Marketing Plan: American Apparel

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A close up of a logo

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1. **Executive Summary**

American Apparel Inc. is a North American clothing manufacturer and retailer founded by Canadian businessman Dov Charney in 1989. AA sells cotton basics, providing quality garments to their consumers. Their jeans, t-shirts, sweaters, and bodysuits have become a staple in the closets of many. The brand quickly gained popularity back in 2007 due to its products being ethically made in the USA, along with the help of social media sites such as Facebook and Tumblr. After being acquired by Gildan in 2017 for 88 million dollars (Highsnobiety, 2016), American Apparel turned over a new leaf, closing all US stores with the exception of its flagship in Los Angeles, CA and began focusing on reinventing the brand online. While AA is no longer fully made in the USA, the brand ensures their products are made ethically, sticking to their mission of being committed to high-quality products, employee care, fighting limitations within the industry, and art, design, and technology (Farfan, 2018).

With all success comes failure and American Apparel has been no exception. An analysis of the company’s strengths, weaknesses, opportunities, and threats allows one to gain insight on what their company is doing right as well as suggestions on how to improve. This marketing plan will include an in-depth proposal for a successful brand relaunch set for Fall 2019. This proposal will discuss growth strategies to build on American Apparel’s current customer relationships, how to target a newer audience through offering innovative products and/or services, and an in-depth budgeting plan to prevent any future debt.

1. **Evaluation and Audit**

American Apparel at its peak in the market not only successfully promoted but enforced the need to spend domestically. At the time, while other companies were outsourcing for cheaper materials overseas, AA was the only brand which manufactured all of their garments and materials from the USA and was doing so fashionably. Although the price ranges of these pieces were not in alignment with their initial target market as young as 16 years old, these prices did not stop its consumers from the desired goods. With its high quality and multi-use basics, suitable for multiple seasons and occasions, these USA produced garments are well worth splurging on. What caused such a trending brand to fail so suddenly?

In order to fully assess American Apparel’s impact in the market, we delved deeper into their previous performance amongst society and competitors. Due to the fact that American Apparel’s original target market consisted of young adults, a lot of AA’s sales came from online purchases, on foot visits, and trending media items. American Apparel suits the more sustainably conscious consumers that are typically not young adults, as they don’t have as much disposable income to purchase basics at a higher price point. When other companies and brands such as Forever21 and Fashion Nova interrupted the market with cheaper fast-fashion apparel, AA’s consumer opted for the more budget-friendly items as opposed to the “USA Crafted” brand. The company, which in 2007 had a growth rate of 440% within a 3-year span and annual revenues of up to $211 million was found under bankruptcy in 2016. Around 2009, AA was forced to accept an $80 million infusion from Lion Capital in order to pay off mounting debt and avoid bankruptcy.

American Apparel has not only lost millions of dollars in revenue, but they also managed to lose a vast majority of their target market and credibility due to their various raunchy ads. The company underwent several lawsuits and criticism because of their use of underage models posing in overly sexualized images. These images were showcased both in stores and in their online visuals. In 2011, the company’s owner, Charney, faced major lawsuits such as sexual harassment and racial discrimination, both of which were filed by former AA employees (TFL, 2017). He was found engaging in inappropriate sexual conduct with employees as well as misuse of company funds. This ultimately led to Charney’s public suspension from the company in 2014. These accusations not only harmed the company’s income, but its brand image as well. The images of teen girls in mini skirts, some of which barely left room for imagination, promoted a vulgar image of inappropriate female objectification that was not suitable for its general customers. *See images below:*



Although American Apparel has previously attempted to actively relaunch its brand through features such as click-through ads and enhanced campaigns. According to Google (2013), this increased their conversions by 100% and click-through-rate sales by 7%. However, these tactics deemed too late for what lied ahead for AA’s future.

1. **Positioning Strategy**

The previous CEO of American Apparel, Dov Charney, was strictly against following trends, causing their stores to solely provide basic items to its consumers. Although their competitors sell basic items, they also carry pieces that are on trend to motivate consumers to continue shopping from the brands. The price tags on these basic items have been questionable to many consumers as they are able to purchase cheaper fashion forward pieces from American Apparel’s competitors. However, AA’s higher price range reflects in the quality of their products due to the fact that their pieces are sweatshop free and made mostly in the USA.

The Gap, H&M, and Urban Outfitters all have similar in-store experiences in comparison to American Apparel. The walls are typically plain and white, causing less visual appeal to the consumer’s eyes. The overall visual displays and set up is basic and straight to the product. Urban Outfitters, as opposed to American Apparel specify their aesthetic by sticking to the trendy, hipster vibes that matches the apparel and other products sold in stores and online. Their stores draw their customers in because of their notably instagramable aesthetic.

American Apparel’s target market consists of both male and female, ages 18-34. Approximately 67% of their users shop from the brand online. This allowed the brand to increase 100% on their mobile conversions. There is currently only one brick and mortar store in Los Angeles, CA as the vast majority of the shopping experience takes place online.

1. **Communicating, Launching, and Evaluating the Brand**

*Brand Positioning*

*A screenshot of a cell phone

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*Budgeting Plan*

Over the past decade, American Apparel has suffered brand amnesia. Although many people have at least heard of the brand, a lot of those people did not know that AA is still in business. In order to have a successful brand relaunch in Fall 2019, American Apparel must utilize a budget of one million dollars towards various forms of marketing. The budget is broken into the following categories:

* **Bi-coastal Pop-Up Shops:** (LA and NYC) ski resort themed event hosted by Quincy in NYC presenting the Fall/Winter 2019 collection and beach themed event hosted by Jasmine Sanders in LA presenting the Spring/Summer 2020 collection. Venue, DJ, catering, influencer payments, customization booths - *$250,000*
* **Celebrity Endorsements:** 1-Year Contract with Zoë Kravitz, Winnie Harlow, and Avan Jogia. Celebrities are required to post about AA once a month for 12 months - *$408,000*
* **Micro-influencers:** Collaborate with influencers in exchange for one static feed post on Instagram leading up to the launch of latest AA collection and one Instagram story taken at the NYC/LA pop-ups. (@davidgrr, @jodiblk\_, @allthingsfatima, @mynamesdiana, @thegreylayers, @bootsthefeline, @natashandlovu, @gregoryvelvet, @ronniebanks) - *$8,350*
* **Macro-influencers**: Send product to influencers in exchange for one static Instagram post leading up to the launch of latest AA collection and one Instagram story taken at the NYC/LA pop-ups. (Barbara Palvin, Jasmine Sanders, Quincy, Dylan Sprouse, Rickey Thompson, Jayde Pierce) - *$67,000*
* **Editorial Ad Campaign:** Billboards in 4 boroughs of NYC (Bronx, Brooklyn, Manhattan, and Queens) for a total of 3 months, one major billboard in Los Angeles for a total of 3 months - $120,000 + $24,000 = *$144,000*
* **Digital Advertising:** Exclusive Newsletter by Highsnobiety (features 10-20 products linking to AA’s e-commerce site. - *$10,000.* Sponsored content on all Highsnobiety social platforms - *$17,000* Advertisement on Teen Vogue website - *$75,260*

**Remaining budget:** *$20,390*

These advertisements will have specific themes to them taken at an environment that is suitable for the products being shown. Instead of proposing racy ads, there will be people of all shapes, races, and sizes to promote diversity and body positivity in a much better light. We will also target sites and other media forms that have previously spoken about American Apparel’s downfall to advertise its latest collection which will allow consumers to see the direction AA is now going in. The remaining budget will go into any last-minute needs for the pop-up events along with paid sponsored posts on Instagram, YouTube, and Twitter.

*Communication Channels*

Our firm’s main attempt for rebranding American Apparel is by disrupting social media with AA’s reposition in the market. With new competitors such as Fashion Nova and Prettylittlething selling trendy, fast fashion items, we will execute this marketing plan from Fall 2019 to early 2020. Over the past few years, consumers have been spending large amounts on single or short use garments that usually become fads. We predict that by the time our plan begins being implemented, majority of consumers will hope to cut down on extremely trendy styles and opt for garments with stronger durability and longer life cycles. American Apparel is perfect for sustainably conscious consumer as it offers a variety of basic items often found with vintage styling or fit which repeats itself in fashion, making purchases from American Apparel timeless. During this rebranding process AA will continue to insource its materials as well as offering consumers recycling outlets for its previous American Apparel items in exchange for items from its new and improved collection. Along with this exchange, we will offer customization of our previous items through in-store booths providing embroidery, fabric dyeing, and more.

In order to do this successfully, we plan to open several pop-up stores and host special appearances to raise press among society. We will recruit both micro and macro influencers and celebrities whom align with our rebranding. We will strive for more inclusive advertising appropriate for all ages, genders, and races. In conclusion, to resurface American Apparel we will not stray away from our initial mission but create a more community centered image where our consumers, employees, investors, and collaborators are equally respected while providing garments to satisfy their everyday needs.

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