

**PINPOINTING MAJOR PLAYERS IN THE FRENCH FASHION AND LUXURY INDUSTRIES AND MAPPING THEIR CONTRIBUTIONS. STUDY COMMISSIONED BY THE FRENCH MINISTRY OF INDUSTRY**

# CHANGES IN FRENCH FASHION AND LUXURY

THE FASHION AND LUXURY INDUSTRIES ARE A STRATEGIC SECTOR FOR FRANCE ON TWO COUNTS: FIRST, THE INDUSTRIES GROWTH POTENTIAL CONTINUES TO BE SIGNIFICANT DESPITE THE ECONOMIC SLOWDOWN. SECOND, THEY ARE AN IMPORTANT PART OF FRANCE'S ECONOMIC ACTIVITY, INTERNATIONAL INFLUENCE AND IMAGE.



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Mazars was commissioned by the Ministry of Industry in January 2013 to conduct a study to identify all French fashion and luxury industry players and map their contributions to the trade. This study is part of the work conducted by the fashion and luxury Sector Strategy Committee (Comité Stratégique de Filière - CSF), managed by the General Directorate for Competitiveness, Industry and Services. In order to provide an overview of the local industry to public authorities, the study aimed at identifying France's experience and knowledge in the luxury and fashion industries so that the country can maintain its competitive advantage. Additionally, the study identified the challenges that the businesses and institutional stakeholders (federations...) face and provided strategic recommendations to help guide general public policy.



**P**ersonal goods represent 28% of the global luxury market. The scope of this study focuses on the luxury market, excluding perfumery and cosmetics, specifically: leather (tanneries, footwear, gloves, and other leather goods), fur, clothing (textile manufacturing, Haute Couture, ready-to-wear and tailor-made), jewelry, watchmaking and eyewear.

## STAKEHOLDERS IN THE FASHION AND LUXURY INDUSTRIES PAY CLOSE ATTENTION TO THE KNOW-HOW OF A COMPANY



The French “cultural exception” relies on a network of SMEs, celebrated for their professional and personal know-how. However, contrasting positions are evident among the aforementioned sub-sectors.

The number of stakeholders identified in the value chain, from manufacturing to personal retail, is different depending on the sub-sector involved. For example, 18 companies specialize in gloves, 40 specialize in fur, while more than 200 French companies specialize in leather goods. Almost 300 specialize in jewelry and more than 1,000 companies in ready-to-wear clothing and Haute Couture.

### Exceptional know-how in the fashion and luxury industries helps in establishing a distinctive legacy which must be developed and supported through R&D and innovation.

Stakeholders in the fashion and luxury industries pay close attention to the know-how of a company as it greatly contributes to their growth and reputation. However, mapping a company's contributions to the industry shows that many issues may weaken them.

Two strategic directions exist to maintain and develop know-how : introduce a financing system exclusively for the fashion and luxury industries and set-up more structures dedicated to developing the start-up and growth of new players, recognized for their innovative or renowned know-how.

Beyond the strategic framework, the organization plays an essential role in combining resources and skills and demonstrating operations management adeptness within the production chain. Three plans of action can be identified:

- Training and transmission of skills : the guarantee of having highly skilled recruits within the two industries is a prerequisite in preserving know-how and encouraging innovation. Managing and transferring skills among employees allows companies to diffuse a culture of excellence and meet the level of reactivity needed in some value chains
- Innovative professional training and development : the integration of new skills

within an organization means that employees will need to be trained accordingly. Yet, whether it is an initial training or continuous professional development, the industry needs a global strategy to facilitate the learning process (financing, mutual commitment of the parties involved...) and to attract more young people to the trade. It is equally as important to develop skills and expertise and encourage versatility in the workshops.

- Development of new organizational models : to meet the client's expectations (responsiveness, pricing pressure...), the stakeholders surveyed are faced with many challenges, including the need to be more responsive. Beyond the challenges of preserving know-how (versatility, critical size...), the partnership approach, on a regional scale or as a peer-to-peer partnership, is a lever to build new organizational structures and to enrich initiatives related to know-how preservation undertaken in some regions. It also enables artisans to develop their career paths and promote their talents.

In this context, major players within the fashion and luxury ecosystem traditionally represent the industry as a whole via federations. Changes in the fashion and luxury industries opens new opportunities for all professional and institutional stakeholders, coupled with the constantly changing dynamics of the sector.

### Prospective outlook on know-how in the fashion and luxury industries

Beyond the issues and challenges that the industry faces to preserve know-how, what are the long-term positions of the studied sub-sectors ? The survey reveals the overlap of the fashion and luxury sectors. While most brands either market on one or the other, the “fashion houses” manage to maintain a balance between logical creativity highly associated with the renewal of fashion trends and the development of an inimitable luxury tradition and history.

Thus, the study takes a prospective outlook on the evolution of both sectors by proposing three forecasting models to determine a stakeholders long-term positioning.

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