

THE ROLE and DESIGN of the OUTBOUND SUPPLY CHAIN for the INTERNATIONALIZATION of FASHION COMPANIES in EMERGING MARKETS

Ph.D Student: **Antonella Moretto**

Agenda



1. Area of Investigation
2. International State-of-the-art
3. Research Objectives
4. Research Framework
5. Research Methodology
6. Timesheet of the project

Area of Investigation



- **Complex and dynamic industry** (Castelli and Brun, 2010)
- **Characteristics of the fashion industry** (Christopher and Peck, 1997; Caniato et al., 2008):
 - ❑ Short life-cycle
 - ❑ High volatility of product demand
 - ❑ Low predictability
 - ❑ High impulsive purchase
- Relevance for **modern economy**, for developed and developing countries (MacCarthy and Jayarathne, 2009)
- Relevance not only of industrial issues but also of **distribution and product development** (Courault, 2005; Gereffi and Frederick, 2010; Caniato et al., 2008; Simatupang et al., 2004; Crippa et al., 2010)

International State-of-the-art



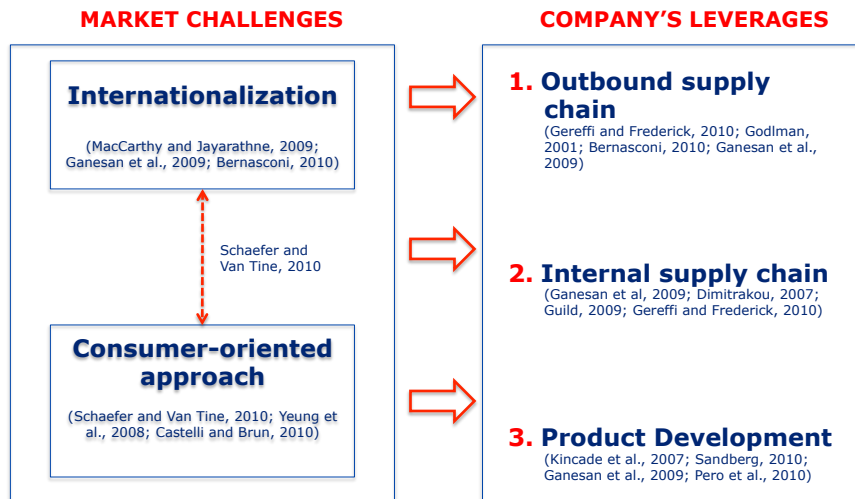
The internationalization of fashion companies

- Exploration of **new markets** (Grrfland, 2002; Leknes and Carr, 2004; Sandhya and Giriia, 2009):
 - ❑ Global manufacturing (Audet, 2007)
 - ❑ Global sourcing (Tokatli et al., 2008)
 - ❑ Global distribution (Sandhya and Giriia, 2009)
 - ❑ Global product development (Graafland, 2002)
- Implications of the **globalization** (Abecassis-Moedas, 2006):
 - ❑ Accentuation of the competition
 - ❑ Increased complexity of the supply chain
 - ❑ Variation of **individual decisional capabilities** (Holt et al., 2004; Sandhya and Giriia, 2009)

The consumer-oriented approach

- Changes in consumer **expectations** (Yeung et al., 2008; Schaefer and Van Tine, 2010)
- Implications for the **supply chain** (Abecassis-Moedas, 2006):
 - ❑ Pressure on the supply chain format (Barnes and Lea-Greenwood, 2006)
 - ❑ Continuous match of products and business processes (De Treville et al., 2004)
 - ❑ Variation in supply chain collaboration (Fisher, 1997; Simatupang et al., 2004; Brun and Castelli, 2008)

International State-of-the-art



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Research Objectives



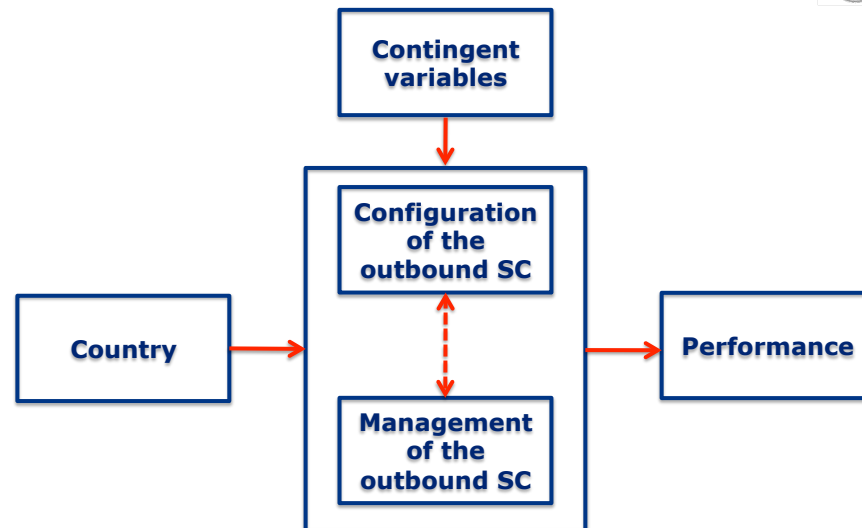
Identification of the configuration and management of the outbound supply chain integrated with the operational and product development processes, in order to be consumer-oriented in the international fashion industry

- Research question 1**
Which configuration of the outbound supply chain must a company adopt in order to adapt itself to the characteristics of a foreign market?
- Research question 2**
How should the outbound supply chain be managed to facilitate a coherent declination of the operational model in order to adapt itself to the characteristics of a foreign market?
- Research question 3**
How should the outbound supply chain be managed to facilitate the product development process in order to adapt itself to the characteristics of a foreign market?
- Research question 4**
Which constraints and relationships exist between the adopted configuration and the management of the outbound supply chain?

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Research framework - Preliminary



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Research framework – Country



"The internationalization in emerging markets implies the comprehension of the specific characteristics of each country"

(Guercini and Runfola, 2010; Leknes and Carr, 2004)

Institutional context

(Gereffi and Frederick, 2010; Doherty, 2007; Sandberg, 2010; Puig et al., 2009)

- Regulation
- Institutional context
- Existence of partners inside the market
- Industrial development

Cultural distance

(Guercini and Runfola, 2010; Goldman, 2001; Bianchi and Ostale, 2006)

- Differences in language
- Differences in education
- Differences in managerial practices
- Differences in culture

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Research framework - Configuration

"Outbound supply chain includes all the processes and the actors through which the goods get to the customer from the wholesale to the retail sector"

(Dimitrakou, 2007; Moore et al., 2000)

Intermediation level

Presence of intermediary in spite of a vertical approach

Type of channel

Approach used to sell the product on the market

Typology	Name
Intermediary	Sourcing intermediary (Sen, 2008; Gereffi and Frederick, 2010)
	Brand marketer (Gereffi and Frederick, 2010)
	Department stores (Sen, 2008; Abecassis-Moedas, 2007; Abecassis-Moedas, 2006; Castelli and Brun, 2010)
	Hypermarket (Abecassis-Moedas, 2006)
	Factory outlet (Sen, 2008; Moore et al., 2000)
	Supermarket (Abecassis-Moedas, 2007; Moore et al., 2000b)
	Discounter (Abecassis-Moedas, 2006)
	Clothing multiples direct operated stores (mono-brand) (Castelli and Brun, 2010; Gereffi and Frederick, 2010)
	Clothing multiples in franchising (mono-brand) (Castelli and Brun, 2010; Gereffi and Frederick, 2010)
	Clothing independent multi-brand (Castelli and Brun, 2010; Gereffi and Frederick, 2010; Moore et al., 2000; Sen, 2008)
Speciality apparel: they sell only apparel products	Specialty apparel (Gereffi and Frederick, 2010; Sen, 2008)
	Double distribution chain (Sandberg, 2010)
	Flagship store (Castelli and Brun, 2010; Moore et al., 2000b)
	Brand merchandiser (Abecassis-Moedas, 2006)
	Traditional manufacturer (Sen, 2008; Abecassis-Moedas, 2006)
Vertical chain	Brand manufacturer (Gereffi and Frederick, 2010)
	Specialty chain (Abecassis-Moedas, 2006)

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Research framework - Management



Operational management

- The management of the outbound supply chain integrated with the **internal supply chain** processes
- Emphasis on the **creation of downstream linkages** with distributors, retailers, and customers (Sheridan, 1998; Gereffi and Frederick, 2010)
- Importance of **communicating demand** from customer through retailer towards the manufacturer (Jacobs, 2006; Barnes and Lea-Greenwood, 2006; Hunter et al., 2002; Masson et al., 2007)

Creative management

- The management of the outbound supply chain integrated with the **PD process** (Ellram et al., 2007; Abecassis-Moedas, 2006)
- **Internalization** of the PD process by the retailers (Abecassis-Moedas, 2006)
- The **involvement of the customer** in the creative process is pursuable (Schaefer and Van Tine, 2010)

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Research framework – Contingent variables



Firm related

- ❑ **Company** characteristic (Dimension; Age) (Doherty, 2000)
- ❑ Firm internal **culture** (Country of origin; Distinctive competences) (Masson et al., 2007)
- ❑ **Risk** approach (Aversion or Propensity) (Gereffi and Frederick, 2010)

Market oriented

- ❑ Newness of the **product** for the country (Gereffi and Frederick, 2010; Espallardo et al., 2010; Bianchi and Ostale, 2006)
- ❑ Newness of the **market** for the country (Gereffi and Frederick, 2010)
- ❑ **Product positioning** in the market (Luxury or Diffusion) (Caniato et al., 2008)
- ❑ Type of **product** (Fashion or Carry over) (Abecassis-Moedas, 2007)

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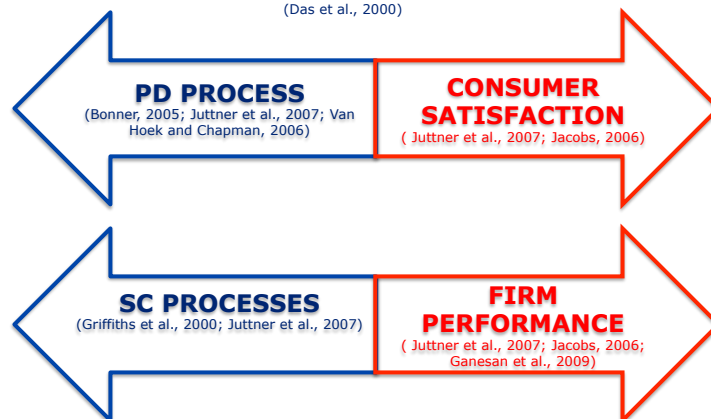
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Research framework – Performance



"Firms that see a better fit with customers' needs obtain better performance of their operations"

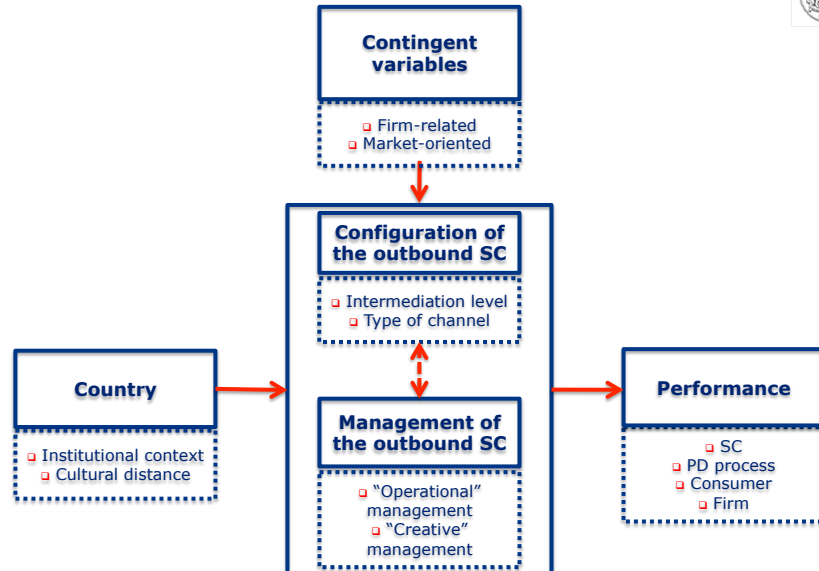
(Das et al., 2000)



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Research framework – Detailed



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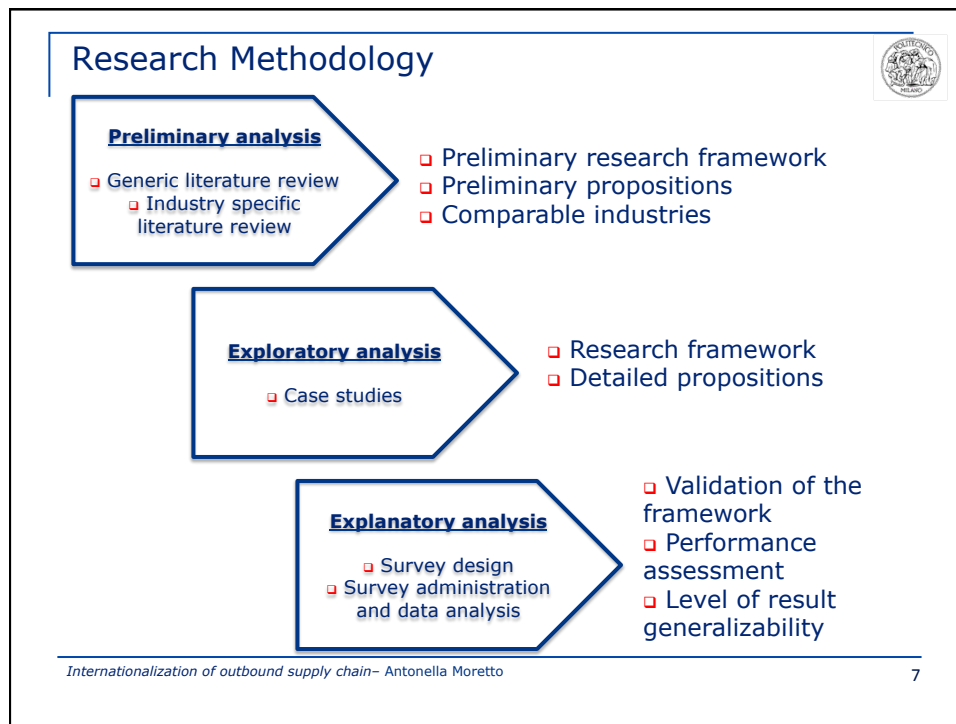
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Research framework – Preliminary propositions

- **Proposition 1:** The adoption of the **right configuration** of the outbound supply chain for the specific foreign market and specific contingent variables improves the performance obtained by the company with the internationalization. (Breu et al., 2010; Goldman, 2001)
- **Proposition 2:** The **management of the outbound supply chain integrated with the internal supply chain** to revamp the whole supply chain in relation to foreign market characteristics and specific contingent variables improves the performance obtained by the company with the internationalization. (Guild, 2009; Jacobs, 2006)
- **Proposition 3:** The **management of the outbound supply chain integrated with the PD process** to create product fitting foreign market characteristics and specific contingent variables improves the performance obtained by the company with the internationalization. (Bonner, 2005; van Hoek and Chapman, 2006; Juttner et al., 2007)
- **Proposition 4:** The **jointly organisation** of configuration and management of the outbound supply chain coherently with the foreign market characteristics and specific contingent variables improves the performance obtained by the company with the internationalization (Bernasconi, 2010)

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