



# Transforming Fashion Supply Chains in A High Inflation Environment

April 2023

## INTRODUCTION

Scope

Executive summary

## THE GLOBAL CONTEXT

The global economy has not fully recovered from the contraction caused by COVID-19

European crisis leads to mass inflation and further disrupts the global economy

Businesses expect consumers to focus on essential purchases

Fashion supply chains are over-reliant on China

Textile industry among those most vulnerable to global shocks

Today's key pressures force the fashion industry to transform its supply chain

## REDESIGNING A "CRISIS-PROOF" SUPPLY CHAIN TODAY

Redesigning a "crisis-proof" supply chain today

Embracing digital solutions and automation tools

Ecco rolls out 3D printing footwear production lines for shorter iteration cycles

Levi's and Google have an AI tool to assist with pricing and demand forecasting

Nike has deployed 1,000 "cobots" throughout its factories and a repair robot, BILL

Multi-sourcing and nearshoring as risk mitigation measures

Geopolitical considerations are pushing a realignment of global investments

International brands are likely to maintain a footprint in China

C&A opens jeans factory in Germany and New Balance opens fifth facility in the US

US brand Steve Madden has shifted 50% of production from Asia to Latin America

Mango has deployed a mix of long distance and proximity supply tracks

New collaborations with supply chain partners and vertical integration

Nike banks on DTC to gain control of its distribution and pricing strategies

Golden Goose secures 40% of production in-house with the acquisition of IFT

American Eagle Outfitters has acquired Quiet Logistics

Reviewing the role of products and services through a "less is more" lens

Mosaert's seasonless and unisex collections remain for sale until they are sold out

Inditex repositions Zara Home and launches eco-friendly laundry care with BASF

Farfetch dresses influencers digitally, to gauge demand on its pre-order offering

Turning to material innovation to alleviate supply-chain bottlenecks

The H&M Foundation and HKRITA unveil cotton garment that captures CO2

Inditex signs EUR 100 million deal to secure supply of Infinna recycled fibre

Lycra will use Qira's BDO made from renewable corn feedstock, from 2024

Increasing transparency and traceability

VF Corp has released Tier 1 through Tier 4 supplier information via SourceMap

Mango uses QR codes on its labels and discloses the list of its Tier 1-3 factories

All Asket garments come with a detailed "impact receipt"

Hogan uses "digital twins" to give visibility on its supply chain (and create hype)

## KEY TAKEAWAYS FOR TOMORROW

Tomorrow's supply chains look less global and more regional

Changes happening today will shape tomorrow's supply chains

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