

Trade Beyond COVID 19: Mapping the U.S. Fashion Industry

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Our Work for the Industry

Communication

Education

Advocacy



What do fashion brands and retailers think?

*Perspectives from USFIA's 2020
Fashion Industry Benchmarking Study*

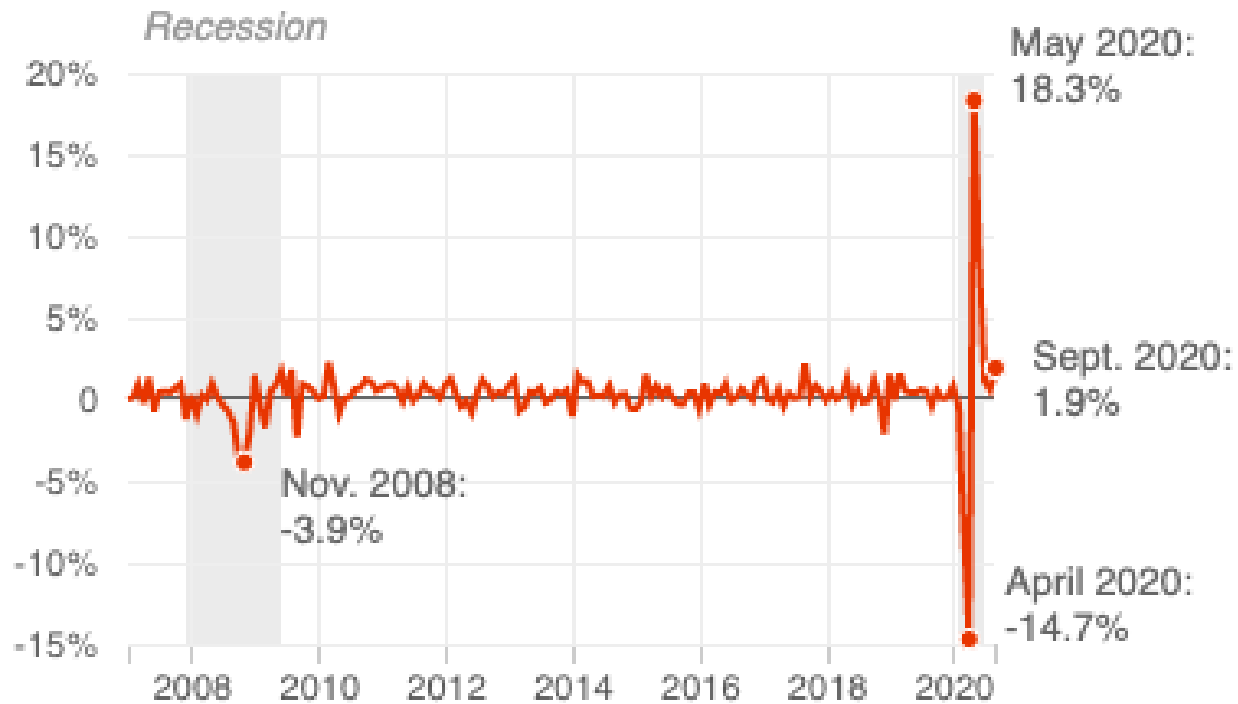


What do fashion brands and retailers think?

COVID-19 Affects Everything



MONTHLY CHANGE IN U.S. RETAIL SALES SINCE JANUARY 2007



Source: via U.S. Census Bureau advance monthly retail trade report (Oct. 16, 2020). Figure is seasonally adjusted.



Compared to a year ago, September sales were up 5.4%

- Clothing and accessories stores: **+11%**
- Department stores: **+9.7%**
- Sports, music and other hobby stores: **+5.7%**
- Car dealerships: **+4%**
- Restaurants and bars: **+2.1%**
- Big-box stores: **+1.8%**
- Gas stations: **+1.5%**
- Home improvement & gardening stores: **+0.6%**
- Furniture stores: **+0.5%**
- Online retailers: **+0.5%**
- Grocery stores: **+0.1%**
- Electronics stores: **-1.6%**

(Source:)



PORT OF NEW YORK AND NEW JERSEY: CARGO SUPPLY LINES HAVE PROVEN MOST RESILIENT

Monthly Cargo Volumes (TEUs): COVID vs. 2019



Strong cooperative effort between Port, terminal operators, and labor



SOURCING INSIGHTS FROM USFIA BENCHMARKING STUDY



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IMPACT OF COVID-19 ON BUSINESS OPERATIONS

Top impacts

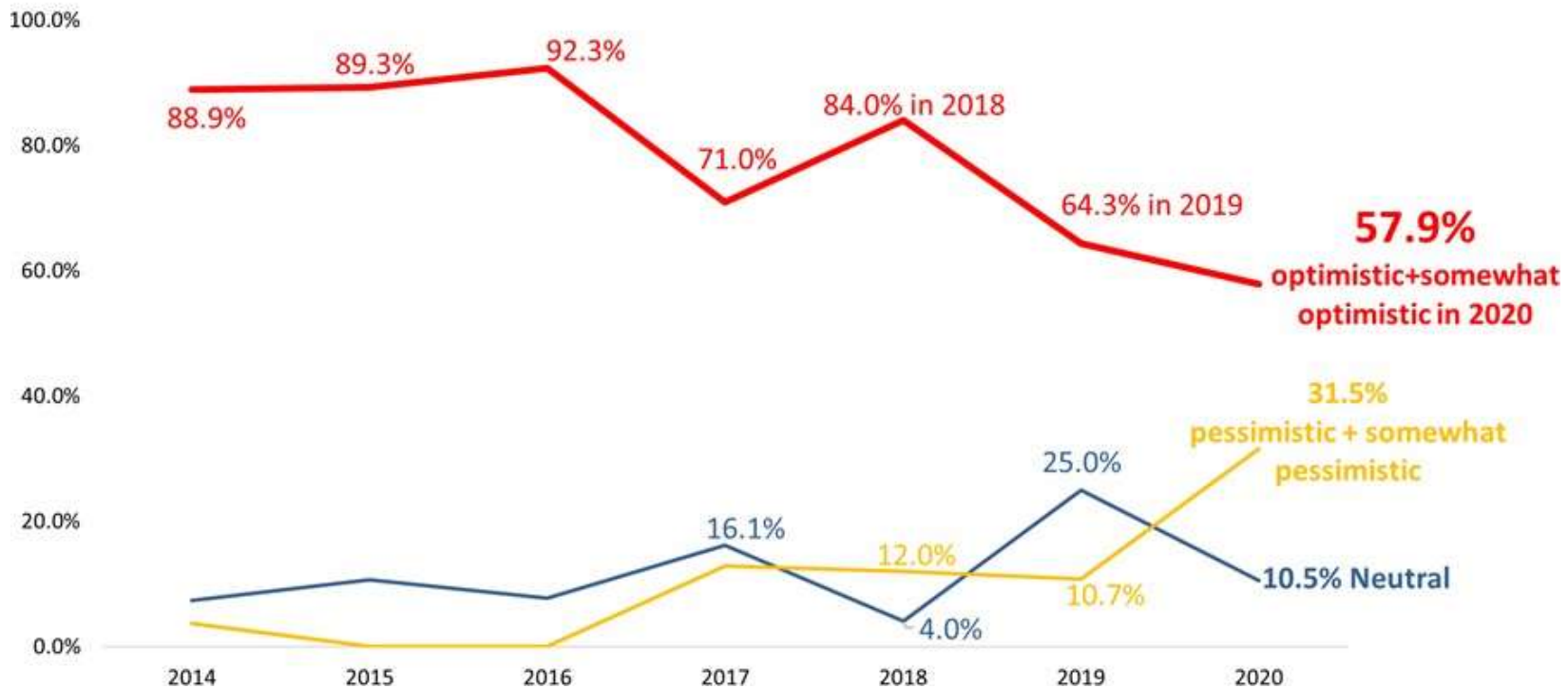
% of respondents

- | | |
|---|------|
| #1 “COVID-19 has disrupted the supply chain for products we are sourcing” | 100% |
| #2 “The apparel factories which make my products were short of workers” | 82% |
| #3 “COVID-19 has made it more difficult to conduct factory audits” | 73% |
| #4 “We had to furlough or layoff U.S.-based employees” | 68% |
| #5 “The apparel factories which make my products were short of textile raw materials” | 59% |



THE BAD NEWS: LESS OPTIMISM ABOUT THE NEXT FIVE YEARS

Figure 2: Respondents' Five-Year Outlook for the U.S. Fashion Industry



THE GOOD NEWS: COMPANIES PLAN TO EXPAND HIRING

- **Job market is still promising: nearly 90 percent of respondents plan to hire more employees in the next five years**
- Positions **most likely** to increase hiring:
 1. Sustainability/compliance related specialists or managers
 2. Supply chain specialists (including logistics)
 3. Sourcing specialists
 4. Data scientists



SOURCING SCORECARD

| Region | Sourcing destination | Speed to market | Sourcing cost | Flexibility and agility | Risk of labor and social compliance | Risk of environmental compliance |
|--------------------|----------------------|-----------------|---------------|-------------------------|-------------------------------------|----------------------------------|
| Western Hemisphere | USA | ● 4.0 | ◆ 1.5 | ▲ 3.0 | ● 4.0 | ● 4.0 |
| | ★ Mexico | ▲ 3.5 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 |
| | ★ CAFTA-DR | ▲ 3.5 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 |
| | Colombia | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 |
| Asia | ★ China | ▲ 3.5 | ▲ 3.5 | ● 4.0 | ▲ 3.0 | ▲ 3.0 |
| | ★ Vietnam | ▲ 3.0 | ▲ 3.5 | ▲ 3.5 | ▲ 3.0 | ▲ 3.0 |
| | Bangladesh | ◆ 2.0 | ● 4.5 | ▲ 3.0 | ◆ 2.0 | ◆ 2.0 |
| | Indonesia | ◆ 2.5 | ▲ 3.5 | ▲ 3.0 | ◆ 2.5 | ◆ 2.5 |
| | India | ◆ 2.5 | ▲ 3.5 | ▲ 3.0 | ◆ 2.0 | ◆ 2.5 |
| | Sri Lanka | ◆ 2.5 | ▲ 3.5 | ▲ 3.0 | ▲ 3.0 | ◆ 2.5 |
| | Cambodia | ◆ 2.5 | ▲ 3.5 | ▲ 3.0 | ◆ 2.5 | ◆ 2.0 |
| Rest of the world | Europe | ▲ 3.0 | ◆ 2.0 | ◆ 2.5 | ● 4.0 | ● 4.0 |
| | Turkey | ◆ 2.5 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 |
| | AGOA | ◆ 2.0 | ▲ 3.0 | ◆ 2.5 | ◆ 2.5 | ◆ 2.5 |
| | Egypt | ◆ 2.5 | ▲ 3.5 | ▲ 3.0 | ▲ 3.0 | ▲ 3.0 |

Strength



Average



Weakness



Most balanced:

China, Vietnam

Mexico, CAFTA-DR



SUSTAINABILITY REMAINS KEY PRIORITY

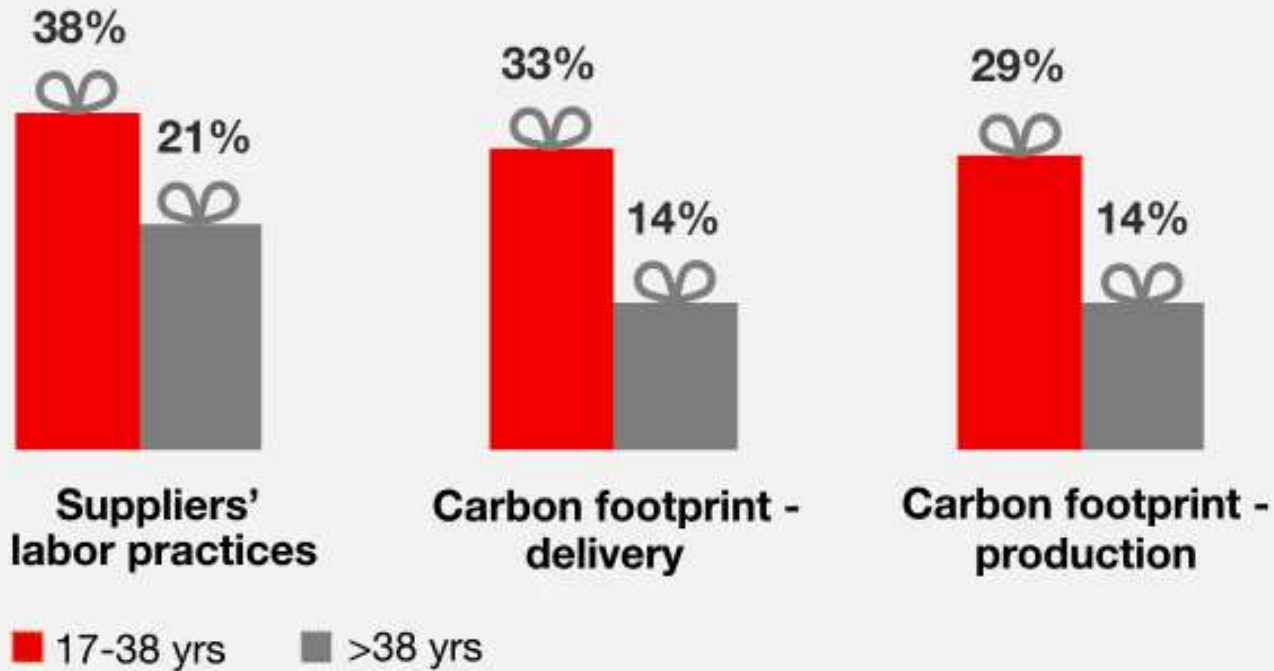
70%

of respondents say they will **allocate more resources for sustainability and social compliance** over the next two years, up from 63% in 2019. Another 20% expect no change.

100% of respondents say they **audit suppliers** and **85%** use third-party certification to audit suppliers.



Evergreen priorities for younger shoppers



Source: PwC Holiday Outlook 2020

Q: How important are each of the following when making your holiday purchase decisions?

Base: 357, 666

(Source: PwC Holiday Outlook 2020)



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HOLIDAY OUTLOOK



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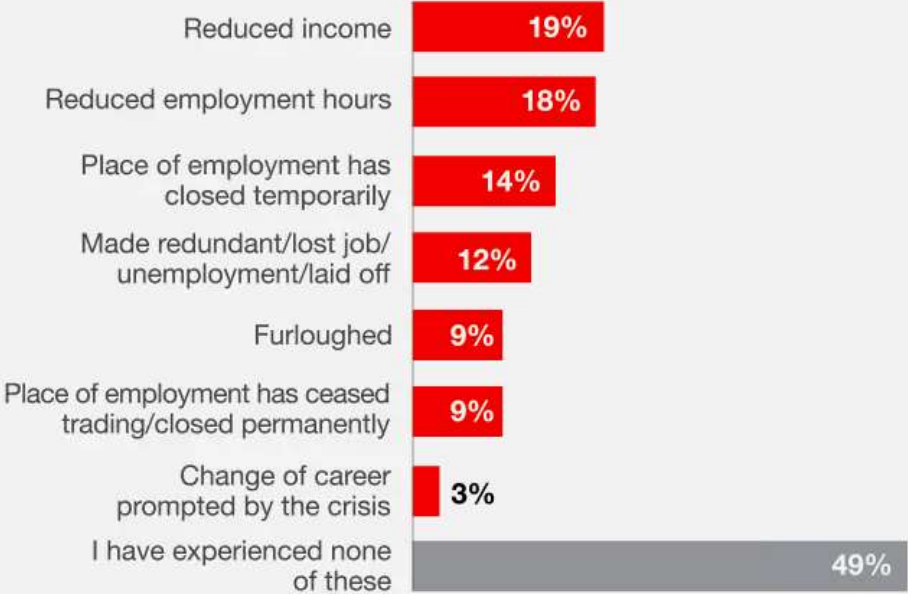
Holiday Outlook

55% of consumers will spend the same or more this holiday season



Source: PwC Holiday Outlook 2020
 Q: Compared to the 2019 holiday season, do you think you will . . . ?
 Base: 1,023

. . . even as 51% of consumers confront pandemic-altered income levels



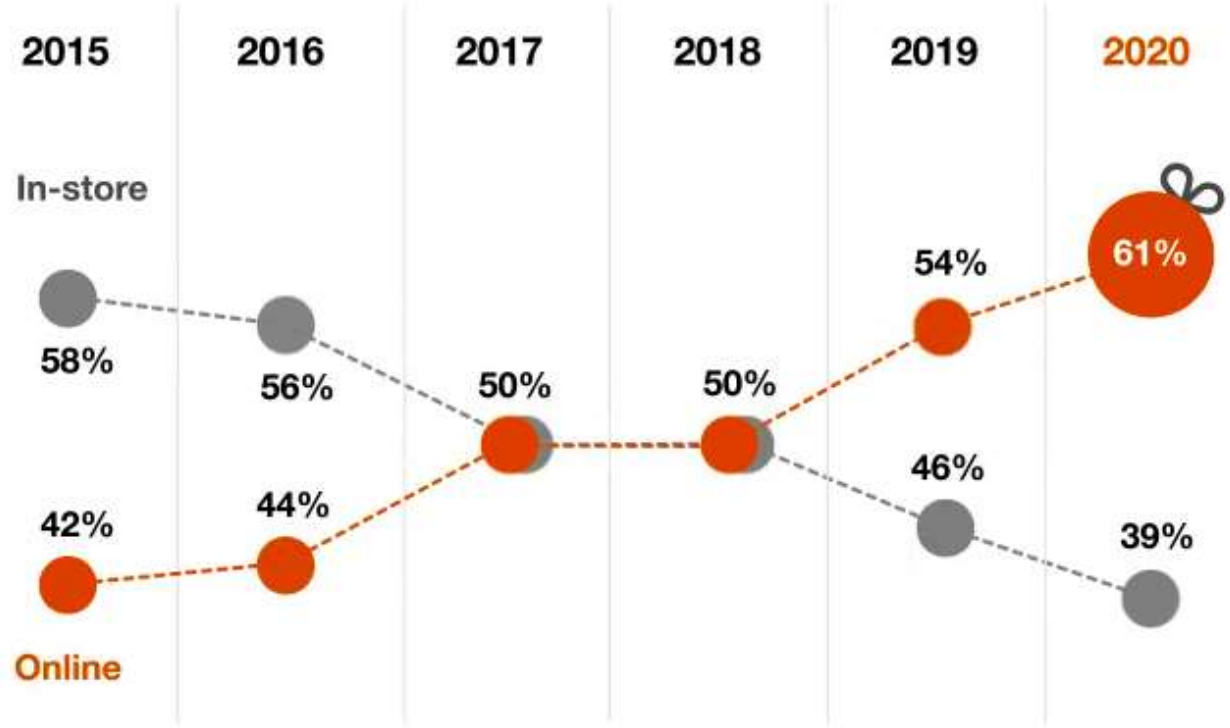
Source: PwC Holiday Outlook 2020
 Q: Have you experienced any of the following as a result of the COVID-19 pandemic?
 Base: 721 (excludes retirees)

(Source: PwC Holiday Outlook 2020)



Holiday Outlook

Online shopping is a clear winner in 2020 . . .



Source: PwC Holiday Outlook 2020
Q: How do you plan to do your holiday shopping across the following channels?
Base: 1,023

(Source: PwC Holiday Outlook 2020)

Thank You!

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