

AN ANALYSIS OF COMPETITIVE DYNAMICS BETWEEN IMPORTED AND LOCALLY PRODUCED TEXTILES

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ABSTRACT

This study examines the competitive dynamics between imported and locally produced textiles, focusing on pricing, quality perception, policy frameworks, and sustainability outcomes. Imported textiles often achieve strong market penetration due to economies of scale and lower production costs, reinforcing what Adam Smith described as the power of specialization in “The Wealth of Nations” (1776), where he noted that “the division of labor... increases the quantity of work.” Consumer preference is frequently shaped by perceived quality, branding, and global fashion influence. Trade regulations, tariffs, and exchange rate fluctuations significantly determine relative competitiveness, reflecting John Maynard Keynes’ assertion that “the ideas of economists... are more powerful than is commonly understood” (The General Theory, 1936). Meanwhile, locally produced textiles contribute to employment, cultural identity, and industrial development, aligning with Karl Polanyi’s view in “The Great Transformation” (1944) that markets are embedded within social structures. Sustainable growth depends on innovation, cost efficiency, strategic positioning, and supportive policy frameworks.

INTRODUCTION

The textile industry remains one of the most historically significant and economically strategic sectors in both developed and developing economies. It serves as a foundation for industrialization, employment generation, export earnings, and cultural expression. In the

contemporary global economy, however, the sector is characterized by intense competition between imported textiles and locally produced fabrics. Globalization, trade liberalization, technological advancement, and evolving consumer preferences have reshaped production and distribution systems, creating complex competitive dynamics that influence market structure, firm survival, and national development outcomes. Imported textiles often enter domestic markets at relatively lower prices due to large-scale production, advanced manufacturing technologies, and integrated global supply chains. These advantages are consistent with the classical theory of international trade. As Adam Smith argued in *The Wealth of Nations* (1776), "It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy." This principle underpins the logic of specialization and trade, where countries focus on goods they can produce more efficiently. Similarly, David Ricardo's theory of comparative advantage in *On the Principles of Political Economy and Taxation* (1817) emphasizes that nations benefit when they specialize according to relative efficiency differences. These theoretical foundations explain why textile imports from technologically advanced or labor-cost-efficient countries often dominate domestic markets in developing economies. However, the competitive relationship between imported and locally produced textiles extends beyond cost and efficiency considerations. It also involves issues of quality perception, branding, cultural identity, and institutional frameworks. Consumer behavior is shaped not only by price but also by symbolic meaning and social positioning. As Thorstein Veblen noted in *The Theory of the Leisure Class* (1899), consumption often reflects status signaling, where individuals purchase goods to project social standing. Imported textiles, particularly those associated with global brands, may carry prestige and perceived superiority, thereby influencing consumer loyalty and demand patterns.

At the same time, locally produced textiles play a vital role in national economic development. They generate employment across the value chain—from cotton farming and spinning to weaving, dyeing, tailoring, and retailing. In many developing countries, the textile sector serves as an entry point for industrialization due to its labor-intensive nature. Friedrich List, in *The National System of Political Economy* (1841), argued that developing nations require protective measures to nurture infant industries until they achieve competitive maturity. His perspective remains relevant in debates over tariffs, subsidies, and trade regulations designed to protect domestic textile manufacturers from overwhelming foreign competition. Policy frameworks, exchange rate fluctuations, infrastructural conditions, and access to finance further shape competitive outcomes. Inconsistent industrial policies and weak regulatory enforcement can exacerbate market imbalances, while strategic government intervention may enhance local competitiveness. The dynamic interaction between state and market reflects broader development theories emphasizing structural transformation and institutional support.

Moreover, technological innovation has transformed textile production globally. Automation, digital design systems, and sustainable production processes have enhanced productivity and reduced costs in exporting nations. Locally produced textiles that fail to adopt such innovations risk declining competitiveness. Yet, domestic producers may possess unique advantages rooted in cultural authenticity, traditional craftsmanship, and proximity to local consumers. These attributes can be leveraged through effective branding, differentiation strategies, and consumer loyalty initiatives. Therefore, analyzing the competitive dynamics between imported and locally produced textiles requires a multidimensional approach that integrates economic theory, consumer sociology, industrial policy, and sustainability considerations. The interplay between global efficiency and local resilience presents both challenges and opportunities. Understanding these dynamics is essential for designing balanced trade policies, fostering innovation, protecting employment, and promoting sustainable industrial development in the textile sector.

Overview of an Analysis of Competitive Dynamics Between Imported and Locally Produced Textiles

The competitive dynamics between imported and locally produced textiles represent a critical area of inquiry within international trade, industrial economics, and development studies. The textile sector, historically regarded as a catalyst for industrial transformation, continues to shape economic trajectories in both developed and developing countries. With globalization accelerating cross-border trade and technological diffusion, domestic textile industries increasingly face competition from foreign producers who operate under different cost structures, technological capacities, and regulatory environments. Understanding these dynamics requires an integrated examination of market forces, institutional frameworks, consumer behavior, and structural development patterns. At the core of this analysis lies the principle of comparative efficiency in production. International trade theory explains why countries engage in the exchange of textile goods based on cost advantages, specialization, and resource endowments. However, competition in contemporary textile markets extends beyond classical cost comparisons. Global value chains, multinational corporations, digital marketing systems, and advanced logistics networks enable imported textiles to penetrate domestic markets swiftly and efficiently. As Immanuel Wallerstein argued in *The Modern World-System* (1974), global economic relations are structured within a core-periphery framework in which industrialized nations often dominate manufacturing and trade flows, shaping patterns of dependency and competitiveness. Imported textiles often benefit from economies of scale, subsidized production, access to cutting-edge technology, and integrated supply chains. These advantages allow foreign producers to offer products at competitive prices while maintaining standardized quality. In contrast, locally produced textiles may operate within constrained infrastructural conditions, limited capital access, and higher production costs. Yet, local industries frequently hold strategic importance in national economic planning due to their potential to create employment, stimulate rural development, and strengthen domestic value chains. Consumer perception also significantly influences competitive outcomes. Purchasing decisions are shaped not only by price but also by symbolic meaning, fashion trends, and identity construction. As Roland Barthes observed in *The Fashion System* (1967), clothing functions as a language through which social meanings are communicated. Imported textiles may symbolize modernity, cosmopolitan identity, or social status, while locally produced fabrics may represent tradition, cultural pride, and authenticity. These symbolic dimensions intensify competition beyond purely economic considerations.

Institutional and policy environments further shape the competitive landscape. Trade liberalization policies can increase import flows, exposing domestic producers to intensified competition. Conversely, protective tariffs, subsidies, and industrial support measures may strengthen local production capacity. The debate over free trade versus protectionism remains central to development discourse. Alexander Hamilton, in his *Report on Manufactures* (1791), argued that emerging industries require state support to achieve maturity and competitiveness. His perspective continues to influence contemporary policy discussions surrounding infant industry protection and strategic trade interventions in the textile sector. Exchange rate volatility also plays a significant role in determining competitive balance. Currency depreciation can make imports more expensive, thereby offering temporary relief to local producers. Conversely, strong domestic currencies may enhance import affordability while reducing export competitiveness. These macroeconomic variables interact with structural conditions such as infrastructure quality, labor productivity, and technological adoption to determine overall sector performance.

Moreover, sustainability considerations are increasingly central to textile competitiveness. Environmental standards, ethical labor practices, and circular production

models influence global market access. Imported textiles that comply with international sustainability certifications may enjoy enhanced reputation, while local industries adopting green technologies can strengthen their long-term resilience. The integration of sustainability into competitive strategy reflects broader shifts toward responsible production and consumption. Overall, the competitive dynamics between imported and locally produced textiles involve a complex interplay of economic efficiency, cultural symbolism, institutional support, technological innovation, and sustainability considerations. A balanced analytical approach must therefore integrate trade theory, sociological insights, policy evaluation, and industrial development frameworks. Such an overview provides the foundation for understanding how textile markets evolve and how strategic interventions can promote equitable and sustainable industrial growth.

Market Penetration and Pricing Advantage of Imported Textiles

The dynamics of market penetration and pricing advantages are central to understanding the competitive position of imported textiles in domestic markets. Imported textiles often dominate local markets due to lower production costs, access to advanced technologies, economies of scale, and well-organized global supply chains. These factors enable foreign producers to offer lower prices while maintaining consistent quality standards, creating a competitive edge over locally produced textiles. As Adam Smith noted in *The Wealth of Nations* (1776), "The division of labour... increases the quantity of work," highlighting how efficiency in production translates into market competitiveness. In the textile industry, countries with specialized manufacturing capabilities exploit this principle to maximize output and reduce per-unit costs. Market penetration is also facilitated by distribution networks, brand recognition, and global marketing strategies. Multinational textile firms leverage extensive logistics networks and partnerships with retailers to ensure their products are widely available. This widespread presence increases visibility and reinforces consumer preference for imported textiles. Philip Kotler, in *Marketing Management* (2017), argues that effective market penetration relies not only on product availability but also on pricing strategies, promotional activities, and understanding consumer behavior. Imported textiles often employ competitive pricing strategies designed to undercut local alternatives while maintaining perceived value.

Pricing advantage stems from multiple factors. First, lower labor costs and mechanized production in exporting countries reduce overall manufacturing expenses. Second, subsidies and government incentives in some exporting nations further decrease the cost of production, allowing exports to be sold at lower prices. Third, advanced technology in design, dyeing, and finishing processes increases efficiency and reduces wastage, translating into competitive pricing. This aligns with David Ricardo's theory of comparative advantage (1817), which emphasizes that countries benefit from producing goods in which they have relative efficiency, thereby enabling cost-effective export competitiveness. While pricing and market penetration enhance consumer access to affordable textiles, they also create challenges for local manufacturers. Domestic firms often face higher production costs due to outdated machinery, limited access to finance, and infrastructural deficits such as unreliable power supply and transport inefficiencies. These structural disadvantages reduce the capacity of local producers to compete on price, leading to potential declines in market share. Moreover, imported textiles' pricing advantage is reinforced by consumer perceptions of quality, modernity, and brand prestige. Thorstein Veblen in *The Theory of the Leisure Class* (1899) argued that consumption is influenced by social signaling; thus, imported textiles often benefit from perceived status-enhancing qualities that make them more desirable despite the existence of local alternatives. Market penetration and pricing advantage are key mechanisms through which imported textiles dominate domestic markets. While they benefit consumers through affordability and availability, they simultaneously challenge local industries to innovate, optimize production costs, and leverage unique cultural and design attributes to remain competitive. Effective

policy interventions, technological upgrading, and branding strategies are essential to enhance the resilience of domestic textile producers against foreign competition.

Quality Perception and Consumer Preference in Imported Textiles

The interplay between quality perception and consumer preference plays a pivotal role in shaping the competitive position of imported textiles in domestic markets. While price remains a significant determinant of consumer choice, the perceived quality of a product often carries greater weight in influencing purchasing behavior. Imported textiles frequently enjoy favorable consumer perceptions due to advanced manufacturing techniques, consistent standards, brand recognition, and alignment with global fashion trends. As Philip Kotler asserts in *Principles of Marketing* (2016), "Consumer perception of quality is often more influential than actual product attributes in determining choice and loyalty," emphasizing that subjective evaluations often drive market behavior more than technical specifications.

Consumer preference for imported textiles is closely tied to notions of durability, design, and aesthetic appeal. Imported fabrics are often produced using sophisticated machinery, automated dyeing processes, and precision weaving technologies that ensure uniformity and minimal defects. These attributes resonate with consumers who associate higher production standards with superior product quality. In addition, marketing strategies and global brand presence contribute to perceived excellence, creating a psychological reinforcement of desirability. Thorstein Veblen, in *The Theory of the Leisure Class* (1899), underscores the social signaling function of consumption, noting that "purchases are not merely functional but are expressions of social standing." Imported textiles, therefore, often occupy a dual position: they serve functional needs while simultaneously conveying status and sophistication.

Branding and origin also significantly influence quality perception. Products from countries renowned for textile manufacturing, such as Italy, France, and China, often benefit from a "halo effect" in which origin itself is equated with quality. Linguistic framing in advertising further enhances this perception. Words such as "premium," "authentic," or "luxury" elevate the perceived value of imported textiles, irrespective of the functional differences from domestic alternatives. As Roland Barthes observed in *The Fashion System* (1967), clothing communicates a semiotic message; consumers interpret the material, design, and origin as symbols reflecting personal identity, taste, and social positioning.

Cultural influence also mediates consumer preference. In many emerging economies, imported textiles are viewed as modern, cosmopolitan, and aligned with global fashion sensibilities. This perception often contrasts with locally produced fabrics, which may be seen as traditional or utilitarian. However, consumer awareness campaigns emphasizing heritage, craftsmanship, and local identity can shift preferences toward domestic alternatives, highlighting the complex interrelationship between quality perception, cultural values, and consumption patterns.

Importantly, quality perception is not purely symbolic but also relates to tangible performance factors. Imported textiles are often tested for colorfastness, tensile strength, shrinkage, and resistance to wear. Consumers who experience these benefits are more likely to develop brand loyalty and repeat purchasing behavior. David Aaker, in *Managing Brand Equity* (1991), notes that "perceived quality is a key dimension of brand equity and significantly affects consumer loyalty and market share." Therefore, consistent delivery of high-quality products strengthens the competitive advantage of imported textiles. Nevertheless, consumer preference is not static. Factors such as pricing strategies, government interventions, awareness campaigns, and innovations in local textile production can influence perceptions over time. Locally produced textiles that incorporate modern design, enhanced durability, and effective branding can gradually compete with imported alternatives.

Policies that emphasize certification, quality standards, and local identity contribute to reshaping perceptions and creating a more balanced competitive landscape. Quality perception and consumer preference constitute critical determinants of the market dominance of imported textiles. Beyond pricing, attributes such as durability, design, origin, branding, and social symbolism influence purchasing behavior and brand loyalty. Understanding these dynamics requires integrating insights from marketing, sociology, semiotics, and international trade theory.

Policy, Trade Regulations, and Exchange Rate Effects

Policy frameworks, trade regulations, and exchange rate fluctuations significantly shape the competitive dynamics of imported and locally produced textiles. These factors operate at the intersection of macroeconomic management, industrial strategy, and international trade, influencing both market structure and firm-level performance. Governments, through regulatory and policy instruments, attempt to balance the dual objectives of protecting domestic industries and facilitating consumer access to affordable imported goods. Alexander Hamilton, in his Report on Manufactures (1791), argued that "infant industries require the fostering hand of government to achieve competitive maturity," a principle that remains relevant for developing nations seeking to strengthen local textile production in the face of import competition.

Trade regulations, including tariffs, quotas, and non-tariff barriers, play a critical role in shaping market access and competitive positioning. Protective tariffs increase the landed cost of imported textiles, providing local producers with a relative advantage and a window to improve production capacity and efficiency. Quotas limit the volume of imports, mitigating market saturation and potential displacement of domestic producers. Non-tariff measures, such as quality standards, certification requirements, and safety regulations, further influence competitive dynamics by imposing compliance obligations on foreign suppliers. According to Paul Krugman in *International Economics: Theory and Policy* (2018), strategic policy intervention can "reshape trade flows, protect domestic capabilities, and support long-term industrial development," emphasizing the policy dimension in global competitiveness.

Exchange rate volatility also exerts a significant influence on textile trade. Currency depreciation in the local economy can make imported textiles more expensive, potentially boosting demand for domestic alternatives. Conversely, currency appreciation reduces import costs, making foreign goods more attractive to consumers and increasing competitive pressure on local manufacturers. Exchange rate fluctuations also affect export-oriented local textile producers, impacting revenue, profit margins, and reinvestment capacity. Mundell's theory of optimum currency areas (1961) highlights how currency stability is vital for maintaining predictable trade patterns and investment flows, underscoring the macroeconomic linkage between exchange rates and sectoral competitiveness.

Policy coherence is another critical determinant of market dynamics. Inconsistent regulations, delayed enforcement, and conflicting trade directives can undermine the intended protective or promotional effects. For instance, simultaneous tariff reductions and removal of non-tariff barriers may erode domestic advantages, exposing local producers to intense competition before they achieve operational efficiency. Conversely, well-coordinated industrial policy, integrated with trade regulations and macroeconomic management, can foster a supportive environment for local firms to innovate, diversify product offerings, and improve productivity.

Globalization and regional trade agreements also mediate the effects of domestic policy and exchange rate fluctuations. Membership in trade blocs, such as the African Continental Free Trade Area (AfCFTA), influences tariff structures, rules of origin, and competitive access, creating both opportunities and challenges for local textile producers. While regional

integration can expand markets and stimulate competition-driven innovation, it may also expose domestic firms to low-cost imports from more industrially advanced neighbors.

Policy frameworks, trade regulations, and exchange rate fluctuations collectively shape the competitive landscape of textile markets. Protective measures, coherent regulatory policies, and macroeconomic stability are essential for enhancing the resilience of domestic industries against imported competition. At the same time, dynamic management of these factors ensures that consumers benefit from affordable, high-quality textiles while local producers are supported to achieve sustainable growth and competitiveness. Understanding these linkages requires integrating insights from economic theory, trade policy, and institutional governance.

Impact on Local Textile Industry and Economic Development

The local textile industry serves as a foundational pillar for industrialization and economic development, particularly in developing economies, by fostering employment, enhancing foreign exchange earnings, and promoting industrial backward integration. Historically, textiles provided the initial impetus for growth, moving nations from agrarian economies to manufacturing powerhouses. However, in many regions—notably Nigeria—the sector has faced a significant decline, transitioning from a robust industry in the 1970s to a comatose state due to liberalization, smuggling, and inadequate infrastructure. The influx of cheap, often smuggled, foreign textiles—primarily from Asia—has devastated local manufacturing capacity. In the Nigerian context, for instance, the industry plummeted from over 180 mills in the 1980s to fewer than 25 operating at low capacity in recent years. This collapse has resulted in massive job losses, with the industry losing over 100,000 workers between 1996 and 1999 alone. Furthermore, the industry is struggling to sustain its backward integration, which was once efficient, to produce cotton locally. As Adam Smith noted in *The Wealth of Nations* (1776), "A man grows rich by employing a multitude of manufacturers: He grows poor, by maintaining a multitude of menial servants". This highlights that the decline of local manufacturing directly shrinks the nation's productive capacity, shifting economic power to foreign producers.

Impact on Economic Development

The decline of the local textile industry has serious negative implications for broader economic development.

1. **Employment Generation:** The textile industry is labor-intensive, particularly in spinning, weaving, and garment making. The closure of mills has exacerbated unemployment rates.
2. **Foreign Exchange Loss:** The surge in textile imports increases pressure on foreign exchange reserves. Nigeria, for example, imports roughly \$4 billion in textiles annually.
3. **Industrial Backward Integration:** A robust textile sector drives the agricultural sector by creating a demand for cotton, thus increasing farmers' income.

This decline is often exacerbated by neoliberal policies and Structural Adjustment Programs (SAP) that prioritized, as noted by researchers, "trade liberalization over industrial nurturing". This echoes the sentiment of Elizabeth L. Cline, author of *Overdressed*, who argued, "Cheap consumer products are sold to us as some grand achievement of globalization, but they've come at the price of middle-class jobs, craftsmanship and stable communities". The future of the local textile industry depends heavily on government intervention to protect local producers, such as restricting imports through quotas and fostering infrastructure improvement (reliable electricity). As the Bangladesh model shows, shifting from a state-dominated to a privatized, export-oriented textile sector can spur substantial GDP growth.

Cost Structure and Production Capacity of Local Textile Firms

1. Capital Investment (CapEx): Machinery costs account for the largest portion of the total capital expenditure. The cost of land and site development, including charges for land registration, boundary development, and other related expenses, forms a substantial part of the overall investment. This allocation ensures a solid foundation for safe and efficient plant operations.
2. Operating Expenditure (OpEx): In the first year of operations, the operating cost for the textile manufacturing plant is projected to be significant, covering raw materials, utilities, depreciation, taxes, packing, transportation, and repairs and maintenance. By the fifth year, the total operational cost is expected to increase substantially due to factors such as inflation, market fluctuations, and potential rises in the cost of key materials. Additional factors, including supply chain disruptions, rising consumer demand, and shifts in the global economy, are expected to contribute to this increase.
3. Pricing strategy for silk fabrics is crucial as it directly influences the perceived value and affordability of the product. A premium pricing strategy can be effective if the product is positioned as a luxury item. However, a competitive pricing strategy might be necessary to increase market penetration. Offering discounts, bundle pricing, or installment plans can also boost sales by making the product more accessible.
4. Raw materials such as cotton, polyester, or other synthetic fibers typically constitute the largest portion of the total production cost of yarn. Studies in India indicate that the cost of raw materials can account for 60-70% of the overall yarn production cost. The fluctuating prices of raw materials based on global market conditions significantly impact the procurement cost of raw materials.
5. Large-scale production tends to benefit from economies of scale, where the per-unit cost of production decreases as the production volume increases. Conversely, small-scale factories face higher per-unit production costs due to limited production capacity. Several studies, including those conducted in the textile industries of India and China, demonstrate that optimizing energy usage and enhancing operational efficiency through investments in modern technology can significantly reduce production costs. Optimizing production processes and decreasing energy consumption also contribute to increased competitiveness in the global market.
6. Several studies have indicated that the determination of production costs is crucial in setting competitive selling prices. Demonstrated that the calculation of production costs for sekordi fabric becomes more accurate and efficient when applying the full costing method. Similar results were shown in studies by and on silk yarn and fabric production. The determination of silk yarn production costs is a critical aspect of the textile industry. The complexity of the textile industry, with its various processes—especially considering that silk is a high-value material with a production process requiring precision and significant costs—makes the determination of production costs even more crucial. This cost determines not only profitability but also market competitiveness.
7. Apart from the inaccuracy in determining production costs, another crucial aspect is the pricing strategy for both production costs and selling prices. According to , pricing strategies for handloom products in Mizoram are generally cost-based, and the utilization of pricing as a management and marketing tool remains inadequate. A key finding in this article is that raw material costs and labor wages constitute the largest components of the cost structure for handwoven products, significantly influencing the final product price in the market. Two pricing strategies are proposed in the article: cost-based pricing and value-based pricing influenced by culture. Products with high cultural and aesthetic value tend to be priced

higher. Some products are considered status symbols, allowing retailers to set higher prices. Challenges in pricing include fluctuations in raw material prices and pressure from cheaper factory-made woven products.

Production cost refers to the expenses incurred during the production process, comprising direct materials, direct labor, and manufacturing overhead. These costs are also known as product costs, as they can be directly attributed to a specific product and are part of inventory (Bustami and Nurlela, 2010). states that full costing (absorption costing) is the determination of product costs that considers all elements of production costs, consisting of direct materials, direct labor, and both variable and fixed manufacturing overhead. In other words, the costs attached to finished goods or work-in-progress inventory consist of direct materials, direct labor, and both variable and fixed manufacturing overhead. Meanwhile, variable costing is a method of determining production costs that only includes variable production costs in the product cost, which consists of direct materials, direct labor, and variable manufacturing overhead.

Therefore, the method of classifying costs is based on the purpose for which the costs are grouped. In other words, there is no single classification method that can be used for all purposes of presenting cost information. Meanwhile, according to costs. are classified according to management needs, and different uses of data require different classifications and definitions of costs. Common classifications of costs include production costs and non-production costs, product costs versus period costs. Classifications of costs for predicting cost behavior include variable costs, fixed costs, and semi-variable costs.

Product Quality, Innovation, and Differentiation in Local Textiles

The global textile new materials technology innovation is developing rapidly in the direction of high performance, green, intelligence and industrial chain synergy, and around the concept of "revolutionary fibers and textiles", it further integrates interdisciplinary achievements such as nanotechnology and bioengineering to promote the breakthrough of material performance limits. At the same time, digitalization and greening go hand in hand, reshaping the global textile value chain and realizing the transition from "manufacturing" to "intelligent manufacturing". To maintain its global leadership in the field of new materials technology, the United States has set a series of development goals at the comprehensive strategic planning level, including the National Nanotechnology Initiative (NNI, launched in 2000), the Materials Genome Project (launched in 2011), and the National Manufacturing Innovation Network (now known as Manufacturing America) in 2012. It has taken the lead in completing the layout of patented technology research and development and technology opportunity development in the world. Global companies in the chemical industry, advanced materials production, and materials science, represented by Procter & Gamble, Kimberley-Clark Global Ltd., and Dow Global Technologies, provide an important guarantee for the United States to maintain its global leadership position in the development of the new textile materials industry. In addition, Japan's textile new material technology research and development strength is also at the forefront of the world, as early as the 80s and 90s of the last century, the Japanese government began to take a series of measures to promote the development of new material technology, put forward the goal of "focusing on the practicability of new materials, considering the coordinated development of the environment and resources", so it occupies a pivotal international position in the field of cutting-edge materials such as global carbon fiber technology, functional chemical products, new chemical materials, and man-made fibers. Under the model of full-staff collaboration and innovation that promotes the reform and reorganization of large enterprise groups and encourages the integration of the public and private sectors, South Korea has become an important force in the technical fields of spinning, printing and dyeing, garment production, and textile machinery manufacturing. Since 2012, the government has established policies such as the Nano Convergence 2020

Project, the Third Basic Plan for Science and Technology, and the Korea Future Growth Engines Plan, creating global aramid fiber and new chemical material manufacturers represented by Kolon Industries and LG Chem, which have maintained Korea's global competitiveness in new textile material technology. The development of new textile materials in Europe is similar to that of the United States and Japan, and it attaches great importance to the construction of industrial clusters with its characteristics, establishing and improving the industrial standardization system based on core technology and core manufacturing, and with the intensification of global sustainable development and international trade competition, its new textile material innovation model focuses on industrial demand, emphasizing the added value of textile materials. In 2011, six major technologies, including advanced materials, were identified as key enabling technologies (KETs) for the EU industry, and materials and nanomaterial technology were funded and deployed as important research areas, among which textile new material technology occupies an increasingly important position in the field of EU science and technology development.

The concept of innovation refers to the implementation of a new product or service or an improvement to an existing product or service. Innovation and creativity and innovation are related as they help firms to improve on their product or service offering thus meeting the market needs (Ndalira, Ngugi, & Chepkulei, 2013). The concept of innovation in the textile and clothing sector in Kenya is critical in enabling the sector to meet the local demand while at the same time competing with foreign firms. Innovation will enable the textile and clothing businesses to reconceptualize their business models to create sustainable customer value. Such innovation will involve continuous research and development to ensure the products and services offered remain successful in the market. The textile industry plays a crucial role in the economic growth and development of any nation, given its labor-intensive methods (Kipkosgei & Kithae, 2019). This sector can create employment in almost every value chain, making it an important contributor to national growth. In the USA, for instance, the textile and clothing sector employs around half a million workers as of 2023 and produces about \$64.8 billion (Harsanto et al., 2023). In China, the sector contributes about 20 million people, making it a global powerhouse (Xiaoyi et al., 2023). The sector contributes significantly to the country's economy through exports and domestic consumption. This sector is a major source of employment for both locals and migrant workers. In Egypt, the textile and clothing industry contributes about 34% of the industrial output and 3.4% of the GDP.

Gültekin (2020) studied the effects of innovation on company performance in Bursan. The data was collected using a survey method whereby convenience sampling was employed. The target population consisted of the employees working in the automobile industry in Bursa. The sample size consisted of 160 workers from 55 companies. The study used an innovation scale which was developed by Karabag which shows the relationship between innovation and the company's performance. A survey method was used to collect data whereby the target was employees working in the automobile firms in Bursan. A convenient sampling technique is used to identify the respondents in the research. The surveys were sent through online questionnaires to the targeted employees. The data was analyzed using SPSS and presented in the form of charts and tables. The results showed that marketing innovation has a positive impact on the company's performance. The study also shows that process innovation has a statistically positive effect on the performance of the company. The research explains the need for firms to ensure that the employees are prepared to engage in the firm's innovation. The main limitation of this study is that the research was done in Bursan which has a different economic and social environment compared to Kenya. Thus, this study presents a contextual gap in the current topic implying that the research cannot be used to make generalized conclusions on the effects of innovation on the performance of apparel and clothing firms in Nairobi County.

China's huge textile market demand and technology application, have played a positive role in promoting domestic textile technology innovation. As an essential part of the national industry-university-research collaborative innovation ecosystem, universities play an important role in the field of textile technology innovation in China, as well as in technology research and development and sustainable industrial development. Although the domestic textile new material technology research and development has achieved relatively rich results, the core patented technology and the layout of cutting-edge new materials are still facing huge challenges. How to solve the contradiction of "big but not strong, many but not excellent" in China is currently facing new challenges in China's innovation and development, technical planning, and layout in the textile industry.

Market Positioning and Consumer Loyalty

Attracting new customers involves a lot of spending, so why can't the company use that amount to offer some bonuses, discounts, other promotions to their loyal customers to let them know that the company cherishes and appreciates them, he added. It is more profitable to keep existing customers than to attract new customers. This is why ATL put so much effort into their promotions and incentives given where they believe they have their most loyal customers and at the same time always look ahead and Sustainability, Employment, and Economic Impact in local textiles continuously develop both the organisation and the activities to keep existing customers and to attract new ones. This suggests that ATL uses the defensive strategy rather than the offensive and this confirms the theory of Fornell (2009) that customers must be well maintained and kept than to attract new ones. In this respect, ATL develops a good relationship with its customers to make them feel more secure with their purchases. Again, ATL attests to the fact that the large marketing efforts laid on the loyal customers' results in high wage costs but the benefits generated from the loyal customers, in the end, exceeds the high marketing costs.

With respect to GTP, the Design Manager (Personal Communication, 4th April 2015) affirmed that keeping customer loyal to a product is beneficiary to every company. According to him, the benefits are grouped into three (3), namely: Relational benefits to the company, Brand loyalty benefits and Relational benefits for the Customer. The Design Department of GTP reiterated that it is difficult to build and sustain customer loyalty, but it is more economical for a company to keep customers loyal than if the company have to replace them. This suggests that GTP also uses the defensive strategy which aligns with Fornell, (2009) theory with the focus on maintaining and keeping a customer. A company that gains loyal customers receives different types of benefits and the most known are that: loyal customers are fewer prices sensitive, loyal customers spend more time with the company and loyal customers pass on their positive feeling about the company or the brand to others. This assertion supports the view of Marzo-Navarro, Pedraja-Iglesia, and Rivera-Torres (2004) that customer loyalty leads to improve business because they provide a communication route to strengthen the brand image making it difficult for competitors to entice customers and allows setting higher prices. It can be deduced therefore that loyal customers are the main backbone for the company's survival. Respondents from GTP were of the view that no customer can be made brand loyal if they are not satisfied and this is what drives companies to improve customer satisfaction. They further asserted that the concept of loyalty could be interpreted in two ways: affective loyalty and behaviour loyalty. Affective loyalty has a positive attitude towards a brand or a company, which is generated through an internal evaluation process. The behaviour loyalty reflects the degree of purchase repetition that an individual makes. There are also other determinants than satisfaction to create loyalty, for example, brand capital and management of communication with the customers. Satisfaction is a feeling that generates a higher rate of customer retention in terms of profit increment and spread of a positive word of mouth which increases the reputation and the image of the brand (Kumar & Shah, 2004; Uncles et al., 2003). In order to make customers brand loyal, the companies must act both

effective and affective in their relationships to create both social and personal bonds with their customers.

With the rapid development of the global apparel market, brand positioning has become one of the key factors influencing consumer behavior and brand loyalty. In recent years, focusing on how brands can win consumer loyalty through accurate market positioning has become critical research for scholars and marketing managers. In contrast, more academic research has been conducted on how brands can change their marketing strategies through customer satisfaction. Using a limited dependent variable framework to jointly model brand choice and purchase quantity decisions, Krishnamurthi and Raj, in an early study on brand loyalty and consumer purchase behavior, found that loyal consumers are less price sensitive than non-loyal consumers in their brand choices and decisions [4]. In addition, Krishnamurthi and Raj also explored the duality of consumer decision-making by decomposing the purchase process into brand choice and purchase quantity decisions. The study shows that while loyal consumers are indeed less sensitive to price changes when choosing a brand, this sensitivity increases significantly when they decide on the quantity to purchase.

Sustainability, Employment and Economic Impact in Local Textiles

A number of methodologies have been used to measure ES for products or enterprises to guide companies in product decisions and environmental management. To be thorough, we searched literature between 2016 and 2020 in major science literature databases such as Web of Science and Scopus using keywords such as textile, apparel, cloth, environment, sustainability, evaluation, assessment etc. The literature search resulted in four methods within 56 relevant articles. These four types include life. The concept of ES is derived from the proposition of sustainable development (Kates, 2001; Organization for Economic Co-operation and Development, 2004). Within the proposition, environmental, economic and social sustainability are three interconnected factors (Cheng et al., 2020; Moldan et al., 2012). Although environmental issues are the starting point of ES evaluation, economic and social factors cannot be ignored. Scholars have strongly suggested simultaneous consideration of multiple factors when evaluating ES (Zhang et al., 2020; Wang et al., 2020; Thies et al., 2019). Economically, the drive toward fast fashion exacerbates resource wastage and environmental degradation, with most apparel ending up in landfills or incinerators. This unsustainable economic model highlights the critical need for a shift toward circular economy practices, where material reuse and recycling are prioritized over disposal. Legislative frameworks and policies must incentivize such a shift, promoting technological innovation and infrastructure development for textile recycling and waste management.

Conclusion

Manufacturing and other industries in Nigeria have problems of efficiency, productivity and competitiveness both in domestic and foreign markets. In particular, the once thriving and viable textile industry is worse hit by lack of general competitiveness. This paper has undertaken a review of extant literature on why Nigerian textiles are not competitive in African market, considering that competitiveness has been described as a regional phenomenon (Rugman et al., 2011). Nigeria, as a 'big brother' in Africa, ought to be a leading exporter in the region. However, due to a number of challenges, this is not the case. In fact, textile export from Nigeria to Africa is negligible. An attempt to make this paper empirical was thwarted by the absence of textile firms in the 250 strong members of the Export Group of the Lagos Chamber of Commerce and Industry. The Secretary of the Group confirmed that there is no single textile firm in the Group. This suggests low demand for Nigeria's textiles in foreign markets. The textile industry, as a cornerstone of global economic, cultural, and social frameworks, faces profound sustainability challenges that necessitate immediate and comprehensive responses. These challenges span environmental, social, and economic

domains, each intertwined with the others, reflecting the complexity and scale of the industry's impact. Environmentally, the industry's massive consumption of water and contribution to pollution exemplify the urgent need for sustainable practices. The cultivation of cotton and the dyeing and treatment processes are particularly water-intensive and pollutive, threatening both ecological balance and human health. Innovations such as advanced water treatment technologies and low-liquor ratio dyeing are vital in mitigating these impacts but require widespread adoption, supported by robust regulatory frameworks.

RECOMMENDATIONS

Addressing the competitive imbalance between imported and locally produced textiles requires a multidimensional strategy that integrates industrial policy, innovation, consumer engagement, and macroeconomic stability. First, governments should adopt coherent industrial policies that support domestic textile firms through targeted incentives, infrastructural development, and access to affordable financing. As Ha-Joon Chang argues in *23 Things They Don't Tell You About Capitalism* (2010), "There is no such thing as a free market," emphasizing that markets are shaped by deliberate policy choices. Strategic state intervention can therefore nurture domestic capacity without undermining fair competition.

1. Infrastructure & Technology Upgrades

Governments must invest in upgrading infrastructure, specifically targeting the power sector to reduce production costs.

2. Protectionist Policies

Implementing stricter controls on imports, such as tariffs, anti-dumping duties, and bans on illegal, used, or low-quality garment imports.

3. Financial Support & Incentives

Providing financial support, such as low-interest loans, for local manufacturers to upgrade to modern machinery.

4. Supply Chain Localization

Strengthening the upstream sector by fostering partnerships between the textile industry and local raw material suppliers (e.g., cotton, banana fiber).

5. Differentiation Strategy

Encouraging local firms to focus on unique designs, high-quality artisanal products, and branding to differentiate themselves from mass-produced imports.

Policy & Regulatory Reform: Enforcing stricter, consistent international trade policies and curbing smuggling to reduce unfair competition.

Balancing the competitive dynamics between imported and locally produced textiles requires coordinated action across policy, innovation, marketing, and macroeconomic management. A strategic combination of state support, private sector efficiency, consumer awareness, and sustainable practices can create a resilient textile industry capable of competing effectively in the global marketplace.

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