

THE INDUSTRY SPEAKS



# Hong Kong calling

HONG KONG FASHION WEEK ATTRACTED  
A WAVE OF AUSTRALIAN DELEGATES.  
A REGULAR AND FIRST TIME VISITOR  
OFFER THEIR INSIGHTS INTO THE MARKET.

**H**ONG KONG FASHION Week spring/summer 2013 attracted 165 visitors from Australia and the Pacific Islands, including trade delegates from Maggie T, Trelise Cooper and Michael Lo Sordo. Non-profit industry groups TCFWA and TCF Australia led a domestic buying mission to the event, with a large number of Perth traders heading over under the Western-Australia based group. Here, TCFWA chief executive and Hong Kong Fashion Week regular Carol Hanlon discusses opportunities for local brands with Rebecca Frost, an emerging Perth designer who is preparing to launch her own label Frost Design.

**Carol:** TCFWA and TCF Australia has been organising groups to Hong Kong Fashion Week since 2002. In fact, the first event I went to was when I had my own label in 1977, which sold nationally to hundreds of retailers in the early 70s to the 90s and some overseas stockists. I have seen vast changes; the event was then held in a hotel with guest rooms used as the exhibitor booths. Hong Kong today is a very cosmopolitan city with many high income residents and a city that never stops building and expanding. Hong Kong is very proactive and the MTR subway is just so easy to get around or catch the train and be in China in 30 minutes.

**Rebecca:** This was the first year I have attended Hong Kong Fashion week. As a new designer on the Australian and international

scene, I wanted to branch out into the Hong Kong market place to see what's on offer.

**Carol:** We have taken a number of Australia designer groups to exhibit at Hong Kong Fashion Week or World Boutique since 2002 with many getting orders and we have been hosting TCF Australia buying missions there every six months for the past eight years. All textile, clothing and footwear firms, including the first timers have been happy with the event, quality of organisation and range of manufacturers, products or services they can source.

**Rebecca:** I have heard great things regarding Hong Kong Fashion Week. It's a very well organised event for people coming from overseas. They also have a large variety of exhibitors that really fill the needs of a designer coming to source for their business.

**Carol:** We had a large group attend this year under our umbrella, including our buyers under our organisations Belmont BEC and TCF Global buyers. We also handle our TCF members enquiries right through the year who are looking to source from Hong Kong or China over a wide range of products and services. As mission leader, attending the trade event gives me a good opportunity to keep up to date with what is happening on the ground and to make new TCF networks to better assist our industry members with their global supply chain issues.

## THE INDUSTRY SPEAKS

**Rebecca:** My goal was to branch out in the manufacturing market. Taking my label offshore to manufacture is inevitable as Australia can be limited in being price competitive compared to the Asian market. And always its great to see other designers from around the world, and seeing what inspires them. As a creative person growth and surrounds for me is what my label strives in.

**Carol:** Yes, I found Hong Kong Fashion Week July 2012 to be very successful. The designers who attended were positive with the contacts and products they sourced. I personally also find the industry seminars to be great and trend reports held twice daily are also convenient to attend in one location. A number of the exhibitors commented the volume of buyers was down, but the quality of buyers was up. Travel to Hong Kong is easy for Australians and business is conducted in English. Hong Kong Fashion Week also attracts local Hong Kong agents and businesses that actually source throughout China, which means these firms have established relationships with the large Chinese factories.

**Rebecca:** Absolutely.. I received a great response from manufactures and now building those relationships is key to the growth of my label.

**Carol:** Pricing is very competitive compared to manufacturing in Australia, but it depends on what you are wishing to produce and you must include freight and handling costs. For small runs or quick response lines, it may be better to produce onshore and wait until you have some volumes built up to develop a diffusion line to go offshore. But for high mass volumes and very budget pricing, these prices are rising in Hong Kong and China and the big players are now heading to Cambodia or Bangladesh, so perhaps the smaller volumes of Australia may find some new Hong Kong and China 'niche' factories that previously had no vacancies.

**Rebecca:** The variety in Hong Kong is greater than my resources in Australia. Right from pattern making to trim, the ability to have it all done from inception to the completed product for a price that is achievable is crucial to my business. For my label, manufacturing offshore for large orders cuts my costs on aver-

age by half. But in saying that there are a lot of additional costs to manufacturing offshore that need to be factored in.

**Carol:** Due to China heavily investing in their textile mills, weaving, dyeing, printing and manufacturing facilities 20 years ago, they have the high quality equipment to produce anything, any time to meet buyers requirements, if you can find the right factory or agent to suit your needs. I see many opportunities for Australian designers to develop future licence agreements with the Hong Kong/Chinese factories to supply the mainland market and/or to offer Australian designed product or labels globally.

**Rebecca:** They have a great variety of services to offer in the design and manufacturing business. I see the ability to allow my label to grow and meet a bigger demand of quantity but quality control will be an issue that needs constant attention. Selling into the Australian market, they want very high quality for a lower price point. The consumer is very savvy in Australia.

## THE INDUSTRY SPEAKS

**Carol:** Finding firms that are prepared to handle the smaller volumes that Australian designers are looking for is also a challenge for brands looking to source from Hong Kong. Firms need to understand importing requirements, international exchange rates, cash flow, specification sheets, freight logistics, marketing and distribution network and do not over order. I suggest to join all our online webinars on all these topics including 'Understanding Manufacturing Pitfalls'!

**Rebecca:** This is my first offshore venture. Being so close to Australia, it really is the

best option for me to start. I see a strong future for the Australia/Hong Kong relationship. With the massive growth the textile industry has in Hong Kong and the forward thinking of sustainable (green) manufacturing techniques it really is the place to have your business grow. It's a big port to the rest of the world, and should be utilised by Australian labels.

**Carol:** Dealing with Hong Kong means slightly higher costs than going direct to the factories in China, but they requiring

higher volumes and while you may get your order accepted by a firm from China, they may not deliver or you can have issues with language barriers or misunderstandings via email/phone later on. Hong Kong is the gateway into China and will continue to increase and expand. I am always suggesting to the Hong Kong Fashion Week organisers to develop special sticker for 'Small Volumes Accepted' labelling for exhibitors. I also see that Hong Kong should attract more global exhibitors who are wishing to access the Asian markets. ■

## FAST FACTS

The 19th HKTDC Hong Kong Fashion Week for spring/summer was staged from July 3 to 6 at the Hong Kong Convention & Exhibition Centre. The event included a trade fair, fashion shows, trend presentations and business seminars. A total of 87 buying missions, comprising more than 4,600 buyers from 70 countries and regions, attended Hong Kong Fashion Week to source products. Among them were more than 120 companies from Japan and more than 140 companies from other Southeast Asian countries. Around 300 companies from Australia, New Zealand, the US, Canada and Europe also visited the fair.

## NUMBER OF TRADE VISITORS FROM OUTSIDE HONG KONG BY REGION

Region	Number	%
Asia	6,607	85.41%
Europe	435	5.62%
North America	319	4.12%
Australia & Pacific Islands	165	2.13%
Middle East	99	1.28%
Central & South America	68	0.88%
Africa	43	0.56%
Total	7,736	100%



In the first two months of 2012, Australia was the 13th largest export market for Hong Kong. Hong Kong's total exports to Australia totalled US\$835 million in the first two months of 2012, up 8.9 per cent year-on-year. Major export items included telecom equipment & parts (16.8 per cent share), medicaments (including veterinary medicaments) (15.0 per cent), other articles of apparel, of textile fabrics (5.6 per cent), computers (4.8 per cent), and organo-inorganic compounds, heterocyclic compounds, nucleic acids and their salts and sulphonamides (4.1 per cent).

## HONG KONG'S TOTAL EXPORTS OF CLOTHING &amp; CLOTHING ACCESSORIES

MAJOR MARKETS (BASED ON 2012)	- 2009 -			- 2010 -			- 2011 -			JAN - MAY 2012		
	VALUE	%SHR	%CHG	VALUE	%SHR	%CHG	VALUE	%SHR	%CHG	VALUE	%SHR	%CHG
WORLD	22,685	100	-18.6	23,954	100	5.6	24,435	100	2	7,964	100	-7.8
U S A	8,088	35.7	-18.5	8,767	36.6	8.4	8,545	35	-2.5	2,853	35.8	-3.9
GERMANY	1,972	8.7	-15.2	2,062	8.6	4.5	2,064	8.4	0.1	611	7.7	-19.1
UNITED KINGDOM	2,400	10.6	-21.4	2,318	9.7	-3.4	2,002	8.2	-13.6	560	7	-23.1
JAPAN	1,605	7.1	-1.8	1,550	6.5	-3.4	1,784	7.3	15.1	537	6.7	-11.4
CHINA	723	3.2	-48.1	853	3.6	17.9	1,183	4.8	38.7	460	5.8	8.9
CANADA	812	3.6	-18.8	832	3.5	2.4	864	3.5	3.9	267	3.3	-8.2
AUSTRALIA	615	2.7	-9.7	621	2.6	1	672	2.8	8.3	265	3.3	-6.1

SOURCE: HONG KONG TRADE STATISTICS, CENSUS & STATISTICS DEPT.

TCF Australia will be hosting a number of buying missions across Hong Kong/China in future, with the World Boutique Hong Kong in January 2013 pitched as ideal for firms searching for small boutique labels. The non-profit organisation can be contacted through Carol Hanlon [carol.hanlon@tcfaustralia.com](mailto:carol.hanlon@tcfaustralia.com)