

**AN INVESTIGATION INTO AMERICAN APPAREL'S
IDENTIFICATION AS A SOCIALLY CONSCIOUS
FASHION BRAND AND HOW THIS CAN BE
REPLICATED IN SOUTH AFRICA**

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ABSTRACT

This study will examine American Apparel's CSI's and socially conscious fashion ethos and determine whether or not it has been replicated in South Africa and if so, how? It will assess whether sustainability of a brand has any bearing on consumer behaviour with regards to a specific target market. The research study is rooted within the retail industry, thus it was imperative to the study to put into account the research approach for retail. Primary data is key in research when dealing with a specific area. Therefore, this study utilised a qualitative approach in order to gather primary data. Qualitative research lends itself to this study as it is based on consumers emotive response to a 'conscious' brand and how this sways their buying decisions (Diamond, 2006). There are a number of studies on consumer behaviour but not within a South African context and no studies have taken place which focus on consumer behaviour with regards to sustainability and fast fashion. For the purposes of this study the researcher focused on three different sample groups for analysis. The three groups will therefore be referred to as the retailer, the customer and the manufacturer. These three groups were utilised in order to test the viability of the American Apparel brand model in Cape Town. The target population has been specified as Cape Town based and the consumers will be females between the ages of 18 and 45. The consumers only moderately care about where their clothing comes from. The consumers have a desire to be educated on sustainable fashion and thus will make more conscious shopping choices. The manufacturers/retailers don't believe the locally made factor sways consumers choices" "The researcher made use of an online based survey in order to gather data from the consumer. An online questionnaire was utilised to gather data from the manufacturers and the retailers in order to complement the consumer data. The researcher compared data from the consumer group and the manufacturer/retailer group in order to gain an understanding of the motivation behind consumer choices. This further gives the researcher the opportunity to gain an understanding of consumers behaviour from the retailer/manufacturers point of view. The researcher will assess where there is gap between what the consumer wants and expects and how the retailer/manufacturer may be failing to meet the consumer expectations and wants. The study could be of benefit to smaller retailers who are able to make changes to their supply chain and product offering. The study could also be utilised by manufacturers in how they position themselves to designers and retailers. The study might give an indication of how of fashion brands can adopt sustainable practices.

CHAPTER 1

1. INTRODUCTION

“If American Apparel was not made in U.S.A., we would not exist today ... It doesn't make sense to drive to Vietnam to pick up a T-shirt. “

Dov Charney, American Apparel Founder (2013)

This research study will primarily focus on how brands, such as American Apparel, have adopted ethical policies in order to create sustainable fashion while still appealing to the increasingly trend-conscious consumer. It will examine whether a socially conscious fashion brand can generate brand loyalty. It will further examine how sustainable innovation with regards to operational strategies is a key driver in building brand loyalty. It will assess whether a “socially conscious fast fashion” brand, similar to American Apparel is replicable in Cape Town and how local fashion designers have adopted socially conscious strategies as a way of leveraging their brand equity.

Retailers have had to adapt their buying and sourcing strategies in order to cater to an increasingly fashion conscious consumer, with a demand for fashionable clothing at a lower cost. This has a negative impact on the environment as well as the local textile industry due to retailers opting to source their garments from different parts of the developing world in order to cater to a volatile market (Lago et al.: 2014). The outsourcing of garment and shoe manufacturing is also thought to have weakened local industry, contributing to job losses. This outward looking operational strategy is referred to as Quick Response or Fast Fashion (Lago et al.: 2014). In this study I will further assess the impact of aspects of this operational strategy with regards to creating a socially conscious brand. The purpose of this study is to gain an understanding of the nuances surrounding sustainable fashion. This study will look at literature related to operational strategies within retail and how sustainable practices have been applied to these strategies. The study will closely look at American Apparel as a sustainable fashion brand.

In Chapter 2 the researcher will conduct a literature review and in Chapter 3 the researcher will clarify the research methodology. This will be followed by an in depth analysis in chapter 4 followed by conclusions and recommendation in chapter 3. The study argues that the American Apparel brand model is

replicable and within that model exist strategies which can be applied to a local context. Furthermore the study will present that American Apparel's close control of their image is calculated and is not as ethical and transparent as the brand would like to be perceived. However, there are learning's that can be taken from this.

Towards the end of the 20th century, according to the World Watch Institute (2004) global consumption had quadrupled. Due to the increased demand, big business has responded by growing their supply chain into a complex structure made up of global suppliers and sub-suppliers. As a result, the retail industry supply chain has negative, non-sustainable associations related to the three pillars of sustainability; economics, environment and society. These factors with regards to the environment include the use of toxic dyes, plants such as cotton that require large volumes of water to grow and the carbon footprint caused by the transportation of garments to different parts of the world. The negative economic factors include the collapse of domestic textile industries the world over due to manufacturing taking place in countries where it is cheaper to achieve volume objectives. The social impact puts into account the treatment of workers where garments are produced cheaply (de Brito et al.: 2007, pp. 3).

Larger retailers specifically, due to the size and complexity of their supply chain, may find it difficult to achieve sustainable objectives. Large retailers may respond as a result of legislative intervention or as response to keeping up with industry trends in order to achieve a competitive advantage. However, despite all these changes being made by retailers there is still some ambiguity due to the varied number of indicators and rating systems such as the Dow Jones Sustainability Index. However, the lack of a global standardisation for said indicators and ratings results in ambiguity and questionability of their validity and impartiality (de Brito et al.: 2007, pp. 6). The literature will look at how American Apparel and other retailers have produced sustainable fashion. This is achievable through source reduction, as well as reducing the use of materials and utilising local resources. Furthermore, near-shoring production reduces the carbon footprint of the product and makes use of local resources, specifically local labour which would benefit from a sustainable ethical fashion brand, but at what cost (Roy: 2010)?

The literature will further assess the concept of fast fashion or Quick Response. This supply chain strategy entails introducing small quantities of a certain style in order to respond to trends. The design stage is delayed in order to respond more accurately to the current trends in fashion, and then the inventory is distributed. Further production is therefore based on initial sales. This is achieved by “near-shoring” initially and offshoring through more cost-effective manufacturers in developing countries for replenishment or further production (Lago et al.: 2014). Many countries such as France and Turkey, whose textile industries were negatively impacted by manufacturing in the Far East, have benefited from retailers like Zara adopting such a strategy (de Brito et al.: 2007, pp.9). This concept will be further explored in the literature, specifically in relation to American Apparel.

1.1. Statement of Purpose

1.1. Problem Statement

This study will examine American Apparel's CSI's and socially conscious fashion ethos and determine whether or not it has been replicated in South Africa and if so, how? It will assess whether a brand's sustainability practices have any bearing on consumer behaviour with regards to a specific target market.

1.2. Primary Research Question

Can an American Apparel type brand model be replicated in South Africa?

1.3. Aim of Study

The aim of the study will be to gauge whether a sustainable “fast” fashion brand model, similar to American Apparel, can be replicated in Cape Town.

1.4. Secondary Research Questions

1.4.1. How can sustainable design strategies be applied?

1.4.2. How have other fashion brands applied strategies which appeal to the conscious consumer?

1.4.3. Can a Fast Fashion/Quick Response model be applied in creating ethical consumer products?

1.5. Secondary Research Objectives

1.5.1. To investigate whether trend driven design can be manufactured whilst achieving environmental objectives.

1.5.2. To determine whether American Apparel appeals to a socially conscious consumer.

1.5.3. To assess if socially conscious factors can sway consumer behaviour.

1.6 Possible Contributions to the Study

Possible contributions to this particular study include the researcher could gain an understanding of how American Apparel has created a socially conscious brand. As well as the opportunity of assessing local brands' and retailer practices through the primary research. Furthermore the researcher could assess how the local textile industry could benefit from these insights.

CHAPTER 2

2. LITERATURE REVIEW

2.1. The American Apparel Brand Model

In order to assess the viability of replicating the American Apparel brand model, it is necessary for the purposes of this research to define the American Apparel 'propaganda'.

Founded in 1989 by Canadian Dov Charney, American Apparel began as a small T-shirt company which grew into a wholesale brand after initially focussing on supplying screen-printers, uniform manufacturers and fashion brands with blank t-shirts. Charney later partnered with two Korean L.A. garment industry manufacturers, Sam Lim and Sam Kim (Dov Charney: 2015). The brand later moved into the retail sector and has since garnered a significant market share within the retail sector with 242 stores in 20 countries as of December 2014 (American Apparel: 2015).

The American Apparel's strong and unique brand identity can be attributed to a number of factors. The Los Angeles based retailer and manufacturer proudly boasts about the fact that their clothes are "Made in the USA" and more specifically, "Made in L.A" (Figure 1). The brand takes pride in its American heritage as well as its diverse roots. American Apparel's multiculturalism is an important part of its brand identity (Figure 2). This is indicated through a number of brand building initiatives such as garment labelling, advertisements and in-store merchandising as indicated in Figure 3. This has played a major role in establishing the brands' identity and creating differentiation.

American Apparel adopts an operational strategy referred to as vertical integration. While other retailers such as, H&M, Forever 21 and The Gap, outsource their manufacturing all over the world through various suppliers in line with each retailers supply chain objectives. All assembling, knitting, dyeing, trimming and cutting of American Apparel's garments take place at their headquarters in Los Angeles, California (Littler & Moor: 2008, pp. 2). All marketing and design takes place at their Los Angeles headquarters. According to the brand's website, this not only saves time and money, it also alleviates the brand's carbon footprint. This is in line with the brand's unique and differentiating identity as a sustainable fashion brand.



Figure 1 American Apparel T-shirt Label (Vice Motherboard: 2012)

Two Koreans and a Jew making T-shirts.

Sam Lim, Sam Kim and Dov—what a combination right here in Los Angeles.

- Leading producer of baby T's in North America
- Maker of Classic Girl, in stock baby-T program
- Private label men's T-shirt manufacturing
- Combed cotton jersey, 1x1 baby rib, interlock
- Custom colors
- Full package production
- Made in USA / Made in Mexico



DOV CHARNEY
JEWISH PARTNER

AMERICAN APPAREL
213-488-0226 / fax 213-488-0334

Figure 2 American Apparel Print Ad (Dov Charney)



Figure 3 American Apparel in-store talking card (HLNTV 2012)

Socially Conscious Brand

American Apparel has thrown its brand's weight behind social causes such as immigration reform. Immigration reform is important to American Apparel as a brand as it impacts its employees and their families. Other causes include the legalisation of gay marriage in the State of California, USA. Their activism and support of these two causes is indicative of their socially conscious brand ethos. The company has contributed its advertising and financial resources to LGBT and immigration causes. In 2008 the company donated 50,000 "Legalize Gay" T-shirts and ran an ad campaign in support of the gay community (American Apparel Online: 2015).

The environment is a key element of the brand's socially-conscious brand identity. The retailer has adopted a strategy referred to as "creative reuse". This involves innovations such as using fabric offcuts which are made into recycled fabric yarns which are fed back into the American Apparel product line to create items such as ties and hats, for example. Fabric cut-offs are also donated to an initiative named Trash for Teaching which encourages learners to understand the importance of sustainability and reuse at a manufacturing level. Another environmental initiative includes a solar panel installation on the roof of the Los Angeles factory, which generates almost 15,000 Kilowatts of electricity (American Apparel Online: 2015).

"Made in the USA"

"It's our hope that the American Apparel factory can mean the American Dream for our employees." (American Apparel Online: 2015)

The company employs over 5 000 people based in Los Angeles alone. As per the website, they contribute almost \$25 million per annum in tax to the US economy. Their employees are the highest paid garment factory workers in the world, earning above the US minimum wage. Factory floor employees are partially paid according to how many pieces they produce and can earn up to \$18.50 per hour (American Apparel Online, 2015). American Apparel prides itself on being "sweatshop-free", and taking care of their employees forms a significant part of their brand identity. American Apparel offers its permanent employees parking, subsidised public transport and lunches, as well as healthcare for employees and their family members. Moreover, the company intends to introduce a programme which would allow permanent employees to become shareholders (American Apparel Online,

2015). In contrast, other retailers are generally unaware of the business practices of companies within their globalised supply chain. Some manufacturers within their supply chain have become synonymous with many human rights abuses, which include excessive hours, unpaid overtime, lack of job security, low wages, denial of trade union rights and poor health due to hazardous working conditions (Littler & Moor: 2008).

2.2. Consumer Anxiety

The brand has not gone unscathed in terms of its brand image. The role of marketing and advertising are perceived as adding value to the end product. According to Littler and Moor (2008, pp. 5-6), American Apparel is a company that visually and verbally announces its socially-political initiatives whilst “selectively engaging in ethical concerns” and propping its brand on liberalism through, “sexualised loose sportswear.” American Apparel’s brand identity is largely built around the idea of perceived transparency. According to the Birmingham CCCS Media Group (Hall et al.: 1981, pp 88 – 117; McRobbie: 2005, pp. 9 -38 in Littler & Moor: 2008, pp. 6) this perceived transparency is referred to as the “transparency effect’. The transparency effect is defined as, “the naturalisation of specific ideological agendas through the social production of current affairs media content, refers to the way in which the impression of an objective, transparent media could be understood as the outcome of processes of encoding and decoding, processes”. American Apparel has built its brand identity by utilising transparency in both a literal and metaphorical sense. This, for example, is indicated through the use of transparent plastic bags, the use of “unfussy sans serif font” for their branding as well as the “amateur” photography used in their advertisements (Littler & Moor: 2008, pp. 8).

This perceived transparency or openness has opened the door for the brand to be scrutinised as well as allowing the brand to control the hidden aspects of the company (Littler & Moor: 2008, pp. 7). American Apparel exploits the lack of opacity of its competitor’s value chain through its own perceived transparency. American Apparel positions itself as offering employment and benefits to people who would otherwise be exploited by other big retailers. This could be regarded as a contrived branding strategy. American Apparel tightly controls its own brand image by giving a sense of informality and transparency through design, advertising and store design, thus detracting from the true nature of its internal operations. American

Apparel considers its employees an important part of the brand and deliberately makes them very visible to its consumers through marketing strategies. It could be argued that the employees images are exploited for the purposes of branding to give a sense of community between employees and consumers in order to further play on 'consumer anxiety'. Consumer's want to feel good about paying for cheap fashionable clothing and would like to think that their purchases do not negatively impact society. However, this may not truly be the case. Although American Apparel employees are the highest paid garment workers in the world, they are not unionised and the company is known to utilise large numbers of seasonal temporary workers who are not afforded the benefits the brand promotes on their website.

The ethical stance the brand has identified with almost gives AA leeway with regards to its risqué, "amateur" and sexualised promotional imagery that has caused much controversy. The American Apparel ad campaigns aim to be perceived as irreverent, liberal and fun. The brand's use of amateur imagery creates a level of intimacy with the customer through the use of nudity and sexuality. American Apparel has become synonymous with controversial and sexually explicit adverts, for example in 2014 American Apparel ran a back-to-school campaign, using the image of a young woman bending over in a short, checked skirt with her underwear exposed. This garnered much attention due its provocative Lolita-esque imagery. This further contributes to the brand's notoriety and identification with rebellion, but has also negatively contributed to the brand being identified with exploitation and misogyny. Sex is a key element of American Apparel's external brand identity, derived from the importance of being perceived as a transparent, informal, fun and sustainable company (Littler & Moor: 2008, pp 16 -18). The type of imagery, which borders on pornographic occasionally, utilised by American Apparel could be considered exploitative depending on the lens through which it is viewed. American Apparel aims to come across as liberating female sexuality through its openness. On the other hand, American Apparel does not make use of the typical imagery of photoshopped glossy images of women for their adverts. The women in American Apparel adverts have visible pores, pimples, cellulite, freckles and the occasional fat roll. They are imperfect in a traditional sense of advertising, which further contributes to the transparency associated with American Apparel, as they aim to be a brand that provokes conversations surrounding gender and sexuality.

2.3. Sustainability

Despite criticisms and the controversy surrounding the brand, the study assessed the value of the American Apparel brand's model with regards to sustainability. The research indicates that the brand could be considered sustainable for a number of reasons; its vertical integration value chain model which benefits the local economy, and its various environmental initiatives. The researcher established a general framework of sustainability within the context of retail.

One could start by defining sustainability. According to the World Commission on Environment and Development (1987), "Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The three key components of sustainable development are environmental protection, as well as economic and social development. When considering the environment, factors such as non-renewable and renewable resources, as well as how they sustain people should be considered. Economic sustainability refers to how limited resources are allocated and distributed to advance people's lives. Lastly, socio-political sustainability factors in how people's daily existence and quality of life are affected, both negatively and positively (UCLG in Strydom: 2013, pp 15).

The three components above are key features of sustainability that can be applied to creating sustainable fashion. Retailers are eager to build trust in their brands by becoming socially and environmentally conscious in their business practices. Large retailers such as Zara, H&M and Primark have become associated with negative practices such as the use of sweatshops and exploitation due to manufacturing their products in the developing world, sometimes at the expense of the environment and worker's rights. Primark in particular were associated with the Rana Plaza factory collapse in Bangladesh in 2013 which resulted in the death of 1 129 garment workers who were forced to work in a building with questionable health and safety standards which ultimately resulted in their deaths (Butler: 2014). It was found that Primark as well Mango and a number of other European retailer's garments were being manufactured in the Rana Plaza building, many of whom were obligated to contribute to the fund for victims of the collapse. As a result of incidents like this, the birth of the socially-conscious consumer has come about. This consumer cares about the three key factors for sustainable development and believes retailers

should be held accountable for the inner workings of their supply chain as indicated through initiatives such as the Clean Clothes Campaign which supports improving working conditions and wages of garment workers.

According to Seidman (2007, pp 58), sustainability is not purely about our relationship with the environment, but is much more personal in that it is about the consumer's relationships with themselves, communities and institutions. This is something the American Apparel brand model succeeds in doing by creating the sense of relationship between the consumer and workers, by breaking the barrier and placing their employees at the forefront of some of their ad campaigns.

Lagenwater (2009, pp 11) has derived a list of principles that brands can adopt to become more 'sustainable'. They are listed as; respect for all the brand's stakeholders, the community, as well as the supply chain. Further included is respect for the planet and the recognition that resources are scarce and should not be taken for granted. Fashion retailers need to be conscious of the entire 'lifecycle' of their garment, factoring in the production, transportation, and disposal and aftercare of the garment, which the retailers and consumers should share the responsibility for.

According to UCLG (Strydom: 2013, pp. 15), the three sustainable factors are socio-political, environmental and economic. The expectation from the responsible consumer is transparency from retailers with regards to their supply chain and business practices. The ethical consumer wishes to know where the garment they are purchasing comes from, under which circumstances it was produced and its impact on the environment (Shah: 2014).

Ethical Consumerism

Ethical consumerism could be defined as, "consumers using their buying power to effect social and pro-environmental change" (Ariztia et al.: 2012, pp. 1). It could be argued that consumption and morals, a social construct, have always been connected and ethical consumption exists in, "the central space of cultural production". Therefore it is important to contextualise ethical consumption to gain a deeper understanding of what drives its prevalence (Ariztia et al.: 2012, pp. 2). Consumer culture and consumption choices form an integral part of contemporary self-identities, which have resulted in the "moralisation of consumption" (Slater &

Ritzer: 2001; Trentman: 2007 in Ariztia et al.: 2012). The responsibility has been placed on both consumers and retailers with regards to driving ethical consumerism. The public discourse has shifted from focusing on 'consumer rights' to 'consumer duties' (Sassateli: 2006, pp. 236 in Ariztia et al.: 2012). Consumers are no longer perceived as "manipulated marionettes of capitalism" but as "morally responsible political actors" (Harrison et al.: 2005; Jacobson & Dulsrud: 2007, pp. 469). Thus brands are able to benefit from sustainable business practices and furthermore, benefit from the responsibility being on the consumer once the brand has made the decision to be open and transparent about its business practices. However, it is important to note that there needs to be a collective will.

For the purposes of this study, the research looks at the domestic context to assess the nature of consumption to answer the research question. The literature looks at ethical consumerism in Brazil and Chile as the two countries share similarities with South Africa in that they are emerging economies. Brazil and Chile, much like South Africa, have challenges such as poverty and social inequality to overcome (Ariztia et al.: 2012, pp. 2). Although ethical consumerism is more prevalent in income rich countries, it is becoming more widespread in emerging economies. Ethical consumerism in high-income countries is often driven by institutions through campaigns and government policies as a result of moulding and mobilising consumption practices (Barnett et al.: 2005). Brazil and Chile, like South Africa have seen a rise in an educated and informed middle class, particularly amongst previously disadvantaged people, and this has resulted in a demographic who can afford to not simply purchase the cheapest available product. In Chile, ethical consumption practices have been driven by small businesses and non-profit organisations. In Brazil, ethical consumption is largely driven by non-governmental organisations. NGO's have driven ethical consumption, but more recently the state has played a central role in promoting such business and consumer practices through legislation and policy. In order to encourage the growth of ethical consumerism in South Africa, consumers, government and business need to contribute. However, this can be driven from the 'bottom up' through NGO's and small businesses. Consumers need to exercise their buying power to encourage change in policies which would further encourage big business to make changes (Ariztia et al.: 2013, pp. 8-11).

To further contextualise ethical consumerism in South Africa, according to Tustin and de Jongh (2008), the South African consumer will be the most important driver of sustainable consumerism. Tustin and de Jongh indicate that there are differences between central metropolitan and peripheral metropolitan consumer behaviours and attitudes towards ethical consumption. The consumption habits of these two different geographical segments is due to the better infrastructure, a variety of product options and a more prominent ethical stance of retailers in central metropolitan areas. In South Africa, government has been the key driver of sustainable and ethical business practices through social and environmental regulations, transformation charters and enforcing transparent social/environmental reporting as of 2002 through the King II recommendations on corporate governance. For sustainable practices to be widespread and grow a level of mutualism needs to exist, consumers need to take responsibility for the purchasing choices and business needs to respond as South African consumers have the desire to be informed.

2.4. Fast Fashion

Fast fashion refers to cheaply produced clothing that mirrors current high fashion trends. The garments are produced rapidly to respond to a moment in fashion and cater to consumer needs. In terms of operations and production, this is referred to as Quick Response. This strategy has been adopted by large fashion retailers such as Zara and Topshop, whose brand strategy relies on supplying fresh, trendy and affordable clothing. QR or fast fashion is adopted in order to appeal to a more fickle consumer who frequently demands the latest in trend driven clothing.

The strategy entails reducing the lead time in order to achieve a better match between supply and demand. In terms of retail, lead time refers to the time it takes to design, manufacture and distribute a batch of garment styles. By reducing lead time, apparel retailers are able to provide customers with current, aesthetically pleasing apparel and are able to distribute this apparel more frequently (Cachon & Swinney: 2011, pp. 1). As a result, retailers need not invest too much in inventory while 'testing' the market by introducing small quantities of a certain style. The design stage is delayed in order to respond more accurately to the current trends in fashion, and then the inventory is distributed. Further production is therefore based on initial sales. This is achieved by "near-shoring" initially and offshoring through more

cost-effective manufacturers in developing countries for replenishment or further production (Lago et al.: 2014, pp. 2).

It could be argued that the ethos of both fast fashion and sustainability are in direct conflict. The nature of a fast fashion strategy entails selling cheap, disposable fashion that puts a burden on the environment. Furthermore a burden is placed on local economies due to outsourcing to reduce costs and this has further socio-political repercussions (Joy et al.: 2012, pp. 274). However there are benefits in adopting QR strategies combined with the American Apparel brand model of vertical integration with regards to sustainability. For one, manufacturing could occur locally, thus reducing the carbon footprint of the product by eliminating the shipment of the product from offshore manufacturers. This would further benefit the local economy and stimulate job growth in the textile sector which has been negatively effected by offshore manufacturing (Lago et al.: 2014, pp 2; Roberts & Thorne: 2001,pp. 3). QR enables fashion brands to make relatively smaller investments in inventory or specific styles as the strategy is fashion trend driven. A smaller investment in a specific style means there is a smaller likelihood of there being excess stock due to non-sales. This could be considered very efficient and sustainable as the financial and environmental cost of stock clearances is alleviated (Lago et al.: 2014, pp 3). Furthermore, manufacturing locally could mean better quality control due to the close proximity of the suppliers and the retailers. Thus retailers would be able to have a stronger influence and more closely involved in the production of the inventory (Joy et al.: 2012, pp. 275). Better quality control means the garment would theoretically last longer and retailers would therefore take control of the lifecycle of their products, thus adopting a more sustainable operational practice. The nature of fast fashion means design is highly regarded, and catering to a trend driven market is achievable in a South African context (Joy et al. 2012; Roberts & Thorne: 2001, pp. 5).

2.5. Contextualisation

It is important for the literature to put into context the South African textile industry and the changes that have taken place within the industry. The post-Apartheid South African government generally implemented policies that were driven by export within the manufacturing sector. This was implemented through incentivised polices and liberalisation on imports. Big changes were not only attributed to the

changes in policy of local government as the nature of business had become increasingly globalised which directly impacted the textile industry. Within textile industries, different levels of processing exist, from processing of raw material such as cotton to dyeing, weaving and garment construction. All of these areas have depreciated in terms of growth. Reasons for this have been largely attributed to the fluctuations of the exchange rate and tax duties, and less so with labour unrest and minimum wage increases (Roberts & Thoburn: 2001).

The textile industry has adapted to these changes by embracing new technology in the form of machinery, and evolving production techniques in order to gain a competitive advantage over other industries. One other important factor that could bring about change in the local textile industry is an increase domestic demand.

CHAPTER 3

3. RESEARCH DESIGN

3.1. Approach

Research, according to Cooper and Schindler (2006, pp. 4 - 22), entails systematically finding answers to questions. In order to assess viability for the purposes of the research methodology, two simple questions will need to be answered through the research design.

1. Is there a need/demand for such a brand?
2. How can this brand model be applied to retailers and manufacturers

The research study is rooted within the retail industry, thus it was imperative to the study to put into account the research approach for retail. Primary data is key in research when dealing with a specific area. Therefore, this study utilised a qualitative approach in order to gather primary data. Qualitative research lends itself to this study as it is based on consumer's emotive responses to a 'conscious' brand and how this sways their buying decisions (Diamond: 2006).

According to Bryman et al. (2014) qualitative research focuses on the theory which 'emerges' from the data collection and the analysis, as opposed to data testing a particular theory.

This qualitative study aims to assess the viability of the application of the American Apparel brand model in a South African context. There are three key groups that will be sampled using various types of questionnaires.

3.2. Data Collection

For the purposes of this study the researcher focused on three different sample groups for analysis. The three groups will therefore be referred to as the retailer, the customer and the manufacturer. These three groups were utilised in order to test the viability of the American Apparel brand model in Cape Town.

The Customer

According to Diamond (2006), with regards to retail related research, samples can be drawn from the brand's existing customer base. For this particular study, the researcher has focused on the American Apparel's target audience. In the United States, the American Apparel target audience is defined as young, working adults or

students, particularly people between the ages of 18 and 34 are segmented. The American Apparel target audience earns less than \$100 000 per annum, or in some cases are still dependents. Both males and females, who are predominantly white, are targeted (Staybasic Blog: 2011).

With regards to geographical segmentation, American Apparel tends to target urban dwellers and people who live in college/university towns. American Apparel stores tend to be situated on 'lifestyle' streets. The AA target customer is fashion conscious, expresses his/her personality through the hip sometimes quirky AA clothing but does not want to come across as trying too hard.

The research utilised the AA target audience for the purposes of this study in order to meet the objectives of the research question with regards to the consumer. The researcher interpreted the AA target audience for replication in Cape Town, South Africa for the purposes of this study. The AA model target audience has been interpreted as aged urban dwelling females between the ages of 18 to 34. Half of these urban dwellers will inhabit the Cape Town city bowl and the other half will inhabit the city bowl's surrounding areas but the audience will still be identified as urban.

70 consumers were targeted for the purposes of this study. The consumers were part given a self-completion online survey to complete.

The Professionals

Insights from the professionals enabled the researcher to understand consumer behaviour from the perspective of those working within the industry. For the purposes of this study, the researcher focused on independent designers. For the research independent designers are defined as locally owned brands specialising in selling South African within South Africa.

Small to medium enterprises were used as part of the sample. The Professionals sample would include those employed by large retailers. As manufacturing process plays an integral role in the AA brand model, the researcher sought to extract data from large retail employees who have insight into the inner workings of their businesses supply chain. These insights enabled the researcher to gain an

understanding of the supply chain implications of replicating the AA brand model in Cape Town and the viability of such a project.

This study will focus on both on 10 professionals in order to extract data.

3.3. Data Analysis

Similarities in the responses from the sample will be identified. I will furthermore identify the differences in response in relation to the research topic. I will identify what motivates the consumer's purchases. The American Apparel brand model case study will be compared and contrasted with the data. The three respondent group's responses will be assessed against each other. The study will frame and contextualise the data with regards to the literature review.

CHAPTER 4

4. FINDINGS & ANALYSIS

4.1. Introduction

All of the compiled data has been interpreted and reported on below by the researcher. The researcher has ensured a professional analysis has occurred, that is both objective and reliable.

The nature of the sample has been covered in Chapter 3 and due to the nature of the research, the aim was to acquire 70 responses from the Customers, the researcher received 54 responses. Although race was included as a question for the respondent it had no bearing on the study itself. From the Professional's the researcher received all 10 responses required for analysis. The Professional responses were largely from small business designers and mid-level buyers and planners.

The online based self-completion questionnaire completed by The Customers was distributed via email and various social media platforms. The self-completion questionnaire assigned to The Professionals was comprised of much longer answers and respondents were encouraged to discuss their views. This questionnaire can be viewed on appendix B.

The researcher has included a descriptive analysis in this chapter. Some of the questions which work in conjunction with one another will be analysed as a whole. Furthermore, building on this analysis the researcher will include insights into the data after an in depth analysis. The data will be presented as a graphic with the relevant question included too.

4.2 The Customer: Analysis

Question 1: Are you familiar with the term 'sustainable fashion'? (Figure 4)

Question 2: What terms best describe sustainable fashion in your opinion? (Figure 5)

This question established the level of understanding the customers had of sustainable fashion. The researcher aimed to gain the associations customers had with sustainable fashion in order gauge the level of awareness. With regards to question 2 respondents were asked to select two answers. Question 1 was of a more quantitative nature whereas question 2 was of more a qualitative nature.

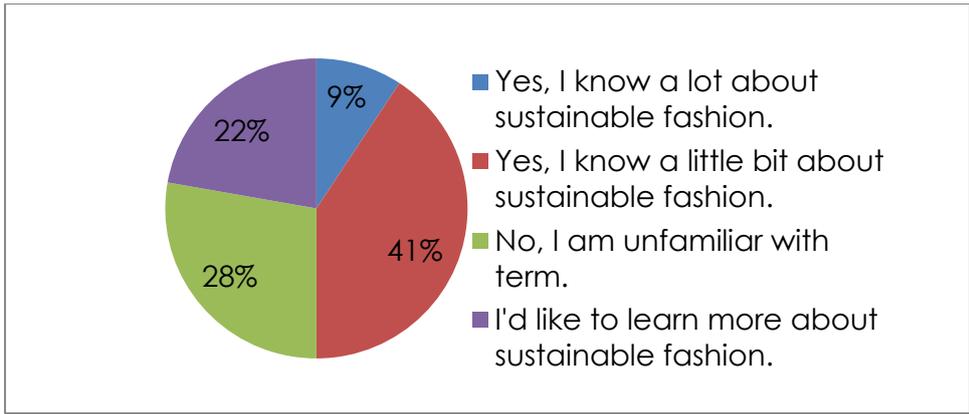


Figure 4

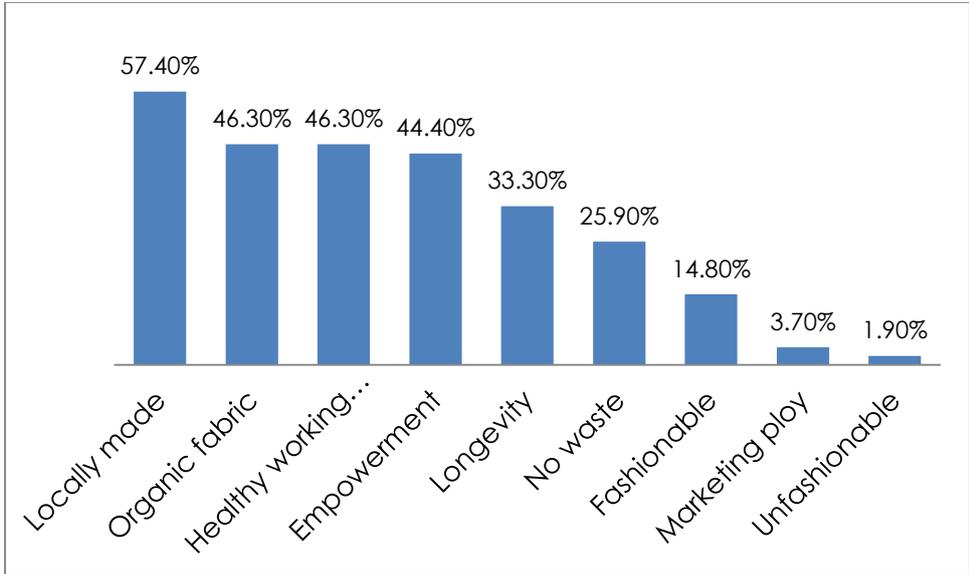


Figure 5

Respondents have a general understanding of sustainable fashion. The associations indicate a high level of awareness.

Question 3: Do you consider where your clothing comes from?(Figure 6)

This question indicated the level of consciousness the customer when purchasing clothing. Respondents were asked to give a rating.

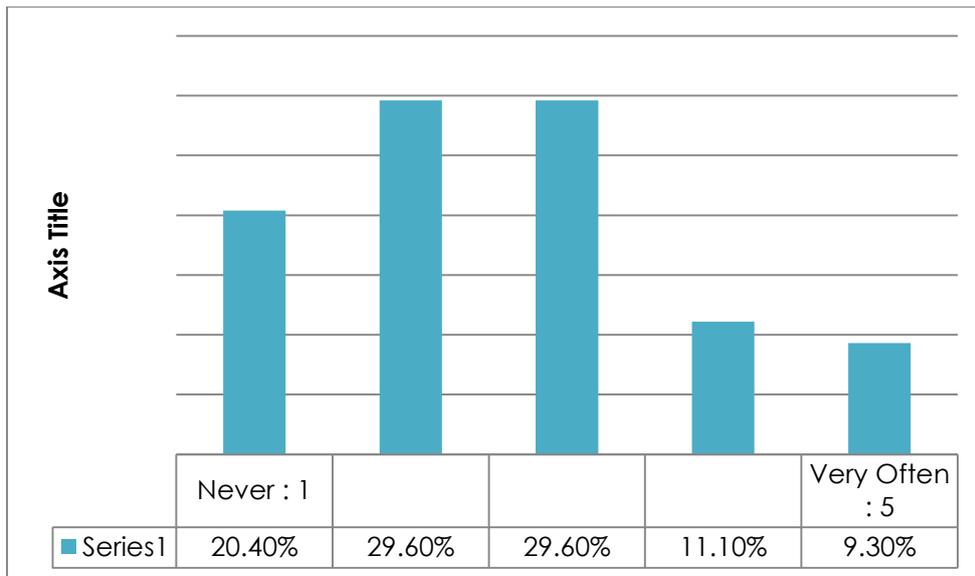


Figure 6

Question 4: Do you consider how your clothing has been made? (Figure 7)

Question 5: Do you consider how your clothing has been made? (Figure 7)

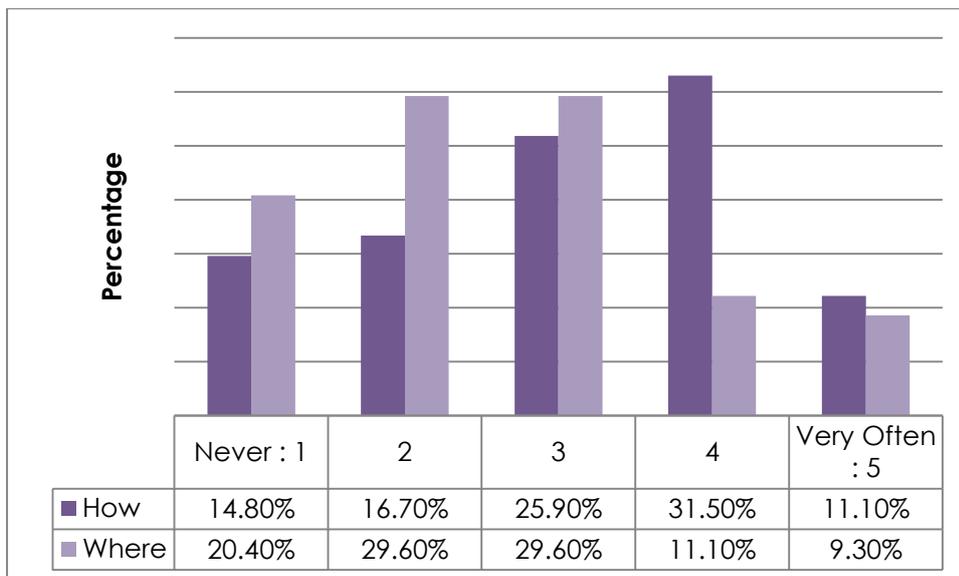


Figure 7

The high level of interest in how their clothing is made suggests that quality is of much importance to the responders. This however doesn't indicate whether this is from a view of conservation in mind. For the most part responders are indifferent about where their clothing comes from.

Question 6: Do you care whether your clothing is made locally?(Figure 8)

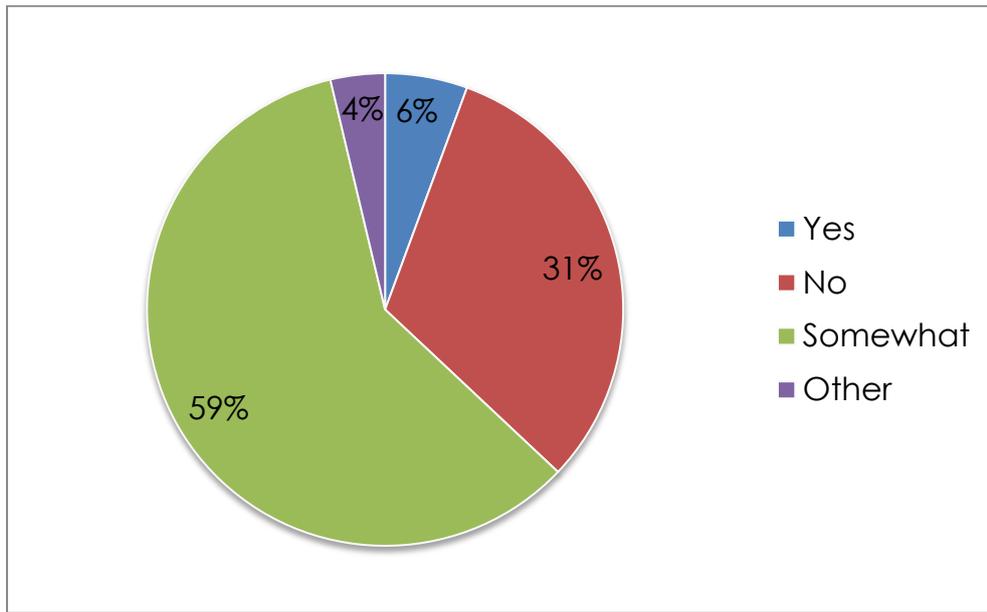


Figure 8

Question 7: How often do you purchase locally made clothing brands?(Figure 9)

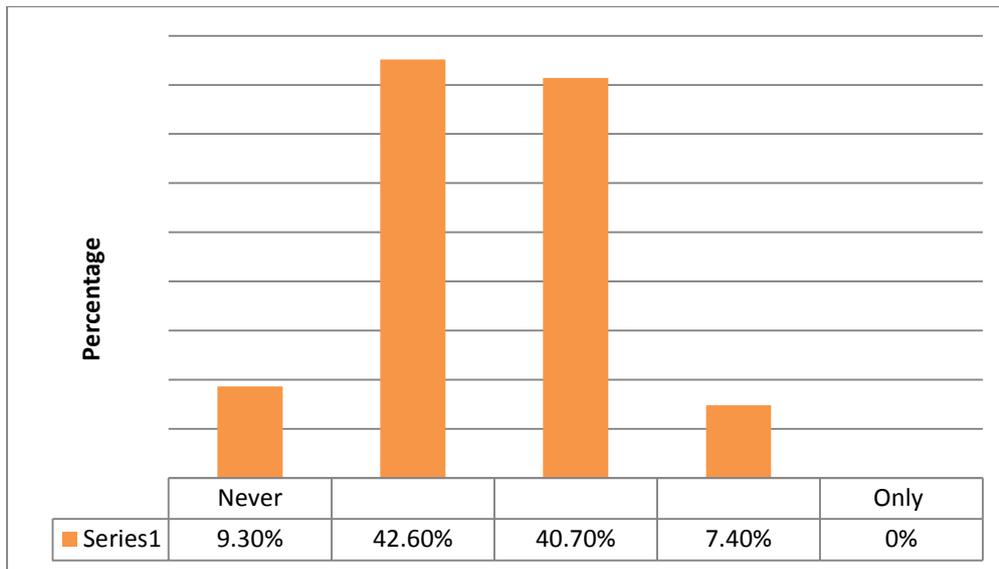


Figure 9

Question 8: Do you read clothing labels and swing tags? (Figure 10)

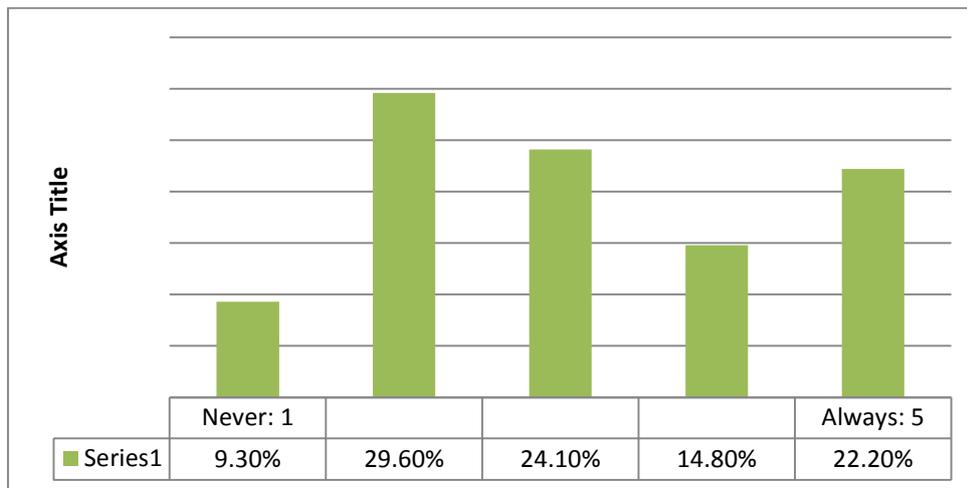


Figure 10

Question 9: What motivates your clothing shopping choices?(Figure 11)

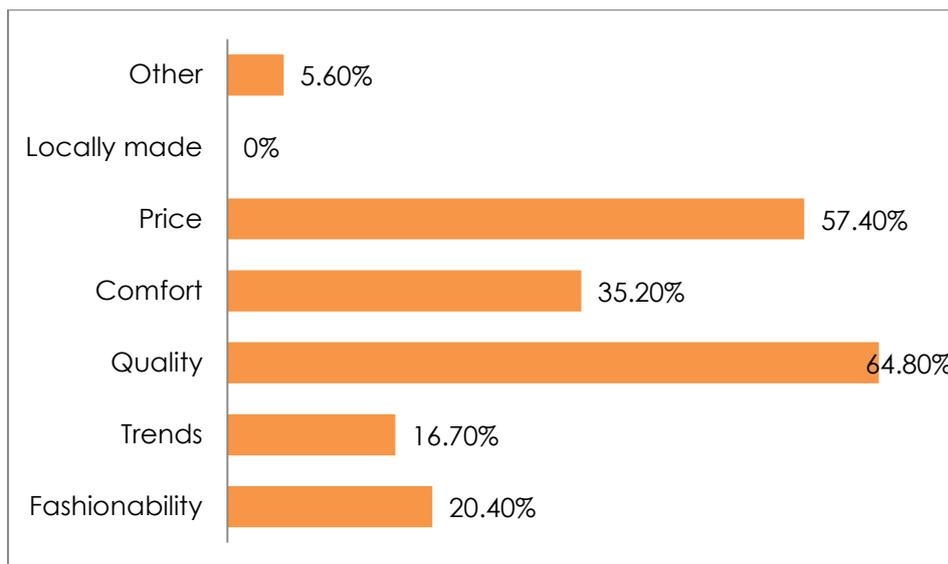


Figure 11

Question 10: What is your favourite retailer/clothing store?

The brand that came up the most was Zara and Woolworths. Zara is the leading fast fashion retailer and this bit of information is relevant to the study in that it indicates that a fast fashion brand model does result in brand loyalty. Woolworths as a brand might indicate that the customer is interested in an accessibility and affordability. Other brands which were mentioned include; Cotton On, Country Road and local

retailer The Space. Their biggest reason for preferring these retailers include quality and price, followed by comfort and newness of product.

Question 11: Why do you prefer said retailer?(Figure 1

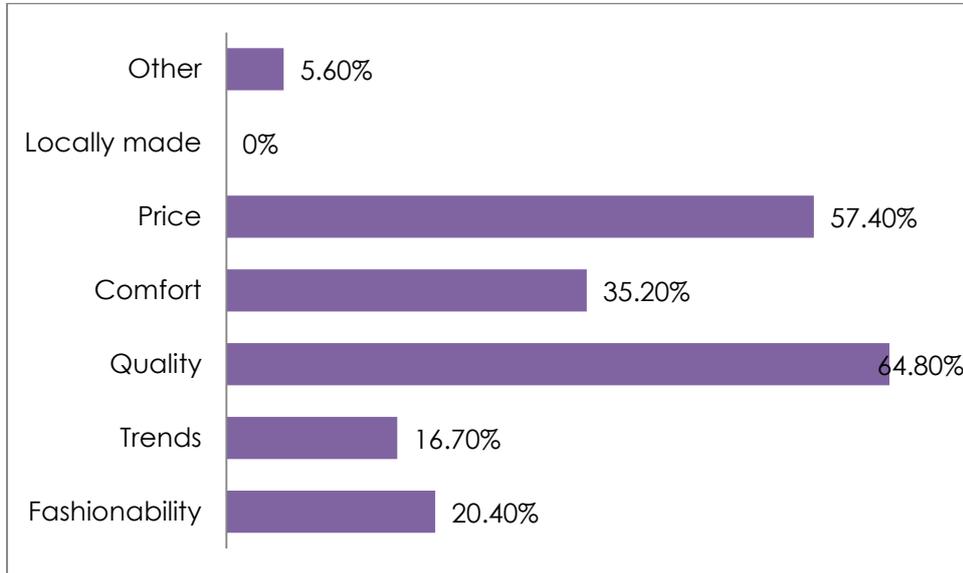


Figure 12

Question 12: How much extra would you be willing to spend on a t-shirt that is considered 'sustainable'?(Figure 13)

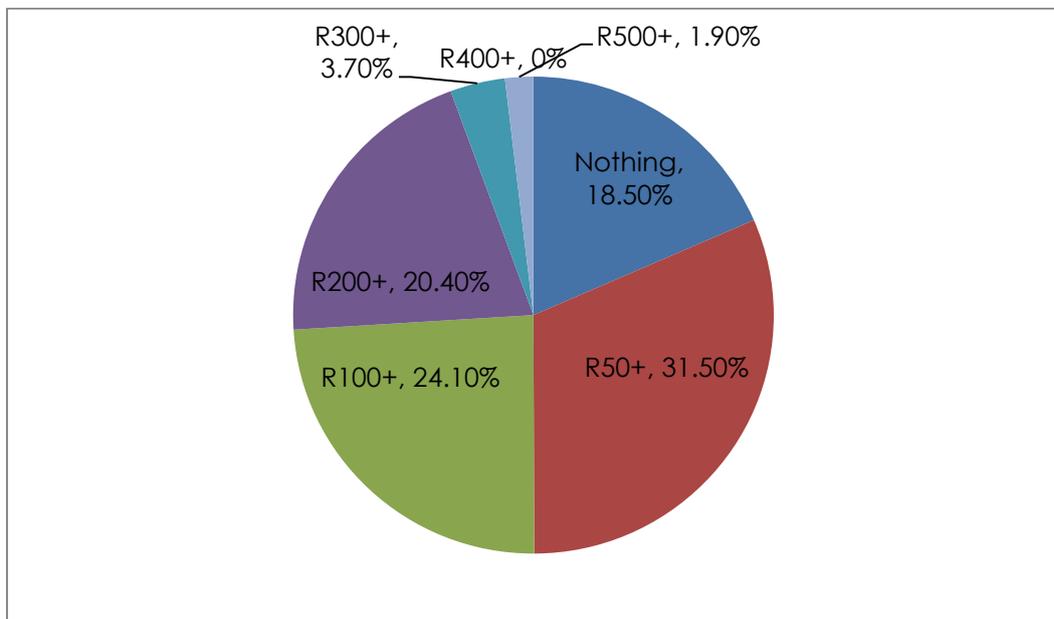


Figure 13

The purpose of this question was to establish whether the customers would be willing to pay a premium for a sustainable garment. In order to stay in line with sustainable objectives, production of said garment would come at a premium.

Core Insights

1. Respondents are aware of sustainable practices but want to know more and are open to being educated.
2. Respondents are mostly indifferent to making sustainable purchasing choices. The factors which sway their choices include quality, price and fashion.
3. Respondents were less willing to spend more on a sustainable garment. While there is desire to support local designers and sustainable fashion, customers require more persuasion and incentive.

4.3. The Professionals: Analysis

The researcher received the desired 10 responses from industry professionals. The professionals that responded came from various parts of the textile industry. Some of the respondents were local fashion designers who owned their own business. Many of the other respondents came worked for larger retailers such The Foschini Group and Woolworths. Their job roles included buyers, planners and designers. In the following section the researcher will refer to and differentiate each respondent according to their profession.

The self-completion questionnaire was comprised of the following questions;

Are you aware of the term sustainable fashion?

Do you adopt any sustainable fashion practices in your business?

What are the biggest threats to the South African textile industry in your opinion?

Do you believe more business can adopt sustainable fashion practices?

Do you believe sustainable fashion practices could help grow the local textile industry OR would not make a difference to our struggling textile industry?

Do you believe fast fashion retailers such Zara and H&M harm or boost the global textile industry?

Do you believe the 'made locally' factor helps your business or makes no difference to your customers?

The professionals in comparison to the customers showed a high level of awareness with regards to their understanding of sustainable fashion. The respondents that worked for large retailers were the most aware. A brand coordinator for a mid-sized local commercial fashion brand had a high awareness of sustainability practice. Due to the size of the business, this enabled the respondent to be in touch with all aspect of the supply chain and not as distanced from it as someone in a larger organisation.

Gaining an understanding of the challenges faced by all the respondents within their businesses is crucial for this study. Furthermore, gaining an understanding of the respondents perception of the textile industry has further enriched the study. A key challenge that most respondents noted was a lack of local fabric suppliers, and more so the lack of local fabric mills. This ties in with the literature which references the South African textile industry's depreciation in terms of production and significant job losses, particularly the weaving and processing of fabric (Roberts & Thoburn: 2001, pp.6,). A respondent who is a fabric buyer for a large retailer noted that their business is sensitive to the influxes in the exchange rate. This results in the cost of fabric going up which often means a price hike of garments. This same respondent noted that it is more affordable to purchase fabric from a middleman in Mauritius or China than it is to purchase fabric from a local supplier. This is a sentiment echoed by all respondents, a need for local fabric suppliers. The American Apparel supply chain model enables the brand to eliminate this challenge as all their fabric is woven and dyed in house.

Another sentiment echoed by all, particularly the small business owners and designers is a lack of manufacturers and small CMT's that have the skills needed. In turn this stifles the growth of these smaller enterprises as they do not have funds at their disposal in order to outsource. Due to the small yields desired by designers it is a challenge to outsource production to foreign countries as smaller yields order are more than often turned down by overseas manufacturers. A designer similarly

echoed that it is difficult to compete with larger long established retailers due to these factors. The expense of using locally sourced fabric adds to the cost of the garment and this deters local consumers from shopping local fashion due to the expense of garments. Another issue with local suppliers was the quality of fabric available to local designers. This indicates that despite all respondents being highly aware of sustainable practices there are many challenges in adopting similar practices to American Apparel.

When asked if any sustainable practices had been adopted within their business all four of the designers responded optimistically about being 100% made in South Africa. Those employed by large retailers expressed that there is a desire to adopt more sustainable practices and they are trying to but profit is still a priority for their business. An initiative mentioned by a buyer respondent was the BCI or Better Cotton Initiative. This initiative has been integrated into their supply chain as suppliers of yarn made from recycled bottles.

When respondents were posed with the question, "do you believe more businesses can adopt sustainable fashion practices?", most responded by saying it was possible however cooperation is needed. Cooperation between retailers, manufacturers and government needs to occur. Much like American Apparel's vertical integration model, this could be applied to South Africa in some respects. The responses indicate there is a need to adopt such a model and apply it specifically to the South African textile industry. Government intervention could come in the form of incentives as per the respondents. However, for the most part all respondents are somewhat pessimistic about sustainable practices being adopted on a large scale. One respondent stated that, "It would be too costly but can happen in theory if retailers are committed". Another, employed by a large retailer noted that it would be possible to adopt sustainable practices if, "touchy feely attraction of sustainable fashion could be matched with the business of fast fashion."

The attitude toward fast fashion was split down the middle where those employed by retailers only saw the benefit of fast fashion; profit and stock clearance, and not any of the negative aspects; overconsumption. The independent designers had a stronger stance against fast fashion believing the timeframe/lead time and prices made it difficult to compete as a small enterprise. It is interesting to note that one

buyer noted that if brands do not state or advertise about being sustainable their practices more than likely are unsustainable, thus playing on the ignorance and indifference of the consumer. It brings to light the Littler & Moor theory (2008, pp.5) in the literature review that American Apparel selectively engages in sustainable and ethical practices. Retail brands' particularly larger ones have the power to disclose positive aspects of their brand and conveniently downplay or even withhold the less desirable aspects.

Core Insights

1. Professionals within the industry are largely optimistic about sustainable practices but there is a sense that there is a lack of support from government in order to achieve this. Both the smaller designers and the professionals working for larger retailers expressed the same sentiment. Furthermore, respondents believed big business could do more to contribute to these changes.
2. Some of the problems include trouble finding local fabric suppliers and hence are forced to buy imports. There is a need for local fabric mills. Other obstacles include certain skills lacking in textile manufacturers as well as labour unrest in the local industry. A key area of improvement according to the respondents is through and investment in technology and machinery within manufacturing in order for the local industry to compete globally and appeal to domestic markets. For smaller designers, obstacles include finding reliable skilled CMTs as there is a scarcity of smaller manufacturers able to cater to a smaller designers needs.
3. Sustainable fashion is a very discerning market. Designers and more so large retailers have to figure out how to give sustainable fashion mass appeal whilst making a profit.
4. It is currently being driven from the bottom up through small enterprises and can only be possible through government intervention.

CHAPTER 5

5. CONCLUSION & RECOMMENDATIONS

The researcher has taken into account all components of the study, taking into account the literature and primary and secondary research. After analysis of the American Apparel brand model and approach to sustainability it could be concluded that certain supply chain practices and branding practices could be applied in a South African context. As the literature indicates that in developing countries sustainability is generally driven from the bottom up. However how can these practices be scaled? The brand model can be replicated in its entirety; however it would require all necessary aspects of starting a business. Below are the recommendations required to implement these practices for the greater good of the local textile industry.

5.1. Recommendation 1: Big Intervention

Government intervention would be in the form of further trade liberalisation and intervention with regards to import and export duties. As per the research, despite the perception at a high level, labour disputes are a less significant hurdle as opposed to challenges with regards to technology and machinery as well as a lack of skills (Roberts & Thoburn: 2001). By taking into account the sentiments echoed in the primary research, the professionals expressed a need for a change in government policy in terms of enforcing certain policies which would be designed to promote large retailers to adopt more sustainable practices. Furthermore large retailers would need to truly commit to sustainable practices by producing locally and utilising suppliers that adopt sustainable practices. Although this is already the case and large retailers have adopted some sustainable practices in their supply chain, there are still a large number of hindrances that require retailers to source from overseas suppliers.

One way of achieving this is to adopt the AA model of vertical integration on a national scale perhaps. This would entail ensuring that production, from plant to complete garment, would take place entirely in South Africa. This could be achieved through "rebranding" the South African textile industry through all the interventions recommended. Rebranding the textile industry as a whole and adopting key branding practices from American Apparel such as transparency, be it selective or not, with the aim of appealing to domestic retailers. By creating a

sense of a unified force that has objectives that are transparent and encourage cooperation for the greater good of the textile industry. Although seemingly idealistic, the American Apparel brand model could theoretically be adopted on a national scale if all stakeholders of the textile industry cooperate.

5.2. Recommendation 2: Small Interventions

To enforce the notion sustainable practices could be adopted on a small scale. The researcher took into account the customer responses that indicated there is a desire to learn more about sustainable fashion, the intention is there thus it is the responsibility is of the retailer to inform and educate customers. By disclosing all practices, particularly the supply chain, of the brand, said brand benefits as the responsibility is placed in the hands of the consumer. The consumer becomes responsible for his or her purchasing choices. One sustainability practice adopted by fashion brands in order to give a sense of transparency is through garment labelling. An important element of creating sustainable fashion is through labelling standards, thus giving the customer the knowledge and power to make responsible choices. This can be achieved through indicating where the garment was made, like American Apparel which proudly boasts of being "Made in L.A". This American Apparel model can be built upon through more detailed labels and swing tags which truthfully inform customers. This recommendation can be easily adopted by small enterprises, independent designers and large retailers.

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