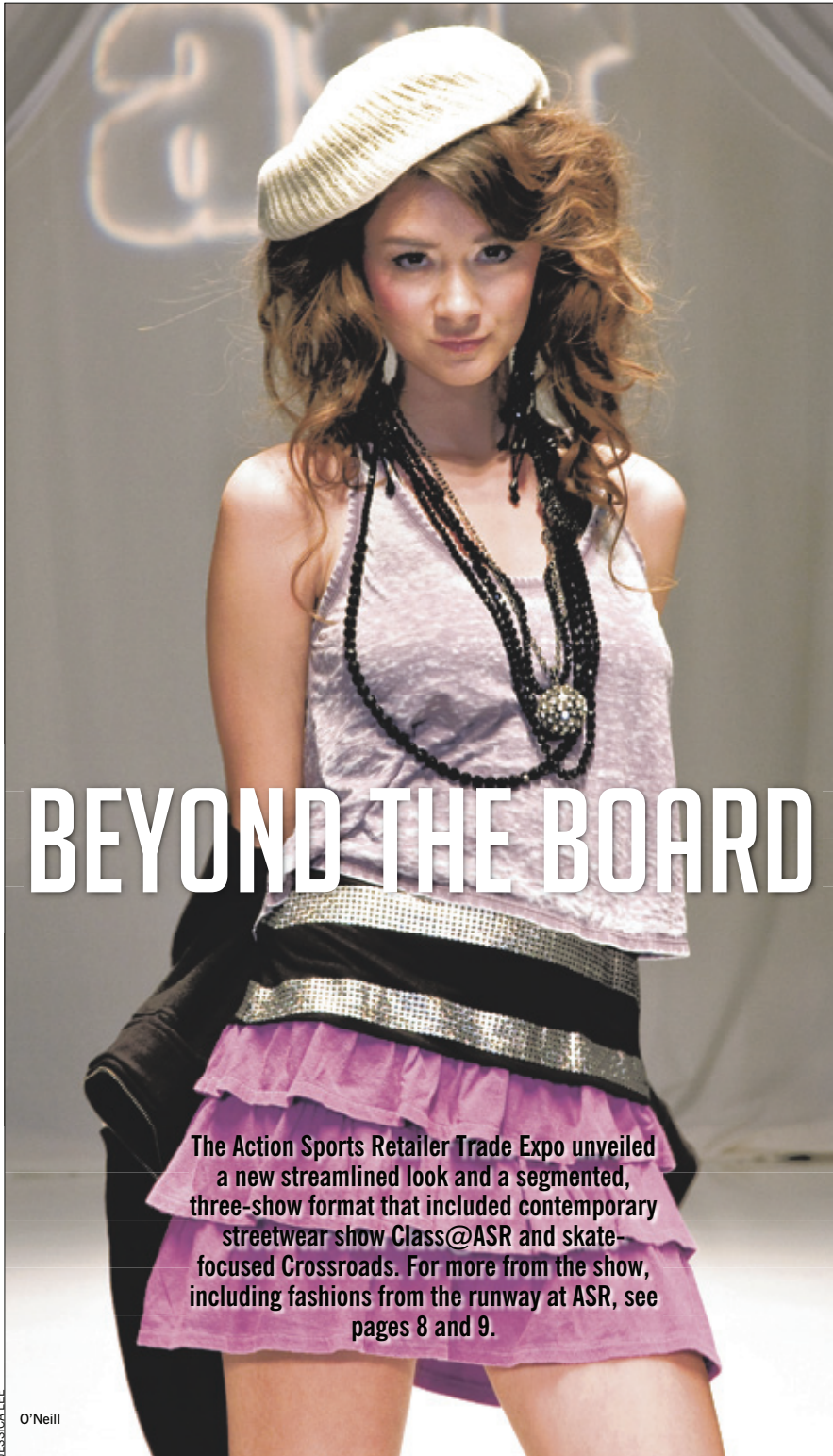




# CALIFORNIA Apparel News

THE VOICE OF THE INDUSTRY FOR **66** YEARS

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## BEYOND THE BOARD

The Action Sports Retailer Trade Expo unveiled a new streamlined look and a segmented, three-show format that included contemporary streetwear show *Class@ASR* and skate-focused *Crossroads*. For more from the show, including fashions from the runway at ASR, see pages 8 and 9.

JESSICA LEE  
O'Neill

*Trade Show Report*

### More Work, Less Play at ASR

By Erin Barajas *Manufacturing Editor*

SAN DIEGO—Buyers were greeted with a very different vibe at the **Action Sports Retailer Trade Expo** at the **San Diego Convention Center**.

Once a marketing-heavy bastion of oversized booths, branding antics with roaming marching bands and scantily clad poster girls, ASR has steadily evolved over the past few seasons into more of a working marketplace.

Its latest incarnation is the most dramatic departure from the status quo yet.

For the two-day Fall 2010 show, held Feb. 3-4, ASR got a new look, put a greater focus on affordability with new turn-key booths and offered three distinct shows.

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*Finance*

### Financial Experts See Tight Credit Lingering for Retailers and Manufacturers in 2010

By Deborah Belgum *Senior Editor*

Last year's lessons for retailers and manufacturers—lean inventories and quick-turn manufacturing for last-minute orders—are expected to continue in 2010. Financial experts are saying that credit will still be tight for many customers, particularly those who didn't get their financial books in order last year. But financing for those in good shape should be better, although with higher interest rates and terms.

No one is expecting a major movement in the economy until this fall, when consumers should be more confident about digging into their wallets for clothes and accessories.

The *California Apparel News* surveyed several major factors in the industry to shed some light on what to expect this year.

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# Are You Good as Gold?

By Kevin M. Burke  
President & CEO  
American Apparel & Footwear Association (AAFA)

For the next two weeks, we will be inspired by the flashes of color, glimmer of gold, and spoils of competition that will radiate from the 2010 Winter Olympics in Vancouver.

The Olympics are about more than just athletic competition. As we saw firsthand during the 2008 Summer Olympics in China, the Olympic tradition is about cultural exchange and international participation. Nothing represents this idea more than the Opening Ceremony "Parade of Nations," in which the competing athletes walk into the stadium dressed in an outfit representing their homeland—the perfect metaphor for the international nature of the apparel and footwear industry.



Although I cannot begin to fathom the dedication and endurance required to become a gold medal hopeful, we all have experienced the dedication and endurance required to be a top producer in the apparel and footwear industry. My question to you is: Will you be winning gold this year?

2009 was one of the most difficult years for the makers of clothing and shoes. With overall consumer spending down, retailers carried smaller inventories and ordered less. It was difficult to access credit. To top it off, our supply chain faced changes from increased government regulations and reduced market access.

One of the most challenging regulations to hit our industry in some time was the Consumer Product Safety Improvement Act (CPSIA). February 10 marked one year since the new lead content limits included in the CPSIA entered into force. While well intended, this single piece of legislation turned the U.S. childrenswear industry upside down. Even though we have always made safe clothing and shoes, the CPSIA requires us to verify it—a burden that has proved to be too much for some.

While we still have much more work in front of us to overcome the challenges the CPSC has created, the CPSC and key Congressional decision makers have counted on AAFA as the resonance chamber for an industry that is serious about product safety.

This time of increased industry scrutiny did not end with the CPSIA. In California, Proposition 65, similar to the CPSIA, has attempted to reduce chemical limits and promote more-prominent labeling requirements for consumer products. While the two pieces of legislation have similar goals, significant compliance challenges have emerged over two extremely different methodologies.

For the CPSIA, the chemical content limits are clear and unmistakable. Proposition 65 standards are based on human exposure to chemicals in products. This requires producers of handbags, shoes, belts, and other apparel and footwear products to hit product safety requirements based on arbitrary targets every time they create and sell a new item.

If the U.S. apparel and footwear industry has any chance of maintaining its gold medal status in the global marketplace, product safety must adhere to consistent rules that are based on common sense and actual risk assessment. The system will fall apart and we will lose any opportunity for meaningful improvements to product safety if we do not realize this.

Just as the Olympic Spirit always flourishes over an athlete's competitive nature, the apparel and footwear industry—while similarly competitive—is also focused on cooperation. With 99 percent of footwear products and 97 percent of apparel products sold in the United States each year being made internationally, this point is critical. Opening new markets and making already-open markets stronger creates the cooperation that drives our business forward.

As AAFA leads the discussion on renewing the recently expired Miscellaneous Tariff and Trade Bill (MTB); finally passing pending free-trade agreements with Colombia, Panama, and South Korea; and gearing up for comprehensive trade-preference program reform, we must keep our sights focused on creating two-way trade opportunities for U.S.-made and U.S.-branded products. With 95 percent of the world's consumers living outside the United States, the ability to make and sell our products anywhere will be critical.

Because of unfortunate events, industry attention has shifted to Haiti. Because apparel plays such an integral role in Haiti's overall economy, AAFA is committed to ensuring that apparel plays a key role in Haiti's recovery and reconstruction. AAFA recently formed a member-led task force that will provide apparel-, textile-, and footwear-industry insight as infrastructure issues, workforce training, and sourcing logistics begin to be examined. The U.S. apparel and footwear industry should be proud of the commitments and contributions it has made to the Haitian people as recovery gets underway. Just like the true Olympic Spirit.

With so many hurdles ahead of us as an industry, it can be difficult to keep pace. That is where AAFA can help. By coaching you on the issues and cheering for you along the way, AAFA is ready to see industry benchmarkers transform into all-star performers. Our industry is global and our consumers live everywhere. It is time to get in the game.



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## RETAIL Q&A

Q&amp;A

# Finding Success Beyond the Big Sale

For many retailers, the key to attracting more shoppers is to put merchandise on sale. In her new book, "Ka-Ching! How to Ring Up More Sales," business writer Laurel Tielis recommends alternative ways to bring the shopper to boutiques without relying solely on discounts that may hurt the bottom line. Tielis recently spoke with *California Apparel News* Retail Editor Andrew Asch and shared some of her ideas to keep cash registers ringing.

**These are tough times for retailers. Many have tried to attract customers with programs ranging from huge discounts to trunk shows and store parties. What other strategies can boutique owners employ to increase sales?**

**Laurel Tielis:** Retailers can become a destination; they can make people want to come to them. Gertrude Stein said, "A rose is a rose is a rose," and I say, "A diamond is a diamond is a diamond." Every young woman wants her diamond engagement ring to come from **Tiffany**. Boutique owners need to be the local Tiffany in their sales arena.

**Lululemon Athletica** does this brilliantly by building on its core business. They don't just sell yoga products, they offer free yoga classes. It's only natural; if you need new yogawear or gear, you purchase it from them before or after class.

Store owners can become a destination and increase their business by simply rethinking their hours. Once a week, once a month or once a quarter, they can open at 6:30 a.m. or 7 a.m. and catch people on their way to work. There are so many people who are exhausted at the end of the work day, they won't shop. But they'd be happy to check out merchandise on their way to the office. Offer coffee and pastries to make it even more appetizing.

They can do the same thing at the end of the work day and stay open until 11 or midnight. That way, someone can come home, have dinner, relax for a couple of hours and then go shopping. Play music, offer drinks, make it a festive atmosphere.

They can multiply the uses of their physical space. One way to do that is to invite local artists to show their work on the shop's walls. It's a great way to increase their ties with the community; it also gives them something to put on their Web site, write about in their blog and put pictures up on **Facebook**. At a minimum, the artist's friends, family and colleagues will visit the store and let their friends, family and colleagues know about it.

Another way to use their walls is as a picture gallery. Having photos of customers wearing their purchases increases their ties with the store. And again, all of the people who surround them will want to come and see just how good they look.

Creating a contest can add excitement to a business. Boutique owners can ask young designers to submit photos of their work. They can ask their customers to vote on their four or six or ten favorites and then host a party for the winners.

Partner with a local charity for the event. Ask them to invite their membership and

donate a percentage of the sales to them. That way, everybody wins.

They can educate their customers by bringing in speakers. And the range of topics is immense. Health, beauty and diet are all naturals. I like the idea of bringing in a psychiatrist or psychologist to talk about "The Benefits of Retail Therapy."

**Please talk more about consumer advisory boards for boutiques. How do boutique owners form them? How do they work? How does the boutique owner put the consumers' advice into practice?**

**L.T.:** Boutique owners often have formal or informal advisory boards consisting of accountants, lawyers and bankers. These people are knowledgeable about the financial and legal aspects of running a business.

But they need to have consumer or customer advisory boards, as well. After all, who knows more about what the customer is looking for than the customer? These people are knowledgeable about the heart of the store.

The best way to form them is to take note of those shoppers who come frequently, spend time when they're in the store and are friendly—even when they voice a complaint. Essentially, these are a store's best customers.

And by the way, some store owners have more than one board. The owner of a children's clothing store has three—one composed of the kids themselves, a second made up of their parents and a third for their grandparents.

Invite them to a monthly or quarterly meet-and-greet in the store after hours. Offer drinks, snacks, a small gift and a discount on larger purchases to show how much you appreciate

their help. Ask them what they can do to make the store even more appealing to them. Ideas can range from merchandising to display to sales. It's important for the merchants to be open to them and to try to implement as many as possible.

It's so easy to think, "I know what my customers want," and it's equally easy to be wrong. Here, you're getting it directly from the customers. What a gift! It's market research in a friendly, open fashion.

Once a year, merchants can reward these business "partners" by inviting them to their home or to a restaurant. It's a great way to form a community. And business today is all about community.

**How much do the programs described in your book cost to produce? How much time do they take to produce?**

**L.T.:** I travel around the country speaking to small-business owners at conferences and conventions. The two biggest problems I hear about are lack of time and lack of money. So the book was written specifically to help them find ways to differentiate themselves without investing an inordinate amount of either.

"Ka-Ching! How to Ring Up More Sales" offers innovative, inexpensive and easy-to-implement strategies to bring in more business. All of the things we've discussed in our Q & A are no cost or low cost

**Q&A** *Continued from page 10*

to produce.

They're not time-intensive either. The idea is for store owners to use these suggestions as starting points and then refine them so that they are just right for their own business. That way, they'll be able to incorporate them organically.

The best thing to do is to start simply and build from there. If a store owner wants to try my suggestion of opening earlier, he or she needs to get the word out about the new hours through new and traditional media. That means writing something for the Web site, blogging about it, posting it on **Twitter** and/or Facebook, sending off a brief e-mail to customers and the media, and including the information in ads.

So they're really creating one written message and getting it to multiple publics, and if they're social- and traditional-media savvy, it will take less time. If they're not, it will take more time, but it will be time well spent. And once they've done it the first time, it will just get easier and quicker each time they do it.

As to the expense, if they are the ones to open—they don't have to pay salary—the only cost will be for a pound of coffee and some boxes of donuts or cookies. In other words, next to nothing.

There's a checklist in the book that details creating events in-store. It can be really useful in determining all of the things that need to be considered before going forward. A boutique owner can use it to help both with timing and costs.

**Please talk more about "karma credit."**

**L.T.:** Karma credit is the concept of doing well by doing good. Lululemon gets it by offering their free yoga classes.

Retailers can get it by taking their merchandise to senior centers or assisted-living facilities. There are many frail, elderly people who would love to shop but find it difficult to get out. By making it easy for them, business owners are doing a good deed and building their business.

They can get karma credit by partnering with a charity. I was on the founding committee for the San Francisco chapter of **Dress for Success**, a nonprofit that works with women who want to enter the workplace but don't have the appropriate outfits. DFS provides them.

A boutique owner can offer customers a discount when they bring in clean, nearly new businesswear and then donate the clothing to a charity such as DFS.

They can also get karma credit by donating merchandise that isn't moving. Two good things come out of this: They help those who need help and they free up space in their store.

Every time a retailer does something of this nature, people need to be told about it. Blogging, tweeting and putting it in a newsletter are great ways of letting the community know what they're doing.

And it's important to let the media know, as well. The potential of getting publicity goes up exponentially when a merchant partners with a charity.

The quickest way for a business owner to get what he or she wants is to take care of other people. ●

# Designers Descend on FIDM for Oscar Costumes Opening

Fashion and costume designers—and many industry notables—turned out on Feb. 6 to celebrate the opening of the **Fashion Institute of Design & Merchandising's** 18th annual **Art of Motion Picture Costume Design** at FIDM's **Museum & Galleries**.



Costumes from "The Young Victoria"



Monique Prudhomme and Nick Verreos



Costumes from "Nine"

Dressed to impress, the crowd included Monique Prudhomme, who has been nominated for an **Academy Award** this year for her costumes for "The Imaginarium of Doctor Parnassus." Costume designers Arianne Phillips and Mona May were also among the guests. The exhibition included Phillips' designs for "A Single Man" and May's designs for "Aliens in the Attic."

The exhibition runs through April 17. Admission to the exhibition is free, and the museum is open Tuesday through Saturday from 10 a.m. to 4 p.m. Group tours are available by appointment only. For more information, call (213) 623-5821.—Alison A. Nieder

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