CHAPTER 9

Fashion Forecasting

Objectives

After completing this chapter, the student will be able to

- describe the forecasting process
- explain why forecasting is essential to merchandising
- use observational information to develop a forecast plan

Depending on the approach the buyer takes, forecasting may be any combination of scientific calculations or wizardry and instinct. Forecasting requires that the buyer determine with as much accuracy as possible what the business's consumer will want in future purchases. Most apparel products are bought by customers who shop and then purchase. These customers depend on an assortment of available products to stimulate their interest and entice them to buy. This process necessitates that the buyer forecast an assortment of products to be housed and promoted to the customer. Although housing the product is reduced in nonstore retailing, the buyer or merchandise manager must still predict what products will appeal to the customer and provide an attractive display of these products for the shopping pleasure of the consumer. For many buyers, forecasting is done one year to six months ahead of the selling season. This traditional six-month schedule is especially true for apparel merchandisers' planning. This method corresponds with the traditional two seasons of fashion: fall and spring. As the fashion cycles have become shorter for many consumer products, the planning periods have shortened and the forecast is made for a shorter period. In fact, some buyers have reduced total time in the pipeline and are buying closer to the selling season.

Most buyers shop the market with some level of forecasting as part of the planning process. A buyer who is developing a private label program with an offshore contractor may need at least one year for making plans and completing production of the new products. For buyers working with vendor-managed products or autoreplenishment products, forecasting may be a simple adjustment of the color or size assortments. Even these simple adjustments require an accurate approximation of the

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purchasing requests of consumers. (A few buyers shop the market for customized orders. Usually, these orders are placed by a customer who is waiting to receive the requested merchandise. This merchandise is not part of forecasting.)

Overview of Forecasting

Forecasting is the systematic method of looking for pattern, trend, and change in the product preferences of consumers. The buyer must predict not only the product preferences of current customers, but also when changes will occur in these style preferences. Two aspects of forecasting are needed: qualitative and quantitative. The **qualitative aspect** is often called fashion forecasting or **qualitative forecasting**. The buyer must determine the styles, colors, fabrications, and brands that the consumer will desire. These features are often associated with the design preferences, lifestyle characteristics, psychographics, and other factors in consumer choice. This type of forecasting is needed for products as diverse as a silk scarf and a faux pewter faucet. Change and excitement in product assortment is desired in many product lines by many consumers. For many types of merchandise, a retailer's competitive positioning is dependent upon the ability to forecast and to assemble an exciting and enticing assortment of merchandise.

The **quantitative aspect** of forecasting is often called sales forecasting, determining order quantity, or **quantitative forecasting**. This type of forecasting includes calculating the numbers of items per style, per vendor, and per color. To start the sales forecast, the buyer must determine an overall sales goal, and the margins and stock values needed to meet this goal for a specific period. This information was discussed in Chapters 3, 6, and 7. The buyer decides how many items to buy, with each item classified by style, color, vendor, and size. Some retailers would consider additional categories such as price point or fashion level. A categorization with pricing of all items would result in the assortment plan by the buyer. (See Chapter 10.) The total value of the sales forecast in the assortment plan must match the dollars allocated for sales by the P & L statement and the amount of planned purchases allocation in the six-month plan.

Qualitative forecasting or **fashion forecasting** is the focus of this chapter. The process is more difficult when forecasting apparel because often the consumer does not know what will be purchased before seeing the merchandise. Large stores with high volumes of merchandise may have very sophisticated computer systems that use complex mathematical calculations to create forecasts. These forecasts depend on large databases of information. However, even the most complex software still requires input from humans and the insight of a successful merchandiser to make an accurate prediction.

Buyers of fashion goods including apparel, home fashions, and other consumer products are more concerned with the styling, fashionability, color, and distinctiveness of the merchandise than are many buyers of other types of products. Fashionability is of primary importance to apparel buyers; however, the fashion features of many products, including fashion colors for automobiles, paint, and appliances, are becoming important to other retailers. For example, style features and color are important in office furniture, home fashions, and computers. **Style features** are characteristics that affect the look, shape, or size of a product; can make a product more distinctive; and may position the product against the competition and more appropriately for the target consumer. Some computer companies use style features of nontraditional shapes and colors for their monitors, which make their brands visually distinctive from other brands. This difference appeals to some computer users. Style features have both negative and positive

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impacts on the product. The gain in marketability through increased style and color variety is a loss in the potential accuracy of the forecast. The more style features and color variations that are offered by vendors, the more difficult the job of forecasting becomes for buyers as they attempt to select the exact preference of a future customer. Products that change frequently, such as apparel, accessories, and home fashions, with millions of style and color variants are very difficult to forecast.

Successful forecasting is critical to the success of a retailer who sells fashion related merchandise. The right merchandise must be available when the consumer perceives a need for the merchandise. If the merchandise offered by the retailer motivates the consumer to buy, then a sale is made. If the margins are set to cover expenses and the price includes dollars to cover the cost of the merchandise, the sale will contribute to the profit of the business. If the merchandise is not wanted nor needed by the consumer and does not motivate the consumer to purchase, the merchandise will continue to remain unsold. No dollars contribute to the profit, and, within a short time, the retailer will be without cash to buy new merchandise or to pay bills. Sale of the merchandise is vital to the existence of the business. Cash flow is important to maintain fresh stock and to pay employees. In this way, fashion forecasting, because of its impact on the financial activities of the business, is critical to the success of the business.

Process of Fashion Forecasting

Fashion forecasting can be as simple as placing a repeat order for a group of merchandise items or it can be as complex as a six-month process made by a team of dedicated professional marketers. For most buyers, fashion forecasting involves the gathering of information in a myriad of ways from a plethora of sources. Most buyers forecast style, color, and fabrication for merchandise classifications. When the information is gathered, a series of choice sets result. **Choice sets** are the merchandise alternatives available to the buyer, from which the buyer must select the items for the store. In today's business world, more buyers suffer from too much information or the wrong information than the number of buyers that suffer from not enough information.

The **fashion forecasting process** varies for every buyer and for every business. Forecasting various products also differs, but some commonalities in the process exist for all buyers. The fashion forecasting process includes the basic steps of (a) understanding the vision of the business and profile of target customers (see Chapter 5), (b) collecting information about available merchandise, (c) preparing information, (d) determining trends, and (e) choosing merchandise appropriate for the business and target customers. Most buyers forecast both style and color for merchandise. This dual forecasting process may proceed simultaneously for both style and color, or the buyer may keep two sets of records—one for style and one for color.

Understanding the Vision of the Business and the Profile of Target Customers

Understanding the vision of the business and the target customer is discussed in Chapters 1, 3, and 5. This basic information is the foundation for all business activities; however, details about the retailer's business plan and the target customer are

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needed to direct the fashion forecast. Order processes, payment plans, computer capacities, and distribution methods are all business systems that can affect the selection of the merchandise and direct the forecast. For example, selection of style is constrained by the processes of the retailer's business systems. These constraints include limits on merchandise quantities from vendors, time requirements for processing orders, and preselection of vendors by management. Some small retailers may find that they are restricted from ordering merchandise because vendors have minimum requirements for order volume that exceeds the retailer's budget.

When forecasting merchandise to purchase for a retail business, the buyer must know the product specific criteria both for the business and for the target customer. For example, the business may have policies about color (e.g., everything must be white), sizes (e.g., everything must be a size 5, 7, or 9), or price point (e.g., everything must sell for $6.00). These policies will limit or control the forecast. **Product specific criteria** for the target customer include quality, color, fashion level, style, distinctiveness, brand name, and price. Brand becomes a qualitative criterion because of the image associated with branding and the fashion levels imagined by the consumer when considering brands. Many aesthetic aspects of the product are part of the qualitative features. Fashion criteria are often elusive features and interpreted differently by every person. This multi-interpretational characteristic further increases the difficulty of forecasting. In addition, the preference of the consumer can change depending on situational usage, prior performance of the product, and other extrinsic criteria. Most buyers will have target consumer information as part of the strategic planning process. Although the information should be up-dated regularly, the buyer will not necessarily collect additional consumer information simultaneously with product style and color information.

Collecting Information

Style and color information searches start with understanding the target market and the sales data from previous styles. When this consumer and business information is clarified, the buyer begins the search for new product information. To collect product information, the buyer completes a variety of activities. New style information comes from television, high price point and more fashion forward markets, street observations, vendors, market trips, fashion shows, and observation of competitors. Street observations are examples of **fashion counts** and can provide information about trend, which are used to observe a broad range of customers and determine current popular styles. The results of a fashion count are a tally of all observed wearing, carrying, or using products within a merchandise classification. Observations are recorded according to subclassifications within the major classification. Most buyers who are forecasting gather information from more than one source. These activities include (a) reviewing the general media (i.e., reading newspapers, watching television, and using other current events sources), (b) scanning fashion publications and literature from trade organizations, (c) using a fashion forecasting service, (d) attending trade shows and markets, (e) reviewing store information, (f) reviewing literature and information from vendors, (g) attending major social or sports events, (h) traveling to other areas within the United States and to other areas in the world, and (i) observing and pinpointing trends in other product categories that coordinate with or influence the product classifications being forecasted. Many of these activities are daily habits among most buyers. Good buyers learn to constantly scan the environment for information to help with their forecasts and to store that information in readily accessible formats.

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Reviewing the General Media

To understand the future, the buyer must be continuously aware of major world events and minor local events. The inauguration of a new president or the installation of a new city mayor may have an impact on fashion. When the wife of a new president wears a hat to the national inauguration, the world waits and wonders if this will affect the millinery desires of future consumers. A new wallpaper pattern or lamp used on the set of the local television news broadcast could have a fashion influence on a local market. Many people see these television personalities and their environments every night and use them as role models for their own selection of products. When observing people who are in the media, the buyer should be scanning for new ideas, the continuation of a previous best seller, or a change in appearance. The buyer may want to focus on people who are considered leaders by the target customer so that the buyer is documenting new ideas and not following the current trends. For this reason, most consumer magazines would not be a good source of information; if the image is already in the average consumer magazine, then it is too late to incorporate it into a new forecast. Buyers must think about future seasons when making forecasts.

With the increase in Internet services, collecting and sorting information from the news has become easier for anyone with the basic Internet hookups. Many Internet providers allow the user to customize the user profile to filter and sort information from a myriad of news sources. By putting key words into the profile, a buyer can scan the update and learn about world and local events in a few minutes. This service is similar to previous services that provided news clippings to its customers.

Although the Internet is a time saver, the buyer should be aware that an idea for a fashion trend can come from anywhere in this fast-paced, news-laden world and should not limit the scan to preset profiles. Inspiration and insight can come from the simple act of reading the newspaper or watching the local weather. Fashion information is everywhere.

Scanning Fashion Publications

Reading and reviewing fashion information in the **trade publications** should be daily habits for the buyer of any fashion goods. For apparel merchandise, the most fundamental publication in this scan is *Women's Wear Daily*. The *Daily New Record* is vital for buyers who deal with men's wear. These newspapers are the equivalent of the *Wall Street Journal* for the fashion apparel business. Numerous other publications for more specific segments of the fashion industry are also important. For example, *Earnshaws* is important reading for buyers in the children's wear market. *Footwear News* is a must read for those who buy shoes. *Home Furnishings Today* covers the current activities in the home furnishings area, which includes information about small accessories and other fashion goods for the home. The gift market, plumbing supplies, and other products also have dedicated trade journals.

In addition to these specific product sources, trade organizations promoting fiber and other industry products and services offer fashion presentations, publications, and services to the retail buyer. For example, some fiber associations offer a seasonal or twice yearly trend forecast that provides color, silhouette, and fabric predictions for the apparel and home furnishings industries. Some fiber organizations publish fashion bulletins, reports, and market reviews. Fabric libraries and other research materials may be available from these trade organizations.

Many of these trade publications and information sources about the industry are now available over the Internet. Some of the sources have free access for limited versions of the publications, but require payment for more extensive versions. Other sources are available only on a payment basis. Additional new sources of trade information are being

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added at a rapid rate to the Internet. A buyer should scan the Internet to determine a selection of favorite Web sites for trade information. The advantage of this electronic format is the speed of access. The buyer can have today's news today instead of waiting for the newspaper to arrive in the mail. Another advantage is the ability of the provider to customize the information and for the reader to customize the receipt of the information. For example, a buyer could establish a user profile that highlighted all available information about the color red and the Scottish weave or any other target customer preference. A disadvantage of the Internet continues to be the lack of consistency in color representation. Other complaints about Internet scanning are the inability of a buyer to touch the fabrics and feel the textures and the lack of dependability of the source. Buyers should be aware that any person (young, old, experienced, or inexperienced) could develop a Web site without any training or knowledge of the industry.

Using a Fashion Forecasting Service

Fashion forecasting services scan the fashion world for the buyer. These services, for a fee, provide the buyer with information about new colors, styles, and other features. Services include identification of trends and information tailored to a target market. Some services provide only color information, others specialize in fabrics, and still others provide style information with sketches, photographs, or computer-generated images. Other forecasting services provide a comprehensive review of fashion information.

Specific color forecasting services may also be used. The oldest color association in the United States is the Color Association of the United States (CAUS). Other color services include The Color Box, and The Color Marketing Group, which is composed of personnel from a variety of industry segments with diverse product classifications. Color services may offer pictures of the color; fiber, fabric, or other raw materials samples in the color; and examples of merchandise using the color. Color services also name the color and may suggest color trends. Use of color samples is dependent on the quality of the color reproduction, and names of colors may create images that are not accurate. Exact reproduction of colors continues to be a challenge for all consumer product industries. Color analysis from previous sales data may not be available from sales and inventory systems and is something that a buyer should request if new computer systems are being installed.

The fashion forecasting service can provide the buyer with an assortment of sketches, color swatches, videos, photographs, and other visual aids that represent new ideas and repeating images. The presentations are often professionally developed and collected into booklets or boxes of materials. These services are now available on the Web with a password access for the buyer. For forecasts sent by mail or courier service to the buyer, fabric swatches, actual photographs, or yarn buttons may be included in the presentations. Prototypes or samples in full size or miniature may be available for some product classifications.

Forecasts from fashion forecasting services are often on a twice-annual basis or may be according to a preset number of seasons. The period of coverage varies with the service and may be a fixed time and the same for all customers, or changed to accommodate the individual buyer. Buyers should choose a service that will have forecasts timed to coincide with the buying cycle for their business. For buyers with traditional buying cycles of four or five seasons, many services may readily accommodate their needs. Buyers with more frequent buying times and shorter planning cycles may need to request specialized services.

A fashion forecasting service provides a number of advantages to a buyer. Time saving is one of the most obvious advantages. The staff from the service spends their time scanning the news media, the trade papers, and other sources. The staff also culls

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the information, sorts and organizes the information, and prepares the forecast from their research. Using a forecasting service also has disadvantages. The service may have its own "style" or way of viewing the future. This view is only useful to the buyer if the view coincides with the vision of the buyer's business and would be acceptable for the buyer's target customer. The information from a service can become repetitive and single focused, which may limit the newness of the forecast and may contribute to stale merchandise assortments for a buyer. The buyer may find that time is better spent doing personal research rather than reading the information from the services.

Forecasting services charge for their work. Fees for forecasting services range from a few hundred dollars to thousands of dollars depending on the assortment of services that are purchased. The cost of the service may be prohibitive for many buyers, and depending on the extensiveness of the information search needed by the buyer, the fee may not be justified. (Some products are more stable and have less change. This buyer may find that, with a minimum of record review, an accurate forecast may be made without outside information.)

Attending Fashion Shows and Markets

Attending fashion or trade shows appears to be a highlight of any fashion career. The image of jetting to a foreign country or a major domestic city to view the latest creations by famous fashion designers is an image that many people have about buyers. This image is only partially correct. Attendance at a major international fashion show is hard work for a buyer. The buyer must prepare for the show—reviewing business information, determining what shows will be seen, and pre-evaluating the designers whose shows will be visited. While at the markets, the buyer will want to see as many shows or product presentations as possible, which may require sprinting on foot from one tent or showroom to the next. Seating will be crowded, food will be limited and expensive, and accommodations will be overbooked. The buyer must work very hard to take notes and sketches and to gather as much information as possible in an impossibly short time. Yet, attending a major fashion or trade show is the best way to see the newest products and to sense the heartbeat of the fashion industry.

For apparel, major fashion shows take place twice a year in Paris. Other international shows for apparel are held in Milan and New York City. These shows are particularly important for buyers of women's fashions. Other shows with more regional coverage are held in major cities in the United States such as Atlanta, Chicago, Dallas, Los Angles, and Miami. The major fashion show for men's wear, MAGIC, is held twice a year in Las Vegas. Buyers who are primarily interested in children's wear, sportswear, accessories, or gifts may find that certain regional shows have more offerings for their clients than some of the major shows. Observing the shows for new ideas is not the same as attending the show for buying. When the buyer goes to market, the forecast should already be complete. When a buyer attends a major international show, but shops in more regional markets, the show might be viewed for ideas for next season. While at the market, buyers may also attend shows to buy a select group of merchandise for a few new trend concepts to complete the forecast and buying orders that have already been written. Shows for other products are centered in other cities at a variety of intervals.

The Internet has affected the buyer's attendance at fashion and trade shows as well as other areas of forecasting. Some designers of new products are doing simulcasts of their shows and making the live show available on the Internet as well as on the runway or in a series of kiosks. For a fee, a buyer can log on and view one of these live Web shows. Some product designers also have clips or portions of the show available for later viewing, again for a fee. Some e-commerce businesses provide the designers

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with a show service and make an assortment of shows and other information available to customers of the Web site. These sites allow buyers to view the shows from their office computers without the hassle and expenses of attending the shows. Of course, these buyers also miss the excitement of being in the crowd and the opportunity to observe the audience and the local retailers. Again, everywhere and everything should be scanned to provide information for the forecast. A popular new product could be emerging from the people on the streets as well as from the runways of Paris.

Reviewing Store Information

Store information can be collected from a variety of sources: store employees, want slips, style outs, and POS data. Gathering opinions from store employees is an important aspect of reviewing store information, but must be done with extreme care. Sales associates will have information that is directly sourced from customers, but often only a select few customers will voice opinions about current merchandise and even fewer customers express opinions about future wants in merchandise. Some businesses use a formal system of collecting information from consumers. This system involves the use of slips of paper called **want slips**. Blank want slips are kept at the cash registers and are completed by sales associates. When a sales associate rings merchandise for a customer, the associate should ask if the customer found everything and if the customer was looking for anything that was not found. This activity at the cash register can promote additional sales and will identify potential new merchandise for the business.

The collection of want slips can be beneficial for goodwill between the business and the customer. If the salesperson inquires about unmet wants and attends to them, the customer will feel that the sales associate is truly interested in the customer's needs and wants. The customer will feel that the business is really trying to achieve customer satisfaction. Want slips can also alert a buyer to merchandise that is out of stock and could be reordered if time permits a reorder. With some electronic cash registers, the information that would belong on a want slip can be entered directly at the cash register into an appropriate database. If paper want slips are used, the buyer will need to develop a routine for collecting and saving the want slips to ensure that no slips are lost. Buyers should acknowledge that this is not a statistically random method of determining consumer wants and should be used with caution because of biases that are inherent in this type of data collection method; however, in conjunction with other information collection methods, sales associates' information can be very insightful for the buyer.

Style outs examine current merchandise to determine trends, slow-selling items, and items that are hard to keep because they are so popular. Style outs are another method of collecting data from the store. This data collection method is a good activity for the buyer to complete while in a store in a merchandise department where sales associates or other company personnel can be involved. During a style out, the buyer will pull from the shelves and racks all merchandise from a group, category, or vendor that remains in stock. The buyer uses the purchase orders as a comparison of what was originally in the department and can observe the remaining merchandise. By noting what has been sold and what remains in the store, the buyer can determine visually what style features are selling and what features characterize the merchandise that continues to remain in the store. This data collection method is not a review of what items (e.g., skirt, blouse, or shower curtain) were sold, but a review of the style features (e.g., scoop neck, pink stripes, or clear plastic fabric) that were chosen by the customer. To do a style out, the buyer must have detailed knowledge of the merchandise that was purchased for the business. The purchases that are now being sold to

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consumers may have been made six to eight months earlier and may have included hundreds or thousands of units; therefore, the buyer must have a good memory for details and keep good notes in order to do an effective style out.

Reviewing Literature and Information from Vendors

For the buyer, many vendors will provide information and opinions about new products and fashion trends. Vendors who are apparel manufacturers have been working to develop the new product for several months prior to presenting the merchandise to the buyer. The vendor will have been to fabric tradeshows and may have marketing and product development staff in the business. Most vendors are very knowledgeable about their merchandise and about market activities; however, the buyer should be wary of this source and remember that the vendor's primary goal is to sell the merchandise. On the other hand, trustworthy relationships between buyers and vendors are extremely valuable, and a retailer–vendor partnership that is a long-term relationship is built on more than a profit motive. A vendor who wishes to have a long-term relationship with the retailer will be interested in the satisfaction of the retailer and the retailer's customer and will be judicious with advice and interested in the sell-through of the merchandise.

For buyers who are repeat customers, vendors can preselect merchandise that they think would satisfy the buyer's customers. The vendor becomes another scanning device for the buyer. Some vendors use their own databases and computer software to generate purchase orders for buyers that are completed prior to the buyer ever seeing any stock. These vendors will forecast the merchandise assortment with size, color, and quantities and may even place the stock in the business's distribution centers and floor space. The vendor may also warehouse the stock for the retailer. In a reverse direction of sharing for the partnership, vendors may consult the retailers in product forecasting. In order to obtain input from their major retail accounts, many manufacturers or vendors present their seasonal lines far in advance of the traditional vendor selling season to their best partners. This method, called **prelining**, not only helps the vendor solidify the seasonal offerings, but also provides advanced trend insight for the buyer. This level of partnership takes a long-time investment to develop and is very beneficial to both buyer and vendor, but is rare. (Vendor-managed stock is discussed in Chapters 7 and 14.)

To display or advertise new merchandise, the vendor may provide catalogs, videotapes, or password access to Web sites. With the flexibility and graphics capabilities of computers, the vendor may even use photographs and sketches to custom tailor a Web site for a buyer. The buyer can add these graphic sources to the collection of information from the general scanning activity, information gathered from a forecasting service, business information, and other sources of information. Buyers review these materials to gather ideas, find new sources of merchandise, and identify specific products to order.

Attending Major Social and Sports Events

By attending major social happenings and sports events, the buyer can observe products that are being worn, carried, or used by consumers in all fashion levels of the product life cycle. In a large group, fashion forward consumers and fashion followers will be represented. The buyer will also see consumers who are creating their own new fashion look. For the retailer who has limited access to other new information, these events are useful in providing insight into current activities of consumers. Fashion forward trends can be pinpointed and purchased for immediate delivery, or the trends that are observed can be adapted to fit the merchandise assortment of the individual retailer. Identifying new merchandise or new combinations of items will assist the retailer who is trying to provide fashion leadership, fresh assortments, and additional sales.

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Traveling to Other Areas within the United States or to Other Areas of the World

Many large retail companies and some small retail businesses arrange for their fashion buyers to attend worldwide events in various areas of the world, or to power shop in major foreign retail markets. Additionally, many astute buyers plan vacations or travel to foreign countries on their own to observe other cultures and to gain insight into their potential influence on the apparel, home furnishings, home appliances, automobile, and other product trends in their home country.

Observing and Pinpointing Trends in Other Product Categories

Many times trends develop in one product category that will affect the design, color, or fabrication of another product category. Traditionally, intimate apparel garments are developed to support the sale of ready-to-wear garments; or hosiery and shoes are designed to coordinate with skirt lengths, pant styles, or particular trendy fabrications. A new color that becomes popular in apparel may influence the adoption of that color in home furnishings, gift items, and automobiles. The exchange of fashion ideas across products is often swift and multidirectional. When classifications are produced primarily in one country, that country can become a fashion leader in the classification, which means that those fashion forward items may trigger new fashion trends and earlier customer acceptance and demand for another product category in a specific style.

Preparing Information

The accuracy of information fed into the forecasting process has a direct effect on the accuracy of the forecast. Improved information about possible trends, style changes, and new vendors will assist the buyer in making a well-targeted forecast. Recording, storing, and organizing this information are as important as collecting the information. Some buyers keep files for cataloging information relative to fashion forecasting. Sales history is the most common file and often includes pictures. Some buyers keep a journal to record ideas, images, sketches, or other scraps of information. A bound book with blank pages can be used as a journal because the blank pages are more appropriate for sketches. Some buyers call this journal their report book. Other buyers prefer to keep a three-ring binder-style notebook and use plain pages, lined pages, and plastic sleeve pages. The plastic sleeves are a great way to keep samples of yarns, fabrics and other raw materials, swipes, and pictures and computer graphics. **Swipes** include any pictures that can convey a color, a style, or other features that may be important to the forecast.

Standard file cabinets and file folders may be used to store notes, photographs, sketches, and other sources of information. Some companies keep walls of corkboard in the buyer's offices or merchandising offices to keep style pictures and swipes available in a more visible way. These boards are particularly useful for moving and reconnecting information to develop themes and to identify trends. **Concept boards** that contain swipes, words, photographs, and other images may be developed to share ideas with a team or other members of the retail staff. These boards are often foam core boards of varying size (e.g., 2′ by 3′; 1.5′ by 2′). (Size may be dictated by company policy, the preference of the buyer, or the size of one's portfolio or office table.)

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Keeping good notes about the source of fabrics, colors, or photographs is as important as keeping the visual evidence. The buyer would be very disappointed to choose a fabric sample as the central item in a season's purchases and discover that no one knows the source of the fabric and that it is untraceable. File labels with the name of the company, dates, addresses, and other pertinent information should always be affixed to samples. Note cards or other forms of labeling could be slipped in the plastic sleeve where a sample is kept, but this method allows the sample and the label to be separated. (When a buying team has many samples spread over a conference table, the labels and samples could easily become mixed.) A coding system could be used for vendors that are frequently used and that have current information in other files.

The use of a computer for data keeping is an option that may sound attractive, but could be very time consuming. Samples of all varieties could be scanned and collected into computer files. Scanning requires considerable time and the quality of the texture and color of the sample may be altered in the process. For a buyer who wishes to share information with a team member such as a department manager who is geographically distant, computer files might be a solution because of the time and expense saved in shipping the items. Computer files can also become a backup for the actual items. Computer-scanned images could be used as archival storage for information from previous seasons. If the information is in electronic format, some software solutions may be used to help sort and select merchandise. Use of electronically shared information can reduce the time between forecasting and sales. Quick Response systems that gather consumer data and share this data with manufacturers can reduce planning time and increase forecasting accuracy.

Determining Trends

The buyer must determine an overall trend for the coming planning period as well as specific items of merchandise. To achieve this balance, some companies keep two separate schedules for forecasting: long term and short term. **Long-term forecasts** provide an overall view of the marketplace as well as the changes in merchandise styles and cover a period of six months or longer. For a long-term forecast, general trends are noted and merchandise that is recognized as very popular or continuations from previous seasons are included. **Short-term forecasts** are for shorter time periods than long-term forecasts; for example, less than six months. They include specific information about style and color and are used to develop the assortment plan. Long-term forecasts provide direction for the buying (i.e., identification of trends), but the short-term forecast identifies specific merchandise items and also allows for changes in the specific selections to be made in response to early purchases. If the company is small and can place small orders or if the company is large, but has an established partnership with a manufacturer with flexible production, short-term forecasts are more workable with the vendors than long-term forecasts.

A trend may be a revision of a current trend or a change from the previous trend. A **trend** is the general increase in acceptance of a style or certain style features. The trend may be as specific as one item of merchandise, for example, the tank top. More often, the trend is a style feature or a general look, which can include color, fabric, shape, or parts of the item (i.e., collar, closures, edging, or trim). When the trend is identified, merchandise can be evaluated relative to this trend and selection of actual items can be made.

Identifying a trend may be as simple as counting the number of swipes in a file or as complicated as calculating a mathematical formula. Several methods of identify-

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ing trends may be used by buyers. A good buyer will always have a personal opinion or intuition about a trend as well as documentation for the trend. Collecting information is important to identifying the trend. Basic to an accurate forecast is adequate and accurate information. To identify possible trends as needed to complete the forecast, the buyer will review the swipes, brochures, notes, and other documentation that have been collected during the planning period. Some buyers, especially someone who buys for a small business, will use very simple and rather qualitative analysis when identifying trends. The buyer for a small business may have limited time or resources to do extensive quantitative analysis; however, with small but powerful computers anyone can do some sophisticated quantitative data analysis.

Qualitative trend analysis consists of reviewing the data collected during a period. The data will consist of the buyer's notes and all graphic information that has been collected about new merchandise and new media events. The buyer will also need the information about previous styles and trends that were selling well for the business. Some buyers use corkboards in their offices or file folders or simple stacks on a conference table to sort the data pieces and identify style features. The buyer is looking for an increased occurrence of something new. (In a recent season, the appearance of a lilac bridesmaid's dress in a popular movie signaled the start of a trend for pastel colors in the bridal wear market.) The buyer must be very open to new ideas, new sources, new information, and subtle changes in the world. A buyer can identify something new because of an in-depth knowledge of merchandise in previous seasons. An understanding of fashion theory, including the cyclical nature of fashion and the evolution of change, is also an important tool for the buyer. With qualitative trend analysis, the buyer depends on visual analysis of the collected data and on the buyer's own sense of what is new, exciting, or different.

Quantitative trend analysis depends on the mathematical analysis of data. To perform this type of analysis, the buyer or someone for the buyer would quantify the graphic information that has been collected. For example, the exact shades and hues of color in any swipes, photographs, or videos would be quantified. The number of times that these exact colors were viewed would also be noted. In addition, the person encoding the data may also quantify the situation in which the color was noted or the adjacent colors and style features that were seen. Style features and actual items of merchandise, including shapes and dimensions of the item, could be cataloged in this process. Some quantitative trend analyses include additional information about general economy, political events, and other world issues. The quantitative analysis process is time consuming and is best done by buyers who have many financial resources at their disposal. In addition, a decision about the investment of time and money versus the return in accuracy of forecast would need to be conducted before beginning a quantitative trend analysis.

The result of trend analysis is that the buyer has a guide for selecting merchandise. For example, the buyer would state that the trend for the next six months is for dark, jewel-tone colors and heavy, rough fabrics. Once the trend is identified, the buyer will need to be certain that this trend will appeal to and be purchased by the retailer's customers. For example, the buyer identifies that the trend is for dark rich colors. The buyer knows from history of the business that dark colors do not sell-through. The buyer must decide whether the trend is strong enough that the customer will change previous buying habits and accept the new trend or the trend must be adjusted to fit the customer. Perhaps the buyer will purchase the dark colors only for a limited amount of items, or the buyer will purchase only dark accessories.

Knowledge of the business and the target consumer is very important in focusing the trend to fit the business. A decision at this point in the forecast could greatly affect the salability of the retailer's merchandise and the future for the buyer. If a buyer

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discards a trend because the trend seems too extreme for the target consumer and the buyer is incorrect, the target consumer will be shopping the retailer's stores, catalogs, or Web sites and not see the desired new merchandise. If the desire for the new merchandise is strong, the customer will seek other sources for the merchandise. Also, if the buyer selects the trend and the target consumer chooses not to follow this trend, the retailer will hold excess merchandise that is not sold and again the customer who visits the retail sites will view merchandise that is not appealing to them. A customer who leaves because the merchandise is not appealing may shop elsewhere, be satisfied at the new location, and never return to the first location. For these reasons, forecasting the right merchandise is critical to the retailer's success.

Selecting Merchandise

Final merchandise selection is a major part of forecasting. Decisions for this step involve a number of activities and include style, color, fabrication, and brand. Activities may vary with the size of the company, the number of stores for which the forecast is made, and the budget that is allocated for the forecasting process. Small companies may have limited budget for travel, but will have more flexibility in the placement of small orders that are closer to the market. Preliminary to the final selection of merchandise, the following activities may occur: (a) buying samples from Europe or better markets and gauging colleagues and salespersons response and (b) buying a small amount of the merchandise and putting it in the store for a test run.

Test runs are small amounts of merchandise that are put into test markets to test or evaluate the salability of the merchandise. Some large, multistore retailers who develop their own merchandise actually place test runs or **floorsets** of the newly developed merchandise in selected stores located in specific geographic regions. These retailers use this **fastrack** method to identify best-selling styles, colors, and fabrications for specific consumers in specific geographic areas. In addition, these retailers utilize the information from the sale of these floorsets to develop new products for customers in other regions, especially when the weather differential between the geographic regions allows for a later entry of seasonal merchandise. For example, a new style of snow shovel can be **pretested** or placed into stores in a very northern region and later introduced into a mid-climate region that has a later snowfall. Using fastrack methods of merchandise entry, the retailer has a pulse on the items that will be accepted by most consumers before the peak selling season has arrived.

The test run must be completed early in or prior to the main opening of a season so that additional merchandise can be ordered if the test run proves that the merchandise is a strong-selling item. A test market can be a single store in a multi-store company, in catalogs for selected customers for retailers with catalogs, or on a Web site. For the retailer, an advantage to the virtual forms of selling (i.e., catalog or Web site) is the ability to show the items to the customer without having to stock them.

The merchandise selection aspect of forecasting is a series of choice sets for the buyer. A choice set contains alternative selections of merchandise. The choice set may be a set of individual items (e.g., six different blouses) or a set of multiple items (e.g., three sets of lamps, which represent all the lamps shown by three different vendors). The buyer must select which blouses or which dresses are to be purchased for the store. Although most buyers rarely think about how they decide on merchandise, decision rules are present when the buyer makes these choices. Most buyers use the conjunctive rule when buying apparel. The **conjunctive rule** is used by people as a means

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of eliminating a number of alternatives quickly. The person making the decision must set a minimum standard for each attribute (e.g., color or style feature) that is considered important. The product is then compared to the standards. If a product fails to match or exceed any one of the many standards set by the decision maker, the product is dropped from further consideration. The standard is set by the buyer's judgment, previous experience, and trend analysis. Using this information, the buyer must understand in specific detail the preferences of the target consumer and be able to develop a standard from those known preferences.

When selecting merchandise, the buyer must constantly remember that a **taste gap** may exist between the vendors, other fashion information sources, and the target consumers. The gap may be due to geographic, age, or economic differences. Previous information about style trends and actual merchandise sold can assist the buyer in determining a potential taste gap. Again, the buyer must depend on qualitative measures, previous information, and an understanding of the consumer to generate a well-targeted forecast, for success in forecasting.

The final forecast must be coordinated with all merchandise categories and with the strategic plans for the company. Final decisions about style and color are based on the factors of observation of samples, personal experience and opinion, opinions of other personnel in the company, price of the merchandise, and brand or vendor reputation. Small companies may actually have the opportunity to sample customers and use their opinions to influence the forecast. Larger companies may depend on generalized themes, vendor recommendations, and samples. Personnel within the company who may be polled include sales associates, department and store managers, associate or assistant buyers, and other colleagues. The final decision usually remains the task of the buyer. A successful forecast is usually rewarded by bonuses for the buyer. On the other hand, an unsuccessful forecast and unsold merchandise result in the loss of sales for the company and the potential loss of job for the buyer.

Summary

Fashion forecasting is both the thrill and the curse of fashion merchandising. In an air of excitement, buyers may conduct a number of activities such as shop the markets, interview customers, and travel to see foreign fashion shows in the development of a forecast. However, the forecast process also contains the collection and processing of volumes of information, critical and careful decision making, and large amounts of paperwork. The forecast is the beginning of the merchandise assortment and as such determines the merchandise that will enter the store. Behind this forecast is careful understanding of store image and target customer.

Key Terms

Choice sets
Concept boards
Conjunctive rule
Fashion counts
Fashion forecasting
Fashion forecasting process
Fashion forecasting services
Fastrack
Floorsets
Long-term forecasts
Prelining
Pretested
Product specific criteria
Qualitative aspect
Qualitative forecasting
Quantitative aspect
Quantitative forecasting
Short-term forecasts
Style features
Style outs
Swipes
Taste gap
Test runs
Trade publications
Trend
Want slips

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Discussion Questions

1. Why is forecasting important in apparel merchandising?
2. What information is used in forecasting?
3. Why is vendor opinion good and bad in forecasting?
4. How can the buyer use a forecasting service and remain focused on the target customer?
5. How is the P & L statement related to forecasting?
6. Why must forecasts be long term?
7. What must be done in strategic planning to prepare for forecasting?
8. How can a buyer on a limited budget prepare an accurate forecast?
9. How can a style out assist the buyer in making a forecast?
10. What is the outcome of a successful forecast?

Exercises

Fashion Count

1. Perform a fashion count from observations of a situation. Prepare a tally spreadsheet with subclassifications and observations. Use a team to plan and complete the project.
   a. Meet with team to prepare tally sheet and plan.
      i. Select a classification.
      ii. Determine subclassifications.
      The number of subclassifications will vary, but 8–10 is manageable. The subclassifications should first be by signification characteristics (e.g., for bathing suits—two-piece suits, mallots, racing-tank suits, and boy-leg sunsuits).
      iii. Use a second level of subclassifications as needed.
      This level usually contains fabrication, brands, or colors if these are major determinations in consumer selection.
      iv. Set up tally sheets.
      These sheets should contain all subclassifications, places for recording observations, and headings for time, date, and observer.
      v. Divide territory.
      Select areas where the target consumer is likely to frequent. Each observer will need 75–100 observations. Observers should be spaced apart so that they are collecting information on a wide scope of the target population. A broad scope of coverage is most important.
      vi. Determine collection points.
      The observer should be able to easily observe the target consumers without interaction. The observer should also pick a location that is safe and that the observer can remain for an extended period.
      vii. Agree on collection day and time.
      All observations should be collected within a very short period, preferably within one day and within one 6-hour period. Fashion is an ever-changing phenomenon and is affected by many, many extraneous events. Control is important to data collection.
   b. Test the tally sheet.
      Do a test run of observing. This test run can be on a small and select population. The test population information should not be added to the final count. The test will assist the observer in observation skills and in subclassification identification. If subclasses are added or deleted, this information MUST be shared with the team.

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c. Perform the count.
Each observer should have an IDENTICAL copy of the tally sheet. As the target consumers pass, the observer should record (usually with stick marks and bundles of five) the observation of the wearing of the classification. Every target consumer should be recorded. If a consumer is not wearing the classification item, a none (or no occurrence) should be recorded. If new subclassifications are noted, details should be recorded.

d. Meet with the group to consolidate the tallies.
A final tally sheet with totals for the subclasses should be made. The group can meet and consolidate the tally as a group, or one member can be responsible. A final tally sheet with count numbers and percentages should be created. Each subclassification must be expressed both in numbers and in percentages of total observations.

e. Prepare a typed copy of the final worksheet.
A final copy should be typed/printed with title, headings, rows, numbers and percentages, and team names.

2. Perform a fashion count using a magazine or trade newspaper. This is an individual project. If completed as a team project, each member of the team would select a different magazine and the results could be pooled.
   a. Select a fashion magazine, product, or classification.
   b. Complete the fashion count as itemized for the above count.

Concept Boards

1. Make a concept board to portray a general fashion trend.
   a. Collect graphic images from magazines, Web sites, fabric samples, newspapers, bags, or any other source of graphics images and color.
   b. Observe the collection of information.
   c. Determine a theme for the information.
   d. You may have to omit some of the data pieces that do not fit the theme.
   e. Arrange on a $2' \times 3'$ board the items that you have collected that support your theme. Remember rules of design when arranging the items. Glue the items that you have selected.
   f. Determine a title for your theme. You may create with paper, computer, or graphic labels this title and glue it to your concept board.
2. Make a concept board to portray the projected fashion forecast for a specific product classification. Use the steps outlined in the preceding project.

Computer Exercises

Databases for Forecasting

1. Use the tallies from one of the fashion counts in the Exercise section. Create a database with the subclassifications and tallies. The rows of the spreadsheet would contain the subclassifications found in the count. The column would contain the counts for each subclass.

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a. Using the graphing features of the spreadsheet, create a bar graph of the totals for the subclasses.
b. Using the sort features of the spreadsheet, reorganize the list by ranking the subclasses from the one with the highest count to the one with the lowest count.

2. Repeat Exercise 1 with an additional fashion count. Make a prediction of the subclass most likely to sell based on the information.

3. Create a database using swipes and other fashion information.
   a. Collect swipes, print outs of Web pages, notes about fashion issues, and other graphic material as suggested in information collection.
   b. Review the information that you have collected.
   c. Select one style feature that you see among your information (e.g., a new color or collar types).
   d. Identify everything that you can about your style feature from the information that you have collected.
   e. Group all the information from Step 3.d. into categories.
   f. List the categories in a spreadsheet on the computer.

Style Feature: Collar Types		
Characteristics		
Long points		
.....		
.....		

   g. Create columns for the number of occurrences and other relevant information.

Style Feature: Collar Types		
Characteristics	*Number of Occurrences*	*Other Information*
Long points		
Used with solid ties		
Round overall shape		

   h. Using the information from the data collection process, complete the following table:

Style Feature: Collar Types		
Characteristics	*Number of Occurrences*	*Other Information*
Long points	5	Seen on movie stars
Used with solid ties	3	Solid tie and collar
Round overall shape	6	Ends of points are round, edges of collar are scalloped

   i. You may sort the table according to the first column of the spreadsheet for an alphabetical listing of the style features.
   j. To determine the style features that are most commonly cited, you would sort the table according to the column labeled "Number of Occurrences."
   k. Write a general trend summary of the information in the table. Support your reasons for selecting this trend.

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