

How Local Institutions Fashion the Design Innovation Process in New York City's Garment District

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Paper prepared for the Winter 2001 Conference of the Danish Research Unit on Industrial Dynamics Academy, Klarskovgaard, Denmark, January 18-20, 2001

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“What is seen is fashion ... what is difficult to see is the engine that drives fashion, the industrial organization that produces it. And yet this is one of the most interesting and original aspects of fashion, an aspect that links up with the concrete plane that lies beyond its apparent frivolity and insubstantiability.”

G. Malossi, *The Style Engine*

Introduction

Since the 1960s and 70s, the saturation of mass markets have posed a serious challenge for the Fordist mode of organizing production and consumption, leading to a qualitative shift in the regime of capital accumulation. For many, this shift has come to represent the emergence of a new 'cultural economy,' in which "the urgency of producing fresh waves of novel seeming goods, at ever greater rates of turn-over, now assigns an increasingly essential structural function to aesthetic innovation and experimentation" (Jameson 1984). The aesthetic attributes of goods and services, it is argued, have become the critical if not dominant elements of productive strategy, and the competitive nature of these goods and services (or 'cultural products') flows from their ability to entertain, provide a form of social identity, or confer status, over and above their utilitarian value (Harvey 1989, Lash and Urry 1994, Scott 1997).

Nowhere are these trends more evident than in the realm of fashion. Fashion, by definition, is change. Revolving around the imperative of 'planned obsolescence', it must continually adapt to keep in lockstep with cultural shifts in taste, by altering the actual designs and by altering the image of the products (Agins 1999a). But this constant evolution does not occur in a social, political or economic vacuum. An "overall organization and process of control or oversight" is necessary to ensure effective response to shifts in consumer preferences (Malossi 1998). And as these shifts become more volatile, the ability of fashion designers to cope with these uncertainties - in ways that are aesthetically innovative and yet commercially sound - becomes all the more daunting.

In this paper, I illustrate how fashion designers in NYC's women's ready-to-wear industry have been able to effectively 'manage' the uncertainties associated with late capitalism by drawing on the institutional infrastructure that has emerged in the historic Garment District. This infrastructure, I shall argue, has reduced the risks inherent in the fashion design process by providing the designers with critical information on market trends and with the capacity to utilize this information in the actual design and marketing of their products. Moreover, because these institutions first emerged and evolved in the context of Fordism, and with an orientation towards mass marketing, subsequently, they have proven particularly adept at channeling "aesthetic experimentation" in commercially viable ways. In effect, I will show how this retail-dominated production complex, which stands in contrast to that of the Third Italy, provides designers with a means for producing as well as consuming 'culture'.

The New York women's wear industry provides an ideal case in which to examine the question of how producers of cultural products remain competitive under the new regime of capital accumulation because, relative to manufacturing as a whole - and to NYC apparel in specific - this sector of the industry has exhibited sustained levels of employment over the last 25 years (see Figure 1). In addition, women's wear is more fashion-sensitive than men's wear and as such, more prone to seasonal variation (see Figure 2). At present, New York produces over 18% of all Made-in-USA women's outerwear and over 28% of all Made-in-USA dresses (Herman 1998). The innovation process in this sector however, is uneven, and the high-end segment of it draws on the local institutional infrastructure quite differently than does the moderate-to-low end (henceforth, MTL). Thus my analysis will consider each segment separately but also

draw attention to how the interrelation of these two design processes influences this local innovation system.

The research for this paper is based on 75 semi-structured interviews with designers, manufacturers, retailers, and representatives from buying offices, forecasting services, trade show companies, trade associations, design schools and other fashion-related services in New York City's Garment District, conducted in November-December, 1999 and January, 2000. It also draws on interviews with public and non-profit organizations, including the Fashion District Business Improvement District, the Garment Industrial Development Corporation, the New York City Department of Planning, and the New York City Department of Business Services, in addition to a survey of the Fashion Group International archives and other historical and secondary sources.

The following section traces the evolution of this industry and its concentration in the Garment District, with a brief look at the current trends affecting the designers/manufacturers¹ there. The remainder of the paper outlines the high-end and MTL design processes and the ways in which designers' choices are conditioned by local institutions. The paper concludes with some remarks on the relevance of this empirical case for rethinking the nature(s) of flexible specialization.

The Evolution of the Garment District's Women's Wear Industry

Historical Context

The women's wear industry in New York, in contrast to that of *haute couture* in Paris, has its origins in ready-to-wear, an essentially mass produced and mass marketed enterprise. Developed by retailers and wholesalers (mainly German Jews) in the mid-1800s, this industry emerged to meet a surge in consumer demand as the U.S. was experiencing its first signs of industrialization and urbanization. Its rise and expansion coincided with two key developments. The first was Elias Howe's invention of the sewing machine in 1846, which allowed for volume production. The second was a major wave of immigration to New York from Southern and Eastern Europe, consisting primarily of Jews and Italians, starting in the 1880s. This latter development provided a pool of skilled labor, as tailoring had been a Jewish occupation, as well as a large supply of cheap labor, as those who weren't skilled found it easiest to work with co-religionists. It also ensured that the industry would be concentrated in New York City, which served as a port of arrival and center of kinfolk (Helfgott 1959, Zeitlin 1961, Waldinger 1989).

Within New York, the industry's activities were initially located in the Lower East Side, where most of the immigrants resided. However, as retailers began to move their stores northward, following the residential shifts and the establishment of the Pennsylvania Railroad Station in midtown Manhattan, the manufacturers soon followed. This move allowed the manufacturers to be accessible to local and out-of-town buyers

¹ I will often use the terms "manufacturers" and "designers" interchangeably in this paper because in some cases the designer is actually the owner of a company (particularly in the high-end segment), though more often it is the case they work as employees for a company head. My definition of "manufacturers" here is interpreted broadly to include those producers that have in-house design and marketing capability and that are responsible for coordinating the production process. Most NYC manufacturers, as defined here, only produce samples or limited runs in-house, and outsource the remainder of their production needs to contractors.

and to their employees, who were steadily moving to other parts of the city; it also enabled them to acquire fancy showrooms, in which to present their collections. By the 1920s, a new center for the industry, which came to be known as the Garment District, was firmly established in the western half of Midtown Manhattan (Helfgott 1959, Zeitlin 1961).

During this same period, the women's wear industry witnessed the emergence of key institutions, which would help to keep mass production in line with mass consumption. At the consumption end, there was the development of a range of retailing formats in New York, such as department stores and specialized boutiques, to serve the varied needs of a large U.S. market. This period also saw the emergence of fashion magazines, like *Harper's Bazaar* and *Vogue*. These magazines provided fashion editorials, which established the trends for a given market segment and ensured the homogenization of interests necessary to sustain a ready-made industry (Meyer 1976, Milbank 1989). At the production end, there was the establishment of International Ladies Garment Workers' Union in 1910, which sought safe working conditions and standardized wage compensation. And advances in fashion education at Parsons School of Design and the Pratt Institute, and later the establishment of the Fashion Institute of Technology, ensured a steady supply of skilled labor for the expanding industry (Scranton 1998).

These institutions, though centered in New York, generally turned to Paris for design inspiration at the turn of the century. Fashion magazines and design schools promoted Parisian couturiers and Parisian styles, and the retailers and wholesale manufacturers would purchase sample garments from Paris and adapt the styles to suit American tastes (Lee 1975, Meyer 1976, Milbank 1989). It was not until the interwar decades, a period in which women were increasingly entering the workforce and leading more active lifestyles, that ready-to-wear designers gained credibility and respect for their simple, comfortable and functional styles. This trend was hastened by World War 2, which effectively closed Paris off from the American design community and constricted the usage of fabric and ornate trimmings (Fashion Group International Archives, Milbank 1989). By the 1930s and 40s, fashion-related institutions accorded greater attention to the production and marketing of local styles, and the emergence of trade associations such as the Fashion Group, linking elite representatives of fashion magazines with local designers, facilitated the promotion of these burgeoning style innovators (Fashion Group International Archives, Scranton 1998).

The NYC Apparel Industry Today

Today, the apparel industry in New York City - second in production only to that in L.A. and arguably the center in the U.S. for design and marketing - remains concentrated in the Garment District (now commonly referred to as the Fashion District), which is bordered to the north by 41st Street, to the south by 35th Street, to the east by Fifth Avenue and to the west by Ninth Avenue (See Map 1). Roughly 88% of the industry activity for NYC is based in Manhattan, and 75% of that total is concentrated in this four by six-block area (Robert B. Pauls Real Estate and Planning Consultants 1998).

Women's wear comprises the bulk of the economic activity (see Figure 3). Of the 6,000 firms located in this area, approximately 5,000 are fashion-related businesses, which – in addition to apparel manufacturers and contractors² - includes textile mills, button and trimming suppliers, producers of accessories/jewelry, showrooms, wholesale and retail shops, resident buying offices, forecasting services and one of the major fashion design schools in the city as well as a slew of other legal, financial and supply/repair support services (see Map 2).

As 88% of the businesses in the District are small to medium-sized enterprises, this cluster of specialized, interrelated services provides significant external economies to apparel manufactures (Robert B. Pauls Real Estate and Planning Consultants 1998). These external economies involve a shared pool of specialized labor, technical services, and a large market (particularly as the New York industry draws large numbers of out-of-town buyers). They also involve advantages associated with just-in-time production – central to an industry like fashion – as the cluster provides manufacturers the ability to reconstitute linkages with other local buyers and suppliers as needed. While most manufacturers limit their interactions with direct competitors and rarely exchange information on issues concerning their core competencies, their proximity to buyers, suppliers, and support services facilitates the vertical flows of information essential for the maintenance of an innovative industrial district and particularly significant for sustaining low-tech industries in high-wage contexts (Piore and Sabel 1984, Crewe 1996, Maskell 1998, personal interviews 1999). The continued vibrancy of the area and the significance of its industrial specialization to NYC is evidenced by the creation of the Fashion District Business Improvement District in 1993, a non-profit organization with a mandate to promote the NYC apparel industry and to improve the quality of life and economic vitality of Manhattan's Garment District.

Despite the continued economic significance of the industry, however, a series of trends have emerged in the last several decades that pose a serious challenge to its survival. One such trend has been the rise in imports from overseas manufacturers since the 1970s, recently reinforced by the advent of NAFTA (Herman 1998). Another has been a concentration in retailing power since the 1980s due to the deregulation of capital markets. The consolidation of retailers has limited the range of buyers that a given manufacturer/designer can supply, thus, conferring greater power on retailers vis-à-vis their suppliers with respect to price negotiations and design specifications (Taplin 1997, Rantisi 1999). At present, ten apparel retailers control 47% of total retail sales, and among department stores, the top six chains control 90% of the sales (WWD 1999). Moreover, as retailers have been moving upstream with the development of private label goods, they are directly cutting into manufacturers' already shrinking market shares by designing in-house and/or designing and producing abroad (Herman 1998, personal interviews 1999).

These challenges underscore the need for apparel manufacturers to differentiate their products in an increasingly global market. One method of doing this is to shift to higher-end production and further segment the market, but there are limits to the extent to which this can be done. NYC designers/manufacturers are still operating within a mass-

² In spite of the movement of production facilities in recent decades to other parts of the city and to overseas locations, the District, according to a senior city planner, remains the most dense manufacturing center in the country (personal interview 1999).

market, wholesale-oriented industry, and high-volume (read: low-cost) production is still an essential criterion for competitive advantage. This means that manufacturers, even the high-end ones, must adhere to fabric and design specifications amenable to high-volume production, which in turn, limits their ability to engage in ‘aesthetic innovation and experimentation.’ Moreover, even if designers/manufacturers could afford to experiment with different silhouettes and better quality fabrics, the trend towards casual wear in the last decade places a premium on the simple and comfortable styles historically associated with the ready-to-wear industry, thus further restricting the opportunity to shift “upscale” (Standard and Poor’s Industry Surveys 1999, personal interviews 1999).³

In the section that follows, I illuminate the strategies undertaken by NYC designers to respond to these challenges. In specific, I examine the high-end and the moderate to low-end (MTL) strategies, in turn, and map out the ways in which these designers have drawn on the institutional infrastructure in NYC to employ them. In so doing, this analysis entails an explicit focus on the design process, which is deemed here to be the site of innovation or the “R & D” for this low-tech industry (Storper and Christopherson 1987, Crewe 1996, Maskell 1998). For the purposes of this analysis, “design” is interpreted broadly to encompass both the selection of fabrics, colors, styles and the marketing of the product since the two are increasingly interrelated, though qualifications to this interpretation are made below.

The High-End Design Process

For the high-end ready-to-wear designers, uncertainties in the market have prompted the use of “branding” as a means for product differentiation. While this strategy emerged in the 1960s at a time when the U.S. market had matured and neared saturation (Milbank 1989), recently, due to the trends cited above, it has taken on heightened significance. According to John Durrel (1998), branding represents “a consistency of quality and meaning associated with a designer’s collections that will carry over from year to year” (p. 176). Thus, under this strategy, even as the designs change from year to year, they do so in ways that reflect and reinforce a particular company’s image. The primary means for branding is advertising, and by employing this strategy (and investing more in advertising), the high-end designers have increased their leverage with fashion magazine editors and buyers by marketing directly to the customers, thus, engaging more directly in the process of ‘culture’ production.⁴ This, in turn, enables the designers to contain risk, and to procure financial backing and licenses, which further promote a company’s image (Harvey 1989, personal interviews 1999). The precise means by which this is done and the ways in which the institutional infrastructure channels this process is as follows (refer to Figure 4).

Designers that serve the high-end segment of the NYC women’s wear industry generally begin their training process in one of NYC’s leading design schools: the Fashion Institute of Technology (F.I.T.), the Parsons School of Design or the Pratt Institute.

³ This is evident in the trend by high-end designers like Donna Karan and Calvin Klein to move down-scale and establish more moderately priced bridge lines, such as DKNY or CK. In the case of Donna Karan, most of the company’s sales are now based on this line (Agin 1999a).

⁴ For many of the larger high-end designers, advertising constitutes at least 10% of total expenditures (Agin 1999a).

These schools condition designers at early stages of their training to design products which are not only creative, but which can be easily produced, reproduced and marketed at an affordable cost. Merchandising is a key element in the fashion design curriculum and one which is reinforced through strong school-industry links (e.g., via internships, or by having industry leaders - generally, alumni - serve as visiting instructors or critics) (personal interviews 1999). Some of the locally-based international designers that I interviewed, who have hired students from these schools as interns or assistant designers, were often surprised to find how adept they were in managing the business end of fashion (personal interviews 1999).

But the schools not only serve as a venue for design training, they also serve as a conduit for establishing key social networks in the industry. These networks may consist of peers from a designer's class with whom s/he maintains contact after graduation, or industry insiders with whom the designer may intern or apprentice.⁵ According to the internship director at the Fashion Institute of Technology, roughly 40 to 45% of fashion design graduates go on to work for the companies with which they had held internships (personal interview 1999). In fact, most of the high-end designers apprentice in one or more leading design companies before taking the helm themselves, and this serves as a second training forum.

Once the designer becomes the sole or lead designer of a firm, they are generally responsible for managing two elements of the design process: first, defining what is produced, and second, defining how the product is marketed. With respect to the first element, the decision of what to produce, i.e., the selection of fabrics, colors and styles, begins with a concept which can be inspired by a range of influences. The most common sources that designers I interviewed would cite include: old design sketches housed at the F.I.T. of Costume Institute libraries, museum exhibits, architecture, old movies, their travels abroad, and people passing on the street.

While the inspirations define the designer's original concept for his/her collection, the materialization of this concept is often mediated by other institutions. Apart from the direction provided by other members of the design team – particularly the pattern-maker or merchandiser – designers will often consult forecasting services and trade journals, for the latest trends when selecting the specific fabrics or colors they will use. Once these selections have been made and samples have been produced, retail buyers will further edit the selection process before production orders are placed by indicating which samples they are willing to buy and the price points at which they will be purchased (personal interviews 1999, Lubow 1999).

Local institutions also play an important role in mediating how a designer's product is marketed to retailers and final consumers. As mentioned above, the marketing function of the high-end design process has taken on a heightened significance in the new 'cultural' economy, due to the need to create an image or brand. This image rests in part on the style and quality of the product. However, a larger part of the image-building process concerns the production of the "spectacle" surrounding the product, and several institutions (what I term 'cultural intermediaries') have emerged to facilitate this process. This first institution is the runway show. This institution allows designers great latitude in selecting which products will be shown and the venue or mode for showing them.

⁵ For example, Josie Natori's senior designer initially made contact with Natori by winning first prize at the Pratt Institute's senior project competition, for which Natori was the critic (personal interview 2000).

Moreover, since 1993, the Council of Fashion Designers have centralized and coordinated the designers' shows in Bryant Park, located just northeast of the Garment District. This centralized show has provided designers with greater exposure to the fashion press, national and international buyers, and consumers than they would otherwise get with an individual showing (personal interviews 1999).

Other institutions that support the image-producing process are the fashion magazines and TV/newspaper fashion segments. The top ten fashion magazines, with a national circulation of 30 million, are all based in New York City. These publications promote designers through their ads and fashion editorials, and indirectly by editing the runway shows and highlighting the key concepts and trends for the season (personal interviews 1999). TV fashion editors, such as CNN's Elsa Klensch, and newspaper fashion journalists serve a similar role to that of the fashion magazine. They edit and interpret runway collections and provide regular updates on design trends, bringing fashion directly to the homes of millions. And their coverage has had dramatic effects on the design-marketing process itself, as "designers now need to produce not just great clothes but great video"(Mead 1999).⁶

In the case of the high-end segment, the target of these marketing institutions are primarily the consumers since the fashion press covers the trends of the current season, as opposed to the industry season which is six months ahead. Even in the case of runway shows, most high-end designers have already placed orders with buyers by the time the show is held (personal interviews 1999).⁷ One institution, however, which serves as a direct intermediary between the retailer and the designer is WWD, the daily trade journal. Circulated to 55,000 industry insiders, this journal covers business issues, fashion trends, retailing developments, international, ready-to-wear, couture presentations, and market overviews. Retailers and manufacturers view it as the single most important source for fashion news, and its influence over retailers' buying patterns is widely acknowledged. According to one high-end designer I interviewed, "getting on the cover of WWD is a sure way to secure new accounts" (personal interview 1999).

The MTL Design Process

While the high-end designers have focused on marketing or branding as a means for coping with increasingly ephemeral and volatile markets, MTL designers have elected a different strategy. They have adopted a short-term fix to market uncertainty by copying the styles and concepts developed by the high-end designers. In most cases they can not copy the designs outright because they can not afford to purchase the same fabrics or employ the same quality labor. Instead they try to stay true to the concept and adapt the specific design elements to suit their own production capabilities, drawing on many support institutions along the way (personal interviews 1999, Agins 1999b) (refer to Figure 5).

Like high-end designers, a number of the MTL designers I interviewed attended design school and then went on to apprentice with designers in the industry before

⁶ To add to the "spectacle", some designers, such as Tommy Hilfiger or F.U.B.U. recruit live bands to perform at their shows (personal interviews 1999). Others fill the first rows with celebrities (Mead 1999).

⁷ The shows do however provide a means for establishing new accounts and procuring licenses (personal interviews 1999).

working in their own studios. However, I found that in this group a larger number of the designers followed more unconventional routes. For many, apparel manufacturing had been a family business which they inherited. Some worked in merchandising or retailing first and then later went on to design. These designers had more exposure to the commercial aspects of the design process prior to taking on the position of head designer, but had little formal instruction on how to develop an original style. Since they did not attend design school or apprentice with high-end designers, they were less likely to form the social links that high-end designers could form with industry insiders.

Accordingly, for MTL designers, ‘inspiration’ for their collections comes from different sources than for those at the high-end. They often look to ads in fashion magazines or trade publications and to reviews of the runway shows for ideas on what to produce. Many also “shop” the NYC retail market on Madison Avenue or in the Soho district to see what is currently displayed in department stores and boutiques, and may purchase or photograph a style they would like to copy. This knock-off strategy is accepted practice in the industry. Several designers were very open about their use of photographs from popular magazines in creating their product, and one even went so far as to say: "I am not really a designer, I'm more of a merchandiser", since his primary job was to coordinate styles to create an affordable collection (personal interview 1999).

The process of actually putting a collection together, however is mediated by many other institutions, the first of which is the textile mill. Several of the designers told me that their decisions on which styles to select and how to adapt them was heavily dependent on the availability of affordable fabrics or yarns. Most of the domestic mills require a minimum yardage, making fabrics costly to purchase and often leaving them with excess inventory. Thus, for many, the choice of fabric may even precede the choice of style (personal interviews 1999).⁸

Other institutions which influence the selection process are the retailers and buying offices. Due to the concentration of retailing power, retailers are not only in a position to select from goods produced by the MTL manufacturers those which will be offered to consumers but also in a position to request that certain styles be produced, particularly as the designers/manufacturers in this segment can not claim exclusivity or ‘identity’ in the marketplace. According to many MTL designers, retailers will often make demands in terms of the colors, patterns or fabrics used, based on last season's sales, and the final collection for a season is generally the product of this "negotiation" (personal interviews 1999). And in the case where manufacturers are supplying private label goods for the retailer, the retailer may co-design with the manufacturer or even usurp the design process altogether (personal interviews 1999).

The buying offices are an extension of the retail trade. They emerged in the 1930s to assist out-of-town buyers to navigate the NYC market. Their primary responsibility is to “edit” the market for a buyer by identifying the local manufacturer(s) whose products and price points would best serve a buyer’s clientele, and to negotiate prices with these manufacturers (Zeitlin 1961, personal interviews 1999). More recently, however, the offices have been playing a more directive role in the actual design process,

⁸ In several of the interviews I conducted, the designers explicitly stated that the design process involved a tension between the concept and the fabric, and that they would often go back and forth between the two before finally deciding on a particular style. This was often the case for smaller high-end designers as well since they could not afford the alternatives available to the larger high-end designers (personal interviews 1999).

suggesting the colors and styles that a designer should use for a particular customer (personal interviews 1999). This trend is due in part to the increasing power of the retailer vis-à-vis the manufacturer in the industry, but it is also due to the unique position that buying offices have. By working with several buyers and manufacturers/designers at a time, these offices are able to acquire insider information on industry trends, and this gives them greater leverage with both the retailers and the manufacturers/designers (personal interviews 1999). Like the forecasting services, they undertake the market research that is too costly or time-consuming for designers to undertake themselves.

The buying offices, by helping manufacturers establish contact with retail accounts, are one venue by which manufacturers/designers can market themselves. Other marketing venues for MTL designers include apparel marts, trade shows, and locally-based trade publications/directories. The apparel marts are designated weeks in the year in which buyers for special markets and price points visit the Garment District showrooms. These weeks generally coincide with a particular market's fashion seasons. The designers have the greatest control over their setting in this venue, as they can select how and what they would like to display in their showroom. The significance of this format is evident by the creation of the NY Fashion Council in 1980 to oversee the scheduling of the market weeks and by the continued agglomeration of showrooms along the main avenues. For some of the specialized markets (e.g., dresses or sportswear), the manufacturers' showrooms are even concentrated within the same building (personal interviews 1999).

While apparel marts remain the main marketing vehicle for the MTL segment of the industry, and a significant, if not the main, vehicle for the high-end segment as well, trade shows have assumed an important position in the industry in the last two decades.⁹ Two major trade show companies, the Larkin Group and ENK International, which combined sponsor over 100 trade shows, were established in the 1980s to make it possible for buyers to see hundreds of manufacturers within a matter of hours (Agins 1999b, personal interviews 1999). The manufacturers/designers who participate in the shows have less control over their setting in this context as they are generally confined to small booths. However, they benefit not only from being seen by a large number of buyers, but also from seeing what other manufacturers have to offer.

A final marketing venue available to MTL designers are the various local trade publications and directories that have been established to further assist buyers in shopping the NYC market, such as the Fashion Manuscript, Infomat's Women's Wear Buyer's Directory, and the Garment Industrial Development Corporation's on-line database. Within the last few years, the Fashion District Business Improvement District has also established a Fashion District Kiosk, located on 39th Street and Seventh Avenue in the heart of the Garment District. The Kiosk serves as an information resource center and provides buyers and the media with listings of New York based apparel manufacturers, wholesalers, and vendors servicing the fashion industry.

These directories and listings are important services for MTL designers because they rarely engage in any form of advertising or marketing. Only the larger MTL companies advertise and they generally do so by taking out ads in newspapers, catalogs

⁹ This institution has become significant for some high-end designers as well due to the introduction of juried trade shows. These shows help to 'edit' the high-end design market for the buyers of specialty stores and boutiques (personal interviews 1999).

or via direct mailings, rather than through established institutions such as the fashion magazines (personal interviews 1999). Part of the reason that the MTL manufacturers do not invest in advertising is that it is too costly¹⁰, but a larger part of the reason is that they are not concerned with long-term image production. In contrast to the high-end segment, the design-marketing link for this segment is tenuous. Instead, these manufacturers compete on the basis that they can provide the styles developed by the high-end designers for a fraction of the price - in essence, through a "commodification" of fashion. And while this "commodification" may challenge the ability of high-end designers to retain their market shares, it also popularizes their styles, allowing for a greater turn-over in the fashion cycle and thus, leading to greater profits for all.

Conclusion

Together, the high-end and MTL design processes constitute the innovative dynamism of the women's ready-to-wear industry in NYC. The first by "mastering" or "intervening" in the volatility of the market through the branding of products, and the second by employing short-term "fixes" to market uncertainty by adapting the high-end concepts for a given fashion season (Harvey 1989). As illustrated here, however, this system does not operate in a vacuum. A local institutional infrastructure provides the concrete plane that links up with a seemingly unique and individual design process. This infrastructure channels the process(es) by developing a specialized labor market, facilitating the linkages between key innovating groups and other groups in the industry, and defining (and re-defining) the use-values of commodities, thus, creating a localized culture or ideology for design production. In this regard, the infrastructure shapes "conventions" or practices which reduce the risks associated with a new regime of capital accumulation and aids in "mobilizing (the) qualitatively distinct forms of physical and intangible resources that go into particular products" (Storper 1997: 136).

The NYC women's wear industry thus appears to exhibit many of the same features as the canonical industrial district of the "Third" Italy. The concentration of flexibly specialized services which support the industry indeed enables the designers/manufacturers to develop or adapt innovative styles at faster rates to continually respond to shifting consumer markets (Piore and Sabel 1984, Crewe 1996). However, some caveats are warranted. Unlike the district in the "Third Italy" or the software industry in Silicon Valley, the relations between economic agents in the NYC industry are not even. Rather, the infrastructure that has emerged is a well-established, hierarchical set of production intermediaries, where retailers and retail-related services yield much of the control. In contrast to Italy, where independent retailer sales constitute 70% of all retail sales, in the U.S., that figure is roughly less than 10% (Balestri 1998, Standard and Poor's Industry Surveys 1999). This feature of the U.S. market ensures that apparel manufacturers/designers continue to operate within a ready-to-wear, wholesale-oriented environment – an environment which necessarily implies a privileging of the economic/commercial over the cultural/aesthetic.

Indeed, retailer dominance, as illustrated above, places major constraints on a manufacturer's design capacities and on the options available for challenging those constraints. This is evident in the shift on the part of some high-end designers to

¹⁰ A one-page ad in *Vogue* can cost as much as \$6,000 (personal interview 1999).

branding and incremental innovation, as opposed to radical innovation. It is also evident in the growing trend by others to compete through the acquisition of more innovative, niche firms, e.g. the acquisition of Toronto-based Club Monaco by Ralph Lauren.¹¹ Such a privileging of commercial interests, however, does not imply the complete emasculatation of "aesthetic experimentation". Rather, it implies that NYC designers can combine the high-volume production associated with Fordism with the re-defined use-values associated with post-Fordism to allow for a hybrid "world of production". In the case of the NYC Garment District, it is this "world" that ensures that the continual evolution of fashion, demanded by the new "cultural economy", occurs in a commercially viable way.

¹¹ For further discussion on the susceptibility towards institutional lock-in within the garment district innovation system, see Rantisi 2000).

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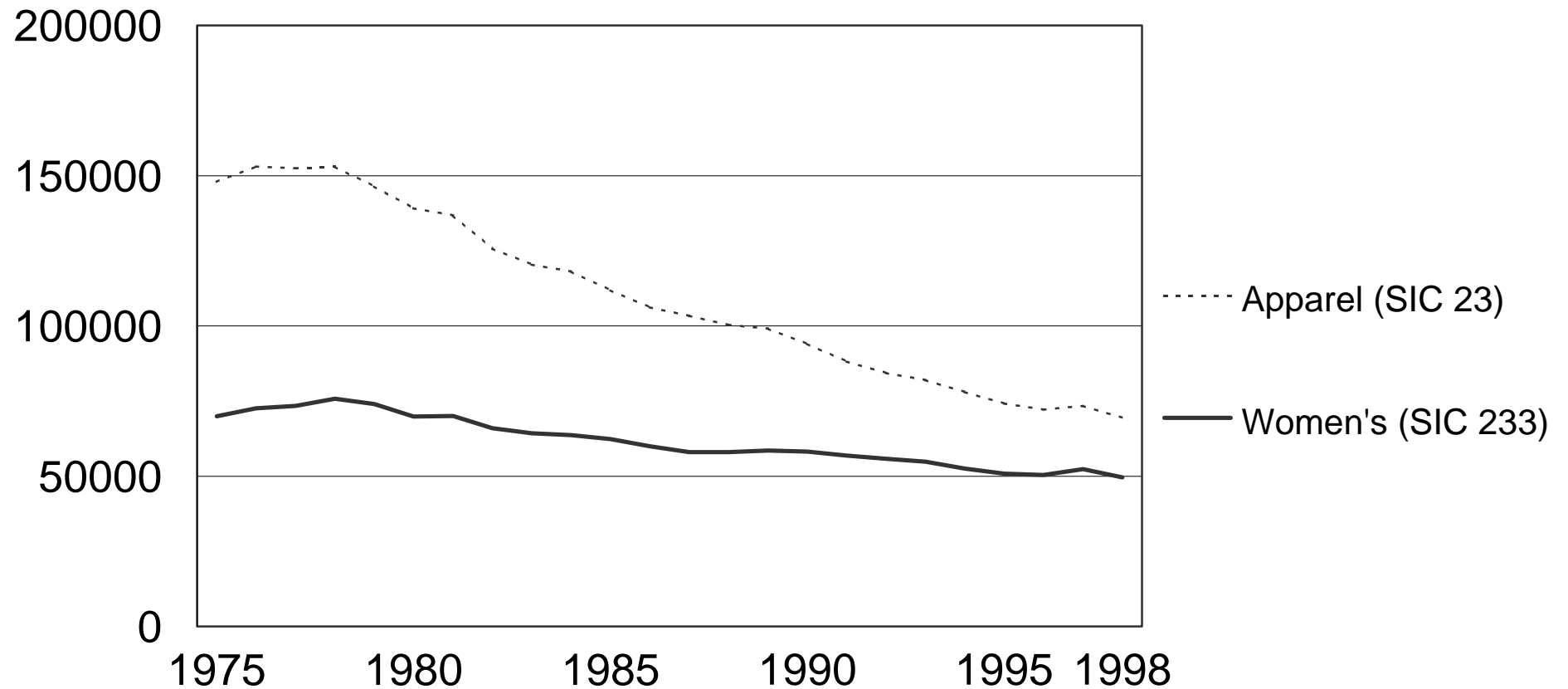
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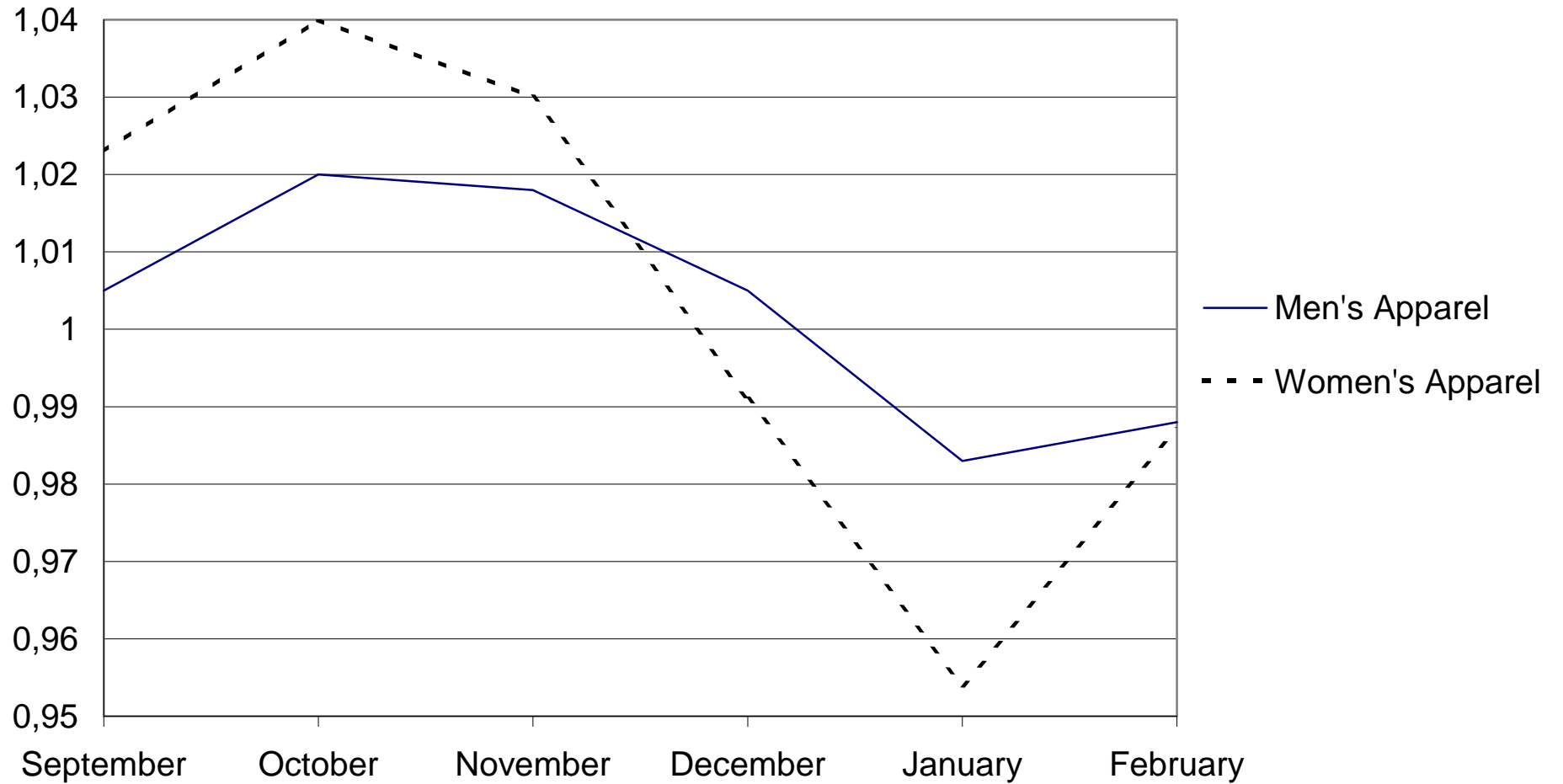
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Employment for New York City Apparel Industry, 1975-1998



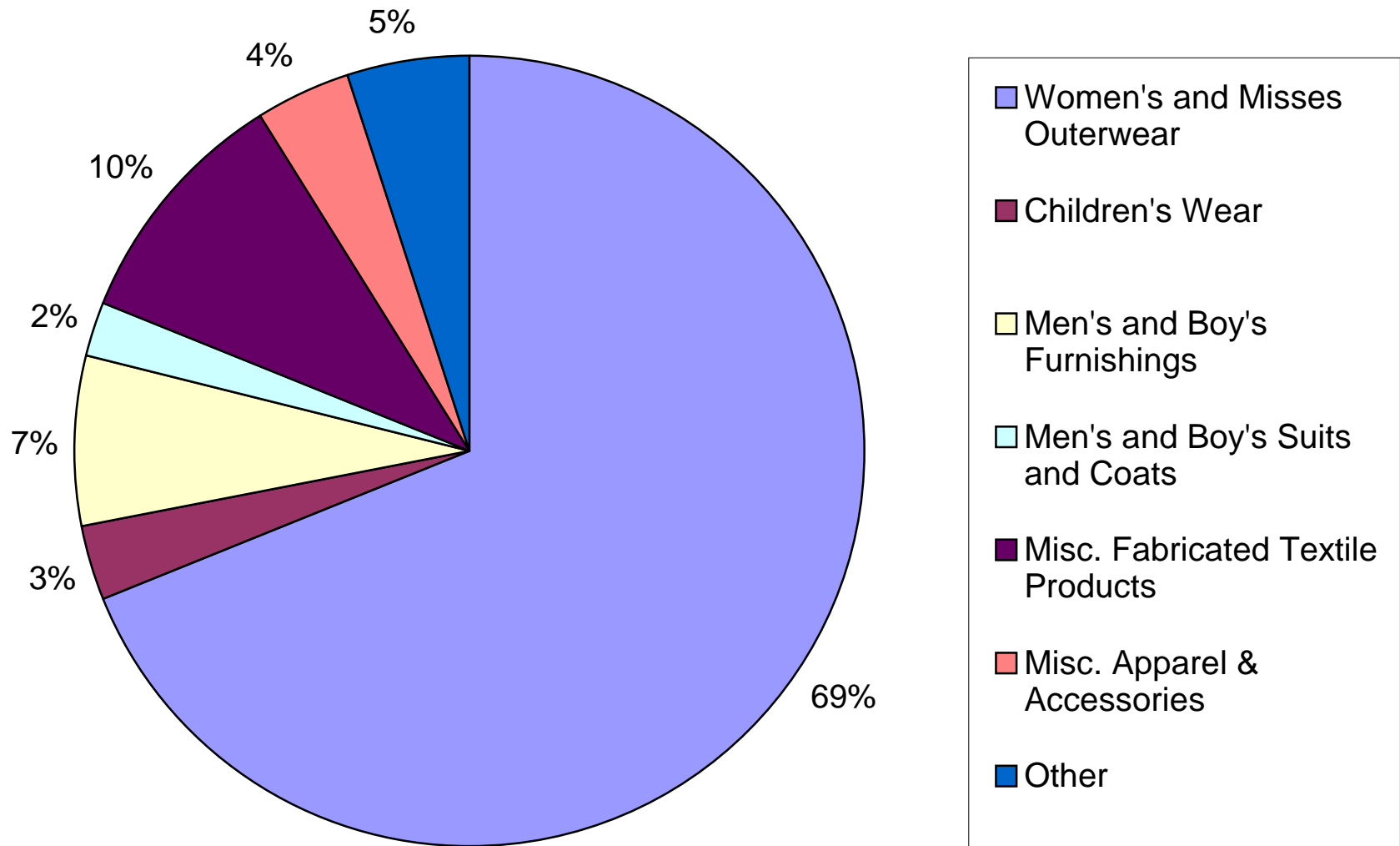
Source: Bureau of Labor Statistics, New York State

Seasonal Clothing Price Variation



Source: Pasigian, Bowen and Gould, 1995, as cited in Durrell, J. (1998) "The Value of Style: Dismantling and Assessing the Style Engine," *The Style Engine*. New York: Monacelli Press.

NYC Apparel Production Shares



Source: New York State Department of Labor, as cited in Herman