



**Presenter: Dr.  
Michele N. Reis**

**Regional  
Validation  
Meeting on the  
Fashion and  
Garment  
Industry in the  
OECS**

**Presentation of the OECS Fashion Industry Assessment  
Report  
Bay Gardens Hotel, St. Lucia  
Wednesday July 1<sup>st</sup>, 2015**

## + Overview of Consultancy: Purpose

- To assess the viability of the fashion sector in the OECS to determine its potential to create jobs and generate employment as well as to assess the needs of industry stakeholders so as to contribute to the overall diversification of the economy



## + Precursor to this study

- 1999 Productivity Enhancement Programme-  
(evaluation of 32 companies in Dominica, SKN, SVG, Grenada, SLU, Antigua)
- 2003 Market Research for the Garment Sector-  
(conducted by ATMC)



Precursor to this study: OECS in collaboration with The Centre for Development of Industry through the services of TIC TECHNICAL CONSULTING evaluated in February 1999 several garment companies in the OECS with a view to determining their weaknesses, facilitate export expansion to upcoming markets and to facilitate improvements in production, efficiency and international competitiveness. A total of 32 companies were evaluated covering the islands of Dominica, St. Kitts, Nevis, St. Vincent, Grenada, St. Lucia and Antigua of which 18 companies were selected for technical training in productivity enhancement. 1998-2002

Agricultural Transformation and Management Consultation

## + Deliverables



- Phase One (Mobilisation)
  - Preparation of survey instruments
- Phase Two (Country Assessments)
  - Inception Report
- Phase Three (Analysis)
  - Analytical Report : (Situational Analysis, SWOT Analysis, PEST Analysis, Database, Recommendations)

## + Stakeholder Engagement

- Stakeholder consultation exercises in 9 member states with industry professionals
- Grenada (6)
- SVG (11)
- SLU (13)
- Antigua (12)
- BVI (8)
- Anguilla (9)
- SKN (10)
- Dominica (9)



January-March interviews

## + Overview of Situational Analysis

- Lack of empirical data on the sector
- Largely informal and unstructured fashion industry
- Varying levels of development in the OECS
- Several factors contribute to inhibiting growth
- These factors make the region uncompetitive
- Decline in manufacturing capacity





## SWOT ANALYSIS – Purpose



- Identify both internal and external factors or conditions that either encourage or hinder growth
- STRENGTHS-areas of relative or distinctive competence
- WEAKNESSES-areas of relative disadvantage
- OPPORTUNITIES-factors that have been overlooked or insufficiently exploited
- THREATS-elements which pose challenges

The SWOT is a critical tool that allows authorities to narrow their focus on the precise areas that require attention, in addition to guiding any policies and initiatives to be developed or undertaken.

## + Strengths (internal)

- Natural artistic capability and talent
- Diversity of design talent
- Innovative use of indigenous materials (accessories designers)
- Proximity to French Antilles (potential affluent clientele, access to EU funding and markets)
- Recent inclusion of Martinique as an associate member of the OECS
- Cohesion through the OECS Protocol





+ Weaknesses (internal)



- Lack of formal recognition of the sector
- Lack of institutional support (government, financial, etc)
- Difficulty sourcing quality raw materials and notions consistently
- Lack of skilled labour force
- Poor work ethic
- Lack of protection for designs

## + Weaknesses (internal) cont'd.

- Poor business acumen by emerging industry professionals
- Lack of training/educational opportunities
- Lack of quantitative data on the sector
- High operational costs (shipping, electricity, freight, wages and salaries)
- Limited retail space.



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## Weaknesses (external)



- More integrated production systems which drive costs down
- Large-scale importation of cheap clothing from China
- More competitive manufacturing costs in Asia and other parts of the world (Vietnam, Turkey)
- Manufacturing competition from Latin American countries such as Colombia and Brazil.

## + Opportunities (external)

- Untapped diasporic market
- Untapped high-end tourist market
- Untapped market for destination weddings
- Experiential tourism



## + SWOT – PEST Analysis

- Purpose of the PEST analysis is to inform the recommendations in the technical assistance plans for selected SMEs
- This is presented in the form of Critical Success Factors.
- PEST: Political, Economic, Socio-cultural and Technological

## + PEST Analysis of the OECS Fashion Industry-POLITICAL (and Institutional Issues)

- Fashion not seen as a viable industry and not sufficiently embraced by population
- Insufficient institutional support from gov't and private sector due to its informal nature
- However, growing awareness of the potential for growth and transformation.
- This can provide impetus for improving data-gathering mechanisms to collect primary data on the sector in order to make proper assessments and inform policy-making.

+ POLITICAL (and Institutional Issues) cont'd.

- Lack of cohesion among industry professionals
- Lack of industry associations
- What is the purpose of an industry association?
- Easier access to collective funding, lobbying group, information-sharing and sharing of best practice, support group, organise capacity-building workshops, set standards for the industry.



## + Economic (and market issues)

- Fashion industry = high-risk, lack of funding for emerging designers
- For more established ones, lack of funding affects the ability to attend international shows, diversify lines, prepare collections, etc and for garment manufacturers, they are unable to upgrade plant and equipment.
- Industry plagued by low productivity, high utility and operational costs, lack of skilled workers (impacting negatively on export capacity)
- Lack of a regulatory framework that governs the industry (standards, labelling, registering of garments for export, accreditation for designers, wage structure, etc)





## + Economic (and market issues) cont'd.

- Lack of formal training in the sector for technical skills and business acumen
- Difficulty accessing quality raw materials, notions and machinery
- High duties on imported materials driving up price points
- Poor knowledge of target markets, consumer needs, lifestyle and consumption patterns
- Lack of understanding of the business of fashion

This factor is of extreme importance as it reinforces the inefficient paradigm within which most of the emerging designers currently operate.

It could also be gleaned from the consultations that many entrepreneurs did not adequately understand the business of fashion and therefore employed strategies that either prevented their companies from growing, further inflated operational costs, impeded their ability to expand or export further, oftentimes resulting in having to seek employment elsewhere and be involved in fashion after the conventional work day was finished.

## + Socio-cultural (and demographic issues)

- Poor public perception of the industry
- People not supporting the regional designers and opting for cheap imported clothing/foreign brands
- Relative small size of domestic population
- Creative talent that needs support in the form of training and education to take the industry to the next level
- Lack of alignment of brands with local/regional identity
- Lack of development of a Caribbean aesthetic
- Too heavy reliance on government support for funding

Development of a Caribbean aesthetic that will result in product differentiation in the medium to long-term (developing brands that tell a story)

## + Technological Issues

- Limited access to R&D and innovation, the cornerstones of the industry
- Need to upgrade technology to expand levels of export and ensure competitiveness
- Designers need to incorporate technology into the design aspect of their operations
- Limited access to CAM/CAD technology (esp. for pattern-drafting and pattern-making)
- Under-utilised technology in marketing strategies
- Lack of websites (too costly to start up and maintain)
- Insufficient use of technology for researching trends, developments in fashion, demographic shifts, changing consumer patterns, or exploring new target markets.

Technology is grossly under-utilised in marketing strategies. Social media (Facebook, Twitter, Instagram, Pinterest, etc) were not sufficiently leveraged in most cases.

Technology was not being exploited for trends, researching developments in fashion, researching demographic shifts, changing consumer patterns or exploring new target markets.

## + Critical Success Factors

- Training and education needs
- Marketing and Branding
- Production Issues
- Export facilitation
- Strategies/initiatives to address problems



## + Training

- Dire need for training in skillsets required for the fashion industry
- Programmes are too basic and even the CXC garment production course was too rudimentary.
- Need to change perception of fashion as a career option
- Fashion introduced as an alternative for school dropouts or introduced in schools where children were deemed to be 'at risk'.



**+** **Strategies/Initiatives**



- Boost the fashion design programme at CXC that might greater meet the needs of the industry
- Explore the CVQ as a better platform for training
- Fashion design and fashion management education at the tertiary level
- Capacity-building short-term courses, seminars and workshops
- Entrepreneurship skills to support people starting up their own businesses
- Business management courses to acquire business acumen

Existing courses offered at institutions such as ABICE need support through curriculum development and revision  
additional human resources  
increased financial resources.

One respondent in Antigua stated that at one point there was a teacher-student ratio of 30-1 in the ABICE Youth Skills programme while he was in attendance.

## + Marketing/Branding



- Marketing strategies should be aligned with a strong branding position.
- Challenge to achieve this when there is no one strong identity in the region.
- Explore global trends shaping international consumerism (individualism, eco-friendly fashion, ethical consumerism, corporate social responsibility (CSR) )
- Paradigm shift: incorporating product differentiation, R&D, collaborations, innovation and entrepreneurship to tap into more high-end markets.

## + Strategies/Initiatives



- Incorporating fashion with the region's tourism product (international regattas and sailing weeks, etc) should be utilised to showcase fashion.
- Experiential tourism and fashion (learning the 'back story' behind designs, hands on approach to making jewellery or manipulating fabric)
- Fashion for destination weddings operating through luxury hotels using an online platform
- Using visitor channels to feature local and regional designers

Anguilla with its beautiful beaches and high-end tourism has a perfect opportunity to do this.



## + Strategies/Initiatives

- Market research by assisting agencies to ensure proper product placement of design products
- Exploit proximity to French West Indies for collaborations and access to French/EU markets.
- A collective unique branding exercise premised on a few elements can go a long way to create a distinct globally recognised OECS brand in the future.



## + Production Issues



- Inbound logistics: procurement of raw materials
- Outbound logistics: requirements for resource outflow such as product distribution, marketing, availability of skilled labour, etc
- Significant drop in garment production (closure of factories, downsizing operations, job loss)
- Exorbitant cost of acquiring plant and machinery
- High operational costs previously mentioned.

The key production issues can be summarised thus:

Lack of skilled labour

Lack of quality raw materials and notions

High cost of machinery and equipment

High utility and other operational costs

## + Strategies/Initiatives

- Better fiscal incentives for loans for micro-business owners and greater incentives for emerging designers to start up operations
- Address issue of poor quality fabrics through joint procurement via a region-wide association of garment manufacturers.
- Cooperatives for group concessions on imported materials and incentives based on certain quantities
- Cooperatives could provide training, help in the development of industry standards, establish joint production facilities.



## + Strategies/Initiatives cont'd.

- Address high shipping costs through OECS/CARICOM
- Address high import duties and taxes through dialogue with organised fashion stakeholder bodies and government agencies.
- VAT and tax concessions for fashion sector akin to those in the agricultural sector.
- Outsource fashion production using larger factories in other parts of the Caribbean and LAM such as Haiti and the DR.



## + Export Facilitation

- Direct correlation between production issues and export capacity.
- In its current state OECS fashion sector has little export potential
- What is required?
- A cultural shift and new business models to increase competitiveness.
- How ready are designers?



## + Strategies/Initiatives

- Value chain analysis to identify options to acquire more value in the products that will improve competitiveness
- Value-added through product differentiation to improve lines
- Distribute value within the economy by increasing the sector's direct contribution to national development goals such as poverty reduction, employment generation, diversity of the economy, etc.
- Capacity-building workshops for designers who have a unique product that need to take it to the next level.
- Government intervention is needed to promote certification mechanisms to ensure standards and proper labeling of products.
- Special export credit financing facilities (e.g. reducing the interest rate for manufacturing, championed through the respective Ministries of Trade).

## + Conclusion



- Globally, creative industries are one of the areas fastest growth and transformational potential.
- In the OECS this area has been historically overlooked.
- R&D and innovation strategies are out of the reach of most industry professionals.
- Few people have successful businesses based on innovative, unique products that are export-ready.
- Varying levels of performance but most people cannot compete internationally.

## + Resistors that need to be addressed

- The business aspect of the fashion industry needs to be improved;
- Suppliers, especially financing institutions need to understand the business side of fashion and specific needs of the fashion industry (e.g. financiers to be able to assess risks properly) and lend consistently over a period of at least three years for stakeholders to be taken seriously on the international market;
- Local market studies and standards need to become a regular feature of the industry, so that price points can be better ascertained;
- Better data are required (disaggregated by segment, trade, contribution to GDP, employment figures, etc)



## + Resistors that need to be addressed

- Better sourcing of raw materials and notions, improved price and quality/diversity of products
- Need for greater cohesion and less fragmentation in the fashion industry
- Formal training to hone the natural talent of emerging designers.



## + Some public policy issues

- Strong public policy should:-
- Address problems efficiently and effectively;
- Serve justice;
- Support governmental issues; and
- Encourage active citizenship.

## + Customs

- Address at a regional level the arbitrary manner in which duties and taxes are calculated through regional sensitisation workshops.



