Industrial Change in the Clothing/Textiles Cluster of North West England

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The North West Region
<table>
<thead>
<tr>
<th>NW Clusters (DTI Report, 2001)</th>
<th>NWDA Clusters (2001)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aerospace (military, airframe)</td>
<td>Aerospace</td>
</tr>
<tr>
<td>Automotive (assembly)</td>
<td>Automotive</td>
</tr>
<tr>
<td>Pharmaceuticals</td>
<td>Biotechnology</td>
</tr>
<tr>
<td>Chemicals (inorganic, speciality)</td>
<td>Chemicals</td>
</tr>
<tr>
<td>Creative Industries</td>
<td></td>
</tr>
<tr>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>Leisure software</td>
<td>Digital Industries</td>
</tr>
<tr>
<td>Environmental industries</td>
<td>Energy – including Renewable Energy</td>
</tr>
<tr>
<td>Finance</td>
<td>Environmental Technology</td>
</tr>
<tr>
<td>Agriculture/Food (processing)</td>
<td>Financial &amp; Professional Services</td>
</tr>
<tr>
<td>Shipbuilding</td>
<td>Food &amp; Drink</td>
</tr>
<tr>
<td>Household textiles and clothing</td>
<td>Textiles</td>
</tr>
<tr>
<td>Tourism</td>
<td>Tourism</td>
</tr>
<tr>
<td>Furniture manufacture</td>
<td></td>
</tr>
<tr>
<td>Metals, Nuclear fuel processing, Paper and paperboard, Plastics (primary, products)</td>
<td></td>
</tr>
</tbody>
</table>
The turnover in 2002 was over £3.2 billion, or 21% of the UK total. The “Textiles” cluster in NW England is the largest in the UK.
## Employment data in NW England

<table>
<thead>
<tr>
<th>Year</th>
<th>Textiles (SIC 17)</th>
<th>Apparel (SIC 18)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1993</td>
<td>36,700</td>
<td>19,400</td>
<td>56,100</td>
</tr>
<tr>
<td>Nov 1997</td>
<td>37,200</td>
<td>20,200</td>
<td>57,400</td>
</tr>
<tr>
<td>1998</td>
<td>35,800</td>
<td>16,600</td>
<td>52,400</td>
</tr>
<tr>
<td>Sept 1999</td>
<td>28,997</td>
<td>18,131</td>
<td>47,128</td>
</tr>
<tr>
<td>Dec 2000</td>
<td>25,692</td>
<td>16,456</td>
<td>42,148</td>
</tr>
<tr>
<td>Dec 2001</td>
<td>22,168</td>
<td>12,371</td>
<td>34,557</td>
</tr>
<tr>
<td>Dec 2002</td>
<td>25,238</td>
<td>9,907</td>
<td>35,145</td>
</tr>
<tr>
<td>Dec 2003</td>
<td>19,193</td>
<td>6,009</td>
<td>25,202</td>
</tr>
<tr>
<td>Dec 2004</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Apparel Business Units in NW England

NW Local Business Units (SIC 18)

Number of companies

Year (June)
An industry in decline …
Aims

- To map the North West fashion and clothing business
- To identify the types of companies within the supply chain
- To identify the key drivers in relation to the economy
- To identify and define key sub clusters

Drivers for this research:
As a Department, our perception of the apparel sector is that it is not dying, but changing. From our experience, the sector creates jobs, is financially very significant and can be described as vibrant!
Specific Information

- Company Name
- Company Address
- Post Code
- Telephone Number
- Fax Number
- E-mail Address
- Website Address
- Product Type
- Primary Business
- Associate Business
- Name of the Managing Director

- Number of Employees – Categories
- Number of Employees – Specific
- Turnover – Categories
- Turnover – Specific
- Number of Male and Female Employees
- Type of Company
- Additional Information
- Ethnicity
Companies Included

- Companies include: all of those that make up the complete supply chain from design up to retail but not including the retailers nor fabric supply
- Staff employed on a technical basis (i.e. garment technologists) have been included
- Large operations such as Matalan, Littlewoods and ARG Equation have been included
Why was the Research Necessary?

- **Inappropriate / out of date classification**
  - SIC codes
  - traditional typologies

- **Inaccurate records**
  - Most databases we came across were seriously deficient in terms of coverage and the quality of the information

- **Policy issues**
  - National and Regional support programmes were reacting to the story of decline in manufacturing, not to the industry as we knew it.
A New Typology

Niche Manufacturers

Technical Products

Fashion Design

Balanced Sourcing Suppliers

Fashion Design

Contract Supply

100% Overseas Suppliers

Fashion Design

Contract Supply

Work was undertaken with NTO funding to look at “successful” companies
Niche Manufacturers

These serve markets requiring small batch sizes of products commanding a higher margin.

- Technical Products
- Fashion Design
Balanced Sourcing Suppliers

They have a UK manufacturing base for sampling and small batch production for a quicker response. Larger orders are subcontracted to low labour cost countries.

- Fashion Design
- Contract Supply
100% Overseas Suppliers

Companies have moved completely out of UK manufacturing, although they may retain a facility for sampling.

- **Fashion Design**
- **Contract Supply**
The Emerging Typology in NW England

The Emerging Typology

- Unknown
- Traditional Manufacturers
- 100% Overseas Suppliers
- Balanced Sourcing Suppliers
- Niche Manufacturers
The Number of Companies in each County

- Greater Manchester
- Lancashire
- Cheshire
- Merseyside
- Cumbria
Turnover of Sample Size

- £0 - <£150th: 8%
- £150th - <£500th: 6%
- £500th - <£1 mil: 16%
- £1 mil - <£5 mil: 3%
- £5 mil - <£10 mil: 3%
- More than £10 mil: 36%
- Unknown: 28%
The Number of Employees

- 62% of companies have 50 to 250 employees.
- 27% of companies have 0 to 9 employees.
- 8% of companies have 10 to 49 employees.
- 1% of companies have 5 to 9 employees.
- 2% of companies have more than 250 employees.
- 1% of companies have 0 to 4 employees.
- 1% of companies have 10 to 19 employees.
- 1% of companies are unknown.
The Number of Male and Female Employees

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>20912</td>
<td>23540</td>
</tr>
</tbody>
</table>
Ethnicity

- 72% White
- 18% Asian
- 5% Mixed
- 5% Unknown
Cluster Overview: NW England

- Logistics & Warehousing
- Cutting Services
- Pattern Services
- Commodity suppliers
- IT systems & suppliers
- Embroidery/embellishment
- Equipment suppliers
- Auditing Services
- Testing labs
- Recycling & Reuse
- Apparel support agencies
- Apparel Education
- Assembly & Source
- Design & Assembly
- Design, Assembly, Source
- Design & Source
- Source
- Design
- Wholesale
- Accessories: ties, hats, scarves, handbags, etc
- Processing
- Clothing Rental, Workwear & laundries
- Distribution & Logistics
- Advertising, Photography, Model Agencies, Fashion magazines
- Consultants: export, management, sourcing, marketing, image
- Fashion Show organisers
- Agents: sales, sourcing, recruitment
- Alteration Services
People in Employment

- SIC codes indicate in 2003 there were 6,009 people employed in the NW England “Wearing Apparel” companies.
- The initial findings of our survey is that 55,000 people were employed in NW England in the more broadly defined apparel cluster.
Economic Impact of Apparel

- SIC codes indicate in 2003 there was a contribution to the economy of £680 million (estimated)

- The initial findings of our survey is that the more broadly defined apparel cluster contributes £3 billion (estimated)
Companies in the Apparel Cluster

- SIC codes indicate in 2003 the number of companies was 540

- The initial findings of our survey is that the more broadly defined apparel cluster comprises 2784 companies
Interim Conclusions:

- SIC codes do not give a true picture of the state of the industry
  - in agreement with other cluster-based research
- The region employs more people than published data indicates
- Regional turnover is an estimated £3 billion
- Companies may be employing less people but many have a large turnover
- The emerging cluster is strongly heterogeneous
Structural change implications

- Manufacturing is in decline, because of ready access to overseas suppliers with low labour costs.
- The manufacturing that is retained involves small batches, high skill requirements and short lead times.
- Supply chain management is crucial for successful operations, requiring a whole range of skills.
- New product development involving inputs from designers and technologists is a major driver.
- Interfaces with Retail are critical for success, as there are few strong companies that operate outside retailing.
Policy implications

- Training issues appropriate for transition, for managers as well as other employees
- Specific measures for moving beyond the passive benefits of clustering
Future Research

- Maintain database and refine cluster map
- Monitor transitional period to identify the trajectory of cluster development
- To gather evidence for active and passive benefits of clustering
- Participate in debates about the future of the cluster
Thank you!

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