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Canadian tuques turn heads south of the border

By DEIRDRE KELLY

Lyndsay Borschke's vintage-inspired hats are made in Canada. Now that she's exporting to the U.S., should she manufacture there as well?

Each week, we seek expert advice to help a small or medium-sized business overcome a key issue.

Hats off to Lyndsay Borschke.

Her city-inspired tuques have been turning heads since their debut at the Toronto International Film Festival in 2013, where celebrities including model Cara Delevingne and Clifford Smith, a.k.a. Method Man, wore them on the red carpet.

The following year, when actress Lena Dunham appeared on CTV's *eTalk* wearing a tuque with the word Toronto in bold letters, the \$38 hats really took off.

"I went from being a one-woman e-commerce show to an incorporated business with three full-time employees, two part timers, a growing wholesale business and a small brick-and-mortar flagship in Toronto, and all before my two-year anniversary," says the 35-year-old designer who helms the clothing business Tuck Shop Trading Co.¹

Ms. Borschke's company designs and sells vintage-inspired outerwear and accessories, including lumberjack-inspired coats with leather-patch elbows and cabin shawl collar sweaters reflecting the colours of autumn leaves.

Its City of Neighbourhoods tuques are modelled after the winter-beating hats worn by *coureurs de bois* – French and Métis fur traders – centuries ago.

Ms. Borschke started with 14 styles commemorating Toronto neighbourhoods. She then expanded to include Montreal, Hamilton, Vancouver and the Atlantic provinces. For the United States, she created tuques for the cities and neighbourhoods of Boston, Chicago, New York and Los Angeles.

From there she launched a line of hats for skiers and snowboarders covering Mont Tremblant, Whistler, Banff and Revelstoke, as well as the U.S. snow destinations Aspen, Vail and Jackson Hole.

Ms. Borschke is looking to build on her momentum and move into new markets, but she perceives a stumbling block.

Her City of Neighbourhoods tuques are made in Canada, which is a source of pride. But that has turned out to be a sticking point for customers south of the border. Ms. Borschke wonders whether she should manufacture State-side.

[Click here to see pictures of Tuck Shop Trading's tuques](#) ²

"My American customers value product made in their own country," she says. "Should I make the move from producing entirely in Canada and use facilities in the U.S. to better service that market?"

Would she save money with such a move? And would logistics be improved for shipping across the border?

The Challenge: Should Tuck Shop Trading consider manufacturing in the U.S. to sell in that country?

THE EXPERTS WEIGH IN

Ashlee Froese, branding and fashion lawyer³, partner at Fogler, Rubinoff LLP⁴, Toronto

You may want to conduct some soul searching to determine what is at the root of your business' brand. If being made in Canada is an integral part of your brand, then be loud, be proud and stick to your guns! Canadian manufactured products are well-respected outside of Canada.

On the other hand, the premise of your business appears to be that its products appeal to a local sense of pride. Given this, it makes sense that U.S.-based customers would have an affinity for U.S.-produced products. Also, in the past few years, there has been a concerted effort within the U.S. to bring manufacturing back to the U.S. As a result, there is a heightened consciousness about where products are manufactured. Patriotism runs deep south of the border – and you could capitalize on that to increase sales. But would that be detrimental to your business' "Made in Canada" persona? This is where the soul searching comes into play.

Brand considerations aside, you also need to undertake a cost-benefit analysis. Perhaps you can juggle manufacturing in both Canada and the U.S. to appease both markets' sense of pride. But would that financially make sense? Are there manufacturers able to produce products in the U.S. that satisfy your business' quality requirements? Will it reduce your costs from a logistical/import standpoint? Are there tax advantages? Will it affect the production costs of your business' products? These are some of the key questions that need to be answered.

Bonnie Brooks, vice-chairman, Hudson's Bay Co.,⁵ Toronto

Part of her success with the City of Neighbourhoods line is that it is local. She's doing very small quantities, and so it wouldn't be too difficult to find a small manufacturer in sync with her vision and ethos in the U.S. in towns where manufacturing is starting up again, especially in the knitting business.

There is a huge movement building around "made in the U.S.A." right now, and so I think it makes sense to do it. But only because it is the U.S. For other countries, I'd think that "made in Canada" would have a cool factor. Canada is seen as a purist country in terms of being legitimately the land of tuques, mitts and scarves, things Ms. Borschke has in her collection of modern Canadiana. So in Europe, Made in Canada would be appealing. It all comes down to the marketing premise. Making products in the same country you're selling in makes sense.

Elisa Dahan and Eran Elfassy, owners and designers of Canadian outerwear brand Mackage⁶, Montreal

When expanding, it's especially important to stay close to the brand you've created. Everything, from the materials used to the production values guiding quality and design, are all things that attracted consumers to Tuck Shop Trading Co. in the first place. Keeping it close to home would help maintain that authenticity.

Further, by continuing to manufacture in Canada, there are cost-effective advantages. One of the biggest is taking advantage of the Canadian dollar, which is weaker than the American. Cross-border commerce is in their favour.

On the manufacturing front, made-in-Canada items are duty-free when shipped to the U.S., so she wouldn't necessarily save on duty. There are less costs involved in overall production of apparel goods in Canada compared to the U.S. But if Ms. Borschke finds that the volume she is shipping south is becoming too much, we would recommend that she consider working either with a distribution office there, or a third party warehouse, while keeping production in Canada.

All in all, "Made in Canada" has a lot of value in the world, and keeping your product Canadian will continue to open doors. Canadian products are known for quality and are very well respected within the industry and among consumers. It's clear that Tuck Shop Trading Co. is no different.

Roger Edwards, designer of Parks Canada Original⁷, a premium line of made-in-Canada casual apparel, Toronto

I would find a manufacturing partner in the U.S. that does similar products and already has distribution in that market, as it is expensive and risky to set up a manufacturing facility in a foreign country without proper sales and distribution.

I would also hire a publicist to find celebrities to gift the products to as this is always a great way to get product exposure.

I would use the Canadian Trade Commission to help expose the products through their channels, which bring buyers together to look at Canadian products at Canadian Consulates abroad. Trade shows are another way to get exposure in different countries.

The Government of Canada also has grants and other subsidies available for companies looking to export Canadian goods from Canada.

THREE THINGS THE COMPANY COULD DO NOW

Think about your brand

Patriotism runs deep south of the border, and you could capitalize on that to increase sales.

Look for a partner

Search the U.S. for one that does similar products and already has distribution in that market.

Use government resources

The Canadian government has grants, subsidies and other help for companies looking to export.

Facing a challenge? If your company could use expert help, please contact us at smallbusiness@globeandmail.com.

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Interviews have been edited and condensed.

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