

National Textile Center

FY 2003 (Year 12) Continuing Project Proposal

Project No. S02-CD02

Competency: Management Systems

A Model for Optimizing the Textiles Complex Value Chain

Project Team:

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Objective:

The value chain in any product system consists of all the processes from beginning to end of the production/distribution chain that create value for intermediate clients as well as the ultimate consumer. Any company's offering (products and services) has economic worth only to the extent that buyers value that option compared to others in the market. As noted by Da Silva, Davies and Naude (2001), gaps between buyers and sellers on the relative value of competing offers are likely to exist in any commercial market. However, research on buyer and seller perceptions can provide a value chain model that provides a closer match between seller offerings and buyer expectations and therefore a more efficient and competitive exchange system. The objective of this project is to measure buyer and seller perceptions of value of competing purchase options with the goal of developing a value chain model for the textiles complex.

Progress Statement:

To better understand the value consumers associate with different retailing formats and how it might vary from country to country, an exploratory study of consumers in China and the United States was undertaken. Previous studies of value associated with different retail formats or sources of apparel have primarily focused on countries with developed economies. More recently, U.S. industries have recognized the benefits of directing attention to developing economies to expand their customer base (Goldman, 2001). However, entering markets in other countries is doomed to failure if there is limited understanding of the value systems in other cultures and what is considered important in terms of both products and the retailing environments in which they are presented.

A survey conducted in the United States and China indicated that major values associated with purchase of apparel in store environments compared to other retail formats included greater ability to assess quality of the apparel as well as fit. A major difference between respondents in the two countries was the relation of convenience orientation to choice of shopping formats; convenience orientation was a significant predictor of choice of nonstore formats in China but not the U.S.

To initiate the next phase of the project, other universities have been contacted to solicit help in conducting focus group interviews with industry representatives. The purpose of conducting these focus groups is to gain a better understanding of perceived value according to buyers and sellers at various junctures along the value chain. Topics will include both products and the selling environments in which they are situated. Data from the focus groups will be used to develop Internet questionnaires to collect data from a broader range of industry representatives.

Next Year's Goals:

One goal for next year is to lay the framework for the value chain model by focusing on discrepancies in perceptions of competing offerings between buyers and sellers (adjacent members along the chain). Another goal is to position the discrepancy data within a broader context of general industry concerns.

Approach:

As noted above, focus group interviews will be conducted with industry representatives to gain a better understanding of typical offerings and points of conflict between members of the value chain. These qualitative data will be used to develop an Internet questionnaire to obtain more extensive input from the industry.

Outreach to Industry:

Focus group interviews and Internet questionnaires distributed to industry representatives from the fiber, textile, apparel, and retail industries, as well as consumers, will be used to assess the needs and desired outcomes at each stage of the textiles complex value chain. As part of the industry needs assessment, we will identify key areas for fruitful interactions with and outreach to industry. We plan to develop connections with industry professionals ranging from cotton growers to textile finishers to garment manufacturers to retailers.

New Resources Required:

In addition to upgrading digital recording instrumentation for recording interviews with the industry, we will need funding for graduate assistants to help with the interview schedule and questionnaire development and administration as well as data coding and analysis.

References

Da Silva, R. M. V., Davies, G., & Naude, P. (2001). Country of origin and destination effects in buyer decision making: A relationship perspective. Journal of Business-to-Business Marketing, 8(3), 37-62.

Goldman, A. (2001). The transfer of retail formats into developing economies: The example of China. Journal of Retailing, 77, 221-242.