

# Apparel Reaches Out to Stay Afloat

Despite an indication that menswear sales are on the upturn, estimates indicate that department store sales in overall apparel for fiscal 1995 will end below fiscal 1994 figures. However, this margin is decreasing and, although small, signs of recovery are beginning to appear. Reasons behind this positive trend are; one, consumers who initially flocked to cut-rate specialty shops have returned to department stores seeking items balanced in price and quality, and two, this renewed attention to quality quelled excessive post-bubble price competition.

Under these circumstances, Japan's big apparel manufacturers are working to re-energize the depressed market with innovative projects including release of a women's clothing line, "International brand from Japan," and new ideas for men's casual attire.



Onward introduces ICB, Japan's first international brand—Bloomingdale's, NY

Photo: Onward, Kashiyama

The global reach of this "International brand from Japan" is one of its unique features. The brand is developed in Japan, planned in Europe and the United States, and manufactured in Asia. As foreign manufacturers become further entrenched in the Japanese market, competition will increase and globalization will accelerate. Company-sponsored "Friday Casual Days" added fuel to an economic revival in men's fashion and incited a veritable "revolution in menswear" by spurring new ideas in off-season fashion as well. However, since casual wear in general is prone to mimicry, achieving differentiation will be an important challenge for manufacturers.

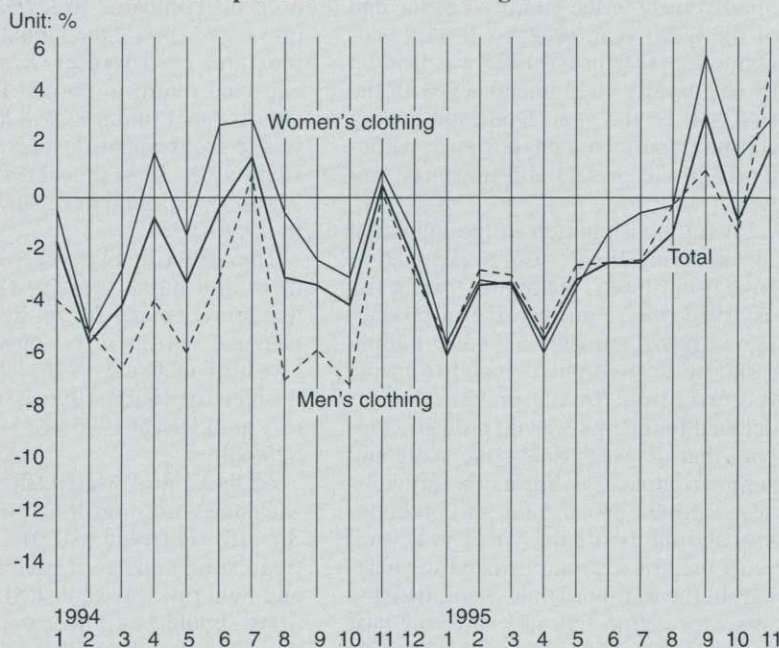
Severe competition is expected to continue throughout fiscal 1996 since there is little indication of a real economic recovery. Additionally, as foreign firms establish themselves in Japan, the increased competition will clarify gaps

among domestic companies. A reason for particular attention to the progress of foreign manufacturers is their successful fusion of "hard" product management, which uses information systems to manage products from manufacturing through marketing, with "soft" VMD (visual merchandising). This is exactly the system Japan's manufacturers aimed for after the "burst" of the bubble economy, and the system has many features that could be adopted. By emulating successful aspects of foreign firms, domestic manufacturers can bolster their efforts at differentiation. It is also possible that hints gained from foreign firms' activities in Japan will help domestic firms aiming to expand into foreign markets. Fiscal 1996 will clarify whether or not foreign firms can establish themselves in the Japanese market. This, together with the consumer reaction to foreign manufacturers, are points that merit close observation.

Additionally, with consumer needs readily apparent, one of the industry's greatest challenges will be to develop a "quick response (QR)" system. This system would enable firms to manufacture the correct amount of needed merchandise when the need arises. Although certain brands and retail stores cooperate in supplemental production of popular items, this does not constitute a radical reform of the industry's manufacturing system. Clearly, though, some change is apparent in the stance regarding complete orders at exhibitions that has prevailed thus far. The U.S. was the first to develop this QR system and currently, a U.S. brand supported by the QR system places first in Japan's apparel market. For Japan's apparel manufacturers to vie with U.S. brands based in this solid framework, development of a successful QR system is clearly necessary.

(Ueda Kyoko, economist)

Value Growth of Department Store Clothing Sales



Source: Japan Department Store Association