Apparel Manufacturing Outsourcing: Trends and Opportunities in the US

by Vipin Goyal

Increasing globalization and a turbulent economy have sent manufacturing overseas for many industries. US companies have been hit hard by this trend, outsourcing to help stay competitive and profitable. The US apparel industry is strongly affected, but there are opportunities for local and national manufacturers to fill some untapped needs.

Why has the US apparel industry been hit so hard by the outsourcing trend? Consider industries like automobile, high tech electronics and medical devices. Manufacturers in these industries must have specific capabilities including sophisticated machinery, deep engineering knowledge, and the ability to use micro-technology. They also must be able to adhere to strict safety, regulatory and compliance norms. Apparel manufacturing tends to require extensive human labor and much lower dependence on high-end technology or scientific research, making it easier to outsource.

In response, local and national apparel manufacturers in the US have dramatically reduced production capacity, and many have completely gone out of business. But opportunities are available for apparel manufacturers to thrive and grow in the US. All it takes is flexibility, creativity and a willingness to explore new apparel trends and technologies. For example, many small US clothing companies aren’t good candidates to outsource manufacturing, because they don’t have the scale or ability to manage an outsourced supply chain efficiently enough to realize a cost benefit. There are also some new clothing trends on the rise, such as organic clothing, that require specialized scientific manufacturing processes – a potential area for national and local apparel manufacturers to fulfill the untapped demand.

To more easily identify and take advantage of these and other opportunities, the US apparel manufacturers must:

- Develop innovative manufacturing processes and techniques to differentiate themselves from overseas manufacturers
- Maximize their local advantage by offering collaborative product design and development services during the front end of innovation
- Improve efficiency with integrated product lifecycle management (PLM) processes, systems and tools
- Reduce development and production cycle time with robust and integrated sample development process and systems

While apparel manufacturing has dropped precipitously in the US over the past decade without any visible signs of turnaround due to economic reasons, opportunities are still available. Apparel manufacturers should be creative and actively look for small to midsize clothing firms and emerging clothing trends to fulfill the hidden and untapped demand.

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About the Author

Vipin Goyal

vipin.goyal@kalypso.com

Vipin has deep management and technology consulting experience helping clients define product development and sourcing processes and lead PLM enabled business transformations. He specializes in the retail, apparel, fashion and consumer products industries.