

MARKETING STRATEGIC PLANNING FOR THE
TEXTILE AND CLOTHING SUPPLY CHAIN

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Abstract

The expansion of textile and clothing production to Asian regions has both, increased competition and created a need for integration with the global supply chain. Strategies are being designed to improve competitiveness and responsiveness of the chains by increasing the diversification of products and value addition. This study formulates and examines the potential of such strategies and their implementation for textile and clothing chains originating from Uzbekistan. The strategies were developed based on a SWOT analysis followed by their prioritization through Saaty's AHP and ANP. This work extends the previously developed phase of strategic planning to the implementation phase. Here we analyse the marketing strategic plans using the Simple Additive Weighting (SAW) method and taking into account relevant factors such as cost, time and implementability.

Keywords: Implementation Phase of Strategic Planning, Textile and Clothing Supply Chain, Simple Additive Weighting.

The expansion of textile and clothing chain in the Asian region has increased competition and consequently the need for improving integration in the chain. Strategies are being designed to improve competitiveness and responsiveness of the chains with increasing diversification of products. This study examines the potential of different strategies formulated by experts focusing on Uzbekistan's case. The supply chains in textile and clothing are driven by the big brands and retailers that have tremendous power in determining price, quality, delivery, and labour conditions for suppliers and producers down the chain. They are segmented into high and low profit steps. Retailers and brands keep high profit steps such as innovation, marketing and retailing. Low profit steps, such as sourcing raw materials, production and assembly, finishing and packing, are outsourced to mid-chain suppliers and low-cost producers worldwide. Thus global supply chains have created labour-intensive exports from low-cost locations especially Asian and Far East regions. The result is an enormous growth in the number of producers, increasing competition. During the last couple of decades, the major competing supply chains in textile and clothing are routed from China, India and Turkey and some others are emerging like Brazil and Bangladesh because of the low-cost production strategies.

The study on the strategic planning for the above system is based on developing the understanding of the different parts of the problem at required level of detail and then creating a holistic view through combining those parts. It covers the studies on the system and its environment, future target scenarios, strategic planning and implementation. Therefore it advances through the main phases of environment and system analysis, development and analysis of strategic plans and their implementation, and finally the monitoring and readjustment phases. We

address here mainly the implementation phase of the developed plans which were analysed for their importance to the system targets by using different analytical tools. The planning situation is focused on the textile and clothing chains in a developing country and the system is the country itself. In the following sections, the completed studies on the system and its environment analysis are presented firstly and then the implementation phase is discussed. Later, the methodology is described and the results are discussed and finally the conclusions are presented.

System Environment and Marketing Strategic Planning

The general environment of the textile and clothing was studied and the development status of the chain entities was established through a literature review and discussions with chain experts. A Planning-link was introduced in the strategic planning process to establish the relationship of the chain entities and their development status to the targeted opportunities. It helped to devise relevant strategies for the system. These strategies were analysed later for their importance to the target opportunities and thus the priorities were created for those plans. The prioritization process established the rating and importance of the plans which is useful in their implementation phase and also for the allocation of the limited resources of the system to achieve the objectives in shortest possible time. The previous studies on the analysis of the system and its environment and strategic planning and its evaluation are covered in [1] and [2] and are described in the following paragraphs. The strategic planning was started with the analysis of the environment which was followed by the strategy development phase. The environment analysis was linked with the strategy development phase through Planning-link. These are presented in the table 1 and 2.



Table 1 - SWOT matrix for the textile and clothing supply chains

| Internal Factors | |
|---|--|
| Strengths | Weaknesses |
| S1 - Indigenous cotton crop S2 - Low wages/labour costs S3 - Strong investment in textiles & made - ups S4 - Skills in ICT S5 - Skills in chemistry (for textile & clothing chemical industry) | W1 - Limited base of non-cotton fibres W2 - Weak ginning sector W3 - Lower cotton yield (per acre) W4 - Low application & usage of ICT W5 - Non-competitive behaviour of entrepreneurs W6 - Skills (technical, marketing & management) W7 - Distance to (current) markets W8 - Underdeveloped logistics W9 - Weak market awareness (market's dynamics, buyer's needs, competitor s strengths and weaknesses); because of weak ultimate customer link W10 - Input 's costs and continuity W11 - Low Foreign Direct Investment (FDI) |
| External Factors | |
| Opportunities | Opportunities |
| O1 - Technical Textile O2 - Value added products (fashion, children clothing & home textiles) O3 - Closed proximity to future potential markets O4 - Government support for R&D O5 - Dyes & chemical manufacturing O6 - Machine manufacturing O7 - Logistic link for Far East to European and Middle East Markets | T1 - Political instability T2 - Regional competitors |

The internal and external environment was developed through SWOT analysis and the status of development for the entities was established as presented in table1 and figure1. The planning-link describes the relationship of internal factors to external opportunities. Based on the environment study and the factors relationship, the strategic plans were developed as presented in table 2.

Table 2 - Strategic plans for the textile and clothing supply chains

| SO Strategy | SO Strategy |
|--|---|
| SO1 - Diversification of product range SO2 - Establishing industrial – parks with common facilities of design & development centres, ICT application centres effluent treatment, etc. SO3 - Applying export incentives SO4 - Establishing downstream links/ facilities in competing regions (Turkey, Egypt, Bangladesh & Mexico...) SO5 - Improving domestic chemical industry | WO1 - Skill development programs WO2 - Expanding non cotton fibres base WO3 - Improving logistics WO4 – Developing effective linkage between industry, academia and R&D institutes WO5 – Developing domestic engineering industry |
| ST Strategy | ST Strategy |
| ST1 - Development of markets access strategies ST2 - Establishing down – stream facilities in stable, near – to - market and competing regions | WT1 - Work in collaboration with competitors WT2 -Development and implementation of long termand coordinated policies WT3 -Introduction of industry relief packages |

Analysis on the effectiveness of the developed strategic plans was conducted through the Analytical Hierarchy Process (AHP) and Analytical Network Process (ANP) developed by Saaty. Reference [3] and [4] discuss AHP and ANP in more detail and the analysis on the strategic plans can be found in [1]. The importance of the strategies and their ranking in relation to targeted opportunities is presented in table 3.

Table 3 - Importance and ranking of strategies in the strategy development phase

| Strategy | Importance |
|---|------------|
| WO4: Developing Effective Linkage between Industry, Academia and R&D Institutes | 144 |
| WO1: Skill Development Programs | 123 |
| ST2: Establishing Down Stream Facilities in Stable, Near to Market and Competing Regions | 084 |
| WO2: Expanding Non - cotton Fibre Base | 082 |
| SO2: Establishing Industrial Parks with Common Facilities of Design & Development Centres, ICT Application Centres & Effluent Treatment Plants etc. | 080 |
| SO1: Diversification of Product Range | 075 |
| ST1: Development of Market Access Strategies | 073 |
| SO4: Establishing Downstream Facilities in Competing Regions | 067 |
| SO5: Improving Domestic Chemical Industry | 062 |
| WO3: Improving Logistics | 050 |
| WT1: Work in Close Collaboration with Competitors | 049 |
| WT2: Development and Implementation of Long - term & Coordinated Policies | 040 |
| WO5: Developing Domestic Engineering Industry | 029 |
| SO3: Applying Export Incentives | 025 |
| WT3: Introduction of Industry Relief Packages | 017 |

Implementation Phase of Marketing Strategic Planning

The questions raised by the implementation phase are of different nature. They require the utilization of appropriate criteria related to the effective implementation of the plans. Important aspects at this stage are the limited resources available and the implementation time. It is also necessary to establish the dependency of the strategies and how they can be scheduled within those constraints. In this section, we describe the new criteria which are useful in this phase, the methodology utilized and finally we will discuss the results and present the conclusions for the implementation phase. The Simple Additive Weighting (SAW) model is a multicriteria method based on the Multi - Attribute Utility Theory (MAUT) devised by Keeney and Raiffa [5]. The SAW method is probably one of the best known and most widely used Multiple Attribute Decision Making method [6]. It involves devising a function U that expresses the “utility” of an option in terms of a number of relevant decision criteria. Utility represents the satisfaction that each choice provides to the decision maker assuming that any decision is made on the basis of the utility maximization principle: The best choice is the one that provides the highest satisfaction to the decision maker. In a

multicriteria decision problem the decision maker must take into account several criteria whose utility functions are combined in order to produce one mathematical expression called the multi-attribute utility function. Each criterion will have its own utility function. This function is constructed by assigning points to a scale where the extremes represent the best and the worst possible outcomes for the criterion under analysis. In the simplest approach, if the utility of each criterion is independent of the others (utility independence), then the multi-attribute utility function can be constructed as a weighted average of the utility functions for each individual attribute or criteria. A score in the SAW method is obtained by adding contributions from each attribute using a common numerical scaling system.

Methodology

After having identified the most important criteria for the implementation phase, experts were asked to assign values for the strategies using those criteria. Thus we created a ranking of the strategies for the implementation phase. The criteria used are discussed in the next section. Cost is one of the crucial criteria which are considered in the implementation phase. The objective for the cost criteria is to estimate and/or compare the magnitude of the financial resources required by the various strategies. The cost is classified into three general intensity levels and values were assigned according to those intensities. Strategies requiring lower financial resources are favoured relatively to higher cost strategies in the prioritization process. Values for the cost criterion are presented in table 4.

Table 4 - Cost scale

| Intensity | Value |
|-------------|-------|
| Low Cost | 1 |
| Medium Cost | 2 |
| High Cost | 3 |

Time is another important criterion which is normally considered in the implementation phase of the strategic planning. Again, the time parameter is also addressed with general intensity levels and values were also assigned accordingly. The objective of the analysis was to prioritize the developed strategies according to the shortest times. Values for the time criterion are presented in table 5.

Table 5 - Implementation time scale

| Intensity | Value |
|---------------------------------|-------|
| Short Time (Less than 1 Year) | 1 |
| Medium Time (1 to 3 Years) | 2 |
| Long Time (Longer than 3 Years) | 3 |

It is meaningful to study the ability of implementation for the developed strategies as some of them involve more players and their interaction making their implementation more complex. Here the implementability of the strategies is thought in terms of their dependency on those players and the development status of the chain in focus. Under this criterion, the objective is to favour the strategies which have less dependency on the commitment required. The values for the implementability criteria are presented in table 6.

Table 6 - Scale for implementability (based on commitment of players involved)

| Intensity | Value |
|---|-------|
| Easily Implementable | 3 |
| Implementable with Moderate Commitment | 2 |
| Difficult to Implement (Need Higher Commitment) | 1 |

The characteristics of the strategies were established from the values assigned by experts who are familiar to the process and with the previous studies on system analysis, strategy development and evaluation.

Conclusion

On the basis of the analysis performed concerning the implementation phase of the strategic planning, short, medium and long term strategies were identified. These strategies can be scheduled according to the availability of resources and their dependency. It is interesting to emphasize that the ranking obtained in the previous phase of marketing strategic planning can be best utilized for resource allocation while the results obtained here and the dependency of the strategies can be best utilized for their scheduling. The directions identified for future research can provide

further insight for an efficient implementation of the strategies.

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