

CALIFORNIA Apparel News

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FASHION FINALS

Students at the Academy of Art University in San Francisco unveiled their fashion-design projects, which have kept them busy for the academic year. For more looks from the student show, see p. 6.

RANDY BROOKE

Brianna Toomer

Macy's Turnaround Efforts Gaining Momentum in California

By Andrew Asch *Retail Editor*

As the retail world turns to keep customers walking through the doors, **Macy's** is banking on a new store concept, new technology and updated looks to its traditional stores to entice customers to keep on shopping.

High on the list of changes is the relatively new off-price concept called **Macy's Backstage** stores, which are just starting to be rolled out in California.

In June, the Macy's stores in Westminster, Torrance, Brea and Moreno Valley will see Backstage stores with separate entrances pop up.

In August, the same thing will happen at the Macy's in downtown Los Angeles, where the bottom floor—now filled with linens, kitchen accessories and luggage—will move to the third floor and a 14,000-square-foot Backstage will move in. It will be conveniently located off the open-space plaza level at **The Bloc** shopping center, which underwent a

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TRADE-SHOW REPORT

Speed to Market Keeps Guatemala's Apparel Production Humming

By Dorothy Crouch *Associate Editor*

GUATEMALA CITY—With several free-trade agreements in limbo, many Guatemalan factories and American buyers are optimistic about the future of their partnerships together as the Dominican Republic–Central American Free Trade Agreement remains relatively stable.

At the 27th annual **Apparel Sourcing Show**, held May 15–17 at the **Grand Tikal Futura Hotel and Convention Center**, visitor registration was up 8.5 percent and exhibitor participation increased 11 percent, according to show organizer **Vestex**, Guatemala's textile and clothing industry association.

"We broke record attendance three days in a row, so it was great," said Antonio Malouf, president of show co-sponsor **AGExport** and owner of **Tejidos Corporativos, S.A.** "I heard some people say they were coming just for the day but

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The Leverage to Open Los Angeles Store

After wholesaling its brands to retailers that range from **Pacific Sunwear** to **Zumiez**, **The Leverage** is opening a new boutique in Los Angeles.

Leverage Los Angeles is scheduled to open its doors June 1, said Chris Ngo, the company's co-owner. The 2,000-square-foot store will be located at 170 S. La Brea Ave., in the midst of a bustling neighborhood featuring high-marquee retailers such as **American Rag** and boutiques for popular brands including **Champion**, **Stone Island** and **Stüssy**.

The shop will feature concrete floors and white walls and

showcase different brand installations, which will change frequently.

Consumer research was one reason the company decided to open an outpost. Executives thought it would help the brand's designers see what their shoppers do and don't like. Inside the space, The Leverage also will build administrative and design offices.

The boutique's merchandise will include denim brands **Crysp Denim**, **Embellish** and **Never End**. There will also be streetwear brands including **Lifted Anchors** and the **Karter Collection**. Other Leverage brands to be sold include **Haus**

of Jr. and **ZO2** by **Big Baller Brand**, which was founded by LaVar Ball, father of basketball-playing brothers Lonzo, LiAngelo and LaMelo.

In 2012, The Leverage was launched in Irvine, Calif., as a sales agency. Business partners Ngo and Lee Ramirez specialized in a niche ignored by many other salespeople—selling clothes to successful, independent boutiques in minority neighborhoods throughout the United States.

In 2014, The Leverage started designing its own brands, such as **Embellish**. Success followed, and in 2016 the company had \$20 million in revenue, Ngo said.—*Andrew Asch*

Old Navy Carries Gap Inc. in First-Quarter Sales

The tried-and-true formula of trendy casual wear at a bargain price was the right formula for **Old Navy**, a division of **Gap Inc.**

In its first-quarter earnings report for the period ending May 5, **Gap Inc.** said that Old Navy's same-store sales were up 3 percent, but that was still off from the same period last year when Old Navy comps showed a strong 8 percent increase.

Still having trouble was the San Francisco company's principal nameplate, **Gap**. Gap's same-store sales declined 4 percent in the first quarter compared with the same period last year.

The Gap stores have been experiencing a lack of depth in some products and inventory overstock, left over from last year. The excess inventory led the company to slice prices to get rid of excess merchandise, said Teri List-Stoll, Gap's chief financial officer and executive vice president, who was speaking on a May 24 earnings call. "During the quar-

ter, we cleared inventory through sell-offs and cut prices," she said. "It does set us up for cleaner stores in the second quarter and a better inventory position for the back half of the year."

Gap stores have been going through a difficult year. In February, the company fired its Gap brand president, Jeff Kirwan, and replaced him with Brent Hyder, who is the acting Gap brand president.

In a welcome change, the company's **Banana Republic** division saw comp-store sales rise 3 percent compared with last year's negative 4 percent. Art Peck, Gap's president and chief executive officer, said the company has been investing in quality yarns and fabrics for its Banana Republic clothing, which has been well received by customers. Items that sold well included sweaters, bottoms and dresses.

Overall, same-store sales for the company were up 1 percent across the board compared

with 2 percent last year.

Gap Inc. reported that net income for the first quarter totaled \$164 million, up from \$143 million in the first quarter of 2017. Net sales came in at \$3.8 billion, a 10 percent rise over last year.

At the end of the quarter, Gap Inc. had

3,617 stores in 45 countries, of which 3,171 were company-operated. Gap executives said they continue to invest in stores such as Old Navy and its activewear brand store **Athleta** while closing less profitable Gap and Banana Republic stores, located mostly in malls.—*Deborah Belgium*

Possible Merger Between PacSun and Eddie Bauer?

Rumors are swirling that private-equity firm **Golden Gate Capital** might be doing a little matchmaking for two of its brands that it owns.

Reuters recently cited unnamed sources who said that **Eddie Bauer** and **Pacific Sunwear of California** are exploring a merger that could possibly consolidate the retailers' commercial real estate.

In the past few years, both retail chains have emerged from bankruptcies, and their store fleets have been whittled down. In PacSun's case, it ran a chain of 800 stores in 2011, but five years later that was reduced to 583 stores.

The Anaheim, Calif.-headquartered PacSun came to prominence as a mall-based retailer for mostly teens who liked surf-wear brands. In recent years, PacSun has broadened its merchandise mix to include streetwear, athletic wear and contemporary

brands such as **Fear of God**, **Diamond Supply Co.**, **Nike**, **Guess** and **Kendall & Kylie**.

The Bellevue, Wash.-headquartered Eddie Bauer sells men's and women's premium-quality clothing inspired by the outdoors. It runs a fleet of 370 stores, according to the company's website.

Robert Greenspan, an apparel and retail consultant, said the merger news might be a strategic decision for these two retailers to branch out into another business. "If someone is in the womenswear business and business is leveling off, they might get into children's wear," said the president of **Greenspan Consult**. "Retailers are having a hard time surviving. They might be looking into different businesses."

Neither Golden Gate nor PacSun returned emails or phone calls requesting comment by press time.—*A.A.*

After Years Making Shoes, Hi-Tec Tries Apparel

Cherokee Global Brands' **Hi-Tec** footwear division is stepping into apparel.

For Fall 2018, Hi-Tec is producing clothes for men and women that will be as performance oriented as its shoes and boots.

Hi-Tec, which has been in business since 1974 and gained popularity for its sports-oriented shoes and waterproof hiking boots, was acquired in 2016 by Los Angeles-based Cherokee in a \$95.8 million deal.

For its new apparel categories, Hi-Tec was inspired by the features of its footwear, said Mark Conway, Hi-Tec's chief brand and revenue officer.

Each apparel item was designed with waterproof material as well as performance fabrics. The fabrics will have several capabilities, including moisture wicking, sun protection and heat retention, Conway said.

Men's looks include flannel shirts, quilted shirt jackets and fleece. Women's looks include V-neck

tees, flannel shirts and puffer jackets. The clothes feature details such as adjustable sleeves and hidden-zipper pockets to store a phone. New York-based **Tharanco Group**, which specializes in technical and active apparel, was the clothing line's manufacturing partner. Retail price points range from \$35 to \$140.

Success in footwear does not necessarily translate into success in clothing, said Gene Han, who has been selling sneakers at

his three-store chain, **Alumni**, in New York City. He also sells high-end camping apparel and gear at **Hatchet Outdoor Supply Co.**, which has one store in New York and another in Los Angeles' Arts District.

"When footwear brands cross lanes, a lot of marketing chiefs think they can sell an extension of the brand," Han said. "Success comes from offering the customer more than just an extension of the brand."—*A.A.*



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Jobs in the Creative Industries Take a Big Step Forward in California

By Deborah Belgum *Executive Editor*

Over the past five years, the creative economy in California has seen a growth spurt as more jobs have been added in the sector's core areas of entertainment, fashion and publishing.

According to a recent report commissioned by the **Otis College of Art and Design**, the Los Angeles region accounts for the bulk of the state's creative jobs.

In 2016, the latest year for which there are statistics, Los Angeles County accounted for 399,500 creative-industry jobs, which increased nearly 13 percent over a five-year period, making up more than half the 789,800 statewide creative jobs.

And that number will only get bigger. Over the next five years, creative-jobs employment is expected to rise by 8.1 percent in Los Angeles County, and in Orange County it will inch up 2.8 percent over the same period. California should see a 5.6 percent jump in creative-sector jobs.

In the report, the creative economy covers 12 major areas that range from architecture, interior design and the apparel industry to furniture making, decorative arts, toys and, of course, the entertainment industry.

"Almost all of California's major industry sectors added jobs in 2017 and will do so again over the next 10 to 24 months," said the report, prepared by the **Los Angeles County Economic Development Corp.** and released on May 22. "Rising employment and higher wages will benefit sectors that rely on consumer spending, including art galleries, fashion, entertainment, toys, the visual and performing arts, and digital media. Likewise, improvements in the housing market will boost activity for architectural firms and interior designers and increase demand for furniture and the decorative arts."

In California, the bulk of the creative jobs are in entertainment (192,200), publishing and printing (160,300), and fashion (120,800). Together, these three industries accounted for

60 percent of the direct jobs in California's creative industries.

"What we saw is that the overall health in our economy is good and the creative economy is such an important component of that," said Somjita Mitra, the director of the LAEDC's Institute for Applied Economics, who was the principal author of the report. She noted that 50 percent of the creative jobs in California require at least a bachelor's degree to enter a profession, which means they are highly skilled professions that pay much more than the minimum wage.

Bruce Ferguson, president of the Otis College of Art and Design, pointed out that taking into account the trickle-down effect of the jobs, the creative economy generated 1.6 million jobs, directly and indirectly, with workers earning \$141.5 billion.

In the fashion industry, the bulk of the jobs for apparel design, manufacturing and wholesaling are concentrated in the Los Angeles area, but there is still a significant presence in San Francisco, home to **Levi Strauss & Co.** and **Gap Inc.** as well as several indie clothing companies manufacturing in the Bay Area.

Although apparel manufacturing in the state has declined, design-related activity strongly contributes to maintaining the apparel industry's presence in California as well as

wholesale jobs. Also, there are a number of well-respected fashion-design schools in the state that are turning out a number of successful designers.

In 2016, there were 120,800 jobs in the fashion industry, up slightly from the 120,100 jobs seen in 2011. By 2021, however, that is expected to shrink to 105,600 jobs as apparel-manufacturing opportunities continue to move out of the region to countries where labor is cheaper.

The salary range for workers in the creative industry varies widely. In Los Angeles County, applications software developers were at the top of the list, earning \$111,128. Other handsomely paid workers are in the entertainment industry. Producers and directors have an annual median income of \$97,493 and film and video editors are right

up there with a median wage of \$95,494. Fashion designers in Los Angeles County had an annual median income of nearly \$70,000, and fabric and apparel patternmakers earned a median salary of nearly \$50,000. In Orange County, the wages for the fashion industry were slightly different. Fashion designers earn about \$60,000 a year and patternmakers make nearly \$68,000, according to the Otis report. ●

EXHIBIT 7-18: ECONOMIC CONTRIBUTION OF THE FASHION INDUSTRY, 2016			
DIRECT EFFECTS	Los Angeles County	Orange County	Total
Establishments	6,808	740	7,548
Jobs	84,800	11,800	96,600
Labor Income (\$ billions)	4.0	0.5	4.5
Nonemployer Establishments, 2015	6,783	1,415	8,198
TOTAL EFFECTS (DIRECT, INDIRECT, INDUCED)			
Output (\$ billions)	27.1	3.4	30.5
Total Jobs	134,600	14,200	148,800
Total Labor Income (\$ billions)	7.0	0.9	7.9
Total Taxes (\$ millions)	4,009.6	537.9	4,457.6

Source: Bureau of Labor Statistics, U.S. Census, Estimates by LAEDC. May not sum due to rounding.

RETAIL

Macy's *Continued from page 1*

\$250 million renovation.

Other additions to the downtown LA Macy's store include a new leased concept called **Finish Line Inc.**, which sells high-end sneakers retailing for around \$180, and **Locker Room by Lids**, selling merchandise for Los Angeles' professional sports teams.

Aggressive challenges from **Amazon.com** and off-pricers have put Macy's and other department stores in a tight spot where they have had to make changes, said Jeff Van Sin-



Interior of a Macy's Backstage

deren, an analyst in Los Angeles with **B.Riley FBR**. "It is a forced reinvention. They have had no choice," he said.

Off-price merchandise is a growing trend that has not been lost on major stores such as **Nordstrom**, which has been aggressively rolling out its off-price concept called **Nordstrom Rack**.

TJX Inc., the parent company of off-price discounters **TJ Maxx**, has surpassed Macy's when it comes to sales and revenue.

That why in 2015, Macy's started rolling out its Backstage concept with six stand-alone stores with 25,000 to 35,000 square feet of space. A year later, it shifted to opening Backstage outlets within its existing stores.

Merchandise runs the gamut from men's, women's and children's goods to electronics, beauty, pet supplies and

home décor, all maintained by a separate buying team that specializes in only Backstage items that come from retailers' overstock and deals with vendors.

The introduction of an off-price division and new looks for the stores follows a painful period for Macy's. In 2016, Macy's announced it would close 100 stores. Recently, it shuttered three California stores: one in Laguna Hills, one at Los Angeles' **Westside Pavilion** and one at San Francisco's **Stonestown Galleria**.

To work with Macy's biggest customers, the retailer is introducing a super salesperson, known as a Platinum Star Associate, who will be equipped with radio headphones to work with the store's new omni-channel hub, called "At Your Service." The hub is a place where customers can pick up goods purchased at www.macys.com, return merchandise or pay bills.

Platinum Star Associates, who are being folded into the downtown LA store, also will be working at a styling department called **MyStylist@Macy's** to build wardrobes for customers, said Henry Aguirre, vice president and store manager of the downtown LA Macy's.

"All the capital improvements, the staffing improvements and the elevated merchandise will get the customer back in the store," he said. "The whole idea is to build relationships and win customers over."

Over the past few years, shoppers have been trickling away from one of the most recognized retailers in the United States, lured by online shopping sites, discounters and fast-fashion outlets.

Macy's started to hit the skids in 2016 when its sales revenues and profits started to fade away. In fiscal 2016, its net

sales totaled \$27 billion and net income was \$1 billion. A year later, net sales had dipped to \$25.8 billion and net income was down nearly 40 percent to \$619 million.

In February, **Coresight Research**, a division of the **Fung Group**, released a paper called, "Where Have Macy's Shoppers Gone?" It found that Macy's continues to be the leader in the U.S. department-store market, but it had lost a lot of market share to Amazon.com and off-pricers. Some 26 percent of consumers surveyed said they didn't spend as much money at Macy's as they have in the past or they stopped shopping there.

But things are looking up. For the company's most recent quarter, sales were \$5.7 billion, up from \$5.34 billion for the same period last year. Net income in this year's first quarter rose to \$139 million compared with \$71 million one year ago.

"Macy's Inc.'s results for the first quarter of 2018 reflect continuing momentum in the business. We exceeded our expectations," said Macy's Chief Executive and Chairman Jeff Gennette in a statement. "The winning formula for Macy's Inc. is a healthy bricks-and-mortar business, robust e-commerce and a great mobile experience."

Since the business of retail is changing so quickly, Macy's recent earnings news still hasn't convinced some retail analysts that America's biggest department-store company has done enough to change the 650 stores in its Macy's fleet.

But Gennette believes that Macy's will continue to prove itself with its continuing changes, which are encompassing new retail ventures such as its recent acquisition of **Story**, a unique store in Manhattan where the design of the outpost and merchandise change every four to eight weeks. ●



A closed Macy's location in Laguna Hills



Henry L. Aguirre, manager of the Downtown LA Macy's at MyStylist@Macy's lounge with Shadi Gadazgar, a Macy's Platinum Star Associate

Lectra Brings Cloud-Connected Cutting Room 4.0 to Texprocess

During the first day of this year's **Texprocess Americas**—the apparel-manufacturing event in Atlanta that showcases new technology and equipment—**Lectra** continued to reveal its fresh innovations, which allow industry professionals to streamline production.

With the unveiling of its Cutting Room 4.0 at the fourth installment of the show, which ran May 22–24, Lectra provided the first cloud-connected digital-cutting solution for the apparel industry.

Cutting Room 4.0 was introduced by Lectra North America President Jason Adams, who explained how the technology aligns with Lectra's efforts to create solutions for the shifting needs of apparel-design professionals, which is removing the need for manual operation and becoming increasingly digital based.

"Looking at millennials, this is about how we can help our customers improve their agility—enabling them to respond to changing demands around quality, speed and price," he said in a statement. "Our new Cutting Room 4.0 solution, complete with new and innovative hardware and a first-of-its-kind digital-data platform, is the first step toward a truly agile production model. We're very excited to unveil today Lectra Virga, the first-ever cloud-connected digital-

cutting solution."

Pairing its technology with the Virga single-ply, fabric-cutting machine, Amanda Prudhon, who is Lectra's director of its international advanced-technology center,



demonstrated the process, which yielded cut pieces in seconds.

The technology was first launched in April for furniture manufacturers. While it is now available for made-to-order furniture and fashion design, additional modules for Cutting Room 4.0 will allow apparel professionals to use the platform for mass customization and made-to-measure projects in late 2018 and mass production in 2019.

—Dorothy Crouch

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Calendar

May 26

"The Wonderland: Mad Fashion Show," LBCC's 38th Biannual Fashion Show
Long Beach City College
Long Beach, Calif.

June 3

Denver Apparel & Accessory Market
Denver Mart
Denver
Through June 4

ITMA Showtime

Suites at Market Square
High Point, N.C.
Through June 6

June 6

Kingpins
Basketball City
New York
Through June 7

Dallas Apparel & Accessories Market

Dallas Market Center
Dallas
Through June 9

FIG

Fashion Industry Gallery
Dallas
Through June 8

June 8

IFJAG
Stewart Hotel
New York
Through June 11

June 10

Fame Moda AccessoriesTheShow [Pre] Coterie
Javits Center
New York
Through June 12

June 11

LA Mode 2018 [Pre] Coterie
Barnum Hall, Santa Monica College
Santa Monica, Calif.

June 12

CALA
Fort Mason Center
San Francisco
Through June 13

June 13

Atlanta Apparel Market
AmericasMart
Atlanta
Through June 16

June 18

Los Angeles Fashion Market
California Market Center
The New Mart
Cooper Design Space
Gerry Building
Lady Liberty Building
Academy Awards Building
Primrose Design Building
824 Building
Los Angeles
Through June 20
Designers and Agents
The New Mart
Los Angeles

Through June 20

LA Kids' Market Select Transit
California Market Center
Los Angeles
Through June 20

June 23

Los Angeles Professional Services presents the Black and White Ball, benefiting National Jewish Health
The Langham Huntington
Pasadena, Calif.

June 24

Midwest Apparel Trade Show
Embassy Suites
Deerfield, Ill.
Through June 25

Fashion Market Northern California

San Mateo Event Center
San Mateo, Calif.
Through June 26

June 28

Agenda
Long Beach Convention Center
Long Beach, Calif.
Through June 29

There's more
on ApparelNews.net.

For calendar details and contact information, visit ApparelNews.net/calendar.

Submissions to the calendar should be faxed to the Calendar Editor at (213) 623-5707. Please include the event's name, date, time, location, admission price and contact information. The deadline for calendar submissions is the Tuesday prior to Friday publication. Inclusion in the calendar is subject to available space and the judgment of the editorial staff.

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Academy of Art University Students Present a Stellar Runway Presentation

Geometric silhouettes, digitally printed textile designs and unusually woven knit garments were some of the creative looks seen on the runway by graduating seniors at the Academy of Art University in San Francisco.

Graduating students presented their works to industry professionals on April 26. Currently, some of the fashions are being seen as installations at the student showcase, which runs until June 9.

For this year's graduating class, students in the School of Fashion department came from all around the world, including China, Indonesia, Taiwan, Vietnam, South Korea, Nigeria, Mexico and the United States.

"When fashion-design students from different cultures and backgrounds collaborate, their diverse spirit, ideas and passions are reflected," said Elisa Stephens, president of the Academy of Art University. "Collaboration is a crucial aspect of the professional world, and we encourage students to work together because it mimics the collaborative work that they will do in their professional careers."

The fashion school also honored three outstanding industry professionals: Alexander Fury, chief fashion correspondent for *T: The New York Times Style Magazine* and editor of *AnOther* magazine; Andre Walker, a New York-based fashion designer who, at the age of 15, was the youngest designer to show at **New York Fashion Week**; and Lutz Huelle, a Paris-based fashion designer who started his career with Martin Margiela.—*Deborah Belgum*



RANDY BROOKE

Hanh (Susan) Nguyen and Emily McCarty



Jerry Lee



McKaela Christenson



Denise Ramos, fashion design, and Jorge Iglesias, textile design



Felix Ryan



Stefanie Jessica



Uchechi Anigbogu and Jie (Robert) Ren



Jeannifer Tirtamarta



Zhouyi Li



Minghan (Rosemary) Xue



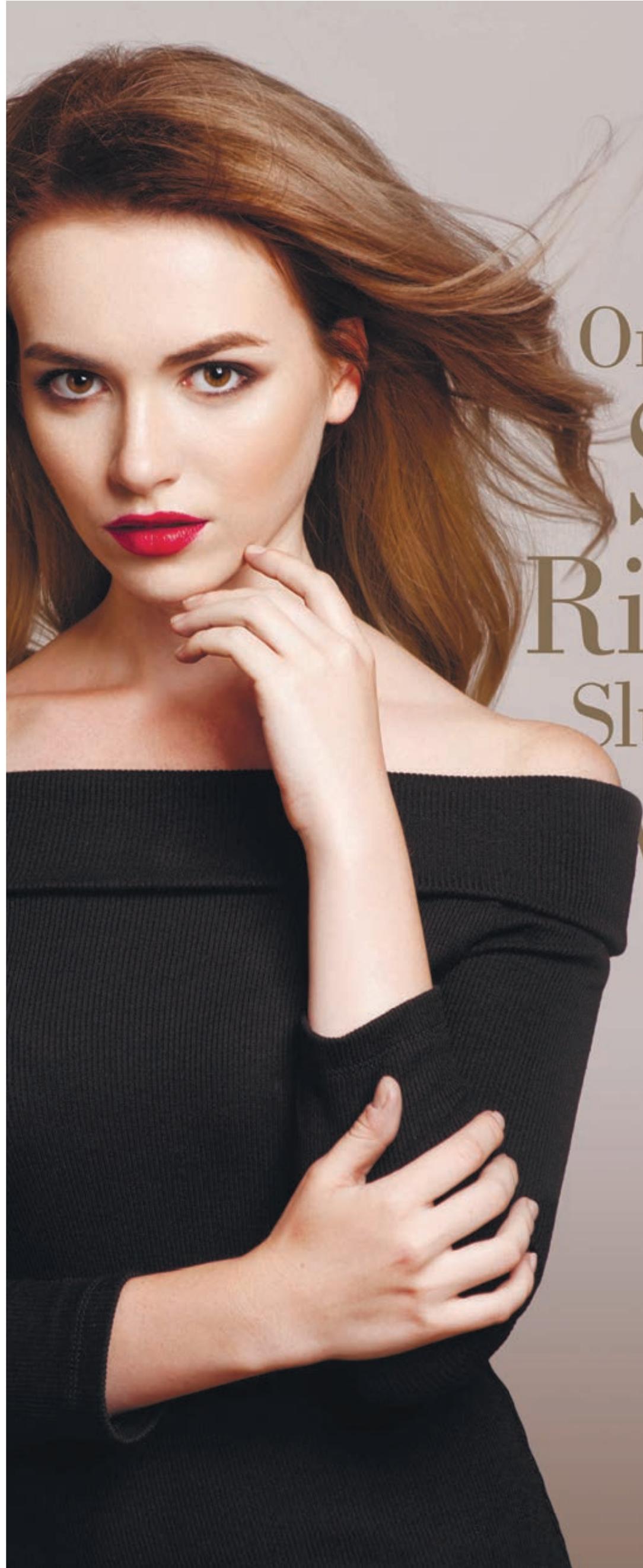
Susan Zienty



Zixuan (Stella) Quan



Justin Ho



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Metallics Poorboys
Scuba
Linen Blends
Ribbs Sueding
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TRADE-SHOW REPORT

Guatemala *Continued from page 1*

decided they had to stay longer because they had more things than usual to see."

After a 20-year hiatus, Frank Rudman, president of **Sportailer**—the activewear parent company to **Hook & Tackle**, **Weekender** and **Reel Southern**—returned to the show, hoping to find partners closer to the United States. Before, the Miami company relied on production in China, which has seen inflation contribute to rising costs.

"The quality here has improved a lot and infrastructure also, where before they didn't have that. There is a lot of investment that came here," he said, yet he still had some reservations. "They have to import the yarns for the fabric and that makes them a little more expensive than we would like, but today in business you have to diversify sourcing."

Guatemala still sees China as a competitor, but other apparel-producing regions in Asia are pumping up their industries. Those include Vietnam, Pakistan and Bangladesh. As these nations build up their apparel and textile sectors, Guatemala continues to invest in its established industry, where apparel and other goods made of regional yarns and inputs are not subject to U.S. import tariffs because of DR-CAFTA.

"Right now, Guatemala is going to get three new knitting mills, which is a good sign," said Gustavo Antonio Ortiz Aguilar, who manages his family's machinery-supply company, **Lama Maquina, S.A.** "It's a lot for us. Just that alone is going to generate more business for Guatemala."

Visitors to the show were interested in finding additional resources for quality products and fast turnaround times. China's factories might be cheaper, but when you factor in longer lead times and import duties, the savings might not be worth it for some U.S. companies.

"When we started 10 years ago, Central America was known for T-shirts in 10,000 units and had one style, one color and was really mass market," said Diane Walker, who handles design and production for New York City's **Sweenie Manufacturing**, which produces apparel for brands including **Kitty and Vibe**, **Champagne Swim**, **Thirteenth Fit Apparel** and the **Great Lakes Collection**.

Interested in seeing existing partners and forging new relationships, Walker attended the show with Stacey Demar, Sweenie's representative for new business development. The two women were there ahead of the mid-summer 2018 capsule launch of their own line, **Mary Jane Swim**.

Sweenie now produces goods in Guatemala instead of China because Chinese factories require minimums that are too high and are subject to a 36 percent duty rate on some synthetic goods, which means they can't



Interior view of the Elim, S.A. factory, located in Guatemala City

compete with CAFTA countries.

"Central America has evolved into being able to do the type of work that we do, which is entrepreneurial specific, small units and a lot of detail," she said.

Planning for Guatemala's future in production

Despite trade disputes bubbling up with China and members of the North American Free Trade Agreement, there was optimism regarding Guatemala's role in apparel manufacturing. David Sasso, vice president of sales at Georgia's **Buhler Quality Yarns**, saw his visit as an opportunity to discuss these current issues.

"It's not like I am meeting new people, but I am having the opportunity to talk about things in the market that are opening new doors," he said. "The trade deal came into discussions and CAFTA is one of those better trade agreements that seems to work for both parties, which is why



Stored fabric at the Elim, S.A. factory

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Cotton USA booth at the Apparel Sourcing Show



A view of the Apparel Sourcing Show floor reveals exhibitors such as Cotton USA and Litzex.

you see a good balance of trade."

Due to the healthy trade situation between the United States and Guatemala, there is not a lot of concern about the future, yet change is in the air for other countries.

"The U.S. exports more to Guatemala than Guatemala exports to the United States," said Keith Hull, chief executive officer at Guate-

Planet Blue Gets a New Chief Executive

Planet Blue, the retailer that carries young contemporary fashion, has named Eddie Bromberg to be its new chief executive.

He replaces James Williams, who left earlier this year to start the **JSW/Strategic** consulting firm. Williams remains on the board of the company founded by his wife, Ling-Su Chinn, in 1995. Chinn continues to serve as the retailer's chief creative officer.

Prior to joining Planet Blue, Bromberg spent his career working for several clothing manufacturers that went on to develop retail divisions when he was at the companies, Bromberg said. His most recent job was as



Eddie Bromberg

president of lifestyle brand **Cotton Citizen**. Under his watch, the brand opened a boutique on Melrose Place in West Hollywood, Calif.

Planet Blue's business has grown over the years by providing shoppers with merchandise that centers around beach-lifestyle brands. It currently runs a fleet of 12 stores and the e-boutique at www.shopplanetblue.com. The retailer also wholesales its private-label brands such as **Blue Life**, which is sold on e-emporium **Revolve** (www.revolve.com).

Bromberg plans to build on Planet Blue's strengths as a retailer and grow the store's

brands. He hopes to produce collaboration capsule collections with outside designers.

"Planet Blue has a rich history and the founders are still part of it," he said. "We're taking a legacy and bringing in new practices. We have a seasoned staff that knows how to work in volume. We're also adding new executives. It is a formula for continued success in a choppy environment."

Recently, Planet Blue hired a handful of new executives in the fields of retailing, marketing and digital commerce as well as support staff, Bromberg said.

In 2013, **Breakwater Management**, a Los Angeles private-equity company, made a growth-capital investment in Planet Blue to expand its e-commerce and its house brands.—*Andrew Asch*

TRADE-SHOW REPORT

Guatemala *Continued from previous page*

malan textile mill **Liztex**. "I think everyone is optimistic that there isn't going to be a significant change in CAFTA, but I wouldn't make the same bet with NAFTA."

With no foreseeable threat of the United States dismantling its trade agreement with Central America, Guatemala's producers are taking advantage of their geographic location and stability.

At **Elim, S.A.**, a factory in Guatemala City that encompasses nearly 38,000 square feet and employs 320 workers,

the company's partners include **New Era**—the Buffalo, N.Y.-based baseball-cap and sports-apparel brand—and **Global Brands Group**—the New York City apparel and licensing company. Through those partnerships, Elim produces apparel for brands such as **Nautica**, **CK Calvin Klein**, **Zoo York**, **Major League Baseball** and the **National Football League**.

"The strength of Central America is the faster [lead] time than Asia," said Martin Hong, who serves as the company's director of sales and production. "For example, we are doing a four- or six-week turnover."

The factory's monthly capacity currently stands at 400,000

mostly knit T-shirts with six sewing lines. Elim also owns a printing mill, which has approximately 15,000 square feet of space and 60 employees.

"Our company is growing now, so it's a very big decision to expand our capacity. If we expand, our goal is to have 12 lines next year," said Hong, who also emphasizes that the factory needs to weight the benefits and cost of possible expansion. "To do that, it would be about \$3 million to \$4 million to invest. We are thinking about having one, big factory."

The investment would help Elim to beef up its manufacturing capacity and expand its offerings to remain competitive. ●

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