

Fashion is a highly dynamic creative industry. To survive in this industry, firms have to understand their customer's demand and meet their expectations continuously. Gingham & Heels is one of the successful Australian companies in the fashion industries. Katherine Tsakonas started Gingham & Heels in 2003 and currently have seven stores across Australia and a very popular online store that is accessible to a global customer base. The journey was not easy, with lots of ups and downs. However, strong customer orientation, constant innovation, and strong partnerships helped Gingham & Heels to grow for last 15 years continuously.

In 2003, Katherine launched Gingham & Heels in Sydney as an adventurous project to design and sell beautiful clothing in sub-urban Sydney markets. She quickly realized that her designs were liked by women of all ages for its beautiful, classic and easy to wear styles. Katherine says, "I used to sell my designer clothing ever weekend in Sydney's Paddington and Bondi Markets without fail. I was in the market no matter what – heat, rain, hail." As her designs became more and more popular in Sydney, Katherine started holding weekly pop up markets alongside other designers within Major shopping centres. She says, "Fashion is a continuous learning industry where I have to realize the demand quickly, design according to the changing trends, and provide my customers easy to wear, cheap and affordable clothing." This clear passion for fashion has made Gingham & Heels one of the top fashion brands in Australia.

The internet has changed many industries, including the fashion industry. Technology has changed shopping habits with many customers preferring online shopping over in-store experience. In recent years, 70% of Gingham & Heels sales come from online sales. One of the main limitations of online shopping is the limited experience of trying clothes before purchasing and the ability to return the dress if the customers do not like it. A survey highlighted that most of the online customers read the return policies before their purchases and only proceed if there is a free return policy available. Gingham & Heels have adopted continuously the best practices and novel ideas, which has helped them to provide a unique experience to their customers.

The RI Hub is an alliance between the University of Melbourne and the Ruthven Institute centred on research and curriculum development to improve the profitability and sustainable success of Australian businesses.

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Gingham & Heels aspires to be an affordable fashion boutique that maintains a beautiful aesthetic and help every woman express themselves. This has encouraged Gingham & Heels to not only create memorable experiences for their customers but also work on customer feedback to improve the shopping experience. Katherine says, "Over time, I have learned a lot from my customers and the insights they provided." Gingham & Heels emphasizes on understanding our customers, their likes and dislikes, their shopping choices, and the factors that influence their buying decisions – style, fit, color, price.

As the customers like to touch, feel, and try the clothing before they buy, Gingham & Heels decided to introduce a 'change room' experience to the customer in the comfort of their homes. However, this strategy required that the customers could return the items they do not like in the same way as they would in a physical store. So, Katherine decided to offer free returns.

Gingham and Heels decided to partner with Australia Post to implement their free return policy. They outsource their return services to Australia Post using their easy returns services. This service provided their customers an option to return the unwanted items at no cost. The benefits of free returns were easily seen as they saw an immediate reduction in returns requests saving a lot of time and improved sales conversion rates. The free return policy also helped Gingham and Heels to kept their loyal customers happy, which encouraged their customers to spread the word and return to the store. Gingham and Heels also found that their sales conversion rate grew 0.4% since implementing an easy return policy. Although "free returns" policy costs Gingham & Heels, but this cost is much less as compared to life-time value created by a satisfied customer. Additionally, Gingham and Heels saved significant time in managing customer complaints and manual handling in the returns process.

After a successful online store in Australia, Gingham and Heels are looking forward to expanding to international markets. Katherine knows that global expansion brings its own sets of opportunities and challenges. As she contemplates international xpansion, she thinks entering New Zealand and the US might be the best choices for Gingham & Heels.

**CASE QUESTIONS**

1. Why is Gingham & Heels successful? What have been the big drivers of their growth?
2. Is expansion into NZ and the US a wise strategic choice? What advice would you give Katherine Tsakonas?