Stretching the industry's imagination



Everyone is aware of the problems and challenges facing the textile industry in the new quota-free, globalised economy. Europe and the USA have already imposed limits on textile products from China, but these can only stave off the competition in the short term. Some say the future is in technical advancements that add value, such as nanotechnology, but emerging markets such as India and China are also beginning to develop in the field of technical and functional textiles, so it can only be a matter of time before they attempt to dominate this area too. This is because the bottom line, the cost, is still perceived as the deciding factor when sourcing textiles and garments. If this remains the case, new markets will always win due to lower production costs. Invista, the world's largest integrated fibre, resin and intermediates company and the name behind Lycra, is trying to change this mindset, especially in terms of existing brands.

Whilst many are spending their time complaining about the situation rather than taking positive action to face the new competition, Invista is taking a different view of the situation. It sees the future as a challenge and is trying to focus on this as an opportunity for change rather than a death knoll for established brands.

"The Chinese word for 'crises' is made up from two characters…one means 'danger'…the other 'opportunity'. Large parts of the industry are seeing only danger, but I believe there are parallel opportunities for those who would rather shape the future than be shaped by it. I'd like to share some thoughts on an agenda for change. And seek your help…," stated Bill Ghitis, president of Invista at Première Vision in Paris in September, when the company launched its new Lycra Challenge. This challenge aims to demonstrate to brands and retailers that there is an alternative model to the current cost and volume business strategies dominating the industry. Invista believes it can change the perception of the industry by demonstrating its belief that branded innovation is a real and powerful alternative strategy for growth and profitability.

It aims to change the perception of brands and consumers and demonstrate the value of branded Lycra identification at retail Point of Sale, so that consumers buy clothing based on the branded component products in the apparel, rather than making decisions based on cost. This is based on the concept that consumers recognise the Lycra name — it is the stretch equivalent of Coca-Cola or the Apple i-Pod, — and Invista believes that this awareness can be exploited to increase sales and create consumer interest.

It also believes in creating value through innovation by developing a more open approach to sourcing technology and shortening product development cycles as well as establishing new forms of collaboration in order to deliver a return both in terms of knowledge, but also for real revenue potential.

Invista hopes to change the industry's perspective with its Lycra challenge.

Photos: Invista

A different perspective

The argument that technological advances are the key to future growth is nothing new. What is refreshing about Invista's concept is that rather than bemoaning the situation and seeing change as the only option, it is focusing on potential in the current market, whilst still maintaining a realistic perspective. It is addressing the mistakes that have been made and actively seeking solutions to these rather than wallowing in the sentiment of 'self pity' that seems to have engulfed many of those affected.

According to Ghitis, "Cost is a key factor in any competitive scenario, but if you make it the only one, you need to be sure about where you're heading. In our case, it's headed us into three-way trouble. It has favoured low cost producers to the extent that this has distorted the value chain and is reducing its ability to deliver anything else but low cost. It's put severe pressure on margins which has limited the ability to invest in innovation.That, in turn, has damaged our consumer relationships.

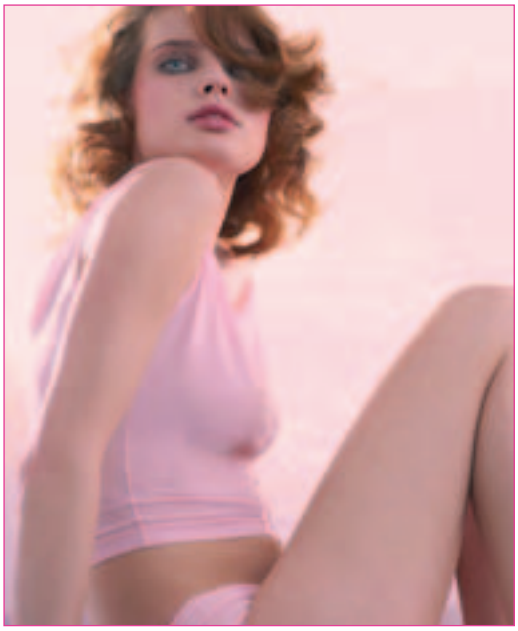
"Consumer spending on clothes is in decline, and not just because we're charging less for our products.Something more serious has happened - they're looking elsewhere for true innovation.

"Consumers may welcome cheaper products, but they don't necessarily get excited about them. In fact, their buying habits are telling us they find most clothes boring. It's not hard to figure out why…Our view of innovation hasn't changed much in the last few decades. Their's has. We make too many safe assumptions about what consumers need, rather than probing for the kinds of unfulfilled and unrecognised wants that redefine markets. Compared to other industries, we've failed to leverage our creativity, our brand strengths and our potential to innovate. So…value misalignment number one is that we've been shouting '50% off' for too long.

"The assumption that low cost is a universal purchase motivator is false. We've lost touch with millions of consumers ready to pay more for products that offer more.They exist. Other industries are selling to them every day.

"Misalignment number two is that some of us in the supply chain believe we can create the kind of value that would revitalise consumer relationships. But mainstream brands and retailers… gatekeepers to the consumer world… are cautious and highly risk-averse. When margins are wafer thin, that's understandable. But we must break the downward spiral, and that's hard to do when different camps are pulling in different directions.

"The famous Chinese bra mountains at European ports are a potent symbol of the fault lines in our industry. We have a retail model that believes you make more money by driving prices down.The response of at least part of the supply chain is that not everyone shops at Walmart. Both points of view have legitimacy. The problem is we're not smart about managing more than one growth agenda."



This idea of two-pronged growth is fundamental to Invista's concept for the future, encompassing both volume and value. The volume business will undeniably be Asia-centric because Asia will continue to be the low cost supplier in the forseeable future. But the company is not viewing this as a negative. On the contrary, it is focusing on the fact that Asia is set to become the world's foremost consumption region, and that China's fast-growing, affluent and aspirational youth market make it a volume and value opportunity. With this in mind, it aims to succeed in both the volume and value markets, but in order to do this it needs manufacturers to adopt a strategy of marketing products on brand recognition and work with it to promote this concept amongst consumers.

Tried and tested

Some have already seen the value in brand recognition and have used Lycra's brand recognition to improve sales and it seems to have been successful. Champion halted loss of market share to Asian competition by using Coolmax FreshFX to upgrade 100% cotton and polyester products, which, according to Ghitis, did more than defend its position… it stimulated fresh growth at the premium end of the market. Rock and Republic, People's Liberation and Levis Premium have used fabrics with Lycra in denim to stimulate growth in a stalled category at premium price points, and Xtra Life Lycra has been used in swimwear to offer consumers what they want… longer-lasting fit. Sounds quite impressive so far, but Invista has also run trials to test its theory further. A European retailer displayed identical women's jeans at €29 with a Lycra hang tag and €25 without. The Lycra-branded products sold more units and sold faster at the higher price point. As a result of this trial, the retailer committed to another half a million Lycra products. As Ghitis remarks, "Results like these speak for themselves."