

# Study on Development Status of Buyer Mode for Apparel Department Store in China

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## Abstract

In this paper, the authors mainly discussed the status quo in buyer mode and analyzed the occupation of buyer on the basis of so many specialists' and scholars' achievement. And the total development of buyer and the mode in China was set forth. Then we analyzed the advantages and necessities to put the buyer mode into practice in domestic garment enterprises department store. Thereby it is shown that it is the trend to carry out the buyer mode in clothing enterprises in the near future. And at the end of the paper, the authors put the potential difficulties and challenges forward once the model is applied. Then we pointed out the construction of buyer mode with Chinese characteristics and simply analyzed its application.

**Keywords:** Department Stores, Fashion Buyer, Buyer Mode, Research Status

## 1. Introduction

The 21st century is the era of experience economy, today, with the fierce development of the market competition, it is personalized and diversified for consumer's consumption concept to satisfied themselves every time they are selecting garment commodity which challenged the domestic apparel business, especially the department store of retail enterprises.

The traditional business model "deduction point associates" which brings the garment factory into stores had been not meet the general merchandise industry profit in the department store industry, meanwhile, it can not satisfy consumers' personalized individual demand when it comes to the brand of product and style because of its homogeneity, all which require the department store to have business model transformation. And through the analysis of the success of department store business in many other countries such as Europe and the United States, we found that buyer model is a good choice.

This paper mainly discussed about what the research status are on buyer and buyer mode. It analyzed the urgent needs of buyer mode from the apparel retail industry in China, then pointed out that to introduce buyers mode, we must consider the Chinese market's actual situation to find out our own fashion buyer mode with Chinese characteristics. The article provides general ideas and methods of the research for the follow-up researchers.

## 1. Overview of Buyer and Buyer Mode

In 1960s, buyers first appeared in Anglo American countries. According to the international version, the definition of buyer refers to someone who serves around all over the world to pick up the latest fashion information. These bubbles contact with their suppliers frequently and they are often in charge of large quantities of orders. They are responsible for organizing the goods to enter the specific appropriate market so as to guide the market organically. After decades of development, the buyers in Europe and other countries had been very mature, and formed a set of system which directs each department belonging to the enterprise to centre around the "buyers" to operate, which together with the buyers collectively was known for buyer mode.

Buyer mode in Europe garment industry has been utilized to the fullest, like in America. So many fashion brands relying on the buyer mode achieved success, such as ZARA, H @ M, GAP, etc. And almost all of them in the international apparel market occupy a considerable share. And because of the level of development of China's political, economic, the starting of buyers in China is in arrears of some of other Occident and now it is still in the exploratory stage. Nevertheless, with the integration and development of the world economy, together with the increasingly competitive market day by day, buyer mode will be the best choice if Chinese clothe brand would like to attempt to

earn a place in the international market. Only through carrying out it, can we obtain competitive advantage and gain market share.

In China, buyers are segmented into two different concepts which are garment enterprise buyers and fashion business buyers, which have gradually been accepted by the brands enterprise and commercial retail terminal.

## **2. The Research Status of Buyer Mode in the Domestic Apparel Department Store**

Strictly speaking, buyer for China does not fully regarded as exotic. It is all known that at the beginning of reform and opening-up, the department stores have taken to the so-called buyer mode due to the lack of all kinds of goods, that is, independent procurement and operation of all kinds of goods. However, with the supermarkets emerging and being on the upgrade, department stores began to take branded goods in, and leading to the buyer mode to decline. Instead, "joint point deduction" mode had lasted 20 years until now. Meanwhile, the social economic is developing at a high speed, making a fierce brand competition, and it is no longer suitable for the development of the market. Various types of garment experts and scholars are all in the study of the future development of the department store industry roads. As a successful and typical model in European countries, recent years, buyer mode has attracted domestic experts, scholars and business figures' attention to have it as a research object.

### *2.1 Analysis on Advantages and Necessity for the Buyer Mode in Department Store*

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Throughout the department of foreign enterprises to operate successfully, the key to it is own to the operation of buyer mode. Buyers can keep production and consumption closely linked to produce marketable production so as to avoid the waste of production effectively, even the excess inventory, etc, which for department stores have brought an objective profit and occupied a seat in the market competition.

1). Today, in Chinese apparel market, multi-brand products and homogenization of corporate style caused that there are no advantages in the competition to talk about. It can keep up with fashion trends and meet consumers' demands for buyer mode from design and development to production and sale, which prompts companies to compete with others successfully.

2). The buyer is the core of the buyer mode who is the market demand-oriented, Buyers rely on their sharp sense of fashion and professional skills to rich their fashion level and personalization to meet the consumers' pursue and their unique aesthetic.

3). Buyer model provides a platform for domestic independent designer brands and new brand, promoting the development of online platform for those department stores in China.

4). In <Study on Garment Enterprises and Brand Development Based on Buyer Model> by Chuntao Zhang and Jing Sun, it said in China there are convenient conditions on geography, history and traffic throughout China and the West, which are impetus forces driving buyer mode to make a quick operation. Buyer mode will interact the produce supply and the ability of consumer market to ensure that there are less and less inventory, reducing the production of waste.

The characteristics of products management in the Department Store buyer mode, i.e., no matter the products positioning is high-end or low-end, its fundamental of fashion is to adapt and change itself in fashion needs. Once you can cater to the change, will you be able to operate on. Buyer mode is a kind of business model that can withstand the test, and it will make the application of this model in the enterprise keep young.

Buyer system is an innovation mode which combines with modern enterprise system and management ideas, adapts to the characteristics of market demand, consistent with the new operational aspects. It makes buyers become a central interactive through commodity management, sales, logistics and merchandise display and promotion. Through the buying function, it can change the operation efficiency and level of other departments, fully exploit enterprise resources and avoid dislocation of organizational structure. Comparing buyer system and the traditional management mode, its advantage is that it can make the department store stand out from the same brand of talent in the competition; on the other hand, it can let the department store get more profit.

#### *2.1.2 Analysis on Necessity of the Implementation of Department Store Industry*

In recent years, merchandise retailing business is in a embarrassed situation. The data showed that in 2014 since January to May, sales volume of department stores has shown a double-digit decline. Qinghong Zhang, Vice General Manager of Zhengzhou Department Store Co. Ltd. said that if hundreds of state-owned enterprises are facing with the difficult situation, then the small and medium-sized department stores even worse. Department stores are faced with such a situation where now can not meet the consumers' individualized and diversified consumer demand.

Operational transformation is overwhelming. Seeing from the successful experience of foreign countries department stores, department store with buyer mode selected procurement of products and brands strictly by buyers, and they are directly involved in the process of the goods and operations of the brand management and have authoritative discourse power to price goods or to select products, and thus stores can earn the maximum commodity price difference, which gain relatively high gross margin for mall. buyer mode can effectively improve the market competitiveness of the department store industry.

In < Analysis on China Apparel Retail Business Mode-buyer mode will become the mainstream trend>, Wen Zhang believes brand apparel retailers act as a property manager in the department store and the traditional business model enables retailers lack of initiative, but also the goods similar widespread and business models lack features, even product updates slow. These make the advantages of traditional brand clothing retail model exists no longer, therefore, to find a new business mode is necessity.

Mingzhu Gu pointed out that the disadvantages of using in department stores are becoming more and more serious due to changes in the domestic business environment, which leave the industry a low gross profit margin and the goods homogeneity phenomenon seriously. Comparing their advantages and disadvantages between associated and buyer mode, the author innovatively put forward a value-chain of model buyer model for department stores , forming a department store value-chain based on buyer model. It is instructive to realize the differences and characteristics of the clothing brand retail goods.

## 2.2 Difficulties and Challenges

Some experts said that although in buyer-mode- market shops were opened one after another which may set off a revolution in the domestic business model, but what the buyer mode want to become the mainstream of the market still has a long way to go. Transformation to buyer model is a long and hard process and it will face many difficulties and challenges when we are bringing buyer model into Chinese clothing department store:

1) In the article "Chinese clothing fashion buyers", Lijun Liu pointed that buyer mode brands in recent years has gradually been accepted. However, correspondingly, it still developed quite slow, so existing a certain gap compared with foreign buyer model. These are main features: 1. The buyer is not mature for its late occupation development. 2. Education and training can not keep up, lack of talent 3. the overall handling is weak, a serious lack of experience.

2) Sun Hong in "An empirical study on the development prospects of the domestic buyers for department store" said that many buyers are at the very beginning those who are responsible for production and wholesale in Chinese clothing enterprises. Therefore, they may lack of the ability to grasp the hot fashion information and operate the brand more often than not. In fact, the buyer is a pretty strong comprehensive and professional occupation, who is tend to an emotional and rational person who was what we call "Two-Face" to meet the job' requirements. the introduction of the early Chinese buyer model may be because buyers own professional restrictions achieving the desired effects, the will be a tricky The problem. It will be a tricky question that the early introduction of buyer model may not be up to the expected effect, because of the buyer's own professional limitation.

3). Buyer mode asks buyers to take responsible for sales. Due to sluggish sales of goods can not be returned to the manufacturer, which requires the mall has a number of prospective vision buyers, who understand the market and the consumer clearly. Compared to other kinds of management personnel, the "buyer" is still scarcity of jobs in the Mainland retail.

The practice of the buyer mode is not a short duration of time and It takes a step by step process. In the early days of buyer mode construction, due to the requirement for excavate and culture the excellent team of buyers, to carry on the adjustment of the corresponding management mode etc., which cause inevitably the sharp rise in the cost of short-term costs and the decline in performance to department stores. In addition, because the buyer mode requires all parts of department stores to take buyers' job as the core, which will make most of the authority of the manager be challenged, and so on. All of these will be the resistance of implementation of buyer. It is the market environment, a leader in innovation and practice and buyer talents full of enthusiastic that department stores need to the transformation for buyer mode.

## 2.3 Construction of Buyer Mode with Chinese Features in Garment Department Store

There exist differences from economic level to the market environment between China and Western countries. Naturally, it can not completely copy others once it refers to buyers mode. Only the construction of buyer mode conforms to the clothing market in China, can we make the buyer mode to play its due effect on the market in China, which requires us to do much more research on domestic market conditions in China to establish the characteristics of the department store of buyer mode:

Integration of Buyer Mode and Agency Mode. Learning experience from the Asian markets, Japan, and South Korea's, We found in the first-tier cities of the department store that it is still difficult to be completely self-support. Thus, we can explore a new mode of self-support and associated operation. Over the years, it is the agency model that China's apparel retailing mainly used which has taken root in our country. At present, agents of Chinese garment have in possession of buyers on the technical level, and we all believe that the idea and skill of buyers play a significant role in promoting agents development. And agency mode integrating into the development and management idea of buyer model will prepare brands that taken into stores by screening to a large extent professionally, which ensures that the oneself and business win-win status.

Of course, it may be just a transition process. With the gradual improvement of the Buyer Mode in China's development, department store industry eventually will also use completely buyer style business model.

### 3. The Analysis of Buyer Mode Application in Department Store in China

Although it has not yet appeared successful cases for buyer mode in large department store brands in China, there are so many small and medium-sized stores for buyer mode. It shows that it can be without the status of these well-known department stores in Chinese marketing now in the competition of corporate brand and department store retail in the future in China. Because the buyer mode itself has the offensive which will force companies to improve their own shortcomings continuously when they are running themselves. It is obviously tough for you to ask them to change if a department store has been lying on the soft bed for a long time. So now in China, these small fashion department store will be major players of retailing market in the future, and now those department store brands which well-known on the market, I believe that in five years or so, most of them will be removed. Late-comers getting ahead of others: it must be those small and medium-sized department stores in China which implement buyer model in their enterprises before any others.

### 4. Conclusion

Due to the different market conditions between China and Western countries, from the aspects of development course, the main business model of the department store is still an associate mode. It remains to be seen that whether "buyer mode" will set off a revolution in business or not. What can be sure is that "buyer mode" cannot blossom everywhere in China in the short term, yet. However, it can be a major development trend in the department store industry. Those who take the buyer mode into company must be innovators and pioneers. And under the buyers mode swept off, no matter fashion industry or retail industry or whatever, all of them must be taken buyer model seriously, just because it represents if your business have a sufficient basis for the forces of change. The department stores and brand buyers mode of operation, integration of goods, as well as integrated operation guidance department, will also become a retail department store business in the next era of the main operation modes.

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