

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

Dr. Adomaitis

_____ (Shaimelys Marcano) _____

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)

Vertical integration is when all stages of production are controlled by one company through the mergence of companies in the same industry that are at different stages in the production supply chain. Vertical integration has affected retailing since the inception when mom-and-pop-shops were kings because it has caused the majority of them to go out of business. Vertical integration

- 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)

Apparel clothing retail at expensive prices to the consumer because the retailers have many expenses to take care of, therefore the must make a profit to stay afloat. The apparel retail business owners must pay for advertisement, workers' salaries, rent, and electricity & water bills.

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.

(1) Federated Department Store:

Federated department stores. Federated Department Stores - Ohio History Central. (n.d.). https://ohiohistorycentral.org/w/Federated_Department_Stores.

(2) Allied

Barmash, I. (1987, January 10). *The breakup of ALLIED STORES.* The New York Times. <https://www.nytimes.com/1987/01/10/business/company-news-the-breakup-of-allied-stores.html>.

(3) May

team, T. C. H. (n.d.). *May company.* Cleveland Historical. <https://clevelandhistorical.org/items/show/241>.

(4) Dayton Hudson

Austin, D. (2021). *Hudson's department STORE: Historic detroit.* Hudson's Department Store -. <https://www.historicdetroit.org/buildings/hudsons-department-store>.

- 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 began to decline. With the evolution of garment apparel industry and the mass production of ready-to-wear clothing, people no longer needed custom made designer clothing. They could go into a department store and buy similar garments that had been showcase in fashion shows for a bargain. These clothing came in different sizes to fit all shapes and sizes, therefore there was no longer a high demand to

get clothing tailored. Initial couture fashion was intended for the higher class wealthy people but as we saw a an economic downturn in the 1970s, lower income resulted in a much lower demand of couture apparel (Rosen, 2002, p. 179, par. 0). People just could not afford to purchase such expensive apparel so they turn to more cheaper mass produced apparel garments.

Private label emerged in the industry because when designers saw themselves at the end of the road with the decreasing demand of couture, they saw the higher sales in high-niche ready-to-wear apparel as an opportunity to once again flourish (Rosen, 2002, p. 182, par. 2). Designers would the license their names and granted producers the permission to hire designers who would design new fashion trends under the label of that particular designer.

The significance of private label to retailers was that it became a way to “create greater levels of backward integration” (Rosen, 2002, p. 183, par. 1). Retailers, manufactures, merchandisers, and importers could all produce apparel under new private label brands.

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 became an important part of the retailing industry because it was a way for retailers to reconstruct the textile, apparel, and retail industry through the liberalization and globalization of trade (Rosen, 2002, p. 185, par. 0).