

When haute couture meets high street

“It’s not enough to be fashionable – one wishes to appear intelligent as well.”

In the end, the *New York Daily News* summed it up best of all. ‘Fashion king Karl Lagerfeld is a mega-hit for the masses from Manhattan to Milan,’ the newspaper gulped, the day after the pillage (13 November 2004). ‘Throngs of style-seekers stormed H&M stores around the world to scoop up the first moderately priced collection from the world-famous Chanel designer. By the end of the day, the Karl Lagerfeld for H&M line had sold out at the chain’s seven Manhattan stores and across the Atlantic in cities from London to Milan, Munich to Stockholm.’

It was the same story in Paris, where Lagerfeld lives and works. The great man may have even cast a bemused eye upon proceedings from the shadows as shoppers ransacked a store in Les Halles. The Scandinavian brand has since tried to repeat this coup – with, it seems, ever-diminishing returns. Designers who have followed in Lagerfeld’s footsteps include Stella McCartney, Viktor & Rolf and Roberto Cavalli. By now, though, consumers have grown blasé about the idea. When it was announced, the launch of Lagerfeld’s ‘capsule’ collection for H&M was the consummation of a long-time hot and heavy flirtation between haute couture and high street; the two disparate worlds had been moving inexorably towards each other for some time.

Strategic alliances

There may have been a time when fashion was constructed like a pyramid, with haute couture at the apex, designer ready-to-wear just below, challenger brands in the middle, and a big slab of mass retail at the base. This is no longer the case today – if, indeed, it was ever that simple. Hovering around the structure are street-wear, sportswear and semi-couture, among others. Consumers, too, rather than being content to stay in their allotted sectors, scurry promiscuously from one to the other, picking up a Louis Vuitton bag here and slinging it over a Zara jacket there; wearing a Topshop T-shirt and Gap jeans under a coat from Chanel.

‘It’s not enough to look fashionable – one wishes to appear intelligent as well,’ remarks fashion guru Jean-Jacques Picart. ‘There are two different shifts happening at once. First of all, Chanel, Dior, Gucci and the others will continue to develop luxury as a business. At the same time we are seeing a complementary reaction, which is that a consumer may accept paying for the latest Dior bag, very trendy, that she’s seen in all the magazines and advertisements; but she’ll see no shame in going to Zara and buying a T-shirt for 10 euros, because it’s pretty and it’s a fair quality for the price. Then she may go to another store, a bit more expensive but not as well known, perhaps run by a young designer, where she’ll buy a skirt. And these items, when brought together, reassure her and send a message to others that she’s an intelligent consumer, not dazzled by marketing, in charge of her own image.’

In other words, the era of slavish brand worship is over. Just as everyone today is to some extent a marketing expert, we are also our own stylists. The designer Alber Elbaz, of Lanvin, commented, ‘We’ve reached a turning point. Nobody wears logos any more. People aren’t hesitating to mix Lanvin with Topshop. Everything is becoming more democratic.’ (‘Mr Nice Guy’, *Numéro*, August 2004.)

The thinking behind the partnership between Lagerfeld and H&M was simple: if the mass market was attracted to the rejuvenated luxury sector, even to the extent of saving up for the occasional pricey item, and if upmarket customers were getting their kicks from unearthing fashionable fripperies at inexpensive stores, then why not formalize the relationship? Luxury brands could show they knew how to talk street, the chain stores would benefit from the glitter, and there would be lots of free publicity for everyone.

The trend can be compared to a parallel evolution among sportswear brands. Rappers have long enjoyed mixing solitaires and sneakers, and

multi-brand lifestyle stores such as the pioneering Colette in Paris have been selling sports shoes alongside designer dresses for years. So it's not surprising that names previously associated with the rarefied world of the catwalk have started hooking up with sportswear brands.

Perhaps the most successful of these chimeras is Adidas by Stella McCartney. The partnership was originally announced in September 2004 and now covers women's athletic apparel across the sporting spectrum, from running to swimming. The success of the line was crowned with a commission to design the British team's apparel for the 2012 Olympics. But although the clothing undoubtedly performs to a high level in the sports arena, it fulfils a valuable marketing function in fashion land. Neda Talebian Funk put it best of all in a piece for *Huffington Post*: 'Fitness is the new fashion... Remember working out in baggy shorts and big T-shirts? Not anymore. Flattering, formfitting and highly technical sportswear is being worn not only to the gym, but to lunch, on weekends and even in the office.' ('Fitness – the new "it" bag', Huffingtonpost.com, 5 April 2012.)

As fashion is overwhelmingly concerned with body image, it was inevitable that sport and luxury would join forces. Funk cites Technogym founder Nerio Alessandri: 'Fashion is looking good outside; wellness is feeling good inside. It's the new frontier of luxury.' But the venture works well for Adidas too. It adds a sheen to the brand's image, pushing it further from the locker room and closer to the loft conversion.

Chic battles cheap

Upmarket brands may have begun stalking mass consumers, but the trend labelled 'masslux' (or 'masstige', take your pick) is more about chain stores smartening up. Gap, for instance, recruited the likes of Roland Mouret and shoe designer Pierre Hardy to try and inject some pizzazz into its outmoded image after a long period of declining interest from consumers. In a variation on the theme, cut-price UK brand New Look launched a range by witty British designer Giles Deacon, who once worked at Gucci under Tom Ford.

Several elements combined to drive this evolution. The post-9/11 economic fall-out forced luxury shoppers to tighten their belts, while casting around for a viable alternative that would fool as many observers as possible. High-street shoppers, having spent years soaking up articles about Lagerfeld, Jacobs, Prada and the rest of the fashion firmament, became design-savvy and demanding. And the retailers wanted to distance themselves from the

flood of bargain-basement supermarket labels that was lapping at their heels – a tendency that has been accelerated by the end of textile-trade restrictions at the beginning of 2005.

The emergence of supermarket brands and ‘value-led’ fashion is worth a brief detour. The reference in the sector is Wal-Mart, the world’s biggest store group. When Wal-Mart acquired ASDA in 1999, the British supermarket chain was already famous for its cut-price clothing brand George, created by Next founder George Davies in 1990. Although the store didn’t offer a dramatic retail environment or imaginative marketing, it sold jeans for £4 – along with other cheap and cheerful garments that, while not exactly fashion-forward, were perfectly wearable. ASDA began crowing that George now sold more clothes than British favourite Marks & Spencer.

ASDA is not alone in this growing niche. Away from the supermarkets, ‘value’ outlets such as Matalan, TK Maxx and Primark are nibbling away at the mid-market retailers. One of the first into the sector, Matalan has been selling discounted high-street brands for 20 years. Customers must become ‘members’ of the organization before they can shop at its 170 or so outlets across the UK. With a loyal customer base thus assured, Matalan saves money by locating its stores out of town, buying clothing in bulk, and selling it in no-nonsense environments.

But Matalan faces major competition in the form of TK Maxx, which stocks genuine designer brands at rock-bottom prices. It’s part of the US group TJX, which was founded in 1976 and now bills itself as the world’s largest ‘off-price’ retailer. The magazine *Management Today* explained its approach as follows: ‘Like others in the sector, [TK Maxx] keeps costs low with little in the way of merchandizing or advertising, although, as its fame has spread among the more well-heeled shopper in recent years, it has started advertising in magazines such as *Heat* and the *Sunday Times Style* supplement.’ (‘The low-cost retail revolution’, March 2005.)

Marks & Spencer, which prided itself for years on the fact that it had never had to advertise to attract customers, appeared to be locked in a protracted and painful decline until it rejuvenated itself with a celebrity-driven ad campaign featuring swinging 60s icon Twiggy and a handful of younger models. The understatedly chic ads hit exactly the right note for the brand’s conservative consumers, who wanted to play it straight but not dowdy. Seven years later, the Twiggy effect had proved so beneficial that the model launched her own line of branded clothing for M&S. The collection appeared to be the fashion equivalent of a family movie: ‘Working closely with the M&S team, Twiggy tried to ensure the designs catered to everyone...

from 18 to 80.’ (‘Twiggy unveils debut collection for M&S’, *Daily Mail*, 10 April 2012.)

‘Masstige’ has become the not-so-secret weapon of mid-to-downmarket brands. A whole range of previously uninspired retailers – Oasis, Target in the United States (fashionistas have taken to giving it an ironic French inflection, as in ‘Tar-jay’) – have ramped up their creativity with the aid of young designers.

Topshop is way ahead of the game, in the United Kingdom, at least. Even before H&M and Zara came along, its flagship store on London’s Oxford Circus was the haunt of beady-eyed stylists and model agency scouts; which led to winking ‘you didn’t hear it from us’ references in the glossies. And although its design has been a cut above the rest for some time, Topshop now has a massluxé range, positioned at a slightly higher price point as a signal to the discerning.

However, when writing about the democratization of fashion, there’s no escaping the dynamic trio of high-street style.

Stockholm Syndrome

‘What is it with you Swedes?’ I ask Jörgen Andersson, the marketing director of H&M. ‘First Ikea democratized interior design; now you’re doing the same thing with fashion. Are you lot on a mission, or something?’

Andersson – who is, as you might expect, tall, good-looking and fair-haired – smiles at the thought. ‘It’s part of our heritage. We’ve been brought up with a Social Democrat government. Since we were young we’ve always been taught that everyone should have an equal choice. It’s not just a business idea, it’s a political one. Ikea was born out of the theory that you don’t have to be rich to appreciate good design. We have the same standpoint on fashion. You can dress from head to toe in Gucci if you like – that proves you’re rich, but it doesn’t prove you have taste. It’s more imaginative to wear your Gucci with some H&M. That’s why *Vogue* readers are among our most loyal clients.’

H&M’s base at Regeringsgaten 48, Stockholm, is certainly democratic in appearance. Located in the commercial centre of the city, just up the road from an enormous H&M flagship store, it is blocky and practical. The lifts, to be quite honest, could do with a bit of a makeover. Annacarin Björne, the company’s press officer, tells me that this no-frills look is quite deliberate: ‘We pride ourselves in being cost-conscious, so we can pass those savings on to our customers. We don’t see the point of flashy offices.’

Company founder Erling Persson opened his first store in Västerås, a small town one hour south of Stockholm, in 1947. Persson had been inspired by a trip to the United States, where he had marvelled at a new kind of ready-to-wear boutique offering fashionable garments at affordable prices. He called his concept simply 'Hennes', or 'hers'. In the early 1960s the chain expanded into Norway and Denmark, and in 1968 it acquired the Stockholm store Mauritz Widforss, which specialized in hunting apparel and equipment. Crucially, the fusion allowed the newly created Hennes & Mauritz to add a masculine dimension to its collection. The first UK store opened in 1976.

In 1982, when Erling Persson's son Stefan took over as chief executive (he is currently chairman), the company entered a period of international expansion that continues to this day. At the time of my visit, H&M had just added Canada and Slovenia to the map, with Hungary and Ireland due to follow at any moment. The brand has been present in the United States since 2000. In total, it has more than 1,300 stores in 24 countries. It has an annual turnover of more than 68 billion SEK (US\$ 10 billion).

H&M says that it owes its success to three factors: inventive design, the best quality at the best price, and efficient logistics. The team of 100 designers is based in Stockholm – and Björne stresses that, contrary to popular belief, they do not copy styles that have already appeared on the runways of Paris and Milan. 'They travel all the time and pick up any number of influences, from street trends, exhibitions, movies, magazines and trade fairs. We're a bit tired of being accused of copying famous designers. If we did that, we'd be up to our neck in court cases – and that's money we'd rather save.'

The company's basic products have long lead times – from six to eight months – but it aims to have high-fashion items in stores two to three weeks after the pattern has left the designer's PC screen. The company's 21 production offices (10 each in Europe and Asia, another in Africa), with a total of more than 700 employees, are responsible for liaising with around 750 factories. About 60 per cent of these are in Asia, the rest in Europe. H&M does not own any factories, but it has a lengthy code of conduct that all its suppliers must sign, as well as a team of quality controllers who can swoop in unannounced to ensure the rules are being followed.

According to Jörgen Andersson, 'Over the past 10 years, [H&M has] become preoccupied with the question of quality. We expect our suppliers to provide products of the highest possible standard at a very fair price, because that's our promise to the consumer.'

In terms of logistics, no fewer than 3,200 people are devoted to the task. The completed garments pass through a transit warehouse in Hamburg before being dispatched to distribution centres in individual markets. Only transport is contracted out; otherwise, H&M controls every step of the process, acting as importer, wholesaler and retailer. Computerized stock management ensures that new items arrive in stores every day.

This logistics approach is at variance with Zara's centralized distribution model, and there are other points of difference between the Swedish giant and its Spanish rival. One of them is marketing strategy. Unlike Zara, H&M has never shied away from advertising. Its simple but effective posters – showing models in casual poses against plain white backgrounds – have become a familiar part of the urban landscape. And, until recently, its Christmas lingerie campaign, featuring provocative shots of the hottest models, was a festive tradition attracting frank stares of appreciation, mutters of disapproval and free media coverage in equal measure. (A 1993 series of posters featuring the voluptuous Anna Nicole Smith in retro pin-up mode – right in the middle of the skinny-girl 'heroin chic' period – is regarded as a landmark in the brand's development.)

But all that has changed. In accordance with the new era of 'mass-clusivity', H&M is going upmarket. Jörgen Andersson says, 'What we have done very well throughout the 50 years of our existence is to keep our focus on the customer. We have a lean organization and a constant eye on the market so, as soon as tastes change, we change with them. We don't dictate style. Our style is whatever our customers demand.'

What the customers want now, according to Andersson, is glamour: 'Fashion always mirrors society. Many people today can afford a lifestyle that was previously only available to the rich. With low-cost airlines, they can travel to places their parents only dreamed about. You want to be famous? What's fame, today? You only have to go on a reality TV show to become famous. Celebrity seems just around the corner, so why not live it out while you're waiting?'

Enter Karl Lagerfeld. A decade ago it would have been hard to imagine H&M's young customers evincing much interest in either Chanel or its courtly, white-haired designer. The launch of Lagerfeld's collection for H&M was promoted worldwide with giant posters and a two-minute TV commercial, all of which replaced the traditional Christmas lingerie campaign. Andersson says, 'We had been running the underwear campaign for 10 or 12 years, and we felt that it had lost its relevance. We said to ourselves, "Hold on, we're supposed to be a contemporary company, a fashion

company, we need to do something different.” The underwear posters were very much focused on “this year’s most famous model”. But consumers don’t care about that any more. They have become interested in design. They want to know what the new collection looks like.’

H&M linked up with Lagerfeld through the Paris-based freelance art director Donald Schneider. Andersson recalls, ‘Donald created our new customer magazine and worked with us on our advertising. Through his work for *Vogue* he got to know Karl, and we had a conversation about whether Karl might be interested in doing something with us. A short time later, Donald called to say that Karl would like to meet us. So we flew to Paris and after sitting and chatting for a while, Karl said, “Let’s do it – when can we get started?”’

Andersson says Lagerfeld was attracted to the ‘youthful and creative’ elements of the H&M brand. Lagerfeld himself confirmed as much in a flurry of interviews. He told French news magazine *L’Express*, ‘One day I was in the elevator at Chanel with one of the girls who worked there. She looked very pretty in her tweed coat, and I complimented her on it. She told me, “It comes from H&M – I don’t have the money to buy one here!” Obviously, I hadn’t seen the buttons or the lining up close, but it had a lot of style; modern and well-cut.’ (‘Karl Lagerfeld, couturier chez H&M’, 20 September 2004.)

In the same article, Lagerfeld mentions that when H&M sent him a suit for publicity photographs, ‘I didn’t have to make a single alteration.’ He adds, ‘Naturally, the fabric and the finish make a difference, but it’s honest work – certainly more so than the second lines of some designers, [which are] criminal in their condescension and dullness.’

It doesn’t take a marketing genius to grasp the value of quotes like that to H&M. Partnerships with leading designers have now become an important component of the retailer’s strategy. Not with Lagerfeld, though, who complained to German magazine *Stern* shortly after the line’s launch that not enough of the clothes had been made available, adding for good measure the suggestion that H&M’s larger sizes did not flatter his designs. The statement did no harm to either party: the Karl Lagerfeld for H&M line remained a rare one-off, collectable for ever more, and Lagerfeld retained his dignity; H&M was the overall winner, in terms of publicity and prestige.

But Andersson observes that a shift in perception is not enough – the upward sweep must be visible at every intersection with the customer. ‘As well as the qualitative aspects of the garments and the production process, we have been working very much with the appearance of stores. We’ve

begun to radically rebuild and redecorate. We know that our customers love to shop – they consider it entertainment. And if the store is the main contact with the customers, we have to enhance that experience.’ (See Chapter 5: The store is the star.)

Aware that its slick new image could create a distancing effect, H&M is building closer links with consumers in other ways. It has tentatively launched a web-based loyalty scheme, available in Sweden and Denmark at the time of writing. Those who sign up receive the H&M magazine – a cross between a catalogue and a traditional glossy – as well as e-mail bulletins, special offers and discounts.

In Andersson’s view, ‘If there’s a group of loyal consumers who love H&M, we should foster that relationship. Mass communication is not always the answer – it’s more efficient to address those who are the most receptive to the message.’ Above all, Andersson believes it is crucially important to keep sight of the brand’s core values, which he lists as ‘fashionable, exciting and accessible’.

‘Traditionally, fashion has been aloof and superior. You look at the advertising; it takes itself very seriously. H&M is not like that at all. I want people to come to the store because they’re going out that night and they need a new top. And they don’t hesitate – they buy something for 10 euros, because, let’s face it, why not? For that price, you can give it to the Salvation Army the next day if you want. It hardly costs more than a couple of glasses of wine.’

Viva Zara

The reception at Inditex is very big and very white. It is, in fact, a glistening expanse of white tiles, with a horseshoe-shaped reception desk way over there in the distance. The walls are pale too, and entirely picture-free. I’m later told that this minimalism is for the benefit of employees: we’re in Galicia, in grey and rainy northern Spain, and these spacious, pristine, light-deluged surroundings keep staff cheerful and motivated during the winter months.

Less than an hour ago, a taxi picked me up outside my hotel in La Coruña, the faintly raffish port that is the nearest large town. It feels a long way from cosmopolitan Barcelona or frenetic Madrid. This is the kind of place where fishing boats pull into the harbour every morning; where lunch is a slice of tortilla and a beer; where couples promenade in the square at dusk,

surrounded by kids kicking footballs and observed by creased oldsters nursing coffees. The shopping district is a grid of well-preserved streets dotted with affordable boutiques, many of which belong to Inditex. One of them, in Calle Juan Flórez, is the first-ever Zara store.

It was in a shop window in La Coruña, so the story goes, that Zara founder Amancio Ortega and his fiancée saw a beautiful silk negligée with a barely believable price tag. Ortega, then working at a local shirt-maker, ran up a variation on the high-priced number. His fiancée loved it, and Señor Ortega started his own business producing glamorous but affordable nightwear. He later moved into general fashion, with the affirmed aim of bringing catwalk style to the street. He opened the first branch of Zara in 1975. Originally the store was to be called Zorba, after the character played by Ortega's favourite actor, Anthony Quinn, in the film *Zorba the Greek*. He couldn't obtain permission to use the name, so he played with the letters until he arrived at Zara, which sounded feminine and exotic. (The name should be pronounced the Spanish way: 'Thara'.)

The chain grew steadily throughout the 1980s but did not open its first store outside Spain until 1989, when it hopped across the border to Oporto, Portugal. Paris followed, then New York. The store didn't reach London until 1998, by which time the fashion pack had carried news of the brand back from shopping excursions to Barcelona. On opening day, the place was mobbed. In May 2001, the brand launched on the Madrid Stock Exchange – and Amancio Ortega's billionaire status was assured.

Today, the Inditex group embraces Zara – which provides 70 per cent of its income – and a clutch of other brands: Bershka (young mainstream fashion); Pull and Bear (urban street-wear and accessories); Oysho (lingerie); Massimo Dutti (classic fashion); Kiddy's Class (children's clothing); and Stradivarius (fashion and accessories). Zara Home, which aimed to do for interiors what Zara had done for fashion, launched in 2003 as a separate chain.

The secret to Zara's appeal is that, although shopping there is cheap, it doesn't *feel* cheap. The stores are large, swish and centrally located. The clothes are given room to breathe and usually – unless it's a Saturday afternoon during the sales – so are the customers. And then there are the clothes themselves. Zara is renowned for whisking budget interpretations of catwalk styles into its stores with breath-taking speed. A designer dress photographed on a model during fashion week won't arrive in department stores for months – but something very like it can be spotted hanging in Zara in a couple of weeks. This infuriates the designers, but delights customers who can't stretch to the originals – or no longer see the point of trying.

'I am sorry, but I don't think it will be possible for you to interview any employees,' apologizes Carmen, the press officer who will be my guide at Inditex, after greeting me in the blinding-white reception area. This is not entirely surprising, as the company is famously enigmatic. Before its stock-exchange flotation, few journalists had set foot in the Inditex headquarters. Even today, Señor Ortega never, ever gives interviews. (I glimpse him during my tour, though: a sturdy, tough-looking figure with the sleeves of his white shirt rolled up, as hands-on as he has always been, even though he is one of the richest men in the world. Later, I spot him again – this time in the staff canteen.)

The company prides itself on having spent hardly a penny on conventional advertising throughout its history. No posters, no print and certainly no TV. Carmen tells me, 'The reason for not spending money on publicity is that it doesn't bring any added value to our customers. We would rather concentrate on our offering in terms of design, prices, rapid turn-around of stock and the store experience. That's why we have stores in the smartest locations and devote a lot of attention to façades, interiors and window displays. Our stores are our way of communicating.'

Everything about Zara is streamlined for efficiency. The building I'm standing in is the hub of the brand, and there are very few stages between here and the customer. Design, purchasing, pattern-making, samples and visual merchandizing are all handled in-house. More than 50 per cent of the clothes, particularly high-fashion items, are made in Zara's own factories in Spain, most of them close to its headquarters. An enormous 480,000-square-metre logistics centre is capable of handling 60,000 garments an hour, whizzing orders twice a week from the green suburbs of La Coruña to stores all over the world.

'Each order contains our latest items as well as those requested by the store managers,' Carmen explains. 'The store managers are a vital part of our strategy. They monitor the tastes and demands of their customers, and tailor stock accordingly. That's why different Zara stores in different cities – or even two stores in the same city – rarely stock exactly the same products. The clothes reflect the profile of the customers.'

Zara's product managers keep in touch with stores, seeking feedback from customers and monitoring the popularity or otherwise of items. Tills are computer-linked with headquarters, providing a constant stream of sales data: 'We know within a day or so whether or not a product is successful.'

The tour takes me through each element of the production process. In the design area, I comment on the pile of fashion magazines next to a designer's

computer terminal. Carmen says, 'We don't invent trends, we follow them. Styles, colours, fabrics – we don't guess any of these things. We are a business catering to a demand, and we've never made any secret of that. But we need to know what the trends are, so we follow them through magazines, fashion shows, movies and city streets. We use trend-trackers and forecasting companies. We keep our eyes open.'

Zara has been accused of flagrant piracy, which it denies. And there's perhaps a certain amount of snobbery in the implication that a company from an obscure corner of northern Spain has no right to ape catwalk styles. In fact, the region has a strong fashion tradition, and is home to leading Spanish designers such as Adolfo Dominguez, Roberto Verino and Purificacion Garcia. It is true to say, however, that Zara specializes in 'fast fashion', cranking out some 11,000 different models a year.

As I continue my tour, we come across a visual merchandizing specialist laying garments flat on the floor, then standing to see how the colours look together. When she's happy with the arrangement, she transfers the clothes to shelves that mimic those in the stores. ('That's another reason for the white floors,' remarks Carmen.) Nothing about the stores is left to chance. Passing through a doorway, we emerge into a ghostly street of 'pilot stores', where window and interior displays are mocked up before being transmitted to branches around the world. Although it is June, the windows are dressed for winter. (I make a mental note to snap up a dandyish black corduroy jacket.) The posters inside the stores – the closest Zara ever gets to advertising – are the responsibility of the corporate image department.

Breaking for lunch in the Inditex canteen, I can't help remarking on the college refectory atmosphere. In fact, with its modernity, bustle and hordes of scrubbed, trendy young people, the entire building resembles a college campus. Carmen tells me that the average age there is 26. There are romances, relationships, even marriages. Apparently, Señor Ortega approves: 'He likes the idea of a family atmosphere. He tries to make working conditions pleasant because he wants to attract talented people, and to keep them here. After all, it's not an obvious place to live and work, compared to Barcelona or Madrid.'

We hop into a car to tour the peripheral buildings that make up the Inditex estate. Our next stop is a factory floor, where four cutting tables can cut as many as 8,000 garments a day. The highlight, though, is inevitably the logistics centre, whose immense size defies description. It works rather like a mail-sorting office, except that the envelopes and parcels are boxes or hanging plastic sheaths of garments. Each of the system's 1,200 slots corresponds

to an individual store somewhere on the map. 'Everything is computerized, and there are very few errors,' says Carmen.

After what seems like half a lifetime of writing about advertising, I'm slightly numbed by Amancio Ortega's achievement: a global fashion brand with barely a photographed pout in sight. But it's not entirely accurate to say that Zara's stores are its only form of communication. There are also those dark blue paper carrier bags, dangling smartly from wrists on buses and trains and in the street, in every city, everywhere.

A unique brand from Japan

While the French had been flirting with Uniqlo for a while, they embarked on a full-blown love affair with the Japanese brand in October 2009. That's when it opened its first store in the city centre – just behind the Opéra Garnier, to be exact – after testing the concept in the outlying district of La Défense.

The result was an inversion of a familiar Paris spectacle. Strollers had grown used to seeing Japanese tourists queuing up outside the Louis Vuitton flagship in the Champs Elysées. But now, Parisian shoppers stood in line outside Uniqlo. And they did so right in the middle of a recession.

Coincidentally, a couple of months earlier, I'd been in Cannes for the advertising industry's annual jamboree, the Cannes Lions. And there was Uniqlo, sponsoring the festival's official T-shirt and winning awards for its quirky online advertising, including a downloadable screen saver that told you the time while cute girls danced in the brand's streamlined clothing (the Uniqlock). Innovative, quirky and innocently sexy, it seemed very Japanese – and it told you a lot about the brand.

The roots of Uniqlo stretch back to 1949, when a menswear store called Ogori Shoji was founded in Yamaguchi Prefecture. This morphed into Ogori Shoji Co in 1963, which in the globalized way of things later changed its name to Fast Retail, Uniqlo's parent company. In 1985 it opened its first unisex store, The Unique Clothing Warehouse, in Hiroshima. Less than 10 years later there were 100 Uniqlo outlets across Japan. The company moved into a higher gear in 1997, when it placed design, merchandizing and production under one roof and began 'buying high-quality materials at low cost through direct negotiations with, and bulk purchases from, material manufacturers globally' (www.fastretailing.com).

It shrugged off the idea that Japanese consumers would not buy items sourced in China – and in fact they loved the store's well-designed, good

value basics. International expansion began with the UK in 2001 and has accelerated since, although at the time of writing only 10 per cent of the company's sales come from overseas. Uniqlo wants to fix this; overseas sales should surpass domestic revenue before the end of the decade ('Uniquely positioned', *The Economist*, 24 June 2010).

Uniqlo's strategy is different to those of Zara and H&M. It offers a comparatively short range – about 1,000 pieces – and steers clear of cutting-edge fashion so it can stock items for longer. Having said that, it sells the same models in many alluring colours: shoppers entering the French flagship that first week fell drooling over a rainbow array of cashmere v-neck sweaters. Shrewdly, the brand distracts from the rather mundane aspect of its designs by injecting Manga-style quirkiness into its stores and internet presence. In Paris, it's hard not to trip as you read the LED messages that flicker across the stairway. The brand has added a thin layer of fashion funkiness – like the red stripe in toothpaste – through partnerships with Jil Sander and Lady Gaga designer Nicola Formichetti. It has also done well with its HeatTech range of T-shirts and undergarments, which are made of rayon and milk protein. They work by using your 'body moisture' (read: sweat) to generate heat. With technology a key value of brand Japan, they lock into the retailer's image.

No HeatTech is required on the Côte d'Azur, however. Clad in my standard Cannes Lions Uniqlo T-shirt, I settle down at the festival's headquarters to talk to the brand's chief operating officer, Naoki Otoma (who is wearing a black polo and khakis). The first thing I do, of course, is ask him about the clockwork girls I downloaded from the website. It's clear that Uniqlo has decided to take an unconventional approach to advertising.

'We find that conventional advertising does not deliver the return on investment we require,' he replies. 'By communicating in an innovative way, we encourage people to talk about us. In that way, the customer comes to us and is fully engaged with the experience when they arrive at the site. It's the opposite of TV where you're trying to make yourself heard among many other brands. In fact we prefer not to think of what we do as advertising, but as communication with our customers. That's why it often has an interactive element.'

Talking to the customer is a pillar of Uniqlo's strategy: it says its Customer Centre receives around 70,000 comments a year and these are often fed back to the design team. The HeatTech range, for example, has been tweaked over the years to satisfy a desire for softer fabric, more colours and so on.

I note aloud that the humour of Uniqlo's advertising is in direct contrast to the understatement of its designs. Is that because it has its eye on a fairly

young target group? Mr Otoma responds: 'The humour is a way of standing out in a world where people are bombarded with information. Nobody will pay attention to your communications unless it is attractive and entertaining. But to answer your question, we don't believe in market segmentation. Our clothes are for everybody, every day. For the same reason, you'll never find a logo on our clothes. We don't see ourselves as a fashion brand. People can adapt our clothes to suit their daily lives and their own unique personalities.'

The brand does have a distinct image, though. Even though it has gone global, it makes no attempt to disguise its provenance. 'We're proud to be seen as "born in Japan", because it implies quality, refinement and attention to detail. Our goal is to provide well-designed casual basics of the best quality at the most affordable prices. The retail space is important, too: it should be spacious, accessible and fun. We want customers to have a good time at our stores, so they look forward to coming back.'

Your clothes aren't made in Japan, though? 'About 90 per cent are made in China, although the materials are often sourced from elsewhere, such as denim from Japan, for example. As you can imagine, quality control is a hugely important issue for us. We have 300 Uniqlo employees in China supervising 70 manufacturers. We also have 30 experienced employees called *takumi*, or "masters", who are responsible for overall quality control and who oversee two or three sites each. It's also important to point out that we are not a "fast fashion" brand, so we don't need to put pressure on sites to churn out the latest trends.'

He adds that the recession had a positive impact on the company, as consumers turned their back on frivolity and became more exacting about quality and value for money. I mention the forthcoming store in Paris and ask him if overseas stores have a different format to those in Japan.

'We have different strategies for Europe and Asia. In Europe and the US, where our name is less familiar and there is less affinity with Japanese culture, we're opening large flagship stores to give us plenty of visibility. Competition is tough, so we're relying on the stores to express our image and demonstrate our offering. In Asia, where many customers already know us as a leading clothing brand, we've adopted a domination strategy: opening many stores in lots of different formats in order to combat the likes of Zara and H&M.'

Talking of those high street giants, isn't there a danger that Uniqlo's basics could be perceived as dull compared to their more fashion-forward designs? Can Uniqlo sell the same black polos and v-neck cashmere sweaters

forever? Mr Otoma smiles in a ‘you don’t really get it, do you?’ kind of way. He says, ‘Basic items don’t remain stable – they evolve. Silhouettes change, fabrics become more sophisticated, colours become more or less popular. By changing with our customers, we will continue to meet their demands and their expectations.’

The fact remains that H&M and Zara are still far bigger than Uniqlo when it comes to overseas sales. But they are undoubtedly looking over their shoulders.

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