

# The corona pandemic, a once in a lifetime experience – hopefully!



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**Digital challenges and opportunities:** The expression “Never let a good crisis go to waste” certainly applies to the corona crisis, which has revealed the enormous potential of digital products and services. Online products like streaming music or movies are the most obvious ones. Online services that enable digital meetings, exhibitions, conferences, or digital teaching covering everything from cooking and music to yoga lessons are now available. For the textile industry the rapid expansion of online business is a very important aspect of the digital transformation of our societies and economies. More and more people of all ages have started shopping online. The pandemic has turbo-accelerated a trend that was already underway. For many years, online platforms like Amazon, Zalando or Alibaba have been offering an increasing number of products. Many brands and retailers had invested in the past years in their online distribution channels. One can only imagine how much worse the pandemic would have hit the global textile industry, if there had not been any kind of e-commerce or digital capabilities to quickly develop new digital business models. However, the online business could not compensate the offline business. It is estimated that the global share of e-commerce sales is between 15 and 25 %. In other words, the bulk of products is still sold offline. Yet brands and retailers that already had a good online business are certainly weathering the current crisis much better than those that had not developed and built any sort of online business.

**Slow down since the end of 2018:** To a certain extent the corona pandemic has contributed to overlook the fact that the global textile and textile machinery industries were already losing steam since the end of 2018. At the traditional ITMF Textile Machinery Workshop in Spring 2019 the results of the ITMF publication “International Textile Machinery Shipment Statistics” for the year 2018 were discussed. Order intake by textile machinery companies in the 1<sup>st</sup> quarter (Q1) 2019 were in negative territory. Also, the outlook for the 2<sup>nd</sup> half (H2) of 2019 – during which ITMA 2019 was to be held in Barcelona/Spain – was below the levels in 2018. The ITMF’s data about new textile machinery shipments in 2019, published in 2020 confirmed the expectations in early 2019. In almost all textile machinery segments investments were lower in 2019 than in 2018. Therefore, when the corona pandemic hit many companies along the textile value chain were already struggling.

**ITMF corona surveys in 2020:** In March 2020, when the first lockdowns in the main consumer markets of Europe were announced, the ITMF started the so-called ITMF Co-

rona Surveys with the objective to see the extent the industry is impacted by the restrictions put in place and by the change in consumer behavior. The level of cancelled/delayed orders was unprecedented. The first 4 ITMF Corona Surveys revealed how orders were negatively impacted. On average, 42 % of orders were cancelled/delayed worldwide during the first wave of the pandemic. Until the end of 2020, a total of 6 ITMF Corona Surveys was conducted in which companies were asked about their turnover expectations in 2020. After a good Q3 with no or very few restrictive regulations in place (e.g. quarantine) the situation improved somewhat and brands and producers alike had adapted to the new environment ordering or producing smaller lots. Overall, the textile industry expected in December that on average turnover in 2020 will be around 12 % lower than it was in 2019.

**Expectations for 2021 and beyond:** When it comes to 2021 and beyond the 6<sup>th</sup> ITMF Corona Survey revealed that on average companies are expecting on average a slow recovery. Especially for 2021, the expectations are cautious as the exact end of the pandemic and consequently of the restrictions are difficult to predict despite the roll-out of vaccination programs in all important consumer markets. Nevertheless, the global textile industry is starting to recover in 2021 from the worst demand slump in recent history.

**Innovation and value addition:** To be successful tomorrow requires courage today and confidence in the future. The future of the global textile industry is bright. Demand for textile products is enormous. The global population will continue to grow and so will global GDP. Considering climate change, the challenge is to produce textile products that can be recycled easily (circularity) and require fewer resources. Today and even more so in the future, textiles will have to incorporate even more functions (functional textiles). Furthermore, textile demand is rising in new segments like architecture, infrastructure, or mobility. In the future, companies will have to concentrate more on value addition and less on volume. To seize all these opportunities, innovation is key. The costs for and complexity of innovation have increased. This requires a better understanding of each other’s activities along the supply chain. Therefore, closer partnership between customers and suppliers has become ever-more important. The pandemic has clearly shown that the textile supply chain is long and complex and is only as strong as its weakest link. Therefore, cooperation and innovation are key and will help our industry to stay strong and healthy.