

Inditex plans to outperform market

The world's second-biggest clothing retailer is feeling the crisis too. In view of flat profits and like-for-like growth, Inditex is scaling down expansion plans for this year. But the group says it will do better than the rest of the sector.

INDITEX is upbeat about its prospects for this year despite the global retail gloom. The group saw sales rise 10% to €10.4bn last year, without like-for-like growth. Net profit was also flat at €1.25bn. Inditex will rein in expansion this year by opening between 350 and 450 stores compared with 573 in 2008. Roughly €600m will be invested this year, down from €937m in 2008. Inditex CEO Pablo Isla said the group's "long-term vision remained exactly the same". Its target for this year would be "to have positive like-for-like growth". And gain market share worldwide.

Number two looks likely to be history soon. Inditex is set to overtake Gap in the US as the world's biggest clothing retailer in sales. Gap posted annual sales of \$14.5bn, but is closing more stores than it is opening, while Inditex pushes global growth. Today, the operator of chains like Zara, Massimo Dutti and Bershka has more than 4,200 stores worldwide. Isla sees great potential to expand profitably: "We have operations in 73 countries yet as an example our market share is below 1% in 70 countries". Sales in February increased by 9%, Isla said.



Inditex chief Pablo Isla says his group is not "immune to the crisis", but was well placed to weather the storm. The group sticks to its long-term expansion plans and is sure to "capitalise on the opportunities arising from the current environment".

Nike reorganises to cut costs

The US sporting goods giant is realigning regional operations worldwide.

Nike is reorganising its namesake brand into six instead of four regions in a move to become more efficient and focus on faster-growing markets. The group is realigning global business alongside the regions North America, Western Europe, Eastern and Central Europe, Greater China, Japan and Emerging Markets. China and Eastern Europe have been among Nike's faster-growing markets, while demand in Europe is slowing. Sales in Europe fell 14% in the third quarter. Orders were down 10%.



Managements have been installed for the five new regions. The group also named ex-Asia Pacific chief Roland Wolfram as head of global sales for the Nike brand. Eunan McLaughlin, to date EMEA president, has been appointed as president of the Affiliates unit, which includes brands like Converse, Cole Haan and Hurley. Ex-Affiliates chief Lee Bird has left Nike. The organisational change is part of a wider restructuring that will eliminate roughly 1,400 jobs or 4% of the group's 35,000 workforce.

The new model sharpens consumer focus and speeds up decisions with fewer management layers, brand chief Charlie Denson says.

Esprit to announce new CEO next week

Thomas Grote, right, will not be the successor to Esprit chief Heinz Krogner. The 46-year old will resign as brand president and leave on 30 June. Reasons were not disclosed. Grote has been in charge of operations since 2006. His replacement will be announced next week. The new man will also be the next CEO of the €4bn clothing group. Krogner will remain with Esprit as executive chairman until 2010.



weekly

Beaumanoir to take over Morgan



Beaumanoir has been given green light to acquire insolvent womenswear company Morgan. The French retailer plans to invest € 25m to add 135 to Morgan's 500 stores. CEO **Roland Beaumanoir**, above, plans to relaunch Morgan, which has sales of € 190m and 1,000 employees. Beaumanoir runs 1,250 stores and reached sales of € 640m last year.

Barcelona fills Bread&Butter gap

Fira Barcelona plans to fill the gap left by the return of streetwear event Bread&Butter to Berlin with **The Brandery**. The new biannual fashion event will take place for the first time in Barcelona from 7 to 9 July. Fira hopes to attract 250 international exhibitors and 10,000 visitors. Brands like Nike, Hilfiger, Levi's and G-Star are said to be interested.



New fabrics event for Florence

Exhibition organisers Pratotrade and Pitti Immagine will stage a new fabrics event called Prima-Moda Tessuto in Florence from 7 to 9 July. It will run alongside Pitti Filati in Fortezza da Basso. "The new event was launched for those producers, who rely on early, fashionable, innovative fabric collections," Pratotrade boss **Alessandro Benelli**, right, said.



BCBG Max Azria expands in Germany



BCBG Max Azria has bought the 10 German stores of insolvent Belgian clothing retailer Donaldson. The US fashion group founded by **Max Azria**, above, in 1989 is said to set up shop in the stores in cities like Cologne, Berlin, Hamburg and Munich in the coming weeks. BCBG also owns French womenswear retailer Alain Manoukian with over 200 stores.

Over-the-knee

Super-length boots on the catwalk.

They're aiming higher and higher. Getting longer and longer. The ankle boot is tending upwards towards the calf. Boots are growing to over-the-knee length. And longer. The trend started already last autumn. Now designers from New York to Paris are really getting into it. There are boots for this year's colder season that reach almost up to the bum. Miuccia Prada showed innovative fishing-inspired wellies. Designers like Balmain turned over-knee-boots into an glam-look accessory worn with leather leggings and lots of black. With some brands like BCBG, Gucci or Stella McCartney it is difficult to see where the boot ends and the trousers start – there so tight. The aim is to create a seemingly seamless harmony between boot and outfit. In a playful way.



From left to right: Prada, Cavalli, Chalayan, Gucci.

In depth

The crisis has hit the fashion industry, but Diesel boss **Renzo Rosso** is ready for growth.

Q: Mr Rosso, so you like the crisis?

A: I have always said that **crises are good**, because only the creative ones, with good retail knowledge and modern systems will survive.

Q: Could the Italian fashion system collapse?

A: Not us. With Staff International for example we give many small producers work. Our acquisitions save manufacturers from closing down.

Q: How many more designers will you **save**?

A: It's not about saving. We want to create a fashion group of the future. We take small creative, innovative brands and **develop** them.

Q: Some companies are cheap on the market now. Have you eyed anything interesting?

A: Our financial position is **solid**, so we look around with care. Now I'm more focused on spaces, stores, factories than on brands.



Renzo Rosso says Diesel is well prepared for potential acquisitions despite the credit crunch: The group has no debts and the war chest is full.

Q: You could replace Just Cavalli at **Ittierre**.

A: I believe all brands at Ittierre are looking for a new partner, not just Cavalli.

Q: Have you spoken to Costume National, Galliano and Versace too?

A: Surely we're an interesting partner for many. We're generally talking to those seeking ones.

Q: Are **talks** ongoing?

A: It's a long-term process. There are no short-term decisions to be expected. But I believe that more companies will suffer the same fate as Ittierre in the next five to six months.

Q: So there will be **acquisitions**?

A: I'm not sure. If the conditions are ideal to save production sites or buy retail spaces, we have no problem.