/>

4.4.1 The C&A presentation in the Czech Republic

As I already mentioned, C&A was established in the 1999 in Czech Republic. From period, when the first store was developed ran a lot of time. Fashion changes, market changes, amount of competitors change and of course customers change. That is why C&A is so popular – it still changes as the market moves. From the huge study of Textilžurnál magazine, it was discovered, that C&A is on the fifth place in the chart of most famous textile shop in Czech Republic. It is not such bad when we imagine, that into this study were included also such a huge enterprises as Ikea, Tesco, Globus and others, which sell also many different products then just ,fashion‘.

4.4.2 How to get information about C&A stores

When you don't know, where to go buy something from C&A store, there is no problem to find the best store exactly for you. E-presentation of C&A company is comprehensive enough. You can even find the nearest store from your seat.

First visitor has to open it's web sites <http://www.c-a-a.cz/> and choose language. System on the websites is very easy to understand and get the information which he/she needs. There are many information about history of the company fashion, new collections, contacts, service and even about career at the C&A.



Photo no. 17

Source: <http://www.c-and-a.com>

It depends on visitor, which information does he/she prefer and on which link does he/she click.

4.4.3 How to find the best store

There is a big positive, that visitor can easy find, where to go if he/she wants to do some shopping in C&A stores. That is what is not usuall for fashion companies in Czech Republic to have such a great navigation system.

He/she can easy start with click on link: Pobočky, then he/she choose the home place and click on finding.



Photo no. 18

Source: <http://www.c-and-a.com>

After inserting this information and waiting few seconds, he/she can easy read, which stores are the nearest from his/her home place.



Hledání poboček

POŠTOVNÍ SMĚROVACÍ ČÍSLO
(Postal code)

MĚSTO
(City)

VŠECHNY POBOČKY >>
(All stores) (Search)

KONTAKT MAPA HLEDEJ SOUND

Pobočky

Praha 1 CLOCKHOUSE	Praha 5 Metropole Zličín
Praha 1 Palladium	Praha 5 OC Nový Smíchov
Praha 1 Václavské náměstí	Praha 9 Centrum Černý Most
Praha 4 Centrum Chodov	Praha 9 OC Letňany
Praha 4 DBK	
Praha 4 Novodvorská Plaza	

Photo no.19

Source: <http://www.c-and-a.com>

5 Conclusion

To be successful and prosperous on the market has been always very difficult. At present time, when all branches are nearly full, it is not easy to motivate customers to buy just your goods. It doesn't matter if you are fashion retailer or you try to expand with household appliances.

This thesis also has examined how to get in the market, when you want to start business. How to be attractive, diverse, unique and how to grip customers to buy your goods. Historically there have been many and many new businesses in fashion and clothing industry, that one can nearly think that there is no possibility to think up something new, but if there is well-considered marketing plan, there is also chance to be successful.

Traditional way of retailing is definitely behind us. Nowadays, in the period of digital and electrified world, retailers try to use as much modern domains as it is possible to be more available for customers. Creating web pages and ordering fashion apparel using internet is the common way how to increase sales at present and it might be very effectual also in the future. On the other hand, however the modern way of retailing can be different there have been similarities which will raise amount of revenues also in the future, such as fashionable look, high-quality design, reasonable price and so on.

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