The Business of Luxury

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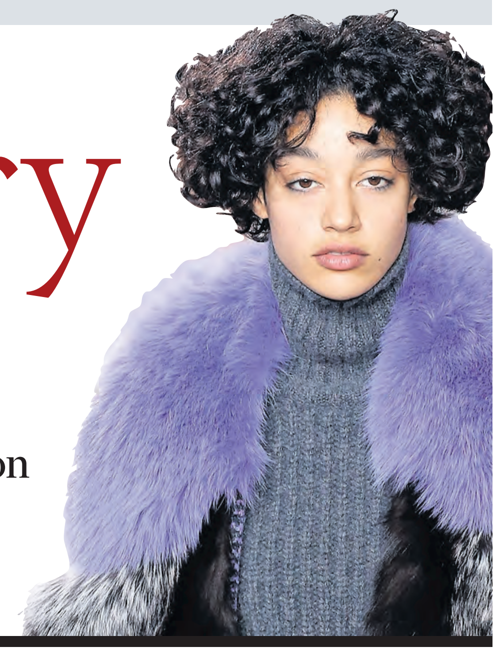

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Brands innovate to combat global slowdown

In the luxury world, hard times call for chic solutions, says *Rachel Sanderson*

At the centre of Milan's premier luxury shopping district — the Quadrilatero D'Oro, or Golden Grid — is a new opening that highlights how the luxury goods industry is responding to economic pressures.

MonteNapoleone VIP Lounge, in a palazzo between the Céline and Valentino stores, draws on nearly 150 luxury brands to tackle the problem of declining footfall. It offers private fitting services and a concierge able to obtain hard-to-find tickets. "If you want to see every red dress in a size 38 in the Quadrilatero we can bring it to the lounge for you," says Guglielmo Miani, chief executive of fashion brand Larusmiani and boss of the Quadrilatero industry association.

Five years ago such perks were nice to have. But today, as luxury goods companies face another difficult year, they have become must-haves as brands, stores and luxury centres like Milan, London, New York and Paris fight for shoppers, Mr Miani says.

These are testing times for the luxury goods industry, worth €250bn in 2015, according to a Bain & Company study. Companies' expectations of solid growth from emerging markets are being undermined and are embarrassing their current strategies for expansion, while developed markets look pallid and hesitant.

The LVMH conglomerate has blamed terror attacks in Paris and Brussels for weighing on sales in Europe, while the strong dollar and weakening consumer sentiment are hurting luxury sales generally in the US. Falling demand in China and Hong Kong is causing brands to rethink their tactics there.

Sales growth of personal luxury goods — from handbags and shoes to *prêt-à-porter* — slowed to 1-2 per cent in 2015 from 7 per cent in 2013 at constant currency rates, according to Bain.

Thomas Chauvet, luxury analyst at Citi, argues that for a few years companies were "in denial" about the "reset" of the luxury goods industry triggered by the collapse of demand in China from 2013 onwards. Prada was among the brands whose sales began to slow then.

"In 2015 and at the start of 2016, they have realised it is a different story," says Mr Chauvet. In response, the industry is adjusting to lower expectations with a variety of tactics.

Clothes show: artist Ai Weiwei poses next to his art installation at the Bon Marché department store in Paris Patrick Kovarik/AFP/Getty Images

'Our sector is in a period of accelerated evolution'

Cost cutting — from ending product lines and closing stores to removing well paid designers — is significant. Though not all moves were solely driven by reducing cost, several top designers have left their brands in the past year: Hedi Slimane from Yves Saint Laurent, Raf Simons from Christian Dior, Alexander Wang from Balenciaga and Alber Elbaz from Lanvin.

Instead, brands are introducing features such as concierge services, pop-up shops and art installations in stores as the lines between shopping and entertainment blur and brands compete with consumer groups.

One of the few remaining areas of bullish growth in luxury is ecommerce, which Bain estimates grew to 7 per cent of market share in 2015, from 1 per cent in 2005, with Chinese etailers making inroads.

"Our sector is in a period of accelerated evolution," says Armando Branchini, vice-chairman of Italian industry lobby Fondazione Altagamma. He sees three main drivers of that change: "Millennials, digitalisation and the behaviour of Chinese consumers."

Crucially, while this upheaval wrongfoots the industry, a recent survey from consultants BCG found consumers felt a quarter of luxury brands were losing their exclusivity or were at risk of losing it. Furthermore, around a third of consumers said they were saturated with personal luxury products.

Complicating the outlook are millennials, the sought-after 18-to-34-year olds. BCG defines these as global consumers, highly digital, optimistic, sensitive to sustainability — and sceptical. They are not attracted by the simple façade of the brand, says Antonio Achille, managing director at BCG.

These tensions are pushing the industry to be evermore innovative to keep shoppers interested, says Desirée Bollier, chief executive of Value Retail, which runs 11 outlet villages in Europe and China.

Ms Bollier this month presided over a special event at Value Retail's Fidenza Village in Italy, a pop-up store called the Creative Spot that will showcase products by Milan's hottest young designers — at cut prices. "You are adding that layer of experience to what has now become a very banal thing: shopping," says Ms Bollier.

Snap happy: Instagram rolls out carpet for fashion brands

Strike a pose: Instagram's James Quarles — Damien Maloney

Social media The app's business development head has unfiltered advice for *maisons*, says *Hannah Kuchler*

The twist and twirl, the shimmer and swirl of her tasselled skirt were captured in a slow-motion video posted on Instagram by Eva Chen as she prepared for her first Met Gala this month. The gala, which raises funds for the Metropolitan Museum of Art's Costume Institute, is one of fashion's highest-profile showcases and celebrity attendees wear unique creations from designers.

"Not going to lie, I chose this custom @christopherkane dress for the slow-mo twirl opportunities!" Ms Chen, who is Instagram's fashion ambassador, wrote in the caption. The video attracted 12,000 likes from Ms Chen's 574,000 followers within three days.

While luxury goods marketers may reminisce about the days when advertising meant only expansive, glossy photographs sprawled across double pages in fashion magazines, Instagram believes its smartphone-sized squares are better at showing off the detail involved in luxury craftsmanship.

James Quarles, global head of business and brand development at Instagram, says luxury goods makers do best when they zoom in to show the customer every careful decision they have made in manufacturing the product.

"Luxury businesses are the best at managing brands of any marketer in the world. They understand the story history, the importance of the heritage, the importance of craft, but also the importance of being relevant, and modernity as part of their proposition," he says.

Luxury businesses can show each element of the process using different tools such as stills, videos and loops — one-second clips that play endlessly. Rather than worrying about whether going behind the scenes could ruin their brand's mystery, they can show off their design and manufacturing capabilities.

Mr Quarles — sitting in a large conference room in Instagram's Silicon Valley headquarters — joined the company from its parent Facebook, where he managed relationships with advertisers from London. While living in London and travelling to Milan and Paris, he saw how fashion houses started adopting social media to reach customers already using apps to discover new brands.

"I had the benefit, living in London, of sitting in the front rows, looking down the line and everyone was on Instagram trying to capture and edit those runway looks and show them instantaneously," he says. The luxury industry followed bloggers in using Instagram.

Now, 60 per cent of Instagram's 400m monthly active users say they learn about products and services on the app and 75 per cent say they are inspired to act — by searching for a brand's website, going to a boutique or telling a friend.

Several brands have embraced Instagram at fashion shows. Tommy Hilfiger, for example, recently created an "InstaPit", with special seats for social media influencers, some with millions of followers, to snap the runway from. Luxury conglomerate LVMH opened up more than 50 *ateliers* and *maisons* to Instagram influencers and the public in late May to show the behind-the-scenes story of how everything from handbags to spirits are made.

> 'Looking down the line, everyone was on Instagram trying to capture and edit those runway looks'

Luxury brands use social media to show they are "not my father's or my grandfather's brand", Mr Quarles says. Marketers can deploy Facebook's segmentation tools on Instagram to reach different kinds of luxury audiences, such as Asian consumers or "Henrys", which stands for "high-earning not rich yet", who may be new customers.

While luxury brands may have been drawn to Instagram organically, the company has put substantial effort into showing the creative possibilities of the app in the hope of luring more advertising dollars. Analysts at Credit Suisse estimate that Instagram's revenue was about $570m in the past quarter alone.

At the Met Gala, Instagram collaborated with Vogue magazine to create a booth filled with flashing fluorescent lights where celebrities like Madonna were videoed in their designer outfits.

The results, posted on Instagram @gvsgvs, resembled glossy photoshoots, seductive TV adverts and music videos. The app and the magazine had worked together to create a new kind of red carpet.

Tomorrow's master craftsmen, today

Skills *Kate Youde* meets the next generation of artisans keeping the luxury industry's heritage trades alive

Ralph Moullet, 22, assistant cutter at Savile Row tailors Huntsman

I tried to do a vocational course in fashion and clothing and didn't think I was learning enough. On the days I wasn't at college, I used to work for Christopher Raeburn, the designer, and he said, "Maybe instead of going to college, learn a craft." That's how I found my way to Huntsman, and I've been working with Campbell [Carey], the head cutter and creative director, since I was 17.

You see jackets come back, from the 1960s and 1970s, that grandsons have brought in to have altered. I'd love, in the future, to see a jacket come back with my name on, because inside the jacket we have the order number and cutter's initials.

Andre Wilson, 19, apprentice clay modeller at British car manufacturer Aston Martin

Aston Martin came to my school two years ago to talk about the cars and what they were doing; afterwards I saw the clay sculpting apprenticeship advertised on the website.

If a car's just a concept drawing, we'll start with a scale model and experiment with the designer to get volumes and shapes. When we do our final model, which is accurate to about quarter of a millimetre, we scan it with lasers. That's sent through to the engineers and the car is made based off that clay model. It's not just a visual thing.

You have direct influence on things that you see on TV and in movies, which is very cool.

Yee Hui Chim, 29, prototypist at French accessories brand Moynat, part of Groupe Arnault

If the designer gives me a drawing of a [new] bag, I'm the one who creates the patterns, cuts the leather, assembles the bag, sews the bag — either by hand or sometimes by machine — and then we also do some finishing on the edges.

Before this I was a software engineer. I worked in the semiconductor industry for three years and I started leathercraft as a hobby.

It's very different [from making semiconductors], but developing the patterns involves mathematics too because it has to be really precise. It is as complicated as engineering but with an artistic touch. For this industry, the experience matters.

Cameron Weiss, 28, head watchmaker and founder of Los Angeles-based Weiss Watch Company

I was always interested in starting my own brand but it wasn't until working for a couple of the best Swiss watchmaking companies in the world [Audemars Piguet and Vacheron Constantin] that I felt I had really learnt enough about the business of manufacturing. I do all of the design, prototyping and assembly.

To start, we make everything by hand. From there we then figure out how to manufacture in more contemporary ways with computer-controlled milling machines and lathes and things like that.

The goal is to produce complete timepieces in the US and really work on bringing back watchmaking as an industry to the US.

Brunello Cucinelli, philosopher and cashmere capitalist

Enterprise His delicate jumpers come from a factory that reflects a humane worldview, finds *Rachel Sanderson*

"Why can't capitalism be contemporary too?" asks Brunello Cucinelli, founder of the cashmere fashion brand which bears his name, as he sits in Solomeo, the Italian hilltop village where his factory is located.

It is not an empty question: Mr Cucinelli, 62, grew up watching his father work in a factory, abandoning the family farm to earn a better wage. "I have seen my father humiliated, offended, and with little money," he says. He now tries to restore to the workers in his factory the dignity stripped from his family.

Mr Cucinelli runs his company, which is worth €1.2bn and whose jumpers can sell for upwards of €1,000, according to his philosophy of "humane capitalism", and it has borne results. Founded in 1978, its shares rose 124 per cent to a peak after listing on Milan's stock exchange five years ago; they are now up 50 per cent. It trades at multiples similar to those of Hermès, the €34bn French luxury leather goods house founded in 1837.

Mr Cucinelli, in blue blazer and white shirt, seated in his sleek white offices, applies his principle beyond his donations for the restoration of ancient buildings in Solomeo. "For me, it is not sustainable to give €5m to a charity and have your products made by children."

His workers certainly benefit from this outlook. They come in at 8am and leave by 5.30pm. He does not allow emails to be sent outside those hours.

There is a 90-minute break at 1pm and in a subsidised canteen, workers pay €3 for their lunch. On this Tuesday, that is abundant helpings of rice salad from white porcelain bowls set out on wooden tables, followed by peppers stuffed with meat and courgettes. Apple cake and fruit are available for those who want dessert. Wine accompanies the meals, with coffee to finish.

On the light-filled factory floor, where workers dress in neutral colours straight out of a Cucinelli lookbook, every room has large windows looking out across the Umbrian hills.

Reel deal: cashmere wool on display in Cucinelli's office — Alessia Pierdomenico/Bloomberg

Mr Cucinelli's vision has translated into profit — but not everyone is a true believer. He is an outlier in the luxury industry for rejecting the pursuit of growth at all costs, insisting that the firm intends to achieve only "elegant growth", which equals around 10 per cent a year.

Analysts are more sceptical. The share price reached its height in January 2014 and Mr Cucinelli admits consultants have urged him to ramp up production — perhaps shifting some outside of Italy — to drive up the company's profit margins. He is adamant he will not do it.

Brunello Cucinelli would like a world where all those who work with his luxury label earn 'a just amount'

"I would like a situation where all the people who work with me, the investors, the banks, the suppliers, all earn a just amount. Otherwise the annual report comes out and when people read it, they say: 'You are thieves.'"

He rejects the idea he should pursue an aggressive policy of opening stores, the number of which now stands at 120: "You eat the earth," he says flatly of this style of expansion. "Very shortly you find there is nowhere else to go."

Mr Cucinelli and his family own 60 per cent of his company's shares. Fidelity, the global fund manager, is the second-largest investor with 6 per cent, followed by the Zegna family, who are behind luxury menswear group Ermenegildo Zegna, with 3 per cent. Analysts think ultimately he may sell a significant stake to LVMH, although Mr Cucinelli says he intends to keep the company in family hands.

As with Armani, where the founder remains in command in his 80s, investors pose questions about governance at Cucinelli. Recently he appointed co-chief executives, who are in their 40s.

For his success, Mr Cucinelli has become an admired figure in Italy, a new entrepreneur in a country keen for success stories as it returns to economic growth after a decade of stagnation.

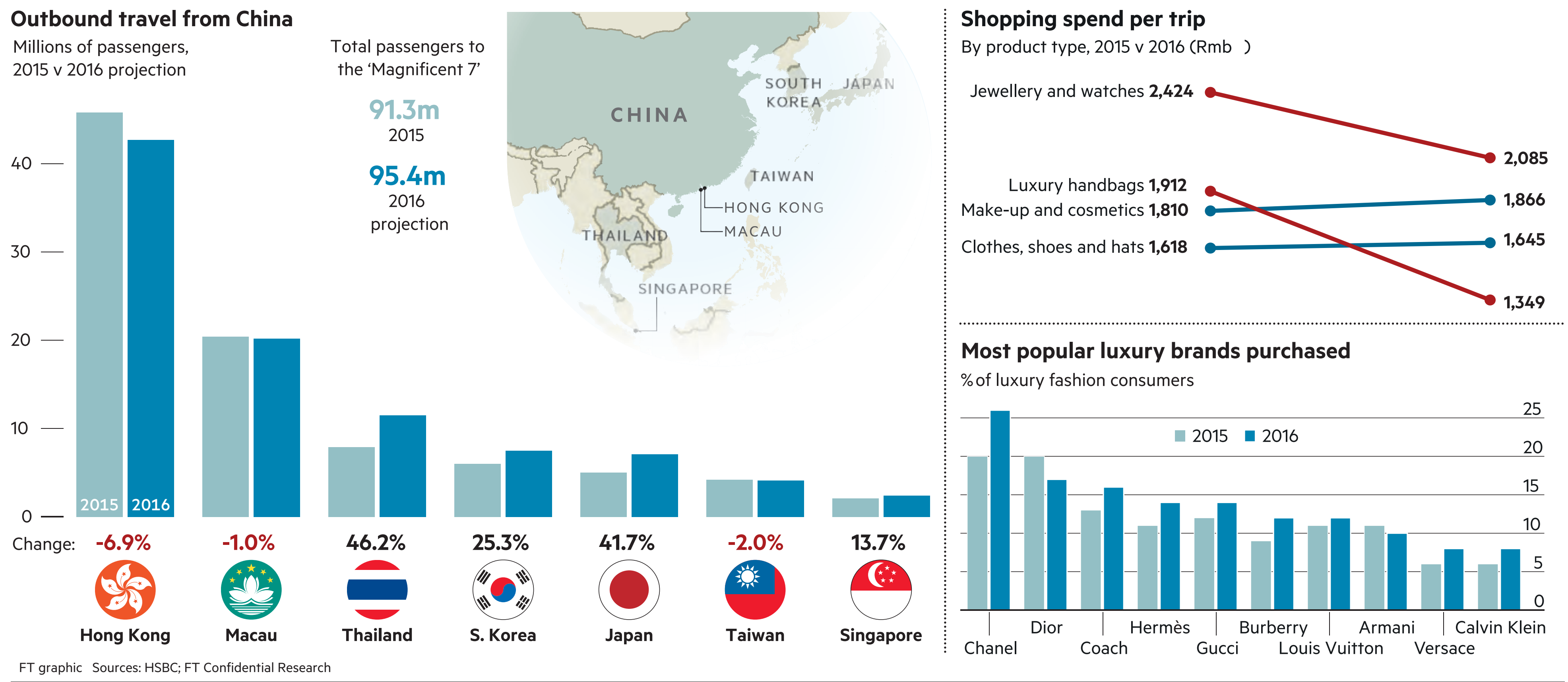
On the day of our interview, Technogym, which was founded within five years of Cucinelli and makes fitness equipment, launched on Milan's stock exchange; its shares rose 11 per cent.

For Mr Cucinelli, such "manufacturing start-ups" are Italy's future. "I am super-positive on Italy. There is a rebirth. The country is different from two years ago. There is new air."

Hong Kong confronted by changing tastes

Tourists from mainland China are becoming more sophisticated and demanding, writes *Jennifer Hughes*

How the downturn is affecting tourist spending



FT graphic Sources: HSBC; FT Confidential Research

Wander around Hong Kong's Harbour City on any given weekend, and among the crowds thronging the shopping mall, talk of a downturn might appear overdone. But it is quieter than in 2014, when queues of mainland Chinese formed just to get into luxury boutiques, driving sales that made the mall responsible for almost a tenth of the city's entire retail spend.

Recent retail news in Hong Kong has been disappointing. Year-on-year sales were down 21 per cent in February, according to government figures, as Chinese tourists sought new experiences in cities such as Seoul, Tokyo and Paris. After stripping out price changes, this was the biggest fall in Hong Kong retail sales since September 1998. Chow Tai Fook, the largest Chinese jewellery chain, said this month that it expects profits to be down 40-50 per cent on "weaker consumer sentiment in [the] Greater China region".

While Hong Kong's swift change of fortune — as recently as 2014 Harbour City boasted the world's highest sales per square foot — is unlikely to be exactly replicated elsewhere, it contains lessons for luxury watchers on how quickly China's appetite for upscale goods and experiences can shift.

Analysts attribute China's changing habits to several factors, including exchange rate moves, but more importantly to evolving habits and tastes.

"The luxury experience is not just about shopping. In Hong Kong, all the luxury brands are here and some of the fast fashion brands too — but there is not much diversity at mid-price points and there are a limited number of museums or cultural activities," says Aaron Fischer, head of consumer and gaming research at brokerage CLSA. "But go to Tokyo, Seoul, Paris or Milan and you have a much wider number of options."

Japan and South Korea have become particularly hot, helped by favourable exchange rates. According to CLSA's luxury price checks, goods in Tokyo 12 months ago were about 20 per cent cheaper than in Hong Kong — far from their long-run average of being about 20 per cent more expensive. But more recently, the yen's rise against the US dollar — to which Hong Kong's dollar is pegged — means that Japanese prices have again become more expensive, with a premium of roughly 10 per cent.

More important for the luxury sector is the fact that last year marked a sea-change in habits: for the first time since it began its research in 2013, FT Confidential Research found Chinese tourists spent more on accommodation, food and entertainment combined abroad than on shopping. Year on year, shopping fell on average 6.9 per cent, and 10 per cent among wealthier travellers.

Analysts put this down to well-travelled Chinese becoming more discerning. "The first time I went to Paris I bought a Hugo Boss suit because I could and it was my first trip. Now I buy coffees, I don't buy more suits," says Spencer Leung, a consumer industry specialist at UBS.

Mr Leung attributes the impressive recent rise in overseas trips and the sales growth for favoured brands to the pent-up demand within China where, for years, rising personal wealth was held back by travel restrictions.

"We haven't had this situation anywhere else — where so much demand was held back. For Chinese, the world opened up much more quickly only after 2012 when countries started fighting for the Chinese tourist dollar and eased visa restrictions," says Mr Leung.

Changing habits among western shoppers are repeated with their Chinese counterparts, particularly in fashion. Younger consumers are increasingly interested in niche brands they discover online — and which may not even need any physical presence such as a flagship store to drive sales.

Global luxury brands have had mixed fortunes among Chinese consumers in the past year. According to FT Confidential Research's Annual Chinese Outbound Tourism report, Chanel increased its popularity, with 26 per cent of respondents buying the brand, up from 20 per cent. Other winners include Coach, Hermès and Gucci, while Dior and Armani lost share.

For newer entrants, "to reach the level of brand awareness in China of a Chanel or a Louis Vuitton is going to take years," says Aude Bousser, founder of LBB Asia, a luxury brand consultancy.

The survey puts much of Chanel's gains down to its bold strategy of cutting prices for some products by as much as 20 per cent in the mainland and in popular overseas destinations, including Hong Kong. This move is attributed in part to making up for the weakness of the euro against the renminbi and also to combating the grey market, where goods are sold through unauthorised retailers. Chanel increased prices in Europe at the same time so they would be "harmonised", the company said.

> The region's swift change of fortune contains lessons for luxury watchers

Among the challenges of working out prices and retaining Chinese shoppers, one of the most remarkable features is the unmatched pace of change.

Businesses catering to China's luxury appetite are catching on. Despite the lack of queueing these days in Hong Kong's Harbour City, last year the mall's shift in strategy towards focusing on the overall experience helped pull in higher gross revenues than in the boom years — and bigger profits, too.

Even retail therapy will not save China from its growth ailment

ECONOMIC OUTLOOK

Martin Wolf

The performance of the luxury industry depends on the vigour of the global economy and the success of people who want to buy upmarket products. Aspirational consumers of luxury goods have done relatively well almost everywhere. But the growth of the world economy is disappointing. The performance of the global luxury sector — worth €250bn a year, according to a Bain study — will depend on how the balance between these two elements works out.

Yet again, the International Monetary Fund has downgraded its economic forecasts in its latest world economic outlook, released last month. The baseline projection for this year is for 3.2 per cent growth of the world economy, measured at purchasing power parity. This is much the same as last year, 0.2 percentage points lower than was forecast as recently as January and 0.4 percentage points lower than was forecast last October.

This level is surely no disaster, but the consistent downgrading of growth rates is a worry.

At least as important, the world economy is confronting a swath of political and economic risks. Most will come to nothing. But the cumulative danger of something going badly wrong looks high.

For high-income countries, the forecast growth this year is a modest 1.9 per cent, as it was in 2015. Christine Lagarde, managing director of the IMF, has rightly described this as a "new mediocre".

But the attractive feature of the forecast is the expectation of at least some growth in all significant high-income economies: 2.4 per cent in the US, 1.9 per cent in the UK, 1.5 per cent in the eurozone, and a modest, but still positive, 0.5 per cent in Japan.

The performance and prospects of emerging economies are also mediocre, at least by their relatively dynamic past standards. In 2015, these economies grew 4 per cent. This year, their growth is forecast to reach 4.1 per cent, with a rise to 4.6 per cent for 2017. China and India are forecast to grow by 6.5 per cent and 7.5 per cent, respectively, in 2016. But falling prices have hit commodity exporters hard, with prolonged and deep recessions under way in Brazil and Russia.

The emerging economies survived the financial crisis of 2007-09 relatively unscathed, the leading exceptions being in central and eastern Europe. Emerging economies' past dynamism, especially China's, had a dramatic effect on the global market for luxury products. According to Bain, China's demand grew from a mere 1 per cent of the luxury market in 2000 to more than 30 per cent in 2015. Meanwhile, the shares of Japan, America and Europe all dropped. Moreover, the Chinese buy 80 per cent of their luxury goods abroad, so their demand has had a huge effect on the global industry.

> The many who are outside the charmed circle of the relatively successful have become disillusioned

Now, however, the Chinese economy has slowed towards what President Xi Jinping has labelled "the new normal". This is an important negative factor for the luxury industry. But China's slowdown is affecting other economies. One effect is the end of the boom in commodity prices.

Key for many emerging economies has been a slowdown in net capital flows. This, argues the IMF, is largely due to "the narrowing differential in growth prospects between emerging market and advanced economies". Yet even more important has been the failure to maintain the pace of structural reforms in too many emerging countries.

The new mediocrity may be disappointing — but it means sustained growth. Unfortunately, one can also see significant downside risks. Some reflect economics, such as divergent monetary policies; the impact of negative interest rates on confidence; low commodity prices; instability in capital flows; and the possibility of renewed turbulence in financial markets.

Others are political. These include instability in the Middle East; mass migration; populism in high-income countries; the possibility of Britain leaving the EU; and friction among great powers.

The growth in prosperity of the world's aspiring and achieving classes is good for the business of luxury. But populism is growing too, as the many who are outside the charmed circle of the relatively successful become disillusioned, even despairing. How will this end? The answer is likely to play a big part in the global economic story over the next decade.

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Barometer The fashion industry is in tumult as some brands cut the delay between the catwalk and the wardrobe, writes *Jo Ellison*

See now, buy now: trouble now?

Is the fashion industry in crisis? It certainly seems to be in a state of flux. The collapse of the Asian market, an exodus of designer talent from the big houses and the sluggish performance of ready-to-wear has precipitated several radical announcements.

The slowdown has been profound. According to Philip Gajzer, managing director of Move Now Commercial Brokers, which advises luxury brands on property, footfall has dropped by around 20 per cent in recent months, and as much as 50 per cent in certain areas. An increase in first-quarter sales at luxury conglomerate Kering came in below expectations at 2.6 per cent, while earlier this month retailer Hugo Boss said it would cut costs by €50m this year after a 4 per cent fall in sales over the same period.

This began with the global economic downturn in 2008 and sharpened in the wake of the Paris and Brussels attacks, according to some fashion houses. A new system of Chinese import taxes introduced in April has contributed further to luxury's woes. The Chinese, who account for one-third of all luxury purchases globally, are being more frugal.

Meanwhile, disruption is happening within the industry itself as brands try to engage the new consumer — and lure back the old. In February, British fashion house Burberry announced it would start selling collections directly from the catwalk from September — a "see now, buy now" strategy. Commentators heralded the decision for subverting forever the traditional show format, where clothes are normally delivered in store six months after their catwalk appearance, and upsetting the sanctity of a twice-yearly show schedule that has existed for 50 years.

"It's doing what feels right for our audience," Burberry chief executive and creative director Christopher Bailey explained. "It wasn't supposed to be a ground shift within the industry. Or even that radical. But we're in an industry which is supposed to embrace change and so this format felt like part of that journey."

Others followed suit: Tom Ford will shift his show to a see now, buy now model in September, while Prada, Michael Kors, Coach and Diane von Furstenberg all offered a small number of accessories and apparel for sale immediately after their autumn/winter presentations this spring.

Many applaud the decision to challenge the status quo. "I call it power to the brand," explained Paolo Riva, chief executive of DVF, in February. "We can control our future and not be dictated to by a broken system. The first *prêt-à-porter* was in the 1960s. Brands have fallen behind, especially those with a legacy. And that's not good."

Others have been less enthusiastic. "It's a mess," said Karl Lagerfeld, also in February, of the decision by some brands to re-tailor the business of fashion. The creative head of Chanel, Fendi and his own brand acknowledged the capabilities some companies might have to deliver high volumes in shorter timeframes through direct distribution. But Mr Lagerfeld said the system would be disastrous for smaller designers still dependent on wholesale to achieve sales. He echoed the sentiments of many when he said: "This way is chaos."

In fact, ready-to-buy may be less disruptive than it seems. "Our model of business is already ready-to-buy in that most of our sales are in the pre-collections," Michael Burke, chief executive of Louis Vuitton, has said. "Only 5-10 per cent of store merchandise is presented on the runway. For us, the show is not about commercial product. It's about being transgressive and remaining interesting, so that we have something to talk about."

"A brand like Coach isn't waiting for the wholesale buyers and department stores to make their orders during fashion week any more," said Victor Luis, chief executive of Coach, in February. "To be able to deliver in August, which is when the stores now want their product, we have had to make major manufacturing decisions well before the show. We've ordered the materials and product that we expect will perform well and spoken to our factories. It's a fallacy to think of show week as the focus of the buying calendar."

More disruptive are the plans to merge the men's and women's shows. Again, Burberry was among the first to announce such an approach. But the mixed catwalk was already well established, with Gucci, Prada and Saint Laurent among those experimenting. Gucci has made the shift permanent.

'It's a fallacy to think of show week as the focus of the buying calendar. We're way past that'

This gender blending is profound. First, it makes for an editorial nightmare, as fashion editors work out what should be covered, in which month, and where. For business, it makes some sense: by showing women's clothes on menswear catwalks, brands can use the earlier calendar dates to increase their in-store shelf life.

The women's season is a source of frustration for designers who want to keep their product in store for longer before sales begin. "Sales are the terror of our industry where a piece of fashion has a lifetime of four months," says Albert Kriemler of fashion house Akris, which has no plans to change its practice. "The menswear dates would be much more reasonable to the industry in terms of delivery."

Discounting remains the scourge of the industry. Gucci has a plan: last December the Kering-owned company renounced the sale season, saying its products will simply hang alongside new season stock with no reduction. Likewise at Saint Laurent, which claimed the creation of the "permanent collection" that is never discounted has contributed to the company breaking the $1bn revenue barrier last year.

Ironically, for his last show in Paris in March, outgoing Saint Laurent designer Hedi Slimane employed an old couture sensibility. It was the very opposite of ready-to-buy, yet it was equally as subversive.

Catwalk to sidewalk: models at shows in New York and London, with accessories on display in a Coach store in Manhattan
JP Yim/John Phillips/Getty Images/Michael Nagle/Bloomberg