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Tips of the MONTH

Failure doesn't mean you are a **FAILURE...** it just means you haven't **SUCCEEDED** yet. ~ *Robert H. Schuller*

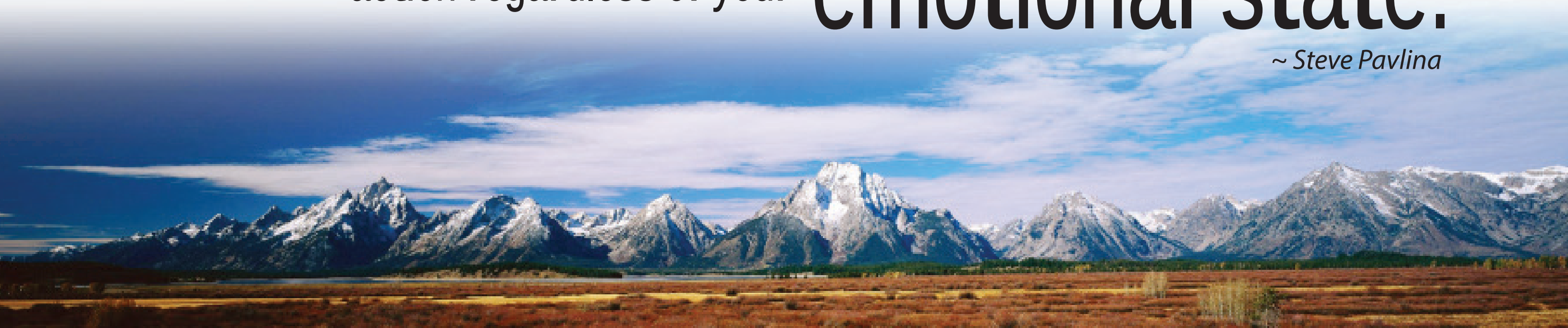
"I never knew how to worship until I knew how to love."

Henry Ward Beecher

It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently. ~ *Warren Buffett*

Self-discipline is the ability to get yourself to take action regardless of your **emotional state.**

~ *Steve Pavlina*



Textiles and Garments Sector:
Moving up the value chain

By: HINA SHEIKH
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The textile industry is central to Pakistan's economy and within the textiles industry, readymade garments are a significant and growing component. Exports of readymade garments have increased nearly four times in value from 1990 to 2013, from US $1 billion in 1990 to US $3.9 billion in 2013.

Manufacturing of readymade garments also represents a progression towards higher value addition in the textiles chain. For example, 50,000 kilograms of cotton fiber creates 400 jobs in spinning, weaving and finishing stages. The same amount of cotton fiber creates 1600 jobs if utilised in garments manufacturing. Similarly, US $1 million invested in spinning and weaving leads to US $0.27 million in exports, compared to a much larger US $3.2 million in exports when the same amount is invested in garments manufacturing. In sum, garments have tremendous potential for creating jobs and generating exports for Pakistan.

The European Union (EU) has recently provided GSP-plus status to Pakistan, allowing duty free access of Pakistani goods to the European market. The EU is now the largest market for Pakistan's textiles and garments exports, accounting for 28 percent of total exports in 2012. With rising labour and other production costs in China, the garment industry in Pakistan now has a great opportunity to meet demand for these goods and become competitive on an international level. However, for the sector to realise its potential, policies that shape the incentive structure facing the industry need to be realigned.

Throughout its history Pakistan has followed a cotton textiles-led industrialisation strategy. Moreover, it has also failed to benefit from the opening up of the global textile trade in 2005, due to the prevailing structure of the sector coupled with policies that hinder exports. Today, Pakistan's textile exports primarily consist of low or intermediate value-added products (at 69 percent of Pakistan's textile exports, compared to 32 percent of global textile exports in 2012).

Textile exports have also suffered due the poor security situation in Pakistan for the last decade and a half. Large Pakistani garment manufacturers have been facing much stricter scrutiny by international buyers, having to meet higher standards of compliance to retain or attract large buyers.

Growth constraints Product range, price range, and government policy

Pakistan's garment exports have a relatively narrow base, with a few products accounting for the bulk of exports; the top six export products account for over 78 percent of Pakistan's entire garment exports. These products at the global scale account for only 41 percent of the world export share. These exports are also concentrated around the lower end of the price range. For four out of the five most traded products, Pakistan's average export price is only about half that of the world average export price.

The government's protectionist industrial policy over the past many years is a primary reason for this. The decision to protect the local fiber industry and impose high tariff and non-tariff barriers on the import of man-made fiber yarn and various kinds of fabrics has severely limited the export potential of garments. Garments manufacturers are required to produce and export items that do not require imported yarn, fabric, or special trimmings and accessories, raising their costs and reducing their competitiveness in the international market. Also given that man-made fiber now comprises 65 percent of total fiber consumption in the world, Pakistan's exporters are excluded from a substantial proportion of the market.

Energy shortage In 2012, most of the industry in Punjab suffered power outages of 8 to 12 hours a day while the supply of natural gas was suspended for several months in the winter. Many large firms have installed generators to meet their electricity needs, but most small firms are unable to afford this. The energy crisis has significantly raised the cost of production for garment manufacturers. It has also increased uncertainty in production planning by creating possibilities of delays, over which the firms have little control, at different stages of the production cycle. This hinders the growth of exports and the product price range.

Security and country risk perception Poor security, political uncertainty, and prevailing law and order situation imply that international buyers have a high risk perception of Pakistan. Employees of international buyers almost never visit Pakistan and since the importance of such interaction increases as firms move up the price range for a product, this makes it very difficult for Pakistani exporters to target the medium-to-upper end of the garments market in any product. Potential and incalculable delays in production and shipment also results in excluding Pakistani firms from the buyers' list of suppliers that are considered reliable.

Poor investment in human resources The low level of general education in the country translates into poor trainability of the workforce, while the shortage of formal vocational training institutions results in a skills gap that firms must fill themselves. Of the large firms in Punjab that we surveyed under a study funded by the International Growth Centre, over 60 percent complained shortage of stitchers while over 85 percent reported difficulties in finding middle managers. Most firms felt that the poor quality of entry-level workers' schooling was an issue for training.

Punjab government's initiatives Due to the export potential of the garment industry and its employment generating capacity, the Government of Punjab has recently taken some initiatives to facilitate this industry in overcoming the constraints identified above.

Skills development The Punjab Skills Development Fund (PSDF), a government-managed entity funded with extensive private sector involvement in its operations, has launched the Skills for Garments scheme designed to address skills shortages in the garments and apparel industry, especially at the level of workers and middle management. Under this scheme, PSDF will be training a large number of individuals using a model where the training is delivered by the private sector using government finances, thus removing the inefficiencies of the public sector.

Developing garment clusters Punjab government is setting up a model garments cluster where existing firms can relocate or undertake expansion projects. The Quaid-e-Azam Apparel Park is being developed on over 1,500 acres of land near Sheikhupura, with space for over 100 garment manufacturers and accessories suppliers, dedicated power plants for an uninterrupted power supply to the industrial estate and common facilities such as effluent waste treatment plants, clean drinking water, and solid waste disposal.

Way forward Garments manufacturing is the least energy and capital-intensive industrial activity and is thus well suited for Pakistan's resource endowment to generate economic growth and employment. However, to fully realise its potential, garments manufacturers must move up the value chain. They must improve quality of management in terms of factory operations, supply channels and other logistics. In order to advance their competitiveness, they must invest in technology and up-gradation and adhere to codes and regulations governing workplace conditions, labour rights and minimum wages. While garment manufacturers have tried to overcome current constraints in their growth, the government needs to improve their incentives structure and keep its policy consistent, so that this industry can realise its growth potential.

(The writer is associated with the International Growth Centre, Pakistan)

CUSTOMER PERCEPTION OF YOUTH TOWARDS BRANDED FASHION APPARELS

As in this competition era, from business point of view, we must be aware about the customer needs & wants & what a consumer expects from a company. We should have this information or a customer database if we want to stay in the market and to develop a competitive edge in the market. We must be able to understand what customers want from a brand, why they switches to other brand, what are the factors which force them to purchase branded apparels. By analyzing these, company can formulate the strategies as per the customer needs & deliver them the products which consumer wants from the company, which will be profitable for the company. The relationship between consumers' decision-making styles and their choice between branded and non-branded clothing needs to be investigated. In addition, consumer attributes (i.e., apparel involvement, brand consciousness, reference group, social class, and other factors) and personal characteristics should be analyzed in relation to the purchase behavior of youth.

The customer has undergone a remarkable transformation. Just a decade or two ago, the customer saved most of his income, purchased the bare necessities and rarely indulged himself. Today, armed with a higher income, credit cards, exposure to the shopping culture of the west and a desire to improve his standard of living, the consumer is spending like never before. Organized retail with its variety of products and multitude of malls and supermarkets is fuelling their addiction. Most customers' preferences change according to the change in fashion.

Most consumers have grown up with television, the Internet, and have been exposed to the standards of living and consumer culture abroad. This generation is also making money at a younger age and lots of it, thanks to call centers and other avenues of employment opening up that cater to students in college and schools. As a result they are ready to spend most, if not all of their income on apparel, accessories, and electronics.

The apparel fashion plays a paramount role in shaping apparel consumerism. As lifestyles change, fashion is becoming more diversified, as in the Western countries. Technology, ideas and lifestyles are moving concurrently and quickly. Companies and brands that offered monotonous and mundane products for years, have now multiplied their product ranges and new appealing styles, shapes and forms are being launched each season by them.

Identification of the role of apparel as a sign of business success is not a new concept. A review of related literature revealed that self-image/product image congruity was related to an individual's behavior to a particular item and that apparel products had symbolic meaning. Studies have considered the relationship between the self and apparel and have taken into account the various aspects of the self, such as actual self-image and ideal self-image. If the image of an outfit were a positive match with the self-image, including both the actual self and the ideal self, the apparel item would be worn most of the time.

The most important statement is to identify the need of customers, what kind of apparels they like to wear. As we know that market, segmentation has become an important tool used by retailers and marketers for identifying target customers. Segmentation is the process of partitioning markets into segments of potential customers who have similar characteristics and who are likely to exhibit similar purchasing behavior. Segmentation has become a major tool of companies for planning marketing strategies. Segmentation research has several objectives that include analyzing markets, finding a niche, and developing and capitalizing on a superior competitive position.

Those factors that affect customer perception in choosing the fashionable apparels Cultural factors such as apparel involvement, media, and reference group influences, self-esteem, and social class. It also investigates demographics such as income and age.

Do cultural influences, how much money they earn, and their age make a difference in their apparel choices? Do they let their peers choose their clothes or do they make these choices on their own?

FINDINGS

- People wear branded clothes to look attractive and to impress people.
- Price of branded clothes is not a big issue for people. People prefer branded clothes over non-branded regardless of high price.
- People buy branded clothes because they provide more value for money and because of their good quality.
- Wearing the same type of clothes makes people bored. They like to wear new and fashionable clothes.
- People wear branded clothes because of comfort and recognition that they give.
- Promotion of the brand by a well-known personality hardly affects the decision.
- People are less loyal towards the branded clothes.
- People get influenced by price offers, design and style of products to change the brand.
- Fashion, family and friends influence the choice of brand.

News from Printex

By the Grace of Allah, Printex booked second Oval from Sroque for M/s Style Textile – Lahore.

Due to some reasons, the 1st Oval Machine Installation at M/s Combined Fabrics is postponed till 1st week of September.

1st Machine from Latest version of Digital Direct to Garment Printer M6 from DTG Digital arrived Pakistan and will start production at PRINTWELL by the end of this month.

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