

Kimtex: value strategy

By Andrew Jobling, WGSN, 21 August 2012

Tanzer Gözek, coordinator at Turkish fabric maker Kimtex, says success is about trends, quality and understanding the end-user.



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- Focusing on the end-user's requirements at the fabric production stage is important - the responsibility for a garment's success is a shared one
- Optimism for the future is high, based on the theory that China's development will see its clothing market boom. That will make it harder for Europeans to buy from China, and from those supplying it, while also creating a market for higher-end fabrics
- Developing strong brands is seen as important for the Turkish industry, harnessing its current strengths and helping it grow into the next stage of development

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Turkish woven fabric company Kimtex has a clear strategy for success, and it's one that is seen in various forms throughout Turkish textile and garment manufacturing.

The country is not a leader on price but it does have many other advantages that can be leveraged: speed, small-order capacity and fashion knowledge being some of the main ones. The large orders and long-range forecasting usually associated with Asian production have become much less compatible with consumers now they are spending less frequently and more carefully, and Kimtex coordinator Tanzer Gözek says being successful is about offering customers the right combination of everything.

"We want to offer the best value-to-price ratio," he said, adding that value is quality and trend at a reasonable price.

"Trend, quality and speed is more important than price, because for a €50 pant we are selling the fabric for €5 and if we sell for €4.50 it's not going to be significantly helping the retailer in their overall competition. If they want to succeed they need to buy quality, trend and definitely speed."

End-user focus



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Kimtex, which says it has the biggest fabric capacity in EMEA, has clients that include Ann Taylor, Gerry Weber, Zara and Marks & Spencer. Working with such major retailers means the company is right in the middle of high-street fashion trends, producing for both the client's needs and market realities, and Gözek says the starting point for everything is to focus on the end-user.

“When you look at the brand, you have to understand the end-user,” he said. “We try to see what the end-user is looking for, and try to adapt our capabilities as a result.”

That's particularly important when considering the purchasing decisions of consumers. Gözek says there are four stages: when a customer sees the fabric of the garment; when they touch it; when they try it on and decide to buy it; and then, after several washes, whether they like the quality enough to go back to the same retailer for another item.

“We believe we have a great responsibility to construct a long-term product quality strategy with our retailer partners,” said Gözek. “But another thing is the trend issue. Fashion is a driving engine for the textile industry. If quality is 50% of the business, fashion is the other 50%. We have to make sure that our retailer partners and end-users will see the best designs, colour combinations and the best finishes for that season in the stores.”

Changing dynamics

Gözek says that he has seen a number of changes in the market, including a renewed focus on quality.

“Now, as I see the behaviour of retailers in the last 2-3 years, the mid-market retailers are all shifting to better-quality fabrics and they increase the percentage of their buying portfolios for higher-quality fabrics every year,” he said.

There are two reasons for this, Gözek said. Firstly, the consumer profile is changing and they are looking for more quality in their clothing, and secondly the economic factors at play mean that the proximity and flexibility that near-market countries can offer is more appealing.

“They are checking the stock turnover rate - buying from the Far East is not as easy as buying from Europe and Turkey,” he said. “You have to guess what you will sell six months later and it's very dangerous. In Europe and Turkey, you can produce repeat orders within the season so your success probability increases.”

The big question, of course, is whether consumer and retailer buying patterns will return to their pre-crash levels and bring with them a returning focus on low-cost mass consumption and the sourcing patterns that go with it. But Gözek thinks not.

“Buying from China is not easy because the domestic market is growing rapidly and it doesn't require as high a quality as Europe or the US, so it's more profitable for a Chinese mill to produce for China,” he said.



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It's a compelling argument when the maths are taken into account. As the wealth of the population increases, if each Chinese person buys just one more item of clothing a year, that's already 1.3bn extra items of clothing needed.

“In the next five years it will be really hard for major manufacturers to buy from China and also other countries that are supplying to China,” said Gözek. “The first wave of Chinese development hasn't adjusted lifestyles yet, but I think the second wave will affect lifestyle dynamics. We will see the effects of this wave until 2020, and Turkish and European producers will be producing for China within the next five years – 10% of the Chinese population is rich and will require high-end products. That's another dynamic to consider.”

Of course, escalating production costs in China are already provoking sourcing shifts to other markets, and Gözek said that is another important dynamic.

“We're already experiencing a benefit due to higher prices in China,” he said. “That will be continuing for at least another five years.”

Industry future

Gözek says that playing to its strengths is the key to success for the Turkish industry, with strong trend and quality levels not only vital but “the reason for our existence”. There is still something missing though, he said.

“I think today, the industry is a big nice tree with big roots and nice green leaves, but we don't have our fruits yet – our global brands. We have to construct our global brands within the next 10 years. On the industrial and production side, there is nothing more that I can say that we should be doing, but now is the time to construct brands.”
