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Beyond fashion: Emerging strategies in the Italian clothing industry

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Abstract

KEYWORDS: competitive strategies, Italy, strategic network organisation, CAD, automatic cutting, telematics

After the good results achieved during the last decade, the Italian apparel industry is encountering new problems. On one side, changed customers' tastes and the crisis of the 'griffe' have contributed to heavily reduce the attractiveness of the 'made in Italy' label. On the other, the increasing globalisation and the growth of low wage competition have made a direct presence abroad essential. To tackle this intriguing situation many companies have reconsidered their business strategy by looking for new competitive arrangements. This paper presents the results of a multi-case analysis concerning the process of strategic orientations started by several Italian clothing firms. More specifically, it tries to identify and describe the strategic responses that a substantial group of important and widely known enterprises have recently given; the aim is to understand if there is a common guideline that inspires them.

PRESSURES FOR STRATEGIC REPOSITIONING

Despite the challenges presented by the inrush into the international arena of the new industrialised countries, the Italian apparel industry has obtained good results during the 1980s, so as to remain among the top exporters in the world (Table 1), and to preserve a substantial share of the production basis inside the national territory (Table 2). Italian firms levering on product diversification and fashion-oriented garments succeeded in maintaining the competitive edge. Their advantage has been realised not only in the originality of style, but also in the flexible production system they developed.[1] Nevertheless, from the beginning of the 1990s the scenario has changed.

First of all, the rapid globalisation of business has compelled Italian companies to compete in a worldwide arena, where they are pressed at both ends of the market. In the lower segments, major challenges are coming from east European countries, which not only take advantage of low labour costs, but also benefit from the geographical proximity with Italy, and can count on a sound and widespread manufacturing tradition.

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Table 1: Leading exporters of clothing

Country	Value 1994 ($bn)	Share in world exports (%) 1980	1990	1994
China	23.73	4.0	9.0	17.0
Hong Kong	21.40			
domestic exports	9.46	11.5	8.7	6.8
re-exports	11.95			
Italy	*12.53*	*11.3*	*11.1*	*9.0*
Germany	6.64	7.1	7.4	4.8
Rep. of Korea	5.65	7.3	7.4	4.0
United States	5.62	3.1	2.4	4.0
France	4.97	5.7	4.4	3.6
Thailand	4.66	0.7	2.6	3.3
Turkey	4.58	0.3	3.1	3.3
United Kingdom	3.92	4.6	2.8	2.8

Source: GATT

In the higher value segments, old competitors are filling the style gap that separated them from Italy. For some time now German companies (Escada, Mondi and Steilmann) have been challenging Italian producers even in the domestic market. In the remaining countries of western Europe there are both big integrated groups (such as the British Coats Viyella and William Baird) for years operating on the international market, and high-quality branded firms (Burberry's or Acquascutum), which are particularly fearless inside their niche, not to mention the US companies that are already profiting from the NAFTA agreement and from the restructuring process they have put in action.[2]

On the demand side, there is a clear slowdown and a modification of apparel consumption (Table 3). Consumers are not only less likely to spend large sums to buy clothes, but also their preferences have radically changed. While young people have developed a completely new concept of fashion, which is leading to a progressive reduction of its appeal, the less young are now more aware of intrinsic quality in clothes. Classical suits are surrendering market share to the advantages of a less demanding look,[3] positioned on the boundary between formal and informal wear. This results in a more mature and reflective attitude which is leading end users not to act like fools for a *griffe*:[4] this weighs negatively on the Italian industry, only yesterday used to the easy success of the Italian style.

Table 2: The Italian apparel and knitwear industry

		1981	1991	% change
Clothing	Employment	374.922	390.224	+4.1
	N of firms	59.645	51.302	−14.0
Knitwear	Employment	181.458	135.570	−25.3
	N of firms	31.303	18.195	−41.9

Source: ISTAT 7th General Census of Industry and Services

Table 3: Trend of apparel and footwear consumptions (% change)

	1990	1991	1992	1993	1994
EU	3.1	3.0	−0.4	−2.0	−2.0
USA	−0.1	−1.5	4.4	2.7	5.9
Japan	2.3	0.7	−5.1	−3.9	−3.6
Italy*	−1.0	−2.5	−0.5	−4.3	−2.0

Source: OECD and Prometeia*: constant prices

Buyers' behaviour is also changing under the impulse of retailers' strategies. Promotional campaigns are inducing consumers to make only part of their purchases at the outset of the season, and then deferring completion until discounts start. The consequences for deliveries are severe: a piece of clothing arriving late in the store may not be sold, except during the end-of-season sales.

Other questions derive from the fact that advances in telecommunication and information systems have affected the way the retail industry competes.[5] In particular, the growing ability of retailers to collect and interpret sales data[6] has notably reinforced their traditional power with garment manufacturers.

In short, Italian firms are struggling to face the missing glamour of fashion; the relevance lost of 'made in Italy'; the rediscovery of the intrinsic quality of clothes; the rapid globalisation of the apparel business; the fact of being sandwiched between low-wage competitors and traditional ones, which have notably improved their stylistic skills; and the emergence of a more powerful and demanding retail industry.

In the effort to tackle this new situation adequately and to preserve their competitive position, many firms have rethought their business. The aim of the paper is to describe and analyse the ingredients of the 'new' strategic patterns: in particular it intends to investigate the direction of these adjustments, trying to recognise if there exists a common denominator.

The paper results from a multi-case analysis carried out in recent years. Companies (Table 4) were selected in order to allow considered action of different business areas; in any case they are among the most important in Italy and the best known in the fashion world.

DIRECTION OF STRATEGIC ADJUSTMENTS: EMPIRICAL EVIDENCE

Forced to compete in a fast-changing environment, many Italian apparel firms have reconsidered their business strategy. This section offers a brief description of the main changes which have occurred in the marketing, operations and technology fields of the sampled companies. International and external growth moves are also reported, concluding with a review of 'quick response', an innovative strategy which is taking its first steps.

Marketing issues

In the last years the primary modification that has demarcated the apparel market is the *griffe* loss of appeal. According to Howard,[7] it was the great success of couture (ie strictly associated with a famous designer) itself which contributed in making consumers more judicious and autonomous in their choice.

The most manifest consequence of the *griffe* decline is the end of the past disorderly fashion growth. Many companies,

Table 4: List of the firms surveyed

Name of the firm	*Major products*	*Quality levels*
Belfe	sportswear	high
Benetton*	casual/knitwear	medium
Carrera	jeans	medium-low
Corneliani	formal menswear	high
Diesel	casualwear	medium
Forall	formal menswear	high
GFT	formal womens/menswear	medium-high
Henriette	formal womenswear	medium
Hitman	formal menswear	medium-high
Marzotto	formal womens/menswear	medium
Marly's	formal womenswear	medium-high
Maska	formal womenswear	medium-high
Pepper*	informalwear	medium
Sanremo	formal menswear	medium-high
Simint	sportswear	high
Sportswear International	informal	high
Stefanel*	causal/knitwear	medium
Zanella*	sportswear	medium-high

*Firms also producing children and boy's wear

such as Marzotto, Benetton, Hitman and Henriette, have recently restructured their product lines to maintain the best or the most promising ones. Many collections (with different labels) inside the same company were sources of confusion, cannibalisation, managerial problems and increased costs, so that their reduction has allowed the recovery of some efficiency.[8]

As far as the 'total look' is concerned, evidence is not unequivocal. While some companies believe that its attractiveness has been exhausted, a strategy of broad response to the market remains the main business idea of several firms. Both Benetton and other smaller companies (Forall and Pepper) continue in this direction, in order to fully exploit their well-known names.

Beyond the product, the increasing attention of consumers on price has induced all the companies to pay more attention to costs, as the diffused resort to 'price averaging' practices proves. In some cases, formulae such as the commercialisation of outsourced garments, or the sale with its own label of clothes entirely manufactured abroad are among the means employed to lower prices.

Nevertheless, it is not only a price question. Competition is more and more concerned with services: on time and complete deliveries; rapid restocking of the best-seller products; 'flash' collections and so on. At present, product, price and service are no longer a strategic must taken individually; instead only the adequate assembling of all the product and non-product attributes of a garment may fully satisfy the customers' needs.

A relevant question companies have to face in Italy concerns the extreme fragmentation of distribution, where independent retailers still account for 70 per cent. While in the past the large number of sale points hampered the penetration of the domestic markets by foreign competitors, now they are sources of financial questions; small shops, in fact, generally are less efficient and have limited economic assets.

Outside Italy, challenges come from big retailers (Marks & Spencer, Wal-Mart, The Gap and many others), which are able to place inside their stores proprietary branded products, the so-called 'private label'. They are particularly aggressive competitors, difficult to contend with, since they are not directly 'in touch' with end consumers; own considerable financial resources and are actively involved in global sourcing.[9] Thanks to their buying power, retailers can exert tremendous pressures on garment manufacturers[10] asking for: a wider range; smaller first orders and periodic reordering; a shorter time between orders and deliveries. To promote more meaningful relations with the retail industry, and anticipate future requests, some companies have begun to offer additional services — quick replacement (flash collections included); credit inducements and quantity discounts; central supply of advertising material; collaboration for window dressing and shop preparation.

Some of them have also adopted forward integration strategies. Since franchising and proprietary shops make the contact with end users immediate, they are regarded as an interesting way for improving the firm's knowledge about consumers and increasing brand visibility and loyalty. However, the 'Benetton model' cannot be easily emulated, since it requires a wide and diversified offering, and asks for respected delivery times; it can also be adopted only when companies own a famous brand, able to sustain a given volume of sales, that must be supported with relevant promotional investments. On the other hand, franchising (and exclusive shops) is going through a slowing-down phase due to the excessive number of labels which have inundated the market.

The current emphasis on the brand as a quality warrant reflects the renewed awareness of customers on the product's intrinsic quality. Not surprisingly, companies are devoting increasing resources to the development of their image. Medium-size enterprises (Forall and Belfe) are also engaging in these efforts, and people recognise their brand and the associated style and manufacturing competencies. In general, whoever owns a renowned label does not hesitate to exploit it better.[11] Most current promotional efforts aim at making the firm and its name known; examples are the editing of firm magazines; advertising campaigns in collaboration with the sale points; a greater care in labelling; an increasing propensity to sponsor sports and cultural events. As regards the latter, Benetton, Stefanel, Diesel and Forall are both directly and indirectly up front. Very attractive, too, are the world-wide known advertising experiments of Benetton and the more recent and innovative commercials of Diesel. The focus here is on the company and its brand.

Manufacturing issues

As far as the Italian industry is concerned, the use of manufacturing as a competitive weapon primarily relates to the outsourcing that companies have always exploited to increase flexibility and speed up market delivery. When the single firm is concerned, the degree of its decentralisation depends on the style and quality of garments; the involved economies of scale; the ability to transfer externally (and replicate) internal capabilities. History also counts in shaping the operations chain, by acting as a constraint towards desired changes. Manifest are the difficulties in modifying the 'old' production systems that big groups (GFT and Marzotto) are facing. Likewise, Forall has accumulated strong manufacturing capabilities, which are not based on real outsourcing: it selects external partners, tests them and lastly takes over control. The Hitman productive integration follows the same logic, while Marly's, even working on a high quality standard,[12] outsources its assembling activities to a substantially stable set of exclusive subcontractors.

The choice of the production system is also affected by how companies are able effectively to control external operations: since it is impossible to codify technically all the outsourced activities, a continuous and direct check by the firm's technicians is needed.

Even if the flexibility imperative is making outsourcing increase, two distinct situations can be identified. Formalwear producers, in fact, still remain substantially integrated. This is not surprising, since the greater market stability and the styling constancy make classical wear less difficult to plan. It is, instead, the less stable nature of casual and informal clothes that favours a wider use of subcontracting. These are more ephemeral goods, both on the styling and material side, which often require particular workings (as garment dyed, stone-wash, and so on). Also in this case, solutions differ according to the specific product, the quality level and the size of production runs.

Nevertheless, outsourcing is destined to grow, given that several companies are committed to simplifying their internal structure, to be even more agile. This 'slimming' process primarily concerns operations, except the critical ones (as design), where the firm's competence has been rooted, and those where the new technologies (eg cutting) can be profitably exploited.

Technology issues

Even if clothing is generally regarded as a mature industry where the pace of technical change is slow,[13] the substantial role that microelectronics have played in the last years cannot be ignored.[14]

Italian firms, in particular, have invested deeply in information technologies, with the aim of enhancing their design capability and flexibility. As a matter of fact CAD for pattern grading and marking has reduced designing time and material consumption; in styling, instead, it has allowed the rapid introduction of new patterns and the modification or revision of old ones. Automatic cutting tables have also been introduced, increasing both productivity and quality of finished goods.[15]

As far as telematics and EDI systems are concerned, the situation is quite different.[16] Since they allow a better management of information flow, these new technologies could make the coordination of decentralised activities easier. Nevertheless, their use is still problematic given the high investment involved and the codification of communication flow that is required. The latter appears to be a very difficult matter in the clothing industry, where exchanged information is largely characterised by tacit and informal means. Notwithstanding, telematics could offer new business opportunities, as the innovative way of managing the distribution chain in Benetton confirms.

In the firms discussed here, technology choices have been made in quick adoption of all the equipment they believed useful to strengthen their own distinctive capabilities or else in order to have more control of external activities. This is true in the case of CAD systems, which have really contributed to reinforce styling skills. But it is also true for automatic cutting, where some firms are getting a rapid response to the market, preserving high quality, efficiency and flexibility. The few experiences concerning telematics, instead, show that companies resort to them only to support the rapid growth of external activities (Benetton, GFT and Pepper); in the case of Benetton, the development of electronic networks on the distribution side have speeded up the international growth of sales.

International presence

The international expansion of the Italian clothing industry has followed a pattern different from other industrialised countries,[17] in that, despite a lasting mercantile presence on foreign markets, the firms' direct involvement abroad is quite recent.[18] It, in fact, dates back to the mid-1980s,[19] when not only big corporations but also mid-sized businesses began to go abroad.[20]

If the search for low labour cost advantages is the main factor in the relocation of production activities,[21] not all the companies are looking only for cost-savings.[22] In many cases international strategies are related to commercial aims, in order to penetrate protected markets (Benetton and Forall), to supplement the product range with medium quality items (Sportswear International and Corneliani), or to exploit a famous brand (GFT, Benetton, Hitman and Forall) on less demanding or less rich markets.

Generally speaking, high quality garments, which need specialised skills and imply a high share of material costs compared with labour, are still manufactured in house (Forall and Corneliani). In any case, even when medium quality is involved, delocalisation is strongly affected by the product's characteristics. In some cases (Benetton and Diesel) the manufacturing of basic (not very expensive) goods requires so little labour that it is still convenient to keep it in Italy.

As far as configuration of the global manufacturing chain is considered, to avoid the transfer and the loss of control on critical activities, design remains in house. Decentralisation instead regards assembly as the most labour intensive phase, less frequently the cutting and commercial activities. The choice depends also on available technologies. Radical new equipment, such as cutting machines (GFT, Marzotto, Benetton, Forall) or computerised knitting machines (Stefanel, Benetton), since they replace the workforce and imply large investments and complex learning processes, can lead to the re-internalisation of previously delocalised activities. Instead, 'incremental innovations' in seaming or ironing, which require less capital, reduce the need of manual ability and ensure constant quality levels, favour the foreign relocation of assembly activities.

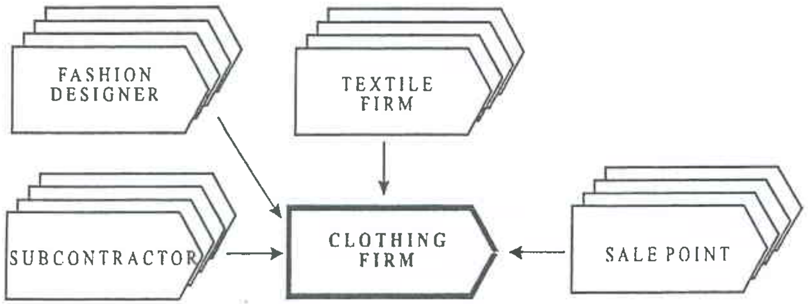
In terms of the selected organisational solution, it is strictly linked to the economic and legal systems of individual countries. Direct investments are generally used when local entrepreneurship is lacking or when a strict control on manufacturing activity is needed. Licensing and joint ventures are frequently employed when insider strategies are pursued (Hitman and Forall), especially in the far east. Also, geographical proximity is important: for example, nearness to eastern Europe (and the associated fiscal advantages) has favoured the diffusion of the 'outward processing trade' (OPT).[23]

Finally, with regard to geographical destinations, firms prefer east European partners in the case of formalwear and North African partners (Morocco and Tunisia) in the case of sportswear; far east partners (China, India and Korea) are generally chosen when new markets have to be entered. What has to be underlined is that east European firms are already able to offer acceptable quality levels; also the cultural and social environment appears to be closer to the Italian one.

Cooperation and external growth strategies

One of the strengths of Italian clothing firms lies in their ability to bring together and manage a well articulated and flexible set of external factors. Undoubtedly, they have a long tradition in the field of cooperative relationships, going back to the beginning of the 1970s.[24] From the first spontaneous forms, now more complex

Interfirm relationships in the Italian clothing industry



Source: Lorenzoni (1992)

and formulated collaborations have been established, which link solidly around a strategic centre (the clothing firm) and a wide set of economic agents (designers, subcontractors, sale points, textile firms; see Figure 1).

Benetton is the most famous example of this *strategic network organisation*,[25] able to reconcile the flexibility of market relationships with the long-term commitment of hierarchically centralised management. Currently this form is evolving towards the tightening of network links. Strategic centres are reducing the number of partners by selecting the more reliable ones and preferring those able to run more activities; this involves the lengthening and the search for exclusive relationships.[26] The aim is to rationalise and make the network more efficient; a too large system, in fact, can be difficult to manage and not well-suited when uniform quality and high service are required.

Added to this, the number of externally performed activities is increasing. Apart from the cutting, partners are asked to provide more operations. Hence companies are searching for subcontractors able to act as an 'intermediate node', to collect and govern a set of small 'secondary subcontractors'.[27] The aim is to focus further on activities which really add value and on those where the firm's strengths are more developed, entrusting complementary activities to other companies. This common tendency seems to recall the 'lean production' model,[28] also because all firms maintain some specific *distinctive skills*,[29] joined with the ever present designing capabilities.

Equity agreements, and in particular acquisitions, are other tools that firms are employing to reconfigure their organisations. Not only large companies, but also medium ones, like Simint and Pepper, are following external growth strategies, although the latter seems to exploit specific opportunities more than to pursue a totally planned strategy. In general, these moves have been adopted with the aim of speeding up strategic and organisational changes or quickly acquiring new capabilities, as the Marzotto acquisition of Boss has proved.

Quick response: a new challenge

The aforementioned market trends are making the ability to give ready and effective responses to customers a crucial factor. This is not really a new question; but quite new is the 'quick response strategy'[30] that this question has generated. As the name suggests, the strategy aims at reducing the time between the fabric design and buying the finished garment.[31] Simply stated, it is a matter of intervening in a systematic and global way along the whole manufacturing pipeline. Difficulties derive from the fact that textile and clothing is an extremely complex system, characterised by long production processes with several intermediate steps and by extremely different finished goods.[32]

Thus, obtaining a quick response (QR) requires the current organisation of the whole value chain to be changed sufficiently to speed up information and material flows. According to an EEC research report[33] actions needed concern: (1) the interface between the different component sectors; (2) product development; (3) production processes, in order to incorporate: new manufacturing technologies; information and communication technology tools; and innovative organisational and managerial solutions.

The basic question, and the more difficult one, is how to attain the integration of information between the parties concerned. Only if each link of the chain rapidly comes into possession of information about sales, orders and stocks of the other links can it quickly and correctly make its decisions. Hence, established practices might be radically revised since they develop as if each activity were an independent business with its own strategy. The aim is to break the present rigid sequential nature of the pipeline: for these reasons technological actions will not be enough on their own.

These are all questions that Italian firms are currently facing. On the other hand, the US model is not directly exportable here, owing to the enormous differences existing between the two industries.[34] It should be emphasised that, while the US apparel industry competes largely on a cost basis, Italian firms have forged their success on high fashion and extreme flexibility. Furthermore, the former essentially produces for the internal market which is mostly controlled by very big retailers, which are the real promoters and the first to profit from QR.[35]

Nevertheless, the concept of a 'rapid response' to the market can be a powerful stimulus for reducing waste and inefficiency. In this sense many firms are experimenting with ad hoc solutions for pursuing time compression along the manufacturing chain (Benetton and Diesel are working in this direction). Probably their experiences could be the basis for developing an 'Italian way' for QR.

PREVAILING TRENDS IN THE STRATEGIES OF THE ITALIAN APPAREL FIRMS

It seems possible to identify some common directions among the variety of the strategic responses the surveyed firms have given. These concern markets, organisation and technology.

First of all, firms are rediscovering the market, which more frequently is the subject of massive promotional efforts and careful distribution policies. As far as the product is concerned, renewed attention to costs goes along with a more specific offering. The decline of the advantages derived from an extreme diversification is inducing firms to diminish their lines and reformulate their product range in order to focus resources and skills on lines which give a better return on their assets. Competition regarding the new simplified range is on an international basis, where global and local tastes must be combined.

As a consequence, there is a clear trend towards focusing manufacturing activities on the basis of existing strengths and to develop them globally. This tendency affects the adopted organisation, especially concerning the need to find, assemble and effectively manage external complementary assets. This means getting critical inputs through agreements with suppliers, to create and coordinate an international chain of subcontractors, to develop distribution networks based on new cooperative forms.

In the current turbulent conditions, companies prefer to keep a lean structure, able to assure rapid response and flexibility: the creation of a thick web of collaborative relationships seems to answer this aim. The development of partnerships and alliances, as well as acquisitions, is also a practical way to change strategic position and strengthen an international presence with speed.

Competitiveness depends on the firm's ability to establish new organisational structures with an international dimension, to exploit local resources, and to replicate distinctive competences in different geographical and cultural contexts. Currently adopted solutions derive from more rational choices than in the past. At present companies seem to be more selective: in a particularly competitive environment firms are carefully looking for those synergies that previous experiences have demonstrated not to be automatic.

Lastly, a brief note on technology. The adoption of information technologies (CAD, automatic cutting and telematics) has generally contributed in reaching such strategic goals as time to market and customer satisfaction. These new technologies seem also able to support both the focusing on the core activities and the effective control of the external operations. In fact, CAD and automatic cutting allow critical operations to be efficiently and rapidly done inside the firm, while telematics allow a strict control on distribution, even if widely spread internationally.[36]

All these considerations lead to the logic that seems to inspire the strategic reorientation of Italian clothing firms. It can be traced back to a resource and capability-based view of competitive advantage.[37] As a matter of fact, Italian apparel firms are now designing their business strategy around their most crucial assets and capabilities. This is true as far as the product, the operation system and international moves are concerned. In the first case, attention is placed more and more on the intrinsic value of the garment and this involves an effective reduction of lines and a strong focus on the brand. In the second, the company's will to be 'agile', by outsourcing all the activities for which they have neither a critical strategic need nor special capabilities, is clear. In the third, the aim is to reproduce or exploit (in manufacturing terms or commercial terms) distinctive competences abroad. Technological investment as well is directed towards the adoption of those tools that favour further development of core competence,[38] while external growth strategies can explain attempts to upgrade rapidly or change the firm's resource base.

In essence, pressed by the growth of a global competitive environment and the decline of some traditional success factors, Italian apparel firms have responded by betting all on their proprietary resources. The resulting shift from a *fashion-based* to a *garment-based* strategy can be summarised as the passage from non-material and volatile assets to tangible, proprietary and difficult-to-imitate capabilities. Regarding the near future, as the interpretative framework suggests, the challenge should be not so much to preserve the distinctive strengths and abilities, but to develop and improve them still further.

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(4) A French word commonly used to denote garments branded by a famous designer (eg Ferrè, Krizia, Versace and Armani) that are manufactured and marketed by industrial firms (GFT, Marzotto and so on). Clearly the latter pay (normally high) royalties to the designer, in order to exploit her/his name.

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(7) Howard, R. (1991) 'The Designer Organization: Italy's GFT Goes Global', *Harvard Business Review*, Sept/Oct, pp. 28–44.

(8) By the elimination of expenses due to the simultaneous management of very heterogeneous brands.

(9) According to Winterton and Barlow they were the big retailer that first began to source abroad. See Winterton, R. and Barlow, A. (1996) 'Economic Restructuring of U.K. Clothing', in I. M. Taplin and J. Winterton (eds), 'Restructuring Within a Labour Intensive Industry, The UK Clothing Industry in Transition', Avebury, Aldershot, pp. 25–60.

(10) Taplin and Winterton, ref. 2; Gereffi, ref. 6.

(11) Along this way Forall and Hitman have added to their formal line a high quality and stylistically accurate informal one. Benetton and Stefanel, instead, have opened several megastores where different items (as garments, shoes, sun-glasses and so on), all referring to their labels, are sold.

(12) In any case, women's dresses generally are less difficult to assemble.

(13) Hoffman, K. and Rush, H. (1988) 'Micro-electronics and Clothing. The Impact of Technical Change in a Global Industry', Praeger, New York; D'Ercole, M. (1993) 'Innovation in a Mature Industry: Evidence from the Textile Clothing Sector', *MERIT's Research Memoranda*, No. 93-028.

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(15) In this case benefits derive from the ability of the company to saturate them (as Benetton or Marzotto) or to exploit their flexibility in short production runs when the layer packages have a reduced thickness (eg formal firms with very small lots, such as Sanremo or Forall).

(16) Interesting examples of relevant EDI

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(19) Barba Navaretti, G. and Perosino, G. (1993) 'Global Firm Strategy, Foreign Investment and Trade Policy in the Italian Textile and Clothing Industry', Workshop on Innovation in the Traditional Sectors and the Survival of Old Technologies, Venice, May; Berra, L., Piatti, L. and Vitali, G. (1995) 'The Internationalization Process in the Small and Medium Sized Firms: A Case Study on the Italian Clothing Industry', *Small Business Economics*, Vol. 7, pp. 67–75.

(20) Further information on the international delocalisation strategies of the Italian clothing firms are in Bolisani, E. and Scarso, E. (1996) 'International Manufacturing Strategies: Experiences from the Clothing Industry', *International Journal of Operations & Production Management*, Vol. 16, pp. 71–84.

(21) On how to evaluate costs and advantages involved by international sourcing see Blyth, R. (1996) 'Sourcing Clothing Production', in I. M. Taplin and J. Winterton (eds), 'Restructuring Within a Labour Intensive Industry, The UK Clothing Industry in Transition', Avebury, Aldershot, pp. 112–141.

(22) See Taplin, ref. 2 above.

(23) OPT is a mechanism that levies duties only on the value added of national products assembled abroad. The use of OPT by Italian apparel firms has rapidly increased in the last years, amounting to 949bn lire in 1995. Of these, about 50 per cent came from Romania and Hungary.

(24) Lorenzoni, G. (1992) 'Rapporti fra imprese e strategie competitive nella filiera tessile-abbigliamento', in T. Bursi (ed), 'Acquisizioni e alleanze nell'industria tessile abbigliamento', Angeli, Milano, pp. 11–19.

(25) Jarillo, J. C. (1993) 'Strategic Networks. Creating the Borderless Organization', Butterworth-Heinemann, Oxford; Lorenzoni, G. and Baden Fuller, C. (1995) 'Creating a Strategic Center to Manage a Web of Partners', *California Management Review*, Vol. 37, pp. 146–163.

(26) This is why Marly's tries to assure constant work to its main subcontractors; and why Sportswear International and Diesel support, also in financial terms, the modernisation of their partners.

(27) Ref. 25 above.

(28) Womack, J. P., Jones, D. T. and Roos, D. (1990) 'The Machine that Changed the World', Rawson Associated, New York.

(29) For example, Sportswear International stands out for its financial management; Diesel for the care devoted to its image; Pepper for its ability in handling various labels and products.

(30) Quick response (QR) was introduced about ten years ago by some US firms.

(31) Hammond, ref. 5 above; Blackburn, J. D. (1991) 'The Quick Response Movement in the Apparel Industry: A Case Study in Time Compressing Supply Chains', in J. D. Blackburn (ed), 'Time-Based Competition. The Next Battleground in American Manufacturing', Irwing, Homewood, pp. 246–269.

(32) The major causes that hinder QR implementation are examined in Hunter, N. A. and Valentino, P. (1995) 'Quick Response. Ten Years Later', *International Journal of Clothing Science and Technology*, Vol. 7, pp. 30–40.

(33) EEC (1993) 'Towards a General Framework for Research on Quick Response of the Textile and Clothing System', Research report.

(34) Bolisani, E. and Scarso, E. (1996) 'On the Viability of a Quick Response Strategy in the Italian Clothing Industry', in C. Voss (ed), 'Manufacturing Strategy. Operations Strategy in a Global Context', London Business School, London, pp. 91–96.

(35) Taplin, I. M. and Ordovensky, J. F. (1995) 'Changes in Buyer–Supplier Relationships and Labour Market Structure: Evidence from the United States', *The Journal of Clothing Technology and Management*, Vol. 12, pp. 1–18.

(36) More specific strategies are based on technology since there are cases where the advantages offered by new technologies can be achieved only by firms having particular features or operating in specific business areas.

(37) Grant, R. M. (1991) 'The Resource-based Theory of Competitive Advantage: Implication for Strategy Formulation', *California Management Review*, Vol. 33, pp. 114–135; Collins, D. J. and Montgomery, C. A. (1995) 'Competing on Resources: Strategy in the 1990s', *Harvard Business Review*, July–August, pp. 118–128.

(38) Prahalad, C. K. and Hamel, G. (1990) 'The Core Competence of the Corporation', *Harvard Business Review*, May–June, pp. 79–91.