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Esquel efficiency drive continues to bolster major brands

December 2, 2016 | just-style

The CEO at Hong Kong based shirt maker Esquel has told just-style that the company is continuing to innovate to improve efficiency and productivity, and has recently moved its new highly automated pilot production line from Malaysia to its major facility in Gaoming.

CEO John Cheh also explained that supplying shirts for major brands will remain the company's priority, even though it has launched a new private brand called Determinant aimed at men in mainland China who wish to buy an affordable but quality product. The company also produces its own high-end shirt line PYE, priced at around US\$130 per piece.

Determinant was released without fanfare in October. Made of long-staple cotton from Esquel's cotton farm in Xinjiang and incorporating non-iron technology, the shirt is priced at CNY298 (US\$42.2). It is being sold on Esquel's 'The Determinant' store on WeChat, the widely used social media app in China, as well as e-commerce platform JD.com.

Given that Esquel's forecast for 2016 revenues is slightly lower than last year due to the depreciating Chinese currency and flat demand in the West, does the company, a long-term supplier for high-street fashion brands such as Ralph Lauren and Brooks Brothers, plan to shift focus to its own brands?

The answer is an emphatic "no" according to Cheh, speaking to just-style at the 2016 edition of the company's Integral Conversation conference, held earlier this month in Guilin.

"The partnership with our clients is always our priority, and we do not have any intention to change that. We will continue to invest in our main business and offer the best to our clients," he said.

Esquel's recent break-neck growth might be easing off, in part because "no company can keep a double-digit growth forever." But Esquel is also eyeing a new growth focus. "As more people prefer high quality, comfortable casual wear, we do see great opportunities in knitwear, especially in mainland China," Cheh said. He added that 2016 saw increasing orders from renowned Chinese sportswear brands like Anta and Li-Ning.

Last month Esquel also introduced its highly automated 'Integral Line' production to its major facility in Gaoming, Guangdong province. The line was initially tested at the company's facility in Malaysia.

"How to be more competitive? How to offer the best to clients? I believe improve efficiency, rather than lowering prices, is the only way," Cheh said.

The production line features many advanced technologies, such as voice recognition which allows operators to give vocal commands, as well as cameras for textile inspection. Cheh said among the more than 60 processes to make shirt, about 40 of them are now done semi-automatically through its Integral Line. "This is still a pilot project but I believe it will be the future."

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Last year Cheh spoke with just-style in more detail about how the company, which supplies over 100m garments a year, is automating key operations in its factories in order to increase efficiency and workers' wages.

Original article:

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