

## **Implementation of web-based Electronic Data Interchange in the fashion industry: evidence from the Netherlands**

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The use of Electronic Data Interchange systems (EDI) to streamline supply chain processes and even create new business models, has been widespread and proven its effectiveness in several European industries, in particular in the food (fast moving consumer goods) and chemical sectors.

The internet permits streams of data to be exchanged seamlessly at virtually no cost, which makes EDI accessible for every player in an industry. The separation of flows of goods from flow of information through EDI permits a considerable reduction of transaction, mainly administrative, costs as well as a reduction in human errors involved in the manual insertion of data. The access to real time sales data also allows manufacturers to determine inventory and even the collections at a retail level, or to shift stocks timely from one to another point of sales and make more informed promotional and production planning. Retailers benefit from the unloading of labour intensive tasks and from a shift of risk towards the supplier. Other much advocated benefits lie in the enhanced long-term orientation of business relationships which lead to and improvement of buyer-seller relationships and thus trust and commitment.

In Germany implementation of EDI has a strong tradition, mainly due to a general technocratic culture as well as to the relative big size of retailing companies. In the Dutch fashion industry, players are very much aware of the importance of EDI and industry associations have been advocating the implementation and use of EDI already for several years as is evident from the many conferences organized around the subject. Nevertheless only some bigger companies like MEXX or the VENDEX KBB group are starting to recognize the potential benefits, implement EDI and even create new business models based on EDI, whereas the majority of the players is still reluctant to invest in this technology.

Drawing on research on the antecedents and consequences of EDI implementation, the authors explore the reasons for this lag in adoption in the Dutch fashion market. Results from extensive semi-structured interviews with industry representatives partially confirm theoretical findings drawn from the information systems and management literature tradition, as well as highlight some issues which are typical for the fashion business and the Dutch fashion market in particular.

The findings indicate that the main reasons inhibiting adoption of these systems lie in the fields of 1) technological readiness 2) disruption of buyer-seller relationships and 3) internal organization 4) business process adaptation. The first point relates to the ability of companies to connect existing internal information systems; the second relates to relational consequences of e.g. the imposition of the use of EDI from less to more dependent companies; the third and fourth points relate to the necessity of companies implementing EDI to change their internal organization as a consequence of changing business, fulfillment, processes. Factors which are inhibiting the adoption of EDI and are particularly relevant for the fashion business include: market uncertainty leading to more opportunistic business relationship and less willingness to exchange data, short time to market, standardization of communication on technological and product level, firm size, and a radical change of the traditional purchasing function.