

Big-Name Brands Target "Young Career Zone"

Excluding July, department stores' apparel sales stayed above same-month 1995 figures from April 1996. However, a sales slump in winter clothing due to warmer weather has retrograded numbers to below same-month sales from the previous year. Recovery in menswear, which looked like it might spearhead the industry, lags, while the only bullish sector is the "young career zone" in ladies wear.

Apparel manufacturers' investments in new brands and department stores' women-targeted renewal projects are primary reasons for this development. However, activity in areas other than the "young career zone" remain dull and, overall, the industry lacks a sense of recovery.

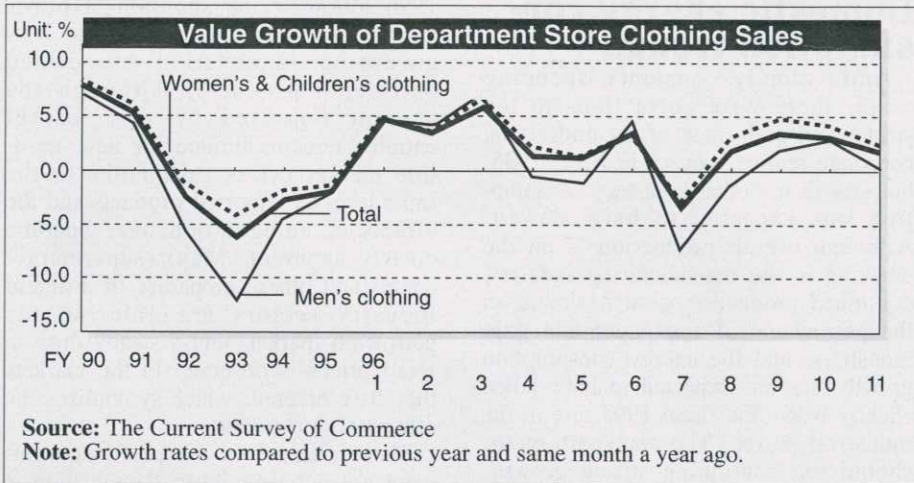
Large-scale apparel manufacturers pursued reform through reviews of existing brands and concurrent to such reviews, the liquidation from store shelves of brands deemed fruitless. Efforts also included stock reduction and streamlining to produce a more efficient work force. Although such first-stage restructuring is nearly completed, unenthusiastic consumption in apparel sectors stayed sales and retarded industry recovery.

To ignite market vitality, large-scale apparel manufacturers focus efforts on establishing big strategy brands. While these brands certainly form the core of domestic strategy, they are expected to pioneer into foreign markets as well, a factor which clearly differentiates these new brands from those before.

Until now, the "career zone," the target of many new brands, was a relatively unexplored domestic market. However, in terms of volume, this sector commands huge prospects for expansion with expectations of secondary baby boomers being included. Conversely, when compared to western countries,



Big-name brand ICB holds a fashion show in New York. (Photo by Onward Kashiyama Co., Ltd.)



Japan lacks a concrete "career" concept which makes this sector very risky. The performance of apparel manufacturers' coming strategy will significantly sway the course of Japan's "career" market.

Fiscal 1997 will bring assessment of each large-scale corporation's new brands followed by a severe "select and discard" process. Also,

although streamlined business initiated apparel manufacturers' ascent out of worst-case lows, recovery may stall if their new brands are ill-received. As the first post-bubble big brand effort, expectations are understandably high.

Additionally, in parallel with launching new brands, a noted effort toward differentiation is expansion into handbags and other miscellaneous fashion items to create an indelible brand image. This strategy, i.e., accessory manufacturer's expansion into the

apparel sector or shifting the product-mix in favor of apparel, is also observed in famous foreign brands.

Concurrent development of apparel and other fashion accessories widens the brand's window of opportunity with consumers, thereby speeding brand recognition and dissemination. Adversely, too wide a perimeter can, as in the past "brand boom" experience, lead to degradation in brand image. Therefore, it is necessary to define which merchandise to develop.

Since the economic bubble burst, shifting between old and new brands has renewed the industry's landscape. Even within an atmosphere of declining apparel consumption, those backbone manufacturers and select large-scale apparel manufacturers, who eagerly offered consumers innovative fashion concepts, have emerged as industry leaders and are initiating sales floor expansion in department stores. Manufacturers rallying to regain a foothold in the recovery fuel increased competition in brand development.

Against this backdrop, and as each company's brand simultaneously enters the market, fiscal 1997 will mean the beginning of the "select and discard" process and an increasingly clarified gap between companies is forecast.

(Ueda Kyoko, economist)