

FASHION PRODUCT INNOVATION IN GARMENT 10 CORPORATION JOINT STOCK COMPANY: A CASE STUDY APPROACH

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Abstract: Nowadays, Vietnamese listed textile firms need to pursue the inclusive growth by focusing on product innovation strategies. This study aims at considering the current situation of product innovation at garment 10 corporation JSC. The paper applied qualitative research method by using a single case study. Data were collected from a various source, such as firm's financial statement, annual report as well as in-depth interview, and focus group discussion. The finding confirmed that May 10 is one of the very few textile enterprises capable of developing their own fashion brand, investing heavily in automation, and creating the prerequisites for successful digital transformation. Finally, several recommendations have been proposed and discussed.

• Keywords: case study; digital transformation; fashion brand; product innovation, research and development.

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1. Introduction

The fashion industry is experiencing a shift towards eco-friendly materials, circular fashion concepts, and integrating digital technologies to enhance personalized consumer experiences. As consumer expectations evolve, innovation strategy, market orientation, and product design innovation jointly shape the ever-evolving fashion landscape.

Product innovation plays an essential role in creating and maintaining a firm competitive advantage. Product life cycles are changing as competition intensifies, making product innovation strategy a crucial approach for sustainable development. The introduction of new products is considered as a key successful factor of garment companies. Meeting current and potential customer needs through innovative products has been the key to successful product innovation

Product innovation emerges as a powerful tool in new markets, boosting the idea of high-quality fashion product at reasonable prices. Despite developments in new materials research, the lack of comprehensive connections between product design and marketing & sales strategy in global apparel value chain, thereby contributing to the deeper understand fashion product design innovation is main objective of this study.

The article entitled “Fashion Product Innovation: A Case Study at Garment 10

Corporation Joint Stock Company” delves into the present state of product design innovation.

The paper is organized as follows: First section is about introduction which describes the necessity and research context. The next section discusses research design method. This is follows by a description of the perceptions about types of product innovation as well as situation of Garment 10 corporation joint stock company. The paper ends with recommendations and conclusions.

2. Research method

2.1. Research design

This study employs a single case study method to investigate the product design innovation offered at a Vietnamese listed textile firm. According to Yin (2009), the case study method enables to comprehensive explanations of a phenomenon within its practical setting. As such, the strength of a single case study rests in its capacity to explain specific features the reported occurrence and thus enhances our comprehension of a complicated subject. Additionally, it adds credibility to existing studies (Eisenhardt & Graebner, 2007; Shih & Huang, 2017).

The single case study is used in this paper to understand the product innovation capabilities and process of M10. Because this is a research subject, it has received limited attention and interest and requires further investigation. The case study

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method allows researchers to replicate logical reasoning.

2.2. Data collection

The sampling method is a purposive sampling strategy, which allows researchers to select appropriate respondents. M10 could meet the demand for sampling because this company possesses its own local fashion brand. Participants included:

+ The senior managers consist of the CEO, the export manager and a board member

+ Mid-level managers: Chief of Staff of the Corporation, Head of R&D Department, Head of Fashion Design Department and Director of International Fashion Centre

+ Other participants: Other participants include the designer of the Detheia brand.

In - depth interviews and focus group discussions were conducted with all participants. The purpose of the data collection techniques is to provide a more detailed and in-depth understanding of the process of implementing apparel product innovation from idea selection to product commercialization.

3. Situation product innovation at M10

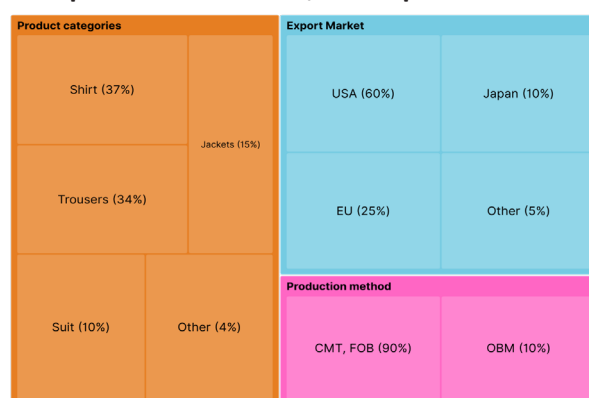
3.1. Case presentation

Introduction to garment 10 Corporation - may10 brand

Established in 1946, going through two periods of resistance and more than 75 years of formation and development, May 10 brings together all the qualities of a leading brand in Vietnam, a leading office brand, and a competitor. Providing additional pages for corporations, corporations. Currently, Garment 10 is a multi-industry enterprise, operating in many fields such as manufacturing and exporting fashion textiles and garments, retail fashion businesses, and hotel & restaurant services; There are 18 member units in 7 provinces and cities nationwide, more than 12,000 employees with over 60 stores, and nearly 200 agents nationwide. May 10 is proud to bring customers who love Vietnamese fashion world-class costumes but with pure Vietnamese Asian characteristics through product lines that have become iconic, such as: Etenity GrusZ, May10 M Series, May10 Expert, May10 Prestige, May10 Classic, May10 Advancer, Big Man, Cleopatre, Pretty Woman, and Freeland. Many big names in the prestigious fashion garment industry in the world market have cooperated in

production with Garment 10 Corporation, such as Vineyard Vines, Banana Republic, Vanheusen, Abercrombie & Fitch, ANF, Express, Calvin Klein, DXL, PVH, Gap, Next, Marks & Spencer, Marc o'Polo, Tom Tailor, Esprit, Seidensticker, Jaques Britt, Next, Moss Bros, Ted Baker, Regal, Ortovox, Toray, Aoyama... With the desire to bring high-class fashion products, purely Vietnamese but with international fashion trends and inspiration, May10 always strives to perfect its products and services to bring core values to customers.

Figure 1: Overview of product categories, production method, and export market



Source: Garment 10 corporation joint stock company, 2023

May10 boasts a diverse range of product categories that cater to various markets. At the top of the list, shirts account for 37% of export revenues, trousers come in second at 34%, and jackets and suits represent 15% and 10%, respectively. In terms of the export market, the US and the EU are the two largest customers with 75%, the percentage of the Japanese market is about 10%, and the proportion of other markets is around 5%.

May10 primarily operates using two main production methods: CMT and FOB. CMT is the simplest processing and export method, but the profit is very low. FOB is a strategy to enhance the value-added aspect of the industry. When operating in this form, enterprises will be involved in production, material self-sufficiency, cutting, and sewing. The method's strength lies in its proactive approach towards garment manufacturers. On the other hand, the percentage of ODM and OBM is quite modest, only 10%. ODM and OBM are two production methods that require innovation and creativity in all operations from design to cutting, sewing, marketing, and sales. Particularly, the design phase necessitates significant investment

from fashion manufacturers, which is the primary weakness of Vietnamese garment companies

3.2. M10 fashion brand

Office fashion M10 is varied in terms of design and product line; fashion products fit everyone. May10 bring customers office fashion products from mid-range to high-end office fashion, with a variety of products including men's office fashion, women's fashion, children's fashion, as well as different accessories. Various fashion products could meet the high demand of customers. Actually, there are 4 local fashion brands as below.

Table 1: Fashion brand of May10

Number	Fashion brand	Main attributes
1	May 10 Expert (M10)	Diversified design, manufactured on a modern line, high-quality products.
2	Grusz	A luxury fashion brand serves the middle class, businessmen, and artists with formal, elegant, and modern designs.
3	Detheia	The luxury fashion brand cater to women with global styles.
4	Generos	Men's fashion brands towards young customers and gen Z

Source: Garment 10 corporation joint stock company, 2023

In 2010, Garment 10 Corporation JSC launched the GrusZ brand, which is of higher quality than the M10 brand, along with a more impressive design. The designs are thoroughly censored from material selection, sampling, and finishing to a global standard. The price ranges from 700,000 to 2 million for a product in this segment. Generos products serve men with dynamic, young designs and a variety of code models that keep up with the trend, with prices ranging from 300,000 to 1 million for each product. There are two separate stores for this product in Hanoi.

In 2022, Garment 10 Corporation presented the premium women's fashion brand DeTheia+. With the aim of providing women in modern society with high-quality products, good aesthetics, and reasonable prices, DeTheia's products aim for luxury style, femininity, clever harmony between traditional values and modern aesthesia, and investment in international processes, from design, production, and media. With the main products such as dresses, shirts, blazers, jackets, skirts, the fashion line of this class of Detheia products has a price range of 1 to 3 million per product.

3.3. Research results

a) Process of office fashion product innovation in Garment 10 Corporation JSC

Step 1: Generating and refining design ideas

This step aimed at creating new products that serve the current and potential needs of customers. The phrase encompasses the primary tasks listed below:

+ Market research: Understand and identify better customers demand, demographic characteristics of clients such as gender, age group, income,...

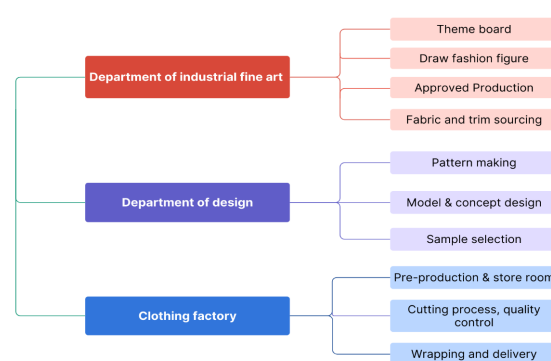
+ Generate design ideas that will help in the choice of a suitable pattern and trend, such as green consumer, circular economy, AI.

+ Turn design ideas into a fashion project that has clear trends and product lines; mood boards in order to help guide the department of creative.

+ Draft a design proposal; describe the shape, texture, colors, materials, and office fashion design projects.

The International Fashion Center is divided into operational departments. The process started in the department of industrial fine art, where the designers composed fashion design styles. Here the employees do the work, from putting up the mood board idea to presenting the design idea to the whole room in line with the company's fashion product lines. And then the lead is drawn, and the lead sample is examined by the team leader and head of the design department. With the selected patterns, May10 will deploy the pattern to color onto the technical drawing fabric (Graphic Design on the computer).

Figure 2: The step of product innovation process in Garment 10 Corporation JSC



Step 2: Pilot production and evaluation of innovative products

From the designs selected to the mass production, they will pass through the department of fashion design in order to make thin samples and browse thin ones. Then, the product is tested, and the sample is reviewed with the departments

to give an opinion as to whether there are any modifications or whether the model is fit or not. The council board consists of various participants, including the general director of the corporation, head of functional departments, and manager of the International Fashion Center of May10. The board will make a sensory analysis of the costume patterns to assess whether or not they are suitable before moving to the factory for pre-production. With the samples selected for pilot production, the pattern will be made and drafted along with the technical requirements to pass through the clothing factory, fused (if any), then the plugging process will be performed, next to industrial hygiene, quality assurance testing, and finally the wrapping of the product.

Garment 10 Corporation JSC always focuses on product quality, so piece-goods has specific technical requirements from the stitch and seam so that the worker can know well. In addition, in order to control the output quality of the clothing, the department of QA is responsible for checking and inspecting all of the phrases to see if quality control failed and making adjustments to meet the requirements (e.g., body parts).

Step 3: Commercialize innovative products May10

Garment 10 Corporation JSC is deploying a number of clothing launch venues with international standard design, eye-catching layouts, and luxury that will help to better position the May10 brand in the domestic market. These product launch venues have been developed in the model of global fashion brands, featuring large event spaces, attractive interior design, and luxury. By enhancing customer service, May10 aims to expand their fashion shops in the future. However, in order to upgrade the current traditional small-store chain of May10 at different locations, the manager will have to face many difficult challenges in terms of cost and labor force.

In general, besides several office fashion venues recently, most of the May10 store layouts are not even luxurious compared to foreign brands; the local fashion brand has not really attracted customers and this becomes a main weakness. In addition, there is an uneven distribution of wealth across the fashion brand system from the North to the South; specifically, the Northern chain store clothing is overlapped but is narrow in Hanoi and

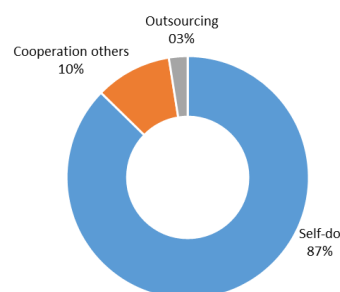
some northern provinces such as Hai Phong and Quang Ninh. On the other hand, in the southern and central parts of the country, there has been a lack of big chain store clothing. This creates imbalances and sometimes creates shopping inconveniences for brand-loyal consumers.

The in-depth interview from a director of the Detheia brand in May 10 (Vinatex, 2023) also confirms our survey results, showing that as a reason for building a local fashion brand, he mentioned:

“There are still a number of brands on the market today that can be entered, even women’s fashion brands. DeTheia, a luxury women’s fashion brand offers a reasonable price compared to main competitors. Although building a fashion brand exists in several niche markets, production planning has to meet them in terms of quantity and technologies. During the economic crisis period, business expansion and mass production are relatively high risks. For a luxury fashion product, building a new fashion brand requires a large budget along with a long-term vision.”

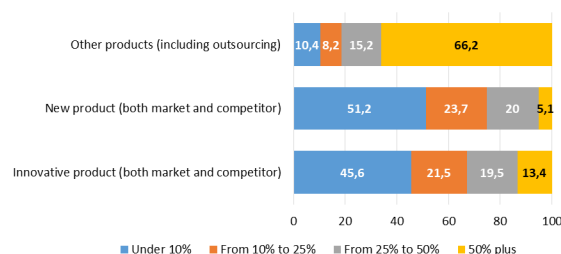
b) Situation of product innovation in May10

Figure 3: Method of new product launch at May10



Source: Author's calculation

Figure 4: The ratio of sales of innovative products



Source: Author's calculation

Product innovation is about the introduction of new or improved goods or services in comparison to competitors in the market. In order to innovate a

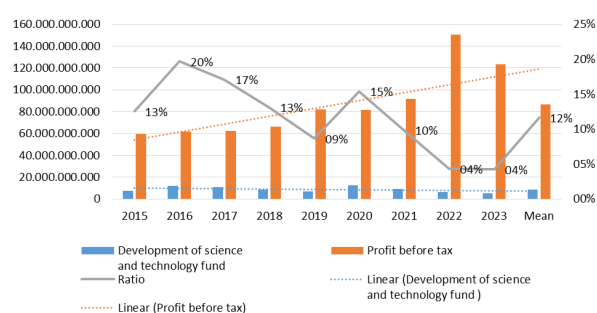
product that the textile and garment manufacturers could perform on self-operation through their own designer, tailor, or worker, another way is cooperation with an external partner or outsourcing.

On the one hand, May10 mainly does self-operation to introduce and launch new products in the market (just under 90%); on the other hand, cooperation or outsourcing methods are very low, 10.2% and 2.5%, respectively. Besides, in terms of the ratio of May10 fashion products, generally the ratio of sales of innovative products are quite modest; one-half of innovative product revenue is less than 10% of total revenue, whereas two thirds of revenue come from other products (including outsourced product).

In terms of development of science and technology fund (356 account)

May10 Corporation is one of the very few textile companies on the stock market that has a science and technology development fund. Based on the calculation of the Consolidated Financial Statement from 2015 to 2023, it can be noticed that there is an abnormal fluctuation in this indicator, namely, divided into two phases. Between 2015 and 2020, there is a steady increase in the fund for scientific and technological development that reaches a peak of more than VND 12.5 billion by 2020, followed by a significant decrease from 2020 to now. On average, during this period, the science and technology development fund is allocated to about 8.8 billion VND annually.

Figure 5: Development of science and technology fund and ratio of fund per profit before tax



Source: author's calculation from Garment 10 Corporation joint stock company (2024)

According to Vietnam's Government (2014) Article 9 No.95 of Decree 95/2014/ND-CP dated October 17, 2014 stipulates that "State enterprises shall annually deduct between 3% and 10% of their income from corporate income tax to fund the scientific and technological development of

their enterprises; Non-State enterprises are entitled to deduct from corporate income tax income at a reasonable rate, up to 10%, to fund the scientific and technological development of their enterprises." On average, in the period 2015-2023, the ratio of science and technology development funds to profits before tax was 11.7% higher than threshold 10% level of Decree 95/2014/ND-CP, but it is worrying that since 2020 this ratio tends to decline sharply.

c) Situation of digital transformation at May10

In terms of industrial sewing machinery, May10 has possessed the world's most modern hardware and software support. Besides modern machines, such as automatic suspension stations, multi-function digital cutters, multi-use interlock machines with software for spreading carpets, and other special sewing machines. Moreover, May10 utilizes sophisticated management software, digitizing it to streamline administrative tasks like managing raw material inventories and finished goods. These apps help managers follow the import, export, and inventory reports; transition from the traditional management method to the digital text document method. It also serves as a means to assist executive management during challenging times.

In terms of clothing factories, managers are implementing a software system that manages and monitors productivity, connects data from devices at all stages of sewing, and synthesizes data across the plant. The manager can monitor the phone and the computer from any location. The intelligent system can control the operating parameters of the equipment and the performance of the work in real time, allowing the manager to grasp the production situation, and help balance passes, work layout, and equipment; In the operational departments, May 10 is implementing advanced software for 2D design, Fit 3D testing moderation, style, balance of the sample, and measurement of the parameters of the fabric like the finished product. In particular, customers can browse the template remotely.

In terms of the operational activities, the application connects software from fabric and trim sourcing to accounting finance tasks. The procurement of supplies and supplies is built on the software for managing supplies, then transferring the data to the accounting software, not having to enter twice, and the data is updated in time;

the financial department only checks and bills; Domestic business applies purchasing management of supplies and accessories on the software; when finished production of goods and finished products, the data is transferred to the sales software, and from the sales data is linked to the accounting software for inspection and recording. Reduce manual input on accounting software. This helps to unify data and reduce errors. With electronic invoices connected from asset management software, raw materials and sales software, and to the accounting and financial department, reducing input by twice. In addition, the accounting data of the dependent units, the decentralized report on the common software, and the financial results of the units are audited by the headquarters.

With the first steps to automation technology and converting numbers, May 10 noticed there were cities working, the simplification of processes, and the system's done. Reduce intermediaries, reduce manpower, and reduce time. I'm going to take care of things. The application of devices modern technology has made it easier to reach out to human resources. The company has more knowledge and experience set for the next steps of the transition change numbers.

4. Managerial implementation for Vietnamese textile and garment manufacturers

First, focus on building your own creative fashion brand.

Through the analysis of the case study at Garment 10 Corporation JSC, creating a fashion brand plays a critical role in sustainable development. The corporation is one of the main members of the Vinatex, with a huge financial budget as well as large human resources, so it needs to soon have its own fashion brand. The starting point is to prioritize market research and understand your audience's needs and preferences, specifically the domestic market. This insight helps identify opportunities, anticipate challenges, and craft effective strategies.

Second, invest in building strong relationships and partnerships

Collaborations and partnerships with influencers, industry experts, and thought leaders are crucial for adopting a proactive market orientation. These collaborations provide potential opportunities for Vietnam garment manufacturers to engage in fashion design innovation practices. In addition, the cooperation could help to explore new design

concepts and materials based on market trends and consumer behavior.

In order to get a global fashion brand that runs around ideas, market research, supply, testing, design, and manufacturing, it is essential to a seriously invest from time in a team of designers, working with a celebrity stylist, and KOL, KOC. After identifying the novelty pattern in a season, it is necessary to undertake the process of introducing the product to the market prior to commencing mass production.

Finally, enhancing the customer experience by using VR and AR technologies

Textile and garment companies should up-to-date consumer experience trends with VR (virtual reality) and AR (augmented Reality). In the past, face-to-face and offline used to be for clothing and apparel companies; textile and garment manufacturers had to bring samples to present, from design ideas to materials. With samples of various sizes and color codes, invisible generic suppliers have to prepare a lot of samples that make the process of preparation from the raw materials more complicated, sometimes there are shortcomings in the preparation process. As the 4.0 industrial revolution and digital transformation have more and more changed the fashion industry in many ways, the world fashion industry took a new step in building VR spaces. Therefore, clothing and apparel manufacturers need to soon deploy their own applications, such as VR and AR, to reach consumers faster, and provide a more enjoyable shopping experience when consumers can try online on clothes that fit their measurements. Virtual gallery is one of the best examples of user experience marketing that helps customers understand the retail market and allows them more time to choose products before shopping.

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