

trends

The Magazine

for Canadian Fashion Retailers

Sustainability

Gathering Momentum



Accessories

Opposites Attract

Trends Report

Bricks & Clicks in Sync

Runway Review

Finding Fresh Formulas

Canada Post Agreement #41957515

January - June 2019



INDUSTRY NEWS

by Kirsten Mogg

TRENDING COLOURS



Living Coral
Courtesy of Pantone

Colour of the Year

Pantone LLC's 2019 Colour of the Year is deemed to be "Living Coral" because of its life-affirming and nature-inspired qualities. It is a flattering colour for fashion and beauty that also catches the eye on social media. It seems retro, but tech-driven AirBnB and Apple have used the colour, a reminder that history repeats.



Christopher Paunil yellow silk gown
Photo : K.Mogg

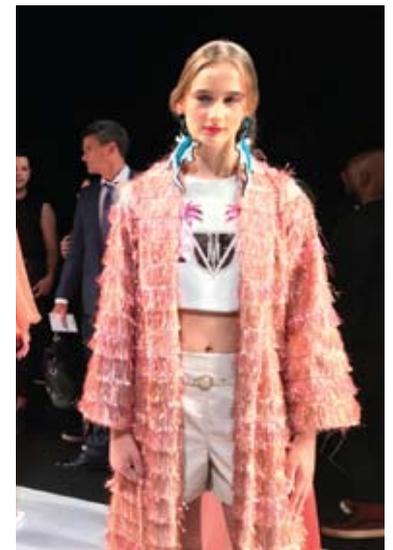
Flashing Yellow

Global stock markets signal caution. The longest bull market in history faces a March 1, 2019 deadline for a new US trade formula with China. Integrated North American apparel businesses are planning contingencies to avoid delivery disruptions, inflationary prices and pinched profits as a result of 25% tariffs on US imports. Steel and aluminum tariffs imposed on Canada by the US and China's retaliation for the arrest of a Huawei executive could drag Canada into a trade war.

A yellow flag also waves over Brexit, the divisive UK plan to leave the EU and the USMCA, the renegotiated NAFTA trade agreement that awaits formal ratification.

The Bank of Canada continues to warn business and consumers about the perils of debt, especially if interest rates climb further or a cyclical economic pullback occurs in 2019-2020.

Protesters in Paris pushed back against unaffordable carbon taxes by wearing the 'gilets jaunes'. Potential trade wars and climate change have led to shattered windows and lost business for retailers on the Champs Élysées. Frustration grows as globalization shifts economic risk from capital to labour forcing workers to be 'flexible'.



Victoria Hayes SS'19 collection at TFA, coral, black vinyl, oversized colourful plastic accessories
Photo : K.Mogg

Optimistic Green

Economically speaking, Canada has been met by a string of green lights. Third quarter GDP growth and November employment report show strong fundamentals. The OECD forecasts 2019 growth of 2.2%.

Negotiations have ended on CUSMA (the new NAFTA), CETA (the Canada-European Union Comprehensive Economic and Trade Agreement) and the 11-member CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) to be in force by December 30, 2018.

Canada is well positioned as a trading nation with favourable access to the world's largest and fastest growing economies.



UNTTLD deep green velvet swing coat
Photo : George Pimentel



Brosche Couture Atelier
Photo : K.Mogg

Ceylon Yellow forecast for FW19/20:
Pantone 15-0850



Brosche Couture Atelier opened in Toronto in October
Photo : K.Mogg

Black and White

Black and white are fashionable and remain perennially saleable colours because they are proven to be practical and wearable.



Black Friday : Promotion saturation has consumers questioning the need for yet another sale. Analysis shows that promotions are not always successful, especially when sales last well beyond one day. **Tamara Szames** of NPD Canada noted a rising trend of values over consumption throughout 2018.

“Brands and retailers are taking a stand and changing the conversation... Cool kid brands such as Kotn [are] donating 100% of their Black Friday / Cyber Monday sales to help change.”



Mikael D
Photo : George Pimentel

Vibrant Red & Blue

UNTTLD and **Mikael D** wisely manage their risk by offering more than the little black (or white) dress and by taking sales missions to international markets in the US, Europe and China.

Pantone red and blue are part of their FW19/20 forecast. Both designers signaled community love by showing Valiant Poppy red (Pantone 18-1549) at a charity fund raiser.

Sid Neigum well known for black and white, showed bold red and added Nebulas Blue (Pantone 18-4048) to his SS'19 collection at Toronto Fashion Week.

Fade to Gray?

BiWay is planning a retail resurrection. The bargain basement retailer once had 249 stores across Canada, but faded with the demise of parent company **Dylex** in 2001.



Now **Mal Coven**, the 90-year-old former founder, has plans to bring the extreme discount format back under a “BiWay \$10 Store” banner in 2019. Even with the gaping holes left by Sears and Target the revived brand will have formidable competition from Dollarama, Wal-Mart, Giant Tiger, and Miniso. The timing coincides with the availability of leasing opportunities for 7,500 sq.ft. retail spaces and a hyper-value seeking customer. No word yet if the black and white branding will return.



UNTTLD
Photo : George Pimentel



Sid Neigum
Photo : K.Mogg

PEOPLE IN THE NEWS

Laurie Belzak received the Fashion Visionary Award from Fashion Group International Toronto in October. A longtime advocate for the fashion industry through her work in Economic Development at Toronto City Hall, Belzak helped found Toronto Fashion Week and championed the Toronto Fashion Incubator.

For decades she has worked behind the scenes to demonstrate to staffers and politicians just how much the Toronto fashion industry contributes to the economy. A joint effort with the Canadian Apparel Federation to host a job fair last fall was one initiative welcomed by industry employers. Over 400 people registered to attend and meet prospective employers like Brave Belts, HiSo, and Coppley Apparel. They also learned about college programs and career options during sessions with high-profile industry leaders that included **Kimberley Newport Mimran** from Pink Tartan and **Judy Cornish** from Comrags.

“Toronto apparel companies want to hire employees in a range of positions. The City of Toronto worked together with the Canadian Apparel Federation, business and community partners on this inaugural event to increase awareness about fashion industry opportunities, to help companies find new employees, and to help people find jobs.”

~ Laurie Belzak, Sector Development Officer
Economic Development, City of Toronto

Aldo Bensadoun, grandson of a cobbler and son of a shoe merchant, founded the **ALDO** shoe chain in 1972. Last year, he donated \$25 million to establish the Bensadoun School of Retail Management at the University of McGill.

“We will be able to provide the next generation of retailers with innovative solutions for the industry’s transformation. As the consumer’s behaviour evolves, success in retail will depend largely on the integration of connected disciplines such as big data, artificial intelligence and neuroscience. And that’s what we’ll provide for our students.”



Hilary MacMillan presents the Statement Jacket, held by a stylist at the Stylist Suite popup in Yorkville at Toronto Fashion Week
Photo : Ryan Emberley

PRODUCT NEWS

New Textile Stuffing Rules

For ten years, **Canadian Apparel Federation** has been seeking the exclusion of apparel and similar products from the Upholstered and Stuffed articles regulations.

In December, the Ontario government introduced a bill proposing to eliminate regulatory and licensing requirements for stuffed articles. If the bill passes, the government expects businesses will save \$4 million annually. Federal health, safety and labeling requirements will still apply. Other provinces are likely to align.

“There is now an opportunity for substantial changes.” ~ CAF



Kotn: Instagram @KOTN
Poppy red Egyptian cotton dress

Ethical Design

Kotn is a Canadian company with a new store in Vancouver's Gastown and an ongoing social commitment built into their Egyptian cotton products. The company intends to change the garment industry one sale at a time by creating quality products by means of ethical manufacturing. A portion of proceeds fund schools for children.



'No down coat'
Photo : K.Mogg

No Down Coat

Hilary MacMillan's best-selling glam 'No Down Coat' shows at the **Re|Set** popup shop at Toronto Fashion Week.



Baffin Chelsea Boot

Head To Toe

Canada Goose Holdings Inc. acquired **Baffin Inc.** in November, opening an opportunity to tap into the company's footwear expertise. Baffin Boots began in Stoney Creek, Ontario, by CEO, Paul Huber's father in 1979. The company is known in the industrial work wear and trekking markets for its thermal boots.



Atelier New Regime
Courtesy of Puma Air Look Book

Score

Atelier New Regime, the Montreal streetwear brand, has worked its signature orange into a collaboration with **Puma**.



SwimCo AZURA
Kyoto Off The Shoulder
One Piece

SwimCo Bleu
Rod Beattie go for gold
high-neck lattice

Swim Fit

Azura Kyo bathing suit. Offering a fit "For Any Body" is the mission behind the Calgary-based **SwimCo**.



MAURITIUS®

Mauritius in Lingen, Germany, was founded by Juergen Raberg 45 years ago. As a leather maker himself, he understood the intricacies of working with lambskin pelts. He understood the finishing, the polishing, the cutting, the workmanship that makes a great leather piece.

Over 45 years much has changed. The company has grown to become the top leather company in Europe and produces many brands including Pur Mauritius, Mauritius, Gipsy, Gipsy 2.0, Deercraft, Chevirex as well as being the supplier for many companies who need a few pieces of leather in their line and need the expertise of a true leather company to support them.

The company is now owned by Juergen's son Christian and run by his nephew Sven. Both have lived leather all their lives and bring a modern mentality to the solid European business. They are looking now to growing globally and becoming the largest leather company in the world. They continue to produce amazing product, managed by a creative and expert design team. Men's and women's jackets are made to today's fashion standards with yesterday's commitment to quality.

COUNTERFEITS

Countering the Counterfeits

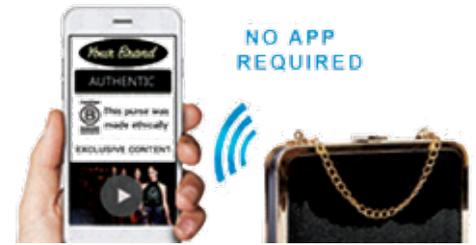
Counterfeits of mass produced products is becoming more common. Amazon's 2 million independent vendors do their own 'policing' to protect their brand with the help of companies such as **dotNice** in Dublin and **MarkMonitor** in California. Less costly solutions do exist.

Mooui

Mooui, a Dutch design firm has created a button that protects its award winning lighting and design products from counterfeits. CEO **Robin Bevers** calls it "a *tiny digital superhero*." Inside a quarter-sized disc is a microchip that transmits unique identifiers for each item via NFC (Near Field Communication).



Mooui protective button



Authentic Or Not

Ahmer Berg, the founder of Authentic Or Not, is a Canadian innovator at the **Joe Fresh Centre**. He has patented a way of authenticating individual items with a washable microchip. Authentication requires a smartphone without the need for apps or programs.

PRIVACY LAWS

PIPEDA and Privacy

Data breaches and abuse from big companies draw the attention of consumers but do not necessarily change their behavior or lead to new privacy laws. **Jim Balsillie**, former RIM co-CEO, founder of the Centre for International Governance Innovation, has called on the IMF to set tougher standards for data use. He is concerned that the government is unable to prevent multinational corporations from collecting citizen information and moving it across borders.

Canada's Personal Information Protection and Electronic Documents Act (PIPEDA) were enacted in 1998 before search engines and social media arrived. **Daniel Thierren**, Canada's privacy watchdog, criticized the government for playing catch up and wants to see both tougher laws and better enforcement.

"Privacy concerns are reaching crisis levels. Unfortunately, progress from government has been slow to non-existent."

Neither Canada nor the U.S. has joined the more than 120 countries, including India, Brazil and China, in aligning their privacy regimes to the EU's General Data Protection Regulation (GDPR), which is considered to be the gold standard.

Cambridge Analytica Ltd. used personal data from millions of **Facebook** profiles for political purposes without consent. At a recent hearing in the UK, **Charlie Angus**, NDP MPP for London, Ontario, voiced one approach:

"Perhaps the simplest form of regulation would be to break Facebook up or treat it as a utility."

NEW RETAIL BUSINESS MODELS

AirB&B for Retail

Backed by venture capital, a number of popup location services have evolved to provide 'Retail as A Service' (RaAS). Turnkey shared short-term retail spaces are available at Fourpost at West Edmonton Mall and at: Neighborhood Goods in Plano, TX, HiO in Brooklyn, and Brandbox at Tysons Corner, VA.

UBER Retail

Guesst in New York has partnered with retailer **Steven Allen** in a move to optimize physical space. They have agreed to operate a common POS, to staff and merchandise the spaces, and to organize events and marketing together.

Brands will buy 'pop shares' at a cost \$1,500 to \$3,000 for a minimum of one month to access licensed shelf space. **Jay Norris**, Guesst founder, says they received applications from over 280 brands.

"Brands and designers need physical retail outlets, because major retailers have stopped buying wholesale. We want to be the Uber of retail."

Co-working space operator **WeWork** is getting into the act with **WeMRKT** at 500 of its locations.



Uber retail : Four Post Cube

RETAIL SUCCESS

LoversLand Inc., a specialty boutique, was launched in late 2014 by self-described non-tech partners **Yvonne Reidy**, who has a bridal retail background, and **Danielle Gulic**, from fashion wholesale. They set out to find a technology to help them operate in a unique retail category they call a “love lifestyle boutique.” Their shop on Ossington Ave. in Toronto has a hybrid format with about 60% bridal and 40% ready-to-wear, swim, sunglasses, gifts, lingerie and special occasion wear. Gulic says they chose to work with **Lightspeed** technology for a few reasons:

“The POS platform could accommodate special orders as well as ready-to-wear. It also allowed us to build our customer information.” Ease of use and support from Lightspeed was important, especially for handling added staff.

“It’s a huge beast to manage inventory and information. Lightspeed was easy - to use and to train employees.” ~ Yvonne Reidy



Loversland Azure
Courtesy of Loversland



Retail Fashion
Courtesy of Lightspeed

The **Lightspeed POS** system helps them move into locally made private label bridal by allowing them to create new categories and to co-ordinate in-store and online inventory. Reidy and Gulic, now sounding like data analytics pros, know exactly where their profits come from.

“Sell through reports are key,” says Reidy. *“Managing inventory is crucial and helps you get the margins you need to succeed”*, adds Gulic.

Dax Dasilva, Founder and CEO of Montreal’s Lightspeed, has built a powerhouse cloud-based point of sale and e-commerce solution for independent retail businesses. Last year, they counted over 50,000 customers in more than 100 countries including about 7,000 apparel stores.

New investors helped the firm attract heavyweight board members such as **Patrick Pichette**, former Chief Financial Officer of **Google**; **Marie-Josée Lamonthé**, former managing director of consumer products at **Google** and professor at McGill University’s **Bensadoun School of Retail Management**; **Rob Williams** former vendor relationship manager for **Amazon**; and **Paul McFeeters**, former Chief Financial Officer of **OpenText**. An IPO is anticipated early in 2019.



Nordstrom 'True Nord' Peace Haje Mirian Njoh & Ishie Wang
Courtesy of Nordstrom Canada

Nordstrom Canada’s fall marketing slogan was ‘True Nord’, a play on “True North”. **Scott Meden**, Nordstrom’s chief marketing officer said: *“Our Canadian customers and employees set an example with their warm, welcoming and inclusive spirit.”*

Canadian Tire has purchased the **Helly Hansen** brand of outdoor apparel for \$985 million, which was 70% owned by the Ontario Teacher’s Pension Plan since 2012.

Already distributed at Canadian Tire’s **SportChek** and other retailers, it gives Canadian Tire an opportunity to expand internationally in the outdoor apparel category.

Le Chateau x Roxy Earl plus size holiday collection followed up on the initial success of the 40-piece capsule collection launched last June. Earl has won a growing social media following due to her personality on the *Real Housewives of Toronto* reality TV show and her #MySizeRox franchise. The self-described ‘body positive activist’ has been involved with **Le Chateau** on product development and perfecting fit in sizes from 0-22W. At the launch, **Franco Rocchi**, executive vice president of Le Chateau said:

“We are thrilled to join forces with Roxy and have the opportunity to innovate and challenge the existing retail sizing paradigm.”

RETAIL HEADLINERS

L.L. Bean, the Freeport, Maine, casual apparel and footwear brand has partnered with Toronto-based **Jaytex Group** to expand wholesale distribution and to open up to 20 stores in Canada. **Howie Kastner**, president of Jaytex, says the L.L. Bean name has brand awareness in Canada and is a good fit for outdoor focused retailers like **Sporting Life**, **Mountain Equipment Co-Op (MEC)** and Canadian Tire’s **SportChek** division.

Gildan Activewear Inc. expands its private-label business with contracts for major underwear retailers. Selling under its own brands (**American Apparel**, **Comfort Colours** and **Anvil**) the Montreal-based company finds that growth in activewear is offset by lower sales of hosiery and underwear. Gildan was listed on the **Dow Jones Sustainability Index** for the past 6 years.

Gildan updated its vision of Making Apparel Better™, a commitment to Genuine Responsibility™, with a program focused this year on: *“caring for our employees, conserving the environment, and creating strong communities,”* ~ Claudia Sandoval, VP corporate citizenship.

MEC (Mountain Equipment Co-op) president **David Labistour** twice took the moral high ground last year. Soon after the tragic shooting at a Florida high school he decided to discontinue the sale of several brands owned by **Vista Outdoor**, which has holdings in the manufacture of assault-style weapons. An open letter identified **Bollé**, **Bushnell** and **CamelBak** among the brands they would no longer order. He also made the **Outdoor CEO Diversity Pledge**, to *“representing and supporting the communities we serve.”* Labistour announced that he would step down in June 2019 after 11 years at the helm. During that time he grew MEC membership from 2.1 to 5.7 million and opened 11 stores.

EVENTS



Retail Crystal Ball
Courtesy of MyStore-E

NRF2019

Known as the Big Show, NRF2019, is an annual event that brings over 34,000 attendees to New York. Over 13,000 retailers large and small from 95 countries shop for insight on the latest tools, tech and trends to do with running a retail store.

Retail Crystal Ball

MyStore-E tells retailers which items will most likely sell tomorrow. The software employs prediction models to optimize inventory, arrange store layouts, update digital displays in real time, and feed insights to in-store sales associates.

Store of the Future

What will future stores look like? What is the next must-have in retail after the selfie station? How will data capture help small business? The **Retail Innovation Lab** is worth a look to find good old ideas done in a new way, for example technology that writes personalized notes just like the old-fashioned “thank you” cards that shop owners send to clients.

Location Finder

Atlas is a geospatial analytics platform that crunches datasets of hourly foot and car traffic, consumer spending, demographics and shopping behavior to help shop owners make data-driven decisions when choosing an optimal store location.

Mass Customization

SmartPixels is a platform that helps retailers sell customized or complicated products as easily as off-the-shelf items. **Christian Dior, Hermes** and **Nike** are among those using the SmartPixels’ augmented reality digitizing technique.

CAFA Awards

The sixth annual **CAFA Awards** gala to recognize excellence in the Canadian fashion industry will be held May 30th, 2019 at the Fairmont Royal York in Toronto. There are sixteen categories, including the Emerging Talent for Fashion and Accessories. Winners in those categories will gain national and international exposure, a cash prize of \$10,000, and mentorship for one year from industry experts in the fields of marketing, finance, public relations and branding.

WORKING TOGETHER

Not Just a Label

Founded in 2008 by **Stefan Siegel**, **Not Just a Label** houses digital showrooms and a global sales platform for 30,000 designers and brands from 150 different countries. The NJAL platform is tiny compared to Amazon but has raised \$1 million from investors.

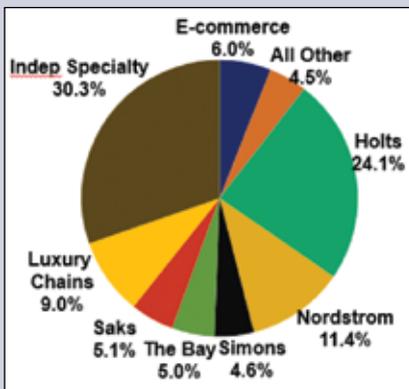
In 2015, a NJAL popup at the Waldorf Astoria showcased 100 local emerging designers with the support of the New York City mayor. In 2018 they relocated from London to Los Angeles to be closer to LA’s local manufacturing ecosystem in order to serve their 600 daily requests from celebrity stylists and retailers.

“Not Just a Label will play an important role in the effort to shift from fast fashion to sustainability. It will be an excellent destination for people to experience fashion and its impact through its workshops led by industry leaders, educators and influencers.”

~ Eric Garcetti, Mayor of Los Angeles

Last June, Garcetti announced a “Make It In LA” initiative to connect the city’s fashion ecosystem - designers, suppliers and manufacturers working together to create products from local resources.

CANADIAN APPAREL INSIGHTS
by TRENDX North America



Canadian Women’s Luxury Apparel

Data for 2017 shows that independent luxury specialty stores earned 30.3% of luxury sales. Canadian women’s luxury apparel market in general increased 1.6% to C\$1.2 billion and accounted for 7% of total women’s apparel sales.

Cross-Border Shopping

Same day cross-border CAR TRIPS by Canadians traveling to the United States during August 2018 decreased 3.6%. Same day cross-border trips have continued to decrease since June 2018, even though the value of the Canadian dollar remained consistent.

SAME DAY CAR TRIPS TO THE U.S.
Thousands (Seasonally Adjusted)

| Month | Trips | % Change Same Month | Exchange Rate Canada/USD* |
|---------------|-------|---------------------|---------------------------|
| December 2017 | 1,845 | +8.1% | \$1.28 |
| January 2018 | 1,903 | N.A. | \$1.24 |
| February 2018 | 1,953 | +7.8% | \$1.26 |
| March 2018 | 2,034 | +18.4% | \$1.29 |
| April 2018 | 1,961 | +10.0% | \$1.27 |
| May 2018 | 2,010 | +20.9% | \$1.29 |
| June 2018 | 1,925 | +14.3% | \$1.31 |
| July 2018 | 1,785 | +0.9% | \$1.31 |
| Aug 2018 | 1,771 | -3.6% | \$1.30 |

DESIGN & TECHNOLOGY

Fall Economic Update

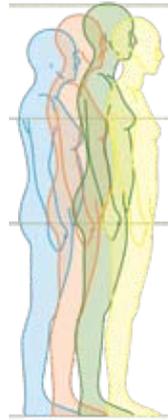
Finance Minister, **Bill Morneau**, announced the acceleration of capital cost deductions, quicker tax write-offs and lower prices that give smaller retailers an opportunity to consider using behavior-sensing technology.

Gap, Inc. CEO, **Art Peck**, said stores are “*the deepest form of customer engagement.*” The challenge for retailers is gathering the equivalent of ‘click data’ and using it to understand shopper behavior.

Decide which information to collect (with permission) and store it (securely). Then use it to boost productivity. Crowd counters record gender and age related demographics. Sentiment analysis reveals ad response and dwell times. Sensors in digital signage make changes in real-time to match the profiles of shoppers in the store.



i-Size Logo
Courtesy of Human Solutions Assyst



Assyst 3D body scans

Sizing Up North America

i-Size by **Human Solutions Assyst** is enlarging its massive database of over 80,000 body scans with the addition of about 17,000 Canadians in 2019. The company plans to add socio-demographics to the software, which will be useful for both the automotive and apparel industries.

Hey Google!

Coty has just launched **Clairol Colour Expert** for the “**Google Assistant**” to give consumers voice activated help with at-home hair colour applications.

“*In beauty, service is the new product and for consumers the real value of a product is not just what’s in the box, but the expertise and service that comes with it.*” Fred Gerantabee, VP of digital innovation.

Fashion Fits

Antiquated fit models, or ‘blocks’, are a source of frustration for e-commerce shoppers that leads to high numbers of returns for retailers. Online shoppers buy 2 or 3 sizes to avoid disappointment and to reach the minimum spend for free shipping. Then they return the size that doesn’t fit to the nearest store to avoid hassles and return shipping costs.

For retailers there are several problems with this behaviour: it runs the risk of damaged goods; forces retailers to absorb free shipping costs; and requires more hours or extra staffing to handle e-com returns. It also artificially inflates e-commerce sales while deflating in-store sales as returns go on the books.

Some publicly traded retailers have stopped breaking down sales by channel for this reason. Much of the e-commerce volume and growth is inflated and perceived as part of the bricks and mortar decline. E-commerce apparel returns cost retailers an estimated \$300 billion in lost revenue.

Size Prediction

BodyBlock avoids e-commerce returns with predictive fit technology using artificial intelligence. Their solution is a widget called **BodyBlock Predict**. Installed onto a retailer’s e-commerce site, it deploys a massive database of body types to predict a customer’s shape and size.

“*Clothing brands do not understand the gap between their target customer persona and their target customer’s body shape.*”



Missed Fit
Courtesy of DesignTO

Missed Fit

The **Missed Fit** exhibit at **DesignTO** challenges the one size fits all approach. **Phillip Sparks**, menswear designer, Seneca College professor, and OCAD U masters candidate, explores the history, inspiration and processes behind pattern making.

He questions the standardized notion of an ideal form that exists within the fashion industry. He presents a new collection expressly designed not to fit.

The Missed Fit exhibition runs from January 18 to 24, 2104 Dundas St W.

BY THE NUMBERS

1.75% prime interest rate in Canada increased three times in 2018, but future increases may be delayed in 2019

2% GDP growth for Canada in the third quarter of 2018 and growing through 2020

2.1% inflation rate in Canada is artificially low thanks to cheaper gasoline - expect a jump in 2019

2.45% median hourly wage gains in Canada (to June 2018)

3% decline in sales across the fashion industry in the 2 weeks around Black Friday/Cyber Monday (in 2017)

5.5% retail clothing store sales growth in Q3 vs. Q2, outpacing most other categories

5.6% unemployment rate - the lowest since 1976

12.2% average small business tax rate in 2019 - the lowest of the G7 countries

\$169 of debt for every \$100 of disposable income for the average Canadian

\$50m export diversification fund and CAN export program is mostly inaccessible to apparel companies, although this may change.