

#CONTENT

# Now that shopping has become an entertainment, fashion brands need to act like media companies



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[Marc Bain](#)

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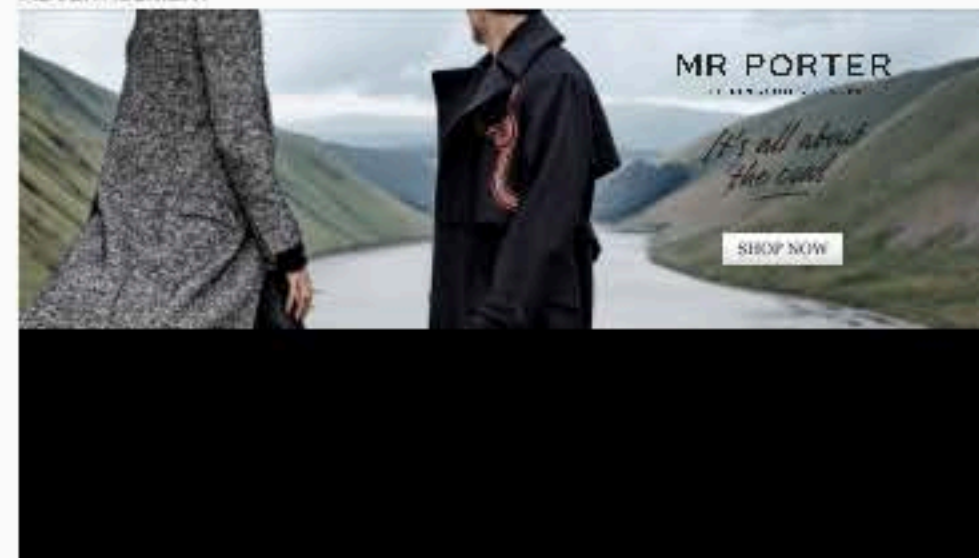
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The fashion industry is in a state of flux. Department stores [are suffering](#). So are [mid-tier clothing retailers](#). Fast fashion and social media are speeding up the entire industry, and many luxury labels [are scrambling](#) to make the clothes they show on the runway available as quickly as possible. The way clothes are made, marketed, and distributed is changing in response to [consumers' frenzied appetite](#) for instant shopping gratification.

You can think of it as the “digitization of apparel,” says Bob D’Loren, CEO of Xcel Brands, which owns labels such as [Isaac Mizrahi](#) and Halston. Before D’Loren got into fashion, he cofounded a company with the unusual model of selling bonds [based on future music royalties](#). He sees an upheaval happening in the fashion industry similar to the one that changed the music business as it started going digital.

To succeed, he says, brands need to start thinking more like media companies, which is what Xcel is striving to do. “The vision here is to reimagine shopping, entertainment, and social as one thing,” he says.

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Shoppers already treat these entities as part of [one ecosystem](#). They see new clothes from their favorite brand on Instagram, and celebrities posting images from the front row of a runway show. They want the instant gratification of being able to buy what they see, to get that buzz from an exciting new purchase—and not just once, but frequently.

Fast fashion and streetwear labels such as Supreme feed the beast by [releasing clothing in continuous drops](#), but most high-end brands haven’t kept up with these expectations. Typically, designer labels create large collections a few times a year that show up in stores months after they first appear, and [not even in the season](#) they’re



designed for.

D'Loren's thinking on the subject is this: "If you can act like a media company, generating engaging content that causes your customer to stay interested and engaged with you," he explains, "that's the win."



© Isaac Mizrahi and Bob D'Loren (Reuters/Brendan McDermid)

The content, in this case, is clothing. To keep customers engaged, Xcel's brands began operating on a totally new model [in March](#), after spending about two years reorganizing operations. Now, they send new items to select retail partners—Lord & Taylor in the US, and Hudson's Bay in Canada—every week to give customers a reason to keep coming into stores. The delivery schedule emulates fast fashion. It's [more akin to Zara's](#) or H&M's than that of a typical designer brand.

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In a sense, it's analogous to the way many artists will release a stream of singles and EPs rather than [full albums](#), and it requires a unique way of working. Lord & Taylor and Hudson's Bay have full-time employees in the Xcel offices. They plan, design, and merchandise everything together, as a team, and the stores decide what to buy from sketches. There's no time for sampling. To go from concept to finished product takes six weeks, which rivals the turnaround time of fast fashion. The brands also don't charge a wholesale markup, making their money instead by taking a share of the retail sales.

D'Loren says he hopes to expand the deal to additional department stores in 2017, and is looking into acquiring or starting new brands to bring the model into other retail channels. Xcel has already created one brand, called Highline, [targeting millennials](#).

The goal is to sell more items at full price [rather than on discount](#). Stores don't have to buy as much inventory up front and then mark down what's left over at the end of the season. Instead, as they see what's selling, Xcel is able to quickly replenish just those items. It's a common fast-fashion tactic, and D'Loren says [sell-through rates](#) of items with short lead times are twice those of the items they still sell on the old schedule. (Though independent data suggests Halston at least [still relies heavily](#) on markdowns.)

Xcel's major brands have an older audience than, say, Zara. The [shopping TV network QVC](#) is a main sales channel for them. But if they want to survive, they need to think of tomorrow's shoppers, not just today's, and many of those shoppers [consume clothes](#) like they do songs.

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