A qualitative approach to understanding Hawaiian apparel manufacturers’ exports: strategic marketing resources, dynamic capabilities and export barriers

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Abstract: Hawaii is highly dependent on imported consumer goods which include apparel products. Even aloha wear (i.e., Hawaiian shirts and dresses) is often imported from other countries (e.g., China, India) because of the low cost advantages. The purpose of this study is to understand how Hawaii apparel manufacturers’ (HAM) export businesses are performing in globalised circumstances. Understanding HAM’s export business performance based on their marketing resources and export barriers can make important contributions to the academic literature and the apparel manufacturing industry in Hawaii. The results of the study revealed that a global market partnership is one of the most important factors that can boost exports. Collaborating with trustworthy international trade agencies turned out to be another key to success in exports. Government support (e.g., subsidy, tax benefit) and practical educational training (e.g., export seminars) may be necessary, and legal protection of designs should be adopted internationally.

Keywords: Hawaii; apparel; export; manufacturers; strategic marketing resources; dynamic capabilities; export barriers; qualitative approach.

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1 Introduction

Exporting products or services plays an important role in national economies by enabling a country or state to improve its finance, to give a competitive edge to individual companies, and to provide the public with opportunities for employment. Therefore, exports can ultimately lead to a higher standard of living for citizens (Czinkota et al., 1992). Since the World Trade Organization (WTO) absorbed the General Agreement on Tariffs and Trade (GATT) in 1994, an increasing number of WTO members have reduced trade barriers (e.g., tariffs, quotas) and stimulated global trade between partner countries. Increasing global trade has made it a major positive influence on the US economy. Global trade (i.e., exports and imports) supports more than 25% of US jobs, and exporting goods and services account for about 14% of US Gross Domestic Products (GDP; Business Roundtable, 2013b).

Global trade supports more than 190,000 jobs in Hawaii, or more than one out of five Hawaiian jobs (Business Roundtable, 2013a). About 880 companies based in Hawaii exported products to nearly 100 foreign nations in 2011, and among the companies, 89% of them are small or mid-sized firms with fewer than 500 employees (Business Roundtable, 2013a; International Trade Administration, 2013). The top five export markets of goods produced in Hawaii are Australia (25.7%), Singapore (24.0%), Japan (16.4%), South Korea (7.3%), and Netherlands (4.5%; National Association of
Hawaiian manufacturers exported $400 million worth of goods in 2013, and of this figure $0.3 billion were earned from their Free Trade Agreement (FTA) partners (National Association of Manufacturers, 2014). However, Hawaii is highly dependent on imported consumer goods which include apparel products. According to the US Census Bureau (2014b), imports to Hawaii from the US mainland increased from $4.7 billion in 2010 to $6 billion in 2011 and $6.7 billion in 2012. However, in 2013 the figure dropped $6.1 billion. In contrast, the total exports from Hawaii were only $598 million in 2013, which was decreased by 18.3% from 2012 (US Census Bureau, 2014a).

Hawaiian clothing was mostly produced domestically beginning with its introduction in Honolulu in the 1930s and remained mostly domestically produced through the 1990s (Murakami, 2010). Currently, however, aloha wear is often imported from newly developing countries (e.g., China, Indonesia) because of the low cost advantages. Although imports of low cost consumer goods can help keep the retail prices down, the Hawaiian apparel manufacturing industry, like most of the apparel manufacturing industry in the US, has lost a significant number of jobs and has notably decreased in size (Department of Business, Economic Development and Tourism, 2009). As of 2014, all apparel manufacturers in Hawaii account for only 1.8% of the total output from Hawaii, and these Hawaiian manufacturers hire only 2.2% of the workforce (13,500 employees) in the state (National Association of Manufacturers, 2014). The Hawaiian manufacturing industry produced $1.4 billion worth of products in 2013, and the output from apparel and leather products sector in Hawaii produced $23 million (National Association of Manufacturers, 2014).

With an increase in trade with FTA partner countries (e.g., Australia, South Korea) and geographical proximity to other nations (e.g., Asian countries) encouraging exports may be a stepping stone for Hawaii to revive its manufacturing industry. In order to support Hawaii manufacturers’ exports, it is necessary to understand the existing and potential strategic marketing resources and export barriers of Hawaiian apparel manufacturers (HAM).

Leonidou et al. (2010) found a total of 821 export business-related articles published in 75 academic journals during the period of 1960-2007 and reported that export performance was the most highly researched subject of export business research studies over the last five decades. Researchers of international marketing and trade have examined relationships between export performance and various factors including marketing resources (Luo et al., 2005), marketing strategy implementation and marketing capabilities (Cavusgil and Zou, 1994; Morgan et al., 2012), and export assistance (Lages and Montgomery, 2005). Other researchers have investigated and analysed export barriers (Pinho and Martins, 2010) and export-marketing problems (Ghauri et al., 2003). Although some studies have examined export businesses of more than one product category or non-specified product category from a specific region (Australia: O’Cass and Julian, 2003; China: Luo et al., 2005; Portugal: Lages and Montgomery 2005; Pinho and Martins, 2010), there is still a lack of research that examines export business of a sole product category (e.g., apparel) in a specific region. Especially, there are few studies that have utilised in-depth qualitative methods (e.g., case studies using interviews and/or observations) in this area. Creswell (2003) indicated that researchers can inquire in-depth an event, an activity or a process through case studies. Additionally, few studies have examined Hawaiian apparel industry, and more specifically apparel trade. Hook and Czinkota (1989) identified the types of products and services exported in Hawaii, and reported that among 288 firms that participated in the study, 19 companies exported...
apparel or other finished products made from fabrics. However, the trade of apparel products is only a subset of their study that involved many types of products and services created in Hawaii (e.g., food related products and services, apparel, and agricultural products, etc.).

This research is warranted by changes in trade policies, consumer behaviours and preferences, and increased competition from foreign markets. The resource-based theory (RBT) and dynamic capabilities view (DCV) frame this study. RBT has been used by a number of management and marketing scholars, and some of their studies examined the relationships or linkages between a firm’s marketing resources and performance (e.g., Cavusgil and Zou, 1994; Luo et al., 2005). Dynamic capabilities have also been investigated by researchers in their marketing/management research studies, such as the impact of dynamic capabilities in the new product development (NPD) (Acikdilli and Ayhan, 2013), and the conceptualisation of internationalisation of firms using a dynamic capabilities perspective (Weerawardena et al., 2007). These two concepts were used for guidance when conducting interviews and analyses, because they lead researchers in an explicit direction for identifying what issues are important to ask and examine (Creswell, 2003). The scope of this study is narrowly defined with the geographical region (i.e., Hawaii) and with the product category (i.e., apparel). Due to the fact that only a small number of apparel manufacturers exist within Hawaii, obtaining richer data and analysing in-depth information provided by the study participants was considered to be necessary.

The purpose of this study is to understand how HAM export businesses are performing in a globalised market based on their marketing resources, manufacturing capabilities, and export barriers. The results of this study guide to what support they need in order to perform better in the export market, and implications may make important contributions to the academic literature and the apparel manufacturing industry in Hawaii.

The findings of this study build a new model by extracting new components created by a dynamic trade environment that affects export business (e.g., dramatic development of technology, international policy change). The study’s results may contribute to export development and strategic expansion of exports, particularly for small or mid-sized HAM with extremely limited resources, networks, and/or governmental support. In addition, the information gained from the current industry will help the legislators and government officers to better understand the current state of global trade trends so that they can recognise the necessity of support for HAM to develop export strategies and to increase exports.

2 Literature review

2.1 The resource-based theory (RBT) and strategic marketing resources

The Resource-Based Theory (RBT) holds that the possession of strategic marketing resources leads to the firm’s golden opportunities to create sustainable competitive advantages (SCA) over its competitors (Ketchen and Short, 2015). Based on Barney’s (2001) VRIN framework, these strategic resources should be valuable, rare, imperfectly imitable and non-substitutable. Generally, intangible resources are more likely to be strategic resources than tangible ones, because tangible resources can be easily imitated or substituted by competitors. Among these intangible resources, the capability to innovate
is the most important strategic marketing resource that allows firms to gain SCA over its competitors (Lages et al., 2009; Mizik and Jacobson, 2003). This innovative capability includes the ability to bring or implement new ideas, products, and processes using technology (Lukas and Ferrell, 2000). Several researchers have examined the relevance of the RBT to global trade. Katsikeas et al. (2000) indicated that the RBT concepts may be used to better understand global marketing in their review of export performance. Peng (2001) believed that the RBT may present a unifying framework of international business (IB) theories, and Ruzo et al. (2011) validated the above-mentioned application of the RBT in their study where they examined different types of resources that determined export performance.

As mentioned, a number of research studies examined the relationships or linkages between marketing resources and firm’s performance based on the RBT because a SCA created from strategic resources may influence a firm’s performance, as postulated in the RBT. Barney (2001) indicated that the ability to achieve an advantageous position in utilising strategic resources determined the firm’s profitable market position.

As for possible dimensions related to the strategic marketing resources specific to export business, Ruzo et al. (2011) examined three types of resources in marketing decisions and export performance. The three critical resources were scale resources (i.e., firm size), experiential resources (i.e., firm’s experience in export marketing), and structural resources (i.e., availability of a personnel or a department dedicated to export marketing activities), and they were all reported to be the determinants of the adoptable export strategies and export performance. As identified as the experiential resources by Ruzo et al. (2011), one of the variables to identify a firm’s level of export development is its commitment of marketing resources to export. A company may be anywhere on a continuum from completely uninterested to highly involved in exports, based on its commitment of marketing resources. As a firm moves from export development towards experienced exporter stage, it typically experiences an incremental resource commitment and gradual gain of experience in operating mode (Leonidou and Katsikeas, 1996), which explains the inseparable nature of the experiential and structural resources as suggested by Ruzo et al. (2011). Amine and Cavusgil (1983) confirmed the findings of Leonidou and Katsikeas (1996) and Ruzo et al. (2011), by reporting that there are positive relationships between marketing resources (e.g., export experience, annual export budget, advertising allocation, marketing information) and export performance.

As explored by the above-mentioned researchers, various strategic marketing resources provide the basis for building the sustainable competitive advantage (SCA) of a firm in the international market. One specific example of strategic marketing resources is a company’s unique product offering. For example, as suggested by Cavusgil and Zou (1994), unique product characteristics, such as specific cultural attributes in a product, can be a critical resource that may affect export performance. Adding culture-specific characteristics to products and nation-branding or country-branding were suggested as one of the strategies to enhance the export performance (O’Cass and Julian, 2003). A cultural uniqueness infused into an export product can be viewed as the outcome of valuable, rare, imperfectly imitable, and non-substitutable marketing resources, which relate to all the aspects of the VRIN framework, in relation to the RBT (Barney, 2001). This can be possible when the export company has the firm resources to produce such culturally unique products that are valuable, rare, imperfectly imitable, and non-substitutable. For instance, a firm exporting original high quality Aloha wear can gain a SCA by employing well-trained Hawaii resident Aloha wear designers who are
much more likely to have an in-depth understanding of the cultural uniqueness and design complexity of the products than those who have little knowledge about them. In the above case, the firm-specific human resource would directly impact the product offerings.

The marketing resources such as the ones exemplified above can be critical in developing and expanding export business. However, a lack of these resources along with some uncontrollable aspects in the business environment may become barriers. The following section explains possible barriers that an export firm may encounter in a dynamic global business environment, and how the firm can overcome these barriers by establishing dynamic capabilities.

2.2 Export barriers and dynamic capabilities

Although export companies may compete in the market, having effective strategic marketing resources, there may be various barriers in exporting goods in a business’ macro-environment and micro-environment. Barriers in a macro-environment include uncontrollable factors such as political climate, unfavourable trade regulations, and exchange rates. Barriers in a micro-environment are issues that are related to the firm’s internal factors such as managerial and organisational issues, or external factors such as any problems with the firm’s supply chain partners, competitors, and public. These barriers in the macro- and micro-environment may curb the growth and success of export business at any given stage of the export development process (Leonidou and Katsikeas, 1996). For example, Pinho and Martins (2010) identified internal barriers (i.e., company barriers, product barriers) and external barriers (i.e., industry barriers, host-based market barriers, home-based market barriers) that deter growth in export business. Some researchers specifically examined export barriers at the micro-level and found that there may be various issues such as lack of proper attention to strategy planning, overlooked aspects of product adaptation, poor choice of distributors, errors in pricing (Cavusgil and Zou, 1994), and lack of global networking (Chetty and Holm, 2000; Ghauri et al., 2003). However, some researchers suggested that there are solutions to overcoming such export barriers. For example, the export barrier can be overcome by implementing effective global networking strategies, and global networking could be strategically used in market penetration/expansion or in position shifting in the market (Chetty and Holm, 2000; Ghauri et al., 2003). Therefore, adequately utilising marketing resources and overcoming export barriers are suggested to enhance export performance. The solutions suggested to overcome the identified barriers can be appropriately explained by adopting the concept of dynamic capabilities.

The DCV is often used along with the RBT, in the realm of marketing research (Kozlenkova et al., 2014). Dynamic capabilities can be defined as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments” [Teece et al. (1997) p.516]. Teece (2007) argued that these capabilities should be unique and difficult to replicate, which explains the fact the DCV has evolved from the RBT. In addition, Teece explained that dynamic capabilities should have the characteristics to sense and shape opportunities and threats, to seize opportunities, and to maintain competitiveness. Compared to the RBT, the DCV focuses more on competitive survival as compared to the sustainable competitive advantage (Ludwig and Pemberton, 2011). Although the DCV has evolved from the RBT, it stresses
the importance of the dynamic processes by developing new capabilities to identify and respond quickly to opportunities in order to sustain competitiveness (Jarvenpaa and Leidner, 1998; Weerawardena et al., 2007).

Therefore, the DCV provides a theoretical background for a firm to overcome possible barriers that exist in a market. As such, the DCV focuses on the continuing modification and renewal of capabilities which include NPD, the use of new technologies, and adaptation of new environmental opportunities, and Yalcinkaya et al. (2007) found out that these capabilities directly impact the traders’ overall market performance. Specifically, examining dynamic capabilities in the IB sector, Jantunen et al. (2005) reported that the success in implementing reconfiguring dynamic capabilities (e.g., implementation of new company strategies or technologies, considerably changed organisation structure or manufacturing process) had a positive relationship with the firm’s international performance.

Considering both the RBT and the DCV, it is important for an apparel firm to use specific marketing resources and strategies to improve export performance and to be flexible to adapt to a fast changing environment. Regarding an export firm’s strategic flexibilities and export performance, Cadogan et al. (2002) suggested that firms benefited from export market-oriented behaviour, export experience, and export decision-making flexibility, in a highly dynamic market (e.g., apparel market), where external threats or barriers (e.g., changes in consumer demands) exist continually. Therefore, it is important to understand that a management team of an export firm can improve export performance by utilising appropriate marketing resources, as suggested by the RBT in the previous section, and by having dynamic capabilities to overcome any export barriers that may exist in the ever-changing international apparel markets.

3 Methods

The purpose of this study is to understand how HAMs export businesses are performing in a globalised market. Understanding HAM’s export business performance based on their marketing resources, dynamic capabilities, and export barriers, and finding what support they need to perform better in the export market, can make important contributions to the academic literature and the apparel manufacturing industry in Hawaii. For this research, a qualitative research design with an interview method was used because qualitative research helps develop a profound understanding of a phenomenon (Hodges, 2011). The qualitative method was adopted over quantitative methods for this study as qualitative methods can provide robust, detailed, thoughtful data to analyse in order to build a theory or a model using inductive reasoning (Creswell, 2003). In addition, given that there have been few studies of HAMs, qualitative methods provide more flexibility as compared to quantitative methods. In understanding the phenomenon related to HAMs and their export capabilities, capturing the possible complexity and identifying patterns of interrelationship between categories (e.g., research objects) were considered to draw significant findings related to the topic of the research (McCracken, 1988).

The researchers used a convenience sampling method by initiating contact with apparel manufacturer owners through email. A total of 12 requests for participation were sent out to 12 HAM owners located in Honolulu, Hawaii and six owners of five HAMs responded. Five owners of five apparel manufacturers were finally selected based on
diversity in their company’s size, types of products they manufacture, and years of experience gained. As McCracken (1988) proposed, an interview method was found useful to gain in-depth information, including the complexity of the organisations, from the five business owners. The owners were interviewed regarding their overall marketing and management resources, overall firm performance, sourcing, target market, experience of exporting, barriers in exporting, strategies for export marketing, and future plans.

After the Institutional Review Board approval was received by the researchers’ university, a 60 to 90 minute in-depth interview was conducted with each interviewee in his/her office or retail store. With the interviewees’ consent, each interview was recorded and during the interviews field notes were taken by the researchers. Questions for the interview protocol were developed by using the academic literature about exporting, manufacturing, sourcing, and marketing. Overall, a semi-structured format was used for the interviews by asking questions, such as “What do you think are your company’s strengths compared to your competitors?”, “Can you share your experience related to outsourcing and exports?”, “Do you think your marketing resources help start (or increase) exporting?”, “Did you have any difficulties when you started exporting your goods?”, “What do you think are the barriers in exporting apparel products in Hawaii?”, “What did you need when you started (or increased) exporting your products?”, “How do you think can we overcome the export barriers you mentioned?”. The interviews were finished once the researchers recognised that the interview questions were covered completely so that no more new information could be added (Hodges, 2011; Thompson, 1997).

Verbatim transcribing was conducted based on their company history, sales data, product designs, export experience and thoughts, and buying/production/marketing plans shared during the interviews. A thematic content analysis was conducted by every author who examined each individual transcript and then identified common themes and concepts. Then the researchers grouped the distinctive themes and concepts by repeating the examination several times (Denzin, 1978; Heath, 1992; Spiggle, 1994). In conducting the thematic content analysis, the researchers adopted the concept of Strauss and Corbin’s (1998) conceptual ordering (i.e., the organisation of data into discrete categories based on its properties and dimension). Finally, nine themes (i.e., cultural specificity of product, product quality and uniqueness, brand familiarity of export customers, firm’s experience with product, resident and tourist customer base, high cost from local manufacturers, limited product development, copy of designs, and lack of support from the state government) relevant to strategic marketing resources and export barriers were emerged and interpreted in the results section. This categorisation of the data facilitated the structured understanding of the matters that are important regarding the research topic of HAM’s export business (Strauss and Corbin, 1998).

3.1 Interviewees’ profile

The interviewees had between four and 40 years of industry experience (See Table 1). Three out of the five interviewees’ manufacturers carried aloha wear while one interviewee manufactured high-end women’s wear, and the other one produced women’s, men’s and children’s lines. Among the five, three interviewees owned and managed their own retail store(s) in Hawaii. Three of the five interviewees reported that they had exported their products to other nations (e.g., Japan, South Korea and Australia). Two of
the three interviewees continued to export through international wholesalers or through their own retail stores based in foreign countries (e.g., Japan). One interviewee, who had four years of experience in the fashion business, had never exported, but she was positively thinking about exporting goods in the future. The other interviewee with 16 years of experience in the apparel industry was in the process of selling her collections to Japan and Canada through agents.

Table 1  Interviewees’ profile

<table>
<thead>
<tr>
<th>Information</th>
<th>Interviewee A</th>
<th>Interviewee B</th>
<th>Interviewee C</th>
<th>Interviewee D</th>
<th>Interviewee E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Types of Products the company produce</td>
<td>Women’s aloha beach wear and jewellery</td>
<td>Women’s aloha wear (Mu’u Mu’u)</td>
<td>Women’s and men’s contemporary Aloha wear</td>
<td>Women’s high-end business and formal wear</td>
<td>Women’s, men’s and children’s wear</td>
</tr>
<tr>
<td>Sourcing methods</td>
<td>Local manufacturers</td>
<td>Local manufacturers and outsourcing</td>
<td>Outsourcing</td>
<td>Local manufacturers and outsourcing</td>
<td>In-house and outsourcing</td>
</tr>
<tr>
<td>Ownership of retail stores</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Export experience</td>
<td>No</td>
<td>Yes, currently</td>
<td>Yes, currently</td>
<td>Yes, in the past</td>
<td>No</td>
</tr>
<tr>
<td>Apparel experience</td>
<td>four years</td>
<td>18 years</td>
<td>15 years</td>
<td>40 years</td>
<td>16 years</td>
</tr>
<tr>
<td>Interviewee’s position in the firm</td>
<td>Owner and designer</td>
<td>Owner and designer</td>
<td>Owner</td>
<td>Owner and designer</td>
<td>Owner and designer</td>
</tr>
<tr>
<td>Gender</td>
<td>Female</td>
<td>Female</td>
<td>Male</td>
<td>Female</td>
<td>Female</td>
</tr>
</tbody>
</table>

4 Results

All the interviewees agreed that producing differently-designed products of high quality, relative to their competition, is one of the very important dynamic capabilities they have held for a long time. Three of the five interviewees’ companies manufactured aloha wear, and one of them (interviewee C’s company) designed and produced aloha fabrics as well. This company’s textile design team had developed thousands of their own unique prints and embroidery designs for many years. Culturally specified, unique products of high quality could be maintained by making an extra effort such as using only high-priced fabrics designed by local textile designers over low-priced fabrics from overseas. Interviewee A explained:

I source only local textiles created by local designers and produced in small textile mills in Hawaii. So I can make unique Aloha dresses with these exclusively-designed fabrics different from the fabrics of other large manufacturers like China or India. The quality of the fabrics I use is much higher than the fabrics used by large manufacturers. I use only high-quality all cotton hand-printed fabrics for my Aloha dresses. My customers remember that I always use unique and high-quality aloha prints. Because I don’t mass produce, customers are pretty satisfied with my products like they get to wear one-of-a-kind design.
While Interviewees A and B were still involved in design and product development in order to carry on the authenticity of traditional Hawaiian dresses (e.g., mu`u mu`u), interviewees C and E reported that their companies focused on developing modernised Hawaiian shirts or contemporary women’s wear with a certain image of Hawaii incorporated into the designs, to provide brand and product familiarity and uniqueness to export customers as well as the domestic customers. This innovativeness and flexibility in manufacturing is one of the key dynamic capabilities to be successful. Interviewee E explained:

They are contemporary but unique products, made for petites, made in Hawaii/America by local designers.

These marketing resources help export because the interest from Japan retailers is because it is a made in Hawaii and Hawaiian brand. The interest from Canada is because it is a petite clothing brand.

In addition, three interviewees mentioned that their firms’ long-time experience in developing or selling their products was one of the most important marketing management resources that they used. Two of the three interviewees (B and C) inherited the firms from their parents a few decades ago. Lastly, Hawaii’s unique customer base, which consists of similar number of residents and tourists, was found as a marketing resource used by four interviewees out of the five. By presenting new products to tourist customers, manufacturers were able to forecast the international market reaction on the new products without actually exporting to foreign countries. Interviewee B shared her experience:

I learned from my father how to design Aloha wear and how to run this business making profits, for many years even before I took over this company. It took me a long time to know how to deal with and satisfy both tourists and local customers. Having two different groups of customers was not easy, but it helps test export market like Japan. If a style is sold well to Japanese tourists here, we produce this style more and export them to Japan.

All five interviewees agreed that the high cost associated with using local contractors was one of the biggest barriers for export. Interviewee C explained how he made an effort to use local manufacturers instead of sourcing out the production to contractors overseas. In the 1990s, he established a sewing factory at his headquarter by hiring approximately 80 sewers. However, he closed the factory a few years later, after a fraud related to workers’ compensation had been committed among the employees. Due to high wage and extra cost, three of the four companies contracted manufacturing out to sewing factories in foreign countries (e.g., China), and their fabrics were also produced in other nations.

We tried to help the local manufacturing industry and support local seamstresses by creating our own sewing factory in this building. But the state labor and compensation law had many loopholes, and some of the employees manipulated the law. So we ended up with a lot of loss and had to shut down the factory after a couple of years. Now we mostly outsource production in foreign countries like China and India. We have a textile design team and they create exclusive fabrics but still contract to textile mills in foreign countries to produce because of the cost.

As mentioned above, the Hawaiian apparel manufacturing industry, like most of the apparel manufacturing industry in the US, has lost a significant number of jobs and has
shrunk in size. Interviewee E, who has her own in-house manufacturing team, explained the difficulties in working with local manufacturers in Hawaii:

> Manufacturing is difficult anywhere. I’ve worked with California, New York, China and Hawaii manufacturers. It’s difficult wherever you are. The difficulty in working with locals, e.g. local manufacturers, is that they don’t want to sew small runs, difficult fabrics, or complicated things. They are expensive and the turn-around time is high.

Interviewee C also remarked that limited product development in Aloha wear could be one of the export barriers. Because Hawaiian shirts and dresses are mostly worn in the summer, manufacturers face difficulty in exporting these products steadily to other countries where the climates are different. Interviewee C said:

> A few years ago, we developed winter jackets with small Aloha prints on them. We exported the collection to the countries where there is winter like Japan, but they didn’t sell well. We stopped producing winter collection after that, but I still think it’d be good if we could make sales from exporting winter items.

As another example of perceived export barriers, interviewees A and D were concerned of other manufacturers copying of their designs. According to Hilton et al. (2004), design copies are routine and mostly acceptable to a certain degree in the apparel and textile industry. Regarding this intellectual property protection, all the interviewees pointed out the difficulties in protecting their designs of each garment and/or textile pattern by law.

Interviewee A shared her experience of cooperating with a large retailer:

> One time I took a consignment order from a department store. A few weeks after I started putting my designs there, I found they were selling dresses that exactly copied my designs in the right next booth. Even though I talked to the department store buyers, they didn’t do anything. I don’t want to work with large retailers ever again. Still I can see some people, usually designers from other countries, copy my dresses in stores. This is the reason why I didn’t work with big textile manufacturers either.

Before exporting goods to other nations, generally small manufacturers or brands may need to establish success domestically by maintaining secure business with local retailers. Regarding the consignment terms, interviewee E explained the difficulties in working with both small and large retailers in Hawaii:

> In Hawaii, small retailers are not open to carrying local designers, and they usually ask for consignment terms, which is difficult for designers to make money. It can also be difficult working with large retailers because as a small company or designer you will not have the capital to invest in the cost of goods to produce a large order, their terms are difficult and they expect you to take returns or ask for discounts.

These copyright and consignment issues and lack of firms that can fill large orders are a couple of barriers in Hawaii export. Even large retailers based in Hawaii have difficulties in working with Hawaiian manufacturers because none of the small manufacturers in Hawaii can fill large orders. This lack of manufacturer resource may be one of the big export barriers as well.

Lastly, interviewees B and D indicated that a lack of support from the state government could also be a barrier for export. Although more than 95% of the apparel products sold in the US are imported from foreign countries (Kunz and Garner, 2011), the state government needs to continuously support domestic manufacturers and exporters so
that the amount of Hawaiian apparel imports from newly developing countries with low wages can be reduced. Interviewee D stressed the importance of getting global market partnership and the need of state government’s support as explained:

Without strong partnerships between companies or countries, it’s hard to sell products (export). It is great to have my agency in Japan, people like my dresses. I think the state government should work for this. Small businesses have no network. They (the government) should help.

As Interviewee D mentioned above, for small businesses to get global networks, government’s support on this issue may be necessary. Interviewee E indicated that they still have to support local manufacturers by balancing working with foreign contractors and local manufacturers and also explained what she wanted the state government to do in order to support manufacturers’ exporting.

We need to give them support, help them with their businesses so that they can grow and keep costs down to help the small designers. Cost to ship and customs and duty are barriers in exporting clothing. It makes your wholesale price a lot higher than you would want to sell it at. To overcome this barrier, we need the state government’s support - they help us understand the market, how to actually export and ship, and give tax incentives or shipping discounts, etc. We also need support to foreign distributors and subsidiary – competent sales agent in the country and a possible Hawaii agent to help you translate, etc.

Finally, interviewee D noted that the Hawaiian manufacturers’ continuous development of new products and brand management is of importance for successful global trade.

Based on our interview results, we propose the firms’ export performance model based on marketing resources, dynamic capabilities, and export barriers (See Figure 1).

**Figure 1** Firm’s export performance model based on marketing resources, capabilities, and export barriers
5 Conclusions and implications

5.1 Conclusions and research implications

The theoretical model offered from this research identifies the resources, capabilities, and barriers that positively or negatively affect a firm’s export performance, which filled the gaps in the literature related to strategic marketing resources and RBT, and export barriers and DCV. In addition, this research was a valuable addition to the literature related to export business in Hawai`i. The combined application of the RBT and the DCV, in a unique domain of Hawaiian apparel export industry, is meaningful.

The last research to examine exporting activities and practices in Hawaii was Hook and Czinkota’s (1989) analysis, which examined apparel firms in addition to the exporting of food, agricultural, electrical machinery, furniture, chemical products, stone, glass, and metal products. Hook’s quantitative research found 19 apparel firms that were exporting. All the firms in Hook’s work identified that the most significant barrier to their exporting was locating foreign markets, followed by financing exports, trade restrictions, foreign competition, locating US suppliers, and export licensing. The current study expanded upon this sole study by focusing exclusively on HAMs and using qualitative methods. The researchers interviewed five HAMs of variable company size to understand how their export businesses perform in globalised circumstances based on their strategic marketing resources and export barriers. The barriers that HAMs still face are locating US suppliers, licensing and copyright issues, and lack of state support, similar to Hook and Czinkota’s (1989) findings. In addition to the previously identified barriers, this study also revealed additional barriers in the form of high-cost domestic labour and limited product development options within Hawaii. These findings support prior research that identified internal and external company barriers (Pinho and Martins, 2010), export barriers (Cavusgil’s and Zou, 1994), as state support barriers (Ghauri et al., 2003).

To overcome the disadvantage of high wages in the US, applying the concept of the DCV, HAMs can opt to target affluent customers in a given export market, position themselves accordingly, and market Hawaii-made goods as luxury products. In doing so, it is important for the exporter to source high quality materials and to collaborate with appropriate and capable supply chain partners that can provide skilled labour to produce luxury products. Subsequently, export marketing strategies such as promotion strategies need to be developed according to the luxury product characteristics. This may lower the barrier for exporting Hawaii-made luxury apparel products and enhance the product or brand image as desired.

The study also found that product quality and uniqueness, as well as cultural-specific products are the most important marketing resources for export, supporting previous research studies (Cavusgil and Zou, 1994; O’Cass and Julian, 2003) and the importance of country branding, though in this case the unit is state or cultural branding. This finding is consistent with the VRIN (valuable, rare, imperfectly imitable and non-substitutable) model related to the RBT, which, in turn, holds that the Hawaiian branding can be a viable resource in exporting business. The HAMs in our study produce goods that capture the Aloha spirit and aesthetics that appeal to both tourists and residents. One HAM noted that the extensive tourist base found in Hawaii helped in testing international markets and provided a form of market testing before expanding to another market. Hawai`i’s unique customer base (i.e., tourists and residents) could be another important marketing resource that enables the firms to gain international experience and to test the international market.
within the state. This unique geographic resource can provide a competitive advantage and save company costs in test marketing to identify a profitable market.

This research is also of value to entrepreneurs who are developing business plans to open design, manufacturing, or retailing facilities. Although this research was conducted in Hawaii, it can be extended to other areas of the US that have seen a reduction in domestic manufacturing in favour of off-shore manufacturing. It is also applicable to retail areas where there is a relatively constant weather pattern, such as resort destinations. Besides, the present research can inform lawmakers and economic analysts of the necessity of supporting and protecting manufacturing in the US in order to improve the national economy. Legal protection of apparel and textile designs should be adopted internationally, and individual companies need to work on NPD and strategic global brand management continuously. Educators in the field of merchandising, management, and retail may also find value in this research as a case study for students to examine the complex relationships and barriers of owning apparel and textile businesses. The framework used for this study can then be applied to conditions and situations specific to students’ interest or geographic location.

5.2 Managerial and policy implications

5.2.1 Managerial implications

Before entering into a new market, managers may want to test their products with tourists. Given the rich diversity of visitors to the Hawaiian Islands, which include a longstanding Japanese visitor, a robust Korean visitor, and a rapidly expanding Chinese customer, among others, the geographic location is useful in testing international markets before actually expanding into them.

Collaborating with trustworthy importers from other countries turned out to be a key to success in exporting. This can be one of the most crucial external factors in enhancing export performance, as Cavusgil and Zou (1994) suggested. Regarding the downstream part of the apparel product supply chain (e.g., wholesalers, retailers), using global supply chain program in an effective way may help the companies to find trustworthy importers. Traveling to the targeted export market will provide the company with more concrete ideas on the characteristics of the market and the capabilities of a selected importer. This may also bring opportunities in product line expansion or market expansion, if the company chooses to expand from a certain niche.

In terms of partnering and collaborating with the upstream supply chain members (e.g., raw material suppliers, manufacturers, contractors) using in-Hawaii networking, such as working closely with local sewing factories and textile mills in Hawaii can be important. In this way, the Hawaiian apparel industry may collaborate to produce cultural-specific and high quality authentic products that have the competitive advantage in the export market. Among the supply chain members upstream, they can take advantage of geographic proximity to streamline the supply chain and share information on the government assistance and support.

5.2.2 Public policy implications

The Hawaii state government’s practical support is crucial. For export starters, the state government needs to help HAMs understand the nature of the global market including
international contracts and international trademark. As another practical support, the state governmental organisations may be able to connect the HAMs to reliable customs and duty agents, shipping companies, and Hawaii agents who can actually assist with HAMs’ exporting and shipping before working with agents in foreign countries. In addition, tax incentives or shipping discounts may also encourage HAMs exports.

Receiving the government’s support can lead to a way to increase export marketing resources, decrease export barriers, and thus, enhance export performance. With regard to policy makers, governmental organisations and/or agencies, the apparel industry should be supported by receiving financial incentives or tax benefits in order to diminish export barriers and to develop new manufacturing businesses. This provision of financial assistance may need to target all small-, mid-, and large-sized firms to overcome the lack of capacity and limited product development of Hawaiian manufacturers. Investment in space, equipment, and training is expensive but government grants or tax benefits could help spur interest in the development of this area. Educational programs that help businesses understand the complex exporting laws, as well as how to identify potential markets, can be developed and presented to interested parties. Free seminars and classes that provide information about international contracts, international laws, and how to actually export should be offered to HAMs. Additionally, the government needs to examine its policies on copyright infringement and piracy, because it is often cost-prohibitive for an apparel company to pursue a violator. Therefore, the government needs to work collaboratively with attorneys who specialise in intellectual property laws (e.g., copyright, trademark) to protect HAMs’ designs in the global market.

In 2015 the State of Hawaii Department of Business, Economic Development and Tourism sponsored a Business of Exporting program to assist entrepreneurs in expanding their market to international locations. It was an eight-month program that utilised seminars and mentoring in order to prepare companies for the business of exporting. This enterprise was a success with eight companies participating; however, none of the companies selected to for participation were HAMs. We recommend that the Department of Business, Economic Development, and Tourism partner with the Hawaii Fashion Incubator in order to foster exporting among apparel manufacturers but with a specific focus on licensing, copyright infringement, and legal assistance.

5.3 Limitations and future research

The findings of this study should be read with an acknowledgement of its limitations such as the small size (i.e., five interviewees) and the isolated geographic location (i.e., Hawaii). While the sample size was small, it nonetheless provided important in-depth data from different apparel firms with different sizes, non-identical product types within apparel items, and various experiences. Future studies may need to examine the relationships among utilisation of marketing resources and dynamic capabilities, overcoming of export barriers, and export performance, by using quantitative methods such as survey design. More specifically, testing our export performance model based on marketing resources, dynamic capabilities, and export barriers (See Figure 1) using survey or experiment methods is suggested. The influence of the variables of the export performance model on firm’s export performance employing multiple regressions may be feasible. Previous research suggested that export performance could be measured in two dimensions. Cavusgil and Zou (1994) presented two types of export performance; strategic performance and economic performance. Cavusgil and Zou’s two types of
export performance (i.e., strategic performance and economic performance) were similar to Morgan et al.’s (2012) concepts of market performance and financial performance, respectively, and they were interpreted and measured as export market share and export sales volume, respectively, in Cadogan et al.’s (2002) study on export performance. Cavusgil and Zou explained that the export performance was affected by internal forces (i.e., firm characteristics, product characteristics), external forces (e.g., industry characteristics, export market characteristics), and export marketing strategy (e.g., support to foreign distributor/subsidiary, promotion adaptation, distributor strategy, product adaptation, pricing strategy). Therefore, future studies can measure the relationships among strategic marketing resources, dynamic capabilities, export barriers, and export performance (i.e., market performance and financial performance) with external forces and government supports as moderators.

In addition, comparisons of international trades in apparel goods with other product or service categories (e.g., mobile phones, banking service) in different regions (e.g., Asia, Europe, the US mainland) in terms of the categories examined in this study (i.e., strategic resources, barriers) are suggested for future research. Moreover, as five entrepreneurs were interviewed within this study, the future research can also link the entrepreneurship to export performance as the process of globalisation and expansion of their business. Finally, it may be useful to investigate the utilisation of technology in globalising/expanding their business by exporting their products and services.

References


A qualitative approach to understanding Hawaiian apparel manufacturers’


