

FINANCIAL TIMES

Tuesday August 31 2004

FASHION

In theory, it's about the word on the street

One clothing line has seized the affordable designer-wear market by ignoring marketing conventions, writes Vanessa Friedman

Marni, Imitation Of Christ and Martin Margiela – it is not unheard of these days for small fashion brands, which do not rely on traditional marketing methods, to succeed by word of mouth.

But back in the mid-1990s, when big brands ruled the world, you needed a lot of courage to spurn advertising, public relations via celebrity and fashion shows, and glossy magazine coverage, the holy trinity of fashion success. That is exactly what Andrew Rosen, the man behind theory, did.

Launched in 1997, the US clothing line has become the phenomenon of the US contemporary, or "affordable designer-wear", market. (The lower-case name is purposeful; the whole aim is clothes that fade into the background.)

Former chief executive of sportswear label Anne Klein, Mr Rosen, whose family has worked in New York's fashion district for three generations, decided that there was an opportunity for an accessible luxury brand. He based theory on items, as opposed to whole outfits, making only classic shapes, but interweaving them all with Lycra to create sexy yet comfortable clothes, and investing only in product as opposed to image.

That meant theory did not market or advertise its clothes and did not do any traditional fashion PR. There were no outdoor posters or in-store events, and it did not put products in goodie bags at the Oscars. "I thought it was really a very simple idea," says Mr Rosen. "It was not about bells and whistles and fashion trends."

What theory did have was a definite ideology for its product – hence the name – and a well-timed anti-brand appeal.

Mr Rosen's strategy has worked, although he seems surprised at the extent of the success. "I thought it would be this cool little grassroots company that might have to change after a year or so. I never thought it would become what it has become," he says.

After seven years, theory has annual sales of \$300m, has moved into Asia and is continuing to grow at 20-25 per cent a year. The business is made up of 70 per cent wholesale sales and 30 per cent wholly-owned stores: 15 in America and 50 in the far

east. Last year, Mr Rosen and his partner Elie Tahari sold 89 per cent of the company for an undisclosed sum to Japan's Fast Retailing, which owns the Uniqlo clothing chain and Link International, theory's Japanese licensee. Mr Rosen retains an 11 per cent stake and has remained president and chief operating officer.



Raising the bar: theory invests only in product, not image

Now he is looking to Europe. "We are aggressively expanding in Europe and setting up our own distribution service there," he says. "Currently, Europe represents about \$14m-\$15m wholesale for us, and in two years I think we will grow that to \$50m."

Already, department stores in the UK such as Harrods and Harvey Nichols are reporting sales up 40 per cent on last year. The reason for the European push now, when the high street seems saturated and luxury sales are stagnant, is purely practical: Mr Rosen has finally got his production schedule in sync with the European buying season. "If there was one big problem with my business, it was that my design and production schedule used to be about a month behind the European calendar," he says.

"But I've finally been able to move it up, so that when stores are ready to buy, the collection is ready to be seen."

Mr Rosen says theory will offer the same clothes in Europe as in the US and Japan. "The concept has to be consistent," Mr Rosen says. "There will be no different lines for different countries." This contradicts the conventional wisdom in fashion, in which brands from Tommy Hilfiger to Louis Vuitton and Zara espouse the idea that one should think global but act local, and "tweak" the cut and the colour of their offerings according to geography.

"My intention was never to make clothes for everyone, but to make clothes for the modern consumer: someone who lives in the computer age, moves between borders, and whose workplace is wherever they are," says Mr Rosen.

Hence the theory offerings – a panoply for both women and men (as well as children) of traditional forms with a vaguely fashion twist. This autumn/winter's women's wear, for example, includes simple black cashmere cardigans, wide-legged tweed

Though there are some nods to current trends – a higher rise in the waist of some trousers, a ribbon belt around a jacket, sweater coats – they are just subtle variations on the classic theme, which is where the difference between theory and the main street lies.

In US cities, theory has become a popular brand for professional women in search of functional but unidentifiable basics. "You always see it on the people pages," says one New Yorker. "Someone wearing a fabulous designer top with black pants from theory, or some great Chloe trousers with a theory T-shirt." According to Mr Rosen, "this phenomenon is starting to catch on in Europe".

However, it is precisely theory's success that may change its operating style. As it grows into a global brand, Mr Rosen says, it may need different strategies to support it. Theoretically, could this mean advertising? "You never know," he says.

www.ft.com/creativebusiness

'I wanted to make clothes for the modern consumer – someone whose workplace is wherever they are'