

## Historical Development in the German Clothing Industry to This Day

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**Abstract:** The present dissertation deals with the historical development of the German clothing industry up to the present time in a particular way.

Said historical development is described in a time span from the first beginnings in the Middle Ages until to the development to this day. Geographical changes as well as the factor of globalization are included.

The presentation, which is characterized by a correspondingly theoretical execution, then leads to the explanation of the described subject area.

In another, subsequent part of the dissertation, the German clothing industry is described on today's economic level.

Finally, a conclusion on this topic will be drawn and future perspectives in this field will be given.

**Key words:** economics; management; German clothing industry; historical development; industrial history

**JEL codes:** B00

### 1. The Historical Development in the German Clothing Industry

The clothing industry has a widely spread historical background in Germany. The Association of the Northwest German Textile and Clothing Industry, which is one of the largest associations in said industry, reports, that in the Middle Ages there were first organized connections in the clothing sector already based in the region of today's Germany. The demand and market of the German clothing industry increased mainly due to the industrialization in the 18th century, which then reached Germany coming from England. This facilitated especially the production techniques in the clothing industry. At that time, regional production priorities for the clothing industry were developed in Germany too. This is how regions developed, that specialized in different forms of production or in the processing of special materials. Some of these regional structures still exist to this day.

After the end of the Second World War, the Ruhrgebiet was the first region which developed into a significant location for the German clothing industry. This was mainly due to the fact that former refugees from the regions of Berlin and Wroclaw, including some displaced advance entrepreneurs from the clothing industry, settled down in said region, which had then and still has the highest population density in Germany. Since the German population, especially in the post-war years, had a high demand for clothing due to the "economic miracle", good sales markets evolved. The industry matured very positively and in addition to high, generated sales, a multitude of jobs was created.

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This boom developed until the 1960s, which then slowly reached a turning point. It began a process of shrinkage, which was mainly due to foreign and therefore cheaper competition. The change, which continues to this day, was reflected here, above all, in the mode of production of German companies.

In response to this change, the industry has begun to shift cost-intensive and labor-intensive activities from Germany, to low-wage countries. Which was done primarily to save costs in the production process. The production in the clothing industry is often characterized by high labor intensity, which is mainly because the automation possibilities in production can not be used as extensively as in other industries. Starting in the German clothing industry, this process has created an enormous competitive pressure between the individual companies. The promotion of competitive pressure and price pressure, in which a certain beginning of structural change can be seen from this period, is a development which has led to various production and procurement strategies in the German clothing industry. The later onset of globalization further intensified this change.

In the history of the German clothing industry, this was a very significant step that brought much change into this branch of industry. These changes were also important for a wide variety of business sectors, as each company had to break new ground as a result of the change. Since then, increasing demands have been placed on the strategies of a company in the German clothing industry and thus management processes have been raised to a different priority level than which was previously the case.

The original domestic production has extremely shrunk down to the present day to the present and as a result is now only very little existent. For the majority of companies in the German clothing sector, a completely domestic production process has become a major exception. However, this will continue in specific areas. The entire domestic production often focuses on small series, special orders or is of great importance in model development. Furthermore, the domestic production is also used in very individual productions that may need to be produced very quickly or must be characterized by very high quality.

However, it is important to emphasize that there are still few companies that consciously and consistently use domestic production, using this strategically as a quality and trademark for themselves. They often underline their own image with the quality factor "Made in Germany".

To date the companies in the German clothing industry have specialized in different strategies and have implemented them accordingly successfully and individually. The result of this historic development is a major change for the German clothing industry because after the 1960s a slow recession in Germany developed in terms of production technology.

## 2. The German Clothing Industry Nowadays

In 2018, 37.836 people were employed in the German clothing industry and sales of EUR 10,928 million were generated.<sup>1</sup>

There is currently a downturn in the industry. After several months of decline in the economic sector, there are still no signs of a turnaround. Individual positive numbers such as monthly sales or in foreign trade can not hide the current downward trend either. The continued unsatisfying situation has a significant impact on employment as well, which is in part declining. Overall, the clothing industry is basically following the current development of the German industry in general. The manufacturing sector can not benefit from the slight recovery of the economy, even regarding the Ifo Index.

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<sup>1</sup> Economic Report 2-2019, Association of Textiles and Fashion Germany, p. 11.

However, sales have risen slightly, albeit after a series of weak months, with the apparel industry up to +1.7%. Nevertheless the values of the complete industry for the full year to September 2019 are still negative.

Employment in the German clothing industry declined in September 2019 by -0.5% in this industry. Regardless of how this appears the employment situation does not necessarily deteriorate, because the average values from January to September 2019, despite the economic situation, show +0.7% more employees.

Domestic production in the clothing sector supsidies, even if individual monthly values are positive. In the first nine months of the year 2019, apparel production decreased by -5.1%

Apparel retail sales recovered slightly in the past few months following an unsatisfactory start to the year in 2019. In the month of September, there was an increase of +3.3% in sales, but it remains unchanged: The entire retail sector was barely able to grow in the first nine months of 2019 and only recorded a success of +0.1%.

### 3. Ifo-Index Regarding to the German Clothing Industry

The climate of the entire manufacturing sector cannot directly benefit from the albeit hesitant, but existing recovery in the overall economy, as there is a further decline in the current month of November 2019, even though not as clearly a decline as until mid-2019.

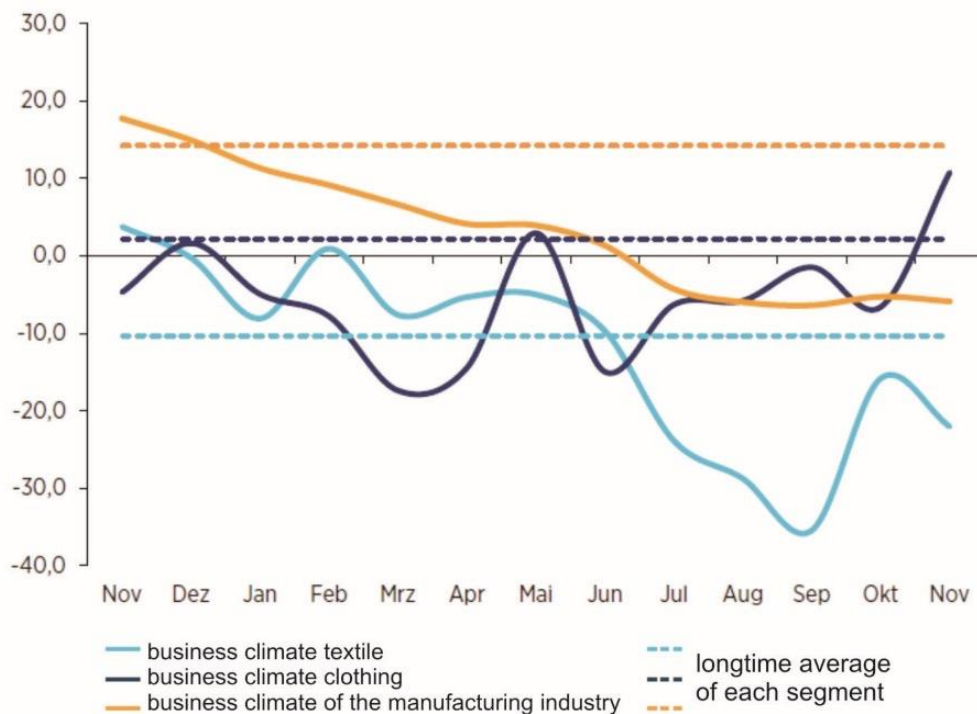


Figure 1 Ifo Business Climate Index 11/2019<sup>2</sup>

Clothing can somewhat oppose this trend at the moment, even if the current positive values for November are quiet a bit surprising.<sup>3</sup>

<sup>2</sup> Economic Report 11-2019, Association of Textiles and Fashion Germany, p. 2.

<sup>3</sup> Economic Report 11-2019, Association of Textiles and Fashion Germany, pp. 1-4.

#### **4. Conclusions**

It should be noted that the historical development of the German clothing industry is very complex. Many different factors are responsible for the development of this industry in its historical course. It remains to be seen whether the German clothing industry will continue to shrink, and where the production facilities may, locally, possibly develop further in the future. Most likely the ongoing trend will continue.

#### **References**

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