



NBEI-EDT North Market Research

**Cutting the cloth: A sectoral review
of Northern Ireland's Textile and
Clothing Industry**

June 2017

NBEI is a Social Investment Fund (SIF) project
funded by the:



**Northern Ireland
Executive**

www.northernireland.gov.uk

**DELIVERING SOCIAL CHANGE
THROUGH THE SOCIAL INVESTMENT FUND**

Outline of the report

Northern Ireland’s textiles and clothing sector has changed dramatically in recent years. This period of transition has been characterised by various technological advancements as the sector is rapidly shifting towards one that is increasingly diverse, knowledge-led and market driven with increasing levels of skills, creativity and innovation. Despite these changes Northern Ireland’s textiles and clothing sector is still perceived to be in a broader state of decline, particularly given the high number of job losses as well as an increasing trend that sees domestic manufacturing activities relocating to cheaper regions abroad. These trends sometimes tend to mask the reality that the sector is refocusing itself in alternative, interesting and creative ways. In light of these recent changes, this short NBEI research paper attempts to better understand the current state of the textiles and clothing sector as it exists in Northern Ireland today. Drawing on such conditions, the paper will then conclude by offering a short SWOT analysis which explores the viability of textiles/clothing based start up social enterprise located in the SIF North Zone. The report will be organised under the following sections:

- 1 The changing state of NI’s textiles and clothing sector 2
 - 1.1 Textiles and clothing in Northern Ireland 2
 - 1.2 Market segments of NI’s textiles and clothing sector 2
 - 1.3 Scale and organisation of the sector 3
 - 1.4 Sector performance past and present 4
- 2 Challenges facing NI’s textiles and clothing sector 5
 - 2.1 Preoccupation with domestic markets 5
 - 2.2 Harnessing technology in the production process 5
 - 2.3 Shortage in skills and weak organisational structures 5
 - 2.4 Reacting to external operational challenges 5
- 3 Current NI textiles and clothing manufacturers 6
 - 3.1 Thomas Ferguson Irish Linen 6
 - 3.2 Francis Dinsmore at Templemoyle Mills 7
 - 3.3 Bridgedale socks 7
 - 3.4 RA Irwin 8
 - 3.5 Ulster Carpets 8
- 4 Alternative opportunities for the textiles/clothing sector 8
 - 4.1 Why recycle or re-use clothing and textiles? 8
 - 4.2 Clothing and textiles re-use practice in Northern Ireland 9
- 5 Textiles based social enterprise in the SIF North Zone 9
 - 5.1 The HUBB resource centre application 2017 9
 - 5.2 SWOT analysis based on the report and interview with applicant 9
- 6 References 12

1 The changing state of NI's textiles and clothing sector

1.1 Textiles and clothing in Northern Ireland

Northern Ireland's clothing and textiles industry has changed dramatically during the last 20 years. In the past companies worked to maximise their production output but now Northern Ireland is home to more bespoke manufacturers that are driven by design and brand awareness, technological innovation, strong supply chain management, sales and marketing expertise and world class logistics. These are among just some of the different elements that are required for Northern Ireland manufacturers to remain successful in what is an increasingly competitive and differentiated marketplace.

1.2 Market segments of NI's textiles and clothing sector

Based on a comprehensive review of the all-Ireland textiles and clothing industry, Inter-trade (2002) demonstrate how the trading environment of the sector both sides of the border is classified separately into textiles and clothing. Each is then differentiated into sub market sectors which are presented and described in more detail in Table 1 and 2 below:

Table 1 Textiles sector market segments

Market segment	Description
Apparel textiles	Includes tweed, linen and other textiles produced for sale to other clothing manufacturers
Household and interior textiles	Includes curtains and covers, bed and table linen, bathroom and kitchen textiles. This is predominantly a retail end-consumer market
Technical textiles	Includes yarns, fibres and fabrics used in applications other than clothing or furnishing; examples include packaging, medical supplies (sterile packaging, cotton wool etc) baby wipes, protective wear, air bags and car interiors.

Table 2 Clothing sector market segments

Market segment	Description
Womenswear	The womenswear market includes subsegments such as occasion wear, knitwear, casual, tailoring, teen high fashion and outsize. See also Lingerie below.
Menswear	Imports account for 85% of the menswear market. Formal tailoring is experiencing a decline, but there is still demand for bespoke, custom fit suits, particularly in softer, luxurious fabrics and tweed.
Sports/Performance/Active wear	Walking and climbing brands are entering the mainstream Performance casual/sportswear market. This sector is forecast to remain buoyant driven by value rather than volume growth as a result of the impact of brand development, but it is a crowded market. The production of gym clothing and active wear has also experienced significant growth during the last 5 years.
Childrenswear	In spite of falling birth rates, average spending is predicted to increase. Dunnes Stores in Ireland, with its St Bernard brand, is a dominant player with over 25% of the market. Other key multiples in this area include Penneys, Adams, Mothercare, Marks and

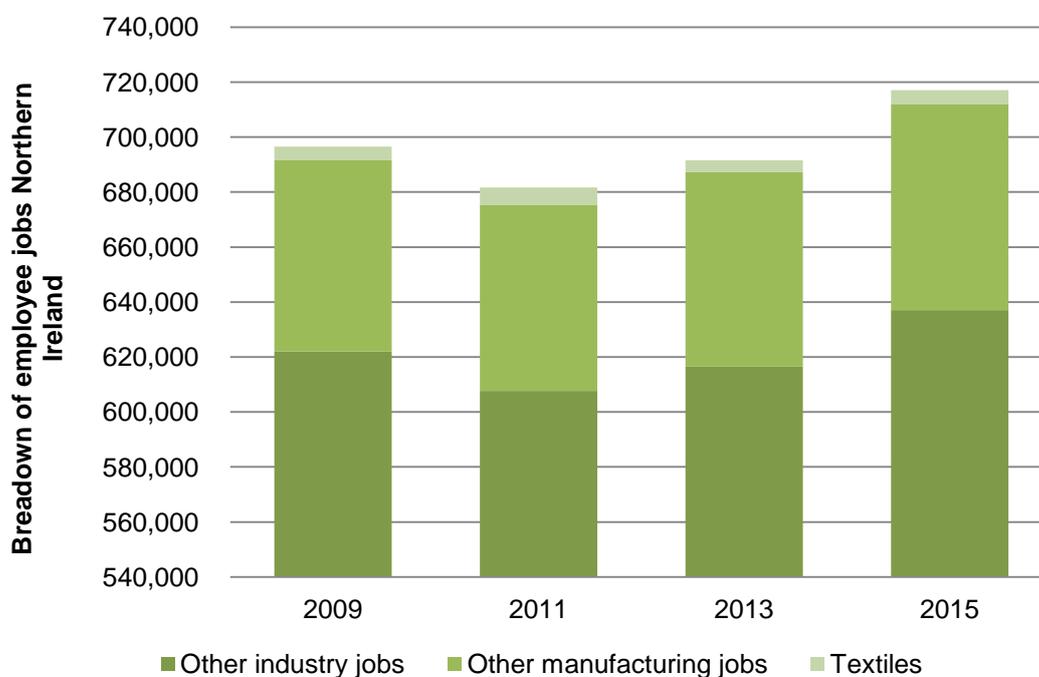
	Spencer, Debenhams and Next.
Lingerie	European and US brands dominate this segment. From Ireland and Northern Ireland, there are important brands including Ballet and Mamselle, as well as Charnos on the hosiery side. Innovation and fabric design are the key factors to success in this segment and have helped revitalise the market for these products.
Accessories	Sales of accessories continue recent market research from Mintel suggests that accessories are becoming a significant sales driver for many retailers
Corporate wear	The corporate clothing market in Europe is the most dynamic segment of the total workwear market and in most countries is achieving strong annual rates of growth. Products include 'career wear', including suits, trousers, jackets, shirts and blouses, and 'corporate casual wear' including casual trousers and skirts, but primarily comprising t-shirts, polo shirts and casual jackets such as fleeces.

Adapted from Inter-trade (2002)

1.3 Scale and organisation of the sector

Employment statistics taken from the Department of Economy showed that in 2015, 11.16% of Northern Ireland's total workforce of 717,105 was employed in the manufacturing industry. This accounted for 80,013 employees—5,287 of which were based directly in the clothing and the textiles sector alone. This number has fallen 49.04% since 2002 when 10,375 employees were recorded as working in this sector. Figure 1 provides a recent breakdown of jobs by sector in Northern Ireland since 2009.

Figure 1 Breakdown of jobs in Northern Ireland by sector since 2009



The data shows that although the total number of jobs across the province has increased by 2.96% from 696,511 to 717,105 the proportion of jobs in the textiles and clothing industry since 2009 has never increased beyond the 1% mark. These figures demonstrate that in

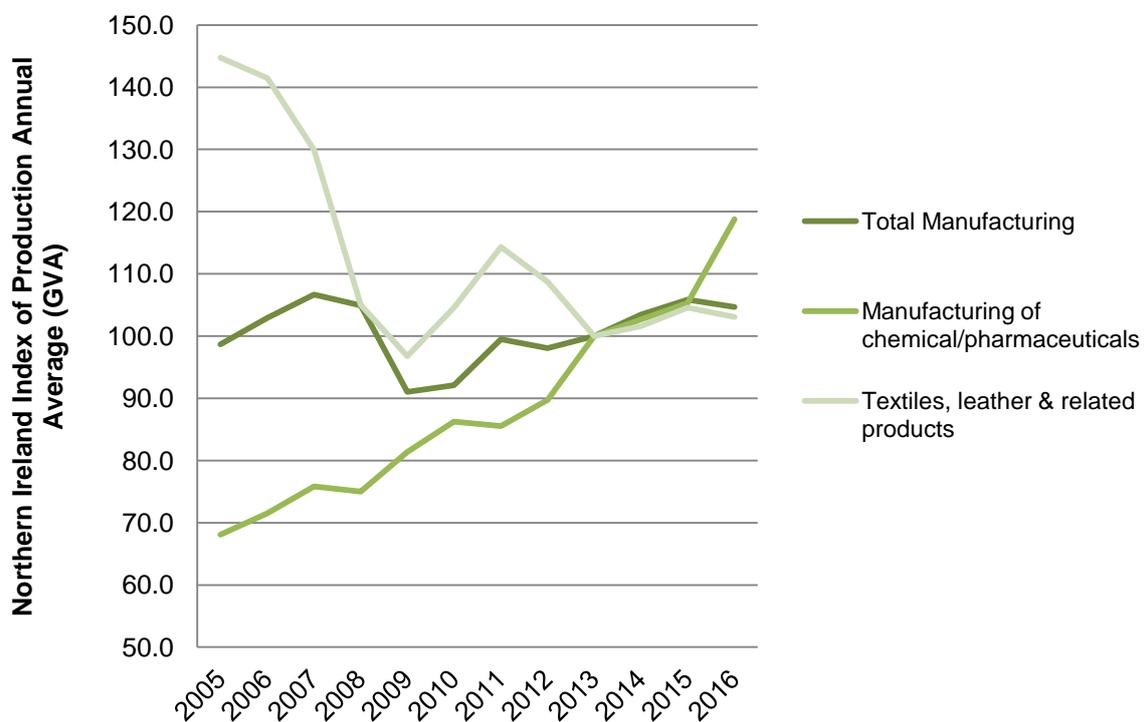
terms of employment, over time the scale of the local clothing and textiles sector has reduced considerably, especially given that at its height the Irish linen industry was responsible for employing over 40% of Northern Ireland's working population.

Speaking to Invest NI, the structure of the textiles and clothing sector in Northern Ireland is currently dominated by small, family-owned and managed businesses. A number of the larger companies that would have dominated the sector in the past have now ceased operations or outsourced their manufacturing activities to cheaper production regions located abroad. There are however some exceptions with some indigenous as well as non-indigenous firms employing 100-500 and some over 500 people. Currently in Northern Ireland, over half of companies in the sector employ 50 or fewer employees, whilst fewer than 10 per cent of companies employ more than 250.

1.4 Sector performance past and present

Economic data from the Department of Finance shows that the clothing and textiles sector has continued to experience reductions both in terms of its overall employment as well as the number of firms that currently operate. To better understand the performance of the sector the index of production can be used to examine market trends as well as measure the output of different production and manufacturing industries, including textiles Figure 2 provides the Index of production annual average for the manufacturing sector in Northern Ireland from 2005 to 2016 in comparison to the textiles sector.

Figure 2 Northern Ireland Index of Production Annual Average 2005-2016



The data shows how from 2005-2016 the index of production across all Northern Irish manufacturing industries has fluctuated. However for textiles, leather and related products it has fallen since 2005. This is despite a slight resurgence from 2009-2011. The reason behind this trend is that many indigenous textiles and clothing companies across Northern Ireland have outsourced lower-value manufacturing operations to lower-cost economies

while retaining the higher-value activities such as research, design, branding and logistics closer to home. The success of outsourcing as a business model has depended largely on well-developed logistical networks, IT and communications, and effective supply chain management. In comparison Figure 2 shows how other Northern Irish manufacturing sectors such as chemicals and pharmaceuticals have increased their levels of production this period.

2 Challenges facing NI's textiles and clothing sector

2.1 Preoccupation with domestic markets

Manufacturers in the Northern Irish clothing and textiles sector face considerable challenges around market development. Traditionally the sector has focussed on sales to domestic markets (Great Britain and Republic of Ireland) as well as to the US. Poor knowledge of emerging markets overseas and poor distribution structures as well as weak marketing skills has impeded penetration into non-English speaking markets such as China and South East Asia. Moving forward the sector needs to refocus and explore emerging opportunities in both peripheral European and developing global markets

2.2 Harnessing technology in the production process

Technology is viewed as critical not only in terms of product development and innovation but also how it also helps companies locate the shortest route to market. Speed to market is viewed as a critical issue throughout the Northern Irish clothing and textiles sector and beyond. The industry leaders are those that are able to exploit the latest technological developments and integrate them most effectively into their production processes as well as supply chains. Reducing the time it takes to develop a concept and transfer it to market ultimately offers the most rapid and efficient response to consumer demand and therefore potentially the highest return on investment.

2.3 Shortage in skills and weak organisational structures

Unique skills in bespoke clothing and textile areas (such as knitwear) can offer a source of product differentiation, protect market position and create healthy profit margins. However, unfortunately in many areas across Northern Ireland such unique skills are in decline and as the skilled manufacturing workers reach retirement age, they are not being replaced and such skills become redundant. Investments into the development and protection of diverse skill sets as well as organisational structures need to be developed to underpin the scaling up of knowledge-intensive clothing and textile companies and entry into new emerging markets. Often, in small family-run businesses, the skills that are necessary to manage and sign post critical parts of the business into such new markets (especially abroad) are lacking, especially in areas such as sales and marketing and supply chain management.

2.4 Reacting to external operational challenges

Northern Ireland's clothing and Textiles sector also faces external challenges beyond its control both domestically and globally. The most significant of these are:

- The international manufacturing threat and the gradual rise in Chinese production has flooded the retail market with very cheap linen. For example in the USA, 17% of apparel is from China, and this is predicted to rise to 70% within the next five years;
- Rising energy and fluctuating business costs (legal, finance, advertising etc);

- Currency fluctuations, in particular the weak pound and its impact on pricing and global markets;
- The implications of the UK leaving the EU and a potentially 'hard' Brexit deal. Especially in terms of what this will mean for import/export tariffs and how it impacts the movement and trading of textiles and clothing products.

Despite these operational challenges there is still evidence to suggest that some textile and clothing manufacturers continue to operate successfully across Northern Ireland. The next section will provide a brief overview detailing the activities of existing NI manufacturers and attempts to offer some explanations to why they are competitive in today's current clothing and textiles market.

3 Current NI textiles and clothing manufacturers

3.1 Thomas Ferguson Irish Linen

In the early 20th century there used to be 38 weavers in Banbridge. Today only Ferguson's Irish Line remain in business ***largely due to their diverse range of customers***. They currently supply everyone from London Fashion Week designers as well as the home furnishing industry under their John England brand of linen fabrics which includes bed linen and tableware. They have also developed strong links with Northern Ireland's Film and TV industry and work closely with Game of Thrones' costume department to create fabrics for the shows costumes.



Ferguson's site is also home to a large weaving shed which houses dozens of jacquard looms that continue to produce the finest quality Irish linen cloth. They also have a sewing room where they cut and finish all of the linen tableware which is then sold to high-end clients all over the world. The range of cloth produced at the Ferguson mill is extremely diverse – from open, net-style weaves used in the latest Star Wars movies, to more complex

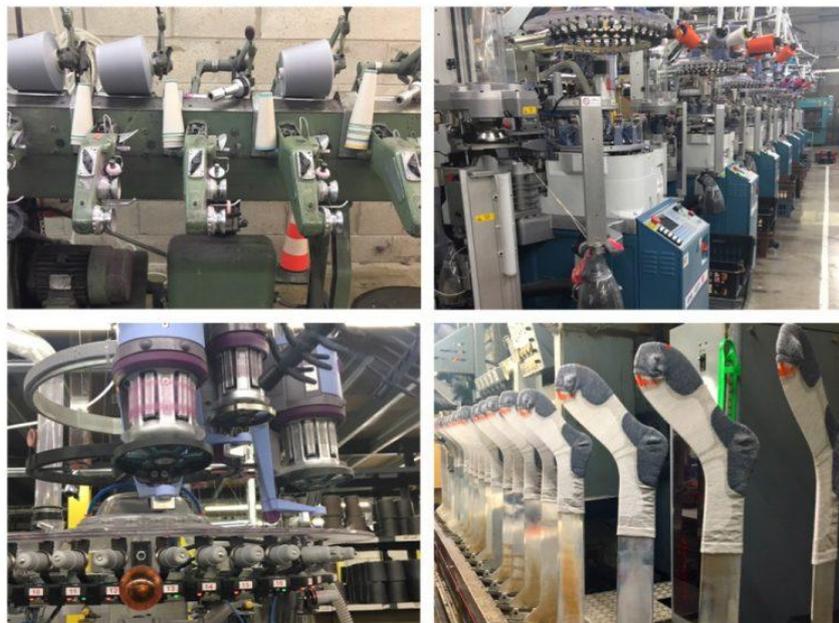
indigo-dyed denim factory made by combining linen in the warp and cotton in the weft of the fabric.

3.2 Francis Dinsmore at Templemoyle Mills

Established over two centuries ago by Augustian monks Dinsmore are specialists in cotton dyeing and finishing. Run by the Dinsmore family from 1791-2007, in 2008 the business was purchased by managing director Barry Corrigan who has since ***grown the business by diversifying its customer base to include furnishing wholesalers, apparel companies, accessories manufacturers, the automotive trade and the book-binding industry.*** For example many copies of the Koran that are currently distributed to Mosques and Islamic communities across the UK are covered with fabric that has been finished at the Francis Dinsmore mill. From 2008-2017 this activity has helped to double the company's turnover and ***supplying such a broad variety of different customer bases is what has helped Dinsmore survive where other textile companies in Northern Ireland have struggled*** or failed. In 2016 the firm recently set up an area to apply a waxed finish to cotton cloth under the brand name Templemoyle Mills. Named after the building in which Dinsmore are based, this fabric is used to produce a new line of products which includes outerwear, luggage, and other travel accessories.

3.3 Bridgedale socks

Bridgedale is a sock factory in Newtownards that have been producing socks for the outdoor market since 1950. The sock manufacturing process is relatively complex as it involves the incorporation of several different yarns, such as Merino, polypropylene, nylon and Lycra. All of these are twisted together so that each can be used to create a part of the sock with distinctive properties. For example some areas may require cushioning, whilst other sock designs have a more open construction for ventilation.



Once the yarn is prepared it moves over to the circular knitting machines, of which there are 52 at Bridgedale. Each one spits out a fully finished sock in around 3 minutes and the factory produces 1.2 million socks a year. After the knitting process each sock is applied to a strange looking upside-down flat leg, which takes it through a steaming chamber so it is

ready to go into its packaging. Over 45 percent of Bridgedale's socks end up on feet outside the UK, in 42 countries across the world.

3.4 RA Irwin

Originally founded in 1951 as a handkerchief manufacturer, RA Irwin now operates as a fully vertical weaver, finisher and printer of fabrics for window blinds and bedding in the furnishing industry. With 34 looms and weaving 100,000 metres of cloth a month, they represent one of the biggest weavers in the UK. The fabric that they weave is made into all different types of blinds – including 1,000 metres a week for blackout blinds produced to meet a growing demand from parents for who require darkened rooms to help improve sleep patterns for infants and young children. RA Irwin was also one of the first UK textile manufacturers **to invest in digital printing technology**. In 2008 they bought their first fabric printer so they could produce printed blinds to add to their collection and sell to popular household furnishing suppliers such as Hillary's Blinds, Silent Night, Bensons and Dreams. Investing and integrating digital technologies into their production process/systems have helped RA Irwin reduce the time it takes to develop a product and transfer it to market thus helping them to adapt and react faster to changing consumer demands.

3.5 Ulster Carpets

Ulster Carpets in Portadown are not only the largest carpet manufacturers in the UK, but one of the top producers in the world. Due to a **unique patented technology**, Ulster Carpets have made their looms more efficient which allows them to produce over 40,000 metres of carpet per week, 70% of which is exported outside of the UK. One of their biggest markets is casinos in the US. Ulster Carpets gets through 1.8 million kilos of wool every year, with 80% of the fibre being used is British wool. They have recently built a new dyehouse which again uses some of the most up-to-date technology to dye the yarn, including robotised machinery demonstrates the commitment of Ulster Carpets to innovation and add value to their production process.

4 Alternative opportunities for the textiles/clothing sector

4.1 Why recycle or re-use clothing and textiles?

Much of this report has focussed on the extent and performance of existing Northern Irish clothing and textiles manufacturers as well as discussing the constraints to how they operate in what is becoming an increasingly globally competitive marketplace. However a recent report by Wrap (2016) demonstrates how there are growing opportunities in Northern Ireland as well other parts of the UK and Ireland to develop businesses that focus on the recycling and re-use and textile and clothing products. Some of the main arguments to why such emerging opportunities exist include:

- Textiles and clothing represent between 3% - 5% of the household waste stream;
- Estimates for textile waste vary between 550,000-900,000 tonnes each year;
- Over 1 million tonnes of textiles are thrown away every year mostly from domestic sources, of which only 25% are recycled;
- Recycling textiles can save up to 15 times the energy recoverable by incineration;
- It has been estimated that an item of clothing still has 70% of its useful life left after it has been discarded;
- Over 70% of the world's population use second hand clothes.

The markets for second-hand clothing are large, and there is a considerable demand for unwanted, second-hand UK garments in developing countries. The main destinations for exported second-hand garments are much of Africa, the Middle East, Pakistan and Eastern Europe. Charity shops also sell donated garments to raise funds, and these represent an effective outlet for unwanted household clothing and footwear.

4.2 Clothing and textiles re-use practice in Northern Ireland

All-Tex Recyclers Ltd is a textile recycling and export company that are committed to sustainable development. They currently operate a wide range of collection services which include clothing banks, fundraising schemes and charity shop collections. Textile re-processors like All-Tex also help to raise vital funds for charities that are unable to sell all of the goods donated whilst also processing the reuse of materials. Operating in Ballymena, All-Tex are fully compliant with all local, national and international requirements on waste licences, permits and insurances etc and although not a social enterprise attempt to adopt an ethical ethos by partnering with various established charities.



5 Textiles based social enterprise in the SIF North Zone

5.1 The HUBB resource centre application 2017

In May 2017 the HUBB resource centre submitted an application to the NBEI programme for a business plan that would test a new social enterprise start up which would provide textile and clothing manufacturing services to the local SIF North area and beyond. The social enterprise would also look to re-train and re-employ former skilled workers who had been employed at the local Lumbard stitching factory which formerly operated on the Shore Road.

Previously the North Belfast Social Enterprise Hub would have worked with the applicant to explore the feasibility of the start up concept in more detail. However, since the funding for all NI Social Enterprise Hub's has been temporarily suspended, NBEI has attempted through this report to fill the void created by the withdrawal of Hub services and provide some market research/sectoral analysis on the state of Northern Ireland's textile and clothing industry.

The findings from this sectoral analysis will be used to conclude the report and examine the viability of a textiles and clothing based social enterprise located in the SIF North Zone by using a simple SWOT analysis method. It is hoped that the findings can be discussed and potentially developed during the board meeting held on the 20th June 2017.

5.2 SWOT analysis based on the report and interview with applicant

Strengths

- One of the board members of the organisation (The HUBB resource centre) that applied to NBEI was previously involved as a director of the Lumbard stitching factory. Therefore there is an individual (albeit tentatively) affiliated to the proposal that has industry knowledge, connections and potentially some of the necessary

skills to help drive forward a start up specialising in the manufacturing or repair of textiles and clothing products.

- Clearly the start up is still at the conceptual stage but in broad terms it does attempt to utilise redundant textiles manufacturing skills that still exist in communities located around the old Lombard site on the Shore Road. The textiles and clothing start up would look to employ textile workers on a 'pay as you go' basis with the initial production activities taking place in local workers homes. Long term and if successful the HUBB resource centre would scale up manufacturing activities and locate them in a designated asset.
- The new textile and clothing start up idea emerged through recent consultations with the local community, with roughly 10 individuals expressing an interest of becoming a 'pay as you go' textile worker. One interested party was previously employed in a supervisor capacity before the closure of the local Lombard stitching factory. Since these expressions of interest a representative from the HUBB resource centre has recently applied for capital funding from "Awards for All" to purchase equipment (e.g. sewing machines, materials etc) and also help cover some of the other start up costs associated with textile and clothing production.
- The same representative has already made contact with potential retailers across both the Northern Irish and Scottish markets who have expressed a direct interest to sell textile or clothing products produced by the new start up, especially flute band uniforms. This representative also claimed to have various contacts across a network of what he estimates to be 150 active local flute bands who wear such uniforms that are usually replaced every 3-5 years. The average cost of an individual uniform ranges from £500-700 and there can be upwards of 30 members that participate and perform in the flute band itself. In addition to replacement costs, flute band uniforms regularly require maintaining and annual repair. This demand would create the need for a repair service which could also be offered by the new start up.

Weaknesses

- The sectoral analysis have shown that textile and clothing manufacturers in Northern Ireland have failed in the past because they became too preoccupied with domestic markets and failed to explore opportunities in global regions overseas. This start up concept is extremely focussed on providing for although unique, very small and locally based markets. This narrow focus could be construed as a weakness and could potentially compromise the sustainability of the business model in the long term.
- The sectoral analysis has also shown how the use of technology in the textiles and clothing industry is viewed as critical not only in terms of product development but also how it also helps companies locate the shortest route to market. Industry leaders in Northern Ireland such as RA Irwin were shown to have effectively integrated patented technology into their production processes as well as their supply chain development. This has helped them respond quickly to consumer demand and grow the business in the long term. In contrast, this textiles and clothing start up concept seems to be very low-tech and relies heavily on manual labour/production. Does this represent a weakness and would the lack of technology combined with poor communications/logistics compromise the development of the start up in the short and long term?

Opportunities

- On the one hand the start up represents an opportunity to utilise dormant skill sets but operated as a social enterprise it could also help up skill young people by establishing inter-generational training and employment programmes. The sectoral analysis demonstrated how unique skills across certain parts of the textiles and clothing sector are in a state of decline and if such skills are passed on to younger generations this could potentially offer the start up a source of product differentiation and help protect the market position of the business. This outcome would depend on how unique or bespoke the skills of the employed textiles workers were in the first place. And also does the manufacturing of band uniforms really represent such a unique skill-set that is decline? This would depend on the current market offering that exists at present.
- The current market offering for band uniforms across Northern Ireland is relatively small with 3 outlets currently listed that can cater for the demand. The largest is BD Garments who operate of Sandy Row and also supply flute band uniform customers located in Scotland and the North West of England. Given that there are currently so few competitors it would seem that there is an opportunity for a new start-up that focuses on manufacturing, repairing or even re-cycling band uniforms. However it also represents a niche market with limited demand.
- In addition to band uniforms, the representative from the HUBB resource centre explained how the start up could expand and diversify its product line and customer base by manufacturing other goods linked to local tourism, culture and heritage. Historical re-enactments, living history demonstrations/presentations and local parades/events commemorating war veterans represent a need for bespoke clothing lines across both Northern Ireland and across other parts of the UK. These occasions or events require various uniforms, regalia or just simple embroidered blazers which in theory could represent an alternative product line for the new start up.
- The representative also highlighted the increasing number of local people living across Belfast that now own a second holiday home or a caravan located in Northern Irish coastal areas such as the Ards Peninsula, the North Coast and Newcastle. Many of which claim to struggle to fit out or furnish their caravans in particular with made to measure textiles (e.g. curtains, linens, seat covers, bed linens) that can be sourced at an affordable price. Growing the start up by extending its product line and again diversifying its customer base would emulate the strategy and the potential successes enjoyed by other Northern Irish textiles/clothing industry leaders such as Francis Dinsmore at Templemoyle Mills. However this would require a substantial level of capital investment—one the group does not seemingly have access to at present.

Threats

- This sectoral analysis has shown how small and sometimes family run textiles and clothing businesses fail because they lack the skills to scale the business and sign post it into new markets, especially overseas. The skills that were lacking were shown to be in areas such as sales and marketing as well as effective supply chain management and exhaustive knowledge of the aligning retail sector. Successful manufacturers either have these skills in house or source them from outside. Despite the experience of one board member who was affiliated with the Lumbard stitching factory, there does not seem to be anybody involved with the start up concept that either has the time or expertise to develop these critical areas of the business.

Although the HUBB representative has some contacts across the flute band community, there has seemingly been a lack of thought to how supply chains would be developed, where materials would be sourced from etc. Perhaps a business plan could explore these in more detail?

- Textile and clothing manufacturers that remain in Northern Ireland have done so because they have adapted. Either by diversifying their product line and customer base or by becoming specialists in a bespoke form of textile manufacturing. Very few existing manufacturers serve the price pressured high street demand but instead look to work with mostly individual clients providing high end and luxury products all over the world. For example Thomas Ferguson in Banbridge were shown to be renowned globally for their production of bespoke Irish linen tableware which is used in some of the world's most exclusive hotels, especially across the Middle East. Do we feel this start up concept has the potential to create a bespoke product or a range of products that are capable being competitive on not only at the local/domestic level but also in a more global market? There are examples in North America, especially in Canada that are home to Orange Lodges who do have flute bands but more scoping work would need to be completed to better understand the potential of these overseas markets.

6 References

Inter-trade. (2002) *A review of the all-island clothing and textiles industry*. Newry: Inter-trade Ireland

Wrap. (2016) *Textiles market situation report*. Oxon: Wrap UK