

Portwest's Future Strategy: Fashionising Workwear – Threading The Needle

Case study for Bachelor level

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Abstract

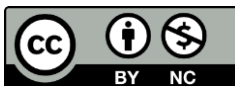
Portwest- should they further pursue the leisurewear / workwear market or should they focus on expanding the current range?

Portwest is a global manufacturer and innovator of workwear, safetywear and Personal protective equipment (PPE) and one of the fastest growing workwear companies in the world. Recently, the company launched an “Inspired Workwear” collection targeting the leisurewear/workwear market. It is a departure from their traditional markets where their acquisition strategy has seen Portwest rapidly gain market share. Management are concerned that this new departure may take resources from the core business of Workwear and dilute key resources.

Keywords

Business Model, ANSOFF'S MATRIX, Value Chain, Apparel, competitive strategy, supply chain strategy, product design, outsourcing, NPD Apparel, competitive strategy, supply chain strategy, product design

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Background

Perched at the edge of Clew Bay on the western Atlantic, the heritage town of Westport is home to the Portwest company. Founded by Charles Hughes in 1904 as a drapers with just twenty machinists, it continued on under the steerage of his nephew Padraig Hughes who took it over in 1936. He moved the company into the wholesale trade. Today three brothers- Cathal, Harry & Owen are involved in this family business that turned over €185 million as of February 2019.



COMPANY HISTORY Charles Hughes, son of a small farmer on the Wild Atlantic Coast, was determined to make the best workwear and footwear when he borrowed his business in 1904. Over 112 years later his core strategies of exceptional design, quality, value and service still apply today.

OUR AWARDS

- FT Entrepreneur of the Year Award
- IEC Kingfisher Mark Award
- Elevation Award - Irish Business & Finance Awards
- Exporter of the Year Award
- Deloitte Best Managed Companies Award

Timeline highlights:

- 1904: Charles Hughes opens his drapery and haberdashery in Westport.
- 1945: First factory completed in Westport.
- 1964: The Portwest Group is born.
- 1988: Portwest opens its UK factory.
- 1992: Portwest introduces its first range of workwear.
- 2003: Steve Fogarty becomes the company's leader.
- 2007: First overseas production plant in Poland.
- 2012: Opening of the first factory in Bangladesh.
- 2014: New design of workwear and footwear.
- 2017: Portwest enters the footwear market through Prime Power Ltd.
- 2018: First factory in Ethiopia.
- 2018: First factory in Myanmar.
- 2020: Portwest launches its first range of footwear.

https://issuu.com/portwestltd/docs/portwest_graduate_booklet_finalv2

Current situation

The evolution of Portwest's supply chain

Vertical Integration

Portwest's presence in Westport had always included manufacturing, bolstered by a factory in the UK which started producing in 1988. The 1990s saw a disruption to European apparel / textile manufacturers with availability of Chinese apparel production capacity- and Portwest outsourced clothing manufacturing to China. This culminated in 2008 with the closing of the factory on the Castlebar road. Although the company relied on outsourced manufacturing for a period, retaining manufacturing in-house was a priority. This resulted in the opening in 2012 of a factory in Comilla, Bangladesh in 2012. Key to this location decision was the EU's General Scheme of Preferences (GSP) giving relief from import duties to vulnerable developing countries. Building on this approach the company established further factories- another in Bangladesh (in Comilla?), one in Bago Myanmar and were in the process of commissioning one in Ethiopia (in 2020).

The company also made a significant strategic investment in Base Protection, an Italian footwear manufacturer with factories in Italy and Albania.

In addition to in-house manufacturing, Portwest continued to use CEMs as part of their network, to acquire specialist products but also as part of a risk-averse policy in managing inventory.

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Figure from Portwest UK Promotional flyer.

Distribution

Portwest's first international move was to enter the UK market in 1980 (UK Promo flyer). Greater sales necessitated a UK-based distribution centre, which was subsequently expanded in 2003 as Portwest expanded to Europe. Similar to the UK experience, increasing sales necessitated the establishment of a further distribution centre at Czeladz, Poland.

Evidencing a further transition to being an international force, Portwest soon established presences in North America and the Middle East with associated distribution centres by 2014. The latest market expansion, to Oceania, involved the acquisition of the Prime Mover brand and the use of distribution centres near Melbourne, Perth and Auckland.

Product Design

The current range of Portwest products is driven by a periodic refresh of three catalogues:

- EU catalogue- Ireland the UK and the European mainland
- US catalogue- US (and Mexico / Canada?)
- Aus / NZ catalogue

The catalogues were updated every two years. There were a few reasons for maintaining three catalogues- firstly the standards for workwear were not the same, requiring market-specific products. Secondly, sizing and style preferences were different. Finally, there were products that catered to local needs/ tastes only. Portwest estimated that somewhere between 20-30% of the overall product range were catalogue- specific.

The majority of product design work happened in the Portwest HQ. A team of product designers (working on specific product families) developed the product brief on the basis of

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market / customer feedback, created initial designs and then worked through the iterations of the development cycle to an initial prototype. From there the manufacturer (whether in-house or external) would be engaged to design the product for manufacturing. Upon completion the final product master the product was then ready to be included in the catalogue. Portwest typically prided itself in a “No-nonsense, reliable product” approach to design.

While the catalogues had a biannual refresh, given the breadth and depth of the range the products were not always locked into the cycle. Product updates would be quietly incorporated, and other products which failed to meet sales criteria would be ‘culled’ and delisted once stock had been exhausted. However, significant new product launches / refreshed were reserved to coincide with the cadence of catalogue updates.

Supply Chain

Once the product had been approved for production and in anticipation of orders, Portwest had to decide how much stock to carry in each of the distribution centres. Lead-times varied significantly depending on whether manufacturing was in-house / outsourced, the location of the manufacturer, the order quantity and other factors. A further factor was the anticipated demand, or more importantly demand risk. While the area sales managers would have a knowledge of what was selling well, and Portwest could gauge the response of important customers to product samples, this was of limited use for new products without predecessors. Portwest’s objective of being a ‘one-stop shop’ required that the customer service levels were high, but given the number of SKUs in each warehouse this had to be carefully managed. An important element in balancing supply with demand was access to in-house manufacturing. Portwest had adopted a capacity-led approach with the result that there was always the capacity for rush / high priority orders for a large number of garments, reducing the risks of stockout.

Market Analysis

Global Workwear Market to Reach \$39.2 Billion by 2027

Amid the COVID-19 crisis, the global market for Workwear estimated at US\$29.1 Billion in the year 2020, is projected to reach a revised size of US\$39.2 Billion by 2027, growing at aCAGR of 4.3% over the period 2020-2027.

Apparel, one of the segments analyzed in the report, is projected to record 4% CAGR and reach US\$29.1 Billion by the end of the analysis period. After an early analysis of the business implications of the pandemic and its induced economic crisis, growth in the Footwear segment is readjusted to a revised 5.5% CAGR for the next 7-year period.

The U.S. Market is Estimated at \$8.6 Billion, While China is Forecast to Grow at 4.1% CAGR

The Workwear market in the U.S. is estimated at US\$8.6 Billion in the year 2020. China, the world’s second largest economy, is forecast to reach a projected market size of US\$7 Billion by the year 2027 trailing a CAGR of 4.1% over the analysis period 2020 to 2027. Among the other noteworthy geographic markets are Japan and Canada, each forecast to grow at 4.2% and 3.4% respectively over the 2020-2027 period. Within Europe, Germany is forecast to grow at approximately 3.6% CAGR. We bring years of research experience to this 17th edition of our report. The 257-page report presents concise insights into how the pandemic has impacted

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production and the buy side for 2020 and 2021. A short-term phased recovery by key geography is also addressed.

Global Workwear and Uniform Market Analysis - 2018-2027

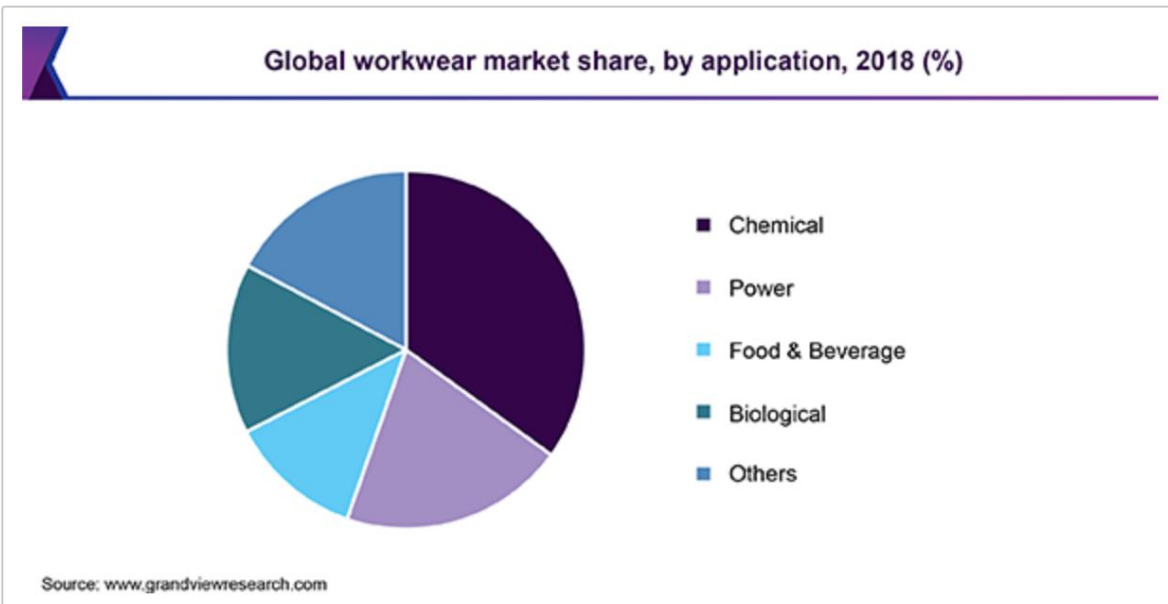
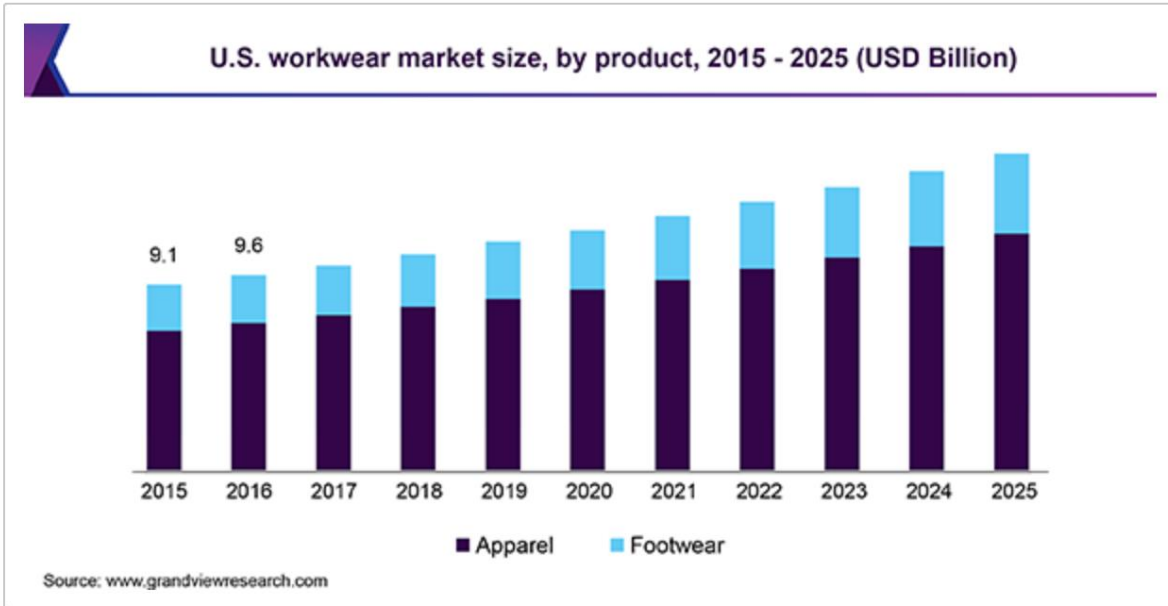
Workwear and uniform is defined as an apparel that is purchased by enterprises and are given to employees to provide durability and safety as per the work environment and nature of business. The main purpose of issuing a workwear is to ensure the safety of the employee and to give him/her the corporate identity or image of the organization. Workwear and uniform act as an exceptional advertising tool, and many employers issue workwear to their staff as a part of their marketing strategy. The global workwear and uniform market is anticipated to record a CAGR of around 5% during the forecast period, i.e. 2018-2025. Factors such as increasing trends for fashionable and functional clothing along with the increasing workforce base across industries and the growing enterprise and business sector are some of the factors anticipated to drive the growth of the global workwear and uniform market. Additionally, growing trends of professionalism by workwear fashion and necessity of analysis of workers' health by IOT integrated workwear and the rising demand for workplace safety for lowering workplace accidental occurrences and growing apparel industry are some of the factors anticipated to contribute significantly towards the growth of the global workwear and uniform market.

The global workwear and uniform market consist of various segments that are segmented by type, product, services, demography, application and by region. Out of these, the application segment is sub-divided into manufacturing, service, mining, agriculture & forestry, medical & healthcare, catering & hospitality, schools, home services, transportation and others. The manufacturing segment is anticipated to display significant market share by the end of the forecast period and attain a value of around USD 13 billion by the end of 2025 with a CAGR of around 5% over the forecast period.

Based on region, the global workwear and uniform market is segmented into North America, Europe, Asia Pacific, Latin America and Middle East & Africa. The market in North America was valued at around USD 8 billion in the year 2017 and is anticipated to grow with a CAGR of around 6%. The market in the region is further expected to cross a value of around USD 12 billion by the end of 2025.

Some of the industry leaders in the global workwear and uniform market are Carhartt, Inc., VF Corporation, Alsico NV, Barebones Workwear, Inc., Cintas Corporation, Williamson-Dickie Mfg. Co., LLC, Engelbert Strauss GmbH & Co. KG, Fristads AB, VP Capital, Hejco Yrkesklader and Johnson Service Group PLC.

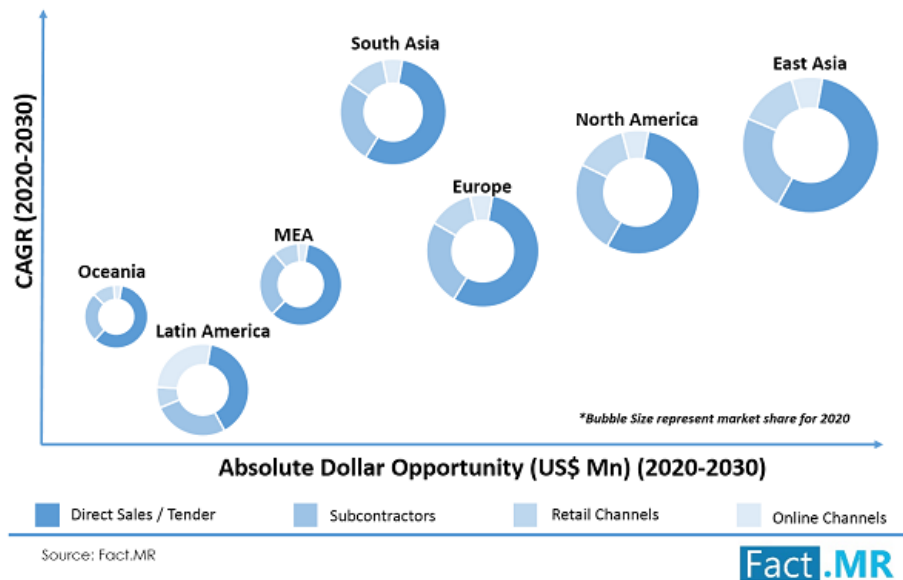
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Functional Workwear Market Regional Analysis by Sales Channel, 2020



Key Competitors

Dickies is the leading brand in the food service industry due to the brand's 90 years of experience in workwear. Dickies is a brand workers have grown to trust over the years due to affordable options and long-lasting comfort and durability.

About Williamson-Dickie Mfg. Co. Williamson-Dickie Mfg. Co. is the world's leading provider of authentic work apparel, specializing in innovative performance work wear since 1922. The company offers premium quality products at an unmatched value across a vast assortment of apparel, footwear, and licensed goods in more than 100 countries. Williamson-Dickie operates through wholly-owned affiliates in the United States, Canada, Mexico, Europe, China, Japan and the Middle East; exclusive licensees and distributors in Africa and the Asia Pacific region; and under the Dickies®, Workrite®, Kodiak®, Terra®, Walls®, Big Smith®, 10X®, Liberty® and Duxbak® brands. For more information, visit www.williamsondickie.com.

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Recommendations

For bachelors all needed information for solution should be provided in a case or an appendix.

Postgraduates might search extra information for solution.

Questions/tasks

1. What trends are likely to affect the distribution of the DX4 range? Consider the impact of eCommerce on the distribution channels for the market
2. What are the drivers in the workwear market?
3. How does Portwest integrate their Value Chain with distributor companies' Value Chains?
4. Evaluate the market for the DX4 range.
5. Explain the supply chain strategy adopted by Portwest in terms of integration- does it fit?
6. The development and manufacture of the DX4 range challenged Portwest in a number of areas. Identify these challenges
7. Should Portwest continue to develop more fashion-specific products?

Appendix

Bibliography

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https://trade.ec.europa.eu/doclib/docs/2019/may/tradoc_157889.pdf

All extra information in various forms: figures, tables, schemes, extra cases

Roughwork

Factories in

- Bago Myanmar (around 10 million to build) (Myport is a subsidiary of portwest)
- Comilla Bangladesh (2007) (Eastport Ltd)
- Other Myanmar factory
- Detail on Ethiopian factory?

DC / Ware house in:

Thurnscoe England

Czeladz Poland

Altona (near Melbourne) Australia

Sharjah UAE

Kentucky USA

Auckland New Zealand

Panama ???

The company has acquired companies along the way

- Huski Workwear (Australia and New Zealand) 2017 for 10 million
- Prime Mover Workwear (Australia) 7.5 million (2017)
- Strategic Alliance with Base Protection Footwear (in Italy and Albania) approx. 40 Million (2020)

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Market size value in 2020	USD 31.56 billion
Revenue forecast in 2025	USD 42.09 billion
Growth Rate	CAGR of 5.8% from 2019 to 2025
Base year for estimation	2018
Historical data	2015 - 2017
Forecast period	2019 - 2025
Quantitative units	Revenue in USD billion and CAGR from 2019 to 2025
Report coverage	Revenue forecast, company share, competitive landscape, growth factors and trends
Segments covered	Type, component, frequency band, platform, end use, region
Regional scope	North America; Europe; Asia Pacific; Central & South America; Middle East & Africa
Country scope	U.S.; U.K.; Germany; China; India; Brazil
Key companies profiled	Carhartt Inc.; Almark; Alsico NV; Alexandra; A. LAFONT SAS; ADITYA BIRLA GROUP; 3M; ANSELL Ltd.; Honeywell International Inc.; Kimberly-Clark Worldwide, Inc.
Customization scope	Free report customization (equivalent up to 8 analysts working days) with purchase. Addition or alteration to country, regional & segment scope.
Pricing and purchase options	Avail customized purchase options to meet your exact research needs. Explore purchase options

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Teaching Note

) Synopsis and type of the case

[Synopsis] This case is about the direction that Portwest takes to achieve its aggressive growth target of 20% year-on-year. Portwest operates a vertically integrated business-to-business supply chain providing a large range of workwear / work-related wearable products to several markets globally. The case charts its establishment as a single retail store by Charles Hughes in 1904 to its current status as an international organisation providing high quality, rigorously tested workwear employing 4,500 people worldwide. The case describes the application of a characteristic of the company's success (the ability to quickly adopt industry trends / innovations) to a new range of clothing and the associated trials and tribulations of designing, manufacturing and marketing a challenging product.

[Type] This case is an incident case

Recommendations

1. Incident case

(b) Teaching objectives, target groups and target courses

[Objectives] This case is designed to:

- Require the student to become familiar with and be able to analyse the global workwear market
- Require the student to be able to assess Portwest's product design process and supply chain strategy and assess the advantages / drawbacks of an integrated approach
- Require the student to analyse the introduction of the DX4 range and assess whether the advantages outweigh the drawbacks

[Target group] The case is written for undergraduate students

[Target courses] The case is especially intended for courses in retail, supply chain management and operations management.

(c) Teaching approach/area and strategy/organisation

[Approach/area] The case is intended to provide an insight into the growth of a company with ambitious growth targets and a significant investment in product design, manufacturing and supply chain capability. On a strategic level the company will be presented for analysis vs the competition (Ansoff's matrix, SWOT analysis can be used). The case will require the student to calculate total lead-times (product design plus supply chain), inventory (days of inventory) assess how the company manages demand uncertainty- (use of preorders).

Recommendations

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I competencies might be developed for bachelors (narrow, function based)

T competencies might be developed for postgraduates (wide, horizontal managerial and function based)

[Strategy/organization] of the case study has been organised as follows

Case Coaching: Reading of the case and any associated articles/information given one week in advance along with specific questions to address and format for delivery of the assessment.

1. **Upload of analysis results:** after case presentation and accompanied with a report to be determined by the lecturer concerned.
2. **Case Presentation:** subject to the numbers involved each group to present their solution and all groups to contribute to the Q&A. presentation plus report to be submitted on same day.

(d) Evaluation/Grading

[Evaluation criteria] Evaluation shall take place based on the following criteria:

Each university to apply their rubrics, scoring mechanisms and the specific assessment brief and requirements as indicated by the lecturer concerned.

[Grading/weights criteria] Evaluation shall take place based on the following criteria

Maximum number of points achievable, thereof for 100

- Case research: max. points 30
- Case presentation: max. points 50
- Class participation: max. points 20
- ...

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Recommendations

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(e) Analysis and solution outline

A detailed case analysis and solution outline ...

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