



apparel
WORKBOOK

APPAREL WORKBOOK



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INTRODUCTION

New Zealand's fashion industry is fast gaining a reputation for excellence, innovation and expertise in the international arena. Kiwi designers are finding favour, especially in high-end stores and niche markets in Australia, Hong Kong, the United States and the UK because the products they offer are fresh and their dedication to service is exemplary.

"We adore New Zealand fashion here in Australia. It is fresh, innovative, has a definite edge and is beautifully made. New Zealanders are always so wonderful to deal with. They go that extra distance to make sure they are offering the best service they can and it is a pleasure to deal with them." – Shan Bauer, Camargue, Brisbane.

"I find New Zealand designers are determined to stay true to their creativity and that's the winning formula really – finding something that works and sticking with it. I know that it's difficult to balance this idea in the commercial world, but designers should never compromise on their design aesthetic, after all, it's what makes them different." – Celebrity US stylist, Rebecca Weinberg.

However the road to successful exporting is a bumpy one for New Zealand apparel manufacturers. There are many factors that need to be taken into consideration before you head along the export path, such as choosing your market; ensuring you are able to produce orders on time and on budget; selecting an agent; developing a public relations plan; setting a price that is both affordable and profitable; and structuring payment deals. Not to mention overcoming the largest obstacle of all – getting your foot in the door!

This booklet has been specially designed to provide tailored information for apparel exporters. It should be read in conjunction with the New Zealand Trade and Enterprise booklet for all exporters, entitled –*Guide to Exporting.*

YOU AND YOUR PRODUCT

Why export

There are a number of reasons why companies may decide to export their products – such as a steady domestic income and a desire to expand their overall sales, or a wish to make better use of their manufacturing capability. In the apparel sector it can also include other drivers, such as a wish to establish an international brand that will also assist in driving domestic sales.

Exporting takes passion and commitment. The most important first consideration is to determine whether you are export-ready. You should ask yourself if your business can handle the extra work and management that exporting will entail, not to mention the impact on your cash flow.

If you decide that you do want to become an exporter or if it is the next step for your business, we recommend that you set realistic expectations and take time to develop an export plan. In brief, there are two key elements to being a successful exporter:

- Practical considerations (including freight, pricing, labelling etc); and
- Strategic analysis.

Most exporters fail because they don't pay enough attention to the strategic side. Listed below are some strategic and practical issues you should consider.

"Start looking for a business mentor who you can have disciplined time with. Use NZTE and BIZ for business grants and assistance. Taking on board a business mentor helped make Starfish's business a success." - Laurie Foon, Starfish.

Establishing an export plan

Before you decide to export you need to do your homework. This means taking the time to analyse your product and the market/s you would like to export to. Think about how and where you would like your product to be represented, who will be the end buyer of your product, and the price point you would like to set for your product.

Market selection

As part of your export plan you need to select which market/s to export to. Market selection is all about maximising profits and minimising risks. It's better to choose a market where you can achieve modest results quickly rather than investing considerable time and money into a market that may be huge, but where obtaining even the smallest percentage of market share could take years.

When considering which market/s to export to you could follow this two step approach. Firstly ask some pertinent questions to a range of markets:

- is there a demand for my product?
- are the standards and labelling requirements similar to New Zealand?
- is the business environment simple and transparent?

- is English spoken?
- is it geographically close and are there direct flights?
- are there trade treaty advantages for products of New Zealand origin
- is it financially viable for me to export to this market?

Much of this information can be gathered from a variety of sources at little or no cost – NZTE, the Internet, the library, colleagues and exporters. Once you've narrowed your markets down to a couple with strong potential, more in-depth market research is required. You will probably need to commission at least part or all of this research. Design the research to identify specific opportunities as well as options for market entry and distribution. Some questions to include are

market environment – the suitability of your products to the market, including styles, colours, fabric weights and sizing – canvass feedback from buyers and end users

- market structure – how the market works, including distribution channels and margins
- market size – current growth and share supplied by imports
- regulatory regime – tariffs, quotas, taxes, labelling and standards
- competition – competing products and pricing including local manufacture versus imports
- promotional events and publications relevant to your products

Presenting this information in a matrix is useful for making market comparisons and allows you to weight questions according to importance. From the results, select your market. Most companies who work through the market selection process will identify Australia as the obvious first choice for export. With a population of almost 20 million, it's big enough to offer opportunities for growth while allowing managed expansion by city or by state if required.

Profiling your end buyer

Prior to marketing your range you need to know who your end customer is. Who is the person that is going to be wearing your garment? For women swear this means asking questions like – how old is she? What sort of income and lifestyle does she have? Where does she buy her clothes? What does she want her clothes to say about her? What does she value most (quality, design, exclusivity)? You don't need to share this information with anyone, but what the information does is help you to determine the type of retailers and retail precincts that you should be targeting. Designers also need to think about the other labels their preferred customer will be buying and try and align themselves with the stores and boutiques that sell these labels.

“Before ringing me designers need to know who they see buying and wearing their clothes. One of the first questions I ask is, what labels do they see their product hanging with? Designers need to have a good handle on who they are aiming at, it is no use saying their look is unique and original. What I need is information which will help me decide whether or not it will work in my stores.” – Joanne Griffin, Blondies, Melbourne.

Making a presentation

In fashion, a book is always judged by its cover. First impressions are crucial when introducing yourself and your product to a potential buyer, so it is imperative that you get it right. Once you have completed your research and decided which retailers to approach, you need to take the following steps:

- Send out a letter introducing yourself, explaining your design philosophy, your background and also listing any other boutiques/department stores in which your product is stocked. If you choose to write this yourself, make sure it has been checked and checked again for spelling and grammatical mistakes. The people you will be dealing with are professionals and they expect to be approached professionally.
- Also include with this a 'look book' of professionally photographed images that showcase your collection. This gives the buyer a visual blue print and illustrates what the range look like, how the pieces work together and how they could be merchandised in their store. Some designers commission images or photographs to create a mood for their range. Generally, these are not suitable for selling, as they don't provide enough information to the buyer on what the range looks like. If you have achieved any significant international media coverage over the previous three to five years, then also include colour copies of these.

Hint: It is worthwhile investing in professional photographs of yourself and your store if applicable. These can be used in a variety of ways including introducing yourself to buyers and for media enquiries.

- Finally add a small, one page blurb about your range. Include information about how you devised your collection, what are the themes or what inspired you to create this range. Outline the fabrications that you have chosen, whether you have designed the fabric yourself and the colour palette you are using. Also mention any design features, draping, pleating and embroidery for example, that you may have included in your collection.
- Follow up on your letter no more than two weeks later with a phone call. This gives the prospective buyer the opportunity to have a look over your information and decide whether or not they are interested. If they give you a positive response, schedule an appointment time to either meet with them or organise to send over your sample range. If the buyer is not interested, seek feedback as to why, but don't push them too hard. They may be interested in taking another look later.

Hint: If you make an appointment to see someone you must keep it. Be punctual and allow plenty of time to travel to and from your meeting. Getting around in an international city can be very time consuming and very costly (especially if you are using taxis).

Resource: City and Country Guides for our major markets can be found on the www.marketnewzealand.com website, under the Market Intelligence section. The City Guides contain helpful information on public transport, accommodation and other need-to-know information.

Preparation

Before you show or send your range – edit it! Although your aim is to sell as many pieces as you possibly can to a buyer, it does you no good to show them any mediocre pieces. Show only your best.

“Buyers are investing a lot of money when they decide to import a range and if it is too full of pieces that are simply average they will not bother. What they are after is your best work and things that jump out at them.” – Australian fashion agent Marris Fotheringham.

- Once you have edited your range, sample as many styles as you can in as many colour options as you are able. Buyers often need visual cues before they place an order and will often choose only what they can see and feel.
- Create a comprehensive and easy to use order book. This should feature pictures or sketches of each piece complete with fabric swatches of the colours/patterns it is available in. An inexpensive alternative to including actual swatches is to photocopy or scan in snippets of fabric for buyers to have a look at.

Follow up

Few buyers actually buy on the spot. They often go away and have a think about your range and compare it to other ranges they have seen before they make a commitment. In international fashion markets, be prepared that it is unlikely you will sell to more than one or two stores in your first season, and it may take up to 20 approaches to achieve an order. However, keep contacting them every season and you will gradually build awareness of your label, and as a result, the number of stockists also.

- If you have made a sale – congratulations! If not, take from the experience what you can. Many retailers have been in the business for a long time and so have some sage advice.
- Remember that a buyer may make an order, but this will need to be confirmed at a later date. Many buyers visit fashion weeks, make orders with designers, then return to their market to consider orders in light of the direction their store wishes to take. This usually means reevaluating the designer mix and possibly dropping some orders.

“Designers need to have a thick skin. Usually when we don’t purchase from them it has nothing to do with them personally or it isn’t that we didn’t actually like the range. It’s because it is either too close to what we already have or it isn’t right for our market.” – Joanne Griffin, Blondies Boutiques, Melbourne.

- You will need to make sure that your range is sized appropriately for the market. In Australia for example, designers often find that the bust size is larger and the hips smaller than in New Zealand. Designers should know and make note of the equivalent sizing in US, UK and EU sizes. For the British market, New Zealand sizing is usually larger than what local designers manufacture.
- Fabrics are very important. Increasingly, New Zealand and Australian designers are being offered the same fabrics by fabric sales representatives. As such there is often very little to differentiate between designers. In these cases, buyers will always go for the best value.

- Design holistically. Often a buyer will like a few pieces but will not pick up a range because there aren't enough pieces to tie it all together. For instance you may have some wonderful tops, but your skirts and pants may not be strong enough to make a complete range.
- In some markets, it can be extremely tough to get hold of some buyers (in the US for example). However, persistence is the key. Keep calling until you get an answer from the buyer/buying office. It can be frustrating and you may feel that you are pestering them. However, the top sales executives in the business are the persistent ones.

Pricing structure

There is an interesting anecdote about a company that was looking to export their one-off hand-knitted garments in North America. These beautiful pieces were fairly expensive to make and once freight and agent/retailer margins were added to the final cost of the garment they were sitting at the same price point as top end European designs such as Chanel or Gucci. As such, they were untenable in the market.

At the other end of the spectrum, some New Zealand companies are very competitive in their production costs and can bring garments to market at a "good price".

Price points

Aim to charge the price the market will bear – it is often difficult to go above 'price points' – the price set by the market for similar products. Your pricing policy should be in line with competitors' prices and should reflect your quality levels, delivery and promotion. Keep in mind that it is much easier to go in with a high price and come down than it is to go in with a low price and try to go up.

Pricing for Export

Pricing is critical to export success and you should start work on this aspect of your export plan at an early stage to see whether or not you are going to be price competitive. Pricing for export is different than pricing for New Zealand. As a first step, you need to gather basic information about your target market concerning duties, market entry costs and freight costs. A quick analysis of that information may show you at this early stage that it would not be viable exporting to that particular market. If the information does indicate that it would be viable, then you can continue through the research and planning process.

When working out pricing you need to take several key factors into consideration

- Garment costings – often referred to as factory door costs. Typical items included in the garment costings are main fabric, second fabric, lining, cutting costs, buttons, fusing, trims, outwork costs, making costs.
- Company expenses – typical company expenses include accountant's fees, bank charges, advertising and promotion, freight (local and overseas), insurances, packaging materials, stationery, rent, electricity, salaries/ wages', managing debtors, sales' expenses, travel.

Price points – consideration of what the market is prepared to pay.

- Your margin – this needs to be great enough to cover factory door expenses and company expenses with enough profit left over to grow the business

¹If you are a start-up business you might take your salary out of after-sales profits.

Some designers use the following formula:

- Cost of garment plus your margin = Possible Selling Price
- Selling price less garment cost = Gross Profit
- Gross Profit less business expenses = Nett Profit before tax

Garment Costings

Costings need to be very accurate and need to be completed for each garment. The garment costing plus your margin gives you a possible sales price. Your margin must be enough to cover the cost of the garment and your expenses. You can't afford to under cost. If you do, you won't have any money to grow the business or you'll go out of business. The information and data on costings you gather in your first year of business will become part of the historical data you will draw on as your company matures.

Record your costings on a spreadsheet template or use a garment costing software programme. Your costing schedule needs to record all the costs associated with a particular garment. If you don't use a software programme work out your standard costs for producing a generic jacket, shirt, skirt etc. This will save you time when it comes to costing individual items. Your pricing might change for each brand and for each market you're selling to, but the actual base model of each garment's cost doesn't change.

Don't forget to factor wastage into your budget or it can erode into your profits. Some businesses build a wastage percentage into their costings as part of the factory door price. One company we know of adds 8% on top of each style's costing to offset losses from wastage and/or unexpected price increases for components such as belt buckles or buttons.

"We keep a log of each style in the range and what we've costed it at. Once we go into production we record against that what the actual costs for each style were. Then, when I come to pricing a new range I have all the up-to-date cutting and making costs. I'm not working on what I thought the costs were, but on the actual data. The other thing we do after costing for each season is get our design people to go back over every costing and recheck it. We've caught quite a few things that way before they become disasters."
- Angela Hood, Lewis Design.

Margins

What margin should you set? This varies hugely for every individual company and depends on your business, what your expenses are and what the market will bear. We know of some designers setting their margin at 70%, others at 250%.

Negotiate – Don't Devalue

When it comes to selling your product to a prospective client the key to success is to sell on something other than price. You need to identify and sell on your point or points of difference – creativity, quality and service. This way you create value for your product, your concept and your brand.

That said, while the selling process involves a lot more than just talking about dollars, there comes a point when the issue of price has to be put on the table. If you've done your research you will know that your garment price fits your product and the market – so state it with pride and with confidence. Don't devalue your product by offering discounts if you can help it.

Before you do give a discount, work your pricing back to find out what figure, if anything, you can afford to part with. Or, you may have money left over in another area, for example, advertising and promotion that you could afford to give up in the form of a discount. But really watch the discounts as they can eat away at profits.

Hint: If a retailer is pushing you to give more and more in the way of discounts it is sometimes best to walk away because that business can end up costing you money.

For the long term protection of your bottom line, rather than negotiate on the unit price of the product it can be wiser to negotiate on the terms of trade - the freight 'incoterms' (for more on these see 'Getting Your Product to Market') and any special contributions that your buyer will be expecting you to make to marketing and promotion costs. You may find that your buyer or agent is agreeable to a cost share proposal for the marketing and promotion costs of developing a new market. Sharing the costs of a trade fair presence or a PR campaign can benefit you and your buyer/agent as well as developing a stronger partnership.

Exchange Rate

Don't calculate price based on a low exchange rate – look at the trends. Profit needs to be valid at 'normal' exchange rates and at unit level or low volume. If you are benefiting from a low New Zealand dollar, don't lower the price, or when the dollar strengthens you'll be trading at a loss.

Resource: NZTE's 'Guide to Exporting' contains information to assist you with your pricing. Specific information including a pricing checklist can be found on www.marketnewzealand.com (Market Intelligence – Checklists – Pricing Checklist).

market representation

Once you have selected your chosen market you need to decide how you will sell your product into that market. The most common way of selling fashion labels overseas – and the way most recommended by those in the industry – is via an agent or distributor.

Strong 'in-market' representation is usually critical to export success. The agent or distributor deals directly with your clients, i.e. the retailers, and provides support for queries. They have access to local knowledge and can provide on-going market intelligence about competitors and trends. They can identify people who copy your designs, trademarks or patents. They usually have an established network of retailers and can assist with local regulations and labelling requirements.

There are a number of key differences between an agent and a distributor. Essentially, an agent is your representative in the market, whereas a distributor is your customer.

Agents

This is the most common sales channel and in its simplest form involves paying someone commission to sell your range and provide a point of contact in your export market. The agent works on your behalf – they perform the selling function for you, deal with retail enquiries on a day to day basis and provide you with information about the market in which they operate. They facilitate sales by bringing you together with buyers. Fundamentally you retain control over who the agent sells to and how they sell.

Generally, a designer will send an agent one or two sample ranges a season and it is then the agent's responsibility to set up appointments with buyers and show the range. They also accept orders on their client's behalf, send these through, and are on hand to answer any questions a buyer might have. Agents also sort out problems such as returns.

"I make sure that my clients have sent me through not only a sample range but some information to include with it. That is crucial. I also double check quality before I show. I make sure that everything looks and feels perfect. Top quality is a given, it's not an added extra." Marris Fotheringham, Australian fashion agent.

Agents charge a commission rate of approximately 10% of the total cost of the sale, although in some cases this may be as high as 15%, depending on the different services they perform.

Distributors

Distributors will usually look after the entire market for their designers/manufacturers. At the beginning of each season, they will place one order to cover all of the buyers they have in that particular market and then on-sell to them. Often distributors cover all the costs of getting that product to market once the designer has got it to the New Zealand port.

The advantage of working with a distributor is that you send your distributor bulk deliveries rather than sending to individual retailers, which cuts down your warehouse, administration and freight costs. You also receive one bulk payment rather than sporadic smaller ones and the distributor covers all marketing and selling costs. However, designers often lose contact with their end buyer or in some cases are unsure who their distributor is even dealing with, which means that designers need to visit the market more often to ensure they are getting the right stockists for their image. Fees for a distributor generally are around 20% of the total sales, but can be as much as 30%.

When appointing an agent or distributor, ensure you both fully understand each other's expectations, and that any written agreement allows for a review of your relationship at a certain point in the future. Be aware that European laws have granted greater rights to agents, and they may be entitled to a commission even after an agreement has been terminated.

Securing market representation

"High Society chose distributorship when we began exporting to Australia and it proved to be an enormously successful exercise. It was only when we had our business firmly established in Australia and when our exports began to outstrip our domestic sales we decided to change to using agents in order to establish more control and a closer relationship with our Australian retailers." – Laurinda Sutcliffe, High Society.

Your relationship with your agent or distributor is the most important one you will have as an exporter, so you need to choose wisely. Take the time to research the agents or distributors you are interested in. After establishing a list of possible representatives you need to visit the market to meet them and assess their various merits. When doing so you'll need to consider a number of factors, including

- Personal rapport – this is the most crucial consideration – if there is no rapport between you the relationship won't work. You need to know that you can communicate openly and honestly.
- You also need to get a feel for their premises, staff and culture. Is it in line with the image you want to portray? An agent is a direct extension of your business.
- Can they give you the benefit of good local knowledge including a thorough understanding of competitors' products and prices?
- Are they confident about your chances of success?
- Are they financially sound?
- Find out about the other labels they represent – it may be beneficial if an agent is representing labels similar to yours, as they will have a suitable account base already established. On the other hand you don't want to be constantly compared/competing with a conflicting brand. The agent may be tempted to push the "easier to sell" range rather than giving yours the attention it deserves.
- Ask retailers about their reputation – if the retailers consider them desirable it will be easier for them to get appointments to show your new label.
- What is their primary account base? – is it urban or provincial? and how does this fit in with your target market?.
- Will there be a dedicated salesperson to sell your label? You want someone to really take ownership and manage the sales strategically and if they are selling six other ranges this won't be easy.
- Who are their biggest accounts? Don't be afraid to ask and then ring them for references. You wouldn't take on a new employee without checking their references – this is no different.
- If you are able to, ask other designers about what they are like to deal with.

"It's crucial that your agent is as passionate about your clothing as you are. They really have to understand where you are coming from and be able to pass that message on clearly to your retailers. They need to grasp what you are trying to achieve in that market place and you need to be able to trust them to achieve it for you." – Claire Kingan-Jones Robin Jones Clothing.

Likewise, before signing you on, agents also need to take several factors into consideration. While being a new and exciting label helps, the most important factor for an agent is whether your label will be commercially viable for them. This is not necessarily just a matter of profit or sales but equates to their return on investment (i.e. the amount of money they make from you when evaluated against the amount of effort they need to put in to promoting, selling and growing your label in the market). Below are some further factors an agent or distributor needs to assess before taking you on.

Existing labels

Agents invest a lot of time and energy into developing their retailer client base. This often involves years of relationship building. When considering new labels they generally prefer ones that will appeal to the same buyers. This is particularly pronounced in the menswear market, where it can be difficult to find agents willing to grow this market segment.

Agents therefore are generally reluctant to take on labels that are too similar to a label that they already have, because rather than complementing their existing stable of clients it might compete and lead to fewer overall sales.

Point of Difference

Agents are looking for a point of difference, or ranges that will fill a particular market niche. As such, while they may think that your range is good it may not be sufficiently different for them to want to take it on. This is not necessarily a reflection of the quality of your product but rather their consideration of their current suite of ranges.

Business Acumen

The other key factor that an agent is looking for, is how well you run your business. This includes your preparedness to export, how well you understand business principles and how easy you are to do business with. Agents are generally prepared to put some time and effort into this at the beginning particularly if they are passionate and excited about the range.

There are many new and emerging designers entering the market and while their design and product may be superb, in the end business principles will prevail. The product needs to make money.

Margins

Before entering into negotiations with your market partners you need to have established your price and the profit margin you and your agent/distributor are seeking to make. It is important that you are aware of all of the costs that make up the final retail price as this will help you to evaluate agency commission rates. While 20% may seem like a good margin, it is not clear profit for your partner as they may be incurring GST, customs clearance charges, courier and distribution costs and debt collection fees etc. It is important to note that with a distributor you can lose control of your end retail price, and therefore positioning of the product in market.

Manufacturing

Generally, New Zealand manufacturing is preferable as we have an excellent reputation for quality garments and it is one of our strong selling points. However, Asian manufacturing is becoming more common.

The key concerns regarding offshore manufacturing are quality and uniqueness/exclusivity. Retailers and your agent want to make sure that a similar, or even the same garment isn't going to turn up at a much lower price somewhere else. You should be prepared to address any concerns an agent may have about this.

Also you must have all of your production systems in place and ready to go. Agents and distributors will not take on designers if they are unsure that they are able to fulfil orders. Buyers have been known to send back entire collections if they are as little as one day late. This is because retailers in markets that are highly competitive, such as Australia, need as much time as possible to sell before end of season sales begin.

"You have to be more than ready to go. You only have one shot at getting it right and if you get it wrong you have not only blown it this time, you have generally blown it for good." Claire Kingan-Jones, Robin Jones Clothing.

A Written Agreement

Once you've decided on an agent or distributor you'll need to have a contract drawn up. There are various forms of agreement you can enter into. In the majority of cases, the most appropriate is a Heads of Agreement (HOA) or, an Exchange of Letters with a new agent or distributor. The HOA should include products involved, territory covered, the timeframe of the agreement, termination clauses, review clauses and performance targets. If there's no written document the relationship can run into difficulties in areas such as measuring performance, resolving differences of opinion or terminating the arrangement.

Some of the things to consider in your written agreement are:

- commission – agent's commission is usually 10%, distributor's 18-20%
- how much responsibility they have for managing bad payers, negotiating discounts for late/split deliveries, faulty stock, returns
- restrictions may include taking on conflicting labels
- commission payable when selling to department stores

See if you can get your representative to agree to a one-year contract to begin with. This will allow you to both test the water, and then if you are happy with performance, to enter into a longer agreement.

Number of Market Representatives

The number of market representatives you decide to take on in a market depends on a number of factors such as:

- The ability of a single agency to cover the desired markets (i.e. can one agency service Melbourne and Sydney, or the East and West coasts of the US?).
- Your ability to supply more than one set of samples for selling.
- The level of exclusivity demanded by your preferred agent. In Australia for example, some agents charge one rate for the state they live in and a slightly higher rate for other states to cover travel costs etc.
- Ensure you canvass all options before appointing a sole agency. You might want to consider a trial and give sole agency if the representative meets agreed performance targets.

Contact with your end buyer (retailer and consumer)

“Maintaining a good working relationship with your retailer is crucial to your success. As well as making a phone call at least once a month to our retailers we also have dedicated customer service staff who are always available to help our retailers where necessary, and they love this service. Going to events like New Zealand and Australian fashion weeks also help because they give you a chance to touch base and meet in person.” – Walter Hart, Hart Manufacturing.

One of the key issues that designers often have with an agent or distributor arrangement is a sense of being disconnected from their end buyer (both the retailer and the final consumer). Retailer feedback is a key part of the design process as they often have good ideas about what people want to buy and can discuss other issues such as garment sizes and fabrications. As such, it is recommended that you ensure you maintain some connection with the end market. This can be achieved through regular market visits.

Companies who have been successful in their distributor relationships always ensure they are taking an active interest in what is happening in the market and stay close to the distributor. It is easy to just leave it in their hands. However, it is highly likely that at some stage you will want to revisit your arrangements and you should make sure you are in a position to do this down the track.

It is worth noting that distributors are often hesitant to share complete details of their buyer list in case a designer decides at some stage to either change distributors or go direct.

Exclusivity

“In our experience it is not necessarily beneficial to the label to be stocked exclusively by one store. This situation is only appropriate in New Zealand where the size of the cities is fairly small. Internationally, we try to ensure there is a fair representation of the label in any one location so the situation is unique to any one city. We are careful to consult with existing clients before taking on new accounts to allow each client a geographical radius. More important to us is to strive for the right balance of accounts between department stores and boutiques.” – Tulia Wilson, Zambesi.

Many retailers demand that designers and labels remain exclusive to their stores. Generally this means that if you are selling into one boutique store in a particular area/suburb you won't be able to sell into another one. Among department stores, competition is especially fierce. In Australia for example, you can't supply the same labels to Myers or Grace Bros and David Jones.

Managing these tensions is going to be a major consideration for you, and is an even bigger issue for your agent or distributor who is dealing with these tensions across several labels. However, signing an exclusivity arrangement is not necessarily a bad move to make. One dedicated boutique that places a large order may be able to sell more for you than three stores who only take a limited amount of stock. As in real estate, the key to success is location, location, location!

Before agreeing to supply a store, you need to state your position on exclusivity. You may agree to stick to an exclusive arrangement with a retailer for a period of time. If sales do not meet expectations over that time you may want to re-evaluate your relationship with your retailer and perhaps look at an alternative or complementary retailer for that area.

Tips for export success

With more than 20 years of fashion industry experience, Susie Walker of Hart Manufacturing has a lot of very useful advice for designers new to export. These are some of her tips to help you prepare to export and maintain market share that haven't been covered elsewhere in the workbook.

Can you finance growth?

Regardless of whether more buyers want your products, are you able to cover the cost of purchasing additional fabric, trims and other garment components? Do you have the production capacity? Almost every buyer looking to take on a new label will question or seek proof of your ability to produce and deliver the garments on time. Some large international stores might ask to see a copy of your balance sheet and other financial reports to get a better understanding of the scale of your operation and to ensure that you can produce and deliver the quantities required.

Understand Selling Rotations

International buyers expect to view and buy ranges in 'stories' that reflect the natural progression of the season, with the first 'story' generally encompassing light to medium-weight garments for early autumn and subsequent 'stories' incorporating heavier garments as winter kicks in. Each of these 'stories' needs to be delivered accordingly. International buyers have strict delivery 'windows', ie. they might expect the first 'story' to be delivered between February 1-15 and many will have it written into their contract that late deliveries will incur a predetermined penalty discount (a percentage of the total value of the goods). International buyers will often say: "I've still got room in my budget for February 1-15 delivery - show me that 'story'." Because the vast majority of fabrics used in New Zealand are imported and the quantities required are relatively insignificant to international textile factories, delivery can often be unreliable. Therefore clothing manufacturers are best to use easily accessible fabrics in their earlier 'stories' and postpone the use of "fancy" fabric from Italy until later in the season so as not to hold up delivery to the retailer.

Your Look Book

Buyers may view a vast number of ranges before they confirm their orders. After you've shown them the range you need to leave them with a detailed 'look book' to refer to at a later date. This should include

- photographs or line drawings of the garments in your range or each of your 'stories'
- fabric swatches or examples of the colourways each garment is available in
- the style number of each garment
- the sizes available
- a wholesale price list
- full contact details

Checks On New Stockists

Try and find out if a retailer is paying their bills. No matter how illustrious the store may appear it's no use taking on new stockists if the retailer doesn't pay their bills or defers payment for an unacceptable length of time. Send a credit application and ask for references. Retailers with a good credit rating/ reputation should have no qualms about filling out a credit application. If they protest you may need to do a bit of investigating.

Make Sure It Fits

Retail sales staff and the end consumers need to be able to rely on your fit and sizing. One of the best ways to ensure consistency is to have a series of tailor's mannequins set at each size you offer (8,10,12, 14) and use these to fit each and every garment.

Staple Items

Designers are often eager to investigate new ideas and move onto designing the next range. However, it's often very profitable to carry staple items that are solid performers across several seasons and give them a new lease of life by introducing new fabrics and colourways. If you don't do this, some retailers will simply approach another company and ask them to replicate the garment according to their specifications.

A Win/Win Partnership

Keep your retailer informed of any problems with delivery. Also let them know that they are important to you and that you want to grow your business with them. Most will be very willing to work closely with you – provided you will accept constructive criticism and feedback on how your garments are selling.

Keep In Touch With Your Market

Host retail staff events – put on some wine and nibbles and take the opportunity to show retail sales staff your new range and communicate the vision of your brand. Creating a connection between retail staff and the designer is very important and it makes their job of selling your garments much easier.

Host consumer events – instore fashion shows and presentation evenings are a great promotional opportunity for both your brand and your stockists' store/s. Establishing a direct relationship with consumers breeds brand loyalty. Take the opportunity to get direct feedback from the consumer.

Newsletters – send out newsletters to your stockists, highlight your achievements and let stockists know they've bought into a successful brand.

Identify Opportunities for Growth

- introduce new colour and sizing options
- If a style sells well, look at broadening its scope by re-introducing it in different fabrics and sizes
- add new product divisions
- a natural process of product diversification can yield growth
- lots of good ideas stem from your own wants and needs.
- monitor which of your styles achieve the best 'sell through' at retail, and where possible give stockists the opportunity to reorder them.

INTERNATIONAL BUYER EXPECTATIONS

What they want

The 2004 DHL Designer Workshops included a presentation by Joanne Meisner of Directions. Located in Sydney's exclusive Double Bay, Directions is the largest stand alone store in Australia to carry Australian and New Zealand labels. Joanne started Directions in 1987 and has been an independent retailer since 1976. These are some of her key messages about international buyer expectations and an insight into how a top Australian fashion retailer runs her business.

Q: What percent of Directions open to buy goes on imported labels?

A: This season the percentage of my open to buy spent on imported labels, including accessories, is 63%, of which 36% is spent with New Zealand. The bulk of the balance is mainly footwear. I do not have fixed budgets for imports or local product but buy purely on merit on the season. I compare apples with apples.

Q: What are the key ingredients you look for when buying a new label

A: Each label must have its own individual handwriting. I view 60 collections minimum per season, and when judging a new label it must have a point of difference against any other designer I carry or it must fill a gap, something we are missing. If I like a collection and I wish to buy it I will go back at least once more to view it again. I find I often get very excited about a new collection, but the reality is that when I sit down a second time I may still be excited or I may have gone off it completely. I sit down and really judge it. If it's a major label I often go back three or four times, depending on the amount of money I'm spending with that designer. This approach seems to make fewer mistakes for my business.

Q: Do you seek new labels or do they seek you out?

A: I often seek out new labels, particularly when I have either heard about them on the grapevine or when I've sighted them at a Fashion Week in Australia or New Zealand. We also receive 50-60 phone calls a season from different agents and designers wanting to sell into the store.

Q: What do you want to know when approached by a new label?

A: I have a staff member that takes the initial phone call. Amongst other things we will ask where you see yourself in the market, what labels do you sit against or would like to, and what price point your garments are. I've learnt 30 years down the track that everybody should be viewed if they are possibly in your market. If I have no knowledge about the label I will ask the designer or agent to bring six of their best garments into my store at my convenience and I'll view that. I don't need a gift – it's not an expectation or a want.

Hint: Don't cart your whole collection into the store and expect the buyer to look at it. It's a big turnover.

Q: What do you look for when viewing a collection?

A: As a new designer, when you show a collection to a buyer don't try and be everything to everyone. I'd rather see one rack of beautiful clothing to represent your new season than see a rack going round the room that has garments for everybody. Pick your top 20 items and show me what you are passionate about. Don't make it 50. If you show too much and you can't produce it you'll lose your customer. And please coordinate the collection – a lot of buyers at my end of the market don't buy shirts from one business and trousers from another. Even though we cross sell labels, if I'm buying a collection, however small, I expect that this goes with that. And I think it is only fair you are given a space in our store which sells your collection.

"It is really important to design for all women. Women are not all skinny, little things. They come in all shapes and sizes and it is really really important that designers remember that." - Joanne Meisner, Directions.

Q: How do you differentiate buying policy between established brands and start-ups? Do you ever gamble on untested designers with open to buy?

A: I have a very different policy in buying between large established brands and start-up designers. If I love a range and it's already sold by an established company I am convinced I will have fewer hiccups in store with that collection. With a start-up, I ask about background such as training and industry experience. If I adore the collection I insist on it being tried on by my size 10 assistant and then assess whether it will add something different or missing to our current stock of designers. It will often take a couple of seasons before I do take on a new designer, but there have been exceptions to that rules such as Sakaguchi and Tanya Carlson.

Q: How important is it that a new designer has selling skills?

A: It is important that a new designer is represented properly with good, sound verbal skills in articulating their vision for their collection and where they are going with their collection. It is very important that they know who they are designing for and what the age and socio market is, especially when you are showing retailers who are time short. We are all busy in this industry, but nobody is too time short to give up an opportunity of viewing a collection if it's right for the marketplace.

Q: How important is it that a new designer has after-sales backup and systems to deal with lost consignments etc?

A: It is really important to have a structure in place of after-sales backup to support garments you've delivered, and to deal with any problems – this is very important when you do business with a store like mine. Your collection doesn't finish once it arrives in my store. If there is a problem it's a joint problem. This is a relationship I have with every supplier I deal with, and we have the least amount of returns of anybody in New Zealand or Australia. We don't check merchandise when it comes in – we expect you to do that.

Hint: Young designers must remember that one fabric does something different to another fabric – don't think you can cut the same pattern in five different fabrics and still think it will fit.

Q: Do you prefer working with a designer or an agent?

A: I like working with both. I like to be sold to by an agent as it frees up my honesty in the showroom without hurting the creative genius who created the collection (though remember you can't move forward if you don't get critical analysis). However, I also like dealing with designers where possible, to show me their vision for the season. I like to do my repeat business directly with the manufacturer because then I get answers immediately. My customer is one of the most demanding in the world and they want answers yesterday. There are two or three designers I don't have that contact with and we are not growing our business. Not because I'm not trying to, but they haven't got anyone in place to answer the questions quickly and I have other designers who do. We are not designer orientated, we are Directions orientated. We are selling our image not yours. We love our designers but we are not prepared to compromise our reputation on one particular designer. Service from your end is as paramount as service from my end.

Q: Do manufacturers need to carry stock?

A: I find today most manufacturers don't carry stock and I don't rely on it. We try and sell what we have, but if I get a run on a basic item – say we've sold 8 in the last 24 hours, I might ring the designer and say what chance of a recut? But I need it within two weeks. Don't make false promises.

Q: How important is the historical production capacity of a new label.

A: It is very important that production capacity is well thought out by a new label as a company like mine sets very strict codes on how we want our designers to deliver. We buy in stories and expect collections to arrive like we bought them. When I say stories it could be six black evening dresses delivered from July 1 – 15. We've agreed on that and that's how I would expect it to arrive and within the date agreed on.

Guidelines are set out in the showroom – either the buyer sets them or you set them, depending on how big the client is. If dealing with a department store, they set the ground rules. If dealing with a boutique it's a negotiation. I don't demand, but sometimes I ask. If I feel that lightweight floral dress being delivered in July should go into September we will discuss it if I am a major retailer of yours. This is usually negotiated very early in the piece. As a major retailer, I often have first say of how a collection might be put together for Australian standards because of my experience. If you have an ego you learn to lose it very quickly – in our industry you can't afford to have one.

Q: How important is shipping within a specific delivery period and within stories?

A: It is really important for you to ship within a specific date period and again in stories that have been bought by my company. You should promptly inform a retailer if there is any problem so we can discuss and assess before cancelling en route. I work within fixed delivery periods for each story with a cancellation date if I feel it is deemed necessary. We are always willing to work closely to resolve delivery problems if commercially viable. I never ask for discounts if you are running late, I don't work like that. Don't work with retailers who screw you to the wall, it's not worth it. Your margins are too small, really really work to resolve the problem. I operate on very early starts for my business, around 20 July for summer and 28 January for winter, and where possible I expect all designers to be represented on the floor.

Q: How important is the financial stability of a new designer when it comes to continuity of supply from one season to the next?

A: It is really important that any designer has financial stability when it comes to supply from one season to the next. I've had new and old designers not be able to fund their next collections properly which causes great stress and a loss of profits to my company usually as a result of late delivery. There is nothing worse than opening a season with one of your majors saying they've got a major hiccup. I've heard all the excuses and behind almost all of them is that you are not financial and haven't been able to produce for me.

Q: What do you do when a longstanding designer shows you a collection you don't like?

A: We don't compromise on quality whether it's a longstanding supplier or new – the collection will not be bought at all, or there will be a significantly reduced order for that season. If the collection for the season is well below expectations it may not get bought again, particularly if it's a new designer. This decision isn't taken lightly.

Q: What do you expect in return for making seven-day payment?

A: I expect all collections to factor in a discount for seven-day payment; I expect rewards for this – give me a better margin. I don't expect new designers to give me as big a discount as established brands but I do expect a discount, and I do expect a percentage to be paid for a staff clothing allowance as they are part of my advertising tools. I expect a percentage to be paid for advertising, which includes store branding in the way we present and promote your collections.

Q: Other retailers I sell to – how important are they?

A: It is really important for a company like mine that the brand is in the right stores, of the same standing and market as Directions. If it goes into a wrong store we are unlikely to buy it again or even start with it. We have an image to uphold and so do you. If you are a new designer and you come into my business I am very happy to be sent a list of retailers and give you my honest opinion on whether they are appropriate for your designs to be in. You should always check a retailer's credit rating – don't guess.

Q: How important is the 'wow' factor

A: Everyone involved in this industry has to create a 'wow' factor – customers, retailers, designers – we all want to be excited. Every time I open a new season I think about how to do it differently. It doesn't change the handwriting of what we do, it creates the wow for our clients and for my team. Otherwise how do you keep reinventing yourself? The same goes for designers. You can't sit on your success or you'll become the same old same old and then your product and my store will look like that. 70-80% of the fashion stores in New Zealand and Australia are complacent. They are not creating newness in the business and if you don't do that you'll die.

GETTING YOUR PRODUCT TO MARKET

The ordering process

Order Confirmation Letter

A buyer will often place an order verbally in the first instance, for example at a fashion week or trade fair, when you meet with them in-market, or via your agent. However, you can't count it as a firm order until the buyer has followed up in writing with the all-important 'order confirmation letter'.

While waiting for that letter you might want to write to the buyer about your discussion. Refer to your meeting notes to see how the buyer described your products - colours, styles, how they thought your range would fit with the buying direction of their store etc - and use their language in your communication. It will jog their memory and leave a good impression.

Sales Confirmation

On receipt of the order confirmation letter you should send the buyer a 'sales confirmation'. This can be a relatively brief document including the agreed price, payment terms and delivery date, or it could be expanded into a full 'conditions of sale' document containing clauses on everything from price and ordering procedure to insurance, liability and intellectual property.

The conditions of sale can also be a stand-alone document, or it can be attached to the back of the quotation or invoice. Conditions of sales can also be called a variety of other names, including 'terms of trade', 'conditions of contract' or 'terms and conditions'.

Hint: A sale is not a sale until you get the money in your hand.

Payment Terms

It's important to include 'payment terms' in the sales conditions. These can vary from the extremes of 'prepaid on order' (i.e. the buyer pays when they place the order) to 'open account'

(i.e. a loose agreement on payment which requires trust between both parties). Along this continuum, the risk of default is transferred from the buyer to the seller. When discussing payment terms, your ability to accept risk as well as the relative strength of you and your buyer will affect your negotiating position.

Hint: There is a useful analysis of the "risk ladder" on www.ukbusiness.hsbc.com (search: payment risk ladder, then click on 'Exporting – Terms of trade' and scroll down the page).

Incoterms

Incoterms are internationally recognised definitions of the transfer of ownership and risk, and also explain the responsibility for freight related payments. Make sure you and your buyer are working from the latest incoterms when referring to the freighting incoterms in your sales conditions and their purchase order.

For New Zealand exporters the most commonly used terms are FOB (seller delivers goods onto carrier) or CIF (seller pays for costs and freight to agreed port, including marine insurance). Again, there is a continuum, which ranges from EXW (goods are made available to buyer at seller's premises) to DDP (goods are supplied at seller's cost and risk to named place in country, including payment of duties, taxes and all other charges).

Hint: Check out all the incoterms and what they mean on:

http://www.iccwbo.org/index_incoterms.asp

Passage of Title

Your conditions of sale may contain a 'romalpa clause' whereby title does not pass from you to the buyer until the buyer pays for the goods in full. The principal benefit of a romalpa clause is that if the buyer becomes insolvent before full payment is made, you can recover the goods without going through the normal procedure to recover the debt, because you still have ownership of the goods. You thereby take priority over banks and other creditors holding security interests, who would otherwise (if ownership of the goods had passed to the buyer) prevail over your right to the price of the goods.

A romalpa clause is acceptable to most buyers. However, a buyer may wish to negate, or at least limit, the application of your rompalpa clause. If so, the buyer should specify in their purchase order when title to the goods passes from you to them.

Purchase Order

The buyer will set out their terms and conditions in a 'purchase order form'. Purchase order conditions normally begin with an introductory clause that determines which set of conditions shall prevail in the event of a conflict between the buyer's purchase order conditions and the seller's conditions of sale.

The purchase order can be an extensive document, including everything from cancellation and damages, to variations to order/s requested by buyer, and verbal instructions.

Return of Goods

The purchase order will probably include a clause on rejection/return of goods. This clause specifies the circumstances under which the buyer may reject and return your goods. It may also specify the consequences of such rejection. The clause may allow you to repair and replace the goods or it may allow the buyer to cancel the order and recover damages.

Hint: Sales Confirmation, Conditions of Sales and Purchase Order checklists can be found under Legal Checklists on www.marketnewzealand.com

Getting samples through customs

You may need to obtain permits for your samples when travelling to a market – check this out in advance to ensure you don't get burnt financially when you arrive in the country or have your samples confiscated.

For most countries, whether or not you pay any entry fee for samples will depend in the first instance on their value. If it is under a certain amount (for example A\$250 in Australia) then samples often won't attract duty. Always travel with a commercial invoice to verify their value. Customs officers will have a schedule they can refer to if they want to confirm the value you place on the samples is correct.

Whether you have to pay taxes or duties for samples will also depend on the quantity of goods you are travelling with. If it is a large amount Customs may deem that you are in the country to sell them, in which case import duties, tariffs, quotas etc. will apply. They will come down heavily on you if they think you intend selling them and you don't have the required documentation. You may sometimes be given the option of defacing the goods to ensure they are not saleable.

ATA Carnet

One option to save time, money and hassles when bringing samples into a country is to have an ATA Carnet. This is a Customs document that facilitates the temporary export of goods overseas. It is valid for up to one year. Many countries recognise ATA Carnets, including Australia, Hong Kong, USA and the UK. Special conditions may apply and need to be checked out for each country.

The Wellington Regional Chamber of Commerce is the sole guaranteeing and issuing association for New Zealand. A service fee applies, so whether or not you go for the ATA Carnet option may depend on the value of your samples and how many times you intend visiting the market.

Hint: To find out more about the ATA Carnet visit their website on www.wgtn-chamber.co.nz and search ATA Carnet

Most Customs agencies publish information about bringing samples into the country on their websites. The following are excerpts from the Australian and US websites:

Australia

Business travellers carrying commercial goods or samples may need to obtain permits for their goods depending on the nature of the goods, regardless of value. Quarantine and wildlife regulations and other restrictions may also apply to certain goods. A customs entry for Customs clearance may be required if the goods carried are valued over A\$250.

The Australian Customs Information Desk can be contacted via email information@customs.gov.au
Fax + 61 2 9213 4043 or on its website www.customs.gov.au

USA

You have several options available for facilitating the movement of commercial samples into and out of the United States.

1. Payment of Duty

You may elect to pay any applicable duty and/or taxes upon arrival. This releases the samples to the authorised importer, enabling them to move freely within the United States to be either sold or exported at the importer's convenience. If the imported merchandise is exported in the same condition as declared upon the original payment of duty, it may be eligible for drawback (i.e. repayment of duty/taxes paid).

2. Temporary Importation Under Bond (TIB)

Samples used solely for taking orders for merchandise may be eligible for admittance into the United States without the payment of duty under a Temporary Importation Under Bond (TIB). The condition is that the samples not be sold and that they are exported within one year from their date of importation. An extension of the bond period can be granted for a total of three years, after which time the importer becomes liable for liquidated damages in the amount of the bond.

3. ATA Carnet (as above)

For more information on taking samples into the USA visit: www.cbp.gov/xp/cgov/travel/businessgov/samples.xml

Freight

Freight is often one of the most expensive costs to designers exporting their products to foreign markets, especially to the Northern Hemisphere. There are a number of different means of transporting your product such as by sea or by air and you can work with several organisations like customs brokers, freight forwarders, couriers, shipping companies and air express companies in the process.

Often it takes a period of trial and error before you find the method that works best for you and your buyers. Many New Zealand manufacturers choose to use an overnight courier service to supply their Australian buyers because as well as being fast and effective, the less time the product is in transit, the greater chance there is that it will arrive intact.

Hidden costs

Buying and selling products internationally requires the completion of an extensive and growing list of documentation and the payment of associated fees. No one likes paperwork, but if the documentation is not completed or is completed incorrectly, the cost to your business will be significant and can include delays clearing your products through Customs, permanent confiscation of the goods, fines and ongoing scrutiny every time you import or export goods. On top of this your buyer is likely to penalise you harshly for late or non-delivery.

Tough new security rules mean that if you make a mistake in the paperwork or make false declarations, (for example not declaring samples), as well as losing the goods you could end up on a Customs intelligence database for life. Information on such databases is increasingly being shared between countries such as New Zealand, the USA and Australia. This could mean you are rigorously scrutinised every time you move goods through Customs or bring samples into a country, or worse, in the USA you

and your garments could simply be refused entry. We recommend that when you start out in business you meet with a freight forwarder or customs broker to determine what documentation you will be required to complete for import and export, and what fees and associated costs you need to work into your budget, for example biosecurity fees, compliance fees, quarantine costs and landing fees, as well as duty requirements. They can also advise on freight options.

Customs brokers and freight forwarders are listed in New Zealand business directories under those headings. A list of those affiliated to the Customs Brokers and Freight Forwarders Association (CBAFF) is also available at www.cbaff.org.nz. Some customs brokers specialise in the import and export of textiles and apparel.

Tariffs and duties

Tariffs are a system of customs duties payable on imported goods. The rates can vary widely according to product category and country of origin. Therefore, they can affect your product's competitiveness against domestic suppliers and imports from other countries, so must be taken into account when considering your selling price.

To identify a duty rate for your product in your target market you need the New Zealand tariff number and description (the New Zealand Customs Service can help you with this – see the Resources section). The actual duty the product attracts in market needs to be checked against the tariff of that country.

Following are outlines of duties and taxes in foreign markets favoured by New Zealand apparel exporters as at September 2004. Note that as of 1 January 2005, the World Trade Organisation has announced it intends to eliminate all duties and quotas on garment and textile imports/exports throughout the world. This liberalisation is currently being vehemently protested by textile and garment manufacturers in many parts of the world, excluding China. To find out the latest on the WTO textile and apparel trade liberalisation and the likely impact on your business, talk with your New Zealand Trade and Enterprise Account Manager.

Australia Duties and Taxes

- * Due to the free trade agreement (ANZCERTA) between New Zealand and Australia, our two countries enjoy mutual duty free movement of goods which have 50% or more New Zealand/ Australian content. Tariffs on imported clothing not subject to preferential entry have been reducing. They are currently 17.5% and will eventually decrease to 10% from 2010 and 5% from 2015.
- * The following documents are required for export - a completed Customs Entry or Informal Clearance Document, commercial invoice, packing slip and a Bill of Lading or Air Waybill. If claiming duty free entry under ANZCERTA you need to provide a Declaration to support the entitlement. A copy of the form is on the Customs website - www.customs.gov.au. If requested, you need to be able to provide evidence to verify your claim of 50% local content.
- * To qualify for duty free access, all garments exported to Australia must be labelled 'Made in New Zealand'. The label must be permanent, prominent and legible.
- * Garments may be labelled 'Made in New Zealand' if they have over 50% New Zealand content even if the manufacturing/making process started in another country but finished in New Zealand.

- * Garments must be labelled with care instructions (based on the Australian/New Zealand Standard) and fibre content. In general, the requirements are for a list of fibres in order of dominance.

Australia has a Goods and Services Tax of 10% which is applicable to most imports including apparel. This is payable by the importer.

France Duties and Taxes

- French importers/retailers are not likely to know what duties garments imported from New Zealand will attract. It is therefore important to have worked this out in advance. Generally, the import tariff (regulated by EU law) for apparel is between 10 - 14%, depending on various factors such as where the garment was manufactured and what materials have been used.
- In France, the importer must pay an additional sales tax (VAT, or TVA in French) of 19.6%, payable at the goods' point of entry into France.
- By law, the only information that must appear on a garment's label is its composition. The garment's size, cleaning instructions, origin and the manufacturer/company's logo or name are not required on the label.

Hong Kong Duties and Taxes

- Hong Kong is a free port. Duties are only levied on four groups of commodities: Hydrocarbon oil, alcoholic beverages, methyl alcohol and tobacco.
- Hong Kong has no capital gains tax, sales tax or withholding tax.
- An import licence is required for exports of clothing and textiles from New Zealand to Hong Kong. The agent, distributor or retailer is responsible for obtaining the import licence. If regular consignments are being exported to Hong Kong it is best to register under the Trade and Textile Register System (TTRS). This enables the license to be valid for a year. Otherwise the agent/distributor/retailer can apply on a case-by-case basis.

Italy Duties and Taxes

- New Zealand companies entering the Italian market are strongly advised to examine EU as well as Italian laws.
- Import tariffs are based on the harmonised system and paid on the landed cost on an 'ad valorem' basis (i.e. expressed as a percentage of the C.I.F. or cost, insurance and freight value of the imported goods). Generally, the import tariff for apparel is between 10 – 14%. In addition, IVA (the Italian equivalent of GST) is charged at the standard rate of 20% and is payable at the point of importation, usually by the importer. (No duty is payable on goods in free circulation within the European Union.)

- There are no general requirements existing in Italy for imports to be labelled with the country of origin. However, certain specified commodities must be labelled to show composition and name and location of manufacturer in accordance with various Italian laws and regulations. There are penalties for infringement of these regulations. Italian law does require all textile products, both domestic and imported, to be labelled in Italian with the registered trademark or style of the producer, manufacturer, importer, or retailer and names of fibres used with percentage of composition listed in decreasing order.
- Advance ruling on the classification of goods for customs purposes (i.e. the applicable customs tariff number) may be requested from the Minister of Finance in Rome. The request should describe the product, the materials it was made from, and other details needed to classify the product correctly. While a decision is not binding, the advance ruling usually will be accepted if the imported goods are found to correspond exactly to the full description given when requesting the ruling. Requests should be addressed to the following:
Ministero delle Finanze
Direzione Generale delle Dogane e Imposte Indirette
Ufficio Technico Centrale delle Dogane
Viale America 242
00144 Rome
Tel.: +39-06-9648826; Fax: +39-06-5910993

Japan Duties and Taxes

- Generally, the import tariff for apparel is between 7.4% – 12.8%.
- Consumption tax is 5%.
- Labelling for apparel is regulated under the Household Goods Quality Labelling Law.
- Japanese law requires that products be properly labelled at the time of sale. Most of the time, Japanese labelling appears to be attached by the importer or vendor before the time of sale.
- Labelling in Japan has to be in the Japanese language in a readily visible form.
- Information to be included on the label relates to quality (ingredients, performance, handling, etc.); composition of fibres (for all textile products); method of care such as home washing; and water repellency.
- “Country of origin” labelling for apparel is not required by law, however, as it is important information for the consumer, it is included on labels.

United Kingdom Duties and Taxes

- Import tariffs for apparel are generally between 10-14%. New Zealand Trade and Enterprise’s office in London can assist with identifying the correct tariff classification code and the applicable duty rate. Value Added Tax (equivalent to GST) is 17.5% on all apparel with the exception of childrenswear. VAT is calculated on the CIF price plus duty at the point of entry.
- There are no quotas on products wholly made in New Zealand.

- Fibre content labelling in clothing is mandatory as laid down in the 1986 Fibre Content Labelling of Textile Regulations. The basis of these regulations is that the label must include information on the main fibre types used and their percentages – for example wool 80%, cotton 20%.
- Country of origin labelling is generally speaking not compulsory. However, it is necessary to have an origin label if without such a label the consumer would be misled as to the true origin of the garment.
- Care labelling, i.e. the inclusion of washing instructions, is not mandatory in the UK, however it is strongly encouraged. It is recommended to use the GINETEX symbols – the system used throughout Europe. Reference: <http://www.ginetex.org>

United States Duties and Taxes

- The US textile industry is highly regulated and product must comply with strict labelling requirements.
- Duties on textile and apparel imports are determined by the fabric content and country of origin. Duties as at September 2004 are as follows (note that these are likely to change considerably as of 1 January 2005):
 - natural fibres 4-6%
 - wool 25%
 - manmade fibres 12-15%
 - blended fibres – based on the higher dollar value content, not necessarily the higher fabric content
- Apparel items must be clearly labelled with country of origin (written in full), on the inside of the neck. Fabric composition percentage labels may be attached elsewhere.
- The marking and labelling of wool products is governed by two distinct laws: The Wool Products Labelling Act (WPLA) and the Textile Fibre Products Identification Act (TFPIA). While there is some overlapping of requirements, exemption from one law does not necessarily entail exemption from both.
- Textile apparel articles must also comply with the Flammable Fabrics Act (FFA). The Consumer Product Safety Commission (CPSC) is the primary enforcement agency of flammability standards and inspects for compliance with the FFA.

GETTING PAID

“Before we open an account with a retailer, we must have three good referrals with other designers dealing with that retailer. We are very strict with retailers who do place orders with us and we always expect to be paid on the 20th of the month following delivery.”

– Anglea Hood, Lewis Design.

It is essential to establish your terms of payment with retailers from the outset. Trading terms depend on the country you are dealing in, and the type of store – department stores tend to work on seven day discounts to 30 days, and independents can vary from pre-payment, cash on delivery, to 30 days. For new stores, a 50% deposit upon confirmation to process the order is recommended, with the balance received before shipping. The point is, to make a deal that best suits you and your retailer – minimising any risk for you.

Some exporters suggest that newcomers contract the services of a factoring house, which will supply advice on which retailers are the best to deal with. A factoring house will check a retailer's credit rating as well as chase those retailers that are slow to make payments.

“The easier it is for a retailer to pay you, the more likely it is that you will get paid on time.” – Angela Hood, Lewis Design.

Many exporters set up a bank account in the overseas market they are dealing with and then issue retailers with direct credit slips so they are able to make payments directly into those accounts in their own currency. This saves them the hassle of having to convert currency themselves or send cheques offshore.

Others prefer to pay with their credit cards, so it might be beneficial to set up a credit card facility within your business. These days many retailers flatly refuse to place a deposit when ordering, preferring instead to pay on delivery.

“Don't make paying a deposit part of your terms, and make sure you have G.S.T and freight sorted out before selling. It is also important to make sure agreements are relevant to Australian consumer law, as it is too confusing being asked to sign things that relate to New Zealand law.” – Joanne Griffin, Blondies, Melbourne.

Many established exporters warn against exporting on sale or return, as this can be costly. It is sometimes a strategy used by new designers wanting to get their foot in the door with a particular store. If your product sells well in the store then great, however, if it doesn't and the goods are returned you will be responsible for all of the costs including freight to and from the store.

DEBT COLLECTION

While there are some very good payers, overall the apparel sector has been known to be a slow payer. The best protection against slow or non-payers is to have clear payment terms established at the time of sale.

This can include a policy on returns and what action you might take if someone is taking too long to pay you or simply has not paid. This should be written down. Some designers factor in discounts for prompt payment such as 5% on seven days. This helps the designers to manage payment issues and also have greater control on their cash flow.

If a retailer has been slow in paying you, one of your key considerations will be what on-going relationship you want to have with that store or buyer. You may be prepared to work something out if you think that there is potential for ongoing business.

There may be telltale signs that a retailer is experiencing cash flow issues. One of the most common is an increase in the number of garment returns, or wanting to return garments for seemingly inconsequential reasons. You will need to determine if the returns are legitimate or not. You should also consider the general economic outlook and your history with that particular retailer. For example – is the market depressed at the moment? Or is this a one-off event in an otherwise great business relationship?

If the situation appears more serious then you will need to take action. Generally, agents do not provide debt collection services. However, word spreads very quickly and your agent should be able to advise you on which stores are experiencing difficulties. There are specialist debt collection services available in most markets. These include small companies that provide a friendly pro-active service to protect your ongoing relationship with that buyer.

Most designers are happy to share information about stores and how good they are at paying, so don't be afraid to ask others.

PUBLICITY AND PROMOTION

“We find that having a publicist or PR on the ground in an international market is very advantageous for us. It helps us to gain editorial coverage which helps raise both the profile and the demand for the label.”
– *Tulia Wilson, Zambesi.*

In competitive offshore markets, implementing a strategic public relations (PR) strategy is the key to attracting media and consumer attention. Fashion marketing tends to be driven by public relations rather than advertising – very few designers can afford to advertise in key fashion publications – so creative PR is essential to gain editorial coverage and co-ordinate any promotions.

However, the advice of public relations experts does not come cheaply. PR consultants can charge as much, and sometimes more than \$USD200 per hour in markets such as the United States.

A survey of fashion PR consultants in the UK showed that many advised new designers to allocate a minimum of GB£5-10,000 annually for public relations in the first three years of market entry.

Many designers choose to have their press kits put together in New Zealand for a considerably less expensive rate and then employ PR consultants offshore to provide them with introductions and links to influential journalists and celebrities.

“New Zealanders need to realise that when they enter those markets they are competing for attention with other designers who have spent years building up contacts with magazine editors, fashion journalists and celebrities. The days of wandering around with your samples in your suitcase reciting your rags to riches stories are over. Media people need you to be slick and organised and they want everything made easier for them so it is crucial to have a press kit put together before you go.” – *Josie Vidal, Fashion Publicist.*

It is also important for New Zealand designers to understand that PR overseas is personality driven rather than product-based.

Take designers like Calvin Klein, Giorgio Armani and Ralph Lauren for example. They are celebrities in their own right and often times consumers will buy into their brands in the belief that they are buying a small piece of that celebrity.

Designers need to make themselves physically available in their offshore markets so that they have a chance to meet face to face with influential media players.

“You need to be in the minds of the media as often as possible so that they will automatically think of you or your clothing if a relevant story comes up. Your PR agent should be contacting these people regularly not only to promote you and your work but also to find out what their next article or photoshoot is going to be about and how they can slot you into that.”

– *Josie Vidal, Fashion Publicist.*

Many overseas publicists operate their own showrooms. Here they will keep a sample range from the designers they represent and invite fashion editors and stylists in to have a look at the beginning of each season. The showroom is then responsible for letting the clothing out for inclusion in editorial photoshoots.

"I am not of the belief that all media exposure is good PR. Before you let any of your clothing out for a shoot you must find out exactly how it is going to be used, by whom and alongside which other labels. Everything has to fit with the image that you are trying to promote."

– Murray Bevan, Showroom 22.

Where your clothing is featured can also influence buyers as well as consumers. Publications such as Jane and Nylon in the United States, I-D and The Face in UK and Oyster in Australia often feature clothing that is then picked up by prestigious buyers simply because of the cache that these publications carry. Similarly, trade publications work well as most retailers read them from cover to cover. You will need to be able to provide samples to your PR agent well in advance of each season, so that they can plan, promote and obtain editorial ahead of publication deadlines. This is an additional sample range to the one that you need to provide to your agent or distributor for selling.

In selecting a public relations consultant you should consider:

- Price – make sure you are getting value for money and insist on regular progress reports.
- Their contacts – how extensive is their network of contacts and does it contain the fashion editors of publications that you would like to be featured in? They must understand how to position your brand to achieve optimum coverage.
- Other clients – who else are they representing? Try and choose a PR agent who has clients that are similar but not directly competitors to you and your label. This helps because they will have had some experience dealing with a label of a similar calibre to your own.
- The celebrities they know. In fashion PR celebrity connections are crucial when it comes to pushing a product, for example Karen Walker and her label gained huge media exposure when Madonna wore a pair of her pants to the MTV awards several years ago.
- Research their background. Ask opinions of other designers or journalists, particularly in the market in which you are looking to employ a PR agency. Check out fashion magazines to evaluate editorial coverage on designers, and find out who they are dealing with.
- Request three to four consultants to quote for their service, but only after providing them with a short brief about yourself and your label. Evaluate them against the above points, but also in regard to how willing they are to really understand your label and product range – they must be enthusiastic in order to get behind your brand and support it 100%.

TRADE SHOWS

It is important to at least visit trade shows to stay informed of international trends and developments. If you intend to exhibit, fully research what is involved, especially with regards to the cost, as this can be prohibitive for a developing designer.

If you are more established and considering a catwalk show, bear in mind that catwalk shows are primarily for publicity purposes, aimed at raising awareness for your label. They do not tend to immediately influence sales although they can affect your image and the desire for your product over the long term. The tendency is that the more directional and cutting edge the range is, the more impact it will have on the catwalk.

All international fashion shows (including both static exhibition and catwalk shows) require submissions to the organisers to be accepted before you can take part.

How to decide whether to participate in a trade show or catwalk event

There are three broad categories of trade events: trade only, public or a mixture of the two. Apparel shows tend to be trade only (which includes media), although they sometimes have a public day at the end.

There are a variety of ways in which you could choose to participate in a trade event including:

- An individual stand;
- As a member of a group stand (e.g. a New Zealand pavilion);
- As a participant in a catwalk show only (as an individual or part of a group show). You may also choose to take a trade stand to support your catwalk show;
- As a participant only.

Reference: A trade fair planning checklist is available on the www.marketnewzealand.com website under the section called *Market Intelligence – Exporter Information – Checklists*.

Many people recommend attending a trade show first as a participant before committing to a stand. It is a good idea to talk to the show organisers and you can usually get a lot of good information from them to assist you in making a decision. However, remember that they are sales people so they will often try to sell you booth space without consideration of whether you are ready (financially or production wise). Only you are able to make this decision. Areas of expense to consider include;

- participation fee
- cost of models – including well known names and celebrities costs more than drawing from the general pool of models
- the cost of a stylist to give your show or section its unique and special edge
- graphics and printing costs for your programme
- goodie bag

Sponsorship is a popular avenue of funding to help you participate in a big event. Remember though, your sponsor shouldn't conflict with the major event sponsors.

“Don’t leave things to the last moment. It creates stress and anxiety and flying by the seat of your pants can be pretty scary and not pleasant for those around you.” – Gaye Bartlett, Gaye Barlett Promotions.

Fashion weeks

Participating in a fashion week takes a huge amount of time and energy, so it’s critical you do everything possible to maximise the opportunity. If possible, build relationships with targeted buyers beforehand. Be proactive, invite them to your show giving some indication of the looks you will be presenting, a short background on yourself and your website address. When they arrive for the event phone to confirm that they are coming to your show and check if they are bringing someone with them. That way you can prepare a sensible seating plan. Consider seating targeted buyers next to committed buyers who might act as an evangelist for your label.

Have your staff meet buyers at the end of the show to ask how they liked it and whether they want to view your collection. If you are a new designer you’ll have more chance of enticing buyers to view your collection if it’s at a showroom on-site or within walking distance of the venue. Once there, sell the range. A good salesperson – not necessarily the designer – should talk through the range, explain the stories behind it and the design philosophy and how the pieces work together.

Buyers will also be assessing your company in professional terms so make sure you have a good order book with sketches, fabric swatches, style names, colours, descriptions, size range and terms of trade. Make sure you can provide pricing relevant to them.

The media are critical to success in the fashion industry – so as well as buyers, target media most important to your business. Find out who is coming and how you can access them, what planned media events are organised and when you can supply your packs to the media centre.

Have set objectives in place for each meeting with buyers and media and have a system in place to capture notes and required follow-up. As well as the planned approach be ready to grab opportunities as they arise. It’s critical you can articulate in 30 seconds what your range is about and your philosophy. Don’t be too self-effacing. The media want a good story and you are more likely to get coverage if you give them a hook or angle – something that is distinctive about you and your collection.

Hint: Your New Zealand Trade and Enterprise client manager may be able to put you in contact with other designers who are also thinking about participating at an international trade show.

Show tips from Pieter Stewart, NZ Fashion Week Ltd

- each show must be short, sharp, strong and individual
- make your show different – stylists can help pull together the whole look – hair, artwork, makeup, casting, choreography – to make your show a stellar performance
- choose models who can walk and have attitude – bad models can pull down your whole show and are an embarrassment to watch
- celebrity models might be recognised in New Zealand, but overseas buyers won't have a clue who they are
- pay attention to details such as shoes
- speed up shows – you should have several models on the catwalk at one time
- record your garments on camera at fitting – the dresser can then see how they are meant to look
- provide a run sheet for everyone in the audience – most buyers and media write their notes on run sheets
- buyers and media generally like to work in the day and relax in the evening
- the quality of fabric and production of garments has to be exemplary
- you don't have to ply guests with drinks – it's unlikely to create more sales
- buyers want to see something relevant and fantastic
- work at lifting every aspect of your game

MARKET PROFILES

New Zealand apparel and textile companies currently export to a very limited number of countries, although these have diversified dramatically in the last couple of years. Below are outlines of the following markets

- Australia
- France
- Hong Kong
- Italy
- Japan
- United States
- United Kingdom

Contact your NZTE client manager for detailed market profiles.

Australia

Australia is New Zealand's largest and most established export market for fashion, taking around 70% of total apparel exports.

The country has a large and competitive fashion sector. Australian research company IBISWorld estimates that revenue from clothing retailing will increase over the next five years to \$10.3 billion in 2008-09 (figures in 2003-04 constant dollars), representing an average annual increase of just 2.2% per annum.

Key factors influencing market growth include GDP, household income and household consumption expenditure. IBISWorld forecasts for these are:

Economic Forecasts: 2004 - 2009			
Year	Real GDP Growth (%)	Disposable Income Growth (%)	Household Consumption Growth (%)
2005-06	3.5	2.7	2.5
2006-07	4.0	0.4	2.9
2007-08	3.2	3.7	2.9
2008-09	3.0	2.1	2.5

Source: IBISWorld, Clothing Retailing in Australia, June 2005

New Zealand fashion is seen as offering unique and fresh design and has a reputation for high quality. As such, new designer labels are in demand.

Most New Zealand labels sell through an agent or distributor, although new designers may start by selling direct to selected stores and building up interest in the label.

Designers sell mainly through department stores and independent boutiques (usually owner operated single entities) with only a handful of New Zealand companies operating their own retail outlets in the market.

Department stores are estimated to account for 35-40% of total women's and men's clothing sales, according to IBISWorld. Total revenue from department stores was over \$15.6 billion in 2003-04, with clothing and footwear accounting for nearly 40%. Department stores in Australia are refocusing on fashion, and have aggressively pursued designer labels to enhance their own brands and to generate higher returns.

In this competitive retail environment, boutique buyers are increasingly discerning about the new labels they invest in. They are looking for strong design, high quality finishing and excellent customer service along with a level of exclusivity of product, in order to differentiate themselves from any nearby department stores and boutiques.

The Australian buying seasons for designer fashion are generally April/May for spring/summer and September/October for autumn/winter although buying times are creeping forward. Buyers are also increasingly looking for new stock during the season to keep their stores fresh and interesting.

Given the population spread, the eastern seaboard states of New South Wales, Victoria and Queensland make up the majority of apparel sales. Sydney, Melbourne and Brisbane have large established economies and a high number of retail clothing stores. Perth in Western Australia is also a growing market for designer apparel. Popular fashions, colours and styles can vary somewhat between the states and this is mostly the result of the climate differences. For example, given the warmer weather in Sydney and Brisbane, it is not common to see heavy knits or fabrics, they are generally light to medium weight.

Melbourne is the headquarters for Coles Myer Ltd which owns national retailers Myer (department stores), Target and Kmart. Sydney is the heart of the Australian media as well as being the main buying centre for tourist and duty free outlets and the headquarters for David Jones Ltd, the national department store group. Queensland presents opportunities for resort, swimwear and other leisurewear.

Consumer Profile

Market Segments	Market Share
Generation X (aged 29-40)	39%
Baby Boomers (aged 41-59)	34%
Generation Y (aged 11-28)	24%
People aged 60+	3%

Source: IBISWorld, Clothing Retailing in Australia, 2005

According to IBISWorld:

- The baby boomer generation makes up a large proportion of the workforce, particularly in management areas, which tends to require more formal business attire. Many baby boomers are also not concerned with brands and status, instead focusing on comfort, price and quality. Baby boomers tend to lag and avoid fashion trends leading to less frequent clothing purchases.
- Generation X spends a higher proportion of their discretionary income on clothing. Fashion trends and brands also appeal to these buyers.
- In recent years, the growth of spending power of Generation Y has increased. These buyers have grown up on brands and spend a high proportion of their income on clothing. They follow fashion trends, which leads to frequent clothing purchases, particularly in casual wear. This segment will increase in size as more and more of these consumers enter the workforce.

Like New Zealand, the Australian population is aging, and this will have implications for apparel suppliers looking for niche opportunities.

Pricing

New Zealand designers have been able to command good prices in this market. It is important to determine pricing with reference to competitive and complementary brands available in the market. Pricing should be quoted to buyers in Australian dollars and should include insurance and freight. The average retail mark up is 100% but can be as much as 150% or more.

Recommended Entry Strategies

- * Visit the market. This gives you valuable information on the retail outlets you may wish to target, the labels they currently stock and which labels you see yourself hanging alongside, as well as pricing and other general impressions of the market. Ensure you visit regularly once you have established accounts, to build and maintain relationships with your customers, and get feedback first hand.
- * When selecting an agent it is critical that they will work proactively to develop your label and in turn that you support your agent by listening to their feedback on what the market requires.
- * Be professional and disciplined in your quality control and delivery schedules, and have a good debt management plan in place. Poor quality or late deliveries will result in returned or cancelled orders. Retailers are working to tight selling schedules, which have become more pronounced as the major department stores have tended to go to sale earlier.
- * Develop a marketing and communications strategy to support your sales and build brand awareness. This may include participation in one of the trade or consumer fashion events. As the market becomes more and more competitive, a dynamic public relations strategy is becoming a critical success factor.

France

Home to many of the world's most revered couture houses, France enjoys a virtually unparalleled reputation for its glamorous, trend-setting fashions. Paris, one of the world's leading fashion capitals, is an international gateway without equal. Its biannual fashion shows and trade fairs attract more journalists and buyers than any other fashion week. Travelling from Japan, the USA, the Middle East and elsewhere, buyers flock to Paris in huge numbers to meet with existing suppliers and discover new talent. The hundreds of apparel companies that show in Paris do so often to target international rather than simply French or European stockists, agents and buying offices. French trade fairs can, in this way, represent a springboard for designers into markets both within and outside Europe.

The French apparel market, one of the most competitive and mature in Europe, remains largely unexplored by New Zealand exporters. The success achieved in France by a number of Australian labels, such as Akira, Eastern Pearson and Katie Pye, demonstrates that market barriers such as seasonal differences, high transportation costs and import tariffs are not insurmountable. The Australian experience would suggest that opportunities exist in the French market for designers of stylish, innovative, high-end apparel from any part of the world, no matter how distant.

The distribution channel offering most potential for New Zealand designer labels is high-end, multi-label boutiques. Although they tend to buy in small quantities, the international exposure for labels stocked by these outlets - which are monitored by international buyers and journalists, and highly-coveted by French and foreign designers - is potentially very great. Given their high status, such outlets can help make or break the reputation of a lesser-known label globally.

The French apparel and textile industry is the second largest in the European Union and is characterised by a high number of companies ranging from the very small to large multinational groups. Around 50% of apparel manufacturers are located in and around Paris. The rest are concentrated mainly in the North of France (mainly in Roubaix and Tourcoing) and in the Rhône-Alpes region (mainly in Lyon). With 1,251 companies employing around 94,300 staff, the sector remains one of the pillars of the French economy. In the private sector, only the automobile industry employs more workers.

The fashion industry has undergone huge changes in recent years, notably due to rising levels of cheap imports from Asia, North Africa and Eastern Europe. One effect of this has been to drive clothing prices down for the final customer. In order to remain competitive, leading players in the market are now sustained by overseas operations in low-cost countries such as Tunisia, Morocco, Spain, Portugal, Turkey and Eastern Europe. Others increasingly source their products from more cost-efficient manufacturing bases with cheap labour costs in Asia.

Following the abolishment of apparel import quotas by the European Union from 1 January 2005, clothing imports from China to the EU and France exploded in the first three months of 2005. For certain categories of garments, such as socks and cotton underwear, imports into France grew by between 700-1,000% compared to the first three months of 2004. After some initial hesitation, the EU successfully lobbied China to self-impose export restrictions on certain categories of apparel. Faced with cheap imports notably from China, India and South-East Asia, French apparel and textile companies, like their counterparts in other EU countries, are fearful about the future of the sector. Each year, thousands of jobs are lost as companies close due to the Asian competition, who are able to produce medium- and high-quality garments for up to a third of the price of that in Europe. The number of clothing manufacturers has decreased by around 25% in France over the last 10 years. Leading French textile and apparel groups are responding by investing in research & development to develop high-tech products with high added value that differentiate them from Asian exports. France's leading apparel suppliers are China, Italy, Tunisia, Morocco, Spain, Portugal, Belgium, Tunisia and India. Major export markets for French apparel are Germany, Japan, the USA, the UK, Italy, Belgium, Spain, Switzerland and Hong Kong.

Market segments

Womenswear is the leading segment of the industry, with sales of 12.1 billion euros in 2003, accounting for 50% of total turnover (24.6 billion euros).

In 2003, menswear had a 33% market share, with sales of 8.2 billion euros. Experiencing growth of 1.5% (demand for womenswear grew by 1.4%), menswear was the most dynamic segment, fuelled by an explosion of interest in fashion among young males.

Baby and childrenswear, the smallest segment, commanded market share of 17% with a turnover of 4.3 billion euros in 2003.

Retail outlets

The retail distribution of clothing in France has traditionally been highly fragmented. Independent stores remain the largest distribution channel in terms of value, followed by chain stores/franchises, hypermarkets and supermarkets, large low-end clothing superstores, mail order, department and variety stores and sporting retailers. Chain stores and large clothing superstores have experienced the fastest growth over recent years, at the expense of independents and other traditional outlets.

Consumer profile

There has been a shift among French consumers away from formal wear to more informal clothing. Streetwear, and in particular jean clothing, are two key growth areas.

An increasing percentage of consumers now favour comfort over elegant clothing. Garments made from new and innovative materials such as lycra, elastane, and microfibre/lyocell have increased in popularity. A further trend is for ecological clothing which includes the use of fabrics with natural materials and colouring.

As in other markets, French women are the most sensitive to fashion and likely to engage in impulse buying. They like to buy garments that can be easily mixed and accessorised. French women also tend to demand stylish, high-quality clothing. Ready-to-wear for working women is another segment that has seen market growth in recent years. Per capita expenditure on womenswear amounted to 154 euros in 2003.

French men tend to be more price-wary than women and less interested in fashion, although this is changing. Many men now own diverse and increasingly fashionable wardrobes. In particular, there has been a recent increase in demand for casual, stylish office wear, resulting in lower sales of formal wear such as suits. Per capita expenditure on menswear reached 116.5 euros in 2003.

Another trend is for parents and grand parents to spend more per capita on their children, with a shift towards the purchase of more expensive, quality garments.

Overall, French customers are increasingly demanding when it comes to pricing and quality. They tend to check the competition and aim at getting the best value for money. A growing percentage of consumers now buy clothing only during the biannual sales periods in France.

Pricing

The French apparel market is highly competitive and mature. It is therefore critical that New Zealand exporters carry out research in France to determine whether their products are likely to be able to compete. French importers/agents deal in euros and usually ask for the price in CIF (Cost, Insurance and Freight). Agents in France, often working with a showroom, charge a commission ranging between 10 - 20%.

Retail margins vary, with the mark-up ranging from 150 (low-end stores) to 260-300% (top-end boutiques) depending on the type of outlet and market positioning of the clothes sold.

Recommended Entry Strategies

- * Opportunities exist in France for New Zealand fashion designers exporting innovative, high-end garments with a point of difference and high-quality finish. The high costs associated with travelling and exporting to Europe may be prohibitive for smaller labels.
- * The first step is to visit the market and investigate retail outlets, pricing of competitors' garments, materials used, French sizing and fashion trends. The best time to go is during either of the two annual buying seasons, when the various apparel trade fairs are taking place. The Autumn/Winter collections are being shown at the end of January and in March (and in June for men's fashion). Buyers arrive in Paris in September and October for the Summer/Spring collections. New Zealand Trade and Enterprise Paris can offer advice on which fairs would be the most appropriate to visit (see www.modem.fr for more about the different fairs).

- * Consider exhibiting at a trade fair. To bring down costs, think about forming an enterprise network with other New Zealand designers.
- * Develop a smart marketing package, with a strong concept or story expressing the originality of your garments.
- * It is recommended that local representation be sought (either from an agent or importer), although multi-label boutiques prefer to buy direct from the manufacturer.
- * Ensure that delivery deadlines are respected and that garments are consistently of high quality, both in terms of the finish and the fabrics used.

Hong Kong

New Zealand-based apparel exporters are relatively unknown to Hong Kong consumers with total export sales hovering around the NZ\$6.2 million mark in 2003. However, there are opportunities within the Hong Kong market for those exporters with product that is high in innovative design, quality and functionality.

In Hong Kong apparel retail outlets span from street markets selling cheap merchandise through to high-end luxury label retail chains.

The Hong Kong clothing retail sector comprises eight distinct types of retail outlets: luxury label chains, department stores, specialist by function e.g. Royal Sports, international “brand” outlets, mid-market “brand” outlets, national discount specialty chains, local retailers and street markets. Retail outlets that could hold potential opportunities for New Zealand exporters are department stores and specialist by function stores.

In some cases retailers may demand exclusivity of labels. It is suggested that market research should be undertaken to ensure suitable retailer/s are identified. Hong Kong buyers place orders in February/March for Northern Hemisphere winter and September/October for Northern Hemisphere summer. High-fashion buyers will generally be attending fashion weeks over this period, and will not be in Hong Kong.

The retail “sale” period in Hong Kong is from mid-July to the end of August for the summer ranges and the end of December to the end of February for winter ranges. However due to the current economic downturn in Hong Kong, the “sale” period has been extended.

Consumer Profile

The people of Hong Kong are generally very brand conscious, prepared to pay for quality – and love to shop! The “new rich” of China perceive Hong Kong as the region’s shopping Mecca and will visit Hong Kong purely to shop. The Chinese purchase primarily luxury items such as high fashion and top of the line outdoorwear.

Sizing in Hong Kong is generally smaller than western sizing. Regular sizes in Hong Kong are New Zealand sizes 8 to 12. Size 6 and 14 will also be ordered, but only in small quantities.

Pricing

Retail margins range from 50 to 300% plus. It is difficult to give accurate percentages as retailers do not like disclosing this information and much depends on the “type” of retail outlet.

Recommended Entry Strategies

- There are opportunities for New Zealand exporters to find success as niche marketers of high-end apparel that is of high quality and has a point of difference. It is not recommended that New Zealand exporters target the low to mid-value apparel market such as, cheap casual and dress wear, as they will find it hard to compete with cheap manufacturing countries such as China, Sri Lanka, Bangladesh and Pakistan.
- Keep in mind that Hong Kong has a very short winter and long summer. The temperature ranges from 20 to 32 degrees for nine months of the year. Over the winter months (December to February) temperature will drop to 10 degrees or below.

Italy

Italy is renowned worldwide for its highly fashionable apparel, with companies like Giorgio Armani, Dolce e Gabbana, Gucci, Prada and Missoni well known the world over. Italy does not produce a significant amount of natural fibres; rather it is a primary textile and apparel producing country.

Italy has long prided itself for its ability to produce both high-end and low-end products that compete well against French luxury goods and cheap clothes from China, Bangladesh and India. Until recently, its track record has outshone rivals in other developed countries (notably the UK, France and Germany).

Through 2001, revenues for Italy's textile clothing sector rose steadily to 47.8bn. Exports grew to 28.9bn and the sector trade surplus of 14.8bn accounted for one-third of the country's overall manufacturing trade surplus. However, in 2002 and again in 2003, revenues slipped, exports fell slightly more rapidly but imports remained steady. As a result, the sector surplus narrowed by 1.4bn each year and, for the first time ever, Italy's textile-clothing sector has experienced a twoyear dichotomy between imports and exports. The world economic depression and higher cost of

raw materials are big contributing factors, however, there are also new market factors involved. The lifting in January 2005 of EU import restrictions on clothing and textiles from Asia is not expected to worsen the trend. Despite the huge labour cost differential between Asian countries and Italy, the Italian industry remains competitive in other areas due to higher productivity, and competitive strengths such as innovation, quality, creativity, design and fashion. The Italian industry has also been successful at adopting new technologies, with regard to both information and communication technologies, and new production techniques.

Moreover, the fragmented retail market (half of all sales are generated in small shops) means there is relatively little bulk-buying of cheap imports. The majority of Italian consumers continue to aim for quality and the "Made in Italy" label and, generally, retailers and distributors of Asian-made goods do not pass on the savings they make at the wholesale level.

However, pressure is mounting on the Italian industry. Asian manufacturers, particularly Chinese, began purchasing Italian textile and clothing machinery more than 20 years ago, and during the past 10 years have increasingly bought the latest equipment. As a result, Italian industrial districts that specialise in low-end merchandise are beginning to suffer. In 2003, the sector's employment fell to an estimated 570,000 from 609,000 in 2002.

For the past ten years or so, Italy's larger clothing manufacturers at the medium and higher end of the market began outsourcing more labour-intensive operations (which have less added value) to countries in Eastern and Central Europe and Magreb. The geographic proximity of those countries enables Italian manufacturers to ensure fast turnaround, quality control and a feel for fashion needs.

Luxury goods makers, such as Gucci, Prada or Armani, continue to produce every item in Italy, even if some parts are first prepared elsewhere. Executives say consumers would not buy these garments if they were not made in Italy.

Italy has a population of 57.8 million and is known for its many large urban centres - Rome, Milan and Naples all have populations of more than a million people. With a concentration of industrial workers and a population exceeding one million, Milan is considered the major commercial centre of Italy. The area bounded by the three northern cities - Milan, Turin, and Genoa - is often referred to as the industrial triangle and it is roughly within this area that the highest standard of living prevails.

The Piedmont and Lombardy regions together account for about one-third of Italy's gross national product. They are the richest and most sought-after markets in Italy. Two central regions, Tuscany and Emilia-Romagna, with a population of more than four million, are also centres for economic activity, most significantly textiles and footwear. Further south, the capital city of Rome, Italy's largest city, is an important marketing centre and serves as a distribution hub for other parts of central and southern Italy. Naples, a large port city serving Rome and the south, is an industrial city whose importance is continually increasing under government development programmes.

Competitive Environment

Italy has an extremely fragmented distribution system which makes it difficult to coordinate on a "part-time" basis. There are approximately 17,000 retail outlets per million inhabitants, as opposed to 5000 per million in Germany and 7800 per million in France.

Although the predominance of small, family-owned stores and the disproportionately large number of point-of-sale outlets are viewed as causes of market inefficiency, the present retail system survives mainly due to the complexity, extent of existing regulations and because of the powerful influence of small shop keepers' organisations. In recent years, however, the structure of the retail market for clothing and footwear has begun to change. Chains of mono-brand shops have appeared throughout Italy, either run directly by manufacturers or franchised.

Competition for top quality goods is increasing as the trend for factory shops grows, allowing designer brands to be sold at discount. Specialist magazines and web sites list companies operating in this area, eg www.guidaspacci.it. China is the leading supplier to the Italian market, accounting for 10.1% of total imports. Germany and France follow with 9.9% and of 8.5% respectively. Romania, Tunisia and Turkey come fourth, fifth and sixth and account for a total of 15%.

Pricing

Italian importers are very price sensitive, since the many existing layers of distribution result in high mark-ups and margins. Once products enter Italy and 20% IVA (GST equivalent and based on the CIF value plus duty) is added to clearing costs and duty, at least two mark ups must be added (the importer's and the retailer's). At retail level, the margin is typically higher than 100%, which the importer's mark-up varies according to type of product, existing competition and market prices.

Payment terms in Italy are lengthy - around 90 days or longer.

Recommended entry strategies

Italy is a very competitive market, both in terms of price and quality. It imports natural fibres from New Zealand but textile and apparel imports from New Zealand are negligible and limited to those companies with well established brand name recognition.

New Zealand exporters should attempt to target market niches, since the majority of the market is supplied by domestic companies - that are also very competitive internationally and, generally, very hard to compete against.

Companies should capitalise on the New Zealand image and peculiarities, especially in market segments where New Zealand enjoys a positive or winning image - such as yachting, rugby, extreme sports and nature-oriented sports and activities.

The last two America's Cup events have made New Zealand culture and style more familiar to Italian people and brought out a heightened interest in sport and enjoying life outdoors. Because Italy is such a highly competitive market, it is important to identify a local distributor with a well-developed marketing network, as well as the ability to provide after sales service. Reliability, marketing assistance, punctual delivery and after sales service are key factors in maintaining an edge over competitors and successful business relationships in Italy.

Brand awareness (frequently achieved by means of expensive advertising campaigns) is often the key to success.

You should note that Italy's size standards differ significantly to those in New Zealand.

Japan

The Japanese fashion market is very sophisticated, with consumers being one of the highest per capita spenders on cosmetics, beauty products and fashion. Japan still looks to the main centres for fashion trends, but increasingly overseas brand designers are inspired by Japan's street fashion.

Statistics on the size of the Japanese market vary, but one source suggests that in 2002 women's apparel sales were 2,360 billion and men's 1,091 billion yen (NZ\$1 = 70 approx.). Over the years the apparel market has become polarised: Japan is extremely strong in high-end fashion and luxury brands, with consumers at this end of the market not hesitating to pay for top class items, while at the other end of the spectrum consumers looking for value for money are driving demand for lower priced items at outlets such as Uniqlo. The high disposable income group includes single women living at home, often referred to as OLs, or office ladies.

Many new retail outlets have opened in Japan, including the major fashion brand shops.

Redevelopments in Ginza, Omote-Sando and Roppongi in Tokyo feature some of the largest outlets in the world for luxury apparel brands.

The New Zealand fashion industry is not well known in Japan and any recognition gained to date has been achieved via exposure at international shows. Some buyers have commented on the strong spring/summer collections of Southern Hemisphere designers, including Karen Walker.

While some in the industry are keen to learn more about the fashion industry in the Southern Hemisphere and how it differs from the Northern Hemisphere, most are reluctant to spend time visiting the market.

Buyers perceive the seasonal gap between the Northern Hemisphere and the Southern Hemisphere as a major obstacle to visiting New Zealand. Japanese buyers normally place orders for their autumn/winter collections in February and March and for spring/summer in September and October. Their budgets for autumn/winter will not be fixed by January.

Pricing

The margins for apparel vary by type of outlet and the products, but retail prices tend to range between 250-350% of FOB prices.

Recommended Entry Strategies

- You should start by promoting directly to buyers and then appoint an agent if you want to diversify your business once sales are established.
- The advantage of using an agent is improved exposure to buyers and media. Media have a very strong impact on the Japanese market. There are more than 30 magazines for women's fashion and over 50 for women's general interest.
- The buyers of select outlets import directly and visit major overseas collections, mostly Paris and Milan, with fewer going to London and New York. They also buy through agents in Japan and visit showrooms in overseas markets. Agents import samples by ATA Carnet from designers before the season starts, and then invite buyers and media to help generate orders and raise awareness.
- Buyers are always looking for innovative ideas so it is also important to maintain regular contact with potential buyers and agents. Most are keen to learn about men's apparel as well as women's.
- Developing relationships with buyers and agents is key to success so you need to ensure good, ongoing communication.
- This market can be fickle, and while interest in a style of product can heat up very quickly it can cool down just as rapidly when interest moves elsewhere. It is therefore essential you have a brand strategy in place in order to stay in the market rather than try and rely on interest created by the media. Gaining buyer recognition followed by consumer interest is likely to result in a more stable market presence.
- Japanese women like to look small, young and slender, so often wear tighter fits. Sizing is important and having a range that includes smaller sizes and tighter fits is useful.
- You should consider visiting the market to gain a better understanding of trends and to meet with contacts.

United Kingdom

The United Kingdom (UK) apparel market is one of the most competitive, with every major apparel brand in the world having a presence there. London is the focus for the designer fashion sector, particularly as more than 80% of British designers are based there. There are an increasing number of foreign-owned stores with designer labels and upmarket retail brands becoming established in the fashion sector, and a London flagship store is considered essential.

There are niche opportunities in the UK apparel market for New Zealand exporters, however a significant commitment in terms of resources is necessary to gain a foothold in the market and to maintain sales for the long term. Designers need to be committed to a minimum three to five year plan for entering the UK market, in order to establish a base from which to build awareness and grow sales. Garment ranges from New Zealand need a strong “story” or concept as well as quality finishing, design ingenuity and competitive pricing to be attractive to both buyers and consumers. Market research can assist in providing information as well as identify opportunities for designers to work collaboratively. However, there is no substitute for physically visiting the market to identify positioning at retail and meet with potential representatives or buyers.

The shape of the clothing and fashion industry in the UK has been formed partly by the country’s unique retail structure, with the largest department stores and specialist clothing chains controlling around 75% of the market.

Department stores are very demanding in regard to supply and trading terms and they are notoriously difficult to deal with in London, as long lead times are often required in order to secure appointments to show ranges. Department stores are currently attempting to reinvent themselves, through renovations, new store openings and upgrading offerings.

Specialist chain stores predominantly stock their own branded products, but are important players in terms of competition. Selling to independents is much less daunting initially than selling to the department stores, however it is necessary to have an UK agent to service these. It should be noted that in the current retail climate, there is a decline in the number of independent retailers looking to buy designer labels, as they are progressively squeezed out by the major stores and chains with their greater marketing resources and economies of scale.

A recent survey conducted on the British designer fashion sector uncovered that many retailers feel that designers lack business management skills, and are often concerned about consistency of delivery. These are key factors for New Zealand designers to take note of, particularly given the distance to market, and they must focus on becoming more professional in regards to quality, price and on time delivery. There is an increasing trend towards designers developing direct relationships with retailers, through partnering with well-known manufacturers.

The key buying periods in the UK are much earlier than in the Southern Hemisphere. As in the US, there are two main buying seasons, although buying on indent throughout the season is becoming increasingly popular. From January to March, buyers are looking to buy for the following Autumn/ Winter (delivered into store from July to September), whereas from August to October, buyers are looking at the following Spring/Summer (delivered into store from January to March). The international fashion show schedule (New York, London, Milan and Paris) takes place for a month during February and again in September, and UK buyers are typically not available for meetings during this time.

The climate has a significant bearing on retail sales, with winter the longest season. Consumers tend to escape to warm destinations over the January/February period, which requires some retailers to stock 'resort wear' in December, occasionally meaning earlier spring/summer deliveries.

Consumer Behaviour

In 2002, consumer spending on clothing was estimated to be approximately £32 billion, of which 55% was specialist women's clothing. The designer fashion sector has shown the strongest growth over the past decade, trebling to a value of £600 million. However, it is expected that fashion's share of the total retail market will decrease over the next five years, as consumers demand greater value for money, and margins are squeezed as a result.

Other trends include the increasing importance of branding as consumers buy clothing with a strong identity. Dressing down is also on the increase, particularly in the workplace, which presents an opportunity for smart casual wear manufacturers and designers. Choice is exercised widely by consumers, and is no longer retailer-dictated. However, the increasing trend by retailers of rapid stock replenishment is generating regular and repeated customer visits, as they shop more often to check out new designs.

Pricing

Prices should always be quoted to buyers in GB Pounds and CIF (the total of cost, insurance and freight). Retail margins for apparel tend to be much greater than in New Zealand retail, and can range from between 100% to 350% of the UK wholesale price. There are many factors that can affect this calculation; including product positioning, retailer type and location, expected turnover, and whether an agent/distributor is chosen or products are exported directly to wholesalers or retailers. Quite often at the high fashion end of the market, garments will be priced in the UK at almost the equivalent of New Zealand retail - pound for dollar.

Recommended Entry Strategies

- Consider gaining experience working as a designer for an established manufacturer, before setting out to design your own label. This enables you to gain the necessary business skills and experience before taking on the responsibility of your own company.
- Develop a business plan – breaking into an international fashion market such as London requires long-term commitment and a strategic approach.
- Ensure that your range has strong points of difference and individuality (vital in a highly competitive and over-supplied womenswear market) and an identifiable target market – investigated through visiting and studying the market first hand.
- Local representation in the form of an agent, manufacturer's representative or importer/distributor is crucial to establishing relationships with retailers over the long term.
- Price competitively – research equivalent labels in the market.
- Ensure that you have the capability to increase volume as and when necessary, particularly when called upon for short orders.

- Ensure that your range has some trans-seasonal elements, as buying and delivery periods differ significantly from those of the Southern Hemisphere. • Invest in a UK publicist or PR agent to help drive awareness of your brand.
- Consider exhibiting at a trade fair to build awareness, as well as your number of stockists. Make sure you market your label prior to the show.
- Consistently maintain a high level of quality and finish.
- Ensure consistency of delivery – avoid late deliveries at all costs, as this affects your income reputation, and does not help your sell-through (the percentage sold at full cost on the shop floor).
- Be prepared – develop a strong package of information about your label, a striking sample range, as well as a well-researched pricing list.

United States of America

New Zealand apparel is starting to gain momentum in the USA with several high-fashion designers now stocked in some of the country's most prestigious stores. Knitwear and activewear/outdoorwear apparel are also growth areas.

To successfully enter the US market and establish a sustainable exporting effort requires a significant investment of time and resources. It can take two to three years to generate a network of contacts within the US apparel industry to begin to build a solid business foundation - and start realising a return on your investment.

Companies should make sure that they have researched the market in-depth to be able to determine whether there is a demand for their particular products. Many designers will find that seasonal differences, high freight costs and increased competition make exporting to the United States prohibitive.

The US apparel market is essentially located on Manhattan Island and New York represents about 60% of the buying power for clothing for the entire American market. Apparel shows and selling generally fall into the two main buying seasons of spring/summer and fall/winter. In February buyers are looking to place orders for the following fall/winter.

In September they are buying for the following spring/summer. As well as these key dates, there are several market weeks per year when buyers visit showrooms. It is also important to note that mature design houses, such as Ralph Lauren, Liz Claiborne, Jones New York for example, ship up to ten deliveries per annum. Designers therefore need to discuss delivery cycles with the buyer to ensure they are working off the same songsheet, and indeed are able to deliver to their expectations.

The US apparel industry is extensive, mature and highly fragmented. It is also very competitive. The bottom line is very important to apparel retailers in the US market and the competitiveness does not allow much room for error. An estimated 23,000 apparel buyers visit New York City several times each year for the six to eight market weeks and 65 annual trade shows. In the US, consumers buy apparel and footwear from a variety of retail outlets ranging from department stores, specialty boutiques, chain stores, mail order, discount stores and via the internet. Although some retailers are prepared to buy direct from manufacturers, even if businesses are located overseas, this does not always work in the long term. Successful New Zealand exporters have found a good agent or distributor essential to building sustainable business in the US.

All companies interested in coming to the US market should subscribe to WWD (Women's Wear Daily) and to a lesser degree DNR (Daily News Record). WWD covers the entire industry and will cover pertinent men's wear stories if there is major industry news (i.e. such as a designer moving from one house to the other). DNR is often just an abridged version of WWD, concentrating on menswear.

Consumer Behaviour

Female consumers in the US have three requirements when shopping for clothes: selection, value and convenience. These consumers want to be able to buy what they want, when they want it. Retailers therefore have to be able to offer what the consumer wants in terms of selection and availability. This also includes regularly introducing new styles to continually lure consumers back to the stores. Current trends within this sector are a return to individuality and uniqueness at the upper end of the market.

Pricing

In terms of positioning, retailers tend to double the wholesale price to establish the retail pricing of an item; this gives a 100% mark-up. In some cases it may even be greater.

Recommended Entry Strategies

- Have a strong point of difference.
- Identify your target market.
- Employ local representation in the form of an agent, manufacturer's representative or importer/distributor.
- Pay attention to your pricing structure as price is a key consideration for retailers and agents.
- Ensure that you have the manufacturing capability to meet orders from the United States. They can be much larger than orders for New Zealand or Australia.
- Visit and study the market first hand.
- Invest in a publicist or public relations agent.
- Consider exhibiting at a trade fair.
- Maintain a high level of quality and finish.

BEYOND market entry

Now that you have started making sales it is important to make sure that you have thought about how you are going to support your agent and retailers to ensure that they place orders next year. The goal: sustainable, growing export sales!

Review your year

Some of the things that you should consider in your review are:

Evaluate how your range has sold each season

- Which pieces sold well and why?
- What about the pieces that didn't sell well – was the fabric too heavy or was the style not exciting enough?
- Did you encounter any price resistance?
- What parts of the collection should be carried on to the next season?
- How many returns did you have and for what reason?

Evaluate your stockists

- Who has sold the most and least pieces and what is the reason for this?
- Which retailers have been the most supportive?
- What feedback have you received and how will you incorporate that feedback into your next range?
- Who has been good at paying and who hasn't? Are you still owed money?
- Do you want to continue with all of your retailers or add more stockists?

Review your relationship with your agent or distributor

- How has your market representative performed? Not just in financial/sales terms but also in terms of their feedback and support.
- Are you happy with how things are going – how could the relationship be improved?
- Have you been supportive of your agent and listened to their feedback? Remember it isn't all one way.

Review your relationship with your public relations representative

- How has your PR agent performed? What coverage have you had?

Hint: it is a good idea to have a review period written into any contract you have with your agent, distributor or publicist and ensure that you do actually review the relationship formally at that time. This has been shown to be a critical success factor in managing representatives in offshore markets.

Keep informed of the trends

It is important for you to stay up to date on key trends in your export markets. You can do this through a variety of ways, such as subscribing to the key trade publications and magazines, feedback from your retailers and agent, attending trade shows and through visiting the market.

Grow your relationship with your market representatives and retailers

Those designers that have been particularly successful in exporting go the extra mile to stay in touch with and visit the market on a regular basis. There are key events that you may want to structure your visit around, such as the Melbourne Spring Racing Season in Australia, which is a peak fashion time.

Ensure delivery and quality control

It is critical to ensure that you are consistently providing quality garments and that you deliver to your end buyer as agreed. Retailers are under increasing pressure and sometimes only have a small window of opportunity to get new stock into the store. In Australia for example, the department stores are going to sale earlier and earlier. This places pressure on smaller and independent stores to follow suit.

resources

Publications

New Zealand Trade and Enterprise has two main types of resources for designers.

- 1 Industry Scoping Reports. The Designer Fashion Industry in New Zealand, A scoping study commissioned by Industry New Zealand and written by Paul Blomfield in 2002, is available from New Zealand Trade and Enterprise.
2. Exporter Information on www.marketnewzealand.com. This New Zealand Trade and Enterprise website has a range of resources to assist you including:
 - The Guide to Export
 - Pricing Checklist
 - Trade Fair Planning Checklist; and
 - City and Country Guides.

Information can be located under the section titled market intelligence - exporter information.

Key trade shows

- Air New Zealand Fashion Week – www.nzfashionweek.com
- Mercedes Australian Fashion Week – www.mafw.com.au
- New York Fashion Week – www.mbfashionweek.com
- Hong Kong Fashion Week - www.hkfashionweekfw.com

Organisations

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FINZ is an organisation for the fashion industry – promoting it wherever possible, lobbying for its interests, and encouraging partnerships that will magnify its influence.

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New Zealand Trade and Enterprise (NZTE) is the government's trade and economic development agency. Using its network of offices in New Zealand and around the world, NZTE works with businesses to help grow their international competitiveness, profitability and capability.

As the first point of contact for all enquiries, the Enterprise Hotline provides immediate assistance and advice on business capability and exporting matters, along with access to organisation support. This includes information on NZTE funding and business assistance programmes, and referral internally to the sector teams or externally to other government or ally organisations as appropriate.

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