

textile brands: secure your market. here!

●● **The textile industry in India needs to consolidate and organise itself. If not, warns Moreno Petrulli, aggressive competitors with more appeal could seize a space in the Indian market that should rightfully belong to Indian brands.**

The evolution of the textile industry has been gradual. The industrial textile areas maintained their position of predominance and the distribution follow-up without big changes for decades. Now, the winds of globalisation coupled with the demolition of trade barriers, and the fast growth of emerging and low-cost countries have changed the industrial landscape with a speed that was not quite foreseen. Textile production moved rapidly to these countries and the

old textile actors like Germany, England, France, Italy, and the United States have seen their textile industry drop down rather quickly. Increasing competition in the market forced important role players in the textile and apparel business in Europe and the United States to move part of their production to several emerging countries, which have cheaper labour costs and a strong will to become protagonists in the global textile and apparel business.

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domestic economic situation has pushed up labour cost levels, and this has changed the competitive landscape as compared to other developing and emerging cheaper countries. The first consequence of the cost increase was that the production of basic articles with a short value chain, without special content in terms of design or knowhow and not requiring specific competence or technology, was moved to these cheaper countries.

Mass products are generally characterised by cheap price, low added-value and high volumes. The shift of their production to low-cost countries

customer-supplier relationship not based only on price. In fact, to produce added-value items requires select raw materials, more knowhow, skilled people, technology, quality control during the process, zero tolerance in terms of non-conformity to the defined quality standards, and generally lower volumes. Maybe this is the reason why added-value items with complicated production processes and smaller volumes are still done in the West, even if countries like China, whose production costs are rising in a measured manner, start to change their attitude. Now you can source from China also in smaller quantities; they have



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met the common interest of buyers looking for more competitive prices and of producers from emerging countries interested in big volumes without too many complications.

Stiff competition, progressive loss of the mass product volumes, and decreasing margins have generated serious survival problems for the textile and apparel industries of the former producers, for whom the only way out was to move towards markets and products with more added-value and more margins, and offering the possibility to establish a

done huge investments in technology and knowhow to improve their ability to manage items with more fashion content.

In the Italian experience, the particular structure of the textile chain, organised as a 'district', has created the right conditions whereby the creativity and geniality of the Italian designers have met a network of specialised companies, covering all the links of the textile chain (yarns, fabrics, finishing, apparel, machinery) with embedded focus on creativity, research and innovation.

It would be very difficult to imagine the existence of fashion

brands without the powerful innovation and creativity of the Italian Textile District. These incredible networks have created a positive environment where Italian companies have been able to grow and pen pages for themselves in the history of textile and fashion worldwide.

Research, innovation and creativity are the keywords for the entire textile chain to be successful, and when one of the links in the chain does not perform, the entire chain pays for the consequences. For instance, when we analysed the Indian textile chain, we were surprised to learn that India imports from other countries a

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major part of the fabrics used by Indian apparel manufacturers, notwithstanding its huge textile industry.

Obviously, there is a shortcoming somewhere and this reduces the possibilities of growth of the Indian textile industry, as it loses out on opportunities in the domestic market. This also severely limits growth of the apparel industry.

'Fast' is the new rhythm of the fashion business and the capacity to respect the short lead times required by the market can be a strategic factor determining success. Now, it is clear that if the fabrics must come from another country, all the processes become slower while the costs escalate.

The biggest risk is that the foreign customers, due to difficulties in sourcing the fabric in India, can decide to move the apparel production to other countries like China where they have a larger choice. China is the first supplier of fabrics to Italy, and India is the third with a share that is 30 per cent of the Chinese.

Another consequence is related to the fashion domestic market. During our trip to India this month, we visited some new department stores where we saw collections of many apparel brands. In our opinion, some Indian brands have reached a very good level, even if they still have to work to define their identity and communicate it to the consumers through a coherent product and a correct visual imagery. For many others, even if they have potential, the work to do is much bigger and it involves several aspects of branding in order to reach the level where they may be differentiated between being a label and being a brand. A common trait noticed among most such brands was in the basic material used in the collection, contributing to the confused identity with inappropriate visual imagery, design and creativity.

A direct question on this observation is, how is it possible to make fashion apparel collections without fashion fabrics?

Of course, the Indian domestic market, in the throes of its mallification, represents an important market; and, for Indian brands to be successful, they need to offer a much more attractive basket of fashion



products to conquer the market. Aggressive competitors, with more appeal, could seize a space in the Indian market that should rightfully belong to Indian brands.

Without delving too deep into the process of branding, what can be said is that even for the textile industry the brand approach is applicable. The first step towards this process consists in the definition of the identity of the company based on knowhow, history, organisation, and other such attributes. This first step alone can change the perception of the company in the market, with several benefits.

This weakness in the textile system is more or less common to several emerging countries. Thailand faced a similar situation. Now, however, it has developed several projects with the support of the government to enhance the quality level of its textile industry, creating linkages with its apparel industry and thus improving its visibility with specific PR activities and events. One such project was evaluated by the American magazine *DNR*, and adjudged the best project of the year for its innovation. At present, the Thai textile industry is seeking to secure for itself a role of leadership as a fabric supplier in the ASEAN region, on the strength of the quality it offers. This has been possible only because of the focus on R&D and design.

Another country facing similar issues is Brazil. Here, the textile industry is low on innovation, and this is clearly visible even in the collections of the most advanced

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Brazilian brands. The limitation in textiles generates a flat product with more or less the same attributes across collections. The textile companies of these countries are used to copying the fabrics they see in fashion shows and the like, and their lament has been that when they were ready with the copied fabrics, the market had already moved on.

I have just returned from Brazil, where, in a survey of the Brazilian textile and

time enough for textile companies to copy. The only way is to anticipate the market trends. But, how?

Fast fashion systems do not leave too many alternatives and the textile companies that will be able to develop their own solution – carefully studied, coherent with their identity and in line with the trends of the season in terms of design, touch, aspects and colours, and well organised with the capability to produce in shorter lead times – will be successful.



7. Investments in software;

8. Marketing upstream and downstream, to anticipate the needs of the market.

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apparel system organised by the main textile associations in the four main textile areas, we analysed around 150 apparel companies. Many of these companies were working as private labels and they have seen their volumes decrease consistently due to the competition from China. Some of them are moving to develop their own brands. To take their own space in the market is, of course, the correct choice, but the gap in terms of mentality, organisation and culture between a private label and a brand is still big.

Fast fashion is the trend that will define our industry in the next decade. The trends are peaking faster and faster. It is very clear that fast fashion system, with a time to market of 4-6 weeks, does not leave

We believe that the Indian textile industry must necessarily work towards covering this shortcoming, with the chief aim of becoming the engine of development of the Indian textile and apparel industry, thereby also supporting the growth of Indian brands.

A brief roadmap pinpoints these factors:

1. Global vision for the textile and fashion business;
2. Develop your identity;
3. Work with a clear strategy;
4. Establish systems;
5. Research and continuous product development;
6. Oriented towards creativity;

The entire textile industry should be involved in the process, because it is from the assortment of the textile offer that the creativity of the fashion designer gets inspiration. The Italian example is a worthy model to be followed. A wide, complete and trendy textile offer is considered a strategic plus for buyers who need to outsource groups of products – not just single pieces, as they then find it much easier to concentrate their production in one country to the extent possible.

It is a very challenging goal and, like always when a new path must be taken, it must be spearheaded by leading textile companies, to encourage others to follow. ●

Moreno Petrucci is partner in the Italy-based Mitor SAS, a fashion textile consultancy. Its group of 20 consultants have specific experience in the fashion and textile business, and have worked with the most relevant textile and fashion companies in the world.