Dressing Up—Western Style

JUDGING from regional sales of yardage goods, Western households get a great deal of use out of their home sewing machines. But statistics may be somewhat misleading in this case—homespun and calico no longer set the style in the region's apparel markets. Rather, with a ready-to-wear market of some $5 billion in annual sales, the average Western family spends more for off-the-rack clothing than its counterpart elsewhere; only the industrial Northeast boasts a higher average level of spending.

The West, of course, has a reputation for casual and sporty dress, perhaps as a result of California's outsized proportion of photogenic surfers. Westerners, like everyone else, have benefited from higher family incomes and expanded leisure time to increase their purchases of sport coats, slacks, blouses, and other casual wear. But they buy heavily in almost every other segment of the clothing market too.

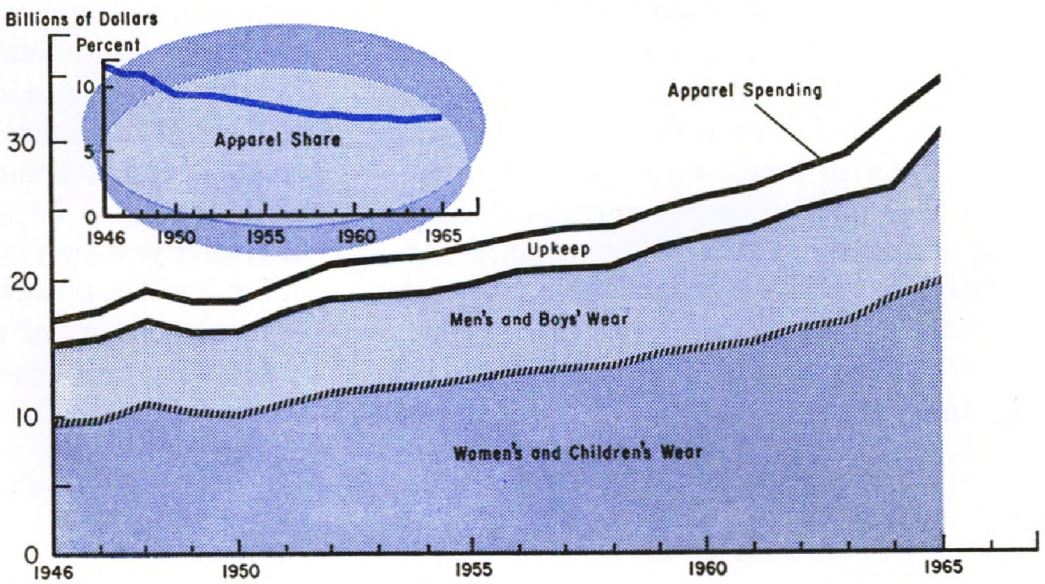
Consumers nationwide now spend about $40 billion annually for apparel and upkeep, with women's and children's wear accounting for about two-thirds of the market and men's and boys' wear making up the rest. Although the market has doubled over the postwar period, apparel spending accounts for a smaller share of the consumer budget than at the start of that period. In the first postwar decade, apparel spending dropped from 12 to 8 percent of total consumer spending, but it has since maintained its 8-percent share. This year, in fact, the proportion will be higher because of a sharp upturn in activity in the nation's dress salons and bargain basements.

The West has participated fully in this recent upsurge in apparel sales. Retail apparel stores in District states, for example, have recorded an 8½-percent average annual growth rate in the 1962-66 period, as against a 5-percent annual gain elsewhere. Regional sales lagged somewhat last year, with only a 2-percent gain, but sales to date in 1966 have increased by a whopping 18 percent—half again as great as the sharp gain recorded elsewhere. And comparable gains have been rung up by department stores, whose clothing departments account for about two-fifths of total department-store sales.

Max incomes and miniskirts

The 1966 upsurge undoubtedly reflects maximum incomes—and miniskirts as well. What with the surging popularity of the "mod look", Carnaby Street, London, is now exerting a stronger influence on styles than either

Sales upsurge in dress salons and men's stores helps stabilize apparel share of consumer budget



Seventh Avenue, New York or Ninth Street in Los Angeles. And besides offering a host of new style changes this year, the industry is also offering the prosaic but welcome "permanent press", a process which involves baking creases into fabrics. Not all the wrinkles have been ironed out of this new process, but the nation's launderers are properly grateful for the innovation, even if its clothes-pressers are not.

The strong Western market has been supported over the years by greater-than-national gains in income and in population. District states account for about one-seventh of total U. S. population but for about one-sixth of the nation's income. More than that, population growth is most concentrated in the most clothes-conscious group, the 15-24 year-olds. During the present decade, this mod-loving generation is growing by more than half in the West, as opposed to a one-third increase elsewhere.

To keep their cash registers ringing, apparel stores thus may be forced to heed the demands of the West's youthful and casual population. According to historical data, retailers sell lots of sweaters and blue denims in this market, but they can quickly go broke if they concentrate on hats. And furriers might just as well stay on the East Coast; the average Western woman spends (or has spent on her) only one-fifth as much as the Eastern purchaser of fur coats and stoles. At the same time, the Westerner spends half again as much on jewelry and watches as his (her) counterpart elsewhere. The glamor girl of the West may be casual, but she glitters—and ticks, too.

In the West as elsewhere, apparel prices have risen more rapidly than other non-food commodities, but more slowly than food and service items. Despite recent increases, apparel prices nationwide are now about 9½ percent above the 1957-59 average, as opposed to a 14-percent rise in the overall consumer price index. The index for California

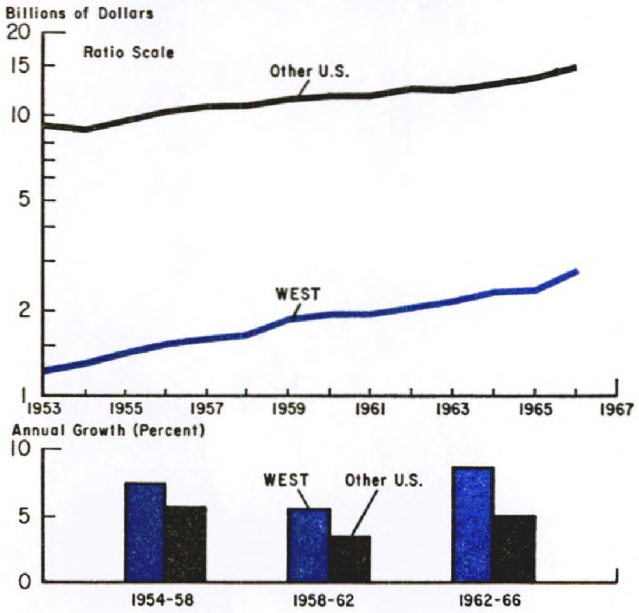
shows a 10½-percent gain for apparel and a 15-percent increase for all consumer items. Los Angeles apparel prices actually have lagged behind the national increase, but San Francisco prices have recorded a somewhat sharper rise.

Cutting the cloth

The $40-billion apparel market is served mostly by factories and lofts in the Northeast states, but California accounts for about 5 percent of industry employment. (Hawaii and the Pacific Northwest states also have a foothold in the industry.) Some 51,000 workers are employed by firms in the Los Angeles-Long Beach area, and about 16,000 are employed by San Francisco Bay Area firms. The average weekly wage in the regional industry last year was $72.50—about 10 percent above the national average.

In the allied activity, textiles, California accounts for only about 1 percent of the national industry, which is centered in the Mid-Atlantic region. Significantly, however, Los Angeles this summer opened its first knitting mill to supply piece goods to the regional apparel

Apparel stores post sharp gains this year, especially in Western market



industry. Until now, practically all California-grown cotton has been exported to other states and countries for manufacture into yarn or fabrics.

Los Angeles, of course, means sportswear. That casual metropolis produces about 20 percent of the nation's bathing suits and a good share of its supply of men's and women's sweaters. Hawaii, in addition, is now nurturing an apparel industry, in an attempt to exploit the unique aspects of style and design indigenous to the islands.

Nationwide, the apparel industry utilizes about two-fifths of total U. S. fiber production. Cotton is still the dominant material, but man-made fibers are making increasing inroads into the market. The non-cellulosic fibers (nylon, polyester, acrylic, and the like) have become increasingly competitive with wool and cotton over the past decade. Cotton fibers still account for 73 percent of men's clothing materials—down slightly over the past decade—but cotton's share of the women's clothing market has dropped from 55 to 45 percent over that period.

The apparel industry has been slower than other industries to adopt technological advances, but with the increasing growth of large firms in the industry, more attention is now being given to automatic machinery, cost accounting, and inventory control. Admittedly, there is a Las Vegas atmosphere about the industry; hot items can make a fortune overnight, and the death rate for losers is high. But although style-setting garners the headlines, most apparel manufacturers—being small and undercapitalized—are content to take the safer route of following the trend.

Capital investment, quite obviously, is low in the industry—lower than any of the 21 other major industrial categories. Capital investment amounts to only $5,000 per employee in apparel manufacturing, as compared with an all-industry average of $16,000 and a dazzling $92,000 per employee in petroleum refining. Some firms are now attempting to expand, largely through the merger-and-acquisition route, but the largest apparel firm today still accounts for less than 1 percent of total industry sales.

The apparel industry, however, is benefiting from the rapid technological progress of its ally, the textile industry. In particular, continuous-flow factories are eliminating many manual steps in the process of converting fibers to knit and woven goods. The textile industry has upped its capital spending by 30 percent in each of the last two years, to $1.3 billion in 1966, in order to take advantage of the favorable situation created by import quotas on foreign products, "one-price" cotton, and investment-tax incentives.

Finding the money

The financing of the apparel industry is generally done through "factoring," a system uniquely suitable for an industry made up of a large number of small firms. Under this system, a manufacturing firm which holds small-lot orders from a number of retailers will turn those orders over to a factoring firm, and the latter will then check the retailers' credit

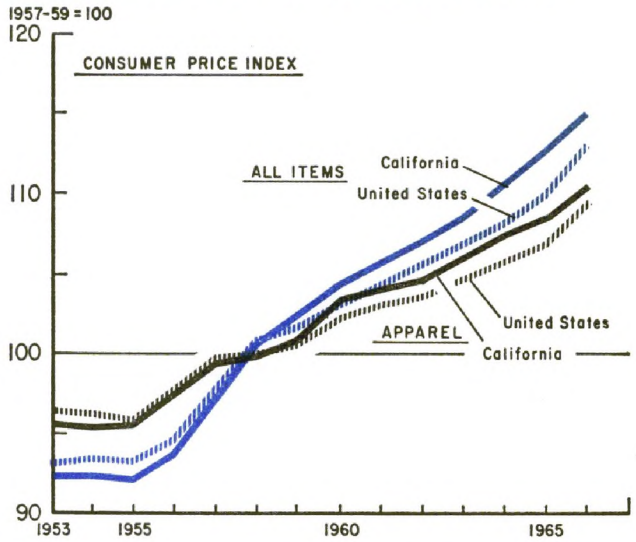
standing and guarantee payment of the manufacturer's invoices within 30 days or less.

Under the factoring system, the manufacturer is relieved of the cost of maintaining his own credit and collection departments, but for this service he must frequently pay interest rates twice as high as those available to prime bank borrowers. However, the system undoubtedly provides a real service to the industry; in fact, about 80 percent of the factoring business is associated with the financing of the clothing industry. Factoring activity in the Los Angeles area alone runs to about $500 million annually.

The apparel industry this year has been beset with supply problems, especially those connected with the outfitting of an expanded military establishment. When the industry failed to come up with adequate bids for a rapid upsurge of defense orders, the Defense Personnel Support Center issued a number of "direct" mandatory orders (455 orders in the first half of 1966 alone) compelling manufacturers to give priority to Pentagon demands. The supply pinch is indicated by the fact that output increased only 3 percent in the first half of the year, despite the heavy influx of military orders and the very strong civilian market. But the pinch may be eased as the military buildup eases; defense orders during fiscal 1967 are expected to be 30 percent below the fiscal-1966 level.

The industry, meanwhile, must cope with another type of problem—not just the growing demand from military purchasing agents, but also the growing competition from foreign producers. Domestic production of apparel has increased about 50 percent since 1960, but imports have increased more than fourfold in the same period. In particular, since becoming a net importer of cotton products in 1960, the U. S. has become increasingly aware of an upsurge in import sales. It called an international conference in 1961 to achieve an orderly flow of goods in the world cotton trade, and the agreement which was subsequently adopted will be up for renewal in October 1967.

Apparel prices rise, but more slowly than prices of other consumer items

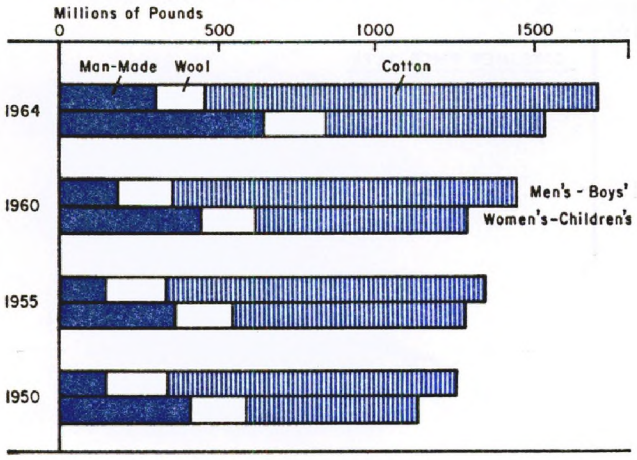


Ceilings on imports

World trade in cotton apparel and textile products—those with over 50 percent cotton-fiber content—is now regulated under a Long-term Cotton Textile Agreement (LTA). This agreement is designed to provide the maximum growth of the exporting nations' sales consistent with the minimum disruption of the importing nations' markets. The U. S. is now operating under the provisions of the LTA as well as bilateral arrangements with 19 separate nations. These agreements provide import ceilings for 80 percent of cotton-product imports, the ceilings being raised automatically by 5 percent each year.

Since the import ceilings are generally related to the level of the previous year's imports, they benefit the large established importers while hampering the newcomers in this market. The principal beneficiaries tend to be Japan and Hong Kong, which have accounted for about 70 percent of the nation's cotton-product imports since 1960. Some importers, moreover, are able to escape the LTA

Man-made fibers increase share of market, mostly at cotton's expense



ceilings completely by shipping in cotton-synthetic materials which contain less than the 50-percent cotton content that would bring them under the terms of the agreement.

Domestic apparel and textile producers are experiencing strong import competition from other quarters as well. The handful of domestic wool producers, fighting against an influx of worsted materials amounting to half of total domestic production, are attempting to limit this enormous expansion of worsted imports; otherwise, they may be tempted to build their own plants abroad. Producers of man-made fibers are also seeking protection from imports, since they foresee some problems of overcapacity developing in the near future.

Clothing imports last year increased by about 20 percent, to $543 million, while exports held almost steady at $143 million. To date this year, imports have increased about 10 percent more, while exports have actually declined. During this import upsurge, articles made from man-made fibers have scored the largest gains.

Observing these figures, domestic apparel and textile manufacturers admit to some concern over the "disruption of domestic markets" mentioned in the import agreements. But they realize that the competition from imports will not disappear, especially since developing countries traditionally tend to promote the products of the easy-to-establish apparel and textile industries when they make their debut on the world stage. At the same time, these domestic producers should be able to maintain their competitive position in the U. S. market, given due attention to quality control and price stability, because of the textile industry's sharp increases in capital investment and the apparel industry's increasing modernization.

In any case, the apparel industry has come a long way since Brooks Bros. first opened its doors to provide New England sailors with ready-to-wear for their limited shore leave. (Today, even Paris sells off the rack—"prêt à porter.") Clothes rank high in projecting the individual image, so the industry deserves credit for serving myriads of people in this image-conscious society.

—*Joan Walsh*

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