Executive Summary

A challenging export situation awaits China's apparel industry, with key markets experiencing financial difficulties and local manufacturers struggling to keep prices competitive amid elevated costs.

The country sent overseas about 29 billion clothing pieces worth more than $153 billion in 2011. While volume declined 1 percent compared with 2010, shipment value was 18 percent higher YoY. Markups contributed largely to the revenue increase.

In general, businesses are cautious with their projections for the coming months. A large number anticipates sales to stay the same as the previous period or climb only slightly. Nevertheless, there are several companies looking forward to brisk growth.

To raise product competitiveness and encourage orders, suppliers are enhancing the usability and visual appeal of their recent releases.

Key findings

1. Shipments to the US, the EU and Japan will still be emphasized in the months ahead despite weakened demand. While suppliers are exploring alternative destinations such as ASEAN countries and the Middle East, orders from these areas often bring in minimal profits. Cultural and religious restrictions also limit the styles makers can export.
2. Companies anticipate labor outlay to continue going up at an annual rate of 10 to 15 percent. The yuan's appreciation is projected to be capped at 2 percent this year.
3. Rates for natural and synthetic materials are currently on a downturn. The decline in cotton values, which started April 2011, caused a shift in the cost of other inputs. This direction, however, is not expected to last until the end of the year, especially as cotton supply may be reduced during the latter months.
4. Businesses intend to augment prices to cover higher expenditure, but adjustments will be kept within 10 percent to prevent turning away buyers.
5. Considering the uncertain market situation, most suppliers are going to maintain capital investment at present levels or confine additional spending to 50 percent.
6. Product performance is highlighted in the latest releases. Among the properties being improved are breathability, water and wrinkle resistance, drying capability and warmth retention.
7. Recent styles are simple and conventional. Adornments and construction details are usually few. Bright hues are popular in most lines.

Scope & methodology

This report covers the major products of China's apparel industry, namely tops, bottoms, dresses, outerwear, sports apparel, and suits and separates.

The products and prices section details the typical features of various releases in each category. In addition, it provides the prices and distinctions of low-end, midrange and high-end models.

The Industry Overview discusses the challenges faced by the sector, including reduced orders from key markets and concerns regarding material costs.

Zhejiang, Jiangsu and Guangdong provinces are the main manufacturing centers for apparel. In this report, 38 percent of interviewees keep head offices in the first location. Thirteen percent is from Jiangsu. Nearly 10 percent is Guangdong-based.

Three-fourths of featured suppliers are private locally owned. Ten percent consists of SOEs and public companies.

To produce this report, Global Sources interviewed a wide range of enterprises. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times by Global Sources to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into price trends, sales outlook and target markets in the next six to 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

Global Sources supplier rankings

★★★★★★

Suppliers are ranked using a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.