

**GLOBAL SOURCING IN THE U.S. APPAREL INDUSTRY**

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ABSTRACT

This article analyzes the sourcing patterns of the U.S. apparel industry using a global supply chain perspective. Retailers, marketers, and branded manufacturers are the lead firms that organize the bulk of apparel imports into the U.S. market. U.S. apparel sourcing patterns are shifting, with an increased emphasis on imports from Mexico and the Caribbean Basin rather than Asia.

KEYWORDS: Global sourcing, apparel supply chain, retailers, marketers, branded manufacturers, Mexico

A fundamental restructuring is underway in the retail sector in the United States and other developed economies. The global retailing industry is dominated by large organizations that are moving toward greater specialization by product (the rise of specialty stores that sell only one item, such as clothes, shoes, or office supplies) and price (the growth of high-volume, low-cost discount chains). Furthermore, the process of filling the distribution pipeline is leading these retailers to develop strong ties with global suppliers, particularly in low-cost countries (Management Horizons, 1993). Nowhere are these changes more visible than in apparel, which is the top merchandise category for most consumer goods retailers. Between 1987 and 1991, the five largest softgoods chains in the United States increased their share of the national apparel market from 35 to 45 percent (Dickerson, 1995: 452). By 1995, the five largest U.S. retailers -- Wal-Mart, Sears,

Kmart, Dayton Hudson, and JC Penney -- accounted for 68 percent of all apparel sales in publicly held retail outlets. The next top 24 retailers, all billion-dollar corporations, represented an additional 30 percent of these sales (Finnie, 1996: 22). The two top discount giants, Wal-Mart and Kmart, by themselves control one-quarter of all apparel (by unit volume, not value) sold in the United States.

A. Lead Firms in Apparel Sourcing

From the vantage point of the U.S. apparel industry, the major significance of growing retailer concentration is its tendency to augment global sourcing. As each type of organizational buyer in the apparel supply chain has become more actively involved in offshore sourcing, the competition between retailers, marketers, and manufacturers has intensified, leading to