

*Marketing Plan: American Apparel*

Marketing Plan

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Introduction + Evaluation and Brand Audit

“Globally sourced, ethically made, still sweatshop free. That’s American Apparel” is the slogan that appears on the about us page of the infamous American Apparel. American Apparel was started in 1997 in Los Angeles where they set the grounds for being able to provide young consumers a vast amount of basics that sets the foundation for their personal style. Another successful sector of their business model came in the form of wholesale goods which made it easy for young entrepreneurs to start businesses with the option to screen print on t-shirts. Competitively, American Apparel also offered its employees wages above minimum and jobs in the U.S. In the 2008, even in a struggling economy, American Apparel somehow pull off a 39% comp. However, what seemed to be a spotless business model turned out to become quite the scandal as time went on.

Problems began to arise when the company found itself in the public eye for not so good reasons. They became infamous due to their lengthy rap sheet of lawsuits and financial hardships. In 2009, American Apparel received a \$80 million infusion from Lion Capital investment firm to avoid filing for bankruptcy. Later that year they also settled a \$5 million dollar copywriting lawsuit against Woody Allen, whom they used a picture of promotions without his permission. In July of the same year, they were found guilty of hosting 1,500 undocumented workers all of whom had to be terminated. In 2011, founder Dov Charney is sued for sexual assault of an employee for the second time (the first being in 2005) the victim saying that he exposed himself during an “interview”. This seems to be a theme as the media bare witness to countless more instances where Charney is accused of some sort of misconduct until eventually in 2014 he is fired by the board of directors. Although a smart move for the company it may have

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been a little too late. Due to negative attention and running out of lifelines, they eventually closed all of its stores and filed for bankruptcy in 2015 (NYTimes, 2015). With the amount of scandal and financial hardships this company has faced, we believe it is best to analyze who we want their consumer to be in the near future and give the brand a full relaunch. The brand reported expected earnings of about six million dollars for the year 2018 from online sales alone (LATimes, 2018) so there is some potential, however there are drastic changes that need to take place including a brand new brand identity.

### Positioning Strategy

With American Apparel's new growth strategy, they will look at what worked in the past and leave their controversial past behind them once and for all. In 2019, American Apparel will target young adults between the ages of 19-28 years old. They live either in New York City or Los Angeles. College students who are interested in and wanting to wear fashionable clothing. They are confident, funny, smart and sexy. They are up to date with what is happening to the world, tech savvy and prefers online shopping than in-stores. Prioritizes brands who have good work ethics and high-quality products and most importantly, eco-conscious consumers.

With American Apparel filing for bankruptcy in 2015 and officially closing all its retail stores in 2017, American Apparel has a lot to work on for their relaunch. They had competition then and even more competition now with the rise of ecommerce stores. Three competitors that can be compared to them are Fashion Nova, H&M and PrettyLittleThing. Each respectively having large followings. Having similar target markets, AA must act to correct their public image and ensure that they attract customers for the right reasons. Fashion Nova being 2018's most googled fashion brand, its obvious American Apparel must catch up. American Apparel has

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about 503k followers on Twitter, 1.5 million on Facebook and 1.8 million followers on Instagram. In comparison to Fashion Nova with their 123k followers on Twitter, 2.3 million on Facebook and a staggering amount of 15.4 million on Instagram. H&M at 8.45 million on Twitter, roughly 36 million on Facebook and 30.1 million on Instagram, while PrettyLittleThing has a social following of 291k followers on Twitter, about 2 million on Facebook and 10.9 million on Instagram. All three brands have a massive competitive edge in terms of online presence. It's more likely that the average consumer runs into the other brands listed before even turning to American Apparel.

Sustainability becoming a major topic in the fashion industry, this is where we can see American Apparel shine. Though they have had a fair share of dark coverage, American Apparel has taken a good approach towards their production of goods. While the other brands mentioned focus on putting out as much clothes as possible. Following the model of fast fashion this lowers quality of clothing and consideration to the environment. American Apparel manufacturing system is built on the idea of upcycling, which means that they use the excess fabric from one garment into additional garments such as headbands, bathing suit tops, belts, etc. American Apparel recycles fabric which in turn means being able to expand its product line, save money and eliminates product waste.

So, looking at it all together the fact that American Apparel has its fair share of scandals in the past it seems rather simple to what they must do. They need to expand their social presence. That is one of the main reasons Fashion Nova has been able to rise to the top at such an exponential rate. While H&M and PrettyLittleThing has their dedicated fan base this allows them to move freely and fluctuate in terms of what they manufacture. American Apparel needs to

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create a bigger solid fan base and expand to other markets. They need to show the audience how they have improved within the company and what they're doing differently this time around.

### Brand Repositioning

As sustainability is becoming a bigger factor in why people choose a brand over another, implementing a more sustainable way of producing American Apparel products would be a new growth strategy the brand can undertake. We believe that a huge selling point for American Apparel was that their products were made in the US, specifically in LA. They were known for their quality in basics as well as well thought out silhouettes that attracted their customers. It would be beneficial for them to gain back their customers by using organic cotton, as well as natural dyes, and overall being more environmentally friendly. People are not only buying clothes for the style, or brand name, but also aligning themselves to what the brand believes in. As seen on runways, fashion was and always will be a way to express ourselves, wearing a brand's product allows consumers to express their belief and approval of what a company is doing. Moving production to a more sustainable approach will help ease the backlash from the old American Apparel and image. The new AA would almost be seen under a new light, allowing the company to slowly re enter the market again. Like Everlane, we plan to upcycle plastic waste and incorporating it into our products. Our factories will also work in a more environmental friendly building with energy saving lights as well as machinery.

Another growth strategy we are implementing would be the use of influencers and celebrities such as Yara Shahidi, Zendaya, and Ariana Grande. Our celebrity endorsement will feature Ariana Grande with a tour merchandise collaboration. Our tees will be designed by Ariana herself and will be sold online and as well as at her concerts. Ariana Grande won the Best

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Pop Vocal Album at the 2019 Grammys. *Thank U, Next* was Ariana's fourth Billboard 200 No. 1, as well as earning the title of the biggest week for a pop album in over a year at units starting at 360,000.

### Marketing Budget

Editorial Ad Campaign - Ariana Grande on Vogue \$220,000

Celebrity Endorsements, 1 Year Contract - Ariana Grande \$500,000

Micro-Influencer Instagram Post Fee - Yara Shahidi \$10,000

Macro-Influencer Instagram Post Fee - Zendaya \$50,000

Fashion Show/Presentation - \$200,000

In-store Party/Event - \$10,000

Advertising (Print) - \$10,000

**Total budget: \$1,000,000**

## Bibliography

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