

# How to respond to COVID-19 in the apparel sector

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The global impact of COVID-19 has surprised not only the apparel sector but the entire world. Because of this, we need to make structural changes to protect the industry and all stakeholders involved. We have created an overview of practical, creative solutions and changes. These will help you guarantee the survival of your business now and after COVID-19.

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The first 7 steps focus on how to deal with the present situation.

## 1. Minimise costs and secure your cashflow

The biggest challenge of COVID-19 is that we do not know when the market situation will get back to normal again. Many physical stores are closed, and consumers are moving more towards online shopping. To survive this lockdown situation and prepare for a healthy future, you need to review all your company's expenses and costs.

Looking at how factories manage their costs on an international level, we can see that everybody is facing the same challenges. Banks and property owners are generally flexible and open to discussion on how to settle the costs without forcing the factory into bankruptcy. Employees are afraid of losing their jobs, so you will notice that they are also willing to help out by lowering their monthly salary.

Make sure you sit down with your partners, banks or financiers in an early stage to discuss the situation. Discuss potential support, in case you are unable to pay the bills. Do not wait until a problem occurs, as this is often too late.

Many factories worldwide have unpaid customer invoices. The customers were forced to close their shops; they had no income and could not meet their payment obligations. You should always try to find a solution that is workable for both sides and will secure future business.

A lot of money is tied up in stock products, fabrics and trims. Many factories feel the need to sell their stock at low prices. However, with the coronavirus measures now relaxed, local stores are reopening. There is thus a growing need for merchandise. Borders are still closed, so import is limited. This increases the value of local stock and creates an opportunity to increase profitability as soon as shops reopen. Selling products on the local market, made from your available stock of fabrics, can be profitable.

If you do not minimise your costs and try to come to agreements with both your creditors and your debtors, you will be facing bankruptcy. It does not look like the COVID-19 situation will end soon.

### **Tips:**

Be open to discussing your financial situation.

Be transparent with your workers. Update them regularly on the solutions you are discussing.

Look for opportunities to sell your stock on the local market as soon as local demand starts.

Renegotiate your loans and rent.

Manage and reduce all your expenses, even those that are small.

## **2. Ensure safe working conditions and protect your workers**

To reduce risks and maintain protection levels, you need to support workers and ensure a healthy and safe working environment. This is critical throughout and after this crisis.

Many governments are now relaxing coronavirus measures to prevent an economic disaster. They are doing so under strict regulations. These involve distance between people, personal protection and sanitation. These rules will have a big impact on how businesses are organised. If a factory does not follow the rules and regulations, the government will probably close it down to prevent contamination.

If you would like to start manufacturing again, then you need to organise your factory in a way that will protect your workers and prevent the virus from spreading. This requires financial investment and strict management of the workers to ensure that they follow the rules. A controlled and safe manufacturing environment will give the workers the protection they need. It will also give customers the confidence to place orders.

The steps you should take while communities are still on high-risk alert are: Prevent, Prepare, Inform, Educate and Listen.

### **Prevent**

Communicate clear policies for people with flu or flu-like symptoms. Workers with a fever should not come to work. If a worker has COVID-19 or has been in direct contact with someone who has symptoms of the virus, do not let them come to the workplace. Send them home for isolation and advise them to see a doctor.

### **Prepare**

Provide flu-prevention supplies, such as antibacterial soap, hand sanitiser, tissues, trash bins and facemasks.

Increase the space between workers on the line to 1.5m. Do a deep clean of the workplace and use antibacterial soap to kill germs.

## **Inform**

Promote everyday preventive actions at all times among your workers. Actions like washing their hands and covering their mouth when they cough or sneeze. Ensure that work travel is safe and follows government travel advice.

## **Educate**

Increase public health communication and raise awareness on how to prevent the spread of the virus. You can do this by training your employees.

## **Listen**

Encourage employees to speak up and address their concerns. Listen to workers' trade unions, social dialogue mechanisms or elected worker representatives.

If you do not ensure safe factory working conditions, COVID-19 may spread among your workers, and you may need to close down your factory. This will damage your company's image, and you will lose customers.

### **Tips:**

Look at governmental regulations of manufacturing during COVID-19. An example is the British government's guidance on [working safely during coronavirus \(COVID-19\)](#) in factories, plants and warehouses.

Clearly communicate your policies with your staff. Put up posters about COVID-19 General Safety and Social Distancing at the entrance, offices, kitchens and other workplaces. Use newsletters to communicate your plans and what you are doing about the outbreak of COVID-19. Provide COVID-19 prevention training for workers.

Put hand sanitiser at the entrance to the workplace. Make sure that everyone who enters the building cleans their hands. Also, measure workers' body temperature when they enter the factory.

Invest in sanitising workspaces.

Promote your new anti-COVID-19 way of manufacturing to create confidence with your customers.

## **3. Use governmental support where possible**

Governments are offering various types of support, such as tax reduction and contributions to the interest on bank loans. If you need support, governmental support is your best option as it is often cheap. It will allow you to keep paying your company expenses without facing bankruptcy.

Although this support is relatively cheap, you need to realise that you have to pay it back as soon as possible, or at least after the current crisis. This can create another problem for companies that are unable to continue their business or grow at the same rate as before COVID-19.

Support could also be a request to manufacture Personal Protective Equipment (PPE) for the government. This would be a good opportunity to continue your manufacturing activities.

## Tips:

Build a relationship with governmental departments that can give you orders for PPE products.

Stay informed of all the information published by the government about the different ways to receive support.

Create a collective of factories and inform each other about the support that your government offers.

Inform your government about the needs of your sector and your company, so they can adapt their support to the market demand.

## 4. Develop your online sales and presence

Due to the total lockdown in many countries, consumers have been unable to visit physical stores. This has led some consumers to shop online. There is structural growth, especially in those countries where consumers were not shopping online as much yet.

Some countries are relaxing the restrictions, but many consumers are still not visiting stores due to fear of contamination. Stores also have to follow governmental regulations that reduce their sales capacity. The number of people allowed in the stores is limited. This will move more consumers online.

If you are focused on the business to consumer (B-to-C) market, you need to be prepared for the growth in online sales. Make sure your online presence is professional and noticeable to the consumers you are targeting. If you do not invest in your online presence, you might have difficulties getting your business back to normal. It will take a long time for sales in physical stores to recover.

To target an international public, make sure your website appeals to them:

- Use different languages, so your website is accessible to different countries.
- Be consistent in your photography and invest in high-quality pictures.
- Create a clear and user-friendly website.
- Show heritage and trust through your company identity.
- Use an internationally recognised payment method like [Mollie](#) or [Paypal](#).

## Tips:

Investigate online platforms and e-retailers and join or cooperate with them. Examples are [Zalando](#) and [Alibaba](#).

Invest in your online marketing. Digital marketing plays a big role in boosting online sales. But it is also a way to get customers to visit your physical stores.

For the business to business (B-to-B) market, make sure your website shows current updates on your manufacturing and exporting possibilities.

For B-to-C, communicate on your website how you, as a company, manage your internal sanitation policy to protect your workers and buyers.

For good examples of factories with a strong online presence, see [Jobedu](#), [Pittards](#), [soleRebels](#), [Meron Addis Ababa](#) and [Anou](#).

## 5. Produce certified face masks for key workers

Short-notice government lockdown policies caused most clothing stores to close. A lot of companies suddenly had no customers or income. Without quick action, they would have also had no business. Because of this, many companies repurposed their production lines. They used their facilities to contribute to the immediate COVID-19 response and public health needs.

For example, [Barbour](#) is manufacturing medical gowns, [Migrolio](#) is producing free face masks on behalf of the Italian government, and [LVMH](#) is producing hand sanitiser at their perfume facilities. At a facility level, 10 sneaker factories in Putian, China, are now producing more than 200,000 breathing masks per day. This is instead of the footwear they previously manufactured for brands like Nike and Puma.

Face masks especially have become a much-debated topic during the pandemic. Fears about getting COVID-19 led some people to hoard masks earlier this year. This led to significant shortages for medical workers. If you are having trouble filling the capacity of your production unit and keeping your workers with you, you could consider producing face masks.

There are two types of certified masks:

- Disposable surgical/medical masks. Type I, Type II and Type IIR are considered medical devices. These need to follow the [Medical Devices Regulation 2017/745](#).
- Respiratory masks. FFP 1-3 and N95 are considered Personal Protective Equipment (PPE). These need to follow [Regulation \(EU\) 2016/425 for PPE](#).

Depending on the type of mask, different tests, technical documents and clinical evaluations are needed.

### Tips:

Understand the different types of face masks and what they are used for before you start producing.

Understand the [requirements and certification process](#). Check the requirements in the country you want to sell the masks to.

Learn about the specific mandatory material requirements. Investigate what materials comply with European standards and are relatively easy to access. That way, you can quickly respond to the growing market demand.

Get advice from a third party or expert to prepare for certification.

For more information, see the European Centre for Disease Prevention and Control's technical report on [using face masks in the community](#). Also, read the Dutch government's publication on [producing face masks for care professionals](#) and 3M's list of [European legislation and standards](#).

## 6. Create a collective and share

COVID-19 has created a shared problem. All people and companies need to prepare for a new reality. As this is a shared problem, we can also investigate shared solutions. Of course, everybody is hoping for a cure, but there will not be one anytime soon.

We are all fighting the situation and trying to survive. It is thus important to create a community in which both problems and opportunities can be discussed. A community in which optimism, combining forces and helping each other will lead the way to a new future. Creating a collective can benefit us in different ways. We can help each other by sharing knowledge, but also by combining forces to solve problems like buying or manufacturing large orders together.

B-to-C business is moving from physical stores to online. Many companies, especially developing ones, were not prepared for this change. These companies are focusing on the development of their website and online sales. Of course, having a website to represent your company/brand and to generate online sales is important. Still, you should but consider doing it together with other companies.

Creating a platform on which all companies and brands are represented will allow you to save costs and join forces. If you decide not to work in a collective, you will see that the information you receive is always late and you might miss opportunities.

### **Tips:**

Research organisations and create a selection.

Contact the selected companies and discuss cooperating.

Share and discuss ideas and opportunities.

Share and discuss problems and solutions.

Invest in an online collective presence platform. Examples are [JGATE](#), [Jordan](#), [Fashion for Good](#) and [IDH The Sustainable Trade Initiative](#).

## **7. Negotiate favourable terms for running/cancelled production**

At the start of the COVID-19 outbreak, many countries introduced a total lockdown. This resulted in retailers closing their stores and being unable to sell their goods. To reduce the risk of bankruptcy, buyers will do all they can to prevent any new orders being delivered. They will try to cancel as many orders as possible or put them on hold.

Also, many buyers have not paid invoices or have requested an extension of their payment conditions. This has created a lot of problems for the manufacturers. If they are unable to pay their workers, there may be riots. This could mean an uncertain future or even bankruptcy.

Every stakeholder within the manufacturing supply chain is facing the same problems and is fighting for survival. The solution to this problem has to come from all stakeholders. Confronting manufacturers with cancelled orders and unpaid invoices is unethical. Unfortunately, this has happened a lot. The only way to deal with this unique situation and secure future business is to keep an open dialogue and convince the buyer to discuss solutions that are workable for all parties.

### **Tips:**

Investigate what orders of your subcontractors can be cancelled without creating problems.

Discuss possible solutions with your fabric and trim suppliers.

Talk with your buyer and try to find a solution that allows them to put orders on hold, cancel orders or extend the payment of open invoices.

If orders are cancelled, make sure the buyer confirms in writing that you are allowed to resell the goods.

Try to find solutions that help all stakeholders.

## 8. Use stock to service the local and export market

Cancelled orders have left manufacturers with stock materials. This has created a cash flow problem for many of the factories. Retailers are allowed to open their stores again. They are now starting to place orders and are looking for merchandise to fill their stores. Sales are not the same as before COVID-19. Buyers are thus looking for manufacturers that are willing to accept smaller orders and fast deliveries.

Having stock materials or stock products will allow you to take this opportunity and turn it into a profitable business. Finished stock goods can be sold on the local market, and stock materials can be used to offer buyers the flexibility they are looking for.

If you do not focus on selling your stock, your cash flow position will be under continuous pressure. Your stock may become outdated and unsellable.

### Tips:

Create an inventory of your local stock products and materials. Start offering them to your customers.

Investigate the available stock materials at other factories so that you can also offer your buyer third-party stock.

Check the stock materials for exclusivity. Make sure you are allowed to sell without any problems from the original customer.

Develop samples to sell to the local and export market, using the available stock materials.

The next 6 steps help you prepare for the future situation.

## 9. Innovate and develop new ideas or collections

Change equals opportunity. In this changing economy, you need to be able to adapt to changing market demand. If you do not adapt, you may lose business. A manufacturer always needs to be decreasing costs and increasing efficiency. There are different existing innovations that can help you, for example, human resources (HR) software and software that optimises the manufacturing process.

Also, you should develop innovations that can help you to set yourself apart from all the other global suppliers. Innovations will help you find new customers and create a unique proposal.

There are various areas in which buyers highly appreciate innovations:

## Product

As there is no cure for COVID-19 yet, the risk of infection is still here. The elderly and weak are at a high risk of getting infected. The numbers are still increasing in many countries, and the availability of PPE is still limited.

To prevent the virus from spreading, most governments are instructing people to wear masks. This is especially needed in situations that involve many people, such as public transportation. This will increase global demand for PPE. Consumers will look for innovative and fashionable designs for these products. PPE will become a permanent part of our day-to-day wardrobe. We thus need to start thinking about how fashion collections need to change to adapt to this growing demand.

People will start looking for fashion items that include PPE to make a difference and diversify from the mass market. You should start developing fashion items that include multiple-use PPE. If you focus on the manufacturing of basic PPE, you will face increasing competition and a future price war.

## Sustainability

An example of sustainable innovation is transparency. Products are developed with a 100% sustainable and traceable supply chain. This allows the buyer to identify and inspect every stakeholder within their production process. [Blockchain](#) technology is often discussed and used to create a transparent supply chain.

## Environment

Reducing the impact of apparel manufacturing on the environment is a high priority for buyers. Using chemicals with less or no environmental impact is the future. An organisation highly active in this area is [ZDHC](#).

## Service

More and more buyers need an increased service level. They are looking for:

- Financial support and extended payment conditions;
- Fast deliveries;
- A factory that is able to hold stock fabrics to increase flexibility;
- A factory that is able to produce both small and large order quantities

Study these market trends. Try to innovate and adapt to create a unique proposal that can help your buyer.

### Tips:

Develop an innovative collection that includes PPE.

Create unique ways to improve your proposal.

Inform your buyer about your new developments.

Study the changes in the market and try to use existing innovations that can help you to create a unique proposal. For more information, see our study about [trends in the European apparel market](#).

## 10. Embrace the new reality

As governments and public health systems manage the pandemic and reduce outbreaks, society and business will adapt to a new reality. This will have new trends and modified consumer habits. You should pay close attention to these kinds of emerging consumer preferences. For example, the working from home trend instead of going to the office every day can have a big impact on consumer habits that affect apparel demand. This



trend can lead to an important change in product groups that consumers will demand.

Working in a business environment means you need a formal wardrobe. If business moves more towards working from home, people can partly replace their formal wardrobe with a more casual wardrobe. Although they still need to be representative of the company, for example, during Skype calls. Demand for products like suits, formal shirts, ties and formal jackets may decrease due to the increase in working from home. Still, casual comfort products like loungewear and jogging trousers might increase in sales.

Consumers are also becoming more conscious of the environment. Because of the COVID-19 situation, people have started to realise the importance of a healthy society more than ever. The demand for sustainable products is thus expected to grow.

New norms like better partnership, rebuilt trust, transparency, sustainability and deeper collaboration will be the new reality. You should look for long-term relationships that are healthy for all actors in the supply chain. The more important your role is within the customer supply chain, the more likely it is that a business relationship will change into a partnership. To develop a partnership, you should focus on solving your customer's problems. These could be order-financing, transparent and sustainable production, sourcing and production flexibility.

To rebuild trust, transparency and sustainability, you must embrace digitalisation and new technology in your sustainability programmes. Technologies can provide new ways to measure and report. For example, pollution sensors, real-time energy monitoring and reporting, digitised and standardised social audits, and phone-based worker surveys.

This global pandemic is also creating awareness of supply chain fragility. Suppliers and customers will need to build flexible supply chains to become less dependent on a single geographic region. You need various loyal customers, spread across geographical regions. Countries that are not yet in high demand for brands and retailers could take advantage of global spreading.

If you do not embrace the new reality and work on complying with the new norms, customers may move to suppliers that do.

### **Tips:**

Make trust one of the core values of your company. Provide more transparency and focus on sustainability and communication to all internal and external stakeholders.

Look into circular designs and processes that use clean energy for production.

Use technology, data and digitalisation to create greater transparency for customer and consumer. For more information, see Zalando's [Transparent](#) magazine. Also, read the European Commission's brochure on [measuring air pollution with low-cost sensors](#).

Rebuild sustainability programmes and make sustainability an essential part of all business practices.

Study the changing consumer preferences. These may suggest new products and market segments as well as shifts in category preferences.

## **11. Communicate via social media**

Now more than ever, it is time to invest in your social media presence. Regular face-to-face contact with customers is cancelled or suspended. Customers may be in self-quarantine. But you can still stay connected and

continue providing excellent information. This is the moment to really engage customers. Show them that you are honest, ethical, authentic, responsible and transparent. They are probably checking social media much more to get the latest updates on what their suppliers are doing to prevent the spread of COVID-19.

Safety will be one of the new selection criteria among buyers. How a factory ensures a safe working environment and stops the spread of coronavirus will become vital to doing business in the apparel manufacturing industry. If you are moving towards a coronavirus-proof factory, use this unique selling point (USP). Show buyers and the world your actions and investments. The best way to reach your target audience will be social media, such as LinkedIn, Facebook and YouTube.

### **Tips:**

Create a permanent online presence to share your company USPs. Regularly publish new content. To attract attention online, you need long-term promotion and investment. Many parties have used social media to attract positive attention and achieve a substantial increase in business. Some examples are [Mostafiz Uddin](#) from [Denim Expert Ltd](#), [DyeCoo](#) and [e2e Materials](#).

Create an online community for people from within the industry. LinkedIn is a very suitable medium for this.

Train your sales and marketing staff to actively contact the buyers and build a relationship.

Look into the personal background of your existing and new buyers online. This will help you better understand the person behind the business.

Collect feedback from external relations. Share this with the employee that is in charge of your company's online content.

## **12. Focus on sustainability**

In times of crisis, it is especially important to show that you can run a good business and at the same time protect people and the environment for the long-term. The year ahead will probably be challenging. The fashion industry is changing. Many markets are expected to see slower growth and declines in consumer confidence.

More and more, sustainability awareness is influencing purchasing behaviour. Fashion can no longer afford to ignore its customers' preferences. The industry has a long way to go. In 2020, it will boost its sustainable activities, as consumers' beliefs are increasingly reflected in their fashion choices.

This will also be a time for collaboration within the industry, even among competing organisations. No company will get through the pandemic alone. Fashion players need to share data, strategies, and insights on how to make it through this crisis. Brands, suppliers, contractors and property owners should also find ways to share the burden.

In the future, consumers will spend less money, but they will spend it more consciously. Sustainability, fair working conditions and ethical action within supply chains will become important. Consumers around the world are already raising their expectations of apparel brands during the pandemic. They are responding positively when brands demonstrate social responsibility, give back to communities in need, and prioritise environmental sustainability.

COVID-19 is no excuse to reduce your sustainability efforts. In fact, sustainability will be an important product priority, together with quality and durability. If you do not focus on sustainability and sustainable materials, your

buyers will lose interest.

### **Tips:**

Regain consumers' trust by providing sustainable products.

Develop a new business model that includes sustainability. Make sure this is built into internal practices.

Look into recycling and upcycling. You could, for example, produce non-medical face masks from recycled PET-bottles.

Be cost-conscious. Consumers will be greatly affected by the global recession.

Be authentic. Put sustainability practices in place because you believe in them.

For more information, see our study on [exporting sustainable apparel to Europe](#).

## **13. Look into the production of community masks**

In many European countries, public health authorities currently require people to wear a cloth face-covering in public. This is an extra safety measure, for example on public transport or in shopping centres. These community masks are a relatively new product, due to the massive lack of professional masks on the market at the moment.

There is increasing evidence that people with mild or no symptoms can spread COVID-19. Non-medical face masks/covers should thus be considered only as a complementary measure. They are not a replacement for established preventive measures. Established measures are, for example, physical distancing, coughing/sneezing etiquette, hand hygiene, and avoiding touching the face, nose, eyes and mouth.

Wearing masks in public is becoming the norm. Some textile producers are thus repurposing their production capabilities to meet the increasing demand for community masks in various designs and materials. Community masks and other textile face covers have the advantage that they can be produced easily. They are also washable and reusable. The next logical step will be for consumers to start looking for fashion items with a matching community mask.

Community masks cannot be labelled with a CE-mark, as a medical device or even as PPE. Still, many manufacturers want to prove to their buyers that their community masks comply with the requirements of [EN14683](#).

### **Tips:**

Check the requirements in every European country you are selling in. Different countries have different national standards or recommendations for community masks. Standards are not harmonised.

Perform due diligence testing to make sure your product complies with EN14683.

Consider applying for a quality label such as the [Hohenstein Quality Label for Community Masks](#). This label tests community masks for breathability, washability, fit and compliance with legal textile requirements.

Look into [community masks made from recycled PET-bottles](#).

Clearly communicate all labelling requirements: the maximum wearing time of 4 hours, always wash before reusing, social distance, and wash hands before and after using the mask.

Develop community masks that match the products you sell.

## 14. Change from mass production to made-to-measure

Looking at the risks of manufacturing, including the extended payment conditions buyers are requesting, 90% of the risks are with the manufacturer. You might expect that manufacturers will receive a large profit, but this is not the case.

As discussed, many orders have been cancelled due to the COVID-19 outbreak. This has caused many factories to face bankruptcy. This shows the vulnerability of the manufacturers in the supply chain. To spread the risk more equally within the supply chain, this way of working needs to change.

Currently, collections are designed and ordered to be sold during the season. This often takes 3-6 months, from collection development and manufacturing to the goods being sold on the European market. Still, this could change in the future. Instead of manufacturing all goods in advance and buying the goods with a risk of not being sold, we can re-educate the consumer to buy collections before the season starts.

This is already very common in the car and interior industry. And it is also a trend in haute couture fashion. Consumers need to be educated to pre-buy and pre-pay for clothing. This [made-to-measure](#) strategy is already being used in most product categories, including footwear and denim. Manufacturing what is already sold and has been paid for by the consumer reduces a lot of the risk for the manufacturers. This will prevent a similar mass-cancelling situation from happening again.

### Tips:

Investigate different ways to put a made-to-measure strategy in place within your existing setup.

Research organisations that are currently offering made to measure, such as [Munro Tailoring](#).

Research fabric companies that can offer you stock service.

Present the concept of made-to-measure to your customer.

This study was carried out on behalf of CBI by [Giovanni Beatrice and Serge Léon](#) from [Forward in Fashion](#).

Please review our [market information disclaimer](#).