The Clothing Manufacturing industry is highly globalised, and imported products from low-cost countries dominate the market for cheap, fashionable clothing. However, UK manufacturers have been able to hold their own in the luxury clothing market, with the high quality associated with British brands ensuring strong demand for UK-produced clothes both in the domestic market and further afield. The sharp depreciation of the pound since the EU referendum in June 2016 has been a further boon to this trend, as British goods have become more competitive on global markets. The industry’s performance has also been bolstered by the establishment of a number of government schemes promoting UK-manufactured products and supporting the wider textiles manufacturing sector, such as the Made in Britain and the Exporting is GREAT campaigns. As a result, industry revenue is anticipated to grow at a compound annual rate of 0.4% over the five years through 2019-20 to just under £3.2 billion.

Lower wage costs in emerging economies put domestic manufacturers at a competitive disadvantage, as they are unable to effectively compete on price. However, as the value of the pound depreciated in the aftermath of the EU referendum, the relative cheapness of imported clothing was diminished. Import revenue subsequently

Low-cost imports dominate the domestic market

Import 2015-20 CAGR: 1.4%

Strong demand for luxury clothing has supported exports

Export 2015-20 CAGR: 3.8%

The high quality associated with British labels has maintained industry demand
New Threads: Support for UK Exports Benefits Industry Growth

decreased by 2% in 2017-18. Moreover, gradual growth in wages in countries in Asia has further reduced the competitive advantages of overseas manufacturers. Nonetheless, imports are expected to remain strong in the coming years, continuing to threaten the performance of the Clothing Manufacturing industry.

Though UK manufacturers struggle to contend with their international counterparts in the production of basic clothing, the high quality associated with British brands has ensured that demand has continued to grow, particularly in emerging economies. The Made in Britain campaign, established in 2013 through the Alliance Project, has been instrumental in supporting this. The aim of the campaign is to promote demand for British goods by signalling their quality, as UK manufacturers have to comply with mutually agreed standards to be accredited. In November 2015, the Department for International Trade launched the Exporting is GREAT campaign, a five-year programme that provides export opportunities worth an estimated £300 million to UK businesses. A number of companies have also benefited from their possession of a royal warrant, which has helped operators such as industry leader J Barbour & Sons to assert and market the quality of their brands.

The positioning of UK brands at the higher end of the clothing market has been key, with industry analyst Gaetana Mak stating that ‘the association of many industry participants with luxury has allowed them to make gains, particularly in emerging markets where incomes are rising’. As a result, industry export revenue is expected to rise at a compound annual rate of 3.8% over the five years through 2019-20.

The Regional Growth Fund and the Textiles Growth Programme have provided further support for the industry through capital grants. Clothing manufacturers have been awarded funding to be used to improve manufacturing facilities, purchase capital equipment, and invest in workforce training and R&D. Growing environmental awareness and ethical consumerism has provided a further avenue for industry growth. According to the Ethical Consumer Markets Report 2018, ethical clothing increased by 19.9% and purchases of second-hand clothing for environmental reasons grew by 22.5% over 2017. A number of operators have altered their products and processes to capture a share of this growing market as concerns surrounding the environmental impact of fast fashion have gained momentum.

Overall, despite threadbare growth rates, the strong performance of luxury British brands has left the industry well placed for future growth. Export revenue is expected to rise at a strong rate in the coming years as industry operators continue to benefit from their reputation for manufacturing high-quality goods and the expected low value of the pound keeping UK products relatively cheap. However, the industry’s export markets are heavily skewed towards the European Union, with France, Germany, Ireland and Italy expected to be its largest sources of export revenue in the current year. As a result, any future barriers to trade could limit the industry’s performance in European markets. Though low-cost imports will likely continue to dominate the market for cheap, affordable clothing, industry manufacturers that leverage their association with luxury are expected to maintain their success.
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