



Japanese Apparel Market for U.S. Apparel Exports:
A Comparative Investigation of Major Competitors

Juyoung Lee, Elena Karpova

Iowa State University, USA

Key words: U.S. apparel manufacturing companies, Export, Japanese apparel market, China, Italy

Globalization has two effects on a nation's industry: it substantially increases foreign competition in the domestic market, but it also opens the world for selling domestic products (Krugman, 1994). The U.S. apparel industry, while suffered from the influx of imports (Arpan, Torre & Toyne, 1982), took advantage of export opportunities. In 1960, the industry apparel export was at \$97 million dollars, which increased to \$9 billion in 2000 (United Nations, 1998-2009). Exports for some U.S. apparel companies have become an important part of their operations. However, most of the scholarly efforts have concentrated on import impacts of on the industry, and limited research examined U.S. apparel exports (Arpan, et al, 1982). The Japanese market represents a special case in this context because it is the third largest buyer of U.S.-made apparel, after Canada and Mexico, and the largest buyer with no preferential trade agreements, such as NAFTA (United Nations, 1998-2009). To date, no research has examined trends of U.S. apparel exports to Japan. Therefore, the study objectives included: (a) overview of Japanese apparel imports; (b) examination of U.S. apparel export trends to the Japanese market; and (c) comparison of U.S. apparel export performance with major competitors.

To address the research objectives, this study utilized secondary data and used case study method based on descriptive analysis (Yin, 2009). The 6-digit Harmonized Tariff Schedule (HTS) was utilized to examine the top five apparel export categories from the United States to Japan (Nihon Tokei Kyokai, 2006; United Nations, 1998-2009). This study utilized trade data from 2000 and 2007 and compared U.S. apparel exports to exports from China—major price competitor, and Italy—major quality competitor (Toray Corporate Business Research, Inc., 2000).

The results showed that U.S. apparel exports to the Japanese market dropped from \$385 million in 2000 to \$82 million in 2007. While this could be due to the overall decrease of the Japanese apparel market (Ferne & Azuma, 2004), our findings indicated that the Japanese apparel market became more favorable to imported apparel during the period under the study as the amount of imports increased by 21%, from \$18.6 billion in 2000 to \$22.6 billion in 2007. We found that U.S. apparel exports in all major product categories, except woven women's cotton



suits (620462), suffered from a sharp decline by more than 70% 2000 to 2007. During the same period, import of the same product categories from China and Italy increased from 7 to 212%. The reason for this discrepancy in U.S. apparel exports was explained in the comparative analysis of unit price (value per kilograms) for apparel export competitors. The results showed that the unit price of U.S. exports increased dramatically by more than 80% during this period; whereas, the average price of imported product categories in the market increased only from 23 to 27%. The unit prices of the U.S. products (between \$25 and \$69) were at least two times higher than the prices for Chinese products (between \$11 and \$22) in 2000 and these price gaps increased more in 2007. This shows U.S. exports were in a difficult position with price competition in the Japanese market. Furthermore, we found that Japanese consumers were loyal to quality Italian products, in that they were willing to pay higher prices for apparel from Italy (between \$96 and \$137 per unit in 2000).

This research showed that, overall, U.S. apparel exporters were not successful in competing with major competitors from China and Italy and lost of a significant share of the lucrative Japanese apparel market between 2000 and 2007. This study contributes to understanding of the Japanese apparel market—extremely attractive but difficult to succeed in (Eagan & Steinhoff, 1999; Synodinos, 2001). The research findings might be useful for re-evaluation of the current export strategies employed by U.S. companies, which in turn might contribute to the increased competitiveness of the national industry.

References

- Arpan, J. S., Torre, J. D. L., & Toyne, B. (1982). *The U.S. apparel industry: International challenge, domestic response*. Atlanta: Business Publishing Division, Georgia State University.
- Egan, S. C., & Steinhoff, D. (1999). Japan's changing apparel market. *Apparel Industry Magazine*, 60, 10, 78.
- Fernie, J. & Azuma, N. (2004). The changing nature of Japanese fashion: Can quick response improve supply chain efficiency? *European Journal of Marketing*, 38(7), 790-808.
- Krugman, P. (1994). Competitiveness: A dangerous obsession. *Foreign Affairs*, March/April, 28-44.
- Nihon Tokei Kyokai. (1997-2006). *Japan statistical yearbook*. Tokyo: Japan Statistical Association.
- Synodinos, N. E. (2001). Understanding Japanese consumers: Some important underlying factors. *Japanese Psychological Research*, 43(4), 235-248.
- Toray Corporate Business Research, Inc.. (2000). *Seni torendo* [Textile trend]. Tokyo; Toray Corporate Business Research, Inc.
- United Nations (1998-2009). *UN Comtrade*. Retrieved April 20, 2010 from <http://comtrade.un.org/db/>.
- Yin, R. K. (2009). *Case study research: Design and methods*. Los Angeles, CA: Sage Publications.