

Economic experts and fashion leaders tackle impact of global crisis on local fashion industry

By [Total Exposure](#)

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Deliver good value for money, seize opportunities and ensure that cash is king - these are among the measures that experts say will help the South African fashion industry survive the global economic slowdown.

During the recent Audi Joburg Fashion Week, a panel of fashion and small-business specialists discussed the impact the credit crunch could have on the local clothing and textile sector.

The news, it emerged, is not all doom and gloom, as savvy entrepreneurs can turn these challenges into opportunities. The fashion indaba, the initiative of Dr Precious Moloi-Motsepe, Chairperson of African Fashion International (AFI) and hosted in partnership with the Motsepe Family Foundation, was a bid to provide South African designers, retailers, boutiques, manufacturers with tips on how they can best equip themselves to not only weather the financial storm, but thrive in its midst.

"It would be irresponsible for AFI to host a world-class fashion week and business platform, without addressing some of the concerns in the current economic landscape. We were humbled by the response of the leading industry and economic experts who gave generously of their valuable time to join our panel discussion in this regard" said Dr Precious Moloi-Motsepe.

The clothing, textile and footwear sector has been identified by government as one of the country's major employers, with an estimated 180,000 people engaged in formal and informal employment. Recession is looming, and may last until 2010 - which could affect emerging entrepreneurs and small, medium and micro enterprises (SMMEs) particularly severely. As AFI CEO, Paul Jackson cautioned, consumers are now looking for value for money and will be more selective in their clothing purchasing decisions, which means that increased imports of low-cost wear from suppliers such as China are inevitable.

But the growing fascination with African fashion in the run-up to the 2010 FIFA World Cup could work in SA's favour, and help soften the blow for those astute enough to seize the initiative.

Nick Higham, retail research analyst for Deutsche Bank, pointed out that South Africans tend to spend their earnings rather than save. While global luxury brands may feel the pinch, he predicted that opportunities are there for the taking in value and cash retailing.

The editor of retail and events for New York-based fashion research agency WGSN, Claire Hamilton, said that the globalisation of trends presented exciting prospects. "There is huge potential in African and South African branding and there are ways to adapt uniquely African and South African elements," she commented, adding that versatility and

wearability had replaced “edginess” as a key driver in purchasing decisions.

In Egyptian fashion designer Marie Louis Bishara's view, there are too many imitations of global brands emerging from Africa and the continent needs to develop its own fashion identity. “What will cause Africa to stand out is exploring our own countries' traditions, and working closely with developed industrials for high-quality fabrics (cotton and linen) and using local manufacturing to create local products.”

National African Federated Chamber of Commerce and Industry (NAFCOC) president, Buhle Mtetwa, said that having less disposable income means consumers will adapt their lifestyles accordingly. Having said that, SA society remains very brand conscious and “there is a need to instil a culture where consumers take pride in, and support, local brands”.

Willie Fourie, who heads up the clothing and textile industry section at the Industrial Development Corporation (IDC), pulled no punches in his summation: “The local clothing industry has been in trouble long before the current economic crisis,” he stated. “Currently, the manufacturing industry is focused on the SA market, because they can't export competitively.” On the flip side of the coin, retailers are importing more due to local manufacturers' lack of capacity to supply them. Fourie called on clothing manufacturers and retailers to cooperate more closely to their mutual benefit.

Many of the participants emphasised the need to support the clothing and textile sector from the grassroots level, as the informal clothing trade is booming. Here, financial institutions such as the IDC, the Development Bank of SA and the African Development Bank are expected to play a crucial role. However, a shortage of skills remains a nagging challenge. “SMMEs have a greater ability to adapt to change, unlike larger corporates who find it difficult,” said SA fashion designer Gavin Rajah. “It is fortunate that the forecasted 2010 Spring/Summer trends are strongly African, with primal influences coming through. Visitors [to the World Cup] must have access to goods which are hand-made, which are a very high standard and good quality. Locally, the industry must think innovatively and give that traditional design a different context and make it commercially viable.”

The panel concluded that while there are challenges facing the global and local clothing and textile industry, businesses have a shot at being sustainable by heeding the following advice:

- Cash is king
- Provide value for money to increasingly selective consumers
- Have realistic business expectations and projections
- Reduce overheads as much as possible
- Don't stop marketing, but seek cost-effective marketing solutions
- Focus on core elements of the business that are commercially viable and on products that sell

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