

# How to Start a Clothing Company

## Lean Startup Guide

The traditional way of starting a clothing company is getting around 6 t-shirt designs screen printed, a nice website, professional photography, logo designed, pay for advertising, and then see if anything sells. You have just spent thousands of dollars in the hope that people will like your brand and buy your products. This is a ton of risk!

**There is a better way**, and that's what this Lean Startup Guide is going to show you. Instead of spending thousands of dollars you are going to get up and running with as little money as possible and as soon as possible. You are going to start getting data immediately and see what works and what doesn't so you can guide your clothing company in the right direction.

[The Lean Startup](#) is a book by Eric Reis, a best selling author that has created several successful startups. It works on a Build–Measure–Learn loop.

The Build–Measure–Learn loop emphasizes speed as a critical ingredient to product development. A company's effectiveness is determined by its ability to quickly build a minimum viable product (MVP) measure its effectiveness in the market, and learn from that experiment. In other words, it's a learning cycle of turning ideas into products, measuring customers' reactions and behaviors against built products, and then deciding whether to persevere or pivot the idea; this process repeats as many times as necessary. The phases of the loop are: Ideas → Build → Product → Measure → Data → Learn.

A minimum viable product (MVP) is the version of a new product which allows you to collect the maximum amount of validated learning about customers with the least effort. The goal of an MVP is to test fundamental business hypotheses (or leap-of-faith assumptions) and to help entrepreneurs begin the learning process as quickly as possible.

A pivot is a "structured course correction" designed to test a new fundamental hypothesis about the product, strategy, and engine of growth.

For this guide I am already going to assume that you have the idea for your brand and have a few designs.

If you want to know what kind of shirt designs sells check out this article:  
<http://www.howtostartaclothingcompany.com/design-apparel-market/>

## IDEA

The first step is creating a hypothesis (the first of many). Your first hypothesis is "*Consumers will be interested in my clothing designs, and they will be willing to purchase my clothes.*"

You could put mockups of the designs and see what kind of response you get, but at the end of the day the only data that really matters is if someone will actually buy the clothes so that's what you need to test.

## **BUILD**

To test your hypothesis, that your designs will sell, you are going to build a website to measure if what you are doing is working or not.

There are many online marketplaces to sell at like Etsy, Amazon, and Storenvy, and a lot of print on demand sites like Red Bubble, DBH, and Tee-Spring. None of these will allow you to use Google Analytics and get the data you need to grow your business. Also these sites allow minimum branding and many other limitations. If you are serious about starting a clothing company you should make your own website.

Website development and e-commerce design is my main skillset and I've been designing e-commerce sites for clothing companies for the last 8 years. I have a longer article [here about why you should use shopify](#), but for this guide I am not going to get into the specifics.

You can create a site in [Shopify for \\$14 a month](#). This will let you have up to 25 products and collect credit cards and payments through Paypal. They have a ton of great themes to fit your brand and you can make changes in the backend to put in your logo, change colors, and add a slideshow.

In the beginning go with a free theme and create the minimum viable product and start getting data to measure the hypothesis. You can always buy a premium theme later that fits your brand better.

Create a logo, but it doesn't have to be perfect. Your brand is going to change so spending a ton of money or time creating the perfect logo at this moment might not even fit with what your clothing company is about in a month or a year. So it doesn't make sense to pay a ton of money right now to get a professional to make it.

For the shirts you are going to go with a Direct to Garment print on demand company that will drop ship the product. Direct to Garment (DTG) is the process of printing on shirts using specialized or modified inkjet technology (kind of like printing shirts with your computer printer). Drop shipping is where a third party prints and ships the t-shirts for you.

### **DTG limitations.**

- The size of the print is limited.
- Neon colors are not possible.

One of the great things about DTG is you can print full color images, so no need to limit your color palette... but if you are looking to transitioning into screen printing later for higher profits you should limit your color pallet.

I would suggest trying [Printiful](#) as your fulfillment company.

### **Prices**

American Apparel jersey shirt prices \$13.95 (white color) / \$14.85 (other colors)  
Shipping costs 5.50 for first shirt (.75 for each extra item)

Get a sample printed for yourself so you can see what your customers will get. Take real photographs of these to show your customers exactly what they are getting. Mockups are nice to give your shop a uniform look, but customers want to see a real picture in the product page.

The profit on these shirts is a lot lower than screen printing but you don't have any risk. Everything is printed on demand so if the worst case scenario is you don't sell any, then you haven't lost any money.

You can test out different t-shirt brands, styles (v neck, tank top), jackets, and colors. This is where printing on demand really helps you. With traditional screen printing you guess what brand of shirt, what color, what style, and sizes will sell the best. Here you can have all the options so you can start getting the data to see what sells.

Try different products. You might not have gone into this with the idea of selling things other than shirts but accessories is a great way of getting more sales. You can try out posters of the designs, tote bags, hats and beanies that are offered in Printful.

Once you do see items selling well, I would suggest you start getting the designs screen printed. This will allow you to make more profit per shirt and at this point you already know what shirt brand, sizes, and color sells so you aren't blindly placing an order. You know from your data what is going to sell. There is no guessing game.

Setup [Google Analytics](#) to get e-commerce data in [Shopify](#). This is what you will use to measure the success of your hypotheses.

## **Traffic and Advertising**

To measure if your hypothesis, that your t-shirt designs will sell, you need to get data. To get data you need to get traffic to your site. Start with all the free options then move to the paid advertisements to get more traffic.

Here is also where you can make another hypothesis about what form of advertising will get the most traffic and the most sales. You can start off with something like “Free social media like Facebook and Instagram will get you the most traffic and sales with minimum cost”.

You might have other ideas on what will be the best way to advertise to get sales and you need to test all of these ideas and measure what works.

## Free options

### Social Media

Facebook, Instagram, Twitter, Pinterest

### Forums

Use Mintees, T-shirt Forums, Hypebeast, any other forums that are in your niche. These forums are a great place to ask users what they think of your brand and also get traffic going to your site.

### Start a Mailing List

Sign-up with [Mail Chimp](#) and start building your mailing list now. It won't get you sales immediately but by building your mailing list you will have the contact info for potential customers and fans. You should keep a separate buyers list (users that purchased something) and also a regular sign-up list.

### Blogs

Blogs used to be very popular but with social media taking off less people use them to find shirts. There are less bloggers out there. Despite this blogs are still great for advertising because it is free and it starts building linkbacks to your site which will make your site appear higher in search results.

List of blogs:

<http://t-shirtblo.gs/>

### Search Engine Optimization

Search Engine Optimization (SEO) is optimizing your site so it ranks in Google. You want to be on the front page for whatever keywords you are going for. People hardly go to page 2 of the search results.

My site gets 80% of its traffic from Google. This is something I don't have to work on anymore and my work from years ago has paid off exponentially. Today I get 45,000 new users coming to my website from Google every month.

To rank in Google you need to have your keyword in the title, url, and description (in shopify you can edit all these). You need to have that keyword in your page and ideally have a lot of content on that page. Beyond that your page rank is also a factor in ranking. Page rank is the ranking Google gives your site based on the quality of backlinks going to your site.

To read more check out [Backlinko](#), a website all about SEO.

## **Paid advertising**

### **Websites**

Look at popular shirt blogs or websites in your market and place an ad with them. If you can, do an A/B test on your ad. A/B testing is just testing multiple ads and seeing what works best. Make two or more ads, test new headlines or images, and see what works best.

### **Facebook/Instagram Advertising**

Facebook has tons of options to target your audience. Do you have a yoga shirt? Target your ads to users that like yoga. Do you have a demographic you are going for? Are your shirts just for men or women? There are so many options to target your audience.

Start by putting down the minimum advertising (\$1 a day) and testing everything out. See what works and gets you sales and increase the advertising dollars.

### **Remarketing**

Remarketing is a technique that enables advertisers to reach out to visitors who already visited a website. You can use an app like [Adroll](#), or use Facebook advertising and add what they call a "pixel" to your site to remarket to visitors that have been on your site.

## **Measure**

Now you are up and running without spending a ton of money. You can start collecting data and measure what works.

Validated learning is defined as a process in which one learns by trying out an initial idea and then measuring it to validate the effect. Each test of an idea is a single iteration in a larger process of many iterations whereby something is learned and then applied to succeeding tests.

Go into Google Analytics and look at the data to measure your hypotheses.

## **Troubleshooting**

One thing to note is that average conversion rates for e-commerce sites are 2-3%. When you are starting out and have less options this number can be even lower. If you aren't getting sales it might not be a problem with your product but that not enough people are seeing your product. In the end you can always target your advertising better but don't worry too much. You are just getting started learning what works and what doesn't. If you stick with this method of validated learning you will keep on figuring out what works best.

If you aren't getting any sales yet, look and see what is working. If you are seeing a lot of traffic from Facebook posts, focus on that more. If you think some tweaks to your paid advertising will give you more traffic and sales, do that. Keep on creating hypothesis about what you think will work best. Analyze your data. If your hypothesis is correct, go with that. If it doesn't, pivot and make a new hypothesis and test that.

## **The Price Hypothesis**

A lot of people think that the price can be the problem. That some people don't want to pay 'X' amount of dollars for a shirt. This may be true to some customers but you also have to keep in mind the total profit.

If a shirt costs \$14 to make and you sell it for \$25. That's a \$9 profit.

If you change the price to \$18.50. That's a \$4.50 profit.

You have to sell twice as many shirts at the \$18.50 price to make the same profit. Find that sweet spot that gets you the most profit.

## **Discount Code Hypothesis**

Some stores do pop-up ads on their site for discount codes. A lot of them ask for something in return either a like on Facebook or signing up for their mailing list. I would suggest going for the mailing list route. You don't have to make this a big number 5-10%, just something to entice someone to sign up for your mailing list.

## **Retargeting Hypothesis**

One of the great things about Shopify is you will be able to add apps to add functionality to your site. One of those apps that is very useful that I mentioned before is Adroll.

You can make a hypothesis like... giving users a 20% discount code will convert them into a sale. Or that giving them a money back guarantee will help them make up their mind to buy. Or simply just reminding your customer about your products can be enough to make a sale. Make a hypothesis and test it.

## **Advertising Hypothesis**

Facebook ads are great for making and testing ads effectiveness. You can do different ad headlines, give discounts, target different audiences. There is so much you can do in this area alone. It's all about testing everything and finding out what works.

### **Get Feedback**

Once you've gotten a sale wait a little while until the product has arrived and ask your customers questions.

"Hi, I am \_\_\_\_\_, from \_\_\_\_\_ clothing company,

Thank you so much for buying a shirt. We are just starting out so we really want to hear back from your about experience."

Next fill in any questions you have that you want to test your hypothesis on. Any hypothesis you want to test you can ask these customers and see what they think.

## **Conclusions**

By doing your clothing company the Lean Startup way, you will be able to build your clothing company with minimal risk and focus on validated learning to building your clothing company. Once you have figured what designs sell the best, you can focus your brand on that.

### **Moving Forward**

Once your brand has been more clearly defined and you are making a profit you can start focusing on branding the website and making the logo better. If you spent a lot of time and money on this in the beginning your ideas could have completely shifted by now and you would have to spend more money and time reworking everything to fit your clothing company's current brand image.

If you are seeing a lot of sales on certain designs you can get these screen printed. Screen printing will give you a higher profit, larger print area, and more color options than DTG but you have to have pay for everything up front. Since you already know what designs are selling and what sizes customers buy it is a lot less risky to screen print your shirts at this point. Screen printed shirts will also allow you to sell your shirts at craft shows and events and also wholesale them to stores. Click [here to check out our recommended screen printer](#).

Another method that you might want to check out that is a little less risky than screen printing but more time consuming is plastisol transfers. Read our article [Why you should use plastisol transfer to print your shirts](#) for more info.

### **Multichannel Marketplace**

Now that you have your website set up you can look into alternative channels to sell your products on. Etsy, Amazon, and Ebay are big ones. They are big online marketplaces where tons of other items are being sold so it doesn't make any sense to spend any money or time advertising for these marketplaces because customers can just leave and buy another company's product. What these sites do provide is another source of income. Try them out and see if they work for your company.

If you are selling screen printed shirts or other items that you have in inventory, there are programs like stitch labs that keep track of the inventory across all channels. If you are just doing DTG you don't have to keep track of inventory.

## Questions I get asked

Should I get my clothing company trademarked right away?

No. Everyone thinks their ideas and name are going to get stolen but the reality is that no one cares or even wants to steal your name or ideas when you start out. Remember to follow the MVP rule. Only do what is necessary to make the minimum viable product.

It is just an unneeded expense in the beginning. Do your homework and see if anyone is using the name you want. You don't want to find out down the road someone already has the rights to your name. Your ideas might change and your name might change, and if you spend money getting a trademark in the beginning that's just money you could have better spent somewhere else. Make some profit and with that money trademark your name.

## Resources

[Shopify](#)

[Lean Startup](#)

[Google Analytics](#)

[Google Keyword Planner](#)

[Facebook advertising](#)

[Mail Chimp](#)

[Printful](#)

[Adroll](#)

Please let me know what you thought of this guide. I'm going to continuously rewrite and add more based on the feedback you give. Any feedback is greatly appreciated.



Is there anything that didn't make sense? Let me know.

Thank you,  
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