

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

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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)

The meaning of vertical integration is big brands gaining control over the retail industry the with their vast production and distribution (Rosen, 2002, p.177,par.1). Vertical integration in retail allows bigger brands to gain the upper hand in the industry through direct ownership. Companies can easily take over by establishing their own manufactures, suppliers and distributors (Hayes, 2024). This puts the company in a position of success because they gain greater control over their chain operations and low cost. As an end result the company will increases in size and market power.

Vertical integration has effected the retailing industry and other industries overtime . Bigger supply chains like Walmart and Gap were apart of the vertical intergration that brought decrease of customers to mom and pop shops. Previously mom and pop stores would be able to stand their ground against big departments stores. Mom and pop stores gave a sense of personalized service and support of local communities. Since vertical integration mom-and-pop stores customer ratio have went down due to bigger companies market power and production rate. Small businesses like a mom and pop have a lower qauntity of items and options.

- a. 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)

Even though there is an elimination of quotas, reduction tariffs and the opening of new markets. The apparel industry can be seen to offer a more higher price to the customers due to the company wanting to make a higher profit. Companies must now have to focus on selling more textiles in order to increase their market share (Rosen, 2002, p.177, par.3). Companies may also factor the cost of marketing, advertisement cost, seasonal trends, and rent expenses when marking up prices. Elimination of quotas and reduction on tariffs can lead to a competitive landscape between companies. Which can be a good or bad thing. Challenging companies can give them room to adapt to change and innovate.

Talk about make ups and collaborations with other designers
Branding and marketing, labor cost,

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

- a. 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.

The Federal Department Stores can be seen as stores like Saks Fifth Avenue, Macys or Bloomingdale's. Macys is ranked as the one of the major leading department store in the United States, with sales over 24 billion U.S dollars (Smith, 2023). The federal departments stores can be seen operating Bloomingdales.

Allied stores Corporations had a major part in retail through their connection with owning many department stores. Allied can be responsible for handling seven department stores before filing for bankruptcy. They were originally known as Honda. The company was founded in the United States during the 1930s, as a part of general consolidation. General consolidation has to do with a

change in market dynamic or competitive pressures. In the late 1980s, Allied Stores combined with Federal Department Stores Macys.

May Department Store Company dates back to 1877, the company operated companies like Lord & Taylor and Marshalls field. Down the line May department turned into a Macys store due to market expansion and cost. The company was funded by David May, in Colorado. David was previously a sales men working in the retail business. He saw opening up as a way to make great profit and felt like he had a lot to offer the business given his knowledge of retail. Known for they way they interacted with their customers.

Daytona Hudson Corporation can be known as Target due to the company changing its name. The name change occurred when the company decided to shift a discount retail market. The name "Target" was seen as a better name that reflected the companies goal, which was to become the preferred shopping destination and provide merchandise at a discounted price for their consumers. The logo also is one of the most recognized logos alongside side of McDonald's and CocaCola. Daytona had become one of the largest retailers in the United States during the 1990s and still is today.

Target stores became synonymous with affordable style, quality products, and innovative marketing, making Target Corporation one of the largest and most successful retailers in the country.

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 couture fashion industry has had many changes throughout the decades. Wars and the economy has made an impact on shops. Many couture shops have had a decline and people have shifted from couture to fast fashion, or ready - to - wear due to affordability.

Private label have merge

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?

The 1950s marked an era where discounts became a huge part of the retailing industry. During the mid 1950s discount stores have evolved over time, it started out as lower price unnamed goods at a lower cost (Rosen, 2002, p.186, par.2). This later adapted to discount stores selling the same items at a lower cost, This led to a decline in discount stores.

Refrenes

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