

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; as such, 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	35.3	1.8	110.3
Inditex	223	28.9	3.8	99.5
Adidas	203	24.9	1.7	46.2
Kering	164	17.5	2	74.5
VF	161	12.3	0.707	30.7



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

Manufacturing of clothing usually takes place in countries with low labor costs but this factor alone is not enough for fashion companies to be successful. The biggest profitability factor for both apparel and textiles is production efficiency of the company. Companies must have sufficient product differentiation and global branding in order to demand a higher price.

The general trend has been for companies in the industry to modernize rapidly in order 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 faster.

Demand is almost exclusively determined by consumer tastes. The downturn in the economy 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 cheaper 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 as a tactic to better fight competition. However, in spite of the fierce competition, many companies have found success by finding and dominating niche markets. For designers and department stores, it means reworking marketing and selling strategy to go where shoppers are spending money.