

Deloitte.

Fashion & Luxury Lookbook

AUTUMN/WINTER
2014



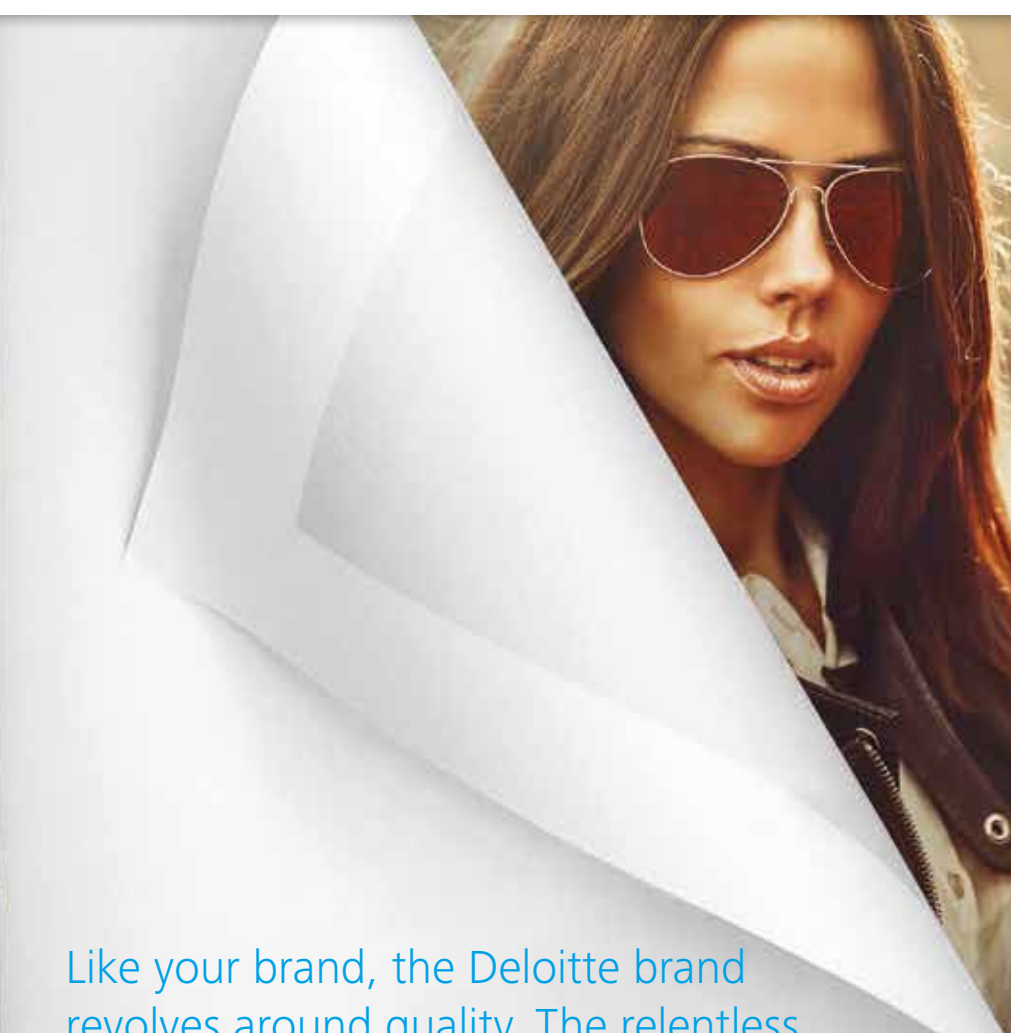
Welcome to our Lookbook for the Autumn/Winter 2014 season...

Inside, you can discover our views on the biggest challenges we see shaping the fashion and luxury sectors.

We provide some case studies – showing how a selection of world's leading brands have taken journeys with us.

Open our 'wardrobe', where you can find our own version of the LBD – together with some essential accessories which no luxury brand can now afford to be seen without.

If there's anything that catches your eye, we'd be delighted to start a conversation with you, and we hope you enjoy browsing...

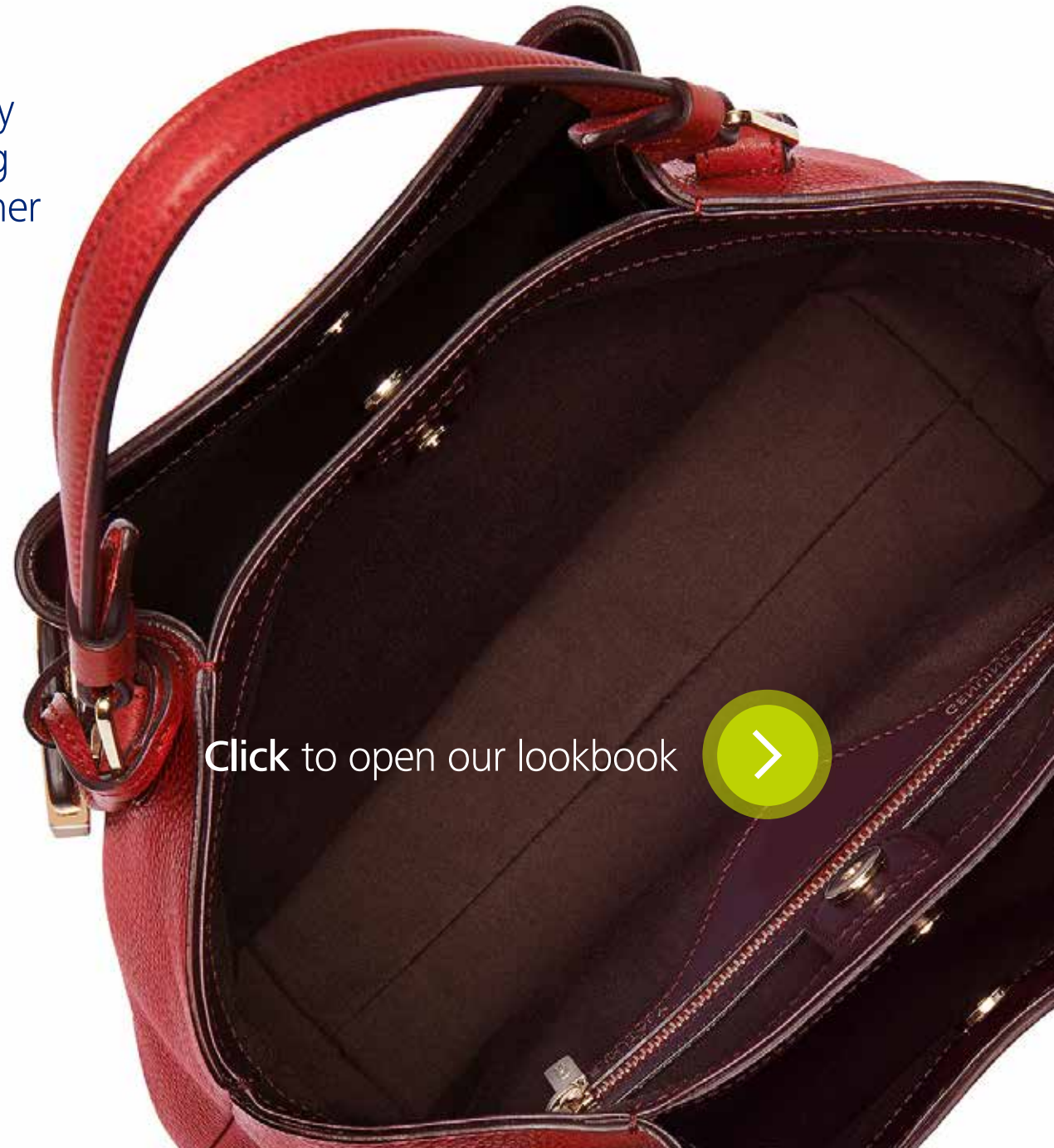


Like your brand, the Deloitte brand revolves around quality. The relentless pursuit of the highest quality in our professional work remains the cornerstone in our firm's continuing success.



“The boom for luxury goods is unending. There are people who never have to worry about whether they can afford something they like. In one part of the world or another there will always be someone with money to spend on luxury”

Diego Della Valle, President and CEO, Tod's



Click to open our lookbook



The growth of wealth and luxury goods...

The growth of wealth, and especially ultra-wealth, is a global theme. Demand for luxury consumer goods is forecast to grow significantly over the next decade and beyond, notwithstanding the expectation for short-term slowdown, as the previously soaring demand in China cools. The question is – how can you capture this growth?

The 8 biggest challenges

Click to explore



01 Responding to the pressure for growth



02 Bridging the digital divide



03 Selecting and optimising locations



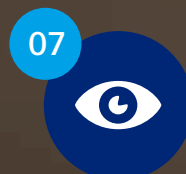
04 Managing the full value chain



05 Really knowing your customers



06 Harnessing future talent



07 Releasing the power of data



08 Managing brand and reputational risk

01 Responding to the pressure for growth

Fashion and luxury brands have proved to be resilient over the course of the downturn in recent times, but now many brands are subject to higher growth expectations – and in a more competitive market. These types of pressures are creating common traps for luxury brands to fall into – such as taking riskier, rapid-fire bets to capture growth. This process can undermine one of the luxury sector’s most important principles – brand equity. Consumers are adding to that complexity – with the ability to shop on their own terms, when and where they want, while accessing complete price transparency. Responding to this pressure requires the ability to keep up with the consumer and providing them with meaningful product experiences that strengthen brand equity. Sustainable growth – preserving brand equity and maintaining exclusivity – is the ultimate equation to balance.

Basic principles of sustainable luxury growth



Focus on fewer and bigger bets



Stay close to the consumer



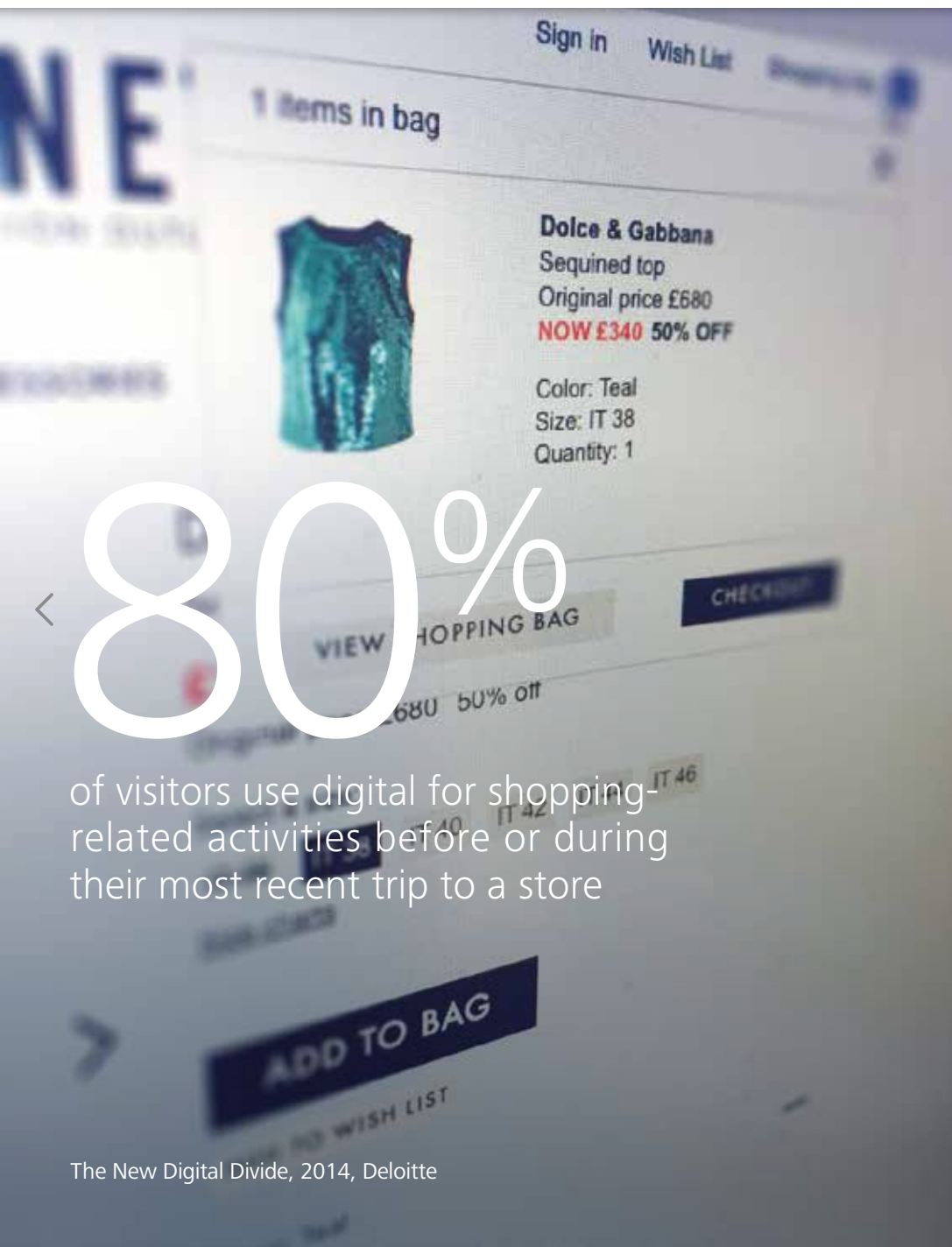
Build offerings and experiences that strengthen brand principles



Distance the brand from mass

“The global luxury goods sector has doubled over the past ten years ... and we expect it to double again by 2020”

Leadership in Luxury, 2013,
Goldman Sachs



80%

of visitors use digital for shopping-related activities before or during their most recent trip to a store

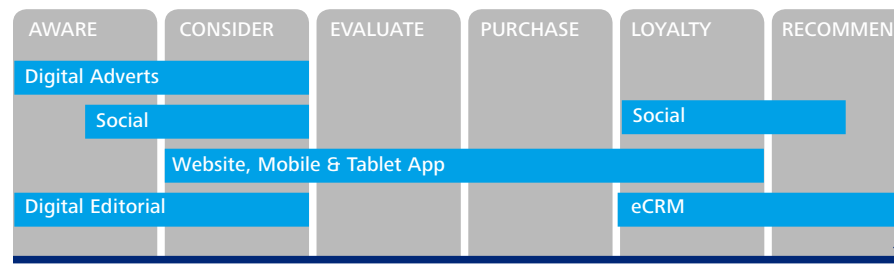


Bridging the digital divide

Many luxury brands are still questioning how to bridge the 'digital divide'. It is a very delicate path to tread given what's at stake – the brand heritage. And this path will impact more than just online revenue. Digital technologies have recently been estimated to influence over a third of global in-store retail sales. We think that number is likely to grow to 50% during 2015.

This acceleration means a tipping point in luxury retail where digital can no longer be considered a distinct business, instead it will increasingly become fundamental to organisations and the entire consumer-brand relationship. Any digital manifestation of the brand – from social platforms to third party distributors – needs to be synonymous to the brand core values and be tailored to the needs of the customer. A misaligned or generic digital offering may actually widen the digital divide.

Consider digital interaction points across the whole lifecycle

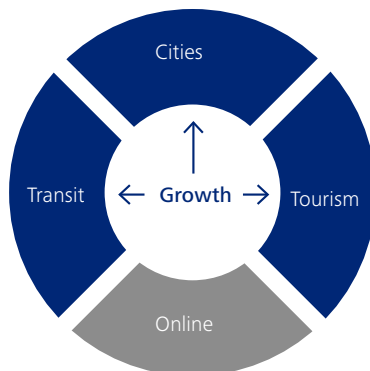


03  Selecting and optimising locations

Whilst the shift towards omni-channel is real and growing, the vast majority of fashion and luxury revenues are still driven by offline, physical channels. It remains true that the cornerstone of capturing this offline retail demand is still 'location, location, location' – but a key enabler for success will be to ensure a consistent cross-channel consumer experience from communication to conversion. The variety of demographic and in-region nuances (e.g. cities, such as London – or even specific streets within cities – acting as stand-alone demand centres; together with transit and tourism drivers) will be very important if luxury brands are to truly capture growth.

Balancing the physical growth strategy is one of the most important components of success

A balanced city growth strategy (including outlets) requires deep understanding of nuances of category, price, and style



Luxury brands should seek to generate maximum value from the 'magic hour' before flying

Non-city luxury tourism destinations (e.g. resorts, retreats) can offer significant paths to cost-effective growth



65% of luxury consumers say they want to **touch and feel** a product before purchase

How Affluent Shoppers Buy Luxury Goods, 2014
Google / Ipsos,

04  Managing the full value chain

Creating quality products requires exquisite materials and careful artisanship. Many luxury goods companies are tightening their control over all aspects of their business – from design to distribution. By managing the full value chain (and, often integrating more stages of the value chain) companies can help ensure that they have exclusive rights to, and availability of, inputs, and protect the positioning and reputation of their brands. Effective value chain management will be an increasing source of competitive advantage.

< Quality, speed and sustainability being primary value drivers – all of which sit underneath the banner of ensuring brand heritage and equity remain intact. >

Delivering value and protecting the brand throughout the value chain



Security of Supply

Vertically integrating allows better availability, more stable costs, and maintains quality control to ensure high-quality materials for products



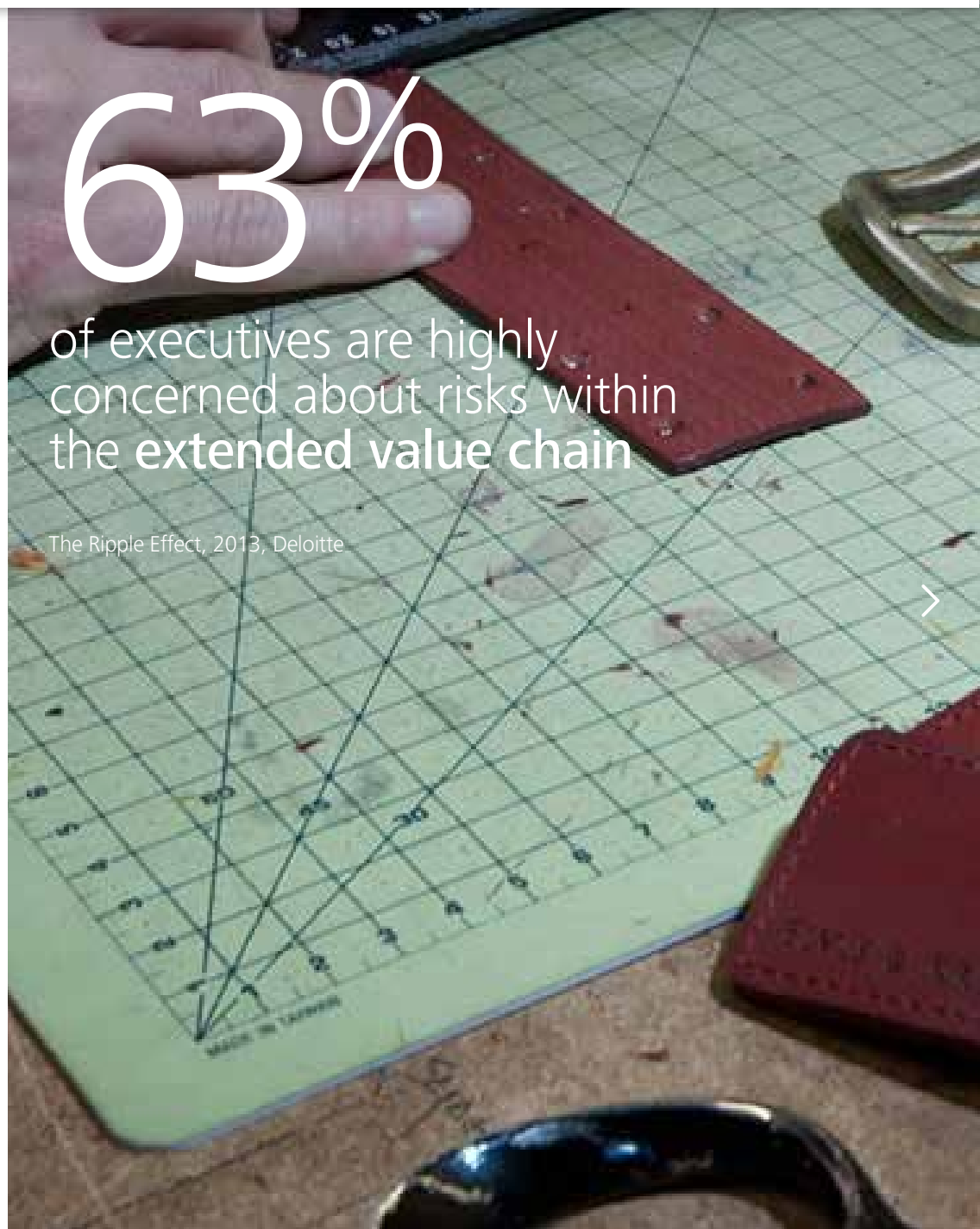
Rapid Time to Market

By controlling more of the supply chain, it can reduce the time from catwalk to coat-hanger to respond to customer demand



Consistent Distribution

Greater control over the customer facing image of the brand e.g. buying back franchised stores to ensure brand integrity



63% of executives are highly concerned about risks within the extended value chain

The Ripple Effect, 2013, Deloitte

05  Really knowing your customers

Imagine knowing what every customer is going to buy as they walk into the store. This may be the impossible dream, but advances in clienteling are moving that dream closer. Clienteling may not be new to fashion and luxury brands – sales associates can recognise key customers on sight. However the rise of the global customers operating across geographies and multiple channels makes it harder and more complex for companies to comprehensively understand their customer base. Digital clienteling, which includes leading-edge processes, analytics, and advances in CRM systems is delivering a personalised customer experience across channels – and ultimately improving conversion rates and revenues.

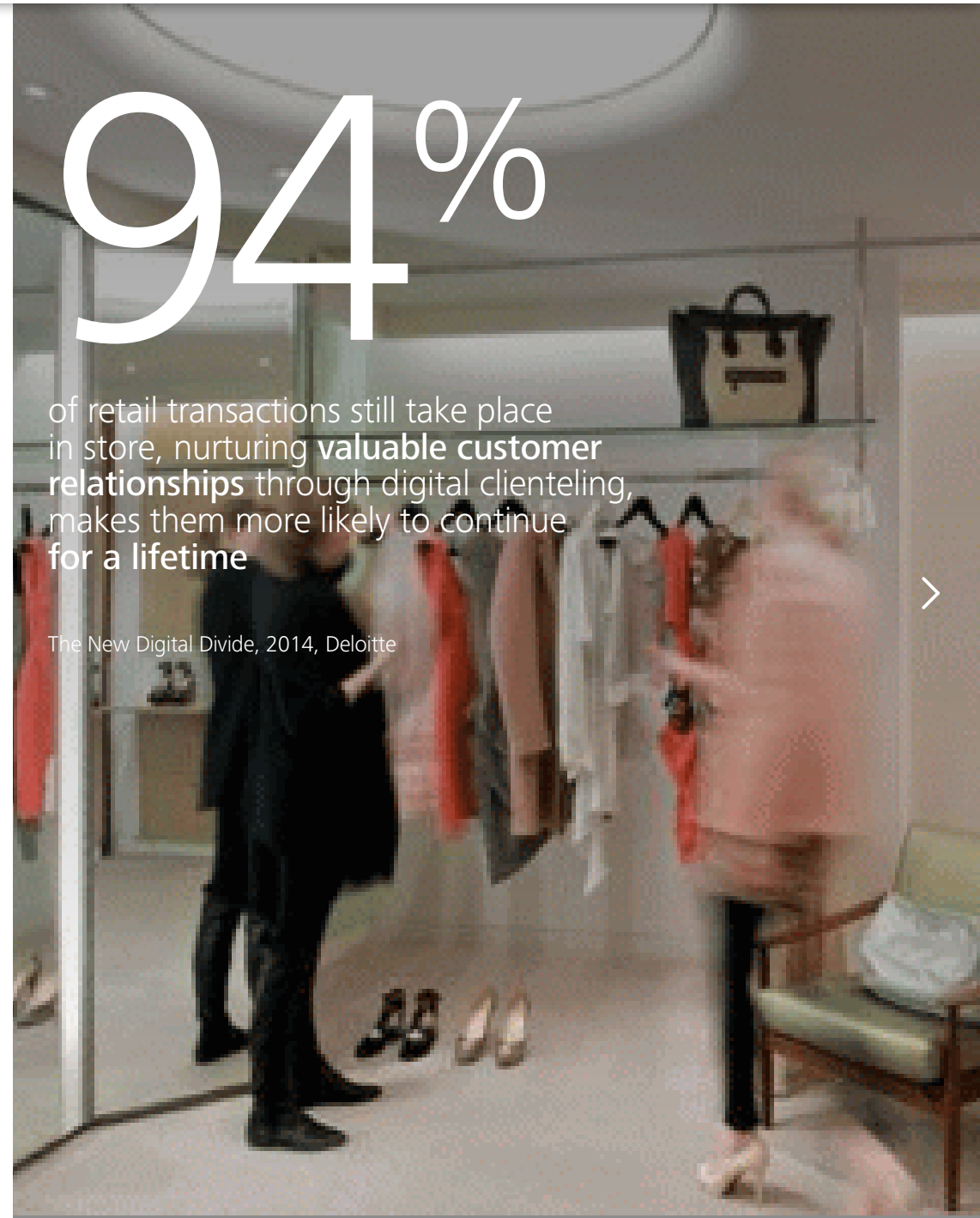
Four core clienteling steps to increase customer loyalty and conversion



94%

of retail transactions still take place in store, nurturing **valuable customer relationships** through digital clienteling, makes them more likely to continue **for a lifetime**

The New Digital Divide, 2014, Deloitte



75%

of companies rate workforce capability as an 'urgent' or 'important' challenge, only 15% believe they are ready to address it



Harnessing future talent

The fashion and luxury sectors are facing rapid business change and people are at the heart of this revolution. It is widely accepted that companies with well-organised talent management practices are gaining the competitive advantage. Yet, within these sectors, there is still a significant challenge in finding the right people with the right skill mix to enable successful growth through a phase of major transition and expansion. Executive leaders should apply just as much business knowledge and acumen as creativity, to solve complex organisational and talent management issues.

Example leading practices to access and retain talent



Treating recruiting like marketing



Innovate who and where



Use social media communities



Big data to deepen talent networks

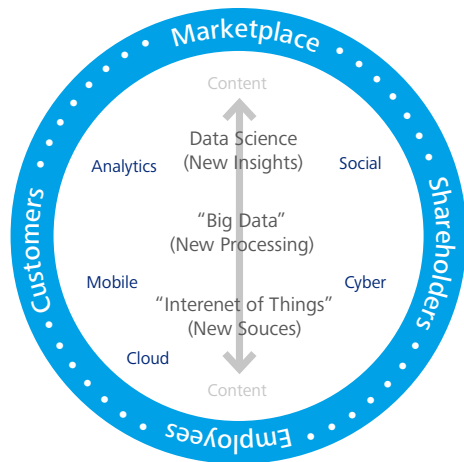


Maintain an active and deep candidate bench

07  Releasing the power of data

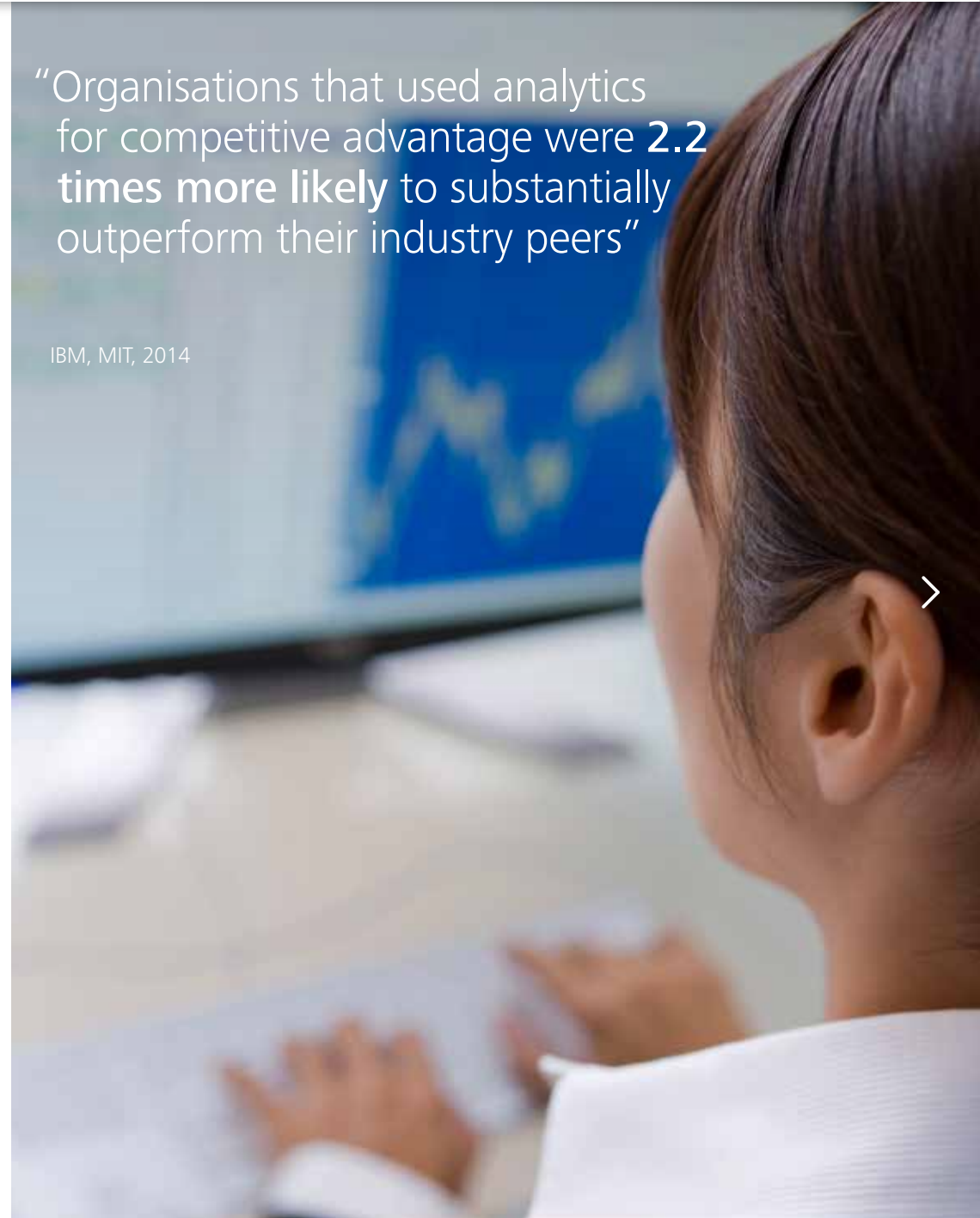
If the customer is king, the data are the pawns – the foundation for any winning position. There is more information available than ever before on people’s consumption habits, behaviours, trends and decision drivers. However, investments in big data and analytics are wasted if decision-makers receive erroneous insights, or do not have the skills or competencies to convert solid insights into business decisions. Unlocking this information is key to understanding what the mind-set of the consumer is now and is likely to be in the future. By 2020, we foresee a world of real-time linked participants across customers, employees, shareholders, and the marketplace. Driven by the convergence of Big Data, the Internet of Things, and Data Science, luxury retailers will be able to better understand their customers, respond to market trends and tailor sales information & products.

The future of data



“Organisations that used analytics for competitive advantage were **2.2 times more likely** to substantially outperform their industry peers”

IBM, MIT, 2014



08 Managing brand and reputational risk

It can take many years to build a brand, but only one moment to ruin it. Luxury brands have always needed to prepare for, and respond to strategic uncertainty, corporate risks, and reputational issues – which can play out over different time horizons. But in a world of increased complexity, volatility and uncertainty, brands will need to balance growth aspirations and operational plans with the strategic risks they face. As the operating environment continues to develop in complexity (e.g. evolving regulation, social media communications, more consumer channels, broader geographies, 'faster' risks), companies will need to increase their vigilance – with brand and reputation being the strongest commodity to protect.

Five lessons on reputational risk management

- 1 Don't wait until a crisis hits to get ready – "we wish we'd acted earlier"
- 2 Every decision during a major crisis can affect stakeholder value
- 3 Response times should be in minutes, not hours or days
- 4 You can emerge stronger
- 5 When a crisis seems like it's over, it's not

Nearly three-quarters of major loss events occurred due to correlated and interdependent risks

The value killers revisited: A risk management study, 2013, Deloitte



Case studies

Click to explore how a selection of world's leading brands have taken journeys with us

Fashion & Luxury
Goods Companies



Digital

ELVIS & KRESSE

Supply chain

GLOBAL LUXURY
GOODS COMPANY

Finance

PRADA

Innovation

GLOBAL LUXURY
BEAUTY BRAND

Growth

NEW LOOK

Retailers



Technology

SELFRIDGES & CO

E-commerce

John Lewis

Releasing the power of digital

Elvis & Kresse, a luxury goods company with a strong sense of social responsibility, had hit a brick wall. The couple behind the business, James Henrit and Kresse Wesling, knew their website needed a thorough overhaul. This was necessary not only to provide them with up-to-date marketing and social media tools, but also to convey more effectively that although they used sensitively upcycled materials to create their belts, bags and accessories, their offering was on a par with the big names in luxury goods.

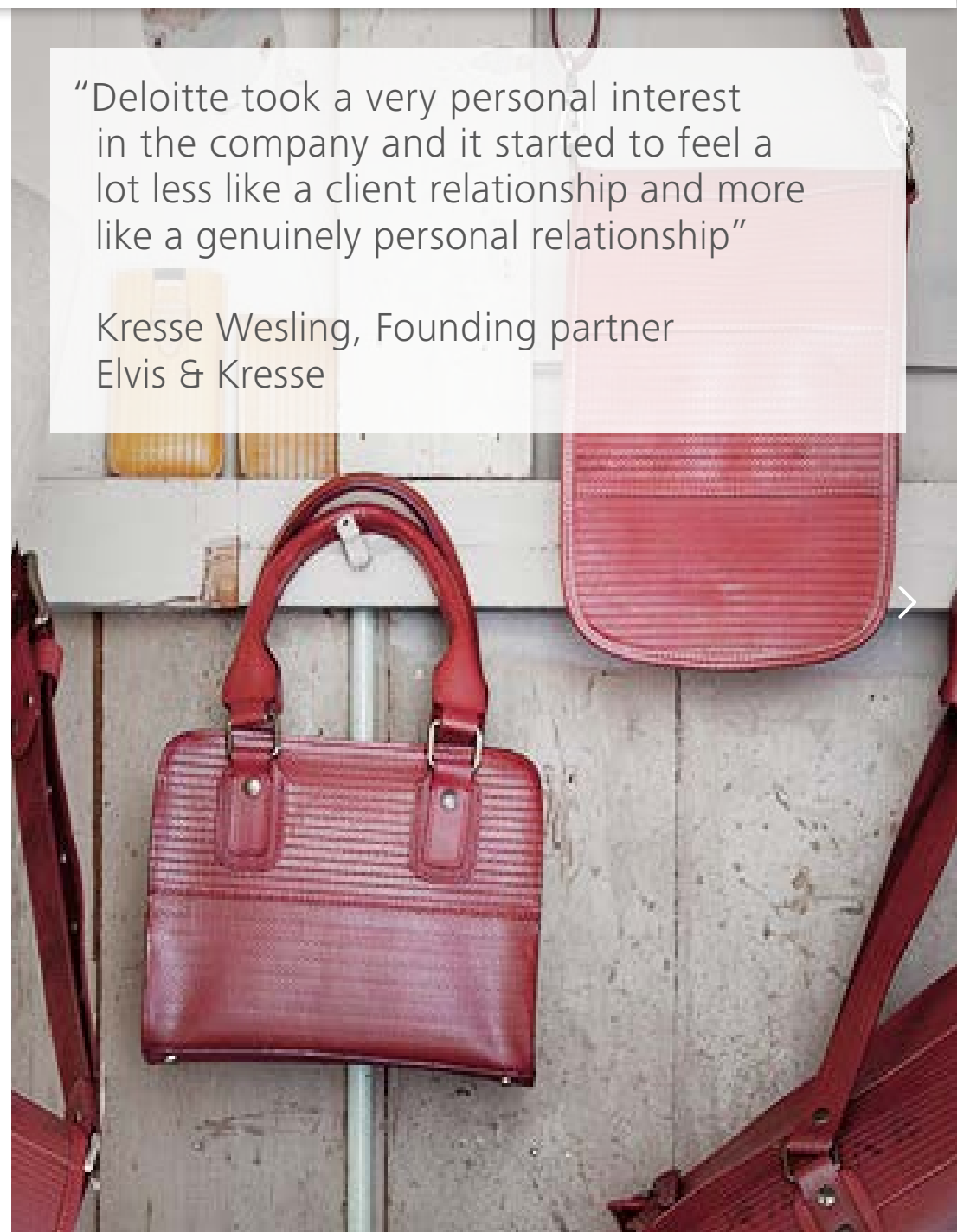
As part of the Social Innovation Pioneers scheme, which provides expertise to innovative social enterprises, a Deloitte Digital team worked with James and Kresse to understand their e-commerce ambitions, while also showing them some exciting possibilities to take things further. We worked closely with them throughout the process, from the wireframes, through the mock-ups and then on the site itself, adjusting the design live in the test environment so that they could see the effect of changes.

In the weeks following the new site going live, Elvis and Kresse saw a 40% increase in the number of visitors to the site and a 50% rise in their online sales, allowing the company to donate more back to the good causes they support. Users of the website have been so delighted with the improvement that they have called the company to tell them that, something that had never happened before. The site is based on the Big Commerce platform, which is very cheap to run while also making product management and order fulfilment much easier.

ELVIS & KRESSE

“Deloitte took a very personal interest in the company and it started to feel a lot less like a client relationship and more like a genuinely personal relationship”

Kresse Wesling, Founding partner
Elvis & Kresse



Optimising the supply chain

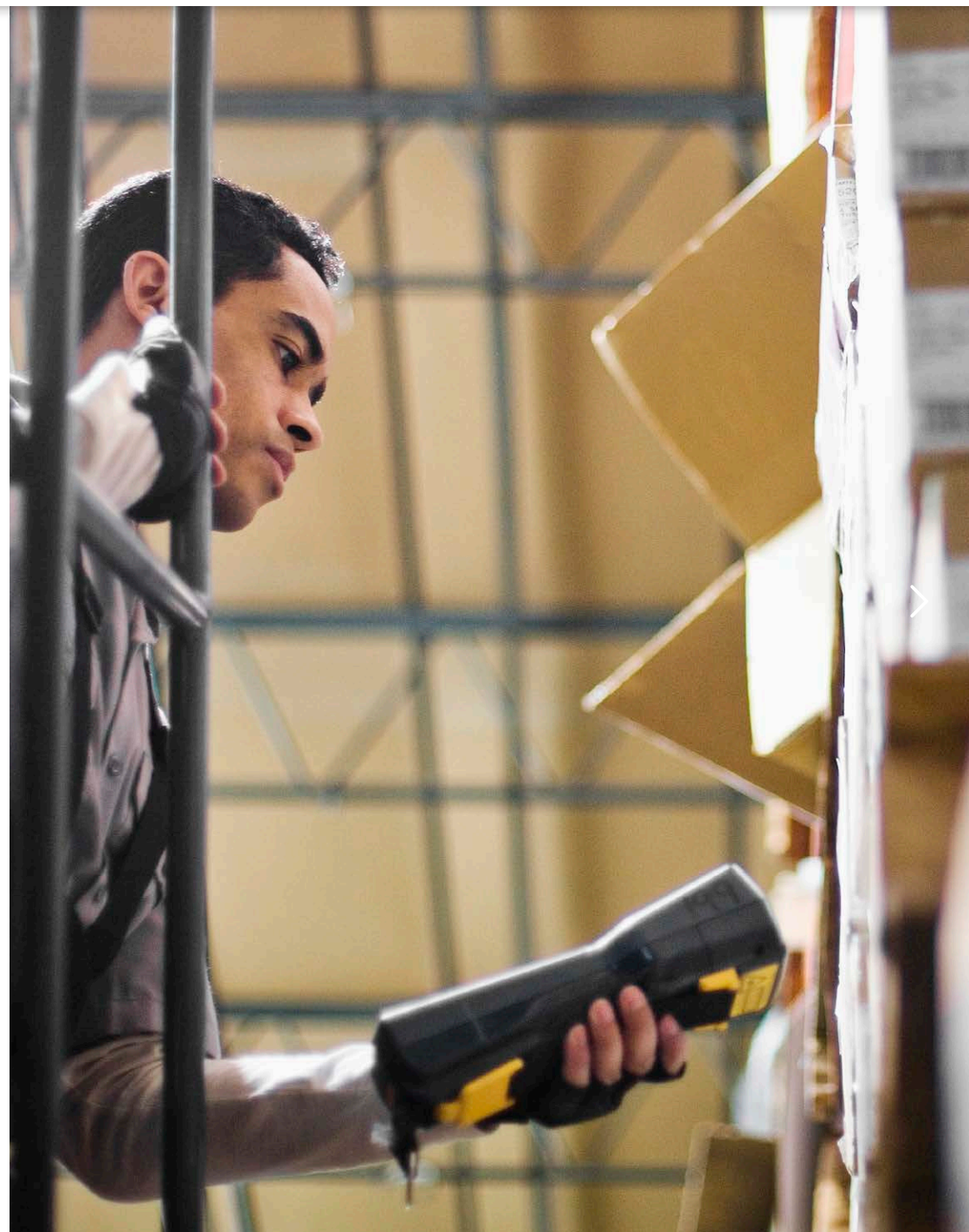
It is a common problem for many luxury goods companies and fashion retailers: how to minimise the amount of product that is 'liquidated' at the end of a season? Our client faced this problem – and lacked the ability to reverse the goods, and reallocate them to different distribution channels in order to avoid this wastage. Slow moving items and obsolete stocks were not reallocated to channels where they could create additional revenue.

↳ This 'reverse logistics concept' also tied into other value drivers, such as: the increasing importance of the outlet channel, the buy-back offers for independent retail stores, and the centralisation of repair activities for Europe at the logistics warehouse.

Working closely with the client, our experienced team provided advice and expertise in key components of building the solution, including: logistics, process development, transfer pricing, customs and tax.

We developed and evaluated a range of different scenarios for designing and executing the reverse concepts – and then tested these against rigorous business objectives.

For example, we were able to test different options against cost implications and potential additional revenue / margin improvements for different scenarios. Ultimately, our work helped this luxury brand to significantly reduce the age-old problem of end-of-season wastage – but under a controlled and owned solution (protecting the brand's position and adding value to the business).



Working in partnership

Prada is a global leader in high-end luxury fashion clothing and accessories. In the UK we work extensively with Prada's UK retail network, and with Church's English Shoes worldwide group (acquired by Prada in 1999). We have been the auditor for several years and in that time we have built up and developed excellent and truly distinctive relationships.

Through these relationships, we have been successful in building an extensive knowledge and appreciation of the businesses. As a result, we are the trusted first port-of-call for ongoing advice on financial, taxation and accounting matters and are on constant communication throughout the year.

The centre of our partnership with the UK companies is built on our excellent relationship that we have with management and our cumulative knowledge of the business as well as our retail sector specialisms in the firm.

It is this that enables us to raise commercially-focussed and appropriate insights to the management team, adding real value whilst conducting our audit and tax services for the companies.

Specific and recent examples of this in action include recommendations, benchmarking and observations around the group's decision to invest in real estate, factory expansion and also impact assessment on the UK business of the Governments pension auto-enrolment.

"The Partners and senior managers are very proactive at giving us recommendations which add value helping the companies move forward"

Prada, UK

Putting the consumer at the heart of innovation

A global luxury beauty company struggled to come up with breakthrough innovations that customers and consumers loved. In 2014, we were tasked to help them get closer to their consumers and innovate beyond product. Their business was stuck in a growth trap by focusing on incremental improvements to once-popular brands, they had tremendous pressure to grow, but had lost connection with consumers and worse, had become a risk-averse company slow to commercialize bold ideas.

Dublin worked with a half-dozen of their global brand teams to conceive and develop breakthrough innovations that helped them transcend orthodoxies and create more compelling customer experiences. We built systemic innovations – that went beyond product – delivering consumer-centric offerings and breakthrough businesses using the 10 types of innovation.

This helped each of the brands think through the different types that they can combine to build breakthroughs. We then reverse-engineered the organisational and operational conditions that made them work, creating a blueprint for restarting the company's Innovation engine. Today, the company is regaining the capacity and confidence to focus on fewer bigger bets to conceive, develop, and launch innovations that engage consumers with new and compelling experiences.

"Ten types of innovation explores diverse elements of innovation's impact on the total customer experience. It distills three decades of innovation research into an action-orientated framework"

Dipak C. Jain, Dean, INSEAD

A strategy for growth

New Look, a global fast-fashion retailer with over 1,000 stores around the globe, had experienced two sequential years of significant profit decline in 2011 and 2012. Faced with financial pressure from private equity investors and with a new ambition to become a global, multichannel brand, the new CEO and executive team were seeking to define a robust growth strategy to help turn around the business.

We helped to identify potential growth opportunities for the business, including a long list of strategic initiatives and expansion markets. The team ran a series of workshops with New Look Directors to prioritise initiatives and markets based on their attractiveness and New Look's ability to win against each opportunity. This resulted in a clear set of focused 'Where to Play' initiatives that made up a Core Growth Model, including the delivery of a seamless multichannel customer experience and a new pricing strategy, that could ultimately be rolled out globally.

With a clear three-year vision now defined, the challenging part was helping New Look plan and prepare for execution. We worked with the client to develop detailed activity roadmaps for each strategic initiative, identify organisational barriers that could inhibit the effective delivery of the strategy, and support the organisation in overcoming key barriers. The CEO communicated the strategy to the Board within two weeks and began delivering thereafter. Since the new strategy was launched, New Look has seen like-for-like sales, overall revenue and underlying operating profits grow. The retailer also successfully opened ten stores in China as part of the international expansion plan.

"This was a great piece of strategy work based on a real understanding of our business and our people. New Look now has a clear vision that is actionable, differentiating and understood by everyone"

Anders Kristiansen, CEO, New Look



Establishing the foundation of retail excellence

Selfridges was founded in 1909 but is constantly challenging itself to be at the forefront of retail, to be able to sustain this level of excellence it is crucial to have an IT foundation that can keep up with the business need. Deloitte have supported Selfridges in a number of areas across their IT real estate from IT Strategy to Transformation and Service Management.

A recent project example was ensuring that the introduction of smart phones and tablets did not expose them to security and management challenges. Deloitte was engaged to help Selfridges manage this sizable risk; as Selfridges has the second largest flagship store in the UK and has been at the forefront of introducing mobile technology across their organisation.

The Mobile Device Management (MDM) implementation included the selection of the preferred vendor and defining the activities required for user deployment. Deloitte helped to identify all devices to deploy to and defined the roll-out schedule, as well as developing collateral for Selfridges to extend the implementation at other Group organisations.

MDM deployment is a good example of how we aim to structure much of our work in areas of technology: it delivered a cost-case that identified the cost for provisioning an MDM solution, defined an enrolment policy that outlined the guidelines and policies to be followed, and we built a "lessons learned" document highlighting insights and risks encountered during deployment to assist and accelerate future implementations.



Powering a retail revolution

John Lewis is the largest department store retailer in the UK with an e-commerce offer that sets the benchmark for customer experience and proposition. Their business is embarking on a Retail Revolution with the goal of having a market beating omni-channel Proposition, to enable this John Lewis needed to implement an e-commerce platform that could support their ambitions for the next decade.

Deloitte worked with John Lewis to define the required business and technology capabilities and software to deliver their business goals we acted as the implementation partner to replace their e-commerce platform. Using creative and technical expertise from across the global Deloitte Digital network, we have implemented new e-commerce software from Oracle ATG and web content management software from Adobe CQ5 to deliver the new customer facing website.

The result is a world class solution handling hundreds of thousands of customer visits per hour on a website that enables John Lewis to internally manage the launch and turn-over of more than 5,000 products per week.

“You are acutely conscious of the responsibility you have got, which is the reputation of [the brand], the trust that we have got with our customers and the need to get that right”

CIO, John Lewis



Our wardrobe

Click to explore

Digital

Strategy

Customer

Innovation

Corporate finance

Analytics

Organisation

Private & foreign owned

Supply chain & operations

Tax

Finance

Risk & governance

Audit & assurance

Strategy

Strategy is about choices. We work side by side with our clients to make the choices that will help stretch and sharpen their ambition – grounded firmly in the realities of the marketplace, the capabilities of their organisation and the goals of their stakeholders. We understand that strategy stands or falls on execution – and we are known for delivering ‘executable strategy’. With over 300 dedicated practitioners, Deloitte’s Strategy practice has the scale, breadth and depth to deliver genuine impact and insight to our fashion & luxury clients.



Monitor Deloitte.

Since January 2013 the Deloitte Strategy team has also included Monitor Deloitte. Founded in the early 1980s by a select group of Harvard Business School professors, Monitor Deloitte has been at the forefront of strategic thinking, research and innovation for almost 30 years.



How we can help

The range of challenges we help our clients tackle is diverse, but our client engagements have some common characteristics. For example:

- We help clients clarify the nature of the opportunity or problem, frequently assisting in providing ‘structure o the unstructured’
- We support clients in making the right strategic choices about those problems
- Crucially, we work with clients to develop executable solutions to those problems

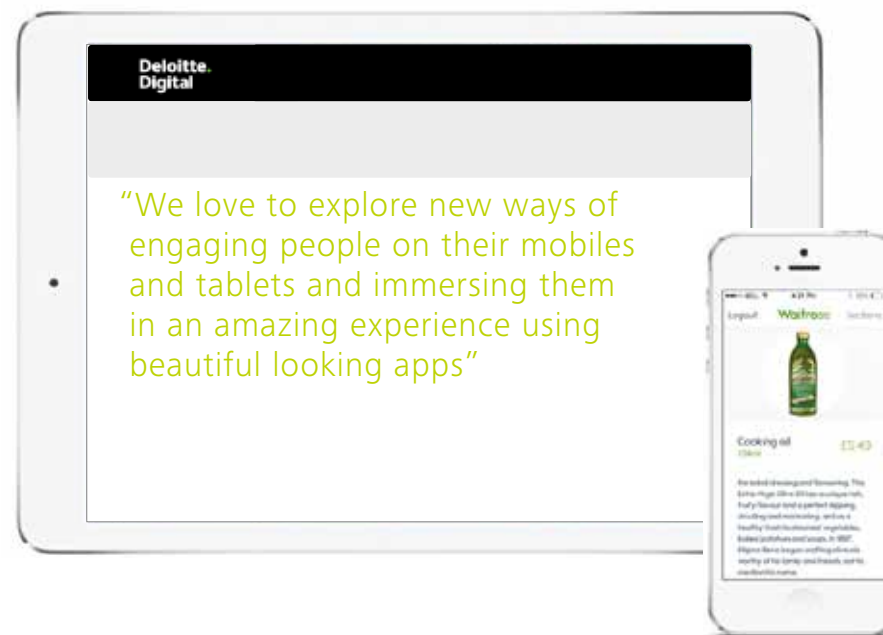


STRATEGIC CHOICE STRUCTURING	GROWTH PATH	REVENUE MANAGEMENT
CONSUMER PRICING & INCENTIVES	NETWORK FOOTPRINT OPTIMISATION	CHANNEL STRATEGY
MARKETING EXCELLENCE	PORTFOLIO / MARKET REVIEW	TARGET OPERATING MODEL



Digital

How has digital changed the way that shoppers research and buy fashion and luxury goods? And how can you use digital to enhance their experience of your brand? Deloitte Digital is a bold and innovative part of Deloitte that is here to answer these questions for you. We offer a complete digital package that can take you all the way from strategy, through experience and creative design, to bespoke development and managed solutions. Like you, we put the customer first and at the heart of everything we do, building amazing experiences around them.



How we can help



Strategy

When creating your strategy for the luxury market we start and finish with your business goals. Our dedicated digital practitioners work with you to bring a sustainable digital strategy to life, helping you to meet the realities of today... and tomorrow. Everything we do will be exquisitely tailored to meet your needs and allow you to remain distinctive



Web, mobile and in-store

We can help you to craft a unique and personalised experience for your customers, wherever they interact with your brand, be it laptop, phone, display advertising or in store. We can help you build an online presence, on your site, through your advertising and on social platforms, that is worthy of the brand that you have created and that clearly echoes your values



Optimisation & Analytics

There's an enormous amount of data available, from word-of-mouth tracking, to social influence, to mobile behaviour, to online and in-store analytics. We can help you with the collection and understanding of the relevant data and to convert it into a better, more personalised customer experience



Security

In the digital era, one's identity can quickly be adopted by someone else. How do businesses then preserve their competitive advantage and clients? We believe trust and safety are crucial for luxury customers and for your organisation to protect value. We help you to be better protected and resilient against digital risks

Innovation

Ensuring quality innovation is one of the key routes to sustaining value in fashion and luxury. We put leading business experience to work alongside customer-centred research and a design-led approach to craft broad, reliable, and repeatable approaches to innovation. With more than thirty years of experience, we help organisations tap into their full innovation potential by setting innovation strategy; designing, building, and launching innovations; and developing them into better innovators. We thrive on collaborating across multiple perspectives and we are united by our ruthless curiosity and deep desire to bring to life innovations that create real value.



How we can help

Doblin helps organisations innovate more effectively

Where to innovate

Working alongside senior leaders, we explore how forces of change will likely impact your enterprise and industry, and where in that seemingly chaotic landscape lies opportunity.

How to innovate

Innovation requires discipline, competence and experience. To innovate successfully and reliably, you need to build the innovation capabilities, systems, and structures that are right for your enterprise.

What to innovate

We work with you to convert opportunities and ideas into businesses. Using generative research methods, we unearth new insights regarding customer needs (including both “extreme” customers and the ones you haven’t won over yet.)

We use high-protocol tools to build bold and sophisticated innovations with the “Ten Types of Innovation”



DOBLIN

Doblin is Deloitte’s global innovation firm. Our team is a unique community of designers, social scientists, engineers, and MBAs working alongside our clients to build new businesses and offerings.

Customer

Whilst the customer has always been king, never before have customers wielded so much power. Luxury retailers today operate in increasingly complex market, where technology has changed the way customers interact with the brand. Our leading-edge customer consulting team helps fashion and luxury companies develop and maintain a consistent and targeted focus on managing and developing their customer relationships.



How we can help



Customer Service & Experience

Delivering better customer services across multiple customer touch-points – such as improving the customer experience, building new channels, or implementing new technology



Marketing & Insight

Overcoming complex marketing and customer analytic challenges - from channel management through to measuring and optimising return on investments



Customer Applications & Data

Executing strategies – making them real through the selection, design and implementation of key enabling technologies, and making the tangible business change to enact these strategies



Sales & Distribution

Winning the right customers on the right terms. This can include anything from innovative new sales strategies and processes, through to designing organisation models

Corporate finance

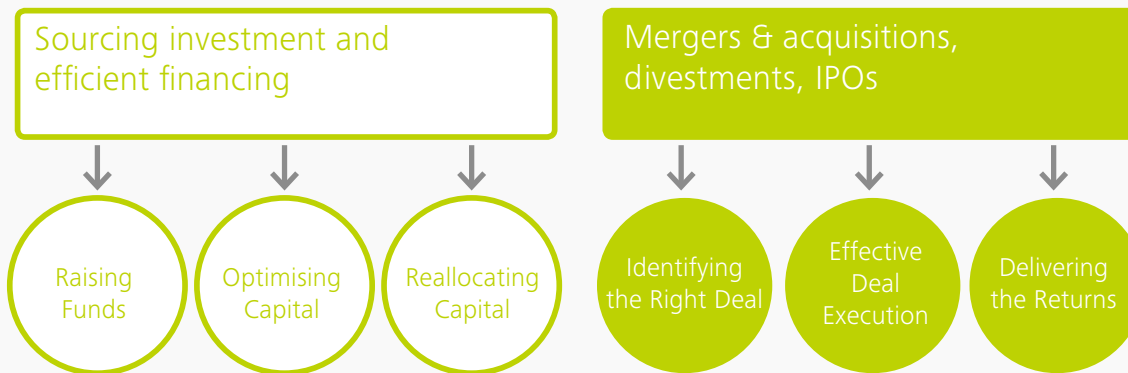
The fashion and luxury sectors are, by their very nature, the most innovative, dynamic and exciting business sectors in the world. Invariably new entrants and established players face a wide range of exciting and exacting challenges across their business lifecycle; whether raising seed funding to establish themselves, obtaining new sources of finance to expand organically or through acquisition, realising value by a sale to new owners or accessing the public markets.

< At Deloitte, we recognise the importance to our clients of working with them across this lifecycle. Our dedicated team of corporate finance professionals seeks to be with you every step of the way. By bringing tailored advice and deep expertise we look to support you in meeting the challenges and opportunities that face your business as it grows and thrives. We pride ourselves in combining innovative business thinking with practical commercial solutions, serving a range of clients from small independents to major global powerhouses.



How we can help

We have an unparalleled level of expertise ranging from advising on the raising of equity or debt finance, assessing potential targets, advising on transactions, undertaking valuations, supporting on negotiations and all with aim of realising your growth ambitions.



Snapshot client story

For a global Japanese watch group we identified key value drivers which supported the successful bid of a Swiss leading manufacturer of mechanical movements and components for the mechanical watch industry. Specific contributions were value preserving advice on the SPA and model allowing for a competitive offer

Finance

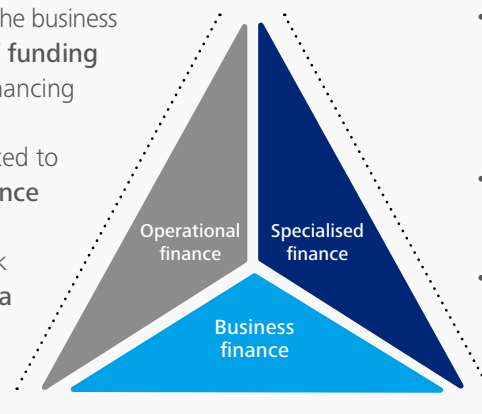
Deloitte’s finance offering allows you to enhance the use and returns on your capital so that your business has its own environment for growth, by delivering a powerful finance strategy. Deloitte has a breadth of expertise in the role finance plays throughout the life-cycle of a luxury business, including capital productivity, finance strategy and process optimisation. This ensures that your money is working the best it can for you, and allowing you to make the best decisions to breed success.



How we can help

We deliver value to the finance function in three major areas – operational, business and specialised. Underpinning these are the key enablers such as organisation and people; information and systems; processes and polices, which help the finance function of the future become a true partner to the business

- Support the growth of the business through **optimising of funding lines** and expansion financing
- Reduce global risk related to **tax structure compliance**
- Decrease reporting risk through **effective data management** and improved controls



- Introduce **tailored finance solutions** specific to the fashion and luxury sectors, and to your business
- Optimise complex **finance-driven processes**
- Implement **specialist finance systems** to bring about efficient workflow

- Bring about effective **working capital management** to manage your company’s liquidity
- Develop **exposure and forecast tools** to allow a clear accurate view of the company finances
- Roadmap **financial strategic objectives** and enable you to use them to measure ongoing performance



Organisation

Aligning strategies across an organisation's corporate infrastructure is critical to adapting in a constantly evolving world. At Deloitte, the depth and breadth of our capability across the talent, technology, place and space agendas provides us with the unique expertise to ensure our clients not only survive, but thrive amongst the fittest.

Snapshot client story

For a UK footwear brand, We developed a new capability model and organisational design to support the organisation's vision of expanding their global footprint and doubling the size of the business



How we can help

- Talent Strategy
- Workforce Agility
- Change Management
- Organisational Transformation

What is the organisation's talent agenda and how does it support the business strategy?

- Workplace Vision
- Workplace Design
- Real Estate Transformation
- Real Estate Strategy

How does its real estate asset base and working environment support its talent and maximise productivity?



Does it have the technology to support its talent agenda, processes and ways of working?

- Mobile technology
- Data Security
- IT Infrastructure
- Collaboration Tools

Are the right people working in the right place for enterprise success?

- Footprint Optimisation
- Location Strategy
- Relocation Implementation
- Tax & Incentives

Supply chain & operations

Getting products from catwalk to customer requires continuous innovation and constant attention – the ability to respond with speed and agility is a key part of staying ahead of the competition. With the supply chain often accounting for 80% of total business costs, creating a more efficient supply chain can improve margins, decrease time-to-market, and even grow market share. We've developed a unique framework and set of capabilities that span the entire supply chain – from strategy to implementation, and can assist in undertaking all aspects of strategic and tactical assessment, design and implementation, including ethical procurement and sustainability considerations, to improve your supply chain operations.

Snapshot client story

For a global consumer brand, we helped them better manage profitability and working capital in a declining physical market. We built a business profitability and inventory tracking model to inform customer / product profitability, and inventory/distribution decisions. The key benefits were: an optimised portfolio – visibility of which products made money; and a reduction in fulfilment and storage costs.



How we can help



Omni-channel Strategy

- What is the right multi-channel operating model? What does 'good' look like in the luxury industry?
- Establish the right supply chain strategy to ensure: Customer-centre operating model design
- Omni-channel foundations (single view of product, order & stock)
- Bring it to life with roadmap & journey planning



Agile-buying & Merchandising

- What are the right products to sell? What volumes are required by product & channel?
- Single view of product to support effective decision making
- Support the end-to-end buying cycle:
- Disciplined sourcing, product lifecycle and category management
- Omni-merchandise optimisation



End-to-end supply chain design & Optimisation

- Where should we locate our fulfilment centres?
- Which partners offer the most agile distribution?
- Building integrated demand and supply planning capability
- Omni-channel network configuration
- Effective supplier management
- Building end-to-end cost to serve visibility to drive profitable decision making



Omni-customer Fulfilment

- What is the most effective method of fulfilment?
- How can we track stock at each location?
- Designing scalable and agile order management solutions
- Building an accurate view of stock across the enterprise
- Profitable pick, pack and dispatch for delivery to stores and direct to customer

Analytics

We are disrupting the marketplace by embedding analytics in everything we do. Through a unrelenting focus on “heart of the business” issues, we are helping our clients to transform themselves, delivering a “domino effect” driving adoption throughout their business from the integration of our advanced capabilities, industry expertise, innovative delivery models, and value-based outcomes.

The depth and breadth of capabilities is unrivalled – no other firm has the combination of analytics technology capabilities, domain expertise, advanced analytics together with relationships with CxO and business owners. We have over 9,000 analytics professionals globally, working in collaboration with our 15,000 dedicated delivery network to deliver greater insight to you.



How we can help

While there’s no single answer to the question of where to start with analytics, we believe these areas should be on the short list for any luxury business

Customer & growth	Risk & regulatory	Workforce	Finance	Supply chain
Pricing & profitability	Regulation & compliance	Performance management	Financial performance management	Supplier & procurement analysis
Customer segmentation	Fraud & forensics	Workforce alignment	Advanced forecasting	Supply chain optimisation
Brand & sentiment analysis	Reputational risk	Compensation & benefits	Tax model optimisation	Product profitability

The Fashion Intelligence Accelerator

We have invested to create a unique set of fashion intelligence and analytics tools. An example of this is found within our leading-edge tool for fashion retailers: know competitors’ products, prices and discounts to maximise the profitability of decisions. The ‘Fashion Intelligence’ Accelerator is an analytics tool that provides our retail clients with real-time competitor intelligence based on publically available data that leads to better buying and trading decisions as well as being able to predict the next best thing, in seconds.



Private and foreign-owned businesses

Almost all luxury brands will date back to some form of private ownership. And many brands, even global ones, have successfully retained that structure through generations of growth. In recent years, private equity firms have been among the most active buyers of luxury and premium brands. They play a crucial role in providing capital to the luxury goods industry, often with the objective of helping young brands to grow. Private equity has been particularly active in helping brands with the complex and expensive process of international growth.

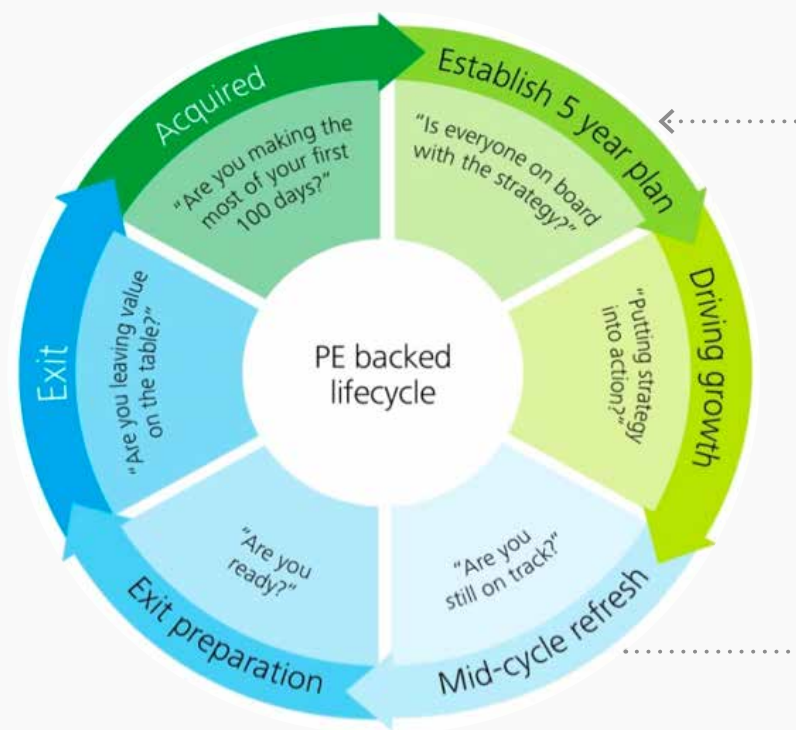
We provide management teams with a blend of strategic, financial and operational support. We also create opportunities for peers to network across the private equity-backed and private company landscape.

The demands and requirements of foreign-ownership are an additional complexity for many local management teams to navigate. We have a dedicated foreign-owned advisory team who understand the challenges faced by foreign-owned companies.



How we can help

At the core of our approach to supporting private equity backed businesses is the private equity lifecycle. From initial investment, throughout mid cycle growth towards an exit, and beyond, we have developed a distinctive offering to deliver value, advice and insight at each stage.



Maximising value.
Supporting management.

Tax

Whether you're a fashion entrepreneur, an established UK luxury brand, a foreign company in the UK, or a FTSE organisation, we make it our business to always offer you best-in-class tax expertise from leading individuals. We can help you with dynamic tax responses for today's fast-changing environment to address challenges in all key tax areas relevant to your business in a comprehensive and coherent way. We seek to deliver advice that's practical, relevant and cost-effective. By working with Deloitte, not only will you benefit from our expertise at the forefront of today's tax agenda, but also the fresh energy that our people bring in their approach to helping with your tax decisions.



How we can help



Globalisation and e-commerce
Comprehensive tax analysis and solutions for alternative "routes to market" (traditional distribution vs. omni-channel)



Intellectual property
Complex support in reviewing intercompany transactional arrangements for IP (e.g. licence, franchise fees)



Reputation and risk
Responding to media and social scrutiny on local tax position



BEPS
Responding to BEPS developments: e.g. transfer pricing of intangibles; three-tier transfer pricing documentation approach; digital economy



Supply chain
Customs and transfer pricing aspects; considerations of indirect tax consequences; understanding the value added by each segment of the supply chain



Ways of working
Tailored solutions suiting the current business environment, but also practical to implement

Snapshot client story

With a tax 'footprint' in over 50 jurisdictions globally, presenting a range of complex direct and indirect tax rules – this client had a challenge. We helped them develop a robust transactional structure for the creation, development and use of content and other intellectual property which not only met all tax and transfer pricing requirements but also supported realisation of their business strategy. We then implemented a new single platform able to reflect the transactions generated by the new IP structure.

Risk & governance

Strategic Risk. Financial Risk. Cyber security threats. A changing regulatory environment. Evolving governance landscapes. In today's unpredictable and highly competitive business environment, it's important to take a holistic view of governance, risk and compliance – while focusing not only on the risks that can threaten value, but also the risks that an enterprise can take to create value. To do this, fashion and luxury business leaders should consider embedding a thoughtful awareness of risk and compliance into the very fabric of the organisation. Our risk business spans all the relevant areas of risk – and we help global organisations to design risk strategies, analyse key risks, design and implement risk frameworks and support risk controls and governance.



How we can help

As fashion and luxury companies seek to capture growth, it will be vital to actively manage the strategic risks associated with 'brand stretch'; plus to understand the risk-return aspects of major investment decisions

Risk management can act as an enabler of other value drivers – for example assuring the end-to-end supply chain, especially when brand-licensing and third parties are involved

The increasing movement towards the adoption of digital will require a step change for many luxury brands in how they protect their own and their customers' data



Mastering brand and reputational risk



Ensuring a robust supply chain and managing third parties



Ensuring your technology is an asset rather than a risk



Making smarter investment decisions and improving project execution



Building effective risk governance and processes



Protecting and controlling data

Snapshot client story

For one of the world's iconic consumer brands, we helped them manage a key reputational risk – allowing them to understand how an external, strategic risk could affect consumer sentiment and demand and how to respond.

Audit & assurance

We strive to continuously raise the bar on audit quality and value; by delivering informed challenge, intelligent insight and building greater trust, we help companies build investor confidence. By combining visionary thinking, outstanding people and the smartest technologies, our audit delivers external perspectives in the most relevant and risk-focused way. We go beyond financial assurance, embracing our regulator requirements and leading the profession's response to the wider public interest agenda.

the Distinctive audit



How we can help



Value

Increasingly we are hearing that broader and deeper assurance, over and above that of our core audit opinion, it is becoming more and more important to our clients, regulators and other stakeholders. We aim to provide the Distinctive Audit via a number of areas – including those highlighted to the right – our people, insights and leading advice



People

We have a network of dedicated audit professionals whose primary interest and focus are fashion and luxury clients. We have a truly international practice, which allows for better interactions between group and component teams



Insights

We provide insight in many forms from topical thought-pieces to specific benchmarking around accounting policies or processes and controls, from an informal view on key priorities to detailed finance function effectiveness survey findings, from working with specialists to apply our proprietary IT technology to identify trends from existing financial data



Bolt-on advisory

Several advisory programs have been successfully rolled out our audit clients including: Deep dives on controls and risk framework assessments; Contract compliance; Advice on transition to IFRS or new adoption

Autumn Winter 2014

Click to explore

The Growing Power of Consumers

The Deloitte Swiss Watch Industry Study 2014

Global Survey on 'Reputation@Risk'

Spring Summer 2014

Click to explore

Global Human Capital Trends

The New Digital Divide

Global Powers of Luxury Goods 2014

The Deloitte Consumer Review: The growing power of consumers

While consumers have always had the ability to vote with their feet or wallets, they now have the power to influence not only what they buy, but what others buy as well.

Empowered by access to more information, social networks and digital devices, consumers are now well equipped to find the right product or service to suit their needs. As a result, we're seeing a gap emerge between consumers' expectations and brands' ability to meet them. The challenge for businesses is how to close this expectations gap when dealing with millions of different consumers, all demanding different things.



Search our website, or contact us to access the insights

The Deloitte Swiss Watch Industry Study 2014

The study highlights the views of watch company executives on the key challenges and opportunities facing the Swiss watch industry. Growth has been one of the defining features of the watch industry. But while many remain optimistic for growth over the next 12 months, weakening foreign demand is perceived as a significant risk.

While the outlook is not as optimistic as it has been in the last 2 years, notably for China, new opportunities are expected in developing markets such as India and Indonesia, with European and US markets also strengthening.



Reputation@Risk: Global survey on reputational risk

What's your company's reputation worth? If the more than 300 business executives who participated in our global study on reputation risk are correct, a company's reputation should be managed like a priceless asset and protected as if it's a matter of life and death, because from a business and career perspective, that's exactly what it is. The Reputation@Risk survey report examines what organisations around the world are doing to get in front of this critical issue.



Search our website, or contact us to access the insights



Global Powers of Luxury Goods 2014: In the hands of the consumer

The report provides an outlook for the leading luxury goods economies, insights for mergers and acquisitions (M&A) activity in the sector, and discusses the major trends affecting luxury goods companies including the retail and e-commerce operations of the largest 75 luxury goods companies.

“Despite operating in a troubled economic environment, luxury goods companies fared better than consumer product companies and global economies generally. We expect growth in developed economies to pick up speed while significant risks in emerging markets remain,” said Ira Kalish, Chief Economist, Deloitte Global.

“Overall performance of the luxury sector will depend not only on economic growth, but on factors such as volume of travel, protection of intellectual property, consumer propensity to save, and changing income distribution.”



The New Digital Divide

Digital devices' influence on in-store purchase behaviour is growing much faster than anyone could have anticipated. Given this acceleration, we are at a tipping point in retail — a point where digital channels should no longer be considered a separate or distinct business. Instead, digital is fundamental to the entire business and the entire shopping experience, in and out of the store. As this new reality begins to have a greater impact, retailers should change dramatically the way they think, measure, and invest in digital, and address their customers' digital needs and wants.

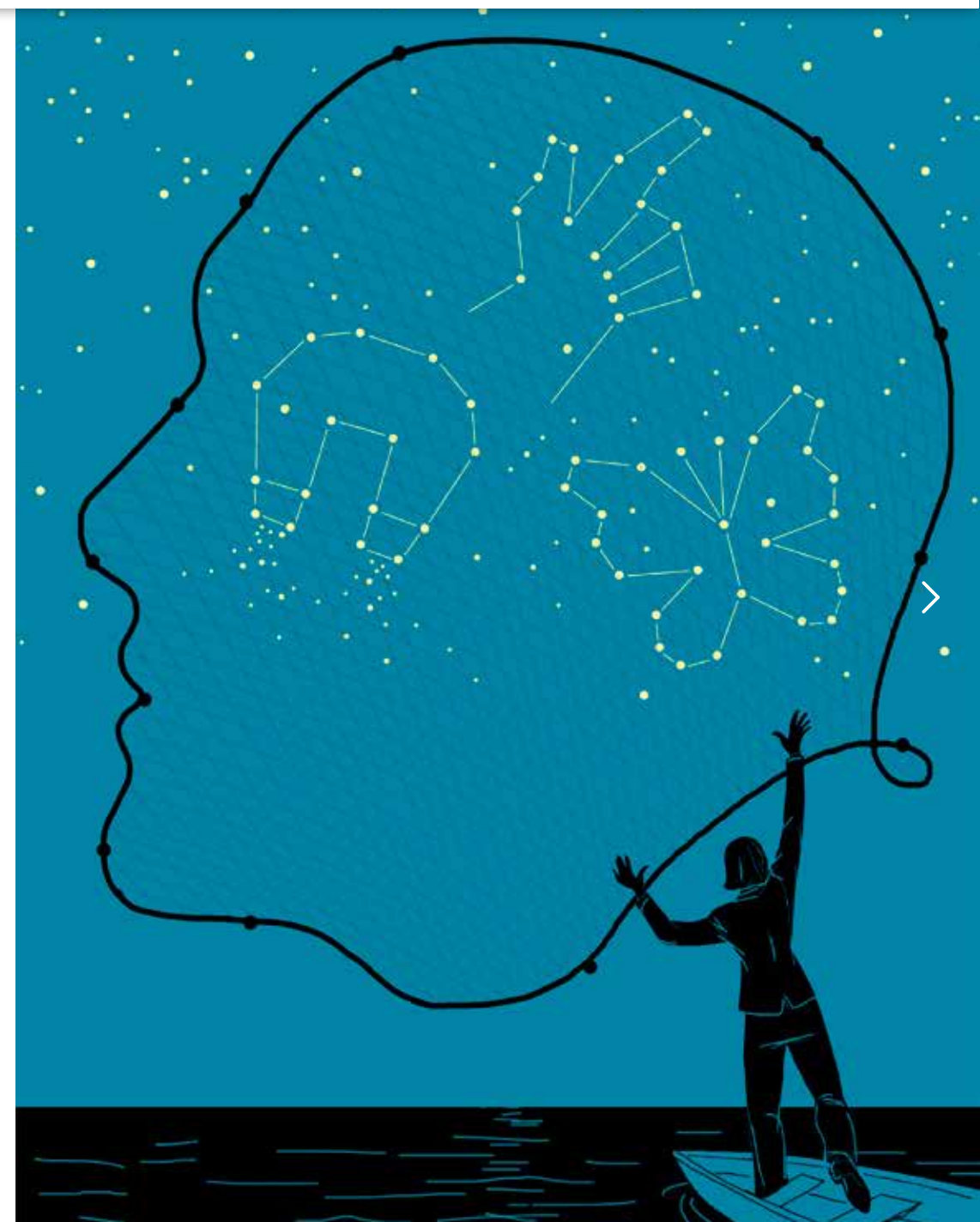


Global Human Capital Trends 2014: Engaging the 21st-century workforce

CEOs and HR leaders see talent as a major challenge to growth. Where should you focus?

Global demographic changes are adding complexity to every human capital challenge. A Deloitte survey spanning 90 countries looked at the talent issues that can threaten organisational effectiveness. Businesses need a new approach to managing human capital – and HR needs new skills to deliver it.

< The 21st-century workforce is global, highly connected, technology-savvy, and demanding. Its employees are youthful, ambitious, and filled with passion and purpose. Millennials are a major force – but so are older workers, who remain engaged and valuable contributors. >



Search our website, or contact us to access the insights

The way we work

Click to explore

“Over the years I have learned that what is important in a dress is the woman who is wearing it.”

Yves Saint Laurent

The Deloitte way
'As One'

Our executive programmes

Our greenhouse

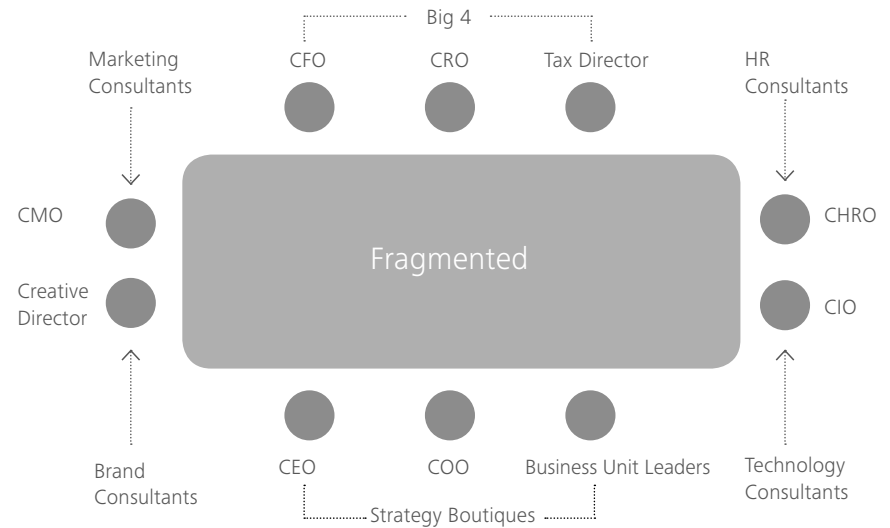
Our digital studio

Our social impact

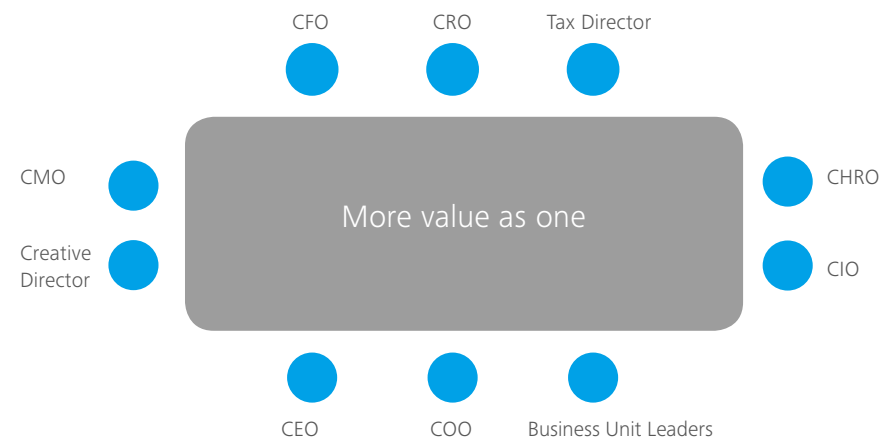
The Deloitte way: 'As One'

Our firm has an unparalleled ability to work with all levels of your organisation, and can work holistically to tackle any challenge, no matter how complex and high-profile. Our competitors typically focus on one or several parts of a business, but few, if any, can consider an approach as one.

Traditional approach



The Deloitte Way: More value as one



Our executive development programmes



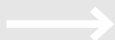
CEO Growth Escalator Programme

Our responsibility in driving sustainable economic growth includes working with UK businesses to drive innovation and new thinking. Deloitte has launched a strategic programme to help ambitious CEOs from leading UK companies succeed in fast growing developing markets.



CFO Programme

Since its launch in 2008, the Deloitte CFO Programme has helped over 100 individuals become group CFO and supported hundreds of others in their roles. The elements which make up the CFO Programme are designed to assist the CFO throughout their career, providing unrivalled insight and support along the way.



“ The Growth Escalator Programme is fantastic for CEOs who want to develop their skills and learn about emerging markets. In this business you never stop learning so I think this programme is great.”

CEO, FTSE 100 Investment Management Group



CFO Transition Labs

“I have never had an experience like that before in my career. A whole day devoted to my success with an extremely talented group of thought partners. The issues and opportunities we collectively uncovered are focussed, important and clearly on the critical path of a successful transition for me.”

CFO, Global Consumer Goods Company



Next Generation CFO

“I am now much more informed. I think it’s the best workshop I have ever attended. Excellent value for time invested and I have built a great network of CFOs.”

CFO, FTSE 100 Company

The greenhouse experience

Increasingly, your business faces issues without easy answers. Issues that require multiple perspectives, creativity, and adaptation. Issues that cannot be addressed with business as usual. We decided to study what it takes to break out of these ruts and accelerate meaningful results, and we discovered the power of immersive experiences – 1-2 day interactive sessions tailored to address specific business challenges.

The Deloitte greenhouse consists of a selection of ‘labs’, each one drawing upon principles from design thinking, behavioural economics, group dynamics, and innovation theory. Regardless of topic, each experience is customised to an executive or team’s distinct needs. The common thread? Disrupting ordinary thinking, revealing new possibilities, and inciting productive action.

Working with you



IMMERSIVE

We take you out of the ordinary and into a consciously designed environment

FACILITATED

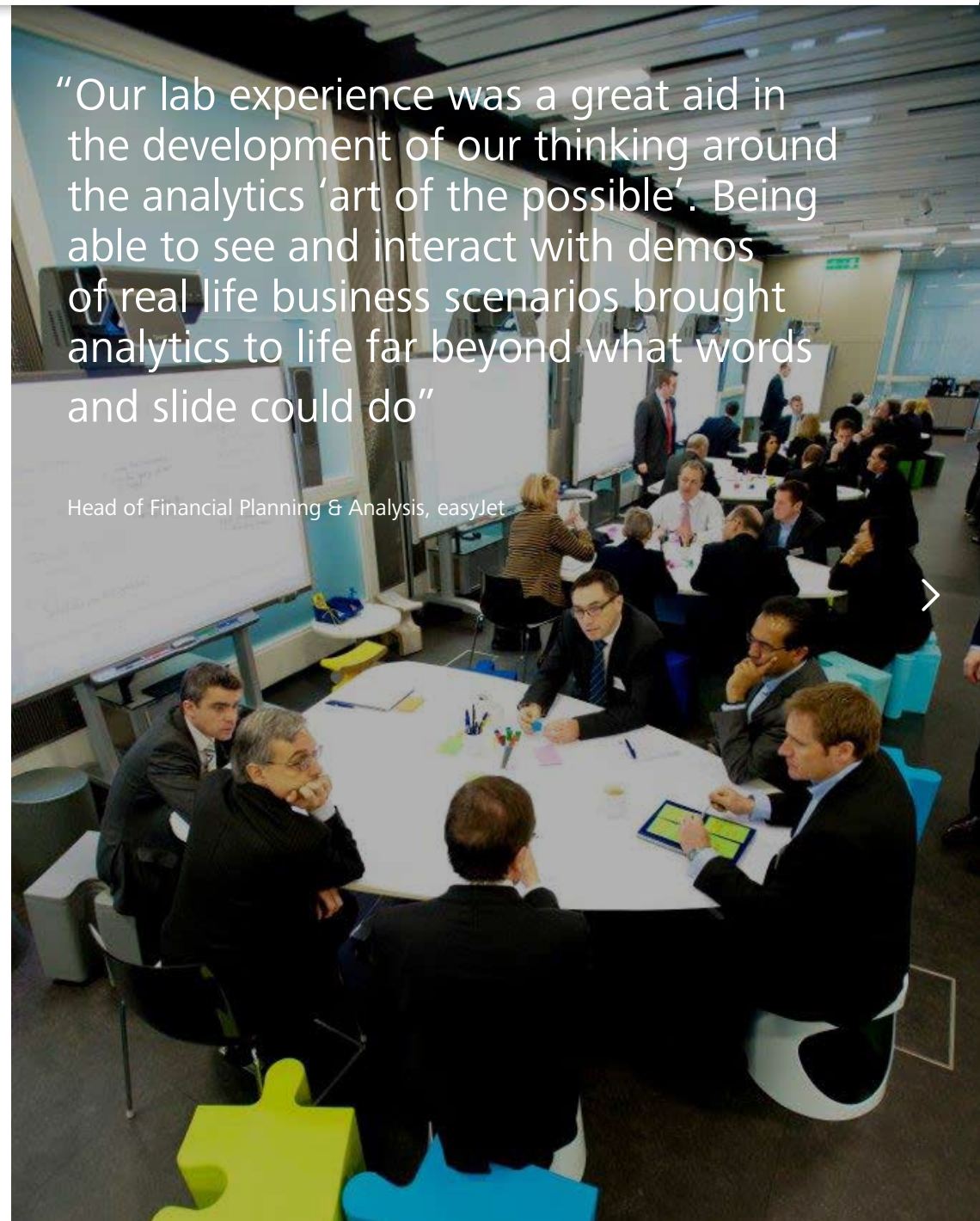
We thoughtfully assemble the right mix of high-tech and high-touch elements

STRUCTURED

We tie together with an approach specifically designed to produce moments of impact

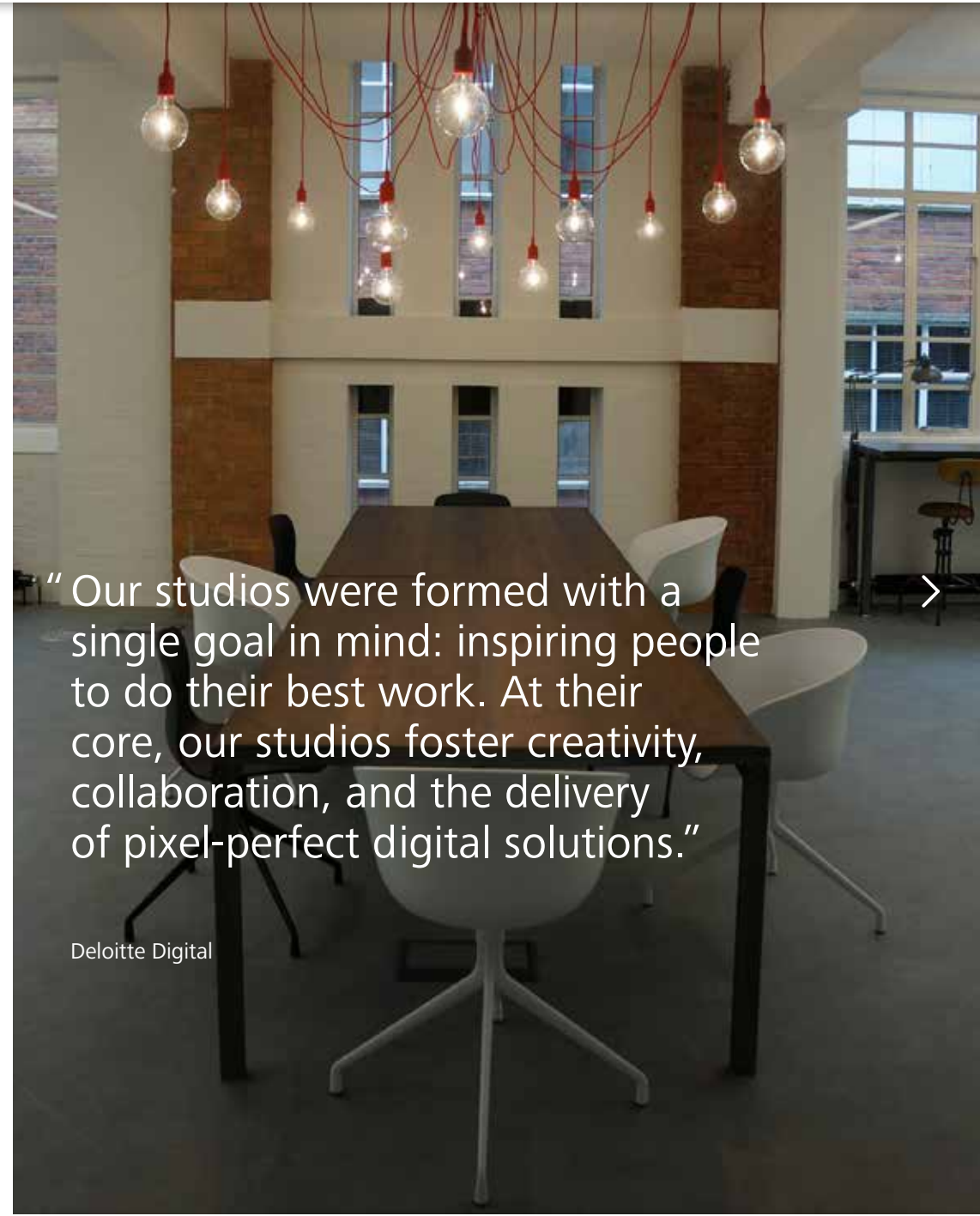
“Our lab experience was a great aid in the development of our thinking around the analytics ‘art of the possible’. Being able to see and interact with demos of real life business scenarios brought analytics to life far beyond what words and slide could do”

Head of Financial Planning & Analysis, easyJet



The Deloitte Digital Studio: Collaboration and inspiration

Our new studio in the heart of Clerkenwell's design district, in London, is a space that has been built for collaboration and inspiration. It allows us to work together with our clients in a flexible manner, with plenty of space to write and draw ideas, as well as the technology to bring them to life. Whether you want to have an ideas session for an hour, run a workshop for an afternoon or collaborate on a project over the course of several weeks, we have the space to do it in.



“ Our studios were formed with a single goal in mind: inspiring people to do their best work. At their core, our studios foster creativity, collaboration, and the delivery of pixel-perfect digital solutions.”

Deloitte Digital

Deloitte Impact

My vision for Deloitte is to be the Distinctive Firm – to stand out through the impact we have on our clients and society.

...

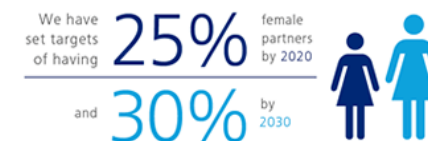
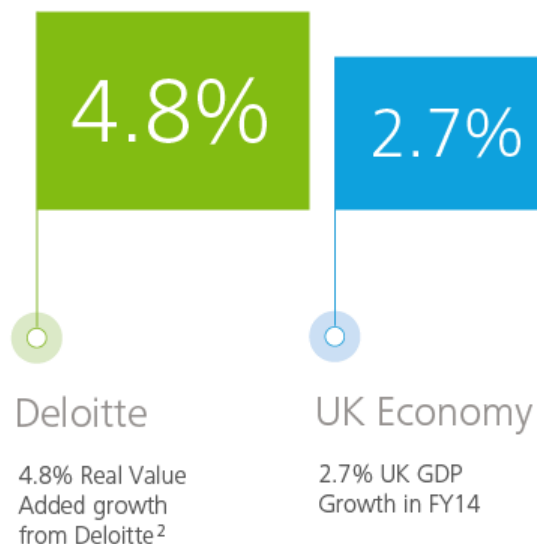
We believe our work is playing an important part in contributing to the economic recovery in the UK. We advise British business leaders on a variety of issues ranging from organisational change to overseas expansion. An important part of our efforts to increase the competitiveness of British business is through our help in managing their tax affairs effectively and complying with regulations in an increasingly complex global economy. Our work across digital and analytics is driving innovation, helping increase productivity and providing our clients with solutions to the most complex of problems.

...

While the marketplace has been challenging, I believe that the quality, passion and energy of our people over the last few years has impacted positively both on our clients and the broader society. We will work hard to improve this impact in FY15 and beyond.

David Sproul

Senior Partner and CEO



Over the last year we have provided charitable organisations and social enterprises with 50,525 hours of pro-bono services



Deloitte Fashion & Luxury, UK leadership



Ian Geddes

Ian is the Head of UK Retail in our Consumer Business practice – including ownership of the Fashion & Luxury Goods business. He has over 20 years experience working in the Retail sector. Functional experience includes: buying and merchandising, category management, price optimisation, sourcing and supplier management, supply chain, and operating model & organisation design

How have luxury consumers changed?

“Luxury consumers can now shop from a larger range of international brands across more categories than ever before. I think this has made more them even more discerning and focused on craftsmanship and materials in addition to style and branding”

igeddes@deloitte.co.uk



Sukie Kooner

Sukie co-leads the UK firm’s Fashion & Luxury Goods business. During her 18 year career she has been responsible for co-ordinating a number of our consumer business clients and luxury brands. She has extensive accounting experience, and has been involved in a number of transactions, IPOs, offering circulars, vendor and financial due diligence

How have luxury companies been evolving?

“I’ve definitely seen a shift towards luxury brands becoming much more sophisticated and rigorous in how they operate – mainly as a result of the increasing competitiveness in the market”

sukiekooner@deloitte.co.uk



Nick Pope

Nick co-leads the UK firm’s Fashion & Luxury Goods business. He has over 13 years of consulting experience, working with a large variety of consumer businesses. His functional experience includes: reputation and brand management, strategic stress testing, forecasting & planning, consumer research, and demand analytics

What does luxury mean to you?

“People often say that luxury is having things the way you want them. But for me luxury is mainly about enduring quality and value – falling in love with the product or the experience, and appreciating it more everyday”

nipope@deloitte.co.uk

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Robin Bell www.robinbell.co.uk

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“The great thing about fashion is that it always looks forward”

In tribute to Oscar de la Renta
(1932 – 2014)

