



Asia Sourcing Flash

25 July 2017

Timely alerts and insights tracking major developments in Asia's fast-changing sourcing landscape

This Year's USFIA Fashion Industry Benchmarking Study: At a Glance

The United States Fashion Industry Association (USFIA) released recently its fourth annual *Fashion Industry Benchmarking Study*¹, which was based on a survey of sourcing executives from 34 leading US fashion companies in April-May this year. The study reveals the executives' views on the outlook of the US fashion industry, sourcing trends, compliance and the US trade policy agenda, etc.

Key findings of the study are summarized below:

- Among the major business challenges, "US protectionist trade policy agenda" has topped the list, followed by "market competition in the US", while "increasing production or sourcing costs" is less of a concern compared to last year's survey.
- China's position as the No.1 sourcing country remains unshakable. The common sourcing model has shifted from "China Plus Many" to "China Plus Vietnam Plus Many." The typical sourcing portfolio revealed from the study is 30-50% from China, 11-30% from Vietnam, and the rest from other countries.
- While Asia as a whole remains the dominant sourcing region for US fashion companies, sourcing from the US and the North, South, and Central Americas, which offers a shorter lead time and less compliance risk, increases noticeably.
- Free trade agreements (FTAs) and trade preference programs remain underutilized, due to complicated rules of origin and heavy documentation requirements.
- Ethical sourcing and sustainability has been attached more importance in making sourcing decisions, and unmet compliance (factory, social and/or environmental) standards tops sourcing executives' supply chain risk.
- While the majority of sourcing executives express optimism about the five-year outlook for the

¹ For details of the study, please see http://www.usfashionindustry.com/pdf_files/USFIA-Fashion-Industry-Benchmarking-Study-2017.pdf

US fashion industry, the percentage falls to the lowest level since the study began in 2014. Those who are pessimistic about the outlook are mostly large-scale retailers with more than 3,000 employees.

The next issue of *Asia Sourcing Flash* will take an in-depth look at the study, with a focus on China.

THE FUNG BUSINESS INTELLIGENCE

Fung Business Intelligence collects, analyses and interprets market data on global sourcing, supply chains, distribution, retail and technology.

Headquartered in Hong Kong, it leverages unique relationships and information networks to track and report on these issues with a particular focus on business trends and developments in China and other Asian countries. Fung Business Intelligence makes its data, impartial analysis and specialist knowledge available to businesses, scholars and governments around the world through regular research reports and business publications.

As the knowledge bank and think tank for the Fung Group, a Hong Kong-based multinational corporation, Fung Business Intelligence also provides expertise, advice and consultancy services to the Group and its business partners on issues related to doing business in China, ranging from market entry and company structure, to tax, licensing and other regulatory matters.

Fung Business Intelligence was established in the year 2000.

The Fung Group is a privately held multinational group of companies headquartered in Hong Kong whose core businesses are trading, logistics, distribution and retailing. The Fung Group employs over 45,100 people across 40 economies worldwide, generating total revenue of over US\$24.8 billion in 2015. Fung Holdings (1937) Limited, a privately held business entity headquartered in Hong Kong, is the major shareholder of the Fung group of companies.

CONTACT

Helen Chin
Vice President
helenchin@fung1937.com
(852) 2300 2471

Winnie He
Research Manager
winniehe@fung1937.com

Global Sourcing
Fung Business Intelligence
10/F LiFung Tower,
888 Cheung Sha Wan Road
Kowloon, Hong Kong

T: (852) 2300 2470
F: (852) 2635 1598
E: fbicgroup@fung1937.com
W: <http://www.fbicgroup.com>



© Copyright 2017 Fung Business Intelligence. All rights reserved.

Though Fung Business Intelligence endeavours to ensure the information provided in this publication is accurate and updated, no legal liability can be attached as to the contents hereof. Reproduction or redistribution of this material without prior written consent of Fung Business Intelligence is prohibited.