



D3.3 ESCP-4i SWOT ANALYSIS | **Fascinate**

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EXECUTIVE SUMMARY

This document provides a full diagnosis of each of the ESCP-4 members concerning their capacities towards internationalization and analyses the potential of the partnership to go international. This analysis is crucial to design the international strategy in combination with previous mapping of internal available resources and capacities and considering which difficulties can be mitigated when working together.

1.ABOUT FASCINATE

The SUSTAINABLE FASHION ALLIANCE FOR INTERNATIONAL MARKETS (Fascinate) is an 18-month project financed by the COSME programme of the European Commission. It aims to support the internationalization of EU textile and fashion SME clusters that are working towards the development of circularity and sustainability in these industries. Besides the textile and fashion industry, this partnership will also seek a cross-sectoral collaboration with the technology (digitalization) and footwear sectors.

The project contributes directly to the overall objective of the COSME programme, by fostering the creation and development of a European Strategic Cluster Partnership – Going International (ESCP-4i) in the textile/fashion sector and related industries (footwear and technology) based on circular economy and sustainability principles, which is oriented towards increased internationalization and strengthened sustainability of European SMEs.

The **Specific Objectives** of the project are:

- To build a **European clusters and companies network collaboration (the ESCP-4i)**, related to the development of circularity and sustainability, in the fashion, textile and footwear industries.
- To promote **new European value chains incorporating cross-sectoral cooperation** between fashion/textile, footwear, and technology, by means of cooperation, exchange of knowledge and good practices among the members of the project consortium.
- To build a **joint internationalization strategy** for sustainable fashion brands and companies in Europe, geared towards markets outside of the EU interested in sustainable fashion products (to consolidate shared objectives and define a relevant action plan for the participating clusters and the companies they represented).

2. DELIVERABLE OBJECTIVES

2.1 Objectives

The main objective of this deliverable is to provide an harmonised ESCP-4i SWOT analysis for the partnership.

A full diagnosis of the ESCP-4i members regarding their capacities towards internationalization is crucial before designing the international strategy. An internal SWOT analysis for each partner was conducted regarding their internationalization capacities and potential.

Further a dedicate session for the analysis and discussion of the 5 internal SWOTs was implemented aiming the definition of the ESCP-4i partnership SWOT.

2.2 Methodology

To evaluate the partnership potential harmonised templates and questions were used for the individual SWOTs. Each partner was invited to fill in the SWOT analysis template (fig.1) regarding their internationalisation capacity and potential.



Figure 1. ESCP-4i SWOT Template

The diagnosis phase included a SWOT of each ESCP-4i member, a state-of-the-art analysis to understand in which conditions these 5 clusters face the internationalization challenge.

On a second phase, a strategic workshop with all partners was implemented for the presentation and analysis of each individual SWOT as well to identify a common and

harmonised SWOT for the partnership. From the individual analysis and brainstorming, an ESCP-4i partnership SWOT was built.

Information coming both from the individual SWOTs and the partnership SWOT will be a valuable input to better define the required actions to fill the gaps or missing actions from the analysis of weaknesses, but also to find the resources to take advantage from the potential opportunities. This will be translated into communicable material, to be implemented on the project Communication and Dissemination activities as well as will be a relevant input for the awareness workshops providing valuable information to better engage SMEs to be part of the FASCINATE internationalisation journey.

3. SWOT ANALYSIS

3.1 INDIVIDUAL SWOT Analysis

3.1.1 MODACC (AGRUPACIO CATALANA DEL TEXTIL I DE LA MODA)



Figure 2. ESCP-4i SWOT Template

3.1.2 CLDI (ASSOCIACIO CLUSTER DIGITAL DE CATALUNYA)



Figure 3. CLDI SWOT Analysis

3.1.3 CITEVE (CENTRO TECNOLÓGICO DAS INDÚSTRIAS TEXTIL E DO VESTUÁRIO DE PORTUGAL)

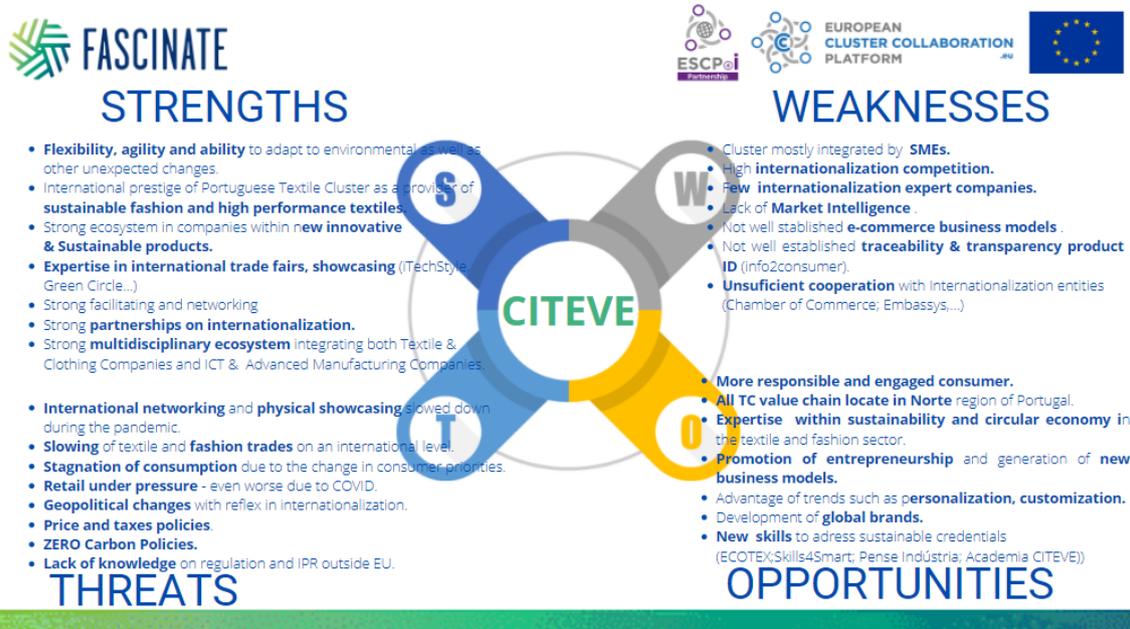


Figure 4. CITEVE SWOT Analysis

3.1.4 BFA (SDRUZHENIE BALGARSKA MODNA ASOTSIATSIYA)



Figure 5. BFA SWOT Analysis

3.1.5 LDC (DEN ERHVERVSDRIVENDE FOND DEVELOPMENT CENTRE UMT)



EUROPEAN CLUSTER COLLABORATION PLATFORM



STRENGTHS

- Ability to adapt to environmental as well as other unexpected changes.
- **Recognized design DNA** within furniture handicraft & traditions and existence of several both fashion & furniture brands with international prestige.
- **Strong ecosystem in within Design schools** (14 schools and institutes with international prestige).
- **Support system:** embassies, trade associations, innovation cluster, erhvervshusene, exportråd, UMT (invest in DK).
- Companies within **new innovative & sustainable products**.
- **Expertise in circular economy & digitalization** (blockchain, VR, AR).
- Strong **facilitating and networking skills**.
- **International partners** are both knowledge, research and educational institutions in addition to industry associations and companies.
- Denmark known as a country with strong society values such as **high credibility, trust-worthy, strong financial capability, transparent, strong digital workflows**.

- **Physical international networking slowed down** during the pandemic.
- **Slowing of textile and fashion trade** on an international scale.
- **Stagnation of consumption** due to the change in consumer priorities.
- **Consolidation of discounted sales** that hurts margins and makes reinvestment difficult.
- **Retail under pressure** - even worse due to COVID.
- **Trade barriers, society changes** impacts.

THREATS

WEAKNESSES

- Cluster mostly integrated for **SME's**.
- High **internationalization competition**.
- Few SME's work strategically with internationalization (**6% focus on e-export**).
- Nation (Denmark) with 80% SME's- **few resources & low capital** to go international.
- **Low SME's international maturity** - focus on export and partners for value chain.
- **Low innovation strategies** for business development.

- **Digital transformation** of the lifestyle industry that will increase export sales creating an international brand profile and gaining efficiency by reducing costs in production & marketing.
- **Product innovation:** fabrics innovation and garments functionality.
- **Pronrunner** of implementation of circular economy disciplines in the textile, fashion and furniture sector.
- **Reveal a generation of young designers** with roots in the new era of design as well as new business models.
- Re-localization of production: taking advantage of trends such as **personalization, buying products on demand**.
- Increase **internationalization of European sustainable fashion brands**.
- **New knowledge & network** spread much easier across the globe.

OPPORTUNITIES

Figure 6. LDC SWOT Analysis

3.2 ESCP-4i SWOT Analysis



EUROPEAN CLUSTER COLLABORATION PLATFORM



STRENGTHS

- **Flexibility, Agility and ability** do adapt to unexpected changes (environmental and others).
- **Recognized tradition, design and high quality** sustainable products with international prestige.
- **Expertise in Circular Economy and Digitalization**.
- **Expertise in International trade fairs and showcasing**.
- **Strong International Partnerships** (eg. R&D Associations, Companies).
- **Digital Know-how and cloud-based services**.
- Both **Textile&Clothing and ICT** entities.
- Strong ecosystem in **design schools**.
- **Geographical distribution of the clusters** provides ideal coverage.

- **Physical international networking slowed down** during the pandemic.
- **Slowing of textile and fashion trade fairs** at international level.
- **Local production competitors**.
- Limited **access to atested sustainable materials**.
- **Unsuufficient knowledge on consumers' behaviour**.
- **ZERO Carbon** Policies.
- **Geopolitical changes** with reflex in internationalization.

THREATS

WEAKNESSES

- Partnership mostly integrated by **SME's**.
- **Low internationalization maturity**.
- **High internationalization competition**.
- **Lack of Market Intelligence**.
- **Lack of knowledge on regulation and IPR** outside EU.

- Well organised **logistics and deliveries**.
- **Localized T&C Value Chain**.
- **New value chain and business models** promoting also entrepreneurship.
- Increase **gains** with more **efficient, traceable, transparent processes**.
- Development of **global brands**.
- Development of **new skills** addressing sustainable credentials and revealing **young talents**.
- Increase cooperation with **Internationalization Entities** (e.g Embassies, Chambers).
- Increase **communication** between public institutions and/or companies.

OPPORTUNITIES

Figure 7. ESCP-4i SWOT Analysis

4. MAIN CONCLUSIONS

From the overall analysis of both individual and ESCP-4i SWOT:

- i. Some obstacles identified individually, like the lack of skills in Market Intelligence or the insufficient cooperation with relevant Internationalization Entities from the countries involved in this project (Bulgaria, Denmark, Portugal and Spain) could not be mitigated with the competences of the other ESCP-4i members.
- ii. The low knowledge on regulation and IPR outside EU is also a common bottleneck of the partnership. Some actions shall be taken in order to overcome possible barriers during the internationalization process.
- iii. Most of the SME's, the main composition of ESCP-4i ecosystem, do not have high maturity concerning Internationalization and, allied to this, the internationalization process is extremely competitive.
- iv. The pandemic situation triggered a more protectionist attitude in the target markets which will make the ESCP-4i internationalization harder to achieve. Also, the ZERO Carbon Policies may constrain the ESCP-4i internationalization once it will encourage local production to reduce carbon emissions resulting from the logistics and transportation processes.
- v. The pandemic situation also impacts on physical events and networking that are not as often as wanted which could difficult the integration in countries outside EU. Nevertheless, the well-known agility and flexibility from FASCINATE members to adapt to unexpected situations as well the recognized expertise in trade fairs and showcasing, even virtually, associated to the geographic location of the clusters provide an ideal coverage that can mitigate this fact. Moreover, Spain and Portugal are two of the largest textile and fashion value chain, which are concentrated near geographically, Denmark has been ahead in developing cleaner production methods for the T&C industry and Bulgaria is an emerging market bringing together a great potential and already home to many large textile producers.
- vi. ESCP-4i partnership has a strong ecosystem, both in Textile Clothing and ICT&Advanced Manufacturing with strong digital know-how, Design Schools with high level skills in fashion industry that allows a better intersectoral collaboration.
- vii. As main threats, difficult to predict or prevent, the partnership identified the Geopolitical changes and the consumers' behaviour. This last one, difficult to talked since they are continuously changing their habits, better informed and with a strong responsible attitude.