

THE BIG SHIFT

5 Mega Trends That Will Influence Future Strategies

1 POLYESTER WILL CONTINUE TO DRIVE GLOBAL FIBRE MARKET

Global fibre consumption has increased from 29 million tonnes in 1980 to **97 million tonnes** in 2018, and the market has brought with it a change in the consumption patterns.

COTTON HAS LIMITATIONS FOR FUTURE GROWTH

- Inability to Meet Growing Fibre Demand
- Environmental Concerns
- Limitation in End-Use and Product Innovation

FUTURE BELONGS TO POLYESTER

Over the years, the supply gap left by cotton has been suitably filled by synthetic fibres especially polyester. **Polyester's share** in world's fibre consumption grew from 17% in 1980

to a dominant **55% by 2018**. The following properties of polyester fibre make it the most consumed fibre globally:

- Scalable and economical to produce
- Suitable for a large variety of end uses due to enhanced fibre characteristics
- Continuously evolving in terms of fibre properties
- Going forward, polyester will continue to be the dominant fibre and is expected to maintain the largest share of fibre consumption.
- By **2030**, polyester fibre consumption will grow by another 25 million tonnes to reach a level of **78 million tonnes** annually and will form a share of **60% of global fibre consumption** of 130 million tonnes.

2 MANUFACTURING LANDSCAPE WILL BE INFLUENCED BY 3 Cs – COST, COMPETITIVENESS & CLOSENESS

COST HAS PLAYED A MAJOR ROLE IN TEXTILE & APPAREL MANUFACTURING SHIFT OVER THE YEARS

- Over years, **high-cost destinations** such as US, European countries (incl. Italy, Germany, Belgium, France, and UK), Turkey, Japan, and South Korea have **dropped their combined share** in the global textiles & apparel trade from 45% (1995) to 22% (2018).
- While low-cost destinations such as China, India, Bangladesh and Vietnam have **increased their share** from 26% to **49%** during the same period.
- While trade will continue to grow, shift in manufacturing will be driven by other parameters besides cost.

COUNTRIES WILL NEED COMPETITIVE ADVANTAGE

While all countries would like to increase the share of manufacturing, the top textiles & apparel manufacturing hubs i.e. **China, India, Bangladesh, and Vietnam** have

developed themselves over the years to **become competitive** in their respective segments.

CLOSENESS TO MARKETS WILL BE IMPORTANT

Buyers are increasingly looking for full package suppliers who can give them **variety and quality** in the **shortest time period** at **reasonable costs**. **Closeness** of manufacturing destinations to their respective markets becomes an advantage.

NEAR-SHORING

- European brands adopted this trend of near-shoring for its **fast fashion sourcing requirement** from Turkey, Tunisia, etc while sourcing its **bulk orders** from established suppliers Bangladesh, China, and India.
- While earlier manufacturing shift occurred on basis of low cost, the next shift will be driven by **competitive advantage** of countries and **closeness** to major markets.

3 ADOPTING INDUSTRY 4.0 WILL BE THE KEY TO ACHIEVING MANUFACTURING AND SUPPLY CHAIN EXCELLENCE

FACTORS DRIVING THE RISE OF INDUSTRY 4.0

Changing Demand & Supply Dynamics

The fashion industry is moving towards shorter product cycles and faster launches. Also, there is a shift from high volume, low mix to low volume, high mix in terms of the product basket that brands have to offer.

Ever-Evolving Technology

Technology has been the major driver of any industrial revolution. The new trends are inclined towards automation and efficiency in production as well as gaining scale in advanced material, robotics, nanotechnology, AI, and IoT.

Rising Limitations in Factors of Production

Scarcity of skilled labour and rising wage costs have been the two key inhibitors in terms of production costs that most of the organisations are facing.

Strong Emphasis on Sustainability

Growing population and changes in lifestyle require development of new technologies that will be able to reduce the use of resources (water, material, energy, etc.).

KEY LEVERS THAT WILL RESHAPE THE TEXTILES INDUSTRY

Big Data Analytics



Artificial Intelligence (AI)



Advanced Robotics



3D Printing/Additive Manufacturing



Internet of Things (IoT)



The concept of Industry 4.0 envelops many technologies. These building blocks have the ability to open up a wide range of possibilities in redefining the textiles industry.

4 FASHION CONSUMPTION WILL CONTINUE TO EVOLVE DRIVEN BY TECHNOLOGY AND INNOVATION

- Today, the **global fashion market** has attained a value of **US\$ 1.9 trillion** and is expected to grow at 4% to reach a value of **US\$ 3 trillion by 2030**.
- This surge in the fashion market is owed to the **ever-evolving consumer desires** and the increased **expenditure on clothing**.
- The fast fashion trend has been **reshaping the fashion industry** by catering to the consumers' needs of trendy clothes for a lower price.
- The market for **fast fashion** has been growing significantly by **21% over the past three years** owing to the high growth of fast fashion pioneers.

The fashion industry is witnessing a **constant stream of innovation**, with a myriad of technologies creating new experiences for consumers. The **future structural shifts** that will govern fashion consumption will be based on:

- Influx of technology in fashion,
- Developments in material science.

Conventional Fashion Industry

- Customers visit stores physically to shop
- Stores offer a limited design variety
- Fashion choices are limited to geography and culture.

VS

Online Fashion Industry

- Consumers can shop sitting in the comfort of their homes; growth of online fashion retail
- Online brands offering vast variety of fashion choices

INFLUX OF TECHNOLOGY IN FASHION

- Growth of online fashion industry
- Technology adoption in fashion will be fast tracked

5 SUSTAINABILITY WILL BE THE MAIN PILLAR OF FUTURE GROWTH

WHAT CAN BE DONE TO MAINTAIN THIS BALANCE?

- Adopting **manufacturing excellence** is the first step towards achieving manufacturing sustainability.
- Compliance norms will need to be met for future survival

Due to growing concerns about the environment and improving transparency in the supply chain due to IT integration,

adherence to compliances and standards is no longer an option.

- To Revive or even to Remain, the industry will need 'RE'-defining. The efforts required to achieve sustainability are not just limited to the manufacturer and brands, **consumer awareness** about the impact of product lifecycle on the environment also has an important **role to play in sustainability**.

REcycle: New breakthrough have happened in the area of material recycling wherein used polyester clothing can be recycled through chemical processing to re-produce base raw material i.e. polyester granules which can be used further in the value chain.

REuse: Reuse of garments or other textile products either by fixing or transforming them is another way of extending the lifecycle of textile commodities.

REsale: Another way of utilising used clothing is through second-hand sales (resale and thrift & donations). In the US, approximately 1.5% of the discarded clothing is given for resale.

REntals: In present day scenario, renting your outfits is no longer a stigma but is surely a sign of changing and evolving mindset towards textile consumption. The global online clothing rental market was valued at ~US\$ 1.1 billion in 2018.

This material has been adapted from **The Big Shift: 5 Mega Trends That Will Influence Future Strategies** published recently by **Wazir Advisors**.

This report highlights some of the **major trends** that will impact the industry in the future and will have a far reaching impact on the business strategies of **textiles & apparel companies** globally. It takes a look at various components of the textile & apparel value chain—fibre, manufacturing, technology, consumption, and sustainability—to understand the pattern of changes within them and their influence.

Wazir Advisors arrived at **5 major trends** that will mark the big shift in the textiles industry.

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