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Review Paper

Bangladeshi Local Apparel Products Need Proper Branding to Sustain in the Competitive Market

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Abstract

The importance of the textile industry in the economy of Bangladesh is very high. Local clothing brands are flourishing on the back of increasing demand from domestic buyers The rapid growth of the RMG industry in the country has not been enough supported by the growth of backward linkage facilities. Environmental changes, intensive international competition, unpredictable consumer demand, and market trends of variety and short product life cycles, compel the Bangladeshi textile and apparel industry to focus increasingly on the consumer as a way to meet these challenges. So, proper branding and manufacturing the quality product is mandatory to sustain in this global competitive market. Attracting the customer through proper branding with quick response has established new business strategies, new relationships and new procedures to speed the flow of information and merchandise between retailers and manufacturers of apparel and textiles. The objective of this paper is to briefly review competitive strategies in branding that are relevant to the Bangladeshi apparel industry, focusing specifically on differentiation and branding methods. Applications to both textile and apparel firms are made and a potential structures by which local brands like Cat's Eye, Westecs, Artisti, Kay Kraft, Aarong, Banglar Mela, Dorjibari, Lubnan, Artness, etc, may develop brands potentiality is introduced. This paper will aid industry in the development of textile and apparel brands, as well as recommendations on brand strategy and creation. A general overview of this paper is given below.

Keywords: Branding, competitive strategies, customization, differentiation, textile and apparel industry.

Introduction

The garments manufacturing sector earned $19 billion in the year to June 2012, one of the impoverished nation's biggest industries. Bangladesh is the world's second biggest exporter of clothing after China[1]. Readymade garments make up 80 percent of the country's $24 billion in annual exports. Consultancy firm McKinsey and Company has said Bangladesh could double its garments exports in the next 10 years[2]. Due to increasing demand of sustainable apparel design, environmental changes, market competition, unpredictable consumer demand, market trends of variety, short product life cycles and low barriers of entry the textile and apparel industry is one of the most highly competitive manufacturing sectors in the world[3]. As obstacles to trade among nations have declined due to improved transportation systems, technology transfer and government cooperation, the industry has seen a rapid increase in globalization and competition[4]. A specific area of concentration has been on branding as a means of textile and apparel differentiation. This strategy has become increasingly popular with manufacturers and retailers in an attempt to achieve the sustainable consumer appeal and profitability for which they strive[5]. The paper will begin with identifying key competition issues in branding and then gradually narrow into specific strategies and their application to strong brand creation in the textile and apparel industry. The research objectives of this paper include: i. Identify key competitive issues in the textile and apparel industry, ii. Discuss brand as a strategy, including brand models, iii. Direct application of these strategies to the textile and apparel industry.

Competitive Forces: Currently there are four major areas in which the textile and apparel industry is facing significant struggle: trade, economic policy, product development and retailing[6,7]. With the World Trade Organization's elimination of quota in 2005, Bangladeshi local brands needed to be more customers focused and quality products to sustain in this competitive global market. Economic policy, has greatly affected the ability of local industry to compete[8]. With a strong U.S. dollar and competing countries floating exchange rates, it is difficult for Bangladeshi products to be competitively priced in either domestic or foreign markets[9,10]. Development of customer focused quality products also mandatory for local brands to sustain in the market.

Forces Driving Brands and Industry Competition

Applications of the five forces to the textile and apparel industry are an important issue in quality products with sustainable branding in the competitive market[10].

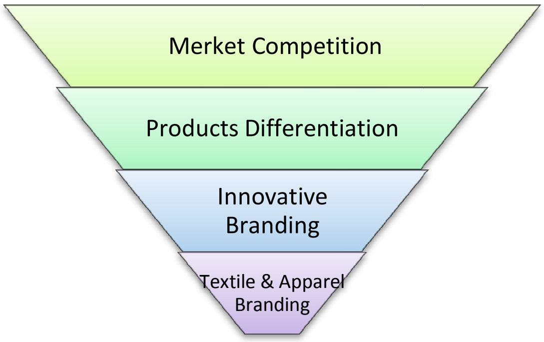

Figure-1
Branding as a Differentiation Strategy in the Textile and Apparel Industry

Figure-2
A showroom of a local clothing brand in Dhaka, People are increasingly becoming fond of local brands

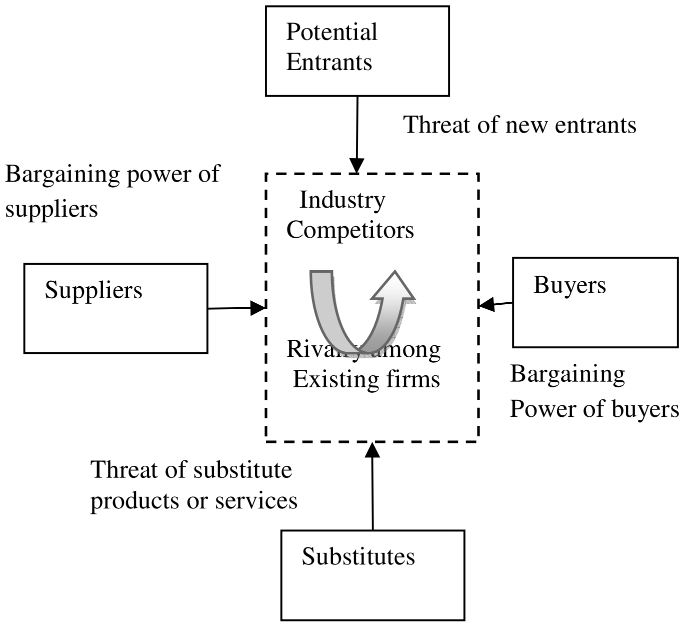

Figure-3
Forces Driving Brands and Industry

Potential New Entrants: Obviously the potential new entrants pose a threat due to the increased level of capacity they afford. Such additional supply could drive prices down and cut into the profits of current producers. The chance of newcomers entering the market depends upon many variables like economies of scales, product differentiation, capital requirements, switching costs; government policy and so on which can play a role in market entry and the ability to compete[9].

Rivalry among Existing Competitors: The intensity of rivalry among brand competitors depends upon the level of saturation within the industry. If in order for one firm to gain market share they must take it from a competitor, the level of rivalry that exists is high, often resulting in retaliation and price wars. Rivalry may stem from a variety of sources i. numerous and equally accessibility of distribution channels, balanced competitors; ii. high fixed or storage costs; iii. economies of scale and overproduction; and iv. high exit barriers such as economic , strategic, and emotional factors.

Competition from Substitute Products: The threat of competition from substitute products occurs if multiple products are found to perform the same function. Such substitutability relinquishes much of the control from the firm to the consumer. No longer is the consumer at the mercy of the producer for quality, price or availability; instead producers have to worry about savvy consumers and must offer a superior product to avoid the loss of market share[11].

Bargaining Power of the Buyer: Bargaining power of buyers occurs when power is given to the buyer and demand for lower prices, increased quality and more services are made. The amount of power enjoyed by a buyer group may be determined by the concentration of buyers or volume of purchases[12]. Additional occasion for high levels of buyer power may occur when the purchase represents a large portion of the buyer's overall expenditures, if differentiation and switching costs are low, if there is likelihood of backward integration and if the buyer is fully informed about demand, market prices and supplier costs.

The Bargaining Power of the Supplier: Bargaining power of suppliers is a concept that mirrors the bargaining power of buyers, the level of concentration within both the buying and selling industries affect the bargaining power of the supplier[12]. Probable instigators of supplier power can occur in the event of highly concentrated suppliers and fragmented buyers; few or no substitutes; the level of importance of the customer group or industry to the supplier; the significance a supplier's product plays as an input into a buyer's end product; the level of differentiation or switching costs; and the likelihood of forward integration.

Competitive Strategies: A firm experiences competitive advantage when its actions in a market create economic value and when few competing firms are engaging in similar actions. Firms gain competitive advantages when their theory of how to compete in a market is consistent with the underlying economic processes in that industry or market. The three main Competitive Strategies are Overall Cost Leadership, Differentiation and Focus.

Overall Cost Leadership: Cost leadership requires the firm to implement or attain a variety of competencies including efficient-scale facilities, vigorous pursuit of cost reductions from experience, tight cost and overhead control, avoidance of marginal customer accounts, and cost minimization in protection against the bargaining power of suppliers. And the firm controls its costs from every aspect of the operation Particular.

Differentiation: The ultimate goal of differentiation is to create a product or service that is perceived by the consumer and/or industry as unique and having superior attributes or value. A successful differentiation strategy allows for products to command brand loyalty and a corresponding reduction in price sensitivity – both helping to overcome the pressures of competitive rivalry. Differentiation may occur in any of the seven forms: i. Product features ii. Linkages between functions iii. Product mix iv. Timing v. Location vi. Product mix vii. Links with other firms Reputation.

Focus: This strategy may apply cost leadership or differentiation to a very specific market or segment of the market. The goal of focus is to serve a group or market more efficiently than those firms that try to serve a broad population.

Differentiation

Differentiation is a firm's attempt to create a product or service that is perceived by the consumer and/or industry as unique and having superior attributes or value. It is important to note that the existence of product or service differentiation lies in the mind of the consumer. In fact, two products may be identical, but are presented in such a way to the consumer that they believe one superior to the other[5, 14]. Regardless of the means by which a firm differentiates their product, for it to be successful three characteristics must exist:

A successful differentiation strategy should → Generate customer value
→ provide perceived value
→ Be difficult to copy

Figure-4
Successful Differentiation

Economic Value of Differentiation: Although management and marketing are the disciplines that govern competitive strategies, it is important to consider the economic ramifications associated with differentiation[14]. We should keep in mind that the firms have no control over prices, they produce and sell at the point where marginal cost is equal to marginal revenue, thus maximizing economic performances under perfect competition.

Differentiation Strategies: Exploration of differentiation strategies has led to the development of ways in which a product or firm might create a unique offering that commands a price premium. Through effective application firms sustain these competitive advantages and avoid imitation by others, thus bidding away the average profit that lead the firm to invest in uniqueness[14,17]. Differentiation takes on more of a marketing strategy and is divided into four major areas of differentiation:

Table-1
Market Differentiation Strategies

Product Differentiation	**Service Differentiation**	**People Differentiation Differentiation**	**Image**
Features	Delivery	Employee hiring	Images
Performance	Installation	and training	Signs
Style	Repair	Customer Contact	Symbols
Design	Customer	Competence	Logos
Consistency	Training	Courtesy	
Durability	Consulting	Communication	
Reliability	Services		

Branding

Branding Definition: A brand, as defined by Keller[14], is "a product, but one that adds other dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible – related to product performance of the brand – or more symbolic, emotional, and intangible – related to what the brand represents". Mariotti[15] defines a brand as "a simplified 'shorthand' description of a package of value upon which consumers and prospective purchasers can rely to be consistently the same (or better) over long periods of time. It distinguishes a product or service from competitive offerings". The definitions offered throughout the various articles and books on branding are quite different and abundant, but the commonality among them all is that they provide manufacturers and retailers a means by which they can enter the mind of the consumer as with some sort of differentiated value.

Brand Identity: According to Randall[18], there are many different dimensions of a brand and in order to better understand the various aspects, it is first necessary to differentiate brand image and brand identity. Brand image is what exists in the minds of consumers. It is the total of all the information they have received about the brands – from experience, word of mouth, advertising, packaging, service and so on. Brand identity is what we [marketers] transmit to the market place – it is what is under our control, provided that we understand the essence and expression of our brand. According to figure "Branding Essence," various dimensions of a brand – functions, personality/image, differences and sources - determine the brand's essence[19]. The essence is what is held in the consumer's mind – the brand image. If any of the brand dimensions are incoherent, then the brand image is no longer consistent with the identity that the firm wishes the brand to present and the dimensions of the model must be scrutinized and "tweaked."

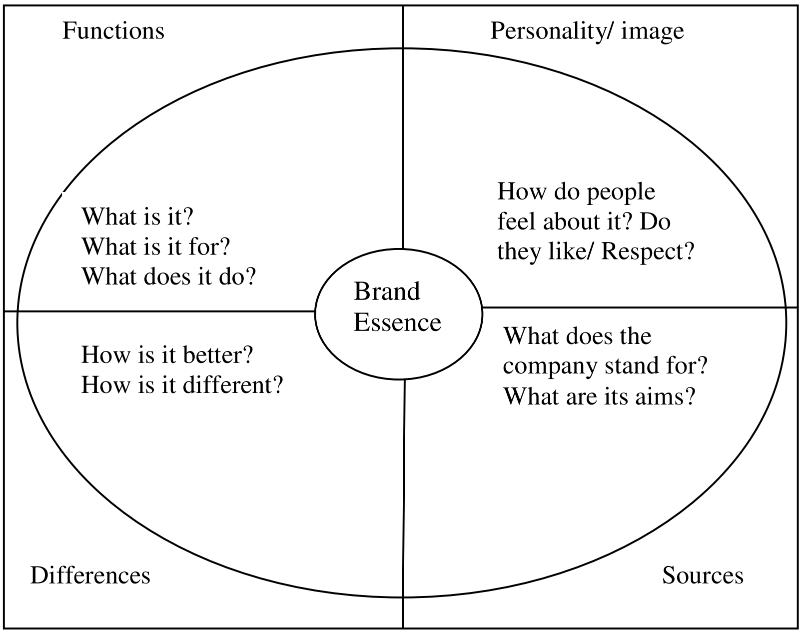

Figure-5
Branding Essence or Brand Identifying features

Significance of Branding: To compete in the local and international market the significance of branding are huge. As indicated by Murphy[20], brands are valuable to firms at two different levels: i. as a credible guarantee to consumers of value and satisfaction that evoke sales and future cash flow through loyalty; and ii. as a strategic position by manufacturers to communicate with consumers and gain control over distributors and retailers. Effective branding benefits the consumer and the manufacturers. A firm may get strong market position by creating a strong branding. Brands help the employees focus and make decisions more easily.

What makes a strong brand?: For a brand to be a success, Stuart[22] identifies four pillars of a strong brand: i. Differentiation: what is its distinctiveness and uniqueness? ii. Relevance: is it personally relevant in price, package, form etc.? iii. Esteem: does it measure up to expectations: is it special? iv. Knowledge: do consumers know and understand the brand?

The four pillars are ways in which a brand must be created and perceived in order to thrive and well compete and sustain in this global market.

Brand Models: A variety of brand models are seen throughout the literature and four will be considered in paper. The first "Brand Identity Planning Model," was presented by Aaker and Joachimstha[23]. It presents a structure by which a firm may analyze the three components that shape the competitive environment – customer, competitor and self.

The second model introduced the "4-D Model of Branding" is by Gad[24,25.] This model has four different dimensions that contribute to branding which are: Function- concerns the perception of benefits of the product or service associated with the brand, Social- concerns the ability to create identification with a group, Spiritual- the perception of global or local responsibility, Mental: the ability to support the individual mentally. These dimensions are needed to evaluate the brand's potential strengths and weaknesses.

The third is Pyramidal Model of a Brand by Kapferer[21]. This enables firm to adjust strategy to meet opportunities or threats. This model allows firms to understand way in which brand may/will progress.

The fourth model by Knapp[19] named the "Brand strategy. The model is actually a system by which an organization may determine what fundamental principles should be used to develop a brand and how to implement or communicate them to consumers. The first stage, the Brand Assessment, is the period in which the firm investigates how already existing brands are perceived, what consumers desire from a product or brand and how to position these brands (whether new or old) to be successful. Stage two of the model is the Brand Promise which is defined as "the essence of the benefits (both functional and emotional) that current and potential customers can expect to receive from experiencing a brand's products and services.

The fifth is the Integrated Brand Model, is by Lepla and Parker[26]. It is the goal of this model to help a firm build the "most important asset any company has – its relationship with its customers." The Integrated brand model profiles three levels of activity of all brands. The outer ring – Brand Conveyers – it is the activities that are the nearest your customer and focus on such activities as the products, day-to-day activities and communication or advertising. The second level, the Brand Drivers, include the principle or base for which all actions and messages are created for the brand, the personality and the associations or value offering a consumer perceives. The innermost ring, Organizational Drivers, includes the firm's mission, their values and history.

Proposed Branding Models Applied to Bangladeshi Textile and Apparel Industry

Bangladeshi local apparel products brands needed to be enough developed to well compete in both local and global market ensuring sustainable apparel products. The following table 2 provides potential applications to the textile and apparel industry creating a strong brand.

The Future of Branding

Although it is difficult, to predict the future of branding, many forecasts have been made. The first is that brands will no longer focus on easily imitated, but on values and personality that are important to consumers. Additionally, it is thought there will be growth in branding service goods, with a functional and aesthetic values and attributes that can be focus on consistency. More high-tech brands will enter into the market towards converting a successful product into a successful brand. The growth of brands in local and international markets is thought to be likely as most markets are not as developed. As competition continues to increase and the cost of new product development rises, the already existing local clothing brands, like Cat's Eye, Westecs, Artisti, Kay Kraft, Aarong and Banglar Mela, Artness, Dorjibari, Lubnan, Anjons etc should best utilize their resources in improving branding to compete both local and international market. The rise in the number of branded products available to consumers can be either a source of great competition or greater customer loyalty - the outcome is yet to be determined.

Conclusion

The suggestive tools developed in this article cover a comprehensive series of aspects in the expected sustainable and potential brand creation. Clothing brands in Bangladesh are drawing in a wider span of consumers over the last decade as they continue to offer fashion-rich items that conform to native tastes. But the "Customers are now more fashion-conscious and they prefer branded clothes to regular ones. Developing our local brand both locally and globally in response to the growing demand is highly expected. Sensing a bright prospect in the Bangladeshi local branded clothes segment like Cat's Eye, Westecs, Artisti, Kay Kraft, Aarong and Banglar Mela, Dorjibari, Lubnan, Artness, etc, are trying to flourishing their potentiality but not at the expected satisfactory level. Almost all brand operators are opening new branches in local markets. They are also planning to open outlets in other countries. On the other hand, readymade garment (RMG) manufacturers and exporters fear a decline in export orders and prices due to the ongoing global recession and lack of strong local brand creation to compete. So, development of competitive potential lucrative brand is highly required. Finally, this paper reflects that wholehearted join efforts from manufacturers, buyers, suppliers, government, and other stockholders are highly expected to accomplish the development of potential branding and sustainable business practices.

Table-2
Proposed Branding Models Applied to Bangladeshi Textile and Apparel Industry

Branding Model	Application to Textile & Apparel Industry
Brand Identity Planning Model Source: Aaker (2000)	1. Assists firms in identifying brand applications to all aspects of the organization (internal/external) 2. Determines best means by which firm will develop brand identity
4-D Model of Branding Source: Gad (2001)	1. Model will serve as a tool to better understand the consumer mindset when observing/perceiving brands
The Pyramidal Model of a Brand Source: Kapferer (1994)	1. Enables firm to adjust strategy to meet opportunities or threats 2. Model allows firms to understand way in which brand may/will progress throughout time
The Brand Strategy™ Doctrine Process Source: Knapp (2000)	1. Gives firms a system to develop a brand and implement or communicate them to consumers 2. Helps to understand the demand of customer
Integrated Brand Model Source: LePla and Parker (1999)	1. Profile three levels of activity with a brand (from internal to external) 2. Helps develop drivers that will best reach the consumer

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Bangladeshi garment makers received one of the lowest prices in the world last year due to a lack of value-added apparel items, lack of negotiation skills, and image crisis. Among the garment trading nations in the world, Bangladeshi garment items were paid $2.79 per unit or per square metre equivalent (SME) in the US market in 2018, according to data from the Office of the Textiles and Apparel (OTEXA) in the US.Â Bangladesh has not been receiving high prices because the local exporters are mainly competing in some particular items like woven shirts and bottoms that have many competitors, said Sharif Zahir, director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). â€œThe buyers have alternatives, so they do not want to pay high prices.â€