

For Immediate Release:

Cruise line supply networks: Tides are changing with shift in global economics

As wages rise and growth slows in China, cruise lines looking to source product from overseas may benefit from examining alternatives.

January 12, 2015 - Los Angeles: The manufacturing landscape in China is undergoing a metamorphosis. Failing as recently as 1980 to crack the top five manufacturing countries globally, the nation surpassed the United States in 2011 to become the undisputed leader. Cost-savings measures on the part of multinational corporations and growth within its own borders were the main drivers behind this rapid and profound shift.



Today, due to a maturing economy, more skilled labor, advanced machinery and numerous other drivers, Chinese manufacturing is quickly ascending the quality chain. This can be a bonus *or* drawback for cruise lines looking to source products from the region, depending of course on an individual line or ship's requirements.

"China has for many years been the leading destination for sourcing hospitality products and other items for cruise lines, but other countries have now emerged including Vietnam and India. These countries also provide great value for sourcing textiles and manufactured products," explains Jennifer Green, Senior Sales Manager Cruise Line and Hotel Divisions at WESSCO International, a hospitality product design and sourcing partner to the cruise industry for more than 30 years. "However, China remains very popular when it comes to sourcing large orders within a fast turnaround time."

Folks have been predicting this shift in dynamics for a while now. In a June 2013 article compiled for the [McKinsey & Company Quarterly](#) titled *A New Manufacturing Age for China*, the authors warn: "Companies that continue to base their manufacturing strategies solely on China's rock-bottom wages and stratospheric domestic growth rates are in for a rude awakening. New challenges will require new competitive priorities."



Companies like WESSCO International make it their business to understand procurement in current and future, foreign and domestic market conditions. Capitalizing on deep knowledge of the travel/hospitality sector, supply chain management, design principles and a global presence, they are able to offer cruise line procurement teams mixed sourcing strategies to fit a diverse spectrum of needs.

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“Our cruise line partners (which include Viking River, Viking Ocean, Princess, Disney, RCL and others) often put out to bid or place orders on a wide range of items. It would be challenging for them to ensure all these items are handled properly and within tight timeframes if going directly to foreign manufacturers,” says Green, adding that many people automatically think of China, a habit that could lead to missed opportunities elsewhere. “We can offer alternative products when the cruise lines are seeking items that can’t be sourced within a tight time frame or budget. Our offices in China, Vietnam, Greece and the US, let us move on a directive with any lead-time requirement, at any given moment.”

According to an [August report](#) by China-Briefing.com, Vietnam’s growing manufacturing sector and lower employee wages (at around half of those now common in China), is well-poised to fill the void left by China’s increasingly expensive processes. “Vietnam’s manufacturing sector grew at a compound annual growth rate of more than 9 percent between 2005 and 2010 and today accounts for 25 percent of GDP,” states the material.



Other studies, dating back much further, seem to support WESSCO’s secondary strategy of looking closer to home for quality manufactured cruise line comfort items. A [2011 study](#) by the Boston Consulting Group (BCG) suggested that for some purposes, manufacturing would return the US. That report states: “Companies should undertake a rigorous product-by-product analysis of their global supply networks that fully accounts for total costs, rather than just factory wages. For many products sold in North America, the US will become a more attractive manufacturing option.”

WESSCO, for example, recently utilized both domestic production sites and factories in China to source custom menus for a cruise industry client launching a new line of ships in 2015. For best price and turnaround time, a Chinese manufacturer (already set up for production thanks an existing WESSCO account) was tapped for simple menus in larger quantities. For the same project, the cruise line also needed complicated menus, with intricate designs, in smaller quantities. These menus were sourced from a local supplier that was able to meet high a quality benchmark and offer short lead times.

With global sourcing trends evolving quickly, brands and manufacturers need to be increasingly savvy and aware of their options. Price remains a key factor, but other considerations and alternatives must be taken into account when making sourcing decisions. Aligning with a nimble sourcing partner like WESSCO International can also minimize risks and improve quality.



About WESSCO International

Founded in Los Angeles in 1979, WESSCO International is a leading creative partner and supplier of award-winning amenities and comfort programs to airlines, hotels and cruise lines. WESSCO facilitates lasting partnerships between the travel industry and top lifestyle brands.

WESSCO has worked with the world's leading cruise line companies to create source and supply beautiful and functional guest service products such as stainless steel items, closet items, bath amenities, in-room amenities, menus, tote bags, passport/document holders, iPad cases, bags (laundry, hair, shoe, garment), kid's items, stationary, compendiums, lost luggage kits and more.

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