



**NEAR EAST UNIVERSITY
INSTITUTE OF GRADUATE STUDIES
DEPARTMENT OF MARKETING**

**THE RESILIENCE STRATEGIES OF CLOTHING RETAILER
STORES AMID ECONOMIC DOWNTURNS IN NORTHERN
CYPRUS**

Master THESIS

Chidinma Stephanie ILODUBA

Nicosia

June, 2024

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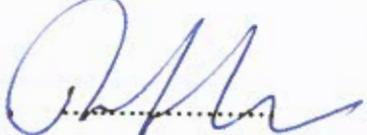
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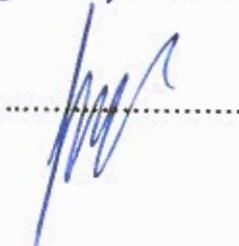
Approval

We certify that we have read the thesis submitted by **Chidinma Stephanie ILODUBA** titled **The Resilience Strategies of Clothing Retailer Stores Amid Economic Downturns** and that, in our combined opinion, it is fully adequate, in scope and in quality, as a thesis for the degree of Master of **Marketing Sciences**.

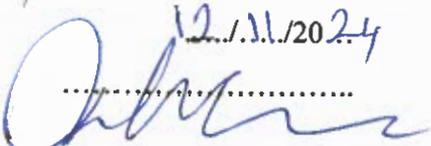
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Declaration of Ethical Principles

I hereby declare that all information, documents, analysis, and results in this thesis have been collected and presented according to the academic rules and ethical guidelines of the Institute of Graduate Studies, Near East University. I also declare that as required by these rules and conduct, I have fully cited and referenced information and data that are not original to this study.

Chidinma Stephanie Iloduba

06/06/2024

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Chidinma Stephanie Iloduba

Abstract**The Resilience Strategies of Clothing Retailer Stores Amid Economic
Downturns in Northern Cyprus**

Chidinma, Stephanie Iloduba
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This study examines the effectiveness of the survival strategies employed by small-scale clothing stores in the Turkish Republic of Northern Cyprus (TRNC) in response to economic challenges. A qualitative research methodology was utilized, and critical practices that enhance business resilience were identified through in-depth interviews with industry experts and store owners. The research involved conducting face-to-face, in-depth interviews with 15 participants. Key findings highlight several strategic approaches. Firstly, businesses mitigate the impact of reduced consumer spending through flexible inventory management, adjusting product offerings and stock levels accordingly. Secondly, fostering customer loyalty proves crucial, achieved through enhanced customer interactions and loyalty programs. Thirdly, embracing digital transformation, including social media marketing, e-commerce platforms, and online consumer engagement, emerges as essential. These strategies sustain existing customer bases and facilitate expansion into new demographic segments, compensating for declines in traditional foot traffic. By examining these adaptive strategies, this study provides insights into how small-scale clothing stores in North Cyprus navigate economic downturns, offering practical guidance for resilience in challenging economic climates.

Key Words: economic downturns, resilience, strategies, clothing retail store

Özet

The Resilience Strategies of Clothing Retailer Stores Amid Economic Downturns in Northern Cyprus

Chidinma, Stephanie Iloduba

M.Sc., Pazarlama Bölümü

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Ekonomik durgunluk dönemlerinde, işletmelerin, özellikle küçük ölçekli giyim mağazalarının bu durum karşısında direnç kazanabilmeleri büyük bir önem taşımaktadır. Bu çalışma, Kuzey Kıbrıs Türk Cumhuriyeti'ndeki (KKTC) küçük ölçekli giyim mağazalarının ekonomik zorluklar karşısında benimsedikleri hayatta kalma stratejilerinin etkilerini incelemektedir. Nitel bir araştırma yöntemi benimsenerek, sektör uzmanları ve mağaza sahipleri ile gerçekleştirilen derinlemesine görüşmeler aracılığıyla işletme dayanıklılığını artıran kritik yöntemler belirlenmiştir. Araştırma kapsamında 15 katılımcıyla yüz yüze derinlemesine görüşmeler yapılmıştır. Araştırmanın bulguları, işletmelerin çeşitli stratejik yaklaşımlar benimsediğini ortaya koymaktadır. İlk olarak, esnek envanter yönetimi yoluyla azalan tüketici harcamalarının etkilerinin hafifletilmesi ve ürün çeşitliliği ile stok seviyelerinin buna uygun şekilde ayarlanması önemli bir strateji olarak vurgulanmaktadır. İkinci olarak, müşteri sadakatinin teşvik edilmesi, kritik bir unsur olarak belirlenmiştir; bu durum, etkin müşteri etkileşimleri ve sadakat programları aracılığıyla sağlanmaktadır. Üçüncü olarak, dijital dönüşümün benimsenmesi, sosyal medya pazarlaması, e-ticaret platformları ve çevrimiçi tüketici katılımı gibi unsurları içermekte olup, bu stratejiler giderek daha fazla önem kazanmaktadır. Bu stratejiler, mevcut müşteri tabanını korumanın yanı sıra, geleneksel yaya trafiğindeki düşüşleri telafi ederek yeni demografik segmentlere erişimi kolaylaştırmaktadır. Bu uyarlanabilir stratejilerin incelenmesi sonucunda, çalışma, Kuzey Kıbrıs'taki küçük ölçekli giyim mağazalarının ekonomik durgunluklara nasıl uyum sağladığına dair önemli bulgular sunmakta ve zorlu ekonomik koşullarda işletmelerin ayakta kalmaları için pratik önerilerde bulunmaktadır.

Anahtar Kelimeler: ekonomik durgunluklar, dayanıklılık stratejileri, giyim perakende mağazaları

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List of Abbreviations

TRNC:	Turkish Republic of North Cyprus
GDP:	Gross Domestic Product
3PL:	Third-party Logistics
IPO:	Initial Public Offering
NASDAQ:	National Association of Securities Dealers Automated Quotations Systems
REI:	Recreational Equipment Incorporated
ASOS:	As Seen On Screen
JIT:	Just-In-Time
MRP:	Materials Requirement Planning

CHAPTER I

Introduction

Background

The economic well-being of a nation hinges upon the cohesive interplay among businesses, consumers, and government entities at different levels. Businesses play a crucial role by employing consumers and producing things, while consumers contribute by purchasing products and services. Simultaneously, governments buy goods, use labor, and impose taxes. This study examines small businesses' resilience and survival strategies, explicitly focusing on apparel retailers during economic downturns. The focus of this study will primarily be on North Cyprus. The majority of small island economies largely depend on external help from other countries or areas to maintain the income levels of their residents, which tend to be relatively low. Income levels in these economies are susceptible to various economic, natural, and political factors (Tisdell, 2009). In the Literature, we will look in-depth into significant economic downturns that have affected both businesses and the world and understand how businesses and governments have been able to navigate through those times.

Objective of the Study

To justify a hypothetical study, I might argue that there is a lack of research regarding the challenges small businesses, particularly clothing stores, face during economic downturns in North Cyprus. Small businesses, particularly clothing stores, have suffered significantly in North Cyprus due to economic downturns. Despite this, there is little to no research investigating how they have been able to be resilient and survive. This study examines the resilient theories these small businesses applied and how they have withstood economic downturns in running their businesses in North Cyprus.

Research Questions

Main Research Question: How do TRNC clothing stores remain resilient and operational amidst the current economic crisis?

Sub Questions:

1. What strategies (if any) do the clothing stores in TRNC employ to navigate the current economic downturn?
2. What role do marketing and promotional tactics play in helping clothing stores in TRNC maintain sales and revenue during economic downturns?
3. What strategies do the clothing stores employ to retain existing customers and attract new ones in recent times?

Purpose of the Study

To evaluate the effectiveness of various strategies in enhancing the resilience and performance of clothing retail stores in Northern Cyprus during economic downturns.

Limitations of the Study

The potential limitations of this study include (a) Lack of literature. While writing the research, I noticed that there were not many articles relating to the topic that had been written primarily in the location of the study. This posed a restricting factor while gathering literature about the research topic. (b) The language barrier. The location of my study was North Cyprus, and language significantly hindered this research. The language spoken here is Turkish, and it's not a language that I speak fluently, so this was a considerable limitation. (c) Lack of cooperation. Most stores I approached utterly refused to participate in the research, and they turned us down, which restricted the researchers from getting information that would benefit the research. (d) Transportation. Given the cost of things in North Cyprus moving around, trying to get interviews done was costly and limited the research.

Problem Statement

The clothing retail industry in Northern Cyprus faces significant challenges during economic downturns, impacting sales, customer retention, and overall business performance. Despite the availability of various strategic approaches to mitigate these adverse effects, the effectiveness of these strategies in enhancing the resilience and performance of clothing retail stores remains underexplored. This research seeks to

evaluate how different strategies can bolster the sustainability and success of clothing retail businesses in Northern Cyprus during periods of economic instability, providing insights that can inform better management practices and strategic planning in the sector.

Significance of the Study

First and foremost, understanding the factors that contribute to the resilience of small businesses, particularly clothing stores in North Cyprus, during economic downturns is crucial for their survival and success. By identifying these factors, policymakers and business owners can develop strategies and interventions to protect small businesses and mitigate the negative impact of economic downturns.

Furthermore, clothing businesses significantly contribute to the economy, providing employment opportunities and contributing to local communities. Studying their resilience towards economic downturns can help maintain stability and sustainability within local economies.

Additionally, the study can provide valuable insights for entrepreneurs and small business owners on better preparing for and navigating through economic downturns. By understanding the best practices and strategies used by resilient small businesses, entrepreneurs can enhance their resilience and increase their chances of survival during challenging economic times.

Lastly, the study can contribute to the existing body of knowledge on small business management and economic resilience, providing a foundation for future research and informing policy decisions for supporting small businesses through economic downturns. Overall, the significance of the study lies in its potential to inform practical interventions, support the economy, and advance knowledge in the field.

CHAPTER II

Literature Review

Northern Cyprus Economy

In the Mediterranean Sea, Cyprus is the third-largest island. The public sector, tourism, and higher education are the three main service industries that drive North Cyprus's economy. In 2007, the GDP's contribution from the service sector was about 69%. North Cyprus greatly supports the feature of having a tiny island economy. In 1990, the trade-to-GDP ratio (export + import to GDP) was 75, 6%; by 2007, however, it had dropped to 45, 1%. One of the small island economies with a persistent trade deficit is North Cyprus (Cavusoglu, 2016).

Small islands exhibit significant variations in relative sizes, geographic locations, and modes of governance; nonetheless, they also encounter common economic issues. For example, the sustainability of their economic performance is highly vulnerable to external influences outside their control, such as environmental or economic factors (Tisdell, 2009). Furthermore, their ability to effectively manage challenging circumstances is limited, exhibiting variation across the many islands. The handling capability of most small islands is contingent upon their reliance on or linkages with larger territories or countries. The region often referred to as North Cyprus, officially recognized as the Turkish Republic of North Cyprus (TRNC), maintains its recognition solely from Turkey, resulting in a significant reliance of its 300,000 inhabitants on the political and economic support provided by Ankara (France 24, 2022). The economic issues that frequently arise in Turkey have a significant impact on the economy of Northern Cyprus. Currency fluctuation has emerged as an essential economic crisis that has impacted the economies of both nations. In 2021, the Turkish lira saw a significant depreciation of around 50% against the US dollar due to the currency crisis in Turkey. This crisis was accompanied by President Recep Tayyip Erdogan's advocacy for interest rate reductions to stimulate the economy despite high inflation (France 24, 2022). According to the current news, TRNC had a trade deficit of \$1.67bn just last year using the lira. This has deprived the territory of vital economic tools, such as raising interest rates that could help it keep down the cost of living. Fiona Mullen, an economic consultant, said: "One of the main

problems that TRNC is facing is that people mostly earn in lira, but many costs such as housing, cars, and computers are priced in pounds, euros or dollars and imports from Turkey are priced in hard foreign currency, and this is really killing Northern Cyprus” (Wilks, 2018).

Another economic crisis that has negatively impacted the economy is the decrease in consumer expenditure. This phenomenon typically arises due to inflation or a pandemic, significantly impacting consumers' purchasing power. When such circumstances occur, there is a decline in income levels, impeding consumers' ability to allocate funds towards non-essential expenditures, such as those about food and housing. This phenomenon leads to significant challenges for small firms, particularly those in the clothing industry, as consumers may be less willing to allocate their income toward clothes purchases due to their diminished importance during this era. The COVID-19 pandemic from 2019 to 2021 is an illustrative instance of this phenomenon. During this period, there was a significant surge in the acquisition of vital commodities such as food and hygiene, resulting in marketplaces depleting their supply within minutes. Concurrently, sales in clothes stores and other small enterprises witnessed a substantial fall.

Clothing Retail Businesses During Economic Downturn

Economic crises can have profound and enduring effects on small enterprises, especially in the garment industry. For example, if we were to consider the COVID-19 pandemic, it caused a significant global economic catastrophe, particularly impacting small enterprises. Here is a comprehensive summary of the primary effects of a recession or other economic crisis on these firms.

Possible options:

Reduced Consumer Expenditure: As previously stated, individuals often reduce their spending on non-essential items during an economic downturn and prioritize vital goods and services. Clothing retailers often experience a significant decline in sales due to the perception that their products are luxurious or non-essential. Economic downturns frequently prompt a change in consumer behavior, with one significant change being a reduction in spending, especially on non-essential goods. The clothing industry is one of the first industries to experience a decrease

in consumer spending during periods of financial instability, as it is considered a non-essential purchase. For instance, in 2018, Turkey faced a turbulent period characterized by a severe economic crisis that had wide-ranging impacts on all sectors, including the fashion industry. The crisis was precipitated by a confluence of events, namely, soaring inflation, a sharp depreciation of the Turkish lira, a substantial deficit in the current account, and a considerable amount of debt denominated in foreign currency owed by Turkish enterprises (YenNee_Lee, 2018). The economic crisis resulted in a reduction in consumer confidence and a drop in purchasing power, as inflation destroyed the actual worth of earnings and savings. Consequently, there was a decline in the overall expenditure by consumers, encompassing discretionary purchases like clothing and accessories. Therefore, numerous fashion manufacturers and retailers in Turkey encountered a decrease in sales and faced challenges sustaining their profitability (Ertekin et al., 2020). As a result of the economic crisis, numerous fashion companies in Turkey were compelled to reassess their business strategy and implement substantial operational modifications. Several organizations implemented cost-cutting measures such as downsizing their workforce, lowering investments, and renegotiating supplier contracts. Some individuals resorted to utilizing less expensive and locally manufactured goods to counterbalance the consequences of the devalued national currency, the lira.

Supply Chain Disruptions: This is an additional consequence of an economic crisis that has the potential to impact clothes retailers. Economic crises, especially those with a worldwide impact, can lead to the disruption of supply chains. Clothing stores may encounter challenges or delays in procuring supplies from manufacturers, leading to shortages of popular items. Regarding the recurring Turkish economic crisis of 2018, the Turkish lira had a significant decline in value, resulting in a substantial increase in the prices of imported goods and raw materials for the fashion industry. Many fashion firms and merchants in Turkey primarily depend on imported textiles, fabrics, and accessories. Consequently, the abrupt rise in the price of these commodities exerts substantial strain on their profit margins. This event significantly interrupted Turkey's apparel industry's supply chain during that period. Moreover, the devalued lira increased costs for Turkish

customers when buying international luxury items, decreasing domestic expenditure on high-end fashion labels (YenNee_Lee, 2018).

Labor and Employment: Clothing retailers may reduce operating hours, terminate staff, or delay recruitment to cut costs. This may impact the overall shopping experience, as it impacts both the staff's capacity to sustain themselves and the level of customer service. The 2008 economic crisis is a prime illustration of a severe economic downturn that resulted in a swift and widespread decline in employment opportunities nationwide. The 2008 economic crisis, commonly called the Great Recession, was a consequential worldwide financial crisis in the 21st century. The global financial crisis was initiated by the housing market crash in the United States and resulted in a pervasive economic catastrophe that impacted global economies. The crisis had a tremendous effect on multiple businesses, including the fashion industry, which had substantial difficulties during this time (Tekelas, 2018). Consequently, a significant number of individuals were displaced from their employment, resulting in precarious household situations.

Financial Strategies and Cost-cutting Measures Adopted by Clothing Stores.

Apparel retailers have implemented significant financial strategies, including transitioning to or integrating Internet sales to enhance their economic efficiency. This concept essentially refers to establishing a digital presence for one's business. The pandemic served as a significant catalyst for brands, revealing that those with online platforms could sustain themselves amidst the crisis. Consequently, clothing stores that successfully embraced digital transformation were also able to weather the storm, while those unable to adapt ultimately faced closure. Contemporary research has indicated that the absence of an online presence renders small business owners almost non-existent (Panel, 2020). It has been observed that establishing an online presence enhances business performance, generates brand recognition, and fosters the development of a distinct brand identity. In the present era, many consumers dedicate their time to online activities, mainly searching for suitable and streamlined transaction methods. Consequently, it would be seen as imprudent for a small business

proprietor to decline the integration of e-commerce into their operations, as this would result in their abandonment within this contemporary epoch.

Another aspect that should be considered is customer retention. Within the clothes retail sector, it is customary to emphasize the acquisition of novel clientele. However, redirecting attention toward the retention of preexisting clients has the potential to yield more substantial financial benefits. The cost-effectiveness of re-engaging existing consumers surpasses acquiring new customers, with the latter entailing a cost exceeding five times the amount required for customer acquisition. Previous research has indicated a positive correlation between customer loyalty and their expenditure, with repeat customers demonstrating a propensity to spend more and exhibiting an upward trend in their purchasing behaviour over time. Consequently, this phenomenon has been observed to contribute to an augmentation in profits and a reduction in operational expenses (Reichheld & Kenny, 1990). Apparel retailers employ many strategies to promote client retention, including implementing reward programs, proactive engagement with consumers to commemorate significant events such as their anniversary as a customer or their birthday, and enhancing customer service. These endeavours have the potential to foster more robust client relationships and drive higher sales figures for the apparel retailer. Clothing retailers often implement the strategy of outsourcing labour-intensive activities to reduce costs. Clothing retailers can benefit from outsourcing labour-intensive activities, reducing expenses and enhancing operational effectiveness. One potential strategy employed by businesses involves the utilization of third-party logistics (3PL) providers to outsource the task of order fulfilment. These providers are responsible for efficiently carrying out activities such as order picking, packing, and shipping on behalf of the business, specifically for orders placed by customers who visit physical stores.

More so, delegating marketing and advertising tasks to a specialized agency facilitates the dissemination of information on the store through diverse campaigns and strategic approaches. Outsourcing can be employed to achieve precision and adherence in administrative functions, such as accountancy. However, apparel retailers must exercise prudence when delegating quality control tasks to external entities since preserving superior product quality is pivotal in ensuring client contentment. One illustration of a clothing brand that

engages in this practice is H&M, a prominent apparel brand that has been outsourcing production since its establishment in 1974 (H&M, 2023).

Concerning marketing strategies, some of the marketing strategies that help fashion businesses during economic downturns include *capitalizing on online and direct-to-consumer sales*; during periods of economic instability, fashion enterprises can gain advantages by redirecting their attention towards online sales and direct-to-consumer strategies. Through diminishing dependence on brick-and-mortar retail establishments and leveraging e-commerce platforms, fashion firms can expand their customer base and mitigate the adverse effects of economic downturns on their sales. For instance, the well-known apparel merchant ASOS witnessed a surge in online sales amidst the 2008 economic downturn, showcasing this approach's efficacy. *Providing promotional offers and discounts*: in times of economic decline, consumers tend to be more sensitive to prices and actively seek opportunities for cost savings. Fashion enterprises can entice clients and boost sales by providing promotions such as buy-one-get-one-free, percentage-based discounts, and complimentary shipping. During the 2008 recession (Duggan, 2023), Burberry, a high-end fashion business, implemented promotional strategies and reduced product prices. This approach successfully sustained client engagement and boosted sales (Habashy & LaCalle, 2017). *diversifying products/services*; to mitigate the impact of economic downturns, fashion enterprises should expand their range of products to cater to different client tastes and price ranges. This can involve incorporating more affordable or cost-effective things in conjunction with luxury or premium products. Zara, a Spanish clothing store, effectively executed this approach throughout the economic downturn of 2008 by diversifying its product offerings to appeal to a broader spectrum of customers and sustaining its sales performance (Hansen, 2012), *emphasize sustainability and ethical practices* during difficult economic periods, consumers frequently prioritize sustainability and ethical practices when choosing what to buy. Fashion enterprises can distinguish themselves and attract conscientious consumers by highlighting environmentally friendly materials, ethical manufacturing procedures, and sustainability initiatives. Patagonia, an outdoor clothing manufacturer, saw sustained growth during the 2008 recession as a result of its unwavering dedication to environmental sustainability and corporate responsibility (Regaudie & Person, 2022); *foster brand loyalty by active*

involvement with the community by actively engaging with consumers and cultivating brand loyalty, fashion enterprises may better withstand economic downturns. This can be accomplished by engaging in community outreach, forging partnerships with local groups, and fostering meaningful engagements with customers on social media platforms. REI, the outdoor apparel business, employed community engagement and loyalty-building strategies to uphold customer trust and loyalty amidst the 2008 crisis, thereby enhancing its resilience in a demanding economic climate (Peruzzi, 2022).

Marketing and Branding Strategies Small Businesses Employ During Economic Downturns

During periods of economic crises, such as recessions, marketing managers must employ techniques to stimulate consumer demand. These techniques frequently necessitate a re-evaluation of the target demographic and the composition of the marketing mix. Possible strategies encompass streamlining the product range, providing more affordable options and volume reductions, reducing costs, intensifying promotional efforts, and delivering products directly to customers. Small firms, especially shopkeepers, may manufacture substandard products to satisfy market demand. This entails moving towards essential and pre-owned goods, rather than luxury and new products, due to the decrease in people's income during the crisis. During the COVID-19 pandemic, a significant economic downturn ensued due to the implementation of lockdown measures. During my 8-year residency in North Cyprus, I observed a shift in retail clothing stores. Specifically, those with an online presence primarily offered luxury clothing and casual wear and began selling sportswear and everyday wear. This shift was prompted by the realization that many individuals were actively working out and creating videos related to this activity. This phenomenon is commonly referred to as product diversification.

Additionally, it is advantageous for firms to establish an internet presence. Digitalization has become pervasive in the contemporary global landscape, necessitating enterprises to adapt to avoid obsolescence. Utilizing social media platforms to connect with and captivate customers effectively might be a financially efficient strategy for promoting one's brand throughout difficult circumstances.

Expectations of Fashion Consumers During Economic Downturns in North Cyprus.

Amidst economic recessions, fashion customers frequently have certain expectations and preferences about apparel purchases. This phenomenon is also evident in North Cyprus, where consumers may adapt their shopping behaviour and tastes following the prevailing economic conditions.

One expectation of fashion buyers during economic downturns is a greater emphasis on affordability and value for money. In North Cyprus, clothing

customers tend to prioritize cost-effectiveness by actively searching for budget-friendly alternatives, such as affordable, fast fashion labels or reduced items, to optimize their budget allocation. In addition, buyers may also place importance on the versatility and durability of their apparel selections. North Cyprus buyers, who prioritize maximizing their financial resources, tend to choose enduring, traditional garments that can be worn on several occasions and across different seasons rather than trendy things that may rapidly become unfashionable.

Amid economic downturns, fashion buyers prioritize quality and longevity. Consumers in North Cyprus tend to prioritize the quality and craftsmanship of the clothing they buy, choosing durable garments that will last longer over cheaper, throwaway alternatives.

Furthermore, the demand for ethically and sustainably made apparel may also increase during economic downturns as customers become more sensitive to their shopping selections and the influence of their choices on the environment and labor practices. Consumers in North Cyprus may exhibit a heightened inclination towards eco-friendly and ethical businesses that promote sustainability and social responsibility regarding clothes.

During economic decline, fashion consumers, especially those in North Cyprus, prioritize affordability, value, adaptability, quality, and sustainability while buying clothes. Gaining insight into these evolving expectations can assist fashion retailers and brands in more effectively meeting the demands and inclinations of their specific customer base amidst difficult economic circumstances.

Recession (Economic Downturn)

A recession is an economic downturn that affects the overall growth of an economy. It is usually tied to the rise in the unemployment rate and a decline characterized by a decrease in GDP (Gross Domestic Product), which is a measure of the total value of goods and services produced by an economy as well as income and trade (Rodeck & Adams, 2024). A negative disturbance of the equilibrium between supply and demand leads economic recessions. An economic downturn results from a mismatch between the quantity of things that customers are willing to purchase, the quantity of goods and services that producers can produce, and the price at which they are prepared to sell.

During a recession, businesses tend to experience low sales, which can reduce their wages and workforce (Franks, 2024). This can later cause a rise in unemployment and decrease consumer spending, further depleting economic growth. During a recession, less money is circulating in the economy. Many businesses tend to shut down or lay off employees to be able to manage their expenses, and this thereby contributes to high rates of unemployment. Getting a loan during a recession will become more challenging as banks become more strict with lending (Franks, 2024). The length of a recession varies, some would last for weeks or months, while some could last for years, depending on the cause. Essentially, there is no limit to how long a recession can last, and if a recession carries on for a significant period, it progresses into a depression.

Great Recession(s) in History

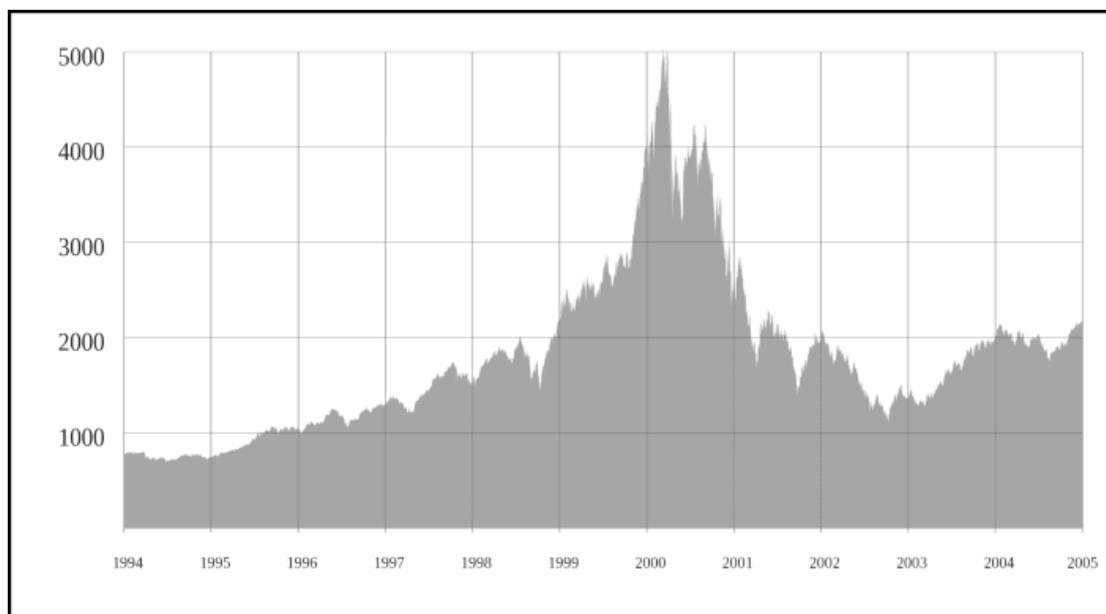
The Dot-Bomb Recession: March 2001- November 2001

When stock prices rise significantly without a corresponding rise in the value of the underlying companies, this is referred to as a stock market bubble. Stock market bubbles pose substantial risks and have historically affected individuals and economies (Bowman, 2023). Further insights can be gained by examining historical data dating back to the early 2000s, during economic distress. The 1990s witnessed a notable surge in technical progress. The advent of the Mosaic Web Browser in 1993 facilitated widespread internet accessibility for a significant portion of the population. Gradually, personal computers transformed from being a luxury item to becoming indispensable household appliances. The advent of widespread adoption resulted in a surge of opportunities, giving rise to a proliferation of online enterprises. Netscape, a company, decided to release its proprietary web browser without charge, resulting in its rapid adoption as the prevailing standard within the industry. Netscape's surge in popularity within a year led the business to initiate an initial public offering on the stock market. The Initial Public Offering (IPO) of Netscape garnered significant attention on August 9, 1995, when the company's initial stock price of \$28 surged to \$75 during the first day of trading. Although it was atypical for a firm to initiate an initial public offering (IPO) prior to achieving profitability, the remarkable triumph of Netscape's IPO reverberated globally. Numerous individuals who had recently

commenced utilizing the internet observed the triumph of Netscape and aspired to exploit the burgeoning prospect. Due to a decrease in interest rates and the implementation of new legislation to reduce capital gains tax in the United States, investors now possess all the necessary capital. They are more inclined to engage in speculative investments. This initial displacement is a typical occurrence in any market bubble and occurs when a new product, technology, or economic policy captures the attention of investors. A shift in the system creates the conditions for a bubble to develop. Over time, an increasing number of investors eagerly sought to finance emerging internet companies, observing the triumph of those who chose to go public. In response to their limited profitability, numerous companies initiated their initial public offerings (IPOs) on the NASDAQ stock exchange. Instead of prioritizing profitability, many companies focused on allocating substantial funds to advertising to expand their market share rapidly. Consequently, the fact that many of these companies were significantly unprofitable seemed inconsequential.

Figure 1.

The Dot-Bomb Recession



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In 1999, there were 457 initial public offerings (IPOs), mostly dot.com stocks. On the initial day of trading, the price of 177 units experienced a twofold increase.

Investors experienced a surge in euphoria as the price of technology stocks experienced a significant surge, leading to a disregard for caution. The news of price increases catalysed investor enthusiasm, and the subsequent word-of-mouth excitement further contributed to price increases. This created a positive feedback loop whereby the rising stock price reinforced individuals' initial decision to purchase additional shares of the stock. During the second stage of a bull market, investors experience a surge in confidence, leading to a significant increase in market values. This surge is driven by a growing number of individuals seeking to capitalize on the coming opportunity. The challenge lies in determining which aspect of the hype is genuine and which to believe. Despite concerns over the intrinsic worth of these assets, a significant number of individuals became attracted to them mostly due to a fear of being left out. The sustained surge in investor enthusiasm resulted in an upward price trajectory not substantiated by basic considerations but rather influenced by psychological factors, irrational exuberance, and excessive confidence. Determining the precise moment at when the bubble will reach its ultimate phase and rupture is a challenging task, particularly due to the heightened enthusiasm exhibited by individuals as prices persistently escalate. The optimal approach entails doing a thorough analysis to ascertain whether these actions are underpinned by core principles or merely irrational exuberance. With the fast expansion of the bubble, significant changes were imminent. As 2000 approached, the US Federal Reserve announced its intention to increase interest rates significantly. This resulted in significant fluctuations in the stock market, as analysts held differing opinions on whether the higher borrowing expenses would impact technology businesses.

On March 10, 2000, the NASDAQ had a significant surge, surpassing 5000 points, marking a fivefold growth over five years. However, a mere three days later, reports emerged indicating Japan had entered a recession again. When a global event of this nature transpires and significantly undermines investor confidence, many individuals engage in panic selling, resulting in a lack of investor willingness to purchase at inflated prices and a widespread sell-off akin to the collapse of a bubble. Once a bubble has burst, it will not re-inflate. The subsequent panic that ensues can be highly destabilizing. The apprehension and ambiguity can propagate to further asset categories and potentially precipitate an economic

downturn. The depreciation of technology equities surpassed their rate of appreciation. By the autumn of 2000, most internet stocks had experienced a 75% decrease in value, resulting in a loss of \$1.75 trillion.

Most Dot-Com enterprises, which previously had valuations in the multimillion-dollar range, started to collapse. When considering emerging technologies, individuals exhibit a strong desire to avoid being left behind by the next significant advancements. Observing the achievements of others can intensify the inclination to take prompt action. Warren Buffett, a highly esteemed investor during that period, notably refrained from participating in the abovementioned activities. The simplicity of his logic makes it a valuable lesson that we can all derive from. Due to his lack of expertise in the internet industry, he was unwilling to invest in such stocks. Despite the widespread enthusiasm surrounding internet stocks, he refrained from succumbing to the hype. I believe that individuals in the past should have possessed a keen perspective and exercised prudence in their decision-making. This entails adopting a prudent investment approach for most individuals, particularly not professional investors (Salvucci, 2022).

The Great Recession of 2008

The Great Recession was a protracted economic slump that lasted from December 2007 to June 2009 in the United States. In America, the biggest financial disaster since the Great Depression affected homes and businesses both domestically and abroad. The Subprime Mortgage Crisis was the main cause of the Great Recession, even though financial regulation failures and excessive household borrowing on Wall Street had a part. Mortgages enable individuals to purchase a home outright; subprime mortgages are typically given to applicants with bad credit histories (Mayer & Pence, 2008). Historically, many banks would not even provide loans to customers with poor credit. However, the housing market flourished in the early 2000s, and banks started offering subprime mortgages to those with low credit scores. In other words, banks and other lenders were giving high-interest mortgage loans to borrowers who were less likely to be able to repay them, therefore making higher profits. Although taking out a subprime mortgage doesn't seem like the most excellent option for the borrower or the lender, many people did so because they could earn significantly if the value of their home grew. At the time, it seemed like a reasonable wager because home

values had been rising over the previous few years, owning a house had long been a key component of the American dream, and people who had never considered becoming homeowners now had that opportunity.

In 2007, the housing bubble burst, the demand for real estate fell, and the prices of homes quickly declined. People stopped investing in real estate because it was no longer as profitable, and many could not pay off their mortgages or sell their properties, which led to bank foreclosures. Together with the homeowners, financial institutions also suffered losses due to the decreased value of the foreclosed homes. Consequently, the housing market imploded, banks failed, the economy crashed, and the Great Recession began (Verick & Islam, 2010).

The economic recession was terrible; many people and companies lost a lot of money and as a result, they stopped spending, further hurting the economy. Due to financial institutions' decreased capacity to lend money, the US government was forced to intervene and save the banks in 2008, which increased the country's deficit. Over 8 million Americans lost employment during the Great Recession, and 2.5 million businesses closed. Each year, nearly 4 million houses were foreclosed upon. Government expenditure initiatives, bank bailouts, and federal assistance to the auto sector all contributed to averting a worse disaster (Hurd & Rohwedder, 2010).

Causes of Recession

Recessions are usually caused by various factors, including a drop in consumer demand/spending, which happens when consumers no longer desire to purchase goods or services (Weinstock, 2023). It may seem a little far-fetched, but why will consumers suddenly lose the desire to buy goods and services? We, as humans, will always have needs and wants, but this is usually a ripple effect of inflation.

In simple terms, inflation is the rate of increase in prices over a given period (Billi & Kahn, 2008). Take, for example, a local bakery in a neighbourhood; you and your neighbours go to the bakery and pay \$5 for a loaf of bread; the bakery is a business that then takes this money and uses it to pay its workers as well as buy ingredients to continue to produce more bread. The workers in this bakery are not a special class of people, but they will also spend money in the neighbourhood economy. The bakery also has to pay rent to the landlord. The bakery is doing

well, but so much bread is in demand, and they then have to hire more workers to produce more bread. Luckily for them, some investors might be willing to invest in the business. Everything is moving smoothly: more buying, more jobs, and business is booming, and then an external factor disrupts all this, such as inflation. The price of flour increases, for instance, leading to a rise in bread in the bakery from \$5 to \$7. This will start making consumers rethink buying bread from the bakery and probably consider making their own at home as it would be cheaper, thereby reducing consumer demand for the bread. Interest rates go up, making investors realize that it is more expensive to borrow money, so they start thinking twice before lending money and prefer to save it. This will lead to fewer sales in the bakery, which will cause the bakery to lay off workers. With people out of jobs, consumer demand and spending would generally reduce because people would instead want to save their money rather than spend it.

Another factor could be a foreseen economic downturn due to a war. People start deciding that it would be wise to save their money rather than spend it, and this again reduces consumer demand and spending. What was just a decision not to buy bread has now led to many employees in the neighbourhood losing their jobs and not being able to go out and spend money, which means that other businesses have less revenue to pay their employees, and then more people will start to hear about this and decide that they also don't want to be spending. Suddenly, there are fewer and fewer transactions, less lending, and fewer investments, so an economy that was once thriving is experiencing a domino effect. Less stuff is being made, less stuff is being bought, your neighbourhood economy is literally shrinking, your GDP is becoming lower than the previous year, and your neighbourhood is in a recession.

Furthermore, a recession can be triggered by various events such as natural disasters, wars, pandemics, or changes in government policies. For instance, the infrastructure required to manufacture vital commodities like oil can be destroyed by an earthquake. This forces the supply side of the economy to raise prices for oil goods, which deters demand and may even trigger a recession.

Governments' Response to Recession

A stable and thriving economy is one thing governments strive to achieve. Governments often respond to recessions by implementing policies such as stimulus spending, when a government uses incentives like tax rebates to stimulate their economy and save their country from a financial crisis (Bennett & Coleman, 2024). For instance, the government of Cyprus implemented various steps in 2021 in response to the economic impact of the Covid-19 pandemic. These efforts encompassed the adoption of wage and social protection programs, as well as the enforcement of the Equality Act. The government extended financial aid in salary compensation to individuals impacted by the situation, including affected employees, unemployed individuals, self-employed individuals, working parents, and employees of small businesses and enterprises. These individuals were compelled to temporarily or entirely halt their operations (Republic of Cyprus, 2021). In addition, the Cypriot government established a recovery and resilience plan to stimulate the economy during the Covid-19 epidemic. This plan allocated €1.2 billion, equivalent to 5.2% of Cyprus' 2019 GDP (Delivorias, 2022).

The idea behind this is to boost spending, which increases demand, and when this happens, the employment rate will increase income. Governments do this to kickstart their economy so things can run as smoothly as before the recession. Also, governments can provide support such as unemployment benefits that would put money in the hands of people who have lost their jobs and encourage more spending.

Furthermore, central banks may also lower interest rates to encourage people to borrow and invest.

Organizations' Response to Recession

During a recession, where economic activity dwindles, and there is a decline in revenue for organizations, it is logical to anticipate cost reduction measures such as trimming human labour and production expenses as an immediate response of organizations to the decline (Rones, 1981). However, research indicates that this strategy (cost reduction) often ranks as a last resort for most organizations, as they tend to adopt a holistic perspective, considering not only short-term remedies but also long-term implications (Rones, 1981; Yanqing et al., 2016). Therefore, the most immediate responses include introducing new or

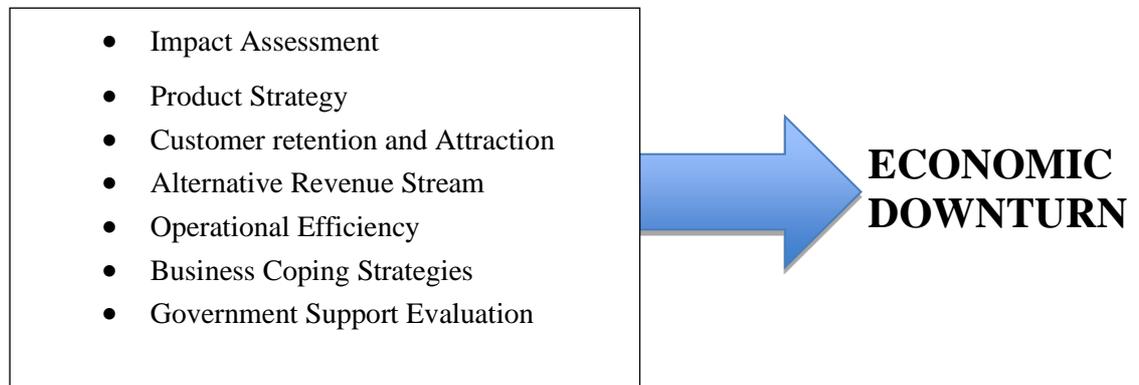
improved products/services, increasing sales efforts, reducing the range of products/services offered, and improving intellectual property use. These are known as revenue-generation strategies (Kitching et al., 2009).

The primary goal of any for-profit organization is to make a profit, and even when an economic decline persists, these organizations still strive to achieve this goal, hence, the various strategies (above) to increase sales; however, when these strategies seem to be non-effective due to intensity of the recession, then organizations may decide to adopt a more stringent strategy such as cost reduction. Cost reduction or cost-cutting methods refer simply to the strategies organizations implement to reduce their expenses. Some of these strategies include hiring freeze, lease negotiation, employee layoff, reduced work hours, reduced pay cuts (including benefits and rewards), reduced employee training, and so on (Kitching et al., 2009; Yanqing et al., 2016).

Certain theories shape these strategies. *The Economic Resilience Theory* centres on the capacity of an organization to adjust and bounce back from periods of economic downturn. The theory posits that organizations must possess a robust financial base, a varied range of products, and robust connections with suppliers and customers to endure economic swings (Hallegatte, 2014). *Innovation Theory*, which highlights the significance of innovation and creativity in sustaining resilience during periods of economic decline. Organizations can implement this principle to remain competitive and fulfil evolving consumer wants by creating novel product lines, providing distinctive customer experiences, and embracing innovative technologies (Bristow & Healy, 2017). *Supply Chain Resilience Theory* emphasizes the significance of robust and adaptable supply chains in sustaining corporate resilience. To bolster their ability to withstand economic downturns, organizations should strengthen their resilience through strategies such as expanding their network of suppliers, establishing alternate sourcing channels, and implementing efficient inventory management systems (Yao & Meurier, 2012). *Consumer Behaviour Theory* aims to comprehend the alterations in consumers' buying patterns during economic decline. To utilize this idea, organizations can do market research to discover changing consumer trends and preferences and then alter their product offerings and marketing methods accordingly to ensure their resilience (Milaković, 2021). *Adaptation Theory* highlights organizations' need to adjust and develop by shifting market

circumstances. To implement this idea, organizations should consistently observe market movements, maintain adaptability and flexibility, and strategically modify their business models to navigate periods of economic decline (Pike et al., 2010).

Figure 2.



Conceptual Framework

Conceptual Framework: Navigating Economic Crisis in the Clothing Retail Sector

Impact in its literal sense was defined by Fitz-Gibbon (1996) as any effect of the service or an event or initiative on an individual or group. This concept recognizes that the impact may be unintentional or intentional, favourable or negative. This phase communicates the assessments of the impacts of economic downturns on business owners and how economic downturns have affected their business operations negatively.

The importance of a product strategy: Having various products in one's business has proven to be a very strategic approach to tackling the effects of economic downturns. Having multiple product offerings can provide an effective means of aligning a firm's product line with demand (Sorenson, 2000).

Customer retention refers to a company's capacity to retain customers as repeat customers and prevent them from switching to a competitor. It indicates whether the quality of your products and services meets the needs of your present customers. (Olson, 2022). According to Reicheld (1996), customer retention is the activity organizations undertake to reduce customer defections. Most businesses want to create products and services that promote customer loyalty. However, companies frequently spend money on pricey features without fully comprehending how attributes that draw in new clients could differ from those that draw in current ones.

The fourth part suggests that having multiple income streams can help tackle the effect of economic downturns, whether as an individual or a business owner.

The primary definition of operational efficiency is a metric that assesses how well profit is generated in relation to operating expenses. An organization can cut down on unnecessary spending and increase income when its inputs and outputs are balanced. This is known as operational efficiency. Companies aim to produce a high-quality product at scale with the least resources (Hayes, 2022). A number of things come into play when referring to the operational efficiency of a business. Still, in this research, we look into inventory management and cost minimization, which are the two main elements retail businesses consider during economic downturns.

Business coping strategies are methods that small businesses come up with to survive what the effects of economic downturns throw at them. In this research section, the business owners basically did what they could to give themselves a fighting chance against the effects of economic downturns.

The final stage of the conceptual framework evaluates the government's support for business owners during economic downturns. It elaborates on the government's level of support or if they even lend any support at all. The government may take steps to try to correct an economy when the said economy has suffered from the effects of economic downturns. Governmental actions during a crisis have the potential to either mitigate or exacerbate harm. Crises have two possible uses: they can push unrelated agendas like climate change, which can permanently negatively impact the economy and society, or they can be used to liberalize or lead to more significant limitations on peaceful activity. Whether the aftermath lasts centuries or those impacted are promptly supported while releasing the economy for future growth will depend on political actions (Onge Gaël Campan, 2020).

Impact Assessment

Most apparel retail enterprises have reduced financial cushion, market purchasing power, and industry leverage as a result of the economic crisis. Because of this, a lot of companies take out loans and grants to maintain their operations. However, lenders are aware that they are unlikely to be as eager to lend money or provide grants to a company that does not have significant cash reserves or capital assets that can be pledged as security during times of increased economic uncertainty and risk. For example, when orders slow down or the register stops buzzing as frequently, nothing hurts a firm more during a recession than that. Aggregate demand falls during a recession, which means that most businesses see a drop in sales (Kindness, 2023).

Because liquidity problems affect customers and companies all the way up the supply chain, a recession may cause a company's accounts receivable to grow. Consumers who owe the business money may take longer to pay or fail to make payments at all. Consequently, the business might be compelled to defer

payments. However, when the Federal Reserve lowers the federal funds rate in response to the downturn, some big businesses could be able to refinance their debt at a reduced interest rate. Even when sales and earnings decline, most organizations still have to pay their set debt service payments (Archibugi et al., 2021). This is why past economic downturns have caused business bankruptcies to increase abruptly.

In order to save expenses, both large and small apparel companies may downsize, particularly if they require fewer employees to provide the reduced demand for their goods and services. Although employee productivity may grow, optimism may decline as workloads rise and compensation increases stall or decline due to the possibility of more layoffs. Because wages are sticky, employees are reluctant to accept pay reductions, even when layoffs are the likely alternative. In a very severe and protracted economic crisis, management and labor may agree to make cost concessions, such as lowering wages and benefits, in order to save the company and protect jobs.

Product Strategy

A strong product offering is the ultimate for the success of a business, merging products and services, including experiences, to draw and retain customers. To make a product thrive, its price must be economical and reflect its general value. Businesses need to appraise the Total Cost of Ownership (TCO) and communicate the product's distinctive benefit to its customers to differentiate it from its competitors. By concentrating on features, benefits, pricing, and value proposition, a product can become competitive, valuable, and attractive to customers. Adjusting product offerings starts with understanding the demands and needs of customers during an economic downturn. Businesses can pinpoint areas where their products can be improved by analysing financial capacity. This data can be used to develop new products or transform existing ones to meet customers' needs better. During economic downturns, the market is regularly changing, and businesses need to stay competitive. One way to achieve this is through adapting product offerings. By observing changes in the market, businesses can find new trends and opportunities to expand their product offerings. Customer preferences can change rapidly, and businesses need to be able to adjust to these changes.

Adapting product offerings can help businesses stay ahead of their competitors and meet customers' consistently changing needs. For instance, a company specializing in clothing may enhance a line of at leisure wear at an economical price to charm customers looking for comfortable yet stylish clothing (Carter, 2023). Also known as private labels, these goods provide consumers with unique options exclusive to a specific retailer (Parrish, 2010). It is commonly known that most fashion retailers have been selling their brands. Unquestionably, the fashion own-brand is a crucial component of the fashion retail sector and forms the cornerstone of the business plans of the major fashion retailers. Therefore, by creating their labels, fashion shops not only stand out from the competition but also can design and grow their brands internally—without the need for an intermediary—and produce goods of a higher calibre while spending less money than their rivals. They consequently benefit from far more significant revenues and a long-lasting competitive edge (Tekelas, 2018)

Customer Retention and Attraction

Pricing Adjustments

During an economic downturn, businesses often face decreased consumer spending and heightened competition. In such times, adjusting base prices, offering discounts, and providing allowances can be crucial strategies to stimulate demand and maintain market share.

Discounts become particularly significant during economic downturns as consumers become more price-sensitive and seek out bargains. By offering discounts for early or bulk purchases, businesses can incentivize consumers to spend despite economic uncertainty (Chakrabarty, 2018). Additionally, discounts can help clear out excess inventory, improve cash flow, and reduce carrying costs. Promotions are key in businesses in terms of consumer retention and attraction as they tend to attract new customers, reassure loyalty and repeat purchases, get insights into customer behavior, respond to market opportunities, and control and move excess stock, which will favour the business.

Customer Retention Measures

The percentage of clients a company keeps over a given time frame is known as its customer retention rate. During an economic downturn, effective customer retention strategies become even more crucial. They maximize the return on investment to acquire customers, drive higher-value sales, and turn satisfied customers into brand ambassadors. In challenging economic times, retaining customers can be a lifeline, helping businesses maintain a stable revenue stream and reducing the costs associated with acquiring new customers (Matthews-El & Bottorff, 2024).

It helps them to identify with the business and feel associated. Although it might not be agreeably disclosed, there are so many brands the public may like to be associated with, while others would shame them (GoCardless, 2022). Additionally, by sharing values with customers, another good strategy for retaining customers is to make them feel upright about associating with your business. For instance, shoppers know most purchases will go toward fighting childhood cancer or charity projects. Therefore, it can provide a long-term feel-good factor that motivates future purchases.

Promotional Activities

In an economic downturn, organizations that focus on relationship marketing by developing lasting relationships with their profitable clients gain a significant advantage rather than concentrating on short-term gains. Customers tend to trust these organizations more, and the mutual dedication helps both parties achieve their goals even in challenging times. By fostering solid and long-term relationships, businesses can create a loyal customer base that supports them through economic hardships. Therefore, increased commitment and trust eventually improve client retention (Hilman and Hanaysha, 2015).

Alternative Revenue Streams

During economic downturns, businesses often explore alternative revenue streams to diversify their income and mitigate the impact of reduced consumer spending. Revenue streams, which encompass how a business generates income

from its products or services, become even more critical during economic uncertainty. In contrast to periods of economic stability, businesses facing downturns may need to adapt their revenue strategies to sustain profitability and weather financial challenges. Diversifying revenue streams can help businesses reduce reliance on a single source of income and navigate fluctuations in demand or market conditions (Osterwalder & Pigneur, 2010). More so, e-commerce can serve as an alternative revenue stream for retail businesses. There are many steps businesses can take to thrive in their online sales, and one primary instrument needed to achieve this is the use of analytics tools such as Google or social media. Small retail shop owners can now include Internet communication in their business plans thanks to the social media marketing phenomena, which also serves as a platform for promotion (C. Cant & A. Wiid, 2016). According to Nobre and Silva (2014), Internet communication provides small business executives with a technology framework and site. The study's findings obtained information on websites like Facebook, LinkedIn, Twitter, and YouTube. Businesses extensively use these websites to raise customer connections, expand their brand awareness, and simultaneously reach millions.

Operational Efficiency

Inventory Management

During economic downturns, effective inventory management becomes even more crucial for businesses of all sizes. With economic uncertainty affecting consumer demand and purchasing patterns, businesses must carefully balance their inventory levels to minimize risk and maximize efficiency.

The increased risks connected with inventory during economic downturns make inventory management even more crucial. Missed sales opportunities might arise from a lack of inventory when needed, and spoiling, theft, or obsolescence are risks associated with excess inventory. Inventory management is crucial for both small and large enterprises for these reasons. When to replace inventory, how much to buy or make, how much to pay, and when and how much to sell can all be combined into one decision (Hayes & Kelly, 2024). In a downturn, businesses may face increased pressure to reduce costs and optimize resources, making

effective inventory management essential to minimize losses and maintain profitability. The largest corporations utilize highly customized software as a service application.

For companies with multifaceted supply chains and manufacturing methods, matching the risks of inventory glut and shortages is particularly difficult. To arrive at these balances, businesses have developed several methods for inventory management, including Just-In-Time (JIT) and Materials Requirement Planning (MRP).

Cost Reduction

During economic downturns, businesses prioritize operational cost reduction as a critical strategy to navigate challenging financial circumstances. This process entails carefully examining all aspects of a company's operations, methods, and resources to identify opportunities for saving money. Cutting overheads certainly leads to businesses having additional money available to spend. The surplus can then be channelled towards debt reimbursement, investing in new opportunities, or boosting cash reserves. As a result, this can also improve businesses' creditworthiness.

Furthermore, pundits mentioned both investment and layoff plans during the 2008 recession. According to Pearce and Michael (2006), the primary objective of reduction is to stabilize a company's finances to weather the crisis. Retrenchment actions, therefore, based on past experiences with recessions, might enable businesses to emerge from a downturn by reducing costs and limited assets (Pearce & Michael, 2006).

Business Coping Strategies

During economic downturns, major fashion retailers have increasingly turned to the Internet as a vital strategy to navigate their challenges. For many businesses, embracing e-business has proven exceptionally beneficial during these

uncertain times. E-business, a concept that has evolved significantly over the past decade, specifically refers to businesses operating on the Internet, serving clients, collaborating with suppliers, and engaging with partners through online platforms.

Amid economic downturns, the adoption of e-business becomes even more crucial for fashion stores striving to maintain their competitiveness and profitability. By establishing a robust online presence, these businesses can reach a wider audience of consumers who may be more inclined towards online shopping due to financial constraints or safety concerns.

Government Support Evaluation

Government support plays a significant role in the support of businesses during economic downturns, both small and big. Some support that the government can give to businesses includes financial support, technical support, and institutional support.

In order to help firms start, grow, upgrade, and innovate, the financial support program seeks to give them direct or indirect cash. The following are a few instances of this funding: non-repayable grants that are awarded to companies for particular advancements or initiatives; Repayable loans, which include interest rates and terms of payback, are funds granted to enterprises with an agreement. The government agrees to compensate all or a portion of the losses sustained by creditors in the event that enterprises fail to make loan payments. Equity is the term for the shares or stakes that the government grants in return for money or firm ownership. Tax incentives are exemptions or tax reductions granted to enterprises in accordance with their revenue, costs, or investments (Kumar & Singh, 2023).

Technical assistance seeks to assist companies in raising the caliber of their goods, services, procedures, or technologies by providing guidance, oversight, information, or tools. The following are a few instances of government technical support: Professional services such as consulting are provided by professionals to firms on a variety of topics, including management, marketing, finance, and innovation. When it comes to leadership, strategy, planning, and problem-solving, coaches provide businesses individualized services. The instructional services that

trainers or instructors provide to businesses in order to help them enhance their knowledge, abilities, attitudes, or behaviors are referred to as training. Information about markets, customers, competitors, or trends that is given to organizations by platforms or sources in the form of data, facts, or insights. Providers or facilitators offer firms tools like gadgets, software, or techniques to boost quality, productivity, efficiency, and innovation.

Establishing legal, regulatory, and administrative frameworks to enable enterprises manage their operations in a competitive and favorable climate is the goal of institutional support. Legal help is one type of this assistance, wherein firms are given laws, regulations, and standards in areas such as intellectual property, contracts, dispute resolution, or compliance by authorities or agencies. Licenses, permits, or permissions granted by authorities or agencies to businesses for the purposes of registration, certification, accreditation, and business inspection are known as regulatory assistance. In order to improve business documentation, reporting, filing, and payment, administrative support refers to the methods, processes, or services that authorities offer firms.

Governance support implies policies, strategies, or plans given by authorities to businesses on certain facets of their businesses such as the business's vision, mission, objectives, and goals.

CHAPTER III

Methodology

Research Goal and Methods

This study aims to investigate and understand how retail clothing businesses can withstand and survive economic downturns in North Cyprus.

Research methodologies are divided into three main types: quantitative, qualitative, and mixed methods. The methodical collection and analysis of numerical data is a component of quantitative research. It has the ability to recognize trends, compute averages, forecast, investigate causal relationships, and extend results to larger populations (Bhandari, 2023). Furthermore, as stated by Cohen (1980), quantitative research is a form of social research that utilizes empirical methodologies and makes empirical statements. Instead of stating what should or ought to be the case, he defines an empirical claim as a descriptive statement that alludes to the actual state of affairs in the real world. Typically, numerical values are used to describe empirical claims. Applying empirical assessments is another facet of quantitative research. Empirical evaluations are a technique that uses empirical data to determine whether a program or policy satisfies or falls short of a specific standard or norm. In contrast, mixed methods research incorporates elements of both qualitative and quantitative research to answer your research question. Because mixed techniques integrate the benefits of both quantitative and qualitative research, they can yield a more thorough knowledge than either approach alone (George, 2023). Mixed methods research has emerged as a distinct methodological approach in the last two decades, complementing the existing methodologies. Qualitative research is a systematic approach that involves the collection of facts, concepts, and evidence to investigate the underlying mechanisms and reasons behind particular phenomena. This is often achieved by exploring standard views (Aspers & Corte, 2019; Gartner et al., 2021). According to Gephart and Saylor (2020), qualitative research encompasses

investigative methodologies that do not depend on statistical analysis to effectively examine intricate investigations from a naturalistic perspective of social phenomena. For this research, one-on-one in-depth interviews were conducted with store owners to properly depict real-world phenomena pertaining to how retail clothing businesses scale through economic downturns in North Cyprus, which meant that a qualitative approach was best suited for this research. The data to be obtained is first-hand, as no previous research has been conducted in the region. The research uses primary data that the researchers will physically and manually obtain. Several retail clothing store owners selected through purposive sampling agreed to participate and share their experiences and practical insights. It implemented strategies that have sustained its business during at least one economic downturn. The researchers targeted retail clothing stores operational for at least three to four years to obtain adequate data on the research topic. Their years of operation, location, store size, and tactics varied, but the practical knowledge and data were equally and ethically gathered from all the participants. The population for this study is retail clothing stores in North Cyprus, and the sample size is 15 clothing store owners, who are the participants in our data-collecting process.

Data Collection

According to Umadia (2020), research instruments encompass many data collection methods, including questionnaires, interviews, observations, prompts, and procedures, which serve as measurement tools. The researcher assumed the role of the primary instrument for data collection. Olatunji (2021) suggests employing methodologies such as surveys and semi-structured interviews. Semi-structured interviews allow researchers to obtain valuable insights from expert participants who possess expertise in the specific phenomenon under investigation (Broisy et al., 2020). Surveys or questionnaires have facilitated deliberate investigations to collect individual viewpoints. This approach allows participants to systematically express their personal experiences about a particular research subject (Ewin, 2021).

The data collection process for this research involved one-on-one, in-depth interviews that were conducted face-to-face with the participants.

Data Collection Tools and Techniques

Two academicians who are also experts in the subject of marketing at Near East University and two professionals who are still employed in the industry provided their thoughts that were carefully considered when crafting the questions. The interview was carried out utilizing an in-depth interview methodology, which is a qualitative data collection method.

To find out if people comprehended the in-depth interview questions, a pilot research was carried out. In order to establish the final version of the interview questions and assess their reliability, a pilot test was administered to ten participants. The data gathering phase began once the ethics committee authorized the questions after it was decided they were understandable. The purpose of this study is to examine how retail clothes stores endure economic downturns. In addition to helping new retail store owners get acquainted with the business and environment they intend to enter, the study will assist them get ready for any future downturns. To accomplish this, a set of eleven open-ended interview questions was created for the participants. The duration of the interviews, which lasted between thirty and forty-five minutes, was decided by the participants. The participants were told before the interview sessions began that their personal and professional information would be kept private, that they would only be used in this study, and that they would be identified by their numbers. Each participant received a number for this. For instance, the first person is denoted by the participant 1 number. Voice recordings made by the participants were analyzed and turned into text.

Data collection and analysis were carried out concurrently. Examining the data is the initial step. This covers the steps of arranging the data, drawing broad conclusions from it, taking brief notes, and deciding whether more data collection is necessary.

CHAPTER IV

Findings

This section presents the research analysis and results from interviews with retail clothing store owners in Northern Cyprus. A total of 12 respondents were included in the study, and they were asked eleven questions, which were considered central to the research.

Demographic Profile of Interviewed Retail Clothing Store Owners

Table 1 below shows the demographic information of respondents sampled for this study. The data is presented under subheadings, including gender, nationality, number of employees, and years of operation. In contrast, the number before each demographic shows the time each demographic with the same characteristic appears respectively.

Table 1.

Demographic Profile of Interviewed Retail Clothing Store Owners

<i>Gender</i>	<i>Frequency</i>	<i>Percentage</i>	<i>Nationality</i>	<i>Number of employees</i>	<i>Years of operation</i>
Female	6	50%	4: English Turkish	(1-10)	(1-5)
Male	6	50%	7: Turkish 1: Pakistan	(10-20) (20 and above)	(5-10) (10-20)

Impact Assessment on Economic Downturn

The first part of the interview focuses on the Impact of the economic crisis on retail clothing shops in Northern Cyprus. Based on the conceptual framework, we got the following question.

1. How has your clothing store affected the recent economic crisis in North Cyprus?

Table 3 shows the frequency and the percentage of the themes about the effects of the economic crisis on retail clothing stores in Northern Cyprus. The frequency refers to the number of times a theme appears in the data, while the percentage can be used to provide a rough indication of the occurrence of certain themes.

Table 2.

How Has Your Clothing Store Been Affected by the Recent Economic Crisis in North Cyprus?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Inflation and exchange rates	2	13.3%
Decrease in consumer spending	6	40%
Government restriction	1	6.7%

Table 2 reports from various retail clothing store owners. One of them mentioned inflation (increase in the cost of goods and services) as an effect of the economic crisis in Northern Cyprus on their business. This participant went further to state how this caused a decrease in sales for her business.

“I buy my clothes in dollars and sell them in Turkish liras so I've always had to keep up with the inflation rate constantly. People's incomes go up, but prices go up, so it affects everybody. Clothing was a secondary need, so people didn't buy clothing during the crisis because I sold dinner gowns and dresses. So since people weren't going anywhere and everyone was trying to survive, we weren't making sales for ten months, which affected us really badly.” (Participant 2)

Furthermore, another participant emphasized how inflation has caused an increase in the exchange rates, which has equally affected their business in Northern Cyprus. This is what another retail clothing store owner has to say,

“It affected the walking-in customers. Due to inflation, the exchange rates have gone higher, and because we buy our products in dollars and sell them in Turkish lira, this hindered people from buying.” (Participant 1)

More so, the majority of the retail clothing store owners had one typical response to this interview question, the response being a decrease in sales, which is a result of a decrease in consumer spending due to various economic crises that they have experienced. This is what one of them had to say;

“People started spending less on clothing as it wasn’t necessary then. This reduced our sales significantly. We also make clothes, so production is reduced due to a decrease in orders.” (Participant 9)

Two retail clothing store owners responded that the decrease in consumer spending led to some of their goods damaging because of the short shelf life that the goods had. Because of this, they eventually had to dispose of some of them that were bad and could not be sold, which was a loss for the business. This is what one participant had to say;

“It was tough for my business to survive during the crisis; most of my goods I had to put on sale, and some of them started getting bad, like the shoes, for example, they have a short shelf life of 4 years, so when the crises hit some of the shoes were already in the shop for more than a year so those started turning yellow and getting bad so we ended up throwing them away. It was a terrible time for people in my sector.” (Participant 6)

One of the participants mentioned one thing that affected her business during one of the major economic crises that hit Northern Cyprus, the COVID-19 pandemic, which was government restrictions. The participant expressed how this hindered her from selling and running her business. This is what she had to say:

“Before the pandemic started, I had already stocked up on my inventory for the new season, so when the government started permitting me to operate. I was one

of the first few shops they granted permission to operate, but it was restricted. I live in Lefkosia, so I couldn't keep coming to Girne with the restrictions that were put in place. I couldn't do deliveries that much, and it affected my business as a whole.” (Participant 4)

Product strategy

This is a situation in which retail clothing store owners adjust their product mix to fit the demand and the purchasing power of their consumers or target audience. In this research, an interview was conducted in which twelve retail clothing store owners in Northern Cyprus were asked a particular question;

What changes have you made in your product offerings?

To better understand how these retail clothing store owners have been able to adapt to the current situation in the economy of Northern Cyprus,

Table 3 shows findings that represent retail clothing store owners' adaptation strategies regarding their product offerings. It means information in the form of participant themes on the determinant factors that contributed to their product strategies.

Table 3.

What Changes Have You Made in Your Product Offerings?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Essential over luxury	2	13.3%
No changes	7	46.6%
Fashion trends	3	20%

In Table 3, two participants mentioned adding to their product offering based on affordability, durability, and increase in demand. Due to various economic crises, they had to adjust their product offering to match what their consumers and target audience needed. This is what participants had to say as regards essential over luxury;

“Before the recent crisis, we used to sell smart clothes, but when the crisis hit, we noticed that people's styles had changed. For example, before the crisis, people who worked in banks never used to wear trainers or jeans. Still, after the crisis, people who worked in offices or banks started wearing more casual wear because it was easier to wash and maintain so we started selling more casual wear. We discovered it was better cause sales started going up.” (Participant 1)

In contrast, many retail clothing store owners who were interviewed mentioned that they did not change their product offerings because they already had a significantly wide product range, so they did not feel the need to add to what they already had. This is what two participants had to say;

“I didn't change my product offering because I already sell a range of products from trousers to shirts, tops, dresses, bags, underwear, male clothes, swimwear, etc. I only reduced the product I brought in because people weren't buying as much.” (Participant 4)

“We already have a range of products from clothes, shoes, bags, accessories, and perfumes, so no we didn't make any changes to our product offering.” (Participant 10)

Lastly, three participants mentioned the fashion industry and how new trends keep arising. Hence, they do their best to keep up with the fashion trends amid economic crises to remain valued by their consumers and target audience. This is what one of the retail clothing store owners had to say;

“We normally sell wedding dresses, evening dresses, after-party outfits, etc, but when the crisis hit, we added accessories to our product line, such as jewellery, bags, and hair accessories. Also, you have to keep up with the trends in the fashion industry, so I brought in new products.” (Participant 9)

Customer Retention and Attraction

This part of the conceptual framework analyses factors that make customers or prospective customers see a retail clothing business and decide to patronize it even amidst economic downturns. These factors include pricing strategies,

customer retention, and promotional activities, which are based on these interview questions;

3. What changes have you made to the pricing of your products?
4. What measures have you taken to retain your existing customers?
5. What new promotional activities have you used during this period?

From the third part of the interview questions, we were able to pull two themes from the participants' responses relating to the changes they made to the pricing of their products. Prices depended on exchange rates, and Turkish lira devaluation led to price hikes.

Table 4 shows the frequency and the percentage of the themes contributing to price changes from retail clothing store owners in Northern Cyprus. The frequency refers to the number of times a theme appears in the data, while the percentage can be used to provide a rough indication of the occurrence of certain themes.

Table 4.

What Changes Have You Made to the Pricing of Your Products?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Dependent on exchange rates	7	46.6%
Turkish lira devaluation leads to price hikes.	3	20%

Table 4 reports responses from various retail clothing store owners in Northern Cyprus. Seven of them reported that one of the significant determinants contributing to the changes they made in their pricing was the fluctuating exchange rates. The economic crises that have hit Northern Cyprus have caused exchange rates to fluctuate. Since a majority of the retail clothing stores on the island import the products, they sell from abroad in foreign currencies and then have to come and sell to their customers in the local currency, which is the Turkish lira; the exchange rates are a significant determinant of their prices so the higher the exchange rates, the higher they put their prices to be. This is what two of the participants had to say on the matter during the interview;

“Because we buy our goods in dollars, we can't make many changes. It all depends on the exchange rates. So if the receiver has new stock, even if it is an old item that I'm restocking, I have to change the price if the dollar rate has changed.” (Participant 1)

“We usually buy our products in dollars, so when the exchange rate started going high, we had to increase our prices accordingly; otherwise, we won't be able to put back our stock.” (Participant 6)

One other participant went further to mention that because of this, she expanded her product range and had products that fit the different income levels of people so customers could still come and make purchases from her shop. This is what she had to say;

“For the pricing, it just depends on the exchange rate because I buy things with dollars and sell in Turkish lira, and I have to make a profit; that's one of the reasons I expanded to a range of products, so now I have customers from different class and income levels who can find what they are looking for in my shop so I'll always make sales. The pricing varies. I have products selling for very low prices, and I have products for very high prices.” (Participant 2)

Furthermore, three retail store owners mentioned that the economic crisis in Northern Cyprus has caused a decline in the value of the Turkish lira, resulting in price hikes in their business sector. One of them had this to say about the matter;

“ My pricing was affected by the recent economic crisis because it became more difficult to order things from our suppliers; they had increased their prices, and the exchange rate increased as well because the Turkish lira declined in value, so we then had to increase our prices for our goods even if we didn't want especially after everything that had happened, but because we had to pay our remaining staffs and keep the business moving our prices had to go up.”(Participant 5)

In the fourth part of the interview questions, we derived three themes from the participants' responses pertaining to customer retention. They spoke about measures that they've taken to maintain their existing customers, mainly keeping

good relationships with their customers, having competitive pricing, and running discounted sales in their shops.

Table 5 shows findings that represent the customer retention strategies retail clothing store owners have adopted to retain their existing customers.

Table 5.

What Measures Have You Taken to Retain Your Existing Customers?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Nurturing customer relationships through social media and direct calls	3	20%
Using a competitive pricing strategy	2	13.3%
Discount sales	5	33.3%
Adapting digital channels to improve sales and customer connection.	1	6.6%

Table 5 shows responses from retail clothing store owners in North Cyprus; four mentioned how keeping and maintaining good customer relationships has helped them retain their existing customers. Little acts like calling to check up on their customers and making in-person deliveries made their customers feel special and close to them, and this went a long way in making their customers keep coming back to them despite the economic crisis; this is what two participants had to say; *“We kept in touch with our customers through our social media platforms and direct calls just to check up on them and keep in touch.” (Participant 8)*

“During the crisis, we were mainly selling through our social media accounts and delivering the products ourselves to our customers, so we were able to maintain that close relationship with them.” (Participant 1)

Some of the participants emphasized maintaining good customer relationships; another two spoke about having competitive pricing and selling good quality products, which has contributed to retaining their customers despite the economic crisis in Northern Cyprus. This is what another retail clothing store owner has to say;

“Our prices are very competitive and we give discounts on our products so even people who are not so rich can afford to buy our products. Our products are also of good quality so with this, we were able to retain almost all our customers. Despite our price increase, we could retain most customers because we kept it competitive.” (Participant 5)

Furthermore, many retail clothing store owners mentioned that they ran discounted sales on some of their products, especially the ones that had been in the store for a while and some of their current products; with this, they could draw back their customers. Two of the participants said,

“We did a buy one get a discount on the second item kind of sale to keep our existing customers coming through our door. Also, we gave discounts for brides who wanted to shop for their maid of honour. This made them very happy, and they purchased from us.” (Participant 9)

“We did discount sales on our old stocks. We also have an outlet space where we sell limited old stock at discounted prices. More so, we did online sales and then made deliveries door to door; this was also a good way to keep in touch with our customers.” (Participant 11)

Lastly, the fifth part of the interview questions, which further explains the conceptual framework, discusses the promotional activities these retail clothing store owners engaged in to maintain customer retention. We could derive three themes from the participants' responses about their incorporated promotions. The promotional activities that were primarily mentioned in the responses from the participants during the interviews were holiday promotions and social media

marketing; just one of the participants mentioned that they didn't perform any promotional activities at all.

Table 6 shows findings that represent the promotional activities retail clothing store owners have adopted to retain their existing customers.

Table 6.

What New Promotional Activities Have You Used During this Period?

<i>Themes</i>	<i>Frequency</i>	<i>Percentages</i>
Running promotions during special days	2	13.3%
Social media marketing	9	60%
No promotion	1	6.6%

Table 6 shows two participants mentioning that they performed holiday promotions. In other words, they ran promotional activities such as gift vouchers, discounted sales, and handouts during holiday seasons to aid customer retention. This is what one of them has to say;

"I did my normal sales like most shops do, like the end of winter and summer sales, Christmas and other special days. Also, if I have one size left of a product, I immediately put it at half price so it sells out. On days like Women's Day or Mother's Day, I tend to hand out things to keep the customers coming in. During the first week of Bayram, I have gift boxes so anyone who spends more than a thousand tl can pick any gift they want. The gifts are usually new season stuff from the shop, so this brings in a lot of customers." (Participant 2)

More so, the themes reported by nine retail clothing store owners mentioned social media marketing as one major promotional activity that they used to widen their reach and enable customer retention in the long run. They spoke about how it helped their business stay afloat during times of economic downturns in Northern Cyprus; this is what one of them had to say;

"I used mostly our social media accounts to do our promotions, and it was convenient for us because we have a cargo system, so if any of our customers

wanted any of our products, all they had to do was order through our social media accounts, and then we would deliver it to them. This was actually what we used to stay afloat during this period.” (Participant 5)

Another went further to speak about how they noticed word-of-mouth advertising and where their shop is located in town, which helped them gain many customers without having to do too much. The participant said,

“We have social media accounts and usually post regularly and run paid promotions there, too. Also, we noticed that word-of-mouth advertising has helped us boost our sales, so when customers come to buy from us, they go and tell their friends and come down to buy things. The location of my shop has also helped me gain a lot of customers in the past years because I’m located in a very open place in the city center of Girne, so it is easy for both locals and tourists to see and locate my shop so this has helped me boost my sale as well.” (Participant 6)

In the end, just one participant had something different to say: they didn’t do any promotional activities at all because they already had a very large active customer base, so they were good. This is what the participant has to say;

“We didn’t do any promotional activities for the business because we have a large customer base; all we did was to keep a close relationship with them.” (Participant 8)

Alternative Revenue Streams

This section of the conceptual framework focuses on considering online sales or other revenue streams that would help offset the effects of economic downturns. With this, we were able to derive this question;

6. Have you considered expanding into online sales or other alternative revenue streams to offset the effects of the economic downturn?

While doing this research, it was discovered from the majority of the participants that the kind of online sales they do in this region is the type that is solely with their social media accounts where they post their products for their customers to see, place orders and then they deliver it to them. They do not have websites for

their business, and even the ones that do, they use it just as an attraction to draw their customers or target audience to their physical store.

Table 7 depicts the responses from the retail clothing store owners on whether or not they considered going into online sales. It represents their responses in the form of themes accordingly.

Table 7.

Have You Considered Expanding into Online Sales or Other Alternative Revenue Streams to Offset the Effects of the Economic Downturn?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Haven't considered	4	26.6%
Considered but not implemented	2	13.3%
Considered and implemented	3	20%

Table 7 shows four participants stating that they haven't considered going into online sales for their businesses through websites. The reason they gave was that the occupants of the region where they operate their business, who are the people who live in Northern Cyprus, whose target audience hasn't favoured the idea of not seeing, feeling, or trying on the clothes before buying them. Also, they mentioned during the interview that even with the online sales they make via their social media accounts, only their existing customers have been with them for years and are already familiar with their products and sizes that place orders and make purchases. This is what one of the participants has to say;

“Apart from our social media accounts, we haven't ventured into online sales. Because of our environment in north Cyprus, people want to come and touch, feel, and see before buying, so no, I haven't really considered online sales.”
(Participant 1)

Another participant went further to say that an additional reason for not venturing into online sales via creating a website is the stress it will cause and the time it will take to run and maintain it, so she would instead focus on what she has going on. The participant also mentioned that her business social media accounts are used mainly for advertisements to attract and bring customers down to the shop. This was her response;

“Because of the state of my shop and how North Cyprus people are, it's not feasible to do online sales. People in this part of the world want to come and feel, see, and test the product before buying it, so I haven't really gone into online sales. Also, having an online sales platform will be very hectic to run in terms of putting the sizes of each product, making sure everything is perfect, and so on, and I can't run it right now. Therefore, most of my advertisements and promotions are targeted towards making customers come to the shop to buy.” (Participant 4)

Regarding the second theme in the table, two participants stated that apart from their social media accounts, they have considered going into online sales via a website but did not go further to implement it. A primary reason they gave is the returning issue, whereby a customer would not be satisfied with the size of the clothes or how they look on them and would want to return them. This usually strains their business, which is why the first category of people said they haven't considered online sales via websites. People in this region prefer to know exactly what clothing they are buying. This was one participant's response;

“I have considered venturing into online sales, but what has discouraged me a bit is the return policy. In this country, people want to see, feel, and test what they are buying before they buy it. We have had experiences where customers would order something, and then when it gets to them, they either have a problem with the size or it does not look good on them, and then they would want to return it. The more this happens, the more it strains the business and increases our expenses. Our existing customers who have been with us for years can afford to order through our social media accounts because they are already familiar with our standards. Still, our new customers are the ones who usually have this problem, so going into full online sales is not in the cards for us; we are ok with the ones we are already doing.” (Participant 5)

In the last theme on Table 8, the frequency shows that three of the participants mentioned that they have considered online sales via a website and they have implemented it. One of them mentioned that it has favoured their clothing business, especially during times of economic crisis. This was the response of the participant;

“Yes, I have considered expanding into online sales; due to the crisis, I opened a website for my shop because I discovered that many people were spending most of their time online. We were making free deliveries to our customers who were ordering online, and the money we got from that was used to pay our staff. Right now, we have had more online sales than even the walk-ins.” (Participant 11)

Table 8 depicts the responses from the retail clothing store owners on the second aspect of this particular conceptual framework, which is whether or not they have alternative revenue streams to offset the effects of economic downturns. It represents their responses in the form of themes in the table.

Table 8.

Have You Considered Expanding into Online Sales or Other Alternative Revenue Streams to Offset the Effects of the Economic Downturn?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Have an alternative revenue stream	3	20%
Don't have an alternative revenue stream	8	53.3%

Table 8 depicts that 3 participants mentioned that they have an alternative income stream to offset the effects of economic downturns. This is what one of the participants said;

“We only have social media where we sell our products and do deliveries for our customers. Aside from our retail clothing store, we also have a wholesale business where we ship goods in bulk and supply them to our clients.” (Participant 10)

Then, the majority of the participants said that they do not have alternative streams of income and that they are only running their retail clothing store as their only revenue stream, which makes us, the researchers, wonder if they are just overly contented with the business that they have or they just can't be bothered. This is what one of them had to say;

“I am just operating physically and also through my social media accounts. I don't have a website or any other alternative source of income.” (Participant 3)

Operational Efficiency

In this segment, we expatiate how retail clothing store owners have been able to manage their operations while running their businesses amidst economic downturns in Northern Cyprus. The efficiency of their operational management was divided into two main factors that contributed to the research: inventory management and cost minimization. With this, we were able to derive the following interview questions;

7. How have you maintained your inventory levels during inflation and recession?
8. What steps have you taken to minimize costs and streamline operations in response to the economic challenges?

To better understand how they managed to keep their businesses running during the economic crisis in Northern Cyprus.

Table 9 shows findings that represent responses to one of the participants' factors on how they managed and maintained their inventory levels amidst economic downturns in Northern Cyprus. Their responses were divided into four themes, as shown in the table.

Table 9.

How Have You Maintained Your Inventory Levels During Inflation and Recession?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Reduced inventory intake	4	26.6%
Rearrangement of stock	2	13.3%

Bank loans	2	13.3%
Discounted prices from suppliers	1	6.6%

Most participants said they reduced their suppliers' inventory orders during economic downturns. As Table 9 shows, four participants mentioned this in the themes. Their reason was that people weren't buying as much, so it made no sense to flood their inventory with stock that might end up sitting in their shop for too long. They were taking in stocks as they were making sales, which was little by little. This was the response of one of the participants;

“As I mentioned, when the crisis hit, I wasn't ordering too much stock because people weren't buying as much, so I never had too much stock. I tried to maintain it according to how I was making sales. Also, I couldn't even order too much stock because if I did, I would pay more money to the shipping companies, so I had to order according to how I was selling. As time passed, I increased my order intake, but prices have increased, and people have not bounced back fully regarding their spending.” (Participant 4)

In other words, two retail clothing store owners took a different approach to managing their inventory. While they couldn't take in too much stock during economic downturns, they went further to restructure the stock they already had, making it appear as though they were new in the eyes of their consumers. This is what one of them had to say;

“During the crisis, we stopped bringing in products because we did not have that many customers, so we just put a hold on bringing in products. What we were doing was changing the arrangements of the shop when things started to open up so when customers who had been to the shop already came again, they would see a new arrangement, and this made them think we had new stock when we were rearranging the products in the shop so this was how we were able to sell off our inventory.” (Participant 6)

Two other participants had it really bad due to the effects of economic downturns in Northern Cyprus, so much so that they had to take bank loans to maintain their inventory levels. This is what one of them had to say;

“I took credit from the bank to be able to maintain my inventories.” (Participant 7)

Fortunately, one of the participants was lucky enough to receive a good turn in the form of discounts and purchases on credit from their suppliers, so they could still bring in goods and manage them according to the sales they were making in their business. This was the participant's response;

“We have specific partners that we have been working with for years who are our suppliers, so they could give us some discounts and even allow us to order on credit during this period. We had two partners that we had been working with, one in Asia and the other in Turkey; these were our main suppliers because they sold similar products, but a time came when we could no longer order from our Asian suppliers due to different crisis that was happening, this affected our supplies from that part of the world. Hence, we had to fall back on our partners in Turkey, so our inventory levels were reduced slightly.” (Participant 5)

The second factor of this segment is cost minimization. Here, the themes show the participants' responses on how they have minimized costs in their business during economic downturns and the frequency of how many people gave those responses. Table 10 shows findings representing the cost-minimization methods retail clothing store owners have adopted to stay afloat amidst economic downturns.

Table 10.

What Steps Have You Taken to Minimize Costs and Streamline Operations in Response to the Economic Challenges?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
Applied multiple cost-cutting measures	1	6.6%
Reduced inventory intake	1	6.6%
Laid off employees	1	6.6%
Reduced operating hours	2	13.3%
Decreased profit margin	2	13.3%

Did nothing	4	26.6%
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Cost minimization was used to gain insights into how retail clothing store owners managed their expenses amidst economic downturns. Table 10 shows clothing retail stores' various cost-minimization approaches to survive the financial crisis. One participant mentioned that she did different things to minimize cost, such as reducing the working days of her menial staff, like the cleaners, window washers, etc., as it wasn't necessary to make them come in so frequently. She also mentioned that she and her staff did deliveries themselves, so they didn't have to pay any delivery or cargo company to deliver items to their customers. This was the response she gave;

“We had to minimize costs during times of crisis because it was a difficult time for everybody. For example, our shop cleaner wasn't coming every week, I wasn't bringing in fancy clothes because no one was wearing that at that time, and I started bringing in sportswear because everyone was doing fitness at home. Also, since we were delivering ourselves, we didn't have to pay any delivery person. Since we made a few sales through our social media accounts, it was enough to pay our rent and other expenses.” (Participant 1)

One retail clothing store owner reported that they reduced their inventory orders so they wouldn't have to pay too much money to the shipping companies they were working with. This is what the participant had to say;

“Like I said, I reduced my bulk order so I wouldn't pay much money to the shipping company.” (Participant 4)

Another retail clothing store owner said they had to lay off some employees to cope with the economic crisis. This is what the participant's response was;

“We had to reduce our workers so that we would pay fewer people and pay insurance for fewer people, so this helped us minimize our cost greatly.” (Participant 5)

Two retail store owners took a different approach to minimizing costs in their business during economic downturns. What they did was to reduce their operating hours to cut down on operational expenses such as electric bills, water bills, etc. This was one major thing that Participant 6 did to minimize cost;

“We didn’t lay off our workers; we reduced their salaries to cover the expenses. We also reduced our operating time, so we used to open the shop for 10 hours a day, but we reduced it to 6 hours a day to save us paying more money on our electric bill.” (Participant 6)

Two other retail store owners out of 12 who were interviewed mentioned that they decreased their profit margin to make sales to cope with the economic crisis. It wasn’t easy, but they had to make drastic decisions to cope with the economic downturns. This is what the participant said;

“To continue making sales, we had to sell at discounted prices, which meant we had to reduce our profit margin to cope with the economy. We also reduced our operating hours to cut down on our bills.” (Participant 8)

Lastly, 4 participants mentioned that they did nothing to minimize costs amidst economic downturns. One even went ahead to say they just took on all the expenses as they were coming and did nothing to try to minimize it, which I find very concerning, except if they had other streams of income, which is still not a good enough reason not to try to minimize cost at all in your business. This is what two of the participants had to say;

“We couldn’t do anything about minimizing our cost; we just had to be paying for everything as it came.” (Participant 10)

“I haven’t done much to minimize cost.” (Participant 11)

Business Coping Strategies

This sector of the conceptual framework involves the game plan retail clothing stores can develop to tackle challenges that may arise due to economic downturns. We will be looking at some interview questions used in our research.

9. What other strategies have you implemented to cope with inflation and recession?

Table 11 shows findings from retail clothing store owners in Northern Cyprus on other strategies they've used to cope with economic downturns while running their businesses.

Table 11.

What Other Strategies Have You Implemented to Cope with Inflation and Recession?

<i>Themes</i>	<i>Frequency</i>	<i>Percentages</i>
Credit loans from banks	2	13.3%
Changed prices to foreign currency	1	6.6%
Advertisement	1	6.6%
No other strategies	4	26.6%

In Table 11, 2 participants explained that they took out bank loans during times of crisis because the banks gave out money with relatively low interest rates and a well-spaced payback payment plan that gave them more than enough time to get back on their feet and repay the loan. One of the participants said,

“We took a credit loan from the bank, and we were given a perfect time frame to pay it back.” (Participant 8)

The other participant mentioned that she received discounts from her suppliers for bulk orders, which she took advantage of, switched up her product offerings, and expounded on the benefits she got from taking out the bank loan during the economic crisis in Northern Cyprus. This is what she had to say;

“My shop usually deals with things like engagements, weddings, graduation, and other special events, but during the crisis, all these events couldn’t take place, so I had to switch it up a bit, and I started selling day wear, office wear because people working in government offices, banks where still open so I had to sell cloths

that they could buy. Also, my suppliers and designers give me a discount when I buy in bulk. I took out bank loans during the crisis because, at that time, they gave small businesses a good amount of money that you could pay in 36 months, which finishes this year. Still, I immediately changed it to dollars because it was in Turkish lira the day I got the loan. The dollar was lower back then compared to what it is now so that money made me survive, and since I'm paying back in Turkish lira, I have more money now.” (Participant 2)

A retail clothing store owner took a different motion about strategy implementation amidst economic downturns. Due to the constantly fluctuating exchange rates and the kind of retail clothing business that she ran, she took the initiative to restructure her prices and change them to foreign currency, now she charges in dollars, and this is what she had to say;

“Right now, we are no longer selling our wedding dresses or evening dresses in Turkish liras but in dollars so that we don’t have to keep changing the prices because of the fluctuating rates.” (Participant 9)

Additionally, one of the participants disclosed that when things started to get better for them, another strategy they used to pick up things again in their business was to pay advertising companies to run their ads for them and get the word out there about their business. This is what the participants said;

“We are paying advertising companies and TV stations to broadcast our business and put the word out there.” (Participant 10)

Finally, 4 out of 12 participants stated that aside from the strategies they had already mentioned in the interviews, they didn’t have any other strategy they implemented. However, one added that he had to sell a personal item to cope with the economic crisis. This is what 2 of them had to say;

“Other than what I've already mentioned, I didn’t have any other strategies.” (Participant 4)

“Everything I mentioned is what I did to cope with the inflation. Also, I had to sell my car to survive the crisis.” (Participant 6)

Government Support Evaluation

In this part, we evaluate the government support for small businesses, mainly retail clothing stores, amid economic downturns. To better understand this segment of the conceptual framework, we came up with the following interview questions;

10. What do you think about the government's support in helping your business stay afloat during the economic crisis?

Table 12 represents the frequency and validity of the information provided by retail clothing store owners regarding government support during economic downturns.

Table 12.

What Do You Think About the Government's Support in Helping Your Business Stay Afloat During the Economic Crisis?

<i>Themes</i>	<i>Frequency</i>	<i>Percentage</i>
No help from the government	5	33.3%
Little help from the government	6	40%
Government supported	1	6.6%

Table 12 reports from various participants in which they spoke about how the government of Northern Cyprus offered little to no help to small businesses, mainly retail clothing stores, during economic downturns. Five participants stated that the government was of no help at all and that they had to withstand the crisis alone, one mentioned with the help of relatives. This is what 2 of the participants had to say;

“The government didn’t help at all. We had to do everything ourselves.”
(Participant 1)

“The government didn’t help us at all. I got help from my parents and my savings.” (Participant 2)

A majority of the participants expressed that the government gave little help to their businesses during economic downturns by doing the bare minimum of subsidizing their rent and bill payments during economic downturns. This is what 2 of the participants said about the matter;

“During times of crisis, the government supported us with a little money about four times, but it was only enough to cover rent. We had to apply, and they paid us.” (Participant 3)

“The government helped by giving us some money, which we used for our rent payments, and they also subsidized our electric bill payments, but that was it. We had to fend for ourselves when surviving through the crisis.” (Participant 5)

In contrast, just one of the participants expressed that the government supported his business in multiple ways that helped streamline his business operation during economic downturns. He said;

“The government minimized the social security tax that we pay for our staff because we have a lot of personnel, so this was implemented for us. They also minimized our rent for the shop. They also gave us special credits because we have more than 15 workers, so they gave us a credit that we can pay back within two years.” (Participant 11)

CHAPTER V

Discussion

This study evaluates the impact of economic downturns on clothing retail businesses and how these businesses have been able to withstand the financial crisis in Northern Cyprus. It assesses the resilience strategies of clothing retail stores amid economic downturns, including product strategy, customer retention and attraction, alternative revenue streams, operational efficiency, business coping strategies, and government support evaluation.

In this research, we discovered that inflation, exchange rate, government restrictions, and decrease in consumer spending are impacts of economic downturns on retail businesses in Northern Cyprus, just like the study by YenNee Lee (2018) which spoke about the severe economic crisis that happened in Turkey in 2018 and a wide range of impacts that occurred on all business sectors including the retail clothing sector. Ertekin et al., (2020) further mentioned that because of the economic crisis, consumer confidence and purchasing power declined as inflation reduced the actual value of savings and incomes. As a result, consumers' total spending fell, which included discretionary expenditures such as apparel and accessories. Consequently, many Turkish fashion producers and shops saw declining sales and struggled to maintain profitability. Furthermore, the Turkish economic crisis of 2018 affected the country's currency. Due to the considerable depreciation of the Turkish lira, exchange rates went up, and import prices and raw material costs for the fashion industry increased significantly. Additionally, an impact that emerged from our investigation was government restrictions, which resulted from economic downturns on retail businesses. Being that the economic downturn that was referenced was a pandemic, this was a necessary action that needed to be taken, notwithstanding it affected movements and business operations as a whole.

According to the research, we discovered that one resilient strategy clothing retail stores adopted during economic downturns was the product strategy. Having multiple product offerings has proven to be one good way retail businesses can tackle the challenges of an economic downturn. Not just having multiple product offerings but being able to meet the needs and demands of consumers as they tend to change due

to the effects of economic downturns and fashion trends. We uncovered from our participants that during economic downturns in Northern Cyprus, they realized that their consumers preferred buying essential and durable products, in this case, clothing over luxury. Hence, they had to make some changes to fit the needs and demands of their customers. Carter (2023) agrees with this notion by saying product offers can be modified to help companies keep ahead of the competition and satisfy the constantly shifting needs of their customers.

Other resilient strategies clothing retail stores adopted during economic downturns in Northern Cyprus were customer retention and attraction. The impacts of economic downturns on the island have caused a decrease in sales among many retail businesses. This is why these businesses are left to develop ways to attract and retain their customers. These ways are comprised of pricing strategies and promotional activities. During the research, we found out that the majority of the participants mentioned that their pricing was dependent on the exchange rates, which meant that the higher the exchange rates got, the higher they put their prices to be but to gain and retain the customers they had to include discounts on their products as to sell off their inventory quickly. Some kept their prices relatively low to keep their customers coming in. Notably; our findings align with the research conducted by Chakrabarty (2018), which talks about competitive pricing and how it focuses on offering lower prices than competitors to attract and retain their customers. The study also mentions promotional pricing, which means presenting attractive offers or discounts to draw clients, which is what the participants of this research did. In regards to promotional activities, we discovered that some retail stores tried to maintain good relationships with their customers during economic downturns by calling to check up on them, sending them messages to know how they are doing, and even going as far as making deliveries themselves to keep that good relationship with their customers. Interestingly, these findings align with a prior study by Hilman and Hanaysha (2015), reinforcing that businesses can create long-lasting relationships during hard times and create a loyal customer base.

Another resilient strategy clothing retail businesses engage in to overcome economic downturns is having alternative income streams. This is an excellent way for a business to be able to withstand the effects that come with an economic downturn. In the case of this research, going into online sales was considered a means to have an alternative stream of income that clothing businesses in Northern Cyprus used to tackle

the effects of economic downturns. A majority of the participants mention that the region of the world where they are, Northern Cyprus, hasn't allowed them to venture into online sales fully because the readers of this part of the world are so keen on knowing exactly what they are buying before purchasing them, especially in the clothing retail sector. The ones who have tried have one common complaint: the return policy. Having to go back and forth with customers because they are unsatisfied with their purchase strains their businesses, so they prefer to use social media marketing not to sell their products but as an advertising tool to create brand awareness for customers to come to their shops. This goes in line with the study by Nobre and Silva (2014), which mentioned that social media sites like Facebook, Twitter, Instagram, and the likes are used to promote companies' brand awareness, increase consumer connections, and reach millions of users simultaneously.

Moreover, just 2 of the participants in the research mentioned that they had an alternative stream of income that helped them get through the economic downturns, while the rest didn't have and weren't planning on having. They seemed very comfortable with their one retail business and were reluctant to welcome the idea of having alternative income streams. This finding is in contrast with the book by Osterwalder and Pigneur (2010) that elaborates on the benefits of having multiple streams of income, saying that businesses can lessen their dependency on a single revenue stream and better manage changes in the market or in demand by diversifying their revenue sources.

Another applicable strategy clothing retail stores use to manoeuvre economic downturns is operational efficiency, which comprises inventory management and cost minimization. Based on the responses from the participants, these clothing stores in Northern Cyprus apply various inventory management strategies; some participants showcased the ability to control the amount of incoming stock to avoid excess and potential losses by adjusting inventory levels based on sales to maintain a balance. A few businesses used creative methods such as giving a perception of new stock without increasing inventory. This was done by rearranging displays of current inventory to increase sales and purchase more inventory. This result goes with the adaptation theory by Pike et al., (2010) which talks about how businesses should carefully review market trends, remain flexible and adaptive, and adjust their business strategies to weather economic downturns. Others resorted to taking loans to maintain inventory levels; some adjusted their relationship with their suppliers to manage cost and inventory

levels, which aligns with a study by Yao and Meurier (2012) that talks about businesses establishing alternate sourcing channels as a supply chain resilience theory to counteract the effects of economic downturns. A couple of clothing stores resorted to a made-to-order approach to reduce the risk of unsold inventory by creating products based on customer requests. More so, an efficient strategy seen as applicable by these clothing retail stores in Northern Cyprus to prevail through an economic downturn is operational cost reduction. This strategy was implemented by reducing the participants' staff and operational hours. A couple of businesses performed deliveries themselves to eliminate delivery service costs, offering overtime to existing staff instead of hiring new ones and negotiating rent with the stores' landlords. A few retail clothing stores reduce their bulk order size from their suppliers, potentially leading to lower shipping costs and inventory carrying costs. Some applied drastic measures such as reducing employee salaries and shortened operating hours, leading to lower utility bills. Offering overtime to existing staff can be seen as a layoff avoidance strategy that achieves cost reduction. All these are seen as retrenchment strategies to offset the effects of economic crisis, following the study done by Pearce and Michael (2006), who say retrenchment strategies are used to stabilize a company's finances to weather the crisis.

Lastly, the present study found that the government did the bare minimum in supporting retail businesses to offset the effects of economic downturns in Northern Cyprus. A fraction of the participants in this research mentioned that the government was of no help at all, and though it was tough, they had to survive on their own. In contrast, another portion of the participants mentioned that they only received a little stipend from the government, which was only enough to help pay the rent and bills for their shops and nothing more. These results were nothing like the news post by the Republic of Cyprus (2021), which talked about how the Cypriot government implemented steps such as social protection programs and extending financial aid to both small businesses and unemployed individuals in response to the economic impact of the Covid-19 pandemic. To think that the only thing separating Northern Cyprus from the south side, it is clear that their governments operate differently.

CHAPTER VI

Conclusion and Recommendations

This study examines how clothing retail businesses in Northern Cyprus have navigated economic downturns, which factors like inflation, fluctuating exchange rates, government restrictions, and reduced consumer spending have exacerbated. These challenges have significantly impacted profitability and operational stability. To counter these effects, businesses have implemented various resilience strategies. For instance, they have adjusted their product strategies to focus more on essential and durable items than luxury goods, reflecting changing consumer preferences during economic hardships. They have also employed pricing strategies and promotional activities to retain and attract new customers. Some businesses have explored online sales as an alternative revenue stream, although uptake has been limited due to local consumer behaviours and challenges with return policies. Operational efficiency has been another critical area of focus, with businesses optimizing inventory management and minimizing costs through adjustments in staffing, supplier relationships, and operational hours. Despite these efforts, governmental support has been lacking, with businesses receiving minimal assistance covering basic operational expenses rather than fostering broader resilience. Comparisons with similar studies from regions like Turkey highlight common challenges across retail sectors during economic crises. The study suggests that improving governmental support tailored to the unique needs of Northern Cyprus could enhance business resilience and long-term sustainability.

Theoretical Contribution

This study contributes theoretically by enhancing our understanding of resilience strategies adopted by clothing retail businesses in Northern Cyprus during economic downturns. It identifies critical challenges such as inflation, exchange rate fluctuations, government restrictions, and reduced consumer spending as critical factors affecting business operations. The study provides insights into adaptive behaviours during crises by examining how businesses adjust their product strategies, customer retention tactics, alternative revenue streams, and operational efficiencies. These findings enrich theoretical frameworks related to business resilience, particularly in retail contexts, by

illustrating practical applications of strategies such as inventory management, cost minimization, and adaptive product offerings.

Practical Contribution

Practically, this study offers actionable insights for clothing retail businesses in Northern Cyprus facing economic downturns. It highlights specific resilience strategies that businesses can implement to mitigate the impact of economic challenges. For instance, businesses can prioritize essential products, adjust pricing strategies, and enhance promotional activities to maintain customer loyalty and attract new buyers amidst reduced consumer spending. Exploring alternative revenue streams, such as limited online sales and optimizing operational efficiencies through inventory management and cost reduction measures, can also improve business resilience. By understanding and applying these practical insights, businesses can better navigate economic uncertainties and sustain their operations over the long-term. This practical contribution aims to inform strategic decision-making among business owners, policymakers, and stakeholders involved in supporting economic resilience within the retail sector of Northern Cyprus and beyond.

Direction for future research

There are several promising directions for future research based on the findings and implications of this study on clothing retail businesses in Northern Cyprus during economic downturns:

Long-Term Impact Assessment: Investigate the long-term effects of resilience strategies adopted during economic downturns on clothing retail businesses' financial performance and sustainability. This could involve longitudinal studies to track how businesses recover and adapt post-crisis.

Consumer Behaviour and Preferences: Explore in-depth the shifts in consumer behaviour and preferences during economic downturns in Northern Cyprus. This includes understanding how consumer spending patterns evolve, particularly essential versus non-essential goods, and the implications for retail strategies.

Technology and Digital Transformation: Given the limited uptake of online sales due to local consumer behaviour and challenges with return policies, further research

could examine strategies for enhancing digital capabilities and overcoming barriers to online commerce in the region.

Comparative Studies: Conduct comparative studies with regions facing similar economic challenges, such as neighbouring countries or regions with comparable economic structures. This could provide insights into cross-cultural differences in resilience strategies and the effectiveness of governmental support measures.

Policy Evaluation and Recommendations: Evaluate existing governmental support policies for retail businesses in Northern Cyprus and propose recommendations for enhancing their effectiveness. This could involve assessing the impact of different policy interventions on business resilience and sustainability.

By addressing these future research directions, scholars can further advance our understanding of resilience strategies in the context of clothing retail businesses during economic downturns, contributing to both academic knowledge and practical insights for stakeholders involved in business management, policy-making, and economic development in Northern Cyprus and beyond.

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Appendix A

Interview Questions

Demographic characteristics of clothing store owners

- Gender? Male/Female
- Nationality?
- Number of employees?
- Years of operation?

Further research survey questionnaire

1. How has your clothing store been affected by the recent economic crisis in North Cyprus?
 2. What changes have you made in your product offerings?
 3. What changes have you made to the pricing of your products?
 4. What measures have you taken to retain your existing customers?
 5. What new promotional activities have you used during this period?
 6. Have you considered expanding into online sales or other alternative revenue streams to offset the effects of the economic downturn?
 7. How have you maintained your inventory levels and during inflation and recession?
 8. What steps have you taken to minimise costs and streamline operations in response to the economic challenges?
 9. What other strategies have you implemented to cope with inflation and recession?
 10. What do you think about the government's support in helping your business stay afloat during the economic crisis?
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- .

Appendix B
Ethics Committee Approval



NEAR EAST UNIVERSITY

SCIENTIFIC RESEARCH ETHICS COMMITTEE

06.08.2024

Dear Chidinma Stephanie Iloduba

Your application titled “**Resilience Strategies of Clothing Retailer Stores Amid Economic Downturns in Northern Cyprus**” with the application number NEU/SS/2024/1822 has been evaluated by the Scientific Research Ethics Committee and granted approval. You can start your research on the condition that you will abide by the information provided in your application form.

Prof. Dr. Aşkın KİRAZ

The Coordinator of the Scientific Research Ethics Committee

THE RESILIENCE STRATEGIES OF CLOTHING RETAILER STORES AMID ECONOMIC DOWNTURNS IN NORTHERN CYPRUS

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