

# Japanese Fashion Business: Tradition & Innovation

By Ohara Yoko

## 1. Introduction

Japanese fashion, one may say, resembles a Japanese townscape – a mixture of tradition and innovation. To put it nicely, a highly refined blend of tradition and innovation. This is because the Japanese fashion industry has developed by riding on the fashion tradition and fashion business from Europe and the United States, while latching itself onto Japan's long history and culture as well as the domestic textile industry, which has grown as a key industry since the Meiji Era (1868-1912).

Japanese clothing, based on *kimono* (which literally means “clothing”), rapidly became westernized after World War II and thus Western-style fashion was born. In so far as the Western-style fashion in Japan has been grafted onto Japanese culture and tradition, it enjoys a certain degree of freedom from the European and US history, thus capable of being innovative and capable of becoming a symbol of the “post-modern” culture.

The educational institute in Paris called IFM (Institut Français de la Mode) held a forum in 2005 under the theme, “Is Japan a New Cultural Reference Point in the 21st Century?” The forum reported a positive consensus on the proposition that “Japan will create new culture values.” People overseas are highly interested in Japanese culture, particularly *anime* and *manga*, games and culinary culture. In 2006, Paris staged the seventh “Japan Expo,” the largest so far, and the event was a boon for exciting young Japan fans. Japanese fashion is really rooted in a breeding ground of new cultures and forms part of the new cultures itself.

Among the traditional aspects of Japanese fashion one finds a culture that has been bred for more than a dozen centuries, a sense of beauty, a value system, or traditional artisan techniques as reflected in the *ukiyo-e* art of genre painting in the Edo Era (1603-1867) and traditional Japanese architecture. In the business arena, however, certain distribution and commercial transactions are also wrapped in pre-modernity,

with age-old business practices remaining very much intact.

On the innovative side of Japanese fashion, one can count the “discovery of the color black” by Japanese fashion creators, something that shocked the world around 1980; the presentation of fashion concepts that destroyed established Western ideas; and more recently, the emergence of pop culture and “street fashion” born out of the feelings of young people on the street. In the field of fiber and textile processing technology, Japan has also led the world in innovations. Based on the history and current situation of the Japanese fashion business, this article intends to explore the prospects and future of the Japanese fashion industry.

## 2. Traits of Japanese Fashion & Fashion Business

Japan, the world's second largest market, is perhaps a leading country in terms of per-capita personal spending on fashion goods and in terms of sensitivity toward fashion trends. Here are some of these characteristics, as seen from a number of perspectives.

**Market:** With respect to the characteristics of the market, Japan is extremely conscious of fashion trends and fashion news. Market changes are fierce and the cycle of fashion is short as many Japanese consumers go after whatever is novel and innovative, whether it is fashion goods or events. That said, they are very demanding on quality and are very partial toward brand names. Virtually all brand-name products have a presence in Japan. Magazines and other media outlets have great sway on the taste of Japanese consumers. Because public interest in fashion is strong, many young people in Japan want to become designers or fashion creators.

**Fashion trends:** Trends are focused on casual wear and youngsters lead the way. Young people in Japan have more money to spend and more time to spare than many of their counterparts elsewhere in the world, and many foreigners must be surprised to see the way young Japanese, obviously as a statement of status, buy famous brand-name

goods. However, more recently, young Japanese tend to put greater emphasis on individual feeling; they now have a preference for a new kind of fashion, in things that are “*kawaii*” (cute) and “cool.”

**Business:** Competition is stiff due to the maturation of the market and too many shops. And rivalry is spurred by a rapid encroachment of shopping centers and aggressive campaigns in the Japanese market by foreign-brand goods. As the apparel market has matured, business has been growing in other fields of lifestyle goods, such as shoes, handbags and accessories. Business has also been expanding in food, dining and interior decorations. Instead of simply selling things, some companies are involved in offering things that project a new value, such as organizing events, arranging live-experience entertainment and providing solutions to problems.

**Industry structure:** The structure of the Japanese fashion and apparel industry is a mixed bag of the old and the new. The production and distribution process still has a multilayered structure and functions are fractionalized, dragged down by old business practices such as manufacturers regarded as subcontractors and department stores buying goods from fashion houses generally on consignment. At the same time, innovative new ventures and business practices have sprung up, as evidenced by the emergence of vertically integrated businesses that engage in both manufacturing and retailing. Online shopping is also making a splash in Japan.

## 3. History of Development & Innovation

The history of Western-style clothing in Japan is short. The habit of wearing Western-style clothes picked up quickly after World War II, and as interest in trendy wear grew, the country placed more emphasis on design and moved to establish fashion as a business. The fashion industry in the six decades since the war is a chronicle of learning the fashion creation chiefly from Europe and the way of doing business from the

United States as the industry develops and nurtures the domestic market while riding the wave of rapid economic growth in Japan. There have been various factors contributing to the innovation of the fashion industry.

### 1950s: Dawning era

Historically, the Japanese textile industry received support from the state in the 1950s, being designated as a key industry to earn foreign exchange for postwar restoration. As typified by Bunka Fashion College, the proliferation of dressmaking schools contributed to home-sewing of Western-style clothes and established the foundation for a shift to ready-to-wear apparel, which was still undeveloped at the time. At the same time, department stores sought partnerships with haute couture in Paris and synthetic fiber manufacturers developed new materials (such as nylon), and together they left a big mark on the Japanese fashion industry.

### 1960s: Rapid growth

In the 1960s, riding the crest of the country's high economic growth, ready-to-wear clothing expanded, with a boom in knitwear leading the way. Mori Hanae put on fashion shows in New York and the Ivy Look came into fashion in Japan. However, what triggered a growth explosion in the Japanese fashion industry was the introduction of the US model of fashion business. I happened to be studying at the Fashion Institute of Technology (FIT) in New York in 1968 and the scales dropped from my eyes when I read a textbook titled "Inside the Fashion Business" (coauthored by Jeanette A. Jarnow and Beatrice Judelle). I translated it into Japanese and the Japanese edition was published by Asahi Chemical Industry Co. (now known as Asahi Kasei Corp.). At that time, there was not even a suitable Japanese term for "fashion business." After a lengthy discussion on whether an equivalent Japanese term was available, it was decided to use the English term in Japanese, which turns into "*fatshon biznesu*." The authors held forth the vision that fashion is not only a matter of design, but it has the potential to become a major industry when combined with business. This opened the way for the fast growth of the Japanese apparel industry.

### 1970s: Fashion industry's adolescence

The 1970s marked the adolescence and a period of fast growth of the fashion industry. Fashion made swift inroads with the general public as a host of magazines like "an.an" hit the bookshelves while apparel companies aggressively lined up licensing partnerships with European and US brand owners. It was during this period that the leadership in the industry shifted to apparel wholesalers, which took the risk-bearing practice of developing trendy goods. Such change is worthy of note since it gave rise to a Japanese-style business system such as the department store practice of buying on consignment.

For the apparel industry itself, a matter of urgency at that time was to train professionals in the fashion business. In 1970, Asahi Chemical held a seminar in partnership with the FIT of New York. For 28 years since then, more than 10,000 people in the industry studied the European and US models of fashion business. The spirit of such "industry education" has been inherited by the Institute for the Fashion Industries (IFI), which was established in Tokyo in 1992. In 10 years between the beginning of 1970 and the beginning of 1980, the Japanese apparel retail market grew 2.5 times, from ¥4 trillion to more than ¥10 trillion.

### 1980s: Diversification & sophistication

The 1980s witnessed a period of diversification and sophistication. The attraction of the fashion business drew designers and entrepreneurs to new businesses and they created a string of distinctive brands, putting their stamp on a period that has become known as an era of "DC (designer/character) brands." While Japanese designers, led by Takada Kenzo and Miyake Issey, started to participate in the Paris Collection in the 1970s, Kawakubo Rei and Yamamoto Yohji became the talk of the town in 1981 with their "*kuro-no shogeki*" (shock of the black) and "*boro rukku*" (rag look), sparking a Japan boom.

The sharp rise in the value of the yen, triggered by the 1985 Plaza Accord, and the subsequent asset-inflated bubble economy in Japan not only dealt a blow to the domestic base of production from the growing import of low-priced products but also accelerated the encroachment into the Japanese market by upscale foreign brands.

### 1990s: Collapse of bubble economy & business transformation

The 1990s were marked by changes in the business structure with the collapse of the bubble economy and the rise of a "price destruction" phenomenon. There was a spate of challenges for change in the high-cost distribution structure and new forms of business appeared on the scene, such as a vertically integrated manufacturer-retailer business model represented by Uniqlo and Tabio, specialized discount stores and highly fashion-sensitive "select shops."

In parallel with "cheap chic" (low priced and fashionable), "real clothes" and "street fashion" also emerged on the scene. Toward the end of the 1990s, "Shibuya 109" (the name of a fashion building in Shibuya, Tokyo) and "Urahara" (in a back street in Tokyo's Harajuku area) became boom centers and what had been a subculture has risen into the mainstream in the fashion world, something that has sustained to this day.

### 2000s: Global competition

The 2000s and the present are the time of global competition and multi-channeling. Faced with a stagnant home market, European and American luxury brand makers launched aggressive marketing campaigns in Japan. On the other hand, consumers, swamped by a sea of goods, have begun to seek "emotional" values in addition to "material" worth. It has become important to turn stores into a place that would turn on customers, a place where the feelings of consumers are pampered. Young fashion creators are conspicuously active, such as Minagawa Akira and Takahashi Jun, who create clothing that is combined with originality in materials and hold new concepts in design.

After having maintained a dominating position in fashion, department stores are now exposed to competition from many other forms of business, while Internet shopping has lured away customers. Yet another new business model has come to the fore: While enjoying a fashion show or a live music performance, customers can now place orders on the spot with their mobile phones. The Tokyo Girls Collection, as seen in the picture on the next page, is an example. (Photo)

Photo: 2006 Autumn/Winter Tokyo Girls Collection Photo: Xavel, Inc.



The fashion business is expanding into multiple channels. Consumers can order clothes on a real-time basis by mobile phone while watching a fashion show (a scene from Xavel's Tokyo Girls Collection).

#### 4. Government Contribution to Industry Development

The Japanese government has played a big role in nurturing the Japanese fashion industry and bolstering its competitive edge in the global market. Here are three such projects, launched after 1990.

##### (1) Quick response, supply chain management

The concept of QR (quick response) emerged in the United States in the mid-1980s, something that later evolved into SCM (supply chain management), a business process that entwines all stages of the industry. In Japan, it was the Ministry of Economy, Trade and Industry (METI) that played a leading role in promoting and implementing these concepts and business models for the Japanese fashion business. Unlike in the United States where the private sector takes the lead in business development, a government role was deemed necessary in Japan due to a complex production and distribution system, a corporate structure where small and mid-sized firms make up the bulk of business activities, and the prevalence of antiquated business practices.

With the introduction of the QR/SCM concepts, while Japan still lags behind the United States in overall reform of the fashion industry, many original business models have emerged in this country. As a matter

of fact, the Japanese vertically integrated manufacturer-retailer fashion business leads the world with its system of planning and distributing fashion goods in a short cycle, keeping abreast of the changing preference of consumers in fashion.

##### (2) IFI Business School: professional training

While the need to train professionals in the fashion business had been felt a long time ago, it was against the backdrop of increasing global competition that in 1989 METI (then known as

MITI, the Ministry of International Trade and Industry) put forward a new policy for the textile industry with the conclusion that a graduate-level professional educational facility was indispensable for the fashion industry. The nonprofit Institute for the Fashion Industries was established under the ministry's leadership.

The institute is unique because it was set up at the initiative of the trade ministry rather than the Education Ministry. Its doctrine is to provide a "practical curriculum." Its students are mainly the people working in the industry while lecturers are drawn from career professionals at the forefront of fashion business. The school trains its sights on the trinity of "creation, production and commerce," the three fundamental functions of the industry. At the same time, it is aimed to train people capable of seeing the future of the textile, apparel and retail businesses in a vertical manner in association with the multi-layered apparel industry. The curriculum covers a broad spectrum of subjects with the main focus on three career courses designed for young workers, mid-career professionals and business executives in order to train buyers, merchandisers and management personnel, respectively. The school also offers language courses to help people in the fashion industry develop skills to communicate in a foreign tongue, which is a challenge for many Japanese. (Chart 1)

##### (3) Japan Fashion Week

The Japan Fashion Week is also an important policy measure implemented by METI. It offers a venue for the fashion industry and designers to work together and launch their fashion collections so the world at large can become aware of outstanding Japanese creations. The Japan Fashion Week is described in detail elsewhere, but one point needs to be noted here: Inside METI, a department in charge of textile materials and the textile manufacturing industry is also vigorously grappling with policy measures related to fashion creation.

#### 5. Future of Japan's Fashion Industry

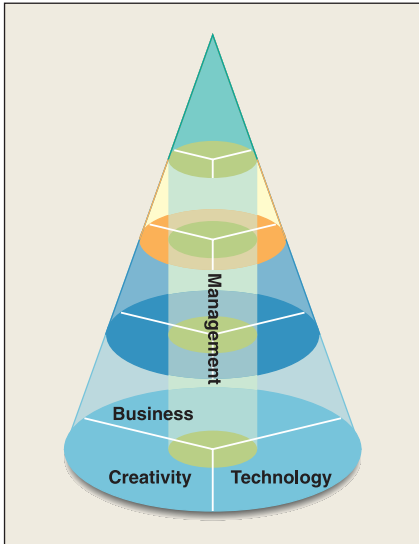
What should Japan think about in order to lead the world in fashion?

As a basic stance, Japan should first of all reassess the strength of its domestic market: The presence of consumers who are keenly interested in fashion, highly sensitive to changes and very demanding in product quality. These "hard-to-please consumers" contribute greatly to product innovation and the reform of business models, both leading to the development of new markets. Japan should capitalize on such demanding consumers and develop novel products and new business models, setting their eyes on the world market. To achieve this, a global and strategic vision is critical. Here are three business areas with great potential.

##### (1) Japan's "soft power"

A French scholar on Japan once said, "Japan is the only country in the world where high culture and mass culture sit side by side." It is a country where the art of tea ceremony, the sense of quiet simplicity, and excellent traditional art and craft coexist with the world of *anime*, *manga* and action figures. The country should make the most of its outstanding culture, which forms the root of such a phenomenon. Last year, Japan Fashion Week organizers held a symposium under the theme "How the World Sees It" and speakers such as Suzy Menkes, the globally known fashion editor of the International Herald Tribune, spoke of the importance for Japanese to have confidence in the value of Japanese fashion and culture,

Chart 1: Structure of professional education at IFI Business School



Educational programs are offered according to career levels ranging from new graduates to business executives. A course for young people gives priority to understanding the whole picture of “creation, production and commerce” in the fashion industry.

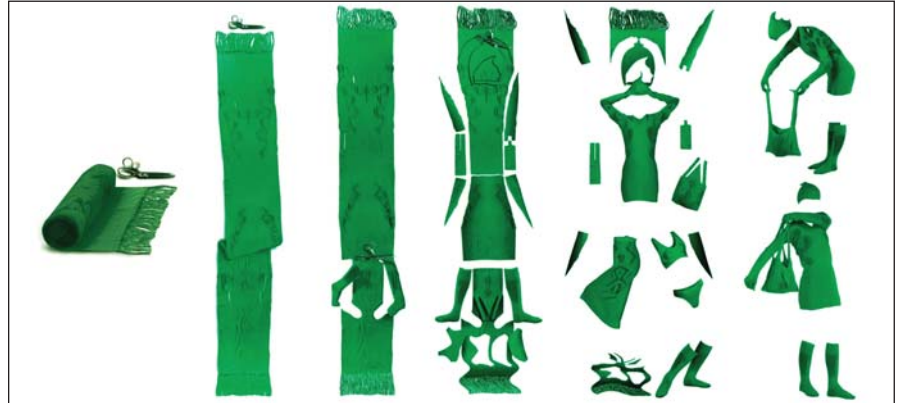
including things that they are not even aware of, and share them with the world. They also spoke of Japan as a post-modernity standard-bearer and a seismic center of new creations.

There is the world of “Super Flat” created by Murakami Takashi, who studied Japanese-style painting, or the idea of “minimalism” beloved in the world of MUJI-brand products. There is the traditional Japanese sense of design as crystallized in the idea of simplicity and sensitivity, and “natural greige.” And then there is the apparel of “a piece of cloth” from Miyake Issey and Kawakubo Rei created from traditional materials. None of these creations is found in Europe or the United States. Japan could break new ground in the fashion world if it has the ability to create “high culture” excelling in quality and sensitivity and make such creations available for enjoyment in day-to-day life.

## (2) Excellent materials

Japanese textiles, whether in the form of fiber or fabric, receive high marks in the world. Historically, the transaction of silk fabric in Japan was conducted with “momme” (a Japanese weight standard equivalent to 3.75 grams) as a basic unit. At present, Japan is at the forefront of the

Chart 2: A-POC design concept (1998 Spring/Summer Issey Miyake Collection)



Typically, a garment-making process is divided into making fabrics and garments, and each step handled by separate companies. The A-POC process, innovative design/production architecture, not only integrates these steps into one but also allows custom adjustment by a consumer.

world in the field of synthetic fiber, producing cutting-edge high-performance materials and production techniques. Even in the world of wool and cotton, fabrics elaborately crafted in unique style and with unrivaled techniques are accepted by top apparel makers and designers in the world.

Exceptionally well-made materials are prone to be expensive and may plunge into a vicious cycle of failing to attain big scale in sales and production. However, I believe a virtuous cycle can be attained if unsparing efforts are made in public relations and marketing on a global scale and business agreements forged on the strength of “high fashion” created with great sensitivity.

There are also expectations that Japan will play a leading role in the field of ecology policy. Based on the traditional concept of coexistence with nature and the idea of “mottainai” (zero waste), Japan should be able to develop goods and processing techniques both effective and resource-friendly. Besides globally valued synthetic fabric recycling, examples abound: The creative use of the healing effect of “kumazasa,” a kind of wild, low-growing bamboo also known as *Veitch* bamboo, the use of materials from fast-growing bamboos. Minimizing the loss of materials is another example. Japanese people used to dye their *kimono* several times during the *kimono* lifetime, change design and sew them anew to be worn by children. When *kimono* finally wore out, the cloth was cut up for use as dusters or rags, and old rags were chopped into tiny pieces for use as plaster mix, thus going back to the earth eventually.

## (3) Innovation of manufacturing architecture

Planning and production of fiber, cloth and apparel in the fashion business have been carried out by separate industries until now. However, if these production processes are seen as an integrated value chain, product planning, production planning and distribution/sales planning can be integrated with the use of information technology. It means a process reengineering of the fashion industry.

A good example of this is Miyake Issey’s “A-POC” (a piece of cloth) concept. While the project has now developed to a new high of sophistication, the initial concept was that “a piece of cloth can be cut to the liking of consumers and become clothing.” As the chart demonstrates, a piece of cloth knitted in partially closed tubes by a specially designed machine on the basis of design and production information can turn into clothing of one’s own liking by cutting the cloth into different parts. (Chart 2) There are other examples of innovative design achieved through technological developments in special post-production finishing.

Given these developments, the future of Japanese fashion looks bright. What is needed first of all is that Japanese must have confidence in their own culture, the fashion they have created, their inherent sense of value and the technology they have developed. It is on this basis that instead of going after European or American models, they can create their own original products and strike it out in the world. **J.S**

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