

## **The Changing Face of the Apparel Industry**

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The word “industry” conjures up images of large rooms filled with machinery, handling equipment and operators. The “apparel industry” is regarded as the engine for producing the garments that are eventually displayed in the High Street for us to purchase.

In educational contexts, this was the image that prevailed in the 70s and 80s. Students were prepared to enter a labour-intensive industry, with many learning skills of assembly line balancing, work study and quality control. Students on sandwich courses spent the best part of a year on industrial placement, and it was not unusual for them to be involved in work study or quality control activities.

This iconic perspective of industry was shattered in the 90s as major closures of manufacturing plants were announced at regular intervals. The race to source offshore was underway. Clothing students saw a shift in their curriculum away from operations management towards supply chain management; away from materials handling within factories towards global logistics and distribution; away from assembly processes towards specification of the product.

Although the 90s is often associated with a major expansion of offshoring, the employment figures reveal that this period was only part of a continuous trend of decline. Figure 1 shows employment figures from 1980 to 2008, documenting the down turns in both Textile and Clothing manufacture. These dramatic declines have led many to talk about the demise of the industry. Clothing and Textiles has been regarded as a “sunset” industry by policy makers. It is deemed to be “old” and “tired” with little prospect of growth. Because of its bleak future, some UK Government and European grants have been introduced to facilitate retraining for employment in other industrial sectors. Schools are reconsidering whether clothing and textiles should be part of the curriculum.

This story of decline, as recorded by the official government statistics, did not reflect the experiences of universities and colleges providing students with industry-relevant educational courses. The experience of the Department of Clothing Design & Technology (at Manchester Metropolitan University) has been one of consistent growth in student numbers over this period. Currently, we have about 1500 undergraduates and approaching 100 post-graduate students. Job prospects have been very good over the period, peaking at 97% of the cohort finding relevant jobs within 6 months of graduating. Our experience of industry is positive: there are meaningful jobs, a buzz of activity, and there is vision about the future and growth. This contrasting perspective has led us, over the past 5 years, to question the appropriateness of the official statistics to represent developments in the industry. Consequently, we have begun to formulate our own response to questions about what the industry is and how it is developing.

## Employment Trends in Textiles & Clothing

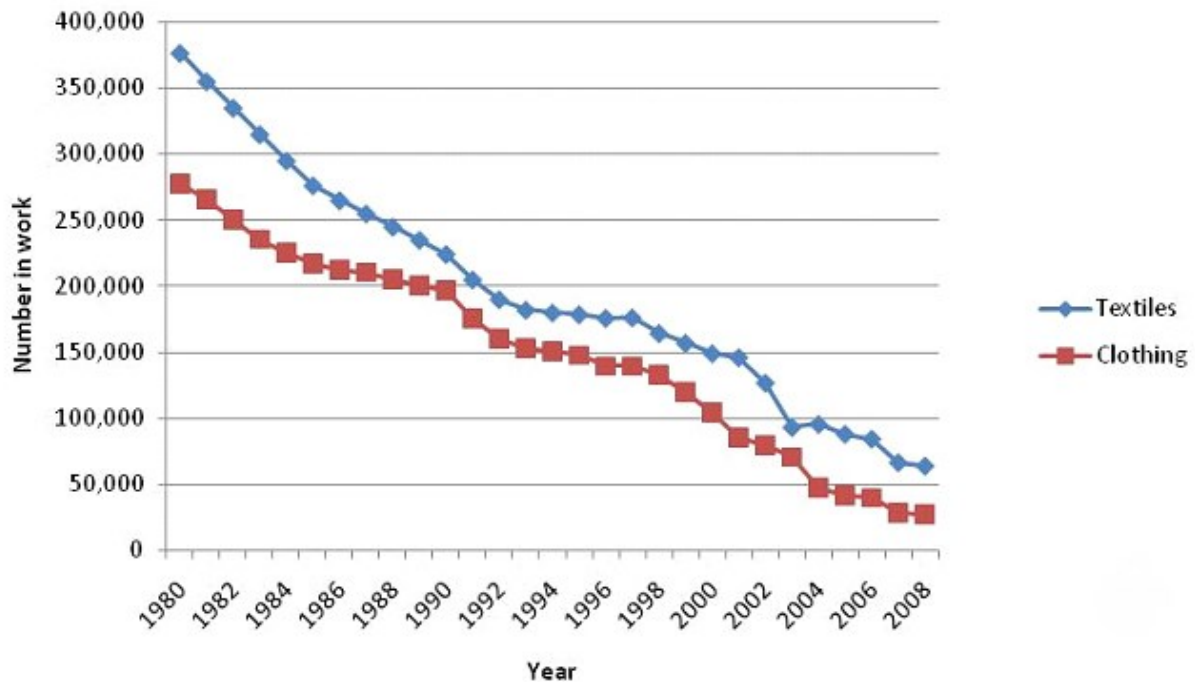


Figure 1: UK Employment trends in SIC 18 companies (Manufacture of wearing apparel) and SIC 17 companies (Manufacture of textiles).

The first methodology we adopted was to produce a database of all the companies in NW England that were making a living from apparel products – excluding textiles supply, retail and services aimed at post-sale garments. The companies could be grouped into three basic categories: (a) those involved in design, manufacture or sourcing of garments, (b) those providing front-end services to facilitate the supply chain; (c) companies providing services relating to finished garments. Our aim was to find out how many people were employed and what contribution these companies made to the economy of NW England. This could be compared with the data emerging from “official” statistical records.

At this point, it is useful to explain how garment statistics are gathered. A “Standard Industrial Classification” (SIC) code is used to identify the business activities of all companies registered in the UK. The Clothing SIC code is 18: “manufacture of wearing apparel”. The “manufacture of textiles” SIC code is 17. Codes are expanded to further describe the sector of activity. 18.1 is “Manufacture of leather clothes”; 18.2 is “Manufacture of other wearing apparel and accessories”; 18.3 is “Manufacture of articles of fur”. 18.2 is extensively expanded further. The UK codes emerged in 1948, have received numerous revisions, and the current version is dated 1992. The changes, however, have not been major: the need for continuity has been given priority. When a company registers, it is required to identify the SIC code that best describes its business. Subsequently, all reported data is associated with that particular SIC code.

One of the first steps for our mapping project was to purchase some existing databases providing information about clothing companies. One volume was described as “clothing manufacturers” and a second was “clothing suppliers” (a term used to describe wholesalers).

These were based on the reported SIC codes. From our knowledge of many of these companies, we realised that the codes were seriously out of date. In particular, there were many “manufacturers” that were no longer directly involved in manufacturing! Furthermore, many of the “suppliers” were design and sourcing companies, carrying out many of the activities previously associated with manufacturing (not wholesaling). This exercise was very significant for making us realise that SIC designations do not track the changing activities of business – they are historical artefacts and should be treated as such.

The clothing cluster in NW England was mapped by utilising existing (incomplete and outdated) lists of companies, the Yellow Pages, monitoring clothing activity in the area, and walking the streets to identify any companies not yet in the database. Information in the public domain about each company was gathered and supplemented by direct phone contact. Inevitably, the quality of information recorded is variable, but the picture emerging of the Apparel Cluster in NW England was sufficiently clear to answer the questions we had set out to answer.

The database has been examined to give insights into the diversity of companies that exist in the cluster. This is presented in Figure 2.

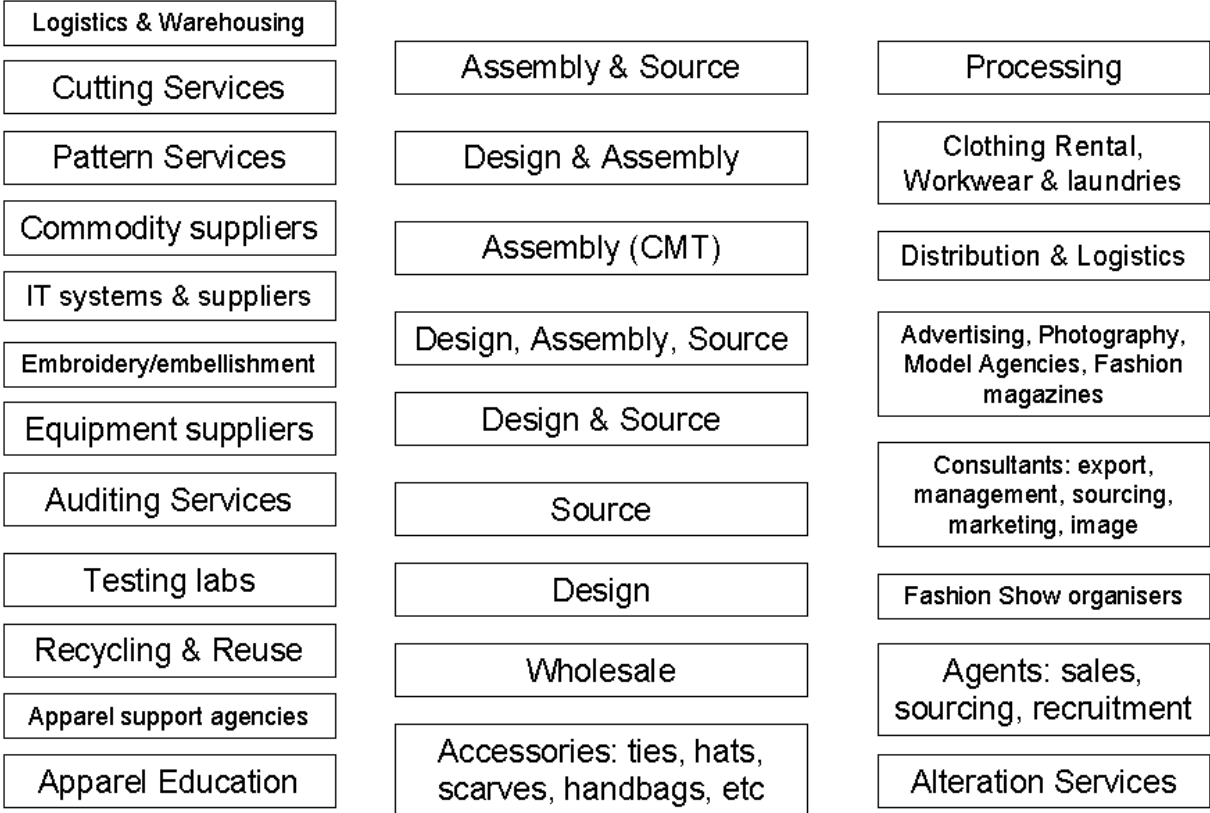
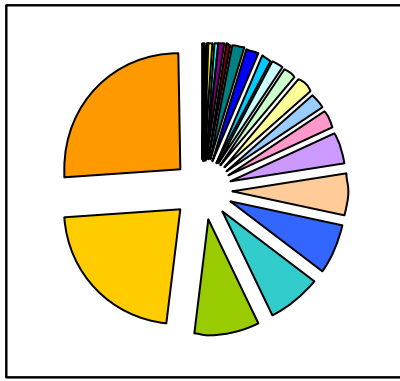


Figure 2: Overview of the NW Apparel Cluster

These groupings have been analysed further. Looking at the number of companies in each category reveals a Pareto-type distribution, as indicated in Figure 3.



The six largest categories:

1. Manufacturers	653
2. Wholesalers	530
3. Designers	232
4. Tailors	181
5. Embroidery/embellishment	166
6. Sourcing businesses	142

Figure 3: Analysis of numbers of companies in the different categories:

Companies described as manufacturing was still the largest grouping, although our figure was slightly higher than the number actually listed as SIC 18 companies. Most wholesalers carry out activities of product development and sourcing, giving them numerous areas of overlap with the companies that now source 100% overseas. Design companies are strong in the area, and this is recognised by those who see the Manchester area as an emerging centre for fashion businesses. The tailoring sub-cluster emerged as stronger than had previously been thought: these companies are mainly small, are craft-based and offer customisation and alteration services.

The major characteristic of the apparel cluster is heterogeneity. The manufacturing core has been dramatically reduced in size over the past decade, but the cluster of companies majoring in apparel products has been diversifying and growing. A comparison with the automotive industry is worth making. The core of this industry is manufacturing, and the associated cluster is composed of 1<sup>st</sup>, 2<sup>nd</sup> and 3<sup>rd</sup> tier suppliers whose activities are led by the core business. When the core fails, most or all the work for the associated suppliers disappears. This is not the case in apparel. When the core companies disappear, the cluster as a whole is not failing but it is diversifying and growing.

When a comparison with the SIC Code data is made, the differences are substantial. The table below shows three variables and the contrasts.

	SIC 18: February 2004	MMU Mapping: 2004
Number of people employed	6,009	55,000
Companies registered	540	2,784
Estimated turnover (£m)	680 (2003)	>3,000

Table 1: Two representations of the “clothing industry” in NW England

Instead of a story of decline, the mapping project has documented a developing cluster, exhibiting growth and vitality. Instead of regarding “manufacturing” as a synonym for “industry”, the mapping project reveals a heterogeneous cluster of companies comprising the emerging “industry”. Instead of the cluster being peripheral to the economy of NW England, the apparel cluster is a very significant player providing many jobs and bringing much finance into the region.

This work, which is ongoing, allows conclusions to be drawn relating to the MMU database.

- SIC codes do not give a true picture of the state of the industry

- The emerging cluster is strongly heterogeneous
- The region employs many 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
- Growing companies have a clear product focus and market strategy

Secondly, there are conclusions relating to structural change.

- 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
- Innovative 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
- Educational providers need to respond to the emerging industry, developing skills that match well with available jobs.

Thirdly, there are conclusions affecting policy.

- Training issues. Training needs to be appropriate for a cluster transition, for managers as well as other employees. It should be noted that there has been very little training provision linked to professional development, yet this is a major need where there are major changes linked to globalisation. There are opportunities here for members of professional bodies, like the Textile Institute, to play a role.
- Specific measures are needed for developing an innovation strategy, for targeting niche markets and for developing robust supply chains. This also has not been seen as a priority by policy makers, who have tended to provide funding support for IT infrastructure, equipment purchases and basic skills training without specific reference to innovation.
- Companies need to be more visible to policy makers and to have a coherent message about direction and needs. This is particularly relevant to a heterogeneous cluster dominated by small companies. Who speaks for the cluster and who has the support of the silent majority?
- Teachers in schools and educationalists responsible for the curriculum should recognise that there are many employment opportunities in clothing and textiles, with traditional manufacturing contributing just a small proportion of the total. The need for textile and clothing knowledge is greater than before, not less, because many of the emerging jobs are related to product development, setting and maintaining quality standards, and sourcing.

The situation in NW England continues to develop. There are signs of growth; there are new company entrants; there are companies that fail. What is urgently needed is an increase in professionalism within the sector to maximise the opportunities and to build strong linkages within the emerging cluster.