



Aver Insight

'X' marks the spot: the rise of collaborations in fashion

April 2023

Overview



- This insight explores the rise of collaborations, and the effect they have on fashion and retail for brands and consumers alike
- Once an exclusive and rare event, collaborations have grown in number, bringing into question whether their popularity can breed the same demand it once did, or if the excessive nature of collaborated releases is starting to run stale in the eyes of the consumer



The headlines

H&M announces Mugler collab to launch this spring

FASHION
— NETWORK —

Nike x Tiffany & Co trainers instantly sell out with resell sites listing them for whopping £1k

Mirror

Louis Vuitton x Yayoi Kusama

The
GLOSSARY

VANS X HARIBO

VANS
"OFF THE WALL"

UNIQLO & MARNI IS GROOVY, BABY!
HIGHSNOBIETY

BRITISH
VOGUE

Miu Miu's Collaboration
With New Balance Is
Back For Another
Season

"Two heads are better than one"

"Collaborations, first of all, became an enormous source of extra revenue, marketing, buzz, for everybody involved with the product, for whatever sector. You have luxury and outerwear, luxury and high low, luxury and high street, then you have luxury and underwear."

New York Times chief fashion critic,
Vanessa Friedman





Case studies

LV x Supreme



- Dubbed one of the most iconic brand collaborations in recent years, luxury fashion house Louis Vuitton teamed up with skateboard streetwear brand Supreme in 2017
- The runway collection showcased several limited edition products, including monogrammed 'LV' and 'Supreme' bags, caps, and jackets
- Products from the collection have since been sold on the resale market with mark-ups as high as 400%. LVMH, the parent company of Louis Vuitton, also saw a 13% increase in revenue in its annual report for 2017
- Being able to channel Supreme's young and trendy consumer base helped Louis Vuitton create a strong identity for both audiences, and is arguably the reason for the successful collaboration

H&M x Everyone

- Popular high street brand H&M produces a number of collaborations, particularly with high end fashion brands
- Kenzo, Balmain, Stella McCartney, Simone Rocha, Roberto Cavalli, Commes des Garçons, and more have worked with H&M
- High-low fashion collaborations like these bring fashion brands with typically high price points to a market that is arguably more affordable
- Compared to their average price of £600 for a dress, Simone Rocha's collaboration with H&M offered price points between £17.99 and £349
- Collaboration success has pushed H&M to undertake more frequent partnerships, moving away from its previous 'one collaboration per year' timeline



Greggs x Primark



- Whilst most collaborations are between fashion houses, Primark and Greggs thought outside the box, collaborating in a way that would spark even more conversation
- Primark as a brand is more able than most to bring this type of collaboration to the market, without the need to take itself too seriously or follow strict fashion rulebooks
- Greggs claim that its customers have been aching for merchandise and apparel, so this collaboration worked out well, selling out after its launch in February 2022
- Greggs dominates the branding of the products, but the success of the instantly recognisable range has created a new wave of brand recognition for Primark
- Primark is also somewhat unique given its lack of online retail, so needs to drive physical sales more than most

Beyond retail: Vogue x Snapchat

- Collaborations within the context of fashion have grown beyond named brands, and have also transcended into partnerships between sectors
- Aver popped down to the Vogue x Snapchat exhibition in London, hosted by British Vogue Editor in Chief, Edward Enninful
- The exhibition allowed visitors to virtually try on pieces from six fashion houses, with snapchat filters that alter the reality of each room within the exhibition
- These exhibitions create new and exciting experiences, recognising the value of leading in the omni-channel world





Vogue x Snapchat

The risks



- Though collaborations might be short term in nature, there are longer term considerations that cannot be ignored
- Joining two brands that are typically unconnected can create operational clashes
- Neither brand has full control over the other, so they are mutually reliant reputationally, which can be particularly challenging in the current retail environment, as brand ethics are being scrutinised more than ever
- Dissolving collaborations can create negative PR for both, and it can prove difficult to break the perception that values align
- In the case of H&M x Justin Bieber, correct procedures were followed, but criticism from Justin Bieber led to the stock having to be withdrawn – similar issues have been raised by Rihanna and Ariana Grande, showing the power of the celebrity in spite of legal assurances

Trouble in paradise? A Yzy case study

adidas x Yzy

- The formerly well-performing partnership came to an end after prejudiced remarks were made by the rapper on social media platforms
- The fallout between the brands, and the inability to sell off the remaining stock of the Yzy shoe line, has caused earnings within adidas to drop, leading to a net loss of \$540 million
- Alongside the loss of sales, shares of adidas have dropped by as much as 11%. The company is expected to lose around \$1.3 billion in revenue and roughly \$535 million in operating profit this year if it is unable to sell off the remaining stock

GAP x Yzy

- After a brief partnership, Yzy and Gap terminated their contract following the accusation that Gap failed to meet its obligations in the agreement
- Ye claimed he was not able to set the prices he wanted on the products, or approve colour selections
- Shares in the retailer have fallen nearly 4% after the partnership was dissolved
- Mark Breitbard, Gap CEO, made it clear that the brands were not able to align their visions, causing the partnership to collapse prematurely

Accessibility vs exclusivity

- Are collaborations formed for accessibility to a wider audience, or to create an exclusive and limited experience that drives demand from existing customers?
 - **Accessibility:** H&M collaborations highlight the use of collaborations for accessibility, with luxury designers partnering to stock products that are priced significantly lower than their own collections
 - **Exclusivity:** Higher-end collaborations such as Tiffany & Co x Nike, Miu Miu x New Balance, LV x Supreme etc create limited products at higher price points that drive hype and are typically resold at even higher values
- So it depends on the brands and the value, but in both cases, the rationale is purely to drive initial sales and enhance brand position in a collaboration-heavy environment



How much is too much?



- With numerous collaborations popping up in recent years, they have become more expected, watering down their initial appeal of 'now or never'. Consumers are catching on to the 'façade' behind these elusive partnerships, and many no longer deem the products released from them to be as covetable as they once were
- EDITED's latest research on brand collaborations highlighted that an oversaturation of brand partnerships could dilute the impact, affecting the value of the items produced
- For instance, at its peak, Louis Vuitton x Supreme in 2017 saw a 400% markup in resale value for the collection's pieces. However, recent collaborations such as Yeezy x GAP in 2022 only saw a 33% markup on the resale market from its original retail price
- Brands also risk devaluing their own brand, if they create a perceived reliance on collaborations to boost sales

What does this mean for retail?

- In a post-pandemic world and amid a cost of living crisis, it is crucial to consider how fashion retail will succeed in encouraging consumers to spend, and more importantly, spend offline
- CACI, consumer and location intelligence specialists, revealed that consumers are more invested in the retail experience, with more consumers opting to shop in-store than online
- Collaborations in the form of exhibitions such as Louis Vuitton x Yayoi Kusama will likely be effective in creating an experience for consumers
- Also, unique collaborations like Greggs x Primark create a demand for products that are not accessible online, driving more consumers to the high street
- “The future shopping experience will be more about experience than product. Brands must balance being technology-driven and personalised, but physical stores will still exist as showrooms to provide immersive experiences” – *Blake Morgan (Forbes)*



Key takeaways



- **Benefits:** Many brands are taking advantage of the hype created through collaborations to increase consumer engagement. Brands are also able to benefit from one another's audience
- **Risks:** Both brands must consider the long-term implications of collaborations, ensuring that the companies and brands they collaborate with maintain the same ethos beyond the short term
- **Fatigue:** With potential oversaturation, brands must take more strategic approaches with the kinds of collaborations they undertake, and the products released to stand out to consumers
- **Engaging the real-life experience:** An effective way to stand out in a collaborative world is to delve into real-life experience, bringing this directly to the consumer. Fashion collaborations may be past their peak in terms of excitement, but creating a 'once in a lifetime' experience in-store would likely engage more consumers as opposed to the regular online drops that are repetitive and impersonal

Sources

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