

New report unpacks three fashion industry trends

The DHL's recent Fashion Unleashed report highlights three trends that are currently shaping the fashion sector globally, digitally empowered consumers, rise of disruptive retailers (having the ability to launch new products quickly) and the growth of the global middle class.



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In the high-stakes world of fashion, it is becoming crucial for retailers and manufacturers to rethink their supply chains, in response to changing consumer dynamics, demands and expectations.

Digitally savvy

According to Sumesh Rahavendra, head of marketing for DHL Express Sub-Saharan Africa, the rise of the digital consumer is rapidly changing retailers' selection and use of sales channels. This is further supported by the most recent MasterCard Worldwide Online Shopping Survey, which revealed that online shopping is continuing to show increasing growth in South Africa and confirmed that 58% of active users shopped via the internet in 2012, a steady increase from 44% in 2009.

"Selling online provides an attractive low-cost, low-risk option for gauging consumer demand for certain products. Advanced mobile financial services in Africa have also paved the way for mobile commerce opportunities. To overcome traditional infrastructure challenges, mobile payments are fast becoming the norm in key markets such as South Africa, Nigeria and Kenya."

Big bang disruptors

Another trend identified in the report is the rise of the disruptive retailer. "In a product world, there's a phenomenon called 'big bang disruptors' which refers to products that can create, or destroy, entire product lines and whole markets overnight. Having the ability to quickly launch new products (whether it be in fashion or technology), replenish and sell at full price and drive a high volume of customers to a store, physical or virtual, is becoming increasingly valuable in the retail sector. Sourcing locally or from neighbouring countries allows for fast replenishment, without the added cost of duties for textiles and apparel."

International investors are also capitalising on the manufacturing opportunities presented within Africa. According to the African Development Bank, one of the largest shoe exporters in China set up a factory in Ethiopia as part of a plan to invest US \$2 billion over 10 years in developing manufacturing clusters for export. Similarly, South African and Taiwanese textile firms have looked towards Lesotho to avoid rising local input and labour costs. This focus on Lesotho as being an integral part of the fashion value chain has resulted in the apparel sector contributing 17% to Lesotho's GDP.

Middle class triples

According to Deloitte, Africa's middle class has tripled over the last 30 years and the current trend suggests that it will grow to 1.1 billion in 2060. "This growing global middle class is driving a wave of consumerism for all types of goods, from mobile

phones and televisions to fashion. When considering expansion, it is important to remember that each country in Africa is unique. Companies often make the mistake of moving into Africa with a 'one size fits all' approach. According to market intelligence agency WARC, West Africans have an outlook closely aligned to the US, whereas East Africans tend to find Asian brands more appealing. Understanding the differing cultures and brand preferences is therefore important when considering a retail expansion strategy.

"In order to maximise the opportunities offered to fashion retailers, suppliers need to know how to service markets with a supply chain that is agile enough to respond quickly to sudden or unexpected changes, flexible enough to customise products and efficient enough to protect margins," concludes Rahavendra.

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