

LEGGWEAR

TRENDS & FASHIONS

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Creating Hosiery Awareness



Hosiery Industry Expected To See Slight Improvement This Year

By Charlene H. Nelson

American hosiery manufacturers are expecting another tough year, but they say that the predicted improvement in the overall economy as well as flexibility and new ways of doing business on their part should be the key to moderate growth in the hosiery industry this year.

“Everyone is feeling positive about the overall economy, and that should improve conditions,”

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says Jeff Neuville of Neuville Industries, Inc. of Hildebran, NC. "But, I think it will be a slow, gradual improvement, not a dramatic improvement in 2004."

Adds Arthur Lavitt of Paul Lavitt Mills of Hickory, NC: "We are looking forward to improved business in 2004, mainly because of new ways of doing business, new customers and new brands, namely Phat Farm and Steve Madden, and we have relaunched our Super Sox brand."

The growth is expected to be mainly in athletic socks as more and more labor-intensive goods move offshore and manufacturers incorporate more foreign-made goods into their lines.

"I feel that basic white goods will be one of the first areas attacked (by overseas competition), but that is where the American manufacturer has been able to modernize and make the most gains, so I think we will continue to compete in that arena," says Jon Shugart of W.Y. Shugart & Sons, Inc. of Fort Payne, AL. "If we can compete anywhere, it will be by the guys in that arena who have spent the money modernizing."

"Anything that requires more hand labor that can't be automated will be more susceptible for lower prices offshore because of lower labor costs," says Shugart.

Although Neuville Industries is sending some of its products offshore for finishing in order to keep costs competitive, Jeff Neuville says he feels his company can still compete in the knitting process.

"We feel we can knit goods as competitively as anyone in the world," says Neuville.

As more and more manufacturers find it necessary to do part of their production offshore in order to keep costs competitive, some manufacturers question whether the growth will actually come from domestic-made goods.

"I think growth will be primarily from the basics which currently are not domestically made,"

says Nim Harris of Pickett Hosiery Mills, Inc. in Burlington, NC. "Not from domestically knit products."

For domestic hosiery manufacturers to compete, they will have to continue to focus on quality, diversity and on-time deliveries, say manufacturers.

"We are basing our strategy on quality, diversity, and quick and on-time deliveries," says Harris. "This strategy has served us well in the past, and we believe it will continue to have significant meaning to our customer base."

The key to survival, says Shugart is flexibility.

"The issue I see is how we adapt to survive. As far as the industry, there will be fewer of us next year than there are now just as there are fewer this year than last year. The industry will continue to shrink and consolidate, and that might take out some of the oversupply," says Shugart.

"But, the key to survival is flexibility, keeping our eyes open for new opportunities and continuing to do better at what we do. Flexibility in thinking, logistics and manufacturing processes. The old way of doing business lasted so long but it will not be the way of doing business in the future," he explains. "We have to keep our eyes open for new opportunities and continue to do better at what we do."

It will be important, also, to find the right balance of production and imports for each manufacturer.

"We are trying to find the right balance of production we can make domestically and what we need to purchase offshore," explains Neuville. "I continue to believe the right strategy is finding the balance between the two, and with that, is managing inventory to provide the service our customers expect. If you go offshore and add lead

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time, that is not responding quickly to your customers, so you use offshore production where it makes sense.”

Managing inventory and shorter lead times to cut costs will continue to be a key issue with retailers, say manufacturers. Internet inventory management will gain more speed as other retailers follow suit with Wal-Mart who is requiring vendors to use AS2, a software inventory management. Other retailers are also requiring vendors to use similar programs for online transactions.

“Our major customers are really in the mass, and I think their emphasis is managing logistics and trying to find ways to efficiently move goods from manufacturers all over the world to their stores,” says Neuville. “And, the companies that will work with them in various technologies will end up in the strongest positions.”

As foreign competition continues to cut manufacturer’s profits, sock makers say they will put pressure this year on the federal government to take measures to stem the flow of imports into the country.

“We have got to do our job better, and we have to get to the people who make the decisions in Washington to help us, the actual taxpayers, and not people across the globe,” says Peter Menzies of Menzies-Southern Hosiery in Hickory, NC.

“The real issue the industry is facing is survivability because of the uncontrolled growth of imports,” expounds Harris. “The answer is to hit our elected officials in the voting booth that are selling our manufacturing base to foreign countries that care nothing about the USA, except for our money.”