Giving shoppers a smarter path to fashion-buying fulfillment

Behind just about every pioneering entrepreneur is an interesting and often telling back-story that illustrates the special qualities—factors like leadership, vision and drive—that have proven to be the hallmark of their success. For Yusaku Maezawa, that story began in his late teens, when he set out for California from his native Japan intent on parlaying his strongest passion—a consuming love of rock and roll—into a career on the artistic side of the music business. Upon his return to Japan, Maezawa started importing CDs and phonograph records of his favorite indie rock bands and selling them by mail order—with his parents’ small room as the first base of operations. When he first started in apparel commerce in 2000, he opted to concentrate on the business side, reflecting the increasing difficulty of juggling his music activities and his burgeoning commerce site.

That was back in 1995. Maezawa may not have known it then, but in these humble beginnings he had established the DNA of what would become a highly successful business approach. More importantly, he had displayed a set of leadership qualities—a willingness to take a different path and to define success his own way, all driven by a steadfast commitment to a vision of what he wanted to bring to the customer. In the ensuing decade, as Maezawa moved beyond music into Japan’s edgy youth fashion business, he remained faithful to these values as he founded Start Today Co., Ltd., built Japan’s largest online fashion channel—known as Zozotown—and in the process made himself a success story.

Leadership Spotlight

Professional musician Yusaku Maezawa founded Zozotown and turned it into Japan’s largest and fastest growing fashion site. To take it to the next level, he conceived of a new model of customer engagement and turned to Toshiaki Shimizu—his Director of Customer Friendship Management—to make it a reality.

How Start Today’s Zozotown got smarter

With a true believer’s zeal, Yusaku Maezawa is on a mission to bring the widest array of fashion brands—both big and small—to Japan’s youth market. The success of his channel, an online fashion mall known as Zozotown, is measured by its 3.8 million registered members. So how do you improve upon a business model that’s enabled 150 percent annual revenue growth? Maezawa did it by enriching and personalizing the customer’s experience, by tailoring highly relevant promotions that reflect each customer’s fashion-buying profile. In just the first six months, this “customer friendship” approach has driven as much as a 10x increase in conversion rates. And Maezawa and Shimizu are just getting started.

Let’s Build a Smarter Planet
While the markets may be different, there’s a common thread between daring new music and cutting edge fashion that says a lot about what Maezawa sees as his main mission – opening new doors for consumers, with an artistic flair. With the same zeal he brought to expanding the Japanese consumer’s musical horizons, Maezawa has made Zozotown a gateway to a vast number of Japanese fashion brands, ranging from the well-known to small startups and boutiques. The site’s mall format – providing access to some 1,600 store brands has been a key to its success, as has its ability to “connect” with customers.

A few years ago, Maezawa and his managers began taking stock of how to keep Zozotown out in front, as Japan’s online commerce volume was expected to shift into higher gear in the coming years. In Maezawa’s view, the market had resoundingly validated Zozotown’s business model and brand. Now it was time for Zozotown to build on that foundation by delivering a richer and more personalized experience to customers, one that – in Maezawa’s view – transformed the relationship into something more like friendship. To help make it real, Maezawa sought out someone who not only shared this vision, but had also implemented something like it in the real world. When the search was over, he had found the right person for the job – in the music business.

Before Toshiaki Shimizu joined Start Today as Director of Customer Friendship Management, he had successfully led a similar initiative for the Japanese unit of a global music retailer – and had the lessons to show for it. In his new role, he would need to adapt these lessons and best practices to the much larger, and in some ways more complex, marketing challenges that Japan’s youth fashion market presented. But Shimizu was at a good starting point – he shared a common vision with Maezawa and his colleagues of what a smarter Zozotown would mean to their customers. “Enabling consumers to access the widest range of fashions was our breakthrough and made us stand out in today’s market,”

The benefits of Start Today’s one-to-one fashion marketing solution
- 10x increase in conversion rates, resulting from more relevant and personalized promotional messages and contributing to a 150 percent revenue growth rate
- An estimated 90 percent reduction in time required to plan and implement new promotional campaigns, shortening time-to-market and improving the ability to seize market opportunities
- Higher customer retention by virtue of closer and more personalized customer engagement at the Zozotown site

Insights from experience

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Shimizu explains. “Making that experience personal—like the guidance of a trusted friend—would enable us to strengthen our customer relationships and keep them coming back to us in the future.”

Intending to move quickly, Maezawa viewed Shimizu’s recent experience of developing a smart marketing program—and the operational insights he could impart—as a major plus. In the area of technology, for example, Shimizu advocated for using the IBM Unica® suite of marketing management tools as the core of the solution, citing it as integral to the success of his previous project. Maezawa, in consultation with the company’s leadership team, saw Shimizu’s track record as a vote of confidence and rapidly gave the green light to proceed.

With the roadmap established, Shimizu began to systematically put the pieces in place. Within the first month, he had created and staffed the workgroup (a subunit of the marketing organization) that would plan and execute the entire project strategy. The next stage was to create and structure the data warehouse that would underpin the marketing management platform. In just over two months, the team reached the milestone of successfully implementing the Unica portion of the solution and began testing it. Then soon after, in early March 2011, came Japan’s great earthquake and tsunami. Although Start Today is headquartered in a suburb of Tokyo nearly 200 miles south of the epicenter, the event created a chain of disruptions that threatened the planned April launching of the solution—a timeframe which even before the earthquake had been aggressive. Undaunted and determined, the team redoubled its efforts and kept to the project timetable.

**Fashion shopping transformed**

Now jump ahead six months. Since Zozotown’s one-to-one marketing solution went live, Shimizu and his team have run some 60 successful promotional campaigns. The most direct marker of their success, and of the program overall, is a dramatic jump—as much as 10x—in the rate at which promotions turn into sales for Zozotown’s fashion retailers. It’s a big reason Zozotown has been able to sustain revenue growth in excess of 150 percent. Behind the increase in conversion rates are a series of smarter marketing practices that embody the “friendship” vision put forth by the executive team. “We’ve been able to design and execute campaigns that are in sync with our customers’ lives, like a trusted friend would be,” Shimizu explains. “By engaging customers with more relevant promotions—and with a personal touch—we’re yielding more responses and engendering more loyalty from our customers.”

A pervasive, constantly refreshed view of each customer makes it possible. The parameters of this view range from a log of customer purchasing activities to user-defined preferences and personal information. If a customer buys a pair of shoes, for example, the solution can detect a cross-selling...
opportunity for a complementary product, or even deliver guidelines on how to care for the new shoes. Just bought a gift for a friend? Zozotown delivers stylish tips on how to wrap it. The ability to proactively deliver event-driven courtesy messages—from thank you notes and birthday greetings, to hints and reminders about reward programs—further augments the personal touch.

Faster, more effective campaigns

Back before the project, when the nuts and bolts of Zozotown’s campaign activity required deep IT involvement, the thought of mounting 60 promotional campaigns in six months would seem far-fetched. The fact that Shimizu and his small team have reflects what he sees as the key strengths of the Unica solution. “Having control over campaign management gives us the flexibility to convert our customer insights into campaign design and to rapidly fine-tune campaigns to maximize their effectiveness,” says Shimizu. “And since timing is important, our ability to reduce time-to-market for new promotions means we realize revenues faster.”

Within Start Today’s offices, Yusaku Maezawa promotes a familial atmosphere. As you might guess, he’s not big on hierarchy. Eschewing fashion professionals, he generally uses Zozotown employees to perform e-commerce tasks (such as product and brand selection, purchasing, web site design and development), and often looks to them as early harbingers of tomorrow’s hot fashions. Broadly speaking, Maezawa has consistently shown an eagerness to listen and learn from those around him, a pattern that goes back to his earliest entrepreneurial roots. Pointing to their shared artistic sensibilities, Shimizu isn’t surprised when Maezawa asks him for his take on the latest fashion market trends.

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Pushing boundaries

But what matters most in these discussions is Shimizu’s take on how Zozotown can leverage its one-to-one marketing capability to make the experience even more compelling for customers. “While fashions are going to come and go, we want to build relationships with our customers that endure—and strengthen—like a lifelong friendship,” says Shimizu. “The road we’re on is to make Zozotown an even smarter shopping ‘partner’ for customers, one that can make informed fashion recommendations and open new doors for them.”

In the meantime, Zozotown is also leveraging its clout in Japan’s fashion market to make a difference on the humanitarian front. In cooperation with over 680 fashion brands that have storefronts on the site, Zozotown has raised over US$5 million for earthquake relief in Japan through the sale of T-shirts around the world. To CEO Maezawa, the effort is a seamless outgrowth of the values Start Today is founded on. “We’ve always seen ourselves as a bridge between the fashion community and Japan’s citizens,” says Maezawa. “We’re happy to use that bridge for a higher purpose.”

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