

The 'drop model' in the fashion industry: Examining retail strategy and long-term sustainability effects



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Background & Research Purpose

The 'drop model' in the Retail Sector

- From a retail giant, Amazon, to luxury fashion brands like Gucci and Burberry, 'drops' as a marketing strategy have been adopted widely by the fashion industry in recent years (Larsson, 2020).
- The new innovation, 'drop' model is a brand's strategy which consists of releasing a new product or collection at a specific time in limited quantities (Elven, 2018).
- Product drops impose a sense of urgency and scarcity to increase sales by making customers buy the product right away at full prices. It also creates "brand excitement as a method to build consumer affinity" (Larsson, 2020).

Research Purpose

- To examine the impact the drop model on fashion brands' business strategies and sustainability.
- To investigate the fashion brands' current business strategies of drop model including product, development, marketing communications, and supply chain.
- To evaluate how the drop model could be compared with traditional business models such as fast fashion and how fashion brands should move forward in the coming years.

Literature Review & Research Questions

The Effect of the drop model on sustainability and consumer purchasing

- Industry reports claim that the drop model may solve fashion's overproduction problem by allowing brands to produce in small batches based on consumer demand. Despite the recent dominance of the drop model in the fashion industry, few academic studies have explored this new operating model and examined its implications for the fashion industry.

Q1: What implications will the drop model have on consumer buying habits?

Q1: Will the drop model aid in sustainability by eliminating overproduction associated with fast fashion?

The drop model compared to fast fashion

- Shopify says their first Frenzy sale — a batch of Yeezy Boost 750 sneakers sold in conjunction with streetwear retailer Kith — sold out within minutes and led to subsequent partnerships with other entities in the hypebeast zeitgeist, like Anti Social Social Club and Migos (Dool, 2017).
- "The world is in a place right now where people just have the appetite to be fed new stuff all of the time. That's the challenge for us. It's the best ideas that win" (Preston, 2017).

Fast Fashion + Social Media = Fast Fashion with higher sustainability

- We are living in an 'on demand' society where we expect instant gratification, constant novelty and brands to cater to our demands with urgency and immediacy. Pair that with a growing desire of exclusivity and access to something unique and we have the ideal scenario for such a trend to occur," explains Ana Roncha, Course Leader of the Master's degree in Strategic Fashion Marketing at the London College of Fashion" (Roncha 2018).

Methodology

Content Analysis

- Three current brands utilizing the drop model were examined and evaluated
 - Sporty & Rich: Sport and lounge wear company featured entirely online which drops entire collections, rather than select items.
 - Burberry: Exclusive 24 hour drops of select merchandise items that are advertised and marketed through social media platforms.
 - Adidas: Yeezy sneaker line-ultra limited with high resale value due to limited quantity and access.

Figure 1. Adidas Yeezy Drop via website

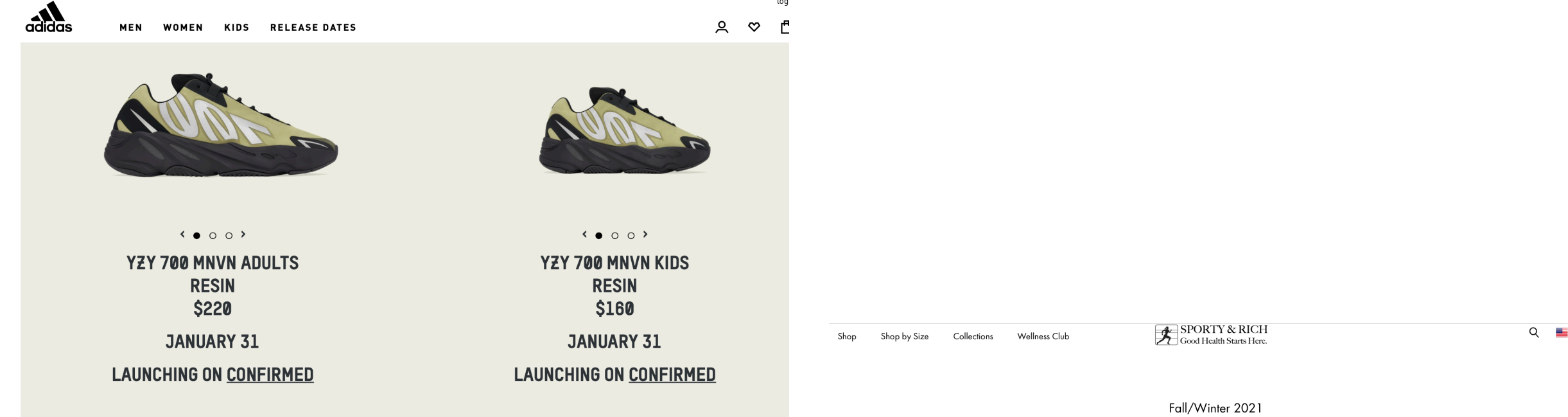


Figure 2. Burberry's product drop announcement via its Instagram

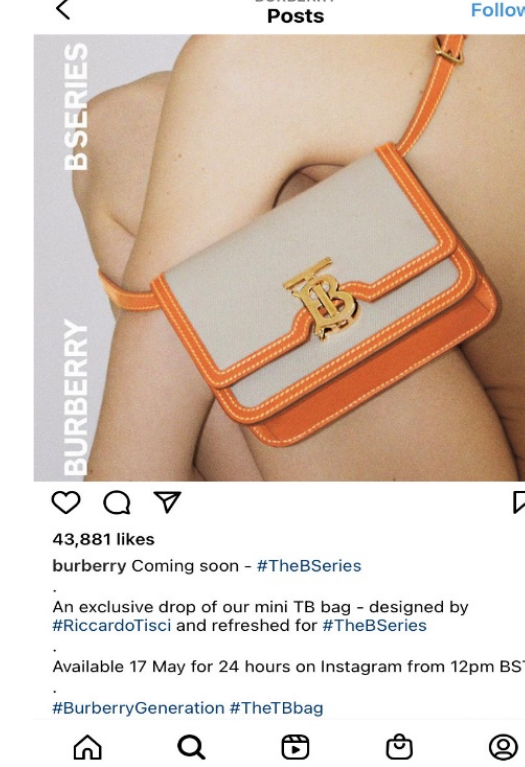


Figure 3. Sporty & Rich winter collection drop via website



Results

Q1: Effect on Customer Buying Habits

- In order to evaluate the effectiveness of the exclusive, time conscious the high-end retailer Burberry partakes in with their use of the drop model. "Users on social media have become fixated on Burberry's latest monthly drop as the product offered isn't considered typical of the brand and comes with a future perk" (Burberry 2021). The exclusivity and limited availability promoted via social media platforms showed increased consumer incentive to attract a larger consumer base, while offering additional promotion for the brand from the chatter it caused from the uniqueness of the product. Burberry is the latest brand to jump on the bandwagon. The British label famous for its signature tartan print announced a series of monthly drops: on the 17th of each month, starting,

today, new products will be unveiled on the company's Instagram and WeChat profiles. Each release will vary in scale and availability, and customers will only have 24 hours to buy the items. This has given the customer buying base higher incentives to purchase.

Q1: Effect on Consumer Buying Habits

- The strategy of consistent pace can be seen through Adidas Yeezy line, where the brand releases products at consistent intervals so fans will anticipate the drop and will be ready to spend. The exclusivity and limited availability drives the products to sell out in minutes and hold a higher resale price. And since these products are produced in limited quantity, also aids in sustainability.

Q2: Sustainability Implications

- Investigating the brand Sporty & Rich's drop model usage and sustainability implications: First and foremost, they produce limited quantities to avoid leftover inventory and waste. In a system where brands destroy billions of dollars of merchandise annually without batting an eye, they hope to disrupt this system permanently with their drop collections.

Discussion & Implications

- The drop model is becoming more and more popular, especially with the increase in social media usage and fast fashion practices.
- We are in a demand-based market.
- Companies can utilize this model in order to experiment with products in the market, and see what people like before mass producing to eliminate excess.
- Each company shows sustainability implications through elimination of overproduction and has an effect of creating incentive and anticipation for consumers to purchase products faster.
- Companies should begin to drop select products from their collections and build upon this to eventually become like the Sporty & Rich company where whole lines are drop and sold exclusively with this drop method.

Conclusion & Future Direction

- The drop model generates exclusivity, demand, excitement, and incentive in the product market.
- The drop model promotes more sustainable practices by eliminating overproduction in the fashion industry.
- Long-term sustainability through the retail strategy of the drop model could be achieved if applied properly with high quality products and lines.

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