

SECTOR BRIEFING: APPAREL & FASHION 2020



OUTLOOK 2020

All the data, along with industry leaders' sentiment, points to 2020 being one of the most tumultuous years for the sector in quite some time.

We are facing both sector-specific challenges and macroeconomic pressures coming together in a perfect storm. The sector is particularly exposed to the latter, by virtue of its global supply chains.

The outlook is challenging across all territories and price points. The key to winning in 2020 will be preparedness to weather this storm, along with an ability to take bold, quick decisions that capitalise on fewer opportunities more competitively.

"Global fashion industry growth will slow to 3-4% in 2020"

A GLOBAL VIEW

The WTO reduced its global trade volume growth forecast for 2019 to 1.2%. The WTO has warned that its 2.7% growth forecast for 2020 is dependant upon "more normal trade relations" ensuing - something which is, very much uncertain.



The UK service sector contracted in September. Annualised output of the German economy was the lowest in six years.

Chinese GDP growth slowed to 6% in the third quarter. Chinese global exports were 3.2% lower than last year and 22% lower to the USA. Japan's exports have fell throughout 2019. India's economy is growing at its slowest in six years.



The USA service sector slowed to a three-year low in October. There are indicators that the USA is headed for recession.

THE BEST PREPARED WILL BE THE WINNERS

Facing such a challenging commercial environment, the key to success this year will be twofold; a focus on earnings over revenue, and preparedness to face commercial challenges whilst mitigating operational risks. Those that take these steps early and are prepared to react when opportunities arise, have the opportunity for winner-takes-all successes.

RESILIENCE IS KEY

There is much evidence from the last financial crises that those companies which weathered the storm best, were the ones that prepared early to mitigate the risks facing them and made decisions quickly thereafter.

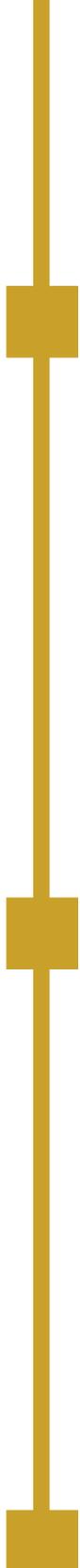
The quickest, easiest and cheapest way to achieve this is to focus on earnings over revenue in order to attain a strong cash position.

Not only does this provide a cushion against unexpected shocks but, vitally, it provides the opportunity to capitalise on opportunities as they arise in a turbulent environment at a time when many competitors may well be weakened.



"By the time the downturn had reached its 2009 trough, the EBITDA of the most resilient players had risen by 10%, while their industry peers had lost nearly 15%"

McKinsey, The State of Fashion 2020



Step 1

Undertake a comprehensive review of your credit policies, processes and systems to maximise revenue.

Step 2

Get paid quicker with optimum credit control resources.

Step 3

Maximise earnings by ensuring all outstanding revenues are collected by utilising expert debt collection and legal services.

How can this help?

The first step is ensuring your credit policies are optimised in order to encourage maximum sales whilst mitigating the risk of non-payment (essential in such tumultuous economic times). This is a quick and effective means of boosting productivity which can have huge effects on the top-line with little internal resource or investment required.

Next we look to ensure vital earnings are maximised, so that the cash-position of the company can be improved. Again, we seek to target parts of the operation which will require little internal resource or investment to optimise - by ensuring you get paid quicker on existing sales, you can boost your cash position enormously for merely the outlay of some extra customer-contact. Professional credit control can thus make for an extremely good investment.

Finally, we look to maximise cash by minimising waste - and we target that waste which is easily minimised - bad debt. This is to say that for no up-front outlay, one is able to engage expert debt collection facilities and legal services which can collect on the company's bad debts and boost its cash position with revenue which may otherwise have simply been written-off, or not collected until much later.

Baker Ing represents a consortium of Credit Directors, that we support within our global collections infrastructure, encompassing end-to-end receivables management

Apparel specialists

We are the leading providers of Litigation and Debt Collection within the Apparel Sector.

We have deep knowledge of the sector and a wide breadth of experiencing working with some of the biggest brands in the world.

*67% EMEA
collection
success in
Apparel this
year.*

Our approach

Our clients tend to value us most when failure to collect, or collecting badly, is simply not an option. We are here to minimise risks of poor performance and provide more client-control whilst delivering flexible niche expertise and scalable operations.

*54% global
collection
success in
Apparel this
year.*

SOME OF THE BRANDS WE SUPPORT



Timberland



HELMUT LANG



Please ask about attending the Let's Talk Credit Fashion Forum - a by-invitation forum for senior credit professionals in the apparel and fashion sector.



FOR FURTHER INFORMATION:

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