

ROLE OF THE GARMENT MAKER

BRAND OWNER or PRODUCT DEVELOPER

By
FRANK KISVARDA
AM Business Services

For
Introduction to the Australian Wool Industry
November 13

GARMENT MAKER

Background – Brand Owner

Over the last 30 years there has been a dramatic shift from the traditional garment maker who owned a brand, designed the product, sourced or developed the fabrics, produced various ranges, presented them to the major retailers and produced the bulk requirements on receiving the confirmed orders.

In some cases the brand owner would work closely with a number of fabric mills to ensure that they received the knitted and woven fabrics they were seeking.

Alternatively they sourced their fabrics from a range of wholesalers who represented the various fabric mills from around the world.

These brand companies would then set out to produce a majority of the garments within their own enterprises after developing the patterns, specifications, samples, etc. or alternatively sub-contract some or parts of the ranges to other specialised manufacturers.

As labour costs increased in the developed countries and tariff barriers were removed the brand owners moved their manufacturing to off-shore low-cost countries.

Next Phase

The next phase was the development of speciality retailers who become a “retail brand” and started to have their products developed by these traditional brand owners/manufacturers exclusively for their own distribution through their ever expanding retail chains. Companies such as Next, Gap, Sportsgirl and Sportcraft used a number of well known design companies to develop products and then manage the selection of fabrics and the manufacturing of garments.

Further Development

In the 80's these speciality retailers then started to develop their own products and develop relationships directly with suppliers in these low-cost countries.

Current Supply Market

We now have four (4) key groups in the Retail Supply Chain.

The Brand Companies (a diminishing group) such as Ralph Lauren, who do their designing, developing, sourcing and retailing.

Branding Intermediaries (such as Jones Apparel in the US), they design garments, select fabrics, present ranges or items to the brand owners or retail chains.

Sourcing Intermediaries (a growing group) such as Li & Fung in HK, these companies find manufacturers and manage the operation of sourcing.

Manufacturers (predominately in low-cost countries) do not have much influence on the strategic decisions about the design or development of the garment but specialise in fabric or garment production.

Intermediaries

The Intermediaries have now become the most powerful source of product in the 21st Century as they are multi-national have representative offices in the countries that they sell into as well as the major development areas of Hong Kong, Mumbai, Shanghai or other traditional sourcing locations.

These intermediaries have established sophisticated networks of yarn, fabric, garment and accessory suppliers that can convert a demand from a customer to a finished product.

They have varying levels of influence on the design of the product, selection of the fibres, yarns and fabrics but are normally left to select the manufacturer and the ways of constructing the final products.

Retailers

There are now five types of retail groups that use a range of strategies to source their products

Discounter	Wal-Mart Kmart	Private Labels & Licensed brands Sourced from a variety of intermediaries.
Department Stores	Federated JC Penny May Stores	Own labels as well as specialty brands developed internally and sourced through intermediaries.
Speciality Stores	Gap Next H & M	Retail and product brand normally 100% designed/developed internally
Brand Stores	Ralph Lauren	Design/develop products for sale via their own stores or via Department stores.
Variety	Marks & Spencer	Traditionally 100% internal design as well as featuring individual designers.

Who makes the fibre/fabric choices?

Traditionally this was left up to the designer (under the guidance of the Brand owner), who would travel to the yarn, fabric and fashion fairs to identify the latest trends.

They would then view other ranges presented by the wholesalers and distributors and make the final selection of yarns or fabrics to be used in the knitwear or garment ranges.

This process is now a diminishing trend except for some of the international couture brands or the up-coming designers coming out of Europe, the US, Australia and NZ.

The bulk of garments these days are “developed” from other key brands purchased by product developers or retail buyers in their many travels to hot fashion spots around the world. Cities like London, Paris, New York, Los Angeles and Barcelona are seen as key sources for new designs to be used in the range of retail outlets.

The Product Developers (who normally work for the Brand Intermediaries) and the Retail Buyers will then take their purchased samples and ask the suppliers to source a similar yarn or fabric that will look the same but at a price that will satisfy the market place the retailer sits in.

This may mean a pure fine wool knitted garment purchased in Italy for 200 euros will need to retail at its new destination for US\$99.

To achieve this target the supplier will then either source lower grade wool or offer a blend that will satisfy the look and achieve the price point for the retailer.

Summary

The choice of fibre is no longer critical as it once was, except in the traditional men’s suiting market and winter knitwear and even in these areas there are emerging challenges to wool by the further developments of viscose and the variety of engineered polyesters.

It is how the fabric is produced; marketed and developed that will encourage the decision makers to choose a pure wool or wool/blend fabric over the multitude of man-made-fabrics that are continuously seeking ways of imitating the natural values of wool.

Price determines a number of decisions of whether to go with wool or other fibres especially in the bulk retail markets.

In the young fashion market the type of fibre to be used is not regarded as important when the final decision needs to be made on the selection of fabrics or garments for a range.

The key issue here is it fashionable and will it meet its market requirements.

The final decision on what fibre or fabric to use in any of the millions of garments made each year is now in the hands of a multitude of intermediaries who can be influenced by the retailer, brand owner or market trends, it will be up to the yarn and fabric developers to become sophisticated in their approach of creating a “Real Demand” for their products.