Chapter 10

Fashion Retail Innovation: About Context, Antecedents, and Outcome in Technological Change Projects

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ABSTRACT

Fashion retail is recognised for its strong capabilities in product innovation, while also having the potential to improve the governance of technology-based process innovation. This chapter proposes a model perspective in management of technology and innovation, including special requirements of fashion retailing. In particular, this chapter discusses the context of fashion retailing understood as product and brand-based characteristics. A case study-based methodology is then used to guide an analysis of antecedents and (expected) outcome of fashion retail innovation. IT-based innovation dominates, but innovation is suggested to include a broader scope of technologies. Contrary to innovation maturity models, this chapter proposes to consider innovation as a continuous refinement between dynamic capabilities and absorptive capacity where technologies must be adapted to the special characteristics of the fashion retail industry.

INTRODUCTION

Fashion retail holds a dominant position in many of the physical retail environments in the industrialised societies, no matter if we look at high streets, malls, department stores or outlet centres (Zentes, Morschett, & Schramm-Klein, 2007; Aastrup, Bjerre, Kornum, & Kotzab, 2010). Fashion remains a megatrend where consumers are attracted and the “magic” remains strong despite criticisms of waste, lack of sustainability and unnecessary consumption (Pomodoro, 2013). Also in emerging economies, malls are dominated by fashion being constructed at an unprecedented pace (Sinha & Kar, 2010). With 15 years of proliferation of e-commerce, it is remarkable that fashion retailing persists while newsstands, music shops, bookstores, ticket agencies, etc. have vanished from physical retailing or declined into obscurity (Caro & Martinez-de-Albéniz, 2014). The change from physical retailing to e-tail/retail to multichannel and now to omni-channel retailing has been a journey during which brand owners, consumers and

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retailers have tested and tried a great many technologies, have experienced a lot of success and failure (Brynjolfson, Hu, & Rahman, 2013; Grewal & Levy, 2009).

Technology, especially information technology (IT) and, to some extent, supply chain technologies (Purvis, Naim, & Towill, 2013), has been the fulcrum of the retail innovation with retailers paradoxically adopting the roles of both eager technology adopters and sceptic spectators to their own businesses lacking deep technological insight (Pantano & Timmermans, 2010; De Felice, Petrillo, & Autorino, 2013; Cillo & Verona, 2008). The literature is divided over the level of technology investments in retailing with claims of retailing being on par with comparable industries (Doms, Jarmin, & Klimek, 2004) as well as claims of retailing being laggards (Reynolds & Hristov, 2009; Reynolds, Howard, Cuthbertson, & Hristov, 2007). As the fashion retail industry has traditionally been focusing on product innovation and partially on service or customer service innovation (EU Commission, 2014), there is a schism between the orientation towards brand expression, consumer experience and technology. The underlying assumption of this chapter is that the retail industry, at least at store level, is somewhat distant to innovation in areas of technology-supported business processes, enabling technologies and in-store technologies. At the same time, the retail industry is quite technology savvy in terms of investments, focus on the data-driven business and with a booming marketplace for retail technologies (Stern & Verweij, 2014; Galloway, 2013; Gartner, 2014; Platt Retail Institute, 2012).

E-commerce serves as an exemplary case, where the fashion industry has acted as a rapid adopter (Bruce & Daly, 2010; Heinemann & Schwartzl, 2010; Tambo, 2014a). It has so far avoided several of the downsides of online commerce experienced in other retail segments, for instance store closures and a one-eyed price-only focus (Suryandari & Paswan, 2014; Caro & Martinez-de-Albeniz, 2014; Klena, 2013). The e-commerce introduction has changed many fashion companies in a more technological direction (McColl & Moore, 2013). This is furthermore motivating studies in efficient planning and assessment of technological innovation in the (fashion) retail industry (Pantano & Viassone, 2013).

This chapter aims at analysing selected technological development projects in the space between brand owners and retailers in fashion chains to get closer to an understanding of what drives projects forward in respect to technological design and implementation, what makes the initiative fit with the business requirements and what the outcome is. The chapter suggests a review model for innovation capability assessment in selected areas of retailing, namely the technological innovation taking place between the brand owner and the stores in the chain of the brand.

**THEORETICAL BACKGROUND**

In considering a theoretical perspective for innovation and technology in retailing, a distinction must be made between centralised technologies and decentralised technologies (Zentes et al., 2007). Centralised technologies are driven from chain headquarters and impact the full retail operation; e.g. when prices in webshops are lower than in stores, it will immediately affect all stores. Decentralised technologies are distinctive to retailing, as retailing involves a larger geographical dispersion of people, knowledge, equipment and real estate. Centralised and decentralised technologies will typically interact, making technological changes complex and risky. Third parties will normally be deeply engaged in the technological development and the subsequent implementation and operation. Innovation will thus normally start from triads and exercise a trend towards an actual, multi-actor network.
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