

Fashion Economics: FM 4339
Quiz #9 The US Textile Industry
Chapter (10)

Dr. Adomaitis

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Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press.

Please answer to the best of your knowledge the following essay question. Use detail where appropriate. Remember grammar, punctuation & spelling count.

- a. In the introductory paragraph, Rosen discusses vertical integration within retailing. What does vertical integration mean and how has it effected retailing since the inception when mom-and-pop- shops were king? (2pts)

During the 1970's mom and pop shops thrived alongside department stores and discount shops. "When a company is able to create a competitive advantage by integrating different stages of its production process and supply chain into their business; that is called vertical integration" (Amadeo, 2020). However today, vertically integrated U.S. retail transnationals like the Gap and Wal-Mart that sell a vast amount of apparel, have put some department stores out of business. Corporate retailing has new forms and has played a critical role in the globalization of textile apparel complex.

- b. Rosen discussion continues about the elimination of quotas, reduction of tariffs, and the opening of new markets that increase volume and lower apparel costs. Why then, does apparel clothing retail at expensive prices to the consumer. Defend your answer. (2pts)

Quality basics cost a high amount due to the traditional distribution chains. Apparel clothing is expensive because of exports and imports. "Government trade protection results in making items 10 to 30 percent more expensive" (Hamilton, 2017). The United States barely competes in the clothing manufacturing industry. Clothing is more expensive in America because it is outsourced in other parts of the world.

Rosen, E. I. (2002). The Globalization of the U.S. Apparel Industry: Making Sweatshops. University of California Press. (cont.)

- c. Rosen states that in 1977, there were four (4) major holding companies in retailing – (1) Federated Department Stores (2) Allied (3) May and (4) Dayton Hudson. Please find one (1) article that discusses each of the holding companies today. Bring your four (4) articles to class.

All (4) articles linked on reference page.

- d. What has happened to the couture fashion industry? How did private label emerge in the industry? What is the significance of private label to retailers? (2pts)

The 1970's was a time of decline for the couture industry. "Well-known couture fashion designers had produced individualized clothing for wealthy patrons" (Rosen, 2002, pg. 182, par. 3). Many designers decided to take advantage of higher volume sales and ready to wear women's apparel as their clientele began to shrink. These couture designers began to lend their name to clothing producers who hired their own designers to create fashions with designer labels.

During the beginning of the creation of private labels, it was first misrepresented as cheap in quality. "The idea of private label frequently is born out of a competitive reaction to high-priced merchandise" (History of Private Labels, 1992). The idea of private labels emerged from competitive reaction to high priced merchandise. Private labels are significant to retailers because they have a better chance of controlling the supply chain. Retailers also spend less on brand marketing and brand building expenses. This makes it easier to provide products for brands at a lower price.

- e. How did discounting become such an important part of the retailing industry? How has discounting grown since the 1950's? What do you think is the significance of discounting retailers such as those that are in *Tanger* and *Prime Outlet Shopping Centers* in San Marcos, Texas?

Discounting among apparel retailers in the 1980's had experienced some growth and expansion, discounting played a huge role in the restructuring of the textile apparel and retail complex. "Discounting was deeply implicated in efforts

by retailers to further liberalize trade in textile and apparel” (Rosen, 2002, pg. 185, par. 1). Discount stores has existed since the 1950’s. At first, they sold low priced goods rather than brand name goods sold in department stores. Discount stores did not become a threat to department stores until the mid-1970’s.

Reference

Amadeo, K. (2020). *Vertical Intergation: Pros, Cons and Examples*. Retrieved from. <https://www.thebalance.com/what-is-vertical-integration-3305807>

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