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Topic : Competitive Strategies of Indian Apparel Exporters of Delhi & National Capital Region

Abstract

Globalisation is leading major changes in the working environment of the enterprises. The study made an attempt to investigate the challenges in the Domestic & International environments for the Indian apparel export sector and develop competitive strategies for Indian apparel exporters for achieving export growth. With the changing market conditions, World apparel market is becoming highly customer oriented with stress increasing on differentiated products apart from cost competitiveness. It is, therefore, imperative to understand changing customer behaviour for export growth. The study has identified critical success factors for specific market strategy i.e. either cost leadership based or differentiation based strategy for export to be followed by Indian apparel exporters.

The study has identified various challenges that Indian apparel export firms face on account of rapid changes in the demand pattern & market conditions in the global apparel trade. Various challenges are as operating in a quota-free environment, complying with stringent standards on labour, environmental issues and other non-tariff barriers of importing countries, competition from competing countries, changing world demand trends, International economic situation, market access issues, intra-regional export growth within trade blocs etc. The study has identified strengths, weaknesses, challenges & opportunities for Indian Apparel Exporters. The study has used Discriminant analysis to develop a Strategy Identification model (SIM) and rule for identifying strategy i.e. cost leadership or differentiation strategy for a firm. Further study has identified initiatives to be taken by exporters for sustainability.

The study has identified the significantly important variables for exporters who follow cost leadership strategy such as to develop a collaborative approach in which they can collaborate for joint procurement of inputs, R & D, marketing & product development etc. to reduce overheads, increase size of the plant, employ ERP package, apply lean management practices etc. For enhancing value chain the study has identified the variables such as improved logistics for timely delivery, having information systems, having reliable distribution network as significantly important. Emphasis for these firms is on improving their operation efficiencies. On the other hand significantly important variables for differentiation strategy are to employ skilled worker, training for skill development, develop own design department, collaborate with foreign firms for design & increased marketing leverage, diversify into new product lines/ specialised products, diversify in emerging markets, increase focus on quality assurance etc. For enhancing their value chain the study has identified the variables such as full package supply competence, high value added, unique / differentiated products etc. Emphasis of these firms is on developing some unique identity or capability within themselves such that it becomes a source of competitive advantage for them. Strategy Identification model can be utilised to understand what kind of competitive strategy, an apparel exporter is following. According to SIM, any observer or scholar can take either of

two routes to identify what kind of strategy an Indian apparel exporter is following. The first route is based on the discriminating equation coming out of the strategic decision variables and the second route is based on the value chain enhancing variables which the firm is following. The study has identified the initiatives to be taken by the apparel export industry for sustainability of the strategies for competitiveness.