

BUSINESS

Ralph Lauren to Digitize Its Line

- The groundbreaking partnership with Evrythng and Avery Dennison enables Ralph Lauren – and the whole industry – to unlock true traceability at scale.

BY KALEY ROSHITSH

Ralph Lauren Corp. is set to digitize its entire product line beginning with the Polo brand, partnering with real-time Internet of Things software platform Evrythng and global materials science and manufacturing company Avery Dennison, WWD has learned.

On Friday, a case study on the partnership appeared in a white paper titled “Supply Chain Collaboration Through Advanced Manufacturing Technologies” published by the World Economic Forum.

“The launch of Digital Product IDs demonstrates how we continue to use technology to deliver more for our consumers and ensure the integrity of our products throughout their lifecycle,” said David Lauren, chief innovation officer, in a press statement. Now every Polo product will be ‘born-digital’ – representing what Lauren calls, “a new milestone in data intelligence innovation in our sector.”

Prior to its rollout with Ralph Lauren, Evrythng partnered with Avery Dennison and IOTA Foundation in a small-scale pilot with luxury fashion brand Alyx last year.

Fashion is amplifying its race toward the fourth industrial revolution. Klaus Schwab, founder and executive chairman of the World Economic Forum, has detailed this extensively in his book appropriately titled, “The Fourth Industrial Revolution.” Also, as Boston Consulting Group and Global Fashion Agenda detailed in its “The Pulse of the Fashion Industry 2019” report – 60 percent of the industry needs to further scale up proven measures to reduce the footprint of the current value chain, such as supply chain traceability.

With Ralph Lauren being the first to enact digitization at this scale with the launch of its Digital Product Identities (IDs), other IoT start-ups in the space are likely to go full throttle in the next year. Namely, IoT-powered company Eon with

its CircularID pre-market technology aligned under The Connect Fashion Global Initiative – to which Microsoft, PVH, H&M and Target are members – are most likely to announce potential rollouts once the technology becomes commercially available this November.

With its partnership with Ralph Lauren, Evrythng is responsible for the data infrastructure and product digitization, which is managed on the cloud, while Avery Dennison – with its Janela solution – manages the creation and printing of the product labels. For Evrythng, this includes a massive input of information at the item level during production so that each individual item maintains a unique digital identity that corresponds with its physical product twin. This means Ralph Lauren, and all of its customers with a smartphone, finally gain true transparency and authenticity.

It’s no small feat, as the more than 50-year-old brand manages hundreds of third-party manufacturers in its supply chain, across five product categories with an annual volume of just under 200 million product items, as the case study showed. And this digital benefit will need to be marketed and communicated to consumers, but once that is achieved, previously unavailable control of the resale market, recycling initiatives, as well as

real-time ownership and loyalty programs are bolstered.

Although the rise in luxury resale models such as The RealReal have demonstrated proof-of-concept, Ralph Lauren may be apt to own their secondary channels. “We do believe in the resale model,” said Patrice Louvet at WWD’s Apparel & Retail CEO Summit this week, citing the brand’s fervor for “timelessness” and “quality,” as precursors to success. “So I think we’re incredibly well-positioned for the resale market,” he said.

Previous ventures in tech for Ralph Lauren included early adoption of the QR code, holograms in its flagship windows, interactive fitting rooms, wearables with its Polo Tech shirt, virtual trunk shows and runway experiences, all the way back to its soft web site debut in 2000 with “polo.com” before transitioning to its namesake web site and adding e-commerce capabilities later on. More recently, the company had been dabbling in digital-first, on-demand customization experiences.

The partnership with Evrythng and Avery Dennison represents a larger vision for Ralph Lauren’s modern responsible sourcing program that guides its corporate commitment to sustainable materials and traceability, starting at the raw material phase.

Last year, Ralph Lauren began

developing its “sustainable fiber road map,” including new policies, partnerships and goals. The company also noted how “knowing where our materials come from and how they are made is key to creating our products sustainably,” on its corporate web site. That’s exactly the advantage created in its partnership with Evrythng and Avery Dennison.

Digital identities map the entire life cycle of a product, in what Niall Murphy, cofounder and chief executive officer of Evrythng, calls a “transparency goal,” as previously reported by WWD. This includes product material, type of labor, factory location and its intended distribution channel unlocking opportunity for both brand and consumer purposes.

As the company also states in its corporate commitments, it is arming its design, product development and merchant teams with annual training for “sustainable, circular, inclusive and culturally aware design” by 2020.

Last year, Evrythng was one of the first commercial supporters for the GSI digital link standard, which means any smartphone can access a product’s unique digital identity and web address via a QR code or NFC tag. As the industry moves to realize its sustainability and traceability goals with new technology partnerships, consumer data will still need to be permissible and secured, while brand-led education will need to incorporate sustainability messaging and exciting calls-to-action – so that consumers actually engage.



The company will digitize all of its products.

RALPH LAUREN

BUSINESS

Alibaba Continues to Grow With Earnings Beat

- It’s a sign that the Chinese economy isn’t slowing down anytime soon.

BY KELLIE ELL

Alibaba Group Holding Ltd. is on a roll.

China’s largest e-commerce company released earnings Friday before the bell, improving on both top and bottom lines.

For the three-month period ending Sept. 30, 2019, sales increased 40 percent year-over-year to \$16.6 billion, or 119 billion Chinese yuan. Net income attributable to ordinary shareholders was \$10.1 million, or 72.5 million Chinese yuan.

“Alibaba Group celebrated its 20th anniversary in September, marking an important milestone on our 102-year journey to make it easy to do business anywhere,” Daniel Zhang, executive chairman and chief executive officer of Alibaba Group, said in his prepared

remarks. “Our digital economy continues to thrive and prosper. We aim to serve over 1 billion annual active consumers and help our merchants achieve over 10 trillion [yuan] in annual gross merchandise volume by end of fiscal 2024. We will continue to invest in the user experience and innovative technology to create new value for consumers, as well as the millions of enterprises undergoing digital transformation in the new digital economy.”

Alibaba’s annual active consumers also grew to 693 million people, an increase of 19 million from the 12-month period that ended June 30, 2019. And, in September, Alibaba received a one-time financial gain of \$9.7 billion, or 69.2 billion Chinese yuan, after being a stakeholder in Ant Financial, an online payment platform.

Still, the results may not be enough to stave off all investor fears. The stock was down slightly in pre-market hours Friday, creeping back up into the green

shortly after. Some investors continue to fear the ongoing trade tensions between China and the U.S. Others worry about a potential slowdown in Chinese consumer spending. A number of retailers, including Kate Spade and Coach parent company Tapestry and Lululemon, have expansion plans in the works throughout China.

Last quarter also marks the first quarter without Alibaba founder Jack Ma – at least partially. Ma, who founded the company in 1999, stepped down Sept. 10 to make way for Zhang. Alibaba, which began in Ma’s apartment, has grown to China’s largest e-commerce company, which includes retail, digital media, entertainment, logistics, payments, marketing services, clouding computing, local services and more.

“Our mission has not changed since Day One. It is to make it easy to do business anywhere,” Zhang told analysts on the conference call Friday, his first call as the CEO. “Our consumers, merchants and partners are entering a new journey in the digital era. We will continue to create value for them by leveraging the power of data technology to make it easy to do business through them anywhere for the decades to come.”

Zhang reiterated Alibaba’s plans to serve more than 1 billion consumers with sales of at least 1 trillion Chinese yuan by 2024 and said the current geopolitical tensions with the U.S. are “both a challenge and opportunity for the Chinese economy and finding more opportunities in such an uncertain environment is the key to our business and strategy.”

The company’s next test will be Singles Day, an annual shopping extravaganza, which takes place Nov. 11. More than 200,000 brands will participate in the annual shopping event, with the debut of about 1 million new products and roughly 22,000 brands appearing on Alibaba’s Tmall, the online shopping platform. American singer Taylor Swift has been hired to headline the star-studded gala at the Shanghai’s Mercedes-Benz Arena to commence the event.

“We delivered a strong quarter,” Maggie Wu, chief financial officer of Alibaba Group, said in her prepared remarks. “With sustained consumer engagement and spending across the Alibaba economy, we have continued our revenue and profit growth, as well as strong free cash flow that enable us to invest in long-term growth.”