

Garment Trimmings



October 2010 US\$395



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China manufacturer profiles

Detailed profiles of 26 suppliers with verified manufacturing and export credentials

Product & price trends

Prices and specifications of 124 top-selling export products

Supply centers & market trends

Coverage of leading and emerging supply centers, plus insight into capacity, output and R&D

GARMENT TRIMMINGS

Supplier capability in China

EXECUTIVE SUMMARY

Garment trimming suppliers in China are confident exports will grow between 10 and 20 percent in the coming year, due mainly to rebounding international demand for downstream products such as apparel.

Recent customs data indicate that the estimate is realistic. The country's overseas sales of clothing fasteners and ornaments during January to July 2010 increased about 26 percent to \$1.9 billion.

As with other sectors, however, escalating material and labor costs are eating into profit margins. Production expenditure is rising as makers compete for their share of the fiber supply and implement stricter environmental standards. The lack of migrant workers is pushing up employee outlay.

The following are some of the key developments we see in China's garment trimmings industry:

- Companies are cutting costs by emphasizing staff training for enhanced productivity and less wastage.
- Makers are setting up factories in the interior provinces to take advantage of lower salary rates, the strong labor market and the development of garment and textile zones.
- Suppliers are decreasing energy consumption and disbursements by upgrading facilities. These include retrofitting looms, purchasing boiler control systems and utilizing power-saving bulbs and automatic faucets.
- Companies that perform dyeing in-house are buying industrial sewage treatment machinery or moving to parks that offer access to such equipment. This is in response to the government's new requirements for encouraging sustainable production.
- Amid tougher overseas safety regulations, businesses are being selective in their material sources. They choose providers that can certify inputs have a sufficiently low level of harmful substances.

China makers of garment trimmings offer zippers and parts, buttons, snaps, hooks and eyes, cord locks, hook-and-loop tape, loose ornaments, applique, transfers, decorative edging and fringe, and ribbons. These are also the scope of this report.

Each category has its own section with details on the features and prices of low-end, midrange and high-end models. Design trends, and the production and QC processes are discussed as well.

Further, the chapter elaborates on the composition of the manufacturer pool, highlighting key characteristics of the different types of companies.

The Industry Overview explains the various challenges that makers are facing, including the rising cost of materials, more stringent safety and environmental standards, and the labor shortage. It also details the steps companies are taking to address these difficulties.

Projections for the next six to 12 months on overseas sales, capability improvement, capital expenditure plans and R&D focus are explained in the Supplier Survey.

Small and midsize operations compose the majority of China's garment trimmings manufacturing base. Approximately 95 percent of all exporters are private locally owned companies, and the rest are foreign-invested.

The provinces of Zhejiang and Guangdong are the main production centers.

For this report, all profiled suppliers are private locally owned businesses.

More than one-third of featured companies come from Zhejiang. Thirty-one percent is located in Guangdong.

Roughly 54 percent of interviewed suppliers have been in the export and manufacturing industry for at least a decade.

In this report

- 26 in-depth company profiles
- 124 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that are verified by Global Sources.

Each supplier is confirmed to be authentic with a legally registered business. All companies are visited three or more times to ensure they are export-ready and have real offices and products.

The listed contact person has been verified to represent the registered company. In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry. All survey questions are single choice.

Suppliers are ranked based on a 6-star ranking system. Companies with a higher star ranking provide more business information and verification reports on their Global Sources online homepages.

Suppliers rated 5 or 6 stars have a Credit Check report from First Advantage or Sino-Trust and a Supplier Capability Assessment report provided by Bureau Veritas online.

The rankings are correct at the time of publication and may be subject to change.

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INDUSTRY OVERVIEW

China's garment trimmings industry is steadily recovering from last year's slowdown, but the heightened cost of labor and raw materials is posing a threat to profitability.

Rebounding demand in downstream sectors such as apparel and textiles is helping boost sales. By June, orders at many companies already climbed 20 to 30 percent YoY. A few big businesses even posted growth of 40 percent.

Between January and July 2010, the country exported approximately \$1.9 billion worth of clothing fasteners and decorative elements. The figure is 26 percent higher than the previous corresponding period.

Elevated production outlay, however, is eating up margins. As of Oct. 11, the cost of 328-grade cotton and 70d/24f nylon was \$3.48 and \$4.13 per kilogram, respectively, a rise of 79 and 25 percent YoY. The same quantity of 1.4d/38mm polyester staple fiber was 25 percent more expensive than six months ago at \$1.93.

Likewise, raw silk rates are currently about 60 percent higher than they were at the beginning of 2009. While the value of synthetic materials is projected to stabilize in coming months, cotton may continue escalating if supply remains limited.

The ongoing labor shortage in coastal areas is also pushing up spending. Local governments have modified minimum wage guidelines to help factories retain personnel. The average monthly remuneration in Fujian, Guangdong and Zhejiang provinces is now \$135 to \$165, roughly 15 percent higher than rates last year. Several companies even pay more than what is mandated.

A significant number of workers, however, still choose to stay in their hometowns, where salaries are now more competitive and living expenses are lower.

Further, many employees, particularly the younger ones, are looking for better working

environments. They are willing to quit and move to factories that not only offer higher salaries and incentives such as free food, lodging, Internet access and activity centers, but also have less stressful job conditions.

Price markups are becoming necessary to counter the additional costs, but makers are adjusting quotes minimally for fear of losing customers. Most buyers are still sensitive to increases and favor less-expensive designs.

Suppliers are therefore adopting various measures to maintain viability. Several applique and transfer suppliers, for instance, are taking the opportunity to expand market presence and upgrade their latest releases.

The latter strategy helps widen profit margins as such models can fetch higher prices.

Makers are also enhancing efficiency and productivity by revising management processes. ERP systems are now commonly employed by companies.

In addition, staff training is continuously provided so that material wastage and defect rates can be reduced. For example, workers' cutting techniques are being refined at glass bead factories.

To minimize risks, many suppliers are being selective in accepting orders. They try to assess the stability of clients before signing contracts. A few midsize and large operations are even rejecting transactions below \$75,000.

Exporters are closely monitoring trends for material costs and the exchange rate. The aim is to make component purchasing strategic and thereby maintain an ideal inventory.

Some garment trimming makers are setting up factories or sales offices inland, especially in Anhui, Henan and Jiangxi provinces. Apart from the rich labor pool and lower costs, the quick development of downstream apparel and textile industries is attracting suppliers to expand business there.

Supplier summary

Suppliers surveyed	26
Export sales	\$68.6mn
Export ratio	46%
OEM business	49%
Capacity utilized	64%
Annual R&D spending	\$9.1mn
Full-time employees	12,145

Data: All surveyed suppliers

Another strategy being adopted by companies is cutting overhead expenses.

In some zipper plants, large air-cooling fans are employed in place of centralized air conditioning. The fans provide almost the same benefits as the latter, but electricity consumption is reduced by 90 percent.

Suppliers are also retrofitting equipment to lower energy use. Zipper manufacturer Wenzhou Great Wall remodeled 42 of its tape-weaving machines so that power requirement can go down about 25,500kWh per year. Its factory is outfitted with energy-conserving boiler control systems and computerized steam-recycling facilities.

Power-saving bulbs, automatic faucets and controlled toilet flush mechanisms are being adopted as well to decrease electricity and water consumption. A number of factories offer bonuses for departments able to save on utilities during fabrication. With such measures in place, businesses can diminish outlay by up to 10 percent annually.

Many of these cost-saving methods are also in line with companies' moves toward sustainable production.

Makers go 'green'

Amid heightened environmental awareness in major international markets, China's garment trimmings industry is gradually adopting more ecologically safe manufacturing procedures.

Dyeing, in particular, is receiving increased attention because the type of chemicals and amount of water

Boka Garment Accessories Co. Ltd



Private locally owned Boka generated \$1 million in total revenue last year, 80 percent of which came from sales of garment trimmings. The rest was from necklaces and keychains.

The featured selection includes applique, transfers, loose trims, tape, ribbons, cord, fringe, buttons, hooks, cord locks, hook-and-loop tape, and zippers and related parts.

The products are manufactured in a 2,000sqm factory located in Guangdong province. About 120,000 pieces are turned out monthly, with 80 percent sent abroad.

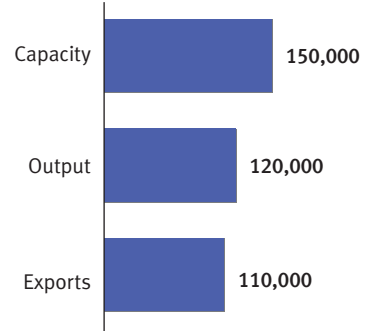
Releases go to North America, Europe, the Asia-Pacific region and the Middle East. Outbound orders are evenly split between OEM and ODM models.

The company maintains 65 full-time workers, including 10 members handling QC. Three specialists are assigned to the R&D department.

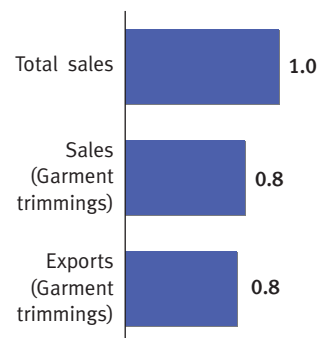
Every year, roughly 2 percent of total revenue is allotted to product development. The focus for garment trimmings is new embellishments, electroplating effects and surface treatments.

Profile

Production pieces/mth



Sales \$mn/yr



Contact details

Business contact

HE Sonia

Phone

(86-579) 8559-3520

Fax

(86-579) 8559-3529

E-mail

sales@chinaboka.cn

admin@chinaboka.cn

URL

www.chinaboka.cn

www.globalsources.com/
chinaboka.co

Address

7-201 Building 31, Area 3, Changchun Road, Yiwu, Jinhua, Zhejiang, China

Company facts

Year established	2007
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Jinhua (Zhejiang)
Number of factories	1
Factory location(s)	Zhongshan (Guangdong)
Total factory area	2,000sqm
No. of full-time employees	65
No. of R&D/design staff	3
No. of QC staff	10
Annual sales (all products)	\$1.0mn
Annual R&D spending	\$20,000
ISO certification	No

Sales & output: Garment trimmings

Annual sales	\$0.8mn
Share of total sales	80%
Annual export sales	\$0.8mn
Total monthly capacity	150,000 pieces
Average monthly output	120,000 pieces
Capacity utilized	80%
Average monthly exports	110,000 pieces
Export ratio	92%
OEM % of exports	50%
ODM % of exports	50%
OBM % of exports	—
Major customers	Target (US)
Other products made	Necklaces, keychains

Capability

Production checklist

Cutting machines	2
Die-casting machines	—
Embroidery machines	—
Knitting machines	—
In-house dyeing	No
Access to wastewater treatment facilities	—
Mechanical sewing machines	5
Plastic-injection machines	—
Printing lines	—
Weaving looms	—

Exports by product

Applique & transfers	45%
Buttons, hooks & cord locks	5%
Hook-and-loop tape	1%
Loose trims	3%
Tape & ribbons	5%
Trims, cord & fringe	40%
Zippers & parts	1%

Exports by market

North America	60%
European Union	30%
Europe (non-EU)	5%
Asia-Pacific	1%
Middle East	4%
Other	—

Survey

- **Export prices**
Stayed the same
- **Export sales**
Increase 10-20%
- **Target market**
Europe (non-EU)
- **Capital expenditure**
Increase more than 50%
- **Major challenge**
Yuan-USD exchange rate
- **Export capability**
Improve operating efficiency
- **R&D focus**
New embellishments, electroplating effects & surface treatments

Popular export models



Hot-fix transfer

Model	ZKXV
MOQ	500 pieces
Packaging	OPP bag
Delivery	5 days
Price	\$0.38

Description: Rhinestones; peace sign; 24x24cm; SGS-tested for lead content



Braid trimming

Model	BK-TRM024
MOQ	200 yards
Packaging	OPP bag
Delivery	9 days
Price	\$1.70 per yard

Description: Sateen; rosette embellishment; 6.5cm; white



Collar

Model	BK-RT115
MOQ	200 pieces
Packaging	OPP bag
Delivery	7 days
Price	\$1.50

Description: Electroplated zinc alloy; black nickel; EN 71

PRODUCT GALLERY

Buttons & cord locks



Dosen
(profile page 36)
Model: DZK-0974
MOQ: 5,000 sets
Packaging: OPP bag
Delivery: 15 days
Price: \$0.08 per set
Description: Snap button; zinc alloy; embossed and electroplated; 20mm; nontoxic; SGS-tested for nickel content



Dosen
(profile page 36)
Model: DZK-0888
MOQ: 5,000 pieces
Packaging: OPP bag
Delivery: 15 days
Price: \$0.24
Description: Jeans button; zinc alloy; electroplated and enameled; rhinestone trimming; 20mm; nickel color; SGS nickel-free certification



Dosen
(profile page 36)
Model: DZK-1988
MOQ: 5,000 pieces
Packaging: OPP bag
Delivery: 15 days
Price: \$0.13
Description: Jeans button; electroplated brass; rhinestone trimming; 20mm; nontoxic; SGS-tested for nickel content



Dosen
(profile page 36)
Model: DZK-1004
MOQ: 5,000 pieces
Packaging: OPP bag
Delivery: 15 days
Price: \$0.07
Description: Jeans button; zinc alloy; embossed, electroplated and enameled; 19mm; dark blue and nickel color; nontoxic; SGS-tested for nickel content



Foshan Sanshui Jiada
(profile page 38)
Model: JD-CB0012H
MOQ: 5,000 sets
Packaging: Polybag
Delivery: 15 days
Price: •
Description: Jeans button; brass; anti-brass-plated; 20mm; nickel-free



Foshan Sanshui Jiada
(profile page 38)
Model: JD-AB0027H
MOQ: 2,000 sets
Packaging: Polybag
Delivery: 7 days
Price: •
Description: Button; zinc alloy; anti-copper-plated; 20mm; nickel-free

• Information not disclosed

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