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Currency Watch			
USD	EUR	GBP	JPY
83.14	89.20	104.01	0.57

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INTERNATIONAL NEWS

ASEAN manufacturing sees boost in Q3 2023 with rising orders

The Association of Southeast Asian Nations' (ASEAN) manufacturing sector showed renewed vigour in the third quarter (Q3), with new orders on the rise and output growth at a three-month peak. The region's manufacturing purchasing managers' index (PMI) improved from 50.8 in July to 51.0 in August, continuing a positive trend that began in October 2021.

Four of the seven ASEAN economies surveyed reported stronger manufacturing conditions. Indonesia led for the second month in a row, registering the quickest expansion rate in 21 months. Myanmar, Singapore, and Vietnam also posted gains, though the latter's improvement was only slight, S&P Global said in a press release.

Conversely, the Philippines and Thailand dipped into contraction for the first time in years. Malaysia also continued its 12-month decline in manufacturing health, although the rate remained stable compared to July.

Price pressures escalated in August. Input price inflation quickened for the first time in seven months, and selling prices also rose, albeit at a modest rate. Despite these upticks, both input costs and output charges remained below long-term trends.

Employment levels stabilised, ending a five-month period of job losses. Backlogs reduced for the second consecutive month, and supply chains continued to improve. Business sentiment amongst ASEAN manufacturers reached a four-month high, although it still lags behind historical averages.

Overall, the sector has been improving for nearly two years, with a slight acceleration in August. Factors such as increased output and stable employment suggest cautious optimism for ASEAN manufacturing in the months ahead.

“The ASEAN manufacturing sector signalled a further improvement in business conditions during August as new orders and output continued to rise, the latter growing at a sharper rate than in July. Moreover, August marked the end of the shallow downturn in employment that began in March, with the latest reading showing broadly stable workforce numbers.

However, with manufacturers largely able to keep on top of workloads, backlogs continued to be depleted, which could potentially hold back employment growth in the coming months.

Additionally, headwinds from the global economy and the ongoing interest rate cycles across many of the ASEAN economies raise worries of whether current demand trends will be sustainable in the second half of the year,” said Maryam Baluch, economist at S&P Global Market Intelligence.

Source: fibre2fashion.com– Sep 08, 2023

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China's exports, imports drop in August but show signs of stabilisation

China's exports and imports both fell in August on the back of subdued global demand and weak consumer spending in the economy.

According to customs data released on Thursday, China's exports dipped 8.8% year-on-year (YoY) to $284.87 billion in August, registering its fourth straight month of decline. However, exports beat a forecast of 9.2% fall in a Reuters poll and off a 14.5% drop in July.

Meanwhile, imports contracted 7.3% to $216.51 billion, also slower than an expected 9.0% decline and last month's 12.4% fall. China's total trade surplus in the last month fell to $68.36 billion from $80.6 billion in July.

The year-on-year contraction of outbound shipments to the United States, Australia and ASEAN nations narrowed from July, Reuters reported.

China's economy is at risk of missing Beijing's annual growth target of about 5% amid a worsening property slump, weak consumer spending and tumbling credit growth that have led analysts to downgrade forecasts for the year.

China has announced a series of measures in recent months to pump prime growth, including easing of some borrowing rules last week by the central bank to aid homebuyers.

Analysts believe the customs data shows signs of stabilisation but the world's second largest economy still has a long way to go.

As per the data, South Korean shipments to China dropped just a fifth last month, slowing from a decrease of 27.5% a month earlier. Declines in trade with the United States, Southeast Asia and Australia also narrowed.

Trade with Japan dropped sharply, with outbound shipments from China to Japan plunged 20% YoY in August, while imports dropped by 17%.

Source: livemint.com– Sep 07, 2023

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Japan, Turkiye sign agreement to boost trade, investment

Japan and Turkiye recently signed a cooperation agreement to promote trade, investment and economic partnership.

Signed by Turkish trade minister Omer Bolat and Japanese minister of economy, trade and industry Yasutoshi Nishimura in Istanbul, the agreement includes holding a trade and investment summit, accelerating economic partnership and expanding cooperation in third countries.

The summit is planned to be organised in Tokyo soon.

Bolat and Nishimura also discussed bilateral economic ties, the former was quoted as saying by Turkish media reports.

Both sides aim to raise economic ties to the level of strategic partnership, Nishimura said.

Source: fibre2fashion.com– Sep 06, 2023

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Global trade finance gap hits record $2.5 trn in 2022

- The global trade finance gap reached a record $2.5 trillion in 2022 as rising interest rates, economic downturn, and inflation hampered banks' ability to provide trade finance.
- Despite robust growth in global goods exports in 2021 and 2022, the trade finance gap remains.
- Firms cited insufficient financing as the top supply chain challenge.

The global trade finance gap grew to a record $2.5 trillion in 2022 from $1.7 trillion two years earlier, as rising interest rates, flagging economic prospects, inflation, and geopolitical volatility reduced the capacity of banks to deliver trade financing. Rebounding strongly after the COVID-19 pandemic, global goods exports grew in 2021 and 2022 at 26.6 per cent and 11.5 per cent, respectively.

The trade finance gap is the difference between requests and approvals for financing to support imports and exports. Demand for trade finance surged on the back of this sharp recovery but heightened economic risks made finance more difficult to secure than before.

Following a zero-growth rate during the last quarter of 2022, as of April 2023, global trade exports in value slowed year-to-date, showing a decline of around 3 per cent, according to the 2023 Trade Finance Gaps, Growth, and Jobs Survey by the Asian Development Bank (ADB).

Around 60 per cent of responding banks reported that the Russian invasion of Ukraine impacted their trade finance portfolios due to growing geopolitical uncertainty and increased commodity prices.

The top supply chain challenge cited by firms surveyed was insufficient financing. They identified access to adequate financing, reliable logistics, and the use of digital technology as the three most important components of resilient supply chains.

For the first time, the 2023 trade gaps survey focuses on environmental, social, and governance (ESG) issues, along with digitalisation, in a bid to assess their impact on relevant supply chains and the trade finance gap. The majority of banks and companies that took part in the survey believe that ESG alignment could potentially help reduce the trade financing gap.

"The global trade finance funding gap has now widened to well over $2 trillion, as the global economy still struggles to rebound from the pandemic.

That growing gap strangles the potential of trade to deliver critical human and economic development through jobs and growth," said ADB's director general for private sector operations Suzanne Gaboury.

Source: fibre2fashion.com– Sep 08, 2023

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OECD inflation rises to 5.9% in July 2023

July 2023 saw the year-on-year inflation rate in the Organisation for Economic Co-operation and Development (OECD) climb to 5.9 per cent, a marginal increase from 5.7 per cent in June and the first such increase since October 2022. This inflation surge was predominantly driven by a sharp escalation in Turkiye. Excluding Turkiye, OECD inflation was broadly stable.

Inflation rates fell in 26 of the 38 OECD nations, with 17 of these countries recording declines greater than 0.5 percentage points. Energy inflation within the OECD remained negative, sitting at minus 7.5 per cent, improving from minus 9.6 per cent in June. Meanwhile, core inflation, which excludes food and energy prices, edged up to 6.7 per cent from 6.6 per cent in the prior month, OECD said in a press release.

Among the G7 countries, the UK saw the largest drop in energy inflation, yet still maintains the highest inflation rate among G7 nations at 3.9 per cent. Headline inflation rates fell in Italy, France, and Germany but increased in Canada and the US. Despite this, both nations' headline rates remain more than 2.5 percentage points below the average OECD rate. In Japan, headline inflation remained stable, and non-food, non-energy items were the main inflation drivers in all G7 countries for July.

In the Euro area, the harmonised index of consumer prices (HICP) continued to decline, albeit at a slower pace, registering at 5.3 per cent in July 2023, down from 5.5 per cent in June. According to Eurostat's flash estimate for August, HICP inflation is believed to have remained stable across the Eurozone, although there was a spike to 5.7 per cent in France due to rising energy prices. In contrast, rates in Germany and Italy remained broadly stable or declined.

Source: fibre2fashion.com– Sep 07, 2023

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BFC, UKFT and UKRI launch ground-breaking fashion circularity partnership

Fashion trade bodies, the British Fashion Council (BFC) and the UK Fashion and Textiles Association (UKFT), have teamed up with UK Research and Innovation (UKRI) on a ground-breaking partnership with the aim of accelerating the UK to a leading circular fashion economy.

The partnership, will be known as the Circular Fashion Innovation Network (CFIN), and is co-chaired by BFC CEO Caroline Rush and UKFT CEO Adam Mansell. The network will sit under the BFC's Institute of Positive Fashion (IPF) and brings together innovators, investors, academia and broader stakeholders.

CFIN will receive £1.8m which is jointly allocated to the BFC and UKFT to run the network, build the community, accelerate knowledge share to members and industry and to activate required industry-led research.

Fashion is a huge player in the British economy, contributing £29 billion to UK GDP (according to Oxford Economics 2022), and it is estimated that new clothing consumption is higher in the UK than in any other European country.

This high consumption is couple with low usage leading to an unsustainable amount of waste, which the network is seeking to urgently address via an "action-oriented forum".

Among those on the network's advisory board are: Marks & Spencer clothing chief Richard Price; New Look CEO Helen Connolly; British Retail Consortium CEO Helen Dickinson and Chanel. They are joined by representatives from UKRI, NGOs and academia.

The role of the Advisory Board is to focus on the vision of the network, receive briefings from the Working Groups and to address scalability across the UK. The network's action led road map will be developed in accordance with competition laws and other applicable laws and regulations.

The CFIN will play an essential central convening role in UKRI's £15m Circular Fashion programme to accelerate positive change within the fashion industry. Other programmes include the Recycling Sorting

Demonstrator led by UKFT; NERC's Network Plus programme led by Exeter University, Leeds University and Northumbria University, which will provide research capability focused on the improvement of data analysis, establishing research-validated baselines and environmental impact and circularity. Through the BFC's Colleges Council and UKFT Education Partner Network briefings on the programme to broader academic institutions will also take place.

The CFIN is the first industry-led programme of this kind supported by UKRI. Its Working Group leads will report to the UKRI programme board, making it central to UKRIs £15m commitment to supporting an innovation-led approach to circular fashion.

The six working groups within the programme are:

- Circular business models – Focus on reduction of waste and over-production by embedding circular business practices; consideration of regulation changes.
- Recycling infrastructure – Optimise closed-loop recycling processes, develop partnerships and develop foundations for extended producer responsibility (EPR).
- Sustainable manufacturing – Lower environmental impact by achieving supply chain resilience, creating deeper links between brands and manufacturers, and scaling digital traceability tools.
- Novel technology – Scale up and integrate novel technologies that support circular fashion.
- Diverse and future-proof workforce – Upskill the workforce and build a diverse and future-proof talent pipeline to close the skills gaps.
- Green growth – Create economically viable Circular Fashion Products, services, and IP which create high value jobs, support growth through responsible design, retail and manufacturing.

BFC CEO Caroline Rush said: "We look forward to The Circular Fashion Innovation Network being the catalyst for essential transformation within the fashion industry. Collaboration has always been our guiding principle in effecting change. The new Circular Fashion Innovation Network rests on this very spirit -– our cross sector advisory board will combine and advance novel technologies and approaches, which we hope will create a world-class blueprint here in the UK. It builds on the BFC's Circular Fashion Ecosystem work, established in 2020 as a multi-year endeavor to establish not just what needs to be done to achieve circularity in our fashion industry, but who needs to do it.

"BFC and UKFT have a proven track record of working together on Government Relations and International Trade, it now makes sense that we bring together our two networks which covers fashion and textile designers, retailers, manufacturers, tech businesses, government, media, professional services, investors and consumer audiences, to tackle our biggest challenge, our impact on the planet and with that the future of the UK fashion industry. "

Adam Mansell, CEO UKFT, added: "It has never been more important to combine knowledge and networks to tackle the challenges of sustainability. We're excited to work with the BFC and other partners via the Circular Fashion Innovation Network to establish both direct interventions and long term plans to help the transition towards a new circular economy in the UK. Our particular area of focus will be sustainable manufacturing and recycling infrastructure, which we believe will be key drivers in helping to build the most resilient, sustainable and competitive sector for future generations."

Source: theindustry.fashion– Sep 06, 2023

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'It's Like Trying to Get Taylor Swift Tickets': How AI Helps Importers

Players in logistics and global trade have yet to scratch the surface when it comes to making artificial intelligence work for their businesses.

A recent Freightos survey illustrates that AI, the common shorthand for the rapidly advancing technology, is still in its infancy. An overwhelming 96 percent of logistics professionals expect to leverage AI, while just 14 percent say they are already using or piloting solutions.

In a recent webinar, Dan Gardner, co-founder and president of freight forwarder and customs broker Trade XCelerators, tried to demystify some AI use cases for U.S. importers.

From demand planning and forecasting; purchase order (PO) management; lead time management; automating processes at ports and terminals; optimizing air freight consolidations; or chatbots for customer interaction, AI can help importers streamline their tasks.

For example, an AI-driven purchase order management system could automate PO-invoice mapping. This would reduce disputes while increasing renewals.

"When an importer creates a forecast and they know what they think they're going to sell for the balance of the year—what do they do then? They start placing purchase orders [with] vendors overseas," said Gardner. "The application of AI to PO management can automatically sense and identify the last change date or the last sailing date on an upcoming PO."

Gardner noted that cumulative lead time management is an area within trade and logistics where AI can help, particularly since current ocean freight visibility tools often focus on transportation, but not the order processing component. Cumulative lead time refers to the time between the importer placing a PO and getting the merchandise in hand.

He said AI-based cumulative lead time tools can leverage data to make predictions and decisions that shorten processes that last as long as 120 days.

Like many other industries, such as e-commerce, AI-based solutions can help deliver recommendations for shipment quoting, so that an importer isn't just offered a price, but a recommendation based immediately on current availability, shipping route and capacity.

Businesses also can automate appointment making for drayage, which is vital in an industry where ports such as Los Angeles and Long Beach have a combined 12 container terminals.

"Humans are going in scouring the websites of every terminal and trying to make appointments," said Gardner. "But it's like trying to get Taylor Swift tickets when you're trying to make appointments and they become available at four o'clock in the morning on a Monday."

He's skeptical of some of the applications he has seen touted in the industry—specifically calling out that predictive analytics for ocean freight shipping, saying "I don't know if it lives up to the hype."

The logistics industry is bullish on AI, despite the generally low adoption right now.

Only 5 percent of logistics professionals think AI is all hype, with more than half anticipating AI to have a major impact on the industry and 43 percent expecting a more limited impact, according to the 55 respondents surveyed by Freightos.

Most logistics providers and managers expect to use AI for pricing (64 percent) and customer service (56 percent) automation in the future, with about half anticipating using AI in operations (51 percent) and others for sales functions (35 percent) or software engineering (24 percent), the survey said.

While the conversation over automation in logistics itself has gotten testy over concerns of job losses, particularly at ports, AI and automation shouldn't automatically be tied together, Gardner said.

"Don't confuse AI with automation," Gardner said. "AI is about interpreting data, applying what's been interpreted and making predictions and decisions. We want to focus on how humans really think and work—the cognitive process, how we perceive our environment. How do we understand and experience different things, use our judgment, consider options, envision outcomes and apply what we learned? AI only knows what's in the data."

Gardner urged importers to carefully consider what AI solutions claim to offer.

"What specific predictions do the solution make? What decisions can it make without human intervention and without a program explicitly programmed to make that decision?" he said. "What level of ops experience have? You have brilliant technologists that wouldn't know an airway bill from a telephone bill."

Source: sourcingjournal.com– Sep 07, 2023

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EU Green Deal Spurs Sustainable Textile Revolution

The European Union is actively advancing transformative policies through the EU Green Deal, particularly those with a significant impact on the textile industry.

This has sparked a growing interest in sustainable and circular textiles from both the public and private sectors. As someone who covers sustainability and fashion, I am pleased to extend an exclusive interview invitation to Kutay Saritosun, the Director of Fashion Brands at bluesign®—a trailblazer in sustainable textile solutions and an industry veteran with eight years of experience at ISKO Denim.

Kutay is well-positioned to offer invaluable insights into:

The ramifications of the EU Green Deal for the global textile industry. How upcoming EU legislation aims to cultivate a more sustainable and circular textile ecosystem. The significance of the forthcoming Digital Product Passport in enhancing transparency and accountability.

With several pivotal legislative changes on the horizon, including the introduction of the Digital Product Passport, this is a timely opportunity to delve deep into these critical developments.

Kutay's expert commentary can serve as a comprehensive resource for comprehending the extensive transformations unfolding within the textile industry, both in the EU and across the world.

Source: fashionatingworld.com– Sep 08, 2023

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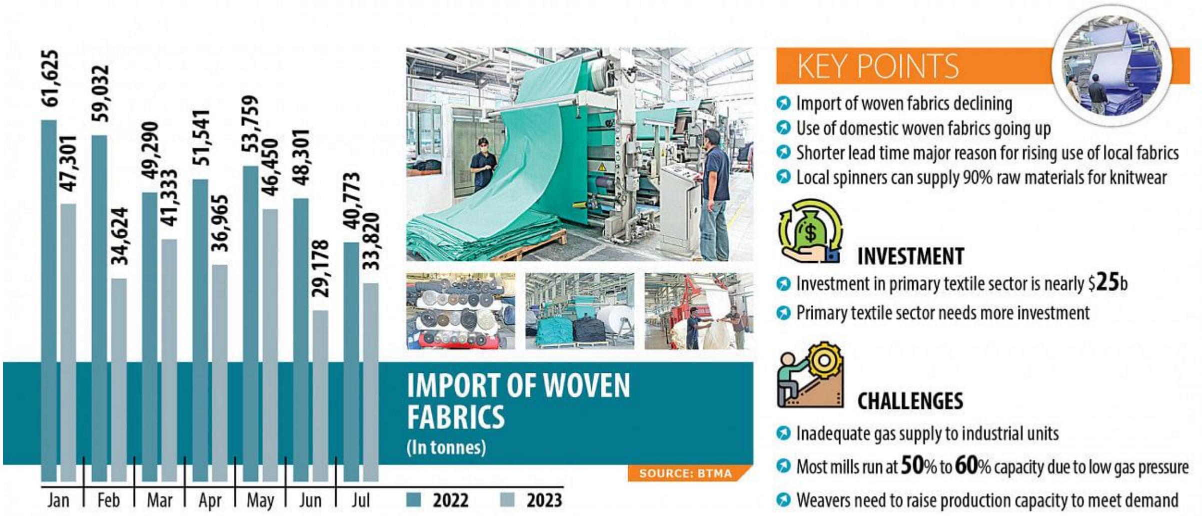
Bangladesh: Garment makers reducing reliance on imported fabrics

The import of woven fabrics declined by 25.97 percent in the first seven months of this calendar year, compared to the same period last year, as garment makers have brought down their reliance on imported products because of an increase in local production.



Another reason is that international clothing retailers and brands now demand a significantly shorter lead time to catch business in tune with the recovery in the global supply chain from the severe fallouts of the pandemic and Russia-Ukraine war, and so local sourcing of materials is more efficient.

International retailers and brands are hungry for new fashion items as they want to establish 12 sales seasons instead of the six or eight of the pre-pandemic times owing to fierce competition in the business.

As a result, they want quick shipment of goods and in many cases, they seek the goods through expensive air shipments instead of the normal delivery route over sea.

Following such a change in the business behaviour of international retailers and brands, the local garment suppliers, textile millers, weavers, spinners and knitters have also changed their production and procurement behaviour to match up.

The local garment suppliers started procuring fabrics from local sources instead of imported fabrics to comply with demands for a shorter lead time.

Currently, international retailers and brands demand a lead time of 45 days to 60 days as opposed to the previous 90 days and 120 days for the delivery of goods.

It is almost impossible to maintain such a lead time if the garment is made from imported fabrics as it takes at least 30 days to import the fabrics from other countries, mainly from China, to Bangladesh.

If the lead time takes any longer, there is a possibility of the work orders being cancelled. As a result, the local garment exporters, especially the woven garment manufacturers, have started procuring the fabrics they require from the local markets to reduce the lead time.

For this, import of woven fabrics stood at 2,69,671 tonnes between January and July of this year whereas it was 3,64,321 tonnes in the corresponding period last year, according to Bangladesh Textile Mills Association (BTMA).

In terms of the value, it was a decrease of 16.08 percent to Tk 19,860.83 crore, the BTMA data also showed. The increase in the local sourcing of woven fabrics also indicates that more value addition is taking place in the domestic garment sector.

Abdullah Al Mahmud (Mahin), chairman and managing director of Mahin Group, which is a supplier of woven fabrics, said he has been receiving an increasing number of work orders over the last six months. He also pointed to shorter lead times and rising competition as another factor.

Citing the example of a major Spanish brand, Mahin said it wants deliveries within a maximum of two weeks. As a result, local garment makers buy the fabrics from the local markets instead of importing it, he said. The forecast is that there is pressure from a lot of work orders up to October and production capacity in his mill may go up to 80 percent to meet the demand, he said.

In case of knitwear, local spinners for many years have been able to supply more than 90 percent of the raw materials. So, they have been able to enjoy a shorter lead time for a long time.

AK Azad, chairman and chief executive officer of Ha-Meem Group, said the demand for non-denim fabrics produced locally has been rising mainly to maintain the lead time because the business was shifting from China to Bangladesh.

International retailers and brands want delivery of goods at the earliest, he said. Monsoor Ahmed, chief executive officer of the BTMA, said sourcing of fabrics from the domestic markets reduced lead time significantly.

More importantly, garment makers can also buy fabrics through deferred payments and frequently seek replacements for the fabrics in case of quality issues, which would not have been possible in case of imported fabrics, he said.

Bangladeshi knitwear items have been performing strongly for many years because of the local availability of raw materials, said Md Fazlul Hoque, managing director of Plummy Fashions Ltd.

They are beating the odds of not having the geographical proximity with major export destinations and not even having direct shipping lines, he said. In case of woven items, the same may happen soon, he said.

"We are reducing dependence on imported fabrics," said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

Many composite mills can supply garments even with 30 days of lead time as they have raw materials on hand. But such cases are rare, he added.

BTMA President Mohammad Ali Khokon said the demand for locally-made woven fabrics has been increasing but a clearer picture would be available after the next quarter.

Source: thedailystar.net – Sep 07, 2023

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Bangladesh: Apparel shipment to US plunges 20% in Jan-Jul

Bangladesh's apparel shipments to the US declined 19.82 percent year-on-year in the January-July period this year in spite of a gradual improvement in retail sales.

Though the US is Bangladesh's single largest export destination, the drop has been recorded by other countries as well, as American retailers are still struggling to recover from the severe fallouts of the pandemic and Russia-Ukraine war.

Shipment of garments from all over the world to the US has been declining because of inflation and bank interest remaining high in America over the last three years for the pandemic and war.

However, retail sales in the US have also been growing recently as inflation is cooling down.

For instance, the National Retail Federation (NRF), the largest retail association in the US, in August said retail sales reversed their downward trend in July.

This was due to Amazon's Prime Day and major promotions by other brands prompting increased shopping while wage increases gave consumers more money to spend.

"July retail sales show consumers continue to drive the economy through this period of economic pressure with robust spending supported by steady job growth and wage gains," said NRF President and CEO Matthew Shay.

"Retailers remain focused on providing essential items at competitive prices for families and students as we approach the end of an expected record back-to-class shopping season," he said.

"Retail sales growth has been slowing, but July got a midsummer boost from special deal days offered by multiple retailers," said NRF Chief Economist Jack Kleinhenz.

The NRF in a statement last month said overall retail sales in July were up 0.7 percent from that in June and up 3.2 percent year-over-year.

Clothing and clothing accessory sales were up 1 percent month-over-month and up 0.9 percent year-over-year.

Among all other competing countries, Bangladesh's exports to the US fared comparatively better.

Garment shipment to the US from China, the world's largest apparel supplier, fell by 28.75 percent year-on-year to $9.12 billion in the January-July period, according to the Office of Textiles and Apparel (OTEXA) under the US Department of Commerce.

Meanwhile, garment shipments to the US from Vietnam also declined by 24.76 percent to $8.21 billion, it said.

Overall garment imports by American retailers and brands registered a 22.28 percent negative growth to stand at $45.74 billion, it added.

The US work orders are dwindling now as the retailers and brands are not running like that during the pre-pandemic and pre-war era, said Kutubuddin Ahmed, chairman of Envoy Legacy, a leading garment exporter to the US.

However, there is a positive trend as retail sales are picking up and in July it grew by more than 3 percent, Ahmed said.

Denim will perform well in the US market in the future as the retailers and brands are coming up with work orders for denim items, he said.

Similarly, AK Azad, chairman and chief executive officer of Ha-Meem Group, which ships nearly 90 percent of its garment products to the US, said it would take the next six months for there to be a rebound in the US markets for the shippers.

Because old inventories in stores are yet to be sold off and it is expected that in the upcoming Christmas period, a significant quantity of the old unsold stock will be sold off, he said.

The good sign is that the prices of locally made garment items going to the US have increased by 12.99 percent year-on-year to $3.26 per unit this year, said Faruque Hassan, president of the Bangladesh Garment Manufacturers and Exporters Association.

This is due to the production of high value-added garment items and for prices of garment items being adjusted to the higher prices of raw materials like cotton and yarn, he said.

In 2023, work orders globally have been coming about slowly because of the volatile economic situation and the situation is improving gradually, he added.

So, at the end of this year the exports will not witness a strong rebound to the US, Hassan said.

Mohammad Abdur Razzaque, research director of Policy Research Institute, said Bangladesh needs to rebuild its capacity as there was a possibility of the inflow of a huge volume of work orders from the US in the near future.

The energy and production capacity should be improved so the future work orders can be catered to as some countries are reducing their dependence on China, he said.

The US markets may bounce back soon, he added.

Source: thedailystar.net– Sep 08, 2023

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NATIONAL NEWS

Textile sector is getting squeezed between falling exports and dip in domestic sales

India's textiles and apparel sector is facing a double whammy. Companies have seen a steep drop in domestic sales — some claim a fall of up to 35%. To make matters worse, a dip in global demand has made exporters dump their unsold goods in the domestic market.

"Sales are down by at least 20%," says Sanjay K Jain, Managing Director of TT Ltd, a Delhi-based manufacturer of garments and yarn. It has saddled companies like his with inventory pile-ups.

Stakeholders say there is a link between the sales patterns in the domestic market and the country's outward shipments. Consumers in the European Union and the US have been buying less due to a recessionary environment and increased inflation. Geopolitical conflicts in Europe and trade tensions have added to a sense of uncertainty, dampening sentiments.

"The world continues to destock and global textile imports at India's major markets are falling," says Jain, also the Chairman of the Indian Chamber of Commerce (ICC) National Textiles Committee, which is responsible for promoting the sector and advising the central government on matters related to the segment.

Sunil Patwari, Chairman of The Cotton Textiles Export Promotion Council (TEXPROCIL), also says they are getting several reports of overseas buyers showing reluctance to pick up the goods lying in warehouses in the EU and US.

While this situation has been on for a while, the latest hit has come from a dip in demand among Indian consumers. A major reason is that higher inflation has increased expenditure on food and fuel, forcing consumers to cut other spending like clothes. Textile firms are unable to pass on the rising input costs to customers.

Lingraj Rangayya Gudur, who runs Sharada Enterprises in Solapur, attests to the fact that disposable income of consumers in India and abroad have nosedived significantly in the past 6-8 months.

Work down, costs up

Lingraj's firm manufactures home furnishing products. A member of the Solapur Powerloom Owners Association, he says textile firms are operating at 50% capacity and work only till noon to keep costs under control. They have also implemented a mandatory leave policy of 3 days per week for employees. "There is literally no demand for our goods, and no motivation to keep running the factories," says Lingraj.

Manufacturers in the textile industry highlight that their profit margins have been impacted by the increase in domestic cotton prices and other associated costs, leading to the closure of several MSME firms. More than 30% of MSME-run textile mills have shut down or are working under capacity, say several MSME firms. Ravi Sam, Chairman of Southern India Mills' Association, points out that MSME firms are more vulnerable to market shocks.

There has been a steep rise in raw material and capital costs in the past year, says Anant Srivastava, Director of Skier Export and Import. Some MSMEs have been forced to go to private lenders and are paying 22% interest on capital. "How will they survive? If you talk to any cluster — be it Solapur, Karur or Panipat — MSME firms are saying that despite having a good turnover, production costs have increased. When a firm's turnover was Rs 5 crore, they were able to maintain a 10% profit margin. However, now even with a turnover of Rs 10 crore, they are barely able to retain the profit margin," adds Srivastava.

Too big to ignore

The MSMEs are hit the hardest, as they have limited capital muscle, despite forming the backbone of the textile and apparel industry in India. Small businesses are involved in multiple stages of the end-to-end supply chain, including spinning, weaving, dyeing, printing, and garment manufacturing. The firms make up the majority of businesses involved in the textile sector, according to the Federation of Indian Micro and Small & Medium Enterprises (FISME).

The textile and apparel sector has a sizeable contribution to the economy. It makes up around 2% of the nation's GDP and constitutes about 7% of the industry's output in value terms. These businesses bring in $37 billion via exports and $85 billion via domestic consumption. It is the second-largest employment generator in the domestic economy, after agriculture.

The sector's offerings are highly sought after across major global markets. In fact, the country is the third-largest exporter of textiles and apparel (T&A) in the world, boasting a share of 5% in the segment's global trade. The top five markets for India's apparel exports are the US, the UAE, Germany, the UK and France.

Sumit Jain, Managing Director of Kanin Originals, a textile company in Delhi that makes goods for the domestic and export markets, agrees that the industry is seeing a 20-30% decrease in sales. He calls the situation critical as they are seeing lacklustre demand even in emerging markets such as South Africa, which according to the World Bank's latest figures has a share of 4.2%. "That gives you an idea of the extent of the lull in exports."

The situation has been prevalent for 3-4 months and so manufactured goods are getting piled up. This has led to a shortage in warehouse space. Kanin Originals says it has dispatched goods to buyers with whom the company has a good relationship — "on good faith that payment would come eventually," says Jain, adding that their revenue in this period has decreased from Rs 28 crore last year to Rs 10 crore. A large chunk of this number is outstanding payments.

Exporters focus on domestic markets

The Confederation of Indian Textile Industry (CITI) has also observed the stagnation in production and trade in the past few months. The piling up issue was reported significantly between Q3 of last year (starting from Sept 2022) to March this year, says Rakesh Mehra, Deputy Chairman, CITI.

The crisis has exacerbated as several major Indian textile houses have started selling aggressively in the domestic market to make up for the dwindling global demand.

Gurgaon-based Matrix Clothing is among the exporters that have been forced to increase focus on the domestic market to compensate for dwindling export business. The Managing Director of the company, Gautam Nair, says they had to respond to the evolving industry landscape. So, the company is selling its products in the country at a discount.

CITI's Mehra says domestic stocks have surged by 60% in July on a year-on-year basis. "Nobody wants to shut down capacities. And if your goods are not selling overseas, you will try selling them domestically. That's quite natural," he adds.

CITI, which represents all the sub-sectors of the textiles sector, and the Southern India Mills' Association (SIMA) have communicated their concerns to the government, cautioning that if the challenges are not promptly addressed, it could lead to financial stress for numerous textile units, especially MSMEs. The industry associations say the nation's textile value chain grapples with an excess capacity of over 30%, particularly noticeable in capital intensive segments such as spinning and weaving.

The crisis has exacerbated as several major Indian textile houses have started selling aggressively in the domestic market to make up for the dwindling global demand.

But not everyone is confident the situation can be changed. Solapur-based Lingraj says China, for example, excels in supporting its MSMEs in times of crisis through capital infusion, lending, and market assistance. "Unfortunately, our hand-to-mouth system makes it difficult for our entrepreneurs to survive in a turbulent phase," he adds.

The domestic home furnishing market, valued at $8.74 billion, is also seeing a similar situation. Vikas Singh Chauhan, Director of the Home Textile Exporters Welfare Association (HEWA), says, "Considering the challenging period marked by reduced export demand, we are now actively focusing on the domestic market and channelling our efforts towards it."

Any respite is sight?

Oversupply of textile goods has led to reduced production demand, and this is now depressing cotton prices.

Cotton-based finished goods are being sold 20-25% cheaper, says Chauhan, adding that a towel costing Rs 500 or more now retails at Rs 360 -400.

Textile exports are likening the situation to the one seen on 2021-22. Exports had dipped then; the first 4 months of this year have also seen a similar contraction.

The stakeholders do not expect the situation to ease in the near term.

SN Modani, Managing Director & CEO of Sangam India Ltd , a Rajasthan-based textile company, says the pressure will persist as long as export markets remain constrained. “I believe this pressure point will continue until January, largely due to burning inflationary pressure. People are prioritising essential spending before considering discretionary spending.”

He estimates a 10-12% decline in domestic sales and 20% dip in exports this month over the corresponding period last year.

Some stakeholders are hopeful of an improvement by Diwali.

There will be price stability in many segments in the coming weeks, says Chauhan of HEWA. He expects the Diwali and Christmas shopping seasons to give some cheer to the MSMEs.

But Jain of Kanin Originals says that looks unlikely. “If that was the case, we should have started seeing signs of recovery or some market buzz. But nothing like that is visible on the horizon. I don’t think the situation will get any better by Diwali.”

Source: economictimes.com– Sep 08, 2023

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India among top 5 in race to reach net-zero: Strategic Perspectives

China, the European Union (EU), the United States, Japan and India seek to position themselves as global leaders in the transition to net-zero, shaping markets and fostering innovation, according to Strategic Perspectives, whose political objective is to drive effective climate action as the solution to solve a multitude of crises Europe is facing.

Net-zero transition plans are driving the emergence of a new industrial era based on zero-carbon technologies manufacturing and deployment that create jobs, competitive advantages and emissions reductions in key sectors, the organisation noted.

Major economies like China, the EU, the US, Japan and India are competing to deploy renewable energy, electric vehicles and heat pumps, and to lead the global supply of these zero-carbon technologies, it said.

National transition plans such as the European Green Deal, China's 14th Five-Year Plan, India's Energy Conservation Act, Japan's Green Growth Strategy and, more recently, the US Inflation Reduction Act are being turned into industrial strategies.

They have the potential to create millions of quality jobs, with the International Renewable Energy Agency (IRENA) assuming the renewable energy sector alone could employ 40 million people by 2050.

With investment, India's decarbonisation plans could be effectively implemented and the country could become a showcase of successful net-zero development, it commented.

India is making progress in incorporating solar and wind into its electricity generation, almost doubling its share from 2017 figures.

However, having less financial capacity to invest in research and development, India is still very dependent on technological transfer and relies on Chinese imports. Building its zero-carbon technology factories and investing in innovation will be crucial elements in securing its transition and positioning India in the global net-zero supply chain, Strategic Perspectives noted.

While the net-zero transition should reduce all greenhouse gas emissions along the value chain, it has fast turned into a strategic choice for strengthening countries' energy security, industrial competitiveness and future economic prosperity, it said.

Countries that miss this transformation opportunity are unlikely to embark on this new industrial era and risk heavy dependence on gas, coal and oil—an economically and politically costly option, it added.

China is a clear leader in the zero-carbon technology race, investing heavily in the deployment of renewables and electric vehicles, and in the manufacturing of zero-carbon technologies. China covers 60 per cent of the global zero-carbon technology manufacturing, creating millions of jobs and new economic activity in its territory.

The vast majority of solar as well as large parts of battery supply chains are managed by Chinese companies.

They are also gaining market shares in the wind and heat pump industries, putting pressure on competitors in the EU and the United States, the organisation noted. The high dependence of other economies on China exposes them to major supply risks, bottlenecks or even disruptions in strategic technologies, it cautioned.

Source: fibre2fashion.com– Sep 08, 2023

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India showcases PM Gatishakti National Masterplan at Asian Development Bank's 2023 Regional Cooperation and Integration Conference

India showcased PM Gatishakti National Master Plan at the '2023 Regional Cooperation and Integration Conference: Strengthening Regional Cooperation and Integration through Economic Corridor Development (ECD)', organized by Asian Development Bank (ADB) at Tbilisi, Georgia.

The conference, held from 5th to 7th September, 2023, observed participation from more than 30 member countries comprising senior officials of ADB's Developing Member Countries responsible for ECD, representatives of Development partner agencies and Regional cooperation organizations.

Indian delegation was led by Special Secretary (Logistics), Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Ms. Sumita Dawra.

The objective of the conference was to (i) explore ways to integrate spatial transformation/area-centric approach with the ECD and strengthen regional cooperation through a broader approach; and (ii) Knowledge sharing on application of the Economic Corridor Development (ECD) framework and operational guidelines, onto investable projects.

Ms Dawra informed the conference that PM GatiShakti – National Master Plan for Multi-modal Connectivity, a Made in India initiative, is a transformative 'whole-of-government' approach for integrated planning of multimodal infrastructure connectivity to economic nodes and social infrastructure, thereby improving logistics efficiency.

PM Gati Shakti principles bring socio-economic area-based development as part of regional connectivity. She mentioned the Government of India's (GoI) targeted interventions and huge capex push to infrastructure investments and adoption of geospatial and other cutting-edge technologies towards transforming the entire logistics and infrastructure ecosystem.

She showcased PM GatiShakti, the GIS data-based, 'whole of Government' approach to integrated infrastructure master planning. While global pioneers were brought together by ADB to brainstorm over broadening the scope of its ECD framework for regional cooperation. Special Secretary highlighted that India has already operationalised and is successfully implementing the PM GatiShakti, transformative approach to area-based infrastructure development. So it is not just building infrastructure connectivity, but also bringing with it both economic and social development leading to both Ease of Doing Business and Ease of Living.

PM GatiShakti NMP a GIS data-based digital platform with more than 1400 data layers and 50+ tools, provides visual depiction of trunk and utility infrastructure, land use, existing structures (e.g., bridge, railway crossing, a culvert), soil quality, habitation sprawl, tourism sites, forest-sensitive areas, etc., and functionalities for data based decision making such as site suitability, among others. Its institutional mechanism is fully operational at Central and State levels, thereby facilitating adoption of PMGatiShakti principles in planning and decision making.

She said that under PM GatiShakti a spatial / area based holistic development approach is being adopted to saturate influence areas around critical project locations / industrial clusters / tourist sites / social sector assets. Assessment of connectivity infrastructure requirements to integrate manufacturing value chain; logistics facilities, social sector institutions such as schools and hospitals; skilling centres is done at the planning stage and spatial plans are developed accordingly.

PM GatiShakti approach is facilitating the natural extension of the country's hinterland multimodal corridors such as the industrial road corridors, dedicated rail freight corridors and waterway networks, towards strengthening regional connectivity and seamless trade between neighbouring countries.

Since the launch of this program, 100 projects worth USD 71.26 billion have been evaluated during 54 meetings of the Network Planning Group, a critical institutional body established for ensuring adoption of GatiShakti principles in infrastructure planning. It is an effective mechanism for fast tracking and optimising infrastructure development and de-risking investments.

Highlighting examples of the Indo-Nepal Haldia Access Controlled Corridor project, for seamless connectivity and trade movement between Nepal and eastern Indian States, and the Regional Waterways Grid (RWG) project for multimodal connectivity to growth centres and border points, she showcased the PM GatiShakti adoption in enhancing connectivity with regional partners.

At the same time she suggested that ADB and partner countries can draw lessons for broadening the scope of their regional cooperation programmes like South Asia Subregional Economic Cooperation (SASEC), by integrating area-centric growth models on the lines of Gati Shakti approach, which has evidenced benefits of bringing time and cost savings to project planning, as well as reducing carbon footprint of infra projects.

During further discussions among the stakeholders Special Secretary (Logistics) also presented GoI's other digital initiatives in the logistics sector namely, the Unified Logistics Interface Platform (ULIP) and Logistics Data Bank (LDB), as effective measures for trade facilitation and ease of logistics through its various functionalities such as track and trace of cargo; authentication of service providers; digital document generation and exchange.

Thereby enabling ease of doing business and attracting Private sector investments. GoI's ongoing efforts towards development of industrial corridors, and activation zones and individual nodes / clusters along them; adequate trunk and utility network and streamlining clearances through inter-Ministerial coordination, is de-risking investments for the private sector.

The PM GatiShakti approach for spatial transformation / area-based comprehensive planning of logistics and infrastructure development is building Next Generation Infrastructure and promoting Ease of Living and Ease of Doing Business in the country. India's indigenously developed GIS-based technology was offered through knowledge sharing to ADB and SASEC countries, for enhancing socio-economic planning, and regional cooperation.

Source: pib.gov.in– Sep 07, 2023

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India, ASEAN agree to deepen comprehensive strategic partnership with concrete actions

India and 10-nation ASEAN on Thursday agreed to deepen their comprehensive strategic partnership with concrete actions through practical implementation of the 'Plan of Action' to implement the ASEAN-India partnership for peace, progress and shared prosperity.

In a joint statement on maritime cooperation, it was agreed to support India's connectivity initiatives in the region to ensure seamless connectivity in the Indo-Pacific, besides boosting cooperation in a range of areas including blue economy, space and food security among others.

The two sides agreed to deepen their comprehensive strategic partnership with concrete actions through practical implementation of the 'Plan of Action' to implement the ASEAN-India partnership for peace, progress and shared prosperity, said the statement.

They reaffirmed the importance of maintaining and promoting peace, stability, maritime safety and security, freedom of navigation and overflight in the region, and other lawful uses of the seas and unimpeded lawful maritime commerce and to promote peaceful resolutions of disputes, in accordance with universally recognised principles of international law, including the 1982 United Nations Convention on the Law of the Sea (UNCLOS), the statement said.

"We support the full and effective implementation of the Declaration of the Conduct of the Parties in the South China Sea (DOC) and look forward to an early conclusion of an effective and substantive Code of Conduct in the South China Sea (COC) in accordance with international law, including the 1982 UNCLOS," it said.

The reference is significant in the backdrop of China's increasing military assertiveness in the South China Sea and its ongoing maritime territorial dispute with the Philippines.

The two sides agreed to further strengthen ASEAN-India cooperation on maritime safety and security, promote cooperation in a Blue Economy and develop new and renewable energy including marine-based renewable energy, among others.

The Association of Southeast Asian Nations (ASEAN) is considered one of the most influential groupings in the region, and India and several other countries including the US, China, Japan and Australia are its dialogue partners.

ASEAN-India dialogue relations started with the establishment of a sectoral partnership in 1992. This graduated to a full dialogue partnership in December 1995 and a summit-level partnership in 2002. The ties were elevated to a strategic partnership in 2012.

The 10 member countries of ASEAN are Indonesia, Malaysia, the Philippines, Singapore, Thailand, Brunei, Vietnam, Laos, Myanmar and Cambodia.

The ties between India and ASEAN have been on a significant upswing in the last few years with the focus being on boosting cooperation in the areas of trade and investment as well as security and defence.

Source: economictimes.com– Sep 07, 2023

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US, Saudi Arabia, India discuss possible rail, port connectivity deal

The U.S., Saudi Arabia, India and other nations are discussing a possible infrastructure deal that could reconfigure trade between the Gulf and South Asia, linking Middle Eastern countries by railways and connecting to India by port, according to U.S. officials aware of the conversations.

The talks, which have also included the United Arab Emirates and Europe, may or may not yield a concrete result in time for an announcement on the sidelines of this week's Group of 20 (G20) leaders meeting, the people said.

The conversations have been underway for months but are fluid, one of the people said.

U.S. President Joe Biden is on his way to the G20 conference in New Delhi, India, where he is set to meet Indian Prime Minister Narendra Modi and may also have talks with Saudi Crown Prince Mohammed Bin Salman.

The plans for a sweeping, multi-national ports and rail deal would come at a critical time. To counter China's Belt and Road global infrastructure push, Biden is pitching Washington as an alternative partner for and investor in developing countries at the G20, especially in the Indo-Pacific region.

It also comes as the Biden administration seeks a broader diplomatic deal in the Middle East that would have Saudi Arabia recognize Israel. The negotiations over a multi-country infrastructure deal were first reported by Axios.

Beyond the diplomatic implications, officials said they hope such an infrastructure deal could reduce shipping times, cost, the use of diesel and make trade faster and cheaper.

Source: business-standard.com– Sep 08, 2023

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Cotton industry seeks subsidies, import duty cut to revive fortunes of mills

The Indian cotton industry has sought incentives and an import duty cut for cotton to bolster the crisis-ridden mill sector in the light of a slump in exports and weak prospects for the new crop.

Garment exports have shown a decline in the first quarter of FY23, and several mills are facing difficulties in the absence of sufficient orders.

Though cotton arrivals in the market have improved, Indian products are still higher priced in the market because of higher production costs.

For the April-June period of FY24 readymade garment exports are down by around 18 percent at $ 3.69 billion from a year earlier. ``Our products are not competitive as the production cost is higher. We need to address issues like raw material and capital costs, interest rates etc.," said Dr K Selvaraju, Secretary General of The Southern India Mills Association (SIMA). In FY23, RMG exports had shown a marginal increase over the previous year, at $16.2 billion.

Though cotton is available at a cheaper rate abroad, the 11 percent import duty makes it costly. Last year the government had given import duty exemption till October with the cotton prices zooming to Rs 1,00,000 per candy. The import target for this year is 15 lakh bales, which might be difficult to meet with high import duties.

The industry has been arguing for duty exemption this year to cut costs as there is a downturn in demand. An Andhra Pradesh-based spinning mill owner said that nine out of 60 mills in the state had already shut down and another 10 to 15 were on the verge of closure. According to him, unless the government provides incentives such as subsidies or a moratorium on loans and cut in import duty, it will be difficult for the mills to survive.

There has been a delay in the arrival of cotton in the market; probably due to the drop in prices from the high levels. Usually, 90 percent of the cotton arrivals happen in the first six months of the cotton year, which starts from October. ``This year the arrivals were only 50 percent till March. It has picked up in the last couple of months and has reached around 322 lakh bales (170 kg each). The farmers are holding some stock," Selvaraju said.

The Cotton Corporation of India (CCI), a government body, has projected a production of 342 bales for 2022-23 (October to September) against 312 lakh bales in the previous year. According to Sanjay Kumar Panigrahi, CGM of CCI, currently the arrivals are good at 22,000 to 30,000 bales a day.

``Except in Punjab, Haryana and Rajasthan where weather conditions have caused problems, the output is normal in other states.''

But the Cotton Association of India (CAI), comprising various stakeholders in the trade, has maintained the production projection at 311.18 lakh bales in its latest estimate.

``These discrepancies arise because there is no real mechanism for ascertaining the exact nature of crops. But I think the crop is much higher than CAI projection,'' said Umang Patodia, MD of the GTN Group.

Prospects for the cotton crop for 2023-24 (October to September) appear weak right now.

``Heat wave in Haryana and poor monsoon rains in South India and Maharashtra could affect the next crop. As a result, cotton prices are showing a rising tendency. It has moved up by about Rs 2,000 to Rs touch 63,000 per candy (356 kg each) in the last few days,'' said Pratik Ghadia, Founder and CEO of The Yarn Bazaar, a B2B online platform.

Though cotton prices have dropped from record levels last year, the industry still feels it is on the higher side.

Almost 70 percent of India's garment exports go to the US and European markets, where high inflation and the Russia-Ukraine war have affected purchases. `` Unless we improve productivity, we may not be able to compete with Bangladesh and Vietnam. These countries have lower wages and higher productivity. Since we cannot lower wages, we have to improve productivity,'' said Ajay Singla, Secretary General of the Garment Exporters and Manufacturers Association.

According to Selvaraju, India needs to raise productivity of cotton crop as well by revalidating the multitude of seeds available. ``We have 1,500 types of seed, many of which are not effective. Our productivity has fallen by 25 percent.''

But there have been some signs of revival in the last couple of months. Yarn exports and shipments from knitwear hub Tiruppur have improved slightly. ``We got more orders in July and August, helping us to clear inventory to some extent. If the trend persists, we may reach the same level of export as in last year," said K M Subramanian, Tiruppur Exporters Association Chairman. In FY23, knitwear export from Tiruppur was Rs 34,350 crore.

Industry is expecting domestic demand to pick up with the onset of the festival season by October. ``Festival season may perk up the demand and in the absence of sufficient arrivals in the market, it could fuel further increase in cotton prices," Ghatia said.

Apart from an import duty cut, the industry is waiting for free trade agreements (FTAs) with more countries, particularly with the UK. The Union Textile Minister, Piyush Goyal, had recently stated that India is actively pursuing FTAs and comprehensive economic partnership agreements to increase textile exports.

Source: moneycontrol.com– Sep 07, 2023

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India's online fashion market to grow to $35 bn by FY28 at 25% CAGR

India's online fashion market overall is expected to grow to approximately $35 billion by fiscal 2027-28 (FY28) at a compounded annual growth rate (CAGR) of 25 per cent, according to insights from management consulting firm Bain & Company.

The online fashion market in India is worth nearly $11 billion now.

E-commerce has democratised access to fashion, including fashion brands. The category has seen around 30 per cent historical growth, compounded annually, since 2019 in the country. The growth has been led by four categories of players: national brands, private labels, digital disruptor brands and unbranded sellers.

The fashion and lifestyle space is India's second largest consumer category, valued at $110 billion with approximately 10 per cent online at $11 billion.

This market has been historically fragmented into several small brands and sellers. The vibrant domestic manufacturing ecosystem and rich tradition of native fabrics have led to a structurally unbranded market, particularly in certain categories such as ethnic wear.

Venture capital and private equity funding in the lifestyle space has historically been relatively muted. However, this market is undergoing a significant change, the consulting firm noted. Consumer preferences are shifting, with an increasing willingness to experiment with new brands and a growing desire to wear aspirational brands.

Certain historically fragmented subcategories, such as ethnic wear and kids wear, are also undergoing significant transformation with the growth and scaling of new digitally led brands.

National brands have turbocharged their online businesses, doubling online share, and now constitute $2.5 billion online in FY23, having grown at 34 per cent between 2019 and 2023. However, most national brands expect to see a more balanced growth pattern with offline channels as the impact of the pandemic wanes, Bain & Company observed.

Private labels have scaled to address underserved categories and price points, thereby expanding the target consumer base for branded products.

Digital disruptors have grown, especially in certain fragmented categories, to $2.4 billion, with 33 per cent growth yearly since 2019. These new brands have focused on underserved parts of the market and created new offerings that index on value, design aesthetics, speed to market with new trends, or community engagement. Their digital-first operating model enables speed and data-led decision making.

Bain's research suggests that the digital disruptor segment will grow rapidly. With a large current market size of approximately $2.4 billion and a projected annual growth rate of around 35 per cent, digital disruptors have the potential to reach a value of $10 billion by FY28. Four major factors will underpin this shift:

Young audiences have a greater propensity to try to buy from new brands. As they constitute a growing share of online fashion purchases, the market for digital disruptors will grow.

Certain categories with underserved niches and brand fragmentation, such as expressive wear, ethnic wear, and fashion jewelry, allow digital disruptors to create new-scale brands.

Brands that have invested in creating greater awareness are already seeing nonlinear returns on conversion and share of wallet (SoW). Increasingly, this will support returns to scale for such brands to achieve significant leadership positions.

Fashion brands face four common challenges on their scaling journeys: managing assortment complexity, new category expansion, investing in building the brand and running efficient operations, Bain & Company noted.

Relative to beauty and personal care where 12 per cent of stock keeping units (SKUs) drive most sales, fashion has a long tail where the top 20 per cent of SKUs drive less than 50 per cent of sales.

Following the customer would help to identify adjacent categories and expand the SoW. However, customers often buy only two sub-categories from a fashion brand.

There is a need to balance the trade-off between immediate customer acquisition spending and medium-term brand investments that have a three-to-four-year payoff.

Managing inventory and returns and running agile data-led pricing and markdown optimisation can be challenging, but is critical.

In fashion, the threshold scale for hitting profitability is low, it added.

Source: fibre2fashion.com– Sep 07, 2023

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