US Apparel Companies Business Performance in the North American, European, and Asian Markets

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Abstract
This study analyzed internet strategies employed by US companies in the North American, European, and Asian markets to explore whether they can be used to explain differences in companies’ regional business performance.

Keywords
business performance, US apparel companies, internet strategies

Disciplines
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Comments
US Apparel Companies Business Performance in the North American, European, and Asian Markets

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Over the last several decades, there has been an increasing globalization trend in the apparel business (Harmon, 2008). This includes not only companies’ restructuring and outsourcing of various business functions but also international expansion through entering new markets. As a result, many US apparel brands are now present in the world’s major markets (Gereffi & Memedovic, 2003). Global apparel companies might perform differently in these markets due to an array of factors, such as level of economic development, state regulations, cultural distance, and consumer preferences (Whitelock, 2002). Extant research provided few insights in comparing companies’ performance across international markets (Zahra, Ireland, & Hitt, 2000). The purpose of this study was to compare business performance of US apparel companies in the three major world’s market: North American, European, and Asian. Previous research proved the effects of website features on business performance (Vaughan, 2004). This study analyzed internet strategies employed by US companies in the three markets to explore whether they can be used to explain differences in companies’ regional business performance.

For this study, five U.S. apparel companies were selected: American Apparel Inc., GUESS? Inc., Levi Strauss & Co., NIKE Inc., and Polo Ralph Lauran Inc. The companies have been repeatedly listed as top 50 US apparel companies (ApparelMag, 2007-2010) and have had a significant presence in all of the three markets for at least six years. The study focused on a five-year period, from 2005 to 2009, based on the latest data availability. Using the five companies’ official websites, annual revenues data were collected for each company, year, and market. The data were descriptively analyzed by company and by market. To better understand specific business strategies in different regions, the companies’ internet presentation were comparatively analyzed for the UK, France, the US, Japan, and China. These five countries were selected because they represented major apparel markets in the three regions. GUESS? and Polo Ralph Lauran had official websites only in the US and UK, so these two companies were excluded from the analyses of internet strategies. The data for the latter analyses included: company’s verbal description of business, visual presentation (videos and pictures), language used, and usage of local market’s events.

As expected, for all five companies, the North American market held the largest revenues: 51-57% out of the total revenues in the three regions for all the five years under investigation. Europe was the largest overseas market with 29-32% of the total revenues, while Asian market had the share between 14 and 17% for the same period. The North American region can be considered a mature apparel market with the strong average growth of 25% for the 2005-2009
period. For the European and Asian markets, the average growth rates were 40% and 72%, respectively. Among the five companies, NIKE performed best in all the three regions with the largest amount of revenues and a stable growth rate of 30-70% over the period under the study in all the three markets. Levi’s was the only company that had a relatively flat five-year period, with revenues growth being less than 10% in all the three markets. The other three companies had a phenomenal growth rate (80%-2,400%) in the Asian and European markets.

The study provided detailed analyses of internet strategies for the three companies in five countries. Tabulation and analyses of the companies’ internet strategies in the three markets revealed that each company employed a different mix of localization and globalization strategies. For example, NIKE was most successful in building consistent internet expression and representation across the five countries, but at the same time was able to maintain regional specificity. Levi’s offered more informative internet expression and representation in the North American and European markets but was underrepresented in Asia. American Apparel focused more on regional specificity and lacked in consistency across the markets.

The results of the study revealed that despite the fierce global competition, US companies have been growing their presence in the three major world’s market. They were particularly successful in securing their presence in the fast emerging Asian market. The study offered an exploratory comparison between business performance and internet strategies for several US companies in different markets. It appears that when building internet presence in a foreign market, the use of both globalization and localization strategies might contribute to companies’ business performance. Further research is needed to empirically test this proposition using a larger sample size and statistical analyses. The findings of the study might be helpful for US apparel companies developing international expansion strategies when entering new markets.

References