

Thailand's Growing Advantage in Small-Batch Sourcing

The nation is carving out a niche in premium, small-volume production by combining manufacturing expertise with dependable execution and strong regional infrastructure.

FOR DECADES, THAILAND has competed with larger apparel manufacturing hubs across Asia. But rather than trying to win the race with the lowest production cost, the country is carving out a different position in today's sourcing landscape.

Thailand is emerging as an attractive option for brands producing smaller, higher-value apparel orders. While it cannot match the low labor costs or production scale of countries such as Vietnam or Bangladesh, it offers something many brands are increasingly looking for — reliable execution, technical expertise, and the ability to support smaller production programs without sacrificing quality.

For sourcing leaders, the question is no longer how cost-competitive Thailand is. The more important question is whether it is the right fit for specific types of production.

Built for Smaller Production Runs

Thailand's biggest opportunity lies in small-batch manufacturing.

Many Thai apparel factories operate on a mid-scale business model that allows them to accommodate orders of around 2,000 to 10,000 pieces per month. Rather than relying on very large production runs to maximize utilization, many focus on higher-value production where quality, consistency, and customer relationships carry greater weight than volume alone.

Here Thailand is able to meet the demand for premium collections, capsule programs, product testing, seasonal collections, and brands that regularly replenish smaller quantities.

In comparison, Vietnam remains the stronger choice when the priority is achieving the lowest possible FOB cost while maintaining the ability to scale rapidly into much larger production volumes. However, Vietnam's success has also created new challenges. Strong export demand and factory utilization can make it more difficult for newer or smaller brands to secure production



capacity at leading factories without long-term relationships or significant order commitments.

Thailand offers a different proposition. Its manufacturing base is often more willing to allocate capacity to smaller, higher-margin programs, providing brands with greater flexibility and more dependable access to production when order volumes do not justify the largest factories.

Quality Becomes Part of the Value Equation

Thailand's higher labor costs naturally result in higher production costs than many regional competitors. Instead, Thailand competes on execution.

Industry comparisons consistently position Thailand as a reliable manufacturing base with mature production systems, strong process control, and consistent quality. Factories are often recognized for better production planning, smoother communication, and the ability to maintain quality across repeat production runs.

For brands producing technically demanding garments or higher-margin collections, these capabilities can reduce many of the hidden costs that occur when quality problems, production delays, or communication issues interrupt supply chains.

Thus unit costs might be higher than regional competitors but total execution cost in many

cases is lower. Fewer production errors, more consistent quality, and dependable delivery can offset part of the higher manufacturing cost over the life of a sourcing program.

Technical Capability Supports More Complex Products

Thailand also has the advantage of having a domestic supply chain that goes from yarn to finished goods. A strong local spinning and weaving industry means that yarns and fabrics are available in the country.

The country has developed a reputation for producing more technically demanding apparel where craftsmanship, precision, and process discipline are important. This makes Thailand particularly attractive for brands producing premium garments or products that require tighter quality control.

For recurring small collections, maintaining consistency from one production run to the next is often just as important as achieving the lowest manufacturing cost. Thailand's manufacturing maturity helps support that consistency.

Strong Logistics Improve Reliability

Efficient production means little if products cannot move quickly and predictably through the supply chain.

Thailand benefits from one of Southeast Asia's stronger logistics networks. Within ASEAN, it ranks behind Singapore and Malaysia but ahead of many mainland regional competitors in overall logistics performance.

Modern road networks, major export ports such as Laem Chabang, and continued investment in logistics infrastructure provide manufacturers with relatively efficient access to global markets.

For sourcing teams, this translates into more predictable lead times, fewer inland transport bottlenecks, and greater confidence when planning production schedules. These advantages become particularly valuable when managing

smaller production runs that often operate on tighter development and delivery timelines.

Thailand's ambition to strengthen its position as a regional logistics hub also supports its growing role as both a manufacturing base and a distribution platform within ASEAN.

Stability Reduces Supply Chain Risk

Political stability rarely receives the same attention as labor costs, yet it remains an important consideration when building long-term sourcing strategies.

Thailand's political environment can be described as stable, even if it occasionally experiences coalition changes and political maneuvering. Recent elections have generally reinforced policy continuity and continued support for investment rather than creating significant disruption for export manufacturers.

Worker demonstrations have remained relatively limited and have typically been resolved through negotiation without prolonged disruption to industrial production.

For sourcing directors, this creates a manufacturing environment that is generally viewed as more predictable than several competing sourcing markets. While no country is free from political risk, Thailand's recent experience suggests that operational disruption affecting apparel production has remained relatively limited.

Sustainability Is Becoming Another Competitive Strength

Thailand is also strengthening its sustainability credentials.

Government policies increasingly encour-

age better environmental performance through energy efficiency initiatives, pollution controls, and improved chemical management within the textile industry.

At the factory level, more manufacturers are adopting internationally recognized certifications such as GOTS, Bluesign, and the EU Ecolabel. Many export-oriented producers are investing in lean manufacturing, waste reduction, energy-efficient equipment, and greener production processes.

Thailand is not yet regarded as one of the world's leading sustainable apparel sourcing destinations. However, it offers a stronger sustainability platform than many sourcing markets that continue to compete almost exclusively on cost.

For brands seeking certified materials, better environmental practices, and credible sustainability programs without moving production into significantly higher-cost regions, Thailand represents a practical middle ground.

A Supportive Business Environment

Thailand's investment framework provides additional advantages for export-oriented manufacturers.

Board of Investment (BOI) incentives allow qualifying garment manufacturers to benefit from corporate tax exemptions, duty-free machinery imports, simplified visa procedures, and, in many cases, 100% foreign ownership.

Combined with established logistics infrastructure and access to ASEAN markets, these incentives make Thailand attractive not only for production but also for companies looking

to establish longer-term manufacturing operations within the region.

The country's role as a regional sourcing hub is also growing, with sourcing exhibitions and industry events increasingly positioning Bangkok as a gateway for buyers looking to build supplier networks across Asia.

Where Thailand Fits on The Sourcing Spectrum

Thailand is unlikely to replace Vietnam, Bangladesh, or Cambodia for very large, price-driven production programs. Those countries continue to offer stronger advantages for high-volume manufacturing where achieving the lowest FOB price remains the primary objective.

The nation's opportunity lies with brands producing smaller collections, premium products, technical garments, and programs where consistent execution matters as much as manufacturing cost.

Reliable production, mature manufacturing systems, strong logistics, improving sustainability, investment incentives, and a relatively stable operating environment combine to create a sourcing platform built around dependability rather than scale.

For sourcing leaders, Thailand should not be viewed as a replacement for lower-cost manufacturing destinations. Instead, it should be seen as a complementary sourcing option — one that fills an important gap for brands seeking high-quality, small-batch production supported by a stable and well-developed manufacturing ecosystem.

Thailand's Competitive Advantage

	THAILAND	VIETNAM
MOQs	Export-oriented Thai factories commonly work with MOQs in the ~100–300 pcs per style/color range for small-batch or boutique programs, especially in fashion, sportswear, and sustainable capsules; some will go down to ~50 pcs with higher pricing.	Traditional “reliable” export factories often set MOQs around 2,000–5,000 pcs per style/color, driven by knitting/dyeing MOQs and FOB economics. A new tier of small-MOQ factories now offers 50–300 pcs per style for agile brands, with higher unit costs and longer lead times (6–12 weeks).
Technical skills	A relatively mature technical base in textiles and garments, with strengths in more complex categories (sportswear, intimates, fashion pieces, and some functional textiles) and a tradition of “quality over lowest cost.”	Technical depth in complex functional fabrics is still developing. Improving rapidly, with strong capabilities in efficient mass-production and growing skills in higher-value categories.
Vertical Integration	A more complete domestic supply-chain cycle “from upstream to downstream” — yarn, fabric, dyeing, finishing, apparel, plus design — giving it genuine vertical capability.	Continues to rely heavily on imported materials (often ~70% of fabrics from China), limiting full vertical integration.
Logistics	Ranks 3rd in ASEAN in the World Bank Logistics Performance Index 2023, behind Singapore and Malaysia but ahead of many regional competitors.	Export logistics have improved significantly, with major clusters around HCMC, Hanoi, and Da Nang. However, uneven inland logistics and some bottlenecks that can extend in bound material lead times and add complexity.