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Technology is Shaping the Future of Fashion

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Technology's impact on the retail sector has been difficult to ignore. The shift from brick-and-mortar retail shopping to a world of e-commerce has forced traditional retailers to rethink business strategies and adapt to rapid changes in

technology and consumer preferences. Yet, while great focus has been placed on the disruptive impact e-commerce and other technologies have had on traditional retailing, less focus has been placed on the complementary role technology has played to streamline processes, develop more efficient systems, and modernize operations within the fashion and retailing industry.

As in other sectors, new technologies have begun to revolutionize how businesses in the fashion industry operate. From supply chain modernization technology to streamline and make processes more efficient, to the use of data analytics and artificial intelligence to help guide business decisions, or to the incorporation of social media tools and platforms to impact purchasing decisions, new technologies are not only changing how the modern fashion enterprise functions, but also how its products interact with a consumer whose purchasing behavior is constantly “being radically reshaped by new technologies.”

In light of growing industry demand for new solutions, tech entrepreneurs have been quick to respond with innovative products to help propel the \$2.4 trillion fashion sector well into the 21st century. Accordingly, Fashion Technology, or Fashion Tech, has become a rapidly growing and vibrant ecosystem. In 2009 total investments in Fashion Tech totaled \$50 million; by 2014 the number had risen to \$2.8 billion. Continued demand for Fashion Tech has even led to the creation of sector specific incubators and accelerators such as New York’s New York Fashion Tech Lab and Silicon Valley’s Fashion Tech Accelerator whose focus is to identify, guide, and develop the next wave of Fashion Tech innovators.

I had the opportunity to interview long time entrepreneur Robert D’Loren, CEO of Xcel Brands to learn more about how his company is using technology in their operations, the evolving role of technology in fashion and retailing, and his views on entrepreneurship. As the founder of Xcel Brands, Robert oversees a portfolio of brands including Isaac Mizrahi, Judith Ripka, and H. Halston, among others. Hope you enjoy!



Robert D'Loren, CEO of Xcel Brands

CG: Tell me about Xcel Brands. What does your company do?

RD: Founded in 2011, Xcel Brands is a brand management and media company that's reimagining shopping, entertainment and social as one. Our brand portfolio includes Isaac Mizrahi, Judith Ripka, C. Wonder, H. Halston, and Highline Collective. With over \$700 million in retail sales, we focus on the promotion and sale of fashion and lifestyle products through an omnichannel approach. We connect the channels of digital, bricks & mortar, social media and interactive television to create a single customer view and brand experience for Xcel's brands that delivers the products our customers want, when they want them and at a price they can confirm as fair.

At its highest level, Xcel Brands is a solutions provider to our retail partners. In our set up, we are a virtual supply chain for our partners, and give the retailer the entire margin and work on a percentage of retail sales, keeping us aligned with the retailer. One of our key differentiators is the speed at which we move our supply chain. We've significantly

shortened production times, averaging 6 weeks for sketch to store for short lead production items compared to the industry average of 6-9 months. We've also brought more of the manufacturing process in-house – Xcel employees work in the same NYC location as factory technical designers and retail partner's merchants and planners. This “act-as-one” approach reduces time lost in a typical design, sample and approval process. In addition, technology, such as data and trend analytics, has played a significant role in our success. We can use it to quickly learn about customer interests and preferences that you can't glean from focus groups, anticipate trends, and understand where the market is moving. Our supply chain model allows us to capitalize on that knowledge, and meet demand when it is at its peak, not when the trend starts losing steam.



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At our core, we are a media company that does fashion, not a fashion company that does media. All of our brands are dynamic, they all have living authentic personalities behind them that we drive in social media. This approach has allowed us to be successful in a challenging retail environment.

CG: What was your motivation for founding Xcel Brands?

RD: When I founded Xcel Brands in 2011, I wanted to reimagine shopping, entertainment and social media as one. It was at this point in time that control over margins began to shift from retailers to consumers, which happened because

of technology. In looking at this, I recognized that, by its nature, there was going to be a disconnect between short lead social media and long lead production cycles. Xcel Brands was founded as a way to better meet consumer demands with a business model that would thrive in today's retail environment.

CG: You have had a long and successful career in consumer products. In your view, what are the most significant factors currently impacting the competitive landscape of the retail industry?

RD: The speed of your supply chain is everything, and it can make or break a retailer's business today. As an industry, we have to be positioned to respond rapidly to customer demand. At Xcel, the speed of our supply chain is incredibly important to our success, and it's one of the driving forces behind the structure of our model and the decisions we make as a business. One of the outcomes of having a speedier supply chain is that we're able to rethink seasonality as 52 seasons, not two or four seasons. That means we can motivate customers to come into the store every week to see new product. But, it's important to note that this shouldn't be confused with fast fashion, which you do in a monobrand vertical setup. In our model, we work with department stores and need to be able to deliver goods on a cadence so that the customer has what they want, when they want it. That's the key to our success with our retail partners, like Hudson's Bay and Dillard's.

Another important factor is the role of technology in retail, specifically data science. Retailers not only need to understand how technology has affected the traditional retail model, but need to incorporate digital tools into every part of their production cycle to stay competitive. At Xcel, we use data science to identify trends in real-time and better understand consumer behavior online, which helps inform product decisions. As an example, bomber jackets began trending a few years ago. Searches began to rise, but supply wasn't there. By the time supply caught up, searches for bomber jackets began falling and discounting began to go up – a story that's all too familiar with many retailers. Data science is an incredibly powerful tool that will become an increasingly important factor in the industry over the next decade.

CG: Technology is having a disruptive impact on the retail industry. How does your company use technology to ensure your brands and lines stay ahead of current and forthcoming changes?

RD: Technology plays a very significant role at Xcel. First and foremost, we take a data-driven approach to fashion, using data analytics and social listening tools to identify trends and learn more about consumer preferences and deliver what consumers want, when they want it. We also use technology to help us collaborate with our manufacturers and suppliers overseas using 3D renderings to display fashion pieces and communicate design and construction details. This helps us make decisions more quickly and move products faster.

CG: Looking ahead over the next decade, how can we expect the consumer products market and the broader retail industry to continue to change?

RD: Today, the retail industry is going through an unprecedented cycle of change. New technologies have already dramatically changed the ways brands connect with their followers and create brand experiences. These same technologies have shifted control over margin and the influence over trends to the consumer. The retail industry must truly reinvent itself and innovate to meet today's challenges, and I believe we have yet to see the impact that AI, robotics and automation will have on the industry.

CG: Entrepreneurship is rife with challenges. What advice do you have for other entrepreneurs hoping to follow in your footsteps and build a world-class innovative enterprise?

RD: One of the philosophies I have used throughout my entire career is based on the two-second rule made famous by Wayne Gretzky – you need to skate to where the puck is going, not where it has been. In other words, take a forward-looking approach and always be ready to adapt to ebbs and flows in whatever industry you are operating in. Change is inevitable, you just have to embrace it when it comes.

Business aside, I've always believed in leading a balanced life, even though it isn't easy. Throughout my career, between the numerous meetings, conference calls and business trips, I've always prioritized what's important to me.

That includes my family, hobbies and passions. Finding the time to invest in areas outside of work boils down to a simple idea – you either make the time or you don't. For me, it's the reason I've been able to lead a successful and meaningful life, both in and out of the office.

CG: Thank you!

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