

A STUDY ON THE CHALLENGES FACED BY THE GLOBAL APPAREL AND FASHION INDUSTRY

Baisakhi Debnath, Asst.Professor, Center for Management Studies, Jain (deemed-to-be) University, Bangalore, India.

C G Accamma, Asst.Professor, Center for Management Studies, Jain (deemed-to-be) University, Bangalore, India.

Manvi Nahar, Student, Center for Management Studies, Jain (deemed-to-be) University, Bangalore, India.

Megha S Kothari, Student, Center for Management Studies, Jain (deemed-to-be) University, Bangalore, India.

Mohammed Shayaan Byaladahalli, Student, Center for Management Studies, Jain (deemed-to-be) University, Bangalore, India.

ABSTRACT

The global clothing and fashion industry is currently facing a variety of challenges. Social responsibility, unstable economic conditions, and environmental sustainability are some of these challenges. As a result of resource depletion, climate change, and labour abuse, the industry is struggling. While consumers are becoming more conscious of how their purchases influence society and the environment, there is an increase in the demand for sustainable and ethical fashion. The COVID-19 epidemic has also hindered the world's supply chains, which has delayed production and cost money. The sector must overcome these challenges to continue meeting consumers' ever-changing needs and competing on a global level.

KEYWORDS

Fashion Industry, Apparel, Sustainability, Challenges, COVID - 19

INTRODUCTION

Several well-known high street fashion companies nowadays are remarkably similar to one another, making it challenging for consumers to distinguish between them and form enduring bonds with a particular brand. Because we have a whole app with features that let clients virtually try on their chosen outfit, our start-up stands out from the competition. Regardless of the brand they purchased it from, this is possible. Promotion, which tries to enlighten and persuade various audiences, is essential to sustaining effective communication between a consumer and a brand. An ongoing process that affects the corporate and commercial behaviour of firms might be referred to as fashion marketing. Fashion marketing strategies are more prevalent than ever right now since consumers are growing more self-aware and aren't following trends out of blind loyalty.

Integration of information, transportation, inventory, warehousing, material handling, packaging, and security are all part of logistics. It is a supply chain link that increases the utility of time and place. Plant stimulation software can now model, analyse, visualise, and optimise the complexity of production logistics, but this technology is ever-evolving. The logistics management plays a crucial role in meeting customer needs and delighting the business community in the textile industry, where there are numerous stages that need to occur

between raw materials and finished goods before they can be delivered to customers' locations within a certain amount of time.

It can be separated into performance and target-related costs. According to the perspectives, inbound logistics focuses on procuring for factories or assembly lines. Outbound logistics are concerned with information transit and storage to the end user.

The key areas are:

- Purchasing logistics
- Logistics for production
- Logistics for distribution
- post-purchase logistics
- Logistical disposal

FORMULATION OF THE PROBLEM

(<https://fashinnovation.nyc/fashion-industry->, n.d.)The digital fashion industry has gained popularity among consumers, particularly due to the pandemic. This has led luxury brands to create virtual clothing for innovative marketing campaigns, which benefits consumers, the environment, and the brand itself. Our 3D creative studio designs stunning virtual clothes for leading luxury brands, which convey the brand's emotions without the need for physical clothing or elaborate photoshoots. Digital fashion is a solution to issues such as fads and wastage, providing more room for creativity and pushing boundaries. With virtual fashion, brands can experiment with different styles without actually producing physical clothing, making it a sustainable option for the supply chain.

OBJECTIVES OF THE STUDY

- Aims to identify the primary challenges faced by the industry to help stakeholders prioritize their efforts.
- It may seek to understand how global events, such as pandemics or trade disputes, affect the industry, and help stakeholders prepare for them.
- The study can analyse supply chain issues, such as production, sourcing, and distribution, to identify bottlenecks and inefficiencies and develop strategies to address them.
- The study may assess the industry's environmental and social sustainability practices, identify areas for improvement, and develop strategies to minimize negative impacts on the environment and society.

REVIEW OF LITERATURE

Introduction:

The global apparel and fashion industry has faced various challenges in the past few years. These challenges have a significant impact on the industry's growth, profitability, and sustainability. In this literature review, we will explore the challenges faced by the global apparel and fashion industry and how the industry is addressing these challenges.

Supply Chain Challenges:

(McKinsey, n.d.)The apparel and fashion industry has a complex and globalized supply chain that spans across multiple countries. The industry's supply chain is facing various challenges, such as long lead times, high inventory costs, and unpredictable demand. According to a report by McKinsey, fast-fashion retailers are experiencing supply chain disruptions due to the COVID-19 pandemic, which has resulted in canceled orders, delayed deliveries, and production shutdowns. To address these challenges, companies are investing in digital technologies such as 3D printing, machine learning, and blockchain to improve supply chain visibility, reduce lead times, and optimize inventory.

Sustainability Challenges:

(Ellen MacArthur Foundation, 2020, 2017)The apparel and fashion industry is one of the most polluting industries globally, accounting for 10% of global carbon emissions and 20% of wastewater. The industry's sustainability challenges include textile waste, water usage, and carbon emissions. To address these challenges, companies are adopting sustainable practices such as using recycled materials, reducing water usage, and switching to renewable energy sources. A report by the Global Fashion Agenda suggests that the industry must collaborate to achieve sustainability goals, and companies must invest in sustainable production methods and sustainable materials to reduce the industry's environmental impact.

Digitalization Challenges:

(Deloitte, 2020) The digitalization of the apparel and fashion industry is transforming the way companies operate and interact with customers. The industry's digitalization challenges include adapting to new technologies, managing customer data, and protecting customer privacy. According to a report by Deloitte, companies are investing in digital technologies such as augmented reality, artificial intelligence, and chatbots to enhance the customer experience and improve operational efficiency. However, the industry must also address the challenges of data privacy and cybersecurity to maintain customer trust.

Labor and Human Rights Challenges:

(Organization, 2019)The apparel and fashion industry is known for its labor and human rights issues, such as low wages, unsafe working conditions, and forced labor. These issues are particularly prevalent in developing countries where the industry's supply chain is located. To address these challenges, companies are investing in ethical and sustainable sourcing practices, such as auditing suppliers and promoting fair labor practices. Additionally, industry initiatives such as the Sustainable Apparel Coalition and the Better Cotton Initiative are working to improve labor and environmental standards in the industry.

Conclusion:

The global apparel and fashion industry is facing various challenges that are impacting its growth and sustainability. The industry must address these challenges through collaboration, innovation, and investment in sustainable practices. By doing so, the industry can create a more transparent, efficient, and ethical supply chain while reducing its environmental impact and promoting social responsibility.

METHODOLOGY OF THE STUDY

Research Question:

To what extent do the challenges faced by the Fashion & Apparel Industry affect the profitability and innovation of businesses?

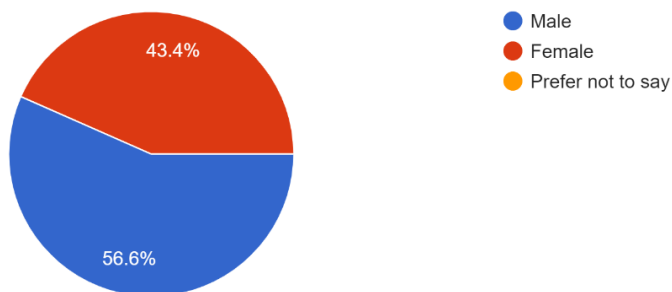
Research Design:

The primary difficulties that the international fashion industry is currently facing are to be identified and analysed in this research study. The goal of the research is to determine what challenges stand in the way of the industry's growth in the current economic environment. Understanding the key difficulties in production, supply chain management, marketing, and sustainability is the major goal of the research questions.

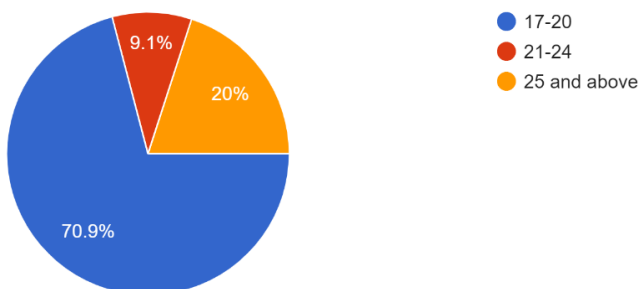
A mixed-methods research technique will be used to accomplish the research goals. Both quantitative and qualitative data will be gathered for the study. Industry professionals, such as fashion designers, producers, merchants, and marketing specialists, will make up the sample population. Using social media platforms, business groups, and online surveys, quantifiable data will be gathered from the target population. There will be some closed-ended inquiries in the survey.

FINDINGS

Gender
53 responses

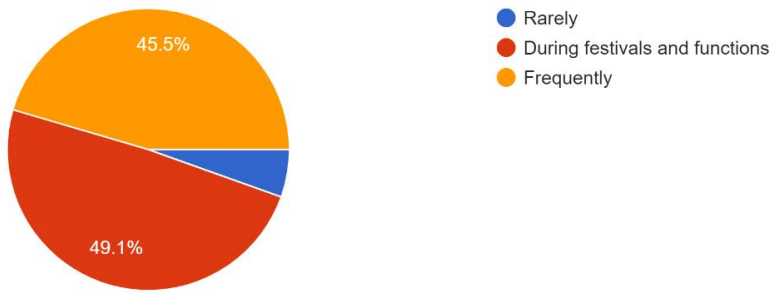


Age
55 responses



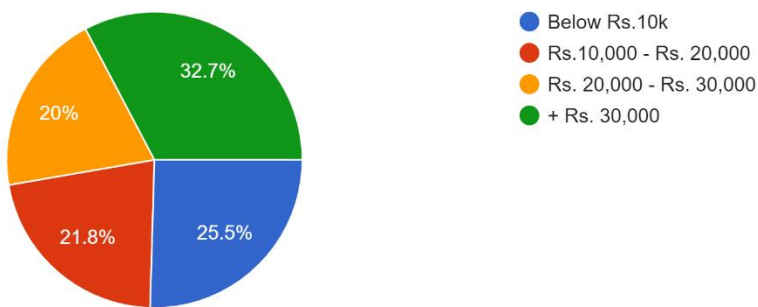
How often do you purchase clothes?

55 responses



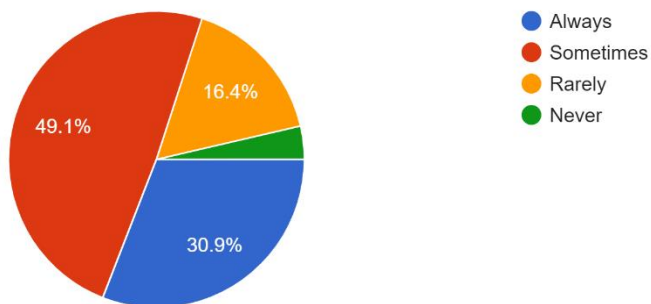
What is your annual expenditure on clothing?

55 responses



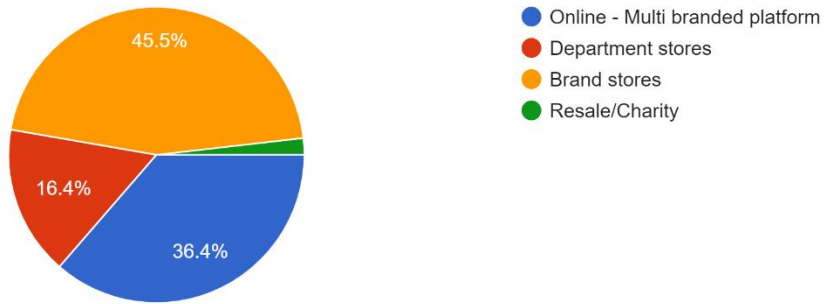
How likely is brand image going to affect your buying decision?

55 responses



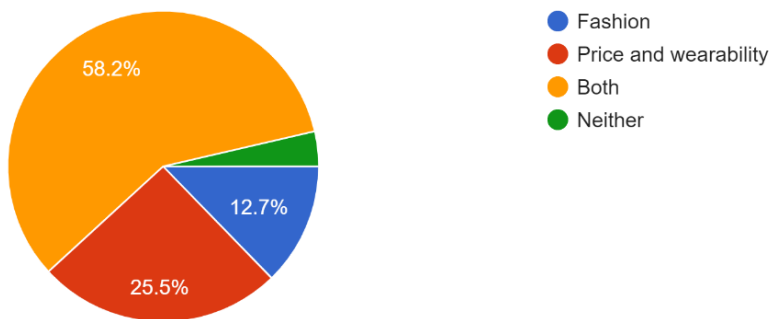
Which location do you shop at most?

55 responses



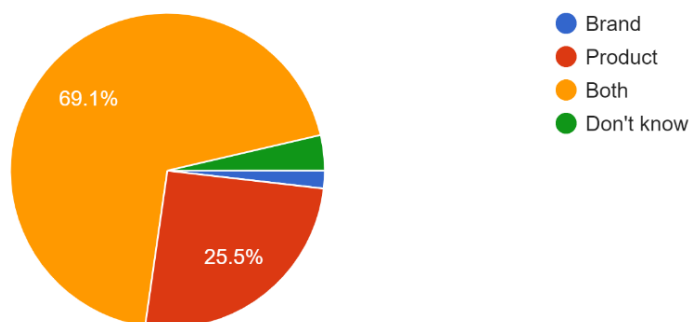
Are you concerned about the sustainable fashion or price and wearability?

55 responses



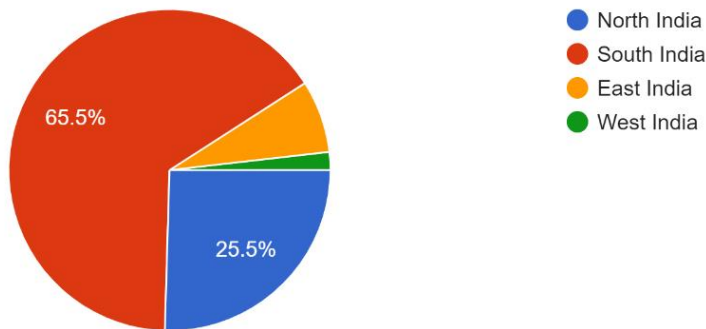
Is the brand or product more important when it comes to sustainable fashion?

55 responses



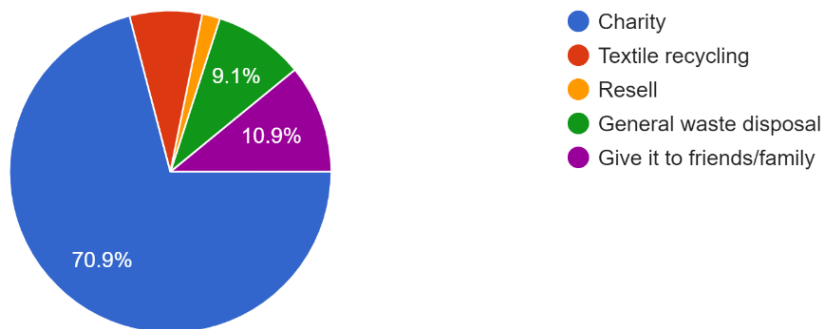
Geographical region

55 responses



When disposing old garments, what is your chosen method?

55 responses



DATA ANALYSIS AND INTERPRETATION

- It was noticed that majority of the respondents purchase clothes as and when required and are not impulse buyers which is a good start to achieving sustainable fashion.
- 32.7% of the respondents spend more than Rs.30,000 on Fashion. This shows that this cluster of consumers are not as worried about achieving Sustainable Fashion. Whereas the rest 65.3% of the respondents annually spend maximum of Rs. 30,000 on clothes. Here we noticed that these consumers are either price sensitive or are concerned about the ill-effects of the apparel industry on the environment.
- 58.2% of the consumers purchase clothes which are durable. Apart from that, 29.1% of the respondents are concerned if the production process is environmentally friendly and the rest 7.3% of the consumers take price into account when purchasing clothes. It was noticed that majority of the consumers value durability and environment friendly products.
- Environment and production processes go hand in hand, thus, it is essential to look into that before purchasing clothes. It was seen that 63.6% of consumers ‘to a certain extent’ are concerned about the environment and 32.7% ‘to a large extent’ are concerned. This shows that this is a good time to

introduce sustainable fashion and to also raise awareness about the ill-effects of the current production processes of apparel businesses.

- Consumers feel product is more important regardless of the brand image. This implies that the solution, the business has to ethically and carefully produce garments which are of high quality and conserve the environment.

SUMMARY OF FINDINGS AND SUGGESTION, LIMITATION AND CONCLUSION

(<https://pestleanalysis.com/fashion-industry-swot-analysis/amp/> , n.d.) We reviewed data from a range of sources, including industry reports, scholarly research, and news stories, to carry out our study. In order to better understand the difficulties, the industry faces, we also conducted surveys and conducted interviews with stakeholders and industry experts. The following crucial aspects were the focus of our analysis:

1. Competition and globalisation
2. ethical and environmental concerns
3. Digital innovation and transformation
4. Adapting customer tastes and habits

The clothing and fashion sector are extremely international and competitive, with businesses vying for customers on the basis of price, quality, and time to market. Competition has increased due to the growth of e-commerce platforms and fast fashion labels, placing pressure on conventional producers and merchants.

Our investigation identifies the following as the main difficulties in this field:

- Low-cost producers in emerging markets are putting pressure on prices.
- Theft of original works of art and counterfeiting
- Logistics problems and supply chain snags
- Tariffs and unfair trade practises
- Companies must concentrate on enhancing the resilience of their supply chains, making investments in innovation and automation, and forging solid relationships with suppliers and clients in order to meet these difficulties.

Sustainability and ethical concerns: As customers become more conscious of the environmental and social implications of fashion production, the fashion industry is under increasing pressure to embrace more sustainable and ethical methods.

(<https://www.bigcommerce.com/blog/fashion-brand-ecommerce/#how-to-make-your-fashion-brand-stand-out>, n.d.) Our investigation identifies the following as the main difficulties in this field:

- Companies must implement more ethical and sustainable practises throughout their supply chains to solve these issues, including the use of ethical labour practises, the use of sustainable materials, and transparency and traceability mechanisms.

- Digital transformation and innovation: As businesses use new technology to streamline operations and improve the consumer experience, the fashion industry is going through a rapid digital revolution. Our investigation identifies the following as the main difficulties in this field:
- Employees' resistance to change and lack of digital literacy
- Data privacy issues and threats associated with cyberspace
- Adapting to shifting consumer attitudes and behaviour can be challenging.
- High cost of investment in digital technologies

Companies need to invest in their employees' training in digital skills, put strong cybersecurity and data protection controls in place, and create agile business models to meet these issues. Consumer preferences and behaviour are changing significantly, which has an impact on the fashion business. Consumers are demanding more individualised, environmentally friendly, and transparent goods and experiences.

References

- <https://www.bigcommerce.com/blog/fashion-brand-ecommerce/#how-to-make-your-fashion-brand-stand-out>. (n.d.).
- Deloitte. (2020). <https://www2.deloitte.com/us/en/insights/industry/retail-distribution/fashion-luxury-digital-disruptors-post-covid-world.html>.
- Ellen MacArthur Foundation, G. F. (2020, 2017). <https://www.globalfashionagenda.com/ceo-agenda-2020-sustainability-progress-report/> <https://www.ellenmacarthurfoundation.org/publications/a-new-textiles-economy-redesigning-fashions-future>.
- <https://fashinnovation.nyc/fashion-industry->. (n.d.).
- <https://pestleanalysis.com/fashion-industry-swot-analysis/amp/>. (n.d.).
- McKinsey. (n.d.). <https://www.mckinsey.com/industries/retail/our-insights/fashions-new-must-have-a-digital-supply-chain>.
- Organization, I. L. (2019). https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/publication/wcms_670542.pdf.
- https://textiles.ncsu.edu/tatm/wp-content/uploads/sites/4/2017/11/Bruer_full.pdf
- <https://www.emerald.com/insight/content/doi/10.1108/09590559010001105/full/html>
- <https://www.fibre2fashion.com/industry-article/5837/the-logistics-management-in-textile-industry#:~:text=Distribution%20Logistics%20has%2C%20as%20main,place%2C%20and%20quantity%20of%20consumption>
- <https://www.profitableventure.com/boutique-business-plan-financial-projection/>