

SPONSORED SUPPLEMENT >> Prime Source Forum 2010

Profitable solutions for industry

Gathering grows despite crisis

Fifth annual meeting will focus on the effects of the financial meltdown on the apparel industry and sustainability

What do apparel companies do when the cash flow of consumers remains tight, leading to a falling off in consumption.

Two of the Prime Source Forum 2010 participating companies offer some suggestions. DyStar Group, a sponsor and a company providing dyes, auxiliaries and services for the textile industry, and products and services for the leather industry, recommends using sustainable methods during the production process.

The trend of using sustainable methods in textile production is still relatively new in the industry. However, Steve Barron, chief executive officer of DyStar, says the rewards offered ensure that it is worthwhile making such a stance.

"Not only will it help companies cut down costs but it will substantially benefit the environment as well," he says.

For example, DyStar can make and send exact colour recipes to suppliers based on different brand's requirements which will result in fewer samples being rejected, accurate colour reproduction and will meet consumers' expectations on quality, saving money and time (a minimum of eight weeks), not to mention eliminate water and energy wastage.

DyStar has also set up its own programme which gives buyers and retailers confidence that their fabric is dyed with ecology compliant products.

"Consumers nowadays are more careful about their choices [of which clothing to buy] compared to 10 years ago," says Janice Wang, chief executive officer of Alvanon, another sponsor of the forum. "They are concerned about how the product is made, the fit and sometimes even the eco-friendliness of the fabric."

Alvanon, a company that provides fit solutions for the apparel industry, also helps businesses to cut costs.

The sizing consulting company will define the company's target market fit criteria and create a suitable standard for the supply chain, so that the firm can implement the standard with efficiency and effectiveness.

"Our services not only help businesses cut costs but will also maximise their profits through careful selection of sizes in inventory, therefore less marking down of prices is needed," Wang says.

The fifth annual Prime Source Forum, organised by APLF and set up to discuss challenges and opportunities in the apparel industry, focuses on the aftermath of the economic downturn.

Michael Duck, a director of APLF, says this year's forum will focus on the effects the world financial crisis is having on the industry and the steps it is taking in the worldwide drive to make manufacturing and retailing more sustainable.

This year, there are more than 60 senior executives representing the global apparel industry attending the forum, with about 400 participants from all areas in the apparel industry and supply chain.

Considering the economic downturn, the organiser is surprised by the increase of participants this year. "In view of the crisis, we were anticipating a reduction of delegates coming from overseas as most organisations are cutting down on corporate spending. But the number of registered delegates is higher than last year so, clearly, the forum is still seen as a must-attend event by many of the movers and shakers in this industry across the world," Duck says.

Professor Helmut Merkel, manager and shareholder of EurAsia Global Concept who is a speaker on the second day, says the forum has become a "brand".

"It is a meeting venue for retailers, wholesalers and manufacturers, and is highly accepted by the whole industry because of its sharp profile," he says.

Like other industries, most of the apparel industry took a plunge last year.

During the downturn, "many apparel and footwear companies reduced their inventories to ensure they didn't get caught with high levels of obsolescence", says Thomas Nelson, a moderator of the forum and managing director of VF Asia.

Although the economic crisis is gradually fading, with signs the apparel industry is on the road to recovery, professionals still warn retailers not to be too optimistic.

"Currently, retailers are quite optimistic about the economy so they are adding additional inventory, but there is still a lot of financial uncertainty, especially with unemployment in United States at its all time high," says Roger Lee, director of sales at TAL Apparel, who is a speaker at the forum.

"And, if the customer demand doesn't meet the supply, this will really hurt the



More than 60 senior executives representing the apparel industry and 400 other participants are expected to attend the Prime Source Forum.

business of companies and may result in a second dip in the economy."

Lee predicts company sales this year will "be much better than 2009".

But to deal with a shortage of

business, Lee says cutting costs in materials is not the answer. "Cutting back on material costs would mean a decrease in the quality of products which may not help the situation. For us [TAL],

we focused on improving the internal efficiency like providing extra training for our staff."

Nelson also says that although a majority of the companies and countries suffered last year, some managed to benefit from opportunistic buys during the downturn.

"Countries that have vertical supply chains have the ability to gain more of these opportunistic buys as they can ship the products much faster to the market. China has a very good vertical supply chain and it has an advantage of being closer to the US than other Asian countries."

According to the US Department of Commerce, the mainland is now leading the import market share for the top 35 US apparel suppliers, with a six per cent increase from 2008 to last year.

Merkel says before the crisis, importing countries feared the mainland was getting too expensive with

increasing oil prices, new labour laws and inflation. But, a year on, the fears did not turn into reality, with the country's inflation at its lowest and, during the crisis, manufacturing companies on the mainland managed working capital properly in the face of the significant cash-flow problems because of overdue bills. Mainland manufacturers became stronger after the crisis and even took the leading role as the Export World Champion in 2009 from Germany.

In future, Merkel believes the mainland's position as the biggest sourcing country for apparel and garments will remain unchanged.

"India, Bangladesh, Vietnam, Cambodia and Indonesia could be alternatives but only with a limited capacity. India is one of the biggest countries in the world, but is still lacking infrastructure like roads, airports and ports, so it is not really a short-term option for huge sourcing volumes."

What's on

MARCH 29

Sustainability Workshop

Part A How do we build sustainability into the global apparel supply chain? What roles and actions should buyers/brands play?

Part B Ways to help us drive costs out of the supply chain is a topical matter amid the economic crisis.

Technology Workshop

How can management skills combine with technology to enable lower spending for greater achievements along the supply chain?

MARCH 30

Keynote session

Cultural Understanding of China in Rapid Transformation – Beyond Luxury Consumption by Andrew Y. Wu, LVMH Group director, China

Session 1 Worldwide Demand
Has the economy truly recovered and when will consumers be back?

Session 2 Trade Policies
The recession triggered new protectionism measures in many countries. What are the reactions to these policies and how will they impact the global apparel industry?

Session 3 Retailing
Is there light at the end of the tunnel for retail?

Session 4 Innovation
Does innovation need to be an invention? How can we innovate in a cost-effective way?

MARCH 31

Special Address

Global Sourcing after the Crisis – Lessons Learned; is China still the No. 1 sourcing country? by Professor

Helmut Merkel, managing shareholder, EurAsia Global Concept and Hans-Werner Scherer, CEO, the EOS Group

Session 5 Global Sourcing Strategy
Since 2005, which countries have been the winners and which the losers?

Session 6 Sustainable Sourcing
Is sustainability a trend or are people really serious about it? How can we put ideas into action?

Session 7 Design and Product
The fast-fashion sector advocates lean operations at low cost. Does this mean more orders, but smaller quantities?

Session 8 Debate
This House believes that countries like Bangladesh, Vietnam and Sri Lanka will soon displace China as a desirable region for sourcing textiles.

Change in Market Share for Top 10 US Apparel Suppliers

Quantity rank	Country	% Import Market Share		Change
		Jan-Oct 08	Jan-Oct 09	
1	China	34.4	40.4	6.00
2	Vietnam	6.6	7.5	0.89
3	Bangladesh	6.3	6.6	0.32
4	Indonesia	4.8	5.0	0.20
5	Honduras	5.8	4.6	-1.20
6	India	3.9	4.4	0.49
7	Mexico	4.6	4.1	-0.46
8	Cambodia	3.9	3.5	-0.41
9	El Salvador	3.7	3.0	-0.70
10	Pakistan	3.0	3.0	-0.01

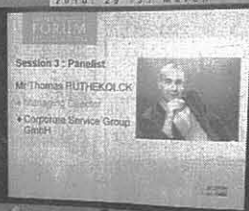
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29 March 2010
Forum:
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T: 852 2827 6211
E: info@primesourceforum.com
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Organisers



Prime Source Forum ...

- >60 speakers from 15 countries
- endorsed by 30 international organisations from 12 countries/regions
- a unique international meeting place for the apparel industry, held in Hong Kong, the world's sourcing hub
- enables participants to meet around 400 members of senior management from major brands, retailers, manufacturers and suppliers from 25 countries

2010 Selected Forum Participants:

Accenture • adidas • AEPC (India) • Alvanon • AMCHAM • Ann Taylor • AWI • Avery Dennison • BKMEA • Bossini • Brixon • C&A • Cerie Intl Ltd. • Coats • The Children's Place • Cotton Council • Crystal Group • CRYSTALLIZED™ - Swarovski Elements • Denimatrix • Domino Tekstil • EurAsia • EURATEX • The Far Eastern Group • Fountain Set • Gerber Scientific • Grupo Cortefiel • H&M • Herma • HK Non Woven • Hugo Boss • JCPenney • Jockey Intl • Jones Intl • KOFOTI • Lever Style • Li & Fung Group • LiFung Trinity • Lidl • LVMH • Maersk • New Balance • New Wide • Nike • Orca • Pacific Brands • Polo Ralph Lauren • Ready Made Garments Export Council (Egypt) • Redcats Asia • SanMar • Schiesser • TAL • Target • VF • WFSGI • YGM • More ...

2010 Confirmed Speakers

- Ms. Christine BADER, The United Nation Special Representative on Business and Human Rights
- Mr. Anson BAILEY, KPMG
- Mr. Willie BEUTH, 3p Institute for Sustainable Management
- Mr. Christophe BONGARS, SustainAsia Ltd.
- Mr. Philip CHAMBERLAIN, C&A Buying
- Ms. Shirley CHAN, YGM Trading Ltd.
- Mr. Tim CHIU, Core Solutions
- Mr. Marc COMPAGNON, Li & Fung (Trading) Ltd.
- Mr. Craig DANA, SVP, Ann Taylor Sourcing Far East Ltd.
- Mr. Marco De LORENZO, SAP Asia Pte Ltd.
- Mr. Devangshu DUTTA, Third Eyesight
- Mr. David DODWELL, Strategic Access Ltd.
- Dr. John R. EASTON, DyStar UK Ltd.
- Mr. Stefan ELWISCHGER, CRYSTALLIZED™ - Swarovski Elements
- Mr. Tobias FISCHER, H & M
- Ms. Janet E. FOX, JCPenney Purchasing Corp. Inc.
- Dr. Michael T. FRALIX, [TC]²
- Mr. Bill FOUDY, adidas Sourcing Ltd.
- Mr. George GOLDMAN, APL Co. Pte Ltd.
- Mr. Edward GRIBBIN, AlvaInsight, Alvanon, Inc.
- Mr. Myeng-keun HA, Korea Federation of Textile Industries
- Mr. Stuart HARBINSON, Winston & Strawn LLP
- Mr. Joachim HENSCH, HUGO BOSS AG
- Ms. Karen HO, WWF Hong Kong
- Mr. Rick HORWITCH, Bureau Veritas Consumer Products Services
- Mr. Md. Fazlul HOQUE, Bangladesh Knitwear Manufacturers & Exporters Association
- Mr. Michael JOHANSEN, Avery Dennison
- Mr. Peter KAMINSKY, The Children's Place Retail Stores
- Mr. Henri MURA, VIPTEHUI Group
- Mr. Douglas Tong HSU, Far Eastern Group
- Hon. Mrs. Rita LAU Ng Wai-lan, The Hong Kong SAR Government
- Mr. Roger LEE, TAL Apparel Ltd.

- Mr. André LEROY, Modern Testing Services (Global) Ltd.
- Mr. Willy LIN, Milo's Knitwear (Intl) Ltd.
- Mr. Peter LIU, AsiaNet Consultants Ltd.
- Mr. Andrew LO, Crystal Group
- Mr. Jürgen J. MAAS, Foreign Trade Association, Belgium
- Mr. Joseph J. MARTYAK, The US Consumer Product Safety Commission
- Mr. Robert MCKEE, Lawson Software, Inc.
- Prof. Dr. Helmut MERKEL, EurAsia Global Concept Ltd.
- Mr. Roger NELSON, Concepts 2 Results Ltd.
- Mr. Thomas NELSON, VF Asia Ltd.
- Ms. Nancy A. NORD, The US Consumer Product Safety Commission
- Ms. Susan OLIVIER, ENOVIA, Dassault Systemes
- Dr. Peter PFNEISL, EURATEX
- Mr. Jeremy PREPSCIUS, BSR
- Mr. Philippe RIBERA, Lectra
- Dr. Jochen M. SCHAEFER, World Federation of the Sporting Goods Industry
- Mr. Hans-Werner SCHERER, The EOS Group
- Mr. Andrew B. SCHROTH, Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP (Hong Kong)
- Mr. Ben SIMPFENDORFER, The Royal Bank of Scotland
- Mr. Joseph STERNBERG, *The Wall Street Journal Asia*
- Mr. Stanley SZETO, Lever Style Inc.
- Mr. Edgar TUNG, Zymmetry Group
- Mr. Premal UDANI, Apparel Export Promotion Council, India
- Mr. Jason WANG, Alvanon, Inc.
- Mr. Ken WATSON, Industry Forum Services Ltd.
- Ms. Sue WELCH, TradeStone Software
- Mr. Andrew WILLIAMS, KPMG Asia Pacific
- Mr. Simon WESTON, Fountain Set Ltd.
- Mr. Adam WOOLLISCROFT, Source Direct Intl Ltd.
- Mr. Don WRIGHT, Lexmark Intl
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