

S.F. manufacturers celebrate job growth in 2012

BY RENÉE FROJO

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A growing consumer appetite for locally made products is driving the manufacturing sector in San Francisco, steering more SFMade merchandise into retail stores big and small.

More than 100 retailers across the city are now carrying SFMade merchandise in their stores, featuring at least three or more products as part of their collection. Banana Republic is taking its popular SFMade pop-up shop national and the San Francisco Airport will soon launch three dedicated SFMade stores in its international terminal.

"SFMade is gaining brand recognition and proving that things made in San Francisco have inherent value and significance because they're made here," said Todd Rufo, director of the San Francisco Office of Economic and Workforce Development.

For retailers featuring locally made products, it means sales. After several good sales seasons, Banana Republic has decided to replicate its SFMade San Francisco pop-up shop in flagship locations in Chicago, Los Angeles and New York. The retailer has curated a selection from several SFMade members such as Ritual Coffee, Hello Lucky Greetings Cards and Hilside Bags.

For Banana Republic, featuring local merchandise has not only been profitable, it has given the retailer an opportunity to differentiate itself and showcase support for local companies.

"It allows them to generate public goodwill for supporting the local economy by lending a hand to smaller manufacturers," said SFMade executive director Kate Sofis.

For some brands, the payoff from the partnership has been huge. Hilside Bags, for example, has been the top seller at the Banana pop-up shop and has seen a 20 percent increase in its business since it first started working



Featuring SFMade goods in their store allows Banana Republic "to generate public goodwill," says SFMade's Kate Sofis.

with the retailer three seasons ago. "It has been a great opportunity for exposure, bringing more people to our website and reaching different audiences," said owner and designer Hilary Wehlitz. "It has also been a great account to leverage when approaching new stores."

Hilside is now in about 30 retailers between California and New York and continues to grow its sales online.

At San Francisco International Airport, a still undetermined selection of SFMade merchandise will be featured at three independent stores scattered throughout the international terminal. The specially branded SFMade shops are being built by airport concessionaire Host and are set to open in January.

The new stores and increased interest from retailers speaks to the growth of the city's small manufacturing sector. This year the sector has seen 12.5 percent net new job growth, for a total of 3,200 manufacturing jobs. The city's manufacturing sector has become a \$325 million industry. SFMade's member base has nearly dou-

bled to 400 companies in the past year, nearly half of which expect to expand within the next year.

SFMade members manufacture a range of products from medical devices to lighting fixtures, however, 42 percent of the goods are apparel, accessories and other sewn products. SFMade expects the apparel sector to continue to grow at a fast pace, as more retailers realize that local sewing factories are capable of producing small, customized batches of merchandise with a quick turnaround.

Not surprisingly, Mayor Ed Lee has recognized the significance of the sector for the local economy. Among other programs, Lee recently launched the FashionSF Initiative to bolster the city's growing garment-making industry. Garment manufacturing now employs hundreds of Asian immigrants in several dozen sewing factories.

These manufacturers proved that they are capable of standing on their own two feet. While many brands have found their way into retail shops, an increasing number have also started to sell their products directly to consumers. According to SFMade, an estimated 77 percent of companies sell directly through Internet sites and an additional 35 percent through company-owned brick-and-mortar stores.

Several manufacturers are also looking to sell their merchandise in China, where the San Francisco brand holds a strong appeal because of China's ties to the city's large immigrant community. Ritual Rosters, for example, is exporting about 400 pounds of coffee to a retailer in China every month.

"The trend is, made in San Francisco, sold in China," said Rufo. "It showcases that we as a city aren't trying to compete on the T-shirts and mass-marketed products. We're focused on quality, high-end, design-driven specialty products. People recognize that."