

## Chapter 28

# Supplying What?

### An Analysis of the Fashion Apparel Production in Brazil

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#### ABSTRACT

*A creative economy approach is proposed to discuss the value creation among fashion apparel producers. It is considered that fashion accounts for value creation and for value adding in new products. Fashion turns basic apparel items into more appreciated products. Relations between fashion apparel companies and their suppliers give evidence to support our theoretical discussion in Brazil. This research concludes that the lenses of industrial production and global sourcing are not enough to explain the value creation and the value adding of apparel manufacturing and that the emergence of a local fashion belief and a creative economy can be explored as a source of value creation and value adding. In addition, it is understood that fashion matters on the configuration and coordination of the apparel industry.*

#### INTRODUCTION

Many studies about the global apparel value chain have highlighted the industrial mass production process to explain the apparel value upgrading and the configuration and coordination of the apparel sector (Abernathy, Volpe, & Weil, 2005; Gereffi, 1999; Gereffi, Humphrey, & Sturgeon, 2005; Jacobides & Billinger, 2006; Kaplinsky & Morris, 2001; Turker & Altuntas, 2014; Wang & Chan, 2010), however, they do not consider the fashion intangible ingredient added by suppliers and few discuss the consequences of fashion on the apparel chain configuration. This study emphasizes the influence of fashion ingredient and its suppliers as well as its implication to the apparel value-adding production process and to the apparel sector configuration and coordination. By focusing on a creative economy perspective (Caves, 2000; Currid, 2007; Hirsch, 2000; Landry & Bianchini, 1998; Macchion, Moretto, Caniato, Caridi, Danese, &

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Vanelli, 2015; Rantisi, 2002; Vecchi & Brennan, 2009), a conceptual structure is developed to explain the fashion apparel activities that show the creative intersection and the fashion divide on apparel value chain configuration and coordination.

The creative economy is considered as a realm of suppliers that communicate the fashion belief that will be incorporated in the production of upcoming fashion apparel (Currid, 2007). So, on the way to discuss value creation in fashion apparel production, this chapter comprises some sections. In the first section, the traditional (buyer-driven) approach to the analysis of the apparel sector is presented. The second section discusses the issue of the fashion ingredient and the creative approach to the fashion apparel sector is introduced. The first and the second sections reveal the theoretical tracks of this study. Then, in the third section, the method and data are depicted. Finally, a new approach to interpret evidences and delineate a conceptual frame for some fashion apparel companies in Brazil is investigated. By doing so, it is expected to shed some light on the process of supplying in the fashion apparel sector.

## **BACKGROUND**

To capture the main literature involved with the production of apparel and fashion, two standpoints were considered: the apparel value chain approach and the fashion system approach.

### **The Apparel Value Chain Approach**

The apparel value chain became an industrial mass production system after the introduction and the extensive use of power looms and mechanical sewing machines in the mid-nineteenth century. This system is characterized by activities that require massive employ of labor force and machinery, thus many countries have seen it as a formula for achieving economic development (Abecassis-Moedas, 2006; Abernathy et al., 2005; Gereffi, 1994).

The apparel value chain is organized through links of different value attributes enacted by its suppliers. It includes steps associated with manufacture such as selecting fibers and fabrics, designing, cutting, sewing and finishing, and steps associated with marketing such as branding, distribution and retailing. Many companies around the world perform these activities under the rules of several leading groups, usually large retailer chain stores or large brand companies. The overall supply chain operations are based on uphold points for production processes, supplying of raw materials and distribution across the entire spectrum of activities in the global market. This structure is portrayed as global apparel value chain (Ferdows, Lewes, & Machuca, 2004; Gereffi, 1999; Kaplinsky & Morris, 2001).

According to Jacobides and Billinger (2006), apparel companies adopt different strategies to compete: some companies supply distinct portions of the chain's activities, some others attend the entire scope of the main apparel value chain's activities. A scheme of the main tasks involving apparel production is depicted in Figure 1.

Appelbaum and Gereffi (1994) clearly state that each chain link is like a network connected to other links responsible for related activities. Being a participant on the value chain means an opportunity for companies to become worldwide suppliers. So, value chain structures are of increasing importance for apparel companies. However, the apparel market segmentation diversity in the United States shown in Figure 2 suggests a different approach to fashion apparel sector. Abernathy, Dunlop, Hammond and Weil (1999) point out that basic apparel items like white T-shirts, men's white dress shirts, jeans, brassieres,

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