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Global garment markets in chains

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In this short text I report some findings from a project on the global fashion industry, which I see as a chain of markets. The purpose of the project is to understand the emergence and persistence of order in markets. More specifically, I start with the economically most important consumer market of this industry, in which Branded Garment Retailers (BGRs) such as Topshop, Zara and H&M operate. A central idea is to study connected markets, starting with the final consumer market. I see the question of order as profound because order is a condition for one of the most central concepts in economics, namely equilibrium, which usually refers to prices in a market with given and identical products (cf. Kirzner 1973).

The empirical entry point is the Branded Garment Retailers. The identities of BGRs that consumers perceive are made up of a number of different evaluations. These I call configurations, a concept that is inspired by Harrison White's notion of social molecules and Pierre Bourdieu's notion of field. A focus on configurations means, for example, to study how order in one economic configuration (a market) depends on other economic and non-economic configurations. Consumers evaluate the identities of BGRs not only in terms of the quality of the products, but also, for instance, according to how ethical their production chain is, how their stores are designed, and to the extent their clothes are included in the editorial fashion stories of fashion magazines. The overall point is to see how these different evaluations are related and how they together help to construct the market identities of the BGRs.

The space available here only allows me to give you a glimpse of the project, that which concentrates on the relation between the production market, in which the BGRs face manufactures of garments, on one side, and the final consumer market for fashion, in which they face people like you and me, the final consumers, on the other side. Other aspects of this ongoing research have been reported elsewhere (Aspers 2005b, 2006a, 2006b).

I will start by discussing the research strategy, and then give a short background of the industry development, followed by an overview of its current situation. After this I focus on the specific research question about the order in garment markets.

Research design for understanding-based explanations

The project aims at generating explanations based on understanding (Aspers 2004, 2005a). To do this in a profound way, when the empirical field contains millions of people in a global industry across the world, is not possible. Therefore, the research strategy of this qualitative study was to examine conditions in several countries: Sweden and the UK, as examples of two consumer countries, and India and Turkey, as examples of two production countries. The aim was never to have what Clifford Geertz (1973) calls a "thick description" of this industry, but to understand it enough to develop theory that can account for the entire industry. The research design was thus more like the global ethnography that Karin Knorr Cetina (e.g., Knorr-Cetina and Bruegger 2002) has done than the kind of comparative analysis that Weber did.

My strategy was to study the industry in different countries to realize what is common. The fact that there are differences among the selected countries makes the commonalities among them more apparent. This also makes it easier for the researcher to identify the theoretical questions at the level of firms and markets, not countries or forms of capitalisms. This approach, which does not start with a set of narrow and bold hypotheses, to satisfy the today rejected logic of falsification proposed by Karl Popper, enables the researcher to remain somewhat open to defining the problem and the approach at least in the early stages of the research. This is quite important in cases where research is done in a relatively unknown field.

There is an additional point regarding the approach that I would like to stress. The most common approach for studying global industries is to follow the material flow (e.g. Gereffi 1999), which means that the researcher uses the production process as a baseline. In contrast to this research, I use a phenomenological approach, which

stresses the role of meaning. Consequently, the starting point in my research is the final consumer market and the meaning of fashion produced in this market. A further difference is that I do not focus on the production chain, but on the markets that, so to speak, cut up the chain and provide opportunities of redirecting flows. This means that I view this industry as a chain of markets. I will now turn to the global garment industry.

Production and consumption have become separated over time

In history, production and consumption begin to separate upon the emergence of a market, extending separations of activities beyond those of the household. Another important transition in the development of garments markets occurs when garments start to be put together by workers in their own houses (Abernathy et al. 1995:181) on behalf of a central buyer. The next analytical transition was when manufactures concentrated production, including labour, in factories, so called work-shops (cf. Weber [1923] 1981:162-177). These steps represent gradual separation of production from consumption. Later on, especially in the 1970s, the separation took global proportions, with production centred in developing countries and consumption in developed countries. Though the processes of change have been slightly different among developed nations, it is clear that the change that one can observe in this industry is essentially cost driven since the industry is labour intensive and difficult to rationalize.

The movement of garments manufacturing to the developing world has been accelerated by the deregulation of international trade, for example the World Trade Agreement on Textile and Clothing from 1995 (Taplin and Winterton 2004), and, of course, due to the more recent and largely completed abolishment of trade tariffs that are in existence in this sector since January 2005. One concrete result of these developments are lower prices in stores.

The contemporary garment industry is consumer centred

What does the contemporary final consumer market for fashion garments look like? There are several kinds of garment sellers, from haute couture to mail order firms, all of which cater to different consumers. It is reasonable to treat these as different markets, since there is, for example,

no competitive relation between the dress that costs 10,000, made by a designer in Paris, and the dress that costs 35 and that can be purchased through a catalogue or on the internet. Both, however, aim to be fashion garments. The number of BGRs is relatively small in a market like the British or the Swedish, perhaps 10-20, but some retailers are very big and together they control the largest part of the market; the number of consumers can be counted in millions.

Consumers respond to the fashion-price mix that the different garment sellers offer. Though both consumers and firms can be seen as actors with reflexive capacity (Warde 1994:882), actors cannot create their identities out of nothing, and without resistance. Instead they depend and are constrained by other actors.

Fashion design and marketing are central tasks of BGRs, and their identities are formed in relation to what they do in the final consumer market. It is clear that what happens in this market have repercussions upstream the chain of markets that tie this industry together.

Studying order in markets

How to analyze these markets? I will take as the theoretical starting point Harrison White's market model (1981, 2002). This model of the market proposes that firms differentiate their products. This idea was mentioned by Marshall, discussed by Chamberlin, and made central in the works of Austrian economics (Kirzner 1973). Product differentiation and the corresponding orientation to other producers that characterize this theory are fundamental differences compared to the Walras-based model of general price equilibrium of markets that has been the dominating view among orthodox economists.

I complement White's model with the idea of status (Podolny 1993, 2005a; Aspers 2005b), which means that actors are no longer distributed and ordered along quality niches, but are differentiated according to status. I also add the idea of a differentiated consumer side to the Whitean production-based model. Retailers' status is gained in Kampf (struggle) with other retailers, but it is not only an internal struggle between actors on this side of the market observing each other. The identities and the corresponding status of the retailers are co-constructed by actors on the other side. This is to say that also the consum-

ers, whom I conceptualize as an array of ideal-type consumers, are important.

The problem of order in social science can, at least, be traced back to Hobbes, though it was Parsons who made it an explicit and central issue in sociology (e.g., Parsons [1937] 1968; Spence Smith 1992; Wrong 1994; Beckert 1996: 824-827; cf. Eisenstadt 1968, 15:23-36). I define order as the predictability of human activities, their environment and the stability of identities in relation to each other.

I have identified two kinds of order in markets, standard and status, and my argument is that the final consumer market is ordered according to the principle of status, and the production market according to the principle of standard (Aspers 2005b). A market can be defined as a social structure for exchange of rights, which enables people, firms and products to be evaluated and priced. This means that at least three actors are needed for a market to exist; at least one actor, on the one side of the market, who is aware of at least two actors on the other side whose offers can be evaluated in relation to each other (cf. Aspers 2005c: 427).

Status

In order to understand order in the consumer market, in which the BGRs face the final consumers, we must bring in the theoretical notion of status. I argue that if a piece of garment is sold by a high-fashion status firm and is worn by consumers identified as influential and trendsetting by consumers, it is much more likely to become a fashion than if consumers with low status (e.g., the elderly) buy the same clothes.

Things such as fashion pictures, store design, display of garments, and the plastic shop bags carried by different kinds of people are also important in the construction of fashion. The efforts of brands and retailers to promote certain styles are reflected in the location of stores, the way the clothes are hung within them, the light, the music and the style of the salespersons. All of this is strengthened by advertising and editorial fashion stories in magazines (McCracken 1988:79).

This means that the fashion garment gets its identity in relation to observable patterns of interaction between a brand name and its wearers. Through interactions such as

these, actors, retailers and consumers also manifest themselves and reconstitute their own identities as well as the identities of the garments they wear. Following this thesis, the value of products, as seen from the consumers' perspective, comes more from their social ties, position and status in the respective status order, and less from the types of fabrics used (cf. Podolny 1993:833; Marshall 1920:56-57, 799-803). Thus, the market is ordered by the rank orders of BGRs and the ideal-type consumers that come together and construct the item traded.

Standard

It is the task of the BGRs to design and market their products, but they have suppliers to produce the garments. What generates order in this market where the BGRs face manufactures in developing countries? I claim that both buyers (BGRs) and sellers (manufactures) orient to a standard that is made up of price-quality-deliverance. This means that producers in this standard market do not compete in the same manner as do the retailers in a status market, i.e. by price-aesthetic differentiation, but by having a better price-quality-deliverance combination. Although the role of design is included in the equation, it matters less than the more standardized aspects for establishing, maintaining and evaluating a relation. Failure to meet these requirements may result in the termination of the relationship by the stronger part of the relationship, which in this industry normally is the buyer.

Differentiation is an important aspect in a status market and it is a condition for carving out a market niche. In standard markets, actors try to outperform their rivals by scoring higher on the standard measurement (i.e., producing the right quality and delivering on time). One may in fact say that the manufacturers in standard markets are rather similar when it comes to self-presentation, work organization, and pricing.

What about the commodity in this type of market? While one would assume this to be a market for fashion products, it is not the case. The contract between purchaser and manufacturer is not primarily about the physical products; instead, it is more correct to view it as a standardized service contract. This is because decisions about what to produce, how it should look and so on are made by the purchaser, while the contract deals with the production facility, delivery and related issues; aspects that constitute the standard. Thus, the purchasers are concerned with the

production facility, including the skills of the workers, and they may book the factory capacity before they know exactly what they want to produce. Everyone in the business knows the standard, and the identity of the manufacturer stems from how well they perform against it. The order in this market is thus created by the demands of the contract.

In sum, the consumption and production markets for garments are ordered according to different principles, status and standard, respectively.

Conclusion

Order in markets can be constructed in different ways. I argued above that order in the final consumer market is differently constructed than in the production market where the BGRs face manufactures. A further finding is that though it is obviously the same material thing that is traded in the two markets, the meanings are different, and this is a central part of the argument that there are two kinds of orders in these markets. Here I have only indicated how two different markets are connected, but the larger project emphasizes how many different markets and non-markets in which firms' identities are formed can be analyzed together. On a methodological note, I have also tried to argue that in order to understand how order is maintained it is helpful to conduct qualitative research. Moreover, for the particular kind of global industry studied, it was also important to conduct cross-national research where the comparison focused on commonalities rather than differences.

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