

# Pakistan: true potential of fashion industry

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**The apparel sector in Pakistan is the biggest industry that propagated the idea of brands in the minds of consumers. As in schooling, an informal sector of women's cloths started in the mid-90s virtually as a cottage industry probably because of the local shalwar and kameez which for cultural reasons faced no international competition. It was only back in 2003 when "Gul Ahmad" opened its first flagship retail store with the name "Ideas", and after that, the fashion industry started mushrooming.**

By early 2000s a fully organized apparel industry had emerged as the Pakistani middle class grew and purchasing power allowed local brands to emerge. Some of the apparel brands in Pakistan diversified their product range and adopted the idea of the one-stop shop which covers the need of all family members in one place. With the passage of time the millennials stepped into the era of social media and a consumption-oriented middle class served as cherry on the top.

The fashion industry availed this opportunity by doing hefty investments on marketing campaigns and enjoyed soaring profit margins. But with the passage of time this thirst for more profit led the local producers to compromise the product quality. For example, textile industry which is regarded as the backbone of the economy is also not delivering as per expectations. International consumers' demand is shifting towards manmade fiber which Pakistan's textile and garments sector could not meet yet.

The sector is also losing the trust of domestic consumer due to its overpriced short life cycled product. Same is the case with shoes and bags industry. While in case of skin care products and color cosmetics consumer rarely prefers the "Made in Pakistan" tagline. That is the reason local producer is compelled to sale its local manufactured products with other countries' brand names.

The fashion market acquires its products through three different channels i.e., first type is the domestic production, second is the direct imports of the finished products from other countries. These imported products have the least variation as their production units are the same which makes the product as per demand of their profit centric business client who rarely considers the in-house consumer requirements. The third type gaining popularity is the drop-shipping by individual consumers and now even big fashion brands are opting it because settling a production unit in Pakistan is a big hassle.

The products acquired through this channel have least innovation and least variation and that is the reason similar products can be found in almost every retail store and also on international online markets, e.g., Amazon, Alibaba, Ali Express, etc.

This leads to proclaim that along with the problem of compromised quality product delivery the term brand is also misused both on the supply and demand side.

Because in Pakistan, most of the time the product being offered in these retail stores is opposite to the classic definition of a brand which states that a brand is a product that is publicly distinguished from other products so that it can be easily communicated and marketed.

In recent times the increasingly tech-savvy middle class is becoming aware of the latest fashion trends and running after branded products. In-fashion products can be easily acquired through online mediums. To tap this brand race in economic terms the provision of quality products is the need of the hour and the brand must be a unique and innovative product rather a misleading marketing hoax. Only in this way, the technology dependent generation Z can trust the local product and our domestic fashion industry can be promoted on sustainable grounds. Otherwise the quality compromised product delivery will lead to further destroy the local fashion industry.

In the recent economic crises the country direly needs export-led growth with more employment generating domestic industry providing economic support in terms of bridging the balance of trade gap and provision of foreign reserves.

Apparel sector has the biggest share in fashion industry of the country having clear comparative advantage over other fashion products. Although textile sector has 60 percent share in exports while share of readymade garments in total exports is almost 40 percent, making Pakistan 8th largest textile product exporter in Asia, but, the manufacturing of exportable textile products is largely dependent on the import component, increased by 82 percent in the year 2021. Besides importing machinery and other raw material we can see imported finished textile products on the shelves.

The import of finished products was 30 percent more in the year 2022 even though textile is the biggest sector seeking and getting support from the government, especially in terms of energy.

The reasons behind increasing the import of finished goods and drop shipping of the fashion products even by the high-end domestic brands are usually answered that lack of skilled labour force hinders innovation in the production methods.

The question needs to be asked whether investors do not want to spend time or resources on training local labour force? Or, Pakistan's vocational training institutes are not giving market need-based trainings or trade regulation authorities compiling the bilateral trade agreements do not consider the option of technology transfers after a certain period. For example, the bilateral trade agreement between Pakistan and Uzbekistan include technical cooperation in training and exchange programme for the relevant government officials only. The point of concern is why this technical cooperation article does not consider technology transfer and manpower training at all levels of the value chain to flourish the domestic industry.

Pakistan has a very comprehensive textiles and apparel policy (2020-25) that stresses enhancing domestic and foreign investment in the apparel sector with innovative production methods. But due to a lack of innovation and technology transfer after years of import of machinery and other related import components, many textile firms are being operated on obsolete production technologies due to the virtually almost nonexistent local textile engineering sector.

Along with apparel, it is high time to tap the economic potential of the other

components of the fashion industry like color cosmetics and skin care products, shoes, and bags. Exports need to be diversified by considering other fashion products. An unorganized footwear industry should be promoted by vertical integration and attracting more foreign direct investment and for skin care and color cosmetics a cottage industry can be established by training the local labor force and for this purpose government training institutes can take the lead.

Organic skin care and cosmetic products are high in demand worldwide.

So it is high time to hit the nail on the head. This will create employment opportunities for a pool of unemployed chemistry and bio-chemistry graduates. The value chains must be tracked and technology-oriented targeted interventions are required to enhance local and foreign investment in these areas.

But for this, a necessary condition is to make technology transfer easier and a sufficient condition is creating the environment of ease of doing business in Pakistan.

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