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Improving product cost and schedule management in a garment product development process

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<p>Tämän tutkimuksen tavoitteena oli löytää tapoja vaateen kustannusten ja aikataulun hallintaan Marimekko Oyj:n tuotekehitysprosessin alkuvaiheissa. Tavoitteena oli saada tuotteiden lopulliset kustannukset lähemmäs alkuperäisiä tavoitteita, jotta tuotteiden marginaalit pysyvät tavoitellulla tasolla.</p> <p>Tutkimuksessa käytettiin menetelminä toimintatutkimusta ja tapaustutkimusta. Tapaustutkimuksen mukaisesti työn tekemisen aikana ehdittiin aloittaa kaksi uuden sesongin mallistoa, joiden kulkua tarkkailtiin. Tutkimuksessa kokeiltiin eri keinoja saada prosessin alku sujuvammaksi ja hinnat lähemmäksi tavoitteita.</p> <p>Teoreettinen viitekehys painottui suurimmalta osin tuotteen hinnan tarkasteluun eri näkökulmista ja eri vaiheissa. Viitekehyksessä käytiin läpi myös vaateen tuotekehitysprosessia yleisesti ja siinä mukana olevia osapuolia sekä prosessin aikataulutuksen merkitystä.</p> <p>Toimintatutkimuksen lisäksi työssä toteutettiin taustatiedon saamiseksi yrityksen suunnittelijoille kysely. Tulokset antoivat tietoa suunnittelijoiden ymmärryksestä vaateen hinnan muodostumisesta ja kartoittivat tuotekehitysprosessin alun ongelmia suunnittelijoiden näkökulmasta.</p> <p>Tutkimuksen aikana saatiin aikaan hyvää kehitystä prosessin alkuun. Jotkut muutokset olivat pieniä, mutta niistä saattoi olla suhteessa paljon apua. Yksi suurempi muutos oli arviointiin perustuvan esihinnoittelun tekeminen entistä tarkemmin ja aikaisemmin, jotta joihinkin ongelmiin päästäisiin kiinni jo aikaisemmin ja ne ehdittäisiin korjata. Myös hankintatiimin ja suunnittelutiimin yhteistyön lisääminen prosessin alussa on edesauttanut ratkaisujen löytämistä jo heti prosessin alussa.</p> <p>Työn aikana yrityksessä tapahtui merkittäviä organisaatiomuutoksia. Muutokset vaikuttivat tutkimukseen sitä hidastaen ja vaikeuttaen, mutta toisaalta lopputulos helpottanee tiettyjä prosessin vaiheita tulevaisuudessa. Vaatemalliston tekeminen on tiimityötä parhaimmillaan, ja tutkimuksen aikana tiimit ovat lähentyneet, mutta kehitettävää on yhä.</p> <p>Luvut 5-7, jotka käsittelevät yritystä ja sen prosesseja, on salattu yrityksen pyynnöstä, eivät ne siksi ole mukana tässä julkisessa versiossa.</p>	
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<p>The purpose of this research is to improve the beginning stages of a garment product development process at Marimekko Oyj, a Finnish design company, by finding better ways to manage the product cost and schedule. The main objective is to bring the final cost of garments closer to the original target cost in order to keep margins at required levels.</p> <p>Action research and case study were used as research methods. During the action research cycles, two collections were started and observed. The idea was to try out some methods to make the product development process smoother and costs closer to target costs.</p> <p>The theoretical framework of this thesis was built around cost and price of a garment in different stages of the process. The framework also included a general overview of a garment development process including all teams working in the process and the critical path of the process.</p> <p>A survey was conducted with the ready-to-wear designers of the company. In addition to giving information about the designers' knowledge of garment costing, the survey revealed their thoughts about the first stages of the product development process and what kind of problems there have been from their point of view.</p> <p>During this research good progress in developing the first stages of the process has been done. Many areas in need of improvement were identified. One major change was to start estimating cost more precisely based on the designer's sketches and material choices. This allowed some problems to be caught earlier at a point when it is still possible to make changes. Involving the sourcing team earlier in the process has helped to find options to keep the costs down for more expensive garments.</p> <p>Some organizational changes occurred at Marimekko during the making of this thesis. This caused the process improvement initiative to slow down and halt mid-way. However, the restructuring brought also some welcome changes, such as a clarification of team-level and individual responsibilities, which most likely will have a positive effect on the overall development process.</p> <p>In addition to the changes made in the context of this action research, a plan and ideas for the improvement cycle of the next season's collection are presented.</p> <p>Chapters 5-7, that cover the company and its processes, have been deemed to be confidential and are excluded from this public version at the company's request.</p>	
Keywords	garment costing, garment product development, sourcing

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1 Introduction

There is only one responsibility – beauty.

There is only one reality – a dream.

There is only one strength – love.

(14-year's old Armi Ratia's Diary)

Marimekko is one of the leading design brands in Finland – not the biggest in size or turnover, but a company that almost everybody has an opinion of.

The purpose of this research is to improve the beginning stages of a garment product development process at Marimekko, by finding better ways to manage the product cost and schedule. Major issues in need of improvement are staying on schedule and producing garments that will reach the desired target costs. This means that discipline is lacking in many parts of the process.

Marimekko has a certain critical path to serve as schedule, but it is rarely followed. When the process starts late, buying and product development teams need to attempt to make up for lost time. Sometimes the quality suffers which causes problems later; sometimes there are no photo samples or the salesman samples are late. All of these problems affect sales.

Another major issue is the difference between target costs and final costs: the made and approved material choices may affect the costs adversely and drive them away from correct targets. This leads to lower margins or higher retail prices, both of which are bad options.

This thesis focuses on the beginning stages of the garment product development process, from design brief and material selections to the start of the sampling process. Further stages are described to give an overview of the entire process, but they are not part of the research. Similarly, the thesis focuses on the costing structure up to the internal product cost, meaning the detailed cost including direct material costs, labor and freight. The retail pricing and margin aspects, which are more related to sales and marketing, are only presented briefly.

This thesis presents first the problem definition of the subject with suitable research methods. The theoretical framework consists of three parts: costing in the apparel industry, the garment product development process and the importance of the critical path. After Marimekko has been presented as a company, including a brief description of its history, present and future, the themes of the theoretical framework are analyzed in the company's context.

The next part details the research method, which is a combination of insider action research and case study, and how it was applied at Marimekko. As a part of the research, a survey was conducted with Marimekko's ready-to-wear (RTW) designers to get their thoughts on the first stages of the product development process and assess their knowledge of garment costing. Additionally, interviews (V. Granger 2016; Lukasenkinas 2016; Teurnell 2016) were performed to gain direct and background information. The plans and results of two development cycles are described. Moreover, a plan for a third research cycle, which will be executed outside of the thesis, is presented. In the final chapter conclusions are drawn.

Multiple bachelor's and master's level theses have been done for Marimekko and about Marimekko in universities around Finland. The subjects include building brand image, Marimekko's businesses in Japan and Asia, licensing, print design, store concepts, size ratios in selections and sustainable design concept. However, none of these theses deal with costing or product development processes. In fact very few Finnish theses about costing in the apparel industry seem to be available. A few were found but they are written from the point of view of small enterprises or private entrepreneurs. For example Saarinen (2011) writes about differences in production costs between Finland and Estonia, but in that thesis production quantities are too small to be called mass production. In Saarinen's thesis there are some costing calculations about labor costs in Finland and Estonia, but not specifically for the apparel industry. (Saarinen 2011, 15–19).

Another thesis is done by Niina Eräretki (2014) for Finnish garment manufacturer Voglia. The thesis discusses utilizing a pre-pricing program as a tool in the textile and clothing industry. Unfortunately the actual output of the thesis is confidential, but its theoretical framework gave some additional viewpoints for this thesis.

2 Problem Definition and Research Methods

2.1 Research Problem and Research Questions

Purpose of the research is to find ways to improve the beginning of garments product development process and ways to pay more attention to target price and schedule.

The research is guided by the following questions:

1. What is the cost of a garment and what does it consist of?
2. How is the schedule defined?
3. What kind of stages does a garment's product development process consist of?
4. Which problems can be identified in Marimekko's current product development process?
5. How can Marimekko's product development process be improved?

2.2 Research Methods

Action research and case study are used as research methods. The main method is action research, since the author is part of the organization and one of the key persons in the product development process to be developed.

Case study is used as a secondary method – mainly because this thesis concentrates on one of Marimekko's processes. The research is not applicable to other companies, since the structures and the processes are unique to each organization.

2.2.1 Action Research

Action research suits development projects in real business life well because it aims to develop, for example, actions and understanding in processes in the work environment. Action research can be also used in situations where a new perspective is needed, or where communication should be better. Action research can bring new angles to solving problems. (Ojasalo, Moilanen, and Ritalahti 2015, 59–60)

In action research, the plan is to act and research at the same time, so it is a very practical type of research (Anttila 2006, 440; Avison et al. 1999). It aims to find solutions to concrete problems in everyday actions (Ojasalo, Moilanen, and Ritalahti 2015, 58).

Action research is an iterative process where the researcher and the team work together by diagnosing the problem, acting and learning. In action research, the researcher wants to try out a change or potential solution in an actual situation, get some feedback from it and then modify it based on received feedback. After the first round, the same is repeated. Each iteration round gives new knowledge which the next iteration builds upon. (Avison et al. 1999)

Action research focuses on a team or workgroup within and organization, all of whom are involved in the cycles of planning, executing, observing and reflecting on their work, as shown below in Figure 1 Essentially the methodology is used by a group of people who work together to improve their work processes. (Hine and Carson 2007, 125–127)

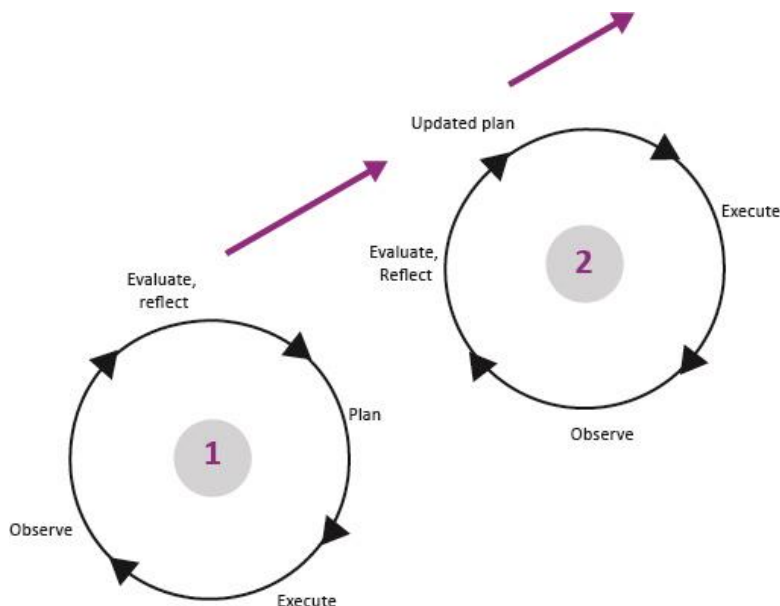


Figure 1. The cyclic progress of action research, adapted from Ojasalo et al. (2015, 60), original by Hine and Carson (2007, 126)

The researcher usually has an active role as an actor in the process, but with this research type it is crucial to include other key actors to be part of the research and development. Actions performed by the group are analyzed, different options to solving problems and achieving goals are developed, and, at the same time, new material for future

actions is created. Goals are usually made together with the team. (Anttila 2006, 440, 442; Ojasalo, Moilanen, and Ritalahti 2015, 58–59)

In most of the references of this thesis, the term “action research” is used. Only Coghlan (2001) specified it as “insider action research” in cases where the researcher is actually part of the organization. In basic action research, the researcher can be an outsider involved in the research process without ties to the organization.

Action research is used more and more in theses made by managers working in companies, since it offers the possibility of both efficient action and learning at the same time. The method works well with researchers who are part of the organization themselves. If the researcher is from outside the organization, the research process can look quite different, when compared to having an insider researcher. (Coghlan 2001)

2.2.2 Case Study

Case study is empiric research. In case study research, information acquired using different methods is used to analyze a certain event or function. Case study in itself does not require participation by company personnel, since it can be performed by analyzing archived information or data. (Anttila 2006, 286–287)

Characteristic for case study is to produce development suggestions and ideas. In its best, it gives very detailed information about the actual situation in a real, operational environment. In case study, the main objective is to find out as much information as possible about a very detailed case, rather than less information from a wider field. In other words, the idea is not to universalize statistically. According to Anttila (2006, 287), the researcher’s handprint is very visible in a case study, because the researcher has a major role in the selection of material. The researcher might also affect the chain of events with his presence, even though it might not be desirable. (Anttila 2006, 287; Ojasalo, Moilanen, and Ritalahti 2015, 52–53)

Case study suits this thesis well, since the goal is to understand the relationships between employees and their actions within the company. It is also appropriate for studying untypical processes and unofficial behavior. The research in this thesis is focused on one process, in other words a single case. According to Ojasalo et al. (2015, 53) traditionally case study is based on one particular case, not just common theories.

2.3 Data Collection

As characteristic to action research, qualitative methods are used in this thesis: interviews, survey, and observations. Since research is done with the team, informal conversations and meetings in different cycles of the process are part of the used methodology.

Surveys and interviews are typical methods in both case study and action research. The goal is to get versatile and comprehensive material from the case. The material is mainly gathered in natural situations. (Ojasalo, Moilanen, and Ritalahti 2015, 55, 61–62)

Theme-centered interviews as well as informal conversations were used as methods in this thesis. At Marimekko some key persons, who are involved in the different parts of the process and have different viewpoints, were interviewed and discussed with. One interview was conducted with a Lithuanian manufacturer concerning their way of counting prices.

The theme-centered interviews gave best possible knowledge in this case and information gained from the interviews had an important role in developing the processes and planning next steps. Topics were prepared in advance, but otherwise interviews were more informal, conversational interviews. Predetermined question sets were not used, and that kept the interviews as open and flexible as possible.

In addition to the interviews, a small survey was conducted with the designers involved in the process. The aim was to assess their knowledge about product costs and pricing. The survey sample size can be considered large since all of Marimekko's RTW designers took part. The survey gave good base information about how much the designers at Marimekko should be trained in understanding costs and pricing. The survey was conducted online using Google Forms.

Finally, observation was used as a part in gathering material. Since the research process is executed in a real work environment, and the researcher is a familiar part of the organization, other persons that are involved act naturally. Their actions and behavior also provide good information for the research.

In my own role, as part of the process, I have taken an active and improving role.

3 Theoretical Framework

3.1 Cost and Price of Garments

In general each company is aiming to make profit, to be able to remain in business. To simplify, profit is dependent on the relationship between net sales and costs. If the costs are bigger than the net sales, the figure is negative, which means the business is losing money. In the apparel business the average profit is about 4-8% of net sales. (Keiser and Garner 2008, 460)

When producing garments, the start of the process is usually the target retail price, meaning the price that the customer is willing to pay for that specific garment. Each garment is financially analyzed in two ways: how much it costs to produce each piece and how much it will sell for in the retail marketplace. (Johnson and Moore 2001, 171)

The remainder of this chapter describes the different aspects of garment pricing and costing. The main terminology is defined, garment costing is broken down, and, finally, the relationship between cost and retail price is described.

3.1.1 Terminology

Price – refers to the monetary value or revenue that is collected from the customer who purchases the garment. For manufacturers, the customer may either be a retailer or a wholesaler. For a wholesaler, the customer is usually a retailer, and for a retailer, the customer is a consumer. (Keiser and Garner 2008, 460)

Cost – refers to the monetary value used to produce a garment. This includes everything from the material and labor used to make the garment, to the overhead expenses of the company. (Keiser and Garner 2008, 460)

Retail price – consists of the amount the retailer paid to purchase the product with added retail margin to cover costs. The retail margin also needs to cover possible temporary markdowns for product promotion and permanent markdowns for clearance, as well as contribute to the gross margin. (Keiser and Garner 2008, 461–462)

The retail price plays an important role in brand garments. They need to be suitable for the brand image, while also being at a level that consumers are willing to pay to obtain a brand's products. (Kendall 2009, 126–127)

Wholesale price – the cost of the garment itself plays a major part in setting the wholesale price, but there are also other aspects that need to be taken into consideration: the margin required to maintain profitability, knowledge of the target customer and knowledge of the prices and practices of the competition. (Keiser and Garner 2008, 462)

Target price – strategies to determine the target price are varied. Ordinarily target prices are set to reflect understanding of the target customer and the customer's expectations for price and value. If there is high demand, the price can be higher, but if the customer has many options to choose from, the price needs to be low enough to be competitive. (Keiser and Garner 2008, 463)

Product cost – the manufacturing cost of a garment, including material, trims, labor, and the manufacturer's margin and overheads.

Internal product cost – manufacturing cost with added freight and customs payments.

Margin - is the difference between selling price and cost. In this thesis margin is referred to as a percentage of the selling price. A well-known brand or successful designer usually enables higher margins.

It should be noted that there is no single, clear-cut cost category terminology - it varies depending on the accounting methods and companies involved. The cost-price relationship can also mix terms in some contexts: for example, if a manufacturer gives its price to a buyer, from the buyer's point of view that price is part of the cost.

3.1.2 Garment Cost Breakdown

The most important factors in determining what a garment costs to produce are design and materials. If the design contains lots of details, the garment takes longer to produce. If the design uses a lot of fabric, that increases the material costs. As an example, producing a t-shirt uses less fabric and less time compared to producing a coat, which uses larger quantities of more expensive materials and trims.

Another important factor is the place where the garment will be produced. All operations in the production process take about same amount of time regardless of where they are performed. This is discussed further in chapters 3.1.4 “Sourcing Abroad” and **Error! Reference source not found.** “**Error! Reference source not found.**”.

The major components in a garments cost are material (fabrics), trims and labor. Trims, also referred to as findings in some countries, include support materials (interlining, lining and other support devices), closures, threads, elastics and labels. The fabric is often the largest single cost, and the type and quality of the selected fabric affects the overall cost significantly. The amount of fabric is also most difficult to estimate since the cutting process always produces some waste. (Keiser and Garner 2008, 472–473)

According to Jeffrey and Evans (2011, 8), the three main categories of costs for garment manufacturers are:

- Direct materials – about 50% of the total cost
- Direct labor – about 20% of the total cost
- Overheads – about 30% of the total cost

Financial aspects should have a big impact on the designers’ and product developers’ everyday work. Since the direct material costs are such a large part of the total cost of a garment, the control and costing of the direct materials is vital. Product developers may alter the designer’s original concept to optimize the use of fabric, or limit the size range due to excessively high fabric consumption with larger sizes. In general, direct material costs are approximately between 45-60 percent of the total garment cost, the average being about half of the total. This means that the designer has big influence in costing through the selection of fabric, trims and design detail – every decision in design impacts the cost of the garment in one way or another. (Jeffrey and Evans 2011, 8–9; Keiser and Garner 2008, 465–466)

3.1.3 Pricing at the Manufacturer

The pricing process at the manufacturer starts with sending all needed info about materials and trims to the manufacturer. All materials and trim components need to be counted and their total price calculated, added with possible transportation costs. While or after making a sample, the sample machinist may be asked to list every separate process involved. The garment technician estimates how long it will take on average to complete in bulk production. Because every machinist works at varying speed, the time can only be estimated. The average time that a machinist is expected to need to sew a garment can be estimated in Standard Allowed Minutes (SAMs). (Goworek 2007, 84–85; Jeffrey and Evans 2011, 8–9)

In general all manufacturers use SAMs to calculate the labor cost. They are used as a basis of establishing the cost of each individual sewing operation which is incorporated into the total labor cost estimate. SAMs are calculated from previously developed data charts. (Keiser and Garner 2008, 474)

The SAM value is the sum of three different parameters: machine time, material handling time and bundle time. Material handling time and bundle time is calculated by motion analysis. Machine time consists of straight machine time, number of stops and starts in a seam, stopping accuracy, difficulty of material handling, and machine allowance, which means non-avoidable tasks such as threading the machine or changing bobbin. (Sarkar 2011)

The pattern cutter or lay-planner estimates the average fabric consumption, which in production varies based on sizes and volumes. Generally the manufacturer makes calculations of the amounts and prices of fabric, trims and other components based on an instruction sheet, along with the labor in estimated SAMs. All indirect costs, production overheads and manufacturer's non-production overheads need to be counted as well. The result, added with the margin, is the manufacturer's initial price for producing the garment. The price is based largely on estimated production and material costs, but is also influenced by how much the customer is expected to be willing to pay. The final selling price is negotiated between manufacturer and buyer. The price of the manufacturer is referred to as cost price for the buyer. (Goworek 2007, 84–85; Jeffrey and Evans 2011, 8–9)

3.1.4 Sourcing Abroad

Overseas sourcing is generally done to obtain a lower production cost. However, when calculating the internal product cost, which includes customs payments and freight, and adding the risk of possible hidden costs, overseas sourcing might not always be as cost-effective as it initially seems. (Jackson and Shaw 2001, 121–122)

The “Iceberg Theory of Cost Comparison” (Figure 2) and its implications to the UK clothing industry was first proposed by Hines in 1998. According to the theory, many UK buyers are buying from abroad only because labor prices are lower. While it is true that there is a significant difference between the labor prices in the Far East and in Europe, the Iceberg Theory shows clearly that importation of foreign fashion merchandise usually has many hidden costs. (Hines and Bruce 2007, 34–35; Jackson and Shaw 2001, 121–122)

Hines uses the terms “onshoring” and “offshoring” in the Iceberg Theory. These terms refer to production done in the UK and production done abroad, respectively.

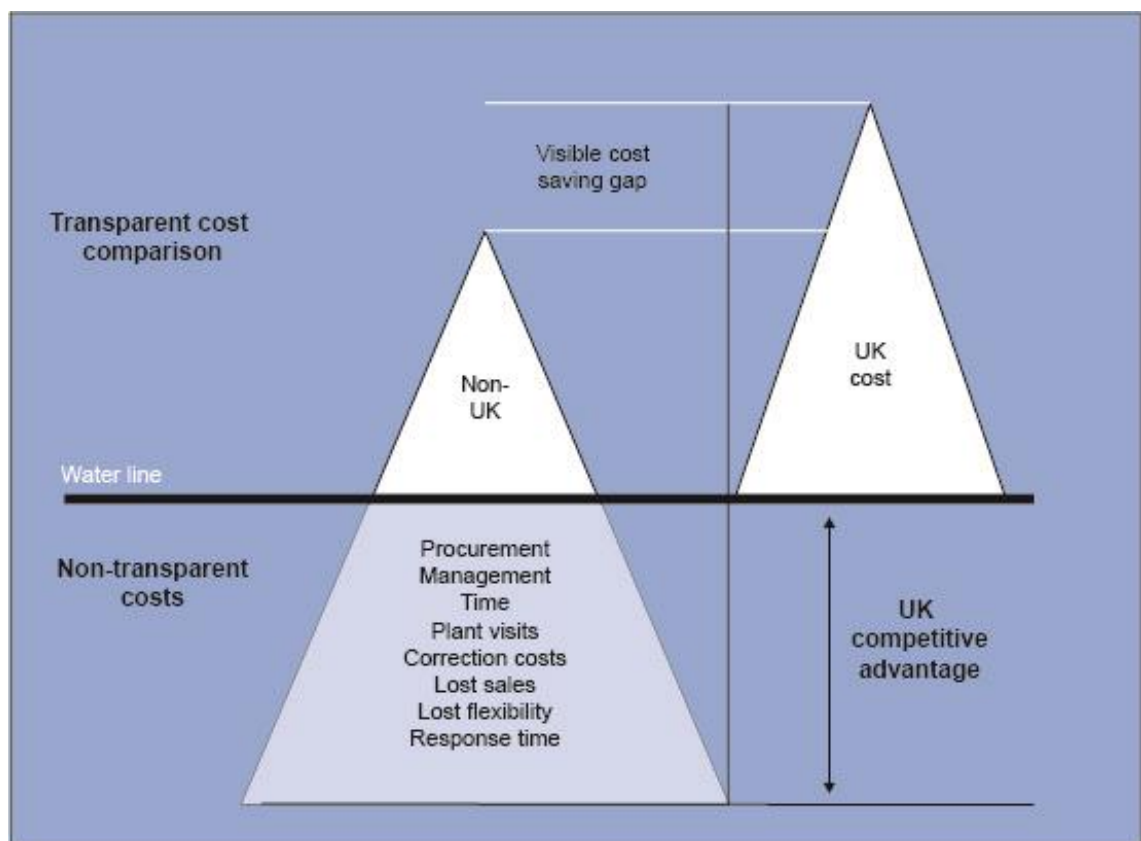


Figure 2. The Iceberg Theory of costs comparison. Based on (Hines and Bruce 2007, 35)

Procurement costs are costs resulting from having personnel travelling abroad. The costs include items such as air fares, hotel invoices and telephone calls, as well as indirect and transparent costs such as the drain on the travelling employee (stress, jet lag, strain on family and social life etc.). These kind of procurement costs are not traced back to certain products, and are generally counted in the overhead category in bigger companies. (Hines and Bruce 2007, 34)

Management time costs come from communication with the supplier before, during and after production. There are also often multiple managers involved and the amount of time spent on communication can be significant. Again, this is not usually traced back to the products consuming the resources. (Hines and Bruce 2007, 34–35)

The risk of lost sales is possibly the largest cost and most significant part of the theory. If the merchandise is late when it should be in stores and consumers want to buy it, the sales are lost. Due to long freight times, the risk is higher with an offshore supplier. If the supplier is onshore and there is a short delay in production, it will not necessarily result in late delivery or incomplete delivery. When producing overseas, a delay in production can result in missing a shipping date. This may require for example shipping the goods by air freight, which adds significantly to the cost that is not counted to the retailer's price point. (Hines and Bruce 2007, 35)

According to the theory, the size of the invisible, submerged part of the iceberg determines the advantage. In some cases the invisible part of the iceberg may exist but is not deep enough for onshore suppliers to take advantage. The stronger the relationship between a supplier and retailer, the smaller the invisible part of the iceberg. (Hines and Bruce 2007, 36)

According to Dana et al., disadvantages of offshore sourcing is a perceived lack of quality control, increased lead times, reduced flexibility, high minimum order quantities, in some cases upfront payments, and cost of travelling overseas to create relationships. The main advantage is the low cost of labor. (Dana, Hamilton, and Pauwels 2007)

3.1.5 Different Stages of Costing

According to Myers-McDevitt, there are four stages of garment costing. When dealing with garments, costing is very complicated compared to many other products. How many steps each company uses depends on the size of the company and the structure of the process. Figure 3 shows the stages. (Myers-McDevitt 2011, 13–14)



Figure 3. Four stages of costing according to Myers-McDevitt (2011)

In the first stage, preliminary costing is done before samples are made. Estimated construction costs are calculated based on old, similar styles that has been produced earlier. New fabric and possible changes to the design are factored in to make the estimate more accurate. This stage saves time and resources for the design staff but also for the production and merchandising teams. (Myers-McDevitt 2011, 14–15)

The second stage, cost estimating, is based on actual samples. This estimate is based on the sample instruction sheet, garment components, fabric, trims, labor and manufacturing costs. Since this estimate is based on the sample and sample lengths of fabric, it can be slightly inaccurate. (Myers-McDevitt 2011, 14–15)

The third stage, detailed costing, is performed just before starting production – when actual production layouts are done and accurate fabric consumption data is available. Anything that might have been overlooked in the sample stage can be picked up in here. Additionally, actual sewing methods are available at this stage, and sometimes some changes to styles are made at this point to make garment more affordable to mass production. (Myers-McDevitt 2011, 14–15)

The final, fourth stage is actual costs. They can only be determined after production, and it is one of the most important costing processes. The costs are calculated after collecting all the data after production, including actual cost of material, trims and labor. In some

cases, the budgeted costs have been exceeded for unforeseen reasons. This only provides new information for future production and garment design. (Keiser and Garner 2008, 467–471; Myers-McDevitt 2011, 14–15)

Keiser and Garner (2008) are using a similar model but with three stages: pre-costing for the sample, production costing (or final cost estimate) for planning quantity production, and actual costing determined during production. Compared to the model of Myers-McDevitt, this model lacks the first preliminary costing stage. In general, the first stages of the pricing process are very important. They show whether the desired cost level is met or if the design should be rejected as too expensive to produce. (Keiser and Garner 2008, 467–469)

3.1.6 From Cost to Retail Price

Figure 4 shows the stages of costing and pricing. As presented in chapter 3.1.1 “Terminology”, product cost is the cost that includes all components of one garment. By adding freight costs, tariff payments and the currency exchange rate risk, the outcome is the internal product cost. This term is often used in bookkeeping as well. When the manufacturer’s own gross margin is added to the internal product cost, the outcome is the wholesale price. By adding a retail margin to the wholesale price, the end result is the retail price.



Figure 4. Stages of costs and prices.

The difference between cost and selling price is very high in the apparel industry. The reason is that in fashion retailing there are a lot of expenses, from store rents and salaries to stock and product development costs. Even though retail prices can be up to nearly four times higher than internal product costs, end of the year profit percentages are often between 5-9% of total sales. It is important to realize that complete sell-outs of garments are very unlikely; usually an average of 85% of a line is sold at full price and the rest

needs price reduction to help sell the rest. Overall, the buying margin and net profitability have big difference between them. (Goworek 2007, 49; Jackson and Shaw 2001, 91)

Each company has its own target margins and a set formula to achieve it. When finalizing the final line selection, retail prices are suggested and confirmed based on the internal product cost, the retailer's target margin and the price the end customer is willing to pay for the garment. (Goworek 2007, 49)

According to Phillips (2005), there are different approaches to pricing: the cost-plus approach, the market-based approach and the value-based approach. Cost-plus pricing is the oldest and most popular approach. To simplify, it requires determining the cost of each product and adding a percentage surcharge to determine the price. The surcharge is often counted to reflect an allocation of fixed costs plus a required margin. This approach is generally liked by financial departments, because it guarantees that each sale produces an adequate margin. The biggest problem with this approach is that it has nothing to do with the market and does not support price differentiation – the ability to charge different prices to different customer segments. (Phillips 2005, 22–23)

Market-based pricing can have different meanings depending on the context. It usually refers to the practice of pricing based on the prices offered by the competition. Market-based pricing can also be an effective strategy for a low-cost supplier seeking to enter a new market. At most extreme, this approach allows the competition to set the prices. In general companies should be able to charge a higher price to customers who value the product or brand more highly. Monitoring competitors' prices is always important, but the market position relative to competitors needs to be taken into consideration in order to maximize profitability. (Phillips 2005, 24)

Value-based pricing can also mean different things depending on context. In the broadest sense it refers to the self-evident idea that price should relate to customer value. In the narrowest sense it is used to refer to personalized or one-to-one pricing, in which each customer is quoted a different price based on his or her value for the product being sold. In general, value-based pricing is not the most suitable one for selling goods – it suits services better. (Phillips 2005, 24–26)

These three approaches are usually mixed in companies pricing strategies. No single approach is used all the time and the companies modify and combine various approaches to achieve different goals. (Phillips 2005, 26)

Fashion buying and merchandising are probably the most important management functions of any retailing fashion business (Jackson and Shaw 2001, 3). It is their responsibility that right merchandise at the right price at the right time is available.

3.2 Product Development in Apparel Industry

This chapter provides an overview of product development in the apparel industry, starting with the definition of product development and a general garment product development process. After that the main functions – merchandising, design, garment technology, and sourcing and production – are presented as participants of the process.

3.2.1 Product Development

Product development (PD) is a fundamental, natural and demanding part of industrial operations. The goal of product development is to find technical possibilities and different ways to develop new products. Design and PD together attempt to find solutions to fulfill customers' needs and give value to products. (Välilmaa et al. 1994, 11, 28)

Successful product development is one of the key factors in the success of a company, and companies must take care of ongoing product development. Otherwise, a time will come when products become dated, and sales drop until they finally end altogether. It is important to fulfill customers' needs as well as possible, both technically and financially but also practically. Product development can either aim to create a new product or update a current one to be technically better and cheaper to produce. (Jokinen 2001, 9–10)

3.2.2 Process Overview

According to Granger (2007, 149), garment product development is the creation and making of a product, such as a dress or a coat, from start to finish. Depending on the organization, product development may either be a part of one department or a separate division within the organization.

Keiser & Garner (2008, 4) describe product development like this:

“Product development is the strategic, creative, technical, production and distribution planning of goods having a perceived value for a well-defined consumer group; these goods are designed to reach the marketplace when that group is ready to buy. Apparel product developers must constantly redefine what they produce, how they produce it, and how they market and distribute it to customers, thereby translating change into opportunity. Working in a dynamic environment requires flexibility and agility.”

Usually a product development process in the apparel industry starts with some kind of research of the future, the present and the past. Reliable information is received from reflecting past successes and failures, measuring customers’ wants and needs, and balancing future challenges and changes. (Johnson and Moore 2001, 107)

In following Figure 5, one type of product development process is depicted. It is important note that every company has their own type of process, depending on the business they are in, for example if they sell wholesale or retail only. The following process example is from a retailer’s perspective.



Figure 5. A general garment product development process includes following stages according to Granger (2007, pp.150-151)

According to Granger (2007, pp.150-151), the product development process begins with gathering inspiration and doing market research. Product categories are decided by looking at the sales and successes of past seasons. (M. Granger 2007, 150)

The second and third stages include planning the collection by discussing trend forecasts, creating a preliminary line plan and deciding the colors that will be used in the

collection. Fabrics and trims are researched and selected, and prints are designed. (M. Granger 2007, 150)

Concepts and actual garment sketch designs are introduced in the fourth stage. At the same time sampling materials and trims are ordered from the fabrics and trim suppliers based on the decisions in the previous stage. Additionally, lab dips are requested for the colors chosen for the collection. (M. Granger 2007, 150)

The fifth stage is the merchandising meeting, where the line is edited from the designers' sketches. After the editing, the product development team makes tech packs, which contain instructions for the manufacturer, for each design. Prototypes are constructed and preliminary costing is requested from manufacturers. Sourcing is completed. (M. Granger 2007, 150)

Next, in the eighth stage, patterns and first samples are produced in sampling rooms. Often about 20-50% more designs are made compared to how much will be manufactured. The manufacturers send preliminary cost calculations. (M. Granger 2007, 150)

The ninth stage is the basic sampling process: samples are fitted, edited and adopted during a line review. The fitting process continues until the sample is either approved or rejected, which means the sample is dropped from the collection. The sourcing team negotiates the costs. Quantities may be part of the cost negotiations or they may be determined later when placing the production order. (M. Granger 2007, 150)

After this, the sales and photo samples are produced. Private label garments may require a meeting sample to be presented in a sales meeting. Others might need salesman samples if the company sells wholesale as well. The costs of the garments are finalized, and photo and production samples are requested from manufacturers. (M. Granger 2007, 150)

In the eleventh stage, the collection is sold internally. For example, private label brands styles are sold internally to buyers who quantify the purchase. (M. Granger 2007, 151)

After the collection has been sold and bought internally, the production order is placed. Production fabric and trims needs are counted based on the production order. (M. Granger 2007, 151)

Finally, garments are produced at the manufacturers and suppliers, quality control is completed and garments are packed and shipped to the retailer. The process is complete when the merchandise is received by the retailer and delivered to the warehouse or selling floors. (M. Granger 2007, 151)

3.2.3 Merchandising and Line Planning

The term merchandising is a multiple-step process involving sourcing, producing, distributing and preparing the products for wholesale or retail sales. Each step in this process also plays an important role in building a fashion brand. The goal is to get the right products at the right prices to the right consumers at the right time and place. (Kendall 2009, 23–24, 48)

The term “merchandising” is used in various ways in different industries and countries. In fashion retailing the term refers to the total process of stock planning, management and control. It requires numeral skills, the ability to spot and forecast trends, and understand the relationship between regular sales and stock figures. The overall responsibility is quite similar to the one buyers have – the merchandiser is responsible for maximizing the profitability of the department. (Jackson and Shaw 2001, 26–27, 30–31, 93)

Merchandising also helps with the difficult decision making process of the buyer by analyzing sales and stock. Many fashion retailers have given stock responsibility to a separate team, and the merchandiser mainly focuses on analysis and planning. Planning often entails planning future sales, margins for specific garment types and line planning to maximize commercial opportunities for products. (Jackson and Shaw 2001, 26–27, 30–31, 93)

Merchandising activities should aim for building brand image as well as brand equity. In its best, it creates positive impressions on consumers about the brand. (Kendall 2009, 48–49)

The merchandising process generally starts from a merchandising plan or budget that identifies the resources needed to meet profit, sales and margins for a specific season or quarter depending on the business type. The merchandising plan usually includes merchandise budgets, application of pricing strategies, assortment plans and delivery

plans. The merchandising plan links the company's strategic plan to creative planning, production planning, sales and marketing. The budget is specified through a line or line plan, which sets sales and margin goals for all categories separately. (Keiser and Garner 2008, 37–38; Kunz 2010, 240)

Merchandisers set and manipulate prices on merchandise within the context of a company's pricing strategy. The goal of many companies is to build a price image that is consistent with their target customers' needs and images. Merchandisers determine the list retail price of a product according to the pricing strategy. (Kunz 2010, 206,213)

Line planning involves compiling a collection of garments within financial and design parameters, prior to production and delivery. Most companies divide their garments to three categories: fashion, basic and classic. The ratio can, for example, be 60% basic merchandise, 25% fashion merchandise and 15% classic or promotional merchandise. As another example, the ratio can consist of the number of tops compared to bottoms and jerseys versus woven tops. Each ratio is also based on season, store and customer. Previous sales and collections, as well as upcoming trends and the present situation, should be studied carefully when creating the base for new season line. The line plan is updated continuously until the line has been finalized and it becomes a definitive list of the products to be offered for particular season. (Goworek 2007, 43; Johnson and Moore 2001, 164–167)

3.2.4 Design

Wholesale designers are usually quite practical – they have to create designs that can be produced efficiently, but also sell well and make a profit for the company. All three key parts, design, production and sales, should be aiming for the same goal. Communication between the teams that are involved is very important throughout the process. (Johnson and Moore 2001, 168)

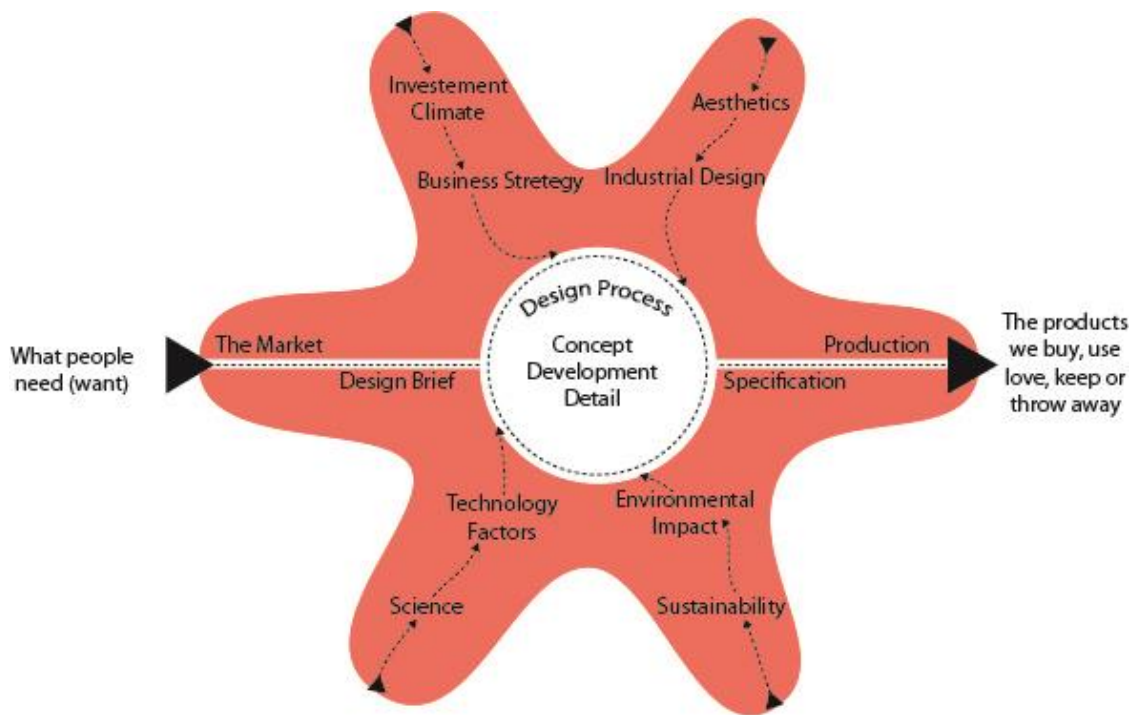


Figure 6. Inputs to the Design process according to Ashby & Johnson (2010, 10)

Figure 6 shows inputs to a general, non-garment-specific design process. The design process is at the center – factors affecting it are the market, technology, the investment climate, the environment and industrial design. A good designer is influenced by those factors and is always alert for new developments in technology, sustainability and environmental issues. In this century consumers want much more than just affordable products that function well – they also want delight and satisfaction, making inputs from industrial design and aesthetics a high priority. (Ashby and Johnson 2010, 9–10)

Product design is at the heart of what customers are buying. If a garment does not grab attention and generate the desire to want to wear it in a customer, not even good sourcing or stock management will be enough to sell it. Commercial designers go through a certain design process with each new season. The design process refers to the conception of style. Retail designers must combine fashion influences while also acknowledging marketability and fulfilling customer wants and needs. Usually many compromises have to be done in order to strike the correct balance between desired fashion look, highest possible quality standards and a desirable price tag for the target customer. (M. Granger 2007, 162–163; Jackson and Shaw 2001, 39)

Every new season starts with inspiration, which might come from a wide range of sources such as exhibitions, galleries, art shows, magazines, interior design and architecture. In

the apparel industry new fresh ideas are required to inspire designs and offer something new to customers. In many companies designers use trend predictions (e.g. Promostyl, Mudpie, Trend Union) and for example the WGSN (Worth Global Style Network) website to gather inspiration. (Dillon 2012, 36–38, 44–47)

The designers' work starts often with the choosing of material. Depending on the company and price level, reference material can be chosen from a fabric fair (e.g. Premier Vision in Paris) or from suppliers' own collections. For some designers, expensive European fabric mills can only offer inspiration for the material, while the actual material is sourced from Asian suppliers, for example. Often fabric swatches are given to a lower-cost fabric mill that can develop similar materials or change a few features to get the material price down. (Johnson and Moore 2001, 202)

After determining inspiration and theme, color palette, fabric and trend concepts, designers start sketching individual styles. Usually these styles are within a particular silhouette. Silhouettes may repeat throughout the line. Some styles are completely new, some might be adapted from actual garments found on shopping expeditions or in magazines. Generally "form, fit and function" are the main focal points in the design process. (M. Granger 2007, 162–164; Jackson and Shaw 2001, 42–44)

Most lines usually include carryover or repeating styles from previous seasons. Designers also need to balance the line with the help of a merchandiser by incorporating basic garments. The designers' work also varies a lot based on the quality and price level of the garments the company produces. Value-for-money interpretations of high-fashion products use basic fabrics while fashion businesses selling high-priced fashion products have to spend time and money ensuring that the fabrics are right for the product. (Jackson and Shaw 2001, 39, 42–44)

As stated earlier, many companies estimate preliminary costs before samples are made, to be able to adjust or drop designs when line is still in sketch form. Oversampling is expensive, so companies usually try to limit the amount of samples made. In some companies designers make tech packs for their designs, and in bigger companies work with pattern makers and technicians. Designers also attend the fitting of their garments. (M. Granger 2007, 162–164; Jackson and Shaw 2001, 42–44)

The designer's role is very different in companies retailing in the mass market when compared to high-end or luxury brands. The role as luxury brand designer is more concerned with spotting and interpreting trends, and working with the buying teams and suppliers to achieve the latest looks at a competitive product cost. The design of the product is a key factor in sales, but much greater attention is paid to costs as the retail selling price needs to be competitive. Designers have much more power over the final product line at high-street brands than at cheaper brands, since volumes of production are smaller and the risk for each product is lower. (Jackson and Shaw 2001, 40–41)

Fashion designs can strengthen the attractiveness of brands, but at the same time, good brand image can make fashion designs more attractive. The main objective in fashion design is to design garments that appeal to target customer groups and their actual or aspired lifestyles. (Kendall 2009, 97)

3.2.5 Garment Technology

The garment technicians take designers' first ideas to the next level by developing fit standards and construction specifications. They make changes to garments or sketches that are needed to meet production requirements. Some garment technician teams also include in-house patternmakers. Generally, the garment technician team determines size grading rules and creates labeling instructions. The garment technicians evaluate prototype garments and ensure that they match the given instructions. Their responsibility is to turn the design into a product that meets customers' demands and expectations, especially in the terms of quality and fit. (Keiser and Garner 2008, 39–40)

Garment technology is a supporting function of buying in all stages of the product development process. Usually the buyer and the garment technician work very closely together, and the garment technician is also involved in the process from the earliest stages. Their main task is to monitor and ensure the quality of the final product in every stage of sampling. (Jackson and Shaw 2001, 22)

3.2.6 Sourcing and Production

Jackson & Shaw (2001, 114) define the term “sourcing” as “the selection of a supplier of either product or the raw material components and services used in the make-up and delivery of products”. The term “production” refers to the actual producing of the garments.

Job titles in sourcing and production vary much between companies, also depending on the type of business. The title of Buyer or Product Manager is common in many companies. In manufacturing, wholesaling or retailing, the buyer has very different responsibilities at different levels of the market. For independent retailers, department stores or boutique owners, the buyer is usually the person making the selection for the store and the one responsible for the buying budget. In companies that produce brand garments, on the other hand, the buyer is usually the one in charge of the whole overseas product development process. The buyer has also often overall responsibility of the profitability of the product category. (Jackson and Shaw 2001, 9, 13)

In general, sourcing refers to the process of finding suitable manufacturers or suppliers selling components needed to make a final product. Sourcing includes determining the amounts of products needed, negotiating best possible prices, scheduling deliveries, following up shipments and taking responsibility over the quality level. Sourcing also refers to ordering and coordinating actual production made by manufacturers and suppliers. In essence, sourcing is responsible for taking products from the conceptual stage to the sales floor. In different companies sourcing can include different tasks or be divided to different positions with separate tasks. Sourcing takes the designer’s vision and turns it into reality. (M. Granger 2007, 41)

Suppliers and manufacturers have a very important role in sourcing. They need to be reliable, efficient and effective to retain the business of their customers. Moreover, retailer’s success depends on the quality of the finished products the suppliers produce and deliver. Different price-level companies can have very different sourcing strategies, from buying big quantities of cheap mass-market brands from the Far East, to high-end brands using Italian high-quality fabrics and producing smaller quantities in Europe. The relationship between the supplier or manufacturer and the buyer is often very close as a result of daily communication and traveling to factories. Getting along with suppliers and

encouraging them to perform at their best is very important for the long-term benefit for both retailer and supplier businesses. (Jackson and Shaw 2001, 114, 118)

Jackson & Shaw (2001, 116) list three options retailers have when buying garments:

- Factored – the retailer buys ready-designed garments from the supplier’s line and inserts own labels, or the supplier designs and produces garments suitable for the retailer’s brand.
- Cut, Make and Trim (CMT) – the manufacturer produces the retailer’s design using fabric bought, checked and delivered by the retailer.
- Brands – unique lines, designed either by a retailer or manufacturer with a clear “handwriting” and essential extra value of brand. Retailers are in general unable to alter or change manufacturer-based brands.

Some fashion retailers use all three types of garments. Department stores, for example, might produce an own private-label house brand, purchasing it with a mixture of factored and CMT production, and additionally buy designer garments from designer brands. (Jackson and Shaw 2001, 116)

In earlier years fashion retailers preferred CMT, since it enabled them to be fully aware of the true component cost of each garment. In that case the variables were quantity and labor cost. CMT appears to be cost effective, but it creates a lot of internal costs for the retailer. CMT buying also requires a larger staff including larger design and technical teams, quality control staff, material buyers and also often a sample production unit. (Jackson and Shaw 2001, 116)

Production planning is usually part of the buyers’ work in some companies. The person doing production planning must understand the cost of materials, trims, value-added finishes and processes, quantity and quality capacity, production and transportation time-lines, as well as tariffs and quotas in all of the countries they are sourcing from. Different types of factories can produce merchandise of various types and quality. The buyers negotiate fabric and garment costs, order prototypes, make production contracts, inspect factories, and oversee the quality and especially the schedule during production. The

objective is to produce a garment of a certain quality level that customers expect, at the lowest possible cost. (Keiser and Garner 2008, 40–41)

3.3 Schedule and Critical Path

The schedule containing key dates for the product development process is known as the critical path. If these critical deadlines are not met, the collection cannot be launched in stores in intended time. (Goworek 2007, 23, 25)

The schedule is usually planned in reverse chronological order, beginning with the launch date of the collection and working back to the deadlines necessary to achieve delivery on time. Consistent lateness in any part of the process in developing and approving various aspects of each garment would result in garments not being available to customers at the required time, which leads to reduced profits for the company. (Goworek 2007, 23, 25)

The buyer generally creates critical paths for each garment to be able to monitor the process successfully. It is also important for buyers to understand manufacturers' or suppliers' quality standards, to anticipate how long it will take to complete all relevant aspects (material approval, trims, samples etc.). However, this is often quite difficult, since garments are almost always unique - most designs have not been produced using exactly the same material, color and details. This makes fashion merchandise very unpredictable in terms of quality as productions run usually short term. (Goworek 2007, 23, 25)

4 Company Presentation: Marimekko Oyj

4.1 History

The history of Marimekko begins in 1949 in the textile printing factory Printex owned by Viljo Ratia. His wife, Armi Ratia, finds new and bold print patterns to be printed at her husband's company. In 1951 Armi Ratia organizes a fashion show at the Kalastajatorppa hotel in Helsinki to give a boost to fabric sales, and to show and educate how modern Printex textiles can be used to make clothes. As a surprise to all, the colorful collection with clean cuts was a success. The audience wanted to buy the sample clothes instead

of just fabrics, which was the original plan. A few days later, 28.4.1951, Marimekko is officially registered as a company, and its first shop opens in Helsinki the year after that. (Ainamo 1998; Koivuranta et al. 2015, 12; Lindstedt 1991; Marimekko 2016b)

Vuokko Eskolin-Nurmesniemi, who joins Marimekko in 1953, helps to develop new ways to mass produce clothing and revolutionizes the way Finns dress. As a team Vuokko Eskolin-Nurmesniemi and Armi Ratia create something so out of the ordinary that competitors do not dare to follow (Lindstedt 1991). One of Marimekko's classics, the Joka-poika shirt, is designed in 1956 and is the longest running classic still in production today, celebrating 60 years this year. (Koivuranta et al. 2015, 30; Lindstedt 1991; Marimekko 2016b)

In the end of the 1950's, Marimekko takes its first steps being global company: Armi Ratia takes Marimekko to the World's Fair in Brussels in 1959 and also finds the first US store to sell Marimekko clothes and fabrics in the same year. In 1960, Jacqueline Kennedy, the future first lady, buys seven Marimekko dresses at once, causing Marimekko to end up in the headlines. Jacqueline Kennedy also wears a Marimekko summer dress on the cover of Sports Illustrated. In the 1960's, Marimekko is featured regularly in international fashion magazines such as Elle, Vogue, Harper's Bazaar and Women's Wear Daily. These events tripled Marimekko's exports in 1961, as a result sending the company's turnover above 100 million Finnish marks. (Ainamo 1998; Koivuranta et al. 2015, 37–38; Marimekko 2016b)

As a conscious goal, Armi Ratia tries to attract the members of the young intelligentsia – women and men who are modern, conscious and breathing freely – to become Marimekko users, since many other customers are following this group. Marimekko combines traditions with radicalism, ascetics with decorations and anonymity with specialty. Armi Ratia has always been good at gathering talented people around her, and at the same time she handles publicity and international relations with skill. Marimekko's fame and recognizability have always been bigger than actual and potential sales. (Lindstedt 1991)

In 1973 Marimekko opens a new textile printing factory in Herttoniemi, Helsinki, and acquires its first flat screen printing machine to replace the hand printing used earlier. The factory is expanded in 1979 and all printing is moved to one location. A second expansion is done in 1983, when the designers and the office staff move to Herttoniemi as well.

During Armi Ratia's years, it is not only smooth sailing for Marimekko. Bankruptcy is close several times and the company changes CEO's (Chief Executing Officer) frequently (Lindstedt 1991). Between the years of 1974 and 1985 Marimekko was for the first time listed on the Helsinki Stock Exchange as a publicly traded company. (Koivuranta et al. 2015, 13–14; 2016b)

Armi Ratia dies in 1979. She had developed Marimekko to become an international pioneer in using arts and cultural heritage in industrial product design (Ainamo 1998). After her death, Risto Takala takes over as CEO and starts making the company more organized, resulting the turnover growing one third to 65 million Finnish Marks in 1980.

Armi Ratia's children end up selling Marimekko to Amer group in 1985. Amer has high hopes and plans for the company, but admits to being in trouble with Marimekko already the next year. A few CEO's follow each other, and finally in 1990 Amer starts to find a potential new owner for Marimekko. (Koivuranta et al. 2015, 13–15, 91, 105, 151; Marimekko 2016b)

Kirsti Paakkanen buys Marimekko in 1991, and immediately starts making changes in the company, thereby boosting the spirit of the employees. Her arrival starts a period of growth and profitability, and already after six months, the company is making a profit. The profits triple in three years with a turnover of 94 million Finnish marks. Kirsti Paakkanen hires new designers, and starts new lines, including a men's collection. In 1999 Marimekko is again listed on the Helsinki Stock Exchange. (Koivuranta et al. 2015, 14–15, 154; Marimekko 2016b)

In 2004 Marimekko invests in its printing mill and a new flat screen printing machine. Investing in its printing mill has been very important in Marimekko's history, which has helped to keep the Finnish "core" of the company alive. Marimekko also started to expand globally again – the first stores in Japan were opened in 2006 in co-operation with Mitsubishi Corporation and Look Inc., and in next nine years 28 further Marimekko stores opened in the country. (Koivuranta et al. 2015, 15, 224; Marimekko 2016b)

In 2007 Kirsti Paakkanen sells her stake in Marimekko to banker Mika Ihamuotila. He takes the role as company CEO in 2008 and aims to make Marimekko a more international company. (Koivuranta et al. 2015, 15, 224; Marimekko 2016b)

4.2 Present

Under Mika Ihamuotila's tenure, Marimekko starts investing heavily, both in new stores and its printing mill. Ihamuotila's goal is to brighten Marimekko's ideology and make the company more global (Kokko 2008). In 2011 a flagship store is opened in New York, and a year later in Sydney, Australia. Marimekko acquires a new rotary printing machine that triples the capacity in printing. Marimekko also attends global fashion weeks: in Tokyo in 2012, New York in 2013, both Stockholm and Copenhagen in 2014, and Paris in 2015 and 2016. The first stores in China are opened in Hong Kong in 2012, and the following year in Shanghai and Beijing. (Koivuranta et al. 2015, 15–16; Marimekko 2016b)

The current Creative Director, Anna Teurnell, starts her work at Marimekko in July of 2014 and begins to develop the materials and shapes of collections. In early 2015, Tiina Alahuhta-Kasko becomes President of Marimekko, and joins Mika Ihamuotila, who remains CEO and Chairman of the Board, in running the company. Later in 2015, Tiina Alahuhta-Kasko assumes the roles of both CEO and President, while Mika Ihamuotila stays as majority owner and Chairman of the Board. (Koivuranta et al. 2015, 16, 258; Marimekko 2016c)

4.3 Mission, Vision and Future

Marimekko's vision is to become the world's most prestigious pattern designer and one of the most fascinating design brands. The strengths of the brand are uniqueness and inherited interest of the brand, as well as a large and diverse pattern. (Marimekko 2016d)

At the moment the company's long term strategy is in international growth: the goal is to grow and succeed in the international market as a Finnish design company with a strong identity. Key market areas are Northern Europe, North America and the Asia-Pacific region including Australia. At the end of 2015 there were 154 Marimekko stores all over the world in around 40 different countries, with the majority of the stores being in Finland. The largest share of overseas stores are in the Asia-Pacific area, in for example Japan, China, South-Korea and Australia. (Koivuranta et al. 2015, 248; Marimekko 2016c)

According to Tiina Alahuhta-Kasko, Marimekko's entire life-style concept is based on Finnish values, and for the company design is part of everyday life (Paavilainen 2015). In 2015 new partnerships were launched in Dubai, Thailand and Singapore. According

to Alahuhta-Kasko, it has been noted that the Unikko print is remembered in many new market areas, even though Marimekko itself is not well known. Alahuhta-Kasko says: “At the moment there is a boom in Scandinavian design. Consumers are interested in timeless and sustainable brands – real phenomena with stories”. (Hytönen 2016)

In 2015 Marimekko’s turnover was almost 96 million euros. The group employs about 500 people of which over 100 in subsidiaries outside Finland. Worldwide brand sales of Marimekko products was approximately 186 million euros. (Marimekko 2016c)

Marimekko has three product lines: fashion, home, and bags & accessories. In 2015, fashion, being the biggest product line, contributed 41% of the company’s net sales. (Marimekko 2016a)

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