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Apparel Import Intermediaries: The Impact of a Hyper-Dynamic Environment on U.S. Apparel Firms

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Abstract

This study's objectives were to clarify the standing of apparel import intermediaries (AIIs) and to obtain an immediate and deeper understanding of them in their real-life settings from the perspective of industry experts with years of immersion in apparel industry phenomena. Based on interpretive analysis of qualitative in-depth interviews with 13 corporate executives of AII firms located in New York City, the authors critically evaluated AIIs' views of their environment, development, and functions. Findings indicated ambivalent reactions to the hyper-dynamic environment that has resulted from the global reordering of the apparel industry and described two development paths of AIIs, transformation or birth. Results also showed that this hyper-dynamic environment has shaped firms' functional responses, leading AIIs to implement design, marketing, sourcing, and service activities in unique ways. The study explicates the critical role that classification systems and terminology play in firm identity, the tracking of economic data, and policy development within the U.S. apparel industry.

(Keywords) Intermediary; Import; Apparel; Wholesale; Globalization; Supply Chain

Introduction

Shifts in the apparel industry—the globalization of apparel manufacturing, advances in communication and production technology, and concomitant changes in the importer/exporter status of nations—have led to a market environment in which intermediary firms' activities have changed, while perceptions of their responsibilities have tended to remain static (Appelbaum & Christerson 1997; Cheng & Gereffi, 1994; Dicken, 2003; Taplin & Winterton, 2004). Specifically, apparel import intermediaries (AIIs), domestic apparel service firms

linking domestic wholesalers/retailers and foreign distributors/manufacturers to facilitate import transactions in the global apparel supply chain, have responded to changes in the apparel industry by shaping themselves and their activities to meet the new market's functional needs. In so doing, they are part of a \$276 billion global apparel market (World Trade Organization [WTO], 2006 [2005 data]).

However, a clear picture of the true state and contributions of AIIs is unavailable presently due to several factors. First, it has been difficult to categorize intermediary

firms and to track their business activities accurately because the market transition has resulted in a current misfit between business type and job classification descriptions and firms' applications of these (Jones & Hayes, 2004; Scheffer & Duineveld 2004; Taplin & Winterton, 2004). Second, perhaps because international trade research has focused heavily on export firms or export intermediary firms (Morgan, Kaleka, & Katsikeas, 2004; Peng & Ilinitich, 1998; Peng & York, 2001), little reliable information is available from academic sources that might help to explain import intermediary firms. Third, academics and most others who have conducted research on the apparel industry and firms in the industry have focused primarily on apparel manufacturing and retailing, despite the recognized changes in the importer/exporter status of the United States. The result is a critical gap in our understanding for AIIs.

In response to the gap in our understanding, this study used a two-step approach: (a) assessment of U.S. intermediary firms through analysis of government classification descriptions for business type and jobs, as well as a review of the relevant academic literature; and (b) assessment of U.S. intermediary firms in the apparel industry to obtain an immediate and deeper understanding of them in context. Specifically, the study objectives were to investigate what characterizes the "new" apparel market environment and how AIIs perceive it, to understand how these important firms have developed in response to that new environment, and to clarify what specific functions they have assumed. To achieve these objectives, qualitative in-depth interviews were conducted with industry experts who have been participant observers during the apparel industry's transformation and who have struggled with its frenetic environment. The interviews provided the "greater breadth of data" desired in

exploratory studies (Fontana & Frey, 2000, p. 652) and were appropriate to capture AIIs' perspectives on their experiences (Hultgren, 1989; Wengraf, 2001).

This paper first presents an overview of the reordering of the global apparel industry, issues involving the U.S. government's classification descriptions, issues involving current terminology, and the need for new terminology to accurately reflect the U.S. firms engaged in facilitating import transactions in the reordered global apparel supply chain. Next, the qualitative in-depth interviews and interpretive data analysis are discussed within a philosophical hermeneutic framework. The results follow under three broad topical questions and, finally, the paper concludes with a discussion of the study results, the contribution to the literature, the implications of the study findings, and future research opportunities.

Business and Literature Overview

Reordering of the Global Apparel Industry

The world apparel market accounted for \$276 billion in trade in 2005—a number that captures its economic importance but does little to express industry's upheaval since 1963 in the face of a tremendous increase in apparel trade volume and a significant shift in the geographic location of apparel production (Appelbaum & Christerson, 1997; WTO, 2006). In 1963, the total value of world apparel trade was \$2.2 billion, of which only 14% was generated by developing economies. By 2005, however, 47% of world apparel products were exported by just four leading suppliers, all of which were developing economies: China, Turkey, India, and Mexico (WTO, 2006). Today, two distinctive patterns have emerged (a) the dominance of Chinese apparel exports and (b) the United States' role as the largest

single apparel importer in the world. According to the World Trade Organization (WTO) (2006), China's portion of world apparel exports grew from 4% to 29% over 1980-2003 (if Hong Kong's domestic exports are excluded), while the U.S. portion of world apparel imports increased from 16% to 28%. In particular, the United States imported \$80 billion of apparel products in 2005. Although some domestic retailers like Wal-Mart and Target import apparel on their own, many retailers rely on other apparel import firms to source apparel for them from foreign manufacturers. Ellis (2007) indicated that U.S. retailers and apparel import firms imported \$89.2 billion worth of clothing and textiles in 2006. The global reordering described above is one of several interrelated changes that have resulted in a new apparel market environment and in the assumption of new roles by intermediary firms in the apparel industry.

Figure 1 presents changes in the apparel market that have led to new roles for AIIs. First, the model describes "old" and "new" market conditions of the apparel industry in developed economies. In this model, the old market environment is characterized by domestic manufacturing, relatively light competition, consolidated manufacturing processes, and weak consumer power relative to apparel product demand (Dicken, 2003). After transformation, the new market environment is denoted by global manufacturing, intense competition, fragmented manufacturing processes (global sourcing from a variety of countries), and fickle and strong consumer demand for various apparel products (Dyer & Ha-Brookshire, in press). In turn, the model shows how the new market environment has forced a temporary market vacuum in which apparel supply chain members have redistributed functional responsibilities in order to accommodate the

new market needs efficiently and effectively.

Issues Involving U.S. Government Classification Descriptions

Currently, the U.S. Census Bureau provides descriptions of three different business types and tracks the economic activities of each (see Table 1). Manufacturers are firms engaged in physical transformation of materials to make new products. Retailers are firms selling merchandise in small quantities to the ultimate consumer. Wholesalers are firms strongly associated with resale of goods to other wholesalers or retailers. While the three business types described by the U.S. Census Bureau might be useful to track merchandise domestically, trade organizations, such as the WTO, provide the data regarding import and export of apparel goods across borders. However, the available picture of foreign apparel product movement once inside U.S. borders is not clear. There are two major reasons for this: (a) description issues clouding government classifications, and (b) misclassifications of firms due to their misperceptions of their own identities. In identifying and tracking domestic intermediary firms, the U.S. government uses the term, wholesaler.

Confusion surrounds the term, wholesaler, arising from the way the government describes the nature of wholesaling activities. Following the North American Industry Classification System (NAICS), the U.S. Census Bureau (2005c, p. B-1) describes the wholesale trade as "establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise." Wholesalers are then categorized into three types of operations: (a) merchant wholesalers that mainly buy and sell on their own account for resale to other

wholesalers or retailers, including wholesale distributors and jobbers, importers, exporters, and own-brand-importers/marketers; (b) manufacturers' sales branches or sales offices for goods manufactured in the United States (the firms may or may not take ownership); or (c) manufacturers' agents, brokers, or electronic markets that mainly function for the buying and selling of goods for resale on a commission basis (U.S. Census Bureau, 2005a, 2005c). The U.S. Census Bureau description of wholesalers indicates that wholesalers engage in selling products to other members of the distribution channel and not directly to ultimate consumers. However, it is not clear whether the description of wholesalers includes some apparel intermediaries that are functioning in the new market environment. The U.S. Census Bureau description of wholesaler states that wholesalers do not usually engage in product transformation; thus many apparel intermediary firms who actively participate in product transformation activities, including design, pre-production, and production overseas, do not fit into that description of wholesalers. The ambiguity of the term "transformation," and the nature of services that many apparel intermediary firms provide makes it difficult to determine whether they are wholesalers or not. In addition, the term, wholesalers, is generally associated with firms who simply buy and resell goods at a profit without altering the products unlike many of today's apparel intermediary firms. In this light, Scheffer and Duineveld (2004, p. 344) argued that "the term wholesaling underestimates the importance of design, branding, marketing and logistics."

Another source of confusion surrounding the term, wholesaler, results from firms' misperceptions of their own identities. In particular, it appears that many

apparel firms inaccurately classify themselves as manufacturers despite their heavy reliance on such activities as contracting made-to-order manufacturing, making arrangements with distributors, jointly developing products, and contracting for ready-made garments. For example, Baughman (2004) laid out the current status of apparel firms' domestic manufacturing activities and argued that all of the 14 leading U.S. apparel firms that are currently classified as manufacturers (NAICS 315) are, in fact, sourcing imports for much of their domestic product sales. According to Baughman, VF Corporation, the second largest U.S. apparel firm, reported that it had \$5.2 billion of net apparel sales in 2003 and that 95% of its products sold in the United States were imported. Similarly, Phillips-Van Heusen Corporation, Russell Corporation, and Oxford Industries, Inc. reported that 93%, 99%, and 97% of their merchandise sold in the United States, respectively, was imported in 2003 (Baughman, 2004). The most recent Economic Census indicated that the value of shipments of the U.S. apparel manufacturing sector (NAICS 315) totaled \$44.5 billion in 2002, while the apparel wholesale trade generated over \$106 billion in sales (U.S. Census Bureau, 2005d, 2005e). Clearly, the economic impact of the wholesale trade appears to be larger than that of the apparel manufacturing sector.

Issues Involving Academics' and Practitioners' Terms

In identifying and tracking intermediary firms, academics, some practitioners and the U.S. Census Bureau do so on the basis of the activities that intermediary firms carry out in passing goods along to the next member in the channel. A range of confusing terms has arisen from the efforts to describe the set of

firms that play intermediary roles in the supply chain (see Table 2).

Importer is one of the most commonly used terms for firms that bring goods or services into the country from abroad (Soanes & Stevenson, 2004). However, the term importer may be too broad for some of today's apparel intermediary firms, given that importers may include import retailers, who sell goods directly to consumers, and import wholesalers, who sell goods to other wholesalers or to retailers. A similar problem occurs with the term "marketeer," offered by Applebaum and Gereffi (1994, p. 44) to describe many of today's firms that design, market, and sell their products, yet do not own any factories—firms such as Nike, Gap, Inc., Reebok, and Liz Claiborne. This term creates ambiguity as it focuses on firms' functions as brand marketers and does not differentiate among firm types. For example, Gap, Inc. is an import retailer; however, Liz Claiborne may be classified as either an import wholesaler or an import retailer. The term, trading company, is also ambiguous because it could include firms involved with "trading" any goods, currency, or stocks (McKean, 2005). The meaning of "trade" is simply too broad.

The term, apparel jobber, appears to be one of the most confusing terms used in the apparel industry as every group seems to have a different "take" on what these firms do. Olsen (1978, p. 99) described some apparel jobbers as performing design, sampling, and marketing activities, representing "the entrepreneurial functions of a normal manufacturing operation." However, he also stated that many jobbers are mainly engaged in simple manufacturing operations, such as cutting and finishing. From this view, the term jobber appears to be too narrow for some of today's apparel intermediary firms because by this definition jobbers are strongly linked to manufacturers

and manufacturing activities. Consequently, the term, jobber, generally designates apparel firms that contract made-to-order goods from foreign countries. This definition may exclude some apparel intermediaries that engage in a broader range of importing activities, as previously discussed. Furthermore, within the apparel retail and wholesale sectors, jobbers are commonly understood to be firms that take small contracts for existing apparel goods to turn them around quickly, often to move those goods on to other retailers or discount establishments. Thus, the term, jobber, has limitations for application to firms engaged in import activities due to ambiguity that has resulted from multiple interpretations.

A Need for a New Term

As described previously, many classifications and terms have been ascribed to intermediary firms. These terms, however, for many reasons—different sources and purposes among them—have failed to provide a common terminology, both inclusive and exclusive, to describe some of today's intermediary firms appropriately. The failure of the U.S. government and businesses to ascribe to an appropriate common terminology is closely associated with our inability to track these firms' economic contribution and to value them realistically (see Table 3).

In the academic literature some progress has been made on addressing the terminology issue, because academics in marketing, management, and other business disciplines commonly use the term "intermediary" to refer to a firm that facilitates transactions between other firms. A group of researchers has already claimed the term, export intermediary, recognizing and establishing the importance of the role of export intermediary firms in a global economy. They have defined export intermediaries as (domestic) specialized

service firms bridging the gap between domestic manufacturers and foreign customers (Peng & Ilinitch 1998; Peng & York 2001).

Although some export researchers have recognized “overseas-based import intermediaries” who are located overseas and help U.S. manufacturers’ foreign sales (Peng & Ilinitch, 1998, p. 610), the term, import intermediary, has not been introduced into the academic literature for similar domestic firms. Thus, it is important to establish the term, import intermediary. The responsibilities and activities of the import intermediary firms in the apparel industry have changed during the process of globalization. This study defines apparel import intermediaries as domestic apparel service firms that link domestic wholesalers/retailers and foreign distributors/manufacturers to facilitate import transactions in the global apparel supply chain.

Currently, the U.S. government tracks all intermediary firms as wholesalers without differentiating among those involved in import, export, or domestic transactions. Additionally, the government tracks wholesalers as a block and does not break them into different types of intermediary firms according to their business activities. Consequently, analysis of wholesaler data presents a fuzzy picture that obscures the role of import intermediary firms in the apparel industry. The dilemma appears to have its origins in descriptions of firms’ activities that do not reflect the reality of the market. These descriptions result in skewing government data collection and reporting and in distorting individual firms’ perceptions of their own business type. Until these descriptions are corrected, there will continue to be highly aggregated and misleading data that foster a general lack

of knowledge about an important segment of the apparel industry.

This study offers a new term, apparel import intermediaries (AIIs), as a first step in addressing the above issues. AIIs include all apparel service firms that have acted as intermediaries in the past, such as import wholesalers, import jobbers, import merchant wholesalers, import agents or brokers, import trading companies, and foreign manufacturers’ sales offices or sales branches, and they include new types of intermediary firms that have resulted from the changes in the apparel industry. Some of the new intermediary apparel firms have taken on pre-production functions traditionally performed by manufacturers, such as pattern making and grading and the preparation of production order sheets and quality control plans, although these AIIs do not own and operate manufacturing facilities. Others of the new intermediary apparel firms provide services, such as design, product development, quality control, and logistics, for only certain parts of the apparel supply chain. Regardless of the specific functions of the different types of AII firms, one of the characteristics shared by all these firms is that their customers are other firms rather than consumers. A benefit of the “apparel import intermediary” concept is that it encompasses all existing and emerging types of import intermediary firms in the apparel industry, and excludes non-intermediary firms like apparel import retailers that deal directly with the ultimate consumer.

The term, AII would (a) help today’s apparel intermediary firms establish a sense of identity, reflecting the reality of their true responsibilities and activities in the marketplace; (b) help academic apparel researchers have a clear understanding of an important subset of the

apparel industry; (c) give other academic researchers, for example, export intermediary researchers, substantive familiarity with the term in the international business literature; and (d) provide the flexibility to include other types of intermediaries that may develop as a result of future shifts in market needs.

Up to this point, the study has reviewed the changes in the apparel market environment that have led to new roles for apparel import intermediary firms, and it has clarified the term, AII, based on the extant literature and government data sets. While the literature review significantly improves our knowledge about AIIs, it lacks an insider's perspective. To address the need for inside information, the study explored AIIs' business environment, development paths, and functions from their own point of view.

Methodology

Interpretive Analysis

The purpose of this research was to gain a richer, deeper understanding of AIIs through the lens of business people who have seen, felt, and survived the turbulent environment of the apparel industry and its recent transformation. Although mass media, government, and academic research on economic, political, legal, and product issues of the apparel industry provide invaluable information, this information may be limited in a variety of ways, including a focus on aggregate data, reporting by non-experts (media), lag time in data collection, a singular reliance on survey and other quantitative techniques, and an outcome orientation. Thus, business people steeped in the apparel industry can bring specific, immediate, and timely data, and a focus on process not available elsewhere. To obtain information from the 'deep' and 'intimate' lived experiences of AIIs, the research questions were addressed

through long, in-depth, yet lightly-structured interviews. The long interview allows the interviewer to see another person's world through his or her eyes without violating privacy (McCracken, 1988), while using an unstructured or lightly-structured approach to in-depth interviews makes it possible to discover "depth realities" that could be far different from surface appearances (Wengraf, 2001, p.6). Thus, these research techniques provide excellent approaches when building a model of a particular reality in the beginning stage of the research cycle (Wengraf, 2001).

Sample

The expert informants in this study were purposively sampled to provide a cross-section of corporate executives active in U.S. apparel import intermediary firms (see Table 4). Purposive sampling techniques were used instead of statistical or probability sampling techniques, because the former supports researchers in generating new knowledge or relationships in an exploratory research context (Mason, 1996). Corporate executives were targeted for participation on the basis that executives served as key informants in previous firm studies because they can provide unique insight (Cavusgil & Zou, 1994; Souchon & Diamantopoulos, 1997). The informants who shared their expertise held such strategic decision making positions as president, CEO, vice president, marketing manager, or industry consultant and were identified for their ability to recount details of their own experiences and their immersion in the transformation of the U.S. apparel industry (Mason, 1996).

The research team selected the study's expert informants in four ways: (a) through personal contacts, (b) through first-hand knowledge of several corporate executives, (c) through a business directory, and (d) through personal visits to apparel

showrooms. Four of six who were approached through personal contacts or personal knowledge participated in the study. *The Buyers' Blue Book 2005: Apparel, Accessory, and Textile Directory of New York*, generally regarded as the ultimate guide to apparel wholesale showrooms in New York City, was used to generate a list of other potential informants. Over 75 firms from the directory were contacted via e-mail, fax, and phone calls, and three informants were selected for the interviews. As the last step, personal visits were made to the 'apparel buildings' in New York City to solicit participation. Four major buildings in three product lines were targeted including (a) 1407 Broadway for ladies' apparel, (b) 1411 Broadway for ladies' apparel, (c) 112 West 34th Street for children's wear, and (d) 180 Madison Avenue for intimate apparel. These buildings were selected because they are well-known for specific apparel product lines, as well as having hundreds of apparel firms currently published in the building directories. This last procedure generated six additional informants. Totally, 13 expert informants participated in the study interviews, and the interviews were conducted during the first two weeks of June 2005. The 13 firms participating represented a range of apparel intermediary firms. Three were former manufacturers (now import intermediaries), two were foreign manufacturers' U.S. domestic partners, two were traditional jobbers (by the trade definition), one was a consulting service firm specializing in import intermediaries for over 15 years, and five were specialized apparel intermediary firms (examples of import intermediaries with no currently appropriate classification by government or industry). While 13 informants may seem a relatively small number, a review of the transcribed interviews during the interview process showed recycling of the emergent

ideas mentioned by informants earlier in the interview process. This indicates saturation and suggests that further interviews would have been unlikely to produce additional new information. Based on previous exploratory studies of firm issues using similar methods, 12 to 20 interviews are generally held to be sufficient to attain the level of saturation necessary to address the exploratory research questions posed (Cavusgil & Zou, 1994; Souchon & Diamantopoulos, 1997).

Data collection

Interviews varied from 20 to 60 minutes in length, depending upon the participant's time availability. Two informants provided no more than half an hour for their interviews. The remaining interviews with expert informants lasted between 40 and 60 minutes each. Most interviews took place in the informants' showrooms or offices. In some cases, interviews were conducted in the informants' homes or in hotel lobbies where fewer interruptions were likely to occur. Three broad topical questions were used to lightly structure the interviews. Each expert informant was asked to share his or her views on (a) the characteristics of the apparel market environment, (b) the history of the development of his or her firm, and (c) the functions or activities his or her firm carries out between domestic clients and foreign manufacturers. The interviews were audiotaped and then transcribed for analysis purposes. A demographic questionnaire was also administered to the informants to clarify their expertise in the apparel industry.

Data analysis

Interpretive analysis based on philosophical hermeneutics has been applied throughout this research. In particular, the study takes the ontological and epistemological position of philosophical

hermeneutics developed by Heidegger (1889-1976) and Gadamer (1900-2002) who argued that human experience is formed in and through language and understanding is realized through language (as cited in Hultgren, 1989). Thus, interpretation of language represents the basic condition to understand human experience. Moreover, understanding is co-produced in dialogue between the interpreter and the subject, rather than reproduced by an interpreter through an analysis of the object (Schwandt, 2000). Based on this particular position on human understanding, interpretive analysis seeks to discover meaning and its structures through a person's everyday-life experiences in naturalistic settings (Hultgren, 1989). The personal perspective of the research subject, the interpreter's pre-understanding, and the interaction of the two become an important and positive component of the entire research process, as it can broaden the research horizon (standpoint), leading to a dynamic 'fusion of horizons' between the researcher and the research subject (Arnold & Fischer, 1994). This is an important and valuable advantage of this research because a member of the research team has had years of experience as a sourcing manager for AIIs. The pre-understanding gained from this work experience led to a deeper understanding of the informants' perspective by using the interviewees' language, a shared language, during the interviews (Wengraf, 2001).

To analyze the transcribed text data, four cycles of interpretation were conducted that involved a movement from the particular to the general (or from the part to the whole) and a holistic interpretation. The four cycles were (a) an intratext cycle, (b) an intertext cycle, (c) interactive movements between the intratextual and intertextual interpretive cycles, and (d) a final holistic interpretation (Thompson, 1997). Analysis began with the finest details of each

interview transcript and moved upward to more general observations. This process provides analytic advantages and also creates opportunities for researcher reflection, a necessary condition of qualitative reliability checks (McCracken, 1988). The four-cycle interpretation was repeated separately for each of the initial three broad topical research questions directing the research—AIIs' market environment, development, and functions.

The first part-to-whole cycle, the intratext cycle in which each transcribed interview was read in its entirety, provided a holistic view of the total interview text and identified initial themes (Thompson, 1997). These themes, defined in this research as repeating topics of discussion, action, or both that captured the central ideas or relationships across interviews, were initially grouped into relevant theme categories on the basis of general characteristics of theme essence (Dutton & Dukerich, 1991). For example, under the topical research question on "the functions of AIIs" (research topical question 3), the first interpretive cycle resulted in grouping the emergent themes into four distinct theme categories that were expressed as AIIs' "design," "marketing," "sourcing," and "service" functional activities. Individual themes such as "always there for you," "no-hassle approach," and "no-problem policy" were assigned to the broad theme category of "service" activities. As a result of the first analysis cycle, a total of 36 themes, grouped into 10 initial theme categories, emerged across the interviews in response to the three broad topical questions addressed by the expert informants (see Appendix A).

The second part-to-whole cycle, the intertext cycle in which the texts were analyzed across interviews, allowed for the emergence of similarities and differences (Dutton & Dukerich, 1991). During this cycle, all the interview data were coded by

the units of coherent meaning (or utterance), and the codes were assigned to related themes (Spiggle, 1994). This process helped to document and evaluate the depth and breadth of support for particular patterns or differences within and across the study informants (Dutton & Dukerich, 1991). For example, although “no-hassle approach” and “no-problem policy” at first seemed to be uniquely individual approaches to service activities, these initial themes were commonly and consistently found across the study data.

When the two part-to-whole iterations were completed, interactive movements between the intratext and intertext cycles were evaluated across different interviews, reflecting back on the previously interpreted interview text in light of newly developed understandings (Thompson, 1997). This analysis resulted in further consolidation or reassignment of previously analyzed individual codes with newly emerged understanding of the themes (Thompson, 1997). In this process, none of the original 36 themes were removed or deleted from the data analysis. Instead, individual themes were either relabeled or reclassified based on new understanding that was co-produced between interpreters and the text data, resulting in 24 finalized themes. For example, “no-hassle approach” and “no-problem policy,” initially interpreted as individual themes emerged as a single underlying repeating essence of meaning that was shared by the study informants and that we labeled “providing smooth transactions.”

After the three cycles of analysis, the initial 10 broad theme categories were maintained with 24 evolved themes supporting those categories. The 10 broad theme categories related to the initial three topical research questions directing the study: (a) Four categories included nine distinct themes describing the “new” apparel

market environment perceived by the study informants; (b) two categories included four different themes with each of the four providing information exclusively on the development of apparel import intermediaries; and (c) four categories included eleven different themes dealing with the functions of apparel import intermediaries. (Appendix A displays the result of the three cycles of interpretive analysis.)

In the final holistic interpretation cycle, understanding occurred over time, with each reading including a broader range of considerations, leading ultimately to a holistic interpretation that was a fusion of horizons between the researchers’ frames of reference and the texts being interpreted (Arnold & Fischer, 1994; Spiggle, 1994; Thompson, 1997). This final interpretive process led to the creation of three conceptual models that illustrate the relationships among the broad topical questions, the individual themes, and the broad theme categories that emerged from the research data (see Figures 2, 3, and 4).

Results: Interpretation

“New” Apparel Market Environment and the Apparel Import Intermediary’s Role/Identity

The firm’s environment and its perception of that environment impact its decision making and performance (Kotler, 2003). The themes that emerged from the data indicated that the informants perceive the external environment in a consistent manner; however, the internal perspective on the firm’s role or identity in that environment differed. In describing the external environment, the study informants expressed (a) the looming power of domestic retailers—either a ‘no-choice’ or a ‘no-more-orders’ situation and (b) the

deadly competition in the global supply market—‘only [a] one-time chance’:

AR: I think they [retailers] always want more. You know, they want merchandise they want, ah, markdown money, they want as much as you can do for them....because they have to keep their margin. If you don't have them keep their margins where they need to be, then you're not going to be a supplier for them. They call all the shots, you have no choice.

PA: That's the American way in business. You know, they are much stronger than us, but, but...sometimes, you have to say No, because No.. We cannot... That's what I see. So, that's the relationship between the supplier and the customer. [in explaining that a big retailer forced him to invest in something that he did not want to do, and finally the retailer discontinued the business with PA. That cost him nearly 50% of his business in 2003.]

BA: The competition from the manufacturer side is tough. There is a whole group of people behind you waiting for you to mess up one time, and they can, you know, jump in and say I can do it better and get that chance.

Firm identity is considered a strategic resource to gain credibility with and support from the firm's stakeholders, providing competitive advantage in the business environment (Melewar, 2003)—yet, AIIs were themselves uncertain as to their role. This uncertain self-identity appeared to feed into ambivalent views of the apparel industry. The informants who were clear about their firm identity described a bright future ahead for their firms, while those who were confused with their firm identity shared a gloomy outlook (see Figure 2). In describing the internal

perspective on the firm's role in the market environment, the study informants shared (a) confused views of how their firms fit into the government classification system and (b) ambivalent feelings of either hopelessness or hopefulness for the apparel industry:

BA: They [apparel manufacturers] are creating things. They're not physically making them but they're having them made. You almost look at it as being in a service industry. We're providing service by having these things made for resale but I'm not sure that classifying as a service industry isn't any good. But, nonetheless, these apparel companies are greatly contributing to the economy but there's no account being made for that. I think it needs to be corrected, and they need to be recognized for the contribution that they make.

NW: At this point right now, it's just sad that we can't make anything in this country. I mean shoes or apparel, I mean, it's just so sad that you have to buy fabrics from one place, ship it into Hong Kong, ship it into China, and then bring it back, and then, you know, get visas and all of that, you know. It would be nice if we can make it here, but we can't.

KL: The apparel industry is dying?, meaning?... [KL was completely surprised...] We're running New York! A lot of people don't know who drives New York... The Hilfigers... and the Liz Claibornes are not people who are running New York. It's the children's apparel building, where the accessory buildings, which are full of companies, bringing in manufacturing here or importing from overseas are those things that consumers are seeing on the shelf.

The Development of Apparel Import Intermediaries

Two primary paths of AIIs' development emerged from the data: (a) transformation and (b) birth. Figure 3 explains AIIs' development paths in the new market environment. The first path, transformation, describes the reconfiguration of existing domestic manufacturers as they shifted their manufacturing processes to foreign countries in search of cheaper labor. The second path, the birth of new firms, presents the actions of opportunity-seeking entrepreneurs who leveraged unique sets of resources, such as entrepreneurial outlook gained from previous experience working for or with domestic manufacturers and enabling resources from foreign/domestic investors or even self. Both paths of development represent strategic responses, that is, "new battle plans" (in the words of BG), in the face of threats or opportunities generated by the apparel industry's transformation.

Transformation. Four expert informants with long experience in domestic apparel manufacturing, an average of 33 years—most of these years falling during the pre-transformation of the industry—described a transformation path of development for their past or present firms. They shared the glory years of domestic apparel manufacturing, and all had lived through the evolution of the apparel industry. Despite those informants' similar past experiences, three distinctly different themes emerged relative to their firms' transformations. These themes were (a) longings for the glorious past and an extreme bitterness about today, (b) resistance to reclassification of their firms' operation type, and (c) acceptance of the changes and hope for new opportunities:

BG: Traditionally, this [the apparel industry] has always been the family industry. As family business ages, they need to merge with another company.

We merged with this company four times already. This company started in 1935. All the original people are long gone. We merged in 1981. I could write a book on 500 customers that we were dealing with in 60's, 70's, and 80's that are gone. Disappeared!

AB: We are called a manufacturer. But we don't own sewing machines and cutting tables any more. Actually, we do own cutting tables, but we don't own the sewing machine.

Interviewer: Do you think we are wholesalers now?

AB: We call ourselves a manufacturer.

Interviewer: Are you a manufacturer?

AB: But we don't own sewing machine any more. We arrange for the manufacturing. We design, inventory it, store it, ship it, and distribute it. But we don't sew it.

BA: People talk about apparel industry's declining, thinking of one segment of the apparel industry and that is the manufacturing side of the apparel industry and the same goes with the textile industry. The physical making these products is over domestically; we might as well come and accept it, and move on.

Birth. Each of the other nine informants described a birth path for his or her firm's development. The average total years in the apparel industry for this group of informants was approximately 20 years—with most of those years falling during the industry transformation. Three distinct themes describing the building blocks of these new firms emerged: (a) an entrepreneurial outlook; (b) relevant business experience rich in market/technical knowledge and personal business relationships; and (c) financial resources from domestic partners, foreign partners, or self that would be sufficient to enable

effective response to identified market opportunities:

JB: My husband and I worked for a larger company. We have realized that they were really have some changes, and they had brought in people who really were not apparel people to run this company and also had a really bad vision. They really didn't know much about the intimate apparel area—so he and I decided in 1988 that we could do it better and do it in our way.

NW: My partner and I worked together for the company that went out of business. He does production; I do sales and merchandising; and we formed the partnership. And here we are. We had the background and he had the contacts with factories, and I have sales contacts.

CR: Yes. I found this division which focuses mainly on juniors and ladies apparel for foreign owned corporation actually. They own factories overseas and my company is under contract to the foreign financiers to manage all of the design and marketing functions in here, United States.... So, that's the relationship.

The Functions of Apparel Import Intermediaries

Upstream firms in the marketing channel have historically served to carry out the functions that downstream firms have chosen not to address or could not execute efficiently (Kotler, 2003). Because of the new market environment, AIIs appear to have assumed activities that downstream firms have either chosen not to address or could not efficiently address. Four distinct sets of activities for AIIs in their role as liaisons between domestic clients and foreign suppliers emerged: (a) design as trend interpretation, (b) marketing as active environmental scanning, (c) sourcing as

supplier selection and partnership maintenance, and (d) service as facilitation of the client/intermediary interface. These activities may appear to be the routine design, marketing, sourcing, and service carried out by all firms; however, within the dynamic fashion industry environment some of these activities have taken on new meaning.

Design. Most study informants indicated that their firms had designers or design departments solely devoted to design activities and were very proud of their ability to provide uniquely designed products, often delivered through licenses not available to retailers or through special designs tailored to specific retailer needs. AIIs' major design goals surfaced as adoption and selection by the greater mass, not the creation of haute couture. This view aligns with Blumer's (1995/1969) argument that fashion is created by a process of selection with the success of fashion designers heavily dependent on the extent of mass adoption of their designs. Although a common public perception is that fashion is driven by a few high-end designers, most AII firms engaged in design activities in terms of (a) 'trend-interpretation' rather than trend-setting or trend-leading and (b) a goal of mass adoption:

CR: The creativity isn't as important as the ability to interpret the trends. That's more important. They don't come to us for the most, avant-garde fashion-leading things. They come to us for things that look familiar to their customers because they've seen in the Prada ads, but we do it at the price point, where Rampage and those guys can sell it. I think that's the main element here.

NW: We have an in-house designer, who works specifically sometimes with the account to do additional things specifically for them. Sometimes the

buyers will go to a store like the Gap and buy a garment, and then they ask her to translate for them. Or, Victoria's Secret... and to interpret what they're doing for middle Americans. Victoria's Secret is probably a step above. We're at moderate price.

Marketing. Marketing was perceived as vital for AII firms because marketing activities in general identify unique market opportunities and reduce the environmental risks. However, a unique focus on certain marketing tasks, as well as a unique implementation approach, emerged from the data as critical in the dynamic apparel market. These unique elements of AIIs' marketing activities are subsumed under the following themes: (a) scanning/analyzing the market environment by 'being out there,' (b) gaining a reputation as the 'go-to people' for both partners, and (c) leveraging relationships to acquire the most practical/profitable information in the most efficient way:

AR: We need to shop at the stores; we need to see who that customer is, because you have to understand that customer. You gotta analyze what they're selling. Just because I move the goods to them doesn't mean it's gonna check at retail. You wanna make sure that your goods are checking. You wanna be out there. You wanna see what's going on.

KL: Ah... one of our customers actually said to us we are the best hidden secret within the industry because they consider us actually their 'go to people' for what's in, what's new, and what's hot.

CR: We use guerilla marketing techniques. In other words, we have a pretty small staff, but we make the most

of the Internet and we don't really have a lot of time to go through the normal marketing channels so usually we approach management. We kind of have an aggressive approach to that kind of thing by just necessity. Not because we're trying to be rude or any, but it's business. We have been contacting the right people. So, I think, you know, one of our strength is getting to the right people.

Sourcing. Sourcing was described as a new responsibility of AIIs, characterized by complexity, foreignness, and rapid, unexpected change. Hillstrom and Hillstrom (2002) note that strategic sourcing involves: (a) analyzing the relationship between product, price, and volume; (b) understanding the market dynamics for products and the suppliers of products; (c) developing a procurement strategy; and (d) establishing working relationships with the suppliers. In the AII environment, sourcing has emerged as similar to but also different from the above description in important ways; for example, the interview data from the study informants generally supported points (b) and (c), while only partially supporting points (a) and (d). Although product, price, and volume matter to AIIs, the focus is strongly on time and quality in the limited-run production environment of fashion. The second difference is a unique perspective on business relationships with clients. Such relationships shift faster and are more numerous, nurturing, project-based, culturally embedded, and time sensitive for AIIs than for firms in many other industries. The sourcing activities detailed by the AII informants in this study involve the simultaneous management of four dimensions: the right product, the right quality, the right price, and the right time—managed simultaneously. Two critical kinds of expertise for managing these dimensions

emerged: (a) knowing ‘who to go to’ in terms of the supplier selection process and (b) maintaining healthy working partnerships with foreign suppliers:

HH: For a Mexican like me, and the CEO of this company is also Mexican, it was a challenge to get to know the US market and the first thing you have to do... when doing business with the States is... get quick delivery and good product. So, delivery is the key in this. Deliver in the right time and the right price in the right quality! That’s the key.

AR: Knowing who to go to, knowing what’s good, you know, what is good for what country. Not give a country that they are not capable of making. You know, going into the factory and see what they’re making for other people, or what their lines do, and then basically giving them that type of products. That way you’re getting the most efficient product at the best price, you know, to go to somebody who makes cotton underpants, and give them synthetic with charms, it’s not the right thing to do because they’re not gonna be the best of that.

ER: We treat our vendor as a... true partner. We’re together. We are very reasonable partners that people do enjoy doing the business with us... mutual benefit. We won’t be like, if you’re late, you air it. It depends on... you have to understand what’s behind it. You’re late, because of what? Because of electricity problem and factory just get into the situation that nothing they can help, and then, maybe you shouldn’t have them to air it. Maybe you shouldn’t have them to pay all, all air. Maybe you should chip in 50%.

Service. A key finding of this study is that, out of all the functional activities of AIIs, service is the ultimate differentiator

between these firms and their competitors. The importance of service reflects the unique nature of the apparel industry, characterized by the constraints on modifying apparel products due to the human body’s requirements and by the perishability of the products due to fashion cycles. Furthermore, the data suggested that service provision by AIIs is personal and intimate—almost like reducing stress for a family member. These features of AIIs’ service provision are reflected in the following themes: (a) relationship-specific adaptations by intermediaries—expressed as ‘no-hassle, no-problem, the smooth process’; and (b) information exchange—described as ‘always there for you.’ In either case, the ultimate goal of AIIs’ service activities was to alleviate the stress of the apparel industry’s frenetic environment and ‘create an easier life for their clients’:

NW: And...service, I used to be a buyer, so I apply myself and making sure that I try to make the buyer’s life as easy as possible. Especially, today, their job is just as tough.

JB: Difference is that customers like Wal-Mart that buys a huge number of units from us, we ship on time, we ship a great product, and there are no hassles. There’s no CTL problem. We don’t have to go buyers for special this, special that...so, it’s a pretty smooth process.

HH: Extraordinary service would be to have an agent, always there for you, whenever you have a question, 24 hours a day, 7 days a week, carry your cell phone, answering questions, solving problems. I think that’s the key. It is not only one person, the sales, but also to be able to reach their distribution centers, or the whole process. That’s kind of good services that you can have.

In summary, the four types of core functional activities of AII firms have been discussed based on the emergent themes from the interview data. The model in Figure 4 demonstrates the activities and dimensions of these themes. The model also shows AIIs' roles as liaisons between their domestic clients (retailers as well as other intermediaries) and foreign suppliers (manufacturers as well as other distributors). Finally, the model shows that the four types of functional activities of an AII firm must be simultaneous, well-integrated, and coordinated for the firm to be an effective intermediary.

Conclusions

Apparel import intermediaries have made and continue to make significant economic and creative contributions to the global apparel industry; however, our knowledge base about these firms is incomplete. To address the gap in our understanding, this study sought to obtain an immediate and deeper understanding of AIIs through qualitative exploration of the perspectives of industry experts who have been deeply immersed in industry phenomena and survived the apparel industry's transformation.

This study contributes to the literature in a number of ways. First, the study identified the need for new terminology and provided a definition of AIIs that distinguishes them from apparel intermediary firms of the past. The definition of AIIs matters because it has implications for the tracking of economic data, the creation of trade associations, the development of information forums, inclusion in government incentives or support programs, participation in formulating international trade policy, and the organization of lobbying efforts. The implications of the definition of AIIs extend

to the Standard Occupational Classification (SOC) system of the Bureau of Labor Statistics. The current SOC system often fails to capture job responsibilities in today's AII firms by including out-of-date categories, such as Production Manager, or no job categories at all, as in the case of Sourcing Managers. Furthermore, the study findings suggest the importance of firm identity as perceived by the firm itself. Similar to the old maxim about the half-full or half-empty glass, the self-identity of AIIs appears to influence such firms' view of market opportunities. Of all the informants in this study, those whose firms had transformed themselves from manufacturers to AIIs expressed a gloomy view of opportunities in the new market. On the other hand, the informants whose firms were born as newly formed or entrepreneurial AII firms saw many opportunities in the new market. The identity issue also highlights an industry dilemma—an "identity crisis"—in the post-transformation apparel industry. A high proportion of the informants in this study seemed unaware of their firms' true identity or reluctant to accept the government's classification of their firms as wholesalers rather than manufacturers.

The second contribution of this study is providing insight into how the reordering of the apparel industry has changed the activities of intermediary firms. The data from the study spotlighted the impact that the dynamic and turbulent apparel industry environment has had on the functional activities needed by the new apparel market. The impact has manifested in the shaping of AIIs' core functional activities, including design, marketing, sourcing, and service. Some of these activities metamorphosed as the external environment forced unique approaches to meet market needs. The marketing activities of AII firms appear to emphasize personal, intimate environmental scanning that bears little resemblance to

traditional managerial information analysis. AII personnel appear to seek an intuitive real-time grasp of the fashion flow, in part by drawing on the knowledge they gained from their years of emersion in industry phenomena. AIIs implement sourcing using unique approaches. A counterintuitive result that emerged from the data was the expert informants' relative lack of emphasis on price. Although price mattered, other considerations, such as time (being on time) and quality (having an appropriate level for the product), appeared more pressing. Finally, on the basis of the interview data in this study, AII firms' service in the form of extraordinary nurturing measures to help clients 24/7 appears to be the key differentiator between AIIs and their competitors.

The third contribution of this study is its implications for the theory of the firm. Economics, finance, management, and marketing have all put forward theoretical frameworks—the neoclassical perspective, the market value model, the agency costs model, transaction cost theory, behavioral theory, constituency-based theory, and resource-advantage theory—to provide systematic structures for explaining and predicting the phenomena addressed in this study, the activities of firms (Vibert, 2004). None of these theories seems to adequately explain the recent development and functioning of AIIs, however. In the past, new theory was needed to account for such phenomena as the growth of nations (neoclassical economic theory), the growth of firms (agency theory), and the growth of domestic markets (transaction cost theory). The results of this study suggest that we may now need new theory to account for the realities of firms operating within global markets. One possibility is the fragmentation theory of trade (Arndt, 1997; Hanson, 1996; Harris, 1993; Jones & Kierzkowski, 1990; Jones & Kierzkowski, 2001). This theory

holds that internationally integrated production processes have been fragmented due to production mobility and technology advances and that this fragmentation is facilitated by the activities of service firms. The study findings offer support for this theoretical approach.

A fourth contribution of this research is the application of qualitative methodology. Specifically, the study used interpretive analysis of qualitative in-depth interviews with industry experts—a method that has been used to explore some issues related to firms, but has been rarely used to investigate industry development or to capture time-sensitive industry phenomena. When industries experience turbulence or when investigators explore a consistently turbulent environment such as that of the apparel industry, typically little statistical information is available in a timely manner—at the time it is needed most. This study demonstrates that interpretive analysis provides an appropriate and timely method to obtain a deeper understanding of transitioning and turbulent industries via texts, personal experience, and narratives.

Many research possibilities exist regarding AIIs. Although this study provides insights into AIIs, it is important to continue broadening and deepening our understanding of these firms. Research on AIIs may add to knowledge about industries' evolutionary patterns and simulate investigation of similarities and differences between other light manufacturing industries experiencing hyper-dynamic environments. Given the ongoing consolidation within the apparel industry and the growth of retailer power, exploration of the power structure between big box retailers, such as Wal-Mart and Target, and chain specialty stores, such as Gap, Inc. and The Limited, may add to our understanding of global apparel supply chain dynamics. It might also be interesting

to investigate the redistribution of functional activities throughout the supply chain in response to industry evolution. Finally, the development of a testable model based on this study's results may further expand our understanding of AIIs.

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Table 1.
Manufacturer, Retailer, and Wholesaler Descriptions by the U.S. Census Bureau

<u>Business Type</u>	<u>Description</u>
Manufacturer (NAICS 31-33)	“Engaged in the mechanical, physical, or chemical transformation of materials, substances, and components into new products” (U.S. Census Bureau, 2005f, p. B-1).
Retailer (NAICS 44-45)	“Engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. Retailers are organized to sell merchandise in small quantities to the general public” (U.S. Census Bureau, 2005b, p. B-1).
Wholesaler (NAICS 42)	“Engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. Wholesalers are organized to sell or arrange the purchase or sale of (a) goods for resale to other wholesalers or retailers, (b) capital or durable nonconsumer goods, or (c) raw or intermediate materials or supplies used in production” (U.S. Census Bureau, 2005c, p. B-1).
Merchant wholesaler (or wholesale distributor)	“Primarily buys and sells on its own account (takes title to goods) for resale, including jobber, distributor, own-brand marketer, and own-brand importer/exporter” (U.S. Census Bureau, 2005a, 2005c).
Manufacturers’ sales branch or sales office	“Primarily buys or sells goods manufactured in the United States. It may or may not take title to goods” (U.S. Census Bureau, 2005a, 2005c).
Merchandise agent, broker, or electronic market	“Primarily buys or sells goods for others on a commission basis. It does not take title to goods” (U.S. Census Bureau, 2005a).

Table 2.
Commonly Used Academic and Practitioner Terms for Intermediaries

<u>Business Type</u>	<u>Definition/Description</u>
Importer	Any firm that brings goods or services into the country from abroad (Soanes & Stevenson, 2004).
Import/export merchant	Merchant wholesaler engaged in import/export trades (adapted from U.S. Census Bureau, 2005c).
Import/export agent or broker	Merchandise agent or broker in import/export trades (adapted from U.S. Census Bureau, 2005c).
Import retailer	Retailer who imports goods for the purpose of domestic retailing activities (adapted from U.S. Census Bureau, 2005b).
Jobber	A dealer in shares or commodities who holds a stock of the asset and trades as a principal (Lehman & Phelps, 2002). According to U.S. Census Bureau (2005c), a jobber is classified as a merchant wholesaler.
Marketeer	Any firm that designs, markets, and sells products without owning factories, such as Nike, Gap, Inc., Reebok, and Liz Claiborne (Applebaum & Gereffi, 1994).
Trading company	Any firm that buys and sells goods, currency, or stocks (McKean, 2005).

Table 3.
Limitations of Extant Terms for Identifying Apparel Import Intermediaries

<u>Business Type</u>	<u>Terminology Limitations</u>
Apparel wholesaler Import/export merchant Import/export agent or broker	<ul style="list-style-type: none"> ✓ Creates ambiguity because the NAICS description allows for product “transformation” even though it states that “transformation” is not generally part of wholesalers’ activities. ✓ Underestimate the importance of value-added activities, including design, branding, marketing, and logistics (Scheffer & Duineveld, 2004).
Apparel importer Import retailers Import wholesalers	<ul style="list-style-type: none"> ✓ Is too broad as it includes both apparel import retailers and apparel import wholesalers.
Apparel jobber	<ul style="list-style-type: none"> ✓ Is too narrow as it is strongly connected with manufacturers and manufacturing activities (Olsen, 1978). ✓ Is typically associated by the trade with firms seeking small contracts for existing goods for a quick turnaround. ✓ Creates ambiguity because of multiple meanings and perceptions.
Marketeer	<ul style="list-style-type: none"> ✓ Is too broad as it includes both apparel import retailers and apparel import wholesalers. ✓ Centers on brand marketing rather than business types.
Apparel global trading company	<ul style="list-style-type: none"> ✓ Is too broad because it includes exporters and importers. ✓ May underestimate the importance of firms’ value-added activities.

Table 4.
Demographic Information of the Study Informants

Expert Informants ^a	Title	Total Years in the Industry	Main Products	Gross Sales of Firms (U.S. \$)	Self-rated Firm Performance ^b
BA	President	28	Consulting Services for Apparel Import Intermediaries	No Reply	No Reply
AB	Vice President National Accounts	30	Uniforms/ Corporate Apparel	No Reply	7
KL	Director of Marketing & P.R.	7	Children's Apparel	No Reply	7
CR	President	21	Ladies' & Juniors' Apparel & Accessories	40 Million	8
JB	CEO	30	Sleepwear	Over 100 Million	8
AR	Product Development/Sales	15	Ladies' Underwear	No Reply	10
BW	Marketing Manager	20	Ladies' Apparel	No Reply	5
NW	President	25	Ladies' Underwear	7 Million	6
PA	President	33	Ladies' Lingerie	41 Million	7
BG	Sales Manager	40	Ladies' Lingerie	80 Million	8
HH	Vice President of Merchandising	15	Ladies' Underwear	No Reply	7
KM	President	20	Men's Apparel	2.5 Million	5
ER	Sourcing Specialist	12	Children's Apparel	No Reply	8

^a Reference to each expert informant is indicated by initials of a pseudo name. ^b From 1 to 10, 10 is the best.

Figure 1.
Model of Apparel Market Changes Leading to New Roles for Apparel Import Intermediaries

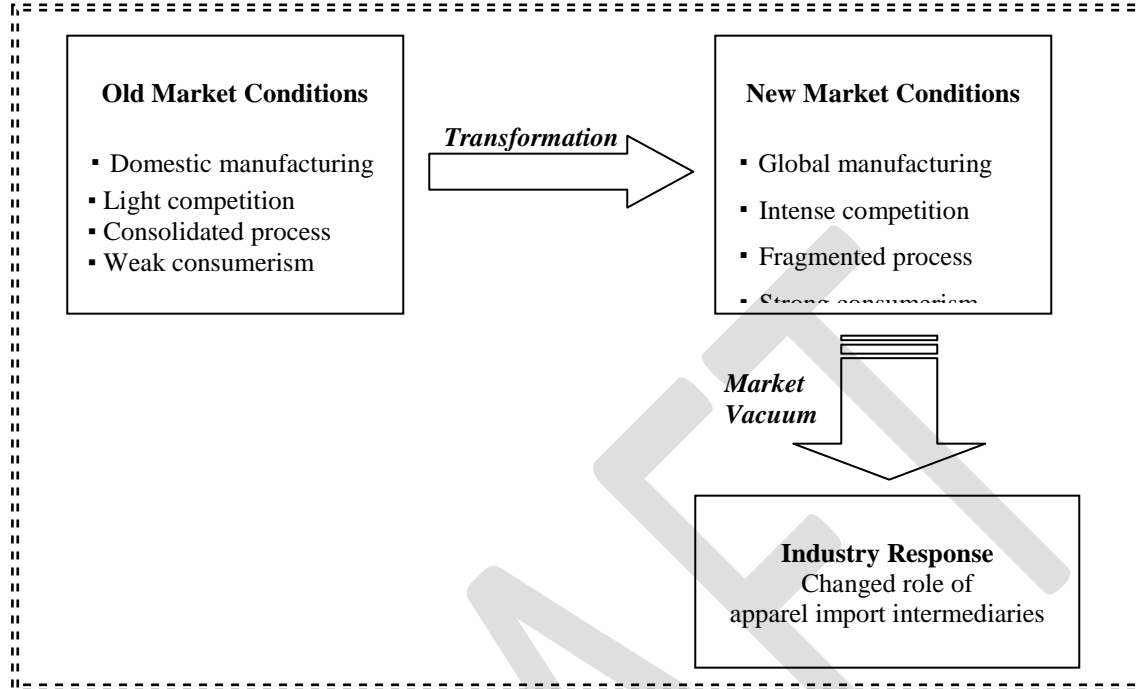


Figure 2.
Proposed Conceptual Model of “New” Market Environment of Apparel Import Intermediaries

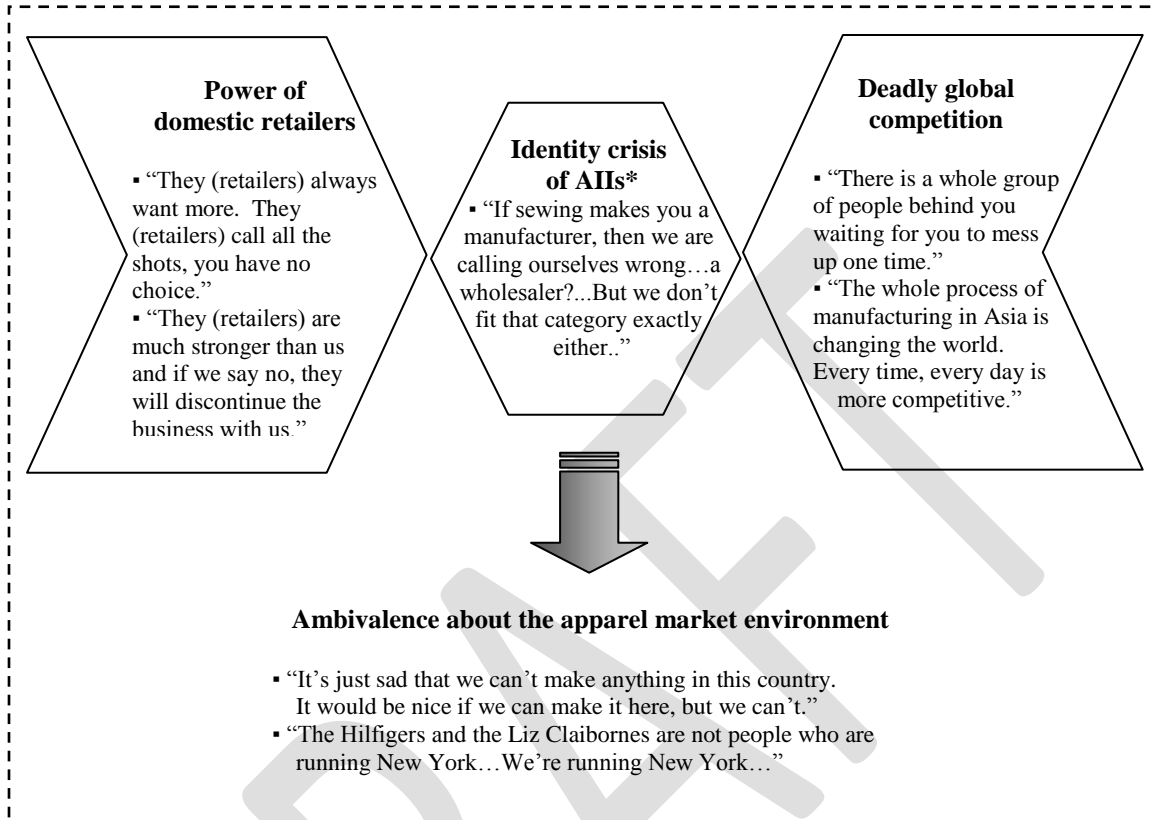


Figure 3.
Proposed Conceptual Model of Apparel Import Intermediaries' Development Paths

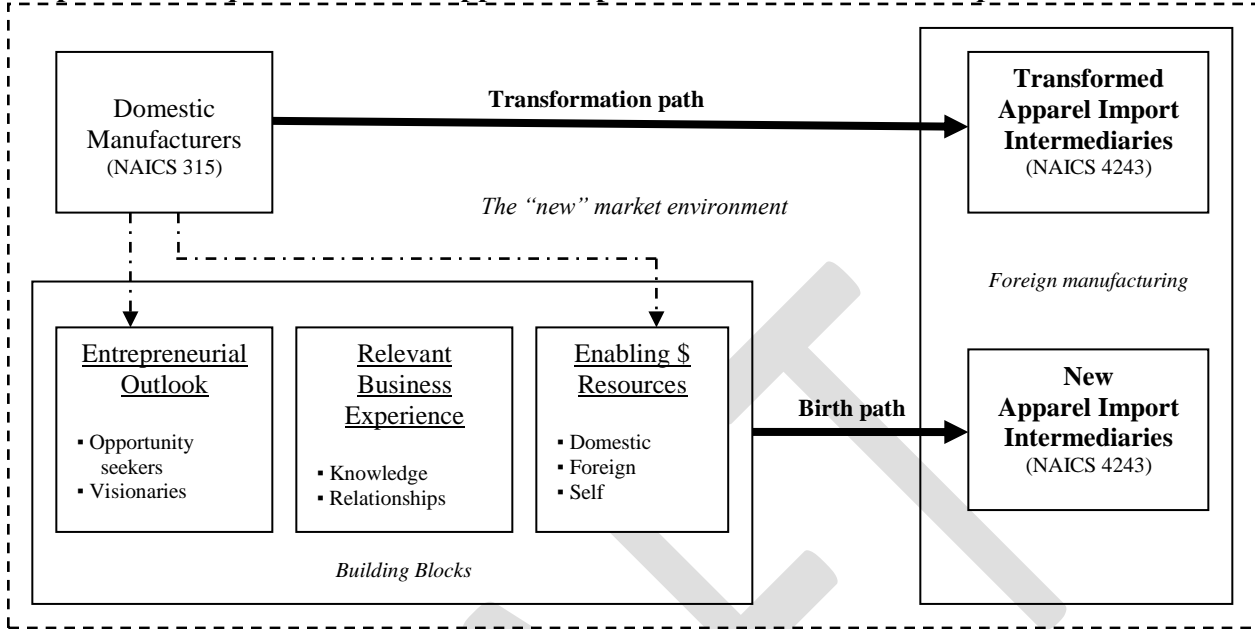
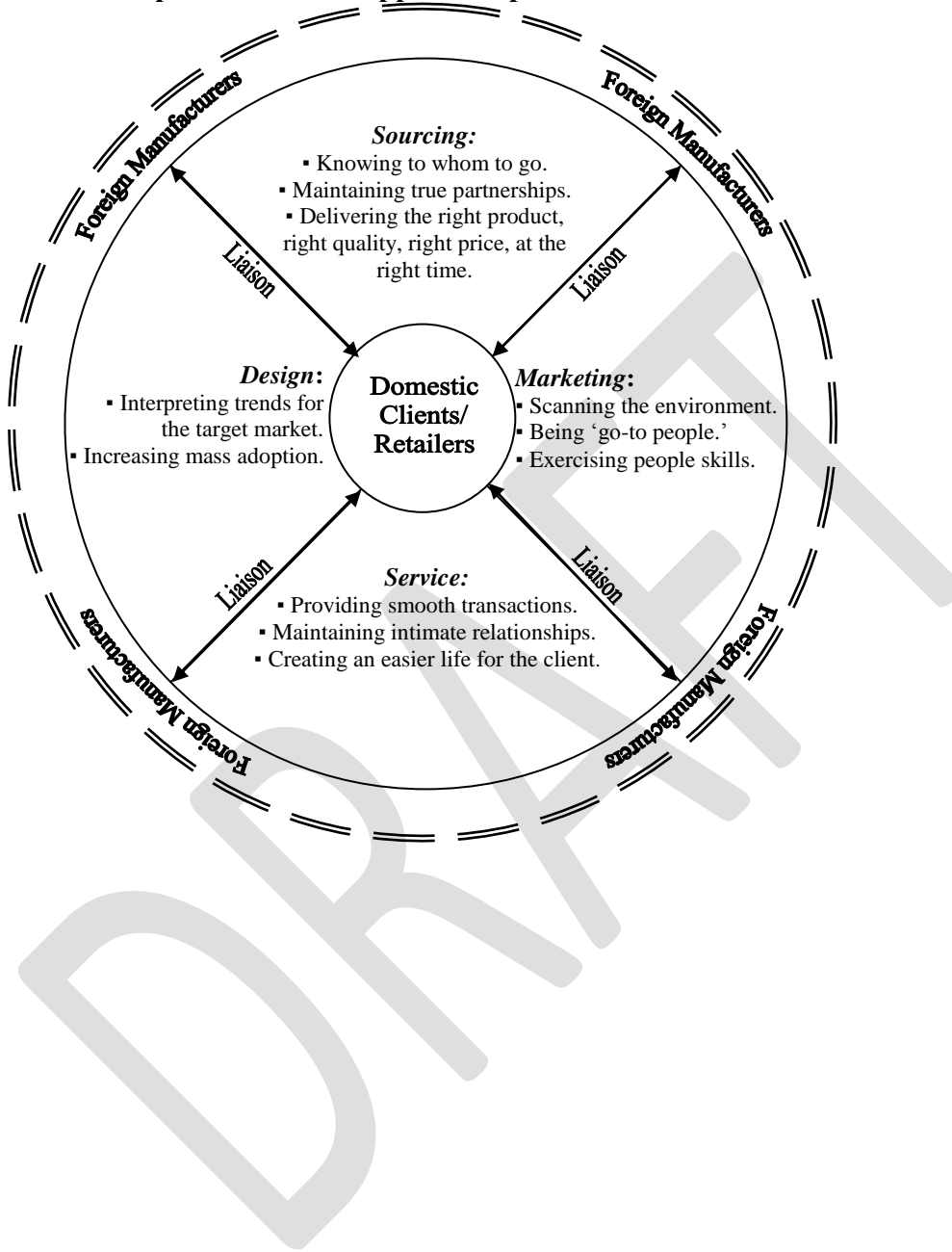


Figure 4.
Proposed Conceptual Model of Apparel Import Intermediaries' Functions



Appendix A. Interpretive Analysis

Topical research questions (3)	Theme categories (10)	Initial themes (36)	Evolved themes (24)
New market environment	1. Power of domestic retailers	<ul style="list-style-type: none"> ▪ No choice. No orders. ▪ They don't really need you unless you know what to do. ▪ They are much stronger than us. 	<ul style="list-style-type: none"> ▪ They call the shots. No choice. ▪ They are much stronger than us.
	2. Deadly global competition	<ul style="list-style-type: none"> ▪ There is a war out there. ▪ They are waiting for you to make one mistake. ▪ If you don't do, someone else will. ▪ Everyday is more competitive. 	<ul style="list-style-type: none"> ▪ They are waiting for your one-time mistake. ▪ Everyday, every second, it gets more competitive.
	3. AIIs' identity crisis	<ul style="list-style-type: none"> ▪ We are a manufacturer, even if we don't manufacture. ▪ We are a wholesaler, but we are also a manufacturer. ▪ No doubt. We are a wholesaler. We know who we are. 	<ul style="list-style-type: none"> ▪ We are a manufacturer, even if we don't manufacture. ▪ We are a wholesaler, but we are also a manufacturer. ▪ No doubt, we are a wholesaler. We know who we are.
	4. Ambivalence about the market environment	<ul style="list-style-type: none"> ▪ It's just sad. Everyone is gone. ▪ We're running New York. ▪ People don't know us, we should be recognized for what we do. 	<ul style="list-style-type: none"> ▪ It's just sad. Everyone is gone. ▪ We're running New York.
AIIs' development	5. Transformation path	<ul style="list-style-type: none"> ▪ We used to be a manufacturer. We were sold four times. 	<ul style="list-style-type: none"> ▪ We used to be a manufacturer. We were sold four times.
	6. Birth path	<ul style="list-style-type: none"> ▪ We could do better with ourselves. ▪ He has connections and I had experience. That was all we needed. ▪ I am married to a foreign manufacturer. ▪ We needed someone who can borrow money from the banks. ▪ I financed myself. 	<ul style="list-style-type: none"> ▪ We had visions. ▪ He has connections and I had experience. That was all we needed. ▪ Financial resources from domestic/foreign sponsors, or self.

Topical research questions (3)	Theme categories (10)	Initial themes (36)	Evolved themes (24)
Alls' functions	7. Design	<ul style="list-style-type: none"> ▪ We don't need Picasso. ▪ My designer reinterprets the trends for our buyers. ▪ For middle Americans. 	<ul style="list-style-type: none"> ▪ We need to reinterpret the trends. ▪ For a greater mass adoption.
	8. Marketing	<ul style="list-style-type: none"> ▪ You gotta be out there yourself. ▪ We can find something they [retailers] can't do themselves. ▪ They [manufacturers] don't really know the market. ▪ Marketing is utilizing a people skill. 	<ul style="list-style-type: none"> ▪ Scanning the environment. ▪ Being 'go-to-people.' ▪ Exercising people skills.
	9. Sourcing	<ul style="list-style-type: none"> ▪ Knowing whom to go to. ▪ Knowing what's good for which country [contextual interpretation: knowing what's made well in which country]. ▪ To find the right quality at the right time. ▪ Price is always an issue. ▪ But you have to have the price, product, quality, and time all together, always. 	<ul style="list-style-type: none"> ▪ Knowing to whom to go. ▪ Maintaining true partnerships. ▪ Delivering the right product, right quality, right price, at the right time.
	10. Service	<ul style="list-style-type: none"> ▪ We create no hassle for our buyers. ▪ Our buyer has no problems with us. ▪ They know us and we know them. ▪ We plan/monitor sales for our buyers. ▪ We provide as much as we can to make their life easier. 	<ul style="list-style-type: none"> ▪ Providing smooth transactions. ▪ Maintaining intimate relationships. ▪ Creating an easier life for the client.