

# VF Corporation Uproots Hong Kong Base, Diverts Investment And Transformation Toward China

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American worldwide apparel and footwear company VF Corporation has just announced its regional transformation plan to enable long-term growth in Asia. Notable for its core outdoor and lifestyle brands Vans, North Face, Timberland, Dickies, and newly acquired Supreme, the 25-year-old group will be diverting its investments toward the wider APAC region in building out new capabilities to accelerate growth.

The transition plan will be rolled out in phases over the next 12 to 18 months, with the first moves expected to start in April this year. Ahead of its brand strategy renewing and strengthening of its digital and analytics capabilities, the group has newly appointed leaders in Tokyo and Shanghai.

Last year the group had separated its denim brands Wrangler and Lee, into Kontoor Brands. The move aims to scale its denim business and accelerate its position in high-value segments and channels to reach new consumers. VF Corporation has also completed its [\\$2.1 billion acquisition of Supreme](#) as of late.

“Today’s announcement reinforces our commitment to invest in our business across the Asia Pacific region, while also supporting VF’s overall transformation plan to become a more consumer-minded, retail-centric and hyper-digital enterprise,” said Steve Rendle, VF’s Chairman, President and Chief Executive Officer.

## Redesign and Relocate

As part of its organizational redesign, VF Corporation will be redeploying some of its product supply talent and resources throughout its primary sourcing countries to work more closely with key suppliers and drive greater efficiency. The company will be moving the center of its brand operations from Hong Kong to Shanghai, where it currently employs approximately 900 office staff and retail associates.

VF’s Asia Product Supply Hub, the base of its global supply chain operations will also move from Hong Kong and relocate to Singapore with

an additional shared services center for the region established in Kuala Lumpur, Malaysia to expand the support of its back-end business functions. The hubs are responsible for digital tech, finance, human resources, and logistics.

“We’re further transforming our Asia operations so we can better serve this fast-moving, technology-driven market with increased speed and capabilities.” Rendle continued.

### **China’s Export Growth**

The trade war paired with the global pandemic had initially disrupted global trade and manufacturing in China, yet the country’s recovery **measured eight consecutive months of export growth** thereafter. This further prompted an increased investment into robotics to boost production efficiency all the while lowering labor costs and solving labor shortages.

With VF Corporation’s brand center moving to Shanghai, the group can forge more relevant relationships with their consumers whilst its Singapore supply hub will help build better integration across its global supply chain network. “As we build on this strong foundation, we also see significant opportunities in creating a hyper-digital supply chain with a key hub in Singapore that will enable us to unlock greater speed and agility in how we make, source and move our products around the world.” comments Rendle.

Albeit recurring store closures and decline in discretionary spending reflected by its financial performances, China remained to display strong growth areas with **a 16% increase in revenue** as reported in its Q2 FY2021 results. Emphasis placed on the Mainland China market and its digital transformation strategy continues to play into the group’s stability and strength across VF’s businesses.