Tommy Hilfiger in the age of mass customization

Paul Smith

The June 1995 issue of *Bobbin*, a garment industry trade journal, contained interviews with a number of high-ranking executives from the top forty apparel companies in the U.S. Each was asked to make some predictions about the industry and the challenges facing it in the run-up to the millennium. Of the primary concerns these industry leaders expressed, the first related to the organization of labor: they were clear about the need for continued downsizing, particularly within the domestic side of manufacturing. The second related to product development—they saw the need, in essence, to speed up the industry's process of product design, manufacture, and distribution in order to satisfy the ever changing and accelerating demands of retail outlets and their customers.[1]

These two areas of concern reflect the bipolar nature of the industry in the 1990s and in the era of the so-called globalization of economic processes. On the one hand, the "global" economy, dominated by Northern nations, is in the process of shifting the place of production to the South or the Third World, with the aim of reducing the costs of variable capital; in other words, core labor is being located on the periphery. On the other hand, or simultaneously, the place of consumption—and, of course, capital concentration—becomes ever more centralized in the North itself, opening up new channels of product distribution, marketing, and retailing.

In terms of the disposition of world labor power, then, this is a moment of redefinition, or of the search for a renewed vitality in capitalist rates of profit, and it is coincident with the tendency to abandon the old liberal productivist economic order and move toward the ideal, or the fantasy, of global capitalism. For the Northern "developed" nations, this shift has already subvented the rapid expansion and intensification of the means of consumption in the 1980s and '90s, provoking cultural changes and challenges as well as political and economic ones. The economic shape of the last two decades, especially here in the U.S., has been relatively clear in that respect: a downward turn in productive capital and a rise in the importance of financial capital have had the cultural effect of installing what can only be called a revolution in consumerism. For the garment industry, this revolution has had special relevance. The industry has responded by developing mass designer fashion, extending and expanding the role of mass-produced clothing, affecting all kinds of cultural arenas and encouraging the construction of cultural identifies by way of apparel choices. However, it is open to question whether the industry is in fact responding to cultural demand or whether it is producing that demand as a

way of itself responding to the changing conditions of global capitalism. Much of the pressure on apparel companies to refunction their production, to contract it out and offshore it, or simply to sweat it in the domestic workplace, derives from a perceived functioning of the domestic market which is said to be more highly competitive than ever and to be driven by the demands of retail companies—especially department stores—which are themselves responding to straitened domestic circumstances.

Apparel manufacturers have argued that this cranking up is driven by retailers alone. The fact that the tendency is equally bound up with the manufacturers' own continual offshoring of labor, in response to globalization trends, is too often downplayed. Northern apparel producers have to compete with Southern labor, but they can scarcely do so in terms of simple cost—the social conditions and the consumerist nature of Northern societies cannot countenance a drop in wages sufficient to compete. Thus, other modes or areas of competitive advantage have to be found, and these tend to concentrate around the acceleration of sales and, therefore, the speeding up of product development and change. So, for example, the California project Garment 2000, a corporation and union cooperative exercise, specifically suggests that, "We can't compete with the foreign market on labor rates, so we're going for another niche—an accelerated turn-around time for garment production."[2] The possibility of such accelerated turnaround and delivery, provoked by the international labor conditions of the industry, has its effect then in the consumer markets of the North. The retail industry and the apparel companies themselves adjust to this acceleration with speedier

Finally, mention must be made of the strength of regional strategies in Northern Italy, based on regional chambers of commerce and patterns of alliance between local government, groups of mostly family-owned companies, and organized labor. Wool processing in Biella, the silk industry of Como, and the textile district of Prato are examples of regions that have reputations for innovative, high-quality, and highly flexible production. Maintaining a stable pool of highly skilled workers, high levels of capital investment, and strong trade associations and educational institutions, as well as concentrating related parts of the production process in close proximity, are key features of these regional industrial strategies.[46]

As these "stylized facts" indicate, the relation between forms of structural adjustment in industry and modes of consumption can vary widely from country to country. Due to the low-skill, labor-intensive operations endemic to garment production, clothing is one of the first industries to emerge in the industrializing process—and one of the first to decline if and when that process succeeds in generating capital accumulation, development of technique, and rising productivity and wages. These problems have been compounded by the cultural rhythms of pop, which make increasing standardization and scale in manufacturing unworkable.

The shift away from Fordist production techniques now occurring in the overdeveloped countries is necessitated in part by the postwar rise of living standards that Fordism itself created. While the growing affluence of many workers in the industrialized world created the conditions for participation of working people in the temporal culture of fashion, and in particular, of youth in pop culture, it has also necessitated massive adjustments in industrial organization. This in turn threatens the organized power of workers to maintain their share of income and their participation in the consumption of the surplus product.

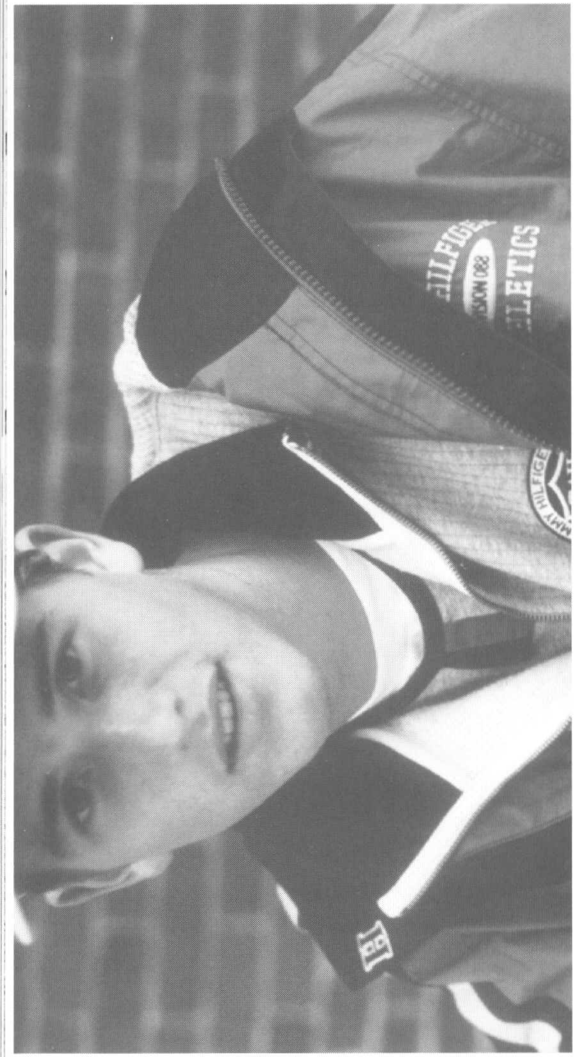
The challenge for organized labor and policy makers within existing industries is to identify where the value-added components of the emerging industrial processes are likely to be. A related goal is to identify new industries that might grow out of a comparative advantage in skill associated with an existing but threatened industry. The aim in both cases is to create new jobs further up the skill, value-added, and technical sophistication hierarchies from new and emergent combinations of industrial and cultural capital.

fashion cycles and merchandise availability. In any case, apparel companies find themselves in a position where they have to create a demand for the ever more transient commodities in the retail space.

The companies themselves call this process "mass customization," according to a recent lengthy survey of industry practice in the *Daily News Record.*[3] Mass customization entails a number of components that are, if not relatively new for the industry, at least of increasingly central importance. The imperatives of mass customization boil down to three essentials: greater product variety in stores, higher turnover, and lower and better managed inventories. Success in each area depends upon increased cooperation between apparel companies and their retailing outlets. As one executive notes, "Retail partnership is more critical than ever before. We have to share information about the consumer." Such sharing is by now heavily dependent on the use of new information technologies, or what the industry calls "data mining." "We're heavily into Electronic Data Interchange," another executive explains. EDI helps increase the speed and flexibility of merchandise sourcing, the flow and distribution of goods, and their replenishment and inventorization. In general the industry is now seeking to cut down the time between retailers' orders and warehouse shipment. Some manufacturers now accelerate these processes even more by shipping pre-priced goods, which can be put on display with minimal checking by in-store workers.

EDI has a second essential function, that of enabling research into the habits of consumers—both groups and individuals. One company claims that, as a result of data mining, "On a daily basis, we know 75 percent of what is sold, down to the lot and size." Such statistics are used to "anticipate" consumer trends and to fine-tune inventory control, but also to contribute to what the industry euphemistically calls "consumer communications," a term that exceeds the traditional sense of advertising. Companies now expect to engage in "an ongoing dialog with the consumer"—a "dialog" encouraged by means of a whole array of mechanisms, from 800 phonelines, Internet communications and Web sites, to in-store surveys and special event sponsorship (both in and out of stores), in addition to the more familiar use of visual and print media advertising.

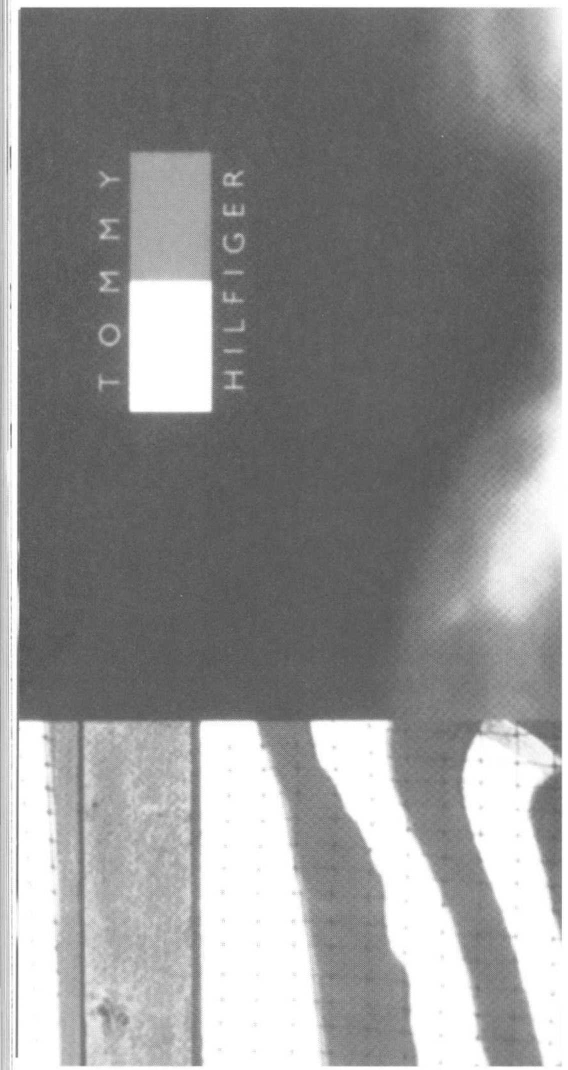
Tommy Hilfiger's clothing company, TOM Inc., has been among the leading exponents in this intensified process of mass customization over the last few years. Indeed, Hilfiger



clothing can be seen as an extreme case of how the idea of mass designer fashion operates. Mass designer fashion is a specific formation within the industry; it is not equivalent to traditional haute couture (which is often dependent upon highly artisanal means of production and is still somewhat outside the circuits of globalizing capital that nurture the mass clothing industry). Nor is mass designer fashion equivalent to standard garment production (which relies on reordering of staple and relatively stable goods season after season). Mass designer fashion is that peculiar formation which occurs within this nexus of the globalizing economy and the concomitant expansion of the means of consumption. Almost by definition it demands the capture of ever wider segments of the mass market at the same time as it needs to maintain familiar standards of product differentiation between brands, and offer frequent variation. Thus Hilfiger's relative importance and visibility in this context is in part a result of an ongoing strategy which has put his company in a position to cover just about all segments of the clothing market, but which also marks the products as identifiable and unique (the familiar Hilfiger logo and red-white-and-blue designs), offering appreciably variable "looks" or themes from season to season and year to year. While older companies like Levi Strauss, Timberland, or even Ralph Lauren have been slow in entering the mass designer fashion stakes—some being particularly wary of attempting to enter ethnically or racially identified areas of consumer culture—and while many other companies have been content with their long established market niches and hierarchies of market segmentation, the story of Hilfiger's company is just the opposite.

Beginning with a line of preppie-looking, clean-cut, and conservative sportswear (similar to that offered by the Gap, but somewhat more expensive), Hilfiger set out in the early 1990s to compete against department store staple lines like Ralph Lauren and Liz Claiborne with essentially Young Republican clothing. In the course of only a few years, this basically khaki, crew, and button-down WASP style, while remaining a constant theme in Hilfiger collections, has been submitted to variations which were intended to bring the product closer to hip hop style: bolder colors, bigger and baggier styles, more hoods and cords, and more prominence for logos and the Hilfiger name. These variations on a house-in-the-Hamptons theme opened up the doorway to black consumers, and Hilfiger's status is often closely linked to his popularity among African Americans. But at the same time, that market has clearly been only one focus for Hilfiger's ambitions, set on maintaining and expanding markets among nonblack consumers, and continually multiplying the range of products offered. In addition to hip hop styles, Hilfiger now sells golf wear, casual sportswear, jeans, sleepwear, underwear, spectacles, fragrances, and even telephone beepers. Tommy has recently moved into women's wear, and offers a women's cologne to go with the popular men's line. Not content with crossing all these areas of the mass market, Hilfiger seems currently to be conducting a foray into more classic designer markets with high-fashion shows, marked by his appearance at the British fashion shows in 1996 and by the introduction of a line of brightly colored men's wear that was clearly his attempt to become more of a haute couture designer.

Hilfiger's success has been quite astounding since the initial public offering of TOM in 1992. The company now has over 850 in-store department store sales points in the U.S. In addition, there are now almost fifty Hilfiger specialty stores across the country, a figure that has almost doubled in the course of two years. The company's annual report in early 1996 showed that revenue in the last quarter of 1995 was over $130 million, a 47 percent increase over the previous year. The company's cost for goods sold was less than $72 million, leaving more than $58 million in gross profits—a rate of more than 80 percent. The sound financial health of the company ensures its regular appearance on stockbrokers' to-buy lists, even though share prices keep rising. Early in 1995, the small consortium of TOM's original investors—which had bought the company from Mohan Murjani in the late 1980s—sold their remaining TOM stock for over $50 million, after a year in which the value of the stock had increased by 106 percent. Hilfiger



himself was one of this small group, of course, and after his profit-taking he remained as an employee of the company, drawing more than $6 million a year in salary.

The economic success of TOM is explicable largely because the company has led the way in many aspects of mass customization. Hilfiger still does not have (so far as I'm aware) a Web site, or other of the mechanisms that apparel companies now routinely use. But TOM's corporate strategies have been ahead of those of many of its competitors, stressing the acceleration of product delivery, new forms of retailing partnership, innovative EDI usage for inventories and customer tracking, and of course, the speedy and timely introduction of new lines and redesigned goods, assuring consumers a wide range of product choices (something which Hilfiger himself sees as crucial in provoking and expanding demand).

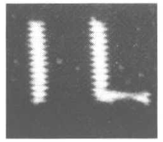
TOM has been especially willing—again, leading the field—to engage in what is now the standard industry practice of licensing. TOM has licensing agreements with some of the world's major clothing companies. This network of links has been methodically and aggressively built up in just the last few years: Pepe plc for jeans, Stride Rite for shoes, Liberty Optical for eyewear, Estée Lauder for fragrance, Russell-Newman for shirts, Jockey for underwear, and so on. While licensing agreements probably have little impact on consumer consciousness, one advantage they have for a company like TOM is that they offer the borrowed cachet of known and respected manufacturers. This is all-important in negotiating sales points with department stores and generally in testifying to the quality of TOM products. Most of TOM's retailing partnerships are with department stores, and in 1995 about 70 percent of Hilfiger's products were sold at those venues. Added to TOM's strategies for speeding up product design, delivery, and turnover, licensing helps ensure access to what is still the principal channel for clothing sales in the U.S., where 65 percent of all clothing is sold by only thirty-five companies, the majority of which are chain retailers with department stores in malls and urban spaces all across the country.

One reason why the department stores are crucial for mass designer fashion is that many of them are located in the very malls where teenagers proverbially hang out. But perhaps a more important reason is that most big department stores offer their own credit cards which are relatively easy to obtain even if the consumer has low income or a bad credit rating. The industry standard is to offer such cards on the spot with only minimal credit checking and with an initial credit line (usually somewhere between $250 and $750, a relatively low risk for stores) that would encourage the purchase of, say, one complete outfit which would then be paid off over a period of about a year. Naturally, consumers pay heavily for this privilege, since interest rates on department store cards are typically about 21 percent per annum, almost 5 percent higher than the average U.S. credit card rate. However, this cost does not seem to deter those who can access these credit lines. In both Britain and the U.S., clothing purchases constitute a huge part of consumer credit spending. A measure of the importance of this phenomenon is that the all-time record monthly credit spending in Britain — £6.9 billion in June 1996—"was due in large part to clothing purchases."[4] U.S. credit card debt in this era of the expansion of the means of consumption passed the $1 trillion mark late in 1995 and has continued to climb ever since. The peak production of this sea of debt occurs not at the Christmas holiday season, but rather at the "back-to-school" season when, according to the American Express Retail Index, a majority of U.S. parents expect to spend an average of $363 per child, and a goodly proportion of that spending will be done on credit cards. The same report suggests that Hilfiger clothing would account for 5 percent of all back-to-school purchases.[5] In this respect, it's quite clear how TOM's strategies intersect with the expansion of the means of consumption.

Where the nexus of consumer-retailer-manufacturer is always most apparent, however, is in the area of advertising. Although TOM, as I've already said, has not explored the area of "consumer communications" quite so thoroughly as companies like Levi Strauss or retailers like Carson Pirie Scott, Hilfiger's exploitation of advertising media has been both thorough and path-

breaking. Perhaps the most prominent feature of Hilfiger's strategy in this realm has been the use of high-visibility consumers. In a way that has still not been copied by many other apparel companies (Nike being an important exception), Hilfiger has always ensured that his clothing is found on celebrity bodies. In the last few year his clothing has been publicly displayed by sports figures like Don Nelson, coach of the New York Knicks, popular musicians such as Michael Jackson and the women of TLC, and by black male models like Tyson Beckford. In a series of 1994 spots on the music cable channel, VH1, Hilfiger tried to keep tabs on a more mainstream audience too, featuring performers like Tori Amos and Phil Collins. Any of these celebrities is, of course, a trendsetter, whose mostly urban image is intended to then become desirable in the shopping meccas of suburban malls.

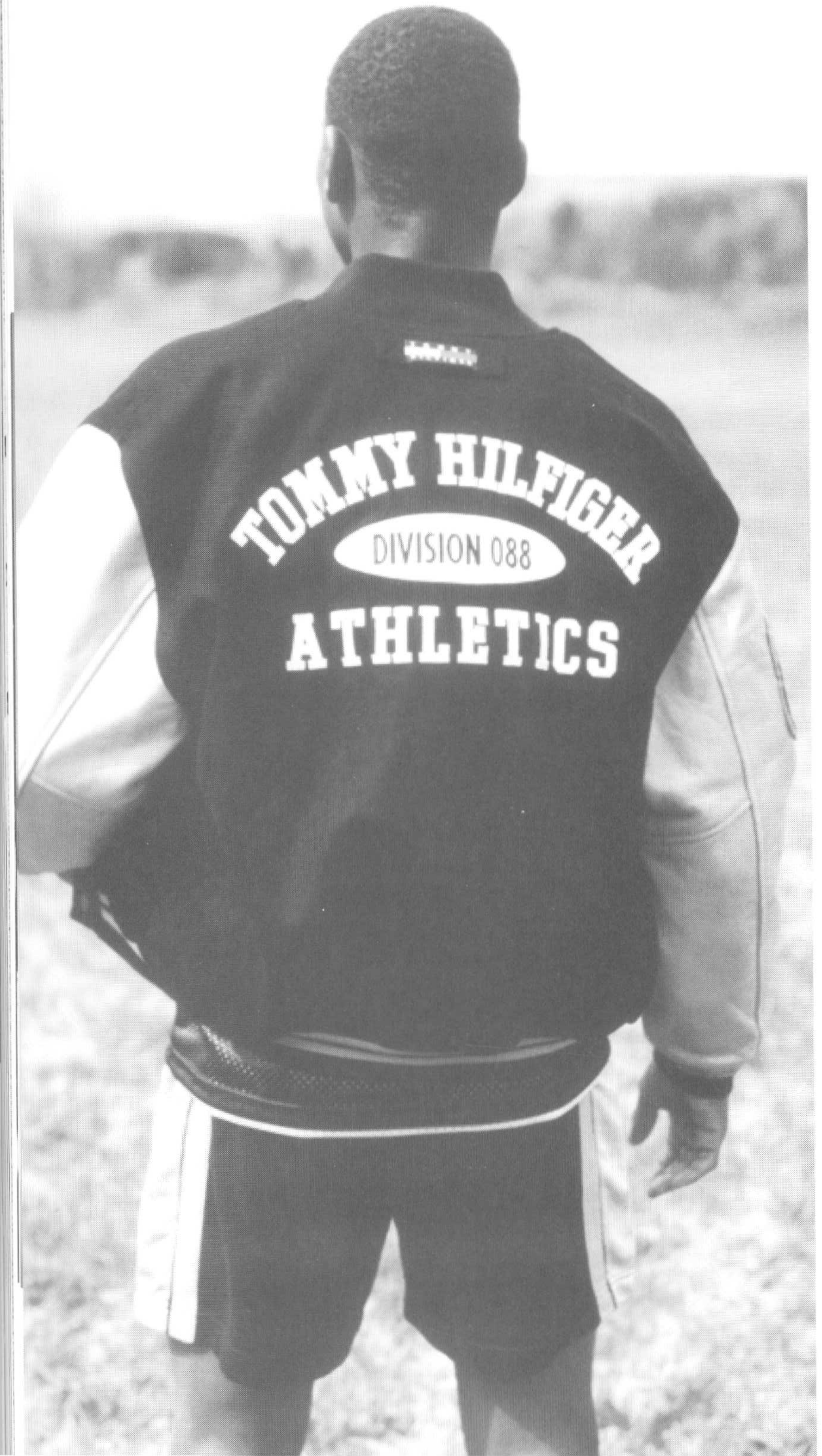
Most important, Hilfiger clothes have been sported by a whole succession of African-American rap musicians. The story of Hilfiger seeing Grand Puba in the street wearing his clothes and inviting him to wear Hilfiger in public appearances is perhaps apocryphal, but it does speak to the general strategy that Hilfiger has adopted in relation to garnering a huge clientele among African Americans. Frequently donated Hilfiger outfits for use in performances and music videos, rappers have functioned as conduits of approval and authorization—authenticity, perhaps—for this white business attempting to sell what are essentially white styles to black consumers. In that sense, Hilfiger has used prominent African Americans in ways that, while they are often less formalized and contractual than the relationship between, say, Nike and Michael Jordan or PepsiCo and Michael Jackson, essentially serve the same purpose.



A certain rank of black sportspeople and entertainment figures (usually men) act as what I call a "regulatory elite" in U.S. black culture. These are people who, earning millions of dollars a year in the face of the chronic and systematic immiseration and devastation of black communities in the U.S., are elevated to the status of cultural icons and are taken to bear virtually the whole burden of representing blackness in the culture. Even though the bill for the rewards collected by this regulatory elite are footed by predominantly white capital, their cultural significance stems from being venerated as bearers of black identity (by both blacks and whites, most likely—by whites wishfully thinking that racial divisions could be elided by their presence; by blacks, wishfully thinking that the status and spoils of someone like Michael Jordan are not eccentric).

Some of the force of this mechanism of regulation could be seen on display, of course, after the O. J. Simpson trial in 1995, when the not-guilty verdict was greeted by African Americans as a triumph for their race. A less spectacular or public instance, narrated by Darcy Frey in his book about black basketball hopefuls, *The Last Shot*, gives another insight into the workings of this system. Frey tells a story of trying to interview some promising young basketball players in the Coney Island projects, only to be told by their parents that he must pay large sums of money for the privilege.[6] The point, of course (and indeed, the point of Frey's whole book), is that within this one black community, the system whereby the regulatory elite is established is known and used as one of few possible ways of escaping the projects. Frey goes on to tell how the superstar elite is formed, beginning with the injection into the black community of money and inducements by sportswear manufacturers like Nike and by the white-run National Basketball Association (NBA), while the majority of the community remains in poverty, bound by totally limited expectations and possibilities. It is in this sense that the strange system of tokenizing black stardom can be described as regulatory.

And yet it is no simple matter in U.S. culture to criticize this black regulatory elite, since it carries such a burden of African-American identity. It does, of course, become easier to criticize when someone so prominent as Michael Jordan shrugs off the ethical and political problems in his sponsorship relation with Nike and its Third World labor practices. Called to answer for the contradiction of his position, Jordan simply suggested that he could trust Nike "to do the right thing."[7] But for the most part, and as Jordan in fact demonstrates, the system


TOMMY HILFIGER
DIVISION 088
ATHLETICS

does its work, and the African-American stars can count on there being little concern about the cultural and financial gap between them and the African Americans who are called upon to be their loyal and admiring audience.

For Hilfiger's company, the deployment of rappers like Grand Puba and Snoop Doggy Dogg in extended "consumer communications" has constituted a crucial part of the process of mass customization and has enabled a deliberate and thoroughgoing entry into the black youth market. It is, however, just one such component, and its efficacy depends absolutely on Hilfiger's coordinated effort in other areas of mass customization. The effectiveness of TOM's assault on this particular segment of the market is a function of the successful implementation of industry-wide strategies which have to be seen in conjunction with capital's tendency to outsource labor, to cut the costs of variable capital, and to expand the means of consumption in Northern markets. According to TOM's 1995 annual report, the five places where most Hilfiger clothing is made are Hong Kong, Sri Lanka, Macao, Indonesia, and Montebello, California. In that light, when Hilfiger gives away clothes to rappers, or establishes a loose professional alliance with African Americans like Def Jam boss Russell Simmons (also the owner of Phat Farm clothing company), or hires Kidada Jones (daughter of record tycoon Quincey Jones) to appear in his ads, these are in a sense epiphenomenal activities. What is crucial is the political and economic circuits in which they have their effects. Similarly, when black kids wear TOM merchandise, adopting the clothes and accessories and the Tommy logo as signs not just of fashionability but even of racial authenticity, they are doing more than just establishing a cultural identity and communality. Equally, they are placing themselves in a particular relation to political-economic circuits for which the possibility of their consuming in this way is one of capitalism's central desiderata or imperatives at this juncture when capital is dreaming of globalizing itself.

Of course, not all of Hilfiger's desired consumer audience and clientele is necessarily content with the spectacle of so many black males devotedly sporting Hilfiger clothing and willy-nilly directing African-American dollars into the Hilfiger coffers. One of the most vibrant forums on the Internet where the issues of fashion consumption are discussed is the "chat-room" of Streetsound,[8] a wildly energetic and mind-boggling torrent of opinion, most of which seems to be submitted by African-American men. Hilfiger's clothing and the operations no sweat

of his company are perennial topics—a testament in itself to the central role his fashions play right now in black culture. But even though Hilfiger merchandise appears to enjoy support and patronage in towns from coast to coast, there are some dissenting voices.

The most common opposition to Hilfiger on this site appears to be an objection to the very principle of black patronage of white business. One such posting will give the flavor of many similar ones:

> Y'all are nothing but Tommy's wench. Some of you do not even have enough money to support the people who put on the jams (the place where you show how real you are and get your new bitch). Yet you spend your last fucking dollar to support some yout' in New York who doesn't give a fuck about give a flying fuck about you. Y'all are real stupid!!!

Such objections are both common and powerful—especially when seen as versions of how black identity might be safeguarded while rejecting the regulatory means put into place by white capitalism, and they echo longstanding debates within black culture. But obviously, they fall short of making connections between cultural and economic processes in the era of global capitalism and the age of mass customization.

This can be seen in an even starker light if we consider the nature of many of the advertisements for Hilfiger merchandise that appear in popular magazines. The principal motif in nearly all of them is the American flag. For instance, in Hilfiger's 1996 campaign for his new line of jeans, the American flag is spread out behind the figure of Kidada Jones, or is apparently the pillow for Ivanka Trump's pouting face. The American theme is even more overt—in the sense that it is verbal as much as visual—in ads for Hilfiger fragrances. The men's fragrance, Tommy, is now advertised under the slogan, "the real american fragrance" (after the first few advertising rounds, when it was called "the new american fragrance"), while the ads for the women's perfume, Tommy Girl, call it "a declaration of independence."

In the double context of, on the one hand, increasingly internationalized economic processes (where core labor is zoned to the periphery), and on the other hand, rampant mass customization (with its production of regulated subcultural identities in the North), TOM's use of this American-national motif is utterly symptomatic. The display of the U.S. flag and the appeal to American identity obscure both the international and the subnational processes that are at stake in the political-economic and cultural formations of this our new world order. Another way of putting this is to say that the U.S. national motif precisely names the power which presides over a division between the zoned labor of the South and massified consumption in the North and confirms that division as an opposition of interests.

These U.S. nationalist emblems in TOM do have the unintended consequence of highlighting some of the complexities and difficult issues that are involved in thinking through the politics of the present situation. What we might call "production activists" in the North sometimes have a limited view of the way labor issues relate to the processes of consumption in the North, and often seem reluctant to address the fact that capitalism deliberately sets off the Northern consumer's "right" to forge cultural identity through consumption against the economic and social rights of core labor. But it is in everyone's interest to challenge such an imposed opposition between the interests of core labor and the interests of massified consumers.

There are, that is, potential benefits in stressing the fact that international labor issues are inextricably tied to the current expansion of the means of consumption in the North. A sharper understanding of the cultural consequences of mass customization might allow production activists to more effectively address those cultural constituencies whose interests are routinely represented as disjunct from the interests of laborers in the periphery. By the same token, cultural activists and organizers, especially within minority communities in the North, might perhaps be able to intensify their opposition to the international aspect of economic processes in the recognition that these are what underpin—indeed, regulate—contemporary forms of cultural identity.

Not that anyone would claim that such recognitions would immediately bring to a halt capital's double-headed movement—the international reorganization of labor power and the expansion of the means of consumption. But they might help produce a bit more anger.