

media release

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'Fashion Industry New Zealand Study' shows strong measure of confidence, despite the challenges being posed'

An independent study of New Zealand's fashion sector and wider apparel industry, commissioned by Fashion Industry New Zealand (FINZ), shows a strong measure of confidence among businesses despite the challenges currently being posed.

The study confirms that New Zealand fashion and apparel related businesses view the country's impending Free Trade Agreement with China as a significant threat to local industry, with 63 percent of those surveyed indicating a high degree of concern that it will serve to further increase the competitiveness of Chinese made garments in the domestic market.

And, with the details of the China Free Trade Agreement yet to be disclosed, only 22 percent foresee export opportunities arising for New Zealand fashion and apparel as a result of these negotiations.

"Getting good product placement in China would be a difficult marketing job and the logistics involved are challenging. China is huge and the overall costs associated with penetrating this market are prohibitive for many of New Zealand's fashion and apparel businesses - particularly those that manufacture locally," says Geoff Merz, an Auckland-based customs agent and director of Merz & Associates Ltd.

More than half of those surveyed are currently exporting and display a strong focus on high-end niche markets, with one in three identifying themselves primarily as 'designers'. In terms of international trade, however, the focus remains close to home, with the long-term priority for 88 percent being to increase export sales to Australia.

"The pioneering has already been done. Australia is now viewed as an extension of the domestic market and still holds the greatest potential for New Zealand's apparel exporters," says Susie Walker, design and marketing manager for Hart Manufacturing - one of the country's largest fashion exporters.

"Australia is very accessible. We speak the same language, enjoy a parallel lifestyle and share very similar demographics. Market information is easy to obtain, the retail environment and terms of trade are virtually the same, and our close proximity allows for immediate communication and distribution."

According to the study, the New Zealand apparel industry's greatest strength is its short-run production capacity and associated high-level of adaptability.

"In the long-term, the majority of those surveyed want to continue manufacturing in New Zealand and believe that the country's short-run apparel manufacturing infrastructure needs to be protected and strengthened," says FINZ CEO, Mapihi Opai.

However, the fact that few secondary school leavers are aware of non-design related positions within the industry, or see them providing viable career paths, is currently viewed as the industry's greatest weakness. Technical skill shortages, in particular, affect even the industry's biggest players.



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"We really struggle with it and have to do all of our training in-house. There are a lot of technical requirements associated with production, especially when you're manufacturing offshore. In some cases it's a bit like learning a whole new language, so you need people with good communications skills and a really methodical approach to the job," says Chrissy Conyngham, design director for Pumpkin Patch Ltd, which produces more than 15 million garments annually.

The tertiary sector also attracts some criticism in the study, with 65 percent of those surveyed indicating a high degree of concern that the curriculums of many fashion schools are not satisfactorily aligned with industry needs and that the system fails to adequately prepare graduates for the realities of the workplace.

"They seem to take a very creative approach to design, but I worry about the lack of commercial grounding. There is a place in the industry for some of these graduates, but not for the numbers currently being produced," says Chrissy Conyngham, who heads Pumpkin Patch's 30-strong design and support team.

"What we're doing is interpreting international fashion trends and delivering them with a unique New Zealand twist to fit the market, which is no less creative and no less rewarding."

According to FINZ CEO, Mapihi Opai, these are issues that still need to be addressed collectively by all sectors of the apparel industry. "However," she says, "when you consider that this was labeled a 'sunset industry' little over a decade ago, it's clear that significant achievements have already been made and we're confident that more can be made yet."

The study shows that the industry remains optimistic in its outlook, with 62 percent of those surveyed strongly emphasising the need for New Zealand apparel businesses to focus on finding ways of capitalising on export opportunities rather than dwelling on the negative aspects of free trade.

In contrast to attitudes towards a China Free Trade Agreement, 54 percent view trade negotiations with the US as holding significant export potential.

According to DHL Express general manager, Phil Rountree, these findings were also evident in the recent DHL Export Barometer - a large-scale evaluation of export confidence within New Zealand.

He says: "It is very pleasing to see that the apparel sector remains confident of achieving ongoing growth, despite challenging market conditions, with exporters actively seeking new markets.

"While Australia remains one of the most popular destinations, we are seeing exporters take advantage of the opportunities arising through Free Trade Agreements to extend their presence offshore. There is certainly good reason to feel positive about the US, given predictions that the New Zealand dollar will ease against the US dollar over the coming year."

New Zealand's attractiveness as a tourist destination was also highlighted in the study. "New Zealand's tourism sector is seen as providing the greatest opportunities, in terms of capturing more tourist dollars and participating in international promotions. This is closely followed by the desire to capitalise on the success of New Zealand's other creative sectors, particularly the film industry," says FINZ CEO, Mapihi Opai.

The study shows that the industry is confident that New Zealand designers are as good as any in the world, with the country's fashion and apparel having gained a strong international reputation - something that has been facilitated by Air New Zealand Fashion Week.

About the 'Fashion Industry New Zealand Study'

The 'Fashion Industry New Zealand Study' provides an analysis of the country's fashion sector and wider apparel industry - identifying its strengths and weaknesses, as well as the opportunities and threats posed in the current business environment.

The independent qualitative study was commissioned by Fashion Industry New Zealand (FINZ) and carried out by TNS Ltd during the first quarter of 2005.

About Fashion Industry New Zealand (FINZ) Incorporated

FINZ is the voice of the industry. Its mission is to have the fashion sector and wider apparel industry valued for its economic, creative and cultural contribution to New Zealand, and ensure its sustainability. This is achieved by unifying like-minded individuals and groups from all sectors of the industry in working towards shared goals.

The not-for-profit organisation was founded 'by the industry' to provide a supportive framework and direct representation 'for the industry'.

FINZ' membership is fast approaching 200 firms that span all sectors of the industry (design, manufacturing, wholesale, retail, export and importing) as well as an associated network of education, training and service providers.

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