



Expanding Apparel and Textile Market through effective Marketing Strategies: A case study of Bangladesh

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Keywords

*Apparel Marketing,
Merchandising,
ICT,
SMEs*

Abstract — *Apparel and Textile manufacturing industries have been considered to be an important element in Bangladeshi economy. Considering the Marketing strategies widely used by composite apparel manufacturers in a form of direct marketing and relationship marketing. But, its potential has not been incorporated in small and medium apparel companies in Bangladesh. This paper focuses on the development and formulation of effective marketing strategies for apparel industry. The paper also portrays a comprehensive merchandising model and Information and Communication Technologies (ICT) model for apparels companies in Bangladesh. Case study method was used to collect qualitative data for this study. However, several unique strategies were identified and explained in favor of introducing a new platform for apparel textile companies in Bangladesh. This paper is portrayed in this journal to receive feedback in order to publish the study in refereed journal.*

1. Introduction

Basically, the marketing strategies we formulate and implement for better outcomes, all related to Business-to-Business Marketing, Relationship marketing, and overall product marketing. Partially, that entire task goes under traditional marketing, but Garment and Textile product business has a unique way of communication which is commonly used by composite garment and textile companies in Bangladesh. Garment and Textile companies follow and practice a customized strategy to capture market locally and globally. Under this circumstance, a new era is emerging in the favor of Garment and Textile product sectors, which is almost closer to traditional marketing tools and techniques, but a new marketing system is growing faster for better consequence. It could be new Marketing policies that will be known as “Garment and Textile Marketing”, a perfect blend

Conversely, in Garment and Textile sector, the product comes after process, capacity, and machinery. Although, a Brand name exists in this sector, it is not strong enough for a Garments and Textile manufacturer to capture the market. Export marketing decision should be based on Through knowledge of products, and their current and future prospects, understanding of various countries and finally numerous prospect of the customer (Haque, 2002). In order to accelerate growth, a company has to be

of technology marketing, product marketing and services marketing. A customized marketing policy is waiting for opening the window of Garment and Textile companies.

In addition, Garment and textile is only sector where process of production, capacity, machinery, and compliance come first than the physical product. If we take the example of other industries like, cosmetic, toiletry, luxuries product, and food industries, the main focus has always been on the ultimate finished product, process and machinery remain secondary consideration that makes the finished products. For these industries a brand name works as a lift for capturing market. As a result, for these industries a strong brand name and strong product marketing strategies are enough for the promotion.

technologically developed enough to meet the buyer requirement to capture the possible market in home and international ground. This study aims to provide a clear understanding of effective marketing strategies for small and medium companies in order to attract potential market and accelerate current market growth.

2. Garments &Textile industry in Bangladesh

The ready-made garments industry in Bangladesh consists of many small to medium garment factories,

both registered and unregistered, that produce garments catering to foreign Buying houses (Kabeer & Kabeer, 2004). The garment industry of Bangladesh has been the key export division and a main source of foreign exchange for the last 25 years. At present, the country generates about \$5 billion worth of products each year by exporting garment. The industry provides employment to about 3 million workers of whom 90% are women (Doshi, 2006). Globalization has altered the competitive dynamics of nations, firms, and industries. This is most clearly seen in changing patterns of international trade, where the explosive growth of imports in developed countries indicates that the center of gravity for the production and export of many manufactures has moved to an ever expanding array of newly industrializing economies (NIEs) in the Third World (Gereffi, 1999).

Textile and apparel manufacturing industries have been considered to be an important element in economic activity and growth since the beginning of Industrial Revolution for basically two reasons: textiles and apparel are basic items of consumption in all countries, and apparel manufacture is labor-intensive, requiring relatively little fixed capital but can create substantial employment opportunity. Thus, textiles and apparel have been major issues in trade relations among and between many countries (Joarde et al., 2110).

During the last decade, there have been several changes in the international trade agreements for Garment products, which are generating new challenges and opportunities for the export-oriented Garment industry of Bangladesh. In addition, there also prevail several domestic challenges.

In the international market, implementation of the rules and regulations of the World Trade Organization (WTO) and preferential trade arrangements among different groups of countries are of special concern for Bangladesh. In the domestic market, the challenges include lack of backward linkage industries (supplying inputs) for Garment, low efficiency of the workers, and lack of efficient Infrastructure. Thus the main export industry of Bangladesh is facing important challenges (Ahmed, 2006)

3. Significance of the study

In Bangladesh, composite apparel and textile companies enjoy more freedom and scope for initiating different marketing strategies to capture market. Giant companies often maintain a good relationship with international market leaders for

achieving better technological advancement and communication skill. It is quite helpful for the giant companies to get more knowledge about potential market opportunities and threats. Information works as an encouragement to formulate better marketing strategies. Due to lack of resource and knowledge about current and potential market small and medium companies often face difficulties related to formulate new strategies to attract new market for the globally competitive market. Therefore, the consequence of this study could be an important outline for small and medium apparel and textile companies in order to formulate and execute effective marketing strategies for fostering market growth.

4. Methods

The study used a case study approach comprising field observations and in-depth interviews with the key personnel of Opex and Sinha textile group. Case study method allows researchers to keep the holistic, rich and significant characteristics of real-life events. Case studies are applied to topics such as decisions, individuals, organizations, processes, programs, institutions and events" (Yin, 2009).

Interview respondents were identified through judgment sampling method. The discussion of this study is based on qualitative data written in diary notes during the survey. The below techniques were used to collect data:

Interview: This report is based on Primary data collected through couples of in-depth interviews conducted with the key Managers of different units of Opex and Sinha textile Group.

Observation: The Group (Opex and Sinha) is consisting 10 individual private limited companies. Almost a week was spent to gather information from one company.

Secondary information: Secondary information was collected from reviewing reports, newspapers, journals, and relevant documents and Internet.

5. Products and Main Export Markets of Garment and Textile

The apparel sector in Bangladesh has two sub-sectors: garments made from woven cloth, and those made from non-woven material, namely, sweaters and knitwear. These differ in terms of the "effective" trade policy put on them by the US and EU which are Bangladesh's main markets (Kee and Krishna, 2007). Bangladesh is a famous destination for a number of world class buyers, like Levis, Nautica, target, JC penny, Wrangler, Lee, Charming Shoppes, Nike, Wall

mart, Sara lee, Outdoor, American eagle, Perry ellise, TCP From USA and Europe. All the activities are focused for some certain regions. Therefore, finished products are exported to European Union, United States, Canada, Japan, and Hong Kong, India, China.

5.1 Garment and Textile dealing region

Garment and Textile industry, consisting approximately eleven different business entities dealing with each other (e.g. figure: 1). Outcomes depend on effective information and credit flow among business entities. Apparel Manufacturer is the center of all activities. Apparel Manufacturer need fabric as a main raw material for production. Therefore, company is always interlinked with local and foreign textile companies. In case of, composite companies fabric comes from own textile as a result of backward linkage. In Bangladesh, very few composite manufacturers are enjoying this advantages compare to India and china.

In order to meet the demand for ultimate local and international buyers Garment and Textile work together as an individual unit. Companies can be directly communicated by international and local buyers through merchandiser and Buying house. Textile manufacturer follows almost the same strategies as it is performed by garment manufacturer.

In addition, Textile Company needs a very strong supply of row cotton. India, USA, Sudan, Zambia all these countries produce huge amount of raw cotton. In Bangladesh raw cotton is being imported from these countries in order to produce fine quality yarn for weaving fabric.

Without having updated machinery and skilled work force a factory can't increase efficiency level. Italy, Switzerland, Germany, Turkey, all these countries are a good manufacturer of garments and textile machinery. Textiles and Garments acquire machines for production from these countries. Garment and Textile Companies need to deliver the finish products to buyers all over the world. For that a strong distribution network is a crucial to control overall activities. Garment and Textile companies use different local and international shipping and Transportation Company which is called Clearing and Forwarding (C&F) agent. Some companies have their own developed transportation system, but those are not sufficient enough to control the entire market.

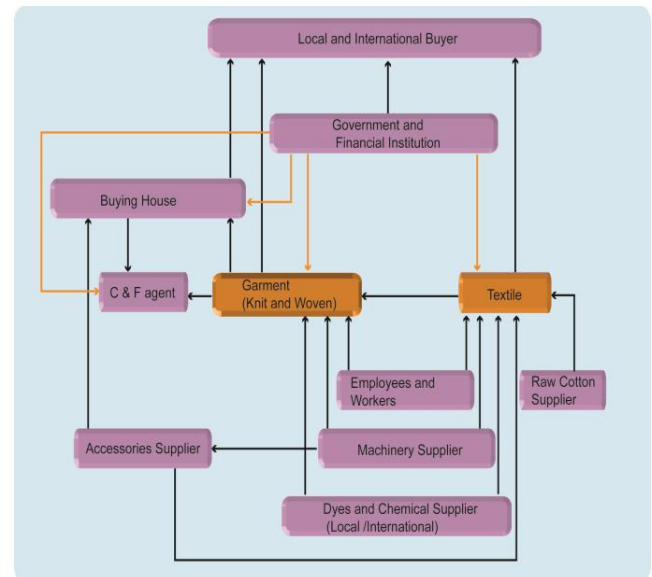


Figure 1: Garments and Textile dealing regions

Dyes and Chemical Suppliers supply dyes and chemical to textile and garments. Textile needs more of dyes and chemical than garments. Only garment washing plant needs to use some sort of chemical for washing purpose. Textile requires good amount of dyes and chemicals. Textile and Garments outsource dyes and chemical from abroad directly or through local suppliers. Accessories supplier maintains good relationship with Garments and Textile directly for better flow of different hanger, zipper, button, packaging materials etc. Without accessories garments product can't be portrayed as finished product. Different types of accessories are used in order to make the product more presentable to buyers.

In this sector credit flow is highly supported by Government and Financial institutions in order to deal with internationally by giving the opportunities of opening LC and finance facilities. Also, different Banking institutions offer long-term loan facilities. International compliance focuses on working environment and labor laws is also very significant for attracting new buyers. Employee and worker policy often play a very imperative role in garments and textile business.

Most of the Garments and Textiles are one hundred percent export oriented. As a result, businesses have very little contribution to local market.

Apparently, the Buying process starts from merchandiser, who plays a very essential role in this sector (e.g. figure: 2).

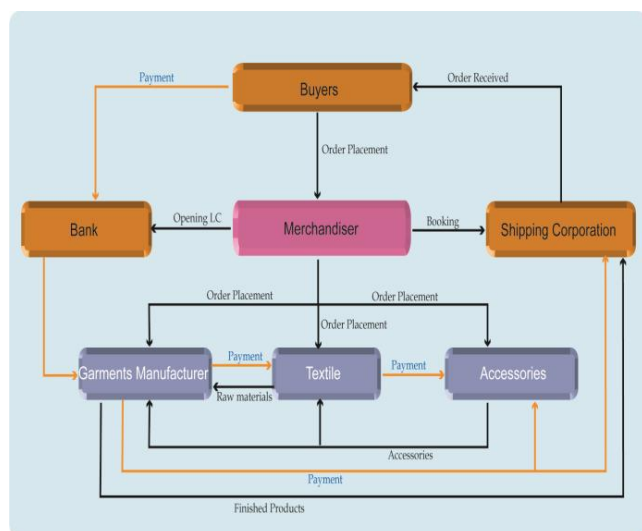


Figure 2: Garments and Textile buying process model

Merchandiser could be factory oriented or Buying house oriented. Buyers directly contact with the merchandiser of a particular manufacturer through ICT tools (B to B market place, E mail) about order placement. After having the formal communication with the Buyer, merchandiser starts working with making further communication with related business entities. First merchandiser talks with the selected Garments about placing order.

Initial stage merchandiser asks for sample production and sends that sample to buyer's destination by courier services from Bangladesh. Once the sample is approved by buyers, merchandiser can go for bulk production. Meanwhile, merchandiser communicates with textile for supplying fabric to garment. Then merchandiser asks the accessories suppliers to supply all necessities accessories to garment. After making the bulk production by garment, finished products need to be sent to buyer destination. Merchandiser contacts with the Bank about opening Letter of Credit (LC) and Shipping Corporation for transporting finished product.

Apparel supply chain (e.g. figure: 5) is patronized by various B to B ecommerce platforms. These forces are changing the nature and dealing process of apparel business frequently.

In Bangladesh many apparel companies are not aware about this emerging platform. Globalization is changing the apparel dealing process in a form of B to B e-commerce. Old economic trends have been added recently by newer globalization trends which affect deeply the apparel supply chain modifying its configuration and intensifying the industry competitive pressure (Cepolina, 2011).

For Apparel Company, distribution channel starts

from Supplier it could be raw cotton, yarn or fabric. Suppliers make the materials available for production. Manufacturer (Garment or Textile businesses) produces the finish product and sends it to buyer by using shipping agent. Or finished products are sent to Buying house as per requirements and it is shifted to buyer by Buying house through shipping agent.

Information and Communication Technologies (ICT) for Apparel and Textile:

ICT in Apparel is a crucial factor for establishing organizational competencies. The entire dealing processes of apparel companies are highly supported by ICT tools. ICT tools are the only way to communicate with international buyers (e.g. figure: 3). Some marketing activities are also done by ICT tools. thus, organization can enhance its competitiveness. Competencies can be reached by the evolution of the companies in the field of ICT networking, organizational networking and knowledge networking (Cepolina, 2011).

6. Activities performed by apparel companies with Buyers through ICT

1. Get the order from foreign buyers through Buying house or directly through Internet
2. Sell the product to the local or international buyers
3. Provide information to the manager of the organization
4. Send the order to the production department
5. Get the product from production department for local and international sale
6. Sales department also send product and report to local store and to the manager
7. Get information from marketing department about market demand.

6.1 ICT model for Garments and Textile

The ICT diagram of Garments industries are illustrated below in Fig. 3 along with the DFD model for Textile and Garments industry (Fig. 4).

7. Effective Marketing Strategies

7.1 Industrial Tour for Buyers

Garments and Textile is the only sector, where product comes last and process comes first. In other businesses the concentration is always on the Product.

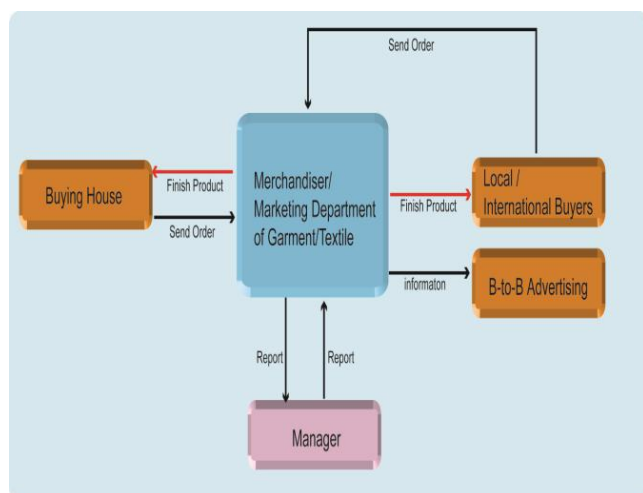


Figure 3: ICT Model for Garment and Textile

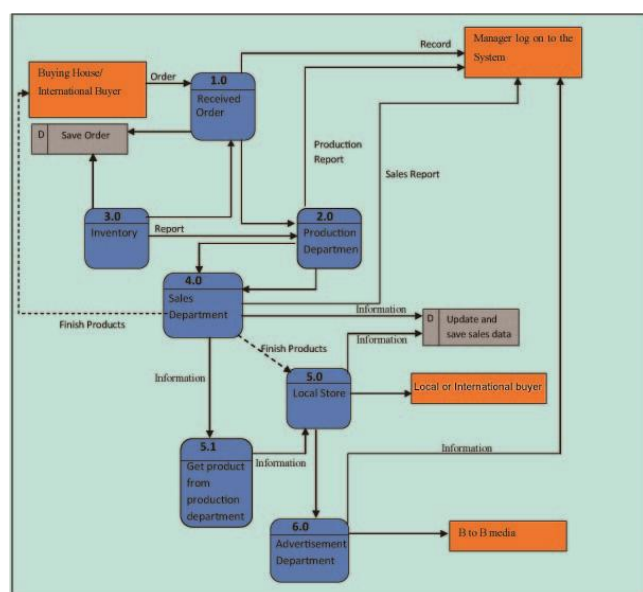


Figure 4: DFD Model for Garment and Textile

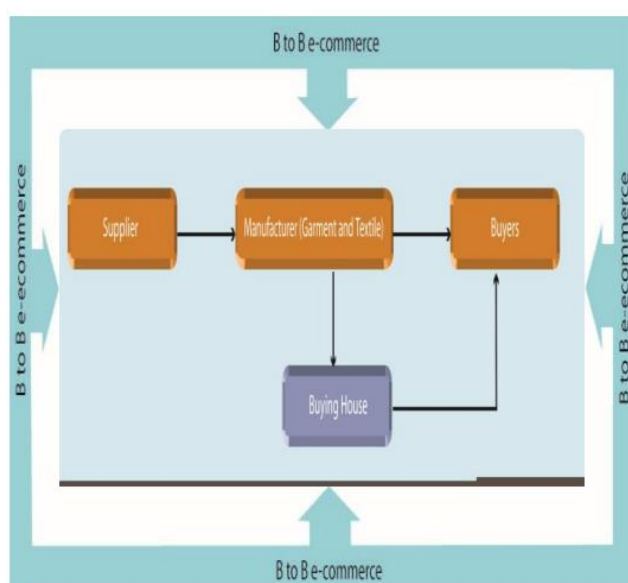


Figure 5: Distribution Channels

Even though, a strong brand image doesn't work to motivate buyers. New Buyers never place any order unless or until they visited the factory and get satisfied. In this sector, brand image works as an encouraging factor not the match-winning factor. Almost 36 world top most international buyers including Wal-Mart, Levi's, Gap, JCP are outsourcing finished products from Bangladesh.

Opex garments, Sinha Textile Group, Beximco, Padma Textile are renowned Brands not only in Bangladesh but also worldwide. Opex is an international brand and it is famous for its quality products. Opex has business with world 36 top most buyers. That means Opex has very good brand image worldwide. This brand image is not sufficient to get a purchase order from a new buyer. Before making any new order, a new buyer usually visits the factory, where it is located and gets satisfied. During the time of visit, buyers generally focus on the quality of the product and capacity of the company. Garments and Textile companies often invite these buyers to visit the factory and get familiar with the capacity and quality.

For other products like cosmetic, FMCG, Luxuries product, this thing doesn't take place. We all know that Unilever is famous brand. So if anyone wants to purchase a bulk amount of product from Unilever, one does not need to visit Unilever's factory and get satisfied because we all know that Unilever has a strong commitment for its quality product. That means the name Unilever works as motivating factor. But in case of garments a strong, superior brand name doesn't have that much power to motivate buyer.

7.2 Activities of Buying Houses

Buying house has the capability to manage or contact with different buyers. In fact, buying houses manufactures garments products and acts like as a subcontractor. In case of FMCG, these middlemen can only trade by simply Buying and receive some profit. In case of Garment, middlemen acts like a manufacturer and coordinator. If the business is a foreign company, the company has to contact with different Buying houses to make the negotiation. Buying house works as a middle men and perform all tasks from manufacturing to export. Buying houses therefore works as a media between buyer and seller.

In that case, the work area of the buying house can be enormous. Buying house contacts with manufacturer of garment products, maintain contacts with textile and manage fabric (later on fabric is sent

to garment manufacturer). The Buying houses also contact Accessories Company for collecting accessories and finally Buying house makes a shipment of the final products. Buying houses usually make profit by getting commission from garments, textile and accessories businesses. Also, Buying house make profit by selling garments product to the buyers and make profit along with commission from garments, textile, accessories business. In fact Buying house works as a manufacture of product.

7.3 International Compliance

Often compliance requirements are treated as pre condition of negotiation by the international buyers. International Compliances issues are the biggest issues regarding Garments and Textile manufacturing. Brand image, quality and productivity will be less important if company is unable to fulfill the compliances requirements. Even world biggest and famous buyers (Levi's, Gap, Nike, and Wal-Mart) consider compliance requirement before they place any order to garment and textile manufacturers. These buyers first ensure compliances requirements than place order. Sometimes, these buyers post their compliance requirements as a banner or posters in front of manufacturing units located in Bangladesh and declare as authorized suppliers.

Garments and Textile companies group maintain top most important to compliance of local and international rules and regulation related to child labor, force labor, harassment abuse, Health and safety issue, benefits, work hour, over time, discrimination and natural environment. Companies also maintain global standard in factory and work management. Highest priority has always been on work place safety. Most of the cases factories are equipped with mechanical, Chemical, electrical hazard free.

7.4 Diversification and Modernization

Diversification and Modernization are also significant issues in this sector. Most of the cases manufacturer wants to diversify and modernize their business so that they can increase the capabilities to meet the demand. For that Textile has a tendency to set up state-of-the-art plants and machinery.

Although, the production/manufacturing is completed by exiting set up, garments and textile set up new plant for showing the capabilities.

7.5 Foreign expert

Almost all Garment and Textile manufacturers rely

on foreign expert. Maximum cases expert are recruited from India, Sri-Lanka and Turkey. These expert works on the top level. These foreign experts work as a Brand promoter of a company. On the other hand, those people are used to convince the international buyers. As Bangladesh has huge business connection with India and Sri Lanka, for that, most of the experts are from those countries.

7.6 Vertical Integration

When we see an organization is known as composite organization, it will make the way clear for the vertical integration. Vertical integration has a great impact over buyers. Buyers feel comfortable to have a business with that composite organization. In general vertical integration means a comprehensive plant that can have the capacity to outsource the raw materials of the production internally. Although companies main focus on ready made garments but many companies stepped to backward Linkage industry with a view to maintaining quality and reduce lead time for export. Many companies have separate Textile division which consists of Spinning, Yarn Dyeing and Weaving, Fabric dyeing, Printing and Finishing, Composite Knitting unit.

7.7 Managing Relationship

Garment and Textile business are all about making relationship with the respect buyers. Manufacturer wants to make a good relationship by fulfilling the desire wants of the buyers. As result loyalty program has been developed and repeat purchase take place.

On the other hand Business has to make very strong relationship with the suppliers. All about making the good flow of supplies from suppliers and finished product for buyers.

7.8 New Product Development (R&D)

Besides dealing business with the buyers companies established its own Research and Development Department to meet the current demand of the customers. This R&D is responsible for developing new fabric construction and meets the buyer's requirement efficiently and effectively.

R & D is using world-class textile design software "dexp" by famous software company "Textronic", India.

7.9 Corporate Social Responsibility (CSR)

Companies provide schooling facilities to the local children and worker children, Health care facilities, day care center for worker children, Canteen and Club

facilities in the factory. For that, companies have established School, College, and Hospital.

Now, Bangladesh boasts a large number of well-known composite apparel companies. Companies are aware that their activities have a major impact on the environment. To save natural environment in the factory area many companies has undertaken a massive tree plantation program. Beside each factory has waste management plant and to avoid hazard.

7.10 Promotional Strategies

Garments and Textile business follow business-to-business concept. As result it has to make a good relationship with the buyers and suppliers. The main promotional campaigns are limited to Magazine advertisements and arranging tradeshow for buyers.

In this sector manufacturer need not go to the buyer rather buyer comes to manufacturer in different ways. Manufacturer needs to formulate strategies to retain the buyers. Manufacturer arranges a formal presentation about product, machinery in front of buyers. It's all about manufacturer capacity, whether they can fulfill the requirements of the buyer. Sometimes manufacturer send Company brochure including Product and machinery setup just to give an impression about company about fulfilling the requirements.

8. Organization Sustainability

According to Costanza & Pattern (1995), Sustainable organization introduces constraints aimed at:

- Lowering material and energy depletion intensity (at production, use and dismissal)
- Avoiding toxic dispersion and lower pollution
- Enhancing using renewable resources and re-using of exhausted tangibles
- Increasing the service intensity (by artifacts sharing and by functions dispensing, etc.)
- Increasing recycling efficiency, with profitability of the new business aiming at the tangibles reverse logistics (from waste, to 'raw' materials)
- Increasing energy efficiency

Competitiveness will turn towards the ability of offering to the customer expected product functions with proper satisfaction and non-renewable resource balance (Cepolina, 2011).

9. Concluding Remarks

Each and every organization has its own way to do

business. Bangladesh has good prospect of Garment and Textile product. We have couple of advantages over other countries, out of them cheap labor cost is one. Textile and Garment have a common flow of changes. Before, Garment and textile happened to be owned by western part of the world. It takes long time to develop and consistently passing through Asia. After developing Asian economy it will again move to another undeveloped area. The main concern is to develop an economy. Right now we have couple of composite mills working very efficiently. But those are not enough for a country to be developed. As we have low cost on raw materials and cheap labor we can use these opportunities and can compete with our main competitors. Some MNC's have found the potentiality of Garment and Textile In our country. For that, a number of foreign investments are coming towards our country. But if we compare our Garments and Textiles with MNC's, variation will not be in terms of quality but in terms of Marketing. Those MNC's have huge budget for marketing activities, but our local companies have very limited budget for formulating marketing activities. All we need to create a competitive marketing system, in order to attract new customer, develop core strength and retain existing customer.

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