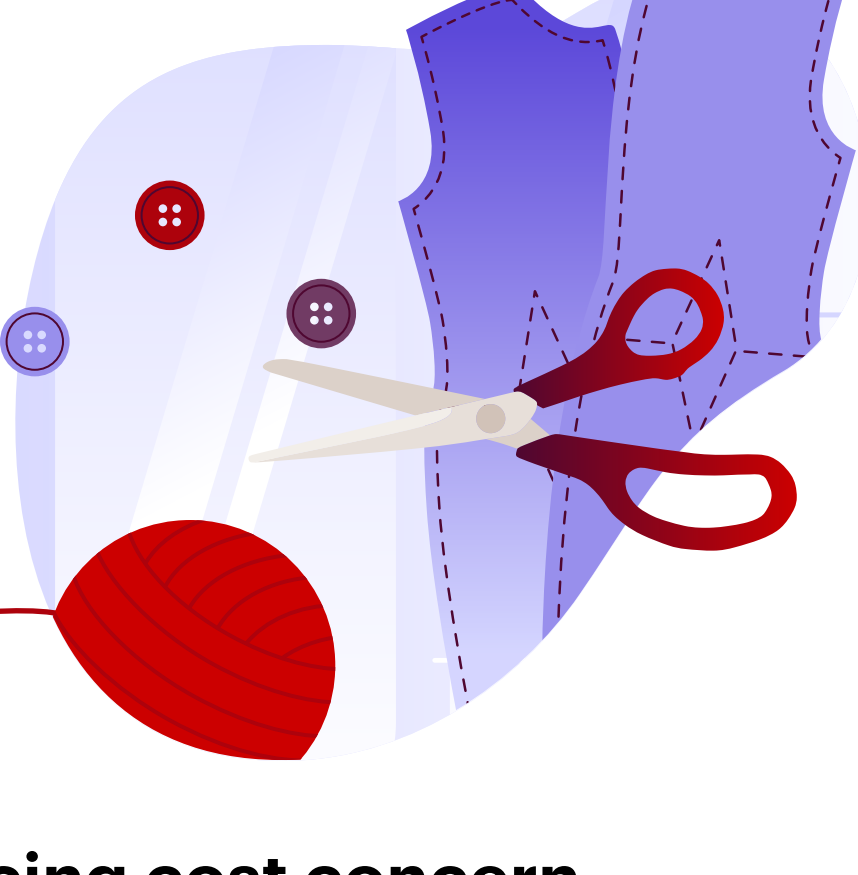


Sourcing amid Uncertainty: Fashion and Footwear Retail Strategies

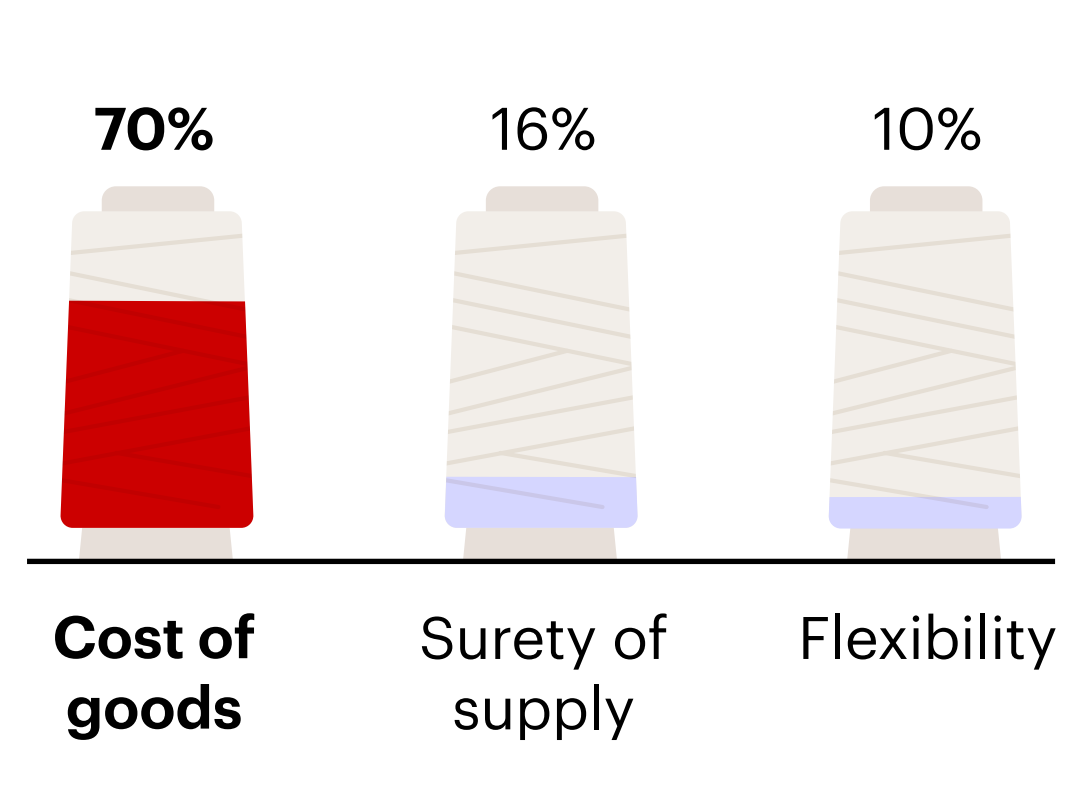
Costs are mounting, supply chains are in flux, and the future is murky. Winning brands are acting now to reinforce their resilience.

Amid uncertainty, rising costs are raising concerns



No. 1 strategic sourcing priority today

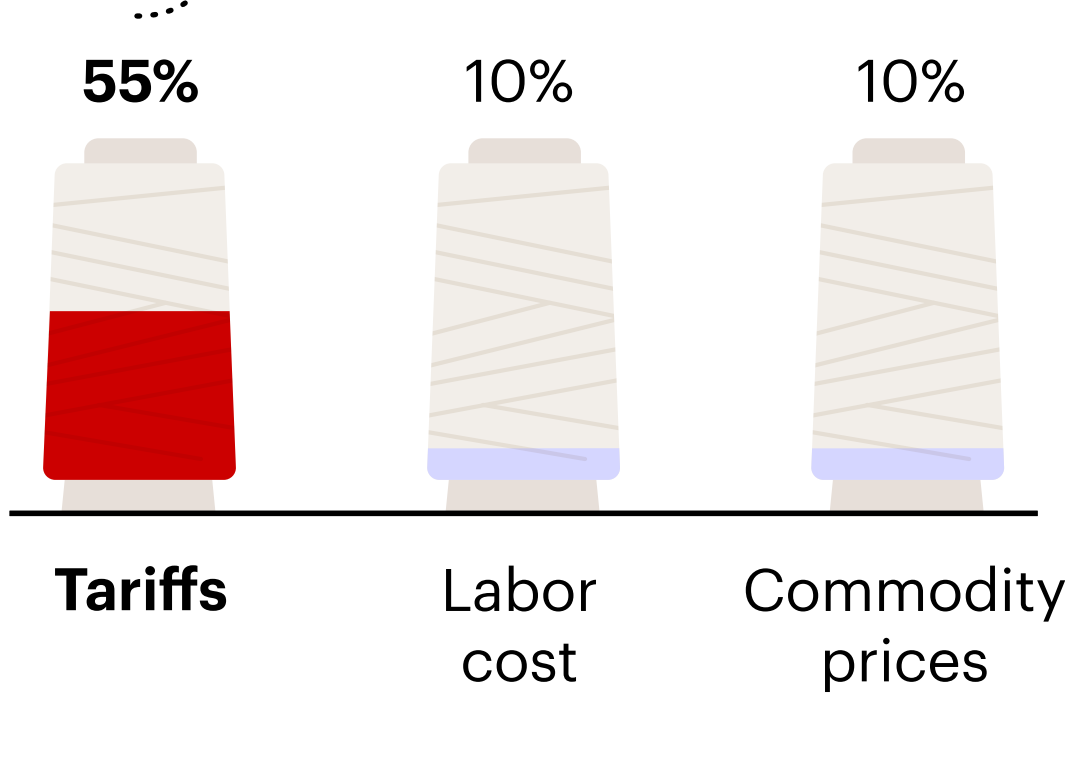
Percentage of apparel brands that rank as top priority



No. 1 sourcing cost concern in the next 3 years

Percentage of apparel brands that rank as top priority

April 2 tariff announcement
Before: 34%
After: 68%

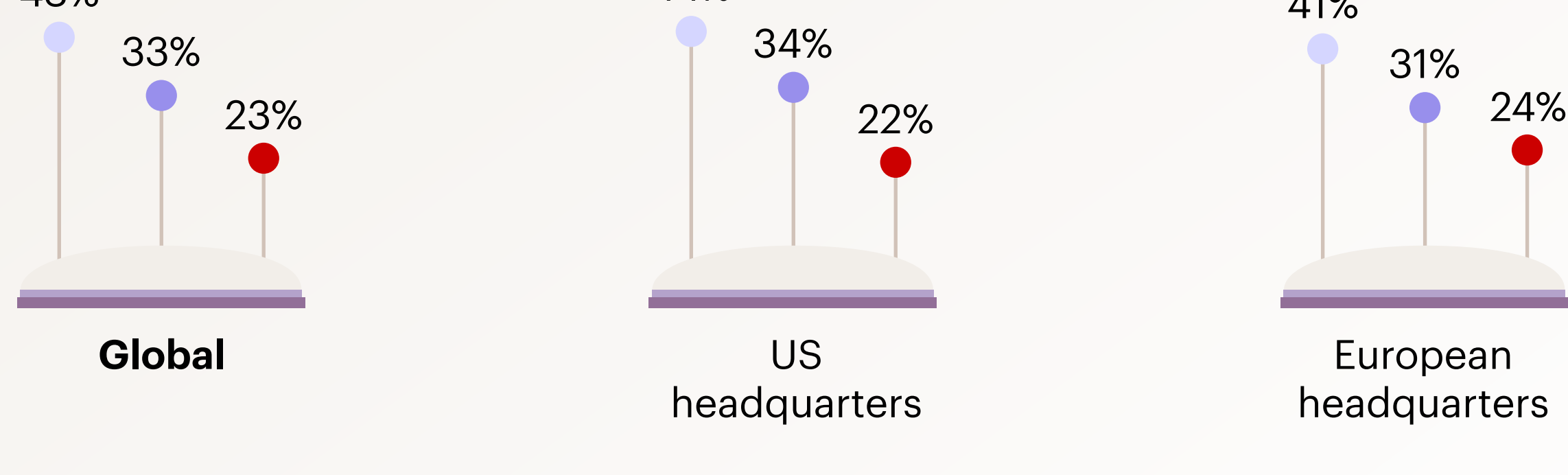


The shift away from China will be slow

3 years ago Today In 3 years

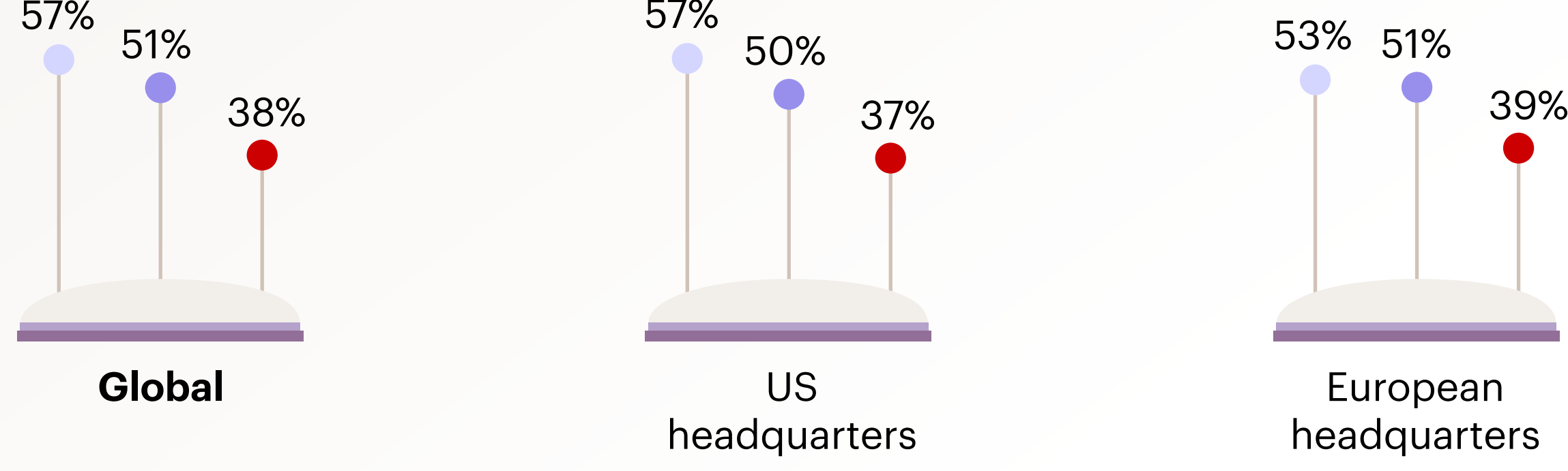
Brands will continue to diversify production ...

Average percentage of **production spending** in China



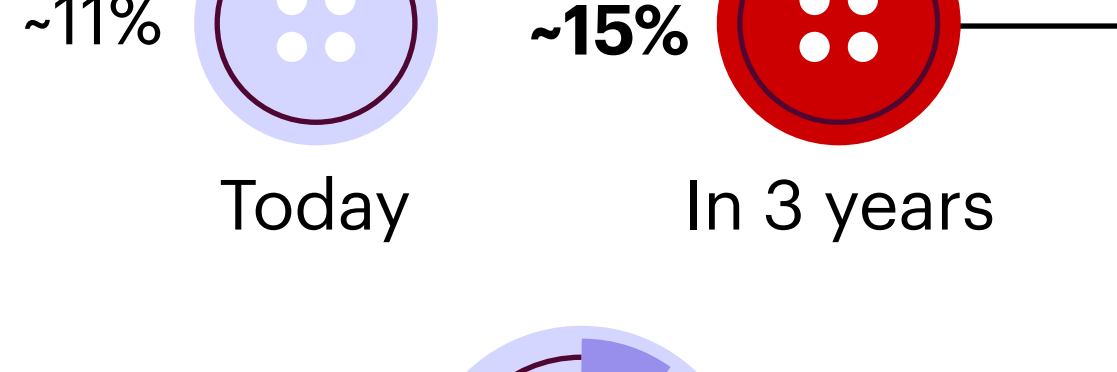
... but raw material sourcing may be slower to follow, despite retailers' intentions

Average percentage of **raw material sourced** from China

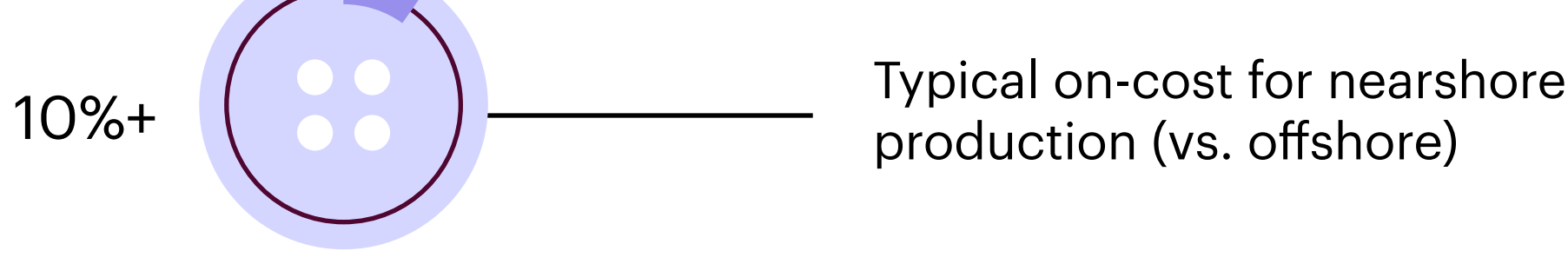


Nearshoring is inching forward

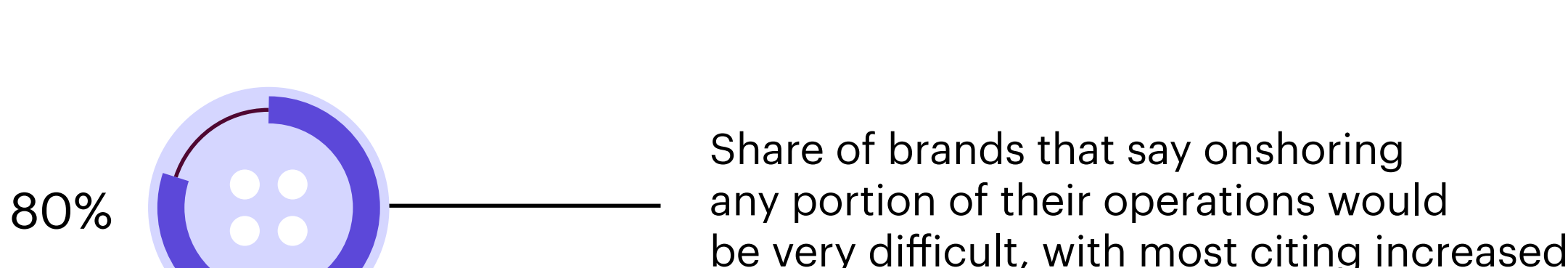
Apparel brands expect to make a modest shift toward nearshoring despite the higher cost ...



Typical share of nearshore production spending



... while onshoring will remain difficult

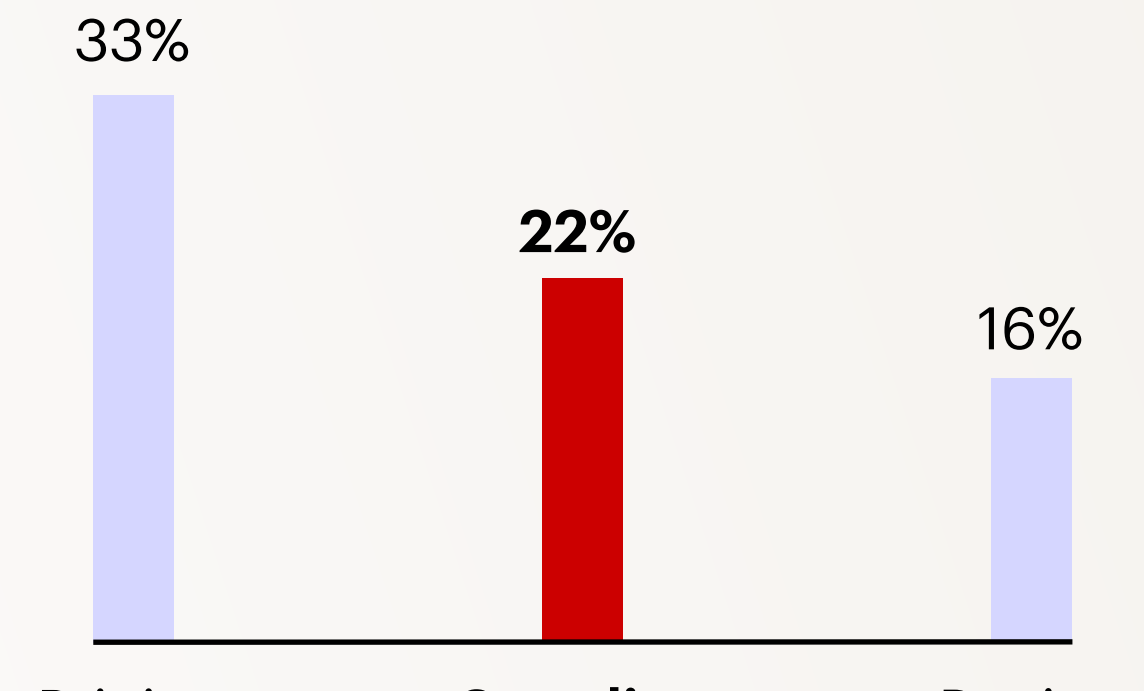


A few strategies are emerging

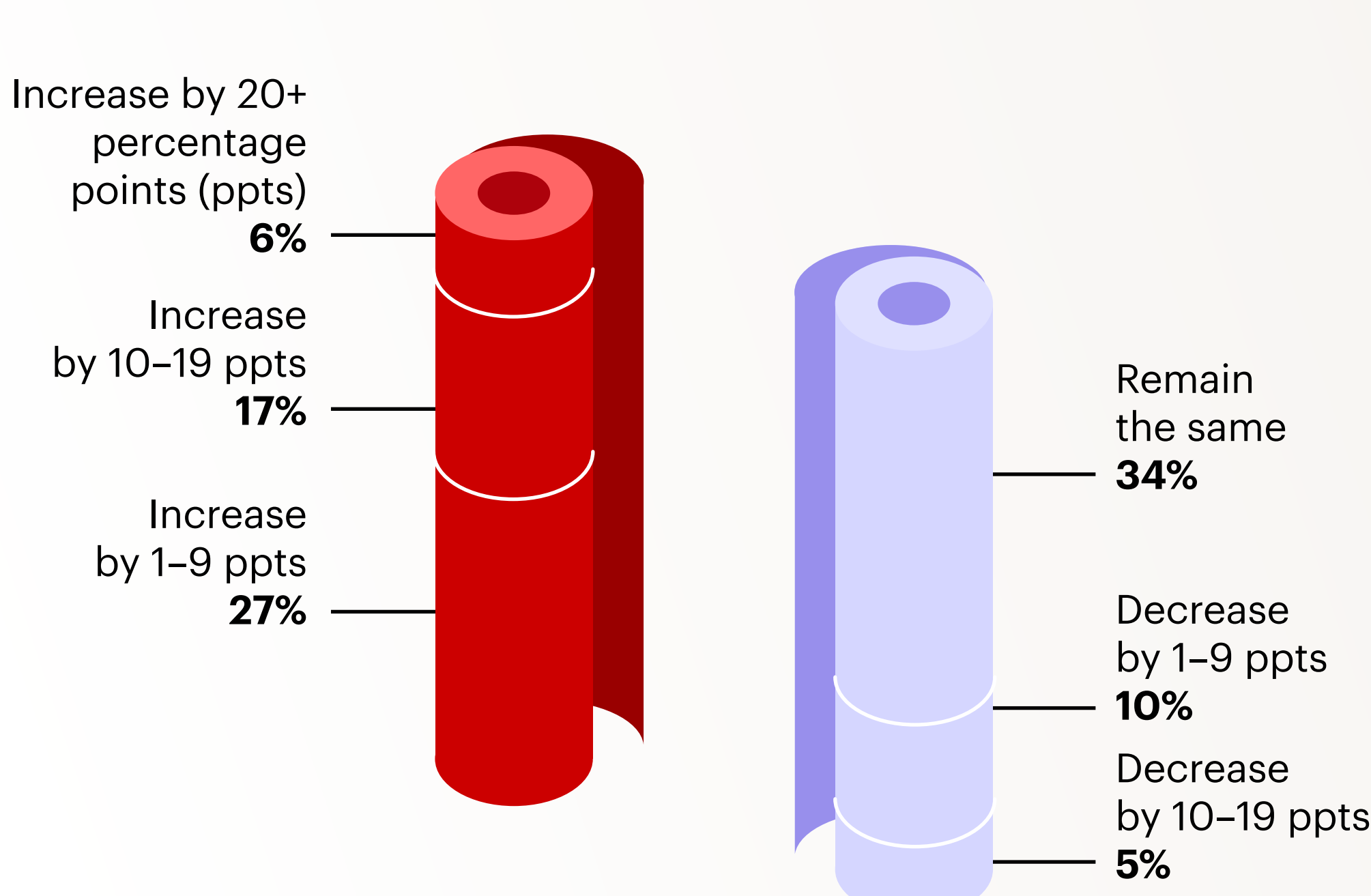
Beyond adjusting pricing, brands plan to deepen supplier relationships and invest in AI and data

Percentage of apparel retailers that plan to ...

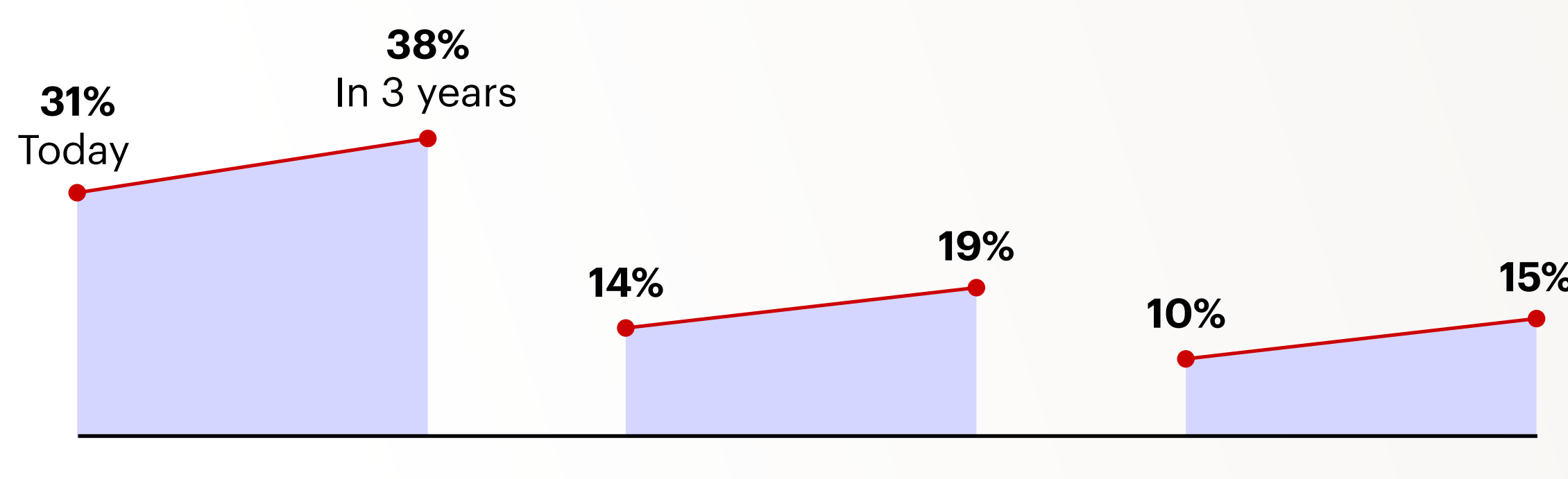
Adopt as their primary approach to offset rising costs



Change share of production spending with top suppliers in next 3 years



Increase AI- and data and analytics-enabled investments in key areas



Five ways to manage costs amid uncertainty

Achieve full transparency on your **supplier-country matrix** to assess tariff exposure and nearshoring costs

Bolster **supplier partnerships**, consolidating spending to negotiate better economics while ensuring supply

Adjust **pricing strategy** to surgically take price and balance consumer elasticities

Identify **broadest cost efficiencies** to offset sourcing costs and reinvest into price

Continue modernizing supply chain for resilience, using **AI and data and analytics**

Notes: Share of nearshore production is relative to customers' home market; top suppliers defined as largest 20% of suppliers
Sources: Bain/ROI Rocket Apparel Sourcing Survey, March 27-April 16, 2025 (n=82); PDS Limited (sample of around 280,000 purchase orders between 2015 and 2025)