



UKFT Report

Intertextile, CHIC Shanghai and Shanghai Fashion Week

11-15 October 2017

Intertextile Shanghai, CHIC Shanghai and Shanghai Fashion Week came together in October 2017 on the same dates to offer the largest collection of textile and fashion events in Asia. Over the week, buyers from all over China and Asia were able to see catwalk shows and buy products from Chinese and international suppliers of apparel and interior textiles, yarns, menswear, womenswear, footwear, accessories and jewellery. UKFT organised a group of companies at the key events but also took the opportunity to visit most of the other events and engage with the wider UK fashion and textile community showing in Shanghai on these dates.

These events are a unique opportunity to see the entire yarn, textile, fashion and design supply chain in one place and they demonstrate the Chinese government's intention - and that of Shangtex and the rest of China's state controlled fashion and textile industry - to ensure that Shanghai, rather than Hong Kong or Tokyo, becomes the new Asian and international capital of fashion and textiles.

Intertextile Shanghai – Autumn/Winter Edition

Intertextile Shanghai is one of the largest fabric exhibitions in the world. Organised by Messe Frankfurt, it attracts buyers from all over China but there are also visitors from Asia and Oceania including Korea, Japan, Hong Kong and Taiwan. The show is vast and shares a common entrance ticket and policy with CHIC. Most of the stands represent Chinese companies but hall 6.2 housed the SalonEurope for premium European and international suppliers, as well as the recently rebranded Verve for Design show of textile designers.

UK textile manufacturers and designers regard China as a major target for their products. China still has the lion's share of the world's apparel manufacturing but the market is open to quality imported fabrics and innovative print design. It is for this reason that textile companies are prepared to invest in China as a market earlier than fashion brands and designers.

10 British companies exhibited in the European area in Hall 6.2 with 7 companies receiving grant support from the Department for International Trade (DIT) through UKFT. The majority of the exhibitors had exhibited in Shanghai before and had a busy show. An additional 7 textile companies had expected to show but they were hit by the unexpected decision to remove grants for China from companies which have already used 6 grant loves in other countries. UKFT has written to ministers and civil servants to request an urgent review of this policy decision and the negative effect it will have on British exporters considering showing in China.

The British textile exhibitors included Abraham Moon & Sons, Amanda Kelly Design Studio, Bower & Roebuck, Camilla Frances Prints, Canvas Print Studio, Dugdale Bros, Huddersfield Fine Worsteds, Liberty Art Fabrics, Print Stories, Whiston and Wright. They showed alongside an impressive group from Italy, branded under the MilanoUnica banner, and an equally large group from Germany. There were also smaller groups from Spain, France and Turkey.

The textile manufacturers were predominantly selling forward order for Autumn/Winter 2018/9, whereas the textile designers in Verve for Design were mostly selling immediate order swatches and designs for Spring/Summer 2018. Most of the textile manufacturers have now found agents at the show, which enables them to be present in the market throughout the year, whereas most of the textile designers still sell to the market direct, with business conducted mostly at the show itself.

The UK's Texprint Designer group sat at the heart of Verve for Design with a group stand promoting the best designers from this year's graduates.

Sarah Cheyne representing Texprint said: "Texprint were exhibiting at Intertextile Shanghai showcasing designs from 5 prize winners and making new contacts with companies interested in their work. Texprint designer Rosie Moorman, winner of The Woolmark Company prize was able to show her colourful collection of weaves thanks to the sponsorship of The Woolmark Company, who provided funding for her trip and a portion of the stand. The show was busier than last year and clients seemed more aware of the benefits of buying original designs although pricing is still an issue, with most Asian clients reluctant to pay full European/US rates for designs. Altogether this was a very successful show for us and my feeling is that the Chinese market is now very much engaged with innovation and the importance of new designs and techniques."

Rosie Moorman commented: "Intertextile Shanghai was an incredibly vibrant show, which offered unrivalled access and exposure to buyers from numerous countries. It was fantastic to have the opportunity to meet with so many wonderfully innovative companies from across the globe, and to access a totally fresh, and passionate, market for my work."

Overall, business at Intertextile was immensely positive. Chinese and other Asian buyers were out in force and were looking at new collections and placing orders. There were queues on a number of the UK and other international stands. Some exhibitors felt that buyers were being more cautious than they had been at the previous edition of the show. Whilst China continues to outperform most countries, there is a feeling that Chinese production has been cooling over recent months.

Facts and figures

There are usually over 3000 exhibitors from approximately 30 countries and regions. More than 70,000 people visit from over 100 countries/regions but the very buoyant Chinese textile manufacturers are the main target for the exhibitors.

Chinese manufacturers and designers are becoming more sophisticated in their tastes and the Made in UK and Designed in UK brands are especially popular within Chinese industry as more and more Chinese graduates from UK universities return to China to launch their businesses there. Similarly, a large number of large-scale Chinese manufacturers are looking to British fabrics to give them a point of difference for their domestic and export products.

CHIC Shanghai Spring/Summer Edition

CHIC Shanghai is Asia's largest fashion trade show and takes place at the huge National Exhibition and Convention Center in Hongqiao, alongside Intertextile. It is organised by the China National Garment Association. Registered visitors included department stores, shopping malls, multi-brand stores and concept stores. Online portals such as Alibaba with TMall, Taobao, Amazon, Mingxingyichu, Mogujie, vip.com and JD.com are regular visitors at CHIC.

Most of the exhibitors are Chinese, some with some very large and impressive stands. The jewel in the crown is the international group in Hall 2. The larger international groups are headed up by Italy, France and Korea. There was no German pavilion in October but one is expected to be in place for March 2018. CHIC is co-located with Intertextile and shares a common entrance policy. This makes life more complicated for exhibitors at CHIC, as they are never 100% sure whether they are dealing with a buyer or a manufacturer.

This season only 3 UK companies took part. A further 7 had expected to show but subsequently decided not to because of changes to the rules on support for trade shows in China, which made them ineligible for grants. UKFT has raised this issue with the Minister in July and has chased for an urgent review ahead of the March 2018 shows.

Smart and Joy, the only grant supported company at CHIC this season, showed in the main entrance hall alongside the Impulses catwalk stage. Sweedom showed in hall 4 on an imaginatively themed stand and Fox Umbrellas was one of 10 companies in the prestigious Paris Forever group of stands. Whilst this section is branded as French, it also houses a number of international brands including some from Belgium and the UK. The organisers know the Chinese market well. They have an experienced and well-respected consultant specifically targeting the better buyers in the market.

Huw Griffith-Jones of Fox Umbrellas commented: "If you are a British company manufacturing in the United Kingdom an item made to a good standard and of high quality, then there is definitely a market in China for you. However, don't expect it to happen overnight. The potential customer needs to have confidence that you are in the market to stay and will consider your continued presence in the market place before choosing to work with you. This is where continued financial support from the British government is crucial to companies to help development in this area".

Because of the common entrance policy with Intertextile, one major concern of International exhibitors is that it is impossible to know who is a manufacturer and who is a real buyer. For

this reason, most European exhibitors prefer the relative safety of a screened area like Paris Forever. However, larger companies working through a Chinese distributor or agent or with Chinese staff usually prefer to be in the open areas of the hall, as their main aim is to meet as many people as possible to ensure that their Wechat and Weibo networks are promoted to the greatest number of people in China. These companies also tend to have collections which are less likely to be copied.

Facts and figures

Officially there are usually over 100,000 trade visitors at CHIC from 70 nations but the visitors from the nearby Intertextile show swell those numbers. The October edition of the show is smaller and quieter than the March edition and there were continued concerns about the look and level of the show and the lack of vetting of visitors. Footfall was encouraging and the UK brands saw a lot of people but outside the European pavilions, the show lacks style and imagination and is dominated by lower priced and commercial brands.

The next edition of CHIC will be held on 14-16 March 2018. This will be the more important of the two editions as it relates to the Autumn/Winter collections.

Exhibitor comments

Hebe at Sweedom: "This is our first time at CHIC. We have seen many shopping malls, multi-brand stores, and boutiques at our stand that have placed orders. This was our first step into the Chinese market and we are excited by the positive response."

Shanghai Fashion Week Spring/Summer Edition

Shanghai Fashion Week takes place twice a year and is a general term used by the industry to refer to the multiplicity of catwalk shows and showrooms which take place in Shanghai each year. Sometimes this fashion week, which continues to grow in importance, coincides with Intertextile and CHIC. Such was the case in October and it is hoped that the same will also be the case in March 2018.

The key events at SFW:

Shanghai Fashion Week

Organised by Shangtex, China's largest state-owned textile and fashion manufacturing company www.shtdc.net, Shanghai Fashion Week is the name given to the catwalk shows and other presentations. Unlike Beijing Fashion Week, which is largely directed at state officials and national press, SFW is an important part of the international calendar. All of the collections are either Chinese or Korean but SFW also works with Labelhood and Mode to represent other parts of the industry. This season, there was no international presence on the catwalk, which limits SFW's international interest.

Mode Shanghai

This is a commercial exhibition organised by Shangtex at the Shanghai Mart, with stands predominantly run by multi-brand agencies including: Kate Zhou (representing Orla Kiely Bags Meli Melo, Florian London and Alexandra de Curtis), AMF, Z Styles (representing Astrid & Miyu, Alexandra de Curtis and J.Won). This show is very commercial, with

collections primarily at lower/local pricepoints. Most of the collections are Chinese produced but it seems to have good traction with buyers, especially those working with a local partner and with local stock for immediate delivery. Tube Showroom is based on the second level with upscale designer collections, including a number of high profile ethnic Chinese designers with a base in the UK.

Other showrooms present at Mode:

Blooming Showroom

AMF

Empress Showroom

Fashion Now

Fusion Co

Hive

I-GFD

Kate Zhou

Match

MIA

Ormey

Showroom Ya

Tube

X Showroom

Ontime Showroom

Ontime has largely taken over from Mode as the creative static trade event during Shanghai Fashion Week.

It is a busy designer-focussed tradeshow for Chinese and other Asian designers. It also includes a number of showroom spaces such as 10 10 Hope fragrances (representing fragrances and beauty products from brands including Bamford),

Tudoo Showroom (one of the better known designer distributors and Room Room. UK exhibitors included Niro Wang and Min Wu (also showing at DFO) with her new 5 Min diffusion line. The show is popular with Chinese buyers and opinion formers.

Niro Wang, showing at Ontime Shanghai with a grant from DIT said: "I had detailed discussions with 8-10 buyers from various areas of China, generally 2nd or 3rd tier cities where there is more demand for new styles and brands. There is also less competition there compared with T1 cities. I expect to have at least 2-3 new stockists. Chinese buyers are quite moved by the ethos and inspiration for my collection which is inspired by native British

plants. More than London and Paris, I think Shanghai is a better place for my long-term business growth. “

Min Wu said: “Shanghai Fashion Week has become really big and more international, we have met some good international buyers here, but they are more interested in looking at this stage as they have spent most of their budget. So far the feedback from Chinese buyers is positive, especially with the launch of our 5Min casualwear line and we have a lot of follow up to do before the end of the order season.”

White Shanghai

White Shanghai is a new show in China, located across the road from and in collaboration with Ontime Showroom. The show is the brainchild of Massimiliano and Brenda Bizzi, organisers of the successful White trade fair in Milan. This first show included 40 Italian brands beautifully laid out in White’s usual style, with generous support from the Italian government. Whilst the organisers expect the show to grow and to encompass international designer brands, this first edition was limited to Made in Italy brands, presumably as part of the deal with the Italian government. There was an innovative formal/informal round table lunch discussion format, with industry guests from Italy and elsewhere speaking about issues of interest from the Italian perspective.

The show was well laid out and will take a few seasons to establish itself. The Italian exhibitors had been told not to expect orders at the fair and that this was more of a PR exercise for the future. According to the organisers’ own post-event release, White was visited by 2,000 visitors including Alibaba, Jd.com, Vip.com, Secoo.com, Xiaohongshu.com, Netease, Itochu, Isetan, Xingli Department Store, Attos Group, the Balancing-Bailian Group, Fosun Group, the Beast Shop, Vertice London, Fair Minerva, the Fashion Door, as well as 10 Corso Como Shanghai, Sanyo Shokai, Li&Fung and Mymm.com, Lane Crawford’s new online fashion shopping platform. The show was also attended by representatives of some of the most important international publications, including the Business of Fashion (BOF), Elle China, i-D, Modernweekly, WWD and a number of Chinese bloggers including Boynam and Wenjun Lau.

Massimiliano Bizzi declared that he was pleased with his first edition: “This first edition goes to show that there is huge potential for the businesses we represent and that this market cannot be neglected”.

Mrs. Lu Xiaolei, Vice Secretary-General of Shanghai Fashion Week, said explained Shanghai’s aspiration for the future: “Shanghai Fashion Week is the connection between Chinese Market and the international fashion industry. One of its main tasks, is to build a platform for high-quality foreign fashion brands, to test the Chinese market. As a well-known international fashion trade show, WHITE brought to China 56 outstanding Italian labels during Shanghai Fashion Week, which offers a new high quality offer to the professional buyers and fashion industry operators. This new tradeshow ... is further developed by its collaboration with Ontime, which aims to build up together the biggest fashion trade season in Asia”.

DFO Showroom

DFO, which stands for Danube Fashion Office after the company's HQ in Budapest, is China's largest permanent international showroom, representing high quality women's designer collections to discerning buyers.

DFO is a permanent showroom located about 10 minutes south of Xiantiandi but swells during the fashion week to take in more brands on a temporary basis. The collections are well laid out and the organiser has a very strong visual eye and reputation as a trustworthy and reliable player in the market.

DFO has an interesting and eclectic mix of women's designer and luxury collections, mixed with some very high quality commercial lines, enabling them to appeal to most of the womenswear market. UK collections included: Min Wu/5 Min, Vinti Andrews, Pinghe/PH45 and a high profile group of designers collaborating with Swarovski (Mary Katrantzou, Haizhen Wang, Xu Zhi). This event has an important following from buyers and major press and is definitely one to watch. The owner is keen to look at new collections but is especially looking for high end but commercially viable collections where there is the chance to keep some stock in China.

Labelhood

Located literally around the corner from DFO Showroom and 15 minutes from the SFW catwalk, Labelhood is a series of public facing B2C pop up events and catwalks supported by a number of ethnic Chinese designers with a UK base: Samuel Gui Yang, Minki Cheng, Wan Hung, Museum of Friendship, Angel Chen.

Labelhood is a government supported initiative which seems to have the intention of democratising Chinese fashion to the masses. It is only really suitable for Chinese based designers who are looking to increase their following and direct sales in China on WeChat and Weibo social media. Labelhood has more of a festival mood and approach.

Tube Showroom

This showroom used to be the home for nearly all the ethnic Chinese designers who graduated from the UK's Central St Martins and London College of Fashion universities, when it was part of Mode Shanghai. Now it is smaller and more selective but it has retained one of its earliest British-Chinese talents: Xu Zhi. It is based on the second floor of Mode Shanghai with a separate entrance and is the jewel in the crown of Mode.

Alter Showroom

Run by the owner of the Alter store in Xintiandi Style Mall at the nearby Naked Hub venue, this temporary showroom has an eclectic mix of lesser-known contemporary European labels including: Loes Vrij Amsterdam, Norwegian Rain and Shourouk. The store itself (as distinct from the showroom) sells a number of European and UK brands including: Alex Mullins, Marques Almeida, Self-Portrait and SJYP.

Brits In Shanghai

As part of UKFT's Brits Around the World campaign, UKFT promoted all the British exhibitors at the main trade shows and showrooms under its Brits In Shanghai banner.

A press release featuring the grant supported companies was sent to all exhibitors in English and Chinese and distributed at Intertextile and CHIC as well as on the UKFT website www.ukft.org.

The Market in General

Business in China works very differently from elsewhere. For most, China (rather than Hong Kong) is now the preferred market entry point although Hong Kong, Taiwan and other parts of Asia can still offer interesting opportunities and entrance points. Regular visits and contacts in the market are essential, as are use of Weibo and WeChat. Whilst most retailers are familiar with the Wholesale model, some Chinese retailers cannot afford to pay for goods up front and request Sale or Return arrangements. In China, this is sometimes merely a way in which they pay for goods once they have sold them on, as it is extremely difficult to get goods out of China once they have been imported. Some retailers are new to the world of imported brands and will need a lot of logistical help.

Brands are advised to be extremely careful how they engage with new companies in China work on secure terms of payment wherever possible. Retailers will normally want to see confirmation that the brand owns its trademark in China before taking the goods. Always ask for references when dealing with Chinese retailers, online retailers and other business partners – things are not always what they seem in China!

A thorough understanding of China is essential when entering this market and having someone who can engage with customers in Mandarin is highly recommended.

Trademark Squatting, where a Chinese company registers the trademark of another company in an attempt to extort money out of it, as well as other IP infringements, remain an important issue for companies operating in China. UK companies are advised to seek legal advice before they consider entering the market, once they begin to show at major international trade shows or if they manufacture in China. It is dangerous to use what appear to be online trademark checking and registration sites, as these are usually run by criminals.

UKFT can help members with trademarks and any other IP issues.

Product testing is widespread and complicated in China and each region has its own quality standards and regulations. UKFT members have access to advice on this matter.

The Chinese market is very regional, so it is not uncommon to find more than one agent or wholesaler/distributor in the market. Non-Chinese based agencies may be unable to give UK brands the depth of contacts and logistical support they need, so local partners are often preferable. The Chinese legal system is complicated and the courts usually favour the Chinese party. UKFT members can consult UKFT's relevant law contacts on preparing legal agreements when working with agents and distributors in China.

The British Consulate is very supportive of UK companies and UKFT works closely with DIT and the China Britain Business Council to promote the industry there. In the context of Brexit, this is an important long-term market but it does have significant challenges and obstacles and requires a long-term approach. The cutting back of funding to UK companies is a short-sighted measure which is already having the effect of reducing companies' interest in the market and this a disastrous move, as the UK looks to new markets outside the EU.

Many Chinese consumers prefer to buy products from overseas websites in order to be sure of getting authentic, genuine goods. It is worth considering having a Chinese language site, preferably accessible behind the Chinese firewall, with the option to pay using Alipay. Most other forms of online payment are difficult from within China. Companies will also need to consider how to organise the logistics of getting the goods into China and delivered to the purchaser's address.

UKFT anticipates that there will be an increase in the number of B2C and Pop Up events focusing on China, as these are profitable events for the event organisers. Whilst B2C events are on the increase everywhere and offer a unique opportunity to sell direct to consumers, in China as elsewhere outside the EU extreme care must be taken with regard to import duty and taxation, sales tax, overseas tax liabilities, product testing and standards, labelling, logistics and many other issues.

The Best of British show in October, supported by the British Consulate and the China Britain Business Council, helps with some areas of China's complicated logistics for the event but most cannot and it remains the responsibility of the Brand to make sure that it has done its homework, considered all the implications and prepared for every eventuality. Initial reports from the Best of British show suggest that it was generally positive and it expected that a second edition will take place in October 2018.

Next shows

The next TAP supported shows will be Intertextile and CHIC in March 2018 as well as selected showrooms at Shanghai Fashion Week on the proviso that those dates remain aligned for March 2018.

If you would like to receive details when they become available, please email Paul Alger at paul.alger@ukft.org