

Analysis of Fashion Trend Forecasting Industry: Challenges, Opportunities, and Outlooks

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Background. Fashion trend forecasting (FTF) is essential to any textile, apparel, or retail company's success (DuBreuil & Lu, 2020). The main goal for trend forecasters is to provide manufactures, brand managers, and retailers with the key information needed to make decision for offering products in the style, fabrics, patterns, and colors that will be in demand by consumers (Gaimster, 2012). The forecasting industry's ability to predict future trends and people's desires helps brands develop products that appeal to consumers in a way that ensures that inventory will sell at full price without markdowns (DuBreuil & Lu, 2020). If trends are predicted incorrectly, it can cost companies a lot of money, and a lot of resources could be wasted by producing clothes no one wants to buy. Since time-dependency and rapid change are the key factors influencing the field (Yu et al., 2012), the FTF industry faces an increasing pressure to generate accurate, detailed, and timely forecasts.

The **purpose of this study** was to examine the state of the FTF industry and to gain insights into the changing landscape, challenges, and opportunities faced by the industry in the early 2020s. Based on the results, this study provides recommendations and charts possible paths for the future of the industry. The most recent research on the FTF focused on new technologies and major innovations during the 2000s and 2010s (e.g., DuBreuil & Lu, 2020; Gaimster, 2012; Zhao et al., 2021; Chakraborty et al., 2020). Little research has been done on other emerging issues and opportunities within the industry during the past decade, justifying the need for this study. In addition, no recent study has incorporated the industry perspective (i.e., professionals who work in the industry), which is an essential component for understanding its current state and strategic outlook for the future. Including industry professionals' viewpoints on the pressing FTF issues will allow to corroborate the results obtained from the literature review and analysis of major industry players. Examining the FTF industry is crucial given how much it has changed within the past few years.

Methods. To examine challenges and opportunities within the shifting landscape of the FTF industry, we used three distinct methods: (1) review and analysis of scholarly papers that examined the FTF industry; (2) a comparative analysis of major FTF agencies; and (3) informational interviews with professionals working in the FTF industry. First, a systematic scholarly literature review was conducted to examine the industry's opportunities for development and most pressing challenges from the perspective of previous studies. Specifically, articles published between 2000 and 2022 were collected. Examples of scholarly journals included in the literature search are: *Clothing and Textiles Research Journal*; *Journal of Fashion*

Marketing and Management; International Journal of Fashion Design, Technology and Education; and Journal of Global Fashion Marketing.

Next, we identified the FTF industry major players, which included the largest trend forecasting agencies that specifically focus on fashion as part of their business. Based on one of the authors' industry experience as well as consulting various trade publications (e.g., Barrera, 2021; Brahma, 2022; Ross, 2015; Tech Packs Co, 2021), we determined five major companies in the FTF industry: WGSN, Trendstop, Fashion Snoops, Trendzoom, and Doneger | TOBE. These agencies were most frequently listed across different trade publications. Data collected from the websites of the five major trend forecasting agencies included: mission, business focus, types and scope of services provided, and any recent innovations promoted by the companies. The analysis of the data was completed to understand the competitive landscape of the FTF industry and to compare and contrast its major players in terms of focus, scope, and strategies. The goal of this analysis was to identify how the leading companies in the industry similar or different to assess the competition in the field.

Finally, three informational interviews with FTF industry professionals were conducted. The goal of the informational interviews was to corroborate the results of secondary data analysis and obtain a deeper understanding of the FTF industry, including the competitive landscape, challenges, opportunities, and outlooks. The number of interviews was decided based on the research purpose—to collect informational insights for additional depth in understanding the FTF industry, not to draw any generalizations. The industry professionals were selected based on their roles in the FTF business and types of companies they work at. One professional worked for a major trend forecasting agency with a focus on global level trend forecasting applicable to the entire fashion industry. In contrast, two other participants work in forecasting departments of fashion or textile-based companies and are responsible for internal FTF applicable for the company's specific brands and product categories. The questions for the informational interviews were developed based on the results of the first two parts of the study: (1) the review of scholarly literature on the state of the FTF industry, and (2) a comparative analysis of the major FTF industry players. Informational interviews data was analyzed for common themes to address the research purpose.

Results. Based on the analysis of scholarly articles, the main challenges faced within the FTF industry have been linked to a changing landscape due to technological advancements. However, some of the main opportunities have been discovered through these same changes. Based on the literature analysis, major themes described in the paper include diversification of consumers' desire; speedy communication and continuous changes in trends; opportunities in having access to consumer opinions, including consumer imagery data; reliability and limits of machine learning, future of machine learning and artificial intelligence; copious amounts of data available; and the need to forecast trends farther ahead of the selling season.

While the five major FTF industry players analyzed in our study (i.e., WGSN, Trendstop, Fashion Snoops, Trendzoom, and Doneger | TOBE) share many similarities in their focus, scope, and mission, some differences in their service offerings shed light on the opportunities for future growth, indicating that innovations can improve forecasting processes and the experience of

clients. Interviews with industry professionals shed more light on the key themes discovered in our research. The main themes emerged from the informational interviews and described in the paper include: variety in responsibilities within the FTF industry, depending on the type of business and the professional's specific role; influence of pandemic on consumer behaviors and trends, along with actual trend research/forecasting processes; the role of technology in relation to the tools offered on certain platforms as well as trend validation that can be extracted from social media data; and the need to remain curious and aware to succeed in the FTF industry.

Conclusion and Implications. In conclusion, through analysis of scholarly articles on fashion trend forecasting, investigation of major industry players, and interviews with industry professionals, the results of the study offer insights into the current state of the trend forecasting industry regarding the major shifts and the processes that take place. The results of this study also indicate that the changing landscape of the fashion industry, as well as FTF, pose many key challenges described in the paper. Given the major shifts within the fashion industry, the FTF sector has an opportunity to lead these changes. Implications for FTF companies and professionals are presented.

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