

# NEW DAWN

## Trends point to Opportunities— If Industry Abandons Limitations

by PAUL FOGLEMAN

Fifty years ago hosiery managers were concerned about the image of the industry.

Fewer people with needed skills were attracted to jobs in production operations.

With news reports of layoffs and foreign competition, hosiery executives say the problem has returned. In 2005, the industry needs to rally behind the Hosiery

Technology Center and address the shortage of competent technicians, supporters of the HTC believe.

In the booming Sixties of the last century, the image problem was traced to the "Norma Rae" perception... dingy work areas with cotton lint floating in the air and poor wages. Today the brighter people in the workplace are turned off by news of "the dying textiles industry".

A re-emphasis on recruiting trainees into the industry will be a priority in 2005. But there will be others.

Observers think there will be a new emphasis on technology. More innovations in toe-closing can reduce production costs in the knitting operations. Technology also will enable mills to truly diversify with shipment of products other than socks.

Like bodywear on large cylinder equipment. Alan Parker, executive vice president of PAM Trading, says that hosiery manufacturers are prime candidates to capitalize on the growing market for knitted apparel.

"The technology is the same. The talent also is in place," Parker mused recently at his open house to introduce new Lonati machines.

In nearby Henderson Machinery's showroom the message was the same. Striking garments made on large cylinder Sangiacomo machines were promoted aggressively.

Joint ventures are in place in the hosiery industry and more are likely in 2005. Mills can share costs of new technologies and invest more in marketing. There is the possibility of more resources for pursuing new niches.

It is not just the small or medium-sized companies going after niches, according to some executives. Large mills, too, are looking to diversify their customer base. The over-capacity in the industry and the trend to cheaper socks to meet retailer price demands are prompting a search for profit opportunities.

This year look for the Hosiery Technology Center to use its Strategic Plan to push harder for an effective yarn-to-retailer supply chain. Retailers, it is hoped, will participate in the process of building the supply chain. As customers, they have leverage with manufacturers and their suppliers.

"Our supply chain – or lack of one – is a weakness," says HTC Director Dan St. Louis. "But it also is an opportunity that we will take seriously," he adds.

The supply chain is not the only issue to be taken seriously in 2005. Governmental relations and legislative lobbying will have more attention if the HTC Advisory Board plans come to fruition.

Last year the industry saw how fragile the state appropriations for the HTC can be. When the Senate rolled out its version of the budget, HTC funds were missing. It was through the efforts of veteran Sen. David Hoyle, a Gaston County Democrat, and the office of President Pro-Tem Marc Basnight that full funding was restored.

Round-the-clock lobbying activities and the final push from House Speaker Jim Black finally assured the 2004-2005 appropriations for the center's operations.

In 2005, research and development efforts at the HTC will bring the yarn producers and hosiery industry closer together. A reorganization of the Center for Applied Textiles Technology is

*continued on page 12*

VOLUME FORTY-SIX • NUMBER ONE • JANUARY 2005

## LEGWEAR *Trends & Fashions*

Publisher ..... Paul Fogleman

Editor ..... Brent Childers

Art Director ..... Jennifer Thomas

*A Publication for  
the Hosiery Industry*

*To Advertise in Legwear Trends, please call 828-322-7766*

P.O. Box 1708, Hickory, NC 28603 Phone: 828.322.7766 Fax: 828.322.4868



**COTTONS:** KP, CP, PIMA, and Egyptian Ring Spun  
**COTTON/ACRYLICS**(In-Stock): Ingrain Colors  
and Bleached

**NYLON & POLYESTER:** Natural and Ingrain Colors  
**RAYON:** natural Filament and Colors

**LUXURY YARNS:** Merino, Alpaca, Mohair, Isolwool,  
Slubs and Nubs

*Custom Created Novelty Twisting Specialist!*

520 20th St. SE • Hickory, NC 28602

828-322-1158 • Fax 828-322-6974

www.hickorythrowing.com

**HTC**

Hickory Throwing  
Company



Southeastern  
Yarn Sales, Inc.



**FERRE  
HICKORY**

*A Dynamic Combination to Meet  
All Your Hosiery Yarn Needs.*

# Does Sears-Kmart Deal Ring The Bell For More?

The merger of Kmart and Sears has prompted some retail analysts to predict more consolidations will be sought in 2005.

U.S. retailers, especially department stores chains, are seen as ripe candidates for mergers and acquisitions because they are slow growing. Some also have bloated costs and are facing intense competition from Target with 1,313 stores and Wal-Mart with 3,659 units.

Department chains also are competing with specialty chains – American Eagle Outfitters with 776 locations and Charming Shoppes with 2,641 stores.

Observers were saying that consolidation expands real estate holdings of retailers and gives them more options for redeveloping or selling off prime locations. The trend for larger stores to move from malls to prominent free-standing locations also is playing a role in consolidations and relocations.

Mergers usually result in better deals from suppliers as the new entity has more muscle in purchasing.

Some hosiery manufacturers are recalling the words of pundits who 10 years ago predicted: "one day there will be 100 hosiery companies left to sell to 100 retailers."

Those observations were prompted at a hosiery planning retreat in Charleston, S.C. when John Wilcox of Kurt Salmon and Associates noted that the top 10 retailers were gaining 90 percent of the annual retail growth in the U.S.

The latest figures from the National Retail Federation (NRF) indicate that the number of units operated by the nation's top 100 retailers rose from 94,774 in 1996 to 147,813 in 2003. Retailers have moved away from inventories, forcing manufacturers to deal with more complex supply chain issues.

Sears operates some 900 full-service stores plus 1,100 specialty

stores. Even after downsizing, Kmart brings 1,500 stores to the table. Kmart has 144,000 employees while the Sears payroll includes 249,000. Thousands of those jobs will be eliminated as the merger goes forward.

Brands that involve hosiery manufacturers are Sears' Lands' End, and Kmart's Jaclyn Smith, Joe Boxer, Route 66 and Sesame Street.

## NEW DAWN from page 2

expected to involve the leadership of St. Louis and his knowledge and experience in textiles.

Look for the Textiles Center to become a partner with the HTC. This could be followed by stronger links to other partners – N.C. State University, the Manufacturing Extension Partnership, state regulatory agencies, and the General Assembly.

Although the HTC priorities will reflect the needs and trends affecting the industry, manufacturers and suppliers will have their own problems to solve. Lenders are more cautious so access to capital may prompt those joint ventures. Collaborative marketing has long been touted by the HTC, but efforts have produced luke-warm results at best.

Still, 2005 could be the year when the ice melts and the log jam is broken, allowing the hosiery manufacturers to free themselves from limitations of tradition and marketing restrictions. The marketplace calls the shots and the industry should be ready to respond.

A WORLDTEx COMPANY

### Regal Manufacturing

Providing America's Hosiery  
Industry with Quality Yarn Since 1956

212 12th Avenue NE  
P.O. Box 2363  
Hickory, NC 28603

(828) 328-5381  
1-800-438-5758  
Fax: (828) 328-4936  
Email: info@regalmfgcoinc.com

### ROSELON INDUSTRIES INC.

*Textured Yarns and Threads for Hosiery,  
Dyed/Natural Crimped, KdK, Stretch Nylon,  
Polyester and Olefin*

Phone: 336-629-9174  
FAX: 215-536-7284

18 South 5th Street  
Quakertown, PA 18951

### DRY HEAT TRANSFERS



SCREEN PRINT TRANSFERS

**DEL-MARK**

P.O. DRAWER 1988

HICKORY, NC 28603

828-322-6180 (P) 828-322-6183 (F)

QUALITY AND SERVICE FOR 55 YEARS

www.delmarktransfers.com

CUSTOM POLY BAGS



**Southern  
Colortype  
Company, Inc.**

Packaging & Labeling  
Flexible Film, Board, Paper  
Design Through Production

2927 Sidco Drive · Nashville, TN 37204 · Phone 615-256-1631  
Fax: 615-726-2320 • E-Mail: soucol@bellsouth.net