Survey conducted by SEP INVESTMENT SERVICES (SL) LTD

(Gabriel Joe)

ASSESSMENT OF MEMBERS OF THE UNITED TAILORS DEVELOPMENT ASSOCIATION (UTDA – SL) FOR MICRO-CREDIT

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EXECUTIVE SUMMARY

This report is based on findings obtained from field research conducted by SEP Investment Services in Sierra Leone from May to July 2020 . Desk-top research was also conducted to supplement the findings of the field visits in order to address the overall objectives of the report. Interviews took place in various locations within the agreed parameters of the survey which included Freetown and Rokel Village. The purpose of the market research was to do the following:

1. To have a detailed picture of purchasing patterns, production and sales of members of the United Tailor Development Association (UTDA).
2. To know the drivers behind tailors' purchasing decisions regarding materials for production
3. To know their income and expenditure patterns
4. To understand the competitive environment, the major players and leading brands
5. To determine market opportunities
6. To gauge brand awareness and knowledge on the corona virus and its impact on the tailoring industry.

While the report provides a useful basis for examining the above mentioned, further rigorous research that builds on this report may provide more insights.

The fashion industry exhibits no significant barriers to entry. The fashion and tailoring market is not difficult for prospective entrants to penetrate, given that there are no special commercial regulations pertaining to it. A handful of companies like Madam Wokie, Pangea etc. have built up significant brand loyalty. Consumers are unlikely to quickly switch to other brands (small-scale producers) if the service is of sufficient quality as many have experienced disappointment with tailors, stemming from poor workmanship, bad customer relations, and high rate, etc. Additionally, the scale and scope of their operations allow new entrants to gradually improve the quality of their workmanship and service which will, however, require significant investments to compete successfully.

The fashion sector provides more opportunities for prospective entrants as the market is less concentrated among professional tailors/companies, especially in the provinces. The industry has grown modestly over the past years, as demand for better service and rising modeling companies have encouraged expansion. Demand for these services and response from new players in the market have helped to partially curb the effects of monopoly and poor service in this market.

Fashion is a breath of freedom, comfort, style and confidence. Before you think of delving into the fashion sector, you must have the idea that there are certain structures and sectors that makes up a fashion industry.

According to a notable fashion & style writer, Zanaib Alhassan, the fashion industry is divided into creative and sales functions, that is, design and production on one hand, sales and distribution on the other.

Presently, we know that there are great fashion experts in Sierra Leone with excellent ideas who can create a style out of nothing, but the platforms for sales promotions and distribution are lacking. Although the entertainment industry is generally seen as a creative industry, the fashion industry is no less creative and its emergence and growth could contribute to the country's consume-led domestic economic growth.

Based on first-hand information and opinions collated during the field visits to the targeted areas, and segments listed in the contract agreement, the report has found that local tailors can indeed make a positive contribution to Sierra Leone's fashion industry and economy. However, there is a need to step up the marketing function of this industry and the companies in it. This can be done by acquiring more information about consumers, competitors etc. to see which opportunities are available. This will likely increase competition within the local market while also overall making local tailors more competitive against imported clothes, if this information is judiciously utilized.

The assessment survey targeted 51 participants, of whom 47 responded by giving their views on the questions in the questionnaire. Among the 47 respondents, 5 were female and 42 were male. The younger respondents were mostly between the ages of 18 to 34. On average the respondents are able to produce 4 dresses (mainly africana) per day or at least 2 suits per day.

Furthermore, most of the local tailors surveyed base their purchasing decisions regarding materials on quality and affordability, typically spending between Le 100,000 and Le 2,000,000 on materials purchases per month. The survey also shows that 98% of tailors get inspiration for sewing from the internet/fashion blogs, and 100% are willing to buy materials from SEP Investment Services in the future.

The findings also reveal that local tailors do not have access to cash loans for materials. They pay on the go. 98% of them use manually operated sewing machines while 2% use both manual and electric machines. The tailors mainly sew for individual customers and for retail sales.

19 out of the 47 participants indicated they are in a partnership as they do not have a shop of their own. In this regard, women seem especially vulnerable: 80% do not have a working space and 55% do not have tailoring materials like a sewing machine, table, chair, etc. 98% of the respondents prefer Singer sewing machines to any other brand. Due to the small scale of their production and income, 99% of the tailors cannot employ workers to work for them, and thus depend mostly on apprentices.

Formal training at vocational institutions around the country is limited and unable meet the high demand. Formal qualifications (vocational diplomas) would enable graduates to seek formal employment. Lacking those, many young people, especially the illiterate, enter the attractive fashion and tailoring industry as apprentices. Apprenticeship is a low-threshold entry into this industry and is likely to over time lead to employment or self-employment through sole proprietorship or partnership.

The respondents believe that despite the impact of corona on them they can still thrive if given loans to expand their businesses by taking advantage of their customer bases and their design skills.

METHODOLOGY

This research was open only to members of the United Tailors Development Association who are to benefit from SEP soft loans. A mix of both quantitative and qualitative methods was applied. The survey was done through open interviews with respondents. An open interview survey was conducted in Freetown.

The sample size of this research comprises 47 tailors from different tailoring shops in Freetown

SAMPLING PROCEDURE

The sampling method was designed by our team to survey 51 people through open interviews.

THE STATE OF SIERRA LEONE'S FASHION INDUSTRY

Conversations about Sierra Leone's fashion industry tend to focus on the luxury and mid-market segments, ignoring thousands of value brands (low-price brands) that represent a large volume of the industry. This value segment serves by far the largest number of people, and though they may be lesser-known than their premium rivals, brands like United Tailors Development Association and SEP Tailoring Institute who manufacture and sell hundreds of units a month are testament to this thriving market segment.

All three segments are essential for this stage of Sierra Leone's market. As income levels are still relatively low, it is no surprise that, according to VRC Marketing Company, 55% of Sierra Leoneans are price conscious. Nevertheless, society remains aspirational, explaining why as many as 44% treat themselves to more expensive items.

HOW BIG IS THE SIERRA LEONEAN FASHION INDUSTRY?

Within a decade, Sierra Leone's fashion industry has grown in both size and sophistication, attracting global attention. This rise has been fueled by an increase in demand but also partly by unprecedented initiatives that continue to propel Sierra Leone into the global fashion consciousness. Events such as Freetown

Fashion Week have championed this movement through their anticipated annual runway shows and incubator-style approaches used to grow brands.

Despite all this, many fashion commentators continue to criticise the pace of market growth of the industry, and with good reason. The global fashion industry is worth over USD 2.5 trillion, with Africa's share estimated at less than 1% of that total. Meanwhile, Euromonitor suggests that the Sub-Saharan fashion market is worth USD 31 billion, with Sierra Leone accounting for USD 3.1 million (0.01%) of that. This is materially lower than South Africa's share (USD 14.4 billion) and Nigeria's USD 4.7 billion (15%) share. (guardian.ng/)

Furthermore, the small size of the market cannot be attributed to Sierra Leoneans' taste for foreign fashion. A McKinsey survey found that only 20% of respondents considered international brands to be more fashionable than local brands. While research strongly points to the viability of a thriving local industry, reality still lags far behind the potential, as today roughly 60% of the clothing sold on the market in Sierra Leone are still imported.

USING CREDIT TO UNLOCK THE VALUE CHAIN

With the market size for local fashion products looking positive, Sierra Leone's fashion industry would stand to gain considerably from addressing challenges across the value chain, from farmers and textile mills that provide raw materials, to manufacturing, and even to marketing and logistics.

Presently, each part of the value chain has severe flaws. For example, cotton farming in Sierra Leone is currently at its lowest, and despite rhetoric that suggests otherwise, textile manufacturing in the country remains minimal. Beyond raw materials and manufacturing, the fashion industry also suffers from a shortage of capital and quality human resources.

Resolving these issues would unlock gains across the industry for different stakeholders: consumers, small businesses, premium brands, and large-scale manufacturers. And, of course, the broader economic effects are potentially significant—Cambodia's fashion and textile industries contribute 15% to its GDP while 70% of industrial exports from Sri Lanka are fashion items.

One good place to start addressing the lack of access to capital for MSMEs in tailoring and fashion in Sierra Leone would be improving access to credit. Credit solutions are particularly crucial as bank loans to the sector are currently insignificant and difficult to attain.

BRAC Micro-finance company has been operating in the country for over 15 years giving loans to small and medium enterprises (including tailors/seamstresses) at reduced interest rates. However, the scheme is very narrow in what the loans can cover. A few prominent fashion designers have complained that the scheme hardly even cover overhead costs such as rent and doesn't actually allow them to invest in their products or processes. Accessing these loans is also a huge challenge as it has a lot of requirements to meet to such guarantors, collateral, existing business and documents etc. Idrissa Kabia, Unisa S.Kamara, and Sulaiman Kargbo are just a few designers that have discussed the ongoing challenges with accessing credit in the fashion industry.

There are alternatives to traditional development finance. More flexible government grants, focused venture capital, angel investments, and micro credits are just a few examples. Where available, such approaches will help designers to thrive.

CHALLENGES OF THE SIERRA LEONE TAILORS/DRESS MAKERS

The fashion industry has become a critical component of the Sierra Leone's economy, creating jobs, promoting creativity, ingenuity and culture.

Re based GDP figures for Sierra Leone, showed that the Fashion, Garment and Footwear industry contributed immensely, certainly a viable sub-sector that deserves to be fully harnessed.

One of the challenges in the fashion industry is structural issues, lack of a sustainable market locally and capacity to compete at the global level.

Tailoring is a low-trust industry in the country as most tailors are not professional in administering/adhering to the core values of the trade. Disappointing customer experiences are prevalent.

Because of unstructured market, tailors are likely to purchase materials at different points of sale at different times. As a result of this they are constantly denied loans/credit facilities by vendors.

The capital of local tailors is meagre to buy more materials or to expand their businesses. Financial institutions are not willing to provide credit facilities to them. So a small number of the tailors produce in small scale for sale and the bulk of them produce/maintenance for their customers just for survival. Therefore, wealth creation is a far-fetched dream.

Conclusion and Recommendations

The fashion sector is a lucrative industry that has the potential to alleviate unemployment in the country as in the case of Cambodia, Bangladesh etc. if the supply chain is strengthened by the government of Sierra Leone. The industry is presently dominated with manually operated equipment, low capital investment from personal savings or borrowing from friends and family, with poor marketing and low produced qualities because some of the tailors cannot afford to purchase high quality materials.

1. The Sierra Leonean government would make great strides economically and reduce the unemployment burden if it created a more suitable environment for fashion and textile businesses to thrive. It would also be a way to rebuild the once thriving industries on a national scale. Decades ago, the country

had a relatively booming textile sector, but like most other areas, progress died down with the Chinese takeover, the industry came to a complete stop.

Reviving the sector is possible, particularly with the introduction of new policies and improving credit solutions to the creative industry. Furthermore, investment in infrastructure and demographic data would help fashion businesses to understand and serve their markets better. The government's lack of attention and support for this sector in the past stemmed from the idea that it was not a viable one. International markets and even markets closer to home such as Guinea and Nigeria have proven otherwise.

The sector has an incredible chance at growth if managed strategically. Furthermore, if the industry is invested in purposefully and sustainably, it has incredible potential to empower many individuals and in the long run, and vastly improve the Sierra Leone economy.

2. By getting our house in order, UTDA could take advantage of global economic/regional dynamics. Many dress making businesses have shut down in recent years, buckling under the pressure of high infrastructure costs, limited or no loan facilities for tailors, and an unstable currency.

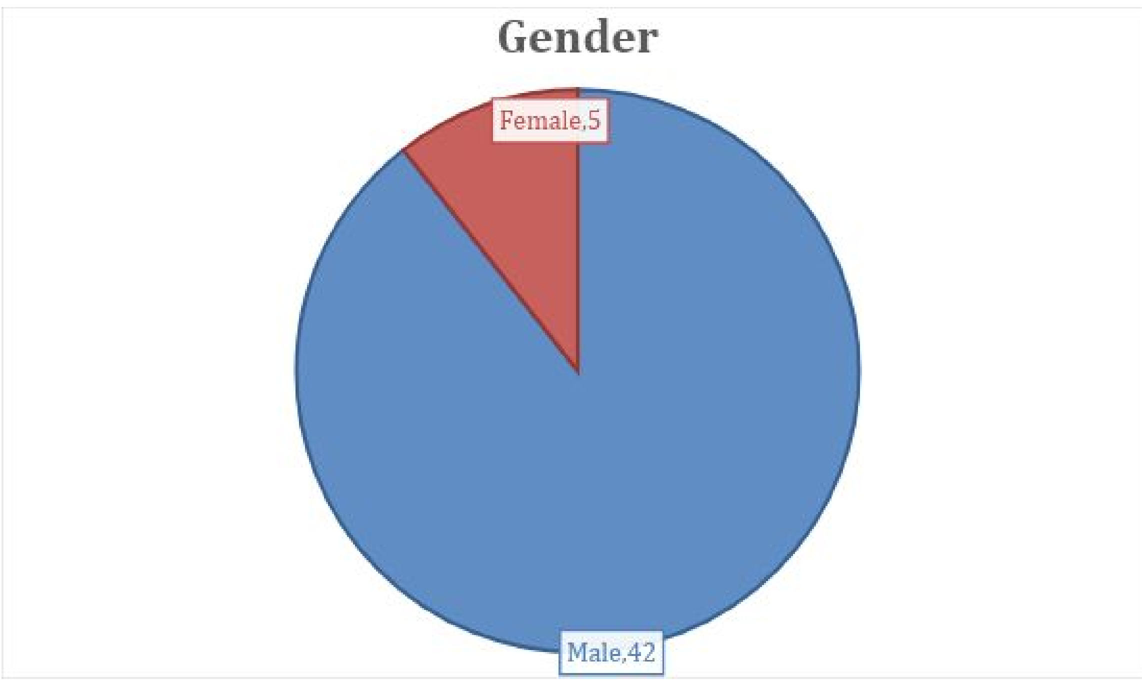
3. Moreover, the lack of proper marketing/awareness of services, expansion of coverage to other areas, poor quality of service is a cause for concern.

4. As a result of lower income and low production, it is recommended that loans given to these tailors for a start should on a smaller scale to avoid misuse (not: abuse) as most do not have financial literacy.

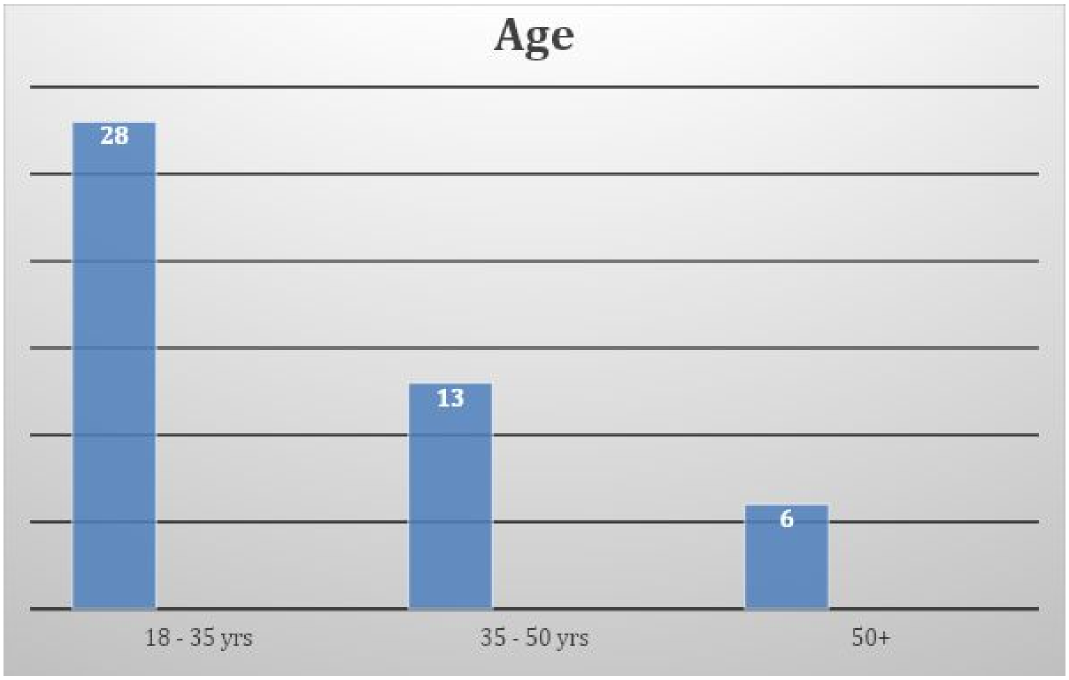
5. It is also recommended that these tailors should be given more entrepreneurial and financial literacy classes to make them aware of some of the opportunities surrounding them. Presently, most of them have the mindset of producing for survival rather than creating wealth.

6. They can be put into groups in a form of cooperatives to give them better opportunities for loan and other facilities.

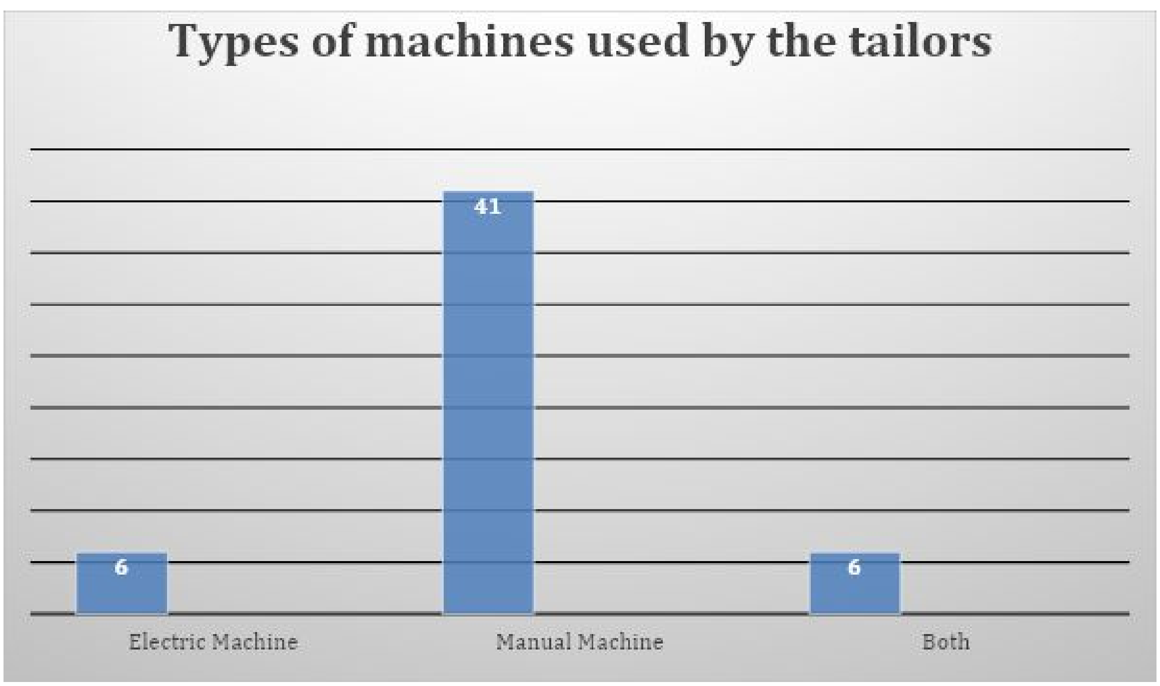
7. The use of technology e.g. social media is one aspect that has not being used by local tailors to improve productivity, sales and ease the burdens they face in purchasing materials and even making payments. The use of these services will improve sales, link them with sellers and save them from traffic they go through to buy materials.



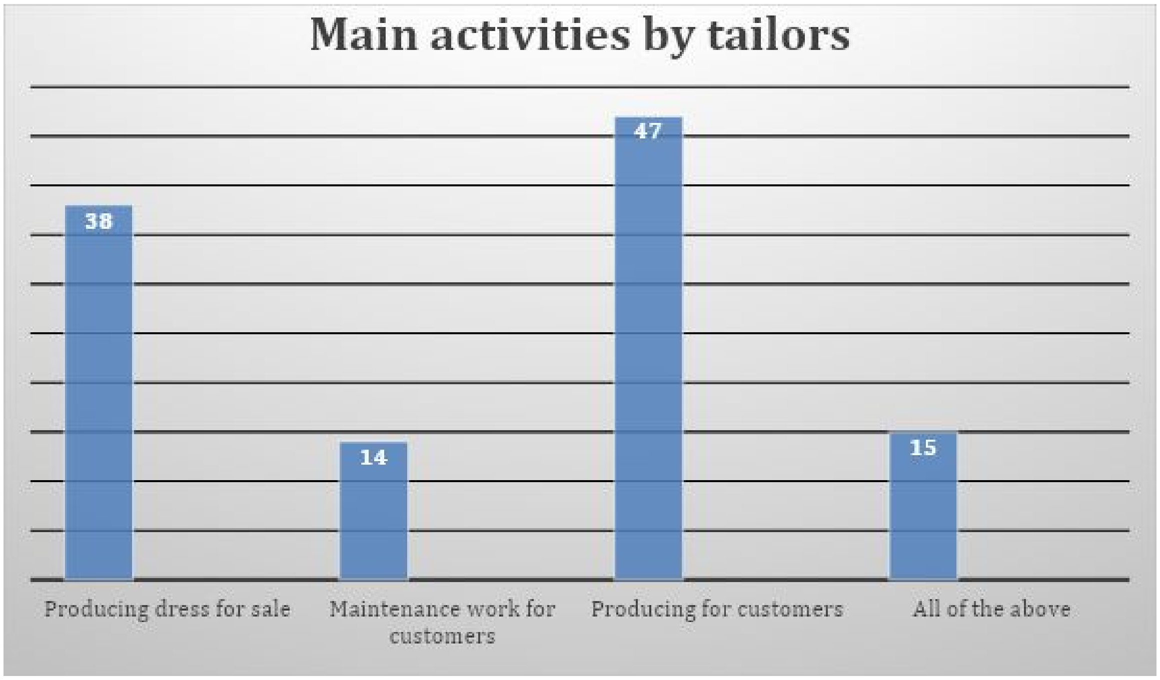
1.0 Chart showing the gender of respondents



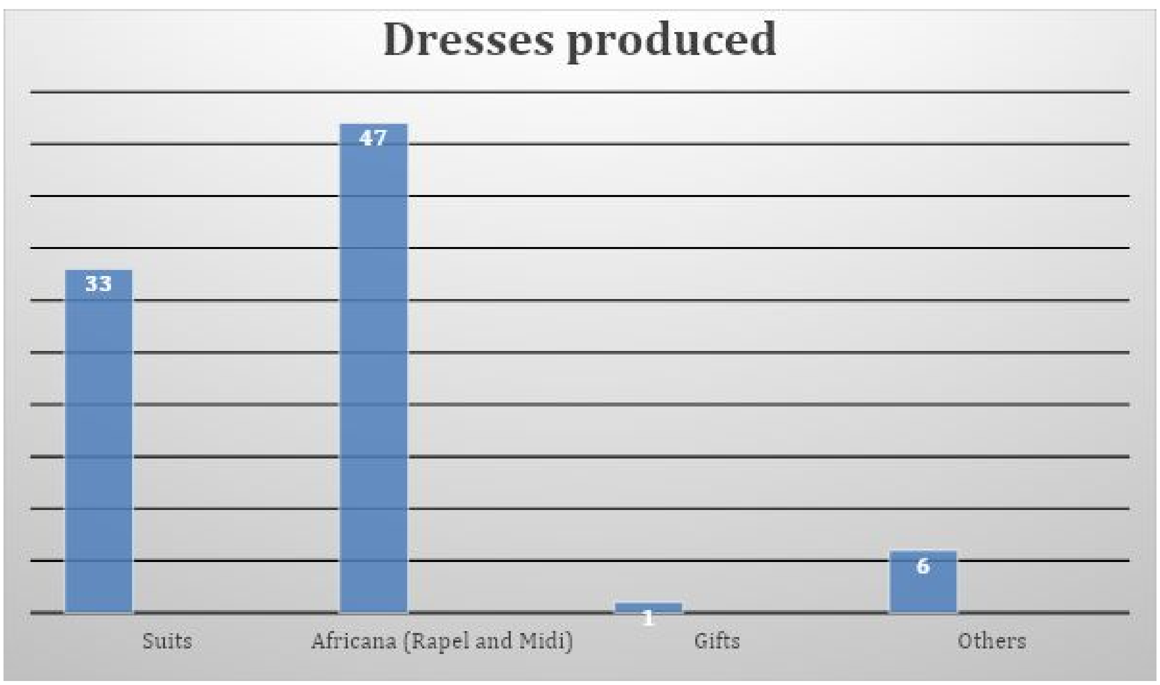
2.0 Chart showing the age group of respondents.



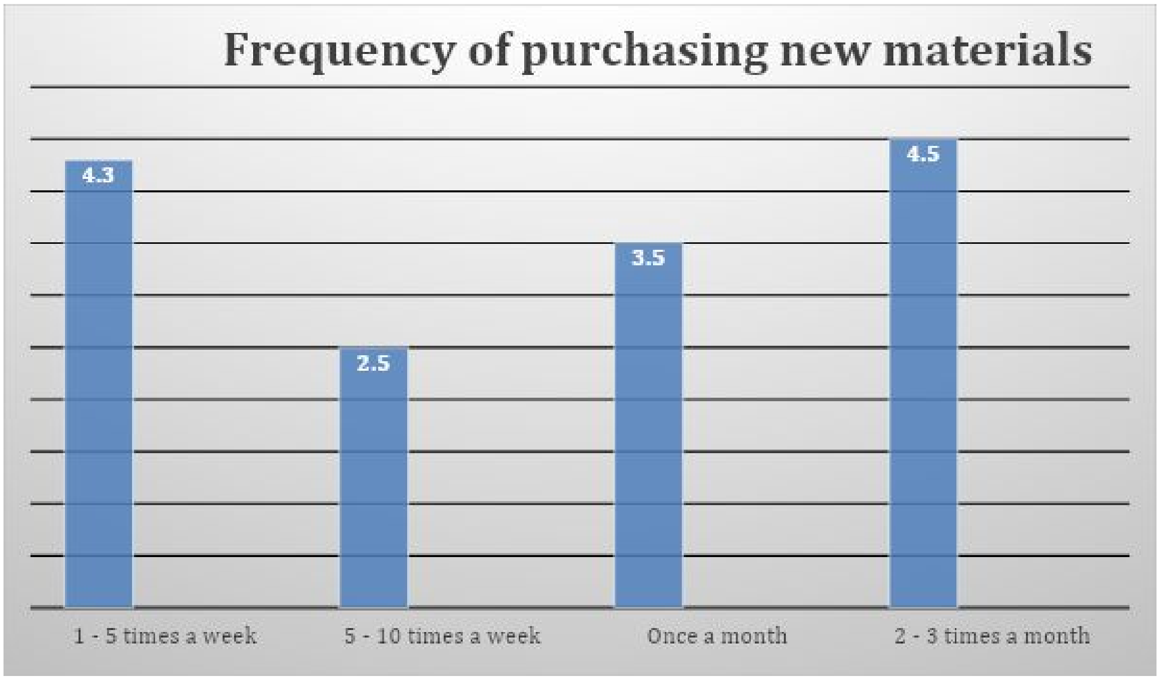
3.0 Machines used by respondents.



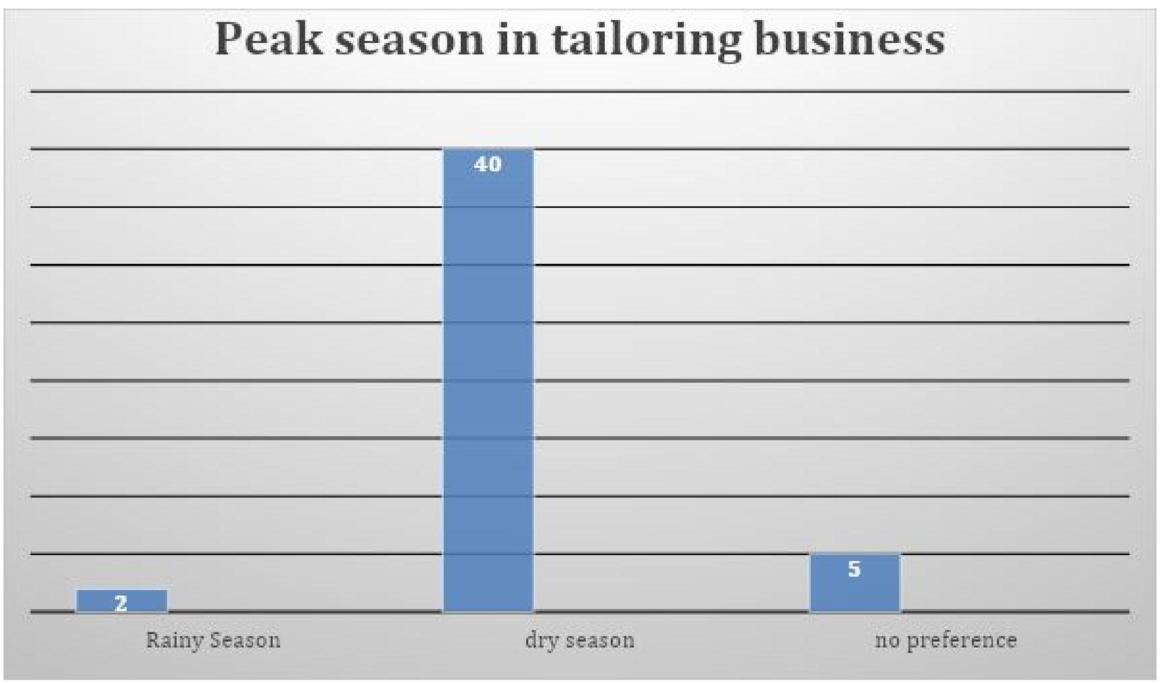
4.0 Main activities by respondents



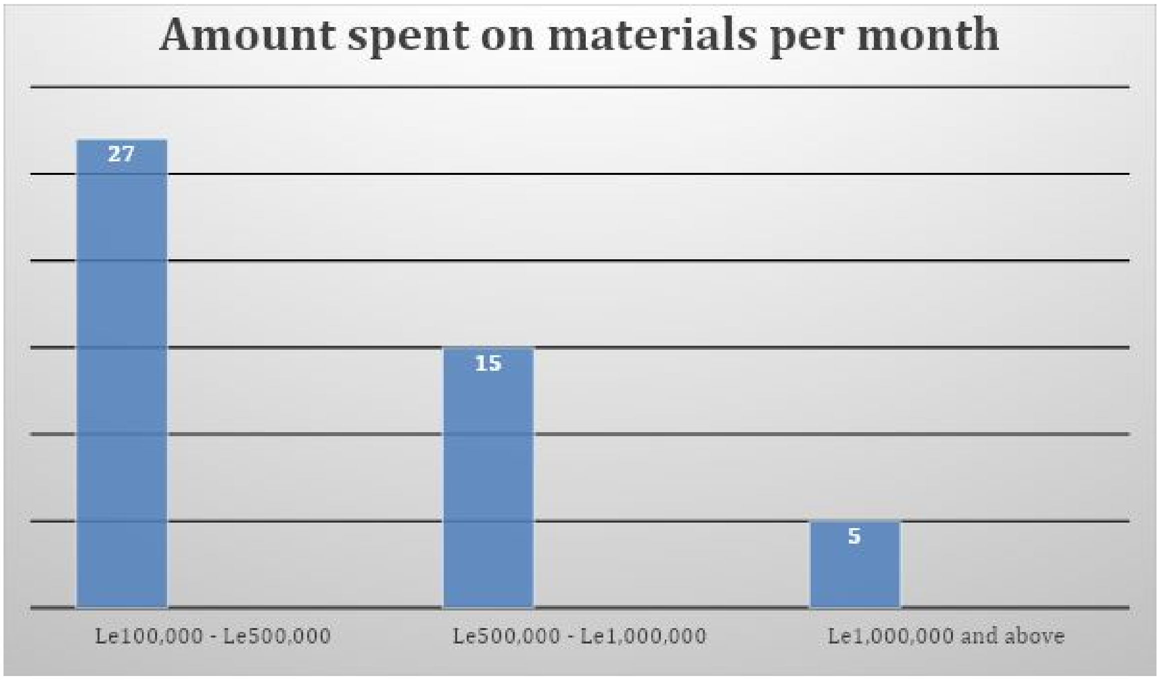
5.0 Chart showing the types of dresses produced at different shops



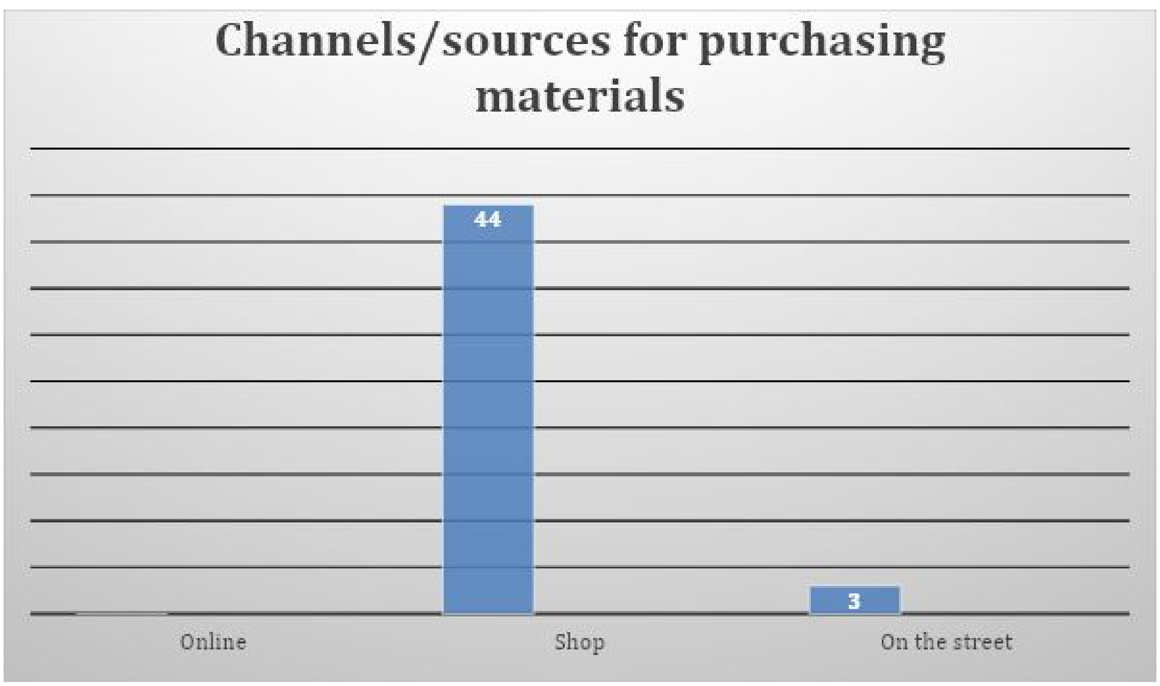
6.0 Chart showing how often respondents purchase new material for production



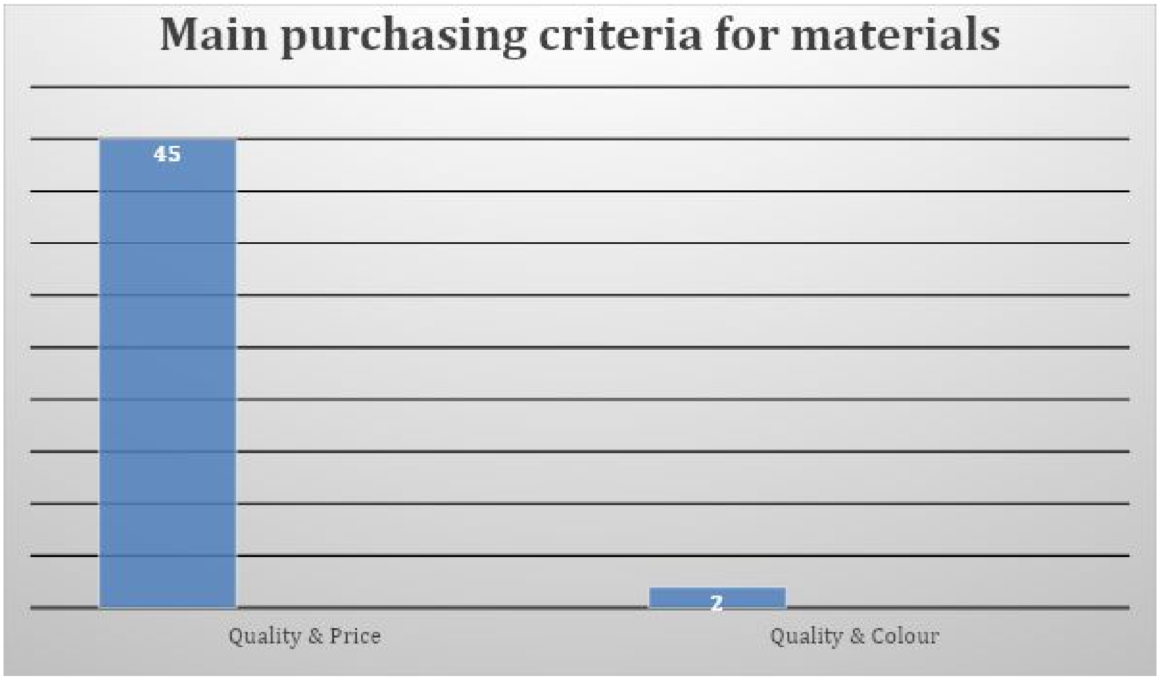
7.0 chart showing the period of the season respondents have more customers



8.0 chart showing the amount spent by respondents to buy materials in a month.



9.0 chart showing where respondents buy materials



10 Chart showing criteria respondents look for when buying materials

Appendix

General Information

1. Sex O Male O Female
2. Age O 18 – 35yrs O 35-50yrs O 50yrs and above
3. Address ………………………………………………….
4. Tel: …………………………………………………….
5. Name: ……………………………………………….....
6. Name of shop: ……………………………………………
7. Address of shop: ……………………………………..
8. Marital Status O Single O Married O Divorced O Other ………………
9. How many kids do you have? …………………………

Organizational capacity

1. Do you own a tailoring shop? O Yes O No
2. If yes, how many electric machines do you have? ……………………..
3. How many manual machines do you have? …………………………….
4. What brand of machine do you use? ………………………………………
5. Do you have people working for you? O Yes   O No
6. If yes, how many of them are fully employed? ……………………………
7. How many of them are working part time? …………………………………
8. How many apprentices do you have? ………………………………………..
9. How many of them are; Men ……………… Women …………………..

Activities

1. What are your main activities?
   O Producing new dresses for sale at boutiques
   O Doing maintenance work for customers
   O Producing for customers
   O All of the above
2. What dresses do you produce at your shop?
   O Suits
   O Africana (Rapel and Midi)
   O Gifts
   O Other ………………………………………………..
3. How often do you purchase a new material?
   O 1 – 5 times a week
   O 5 – 10 times a week
   O Once a month
   O 2 – 3 times a month
4. What period of the year do you have more work?
   O Rainy season
   O Dry season
   O No difference
5. How much do you usually spend per month on materials?
   O Between Le100,000 – Le500,000
   O Le 500,000 – Le1,000,000

- O Le1,000,000 and above

6. Where do you buy your materials?
   - O Online
   - O Shop
   - O On the street
7. What are your two main criteria when purchasing materials?
   - O Quality
   - O Price
   - O Comfort
   - O Style
   - O Colour
   - O Material
   - O Organic/Fair trade
   - O Brand
8. Do you buy in: O Cash O Mobile money
9. Do you lend from a shop or buy directly? …………………………………….
10. How many dresses do you produce per week?

    …………………………………
11. Would you be willing to buy quality materials from SEP in the future?

    …………………………………………………………………………
12. What kind of material would you like to buy? ………………………………
13. Where do usually take inspiration for sewing new dress?
    - O Friends
    - O Facebook
    - O Celebrities
    - O People in my local area
    - O Magazines
    - O fashion blogs
    - O Styles in store
    - O Others ……………………………………………………

14. How often do you get interested youth for training? ……………………
15. What is the employment rate of graduate tailors/seamstresses….

16. Considering the present condition of Covid-19 in the country, do you think it is advisable to give out loans? ……………………………………………