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## Why The Shirt On Your Back Is A Prime Target For Innovation

By Bayard Winthrop

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**If the apparel industry were as keen on innovation and local manufacturing as many tech startups, your clothes would not only last longer, they'd probably be more fashionable, too. American Giant CEO Bayard Winthrop makes the case for USA-made threads.**

Across industries, fundamental changes are being driven by expanded Internet access and the openness of the global marketplace. Competition has pushed companies to reinvent their business models, giving consumers more choices and more opportunities to get the highest possible bang for their buck. With so many options, we now have the luxury of being able to demand products that are cheaper, better and more convenient, from brands that give us something to believe in.

This is evident in the tech world, where the constant race to develop the next great product has spurred tremendous innovation, with the latest smartphone or tablet stirring up the market month after month. In other industries, forward-thinking innovators have asked questions about inefficiencies in traditional models. Take for example Amazon for books, [Netflix](#) and [Hulu](#) for entertainment, Zappos for footwear, Seamless for food delivery, [Expedia](#) for travel, Uber for transportation... the list goes on. These companies

are reaching audiences at a scale never before possible, delivering competitively priced options, and changing the way Americans access goods and services.

One place we have yet to see much ingenuity is in the apparel industry. Outdated and expensive distribution practices have stifled innovation and left consumers with limited options, whether you look at the high end or the low end of the spectrum. Expensive distribution mechanisms have forced the vast majority of brands to send manufacturing off shore, separating even some of the most iconic American designers from the production of their garments. With e-commerce on the rise, there is now a meaningful opportunity for companies to rethink this model and take advantage of the resources that exist in the United States.

To understand why this makes sense from a business perspective we can start by looking at demand--what consumers want and, just as importantly, what they don't want when it comes to buying clothing.

I would argue that first and foremost, most people want to feel like they're getting value out of their purchases, meaning quality apparel that's reasonably priced. Beyond that, many people are genuinely interested in supporting brands that align with positive values, deliver on their promises, commit to transparent policies, and exceed expectations for service. All of these things can make a brand stand out and help to build customer loyalty.

What consumers don't want is clothing that's going to fall apart, shrink or fade after just a couple of washes. We've all had the experience of buying a pair of pants that frays after only a few wears, or a shirt that ends up twisted or shrunken after the first run through the dryer. In the past 30 years many Americans have grown accustomed to choosing quantity over quality and buying clothing that is almost suspiciously inexpensive--think of it as the fast food of the clothing industry--but people are becoming increasingly discontent. This shift toward 'fast food clothing' can largely be attributed to excessively expensive distribution models, which put downward pressure on production costs, driving quality down.

Fortunately, as more and more customers are choosing to shop online, there is a compelling opportunity to bypass the expenses of brick-and-mortar stores, retail markups and inefficient shipping practices. It simply doesn't make sense to keep stores open and shelves stocked in suburban malls across the country while consumers are increasingly choosing to shop online. By selling more clothing online, companies can gain major savings on the distribution end, liberating them to invest in quality manufacturing in the U.S., and this is just where the advantages begin.

Consider this: when companies manufacture overseas, they are forced to make large-scale purchasing decisions with long lead times, often more than a year in advance. By the time the inventory arrives at a warehouse in the U.S., it's too late to make changes to align with trends or fix design flaws. As a result, brands are often driven to invest the bare minimum in their garments, in order to offset potential losses on these long-term inventory bets. On the other hand, local manufacturers are able to be far more nimble, operating on much shorter lead times, making smaller inventory orders, closely monitoring production quality, and making changes before a full order is completed in order to minimize waste.

Businesses that embrace local manufacturing are already at an advantage when it comes to satisfying the consumer interest in supporting brands that stand for fair environmental and labor practices, have a connection with the community, contribute to the national interest, and have a story to tell. This is all great, but in today's competitive landscape it is often not enough. Where the real impact lies is on the production side, where local manufacturing is making it possible for companies to produce great quality products at reasonable prices. To deliver Made in USA clothing that offers real value is completely within reach, and my bet is that once given the option, Americans will be proud to get behind brands that do so.

--*Bayard Winthrop is the CEO of American Giant.* [1]

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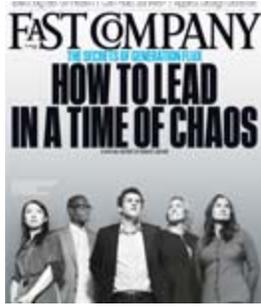
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