ENK Trade Show Growing in China

By DAVID LIPKE

ENK expects 40 brands to participate in the 2012 edition of its new China show.

CHINA'S APPAREL MARKET is cruising toward $200 billion, and ENK is after a chunk of it.

ENK International launched its first trade show in Beijing in March and will host the next edition of the show, dubbed ENKUSA, from March 26 to 29, 2012. The show is held under the auspices of the China International Clothing and Accessories Fair, an annual show that attracts more than 100,000 attendees, and aims to provide contemporary and denim brands with access to this crucial market.

Ten brands participated in the inaugural ENKUSA show — which was named so that Chinese visitors would understand that American brands were the draw — including AG Adriano Goldschmied, J Brand, Hudson Jeans, Paige Premium Denim, Nanette Lepore and Robert Rodriguez. Vendors met with potential Chinese distributor partners as well as retail buyers.

Jeff Rudes, chief executive officer of L.A.-based J Brand, said he and his chief financial officer went on a "Lewis and Clark expedition" to check out the brand-building in China. "We met with all different types of people: distributors, retailers, researchers, p.r. people," he said.

Today, J Brand sells just two retail accounts in China — Lane Crawford and a multistore account based in Shanghai. Rudes' goal is to expand the brand's presence in the market.

China is already the world's second largest apparel market, worth $110 billion in 2009 and expected to reach $200 billion by 2014, according to a recent McKinsey & Co. report, "From Mao to Wow: Winning in China's Booming Apparel Market." The market has grown at a 16 percent clip over the last five years and is projected to continue to grow at 11 percent going forward, compared to just 2 percent growth in the U.S.

Within the overall Chinese apparel market, casualwear, which comprises 60 percent of clothing purchases, is growing 19 percent a year. "This reflects a shift toward occasion-based dressing — that is, wearing different outfits for work, social occasions and at home," noted the McKinsey & Co. study. "Children's apparel is another boom category, growing 15 percent annually; casual and sports footwear is growing almost as fast, and could reach annual revenues of $7 billion by 2013."

At the ENKUSA show in March, AG Adriano Goldschmied did not ink any concrete deals, but the brand's representative Meekyung Lee noted: "It was very interesting to be in the same pavilion with a number of other leading brands. It was something we would not have experienced anywhere else."

Marco Lebel, vice president of sales at Robert Rodriguez, added: "We went to China with ENKUSA to gauge the pulse and reaction to the Robert Rodriguez Collection and are pleased with the initial response."

Elyse Kroll, chairman of ENK International, expects to quadruple the number of American brands that participate next year. "Everyone is talking about China. But you have to go there to see it first-hand," she said. "Just talking about it without going is like telling somebody about last night's Yankees game — you have to be there to truly experience it."

Kroll added the first show opened the eyes of ENK vendors to the opportunities in China. "I think the visit helped dispel a couple of myths: that a China business will take a long time to set up and that it will be too difficult to set up. It was amazing to me how well-recognized these brands already are in China."

The show coincided with the runway shows of China Fashion Week in Beijing. "There was a lot of international and Chinese fashion press there, and brands like J Brand, Hudson, AG and Nanette Lepore were like rock stars," said Tom Nastos, president of ENK International.

However, while Chinese consumers are brand conscious, they are not necessarily brand loyal. "About 70 percent of apparel sales in China are branded, a percentage that is growing. But the Chinese focus on value for money means that there is little loyalty to a specific brand; consumers are constantly looking for the best deal," noted McKinsey & Co.

For companies seeking to establish themselves in China, it's important to consider multiple channels of distribution and finding local franchise partners. "There is no dominant channel in China. Consider walking on multiple legs including flagships, street boutiques, in-store shops, department store counters, franchising and online. Each channel addresses different consumer needs and attracts different traffic," said the report. "Given the rate of growth, companies must consider franchising. This is particularly important for boutiques, in-store shops and tenant strategies with department stores. To keep pace, companies need to wrap their minds around a growth rate of more than 30 percent a year."