

Module 1:-* Organization of Apparel Business:-

- Post from 150 yrs, the apparel business has evolved from custom fitting & assembling of individual hand sewn garments to the mechanized, automated & some times labeled & customized production & distribution of ready to wear in the ~~apparel~~ global market.

The concepts of mass production & ~~cost~~ ^{mass} automation are increasingly being blended in relation to merchandising, marketing, producing & distributing apparel.

When compared to other product lines, apparel manufacturer is a labour intensive because of variety of product categories, and endless change in material & styles. And also the difficulty in handling soft goods & manual production operations are still required.

Eventhough the advancement in technology have increased the functions & the capabilities of m/c's & equipment, but complexities of manipulating flexible materials & dealing with ~~low~~ ^{relatively} low volume of constantly changing styles limit the degree of automation for many production operations.

Apparel.

- The concepts of mass production & customization.
- Related to merchandising, marketing, producing & distributing apparel.
- Apparel manufacturing remains labour intensive.

* Nature of Apparel:-

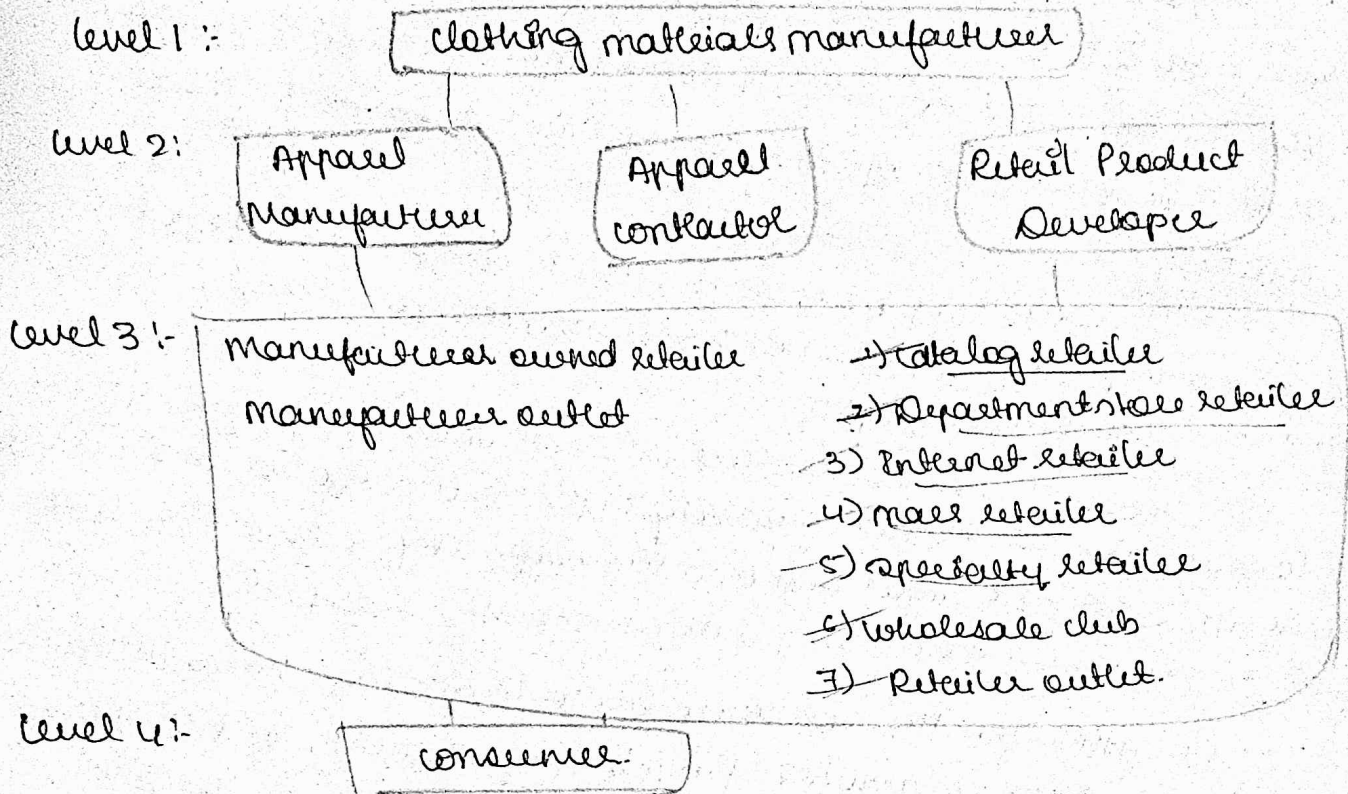
The apparel industry is a highly competitive business based global system of merchandising, marketing, producing & distributing.

The business success is depending on meeting customers needs.

where Apparel professionals have to seek the level of

apparel performance & quality suited to price limitations, cost structures, product standards, profit goals and target needs and wants.

* Structure of Apparel Industry:



⇒ Level 1: (Mill level)

- Textile & trim manufacturers: fabric, zippers, threads, trims & buttons
- A few apparel manufacturers are vertically integrated with textile production. some apparel manufacturers buy from vendors open stocks.

Level 2: (Apparel manufacturing level)

- Apparel manufacturers: marketing, merchandising & production.
- 1) Perform manufacturing within own facilities & employees
- 2) contract some or all of the manufacturing functions to other firms.

Contractors (3 type)

- 1) cut-make-trim (CMT) contractors: supply operators, machines, & threads and make garments.
- 2) Full package program (FPP): source materials and develop patterns as well as make garments

3. Retail/contractors provide services such as pattern grading, cutting, embroidering, belt making, fabric pleating & screen printing.

Level 3:- (Retail level)

- Company owned stores
- Departmental stores
- Mass retailers
- Wholesale clubs
- Catalogue
- Internet
- Second's outlet.

Level 4:- (Consumer level)

customer is the king & decisions at all levels is based on forecasts of customer demand.

There are 2 types of customer

1. core customer
2. fringe customer.

* Business Concepts applied to the Apparel Industry:-

- Apparel firms vs. plants
 - Firms are refer to a business organization. primary purpose is merchandising, marketing, producing and distributing apparel for a profit.
 - Plants are establishments that produce, package, or distribute items & services.
 - legal organization of apparel firms.
1. Proprietorship: A business owned by one person.
 2. Partnership: A contractual agreement b/w two or more people to share
 3. Cooperation (w/ stockholders)
 4. Cooperative: A business enterprise jointly owned by a group of persons & operated without profit or the benefit of the owners.
 5. Franchise

(A growing form of business organization in the apparel industry. Franchising is a contractual agreement b/w franchisor & franchisee).

- Ownership (2 types)

1. Publicly owned firms: have stock traded on a stock exchange.
2. Privately owned firms: have the assets of stock in the company owned by a few individuals who control the firm.

primary purpose of an organization is merchandising, marketing, producing, & distributing apparel for a profit.

Industries are establishments that produce, package or distribute items & services.

Growth & profits:

- Growth: measured by trends in ^{sales,} ~~sales~~ market share, productivity, profit, no of employees, and size & value of facilities.
- Profit: The vehicle of growth.

market:- It is the sales potential for a particular type of good.

market share:- It is a firm's percentage of the total sales in a market.

market power:- It is the ability of a firm to control price & quantity of product in the market.

Globalization:

It focuses both large & small firms.

large firms:

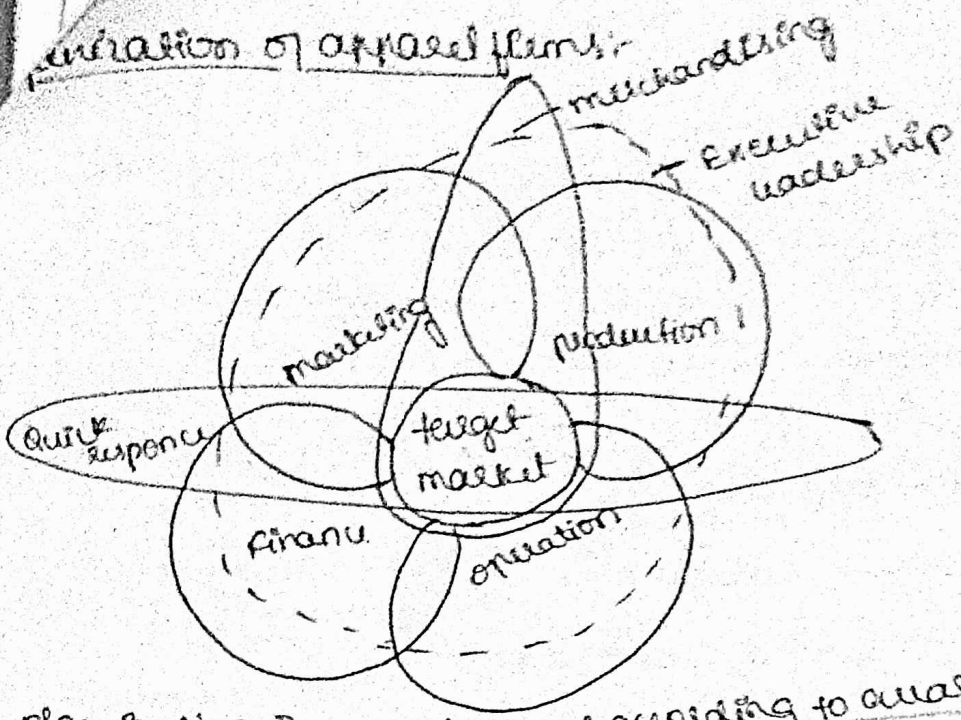
- Capitalization requirements.
- Economies of scale.
- Breadth of product lines.
- Sophistication of technology & communication system.

Small firms:

- Flexibility
- Ability to serve niche markets
- Offering unique products & higher margin products.

General trade organization:

Organization of apparel firms:



- Organization of apparel firms according to area of specialization.
- Teamwork environment with interactive organization structure.
- Each area of specialization in a firm has its own objectives & responsibility.

At the same time, areas must interact to achieve these common goals.

Apparel firms require expertise in:-

- Executive leadership
- Quick response
- marketing
- merchandising
- production
- operations
- finance

Executive leadership:-

- This consists of heads of divisions, owner/manager & CEO.
- The responsibilities of executives.
- Responsibilities: Set goals for organization & make decisions.

Business plan (strategic planning).

- Strategic planning - understanding the target customer, its product, & competitors.
- Short run (6 months or 1 year) or the long run (5-10 year)

Quick response of QR strategies:-

QR strategies:-

- * Shortening the time between conceptualizing a new product & delivering the finished product to consumer.
Ex: Reduce product development time with investment in technology and changes in processes.
- * Successful QR strategies result in increased turnover and reduced investment in inventory.
- * SCM (Supply chain management)
- * Partnering with suppliers and customers
- * Workshops and training programs helped apparel executives better understand issues, processes & limitations.
- * collaborative planning & improved communication.
- * To change the adversarial relationship among suppliers & customers to create & communicate more accurate information to make the trade more profitable.

Quick response:-

RFSM (Retail floor space management)

- Sales per square foot is used by retailers to evaluate the success of stores, retail floor fixtures, and product line.
- Important for effective display of merchandises.

EDI (Electronic Data Interchange)

- Purchase orders placed electronically can be filled.
- Internet is replacing EDI for data handling.

Floor leader.

- Garments can go directly from the truck to the retail sales floor.

Marketing & Merchandising:-

marketing division:

Develop marketing strategies.

- Conduct and report customer research to describe target customers.

in the firm relative to target markets and to the competition.

Develop the image of the company & its product line.

- propose marketing programs.
- propose advertising / promotion strategies.
- forecast sales.

Merchandising division:

- merchandising is the planning, development, presentation of product lines for identified target markets with regard to prices, assortments, styling & timing.
- Responsibilities of merchandiser.

Marketing objective & strategies:-

Strategic marketing process:-

The marketing strategy is the part of a firm's strategic plan that gives consideration to

- marketing objectives
- Analysis of the competition
- Positioning & differentiation of the product line.
- Sell through of the product line.

Marketing objectives:

- Expand sale of current products in current market through effective advertising & promotion.
- Is to have current customers buy current products

more often

- Achieved through price promotion, low pricing developing brand / store loyalty, or convenient accessibility for purchase.

- Internet is providing a means of penetrating both wholesale & retail markets.

- Apparel manufacturers are using

websites for business to business sales at wholesale as well as business to ultimate consumer at retail

Internet provides firms another opportunity to

serve their target market.

Market development:

The process of seeking greater sales of current products from new markets or developing new uses for current products.

* Marketing responsibilities in apparel firms:-

Marketing department is responsible for positioning the firm relative to the target market & the competition. An established market position provides the basis for marketing decision to set the following:

- advertisement & promotional activities
- Recommend sales goals
- create marketing program
 - > sell products
- > provide feedback from retail buyers & consumers.

* Retail and wholesale marketing strategies:-

- manufacturer owned retail outlets
- mail order distribution
- use of a road sales force for selling to retail buyers.
- use of whole sale apparel markets.
- marketing on the internet.
- in home direct sales
- combinations of these options.

Developing retail strategies:

- use of manufacturers owned retail outlets & mail, telephone & internet as direct outlets to consumers
- may sell first quality merchandise in boutique type settings or sell first or second quality or distressed merchandise through a manufacturers outlet mall format.

Distressed merchandise:

- includes seconds, samples, production overruns, last seasons goods, retail returns

of a licensing:-

Labels are a primary means of conveying product certification & differentiation for consumers.

Labels on products may bear nationally advertised brands & trademarks; private brands & trade marks, & labelling information required by law
legally required labels:-

A no of federal laws & regulations require specific label information.

- The wool products labelling act.
- Fur products labelling act.
- Flammable fabrics act
- Textile fibre product identification act.

Trade regulation rule on care labeling.
of textile wearing apparel & country of origin labels all specify labeling requirements & performance regulations

Licensing:

Is a means of using intellectual property that is protected by copyright & belongs to someone else.

Licensing agreement:

- Is a contract in which the licensee agrees to pay the licensor a royalty of fee for the use of a merchandising property.

Licensor - is the owner of the merchandising property.

Licensee - buys the right to use the property for identifying advertising & promoting its product.

Licensed product - Is one that bears the merchandising property.