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LEARNING FROM (LUXURY) FASHION: ENTREPRENEURSHIP AND DESIGN-LED INNOVATION

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In this paper design-led innovation is theorized from a double perspective: A diverse range of design types and strategies used in the luxury fashion business is presented through the prism of entrepreneurship as defined within the tradition of the Austrian School of Economics, especially Carl Menger (2007/1871), Ludwig von Mises (2007/1949), Randall G. Holcombe (2007) and Nicolai J Foss and Peter G. Klein (2012) but also David Harper's (1996) 'Growth-of-knowledge theory' of entrepreneurship.^{xv} It is argued that luxury fashion business serves as a prime example of different design-led innovation methods at work; and further that these can be easily integrated into a specific conception of Design Management. Entrepreneurship will be defined through the framework of the Austrian School of Economics.

Keywords: Luxury Fashion Innovation; Austrian Economics; Entrepreneurship

INTRODUCTION: FASHION THE PROFANE

Fashion has often appeared as a dark horse in the design field. It is noticeable how the canonized design theory texts rarely deal with fashion as a subject.^{xvi} In design universities and design schools there is often a marked difference in the curriculum related to fashion design and other design practices. In a business context, however, the fashion industry is obviously challenged by many of the same issues and problems that apply to other industries where design is a key differentiator. But the fashion industry also has its niche-specific differences: For example, fashion is directly related to female beauty and seduction; there is a long historical tradition and interweaving of fashion products and women's magazines, fashion has its own promotional practices, and in fashion there is a distinct and deliberate use of the romantic artist represented by the star designer as genius.

A considerable amount of academic design teaching and theory is influenced by either engineering (the natural sciences) and/or critical theory (arts and aesthetics from the humanities).^{xvii} These two positions tend to unite in a common preoccupation with use-value, use-value as function or use-value as opposed to exchange-value in a political (Marxist) idealism. Fashion does not fit well into these categories except as the profane.^{xviii} With its focus on seduction rather than function, fashion by definition lies outside the modernist design ideal and the project of the Avant-garde. Fashion has a certain affinity with the business perspective in design teaching, a matter for profit and market competition. But in addition to the commercial aspect, fashion also has a strong affinity to the superfluous, the aesthetic, and the sexual.

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When theorized through Austrian Economics, the dichotomy between use-value and exchange value disappears. As early as 1871 Carl Menger, the founder of the Austrian School of Economics realized that exchange-value and use-value were simply two expressions of the same phenomenon in advanced economic life.^{xix} Use-value ‘is the importance that goods acquire for us because they directly assure us the satisfaction of needs, that would not be provided for if we did not have the goods at our command’; and exchange-value is ‘the importance that good acquire for us because their possession assures the same result indirectly’ (Menger, 1871/1994: 228). For Menger, economic value is always subjective and contextual: Value resides in the minds of individual subjects, not in the objects, and it cannot be measured through the production process. The subjective-value theory of the Austrian School of Economics, conceived in the latter part of the 19th century, resembles the much later value theories developed in the marketing literature, e.g. consumer value as ‘an interactive relativistic preference experience’, that is, value as comparative, personal and relativistic (Holbrook, 1998: 6-9). Similarly, from a Service Design perspective, value has recently been recognized as situational and individual, in the sense that value is related to specific use and context (Vargo et al 2008).

Because Austrian Economics is so firmly rooted in a free-market political economy, a design view informed by this theoretical position goes utterly against the many socialist inclinations that have influenced design theory and practice; from William Morris and Bauhaus to the critical theory originating in the Frankfurter School to the British Cultural Studies tradition, the French poststructuralist philosophy, and the feminist critique to Hal Forster’s *Design is Crime*. It is remarkable that much of the design theory and teaching influenced by the humanities tends to rest on a more or less explicit hatred of capitalism.^{xx} Seen through the looking glass of the Austrian School of Economics, this situation is turned upside down. Here it is recognized that effective socialist economic calculation, and thereby also central economic planning, is impossible in the long run without private property and the free-market price system.^{xxi} Monopoly understood ‘as the absence of free entry into a particular line of production’ is considered unhealthy for consumers; and ‘a monopolist of ultimate decisionmaking equipped with the power to tax does not just produce less and lower quality justice’, it will also lead to more aggression and injustice (Hoppe, 2007: xx). Scholars dedicated to Austrian Economics have been in the forefront of the critique of government interventionism in Western countries, i.e. deficit spending, corporate bailouts, money manipulation by central banks and various bureaucratic rules and regulations that end up benefitting special interest groups and large companies rather than consumers.

ENTREPRENEURSHIP AND DESIGN INNOVATION

In the tradition of the Austrian School of Economics the entrepreneur is defined as a person acting in a market economy that ‘deals with the uncertain conditions of the future’, a speculator who tries to determine ‘the employment of the factors of production’ in order to make profits, serving consumers in the process (Mises, 2007/1949: 290-291). In short, entrepreneurial activity is a matter of searching for potential profit opportunities that are not being taken advantage of and acting on these opportunities. Foss and Klein (2012: 38) emphasize the judgment aspect of entrepreneurship as envisioned by Mises: The ‘decisive action about the deployment of economic resources when outcomes cannot be predicted according to known probabilities’. Accordingly, entrepreneurship is therefore more than just being alert to a profit opportunity. More important is the active judgment aspect of entrepreneurship, defined as the controlling decision-making exercised by an owner of a firm: ‘a specific kind of uncertainty-bearing, namely the deliberate deployment of productive resources in anticipation of financial gain’ (Foss and Klein, 2012: 39). In this respect, entrepreneurship is at the very heart of the capitalist market economy – it is all about the most effective allocation of scarce resources in a society that is motivated and regulated by profit and loss through competition.

According to Holcombe, economic progress comes from entrepreneurship that leads to innovation, which in turn increases the division of labour and leads to greater productivity.^{xxii}

Progress occurs because innovators introduce new goods and services, improve on existing goods and services, and introduce ways to more effectively produce existing goods and services. The factors that lead to innovation are likely to be different from the factors that lead to growth in inputs and technology. Progress and growth are not the same things. Growth is but a small part of progress, and whereas progress naturally leads to growth, growth without progress is self-limiting. Progress occurs because of innovations introduced into the economy, and innovations are the result of entrepreneurship (Holcombe, 2007: 28).

It follows that entrepreneurship is not the same as invention. If an invention is not successfully brought to market as a product (or service), no (successful) entrepreneurship has taken place.^{xxiii} In the same way, innovation that fails to produce a profit opportunity in a market is not entrepreneurial innovation.^{xxiv} In using the entrepreneurial perspective of Austrian Economics, the distinctions between different forms of innovation known from the various design debates become secondary.^{xxv} Seen from an entrepreneurial perspective, one type of innovation should not be regarded as objectively more advanced than another, it all depends on the context. Many types of design innovations can potentially serve in the entrepreneurial endeavour. Sometimes a profit opportunity can be seized and acted upon through a different type of packaging or a different advertising campaign, other times it requires a technological invention, and other times again it may require radical innovation where the meaning of a consumer product or its context is changed.

Holcombe (2007: 41) emphasizes product differentiation as an element in economic progress. However, firms do not differentiate products in order to make them different but in order to make them better. Product differentiation is a competitive strategy that generates progress; it concerns more than just income growth. In order to become and remain successful, a firm needs managing functions as well as entrepreneurial functions, but ultimately, entrepreneurial functions are the most important. Managers 'try to minimize costs' and 'avoid inefficient use of resources', whereas entrepreneurs strive 'for new and improved methods of production' and new 'ways to improve the characteristics of their outputs' (Holcombe, 2007: 33).

One of the propositions in this paper is that entrepreneurship as perceived by the Austrian School of Economics theory can be a useful defining tool for commercial design management.^{xxvi} As the entrepreneurial function of a firm is recognized as being, ultimately more important, than managing functions, and because profit opportunities are considered the essential – and appear in many forms – innovative use of design can easily become a strategic business core competence. Further, as entrepreneurship relates to the ownership aspect of a firm, the controlling decision-making exercised by an owner who seeks to allocate productive resources as efficiently as possible for an uncertain future outcome in order to achieve financial gain, design management becomes potentially important at the top executive level of many firms.

Harper's (1996: 168) falsificationist entrepreneurial perspective suggests that piecemeal innovation of products in existing markets has 'a substantially higher likelihood of success' than attempts to create new generic product categories.^{xxvii}

Revamping and repositioning existing products, product differentiation (i.e. variations in quality, style, or image), product line extensions, product improvements (i.e. minor changes in product attributes, package redesign, new after-sales services etc.) and other product revivification strategies pose a lower chance of failure than holistic strategies because they reduce the scope for errors arising from product complexity and novelty (Harper, 1996: 168).

This type of incremental design innovation is taken for granted in some of the key areas of luxury fashion. The various fashion changes – e.g. on the level of textile suppliers or as the overall *zeitgeist* interpreted by cultural intermediaries (e.g. journalists or stylists) in terms of what will be

perceived as new in the coming season – lie somewhere between piecemeal innovation and more radical innovation, depending on the nature of the changes. But most of the time, aesthetic style changes should be considered a piecemeal form of innovation. Many luxury fashion objects are archetypical generic object types, e.g. the little black dress, ballerina flats or high-heeled pumps, but every season, they are altered slightly in accordance with changes in materials and deliberate aesthetic decisions in the fashion design studios. These aesthetic changes are design-led innovations, and they are based on feedback from the sales departments, possibly information from forecasting agencies, predictions and tendencies in the fashion press, observations of competitors and consumers and gut feelings from the various designers involved in the process from studio prototype to factory production. Further, fashion product design normally has to fit into the overall brand and service position that costumers and cultural intermediaries have come to perceive as valuable (symbolic) features of a given label. A brand like Versace cannot easily change the stylistic qualities of its product in order to imitate, say, Burberry or vice versa. This is not a matter of fashion changes but of cultural values of dressing: flashy southern Italian style versus a more classic English heritage. Another crucial area for design in luxury fashion is the communication design, advertising campaigns, and overall visual identity that accompany the brand and the various fashion collections, possibly emphasized through styling.

Successful contemporary luxury fashion business fuses many of the traditionally distinct design classifications, e.g. graphic design/communication design, industrial design, interior design, textile design, fashion design and even architecture. Design-led innovation is at work throughout the organization: Communication design is just as important as product design. In order to execute successful fashion entrepreneurship, the entire value chain must have the potential to be design-led, from product design, retail environments, advertising, product placement and packaging to the facilitation of consumer co-production of value.

THE HISTORICAL CONTEXT OF LUXURY FASHION

When looking at the phenomenon of fashion from a broad cultural perspective, there is a recurring theme of moralism that is striking. Historically, fashion has been a frequent target for various moralists and still is today. The irrational aspects of fashion have been severely criticized, for example that fashion consumption is about the desire for the new and the urge to imitate others, acts that some opponents would characterize as a total abstraction from the use-value of clothing. The status elements associated with aristocratic dressing in earlier times is yet another reason for denouncement. But the hatred of fashion has probably been most profound, from the Church and religious movements to feminism, in relation to the seductive allure of the female appearance. These moralist attacks directed at fashion serve as an excellent entry point to the phenomenon: Six of fashion's core elements are present in the short introduction above: clothing, distinction, desire, novelty (fashion changes), seduction and the staging of femininity.

Etymologically, the French word for fashion, *la mode* (feminine), was used in 1393 as 'collective manners, the proper way to think in an era' (CNRTL.fr, 2012: mode, my translation), that is, fashion as lifestyle, especially amongst the upper strata of society. At this time, fashion was defined as current usage in furniture, interior, etiquette, styles of speech and mode of dress, thus implying an aesthetic imperative. But the temporal element of fashion was also present: manners and aesthetics that are popular amongst the aristocracy at a given time; the notion that something new is popular. Around 1500, fashion was associated with dress styles within the upper classes, and by the end of the eighteenth century, fashion became feminized, as men renounced elaborate ornamentation in their dress (Lipovetsky, 2003: 76-77; Bourke, 1996: 23). The development of the fashion industry evolved together with the development of the visual media. Towards the end of the seventeenth century, printed newspapers began to report on upper-class fashion. The first proper fashion journals with visual fashion reproductions emerged around the end of the eighteenth century. Titles such as *The Lady's Magazine* and *Le Journal des Dames et Des Modes* indicate that fashion was now considered a woman's subject par excellence. The mass dissemination of

fashion magazines led to a new feminine journalism, which focused on a different physical culture and described a consumption system based on clothing. As such, fashion magazines became facilitators of a new ideology, 'a new universe of symbols' by 'projecting them onto the materiality of things' (Roche, 1994: 471, 495).

The modern fashion system, the production and consumption of human apparel and adornment, is linked to the historical development of the European fashion described above, especially to women consumers and femininity as well as fashion style changes. But the contemporary luxury fashion industry with catwalk shows, fashion houses, Vogue magazines, flagship stores and apparel influenced by seasonal changes emerged during the Industrial Revolution in the West, where it grew out of the haute couture system formalized in Paris in 1868. Before the fashion designer and entrepreneur Charles Frederick Worth founded his couture fashion house in Paris in the mid-nineteenth century, it was the rich society women who had dresses made for them by anonymous craftsmen or tailors (Hollander, 1988: 353-354). With Worth and the haute couture system, clothes design became an art form designed by the *grand couturier*.

...the designer-couturier gained autonomy in theory and in fact, while the client lost the initiative in the matter of dress. This shift marks the unmistakable historical novelty of haute couture... [This] gave way to an era in which articles of clothing were invented, created from start to finish, by professionals according to their own 'inspiration' and taste. The woman became a consumer, albeit at the level of luxury, while the couturier was transformed from artisan into sovereign artist (Lipovetsky, 1994: 75).

Since Worth, luxury fashion, a style and beauty industry aimed at female upper-class consumers, has played a defining role in the entire fashion industry. The luxury fashion industry has evolved and mutated over the last 150 years, closely connected *to the developments in the media industries and the general consumer society*. The depiction of luxury fashion has revolved around issues of elegance, status, female beauty and seduction since early fashion photography. But with the youth rebellion and the sexual revolution of the 1960s, youthful female beauty and seduction became much more central in editorial fashion photography and fashion advertisements. Contemporary luxury fashion is no longer reserved for the richest people of the world, as was historically the case with the handcrafted haute couture. Despite a symbolism that often refers to past ideals of aristocratic lifestyles, today's luxury fashion is aimed at consumers across classes and geography, especially female consumers. Men's fashion might be an area for potential business development, but women's fashion is the fulcrum of luxury fashion: The turnover of women's apparel is considerably higher than that of men's apparel (this asymmetry is even higher if the consumption of perfume and cosmetics is taken into account), women's fashion receives much more media coverage, female top models are far more exposed in the media than their male counterparts, there are many more fashion magazines aimed at women than men, etc. (Lipovetsky, 2003: 84).^{xxviii}

The promotional activities of luxury fashion firms clearly show that female seduction and beauty are vital aspects of the fashion business. Fashion seasons come and go, and new styles are being developed and sold, but fashion advertisements always depict beautiful young women in opulent upper class settings or minimalist expensive design environments (Hansen-Hansen, 2011: 142). According to the French sociologist Gilles Lipovetsky, after centuries of religious condemnation the female beauty is no longer being accused of evil. Instead it has reached a new social dimension in the age of mass production. Female beauty is now entirely positive; it is 'produced as a dream image for mass consumption' in the service of the brand labels and the 'industries of the imaginary' (Lipovetsky, 1997: 182).

THE LUXURY FASHION SYSTEM

The luxury fashion industry is engaged in the production and exchange of clothing and accessories subjected to aesthetic taste changes (fashion changes). But the meaning of fashion products and their consumption entails much more than the collective desire for these fluctuations (the newness).^{xxix} Many fashion products are influenced by fashion changes, but they can, equally, be subjected to a strong and clearly defined brand value that is relatively permanent. Further, there are many examples of archetypical fashion products, e.g. the little black dress or a specific designer handbag such as the Hermès Birkin Bag, that are only moderated slightly over time. *Whereas fashion changes play a significant part in contemporary apparel just as they do in many other types of consumer objects, e.g. furniture, cars, food, and music, it is female attraction and seduction that are the engine in luxury fashion, a proposition that is clearly reflected in the promotional images of the fashion industry. Successful luxury fashion must be able to beautify its female customers. Luxury fashion can be recognized as a desire and beauty business (mostly) aimed at women. This business is influenced by the various dynamics of the consumer society, e.g. aesthetic fashion changes and informational (image-related) value attachment to products. Fashion producers seek to sell valuable products and relations that enable consumers to display or even flaunt their physical appearance in order to communicate and/or experience individuality, status, group membership, gender difference, personal emotional pleasure, beauty, seduction, transgressions and, perhaps most importantly, instrumental personal possibilities (Hansen-Hansen, 2008: 265).*^{xxx}

The contemporary luxury fashion system can be conceived theoretically as a complex kind of eco-system consisting of many different functions and actors that engage and exchange with each other; together they create the fashion culture: actors who finance, design, manufacture, promote, distribute, and consume style, apparel and desire, see Figure 1.

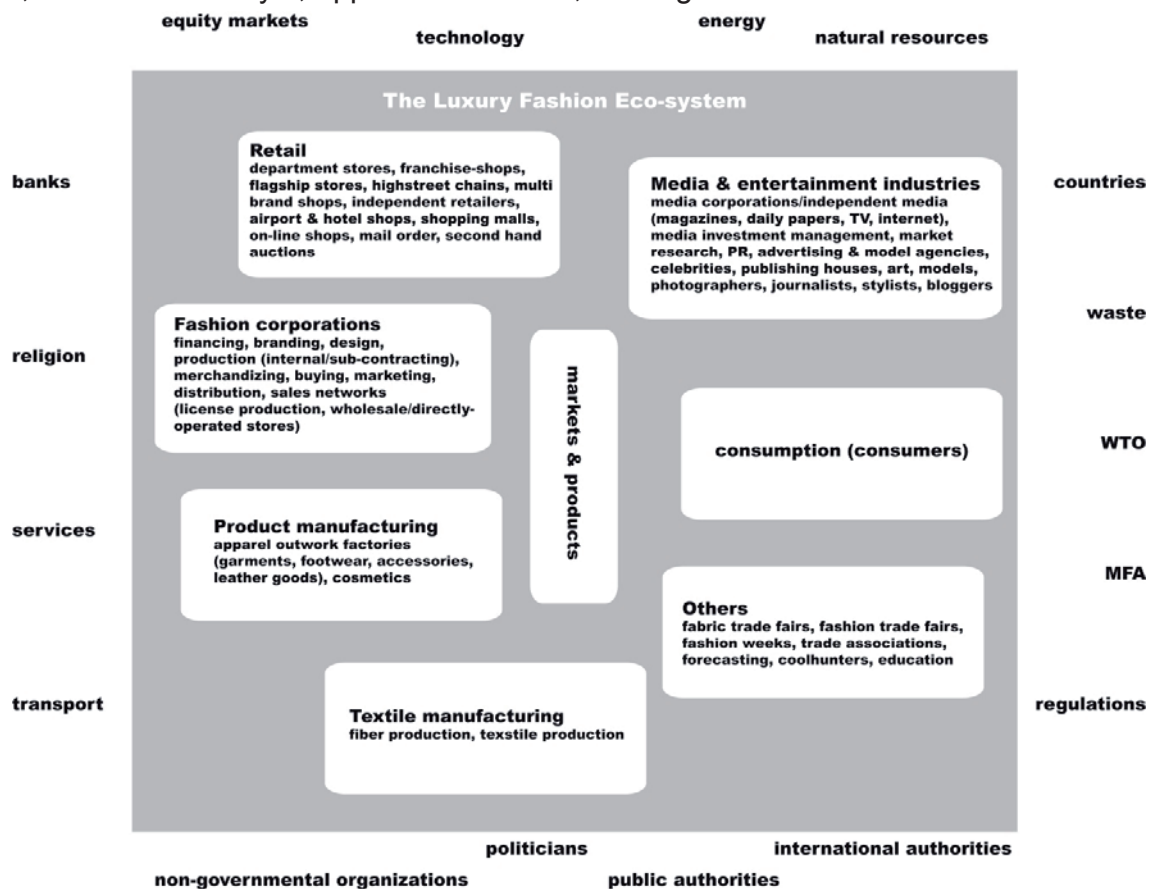


Figure 1 Representation of the luxury fashion system.

Source: Hansen-Hansen, E. (2012)

The numerous internal actors in the ecosystem interact with each other, but the system is also influenced by external actors, e.g. international trade policies, technological developments, financial institutions and national governmental politics. On the cultural level, this luxury fashion ecosystem consists of specific historically constructed traditions. Compared to other luxury businesses and, equally, to many other businesses that produce consumer objects, (luxury) fashion clearly has its idiosyncrasies:

a) The distinctive relationship with feminine seduction and beauty. **b)** The (Romantic) ideal of the star designer as sovereign artist who embodies the spirit of the brand, even in cases where the original designer-inventor has been dead for decades, and who is expected to keep inventing desirable products in order to satisfy the demand and imagination of female consumers. **c)** The mythical luxury fashion cities, where the spectacular bi-annual ready-to-wear (for Paris equally haute couture) catwalk shows take place, particularly Paris and Milan and, to a lesser extent, New York and London; these cities also are also home to the corporate headquarters of the prestigious fashion super-brands. **d)** The special connection to women's magazines. For more than two hundred years, fashion production has evolved hand in hand with its own media, which have become an inseparable part of the entire fashion industry. Front covers, celebrities in expensive garments, star designers, star photographers, advertising campaigns and editorial fashion spreads showing beautiful female models who symbolize desire and seduction. **e)** Fashion aestheticization, a distinct stylistic form of promotion developed through the fashion media. Young female models in glamorous makeup and elaborate hairstyles display a narcissist or elegant coolness while posing in a mannered or even sexually suggestive style, typically positioned in surrealist or luxurious settings or removed entirely from any realistic context by means of the white seamless infinity background; all enhanced by dramatic or flattering lighting. This artificial hyper-realist media genre signifies the promotional universe of the fashion world. **f)** The systematic use of aesthetical fashion changes associated with the seasonal fashion collections. Regarding this preference for novelty, many contemporary cultural phenomena, e.g. music, names, and furniture, are equally influenced by aesthetic fashion changes (see Lieberman: 2000). The lust for newness appears to be a defining aspect of modernity and not an exclusive cultural force at work in the fashion system of adornment (see Lipovetsky: 1994), although admittedly in the popular perception, the fashion industry has come to embody aesthetic, nonessential changes to physical objects.

In fashion business, design-led innovation can be seen as one of the core business competences, and not just because fashion entails eternal orientation towards newness due to the seasonal aesthetic fashion changes at work in this field. In luxury fashion business, a diverse range of design-led innovation methods are at work on many levels. The aesthetic can easily be a value in itself, either in the form of fashion changes, i.e. a special form of aesthetics ruled by the collective desire for the new, or as *artistic* aesthetics, a matter of beauty, adornment and perception, e.g. aesthetics as ornamentalism and decoration or its opposite, minimalism (to reduce complexity/strive for simplicity, but also as a historical reference to modernism) or pure play with form. Sexual aesthetics is a central aspect of luxury fashion, in the simple form as the deliberate attempts to draw attention to the erotic, i.e. exposure versus concealment of erotic zones, and in the more complex forms through fetishism, that is, cultural codes for sexual excess expressed in certain archetypal objects and/or materials, e.g. fur, leather, nylon, the colour black, high-heeled shoes, corsets, gloves, underwear. Aesthetic encoding can also be a deliberate or subconscious attempt to create representations, the usage or reference to cultural styles for communicative purposes. Fashion design innovation is open to deliberate juxtapositions or revivals of past styles, e.g. samples of various ethnic, tribal, historical or futuristic imagined styles. In luxury fashion, there is a high degree of visual and aesthetic experimentation going on; design and styling used for the runway presentations may involve abstract ideas and fantasy material that never reach the market.

Fashion design clearly involves one of the two main types of so-called 'soft innovations' (Stoneman, 2010), that is, changes in products and processes of an aesthetic or intellectual nature.

...the key characteristics of aesthetic innovation are that it increases the perceived value of the product and satisfies customer demands concerning taste, social image, and preference for novelty; does not provide new functionality to the product; does not alter the way a product is used; and may make use of new technologies or materials, but not necessarily (Stoneman, 2010: 22).

Luxury fashion products can be perceived as information products rather than mere clothing objects; as such, the luxury fashion business today is a kind of service industry specializing in the production of relations through experience products charged with cultural and symbolic meaning. The clothes and accessories should only be considered parts in an ongoing production process of consumer desire. This process begins before an initial object has been produced, and it continues even after the product is purchased through the consumer's co-creation of meaning (Hansen-Hansen, 2008: 201).



Figure 2 Shop window of Louis Vuitton flagship store in Omotesando, Tokyo in 2005.
Source: photo by Hansen-Hansen, E. (2005)

Figure 2 shows a poster of the American actress Uma Thurman as part of a window decoration. In 2005, Uma Thurman served as brand ambassador for the French luxury fashion brand Louis Vuitton, but she was also and equally a potential beauty icon and positive role model for women all over the world. Through the association with Thurman and female beauty, the luxury handbags were encoded with cultural value. This kind of value is entirely immaterial; it is not present in the physical bag object, but it may be an equally important element in the total meaning of the fashion product as the physical properties of the handbag. In this way, fashion products may be seen as complex artefacts. They might serve a specific function, for example, a dress may offer protection against the weather or serve as a seduction tool, but they also work as communicative artefacts. As containers of information or signal templates, they carry immaterial cultural value that is not present in the material object as such. Instead, these values are cultural information that exists in networks of images, words and texts and, by extension, in the minds of human beings. In this respect, the luxury fashion object may also be an information object (Hansen-Hansen, 2008: 161). When it comes to design, the communicative design aspects of products can easily be just as important as the physical properties of objects.

Walsh et al. (1992: 43-45, 52-54) emphasize the importance of a conscious integration of design with product development and marketing, which appears to be taking place in luxury fashion. Marketing aspects such as packaging, promotion, advertising, product placement, media appearances and sponsorships as well as events, such as art exhibitions in retail environments, are all mixed and used in conscious efforts aimed at gaining cultural market shares in human perception. And design is employed actively in all these areas. In luxury fashion, the imaginary and creative qualities that are emphasized through the overall brand value are of vital importance; clothing design is just one element in a form of total concept or perhaps service design, *props for living out real and imagined experiences*. In a broad sense, fashion design may be perceived as a total design, an ironic transgression of the modernist design ideal of the Gesamtkunstwerk [The great United Art-work], the project to reconnect art and life, originally envisioned by the composer Richard Wagner in 1849; in a design context it may be associated with the idealism of the Bauhaus school.^{xxxi} Artistic experimentation and personal creativity are integral parts of fashion design, but in the fashion system there is an orientation towards the art world on a broad scale.^{xxxii} Some fashion designers are viewed as artists, their clothes exhibited in galleries. Fashion designers have frequently referred to works of art, e.g. Gianni Versace's Andy Warhol dress from 1991 and Yves Saint Laurent's Mondrian cocktail dress from 1965. Further, some fashion shows integrate traditions or experiments developed in art contexts. Co-productions between fashion houses and artists are yet another example of art meeting fashion, e.g. Takashi Murakami and Robert Wilson for Louis Vuitton and Tracey Emin for Longchamp.



Figure 3 Exhibition of fashion and art in the Dior flagship store in Ginza, Tokyo in 2004.
Source: photo by Hansen-Hansen, E. (2004)

Today, the visual promotion of fashion in advertising and in editorial fashion spreads in fashion magazines serves a classical art function known from previous times: the idealization and depiction of beautiful women (and men). Like religion, in the twentieth century, both modernist and critical art abandoned female beauty and its major symbols of art as banal or alienating (Steiner, 2001). Instead, the commercial fashion media are now in charge of this domain. But in luxury fashion, art is also used to enhance customer experiences in the retail environment and to encode the fashion products with the cultural prestige of art. Some flagship stores feature integrated gallery space: for example, the entire top floor of Louis Vuitton's flagship store on Avenue des Champs-Élysées in Paris serves as an exhibition space for art. In 2004, Dior ran a combined exhibition of art and fashion spread over two floors in their Tokyo Ginza flagship store. In Figure 3, the famous Degas bronze sculpture "*The Ballerina*" from 1922 is seen next to a couture dress designed by John Galliano from the Dior autumn/winter collection in 2003; in the background, a photographic portrait of Christian Dior, the founder of the company.

THE CASE FOR FASHION

Walsh et al (1992: 68) distinguish between three ways of improving competitiveness: *Product innovation* (novel products that offer unique features or performance), *Good product design* (product forms that 'offer enhanced value' for consumers 'in term of performance, appearance, reliability, ergonomics, etc.'), and *Process innovation* (new methods of manufacture).

Design-led innovation in luxury fashion relates particularly to the category *Good product design*, but seen over a longer time horizon, there are clearly times when novel products are introduced in fashion. Some of the most noticeable innovations in twentieth-century fashion were the introduction of the miniskirt and the bikini. This signalled an entirely new cultural permissiveness in relation to female seduction in the public space. After centuries of religious control and sumptuary laws that served to control the lower classes, and especially female sexuality, it became possible for all

women to exercise their seductive potentials in the public arena and assert their evolutionary role through female choice in sexual selection. The innovation of the physical object the *miniskirt* could never have taken place in the entrepreneurial sense of seeing a profit opportunity and acting on it, unless the cultural climate had been accommodating. However, the process runs in both directions: The introduction of the miniskirt in the market influenced cultural permissiveness in a broader sense. The miniskirt is an example of a product innovation that offered new features in skirts and dresses and less concealment of the female body, but which had *cultural* innovative dimensions of a much stronger magnitude.

Process innovation is clearly at work in luxury fashion behind the scenes; craftsmanship mixed with high-tech mass production, e.g. the Italian post-industrial network model of flexible specialization in small-scale co-operative production units (Jones, 2002: 171).

Fashion design appears to have been positioned as the black sheep of design due to its affinity to capitalism, female sexuality and luxury. From the entrepreneurial perspective of the Austrian School of Economics, artistic design, stylistic innovation and luxury are not sinful. Entrepreneurship is a matter of profit opportunity and business action, and luxury fashion is a leading real-world case. It is time to learn from luxury fashion.

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ENDNOTES

^{xv} Harper's 'Growth-of-knowledge theory' is a dynamic theory of entrepreneurship that shares some similarities to the Austrian School of Economics: e.g. the methodological individualism, an emphasis on the role of the individual choice; focus on change in real time, structural uncertainty of the market process and the uncompleteness of human knowledge.

^{xvi} E.g. three recent academic Design Readers from the British publisher Berg include hardly any texts about fashion. The three books are Clark & Brody 2009, Buchanan, Doordan et al. 2010, Lees-Maffei & Houze 2010.

^{xvii} This is especially the case in the Anglo-Saxon tradition and in northern Europe.

^{xviii} Many fashion scholars who are influenced by the humanities and social sciences operate with a double-socialist ideological critique of fashion: On the one hand, they adhere to an anti-capitalist mentality where fashion is seen as system of blind consumption based on obsolescence of desirability, superficiality, aestheticization and non-use-value. This is combined with a feminist critique, where the fashion system is synonymous with the patriarchal commercialization, objectification and sexualization of the female body. For a more detailed account of the connection between feminist theory and socialist ideology, see McElroy (ed. 2002), Nathanson and Young (2006), Sommers (1994) and Patai (2008). The irony is that millions, if not billions, of ordinary women all over the world embrace the beautifying fashion objects that feminist scholars have renounced over and over again; for more on this paradox, see Scott (2005). It is not unusual to find normative feminist judgments of fashion practices and styles in scholarly fashion literature; for example, fashion that *deconstructs* femininity is praised as liberating, whereas seductive fashion in the Western tradition, which draws attention to gender differences and sexuality, is renounced.

^{xix} This advanced economic life is an economy beyond the isolated household economy of the individual or family, when people enter into trading relationships with each other, when they 'begin to exchange goods for goods, a situation finally develops in which possession of economic goods gives the possessors the power to obtain goods of other kinds by means of exchange... In this more developed social situation, economizing individuals can of course

ensure the satisfaction of their needs as before by obtaining possession of the particular goods that we call satisfaction of their needs. But they can also... bring this result about indirectly by obtaining command of goods that can, according to the existing economic situation, be exchanged for such other goods as they require for the direct satisfaction of their needs' (Menger, 1871/1994: 226-227).

^{xx} When writing about 'the political', 'being politically engaging', 'social concerns', 'criticism' etc., many design scholars, who are influenced by the humanities and social sciences, typically argue from a socialist ideological platform where commercial culture, economic profit, corporations, the capitalist political order and advertising are defined as profane. For illustrative examples of such socialist ideological currents in design theory, see the following introductions to the sections and chapters in the recent Reader 'Design Studies: A Reader' edited by Clark and Brody (2009): 'Section Three: Theorizing design and visuality' (pp. 147-149), 'Section Four: Identity and consumption' (p. 258), 'Section five: Labor, industrialization, and new technology' (pp. 336-37), 'Section six: Design and global issues' (pp. 416-417), 'Chapter 3.1: Aesthetics' (pp. 147-149), 'Chapter 3.2: Ethics' (pp. 164-165), 'Chapter 3.3: Politics' (pp. 192-193) and 'Chapter 4.3: Consumption' (pp. 298-300). Similarly, in Guy Julier's book 'The culture of design' (2008: 55-73), the chapter on consumption of design – functioning as contextualization for the rest of the book – has a heavy leaning towards a socialist interpretation of the world with references to Marxist scholars such as Adorno, Horkheimer, Bourdieu, Baudrillard, Haug, Williams and Karl Marx himself. In the field of academic design theory, the Design Thinking tradition appears not to be informed by the same socialist political idealism, possibly because engineering influences this theory position more than critical (Marxist) theory.

^{xxi} See e.g. Mises (1922), Rothbard (1991) and Boettke (2001).

^{xxii} Foss and Klein (2012: 41) observe that without entrepreneurship, a complex economy is unable to 'allocate resources to their highest valued use'. It is entrepreneurship that 'is the crucial element of the market economy', 'not labor or management or technological expertise' (ibid). They refer to Mises who realized that it was possible to let managers of socialist enterprises 'play market', i.e. to let them 'act as if they were managers of private firms with their own interests at stake' (ibid). Entrepreneurs, however, 'cannot play speculation and investment. The speculators and investors expose their own wealth, their own destiny. This fact makes them responsible to the consumers, the ultimate bosses of the capitalist economy. If one relieves them of this responsibility, one deprives them of their very character. They are no longer businessmen' (Mises, 1949: 708-709).

^{xxiii} A particularly illustrative example is Xerox Corporation's invention of the graphic user interface on a computer, which was copied by Apple and later Microsoft and launched on the market as a commercially viable product. Apple and Microsoft were not the inventors of the technology – Xerox was – but they 'were the innovators, who recognized an unexploited profit opportunity and acted entrepreneurially to capture it' (Holcombe, 2007: 36).

^{xxiv} Foss and Klein (2012: 23-42) give an overview of the different usages of the term entrepreneurship.

^{xxv} Examples of these design innovation positions could be User-Centred Design Solutions (e.g. Kelly 2001) or Radical Innovation versus technological inventions and incremental innovations (e.g. Verganti 2009), etc.

^{xxvi} Some definitions of Design Management in the design literature are very close to the perception of entrepreneurship in Austrian Economics, e.g. 'Design Management: the planning and coordinating activity necessary to create, make and launch a new product on to the market' (Walsh et al 1992: 23).

^{xxvii} For Harper, the falsificationist entrepreneur relates to 'Popperian falsificationists who learn from the discovery of refuting evidence which falsifies (though never conclusively) their theories, rather than model them as inductivists who acquire knowledge by gathering data' (Harper, 1996: 165). On a broader level, this approach relates to a central tenet in Mises and the Austrian School of Economics, the idea that central economic planning is impossible, and that the future is never logically predictable as it is assumed in the general-equilibrium theory of neoclassical economics. Entrepreneurial action is always subject to structural uncertainty and the irreversibility of real time developments.

^{xxviii} Lipovetsky refers to statistics from France in 1997 that showed that 52% of all sold apparel was women's wear versus 32% men's wear and 16% children's wear (Lipovetsky, 2003: 84). In 1999, a similar survey for the UK found that women's wear had a turnover of more than double that of men's wear (Jones, 2002: 238). An interview with the head of human resources at the French luxury-goods maker LVMH in 2011 *refers to 80% of the group's costumers being women* (Pagano 2011).

^{xxix} A general theory of fashion changes might be able to shed light on those aspects of the fashion industry that concern the process of changing tastes by which form seems exhausted and then renewed without regard for

functional improvements. Based on empirical research in the changing tastes of baby-naming practices, the sociologist Stanley Lieberman (2000) has formulated a general theory of fashion changes. Lieberman defines general fashion changes as 'aesthetic, nonessential changes to a physical object or concept. Fashion changes do not improve the ostensible functions of products or make them less expensive or allow for new features' (Lieberman, 2000: 31). The modern fashion industry is obviously influenced by such fashion changes, but they are only part of the overall structure. General theories of fashion changes might tell us something about the cultural dynamics of aesthetic style changes, but these theories cannot fully explain the system of fashion apparel, e.g. sexual connotations or why a certain material conveys social status, or further, how market competition unfolds. Similarly, a general theory about fashion changes might explain something about fashion-based changes in taste pertaining to contemporary pop music, but it is unlikely that it could explain all aspects of music.

^{xxx} Beauty should be considered a personal asset for women; it relates to sexual economics and, ultimately, to human sexuality. The Sexual economics is at the heart of the (luxury) fashion beauty system. Fashion and cosmetics can clearly be seen as props that potentially enhance the female appearance. Men's demand for sexual activity and various forms of erotic entertainment appears to be stronger than women's demand (Hakim 2010, Baumeister et al 2001). 'Everywhere sex is understood to be something females have that males want; it constitutes a service or favour that females in general can bestow on or withhold from males in general' (Symons, 1979: 253). Men will be much more inclined to offer women other resources in exchange for sex, whereas women will only pay men for sex in rare situations. In the (hetero) sexual economy, female sexual activity has a very high exchange value, whereas the value of male sexual activity is close to zero (Baumeister and Vohs, 2004: 340). This sexual asymmetry exists equally in modern societies where women exercise control over their own sexuality, and where they have access to a wide range of resources (Buss, 1994: 46). Because youth and beauty appear to be major parameters for men's evaluation of women's sexual attractiveness, possibly due to the fertility aspect of female youth, young women who lack economic or cultural capital will be able to gain social mobility through an increase of what Hakim calls *erotic capital* (Hakim, 2010). Millions of women who are employed in the service sector are able to use their beauty in order to gain more professional success, e.g. waitresses, receptionists, secretaries, sales staff in department stores, female airline cabin crew and 'sales reps who meet men clients in person' (Farrell, 2005: 198). In these professions beauty must be considered a personal quality. The same principles obviously apply to the very lucrative career areas where beauty is in focus, e.g. models and actresses and TV-presenters.

^{xxxi} In his vision for a total reconnection between art and life, Richard Wagner attacked fashion as a demonic cultural form. See section 5. *The Art-antagonistic shape of Present Life* in Wagner (1849).

^{xxxii} The opposite process is also at work where art comments on or uses fashion as its object. For example, Cindy Sherman, Victor Burgin and Art Club 2000 have all criticized fashion through art, and Vanesa Beecroft and Sylvie Fleury use fashion as their *art medium*.