Denim Production In The Netherlands, At Ateliers Build By Turkish Manufacturers.
This report is written by Fatih Sahin as a final thesis project for Amsterdam Fashion Institute, Fashion & Management department.

The research is about the production possibilities, sample collection and low quantity production, for the denim branch in the Netherlands at production facility build by Turkish Manufacturer.

As a professional fashion manager, responsible for product development and production of a private brand, I’ve faced some problems in development of sample collection in the Netherlands. These were mostly technical based problems and clearly lack of experience and knowledge. The combination of AMFI excursions and internship in Istanbul/Turkey, has brought me the idea to combine the strong Dutch denim market with the experience and knowledge of Turkish denim manufacturers, and at the same time solve the problem of lack in experience and knowledge. The final thesis project was is a perfect chance to do a research about the possibilities.

I would like to thank everybody who helped me during the research phase. Mr Bora, Mr Baran, Mr Yurur, Mr Demirbilek from Istanbul/Turkey for their willingness and making time for interviews, the same for Mr. Memis, Mr Smit, Mr. Yussuf, Mr van Hout, Mrs Bouwmans-Sarraf from the Netherlands. And of course my special thanks to Mr Jordaan en Mrs Hera for there guidance during the thesis and their good and clear feedback.

Amsterdam, June 2013

Fatih Sahin
Fashion & Management
Executive Summary

The Netherlands has a strong and competitive apparel market. Not only in terms of sales and retailers but also as a base for headquarters of international and private brands, in particular denim and product development departments. The recent gain of importance of the denim industry can be seen in the developments of projects such as the first official jeans school in the world, minor denim at Amfi and an Economic Board.

Turkey, a textile country, is one of the most important trading partners for the Netherlands. Turkey has a very strong textile industry with a rising interest especially in the European market. The apparel trade between these two countries has been burgeoning for many years now. Turkish manufacturers collaborate with many of the in Netherlands based fashion brands and offer a lot of advantages such as short lead time, good quality-price balance, experience and knowledge.

The strong Dutch apparel market has a lot of potential for product development facilities, but due to the lack of experience and production knowledge, this potential can’t be fully exploited. The already strong partnership with Turkish manufacturers, the potential of the Dutch market and my own experience brought me to the idea to look for collaboration possibilities and to see if it’s possible for Turkish companies to establish a manufacturing studios in the Netherlands. Therefore, the main question of the thesis is: To what extend is there a potential and demand for a Turkish apparel manufacturer to build a small production facility in the Netherlands?

During the research a variety of research methods were used. These methods were primary and secondary research (desk and field) and the most important, interviews with professionals, companies, educators and owners. Beside the interview, many secondary data is founded on the Internet via institutions like HBS, CBS and different kind of reports. Aside of the research, my own experience and knowledge as a professional fashion manager has also been used in this report.

To put the Netherlands and in particular Amsterdam on the map as the main denim capital of the world, some product development and production facilities are needed. Product development in the Netherlands offers some advantages. Due the speedy development time is it possible to base the collection on the demand from the market and enable more control and flexibility. This is especially interesting for private brands so to reduce their traveling costs and time. But on the other hand, there are also disadvantages such as higher labor costs when producing more then few sample pieces, unexperienced personnel, high investment and a lack of a sub-industry.

Especially from a Turkish manufacturer point of view this is totally unnecessary. The communication distance in this day and age is very short. Brands and managers are able to travel to Istanbul, control, discuss and travel back the same day. The Turkish manufacturers are also able to deliver small sample collections in less then 48hours in urgent cases. Besides the short communication distance with the in Netherlands located companies, is it also not advisable to have a sampling department far away from the main factory, these two facilities work together intensively and must be able to communicate very quickly.

Establishing a production facility in the Netherlands needs a high investment, especially a department dedicated to the washing of denim is a costly undertaking. Supply of machinery, educated and experienced labor force, water systems, maintenance of the machines, sub-industry for supply of materials are other issues with present difficulties. The combination of fast communication and the availability of all materials, which have been mentioned before makes the idea unappealing for Turkish manufacturers.
The Netherlands could be more interesting for other developments. The Dutch industry and the current developments are design, innovation and product development related. Besides that, the Netherlands is not really a production country anymore, because of high labor costs, strong laws, unexperienced personnel, lack of sub-industry, high quantity production is not relevant.

There is more demand for an innovation center instead of production. An innovation center that will function as a testing, education, training and development center. This center can bring the denim fashion world together. Not only brands, but private labels, the government, schools, institutions and the sub-industry can be involved in the idea of creating an innovation center.

It could be a go to place for companies to seek collaborations and look for innovative ideas and develop products and techniques. Schools can functions as a tool for companies to research their new ideas. The minor denim at Amsterdam Fashion Institute as well as the Jeans school ROC can be involved in these projects. These opportunites will also increase the quality of the experience and knowledge of product development and technical production knowledge of new generations.

The sub-industry can also be an important part of this development. Dyeing companies can do tests runs together with fabric suppliers, machine suppliers can do tests with their new machines in cooperation with the innovation center and companies and many more possibilities. Sustainability would also be a focus point, which some companies are already involved in and the government also highly support. There can be research done together with schools and the government about how to create a more sustainable denim industry.

The innovation center can attract many more companies from neighbouring markets and industries. Amsterdam is easily to reach by major markets like Germany, France, UK and Scandinavia. It can function as a meeting point for denim development in Northern and Western Europe. This exactly will most probably put Amsterdam on the map as the premier denim capital of the world.
Management Samenvatting

Nederland heeft een sterke en concurrerende mode en tekstiel markt. Niet alleen in de zin van omzetten en het aantal retailers, maar ook is Nederland een hoofdkantoren land voor verschillende internationale mode merken en private labels, met name jeans en product ontwikkeling afdelingen zijn er gevestigd. De huidige ontwikkelingen zoals de eerste officiele denim school ROC, een denim minor op Amsterdam Fashion Institute en Economic Board zijn maar een aantal voorbeelden van de stijgende belang in tekstiel en de denim sector in Nederland.

Turkije, een tektsiel land, is een van de belangrijkste handel partners van Nederland. Turkije kent een zeer sterke tektsiel industrie met een groeiende belang, met name voor de Europese markt. De handel in mode en tekstiel is in een constante groei tussen Nederland en turkije. Turkse fabrikanten zijn in samenwerking met velen in de Nederland gebaseerd modemeren en biedt tal van voordelen zoals korte levertijd, goede prijs kwaliteit verhouding, ervaring en kennis.

De sterke Nederlandse kleding markt heeft veel potentie voor product ontwikkeling faciliteiten, maar vanwege het gebrek aan ervaring en productie kennis, kan dit potentieel niet goed worden gebruikt. De reeds sterke samenwerking met Turkse fabrikanten, het potentieel van de Nederlandse markt en mijn eigen ervaring bracht me op het idee om te zoeken naar samenwerkingsmogelijkheden en om te zien of het mogelijk is voor Turkse fabrikanten om ateliers in Nederland op te zetten. Daarom is de hoofdvraag van dit raport als volgt:
In hoeverre is er een potentie en vraag naar productiefaciliteiten opgezet door Turkse producenten?

Tijdens de onderzoek is er gebruik gemaakt van verschillende onderzoeksmethoden. Deze waren primaire and secundaire methoden en de meeste belangrijke waren de interviews met professionals, bedrijven, docenten en eigenaren. Naast de interviews zijn veel secundaire data's genomen uit rapporten van verschillende instellingen zoals de HBD, CBS en andere soorten rapporten. Buiten de onderzoeken is ook mijn eigen ervaring als professional fashion manager gebruikt in dit verslag.

Om Nederland en Amsterdam als de denin land/stad op de kaart te zetten zijn er nog een aantal ontwikkelingen nodig, deze zijn o.a. product ontwikkeling en productie faciliteiten. Product ontwikkeling (sampling) in Nederland biedt een aantal voordelen. Vanwege snelle ontwikkelingsmogelijkheden kan de collectie als design aangepast worden naar de wensen van de markt, tevens biedt productie in Nederland ook meer controle en flexibiliteit. Dit is vooral interessant voor particuliere merken, zo kunnen ze besparen op reiskosten en tijd. Maar ook kent productie in Nederland een aantal nadelen voor de producenten. Zoals hoge arbeidskosten, duurder wanneer er grotere orders geproduceerd moet worden, onervaren personeel (educatie nodig), hoge investeringen and gebrek aan sub-industrie.

Met name vanuit het oogpunt van Turkse fabrikant is het opzetten van een productie faciliteit totaal overbodig. De communicatie afstand is tegenwoordig zeer kort. Merken en managers zijn in staat om te reizen naar Istanbul, het voeren van controles, bespreken en terug reizen op dezelfde dag. De Turkse fabrikanten zijn ook in staat om kleine monstercollecties in minder dan 48uur te leveren, in dringende gevallen. Naast de korte communicatie afstand met in Nederland gevestigde bedrijven, is het ook nutteloos om de sampling afdeling weg te halen van de hoofd productie fabriek. Deze twee voorzieningen moeten zeer snel kunnen communiceren.

Het opzetten van een productie faciliteit in Nederland eist een hoge investering, met name een washing afdeling kent veel moeilijkheden. Het leveren van benodigde machines, ervaren personeel voor be- diening van deze machines, watersystemen en geldende regels ervoor, onderhoud, sub-industrie voor levering van andere benodigdheden kunnen voor grote moeilijkheden zorgen. Combinatie van snelle communicatie en aanwezigheid van benodigdheden in Turkije maken het idee voor het opzetten van een faciliteit in Nederland oninteressant voor Turkse productie bedrijven.
Nederland zou meer interessant voor andere ontwikkelingen. De Nederlandse industrie en de ontwikkelingen hebben eerder betrekkingen op ontwerp, innovatie en product ontwikkeling. Naast dat, Nederland is niet echt een productie land meer, vanwege hoge arbeidskosten, problemen met de wet, onervaren personeel, gebrek aan sub-industry, hoge kosten voor hoge hoeveelheid productie maakt productie in Nederland oninteressant.

Er is meer vraag naar een innovatie centrum in plaats van productie. Een innovatie centrum dat kan fungeren voor innovatie testen, onderwijs, opleiding en andere soorten ontwikkelingen. Dit centrum kan de denim wereld samenbrengen. Niet alleen merken, maar private labels, de overheid, scholen, instellingen, de sub-industry kan worden betrokken in het idee van innovation center.

Hier kunnen bedrijven gaan voor samenwerkingen en zoeken naar innovatieve ideeën, producten en technieken en deze verder ontwikkelen. Scholen kunnen een brug functie vervullen tussen bedrijven en educatie en daarbij onderzoeken verrichten voor bedrijven in innovatie centrum. De Minor denim op Amsterdam Fashion Institute, alsmede de Jeans school ROC kan worden betrokken bij deze projecten. Deze samenwerking zal ook de kwaliteit van de ervaring en kennis van product ontwikkeling en technische kennis verhogen van de nieuwe generatie denim ontwikkelaars.

De sub-industrie zou een belangrijke onderdeel kunnen vormen binnen de innovatie centrum. Mode en tekstiel gerelateerde bedrijven zoals stoffabriekten, verf ateliers, machine leveranciers zouden in samenwerking verschillende testen kunnen uitvoeren, bijvoorbeeld voor effecten, nieuwe machines etc. Verder is duurzaamheid ongetwijfeld de meest belangrijke onderwerp. Er zouden verschillende onderzoeken verricht kunnen worden naar mogelijkheden om denim ontwikkeling en productie duurzamer te maken, in samenwerking met zowel scholen als de overheid.

Als laatst zou de innovatie centrum ook verschillende markten and industrien met elkaar linken. Amsterdam is een vrij makkelijk bereikbaar door grote markten zoals Duitsland, Frankrijk, Verenigde Koninkrijk en Scandinavische markten. Het zou kunnen fungeren als een “meeting point” voor denim ontwikkelingen in Noord- en West Europa. Dit zou juist zowel Nederland als Amsterdam als de denim land/stad op de wereldmap zetten.
# Table of Contents

1 **Introduction**

1.1 Rational & Relevance 3
1.2 Main research question & Sub-questions 4
1.3 Research methodology 5
1.4 Limitations 5
1.5 Structure of the report 6

2 **Dutch apparel market and the trade**

2.1 Development of the market 9
2.2 Expectations 9
2.3 Market share of companies 10
2.4 Conclusion 10
2.5 Development of the trade 11
2.6 Knitted apparel 12
2.7 Woven apparel and others 13
2.8 Conclusion 13

3 **Production in the Netherlands**

3.1 Production & Sampling / Conclusion 17,18
3.2 Made in Holland / Conclusion 19,20
3.3 Previous studies 21
3.4 Government 22

3.5 **Build by Turkish manufacturers**

3.5.1 Location 25,26
3.5.2 Needs in machinery 27,28
3.5.3 Operations & SAM 29
3.5.4 Demand & Supply 30
# View of professionals/Interviews

4.1 Mr. Yussuf | Owner Private Label | 33  
4.2 Mr. Memis | Director Production Factory | 33  
4.3 Mr. van Hout | Owner Multibrand Store | 33  
4.4 Mr. Smit | Head Estate at PoAM | 34  
4.5 Mr. Bora | Marketing Manager Denim Factory | 35,36  
4.6 Mr. Yurur | Head washing department | 36  
4.7 Mr. Baran | Owner Denim Washing Atelier | 37  
4.8 Mr. Chiles | Head minor Denim at AMFI | 38  
4.9 Mrs. Bouwmans | Director Amsterdam Fashion Institute | 39  
4.10 Conclusion | | 40  

# Conclusions

5.1 Sub and Main Conclusions | 43,44,45  
5.2 Recommendations | 46  

# References

6.1 Introduction | 49  
6.2 Dutch apparel market and the trade | 49,50  
6.3 Production in the Netherlands | 50  
6.4 Build by Turkish manufacturers | 51  
6.5 Others | 51  

# Appendix
Many international fashion companies have their headquarters located in Western Europe, and generally produce in textile countries, such as Turkey, China and India. This is due to their knowledge, experience, low labor cost and the availability of materials.

The Netherlands is on these Western European countries that has a high number of headquarter bases it generally specialises in denim brands and departments. Also the first jeans school opened in Amsterdam recently, with the purpose to train a new generation of denim designers and mid level developers.

Turkey, on the other hand, is one of the most important denim producers in the world, in particular full garment production. The export of denim fabrics has fallen almost 70% between 2001-2009. But surprisingly, the export of full garment production rose with more than 300% between 2000-2008, as well as the value per piece increasing by a remarkable percentage of slightly higher than 500%. The reason for this may be due to the rising importance of adaptability to the market trend and general quality. The short delivery time for European markets of about 3-5 weeks, makes Turkey an strategic production country.

Netherlands, a leader in the denim market, design and product development.
Turkey, a leader in denim production.

In my own experience, as a professional fashion manager, responsible for product development and the production of a private brand, we’ve faced some serious quality problems in one of our samples done in the Netherlands. Clearly the lack of experience in denim production, pattern development and technical knowledge.

A previous study (Duifhuizen/De Fonkert, 2013) has clarified that low quantity sampling doesn’t necessarily have to be more expensive in the Netherlands compared with low wage countries. This, in particular for private brands, mainly because of reducing the costs of traveling. But if it’s cheaper to produce samples and low quantities at home, why isn’t this being done? Not only can private brands perfectly make use of a small factory located in the Netherlands for low quantity production, but also international brands can make use of it by producing sample collections.

This was the first step taken to think about the topic and the possibilities for solving the problem of lack of experience and knowledge. My experience and internship in Istanbul/Turkey brought me to the idea of looking for collaboration possibilities between the in Netherlands located brands and Turkish manufacturers, to create a win-win situation. Not only for the companies, but also for regional development, unemployment/labor force, experience, knowledge and to stimulate the rising importance the Netherlands has in the fashion world. But also for Turkish companies exploring new markets, gaining new customers (international and local brands), and knowledge about new markets to enter with their own brands and make profit.
Main Research Question

The three main issues that will be discussed in this thesis, including subsidiary research questions as well as respective research methods, all contribute to answer the main question, which is based on the objective; outsourcing the sampling for great companies and production for private labels in the Netherlands, at factories build by Turkish manufacturers.

To what extend is there a demand for a denim production facility in the Netherlands build by Turkish manufacturers?

The three issues and subsidiary questions

Dutch apparel market, trade with Turkey and the potential.

How did the Dutch apparel market develop in the past years and what are the future expectations including the trade between the Netherlands and Turkey?

To produce samples and collections in the Netherlands, a big market for private labels with high potential and international fashion company headquarters located in the Netherlands is very essential. Besides the market, a high trade with Turkey in terms of apparel is necessary to create a strong foundation for Turkish production companies. Otherwise it could take too much time, money and effort to gain new customers.

Sampling, low quantity production and costs.

Does it make a difference, in terms of time, costs and quality, the most important indicators for brands and manufacturers, to produce sample collections and low quantity production in the Netherlands?

Doing production and sampling abroad is mainly because of low cost and the experience from production companies, for example in technical parts, washing experience etc. Production in the Netherlands could only work if at least the quality remains equal or higher in comparison with production abroad and if it can make a difference in delivery time. For this reason alone, many issues related to product development and the sampling phase like costs, time, delivery, quality, must be researched.

Building small factories in the Netherlands by Turkish production companies

To what extend is it possible for Turkish production companies to build an atelier, in terms of needs such as materials, sub-industry and location in the Netherlands?

It is for Turkish production companies as important as for fashion brands located in the Netherlands, to benefit from sampling and production in the Netherlands. They should also make profit and gain new customers. In this way, they could also explore new western markets to enter with their own local brands. But the whole idea is to keep or even increase the quality of the product, collections and lower the costs and time, to achieve this an experienced team and management is a must. The research will show to what extend it is possible for Turkish manufacturing companies to take advantage of building small factories in the Netherlands.
Research methodology

This report is build up with primary as well as secondary research (desk and field). Secondary research (desk) is mainly used for general information such as the Dutch market, trade and measuring the potential. The primary research (field) was needed for the topic information. It is mainly a new topic or better said, a research with conclusion that can only be based on the view of professionals from companies that could possibly be involved in the idea. As the responsible person for product development and production for a private brand, and producing with Turkish manufacturer, I will use my own knowledge and experience to compare and explain some differences, advantages and disadvantages.

The general information will be taken from the government and institutions report, like the CBS and HBD and eventually from other reports. But the determining factor will be the primary research. This research will be mainly based on interviews from professional business life. The interviews will be hold with companies (brands, institutions, textile & apparel related companies) from the Netherlands and companies (manufacturers, professionals) from Turkey.

For the interviews from Turkish professionals, I’ve traveled to Istanbul to meet them, and used this chance also for extra research for e.g. production, needs etc.

The research will have the following structure:

- Secondary research (desk) for measuring the potential of the Dutch market and Trade with Turkey.
- Interviewing professionals from the Netherlands to measure the demand.
- Interviewing professionals from Turkey to measure the possibilities and interest of the companies

Limitations

The issue brought forward in this report address Amsterdam Fashion Institute since it is a final thesis project, the collaborating companies for research and eventually interested companies. It is important to note that this paper exclusively focuses on Dutch fashion market and Turkish production companies. Because of privacy rights, no company names will be named in this report, except for names found during research on reports that are open sources and available for everybody and people who gave the permission. Since it is partly a new topic, some limitations in research may be seen, but I will try to solve this as much as possible by collaborating with companies that are interested.

The main focus lies on outsourcing sampling collections and low quantity productions to the Netherlands build by Turkish manufacturers.
The structure of the report can be divided in three main research parts and final conclusion.

Part 1: Introduction

Part 2: shows the desk research about the potential and possibilities of the Dutch Market and the Trade with Turkey. This is in particular important because the conclusion of this part will have a high effect on the main conclusion. A positive result is the basis for further research.

Part 3: is about the production possibilities in the Netherlands. Especially factors such as cost, relevance, needs, locations and the view on “Made in Holland” are important topics. Since it isn’t easy to build a factory in the Netherlands, and if we’re in particular talking about denim, it’s important to see the possibilities in availability of needs, sub-industry etc.

Part 4: is about the view of professionals. Everything can be concluded positive but if there is no demand for ateliers/factories in the Netherlands, it has makes no sense to progress with it. So first of all the companies here need to demand for such a development. If there is a demand, the Turkish companies in this case, must be willing to invest in building ateliers in the Netherlands.

Part 5: is the main conclusion about the research and the thesis. This part answers the main and the sub questions mentioned on topic 1.2.
2 | Dutch Apparel Market and Trade
The Dutch apparel market is enormous in comparison with the total population of the country. With more than 18,000 stores\(^1\) in 2012, the Netherlands has one of the most competitive apparel markets in the world\(^2\).

The turnover of the Dutch apparel market has increased since 2005, but started declining because of the debt crisis, which started in 2008. We can see the impact of the crisis in terms of turnover since 2008 on the graphic below. The apparel market had difficulties especially in 2011 due to the weakened economic situation. The industry has been affected by rising labor costs and increasing cotton prices in the Far East. As a result, the current market value in the Netherlands declined with shrinking margins for the manufacturers\(^3\). But the number of stores remained the same since 2005. This means that the turnover per store is increasing, but the trust in the market for retailing is getting lower.

![Development of Dutch fashion market since 2005.](www.hbd.nl, report Dutch fashion and textile retail 2012, Published on 14-02-2013)

The Dutch market is the only market in Western Europe that is still shrinking since the start of the crisis. Other Western European markets like Belgium, UK, France and Germany, are growing every year. Especially the Belgian apparel market has grown with almost 50% since 2005\(^4\). But the development in the apparel market is still unpredictable.

Ladies wear is a leading segment with about €4,7 billion (39%) turnover, followed by menswear with €2,6 billion (21%). With an average spending of about €730 per person per year. The Dutch population has an average spend per year in comparison to the other apparel markets in Europe. An average inhabitant of the European Union spends about €700 on fashion and textile products per year\(^1\).

**Expectations**

Following a weak performance in 2011, apparel is expected to return to positive growth over the forecast period in both volume and constant value terms. Positive volume growth will return as economic fears start to fade and consumers grow more confident in their spending. Increased choice through various channels and fashionable offerings of economy and mid-market brands, are expected to attract consumers over the coming years. In addition, constant value growth is expected to outpace volume growth, as increased focus on organic cotton and sustainability are likely to push up consumer prices over the forecast period\(^5\).
Market share of companies

About 60% of the retailers in the Dutch apparel market are independent stores/private label and 40% of the stores belong to chain stores with at least 7 point of sales. The highest number of POS belongs to stores with both ladies and men’s wear.

The leading ladies wear stores
With between 100 and 150 POS:  Didi fashion (Dutch)
M&S mode (Dutch)
Miss Etam (Dutch)
Steps (Dutch)
Vero Moda (Denmark)
Bonita (German)

The leading men’s wear stores
With between 50 and 70 POS:  Score (Dutch)
WE Men (Dutch)

The leading men’s and ladies wear
Stores with between 200 and 250 POS:  Shoeby Fashion (Dutch)
Ter Stal (Dutch)

As mentioned above, the leading brands/stores in the Netherlands are mainly Dutch. These brands/stores are followed by Promiss, Only, Superstar, Witteveen, C&A, Charles Vogege, Hennes & Mauritz, Jack & Jones and Jeans Centre with also a high number of market share in the Dutch apparel market. Besides these fashion stores, there are also multi product stores that are selling fashion products, called “textile supermarkets”. There are three textile supermarkets with the highest market share. These are Hema about 450 POS Wibra about 200 POS and Zeeman about 550 POS.

It is important to note that international fashion brands such as Hennes & Mauritz, Primark, COS and Zara are gaining more market share with new store openings and improvement of E-shops. E-shop is also at the moment the fastest growing business in the Dutch market.

Conclusion

The Dutch apparel market is very strong. With many retailers and international brands, it belongs to one of the most attractive apparel countries in Europe. Only, since the start of the crisis, the power of the Dutch apparel market has decreased. But a growing increase is expected in the coming periods. As we can see, the top retails are mainly from Dutch origin, located in the Netherlands. Only a few International brands are getting more market share. The fact that most of the retails are Dutch creates more opportunities/reasons/chances to produce in the Netherlands. Not only the big retailers, but also private labels have a great market share, about 40%. This proves the potential of producing in low quantity in the Netherlands.
Turkey and the Netherlands have a strong trade history and it’s becoming stronger every year. The relations refers back to 1612. The annual trade between Turkey and the Netherlands is almost €7 billion per year.

Turkey is currently one of Netherlands main trading partners. Turkey was Netherlands 12th largest export market in 2011. The trade is significantly increasing, even during the crisis. Especially import from Turkey increased with almost 25% between 2010 and 2011, the export rose at slower pace, which was 6% for the same period.

Turkish goods export to Netherlands were about €2 billion in 2011, up 330% from 2001. The top import category from Turkey is apparel. The apparel import consisted of about €750 million divided in two categories; articles of apparel and clothing accessories (€590 million), textile yarn, fabrics and made-up articles (€160 million) (note: values are in most of the cases mentioned in USD, could be different with currency changes).

The top imported apparel segments are ladies wear and children’s wear. Approximately €240 million for ladies wear and €200 million for children’s- wear. We can clearly see a growing interest for Turkish apparel production from Dutch fashion companies.
Knitted apparel has the highest share in imported apparel products in terms of quantity and value. With a number of more than 87 million pieces (excl. the ones that are imported in kilograms), it belongs to one of the main drivers in import products. The total value of these imported products are about €300 million.

The top 3 imported product groups in quantities:
- Socks (all types)
- T-shirts
- Dresses

The top 3 imported product groups with the highest values:
- Socks (all types)
- Pullovers
- T-shirts

Besides the known import quantities, there are also products imported in kilograms. These are almost impossible to count in quantities, therefore it would be wise the mention it as they are imported. There is about 530.000kg of knitted apparel, with a value of €9 million, imported from Turkey. The main imported product group in kilograms is gloves.
The second category is the one with woven apparel products and others such as training suits, ties, work and safety garments etc. A total of about 24.5 million pieces are imported in this category (excl. the ones that are imported in kilograms). The total value of this category was about €255 million. It is commonly known that usually woven products are more expensive (e.g. suits, jeans etc.) than knitted products.

Top 3 imported woven apparel in quantities:
- Pants (all types)
- Shirts
- Dresses

Top 3 imported woven apparel with the highest value:
- Pants (all types)
- Shirts
- Dresses

Besides the known import quantities, there are also products imported in kilograms. These are almost impossible to count in quantities, therefore it would be wise the mention it as they are imported. There is about 640,000kg of woven apparel, with a value of €9.5 million, imported from Turkey. The main imported product group in kilograms is shirts.

Conclusion

There is a clearly a difference between the imported categories. Woven products have a higher import in both quantity and value. This is mainly because of higher costs for woven product development and the type of the product. The import from Turkey is noticeably high, €750 million in 2011. Especially in the product group on which this thesis focuses, pants which includes denim. Another product category with a high import share are shirts. This can be an important group for the future in case of improving the production capacity and possibility in the Netherlands.

Note: The parts 2.2.2 and 2.2.3 are researched in cooperation with CBS (Het Centraal Bureau voor de Statistieken) (The Central Statistics Office).
Production in the Netherlands
Sampling and production are in principle the same. The differences lie in quantity and time. Sampling takes usually a bit more time to develop because of precision work and more controlling in between the steps of development. But quantity may be problematic during production, especially for private brands with low quantity. Great international manufacturers with a lot of experience and knowledge are not very receptive to low quantity production, and small ateliers can be very pricey, €20 against €45. As a professional fashion manager, responsible for production and product development of a private brand, I’ll explain differences, advantages-disadvantages and difficulties with my own experiences.

For producing abroad, in countries such as Turkey, communication is a weakness. To keep the risks during production as low as possible, it needs to be discussed in detail personally. Especially when talking about buying the materials from another country. Most of the brands are using the option to choose materials from the suppliers recommended by manufacturers, this makes the buying process easier and cheaper. Because most probably the manufacturer has a strong relationship with and has already bought from the same supplier many times before, which gives them the opportunity to buy at a cheaper cost. International working companies are also able to transport cheaper, faster and more importantly without much risk, which is the case in my own experience.

We as a brand did both, sampling in the Netherlands as well as in Turkey. The sampling in the Netherlands ended up dramatically bad. Technically seen the product was totally wrong, the patterns were absolutely not the pattern usually found in denim and all at a very high costs. The sampling developed in the Netherlands wasn’t useful at all. We delivered the fabric at the atelier and agreed that they would develop denim patterns and produce samples. The first attempt was a failure. There was no fit to the Jeans and made with the totally wrong technique, you almost couldn’t call it a “jeans”. We discussed the mistakes and decided to try for the second time. Again, the same mistakes. Then we decided to try one of the Turkish manufacturer with which we had contact. We delivered the patterns but they decided to make new patterns for us. Besides the print on the inside pocket, which was very confusing, everything was perfectly done.

In one of our productions done in Turkey, the fabric buying process went wrong. We communicated the type of fabric and the supplier to the manufacturer. Because of high traveling costs, we weren’t able to travel to Turkey to control and discuss the received materials. We faced a very unexpected problem, after receiving the finished production. The fabric wasn’t the one we communicated and which should have been ordered for our production. We had above all no time, budget and even power against our manufacturer that could solve the problem. On the other hand, the production was perfectly done. Very high quality production with a lot of attention to detail, even things we didn’t think about while the entire communication was done by email. This was an unexpected experience that showed us the difficulties and advantages by producing abroad and with a step between that makes the whole process even more difficult, buying material from another country.
Besides looking at the opportunities, threats and difficulties, the financial part is a more important factor that plays a role in decision making. Since this thesis focuses on production possibilities in the Netherlands, it is necessary to compare production at home and abroad in terms of total costs. I’ve decided to compare a 10 sample pieces production and 1000 pieces collection production. In that case I’ll be able to calculate with real numbers, which I derived from my own recent experience.

The table below shows a 10 pieces sampling and 1000 pieces production costs in both Turkey and Netherlands. In both cases, the steps are the same. Fabrics and haberdasheries are ordered and transported by ourselves from Japan.

<table>
<thead>
<tr>
<th>10 pieces Sampling</th>
<th>Turkey</th>
<th>Netherlands</th>
<th>1000 pieces Production</th>
<th>Turkey</th>
<th>Netherlands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabric</td>
<td>€ 390,00</td>
<td>€ 390,00</td>
<td>Fabric</td>
<td>€ 39,000,00</td>
<td>€ 39,000,00</td>
</tr>
<tr>
<td>Haberdasheries</td>
<td>€ 50,00</td>
<td>€ 50,00</td>
<td>Haberdasheries</td>
<td>€ 5,000,00</td>
<td>€ 5,000,00</td>
</tr>
<tr>
<td>Sending Material</td>
<td>€ 154,00</td>
<td>€ 195,00</td>
<td>Sending Material</td>
<td>€ 7,040,00</td>
<td>€ 11,265,00</td>
</tr>
<tr>
<td>From Japan To..</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production</td>
<td>€ 260,00</td>
<td>€ 403,00</td>
<td>Production</td>
<td>€ 23,400,00</td>
<td>€ 36,270,00</td>
</tr>
<tr>
<td>Sending To NL</td>
<td>€ 154,00</td>
<td>€ 30,00</td>
<td>Sending To NL</td>
<td>€ 7,040,00</td>
<td>€ 56,00</td>
</tr>
<tr>
<td>Traveling</td>
<td>€ 525,00</td>
<td>€ 50,00</td>
<td>Traveling</td>
<td>€ 1,050,00</td>
<td>€ 100,00</td>
</tr>
<tr>
<td>Total</td>
<td>€ 1,533,00</td>
<td>€ 1,118,00</td>
<td>Total</td>
<td>€ 82,530,00</td>
<td>€ 92,195,00</td>
</tr>
</tbody>
</table>

Notes:

- A discount of 10% can be given by 1000 pieces production, which is also calculated above.
- The table above shows the costs currently done by myself for 10 pieces sampling. The professionals and our suppliers have done the calculations for 1000 pieces. (Fabric Supplier from Japan, Haberdashery supplier from Japan, DHL and The Production Facility)
- The transport costs are calculated by DHL for Express service\(^1\), for this reason they’re extremely high. Especially for 1000 pieces sending, express service is totally unnecessary. We assume that companies are doing these by Air/Sea, which is about 60 to 70% cheaper\(^2\), but we are not able to calculate the exact price. But the principle/difference stays the same.
- The prices are excluding taxes. (VAT, Import), and additional services.
- The prices could be different for any company. It totally depends on the quantity, relationship with suppliers and transporters, production company, production time etc.

Conclusion

As calculated above, low quantity sampling is cheaper to develop in the Netherlands compared to Turkey. This is mainly because of the difference between the traveling costs. Private brands could face some difficulties communicating and in control when producing abroad with a small budget, but the same goes for quality and technical problems when producing home. So a combination of good quality and communication process with possibility to control without spending a lot on traveling is essential. This comes down to producing in the Netherlands by experienced Turkish manufacturers, in our case.
Made in Holland isn’t something new. Netherlands, especially Amsterdam, became one of the fashion centers in Europe after 1930. Many fashion houses moved from Berlin to Amsterdam. Meanwhile many production facilities started establishing in the Eastern part of Netherlands, mainly in the region of Twente. The reason for locating in the East was the difference in wages with the West. After WWII, the wages became about equal to the rest of the country, most of the textile and apparel facilities started moving to the Far East. Instead of production facilities, many international fashion brands such as Tommy Hilfiger, Diesel, Levi’s XX, Mexx and Nike started locating their European Headquarters in the Netherlands. Most of them are located in the Amsterdam Region.

Although the industry is rising in the Netherlands, the employment in textile industry is now for many years still decreasing. Not only in the Netherlands, but the same counts for the total textile & apparel industry in Europe. But the fashion market is still important in the Netherlands as well as in Europe. The employment in fashion and apparel retailing is in both cases increasing.

But the fashion market is still a very important market in the Netherlands as well as in Europe. The employment in fashion and apparel retailing is in both cases increasing, which means more sales -> more production -> higher potential.
Made in Holland is something that adds a higher value to a product. Some of the reasons are:

- Fair Production
- Transparency
- Better working conditions
- Easy communication
- Higher quality

There is worldwide more attention for fair production. Especially the younger generation pays more attention to sustainable products. Also the younger generation, between 14-27 years old, are willing to pay more for fair production, as conclusion of a national study done by CNV Jongeren & CNV International.

Made in Holland is not becoming interesting in only apparel products but also in other industries, for example electronics and bikes. This is mainly because of low quality and rising wages in the Far East. An example of this can be found here, a video about “Made in Holland vs. Made in China”.

This development brings more variation in industry types together which creates more possibilities for further development.

For example, Monique van Berkel, the person behind Mucho Gusto, says that she can clearly see a difference between products produced in the Netherlands and the Far-East. The quality is visibly better and she prefers to produce in the Netherlands because of better working conditions.

Conclusion

While the textile production in the Netherlands as well as in Europe is shrinking, there is positive growth in sales at retailers. Higher sales means more quantity, which means more production. This of course creates more chances and possibilities for manufacturers in the Dutch market. Also the positive result of the study about fair and sustainable production gives and extra added value to product “Made in Holland”. Now when people are paying more attention to that issue, brands and private labels are expected to do the same, thus looking in the near future to produce closer to Holland or even at home.
3.3 | Previous studies

There are several studies done for measuring the potential of the Dutch fashion market and the possibilities for production. Marise Duifhuizen & Marlene de Fonkert, Fashion and Management at TMO, Doorn/Netherlands, did one of these studies. The main topic/question of their research is: Is fashion production attractive enough in the Netherlands? Done in 2013.

Their study gives a good basic indication about the possibilities in the Netherlands. As the research done for this report also shows, there is a potential for fashion production in the Netherlands. Dutch production offers lots of advantages. Due to fast production and development decisions can be made very fast and market shaped. Also on a logistic level, both in costs and time, a lot can be saved, because of shorter/faster communication between manufacturers and suppliers. Producing in the Netherlands enables better control on production by retailers, which creates flexibility and brings design and samplings/production phases on the same level which could create more qualitative collections.

Besides these advantages, production in the Netherlands also has its disadvantages. The largest two are the relatively high labor costs, gross €415 in Turkey against €1550 in the Netherlands, and the lack of production knowledge.

This report exactly focuses on the advantages and disadvantages and solves the problem in the lack of experience and knowledge and high costs for example in traveling.

Another research, which is also important for this report, is about the capacity of production and the segment level. Fashion production in The Netherlands is attractive if specified to sample collections and small series no larger than thousand pieces per production or 5 thousand per month, within the medium-high, to high-level price segment.

Besides the possibilities for producing in the Netherlands, it must also be profitable for Turkish manufacturers. Since developing sampling collections isn’t a main income to keep the factory working, a production of small series is necessary. In this case, it would only be possible and attractive for private labels.

Another study done by Kajal Manoe in 2010, Fashion and Management at Amsterdam Fashion Institute, shows us the power and share of private labels in the Dutch apparel market. About 33% of the fashion companies in the Netherlands were private labels at moment of the research, nowadays it’s already 40% (chapter 2.3 Market share of companies).

The same research shows that about 50% of the budget saved by customers for buying are spend on private labels. About 41% of the respondents are willing to buy pants from private labels.

The same study also shows that multibrandstores without a private label are interested in establishing one. About 30 multibrandstores are questioned and 17 of them are interested in having/establishing one. So we can conclude that even if the numbers of private labels are quite high in the Netherlands, there is still interest in more, which is interesting for manufacturers.
The Municipality of Amsterdam has taken the initiative to build a platform called the Economic Board\textsuperscript{13}. This initiative is to give the Amsterdam region an economic boost with a focus on the 5 most important branches. Fashion is one of these 5. The Economic Board is also functioning as a collaboration between the government, branches, institutions and schools. One of the ideas is to establish a fashion cluster that should also function as a “training center” that refers to the collaboration with fashion schools. The mission is to stimulate partnership and collaboration between entrepreneurs, research institutions and the Government. Port of Amsterdam is one of the institutions that in initiator of the Economic Board. The Port of Amsterdam is a government institution that is responsible for the harbor of Amsterdam, where many fashion brands and different kinds of apparel companies are located (more chapter 3.5.1 Location).

Besides the Economic Board, which is open for negotiations and support, there is no specific subsidy from the government.
3.5 | Build by Turkish manufacturers
One of the important things of this report is to get closer to your customer. For this reason, the choice of location has a high importance. Other important factors are to be close to your personnel, transport systems and suppliers of other needs.

Most International brands and private labels are located in the Amsterdam area, it’ll only make sense to look for a location in that region. Amsterdam West and North are both regions with many ateliers from Turkish origin. These regions also have industrial areas were some fashion brands are located, e.g. Just Brands, Gaastra, Desiquat and Diesel. If not in Amsterdam West or North, in very close regions such as the city center and Schiphol area many other brands are located, e.g. Scotch and Soda, Tommy Hilfiger, Levi’s XX and Mexx. Besides the internationals fashion brands, Amsterdam is also home for many private brands.

Research done in Turkey, in different ateliers/factories, has shown that for a production capacity of 5000 pieces and about 500 pieces sampling a month there is a space of about 1400m2 needed. This is about 600m2 for a washing department and 800m2 for sewing and finishing department, including cutting and stock. These numbers do not include space for things such as a showroom, office for management etc.

There are several possibilities in Amsterdam area to find a location. Recent developments are showing that there is a certain pattern for fashion brands to look for a location, especially around the harbor that is under responsibility of the “Port of Amsterdam”. One of these regions inside the harbor, which is unconsciously becoming a “textile & apparel” area is the Minevra Haven. Several companies are located there at the moment, and some others close by. This also goes in line with the initiative taken by the Municipality of Amsterdam, the Economic Board.

Mr Smit, responsible for estates at the Port of Amsterdam, and member of the Economic Board, sees chances in establishing a fashion cluster, which is also one of the focal points of the Economic Board. There are still some empty plots and buildings at the Minevra Harbor which present the possibility to use as a multipurpose area. Companies under 2000m2 can stay under one roof, and above 2000m2 will be eligible for a private area. Steffen recommends/prefers the “Danzinger Bocht” for fashion companies to establish.

Besides the already established companies in the Minevra area, there is also a sewing atelier and a supplier of industrial sewing machines.

It is of course very essential to have a company like that exactly near you, for machine supply as well as for support by controlling and problem solving.
There are two more areas at Amsterdam Harbor that can be an alternative for a production factories. These are Atlaspark and Vervoercentrum.

Atlaspark is especially interesting because the distribution centers of M&S and G-star are located in this area. TNT have built a transports center only to supply the DC needs of M&S.

On the other hand the Vervoercentrum area is actually more interesting. In this area thee is also a production facility located. This company produces low quantity production, sampling, reconditioning and pattern development. Collaborating with this company, for product development besides washing, is possible.

Via a cooperation with Port of Amsterdam is it possible to find a good location with almost all the needs close by, such as transport systems, labor force (close to living areas), eventually sewing ateliers, machine suppliers and headquarters of brands.
There are several basic needs to start a production facility. But this report focuses only on bottoms such as washed and unwashed pants/jeans. This is also mainly because of the reputation and number of (international) jeans brands located in the Netherlands.

The needs are different for every product category. Still some of the product categories can be combined during development/production in terms of machinery.

The most important thing during a production is the efficiency skills of the sewing personnel. For example, if the staff have to work a certain amount of time on the production of jeans, and then switch to shirts, there will be difficulties which could lower the efficiency. But if they keep doing the same thing, the efficiency/SAM would be higher and this will affect the quality of the production and the production time positively.

Machineries are one of the main needs to build sampling/production facility, without it, it would be impossible to start. Note that this report focuses on a production capacity up to 250 pieces a day. A higher number for production will be outsourced to the main factory in Turkey.

Needs:

- Cutting Machine
- Sewing Machines
- Washing Machines & Others
- Finishing Machines

The preparation work for the production, phases such as fabric control and blanket, can be done at the main factory in Turkey. The list of needed machines and others:

Preparation:
- Plotter

Cutting:
Since the quantities of production and sampling are low, a full automatic/digital cutting machine is not necessary. In this case, the cutting will be done by hand

Sewing:
- 2 needle chain stitch
- 2 needle lock stitch
- 1 needle lock stitch
- 1 needle chain stitch
- 3 needle cover stitch (top)
- 2 needle safety stitch
- Zipper brad machine
Washing:
- Dry processes, spray and chemical bots
- Tools for destroying/dry processes
- Multipurpose washing machines
- Fast drying machines
- Oven
- Ozone machine

Buttons & Rivets, Finishing:
- Buttonhole machine
- Rivets machine
- Loop tacker
- Bar tacker
- Cover stitch

Some of the operations during a production can be combined in one machine. For this reason most probably the list of needs in terms of machineries will be smaller. It is possible to transport extra stock machines in the main factories to the Netherlands, but another option is to buy them by sewing machine suppliers located in one of the areas mentioned in the topic Locations (3.5.1.).

Washing machines are more expensive and difficult to get. Not only are the costs high, but also the maintaining needs specialized work. For this reason, using partly lasering technique instead of washing, can be taken into consideration.

Laser machines can be also multi-functional in using and replacing more washing machines at once. Also this technique is more sustainable in comparison with traditional washing machines. By incorporating laser and ozone techniques to a denim production, is it possible to reduce water spillage by 50-70%. This will solve many problems such as building an entire biological water cleaning system and possible support from the government is an extra that you may get.
A full production of a man’s jeans needs about 36 operations. Some operations can be done by one person and at the same machine (depends on the capacity), which will decrease the production time and increase efficiency. Every operation has its own SAM time. The SAM times are necessary in order to calculate the production time, margins, production capacity etc.

The Real Time SAM’s per production group are:
- Preliminary Operations: 5.7 min
- Fronts: 2.7 min
- Backs: 3.1 min
- Assembly: 7.5 min
- Finishing: 6.3 min

These calculations of real time SAM are only for sewing, button/rivets and finishing/packaging processes. Cutting and Washing time are excluded. To keep the production in balance in quantities, operations per worker and efficiency, each worker must be able to do more than just one operation during the production. For this reason the production is divided in groups. This is called balancing in production. The purpose of balancing is to organize the operators in a way, that every operation is producing the same quantity of garments.

This subject can be spited up in two parts:
- **Correlations**: A correlation has to be made in order to determine how many operators are needed for every operation. This has to be seen as a start position for the production.
- **Balancing**: Balancing is a permanent correction on the correlation. This has to be done because operators don’t have the same speed of working during a whole working day. Every operator has his own ups and downs.

Calculation of a possible production for only sewing department:
- Operators on payroll: 15 Persons
- Absenteeism: 1
- Available: 15 – 1 = 14 persons
- SAM: 25.4 minutes (efficiency already calculated)
- Efficiency: 60%
- Working time: 456 minutes.

\[
\text{Daily production: } \frac{14 \times 456}{25.4} = 251 = 250 \text{ pieces per day}^{6/8}.
\]

For the washing department the calculation is different. This is because of waiting times during the washing, oven and drying processes. This again depends on the operation and the capacity of the machines. But one thing we can be sure about is the number of operators for dry processes, these are 7 for 250 pieces of daily production².

Note:
- Operations & SAM can be different per company. It depends on how you set up the structure of operations during a production. It also depends on how many operations you want to do with a certain machine. More operations on one machine will probably lower the quality. For this reason, the number of operators could be more.
It is absolutely important to research everything in the details that's needed to come up with a clear conclusion. But the most important thing is to answer the following question: Is there demand? If yes, is it possible to supply? The question is not necessarily in terms of financial possibilities, but more in, how far is it necessary when the communication is already very short between the Netherlands and Turkey.

The idea of bringing design and sampling phase on the same level also creates many opportunities. For example: better control, more qualitative collections, faster/shorter communication, solving problems and many others. But are these opportunities enough to invest money in building a facility in a country you don’t know as a manufacturer?

At the moment it is not going very well with retailers, especially multi-brand retailers with or without an own private brand. The main reason is the crisis of course, but also the international brands with many POS and cheaper production. But on the other hand people are paying more attention to fair production and see fashion as an investment. This makes private brands stronger again and gives more opportunities to establish an own brand. And this in combination with producing in the Netherlands would be perfect of course.
4 View of Professionals
Mr. Yussuf, Owner private label

This is an Amsterdam based private brand, established by Mr. Yussuf, and at this moment producing in Istanbul/Turkey.

Mr. Yussuf has chosen for Turkey for some special reasons. One of the most important reason for choosing Turkish manufacturer is that they are easy to approach and professional. Besides that, their experience and knowledge are very useful by creating new collection ideas. Since Olaf Hussein is still a small private brand, developing a collection in the Netherlands is absolutely an option. It will increase the quality of the collections and will give the opportunity to take personal control during the developments. But it'll also make the entire progress easier because we don’t have to travel. But this would be only possible if the developing atelier would work closely with production houses around the world, this mainly because of keeping the quality and experience. This is in particular needed since sampling is the most important part of design phase.

[Interview on 08-04-2013, Amsterdam/Netherlands]

Mr. Memis, Director production factory

Alliance mode is an international cooperating company with their headquarter located in Amsterdam. This company produces sampling collections, reconditioning and pattern development in Amsterdam. The high quantity production is outsourced to other countries, Turkey and China for high quantity production and Poland for low quantity. Alliance Mode Already produced many sample collections for international brands, such as Kuyichi.

Alliance mode is also able to cooperate with other production companies and sees needs for a washing atelier in Amsterdam. A Turkish denim manufacturer that wants to open an atelier in Amsterdam doesn't necessarily need to build a sewing department. In this case, only a washing atelier would be more then enough. Especially for sampling collections, Alliance Mode can cooperation with other manufacturers, everything besides washing can be done in Amsterdam at Alliance Mode. Mr. Memis sees possibilities and opportunities in the developments recently happening in Amsterdam. [Interview on 02-05-2013, Amsterdam/Netherlands]

Mr. van Hout, Owner multi-brand store

Mr. van Hout is the owner of a multi-brand store located in Roermond/Netherlands. He used to be the agency of several brands, mainly German brands, in the Netherlands.

Van Hout at the moment sees no chances for establishing a new private label. Especially because it is not the right time, consumers in this time of crisis are more into well-known brands and the development of a new brand would cost too much. He would only consider to start a private brand if he had more then 8 stores or when the development wouldn’t be that difficult and costly. If there would be a atelier that’s able to produce low quantities and for a reasonable price, up to 25-30% more expensive as in Turkey, which also could help him out with their experience in design, pattern drawing, technical details etc. Establishing a new private brand could be an option when the market starts growing again. [Interview on 07-05-2013, Roermond/Netherlands]
Mr. Smit, Head of Estate at Port of Amsterdam

Port of Amsterdam is the government organization for the harbor of Amsterdam. Mr. Smith, the responsible person for estates at the harbor is also representing PoAM at the Economic Board.

At the moment, Amsterdam is becoming more interesting for fashion brands, especially for denim brands. After the establishment of the Economic Board, with Fashion Cluster as one of the main issues, Port of Amsterdam becomes a focus point for fashion brands. At the moment there are already several companies located over there. These are not only fashion brands, but also suppliers of different kind of needs for fashion brands, e.g. production company, sewing machine supplier and coating company. Now, it’s becoming a real fashion cluster, so it is the right time to invest in a development like this in that specific area, of course if there is a demand, which I think there is, from the companies in Amsterdam area or Netherlands.

In case of interest from Turkish manufacturers, we are able to discuss things with them, especially the location issue. We can recommend them some locations, which will best fit their needs. The Economic Board or Port of Amsterdam can also function as a discussion group between two or more companies for cooperation. For example the sewing company located at Vervoercentrum and Turkish manufacturers.

There can be also looked at the possibilities for subsidy, for example for location or supply of energy. especially when considering to use a laser technique based washing atelier. But that issue is under responsibility of the government.
[Interview on 02-05-2013, Amsterdam/Netherlands]
Mr. Bora, Marketing manager Denim factory

The company is one of the biggest denim producers in the world, HQ located in Istanbul/Turkey with factories in different regions. As one of the most important and biggest producer of European brands, they have many reasons to get closer to their customers.

Mr. Bora, marketing manager, is responsible for many important tasks such as, production on Turkish side, sales and customer relationship inside the company. He has daily communication with managers from Europe and European brands, including some from the Netherlands. Being the marketing manager of the leading denim producer in turkey, gives more opportunities to see the possibilities and wishes from the customers.

First of all, moving to Netherlands is not the problem. You simply need to buy machines and carry them over to the Netherlands or buy them there. The problem lays on operating the whole facility. There are several important things that have to do with this and are potentially problematic. Few of them that are mentioned by Mr. Bora are:

- Waste Water System for washing
- Experienced/Educated Personnel
- Sub-Industry
- Transportation
- Distance between sampling and production facility

Waste water system is something that is problematic. You probably need a biological system. The rules in Europe are much harder since washing water is full of chemicals that are harmful, especially in the Netherlands where the percentage of industry is lower then other Western European countries.

Further finding the right personnel presents a serious problem. It is already difficult to find personnel in Istanbul/Turkey, it would be probably much more difficult in the Netherlands. Of course you could find some basic- or non-experienced personnel and educate them but that will cost a fortune. Another way is to bring personnel to the Netherlands, but that delivers other kinds of problems. The government maybe supports the idea of opening factories, to decrease the unemployment rate, but bringing personnel from Turkey is exactly the opposite, which doesn’t help solving the unemployment problem.

Then, it is absolutely necessary to be close to your customer, but it is more important to be close to your own production factory. The real communication distance must be absolutely as short as possible between sampling and production, only then you can create qualitative products and avoid serious problems. You need to be able to be at the factory at any moment or just within an hour and sampling in the Netherlands is way too far for this. And besides that, we are able to deliver a sample collection in urgent cases within 48 hours.

There are several basic material needs for production, like fabric and haberdasheries. A factory must be able to provide this at all times. This sub-industry is of crucial importance to a producer, and in this case they are also located in Istanbul and/or nearby the factories. That would be difficult in the Netherlands. Even the little urgent needs must be transported, now we are able to get it in an hour or less. You won’t be able to stock everything as long as you want in the Netherlands, but in Turkey you can, because the main stock is here, and we can say same about the supply and stock of chemicals. It is easy to get it here from our current suppliers, but in the Netherlands we would have to search for new ones (if they’re available).
The communication distance in production is very important. It is absolutely necessary to keep that as short as possible. But in recent times, it is already very short. A control/meeting doesn’t have to cost more than a day for our customers. They can come over in the morning; meet us in the afternoon, fly back in the evening. Also the costs aren’t that high, especially for big international companies.

Another point of note is that Istanbul is becoming more important as a meeting point in Fashion and Textile for East and West. Turkey is already very close to Europe, for us it makes no sense to move closer to the Western countries. But if you look at the United States for example, there you have washing ateliers. Because, the closest really big fashion and textile producing country is China, which is over the ocean. So over there it is an absolute necessity to have. [Interview on 09-04-2013, Istanbul/Turkey]

**Mr. Yurur, Head washing department Denim factory**

Mr. Yurur, head of washing department at the same company as Mr. Bora, sees establishing a washing department as a difficult job. No matter in which country, you first of all need very experienced personnel to keep it working. Not only in terms of pressing buttons on the machine, but understanding the meaning of washing. Many things influences the process. Hotness, chemicals, grams of chemicals, stones, time, strength and many more things. Even more difficult is the combination of all these things in one receipt.

Turkey is a textile and apparel country, for this reason there is a high availability of experienced people or at least with the knowledge to understand. Netherlands is a design and development country, which is totally different than the real production work. That could create problems by building a new factory. You can try to solve it by educating people with basic knowledge, but that brings the finances on a different level with the risk of failing.

Another option, which is much easier with less risk, is the use of laser technique. With this, you can easily combine many operations and with same education your personnel will be able to control more operations. This also lowers the costs for building an entire system for water cleaning.

Establishing a washing department is difficult and costly enough. Together with this, a sewing department will be even more difficult build. To realise this idea, maybe a partnership with a sewing company (if there is one) will be smart. This will lower the investment and risk so you don’t have to think about that part.

Building a washing department depends on recent customers and the demand of the market. But so far as we can see, there is no such demand by international companies. This is mainly because of easy and fast communication/travel to Istanbul/Turkey. But high need in combination with high potential, if profitable, some serious research and negotiations can be done to see the possibilities. But that decision is up to the management team and our director of the company. [Interview on 09-04-2013, Istanbul/Turkey]
Mr. Baran, Owner Denim washing atelier

This washing atelier is a recently established company located in Istanbul. They are specialized in denim washing designs. At the moment they are making washings for several international companies, including European brands.

Mr. Baran is one of the founders of the company and also operates the whole system. He is an experienced person in the denim world and he used the work for other big international production companies.

Denim is absolutely more difficult then any other group in textile production. If we’re talking about knitwear or shirts for example, it’s about sewing and finishing, but denim has lot more processes that requires much more then only product information and the risks are higher for failing. Take Pakistan as an example, they are also washing denim for about ten years now, these companies are mainly Turkish. But this is still very difficult for them because it needs a lot of experience and history that is available in Turkey.

As said before, Denim production has a lot of steps. If you make a mistake in one of these steps, that will effect the whole production, so you should start over. Which is normally not a big problem by smaller numbers, but it will be a problem in the Netherlands because of the high costs.

Besides the problems, for a customer producing in Turkey/Istanbul is becoming a culture. It’s not a big problem or time consuming to be in Istanbul for a day or two. So communication is already very fast. Also the companies in Turkey are able to create a sample collection in a day and send it express in 24 hours. In other cases, Turkish companies are also going to their customers and show the sample collection. Many European brands are producing in Turkey also for the reason that sampling/product development department and production factory are close together.

At the moment the Turkish government is supporting companies to open factories in different regions. This allows them to increase their capacity with low investment. Entering the Dutch market with an atelier isn’t something that would work for Turkish companies. The Dutch government should support this with a collaboration between fashion schools, institutions and brands located in the Netherlands and open ateliers. [Interview on 10-04-2013, Istanbul/Turkey]
Mr. Chiles, Head minor Denim at Amsterdam Fashion Institute

Mr. Chiles is the head of the minor denim program at Amsterdam fashion institute. This programme was recently developed as a variation on an already existing programme and to educate new denim designers and developers on a high level. Many international brands, such as Levi’s and Denham and manufacturers are involved in this program.

The Netherlands is at the moment in a denim development. There is especially desire for things that are smaller. The idea will fit the current developments, but in my opinion, the idea needs the be slightly more changed in to an innovation center instead of a random production center. The focus should lay on these four key words, innovation, training/education and sampling. A local facility that develop samples and innovates for a customer, is going to benefit. The customer will be also more involved in design and development.

The fact that Amsterdam is so close to other major markets make it very appealing. Customers from the UK for example, can come here on a morning flight and go back on an evening flight. The same goes for France, Germany and Denmark, the connection is very fast and easy. From the perspective of also possibility linking with any other agencies like trend agencies, dyestar or even pantone, you'll also have benefits, more like operational benefit. But it has to be a facility that can produce innovation, thats the key. Not just ordinary replication of what goes on.

From the Turkish point of view, you can be seen as bringing innovation with a direct link with the market and manufacturers. But also impact on education and training. Like the minor is doing, the program is built very much in collaboration with the industry. From that point of view, bringing all of that together, is a possibly a really interesting connection. Also the Turkish manufacturers will achieve a lot more by having a facility in the Netherlands. But it should not function only as a washing and finishing centre but also for quality testing and garment sampling for example. It is not removing the development process from Turkey, but making it more advanced, which will have a huge benefit for the Turkish business.

One of the most important points is to introduce modern contemporary techniques like lasering. That's also something we definitely want, and also building it in the minor denim program, which in the end brings more opportunity for innovation.

We as a school would definitely like to go for such a collaboration. That gives the Turkish manufacturers the opportunity to link with London College of Fashion or Sint Martins, the high quality fashion schools in the UK. The same could be done with German, Danish or Swedish schools that automatically links to for example H&M. So it would be easier to go worldwide.

Another important point to note is that, this facility will give the Turkish manufacturers the opportunity to be more competitive and present high innovative skills to their personnel.

[Interview on 13-05-2013, Amsterdam/Netherlands]
Currently, the Municipality of Amsterdam and many international brands are in cooperation for the further development of denim in the Netherlands, in particular in the Amsterdam region. The idea is about a sort of development and education center. Many meetings have already taken place to look for opportunities and possibilities. The most important keywords that came forward during these meetings were innovation and sustainability.

This initiative goes in line with the developments of the Economic Board and also Turkish manufacturers will be involved in this process. The city of Amsterdam will support the idea with some facilities such location and building.

It is a fact that there is a lack of experience and knowledge in production and technical things, it is a difficult process in denim and washing. It would be very difficult in terms of labor force to build a facility with a higher capacity then just a sampling room. Besides that, a development department which is directly linked to a production facility must stay close to each other.

The companies are solving the problem of “fast prototyping” by hiring a few well experienced sewers and let them work closely with the design department. So if the designers are developing something, these well experienced sewers can directly make these ideas so they can see if there is chance for further development or not presenting an opportunity to make fast decisions.

The important thing Amsterdam is missing, is indeed an innovation center. A center where many companies, institutions and most importantly education comes together. With such developments, companies are a bit afraid because of partnerships with competitors. But schools are the only independent parts in this process. A school like Amfi, can link higher education and universities to a facility like the innovation center. Because, schools can also function as a driver to put the name of Amsterdam on the map as the denim city. If schools aren’t involved in such a process, it won’t make any changes in-between the developments going on in other countries.

[Interview on 15-05-2013, Amsterdam/Netherlands]
The opinion about the possibilities in the Netherlands are clearly divided. From the Dutch point of view there is a potential in the Dutch market and possible collaborations with different kind of companies and institutions.

You can clearly see that the Turkish companies are looking from a manufacturing point of view. So it’s more about the investment and profit. While the Dutch companies and schools are more looking at the development, innovation and the future.

The table below shows the point of view of the people who are interviewed.

<table>
<thead>
<tr>
<th>High-Potential</th>
<th>Mr. Chiles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Memis</td>
<td></td>
</tr>
<tr>
<td>Mr. Yussuf</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low-Demand</th>
<th>Mr. Smit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mrs. Bouwmans</td>
<td></td>
</tr>
<tr>
<td>Mr. van Hout</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low-Potential</th>
<th>Mr. Bora</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Yurur</td>
<td></td>
</tr>
<tr>
<td>Mr. Baran</td>
<td></td>
</tr>
</tbody>
</table>

As it can be seen above, in general there is potential in the Dutch market. But also clearly visible is the opinion of Turkish manufacturers. They don’t find it necessary for Turkish company to establish an atelier in the Netherlands.
| 5 | Conclusions
In order to answer the main question, the sub-questions needs to be answered first.

**How did the Dutch apparel market develop in the past years and what are the future expectations for the trade between the Netherlands and Turkey?**

With over 18.000 stores, about 40% private brands, the Dutch apparel market one of the most competitive and biggest markets in the world in comparison to the total population of the country. The sales rose until 2008, when the crisis started. But a positive growth in the apparel market is expected for the coming periods, which already started in the major neighbouring markets such as Germany and France. Besides the sales, the Netherlands is also a base for many international and private brands, in particular denim brands and departments. Many brands have based their product development departments at their headquarters in the Netherlands.

The strong apparel market in the Netherlands can be seen back in the apparel trade. Especially the trade with Turkey, apparel import value of €750 million shows the strong working partnerships between Dutch brands and Turkish manufacturers. The most imported products in woven items are pants, which includes jeans. This is also the most important category for this research. The import of apparel is increasing for many years, and we can expect more growth in import/export between these two countries.

Because of the unpredictable apparel market at the moment, companies are more inclined to make fast decision during product development. The attention in this case is paid to close and fast sampling and production. Turkey is a experienced denim production country with short lead-time in comparison to China or India. This makes Turkey a more interesting country for production.

There is clearly a growing interest between the companies of both countries. The expectations for the market is positive and the trade is increasing every year. This gives more potential and opportunities for Turkish manufacturers in the Dutch market.

**Does it make a difference, in terms of time, costs and quality, the most important indicators for brands and manufacturers, to produce sample collections and low quantity production in the Netherlands?**

Turkey is very closely located to the Netherlands. The communication distance is already very short. Brand manager from international companies are able to take a one day trip to Istanbul, to control and discuss everything. The costs is not a factor they are worrying about. The benefits such as, time and costs will be most probably for private brands. They don’t need to travel a lot which will reduce their traveling costs, and they can develop their sample collections faster. Turkish manufacturers are able to produce a sample collection and deliver in 48 hours in urgent cases. Which can’t get faster, even in the Netherlands.

Production costs will be higher in the Netherlands. Only few pieces sample collections, generally for private brands, can be cheaper, but going above 100 pieces will be too expensive, it would be better to produce in Turkey then.
Quality is another issue. Turkish manufacturers are delivering high quality products. The quality in terms of technical details and washing won’t be different when producing in the Netherlands. It can even be slightly worse, because of not well experienced personnel. The only difference would be for the private brands. They will get a “Made in Holland” etiquette, which can be play a part in the decision making of a customer. Something which is getting more attention nowadays because of fair production.

There’ll be no really remarkable changes in terms of time, costs and quality. Because of the short distance between Turkey and Netherlands, time won’t change that much, besides a few hours probably. Sampling collections for international brands are normally already calculated in the mass production, that won’t change at all. Only for private brands will that make a small difference by producing few pieces of sampling, only because of the low costs of traveling. The quality is at the moment not really an issue that will make a difference. Only, if they would face problems with their personnel, that could negatively effect the quality.

To what extend is it possible for Turkish production companies to build an atelier, in terms of needs such as materials, sub-industry and location in the Netherlands?

To build an atelier, several things are needed. Especially a denim atelier is difficult to build up. The machinery needs are much different and difficult. A traditional washing department needs several different kinds of washing machines with an advanced waste water system. This could be problematic because this does not go in accordance with the Dutch law since these washing machines are full of chemicals. Instead, laser technique can be used which costs much more. Location can be easily founded in collaboration with the Port of Amsterdam. In these recommended locations, there are also few sewing companies, one of them which is already working internationally is able to collaborate. In that case the Turkish manufacturers doesn’t need to build a sewing department. Labor force will be more difficult to find. A washing atelier needs experienced people with knowledge, which is already difficult to find in Istanbul, a textile city. Educating these people will cost a fortune, which makes no sense.

The most important need is the sub-industry close by. Especially suppliers of trimming, fabrics, chemicals and those kinds of production needs, must be close for fast handling and ordering. A manufacturer that’s already in cooperation with need suppliers at their main factory in Turkey, can get his needs very fast and at a cheaper price. If your located in the Netherlands, you have to order it, which again costs a lot of time. Besides that, to maintain the machines, you need suppliers close by, which is not the case in the Netherlands. In case of a broken machine, personnel from the machine supplier needs to come over and that will take a lot of time.

It will be very difficult to build a washing atelier in particular. Because of the machinery needs that also need maintenance. The urgent needs will be difficult to get quickly, and will cost a lot. Good personnel will be almost impossible to find, educating them will present a higher investment. Only laser technique, that can replace many operations from traditional washing can solve some problems, but that will also cost a lot of money.
To solve the problem of the lack of experience and knowledge and create more potential for the Dutch market as well as for the Dutch apparel industry in combination with getting a better international character and more customers for the Turkish manufacturing companies, the following main question needs to be answered:

To what extend is there a potential and demand for a Turkish apparel manufacturer to build a production facility in the Netherlands?

The potential for a production facility is high in the Netherlands. Especially if we look at the current developments in the market and witness the growing trade. Also the step taken by the government, to build a platform, called the Economic Board, will stimulate the development and increase the current potential. The cooperation between Turkish manufacturers and the in the Netherlands located brands is also growing. From the Dutch point of view, private labels can benefit from such a development, especially in terms of traveling costs and in lack of experience and support.

A traditional production facility is not really interesting for a international brand that’s already producing in Turkey, because Turkey is easy to travel to with a short communication distance. In fact, traveling to Turkey, controlling, discussing new development and traveling back can be done in less than a day. Producing sample collections can be in urgent cases done in less then 48 hours. Because Turkey is easily reachable, there is no such a demand from the brands for local sampling and/or production.

From the Turkish manufacturing point of view, is it difficult and less reasonable to establish such a facility. The investment will be simply too high and could be problematic because of daily production needs that are not directly available with the sub-industry which needs to be transported daily. Opening an atelierr is not interesting for Turkish manufacturers with their main production factory in Turkey. Also the distance between product development and production too far. As a production manager, you need to be able to reach and travel to the product development department quickly for urgent things, this is an occurance that can happen very often.
First of all, there is a potential to look for further development in the denim market in the Netherlands. This potential is not only in terms of production facility, but also as a training and education center for innovation in the denim world. The production is without problems (in most cases) done in Turkey. A manufacturer doesn’t necessarily have to get closer to their customers in the Netherlands, it’s close enough and the costs are too high.

It would be smarter to look for possibilities to build a “denim innovation center” in Amsterdam. This innovation center is a multi functional facility. A place where international brands, private brands, schools, institutions etc. can come together for cooperation, innovation and tests. This center can be linked with Amsterdam Fashion Institute, Jeans school ROC, Dutch denim brands (G-star, Denham), Municipality of Amsterdam, international brands (e.g. Tommy Hilfiger, Diesel), International companies (agencies, suppliers), neighbouring markets and even Turkish manufacturers. In case of a developed product, which is ready for full collection production could be easily done with the Turkish manufacturers they are working with.

This center needs to be able to do all of the processes at the same location, but in smaller quantities. Brands and suppliers can use the facility for tests, sampling, testing new ideas, product development and those kinds of things. Schools will be able to create programs (like minor denim at Amfi) linked with the industry in cooperation with the innovation center, and educate a new generation of experienced students with knowledge in both product development and industry. This will also be interesting for neighbouring countries with big markets and brands, such as UK, Germany, Denmark, France and Sweden. Such a development would put Amsterdam on the map as the denim capital forever.

The most modern techniques can be used in this center, like laser techniques on different type of fabrics, new ways of sustainable dying etc. and even new techniques can be tested.

Furthermore, also a small production department can be added. For small quantity production for private brands with exclusive needs/wishes. Also for international brands to prototype, sample and test.

This idea came up during one of the interviews done for this report. It’s an idea that gets closer to the wishes of the market and it’s innovativeness presents a lot of possibilities. I recommend to research this idea and look for further possibilities and developments for the near future.
6.1/6.2 | Introduction / Dutch apparel market and the Trade

Introduction


3. Made in the Netherlands, Final Thesis report by Marise Duifhuizen & Marlene de Fonkert. TMO hogeschool for modemanagement at Doorn. Contact: mariseduifhuizen@gmail.com marlenedefonkert@live.nl

Dutch apparel market and the Trade


Production in the Netherlands

1. DHL Express Worldwide on request, viewed on 24th April, 2013. See appendix for full price list.


4. INNL, viewed on 18th February, 2013. Available at: http://www.innl.nl/page/5244


10. Made in the Netherlands, Final Thesis report by Marise Duifhuizen & Marlene de Fonkert. TMO hogeschool for modemanagement at Doorn. Contact: mariseduifhuizen@gmail.com marlenedefonkert@live.nl


1. Interview Mr. Smit, Head Estate at Port of Amsterdam. 
2th May, 2013. Amsterdam / Netherlands

2. Interview Mr. Yurur, Head washing department denim factory. 
9th April, 2013. Istanbul / Turkey

3. Sewing machine supplier Andrevo B.V. 
www.andrevo.nl

4. Production company Alliance mode. 
www.alliancemode.nl

Contact: fatihsahin.amfi@gmail.com

See appendix for the report.

7. Laser technique, viewed on 3th May, 2013. Available at: 

See appendix for a part of the report. Full report available on request.

Others

Useful reports that gave more depth in my research but not fully mentioned in the report.

1. Report Research Retail 2020 CBW-MITEX, viewed on 19th April, 2013. Available at: 

Viewed on 20th April, 2013. Available at: 