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Dedicated Followers of Fashion

*An Economic Geographic Analysis of the
Swedish Fashion Industry*

GEOGRAFISKA REGIONSTUDIER NR 76

Dissertation presented at Uppsala University to be publicly examined in Hörsal 2, Ekonomikum, Kyrkogårdsgatan 10, Uppsala, Friday, September 28, 2007 at 10:00 for the degree of Doctor of Philosophy. The examination will be conducted in English.

Abstract

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In fashion, as in the rest of the economy, the globalisation of taste, power and production now plays a major role. The industry is dominated by fashion capitals like Paris, London or New York, populated by star designers like Tom Ford, Karl Lagerfeld or Jean-Paul Gaultier and controlled through MNC giants like Prada, Gucci, DKNY and Dior, who together influence consumer preferences on a global scale. However, there are numerous smaller actors that compete successfully in the fashion industry. Sweden is one such example, where fashion is a growing.

In this thesis, there is a focus on group of small and medium sized Swedish fashion firms with a brand focused business strategy. Their products are design intensive, but their main competitive advantage rests on the brand and brand management. This group of firms are proficient at 'putting fashion into clothes' (Weller 2004). In other words, their main competitive advantage rests neither on price, nor on the most experimental design. More exactly, they produce clothes for a fashion conscious but not too adventurous consumer group. In the thesis it is argued that they are better described as trend forerunners than as trend setters. The subject of this thesis is this group of firms within the Swedish fashion industry and the aim is to improve understanding of their innovation processes, competitiveness, and the systemic character of the business they are a part of.

As with most other fashion firms in high cost countries, Swedish companies has outsourced the garment production. They secure their competitive edge through high value added activities like design, marketing and retail. This points to the fact that fashion has both material and immaterial dimensions: it relates to clothing, design, textile and quality, but also to consumers' subjective feelings and attitudes towards the clothes and their brands. This is a study of the interface between these dimensions, with a focal point on the production of immaterial and symbolic value. The systemic nature of fashion can hardly be overestimated. This goes for both the practical part of clothes production, but also for the production of a belief system created not only by fashion producers but by a whole set of institutional actors. This thesis has an analysis of fashion firms' relations to business partners, competitors, media, and consumers. It is argued that the nature of these relations is critical for competition and success.

The thesis is a collection of papers, which illuminates different parts of innovation, competition and business strategies in the fashion industry. The papers cover the central activity areas for fashion firms: how branding is affecting industrial structure and innovation, how symbolic is value created, and how 'cool' is used as a strategic resource.

Keywords: fashion industry, economic geography, branding, industrial system, symbolic value, cool

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Preface and acknowledgements

Fashion is a subject that most people have an opinion on – regardless of whether they are passionately interested in design and designers, think it is a typical example of our superficial consumer society, or just have a favourite brand of jeans that they return to again and again. As a researcher concerned with the fashion industry I have noticed this in social settings. As soon as I tell people that I study Swedish fashion they have a personal anecdote, have something they want to discuss about contemporary fashion or are quick to say that they think fashion is too lightweight a subject to spend academic time and resources on. It is unquestionably interesting to study something people care about and have an opinion on.

A PhD project is a roller coaster ride with frequent ups and downs. There are a lot of people to whom I am in debt for making the ride smoother: First and foremost my two supervisors, Anders Malmberg and Dominic Power. They have provided the perfect combination of challenges and support, with an immense emphasis on the latter. During the PhD period I have come to realise how fortunate I have been with supervisors.

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List of publications

The studies in this doctoral thesis are presented in the following papers:

1. Hauge, A.: A seamless industry? Swedish fashion as an industrial system¹
2. Power, D. and A. Hauge: 'No man's brand' - Brands, institutions and fashion²
3. Hauge, A.: Liminal Space: Negotiating symbolic value in the fashion industry³
4. Hauge, A.: Production of Cool: Competitive strategy for small fashion companies⁴

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³ Submitted to international referee journal

⁴ Submitted to international referee journal. An earlier draft of the paper was presented at The Association of American Geographers (AAG) annual meeting, San Francisco, April 2007

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Introduction

There are two main reasons why an economic geographer should choose fashion as a research topic; (1) Fashion is a growing and important industry, and (2) lessons learned from fashion can help illuminate processes we can find in other industries.

Fashion is one of the industries often labelled 'cultural industries'. Lately this group of industries has attracted increasing attention from policymakers, media and academia. These industries produce a wide range of outputs – music, film, video games, books and arts, to name a few in addition to fashion (Power and Scott 2004). Indeed, Lash and Urry (1994) suggest that today's economies produce, circulate and consume cultural commodities, and this points toward the increasing convergence between the economic order on the one hand and systems of cultural expression on the other (Lash and Urry 1994). The garment industry has been a favoured research subject and has been the topic of numerous studies (see for example Gereffi and Korzeniewicz 1994; Dicken 1998; Dicken 2003; Hassler 2003; Azuma et al. 2004; Christopher et al. 2004). In addition, there have been several studies of the fashion industry in economic geography, for example Allen Scott's work on Los Angeles (Scott 2002) and Paris (Scott 2000a, 2000b); Rantisi's analysis of New York City garment districts (2002a, 2002b, 2006); Weller (2004, 2006, 2007) on Australian fashion; Moreover, a growing number of geographers are interested in retail and consumption as areas of economic activity (see for example (Coe, N. M. and N. Wrigley 2007; Wrigley and M. Lowe 2007), or Louise Crewe's work on second hand clothing, fashion quarters and retailing in UK cities (Crewe and Beaverstock 1998; Crewe 2000; Crewe 2001). However, there has been limited interest in understanding the role of fashion dynamics in this system (Weller 2006) or to explore how similar dynamics play a role in the economy as a whole. How do firms produce the added, immaterial value that makes their products stand out in loud and crowded market places? Or as Weller (2004) puts it, "how does fashion get into clothes"?

The subject of this thesis is the Swedish fashion industry and how we can better understand its systemic character, innovation processes and competitiveness. I have chosen to concentrate on a group of small and medium sized fashion firms with a brand-driven business strategy. As with other fashion companies, they sell design sensitive products, but the main competitive advantage of these firms, lies in their brand and brand management. What is common for this group is that they are proficient at 'infusing' clothes with fashion content. In other words, they neither sell the most inexpensive clothes nor the most experimental design, but rather clothes for a fashion conscious but none too adventurous consumer group. In this sense, they are perhaps better portrayed as *trend forerunners* than as *trend setters*. Even though some of these firms have their own stores (concept or flagship stores), their main revenue comes from their role as suppliers to retailers. This group of firms is very visible in the Swedish fashion industry, and a good number have experienced growth during last few years, both in the home market and abroad (Habit 2007).

Economic geography, and related disciplines, are dominated by theories and studies on innovation, network relations, learning and globalisation. The focus is often on how to make the best products in the best way, but there has been less attention paid to what happens after the products leave the production facilities. When it comes to consumer preferences, there is often an implicit assumption that the individual has perfect information about the innovative level that different products embody. This is almost paradoxical, given economic geographers' harsh on criticism of the infamous *homo economicus*: a person who has full information and acts rationally on this (Power and Hauge, forthcoming). Because, when it comes to consumer choices, highly subjective and imperfect information often aids decisions, and not always precise assessment of innovation, quality or utility. In many markets, the differences between products are small. We take the functionality of products for granted, and our consumer choices are increasingly determined by the symbolic value of the product

or the company behind (Olins 2003). Fashion might be an extreme case in this respect and the mechanisms are perhaps most visible here. By studying this extreme case, we might learn something about how these mechanisms work in other parts of the economy as well.

I have called the dissertation “Dedicated followers of Fashion”. The title is obviously borrowed from the title of a song made famous by The Kinks in 1966. I think the title in many ways summarises the Swedish fashion system. The Swedish consumer is *dedicated* in the sense that many follow trends quite closely, and people are willing to spend time and money on clothes. Accordingly, Swedish fashion companies have a relatively sophisticated domestic market for their products. The results of my research suggest that this seems to help companies through the first difficult phase – they start out on a market they know well, and it is big enough to support a number of actors. However, very few Swedish companies can be said to lead the development of global fashion. Trends, styles, new looks or whatever one prefers to call them, are most often started in the fashion capitals of the world (Breward and Gilbert 2006). Many of the Swedish producers are on the other hand very quick to *follow* these changes, and put their own twist to them. Swedish fashion is in many ways an industrial system, the success of which rests on swift and efficient integration of an intricate mix of novel ideas, individual creativity, inspiration and down right copying (Wolfe 2006). Most of the firms I have interviewed manage to do this in an economically profitable manner.

The Structure of the thesis

This thesis has five separate parts: this comprehensive summary is followed by four individual papers. The different papers take a closer look at various aspects of the study object, and even if they stand alone as individual pieces of scholarly work, combined the aim is to provide a fuller picture. The comprehensive summary organised in the following way. After presenting the research questions and aims of the thesis project taken as a whole there are five major sections that present and discuss:

1. The theoretical points of departure underlining the thesis.
2. The methods and methodology.
3. The case, both fashion industry in general and Sweden in particular.
4. The main findings of the different papers.
5. The main conclusions of the entire thesis.

Research questions and aims

Fashion is an industry that partly rests on creative inputs, globalised production and day-to-day business techniques. It has both tangible and intangible sides; fashion is about the physical garments but also about elusive qualities and about how consumers’ perceptions of what is in style vary over time and from place to place. The industry thus has both a material and an immaterial dimension – this thesis analyses the *interface between these dimensions*, with a particular focus on the *production of immaterial and symbolic value*.

The specific type of value production behind immaterial value does not happen in a void. Traditionally, studies have paid little attention to these processes and have instead tended to treat immaterial aspects as cost free, floating and easily transferable. This study aims to show the processes, actions and interactions involved in producing the immaterial factors that construct the intangibles of a fashion product. With this as a departure point, the research questions can be divided into four main themes, which are also reflected in the structure of the papers which make up the dissertation.

- i. *What are the main elements – set of activities, economic functions, industrial logics – that comprise the Swedish fashion industry and how do they fit together to form a system?*

This first set of questions focus on the dual character of the fashion industry. Parallel to the process of producing immaterial value, fashion companies are also occupied with the production of material

commodities. Although there are different resource bases and different spatialities in these parallel production processes, they are both dependent on systemic dispositions; they are dependent on reciprocal relations between actors contained in certain socio-institutional contexts. In addition, it is important to know the impact of this industry - how the Swedish fashion industry has developed over recent years.

ii. *How does branding and brand management affect structures and competitive strategies found in the fashion industry?*

The point of departure behind the second research question is that most fashion companies in high cost countries secure their competitive edge by exploiting the immaterial dimension of fashion, with branding and branding techniques as favoured tools for innovation. There is an analysis how branding shapes the industry, but also how the industry is shaping and affecting branding as a management tool in the particular case of fashion.

iii. *How is symbolic value produced and diffused in the fashion industry?*

The third question reflects the ambition to highlight some of the apparatuses at play in the metamorphosis of garments into fashionable items. In other words, to examine some of the processes behind the manufacturing of cultural meaning or how a physical product is charged with immaterial attributes in order to gain added value. A central argument is that the symbolic value of fashion is socially constructed, based on information and knowledge that is both created and diffused through relational interactions.

iv. *How do small and medium sized companies try to position themselves in a highly competitive and volatile fashion market?*

The intangible factors underlying fashion as commercial products are important and firms strategically and consciously work hard to produce them. One strategy is to try to be viewed and understood as 'cool'. This is a subtle quality that makes clothes and their wearers stand out in a crowded marketplace. It is an attraction that has more to do with style than to the latest trends: the difficult to define 'it-factor' renowned by consumers. Thus, cool is used as one way of encapsulating elements which define the intangible product qualities that certain consumer groups appreciate in products: qualities that are valued socially and which accordingly have broad economic implications.

Underlying all these research questions is the belief that space matters, and there will be a scrutiny of *how* space matters in the fashion industry. This will be a recurring theme throughout the entire thesis, and is not singled out as an explicit enquiry.

Central concepts and theoretical points of departure

This thesis is rooted in an industrial systems approach to Swedish fashion. Fashion as a commercial field is conceptualised as a system of interrelated activities, which are bound together in time and space (see for example Storper 1997). The fashion industry can be seen as a space where the material production of garments meet the immaterial production of beliefs and signs as to what clothes look good at a given time (Brenninkmeyer 1962). A substantial part of the research process has been invested in developing a theoretical framework to capture this dual process of fashion production.

The economic structure of the fashion industry is based partly on the manufacturing of physical goods, the clothes, but also on the production of symbolic and aesthetic value (Kawamura 2005). As such, fashion is a mix between traditional Fordistic logics (Amin 1994) where the search for lower costs has led to a growth in outsourcing of production to low cost countries, while high cost activities, for instance design, marketing and consumer retail, are kept in the home country. Aesthetic inputs, such as design, are obviously still very important, but with branding taking the leading position as an innovative arena and strategy, there has been a shift in the organisational structure of fashion. Today, just as many creative decisions are made in the marketing processes of fashion brands as in the design of clothes. The fashion industry is thus an example of an economy with a high content of knowledge, even though it does not belong to the high tech sector of the economy (Rantisi 2002b).

The theoretical section seeks to incorporate the systemic character of fashion production and innovation. In addition, there is an ambition to capture the intentional efforts, skills and knowledge that fashion firms bring into play in the production of immaterial or symbolic value. In order to incorporate these different dimensions there is a need to step outside the traditional parameters of economic geography (Weller 2004). Hence, the theoretical framework is based on discourses in three main academic traditions: (1) 'conventional' economic geographical theory on the importance of innovation and knowledge, (2) management oriented theory on brand-administration and brand-building (3) sociological theory on fashion creation and diffusion. In the next section, I will explain how I have used fashion as an analytical concept, and I will discuss the differences and similarities between symbolic and immaterial value.

Central concepts – some definitions

There are some concepts that will return throughout this dissertation. In the following I will clarify how I have understood and used these in my research.

What is fashion?

The term fashion can be related to any object or phenomenon that changes over time and is based upon individuals' collective preferences (Barnard 1996), but this project has focused in particular upon clothes and garments.

Fashion is studied in a wide range of disciplines, for example within anthropology, sociology, art history and psychology. The approach to the subject, what is emphasised and which definitions are used, naturally varies between disciplines. My research project has used an economic geographical approach. The point of departure has been a view of Swedish fashion as an industrial system. Thus I have thought that clothes have to pass through a system of interrelated actors within specific socio-institutional environments before they can be defined as fashion. As Luigi Maramotti, CEO of Max Mara Fashion Group puts it: "I must emphasize that I consider a designed garment 'fashion' only

when it is marketed and worn by someone” (Maramotti 2000: 96). The fashion industry is a system, which attempts to balance and profitably integrate a complicated blend of original ideas, individual creativity and copying. Fashion designers draw on a wide array of influences from society, history and one another, making it virtually impossible to determine the originality of a given design (Wolfe 2006).

Fashion is hard to define, but immediately recognisable. Then again, it means different things to different people. Kawamura (2005) applies a sociological approach to fashion, and treats it as a system of institutions that produces the concept as well as the phenomenon/practice of fashion. Hence, the fashion industry is an institutionalised system; a persistent network of beliefs, customs and formal procedures (Entwistle 2002). Together they form a distinct social organisation with an acknowledged central purpose. Fashion is a belief system which is manifested through clothing, but fashion can not be understood without referring to clothes and designers (Kawamura 2005). A similar theoretical view has informed my dissertation.

One essential feature of fashion is that it is by definition ephemeral and elusive, a target that keeps moving (Crewe 2001). However, fashion is not just about change, but more specifically about an “institutionalised, systematic change produced by those who are authorised to implement it” (Kawamura 2005: 51). Even though fashion itself is constantly changing, fashion’s institutions, organisations and firms are relatively stable. The production of fashion and that of clothing have to be separated. There are numerous studies on the garment industry – production networks, commodity chains, labour practices – but there are surprisingly few that analyse the immaterial side of fashion production (Weller 2006). Clothing does not translate into fashion without the support of institutional back-up in the fashion system. These institutions are social in the sense that they are constituted of actors sharing relatively similar standards and shared norms. A systemic approach to fashion means taking a deeper look at the different actors, their mutual relationship and how they develop competitive advantages within a socio-economic setting. This will be further developed later in the theoretical section as well as in the different papers.

What is symbolic and immaterial value?

Most products have a physical and a non-physical aspect. The non-physical is often referred to as the symbolic value of a product (Asheim and Gertler 2005). Symbolic and immaterial value are nevertheless not the same; symbolic value is immaterial but immaterial value is not always symbolic. As a customer or a user, one can enjoy the intangible qualities of a product/artefact, even if one does not want to, or has no ambition to signal something with one’s favourite jumper. People enjoy immaterial value even without recognising the symbolic aspects in the form of peer recognition. The product can for example bring back good memories, give enjoyment because one can appreciate the skills/creative processes behind it, the feel or appearance of it, or how you think it makes you look. The arguments on the experience economy set forward by Pine and Gilmore (1999) revolve around this; about how to devise an encounter that offers an extraordinary experience for the customer. These immaterial motives for purchase should not be underestimated. Symbolic value is often an aspect of these immaterial qualities/valuations of a product – it can, however, not be reduced only to symbolic motives. Consumers’ motives can often be hard to separate, both for researchers and even for the customer in question. However, as symbolic value is normally embedded in reciprocal socio-economic relationships (Bourdieu 1984) it can be structural and enduring in its character. In addition, symbolic value is by definition social and is as such related to larger groups of people. If products are understood as charged with symbolic value, the potential consumer group can be big. As such, symbolic value can be a beneficial quality to seek as a competitive approach.

As I will return to later, branding techniques might be the most obvious ways in which symbolic value is produced. Brands are the result of a process whereby one attempts to charge a product (or set of products) with ethereal qualities: qualities that primarily function as marketing arguments. A brand’s value is thus related to the way people end up thinking and feeling about it and the product it is linked to. The aim of branding is to produce an almost indistinguishable link between the character of an object and its branded image or form.

The power of a brand derives from a curious mixture of how it performs and what it stands for. When a brand gets the mix right it makes us, the people who buy it, feel that it adds something to the idea of ourselves (Olins 2003:16).

With this explicit focus on the symbolic side of fashion, this thesis has links with semiotically informed fashion analysis. In short, semiotics is the study of signs and symbols (see for example Gane 2007; Olsson 2007). Baudillard, one of the most vocal semiotic theorists, argued that consumer capitalism is not based on production of material products, but on representation and seduction. The consumer society that we all experience, makes use of images, and is engaged with aestheticised tautologies of advertising and the fashion cycles (Gane 2007). There have been semiotic studies of the fashion industry, most notably Barthes' (1983 [1967]) "The Fashion System" (see also Breward 1995). People constitute identity through clothing, and the meaning of clothes is socially constructed. Barthes argues that "the semiology of fashion is directed toward a set of collective representations" (1983 [1967]: 10). However, I have chosen not to follow the rich literature on semiotics. Instead this thesis emphasises how fashion firms and other agents related to the industry try to produce symbolic or immaterial value in order to add surplus appeal for consumers, and not the actual 'reading' of clothes.

'Conventional' economic geography: the importance of innovation and knowledge

Since Marshall's (1920) famous claim that the superior performance of industrial districts rests on something 'in the air', economists and economic geographers have tried to explain and pinpoint the features that differentiate certain places from others. Various forms of manufacturing have normally been the favored object of study, but similar mechanisms are at play in aesthetically based industries such as fashion. This is a predominantly urban industry, a feature it shares with most of the other cultural industries (Power and Scott 2004). Fashion companies, their service providers, and other fashion organizations and institutions are generally concentrated in big city regions (Scott 1999b; Rantisi 2004). The spatial agglomeration of similar of similar and related firms can be seen as a result of intra-industrial processes, often referred to as localization economies (Feldman 2000). These clustering effects (Porter 1990) are defined as the beneficial outcome from social and physical proximity in vertical relationships in the industry, i.e. key suppliers and buyers. Firms in these contexts also benefit from being close to competitors and horizontal relationships with rivals. This gives access to knowledge from similar firms, and the specialised skills and information typical for that geographical area (see for example (Asheim 1996; Maskell and Malmberg 1999; Power and Malmberg 2003).

The positive effects of agglomeration can also be more general in character. Firms can enjoy economies of scale from being in a context where the levels of economic activity are high in general. These are also known as 'urbanization economies', and are defined as "scale effects associated with city size or density" (Feldman 2000: 383). When diverse activities are located in a concentrated urban area, production costs can be reduced; firms can benefit from externalities of economic activities outside their own economy but inside the urban context where it is located. The cultural industries seem to benefit greatly from positive externalities - if one industry is doing well that seems to rub off on other industries as well. Fashion, for example, seems to have particularly strong connections to the popular music industry (McLaughlin 2000).

Whether in terms of clustering conditions or positive externalities of a more general kind, aesthetic production anchors the cultural industries to central cities, and this attracts other talents to these urban production sites of creativity (Florida 2002a).

Whilst the highly clustered and agglomerated nature of the production and management of fashion (Scott 1996; Scott 2000a; Rantisi 2002b; Rantisi 2004) lends a spatial fix to fashion companies, other factors also make fashion brands highly place dependent. Fashion firms are extremely aware of the effect that status spaces can have on brands and go to considerable lengths to place or connect their products with certain places. Firms use place based names (such as DKNY, Tiger of Sweden) or associations (Paris Fashion) in an attempt to incorporate positive city images into their brands.

Investments in flagship stores on certain streets in certain cities are also symptomatic of this. Thus fashion cities exist both as “actual site[s] of elite fashion consumption and as an imagined space[s] of fashion fantasy” (Gilbert 2000: 18). Of course, the connections between the spatial context of fashion and the city go both ways: fashion feeds off associations with particular places and those places are branded by their connection to fashion. It would be wrong, however, to think that the various spatial and industrial processes that make fashion brands are always predictable or manageable.

What is dynamic competition?

Economic geography and related disciplines are dominated by theories about product and organisational innovations (Porter 1990; Lundvall 1992; Scott 1995; Edquist 1997; Storper 1997; Asheim 1999; Maskell and Malmberg 1999; Cooke 2002; Gertler 2003). This mirrors the widespread belief that continual improvements are the basic elements required to maintain dynamic competitive advantages. Dynamic competition is qualitatively different from just producing cheaper than your competitors – it must be supported by innovation and the exploration of strategic disparity from rivals (Porter 2000). The innovation literature is broad and abundant (Malmberg and Power 2006), but a common feature in most of this literature is the notion that few good ideas develop in a vacuum; innovation is an interactive process and involves different kinds of social interaction (Asheim 1999). With this departure point, competitiveness is conceived as related to the ability of firms to continuously upgrade their knowledge base and performance (Porter 1990; Lundvall and Johnson 1994; Maskell and Malmberg 1999). Hence, knowledge is a fundamental asset for competing firms and, consequently, learning is a key process. At the same time, production and distribution of this knowledge is viewed as socially situated (Lundvall 1992). Innovations are in most cases less the product of individual firms than of the assembled resources, knowledge, and other inputs and capabilities that concentrate in specific places.

Over the last decade, the cultural industries have become a popular research theme (see for example Scott 1996; Scott 1997; Scott 1999b; Scott 2000a; Asheim et al. 2006; Pratt 1997a; Pratt 1997b; Florida 2002b; Grabher 2000; Grabher 2001; Grabher 2002; Grabher 2002; Coe 2001; Power 2002; Power and Scott 2004; Bathelt 2002; Vinodrai 2006). The reason for this interest in the cultural industries is twofold. First, the cultural industries make up a growth sector. In recent years several cultural industries have developed into competitive export industries and a thriving employer in most high cost countries (Power 2002). Secondly, value creation in many sectors of the economy rests increasingly on intangible assets, such as ideas, know-how, creativity and imagination. Within this new dynamic, firms within the cultural industries are often imagined to be the most innovative, information-rich, dynamic, flexible, non-hierarchical and dependent on local clusters and networks of the city. A focus on brands and other value-adding creative techniques needs a set of concepts reflecting intangible innovation processes. The concepts and theories used to analyse innovation in the form of products charged with symbolic value, meant for the end consumer market, may possibly be different from those used to study a research and development focused innovation process.

What is knowledge in the fashion industry?

Innovation and knowledge are related concepts, and economic geography has for quite some time highlighted the need to comprehend knowledge modalities to understand economic dynamics. The reason, as mentioned above, is the widespread understanding that all economic activities are based on learning and knowledge. Favoured approaches in economic geography are analyses of the differences and importance of tacit versus codified knowledge. The basic argument is that learning is related to these dual characteristics of knowledge. Codified knowledge is relatively easily convertible and can be shared between actors located far apart. It thus becomes ubiquitous and functions as a homogenising force (Maskell and Malmberg 1999). Conversely, tacit knowledge cannot be so easily transferred because of the teething troubles to express it in an explicit form.

Tacit knowledge is a source for space and place specific competitive advantages as it is difficult to learn and transfer. Asheim and Gertler (2005) apply this knowledge duality to make a triangular model

that distinguishes between different kinds of knowledge. They single out analytical, synthetic and symbolic knowledge bases in an attempt to classify the large variety of knowledge resources of firms and organisations. These are ideal types, and in reality there will always be variations in how these knowledge bases are at play. The synthetic knowledge base refers to the engineering kind of knowledge involved in finding a practical solution to a problem. In an analytical knowledge base, scientific knowledge is highly important, and theoretical and cognitive processes are the foundation (Asheim and Coenen 2005). The symbolic knowledge base is used in the creation of cultural meaning and the economic use of various cultural artefacts (Coenen 2006). It rests more on individual readings of cultural components of information, than on information processing.

Fashion is not different from other industries in the contemporary economy when it comes to a dependency on knowledge and information. However, it is safe to say that there are no objective truths in fashion. Products depending on rapid changes in consumer fads at times move quickly through space. Sometimes these trends are picked up without much alteration, while in other instances one sees distinct local adjustments. In her analysis of the fashion industry, Weller (2006) argues that the dichotomy between codifiable and non-codifiable knowledge is problematic. It poses difficulties for comprehending how fashion knowledge is created and diffused. The variable impact of different kinds of fashion information (i.e. trends or styles) can not be explained by place-specific characteristics such as cultural sensibilities alone. Changing consumer demands in fashion reflect a relational interaction between different modalities of knowledge (Weller 2006), and are thus an unstable subject matter open to constant fluctuations.

Fashion can be said to operate in aesthetic markets, where taste is most significant in product evaluation. The organisation of aesthetic markets is a social construction, based on more or less reciprocally implicit status-based ranking (Aspers 2005). Nevertheless, the ability of fashion to penetrate different markets has significant economic consequences as place-specific characteristics shape consumer preferences (Weller 2006). Aspers (2006) argues that in aesthetic markets, knowledge is best understood as a dynamic practice rather than a given entity. As such, it resembles a series of negotiation processes (Power and Hauge forthcoming). The comprehension of information and knowledge must be related to contextual conditions, and the interface between socio-economic agents. Aspers (2006) maintains that there are three distinct dimensions to process-based aesthetic knowledge: (1) it is reliant on networks of actors – a person's aesthetic knowledge can only be used if backed by others; (2) there must be arenas for aesthetic expression – provinces of meaning that enable aesthetic activities; (3) consumer markets are fundamental in the analysis of aesthetic markets. Aesthetic labour is valued in a social setting; it must be seen as valuable by potential users. Knowledge understood as a dynamic process is highly relevant in an investigation of the fashion industry, where the potential interpretation of a possible fashionable item is rooted both in history and the current fashion scene. How these products are received by the consumer market is in part a result of the former history of products or brands (Power and Hauge forthcoming), and contemporary negotiation processes. The negotiation process is dependent on a network of different agents in the industry, for example designers, service providers, people in marketing, media, retailers, and last but not least, consumers. The dynamics in the interaction between these agents makes fashion knowledge fluctuate and vary through time and space. The empirical results presented later in this thesis will return to the reciprocity and reconciliation processes in producing and distributing fashion knowledge and information.

Management oriented theory on brand-administration and brand-building

The following section has a focus on the fundamental role played by brands. The fashion industry is dominated by a focus on consumer-producer brand-building and brand loyalty. This has taken pole position in determining industrial and innovation dynamics (Power and Hauge forthcoming). Branding is an attempt to strategically 'personify' products and to encapsulate a balance between different economic values: quality, utility, symbolic and cultural worth. There is no common definition of 'brands' or 'branding'. However, most commentators agree that any definition should include both

tangible and intangible attributes of a product, e.g. both functional and emotional characteristics (see for example Olins 2003; Lury 2004).

The relationship between product marketing and branding is so close that it is impossible to distinguish the character of an object from that of its branded image; they are one and the same. The manipulator – victim dichotomy that some commentators have used as a point of departure (see for example Klein 2000; Quart 2003) might not be the best way to describe the advertising consumer relationship. The process of advertising is much more complicated. It has been described as a “polysemous process” with a diversity of readings and responses (Pavitt 2000). The main idea behind this perspective is that brand meaning is not delivered by marketing managers, but is socially negotiated through reciprocal, socially embedded processes (Fournier 1998). The view that consumers engage in relationships with brands has been widely accepted (see for example Fournier 1998; Bengtsson 2002; Atkin 2004; Roberts 2004). This reflects a view that consumers are self-aware and reflexive; people do not buy things just because they work, but consumers “are involved in relationships with a collectivity of brands so as to benefit from the meanings they add into their lives” (Fournier 1998: 361). How these reflexive relationships between consumers and their brands of choice are conceptualised differs. Fournier (1998) goes as far as to compare these relationships to the ones persons form with other persons. She claims, for example, that one of her informants “experiments with potential brand partners resemble a series of trial courtships” (Fournier 1998: 344). Schudson (1984) claims that we should view advertising as just one of society’s “awareness institutions”.

Advertising is much less powerful than advertisers and critics of advertising claim, and advertising agencies are stabbing in the dark much more than they are practicing precision microsurgery on the public consciousness (Schudson 1984: xiii).

Advertising might thus best be viewed as a form of seduction; making use of our already established needs and desires (Heat and Potter 2005: 208). How well the advertising will work depends on what other types of information are available.

Why and how does branding work?

Atkin (2004) suggests that the dynamics at play when brands build customer loyalty are similar to the way different cults attract their followers. The main argument is that people are bonding together to give their lives meaning. Atkin sees cults as good phenomena; people join them for a reason. Cult can create an unorthodox community and give meaning to followers. Some of his comparisons are a bit fanciful, (e.g. comparing the Mormons and Saturn car users), but he makes a clear point: emotional bonding and strong relationships create long-term customers. Hence, strong brands succeed in occupying consumers’ ‘emotional space’; they are able to endure fluctuations in demand due to their customers’ fondness and enthuse loyalty beyond reason (Roberts 2004).

No matter how one conceptualises customers’ brand relations, it is safe to say that brands have a widespread informational importance in modern society. At a basic level, brands are nothing more than well-labelled information packages created in the hope of offering individual consumers (rather biased) help in negotiating the plethora of products available to them (Lury 2004). Brands allow consumers to navigate in product markets and make choices based on information they trust (or feel they could trust). In more circumspect description they embody a maze of logos, slogans, and marketing messages that affect us as consumers (Power and Hauge 2007 forthcoming). Indeed, we are exposed to brands to the degree that one could suggest that their ubiquitousness has transformed the economic landscape into a *brandscape* (Sherry 1998). In this cacophony of marketing messages, companies are well aware of their need to differentiate themselves from competitors.

Fashion is arguably less about needs and more about the emotional appeal; the physical needs behind clothes can be fulfilled at a low cost, but there seems to be no limit to the cost involved in fulfilling the emotional needs. Most brands seek to tap into these immaterial necessities. The rise of brands has become a preoccupation for virtually all clothing and fashion firms and the mechanisms by which brands are built often go counter to ideas of rational production chain management. The

importance of brands brings with it a reorganisation of what the most strategically important activities and concerns of the firm may be.

Creation of fashion and diffusion of trends

The centre of attention in this third theoretical section is on how trends start and move through fashion markets. Fundamentally, the production of fashion is decided by two factors: how the nature of fashion organizations affects what is available to consumers, and how fashion is affected by feedback from consumers (Crane 2000). However, supply and demand are not two unrelated entities. Rather, they are mutually inter-dependent and, consequently, the fashion market must be understood as a social construction (Aspers 2005). Numerous commentators, social scientists and others have tried to explain how fashions start and spread. Who 'invents' new trends, who are the first to adopt them, how they spread through space and what stimulates this diffusion of fashion innovations? Simmel (1904) made an early attempt to explain how fashion trends move through society and social classes. According to Simmel, it is the upper classes that launch fashion, and this is in turn copied by the lower classes. Wanting to continually differentiate themselves from the lower classes, the upper classes initiate changes in fashions and the cycle continues. In such an account class competition is the basis for fashion change.

Veblen expressed similar ideas in his *The Theory of the Leisure Class* (Veblen 1899) where he coined the phrase "conspicuous consumption". This is linked to the desire to bring into play consumption as a statement to others about one's class-belonging or personal presentation. The consumption of expensive goods, commodities and services is used as a means to display social status and wealth. Veblen called for a wider understanding of the economy; he wanted economic studies to take account of social and cultural factors in the understanding of economic changes (Veblen 1936 [1914]).

Veblen and Simmel shared the notion that fashion starts at the top of social hierarchies, and diffuses to places lower in the hierarchy and that status is the driving force behind these movements. Thus, class competition is the basis for fashion change. Blumer (1969), working in the late 1960s, criticised this for being an outdated model. He argued that fashion does not follow the rules of gravity; styles often bubble up from the street, starting as sub-cultural tendencies, and argued that a trickle-up or trickle-across model better describes fashion movements.

The French sociologist Bourdieu's (1984) observations on how we use our taste in food, drink, music, cinema or fashion, as part of complex strategies of distinction and positioning, have influenced quite a few people writing on fashion (see for example McRobbie 1998; Aspers 2001; Entwistle and Rocamora 2006). Bourdieu argues that individual tastes and preferences are socially produced, and reflect individuals' social and economic background.

Taste classifies, and it classifies the classifier. Social subjects, classified by their classifications, distinguish themselves by the distinctions they make, between the beautiful and the ugly, the distinguished and the vulgar, in which their position in the objective classifications is expressed or betrayed. (Bourdieu 1984: 6).

For Bourdieu, capital has two main varieties, economic and cultural. These two forms of capital are somehow linked to each other, they can be supplementary and they can also be converted into each other (Elster 1981). The different varieties of capital interact in a dynamic way in the field of consumption and consumerism (Jackson 2002). Fashion consumption is for many a balancing act between expressing personal taste and belonging to a social group (McRobbie 1999; Crewe 2001). According to Bourdieu (1984), certain aspects of social practices and positions within society shape individual tastes. Hence, when taste so visibly is linked to capital it also has a clear element of power embedded in it. Cultural capital and taste are used as devices to distinguish between classes and even subgroups (Fiske 1996). Consumption can be used as a social climbing tool for the lower classes; by imitating the consumption patterns of higher status groups individuals hope to build associations with them. The high cultural capital classes will move on in a never-ending quest for distinction (Bourdieu

1984). The connection between cultural and economic capital is, however, not always as simple and uni-directional. In reality the upper classes with economic capital will sometimes emulate the trends and looks found in lower economic classes (McCracken 1988). The impact that for example hip hop has had on fashion lately is an example of this. Here, it is evident that most of the dominant actors do not have (initially) as much economic capital as they have cultural. Their voices as trend setters are nevertheless unmistakable. It can be argued that their position in the field of fashion has earned them fashion capital (Entwistle and Rocamora 2006).

Fashion as cultural capital

Fashion is thus a field that allows for social distinction and activates forces of differentiation including taste and cultural capital. Following the arguments above, one sub-category within cultural capital is *fashion capital* (Entwistle and Rocamora 2006). This can be defined as an individual's accumulated attitudes and knowledge that makes a fashion-dominated context a comfortable and familiar place to be. The social status of in-groups is achieved through localized cultural capital, i.e. particular forms of knowledge and skills valued in the group, and skill in combining, reworking, and innovating the pool of symbolic resources shared by the group members (Arnould and Thompson 2005). Actors with a high degree of fashion capital are obviously common in the actual industry or as service providers, but even influential end consumers can possess elements of this sub-category of cultural capital.

Contemporary fashion constitutes a chaotic picture; regularly new styles emerge in lower status groups and are adopted by higher ones, and fashion has long contained overlapping styles, trends and sub-cultures (Crane and Bovone 2006). Thus, there is a major problem with ambitious theories like the ones set forward by Simmel, Veblen, Blumer and even Bourdieu; they seem to try to grasp too much. Much like garments produced in one size to fit all, the fit of these models are in many cases quite bad. Contemporary fashion contains overlapping styles, trends and sub-cultures, and the models mentioned above prove inadequate as descriptions of the interlocking circuits of production and consumption, imitation and inspiration (Gilbert 2000: 16). Trends are on one hand set by professional actors such as designers, fashion forecasters, fashion media, and retail buyers; on the other hand trends originate in many types of social groups, e.g. urban subcultures. Consequently, fashion is derived from many sources and diffuses in various ways to different consumer segments (Crane 1999).

Fashion is characterised by a high level of uncertainty when it comes to predicting sales successes, because no single style has an unmitigated impact in modern fashion. Instead, customers select between a wide varieties of styles (Crane 1999). Caves refer to this uncertainty as the "nobody knows" structural property shared by all the cultural industries (Caves 2003). Then again, consumer choice is far from random; it is obviously heavily influenced by the supply side. Consequently, the relationship between what consumers demand, and what suppliers offer, is dynamic and a result of reciprocal processes. The most successful fashion companies both mirror and influence the dominant fashion taste. There are circulations of knowledge and discourses between consumers and producers; both sides are influenced by and influence each other in a multi-faceted negotiation process.

Methodological points of departure

Silverman (2005: 107) argues that research questions are inevitably theoretically informed. Social theories are a prerequisite for social research and are reflected in considerations of methodology. A methodology refers to how one will study a phenomenon; what methods to use, what cases to study (Silverman 2005: 99). This thesis employs critical realism as a methodological starting point. The main contributor to critical realism in the field of economic geography is Sayer (1982; 1992; 2000), but other geographers such as John Allen, Doreen Massey, and Linda McDowell, among others, have to a greater or lesser extent adopted critical realist ideas and terminology (Pratt 2003). Mainly because of Sayer's work, critical realism became very popular in geography in the late 1980s, and especially among economic geographers it gained an almost hegemonic status. This can be seen as an attempt to find a middle way between Marxist structuralism and a positivist approach (Pratt 2003). Critical realism seemed to overcome the "lack of rigour in structuralist accounts of economic restructuring" and positivism's "perceived lack of explanatory power" (Pratt 2003: 245). Even though critical realism might have lost its 'hegemonic status' it is a fruitful approach when one tries to theoretically inform and structure economic geographical research projects. In the next section I shall briefly go through some of the central aspects of critical realism, and focus upon how it is important for my thesis.

A realist ontology

Realism is a philosophy of science in which researchers attempt to identify structures and agents present in society and their propensity to act. The most important ontological feature in critical realism is the belief that there is a real world out there, which exists independently of our conceptions of it. Furthermore, critical realists argue that even if outcomes are not materialized empirically they can nevertheless be real.

Critical realism is a combination of a non-empiricist epistemology and a non-atomistic ontology (Cloke et al. 1991: 135). As a result, critical realists believe that information can be found beyond studies of individuals, and that reality is more than observable phenomena and events. In other words, it is possible to study both processes of human activity and non-observable structures or mechanisms, and to explain how these function and are related to each other. This both differs from and is a critique of positivism. Cloke et al. (1991: 134) use Gregory's definition of realism as "a philosophy based on the use of abstraction to identify the (necessary) *causal power and liabilities* of specific *structures* which are realised under specific (contingent) conditions". One other important part of realist ontology is the belief that society and culture are products of human activity, and are continuously reinforced by social action (Wikgren 2005). Society is thus viewed as an open system where the individuals' intentionality makes it impossible to predict outcomes in social science. On the other hand, realism can explain why things happen, against the background of contingent, or time and place specific relations. In other words, social systems are neither absolutely determined through 'laws', nor totally random or chaotic (Jonas 1988).

Sayer's (Sayer 1992; Sayer 2000) model of reality consists of three domains: *the real, the actual and the empirical*. The real is what exists, both natural and social, but also the *structures and causal powers* of objects and events. The actual domain refers to what happens when these are activated. The *empirical* domain is the sphere of real life, everyday experience (Sayer 2000). These three spheres parallel the three levels of abstraction under which scientific analysis can be done; namely structures, mechanisms and events. Sayer defines structures as "sets of internally related objects or practices". What is actually meant by mechanisms can appear somewhat fuzzier. Sayer (Sayer 1992: 105) defines

mechanisms as “ways-of-acting”. Elster (1998: 45) defines mechanisms as: “*frequently occurring and easily recognizable causal patterns that are triggered under generally unknown conditions or with indeterminate consequences*”(italics in original). In my view, this fits very well with a critical realist framework. The actual events or objects are best viewed through empirical research lenses.

In a critical realist view there is not a one-to-one relationship between structures and mechanisms. The same structures can have different mechanisms, and the same mechanisms can result from different structures (Cloke et al. 1991). There is a complex interaction between structures and mechanisms. Even though structures generate typical ways of acting, these patterns are not universal. If mechanisms are triggered to cause events, this depends upon contingent or contextual factors (Lawson 1997). An analysis of mechanisms allows us to explain, but not to predict (see Fig 1 for illustration). This is due to the fact that contingency acknowledges the complexity of human agency and the will and power to do otherwise (Bhaskar 1989). The relationship between structures, mechanisms and events depends upon time and place specific factors. To uncover the relationship between structures, mechanisms and actual events is in essence the critical realist project. If one wants to understand this triple-stratified world, both concrete and abstract research is needed (Sayer 2000). The first levels, structures and mechanisms are best analysed in the theoretical part of the research process. They cannot be directly observed, but require abstract and theoretical research. The structures and mechanisms generate actual events in the observable world. This brings us to the concrete part of the scientific process, the empirical research of actual artefacts or events, and the contingent conditions under which they take place.

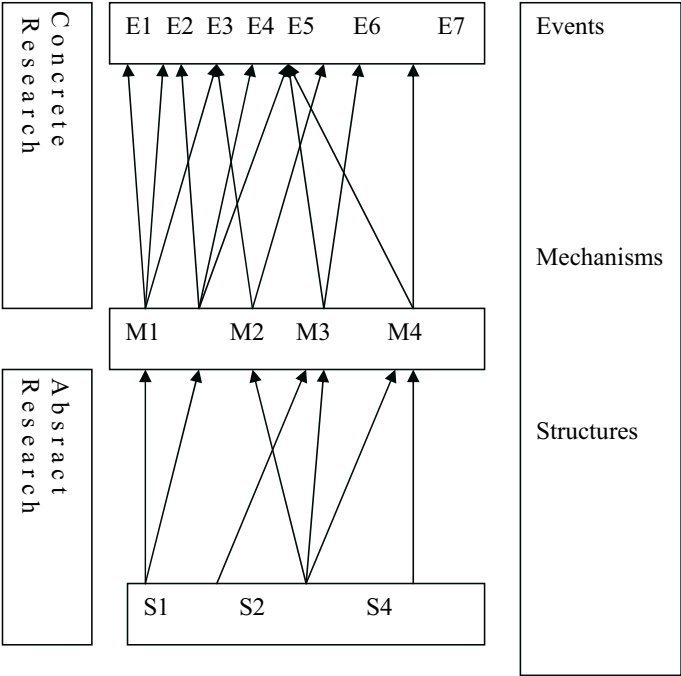
Sayer (1992) also distinguishes between intensive and extensive empirical research. Intensive research is about why, how and what makes things happen. The extensive part is about mapping the distribution of objects or events. The former is normally associated with qualitative methods, and the latter with quantitative (Sayer 1992: 243). In other words, empirical work does not merely focus on regularities, but looks for contextual conditions necessary to generate these regularities (Sayer 1992; Weller 2004). In a realist perspective, explanation is viewed as determined from defined mechanisms and structures. A valid clarification of *why* things happen is dependent on an identification of mechanisms and how they work. Realism believes that the world is more than patterns of events and what causes things to happen has nothing to do with the number of occasions on which we have watched a specific type of happen (Sayer 2000: 14).

The theoretical component of a research project informed by realism often has concepts and concept development as the centre of attention. This is very much in line with Silverman (2005: 98) when he defines theory as a “set of concepts used to define and/or explain some phenomenon”. Sayer (1992: 50) emphasises that for him theory is “conceptualization, in which “to theorise” means to prescribe a particular way of conceptualising something”. To identify the most important aspects of a research object abstraction is used as a tool. The study objects of the social sciences are always part of complex, open systems. Some of the natural sciences have the possibility to isolate causal forces of objects or events, but we very seldom have the option to analyse our study objects in controlled environments. Hence, the social sciences have to rely on abstraction to identify essential or substantial sides of an object or phenomenon. The major tool in this process of abstraction is the development and refinement of concepts and related sets of concepts. As Sayer (2000: 27) puts it: “A common aspect of all critical realist research is the priority given to conceptualization and abstraction, for how we ‘carve up’ and define our objects of study tends to set the fate of any subsequent research.” Without a sophisticated conceptualisation one can easily dedicate importance and explanatory powers to the wrong mechanisms or events. In other words, one needs concepts to comprehend the world.

In a realist research strategy, theory is an important part of the empirical research; concepts and systems of concepts both inform and are connected to the empirical material (Yeung 1997). Concrete and abstract researches are not two separate processes; one has to have a double movement from the abstract to the concrete and back again. This iterative approach is necessary to refine our concepts so they can “grasp the concreteness of their objects” (Sayer 1992: 87).

In short, critical realists attempt to understand how social systems operate through theoretical identification of the causal properties involved, how these are contingently manifested (i.e. particular places and times), and even to understand plausible alternatives.

Figure 1: Sayer's social system: the relationship between the abstract and the concrete and between structures, mechanisms and events



From Sayer (1992: 117)

A realist epistemology – methods

Critical realism presents itself as an approach that rejects “cookbook prescriptions of method which allow one to imagine that one can do research by simply applying them without having scholarly knowledge of the object of study in question” (Sayer 2000: 19). Hence, realism does not have an ‘off the shelf tool kit’ for empirical research; instead it opens up for a wide range of methods but emphasises that empirical work should be theoretically informed.

Most of my work has been in the form of a case study. Case studies are often employed when the researcher has little control over events, and when the focus is on a contemporary phenomenon within some real life context (Yin 1994: 1). Case studies are beneficial if one goes into depth and details, but scope is often sacrificed. In other words, case studies are useful if ‘why’ and ‘how’ questions are raised. Case studies can be theory building exercises, and intensive case studies offer means to explore causal connections under different local contingent conditions (James 2006). This is mirrored in my

research; the case study has been theoretically informed in the sense that theory has been actively used in the design and the undertaking of the project. This required that the theoretical framework gave clear directions about what kind of empirical material should be collected, and theory was also actively used in the analytical process. Put another way, theory has been an important tool both in collection and analysis of the empirical findings.

There are different types of case studies. Silverman (2005: 127) distinguishes between intrinsic, instrumental and collective case studies. The first type has limited ambitions with respect to generalising or theory-building, and is often very descriptive. In the instrumental approach the case is used to supply insight or to revise a generalisation, but the main focus is on something else, like for example conceptual or theoretical development. The collective case study is when many cases are studied to give insights into some general phenomenon (ibid). Yin, suggests that case studies can lead to analytical generalisability. This means that previous theory can be used as a template for comparison with the empirical findings (Yin 1994: 31). With its focus on theoretical perspectives and how the study of fashion can give insights into other sectors of the economy, this thesis can be said to have clear elements of an instrumental case study.

Both case studies and realist informed intensive research are frequently associated with qualitative methods. These are 'intensive methods' that concentrate on how processes work out in a limited number of cases, and an attempt to analyse and explore the interconnections between the essential and the contingent (Cloke et al. 1991: 156).

Most of the empirical material for this thesis was brought together from firm interviews. These are useful means for examining the evolving operations of business organizations, but bring along some distinct challenges (Schoenberger 1991). The informants are often business leaders. They are used to exercise authority and power, and Schoenberger (ibid.) warns that they can use this experience to lead the interview in the direction they want. Normally, they act as representatives for someone, and their statements can often be opinions of the firm or organisation rather than their own. These are factors important to keep in mind in the final analysis of the research.

A critical realist framework - practical implications

The implications of applying a critical realist framework can be found at various parts and sections of the text, and it has also guided the entire research process.

By treating fashion as a serious and viable commercial industry, the ambition is to contribute to understanding the factors and forces that may create competitiveness in highly volatile and competitive markets. In addition, fashion is a product where the utilitarian value in many cases is surpassed by its symbolic and aesthetic value. Accordingly, an effort has been made to develop a theoretical framework that could fit an economic geographical conceptualisation and analysis of fashion. In my research I have studied the fashion companies you find mentioned in both the culture and the business sections of newspapers. These are firms that combine art and business in a way that gives both aesthetic recognition (from for example journalists or peers) and economic success. Studying the fashion industry highlights some of the critical issues in today's cultural economy, for example the important interconnections between innovative performance, fashion and styling, and market dynamics. Moreover, the fashion industry case allows us to investigate how contemporary design and culture gets integrated into a traditional industry (making garments).

The theoretical work has been informed by a critical realist approach in the sense that I devoted considerable time and effort attempting to develop concepts. A focus on brands and other consumer value adding techniques needs a set of concepts reflecting intangible innovation processes. The concepts and theories used to analyse innovation in the form of products charged with symbolic value, meant for the end consumer marked, may possibly be different from those applied in a study focusing on innovation process in a traditional research and development context. I have introduced some new concepts in an economic geographical setting: 'cool' as a way of describing competitive strategies for segments of the fashion industry, and liminal space as a metaphor for processes wherein clothes are charged with symbolic value, to mention two attempts.

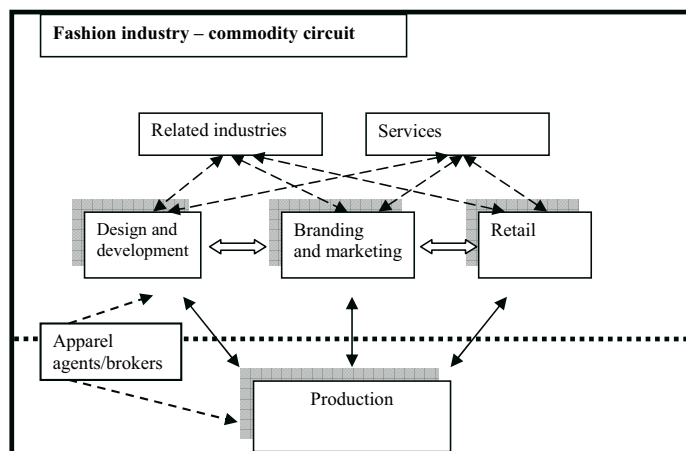
Outline of the research process

This section describes how the study of the Swedish fashion industry was conducted in practice. Most social scientists share the opinion that knowledge is an unavoidably social product reflecting the researchers' web of contexts, the inter-subjectivity in the research process and the social construction of knowledge (McDowell 1992; Ley 2003). Hence, in this thesis there will not be a lengthy discussion of researchers' subjectivity as I feel this would be an attempt to kick in doors that have been open for quite some time now. It is nonetheless important to have these assumptions deeply implanted in the research process, and try to be conscious about the role one has as a researcher.

Fashion is a subject one is constantly exposed to, through newspaper and magazine articles, commercials but even as a part of society and as a consumer. Personally, I have no background in or experience from the fashion industry. Somewhat surprising, sometimes this can be an advantage; fashion informants do not see me as a threat in the sense that I could use information for personal business gain. In addition, I am, as an outsider, allowed to ask 'stupid' questions.

With my lack of personal experience from fashion, the first component of the research process was to understand the basic components and the market logic of the industry. This was done through an extensive literature review, with sources such as scientific papers and books, industry reports, popular media and company information etc. In addition to this first step, there has been an iterative approach between theory and empirics throughout the whole research process, but less intensive in the later stages. The next major component was the empirical research. The assembly of informants was not random, but theoretically informed to cover analytical categories. The first group interviewed were key informants; persons that knew the business well, but were not necessary employed by fashion firms. These key informants were fashion journalists, retail representatives and authors that have published books on Swedish fashion. The initial phase was to get an indication of how the industry works, and to get background knowledge for the corporate interviews.

Figure 2: The Fashion system - a conceptual model



In the initial phase a conceptual model (Figure 2) was developed. It is not geographical per se; the focus is rather on how particular activity areas are linked within a wider industrial system. The model aspires to capture the relational spaces of value added activities within fashion, and the systemic nature of these activities. The model has informed the empirical work behind the thesis. It has been presented to informants, and generally they recognised and agreed with the model's attempt to outline the industry.

In total, the empirical material stems from 29 semi-structured interviews⁵ conducted between November 2004 and July 2006. In addition I have had about the same number of more informal talks with retailer representatives in different geographical settings such as Stockholm, Oslo, Montreal, Toronto and New York. The retailers were approached because I felt there was a need to contrast the corporate interviews, and also to get a picture of how Swedish firms operate in an export setting. The informants hold different positions in the Swedish fashion industry such as designers, company representatives, service providers (such as photographers, fashion forecasters), fashion journalists and fashion educators. One common feature among the companies surveyed is that they address a sophisticated consumer group; they seek to tap into the segment of the fashion market characterised by consumers who look for products with high fashion content. Most of these consumers seek to express their individual style. In other words, many of these fashion companies approach the chosen few. The companies were selected because they are prominent in their market segment. I approached the informants directly, either through phone calls or e-mails. In general, I got good feedback. I made 29 interviews, nine of the potential informants approached did not have time or had other reasons for not participating, and seven never gave any response.

The interviews were taped and transcribed, except for a couple of mishaps when the technical equipment did not function. In these circumstances I tried to take systematic notes and completed these after the interview was over. The taped interviews were all transcribed and translated into English. I have analysed the transcribed interviews in several stages, and coded them according to the theoretical framework. All quotes from interviews in the thesis are translated from Swedish if not stated otherwise.

Observation has also been an important process during data collection. I have attended fashion events like fairs (Stockholm fashion fair, Rookie), a party to introduce a new concept store (Tommy Hilfiger), the launching of a Swedish collection (Nakkna), parties organised by a fashion company (Wrangler) and other marketing related events. In addition, I have also lived in Stockholm during the main part of the research project. I have visited shops, watched how products are displayed, how trends are diffused, spatial variations over the theme Stockholm fashion and other aspects by being a part of society as a fashion follower. I have kept a research diary throughout the project period, where I recorded the most important observations. It would however be incorrect to define this as participant observation, as I never was an actual part of the fashion industry. Taken into account that perception is highly selective (Patton 2004), the observations have nevertheless provided valuable information for the analysis.

⁵ See appendix for the interview guide.

Presentation of the case: The Swedish fashion industry

Very few Swedish companies can be identified as leaders of global fashion trends. Sweden is located on the periphery of the fashion world, both in a physical and practical sense. It would thus be a pretty big exaggeration to claim that Sweden has a very important voice in the global fashion business. Many Swedish producers are, however, quick to respond to changes in imperatives of style, and put their own twist on internationally set trends.

This section will start with an overview of the history of modern fashion. This is done to place the Swedish case in the global context where it belongs. Then I will briefly go through how the industry has developed in Sweden, before I map recent developments of fashion as an economic activity. The last part directs attention to geographical variations in the Swedish fashion industry.

A short history of fashion

How long fashion as a social phenomenon has existed and where this started is an open question; garments have changed and people have dressed according to status, trends and local habits since we started wearing clothes. However, there is less controversy around the central role played by Paris in the development of *modern* fashion. The Englishman Charles Worth is regarded by many as the originator of fashion as an industrial activity (Djelic and Ainamo 1999; Breward 2003). He had his background from London retail where he observed the rising importance of shopping as a social activity. Later, he moved to Paris, and after obtaining experience from several garment producers, opened his own business in 1858. Interestingly for this thesis, he did this in partnership with a Swede, Otto Boberg (Breward 2003: 31). As the ‘father of couture’ Worth was the first to develop fashion into big business – he built up the women’s garment industry as a cultural industry, in which symbolic or immaterial value was a driving logic. Worth started to develop ideas that supported and surrounded garments in addition to the clothes themselves (Weller 2004). He did not just make dresses, but put his name on the label of clothes, opened shops where he put finished garments on live models for potential customers. He discovered some central features that still are valid, for instance the importance of some key persons or trend setters as one of the most important fashion mechanisms (Djelic and Ainamo 1999). Before Worth, dressmaking was handled largely by anonymous seamstresses, and royal courts were the major influence on fashion trends

Worth did not only set new standards for how to produce fashion, he also initiated organisational and institutional changes that affected the whole industry. He participated in founding the first *Chambre Syndicale* in 1868 to stop couture designs from being copied. This organisation is still working and joined forces with other powerful organisations in 1973 in order, among other things, to set the standards as to who is allowed to use the term *haute couture*. These stringent rules became effective barriers of entry for foreign competition, and helped to institutionalise Paris as the world’s fashion capital. Not only trends, but also organisational and technical standards were set by the elite fashion producers in the French capital. During the last 30 years, this leading role has become seriously contested (Djelic and Ainamo 1999). For example, the term *haute couture* has become somewhat blurred with that of *prêt-à-porter* (the French term for *ready-to-wear* fashion) in the public perception. Another sign of the waning hegemony of Paris high fashion is a steady decline in the number of couture design houses over the last 60 years; now there are just 8⁶, while in 1946 there were 106. American, Italian and British producers were the first serious international competitors to the French fashion houses.

⁶ <http://www.modeaparis.com>

Global trends that redefined other industries have also affected luxury fashion by bringing about changes both on the supply and the demand side of the industry. The small group of elite consumers who supported the haute couture segment shrunk while the middle and upper middle class consumer group has grown. This, and the increased global competition, changed the fashion industry; the newcomers redefined and pushed the rules of the game (Djelic and Ainamo 1999). This change did not only affect the elite market, but the entire fashion industry. This trend started primarily after the Second World War (Breward 2003) and gained pace during the 1950s and 60s.

However, the principles of Fordist mass production (Amin 1994) were adopted late in fashion in comparison with other industries. Up to the 1960s, clothes and fashion were basically a craft-orientated industry. With few exceptions clothes were made by multiple tailors and sold in small independent shops. During the 1960s, there were both organizational and technical changes in the industry. Retailers grew bigger and with new production techniques it was possible to manufacture on a large scale needed for large batch volumes. The emergent large retailers directed the clothing industry towards a Fordist production system, with larger factories and the introduction of standardised production (Crewe and Davenport 1992: 185). Labelling and branding was already quite common in different consumer markets like food, soap and other household goods (Olins 2003). These techniques were used as a way to differentiate producers and products from each other, and branding started to be taken on board by the fashion industry in this period.

Another important factor behind development of fashion brands was that, in the 1960s, fashion became more closely associated with other parts of the popular culture, especially pop music (McRobbie 1998). In the 1960s other cities than Paris started to play an important role, especially 'swinging' London (McRobbie 1998: 36). Although London was since far back in time known for the expertly tailored menswear, in the 1960s London was also the powerhouse of fashion and pop culture with a dominant position in both music (Beatles), fashion models (Twiggy) fashion photography, boutiques (Bazaar), shopping areas (Carnaby Street) and fashion in general (Breward 2004). These interconnected realms of popular culture and fashion led to a more diversified market for young and relatively wealthy consumers (Breward 2003). It also marked the end of the period of French domination, and especially that of the Parisian fashion which had held its position since the nineteenth century (Breward 2003), as well as the introduction of a more fragmented and diverse fashion industry.

During the 1970s the reciprocal relationship between fashion and popular culture became ever more apparent. Maybe the most striking and lasting (with regular revivals on the fashion and music scene) is punk, with designer Vivienne Westwood and (self-acclaimed) marketing genius Malcolm McLaren as the most prominent creators. Punk was first seen as an anti-fashion urban youth street culture, but was soon adopted by the fashion industry. Fashion and clothing were closely associated with the music scene (Breward 2003; Breward 2004). The symbolic facets of fashion were emphasised through McLaren's resolute attempts to match punk's anti-establishment attitude with fitting clothes, mainly through his role as manager for Sex Pistols. This can be seen as a sort of lifestyle approach to fashion that is now the selling point of most brands; marketing argues that the kind of lifestyle you choose should be reflected in the clothes you wear. Hence, business organisation and marketing pundit's focus on the brands as actual objects acquired a completely new status on the immaterial side of the fashion product.

Even if there were traces earlier, it was not until the beginning of the 1980s that the fashion sector first looked intensively into this type of strategic brand management. One interesting feature is that at the beginning of the 80s the sales of sportswear sky-rocketed, using branding as the main vehicle. The separation of fashion and sportswear became indistinct, and logos that showed the brand name became successively more visible on clothes (Agins 1999). The sportswear companies managed to communicate to their target groups, and to create a distinct profile for themselves and thus separate themselves from competitors (Tungate 2005). This inspired companies like Hilfiger and Polo to use visible logos on clothes and to market themselves as lifestyle concepts (Agins 1999). Some of the more traditional fashion houses used another strategy and developed their own sportswear, such as Prada Sports and Gucci Sports.

According to the American fashion journalist Terry Agins (1999), in the early 1990s one could see a confluence of phenomena arising from retailing, marketing, and feminism. These changes began to transform the fashion industry forever. The old model where the couture houses set the trends and the rest of the industry followed this lead, was transformed by a shift in consumer expectations and internal restructuring of the industry. The mass market underwent a process of fragmentation, in terms of both consumption patterns and retailers' attempted manipulation of these. There was a shift in demand for higher quality garments alongside frequent fashion changes. The delineation between 'true' fashion and 'ordinary' clothes virtually disappeared. Less expensive stores sold good-looking clothes of high quality, and the effect is that fashion no longer belonged to the elite. In the old order of fashion, the so-called trickle down school (Simmel 1904), it was the high-fashion designers, their affluent clients and fashion magazines, which dictated the way everyone dressed. In the 1990s one saw instead the rise of street wear as a fashion force. Teenagers, pop culture, forces in music and counterculture, all influenced fashion with a new vital ingenuity that was infectious. Agins (1999) claims that fashion has, in a sense, returned to its roots - it is selling image.

At the same time the value of the 'designer' logos' value was strengthened. The marketing techniques used by many of the high street fashion companies were similar to the more exclusive fashion houses. Mass produced casual clothes are sold as 'designer' items and even as high fashion. As long as the consumers are persuaded that the design of these products have the same quality as those of exclusive garments, the clothes could both enjoy economic and cultural success (Djelic and Ainamo 1999). Some actors worked hard to turn the focus away from individual collections and creators towards the more holistic idea of brands.

In conclusion, fashion has always been about charging garments with immaterial value. This has accelerated in the last 30 years or so, as fashion has developed from a highly localised and craft based trade, to one of the most globalised industries (McRobbie 1998; Agins 1999; Djelic and Ainamo 1999; Santagata 2004; Weller 2004). The dominance of brand thinking and brand management points towards an institutional shift in the fashion industry. This means that firms must compete within a highly branded marketplace where their own branding strategies (and anti-strategies) are decisive for their long term survival. The fact that brands have become a central institution in fashion implies a greater need to focus on marketing advertising and image building. As a consequence, building brands and brand management are now the most significant features in determining the industrial and innovation dynamics of the fashion industry (Power and Hauge, forthcoming).

The history of Swedish fashion⁷

Sweden used to have a considerable garment industry, with the Borås region in the Southwest as the industrial core (Axelsson 1991). Throughout the 1960s and 70s the Swedish textile and clothing industry went through dramatic structural changes. Imports of foreign produced clothes increased considerably and employment in the garment industry fell correspondingly (Pettersson 2001). However, in the same period modern Swedish fashion industry started to grow. Production of garments was outsourced to low cost countries, but value adding activities like design, marketing and distribution remained in the country. The new group of design based firms were more inspired by London than Paris (Bornold 2003). This laid the foundation for contemporary Swedish fashion. Today, as in that period, most Swedish firms produce functional clothes with a sober design (Bond 2003).

Recent industrial development

Today, Swedish fashion is a growing industry. One important reason for this is the growth in consumption. The domestic fashion market (including shoes and accessories) had a turnover of 68 billion SEK in 2005, a 6% increase from the year before (Habit 2006). The 2005 average annual

⁷ For a more comprehensive review of contemporary as well as recent history of Swedish fashion see the paper "A seamless industry? Swedish fashion as an industrial system" presented later in this thesis.

consumption for a Swedish household was 6 200 SEK⁸ of clothes, shoes 1 100 SEK and accessories 270 SEK, or 5% of the total household consumption. This rate of growth has been relatively stable even if more items have been bought – indicating that prices have been falling (Aronsson 2006).

Sweden imported clothes for 24 billion SEK and exported for 9 billion SEK in 2005. The neighbour countries Denmark, Norway and Finland are the main destinations for exports (Aronsson 2006). Retail chains dominate both the export and the home market. The six biggest had almost one third of the total Swedish fashion market in 2005 (Habit 2006). More than half of the biggest retailers are vertically integrated. Except for production of the actual garment, most other functions, like design, distribution, marketing and retail are organisationally integrated in the company. In other words, companies sell their own in-house brands, which they have designed and developed themselves. The vertically integrated companies have grown by 60% in the last 15 years (Sundberg 2006). However, retail chains are still a heterogeneous group, both when it comes to size and business models. Apart from the vertically integrated companies, other retailers have a mix of their own brands and brands they buy from independent suppliers. The profit margins of garments developed in-house are often higher, but the other brands can be better known and attract shoppers to the stores. There is also a group of retailers that base their supply solely on external brands.

One actor, however, is in a league of its own in Swedish fashion: H&M. On the Swedish market they are almost twice as big as the second largest company (Habit 2006). In addition, they have had considerable global success; they are represented in 27 countries, and have more than 60 000 employees working in almost 1200 stores. The turnover was 71 886 million SEK in 2005, an 11% growth compared to the year before (H&M 2006).

Even other parts of Swedish fashion, as well as retail chains, are expanding. The ten biggest Swedish owned export firms (excluding retail chains) had an annual average export value 146,1 million SEK, and most had a growing export rate (source: Habit 2007). However, most of the Swedish fashion export is re-distribution of garments produced abroad, and has a low impact on, for example, domestic employment numbers. Just examining the export numbers could thus insinuate that fashion export is a bigger and more important economic activity than it actually is (Sundberg 2006). This dynamic is, nevertheless, a condition for the growth the industry has experienced lately. In addition, from 1999 to 2002 the entire fashion industry had an annual growth of 7.4 per cent in value added (KK-stiftelsen 2004).

The Swedish fashion industry is growing in popularity as an investment object. Fashion companies are in style as for venture capital (Almgren and Larsson 2006), and share holder value is rising for many firms (Habit 2006).

Recently, Swedish fashion industry has been studied, either in its own right (Sundberg 2006), or as a part of the cultural industries (Power 2002; KK-stiftelsen 2003; KK-stiftelsen 2004). However, there are certain challenges one has to contend with when using statistical data to measure and map economic activities; these data are rarely adjusted to the definitions used by researchers of the topic. What should be included and excluded in each study? Most analysts agree that it is important involve more than production, but also distribution and consumption to get as precise a picture as possible (Pratt 1997b; Power 2002; KK-stiftelsen 2003; KK-stiftelsen 2004). Taking this into consideration, data from Statistiska Centralbyrån (Statistics Sweden) show that the fashion industry has experienced a slight reduction in the number of firms from 1997 to 2002 (4.9%), while at the same time there has been an increase in the number of employees. This indicates a consolidation of the sector, each firm on the average employs more people. In the same period, the Swedish economy as a whole developed in another direction: the number of firms rose by 62% while the growth of employees was only 12%.

Retail is the sector where the tendencies towards concentration are most evident. From the beginning of the 1990s to 2005 the number of stores selling clothes has reduced by about 15% to 6 800, but consumption grew in the same period (Sundberg 2006). In other words, fewer stores are selling more clothes.

⁸ 2005 average: 1 EUR = 9.00 SEK, source www.riksbank.com (Sweden National Bank).

The three layers of Swedish fashion

A recent study suggests a duality in the Swedish fashion industry: on one side there are many small and micro sized firms and on the other there are some giants. Many businesses are quite ephemeral (the mean surviving age for fashion firms are 16 years, but one third goes out of business before three years), however the ones that survive stay in the business for a long time. Just a small number of Swedish firms sell to foreign markets, but the ones that do, have a large export share (Sundberg 2006).

However, in the trade journal Habit's (2006) annual listing of the 50 biggest suppliers to the Swedish market, medium sized firms are making their marks. This list includes all suppliers to clothing fashion retail, but excludes firms that mainly deliver to their own stores (vertically integrated retailers). Of the top 21, one third was Swedish based brands, with the most important activities like design and development in the home country. These seven companies had a mean growth rate in 2004 of 31%, with 72 as the highest rate and 4 as the lowest (source: Habit 2006). In my opinion, Swedish fashion can thus rather be described as an industry subdivided into three main segments: (1) Retailers – they are the giants of Swedish fashion, and dominate both the domestic market and exports. (2) Small and micro-sized design-intensive companies. (3) Brand- and marketing-dominated companies, with their main product portfolio in jeans-, street- and casual-wear.

The last group of firms has been the focus of this study. Many of them show noteworthy growth during the last few years. For example, four of the most prominent firms, Filippa K, Svenska Jeans (with the brands Nudie and Denim Birds), ACNE Jeans and WeSC have all experienced growth of 100% or more from 2004 to 2006 (see the paper '*A seamless industry?*').

However, the brand- and marketing-dominated firms are a diverse group, both when it comes to turnover, number of employees and growth rates. It is problematic to make very broad and sweeping statements about such a varied group of companies, also because fashion companies' main competitive strategy is to distinguish themselves from competitors through subtle yet important differences. One of the informants claimed that: "there are no absolute truths in this business and nothing that is absolutely wrong" (personal interview 2004, retailer).

Regional variations

There are geographical variations in the Swedish fashion industry, with respect to location, business organisation as well as in the design profile. Power (2002) has shown that there are agglomerations in certain regions. In absolute terms, the bulk of employees are found in Stockholm, Gothenburg and Borås (approx. 7500, 3500 and 2500 employees, respectively), while in relative terms, small municipalities like Vingåker, Ulricehamn and Mark have high industrial concentrations (Power 2002).

Stockholm is the capital of Swedish fashion. In addition to fashion companies, service providers, media and educational institutions are located there. Then again, the West Coast was traditionally the garment producing area. The fashion education institutions located there are more directed towards practical industry skills, like purchasing, pattern making, textile engineering and management. Their Stockholm counterparts, in contrast have a more creative/artistic focus (KK-stiftelsen 2003). Taking a broad perspective – there are obviously exceptions – there are also regional differences in company structure and the characteristic fashion look, between these two centres' producers. Stockholm has many small design based companies, populated by persons with formal fashion education. The typical Gothenburg company's employees lack formal training, but are usually people with different backgrounds from the business. While the Stockholm fashion design is thought to be more daring and experimental, the West Coast firms produce more basic clothes, like jeans and street-wear in clear-cut design (Bornold, 2004).

In conclusion, Swedish fashion is a growth industry, with a distinct geographical variation. The different papers in this thesis seek to capture some of the dynamics and phenomena underlying one group of firms (brand and marketing focused SMEs) in this fascinating industry.

Presentation of the papers

This thesis comprises a collection of four papers – papers that are supposed to stand alone as individually publishable pieces of scholarly work. The main challenge of writing a dissertation of this kind is that the different papers draw on the same research material so there is bound to be some overlapping. However, the papers cover different aspects of the fashion business, and they work on different levels of abstraction. In the following, there is an extensive overview and summary of the entire research project.

How the papers fit together

The first paper analyses the day-to-day business routines in a cultural industry like fashion, where the competitive advantage lies in of production immaterial value. In addition it contains a mapping of regional variations and recent developments. The next paper focuses on brands and branding as a structural property that works as an institutional force for the whole business. The third paper analyses how knowledge and information are produced and diffused and argues that these are the main resources in the production of immaterial value.

Table 1; The Thesis papers, main theoretical elements, empirical material and findings

Paper	Research question	Theory	Material, data	Findings
<i>A seamless industry? Swedish fashion as an industrial system</i>	Which are fashion industry's main activity areas, and how do firms balance these in their business strategies?	Commodity circuits (Leslie and Reimer 1999) Relational Econ. Geo (Bathelt and Glückler 2003)	Industry statistics, interviews, business literature	Swedish fashion is growing. Successful fashion companies have a holistic approach to the business.
<i>"No man's brand" - Brands, institutions and fashion</i>	How are branding and brand management and affecting the industrial construction and competitive strategies?	Brand management theory (Sherry 1998; Olins 2003) Institutional theory (Granovetter, 1985; Veblen, 1909)	Theory, business reports, literature review	Brand meaning is a result of reciprocal and negotiated process. Brand value is the main determinant for industrial and innovation dynamics in fashion.
<i>Liminal spaces: Negotiating symbolic value in the fashion industry</i>	How is symbolic value produced and diffused in fashion?	Markets as social constructions (Aspers 2006) Liminal space (Gennep 1960; Turner 1969)	Interviews, literature review	Cultural meanings are created in relationships where different actors meet and interact. The symbolic value of a product changes much like persons can go through rites of passages.
<i>Production of Cool: Competitive strategy for small fashion companies</i>	How do SMEs situate themselves in volatile fashion markets?	Fashion-ology (Kawamura 2005) Consumer Culture Theory (Arnould and Thompson 2005)	Interviews, literature review, observations	Cool is defined and clarified as a theoretical concept. The production of cool can be a strategic consideration in the production process.

The fourth paper focuses on how SMEs can position themselves in a market dominated by global fashion giants, and shows that this can be done through exploitation of competitive resources associated with a sense of “cool.”

Table 1 shows a short summary of the different papers; their main focus and the most important conclusions.

1. A seamless industry? Swedish fashion as an industrial system

Fashion is an industry where almost all production of the physical products is outsourced to low cost countries, while high cost activities are found at the fashion companies’ home base. In Sweden, fashion is thus an industry focused on high value adding activities. There are three activity areas which dominate fashion companies: design and development, branding and marketing, and finally retail. However, it seems that in addition to being the central value adding activities in fashion, they also govern business models which dominate different companies.

There is an empirical focus in the paper, and the analysis is concentrated upon a particular segment of the Swedish fashion firms; a group of relatively young firms that have experienced a remarkable growth the last few years. Their clothes collection is made up of mainly jeans- and street-wear – basic clothes, but still with high fashion content. This group of firms structure their business strategies on branding and marketing and the target consumer groups are young and fashion conscious. The paper places this group of firms within the wider context of the Swedish fashion industry, and goes through management strategies and business organization.

The findings are structured according to Porter’s (1990) four determinants of cluster competitiveness: firm strategy, structure and rivalry, production factors, demand, and finally related and supporting industries. The Swedish fashion industry is growing, and each determinant is important for Swedish fashion industry’s dynamic competition. In the conclusion three areas are singled out as the most interesting. Together they paint a picture of a seamless industry.

The Swedish companies’ competitive strategies revolve around design, marketing and retail of garments. The physical products are important input in this, but it makes more sense to see production of clothes as a supporting industry or input to the Swedish fashion industry than to see it as a part of it. Swedish fashion is thus literally seamless as the actual garment is outsourced.

Swedish fashion business focuses mainly on linking to consumers and retailers. Well designed and interesting garments are an input in this, but through strong linkages to suppliers they take high quality products more or less for granted.

The Swedish fashion companies know each other well, and there is a strong competitive spirit. This is referred to as *networked rivalry*. There are however strong vertical linkages; fashion firms have often a tight cooperation with their partners. Together they work closely to put fashion into clothes (Weller 2004). Sometimes, so closely that they appear seamlessly integrated, even if the formal business structure says something different.

Artistic or creative skills are often seen as opposed to business skills. Many informants emphasised the need for business skills, and downplayed the need for aesthetic input in fashion production. This does not suggest that creativity is irrelevant in fashion, but rather that there is an excess of aesthetic talent that has been attracted to the business and that there is a need for a holistic business approach in running a fashion business. This point to the fact that business skills, design, marketing and distribution is seamlessly integrated in many fashion firms’ competitive strategy.

2. “No man’s brand” - Brands, institutions and fashion

The point of departure in this paper is a discussion of the central role that branding plays in fashion, and argues that branding and brand management takes pole-position in determining industrial and innovation dynamics. The paper takes a broader geographical perspective than the other papers; it

steps outside the realms of Swedish fashion and analyses fashion industry at a higher level of abstraction.

It is argued that brands are best understood in an institutional perspective. The argument advocates a broad definition of institution and quotes Veblen's (1909) definition: "Settled habits of thought common to the generality of men". This means that brands are understood not only to be products of firm-centric actions but as a constantly ongoing process of dialogue and interaction between firms and consumers. Consequently, the production of brands is not linear processes. It is not something delivered directly from manufacturer to consumer. Brands and how these are understood by consumers are not fixed constructions.

The importance of brands and branding has implications on what the most essential activities of the fashion firm may be. The institutional shift brings with it a need for reorganisation. Firms must compete within a highly branded market where their own strategies are decisive for competitive success. The individual characteristics of the products tend to be downplayed, and there is an accentuation to streamline branding with the rest of the business strategy. How and where products are presented has, for example, to be in line with the desired brand image.

The case of the British fashion company Burberry is used to illustrate these arguments. In the mid 1990s this company was in serious financial trouble but turned itself around within just a few years. Burberry, together with a network of partners and co-operators, successfully reorganised its business around the single goal of updating the brand image so as to give it a more exclusive character. Burberry exemplifies how brands can be seen as systemic processes, not just as a question of firm in-house action but a construction by networks of diverse actors. However, the Burberry story not only illustrates how holistic brand strategies can reorganize a firm, but also how firms in a brandscaped context are exposed to multifaceted actions and geographies. This has considerable implications for how firms need to behave and react. Burberry's famous chequered pattern was picked up by sub-cultural forces, not necessarily helpful to the new and improved brand image. What is most interesting about the case of Burberry, in the context of this article, is that it shows how interrelated design, production, and distribution are. The case shows how consumers actively contribute in the formation of brand meanings and value. These processes are often outside the management realms of the copyright holder.

The paper concludes by looking at the impact of brands performance of products and how they affect corporate strategies. The institutional point of departure means that we are better able to take into consideration the substantial part of value creation processes that happen outside material production processes. This is a critique of a narrow innovation perspective, where one can get the expression that there is an implied assumption that if the product is technologically outstanding, it will find informed and rational customers. In reality, consumer choices are much more multifaceted and complex processes. The production of the physical artefact and the immaterial value of a product can seldom be treated as separate spheres that only meet at certain points in a step-by-step production process – they are entwined through production, distribution and even consumption. This is important not only for gaining insight into the development of different brands, but also for understanding how the dynamics of branding affect different firms and the industrial system within which they are situated. With an awareness of brands' importance, and even as the core product, we might be better equipped to understand more of the dynamics of the ever changing market conditions.

3. Liminal spaces: Negotiating symbolic value in the fashion industry

The aim behind this paper is to analyse how symbolic value is produced in the Swedish fashion industry. It is argued no single actor has the power to dictate symbolic value. Rather, it can be seen as decided through a series of negotiations. The negotiating processes are social in character, and they engage actors involved in relationships on different levels. Actors may be directly involved in the fashion industry, like fashion companies, designers and retailers. Or they may be service providers, such as for example buying agents or marketing companies. However, they can also be part of related industries such as (fashion) media or other cultural industries. Underpinning the analysis is a belief

that consumers are not passive receivers of marketing stimuli, but active interpreters of fashion messages. Hence, consumers are also participants in the negotiation process,

The paper applies Aspers' (2005) theories on fashion's dual markets; 'status markets' and 'standard market'. Artefacts (clothes) are produced by and bought from suppliers with one type of market logic (standard), but sold to the end-consumer with a different logic (status). In the course of this journey the clothes go through a metamorphosis whereby they are charged with symbolic value. The empirical analysis illuminates some of the mechanisms at play when a piece of cotton changes into a fashionable and expensive garment. In other words, it examines some of the processes behind the manufacturing of cultural meaning, or how a physical product is imbued with immaterial attributes to create and deliver added consumer value. The objective is to show that a substantial part of fashion's symbolic value is created in the relational spaces between different socio-economic actors, where goods or ideas converge and travel from one state or space to another. Symbolic value is socially constructed, and is based on information and knowledge that is both created and diffused through relational embodied interactions.

The empirical findings identify a number of key negotiation spaces important in the construction of symbolic value. First there is an analysis of the role space and spatial processes play, both at the global level in the construction of origin as well as on the micro-geographies of retail space. Then follows an analysis of four key agents - media, designers, marketing representatives and shop assistants - and how they can influence the construction of symbolic value through their relational spaces. The empirical findings indicate that the point of generating value through consumer appraisals is often at relational meeting points. This can be the space where the designer meets marketing, where branding meets retail, where the retailer meets the end-consumer. These meetings increase consumer valuations, even if the physical product stays the same.

In the paper it is argued that the fashion industry is best understood in systemic terms, i.e. as processes rooted in systems of interrelated actors within specific socio-institutional contexts. Fundamental for this view is an awareness that social processes are important if we want to understand economic performance and how institutions like markets operate.

The information and knowledge important for creating symbolic value is a relational outcome, meaning that it is when actors meet that knowledge is reciprocally created, processed and distributed. The metamorphosis of garments into fashionable items can be said to resemble what is happening in rites of passages – where a person enters with one social status and leaves with another. *Liminal space* is used as an analytical concept to explain these transitional stages that objects go through before they are presented to the consumers as charged with immaterial value.

4. Production of Cool: Competitive strategy for small fashion companies

The fourth and final paper analyses how companies position themselves in a particular segment of the fashion market. This is a segment where 'cool' is viewed as the important competitive asset. In this paper, cool is defined as the amalgam of different kinds of information. It influences how actual and/or potential consumers understand and view fashion brands.

The contemporary economy depends upon signs such as symbols, images, ideas etc. Cool is one of these signs but it does not appear in an abyss. Like the material production of clothes, the production of immaterials, like cool, are governed by systemic production processes. Most fashion companies in high cost countries stay competitive by making the most of the immaterial dimensions of fashion. Cool can be a socially valued sign with broad economic implications for the firms in question.

There are numerous concepts used to describe clothes and fashion that are popular at any given time, such as chic, hot, elegant, etc. In this paper, the term 'cool' is used to describe a quality, often tender and subtle, but nevertheless something that makes clothes and their wearers stand out in a densely populated fashion scene. It has more to do with style than the latest trends. However, cool is not a fixed entity. What is perceived or understood as cool change with social settings, through space, and over time. The paper leans on Bourdieu's (1984) theories of social patterns in matters of taste. Cool is also socially patterned, and can never be too pervasive or widespread. There has to be some

sort of exclusivity associated with cool, and it spreads from focal points. As soon as it becomes too common, the 'nucleus of cool' moves to seek other forms/manifestations of distinction.

The empirical analysis explores some of the key factors in the production of cool, and uses the Swedish fashion industry as a case. Knowledge is seen as a key component in this process. Because knowledge production normally is a social process, the study focuses on certain vital relationships. These are: internal relationships in the industry, relationships between the fashion company and the retailers, the role of the end consumer, and finally fashion companies' relationship with spatially fixed patterns of production and consumption.

In contemporary fashion, several trends are going on at the same time. This denotes fragmentation of the fashion market, and that consumers mix and match different styles. Different subgroups exist in the market, with parallel and equally important voices. This gives an opportunity to fashion companies who try to position themselves as cool.

Cool is contagious. For firms this means that being in a context, like for example a shop or a district, with other cool products, they can hope to 'catch' it themselves. It is thus vital for fashion firms that their products are sold in the 'right' places. Some fashion firms work closely with cool retailers/shops. Most of these relationships are, however, informal and not institutionalised through legal frameworks. They can nevertheless be defined as network relationships, as many of them are long-standing and characterised by mutual trust and understanding.

Key consumers are central in the immaterial production of cool. Fashion companies are well aware of this, and try to use lead consumers as tools. Marketing is thus propelled by a carefully chosen group of empowered lead users. To get the right individuals to wear clothes are central in the diffusion of trends. These trendsetters are often celebrities, but less known persons can be innovators on a more local scale. However, there has to be a certain subtleness. A person fully clad in one brand is not very cool. Among the informants 'traditional' mass marketing, like TV commercials, billboards or magazine adverts was very rare. Many of the informants could not afford expensive marketing campaigns. However, informants claimed that the impact of mass marketing was fairly small at best, whether they could afford it or not.

The production of cool has a complex connection with space and place, because it can be produced both at local and global levels. These levels are connected and interdependent. It looks as if cool can follow products and brand in both export and import situations.

The paper concludes that cool is hard quality to attach to products, but when this succeeds it is seldom solely by chance. Cool is a slippery quality, on a constant move. It is impossible for firms to have total control over whether their products are understood to imbue this quality, because much depends on forces outside the firms' borders. However, this does not stop firms from trying to use cool as innovative strategy. This has to involve close cooperation with business partners or other types of actors. There are systematic and quite skilful production methods required in accomplishing this line of strategy.

Findings, conclusions and reflections

In this thesis there has been an attempt to understand the manner in which firms in the fashion industrial system work and operate. The study seeks to fit into economic geography by contributing to an awareness of the notable role played by spaces, places and practices of production, circulation and consumption (Crang 1997:14, see also Weller 2004).

A closer analysis of the cultural industries, in this case fashion, allows an investigation to how contemporary design and culture get integrated into a traditional industry (making garments). If we believe in the conditions outlined in this thesis, then the issue of how design and fashion form the core nexus of the production and consumption process is a central topic. The act of design itself involves not just the shaping of a product's appearance but also a range of inputs into the creation of the form and function of a product, its production, marketing and appeal to the consumer. As Scott claims: "The clothing industry is one of those increasingly familiar but puzzling sectors of production in the modern world whose outputs play upon a cultural register of aesthetics and semiotics, while producers are at the same time subject to the discipline of profitability criteria and price signals in the context of market competition" (Scott 2002: 1287). Cultural industries are, however, a diverse group with different governing modalities, different territorialities, different economic structures etc. This thesis attempts to study the defining characteristics of fashion, both in its own right, as a part of the cultural industries and also as a part of the economy as a whole.

There are neither any standard fashion companies, nor any 'best practice' models for competition. The main strategic decision for fashion companies is how to find a market approach that differs from those of their competitors – differentiation is a main source of competitive advantage. Accordingly, it can be difficult to draw more general conclusions about this multifaceted research topic. All the same, the next section is an attempt to summarise the main findings from this research project.

Main findings and some counter-intuitive results

When starting up a research project one inevitably has presuppositions. Fortunately some of these beliefs were met, but just as luckily there were also some unexpected findings.

1. The main innovative strategy is to develop different approaches to branding and brand management.

Brands have multiple meanings and readings – variations that differ through time and space. Nevertheless, brands act as stabilisers in contemporary fashion through their institutional position. In the contemporary fashion industry, all relationships, all forms of governance, all types of manufacturing and organisation are subject to the institutional position of brand and branding logics. Branding and variations on the theme brand management are the main innovation strategies fashion firms implement.

2. The most successful fashion companies balance material and immaterial production.

Fashion companies are involved in producing material commodities (clothes), but there is also the parallel production of ideas (fashion). There are different logics and spatialities to these parallel processes, but they are related. However, what is common for both production structures is the systemic nature of the processes i.e. the way in which they are rooted in systems of interrelated actors within specific socio-institutional contexts.

3. *Fashion firms combine a business focus with an important input of creativity.*

Numerous writers point to the importance of creativity as a vital input in the contemporary economy. Fashion is one of the cultural industries, and this sector is often mentioned as the forerunner in the creatively driven economy. Hence, the notable emphasis on the more mundane aspects of how to run a business among the informants in a supposedly creative industry like fashion is surprising. This does not imply that creativity is unimportant, but rather that the supply for creative input is abundant while business skills are somewhat scarcer.

4. *Swedish fashion is not high tech – but nevertheless knowledge intensive.*

Fashion is not different from other industries in the contemporary economy with respect to its dependency on knowledge and information, but there are no objective, universal truths in fashion. Products depending on rapid changes in consumer fads sometimes change quickly. Sometimes these trends are picked up without much alteration, while at other times one sees distinct local adjustments. Variations in the penetration of different fashion information (i.e. trends or styles) cannot simply be explained by place-specific characteristics such as cultural receptivity (Weller 2006). Changing consumer demand in fashion reflects a relational interaction between different modalities of information. Hence, fashion knowledge might be best understood as a process based upon interpretation and comprehension of information. In aesthetic markets, knowledge must be related to contextual conditions. How these products are received by the consumer market is in part a result of former history and position in the market for products or brands, but also of contemporary negotiation processes. The negotiation process is dependent not only on fashion companies, but also on a network of actors in the entire industry; for example designers, service providers, marketing, media, retailers and not least consumers.

5. *Space and spatialities are important in the production of fashion.*

Fashion production has a multifaceted relationship with space and place and is produced both at local and global levels. The consistent use of outsourced production in the fashion industry, and the combination of different market logics are signs of a genuinely globalised industry. It is dispersed all over the world, and units in both developed and developing countries are tightly integrated. At the top, places play an important role in the transient activities associated with the aesthetic and design-based innovation that is imperative in the production of fashion. In particular, certain urban districts function as contexts for fixed meanings; some places encourage the collective process of cultural production. This materialises in the distinct styles that are typical for an area, and in the variation of shops and the range of consumers associated with these local spaces. Locality as an identifying mark based on reputation and tradition can be a catalyst for creativity. These processes work both at the level of fashion production as well as at the level of consumption.

6. *Niche marketing or targeted marketing is very common and growing in popularity.*

Non-mass marketing, i.e. an avoidance of traditional media (radio/TV/outdoor boards), is widespread. A favoured approach is to use ways of communication addressed to the individual consumer, such as buzz marketing, blogs, product placement and anything that can be construed as viral marketing. This has almost reached an omnipresent status. Merely telling consumers that something is in fashion through traditional mass marketing will not make it so. In an overcrowded marketing landscape, firms have to come up with creative and innovative marketing tools to be noticed. Therefore, firms increasingly seek to tap into marketing through person-to-person communication. Marketing is considered successful if the clothes are seen on the right people in the right settings. This can be done through showing clothes on users which attract attention, such as celebrities, but also by ensuring that the clothes are seen in the 'right' urban settings, such as popular bars or restaurants. Marketing is thus driven by a select group of empowered consumers.

7. *Close interpersonal and other forms of network relations are common.*

Direct cooperation between fashion firms is rare in Sweden, and rivalry is often a driving force in competition. Nevertheless, fashion firms share a socio-economic institutional set up. This mix between

competition and closeness is termed *networked rivalry*. Most fashion firms have, however, a devoted co-operation between other actors in the fashion business, and there are high levels of mutual interdependencies. These tight personal bonds might be best illustrated by the relations between fashion producers and selected retailers.

8. *Consumers are important in the production of fashion.*

Fashion is a result of the conscious work by economic actors to try to shape our consumption patterns, but also of individual consumers' conscious fashion choices. One particular group of well-informed fashion consumers are people with high fashion capital. These are important in launching new brands, directing trends and deciding new looks. Fashion is thus not produced by corporate forces alone, but is socially negotiated through reciprocal, socially embedded processes.

Contribution to economic geography

The main contribution of this thesis to economic geography is found in the concluding remarks of the paper 'No Man's Brand':

Thus despite economic geography's fixation on innovation, network relations, learning and globalisation, it seems that many of our theories and accounts stop abruptly as the products leave the factory gates. Indeed it often seems that there is an implicit assumption that if the product is technically and technologically excellent it will find informed and rational customers eager to reward firms and regions investments in innovation and quality.

I have directed much of this analysis to what happens after the factory gates. I think there are important lessons to be learned from the fashion industry. In many markets the differences between products are very small. In most cases we take the functionality of products for granted, and our purchase choices are increasingly determined by the symbolic value of the product or the company behind it. This might be taken to the extreme in fashion and the mechanisms are most visible here. By studying this extreme case we might learn something about how these mechanisms work in other parts of the economy as well.

The thesis also represents an attempt to expand the existing body of theoretical knowledge in economic geography by adding a detailed study of an un-orthodox industry such as fashion. Much recent analysis of the changing character of industrial systems (a shift towards flexible specialisation, network forms of organisation and governance replacing the traditional hierarchy-market dichotomy, etc.) draws on studies of traditional manufacturing industries and certain more modern industries of a high-tech character. I have looked at a number of existing theoretical models and, subsequently, tried to add to their refinement or reformulation. By taking brands as the core product in industrial production, rather than as an interesting aside for sociologists, historians and cultural theorists, economic geography can better understand the institutions governing the economy, and the dynamic systems within which commodities and commodity chains are formed.

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Appendix:

Interview-guide

1. Interviewee biography

- Short introduction (when, where, how, why fashion industry)

2. The firm organisation

- Turn over?
- Markets?
- Number of designers?
- How big export share?
- The biggest markets?

3. The picture/model

- **Actors**
 - Roles
 - Persons
 - Positions
- **System**
 - How important is your localisation regarding:
 - Customers
 - Suppliers
 - Other partners

4. Innovation

- How many collections do you produce per year?
- What do innovations mean in your line of business?
- What do you need (resources) to innovate?
- Who do you need to know?
- Is cool an innovation? Is it possible to produce cool?

5. Knowledge/resources

- How do you get good at your job?
- What kind of knowledge is important? (formal, tacit, experience)
- Can you find this here?
- Is this developed intra firm, or with partners?
- What kind of partners?
- Social interaction meeting places

6. Branding

- Do you have a formal strategy for brand building?
- Is there such a thing as brand loyalty?
- Who is involved in brand building?

7. The future for Swedish fashion?

- Why is Swedish fashion successful?
- What can be done to improve the situation?
- Threats?

8. More interviews

Who are the 5 – 10 persons we should contact to understand Swedish fashion?