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**UKRAINIAN-AMERICAN CONCORDIA UNIVERSITY**

Faculty of Management and Business

Department of International Economic Relations, Business & Management

**Bachelor's Qualification Work**

Crisis management in fashion companies (based on “KSENIASCHNAIDER” case)

Bachelor student of the 4<sup>th</sup> year of study

Field of Study 07 – Management

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Specialty 073 – Management

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Ph.D. in Economics

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**Abstract.** This Bachelor's Qualification Work focuses on crisis management in fashion companies, with a specific case study of the Ukrainian brand KSENIASCHNAIDER. It defines and classifies different types of crises in the fashion industry, explores their causes, and examines their impact. The study also analyzes the challenges faced by Ukrainian fashion brands compared to global ones and provides a strategy for improving crisis management practices. Recommendations include developing flexible plans, increasing investment in online sales, emphasizing social and ecological responsibility. The work highlights how the KSENIASCHNAIDER brand, known for its eco-friendly recycling approach and unique designs, has managed crises and suggests strategies for other fashion brands to stay competitive and sustainable in the market.

**Keywords:** crisis management, fashion industry, sustainable business models, environmental sustainability.

**Анотація.** Робота зосереджена на антикризовому управлінні у компаніях модної індустрії, зокрема на прикладі українського бренду KSENIASCHNAIDER. У роботі визначено та класифіковано різні типи криз у модній індустрії, досліджено їхні причини та проаналізовано їхній вплив. Також проведено аналіз проблем, з якими стикаються українські модні бренди у порівнянні з глобальними, та запропоновано стратегію покращення практик антикризового управління. Рекомендації включають розробку гнучких планів, збільшення інвестицій у онлайн продажі, акцент на соціальній та екологічній відповідальності. У роботі підкреслюється, як бренд KSENIASCHNAIDER, відомий своїм екологічним підходом до переробки та унікальними дизайнами, справлявся з кризами та пропонуються стратегії для інших модних брендів, щоб залишатися конкурентоспроможними та стійкими на ринку.

**Ключові слова:** антикризове управління, модна індустрія, стійкі бізнес-моделі, екологічна стійкість.

«Ukrainian-American Concordia University»

Faculty of Management and Business  
Department of International Economic Relations, Business and Management

Educational level: **Bachelor degree**  
Specialty **073 “Management”**  
Educational program **“Management”**

APPROVED  
Head of Department



Prof. Zharova L.V.

May, 10, 2024

**TASK**  
**FOR BACHELOR’S QUALIFICATION WORK OF STUDENT**  
**Mariia Riabchenko**

1. Topic of the bachelor’s qualification work –

**Crisis management in fashion companies (based on “KSENIASCHNAIDER” case).**

Which approved by Order of University from “25” *September 2023* № 25-09/2023-1к  
Supervisor of the bachelor’s qualification work **Lesya Leshchii, PH.D. in Economics,**

2. Deadline for bachelor’s qualification work submission “25” *April 2024*.
3. Data-out to the bachelor’s qualification work: literature review examining crises management in fashion industry. Sources included academic papers, industry reports, business reviews, actual data of the company obtained during the internship. Data was checked for relevance and reliability.

4. Contents of the explanatory note (list of issues to be developed)

Achieving this goal requires solving the following tasks: - to examine the basics and classification of crises in fashion businesses, including their causes, types, and impact;

- to analyze crisis management practices in fashion companies;

- to identify environmental risks and threats in the fashion industry;

- to investigate current trends, successful brands, and designers in the Ukrainian fashion industry;

- to assess the challenges faced by the Ukrainian fashion industry and explore possible strategies for sustainable growth and development;

- to provide an overview of data and information about the KSENIASCHNAIDER brand, including overall impressions and work experience in the brand;

- to analyze crises within the KSENIASCHNAIDER brand, and compare crisis management strategies between KSENIASCHNAIDER and other fashion companies;

- to propose recommendations and advice for improving and developing crisis management in the KSENIASCHNAIDER brand based on theoretical knowledge and practical analysis;

- to evaluate the prospects of the KSENIASCHNAIDER brand during crises and stable periods.

5. List of graphic material (with exact indication of any mandatory drawings)  
The work consists of 65 pages and includes 17 figures.

6. Date of issue of the assignment

Time Schedule

№	The title of the parts of the qualification paper (work)	Deadlines	Notes
1.	I part of bachelor thesis	10.12.2023	
2.	II part of bachelor thesis	27.02.2024	
3.	Introduction, conclusions, summary	25.04.2024	
4.	Pre-defense of the thesis	29.04.2024	



Student \_\_\_\_\_  
(signature)



Supervisor

**Conclusions** (*general description of the work; participation in scientific conferences/ prepared scientific article; what grade does the student deserve*):

The student worked diligently during the semester, studied many relevant sources, the work includes a deep, multifaceted analysis of the fashion industry, including ecological aspect. Ukrainian brands were also evaluated, crisis situations and their management were investigated. The student was present at previous defenses and took part in two conferences. The bachelor's work meets the requirements for qualifying papers and may be admitted to the defense with an "Excellent" grade.



Supervisor

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## INTRODUCTION

In the fashion world, where trends and styles are always changing, crises inevitably arise. In this work I would like to explore in detail the topic of crises in the fashion industry, its types, connections with various factors that occur in the world, economic fluctuations, changing consumer tastes, technological innovations and other things.

The purpose of my work is to investigate the different types of crises faced in fashion brands and to propose strategies to improve and develop crisis management on the example of KSENIASCHNAIDER. By examining the crisis situations faced by KSENIASCHNAIDER and analyzing how it overcame them, this will provide us with valuable information on effective strategies and tactics used in the fashion industry. I will also reveal different approaches of other famous world companies that will allow us to see diverse and non-standard methods that can be successfully applied in crisis management. As a result, by analyzing the approaches used by KSENIASCHNAIDER brand and other famous global brands to overcome crises, we will be able to highlight successful practices and get important information that will be useful for other brands in the fashion industry.

In addition, we will analyze all of KSENIASCHNAIDER efforts in sustainability and responsible production to understand how the brand responds to the various challenges related to our environment, what measures it takes to reduce the negative impact of today's fast fashion on our planet. Understanding how fashion brands respond to challenges related to sustainability and responsible production will help to shape best practices and develop strategies to deal with environmental crises.

We will see how KSENIASCHNAIDER is dealing with the challenges posed by the war in Ukraine, and explore which strategies have proved most effective in the face of economic instability.

The strategies for integrating new technologies and adapting to changing consumer preferences will also be discussed, which will be a key element for fashion brands in crisis and stable periods.



In conclusion of this paper, based on analysis and research, I intend to provide useful information for other emerging and beyond fashion apparel brands to help them effectively manage crisis situations, develop sustainable and responsible business models, and stay relevant in the rapidly changing world of fashion. These tips will include both short-term tactics to overcome immediate challenges and long-term strategies that promote sustainability and growth.

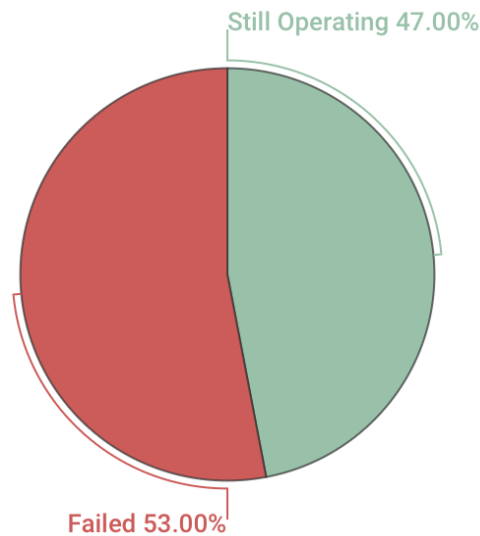
# **CHAPTER 1. CRISES IN THE FASHION INDUSTRY AND THEIR IMPACT ON THE ENVIRONMENTAL SPHERE**

## **1.1 Basics and classification of crises in fashion businesses: causes, types and their impact**

First, let's look at the meaning of the word crisis. Crisis is a state or a period of time in which there are serious problems, difficulties or any instability. It can occur not only in business, but also in personal life, politics, the economy of the country, etc. A crisis in the fashion industry can be defined as some unexpected event that has a bad effect on fashion companies, brands or the industry as a whole. There are many reasons due to which crisis can happen in fashion business like economic problems, social, reputational, environmental, and so on. Let's look at the most basic and popular types of crises in the fashion industry nowadays.

Fashion crises often occur suddenly and develop at high speed due to rapidly changing trends in the world. Today total denim is in trend, your company that specializes in it makes huge batches of denim jackets, skirts, shorts and jeans, a couple of days or weeks pass, the trend for denim goes out of fashion, becoming suddenly irrelevant, and the demand for your products drops sharply. Such cases very often happen with young fashion brands, the sudden popularity of the company forces it to increase production capacity, buy the necessary equipment, various sewing machines, fabrics, hire staff, rent space, plan logistics and much more, then the trend for things company falls, finances are reduced and the company no longer has the money to keep all these areas.

The fashion industry is particularly difficult for new entrants, according to Statistic Brain from an article by Zack Hurley, data cited by fashion coach Figure 1.1., in the retail industry only 47% of businesses continue after the first four years. This means that approximately 53% of new ventures in various retail industries (including fashion clothing brands) are likely to fail during this time period [\[1\]](#).



**Figure 1.1.** Percentage of retail businesses operational after 4 years [\[1\]](#).

There is a huge amount of competition in the fashion business. Thousands of different brands of handbags, clothing, shoes and many others are trying to create a new and unique product to attract the attention of consumers to their brand. According to the article and statistics of Commerce Institute in 2022 in the United States only, there will be 5,044,748 applications for new businesses. New businesses have been on an upward trend since 2020, with an average of 4.4 million businesses opening each year for the past five years. The highest number of new business applications was recorded in 2021 with 5.4 million [\[2\]](#).

Despite the large number of new startups, the survival rate of new businesses looks like this Figure 1.2. and Figure 1.3. [\[3\]](#):

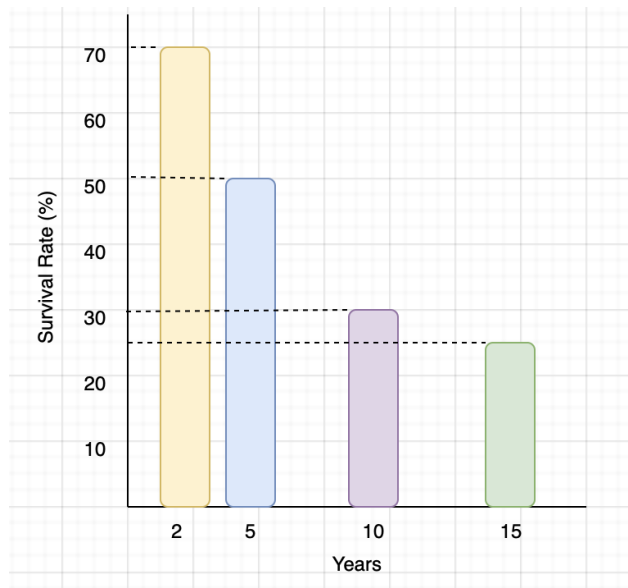
70% survive after two years.

50% survive after five years.

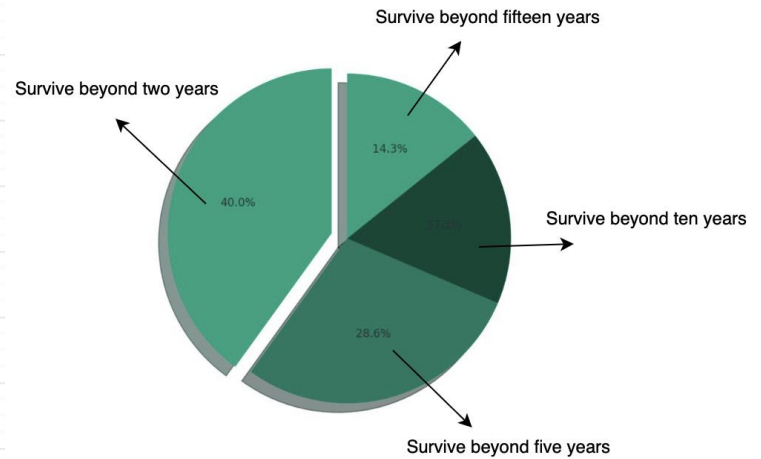
30% survive after ten years.

25% survive after fifteen years.

Therefore, a crisis can be caused by a company's inability to withstand the huge competition in the market and remain competitive in a rapidly changing industry.



**Figure 1.2.** Survival rate of new businesses over time [3]



**Figure 1.3.** Business survival rates [3]

Reputation is a very important asset in the fashion industry. A crisis can occur due to negative impact on the reputation of the company, such as some scandals, product quality problems or lack of responsibility regarding environmental issues, or poor service. All these things have a negative impact on the company.

The fashion business is closely related to seasonality and cyclicity of fashion collections. It is clear that sales of winter clothing such as jackets, hats and gloves are expected to decline in summer, while sales of summer clothing such as swimwear decline in winter. Due to this, many brands are looking to create versatile collections that are season-independent in order to maintain their identity. For example, if a brand specializes in swimwear, it makes sense to expand its product line to include lingerie, as lingerie is in demand at any time of year. This approach allows brands to maintain their concept and theme, offering consumers a variety of products that remain relevant regardless of the season and not lose budget due to changes in the weather.

Political and economic incidents such as wars, various conflicts, and political decisions have a strong impact on the fashion industry. Due to such situations, fashion companies are very often faced with crises, as companies are faced with problems in supplying, exporting and importing goods.

The fashion industry often depends on complex supply chains involving material suppliers, factories, logistics companies, shipping and others. The best cotton from Egypt, silk from China, lace from Japan all need to be found, inspected, bought, delivered. Any problems in the supply chain, such as defective raw materials, transportation problems, financial difficulties, can lead to a crisis in the company.

As an example, I propose to analyze the case of the famous clothing and accessories masmarket Forever 21.

California brand Forever 21, known for its great contribution to the popularization of fast fashion, announced in 2019 its intention to turn to bankruptcy proceedings and close hundreds of stores around the world. The reason for this was the increasing shopping center sizes, more competition in the market and changing consumer tastes.

Forever 21 was a very popular store in the United States and Europe. Due to its successful concept, Forever 21 became one of the most popular clothing brands. The brand had its own clothing production and offered fashionable and affordable products. Low prices, frequent updates of the assortment and the latest novelties attracted customers. As a result, the brand successfully expanded and began opening stores around the world.

One of the brand's first mistakes that led to the crisis was that Forever 21 wanted to remain a family business, refusing to invest and remaining an independent company. However, the lack of external support limited their ability to expand and fund new stores. At the same time, other brands chose to attract external investment support, which helped them to develop and strengthen their position in the market.

Also, many people who have visited Forever 21 stores have noticed that most of their collections are just copies of other brands, primarily in the luxury segment. This is not surprising, most mass-market stores such as H&M, Zara, Pull and Bear simply copy popular models of luxury brands. Forever 21 has proven to be an object of ridicule. There was even a trend on the TikTok platform where users visited Forever 21 stores to show the funniest and most unsuccessful items. This led to a further deterioration of the brand's reputation.

From an article written by Raf Chomsky we can find out that Chang family (the founders of Forever 21) were very religious. Ex-employees noted the presence of bibles in meeting rooms and offices, and the connection of many key employees to the founders or the church parish attended by the Chang family, who had no retail experience. After realizing the problem in the incompetence of many employees, Forever 21 management hired top professionals, but their advice was not heeded and implemented [\[4\]](#).

In the same way, people have also started to think more and more about how fast fashion is hurting our planet. Forever 21 has a serious negative impact on the environment. Fast fashion leads to a lot of waste, the processes of coloring different types of fabrics pollute water, and growing cotton requires a lot of water and harmful chemicals. The brand is also responsible for large carbon emissions due to transportation and production of garments. Using huge amounts of clean water in the manufacturing process, the use of synthetic materials such as polyester requires a lot of water and is petroleum based. Forever 21 did not pay attention to its environmental responsibility in time. As a result, it lost a huge number of customers who preferred better quality despite the high price. These customers have decided to choose to care for the environment and have selected more responsible brands.

One of Forever 21 is most fatal mistakes, which in fact led to the brand's bankruptcy, was in real estate and the organization of the retail network. The company invested in huge stores that required constant financial injections and did not pay off. Founder Do Won Chang was personally involved in selecting locations and approving design projects, even though they had a large number of stores. They also ignored the development of online sales, missing opportunities to work with competitors and launch an online store.

The combination of all these factors led to the crisis and Forever 21 is declaration of bankruptcy. The brand failed to adapt to the changing market and consumer needs, and made strategic mistakes in the management and development of the company.

So considering the examples from the article by author Angie Basiouny, we can conclude, that crises in the fashion industry can arise due to rapidly changing trends, economic problems, reputational problems, seasonality, political and economic changes,

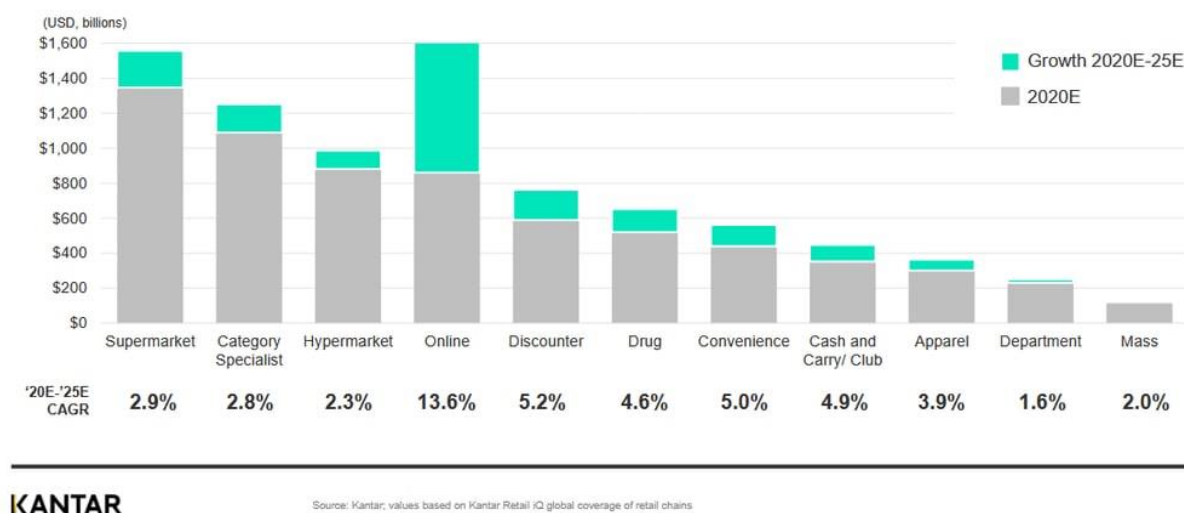
and supply chain problems. Fashion brands need to plan strategically and be able to adapt to change in order to overcome crises and to stay competitive in the fashion market [\[5\]](#).

From the article written by Júlia Vilaça we can find out that the fashion industry is a significant global sector, contributing 2% to the world's Gross Domestic Product (GDP) with a valuation of \$3 trillion. It employs a vast workforce of 3.3841 million people globally. In the United States alone, the fashion sector, which includes textile, apparel brands, wholesalers, importers, and retailers, employs over 1.8 million individuals, highlighting its importance in job creation. Moreover, the industry has shown positive growth, particularly in emerging markets within Western, Asian, and European regions. This data underscores the fashion industry's economic, social, and employment significance worldwide [\[6\]](#).

From an article by Marion Deslandes, we can read that the company Kantar is a specialist in market analysis and outlook, has published forecasts for 2025 for the retail industry, taking into account more than 1,500 major distributors worldwide. The global apparel market is expected to grow 3.9% annually through 2025, reaching a total value of \$64 billion over five years. About half of this growth will be driven by the top five companies: Japan's Fast Retailing (owner of Uniqlo), Spain's Inditex, Sweden's H&M and US brands TJX and Old Navy. The global fashion retail market is valued at \$300 billion in 2020 and is projected to reach \$360 billion in 2025. Across the entire global retail industry, including hypermarkets, brands and discount stores, the market could reach \$6,700 billion in sales in 2020, growing 4.8% year-over-year, driven by e-commerce, which will jump 15.7% this year to \$861 billion. The leading force for future growth will undoubtedly be the online marketplace. Online sales, which now account for 12% of global retail sales, are set to grow four times faster than physical transactions over the next five years. As early as 2021, the \$1 trillion mark will be crossed, and by 2025 the figure will reach 1,600 billion according to Kantar's forecasts [\[7\]](#).

Figure 1.4. shows a graph illustrating the projected growth of various retail segments from 2020 to 2025. Bars depicting the initial value (gray) and projected growth (green) for various types of retail outlets such as supermarkets, specialty stores, hypermarkets, online

retailers, discount stores, pharmacy, convenience stores, large club stores, and clothing segments.



**Figure 1.4.** Projected growth of the retail market by category from 2020 to 2025 [\[7\]](#)

Overall, these trends and forecasts emphasize the importance of flexibility and adaptation in retailers' strategies, as well as the need to accommodate evolving technologies and changing consumer preferences.

## 1.2 Crisis management in fashion companies

Every company should be aware of and take actions for crisis management, as it is an important step in building a successful business, especially in conditions of instability and change. In the fashion industry, where consumer demands and preferences are constantly changing, the ability to respond effectively to various crises and make quick decisions plays an important role in staying competitive. Below I would like to provide the key points that every company should consider when organizing a fashion business.

Let's start with the variety of products and markets produced. The crisis strongly affects supply and demand in the fashion industry. People in such periods save money on clothes, preferring more practical and affordable items. This leads to a decrease in demand for luxury products and an increase in the popularity of more affordable clothing. In order to



adapt to the new conditions, many fashion brands create two lines of clothing - luxury segment and medium segment. The luxury line is focused on wealthy customers and offers exclusive items of high quality. The mid-segment line offers more affordable items, but retains the brand's recognizable style. This approach allows brands to retain their customers and even expand their audience with different financial capabilities. People who cannot afford premium clothing can buy more affordable items from the same brand. Many global brands that have been on the market for a long time quickly realized that in unstable times few people are interested in luxury clothing, so they decided to adapt to this and created different lines, for example Valentino offers a line of Red Valentino, which consists of more casual and affordable clothing.

Emporio Armani offers the Armani Jeans line, which offers denim and other casual wear. Versace offers the Versace Jeans Couture line, which makes more sporty and casual clothing, but in a very similar brand style. Of course, the quality of mid-segment clothing is not comparable to the luxury segment, cheaper materials will be used and clothing collections will be less trendy, but for many people this is not a decisive factor. The creation of two clothing lines allows fashion brands to adapt to the crisis and maintain their profitability.

In addition to creating different price segments of clothing, it is also important for fashion brands to think about scaling their business. Nowadays, this is quite easy to do. Entering new markets can bring a number of benefits for a brand, such as expanding its audience, increasing its sales and brand recognition around the world. But most importantly, the brand is no longer dependent on one market, that is, if there is a crisis in the country, the brand has the opportunity to move their business to other markets. Of course, entering new markets requires careful preparation. The brand needs to conduct market research to understand what goods will be in demand in the new market and it is also important to take into account cultural specifics.

The next and very important stage for a brand is to assess all risks. Fashion companies must be prepared for possible crisis situations and risk scenarios. It is important to conduct a risk analysis to identify potential threats and develop strategies to prevent or minimize their impact.

Below I would like to give examples of the most common risks in the fashion business and how to deal with them at an early stage.

#### 1) Economic Risks.

Economic risks include such factors as various economic problems, inflation, currency fluctuations, rising prices of raw materials, labor and others. All these factors lead to a decrease in demand for the products of fashion brands, which negatively affects their financial condition. In order to prepare for the economic crisis, fashion brands need to take several important actions, such as strengthening cost control, preparing for possible changes in the economic situation, expanding the range of products and providing a high level of customer service.

During the COVID-19 pandemic, many global fashion brands faced serious economic risks and had to take measures to overcome the crisis. This virus led to a serious breakdown in the fashion industry. From an article written by Ian Bezek we can find out that brands like Debenhams (British fashion retailer), JCPenney (department store chain and manufacturer of clothing and footwear under various brand names), J.Crew (American multi-brand retailer), Neiman Marcus (luxury department store with premium brands) and many others filed for bankruptcy due to a significant reduction in the number of customers in their stores as a result of a decrease in the number of sales and the closure of most outlets [\[8\]](#).

Let's consider the most notable representatives of the budget and luxury segments of the fashion industry and their strategies applied during the COVID-19 crisis. These brands faced challenges, took measures to overcome them and drew conclusions from their mistakes.

Inditex Group is a Spanish group of companies founded in 1963, which owns such brands as Zara, Zara Home, Zara Kids, Oysho, Massimo Dutti, Bershka, Pull & Bear, Stradivarius and Uterque. Its owner Amancio Ortega is currently ranked 12th in Forbes in 2024, although since 2011 he has managed to be ranked 3rd in Forbes [\[9\]](#). From the Cally Russell article, we can learn that during quarantine, Zara stores and other brands in the group were forced to close in accordance with government lockdown decrees. In reaction, the company announced that it was willing to make its factories and logistics

teams available to the Spanish government to donate masks to patients and health workers during the COVID-19 crisis. At the beginning of the pandemic, Inditex donated 10,000 protective face masks and another 300,000 surgical masks, which were desperately needed at the time [\[10\]](#).

Regarding sales in Inditex Group stores during the quarantine, the main conclusion drawn by the company's management is that the future belongs to online sales, and this is certainly true. In 2020, Inditex Group generated €6.6 billion in revenue from online sales, a 77% increase from the previous year. However, despite the strong growth in online sales, the quarantine led the company to post a loss in the quarter for the first time in its history, amounting to around €400 million. Sales fell to €3.3 billion, while a year earlier Zara sold almost €6 billion worth of goods in the first three months. As Sophie Lund-Yates of brokerage Hargreaves Lansdown notes, "Zara's owners already understood the importance of developing online commerce, but the quarantine prompted them to take more action."

Brands/Stores	Ending April 2020	Ending April 2019
ZARA	2138	2128
ZARA KIDS	126	128
ZARA HOME	587	595
PULL & BEAR	955	972
MASSIMO DUTTI	750	761
BERSHKA	1097	1103
STRADIVARIUS	996	996
OYSHO	673	673
UTERQUO	90	91
Total	7412	7447
BREAKDOWN OF FINANCIAL RESULTS		
NET FINANCIAL INCOME	4	4
LEASE FINANCIAL EXPENSES	(33)	(39)
FOREIGN EXCHANGE GAINS (LOSSES)	(6)	(2)
Total	(35)	(36)

**Figure 1.5.** Comparison of number of stores (2019-2020) [\[12\]](#)

Based on Figure 1.5. we can conclude that Inditex experienced a slight decrease in the number of its stores during the year, but overall financial performance remained relatively stable. From the Silvia Amaro article, we see that only 965 stores were opened in the first quarter of 2020 due to the COVID-19 pandemic, while online sales increased strongly. Despite the decline in the number of physical stores, Inditex was able to increase its online sales, which emphasizes the importance of the company's quick adaptation to changing market conditions [\[11\]](#).

LVMH is a French holding company specializing in various luxury items. It owns prestigious brands such as Louis Vuitton, Christian Dior, Fendi, Givenchy and many others. In 2020, due to the pandemic, the company faced a decline in revenues compared to previous years. Net income also decreased in 2020 and was a much smaller portion from previous years Figure 1.6. In the first quarter of the pandemic COVID-19 LVMH experienced a 15% decrease in sales. Most of their stores and production facilities were closed, and the head of the company, Bernard Arnault, gave up his salary during this period. Despite assumptions of a 10% to 20% drop in sales, actual sales fell by 15% to €10.6 billion, and in volume terms by 17%. However, like Inditex Group, there was an increase in online sales [12].

		2019	2020	2021	
	Revenue	53,670	44,651	64,215	
	Gross margin	35,547	28,780	43,860	
	<i>In % of revenue</i>	<i>66%</i>	<i>65%</i>	<i>68%</i>	
LVMH has taken	Profit from recurring operations	11,504	8,305	17,151	is, including cutting
dividends by 30%,	<i>In % of revenue</i>	<i>21.4%</i>	<i>18.6%</i>	<i>26.7%</i>	H applied a strategy
of cutting internal c	Net profit	7,782	4,955	12,698	the damage of the
pandemic, demonst	Group share of ne	7,171	4,702	12,036	ic environment. As
CEO and owner Ber	profit				ability to be resilient
in an economic environment disrupted by a serious health crisis that has led to the closure of stores and production sites in most countries in recent weeks, as well as the suspension of international travel" [13].					

2) Political risks.

Political risks include such factors as war, social unrest, sanctions and others. These factors have a negative impact on the fashion industry as they lead to a decrease in demand for new clothes and a decrease in the demand for fashion brands. To prepare for political risks and their impact on the fashion industry, several important measures can be taken such as how to promote the brand in different global markets, analyze the political environment regularly, develop crisis management plans, create a separate emergency reserve fund for the brand.

Let's look at the example of one popular Ukrainian brand that was able to overcome the difficulties associated with the outbreak of a full-scale war and continued to expand its business not only in Ukraine, but even abroad. Also, let's look at the impact of international sanctions imposed on Russia and their consequences for the fashion industry in the country.

From the article by Iryna Tatarenko we can become more familiar with such a brand as Gunia Project. Gunia Project is a Ukrainian clothing brand that became one of the most popular in Ukraine and abroad during the war. Perhaps, if not for the war, it would have been much harder for the brand to achieve such success, because it was during the war that people realized how important it is to appreciate and know their culture. Gunia Project considers it its mission to tell the world about Ukrainian culture. In the conditions of war this mission became even more important, because the enemy is trying to completely destroy the history of Ukraine. Gunia Project managed to adapt to work during the war despite the difficult circumstances. Immediately after the war started, the team paid their salaries and closed down production and their showroom, without any specific plan. Part of the team moved to western Ukraine, while another part went abroad. At the very beginning of the war, the brand focused on helping the Ukrainian army and supporting the population, including volunteer work and various charity campaigns. Founders Natalia Kamenskaia and Maria Gavrylyuk focus on preserving Ukrainian cultural heritage through the production of clothing, ceramics and costume jewelry. The first collection, created after the start of the Russian invasion, is called "Atlas" and includes silver gilded earrings and brooches inspired by the Atlas figures found on the historic Chimaeras house in Kyiv [\[14\]](#). The article from author Antonella Reina says that

this collection is a reflection on the existence of local culture during war, the importance of preserving it and the connection of cultural symbols to national ideals. The brand emphasizes the preservation of culture and the creation of products that reflect national ideals, and this suggests a strategy aimed at strengthening the brand's identity and cultural relevance [\[15\]](#).

Starting from March 2022 almost all popular international brands have stopped their work in Russia, starting from Bershka, Zara, H&M, Pull and Bear as well as luxury brands such as Chanel, Louis Vuitton, Vetements and Balenciaga have suspended their work in Russia. This decision was caused by logistical difficulties and sanctions imposed on the country and the desire to support Ukraine.

From Vera Khmelnitskaya's article we can see that the sanctions not only affected the availability of branded goods inside Russia, but they also limited the ability of Russians to buy luxury goods outside the country. A shopping limit of 300 euros was introduced for luxury goods. Some disgruntled people even resorted to vandalism, painting various graffiti on the windows and walls of stores [\[16\]](#).

Despite these restrictions, some brands started to look for ways to circumvent the sanctions, especially countries like Turkey, Kazakhstan and Dubai helped them. These countries attracted the attention of rich Russians who wanted to continue living their old life with foreign luxury brands. But this does not apply to everyone, at the same time, the brand Balenciaga showed its commitment in supporting Ukraine, it organized a fashion show at the very beginning of the war and released a charity collection of clothes, from the sales of which all the proceeds went to support the Ukrainian organization United24.

As for the Russian brands themselves, the situation is no better. Problems start at the very beginning of the supply chain - due to logistical difficulties, shipments of materials are often delayed or suspended. Prices for materials are rising along with the dollar and euro exchange rate. In addition to all of the above, some foreign manufacturers refuse to cooperate with Russian brands on principle.

Today, the support of Russian designers by celebrities, wearing their clothes or even just a simple subscription to instagram can cause a negative reaction from fans.

With the departure of international brands, stores have been filled with products mostly from China. This has greatly affected the quality of clothing. But with all this, despite the deterioration in quality, prices, on the contrary, have increased. The lack of competition in the market allows sellers to set higher prices, because Russians have no choice.

### 3) Environmental risks.

Environmental risks include factors such as climate change, pollution, and various harmful emissions. These factors lead to a decrease in the quality of raw materials, increase production costs, and can also affect the brand negatively. Therefore, to prepare for environmental risks, fashion brands can take measures such as switching to more environmentally friendly materials and production methods, reducing production waste, possibly recycling these excess materials in the future.

In today's fashion industry there is more demand from customers for sustainability and environmental responsibility related to production emissions from clothing brands. Brands like KSENIASCHNAIDER are leaders in this area, focusing on recycling and respect for the environment, which allows them to stand out in the market. At the same time, companies like Shein are criticized for the negative environmental impact of their production processes. This contrast in brand ethics emphasizes the importance of informed choice on the part of customers, who can motivate through their purchases positive brand changes to reduce environmental harm, supporting sustainability and responsible production.

### 4) Risks related to employees.

Personnel-related risks include such factors as unfair actions of employees, information leakage, cheating, lying. This is one of the most important things as almost everything in the brand, its reputation, development and quality of brand performance depends on the team. To prepare for the risks associated with staff, fashion brands can take measures such as more careful selection of employees, implementation of brand ethics, create a system of internal control, monitor the privacy of information.

From an article by Mathew J. Schwartz we can find out that US company Guess faced a cyberattack in 2021 due to developer inattention, which resulted in attackers gaining access to the company's systems and stealing customers' personal and financial data. This

included social security numbers, driver's license numbers, passport information, bank accounts, and bank card numbers with security codes. Guess did not discover the leak until 3 months later and said they brought in network forensics experts to investigate the incident and are cooperating with law enforcement [\[17\]](#). The company offered potential victims one year of free credit monitoring. After this cyberattack, the company implemented a cybersecurity awareness training program for employees. The program included training on recognizing and preventing phishing attacks, password management, and safe use of corporate resources. This helped build a strong defense against cyber threats and strengthen the overall data security of the company [\[18\]](#).

I would like to analyze the marketing and promotion strategies of a fashion clothing brand during a crisis.

In times of crisis it is important to keep the loyalty of your customers. To do this, it is necessary to offer them good conditions, such as discounts, promotions, bonus programs, to attract customers with various activities. But in addition to old customers, it is also important to find ways to attract new customers. For this you can use methods such as advertising, promotion of social networks, cooperation with bloggers and influencers, both in your country and abroad.

To retain and attract new customers in times of crisis, there are several effective methods that can be applied depending on the brand message, as each brand has its own style, message and idea.

One of the main approaches in times of crisis is to make your brand more accessible for most people. In a crisis, when consumers are trying to save money and spend their money more thoughtfully, lowering the price, providing free shipping or some additional gifts can stimulate interest and attract new customers to the brand. In addition to this, you can also attract people with discounts. It can be either a seasonal sale or limited time discounts on a new collection. A good idea would be to organize contests and various giveaways.

The next important point is to emphasize the value and message of the brand. In times of crisis it is important to emphasize the value of the brand and its advantages over all others. To do this, you can describe the history of the brand and its creation, what idea the brand was launched with, what the brand's mission is.



It is also very important to strengthen relationships with customers, for this purpose you can conduct surveys, collect feedback, and build a friendly atmosphere. It is necessary to properly communicate with the client, in a respectful tone, to provide the manager with all the templates of answers to frequently asked questions. A good and properly built dialogue with the client plays a very important role, allowing you to understand their needs, expectations and provide an individual approach. The use of CRM-system will help to track and analyze customer data, which will allow you to create more personalized recommendations and offers.

Collaboration with other brands is also a good idea to expand the number of different customers. This will be a great way to attract new audiences and increase brand awareness. It can be not only clothes, but also, for example, some jewelry or headwear. It can be an interesting photo shoot and promote such a pop-up in social networks. This collaboration is very beneficial for both parties, because without strong advertising costs each of you get a lot of new customers.

### **1.3 Environmental risks and threats in the fashion industry**

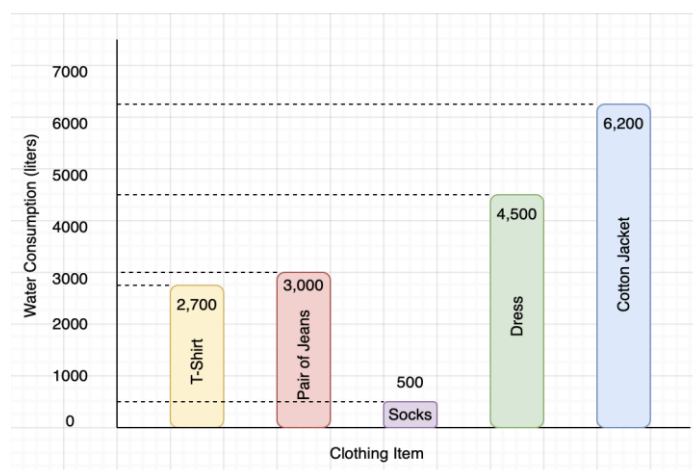
Our society does not even realize how much "fast fashion" is killing and destroying our planet. The term "fast fashion" describes a business model based on the rapid production and availability of inexpensive clothing that follows the latest fashion trends. This term can be associated with brands like Zara, Primark, Shein, H&M and others. Most of the products of these brands are of low quality and are released collection after collection, constantly updating the range and attracting different customers.

But it's not only the mass market that spoils the environment, luxury brands do even worse. For example, such a brand as Louis Vuitton does not make any discounts on their items at all, and just simply burns all unsold products at the end of the year. This is done to maintain the brand's luxury and status. The company makes a big loss by burning their products in this way, but it is costly not only for the brand owners, but also for the environment.

I would say that there has been a shift in our society and we have become a society of clothing consumers. Leaders of global brands are at the top of the Forbes list, becoming billionaires. However, this hides a huge environmental cost to our planet. The mass production of short-lived clothing is depleting resources, causing pollution and climate change.

If we are talking about cheap mass market clothing, it is important to realize that such brands are most often focused on quantity rather than quality. They look to purchase and manufacture products from the cheapest materials and in cheap labor markets.

One of the most common and comfortable materials for clothing is cotton, which accounts for about 40% of all clothing produced in the world. However, the process of chemically treating cotton begins long before it becomes fabric. Growing cotton requires watering it for 200 days, which requires a huge amount of water. For example, it takes about 2,700 liters of water to produce one T-shirt, and over 3,000 liters to produce a pair of jeans Figure 1.7. These huge amounts of moisture lead to soil salinization and deterioration of soil fertility [19].



**Figure 1.7.** Water consumption for clothing items is made of cottons [19]

Taking into account environmental challenges, many specialized denim brands, such as Levi's, are actively implementing various environmental initiatives, thus setting the bar for the rest of the world. Levi's, for example, is committed to reducing water use in manufacturing and promises to cut it in half by 2025.

Figure 1.8. presents a life cycle analysis of one pair of Levi's 501 jeans (the brand's most popular and well-known model).



**Figure 1.8.** Analysis of the life cycle of one pair of Levi's 501 jeans [20]

Let's analyze this image.

Climate change impact: carbon dioxide emitted into the atmosphere is 33.4 kg CO<sub>2</sub>-e, which is equivalent to 69 miles driven by the average car in the U.S. or 246 hours of watching TV on a plasma screen.

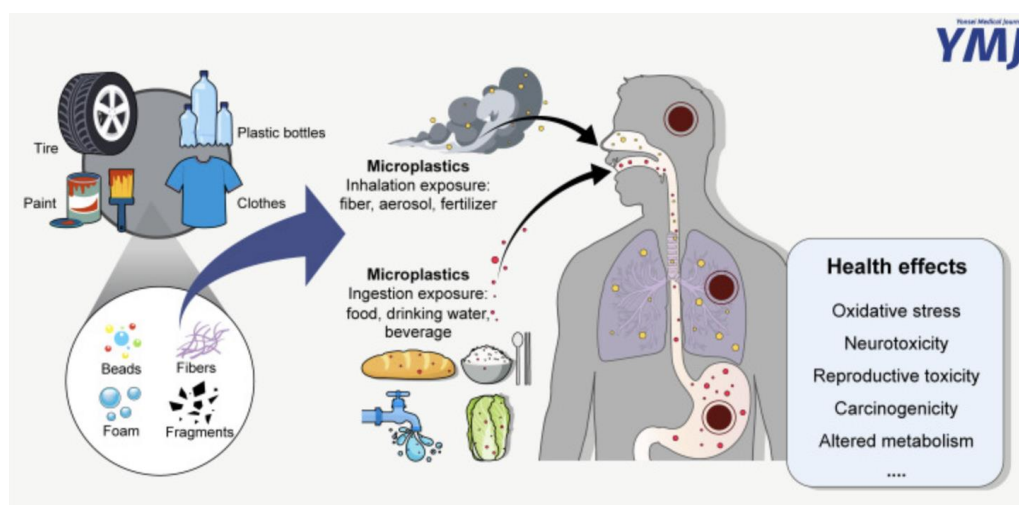
Water consumption: it takes 3,781 liters of water to produce one pair of jeans, which is equivalent to three days of water demand for a single U.S. household.

Eutrophication: phosphorus release is estimated at 48.9 g PO<sub>4</sub>-e, which is equal to the amount of phosphorus found in about 1,700 tomatoes.

Land occupation: the land occupied for production is 12 m<sup>2</sup> per year, which can be compared to the area occupied by seven people standing side by side with their fingertips extended and touching [20].

Synthetic materials are chemically created and therefore pose an environmental problem due to their slow decomposition and environmental impact, both during the production phase and after the period of use. They take decades to start decomposition and are very harmful to our nature, especially due to their production, which consumes a lot of energy and contributes to climate degradation.

From the article written by Yonsei Med J. we can know that microplastic produced during the life cycle of synthetic materials pose a threat to the health of humans, animals, fish and nature. Research shows that microplastics can harm human health by affecting various body systems, including the digestive, respiratory, and immune systems Figure 1.9. As example, when we inhale microplastics, they can cause inflammation in the respiratory tract. Also, when it enters the digestive system, it can cause irritation and inflammation. It is important to note that microplastics can accumulate in animals, including fish and seafood that we eat. Thus, it can enter our bodies through the food chain. In addition, microplastics can carry other harmful substances such as heavy metals and toxins, increasing their negative effects on the body [21].



**Figure 1.9.** Microplastics and their health impacts [21]

Regions where the most synthetic fabrics are produced, such as China, India and other Southeast Asian countries, have higher levels of pollution and also higher statistics of morbidity among the population.

The production of natural fur and leather is highly detrimental to our environment, mainly because of the high levels of pollution they create during the production process. About 85% of the hides in the fur industry come from various fur farms where each mink produces about 40 pounds (18 kilograms) of feces in its lifetime and this results in millions of kilograms of feces each year. Water pollution from these farms is also a serious environmental problem, and high levels of toxic substances in groundwater have been reported in areas near the tanneries, as well as increased incidences of leukemia among the local population. In addition, the leather tanning process also results in significant pollution. Various chemicals including mineral salts, formaldehyde, and coal tar are used in the production process, which pollute water and soil. Waste from tanneries contains hazardous chemicals such as chromium, which is classified as a hazardous waste [\[22\]](#).

Generally in my opinion, nowadays using natural wool or leather in your clothing is bad, more and more people are realizing the importance of ethical treatment of animals and environmental protection, so alternative materials are being developed that mimic natural wool and leather without harming animals. For example, there are different types of vegetable leather and natural faux fur.

The question then becomes, how do we dress without harming the planet? I believe that one way is to change our attitude towards fashion. Fashion is cyclical, and what was fashionable a few years ago is bound to become relevant again. People need to stop spending money on endless new trends. Already today, various vintage flea markets and second hand shops are becoming more and more popular as they offer the opportunity to buy unique items at a more affordable price and at the same time without harming the environment. We can redefine the concept of fashion by paying attention to sustainability, quality and style rather than fleeting trends. We can choose clothes that are made from sustainable materials, supporting companies that adhere to sustainable manufacturing principles.

Changing our attitude towards fashion and adopting more sustainable practices when choosing clothes will help us dress stylishly and environmentally responsible at the same time. I hope this approach becomes one and a major trend for everyone.

I am sure many people have heard or read about the terrible working conditions in some industries in countries where labor is cheap, like China or India. Problems such as low wages, long working hours, lack of social security and safety at work, child labor and coercion do exist and need immediate attention and solutions. Many a company has suffered condemnations, losses, from consumers when all the horrible facts of production were revealed.

One of the most striking cases of companies being canceled due to poor working conditions that I remember is related to the Chinese online clothing store Shein and the Spanish company Inditex.

Shein is known for releasing a huge amount of new products every day with very low prices. However, in 2021, there was a widespread scandal associated with the platform. Reports of people who received clothes with tags that said "Need your help!", "Help", "We work around the clock" appeared on the internet. This sparked outrage among internet users who suggested that Shein employees were trying to draw attention to their harsh working conditions. After an investigation, it was revealed that employees are forced to sew 500 items per shift, working 18 hours a day. They get just one day off a month and earn about \$556 dollars. Many are forced to work overtime to earn more, receiving only 2 cents for each additional item [\[23\]](#).

From an article by Sarah Butler and Thaslima Begum we can find out that on April 24, 2013, the Rana Plaza complex building collapsed in Dhaka, Bangladesh. As a result of the tragedy, more than 1,100 people died. The preliminary cause of the fall was vibrations from generators that coincided with the operation of sewing machines in the garment factories in the building. After the tragedy, many people expressed their anger and dissatisfaction, demanding changes from brands associated with the tragedy. Rallies and protests with angry posters and slogans were held outside Inditex stores, drawing public attention to the need to revise working conditions. In response to public pressure, an agreement was signed that pledged to conduct regular factory inspections and to take

responsibility for reimbursing the cost of repairs to the premises if necessary. This agreement was an important step towards improving working conditions [24].

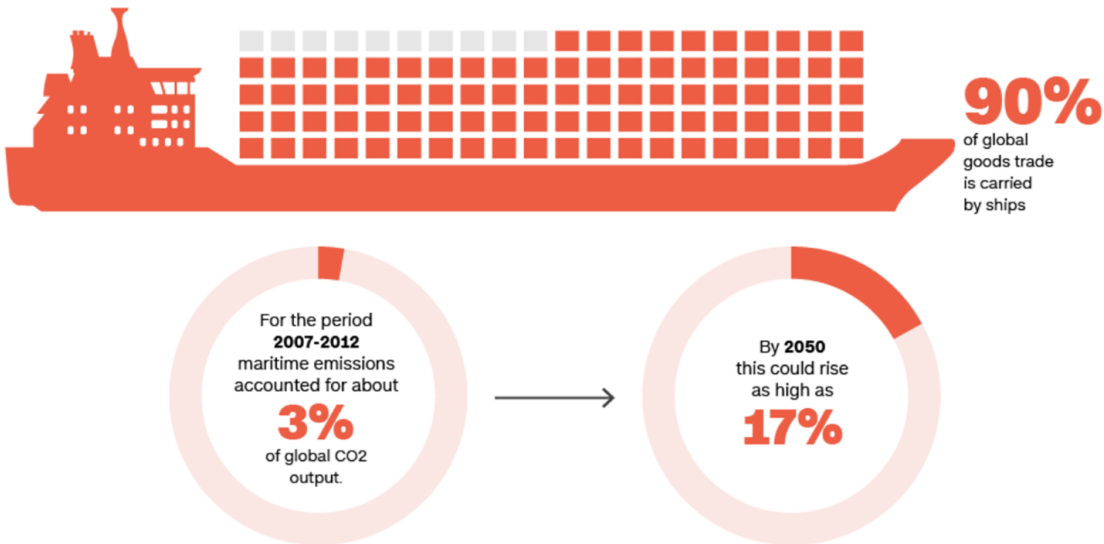
Fashion's carbon footprint is an integral part of our consumer culture. While we strive to keep up with all the trends, we often do not realize the environmental impact of the production and delivery process of these fast-changing fashion products. More conscious consumption can play an important role in reducing fashion's carbon footprint and creating a more sustainable future fashion industry.



Figure 1.10. The life cycle of clothing [25]

Figure 1.10. from an article by Jes Lee depicts the stages of the apparel life cycle from the growing of raw materials to the utilization of the product. The stages include fiber production, spinning, weaving/knitting, dyeing, sewing, suppliers and agents, design and distribution by brands and retailers, consumer use of the product, and finally recycling or disposal of end-of-life garments.

Every item in our wardrobe has environmental footprints. We often don't think about the way the item has traveled, the resources used and the emissions created during its production and delivery.



**Figure 1.11.** Carbon footprint of maritime transportation [\[25\]](#)

Figure 1.11. from an article by Jes Lee shows a chart about the impact of maritime transportation on the environment. We can see that 90% of the world's trade in products is carried out by sea. The first graph shows that between 2007 and 2012, maritime emissions accounted for about 3% of global CO<sub>2</sub> emissions, while the second graph suggests that this figure could increase to 17% by 2050.

Apparel shipping has a significant environmental impact, as sea vessels, which carry about 10 billion tons of goods per year, produce about 2.5% of the world's total CO<sub>2</sub> emissions. Transportation by ship, despite its harm to the environment, remains the cheapest and most carbon-efficient shipping method, emitting only about 10 grams of CO<sub>2</sub> per kilometer when carrying 1 ton of cargo. That's half as much as a train, five times less than a truck, and nearly fifty times less than an airplane [\[25\]](#).

In this situation, there is one right solution that will be best for our planet and that is to cut down on buying unnecessary things and in return choose quality and second hand items. This will not only help us now, but will also create a better future for the next generations.



## **CHAPTER 2. ANALYSIS OF DIFFERENT TYPES OF CRISES IN UKRAINIAN FASHION COMPANIES AND KSENIASCHNAIDER BRAND (BASED ON THE MATERIALS OF INTERNSHIP IN KSENIASCHNAIDER COMPANY)**

### **2.1 Research on current development trends, successful brands, and designers in the Ukrainian fashion industry**

In the last few years, the Ukrainian fashion industry has shown amazing growth rates, attracting the attention of people all over the world. Ukrainian brands and designers are gaining more and more popularity, their products are chosen by global stars for red carpets and concerts, which contributes to an even greater interest towards Ukrainian design. Although this turn of events seems ironic, the military actions in Ukraine have unfortunately played a role in the spread of Ukrainian fashion. The desire of the international community to support the Ukrainians led to even more interest in things made by local designers, many of whom before the war had gained considerable popularity on the world stage for their unique ideas and high quality products.

Everything changed after February 24, 2022, when every Ukrainian brand had to make difficult decisions. Many brands closed due to financial difficulties or because the team moved to different parts of the world, others went through rebranding or even changed the direction of activity, but there were also those who managed not only to maintain stability, but also to reach new heights in these difficult times.

Let's look at different examples of key strategies that Ukrainian designers and brands apply to promote and develop their business in the current challenges.

The focus of Ukrainian fashion designers is on uniqueness and cultural specificity, which is reflected in each collection. From Toma Mironenko's article, we can find out that after the outbreak of war, the emphasis on national motifs and modern interpretation of traditional Ukrainian elements in clothing has gained huge popularity. Thus, vyshyvanka, national silhouettes and traditional outfits inspired many designers to launch patriotic collections in their brand. One of the brightest examples of this approach is the

brand Guinea Project, which became especially popular after the beginning of the war. The boom in Ukrainian products has helped draw attention to their patriotic products, including ceramics and clothing inspired by vintage Ukrainian silhouettes from history, books, and paintings. "We were one of the first to start targeting Ukrainian culture," summarizes GuniaProject brand co-founder Maria Gavrylyuk, "After February 24, we felt a lot of support from international audiences and Ukrainians". Specializing in ceramics, the brand also offers clothing and jewelry made of gold and silver, all created in a unique Ukrainian style. Each piece is the result of careful handcrafting, made with great skill and a strong love for our Ukrainian culture. The company's revenue in 2022, according to YouControl from Forbes article, amounted to UAH 13.6 million. Ceramics production increased by 20%, brand representation in foreign showrooms grew 2.5 times. The showroom in Kyiv was expanded and the team moved to a new office [\[26\]](#).

Gunia Project in my opinion has not only established itself as a leader among brands inspired by Ukrainian traditions, but has also become a symbol of revival of Ukrainian culture, reminding about the richness and diversity of our history and its importance in such times.

RUSLAN BAGINSKIY brand takes the first place in the list of the most popular brands not only in Ukraine, but also in the world, specializing in headwear. Ruslan Baginsky's brand attracted attention first of all thanks to various celebrities. In the fall of 2017, super model Bella Hadid wore a red and black hat of Baginsky, after it led to a huge increase in the number of new subscribers, customers and greater popularity. This event was a huge turning point and took the brand to the next level. The popularity of the brand continues to grow to this day. Beyonce chose Baginsky silver hats for her Renaissance tour in 2023, which was attended by over 1.6 million people. Ruslan Baginsky hats have appeared on the cover of Italian Vogue and have been worn by celebrities such as Kaia Gerber, Emily Ratajkowski and Madonna. The brand is also sold in major online stores such as Farfetch, Mytheresa, Net-a-Porter, LYST and others [\[27\]](#).

In my opinion, the success of RUSLAN BAGINSKIY consists in creating a truly unique product that filled a vacant niche of fashionable headwear. This brand offered something special, which made it deservedly popular.

TTSWTRS stands out from other Ukrainian brands due to their non-traditional approach to clothing design, which is that they came up with the idea to make a tattoo print on beige fabric, creating the illusion of real tattoos on the body. Founded by Anna Osmekhina in 2013, the brand has quickly gained popularity with celebrities including Nicki Minaj and Winnie Harlow. The uniqueness of the brand and its ability to reflect individuality through clothing has caught the attention of people around the world, giving them the opportunity to open their stores in Europe. At the moment the brand has 2 stores in Ukraine and 1 in Vienna, Austria.

The patriotic side of the TTSWTRS brand has come into question after an incident involving the release of a collaboration collection with Vans in 2022. Some writings on the sneakers were in the Russian language, this triggered bewilderment of the Ukrainian audience and criticism, given that the brand positions itself as Ukrainian [26]. I think that the brand made the only right decision - to publicly apologize and admit their mistakes. Moreover, after the whole situation, they started to actively engage in charitable activities and publicly help various foundations.

KSENIASCHNAIDER brand, founded by Ksenia and Anton Schnaider, is definitely the most eco-friendly Ukrainian fashion brand. The design family is not afraid to experiment with different styles, materials and shapes, always striving to create something new and eco-friendly, be it fabric made from plastic bottles or hemp threads, ending with the creation of a collection entirely from recycled unnecessary ties. The brand heavily emphasizes recycling and upcycling, with approximately 40% of all items the brand makes being recycled clothing. In the showroom, customers can exchange old 100% cotton jeans for a discount, which helps customers get into and understand the brand's mission.

The KSENIASCHNAIDER brand gained worldwide popularity with the Demi-Denims Jeans created by Ksenia, which combines jeans and shorts together, featured in the Fall-Winter 2018/2019 collection. Around 6,000 pairs of these jeans were sold in three years. LYST named Demi-Denims the most sought-after product of 2019. The brand became the exact leader in the trend for denim and to this day is the best denim brand in Ukraine.

Back in 2014, at the beginning of the war in Ukraine, Ksenia expressed her support for her native country and launched a collection of sweatshirts with the image of the Ukrainian coat of arms. Since the beginning of the full-scale war, nothing has changed in the position of the brand and Ksenia herself, she continues to make various collaborations with charitable foundations and does it all without making any money from it. Besides, through her designs Ksenia tries to popularize Ukrainian culture and history. An example of this is the Fall-Winter 2023 collection, which featured Cossack Jeans interpretation of historical Cossack clothing made of denim.

In 2023, Ksenia and Anton Schnaider became the first Ukrainian designers who launched a collaboration with the global brand Adidas Originals. This collection combines KSENIASCHNAIDER's signature style with modern Adidas Originals elements. The collection includes different jeans, sportswear suits, corsets and several models of sneakers. On all things in the collection there are bright green price tags, this idea was invented by Anton, the price tag in a playful way gives a rethinking of fashion norms and views on the cost of clothes.

Such popularity of KSENIASCHNAIDER shows the fashion industry's shift towards sustainability. Today, the brand is leading the way in the conscious fashion movement, emphasizing sustainability and the importance of recycling for the environment.

From the analysis we can see that Ukrainian fashion brands are really great at dealing with difficulties. Even during the war they continue to conquer the fashion world. Brands Gunia Project, RUSLAN BAGINSKIY, TTSWTRS and KSENIASCHNAIDER show the whole world how unique and interesting Ukrainian fashion can be. They not only make beautiful things, but also put the history of Ukrainian culture into them. It is surprising that these brands not only survive in such difficult conditions, but also grow, make people talk about themselves outside the country and attract the attention of world stars to their products. All this shows the power and talent of Ukrainian fashion, confirming that we have something to show to the rest of the fashion world, even in such difficult times for the country.

## **2.2 Analyze the challenges faced by the Ukrainian fashion industry and possible strategies for sustainable growth and development**

Until February 24, 2022, the Ukrainian fashion industry demonstrated great growth and success at the global level. Clothes from Ukrainian designers were worn by world celebrities, various fashion shows were organized both in Ukraine and abroad, and foreign multi-brand clothing stores actively purchased products that were quickly delivered to them from Ukraine. However, with the outbreak of war, the situation changed completely.

Nowadays Ukrainian fashion industry, as well as many other industries, faced serious challenges due to geopolitical instability in the country. The economic crisis has led to the fact that the population of Ukraine has become much poorer, millions of people emigrated to other countries, reduced opportunities to buy products that are not necessities. People began to save money and prioritize more important expenses and this all left its effect on the sales of clothing brands.

From the article by Linas Lasiauskas we can find out that the textile and clothing industry in Ukraine is a key sector of the economy, providing about 90 thousand workplaces. Despite the problems associated with declining sales on the domestic market and in Russia (as exports were among the largest from Ukraine before the war), exports account for about 10% of production. The industry needs stronger government support and export skills development [\[28\]](#).

Let's take a look at some statistics. About 5% of fashion apparel businesses have closed, 28% have suspended operations, and only 27% continue to operate. More than 40% of brands are waiting for the conflict to end, about 15% have cut staff. Losses range from 27% estimated losses up to \$2000, 32% estimated losses between \$2000 and \$10000, and almost 7% experienced losses of more than \$10000. Despite the challenges, most intend to rebuild and grow their brands after the war [\[29\]](#).

Analyzing the situation with logistics of various items in Ukraine after the outbreak of war, it can be noted that Ukrainian clothing manufacturers and retailers face a number of major logistical challenges. These challenges include higher and slower delivery costs, interrupted supply chains and difficulties with customs clearance. To adapt to the new environment, businesses need to look for alternative delivery routes, optimize their

logistics processes and work more with local manufacturers. All of this will reduce dependence on imported supplies and help businesses to operate more sustainably in this challenging environment [\[30\]](#).

An example of this effect is the KSENIASCHNAIDER brand. In the period before the war, average sales in its showroom reached from 1 to 1.5 million hryvnias, whereas in the current conditions the sales target has dropped to 500 thousand hryvnias, which is more than twice lower than the pre-war indicators. This tendency concerns not only individual stores of the brand, but also other retail outlets across Ukraine, as well as cooperation with foreign partners. With the outbreak of war, production was suspended, and delivery of materials from abroad became much more difficult. For example, according to Ksenia, the wait for the delivery of light denim was delayed for more than two months, which led to the inability to fulfill a number of orders. From Pasha Tseluiko's article, we can find out that even before the war began, brand founders Ksenia and Anton were facing difficulties, considering closing the business due to its poor success and constant feelings of exhaustion. At times when Ksenia expressed a desire to stop operations, Anton responded that they could close, but only after all obligations had been fulfilled. This situation demonstrates not only the specific difficulties faced by the industry, but also the overall determination and commitment to continue operations despite the challenges [\[31\]](#).

From the book by authors Tinatin Akhvlediani and Veronika Movchan we can know that the Ukrainian fashion industry has undoubted creative potential, but faces serious barriers to the realization of this potential. The main problem which should be noted is the low added value of products. According to research, only about 9% of Ukraine's GDP is accounted for by high value-added products, while this figure should exceed 20% to achieve an acceptable standard of living [\[32\]](#).

Limited access to high-quality raw materials severely restricts the industry's innovative capabilities and the production of high-quality products, which is especially important when brands regularly face delays at borders. This significantly reduces the competitiveness of Ukrainian fashion brands in the international arena. In addition, most Ukrainians are not willing to pay more for quality materials, preferring more affordable options, which stimulates demand for cheap products.

In recent years, clothing sales in Ukraine have fallen by 30% due to the lower purchasing power of Ukrainians. The situation in the Ukrainian market has forced many international clothing and accessories companies to change their development plans in Ukraine and stop waiting for the economic situation to improve and stabilize [\[32\]](#).

As an example, take the Spanish retailer Inditex, which owns such favorite brands for Ukrainians as Zara and Bershka, they suspended their activities in Ukraine due to fears of war. For themselves, they prioritize the safety of their employees and customers. At this point, Inditex no longer sees a significant threat and may return by the summer. This will have a significant socio-economic impact, signaling that businesses can safely operate in Ukraine even in times of war [\[33\]](#).

In addition to the above, an important factor that stops the market growth is the lack of quality retail space, especially in Kyiv, where the construction of many shopping centers has slowed down. Added to this is the problem of a complex bureaucratic system, which makes it difficult to open new stores without having the appropriate contacts and paying bribes.

We can conclude that despite these difficulties, many brands intend to rebuild and develop their operations after the end of the war, they continue to look for alternative delivery routes and seek to optimize their logistics processes. For sustainable growth and development of the Ukrainian fashion industry, it is important to overcome all these challenges, adapt to new working conditions and look for opportunities to develop their business.

## **2.3 Overview of data and information about the brand KSENIASCHNAIDER.**

### **Overall impressions and work experience in the brand**

I was incredibly lucky to become part of the team of KSENIASCHNAIDER, a brand that today is the exact leader of all Ukrainian fashion brands in the sphere of denim. This brand is characterized not only by its strongly expressed ecological mission, but also by

a great team of talented people, as well as unique and innovative design solutions in clothing.

In 2011, Ksenia Shnaider together with her husband Anton Shnaider founded the brand KSENIASCHNAIDER. Interestingly, Ksenia had previously tried to create her own brand after dropping out of university, she launched X`U brand in 2004, which focused on creating affordable clothing labeled "Made in Ukraine". Although X`U did not achieve much success, it became one of the first Ukrainian brands to use lookbooks and organize after-parties after fashion shows, which was a innovation in Ukraine [\[34\]](#).

When Ksenia met Anton Shnaider, then a website designer, their collaborative desires and efforts laid the beginning of a new stage in their lives. Together they decided to start their own brand, at the time not even realizing the scale of success that awaited them. This move not only changed their lives, but also led to the creation of KSENIASCHNAIDER, a brand that has come to symbolize innovative design and sustainability in the fashion industry.

Since their creation in 2011, Ksenia and Anton Shnaider realized that their brand should enter the market with a clear and strongly pronounced position. Their desire for zero-waste production and the belief that every piece of clothing can be given a second life has become the basis of the brand's philosophy. Approximately 40% of KSENIASCHNAIDER's production consists of recycled clothing, mainly made of cotton. This approach not only makes the brand more appealing to conscious consumers, but also demonstrates that sustainability can be put into practice and not just serve as a PR move. KSENIASCHNAIDER actually collects cotton products in their showroom and sends them for recycling, sometimes causing difficulties in fulfilling orders due to a shortage of suitable material. During my time working with the brand we often had problems with a shortage of denim for recycling, when customers placed a pre-order for items from the "reworked" section and for a long period of time they just couldn't be made because there wasn't enough appropriate denim for that model and the production team had to search for the right pair of jeans to fulfill the order. I think a lot of people would agree that such brands are the future, as everyone should realize how important recycling is and how much we will help the environment if we support this kind of fashion.



Ksenia Shnaider decided to make an experiment and try to create jeans together with shorts, she called them Demi-Denims and launched them as part of the Fall-Winter 2018/2019 collection. Almost immediately, the model became a real success and made the brand world-famous. This unusual design attracted many stylish people around the world, it began to be ordered by various multi-brand stores, it led to the fact that in three years it was possible to sell about 6,000 pairs of such jeans. Thanks to the support of famous stars such as Bella Hadid, Camila Cabello, Eleonora Carisi, Jamala and many others Demi-Denims have been recognized as a global trend and KSENIASCHNAIDER brand has taken a leading position in the world in the creative denim industry. The interesting thing is that their popularity has reached such a level that even famous brands like Mango and Zara have copied the idea of jeans with shorts in their collections. Also, the multi-brand platform LYST announced Demi-Denims as the most requested item of 2019.

There are 21 employees in the KSENIASCHNAIDER team, and only one male among them is Anton Schnaider. The average age of the employees is between 27 and 30 years old. However, if you look at the social media management department or the showroom staff, most of them are young girls under the age of 27. At the same time, the production department staff are women between the ages of 30 and 55. Ksenia is always looking for new seamstresses and is ready to accept people of any age, gender and even without experience into the team. It is important to her that the employee fulfills his work properly and for this she is ready to invest in training of her team.

My duties in the KSENIASCHNAIDER brand included ensuring the quality of the online store, adding new products to the website with descriptions, synchronization with the NAVKOLO database, preparing documents for shipment via Nova Post, EMC, DHL, communicating with customers via Instagram and mail, organizing promotions and discounts, preparing mailings, inventory of goods, packing and sending orders, improving online store and customer experience, working in offline store, organizing photo shoots, implementing tools to increase the average check and sales. The main part of my work was related to Shopify, I had to regularly monitor the synchronization of the website with the database, post new products and fix bugs.

One of the most successful and noticeable marketing ideas of the brand invented by Anton Schnaider is the green price tag. In the 2017 and 2022 collections, you can see this green sticker on almost all items. It often misleads people who try to peel it off clothes without realizing that it is part of the design.

In 2023, Ksenia and Anton Shnaider became the first Ukrainian designers who launched a collaboration with the global brand Adidas Originals. The basis of this collection is clothing that combines KSENIASCHNAIDER's signature aesthetic style with Adidas Originals codes. The collection includes denim pieces including jackets and shirt dresses as well as traditional tracksuits, corsets, patchwork style dresses and all items in the collection have that green price tag. Here's what Ksenia writes on her instagram "Each product from our collaboration with @adidasoriginals has green price tag hidden on a very unexpected areas. Small neon sticker is a bold statement redefining fashion norms, questioning price and value of clothes, playing with branding and pranking people, who are trying to gently point out on it." [\[35\]](#).

Achieving a collaboration with such a global fashion giant as Adidas Originals was no easy task for Ksenia, Anton and the entire KSENIASCHNAIDER brand team. Behind this success is over four years of hard work, creativity and constant edits to the design from Adidas Originals. Many initial ideas faced rejection from Adidas due to rising production costs, forcing the team to make adjustments to the design. Despite all the difficulties and challenges that had to be overcome, the collaboration was finally launched on July 1. Immediately after the launch, the world was informed about the collaboration thanks to a large-scale advertising campaign, billboards were launched all over the world announced this unique project. This event caused a real furor not only among the Ukrainian audience, but also around the world. The demand for sneakers from the collection was so high that they sold out in a few hours after the start of sales. Especially great was the desire of Ukrainians to purchase a piece of this historic collaboration this emphasizes national pride and support.

For the KSENIASCHNAIDER brand, this project was not just a collaboration, but a great opportunity to expand its audience. Having received wide media coverage, the brand attracted the attention of thousands of new customers from all over the world, thus

expanding its customer base. This experience was not only a test of the team's professionalism and patience, but also proof that dreams come true, even if the path to their realization is not easy. In March 2024, the world will see the second KSENIASCHNAIDER collaboration with Adidas Originals. This announcement brings groundbreaking designs precisely from Anton Schnaider. Among other things, a particularly memorable element of the collection has already been unveiled - a bag in the unusual shape of an Adidas box and the rest of the second collaboration will be available in March 2024.

## **2.4 Crises in the KSENIASCHNAIDER brand: cases, examples and comparison of crisis management strategies in KSENIASCHNAIDER and other companies in the fashion industry**

From Pasha Tseluyko's article we can find out that before the war in Ukraine, Ksenia and Anton faced serious challenges, standing on the brink of closing their business. The issue of discontinuing the brand surfaced regularly amidst Ksenia's disappointing successes and accumulated exhaustion. Every time Ksenia expressed a sense of despair and impossibility to continue, Anton found the strength to support their common cause, saying: "Okay, let's close, but we can't now. There are obligations, and it is still necessary to finalize, and then we will close" [\[31\]](#). It was continually dragging on like this.

My analysis of the brand's work before the war allows me to conclude that Ukraine may not be an ideal market for selling clothes in the style and price category of KSENIASCHNAIDER. A study of internal statistics shows that the main sales success is in Scandinavian countries and Japan, where the preferences and lifestyle of the population are more in tune with the philosophy of the brand. While in Ukraine, even before the war, buying jeans for \$400 was not affordable for most people, given the high quality and durability of these products, in Scandinavian countries and Japan such a price range is perceived more loyal, due to a high culture of consumption and quality assessment, such as the brands Acne Studios or Ganni, where similar prices for jeans are accompanied by high demand. Recognizing this specificity, Ksenia focuses on international customers, striving to satisfy their demands, while for the Ukrainian market the brand adapts prices,

making them more affordable. This approach not only helps to retain the loyalty of local consumers, but also opens the door to international recognition and success.

Under the conditions of the war, the KSENIASCHNAIDER brand faced serious challenges that required the team to adapt and rethink their already standard processes to the maximum extent possible. Production activities were temporarily suspended, and team members turned up in various corners of Ukraine and beyond, which made serious changes in the organization of the entire brand.

In response to these circumstances, the brand made a strategic decision to relocate part of its production facilities and showroom to Uzhgorod, thus allowing it to continue its operations in the new environment. This step not only helped to save jobs, but also helped to maintain stability within the team.

Realizing that in the first months of the war, consumer demand in Kyiv dropped significantly, it can be said that it stopped at all, and the city became empty for a while, the team began to look for new opportunities to promote and sell their products. The solution was a partnership with the multi-brand store "Nieshe concept" in Uzhgorod, which allowed KSENIASCHNAIDER to continue interacting with the audience and maintain interest in the brand even in such difficult times.

Also, during the critical period of the war, the "Support Card" program was launched on the official KSENIASCHNAIDER website, it became an important pillar for the brand. This mechanism allowed customers and partners to express their support with financial contributions. The cards, which could be purchased for amounts ranging from 5 to 500 dollars, became a symbol of trust and solidarity from customers and brand lovers.

Ksenia shares her impressions: "I was pleasantly surprised when people started buying them. Our regular customers were buying a \$5 card every day. It may not be that big of an amount in money, but it's just like a reminder to hang in there and not let up. There were people who bought \$500 worth - mostly our partners. I'm very grateful to them. These are the people we buy fabric from in Turkey, Korea or Taiwan. I didn't write to them personally, they saw the program and started to donate to us. Thanks to that we stayed afloat for the first two months. It was transparent for the team - we told them how much we were getting and divided the money equally". The quote is taken from an article

Conducting a sales analysis for the period from 2021 to 2023 will prove valuable in understanding and resolving the crisis situations faced by the KSENIASCHNAIDER brand. Such an analysis will provide key insights into how market fluctuations, changes in consumer demand and external situations affect the company's operations. By comparing sales figures and their dynamics, we will be able to identify not only the direct effects of crises, but also assess how effective the crisis management measures taken have been.

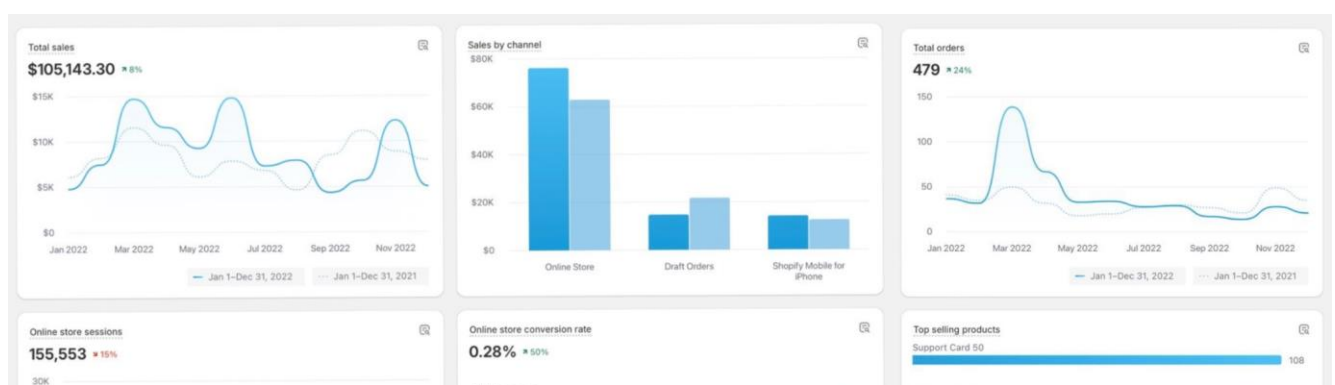
Based on the analysis of Figure 1.12. of KSENIASCHNAIDER brand sales for the period from January 1, 2021 to December 1, 2021, we can see the following statistics:

- Total sales. Total sales amounted to \$97,319.11
- Online store sessions. The number of sessions in the online store increased by 11% to 183,775.
- Online store conversion. The conversion rate was 0.19%, a 40% decrease from the prior period.
- Total number of orders. 385 orders were made.
- Average check. The average order value was \$252.29.
- Top selling products. The top selling products were Corruption Hoodie and Mimosa T-shirt.
- Repeat Purchases. The percentage of repeat buyers was 17.14%
- Sessions by location. Most sessions take place in Ukraine, then USA, Russia and Ireland. Growth in sessions is seen in Ireland.
- Sessions by device type. Predominantly purchases are made from mobile devices, but there is also an increase in the use of desktops and tablets.

**Figure 1.12.** KSENIASCHNAIDER brand sales analytics for the period January 1, 2021 - December 1, 2021

Based on the analysis of Figure 1.13. of KSENIASCHNAIDER brand sales for the period from January 1, 2022 to December 1, 2022, we can see the following statistics:

- Total Sales. The brand achieved total sales of \$105,143.30, an 8% increase over the previous year.
- Online Store Sessions. Recorded 155,553 sessions, an increase of 15% over last year.
- Online Store Conversion. Conversion rate was 0.28%, up 50% from the previous period.
- Total orders. 479 orders were fulfilled, up 24% from the previous reporting period.
- Average Check. The average check was \$230.49, down 9% from the previous year.
- Top Selling Products. The top selling products were the \$50 Support Card and the \$5 Support Card.

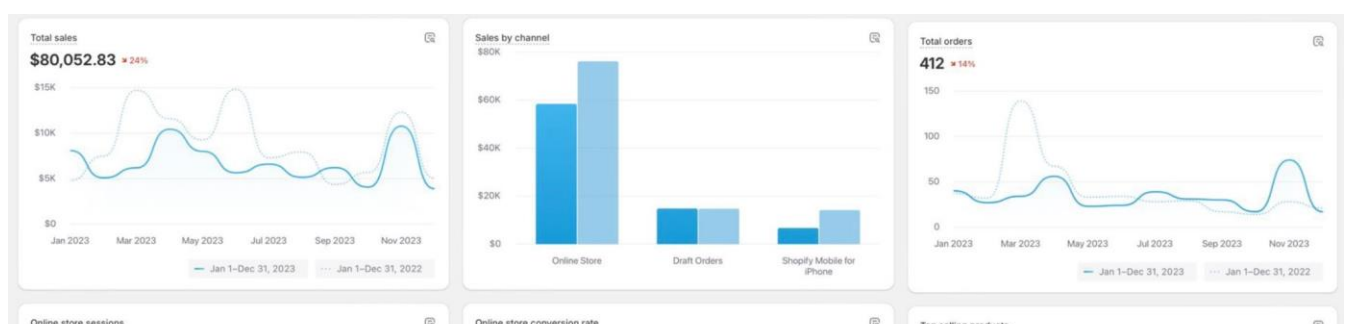


**Figure 1.13.** KSENIASCHNAIDER brand sales analytics for the period January 1, 2022 - December 1, 2022

- Repeat Purchases. The percentage of repeat buyers was 17.95%, up 5% from the previous year.
- Location Sessions. Ukraine accounted for the majority of sessions, followed by the US, Germany and Russia. However, traffic from Russia decreased by 53%.
- Sessions by device type. The majority of sessions were on mobile phones.

Based on the analysis of Figure 1.14. of KSENIASCHNAIDER brand sales for the period from January 1, 2023 to December 1, 2023, we can see the following statistics:

- Total Sales. Amounted to \$80,052.83, a 24% decrease from last year.
- Online Store Sessions. Increased by 25%, with a total of 194,334 sessions.
- Conversion Rate. Decreased by 28%, totaling 0.2%.
- Number of orders. Decreased by 14% to 412 orders.



*Figure 1.14. KSENIASCHNAIDER brand sales analytics for the period January 1, 2023 - December 1, 2023*

- Average check. Down 17% to \$190.25.
- Top-selling items. Corruption Cap and Corruption Scarf were the top sellers.
- Repeat Purchases. The percentage of repeat buyers was 18.8%, up 5% from the previous year.
- Location Sessions. The highest number of visits was recorded as in previous years in Ukraine, but also significant traffic came from the USA and Germany.
- Sessions by device type. The majority of sessions were on mobile devices.

Over the past three years, the KSENIASCHNAIDER brand has experienced ups and downs, which, as for many, were caused due to the difficult times of the beginning of a full-scale war in Ukraine. In 2021, we see that despite the growing interest in online shopping, people were buying less. But in 2022 the business recovered, apparently due to the team's efforts, belief and customers' willingness to support the brand in such difficult times. However, in 2023, the brand was touched by a crisis - sales fell heavily. This was



due to the fact that there were continuing problems with the supply of the necessary fabric, a reduction in the number of workers in production, problems at customs, as well as uncertainties related to the current situation in the country.

Nevertheless, the brand has managed to retain the trust of customers, as evidenced by an increase in repeat purchases, an indicator that people appreciate the quality and ideas of KSENIASCHNAIDER, even when times get harder. Although the average check has decreased, this can be understandable, as priorities change in war, and it is important for the brand to take this into account and continue to work despite this.

In 2015 was the first launch of the collaboration between the YEEZY brand, founded by Kanye West, and the world-famous Adidas company. This event not only created a sensation among fashion lovers, but also fundamentally changed the perception of the status and importance of branded footwear in the modern world. YEEZY sneakers stood out due to their unique design and comfort, becoming an instant hit among celebrities and trend-setters. Despite the high price tag, ranging from \$600 to \$1,200 per pair, the demand for them has not waned over the years.

However, Kanye West's path in the fashion industry has faced a major crisis due to his scandalous statements and actions. In particular, his anti-Semitic statements led to massive condemnation and the subsequent termination of his contract with Adidas. This incident dealt a significant blow to West's reputation as well as the financial standing of his brand. An attempt to revive interest in YEEZY through a collaboration with Russian designer Gosha Rubchinskiy also provoked a mixed reaction from the public and apparently failed to fully restore the brand's former success [\[38\]](#).

This example highlights the critical role that the reputation and individual beliefs of founders play in the fashion world. It also illustrates how quickly a brand's popularity and credibility can decline when it is associated with controversial statements and actions by its founder.

Lotta Volkova, a well-known stylist of luxury brands, is at the center of a widely discussed scandal related to the fashion house Balenciaga. She is often mentioned as a close associate of Demna Gvasalia, the brand's creative director. The scandal broke in November 2022 and was sparked by a Balenciaga ad campaign featuring child models

posing with teddy bears wearing BDSM accessories. The images sparked a wave of public outrage, and the brand was accused of sexualizing children and promoting child pornography.

From Julia Krankovska's article, we can find out that in response to the allegations, both Demna Gvasalia and campaign photographer Gabriele Galimberti publicly apologized. However, the public demanded a wider investigation and the prosecution of all those involved in the controversial advertisement. As a result, public attention turned to Lotte Volkova, the campaign's stylist, whose social media accounts were scrutinized. Although Volkova herself closed all her accounts, the allegations against her became part of a general stream of criticism of the brand [\[39\]](#).

The scandal had a significant impact on Balenciaga's reputation. Many customers and influencers began to publicly reject the brand's products, which undoubtedly affected sales and the overall perception of the brand in the market. In the short term, this may have led to a decrease in demand for Balenciaga's products and a deterioration in its financial performance. In the long term, however, the brand will have to work to regain consumer trust, which may require significant PR and marketing efforts.

When comparing the Balenciaga crisis management with other companies in the fashion industry, it can be noted that success depends on the speed of reaction to the scandal and the willingness to accept responsibility for what happened. An important aspect is also the transparency of the company's actions and its willingness to open dialog with the public. Balenciaga has tried to minimize the damage by reacting quickly to criticism and taking steps to rectify the situation, but it will take time to fully restore its reputation. As of today, in 2024, a significant number of consumers still prefer to avoid Balenciaga's products, what demonstrating the long-term impact of the crisis on the company's reputation.

## **CHAPTER 3. SUGGESTIONS FOR IMPROVING AND DEVELOPING CRISIS MANAGEMENT IN THE KSENIASCHNAIDER BRAND**

### **3.1 Recommendations and advice based on theoretical knowledge and analysis of the KSENIASCHNAIDER brand**

Let's start by looking at the theoretical foundations of crisis management. These basics are primarily related to understanding and responding to crisis situations that may suddenly arise and threaten the normal functioning of the company and its reputation. From Andy Marker's article, we can find out that every crisis requires quick response, attention and quick decisions to minimize potential damage. Delay in taking quick action can significantly reduce the company's chances of successfully overcoming the crisis and restoring subsequent operations. Crisis management is a set of activities aimed at controlling the precursors of a crisis and managing the crisis itself. The main objective of this management is to minimize damage and subsequent recovery from crisis events. This includes not only the prompt elimination of current problems, but also strategic action planning to prevent the emergence of new crises [\[39\]](#).

Let's take a detailed look at three crises affecting brands in different price segments and analyze both the successful and unsuccessful strategies they applied to overcome these crises. The examples I have chosen are: Chanel - a leading brand in the luxury segment; Calvin Klein - a well-known representative of the middle price segment; H&M - a popular mass-market brand. We will also compare whether the brand KSENIASCHNAIDER used similar strategies to solve their crises. This comparison will help to identify common trends in crisis management in the fashion industry and understand how universal the approaches used are.

Everyone knows the Chanel brand as a forever classic and luxury in the world of clothing. The brand holds a special place in the fashion world. Created by Gabrielle Chanel in 1910, the brand began as a hat boutique that quickly became popular among the elite. The evolution from hats to a full-fledged fashion line has allowed Chanel to gain

an even greater foothold in the global marketplace. Continuity, supported by the brand's culture and constant pursuit of innovation, has helped the brand stay at the top of the fashion industry for years to come. Let's look at a few of the crises Chanel has faced.

During the global financial crisis of 2008, demand for luxury products dropped and this affected Chanel and all other luxury brands. To overcome the crisis, the brand focused on retaining its customers and developing more affordable product lines while continuing to stand out for its quality and exclusivity. This is in line with the general trend in the luxury market, which, as can be seen in Figure 1.15, also experienced a contraction during the last recessionary downturn in 2009. However, after the recession, the market recovered and showed growth, especially due to increased spending by Chinese consumers, which further stimulated sales of luxury goods. Chanel used this moment to regain its position by adapting strategies and offerings to the new market conditions, which are reflected in the subsequent market growth after the recession, as noted in the graph for the period from 2010 to 2019 [\[40\]](#).

**Figure 1.15.** *Dynamics of the luxury goods market in an era of global change 2004-2019* [\[41\]](#)

The coronavirus pandemic hit the entire fashion industry hard, including luxury brands. Even wealthy people preferred to keep or invest their money in more important places than luxury clothing. Chanel, like many others, faced retail store closures and declining

sales. In response to this crisis situation, Chanel stepped up their online channels, increased their digital marketing efforts, and offered more flexible returns and exchanges to keep in touch with customers and drive sales. They also continued to hold fashion shows with new clothing collections to keep interest of the brand [\[42\]](#).

With the growing popularity of fast fashion and changing consumer demands, to end this crisis Chanel has invested millions in sustainability, recycling and innovation in design to maintain its uniqueness and prestige. The brand also actively engaged in social campaigns and sustainability to differentiate globally its responsibility and appeal to a new generation of customers.

Compared to the KSENIASCHNAIDER brand, we can see that it is also keen on innovation and sustainability. In addition, the KSENIASCHNAIDER brand adopts similar strategies. For example, in response to COVID-19, KSENIASCHNAIDER has also intensified its work specifically in the online format, emphasizing online sales. This emphasizes the overall strategy of adapting to those dramatic changes in the way the global market operates and finding new ways to continue to engage with customers in the crisis.

The next brand in the middle segment is Calvin Klein, widely known as a lingerie brand, actually offers a wide range of different products, from standard jeans to large quality suitcases. Over the years, the brand has faced a number of crises that have significantly affected its financial health and reputation.

From Glenn Garner's article we can find out that in 1995, Calvin Klein was at the center of a scandal due to provocative advertising campaigns, especially involving model Brooke Shields, who uttered the famous phrase: "Nothing stands between me and my Calvins". This sparked a lot of discussion and criticism, especially from parents and child advocates. In response, Calvin Klein has taken steps to moderately adjust its marketing strategies, reducing sexualization in its advertising and striving for a more moderate and family-oriented image [\[43\]](#).

In the early 2000s, Calvin Klein, part of Phillips-Van Heusen Corporation, Calvin Klein experienced financial difficulties caused by falling sales and lack of innovation. From Ingrid Sischy's article we can find out that in response to these challenges, the brand and

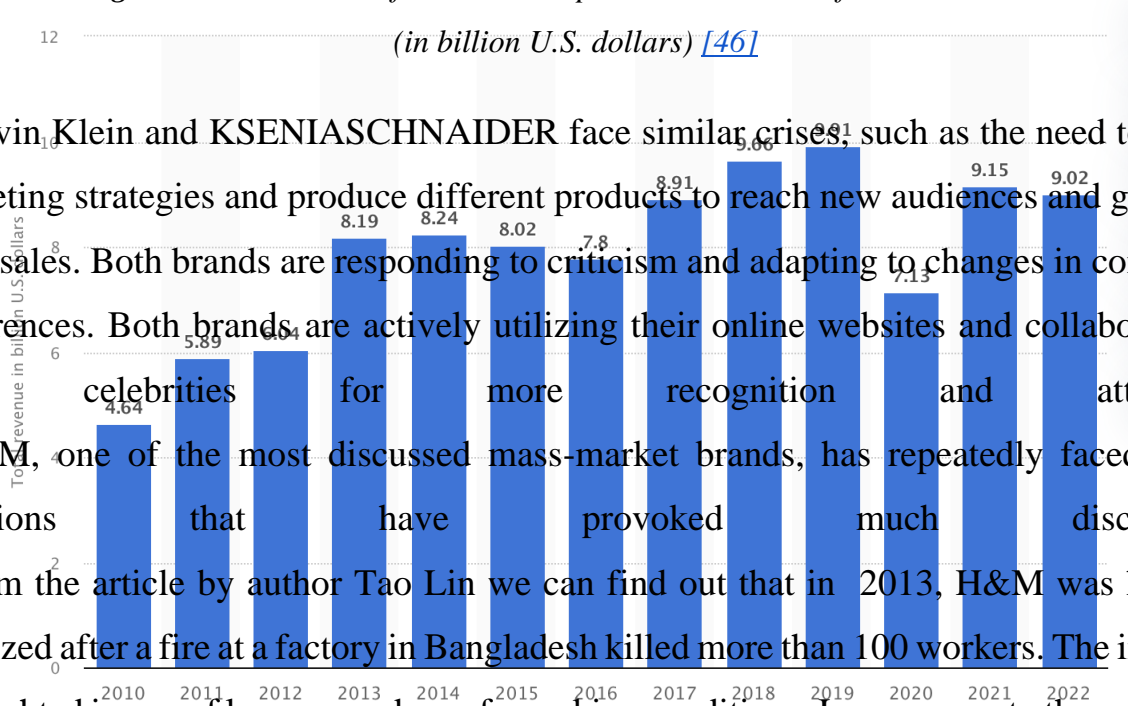
its new management decided to reorganize and rethink its development strategy. The main steps were the expansion of the product line, including not only the core categories but also new areas such as home textiles and perfumes. This helped to attract new customers and increase the frequency of purchases. Calvin Klein has also significantly increased its online sales, this has expanded the market and improved product availability Figure 1.16. [\[44\]](#)

*Figure 1.16. Revenue share of the PVH Corporation worldwide in 2021, by brand [\[45\]](#).*

The Calvin Klein brand, owned by PVH Corporation, has faced challenges in recent years due to changing fashion trends and consumer preferences, as well as increased competition. This led many to believe that the brand had lost its originality and appeal to the youth. However, Calvin Klein's marketing department responded quickly to these challenges by launching an advertising campaign with actor Jeremy Allen. Active discussions about this campaign on social media platforms ranging from Instagram to TikTok helped the brand to gradually return to its former popularity. The brand has been actively utilizing collaborations with celebrities and opinion leaders in its strategies to attract new audiences. It is worth noting that according to PVH Corporation, the company's net sales globally from 2011 to 2022 showed a multidirectional trend. For example, in 2019, sales totaled \$9.15 billion, which was up

from \$8.44 billion in 2018. However, by 2020, net sales declined to 6.8 billion, which can be attributed to COVID-19. Despite a subsequent recovery in 2021, sales fell back to \$8.54 billion by 2022. Figure 1.17. [45]

**Figure 1.17.** Net sales of the PVH Corporation worldwide from 2011 to 2022



Calvin Klein and KSENIASCHNAIDER face similar crises, such as the need to adapt marketing strategies and produce different products to reach new audiences and generate more sales. Both brands are responding to criticism and adapting to changes in consumer preferences. Both brands are actively utilizing their online websites and collaborations with celebrities for more recognition and attention.

H&M, one of the most discussed mass-market brands, has repeatedly faced crisis situations that have provoked much discussion.

From the article by author Tao Lin we can find out that in 2013, H&M was heavily criticized after a fire at a factory in Bangladesh killed more than 100 workers. The incident highlighted issues of low pay and unsafe working conditions. In response to the criticism, H&M stepped up efforts to improve working conditions at its factories and introduced strict safety standards for its suppliers [47].

The company faced a problem in 2018 with excess inventory, resulting in lower sales. H&M responded by optimizing its production and planning processes to better match

consumer demand. In addition, the company launched a clothing recycling program, allowing customers to drop off unneeded items to H&M stores for recycling.

In 2019, H&M recalled children's clothing due to safety issues related to exceeding chemical standards. As a response, the company has tightened the quality control of its products to prevent a recurrence of such incidents in the future [\[48\]](#).

Comparing with KSENIASCHNAIDER, it can be seen that both brands face similar challenges such as adapting to changes in consumer preferences. Just like H&M, KSENIASCHNAIDER actively supports the recycling of old items for new ones. This not only helps to reduce the ecological footprint, but also strengthens the brand's position as a responsible manufacturer. The focus on recycling and sustainable production are key factors in both brands' strategies to improve their image and build customer trust.

To minimize the impact of crises and manage the reputation of the KSENIASCHNAIDER brand, such practical steps can be proposed:

- 1) The brand should promptly share up-to-date information about the situation with customers and partners via social media, website and email newsletters.
- 2) It is important to monitor what is being said about the brand on the internet and respond quickly to any criticism or negative comments in order to maintain a good reputation. This will help in not polluting the brand's reputation and keeping an open dialog with consumers.
- 3) An action plan for different crisis scenarios should be developed so that the team knows how to act quickly and effectively.
- 4) Introducing new products and entering new markets can help reduce dependence on one type of product or geographic region. It will also increase the category of customers who will become interested in the brand.
- 5) Increase efforts to use recycled materials and minimize waste, which will not only improve the image but also attract environmentally conscious customers.
- 6) Constantly analyze changes in customer needs and preferences and adapt products and marketing campaigns accordingly.
- 7) Continuously train employees and cultivate a corporate culture based on transparency, responsibility and respect for customers and each other.



Corporate culture and leadership style have a great impact on crisis management in any organization, not excluding the KSENIASCHNAIDER brand. As I have already written above, the brand is headed by Anton and Ksenia Schnaider, who determine the strategic direction of the company's development, the choice of partners for collaborations, the design of new collections and approaches to solving emerging problems. Although there are leaders in different areas of the brand, such as heads of production or sales, the final decisions are always made by Ksenia and Anton, they value the opinion of their employees and strive to find solutions together. The openness, flexibility, trust and transparency in management on the part of the management team foster the same trust and solidarity in the team, which is especially important to effectively deal with all difficulties and crisis situations.

Changes that can be helpful to the KSENIASCHNAIDER brand include strengthening communication within the company, which will help employees better understand the company's strategies and actions in crisis situations. It is also important to develop critical thinking and problem-solving skills among employees so that they can deal effectively with unexpected situations. Training and leadership development at all levels of management will also make a significant contribution to strengthening the brand for crisis situations.

Social media has become an integral part of monitoring consumer sentiment and crisis management for brands. Today, a brand can become popular without significant investment in advertising, all it takes is to create a few viral videos on TikTok for the platform's algorithm to promote one of them to global recommendations. This approach has already brought success to many brands. However, as social media influence increases, so does the risk some brands have faced negativity that has even led to their closure. In the age of digitalization, online reviews are becoming a determining factor when making a purchase. Almost every one of us reads reviews and watches reviews before buying from an unfamiliar company to avoid losing money. In this context, proper social media management becomes a key element of a successful business strategy. Using different analytical tools to monitor brand mentions and analyze comments allows companies to track consumers' reactions to their products or marketing in real time. This

is especially important in crisis situations, when a company needs to react quickly to information spread or customer dissatisfaction in order to minimize possible damage to reputation and maintain consumer confidence.

In today's business, prompt responses and quality customer support play a very important role in building customer trust and brand loyalty. Quick and respectful answers to questions not only reduce negative perceptions, but also increase the chances that a customer will choose your company over a competitor or abandon the purchase altogether. The manner of communication is particularly important as poor responses from brands are often the subject of online discussion, causing widespread debate and sometimes damaging reputational damage. At the moment, the KSENIASCHNAIDER brand does not have a separate social media specialist or TikTok manager due to limited finances. Instead, Ksenia, Anton and the sales team take responsibility for promoting the brand online. It is important for KSENIASCHNAIDER to actively use available tools to monitor consumer sentiment and manage brand perception. This approach will allow us to respond effectively to crises and improve our overall strategy for engaging with the fashion market, strengthening our connection with our audience and increasing brand awareness worldwide.

### **3.2 Analyzing the prospects of the KSENIASCHNAIDER brand in crises and stable periods**

The KSENIASCHNAIDER brand, recognized in the Ukrainian market and worldwide as an upcycling innovator, has not escaped the impact of global macroeconomic and industry crises. Even leading companies can feel the effects of unforeseen events such as sudden changes in the economy. For example, with the onset of a full-scale conflict in Ukraine, consumers significantly revised their spending, favoring basic necessities, which led to a decrease in demand for the brand's products and put the company at risk of closure.

The rising cost of raw materials also makes a serious threat to KSENIASCHNAIDER, as increased production costs may make it necessary to raise product prices. This, in turn, may affect consumer purchasing decisions. Periods of economic instability require special

attention to pricing in order to remain competitive and not lose the customer base.

KSENIASCHNAIDER, like any big brand, has serious tax obligations, which makes it sensitive to changes in government policy and legislation. Various new environmental standards, trade regulations may significantly affect the business, requiring additional investments or adaptation of strategies. By continuing to operate in Ukraine, KSENIASCHNAIDER faces additional risks due to the current war. This may affect not only logistics and production, but also the entire economic situation in the country, which in turn affects the company's ability to develop and grow. KSENIASCHNAIDER, a brand that has gained recognition for its environmentally responsible approach and original design. The brand is constantly inventing and looking for new trends, different fresh ideas for recycling denim and other materials to stay on the cutting edge and dictate fashion trends.

In times of economic stability, KSENIASCHNAIDER unleashes its potential and all its creativity, creating unique collections that awaken consumers' desire for sensible consumption. The success of Ksenia and Anton and their entire team is already impressive, and they have every chance to go even higher, because in a stable environment KSENIASCHNAIDER will be able to focus on innovation and further expanding its influence in the fashion world.

KSENIASCHNAIDER can be confidently compared to sustainable fashion giants such as Patagonia, Eileen Fisher, Reformation, Rag & Bone, Upcycled by Miu Miu, given their clothing recycling and social responsibility programs. Let's compare KSENIASCHNAIDER to its main competitors and see what unique offerings the brand has, what strengths can be highlighted, and what else it can take away.

Patagonia, known for its Worn Wear program, allows customers to repair and refurbish the brand's clothing, thereby extending its life [\[49\]](#). In comparison, KSENIASCHNAIDER has an equally interesting offer, accepting any brand of denim for recycling, as long as it is 100% cotton. This is not only an opportunity to recycle unwanted items for the customer, but also provides customers with a bonus in the form of a discount on their next purchase - a cost-effective offer that can strengthen customer loyalty. The KSENIASCHNAIDER program has its limitations, however, as it exclusively recycles

denim

textiles.

Eileen Fisher, an American clothing and footwear brand, is actively engaged in recycling through its Renew initiative, where they not only recover and resell used items, but also create new products from damaged returns [50]. A particularly important aspect of their work is charity. The clothes brought in for recycling are often sent to those in need. This complements their holistic approach to recycling all fabrics. At the same time, KSENIASCHNAIDER is also actively involved in charity work, sending funds to help Ukraine by collecting various items and samples for charity auctions, where all funds go to support the country.

Reformation is a brand that makes sustainability its core mission by using vintage and obsolete fabric stocks to create fashionable clothing. They also actively invest in green building to minimize waste, water and energy consumption. Investing in the training and development of their employees making this sustainable revolution possible. This approach to ecology and responsibility is visible immediately upon entering their website, which is an important element in drawing attention to the brand [51]. KSENIASCHNAIDER could adopt this element by reinforcing the communication on their website about the importance and depth of their environmental initiative, so that new visitors instantly understand the uniqueness and significance of their purchase.

Rag & Bone with their denim recycling program, they take old jeans and recycle them into new models, very similar to the KSENIASCHNAIDER initiative.

Upcycled by Miu Miu is a line in which Miu Miu transforms vintage clothing into new fashion items while preserving the originality of the materials. KSENIASCHNAIDER could take note of this approach to preserving the originality of materials. Such a transformation adds value to old items and would create a unique product that could appeal to those looking for exclusivity and history in every piece of clothing.

Innovation and sustainability can significantly improve the competitiveness of the KSENIASCHNAIDER brand in the long term. Based on the philosophy of upcycling and waste minimization, the brand can further expand its product line to include new product categories created from recycled materials. For example, more accessories or home décor items could be developed to appeal to customers with diverse interests and needs.

In an unstable environment such as the current situation in Ukraine, the KSENIASCHNAIDER brand must adapt its marketing strategy to maintain the loyalty of existing customers and attract new audiences. As an example, this could be an increase in social media activity with a focus on stories of inspiration, production, and material selection. It is important to emphasize how the brand helps the country's economy and its citizens in difficult times. In stable periods, marketing should focus on expanding cross-country sales and deepening the range of products, using international platforms for promotion. KSENIASCHNAIDER even now in these difficult times organizes shows every year at global venues such as London and Copenhagen Fashion Week, but despite this the brand should also organize and participate more in international exhibitions and fashion shows to strengthen its identity more globally.

In conclusion, the KSENIASCHNAIDER brand shows that smart consumption and recycling of old clothes for new ones can play an important role in staying competitive in the global fashion market. Comparisons with sustainable fashion giants such as Patagonia, Eileen Fisher, Reformation, Rag & Bone and Upcycled by Miu Miu show that KSENIASCHNAIDER successfully competes internationally by offering unique recycling solutions and an emphasis on environmentally responsible production. In times of economic instability, the brand adapts its marketing strategy to maintain the loyalty of existing customers and attract new ones, emphasizing the importance of sustainability and social responsibility. This all contributes to the growth and development of the brand on a global level.

## CONCLUSIONS AND RECOMMENDATIONS

In my research paper, I have analyzed the different crises that fashion brands face and described and proposed different strategies to prevent and manage these crises. The main purpose of my work was to explore and describe all types of crises affecting fashion companies and to develop effective crisis management practices.

The key moments of my work are the definition and classification of crises in the fashion industry, the reasons for their occurrence and the study of their impact. In addition, I analyze the problems faced by Ukrainian fashion brands and compare them with global brands. I also developed a strategy to improve crisis management on the example of KSENIASCHNAIDER.

Based on this analysis of possible crisis situations that KSENIASCHNAIDER has faced, I have created tips that will be useful for other fashion brands on how to effectively manage crises and problems, develop sustainable and responsible business models to stay relevant in the fashion world.

Using the example of the Ukrainian clothing brand KSENIASCHNAIDER, which has gained worldwide popularity due to its unique and unusual ideas in design and eco-friendly recycling position, we reviewed both positive and negative aspects of the brand's activities. Among the key strengths of KSENIASCHNAIDER stand out their clear recycling and smart consumption strategy, their focus on environmental sustainability including measures to reduce environmental impact, as well as their creativity, innovation, unique designs, use of quality materials and provision of high quality customer service.

However, despite these strengths, the brand faces a number of challenges that have previously led it to crisis situations. Such weaknesses include poor project and event planning, as well as inefficient distribution of work responsibilities among the team. The brand is actively working to resolve these problems and is already noticing progressive improvements in project management and coordination of its employees.

Over the 13 years of the KSENIASCHNAIDER brand's existence, its founders Ksenia and Anton Schnaider have faced many crises situations caused by both internal

management problems and external economic circumstances. Prior to the outbreak of war in Ukraine, the brand was already experiencing sales difficulties, which were exacerbated by insufficient planning and errors in cost and expense calculations. The outbreak of hostilities further aggravated the situation, but the presence of a large customer base abroad allowed the brand to maintain stability thanks to continued orders from abroad.

During the first months of the war, Ukrainians stopped buying clothes and focused on more essential items. Nevertheless, thanks to its ability to adapt quickly to changing conditions, the KSENIASCHNAIDER brand was able to gradually recover to almost pre-war revenue levels. A key element of success has been various collaborations with brands such as Adidas, DL 1961 and Hvoja, which have helped to attract new audiences and increase sales. Also, an important strategy in response to the crisis challenges was the active use of its website and social media to promote its products, which helped to strengthen the brand's position in the international market. The unique and interesting design and sustainable production approach has also helped the brand grow in recognition and popularity among consumers.

Also, in my work I have analyzed how global companies manage crises and apply innovative approaches. For example, I analyzed how global companies are managing crises and applying innovative approaches, such as diversifying products and markets to reduce the risks associated with demand fluctuations, and accelerating the development of online platforms to compensate for declining sales in physical stores.

Based on my examples, I propose these strategies to improve crisis management in the fashion industry:

- Developing flexible plans to quickly adapt to market changes;
- Investing online to increase sales;
- Attention to the social and eco responsibility of the brand;
- Innovation in product mix to attract new consumers.

These are the main strategies that will help companies to overcome crises and strengthen their position in the market.

In conclusion, my diploma research emphasizes the importance of crisis management in the fashion industry. The research has shown key strategies for successful crisis

management. The case studies of the KSENIASCHNAIDER brand and other companies have shown that a creative approach and a focus on sustainability can significantly increase competitiveness and attract the attention of future customers. All examples and findings will be useful for new and existing brands in developing strategies that can minimize risks and maximize success in a volatile fashion industry. The contribution of this study is important for understanding the dynamics of the fashion industry and provides practical recommendations that can be used to build sustainable and strong business models adapted to current and future risks.



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