

# Beyond “Global Production Networks”: Australian Fashion Week’s Trans-sectoral Synergies

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## **Beyond “Global Production Networks”: Australian Fashion Week’s Trans-sectoral Synergies**

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### **Abstract**

When studies of industrial organisation are informed by commodity chain, actor network or global production network theories and focus on tracing commodity flows, social networks or a combination of the two, they can easily overlook the less routine trans-sectoral associations that are crucial to the creation and realisation of value. This paper shifts attention to identifying the sites at which diverse specialisations meet to concentrate and amplify mutually reinforcing circuits of value. These valorisation processes are demonstrated in the case of Australian Fashion Week, an event in which multiple interests converge to synchronize different expressions of fashion ideas, actively construct fashion markets and enhance the value of a diverse range of fashionable commodities. Conceptualising these interconnected industries as components of a trans-sectoral fashion complex has implications for understanding regional development, world cities, production location and the manner in which production systems ‘touch down’ in different places.

### **Introduction**

Production systems that create ‘cultural’ commodities—that is, commodities rich in symbolic content—are characterised by their heightened reliance on consumer desire. The viability of these industries depends on nurturing a reflexive relationship between products, services and their users. To raise the perceived value of their outputs, firms in these industries use a variety of strategies (such as branding, packaging, marketing, product range management and loyalty programs) to nurture and maintain relationships with their target consumers. These strategies aim to disassociate market prices from the costs of production (that is, the total costs of materials, labour, promotions, circulation and other transaction-based inputs). Rather than examining these strategies at the scale of the firm or production network, this paper’s interest centres on value creation strategies that span across multiple fashion-oriented consumer industries. It explores how complementary relationships between different fashion production industries work in concert to amplify consumer valuations of multiple outputs.

These ideas are developed by exploring Australian Fashion Week’s (AFW) event-based intersections between a range of fashion-oriented commodities and services. AFW brings together a related group of industries that rely on different technologies, are organised in different ways and include a variety of production structures. Nonetheless,

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because they operate in common fashion-oriented consumer market segments, they have the capacity to form trans-sectoral complexes and to generate interlocking and mutually reinforcing—although still essentially separate—webs of value creation and value capture. AFW is conceived as a site that concentrates consumer-value-generating activity in a specific time and space to enable the *simultaneous* extraction of multiple forms of economic rent from multiple commodified expressions of fashion ideas. Thinking about consumer industries as specialising in the manipulation of (shifting) perceptions and valuations draws attention to the less obvious sites of interaction that connect disparate interests and create new spaces of economic activity.

As AFW assembles a set of related fashion-oriented consumer industries in a carefully choreographed interaction, it creates a place in which multiple interests are able to build from one another to valorise a related group of tangible and intangible commodities. They work to create, amplify and concentrate the perceived value of fashionable products in the eyes of consumer audiences. Viewing these interactions from a perspective oriented toward flows of value reveals synergies that cannot be discerned by tracing commodity flows or mapping social relationships.

In outlining these processes, this paper makes two central arguments. First, it suggests that trans-sectoral modes of engagement differ both qualitatively and quantitatively from the types of association found within firms, production networks or in the production and marketing of any single commodity. Second, it suggests that the economic complementarities that underpin these links have not been adequately studied or theorized and that their importance to understanding the emerging trajectories of contemporary capitalism have not been adequately recognised.

The remainder of the paper is structured as follows. The next section reframes debates about the nature and industrial organisation of consumer-oriented cultural industries by highlighting processes of value creation and value capture. Its 'flows of value' approach identifies value-creating moments where the trajectories of firms, production systems and consumers intersect. Section Three provides a case study of Australian Fashion Week, whilst Section Four discusses its role in a trans-sectoral production complex. The conclusion highlights the importance of activities that create links between production systems and sectors to amplify and capture value as profit. It then explores the implications of this approach for understanding industrial organisation, the spatial organisation of economic processes and regional development. The material presented in this paper is based on participant observation of Fashion Week events in Hong Kong (2000–2003) and Melbourne, Australia (2001–2005), supplemented by semi-structured interviews and extensive monitoring of secondary sources.<sup>2</sup> The analysis is focused on developing a broad interpretive framework for analysing inter-industry connections rather than on providing a detailed micro-analysis of event-based interactions.

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<sup>2</sup> My aim in attending at Fashion Week events was to make contact with industry actors for a research project on the transnational production networks of the Australian clothing industries. Whilst many interviews were conducted at Fashion Week, their content focused primary on respondent's location in clothing production networks. Discussions of Fashion Week were therefore incidental to the main purpose of interviews.

## Culture, Economy and Industrial Organisation

In Lash and Urry's seminal (1994) analysis, cultural industries are characterised by processes of 'reflexive accumulation' in which objects are increasingly interlaced with 'symbolic' meanings. In this view, and in most analyses of cultural commodities since, 'cultural' influences enter commodity production primarily by means of their incorporation into the design qualities of objects. The perceived value of such objects then depends on how these embedded meanings are interpreted by different observers. It follows that both meanings and their valuations are inherently unstable. As Appadurai (1986:27) highlighted, the character and value of 'things' is then the product of their relational, spatio-temporal positioning. Thus, the link between local cultures and embedded symbols is central to the processes of valorisation. When the symbolic content of commodities is linked to the reputation of places, these processes contribute to industrial agglomeration and stimulate regional development (Cook and Crang 1996; Molotch 1996). The cultural industries are then characterised by their complex, placed and multi-sectoral agglomerative linkages (Scott 2000). However, most geographical research into cultural industries targets multi-firm production systems. This overcomes many of the limitations of concentrating solely on processes within firms, and enables research to interrogate the cultural industries complex multi-firm configurations of vertically disintegrated or horizontally dispersed production (see Yeung 2005).

When production structures are imagined as a hierarchical linear formation, as in various versions of the value chain approach (see Raikes *et al.* 2000), production and consumption are positioned at opposing ends of an elongated production sequence. In Gereffi (1994), of example, the material processes that sequentially add value to commodities ends at the retail store. In such analyses, 'culture' enters the linear production sequence at specific points, primarily in design and marketing, and value is something that is added to things. As these linear research approaches follow the transformation of commodities from their origin to their sale in the market, their explorations of how culture influences economic interactions tend to maintain a dialectical distinction between culture and economy (Sayer 1997). Production firms respond to market signals and endeavour to influence the market by applying the technologies of marketing and advertising. The processes that create and reproduce consumer desires for finished products are generally underplayed, omitted or attributed to retailers. More recently, political activists have inserted consumers at the peak of production chains where, through ethical purchasing, they exert control over firms and over perceptions of value (Hughes and Reimer 2004).

The network-based analyses that predominate in service industry contexts, on the other hand, focus on networks of interactions and assume a deep interpenetration of economy and culture. Amin and Thrift (2004:xiv-xv), for example, imagine the industrial landscape as a complex of non-hierarchical orderings and propose tracing the 'cultural-economic ensembles' in which 'different kinds of orderings' produce 'varied impulses and articulations.' This leads to a research agenda focused on networks of socially embedded interaction through which value is 'formed, added and circulated' in concrete day-to-day practices. Similarly, Grabher (2000) shows how the project-based organisational forms of the advertising industry deploy heterarchical logics to facilitate the conduct of complex organisational tasks involving multiple specialisations. Tracing mosaics of socially embedded actors and processes dissolves the unproductive categorical

binaries (manufacturing–services, structure–agency or culture–economy) that have impeded the development of adequate theorisations of cultural industries (Jackson 2002). However, the preferences and desires of consumers often remain in the background and are introduced primarily through the deep ‘cultural’ embeddedness of industry specialists who embody consumer trends.

The hybrid Global Production Networks (GPN) approach integrates chain and network theorisations. It conceives production networks as multi-layered, multidimensional lattices of economic activity, it is able to accommodate a diverse range of vertical or horizontal organisational possibilities (Henderson *et al.* 2000). From this view, the specific form of organisation in any industry at any time requires analysis of direct interactions, structural preconditions, power relations and transfers of knowledge shape and exploration of how these processes are shaped by contextualised network interactions (Dicken *et al.* 2001). GPN explicitly extends the scope of production networks to include consumers and intermediaries and is explicitly concerned with understanding flows of value. Coe and Johns (2004), for example, focus on how the economic benefits associated with network interactions are captured and realised as profits. However, although GPNs include consumers at a theoretical level, their analyses have not yet taken this further to explore the social construction of consumer markets.

The difficulties these approaches face when incorporating consumer interests stem from their focus on production systems. Production systems are more or less coherent organisational structures containing firms, intermediaries and other economic actors. They have specific systems of governance and unique territorialities (Storper and Harrison 1991). Production systems therefore have boundaries and are essentially ‘closed’ to factors that are external to the system. Despite commitments to contextualised analysis, these constructed boundaries make it difficult to incorporate external factors that are crucial to the capture of value. Moreover, methodologies that concentrate on classifying and mapping chain or network elements tend to privilege the objects that can be enumerated (actors and commodities), and can easily overlook less tangible or structural connections, especially those that can only be known indirectly, through, for example, evidence of flows of money, inter-regional switches in value or shifts in consumer preferences. A system orientation may inadvertently and erroneously treat as tangential or inconsequential relationships that are outside its boundaries, that are less routine, that manifest at the extra-local scale, or that are beyond the conscious awareness of network actors. In addition, when the working definition of the social nature of economic processes is restricted to inter-personal or inter-firm relationships, it is easy to omit less overtly social processes such as the system’s relationship with the labour market, firms’ competitive strategies and mechanisms of value creation and capture. Consumers’ valuations are especially difficult to analyse when the research perspective is positioned ‘inside’ production networks (notwithstanding the increasing sophistication of firms’ technologies of consumer monitoring). A focus on relationships within production systems can conceal how the complicated mixes of competition and cooperation *between* groups of firms influence markets, organisational forms and production strategies. Finally, research oriented to mapping the spatial configurations of actors and firms within production systems are insufficiently attuned to the changing dynamics of systems or the shifting trajectories of their constituent firms. As a result, there is little to be said about how strategies, associations and fortunes change over time or about how shifting power relations shape system configurations. This is an important

omission for consumer-oriented industries where 'external' fashions and fads lead to frequent changes in the configurations of production networks. It is also important because in dynamic systems, the actors that appear powerful in times of stability may not retain their influence in times of crisis or rapid change. The 'strong' ties of close network associations may be less influential in the long term than less routine but 'weak' ties that facilitate advantageous associational realignments (Granovetter 1973).

These considerations suggest that research should pay more attention to changes in network configurations and to the processes that produce those changes. It also suggests directing attention to the less obvious and perhaps less routine interactions that illuminate the changing relational trajectories of economic actors. One means of highlighting these associations is to examine the connections between production systems and sectors. The importance of trans-sectoral connections has been demonstrated by Leslie and Reimer (2003:427) in their notion of 'overlapping articulations' between commodities such as furniture and fashion, in Hughes' (2000) relationship between cut flowers and homewares and in Molotch's (1996) interactions between cinema and furniture. But these connections have not been the subject of systematic analysis (see Glennie and Thrift 1993). A focus on the links between systems is a necessary complement to the analysis of 'closed' production systems: the capacity to cordon off definable systems for analysis is central to social science research, but that should not exclude explorations that assume 'open' connections.

The common characteristic of consumer industries is their reliance on consumer valuations. Firms make profits when the market price obtained for their outputs is higher than prices paid for the factors of production. But market prices do not simply reflect production costs plus an added margin – they are subject to consumer assessments that elevate or deflate prices. Firms can therefore enjoy windfall gains or face unsustainable losses as a result of processes that are essentially beyond their direct control. The high risks associated with shifting consumer preferences suggest that an adequate understanding of the organisation of cultural industries must extend beyond production systems to examine how firms and economic processes respond to and harness consumer perceptions of value.

To make these trans-sectoral links between production systems visible, the remainder of this paper thinks about consumer-oriented cultural industries from a perspective oriented to flows of value. In Marxian value theory, value is created in the material processes that contribute labour to a final product as well as in the processes of circulation that bring products to the market. These processes include the technologies of branding, advertising and marketing that build consumer sentiments. However, the role of consumers' 'use' values in these processes has never been adequately theorised (Fine and Leopold 1993). The most satisfactory attempt has been Haug's (1986) notion that marketing and branding add value that somehow adheres to commodities like an invisible packaging that attracts consumer interest. Most contemporary analyses of the 'symbolic' content of commodities (such as brands) broadly follow Haug's approach. In his paper, in contrast, valuations are understood in relational terms: they are not attached to or embedded in objects or embodied by consumers as a utility or 'use' value. Rather, they are generated in reflexive relationships between producers, products and potential purchasers and materialise in emotions and dispositions that increase perceptions of the value of objects and services. An analysis of relational valuations can then seek to

understand how consumption-oriented values are stabilised across space and time, and how economic rents are extracted through their capture and privatization by firms (Kaplinsky 1998).

Since value is an abstract concept rather than a directly observable phenomenon, and since it flows beyond the boundaries of production systems, its creation and movement within and between fashion industries must be gauged indirectly, by a focus on how less routine associations. Accordingly, the next section shifts the focus to fashion events. They are conceived as sites where variously specialised actors' mutual engagement with fashion-related passions, sentiments and knowledges combine to create trans-sectoral synergies that shape consumer markets and build the relational value of fashionable commodities.

### **The Intersecting Trajectories of Australian Fashion Week**

Analysing events provides a means to access relationships and processes that are beyond the control of production systems. It also provides a means of exploring the shifting relationships between firms, industries and sectors. As events create and reinforce intersections between otherwise apparently disparate interests, in an 'open-ended interweaving' of multiple trajectories and power relations (Massey 2005:100), their transformative potential lies in their capacity to disrupt pre-existing power relations and structures of meaning (Lyotard 1988).

Most contemporary studies of fashion events focus at the micro-scale, highlighting events' role in creating and legitimating structures of fashion knowledge. In this vein, Skov (2006) draws on Goffman's (1974:21) notion of framing – a 'schemata of interpretation' that enables people to meaningfully 'locate, perceive, identify and label' occurrences – to view fashion events as a mirror reflecting back on industry actors to reproduce the structures of their extant relationships. Similarly, Entwistle and Rocamora (2006) draw on Bourdieu's (1993) theory of the field to show how the multiple boundaries that order and hierarchize relationships between fashion event participants reproduce or 'consecrate' power-infused social relationships. Maskell *et al.* (2006), on the other hand, focus on events' role in innovation and knowledge transfer. They theorise fairs and conventions as 'temporary clusters' that enable firms to locate themselves in 'communities of practice' (see Wenger 1998) that provide benefits similar to those generated in place-based agglomerative clusters. However, Maskell *et al.* observe that events also enable economic actors to identify and nurture prospective collaborators, and so provide opportunities to rebuild networks, alter associational relationships and redirect developmental trajectories. This section moves toward an understanding of the role of events in the social construction of consumer markets and the manipulation of perceptions of value.

As well as functioning to consolidate and replicate the power relationships of the fashion industries, fashion events can be seen as market stabilisation strategies. Because fashions are essentially phenomena of the present—styles of dress, behaviours or ways of living that are both contemporary and popular among a social group at any moment in time—they are by their nature unstable, varying between places and social groups depending on local mores, seasonal influences and longer term social trends. Therefore,

consumer valuations of fashion-oriented commodities unstable in time and place and fashion markets are inherently unpredictable. Fashion industries manage the risks associated with fashion by structuring the rhythms of their activities to accommodate dynamic changes in the market value of commodities and by developing institutional structures to stabilise the market – such as brands, loyalty schemes and fashion events.

Australian Fashion Week brings together a diverse range of interests and specialisations - event organisers, fashion designers, fashion retailers and wholesalers, clothing manufacturers, textiles makers and designers, the fashion media, as well as cosmetics, personal care and hospitality services and a range of specialised fashion intermediaries. The common denominator is fashion – a multidimensional and culturally imbued form of knowledge that creates a bridge between production and consumption by its simultaneous relation to personal identities, social relationships and cultural dispositions (Fine and Leopold 1993).

The shared sentiments and aesthetic dispositions associated with fashion ideas create loose inter-sectoral networks of interaction that unite a wide range of commodities, services, discourses and meanings. In AFW, however, the intersections of these diverse trajectories are orchestrated in a manner specifically designed to enhance their complementarities. AFWs physical spaces are designed to enhance the perceived (social, cultural and economic) value of both its participants and its outputs. Its sites of interaction are choreographed to exclude happenstance and to carefully manage the power relations between participants – for example, by nesting of exclusive private parties between the event's more accessible sessions. In contrast to globalised sporting events, where the highly-prized opportunity for ordinary supporters to attend adds to the economic value of the event (Free and Hughson 2006), fashion events enhance their economic value by creating an air of exclusivity. There is no public admission to AFW: attendance is restricted to registered buyers, the media and 'approved' fashion industry representatives. Invitation-only access to individual designer shows further differentiates among participants and actively creates status hierarchies. The (sometimes paid) presence of international celebrities and fashion buyers promotes the event's exclusive 'cosmopolitan' social status. Even the fashion students and under-labourers who volunteer their labour are committed to the event's objectives.<sup>3</sup>

However, Australian Fashion Week is not only a fashion industry event with a set of fashion industry objectives; it also contributes to an international entertainment network. AFW is based in Australia's largest city, Sydney, where it began as a local promotion championed by a local fashion entrepreneur. As it became a regular feature of the local fashion calendar, it grew in prominence relative to competing events in the adjacent cities of Melbourne and Auckland. When the diversified global sport, media, lifestyle management and marketing firm IMG purchased AFW from its local owner Australian Fashion Innovators in October 2005, the event's local champion became CEO of a newly created subsidiary, IMG Fashion Asia Pacific.<sup>4</sup> IMG coordinates sport and entertainment events (including the Olympics, the Rugby World Cup and the Wimbledon Tennis tournament), manages sporting stars and celebrities, operates a global model

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<sup>3</sup> Volunteers drawn from fashion training colleges assist in event planning and implementation in ways that blur definitions of work (see McRobbie 1999 for an extended discussion).

<sup>4</sup> The incorporation of successful local events into global event structures is a typical strategy of transnational firms in the entertainment sector (Free and Hughson 2006).

agency, and provides a range of corporate hospitality services (Safe 2006). Its licensing arm generates \$5.6 million annually in worldwide merchandising sales, mainly of sport-related products ([www.afw.com](http://www.afw.com)). IMG employs over 2,300 people in 30 countries and is involved in networks of association that position it close to the world's centres of political and economic power.<sup>5</sup> The addition of AFW generates numerous opportunities for IMG: one of its subsidiaries provides models for participating shows, another provides media coverage and a third offers corporate hospitality services to participating firms. With integration into IMG, the Sydney event's legal and accounting systems sponsorships, technical support and marketing became linked into IMG's organisational frameworks. This shift transforms both the value of the event and the values it promotes as it adopts the (transnational) cultural practices carried in the day-to-day routines, business systems and governance structures of IMG (see Thrift 1998).

Enrolment in IMG's international network changes the status of Australian Fashion Week as it becomes a 'global' player in a league that includes other IMG fashion interests such as Olympus Fashion Week in New York, Milan Fashion Week, Mercedes Benz Fashion Week in Los Angeles, the London Fashion Fringe festival and Lakme Fashion Week in India. In parallel with global sporting events, each place-specific Fashion Week occupies a designated time and place in an annual event calendar, positioning it as a specific commodified iteration of a standardised international format. Each event becomes a node in a global mosaic and annual timetable. Worldwide, as such events are scheduled to maintain and maximise media audience interest, their replicability is limited by the number of possible annual time allocations rather than by the set of possible (or competing) event locations. The local economic value of each event is enhanced by its association with similar events in other places. However, as the demands of global integration have altered the timing and scope of AFW, its relationships with the rhythms of the local fashion industries have also changed, and with it the relationship of Australian cities to fashion. AFW's unilateral change of schedule in 2006, which put it in direct conflict with the adjacent Melbourne Fashion Festival, demonstrates the empowering effect of its incorporation into IMG. In Melbourne, this action was interpreted as an 'unfair bid to squeeze out the local [Melbourne] event' (City Councillor Snedden, quoted in Kelly 2006). Nonetheless, AFW's global integration may deliver benefits for the national fashion industry as the implicit demand for the Sydney event to provide differentiation that will maintain the year-round attention of media audiences creates a demand for culturally distinctive 'Australian' design values. Therefore, as well as being a stand-alone event in a 'local' place, Australian Fashion Week is now interpenetrated by the power-geometries that actively create the global scale. This rescaling process creates a new articulation between Australian and international fashions.<sup>6</sup>

In addition to the profit generating capacity of the event itself, AFW creates a venue for the intersection of four additional and separate flows of value, each with an independent economic rationale. As summarised in Figure 1, the core circuit is the creation and capture of value from fashion as it is expressed in material commodities,

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<sup>5</sup> IMG is owned by Forstmann Little and Company, an investment-oriented telecommunications specialist which also owns Citadel Broadcasting, Revlon and Dr. Pepper, among others. IMG's Advisory Board has included Donald Rumsfeld, Colin Powell, George Shultz, and Henry Kissinger, suggesting close links with the United States' global ideological project.

<sup>6</sup> Omitted for anonymity.

primarily garments. AFW enhances their value by promoting the status and recognition of their designers. The second circuit is centred on fashion images, where value is created by the transformation of the event into entertainment content. The third circuit involves promotion of the luxury lifestyle consumables that lubricate social events, whilst the fourth reinvents the value of the City of Sydney in a celebratory affirmation of its cosmopolitan world-city status.

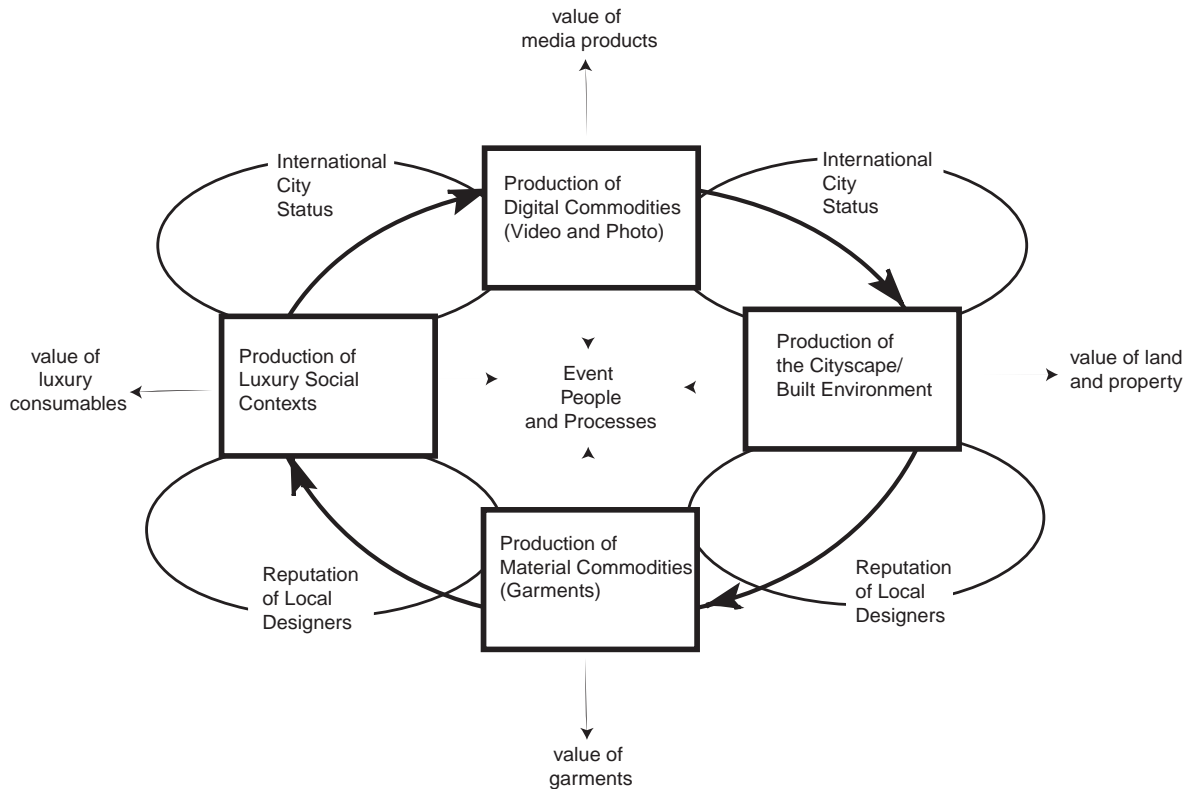


Figure 1. Flows of Value in Australian Fashion Week

Note: Design based on Harvey’s (1978) secondary circuit of capital.

Because each constituent circuit derives value from a different aspect of the same event, the interests of each dimension are complementary and mutually reinforcing. The sections below untangle the processes of value creation and capture within each flow.

***The Marketing of Fashionable Objects***

Australian Fashion Week (AFW) showcases the work of more than 60 Australian fashion designers, displays ready-to-wear collections, operates a ‘fashion exchange’ of accessory exhibits and houses promotional displays for fashion agents. In this dimension it anchors the local fashion industries. AFW’s aesthetic status is secured by a gate-keeping Advisory Board charged with approving participants, providing advice on seasonal schedules and making recommendations on the event’s structure. Its balanced representation—of four leading designers, four fashion buyers and four fashion media representatives—reflects key power interests in the garment-related fashion complex. The Board’s membership

includes each of Australia's leading fashion magazines (Harper's Bazaar, Marie Claire, Vogue and InStyle) and representatives of the nation's two dominant fashion Department Store groups (David Jones and Myer Ltd). The expert fashion critics employed by magazines play a pivotal role in evaluating fashion ideas and establishing fashion trends (see Perna 1987). In addition to their participation in fashion shows for stock selection and ordering, retailers have a general interest in promoting fashion consumption.

For some of its participating designers, AFW will result in new orders from local or international department stores. Fashion marketing, after all, is the event's *raison d'être*. But although AFW earned AUD \$28 million in direct fashion wholesale orders in 2005, it is not clear what proportion of those orders could be regarded as additional to the orders that would have been made anyway, regardless of AFW. Nonetheless, in addition to the direct reward of garment sales, participation enhances local designer reputations through increased public recognition of their names and brands, which might reasonably be expected to increase brand value and sales. Through exposure on the AFW website, small Australian design firms have an opportunity to interact with distant buyers and circumvent local production and distribution networks. Export sales are nevertheless modest. Many of AFW's participating firms are very small and create a limited number of garments in artisanal workshop conditions. Even for designs amenable to mass production, few firms would have access to the manufacturing capacity required for commercial production.<sup>7</sup> Nonetheless, as AFW promotes an Australian fashion identity based around *avant-garde* design, it disrupts the established power relations within the garment sector and assists local designers to compete with transnational fashion brands. Although the world's leading garment and luxury goods firms are major importers into the Australian fashion market, they are largely absent from Australian Fashion Week.

### ***The Commodification of Fashion Images***

Superimposed on the value system associated with fashionable objects is a second flow that captures value from the digitization of fashion images. Throughout the twentieth century, fashion has been closely aligned with the mass circulation media that creates demand for fashion-laden commodities (Ohmann 1996). The development of digital media intensifies this synergy. Since the flow of information and gossip from fashion events generates the content that fills magazine columns and video screens, the media has a major interest in influencing both event content and event timing.

In 2005, before its incorporation into IMG, AFW generated AUD\$12.5 million in domestic media coverage and AUD\$7 million in international coverage (Breen-Burns 2005). In fact, the sale of media, advertising and sponsorship are so lucrative that televised fashion events are profitable even if not a single garment is sold (Meagher 2001). IMG's ownership of AFW increases its control over AFW's media flows. In 2006, AFW contributed to IMG's annual production of over 900 hours of television and video content. This comprised documentaries reporting on individual designers' shows as well as three-minute 'designer' video clips streamed into cable television, free-to-air television and the internet (via MSN Video). In addition, IMG Media's online fashion news program, The Daily Front Row, reported on the event's fashion and social aspects. This circuit of value integrates AFW with a second network of transnational capital, the

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<sup>7</sup> Moreover, because the fashion moves so quickly, it is unlikely that a small firm could secure a large order and then seek production capacity.

global media. In recent times, as the expansion of communications technologies has exponentially increased the market for fashion's image-based incarnations, economic power has shifted from magazines toward electronic media.<sup>8</sup> From a long term view, the rights to media images arising from AFW are perhaps the event's most economically profitable aspect, since their commercial value increases with each replication and repeat showing.

However, there is a potential conflict between garment and media-based value flows. In theory, the markets for digitised versions of fashion ideas are additional and complementary to the markets for actual garments. However, as with other status-related 'cultural' goods and services, this division of economic value is underpinned by the regulation of intellectual property rights that create images as commodities in their own right. This enables the second circuit of fashion commodity capital to develop because the ownership of images resides with the photographer or film studio, not the wish the fashion designer. Problems arise when the media increases the rate of diffusion of fashion ideas to the point where the value of local designers' intellectual property is threatened by premature public exposure. In the words of Australian Fashion Week CEO Simon Lock:

This problem is faced everywhere. We are seeing it now with designers' images going up on the Internet straight away and retailers copying them. Many designers are considering pulling out of online galleries. I am not sure of what the solution is to this problem.

(Transcript, Indiantelevision, 2006)

The extent of this conflict in the distribution of event-based surplus value depends on the relative timings of the garment and image-based flows of value. If a designer's range begins to lose its value after retail stores have finalised their seasonal purchasing, then media depictions after that time could be seen as extending the life of the idea – and its value – by recreating it in a different form. But if the publication of fashion images precedes retailers' purchasing decisions, the original designers' share of the value is reduced (and reallocated to media firms and counterfeiters). In the former, media circuits of capital are additive to garment circuits, while in the latter they are substitutive. The impact of the media on the value of local design is further complicated by Australia's spatio-temporal positioning relative to international fashion design trends. Its position *behind* the northern hemisphere season increases the risk that the best Australian designs will be noticed, reworked and incorporated into the next season's European offerings rather than achieving global recognition in their own right.

### ***Fashion and Consumable Lifestyles***

AFW's formal fashion shows are complemented by parties and celebrity events that provide opportunities for a range of cultural intermediaries to mingle and exchange ideas. In the extensive literature on the capture of knowledge by firms and clusters of firms within territorial regions, the commonalities generated in social activities such as these are thought to contribute to the creation of a local 'buzz' (Storper and Venables 2004) or a place-based 'institutional thickness' (Amin and Thrift 1995) that promotes innovation

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<sup>8</sup> Most large media firms operate in both paper and electronic media, for example, Vogue magazine and [www.vogue.com](http://www.vogue.com).

and regional development. From this perspective, event-based social interactions are understood to build the knowledge resources of the local fashion industry and assist the sector to reach a common understanding of the contemporary fashion mood. In this way, fashion events are instrumental in generating localized 'knowledge communities' that stimulate cultures of innovation (Henry and Pinch 2000; Wenger 1998).

But these indirect agglomerative processes are not the only value-creating aspect of AFW's social events. In fact, Australian Fashion Week is made possible by the financial support of sponsors, many of which are oriented to luxury consumption but are only peripherally related to fashion or clothing production. Thinking about sponsors' marketing activities as a separate but complementary link in the economy of the event elevates and transforms the significance of parties and celebrity events, recasting them as significant sources of value in their own right. This third flow creates value as social interactions function as staged product-placement opportunities. Here, the element of performance integral to the business and professional networking objectives of many AFW party-goers creates a 'real' party atmosphere and a 'buzz' that is difficult to replicate in the contrived performances of advertisements using paid actors. This 'natural' exuberance is coveted by experiential marketing strategists.

Sponsorships integrate AFW into yet another set of networks of transnational capital. AFW's major sponsor is the automobile manufacturer Mercedes Benz. It has paid over AUD \$1 million each year for the naming rights that assist it to market its automobiles as luxury fashion accessories (Huntington 2006). Similar motivations can be attributed to the second sponsor, Motorola, the maker of 'fashion' mobile telephones. A third group of sponsors build on the associations between fashion and beauty. The official cosmetics sponsor M·A·C (Make-up Art Cosmetics) is a wholly-owned subsidiary of Estée Lauder, a chemical transnational that employs over 20,000 people and has global sales of over US \$5 billion. Similarly, the hair care sponsor, Schwarzkopf, is a wholly owned subsidiary of the German-based transnational Henkel KGaA. A fourth group of sponsors are celebration-oriented brands including Mumm Champagne, Beck (beer), Duetz Marlborough Cuvee (sparkling wine), Red Bull (energy drinks), Sanpellegrino (water) and Sky (vodka). Westin Hotels group and United Airlines provide hotel and travel sponsorship.

In each case, the association with fashion design lends legitimacy to the fashion associations of the sponsoring firm and enhances the market value of a diverse range of products that target fashionable market segments.<sup>9</sup> In marketing parlance, incidental associations between products and lifestyles create 'spaces of proximity' that link products to their 'target' consumers (Lury 1996). Thus, the marketing carried by AFW's social events creates a 'community' of consumers who, through purchasing a set of luxury commodities, can feel as though they have shared experiences with elite designers and fashion models. These reflexive processes contribute to the differentiation and segmentation of product markets – a process on which fashion brands rely (Mort 1996).

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<sup>9</sup> Only one of the event's official sponsors—the global transport and logistics company DHL—is associated with the local clothing production industry.

### ***Place Marketing***

For Scott (1996:306), the production networks generated by cultural products are inextricably linked to places through 'a unique structure of mental associations that can be turned to commercial purpose.' For host cities, the link between fashion and cosmopolitan lifestyles suggests that events will deliver direct and indirect economic benefits that contribute to urban renewal. Fashion Week's incorporation into a 'global' fashion network raises the value of its host city, Sydney, by reinforcing its claims to cosmopolitan 'World City' status.

It is no surprise, then, that the local government of the City of Sydney supports AFW as a vehicle for place-marketing and place promotion. It also works to spread the celebration beyond the controlled spaces of the staged event, encouraging it to spill out into the city's restaurants and entertainment venues. In effect, the city's intervention aims to redirect flows of value and enable businesses that are not directly associated with AFW or fashion to capture a share of the value the event generates.

At the regional scale, the New South Wales (NSW) government supports AFW as a regional economic development initiative. Its five-year funding (in the form of AUD \$1.25 million provided through the NSW Major Events Board) is expected to bring an additional AUD \$112 million into the New South Wales economy. These projections are based on AFW's performance in 2005, when it contributed an estimated AUD \$7.8 million to the State's coffers. For the NSW Government, fashion acts as a marker of the 'knowledge' economy associations that generate multiple spillovers for business and tourism. In the words of Sandra Nori, NSW Minister for Tourism, Sport and Recreation (as cited in Wood 2006):

Fashion is not about the garment. It's a much broader message that speaks of Australian creativity and innovation.

At the federal scale, the government supports AFW through sponsorship by its trade promotion arm, Austrade. This is one of the few World Trade Organisation admissible avenues by which the nation can support export market development.

As Scott (2000) argues, the creative industries tend to flourish in places where governments offer infrastructural support and where the qualities of the place can contribute to the symbolic value of its cultural products. In the case of AFW, government sponsorships also create a value flow into the city and its built environment.

### **Interlocking Production Systems**

Australian Fashion Week brings together four interdependent and complementary flows of value and creates a space where multiple trajectories intersect in ways that concentrate their value-generating powers. Although each aspect of this complex is economically viable in its own right, each benefits from its association with related circuits. In an Althusserian sense, the function of each of the event's elements is simultaneously a condition for the function of the others. The transnational entertainment industry needs high profile events to maintain demand for its web of management, media and hospitality

services. Fashion designers need events to market their outputs, but also need media interest to increase public recognition of their work and to reproduce their elite status. The fashion media needs new and interesting content to attract audiences and advertising dollars. The marketers of lifestyle consumables need the event's high profile participants to create the ambience that showcases luxury products. The event needs their sponsorship to provide the capital for the next iteration of the event economy. The city, meanwhile, needs a constant stream of activity to support its cosmopolitan image and its increasingly service-based economy. The links between these interactions are depicted in Figure 2.

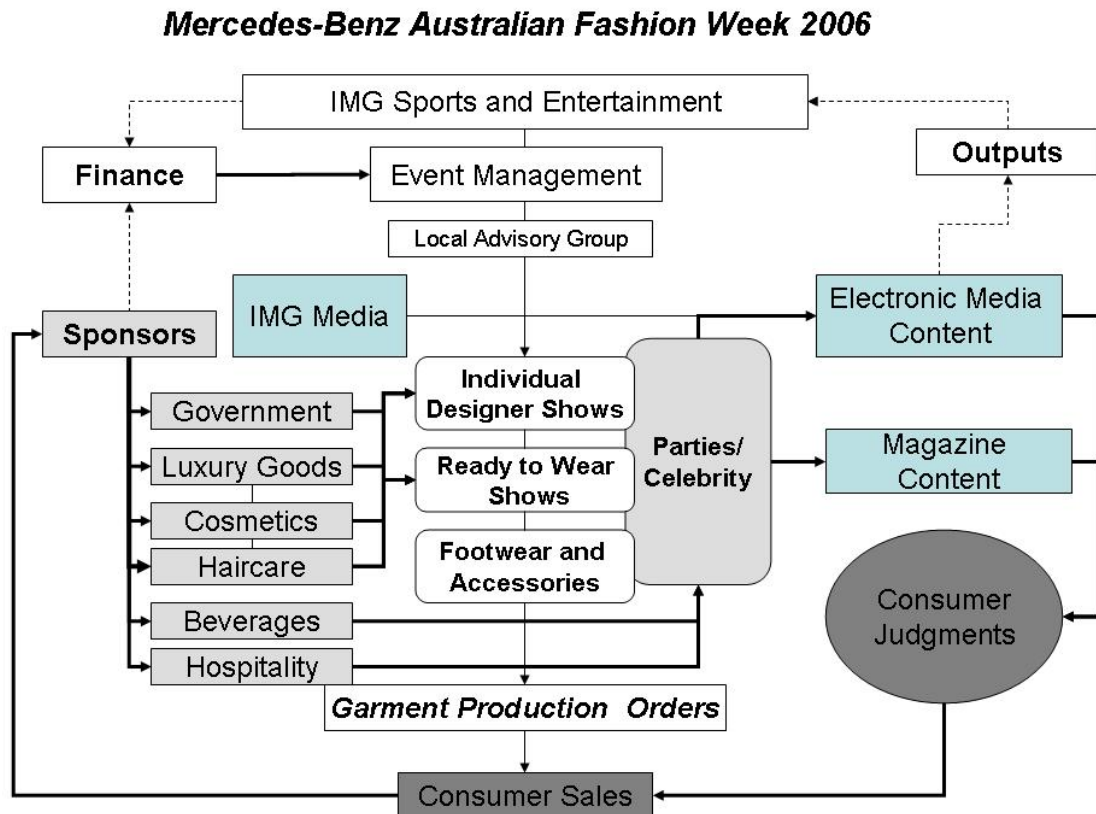


Figure 2 Australian Fashion Week

Note: Compiled from information at [www.mafw.com.au](http://www.mafw.com.au)

More generally, the fashion sensibilities concentrated in AFW help reproduce a fashion-based system of consumption and contribute to the development of coherent consumer judgements about fashion and luxury consumables. These, in turn, work to increase consumer valuations—and therefore the prices consumers are willing to pay for products—and to stabilise the volatility of fashion markets. Media involvement is crucial to this process, not only as a source of information about fashion-related commodities, but also as a means of linking producers' expectations of the product market to consumers' valuations of production; that is, to roughly coordinate audience judgements to the aesthetic standards of fashion design elites. If nothing else, these processes establish rules and norms about the criteria by which fashion should be judged.

Overall, events like AFW can be understood as creating new economic spaces that unite a diverse trans-sectoral complex of industries and specialisations in loose organisational relationships. The link is a common reliance on the elusive appeals of fashion: a dynamic, viscous and unstable form of knowledge that can be expressed in a range of material and non-material forms and which can therefore generate multiple forms of value. These synergies enable the extraction of multiple, complementary sources of economic rent. Some of the value created in these processes could be understood to have been 'added' to commodities, through the addition of the labour of all those people associated with the event. But as the preceding discussion has demonstrated, this orthodox framework does not adequately explain the multiple forms of value or the expansionary interdependencies between them.

These new forms of association also reorient wider inter-industry and inter-sector relationships. In this example, the durable economic returns generated by linking fashion, celebrity and the electronic media mean that the organisational forms of the fashion clothing industries are becoming more similar to those characteristic of the motion picture and music industries, where small independent companies in 'peripheral' regions feed into a global distribution network, and where the large players are constantly alert to emerging local talent (Power and Hallencruetz 2000). At the same time, these new forms of association alter the relations between places. In this case, Sydney's insertion into a global network has enabled it to capture much of the 'symbolic cachet' of Australian fashion (Larner *et al.* 2007), a development that has simultaneously demoted competing regional sites.<sup>10</sup> Global status has propelled AFW beyond the local scale and recreated its 'local particulars' as 'global' commodities (see Miller 1995).

## Conclusion: Moving Beyond Production Networks

Fashion events represent one example of the development, in advanced economies, of new nodes of connectivity that link diverse industries, reorganise the relationships between sectors and provide a focal point at which money and power converge. These trans-sectoral formations create and replicate value by forging mutually beneficial associations that generate valorising consumer perceptions and sentiments. In fashion events, these synergies derive from concentrating shared fashion knowledge, but it is feasible that other unifying ideas or processes could create similar types of association in other parts of the economy. Importantly, the flows of value created by these synergies are independent of each other and independent of the value adding processes of commodity production (on which they nevertheless rely). Moreover, because these processes exist in the shared, relational space of the event, they are not owned by or embedded in firms, brands or commodities.

These new spaces have significant implications for how we perceive, understand and research the organisation of industries that specialise in the production of symbolic goods. The sorts of relationships that have been explored in this paper are not necessarily traceable through the design qualities of products or the value-adding processes associated with the commodity flow. They are unlikely to be highlighted in studies

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<sup>10</sup> In fact, both the Auckland and Melbourne festivals have re-oriented to avoid direct confrontation with AFW. Melbourne's Fashion Week has become a populist public event with deep retailer involvement.

tracing or mapping inter-organisational relationships or in ethnographical explorations of the minutiae of business practices. Focusing on events as nodes of economic interaction and flows of value provides a means of analysing economic relationships that exist beyond the material value-adding chain of any single commodity and beyond the day-to-day, socially embedded relational practices of firm networks. The trans-sectoral co-dependencies of the value flow are not revealed by studies of production networks, production chains or other tangible organisational forms because they exist and bridge between the closed subsystems of firms, networks and chains that are the focus of most contemporary research in economic geography. Yet the 'loose' event-based form of organisation described in this paper reinvigorates capitalism, especially in consumer-oriented industries and services, and appears to empower large capital-rich corporations.

These new forms also have far-reaching implications for regional development, world cities, production location, and the manner in which production networks 'touch down' in different places. The event economy combines multiple industries and sectors, forges new relationships between firms, states and institutions and alters processes of knowledge transfer. Events enable firms and actors to transcend the spatial fix of their production locations and the constraints of their sunk costs. They enable firms to complement (or perhaps replace) proximate local social interactions with more intense value-generating ties. They encourage virtuous cycles of innovation, reduce transaction costs, and strengthen 'learning by doing' knowledge but in a context that sheds the baggage of local histories, conceals firm-level differences in power and transcends local regulatory frameworks. These processes further promote the concentration of high value 'cultural' industries in central places.

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