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Chinese fashion group has global designs

By Patti Waldmeir in Shanghai

When research agency Millward Brown Optimor released rankings of the fastest growing global brands this week, at number 10 was a company that most Financial Times readers have probably never heard of: Chinese youth fashion brand Metersbonwe.

Some mainland brands are becoming household names in the west – such as [Lenovo](#), Haier or Huawei – but they were not on the list. Instead, unknown Metersbonwe appeared, just a few slots below Apple.

Present in even the smallest Chinese cities, Metersbonwe will soon be coming to a high street near you if Zhou Chengjian, founder and chairman of the board, has his way. Within three to five years, he plans to push into the fashion markets of London, Paris, New York and Milan with his youthful and inexpensive designs.

With revenue last year of Rmb10bn (\$1.6bn) and net profit of Rmb1.2bn – up 32 and 59 per cent respectively year on year – Metersbonwe has done what so few other Chinese brands have been able to: outpace foreign rivals in the hyper-competitive mainland fashion market. Millward Brown Optimor ranked Metersbonwe tenth in the world for “brand momentum” – advertising-speak for growth potential and consumer popularity.

The result was based entirely on the company’s performance in China, where Euromonitor says Shenzhen-listed Metersbonwe is the third-largest apparel brand by sales behind [Nike](#) and Anta, a local sportswear brand. Even China’s economic slowdown seems not to be dimming the company’s lustre: Metersbonwe is predicting a 20 per cent rise in revenues and net profit this year, with sales so far appearing recession-proof.

The Metersbonwe story embodies the phrase “rags to riches”. Mr Chengjian, 46, who created the company 17 years ago, started out as a penniless tailor. Now he is the second richest person in Shanghai – a city of the stunningly wealthy – with a fortune of nearly \$5bn, according to the latest Hurun rich list.

A peasant from a tiny village in coastal Zhejiang province, he says he was no good at

school, did not enjoy working in the sun and rain on construction sites, but did like the soft feel of fabric under his fingers so became a tailor. "My dream is to be the world's tailor," he told the FT in an interview this week, in an office decorated with posters of Chinese leaders Mao Zedong and Deng Xiaoping. His staff say he reveres Mao because he "made China free" and Deng because he "made China open".

Mr Zhou says there is no particular secret to his success, apart from keeping his head amid all the fabulous opportunities for making money. "I work very hard and China is developing very fast," he said. "Other Chinese companies dabble in too many things. But we set out 10 years ago to focus only on fashion."

He created a downmarket version of H&M and Zara, targeting college students and recent graduates, with a brand that many think is European. Although Mr Zhou claims Metersbonwe was first a Mandarin name, many of its shops carry most prominently only the English transliteration, an obvious attempt to appeal to Chinese consumers who equate foreign brands with better style and quality.

"They did the right thing at the right time," says Wu Xiaobo, dean of the school of management of Zhejiang University, who points out that Metersbonwe was the first garment company in China to adopt the international practice of outsourcing all manufacturing.

However, as European and US retailers pour into China seeking growth to compensate for stagnant markets at home, the Chinese market is becoming more competitive and Metersbonwe has sought to meet the competition head-on by moving upmarket with the 2008 launch of Me & City, a sub-brand targeting urban middle-class consumers with European styling and European models in advertising. But Mr Zhou told the FT that Me & City, whose flagship Shanghai store closed recently, needs to be repositioned to differentiate it from the main Metersbonwe brand.

With international retailers beating a path to China to make money, why is Mr Zhou so intent on launching overseas? In his typically earthy way, Mr Zhou says he is like a frog in boiling water, where the water is the increasingly competitive Chinese fashion scene. If he hangs around too long, he will die; there is no alternative but to jump out while there is still time – to become a household name around the world.

Additional reporting by Shirley Chen

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