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Surviving in a Competitive Environment: Bridal Wear Industry in Izmir

-Teaching Note-

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Surviving in a Competitive Environment: Bridal Wear Industry in Izmir - Teaching Note

Summary:

Bridal wear is the most essential item of a wedding; of course after the existence of a bride and groom.. Majority of brides in the world wear a bridal wear in their wedding day although the price, quality, style changes depending on the country, tradition and personal preferences. Turkey in 70's, was one of the countries developing in textile sector due to the low cost of labour and cotton compared to Europe and USA especially. In these days, rise of textile and apparel sectors started, small workshops were established to benefit of the high profit margins of these two industries.

In the middle of 70s, Madencioğlu, one of the oldest stakeholders in textile sector, opened the first company producing wedding and evening gowns in Izmir. Madencioğlu. Mr. Madencioğlu saw the gap and the necessity in the sector and became the first successful bridal wear company. Until the early 2000s, he kept his leading position in the bridal wear market but to be that much successful, he invested on his employees to provide customers (national and international) big amounts of good and stable quality bridal wear quickly. These well trained and experienced employees seeing the profit margins left the company and established their own workshops. And these spin-offs resulted with the bridal wear industry development in Izmir. As these spinoffs were not mostly dealing with haute couture production, just like Madencioğlu, the entry barriers were dropped down as these companies were mostly focusing on mass production; more than a thousand ready to wear dresses in a year and thus they differently positioned their selves than the producers in other cities of Turkey, like Istanbul where the companies mostly specialized in haute couture production.

Currently, bridal wear industry in Izmir has a dominant position over Turkey by carrying out 70% of the bridal wear production and in total there are approximately 1150 stakeholders active in the sector (They are mostly dealing with wholesale). In this competitive environment almost every company owner was suffering from decreasing profit margins in the sector in national and international market. As these profit wars were also negatively affecting the competitiveness of the producers, China was conquering the current markets of Turkish producers with its low production costs. In order to deal with this problem and support companies to increase their competitive advantage, Aegean Exporters' Associations decided to make an intervention to this very important sector. Therefore she organized a meeting to take the first step and invited all stakeholders in Izmir.

Objectives:

This teaching note's main objective is to highlight the difficulties that companies face in global competition, to see the opportunities and identify the necessary resources to switch the sectoral segment the company is playing to increase the competitive advantage and the profit margins.

In this teaching note important sub topics to be thought are listed below;

- Competitiveness analysis
- Value chain analysis
- Decision making

Case Teaching Plan:

The following teaching plan is designed for a 90-minute class. Note that there is sufficient material/subjects for a longer (120 minutes) session depending on the teacher’s time schedule and the longitude of the discussions.

Activity	Time (Minutes)
<p>Case Introduction Quick introduction and review of the case; overview of the critical elements.</p>	5’
<p>Question 1: How would you assess the attractiveness of the bridal wear sector in 70s? Is this industry looking good in the future? This discussion should follow the traditional analysis of the structure of an industry. Please use Five Forces framework.</p>	15’
<p>Question 2: Which are the current problems (in 2015) in bridal wear industry in Izmir? Analyze the competitiveness of the sector by using Five Forces next to the image drawn in the first question.</p>	15’
<p>Question 3: Do you know how a bridal wear is produced? Ask participants all steps from beginning to the final product (from supply to sales). Draw the value chain for further analysis.</p>	15’
<p>Question 4: How can we change this value chain to find a more profitable business? Ask participants ideas to enrich the value chain as the more complex the value chain means less rivals; high profit margins.</p>	25’
<p>Question 5: What should Mr. Mert do? Ask at least 2 participants what they would do if they were in the shoes of Mr. Mert. Afterwards ask the class if there are any other ideas.</p>	10’
<p>Wrap-up and Conclusion Highlight the 2 aspects; 1- Five forces analysis to identify a sector competitiveness 2- How to make value chain analysis and find new opportunities by making the chain more complex</p>	5’

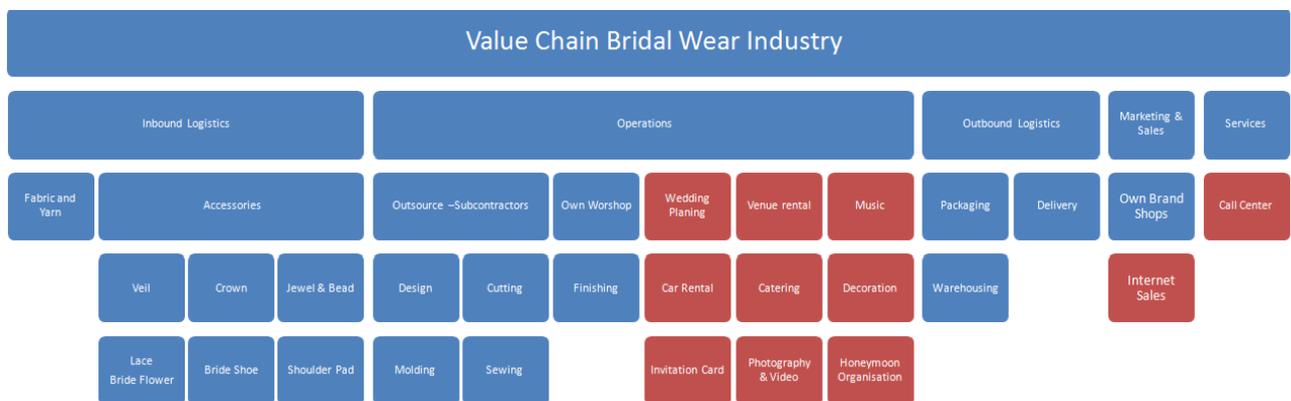
Discussion:

Case Introduction

Question 4: How can we change this value chain to find a more profitable business?

Ask participants ideas to enrich the value chain as the more complex the value chain means less rivals; high profit margins. You can ask participants to first imagine their business ideas if they were a bridal wear producer and ask at least two participants to express their idea and also ask them to revise the current value chain accordingly.

For example, a revised value chain diagram for a full wedding package idea covering almost all the requirements of a couple willing to marry.



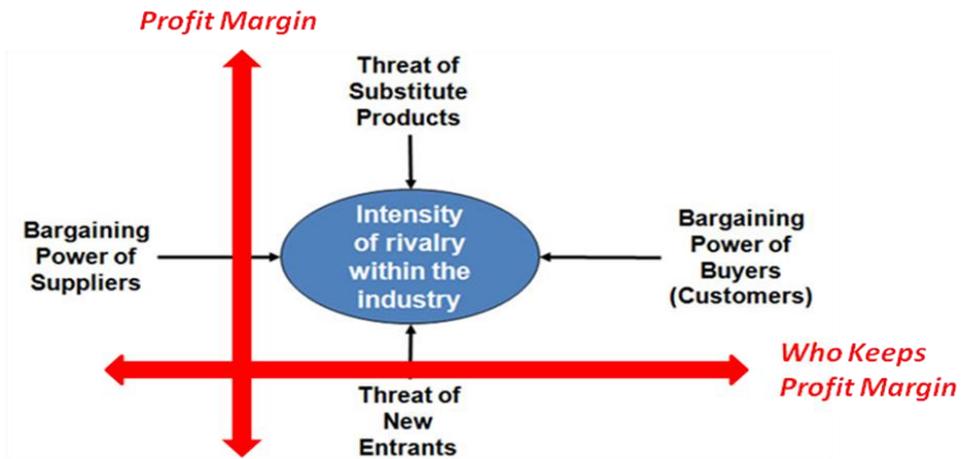
Question 5: What should Mr. Mert do?

Ask at least 2 participants what they would do if they were in the shoes of Mr. Mert. Afterwards ask the class if there are any other ideas. Responses of the participants will vary; some will say that he should keep doing what he knows and some will defend that he should take the risk to survive. Do not direct participants in one direction, let them discuss to create new ideas. A 10 minutes discussion is enough to see the general motive of the class and finally you can mention that if there is no escape from bankruptcy, you should take the risk otherwise you will watch your company slowly dying and meanwhile see your innovative competitors capturing your market share and customers with new/innovative products and services.

Wrap-up and Conclusion

You can close the session by highlighting these 2 subjects;

- 1- Five forces analysis: This analysis is used to identify a sector’s competitiveness in other words attractiveness. This tool helps experts to analyze what is the profit margin in the sector and who keeps this margin.



2- Value chain analysis: The more the value chain becomes more complex, the more difficult to be replicated. That means you can provide different and more value added products/services to your customers which increase your competitive advantage against your rivals.

