



# **Nearshoring as a Sourcing Strategy for the German Fashion Industry: A Forward-looking Analysis**

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Dissertation submitted in partial fulfilment of requirements for the  
MSc in Management with specialization in Strategy, Entrepreneurship  
& Impact, at the Universidade Católica Portuguesa, 20.03.2025.

## **Abstract**

This study examines the role of nearshoring in the German fashion industry and evaluates its potential as a dominant sourcing strategy. While nearshoring is increasingly discussed as an alternative to Offshoring, its actual impact remains debated. To assess this, a mixed-methods approach was applied, integrating expert interviews, literature analysis, and a scenario-based Cross-Impact Balance analysis to identify key influencing factors.

The identified factors indicate that nearshoring is unlikely to see significant growth under current market conditions. While drivers such as regulatory developments, time to market, and sustainability goals create incentives, price-sensitive consumer preferences, operational constraints, and cost considerations limit its broad adoption. For the near future, companies are expected to maintain their current sourcing strategies that balance cost, risk, and demand.

The scenario analysis further supports this conclusion. Most companies will continue to prioritize Global Sourcing due to cost efficiency, established supply chain structures, and logistical considerations. Only under specific conditions, such as stricter regulations, increased demand for quickly available sustainable products, and advancements in automation, does nearshoring gain strategic relevance.

This study contributes to the academic discourse by integrating management theory, strategic procurement frameworks, and value chain perspectives. It provides a comprehensive assessment of nearshoring's role in the German fashion industry, highlighting both its opportunities and limitations. By offering insights into key influencing factors and future developments, this research helps decision-makers assess the viability of nearshoring as part of a long-term procurement approach.

**Keywords:** Nearshoring, Sourcing Strategy, Supply Chain Resilience, German Fashion Industry, Scenario Analysis, Future of Fashion Sourcing in Germany

**Title:** Nearshoring as a Sourcing Strategy for the German Fashion Industry:  
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## **Resumo**

Este estudo examina o papel do nearshoring na indústria da moda alemã e avalia seu potencial como estratégia predominante de sourcing. Embora seja cada vez mais discutido como alternativa ao offshoring, seu impacto real continua em debate. Para analisar essa questão, aplicou-se uma abordagem de métodos mistos, combinando entrevistas com especialistas, análise de literatura e uma análise de balanço de impacto cruzado baseada em cenários para identificar fatores-chave de influência.

Os resultados indicam que o nearshoring dificilmente crescerá significativamente nas condições atuais do mercado. Fatores como regulamentações, tempo de mercado e metas de sustentabilidade criam incentivos, mas as preferências dos consumidores sensíveis ao preço, as restrições operacionais e os custos dificultam sua adoção em larga escala. No futuro próximo, espera-se que as empresas mantenham suas estratégias atuais de sourcing, equilibrando custo, risco e demanda.

A análise de cenários confirma essa conclusão. A maioria das empresas continuará priorizando o global sourcing devido à eficiência de custos, às cadeias de suprimentos consolidadas e às considerações logísticas. Apenas sob condições específicas, como regulamentações mais rigorosas, maior demanda por produtos sustentáveis e avanços na automação, o nearshoring se tornará estrategicamente relevante.

Este estudo contribui para o debate acadêmico ao integrar teorias de gestão, estruturas estratégicas de compras e perspectivas da cadeia de valor. Ele fornece uma visão abrangente do nearshoring na moda alemã, destacando oportunidades e limitações. A pesquisa apoia tomadores de decisão na avaliação do nearshoring como estratégia de longo prazo e oferece insights valiosos sobre fatores-chave de influência.

**Palavras-chave:** Nearshoring como estratégia de sourcing para a indústria da moda alemã: uma análise prospectiva

**Título:** Nearshoring como estratégia de sourcing para a indústria da moda alemã: uma análise prospectiva

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## **Acknowledgment**

I would like to express my deepest gratitude to Professor Peter V. Rajsingh and the experts whose support and insights have made this work possible. Your guidance has been invaluable, and I am deeply grateful for the opportunity to learn from you.

Isabel, thank you for your help and encouragement, which have been truly valuable gifts along this journey.

Hanna, Katharina, Lea, Chiara, and Christoph, thank you from the bottom of my heart for being by my side over the past years. Completing my master's would not have been possible without you.

This thesis is dedicated to my father, whose unwavering support has been the cornerstone of all my accomplishments. Thank you for everything.

## **Declaration of AI Assistance**

The writing of this Master's thesis was supported by AI-based tools in selected areas. AI assistance was employed primarily to enhance efficiency, linguistic clarity, and consistency. Specifically, AI-based tools were used for idea refinement, translation support, and wording suggestions to improve readability and coherence. These applications were strictly limited to optimizing the writing process and did not influence the academic substance of the research. AI assistance served solely as a supplementary tool to refine the expression of ideas while ensuring adherence to ethical academic standards.

AI was not used to generate original arguments, develop conceptual frameworks, extract or synthesize relevant literature, or conduct analyses. The intellectual work, including research design, methodology, and interpretation of findings, was carried out independently.

This acknowledgment is made in the interest of transparency and in accordance with ethical academic standards. The author remains solely responsible for the content, validity, and integrity of this research.

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## List of Abbreviations

<b>CIB</b>	Cross-Impact Balance
<b>CO2</b>	Carbon Dioxide
<b>CSR</b>	Corporate Social Responsibility
<b>CSRD</b>	Corporate Sustainability Reporting Directive
<b>ESG</b>	Environmental, Social, and Governance
<b>EU</b>	European Union
<b>H</b>	Hypothesis
<b>NGO</b>	Non-Governmental Organization
<b>RQ</b>	Research Questions
<b>SA</b>	Scenario Analysis
<b>SC</b>	Supply Chain
<b>SME</b>	Small and Medium-sized Enterprises
<b>TTM</b>	Time to Market
<b>US</b>	United States

## 1. Introduction

The fashion industry faces various challenges, particularly sourcing and production. Inflation, supply chain disruptions, and geopolitical tensions are forcing companies to rethink strategies and build more flexible and resilient supply chains. In addition, extreme weather events worldwide are making the availability of raw materials more difficult (State of Fashion, 2023).

Procurement volumes are expected to increase, but the potential for margin expansion remains limited. Price competition and rising production costs put additional pressures on profitability (Accenture, 2022). A survey of industry leaders shows that 84% expect market conditions to deteriorate or to remain unchanged in the foreseeable future (State of Fashion, 2023).

Technological advances, shorter lead times, and vertical integration will play an even more significant role in sourcing location decisions. Thus, more brands are turning to nearshoring. A survey found that between November 2020 and May 2021, around 72% of respondents aimed to increase their share of nearshore sourcing (Accenture, 2022). Another survey by McKinsey showed that seven out of ten executives planned to expand nearshoring strategies (McKinsey & Company, 2021). Another study for 2025 confirms the trend, projecting a 2%–3% nearshoring growth (McKinsey & Business of Fashion, 2025).

Some fashion companies are already combining the advantages of global sourcing with the reliability and responsiveness of regional production centers. Recent developments show a fundamental shift in global sourcing has yet to arrive. Although the pandemic revealed the fragility of global supply chains, cheap procurement associated with offshoring still seems to take precedence. Instead of comprehensive relocation, strategies seem to focus on combining the benefits of global sourcing networks with regional manufacturing hubs (Butollo & Staritz, 2022). Imports in the fashion industry from 2019 to 2023 even showed a decline of -3% in Europe for nearshoring, as seen in Figure 1 (McKinsey & Company, 2024).

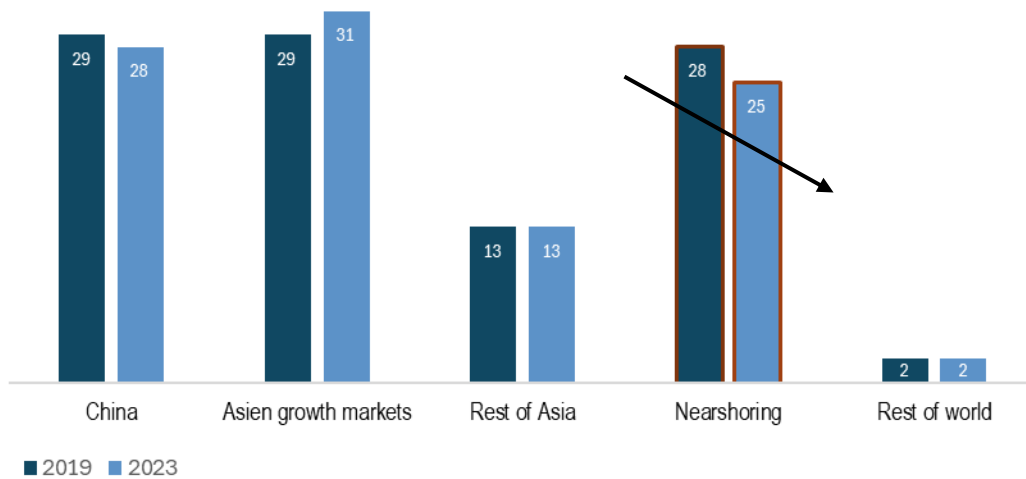


Figure 1: Apparel Imports to EU by Origin (McKinsey & Company, 2024)

The first articles on nearshoring appeared in 2012 as a way to combine the advantages of offshoring and backshoring (Merino et al., 2020). Despite its benefits, there are no studies of nearshoring and the German fashion industry. Previous research has mainly focused on general sourcing strategies, on other sectors, or on the fashion industry in general.

This study aims to expand existing literature by exploring the following research questions (RQ):

*RQ: What factors influence adoption of nearshoring in the German fashion industry?*

This study will test the following null hypothesis:

*H0: The adoption of nearshoring in the German fashion industry will not increase in the near future to an extent that would lead to a significant shift in sourcing strategies.*

This study focuses on the nearshoring strategies of major German fashion companies, analyzing their strategic decisions over the next five years, particularly examining procurement from Tier-1 suppliers.

## 2. Literature Review

This chapter examines sourcing strategies in the fashion industry, particularly the central role of nearshoring in today's business practice. The summary below (Figure 2) serves as the basis for this analysis.

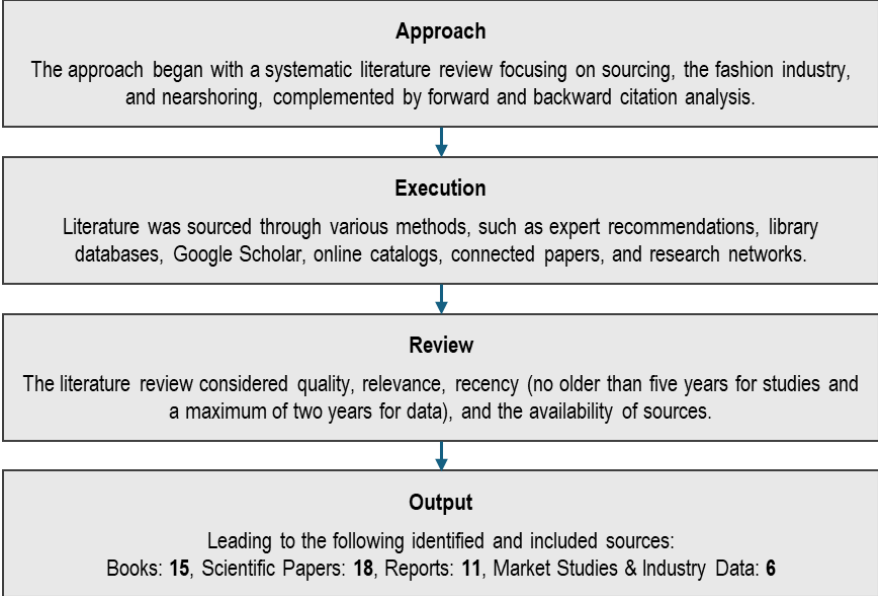


Figure 2: Source Selection Approach

### 2.1 Sourcing location decision in literature

#### 2.1.1 Sourcing Decisions within the Supply Chain

Everything an organization needs, such as materials, components, and equipment, must be acquired effectively (Monczka et al., 2010). The flow of materials from suppliers to customers belongs to the distinct business function known as logistics. Purchasing, seen as part of logistics, is critical for a firm's operations (Monczka et al., 2010). In Porter's Value Chain model, purchasing is viewed as a supportive function, rather than a part of operations (Figure 3), highlighting its ancillary role with respect to primary business activities (Porter, 1985).

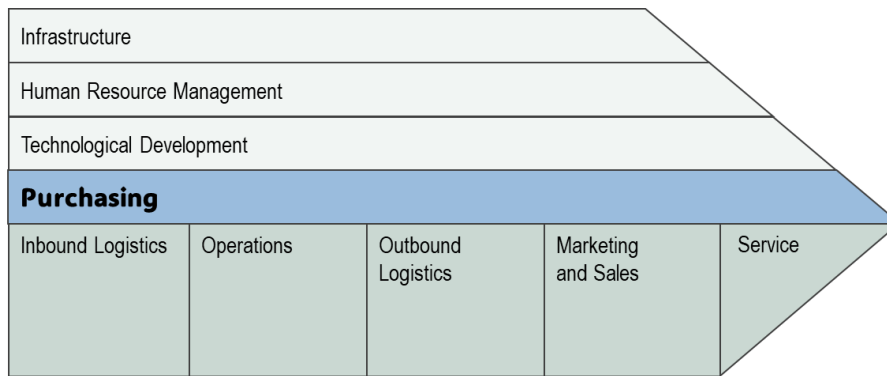


Figure 3: Porter's Value Chain (Porter, 1985)

Traditionally, the purchasing function encompasses several steps – determining purchasing needs, selecting suppliers, negotiating, issuing contracts or orders, and following up on delivery and payment (van Weele, 2010). It can also be seen as the process of planning, implementing, controlling, and evaluating purchases to meet a firm's goals (Choi, 2012). Purchasing can be divided into strategic sourcing and operational procurement, with sourcing typically having a more strategic focus while procurement is more operational (Zijm et al., 2019).

Sourcing links the supply side with the demand side to ensure that the necessary objects are made available (Ivanov et al., 2017). This mainly includes finding, selecting, contracting, and managing the best possible suppliers in the global marketplace (Figure 4) (van Weele, 2010). Supplier selection involves three options. The organization can produce materials internally, sourced from existing suppliers, or obtained from new suppliers (Monczka et al., 2010).

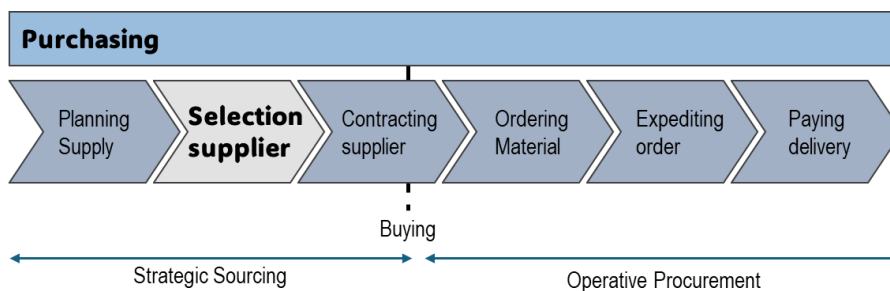


Figure 4: Purchasing Process Flow (van Weele, 2010; Zijm et al., 2019)

There are three options for supplier locations: Domestic, Local or Global. Domestic sourcing or onshoring refers to sourcing materials and products within the home country. Local sourcing or nearshoring refers to procuring goods from suppliers located close to the target market. Nearshoring relates not only to the main place of business but can also describe companies making investments close to end markets. (Butollo & Staritz, 2022). Global sourcing or offshoring is a strategic procurement approach where a company sources internationally to

achieve cost efficiency or access to specialized resources. Sourcing decisions must be based on market analyses, focusing on the presence and maturity of industries in each country, and whether goods can be efficiently transported to the buyer's locations (Arnolds et al., 2016).

Both in academia and in practice, the terminology for various sourcing strategies is not always clearly defined, and distinct phenomena are not differentiated. In addition, new concepts such as reshoring, which refers to relocating previously outsourced production, are relatively new fields of research (Kazancoglu et al., 2023). Both reshoring and nearshoring aim to reduce geographical distances in the supply chain relative to end customers (Piatanesi & Arauzo-Carod, 2019). For the purposes of this analysis, all such activities are collectively referred to as nearshoring to emphasize strategic proximity of the supply chain (SC) to the main business locations.

### **2.1.2 Strategic Approaches to Sourcing Decisions**

In retail, up to 90% of total costs are tied to the SC (Ivanov et al., 2017). Reducing internal production has led to greater reliance on externally sourced products and services (Anke, 2005). By efficiently combining contributions of external partners, firms can achieve superior performance (Arnold & Kasulke, 2007). Poorly executed procurement can result in incorrect materials arriving or the right materials arriving too late or in the wrong quantity (Monczka et al., 2010). Strategic procurement decisions affect the entire company and are characterized by high complexity (Anke, 2005).

A firm's purchasing objectives are a subcategory of operational strategy (Arnold & Kasulke, 2007). Purchasing strategy is a functional strategy that seeks to reduce time to make the SC more efficient (Monczka et al., 2010). Different sourcing strategies may be distinguished, and the right mix is crucial (Arnold & Kasulke, 2007). As part of the long-term planning process, this links the firm to its environment (Johnson et al., 2011).

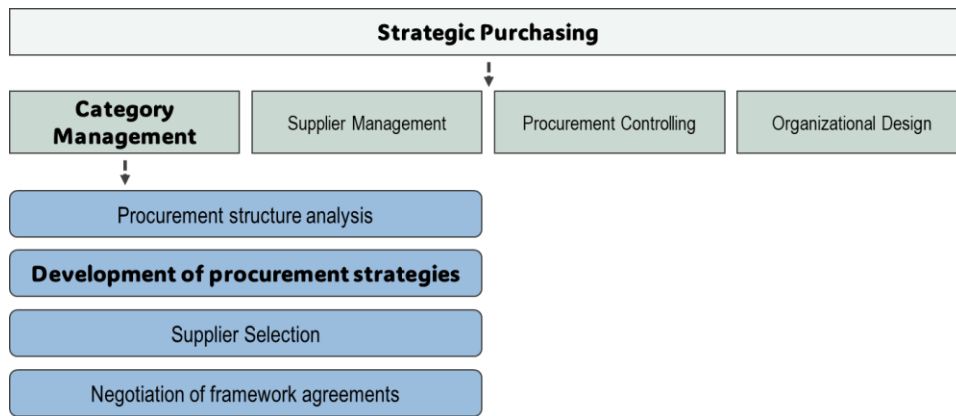


Figure 5: Strategic Purchasing Framework (Anke, 2005)

Strategic purchasing can also be subdivided into further functional areas, as shown in Figure 5. Procurement strategies are derived from the corporate strategy through category management (Anke, 2005). They combine elements such as suppliers and decision options that entail local sourcing, domestic sourcing, and global sourcing (Figure 6) (Arnold & Kasulke, 2007).

Development of procurement strategies				
Orientation	Characteristic			
Value creation responsibility	In-house production		Outsourcing	
Supply market	Global		Domestic	Local
Suppliers	Sole	Single	Dual	Multiple
Procurement object	Unit		Modular	System
Logistics	Stock procurement		As-needed	Just-in-time
Value Creation Location	External		Internal	

Figure 6: Development of Procurement Strategies (Anke, 2005)

## 2.2 Strategy and Market fit

While corporate-level strategy defines long-term business objectives and resource allocation, business-unit strategy focuses on the competitiveness of individual business units (Beard & Dess, 1981). Corporate strategy may determine the market, whereas business strategy defines how to operate and compete within that market. Make-or-buy decisions, in turn, are often executed at the operational level to support the business strategy (Dani, 2020). In this context, the business model serves as a framework that translates strategic priorities into concrete structures and processes. It defines how value is created, delivered to customers, and ultimately

converted into profit (Teece, 2010). Effective alignment between business models and product-market strategies is essential for enhancing organizational performance. These strategies encompass market positioning, target market selection, and competitive approaches such as differentiation and cost leadership, all of which contribute to improving operational efficiency (Zott & Amit, 2008). Well-established market fit ensures that strategic priorities are effectively translated into customer value, strengthening both competitiveness and long-term success. Companies that integrate market demands into their decision-making processes can increase profitability, market share, and customer satisfaction (Taghian & Shaw, 2010).

## 2.3 Fashion Industry

### 2.3.1 Definition and Characteristics

Fashion retail in Germany is traditionally divided into women's outerwear, menswear, children's clothing, sportswear, and underwear, collectively summarized as apparel. In 2024, revenue of Germany's apparel market was \$73.53 billion with an anticipated average annual growth rate of 0.86% through 2029 (Statista, n.d.). Germany's top-selling and globally recognized fashion brand is Adidas, followed by Puma, another sportswear manufacturer, and Hugo Boss, known for its suits and premium apparel. Kik, a brand in the lower price segment, ranks fourth, followed by C&A, which operates in the mainstream market (Figure 7).

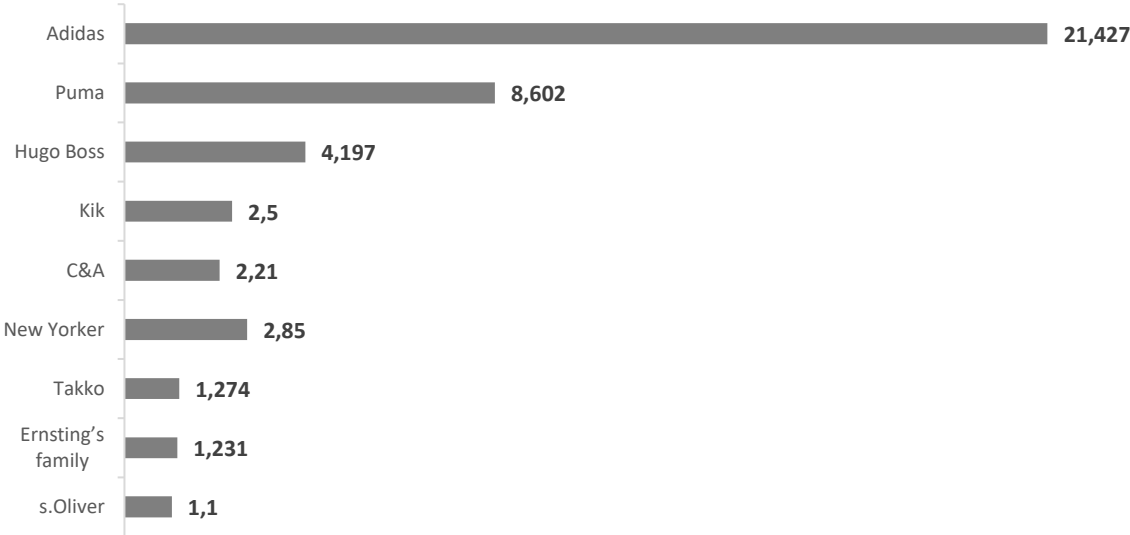


Figure 7: Revenue of the Top German Fashion Brands in 2023 - in million euro (Statista, 2024b)

German consumers tend to be price-sensitive and pragmatic when it comes to fashion. They prefer practical clothing that can be worn on multiple occasions. Additionally, the older

demographic plays a significant role in the market, with consumers over 50 accounting for more than 50% of fashion spending in Germany (FashionUnited, n.d.).

### 2.3.2 Fashion Value Chain

The fashion industry's value chain begins with the extraction of fibers, followed by the production of textile threads and fabrics by suppliers, as shown in Figure 8. The next step is manufacturing. In the fashion industry, production can take place in-house, through passive contract processing, or by outsourcing to external manufacturers. PwC, 2021). In passive contract processing, the client supplies raw materials primarily to foreign manufacturers who then process them according to specified requirements. The German textile industry frequently employs this approach to leverage lower labor costs abroad (Arnolds et al., 2016). Vertical integration is where the retailer carries out different, often interrelated stages of production, in-house. This approach is prevalent in the luxury segment and among fast fashion providers (Choi, 2012). Fashion distribution occurs either directly through brand-owned brick-and-mortar and online stores or via wholesalers. At the end of the value chain, clothing is either recycled, upcycled, or disposed of (PwC, 2021).

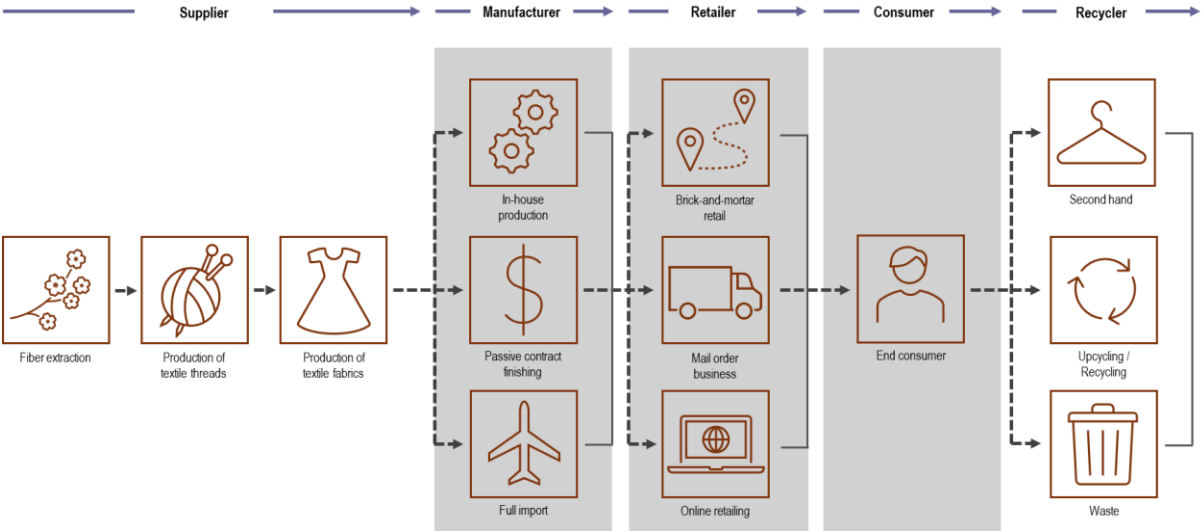


Figure 8: Fashion Supply Chain Process (PwC, 2021)

A different approach considers the value chain as a value creation loop. The loop emphasizes that many processes today no longer operate independently but rather influence each other and place the customer at the center (Goldberg & Schmies, 2021).

In the traditional context, value chain processes can take up to a year due to coordination delays and multiple prototype iterations. This leads to higher costs and carries the risk of trends changing during development and the product no longer having a market (Henkel, 2021). The traditional approach contrasts with the fast fashion model, which emphasizes improved design and fast response times (Choi, 2012).

In the fashion industry, the value creation process often follows a “smile curve,” where labor-intensive tasks such as sewing and finishing contribute the least to overall value creation (Vecchi, 2017). With already low retail margins (van Weele, 2010), fashion and textile manufacturers face even greater pressure to optimize their profitability due to global competition, rising raw material prices, and increasing labor costs (Nayak, 2022).

Fashion companies with the highest turnover conduct most of their production in China, Bangladesh, Vietnam, Pakistan, and Turkey. The geographically closest country to Germany on this list is Turkey. Countries in Europe such as Italy and Portugal are in ninth and tenth place (Figure 9).

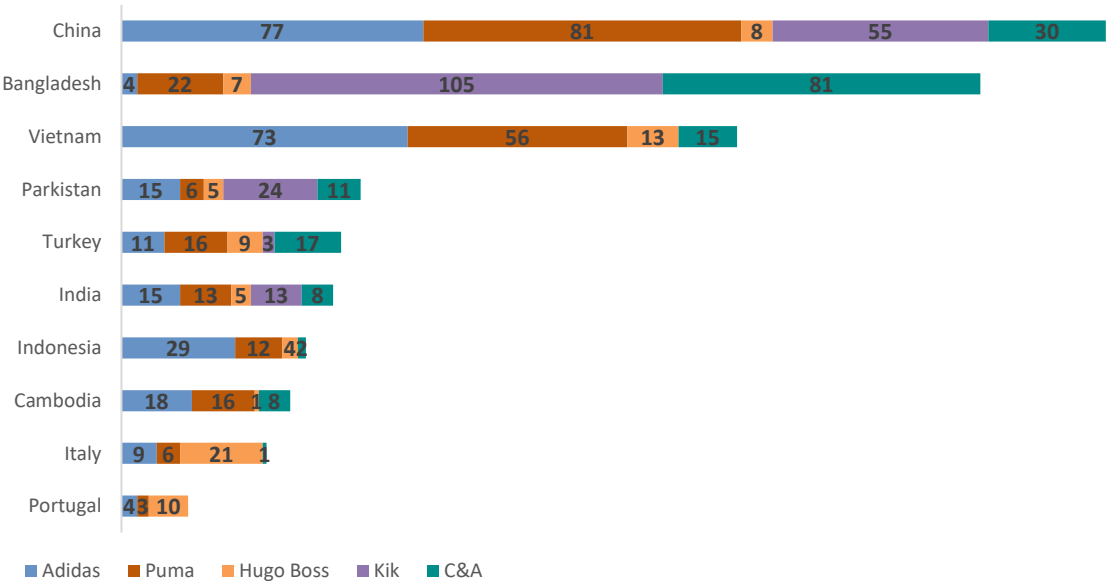


Figure 9: Sourcing Countries by Fashion Brands (Open Supply Hub, n.d.; KiK, n.d.)

### 2.3.3 Offshoring

The clothing industry is one of the oldest and most geographically fragmented industries. Over the years, many companies in Germany have moved their production abroad or they have outsourced production entirely to foreign companies. In-house production in Germany,

measured in terms of gross value added, fell by 91% for clothing and footwear and by 55% for textile manufacturing between 1980 and 2020 (Fashion Council Germany, 2021).

The production and export of apparel has played a crucial role in East Asia's early export growth, which later developed into a full subcontracting model (Vecchi, 2017). The global networking and dependency of the German clothing industry date back to its very origins. As early as 1925, statistics on the sheep population illustrated Germany's reliance on wool imports. Similarly, the history of cotton traces back to the 18th century when it was first introduced to Europe from India via Spain (Frowein, 1942).

Developing countries primarily meet the global demand for fashion and textiles. Despite the potential availability of automation, traditional techniques are often still used for production in these countries. Producers there are furthermore increasingly under cost pressure. Rising labor costs, increasing ancillary costs, higher material costs, and the growing demand for sustainable fashion make it difficult for manufacturers to offer products at the required low prices (Nayak, 2022).

## **2.4 Nearshoring in the Fashion Industry**

The apparel industry continues to suffer from demand volatility, SC disruptions, rising costs, and pressure on profit margins. Global CEOs and executives cited SC concerns as their biggest challenge. In response, many companies plan to adapt their country sourcing mix by increasingly reshoring and nearshoring to secure their SCs and respond more flexibly to demand (McKinsey & Company, 2021).

Reshoring is an effective strategy for strengthening resilience (Kazancoglu et al., 2023). The ability to make late decisions and react quickly is becoming increasingly important. In addition, the cost differential between China and nearby sourcing markets has narrowed in recent years, making markets closer to Europe and North America more attractive (Accenture, 2022). Due to the weak lira, Turkey is particularly attractive to European and American companies. The country will be the first nearshore country to become one of the top 5 sourcing hotspots by 2025. (McKinsey & Company, 2021).

A Germany survey on fashion from the Fashion Council Germany & Oxford Economics (2021) found that respondents wanted production relocated to support local companies through tax concessions or Made in Germany labels. Factors such as company size also play a role. Large

enterprises tend to engage in overseas sourcing more frequently due to their purchasing power in negotiations. The top four reshoring drivers in the study were poor product quality, the Made-in Effect effect, responsiveness to customers and capping of labor costs. Market segments, price levels, and product features were other important considerations (Fratocchi & Di Stefano, 2019).

### **2.4.1 Influencing Factors**

Resource scarcity, climate change and technological trends are realigning SCs. Integrating new technologies often means that companies shift their focus from pure cost competitiveness to value creation (Fornasiero et al., 2021). New digital production technologies, including 3D printing, data analytics, and artificial intelligence, can influence the attractiveness of reshoring decisions (Stentoft et al., 2024). Furthermore, automation is replacing low-skilled workers and supplementing qualified specialists. This reduces the labor required, which diminishes cost advantages of low-wage countries. The effect is significant for both developed and developing countries (Cunha Neves et al., 2022). Overall, however, the fashion industry is less affected by automation than other segments, due to the high level of manual labor still required (Fratocchi & Di Stefano, 2019).

Recent global events such as fires and floods have once again highlighted the urgency of taking action on sustainability and climate protection (Accenture, 2022). Careful consideration of those factors is essential for successful sourcing decisions, especially when it comes to reshoring (Pourhejazy & Ashby, 2021). The Green New Deal and Circular Economy Action Plan have established stricter environmental requirements for suppliers, which could intensify nearshoring processes. Asian countries are also increasingly investing in sustainable technologies and infrastructure to meet these requirements (Butollo & Staritz, 2022).

### **2.4.2 Drivers and developments**

At the beginning of the pandemic, companies were concerned about delayed deliveries from Asia, which quickly became a massive demand slump as the pandemic hit globally. This led to canceled orders from suppliers, excess inventories at retailers, and consolidation of companies, changing the global sourcing landscape (Accenture, 2022). Geopolitical tensions have further underscored the importance of resilient SCs. The war in Ukraine in 2022 caused significant

disruptions in SCs and increased production costs, particularly for raw materials such as cotton and cashmere, whose prices rose by up to 45% (McKinsey & Company, 2023). In response to rising RM costs and new environmental regulations, fashion companies are investing in the development of innovative materials, reducing reliance on traditional raw materials and enabling sourcing closer to key markets (Euromonitor International, 2023).

Global trade dynamics are evolving as leading economies diversify their supply chains and prioritize sourcing from politically aligned nations. Since 2015, trade barriers and supply chain disruptions have increased fivefold, with approximately 3,000 trade restrictions implemented in 2023 (McKinsey & Business of Fashion, 2025).

Another influence is consumers' expectation that products should be available quickly, putting pressure on brands to enable just-in-time delivery (McKinsey & Company, 2021). Fast fashion company sources high-quality products primarily from developed countries while importing around 40% of basics from stable low-wage countries, allowing for biweekly store restocks (Ivanov et al., 2017). At the same time the trend towards smaller batch sizes and more diverse styles grows enhancing, sourcing challenges and activities (Nayak, 2022).

Nearshoring also helps customer preference for made in labels where the country of origin is a factor for consumer evaluation of a brand (Fratocchi & Di Stefano, 2019). The made in effect can lead to a higher willingness to pay for products manufactured closer to the home market (Pourhejazy & Ashby, 2021). While relocating production is linked to higher price acceptance, shifting design processes has been associated with greater word-of-mouth impact (Li et al., 2023).

In addition to brand-related benefits, nearshoring also offers cost savings, particularly for transportation. With global shipping costs rising (McKinsey & Company, 2021), the cost advantages of some remote production locations are also dwindling (Accenture, 2022).

### **2.4.3 Challenges**

Despite nearshoring's potential, there are challenges. One barrier is that companies tend to prioritize other areas to achieve efficiency gains (McKinsey & Company, 2021). Arnold and Kasulke (2007) and Anke (2005) argue that procurement decisions are directly influenced by the characteristics of the products, with lower complexity often leading to more flexible

sourcing options (Figure 10). For low-complexity and low-value products, companies can easily switch suppliers, increasing their negotiating power (Arnold & Kasulke, 2007).

Development of procurement strategies			
Orientation	Characteristic		
Value creation responsibility	In-house production		Outsourcing
Supply market	Global		Domestic    Local
Suppliers	Sole	Single	Dual    Multiple
Procurement object	Unit		Modular    System
Logistics	Stock procurement		As-needed    Just-in-time
Value Creation Location	External		Internal

Figure 10: Procurement Strategy for Products with Low Complexity (Anke, 2005)

Global sourcing in offshore countries makes it possible to achieve cost advantages through established networks (Arnold & Kasulke, 2007). Asian remains favorable and many companies are expected to continue using low-wage countries such as Pakistan or Bangladesh. (McKinsey & Company, 2023).

Due to production shifting to low-wage countries over several decades, many European countries have also lost valuable expertise and reduced resources. In labor-intensive industries such as fashion, attracting young people to work in factories is difficult, making it hard to relocate production (Vecchi, 2017). To counterbalance this, many brands have actively invested in nearshoring manufacturing (McKinsey & Company, 2025).

There lies a general difficulty in the availability of raw materials. SC analyses show that raw material suppliers are often located closer to traditional production sites. Relocating production to nearby countries could, therefore, make it more difficult to procure materials, reducing the efficiency of the SC (McKinsey & Company, 2023). In addition to external influence strategic considerations also play a role. Lack of strategic coherence can lead to inefficiencies, such as higher costs or quality issues that would negate benefits of nearshoring. (Vecchi, 2017).

Consumer behavior is also shifting towards increasing price-sensitivity due to inflation. Seven out of ten fashion leaders cite consumer confidence as the top risk for 2025 (McKinsey & Business of Fashion, 2025).

### 3. Methodology

The research structure of this study was based on the Mayring (2014) model of the research process, as shown in Figure 11. The thesis relied upon both secondary and primary sources. The research design was exploratory to be open to new aspects (Mayring, 2014). The hypothesis that nearshoring will not become a long-term trend served as a guide without limiting openness to new findings.

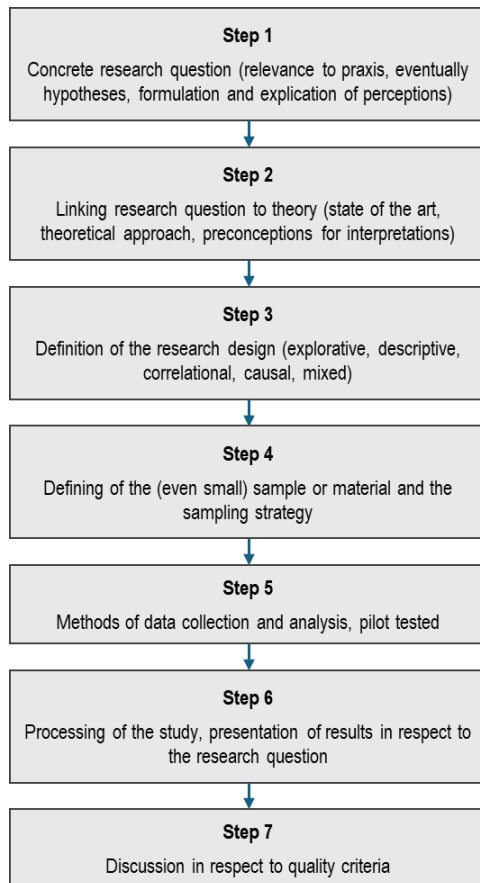


Figure 11: Research Process (Mayring, 2014)

A triangulated approach was used to obtain a more complete picture of the research theme by combining different data sources. To this end, expert interviews were conducted, and a scenario analysis (SA) was created. Triangulation strengthened the results by balancing potential weaknesses of any individual method (Morgan, 2019).

## **3.1 Interviews**

### **3.1.1 Interview design**

Interviews provided insights that are difficult to capture through other data collection methods (Rowley, 2012). For this study, problem-centered expert interviews were chosen as they offered flexibility and allowed for an in-depth exploration of both explicit expertise and implicit knowledge. This approach ensured that the discussion remained adaptable to emerging topics while capturing the nuanced perspectives and decision-making processes of experts (Döringer, 2021). A sample size of 13 was chosen to achieve thematic saturation (Guest, Bunce & Johnson, 2006). Taking into account the time the experts were available and the common approach (Rowley, 2012), the interview duration was set at 30 minutes.

### **3.1.2 Data collection of the interviews**

The 13 experts were selected based on specialist knowledge and backgrounds to represent different perspectives (Table 1). Contact was made virtually, either through existing direct contacts, recommendations or the author making contact via LinkedIn. Participation was voluntary and participants were offered the findings from the interviews as well as the finished work. The interviews were conducted online via a video tool.

The interviews were analyzed using deductive and inductive approaches. The process began with open coding, in which the material was broken down into smaller units of meaning and coded (Morgan, 2019). The text was read and interpreted several times, based on heuristic repetition, to capture deeper meanings and implicit interpretations (Mayring, 2014). Axial coding was then used to establish connections between the codes and develop thematic categories and subcategories. The iterative approach, in line with the grounded theory, ensured that theory development considered experts' perspectives and theoretical assumptions (Morgan, 2019). To ensure a fair comparison between consultants and buyers, despite differing group sizes, a normalized weighting approach was applied to the presentation of the identified categories. The number of mentions for each group was divided by the number of participants in that group to calculate mentions per person. These values were then proportionally adjusted to reflect their share within the total group.

<i>Expert</i>	<i>Area</i>	<i>Short Description</i>	<i>Position</i>	<i>Relevant Experience (Years)</i>
<i>EA</i>	Consultant	Expert in retail strategies, SC management, and circular economy with a focus on efficiency in the fashion industry.	Senior Manager Retail Strategy	28
<i>EB</i>	Consultant	Specialist in retail strategy, digital transformation, and process optimization for consumer goods and fashion.	Management Consulting Manager	9
<i>EC</i>	Consultant	Sustainable textile and material design expert, experienced in teaching and collection development.	Advisor for Textile & Material Innovation	16
<i>ED</i>	Buyer	Expert in material sourcing and development, focusing on denim and sustainable fabrics.	Creative Material Buyer	33
<i>EE</i>	Buyer	Strategic sourcing and production management expert with a focus on digital product lifecycle and sustainability.	Head of Product Sourcing	22
<i>EF</i>	Buyer	Specialist in product development and strategic management across various fashion segments and e-commerce.	Chief Product Officer	20
<i>EG</i>	Buyer	Strategic sourcing expert with a focus on SCs and sustainable sourcing.	Strategic Buyer Flat knits	30
<i>EH</i>	Consultant	Expert in procurement digitization and SC optimization, with significant retail and e-commerce experience.	Business Consultant	22
<i>EI</i>	Buyer	Material innovation, sourcing, and supplier management specialist with focus on sustainability.	Sourcing Manager	13
<i>EJ</i>	Buyer	Expert in planning, sourcing, and allocation strategies within premium and fast-fashion markets.	Strategic Buyer & Merchandise Planner	8
<i>EK</i>	Buyer	Specialist in sourcing, quality management, and sustainability within production and supplier management.	Head of Production, Planning & Supplier Management	24
<i>EL</i>	Buyer	Procurement strategies and sustainability expert, coordination in the fashion industry.	Director Strategic Procurement	15
<i>EM</i>	Consultant	Cost management and SC optimization expert with a focus on fashion.	Consultant	22

Table 1: Overview of Interviewees – Expert Interviews

## 3.2 Scenarion Anaylsis

### 3.2.1 Scenario analysis design

A scenario describes a possible future situation and the development paths that lead to it. Scenario management is based on a systemic approach. Companies are viewed as subsystems of a more extensive system, characterized by interactions between markets, segments, and external influences. (Kosow & Gaßner, 2008) Scenario analyses combines objective data with subjective interpretations and integrates elements that are difficult to model, such as changes in values, new laws, or innovations. (Schoemaker, 1995). Qualitative forecasting methods help to

make well-founded strategic decisions in procurement (Westermann, 2009). SA is especially recommended as an effective tool for aligning company and procurement goals and developing appropriate strategies (Johnson et al., 2011). In the context of the fashion industry, SA is mentioned as a tool that could help manage potential risks and exploit hidden opportunities. (State of Fashion, 2023).

SA was selected as the methodological approach for this study. Utilizing a Cross-Impact Balance (CIB) Analysis, this approach enabled exploring complex interdependencies. Furthermore, it provided a foundation for systematically assessing potential future developments and deriving strategic, evidence-based insights. For this research Scenario Wizard was chosen as the tool for conducting the CIB Analysis. ScenarioWizard is a software tool developed under Dr. Wolfgang Weimer-Jehle's direction at the University of Stuttgart (Weimer-Jehle, 2024).

To ensure scientific validity, including plausibility, consistency, comprehensibility, selectivity, and transparency, clearly defined quality criteria were applied during the analysis (Gausemeier, Fink, & Schlake, 1998). Human cognitive limitations in conceptualizing the unknown posed inherent challenges (Gordon, 1994). Despite this, the methodology adheres to the principles of rigorous scientific practice, establishing it as a robust tool for investigating complex future developments (Gausemeier, Fink, & Schlake, 1998).

### **3.2.2 Data Collection Scenario Analysis**

The methodological approach of this study is inspired by the concepts and approaches to SA presented in the book "Next Generation Supply Chains: A Roadmap for Research and Innovation" edited by Fornasiero, Sardesai, Barros, and Matopoulos.

SA follows a structured process, typically consisting of five phases. The first phase, scenario field determination, defines the focus of the analysis. In the phase of key factor identification, central influencing variables, also known as descriptors, are selected. The analysis of key factors examines the potential future developments of the descriptors. Scenario generation combines these developments into consistent scenarios. Finally, scenario transfer occurs, where the developed scenarios are strategically interpreted (Kosow & Gaßner, 2008).

The first phase, scenario field determination, establishes the framework for the entire analysis. This phase defines key parameters such as the timeframe, geographical scope, and thematic

focus (Kosow & Gaßner, 2008). For this thesis, scenarios were developed based on a time horizon of five years. This medium-term period allows for a well-founded assessment of developments regarding nearshoring within the German fashion industry. The analysis adopts a national perspective, focusing on the German fashion industry. However, the international context is also considered, particularly regarding sourcing markets and SCs.

The analysis was divided into three distinct segments, given the high number of combinations to be evaluated ( $n^2 - n$ ). For this analysis, 351 cross points needed to be assessed. Three experts numerically assessed the influence of the horizontal trend on the vertical trend at each cross point also called a judgment cell. The evaluation of the nodes was conducted using a scale ranging from +3 (strongly promoting direct influence) to -3 (strongly restricting direct influence) (Weimer-Jehle, 2024). Expert number four was given the entire matrix along with the previously collected values from the other experts and asked for their evaluation. This was done to prevent potential interpretational misunderstandings of the categories and trends.

The relationships between variants formed a network of connections, represented by the filled-out Cross-Impact Matrix. These relationships defined the space of plausible scenarios by capturing the "rules" embedded within the system. Each combination of variants represented a possible scenario, but not all scenarios were consistent or plausible. In the present analysis, with nine descriptors, each comprising two to four variants, a total of  $(4 \times 3 \times 2 \times 3 \times 4 \times 3 \times 3 \times 2 \times 3)$  15,552 potential scenarios are possible (Weimer-Jehle, 2023). The consistent and therefore relevant scenarios were calculated using the Scenario Wizard.

The penultimate step of the SA comprised a description of the scenarios based on the results of the previous analysis steps. These descriptions were designed so that different scenarios can be easily compared with each other (Scenario Management International AG, 2017). Based on this description, the scenarios were interpreted using insights from the literature review and expert interviews (Kosow & Gaßner, 2008). This final analysis aimed to assess the impact of the future scenarios on the sourcing strategy in the German fashion industry.

Four experts with many years of professional experience from different specialist areas were selected to evaluate the cross-impact matrix (Table 2). The experts come from the fields of academia, technology, finance, and consulting. This group was deliberately selected to ensure a broad perspective encompassing both specific fashion industry knowledge and an interdisciplinary understanding.

<i>Expert</i>	<i>Short Description</i>	<i>Position</i>	<i>Relevant Experience (Years)</i>
<i>Expert 1</i>	Expert in digital transformation, business process optimization with extensive experience in leading global transformation programs across various industries.	CEO & Senior Advisor	> 30
<i>Expert 2</i>	Focused on sustainable management and regional resilience, with contributions to economic and business ethics research; formerly Dean of the Department of Fashion and Design.	Professor of General Business Administration	14
<i>Expert 3</i>	Leading expertise in private equity and M&A, specializing in mid-market companies with a focus on digitalization and sustainability, including projects in the consumer industry.	Head of Private Equity Germany	19
<i>Expert 4</i>	Managing Director with a strong track record in the information technology, specializing in business alliances, partner management, CRM, and go-to-market strategy, with various experience in the German fashion industry	CEO	24

Table 2: Overview of Interviewees – Scenario Analysis

## 4. Analysis and Discussion

Chapter 4.1 explores insights gained from expert interviews, while Chapter 4.2 focuses on the results of the SA. By integrating primary and secondary data from Chapter 2, the study evaluates the factors influencing nearshoring adoption in the German fashion industry and assesses whether its adoption will remain limited, preventing a significant shift in sourcing strategies.

### 4.1 Overview of identified categories and factors

Various categories were identified in the analysis of expert interviews and assigned to the main areas of strategy and external factors, as well as operational and internal factors, drawing on insights from Chapter 2. Additionally, statements on sourcing decisions and nearshoring were analyzed. First, the overarching categories of strategy and operations are introduced, followed by a detailed examination of the subcategories, linking expert statements with relevant literature. Additionally, an overview of the number of mentions per subcategory and group is systematically provided. Finally, statements on nearshoring and production location are analyzed to systematically process the insights gained and integrate them into the academic context.

The categories identified show that both strategic and operational factors play a crucial role in nearshoring decisions. While long-term competitiveness and risk management shape overarching strategies, cost efficiency, production capabilities, and logistical considerations

influence practical implementation. The tables presents the categories identified in the literature along with their subcategories.

The first category (Figure 12) includes strategic decisions and external influencing factors that companies cannot directly control but must respond to.

Strategic Approach	Branding	Regulatory	CSR	Risk	Target Group	Time to Market
Sourcing Strategy	Made-in Effect	Laws	Sustainability			
Corporate Strategy	Positioning	Policy	Transparency			
Corporate Development	Reputation	Tariffs				

Figure 12: Strategy, Market & External Factors

The second category (Figure 13) includes all internal resources, processes, and optimization opportunities that a company can directly manage to influence efficiency, quality, and costs.

Innovation	Labor	Production	Financial Performance	Order	Material availability	Logistics Cost
Automation	Labor costs	Capabilities	Cost	Product type		
Digitalization	Working conditions	Quality	Margins	Order quantity		
Investment						

Figure 13: Internal & Operational Factors

### 4.1.1 Detailed Examination of Influencing Factors

#### 4.1.1.1 Strategy, Market & External Factors

##### 4.1.1.1.1 Strategic Approach

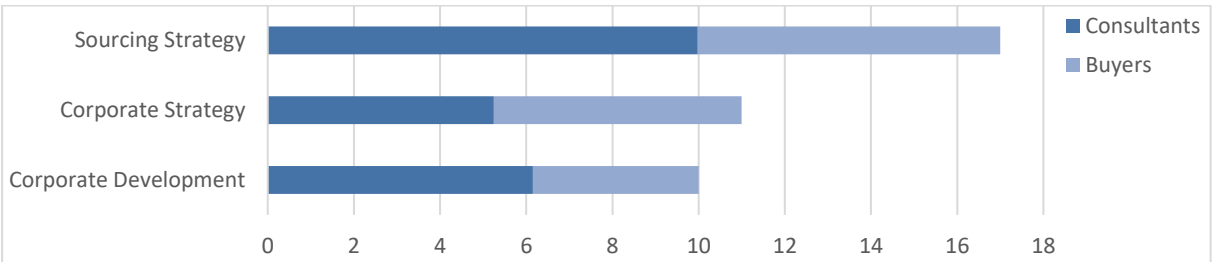


Figure 14: Strategic Approach

Sourcing Strategy was mentioned most frequently in the context of strategic approaches, highlighting its role in long-term competitiveness and profitability as part of a business unit strategy (Beard & Dess, 1981). The focus has shifted from lowest-cost production to optimizing SCs, ensuring that only necessary inventory reaches the point of sale, explained EA. EL argued

that sourcing strategies vary significantly depending on the market segment. Mass markets tend to prioritize cost efficiency, whereas premium brands place greater emphasis on quality and sustainability (Johnson et al., 2011).

EB criticized the lack of strategic direction, leading to short-term cost-cutting and inconsistent sourcing. ED warned that frequent leadership changes disrupt procurement. This can also cause inefficiencies and supplier strain (Vecchi, 2017). EH observed that companies with strong ethical values integrate them into sourcing, while cost-driven firms prioritize efficiency in Asia. EI viewed corporate strategy as a chance for innovation, criticizing the inefficiencies of the traditional pre-production model.

Corporate Development reflected concerns over economic uncertainty, inflation, and shifting consumer expectations. EB described the challenge of balancing costs, sustainability, and quality, while EC criticized the textile industry’s slow response to change. Furthermore, the growing presence of Chinese B2C retailers intensifies competition for established brands, as EH pointed out. Similarly, EI warned that mid-price fashion brands will struggle, as ongoing discounting strategies erode profit margins. EM observed that market extremes are becoming more dominant, with low-cost discounters expanding, while mid-range brands face increasing pressure.

**4.1.1.1.2 Branding**

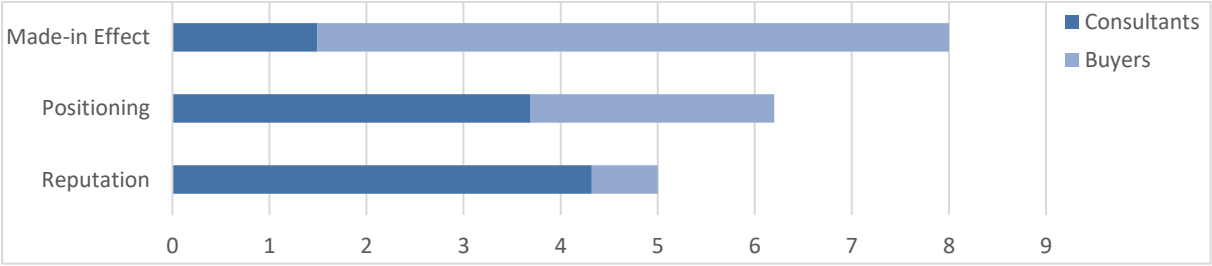


Figure 15: Branding

The Made-in Effect was referenced primarily by buyers, though experts largely agreed that it has limited influence on consumer decisions due to the market's strong price orientation. EG noted: *“The success of brands like Shein and Temu shows that the market is strongly price-driven.”* EL argued that higher costs linked to the Made-in label could be a disadvantage, while EM emphasized that price and quality matter more than production location. Nevertheless,

literature suggests that the Made-in Effect can increase willingness to pay (Pourhejazy & Ashby, 2021).

All six experts emphasized that brand identity and price segment dictate material selection and sourcing. EK pointed out that luxury brands prioritize high-quality production, while budget brands focus on cost efficiency. ED, EH, and EI highlighted that premium brands successfully justify higher prices through sustainability and quality, whereas EA cautioned that misalignment between brand image and SC execution can undermine consumer trust. A well-established market fit ensures profitability, market share, and customer satisfaction (Taghian & Shaw, 2010).

Reputation was mentioned primarily in relation to brand protection and ESG compliance, with consultants addressing it more frequently than buyers. EA, EB, EC, EH, and EJ all linked reputation directly to ESG considerations. EA emphasized: *"Brand reputation is definitely an important factor. ... It's about not producing in countries where people are exploited."* EH noted that while political and ethical concerns influence sourcing decisions, such reactions are often temporary. After the Rana Plaza incident, the collapse of a garment factory, companies initially withdrew but later resumed operations under improved conditions.

**4.1.1.1.3 Regulatory**

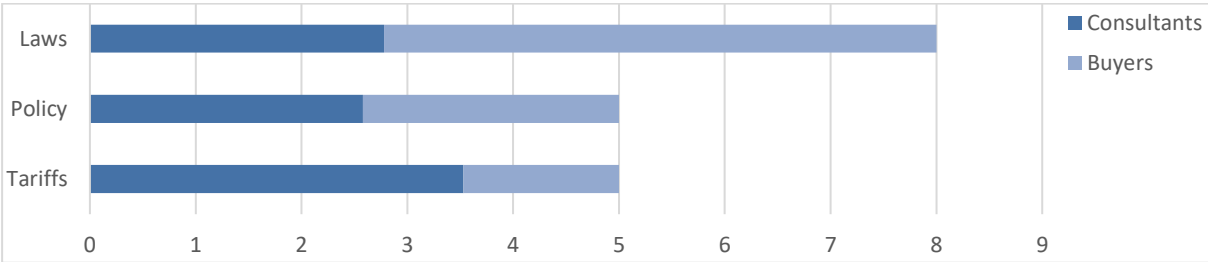


Figure 16: Regulatory

EM noted an increasing regulatory burden on companies. EK and EL both debated the Supply Chain Act, with EK viewing it as a constraint on supplier selection, particularly in Asia, while EL acknowledged both challenges and opportunities in digitization and traceability. The literature confirms the rising influence of sustainability regulations (Butollo & Staritz, 2022).

Politics was mentioned six times, with EK emphasizing its broad impact on the fashion industry. Regarding political risk, EG highlighted uncertainties in Asia. EB linked political shifts, particularly in ESG, to long-term strategic adjustments, while EL, in contrast, argued that

business decisions are increasingly decoupled from political conflicts. The literature associates politics with SC disruptions, notably due to the Ukraine war (McKinsey & Company, 2023).

EB highlighted uncertainty around future trade conditions, particularly the U.S. trade conflict. Trade barriers have increased fivefold since 2015, further impacting sourcing decisions (McKinsey & Business of Fashion, 2025). ED and EJ cited the absence of complex customs procedures as an advantage for nearshoring, while EH and EL saw tariff benefits for offshoring, referencing duty-free EU imports from China and liberalized trade conditions in Bangladesh.

**4.1.1.1.4 CSR**

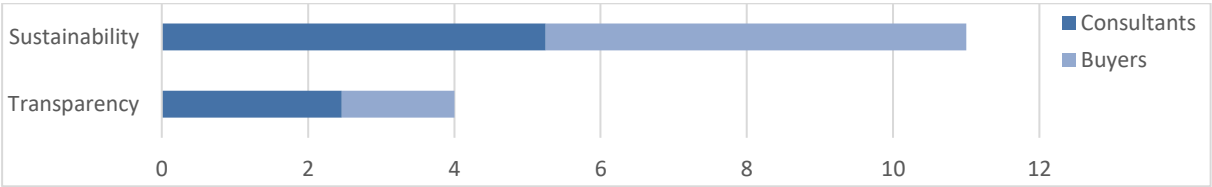


Figure 17: CSR

Sustainability has growing importance in apparel sourcing (McKinsey & Company, 2023). EE emphasized that while awareness is rising, sustainability costs remain a barrier. EK noted progress in Bangladesh through clean technologies, while EC pointed out ongoing logistical and ethical challenges in low-wage countries. ED highlighted offshoring’s environmental impact, particularly on local resources like cotton farming. EH and EG stressed that energy-intensive processes are often outsourced, shifting CO<sub>2</sub> emissions abroad. EI and EJ underscored the financial constraints of sustainable production, making cost absorption difficult for companies. Despite increasing consumer awareness, sustainability remains secondary to cost considerations in many sourcing decisions (Pourhejazy & Ashby, 2021).

EF emphasized transparency throughout the SC, as it enables companies to better manage risks and make more sustainable decisions. EM underscores that transparency is essential for strategic procurement decisions, especially in an increasingly regulated environment. However, EH reported that implementation remains a challenge for larger companies. As SC complexity increases, ensuring full transparency becomes more difficult. This forces companies to rely more on specialized standards and digital monitoring mechanisms EK highlights that products from Europe are often perceived as more transparent due to stricter controls and better adherence to regulatory requirements.

### 4.1.1.1.5 Risk

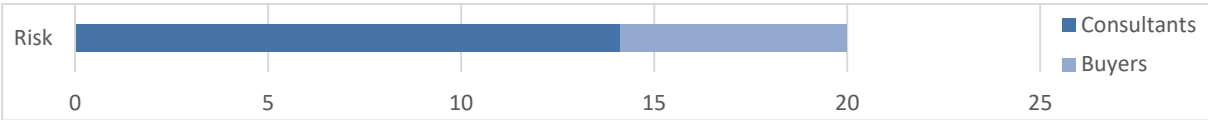


Figure 18: Risk

The choice of sourcing location is increasingly driven by risk minimization. Geopolitical tensions further accelerate this trend, according to EK. Studies confirm that geopolitical uncertainties influence sourcing strategies (Accenture, 2022) and that reshoring strengthen SC resilience (Kazancoglu et al., 2023). EF considered a full shift to Europe challenging but emphasizes the importance of diversification. EM identified low risk tolerance as a key driver of nearshoring but warns against long-term planning without access to real-time market insights. Similarly, EA highlighted the need for companies to tailor their strategies to individual risk and cost profiles. EL, cautions against high preventive costs: *"Nevertheless, relying solely on nearshoring or friend-shoring to mitigate potential risks would be unreasonable."*

### 4.1.1.1.6 Target Group

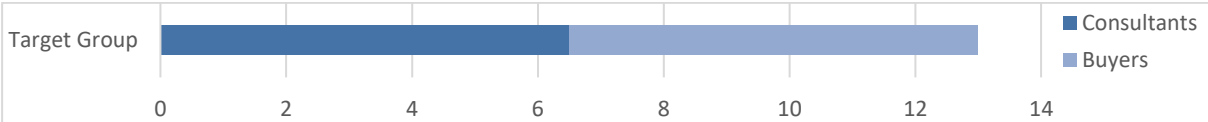


Figure 19: Target Group

Companies are, to some extent, guided by the expectations and preferences of their customers, as EA and EM emphasize. Expert B explains: *"Consumer awareness is growing. They are placing more value on where and under what conditions products are manufactured."* In contrast, EG and ED reported a lack of consumer understanding regarding textile end products and a low appreciation, reflected in frequent purchasing and disposal behaviour. These apparent contradictions are reconciled by EE as he highlighted varying preferences. Younger consumers often favor affordable fast fashion, while customers over 35 place greater emphasis on origin and sustainability. Target market selection plays an important role in the right product-market strategy (Zott & Amit, 2008). EK stressed the challenge of balancing customer demands, economic success, and limited willingness to pay, particularly in the context of sustainability. EH further emphasized the difficulty of aligning corporate strategies with target group expectations effectively.

#### 4.1.1.1.7 Time to Market

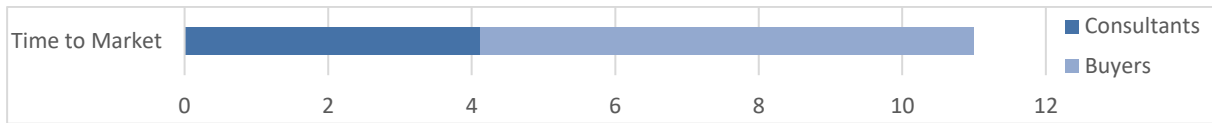


Figure 20: TMT

Time to Market (TTM) is a key procurement criterion emphasized by EC and EH. Long lead times in offshoring create challenges, encouraging production relocation to closer regions, as argued by EG, EJ, and EF. Shifting sourcing to Europe, Tunisia, or Eastern Europe is also done to prioritize flexibility and rapid trend adaptation, noted EF. Research confirms that consumers increasingly expect faster product availability (McKinsey & Company, 2021), and fast fashion brands produce in Europe to meet this demand (Ivanov et al., 2017). EA acknowledged the importance of TTM but questioned whether further acceleration is realistic. He pointed out that process and lead times have natural limits. EL and EF emphasized that TTM depends on the business model. In Germany's mid-market segment, lead times can often extend up to 12 months, EL explained, reflecting the extended timelines of a traditional value chain (Henkel, 2021).

The quantitative analysis showed a nearly balanced distribution of category mentions between Consultants and Buyers. This suggested that most topics are role-independent in the context of nearshoring. While Buyers placed significant emphasis on the Made-in Effect, Consultants mentioned Positioning and Reputation disproportionately often. This indicated that Buyers see a stronger potential in marketing products based on their origin. In contrast, Consultants assess sourcing more in the context of overall brand identity and market positioning. Risk was the most cited category overall. Sourcing Strategy followed as the second most discussed topic. This highlights that uncertainties and the right strategy are perceived as central topics.

## 4.1.1.2 Internal & Operational Factors

### 4.1.1.2.1 Innovation

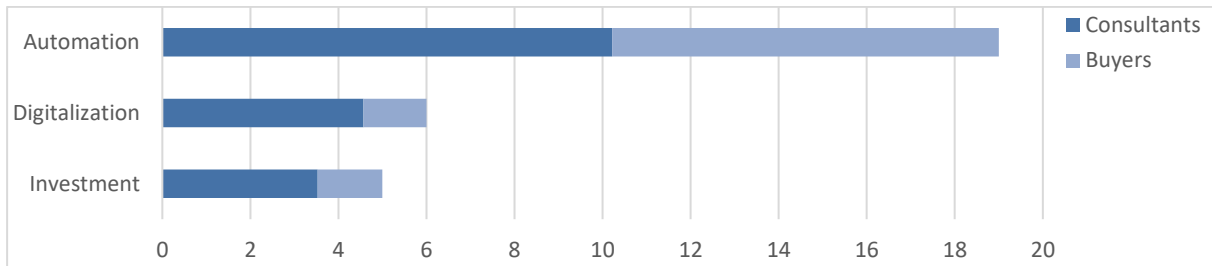


Figure 21: Innovation

Automation in fashion is complex, as machines must continuously adapt to new designs, limiting flexibility. Unlike standardized industries, automation in fashion has lower transferability, according to EA. While sewing remains largely manual, automation advances in yarn production, dyeing, and weaving, as noted by EG. EK added that automation in general varies by product, with knitwear benefiting more than denim or silk. EB highlighted the high operational costs, which restrict automation expansion. This makes traditional techniques more viable despite rising labor costs (Nayak, 2022). In contrast, EL stressed the importance of automation and robotics for nearshoring to reduce labor dependency. Additionally, automation supports qualified specialists (Cunha Neves et al., 2022).

EM and EH emphasized the need for effective digital processes, with EH noting that the fashion industry lags behind in this area. There are advancements, but fully digitalized production remains in its early stages, according to EF. EB highlighted that technology is crucial for adaptability, describing a Control Tower system that monitors SCs and enables proactive adjustments in case of disruptions. In regard to nearshoring, EL added: "*Ultimately, digitalization remains a 'band-aid' for downstream issues. It will not lead to large-scale nearshoring.*" Literature confirms that digitalization influences sourcing decisions (Stentoft et al., 2024), pushing companies toward more flexible sourcing models (McKinsey & Company, 2021).

Investment was mentioned five times, mainly as a barrier to nearshoring. Relocating production to Europe requires modern infrastructure and high capital investment, according to EB. EA added that Asia continues to invest in production capacities, while Europe lags behind. Moreover, Asia is not only investing in infrastructure but also in sustainable technology (Butollo & Staritz, 2022). To counterbalance this, many brands are now actively investing in building these capabilities in Europe (McKinsey & Company, 2025).

### 4.1.1.2.2 Labor

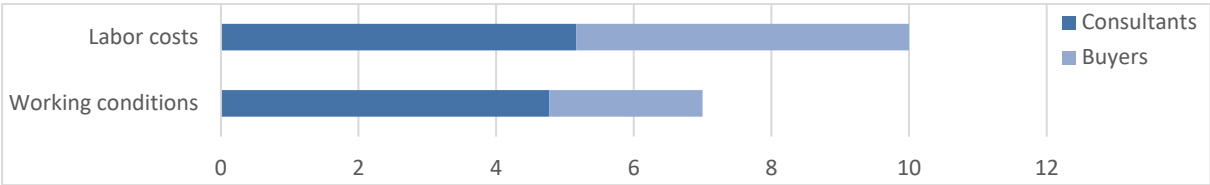


Figure 22: Labor

EM saw rising wages as a challenge that makes manual production in Europe less viable. Similarly, EI pointed out that Turkey raised minimum wages multiple times by around 50% in the last year. The cost disparities were also illustrated by EK, stating that wages are approximately €170 in Bangladesh, €600 in Turkey, and €1,500 in Germany. Since producing clothes in developed countries is not profitable, developing countries primarily meet global demand (Nayak, 2022). EL remarked, *"It is understandable why major brands produce where they do... production costs in other countries are simply more competitive."*

Working conditions were emphasized, particularly regarding ESG criteria. EB noted that companies increasingly avoid sourcing from regions with poor labor standards, while EF stressed the importance of fair wages. The German textile industry often outsources to benefit from lower wages (Arnolds et al., 2016). Furthermore, EF cautioned against assuming that distant production sites inherently offer worse conditions. According to EC, relocating production to Europe could even harm low-wage economies. EL stressed that sustainability must include both environmental and social factors, as the textile industry fosters economic independence, particularly for women. Literature confirms that sewing and finishing contribute the least to value creation, while planning and branding generate the most (Vecchi, 2017).

### 4.1.1.2.3 Production

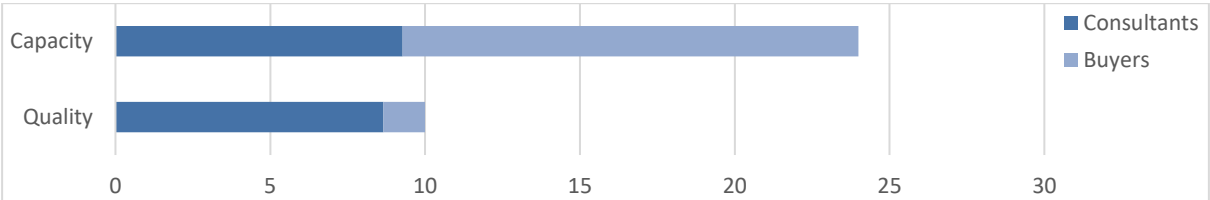


Figure 23: Production

Knowledge and production capacities play a crucial role in location decisions, with Capacity mentioned 17 times. Despite nearshoring discussions, Europe lacks the capacity to replace Asia.

Offshoring has to some extent eroded European expertise (McKinsey & Company, 2021). EK noted that shirt production for his company alone would fully utilize multiple European factories. EG also highlighted Turkey’s limited resources, with many factories closing due to crises like COVID-19. Furthermore, Europe’s fashion industry struggles to attract young workers (Vecchi, 2017). EL emphasized this challenge, citing the low interest of young people in working in fashion factories compared to India or Bangladesh. He noted that Spain’s youth prefer service jobs despite high unemployment. Outdated equipment in Portugal and Eastern Europe, where many factory workers are over 50, was mentioned by EG. Similarly, EM was skeptical about restoring textile expertise but saw potential in niche markets. Meanwhile, Bangladesh has developed extensive and increasingly sustainable production capacities, according to EF.

Quality was once a barrier to manufacturing in low-wage countries, but many luxury brands now produce there using strict controls, according to EA. ED still warned that shifting to lower-cost countries like Myanmar often reduces quality due to weaker processes. Studies confirm that quality concerns drive reshoring (Fratocchi & Di Stefano, 2019). In contrast, EF challenged the assumption that overseas products are inferior, citing Indian goods that exceed closer manufacturing hubs. EE emphasized Europe’s quality advantage but acknowledged cost challenges. Quality depends on processes, not location, as stressed by EL.

**4.1.1.2.4 Financial Performance**

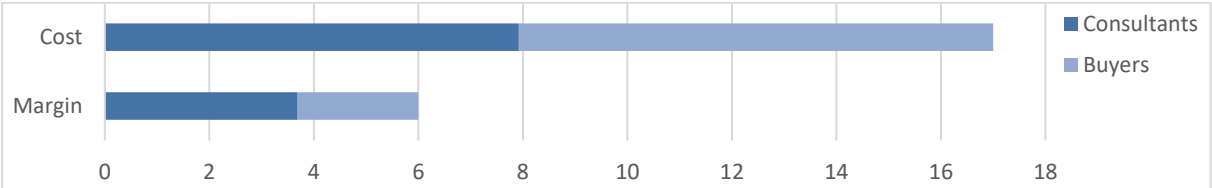


Figure 24: Financial Performance

EM and EG see Asia as the most cost-effective option, despite lessons from the pandemic. This confirms findings from the literature stating that offshoring remains dominant due to cost efficiency (Arnolds et al., 2016). EG mentions that sustainable production in Portugal is more expensive than in Turkey, illustrating cost pressures. EL argues that major fast fashion companies continue shifting to cheaper locations, impacting Turkey’s sourcing role. In contrast the literature mentions that the shrinking cost gaps between China and Europe increase nearshoring’s appeal (Accenture, 2022).

When considering costs, the primary focus is often on profit margins, which ED sees as problematic. He emphasizes that higher-priced products allow flexibility. Low-margin items often make relocation more difficult, according to EB. EA questions: “*Who is supposed to pay for this?*”, emphasizing that firms won’t absorb added costs. EI highlights pressure to maintain stable retail prices despite rising costs. The rising cost pressure is also reflected in current literature (McKinsey & Company, 2021). While Asia often remains cost-efficient, Europe struggles with high wages and energy costs, making large-scale nearshoring difficult (Nayak, 2022).

#### 4.1.1.2.5 Order

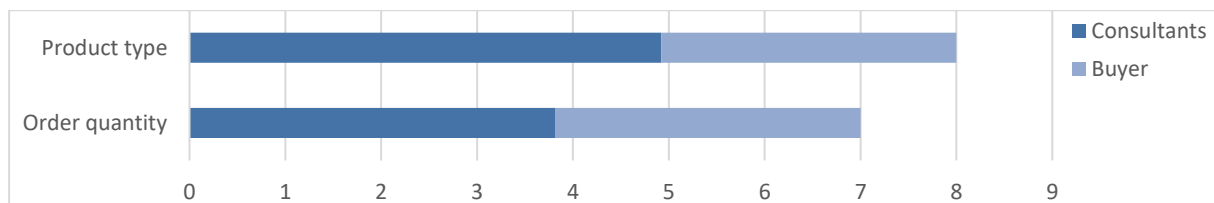


Figure 25: Order

EM pointed out that location choices depend on product categories. EA argued that nearshoring is uneconomical for some products, such as outdoor jackets, where higher labor cost could push retail prices beyond the expected range. This contrasts with Anke's (2005) classification of fashion as a low-complexity product suitable for global sourcing. EE reported that standardized items like basics remain in Asia due to stable production conditions. EJ emphasized that Never-Out-of-Stock products also stay in Asia due to predictable demand and cost efficiency (Fratocchi & Di Stefano, 2019). EG described a dual model, with Turkey handling fast deliveries and Bangladesh managing volume-intensive orders.

Minimum order quantities significantly influence sourcing decisions. EA stated: “*The lower the labor cost, the cheaper the production, but this usually comes with higher minimum order quantities.*” ED and EF highlighted that high order volumes are necessary for production profitability. Basics providers and premium brands often rely on Asia production, as they are less trend-dependent, explained EF. EK viewed overproduction as a key issue and highlights that nearshoring enables smaller, more flexible batch sizes which is an advantage as the demand for diverse styles and lower volumes grows (Nayak, 2022).

#### 4.1.1.2.6 Material

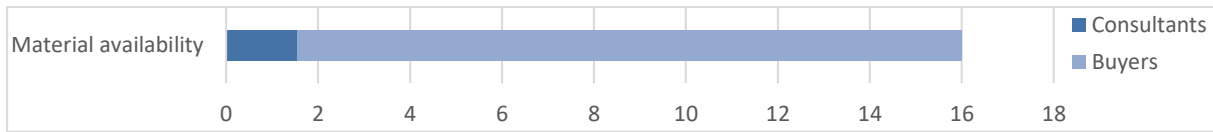


Figure 26: Material

Material availability was mentioned 16 times, highlighting its critical role in sourcing decisions, as many regions remain import-dependent (McKinsey & Company, 2023). EG noted that Turkey has the only fully integrated SC in Europe, covering everything from raw materials to finished products. However, EL emphasized that Europe still relies heavily on global suppliers for cotton and synthetics, limiting full nearshoring efforts. EK highlighted significant cost differences, such as zippers costing €10 in Switzerland versus €2 in Asia. That's why Asia remains dominant. EH points out that many factories in the region specialize in processing raw materials, creating logistical advantages.

#### 4.1.1.2.7 Logistics

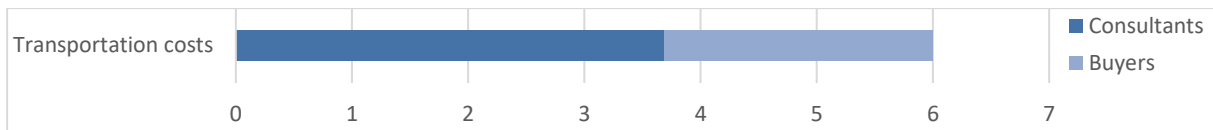


Figure 27: Logistics

EG described transportation costs as a key issue, as companies are highly dependent on transport times and expenses. Smaller or less financially stable companies, in particular, face significant pressure when transport costs rise suddenly, according to EM. EJ highlighted that negotiation flexibility on transport prices is often limited, as they are largely dictated by supply and demand. Similarly, EH reported that artificial scarcity in maritime shipping is deliberately created to keep prices high. The literature also supports the notion that nearshoring offers not only brand-related benefits but also cost savings in transportation (McKinsey & Company, 2021). EL, however, explained that transportation costs are not always significantly lower even when production is geographically closer to the target market. For example, transporting a 40-foot container by truck from Turkey may be more environmentally friendly than shipping from East Asia, but the cost difference remains marginal.

The quantitative analysis shows a nearly balanced distribution of category mentions between Consultants and Buyers in 9 out of 14 categories. Buyers mentioned Material Availability and Capacity significantly more often, indicating that they prioritize supply security and the ability of production sites to handle the necessary demand. In contrast, Consultants more frequently referred to Digitalization, Investment, and Quality, suggesting a stronger focus on technological advancements and product standards. Capacity was the most cited category, followed by Automation and Cost. This highlights that process optimization, production scalability, and cost efficiency are perceived as key factors in Nearshoring decisions.

### 4.1.2 Long-Term Prospects of Nearshoring

SC disruptions and material shortages have led many companies to relocate production to Asia, according to EM. The German fashion industry is affected by this offshoring trend (Economics,

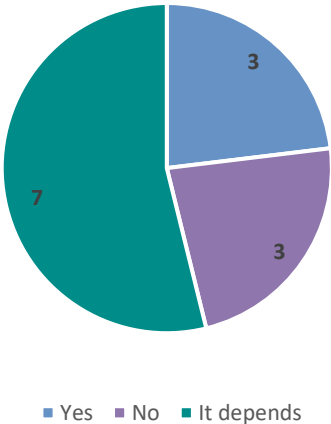


Figure 28: Expert Opinions on the long-term Prospects of Nearshoring

2021). EL noted that key sourcing markets remain Bangladesh, India, China, Pakistan, and Cambodia, though North Africa is emerging as an alternative. Turkey's status as a preferred sourcing destination is emphasized by EG. Turkey is expected to be among the top five sourcing markets (McKinsey & Company, 2021).

Three experts considered nearshoring a growing trend, shaping sourcing decisions, as mentioned by EJ. Smaller production volumes and rapid trend adaptation particularly benefit from regional

sourcing, as argued by EJ. EK explained that investments increasingly focus on optimizing and diversifying SCs, signaling a shift towards more regional sourcing. This reflects industry trends, with companies prioritizing nearshoring for greater flexibility and sustainability (McKinsey & Company, 2021).

Three other experts remained skeptical about nearshoring's long-term viability. EC and ED cited high costs and rigid structures as major obstacles to widespread adoption. Whether production in Asia remains too cost-effective to justify large-scale relocation is questioned by EH. This is particularly relevant for cost-sensitive brands (Fratocchi & Di Stefano, 2019).

Seven of the thirteen experts did not expect nearshoring to become a dominant trend. EA and EB argued that companies will continue offshoring unless major disruptions force change, as low-wage countries remain cost-competitive despite rising expenses. SC structures ensure continued efficiency, even with increasing costs in Asia, argued EL. EI agreed that there will likely be moderate growth in European sourcing but warned that high inflation and production costs will limit significant shifts away from Asia.

## 4.2 Scenario Analysis

### 4.2.1 Descriptors and variants

For the SA, key trends from the previous research were identified and supplemented with additional future developments to establish a comprehensive space of possible future developments. Categories such as Strategy, CSR and Risk were deliberately excluded, as they primarily concern corporate responses. Likewise, company-specific factors such as Product, Order quantities, and Margins were omitted.

Based on this selection, a finalized list of trends and their developments was created, serving as key influencing factors for the SA. An overview of these descriptors and their variants is presented in the following table (Table 3).

<b>Demand</b>	A1 Increases	The demand for fashion increases due to a growing consumer appetite and a stabilizing economy.
	A2 Decreases	The demand for fashion is declining due to economic uncertainty, inflation, and shifting consumer behavior (State of Fashion, 2023).
	A3 Remains the same	Despite market fluctuations, demand in the fashion sector remains stable due to a mix of fast fashion and premium consumption.
	A4 Green Consumption	Growing environmental awareness drives preferences for sustainable fashion (Nayak, 2022; ED; EH; EI).
<b>Branding</b>	B1 Made-in-Effect	Brands utilize the Made-in Effect to influence purchasing decisions and strategically position their products in competitive markets (EK; EI; Fratocchi & Di Stefano, 2019).
	B2 Quality	Quality is used by brands as a key differentiator to justify premium pricing and reinforce customer loyalty (EK; ED; EH; EI; Choi, 2012).
	B3 Fashion First	Branding, aesthetics, and trend-driven marketing are prioritized and used as a selling argument (Choi, 2012; Johnson et al., 2011).
<b>Time to Market</b>	C1 Increases	Competitive pressures and consumer expectations accelerate the need for shorter production cycles and rapid delivery (EG; EJ; EF; McKinsey & Company, 2021).
	C2 Remains the same	Competitive pressures and consumer expectations accelerate the need for shorter production cycles and rapid delivery (EG; EJ; EF; McKinsey & Company, 2021).

<b>Innovation</b>	D1 Automation	Automation is increasingly integrated into production to enhance efficiency and reduce dependency on manual labor (Fratocchi & Di Stefano, 2019; Cunha Neves et al., 2022; EG; EL).
	D2 Investment Stop	Many companies refrain from investing in automation due to financial constraints or strategic shifts (EA; EG; EB).
	D3 SC Digitalization	SC digitalization enhances efficiency and transparency, enabling more agile sourcing decisions (EB; McKinsey & Company, 2021).
<b>Materials</b>	E1 Increasing Procurement Price	RM costs continue to rise due to global SC disruptions and inflation (McKinsey & Company, 2023; Nayak, 2022).
	E2 Decreasing Procurement Price	Cost reductions in procurement emerge through digitalization and alternative SC strategies.
	E3 Stable Procurement Price	Prices for key materials fluctuate but remain within predictable ranges.
	E4 Material Innovation	Fashion companies invest more in innovative materials, reducing dependence on traditional RM markets (Euromonitor International, 2023).
<b>Labor Costs</b>	F1 Increases	Rising wages in key production hubs drive labor costs across the industry (Nayak, 2022; EC; EG; EI).
	F2 Decreases	Automation and digitalization reduce labor costs by minimizing workforce dependency (Cunha Neves et al., 2022).
	F3 Remains the same	Labor costs remains stable due to a balance between wage inflation and technological advancements.
<b>Logistics Costs</b>	G1 Increases	SC disruptions and rising fuel prices increase logistics costs (EM; EH; Accenture, 2022).
	G2 Decreases	Investments in logistics optimization and alternative transport methods reduce overall costs.
	G3 Remains the same	Logistics costs fluctuate but remain manageable through efficiency improvements.
<b>Sustainability</b>	H1 Increasing Regulations	Sustainability policies such as the EU SC Act drive stricter environmental standards (EM; EK; EL; Butollo & Staritz, 2022).
	H2 Decreasing Regulations	Policy shifts in key markets lead to regulatory rollbacks, reducing sustainability compliance requirements.
<b>Capacity</b>	J1 Increases	Investments in nearshoring and regional production facilities expand capacity to meet demand (McKinsey & Company, 2025).
	J2 Remains the same	Nearshoring firms maintain existing production levels while optimizing operational efficiency
	J3 Decreases	Declining demand and strategic restructuring reduce nearshoring production capacity (EM; ED; Vecchi, 2017; McKinsey & Company, 2021).

Table 3: Overview of Descriptors and their Variants

### 4.2.2 Matrix

The descriptors and their variants were transferred into a matrix and evaluated by experts using numerical values (Figure 29). Fields without displayed numbers indicate that no significant influence was perceived in these areas. Most interactions in the matrix fall within the moderate range (-1/+1). However, particularly high impact values (-3/+3) appear in the Branding category, suggesting that brand positioning is a key influencing factor in the future development

of the fashion industry. Similarly, the Demand descriptor exhibits strong interactions, indicating that both consumer preferences and brand strategies play a crucial role in shaping further developments. Innovation shows noticeable interactions (-2/+2) with Labor Costs and Capacity, highlighting the importance of new technologies for cost efficiency as well as for production capabilities and capacities. Additionally, the regulatory framework in Sustainability had an above-average impact on Capacity. Depending on its development, it can either foster or hinder production capacities. In contrast, Materials showed relatively low interactions with other trends, such as Sustainability or Labor Costs, suggesting that material prices are largely driven by other factors. Likewise, Capabilities had little to no influence on Materials and Demand, suggesting that these factors tend to react passively to external developments rather than actively driving change.

	A			B			C		D			E			F			G			H		I							
	A1	A2	A3	A4	B1	B2	B3	C1	C2	D1	D2	D3	E1	E2	E3	E4	F1	F2	F3	G1	G2	G3	H1	H2	I1	I2	I3			
<b>A. Demand</b>																														
A1 Increases					1	0	-2	0	3	3	-3	2	-2	2	-2	2	-1	1	-1	1	-1	-1						1	-1	-1
A2 Decreases					-2	-1	3	1	-1	-1	1	1	2	-2	-2	-1	1	-1	-1	-1	1	-1						-1	-1	1
A3 Remains the same					0	0	0	1	-1	1	-1	1	1	0	3	1	1	0	3	1	0	3						0	3	1
A4 Green Consumption					2	2	-3	-2	2	2	-2	2	1	-1	-1	3	2	-2	-3	2	-2	-3						1	-1	-1
<b>B. Branding</b>																														
B1 Made-in Effect	1	-1	-3	2				2	-3	3	-3	3	2	-2	-3	2	3	-3	-3	0	0	3	2	-2	2	-2	2	-2	-2	-2
B2 Quality	1	-1	-3	2				0	1	1	-1	1	2	-2	-3	2	1	-1	-3	-1	-1	3	0	0	0	0	0	0	0	0
B3 Fashion First	1	-1	-1	-3				1	-1	-1	1	-1	-1	1	-3	-1	-1	1	1	1	-1	1	1	-1	-1	-1	-1	-1	-1	-1
<b>C. Time to Market</b>																														
C1 Increases	1	-2	-2	0	1	-1	1			3	-2	3	1	-1	-2	2	1	-1	-2	1	-1	-2	1	-1	2	-1	2	2	-1	-2
C2 Remains the same	0	0	2	0	-1	0	-1			0	0	0	0	-1	2	0	0	0	2	0	0	2	-1	0			-1	3	-1	
<b>D. Innovation</b>																														
D1 Automation	1	-1	-1	2	1	1	-1	2	-2				-1	1	-2	2	-2	2	-2	0	0	2	-1	1	2	-2	2	-2	-2	-2
D2 Investment Stop	-1	1	-1	-2	-1	-1	1	-1	1				1	-1	-2	-3	2	-2	-2	1	-1	-1	2	-2			-2	2	-2	
D3 Supply Chain Digitalization	2	-1	-1	2	-1	2	0	2	-2				-1	1	-2	0	1	-1	-2	-1	1	-1	-1	1	-1	1	-1	-1	-1	
<b>E. Materials</b>																														
E1 Increasing Procurement Price	-1	-1	-2	1	-1	-1	2	-1	0	1	-1	1					0	0	1	0	0	2								
E2 Decreasing Procurement Price	1	-1	2	2	1	1	-1	1	-1	2	-3	2					0	0	1	0	0	2								
E3 Stable Procurement Price	0	0	0	1	0	0	0	0	0	1	-1	2					0	0	1	0	0	3								
E4 Material Innovation	2	-2	-2	2	-1	3	-1	0	0	2	-2	2					0	0	1	0	0	2								
<b>F. Labor Costs</b>																														
F1 Increases	-1	1	2	-1	-2	-1	2	-1	1	1	-1	-1	1	-1	-2	-1				0	0	2	-1	1	-2	-2	2	-2	-2	-2
F2 Decreases	1	-1	-2	1	1	1	-1	1	-1	2	-2	3	-1	1	-2	2				0	0	2	1	-1	1	-1	1	-1	-1	-1
F3 Remains the same	0	0	3	0	0	0	0	0	3	1	-1	1	1	-1	2	1				1	-1	2	1	-1	-1	2	1	-1	2	1
<b>G. Logistics Costs</b>																														
G1 Increases	-2	2	-3	-1	2	1	3	-1	1	2	1	2	1	-1	-1	1	0	0	1									2	-2	-1
G2 Decreases	2	-2	3	1	-2	2	-2	1	-1	1	-1	1	-1	1	-1	2	0	0	1									-2	-2	1
G3 Remains the same	1	-1	-1	1	0	1	-1	1	1	1	-1	1	1	-1	2	2	1	-1	2									-1	2	1
<b>H. Sustainability</b>																														
H1 Increasing Regulations	-1	0	0	2	1	1	-1	-1	1	1	-1	2	2	-1	-1	2	1	-1	-1	1	-1	-1						2	-2	-2
H2 Decreasing Regulations	1	0	0	-1	-1	-1	1	1	1	-1	1	-1	-1	1	-2	-1	-1	1	-1	-1	1	-1						-2	-2	2
<b>I. Capabilities</b>																														
I1 Increases	0	0	0	0	2	0	-2	1	-1	3	-2	1				2	-2	-2	1	-1	-1	-1	1			-1	1	1	1	1
I2 Remains the same	0	0	3	1	0	0	0	-1	2	1	0	1				1	-1	2	-1	1	2					0	0	0	0	0
I3 Decreases	0	0	0	0	-2	0	2	-1	-1	1	0	2				-1	1	-1	-1	1	-1	1	-1			1	-1	-1	-1	-1

Figure 29: Evaluated Matrix

### 4.2.3 Scenarios

As a result of the calculation of the cross-impacts between the variants, four consistent future scenarios for the development of the fashion industry in the context of nearshoring were identified, as shown in Figure 30. The variants *D1 Automation*, *E4 Material Innovation*, and *F1 Labor Costs* remain constant across all four scenarios. From this foundation, the scenarios diverge into two sets of two subdivisions. To enhance clarity and sharpen strategic implications, the four initial scenarios were merged into two overarching scenarios.

The range of possible futures for the fashion industry in regard to nearshoring, as well as the descriptors themselves, is influenced by many factors that were not included in the SA. These include inflation, geopolitical conflicts, and overall economic developments (State of Fashion, 2023). To account for this, a second analysis was conducted. In this step, *A3 Decreasing Demand* was set as a fixed variant using the intervention function of the Scenario Wizard. This analysis resulted in two plausible scenarios, as shown in Figure 31. This led to the fixed variant *A3 Decreasing Demand* being inconsistent. For both scenarios, the variants *B3 Fashion First*, *D3 Supply Chain Digitalization*, *E1 Increasing Procurement Price*, and *H1 Increasing Regulations* remain consistent.

Scn no. 1	Scn no. 2	Scn no. 3	Scn no. 4
A. Demand: A4 Green Consumption		A. Demand: A1 Increases	A. Demand: A4 Green Consumption
B. Branding: B1 Made-in Effect		B. Branding: B2 Quality	
C. Time to Market: C1 Increases		C. Time to Market: C2 Remains the same	
D. Innovation: D1 Automation			
E. Materials: E4 Material Innovation			
F. Labor Costs: F1 Increases			
G. Logistics Costs: G1 Increases		G. Logistics Costs: G3 Remains the same	
H. Sustainability : H1 Increasing Regulations		H. Sustainability : H2 Decreasing Regulations	
I. Capabilities: I1 Increases		I. Capabilities: I3 Decreases	

Figure 30: Scenario Result

Scn no. 1	Scn no. 2
A. Demand: A2 Decreases	
B. Branding: B3 Fashion First	
C. Time to Market: C2 Remains the same	C. Time to Market: C1 Increases
D. Innovation: D3 Supply Chain Digitalization	
E. Materials: E1 Increasing Procurement Price	
F. Labor Costs: F3 Remains the same	F. Labor Costs: F1 Increases
G. Logistics Costs: G3 Remains the same	G. Logistics Costs: G2 Decreases
H. Sustainability : H1 Increasing Regulations	
I. Capabilities: I2 Remains the same	I. Capabilities: I3 Decreases

Figure 31: Scenario Result with Intervention

### 4.2.4 Scenario Description

For the following analysis, the analysis continued with the four resulting scenarios, which are presented below in Table 4. In the two consolidated scenarios, *Green Innovation* and *Green Stability*, three variants remained unchanged. In *Regulated Cost Stagnation* and *Adaptive Cost*

*Optimization*, where *A3* was fixed as an intervention, five variants remained consistent, leading to a narrower range of possible futures. The comparison suggests that fixing one variant can influence the expression of the remaining descriptors.

		Original		With Intervention	
		Scenario 1	Scenario 2	Scenario 3	Scenario 4
		Green Stability	Green Innovation	Regulated Cost Stagnation	Adaptive Cost Optimization
<b>Demand</b>	A2 Decreases				
	A4 Green Consumption				
<b>Branding</b>	B1 Made-in-Effect				
	B2 Quality				
	B3 Fashion First				
<b>Time to Market</b>	C1 Increases				
	C2 Remains the same				
<b>Innovation</b>	D1 Automation				
	D3 SC Digitalization				
<b>Materials</b>	E1 Increasing Procurement Price				
	E3 Stable Procurement Price				
	E4 Material Innovation				
<b>Labor Costs</b>	F1 Increases				
	F3 Remains the same				
<b>Logistics Costs</b>	G1 Increases				
	G2 Decreases				
	G3 Remains the same				
<b>Sustainability</b>	H1 Increasing Regulations				
	H2 Decreasing Regulations				
<b>Capacity</b>	J1 Increases				
	J2 Remains the same				
	J3 Decreases				

Table 4: Overview of Final Scenarios

The following section provides a detailed description of each scenario, highlighting its key characteristics and implications for sourcing strategy, building a foundation for strategic interpretation (Kosow & Gaßner, 2008).

#### 4.2.4.1 Scenario: Green Stability

Green Stability consolidates the scenarios that rely on established structures and foresee less dynamic change within the original four scenarios. The scenario envisions a future where sustainability becomes relevant but without strong innovation pressure or strict regulations.

Consumers prefer environmentally friendly products (*A4*), while companies compete primarily through quality (*B2*) rather than rapid production processes or regional sourcing. Time to Market remains stable (*C2*) as businesses maintain established processes. Automation (*D1*) is adopted, but at a moderate pace. RM prices (*E3*), and logistics costs (*G3*) remain largely constant, while higher wages (*F1*) gradually increase cost pressure. Decreasing regulations (*H2*) reduce external pressure, leading to lower investments in innovation and capability development (*I3*). In this scenario, companies prioritize stability over transformative change.

#### **4.2.4.2 Scenario: Green Innovation**

Green Innovation combines innovation and sustainability-driven future scenarios with the original four scenarios. This scenario represents a future where sustainability is a primary driver of innovation in the fashion industry. Increasing demand for eco-friendly products (*A4*) pushes companies toward more sustainable strategies. The Made-in-Effect (*B1*) becomes more significant as consumers place greater value on regional sourcing. Competitive pressures accelerate Time to Market (*C1*), requiring faster production cycles supported by Automation (*D1*) and Material Innovation (*E4*). These advancements come with rising Labor Costs (*F1*) and Logistics Costs (*G1*) due to higher investments in sustainable SCs. Stricter regulations (*H1*) force companies to adopt comprehensive sustainability measures, while increased investments in capabilities (*I1*) strengthen innovation capacity. This scenario envisions a dynamic industry transformation, driven by sustainability, technological advancements, and stricter regulations.

#### **4.2.4.3 Scenario: Regulated Cost Stagnation**

Regulated Cost Stagnation scenario describes a future where demand for fashion products declines (*A2*), prompting companies to focus on trend-driven branding strategies (*B3*) rather than structural business adjustments. Production and delivery times remain stable (*C2*), as no major shifts in business models occur. To counter rising procurement costs (*E1*), companies emphasize SC digitalization (*D3*) to achieve efficiency gains. However, labor costs remain unchanged (*F3*) due to a lack of significant workforce restructuring or automation efforts. Logistics costs also remain stable (*G3*), while increasing regulations (*H1*) place additional compliance pressure on businesses. Despite these challenges, production capacities (*I2*) are maintained, as companies adhere to existing structures without pursuing aggressive expansions

or drastic cost-cutting measures. This scenario reflects a market environment characterized by cost pressures, regulatory constraints, and a conservative approach to adaptation.

**4.2.4.4 Scenario: Adaptive Cost Optimization**

This scenario describes a future where declining market demand (*A2*) forces companies to adjust their strategies. While they continue to rely on trend-driven branding (*B3*), they accelerate production and delivery times (*C1*) to respond more flexibly to rapidly changing consumer preferences. SC digitalization (*D3*) becomes a key efficiency driver, helping companies mitigate rising procurement costs (*E1*). However, increasing wages (*F1*) lead to higher operational expenses, making cost management more challenging. To counterbalance this, businesses optimize logistics processes (*G2*) to achieve savings. At the same time, regulatory requirements continue to rise (*H1*), necessitating greater investments in compliance. In response to both declining demand and increasing cost pressures, production capacities in the nearshoring region are reduced (*I3*). This scenario reflects a highly adaptive business environment where companies prioritize flexibility and cost efficiency in an increasingly challenging market.

**4.2.5 Strategic Interpretation**

The following table presents an analysis of how each scenario impacts the sourcing strategies of fashion companies in Germany, particularly regarding nearshoring, local sourcing, and global sourcing. By examining shifts in demand, cost structures, regulatory frameworks, and competitive dynamics, this analysis provides insights into how companies must, and likely will, adapt their sourcing strategies to remain competitive in each scenario.

Scenario	Approach	Argumentation
Green Stability	Global	The demand for sustainable products can be met with high-quality production in offshore locations that can maintain the required standards (EL; EF). Despite increasing automation, declining overall production capacities limit the feasibility of nearshoring, as lower capacity reduces flexibility and responsiveness (EK; McKinsey & Company, 2021). At the same time, decreasing regulatory pressure is expected to lessen the need for companies to adjust their sourcing strategies, while rising labor costs create an incentive to continue offshoring (EM; EK). Additionally, the absence of time-sensitive market demands may further reduce the urgency to reconsider existing sourcing locations. Given these conditions, the motivation for a transition to nearshoring is minimal, reinforcing global sourcing as the preferred strategy.

Green Innovation	Local	The demand for sustainable products, met by companies leveraging the Made-in-Effect, leads to local sourcing. The increasing importance of TTM may further accelerate a shift in sourcing locations (EG; EJ; EF, Accenture, 2022) with stricter regulations potentially reinforcing this trend (EF). This transition is expected to be supported by investments in production capacity within nearshoring regions (McKinsey & Company, 2025), along with advancements in automation that enhance efficiency (Cunha Neves et al., 2022). At the same time, Material Innovation could facilitate a more localized supply of RMs within nearshoring regions, reducing dependency on global SCs (Euromonitor International, 2023). Although labor and logistics costs rise, nearshoring remains the preferred strategy in this scenario.
Regulated Cost Stagnation	Global	A strong cost focus in global supply chains due to declining demand affects quality assurance (Popp, Ruckman, & Rowe, 2000), leading to a greater emphasis on branding and trend-driven marketing. As TTM remains unchanged, there is no urgency to relocate production. Instead, firms invest in SC digitalization to enhance efficiency (EB) and mitigate rising material procurement costs. Although SR increase, businesses adapt by optimizing compliance rather than shifting to nearshoring. Stable labor (EL) and logistics costs further support the cost advantages of offshore locations (Nayak, 2022). Together with stable production capacities, the continuation of global sourcing remains the most viable strategy.
Adaptive Cost Optimization	Global	Instead of restructuring their sourcing strategies, a strong cost focus in global supply chains due to declining demand affects quality assurance (Popp, Ruckman, & Rowe, 2000), leading to a greater emphasis on branding and marketing. At the same time, increasing TTM is met with enhanced SCD, improving adaptability (EB) and mitigating rising material procurement costs. While SR continue to grow, companies again adjust by reinforcing compliance. Rising labor costs (EM; EK) add further financial pressure, making cost efficiency a key consideration. Although nearshoring offers logistics cost advantages (McKinsey & Company, 2021), decreasing overall logistics expenses reduce its relative importance. Additionally, the decline in nearshoring capacities further reinforces GS as the preferred strategy.

Table 5: Scenario Interpretation

## 5. Conclusions

### 5.1 Main Findings – Triangulation

Based on the triangulation of academic literature, expert interviews, and scenario analysis, this study shows that nearshoring will not increase in the near future to an extent that would lead to a significant shift in sourcing strategies. The confirmation of the null hypothesis ( $H_0$ ) suggests that, under current market conditions, nearshoring does not emerge as a dominant model, which has been declining. (McKinsey & Company, 2024).

Throughout this study, multiple influencing factors affecting the adoption of nearshoring in the German fashion industry have been identified to answer the RQ. From a strategic perspective, both strategic decisions and external influencing factors play a crucial role. One of the key external factors is the target group (scenario 3 & 4), particularly the purchasing behavior of

German consumers. German consumers are price-sensitive and pragmatic when it comes to fashion (FashionUnited, n.d.). This explains why a stronger focus on TTM is expected by customers (McKinsey & Company, 2021), but its impact and intensity remain undecided. Sustainability is also undoubtedly a relevant influencing factor (Accenture, 2022). However, sustainability remains secondary to cost considerations in many sourcing decisions (Pourhejazy & Ashby, 2021). At the same time, sustainable investments are also being made in offshore regions (EK), indicating that nearshoring is not automatically the only sustainable alternative. While reshoring can be used for the mitigation of risk and geopolitical uncertainties (Kazancoglu et al., 2023), an exclusive focus on it would be disproportionate (EL). Instead, strategies should be developed based on a company's individual risk profile (EA).

The findings further align with the market-oriented structure of the value chain (Goldberg & Schmies, 2021) and emphasize the importance of a well-established market fit (Taghian & Shaw, 2010), which needs to be aligned with the business model (Zott & Amit, 2008). As the business model serves as a framework that translates strategic priorities into concrete structures and processes (Teece, 2010), this alignment is essential. In turn, strategic decisions influence sourcing choices, shaping procurement strategies accordingly (EB; EH; EI).

Another critical factor influencing the adoption of nearshoring relates to internal resources, processes, and optimization opportunities. High labor costs in developed countries remain a decisive factor (EM). While automation is expected to counterbalance this (EL), it simultaneously increases the attractiveness of offshore locations (Cunha Neves et al., 2022). Cost considerations, in general, play a significant role, with Asia still perceived as the most cost-effective option (EM; EK). Additionally, companies face high margin pressure (EI), further complicating large-scale nearshoring efforts (Nayak, 2022). When considering product types and volumes, offshore sourcing is particularly favored for standardized (EE) and low-complexity products (Anke, 2005). Basic suppliers and premium brands often rely on production in Asia due to their lower dependency on short-term trends (EF). This sourcing approach aligns with the positioning and procurement strategies of major German fashion brands (Statista, 2023).

The study also shows that certain external factors could promote the adoption of nearshoring as a sourcing strategy. These include a growing preference for sustainable and locally conscious consumption (Scenario 1 & 2). Stricter regulatory frameworks and higher sustainability requirements could also further encourage regional sourcing strategies (Butollo & Staritz,

2022). Additionally, material innovations that enhance the availability of regional raw materials could contribute to the long-term attractiveness of nearshoring. The expansion of local production capacities and technological advancements are particularly important in this development.

### **5.1.1 Theoretical Implications**

This study aligns with existing research that highlights the strategic importance of procurement and supply chain management for competitive differentiation and operational efficiency (Monczka et al., 2010). Furthermore, the findings support strategic management theory, which emphasizes the interaction between business-unit strategy, including sourcing strategy, and corporate-level strategy (Beard & Dess, 1981). The findings also underline the importance of aligning business models with product-market strategies, as proposed by Zott & Amit (2008). A well-established market fit ensures that strategic priorities are effectively translated into customer value, thereby enhancing competitiveness and long-term success (Taghian & Shaw, 2010).

This study contributes to the academic discussion on strategic procurement and supply chain management, particularly in the context of the fashion industry and nearshoring trends. It expands existing research by integrating insights from strategic management, value chain optimization, and scenario analysis, leading to a more comprehensive perspective on sourcing decisions. It complements the fact that developing countries primarily meet global demand for fashion and textiles (Nayak, 2022). The findings further add to the expectation that this trend is likely to continue in the near future. By identifying key categories influencing nearshoring decision-making, it enhances existing research on nearshoring in the fashion industry. A notable reference in this context is the meta-study by Fratocchi & Di Stefano (2019), which examines shifting sourcing strategies in the fashion industry. While Kazancoglu et al. (2023) argue that reshoring is one of the most effective strategies for strengthening resilience in the manufacturing industry, the findings of this study suggest that nearshoring may provide advantages only under specific conditions.

This study confirms the importance of scenario analysis as a tool for combining objective data with subjective interpretations, as described by Schoemaker (1995). Furthermore, the findings emphasize the relevance of scenario analysis as an effective instrument for aligning corporate

and procurement strategies and for developing appropriate measures (Johnson et al., 2011). Additionally, this study expands the existing insights of Fornasiero, Sardesai, Barros & Matopoulos (2020) on supply chain development based on scenario analysis by adopting a similar approach while focusing on a specific domain.

### **5.1.2 Practical Implications**

The findings of this study provide valuable insights for companies in the German fashion industry. They are particularly relevant for decision-makers in sourcing, supply chain management, and strategic corporate leadership. The identified categories and their interrelations serve as a foundation for making well-informed sourcing location decisions.

For companies whose target groups prioritize sustainable consumption, nearshoring can be a viable strategy. The same applies to businesses that require a fast TTM due to their trend-driven approach. In such cases, it may be beneficial to introduce, maintain, or expand nearshoring as part of the sourcing approach. However, the associated challenges must also be considered. These include potential capacity constraints and the availability of necessary materials. Additionally, companies may need to develop automation processes to optimize costs and ensure competitiveness. A clear strategic positioning is essential to fully leverage nearshoring's advantages.

For companies facing declining or fashion-focused affordable demand, nearshoring may not be the ideal solution. The same applies to businesses with larger order volumes or longer order cycles. In such cases, it is important to evaluate whether key objectives like high quality, transparency, innovation, sustainability, and risk management can be achieved through existing supply chains and sourcing locations. If so, improving current sourcing locations might be more effective than shifting to nearshoring. Given evolving market conditions, sourcing decisions should not be made in isolation. Instead, they must be integrated into long-term corporate objectives.

From a political and societal perspective, fostering nearshoring would require targeted actions. Investments in local production networks can strengthen regional production hubs. Stricter environmental and social regulations can serve as a motivation for companies to source locally. Additionally, raising consumer awareness through targeted education and incentives, can

encourage demand for locally and sustainably produced fashion. Whether nearshoring should be actively promoted depends on broader economic, social, and political objectives.

## **5.2 Limitations**

This dissertation is subject to several limitations that may affect the applicability and generalizability of the results. One limitation is the timeframe and the limited resources accessible. This results in a restricted depth of analysis and limitations in the selection of data sources.

### **5.2.1 Literature review**

Secondary sources were used as the basis for the interviews and the SA, the results obtained may have limitations in their significance. This is due to the fact that secondary data may not fully cover the specific requirements of the study or reflect current developments in nearshoring in the German fashion industry. Such limitations could affect the depth and accuracy of the analysis.

### **5.2.2 Expert interviews**

The problem-centered expert interviews are subject to limitations that may affect the generalizability and objectivity of the results. The interview guide was developed through an iterative, inductive process based on the relevant literature previously discussed. While this approach strengthens the theoretical foundation, it may have introduced biases in the framing of questions, as the design of the guide was influenced by the assumptions and perspectives of the researcher (Brinkmann & Kvale, 2015). Additionally, the open narrative approach of the interviews, which required adjustments during the interviews, could also have led to biases. The sample includes 13 experts, sufficient to achieve thematic saturation (Guest, Bunce & Johnson, 2006). However, not all relevant topics were likely captured, as smaller sample sizes can compromise the reliability and representativeness of the findings (Houghton et al., 2013). Furthermore, the selection was limited to individuals who were available and willing to participate. Nonetheless, efforts were made to ensure a diverse selection of experts, including senior executives, to enhance the variety of perspectives and the quality of insights.

### **5.2.3 Scenario analysis**

The SA conducted in this study is a valuable tool for examining complex future developments, but it is not without limitations. The analysis's selection of the descriptors and variants was based on relevant literature and the previously conducted expert interviews. As such, this selection requires reflection on assumptions and subjective perspectives to avoid biases (Brinkmann & Kvale, 2015). Furthermore, the creation of descriptors and variants was constrained by the number of cross-points that had to be evaluated by experts. This limitation may have impacted the completeness and distinct separation of the categorization. The cross-impact method used to assess potential future scenarios relies heavily on expert judgment, which is prone to cognitive biases and different interpretations (Gordon, 1994). The subjective nature of this method could affect the consistency and reliability of the results. In addition, the use of multiple expert opinions within a matrix may have led to conflicting assessments, while the correction made by Expert 4 may have influenced the original assessment.

Despite these limitations, the study identified factors influencing nearshoring decisions in the German fashion industry and contributes to the growing body of research in this area.

### **5.3 Future Research**

One promising area of research is analyzing the long-term effects of nearshoring on business performance. Of particular interest would be whether companies implementing nearshoring achieve an edge over competitors relying on offshoring. These findings could make an important contribution to understanding the economic sustainability of nearshoring.

Another relevant area of research concerns the impact of nearshoring on labor markets in the affected regions. It could be examined here whether nearshoring improves working conditions in the long term or causes negative effects such as a decline in employment in certain regions. A well-founded analysis of these aspects could help companies and political actors to better understand the social and economic consequences of nearshoring.

Investigating nearshoring in the context of Small and Medium-sized Enterprises (SMEs) would be of particular interest in the fashion industry in Germany, as the German textile and clothing industry consists predominantly of SMEs, including a large number of family businesses (Federal Ministry for Economic Affairs and Climate Protection, n.d.). SMEs may face distinct

challenges and opportunities compared to larger firms, making targeted research valuable for practical solutions and theory development.

Further development and validation of the scenario approach used in this study also offer potential for future research. Existing scenarios could be reviewed and expanded based on new data and changing market conditions. In addition, the Delphi method could be integrated into the execution of SA to improve the validity of the results and further increase the robustness of scenarios (Fornasiero, Sardesai, Barros, & Matopoulos, 2020).

Finally, particularly in SA, including a broader stakeholder group and more additional external trends in future studies would be beneficial for a comprehensive outlook. An interdisciplinary approach could also ensure that the diverse effects of this sourcing strategy in a globalized and dynamic market environment are analyzed more thoroughly and that its driving factors are better identified.

Investigating these topic areas could contribute to better understanding and further developing the strategic relevance and practical application of nearshoring.

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## Appendices

### Appendix A: Expert Interviews

#### Interview Script

The script presents a series of questions posed to experts during the interviews. As these were problem-centered expert interviews, some questions were adapted to each expert's specific area of expertise and the natural progression of the discussion. Additionally, clarification on the meaning of terminology was provided.

- a) What is your current professional role?
- b) How many years of relevant work experience would you say you have in this field?
  1. How would you generally describe the current situation regarding sourcing location strategies for German fashion companies?
  2. In your opinion, what is the currently preferred sourcing strategy for German fashion companies?
    - i. Why do you think this sourcing strategy is currently preferred and applied?
  3. What are the main reasons, in your opinion, for choosing Nearshoring?
  4. Which events or trends would you say have significantly influenced Nearshoring in recent years?
    - i. In which direction do you believe Nearshoring has developed as a trend in response?
  5. What reasons, in your assessment, argue against choosing Nearshoring as a sourcing strategy?
  6. What relevant influencing factors do you see in the future for sourcing location decisions of German fashion companies?
    - i. What do you believe this means for the option of Nearshoring?
  7. What other aspects do you consider important?

## Summary of Interviews

### .1 Summary of expert interview 1: EA

EA emphasized that cost efficiency remains the primary factor in sourcing decisions, making large-scale nearshoring unlikely unless significant disruptions occur. He questioned whether companies are willing to bear the higher costs of relocating production to Europe and stressed that businesses will continue offshoring unless forced to change.

Regarding minimum order quantities, EA noted that lower labor costs are often tied to higher production volume requirements, limiting the feasibility of nearshoring for companies seeking flexibility. He highlighted that cost-efficient mass production remains a key advantage of offshore locations, especially for price-sensitive products.

In terms of automation, EA pointed out its limited applicability in fashion compared to standardized industries. Sewing remains highly manual, while yarn production, dyeing, and weaving have seen more automation. He argued that automation is only viable for standardized products, whereas creative and frequently changing designs require greater manual flexibility. He also stressed that high investment costs remain a barrier to expanding automation, making traditional techniques more viable in many cases.

EA also discussed brand reputation and ESG compliance, stating that companies increasingly avoid sourcing from regions with poor labor standards to protect their brand image. However, he warned against oversimplified sustainability assumptions, as shifting production could negatively impact low-wage economies. He noted that some brands choose to maintain offshore production despite NGO and media pressure because of cost and supply chain stability.

On supply chain risks, EA emphasized that companies must tailor their sourcing strategies to their risk and cost profiles, rather than following industry trends blindly. He pointed out that while nearshoring offers resilience advantages, companies should not assume all risks can be mitigated through relocation alone.

Regarding investment in production capacities, EA highlighted that Asia continues to expand its infrastructure and sustainable technologies, while Europe lags behind. He argued that relocating production to Europe requires significant capital investment, which many companies are reluctant to commit to.

EA acknowledged the importance of TTM but questioned whether further acceleration is realistically achievable. He pointed out that process and lead times have natural limits, which may prevent nearshoring from offering significant advantages in speed compared to well-established offshore production networks.

Additionally, EA discussed logistics and supply chain digitalization, stating that technological advancements help improve transparency and flexibility, but do not fundamentally change the cost-benefit equation of sourcing locations. He described Control Tower systems as an example of how digital tools can support decision-making, but ultimately maintained that digitalization alone will not drive large-scale nearshoring.

## **.2 Summary of expertinterview 2: EB**

EB highlighted that cost remains the most critical factor in sourcing decisions, making significant nearshoring efforts unlikely unless external pressures force change. He emphasized that while companies consider sustainability and risk management, they are ultimately driven by cost-efficiency and margin protection.

Regarding investment in nearshoring, EB noted that relocating production to Europe requires substantial capital investments, particularly in infrastructure, automation, and workforce development. Meanwhile, Asia continues to expand its production capacities and invest in sustainable technologies, further increasing its competitive advantage. While some companies have started investing in Europe, progress remains slow due to cost barriers.

On automation, EB pointed out that high operational costs limit its large-scale implementation in fashion manufacturing. While processes like yarn production, dyeing, and weaving have seen automation advances, sewing remains highly manual due to the complexity of adapting machines to ever-changing designs. He also noted that automation feasibility depends on product type, with knitwear benefiting more than denim or silk.

EB also discussed brand reputation and ESG compliance, stressing that companies increasingly avoid sourcing from regions with poor labor conditions due to regulatory pressures and brand image concerns. He emphasized that in-house production offers better control over ESG compliance but warned that nearshoring does not automatically improve sustainability. Some brands deliberately maintain production in these regions despite NGO and media scrutiny.

On supply chain risks, EB emphasized that uncertainties around trade policies and geopolitical tensions have made long-term sourcing decisions more complex.

Regarding margins and cost pressures, EB explained that nearshoring is more viable for high-margin products, whereas companies producing low-margin goods remain reliant on offshore cost advantages.

In terms of supply chain digitalization, EB highlighted that technology is crucial for adaptability, describing a Control Tower system that monitors supply chains and enables proactive adjustments in case of disruptions. While digitalization improves visibility and decision-making, he argued that it does not fundamentally alter the economic advantages of global sourcing.

Lastly, EB was critical of short-term strategic thinking in the industry, stating that many companies lack a clear direction and react to trends rather than proactively shaping their sourcing strategies. This results in inconsistent decision-making and cost-cutting measures that fail to address long-term structural challenges.

### **.3 Summary of expert interview 3: EC**

EC highlighted the complexity of global production networks and the challenges associated with offshoring. He emphasized that while cost advantages drive offshore production, quality issues frequently arise due to the large distance between design and production teams, leading to misalignment and inefficiencies. Communication barriers and logistical difficulties further complicate operations, making companies reconsider their sourcing strategies.

Regarding labor conditions, EC stressed the importance of avoiding oversimplified judgments about offshore production. He pointed out that while Western perspectives often frame low-cost production countries negatively, local realities must be considered. For many workers, factory jobs provide economic stability and opportunities they would otherwise lack. However, he acknowledged the need for continuous improvements in labor rights and working conditions.

EC also discussed the role of sustainability and how social media has increased pressure on brands to be transparent about their sourcing decisions. He noted that while transparency is rising, many brands engage in Greenwashing instead of implementing real change. He argued that shifting production closer to consumer markets does not automatically result in better labor

conditions. Instead, brands must engage with suppliers to implement sustainable and ethical production standards.

On the topic of nearshoring, EC emphasized that start-ups and smaller brands often find local or nearshore production financially unfeasible due to high costs, whereas large companies continue offshore sourcing to maximize cost efficiency. He shared his own experience of working with European production sites to maintain quality control while minimizing logistical burdens. However, EC noted that for large-scale mass production, offshore sourcing remains dominant.

EC highlighted the impact of regulatory pressure, stating that stricter environmental and social regulations may push some companies toward nearshoring. EC also cautioned that regulation alone is insufficient to drive large-scale sourcing shifts unless accompanied by economic incentives that make nearshoring financially viable.

Finally, EC emphasized the growing role of consumer preferences in sourcing decisions. He noted that transparency, quality, and ethical considerations are becoming increasingly important for brands, particularly in the premium and luxury segments. He suggested that companies leveraging their sourcing strategies for branding purposes could gain a competitive advantage in the future.

#### **.4 Summary of expert interview 4: ED**

ED emphasized the structural challenges within the German textile industry, highlighting how many companies have been slow to adapt to changing market conditions. According to ED, the effects of the COVID-19 pandemic exposed weaknesses in outdated processes, particularly regarding sourcing strategies and digital transformation. Many German textile companies struggled due to rigid supply chains and a lack of diversification, leading to financial instability. ED explained that the German textile industry has weakened its own competitiveness by failing to address rising production costs and the loss of local suppliers.

Regarding sourcing decisions, ED noted that offshoring remains dominant due to its cost advantages, but companies often fail to account for additional hidden costs, such as quality control issues and logistics complexities. ED explained that while offshoring to low-cost countries initially appears cheaper, unforeseen expenses—such as reworking low-quality

products and extended lead times—often reduce the actual cost benefits. He also emphasized that even when companies shift production to Europe, they remain reliant on suppliers from Asia, as many materials and components are no longer sourced locally.

On quality perception, ED emphasized that many consumers still expect high-quality products and that a decline in product standards can damage brand reputation. The Made-in Effect remains relevant, as customers associate European production with higher quality. However, ED warned that nearshoring is not always a solution, as cost constraints and expertise shortages in Europe limit its feasibility. He also warned that quality losses can cause lasting damage to a brand's reputation, and lost customers are often difficult to win back. The challenge is finding reliable suppliers who can consistently deliver the expected quality standards.

ED also highlighted the importance of strong supplier relationships, stating that companies that frequently change their sourcing partners risk losing production efficiency and quality control. He emphasized that frequent supplier changes often lead to long-term losses in efficiency and product quality, as stable partnerships are crucial for maintaining high standards. Long-term partnerships allow brands to maintain a consistent level of quality and improve collaboration on innovation.

Regarding nearshoring, ED acknowledged its potential benefits, such as shorter lead times and simplified logistics, which can enable faster market response. However, ED noted that material supply chains remain global, making full localization difficult. Even if production is relocated closer to consumer markets, key raw materials and components may still need to be sourced from distant suppliers, limiting the effectiveness of nearshoring in certain product categories.

ED also discussed sustainability, stating that responsible sourcing must balance environmental and social factors. While some brands position themselves as sustainability leaders, others strategically maintain offshore production despite external pressures from NGOs and consumers. The expert emphasized that true sustainability efforts require systemic industry changes rather than superficial marketing strategies.

On the role of digitalization, ED noted that while technological advancements support supply chain efficiency, they do not fundamentally alter cost structures enough to drive widespread nearshoring. Investments in automation and digital control systems help improve flexibility, but traditional sourcing strategies remain dominant due to cost considerations.

Finally, ED addressed macroeconomic uncertainties such as inflation and geopolitical risks, stating that these factors introduce unpredictability into sourcing decisions. While companies may consider relocating production to mitigate risks, the high capital investment required for nearshoring often remains a barrier.

## **.5 Summary of expert interview 5: EE**

EE highlighted that standardized fashion items, such as basics, remain predominantly produced in Asia due to stable production conditions and cost advantages. He explained that long-term supplier relationships and established production networks contribute to the continued dominance of Asia in mass production.

Regarding sustainability, EE pointed out that while awareness is increasing, the cost of sustainable production remains a significant barrier. He noted that consumers often prioritize affordability over sustainability, and many recycling companies face financial difficulties and are forced to close due to a lack of demand.

On the topic of consumer preferences, EE emphasized the divergence between younger and older consumers. Younger consumers tend to favor affordable fast fashion, while those over 35 place greater emphasis on product origin and sustainability. He explained that rising living costs often force consumers to choose cheaper alternatives, even if they support sustainability in principle.

Discussing European production, EE acknowledged that while European manufacturers maintain a quality advantage, production in Europe remains expensive. He stressed that quality depends more on production processes than on location, and cost pressures often force companies to compromise on materials rather than labor or production standards.

Regarding sourcing strategies, EE noted that while some brands explore nearshoring opportunities, many companies continue to source from Asia due to established supply chains and cost competitiveness. He also highlighted that automation remains a challenge in fashion production, as manual labor remains essential for many processes.

EE further discussed the role of brand reputation and sourcing decisions. He stated that some brands strategically remain in low-cost production regions despite NGO and media scrutiny, as cost pressures and supply chain stability often outweigh reputational risks. However, he also

emphasized that for brands that genuinely commit to sustainability, sourcing decisions are influenced by both environmental and social considerations.

## **.6 Summary of expert interview 6: EF**

EF emphasized that sustainability, risk diversification, and supply chain transparency are critical factors influencing sourcing decisions. He highlighted that while Bangladesh has developed extensive and increasingly sustainable production capacities, companies must assess each country individually rather than making assumptions about quality based on geography. He stressed that offshore production is not inherently worse than European production, as long as compliance with social and environmental standards is ensured.

Regarding labor costs and minimum order quantities, EF explained that high-volume production in Asia remains an attractive option due to cost efficiencies. He pointed out that basics providers and premium brands often rely on Asian production, as they are less trend-dependent. He also noted that while overproduction is a challenge, nearshoring allows for more flexible batch sizes, which is beneficial as consumer demand shifts toward smaller and more diverse collections.

EF identified TTM as a key driver for sourcing decisions, stating that long lead times in offshore production create challenges. He noted that brands increasingly turn to nearshoring to improve flexibility and quickly adapt to fast-changing trends. However, he also mentioned that some companies, such as Inditex, accept higher production costs in Europe to gain speed advantages, while others balance costs and risk by diversifying sourcing locations.

Regarding supply chain transparency, EF highlighted the importance of short supply chains, stating that companies should aim to reduce transportation distances between raw materials and final production to enhance efficiency and sustainability.

EF also questioned whether large-scale nearshoring is a realistic trend, emphasizing that full relocation to Europe is unlikely due to high operational costs and infrastructure gaps. While automation and digitalization are advancing, they are not yet broadly implemented in the industry. He pointed out that automation is still expensive and not easily adaptable to fashion production, as current technology lacks the flexibility required for rapidly changing designs.

Regarding inflation and economic factors, EF noted that rising costs and consumer purchasing power affect sourcing strategies, but most brands are reluctant to reduce margins just to shift production closer to home. He sees no large-scale shift towards European production but rather strategic balancing between cost, flexibility, and brand positioning.

Finally, EF highlighted that regulations such as CSRD and sustainability certifications will increasingly shape sourcing decisions. He emphasized that companies must integrate compliance requirements into their strategies, but short-term economic pressures often outweigh long-term sustainability goals.

## **.7 Summary of expert interview 7: EG**

EG provided insights into global sourcing strategies, highlighting the shift from European to Asian and Turkish supply chains. He emphasized that Turkey is the only European region with a fully integrated supply chain, covering all production steps, while Bangladesh remains dominant for cost-efficient mass production.

Regarding costs, EG noted that sustainable production in Portugal is more expensive than in Turkey. While sustainability is increasingly discussed, cost efficiency remains the priority for most brands.

On TTM, EG stated that shipping times from Bangladesh have increased, making it harder for brands to react quickly to trends. In contrast, Turkey offers shorter lead times and greater flexibility, making it a preferred option for time-sensitive production.

EG discussed automation, stating that while spinning, weaving, and dyeing are already automated, sewing remains labor-intensive. Full-garment knitting exists but remains too costly for mainstream adoption.

Regarding labor costs and workforce availability, he highlighted that Portugal and Eastern Europe struggle with aging workforces, making large-scale production challenging.

On logistics, EG noted that while nearshoring reduces some risks, raw material dependencies remain, as fabrics and components are still sourced globally.

Discussing consumer preferences, he questioned whether the 'Made in Europe' label significantly impacts mass-market consumers, as price remains the dominant factor, despite rising sustainability awareness.

Regarding supply chain risks, EG warned of geopolitical uncertainties in Asia, particularly in China and Bangladesh, but also noted Turkey's economic instability. He advised brands to diversify sourcing locations rather than relying on one region.

He also discussed AI in trend forecasting, explaining that brands use AI to track emerging styles on social media, enabling faster response times. However, he noted that rapid production often compromises labor conditions.

Finally, EG saw North African countries such as Egypt, Tunisia, and Morocco as potential sourcing hubs, but only if backed by stable political and economic frameworks.

## **.8 Summary of expert interview 8: EH**

EH highlighted the ongoing dominance of Asian production, particularly in China, Bangladesh, and Pakistan, due to cost efficiency and established supply chains. He noted that China benefits from tariff-free EU imports, while Bangladesh remains attractive for basics despite longer shipping times, with shipments taking 42 days compared to 34 days. EH explained that companies seeking shorter lead times increasingly consider Portugal, Turkey, and North Africa, though higher costs and workforce limitations pose challenges.

Regarding sustainability, EH emphasized that price remains the key driver in consumer decisions, despite growing awareness. He estimated that only 20% of consumers actively prioritize sustainability, while most focus on affordability. He also noted that many brands outsource energy-intensive processes abroad to improve their European CO<sub>2</sub> balance while maintaining a sustainable brand image. He warned that many sustainability claims remain marketing-driven, with limited transparency on actual impact.

EH observed that companies with strong ethical commitments integrate sustainability into sourcing, while cost-driven brands optimize for efficiency in Asia. He referenced Rana Plaza, explaining that many brands temporarily withdrew from Bangladesh due to ethical concerns but later returned under improved conditions, illustrating the short-term nature of ethical sourcing decisions when cost factors remain dominant.

Discussing digitalization, EH stated that while supply chain transparency is becoming a regulatory requirement, many brands are unprepared. He pointed to upcoming EU regulations like the digital product passport, which will require companies to disclose sourcing details and material origins. Many brands still rely on outdated systems, making full traceability difficult. While digital monitoring is improving, the fashion industry lags behind other sectors in implementation.

On consumer engagement, EH emphasized that storytelling is increasingly critical in marketing. He highlighted China's live shopping trends, where brands integrate video content to build emotional connections and drive direct sales. This approach enhances brand loyalty despite price-driven competition.

Finally, EH noted that while nearshoring is gaining attention, large-scale relocation remains unlikely due to higher costs and infrastructure gaps. Instead, he predicted that brands will continue to balance offshore production, regional sourcing, and digital innovation to maintain flexibility and efficiency while responding to market shifts.

## **.9 Summary of expert interview 9: EI**

EI emphasized the strategic importance of sourcing decisions, highlighting how brands balance cost efficiency, brand positioning, and sustainability considerations. He explained that the Made-in label plays a crucial role in consumer perception, particularly for premium and mid-price brands, where European production is often preferred over Asian alternatives.

Regarding sourcing strategies, EI described a hybrid approach, where companies mix offshore and nearshore production. He referenced Zara's fixed sourcing protocol, requiring 30% of annual production to come from nearshore locations, including Turkey, Portugal, and North Africa. He noted that brands targeting mid-to-high price segments, such as Angels Jeans, rely heavily on nearshoring to maintain quality and perceived value, avoiding Made in Bangladesh or Made in China labels.

EI also discussed cost challenges, emphasizing that rising wages in key production hubs, such as Turkey where minimum wages have tripled in recent years, have significantly impacted sourcing costs. He explained that higher labor and energy costs in Europe make sustainable

production difficult, as brands struggle to absorb the financial burden without raising retail prices.

On sustainability, EI noted that while recycling technologies and eco-friendly materials are advancing, cost remains the primary barrier to large-scale adoption. He referenced the collapse of Circulose, a company specializing in recycled fibers, as an example of sustainability initiatives failing due to high costs and limited demand from brands unwilling to pay a premium for eco-friendly materials. He observed that while many brands promote sustainability narratives, their actual commitment is often constrained by economic pressures and consumer price sensitivity.

Discussing nearshoring skepticism, EI acknowledged moderate growth in European sourcing but warned that high inflation and production costs will prevent a significant shift away from Asia. He noted that despite rising costs, offshoring remains dominant due to its cost advantages and established infrastructure.

Regarding market positioning, EI explained that sourcing location plays a strategic role in brand differentiation. He warned that many mid-market fashion brands may struggle to survive in the coming years as economic conditions worsen and price competition from discount retailers intensifies. He highlighted that mid-price brands face increasing pressure, as ongoing discounting strategies erode profit margins, making it harder to maintain European production.

Finally, EI discussed the future of fashion sourcing, predicting that while some brands will continue nearshoring for strategic reasons, the majority will maintain offshore production. He emphasized that cost efficiency, flexibility, and geopolitical stability will remain the key drivers of sourcing decisions, with brands balancing between nearshoring, offshoring, and digitalization to optimize their supply chains.

## **.10 Summary of expert Interview 10: EJ**

EJ discussed sourcing strategies, logistics, sustainability, and financial constraints, emphasizing the continued dominance of Asian production not only due to cost advantages and established supply chains but also because key raw materials are sourced locally, reducing logistical complexity and transport costs. He noted that while nearshoring is gaining traction, offshoring remains dominant for volume-based production.

Regarding TTM, EJ emphasized that long lead times in offshoring create challenges, especially for trend-driven fashion. He argued that regional sourcing benefits smaller production volumes and fast-moving collections, allowing brands to react more quickly to market shifts. As a result, companies often combine offshoring for bulk production with nearshoring for flexibility, using Turkey or Eastern Europe for faster replenishment.

EJ also discussed Never-Out-of-Stock products, explaining that these remain in Asia due to predictable demand and cost efficiency. While products are typically produced in Asia due to predictable demand and cost efficiency, companies increasingly use nearshore suppliers in Turkey or Eastern Europe to handle unexpected demand spikes.

On logistics and transport costs, he highlighted that transport prices are dictated by supply and demand dynamics, leaving companies with little room for negotiation. While nearshoring eliminates customs complexities, making supply chains more predictable, offshoring benefits from duty-free EU imports from key markets like China and Bangladesh.

Discussing sustainability, EJ noted that financial constraints make it difficult for companies to absorb the costs of sustainable production. While sustainability is a growing concern, economic realities often force brands to prioritize affordability. He pointed out that even when brands attempt to reduce their CO<sub>2</sub> footprint, logistical constraints and cost pressures limit their ability to fully implement sustainable solutions.

Finally, EJ commented on the broader sourcing landscape, acknowledging that nearshoring will continue to grow but remains constrained by high production costs and inflationary pressures. While some brands explore European production to enhance brand reputation, EJ emphasized that price remains the dominant factor, particularly for mid-market brands facing shrinking profit margins.

## **.11 Summary of expert interview 11: EK**

EK discussed global sourcing strategies, risk management, sustainability, and nearshoring trends, emphasizing how geopolitical factors, cost pressures, and regulatory constraints shape sourcing decisions. He noted that while nearshoring is gaining attention, European factories often lack the material supply and production capacity to fully replace Asia. He explained that while low-cost production hubs like Bangladesh and Cambodia remain competitive,

geopolitical tensions and risk minimization are driving a shift towards Turkey, North Africa, and Eastern Europe. He emphasized that logistics and lead times are key factors in sourcing decisions, with nearshoring enabling shorter procurement cycles, particularly for smaller, more flexible production batches.

EK also discussed sustainability and regulatory compliance, noting that EU policies like the Supply Chain Act impose stricter transparency requirements, requiring companies to disclose sourcing details up to Tier-4 suppliers, which limits supplier selection in Asia. While these regulations could make nearshoring more attractive, he stressed that European production cannot fully replace Asian capacity, as many factories lack the scale to meet demand.

On production costs, EK pointed out that inflation and rising wages impact sourcing strategies worldwide. While energy and labor costs remain lower in Asia, he noted that Turkey and Eastern Europe offer cost advantages over Western Europe, making them viable alternatives for nearshoring. However, he cautioned that long-term shifts towards regional production will be constrained by economic realities, workforce shortages, and limited infrastructure in Europe.

Discussing automation, he explained that while automation is advancing, its feasibility depends on product type—knitwear sees high automation, whereas complex garments like denim or silk blouses still require manual labor. He emphasized that automation is not yet a universal solution and that manual labor remains crucial in many fashion segments.

Regarding consumer expectations, EK emphasized that balancing sustainability, cost efficiency, and customer willingness to pay remains a challenge. He explained that while nearshoring enhances brand perception, price remains a primary factor in consumer decision-making, especially in mid-market segments.

Finally, EK commented on investment trends in supply chains, stating that companies are increasingly prioritizing nearshoring for flexibility and risk diversification. However, he cautioned that long-term shifts towards regional production will be constrained by economic realities, workforce shortages, and limited infrastructure in Europe.

## **.12 Summary of expert interview 12: EL**

EL provided insights into sourcing strategies, cost structures, sustainability, and regulatory constraints, emphasizing the complex trade-offs between nearshoring and offshoring. He noted

that while nearshoring offers benefits such as reduced lead times and simplified logistics, it remains constrained by higher production costs, limited material availability, and labor shortages in Europe.

Regarding cost advantages, he highlighted that tariff-free imports from China and liberalized trade conditions in Bangladesh continue to make offshoring the more cost-effective option, reinforcing its dominance. He noted that H&M and Inditex have shifted production to even lower-cost regions, reducing Turkey's role as a sourcing hub.

EL also discussed risk mitigation, cautioning against over-reliance on nearshoring or friendshoring due to high preventive costs. He argued that diversification rather than full relocation of production is the most viable strategy for brands navigating supply chain risks.

On sustainability, he emphasized that new EU regulations, such as the Supply Chain Act, impose stricter environmental and transparency requirements, forcing brands to disclose supplier details up to Tier-4, which limits supplier selection in Asia. He acknowledged both challenges and opportunities in digitalization and traceability, noting that while transparency efforts are increasing, they will not lead to large-scale nearshoring.

EL also commented on production capacity constraints, stating that Europe still relies heavily on global suppliers for cotton and synthetics, which limits full nearshoring potential. He further explained that automation in textiles remains underdeveloped and is not yet advanced enough to offset the structural cost disadvantages of nearshoring.

Finally, EL addressed the "Made-in" effect, stating that higher production costs linked to European manufacturing could become a disadvantage rather than a selling point. He noted that price and quality matter more than production location, making cost-efficiency the overriding factor in sourcing decisions.

### **.13 Summary of expert interview 13: EM**

EM discussed cost structures, supply chain risks, sustainability, and digitalization, emphasizing that offshoring remains the dominant strategy due to cost advantages, despite increased nearshoring discussions. He noted that Asia continues to offer the most cost-efficient sourcing solutions, with Bangladesh and Myanmar benefiting from strong infrastructure and experience.

While some African countries are emerging as alternatives, EM argued that lack of expertise and inconsistent supply chains hinder large-scale adoption.

Regarding supply chain risks, EM highlighted that logistics disruptions, rising fuel costs, and inflation have driven sourcing costs up, making strategic supply chain partnerships essential. He explained that companies with long-term transport agreements have better cost control and priority access, particularly in times of global shipping disruptions.

On sustainability, EM acknowledged that new EU regulations, such as the Supply Chain Act, are increasing pressure on brands to improve environmental and ethical standards. However, he noted that cost constraints limit the implementation of sustainability initiatives, with many companies maintaining offshore production despite NGO and media pressure.

EM also discussed digitalization, emphasizing that transparency is becoming a key competitive factor in procurement. He warned that while digital tools help track supply chains, they do not fundamentally change cost structures or enable large-scale nearshoring. He further explained that low risk tolerance is driving interest in regional sourcing, but long-term nearshoring success depends on real-time market insights and infrastructure improvements.

Finally, EM commented on consumer preferences, stating that while companies are influenced by sustainability expectations, price remains the dominant factor in purchasing decisions. He noted that brands attempt to balance sustainability narratives with cost efficiency, but mid-market brands face increasing pressure as discounters offer sustainable products at lower prices.

# Appendix B: Scenario Analysis

## Output of the Scenario Calculation

Scenario no. 1		Scenario no. 3	
Consistency score: 0		Consistency score: 0	
Total impact score: 61		Total impact score: 40	
A. Demand	A4 Green Consumption	A. Demand	A1 Increases
B. Branding	B1 Made-in Effect	B. Branding	B2 Quality
C. Time to Market	C1 Increases	C. Time to Market	C1 Increases
D. Innovation	D1 Automation	D. Innovation	D1 Automation
E. Materials	E4 Material Innovation	E. Materials	E4 Material Innovation
F. Labor Costs	F1 Increases	F. Labor Costs	F1 Increases
G. Logistics Costs	G1 Increases	G. Logistics Costs	G3 Remains the same
H. Sustainability	H1 Increasing Regulations	H. Sustainability	H2 Decreasing Regulations
I. Capabilities	I1 Increases	I. Capabilities	I1 Increases

Scenario no. 2		Scenario no. 4	
Consistency score: 0		Consistency score: 0	
Total impact score: 45		Total impact score: 35	
A. Demand	A4 Green Consumption	A. Demand	A4 Green Consumption
B. Branding	B1 Made-in Effect	B. Branding	B2 Quality
C. Time to Market	C1 Increases	C. Time to Market	C2 Remains the same
D. Innovation	D1 Automation	D. Innovation	D1 Automation
E. Materials	E4 Material Innovation	E. Materials	E4 Material Innovation
F. Labor Costs	F1 Increases	F. Labor Costs	F1 Increases
G. Logistics Costs	G1 Increases	G. Logistics Costs	G3 Remains the same
H. Sustainability	H2 Decreasing Regulations	H. Sustainability	H2 Decreasing Regulations
I. Capabilities	I1 Increases	I. Capabilities	I3 Decreases

Figure A1: Original Scenarios Before Their Merger

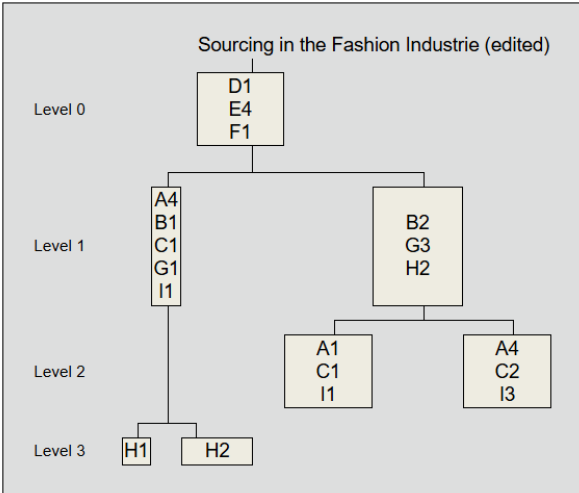


Figure A2: Branching tree diagramm of the Scenarios

Scenario no. 1	
Consistency score: -6	
Total impact score: 25	
A. Demand	A2 Decreases
B. Branding	B3 Fashion First
C. Time to Market	C2 Remains the same
D. Innovation	D3 Supply Chain Digitalization
E. Materials	E1 Increasing Procurement Price
F. Labor Costs	F3 Remains the same
G. Logistics Costs	G3 Remains the same
H. Sustainability	H1 Increasing Regulations
I. Capabilities	I2 Remains the same

Scenario no. 2	
Consistency score: -7	
Total impact score: 20	
A. Demand	A2 Decreases
B. Branding	B3 Fashion First
C. Time to Market	C1 Increases
D. Innovation	D3 Supply Chain Digitalization
E. Materials	E1 Increasing Procurement Price
F. Labor Costs	F1 Increases
G. Logistics Costs	G2 Decreases
H. Sustainability	H1 Increasing Regulations
I. Capabilities	I3 Decreases

Figure A3: Scenarios with intervention and inconsistency (red)

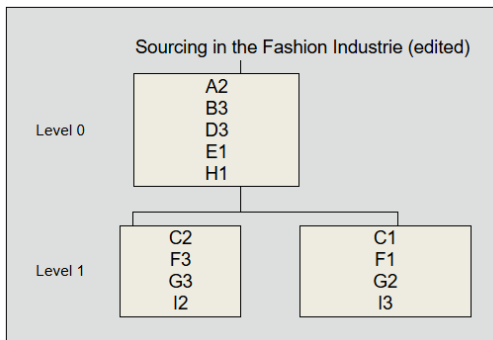


Figure A4: Branching tree diagramm of the Scenarios with intervention