

Global Changes In Clothing Consumption By 2020, And Their Impact On Fibre-Manufacturer Supply Chains



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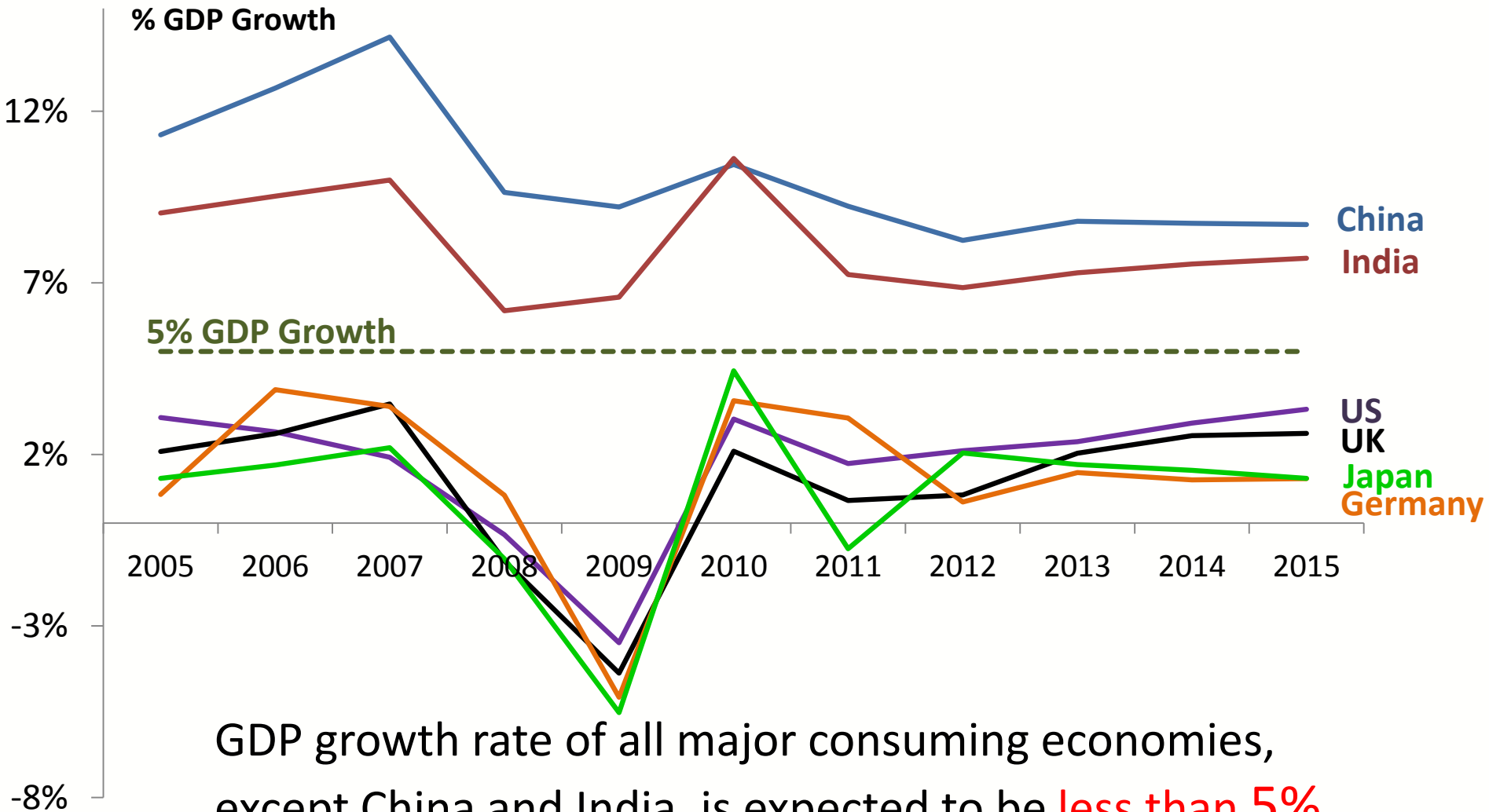
Presentation Flow

- Key trends impacting global apparel market
- Impact on fiber-manufacturer supply chain
- Implications for textile and apparel producers

Key Trends Impacting Global Apparel Market



1: Subdued Medium Term Economic Outlook For Major Consuming Economies



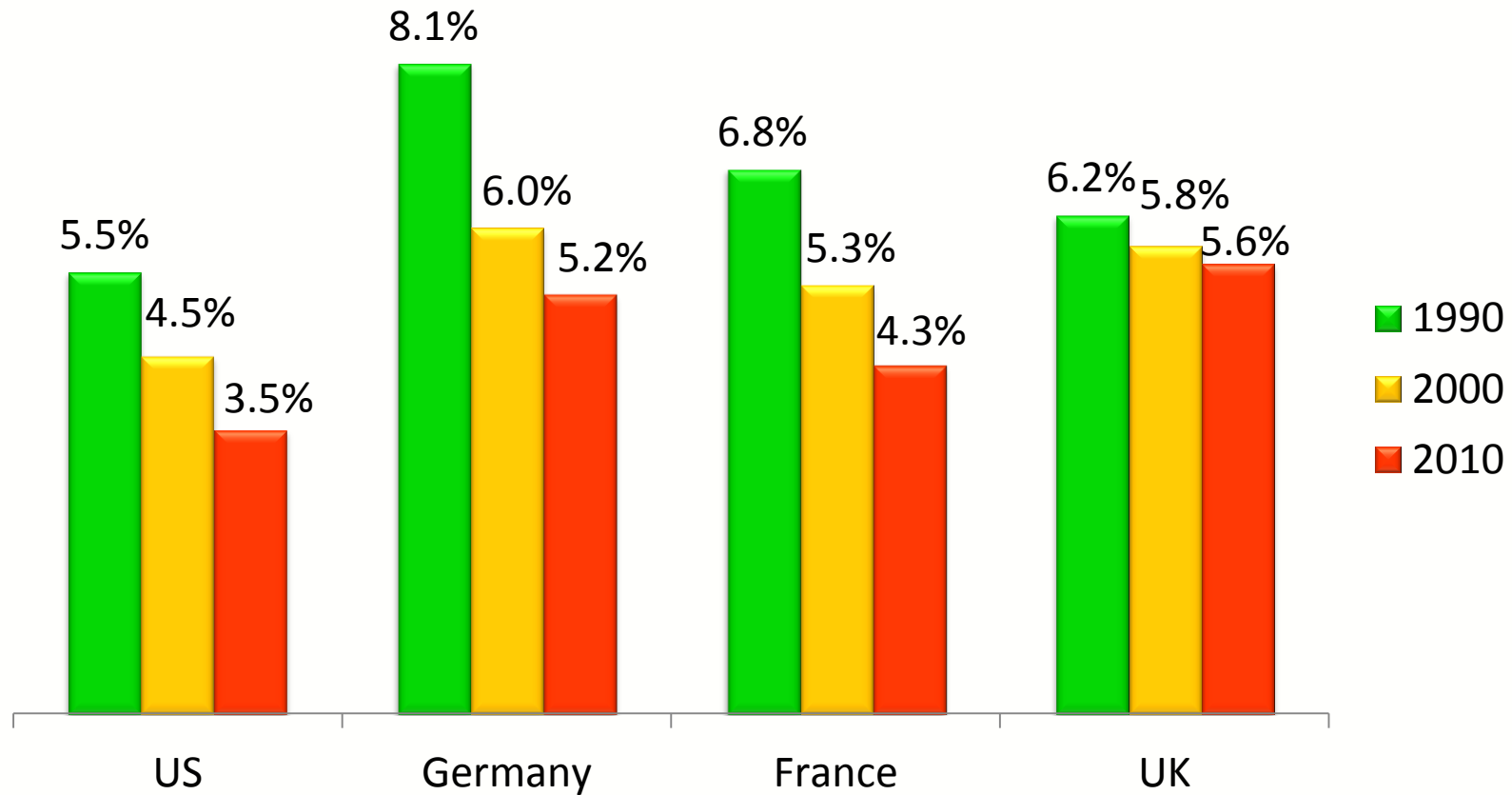
GDP growth rate of all major consuming economies, except China and India, is expected to be **less than 5%**



Source: IMF

2: Steadily Reducing Share Of Apparel & Footwear In Household Consumption In US And EU

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Source: US Census, Eurostat, Technopak Analysis

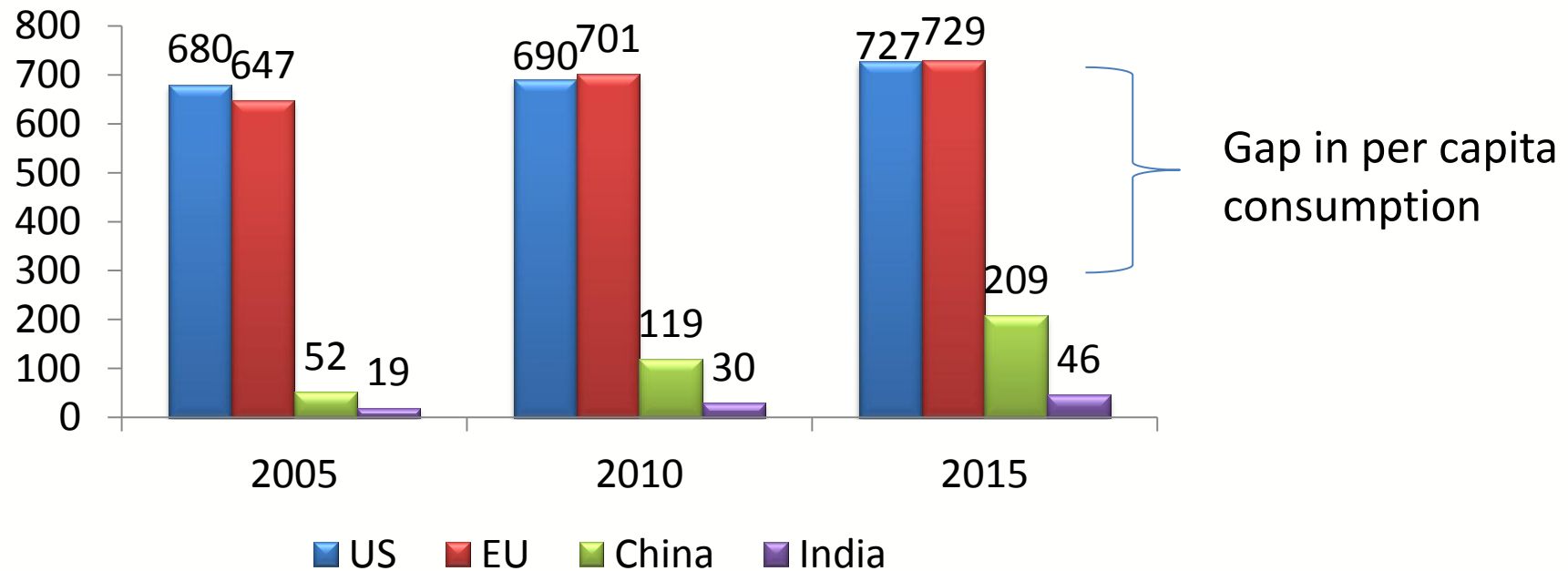
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3: Higher (Per Capita) Apparel Consumption Growth In Developing Countries

Per capita apparel consumption

US\$ per capita



From 2010 to 2015, the per capita apparel consumption will increase by **75%** in China & **50%** in India; trend is likely to continue through 2020 and beyond

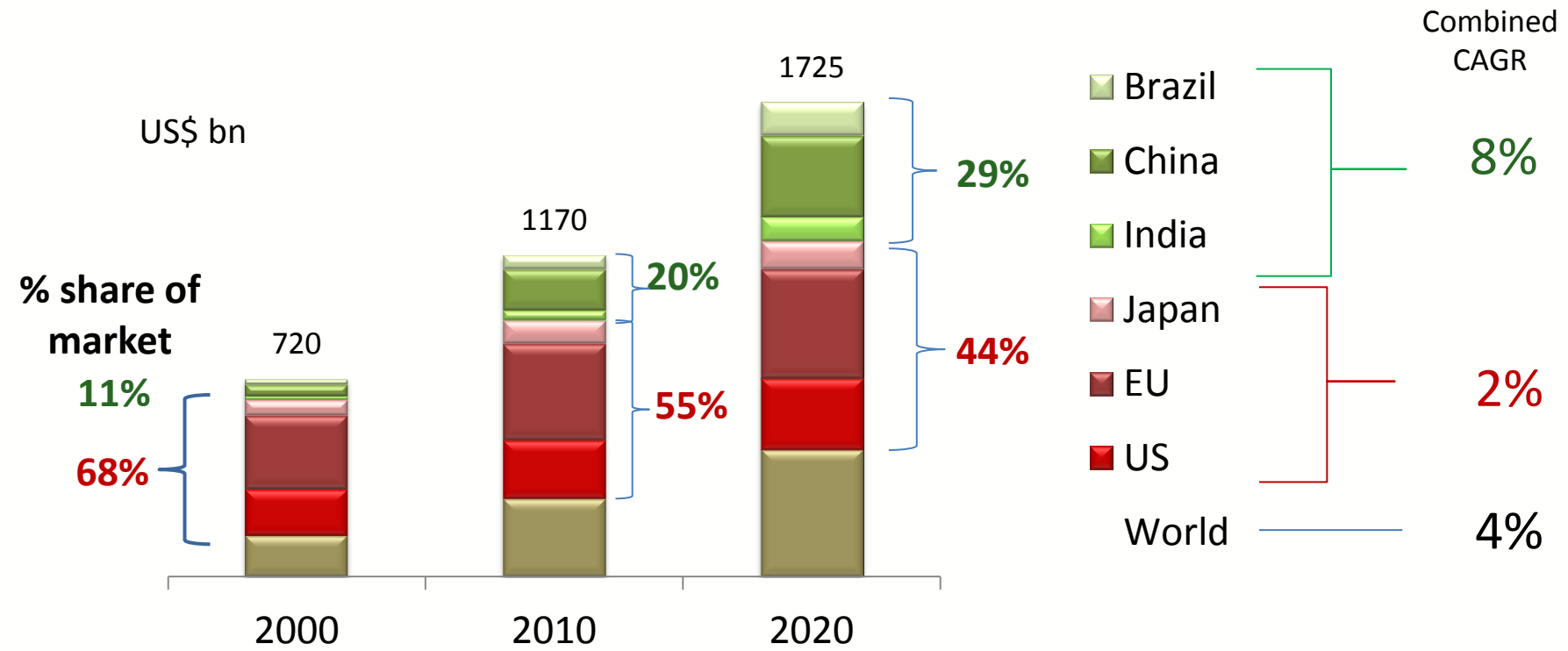


Developing Countries To Drive Growth In Apparel Consumption ...

Global apparel market expected to grow @4% ; China, India, Brazil are expected to grow at twice the global rate

Global Apparel Market Size

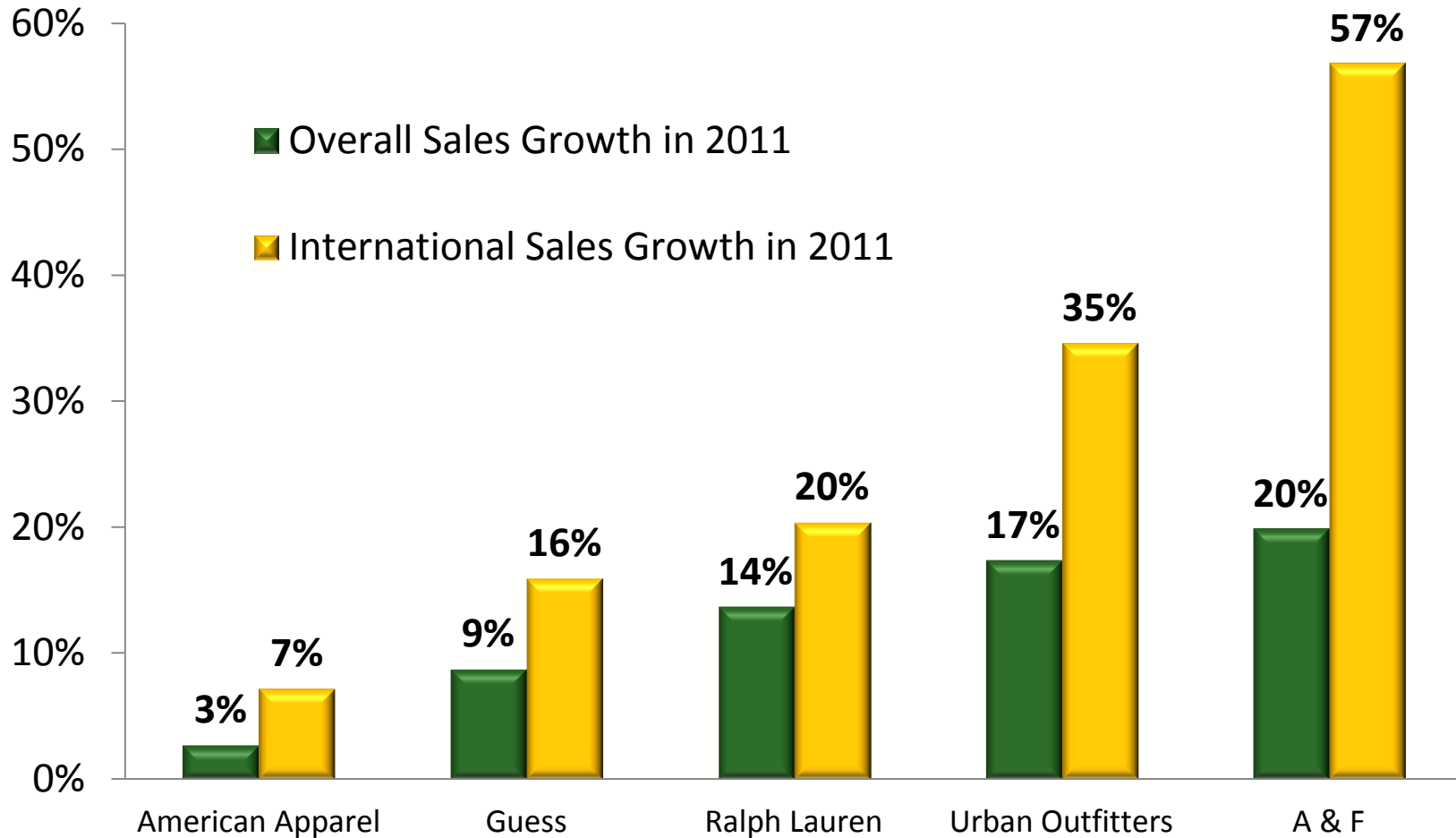
CAGR : 2010-20



Source: US Census Bureau, EU CBI, NBS China, Technopak Analysis



Forcing Major US & EU Brands & Retailers To Explore International Even More Aggressively

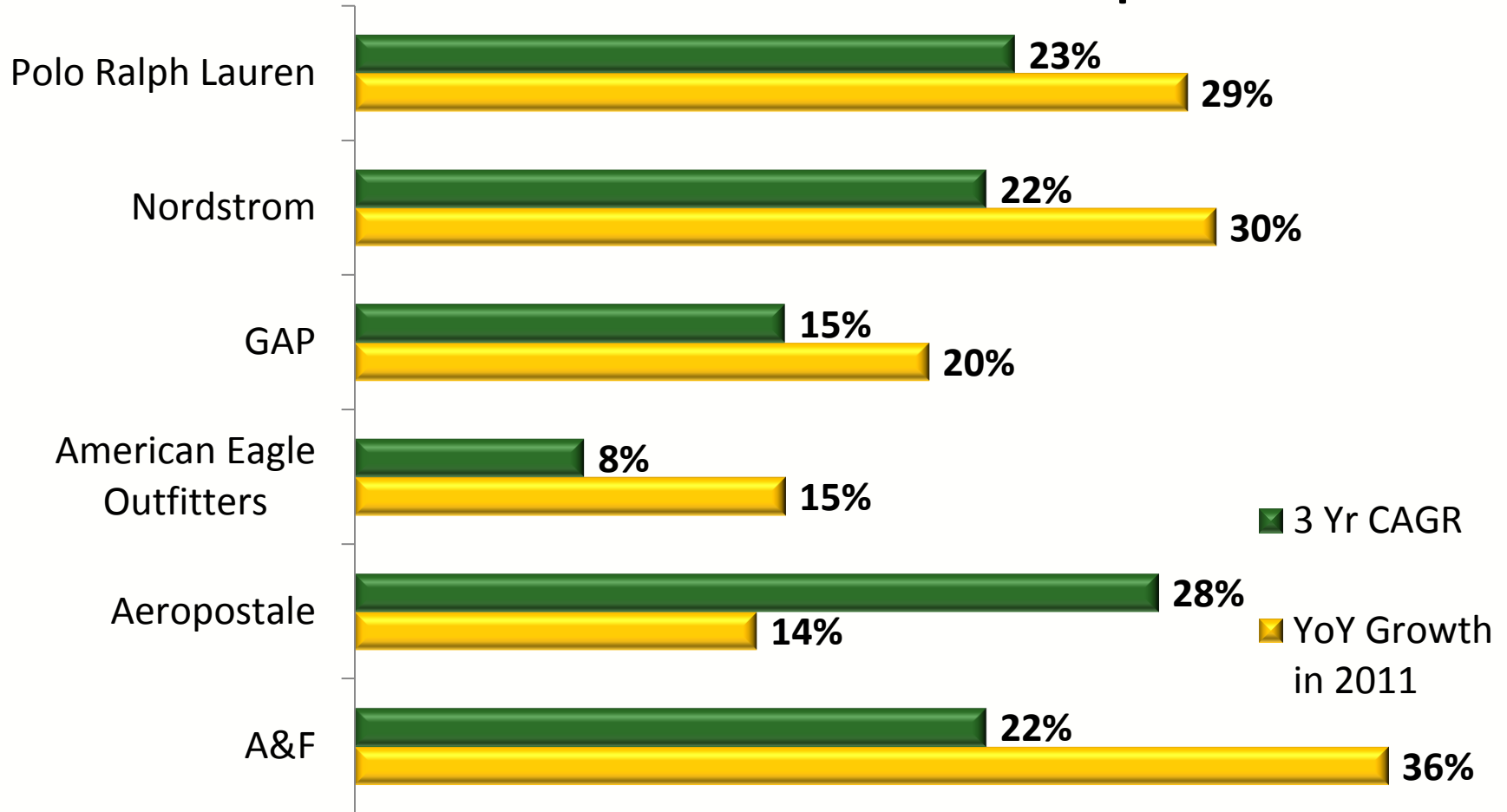


Source: Company Reports, Secondary Research



4: Rapid Rise Of E-Sales

Growth in online sales of selected companies



Source: Company Reports, Secondary Research

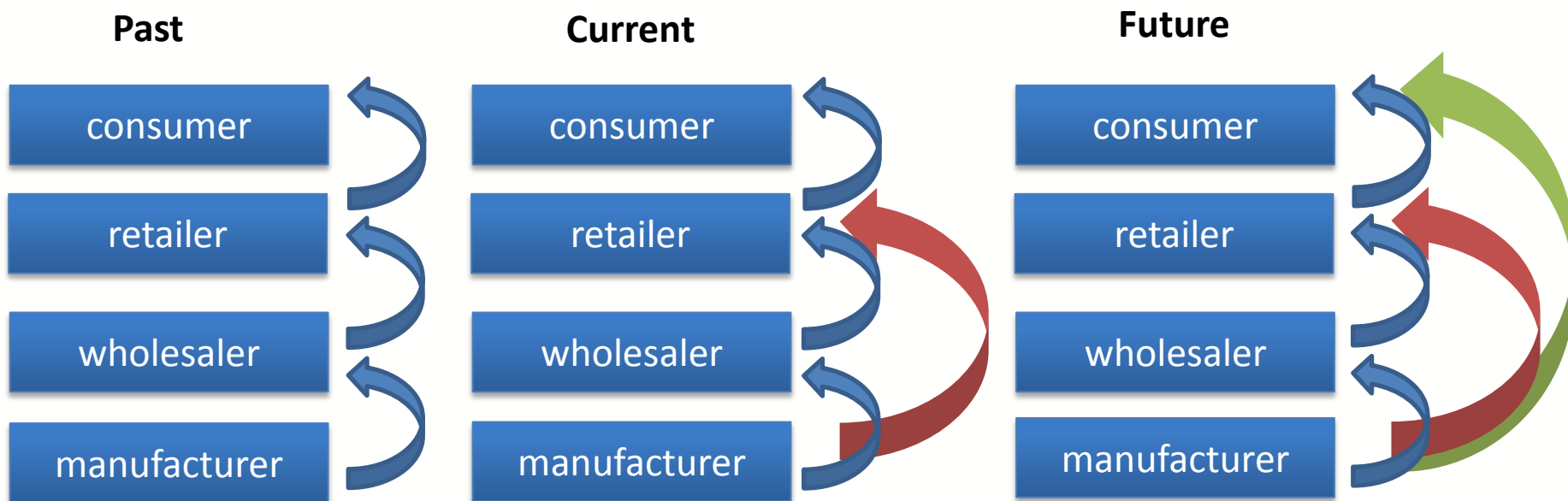


Impact On Fibre-Manufacturer Supply Chains ...



1: Supply Chains Getting More Complex

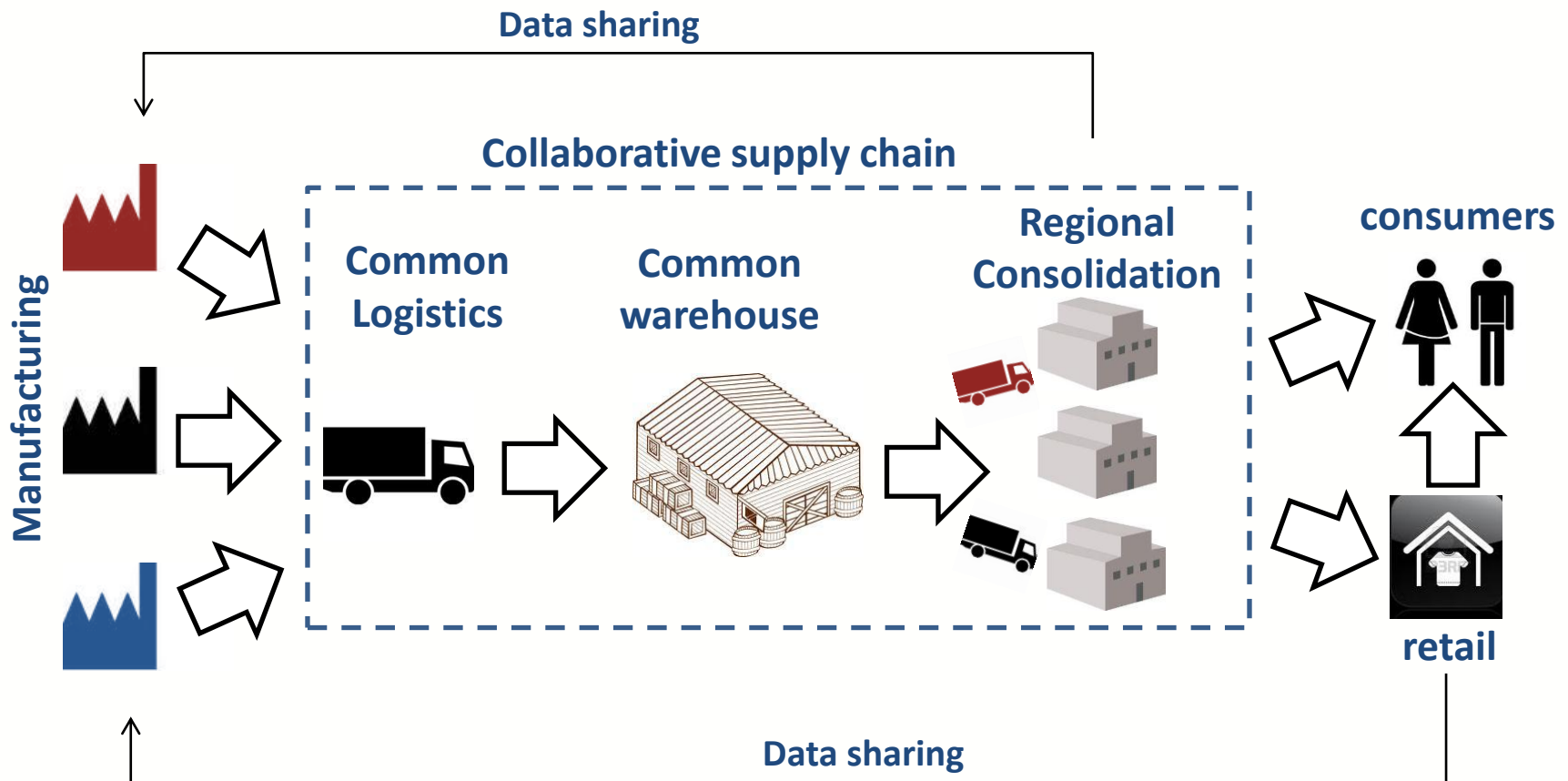
- Re-configuration
- Further pressure on shortened delivery time
- Increasing # of SKU's and lower order quantities per SKU



2: Heightened Need For More Collaboration

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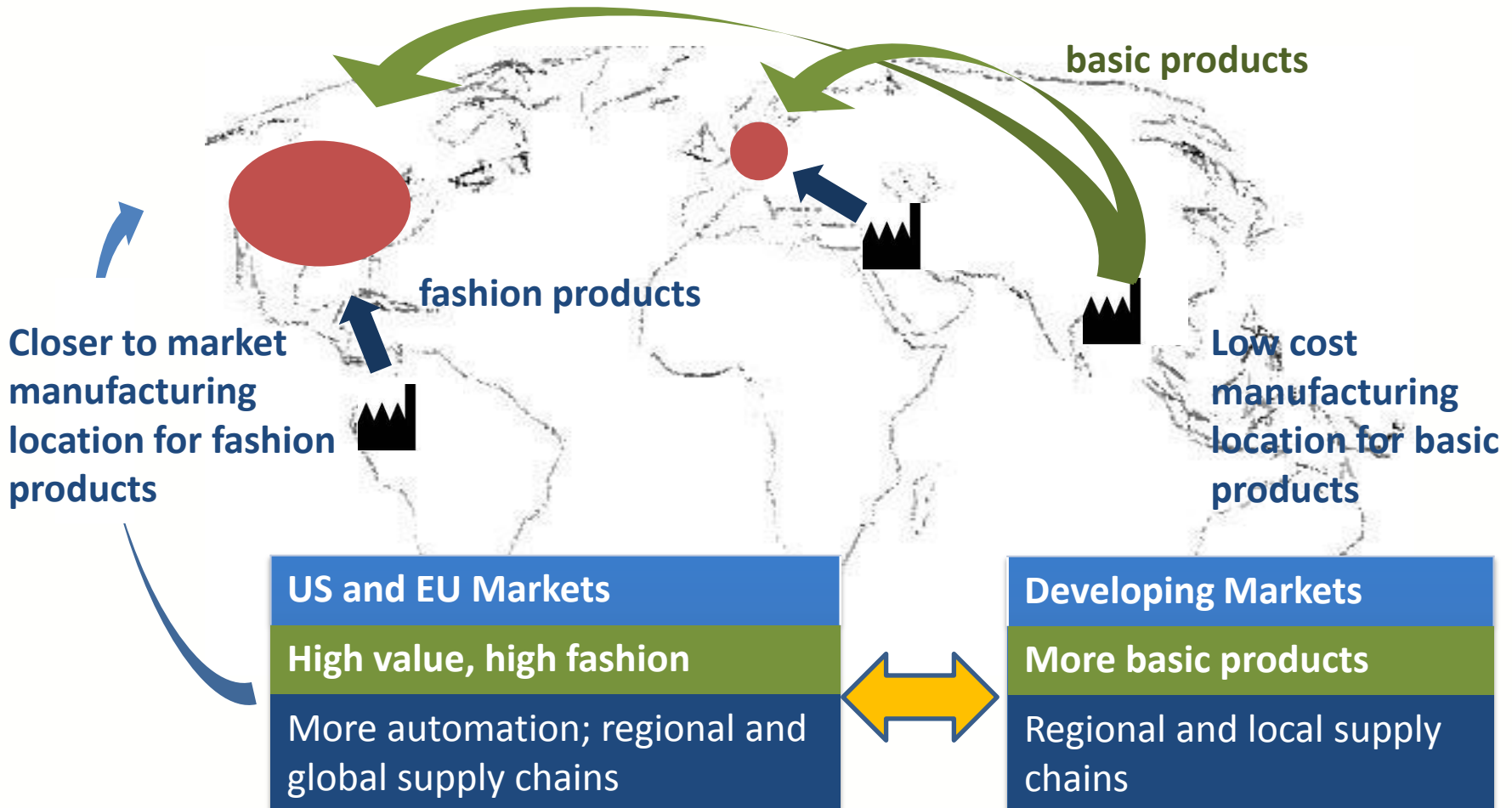
E-commerce growth will necessitate requirement of collaboration between manufacturers, retailers and service providers



3: Changing Sourcing Patterns ... More Challenges For Manufacturers

- Sourcing teams are now working on more number of seasons. Instead of two or four seasons, fashion brands and retailers have started working on 12 buying seasons a year
- Lead times have been further squeezed to have better control on raw material cost and improve responsiveness to the changing fashion needs
- No longer the manufacturers have the luxury of receiving order of greige fabric / blocking capacity in anticipation of future orders

4: Emergence Of New Supply Chains To Service Different Markets ...



Implications For Textile & Apparel Producers ...



1: Adaptive Manufacturing Approach

- More adaptive manufacturing approach
 - Multi location manufacturing (perhaps separate manufacturing bases for Basics and Fashion)
 - Making value added products in-house & outsourcing basics
- Even higher focus on improving business efficiency

2: More Deployment Of Technology

- More technology deployment across the entire value chain, covering:
 - Consumer demand and fashion trend tracking (advanced analytics and application of Big Data processing tools)
 - Product development and sampling
 - Production (more automation)
 - Warehousing
 - Shipping

3: Re-look At Strategy For China, India, & Brazil's Local Markets ...

- Develop localized / regional supply chains through strategic alliances, joint-ventures, acquisitions, and / or wholly owned manufacturing and marketing subsidiaries for each of China, India, and Brazil
 - China : China, Vietnam, select other SE Asian countries
 - India : India, Pakistan, Bangladesh, Sri Lanka, Vietnam, select other SE Asian countries
 - Brazil : Brazil, select other South American countries

Thank You !





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