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Making “Made in New York” Matter

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MAKING “MADE IN NEW YORK” MATTER

by

ADELINE TRENTO

A master’s thesis submitted to the Graduate Faculty in Liberal Studies in partial fulfilment of the requirements for the degree of Master of Arts, The City University of New York

2018
MAKING “MADE IN NEW YORK” MATTER

by

ADELINE TRENTO

This manuscript has been read and accepted for the Graduate Faculty in Liberal Studies in satisfaction of the thesis requirement for the degree of Master of Arts

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THE CITY UNIVERSITY OF NEW YORK
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1. Introduction

For much of the 20th century New York City was home to the largest and best performing garment district in the United States. The industry in New York City was built around the production of high fashion women’s apparel and depended on a contracting system that was heavily regulated by collective bargaining with unions. New York City experienced early success through its abundance of agglomeration economies, experience in high-end fashion production, and a heavy reliance on a regulated form of competition that improved workers’ rights and developed relationships between manufacturers and contractors. Los Angeles, on the other hand, developed as a “late-bloomer” in the fashion industry and rejected the New York City model of market regulation in favor of a development strategy focused on aggressive resistance to unions, a reliance on heavily competitive unregulated markets, and the mass production of casual sportswear. While the industry in New York developed through the production of high-end women’s wear, the Los Angeles district developed a specialization in casual sportswear, capitalizing on lower wages, more affordable rent, an abundance of industrial space, its favorable geographical location to the Pacific Rim, and city policies that helped foster growth. Although on opposite coasts, today both districts have similar industry structures and some overlapping product specializations. However, due to the way each industry began the employment and fashion futures of each city are very different.

This paper will first explore the growth of the fashion industry in Los Angeles in recent years and the reasons it has been able to overtake New York as a fashion capital in terms of apparel jobs and output. Looking at the strides that Los Angeles has made in the industry, the research will then explore the competitive advantages that New York still has as a global creative hub and its future in fashion production. Finally this paper will suggest a return to New York
City’s roots in high-end apparel manufacturing and the establishment of a better “Made in New York” brand to bring garment production back to the city.

In the late 1800s, New York City had a near monopoly in the women’s wear market in the United States through its early ties to European fashion trends, proximity to wealthy consumers, large pool of low-wage immigrant labor with tailoring and sewing skills, and its highly competitive, non-union market conditions (Doeringer 4). However, workers’ strikes in the early 1900s over factory conditions, tragedies within the industry that gained media attention and pressure from unions to reduce “cut-throat” competition from low cost suppliers resulted in collective bargaining agreements that heavily regulated the industry. Along with better wages and working conditions for employees, these agreements managed the number of suppliers serving the New York market and created an “anti-competitive,” stabilized industry in the city (Doeringer 7). “These collective bargaining regulations proved to be mutually beneficial to unions and employers. Unions secured higher wages and better working conditions for their members while employers benefited from less-intense competition from within the district, slower entry into New York’s markets, and improved efficiency from the elimination of marginal employers, and from increased human capital investments that became profitable under stable contracting relationships” (Doeringer 7). It is estimated that the regulated sector of the market in New York City accounted for 90% of apparel employment in the 1920’s (Doeringer 2). This allowed New York to specialize in high fashion products that were best suited to its highly skilled, high-wage workforce. In the early 1900’s, New York City was supplying over two-thirds of the women’s wear made in the United States (Doeringer 4).

Los Angeles, on the other hand, had a slow start in the fashion industry due to its lack of skilled immigrant labor and the city only served a small regional market in garment production.
However, in the 1920’s Hollywood costume designers began producing clothing designs that showcased California’s casual, outdoor lifestyle, which resulted in a casual sportswear trend in the United States (Doeringer 4). Although relatively unskilled in garment production, the large immigrant population of Los Angeles could easily produce casual sportswear, which does not need the type of skill or detail required in high fashion production. Due to the explosion of casual sportswear in the United States in the mid-1900s, Los Angeles was able to increase its share of the women’s wear market from 3% in 1930 to more than double by the mid-1940s (Doeringer 4). Due to market regulation in New York and its subsequent focus on high fashion production, the city began to lose much of its lower-end, more standardized production to Los Angeles and other unregulated markets that offered lower wages, less expensive real estate, and weaker unions. “The combination of intense competition, strong agglomeration economies, relatively-lower factor costs, a regional market that was somewhat protected from competition by New York…and a new specialization in sportswear in the late 1920s helped Los Angeles to become the second largest women’s garment district in the United States after World War II…” (Doeringer 3). Additionally, changes in consumer preferences towards more casual clothing in the United States hurt New York, which was specializing in high fashion, but helped Los Angeles, which was focusing on large scale, mass production methods. Through these changes, the Los Angeles garment industry was able to continue growing at a fast pace as major designers opened offices in Los Angeles and “runaway” employers moved to the West Coast to avoid the unions and heavy regulation of New York (Doeringer 8). By rejecting the New York City model of heavy market regulation and focusing on the production of casual sportswear, the Los Angeles industry was able to grow through an intensely competitive market and a strong resistance to unions.
In 1990, Los Angeles surpassed New York City in employment within the fashion industry (Doeringer 5). Although Los Angeles can be seen today as the leading U.S. garment district in terms of employment, it took over 50 years of growth to surpass New York City. This only occurred after non-union domestic, as well as foreign, competition had overwhelmed New York’s heavily regulated industry (Doeringer 3). Today, these trends continue with Los Angeles leading the industry in contemporary fashion, activewear, surfwear, and the production of mass produced “fast fashion.” New York, on the other hand, does not have the same manufacturing cluster as that of Los Angeles and instead focuses on women’s outerwear, tailored clothing, and high fashion.

In 2014, it was estimated that Los Angeles County employed over 75,000 people in fashion production or wholesale related industries while New York was home to significantly less at 50,000 (CIT 18). While the wholesale numbers for both cities are almost the same (33,900 for LA and 33,400 for NYC), the manufacturing industry in Los Angeles is over three times that of New York with 38,000 employees versus 12,000 in New York. Additionally from 2011 to 2013, Los Angeles saw a 10.4% increase in apparel manufacturing jobs while New York saw a decline of 6.7% (CFA 22). Including textile mills, the wholesale to manufacturing ratio for Los Angeles was .78 while New York was at 2.45, which demonstrates New York’s wholesale-specific industry. In New York, high rent, higher wages, a lack of industrial space for manufacturing, and unfriendly city policies have caused a decline in fashion manufacturing with a drop as big as 50% from 1986-2007, while Los Angeles saw a growth of 62% during this time (Williams & Currid-Halkett 3051-3052). While both cities have seen a decline in the total fashion industry during the 2000s, Los Angeles has seen slower declines than New York and continues to outpace New York in production with the real value-added by cut and sew apparel
production ending 2009 at $2.54 billion, 3.5 times larger than the $716 million of New York (Doeringer 9). Although New York has lost much of its production to Los Angeles, it does continue to maintain its competitive advantage in the production of high-end, small volume, quick-turnaround fashion and continues to be the industry leader in fashion design and marketing.

2. The Growth of the Los Angeles Fashion Industry

The history of garment production in New York and Los Angeles has heavily influenced the way these industries function in each city today. The influx of highly skilled immigrants and the intense competitive pressures of the early New York garment industry kept wages and production costs low. However, heavy regulation in the 1920s caused New York to have the highest wages among all of the major U.S. apparel districts, a trend that still continues today. Overall apparel earnings in New York were 58% higher than those in Los Angeles in 2010 (Doeringer 15). While this may be skewed by the large presence of fashion designers in New York who receive higher salaries in general, wages for manufacturing occupations are significantly higher in New York than in Los Angeles and the wage gap has only increased since 2000 between the cities. In 2010, New York cutters were making 35% more than their Los Angeles counterparts (+7% from 2000) and pattern makers were bringing in 36% more. Additionally the earnings of sewing machine operators were 18% higher (+5% from 2000) in New York than Los Angeles in 2010 (Doeringer 17-18). The significantly lower wages in the Los Angeles apparel industry have attracted employers to the West Coast and helped grow the industry there.

Today, the workforce of the Los Angeles garment industry is made up of primarily immigrants with 81% being of Hispanic origin and 16% from Asian countries (CIT 38).
According to census data the majority of industrial workers in the Los Angeles garment industry did not complete high school and do not speak English proficiently (CIT 38). Similarly, it is estimated that roughly two thirds of garment workers in Los Angeles are non-citizens, but have permanent residency status and thus employment authorization (CIT 38). The apparel industry is one of the only industries that has seen consistent price deflation over the last 30 years, putting pressure on wholesalers and manufacturers to keep costs low. Today a pair of wholesale jeans will cost around $5, while the price of these same jeans was $10 at wholesale pricing in 1970 (Assael). This deflationary trend in fashion manufacturing is greatly different from other consumer industries such as car manufacturing or even the price of a slice of pizza, which have seen significant price increases in the last 30 years. Due to the increase in consumer preferences for casual sportswear and the customers desire to “get a deal” and “never pay full price,” the Los Angeles fashion industry has become an attractive place to manufacture inexpensive garments due to its large immigrant employee base and significantly lower wages.

The apparel manufacturing industry is one of the most complex areas of production in today’s economy as it plays upon a “cultural register of aesthetics and semiotics, while producers are at the same time subject to the discipline of profitability criteria and price signals in the context of market competition” (Scott 1287). It is here that Los Angeles has a competitive advantage over New York, as the city has been able to create an aesthetic of casual, cool sportswear that is tied to the West Coast in consumers’ minds, while also keeping costs of production down by utilizing cheap immigrant labor. The “fast fashion” apparel industry of Los Angeles operates on low margins and benefits from the large immigrant population in the city willing to work for low wages, but the industry is also able to capitalize on the “West Coast style” that is perpetuated in movies, TV and through Hollywood celebrities.
Negatively, the lack of unions from the onset of the Los Angeles apparel industry has created relatively unregulated working conditions and encouraged sweatshop-like conditions in some factories that have attracted the production of “fast fashion” to the region. The Garment Worker Center, a non-profit in Los Angeles that manages workers’ rights cases, cites hundreds of cases between 2001-2003 where workers were paid an average of $3.28 an hour and worked 52 hours per week (Garment Worker Center 4). More recent cases state that workers earn as little as 2 cents per completed garment, amounting to less than $200 a week for work weeks of 65 or more hours. Additionally, sweatshop-like conditions can be found in factories that lack access to water, do not have functioning bathrooms, contain blocked fire exits, and have factory owners that lock employees in the building during overnight shifts (Kish). According to research conducted by UCLA, 90% of garment workers in Los Angeles experienced overtime violations and almost 60% are not paid minimum wage. Additionally, the U.S. Department of Labor found violations in 93% of its 1,500 inspections of garment factories it conducted from 2008-2014 in Los Angeles (Kish).

While overall compliance with government regulations in Los Angeles factories has increased since the 1990s, from 22% to 33%, the industry still lags very far behind New York (Doeringer 38). The garment industry in New York had a minimum wage violation of just 13% in 2001, down over 22% since 1999 versus Los Angeles at 56% in 2001, up 5% since 1998 (Doeringer 38). Similar to most cities that have an industry of garment production, the Los Angeles garment industry is made up of small and medium sized producers and lacks significant large scale production companies. Over 50% of all garment production establishments in Southern California have less than 10 employees (CFA 46). The apparel industry faces extremely unstable markets and high levels of competitive pressures to keep costs low. This forces
manufacturers to keep their workforce small but output high in order to make a profit. Ultimately, these pressures can lead to wage and overtime violations, unsafe working conditions and exploitation of workers as manufacturers try to squeeze work out of their small employee base.

The state of California has made strides to eliminate these unsavory conditions for workers, enacting the concept of “joint liability” in 1997. This made brands as well as their manufacturers equally liable for wage and labor issues in an effort to force manufacturers to monitor the contractors that they are using for production more carefully (CFA 46). While in theory this was a step in the right direction for the city of Los Angeles, the adverse reaction was that many firms “went underground” by not registering with the state, making conditions possibly even worse for employees. Additionally minimum wage increases in Los Angeles over the next 5 years may have adverse implications for workers and the Los Angeles apparel manufacturing sector as a whole. The minimum wage in Los Angeles County will increase from $9 an hour to $15 an hour through 2020, and this increase could force many Los Angeles apparel manufacturers out of the city or to resort to unsavory working conditions to maintain current profit margins (CFA 39). An immigration reform bill is also in the works for California’s garment industry which would allow migrant workers to live and work in the United States on a visa basis similar to that of the agricultural industry (CFA 45). If the bill is passed, the apparel and textile work force is expected to rise by 5% in the state (CFA 45).

While an increase in the minimum wage as well as new immigration laws that would allow non-citizens to work legally are positive strides for the rights of workers within the garment industry in Los Angeles, increased government enforcement is needed to ensure workers’ rights are not being violated to keep production costs down. In its current state, the
apparel industry in Los Angeles lacks the enforcement needed to ensure that workers are being protected. The lax enforcement of government regulations in Los Angeles along with the lack of unions to support workers’ rights has attracted the production of apparel away from New York and increased the area’s opportunities as a place to produce quick-changing, cheap fashion in the United States.

Although the exploitation of the largely Asian and Latino immigrant population in Los Angeles is a negative factor that brought additional employers to the city, Los Angeles has made many positive strides that have helped the apparel industry grow in the region. Spatially, Los Angeles is one of the most sprawling major cities in the United States, while New York City is one of the densest, allowing for increased opportunities for manufacturing in Los Angeles (Williams & Currid-Halkett 3053). While both cities have a centralized fashion hub, the Garment District in Midtown Manhattan and the Fashion District in downtown Los Angeles, the apparel industry in Los Angeles is considerably less concentrated than in New York. New York’s Garment District accounts for 79% of the city’s apparel businesses, while the downtown fashion core of Los Angeles only accounts for 32% (Williams & Currid-Halkett 3054-3055). The Fashion District core is important for the industry in Los Angeles, but other neighborhoods contain high concentrations of manufacturing, supply, and wholesale as well. The more dispersed nature of the industry in Los Angeles allows for increased opportunities in manufacturing and supply because areas outside the downtown fashion core have more space for production.

Additionally, the lower-end, less-design focused casual sportswear produced in Los Angeles does not require manufacturing to be in close proximity to designers (Williams & Currid-Halkett 3056). Mass produced “fast fashion” garments are basic in nature with the style
coming from trims, fabrics and colors. These garments are easier to produce and don’t require designers to check in on production frequently to maintain design or quality standards. This allows garments to easily be produced in the suburbs of the city. Operating outside of the core Fashion District, Los Angeles manufacturing centers are able to capitalize on cheaper rents, additional space for manufacturing and position themselves in areas with a heavy immigrant employee base. The Los Angeles fashion industry is able to utilize its sprawling suburban areas and distribute apparel manufacturing outside of the cities fashion center. Although manufacturing isn’t centered in downtown Los Angeles, the manufacturing done in the suburban areas is still relatively close to a fashion center making it affordable, but still convenient for apparel production.

While Los Angeles is able to make use of its sprawling landscape for production, the city is also able to use its downtown fashion core area to bring together all aspects of the garment industry. The availability of an apparel manufacturing market in close proximity to a design, marketing, and wholesale hub is a big draw for companies looking at Los Angeles. By having all of these activities in one place, new businesses are able to start easily and quickly. For a designer or wholesaler looking to start a business and keep costs down, Los Angeles is a much more viable option than New York. The close proximity to actual manufacturing and even a cluster of textile factories allows designers and wholesalers to have a clear advantage as they can communicate directly with the factories and check on product being produced. Additionally they are able to save money on transport and shipping fees along with taxes and tariffs (CIT 24). The layout of Los Angeles provides apparel firms that need space to grow, or new companies that want to open, with an industrial area where space is plentiful and real estate is affordable.
The creation of the California Mart in downtown Los Angeles has also created an agglomeration economy in the area, providing easy access to everything from manufacturing facilities to wholesale suppliers. The major complex consists of 1200 showrooms and serves the commercial, wholesale and distribution needs of the industry in Los Angeles. By creating a fashion cluster, companies are able to have easy access to production facilities, designers, local labor markets and wholesale buyers. The creation of these agglomeration economies in Los Angeles allows companies to generate economic benefits through their close proximity to each other, therefore boosting their productivity and capability to compete with other markets. By operating in an area where wholesalers, designers and buyers are within blocks of each other, Los Angeles based companies are able to cut costs, quickly get product to market and ultimately reach consumers. The general sprawling layout of Los Angeles as well as its dedication to creating a fashion core has given the city a competitive advantage in garment production.

Along with an abundance of space for manufacturing, the city of Los Angeles has also taken a pro-active approach to establishing itself as a fashion center. Los Angeles policy makers and planners are working to make the city’s downtown area a fashion hub similar to that of the Garment District in New York by encouraging growth in wholesale and supply. In 2010, the city’s Community Redevelopment Authority launched a $1 million, year-long study in order to envision the future of the city’s fashion core. Findings from the study focused on a rezoning of the Fashion District and neighboring Flower District to allow for the accommodation of “complementary uses that are unable to locate in the Fashion District under current policy” (Essel). These uses included retail, wholesale, light manufacturing, warehousing, creative office space, and institutional uses along with hotels and residential opportunities on the upper levels to attract buyers and tourists (Essel). The study cited three major development sites totaling over 40
acres along with public infrastructure changes to increase foot traffic and clean up the area (Essel). “The Specific Plan is an instrumental tool that will ensure the Fashion District can compete on a global scale; attract new businesses and investment in Downtown Los Angeles; create well-paying jobs for both low and high skilled labor in the Fashion District and Outlying region…” (Essel). After some hold ups, the project was approved and completed in 2013.

Conversely, the New York Planning Department is aiming to rezone the Garment District for more lucrative real estate ventures that will push out many apparel companies, putting the city, local landlords and apparel companies at odds. Although efforts from the Council of Fashion Designers, Design Trust for Public Space, and the Garment District Alliance have slowed rezoning efforts in the past, the city has become more interested in the lucrative businesses of luxury apartments, major hotels, and big companies. According to city planning, the zoning laws of the Garment District are “obsolete and not serving the interests of tenants, manufacturers, the fashion industry or property owners, nor is it achieving the goals set forth when it was adopted in 1987” (The Real Deal). Already in 2000 the Board of Standards and Appeals approved a landlords request to convert the top 8 floors of his building, which are zoned for manufacturing, to rental apartments showing that the writing is on the wall for many apparel companies in New York’s Garment District (Center for an Urban Future 11).

For local landlords the interest is to replace current tenants from the garment industry with companies in media, advertising, entertainment, technology, and other non-fashion related industries that can afford to pay significantly higher rents. In many cases landlords are refusing to renew leases to apparel manufacturers and contractors, or are offering one-time incentives to apparel companies that agree to move out two or three years before their lease terminates (Center for an Urban Future 8). In 2000 it was estimated that manufacturing and contracting tenants on
the side streets of the Garment District in New York were paying $8 to $12 per square foot, while office tenants were paying $20 to $25 a square foot, even on side streets (Center for an Urban Future 9). Today, space in the Garment District can average around $70 a square foot (Levere). Although zoning laws from 1987 require that 50% of the space on the Garment District’s side streets be held for manufacturers or contractors, landlords have gotten around these laws which are not enforced (Center for an Urban Future, 10). Of the 750 new tenants in the Garment District in 2013, less than 40% were in the fashion industry (Levere). Similarly from 1995 to 2012, fashion employment in the Garment District fell by 44%, while non-fashion employment rose by 82% (Herron).

On the other hand the city of Los Angeles continues to support the apparel industry, creating the Los Angeles Fashion District Business Improvement District in 1996 and contributing over $4 million annually to improvements in the area. In 2015, the BID supported the removal of 2,301 tons of trash and 33,196 graffiti tags along with the cleaning of over 20.3 million square feet of sidewalk and trimming of 750 trees in the area (fashiondistrict.org). The BID also focused on marketing, creating 350 million impressions through social media and their website resulting in over $2.5 million in free advertising for wholesalers and suppliers located in the BID (fashiondistrict.org). The Los Angeles Fashion District BID was also the first and only to be approved for a fifth term demonstrating its importance to Los Angeles. The city also continues to push its fashion agenda by standing behind the Los Angeles’ Fashion Marts within this district discussed earlier. Open 52 weeks a year, the fashion “marts” allow potential retail buyers to visit at any time and interact with designers, manufacturers and wholesalers to make billions of dollars’ worth of deals annually (CFA 9). Similar “marts” throughout the country are only open during specific “market weeks” which usually take place 4 times a year, giving Los
Angeles based companies an advantage for buyers looking to see trends and products outside of the specified “market weeks” in other major cities. While New York continues to battle it out over zoning laws for the Garment District, Los Angeles has made strides to ensure the fashion industry is supported, allowing the city to take the lead in fashion employment.

The Port of Los Angeles is another competitive advantage that the city has over New York. With the fashion industry’s heavy reliance on China and India, Los Angeles is in an enviable position geographically. The Port of Los Angeles is a natural driver of growth for the industry and brings in more than $46 billion in imports (CIT 28). Shipments from Asia arrive weeks faster to Long Beach than to the East Coast, offer better liquidity to manufacturers, and speed up turn for businesses (CIT 28). Additionally, the Port of Los Angeles creates jobs within the apparel industry through an increased use of third-party logistics (3PL) used by apparel companies based throughout the United States. These 3PL’s receive containers at the port and do the type of prep work normally done in the company’s own warehouse. The 3PLs add hang tags, garment bags and hangers, and do the re-packaging before sending the apparel to wholesale customers (CIT 28). Although these shipments are booked as revenue for a wholesaler that may be located across the country, the 3PL’s contribute directly to the Los Angeles apparel industry and create many jobs in the region.

Along with jobs and importing, the Port of Los Angeles is crucial to the industry in exporting. Markets around the world have been opened up through globalization creating new opportunities for exports in the Pacific Rim, specifically in China and India (Williams & Currid-Halkett 3060). The location of the Port of Los Angeles has made it the entryway to these markets and the easiest path for wholesale exports to Asia. The positioning of Los Angeles allows it to capitalize on the consumer desire for U.S. brands abroad and to export Los Angeles
based “fast fashion” apparel goods (Williams & Currid-Halkett 3060). Along with its easy access to the Pacific Rim, Los Angeles also benefits from being located near Mexico. Mexican apparel operations have improved in recent years, and while this could be seen as a negative for the Los Angeles garment industry, it is the opposite in some cases. While lower wage apparel jobs may have gone to Asia in the past, many Mexican apparel operations have taken some of this business. These apparel operations in Mexico have fostered a growth in wholesale jobs in Southern California due to their close location and the mechanics of the duty-free program, which allows product to originate in the United States, have value added in Mexico, and then return to the United States (CIT 29). The geographic location of Los Angeles allows apparel companies to capitalize on the duty free program while the rest of the country does not utilize this program as efficiently.

While Los Angeles has made great strides in garment production and continues to be the leader in U.S. apparel production, the city faces many challenges for the future. Intense competition from foreign countries is felt throughout the garment industry, but pressures from foreign imports impact producers of lower-priced apparel the most severely. The majority of imported clothing from low-wage countries is of the inexpensive, “fast fashion” nature and this is where Los Angeles has found its niche in U.S. fashion production. For Southern California this competition continues to burden the garment production sector as the city works to impose legislation that would raise minimum wage levels, improve labor laws and eliminate sweatshops in the area making Los Angeles unable to compete with cheap imports. While the geographic location of Los Angeles has helped the industry grow, its proximity to Mexico has also burdened the industry with the passage of the North American Free Trade Agreement in 1994 (Scott 1296). Prior to NAFTA, Mexico was still a major destination for contacting work within the fashion
industry, but since its passage it has become the main destination for work sub-contacted out by
U.S. garment manufacturers (Scott 1296). While previously U.S. manufactures could save
money by producing garments in Los Angeles instead of Asia, the passage of NAFTA caused
much sub-contracting work to move from Los Angeles to Mexico due to its close proximity and
developments in garment production.

In his analysis of the Los Angeles garment industry Scott recognizes two main issues
facing garment production in Southern California. First, cheap imports continue to flow into the
U.S. from developing countries and undercut the prices that are possible with domestic
manufacturing. This is felt throughout the fashion spectrum, but companies producing lower end,
“fast fashion” apparel are the most effected by foreign competition and this is where Los
Angeles has found its niche as discussed previously. Second, the region is significantly less well
known in reputation for products at the top end of the market, specifically in high fashion
products which are made in the major fashion centers like Paris or Milan (Scott 1300). Known
more for its casual lifestyle and as a producer of relaxed, informal apparel, Los Angeles has little
capacity for high-end production in its current state. In order to keep garment production as a
viable industry in Los Angeles, Scott argues for a transition into high-end apparel production for
the region, and a movement away from “fast fashion.” As an industry that produces “cultural
products” as much as it does physical objects, Scott argues that the wider cultural economy of
Los Angeles can help give the city a competitive advantage in high fashion production.

Synonymous with Hollywood and celebrities, Los Angeles is tied to images of glamour,
wealth and fabulous lifestyles in the minds of the consumer. This is the image of Los Angeles
and Southern California that is broadcast throughout the world by the entertainment industry and
celebrities. “Among the many different component sectors making up this cultural economy are
the entertainment and media industries of Hollywood, with their continual powerful emission to a global audience of images of Los Angeles, both real and mythical. This creates in turn worldwide perceptions of Los Angeles as a distinctive place with a distinctive aesthetic order and social aura whose peculiar substantive character appeals above all to popular tastes and sensibilities” (Scott 1301). Los Angeles, like New York, is one of the few cities that is immediately distinguishable through images, possessing a unique “cultural allure or mystique” (Scott 319). Los Angeles brings to the consumers mind images of “sunshine, surf, and palm-tree lined boulevards…complemented by an ever changing foreground of media personalities, movie stars, pop singers, fads and fashions…and lifestyle experiments” (Scott, 319). The movies, television shows and songs that are produced in the area and broadcast to the rest of the globe continually perpetuate this image of Los Angeles to consumers.

Using the Academy Awards as an example, Scott argues that this entertainment event has become as much about the clothing worn by celebrities as it has the awards, tying fashion and entertainment together in Los Angeles for a mass audience. Los Angeles based award shows have also opened up a space for Southern California designers to access celebrities and showcase their designs to the public, fashion critics and the media. As a city tied to movie stars and entertainment, Los Angeles has an opportunity to capitalize on the already established public perception of the region as glamorous, trendy and fashion forward.

Additionally, Los Angeles designers are seen to have more creative freedom than those from New York and are pushing the envelope with new trends. With its already established infrastructure in art, design and fashion, New York designers are often limited in what their “look” should be. With its emerging industry that developed much later, Los Angeles based designers are seen as being able to challenge fashion norms and “make it up as they go along”
While Scott believes that Los Angeles already has a competitive advantage in terms of its cultural economy, he does recognize challenges that Los Angeles will face if the apparel production industry tries to make strides in high-end production.

First, the city lacks the fashion authority that other major global cities possess coming from world class educational institutions, major fashion media publications, skilled workers, and big fashion events. Over the past couple of decades fashion educational institutions have become more prominent in California with notable schools like Otis College of Art and Design and the Fashion Institute of Design and Merchandising churning out skilled students in Los Angeles. However, the region still lags behind many other global cities with highly respected fashion schools, only boasting 2 spots (#21 and #34) on a 2016 world ranking of the top 100 fashion schools. Other major cities were able to claim many more, such as London representing 8 spots on the list and taking the #1 spot with Central Saint Martins, Paris accounting for 5 spots on the list, and New York representing 4 spots with 2 schools in the top 10 (Grant). In order for Los Angeles to develop a high-end fashion industry in the region, more renowned design schools must be present in Southern California to supply the industry with talented designers.

Additionally, California lacks the fashion media required to set the trends and become a global fashion center. New York boasts the majority of the top fashion publications in the world, allowing the city to be seen as a fashion hub that sets trends globally. The world’s biggest fashion publications such as Vogue, Harpers Bazaar, INStyle and Women’s Wear Daily are located in New York setting the trends for the industry and giving the city an authority of what’s “hot” in fashion. In order for Los Angeles to grow within the high fashion zone, the city needs a greater representation and overall concentration in the establishment of fashion publications. Scott argues for a more invested partnership between the Los Angeles entertainment industry and
the clothing industry of the region in order to boost the fashion industries level of visibility to the public (Scott 1303). Along the same lines, in order to be a fashion hub Los Angeles would need to further develop its fashion week or create another fashion related event that could be big enough in scale to attract businesses and buyers from around the world. While Los Angeles does have a fashion week today, it is known for being “perennially disorganized.” This reputation detracts away from the event and leaves the high fashion industry in Los Angeles looking illegitimate (Li 1). Unlike New York’s Fashion Week, which is the biggest in the world and showcases the top designers globally, Los Angeles fashion week features more up and coming “newbies” or aspiring designers therefore not drawing huge crowds (Li 1). Not having a huge pool of successful high fashion designers to showcase leaves Los Angeles with a sub-par fashion week making it difficult for the city to take a stance in high fashion production. Without a major fashion media presence in Los Angeles as well, it is difficult to generate buzz globally for the event. East Coast magazines do not go to West Coast shows because they can attend all of the important fashion events down the street from their office buildings in New York. Without the presence of major fashion publications at the shows in Los Angeles there is very little publicity being generated for West Coast designers and Los Angeles fashion week as a whole. Ilse Metchek, the president of the California Fashion Association, spoke about this issue in a recent interview with the Los Angeles Times saying, “The New York shows have all the media, the entire front row is Vogue, Elle, the European media is there. We don’t have fashion media here. They’re not here anymore” (Li 1).

Additionally, Southern California lacks the skilled workforce, technological equipment and knowledge of high fashion production needed to move down the high fashion development path due to the way the industry began in the region. Today, the fashion industry in Los Angeles
still has a large segment of sweatshop operations and unsavory business practices due to the production of “fast fashion” apparel, and a limitation on its abilities to produce more design and knowledge intensive goods. In order to continue down the developmental high road and leave “fast fashion” behind, Los Angeles would need to invest in new production facilities and educating a relatively unskilled workforce on producing high-end, quality apparel. This offers many challenges for Los Angeles as its current industry relies on quick turnaround production for “fast fashion.” In its current “fast fashion” set up, Los Angeles production workers must go through a learning curve with each new style produced as they are focused on only producing that single style quickly. Apparel workers gain expertise as they produce the same garment time and time again, so that by their 500th shirt they are skilled in producing that garment. The needs of “fast fashion” are quick production runs that don’t allow producers to reach a high level of production expertise. Instead, the focus is on only completing that days’ worth of work and moving on to the next garment. This leaves little time for skills training and producers rarely have time to achieve the peak performance skills needed in high-end fashion production.

Similarly, while the Port of Los Angeles offers a competitive advantage for exporting and reaching larger markets, the majority of the manufacturers in Southern California are far too small to take on the task of major exportation to new markets. Significant work would need to be done by local government agencies, civil associations or other private-public partnerships in order to make these huge strides that are needed within the Los Angeles fashion industry to get it to the next level. While Scott argues that steps can be made to help legitimize high fashion production in Los Angeles, there would need to be a major shift in the way the region currently operates. The industry would need to be legitimized by major fashion media publications, there would need to be an overhaul in production capabilities and an increase in skilled labor within
the industry, and additional educational institutions would need to be developed to supply the area with talented designers.

While it is not impossible for Los Angeles to move into high fashion production, New York has already succeeded in the skills listed above due to its beginnings as an industry focused on high-end, quality production. The city boasts some of the best fashion educational institutions in the world, is home to the major fashion publications globally, showcases the world’s biggest designers at its bi-annual fashion week, and has the production capabilities as well as the skilled labor force to excel at high fashion production. With its history in luxury apparel manufacturing, it is important for New York to capitalize on its growth potential within this market. While Los Angeles could eventually ditch its roots in mass, “fast fashion” apparel production, New York has always been operating at a higher level and still holds the competitive advantage in quality fashion manufacturing.

3. New York’s Continued Competitive Advantage

While New York has lost its edge in manufacturing and production to Los Angeles, it still leads the fashion industry in marketing, media, and design, which allows the city to continue to be the fashion capital in the minds of consumers despite the growth of the Los Angeles industry. Today, the fashion industry in New York (including retail employees) employs over 180,000 people accounting for almost 5% of the cities total workforce and generates $10 billion in annual wages for workers (Maloney 2 & CFA 23). Mostly driven by retail workers, buyers and wholesalers, the industry generates over $2 billion in taxes annually to the city. Additionally, the fashion markets that take place in New York generate $72 billion in wholesale sales annually, and half a million visitors come to New York based showrooms every year (CFA 23). The fashion history of New York can be traced back to its strong beginning in manufacturing, but
rather than disappearing the industry in New York has changed into a more design-oriented sector that has become part of what Scott calls the “cognitive-cultural economy.” Instead of being a leader in production or manufacturing, the apparel sector in New York has evolved into an increasingly design focused industry that creates symbolic content, and the city has established itself as a cultural capital for fashion. Today, the fashion industry relies on media and major design schools that churn out highly skilled labor as much as factories that produce physical garments and this is where New York excels.

While New York City’s success is often thought to come from its role as a center of command and control or because it is a hub of global finance, Elizabeth Currid argues for an additional framework that suggests that the cities dominate position comes from its importance as a global creative center in which fashion plays a large roll. This theory argues for the “importance of ideas, innovation, and artistic and cultural production in the generation of economic growth and new divisions of labor” (Currid 333). The ability to create “meaningful new forms” is central to the global economic system and global cities can be seen as those that have a large concentration of people who engage in creativity (Currid 333). “Once heralded as a bastion of industrial and then financial prowess, the city has become a leading player in the postindustrial global creative economy, an economy that relies on the innovation, ideas and creativity of human capital. New York City is not driven only by Colgate-Palmolive or JP Morgan Chase. It is also driven by creativity” (Currid 333). Today, New York’s real competitive advantage and exclusive position as a global city seems to come from its ability to be the dominant center of creativity specifically in the arts, media, design, and entertainment. From music to fashion, these creative sectors have the possibilities of becoming multi-million dollar industries in the world economy. Always known as a hub for writers, musicians and artists, New
York continues to draw on its competitive advantage of being a “creative” city in which fashion is central. Across all occupational fields and industries in the city, New York’s most concentrated are within art and culture with fashion designers boasting the highest concentration of all the creative occupations (Currid 341).

Although Los Angeles has surpassed New York in terms of national share of women’s wear production, New York still remains the cultural center for fashion and design-intensive activity. New York accounts for 43% of the nation’s fashion designers while Los Angeles only accounts for 18% (Rantisi 103). Today, New York is almost 16 times more concentrated in terms of fashion designers than any other U.S. city, and although Los Angeles is second it only has 5 times as many designers as other U.S. cities (Williams & Currid-Halkett 3046). New York is an unchallenged location for designers due to its fashion history, cultural economy, and top design schools with four of the best fashion schools in the world located in the city. The Fashion Institute of Technology, Parsons and Pratt are three of the most celebrated fashion schools and graduate skilled designers every year. Additionally, there are over 900 fashion companies located in the city with 9 of them on the Forbes Fortune 1,000 list (Williams & Currid-Halkett 3046 & FashionNYC2020 5). These 9 companies alone bring in a combined yearly revenue of $31 billion (Williams & Currid-Halkett 3046). New York’s bi-annual Fashion Week is also a centerpiece of the industry and the pillar of importance of New York as the nation’s fashion capital. No other city worldwide has a fashion week that competes with New York, and this event determines the next season’s trends in clothing on a global scale. Each year Fashion Week attracts over 232,000 attendees, showcases over 500 collections and has an $865 million economic impact, bigger than the Superbowl ($550 million) or the U.S. Open ($800 million). (FashionNYC2020 10 & Maloney 4). Rounding out the importance of New York’s fashion
industry is its media and marketing, which shape the fashion industry throughout the world. Today, New York is home to almost all major fashion publications including Harper’s Bazaar, InStyle, VOGUE, Womens Wear Daily and countless others (FashionNYC2020 11). Additionally 2 out of the 3 largest global marketing agencies are located in New York (FashionNYC2020 11). These achievements are also not new to New York. The city boasts 215 years of apparel manufacturing, 150 years of magazine publishing, 110 years of fashion schools and 70 years of fashion weeks which is hard to compete with (Collier, Fruscio, Lee & Tan 25). While New York has lost much of its manufacturing and production jobs to overseas companies and Los Angeles, the city is unrivaled in its influence on the fashion industry. New York designers set the trends, New York publications influence the mass market, and New York buyers and wholesalers get the clothing into stores for consumption.

Drawing on the work of Scott discussed previously, New York’s competitive advantage lies within its ability to “reinforce place-based resources or images to establish a cultural product,” allowing the city to become synonymous with fashion. Thus, this link that is created between place (New York City) and artifact (high fashion) allows the city’s economy to capitalize on and develop an authority in the fashion industry that prohibits entry or reproduction by possible competitors (Rantisi 86). “In cases where these lines of product specialization define the symbolic images of regions, i.e. as in the case of cultural products industries, they may confer onto those regions an authenticity or reputation that persists even after actual production declines” (Rantisi 88). Even though production and manufacturing have almost ceased in New York, the symbolic imagery of the city as a global fashion center continues. While Los Angeles may have a bigger fashion industry today, the city is not a fashion authority or linked to fashion like New York. The industry in New York has moved from a second-tier manufacturing sector
into a world-renowned design-oriented industry that influences the fashion industry worldwide. This can be seen through the relocation of foreign designers to New York, and the hiring of New York based designers at European fashion companies. While it is safe to say that the industry in New York has changed, the city still remains synonymous with fashion and has a distinctive competitive advantage over Los Angeles.

For New York to keep its title as the fashion capital in the U.S. the city must make significant changes that help foster growth, and the industry itself will need to return to its roots in high fashion production within the city. Learning from Los Angeles, it is still possible to manufacture clothing in the U.S. that competes with offshore production if the industry has support from the city government. Today, the rent in the Garment District is not feasible for many companies, especially new designers just starting out. If the area is re-zoned this year, many established companies will be forced out as well. Looking at Los Angeles, it is possible to manufacture clothing in areas outside of the fashion core and still be successful, opening up opportunities in the Bronx, Brooklyn, Queens and Long Island City. These areas offer cheaper rents, more space, and less congested streets for delivery trucks than midtown Manhattan (Center for an Urban Future 3). However, these areas have their challenges as well. Parts of East Williamsburg and Long Island City zoned for manufacturing are being illegally turned into high rent lofts, and current manufacturing companies are being pushed out by landlords that want higher-paying office tenants. In 2000, it was estimated that only 2% of Sunset Park and Long Island City manufacturing spaces were vacant (Center for an Urban Future 12). With minimal production being completed in New York today, it can be assumed that these manufacturing spaces are being used for other purposes.
In order to restore manufacturing opportunities in New York, zoning laws need to be enforced in these areas that are ideal for production, especially if space will be reduced in the Garment District for fashion companies. When the zoning laws were enacted in 1987 the Mayor’s Office of Midtown Enforcement hired investigators to enforce these laws, but by 1993 City Hall had eliminated the program’s funds (Center for an Urban Future 10). Additionally, most garment firms work on low profit margins and have trouble coming up with the large sums of money needed to move their equipment and inventory to new production facilities. It is estimated that moving a firm from midtown to an outer borough can cost anywhere from $150,000 to $300,000, a number not feasible for many companies (Center for an Urban Future 13). In the past, apparel firms could qualify for moving grants through the city’s Business Retention Relocation Corporation, but the city let this program die out in the late 1990s leaving many manufacturers with no options (Center for an Urban Future 3). Cost of production is the number 1 challenge faced by companies producing in New York and incentives are needed to keep manufacturing local. Tax breaks or tax incentives on real estate, help with the cost of electricity or utilities, and city funding to train workers or upgrade technology were all cited by the companies interviewed as positive changes that could be made by the city government. As an industry that pays billions of dollars in taxes each year, New York manufacturers need to see some benefit from producing locally in order to stay in the city.

While the fashion industry took many hits from the city during the Giuliani administration including the withdrawal of $24 million to renovate Brooklyn Army Terminal for apparel manufacturing, the sun setting of the Business Relocation Assistance Corporation, and reduced funding support of the Garment Industry Development Corporation, the renewal of this industry is on the current agenda for Mayor De Blasio (Center for an Urban Future 20). In February of his
first term, De Blasio highlighted the importance of the fashion industry to New York and unveiled a $15 million plan to revitalize the industry. Along with a $5 million marketing campaign that positions New York as a fashion capital, there is an additional $5 million in programs for manufacturers, which include “Capital and Workforce Grants that build upon existing programs to empower local production facilities to implement the latest technology and training programs for employees” (Lockwood). Additionally $8 million in grants is available for businesses to develop the space through the cities Industrial Modernization Initiative (Lockwood). Just this February De Blasio promised a new center for fashion businesses, devoted to garment manufacturing in Sunset Park, Brooklyn. The renovation, which also includes a new film and television studio, comes with a $136 million investment from the city (Bellafante).

Today, the importance of the garment industry and its manufacturing sector has come to the forefront of city policies and exciting changes have started to take place. However, in order to keep up with the changing nature of the apparel industry in New York additional efforts need to be made quickly as many New York based designers feel that not enough is being done.


A Return to New York’s High Fashion Roots & the Zara Model

Already known for its fashion design, New York can make use of its manufacturing history in high-end garment production. The Los Angeles niche market of “fast fashion” must be brought to the public quickly and utilizes lower production standards, large production runs, less expensive fabrics, and less design with the real focus of the garment on colors, finishes and trims. High-end fashion, on the other hand, utilizes high levels of design creativity, smaller production runs and it requires skilled workers even in the manufacturing sector, all of which is where New York excels. Today, New York lacks the large-scale assembly line capacity found in
Los Angeles and needed for “fast fashion” production. However, its long history of fashion manufacturing afford the city with jobbers and contractors that have specific knowledge in high fashion manufacturing, which requires superior skills, better quality of sewing, and greater care in the handling of expensive fabrics (Doeringer 42). While New York’s history of unions and collective bargaining agreements have hurt the city in terms of inexpensive “fast fashion” production, these relationships have made the city better suited for the production of high-end apparel.

The collective bargaining agreements in New York’s history managed the number of suppliers in the industry and stabilized competition by requiring specific contracting partnerships. Through these agreements manufacturers and jobbers did businesses only with designated contractors, and contractors typically worked for one jobber or manufacturer instead of multiple (Doeringer 7). New York’s history of collective bargaining agreements between jobbers and contractors has allowed for continued relationships between these two groups which helps the industry today. While the main purpose of these dedicated contracting agreements was to limit entry by non-union contractors, one unintended but beneficial outcome was the investment in human capital afforded by these relationships making high-end fashion production possible. With stable contracting relationships in place through collective bargaining, New York jobbers were able to make investments in the skills and knowledge of their contractors without the worry of losing their investment if their contractors worked for the competition (Doeringer 33). These stable contracting relationships also developed a culture of reciprocity in the New York garment industry where loyalty and commitment are embedded in contracting interactions. These loyal relationships encourage contractors to maintain quality standards, adhere to tight delivery schedules and work together to reduce manufacturing costs (Doeinger 33).
Oppositely, the Los Angeles industry was created by fierce competition between contractors vying for production work causing a race to the bottom in production costs. The desire to keep costs of production low led to a lack of employee training or advancement, making the industry in Los Angeles unsuitable for high fashion production. Due to the way the industry developed, New York City still has strong productivity incentives based on contracting relationships that were created during the industry’s inception. Similarly, the firms that remain in New York’s garment district are smaller-scale and offer more flexible production methods than what is found elsewhere. This makes the city’s garment district more suitable to serving niche markets, specifically those in high fashion apparel.

In the 1950s New York’s garment district was becoming increasingly a district of small firms producing rapidly changing apparel products that had the least stable and predictable demand similar to the “fast fashion” industry in Los Angeles today. However this development trajectory changed in the years following due to foreign and domestic competition, and the New York garment industry moved to producing more fashionable products. The production of more fashionable, high-end apparel allowed New York to develop an agglomeration economy with labor pools of more skilled workers, (fashion designers, pattern-makers and broadly skilled sewing machine operators), a close proximity to suppliers of diverse high-end fabrics and trims, and easy access to higher end retailers and consumers. While New York has lost much large scale, standardized production, the city has retained smaller and more complex high fashion production. In a 2012 study of apparel manufacturers in New York City, Peter Doeringer found that about one third of the firms were producing “designer” apparel (Doeringer 46). In addition, New York City firms had substantial opportunity to move up within the fashion hierarchy, but were instead producing under their fashion capabilities. For example, he found that the 6 firms in
the sample producing “budget” apparel products could also produce “moderate” fashions, 5 could produce “better” apparel, half could do “bridge” or “designer” apparel and 1 could even produce “haute couture” (Doeringer 46). Out of just this sample, two thirds of the firms were able move up the fashion ladder and had the ability to create higher-end apparel than what they were currently manufacturing with 1 even able to produce the highest and most design intensive clothing that exists. “These high levels of unutilized capacity for fashion production are an indicator of the ability of the New York district to shift production towards more fashionable market niches” (Doeringer 47). The superior quality of New York manufacturing was cited as the main reason for producing in the city by all three designers interviewed for this paper. While it may be 10 times more expensive to produce garments in New York, the quality of production and the skill of the workers in the city is unmatched. In New York’s manufacturing industry today the skilled workers available for production are being underutilized, and their education and training are going to waste (Lewis).

New York brands also have quick access to fashionable consumers, industry and media leaders, and wholesale buyers allowing them to test out new high fashion styles, get immediate feedback and quickly update the design. The quick response nature of the New York industry as well as its skilled workers allows designers to bring a sketch to life within a matter of days. This gives buyers and wholesalers a “crystal ball” that they would be unable to utilize by producing abroad or even across the country. Wholesalers can quickly produce samples down the street from their offices in the Garment district, receive immediate feedback from buyers on the style and update the design quickly with changes (Assael). Producing abroad or even across the country adds to the lead time of production and changes to garments aren’t able to be communicated as quickly or effectively. The ability to update designs and produce a sample
instantaneously makes New York the perfect place for the small run, quick response, quality production needed within the high-fashion market. In today’s fashion environment, speed to market and flexibility of production are the most important factors and this is where New York excels.

While probably unable to compete with the lower wages and space available in Los Angeles, New York has a competitive advantage in the minds of the consumer as a fashion capital and also in its ability to manufacture high fashion products. New York’s reputation as a global creative hub discussed earlier makes the city more credible in fashion production and the perfect place to manufacture high-end products. “This dynamic has pronounced implications for development: cultivating this reputation enables one place to gain advantage in production (and selling) of a particular good (e.g., wine, art, designer shoes) over other places specifically because it was produced in that place” (Currid & Williams 324). New York already has the reputation as a global creative hub and fashion center. Manufacturing just needs to follow in order to create a better and more recognizable “Made in New York” brand. Utilizing New York’s position as being synonymous with fashion and establishing a “Made in New York” image of high-end apparel could help bring manufacturing back to the city.

Although the focus of the New York apparel industry should be on high-end production instead of “fast fashion,” there is much to be learned from major “fast fashion” retailer Zara in the way that they are able to succeed in localized garment production. Thought of as the pioneer of “fast fashion,” Zara has changed the fashion industry in its ability to get high fashion clothing to consumers on a shortened production cycle. The company uses a system of vertical integration which seeks to match supply with ongoing changes in consumer demand. Unlike traditional fashion firms that perform design and sales functions in-house but outsource production, Zara
produces the majority of its products in its own factories in Spain (Crofton and Dopico 43). Instead of outsourcing, the company performs most of the capital intensive and value added intensive stages of production in-house such as purchasing raw materials, designing, cutting, dyeing, quality control, packaging, labeling and distribution (Crofton and Dopico 43). By handling production Zara is able to react quickly to consumer demand, and the company values the speed of its response to customer demand over finding the cheapest way to produce apparel. For Zara, speed and flexibility of production matter more than just price. With the ability to produce in its own factories, Zara prides itself on reducing lead-time by producing closer, not cheaper (Crofton and Dopico 43). Increased speed to market has become the number one goal of the apparel company and they have achieved this through vertically integrating design and manufacturing, using local subcontractors, and developing a “just in time” production line with Toyota that can be modified based on consumer demand. With these developments Zara has been able to shorten the design to retail cycle to just five weeks, while the standard cycle is five to six months without overseas shipping or processing time built in (Crofton and Dopico 43). Zara is also able to service repeat re-orders from stores within two weeks. Additionally the shortened production cycle allows the company to update styles consistently creating demand and a reason for the customer to go back to the store frequently. While traditional retailers have new products shipped to stores every 12 weeks or so, Zara is able to add new styles twice a week (Crofton and Dopico 44). The ability to react quickly to consumer demand also saves the company money in the long run as they are able to stop production quickly on products that are not being reacted to favorably by consumers. The ability to produce small batches of apparel quickly creates consumer demand, but also eliminates the risk of having large amounts of leftover stock from a large production run that the customer did not purchase. By producing
small apparel runs quickly, Zara is able to react to the customer by reproducing more if the
garment is working or by eliminating production if it is not. Thus, Zara is able to eliminate
clearance markdowns that hurt profits.

The success of Zara, currently worth $10.7 billion with more than 2,100 stores
worldwide, speaks to the possibility of major successes within New York garment production.
The production of apparel for Zara takes place in Galicia, an area in Spain without a fashion
history and without the trade protection that was afforded to other areas in the countries’ textile
regions (Crofton and Dopico 45). Without a fashion history or trade protection in the region,
Zara’s success has been made possible by its extremely fast speed to market. Additionally,
Zara’s success continues despite the rise of incoming products from emerging economies in low-
wage countries, and the region actually exports more textiles to China than it imports due to the
success of Galician manufacturing (Crofton and Dopico 47). Already set up to produce small,
high fashion apparel runs, New York garment manufacturers are in a perfect position to follow in
the footsteps of Zara. Instead of utilizing low-wage countries for production, New York and U.S.
apparel companies could be afforded with quicker speed to market, less risk through small
production runs, and quality products due to a highly skilled labor force in the city. Following
the Zara model, fashion companies could use New York manufacturing to produce high quality,
high fashion products at home with a much quicker turnaround time than outsourcing.

Some New York based companies have already begun to adopt this model, citing speed
to market and the flexibility of continuing or reducing a production run as more important than
overall cost. Andrew Assael, a designer at New York based clothing company Vanilla Star, cited
speed to market as the reason the “fast fashion” company has used factories in Long Island City
to produce large orders recently. While producing the garment may have cost the company $10
instead of $6 in China, the turnaround time was a few weeks versus a few months (Assael). Consumers want to see new styles in stores more frequently, and speed to market is becoming the most important factor in garment production. Although a more expensive source of labor exists in New York versus offshore production, Zara has proved that speed to market and the ability to react quickly to changing consumer tastes is able to offset the higher labor costs and still keep companies profitable. Today, manufacturers in New York can get a style to market within 3 weeks, while producing abroad can take upwards of 4 months (Assael). This alone should be incentive for U.S. based companies as speed to market and the ability to consistently update consumer choices becomes increasingly important.

Additionally high fashion is less about price and more about style and aesthetic, making New York the perfect place for production as it continues to be seen as a major fashion capital. Quickly changing consumer tastes and the desire for the high fashion customer to constantly see something new provides New York with an opportunity to gain back some of the manufacturing opportunities that it has lost. Utilizing New York manufacturers could decrease lead times for companies, reduce markdowns and shipping costs, and allow for increased newness throughout the year to keep consumers coming back. Although Zara has shied away from taking a “moral stance” on garment production, by producing in Spain instead of low-wage countries the company has also avoided the negative opinions that usually surround “fast fashion” production in the form of exploited sweatshop labor (Crofton and Dopico 43). Similarly, manufacturing in New York could give companies an added marketing tool as being a sustainable, sweatshop-free, but still a highly fashionable brand.
Retaining Design Talent and Fostering New York Based Growth

In recent years strides have been made to bring back some of New York’s apparel manufacturing sector. Most notably, designer Bob Bland has established a fashion incubator and innovation hub in Brooklyn, located at a former Navy building now renamed Liberty View Industrial Plaza. Bland’s incubator, coined Manufacture New York, aims to revitalize New York’s apparel production center while also developing a new generation of fashion entrepreneurs. "In the '80s, the garment district was the fashion incubator," Bland said. "As a kid who just graduated from design school, you could roll down the street and say, 'Here's my sketches, here's my patterns. What do I do next?' We don't have that any more"(Foster). This is a challenge felt throughout the industry with the decline of businesses located within the garment district. New designers are struggling to navigate the industry or forge connections with established players for help. With a $3.5 million dollar investment from the city, Bland has been able to make a lot of progress in a short time. The 160,000 square foot space has become a hub of fashion research, design and development for New York’s emerging designers and apparel manufacturers that once resided in Midtown. The incubator is working to lure designers and manufacturers away from the high rents in Manhattan’s garment district and into a space that offers affordable rent, along with educational opportunities and a place to foster connections with others sharing the space.

Manufacture New York offers month to month packages where new brands can utilize either a 200sq foot or 400sq foot space along with shared industrial sewing machines, tools, conference rooms and storage space for $400 a month (Manufactureny.org). The incubator also offers consulting services to new designers to help get their collections off the ground. New designers can work with the team at Manufacture New York on design strategy, brand cohesion, product functionality, fabric education, sourcing, yielding and sketching (Manufactureny.org).
Additionally the facility offers classes in everything from fabric dying to developing HR policies for young brands (Manufactureny.org). Bland’s goal was to provide a space that functioned like New York’s garment industry once did. The incubator is a place where new brands can find mentors on the business basics and navigate difficult production issues by forging industry connections with manufacturers also located in the space. Since its creation, Manufacture New York has helped launch 90 brands within the incubator in an effort to bring back New York’s manufacturing sector.

While designers have flocked to Manufacture New York to start their brands, the manufacturing sector of the incubator has still been slow to evolve. Although the incubator received a lot of interest from New York manufacturers initially, it has been difficult for many to make the move. Although there is some manufacturing being done at the incubator, many manufacturers feel that it is too risky to make the move from the garment district unless many other firms do as well. The cost of moving equipment out of the city is also an expense many manufacturing companies can’t afford with the state of the industry as discussed previously. The majority of the manufacturing done in New York is done for small designers with limited distribution, or for bigger name companies that need quick turnaround samples made. The fashion manufacturing industry in New York relies on its ability to fill a lot of small orders quickly, and being out of the fashion core of midtown Manhattan would be less convenient for clients, giving firms that moved to Brooklyn a competitive disadvantage (Friedman). Wholesalers located in the Garment District would be unable to walk down the street to have a sample made if their manufacturer was based in Brooklyn. However, if bigger brand names brought production back to the U.S., it would make sense for many manufacturers in the garment district to move to a larger, more affordable space and begin large scale production. By
educating the designers at the incubator on the benefits of domestic sourcing plans through its consulting arm, Bland hopes to foster designers that are tied to New York production and even re-shore some production for already established brands like Brooklyn Industries (Friedman). “Manufacture New York’s role is in redefining manufacturing in New York City. We can create messages, we can create movements, but it’s ultimately up to the business owners to make a decision and collectively decide to reshape fashion manufacturing in New York. What we have encouraged them to do is reduce their overhead, to find alternatives to Manhattan to have a more fiscally sustainable business” (Friedman). The major contributing factor of Manufacture New York’s success thus far is the close proximity in which it puts designers, pattern makers and manufacturers to each other and the atmosphere of cooperation and collaboration that this environment creates, similar to how the Garment District once functioned in midtown Manhattan.

While Manufacture New York has had a lot of success in the past year, specifically becoming part of a $317 million public-private project with MIT and the department of defense aimed to keep the U.S. at the forefront of textile innovation, there have been incubators in the city’s history that were not successful and many critics feel Manufacture New York could be next. Brooklyn Mills, opened in Sunset Park Brooklyn in 1999, was built on a similar business plan as that of Manufacture New York. The aim of Brooklyn Mills was to bring manufacturing to the largely immigrant neighborhood of Sunset Park in an effort to promote garment manufacturing in New York. The incubator was expected to bring competitive wages for apparel producers to the neighborhood, and to provide an opportunity for upcoming designers to start their businesses away from the high rents of the garment district in Manhattan. Originally cited
as a model project to help sustain garment manufacturing in New York, Brooklyn Mills did not change the New York apparel industry as hoped and eventually became defunct.

Created as a solution to “unfair competition” by sweatshops, the project aimed to reduce manufacturing costs by sharing space, utilities, machinery and equipment while also providing access to technology, technical and marketing assistance, and networking opportunities for new companies (Hum 302). Because Brooklyn Mills was located in a New York State Economic Development Zone, tenants also saved on taxes when purchasing equipment or hiring new employees making it an ideal space for new brands (Hum 303). The initial excitement for Brooklyn Mills disappeared quickly as neighborhood alliances, community leaders and the Apparel Industry Task Force became aware that the incubator was focused more on creating solutions for the apparel manufacturing industry instead of additionally working to create a sustainable neighborhood economy as promised (Hum 303). While business development for the apparel manufacturing sector of New York was a goal for the incubator, the initial plan for the facility also included programs and services for immigrant workers and their families which never materialized (Hum 303).

Additionally, the initial criteria for acceptance into the incubator was similar to that of a loan application, pushing new designers to the bottom and allowing only established companies to be approved to occupy the space (Hum 304). New designers therefore were unable to take advantage of the “intangible” benefits supposedly provided by the incubator including mentoring relationships, moral support, access to previously unattainable resources and the ability to form business networks in the industry (Hum 304). The already established businesses that initially occupied Brooklyn Mills sought subsidized rents as well as tax breaks only and were not interested in the “intangible” benefits that would have helped new designers by being affiliated
with the incubator. The Brooklyn Chamber of Commerce noted that 4 out of the 6 tenants in Brooklyn Mills had no interest in the services that could be provided by the facility and 2 of the accepted firms were jobbers that did no actual garment production in the incubator (Hum 304). Here, established companies sought to reduce their costs of doing business by relocating to Brooklyn Mills, thus taking away from new designers and the industry as whole to improve business practices. The incubator also did not bring the employment opportunities to the neighborhood as originally promised due to the companies that were accepted. The employee base of the Brooklyn Mills incubator had already worked for a firm that had simply relocated into the facility, and very few new employees were hired from the surrounding neighborhoods. (Hum 304). “The planning and implementation of Brooklyn Mills represents a critical missed opportunity to continue and build on the collaboration initiated by the Apparel Industry Task Force to convene all stakeholders in a declining industry that nonetheless remains a cornerstone of an immigrant neighborhood economy. Brooklyn Mills has failed to serve as a high-road development strategy and has had no measurable impact on Sunset Park’s garment industry” (Hum 304). In this sense, Brooklyn Mills failed as it only subsidized rents for established companies instead of promoting improved garment production practices like initially planned.

While Manufacture New York has seen early success unlike Brooklyn Mills, it is important that the incubator continues to focus on developing new designers that will produce apparel in New York. The success of the industry in the city relies on up-coming designers having a loyalty and appreciation for the skilled workers available in the New York garment industry, instead of outsourcing to other areas. So far, this is the environment that Manufacture New York has created within its incubator, but new pressures from the $317 million “wearable tech” partnership with the U.S. military and MIT could change the trajectory of the incubator. It
is important for the city to stand behind these incubators and continue developing spaces for firms to manufacture apparel in New York, while also helping established brands with relocation grants to the outer boroughs. Additionally many young brands may not be able to afford a lot of the classes or consulting opportunities provided by Manufacture New York, so additional free classes from city organizations are still necessary to retain and help designers.

Similarly, advances in technology help designers and manufacturers cut costs of production and streamline processes, but many small companies cannot afford to upgrade their equipment. City funding to new incubators to upgrade to the latest technological equipment will help small manufacturers compete on a global scale by utilizing this shared equipment within the facilities. Computer-aided design and manufacturing software (CAD/CAM) products help designers turn their sketches into samples, 3-D printing equipment allows designers to make quick prototypes, and computerized shipping modules allow companies to control product flow reducing delays and inventory costs (CFA 15). Much of this new technology is very expensive and requires capital to train new workers that many small companies do not have. While these new advances will save companies money in the long run, the initial investment is often too much for New York based companies that are already facing difficult times. City support to upgrade current incubators with new technology and help in the creation of new, shared manufacturing facilities will allow small companies to utilize communal equipment and streamline production.

A comprehensive website that new designers could utilize to navigate the business would be an inexpensive and extremely beneficial resource for New York’s up and coming apparel producers as well. As the number of manufacturers and designers based in the Garment District decreases, it becomes increasingly difficult for newcomers to forge connections and network
with those that are more experienced. Relationships are more important in the garment industry than in any other sector, and without these relationships new entrepreneurs are lost trying to navigate the apparel world (Lewis). Makers Row is a website that many brands turn to for guidance, offering new designers help creating connections with manufacturers, suppliers and other designers for a monthly fee. To help ease the financial burden of brands already strapped for cash due to the high cost of production in New York, city fashion organizations should create a Makers Row type website available only to those that produce apparel in the city. Forging these connections that are unable to be made in the garment district today could help many new brands get their start and stay in New York. Classes, webinars, and information on how to first start a business should be made available online to help designers as well. Marketing tutorials, photography tips and tricks for photographing products, ways to find the right manufacturer, and information on sourcing would all benefit new brands just starting out. Online forums and even physical networking events would allow designers to meet with each other, creating a place for conversations, mentoring relationships and overall connections. Creating an online community for networking is important to facilitating manufacturing in New York as the garment district declines and companies move to the outer boroughs leaving new companies unable to build relationships with their peers.

While Manufacture New York has made progress in the garment industry, it will not solve the problems the industry is facing alone. The city government and fashion organizations need to do more to help new designers network, learn about the business and access the inexpensive rents available within fashion incubators. In an effort to help the garment industry, the NYCEDC has developed “Made in New York,” a public-private partnership responsible for “creating, developing, and implementing an array of specific programs to fortify fashions design,
manufacturing, and educational sectors” (Made in New York Fashion). While the intentions of the NYCEDC program are good, little has been done by the organization to further the industry since its inception. Becoming a “Made in New York” certified brand is difficult, and brands that have already received certification have seen little benefit from their efforts (Lewis). The “Made in New York” online platform is the perfect place for many of the changes discussed earlier to come to fruition. The development of additional incubator spaces throughout the outer boroughs, education and networking opportunities, as well as the investment in technology could open up a path for high end, sweatshop free, quality manufacturing in New York.

**Making “Made in New York” Matter**

While there are conflicting opinions on what “Made in America” or “sweatshop-free” means to consumers when they are actually purchasing apparel, it is generally agreed upon that consumers in theory would prefer to purchase products made under “good” working conditions. In the last 20 years three separate research organizations have conducted surveys on consumer attitudes towards purchasing products made under sweatshop like conditions and have found, not surprisingly, that most consumers have a strong preference to purchase products not made under these conditions even if it will raise the price of goods (Burns, Heintz & Pollin 2). The most recent survey, for example, found that on average consumers were willing to pay 28% more on a $10 item and 15% more on a $100 item in support of the product being made under “good” conditions (Burns, Heintz & Pollin 2). Today, many companies have established “codes of conduct” for their suppliers to ensure that workers producing apparel under their brand name are paid living wages, work under decent conditions and are afforded basic human rights. The fact that all major brands and licensees have these codes of conduct, as well as the boycotting of
major brands in the past due to how their products were produced, shows the importance of “sweatshop free” labor to the consumer.

A study by Burns, Heintz & Pollin found that giving garment workers in the U.S. a 100% wage increase would only raise the price of a garment by between 3% and 6%, well in the range of what Americans said they would be willing to pay in the consumer data discussed earlier (3% when non-supervisory level production workers receive the 100% raise and 6% when supervisors are included) (Burns, Heintz & Pollin 5). Therefore, the retail price increases that would be necessary to fully absorb the costs of raising wages or improving working conditions are well within the 15-28% that consumers agreed to be willing to pay to assure that non-sweatshop conditions were established. While not suggesting that New York manufacturers give all apparel workers a raise of 100%, producing in New York can be possible as consumers are becoming more conscious of how their apparel is produced. With “sweatshop free” and “sustainably produced” on the minds of many consumers, New York has an ability to capitalize on this market due to the way its industry was initially formed through heavy regulations and unions. Today, New York has an opportunity to position itself as a city that produces high fashion, quality products in “sweatshop free” conditions that consumers are looking for. If New York firms stay the course in high fashion production, there is opportunity to increase manufacturing in the city under better working conditions as high-end consumers as well as retailers are not as conscious about price.

Additionally, a study by consumer reports last year found that almost 8 in 10 American shoppers would rather purchase a U.S. made product than an import and 60% would be willing to pay at least 10% more for it (Gustafson). Another study found that 82% of respondents would purchase clothing made in the U.S. to support the domestic economy and 83% stated that they
would be more likely to do business with a company that moved production back to the U.S. (Bui 25). Made in the U.S.A. is being used as a strong point of differentiation for younger, more socially conscious audiences with fashionable brands like American Apparel and Reformation proudly touting the label. As previously discussed, today’s consumer is making more conscious fashion decisions and is willing to pay more for sustainable apparel. Clothing retailers have an opportunity to market to Americans who want to buy domestic-made clothing, or those that would feel good about “protecting American jobs.”

While “sweatshop free” and “Made in America” are beginning to matter more to conscious consumers, recent studies have found that a fashionable point of view still must be present and New York can offer both. Today, there is a disconnect between consumers who consider themselves concerned about environmental issues as well as ethical conduct, and their subsequent consumption of “fast fashion” which often engages in anti-ethical practices. Recent studies have found that using terms like “sustainable” or “ethical” fashion conjured up images of “hippie and environmental movements of the 1960’s and 1970’s” which meant boxy, shapeless, used or recycled apparel in the minds of consumers (Joy, Sherry, Venkatesh, Wang & Chan 288). While organic T-shirts might be acceptable as loungewear, the study found that sustainable fashion in the minds of the consumer is thought to be “crunchy,” unstylish and drab. A lack of style was the main reason that consumers did not purchase sustainable or ethically produced clothing and instead opted for “fast fashion” (Joy, Sherry, Venkatesh, Wang & Chan 288). Drawing on this research and also taking New York’s already established role as a fashion authority into account, there seems to be room for New York firms to fill this void for sustainable but also fashionable apparel. These recent insights into consumer behavior seem to
open up a new market for New York firms to produce ethically and locally, while also giving the consumer the high fashion style that they are looking for.

However, many New York brands are not seeing this consumer desire for sustainable, sweatshop free, U.S.A. produced fashion translating into sales. Jamie Lewis from JLEW Handbags, noted that the customer “does not care” about Made in the U.S.A. if the product is deemed too expensive (Lewis). A producer of fashionable handbags that are manufactured in New York and aimed to empower women, Lewis has seen slower selling than expected due to the cost of her products. Additionally, she cites the made in the U.S.A. videos and content on her website as the least interacted with, showing that the customer is not engaging with the made in New York message today (Lewis). In order for the customer to be willing to pay more for products made in New York, significant work must be done to tie quality and high fashion to New York manufactured products in the minds of consumers. With some of the most skilled manufacturers available and a reputation as the epicenter of fashion, the customer needs to be educated on what “Made in New York” means in order to understand why they might be paying a slightly higher price. Consumers need to be educated on the skilled craftspeople, quality production and fashion history available within New York manufacturing. Today, most luxury brands are producing sustainably and ethically due to their concern for quality and charging premium prices that customers are willing to pay. Consumers will spend thousands of dollars for a Hermes or Louis Vuitton handbag because it symbolizes status and quality, so getting New York based brands to symbolize quality and fashion within the consumers mind is imperative to success. Luxury brands like Hermes or Louis Vuitton are out of reach for many consumers, opening up space for New York brands that are producing high quality products at more
reasonable prices. With the city help discussed earlier, New York firms and designers could fill a void of affordable, high fashion apparel that is also sustainably and ethically produced.

It has already been established that New York has the capabilities to be a top producer in high fashion, quality apparel through its long history in manufacturing and skilled workforce. With the “bare bones” structures and workforce already in place to once again become a leading apparel producer, the city must increase their support and the industry itself must evolve to keep its competitive advantage. While Los Angeles has found its niche in casual sportswear and “fast fashion” through retail giants like Forever 21, New York has always been a mecca for high-end fashion production. With the high rents and much higher wages of employees, the New York market is not suitable for the production of cheap, fast changing apparel, which works on very low profit margins. Instead, the industry should capitalize on the link it has to design, art, and culture by further promoting a “New York brand.” Just as “I love New York” became a slogan recognized and copied around the world, marketing a “Made in New York” image could be equally successful if the industry is able to position itself as a center for high-end, high quality apparel production. While Italy and Paris are synonymous with luxury in the fashion world, New York has become synonymous with fashion design and should capitalize on its current position.

Drawing again on the work of Scott, places are able to produce “images” in the minds of consumers that drive economies by transmitting social and cultural messages. The cultural products industries of the city, in which fashion plays a key role, relies on New York’s ability to create and recreate images of the city as a place with an “aura and mystique” that can be translated into the commercialization of objects (Scott 307). Fashion, which can be defined as the “social systemic production, consumption and institutionalization of novelty,” ties together culture, the individual and the economy (Back, Bennett, Desfor-Edles, Gibson, Ingles, Jacobs &
Woodward 163). As a cultural product fashion locates people within a specific social status or community, and is part of the basic process that forms the individual. Clothing allows its wearer to establish their own individuality while simultaneously displaying cultural cues to others that they belong (Back, Bennett, Desfor-Edles, Gibson, Ingles, Jacobs & Woodward 164). Fashion therefore plays a cultural game with consumers by convincing them that owning an item adds to their uniqueness, while also allowing them to feel that they are part of a small or selective group (Back, Bennett, Desfor-Edles, Gibson, Ingles, Jacobs & Woodward 167). Garments also take on a cultural meaning or become a status symbol for the consumer depending on their function, aesthetic or where they are produced. “Whether a fresh color, a visible brand motif, a discreet label only seen by the wearer, an inventive shape, cut or style, or something also worn or endorsed by a celebrity or esteemed fashion exemplar, the fashion object can be transformative – or indeed take on talismanic qualities – for individuals” (Back, Bennett, Desfor-Edles, Gibson, Ingles, Jacobs & Woodward 167). In today’s economy of cultural products, the most successful commodity objects combine powerful aesthetics with equally narrative and mythical traits (Back, Bennett, Desfor-Edles, Gibson, Ingles, Jacobs & Woodward 171). Therefore, with its “aura and mystique” already in the mind of consumers as well as its position as an aesthetic hub for fashion and design, New York is in the perfect position to capitalize on its consumer image through the marketing of a “Made in New York” brand. By marketing “Made in New York” and accessing this cultural phenomenon that ties fashion to cultural cues, New York can re-market itself as the center for luxury, high fashion production. In order to be successful in high-end production on a larger scale, “Made in New York” must be linked to luxury, quality and style in consumers’ minds, allowing the label to culturally symbolize high fashion and status. While city
organizations have tried to pull together New York brands into an overall “Made in New York” story, it has thus far been unsuccessful and many additional changes are needed.

New York City as a whole has gone down the path of re-branding in years past, and the city could use this knowledge to help build a stronger “Made in New York” brand that would tie high fashion and high quality with New York produced products. Throughout its over 350 year history, New York has been the birthplace to the most important media industries including modern publishing, photography, advertising, radio and television. Its media reach has been able to broadcast the cities sounds, images and style to the world making it globally recognized in the mind of the consumer (Greenberg 50). Through its media reach, New York was able to rebrand itself from the epitome of the “urban crisis” in the 1960s to the “center of the world” that it is today. After years of economic and cultural downturn, the city realized in the 1960’s that rebranding New York and producing a tourism friendly image to the world was imperative to survive.

Starting with the implementation of New York Magazine in the late 1960s, the city was able to construct a new brand image and begin transforming its reputation. The magazines intense focus on consumption and lifestyle made the city appear hip again among a young and upwardly mobile audience. The magazine employed fashionable and young writers, artists, and designers that could speak to the goals of their peers. Opinion and advice columns, political portraits and even restaurant reviews written in the first person allowed writers for the magazine to be seen as “quintessential New Yorkers” and the reader’s own personal tour guides of the city (Greenberg 75). The establishment of New York Magazine helped the city begin to take a hip and creative turn, and this was further enhanced by the “I Love New York” campaign which was the city’s first international, year round marketing effort (Greenberg 194). The goal of the “I Love
New York” campaign was to rebrand the city’s image from a crisis-ridden, strike-plagued, indebted, industrial area to a hip cultural capital and growing financial center. Ads with the “I Love New York” logo displayed the best parts of New York, including the theatre district, Fifth Avenue shopping and the new downtown nightlife near the World Trade Center (Greenberg 208). By focusing on the best and most hip areas of the city, the campaign promoted New York as a great place to visit and work, replacing previously held views of New York as a crime ridden, defunct city in the minds of the consumer.

New York increased its tourism budget from $400,000 in 1977 to $4.3 million to go after the campaign in full force. In the first five weeks of the campaign New York’s awareness was up 6% and its appeal to consumers was up 10% (Greenberg 211). The $4.3 million spent resulted in $14.3 million in additional tax revenues in one year due to an 11.8% increase in tourism, or a $4 return on every $1 spent on the marketing campaign (Greenberg 211). By 1980 tourism had increased 340% due to the campaign resulting in $1.7 billion in additional revenues (Greenberg 214). Due to the lack of copy write on the logo, “I Love New York” also spread rapidly through “viral advertising” and became the pace setter for tourism marketing campaigns worldwide.

Today, the “I Love New York” logo is the most copied in the world, and New York has regained its position as a top destination for business, tourism and culture (Greenberg 205). In the current climate marketing continues to be important for the city with New York spending over $200 million on ads within the last three years (Spector). Clearly the city is no stranger to successfully rebranding itself and an increased focus on the apparel industry through city marketing could help turn around the industry. Using the cities current position as a major fashion hub, an aggressive marketing campaign promoting “Made in New York” could make local designers and brands that are producing high quality apparel in the city visible on a global level. Tapping into
ideas held by consumers of New York as a cultural capital, a major marketing campaign to re-brand the apparel industry of New York from a sweatshop ridden industry to a highly skilled workforce producing luxury, high fashion apparel could help change the course of manufacturing in the city.

Today, current fashion marketing campaigns produced by the NYCEDC are focused more on localized New York pop-up shops for designers to sell their products or in securing new companies space at trade shows to gain exposure to national retailers, instead of major marketing campaigns. As part of the current marketing campaign, pop up shops were created at the Waldorf Astoria hotel and a “Made in New York” collection was debuted at Barneys. Localized to New York City, and at locations out of reach for many consumers, these efforts did not move the needle in getting “Made in New York” into the minds of consumers. Critics believe that these moves were incredibly limited, and feel that the only impact was increased recognition for the established apparel brands and organizations that funded them. Other programs initially outlined in De Blasio’s plan for the fashion industry have also yet to take place, including a fully funded scholarship program for students, city funding to help existing companies explore advances in technology, a “production summit” event to help companies network, a digital production platform, worker training sessions, and additional store partnerships (CFA 23). The increased focus on the fashion industry at this February’s State of the City address also has many wondering if it is just an election year attempt by De Blasio to win back an industry that he has disappointed in the past.

While the city did pledge to spend $5 million on marketing designers producing in New York, this is a far distance away from the $200 million spent on tourism marketing. The current focus of the “Made in New York” marketing campaign is a website that features New York
designers as well as scholarships and awards programs for promising design students. While getting the names of New York designers to the public is important, there is a much greater opportunity to market “Made in New York” on a global scale that would entice major U.S. companies to produce in the city, and increase awareness about what New York means to the fashion industry as a whole. Through increased marketing it is possible to make a “Made in New York” label inside a garment matter to consumers as much as seeing “Made in Paris” within a Louis Vuitton handbag. While the NYCEDC is trying to make strides to market products made in New York, more focus from the city must be put on marketing New York apparel production as the destination for luxury, high fashion clothing.

Today, being certified as a “Made in New York” brand means little to the designers that have achieved the label. Once they have been approved as a “Made in New York” brand, there is little to be gained in terms of added marketing or additional benefits (Lewis). Aside from having their name listed on the website, there are relatively no advantages to becoming a certified brand with the “Made in New York” organization today, and designers feel that there is much more that could be done (Lewis). A more general marketing campaign is needed to enhance the “Made in New York” message, one that focuses on the cities aesthetic, fashion history and abundance of designers changing the fashion trends within the city. The “I Love New York” campaign created a brand identity for the city as a hub for business, theatre, the arts, nightlife, shopping, and culture which ultimately impacted tourism for the better. Similar marketing efforts need to connect consumers to the “brand identity” of “Made in New York,” one that is high fashion, design focused, sustainably produced, and luxurious. Similarly, the “Made in New York” logo that NYCEDC certified brands are allowed to use on their website is unavailable for use on garment hangtags or other individual brand marketing techniques (Noor). Making this logo
unavailable for designers to use on garment tags prevents a cohesive “Made in New York” story from being told to consumers. Even with a major marketing campaign, consumers will be unable to recognize the logo if they are not seeing it on garments produced by different brands. Limiting the use of the “Made in New York” logo and preventing certified brands from using it on garment tags, the NYCEDC is only hurting designers trying to get the “Made in New York” story to mass audiences. By establishing a cohesive “Made in New York” message, the city could tap into some of its biggest assets to promote apparel companies that are manufacturing in New York.

Home to the world’s biggest fashion influencers and media publications, *Vogue*, *Harper’s Bazaar* and others have the ability to change the course of fashion with just one issue. Just as *New York Magazine* changed the way many people saw New York, an annual issue focused on manufacturing, design and products created in New York in a major fashion publication could over time change the way “Made in New York” is viewed on a global scale. A yearly publication through the NYCEDC “Made in New York” campaign would also benefit designers manufacturing in the city and help get the names of new brands out to consumers and retailers. Membership fees could even be imposed to support a yearly publication and designers would be willing to pay for that kind of exposure (Lewis). Many small brands do not have the resources to hire a specific marketing or public relations person in house, so added benefits from becoming a “Made in New York” certified brand are necessary, especially in getting increased exposure to consumers through marketing.

Additionally, now is a greater time than ever to tap into the cities abundance of fashion bloggers, social media personalities and celebrities that call the city home. A survey conducted by the California Fashion Association found that 55% of the industry leaders surveyed viewed
social media as the most impactful and effective marketing strategy available today (CFA 88). Social media platforms such as Twitter, Instagram, Pintrest and even Snapchat offer an opportunity for “Made in New York” brands to connect with consumers on a major scale. Getting products into the hands of Instagram personalities or bloggers with millions of followers allows companies to connect with consumers and promote their products on a broader scale, while still being much less expensive than traditional marketing techniques. New York based fashion blogs boast millions of page views a month with websites like the Sartorialist receiving 14 million views a month and the popular fashion blog Man Repeller receiving about 10 million monthly views. Utilizing New York bloggers or social media personalities offers consumers a look into what “Made in New York” style is all about by using the backdrop and aura of the city in photographs, while also promoting the actual garments to millions of consumers. Bloggers and social media personalities are also more trusted by consumers as they are seen as more authentic or “real” than traditional marketing methods. Additionally blogs and social media sites allow brands to reach consumers on a global scale as consumers throughout the world are interested in the fashions of New York, Paris, Milan and other fashion centers. Utilizing its greatest resource, the “Made in New York” brand could be effectively and inexpensively promoted to millions of consumers through these social media networks. These platforms also allow consumers to interact with fashion shows by New York designers through live video, talk with New York brands about their products through chat and purchase product directly from retailers through links within the blog or social media post.

While the marketing budget set aside by the De Blasio administration for a “Made in New York” brand is much smaller than the money available for tourism marketing, utilizing some of this money to work with bloggers or social media personalities could allow the story of
New York garment production and its products to be in the faces of millions of consumers much more effectively and inexpensively than the marketing techniques being used today. For an industry greatly impacting the employment and tax revenue of the city, more needs to be done to help market these businesses and ensure they continue to stay in New York.

In the same vein, the “Made in New York” logo needs to be made more readily available for brands to use on their own social media marketing tools. There is a very lengthy approval process for “Made in New York” certified brands to use the logo in their own social media marketing today, with approvals from the NYCEDC needed on images, copy and overall content before posts are allowed on Instagram, Facebook and other networks (Noor). Putting restrictions on certified brands trying to use the logo in their own social media marketing causes many to not utilize the logo at all. Social media marketing is supposed to be fluid and instantaneous, so asking companies that have already been certified as “Made in New York” brands to get approval before using the logo is counterintuitive and restricts the amount of social media posts promoting the overall message. Again, this limits the exposure of the “Made in New York” logo and story, causing it to be unrecognizable and meaningless to consumers.

Additionally, touting the “Made in New York” label needs to mean more to New York’s biggest fashion event. Having the “Made in New York” label at Fashion Week should come with benefits to those that went through the certification process and are actually manufacturing in New York over those that are producing elsewhere. Fashion week benefits should be offered to those producing in the city, such as preferred space and show times for New York brands or a write up in a fashion week publication to get critics and buyers excited about the initiative. With so many great opportunities available for New York designers in the city, the fashion industry as well as city organizations need to stand behind brands that are manufacturing in New York.
Expanding Markets and Increased Opportunities

With increased marketing and subsequent additional awareness of “Made in New York” products, growing markets around the world as well as the projected growth of U.S. luxury goods consumption offer major opportunities for New York made apparel brands. Over a trillion dollars is spent annually on apparel and footwear globally, and New York brands need to increase their market share abroad to receive a piece of this pie (Maloney 1). Today, emerging markets such as China and India offer opportunities for export, and consumers in these countries have shown a taste for high-profile European and American goods (Arvato 6). Growth amongst the middle class in these countries has led to increased purchasing power, and technological advances in ecommerce have made reaching these markets easier than ever for companies.

Today the shift from brick and mortar stores to ecommerce is notable with 7.2% of all shopping being done online in the United States, almost doubling from 4.2% in 2010. The shift has been more prominent and has bigger opportunities within apparel with 15%-20% of retail sales taking place through ecommerce (CFA 3). Overall, it is estimated that 30% of total retail sales will take place online by 2025, offering an even bigger opportunity for online apparel sales which are already trending better than the total today (CFA 14). Strictly ecommerce sites like Etsy, have also transformed the retail landscape allowing individual small sellers to connect directly with consumers. With almost $2 billion in retail sales annually, Etsy has revolutionized the fashion and apparel industries opening up opportunities for similar sites to allow small designers to connect with consumers on a huge scale (Maloney 5). As the customer moves to shopping online, opportunities to reach new and growing markets are present for small New York based brands that previously would not have had the capital to open physical stores throughout the country or abroad.
A resurgence in the U.S. economy has also made the American consumer another big growth opportunity for luxury businesses to capitalize on. A survey conducted on top luxury fashion and beauty executives in 2015 found that over 25% of people surveyed named the U.S. and China as the key growth areas for ecommerce within luxury products over the next four years (Arvato 2). China was projected to have the biggest growth in luxury apparel, while executives expected the U.S. to have stronger growth in beauty products (Arvato 6). Over the past decade China’s fashion market has continued to grow and this growth trajectory is expected to carry on with China becoming the world’s largest fashion market before 2020 (Zhang). With a younger, more sophisticated and highly educated consumer emerging in the country, the demand for luxury goods continues to increase despite a slight economic downturn in recent years.

Today, Chinese shoppers account for nearly half of the global luxury market, spending more than $16.8 billion in 2015, up 9% to the previous year (Horton). Interestingly, there has also been a shift away from branded goods in the country with 39% of wealthy Chinese agreeing that brand logo is no longer the priority for purchasing. Instead there is an increased focus for consumers on quality (Horton). Previously very brand focused, niche high-end designers and bespoke products are becoming more popular and driving luxury consumption for the Chinese consumer that is looking for quality instead of brand name. The move away from branded Louis Vuitton or Chanel products that were previously coveted in the country opens up major opportunities for new, “Made in New York” brands at the high-end of the fashion spectrum within Chinese markets.

The Chinese consumer is spending the majority of their luxury dollars abroad, either while traveling or through ecommerce, opening up major opportunities for U.S. companies to capture this customer (Horton). Major American retailers such as Macy’s have already recognized the
opportunity for expansion within the Chinese market, beginning to sell products through Alibaba’s TMall Global in late 2015 (Tong). According to Alibaba, the U.S. retail giant has become one of the most popular stores on its site, making more than 1,500 products from American designers like Anne Klein and Tommy Hilfiger available to the Chinese consumer (Tong). Macys has also worked to engage the consumer with online broadcasts that explain the company’s history and introduce the shopper to its U.S. stores. These broadcasts during Fashion Week resulted in over 150 million posts to Chinese social network Weibo showing the interest that the Chinese consumer has in American retailers (Tong). On this year’s Singles Day, a mainly Chinese shopping event similar to Black Friday, Macys even offered consumers a virtual shopping experience and tour of their Manhattan flagship store (Bain). Singles Day, which drove $17.8 billion in total sales through Alibaba, gave the U.S. retail giant an opportunity to connect with consumers across the world (Bain). Using virtual reality headsets Chinese consumers could stroll through the famed New York Macy’s and shop the discounts offered from their homes. Along with shopping the deals, this experience allowed Chinese consumers to connect on a different level with the retailer and build a relationship from across the globe. For the consumer it is more about experience than pure purchasing, and technological advances have allowed consumers from around the world to connect with retailers in new ways through ecommerce.

Today, clothing is the number one purchase made by the Chinese consumer online and research has found that these shoppers prefer Western brands known for quality and design despite price, which opens up major opportunities for high fashion New York brands (Zhang). Although China is one of the world’s largest clothing manufacturers, it has no top international clothing brands. Instead, the marketing of major European and U.S. brands has influenced consumer spending in the country towards Western produced goods. This is further exemplified
by the “made in Los Angeles” brand American Apparel opening successful retail stores in Canada, Europe and Asia. Company data from American Apparel points to stores abroad as some of their most profitable, showing a high consumer interest in made in the U.S.A. products in other countries (CFA 67).

An extended U.S. and China tourist agreement will only continue to open new opportunities for luxury brands in major cities like New York. In 2015 the 1.8 million Chinese tourists spent $21.2 billion while in the U.S., much of which was from the purchase of luxury goods (Mellery-Pratt). Increased tourism in major cities will open up opportunities for U.S. produced luxury brands to market and sell products to expanded markets. Through travel, visitors become familiar with U.S. brands, and the developments within ecommerce will allow the consumer to continue following and purchasing designs when they return home. Noticing this opportunity for growth, Macys plans to continue expansion by launching its own retail site in China this year, allowing the consumer to shop online after possibly discovering the store while on vacation in the U.S. In January of this year, the retail giant also closed 68 U.S. stores and laid off almost 10,000 employees to focus its additional resources on the growing markets in China (Macy’s Press Release 2017). Additionally the chain is opening its first flagship store abroad in Abu Dhabi, while its sister company Bloomingdales is setting up shop in Kuwait (Macy’s Press Release 2017). The move away from big name brands by Chinese consumers as well as the increased opportunities for retailers to sell to Chinese markets through ecommerce opens up major opportunities for new “Made in New York” brands. Already synonymous with fashion and known to the Chinese consumer through tourism, New York brands have an increased opportunity to sell goods to this expanding market through online retail stores.
The government National Export Initiative (NEI) is working to remove hundreds of trade barriers abroad as well in an attempt to make it easier for U.S. based companies to overcome export issues involved with entering new markets. Among other things, the NEI programs aim to work with small companies to provide “focused counseling to businesses, including improved research, data, and identification specific export opportunities.” The programs also are working to “streamline the export/import process, expand access to financing by working more closely with financing organizations, foster local trade or investment ecosystems and business support networks by partnering with states and communities, and negotiate new access, enforce existing agreements, and build the capacity of developing countries, thereby creating new customers for U.S. exports” (CFA 72). In 2015 American consumers purchased more than $87.9 billion in fashion apparel made abroad while American based companies only exported $6.1 billion. Working to reduce this $81.8 billion trade deficit, the NEI programs can help New York based apparel manufacturers capture a piece of consumer interest globally (Maloney 9).

The U.S. also continues to be a growing market for luxury products opening up additional consumers for high end, fashionable goods at home. The U.S. luxury apparel market is expected to grow 6% by 2018, offering U.S. produced luxury goods a growing opportunity to recapture this business in the states (Mellery-Pratt). Today, the U.S. is still very underpenetrated in the luxury goods market despite its high net worth of individuals. The U.S. has 30% of the world’s high net worth people (more than $1 million in liquid assets), and almost a quarter of the world’s GDP, but U.S. consumers account for less than a fifth of the world’s consumption of personal luxury goods like apparel (Mellery-Pratt). Cities previously not on the agenda for luxury brands such as Dallas or Houston, have seen growth in consumption due to increased wealth in these areas (Mellery-Pratt). Inditex, the company that owns retailer Zara, plans to open stores in
expanding U.S. markets this year in New Jersey, Seattle, Houston, Dallas and in U.S. territory Puerto Rico. The company is balancing their growth between new flagship store openings in previously ignored markets and a pressure on online sales growth throughout the U.S. (Mellery-Pratt). These new markets within the U.S. have opened up additional opportunities for expansion at home for luxury brands. Additionally major fashion and economic hubs like New York, Miami and Los Angeles continue to remain underpenetrated within the consumption of luxury goods providing additional opportunity for consumers even in already established areas (Mellery-Pratt).

Technological advances in ecommerce have made it easier than ever for brands to expand to markets that they previously could not have reached. Ecommerce gives luxury brands an opportunity to reach consumers throughout the world and across the U.S. without having to put down physical stores in areas that may not be profitable, but still have a luxury consumer. Following the success of Etsy, the development of a “Made in New York” website that pulls together certified brands could be a way to get exposure for designers manufacturing in New York. While it is difficult for individual small brands to get their names out there to new markets abroad or throughout the country, pulling brands together in a shoppable website would increase consumer interest and allow for marketing “Made in New York” as a whole. Having a central location for the consumer to find “Made in New York” products gives an easy location to send the customer through marketing and gives exposure to new brands that are currently being overlooked by consumers. Whether through social or traditional marketing techniques, the consumer would be able to find all of the certified “Made in New York” brands in one place and easily buy product. Learning from the success of Etsy, consumers are drawn to websites where they can browse products that they have not seen before and connect with the actual producers of
items. The pop-up stores in New York discussed earlier were an attempt at pulling “Made in New York” brands together, but achieving this on a larger, countrywide or even global scale can only be done through e-commerce. “Made in New York” though the NYCEDC currently has a website, but the focus is on initiatives and biographies of certified companies. Utilizing their current website to pull together New York based companies and actually sell product could begin a growth trajectory for many new brands and expose them to new markets. A small unknown brand is hard to market to consumers alone, but a new website with many categories of apparel, many designers, many styles, and many price points is much more appealing and marketable to mass audiences. Similar to not having the budget for in-house marketing, many brands do not have the budget for dedicated sales people either (Noor). A better “Made in New York” website would allow brands to connect with consumers and even retailers that they were unable to reach before. First marketing “Made in New York” products to consumers as high fashion, luxurious, quality goods, and then giving customers a place to shop these products could give exposure to designers producing in New York and encourage this practice to continue.

5. Conclusion
The development of the fashion industries in Los Angeles and New York and the way that each industry functions today is largely shaped by their histories. The highly regulated market in New York helped the industry develop its niche in high-end apparel production, while the competitive market in Los Angeles gave the city an upper hand in casual sportswear and “fast fashion” production. Although Los Angeles has surpassed New York in output and employment within the fashion industry, New York has been able to hold on to its title as the fashion capital through its concentration of designers, prominent fashion schools, marketing and fashion media publications, and its world-renowned fashion week. Learning from the success of Los Angeles,
the industry in New York can continue to hold on to this title by utilizing space in the outer
boroughs, fighting for support from the city, defining its niche in high-end apparel
manufacturing, developing a stronger “Made in New York” brand, and reaching expanding
markets through ecommerce. While Los Angeles has a competitive advantage in lower-quality
sportswear and “fast fashion” because of its lower wages, more sprawling landscape,
geographical location, and city planning policies, New York offers a substantial advantage in
high-end manufacturing and design. The city’s high concentration of designers, its established
production base, more skilled and productive workforce, and close proximity to fashion buyers
makes it ideal for high-end apparel manufacturing. Today, New York is a global creative hub
and synonymous with fashion in the minds of consumers. Just as Paris and Italy are synonymous
with luxury, New York is linked to fashion design and should utilize this connection to bring
manufacturing back to the city.

With support from the local government as well as an increased focus on design intensive
production, New York can capitalize on its status as a global fashion center by establishing a
stronger “Made in New York” brand. Through increased marketing initiatives a brand identity
needs to be created that ties a “Made in New York” label to an image of high fashion, design
focused, sustainable, quality, and luxurious garments in the minds of consumers. Establishing a
stronger “Made in New York” brand in the minds of consumers will help New York garment
manufacturers and designers reach new growing markets within the U.S. and abroad. The apparel
industry in New York has changed in recent years, but it must not be forgotten about. Changing
consumer preferences and the rapid growth of ecommerce allow New York based companies an
opportunity to change their growth trajectory in the future if they are supported by the city
government, local apparel organizations and national retailers.
6. Bibliography


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