

Reshoring Apparel Manufacturing in the United States? Perspectives from Branded Manufacturers and Marketers (BM&M)

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Background: With the rising production cost in Asia over the past few years, whether apparel manufacturing will come back to the United States is gaining new attention (Wang, 2015). Many existing studies have evaluated this issue either from manufacturers' or consumers' perspectives (such as Desai, Nassar & Chertow, 2012; Ha-Brookshire, 2012). However, the suggested dominant types of apparel companies in the United States today are "branded manufacturers" and "marketers" (BM&M) whose business models heavily rely on global sourcing and non-manufacturing activities such as branding, marketing and design (Gereffi, 1999). Thus, this study intends to empirically investigate how BM&M see the future of apparel "Made in USA". The findings will help us gain more insights into the opportunities as well as challenges of reshoring apparel manufacturing in the United States, especially in the context of a highly globalized industry setting (Dicken, 2011).

Theoretical framework: Theoretically, BM&M shall have a mixed view about reshoring apparel manufacturing in the United States based on the factors summarized in Table 1:

Table 1 BM&M's Views on Reshoring Apparel Manufacturing in the United States (Theoretical)

Reasons for supporting	Reasons for not supporting
<ul style="list-style-type: none"> Sourcing apparel "Made in USA" can improve speed to market, especially when serving the U.S. market U.S. consumers have a growing preference towards products labeled "Made in USA" "Made in USA" may reduce corporate social responsibility risk in the supply chain 	<ul style="list-style-type: none"> U.S. no longer has the comparative advantage in labor-intensive apparel manufacturing Making investment on apparel manufacturing does not fit companies' business strategy Sourcing apparel "Made in USA" does not fit companies' global-based supply chain

Reference: Holweg, Reichhart & Hong (2011); Dicken (2011); Ha-Brookshire (2012)

Data and Method: To empirically investigate how BM&M see the future of apparel "Made in USA", a survey was conducted from March to April, 2014 among members of the U.S. Fashion Industry Association (USFIA), a leading industry association representing U.S.-based apparel brands. Because the survey questions addresses a company's overall business strategy, to ensure validity of the results, only executives were invited to answer the questionnaire. Among the 29 valid samples collected: 1) 100% of respondents report having core businesses in the United States; 2) 96% of respondents report having more than 100 employees, suggesting the survey results reflect viewpoints of those large-scale BM&M in the U.S. apparel industry.

Findings and discussions: first, BM&Ms demonstrate a modest interest level in sourcing apparel “Made in USA” in the near future. When asked about how company’s sourcing value from the United States would change in the next 2 years, 38% claimed an increase, 24 % claimed no change and 7% suggest a decrease. Second, those BM&Ms which conduct “global sourcing” seem more likely to commit to sourcing apparel “Made in USA”. Among those survey respondents who plan to increase sourcing from the United States in the next two years, 36% currently source from over 20 different countries, 15% source from 11-20 different countries and 37% source from 6-11 different countries. Results of the chi-square test further suggest a statistically significant difference between the diversity of a company’s sourcing base and their willingness to increase sourcing value from the United States ($P < 0.01$). Third, those BM&Ms which engage in the retail business appear to be more interested in sourcing apparel “Made in USA” than those only engage in the wholesale business. Additionally, BM&Ms do not see “Made in USA” as a replacement of sourcing from elsewhere in the world. Interesting enough, almost all survey respondents who planned to increase sourcing from the United States in the next two years also claim they would increase sourcing from overseas such as Asia and Central America.

Implications and future research agendas: findings of the study suggest that it is not realistic to expect a substantial return of apparel manufacturing in the United States at least in the near future. Particularly, apparel “Made in USA” seems to be a component of BM&M’s overall sourcing diversification strategy against the current business environment. There is no evidence showing that BM&Ms are thinking shifting their business models back to manufacturing. Instead, most BM&Ms still rely on global sourcing and imports in support of their business operations in the United States. Despite the somehow pessimistic conclusion, future studies may continue to explore the prospect of apparel “Made in USA” in some specific niche markets or product categories where opportunities may exist.

Reference

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