

Abstract of Doctoral Thesis

## **The Emerging of SPA in China**

### **- Case Analysis of Apparel Manufacturer and Wholesaler -**

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The term of SPA, Specialty Store Retailer of Private Label Apparel, is invented by GAP, an USA apparel giant. Usually, this term is interpreted as vertical integration of manufacturing and retail. But through analyzing and comparing the unique SPA emerging paths from 1979 to 2013 of three Chinese apparel enterprises who starting their business as manufacture or wholesale, this thesis demonstrated the special features of their paths to SPA and, moreover, revealed the core of SPA, which is, no matter where you start, managing the supply chain from a retailer's perspective and building your brand smartly are the keys of your success to SPA.

As leading companies in their own apparel markets, Youngor Group and Erdos Group transferred themselves to SPA from pure manufacturers, and Anta Sports Products Limited turned into SPA from a wholesaler. After the year of 2000, these three companies began with reinforcing their retail operation, and then widely established the specialty store format and logistics systems of their own and finally successfully converted their brand from product brand to retail brand. Accompanied with the expansion of their sales channels, their brands have also evolved from local brand to national brand.

Through analysis against these three companies, we can conclude that,

First, brand identity could not be built simply on product design and store decorations. It has to be built on the organic overall integration of all aspects of operations like product, logistic, sales, from one united perspective, which is the retail perspective. If we look at the system backing the SPA, we will find, no matter manufacturing or retailing, brand identity could not be established and product brand could not be merged with retail brand based on simple integration of operations, unless we integrate all aspects of operations from the retail perspective. Through the study of the emerging paths of SPA, we could also discover the characteristics of brand vertical expansion.

Second, compared to the SPA in Japan, Europe and US, China's SPA is different in three ways. 1. SPA in Japan, Europe and US mainly focused on product design and retail store management while outsourcing the production and logistics. In contrast, with their strong manufacturing background, China's SPA covers the whole process from raw material to retail; 2. The three Chinese companies analyzed in this thesis all put their focus in the improvement of production techniques and product quality; 3. In Japan, Europe and US, retail brands are established in the first place and then got expanded to product brands, but this process got reversed in China.

Third, the variety of SPA are revealed from the study of the three Chinese companies whose background, development paths and the form of supply chain appear to be very different with that of all the other companies that have ever been studied before. We can also conclude that the emerging of SPA could not be only attributed to the internal factors, but is also affected by the external factors like government policies, the development of apparel industry and retail industries and market competition.