2025 Apparel & Footwear Pulse

#2 – Challenges, priorities & operational capabilities

July 2025

Pulse series introduction

Across 2024 and 2025, Deloitte surveyed 99 global vertical brands within the apparel, footwear and accessories sectors, with a specific focus on supply chain dynamics. The survey spanned a diverse range of industry segments, distribution channels and company sizes. Leaders from these companies provided detailed responses to more than 50 questions, covering supply chain performance, capabilities, challenges, priorities and strategies.

Deloitte analyzed the survey data and was thrilled to launch an Apparel & Footwear Pulse series. The Pulse series continues and combines survey insights and perspective from Deloitte’s industry and supply chain specialists. Stay tuned for compelling insights designed to help you navigate and enhance your supply chain in these ever-evolving industry sectors.

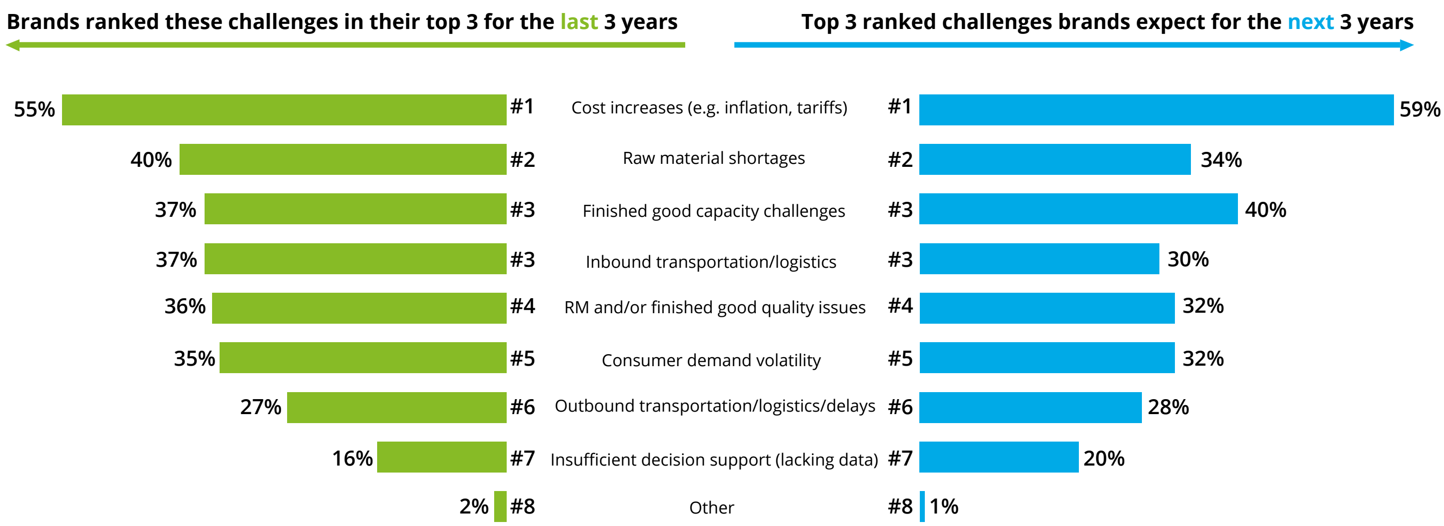
About this publication

Our latest pulse publication examines the major challenges brands face in their value chains, both historically and looking forward. This edition also outlines top priorities for brands and delves into operational capabilities, including sourcing practices, collaborative supply planning, and purchase order management. We note real marketplace examples of navigating key issues and explore the importance of transforming your supply base to build a more resilient and responsive supply chain.

You can strengthen your supplier partnerships to stay competitive in a rapidly changing market.

Brands and fashion trends come and go, but some things never change…

We asked brands to consider the value chain challenges that they encountered over the past three years and those that they expect to experience over the next three years. Looking back and looking ahead, the top three challenges remained the same: cost increases and availability of finished goods and raw materials.

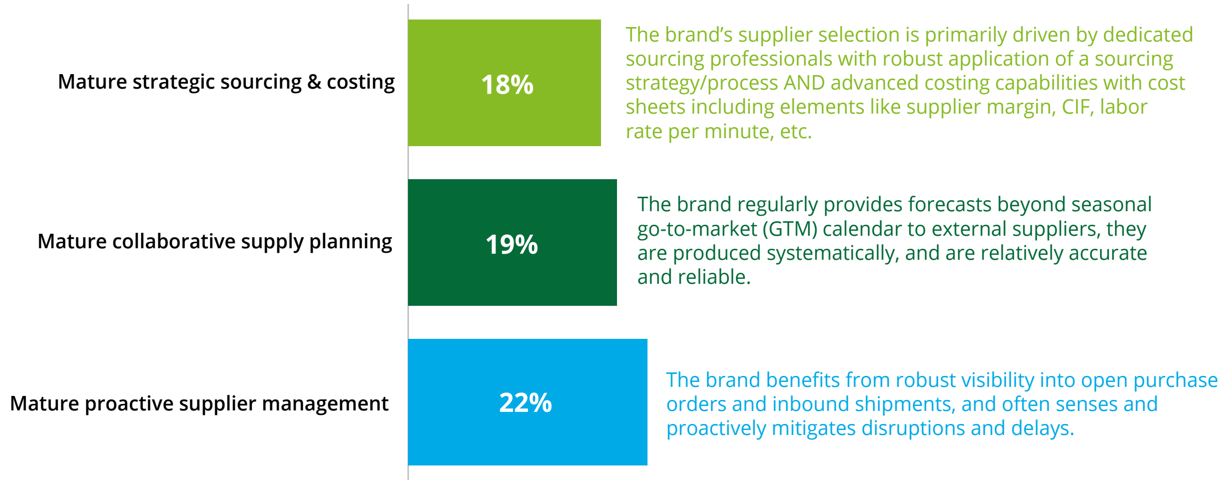


In our experience, the apparel and footwear brand value chains with the greatest financial and operational resiliency (and the greatest ability to overcome challenges related to cost increases and supply availability) excel across three critical capabilities:

1. Strategic sourcing & costing
2. Collaborative supply planning
3. Proactive supplier management

Our research indicates that most apparel and footwear brands are struggling to demonstrate maturity across at least one (if not all three) of these critical value chain capabilities. (*Please see related table next page.*)

Percentage of apparel and footwear brands with mature practices across three critical capabilities



Among the apparel and footwear brands that we surveyed, just five of the 67 apparel and footwear brands (or ~7%) reported they achieved maturity across all three of the critical capabilities.

So, what does this all mean? Brands have experienced and expect to continue experiencing financial and operational pressures—but are ill-equipped to shape their supply base (strategic sourcing and costing), partner with their supply base (collaborative supply planning), and manage their supply base (proactive supplier management) to address those pressures. Despite this general lack of readiness, our research showed that many brands are actively focusing on transforming their supply bases.

Value chain priorities over the next two years

The most successful supply base transformations combine elements of all three critical capabilities—strategic sourcing and costing, collaborative supply planning and proactive supplier management. Pursuing these objectives in parallel enables brands to deliver value across tactical, operational and strategic horizons simultaneously:

- Strategic sourcing and costing = the next three+ years = strategic impact horizon
- Collaborative supply planning = the next few years = operational impact horizon
- Proactive supplier management = the next few seasons = tactical impact horizon

A common response to experienced or expected supply disruptions is to spring into action to mitigate the symptoms. We see this all the time—and it is a natural, and well-intentioned reaction! When there is a fire, you put out the fire. The problem is that typically doesn't address the root cause of the issue, leaving brands vulnerable to experiencing the same pain time and time again.

And even when addressing root causes, most brands typically focus on a single capability or horizon in isolation. We've seen the power of simultaneously developing these three capabilities in practice at the brands we've worked with, including:

- Strategic sourcing & collaborative planning (outdoor apparel brand): Eliminated 80% of capacity gaps by quantifying resiliency and supply risk, reimagining a category management approach to supply base development, and joint business planning.
- Costing (athletic apparel brand): Improved margin by 750 basis points by implementing significantly more advanced costing practices (e.g., cost sheets) with suppliers.
- Proactive supplier management (outdoor apparel brand): Achieved 100% compliance on weekly work-in-progress reporting for open order management with tier 1 and tier 2 suppliers, driving on-time-performance to all-time highs.

If you're concerned about materials cost increases and/or product availability, we suggest working to strengthen your company's position by taking a balanced, interconnected approach to transforming your supply chain across multiple impact horizons. And if you're struggling to get started, our team is ready to help.

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