



CBI
Ministry of Foreign Affairs

Trends in Apparel

Which trends offer opportunities or pose threats on the European apparel market?

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Key trends in the industry (1/2)



Key takeaways

1. Sustainability is becoming a standard

Consumers are attracted to sustainable brands, though many are still price sensitive. Companies are forced to take action to ensure sustainable fashion

2. Corporate social responsibility (CSR) gains importance

Fairness and working environment are being scrutinised closely by different stakeholders. CSR is now one of the most compelling brand purposes.

3. The apparel industry is increasingly driven by technology

Buyers' expectations have been transformed by new technologies. More and more new applications and tools are developed specifically for the industry.

4. The potential of senior customers is recognized

Senior customers have been traditionally overlooked. However, this segment in Europe is growing in both number and purchase interest.



Key tips

Build a sustainable brand, supported by sustainable production and operational processes

Comply with all legal and voluntary requirements regarding CSR in Europe to be accepted into the European market.

Proactively employ technologies which help satisfy your clients more effectively and efficiently

Include senior customers while setting goals, understand the need of this segment and reach out to them



Key trends in the industry (2/2)



Key takeaways



Key tips

5. The power of social media is unstoppable

Social media channels have been and will be an important tool for marketing activities. New sales features of these channels, once again, enhance their importance.

Be present on social media, supported with relevant and attractive content to attract followers

6. Having activewear outfit on a day out becomes a new norm

Athleisure clothing is set to stay relevant for a long term thanks to health and well-being concerns as well as new launches and marketing activities by brands.

Come up with relevant products that facilitate the sales of leisure clothing and market them well

7. The industry is being challenged by the COVID-19 crisis

Its impact on the industry reshapes the whole production and supply chain. Some of the new practices are predicted to be permanent in the future.

Take immediate actions such as boosting online sales whilst setting longer term strategies

1

**Sustainability is
becoming a standard**





Sustainability is becoming a standard

Key drivers

The clothing and textile industry is one of the largest polluters in the world, second only to the oil industry



Water usage

93 billion cubic meters / year



Water wastage

20% of all waste water



Pesticides used in cotton production

10 - 20% of all pesticides



Greenhouse gases

10% of CO2 emissions

Regulators continue to raise standards and impose new rules and consequences

- > In Europe, the REACH Regulation, societal pressure and voluntary industry campaigns push the fashion industry into removing toxic chemicals.
- > New Circular Economy Action Plan of the European Commission aims to ensure products, textiles being key priority, can be repaired or recycled.

Consumers are increasingly aware of the environmental impact of fashion

- > 16-year-old Greta Thunberg won global headlines, demanding for actions to address environmental sustainability
- > Activists from Extinction Rebellion protested at Gatwick airport and London fashion week to promote sustainable design



Consumer trends regarding sustainable fashion

Wardrobes with essentials

The “buy less” trend is promoted to ensure sustainability in fashion. Consumers increasingly realize that many unworn clothing are stored in their closets.

Second-hand/ rented clothing

Consumers can use online platforms and apps like eBay and Kleiderkreisel to sell used clothing peer to peer. Also, a strong comeback of vintage fashion encourage the use of pre-owned clothing.

Eco-friendly clothes

Brands that promise to preserve the environment and make ethical choices attract customers’ attention, although price is still a concern.

Recycling and upcycling

Influencers like @notbuyingnew share photos of recycled/ upcycled and charity shop-sourced dresses under #progressnotperfection, #slowstyle and #capsulewardrobe hashtags.

European consumers have become even more engaged in sustainable fashion topics during the COVID-19 crisis.



Key reactions among apparel manufacturers



Sustainable and eco-friendly materials

A handful of brands have been using recycled and eco-friendly materials like low-impact, biodegradable fibres. H&M's Conscious Collection is made with organic cotton or recycled polyester. H&M claims to use 57% recycled or sustainably sourced fibers, with a goal to reach 100% by 2030. Likewise, Earth Polo, a Ralph Lauren brand, aims to save 170 million plastic bottles from landfills by 2025.



Sustainable and circular production

Companies aim to reduce carbon footprints, water and textile usage, and eliminate coal-fired power sources. New ways are discovered to address dyes and finishes like Colorifix. Levi's® WellThread™ Collection continuously seeks sustainable denim making approaches. Eileen Fisher revamps a full lifecycle approach. Infinited Fiber reuses textile, cardboard and agricultural waste.



Support of climate-positive projects

Many brands have joined the ZDHC Roadmap to Zero Programme and signed the New Plastics Economy Global Commitment. Leaders like H&M Group, Hugo Boss, and Adidas are working with UN Climate Change to lower greenhouse emissions. Small labels use sustainable approaches to enter the industry. Thought, founded in 1995 in the UK, is a founding partner of Common Objective.

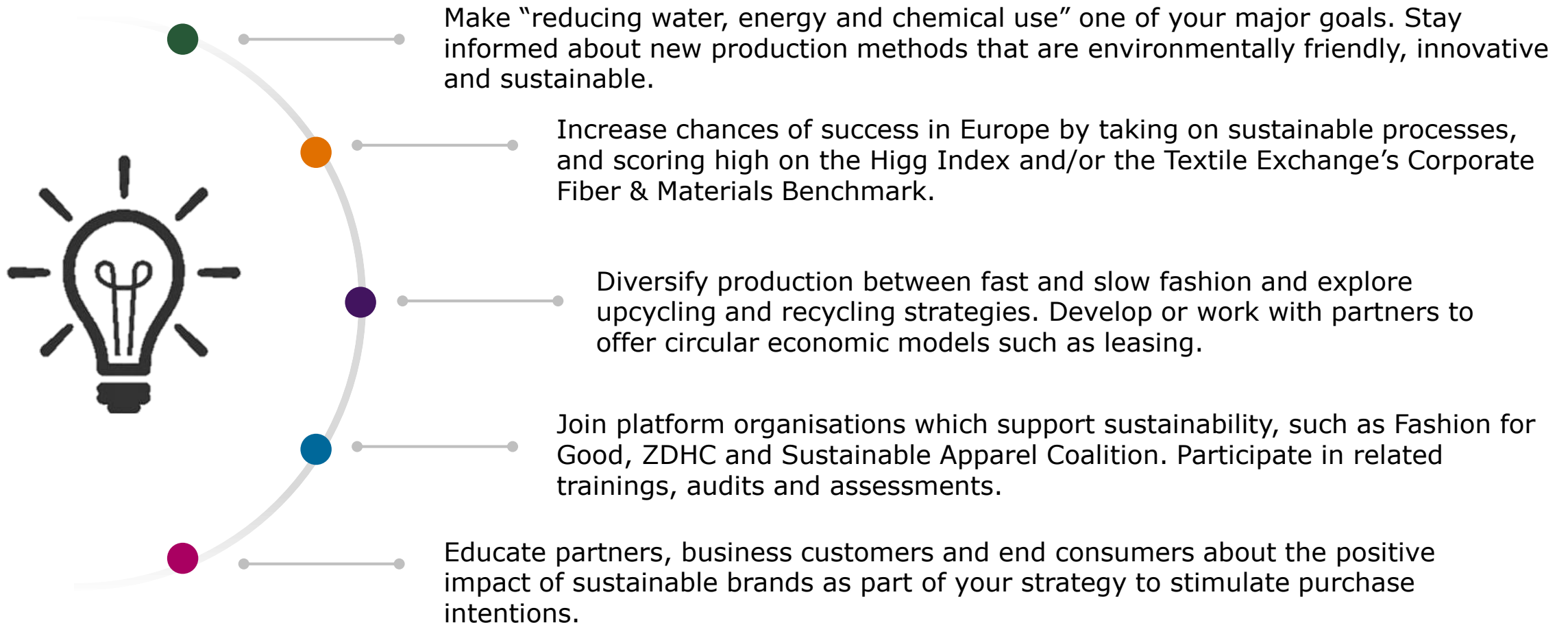


Circular sales models

Companies are also increasingly exploring circular sale models, such as clothing rental, resale and upcycling, which lengthen the product life cycle and improve sustainability. Rent the Runway, for example, offers clothing rental. Large players, such as & Other Stories, Patagonia, R.E.I and French luxury department store Galleries Lafayette are all entering the fashion resale market.

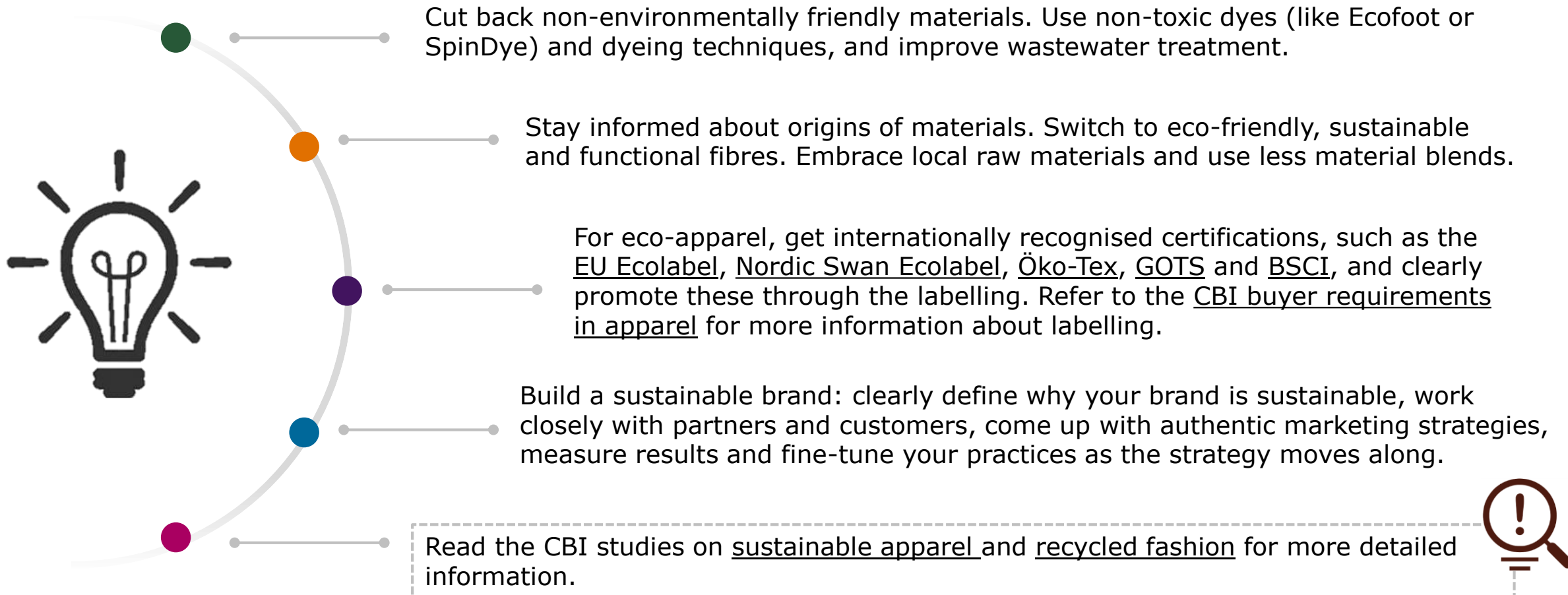


Tips for capitalising on the sustainability trend (1/2)





Tips for capitalising on the sustainability trend(2/2)



2

**Corporate social
responsibility (CSR) gains
importance**





Corporate social responsibility (CSR) gains importance



Key drivers

- > Importance of social fairness and transparency among sourcing criteria for European buyers as well as fashion influencers
- > Increased numbers of different initiatives like Fashion Revolution's Fashion Transparency Index that rate apparel companies according to their transparency practices



Consumer' reactions

- > Users increasingly want to know more about how, where and by whom their clothes are made.
- > They are also interested in learning what fashion brands do to address social and environmental issues.

Apparel Manufacturer reactions

- > Brands and suppliers offer workers fair wages and proper working conditions.
- > H&M, for instance, stresses its transparency initiative, publishing details of the origin of each garment like suppliers, factories, and materials.

More and more European consumers support brands which are transparent about their practices and the practices of their partners along the supply chain.

Fashion producers are forced to be socially responsible, supporting local communities. CSR work is no longer a secondary focus but one of the more compelling brand purposes.



CSR requirements to gain access to EU market



CSR has become one of the major buying criteria for European apparel importers. Suppliers are part of CSR policies of most companies.

CSR requirements from buyers

- Consumer rights
- Education and training of your staff
- Human rights
- Health
- Innovation
- Environment and working conditions



Guidance on CSR

For more useful links and further details about CSR requirements, please visit [CBI study](#).





Tips to benefit from corporate social responsibility trend



Be aware that buyers may want to inspect your factories and your suppliers' factories. Be socially responsible to safeguard the sustainable success in Europe.

Create a CSR policy, including ensuring proper workplace safety guidelines and fair living wages. Refer to the [CSR guides](#) by the International Institute of Sustainable Development.

Ensure that your factories are safe places to work, have proper fire safety measurements as well as electrical and structural safety in place.

Eliminate hazardous and outlawed production processes, like sandblasting and PP spraying, replacing them with alternatives such as using machines that eliminate manual spraying.

Verify whether all companies in your supply chain comply with sustainable practices and workplace safety. Publish a list for your buyers, listing all companies you work with in the sourcing and production cycle, including sewing, washing, printing, etc. See [H&M's supplier list](#) for guidance.

3

The apparel industry is increasingly driven by technology





The apparel industry is increasingly driven by technology



Key drivers of technology usage

- > Demand from online shopping to have suitable and precise correct measure apparel.
- > Reducing eco-footprints by recycling old materials requires high technology, such as transforming post-consumer recycled plastics into 3D printed sunglasses
- > Transparency for CSR or sustainability measure from customers and partners
- > Demand for speedy production
- > Shortage of a qualified workforce in craftsmanship



Key impacts on the industry

- > Technology has transformed buyers' and customers' expectations. Buyers expect to receive digital data and product details from suppliers.
- > Digital transformation initiatives in textiles are becoming more widespread, high technologies and smooth flow of information has become critical to be considered as competent and reliable.
- > Designing with technologies allows for more precise, real-time updates, while automation helps save costs and speed up production.
- > For more detail on data analytics, AI and other technologies affecting the apparel industry, see the CBI study Technology trends in the apparel industry.



Automation and sewbots



Key benefits



Enable planning, communicating, and producing more quickly and precisely



Increase production chain velocity



Make it possible to launch more than two collections/year



Provide cost saving benefits

Examples

- Tianyuan Garments, a Chinese producer of Adidas and Armani, has adopted an automated sewing system which enabled them to open a factory in the US with much cheaper cost compared to using local labor.
- Adidas has made its German manufactories fully automated and expects to reduce production lead time to matter of days

- To exploit full benefits of automation, producers must prepare a good training plan to have competent labor force who are confident to work with new machines and programs.
- Automation is sometimes considered as a threat for workers, thus be transparent and keep everyone informed





Artificial intelligence



Key benefits



Forecast new trends, such as style, fabric and patterns



Personalise to fit in individual taste



Enhance shopping experience – omnichannel shopping journeys



Supply chain management – especially real-time inventory tracking for efficient warehouse management and operations

Examples

- Zalando, a Germany-based fashion platform, together with Google, is using AI-powered fashion designing based on customers' preferences like colours or textures
- Tommy Hilfiger, in partnership with IBM, pioneered the "Reimagine Retail" project that train fashion designers with AI skills like natural language processing.
- AI-based chatbots, used in both online and offline stores, have been serving as the new sales representatives to handle customer queries and contact with customers.



Blockchain



Key benefits



Promote transparency, traceability and efficiency in the supply chain – connecting everyone in the supply chain, enabling the direct and secure exchange of information, documents and data



Enable resale



Prevent counterfeit goods



Enable the use of cryptocurrencies, alternative forms of funding and payments for small businesses

Examples

- Radio frequency identification tags on garments and inventory for instant traceability, improved inventory management and automated recycling.
- Farfetch joined Libra Association, LVMH linked up with Microsoft on Aura and Ba&sh offer resale via blockchain-enabled purchases, helping anonymous ownership transfer.
- In 2019, Infinichains started working on an organic cotton pilot study with Pratibha Syntex in a bid to trace a product from farm to garment and vice versa, using its software tool.

Read more about [what blockchain can do for the fashion industry](#), as well as [applications for blockchain in the fashion industry](#)





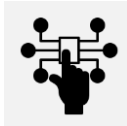
Virtual and augmented reality



Key benefits



Enable customers to virtually try on outfits with high accuracy thanks to customised measurements functionality that employs augmented reality technology



Facilitate the offer of digital clothing

Examples

- OBSESS creates virtual versions of retail stores that are accessible and shoppable from anywhere in the world
- Selling digital clothing is getting more popular. For example, Louis Vuitton designed "skins" for League of Legends characters and Drest sold digitised versions of Farfetch inventory.
- Selling digital clothing helps gauge market appetite, engage with customers and cater to both Instagram culture and sustainability. Carlings, Scandinavian brand, has created and sold a T-shirt whose design can be changed digitally using Instagram AR filters.



E-commerce and Mobile commerce



Key benefits

D2C

Enable manufacturers to adopt Direct to Customer, bypassing retailers or resellers



Facilitate an effective omnichannel strategy that offers a seamless experience offline and online (both official websites and social networks)



Other opportunities of e-commerce and mobile platforms are international growth, personalisation, increased customer loyalty, brand image and efficient inventory management

Examples

- Trident Group, by partnering with Amazon, is able to sell millions of potential global customers

- There are many new online wholesale distribution and trading platform for apparel such as Wholesalebox, founded in 2015 in India, Baibu, founded in 2013 in China, and Buying Show, founded in 2015 in Germany

- Nordstrom New York store has an integrated app where customers can check stock availability before they go in, check product information while they are shopping or book one-to-one complimentary styling sessions



3D printing



Key benefits



Requires less labor than other types of manufacturing



Provide fashion-on-demand in a more sustainable manner than the current model of overproduction and inevitable deadstock creation



Allow manufacturers to easily add unique details that set them apart from the competition

Examples

- Manufacturers like Shima Seiki turn spools of yarn into a full, seamless garment in less than an hour.
- Ze-Nitis creates digitally knitted urban wear that allows for functionalities and benefits to be placed where the body needs it the most.
- Tommy Hilfiger's design processes, from sketching through sampling and showroaming, is aimed to be done with 3D design by 2021.



Internet of Things (IoT)



Key benefits



Enable data sharing, especially relevant for inventory management



Offer a unique shopping experience to customers by using collected data to provide them what they need



Create apparel with digital capabilities, such as smart clothing, responsive sportswear, and multi-functional designs

Examples

- NADI X's yoga pants have built-in sensors to correct the users' posture by vibrating as they move through yoga poses.
- LOOMIA, the San Francisco-based textile company creates soft flexible circuits that can be embedded into textiles for benefits such as heating, lighting, sensing or data-tracking applications.
- Fujitsu offers apparel companies a new IoT measuring device that promises to dramatically improve the efficiency of apparel sizing and measurements.



Tips for capitalising on the technology trend



Have a digital transformation strategy with a clear mission and specific objectives. This should include the scope and volume of digital transition, changes to the design process, legacy system updates, cost-benefit analyses and supply chain partnerships.



Learn from peers like [Pacific Textiles](#) and [Getzner Textiles](#) which have successfully transformed.



Improve IT to accelerate your communication with buyers and streamline ordering processes. Select the most suitable IT management system that your clients work with and would allow for best integration. Consult [this article](#) for an overview of apparel management platforms.



Use enterprise resource planning software and analytics tools to collect both internal and external data like fabric data, production times, pricing, lead times, shipping, ecological footprint and sales to generate insights.

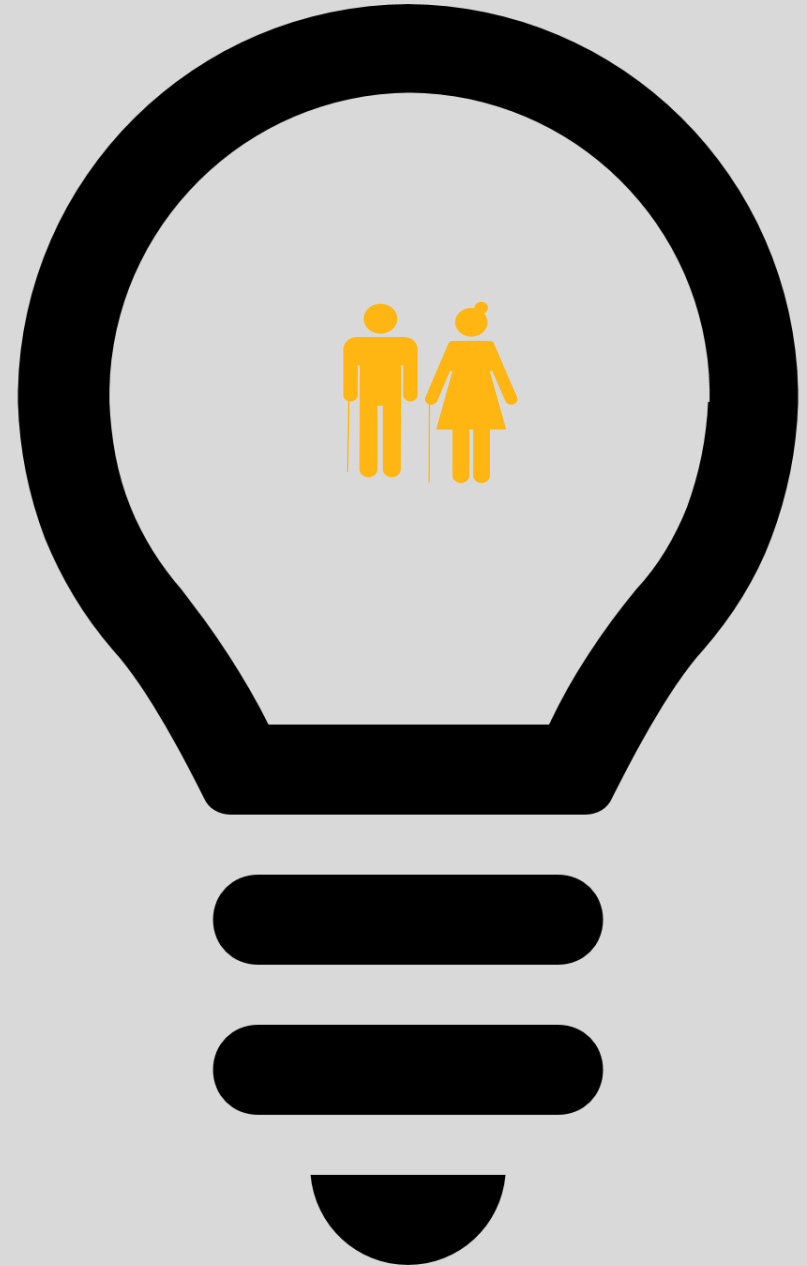


Stay up-to-date with new technologies and keep closely in touch with your clients to understand their expectations. Being able to adapt and innovate by adopting relevant technologies is key for players within the industry.

4



The potential of senior customers is recognised





The potential of senior customers is recognised



Current situation

- > The EU is the second fastest ageing society in the world. Italy, Germany and Portugal have the largest elderly population in the EU (between 21.5% and 23% of the entire population).
- > There are more and more popular “senior” influencers like Baddie Winkle and Iris Apfel who inspire followers with their style.
- > Many brands are, however, still neglecting this segment. Designers seem to create the same style for mature customers as they do for the younger generation.

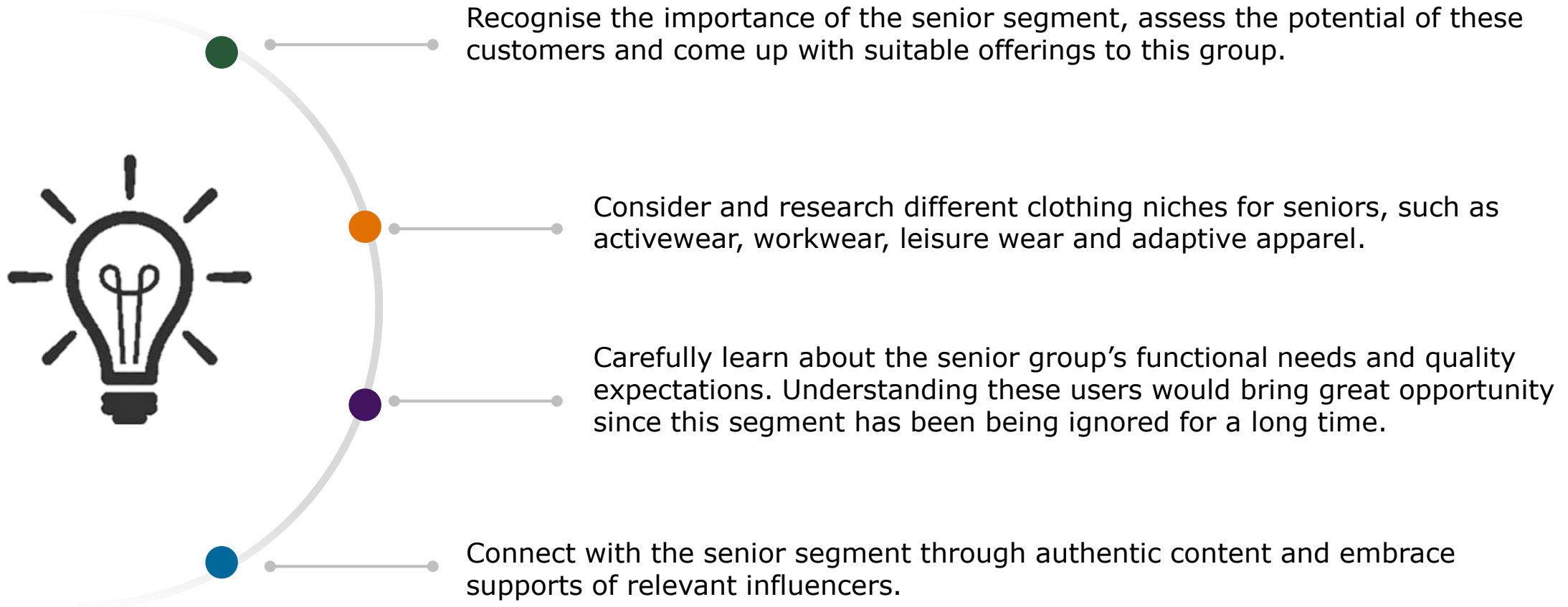


Apparel Manufacturer’ reactions

- > Brands are now more inclusive about age when creating their products, stores, and marketing.
- > More and more older models are used in advertising.
- > Fashion companies begin to approach senior content creators to foster more organic and believable sponsored posts and ads, targeting to the senior segment.
- > Few brands focus on adaptive clothing. Tommy Hilfiger, for example, launched an adaptive clothing line for kids with autism and other special needs in 2016 after revealing that his then 16-year-old daughter and his stepson both were living with autism. More information about the potential of adaptive clothing in Europe can be found in this article.



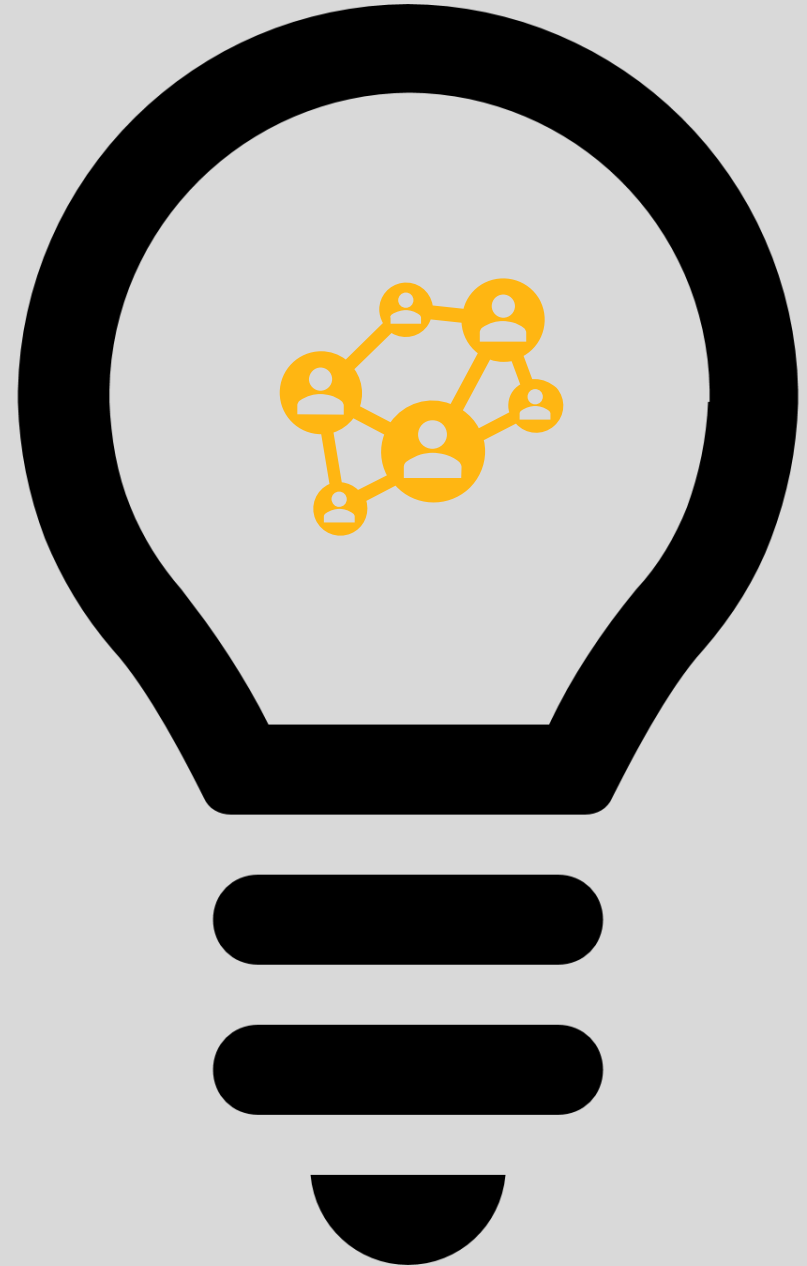
Tips to attract senior customers



5



**The power of social media
is unstoppable**





Social media became an important marketing channel



Key benefits



Be an efficient and effective tool for companies to strengthen their brands, drive traffic to their websites, and gain insights



Offer a unique shopping experience to customers by using collected data to provide them what they need



COVID-19 has disrupted physical contact between stores and customer, hence keeping brands alive via social media channels helps build connection and enhance loyalty

Examples of use cases

- Marketing campaign via exciting hashtag to attract audiences are launched by different key players such as Nike or Gucci.
- Adidas, H&M and Zara, participated in the launch of Instagram's new feature which include "shop now" button to boost e-commerce.
- Monki, one of the H&M brands, co-creates their community and boost livestream shopping, using technology by Bambuser, a Swedish start-up.



Tips to make use of social media



Be present on social media and create surprising and viral content promoting sustainability and social responsibility to get noticed.

Update your social media channels regularly and interact with your consumers. Have a dedicated person for answering questions and comments. Create a positive exchange to create trust and attract followers.

Draw inspiration from brands that already have successful strategies and large followings. Cupshe's Instagram account is an example of a company that is very successful in marketing its brand via social media.

Familiarise yourself with the latest fashion trends on social media by following relevant fashion influencers and leading European apparel players. Check Harper's Bazaar selection, for example, for top fashion influencers on Instagram.

6



Activewear outfits are becoming the new norm on a day out





Athleisure is getting more and more popular



Key drivers

- > The rise of health and wellness lifestyles
- > Rise of trendy startup companies and workplaces with no strict and formal dress codes
- > The popularity of K-pop influencers, such as Rihanna with Fenty Puma for streetwear styles, embracing both luxury fashion and street/sportswear brands
- > More and more high-tech materials which are waterproof, breathable, and elastic

Consumer reactions



- > Need for comfortable clothing: Wearing casual yet stylish outfits for many occasions and adopting a sporty lifestyle have become popular. Stay-at-home situation due to COVID-19 benefits this trend.

Apparel Manufacturer reactions



- > Brands expand athleisure offerings. Major fast fashion brands like H&M are favored for their affordable sportswear lines. Other smaller popular brands are Girlfriend Collective, Outdoor Voices and Nimble Activewear.

That consumers become far more conscious of health and well-being makes athleisure not a short-term trend.

The global athleisure market is set to grow, reaching close to €480 billion in 2023 from less than €350 billion in 2019. Europe is one of the more significant importers of sportswear in the world.



Tips to gain from the activewear outfit trend



- Offering athleisure pieces to satisfy health and wellness needs is one of the more effective approaches to winning customers' hearts.
- Exploit the use of high-performance fabric to produce functional and technical athletic clothes. North Face, for example, introduced extra thin polyurethane fibers via nanospinning technology, protecting users from harsh weather.
- Work with influencers. They are an effective tool to build a brand profile as a cool sports or athleisure brand. Pair up with celebrities, like Daniel Fuchs – one of the most popular male influencers in Germany – for an ad campaign or a collection.
- Master the use of social media marketing, such as using the right hashtags on Instagram in connection with athleisure. The most popular one is #fitness with more than 374 million posts worldwide.
- Continue to innovate and offer high-quality multipurpose items that fit with various activities. Stay informed of trends that are doing well, but don't be afraid to innovate and stand out.

7



**The industry is being
challenged by the
COVID-19 crisis**





The industry is being challenged by COVID-19



Key impacts on the industry

- > The global apparel industry could see revenue contract by 27% to 30% in 2020 over last. Sales of EU textile and apparel may decline by up to 50%.
- > Disruption in production and supply chain: many garment factories in major countries such as China, Bangladesh, and Vietnam were and are still closed due to a shortage of raw materials especially from China.
- > Brands and retailers, including EU-based brands such as C&A, Primark and Bestseller, are breaking contracts, cancelling orders, delaying shipments and asking for discounts



Players' reactions

- > Shifting to e-commerce and accelerating automation
- > Putting items on sale
- > Adapting message strategy by focusing on messages like "Work-from-home", "Relax and Recharge" and "Keep Moving"
- > Employing virtual platforms such as "live broadcast fashion shows" from Armani or Valentino. Nike's e-commerce sales increased thanks to its workout-from-home content on its fitness app during the closures in China
- > Establishing and/or pushing more athleisure fashion – one of relevant trends for work-from-home
- > Closing the doors for consumer and worker safety
- > Cancelling and/or postponing fashion shows and major events



Tips to overcome the ongoing COVID-19 crisis



- Communicate with employees frequently and clearly, making offers of assistance or time off and providing necessary solutions for work-from-home.
 - Protect customers by introducing new processes and policies such as safety procedures for handling and delivering online orders.
 - Work closely and support long-term partners by clearly reviewing inventory positions and maybe engaging in joint planning.
 - Enhance your digital presence, either via your own efforts or partnerships.
 - Besides the immediate "must-do's", plan medium and long-term actions to overcome any setbacks and be ready to seize new opportunities.
- Further details on coping with the COVID-19 crisis can be found in [this CBI study](#)





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