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Chinese fashion: the long sartorial march

Chinese fashion has come a long way since the days of monotone Mao suits. Zhou Chengjian, a rags-to-riches entrepreneur, has played a big part in that sartorial journey. He is chairman of Metersbonwe, the fashion retailer that arrived on the map when Millward Brown Optimor, the research agency, selected it as one of the global brands with the most growth potential. Not only that; its brand is said to be more valuable than Calvin Klein. Can that be true?

For anyone wanting to build a brand in China, retail fashion is a good place to start. China is the second-largest clothes market in the world after the US, according to Euromonitor. And people in China are spending more on clothes than on rice and soya milk. Clothing sales grew by one quarter last year, 40 per cent faster than overall retail sales. That has given rise to a number of Chinese fashion houses with European-sounding names from Semir and Septwolves to Giordano and Metersbonwe.

As these brands go, Metersbonwe has done well. It was one of the first to go national: 4,000 shops across China. Its cheap casualwear makes it the most popular brand with China's students. Sales growth has averaged one-third each year since 2007.

But then along came the likes of Zara, H&M and Uniqlo in China, which are challenging Metersbonwe on the financial front. It might have twice the number of shops globally of, say, H&M, but it makes just 10 per cent of the Swedish group's earnings. It is true that shifting large volumes of tracksuits and T-shirts has supported operating margins just below those of international peers at about 15 per cent. But even each of Metersbonwe's most upmarket shops generates 14 times less revenue than H&M's shops in China.

Mr Zhou is one of the most ambitious of China's fashion retailers, with aims to take his brand global within three to five years. But it is probably going to be a long march.

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