

# Suppliers Rally To Support Market Threatened By Wal-Mart

As 2004 entered its final weeks, an interesting development emerged with vendors rallying to save a national retailer.

Toys R Us, a national chain, was on the auction block. Officials had said that the demise of the popular toys specialty stores was blamed on its inability to compete with the Goliath – Wal-Mart. Using its massive clout, Wal-Mart had been able to pressure toy vendors to sell at lower price points and thus offer greater discounts.

But the toy vendors were determined to protect a more profitable customer. So they offered Toys R Us 21 exclusive items. And then they agreed to pay for advertising to promote the toys in the marketplace. Some 19 television spots were run on national channels.

The manufacturers participating in the ground-breaking effort

included Mattel, Hasbro, Leap Frog Enterprises and Lego AG.

Such exclusive advertising and distribution arrangements are not illegal, experts say, as long as the retailer makes individual agreements with toy makers and not a manufacturers' group. Wal-Mart declined to comment on the arrangement.

Wal-Mart is estimated to have a 25 percent share of the U.S. toy market, compared to 17 percent for Toys R Us. But toy manufacturers are uneasy about consolidation of sales with a low-profit outlet.

Observers are reluctant to say if this is a trends-setting option. But more manufacturers could be turning to more profitable customers for top brands and better quality products. Co-op advertising efforts, however, are the key.

# Quotas Gone, Focus Turns To Attack On Tariff Issues

The marketplace, for the first time in the history of the modern world, is quota-free. The arrival of the January 1 deadline for the removal of deadlines by WTO countries opens the doors for unlimited imports and exports.

However, tariffs are still in place and in 2005 they could take center stage in future trade negotiations.

Industry executives are predicting that President Bush's second-term agenda will focus on boosting free trade. Retailers and importers of apparel and textiles are sending signals that expect four more years of the U.S. aggressively pursuing international trade pacts that lower or even eliminate tariffs. The tariffs often are cited in the argument that U.S. manufacturers are competing on "an uneven playing field."

"He's not running for re-election and he doesn't have to please his political base," said Kevin Burke, president and CEO of the

American Apparel and Footwear Assn. "I'm hopeful we'll have an administration that is completely free trade."

U.S. Trade Representative Robert Zoellick also has figured in the outlook for more free trade negotiations. Within weeks after the election, he was meeting with congressional leaders to discuss the 2005 agenda which includes a free trade agreement with the Dominican Republic and five Central America countries (DR-CAFTA).

Zoellick has announced he will push for the DR-CAFTA agreement to be signed by July.

Complicating the agenda for President Bush and his tariff-free cabinet member is the pressure coming from WTO to eliminate cash subsidies for U.S. farmers. Eliminating the payouts to cotton farmers and other agricultural commodity producers would require Bush to face down GOP supporters in key states.

## Quality Greige Hosiery

We have been supplying Quality Greige Goods to the Hosiery Industry over 40 years. We produce a full range of sizes from infant to 12-15. Rib or Pattern in Men's & Women's Styles.

### Ruppe Hosiery Inc.

P.O. Box 517  
300-4 East Gold Street  
Kings Mountain, NC 28086

### Equipment Available for Production:

V4 1/2 84N Lonati  
V4 1/2 84N Lonati EI  
V4 84N Lonati Bravo  
V4 168N Lonati Bravo  
V3 1/2 132N Lonati Bravo  
V4 132N Lonati Bravo

Tel: 704-739-4537  
Fax: 704-739-8150  
E-Mail: ruppehosiery@carolina.rr.com

## L&R Knitting

*Specializing in Distinctive Products and Customer Service*

84 N Link-Link, Ribs, Jacquards

6350 Claude Brittain Road  
Hickory, NC 28602

Phone: (828) 874-2960  
Fax: (828) 879-4880

## BEAR CREEK HOSIERY, INC.

5 84N Concepts - 4 84N Haw Rivers  
3 3/4 108N KN Dials - 4 108N LONATI 454JS

227 Wright Road  
PO Drawer 519  
Bisbee, NC 27209

CONTACT: Kerit Maness  
TEL: 910-428-2188  
FAX: 910-428-2781

## RUMI

Single Cylinder Sock Machines For Any Application  
Fine Gauge or Heavy Gauge  
Normal Terry, Sandwich Terry, Electronic Sinker Selection  
6 Colors per Course Patterns  
Phone: 828-403-1595 Fax: 828-437-9231  
E-Mail: jlaws@hci.net