

SECTOR: Consumer Products and Services

SUB-SECTOR: APPAREL

Officer: N. Peacock

U.S. Market Opportunities: The U.S. apparel market has suffered through a difficult year experiencing a 4.5% decline in domestic shipments. While consumer spending increased by 1% the beneficiaries were the low cost Asian producers and importers. The long awaited turn around did not materialize and most suppliers were content to merely survive. Inventories at retail level continue to be held to a minimum. This has led to a 20% increase in the number of manufacturers and retailers implementing the QR (Quick Response) system. Tied to this is the increasing use of EDI (Electronic Data Interchange) by both buyers and sellers.

Forecasted growth in retail apparel sales in 1992 is expected to be 5-6%. This will likely favour the 40-50 year old age group with a disposable income that would indicate medium to better priced merchandise requirements.

While New York will remain the focal point for apparel buying, the increasing use of regional markets by buyers - particularly the Midwest and Southwest areas - merits the attention of Canadian exporters. This is particularly so in the men's and children's sectors as well as women's.

Canadian Capabilities: The depressed state of the domestic industry and the restraints on cash flow have made it difficult for companies to undertake new export marketing activities. The increased use of QR and EDI requires Canadian suppliers to consistently invest in export marketing. However, with the interest and cooperation shown by industry in the development of the Fashion Apparel Sector Strategy and with the proven ability of Canadian apparel producers to respond to specific opportunities 1992/93 may prove to be a better year.

Strategy: - To build on recent Canadian successes in the major New York and other niche markets by expanding into less developed but lucrative regions (the Midwest , Los Angeles), where product opportunities (eg.menswear, womens apparel) are significant.

- To improve and expand the image of the children's wear sector by developing and implementing a cooperative strategy with the industry and CAMA.