

Women forward, for a fairer future

(C l o é , 2 0 2 2 , p . 4 3)

PG DSM22104-INNOVATION & RESILIENCE

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Chloé

*MA Luxury Brand
Management*

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INTRODUCTION



MAISON CHLOÉ

*"All I've ever wanted was for Chloé
to have a happy spirit, to make
people happy."*

GABY AGHION

Image 2: (Cloé, 2023)

Cloé is one of the leading French fashion houses, it was founded in Paris in 1952 by Gaby Aghion, who wanted to liberate women's bodies from the formal dressing of the time (Cloé, 2023), this value has become a pillar of the brand's identity through time, such is the priority of empowering women that the latest creative directors have been women, names like Stella McCartney, Phoebe Philo, Hanna McGibbon, Claire Waight Keller, Natacha Ramsay-Levi, the latest one Gabriela Hearst, who has been trying to reboot the brand into a more eco-fashion house with sustainability and women empowerment at the forefront of the Maison.

The brand under Gabriela has seen the most innovations and evolution in the brand, she has a vision of taking the fashion house to the next level, especially when talking about sustainability and climate action, one of the aspects that will be covered later in the report.



Image 3: (Ghertner, 2020)

The brand is deeply rooted in the power of joy and femininity, as described by the Richemont group (Richemont, 2023), which owns the fashion house. It embodies a timeless style of a free-spirited attitude. Even the icon handbags of the brand have female names, Paddington, Eddie, and Marcie, all aimed towards uplifting women and promoting inclusivity.



Image 4: (Cloé AW2023, 2023)

As a brand, there are currently 222 stores worldwide, under Riccardo Bellini as CEO. Its product lines include Ready-to-wear, leather goods, shoes, handbags, fragrances, eyewear, jewelry, and children's wear and a sister line See by Cloé. part of its omnichannel involves e-commerce, the brand sells at its own cloe.com, net-a-porter.com, and the app, farfetch.com, and theoutnet.com, to name a few of the biggest e-commerce platforms. Also, the brand is sold in its

own freestanding boutiques worldwide, diverse department stores like Harrods, Selfridges, House of Fraser, Liberty London, and some of the biggest luxury department stores in the UK. This overview is to put a context to the brand that is being analyzed in terms of its innovations and resilience in the business world.

THE BRIEF

According to the project brief (Gillan, D, 2023) the aim of the student is to provide at least one innovative solution and one strategy for resilience for a selected Luxury brand/company, in my case, this brand is the French fashion house Cloé.

These solutions and strategies will be the ones that critically and historically analyze elements of innovation and resilience utilizing relevant theories and frameworks explored during the module on Innovation & Resilience, also students must demonstrate the ability to learn successful strategies to retain market relevance that have allowed brands to survive and thrive in challenging and unexpected situations as well as being able to apply business solutions to real-life scenarios.

CLASS CONTENT



Image 5: (Cloé, 2022)

According to McKinsey & Company, in an article published on August 2022, innovation in a business context is described as “the ability to conceive, develop, deliver, and scale new products, services, processes, and business models for customers.” (McKinsey, 2022)

Meaning, innovation is part of a company’s evolution and growth, whatever new strategy, product or service will become part of the business and therefore increase the value of the company. Innovation also helps when facing unprecedented situations, like most of the brands did during the pandemic. Most businesses had to be very fast reacting to situations that had never been presented in modern times, when we talk about the luxury fashion industry, it had to be converted and adapted into the digital area, a change that most luxury brands had been delaying until the industry has hit by this unprecedented situation, this led to the rapid digitalization of the luxury brands, this became an innovation and part of their resilience in order to stay in business.

As I understand resilience, it is formed by the gathering and building decisions of all business strategies, business plans, marketing strategies, product or service innovation, customer experience, and CRMs that add value to a company and makes it long-lasting through time and adversities.

In the following paragraphs, an analysis of the brand’s innovations will be discussed further to deepen the knowledge of the subject of innovation and resilience and how this module is applied to the chosen brand.

STORE & COSTUMER EXPERIENCE

Starting the analysis with the customer and store experience is important to understand why I chose the brand and why it is of interest to me as a fashion designer. Must be said that the store and customer experience are quite different from the freestanding boutique in New Bond Street to the retail experience at TK Maxx. I was able to find Cloé bags in the TK Maxx store in Stratford, which to be honest came as a surprise since I had never seen products from the brand at the store, but also as a fashion professional trying to become a manager for luxury brands. From the storytelling part of the brand, it didn't feel like an ideal strategy or point of sale when you are trying to sell your brand image to the world, though as a brand that may have hustled over the last couple of years due to the pandemic, might have been seen as a way to cut losses and avoid more red numbers in the finances.

In the images that I will include below, it is noticeable that for the brand it is not the best image when your bags are hidden in a big handbag section, on the bottom shelf of a multi-brand store. Although, because of the current recession and the pandemic, it is understandable that some brands were and are still struggling with their stock operations and that we as brand managers, should be designing strategies for these case scenarios, decision-making should be happening fast, and effectively in order to mitigate losses and how to respond to adversities should be an innate ability of a brand manager. However, we must wonder, how our brand image will be impacted by the decision to appear in a multi-brand discounted store. Will it add value to the brand? Will it make us more approachable and enter a possible new market? Lots of questions went through my mind as I was looking through the bags, even though the prices are not completely at an outlet price, is it worth it to get rid of stock and cut losses when it depreciates your brand value? In the following pictures, we have the retail price and the TK Maxx price, we go from £1680.00 to £1000.00, not a massive difference, but still, the brand value takes a hit.



Images 6: (My Own, medium sized Cloué, £1680 reduced to £1000)

I found 4 models of handbags in the store on two different times I visited, as someone who loves fashion I am always on the lookout for a discounted investment piece because student life at the moment does not allow me to pay the full price, and on the first visit I found a messenger bag in two different sizes, to be honest, I failed to take pictures, but this was my point of start when I chose to do this brand. It seemed interesting to investigate how this move is making the brand resilient and if it is affecting its brand value, is this considered a business innovation or was it just a business strategy? This is why I chose this brand.

The second time, I found this model in two different sizes and took pictures of them on the shelf, the price tags, and how they are hidden among all those other unknown and high street brands. It is a summer model, probably seasonal because I was not able to find it in the website shop or the physical store. Is this decision making the brand resilient by cutting losses? This strategy seems far from what the manifesto of the brand is.

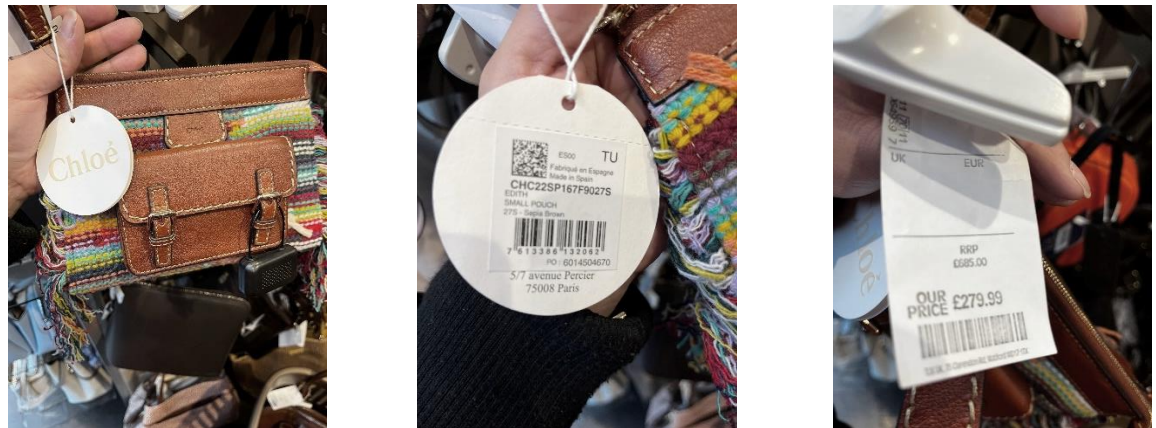


Image 7: (My own, mini bag Cloé £685 reduced to £280)

Moving on to the experience at the physical store, was completely different, you do get a luxury experience, from the time you enter the door of the blue and traditional façade to getting into that minimal, color-neutral display of beautiful leather goods, sincerely the customer experience was a really detailed oriented one for someone that has always felt intimidated of the luxury stores because back home the experience is so much different and the customer experience leaves a lot of room for improvement, the lady approached me and ask me what I was looking for since I was under covered, I told her I was looking a gift for a graduating friend of mine that finished her master degree, she guided me through the store to where the fragrance section is, showed me the new fragrance and asked me if that was something my friend would like, we then moved to the small leather goods and show me a couple of accessories that

would be a great gift for a friend. Since I was not really buying anything, I said that I would think about it and come back, Claire said anytime and greeted goodbye. Even though it was going to be a small purchase Claire the sales advisor, treated me as if it was going to be the sale of a lifetime, a kind treatment is always appreciated by the customer.



Image 8: (My Own, store façade on New Bond Street)

INNOVATION & RESILIENCE at CLOÉ

“The bigger your platform, the more responsibility you have.”

— Gabriela Hearst, Creative Director

Image 9: (Cloé, 2022)

Previously, the brand manifesto was mentioned (Cloé, 2023) since we are talking about innovation and resilience, this manifesto exposes all the core values the brand stands for, and most of this manifesto is and has become part of its innovation, and as such it will give the brand resilience on the long-term. The goal is to “create beautiful products with meaningful impact for people and for the planet.” The brand wants to achieve it by attacking its sourcing and supply chain, and everyday practices, with women leading the way toward transparency and accountability. This manifesto is now one of the biggest innovations the brand is putting into practice.

To become a more sustainable fashion house by 2025 the brand is working towards three big goals: gender equality initiatives, lower-impact materials for the collections, and fair-trade sourcing. As part of this innovation for sustainability, Cloé has now revealed a new vertical project (Cloé, 2023) that aims to create a digital ID, by using a QR code that is imprinted on every garment of the latest collection, the user will be able to trace where the product was made, also granting a certificate of ownership, as well as a section on care and repair. This innovative approach will bring full circularity to the fashion luxury industry if others are to follow. It can be traced in social media by the hashtags #CloeVertical and #fromthegroundup.



Image 10: (Cloé, 2022)

Another innovation the Maison has assumed is the shift of its business model, from a traditional fashion company to a purpose-driven one, “which places social and environmental sustainability at the core of the business and brand strategy” (Richemont, 2023, p.24). From Cloé’s sustainability report and in the words of the CEO, the main purpose of the company is **WOMEN FORWARD, FOR A FAIRER FUTURE**, “We translated our purpose into a long-term plan and a set of annual measurable goals and actions. We established a Sustainability Board to track the progress of our plan with transparency and to hold us accountable to it.” (Cloé, 2022)

 People	 Sourcing	 Communities	 Planet
2025 Vision Advance Gender Equality and inclusion throughout the workplace while supporting and inspiring individuals to take action.	2025 Vision Reach more than 90% Lower Impact Products & 30% of Fair-Trade sourcing on all categories. Transparency & traceability protocol on 100% products.	2025 Vision Create opportunities and reduce inequalities for girls and women.	2025 Vision Reduce our impact on climate and biodiversity. Reach -25% on carbon emissions* per product, -25% of global water usage* & -25% packaging and logistic waste* with the aim of stopping the use of plastic.
2021 Objectives ● 100% - Completed collaborators to have access to dedicated training on climate change, SDG and gender equality. 100% of product teams trained on lower impact materials & eco-design. ● 100% - Completed performance plans to include a sustainability KPI, for all collaborators. ● 2 000 hours - Partially completed of volunteering globally, in line with our commitment of dedicating 1% of our time by 2025 to volunteering.	2021 Objectives ● 55% - Exceeded (59%) of lower impact products on average in one year for both Chloé Ready-to-wear and See by Chloé collections. ● 20% - Partially completed (13%) fair Trade sourcing within Chloé Ready-to-wear. ● 80% - Completed of our main suppliers* published on our website for transparency. * Tier 1 and Raw Materials suppliers	2021 Objectives ● 30 000 - Completed girls impacted by Chloé's contribution to UNICEF GIRLS FORWARD partnership to provide girls with skills through education, entrepreneurship and digital. ● 0,23% - Exceeded (0,26%) of revenue donated to initiatives for gender equality. By 2025, we plan to reach 1%. ● 3 - Exceeded (6) social entrepreneurs to be supported and included in key visibility moments to « share the spotlight ».	2021 Objectives ● 15% - Exceeded (19%) reduction of global emissions per product. ● 36% - Completed carbon emissions offset across the supply chain (we currently are at 100% at HQ-level). ● 0 - Completed raw material destroyed. *Compared to 2019 as the production pace was lower in 2020 due to Covid19

GLOBAL OBJECTIVES: B CORP CERTIFICATION + FIRST PILOT FOR SOCIAL IMPACT MEASUREMENT METHODOLOGY + CREATION OF A SUSTAINABILITY GOVERNANCE & BOARD INCLUDING 2 EXTERNAL ADVISORS

Image 11: Percentages of goals achieved by the brand in the year 2021 (Cloé,2022)

The company is now working towards four main measurable purposes (Cloé,2023), each encompassing mini goals in order to achieve the main purpose of the business model, here is a general list of the guidelines of the new business model:

1. People: Gender Equality and Inclusion in the workplace.
2. Sourcing: Lower impact products of fair-trade sourcing, transparency, and traceability.
3. Communities: create opportunities and reduce inequalities for women and girls.
4. Planet: lower carbon emissions by product, lower water usage, lower packaging, and logistic waste.

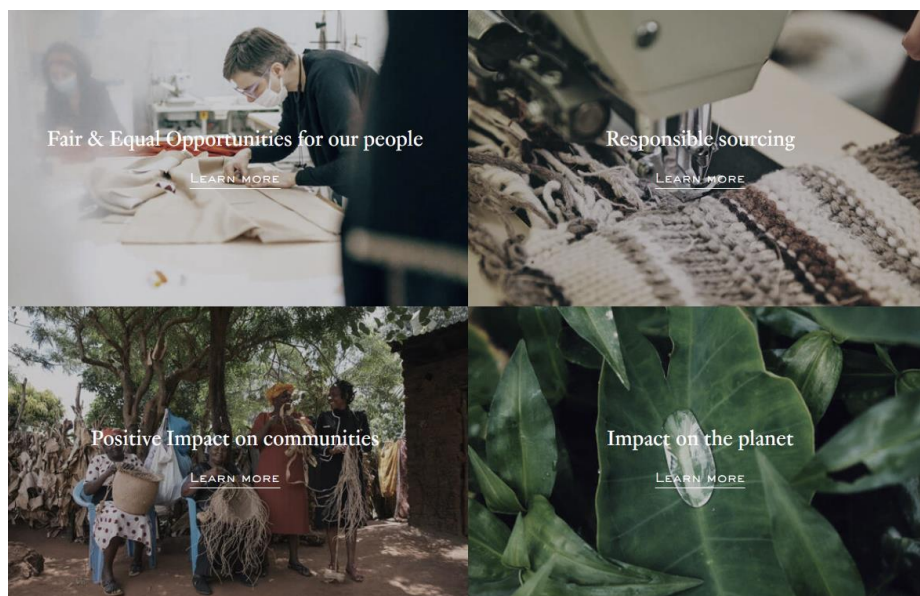


Image 12: (Cloé,2022).

Also, part of this innovation is to have become a B Corp certificated corporation, a B Corp, means that the company has a benefit and if the company has a positive impact on all the areas it has a part of their business, especially for workers, communities, customers, governance, and environment. This certification adds value to the brand while it continues working in the sustainability innovations.



Image 13: Overall score of the brand to qualify and be certified as a B corporation (Cloé,2022)

The fact that the uplifting and empowerment of women is still at the forefront of the Maison, can be considered part of their innovation and business strategies, but it also comes across as the core value that has shaped and made this brand resilient through the years. Although living in the 21st Century women's empowerment, should not be considered an innovation, in many parts of the world, women are still struggling to get equality. Being a brand, whose focus is to give power back to the communities through adversities and diverse cultural contexts, is indeed a form of resilience.



Image 14: Social causes for women empowerment (Cloé, 2022)

CONCLUSION



Image 15: SS2023 Collection (Cloé, 2022)

Clearly the brand is on a path of change, evolution and reinterpretation, even though it belongs to one of the big luxury groups, Richemont, it is still one of the small fashion houses of the group. For a small brand like Cloé to put in the effort to become a leading force in innovation by means of sustainability and full circularity, proves that sustainability in the fashion industry can be achieved and measurable when you're driven by purpose. Both innovations mentioned in the report have the potential to be the driving force for the resilience of the fashion house and make it long-lasting over time. Nevertheless, the brand still has room to grow, especially in customer experience and satisfaction, as I was conducting my research on the web, I noticed that when the pandemic started some services the brand was offering to its customers stopped and have not been updated, services like cash payment upon delivery, authentication services were also stopped and are no longer offered and boutiques are no longer authorized to offer those services, which to be honest if I am spending £1,500 on a Marcie bag, the least you can expect is to have an authenticated product that long-term will bring value to the piece you purchased, and that will also allow the

customer to have a valuable piece in case they decide to use the resale platforms.

The full circularity in the supply chain, or this purpose the brand is hoping to achieve, seems very distant from the goal of achieving it by 2025. It makes you wonder if the numbers every brand reports are real, or accomplished or if are they just greenwashing marketing strategies in a way to attract investors. I am not denying that working toward that purpose is unachievable, but then if all the brands are part of the fashion pact, how can we be certain as consumers that the numbers are real? As far as storytelling and brand value, on one side we have good decision-making when the brand has managed to stick to its values of empowering women and creating opportunities for women and girls worldwide through their partnerships for social causes, and keeping that principle adds to my overall brand value, but on the other hand, what happens when poor decision-making affects your brand image and value like they did with the stock that went into TK Maxx, yes, you do cut losses and get rid-off the unnecessary stock. I am wondering since they are on a path of change, they decided to cut the stock that was not traceable and was not very transparent with its provenance, in order to achieve and move on with their new manifesto and their path towards full circularity.

I think the most valuable innovation the brand has up to now, is the digital ID they have proposed with the Cloé vertical project, it is in fact a way in which the consumer can be aware of how and when their product was made and definitely rises the overall brand value by becoming leaders in the path to full fashion sustainability.

Certainly, the ten products that are on sale with the lower impact materials, are the way the brand will be slowly achieving full circularity and is a collection to watch for the upcoming future and end-of-year results for the brand. As a manager and a designer, I believe this capsule collection will be the way in which the brand will get the necessary noticeability to become a force of change in the luxury fashion industry and become resilient over the next years, especially when reports like the ones from the Business of Fashion and McKinsey explain the challenges to come for the fashion industry.

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