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White paper

How the Top 5 Fashion & Apparel Brands went Global

In the world of fashion and apparel, the catwalk has gone global. With the emergence of hugely valuable new markets, the latest collections are as likely to be launched in Beijing and Mumbai as they are in Paris and Milan.

When it comes to developing an international brand, the business of fashion is notoriously cut-throat. So how is it that some manage to remain consistently en vogue while others fall by the wayside? Here we take a look at the world's top five fashion and apparel labels to understand how they went global. From the lightning speed of "fast fashion" to the brand which doesn't even have a marketing department, it's an eclectic but always stylish collection of approaches to explore.

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Nike: still doing it

It's the world's leading apparel brand, with revenues of \$32 billion in 2016. But Nike wasn't always a global sportswear giant. Founded in 1964 under the name Blue Ribbon Sports, the company started out as a distributor for a Japanese shoemaker, with its first store opening in Santa Monica, California.

Seven years later, the company changed its name to Nike (the Greek goddess of victory), and has since become one of the world's most valuable brands. But just how did a US journalism student and his university athletics coach selling goods from the back of their cars, with just \$1,200 in the bank, go on to conquer global markets?

Throughout its stratospheric rise, Nike has placed a huge emphasis on building brand value. The "swoosh" logo – developed in 1971 by graphic design student Carolyn Davidson – is one of the most valuable brand logos in the world, worth a cool \$26 billion on its own. In a 1992 interview with Harvard Business Review, co-founder Philip Knight shed some light on how the company's brand-led approach has evolved:

"For years, we thought of ourselves as a production-oriented company," he explained. "...But now we understand that the most important thing we do is market the product... The design elements and functional characteristics of the product itself are just part of the overall marketing process."

Nike's world-famous advertising slogans such as "Just do it" and "There is no finish line" are also deliberately inclusive and appeal to individuals across all cultures and of all levels of fitness. Of course, aspiration is also integral to the brand's global appeal. Nike consistently sponsors global sports superstars such as Michael Jordan, Roger Federer and Cristiano Ronaldo, inspiring fanatical devotees worldwide.

While the strength of its global brand is in part based on standardisation (for example, its adverts aired globally across different markets) Nike has also used innovative localisation strategies in order to build its presence in emerging markets.

In China, Nike had previously struggled with unsold inventory and an unenthusiastic reception to product launches. The response has been to cultivate a more premium brand by reducing inventory and repositioning its stores to appeal to China's growing middle classes.

Even product designs are location specific: one shoe which was launched in Shanghai features the Nike swoosh accompanied by the Chinese character 申 (shen1), a shortened name for Shanghai. The shoe also carries the text "Luwan Never Gone 310103" which refers to Shanghai's former Luwan District – an area now part of the larger Huangpu District, but still seen by many as the spiritual home of Shanghai fashion and culture. It's a beautifully nuanced way of positioning the product in a way to make it appeal to fashion-conscious Shanghai consumers who value both global brands and regional exclusivity.

With Nike revenues up between 27 and 35% in the greater China area between September 2015 and April 2016, its focus on localised value is clearly paying dividends.

Louis Vuitton: luxury goes global

If the devil wears Prada, the better-behaved angels are probably dressed in Louis Vuitton. Founded in 1854, it's been a heavenly rise for the company which initially specialised in lightweight airtight trunks for travel. It has, of course, expanded its line to include bags, jewellery, accessories and clothes, becoming the second most valuable fashion brand after Nike in the process. By 2016, it was worth nearly \$27 billion according to Forbes¹.

Across the years, Louis Vuitton has projected its distinctive brand of sophistication to a global audience. It has done so through association with iconic figures from popular culture, such as Marilyn Monroe and David Bowie. From 2001 to 2009, celebrity advertisements for Louis Vuitton tended to feature a standard fare of supermodels and pop stars – Kate Moss, Naomi Campbell and Kanye West, to name a few.

In 2007, however, the brand sought to appeal to a broader demographic through its “Core Values” campaign. It hired photographer-to-the-stars Annie Leibovitz to shoot a campaign that focused on the Louis Vuitton values of travelling and craftsmanship. The campaign featured personalities from hugely different walks of life. Among the “Achievers who changed things” were astronauts Buzz Aldrin and Jim Lovell, former Soviet premier Mikhail Gorbachev, husband-and-wife tennis superstars Steffi Graf and André Agassi, and dancer Mikhail Baryshnikov. Visually stunning, and provoking a rich emotional response, the campaign has helped to reinvigorate Louis Vuitton's rich brand heritage for a 21st-century audience.

International in outlook, Louis Vuitton has nevertheless understood the value of localisation in making a regional impact. When it wanted to enter the Japanese market in the mid-1990s, the fashion giant eschewed the traditional practice of opening a store in an established area for high-end retail. Instead, it opted to launch a flagship store using local star architect Jun Aoki in the relatively unknown area of Nagoya Sakae.

Aoki devised a building which combined Japanese minimalism with classic Louis Vuitton style. Such is the kudos of Louis Vuitton and its flagship store, Nagoya Sakae has now become a focal point for high-end retail in Tokyo. Through the language of architecture, Louis Vuitton has succeeded in promoting its global brand through “local packaging”² to new customers.

¹ <https://www.forbes.com/companies/louis-vuitton/>

² Bhakti Sharma 'Globalisation and localisation: the high-end fashion retail perspective' in Retail Design ed. Ann Petermans and Anthony Kent, Routledge

H&M: fast fashion goes “Conscious”

With more than 4,100 stores across 63 markets, H&M is a global fashion powerhouse. Ranked as the 3rd most valuable global apparel brand³, the Swedish clothing retailer has become synonymous with “fast fashion” – trend-setting designs at affordable prices.

The H&M bandwagon continues to roll onwards. In 2017, the company opens 430 new stores and enters five new markets: Kazakhstan, Colombia, Iceland, Vietnam and Georgia. The early growth of the company, however, was somewhat more modest. Founded in 1947 in Västerås, Sweden, the company first expanded into neighbouring countries in the 1960s and more broadly across Europe in the 1970s and 80s. It wasn't until 2000, however, that the company opened its first non-European store on New York's Fifth Avenue. Since then it has entered lucrative new markets across the Middle East and Asia.

In a highly competitive industry sector, what has kept the H&M tills ringing (and online customers clicking) season after season? According to many analysts, it is the simplicity of the brand proposition which is at the heart of its success. From Stockholm to Seoul, H&M has a clear strategic positioning: “cheap chic” items that are fashionably contemporary yet affordable to discerning but budget-conscious customers around the world.

And, as any fashionista knows, a few choice connections can add a little stardust to any brand. In 1998, H&M began using famous models in its advertising campaigns and it has since launched collections or designs in collaboration with household names such as Stella McCartney, Karl Lagerfeld, David Beckham and Beyoncé.

Although it sells broadly the same range of products across its diverse global markets, H&M has understood the value of a localised approach to brand communications. In 2011, for example, it launched an international marketing campaign to promote its “ConsciousCollection”, aiming to encourage customers to be socially and environmentally conscious in their fashion choice.

Of course, the perception of what socially and environmentally conscious actually means may differ significantly from country to country. So, interestingly, while the actual collection remained the same, H&M localised the brand messaging to reflect different cultural contexts. In the English website version, the emphasis was on organic cotton and its advantages for environmental protection and worker safety. In the Chinese version, however, the focus was on the difficulties of cultivating polyester and the advantages of using recyclable polyester instead. The overall message remained the same – clothes can be both fashionable and sustainably produced – but the emphasis was shifted to take account of the cultural environment. Same H&M wardrobe; different choice of clothes.

³ <http://interbrand.com/best-brands/best-global-brands/2016/ranking/>

Zara: Redefining shelf life

From Madrid to Montreal and beyond, Spanish retailer Zara has established itself as a fashion hotspot on high streets right across the globe. The story began in 1975 when Amancio Ortega opened the first store in the coastal town of A Coruña in northwest Spain.

Now, more than four decades later, it has over 2,100 stores in located in cities across 88 countries. In 2016, Interbrand ranked it the world's fourth most valuable apparel brand valued at nearly \$16.8 billion⁴. Ortega, meanwhile, is the world's second richest man – sandwiched between Bill Gates (#1) and Warren Buffet (#3). Good business, by anyone's standards.

So how has this retailer become one of the most powerful fashion houses on the planet, outperforming longer-established rivals such as Gap and Abercrombie & Fitch? Many commentators have pointed to Zara's unconventional business, model which has allowed them to take the concept of "fast fashion" to a new level.

Put simply, it's all about speed of turnaround. Zara keeps levels of stock deliberately low but it updates its collections often. While many retailers will add new designs to their collections once a season, Zara restocks with new items twice a week. There is an extremely short lead-time between the design stage and products hitting the shelves (just two weeks in many cases) – meaning designers can respond almost instantly to trends rather than trying to predict them 12 months in advance.

This fast-moving approach has a profound impact on consumer behaviour. With new styles being added every week, the incentive to return often is increased. And, because the customer realises that ranges sell out quickly, there is a compelling reason to make quick buying decisions.

Nevertheless, even big-hitters such as Zara don't get every aspect of their global strategy right first time. As preparation for the launch of a new online store for the Malaysian market, Zara used English ads on popular social media sites such as Facebook and Instagram to create a buzz among its young target audience in Malaysia. However, when potential Zara customers went to the site they were not impressed that it was in Malay and there was no English-language option.

From an outside perspective, it seemed like the fashion retailer had met the needs of its local audience. But the backlash on social media said otherwise: "Why is it in Malay?" or "English please" comments were rife. In fact, the launch team had failed to fully understand its key audience. While Malay is the country's national language, for the young, hip, urban demographic targeted by Zara, English is often their first or preferred language. When it comes to localisation, insider knowledge counts⁵. And it's useful to note that the Malaysian site now has an English language option.

⁴ <http://www.labbrand.com/brandsource/hm-conscious-collection-localizes-brand-messaging>

⁵ <https://hotcopy.co/blog/zara-epicfail-malaysia-localization/>

Hermès: the value of tradition

Born in Paris but worn around the world, Hermès is the luxury fashion label with a 180-year pedigree. Established in 1837, the company initially specialised in high-quality harnesses and bridles for the carriage trade – a lineage which is reflected in its distinctive logo to this day. In 2016, it was the fifth most valuable fashion brand in Interbrand's 2016 list of global brand leaders, worth \$12.8 billion⁶.

Unlike some of the other brands represented in the top-five, no one could ever call Hermès an example of "fast fashion". The label prides itself on its adherence to its longstanding business model which rejects mass production and mechanisation. Instead, most Hermès products are still produced in France in medium-sized workshops, with many items said to be fabricated by a single individual from beginning to end.

In the luxury market, globalisation is not the same game it is in FMCG or straightforward retail. For luxury consumers, the "rarity principle" means that saturating new markets is tantamount to devaluing your brand. In fact, after a period of rapid expansion globally in the 1970s, from the 1990s Hermès began to decrease the number of franchise stores, but simultaneously increased a smaller number of company-owned stores, gaining more control of its products and brand.

In 2014, Hermès had 311 stores worldwide, 207 of which were directly managed by the company. When compared to the vast global footprints of Nike, H&M and Zara, it is a tiny number. But the emphasis is clearly on quality and not quantity. Hermès is not supposed to appeal – or to be affordable – to all. Its brand philosophy can be summarised in a quote by its former CEO Jean-Louis Dumas: "We don't have a policy of image, we have a policy of product." And, taking this approach to its logical conclusion, the world's fifth most valuable fashion brand does not even have a marketing department.⁷ The products, ultimately, should sell themselves.

⁶ <http://interbrand.com/best-brands/best-global-brands/2016/ranking/>

⁷ <http://www.scmp.com/magazines/style/article/1581182/axel-dumas-ceo-hermes-says-true-luxury-does-not-always-have-depend>

How to go global

Globalisation in fashion is nothing if not bespoke. There is no one-size fits all. Different approaches are needed in different territories, and for different brands. The one consistent, undeniable truth is that a brand's message needs to carry into its new markets. Going global never means watering down the brand; and nor does it mean attempting to fit a culture that does not suit. It means walking a fine line between respecting the culture and language of the new market, and holding fast to what makes the brand different.

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