



Japan's changing fashion retail landscape: Innovate or die

While the country leads the world in m-commerce, the offer of young and on-trend design is falling behind

London 20th April 2009: WGSN, the world's leading creative intelligence service, today publishes its comprehensive Japan Fashion Report. The study offers an invaluable 360-degree look at the Japanese retail and design landscape, highlighting the key issues the market faces over the coming years. The report is based on an extensive survey of WGSN's Japanese clients combined with its own trend and business analysis.

Japan lives up to its reputation of being at the forefront of technological innovation. Purchases made through mobile internet (m-commerce), reached ¥258 bn (£1.75 bn) as early as 2006, when many US and European consumers could not even to access the web via cellphones. Today, Japanese e-tail giants can make as much as one quarter of their sales via cellphones. Nearly half of Tokyo's single females are accessing the mobile web more than five times a week, with the peak shopping time between 1 and 3 pm reflecting the part-time employment status of many young Japanese.

Sandra Halliday, WGSN's managing editor for business analysis and author of this report, comments: "Buying fashion through mobile phones is a huge business in Japan, especially among the all-important young female consumers. Use of mobile phones means online shopping behaviour can be different from those using computers to shop online. Young women will often try on items in stores, but rather than buying there, they take a few minutes out of their shopping trip to order them via their phones, not only avoiding carrying their purchases home but also collecting the loyalty points they earn from the website."

Retail innovation to embrace this trend will be crucial over the next few years. The combination of in-store and web-based shopping, which often overlap, presents a number of opportunities for retailers. The most popular shopping websites are dynamic and are transforming Japanese retail. Content-focused and creating new virtual shopping streets, portals such as ZoZo Town are changing the shopping environment. Fashion magazines are also moving into the online space, as are traditional catalogue companies. And TV shopping – with the large trading houses often driving the market – is also becoming more significant.

Retailers must innovate to survive in a climate of declining retail sales that have disproportionately hit the fashion sector. The shifting shopping habits of Japan's younger generation also mean new thinking is needed. While fast fashion is well established in the market, the arrival of international chains such as H&M and Zara is putting more emphasis on pricing and an on-trend offer. To survive, Japanese retailers need to become less insular and develop more international strategies, as the industry's biggest success story, Uniqlo, has done.

Department stores have already lost their dominant position to speciality chains/stores. As the love for high-end designer logos fades and young consumers embrace value-driven on-trend fashion, WGSN's research shows that 44% of Japanese retailers and 58% of Japanese brands cite brand building as their single greatest challenge; a quarter also view it as their greatest opportunity. Price and fashion are bigger issues than ever and own-manufactured private labels ranges will play an important role in retail development in 2009/10 as even the select shops adopt this model to improve margins on basic lines. WGSN expects both the traditional fashion giants and retailing to adapt further and result in a very different retail scene in 2020 from that of 2010.

While Japanese fashion retail is loaded with potential, its young, independent designers failing to live up to their promise. "Japan's vibrant culture and focus on creativity means that running their own label is the inspiration for many fashion graduates," says Halliday. "But funding is hard to find and young labels struggle to attract the investment and backers that support young European and US labels. Financial pressures mean the safe haven of a job in a retail-based design studio,

brand or wholesale company is becoming a more popular option despite the creative frustrations. With no internationally recognised fashion event and retailers focusing on building their own brands, the situation for young designers is unlikely to improve.”

Ends

For further information please contact:

Greenfields Communications

Nina May, PR-Consultant (English, Deutsch)

Tel: +44 (0)7971 430242 nmay@greenfieldscommunications.com

Lucy Green, PR Consultant (English)

Tel: +44 (0)7817 698366 lgreen@greenfieldscommunications.com

Géraldine Gitel, PR Consultant (English, Française)

Tel: + 44 (0)791 7885380 ggitel@greenfieldscommunications.com

For sales please contact:

Ashleigh Burnside by email at reports@wgsn.com

About this research

WGSN's Japan Fashion Report is based on a survey of Japan's leading retailers and manufacturers, all of whom are WGSN clients, carried out in December 2008. The results together with WGSN's own design and business intelligence offers an essential reference for executives of retail companies who are exposed to or are planning to enter the Japanese market. The study is available exclusively from WGSN for £495 for subscribers or £995 for non-subscribers. For more information, please visit www.wgsn.com/reports

About WGSN – The global leader in style trend analysis

WGSN (Worth Global Style Network) is an online subscription service that delivers information, analysis and inspiration to the apparel, style, design and retail industries. WGSN's forward-looking trend analysis, real-time intelligence updated every hour and 10 year archive of reports and images provide information and inspiration for industries across the world. Our global team of 200 experts design, analyse, photograph and write about style, sourcing, distribution, consumer insight and the business of fashion. www.wgsn.com