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MRC UNSOLICITED RESEARCH GRANT SCHEME:

Can the Local Market Sustain the Existing Locally Oriented Garment Production Capacity

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EXECUTIVE SUMMARY

Understanding the profile of garment consumption in Mauritius is what this study is primarily about. As such it will provide an invaluable source of information on the market both for the retailers of clothing items and more importantly to those enterprises whose production is essentially oriented onto the domestic market.

The conditions under which the domestically oriented component of the textiles and garment sector has operated has dramatically changed between 2001 and 2005. Tariff protection which was as high as 80% up to April 2005 has now been greatly reduced to a fixed Rs 50 to Rs 250 depending on items concerned. The campaign for enforcement of intellectual property has wiped out a market for fake brands which at one time was a booming business. The value of imported garment on the domestic mauritian market has increased by 110% between 2001 and 2005. However the estimated value of local consumption for the same period has doubled. The average monthly household expenditure on clothing has increased by 9.7% in value terms when comparing years 96/97 and 2001/2002[1]. However, the average household expenditure on clothing has decreased among all income classes for the same period. It is estimated that the total local consumption[2] of garments was at Rs 3.31 billion in 2005.

Most comforting is the fact that import penetration is estimated to have remained relatively almost at the same level at 30.5% in 2000 and 36.0% in 2005. Selected import data allowing for comparison for 2003 and 2005 indicate a dramatic five fold import increase in unit terms of pants and briefs, and a two fold increase in imports of skirts, the increase in imports has been more modest for other items such as shirts, dresses, nightdresses and pyjamas, and even a fall in imports in the case of swimwear.

This first ever comprehensive study on garment consumption in Mauritius has been carried out through a survey of 25 production units, 39 retailers, 41 hawkers and 1,200 individuals aged between 15 and 65.

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1 Unfortunately more recent data from Household Budget Survey is not available.

2 The addition of value of imports and total sector output less value of export.

The study reveals the following findings:

Locally produced shorts/Bermuda, trousers/pants/jeans, T-Shirts, shirts, jackets and female swimwear dominated sales of all retail outlets and hawkers surveyed. On the one hand this indicates that in the narrow range of products the domestic production capacity is focused on, the producers are managing to give customers satisfaction on their price and quality exigency.

However, existing enterprises and new entrepreneurs may be well advised to consider the fast increasing demand for certain items which are little produced locally. These concern men's pants and briefs where the imported value for the year 2005 has jumped to Rs 19.05 million from Rs 2.1 million in 2004.

Similarly, ladies' wear is an important market which is being little supplied to by the domestic production, namely concerning skirts where imports has increased from Rs 13.6 million in 2004 to Rs 38.2 million in 2005, dresses where the increase is from Rs 21.5 million to Rs 29.9 million for the same respective years and underwear representing a Rs 28.2 million market in 2005.

It is also shown that the factors determining the purchase decision of the younger segment of the population, those between 15 and 24 are more towards quality and style.

As from the age of 25 quality and price factors are the most important determinants.

- Average per capita consumption of apparel for the year of the survey amounted to 23 items of clothing that is a monthly average of 1.9 item of clothing per respondent. (Pg 73)
- On the overall, there is no significant difference in the apparel consumption for young people and older people in terms of number of units [pg 79]
- Respondents buying less than 20 items yearly (42.4%) are mostly housewives, labourers, baby sitters, security officers.
- Respondents buying more than 50 items of clothing yearly [12.4%] (above average consumers) are mostly Technicians and Associate Professionals, and Clerks. (Pg 74)
- Contrary to perception, semi urban and rural consumers have a higher monthly household expenditure on clothing than urban ones.
- Majority of respondents (80.3%) did not spend more than Rs 4000 on apparel for the last 6 months. They are predominantly from craft and related trade workers, housewives, clerks, technicians and associate professionals.
- Clerks, craft and related trade workers, technicians and associate professionals as well as students are those who have monthly shopping trips for garments whereas the average frequency is more in terms of once every 2 to 3 months.
- The more frequent shoppers are more the urban ones.
- Interestingly only a small minority of consumers indicate buying only imported garments. A clear majority of 75% buy either exclusively or predominantly local items.
- However, respondents purchasing more locally produced apparel are price sensitive, while those purchasing more of imported apparel are more fashion and quality driven. [pg 83]
- Shops remain by far (61.4%) the preferred retail channel for consumers. "La Foire" is the next preferred place with street hawkers the third choice for only 6.3%. Hyper markets is definitely not considered as a place of preference. Tailor made clothing has lost ground completely. Majority of respondents prefer to go apparel shopping in shops because they have a wider choice of quality garments. Most of them go shopping for clothes with the intention of purchase every 2-3 months or every 6 months. [pg 86/88]

- Both men and women have purchased more underwear than any other apparel items. [pg 80]
- In fact the top five items bought by men are in order: slips/boxer shorts, socks, T-Shirts, Trousers and shirts. For women these are: panties/knickers, bra, blouses, tops, and skirts.
- Women tend to have a wider range of clothes, and seem to replace their garments at a faster pace. (Pg 75)
- The survey of retailers, hawkers and consumers confirm that Mauritians are more inclined for casual wear.
- It was found in the survey for retailers and hawkers that women take out their purse mostly for panties/ knickers and bras than any other apparel item. Percentages for panties/knickers (81.5%) and bras (78.4%) in the consumer survey illustrate this trend. [Pg 76]
- Female respondents purchasing underskirts are mostly housewives and clerks from rural area [Pg 76]
- As for the purchase of bras married female respondents are those who tend to purchase fewer bras as compared to other categories of female respondents (single, divorced…). It has also been noted that propensity to purchase bras reduces as age increases. [pg77]
- Women in the urban regions tend to purchase more trousers/pants/jeans than women in rural regions.
- Single men purchase more slips/boxer shorts than other male respondents do. Those are from the rural area and earn an average monthly income of Rs 4,000 – Rs 10,000.
- Along with quality and style, the one major factor influencing people in the choice of garment is price. [pg 83]
- Younger segment shop more frequently then elder segment.
- Urban dwellers and females seem to go shopping more frequently than their rural and male counterparts respectively.
- The survey of hawkers and retailers showed a reverse trend in the sales of garments. Sales of imported apparel exceeded those of a local origin for retail outlets; as for hawkers, it was sales of garments of a local origin that exceeded sales of those of an imported origin. This finding goes against common perception that hawkers are selling imported garments in competition with locally produced ones.
- There is a reverse relationship between genders with respect to the origin of garments they buy. Sales of locally manufactured garments for men was greater than that of imported garments; as for women, the sales of garments of imported origin exceeded that of garments of local origin.
- Hawkers sell a massive quantity of locally produced garments for men – 121, 015 units compared to only 262 units of imported garments. On the other hand, hawkers' sales of local women apparel is only 4, 300 units compared to 38, 438 units of imported garments.
- Work Wear (e.g. overalls) sold were exclusively from the local production while Bathrobes, Swimsuits and Body Shirts were exclusively of imported origin.

It is estimated that there are about 125 small garment producing units and about 60 medium size ones. The former almost exclusively rely on the domestic market for their sustainability. The sample surveyed for this study was in conformity with this pattern. 40% were in this category and 60% produced both for domestic and export market. However in the latter category, export market represented only 25% of production.

- The overall total production of garments of the production units surveyed amounted to 1, 368, 051 units, out of which 863, 193 units of garments for men and 453, 007 units for women. In addition, a relatively low 1,851 units were outsourced for production.
- Most enterprises surveyed produce T-shirts (270, 805 units), followed by Shirts (244, 153 units), Undershirts (115, 000 units), and Trousers/Pants/Jeans (52, 161 units).
- 40% of the enterprises surveyed produce exclusively for the domestic market while the remaining 60% produce both for the local and export market.
- Most of the enterprises surveyed have recourse to Shops/Retailers (66.7%) for the dissemination of their garments, with hawkers being the second most preferred channel as compared to supermarkets/hypermarkets (38.1% to 9.5%).
- 40% of enterprises surveyed have experienced an increase in sales on the local market over the last 3 years. 32% have experienced no change in sales whatsoever, while 24% have found their sales for the local market to be on the decline.
- However it is worth noting that even if a greater number of enterprises have witnessed an increase in local sales, the decrease in local sales in terms of units of garments is more significant, a total of 25,080 decrease in units as compared to 22, 596 increase in units.

CONCLUSION

In conclusion, this study gives very interesting insights into the pattern of garments consumption in Mauritius and some of its sociological underpinnings. The study is broadly comforting for producers of garments focused on the domestic market in as much as import penetration is still not dominant and consumers in their majority still support the purchase of locally made garments.

However, the producers would be well advised to work more closely with the retail channels to capture changing trends and to consider ways and means to maintain their competitiveness based on quality and price but also to supply more fashion oriented items as in demand from the younger generations.

Finally, producers and new entrepreneurs in the sector could look at the broader range of items in demand which are yet to be adequately provided for by local supply.