# Apparel and Textiles

## Introduction

The apparel and textile industry is centered around the manufacturing process of clothing articles. Clothing and accessories retailers and general merchandisers are the most visited type of establishments, making the output of this industry a high-demand item. There is a massive consumer market just looking for ways to spend its money; competition is stiff, and innovation and technology are essential for success. Selling success depends on marketing techniques that are catered to consumer tastes.

## Industry Composition

## Industry Leaders and Fragmentation

* All amounts are given in Billions USD

| Company | Country | Sales | Profits | Market Value |
|---|---|---|---|---|
| Nike | 161 | 38.5 | 3.4 | 212.2 |
| Inditex | 223 | 23.4 | 1.3 | 106.1 |
| Adidas | 203 | 22.6 | 0.4936 | 64.9 |
| H&M - Hennes & Mauritz | 224 | 19.1 | -0.1949 | 40.9 |
| Kering | 164 | 14.9 | 2.5 | 95 |

## Profitability and Demand Drivers

**Primary Demand Drivers:**

- Consumer tastes
- Comparative costs of manufacture in the U.S. and overseas

**Profitability Drivers:**

- Efficient operations
- The ability to secure contracts with clothing marketers

## Trends

Clothing manufacturing usually occurs in countries with low labor costs, but more is needed for fashion companies to succeed. The company's production efficiency is the most significant profitability factor for apparel and textiles. Companies must have sufficient product differentiation and global branding to demand a higher price.

The general trend has been for companies in the industry to modernize rapidly to keep their production efficiency ahead of the increasingly global competition. They also have had to modify their existing products to match customer demand, such as creating clothing out of recycled materials, incorporating other materials into their products (such as electronics), or creating faster and more efficient supply chains to get merchandise to consumers more quickly.

Consumer tastes almost exclusively determine demand. The economic downturn forced many consumers and businesses to reduce their budgets and look for cheaper products. For manufacturers, that meant they had to almost immediately switch to producing a more affordable product that consumers would buy; some exceptions hold in the case of higher-end apparel. There has also been a tendency to merge with other firms to fight competition better. However, despite the fierce competition, many companies have found success by finding and dominating niche markets. It means reworking marketing and selling strategies for designers and department stores to go where shoppers are spending money.