

# Does Your Apparel Supply Chain Need A Logistics Makeover?

## Apparel Supply Chains Pressured by Globalization, eCommerce

Traditional U.S. apparel company supply chains are under pressure as never before to become leaner, faster, and more flexible. A new white paper from Purolator International, “Does Your Apparel Supply Chain Need A Logistics Makeover?,” examines trends in that industry along with logistics solutions that are helping businesses adapt.

Following is an overview of key highlights from that white paper.

### Global Supply Chain That Is Becoming More Global

- 97 percent of apparel sold in the United States is made overseas
- 2017 top sources for U.S. apparel included:
  - China – 33.7 percent
  - Vietnam – 14.4 percent
  - Bangladesh – 6.3 percent
- U.S. apparel companies tend to source from multiple foreign countries. Almost 60 percent source from more than 10 different countries or regions and say they expect their sourcing bases will expand in coming years

### Challenges of Today's Global Supply Chain

**Faster Lead Times.** The typical apparel manufacturer needs six to nine months to bring a conceptualized product to market. “Fast fashion” and eCommerce have exposed the inefficiency of this model, with Zara able to bring a product to market in just three weeks.

**Visibility/Supplier Collaboration.** An appropriate technology solution can provide a company with complete visibility into every part of its business.

**Pre-production Efficiency.** Certain apparel companies are taking advantage of 3-D technology to allow U.S. and Asian production teams to collaborate. This can reduce a process that routinely takes six months down to a few days.

**Fabric Platforming.** Manufacturers are taking advantage of efficiencies achieved by purchasing large amounts of particular fabrics and then creating designs for that fabric rather than the other way around.



Amazon is on track to become the largest U.S. apparel retailer.

Source: Cowen and Company

**Minimizing Customs Delays.** Apparel companies are increasingly turning to experienced logistics providers to minimize the risk of inefficient customs delays.

### eCommerce and the Changing Role of the Store – the Shifting Business Model

#### The Amazon Effect

- Amazon.com is predicted to overtake Macy's by the end of 2018 as the largest clothing seller in the United States.
- Along with Amazon's diverse inventory offerings, consumers are drawn to the company's free delivery, flexibility, and benefits, as offered through its Amazon Prime membership service.
- Amazon is also providing online apparel shoppers with personalized and premium customer experiences:
- “The Echo Look” was introduced in 2017 and is promoted as a virtual style assistant.

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- “Amazon Prime Wardrobe,” currently in testing, allows a customer to order up to 15 items – without paying for them – and then return unwanted items in the same box in which they were originally shipped.

## How Are Apparel Companies Adapting to Changing Expectations for Buying Options?

Many retailers are realizing they have one thing to offer customers that Amazon doesn't – a physical store. This has given way to the rise of omnichannel, as companies leverage their physical stores to provide consumers with enhanced shopping options.

Many apparel companies choose to take an all-of-the-above approach to their omnichannel distribution strategies, offering customers multiple options including:

- Buy in-store/Take delivery in-store
- Online purchase/Delivery through distribution center
- Online purchase/In-store pickup
- Online purchase/Fulfillment from store

## Logistics to the Rescue

As fashion companies face the realities of today's changing retail environment, many have turned to their logistics companies for assistance. Among the logistics solutions now available to apparel companies:

- **Just-in-Time Manufacturing.** As apparel companies adapt to the need for “smaller inventory batches produced more frequently,” many have adopted some of the same just-in-time (JIT) manufacturing techniques that have helped drive success for many fast fashion companies, including Zara and H&M. The key though, is having the necessary materials on hand when production decisions are made. And this, of course, depends on a well-executed logistics strategy. Successful JIT requires careful coordination between the manufacturing facility and its suppliers.

- **Expedited Services.** Expedited service has become an increasingly attractive solution for ensuring guaranteed deliveries of time-sensitive apparel shipments. Companies rely on expedited services for just-in-time manufacturing efficiency or for its highest levels of customer service, including extra security for valuable shipments and inside deliveries.
- **Distribution Center Bypass/Direct-to-Store Shipping Solution.** Shipments used to be routinely shipped to a distribution center, often located hundreds of miles off-route, just to be sorted and reloaded. By allowing shipments to move directly to their end destination, a company can shave three to seven days from its transit time.
- **Direct-to-Consumer Shipping Solution.** Orders can be packed and labeled at a factory, then consolidated and shipped in bulk. Once the shipment clears customs in the destination country, the shipment is deconsolidated and each order delivered directly to the consumer.
- **Returns Management.** Returns management has become such an important part of the customer purchasing experience that nearly half of all consumers check a retailer's returns policy before making a purchase.

Key components of any returns strategy should include:

- Process for consumer to use in sending back a return (i.e. including returns label with original packaging, RMA authorization)
- Whether to offer free returns shipping
- Schedule for picking up/delivering returns to designated returns facility
- Process for transporting returns between the United States and Canada
- Role of technology in ensuring high visibility and tracking capability for consumers

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For more information, [click here](#) to download a complimentary copy of Purolator's new white paper, “Does Your Apparel Supply Chain Need A Logistics Makeover?”