



FASCINATE

D3.2 Compilation of Factsheets | **Fascinate**

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EXECUTIVE SUMMARY

This document provides a full overview of the experiences in terms of internationalization and sustainability of the partnership cluster members, in markets outside of the EU, which answered the Fascinate survey. Provides also specific orientations and strategies of 10 frontrunners from the sustainable fashion industry and championing in the international markets, including the weaknesses, strengths, opportunities and threats, as well as lessons learned and recommendations. This overview of experiences and strategies are relevant to the Fascinate internationalization strategy towards markets outside of the EU interested in sustainable fashion products and to increase the confidence and inspiration of the textile and clothing SME community.

1. About Fascinate

The SUSTAINABLE FASHION ALLIANCE FOR INTERNATIONAL MARKETS (Fascinate) is an 18-month project financed by the COSME programme of the European Commission. It aims to support the internationalization of EU textile and fashion SME clusters that are working towards the development of circularity and sustainability in these industries. Besides the textile and fashion industry, this partnership will also seek a cross-sectoral collaboration with the technology (digitalization) and footwear sectors.

The project contributes directly to the overall objective of the COSME programme, by fostering the creation and development of a European Strategic Cluster Partnership – Going International (ESCP-4i) in the textile/fashion sector and related industries (footwear and technology) based on circular economy and sustainability principles, which is oriented towards increased internationalization and strengthened sustainability of European SMEs.

The **Specific Objectives** of the project are:

- To build a **European clusters and companies network collaboration (the ESCP-4i)**, related to the development of circularity and sustainability, in the fashion, textile and footwear industries.
- To promote **new European value chains incorporating cross-sectoral cooperation** between fashion/textile, footwear, and technology, by means of cooperation, exchange of knowledge and good practices among the members of the project consortium.
- To build a **joint internationalization strategy** for sustainable fashion brands and companies in Europe, geared towards markets outside of the EU interested in

sustainable fashion products (to consolidate shared objectives and define a relevant action plan for the participating clusters and the companies they represented).

2. Deliverable objectives and methodology

2.1 Objectives

The main objective of this deliverable is to provide an overview of experiences and strategies of SME frontrunners from the sustainable fashion industry and championing in the international markets, which are valuable inputs to the Fascinate internationalization strategy towards markets outside of the EU interested in sustainable fashion products and to increase the confidence and inspiration of the textile and clothing SME community.

2.2 Methodology

The following methodology was implemented to achieve the defined objectives:

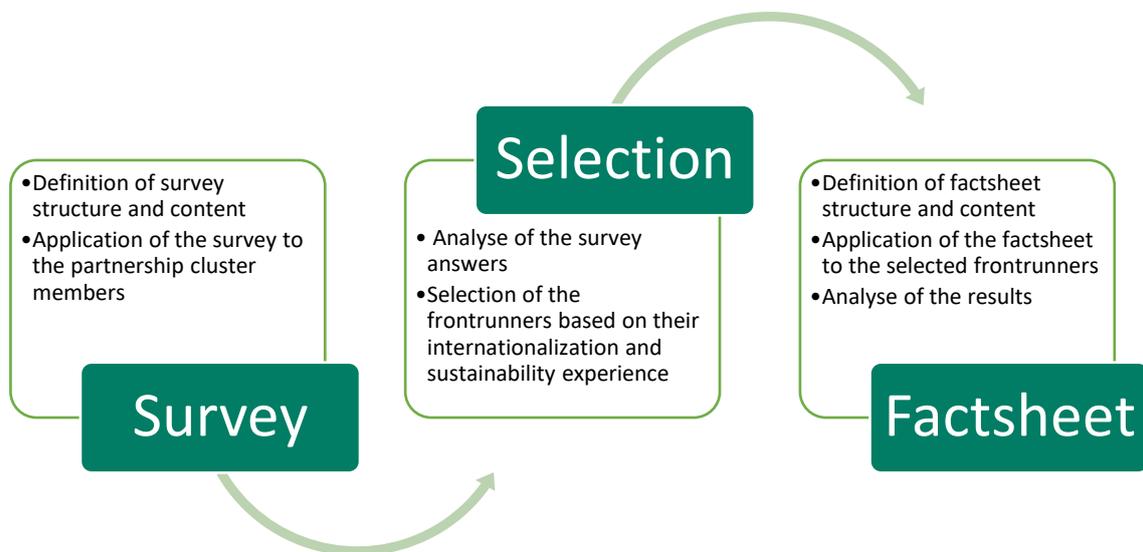


Figure 1. Frontrunners factsheets methodology

The first step consists in apply a survey to the partnership cluster members related with their experience in terms of internationalization and sustainability, supported by an online questionnaire with the following structure:

- Introduction: company name, email contact and cluster to which is connected;
- Internationalization experience: markets outside EU (possibility to select Canada, Japan and USA and indicate others), percentage in those international markets (selection of ranges: 0-20%, 21-50%, 51-75% and 76-100%), identification of difficulties (classify from 1 – not difficult to 6 – very difficult), selected from a list of difficulties as well as describe others, and assess the interest to go international to Canada, Japan and USA or other destinations (from 1 – not interested to 6 – very interested);
- Sustainability experience: identification of sustainable fashion product offered (selected from a list or describe others) and identify the company or their products certification (selected from a list or describe others);
- Assess the interest in being involved with Fascinate project and availability to share their international experience outside the EU.

Based on the survey answers, 10 companies were selected as the frontrunners considering their internationalization and sustainability experience, especially in markets outside EU, as well as their availability to share their international experience.

These 10 frontrunners answered (filling in and/or in interviews) to specific questions defined in the factsheet, namely:

- When and how long the Internationalization process take;
- If have physical installations in those markets;
- If had the support of any entity (association, government, chamber of commerce, embassy, etc);
- Identify weaknesses and strengths;
- Identify most valuable opportunities and threats;
- Share lessons learned and recommendations.

The collected information provides an overview of experiences and strategies of these 10 frontrunners, relevant to the Fascinate internationalization strategy towards markets outside of the EU interested in sustainable fashion products.

3. Survey results

3.1 Introduction

The survey was filled in by 55 textile and clothing entities, members of the partnership clusters, distributed by the 4 countries involved in the Fascinate partnership (Spain, Portugal, Bulgaria and Denmark)

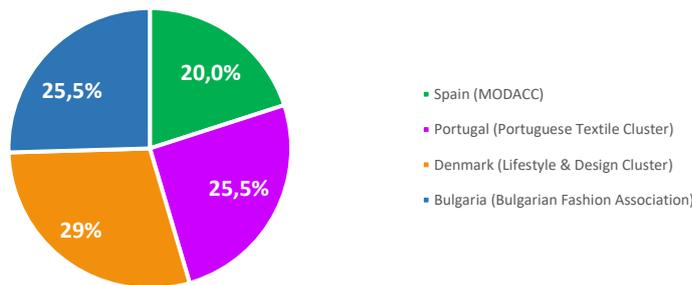


Figure 2. Country distribution of the survey answers

3.2 Internationalization experience

In terms of international markets outside EU, the 55 survey answers indicate some experience in the USA, Canada and Japan (the 3 identified markets in the survey). In the others option Russia and China was identified by at least 3 survey answers.

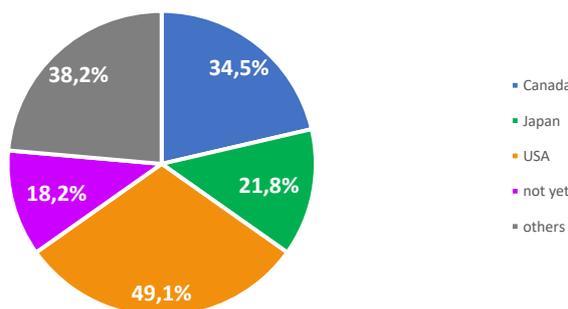


Figure 3. International markets outside EU

The current relevance of those international markets was assessed based on the percentage of exports, considering the four ranges presented. Most of them are positioned in the range 0% to 20%.

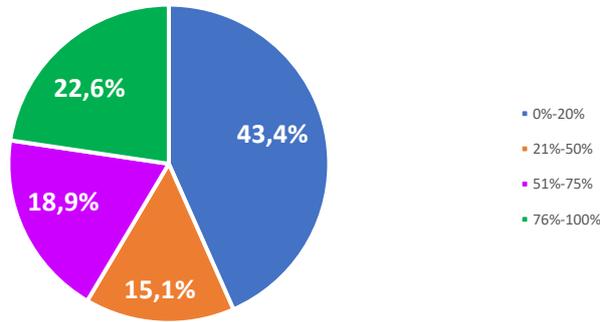


Figure 4. Presence in International markets outside EU

It was also surveyed the difficulties in going international to outside EU markets, classifying the option from 1 (not difficult) to 6 (very difficult). Most of the answers classify the situations with a level 3 of difficulty. Only the Foreign laws/ regulation was mostly classified as level 4.

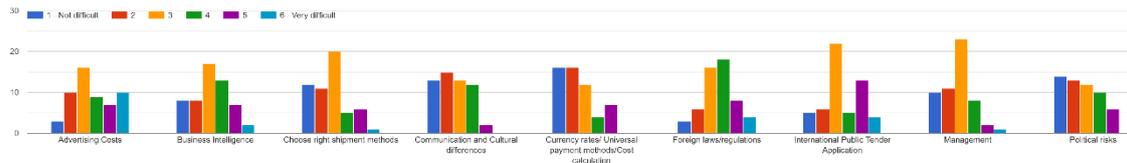


Figure 5. Difficulties to go International into markets outside EU

The assess of the level of interest, from 1 (not interested) to 6 (very interested), to go international to Canada, Japan and USA fashion markets show that most of the survey participants are very interested (level 6) in USA market (58,2%), followed by Canada (49,1%) and Japan (36,4%).

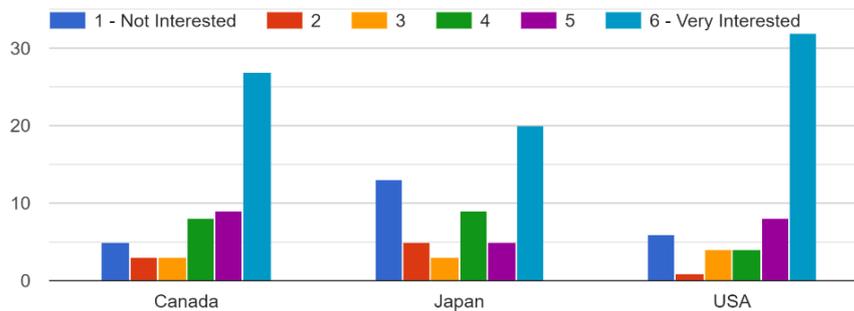


Figure 6. Level of interest in Canada, Japan and USA markets

3.3 Sustainability experience

In terms of sustainability, more specifically sustainable fashion products in companies portfolios, the 55 survey answers indicate that most of them has to offer fashion products made with natural and/or recycled materials (85,5%). More than 30% of the entities participating in the survey use innovative methods of production, like circular design principles, blockchain, 3D modelling or virtual reality. And around 22% follows UE social standards.

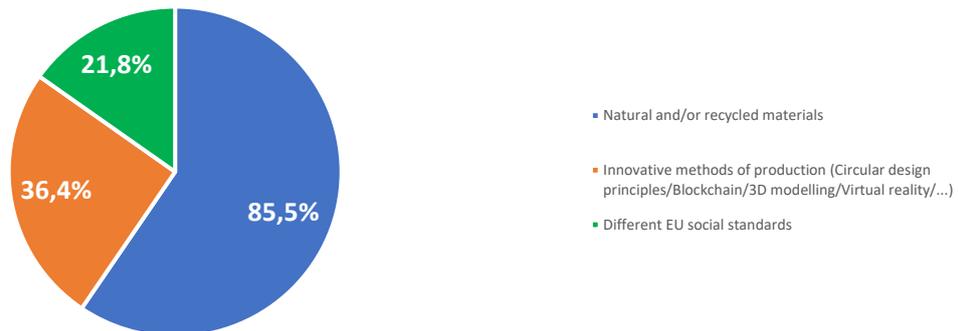


Figure 7. sustainable fashion products in product range

The most common certification in the 55 survey answers is related with OEKO-TEX, which can include STANDARD 100, MADE IN GREEN and STeP certifications, followed by certification GOTS (Global Organic Textile Standard), the initiative BCI (Better cotton initiative) and certification GRS (Global Recycled Standard).

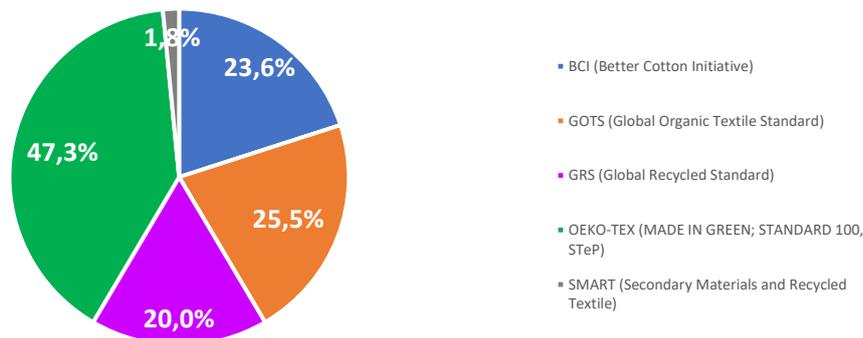


Figure 8. Initiatives and/or certifications implemented

3.4 Sharing international experience

When asked about the availability to share with Fascinate their international experience outside the EU, around 38% of the 55 survey answers were yes.

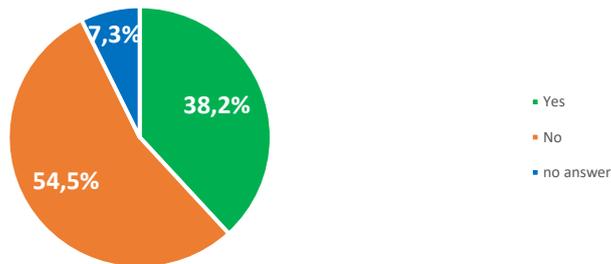


Figure 9. Availability to share the international experience outside EU

Nevertheless, most of the entities participating in this survey (85,5%) want to know more about FASCINATE.

4. Factsheets analysis

4.1 Introduction

Considering the survey answers and companies availability to share with Fascinate their international experience outside the EU, 10 frontrunners from the sustainable fashion industry were selected. These 10 frontrunners are from the four countries represented in the Fascinate partnership:

Bulgaria	3 frontrunners
Denmark	2 frontrunners
Portugal	3 frontrunners
Spain	2 frontrunners

The international experience of these 10 frontrunner companies, in markets outside EU, include USA (identified by 6 of the frontrunners), Canada (identified by 6 of the frontrunners), Japan (identified by 3 of the frontrunners), Russia (identified by 2 of the frontrunners), South Korea (identified by 2 of the frontrunners), Brazil (identified by 1 of

the frontrunners), Tunisia (identified by 1 of the frontrunners), Morocco, (identified by 1 of the frontrunners) Turkey (identified by 1 of the frontrunners) and United Arab Emirates (identified by 1 of the frontrunners). None of them has physical installations in those markets. But in some cases, the companies have trade agent or small business office, especially where exist relevant cultural differences or difficulties in terms of language (for example Russia, where few speak English).

Most of the frontrunners started the internationalization process in the beginning of the company creation. Only the oldest companies (more than 30 years of existence), started with the internal market (national) and after some years of experience go international, usually starting with the EU market. One of the companies stated that took around 3 years to prepare and structure a proper base to go forward internationalization.

The majority of the 10 frontrunner companies did not have any support in their internationalization process. Nevertheless, some of them indicate that have support for certain internationalization activities, like associations supporting the presence as exhibitors in trade fairs (for instance the ASM - Portuguese Association that has From Portugal Project), consultancy to acquisition of market studies, chambers of commerce to prepare missions and access to databases of companies in target markets (for instance the AICEP - Portuguese agency for investment and external commerce).

4.2 Weaknesses and Strengths

The following **weaknesses** were identified by the 10 frontrunner companies participating in this study related with the internationalization, specially to markets outside EU:

- Inadequate preparation of the internationalization activity;
- Unrealistic expectations on the results from the participation in trade fairs as exhibitors;
- Not a regular presence on those markets;
- Difficulty in aligning the entire company with the business strategy defined, particularly in bigger companies;
- Not yet able to have the client recognition of the value (monetary) associated to the complete product/ service supplied namely of the sustainable and circular fashion products;
- Lack of techniques to have communication/ presentation internationally that match the level of products performance;
- Difficult in cooperation between industrial companies, even when a strong cluster of the textile/ fashion supply chain is in place;
- Lack of knowledge in digital sales and infrastructure;

- Difficulties to overcome difficulties like logistic, marketing costs and regulation, especially SME.

The main **strengths** identified were:

- Gathered experience and know-how;
- Innovation and creativity as a differentiating factor;
- Ability to supply a complete and adjusted service (give inputs to brands related with new materials, shapes, techniques, etc.), adjusted to their strategy, consumer type, market range, etc.;
- A strong and atomized cluster, allowing the verticality of the production process and the specialization in certain type of materials/ products;
- Sustainability and traceability/ transparency of the supply chain;
- Companies flexibility;
- Quick response in presenting solutions, including sustainable and circular products;
- Strong capacity to adapt to unexpected situations and resilience;
- The presence in trade fairs in an integrated and imposing way (From Portugal model);
- A positive recognition of products MADE IN EUROPE.

4.3 Opportunities and Threats

The following **threats** were identified by the 10 frontrunner companies participating in this study related with the internationalization, specially to markets outside EU:

- Cultural, religious, language, textile measurement units, etc. differences;
- Unfamiliarity with specific regulation;
- Commercial barriers (taxes, regulation, etc.) to the entrance of products in some non-EU markets;
- Direct competition of international markets with the same strength and some advantages that we do not have and very aggressive approach (like Turkey);
- Scarcity of human resources for the EU textile and clothing industry;
- Lack of production capacity (not enough production resources);
- Political risks (like nationalism movement, instability, weak leadership);

- Market volatility;
- Changes in consume frequency and quantity (product with longer cycles);
- Clients that do not recognize the value associated to the sustainable and circular fashion products;
- Digital frontrunner not developing quick enough;
- Unexpected changes, like the pandemics.

The main **Opportunities** identified were:

- Strong cluster with capacity to develop innovation;
- A positive recognition the European textile and clothing sector;
- More conscientious clients that recognize the added value;
- Ethical demanding;
- Digitalization processes, including the monitorization, automatization, etc.;
- Online trade;
- Make on demand trend;
- Globalization which allows quick market grow and access to more sustainable materials which can generate more business;
- New agreements in discussion between EU and USA;
- Interesting markets like Canada (very open to new businesses), Japan (take time but very reliable, when trust is achieved) and USA (because of the market dimension).

4.4 Lessons learned and recommendations

The 10 frontrunners from the sustainable fashion industry shared their lessons learned and give recommendation based on their experience and strategy in internationalization, considering the specificity of selling to markets outside EU:

- The internationalization process should incorporate distinct types of approach, adjusted to the company objective and country reality, which can include participating in trade fairs as exhibitor (when already know the market to gain new clients) or as a visitor (as first approach to assess the interest of that new market), participating in missions (to address specific market niches) and visiting clients or receive clients in company facilities (to keep clients engaged and increase trust);

- For any type of internationalization activity a good preparation is a key element, not only in logistic and communication terms, but especially in terms of contacts to obtain a good match between what the company has to offer and the client want to buy (do not offer pears to the ones that want apples) – including type of product, target price, market segment, etc.;
- The internationalization strategy must be focused on results, specially what the consumer wants (consume movements) and adjust the product to that market (deliver what the client need);
- Make a market research in order to have information about the market demand for the company type of products;
- The support of relevant partners to the internationalization process is a key factor;
- Important to stablish connexion with associations, technology centres, etc. that can promote the contact with the adequate clients in the target market;
- Cooperate with local designer who knows the need of the market;
- Use the services of legal professional of international law, specialist in the target market;
- The presence in trade fairs do not result in business immediately. The main direct result is the development of contacts as potential clients and give visibility to the company. Be aware that clients start to recognize the brand/ company after 3 years;
- The “From Portugal” model, from ASM, is a good example of a positive presence of the companies as exhibitors in trade fairs, because allows an integrated and imposing booth, supporting all the technical and logistic needs of the companies (especially to SME);
- Be consistent, maintain high quality and offer innovative design;
- Be aware that the best results are reached by doing differently;
- Quick communication is very important. Be ready to follow the country time zone;
- The internationalization process requires resources investment (human and financial);
- Have good knowledge of incoterms and of the tariffs to which the goods are subject.

5. MAIN CONCLUSIONS

The internationalization process of the European fashion companies has some challenges even when is oriented to European countries. But when a company is preparing to go international to countries outside EU, the dimension of challenges increases significantly, and with more twists when the company is a SME.

So, the experiences and strategies in internationalization of the identified frontrunners from the sustainable fashion industry are key to increase the confidence and inspiration of the textile and clothing SME community to go international to markets outside EU. Even more give orientations to prepare their own internationalization strategy based in the lesson learned of those who have already take that path.

In conclusion, the internationalization strategy towards markets outside of the EU interested in sustainable fashion products should be based in a **good preparation**, including distinct types of approach, adjusted to the company objective and country reality, considering the consumer movements, selection of adequate contacts to obtain a good match between what the company has to offer and the client want to buy, like type of product, target price, market segment, etc., defining the internationalization goals and stablishing a realistic budget adjusted to the goals defined. A **great execution** stablishing connexion with relevant partners to implement the internationalization strategy, which can involve cooperation with other textile and clothing companies, associations, technology centres, local designer, legal professional of international law and implementing the strategy in a consistent way, offering innovative design, keep the communication with the client in due time and continuously monitoring the goals evolution and the results of the implemented strategy to ensure a **successful outcome**.