

# CLOSED-LOOP PRODUCT LIFECYCLE MANAGEMENT: DELIVER INSPIRED PRODUCTS IN FASHION AND RETAIL

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The fashion industry is characterized by rapid change and feverish consumers. In this environment, delivering fashion-right collections on cost has become a logistical nightmare. For companies to survive, they must find a way to increase their efficiency and maximize the value of their products.

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**Staying competitive in the fashion and retail industry is not a question of whether an integrated PLM solution makes sense, but rather *which* PLM solution and what features to look for.**

In the fashion industry, new product development is a dynamic process that is highly dependent on seasonal demand. Traditionally, the full development cycle of a new product occurs at least twice a year on short schedules. In the past decade the revolution of “fast-fashion” has caused retailers to develop products at a frenetic pace. This movement is changing the face of the global apparel industry and placing more pressure on retailers, forcing them to deliver ten fashion collections a year, versus the traditional four.

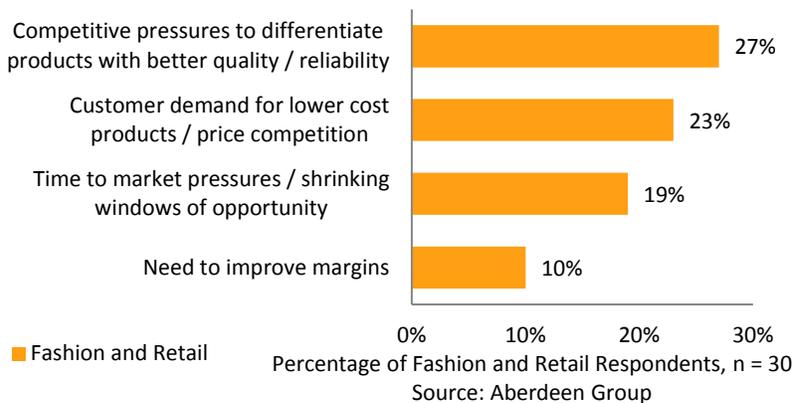
Decreasing customer attention spans along with increasingly varied purchase options fuels shortening delivery schedules. Whether it’s purchased online through desktop or on a mobile device, customer expectations are shifting. To remain competitive, fashion and retail developers must either rise to the challenge or fail as a business. That path to success ultimately points to a closed-loop product lifecycle management (PLM) solution.

## Developing at a Frenetic Pace

By its very nature, the fashion industry moves quickly, requiring flexibility across the entire organization. A company that fails to differentiate itself through either quality, time-to-market, addressing consumer needs, or in any combination of the three will fail to meet its margins.

In a recent survey conducted by Aberdeen Group, the major source of pressure driving fashion and retail companies to improve their product development process was the need to distinguish themselves from their competitors (27%). This driver is made more difficult when faced with demands for lower cost (23%), decreasing time-to-market (19%), and the most difficult to attain, improving profit margins (10%).

**Figure 1: Top Drivers in Fashion and Retail Development**



To win in fashion and retail, time-to-market, cost targets, and leveraging a global supply chain properly are crucial. A PLM solution makes this possible by connecting processes and breaking down these pressures into a palatable form that simplifies the complexity of the process of concept-to-consumer.

## Defining a Retail Leader in PLM

To establish top performing companies, Aberdeen used four organizational performance metrics: product quality, launch

## Challenges Impacting the Development Process

Top drivers pushing retailers to change:

- Lack of communication to customer design requirements: 14%
- Staffing / Talent (not enough designers): 16%
- Frequent design changes: 16%

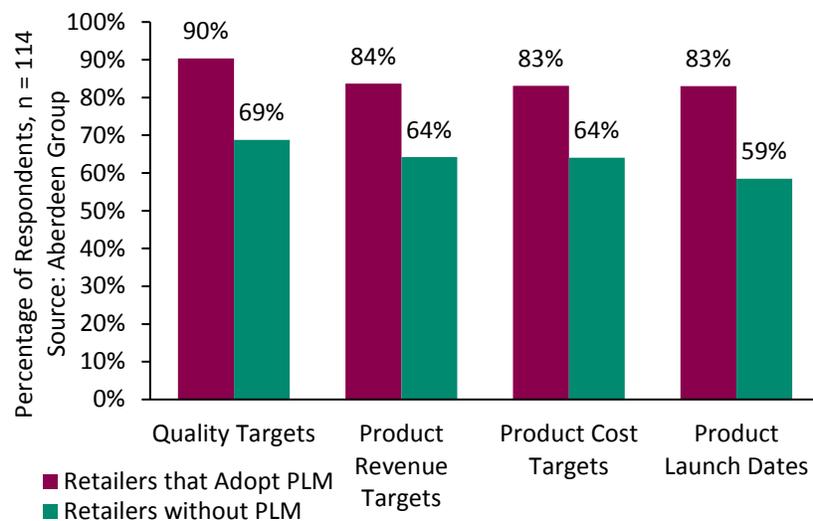
## Retail Leaders use PLM to Manage Development

How has PLM most impacted your product development process?

- **Met development budgets**  
Retailers that Adopt PLM: 81%  
Retailers without PLM: 60%
- **Met lifecycle cost targets**  
Retailers that Adopt PLM: 82%  
Retailers without PLM: 61%
- **Amount by which development time decreased**  
Retailers that Adopt PLM: 20% decrease  
Retailers without PLM: 12% decrease
- **Amount by which overall product cost decreased**  
Retailers that Adopt PLM: 13% decrease  
Retailers without PLM: 10% decrease

dates met, cost targets met, and revenue met. Respondents were asked to identify the frequency at which products in the past two years met these targets. Two maturity classes in the retail industry were differentiated by those that use PLM and those that do not. These groups are Retail PLM leaders and Retail Non-PLM Users. Figure 2 highlights each group's performance.

Figure 2: Performance Metrics Used to Rank Maturity Classes



Retail PLM users far surpassed their peers. They consistently outperformed retail non-PLM users in each metric. The next phase will discuss the actions they took to become Leaders using PLM.

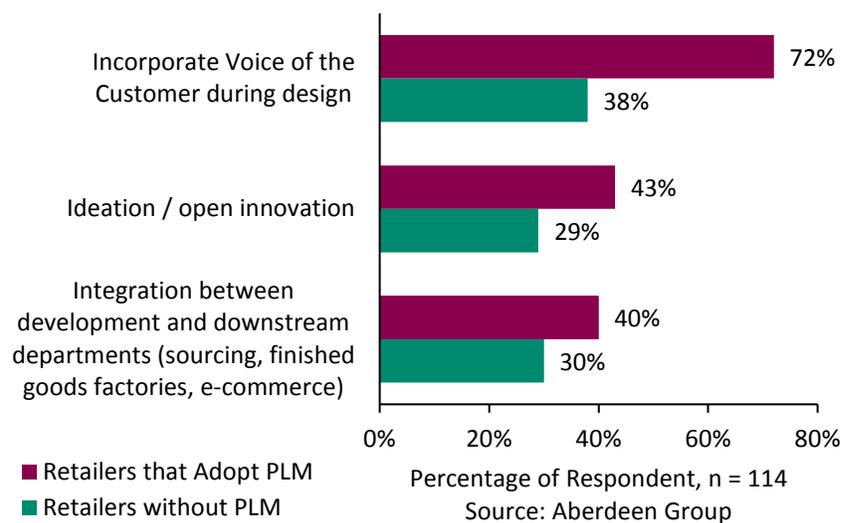
### The Path to Developing Inspired Products

The strategic goals of retailers are to develop a competitive product, operate profitably, while growing the business in an increasingly competitive global market. Still, many fall short of meeting these goals due to faulty execution of their PLM process. Effective PLM implementation requires a systematic approach by the entire enterprise, one that Retail PLM users have been able to execute well. Steps they took were:

- **Collaborate concurrently.** Effective PLM integration occurs with a solution that allows multiple developers to work concurrently on the same product. Having a single version of the “truth” is a simple way of keeping everyone on the same version at the same time. Retail PLM users are twice as likely as non-PLM users to have multiple designers working concurrently on the same design (50% to 25%).
- **Create a space for ideation and open innovation.** Give developers the freedom to design by giving them a voice in the process. Retail PLM users are 48% more likely than non-PLM users to have a process for ideation and open innovation.
- **Eliminate time-wasting factors** by providing relevant stakeholders with timely access to key decision making information. Use a PLM solution that streamlines and speeds up product development by facilitating communication and cross-functional collaboration throughout the organization. Forty-five percent of all respondents say that cross-departmental collaboration has the largest impact on their company’s products.
- **Integrate upstream and downstream.** From the initial design phase, ensure all stakeholders have the most relevant project information by integrating designers with downstream departments, such as sourcing, finished good factories, and e-commerce. The strengths of a fashion leader lie in their flexibility to quickly respond to changing operational or market needs. Retail PLM users are 33% more likely than Retail non-PLM users to integrate designers with downstream departments (40% to 30%).

→ **Use PLM as a system of record.** Quality and accuracy are compromised or lost when product specifications are written manually. The major weakness in manual processes, such as multiple spreadsheets, is absence of an integrated, shared, single version of truth where each sheet competes to represent the most up-to-date information about that line. Retail PLM users are more than twice as likely to use PLM as a system of record for broad product line management as compared to non-PLM users (48% to 20%).

**Figure 3: Retail PLM Users Streamline Their Workflow**



To remain competitive, designers from all disciplines must become holistic in considering the overall product rather than a specific domain. Having an automated process that facilitates such collaboration is essential to reaching success.

In design operations where there are a broad range of roles, it's important for retailers to unite their efforts through PLM's one version of the truth.

## Key Takeaway

For most apparel designers, planning, modifying, and estimating occurs manually, using spreadsheets, word documents and Adobe Illustrator files. This method generates a huge folder full of disconnected documents associated with one garment. It's also a practice that is unsustainable given the decreasing delivery cycles and changing market demands. For fashion and retail companies, the need for an integrated PLM solution has never been more necessary to survive.

### About Aberdeen Group

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