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Apparel reshoring movement: a case study of a made-in-USA business model

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Apparel manufacturing, which left the U.S. in massive waves in the past two decades, is trickling back (Davidson, 2013). In recent years, an increasing number of apparel brands and retailers such as Brooks Bros., Nike, and Saks have moved some production from overseas back to the U.S. Although this is minuscule compared with the number of jobs lost since the 1990s, it is raising hopes that this reshoring trend will grow. A new study from A.T. Kearney revealed that the apparel industry is one of the top three most promising sectors in bringing business back to America (Bossche, 2014). Driven by the fast fashion frenzy, brands and retailers are now expecting shorter lead times and leaner inventory. Reshoring (i.e., local sourcing) allows brands and retailers to be more responsive to actual consumer buying behavior. Styles can be adapted in season and delivered to stores while consumers still want to buy them. Many apparel manufacturers rightly argue that smaller runs of high-quality apparel that sell at full-price are far better than volume runs of apparel that have to be sold at discount (Donaldson, 2014). In addition, some consumers are becoming more inclined to buy products made in the U.S. for their quality and sustainability, even if they are higher-priced (Davidson, 2013). Within this backdrop, some arguments or analyses on reshoring movement have recently been published in newspaper, trade magazines, or market reports such as USA Today, Apparel Magazine, A.T. Kearney. However, scholarly research is still very limited and systematic analysis is scant.

To generate useful insights on this emerging issue, this study used an in-depth case study method to systematically analyze a game-changing business model (i.e., Apparel Made 4 You (AM4U), invented and demonstrated by a company in California) that enables apparel to be made profitably in America again. The focused questions were: 1. what is the uniqueness of this model? 2. what are the driving forces behind AM4U model? 3. what are the challenges in implementing this business model? 4. who are the target adopters of AM4U model? And 5. how can AM4U model affect the recent reshoring movement? The competitive advantage theory provided the theoretical framework for this study. Competitive advantage results from matching core competencies to the opportunities presented in an industry. Firm's ability in effective and efficient response to customer needs creates an edge over competitors (Porter, 2011). Competitive advantage can lead to increased profit. Both published secondary information and primary information gathered from interviews were utilized for analysis.

AM4U model integrates digital technologies to reengineer the business processes of how apparel is bought and manufactured. Two distinctive features that AM4U model possesses are purchased activated manufacturing (PAM) and zero inventory production (ZIP). PAM is the idea of changing demand to supply instead of supply to demand. Consumers can now customize

their apparel to their sizes using 3D body scanning technology. The desired apparel can be designed, produced, and shipped to the customer within three days. During this process, AM4U patented zero pollution air dye technology for coloration, TUKATECH CAD/CAM for pattern making and 3D sampling, Gerber cutting system for cutting fabrics, and Eton system for apparel production are integrated for quick production and lower cost. ZIP is the idea of owning your own AM4U mini factory at your store (in the back of the store) and being able to replenish stock as soon as it leaves your retail store and is sold. This also changes the old system of supply push to demand pull system. In this way there will be lots of products on the retail websites and will be supported with heavy visualization. As soon as a product is purchased online it will be made immediately.

AM4U invented a revolutionary coloration process by changing from “processed color” to “spot color”. Spot color is the idea of using only four primary colors and creating all the different colors by changing the sizes of the dots. There is no need of forecasting these colors because the colors used are all the same. It is just a matter of changing dots. There is no water and chemicals used in coloration, which is one of AM4U’s main selling points to customers.

AM4U is a distributive business model, which requires capital investments and resetting of operations and management skills. Providing education and training to employees and convincing apparel brands to transition into this new business model have been challenging but are gaining progress. AM4U has been actively communicating with target adopters such as performance clothing or sportswear brands, and fast fashion brands. AM4U has recently received some orders from well-known brands such as Lululemon, Nike, Adidas, etc. It has been demonstrated that AM4U model provides a feasible and profitable option for brands and companies that are considering local sourcing for quick response, less markdowns, and job creation.

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