

Development Bottleneck and Strategic Adjustment of the Minority Costume Industry of Inner Mongolia

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Abstract: The minority costume industry is one of the traditionally predominant industries in Inner Mongolia. This industry is however affected by the contradiction between supply and demand, the lack of professional talents, the cost of factors and the pressure of environmental protection, all of which have become the bottleneck of its transformation and development. This paper studies the development characteristics and status quo of the minority costume industry of Inner Mongolia. Based on this, we propose four adjustment principles: industrial support, sustainable development, demand orientation, and protection & inheritance. From the perspective of increasing industrial added value, implementing environmental strategies and improving marketing mix, we employ the value chain analysis and other approaches to propose a suite of measures on strategic adjustment with certain reference value.

1. Introduction

The transition of local economic development mode mainly focuses on the adjustment of industrial structure, being that such adjustment can effectively utilize social resources, causing the primary industry, the secondary industry and the tertiary industry to coordinate with each other, adapting to the supply-side reform. As proposed by the Outline of the "13th Five-Year" Plan for National Economic and Social Development of Inner Mongolia Autonomous Region ^[1], Inner Mongolia should insist on improving the quality and efficiency of economic development in the next five years, and boost the transition and upgrading of traditional industries. Meanwhile, efforts should be made to speed up the development of non-resource-based and strategic emerging industries, and vigorously develop county-level economy and non-public economy ^[2]. These measures are designed to advance the greater balance between consumption and investment, propel the coordinated drive of the three industries, and facilitate the benign interaction between urban and rural areas, so that the adjustment of industrial structure will be fruitful. Minority costume industry — one of the traditional characteristic industries in Inner Mongolia — has played a significant part in fully mobilizing the enthusiasm for entrepreneurship and employment of minority women, effectively developing their expertise in handicraft production, and linking the development of characteristic tourism industry in Inner Mongolia.

2. Development Status of the Minority Costume Industry in Inner Mongolia

Located in the northern border region of China, Inner Mongolia is the main settlement of 49 ethnic minorities including the Mongolian nationality, Manchu, and Oroqen, subject to its diverse topography such as grasslands, forests, and deserts. Inner Mongolia is one of the settlements of five major ethnic minorities in China. The traditional handicrafts of ethnic minorities and minority costume industry there are featured and advantageous industries in the region in that they bear the cultural resources of ethnic minorities. The minority costume industry refers to the costume industry

in which rich design expressions are fully utilized to give prominence to the characteristics and aesthetic tastes of the wearers' minority based on the unique cultural characteristics of minority regions^[3].

According to the data of the Fourth Economic Census from the National Bureau of Statistics (NBS), the number of people specializing in the retail sales of textiles, clothing and daily necessities was more than 30,000 in 2021, and the sales output value in Inner Mongolia increased by 17% as compared to last year. As far as the influence of minority costumes is concerned, more than 70 people are inheritors of Mongolian costume design and production. The protection of Mongolian costumes and accessories has been listed as a typical entry of China's intangible cultural heritage. Benefiting from the targeted poverty alleviation policy, the small and micro enterprises engaged in producing Ewenki costumes have achieved sustainable development in the national cultural industry entrepreneurial parks in different places. Under the leadership of a group of intangible cultural inheritors, the handicraftsmen of Daur have started their own businesses in a manner that they set up Daur Traditional Costumes Training Courses. The Oroqen's roe deer clothing craftsmanship was listed in the second batch of national intangible cultural heritage catalogues, in addition to which their costumes and accessories made of artificial wool have been transited to mass-produced machine production from pure hand-made craftsmanship with the increase in demand.

Inner Mongolian minority costumes are unique. But many traditional craftsmanship skills are in danger of failing to be inherited by the next generations. Examples in this regard include Mongolian fragrant cowhide boots craftsmanship, Ujumqin smoked leather robe craftsmanship, Chahar costume craftsmanship, traditional Ujumqin costume craftsmanship, Mongolian wrestling dress craftsmanship, Mohair craftsmanship, Chenbarhu boots craftsmanship, Oroqen animal skin craftsmanship, and Ewenki cooked skin craftsmanship.

There are more than 8,000 minority costume enterprises in Inner Mongolia for the time being, most of which contributed the registered capital of about 100,000 yuan. Among them, corporate system, personal studios and individual workshops are the forms generally adopted, and the average price of custom-made clothes is basically more than 1000 yuan. A typical case is Hohhot city which brings together a number of influential enterprises, including (i) traditional minority costume production enterprises, represented by Gemma Garment Co., Ltd., Tuya Naren Minority Costume Production Center, etc. (ii) fashion-oriented minority costume production enterprises, represented by TORGO ZAGVAR minority costume Customization Company and ZAYACH Costume Design Studio, and (iii) stage costume manufacturers, represented by Tsolmon Mongolian Costume Culture Studio.

3. Development Bottleneck of the Minority Costume Industry of Inner Mongolia

3.1. Insufficient Supply

Local minority costumes are characterized by the climatic conditions of Inner Mongolia. Their costumes are mainly complete with hats, gloves, gowns, and boots in that they need to adapt to cold weather, hunting and grazing. Bead strings made of gemstones such as red coral, agate, and turquoise are the main ornaments worn by people during traditional ethnic festivals. On the occasion of weddings, fetes, traditional festivals and major events, ethnic minorities have the habit of wearing minority costumes. Minority costumes can well meet the needs of ethnic minorities for long-term preservation and collection, being that the production process of such high-quality costumes is multifarious, the materials are exquisite, and the characteristics are distinctive^[4]. However, the production cycle of a single piece of costume is too long to achieve economies of scale in mass production. This is due to problems such as the interruption of inheritance and the lack of effective supply of auxiliary industries including raw material supply for craftsmen who have a better understanding of the culture of minority costumes and traditional craftsmanship. Hence, the unit price of minority costumes is generally higher. In addition to the large demand for minority costumes by ethnic minorities, however, in recent years, the enthusiasm of non-minority

consumers for minority costumes has also shown an increasing trend year by year.

The increasing level of industrialization has led to a serious shortage of supply of minority costume as decorative textiles. The reasons for this situation include the supply of raw materials at the front end of the industrial chain structure, the production and processing at the middle end, and the distribution channels at the back end, have not formed a systematic industrial value chain, see Figure 1.

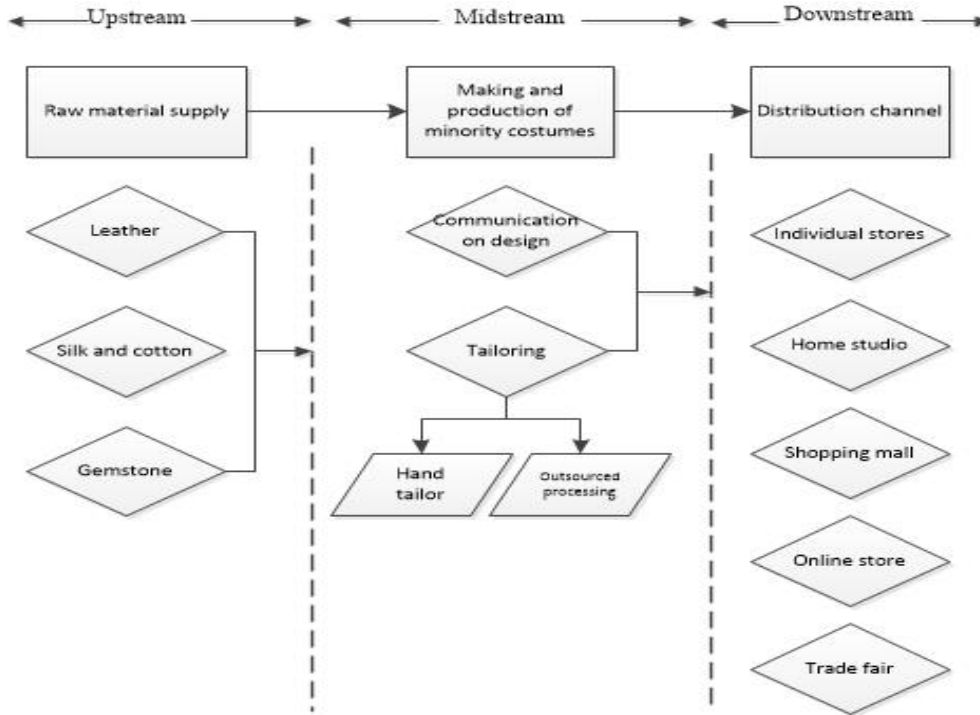


Figure 1 Inner Mongolia National Costume Industry Chain

The raw material supply can be exemplified by leather supply. A large number of orders flow out of Inner Mongolia, although the total output of sundry types of skins in Inner Mongolia is 20 million each year, featuring a wide variety of raw material skins and obvious resource advantages. Instead of scale operations, seasonal and low-frequency customization orders are the main source of orders for local individual producers. In this case, they cannot establish a long-term and stable strategic partnership with leather suppliers [5]. As a result, their raw material purchase prices are too high to reduce production costs, resulting in high prices for a single piece of clothing [6]. In terms of production and processing, the craftsmanship lags behind the modern production level and the mass production on assembly lines of ready-to-wear clothing can only produce performance costumes. However, the production of daily wear can only be hand tailored. The local design without a sense of fashion and design leads to the fact that most of the local clothing patterns can only rely on the design schemes of Mongolian designers. For distribution channels, daily wear and dress customization are mainly achieved by purchasing channels such as personal stores and home studios, most of which are often unbranded. Generally, consumers can only find the store address under the guidance of regular customers. Online stores, shopping malls, and trade fairs sell more modest-quality performance-specific minority costumes for stage wear, rather than daily wear.

3.2. Shortage of Talents

The minority costume industry in Inner Mongolia is composed of many small and medium-sized enterprises, none of which however occupies a significant market share yet. The reason why this industry is scattered is that (1) the entry conditions of the costume industry are not that high, and many small enterprises enter the industry, causing that the sales are fluctuant and unstable; (2) the market demand is diversified, and the demand for a special minority costume style is very small, which is not enough to support the large-scale production; (3) customized services enable small and inefficient enterprises to find a living space. In the minority costume industry, the profit margin is

generally not high due to the fragmentation of the industry and the small order volume, although the price of single clothing items is high. In order to reduce production costs and achieve higher-than-average profits, enterprises should formulate competitive strategies from the perspective of lowering management costs. For example, enterprises can lower overhead costs, recruit highly skilled employees to form experience and learning curves, thus increasing the labor productivity.

Craftsmen specialized in custom services are required to have a certain level of design and sewing. In recent years, the local government of Inner Mongolia has made to inherit and reserve minority cultures, such as providing start-up capital and bases to help minority women get rid of poverty and become rich. Despite this, the number of young people who are really interested in crafting minority costumes has not been seen a significant increase. An example in this regard is the "Busigui Plan" carried out by the Women's Federation of the Inner Mongolia Autonomous Region during 2018 and 2020. The plan aims to form a creative design talent team for minority costume and apparel, carry out skills training, and develop the minority costume and apparel industry. Statistics as of 2018 showed that the minority population of Inner Mongolia Autonomous Region is 5.056 million. Driven by the "Busigui Plan", as many as 27,000 women were employed in the field of handicraft production of minority costumes. In fact, there is still a large talent gap in the minority costume industry.

3.3. High Cost Pressure

The cost pressure of the minority costume industry mainly embraces labor cost and environmental protection cost^[7].

Firstly, for labor costs, as one of the labor-intensive industries, the minority costume industry cannot achieve sustainable development without considerable employees^[8]. In the case of intelligent manufacturing and production, an effective supply has not yet been formed. In addition, due to the lack of skilled personnel and production capacity, some minority costume customization enterprises have to deliver orders locally to Mongolian designers or other leagues or cities for production, which further increases the labor costs. In the past five years, the labor cost of the textile industry has increased by 35%, exceeding the cost of processing materials. The increase in labor costs forces small and medium-sized enterprises strengthen the investment in management expenses, which cost will ultimately be reflected in the selling price of products.

Secondly, in terms of environmental protection costs, in recent years, China has strengthened its environmental protection control and governance by successively promulgating a number of environmental protection regulations^[9], such as the Law on Environmental Protection Tax of the People's Republic of China promulgated on January 1, 2018, and the Law on the Prevention and Control of Soil Pollution of the People's Republic of China enacted on January 1, 2019, as well as the Three-Year Plan for the Prevention and Control of Water Pollution issued by the Inner Mongolia Autonomous Region in early 2019. Against the backdrop of new policies and regulations, the costume industry and its upstream and downstream enterprises in the industrial chain have already suffered tremendous pressures for transition and upgrading due to the production characteristics of high energy consumption, pollution and waste water. Data from the National Bureau of Statistics showed that from January to April 2019, the operating cost of the textile and apparel industry was 144.47 billion yuan, a year-on-year increase of 7.2%.

What costume manufacturers can do is to transfer part of their production cost to the production price in order to reduce losses^[10]. Some home studios and individual stores mainly focus on single-piece customized production and design. For them, they have to face the loss of a large number of consumers, being that the price demand elasticity of minority costumes is high, and the price of finished products cannot be reduced. As a result, these enterprises are forced to be at a disadvantage in the competition.

4. Basic Principles for the Adjustment of the Minority Costume Industry of Inner Mongolia

The structural adjustment of minority costume industry should follow the guidance of industry

characteristics and policies. The basic principles to be followed in this regard are as follows:

4.1. Industrial Support

Industrial support is regarded as one of the effective ways to improve operational efficiency and innovation synergy in Inner Mongolia's minority costume industry. The production capacity and transaction cost of the upstream and downstream enterprises will be affected by the control power of costume manufacturers. There should be a benign and long-term cooperative relationship between manufacturers and upstream and downstream enterprises to achieve business interconnection. Doing so is to ensure a stable source of raw material supply, lower the cost of raw materials, and control distribution channels, so that the marketing activities carried out by channel providers can effectively make for product sales. Government should in addition to maintaining its support for small and medium-sized enterprises engaged in minority costumes facilitate the development of related industries and provide preferential policies, and coordinate the development of upstream and downstream enterprises in a good industrial environment.

4.2. Sustainable Development

Guided by the concept of circular economy, industrial waste water and raw material waste should be reduced in production, product quality should be improved, and the pricing strategies of single product should be recognized by consumers as well. In addition, the production line for recycling old clothes should be established, while using artificial fur and artificial gemstones, etc. to achieve cyclic utilization of natural resources. Effective measures should be taken to protect the soil resources, ore resources and water source environment in the autonomous region. In this way, the disordered production can be improved and turned to sustainable development, reflecting corporate social responsibility. By giving minority costume the added value of green and environmental protection, consumers will be guided to identify with the value of environmental protection and green ecology, thus driving the consumption upgrade of the costume market.

4.3. Demand Orientation

Different dresses are subject to special and ordinary scenarios. Based on this, the government shall develop the costume industry lines that are mass-produced by enterprises above designated size are mainly for stage performance, wedding, and festivals, and the daily wear industry line for the mass that is customized by individual business. The purchasing behaviors of group customers and individual customers vary, based on which it is necessary to develop production and marketing strategies separately. The government should provide diversified support for both industrial lines with different production levels and profit conditions, so that the production of minority costumes can be managed in an orderly manner. In this way, extensive production can be avoided, and sales are determined by production, ensuring that product pricing meets the price expectations of different consumers. The combination of consumer demand, corporate profits and social responsibility can orient the production of minority costumes to the consumer market.

4.4. Protection and Inheritance

Under the guidance of industrial development plan, spare efforts should be made to compare the advantages according to regional characteristics to protect the intangible cultural heritage of minority costumes. Measures should be taken to form a unique industry that enriches people's life by combining excellent examples of garment inlay craftsmanship, embroidery craftsmanship, fur production technology and other craftsmanship with the practices of "poverty alleviation" led by the government. Adaptation to local conditions is also vital. It is necessary to popularize practical production skills and optimize resource allocation. The government and the industry associations should also actively support for the structural adjustment, and enhance core competitiveness, of minority costume products. Do everything we can to carry forward the exchange of costume culture inside and outside the district and at home and abroad. Such promotional channels as the establishment of special museums and trade fairs should be adopted to provide skills learning places and training opportunities for minority costume practitioners.

5. Strategic Adjustment of the Minority Costume Industry of Inner Mongolia

5.1. Creating advantageous High-Value Industrial Bases by Reorganizing the Industrial Value Chain

According to the regional advantages, Inner Mongolia has formed different industrial development bases of minority costumes, such as "China Mongolian Embroidery Culture Inheritance and Protection Base" in Keyouzhong Banner of Xing'an League; "Sunflower" in Ewenki Autonomous Banner of Hulunbuir, "Ewenki Traditional Minority Jewelry Base", "Genen Yilan" Daur Intangible Cultural Heritage Inheritance Base, and Huade County Garment Pioneering Park Base of Ulanqab City. The production entities in such industrial bases are mostly small and medium-sized enterprises without integration of interests. Not only that, there is not a strong dependence between upstream and downstream enterprises in the industrial chain. Enterprises often only pursue the short-term value, which, as a result, causes that the industrial value chain in the bases cannot form an effective cycle.

The value formed by business activities first hinges on that of the industrial chain, which only in an efficient industrial chain can enterprises generate the superposition of value and smooth information communication channels. Minority costume manufacturers, suppliers, intermediaries and relevant supporting industries should develop in a clustered model. Designs and services that meet the key needs of industrial end users should be provided while taking the costume design link as the core of the industrial chain. Suppliers increase their investment in technical research and development of fabric accessories. Manufacturers should adopt flexible manufacturing technology to improve the level of intelligent manufacturing. In the logistics link, logistics forms such as front store and back warehouse, and front warehouses of e-commerce platforms should be used to reduce inventory costs. Sellers should give full play to the advantages of regional minority costumes, while cooperating with the manufacturers' marketing activities to form a brand effect.

With respect to upgrading and transformation of the industrial chain, upstream and downstream enterprises in the industrial bases can strengthen cooperation by reshaping the value chain. The structure diagram of the redesigned industrial value chain is restructured, see Figure 2.

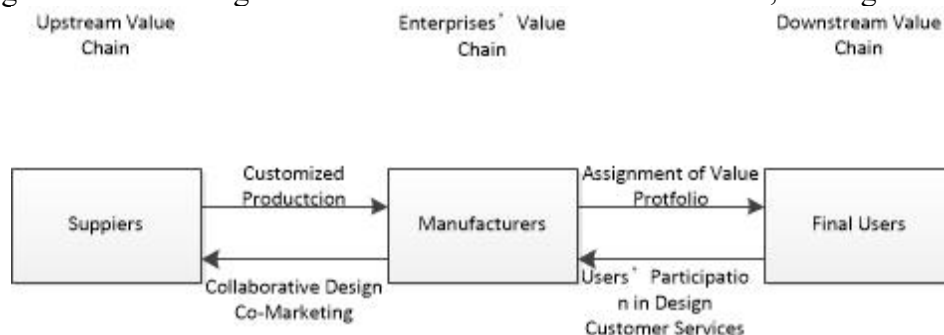


Figure 2 Redesigned value chain of national costume industry

Reshaped value chain can achieve synergies between industrial links. Sharing tangible and intangible assets such as equipment, technology, operating resources, customers, channels, and brands is conducive to the vertical integration of resources. Ultimately, it can reduce costs, achieve differentiation, and increase the added value of finished products.

5.2. Establishing a Comprehensive Corporate Social Responsibility System by Practicing Environmental Strategies

Costume industry has always been the second most polluting industry in the world. Local environmental pollution caused by costume production in Inner Mongolia is reflected in the following aspects: (i) the increasing demand for herds and destroys vast grasslands due to the collection of cashmere; (ii) the excessive deforestation for obtainment of artificial fibers and rayon; (iii) consumption of a lot of water due to planting cotton, and damage to soil and waterways caused by pesticides; (iv) the intractable printing and dyeing wastewater and sludge discharged from production. The business environment determines the attitude of enterprises to environmental

changes. As a resource-sensitive and resource-dependent traditional manufacturing industry, the minority costume industry should incorporate corporate social responsibility into the formulation of corporate strategy along with the development of resource-based economy. Social responsibility is a non-economic responsibility undertaken by an enterprise that reflects the enterprise's commitment to the overall development of consumers, society and the environment. Strengthening investment in environmental protection can enhance the industry reputation of enterprises and establish a sustainable development model.

The selection of different environmental strategies by enterprises is subject to their respective resource and capability levels. Large-scale stage and performance costume manufacturers should regard environmental strategy as a means of competition and development opportunity, and extend the forward-looking strategy in environmental strategy to the entire product life cycle due to their large scale. Raw material procurement, cleaner production, reducing transportation and inventory waste, as well as advertising and marketing methods, all affect the entire production process of the concept of green consumption. Specific measures include the establishment of environmentally friendly production lines, the use of advanced environmental protection technologies, and environmentally friendly production equipment in textile, printing and dyeing and other technical links, such as wastewater and groundwater management systems, so as to reduce sewage discharge. Due to cost pressures, it is difficult for individual studios and small businesses just like individual workshop to invest enough fund and enter into improved production. Thus, adaptive strategies in environmental strategies can be employed. It is required to invest some resources to perform pollution prevention and control responsibilities when necessary, thus ensuring operational stability and comply with the regulatory requirements of the government and regulatory authorities. Specific measures include that both managers and workers should have the awareness of environmental protection and social responsibility in the process of design and production of costumes. On the one hand, they should concentrate on specializing in the production of a small number of distinctive costumes for some special customers, reducing disordered production and waste of inventory. On the other hand, they should cooperate with foundries with energy-saving and environmentally friendly technologies to establish product brands and improve product quality.

5.3. Driving the Consumption Growth of Minority Costumes by Improving the Marketing Mix

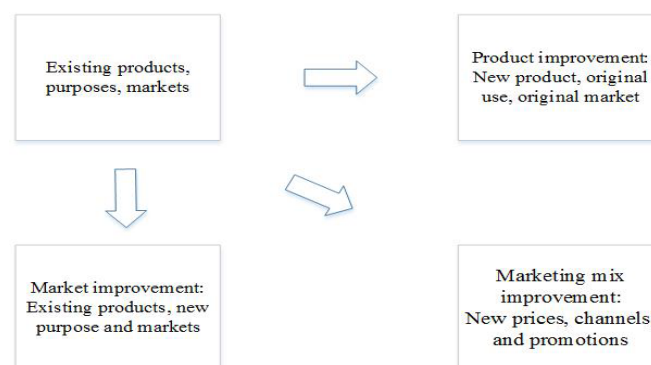


Figure 3 Product / Market Matrix

The minority costume industry has its own characteristics, but due to the characteristics such as limited style, the market size of this industry is relatively large but the consumption growth is insufficient. The audiences of minority costumes are not wide. The ethnic minorities often wear minority costumes on special occasions such as weddings, sacrifices and festivals. The Han nationality mostly wear minority costumes in performances, competitions and service places. Affected by the seasonal and one-time consumption of the tourism industry, however, the effect of joint marketing between the tourism industry and the costume industry in Inner Mongolia is not that eye-catching. For this reason, it is suggested that manufacturers and other parties should start from the channels of market strategy to develop various channels and expand the popularity and sales scope of minority costumes, so as to better serve the target market. In view of this, original products,

market and marketing mix can be improved according to the characteristics of the minority costume industry in the mature stage of industry life cycle. In other words, measures should be taken to design three basic strategies according to different clothing styles, wearing occasions, prices, and characteristics of consumer groups, see Figure 3.

5.3.1. Market Improvement Strategy

The market improvement of the minority costume industry can be realized in the following ways. First, increase product sales by improving the frequency of use of existing customers. For example, the development of a diversified product series with brand recognition by combining ethnic elements with household and daily necessities products is especially suitable for the development of peripheral products of individual studios. Second, spare no efforts to find new buyers to promote products outside the region and abroad. For example, the autonomous region government should attempt to broaden channels and develop tourism resources to drive the consumption of minority costumes. Meanwhile, it should also strengthen cooperation and exchanges with costume enterprises in Mongolia and other countries, so as to help its enterprises above designated size to "go global".

5.3.2. Product Improvement Strategy

The first strategy is styling improvement. This means improving the materials, styles and uses of the original costumes to meet the needs of new market segments. In addition to establishing training schools in the industrial bases, for example, outstanding costume craftsmen should be selected to go to Mongolia to learn popular styles and design concepts. Ultimately, the minority costumes of Inner Mongolia will follow popular trends, be of wearability, while improving the public acceptance. The second strategy is service improvement, which can be exemplified by that build customer profiles for those who customize costumes, provide follow-up modification services of costume pattern, etc.

5.3.3. Marketing Mix Improvement

The matching relationship of the other three elements in the marketing mix other than the product should be changed to extend the life cycle of products. For example, broadening of distribution channels: set up special exhibitions and sales outlets in the Inner Mongolia Museum. Adjustment of product prices: open stores on e-commerce platforms, and actively participate in the shopping festivals such as "Double Eleven", "6.18 Sale" and other staged price promotions; adjustment of advertising channels: joint marketing with catering, tourism, hotel, wedding and other related industries.

"Protection, innovation, and boosting consumption" are the principles that need to be followed in the strategic adjustment of industrial structure of minority costumes in Inner Mongolia. We must increase efforts to protect the costume industry and the traditional skills of craftsmen, and find innovative and green channels for the sustainable development of the industry. Expansion of demand and boosting consumption should be driven by the synergy with the primary and tertiary industries by assigning high added value to the industry. Reasonable adjustment of industrial structure of the minority costume industry is of great significance to restrict the bottleneck hindering the industrial development, help the ethnic minorities get rid of poverty and become better off, expand the export of the minority costume industry and establish an environment-friendly industrial economy.

6. Conclusion

Focusing on the development strategy of the ethnic dress industry in Inner Mongolia, this paper discusses three issues, including the current development status of the ethnic dress industry, bottlenecks in the structural development of the ethnic dress industry, and strategies for adjusting the industry strategy. Although my findings provide suggestions for the transformation and upgrading path of ethnic industries in less developed regions of China, more empirical studies on employment creation in traditional ethnic minority industries are needed to further test and refine

these findings.

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