

# CALIFORNIA ApparelNews

THE VOICE OF THE INDUSTRY FOR 79 YEARS

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## PLACE YOUR BETS!

If the recent successful streak of Art Hearts Fashion runway shows is any indication, the announcement at Los Angeles Swim Week that the fashion-event producer was launching Las Vegas Swim Week at the next Las Vegas Fashion Week is a safe bet. For more looks from L.A. Swim Week, see page 8.

Sugarpuss Clothing

ARJUN NEVADER/GETTY IMAGES

### INDUSTRY FOCUS: FINANCE

## Hope Floats Amid Economic Uncertainty During 2024 2nd Half

By Dorothy Crouch *Contributing Writer*

Despite a bumpy first half of 2024, which saw a number of bankruptcies and retail closures, there exists an air of guarded optimism as the apparel industry enters the second half of the year. There are uncertainties that lie ahead including the direction of interest rates, continued political and military conflicts around the globe, and the 2024 United States presidential election.

With a keen business sense, a bit of guidance and even greater caution, decision-makers in the apparel industry can successfully navigate through the hurdles caused by these issues and beyond to survive into 2025. *California Apparel News* asked financial leaders in the apparel business: *What successful strategies did you recommend for the challenges faced in the first half of 2024, and how should apparel-industry professionals approach the second half of the year?*

➔ Finance page 6

### FASHION

## In Time for the Paris Games, Le Pickle Club Introduces 'Le Olympic Collection'

By Christian Chensvold *Associate Editor*

It's the latest craze sweeping the nation. No, it's not the hula hoop—this isn't 1958, after all—but rather pickleball, the sport that has a silly name but offers serious fun. It's also serious business for identical twins Ashley Cornil and Sara Brady, who founded **Le Pickle Club** in 2022 in San Francisco after selling their hat brand **Kin The Label**, which they operated for nine years.

The *California Apparel News* recently spoke to the sisters to learn about their fashion line and unravel the appeal of America's fastest-growing sport.

**CAN:** First off, what's the sister dynamic like when it comes to running a business?

**AC:** We've been best friends since we were born, so we

➔ Le Pickle Club page 4

### INSIDE

Where fashion gets down to business<sup>SM</sup>



2



2

Jeanologia Supports Nearshoring ... page 2

AAFA applauds passage of S.Res.736 ... page 2

New Showrooms and Lines ... page 10

Resource Guide ... page 10

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## Jeanologia Supports Nearshoring, LYCRA–Global Denim Collaboration

Spanish sustainable textile technology firm **Jeanologia** has launched its Miami Innovation Hub in the city's Wynwood district to promote responsible denim manufacturing via nearshoring throughout the supply chain. Sustainable-garment-finishing options available at the Miami hub include Jeanologia's ATMOS process, which relies on G2 technology and the INDRA ozone system.

The Miami hub's water-treatment system relies on closed-loop H2Zero operations, which use no chemicals to treat the water that is reused during new washing processes in garment finishing. The space is also equipped with eDesigner software and EIM to measure and monitor the ecological impacts of garment finishing.

"This project not only provides technological support for onshoring and nearshoring relocation but also becomes an inspiration center to boost the creativity of the new generation of American digital designers," said Jeanologia CEO Enrique Silla.



Jeanologia has unveiled a new Miami Innovation Hub to support nearshoring in the Americas by adding its garment-finishing technology to the region's supply chain.

This Miami location is an addition to the Jeanologia portfolio of innovation centers, which includes sites in Hong Kong, Shanghai, Turkey, Brazil, India, Bangladesh and Mexico. Miami was chosen due to its central location within the Americas.

"No jeans will be produced in the region that pollute the planet," said Silla. "That is our

commitment."

The Miami innovation hub is already proving its worth as a site for progress amid the denim nearshoring movement. Jeanologia, Mexico's **Global Denim** and U.S.-based **The LYCRA Company** recently unveiled the Oneness collaboration—a collection finished at the Miami Innovation Hub—during **Kingpins New York City**, which took place July 17–18 at **Pier 36's Basketball City**.

Oneness is an 11-piece, vintage finish-inspired denim collection that relies on a supply chain linked through the Americas. The collection features **Global Denim's** hyper-stretch, comfort-stretch and body-hugging technologies with fabrics such as **The Supreme**, **The Paramount**, **The Ivy**, **Sky** and **The Regal Light**. Oneness also features LYCRA dualFX and LYCRA lastingFIT fabrics, in addition to sustainable fibers that were created using recycled materials. These fibers include **THERMOLITE EcoMade** and **COOLMAX EcoMade**. —*Dorothy Crouch*

## LEGAL

## AAFA Applauds Passage of S.Res.736, SHOP SAFE Act Stalled

Everyone likes a dose of fast fashion now and then, but nobody, whether consumers or manufacturers, likes fake fashion. But the crooks behind counterfeit goods can be dealt a blow with greater awareness, and that's sure to happen now thanks to the passage of S.Res.736 on July 8, which designated the month of July National Anti-Counterfeiting and Consumer Education and Awareness Month.

The U.S. Senate was praised by the **American Apparel & Footwear Association**; however, the important SHOP SAFE Act remains stalled in Congress. This

important piece of legislation addresses the proliferation of dangerous counterfeits promoted and sold online.

"It is far too easy to buy counterfeits across platforms," said AAFA President and CEO Steve Lamar. "The SHOP SAFE Act helps ensure platforms consistently partner with brands to help keep counterfeits from being posted online for a consumer to purchase. Of course, authentic brands will continue to play a key role in supporting the efforts of platforms, but we need the commitment and collaboration of platforms to



Counterfeits totaled almost \$3 billion in estimated retail value in 2023 alone.

counter the growth of counterfeits that put Americans at risk.

"Every day that passes while this important measure remains stalled," Lamar added, "is another day counterfeiters pocket the profits from the ill-gotten gains and another day American consumers are intolerably exposed to unsafe products, often unknowingly."

Once enacted, the SHOP SAFE Act will require platforms to engage in best practices for screening and vetting sellers and goods, address repeat counterfeit sellers, and ensure that consumers have relevant information, or else they will be held liable for the sale of counterfeit and illicit products. It is companion legislation to S.2934, which, along with other policies, including the INFORM Consumers Act approved last year, will help stem the influx of illicit products promoted and sold on platforms and safeguard consumers.

"Consumer safety is a bipartisan issue," said Jennifer Hanks, AAFA senior director of brand protection. "Every member of Congress represents constituents who have unknowingly purchased and/or been harmed by counterfeits. It is time to get the SHOP SAFE Act over the finish line."

—*Christian Chensvold*

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## Inside the Industry

**Gucci** has opened a new 8,000-square-foot boutique at The Grove lifestyle center in Los Angeles, offering a wide selection of men's and women's handbags, accessories, shoes, ready-to-wear, Gucci Beauty, and the Horsebit 1955 and Jackie 1961 lines. Envisioned to make guests feel at home, the store is framed with built-in displays reminiscent of walk-in closets. Gucci Décor velvet armchairs, sofas and shaggy wool monochrome rugs create intimate corners, and the aesthetic dialogue between elements drawn from different places and eras speaks to Gucci's core narrative, according to the company. As part of Gucci's commitment to eco-friendly initiatives, the new boutique is designed using LEED guidelines to both monitor and promote energy efficiency.

**Mojix**, a global leader in real-time item-level-visibility technology, has introduced the latest updates to its public multi-tenant SaaS platform. This includes new features that improve performance for retail traceability and retail operations and adds more features to digital product passport execution. "Our latest updates demonstrate our commitment to driving innovation in retail traceability and operations," said CEO Chris Cassidy. "We are continuously enhancing our platform to meet the real-world needs of our customers. These new features will empower retail operations with greater visibility and control, ensuring a higher level of transparency and efficiency in the supply chain." Added CTO Gus Rivera, "These advancements are designed to meet the evolving needs of the industry, ensuring our clients can stay ahead in an increasingly competitive market."

**Runway 7** is set to make a splash Sept. 4–8 at Sony Hall during New York Fashion Week, where 150 designers from 15 countries are signed on to participate. Among brands showing will be Coolibar, a swim and resort-wear line; KH House of Khaddar, a clothing line of authentic handloom fabric; Panni Margot, an Argentina-based avant-garde designer; MI Vestito Blanco, a Mexico-based women's bridal designer; Maya Hogan, a Goth couture designer; Theodore, an Australian men's suit designer; Austin Tootie, an edgy modern designer; Vaida, an affordable luxury-goods brand; and Lady Fines, an adaptive clothing brand. Runway 7 is an incubator for independent designers and renowned brands alike to showcase their collections each season during New York Fashion Week.

**Gold Long John**, supplier of fabric to global footwear brands, has announced it is applying the EMPEL Nø-Wick waterless and PFAS-free finishing platform to its Vietnam mill supply chain. The product stands apart by preventing wicking more effectively than any competing chemistry while remaining 100 percent water-free and PFAS-free. The adoption is instrumental in creating sustainable footwear for brands around the world. "Our OEKO Tex-certified EMPEL platform is a solution for the future," said Martin Flora, president of global business development with Green Theme Technologies. "It creates the highest-performing finishes available, all without the use of water or PFAS chemicals. We're now able to scale our clean chemistry and make a real difference in the fight against water, carbon and chemical pollution."



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## The Future of Apparel: Embracing Generative AI for Efficiency, Innovation

When implemented effectively, generative AI technology can significantly benefit and amplify the creative process in the apparel industry. By augmenting human capabilities, generative AI retains the artistic skills and knowledge of designers while enhancing productivity and innovation. Experts emphasize that human-centered innovation will likely be the most important use of generative AI in the future. This approach ensures that generative AI serves as a tool to empower human creativity and decision-making, leading to more-meaningful and impactful outcomes.

### What Generative AI Is and How to Effectively Use It

Generative AI refers to a subset of artificial intelligence that can create new content and ideas ranging from text and images to music and designs. Using advanced machine-learning algorithms, generative AI systems learn from vast amounts of data and then generate original outputs that mimic or enhance human creativity. This technology is revolutionizing various industries, including apparel, by providing tools that augment human capabilities and streamline complex processes.

Companies that successfully use AI are those that embrace the technology and effectively integrate it into their existing workflows. These forward-thinking businesses understand that AI isn't a threat to jobs but rather a powerful tool that can augment their current teams. By leveraging AI to handle repetitive tasks, analyze data, and generate insights, companies give their employees time to focus on more-strategic and creative endeavors, which not only boosts productivity but also enhances innovation and job satisfaction. When AI is seen as a collaborator rather than a competitor, it can significantly enhance workforce capabilities, leading to improved efficiency, more-informed decision-making, and ultimately greater business success.

### Personalizing AI With Branded Content

One of the most powerful aspects of generative AI is its ability, using a company's own internal large language model (LLM), to be trained in the company's branded content. By feeding the AI model with specific examples of brand voice, style guidelines, and past marketing materials, apparel companies can ensure that the AI-generated content is consistent with their brand identity. This personalization not only makes the AI-generated responses more relevant and engaging but also helps maintain a cohesive brand presence across all customer touchpoints. Personalized AI models can craft responses that resonate more deeply with the target audience, enhancing customer loyalty and driving brand differentiation in a competitive market.

Using an internal LLM within a firewall is also crucial for keeping data secure. This approach ensures that sensitive company and customer information remains protected, providing an additional layer of security and confidence in the use of AI technologies.

### Organizational and Support Functions



K.C. Fike



Cody Neely

The benefits of generative AI extend beyond branded content to organizational and support functions. Generative AI can coach sales associates, helping them maintain successful "clienteling" relationships through real-time recommendations, feedback reports, and high-value consumer profiles. This personalized approach enhances customer interactions and drives loyalty.

Generative AI can be used to develop individualized training content for employees based on their roles and performance. This targeted training ensures that employees receive the necessary skills and knowledge to excel in their positions.

### The Future of Generative AI in Apparel: Human-Centered Innovation

Integrating generative AI into business processes offers numerous benefits to apparel companies, from accelerating design and marketing efforts to enhancing organizational functions. By focusing on how generative AI can augment human capabilities as opposed to eliminating them, apparel companies can harness the full potential of this technology to drive innovation and growth.

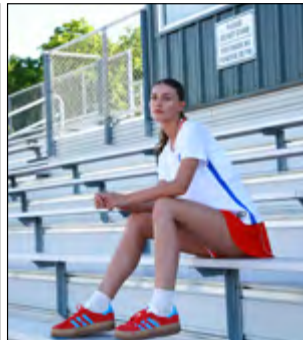
*K.C. Fike has worked in consultancy and data analytics since 2004. With his data and advanced-analytics experience, he has led companies in developing analytic strategies, utilizing data to achieve business objectives, implementing business-model changes that reduce costs, developing continuous auditing processes, and architecting data warehouses.*

*Cody Neely has practiced public accounting since 2010. As a member of the firm's Manufacturing & Consumer Products Practice, he specializes in providing audit and consulting services for a range of companies and organizations with a concentration in apparel and retail. He has significant experience in both overseeing and managing engagements and providing related management recommendations for enhancing internal controls and efficiency improvements.*

*Assurance, tax, and consulting offered through Moss Adams LLP. ISO/IEC 27001 services offered through Moss Adams Certifications LLC. Investment advisory offered through Moss Adams Wealth Advisors LLC.*



## FASHION



### Le Pickle Club *Continued from page 1*

understand each other's strengths, and this lends well to business. I specialize more in the strategy side of things and big picture, whereas Sara takes on more of the creative director role.

We have a nice marriage of amplifying each other, and it's a testament to being twins that we can step in when aquired without even needing verbal communication. We have different points of view but love the same aesthetic: a modern, energetic vibe but with a vintage flair in art and culture, fashion and life.

**CAN:** Tell us about the inspiration for the line, especially the French influence.

**AC:** We're fortunate to spend our summers in France, and the French have that *je ne sais quoi* allure. And there's also the juxtaposition of this fun, new social sport that's playful with French sophistication.

**CAN:** What was the vision for this new company?

**SB:** With Kin The Label and the hat industry, things touch close to 70 hands, so it was a very long, romantic process, and that's how we fell in love with it. But at \$300 it was also a high price point, so for this new business we wanted to do something completely different. So, while every T-shirt, sweatshirt and hat is made to order, they're very simple; these aren't meant to be \$100 T-shirts. They're breathable and are printed close to where they ship for product-life-cycle reasons. We just wanted it to be carefree, for women and men to wear it on the court and feel comfortable and then go for a glass of wine and still feel fashion forward.



Le Pickle Club founders and twin sisters Ashley Cornil and Sara Brady

**CAN:** What lessons did you take from your previous business?

**SB:** It's the best university you can have. They say your second brand is where everything is fluid and easy, and again here we wanted something really simple: print on demand, a low barrier to entry and with the design the face of it. And with those components we built a brand that is very strong. Our previous brand was timeless and sophisticated, but with this one we come out really loud. We want people to notice our customers and ask, "Where'd you get that?"

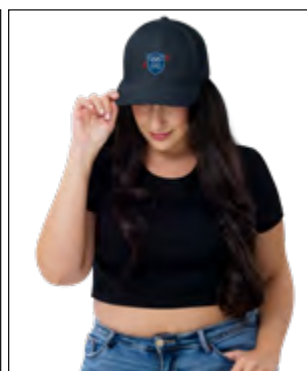
**CAN:** The Olympics are in Paris this summer, and you've paid tribute with even more French influence in "Le Olympic Collection."

**AC:** Pickleball is the fastest-growing sport here in the U.S., and the Olympics are the epitome of sport. As pickleball players, we all aspire that one day it will be a sport we can watch. So the collection is a patriotic

ode to those who work their whole lives at a sport—with the tongue-in-cheek feeling the brand has—but also a nod to whether pickleball could be included in the Los Angeles Olympics of 2028.

**CAN:** Tell us about the appeal of this sport with the funny name.

**AC:** First and foremost there's a low barrier to entry. My 7-year-old son and 80-year-old father can pick up a racket and play. And that's a true story because we all play as a family. So there's the social aspect of the sport. With tennis, you have to be good at it to enjoy the game, but this is something you can pick up and not take too seriously. So the appeal of pickleball is that it's accessible to a lot of different people who want to be social and also have a healthy lifestyle, and I think that's why the growth has been exponential. ●





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# What successful strategies did you recommend for the challenges faced in the first half of 2024, and how should apparel-industry professionals approach the second half of the year?

**Finance** *Continued from page 1*

**Darrin Beer**  
**Western Regional Manager**  
**CIT Commercial Services—a**  
**subsidiary of First Citizens Bank**



Most of the strategies discussed with our apparel clients earlier this year still apply going into the second half of 2024. We continue to emphasize inventory management, including diversifying the vendor base and managing product purchases in line with confirmed bookings.

With some exceptions, sales for the first half of the year for most apparel companies were relatively flat or slightly lower than the prior year. Hopes that the Federal Reserve would begin lowering interest rates by the end of Q2 were not realized. Now it's looking like a Q3 or Q4 event. Rate reductions would be welcome relief for many apparel companies who have been carrying higher loans and thus greater financing costs. Recent increases in shipping costs have also put pressure on margins and expenses.

Most of our clients believe the second half of 2024 will improve as many retailers have adjusted inventories to lower levels and therefore have more ability to purchase goods to stock shelves. Of course, the consumer will need to cooperate and be willing to shop. Ultimately, the same message from the first half of 2024 applies equally well to the second half: Apparel companies should diversify their supply chains and manage inventory purchases and expenses in line with forecasted sales.

**Mark Bienstock**  
**Managing Director**  
**Express Trade Capital**



During the rising interest-rate environment in 2023, we advised our clients to pay extra attention to their inventory levels. The ongoing struggle to determine the correct balance of inventory to maintain has caused many apparel companies to realize a

substantial increase in their interest expense. With many retailers closing a significant number of stores and also the various bankruptcies exhibited through 2024 so far, many orders that were expected never materialized.

With the combination of a still-elevated interest-rate environment, worldwide political unrest and the upcoming presidential election, apparel companies need to maintain a very nimble expense structure along with very lean inventory levels. We expect there will be opportunities for the financially strong apparel companies to acquire weaker entities as we move into 2025.

**Sydnee Breuer**  
**Executive Vice President and Western**  
**Regional Manager**  
**Rosenthal & Rosenthal**



While there was general optimism going into 2024, overall consumer demand has proven to be weak in this first half. Despite gains in the stock market and seemingly good macroeconomic conditions, our clients' sales data have not

reflected that. Continued pressure on operating expenses with increased labor costs, high interest rates, increasing prices of raw materials and, most recently, rising shipping costs—again!—magnifies a decline in sales.

We continue to advise our clients to be more conservative with inventory purchases; however, overly optimistic projections have resulted in higher-than-needed inventory levels. Ultimately, it's better to have a leaner inventory than to have too much. Furthermore, it's better to get rid of older inventory even if at a discount than to hope demand rebounds as there are added costs associated with holding on to older inventory that need to be factored in. The liquidity generated by selling the idle inventory can be better utilized for other business purposes or to capitalize on opportunities should any arise.

It's also crucial to contain operating expenses in this current environment. The Fed continues to discuss future interest-rate reductions, but it can't be counted on until it's announced.

It's okay to be cautiously optimistic for the second half, but be sure you can pivot should consumer demand remain weak.

**Tae K. Chung**  
**Senior Vice President, Business**  
**Development**  
**Republic Business Credit**



Due to high inflation and interest rates combined with lower-than-expected consumer demand across the apparel market, the key to success this year is staying as lean as possible. There are a few ways to accomplish this goal.

I recommend that apparel manufacturers keep their inventory manageable and avoid overbuying while demand continues to drag. While we can't anticipate when consumer demand will return to comfortable levels, manufacturers can cut their initial costs by closely monitoring buyer trends and managing their inventory accordingly.

Additionally, strengthening partnerships and communication channels with suppliers, retailers and technology partners can help businesses to effectively manage challenges through the second half of the year and create more-positive operating leverage. Understanding expectations and anticipating issues can avoid unwanted returns and refunds that could negatively affect a business's bottom

line while maintaining efficiency throughout the supply chain.

Lastly, I always recommend companies focus on vertical integration and introduce optimized software systems to improve productivity and reduce unnecessary overhead. There are always new ways to streamline processes and avoid redundancy, and finding the right solution for your company can greatly reduce costs through the end of the year and beyond.

**Eric Fisch**  
**Head of Retail and Apparel, U.S.**  
**Commercial Banking**  
**HSBC Bank USA N.A.**



Industry headwinds continue in 2024 due to inflation, consumer confidence and geopolitical concerns. Despite that backdrop, many of our clients have thrived and see positive trends for the second half.

While each situation is unique, a few common themes carry through those that are seeing success.

**Inventory Discipline.** Nearly every one of our clients has reduced inventory year over year, and, in many cases, they have done it while growing the business. Tighter inventory levels improve margins, cut warehouse expenses and free up liquidity to pay down higher interest-rate debt. Cutting too much can impact sales, but finding how close they can get to that tipping point is a general trend of 2024.

**Reevaluating Channels.** We work with several brands that are taking the time to relook at channels they previously deemphasized. Whether it's a wholesale brand looking to open its first store or vice versa, challenging times force flexibility. It's important to not get too stuck in the decisions of years past and approach it fresh as dynamics shift.

**Commercial Applications of AI.** Many brands are beginning to find practical uses for artificial intelligence that move past the theoretical. Plain-spoken customer service, design and photo-shoot assistance, and customer-data analysis are some of the areas where I am hearing clients seeing immediate benefits. The use of AI feels akin to the early days of e-commerce, where first movers will see a demonstrable advantage. Many of the third-party software solutions are easy to implement and are relatively low cost initially.

**Rosario Jáuregui**  
**Senior Vice President, New Business**  
**Merchant Financial Group**



Manufacturers are seeing the benefits of the positive changes they implemented in 2023, which has had an encouraging impact in early 2024. They should remain diligent in keeping inventory levels lean and current and re-

ducing overhead as needed while maintaining a high level of efficiency. Owners and CEOs are already multitasking many duties to remain relevant in an ever-changing market driven by technology and innovation.

Industry professionals are resilient, even now navigating the constant supply-chain challenges more effectively as well as a turbulent retail climate. Businesses must continue to service their customers' demands by offering sustainability and on-time delivery while continuing to make their products attractive for online shoppers and techno-savvy consumers.

It is essential for manufacturers to continue staying focused on their forecast and business plan if they want to achieve their desired goal of profitability. Staying with the right financial partner and advisers will also allow them to navigate wisely and get the right advice during these challenging times.

It is our hope that manufacturers may benefit from a possible Federal Reserve cut of the interest rate in late 2024, but we cannot be fully certain. 2023 was an extremely challenging year for many, and apparel businesses seem to have adapted properly to the changing and difficult times. We have seen a smarter and savvier business owner and, so far, a much better 2024 for many. We believe this trend will continue.

**Richard H. Kwon**  
**Executive Vice President, Portfolio**  
**Manager**  
**Finance One, Inc.**



With higher interest rates, weaker demand and a slowing economy, small apparel companies are struggling to invest during these uncertain times. However, as inflation and the job market cool, expectations are rising for the Federal Reserve to

cut interest rates as early as September, provided prices continue to drop. Lower rates will make borrowing more affordable, encouraging increased spending and investment. For an apparel company to benefit in such a favorable scenario, it must acknowledge and address current challenges while keeping up with industry trends.

Geopolitical events and U.S.-China tensions have exposed supply-chain vulnerabilities. Shipping delays, soaring freight costs and tariffs on Chinese imports are hurting apparel companies' reputation and profitability. Shifting some production to nearshore locations can reduce freight costs and delivery times, protecting margins and enabling quicker responses to consumer preferences.

As mobile and social-media commerce grow, apparel companies with e-commerce platforms should focus on their target groups when planning digital marketing campaigns. The rise of online fast-fashion disruptors offering real-time trends at competitive prices challenges traditional stores and other online retailers. Department stores are losing relevance due to their failure to evolve and compete with big-box stores that offer a wider range of products.

Lastly, as pressure builds for more so-



cially and environmentally responsible products with transparent supply chains, apparel companies that lag in investing in sustainable sourcing will find themselves misaligned with both consumer and regulatory demands. Although these initiatives are complex and expensive to implement, postponing them will not be a viable option for long.

**Dave M. Reza**  
Senior Vice President, Western Region  
Milberg Factors, Inc.



Earlier this year we were focused on inflation and the likelihood of rate cuts by the Fed. Given the economic uncertainty at the start of this year, our recommendations were to exercise caution and to temper expectations about order and sales activity.

We have passed the mid-year point. Retail sales were up slightly YOY, but results for June were trending below last year. Aside from trying to stay ahead of fashion trends, apparel executives deal with cybersecurity, product sustainability, a nervous consumer, political and production risk, and rising shipping costs. On top of these challenges, everyone is trying to understand what AI will mean for the industry.

On a macro level, the apparel sector still faces headwinds fueled by inflation and high interest rates. Consumers are still grappling with elevated housing and food costs. The upcoming presidential, congressional and state elections will also influence consumer confidence.

Feedback from apparel-company owners, lenders and factors reflects continuing

soft-order activity from retailers. Given that sentiment, it's hard to recommend any aggressive growth strategy aside from making sure inventory and expense levels are being well managed.

With respect to the question posed here, our clients are not soliciting our recommendations on how to deal with macroeconomic and industry challenges. As lenders, our consultative role is more about sharing strategies that were successfully employed by peers to address or avoid similar business problems.

**Kevin Sullivan**  
Managing Director, Western Region  
Manager  
Wells Fargo Commercial Services



We're continuing to operate in an environment where consumers are spending more heavily on experiences and travel than they are on consumer products and apparel specifically. The consumer also appears to have moved more toward down-market purchases

as increasing credit-card debt remains a concern. Geopolitical concerns also create uncertainty in the mind of consumers, who appear to have shifted to more of a mindset of buying what they need when they need it as opposed to spontaneous purchases.

The net impact for apparel companies has been an increased focus on managing expenses and rightsizing inventories. With increased interest rates, companies have become much more focused on the increased costs associated with carrying inventory, so most have become keenly focused on SKU rationalization

and making product to order as opposed to carrying larger inventories. Freight costs are again beginning to increase due to global conflicts, which are causing some to shift sources of production. Fortunately, the apparel industry has proven to once again be very resilient and adaptable to any changes that the industry has encountered, but there's little doubt that companies will need to remain vigilant given the continued economic headwinds for the remainder of 2024.

**Kenneth L. Wengrod**  
Managing Member  
Stealth Management Group, LLC



Adaptability is paramount in 2024 for U.S. apparel makers to navigate dynamic market conditions. Leveraging successful strategies from the first half of the year and addressing emerging opportunities and challenges can position them for sus-

tained growth.

The successful strategies in the first half of 2024:

**Cost Management.** Implementing lean manufacturing and optimizing supply chains to reduce costs and improve efficiency with a focus on environmental sustainability.

**Digital Transformation.** Investing in e-commerce and digital marketing to expand the online customer base and optimizing inventory management.

**Market Research.** Exploring export markets and understanding cultural nuances in purchasing habits, color preferences and design trends.

The approach for the second half of 2024:

**Leverage the Weak Dollar.** Expand export sales by targeting high-potential markets like the EU, Japan and South Korea, making U.S. apparel more competitive internationally. Expand into emerging markets in Latin America, the Middle East and Africa, where growing middle classes and consumer spending present opportunities; respectively, Brazil, Mexico and Argentina; the UAE and Saudi Arabia; and Kenya, South Africa and Nigeria.

**Adapt Culturally.** Tailor products to regional preferences in color, sizing and design.

**Utilize U.S. Commercial Services.** Leverage the U.S. Commercial Services' Gold Key program to vet foreign customers by region to help identify reliable partners.

By focusing on these strategies, U.S. apparel makers can effectively navigate challenges and capitalize on opportunities in the evolving global landscape. Understanding and adapting to cultural nuances in export markets will be crucial to success. ●

*Responses have been edited for clarity and space.*

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Alexis Monsanto Berry Beach Bishme Cromartie For The Stars Giannina Azar Isaora Kentaro Kameyama Lybethras Merlin Castell

## Art Hearts Fashion Energizes Los Angeles Swim Week With Las Vegas News

Los Angeles Swim Week Powered by Art Hearts Fashion produced its swimwear and resort-centered show with a focus on expanding its brand and bringing along its partners from the Los Angeles Fashion District. During the June 27–30 edition of Los Angeles Swim Week at The New Mart in downtown Los Angeles, Erik Rosete’s event drew a roster of brands from around the globe.

The list included California-based designers Bishme Cromartie, Merlin Castell, For The Stars, Richard Hallmarq, Kentaro Kameyama, LA Swim Lab, Mister

Triple X, Alexis Monsanto, My Club, Natalia Fedner, No Punching Bag, Sugarpuss Clothing and Styx Athletics.

“To have Steve Madden, Scotch & Soda and Original Penguin is an affirmation that we’re on the right path,” said Rosete, Los Angeles Swim Week CEO and Mister Triple X founder. “[We’ve been] strengthening the partnerships and collaborations within the venue but also with the brands in the L.A. fashion district. A lot more fashion brands that are in the district are coming along for the ride, which is great because

our goal is to get as many brands that are in the fashion district involved in what we’re doing.”

The big news off the Art Hearts Fashion runway was the announcement that the fashion-event producer would launch Las Vegas Swim Week Aug. 15–19 through a partnership with the Resorts World resort and casino. Las Vegas Swim Week will take place during the city’s summer fashion trade-show series, which is hosted by a number of producers during August.

—Dorothy Crouch



Mister Triple X Natalia Fedner No Punching Bag Original Penguin Richard Hallmarq Rubyyaya Shop My Club Steve Madden Styx Athletics

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[www.tegmade.com](http://www.tegmade.com)

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### Fashion Buildings

#### Dallas Market Center

[www.dallasmarketcenter.com](http://www.dallasmarketcenter.com)

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[www.cit.com/commercial-services](http://www.cit.com/commercial-services)

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#### Suppliers Hangerlogic

[www.hangerlogic.com](http://www.hangerlogic.com)

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#### Trade Shows ANDMORE's Formal Markets

[FormalMarkets.com](http://FormalMarkets.com)

ANDMORE's Formal Markets presents its collection of bridal, prom, quinceañera, mother-of-the-bride, accessories, homecoming and special occasion lines three times annually: April and August in Atlanta and August in Las Vegas. Each market hosts top social occasion brands in a range of styles and price points in an easy-to-shop, single-destination format, plus social and educational events for a more valuable sourcing experience. Atlanta events have the added benefit of concurrent women's, men's, and children's markets for another 10+ floors of exhibits from which to shop.

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