

SINGH, KAMLESH, M.S. Building Relationships with India's Suppliers: Exploring Perceptions of U.S. Apparel Industry Buyers. (2008)  
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India is emerging as one of the major players in global apparel sourcing to the U.S. in the post-quota era. There has been a steady year-to-year rise of approximately 13.3% in exports of garments from India (Goel, 2007). In 2005, India ranked third in apparel exports to the U.S., increasing its total exports to 34%. Tariff and trade data from the U.S. Department of Commerce and the U.S. International Trade Commission (2007) shows that total apparel imported into the United States from India was \$2.9 billion in 1997, increasing to \$6.4 billion in 2006, and that the percentage change from 2005 to 2006 was an increase of 18.40%. This market growth suggests the importance of the buyer-supplier relationship throughout the supply chain. Effectively managing relationships with suppliers is an important concern for maintaining high profits as well as competitive advantage (Wuyts, 2007). Although several studies have been conducted on supply chain relationships, the particular importance of the U.S.-India relationship in the apparel sector has been overlooked.

The purpose of this study is to explore U.S. apparel buyers' relationships with their Indian suppliers, including the supplier selection process, and to specifically investigate the role of buyer-supplier relationship attributes. Using a qualitative methodology, in-depth interviews were conducted with twenty three U.S. apparel industry buyers located in New York, North Carolina, and California who are engaged in buying apparel products from Indian suppliers. Interviews lasted approximately 45 to 90 minutes per participant, and were audio-taped with participant consent. Interviews were transcribed and

interpreted thematically. Six themes – Expertise, Convenience, Price, Functionality, Service, and Partnership – surfaced within the interview data and were used to structure the interpretation. Based on the interpretation, four relationship types were developed: Convenience Driven, Price Sensitive, Functionality Driven, and Service Driven. The majority of participants seek to develop Service Driven relationships with their suppliers. In building this type of relationship, the most important attributes were found to be trust, communication, and commitment.

Because there is a limited amount of research that explores relationships being developed between U.S. apparel companies and Indian suppliers, and no studies that explore them from the perspective of buyers, the results of this study provide an in-depth understanding of the issues and challenges involved in working together on a global platform. Strong relationships with India are critical for U.S. apparel companies, not only to increase profits, but to bring a quality product to market that will satisfy the final consumer. This study contributes to both U.S. apparel industry buyers' and Indian suppliers' knowledge of how to build strong buyer-supplier relationships in global apparel production. Future empirical research is needed to further investigate buyer-supplier relationships and thereby enrich our understanding of them.

BUILDING RELATIONSHIPS WITH INDIA'S SUPPLIERS: EXPLORING  
PERCEPTIONS OF U.S. APPAREL INDUSTRY BUYERS

By

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## **CHAPTER I**

### **INTRODUCTION**

Business is about relationships and the more successful outsourcing relationships are those in which the outsourcer has become “like family” to the client.

(Webb & Laborde, 2005, p. 439)

#### Statement of the Problem

The purpose of this research is to explore U.S. apparel industry buyers’ relationships with Indian suppliers. As a result of recent global open trade policies and favorable cost benefits, U.S. apparel manufacturers have become dependent on overseas plants and labor for producing high volume apparel products (Taplin, 1999). Apparel production is labor-intensive, providing opportunities for global manufacturing companies with skilled workers. Developing countries in Asia have benefited the most and are now known for their ability to produce high quality apparel products at low labor costs.

U.S. apparel manufacturing companies seeking to source abroad need to obtain as much information as possible before working with suppliers in developing countries; this includes understanding a country’s political stability, economic climate, infrastructure, trends, and culture (Wolfe, 2003). U.S. apparel buyers must also seek a level of dependability and reliability with their suppliers to safeguard against possible adverse

situations (Mukherji & Francis, 2007). Moreover, in today's competitive global marketplace, consumers are well informed and relatively product savvy (*Apparel Sourcing*, 2008). To satisfy their needs, apparel manufacturers must provide consumers with high quality products in a timely manner. All of these considerations require close working relationships between U.S. apparel companies and their foreign suppliers (Campbell, 1998).

In order to be profitable, relationships must be established and managed at every stage of the supply chain. Morgan and Hunt (1994) define "Relationship Marketing" as : "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges" (p. 22). Relationships, sometimes referred to as "partnerships," is a topic well established in the supply chain literature and has received a great deal of attention through research in the field. The most important relational exchanges for retail supply chains are those between buyers and suppliers. The buyer-supplier relationship can be defined as the relationship established between buyer and supplier when working together with a definite aim of achieving high productivity by means of mutual understanding and cooperation (Miyamoto & Rexha, 2004).

#### *Building Relationships between Suppliers and Buyers*

According to the Supply Chain Relationship literature, important attributes that contribute to building and enhancing the buyer-supplier relationship are *trust* (Ganesan, 1994; Morgan & Hunt, 1994; Mukherji & Francis, 2007; Ryu, Park, & Min, 2007; Thomas, Raymond, Ramon, Charles, & Michael, 2004), *knowledge* (Ganesan, 1994; Hartley, Zirger, & Kamath, 1997; Thomas et al., 2004), *communication* (Brown &

Eisenhardt, 1995; Hartley et al., 1997; Thomas et al., 2004), *commitment* (Ganesan, 1994; Morgan & Hunt, 1994; Mukherji & Francis, 2007; Thomas et al., 2004), *follow-up* (Thomas et al., 2004), and *continuance* (Ganesan, 1994; Hartley et al., 1997; Webb & Laborde, 2005). These attributes are important because when combined, they ensure that the supplier will be the buyer's supplier of choice. Ryu et al. (2007) proposed that a buyer's trust of the supplier is enhanced by the supplier's proven record, and therefore, trust is key to developing long-term relationships. Hartley et al. (1997) contend that the demand for on-time performance and reduced lead time by suppliers requires they be knowledgeable of best practices. Communication is critical for any relationship, and it plays an important role in shaping an understanding between buyers and suppliers. The sharing of information between the two parties improves the supplier's time performance by reducing potential delays and improving the quality of the entire production process (Hartley et al., 1997). Following through on commitments ensures that the supplier can be relied upon, thereby developing a buyer's trust in the supplier (Thomas et al., 2004). Ganesan (1994) posits that mutual commitment leads to greater confidence that the buyer's needs will be met. Continuance also plays an important role in enhancing buyer-supplier relationships because a buyer's prior experience with the supplier often increases the likelihood of on-time performance by the supplier (Hartley et al., 1997) while providing an opportunity for the supplier to flourish alongside the buyer. This mutually beneficial relationship contributes to the overall satisfaction of both parties, as suppliers lock in buyers, who in turn, invest in the supplier's transaction-specific assets (Ganesan, 1994).

Effectively managing relationships with suppliers is an important concern for maintaining high profits as well as competitive advantage (Wuyts, 2007). The success of a buyer is dependent on how well the supply chain functions as a whole (Johnston, McCutcheon, Stuart, & Kerwood, 2004). In today's fast-paced and dynamic business environment, one of the biggest challenges has become the need for producing and shipping products within very short time frames. Problems that arise must be resolved quickly (Cash & Harold, 1986). Facing increasing market volatility and diversity, U.S. apparel industry buyers are encouraged to develop flexible relationships with multiple channel partners to deal with unexpected market demands and ultimately reduce their dependence on vendors (Hsiao, Rahman, & Purchase, 2002).

According to Hsiao et al. (2002), firms engaged in long-term relationships with their suppliers achieve higher profitability and Return on Investment (ROI) than firms using a transactional approach. As apparel buyers and suppliers become partners, they build an association that can last for the long term and be mutually profitable. These relationships are strengthened and maintained by establishing close ties, ties which require constant attention, often through person-to-person contact (Cash & Harold, 1986). Strong relationships encourage a joint hand in resolving problems and improving quality, along with reducing costs. Joint action serves as a safeguard for transaction-specific investments and reduces uncertainty by providing a definite means for planning and forecasting, and thereby improves and increases the payoff for each party (Mukherji & Francis, 2007). Hines and Bruce (2007) contend that the dynamics of global sourcing requires buyers and suppliers focus on building, maintaining and strengthening

relationships with each other in order to generate the best outcome and to improve efficiency and effectiveness.

### *The Apparel Production Cycle*

Apparel buyers are constantly looking for suppliers who provide unique solutions to their particular problems and needs (Thomas & Jonathan, 2007). Buyers approach suppliers based on their degree of involvement and their information transfer capability (Thomas & Jonathan, 2007). Working together to solve problems is important to both parties, and requires a strong relationship based on knowledge, communication, mutual trust, and a bond created by commitment through regular follow-up. This bond, in turn, helps suppliers to understand the buyer's needs and to provide solutions to their problems. Such a bond is mutually beneficial and reduces many of the risks involved in the production process. Chances of achieving success increase for both buyers and suppliers when a strong relationship is maintained throughout the apparel supply chain process. Relationships are enhanced by mutual successes and become the foundation for future interactions (Thomas et al., 2004).

The comprehensive apparel-retail supply chain is often described as the distribution path of an apparel product from the manufacturer or producer to retail operations to the final consumer (Wingate & Samson, 1968). There are several methods used by buyers to achieve a smooth channel of distribution, typically based on merchandise type. Table 1 illustrates these methods.

Method	Graphic representation	Description
From producer directly to consumer	producer→consumer	<ul style="list-style-type: none"> <li>• Simplest</li> <li>• Direct-Selling</li> <li>• More Expensive</li> <li>• Often used for an individual consumer with given specifications</li> </ul>
Channel with one middleman	producer→retailer→consumer	<ul style="list-style-type: none"> <li>• Wider distribution</li> <li>• Lower cost</li> <li>• Opportunity for consumer to choose from large assortment</li> </ul>
Channel with two middlemen	Producer→wholesaler→retailer→ →consumer	<ul style="list-style-type: none"> <li>• Reduced selling/buying cost</li> </ul>
Channel with three middleman	Producer→agent→wholesaler→ retailer→consumer	<ul style="list-style-type: none"> <li>• Rarely used</li> </ul>

Table 1: Distribution channel.

Source: Wingate & Samson, 1968

Whatever method of distribution is used by the buyer, the key is to produce an apparel product that reaches the end consumer. This is a complicated process, as the apparel production cycle typically involves several stages. Figure 1 illustrates the process of production typically followed within the apparel industry.



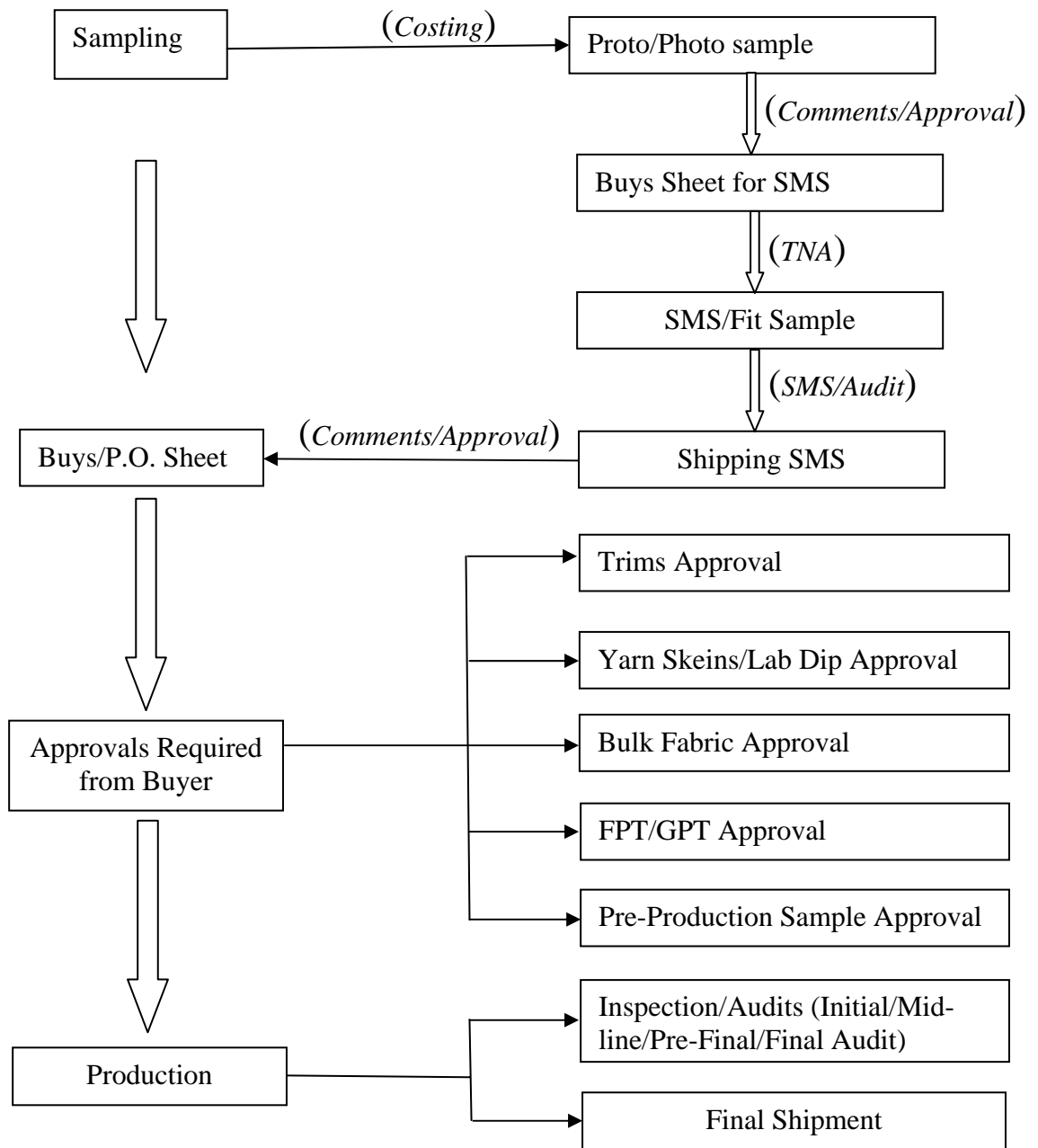


Figure 1: Processes of entire apparel production (buyer-supplier) cycle.

Source: Burns & Bryant, (2002)

The very first step in the production process for the apparel producer or supplier is to provide samples based on the buyer's needs. There are two ways by which the buyer usually seeks samples (Burns & Bryant, 2002). One, the buyer asks for examples from the supplier's existing samples that are displayed in the showroom. The supplier is generally aware of its buyers' tastes and so keeps appropriate samples on-hand in the showroom. Two, the buyer provides specific designs with specifications (such as type of fabric, trim details, etc.) for new samples. The supplier then submits the proto sample or photo sample (first sample) along with the costing for that garment. Upon confirmation of costing (immediately or after some negotiating), the supplier receives the Buys Sheet or Purchase Order (P.O.) Sheet for Salesman Samples (SMS) from the buyer (Burns & Bryant, 2002). At this point, the buyer either approves the proto or photo sample as is, or gives the supplier directions on changes to be incorporated in the SMS (Burns & Bryant, 2002). It is the responsibility of the supplier to then provide a detailed Time & Action Plan (TNA) to the buyer so that the buyer knows when to follow-up on the SMS.

The supplier uses the SMS to create fit samples, which are then shipped to the buyer. After receiving the buyer's approval or comments, a detailed final Buys Sheet or P.O. Sheet is sent to the supplier, which includes the final price of the particular style, as well as the name, style number, color, final quantity, and shipping details. The supplier also receives the "spec" sheet that includes detailed design specifications. After receiving the final Buys Sheet or P.O. Sheet, the supplier must also get approval from the buyer on trims, yarn skeins or lab dips, bulk lot, Fabric Processing and Testing (FPT) or Garment

Processing and Testing (GPT), and then the pre-production (PP) sample (Burns & Bryant, 2002).

Once the approvals are received, the supplier follows the PP sample to begin final production of that particular style. During this production process, the supplier must oversee several inspections or audits, including inline, mid-line, pre-final and final inspections to avoid any mistakes or quality problems. After clearing all stages of inspection and getting the buyer's approval for packaging, the supplier ships the goods to their final destination (Burns & Bryant, 2002).

It is the responsibility of the supplier to ship all goods on time and according to the buyer's specifications. If they do not, they risk losing revenue and could jeopardize future business from the buyer (Seagrave, 2002). The entire apparel production cycle, thus, illustrates how important it is that suppliers maintain manufacturing flexibility in order to match supply with demand (Lummus & Vokurka, 1999). To do this, developing a strong relationship with the buyer is as important as the overall product strategy. Effectively and efficiently building relationships at each stage of the production cycle further helps the supplier to improve quality and to provide service with reduced costs and lead time. Improving the integrative processes of supply chain management thereby accelerates the benefits received by successful implementation (Lummus & Vokurka, 1999).

#### *A Focus on India*

This study specifically focuses on the challenges faced by U.S. apparel industry buyers in building, maintaining, and strengthening their relationships with Indian suppliers. According to the U.S. Department of Commerce and the U.S. International

Trade Commission, India is emerging as a major player in global apparel sourcing to the U.S. in the post-quota era. In 2005, India ranked third in apparel exports to the U.S., increasing its exports to 34%. U.S. imports of apparel from India rose from 2.9 million USD in 2005 to 3.1 million USD in 2006, reflecting a growth of about 7% (*Apparel Sourcing*, 2008). A clear picture of U.S. apparel imports from India with respect to the three largest apparel related NAICS categories, Apparel and Accessories (NAICS 315), Men's and Boys' (NAICS 31522), and Women's and Girls' (NAICS 31523), can be seen in Figure 2.

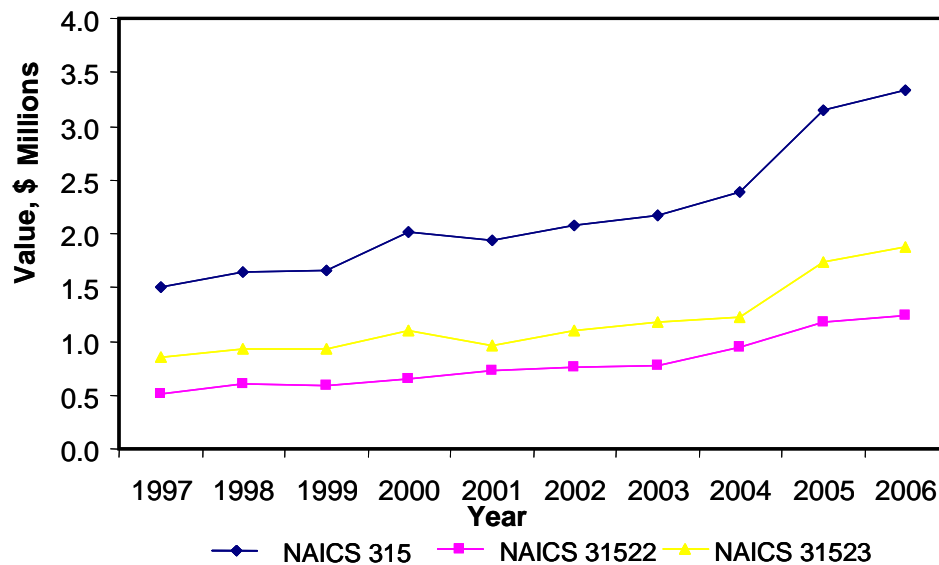


Figure 2. U.S. apparel imports from India.

Source: U.S. International Trade Commission (USITC) (2007).

Several major factors have contributed to India's increased exports of apparel, including : 1) vast sources of raw materials; 2) low labor costs; 3) skilled labor to produce

high quality apparel; and 4) the ability to expand its capacity by adopting new technology (Hines & Bruce, 2007). A short list of well known U.S. companies that source apparel from India includes Vans Inc., Nautica, VF Jeanswear, Old Navy, Gap Inc., and PVH.

U.S. buyers working with Indian suppliers need to understand their culture and vice versa. Moreover, because they are located at such a large geographic distance from the U.S., Indian suppliers must consider cost, production lead time and product quality in a manner that can best meet their customers' needs. This task, though it seems easy enough, can be very risky if they have not established good relationships with their U.S. customers (Seagrave, 2002). The focus of this study is to understand the challenges involved in outsourcing from India, the process involved in buying and selling apparel products between the U.S. and India, and the key attributes of strong relationships throughout the process. Because this study will explore the importance of U.S.-India relationships for satisfying both parties and end consumers, this study investigates how building strong U.S.-India relationships can improve performance throughout the entire apparel production cycle.

#### Research Purpose and Objectives

The purpose of this study is to explore U.S. apparel buyers' relationships with their Indian suppliers. A qualitative methodology is used to investigate expectations that U.S. apparel industry buyers have regarding their Indian suppliers, beginning with the initial order placement through the entire production to delivery cycle, and ending with

consideration of overall performance. Four specific research objectives were developed to address this purpose:

- 1) To examine the buying and supplying process as a whole with emphasis on supplier selection.
- 2) To investigate the benefits and challenges of outsourcing apparel products from India.
- 3) To explore the experiences of U.S. apparel industry buyers in building, maintaining, and strengthening their relationship with Indian suppliers.
- 4) To investigate the role of buyer-supplier relationship attributes (trust, knowledge, communication, commitment, follow-up, and continuance) for evaluating suppliers' performance.

#### Significance of Study

Since relationship-building is important to maintaining existing orders, ensuring future orders, increasing profits, and satisfying the consumer, this is a critical topic of study. U.S. apparel industry buyers expect timely deliveries of saleable merchandise from their domestic as well as international vendors. To achieve this, buyers often develop strong ties with certain vendors on whom they can depend. They buy most of the merchandise in a particular classification from their most trusted vendors, also known as "key resources." Key resources are those suppliers to whom buyers look first for help with problems and for a continuous flow of merchandise (Thomas et al., 2004). A good buying merchant should have the right vendor mix, that is, they should rely on very few vendors for most

of their products, as this reduces production and transaction costs (Mukherji & Francis, 2007), but at the same time, be aware of any new vendors entering the marketplace.

These new vendors may one day prove to be good contacts.

Similarly, vendors should maintain the right buyer mix, or balance, and avoid working with too few or too many buyers. Buyers and suppliers tend to develop close business relationships with one another over the years, but as there are ups and downs in every business, even the most trusted vendor may not always satisfy their customer. Mukherji and Francis (2007) indicate that there is intense pressure to improve the efficiency and effectiveness of manufacturing. Due to the increasing pressure to produce and ship products within compressed time frames, problems arise if there is a lack of communication or interaction (Cash & Harold, 1986). Such problems should be dealt with quickly, otherwise they become more difficult to resolve. For example, a vendor must be notified of defective merchandise immediately so that they can take action accordingly and provide the right product with minimal delay (Cash & Harold, 1986).

This study investigates the importance of maintaining and strengthening good buyer-supplier relationships in the apparel industry. Existing research has shown the benefits of such relationships to include a more stable market (Dickson & Zhang, 2004; Mukherji & Francis, 2007; Wuyts, 2007) and competitive advantage (Campbell, 1998; Ganesan, 1994; Johnston, McCutcheon, Stuart, & Kerwood, 2004; Miyamoto & Rexha, 2004; Morgan & Hunt, 1994; Sheth & Sharma, 1997). Yet there is a gap in knowledge about the role of buyer-supplier relationships in the apparel industry, and in particular, its importance during the supplier selection phase.

The focus of this study is specifically on the use of Indian suppliers by U.S. apparel industry buyers. India is emerging as one of the top suppliers to the U.S. apparel industry, thus making it an important player in the supplier selection process. However, though several studies have been conducted on buyer-supplier relationships, only a few deal specifically with Indian suppliers (Ramaswamy & Gereffi, 2000). Although manufacturing is declining in developed countries like the U.S., it is now the leading edge of economic globalization for developing countries like India (Ramaswamy & Gereffi, 2000). Because there is a limited amount of research that explores relationships being developed between U.S. apparel companies and Indian suppliers, and no studies that explore them from the perspective of the buyers, the results of this study will help to create an understanding of the challenges involved in working together on a global platform. Strong relationships with India are critical for U.S. apparel companies not only to increase their profits, but to bring a quality product to market that will satisfy the final consumer.

#### Organization of the Chapters

This study will be presented in five chapters. Chapter One provided a general introduction to study, purpose of the study, the significance of the study and definition of key terms. Chapter Two provides a review of the literature in the areas of global sourcing and buyer-supplier relationships. Chapter Three presents the methodology used in the study, including sample selection, data collection procedures, and construction of interview questions. Chapter Four presents the data analysis and interpretation. Chapter



Five provides a discussion of conclusions and implications of the findings along with limitations of the study and recommendations for future research.

### Definition of Key Terms

This section briefly defines and discusses the important key terms that are used throughout the study.

<b>Apparel</b>	Clothing or attire used to dress the body. Example: shirts, pants, footwear (Rosenau & Wilson, 2006).
<b>Apparel Industry</b>	Industry involved in manufacturing garments and certain accessories (Dickerson, 1999).
<b>Apparel retail supply chain</b>	The distribution path of an apparel product from manufacturer or producer to retail operations to the final consumer (Wingate & Samson, 1968).
<b>Buyer</b>	A person who is engaged in buying or purchasing (Solomon, 2004). Specific to this study, buyer refers to the U.S. apparel industry buyer who is engaged in buying apparel products from Indian suppliers.
<b>Buys Sheet or P.O. sheet</b>	Purchase order sheet (Burns & Bryant, 2002). This sheet includes detailed information about the particular ordered style such as style name, style number, color specification, total quantity required, assortment details, shipment mode, delivery date and place.
<b>Consumer</b>	The person who identifies the need, purchases the needed product, consumes, and/or uses the product (Solomon, 2004).

<b>Manufacturer</b>	Person or organization who manufactures or produces products from initial designs to shipping (Dickerson, 1999). Specific to this study, manufacturer refers to the Indian supplier engaged in manufacturing apparel products for U.S. apparel industry buyers.
<b>Proto or Photo Sample</b>	The initial product sample. Specifically it refers to the initial sample made by the manufacturer for a new style using intended fashion fabric or a facsimile fabric basically for look and design with or without detailed specifications being followed (Burns & Bryant, 2002).
<b>Quota Phase-out</b>	Removal of existing quotas on certain products. Specific to this study, refers to phase-out of quotas on textiles and apparel products. The Agreement on Textiles and Clothing (ATC) called for this quota phase-out over a 10 year period from 1995 to 2005 to remove the existing quotas and to raise the growth rate of remaining quotas (Applebaum, Bonacich, & Quan, 2005).
<b>Retailer</b>	The person or organization who buys products or services from the manufacturer or wholesaler and then sells them to the final consumer (Burns & Bryant, 2002).
<b>Salesman Sample (SMS)</b>	The sample which includes almost all specifications given by the buyer and is required to be shown to retail store buyers. This sample is a duplicate of the proto sample and is usually close to the actual production sample, with some exceptions, such as availability only in one color (Burns & Bryant, 2002).
<b>Sourcing</b>	The decision process of how and where to produce and buy products from, usually from a foreign

supplier (Dickerson, 1999). In this study sourcing of apparel will focus on India.

**Supplier**

Person or organization who supplies products to buyers, such as textile producers, apparel manufacturers, or retailers (Burns & Bryant, 2002). Sometimes the manufacturer and the supplier are the same.

**Time & Action Plan**

A well developed plan of action created by both the buyer and supplier for all stages involved in the production cycle (Rosenau & Wilson, 2006).

**Wholesaler**

A person or company who buys certain products in bulk from a manufacturer at a high discount and sells them to a retailer at regular price (Rosenau & Wilson, 2006).

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter provides an overview of the literature pertaining to the topic of U.S.-India Supply Chain Relationships. An overview of global sourcing literature and concepts is provided. The buying and supplying process literature is reviewed with an emphasis on supplier selection, and the key buyer-supplier relationship attributes are discussed.

#### Global Sourcing

Competition among apparel industries has intensified as a result of the quota phase-out established by the WTO Agreement on Textile and Clothing (ATC). This has particularly been the case for U.S. companies after the creation of NAFTA (Teng & Jaramillo, 2005). Competitiveness is based on factors like product costs, delivery schedules, producer reliability, and country or company image and brand equity (Verma, 2002). As apparel companies are expected to provide the consumer with new and varied products throughout the year, U.S. buyers are constantly seeking out suppliers with high production skills that are no longer available domestically. Buyers have turned to Asian and Eastern European countries to meet these needs, as these countries generally have access to raw material and offer highly skilled, low-cost labor (Cho & Kang, 2001).

Adoption of an aggressive devaluation policy for currency has also helped attract U.S. buyers (Teng & Jaramillo, 2005).

This section examines the concept of global sourcing and its role in the apparel production process. As per Minahan (2003), global sourcing involves reducing costs, maximizing performance and mitigating risks by identifying, evaluating, negotiating and configuring supply across multiple geographies. Ramaswamy and Gereffi (2000) define globalization as: “the increasing interaction of domestic economies with the world economy” (p. 187) and global sourcing as “the functional integration of internationally dispersed activities” (p. 192). Global sourcing first began with the importing of raw materials, but today the importing of finished garments is most common. Today, apparel companies in the U.S. perform the design and marketing functions, while the actual apparel production is usually done by foreign sources (Gereffi, 2001). This is due to two related factors. First, the product can usually be made at a lower cost abroad. Second, U.S. manufacturing is on the decline. In the new quota-free environment, offshore manufacturing has thus provided a useful means of avoiding loss of market share to low-cost foreign competitors (Daniels & Radebaugh, 1998 ).

### *The Global Clothing Trade*

From 1990 to 2005, there has been considerable growth in the clothing trade, at approximately 6% annually (Verma, 2002). The global textile and apparel industries are expected to grow over the next decade by 3.2% and 5.3% respectively, due mainly to a continuous increase in the world’s population and its global incomes. In the U.S. alone, these industries are expected to combine to reach \$600 billion by 2014 (Saheed, 2006).

Efficient producers, even within small countries, stand to benefit from this overall growth (Saheed, 2006).

Figure 3 illustrates recent tariff and trade data from the USITC (2007). As indicated, total apparel imports in the United States in the year 1997 was at \$8.7 billion, increasing to \$14.3 billion in 2006. The percentage change from 2005 to 2006 was an increase of 10.20%. The data represents growth in U.S. apparel imports with respect to Apparel and Accessories (NAICS 315), Men's and Boys' (NAICS 31522), and Women's and Girls' (NAICS 31523). Among these three categories, NAICS 315 represents the largest import market share, reflecting continuous growth in the U.S. apparel import market. Some figures estimate that global sourcing has resulted in cost reduction ranging from 10 percent to approximately 40 percent (Cho & Kang, 2001). Thus, global sourcing is often considered the key to success in today's apparel industries. Major global sourcing success stories include Liz Claiborne, Nike, and Reebok, companies now known as "manufacturers without factories" (Gereffi, 2001, p. 2).

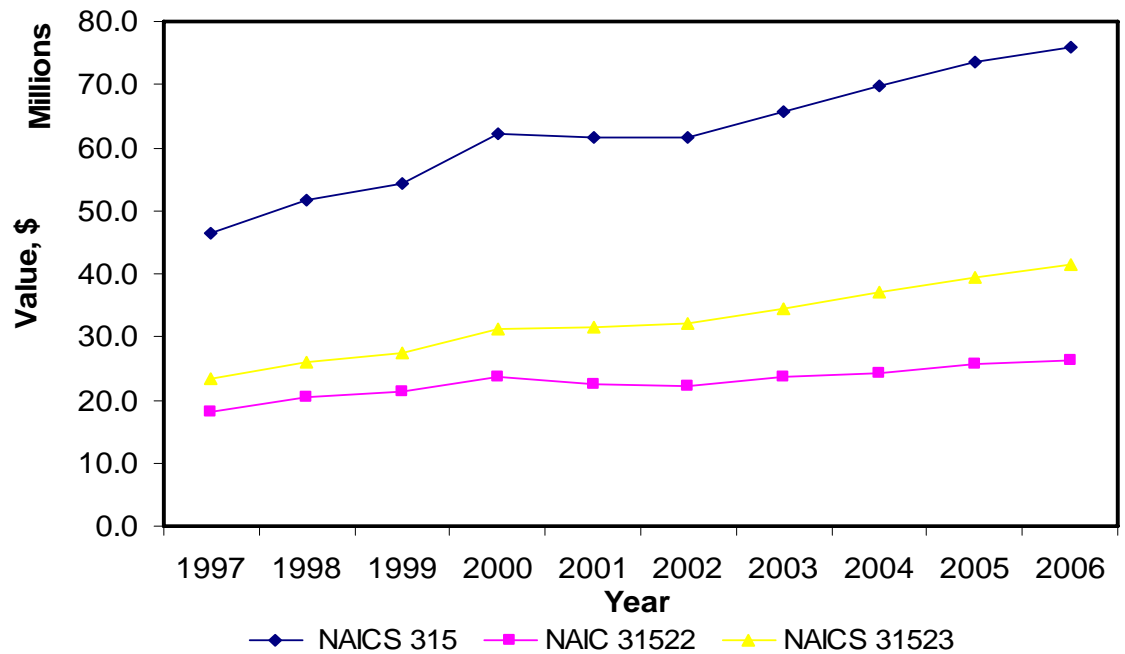


Figure 3: U.S. apparel imports (Globally).

Source: USITC (2007)

A report by The Confederation of Indian Industry — Ernst and Young’s (CII-E and Y) textile and apparel (Textile News-India, 2007) forecasts an increase in global textile and apparel trade from \$450 billion to \$700 billion by 2010. The CII-E and Y report also predicts a 25% growth in demand for apparel and woven textiles to about 35 million tonnes by 2010, 85% of which is expected to be sourced from Asian countries. Contributing to this growth trend is an increase in retailer consolidation and outward processing trade traffic (Verma, 2002).

### *India's Apparel Export Market*

Because this study focuses on perceptions of U.S. buyers with regard to their relationships with Indian suppliers, an understanding of India's apparel export market share to the U.S. is needed. The apparel industry is a major source of employment and foreign exchange in fast growing, low-income economies like India's. The Indian textile and clothing industry not only contributes to 4% of the country's GDP and 14% of its industrial output, but the industry is also its second largest employer, providing jobs to 35 million people. Several of the world's leading fashion brands are sourcing products from India (Karandikar, 2005). The industry, therefore, is crucial to the Indian economy (Verma, 2002).

Tariff and trade data from the USITC (2007) shows that total apparel imported into the United States from India was \$2.9 billion in 1997, increasing to \$6.4 billion in 2006, and that the percentage change from 2005 to 2006 was an increase of 18.40%. Figure 4 shows total growth in India's apparel exports to the U.S. from 2000 to 2006 with respect to the following NAICS categories: Clothing and Accessories (84); Men, Boys Clothing, X-Knit (841); Women, Girls Clothing, X-Knit (842); Men, Boys Clothing, Knit (843); Women, Girls Clothing, Knit (844); Other Textile Apparel (845); Clothing Accessories, Fabric (846); and Clothing, Non-Textile (848). NAICS 84 (Clothing and Accessories) is the largest share of India's export market to the United States.



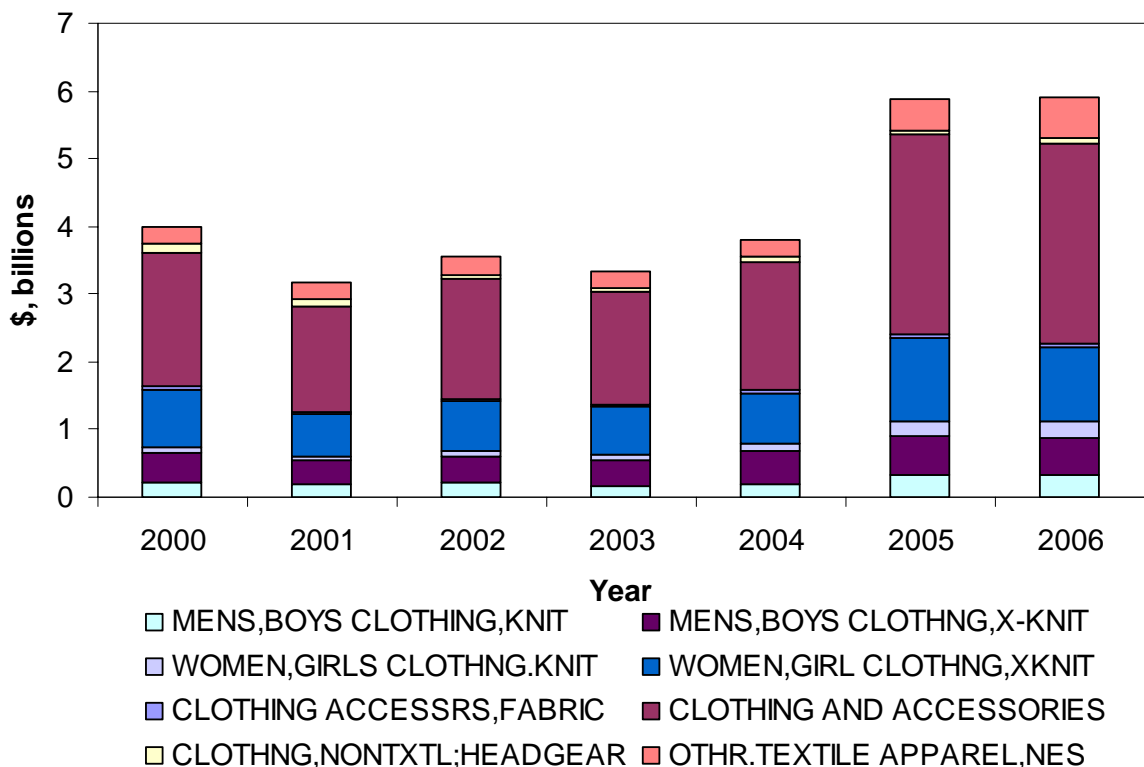


Figure 4: India's apparel exports to the U.S.

Source: United Nations Statistics Division - Commodity Trade Statistics Database (2007)

According to the CII-E and Y Report, sourcing from India by global retailers is growing at an annual rate of 12%. This suggests a continued high growth trajectory for India's textile and apparel sector. Moreover, projections for the country's sourcing market in 2011 total \$35-37 billion, increasing from that of \$22-25 billion expected in 2008 (Textiles News-India, 2007). India's major companies expected to lead such growth

in apparel exports include Gokuldas Exports, SPL, Shahi Exports (P) Ltd., Orient Craft, and Gupta Exim (P) Ltd. India's manufacturing hubs were once located throughout the country, spread out across great distances. For example, Mumbai was known for its men's wear manufacturing while Delhi for high fashion-wear. The buyer therefore had to travel across the entire country in order to select varied products. Fortunately, it is now possible for buyers to select from the latest collections of over 200 exporters at one place, the Apparel International Mart (AIM) established in Delhi by the Apparel Export Promotion Council (AEPC) (Goel, 2007).

There is intense competition between retailers, marketers, and manufacturers as each becomes more active in offshore sourcing, a competition that benefits suppliers, and especially in developing countries like India with low labor costs (Gereffi, 2001). Challenges that apparel companies face while sourcing globally include longer lead times, language and cultural differences, different government regulations, political and economic instability, and transportation. But these challenges can be compensated by the benefits of sourcing offshore, such as cost reduction, availability of raw materials, and improved service quality (Minahan, 2003).

### Apparel Sourcing from India: Benefits and Challenges

India is the second most populous country in the world at 1.1 billion (US Federal News Service, 2006). Its population is largely rural and approximately about 35% percent currently live on less than \$1 a day (Reese, 2006). Acute population growth has led to a greater need for building up India's infrastructure, including power and transportation

(US Federal News Service, 2006). However, India's \$785 billion economy is growing at a rate of 9% annually, as per capita income has increased to about \$3,400 a year (Reese, 2006). Some economists predict that India's growing economy will surpass Japan and China by 2010 (U.S. Federal News Service, 2006). India's educated middle class numbers about 300 million (roughly equivalent to the entire population of the U.S.), reflecting a growing class of consumers whose income growth and spending is expected to double retail sales in the country within the next decade (Reese, 2006). Based on these factors, India is becoming more and more attractive to a variety of global companies, pointing to several reasons why U.S. buyers outsource apparel products from India, including available raw materials, affordable labor costs and high quality design, to name a few. Goel (2007, p. 67) provides a short list of products made from Knitted and Woven Fabrics currently being produced in India (See Table 2).

<b>Category</b>	<b>Products</b>
Men's	Casual shirts, shorts, trousers, etc.
Ladies	Blouses, Skirts, Tops, Dresses, Maternity wear, Party wear
Children's	Readymade Garments, Rompers, Jumpers, Bibs, etc.
Outwear	Jackets, Blazers, and Pullovers, etc.
Undergarments	Panties, Underwear, Brassieres, Bustiers, and Lingerie
Sleepwear	Night shirts, Pajama sets, Robes, etc.
Accessories	Scarves, Stoles, Shawls, Mufflers, Neck Ties, Caps, etc.
Home furnishings	Cushion Covers, Shower Curtains, Throws, Tablecloths, Placements, Runners, Aprons, etc.

Table 2: Products made in India from knitted and woven fabrics.

Source: Goel (2007)

### *Access to Raw Materials*

India is known for its vast sources of available raw materials. India stands as the third largest cotton producer in the world, accounting for 22% of global spindleage and 61% of global loomage (Textiles News-India, 2007). India is also known for its low cost cotton when compared to other countries (Gupta, 2006). India's share is 12% in terms of fibers and yarns and is thus a significant contributor to global production; it is the largest producer of jute, second largest of silk, third largest of cotton, second largest of viscose, and fifth largest producer of polyester fibers/yarns (Goel, 2007). India is also known for a wide range of fabrics and finishes offered by its leading manufacturers and agents, and is therefore increasingly becoming the preferred destination for sourcing the best quality fabric (Goel, 2007).

### *Low Labor Costs*

As discussed earlier, there is a tremendous growth in U.S. apparel imports from India. The main reason for this growth is the cost advantage it offers U.S. buyers (Cho & Kang, 2001). The Indian apparel industry is self-sufficient, in that it produces fibers, fabrics, and value-added finished apparel products (Verma, 2002). Because apparel production is labor-intensive, a large portion of production costs come from wages. As the wages in developing countries like India are significantly lower than those in U.S., U.S. buyers prefer to produce apparel products in such countries (Cho & Kang, 2001). India benefits from global outsourcing trends largely because its average wage rate is 50-60% lower than that of developed countries (Gupta, 2006). Recent open global trade policies and favorable cost benefits have made U.S. apparel manufacturers even more dependent on

overseas labor to produce high volume apparel products. This, in turn, provides an opportunity for India's manufacturing companies to benefit by producing high quality apparel products at low labor costs.

### *High Quality*

India is a hub for the production of trendy, high quality fabrics, apparel, and fashion accessories (IIGF, 2008). The ultimate target for both exporters and importers are consumers, therefore it is very important that they produce high quality products. In today's competitive market, consumers are quality and brand name conscious and are willing to pay more for a good quality product (Cho & Kang, 2001). Efficient and effective use of computer technology has made it possible for suppliers to achieve high quality at a low cost. Indian apparel exporters know that they need to maintain consistency in the quality of their products with regard to material specification, textile performance standards, manufacturing procedures, and to maintain good quality control throughout the process (Cho & Kang, 2001).

### *Design and Technology*

India is renowned for having some of the best fabric designers and weavers in the world (Gupta, 2006). India is also known for its traditional fabrics, embellishments and techniques. As India is a country with diverse ethnicities and cultures, its variety in textiles and costume enrich the framework of the Indian apparel industry. Because of its ancient traditions in textile and clothing design, its capabilities are easily translated into fashion manufacturing and one of the key strengths of Indian apparel exporters. This

background and level of cultural knowledge is considered to give India the upper hand over other Asian countries (Gupta, 2006).

India is also known for its technological expertise in manufacturing. Due to increasing global demand for apparel products, Indian textile firms are known for being efficient in expanding their capacity to adopt new technology (*Apparel Sourcing*, 2008). The result is that the Indian textile industry is completely self-reliant in manufacturing apparel products and capable of such from the raw cotton stage all the way to the finished product (Gupta, 2006). The Indian textile industry incorporates the latest technology across the apparel supply chain, from spinning to garment manufacturing and finishing. India is known for regular investment in technology and its capability across the value chain in areas like design, yarn, fabric, garments and retail forays (Gupta, 2006). At present, the Apparel Export Promotion Council (AEPC) is establishing six new Apparel Training and Development Centers (ATDC) at Noida, Gurgaon, Ludhiana, Mumbai, Chennai and Tirupur and expanding already existing centers (Goel, 2007). In order to increase trained manpower, India is focusing more on imparting technical training to operators and supervisors along with the adoption of the latest technologies such as open-end spinning, air jet looms and CAD/CAM (Goel, 2007). This helps Indian apparel exporters attract foreign importers, and U.S. and European buyers in particular (Gupta, 2006).

### *Challenges*

U.S. buyers enjoy the benefits of sourcing from India, including higher markups from high quality apparel products produced at low costs. Despite the benefits, there are several challenges faced by U.S. buyers sourcing globally. Cho and Kang (2001)

categorize these challenges into three main groups: logistic support, cultural differences, and regulations. International logistics involves longer distances, requiring longer lead times, higher inventories and increased chances of inaccuracy (Cho & Kang, 2001). India's poor transport connections make it difficult to meet the just-in-time requirements of the apparel industry. Due to a relatively poor infrastructure, it is more expensive for India to ship a single container of garments to the U.S. when compared to other Asian countries (Karandikar, 2005). India also faces transit time delays due to a scarcity of direct sailing vessels, as well as delays caused by general inefficiencies in Indian ports when compared to other Asian countries (Karandikar, 2005). Its inventory management is therefore much less flexible (Cho & Kang, 2001).

Marked cultural differences between the U.S. and India can often lead to problems, most notably arising out of miscommunications in supplier evaluation, contracting, inspections, and even in maintaining relationships, due to differences in factors like attitudes, manners, customs, religion, and language (Cho & Kang, 2001). Although India's official language is English, most Indians speak Hindi to each other. English is used when dealing with the U.S. customer. To achieve success, Indians must understand the cultural and time differences, the buyer's mindset, and prevailing trends within the U.S. market so as to adapt their working style to the needs of their customers (*Apparel Sourcing*, 2008). This is important because they are producing goods for customers who are culturally very different from themselves.

Regulations, including tariffs and quotas, must also be considered (Cho & Kang, 2001). Tariffs and quotas are used to earn revenue and to make foreign goods more

expensive. Non-Tariff restrictions include international trade bills, border-crossing processes like customs inspections, and even different sets of currency regulations (Cho & Kang, 2001). These regulations create more challenges during the sourcing process, but at the same time, are essential to the process.

According to *Textiles News – India* (2007), India’s textiles and apparel market share is only 4% of the global market output. However, the “Indian apparel industry is one of the largest sources of foreign exchange flow into the country (35%), with garment exports accounting for almost 16% of the total exports of the country” (Goel, 2007, p. 45). Although the United States had been the single largest buyer of Indian textiles and apparel over the years, constituting 19% of India’s textiles export market and 32.6% of its apparel export market, Europe surpassed the United States in 2006-2007, constituting 22% of India’s major textiles export market and 43% of its apparel export market (Textiles News-India, 2007). According to Textile News–India (2007), the biggest challenge India’s textile and apparel sector faces is competition from several low cost countries, such as China, Turkey, Vietnam, Pakistan, Sri Lanka and Bangladesh, thereby requiring that they keep their production costs low. Indian exporters are faced with increasingly low labor productivity, costs of avoiding obsolescence in technology, and a strengthening rupee. Indeed, a sudden appreciation in the strength of the Indian rupee against the U.S. dollar has affected several Indian exporters (Karandikar, 2005). As the Executive Director of India’s largest apparel exporting firm “Gokaldas Exports” (GEL), Rajendra Hinduja stated, “We had been reporting a year-on-year growth of 10% to 15%



since 2005 when the quotas ended, but this year would be different due to the sudden appreciation of the Indian rupee against the dollar” (*Apparel Exports*, 2008).

Although India is one of the few countries that holds a strong position in cotton production and processing, its cotton picking and extraction processes often mix impurities into the raw cotton, leading to the perception of poor quality cotton production (Goel, 2007). Consequently, the Indian government has sought ways to improve cotton quality through education and technological improvements (Goel 2007). Because apparel has one of the longest and most complex supply chains, another challenge India faces is to reduce lead times to minimize costs (Verma, 2002). Bheda, Narag, and Singla (2003) evaluated Indian apparel manufacturers’ productivity levels by using such partial productivity measures as labor and machine productivity. They contend that India must put more effort into efficient manufacturing operations to remain competitive. They stress that companies must improve quality, productivity, and technology by means of productivity indicators like ratio of output to labor inputs to achieve a more competitive outcome. Bheda et al. (2003) recommend that productivity would be improved by increasing work measurement, initiating more supervisor and manager training, strengthening quality systems, upgrading strategic technology, and strengthening production planning and scheduling (pp. 9-10).

Although India is underdeveloped in terms of its basic infrastructure and support for industrial growth, continuous innovation and expansion will help to fuel the country’s economy (O’ Reilly, 2007). This, in turn, will help to build its infrastructure. Yet India also needs to improve internal factors, such as productivity and technology adoption by

individual units, and external factors including fiscal policy measures and labor policies to improve its overall competitiveness (Gupta, 2006). In order to achieve this, India needs to invest continuously in technology and supply chain upgrades. Moreover, to improve supply chain efficiency, Indian suppliers must develop collaborative links with buyers working together as partners during the buying-supplying process (Gupta, 2006).

### The Apparel Buying and Supplying Process

Suppliers need to understand the interrelationships between the buying and supplying process in order to be successful. Because buyers who outsource generally are too busy to oversee every little detail, such as follow-up on final orders, processes, and efficiency, they expect suppliers to do this (Webb & Laborde, 2005). Therefore, there is a definite need for both parties to understand their roles so as to enhance the bond between them. Liu, Leach, and Bernhardt (2005) examined the concept of customer value among buyers who engage in multiple sourcing, and developed a model to examine the repurchase decisions of buyers-suppliers with whom they have had a short-term relationship as well as those they have had a long-term relationship with. Their findings reveal that in new relationships, customer value plays an important role in influencing share allocation. In more long standing relationships, customer value, customer satisfaction, and switching costs are important in share allocation among suppliers (Liu et al., 2005).

Figure 5 represents the process of buying-supplying relationships, illustrating the three stages of the buying process as they relate to the three stages of the supply process. The relationship between buyers and suppliers typically begins with a problem or need

for a particular product or style. Detailed information is then gathered relative to the particular need or problem. Supplier qualifications are reviewed and a supplier is selected. Once the purchase order is complete, the supplier's performance is evaluated and the decision to use them again (or not) is made, and the next cycle begins. To work together in harmony, as described below, both the buyer and the supplier must be involved in building, maintaining, and enhancing the relationship throughout the entire process.

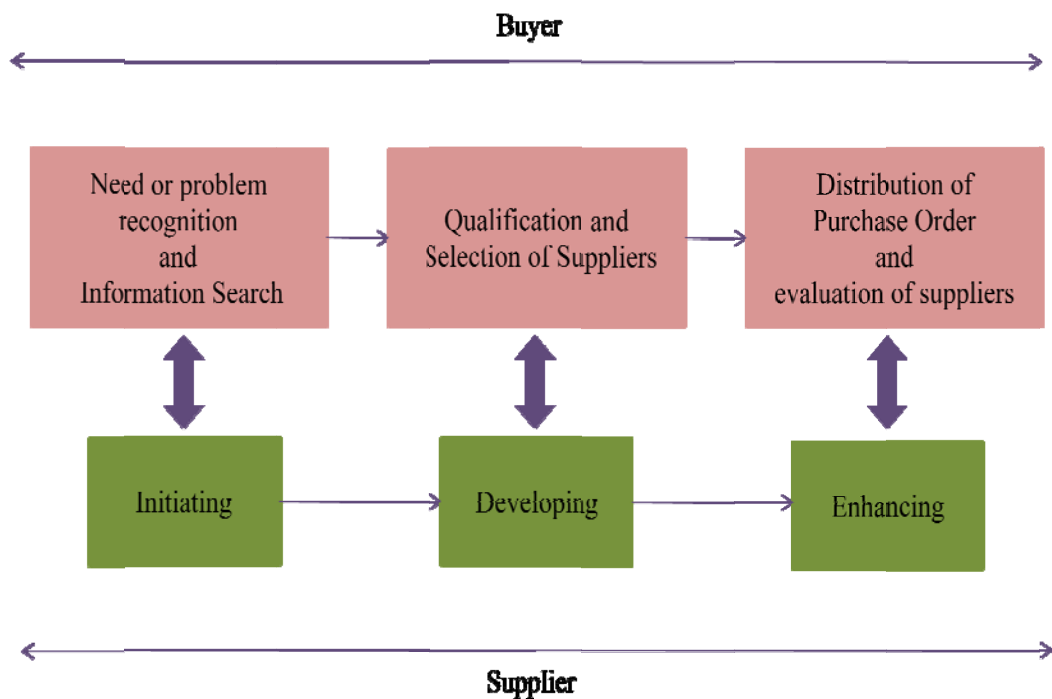


Figure 5: Buying-supplying relationship process.

Source: Thomas, Raymond, Ramon, Charles, & Michael (2004)

### *Stage 1: Need or Problem Recognition and Information Search*

In this fashion conscious world, wherein consumers are keenly interested in different styles for each new season, the first stage of need or problem recognition is constant for the buyer. Styles that are planned for the upcoming Fall should not be exactly the same as those introduced the year before; there might be slight variations in silhouette or an entirely new one might be introduced. For example, a buyer who sold 500 pieces of a yarn-dyed polo (Style #4567), which had a pattern of blue and grey engineered stripes with a white base color, could buy an entirely new style or a slightly modified style for the next season. The new style (Style #5567) might be created by introducing a new pattern of engineered stripes. A slightly modified style (Style #5568) can be created by adding a printed pocket and/or a printed inner placket with a new color combination. Thus, need or problem recognition occurs whenever a buyer identifies the need for a new style and must produce a product to satisfy this need (Thomas et al., 2004). The need motivates the buyer to seek out a way to produce it and thus search for information about meeting the product need with respect to price, lead time, and quality.

When the need or the problem is recognized by the buyer, the supplier's role is to assist the buyer in finding the right product or modification that best meets the need or solves the problem. The supplier should be knowledgeable enough to offer the buyer information that meets the buyer's needs in the best way possible. The supplier is expected to offer suggestions and solutions that might be beneficial to both parties. This helps the buyer evaluate and compare solutions provided by the supplier, and, in turn, builds the relationship between the two as they work closely with each other to solve the

problem (Thomas et al., 2004). Once the need or problem is identified, the buyer uses the information from the supplier to establish general product characteristics and quantities. The goal of the buyer is to find the supplier most capable of delivering consistently and meeting their commitments. As stated by Thomas and Jonathan (2007), the supplier that provides the most overall value (price, delivery, and quality) to the buyer is the one most likely to be selected as a partner.

### *Stage 2: Qualification and Selection of Suppliers*

Selection of the right supplier is the most important stage in the buying process, in that selecting the right supplier can help reduce material purchase costs and improve the competitiveness of the buyer's company (Thomas & Jonathan, 2007). An important issue for U.S. buyers during the strategic planning process is deciding when, where, and what to outsource (Teng & Jaramillo, 2005). Buyers are becoming increasingly selective and demanding in their identification of a good supplier (Wuyts, 2007). Buyers must choose among several potential suppliers, and use criteria such as price, quality, service, and lead time to make their choice. Good quality includes the absence of any defects in the particular product, and that the product meets all technological requirements. Good service includes on-time delivery, meeting all commitments, consistent supply chain, and providing solutions quickly whenever needed (Thomas & Jonathan, 2007). According to Thomas and Jonathan (2007), on-time delivery is the most important factor considered by buyers when selecting a supplier due to intense market competition and the requirement of just-in-time deliveries.

Each supplier offers different levels of performance capabilities, and it is the buyer's responsibility to select the most appropriate supplier among the pool of potential suppliers (Thomas et al., 2004). For instance, both style #5567 and style #5568 in our example can be made by any number of suppliers, but the same level of quality is unlikely to be achieved by each. Achieving quality in screen printing is critical with respect to style #5567 while fabric wastage will be more of a concern for the small piece of pocket and placket on style #5568. It may also be that the specific fabric and count specifications may not be available to all suppliers. Therefore, the buyer must take everything into consideration when making the choice. Buyers are typically looking to review new suppliers, as they are always seeking better prices and services and to improve overall supply chain operations (Teng & Jaramillo, 2005).

Buyers must also become familiar with the supplier's company, new designs and styles, production capacity, and any problem-solving capabilities. Buyers therefore include a supplier in their network based on the features and benefits they provide when compared to other suppliers. Experienced buyers make sourcing decisions based on net margin versus sales volume alone, yet the buyer's personal characteristics also influence their approach to buying (Silva, Davies, & Naude, 2002). Because the buyer's needs tend to dictate the supplier's response, it is therefore the responsibility of the supplier to gain the buyer's commitment and ultimate purchase decision (Thomas, et al., 2004). For this, suppliers often engage in extra-role behavior (ERB), which Wuyts (2007) defines as "a supplier's behavior in doing more than what is formally required in order to help out the buyer's firm" (p. 301).

Wuyts (2007) suggests that suppliers who offer ERB provide flexibility and cooperation within the supply chain, giving the impression that they will go above and beyond what is in the contract. Wuyts (2007) posits that buyers commit to suppliers that are resourceful and reliable, and who have the appropriate technological ability to react to unforeseen problems that arise. A supplier's ERB capability, therefore, provides buyers with access to resources like technical expertise but it also helps to reduce operation and adaptation costs (Wuyts, 2007). ERB ultimately results in further strengthening the relationship between buyer and supplier.

*Stage 3: Distribution of Purchase Order and Evaluation of Suppliers*

Once the supplier is selected, a Purchase Order (P.O.), also known as Buys Sheet is given to the supplier. This P.O. includes details like the season, style name, color, size assortment, quantities, delivery date and place, and the final shipment mode (sea or air). The buyer can generate an electronic purchase order or submit it manually. In either case, once the supplier receives a particular P.O., it is his responsibility to complete the order processing and send the final shipment, while engaging in regular correspondence in between (Thomas et al., 2004).

Teng and Jaramillo (2005) contend that to maintain competitiveness in the market and to achieve effective and efficient supply chain operations, the selection and evaluation of suppliers are critical. Therefore, the buyer typically evaluates the supplier's performance once goods are received (Thomas et al., 2004). Oftentimes the buyer provides suggestions to the supplier to improve future performance, which in some cases are also recommended by the suppliers themselves. It is the supplier's responsibility to have

regular follow-ups with the buyer so as to assure consistency in performance and to avoid any mistakes during production, thereby maximizing buyer satisfaction, and, in turn, enhancing the buyer-seller relationship.

Although most buyers follow all of these stages, they still depend upon past experiences for making purchase decisions, as well as external sources, such as trade journals. If a buyer has been satisfied with their suppliers in the past, they typically give them repeat orders in order to save time, money, and resources and to ensure consistent quality (Thomas et al., 2004). Repeat orders benefit the buyer, but also the supplier because they have already made the style once and are experienced with any challenges that surfaced the first time. Repeat buyer-supplier contracts can even lead to long-term purchase agreements between the two parties.

Because the buyer and supplier are really two sides of the same coin, they are connected throughout each and every phase of the production cycle. Ganesan (1994) points out that a supplier depends on a buyer and vice-versa. Suppliers face different degrees of loss if losing a buyer, depending on the importance of the buyer and the scarcity of alternative buyers (Mukherji & Francis, 2007). It is important to note that buyers generally purchase products from multiple suppliers to reduce risk and to meet their changing needs (Liu et al., 2005). As illustrated in Figure 5, along with the three stages of the buying process, there are three stages of the supply process that must be clearly understood by both parties to achieve a successful end result.



### *Stage 1: Initiating the Relationship*

This stage relates to the first stage of the buying process (i.e., need or problem recognition and information search). Here, the supplier gets involved in approaching and initiating the relationship with the buyer by identifying and understanding the buyer's needs and by offering good suggestions and solutions (Thomas et al., 2004). The supplier might also get involved in providing the buyer with the information necessary to make the decision, such as fabrics or style options the buyer might be interested in considering. It is important for suppliers to be proactive during this stage to send the message that they are capable of helping the buyer to solve the problem.

### *Stage 2: Developing the Relationship*

This stage of the supply process relates to the second stage of the buying process (i.e., qualification and selection of suppliers). In order to develop a relationship with a respective buyer, a supplier will often seek to sell the benefits of their production style, quality and price availability to the buyer. The supplier will also promote their problem solving capabilities to earn the buyer's commitment (Thomas et al., 2004). According to Liu et al. (2005), this effort often pays off for the supplier, as buyers tend to continue a relationship with a supplier when they have had success, and often increase their investment in the supplier as alternative suppliers become less attractive.

### *Stage 3: Enhancing the Relationship*

Once the relationship between buyer and supplier develops, it is the supplier's responsibility to make sure it continues. Typically suppliers do this by maintaining their technological and product expertise, and by developing trust through regular follow-up

and communication with the buyer, fulfilling their commitments, maintaining or improving product quality, and shipping the final goods on time. Suppliers increase their chances of receiving repeat orders when they meet the buyers' expectations (Liu et al., 2005). Indeed, Liu et al. (2005) found that buyers often prefer to remain in an existing relationship, rather than forge a new one, to avoid the costs involved in finding another supplier.

#### Attributes Important to the Buyer-Supplier Relationship

Once a clear understanding of the buying and supplying process is achieved, the next step is to understand the importance of the relationship that is forged between the buyer and supplier. Researchers have shown a keen interest in behavioral and relational approaches to developing inter-firm relationships, as these relationships help to create more flexible and responsive partnerships that can improve a firm's performance (Mukherji & Francis, 2007).

Morgan and Hunt (1994) focused on relationship marketing, and specifically the establishing, building, and maintaining of successful relational exchanges. They investigated the nature of relationship marketing and developed the Key Mediating Variable (KMV) model to examine relational exchanges. The authors concluded that relationship termination costs, relationship benefits, shared values, communication, and opportunistic behavior were the mediating variables central to successful relationship marketing because they promote efficiency, productivity, and effectiveness. Ganesan (1994) suggests that the main components of a long-term buyer-seller relationship are

mutual dependence and mutual trust. Similarly, Anderson and Katz (1998) contend that combined, the effort of the buyer and the supplier lead to competitive advantage, in that competitive advantage is achieved only if the supplier is considered an asset and is fully integrated into the entire supply chain.

Buyers and suppliers are interdependent; the supplier offers production expertise and the best quality, technology and cost management, while the buyer provides product expertise, consumer knowledge, and industry experience (Webb & Laborde, 2005). As discussed in Chapter One, according to the Supply Chain Relationship literature, the important attributes that contribute to building and enhancing the buyer-supplier relationship are *trust* (Ganesan, 1994; Morgan & Hunt, 1994; Mukherji & Francis, 2007; Ryu, Park, & Min, 2007; Thomas, Raymond, Ramon, Charles, & Michael, 2004), *knowledge* (Ganesan, 1994; Hartley, Zirger, & Kamath, 1997, Thomas et al., 2004), *communication* (Brown & Eisenhardt, 1995, Hartley et al., 1997, Thomas et al., 2004), *commitment* (Ganesan, 1994; Morgan & Hunt, 1994; Mukherji & Francis, 2007; Thomas et al., 2004), *follow-up* (Thomas et al., 2004), and *continuance* (Ganesan, 1994; Hartley et al., 1997; Webb & Laborde, 2005). Figure 6 represents a model illustrating the attributes important to the buying-supplying relationship. These attributes play a vital role in shaping the effectiveness of the overall supply chain, and in creating strong relationships seen as a competitive force in the apparel industry (Webb & Laborde, 2005). Each of these attributes will now be discussed in turn.

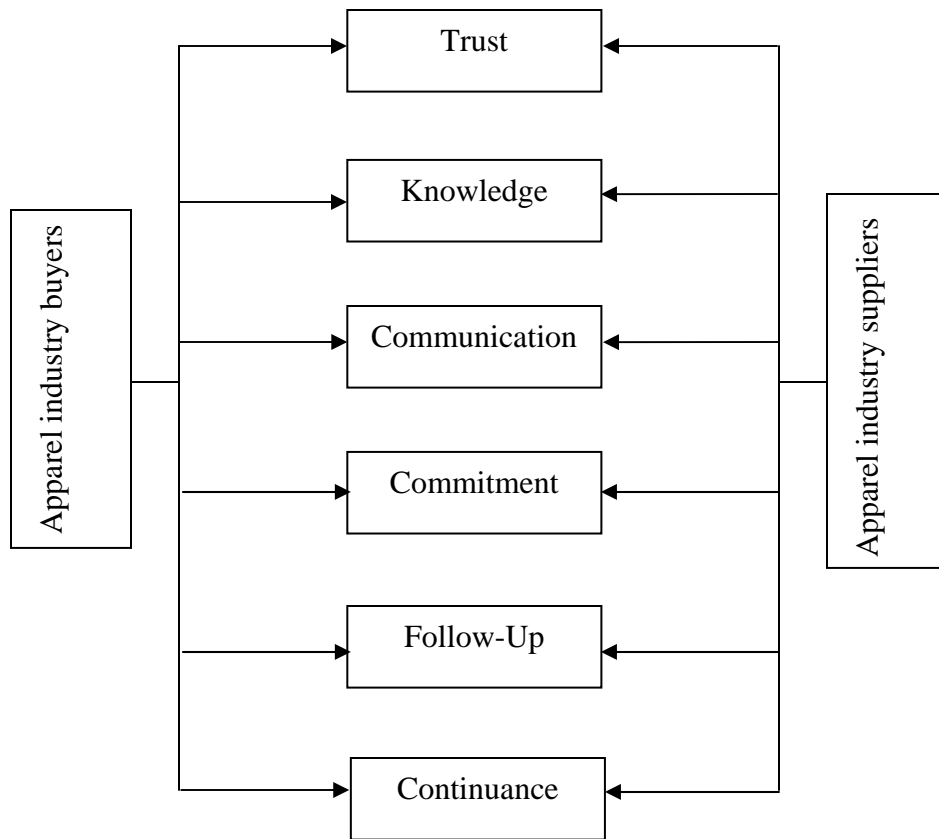


Figure 6: Attributes important to the buyer-supplier relationship.

*Trust*

Many researchers have argued that trust plays an important role in achieving a long-term relationship between suppliers and buyers which increases long-term revenues and profits for both (Mukherji & Francis, 2007). For example, Morgan and Hunt (1994) contend that trust is required to be effective in the global economy and that the buyer and supplier are cooperators, not competitors. Ganesan (1994) posits that when a buyer is a trusted cooperator with the supplier, they gain an advantage through short production lead times, better prices, and markdown allowances. Similarly, the supplier that acts as a

cooperator can achieve competitive advantages like access to the production of the buyer's best-selling products, and opportunities for special displays of their merchandise (Ganesan, 1994).

Trust is defined in different ways by different researchers. For instance Morgan and Hunt (1994) define trust as: "the existence of one party's confidence in an exchange partner's reliability and integrity" (p. 23). Trust is sometimes described as a situation wherein "the industrial buyer believes that he can rely on what the salesperson says or promises to do in a situation where the buyer is dependent upon the salesperson's honesty and reliability" (Thomas et al., 2004, p. 32). Trust is sometimes defined as "the extent to which organizational members have a collectively held trust orientation toward the partner firm" (Mukherji & Francis, 2007, p. 4). Generally buyers define trust in terms of openness, dependability, candor, honesty, confidentiality, security, reliability, fairness, and predictability (Thomas et al., 2004). Trust could be the extent that the buyer has built up confidence that he or she can rely on the supplier to manage problems.

As trust means something different to each buyer, a supplier must determine what the buyer expects so as to be successful. For example, if a buyer equates trust with confidentiality, then the supplier should learn how the buyer expects sensitive information to be handled. In another case, if the buyer sees trust as credibility, then the supplier should ensure that all the commitments are kept. Thus, it is the responsibility of the supplier to determine how trust can be formed with a specific buyer, and if they do not, then they risk losing the buyer's business (Thomas et al., 2004). Suppliers that are trusted the most are those who have a reputation for fairness and take an interest in

benefits that can be gained by the buyer and themselves (Ganesan, 1994). It is important to note that when a supplier trusts a buyer, it is more likely that the supplier will adapt to meet the requirements of the buyer (Mukherji & Francis, 2007). Moreover, Ganesan (1994) contends that a buyer's trust of a supplier increases with repeated interaction. Thomas et al. (2004) indicate that the variables that help a supplier in earning the buyer's trust are expertise, dependability, honesty, customer orientation, and compatibility.

Expertise plays an important role in a buyer's assessment of the supplier's credibility. This requires that suppliers prove their dedication to the task of achieving the objectives. On the whole, the supplier should have expertise not just about the product and its details, but also about the buyers' financial and business operations (Thomas et al., 2004).

Dependability is another variable that can help a supplier to gain the buyer's trust (Thomas et al., 2004). A buyer looks for a supplier that keeps its promises. Thus, commitment is an important attribute to developing a buyer's trust. Honesty plays an important role when it comes to building a buyer-supplier relationship. A supplier who believes in saying anything just to get an order does nothing but undermine the potential relationship with the buyer (Thomas et al., 2004). Thus, honesty is important when dealing with buyers, however difficult the situation may be, as one simple mistake could undermine the supplier's credibility in the mind of the buyer (Thomas et al., 2004).

Customer orientation is important to building trust, as the ultimate aim is to build a business relationship. A supplier must focus more on satisfying the long-term needs of its buyer than its own short-term needs (Thomas et al., 2004). That is, the supplier should consider the pros and cons of the required product and advise their buyers about the

products. They should build the skills necessary to support their buyers' interests based on factors such as cost of producing the product and whether or not the product is production-friendly. The supplier should always feel free to share new ideas of interest to the buyer (Thomas et al., 2004).

Compatibility is important to establishing trust between the buyer and supplier. Buyers often go to the suppliers whom they feel they know, like, and can work with and also with whom they are impressed (Thomas et al., 2004). Suppliers should therefore be creative and resourceful and seek to maintain a good rapport with their buyers (Thomas et al., 2004). Once trust has been built, compatibility is often used to enhance it. Mukherji and Francis (2007) contend that increased trust has a positive impact not only on product quality, but also on plant efficiency, material management, logistics, and other operational areas. Benefits of trust in relational exchanges include reduced risk, increased confidence, and reduced transaction costs (Ganesan, 1994).

### *Knowledge*

Buyers rely on suppliers to have a working knowledge of the whole production cycle (Thomas et al., 2004). This means they are expected to be the experts on the products as well as details, like the latest production methods for a particular style, how to acquire the buyer's choice of fabrics, and how to meet or exceed requirements for quality control. Suppliers also must be knowledgeable about what their buyers' needs are and how to satisfy them. A supplier must be well-versed in their company's operations, policies, technology, along with current market trends. Suppliers are also expected to know their

competitors, as well as understand their own strengths and weaknesses (Thomas et al., 2004).

Technically capable suppliers help to ensure on-time performance and to reduce lead time, in as much as there are fewer chances for error during the design and development process when the supplier is technically capable (Hartley et al., 1997). When the supplier is technically deficient, mistakes in the process can be expensive. Also, suppliers who are technically capable need very little assistance from buyers during the production process. Suppliers might also be expected to provide training in merchandising, product development, developing displays, and have information on new products (Ganesan, 1994). Buyers therefore try to build strong relationships with those suppliers who are technically strong and knowledgeable, and who can, in turn, meet their expectations.

#### *Communication*

In order to know what buyers need, it is essential for buyers and suppliers to engage in a collaborative manner (Thomas et al., 2004). Communication is the key to such collaborations in any selling or buying process. The mutual sharing of information and ideas between the buyers and sellers maximizes the benefits of a common understanding between them. As per Brown and Eisenhardt (1995), information is gathered in a communication web from multiple sources, analyzed, interpreted, and acted upon. Communication skills therefore include questioning, listening, and providing information through written and oral means (Thomas et al., 2004).

Suppliers must learn how to question buyers with respect to how they can better fulfill their needs. Such questioning should be purposeful so that participation could lead to



innovative and effective solutions (Thomas et al., 2004). While questioning, suppliers can learn more about their buyers' interests and provide detailed information about the buyers' expectations. Sometimes questioning fosters new ideas which can lead to further planning and decision-making. When suppliers develop good relationships with their buyers, they become masters at questioning and knowing exactly which type of questions will provide them with the most useful responses.

Effective listening is as important as effective questioning, otherwise the questioning is of no use (Thomas et al., 2004). Poor listening skills can ultimately lead to failure for both parties. In order to gain information and act accordingly, the supplier must be able to respond to the buyer's needs, but only after properly understanding what they are. Understanding cannot be achieved without active listening (Thomas et al., 2004). Good listening skills mean giving the buyer adequate attention, minimizing interruptions, asking for elaboration on the subject if needed, evaluation and asking relevant questions. With effective listening, both parties are on the same wavelength. Effective listening therefore positively builds the buyers' trust and helps nurture a collaborative buyer-supplier relationship.

Although the most effective medium of communication is face-to-face, other methods might be called for, including telephone conversations or written communication such as email and faxes. Written communication is considered to be the best medium when detailed product information is required, such as a style description with design, spec-sheet, and final order details (Hartley et al., 1997). It is important for the supplier to

maintain written records of all approvals received from the buyer, as it helps to reduce mistakes and to avoid any misunderstandings.

Brown and Eisenhardt (1995) conclude that frequent and appropriately structured internal and external communication results in more comprehensive and varied information flow to the team members. This, in turn, leads to higher performance throughout the development processes (Hartley et al., 1997). Frequent buyer-supplier communication during product development not only improves the supplier's time performance, but also allows both parties to respond quickly to problems and provide alternatives. This promptness reduces delays and improves the quality of the entire production process (Hartley et al., 1997). Consistent communication between the buyer and supplier forms mutual respect, which further strengthens the bond between them.

### *Commitment*

One of the key ways that a supplier's performance is evaluated is by their commitment to closing the sale (Thomas et al., 2004). Morgan and Hunt (1994) define relationship commitment as "an exchange partnership" based on both partners placing importance on maintaining the relationship for the long-term. They theorize that commitment is central to all relational exchanges between partners. Similarly, within social exchange theory, commitment is seen as an important attribute for developing strong buyer-supplier relationships (Mukherji & Francis, 2007).

Commitment is not just about securing an order, but it is also the beginning of what could be a long-term relationship (Thomas et al., 2004). Suppliers should therefore think twice before committing to just anything, as there may be situations where the supplier

has to share the disadvantages or difficulties in doing a particular style with the buyer. In such cases, the buyer might then change the style or suggest alternatives to reduce its complexity. Once the supplier accepts the buyer's decisions, then it must stick to them. Keeping up with commitments makes the supplier seem more reliable (Thomas et al., 2004). Not only are suppliers expected to keep up with commitments, but buyers are as well. When a buyer commits to providing the detailed specification of a particular style, then the supplier expects those specifications to arrive by the agreed upon time. Keeping commitments on both ends enhances the mutual understanding and allows channel members to work together to increase mutual profitability (Ganesan, 1994).

#### *Follow-up*

Follow-up enhances already existing relationships, as multiple buyer-supplier interactions and commitments serve to strengthen the relationship. The supplier should correspond regularly with the buyer either electronically or by official meetings. Regular follow-up helps to make connections between the two parties through interaction, thereby reducing the overall risk involved in order processing (Thomas et al., 2004).

#### *Continuance*

Although the major attributes in building, maintaining, and enhancing relationships are trust, communication, knowledge, commitment, and follow-up, the continuance of the buyer-supplier relationship also plays an important role. When the supplier is aware of the entire design and development process and knows the buyer's needs, there is a better understanding between both buyer and supplier, resulting in a more effective and efficient flow through the entire production cycle.

Prior experience with a buyer helps in increasing supplier's on-time performance and also in moderating buyer-supplier interface management variables (Hartley et al., 1997). This prior experience promotes confidence in the welfare of both parties, and helps to deepen long-term relationships by creating a valued dependence (Ganesan, 1994).

Flexibility is important to continuance as there are often unexpected and unpredictable issues, such as amendments in technologies and changes in market conditions and consumer demands (Webb & Laborde, 2005). Young, Sapienza, & Baumer (2003) define flexibility as: “the willingness of parties in a trading relationship to adapt, change, or adjust to new knowledge without resorting to a series of new contracts and renegotiations” (p. 444). The supplier’s ability to respond with flexibility leads to the viability of long-term relationships with buyers (Webb & Laborde, 2005).

Success in supply chain integration through these six attributes can be seen in low inventory investments, reduced lead time, low material acquisition costs, high employee productivity, increased ability to meet delivery dates, and low logistic costs (Lummus & Vokurka, 1999). Building relationships based on these attributes ensures that repeat business with a buyer will occur. A manufacturer grows with their buyers as a result of the buyers’ successes. The very first meeting with the buyer is considered to be the most important one, where the objective should be to get to know one another and not to buy or sell a product (Thomas et al., 2004).

A relationship must be cultivated over time. Competitors often seek to offer lower prices to lure a buyer away, but if the manufacturer has already developed a strong relationship with that buyer, then this tactic will be unsuccessful (Thomas et al., 2004).

As Webb and Laborde (2005) write, “It is the strength of the relationship that determines whether the buyer sends further business to his supplier or counts down the days until the contract ends and he can sever the relationship for good” (p. 442). Moreover, buyers should consider relationships with suppliers as assets in terms of utilizing a supplier’s technical, managerial, or analytical capabilities over a long-term period and thereby achieving long-term profits (Anderson & Katz, 1998). Long-term relationships, thus, lead to interdependent relationships wherein joint outcomes benefit both buyers and suppliers in the long run, focusing on relational exchanges over a series of transactions (Ganesan, 1994).

The literature pertaining to Buyer-Supplier Relationships clearly illustrates the importance and benefits of strong buyer-supplier relationships. How such benefits relate to U.S. apparel industry buyers working with Indian suppliers remains to be fully examined. Because India is emerging as one of the top suppliers to the U.S. apparel industry, strong relationships with Indian suppliers are critical for U.S. apparel companies, not just to increase their profits, but to bring a quality product to market that will satisfy the final consumer. Although several studies have been conducted on buyer-supplier relationships, only a few have focused on the apparel industry and even fewer look specifically at Indian suppliers. This study therefore fills a gap in knowledge by examining U.S. apparel industry buyers’ relationships with Indian suppliers. The results of the study thus add to our existing knowledge of the buyer-supplier relationship. Likewise, because there is a limited amount of research on U.S. apparel companies working with Indian suppliers, and no research that explores the perspective of the

buyers, the results of this study help to create an understanding of the benefits and challenges involved in working together on a global platform. This study therefore contributes to both U.S. apparel industry buyers' and Indian suppliers' knowledge of how to build strong buyer-supplier relationships in the global apparel business.

### Summary

This chapter provided an overview of the basic concepts of global apparel sourcing, with specific attention paid to sourcing from India. Concepts important to the buying and supplying process were considered, including supplier selection. Research investigating the important attributes of maintaining strong buyer-supplier relationships was discussed. The next chapter will outline the methodology used in the study.

## **CHAPTER III**

### **METHODOLOGY**

This chapter provides a description of the methodology that was used to conduct the study. The research design, sample selection, and data analysis procedures are discussed.

#### Research Purpose

The purpose of this study is to explore U.S. apparel buyers' relationships with their Indian suppliers. The study investigated the expectations that U.S. apparel industry buyers have regarding their Indian suppliers, beginning with the initial order placement through the entire production-to-delivery cycle, and ending with consideration of overall performance.

#### Objectives

To explore U.S. apparel buyers' relationships with their Indian suppliers, four specific research objectives were developed:

- 1) To examine the buying and supplying process as a whole with emphasis on supplier selection.

- 2) To investigate the benefits and challenges of outsourcing apparel products from India.
- 3) To explore the experiences of U.S. apparel industry buyers in building, maintaining, and strengthening their relationships with Indian suppliers.
- 4) To investigate the role of buyer-supplier relationship attributes (trust, knowledge, communication, commitment, follow-up, and continuance) for evaluating suppliers' performance.

### Research Design

The design of the study is qualitative. Because there is a limited amount of research that explores relationships between U.S. apparel companies and Indian suppliers, and none that explores these relationships from the perspective of the buyer, this research is exploratory in nature. It was anticipated that the results of this study would help to create an understanding of the challenges involved in working together on a global platform by providing an in-depth understanding of the perceptions and experiences of U.S. apparel industry buyers.

The primary method of data collection was the depth interview (Kvale, 1996). The interview method was used to obtain specific information from U.S. apparel industry buyers in their own words. As depth interviewing relies on conversation and dialogue, it is an intentional way of learning about people's feelings, thoughts, and experiences (Rubin & Rubin, 1995). According to Patton (2002), as everything cannot be observed, it



is best to interview people to get to those phenomena that cannot be directly observed.

Patton (2002) further describes the importance of interviewing:

The fact is we cannot observe everything. We cannot observe feelings, thoughts, and intentions. We cannot observe behaviors that took place at some previous point in time. We cannot observe situations that preclude the presence of an observer. We cannot observe how people have organized the world and the meanings they attach to what goes on in the world. We have to ask people questions about those things. The purpose of interviewing, then, is to allow us to enter into the other person's perspective. (p. 341)

According to Rubin and Rubin (1995), the interview method is best conducted by dealing with a limited number of topics in as much detail as possible. Therefore, a semi-structured interview format was used in this study to obtain specific information via open-ended questions prompting the participant to express his or her perceptions and experiences in depth (see Appendix A: Interview Schedule). As Patton (2002) describes, open-ended questions should be asked to provide an opportunity for participants to then respond in their own words. The interview method facilitates the collection of verbal data wherein the main purpose is to seek information directly related to the research (Bailey, 2007).

U.S. apparel industry buyers who do business with Indian suppliers were asked to participate in the study. Participants were contacted through email, and were selected with the help of existing industry contacts. Interviews consisted of questions designed to collect general demographic information as well as information about the study. Demographic questions include the type of company the participant works for such as knits, woven or non-woven manufacturing units, and specific brand details. The

remaining questions focus on revealing their experiences with and perceptions about their relationships with Indian suppliers.

Data collection was conducted in New York, California, and North Carolina during summer 2008. An appointment was scheduled with each participant for a specific date and time to accomplish the interview process. One week before visiting the above mentioned states, the appointments with each participant were reconfirmed and rescheduled, if needed. The duration of each interview was approximately 45 to 60 minutes, and the interviews were audio-taped with the consent of participants (see Appendix B: Informed Consent). Interviews were conducted at a location convenient to the participant. As an incentive for participating in the study, each participant was provided with an executive summary of the findings after project completion.

### Sample Selection

The sample is comprised of a total of 23 U.S. apparel industry buyers located in New York, California, and North Carolina who are engaged in buying apparel products from Indian suppliers. The sample size was appropriate given the primary goal of obtaining an in-depth understanding of U.S. buyers' relationships with their Indian suppliers. Apparel industry buyers were the focus of the sample because they generally interact with Indian suppliers on a regular basis and can therefore share their expectations and experiences with building buyer-supplier relationships.

## Data Analysis

Once data collection was complete, interviews were transcribed and interpreted thematically. A thematic approach to analysis is often used to discover and integrate concepts embedded in interviews into a framework that offers an accurate and detailed interpretation of the research problem (Rubin & Rubin, 1995). A thematic analysis of the interview data provides the means to explore the U.S. apparel industry buyers' relationships with their Indian suppliers. According to Bailey (2007), "thematic analysis works most effectively when you seek themes that address your research questions, frame themes conceptually, and explore links among them" (p. 155). Similarly, Interactive Qualitative Analysis (IQA) is used to represent the meaning of a phenomenon by connecting similar elements (affinities) and describing relationships among them as they surface within the data (Northcutt & McCoy, 2004). In order to understand and interpret the meaning behind the participants' words, Rubin and Rubin (1995) suggest a process divided into four steps: *coding*, *comparison*, *explanation*, and *significance*. This process was employed to interpret the meanings of the participants' experiences for developing buyer-supplier relationships.

Interview data analysis began with *coding*, in which participants' experiences were separated into units of smaller categories. For the purpose of coding, the information retrieved upon categorization were reassembled into themes and arguments and the interview data was read to reveal general content and related themes, concepts, and ideas with each interview. *Comparison* was then employed among and across the categorized groups and transcriptions to explore the meanings pertaining to different participants, to

understand various themes and concepts involved, and to explore similarities and differences in the interview data. This process helped to define a category along with its attributes, characteristics, and concepts, and to reveal different dimensions within the category. *Explanations* were developed to illuminate the meanings relevant to the categories and comparisons. Explanation was created through an iterative, back and forth process, to establish the relevance of the meanings for the interpretation as a whole (Spiggle, 1994). Once these meanings were explained, their *significance* relative to the research purpose, objectives, and background literature were described.

### Summary

This chapter provided an overview of the methodology to be used in the study. The research design, including the use of the interview method as primary data collection technique, and data analysis procedures were discussed. The next chapter provides a thematic interpretation of the interview data to address the purpose of the study.

## **CHAPTER IV**

### **INTERPRETATION**

The purpose of this study is to explore U.S. apparel industry buyers' relationships with their Indian suppliers. Based on the literature on this topic, research objectives were formed that would allow for an examination of U.S. apparel buyers' experiences with Indian suppliers and to investigate attributes buyers deem critical in their relationships with suppliers. The following interpretation of the interview data provides an in-depth understanding of U.S. apparel industry buyer perceptions and experiences as well as the challenges involved in working with suppliers on a global platform. This chapter is divided into two parts: (a) a description of participant demographics, and (b) a thematic interpretation of the interview data.

#### Participant Demographics

All participants in this study work as apparel industry buyers in New York, California, and North Carolina. All currently are engaged in buying apparel products from Indian suppliers. A total of 23 participants were interviewed, including 5 males and 18 females, aged 21 to 54. All participants work for apparel companies that can be classified as one of the three major categories within clothing and accessories (NAICS 84): knits, wovens, and accessories. Participant job titles range from Product Development Manager to Senior Vice President of Sourcing. Company brands include Bass, Izod, and Wrangler, to

name a few. Table 3 includes company and product brands along with participant demographics. Actual names of participants are not used in order to maintain confidentiality.

<b>Name</b>	<b>Age</b>	<b>Job Title</b>	<b>Company Name</b>	<b>Brands</b>
Susan	32	Sourcing Director	PVH	Bass (Knits and Sweaters)
Christine	38	Associate Sourcing Director	PVH	IZOD (Knits and Sweaters)
Charles	30	Sourcing Manager	VANS Inc.	Performance Division
Lindsay	25	Sourcing Manager	Ann Taylor	Ann Taylor Loft (Knit Tops)
Stephanie	24	Production Manager	NAUTICA	Women (Knits and Woven)
Katherine	36	Sourcing Director	VANS Inc.	Performance Division
James	29	Sourcing Manager	VANS Inc.	Performance Division
Allison	54	Sourcing Vice President	Ann Taylor	Ann Taylor Loft (Knit Tops, Wovens, Casuals, Sweaters)
Matthew	42	Sourcing Vice President	PVH	Bass (Knits, Wovens, and Sweaters)
Nicole	37	Sourcing Manager	Ann Taylor	Ann Taylor Loft (Wovens)
Shannon	21	Senior Production Manager	VANS Inc.	Core Division
Brittany	50	Sourcing Vice President	PVH	Retail Outlet Store (Knits and Sweaters)
Alexander	43	Product Development Manager	VANS Inc.	Core Division
Kerry	26	Associate Sourcing Manager	VANS Inc.	Core Division
Sandra	35	Merchandising Manager	VF Corporation	Wrangler (Woven)
Megan	25	Product Development Manager	VANS Inc.	Core Division
Mary	44	Sourcing Director	Ann Taylor	Ann Taylor Loft (Woven)
Trisha	31	Production Manager	VANS Inc.	Knits and Woven
Amanda	22	Sourcing Manager	PVH	Calvin Klein (Outerwear, swimwear)
Sarah	38	Sourcing Vice President	VANS Inc.	Knits and Woven
Carol	31	Sourcing Director	PVH	Phillips Van Heusen
Daniel	46	Product Development Manager	VANS Inc.	Knits and Woven
Lauren	52	Sourcing Manager	VANS Inc.	Knits and Woven

Table 3: Participant demographics, company, and brands.

## Thematic Interpretation

Several themes emerged as a result of the exploration of the interview responses and represent the interpretation of participants' perceptions and experiences while working with Indian suppliers. These themes include Expertise, Convenience, Functionality, Price, Service, and Partnership, as all surfaced as important to understanding the experiences of participants. The benefits and challenges associated with working with Indian suppliers surfaced repeatedly in the interviews, and therefore are discussed in detail relative to each theme.

### Expertise

Expertise surfaced as an important reason why participants sought to do business with Indian suppliers. Participants frequently discussed opportunities afforded by Indian suppliers that are not offered by suppliers in other countries. Participants described their sourcing strategies as based in large part on knowing the strengths of a particular supplier. As Stephanie explains, in India, each supplier specializes in specific types and categories of apparel products:

Each vendor has its strength and umn ...my sourcing strategy would be ...ok... what are their different strengths you know... it's definitely their [Indian suppliers] strengths...they are strong in knits so, definitely we'll go there for knits and if they are stronger in bottoms, then we will try to go there for bottoms ...if this vendor is...you know...they are stronger in more tops, more drapey, like a soft flare, then we'll definitely go there because obviously they have set up for different machineries. (Stephanie)



Participants noted several qualities that Indian suppliers as a whole are known for. Specifically, certain fabrics, providing authentic cultural flavor and novelty, and the capacity for innovation are all key types of expertise participants associate with Indian suppliers.

### *Fabric Categories*

Several participants indicated that they moved their business to India because it is known for its domestic production of cotton and natural yarns. As Lindsay and Carol explain,

India is a great resource for us for cotton fabrics, and we recently found a cotton modal synthetic quality which is now a big part of our business. (Lindsay)

Our business has grown and needs changes you know...fashion changes, if our needs now are more ....say this kind of product, then we need to find a vendor who can do this kind of product...right? So, it's all achieved in India. We never used to do a lot of pigment garment dyed products before. Three years ago, we started doing a lot of these products with them...you know...they are so good in doing those products. (Carol)

Other respondents, such as Charles, also commented that by sourcing from India they can acquire a variety of distinct products, whether fabric or finish related:

India is very strong in certain areas ...you know... in this market, you go to a certain category such as knits would be one category and that would entail like t-shirts, mostly a lot of cut and sew polo shirts or stuff with other embellishments and then also they have a wovens department where it's like plaids, plaid t-shirts, stretch t-shirts which is very strong, they are very strong in those areas. (Charles)

Sarah points out similar benefits for her product gained by sourcing from India:

I think the capabilities of India's vendor base match very well to our product line. When I joined this company, we had a lot of production in China. In the last three years I have moved a lot of product to India because I think the VANS product is predominantly natural fiber based and of course India is famous for being able to do like a lot of yarn dyed cottons and those types of things, cotton jersey knits and nowadays there is a lot more fleece knits in India. (Sarah)

### *Authenticity and Novelty*

Participants believe that India offers a range of traditional techniques that are unique to the country, such as tie-dyes, dip-dyes, batiks, and crochet. Such offerings provide a cultural feel that cannot be seen anywhere else. As Christine explains,

There are just certain products that Indian suppliers can do really well like tie-dyes and dip-dyes and batiks. They can do embroidery really well and crochet and we will get a better price. So, there are certain products that you...usually just say automatically India can do that...that we will go to them for. (Christine)

As Trisha and Lindsay describe, while such techniques are not unique to India, they are done frequently there and so add an authenticity to the garment for a reasonable price.

I definitely feel that India is a great resource for us for beading, embellishment, and cotton fabrics. I am definitely looking to put my embellishments there and also one of our suppliers, Richa, does a great job with innovation. (Lindsay)

I would say India is beneficial because you do get the home spun appearance even now...the authentic you know...appealing things. (Trisha)

For those participants who described being on the lookout for something new, striking, original, or unusual, India has a certain appeal. Indian suppliers are capable of novelty, providing the buyers with a variety of product details. These details include

complicated surface design, embellishments, and handwork, as well as innovations in cotton.

India has the capabilities of doing decorated garments, fancier garments, you know...top stitching detailing, embroideries, and very very nice garment detailing, but you do pay for it. (Sandra)

Obtaining novelty at cheaper cost is more of a focus in India...you know...crochet, embroidery things, and handwork can be obtained with cheaper costs in India, so that's why we go there. (Susan)

Matthew agrees and points out that Indian suppliers have had to boost their capabilities to provide novelty products to make them more competitive with other apparel producing countries.

I think Indian suppliers have definitely gotten more sophisticated in their abilities, and what they can actually bring to the market, so, based on that ...in order to be more competitive with China and other areas, they had to grow divisions... they are expanding their product base at the same time and they are also very specialized on what they are known for, you know, in a lot of divisions...in intricate embroidery, and things like that... (Matthew)

Most participants find that their Indian suppliers bring more creativity and more choices to the table as compared to suppliers in other countries.

Our Indian vendors bring to us more development, more creative...they are more creative and ...and they will come here and they will bring new development for us to choose from, whereas, our Hong Kong office, I think part of it is, they are really stressing that they have way too much to do ...because I have so many other divisions but they are not bringing it to the table of development like our India suppliers do. (Christine)

Some mentioned being impressed by their suppliers' presentations during the product development process. This includes going beyond just showing the garment details on a PowerPoint slide, to providing actual samples for buyers to see and feel.

We often have presentations from them when they come and get concepts.... design gives the feedback and then...they return with an incredible amount of innovation and options for us and that's one of the huge assets. (Lindsay)

Usually, when they come here, they always have a great presentation of just showing all sorts of new developments, new fabrics, new printing techniques, like new tie-dyes, all the new embellishments, all the new embroidery, things like that. They will usually show that and also have not just the fabric headers but also have samples to show you. So, I think they always bring something to the table. (Christine)

### *Innovativeness*

Participants think that Indian suppliers are generally more innovative in terms of textile design, as well as garment design and finishing. As Allison describes,

We often use Indian suppliers in our woven tops and knit tops for innovation. Specifically to woven, I feel like they are extremely innovative in terms of textile design, in terms of fabrics, and also in terms of CM (Cut and Make), they are very competitive to the rest of the world. In knit tops, we utilize them again for innovation, for embellishment, embroidery, and beading, etc. (Allison)

Some also commented on how Indian suppliers will often take the time to collect ideas about fashion trends, indicating the extent to which, as suppliers, they are interested in providing up-to-date services to their buyers.

Indian vendors are quite fashion forward, they tend to look a lot into brand, so they are very ahead of the trend, they know what kind of things are coming down the pipeline, so, they are often able to understand what our designers want, a lot faster than may be somebody in China or Vietnam. (Sarah)

As Carol explains, her suppliers even have a research and development (R&D) team involved in the product development process, which carries that expertise through to final production.

Our Indian suppliers that we work with also provide design direction twice a year. So, they have a team of R&D members who travel to Europe and then bring the ideas like what's new, what color, what washes, so they also bring ideas to the team here. So, that is an added advantage. (Carol)

Having an R&D team is an advantage because the supplier can offer innovative ideas, along with the knowledge to evaluate whether it is feasible to produce the more cutting edge or atypical product.

All of the participants talked about selecting suppliers based not just on what the supplier can do, but who they do it for. Detailed information about the supplier's key customers is gathered to ensure the right fit and area of expertise relative to specialization. The process is outlined in the following quote from Sarah,

We look at which of the brands they are dealing with. Are they dealing with something similar to us or is it completely separate. If it's a completely different market, different customer, we could go for them, but it wouldn't be like the first choice because the learning curve for them and for me is going to be huge you know...but if they are already doing business with someone similar to us, the chances are they understand our business and our market and our consumer, our timeline, our development issues, if they are going to understand it already, then the learning curve is much less and much less painful for everybody you know...so that's the first thing we look at, who are they doing business with. (Sarah)

Lindsay echos the importance of fit:

In terms of new suppliers, I would look at who are the potential new suppliers...it definitely has to do with how competitive you are, who do you have business with, and if you can match our products. So, can you do what we need...that's a huge factor. (Lindsay)

It is clear that through their experiences, participants are looking for specialized strengths in their suppliers. However, in today's competitive apparel marketplace, it is important to get the right product at the right time for the right price. As participants' biggest challenges come from managing product assortment and logistics, they are looking for suppliers that not only have expertise in certain special categories, but are also located in places where access is easy in order to allow for convenience throughout the production process. Therefore, participants prioritize their criteria for supplier selection based on both what a supplier can do and how accessible that supplier is to the buyer.

### Convenience

Convenience is important to the participants. As buyers, they are always looking for sourcing opportunities in countries that are flexible in all aspects of the business. Participants agree that the advantage of dealing with India is that it offers the "full package": expertise ranging from yarns to finished garments, flexibility from the country's lenient rules and regulations, and a population generally proficient in English.

#### *The Full Package*

According to the participants, India is known for providing the full package. That is, facilities that produce yarns, fabrics, and garments are located throughout the country. This greatly reduces the inconvenience buyers face when doing more discontinuous

sourcing, that is, buying fabric from one country, cutting it in another, and sewing and finishing the garments in a third. Offering full pipeline service provides a definite advantage for participants, as it reduces time, money, and effort. As Sandra explains,

India usually...they dye the yarns, they weave the fabric, they make the garments, it's a full package, a full package. So, the fabric is Indian, the garments are Indian produced and we are getting a finished garment in hand from India itself. India provides a full package. Whereas, umn...when it's Chinese fabric, it's shipped into Bangladesh and our finished product comes out of Bangladesh. So, the garment production is done in Bangladesh. (Sandra)

Carol adds to Sandra's comments and calls India "a one stop shop," which means that India is a self-dependent sector that has the ability to manufacture the raw materials and to deliver the end product. This is important because, for Carol, when all resources required to make the final product are available in the same country, she can be more time and cost efficient.

India is almost a one stop shop with their own resources of fabrics because of which they don't even import fabrics. That's a huge asset. (Carol)

As Carol further explains, because India has the mills required for manufacturing, it is more convenient for her to oversee the production process.

Most of the items that we buy out of India...we try to buy everything local...because it's faster and it's better control...generally, it works out that you do local piece goods. The control is better there...a lot of suppliers have critical set up, which means they have backward integration to fabrics. They have their own knitting mills or knitting facility... (Carol)

Nicole agrees, in that she prefers sourcing from local suppliers instead of having to import materials from various countries. She further adds that the resources available in India help to achieve better cost and a quicker production process.

We manufacture a lot of our cotton woven tops in India and using Indian fabric mills and trims suppliers helps improve cost and speed. Instead of importing materials from China, where we waste time on transit, we are going to local suppliers. (Nicole)

### *Flexibility*

Participants talked about experiencing a high level of flexibility when doing business in India, in that Indian businesses are more fluid in terms of procedures and formalities.

Moreover, trade rules are not as restrictive in India as compared to China:

The rules and regulations are a lot more lenient in India. (Charles)

Sometimes we need the suppliers to do things for us urgently and not focus too much on government rules...Indian suppliers in that manner are very good... (Alexander)

Although this fluidity makes sourcing in India more appealing, it is balanced by the challenges inherent to a developing economy. Most participants commented that India has problems with transport and infrastructure. Charles explains that, as a result, sourcing from India requires some logistical maneuvering.

The lead times are obviously longer, especially when you deal with factories in the middle of the country. The shipment has to go on a truck or a train, it goes to the port, jumps on a field boat which is smaller and then it goes to either like Singapore or some other country, onto a big barge and then it comes into our port. So, that's the logistical challenge. (Charles)



Susan points to another of India's economic problems, that of employee strikes:

Someone is always on strike at that docks and that's a challenge, we know this about India. They are always striking. (Susan)

Although these problems can be difficult to manage, participants also mentioned that the country is working to improve its infrastructure, which will, in turn, improve logistics.

The government seems to be quite smart in the sense that I can see in Chennai that they are actually building the roads, they are actually setting up differently, so, the learning curve is there, they have already paid attention to it...you know...so, I think that long term...I mean in my opinion long term, we'll be staying in India...you know...because there is still a lot of untapped opportunity there I think. (Sarah)

Despite the fact that they can get the full package in India, participants complained about the longer lead times there as compared to other countries.

With our Indian suppliers, it happens every season. Sometimes it takes around 150 days to 180 from the initial to the shipping instead of 120 or 100 days. So, along the line, maybe the fabric wasn't on time, maybe the trim wasn't on time...that delay in production...the production line didn't produce ...it could be a number of factors that affect. But in that case, we have to air...you know...to meet the shipment at the vendor's expense. It's costing them a lot of money...yeah...they missed the boat, and we need it. So, they have to air (ship). (Lauren)

Yet, delays sometimes have more to do with order quantity than infrastructure, as Stephanie explains,

Lead times ...I would say a little more challenging mainly because we are not that big and the majority of our vendors have their set up for you know...huge customers such as the Gap Inc. group so, then you are being pushed off and face

delays in the lead time... Yeah...predominantly in our area just because we are so small and sometimes you know...we don't get all of the flexibility. (Stephanie)

Others mentioned that longer lead times only occurred when certain garment categories were being sourced there, and particularly those with more complex detail:

We only have difficulty when it is a heavily embellished style or trim, but all lead times are globally competitive. (Nicole)

I think the lead times are longer for things that are patch-worked or so...so those are longer. (Amanda)

Moreover, a couple of participants indicated that longer lead time is not necessarily a problem specific to Indian suppliers.

Lead time across the board has become a challenge since 9/11. Security issues in place, things have to be short and secured facilities, just the time it takes to pass through our ports, but lead time is increased across the board not just India that's not as much of an issue in my world. What I need from vendors across the world, including India, is for people to deliver quality product at really good prices...competitive prices. (Susan)

Sometimes the lead times are longer, but they are also getting longer in Hong Kong and in China. (Christine)

For Sarah, delays in lead time are inherent to the apparel industry, as it is labor intensive and cannot be fully computerized.

Our industry is an industry with a lot of human intervention, once you have that, we are going to get delays because it's not fully operated by machines that can be programmed... you know...there is going to be delays. The fabric coming late and the fabric can be wrong when it gets there. There are so many variables that could go wrong and sometimes they do go wrong. There can be weather issues, now...if there is flooding, for example, during the monsoon, you know...that's a challenge, I mean...maybe your factory is not flooded, but maybe your staff can't

get to work. Some is actually supplier based, some is environment based such as flooding and then some is also like...for example, like everyone is on strike and deliveries are all on hold...there are so many things that could impact it, but that can be in any country...you can't say that's specific to India. (Sarah)

Sarah is currently working to reduce her lead times and has begun to see an overall improvement. As she explains,

Lead time before, yes...it was a challenge but not so much now because I think that the overall trend in the business is faster to market... when I first started to work with India, years ago, the lead times were like 120, 130 days. But right now in India, I am having like 90 days local...as long as it's domestic fabric. If you start importing fabric, then of course it's not. But the goal is to get to 80 in another couple of years on certain categories that we can streamline a little bit and with certain vendors that we are forming more of a partnership with. (Sarah)

Sarah goes on to reiterate that a partnership must exist between buyer and supplier before shorter lead times can happen:

We can't just walk into any vendor and get it. It has to be with partners, the partner vendors that we have been with, that understand us, we understand them, they know our expectations, we know their capabilities, then you can achieve it, but walking up to someone on the street and just saying "I want 80 days," that would be quite challenging. (Sarah)

### *Language*

Participants explained that convenience also stems from the fact that Indian suppliers do not have any resistance to using English and hence there are few barriers to verbal communication.

Their command of English makes it easier for us to communicate with them and so is beneficial, they are very knowledgeable, and are very understanding. (James)

Speaking wise, I am so comfortable in talking to them ...I mean...everyone is English speaking....they are so good in English... (Allison)

It's phenomenal how well my Indian suppliers speak English... its easy for us... as long as they don't speak Hindi you know... (Brittany)

Yet despite fluency in English, participants commented that there is often a communication gap between them and their Indian suppliers. This gap can result in a higher risk for error.

Sometimes they tell us about a problem when you know...when it's kind of too late. Now it's already been made, you know...we have this, the fabric came in wrong, but you know what, I will look at it when they are done...sometimes it's a communication gap instead of being alerted about problems and everything right up front. It may come too late. (Christine)

Often the distance makes problems that much harder to resolve. Telephone calls and emails are not always effective, in Lauren's opinion:

I guess communication is the biggest problem... it's all about the distance. It's not like if I can catch a plane to Mexico, I can be there in that afternoon and be there and take care of it...if there is anything, if there is an issue in India, it's communication, and emails, and sometimes, it doesn't come across as effective as being there looking at it, making a decision right there. (Lauren)

Overall, participants see sourcing from India as a convenient alternative to countries like China, in that there are fewer language barriers, more flexibility, and they can oftentimes source everything they need in one place. Despite challenges like distance and logistics, Indian suppliers provide a level of access and expertise that is very appealing to the participants.

## Functionality

A supplier's functionality is an important consideration for the participants. Specifically, they consider the supplier's technology and equipment, as well as the resulting overall product quality, to be critical to deciding whether they will work with a particular supplier. In today's market, as participants explain, whether a supplier can meet standards is critical to meeting the buyer's functional needs. Participants point out that when they visit a supplier, they have their eye on whether it is capable of allowing for changes in the process or of adopting new technology, while also meeting all of the quality requirements.

### *Equipment*

Participants agree that Indian suppliers have a high degree of technical capability in manufacturing certain types of apparel products, and that the country's well-known factories are continuously seeking to acquire the right equipment.

Their technology and their technical capability with certain types of garments is amazing....they are investing a lot in machinery. (Katherine)

I think...just like anything else...you know... like in any country, there are some good factories, some bad factories in India, and I think that their good factories are making and buying the right equipment and you know...updating their factories, so they become more efficient. (Matthew)

However, a few participants commented that many suppliers still use outdated equipment for the day-to-day work, and are somewhat lacking in sophistication.

I think it's the patterns...I don't know...it's the ... it's the tables that they have...I mean...you know... sort of technology hasn't taken over. India is still that home spun business you know...and they have a higher allocation for wastage...maybe ...because they are not as automated...and labor is still you know...manual labor is still cheaper there... (Trisha)

Sometimes we have a tough time working with the vendors, some of them are very stubborn you know...stubborn in what they want to do, or they are kind of stuck in doing the same thing. I don't feel like a lot of the factories have moved on ...they have not been upgraded. But this doesn't work for us; we are dealing in the fashion business here. (Carol)

### *Technology*

Some participants believe that Indian suppliers are technically strong with respect to certain garment types. They also indicated that Indian suppliers tend to have an interest in implementing technological innovations. As Stephanie and Allison point out, this enables a supplier to expand its capacity to meet the buyer's requirements and expectations.

I do see that most vendors are really trying to and want to get involved in new implementations of technology for their development and design. (Stephanie)

Technology in India is extremely innovative...and I think most owners of the factories are engineers...they run their factories with ...very much an engineering mentality as well as innovation. (Allison)

In contrast, other participants believe that Indian suppliers do not use advanced technology when compared to other countries, such as China. They repeatedly mentioned that India is known for advanced technology in general, however, suppliers in the apparel business are often still "home spun."

I think India needs to get more up to speed...They don't have technologies as like China has great technology. So, you know...the reason China is elevating the technology is because they are allowing a lot of people to come in and train them,

they are allowing Japan to come in, to buy Japanese machinery, Korean machinery, German machinery, and entail that they will also have those people who develop the machinery and who work on machinery. (Charles)

The technology in the sewing apparel business in India is not there yet...at least the vendors that I visit, that VANS deals with... it's not there. I know that India's technology is like the best, so, that's...that's about the only thing, it's still a young industry in India. (Lauren)

Technology wise, I think, India is more into a home spun mentality and probably the country has actually dealt more in the technical end you know... like computers, but they didn't really advance in what I thought should have happened in the apparel industry, which is not bad, you know...they have still an authentic feeling, a look about it...about their product which I think caters to a lot of customers still. (Trisha)

When asked about the challenges involved in doing business with India posed by outdated technology, participants responded that it often manifests itself in an overall production load that is too high. Although this is a positive thing for the suppliers, participants point out that it appears that these suppliers are overwhelmed with orders and thus are not able to perform efficiently.

We have a lot of products in India right now...because JC Penny and Kohls want a variety of categories each time. So, we have given them a balanced amount...it worked out really well...you know...so there is a lot in India and this is one of the challenges that we have ...we are overwhelmed ...we have got a lot in India. (Katherine)

According to Carol, a big reason for this overload is that Indian suppliers are too small when compared to suppliers in other countries, which results in lower productivity levels.

The factories in India are not always large enough to be able to handle all of the receiving goods at the same time. They just get as much as they can in the line...and it's the continuous feeding of the line with the larger volume...it's just

a very different way of working. I visit a lot of factories around the world, but, when I compare the productivity in the factories in India to most of the rest of the world, it is medium in terms of source... you know...they do not produce even close to what one mill in China can produce...like some of the mills in China are probably like you know...10, 20 times larger than all the mills combined in India... (Carol)

### *Quality*

Quality is an important criterion for all of the participants. Regardless of the size or scale of a supplier's operations, they expect to receive a quality product from their suppliers.

It is very important for to give us a good quality product. This is key for me... at the end of the day, it's the quality of the product ...you know...the quality of the product has to be there. (Carol)

Participants expect quality not only at the end of the production cycle, but throughout the entire production process. Some noted how enthusiastic their Indian suppliers are to make continual improvements in quality, thereby improving the country's overall industry reputation.

The quality is fantastic. I can tell you that they...the India base that we have is so forward thinking and so open to learn to ship a quality product, that their open arms to accept our standards you know...has really gotten into the quality level and we have that now. (Mary)

Over the years, India has improved a lot on quality you know... a lot stronger on quality (Susan)



Yet some, like Susan, also pointed out that Indian suppliers still need to work on improving quality in certain areas: “They need some improvement on some qualities of fabrics, finish, and hand and things like that.” (Susan)

It is important to note that before beginning to work with any new supplier, participants were keen to point out that they make sure that it will comply with the standards set by their company. For participants, compliant issues are very important, because if the supplier does not comply, then it does not get the buyer’s business. As Lindsay and Lauren explain, meeting the standards is therefore critical:

Before we can start doing business with any supplier, they have to meet our human rights compliance and our quality assurance for qualifications to become an approved vendor and if they don’t do so, we cannot be in their facility, we cannot do anything with them. (Lindsay)

Making sure that...with compliance and human rights ...that they are not violating any safety concerns, any illegal chemicals, things such as that, and then they have the equipment, they have an infrastructure that would support our project. So, all those are taken into consideration before...before we say... “Yeah, we need to work with this supplier.” (Lauren)

Sarah describes how a visit to a facility will often be used to determine whether the standards are being met.

We will make a visit to their factory and evaluate the factory, is that factory organized, you know...is it clean ...how is it structured, is it structured in a very efficient way so that the garment moves from one piece to the other area in a logical manner, or are goods flowing from floor to floor you know...third floor second floor...randomly, (this) wastes a lot of time and also creates higher cost at the end of the day. So, we look at those types of things you know... if the factory is truly efficient. (Sarah)

Yet it is not just about whether the production floor is neat and clean, but whether the office staff can be relied on to perform efficiently. Sarah goes on to explain,

Then we also look at things like their office you know...how is their administrative side set up, do they have a detailed shipping department ...are they good, who's receiving the purchase order and how is it processed...are people quite comfortable using computers, are they going to adapt well to our software you know...because we have certain systems required and stuff that we need, so we need to ensure that they...if they don't have the people, are they willing to hire the people to do that you know...things like that. So it's not just one...it's several variables. (Sarah)

As Trisha further points out, participants also expect that the factory is busy with orders and that it can handle the workload efficiently.

You have to look at their facility and make sure they are in compliance with human rights, they are following our compliance rules and just..I think if you walk into their facility and their facility floors are clean, and people are working and busy and the machines are going, but still, even though if they are busy, there is no a massive amount of clutter. I think that's a good indication, you know...and when there is no garments sitting on the floor, something like that...that's another good indication that the vendor is functioning and it would be the facility that I would like to be in. (Trisha)

Many participants stressed that meeting compliance standards is the most important criterion they use when deciding whether to work with a supplier. Therefore, many U.S. companies employ people expressly for factory audits and inspections. Buyers place orders with the particular factory only once the factory passes the required inspection.

You just can't make goods in any factory. The factory has to live up to our standards. So, we have an audit team that goes out, that we send out and if the factory passes the audit, then we can start making, but if products are on the floor and it's dirty and they got underage people working you know...they won't be

able to even get our business, they might be able to have just one meeting, but no PO is going to follow. (Charles)

Compliance with standards helps to ensure that a quality product will be achieved. At the end of the day, participants expect their suppliers to have a high level of functionality, that is, the right equipment, technical capability and procedures that lead to an efficient and effective production process. Yet meeting the buyer's needs does not come without a price tag, requiring participants to consider functionality relative to their expectations about the bottom line.

### Price

For the participants, a primary goal is to increase profits, and to do so by securing good prices from their suppliers. There are typically dozens of suppliers around the world who can provide what the buyer needs. However, only a few can do so at the right price. Therefore, participants agree that the key is to find those few suppliers. As Susan explains, she will go with the supplier that offers the best price for quality products delivered on time.

Costing is very important for me, if it is better than my cost that I am getting at Cambodia, and Vietnam, and Hong Kong, then I am going to (go with them)...if the quality is there and they can deliver on time, I am willing to shift business to India. (Susan)

Most respondents mentioned that they do business with Indian suppliers because they can get their product cheaper there, primarily due to the country's availability of low cost labor.

For me, one thing is that you can get better prices out there and that is due to the labor...that is due to the labor cost which is very cheap. (Charles)

Moreover, raw material resource availability is high in India, and hence the finished product can be obtained at a lower cost. For the participants, India offers affordable and reasonable prices, even for those yarns that require treatment before usage. As Carol explains,

Pricewise...certain prices are more workable out of India...we price out competitively in India for a lot of products that require washing on the garments. For example, we do a 5% organic fiber or yarn in Timberland and we get pretty favorable prices from India for those too. (Carol)

However, as India's economy continues to grow, prices are becoming less competitive, creating a challenge for some participants, like Matthew, who states,

I think at one time, it was a price savings thing, but India is probably not the cheapest place anymore to make garments or anything else, they have to become more efficient because other places are more cost effective. However, they are factory based and now they have more experience in that. So, they usually tend to get a much better quality product than in some areas that might be cheaper. (Matthew)

Likewise, production costs in India are slowly increasing, forcing buyers to look for alternatives. As Carol and Sandra point out,

We have gone through a lot of tough times in the last couple of years working with India due to the devaluation of the U.S. currency against the Indian rupee and the rising costs, but I source globally, so, if India's prices are higher, I have to go elsewhere, we can't continue to pay those higher prices. So, there was a lot of competitive pricing problems and issues last year, but it's settled down ...it's a little more acceptable. (Carol)

It's a good thing that India's economy is picking up, but that's the one thing that becomes a challenge...the cost of producing in India has become more expensive and a benefit for India because the economy is good. But not sometimes for us because we have to be very price conscious right now. (Sandra)

Some participants commented that since Indian suppliers are acquiring a large amount of business from U.S. buyers, they should improve their overall costing policies.

However, most also agreed that Indian suppliers often participate in the negotiation of the final cost.

A couple of suppliers could definitely improve on costing because we have given them so much product like just certain factories at least and they really need to waive that and take a look at that. Yes they are open in negotiating on some items, but in others they just ...it doesn't seem like they will and those particular categories have grown and doubled and I am sure we will continue to triple. (Katherine)

Price point has been an issue in India, but...um...we can really...usually negotiate them down. (Christine)

Interestingly, though price is important to the participants, most try not to sacrifice quality for low costs. Many participants qualified their statements about price by explaining that they prefer to select a supplier who offers moderate prices with good service, rather than one who offers cheap prices but no service.

### Service

Service is critical to the participants, as all described seeking competent suppliers who offer good service.

It really matters for me to know about their customer service...the way they are working with us...whether they are always flexible and...how flexible they are with us...and how fast their reaction is to what we need. (Carol)

It is important for suppliers to offer good service, as this often results in strong working relationships and in improved production efficiency. Most participants have visited India several times, and as a result, strongly believe that Indian suppliers are not only capable of providing the required products but also better service than other countries. According to participants, elements of good service include quick response, accessibility, and commitment.

### *Quick Response*

Most respondents commented that they expect quick responses from their suppliers, and that their Indian suppliers generally meet this expectation. Quick response not only satisfies the buyer but also shows the supplier's interest in fulfilling the buyer's requirements. Susan describes how important this is:

I am looking for response. When I need something, I need it now ...you know...I need it in two days and actually just asap, that's really important because you have a time difference anyway. So, someone who waits three days to answer ...you know...it's just too long...you need answers within 24 hours and we are getting back that kind of response from our India office...If I ask for sample things or can I have swatches, you know...by the time I return to America, I have it at my desk within a couple of days, if I ask them for costing, you know....they get that to me immediately, and I appreciate that type of thing. (Susan)

Participants indicated that, on the whole, the impression they get from their Indian suppliers is one of genuine interest in making sure the buyer is satisfied.

They are anxious to work with us on quality and really making sure if we are happy with quality. I am actually pushing to put more business in India. (Susan)

As Brittany describes, her Indian suppliers are also very welcoming and service oriented, and put forth extra effort to ensure their buyers have what they need.

They are good people with a warm and friendly nature...they are always willing to work hard and get what we need. (Brittany)

As Christine describes, her suppliers are so reliable that they have even been known to fly prototypes to the U.S. when time is critical:

They always come through for us. For example, when we have given them ...like you have to make this product...we have given them packages ...I remember they flew here because no one could get there. We said, "We have a style, a couple of styles, can you get us protos in two weeks" and they did....and like someone flew them back. So, they are very service oriented.... (Christine)

### *Accessibility*

Participants commented that their Indian suppliers often treat them with respect and place particular emphasis on being available all the time.

I think with India, one of the key aspects to build in a relationship is to be available you know....Indian vendors...if you go to India, even if you are visiting them for just 30 minutes, you have a cup of coffee, it's very important. It's very very important you know...they like to meet face to face ...this is, I think, one part of the culture there. It's not enough....like in U.S., people just send an email ... "Hey I am in town, just wanted to drop you a note." Even if we did that, that would be a little bit impolite actually. So, that's why my boss is always asking me "How come your trips to India are so long," I said "Because I do need to meet, even if it's only for a cup of coffee with each vendor that we are working with" because I think it just shows we are partners...we are not just using you as a factory, it's more than that, it's a more extensive relationship than that, so I think that being available and being willing to meet even though there seems to be no reason for meeting, it's more of a cultural thing...If you are coming to see them they really appreciate that you have been on the plane for 20 something hours....you know...and they have everything set for you, they usually have a

presentation ready to go and usually have those staff around the table ...so in that sense I always feel that they are very serious about their business and they don't waste people's time. (Sarah)

That Sarah's suppliers place importance on face-to-face meetings clearly indicates a high level of dedication to building the buyer-supplier relationship. Yet, some participants pointed out that this desire to please can lead to problems, namely the inability to say "no." Participants like Stephanie posit that it is part of the Indian business culture to give the buyer everything in order to satisfy him or her and increase business.

I am very fortunate with our team members overseas. However, I do come to realize that they are so hungry for business...I must not say they are hungry for business, but they definitely want to please the customers and want the business to establish a relationship which leads them to make overpromising decisions. So, if it's like something that...that is really close to impossible...but they will still insist upon, trying to hit that, and then oh...I can't do it...and then you are set up for a kind of failure and disappointment. I think that's almost like a culture thing...but of course many times they make it up also...they get through and finish. (Stephanie)

As Charles describes, some Indian suppliers try their best to achieve the target, however, there are cases where they fail to do so, which in the end creates more problems for the buyer:

Sometimes ...it's like they will tell you "Yes, yes, yes, yes, it's ok, everything is perfect," but all of a sudden you know...you go question, then they will say "Yeah...we are going to have a problem" you know....and that's not with just this company that we are working with, but I have had that happen many times working with Indian suppliers. (Charles)

Katherine believes it would be better if the supplier would be honest and upfront, instead of just eager to please:



The only time when I had issue is when we are travelling and we are either in the VF India office or at actual vendors' offices...and there is something new that we want or we are looking into...and the answer is always "...Yes, yes, yes, yes, no problem... no problem...no problem..." I know they never want to tell us "No..." but when we come back home, it's not what we wanted and what happened you said, "Yes, yes, yes"....but you know...with every single vendor in India, this is the case, this is the problem, for not just myself, but for my team, my developers, my designers, other divisions here...we just wish that rather than a yes or no problem, how about "...Well! Let me check, I don't know but let me check." I would rather have that because sometimes you know they motivate you, they want you, they say "...Oh...oh...no problem... no problem..." well! I understand they want to try but I would just wish that they just say "...You know what; I don't know...I will look, I will check, I will investigate, but I don't know, I can't promise..." (Katherine)

This type of honesty is important for participants because it reduces the chance of problems throughout the production cycle by providing some alternatives at the outset:

There are certain things you know...that slip...they forget to tell you or they don't want to tell you...we think that they will tell us right away so that we can come up with an alternative or something else that isn't really communicated ...find a way around it you know...it's not that they are lying, it's just that they are not being upfront and honest...and it doesn't matter if it's the information that I don't want to hear or I don't like but it's the truth so I have to take it and we have to find the way around it...you know...get it to work. (Charles)

Other participants point to the need for suppliers to train their employees to regularly follow up with the buyer so as to meet the target and work out those issues that might interfere with achieving the final product:

They want to entice the customer and say "Yes they are definitely moving along with the trend...you know...the technological advances," but then...you know...it's not really that they always have people that are trained to do that follow up. (Stephanie)

As Carol explains, the entire process is one of building a relationship on being open and upfront:

I think, the key is communication... you know...if we don't have communication back and forth with answers, quick answers or good answers or correct answers ...you are going to ask whether they are the right supplier or not...we have to work with a vendor slowly, we never meet anybody and make them a big vendor...it takes a lot of time and effort for us to learn the factory and for them to learn us. (Carol)

### *Commitment*

Like being up front with each other, commitment, for the participants, is required from both the buyer and the supplier. The buyer expects that the supplier does what he has committed to do, and at the same time, the supplier expects that the buyer will commit to an order.

If you are the vendor, ok, I share all details and you need to commit and I think the vendor needs to...once we want to get a vendor, we want him to commit and have commitment throughout...we can't let them leave us in the middle of anything...(Matthew)

Commitment...I need commitment... do what you said you are going to do and we will try to do the same. (Lindsay)

Commitment is also very big on both sides though you know....you can't ask for a commitment if you are not willing to give it. This is really not a balanced approach. (Sarah)

Participants expect that the suppliers are knowledgeable about the buyer's products.

As Susan explains, this is important because buyers are very busy and cannot always train their suppliers.

They have to know what they are doing...I can't...I can't teach someone else...I don't have the time to do it and why would I bother, I would go to somebody who already knows it... and they should be the experts. (Susan)

Service also means that the supplier will provide more than the minimum required, such as showing the buyer a range of different options, yet at the same time, is capable of understanding the buyer's market and how to target it.

They should be knowledgeable about our product and what they can do because a lot of times we do say to our factories "...What are your options? Can you price it like this way?" Or, "We can't hit our price point, so can you come up with something that maybe will allow it?" (Christine)

Our marketplace and understanding the way it is... how we design...we design out early so we get them the time to do so because if it gets into our stores late, then we miss the trend, if it gets into our stores too early sometimes, then people have the opportunity for us not to capture the market as a whole and then...then take our ideas so then they could get on the floor at the same time as us so, you know....it's just understanding the way American business works...(Charles)

However, some participants, like Susan, think that the supplier can learn these things by doing.

Knowledge ...of course knowledge can be gained, so it's not necessarily something that they should have at the starting point. For example, from experience from other brands you know...as long as they are willing to learn about our brand and learn about what we want and learn about how we work...that's fine. (Sarah)

For participants, service includes the expectation that the supplier will perform regular follow-ups and cross-checks during all the stages of the production cycle. As Charles and Lindsay explain, regular follow-up is also necessary to avoid any errors in the end result.

They need to follow up ...follow-up would obviously be...on things like they need to look through the cracks you know...they didn't have yarn in enough time, they didn't do this, things like that where they need to follow up on certain delays or certain issues or whatever...(Charles)

Follow-up is important because once we have placed the order with you, it needs to work out...it needs to work out, someone needs to be managing it closely and making sure that it all goes smoothly. (Lindsay)

Clearly, good service is essential for most participants, as many are seeking to expand their business with existing suppliers, which is always preferable to finding new suppliers. They expect their suppliers to offer good service, including a high degree of commitment in completing day-to-day tasks. Good service, for participants, indicates dedication to quality and an interest in continued business. This back and forth points to a mutual commitment to long-term success for both the buyer and the supplier.

### Partnership

Participants expressed their desire to make sure that they are working with the right supplier. They describe how, by focusing on key suppliers, they can build partnerships that better ensure their overall satisfaction. For participants, like Lindsay, this satisfaction stems from achieving quality products and on-time delivery.

As a corporation, right now what we are trying to do is ... limit our total number of suppliers and really focus on our key suppliers, key innovators, our key...when I say our key suppliers, I really mean...the ones who deliver, that are doing well, that are meeting our quality standards...We have our score card grading process that keeps track of how all of our factories are doing. We would like to focus on those key suppliers and really become more important to them...when you compare us as a corporation to someone like Wal-Mart or Target, we are not doing billions of t-shirts... you know....so, it's really important for us to establish strong relationships with our current suppliers and I think there is a possibility of

us expanding, but our first priority is to truly build relationships, dependable relationships back and forth because not only do we seek their partnership, we want to make sure that we will be able to deliver our end of partnership as well. (Lindsay)

When asked to describe the key to building and maintaining long-term relationships with their suppliers, many respondents used terms like “marriage” and “partnership.” They posit that long-term success is the result of contributions made by both the supplier and the buyer:

It’s like any relationship, like a marriage. Both sides have to work hard, I think ...back in the days maybe the 1980s, the apparel industry was very different and the customer had the final word and I have seen buyers screaming and yelling in meetings you know...to get the price they want, that day is gone. You can’t be like that nowadays. You know it’s unacceptable, unnecessary...you know...so, that would be ...it’s like a marriage, if you scream at your partner, your marriage is not going to last for long, right? (Sarah)

I think it’s the partnership...and I think it’s maintaining that partnership. It’s the give and take. It’s the ...it’s working through issues and problems and how they are resolved and we have to resolve them...it’s all about a relationship...you know...and it’s maintaining that kind of relationship. (Matthew)

Some participants also mentioned that a buyer-supplier partnership relies on mutual understanding, and that the supplier should not be dominated by the buyer or vice versa. Like Allison, Stephanie, and Nicole, they clearly feel that more attention should be paid to mutual understanding:

I think it’s a mutual understanding of what is needed in each other’s business and certainly as the buyer, we become little bit more one-sided...what we need, when we need, how we need it, at what cost we need it. But, I think it has to be a little bit more mutual. (Allison)

It's just that you need to make sure that they get the business at the end of the day. So, it's like... it's always a give and take ...you know...if they are flexible in terms of helping us, then we should give back in terms of business. (Stephanie)

Both of us should have a good understanding of who our client is and what we are looking for. (Nicole)

Beyond a mutual understanding, participants pointed to a number of other ways that a partnership is forged, including through regular and effective communication, as well as by cultivating honesty and trust.

#### *Regular and Effective Communication*

Most participants cited communication as a critical link between a buyer and supplier. Regular communication can help to avoid any misunderstandings during the production process, decrease the chances of error, and ultimately increase output. Nicole and Christine both point out why regular communication is important.

I think continual communication is the key. If the supplier understands what is happening with our business and why we make the decisions that we do, it helps the partnership. (Nicole)

It's more or less picking up the phone and just keeping the lines of communication open and say "Look, there is a disconnect going on somewhere...you have to have your people, your team, to communicate with our team" and to really alert ourselves you know...it's a working relationship, we are partners here, if any problems are here...finally you know....we are partners. So, again the communication is all important especially with the language difference and....to keep the lines of communication open and you know...really work as a partnership. (Christine)

Participants, like Christine, have found that their Indian suppliers are very good at regular communication:

They will pick up the phone and I will say, “Look I am waiting for these three points, can you check on the people and get me answers.” So...and they are also very accessible, they will call us on our cell phones, even with the time differences. (Christine)

Most participants have found that face-to-face meetings are an effective means of communication and particularly for dealing with suppliers in other countries. They point out, however, that it is not just about the buyer visiting the supplier, but also the supplier visiting the buyer. Both lead to better understanding of the target market as well as enhancing the communication process.

In-person encounters and just really communicating not just verbally but also with the body language, it's more effective because you know...there is always a culture difference and I think being in person makes the communication more effective and the point is it's stronger. (Stephanie)

I think they need to come abroad more if they want to do business with the U.S., they need to visit more frequently (and find out) about what's going on...so, they understand the economy and they cater to it more. We could only go there you know...twice a year and tell them what's going on but I think it's beneficial for them to come and visit us as well. (Trisha)

Participants commented that effective communication is more than just speaking English, it is also knowing the business language. As Charles explains,

It's important for us to communicate but to communicate not only in the same English language, but in the same business language whether be it in terms of shipping terms, FOB, LDP, or whatever. (Charles)

According to Lindsay, effective communication also helps to match the buyer's needs with the supplier's abilities.

Communication is very important... I think it's very important for us to know what your intentions are, what you are willing to give us in terms of space and lines, how many units you can handle, and of what we would try to be very candid and what we can promise you and I think that is the solid foundation to build a new relationship on. (Lindsay)

### *Honesty and Trust*

Most participants believe that being honest in a business relationship is very important. That is, they want their suppliers to be honest with regard to their commitments, in both word and deed. For some, satisfaction only comes once the tasks committed to by the supplier are completed. If there are any issues that may prevent the supplier from completing a particular task, the buyer expects an explanation so as to quickly resolve the problem.

I think honesty is very important. I mean if you make a mistake, give us a call, don't try and hide it, we will find it...right. I think if you are honest, it extends to everything you do ...you know...if you mess up...ok...oops...it's not the end of the world ...it's repairable or whatever you know...you accept it. And being honest prevents finger pointing...you know...you told me...yes...no...I told you...because with finger pointing, you don't get anywhere...no one does. The problem isn't solved. If something was not done right or something is miscommunicated, I would start with an email, you know...it could have been my fault, but, even if I know, I was clear and they understood me, I still...you know...give them the benefit of the doubt ...because then they know that if I put it that way, then they would hopefully then themselves say "You know what...I thought it was this way"...(Lauren)

Resolving issues as and when they occur is an expectation of both parties, but honesty is required to do so:

We like to have a very clear, clean, honest relationship with the vendors...you know...the issues...whatever your problems...if you tell us...you know...any difficulties...and we are very fair buyers...if the vendor is telling us we really cannot make money from this cost you know...we understand, ...we understand



the basic mentality...everybody is in business to make money. So, you know...we like open relationships with the vendors. We never want to walk away from the negotiating table if somebody is not happy and... it should be...everybody should be happy doing business together. (Carol)

With Indian suppliers, just honesty, you know...following through how much they promise, and delivering on time. If there is any issues, problems, just clarify them right away... (Trisha)

Participants considered honesty as an integral part of trust, and that they would never do business with anyone whom they do not trust. However, they also mentioned that both parties have to trust each other, as it cannot be one-sided.

We can't work with someone you don't trust and I never would. (Susan)

I think the trust of course is the basis of any relationship, be it a friendship or...or business relationships. If you don't have trust... quite honestly, you might just want to just forget it. (Sarah)

I think the trust is important, we need to trust what the vendor is telling us he is doing. Because we are giving him all this business and another thing we need to make sure we trust him and he trusts us too because obviously, it goes both ways. So, I think, trust is important. (Carol)

Most participants agree that if the supplier has proven capable of meeting or exceeding expectations, then they definitely try to maintain continuity with that supplier. According to Sarah, this allows her to keep a tight vendor base and maintain strong working relationships.

Because by the time you join with a new supplier, the learning curve is huge from both sides, they have to learn, a lot of money and time is spent in training, so when I go to see a vendor, I am hoping they are going to be my partner from three to five years minimum. That's what I am hoping, you know....I don't like to change my vendor base, it's important. (Sarah)

Clearly, maintaining a good working relationship benefits both the buyer and the supplier and pays off in the long run. Although participants point to both advantages and disadvantages of working with Indian suppliers, the key is to develop a strong partnership in order to overcome any challenges that may surface along the production pipeline.

### Summary

This chapter presented a thematic interpretation of participants' responses. Six themes surfaced as important understanding U.S. apparel industry buyers' perceptions of and experiences with working with Indian suppliers. Chapter Five presents the overall findings based on this thematic interpretation and provides conclusions grounded in the data that address the study's research purpose and objectives.

## **CHAPTER V**

### **CONCLUSIONS AND IMPLICATIONS**

This chapter includes the following sections: (a) a discussion of findings relative to study objectives; (b) analysis of buyer-supplier relationship attributes relative to findings, (c) discussion of relationship types based on the interpretation, and (d) limitations and suggestions for further research.

#### Research Objectives

- 1) To examine the buying and supplying process as a whole with emphasis on supplier selection.
- 2) To investigate the benefits and challenges of outsourcing apparel products from India.
- 3) To explore the experiences of U.S. apparel industry buyers in building, maintaining, and strengthening their relationships with Indian suppliers.
- 4) To investigate the role of buyer-supplier relationship attributes (trust, knowledge, communication, commitment, follow-up, and continuance) for evaluating suppliers' performance.

## The Supplier Selection Process

All participants are currently involved in sourcing apparel products in different categories, such as knit tops, sweaters, and accessories. Participants work very closely with design, development, and product merchandising teams throughout the production process, from development of the pattern, to fabrication, to the manufacturing of garments. In keeping with previous research on the supplier selection process (Teng & Jaramillo, 2005; Thomas et al., 2004), a big part of their job is deciding on a product and determining who to work with to make that product. As buyers, participants' number one task is to make sure that the supplier understands their needs and target product clearly.

As Sarah puts it,

I want to make sure that the factory really understands what we are trying to achieve in terms of products, like shirts ...you know...it meets the look that we are looking for, not just a sweat shirt, but really captures what it stands for.  
(Sarah)

Therefore, supplier selection is a process that should lead to the selection of the right supplier who will provide the right product at the right time and of the right quality. This finding points to previous research by Wuyts (2007), who argues that the crucial part of the production process is finding the right supplier.

All of the participants had specific prerequisites for supplier selection. These prerequisites varied widely among participants. In keeping with previous research on supplier selection (Thomas & Jonathan, 2007; Wuyts, 2007), some selected their suppliers based on effective cost, good quality, and timely delivery (essentially efficient execution), while others looked more at a supplier's location and facilities. Some of the

participants placed more importance on the service they receive, such as quick response or accessibility, much like Thomas and Jonathan (2007) found. However, one criterion was consistent among almost all of the participants, and that was the supplier's expertise in the specific product category. This was the case whether the participant was quality conscious or price conscious. Indeed, many participants selected a supplier because of its expertise in producing a variety of products from basic, to novel, to innovative. They saw this particular criterion as somewhat unique to their Indian suppliers, and one that is not easily found in other countries. As Susan points out, "their ability to handle novelties in my world, in matching any business with the women's area, where we need a lot of tricky right-eye stuff, something like that, they are quite good at" (Susan).

It is important to note that though a supplier's expertise was a common concern among the participants, they also emphasized the importance of the supplier's factories being compliant with their company standards. This had to be determined before any business would be done with a particular supplier. As Christine comments,

We usually work based on compliance issues. If the supplier is having compliance issues, you know...making sure that all the factories are compliant with human rights...if they are not paying you know...minimum wage, or if they have children working there or anything like that. So, we make sure that they are compliant... (Christine)

As Susan points out, she will not even deal with suppliers that are not compliant: "We won't even work with someone who can't pass our compliance standards..." (Susan).

Participants mentioned instances where they stopped working with a particular supplier. Sometimes this was due to increased costs, and other times because they did

not need to produce more of a given product type. However, the most common reasons cited by participants for no longer working with a supplier were delivery and quality issues. As Susan explains,

They have such beautiful development, they would come and show me these swatches in sweaters, they were completely stunning and the designers really responded, we tried to work with them for maybe a year and they never delivered on time which is a huge problem, and then the quality of bulk that we were getting versus the quality of samples...wasn't good in bulk and they couldn't meet our specs, the quality was rejected by my technician, and it really was not looking good, it was never what we wanted, and we couldn't confirm for them to ship it, and they shipped it...I would say a few weeks late, so it missed our in-store date. (Susan)

Some participants, like Lindsay, also felt that because she does smaller orders she was not seen as important when compared to big retailers. As Lindsay explains, this usually results in ending the business relationship and moving on to a different supplier.

If they are working with the GAP, Wal-Mart, NIKE, we might do business with them, but we might not. They are not giving us a true priority, they are not giving us... when it comes to my material costing and as we become less important to them, you know...the pricing, the lead time, everything becomes less workable and we are forced to move away. (Lindsay)

It is important to note that participants rarely severed an existing relationship with a supplier, and when they did, it was only after giving the supplier a number of chances at redemption. What was most important to the participants' selection decision-making was that a supplier be capable of doing the job the buyer asked the supplier to do.

## Why Select an Indian Supplier?

Benefits and challenges are the two sides of the same coin. U.S. apparel industry buyers benefit from outsourcing apparel products from Indian suppliers, and therefore are expanding their sourcing from the country. At the same time, they have experienced various challenges while working with their Indian suppliers. For participants, the benefits outweigh the challenges, but both are important to understanding the buyer-supplier relationship in full.

### *Benefits*

Participants describe the benefits of working with Indian suppliers as stemming from their ability to produce novel products with innovative approaches and at comparatively low cost. This finding supports previous research on benefits by Cho & Kang (2001) and Gupta (2006). It was found that participants, like Mary, who are looking for innovative products think of India as a sourcing destination.

India is one of the few countries that offer so much innovation and product development right then and there, you have vendors that have their own design teams, their own sample rooms, and that can do ordering mock ups, etc. Because the business becomes so incredibly novelty based, we not only want the point of view from our design team, but we also want the outside point of view from our innovative vendors. India happens to be the home of innovative vendors compared to Asia. (Mary)

Yet innovation is not the only benefit. As revealed in the interpretation, participants work with Indian suppliers because of category expertise, a high level of convenience, functional capabilities, effective pricing structures, and good service.

Participants are highly involved in the product category, and consider multiple sourcing options in various countries beyond India, such as China and Hong Kong. However, based on their experiences with Indian suppliers, they know which of their products can best be produced there and produce other products elsewhere. They are familiar with the capabilities of each vendor base located in different countries and allocate production units to each accordingly.

### *Challenges*

Apart from enjoying the above mentioned benefits of sourcing from India, participants also describe some of the challenges they face. The most common challenges that participants encountered include: (a) logistical challenges in terms of transport, lead time, and infrastructure, (b) use of outdated equipment and technology, (c) need for quality improvement, (d) less competitive price structure due to economic growth, and (e) a business culture different from that of the U.S.

Participants were concerned that their suppliers continue to use old equipment and technology, despite the country's reputation for high technology. As Lauren and Stephanie explain,

The factories in India are not as sophisticated as the countries that have gone through more upgrading and I don't feel like India's factories have upgraded at all. (Lauren)

[India] is always known...for the technological advances and especially ...even all the call centers you know...even here...our VF Corporation office, we have our service help for the IT... they are all directed to India. So, it's kind of like ... they are experts in technology, but ...why we don't see that in our industry...the technical advances in our industry...why do we have all these struggles with technology. (Stephanie)



According to Gupta (2006), India is regularly investing in technology across the value chain. Yet, participants found it lacking when compared to the technology of their Chinese suppliers in particular. As Charles comments, “They don’t have technologies like China has...it has great technology.” For participants, quality products are linked with good equipment and the latest technology.

The participants were also concerned about their Indian suppliers’ difficulty with saying “no.” Accepting every job offer leads to problems, and even participants like Daniel, who were, on the whole, very satisfied with their suppliers, expressed a degree of frustration and dissatisfaction with his suppliers’ reluctance to contradict him or tell him that something cannot be done.

They said “Yes...yes...yes....we’ll do it...we’ll do it...,” so, obviously I would expect them to do what I asked for. They tell me “Yes ...yes...yes...” and then in fact it’s “No...no...no...” and I do see that. They come back to us a number of times and they say “Yes... not a problem... not a problem,” and in fact it’s always a problem. (Daniel)

Participants would rather that their suppliers be honest and upfront before production problems occur, than agreeing to produce something that cannot be done.

In keeping with previous research on challenges, India faces logistical difficulties (Cho & Kang, 2001; Karandikar, 2005), needs to work on quality improvement (Bheda et al., 2003), and is undergoing a sudden appreciation of the rupee (*Apparel Exports*, 2008; Karandikar, 2005). Yet, participants did not appear to be too concerned about these challenges, and particularly lead time, because they encounter it everywhere they source, not just in India. It is interesting to note that they were very rational about the challenges

they face, citing how the apparel industry is an industry that still involves humans, it is not fully mechanized, and therefore, problems arise and mistakes are made. Participants are well aware of both benefits and challenges that surface when working with Indian suppliers, but stressed their desire to strengthen their current supplier relationships in this country as long as the relationships prove beneficial to them.

### The Relationship Experience

Participants emphasized the importance of working with the right supplier and to be able to consider the supplier a partner. Although partnership is not necessarily critical to the production process, it is critical to ensure that the process runs smoothly. All of the participants had specific suggestions for maintaining and strengthening their relationships with Indian suppliers. These suggestions varied widely, and were based on their individual experiences. Some considered delivering quality products on time to be the basis of a strong relationship. Others considered regular communication, whether through face-to-face meetings or through conference calls, and a supplier's pro-activeness, as essential to building the relationship. For the participants, at the end of the day, what is needed are good quality products, however, to get there they acknowledge the need for relationship-building. Doing whatever it takes to resolve problems, therefore, can become the focal point for building a strong buyer-supplier relationship. Because most participants, like Sarah, do not have day-to-day exposure to the manufacturing environment, they rely on the supplier to be the production expert, to be the first to let them know about problems, and to help resolve issues quickly.

The factory owner is the expert on production, I am not, you know...I'm really not. I don't sit in the factory every day. So, if there is something going on that we could do better, then I would prefer them to come and tell me. (Sarah)

One consistent element cited by the majority of participants with regard to relationships was honesty, usually linked to fairness, trust, and respect. Participants, like Lauren, have a stake in developing, maintaining, and strengthening a relationship with a supplier, therefore,

We need to be fair with them and they need to be fair with us. If you are doing something wrong, for example, and I go correct it you know...sometimes you got to own it too. Ok, you know what, I made a mistake, so, fairness I think is important. (Lauren)

It was found that most participants likened relationships in business to that of a marriage. As Sarah states, "it's like a marriage you know...it has to be equal on both parts for everything and if it's not going to be equal, it's ...it's going to be rocky, quite rocky down the road. So, we try to look on it that way" (Sarah). Participants often seek a one-on-one relationship with few as opposed to many suppliers, so that both parties remain important to each other. Carol and Sarah explain the importance of building relationships with their key suppliers, and the utility of working closely with a few suppliers rather than too many.

I always prefer having key suppliers... consolidation. We...we want to be important to the vendors...we treat them with high importance and they are major suppliers of our's and we don't want to be not meaningful to a lot of vendors. We want to be very meaningful to the vendors, so, we always try to consolidate and...do business with less vendors. That's just one of our major major major mottos. If we give them more business, they know that you are a loyal

customer...you know...they will continue to support you...and you will need them. (Carol)

It's better to have a few key suppliers that you are important to. You know....VANS is a part of VF as you know. So, we try to align, my brand with another similar brand, we try to be in the same factory. The reason we do that is because in the end VF is important to the factory and the factory is important to VF. If you are important to each other, chances are you are going to do well together...you know...if one person is more heavily invested than the other, it's not going to work as well...if you have a lot of vendors, yes, you are probably going to do ok initially, but in the long run, how stable is that. Every time I have had a lot of vendors, I had to take out my business and if it's like a pie, I have to cut the pie into so many pieces and maybe everybody is just getting a small piece. So, I am not meaningful, maybe they will do my business for a year, maybe two years, but after that they are not going to be that interested in me because I am not really growing...then it's not the partnership. (Sarah)

These participants have sought to strengthen their relationships with suppliers by establishing a mutual understanding and by making each party important to the other. By doing this, they focus on a few key suppliers as a means of building long-term commitment to their own success as well as that of their suppliers.

#### Key Buyer-Supplier Relationship Attributes

Considering the key attributes defined in the literature - trust, communication, commitment, follow up, knowledge and continuance - participants weighed each attribute's value differently based on their own experiences. Although participants pointed to all attributes as important for building, maintaining, and strengthening working relationships with their suppliers, the analysis of attribute importance revealed variations. Based on these variations, each of the six attributes was placed in one of three categories: *very important, moderately important, and less important*. The "very important"

attributes for the participants are trust, communication and commitment. Follow-up and continuance were found to be “moderately important.” Knowledge was considered to be “less important.” Figure 7 illustrates the importance level of the six attributes required for buyer-supplier relationships as revealed by the interview data.

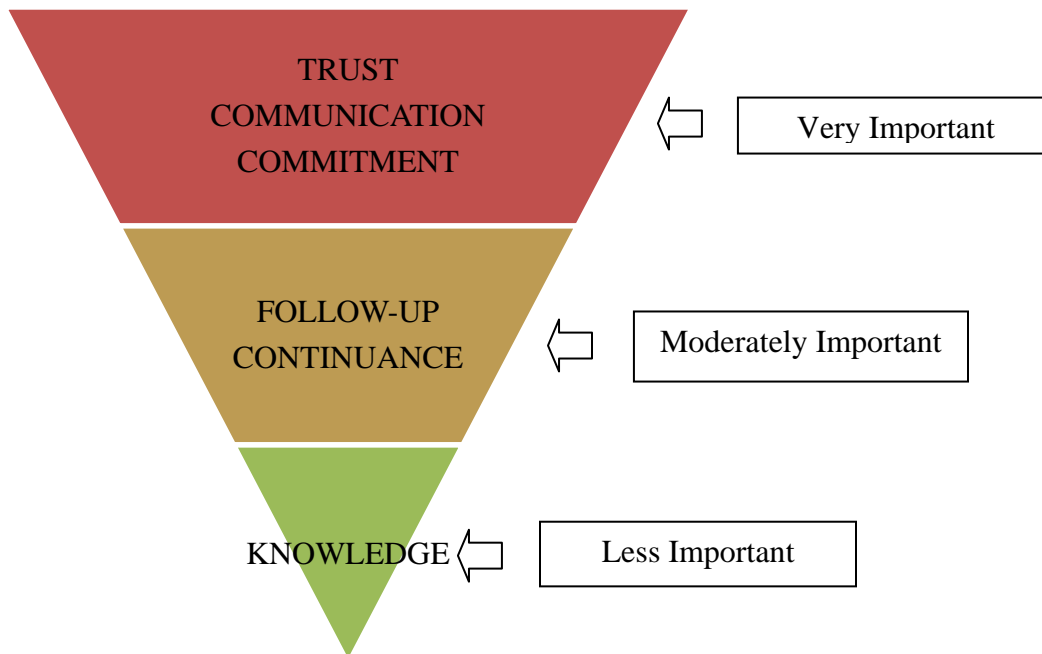


Figure 7: Importance level of attributes required for buyer-supplier relationships.

Most participants considered effective communication, trust, and commitment as the *very important* attributes needed to maintain their relationships with suppliers. In keeping with previous research on communication (Brown & Eisenhardt, 1995; Hartley et al., 1997; Thomas et al., 2004), communication was found to be an important criterion for buyers, so that they could engage in a collaborative manner with their suppliers during the entire production process. Considering communication as the basis of any

relationship, Susan states, “Communication is very important, without that you can’t get anything done.”

In accordance with Brown & Eisenhardt (1995), communication was found to be an important tool for ensuring information flow to suppliers. The most effective medium of communication, in agreement with Hartley et al. (1997), was found to be the face-to-face meeting. For participants, the conference call sufficed when production-related issues arose suddenly and without warning. However, on a regular basis, written communication was considered to be the best medium. Written communication was most often used to provide suppliers all the necessary details and to clarify questions, if needed. As Brittany states, “I live on emails...written communication is very important to me...you know...I can’t keep remembering everything...what I said, what I approved...I will mess up with my work if don’t have everything on my computer.” For most participants, regular and effective communication was a critical tool for building their relationships; it allowed them to be clear on every aspect of production which helped to reduce delays and risks, and thereby improve the quality and performance of the production process.

In keeping with previous research on trust (Morgan & Hunt, 1994; Mukherji & Francis, 2008; Thomas et al., 2004), for the participants, trust played an important role in achieving long term relationships with suppliers. In accordance with Morgan and Hunt (1994), most participants considered trust as their ability to feel confident in relying on their suppliers. Most stated that they would not do business with a supplier whom they did not trust, and that trust is the result of good communication. As Christine and Charles explain,

Communication is the key because if you can't communicate with each other, you are not going to really trust them to...you can't have the working relationship. (Christine)

I think to establish the type of business, we have to have the trust in doing it because this business isn't like...they already have the goods prepared, it's here, take it, I want to buy from you, it's like us going to the stores and buy a bag of chips or soda you know...so, we have to obviously have to have that trust with them. (Charles)

Similar to Ganesan (1994), it was found that the buyer's trust of a supplier increases with repeated interaction. Participants expressed repeatedly that they expect their suppliers to be honest from the beginning of the production process in order to avoid problems later on. As Lindsay states,

I am looking for visibility in my suppliers...I want them to tell me ...what they can do and what they cannot...and...and if they cannot, I will work with them to see what we can do...but they need to tell us... right away. (Lindsay)

Being honest from the beginning includes providing feasible alternatives to problems that may arise. In accordance with Thomas et al. (2004), participants see suppliers as needing to build the buyer's trust level. This is important primarily because buyers work only with those suppliers whom they think they can trust. If a supplier does not build trust, mostly by not doing what they said they would do, then the potential relationship with the buyer could be undermined, and ultimately the supplier could lose that particular buyer. Similar to the findings of Mukherji and Francis (2008), increased trust was found to have a positive impact on participants' desire to strengthen their relationships. For the participants, increased confidence helps to ensure the overall quality of the entire production process.

Participants who placed importance on trust and communication also looked for highly committed suppliers. As Stephanie posits, “I want them to be committed to everything they say they can do for me... I want them to be committed.” In keeping with previous research on commitment (Ganesan, 1994; Thomas et al., 2004), it was found that commitment from the supplier is extremely important at the beginning of the relationship. It is interesting to note that participants’ saw commitment as two-sided, and that it should be equally important to both the buyer and the supplier. As Sarah states, “if we make a commitment, then it’s up to both sides you know...”

Driving the need for commitment on both sides is profitability. Participants who are looking to develop long-term supplier relationships insisted on a balanced approach in terms of commitment. As Teng and Jaramillo (2005) found, they usually start evaluating their supplier’s performance as soon as the order is signed. A supplier’s overall performance is also evaluated at the end of the entire production process. Buyers evaluate performance based on what was agreed upon, what was received, and how the goods were received. Different buyers have different methods of evaluation. As Mary describes, “We do score cards here and score cards measure a vendor, a report card on a vendor...not only for sourcing, but price, delivery, quality, human rights compliance, everything.”

The key attributes of follow-up and continuance fell within the *moderately important* category for the participants. Although regular follow-up was found to be important for all the participants to the extent that they expected it, this attribute was moderately important largely because they saw it as a result of communication. That is, for them,



regular communication means regular follow-up. Follow-up was seen as a necessary attribute once the supplier has been selected, primarily to strengthen communication. As Thomas et al. (2004) described, regular follow-up enhances existing relationships because regular interactions between the two parties reduces the overall risk involved in the production process and therefore assures consistency in performance, which ultimately results in buyer satisfaction.

Continuance was also found to be moderately important for participants. Once they are successful in achieving communication, trust, and commitment on both sides, then they see continuance as something that will automatically begin to take place. That is, once a buyer is satisfied with a supplier, he or she intends to continue working with that supplier. It is interesting to note that continuance was, like follow-up, seen as a result of communication, trust and commitment, and that continuance is something buyers seek from their suppliers, as it is preferable to searching for a new supplier. Continuance, in accordance with Ganesan (1994) and Hartley et al. (1997), was found to be helpful in enhancing a buyer's confidence, which, in turn, led to repeat performances by the supplier, and ultimately in strengthening long-term relationships.

Knowledge fell within the *less important* category. Similar to Thomas et al.'s (2004) study on knowledge, participants tend to work with those suppliers who are experts in their products, who have knowledge of the whole production process, and who can best understand their needs. Participants sought to work only with technically capable suppliers to ensure on-time performance and reduced chances of error during the production process. Although knowledge, in the form of expertise, was found to be an

important expectation of the participants when selecting a supplier, it is not key to building the relationship with the supplier. That is, participants will not even consider a supplier that does not have the requisite knowledge and expertise, and therefore there is no chance of building a relationship. In other words, participants expect knowledge - in the form of product expertise - to be a given, and must exist before a relationship can even begin.

The literature shows that buyers try to build relationships on a foundation of supplier knowledge, or expertise and look for suppliers who are technically strong and able to meet their expectations. That is, they want to work with suppliers who are experts on the products and the entire production cycle, including the company's operations and policies. Similarly, participants considered the supplier's expertise to be the key component during their supplier selection process. That is, they selected potential suppliers based on their expertise in producing a variety of products. Participants then began to engage in relationship building with these suppliers to forge a long-term partnership. When participants were asked to prioritize the buyer-supplier relationship attributes, knowledge was found to be less important to maintaining relationships with their Indian suppliers. However, knowledge was the critical starting point for the relationship.

Participants placed the most importance on trust, communication, and commitment in order to build and strengthen their relationships with suppliers. This suggests that U.S. apparel industry buyers expect their suppliers to communicate effectively and to follow through on any commitments, thereby leading to mutual trust and a strong relationship. In

keeping with the findings of Liu et al. (2005), this study also revealed that buyers prefer to have few key suppliers rather than many, in order to be meaningful and important to the supplier. This study has illustrated how, in the long-run, it is beneficial to both buyers and suppliers to work closely with each other – even across great distances – to achieve the best product possible.

However, this study goes beyond the extant literature to evaluate the importance of these attributes based on buyers' experiences. Variations in importance levels point to the different perspectives of participants regarding sourcing needs and goals. Findings support previous research on key buyer-supplier relationship attributes, yet illustrate the importance of each attribute as a whole and relative to U.S.-Indian relationship building specifically within the apparel industry. Participants' experiences confirmed the importance of the six attributes, with trust, communication, and commitment surfacing as the most important. Knowledge was not considered to be an important attribute, but only to the extent that it is simply assumed – buyers work only with knowledgeable suppliers. Participants are highly involved in the supplier selection process and select a supplier based on expertise with a view to developing a mutually beneficial, profitable, and long-term relationship. Keeping in mind such long-term relationships, they evaluate their supplier's performance based on their communication and commitment capabilities, seeking to build trust, a vital component to any global partnership.

## Types of Relationships

Based on the interpretation of participant experiences relative to the key attributes, four types of relationships emerged. These types of relationships illuminate the complexities of building and maintaining supplier relationships while ensuring the buyer's needs and expectations are met. The four relationship types are: Convenience Driven; Price Sensitive; Functionality Driven; and Service Driven. Each participant is associated with one of the relationship types more than the others, as indicated in Table 3.

<b>Participant Name</b>	<b>Relationship Types</b>
Alexander, Charles, Sandra, Nicole	Convenience Driven
Carol, Katherine, Kerry, Lauren Megan, Stephanie	Price Sensitive
Allison, James, Lindsay, Mary, Matthew	Functionality Driven
Amanda, Brittany, Christine, Daniel, Sarah, Shannon, Susan, Trisha	Service Driven

Table 3: Participants and their associated relationship type.

Participants spent time selecting potential Indian suppliers based on what was important to them. In general, all participants sought suppliers who could provide expertise, along with new, different, and striking kinds of products. Expertise in certain categories, combined with innovation, is a necessity in order to succeed in the current market by bringing something new to the table. This combination is very important in a

fashion based industry where trends change every season. Once a supplier was found to have the expertise in the specific area, the participants began to engage in relationship building with them, in an attempt to forge a long-term partnership. Analysis of participant responses revealed variations in the type of relationships that participants seek with their suppliers.

### *Convenience Driven*

Participants engaged in building relationships with their suppliers who are interested in the accessibility of the supplier illustrate the *Convenience Driven* relationship type. These participants tended to select Indian suppliers because of their accessibility, flexibility, and the availability of the full package in one place. Convenience was found to be very important to these participants, for a variety of reasons. For example, they seek suppliers who have access to all the resources to fulfill their production needs. Sandra is the best example of this profile type, in that she did not indicate an interest in service received from her suppliers, instead she was more concerned about her suppliers providing her the full package, from yarns to finished products. This saves her time, both in terms of follow through and in terms of travel. Convenience driven relationships reflect the buyer's desire for a hassle-free process, along with low material and inventory costs, low logistic costs, and reduced lead time. The convenience driven relationship highlights some of the key reasons that participants outsource from India, such as the country's flexibility in terms of rules and regulations involved in the sourcing process. An English speaking population also played an important role in strengthening the

convenience driven relationship, as it helped to ensure the buyer's needs are met quickly and efficiently.

For participants seeking convenience driven relationships, the higher convenience level was important because they have already browsed globally for the best suppliers and now they are seeking to maintain relationships with these suppliers. For Alexander, Charles, Sandra, and Nicole, the four participants who were most associated with the convenience driven relationship type, the focus is not so much on finding the right supplier, but on working to maintain the relationship.

#### *Price Sensitive*

Participants who focus most of their effort on selecting potential suppliers based on pricing structure fall within *Price Sensitive* relationship type. These participants are price-sensitive in that they prefer suppliers who can provide them quality products at the lowest price. These participants seek to build relationships with only those suppliers offering the best prices. Price sensitivity was very important to these participants for profit reasons not just relative to a single order, but for the long-term. Therefore, these participants placed high importance on price as a foundation for building relationships with suppliers, and sought to source from India because of the inexpensive labor it offers. Five participants sought relationships out of price sensitivity: Carol, Katherine, Lauren, Megan, and Stephanie. Each of the five wants to continue to work with their Indian suppliers as long as the price is right.

Both a buyer and a supplier are in business to make money, and therefore every single dollar counts. The supplier's price structure should allow buyers to order more

production units (apparel product pieces) at a low price to result in a higher profit margin. For the price-driven participants, maintaining relationships with existing suppliers was critical, in that a strong relationship goes a long way in negotiating final product prices. The supplier is focused on production units and the buyer on the final product, and thus it becomes important to have balance at both ends. It is interesting to note that these participants are price-sensitive not just for basic products, but also for novelty products as well as products of expensive yarns and treatments. It was found that when a buyer seeking a price sensitive relationship could not negotiate a flexible price structure with the supplier, it was more likely that the buyer would stop working with that supplier and begin looking for a new one. Such cases hurt both the buyer and the supplier, because the buyer faces increased costs and the supplier loses the business. Therefore, one-on-one buyer-supplier relationships are key to the price-driven relationship type.

#### *Functionality Driven*

Some participants seek to build a *Functionality Driven* relationship with their suppliers. This means building relationships based on the supplier's level of functionality, and whether it uses new technology, has the latest equipment, and, of course, meets quality requirements. Participants who were functionality driven placed importance on supplier technology and equipment as linked to overall product quality. Specifically, these participants highly valued quality, and based their evaluation of their suppliers on the quality achieved. The quality of the final product was also used to determine whether or not they would continue their relationship with the supplier. The six participants - Allison, James, Kerry, Lindsay, Mary, and Matthew – who are associated with the

functionality driven relationship type believe that good quality can only be achieved through good equipment and technology.

A supplier's technical capability in manufacturing products of good quality is necessary in order for the participant's product to be competitive in the market. Functionality driven participants selected their Indian suppliers based on their functional needs, and could compare the advanced technical implementations offered by suppliers in China and Hong Kong with that used by Indian suppliers. They expect their Indian suppliers to bring complicated styles to the market with similar ease and by using the latest equipment and technology. This is very important for the functionality driven participants, who are interested in investing in suppliers that can meet their requirements and standards. Thus, these participants want to have strong relationships only with those suppliers who can keep up with the global competition. This explains why these particular participants were also the ones who toured the supplier's production facilities whenever they travelled to India. These participants seek relationships with their suppliers to better ensure a quality end product and fewer delays in delivery. The best example here is Lindsay, who states,

We requested, for example, a beaded mock up over two weeks ago and I don't know what the miscommunication was...but you know...we still don't have these mock ups and it's not that hard. So, finally I got to the point that we said "Ok...we don't want them anymore. Just proceed with the samples." (Lindsay)

It is interesting to note that this relationship building goes both ways, in that participants found that suppliers will not put priority on orders for buyers who they do not have a



strong relationship with. Strong relationships encourage a supplier to do its best to achieve the satisfaction of the buyer.

### *Service Driven*

Participants who tended to select their suppliers based on their service offerings fell in the *Service Driven* category of relationship type. The participants in this category placed a high value on service oriented suppliers. These participants feel that receiving good service means that they are important to their suppliers. Service driven participants sought quick response, availability, and commitment from the supplier. It is interesting to note that those participants related service directly to the strength of the relationship. That is, if they received good service from their suppliers, then they are much more interested in doing business with them again, knowing that their suppliers take their business seriously. This commitment manifests itself in an improved overall production and work efficiency. These participants seek to enhance relationships with suppliers that offer good service as an indication of respect for both parties involved and for the final outcome. Such relationships reflect equal effort on the part of the buyer and the supplier to meet each other's needs. Participants who seek service driven relationships include Amanda, Brittany, Christine, Daniel, Sarah, Shannon, Susan, and Trisha. These participants acknowledge that it goes both ways, in that for a supplier to provide good service, the buyer must be available to assist in whatever way to complete the task. Greater overall satisfaction is the end result. Interestingly, these participants gauge how service oriented the supplier is by whether it seeks to have face-to-face meetings with buyers.

As shown in Figure 8, most participants seek Service Driven relationships (34.78%). The second and third most important relationship types were Price-Sensitive (26.09%) and Functionality Driven (21.74%) respectively. The remaining participants (17.39%) sought the Convenience Driven relationship.

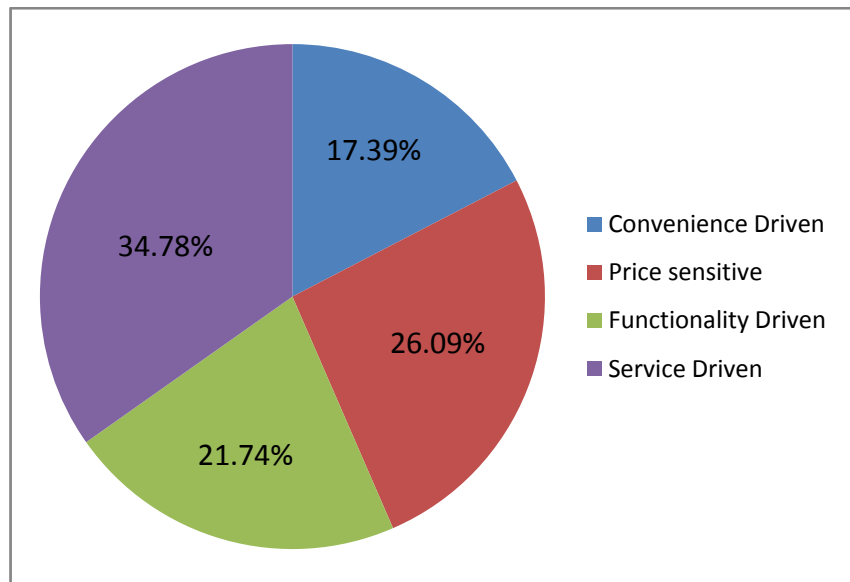


Figure 8: Relationship type and percentage of participants.

### Recommendations

The common challenges encountered by the buyers while dealing with Indian suppliers included: (a) logistical challenges in terms of transport, lead time, and infrastructure, (b) use of outdated equipment and technology, (c) need for quality improvement, (d) less competitive price structure due to economic growth, and (e) a business culture different from that of the U.S. Fortunately, these challenges are not

enough to cause participants' relationships with Indian suppliers to suffer, but definitely influence their perceptions of Indian suppliers and have the potential to impede long-term relationships between them.

Interestingly, the Indian business practice of avoiding saying "No" to a buyer directly relates to the largest segment of participants – those seeking service driven relationships with suppliers. Although they appreciate their supplier's quick response and accessibility as it makes them feel important to their suppliers, they also felt somewhat frustrated by the supplier's need to overpromise. Indian suppliers obviously do not want to hurt their business by saying that they cannot do the required task; however, there are certain cases when they are in fact unable to complete the task, resulting in buyer dissatisfaction. In light of the importance of service to the majority of the participant sample, this finding suggests that Indian suppliers should put more effort into reviewing the given task and being up front about their ability to do the task. By doing this, they can strengthen their relationship with the buyer, as the resulting satisfaction and respect will go a long way towards maintaining the buyer's business.

Price is a concern raised by the buyers. Indeed, the second largest segment of the sample seeks a price driven relationship with their suppliers. Although labor costs are relatively low in India, participants nonetheless are concerned about rising prices due to the country's growing economy. India is now the second fastest growing country after China, hence it has become a major player in the apparel supply chain. Twenty six percent of participants were focused on relationships that provide them a quality product at an affordable price. If India's economy continues to grow, then it could become more

difficult for these buyers to achieve their target profit margin, which, in turn, could affect their relationships with suppliers. This is an important consideration because these buyers are working with Indian suppliers *because* of their flexible price structure. When this price structure is no longer effective, it is likely that they will sever their relationships with these suppliers. This suggests that Indian suppliers need to be aware of how their prices compare with those in other countries and to strive to keep their price structure as flexible as possible, even during a period of strong economic growth.

Another important challenge that needs to be addressed is the perception that Indian suppliers use outdated technology, particularly considering that the third largest segment of the sample seeks functionality driven relationships with their suppliers. In today's competitive market, many of the factories abroad have been upgraded and offer advanced technology. According to participants, however, Indian suppliers are not always using similarly advanced technology and equipment. Yet, these participants expect to see the same advanced technology used in other countries to be available at their Indian suppliers' factories. This suggests that Indian suppliers should work towards investing more in technical implementations to be competitive with global suppliers, so as not to jeopardize existing relationships with buyers seeking functionality. Increased emphasis on technology would enhance a supplier's relationship with its buyers who are functionality driven, as it would show a commitment to keeping pace with the rest of the world.

Logistics, as the final challenge mentioned by participants, is important to those seeking the convenience driven relationship. However, many of the logistical problems in

India are not specific to any given supplier, but are born of problems with the country's infrastructure, which the government is currently seeking to address.

As a result of the findings of this study, Figure 9 illustrates how the most important key relationship attributes – trust, communication, and commitment – relate to the most popular relationship type – service-driven.

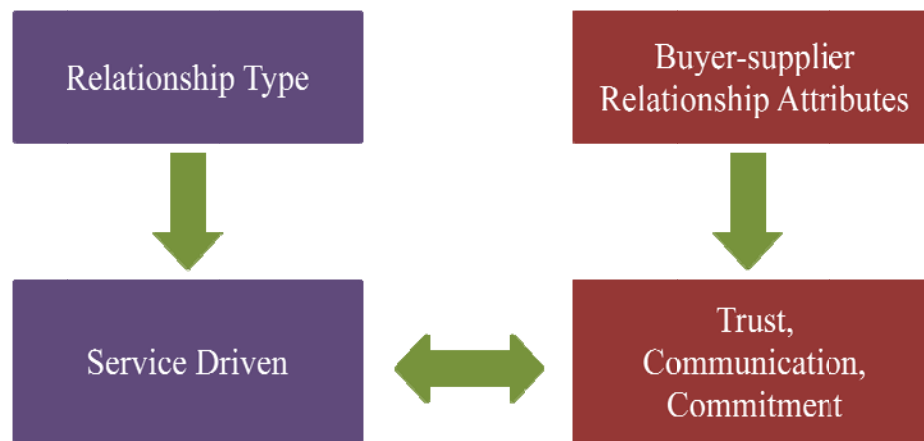


Figure 9: Primary relationship type and very important relationship attributes.

The majority of participants are engaged in building relationships with their respective suppliers based on the services these suppliers offer them. In building this type of relationship, the most important attributes to both the buyer and supplier are trust, communication, and commitment, in that both need to be able to trust each other. Trust is developed by and through effective communication and following through on commitments. It is recommended that Indian suppliers work to improve their communication with buyers, and especially being up front with them (even if it means saying “No”), to build stronger working relationships.

This study illustrates how U.S. apparel buyers invest a lot of time, effort, and money in finding the right supplier; one who can fulfill their needs effectively and efficiently. Once the buyer does find the right supplier, the next step is to build, maintain, and strengthen a relationship. This is best achieved through trust, communication, and commitment on both sides. How much of this is true for all buyer-supplier relationships, not just those between the U.S. and India, remains to be seen. Indeed, trust, communication, and commitment are important to any relationship, and for now the buyers in this study find India to be an ideal location for meeting their production needs.

When participants were asked about whether they would do business with India in the future, almost all responded positively. According to some, India is a secure place to do business and will likely grow in its supply chain importance. However, there were a few, like Sarah, who think that there will be a shift from India to other countries, like Bangladesh. As Sarah explains, India will likely get involved in managing and outsourcing from such countries.

I think business with India will grow... I think that some of the production sides themselves may move... I think that some of the factories may move to Bangladesh to be honest with you, but I think that they will be managed by Indian companies...that's just my opinion because I think that cost in India is rising, the economy is going through the roof, the cost of living is going crazy, wages are going up. This is very similar to what we saw in China. So, I think a couple of things are starting to happen now, that the factory owners are actually looking more into the rural areas...and then I think like I said a lot of Indian factory owners will look to Bangladesh and build a plant there, so, maybe design and development is done in India, but the bulk of production will be done in Bangladesh. That's what I think. (Sarah)

It is important to consider how product selection in India has changed significantly in the past decade. Changes can be attributed in part to an increased interest in presenting variety in the fashion market. India provides a range of products because of the existence of many ethnic fashion trends and its cultural diversity (Doshi, 2006). Such trends encourage buyers to take an active interest in outsourcing apparel products from India. Basic product groups are no longer the only option for buyers. Variety in yarns and fabrics have also become more important to buyers, as more products are made from synthetic yarns and even high quality technical fibers, such as cotton modal (Doshi, 2006). Advances in India's synthetic textile sector have led to increased buyer interest in sourcing apparel products made out of synthetic yarns and cotton from the country. Synthetic textiles are becoming more important to its growth, with exports going to more than 175 countries worldwide (Doshi, 2006). The participants in this study sought a variety of new products from their suppliers. Indeed, they outsourced from India largely because of the expertise they have for working in new fabrics and offering novelty and innovation. This finding suggests that Indian suppliers could benefit from getting more involved in producing diversified apparel products using technical yarns, making it even more important to keep up with advanced technology to maintain the global upper-hand.

Last, it is interesting to note that the job title of majority of the participants in this study was "Sourcing Manager," or something similar. Although participants are engaged in purchasing apparel products from their suppliers, they do not technically have the job title "Buyer." Therefore, it is important to consider whether the literature should be

revisited to address this disconnect and to bring it up to date and more in line with current industry practice.

### Limitations and Further Research

This study has several limitations that could be addressed in further research on buyer-supplier relationships. First, the sample was limited to participants already working with Indian suppliers, and not those looking to begin sourcing in India. The sample was also limited by its focus on participants located only in three areas of the U.S., including North Carolina, New York, and California.

This study focused only on the buyer's perceptions. An understanding of the supplier's perceptions is therefore needed to determine what suppliers think is important to both the selection and relationship building process. Their perspective would allow for a holistic understanding of the buyer-supplier relationship. As this study focused specifically on U.S. apparel industry buyers' perceptions of their Indian suppliers, further research on the Indian supplier's experience would shed light on the benefits and challenges of sourcing from India from the perspective of businesses within the country. As many participants noted, India's government is working to reduce logistical challenges such as transport, infrastructure, and lead time. Further investigation of the topic from the supplier's point of view would shed light on the implications of such improvements for the overall supply chain.

Technical implementations were a major concern voiced by these participants looking to fulfill their functional needs. Research on how Indian suppliers might work towards



removing outdated equipment and introducing advanced technology and automation in their factories is needed, and particularly to determine the extent to which such changes would change pricing structures. A comparison of technology, equipment, and price offered by suppliers in other countries would shed light on what might happen in India should these changes take place.

One concern raised by participants was the increasing cost of doing business in India, mainly due to the country's growing economy. Further research is needed to investigate the extent to which the devaluation of the U.S. dollar against the Indian rupee impacts the global apparel business, and whether its impact is greater on some types of apparel than others, or if all categories would be affected. Different apparel product categories carry different profit margins. For example, the margin for knit products is normally much higher than for wovens, so the devaluation of the dollar against the rupee would likely impact the woven business while the knit business would likely remain comparatively stable. More research is needed as India's economy continues to change and develop.

With many new and innovative apparel products rapidly becoming available in the marketplace, further research on product selection would benefit apparel industry buyers, marketers, and designers. Moreover, further research on the supplier selection process is needed considering the rapid growth in the number of suppliers in different countries who offer unique and diversified capabilities. Similarly, discovering what apparel consumers think about fabrics, designs, and colors available in the market might impact a buyer's approach to supplier selection. It was found that participants often appreciate a supplier who shows interest in keeping up with consumer trends. Indian suppliers should therefore

consider keeping in mind the final consumer's interest to offer the best product to their buyers. Further research could therefore highlight the role of consumer research in the supplier selection and relationship building process.

The importance of the different attributes of buyer-supplier relationships needs further investigation, and particularly whether suppliers place different levels of importance on each attribute as compared to buyers. Moreover, most participants stressed the importance of building relationships with a few key suppliers instead of working with a lot of suppliers. This study found that participants only sought out a new supplier if they needed something that could not be done by an existing supplier. They preferred to maintain their relationships with existing suppliers. Further research could determine whether suppliers think similarly, and seek to do business with a few buyers rather than many.

Although the results of this study shed light on the various types of relationships that U.S. apparel industry buyers seek when working with Indian suppliers, more understanding of these relationships is needed. Research that examines buyer relationships with suppliers in countries besides India is also needed. Specifically, it would be interesting to examine how the supplier selection process differs depending on the country, and whether the importance of key relationship attributes also differs. Are the benefits and challenges encountered by buyers in India the same as those encountered in other countries? Further research could contribute to the existing global sourcing knowledge by comparing the process in different countries.

Most of the participants involved in the study are “Sourcing Managers” but fit the classification of “Buyers” because they are involved in purchasing a variety of apparel products from their suppliers. This finding points to the variation in job titles given to “Buyers” across the apparel industry. Therefore, further research is needed to better understand the different types of buying in the industry, the different roles played by buyers, as well as the changes that have taken place in the industry with regard to these roles.

Because India is emerging as one of the top suppliers to the U.S. apparel industry, building strong relationships with its suppliers has become imperative for U.S. apparel companies. Yet this topic had not been fully explored in the existing literature. This research thus fills a gap in knowledge by focusing specifically on the U.S. buyer and Indian supplier relationship. This study provides an in-depth understanding of important buyer-supplier relationship attributes, different types of buyer-supplier relationships, and the supplier selection process that U.S. apparel industry buyers go through when seeking Indian suppliers. Working from the experiences of buyers currently sourcing from India, this study provides a real-world understanding of the benefits and challenges involved in working together on a global platform and provides a foundation for further research on the importance of relationships with the global apparel industry.

### Summary

This chapter discussed the findings relative to the purpose and objectives of the study. Supplier selection criteria, benefits and challenges involved in doing business with Indian

suppliers, and experiences with building buyer-supplier relationships were discussed as concepts important to understanding U.S. apparel industry buyers' perceptions of Indian suppliers. The six relationship attributes were analyzed based on the study findings and types of relationships were defined. Study limitations, along with further research avenues, were also discussed.

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APPENDIX A  
INTERVIEW SCHEDULE

1. Please describe what your company does.
2. Describe your role in the company. What are your primary responsibilities?
3. Describe a typical day at work.
4. Do you typically travel to your supplier's companies?
5. When did you decide to work with Indian suppliers? Why?
6. What are the benefits associated with doing business with them?
7. Have you ever encountered any challenges while doing business with Indian suppliers (either considering only the industry or the country as a whole)? If yes, please describe.
8. What do you expect from your Indian suppliers at the first meeting, at the next meeting, while placing the order, and while handling the entire production cycle?
9. How do you select new Indian suppliers and how do you evaluate them?
10. What do you expect from your already existing suppliers?
11. How do you judge the superiority of one supplier from another? Do you consider going with old suppliers before new suppliers?
12. Have you ever faced difficulties in meeting lead times? How often? What do you think the main reason is?
13. Are you generally satisfied with your suppliers? What makes for satisfaction with a supplier?
14. Do you prefer working with several suppliers or having just a few?
15. Have you ever faced any situation where you lost a good supplier? If so, please elaborate.

16. How do you deal with competition from other buyers and different exporters for the same products?
17. What is important to you in your relationships with Indian suppliers?
18. Please prioritize the following attributes when maintaining relationships with your Indian suppliers:
- Trust
  - Knowledge
  - Communication
  - Commitment
  - Follow-up
  - Continuance
19. Do any of these attributes help in increasing your long-term revenues and profits? Why?
20. How do you work with your suppliers to develop and improve your top three attributes?
21. Are there other attributes important to supply chain relationships?
22. Do you think business with India will grow in future? Short-term? Long-term? Why?
23. Is there anything that you think is important that we didn't discuss regarding your relationships with Indian suppliers?



APPENDIX B  
CONSENT FORM

**UNIVERSITY OF NORTH CAROLINA AT GREENSBORO**  
**CONSENT TO ACT AS A HUMAN PARTICIPANT: LONG FORM**

Project Title: Building Relationships with India's Suppliers: Exploring Perceptions of U.S. Apparel Industry Buyers

Project Director: Nancy Nelson Hodges, Ph. D. and Kamlesh Singh

Participant's Name: \_\_\_\_\_

**DESCRIPTION AND EXPLANATION OF PURPOSE AND PROCEDURES:**

The purpose of this project is to explore U.S. apparel buyers' relationships with their Indian suppliers. The primary objective of the study is to investigate the expectations that U.S. apparel industry buyers have regarding their Indian suppliers, beginning with the initial order placement through the entire production-to-delivery cycle, and ending with consideration of overall performance. You have been selected to participate because you generally interact with Indian suppliers on a regular basis and can therefore share your expectations and experiences with building buyer-supplier relationships. If you agree to participate in the study, you will be asked to participate in an audio-taped interview which will take approximately 45-90 minutes.

**POTENTIAL RISKS AND DISCOMFORTS:**

It is anticipated that there will be no psychological, physical, or sociological risks or discomforts involved in participation in this study. Your participation will be maintained with full confidentiality. Your actual name will not be used in any written document. Data provided by your participation along with your signed consent forms will be kept in a locked cabinet in the Principal Investigator's office. All hard copies of the data and signed consent forms will be disposed by shredding after five years following the project completion. Audio files will be kept in password protected files and erased five years following completion of the project.

**POTENTIAL BENEFITS:**

As a benefit for participating in the study, you will be provided with an executive summary of the findings after project completion. The benefits to society include the opportunity to share perceptions of and experiences with your relationships with Indian suppliers. It is anticipated that the results of this study will help to create an understanding of the challenges involved in working together on a global platform by providing an in-depth understanding of the perceptions and experiences of U.S. apparel industry buyers.

**CONSENT:**

By signing this consent form, you agree that you understand the procedures and any risks and benefits involved in this research. You are free to refuse to participate or to withdraw your consent to participate in this research at any time without penalty or prejudice; your participation is entirely voluntary. Your privacy will be protected because you will not be identified by name as a participant in this project.

The University of North Carolina at Greensboro Institutional Review Board, which ensures that research involving people follows federal regulations, has approved the research and this consent form. Questions regarding your rights as a participant in this project can be answered by calling Mr. Eric Allen at (336) 256-1482. Questions regarding the research itself will be answered by Kamlesh Singh by calling (336) 662-2620 or k\_singh2@uncg.edu. Any new information that develops during the project will be provided to you if the information might affect your willingness to continue participation in the project.

By signing this form, you are affirming that you are 18 years of age or older and are agreeing to participate in the project described to you by Kamlesh Singh.

\_\_\_\_\_  
Participant's Signature\*

\_\_\_\_\_  
Date