

# Sourcing Shifts

The Quest for a Faster and  
More Agile Supply Chain

PRESENTED BY

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Higher costs - and now the US-China trade war – are not the key drivers behind apparel sourcing moving out of China

### INDUSTRY INSIGHT:

More sophisticated buyers are using more variables to calculate cost.

**Impacts on cost:** Price of the goods, Lead times, Agility, Logistics  
*(China is still the fastest, most flexible and has the best infrastructure.)*

Buyers see tariffs as just another cost.

Today, buyers are concerned about **global risks** – there's a move to greater **diversification as a hedge.**

Speed is now one of the top criteria when evaluating where to source.

- Domestic supply of raw materials
- Infrastructure (access to ports and port efficiency)
- Worker productivity

We're seeing an increasing move to digitization.

There's demand for **greater transparency** throughout the supply chain.

**Inventory = Risk + Cost**

**The Goal:** Keep inventories as low as possible



# The E-commerce Effect

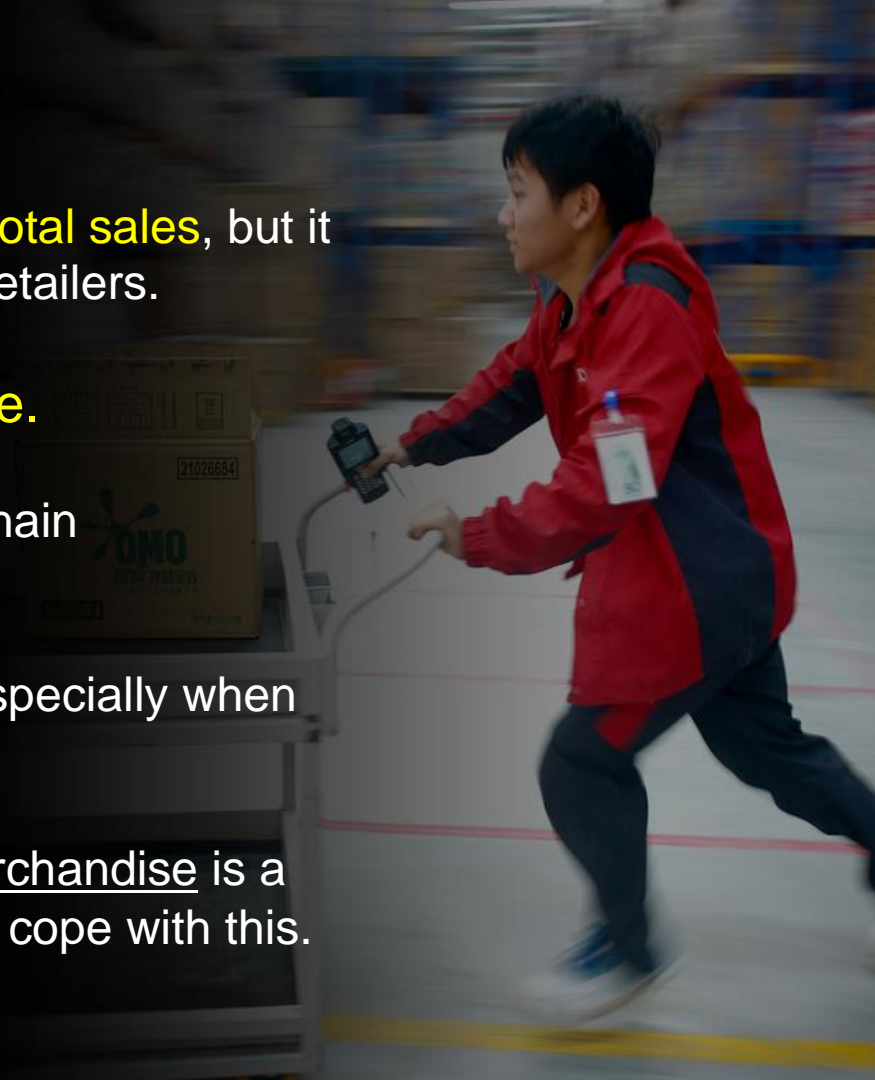
Online sales still account for only **10-20% of total sales**, but it has had a massive psychological impact on retailers.

**The focus has shifted to competing online.**

Online is driven at least as much by supply chain management and logistics as it is by product.

**Fulfillment** is a problem for most retailers – especially when competing with Amazon Prime.

Managing much higher levels of returned merchandise is a challenge. Most retailers lack the systems to cope with this.





# New services for New Challenges

- A greater openness to using 3PL.
- Recognition of the need to digitize.
- More strategic use of logistics to manage inventory.

## Speed Bumps

- No downtime when new systems can be implemented.
- Change management is difficult given the complexity of the apparel supply chain.

Need plug n' play **services that can be implemented incrementally.**



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