Chapter 6 – Conclusions and Recommendations

This chapter is divided into three parts:
Part I: Conclusions
Part II: Recommendations
Part III: Scope for further research

Part I-Conclusions:
Based on the analysis of data collected, as described in the preceding chapter, conclusions with respect to every parameter are presented in this section.

A. Conclusions based on Descriptive Statistics

6.1 Merchandiser Education, Training and Contribution to Business
a) 90% of sample companies had merchandisers qualified with degree/diploma/certificate in fashion industry of which most were graduates.

b) 48.8% of the respondent companies had a structured merchandising training programme.

c) The focus of training merchandisers was in the area of costing (product costing), followed by business communication, team work, quality assurance and ERP/specific software training.

d) While 72.5% of the respondent organisations strongly agreed to the fact that merchandiser performance affects business result of their organisation, 25% agreed to the statement.

e) Nearly 90% of the respondents claimed that the contribution attributable to a merchandiser in successfully carrying out an order is between 50-
90%, hence affecting the overall business objective of the apparel export company.

f) The **system of assessing merchandiser performance** existed with 85% of the respondent companies.

g) Of those who responded that they have merchandiser assessment system in their organisation, further commented on the areas in which they assessed the performance of their merchandisers. The top five appraisal criteria were **good communication, initiative and proactive in taking action, ability to work with people, skills of co-ordination and integrity and honesty**.

h) The responding companies claimed that the soft skills required in a merchandiser were **good communication** (rated by 40% respondents as the most important soft skill required in a merchandiser), followed by **organised thought process and ability to handle objections/queries/reservations in an organised manner**.

### 6.2 Key Performance Parameters of Merchandisers

The ultimate objective of any apparel export organisation is to be competitive in it’s supply chain. While there are many factors which lead to competitiveness, the capabilities of merchandisers which could contribute to competitiveness were examined. It was found that:

a) 50% the respondents felt that merchandisers must have a **customer centric sense of design and aesthetics**.

b) 71% respondent companies cited **thorough raw material and product knowledge** as an important parameter.
c) A little over 50% of the apparel export units who responded felt that **fabric and trim sourcing capabilities** is a key parameter in assessing merchandiser performance.

d) **Sharing appropriate and timely information with all departments and buyers** (67.5% respondents) was considered as one of the most important factors.

e) **To help plan and schedule production capacity and resources** was also held important by 59% respondents.

f) 55% of the apparel export units said **knowledge of apparel manufacturing** was important factor for assessing merchandiser performance.

g) **Organisation and communication skills** were considered most important by 67% of respondents in assessing merchandiser performance.

h) Almost half the respondent apparel export units felt that merchandisers should be **responsible in the post-shipment activities and have the capability to settle claims and product liability**, if any.

i) **Understanding the needs of buyers and servicing the buyers** accordingly by merchandisers could help an organisation gain competitive advantage. 78% of the respondents agreed with this logic.

j) The core of any supply chain is the final customer who buys the product. 51% of responding apparel export organisations strongly agreed to the fact that **merchandiser’s comprehension of end customers’ attitudes, lifestyles etc** could contribute to the apparel export organisation’s competitiveness.

k) Almost 95% of the respondents felt merchandisers must **develop the understanding of raw materials and their performance parameters**.
l) About 50% respondents also agreed that the **skill of collaborative forecasting** is essential to enhance competitiveness of an apparel export organisation.

m) 90% of the sample companies felt that merchandisers who **do dynamic product costing** could help companies achieve a better level of competitiveness.

n) **Merchandiser’s knowledge of apparel manufacturing** could help the apparel export organisation, has been opined so by 88% of sample companies.

o) **Skills of coordination for distribution and logistics** was also considered necessary by 60% of the sample companies.

p) Almost all the 80 responding companies were of the view that an important skill that merchandisers must have/acquire is to **be pre-emptive with capability to solve production and logistics problems**.

q) The most frequent reason cited by 32.9% respondents for delayed shipments attributable to a merchandiser was **delay in problem solving at pre-production and production stages**.

On time delivery of products is one of the most important performance criteria for any apparel export organisation. Merchandisers track products right from the initial and their action/in-action could lead to delayed product delivery.

### 6.3 Organisation’s Supply Chain Strength

The respondent apparel export units were asked to rate their organisation’s supply chain strength on a scale of 0-100% in design, sourcing, merchandising, production/manufacturing, distribution and logistics. This was based completely on self perception-what the respondents/managers thought about their organisation. The categories were classified as follows:

i. 0-20%-Very Low

ii. 20-40%-Low

iii. 40-60%-Moderate
iv. 60-80%-High  
v. 80-100%-Very high

In all areas, respondents were in the high category (60-80%). The next highest number of responses was in very high category (80-100%). For example in Merchandising-45.5% felt their organisation’s supply chain strength in this area was in high category (60-80%), only 28.6% felt they were in very high category (80-100%).

6.4 Tasks Undertaken by Merchandisers
There are certain tasks that merchandisers are expected to do regularly. However due to various reasons they do not fulfill this requirement.

a)  The responses show that 39% merchandisers regularly place orders and follow up on orders with raw material vendors. The frequency of regularity for other tasks found to be as follows:
   i. Updating themselves on new developments-17.1%
   ii. Evaluating and selecting vendors-12.5%,
   iii. Negotiating prices with vendors-28%
   iv. Placing orders with vendors-32.4%
   v. Checking quality of incoming material-18.1%
   vi. Active involvement in vendor development activities-8.5%

b)  As regards merchandisers’ involvement in production activities, only about one third of respondents felt their merchandisers regularly assessed production capacity, helped plan production schedule and resources.

c)  Rated on a scale of 1 to 5, with 5 being most regularly, on the planning and organizing capabilities of merchandisers, the responses for regularity of undertaking the task was between 38% to 48%, the most frequent task being maintain files and communication in an organized manner (only 48% sample companies responded in affirmative to this task).
6.5 Organizational Support Required to Improve Merchandiser Performance

The organisations have to support and provide the right kind of environment for the merchandisers to ensure the objective of competitiveness is achieved.

a) A large number of respondents (92%) agreed that hiring merchandisers with appropriate qualifications could improve merchandiser performance.

b) Almost all the respondents felt that making the job description clear and unambiguous could improve merchandiser performance.

c) Nearly 90% of respondent apparel export organisations felt that training merchandisers on regular basis could improve merchandiser performance and hence positively affect the competitiveness of the organisation.

d) A robust supplier quality assurance (QA) system helps enhance merchandiser’s performance was supported by 90% respondents who participated in the research.

e) 88% of the responding organizations agreed to the statement that enhancing Information and Communication Technology (ICT) applications for better co ordination also helps improve the functioning of the merchandisers.

f) There seems to be bureaucratic/stereotyped mindset within the apparel export companies and the need to eliminate rampant ‘bureaucratic culture’ was supported by 86% of the respondents.

g) All respondents agreed that, to ensure that the good performers are recognized, appropriately rewarding those who show the initiative to
learn and have been pro-active in problem solving could help encourage merchandisers.

h) Apart from having a reward mechanism, the need to delegate more decision making power to those who perform well could improve merchandiser functioning was felt by 93% respondents.

i) Having appropriate measures to assess performance and link those to overall competitiveness could improve merchandiser performance, was indicated by 97% of apparel export units.

6.6 Parameters to be ‘preferred’ supplier for an international apparel buyer
Graded in terms of importance, the top three parameters crucial to qualify as a preferred vendor to an international apparel buyer have been identified, in that order, as - quality, timely delivery and price. Product design and development is ranked fourth. The others that follow in that order are – trust, rapport with buyer, customer service and flexibility.
If apparel suppliers are able to consistently manufacture good quality, deliver the products on time and are price competitive, with fair amount of product design skills, they are able to win the trust of the apparel buyers, create a good rapport with buyers and thus long term business relationship.

6.7 Importance of Supply Chain Parameters in Merchandising
Importance of select supply chain competitiveness parameters in merchandising was assessed on the scale of importance.

a. Responsiveness to needs of buyers was rated important parameter in merchandising by 94% respondents and costing by 91%.

b. Attitude and work culture, delivery, product quality, production lead time and sampling lead time were variables which were claimed to be important by 80-89% of responding companies.
c. **Capacity planning and scheduling and product development** were cited as important by 73-76% of apparel export units.

d. 55-60% felt that **flexibility in design and quantity i.e. agility** were important factors in merchandising.

### 6.8 Production and Order Statistics

The production and delivery figures for the sampled 80 companies for last one year were as follows:

i. 88% responded that 65-100% orders were delivered on-time the preceding year.

ii. The short shipments varied between 0-10% for 75% respondents.

iii. 47% respondents had less than 10% delayed shipments.

iv. 55 % reported claims/discounts in the range of 0-1% of styles shipped out in the preceding year of data collected.

v. 64% respondents had returned fabric/trims to suppliers (for quality problems) for 5% of the total orders managed in the last year.

vi. 33 respondents said 60-80% of their samples were converted to bulk orders. Only 9 of 80 respondents said this conversion was more than 80%.

**Payment Duration**- Average payment time to suppliers and buyers has been as follows (% respondents):

<table>
<thead>
<tr>
<th></th>
<th>1-20 days</th>
<th>20-40 days</th>
<th>40-60 days</th>
<th>60-90 days</th>
<th>&gt;90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average payment time to suppliers</td>
<td>16%</td>
<td>34%</td>
<td>40%</td>
<td>9%</td>
<td>1%</td>
</tr>
<tr>
<td>Average time of receipt of payment from buyers</td>
<td>6%</td>
<td>24%</td>
<td>35%</td>
<td>30%</td>
<td>5%</td>
</tr>
</tbody>
</table>

**Inventory Turnaround Time**-The raw material, WIP and finished goods inventory turn around time as reported by sample companies is as follows:

<table>
<thead>
<tr>
<th></th>
<th>1-15 days</th>
<th>16-30 days</th>
<th>More than 30 days</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw material inventory</td>
<td>27%</td>
<td>34%</td>
<td>39% respondents</td>
</tr>
<tr>
<td>WIP inventory</td>
<td>36%</td>
<td>35%</td>
<td>29% respondents</td>
</tr>
<tr>
<td>Finished goods inventory</td>
<td>96%</td>
<td>4%</td>
<td>none</td>
</tr>
</tbody>
</table>
6.9 Buyers’ Feedback on Merchandisers’ Performance

a) 41% of respondents said that their buyers give feedback on merchandiser performance on regular basis and 46% companies’ buyers ‘sometimes’ reverted with a feedback. Of those who receive buyer feedback regularly, the buyers most often gave a feedback on merchandisers’ responsiveness to needs of buyers.

b) 80% of the respondents agreed that regular feedback from buyer could help merchandisers improve performance.

B. Conclusions based on Hypothesis Testing

The hypotheses which were accepted based on t-test were as follows:

H1. Merchandiser’s performance affects the business results of apparel export units- Merchandisers coordinate between buyers on one end and apparel vendors on the other and their role in coordinating all activities and order fulfilment for buyers helps organisations achieve business objectives.

H2. Understanding needs of the end-customer helps enhance merchandiser performance- The merchandisers are the buyers’ representative and are expected to design, develop, analyse the products like the buyers and hence understanding end customers is of importance.

H3. Capability for collaborative forecasting is crucial for performance of merchandisers- The merchandisers are expected to have knowledge of trends and forecasts and continuously update the buyers on these aspects and share all the information including immediate past orders, other on-going orders and future orders and trends at domestic and global level.

H4. Proactive product and market research is a pre-requisite for a merchandiser’s performance- To ensure that merchandisers understand and are aware of the fast changing market trends, raw material trends and developments every season, the changes in prices of raw materials and accessories which ultimately affect garment pricing, the product and market research is important.
H5. **Enhancing use of Information and Communication Technology (ICT) tools is critical to the overall functioning of the merchandisers**- Time competitiveness is of key importance in apparel supply business and the use of ICT tools could help transmit and share information with all supply chain patrons in a systematic manner in real time.

H6. **Capability of dynamic garment costing ameliorates merchandiser’s performance**- The price pressures exerted by apparel buyers are very clear to the suppliers the world over. Price is one the main factors of selecting suppliers. It could be very useful to the apparel export units if the merchandisers who do costings are not only aware of their own company’s pricing mechanism but also know how much the competing suppliers in their own country and suppliers in other countries are likely to offer for the same product. The other aspect of dynamic product costing as to how can the product be made more cost competitive- by altering the design, fabric, finishing or giving more value etc. The apparel export units have to make a ground for their merchandisers where acquiring such knowledge is encouraged and linked to their performance.

H7. **Global sourcing and supplier management strengths help enhance merchandisers’ performance**- The ability to source raw materials from the most cost and time efficient sources and manage the key suppliers reflects upon merchandisers’ performance in a positive manner.

H8. **Knowledge and understanding of trade terms (including import regulations) helps merchandisers in planning, configuring and styling orders in a better way**- The knowledge of trade terms and import regulations could help merchandisers find the most appropriate sources of raw materials, help buyers decide on the garment design and styling which could economize on import duty and landed cost for buyers.

H9. **Appropriate and timely information sharing with all internal departments and buyers is crucial for performance of merchandisers**- The fashion industry is a very ‘time conscious’ industry where delays could lead to change in fashion trend and products which do not reach the market in time could turn obsolete and ‘stale’.
One of the main requirements of a merchandiser is to ensure that every detail is passed on to appropriate people were in time so that timely action/decision could be made. The merchandisers have to understand the need for timely action, must know who all the information has to be shared with.

Another important parameter that could strengthen this skill is the communication skills of the merchandiser. Those with effective communication skills would be able to manage and release information more effectively and efficiently.

H11. Knowledge of quality assurance in apparel manufacturing helps enhance merchandiser’s performance- The merchandiser needs to understand the quality requirements of the buyers and take decisions on quality issues on behalf of the buyers. The QA requirements start from the time the bulk fabric is received till the final product exits the supplier premises.

H12. Coordination skills for third party logistics and distribution facilitates merchandisers performance- The vessel planning and shipping logistics begin when an order is still in the manufacturing stage. Merchandiser coordinates with buyers on ex-factory dates, based on the manufacturing schedules of the product. In most cases, if any order is late, merchandiser re-plans the order with manufacturer on one hand and buyer on the other. The merchandiser then has to ensure that logistics of the order are scheduled and executed as planned. The knowledge of INCO terms, shipping time, documentation requirements needs to be well understood by the merchandiser which could help them plan schedules in a better way.

H13. Capability to help plan and schedule production capacity and resources is crucial in improving merchandiser performance- Confirming, managing and booking orders is one the important aspect of a merchandiser’s job. The understanding how much capacity is committed to each buyer, the finances involved with that commitment, is what the merchandiser’s job entails. Whether the product be manufactured in house or given out to sub-contractors (and to what extent), action required to re-schedule/advance other orders in case one order is delayed or managing back-orders with minimal cost is also expected from merchandisers.
This calls for not only understanding the capacity requirements of the apparel export units, but also keen decision making.

**H15.** *Strong knowledge of garment manufacturing is expected to improve performance of the merchandiser*—This helps the merchandiser in understanding the production issues from the production team, then either take a decision on solving the problem/technical issue or explaining the problem to the buyer and offering alternative solutions to solve the issue, as most buyers are not technically oriented, particularly in areas of joint product development and product cost management, plant capacity management etc., merchandisers’ knowledge in this area helps to bridge the gap.

**H16.** *Customer-centric sense of design and aesthetics enables better performance of the merchandiser*—The hypothesis in this context was tested and it showed that customer centric sense of aesthetics enables better performance of the merchandiser. The process of design varies from one apparel buyer to the other. There are some buyers who design on their own and send their designs to be manufactured in countries like India, there are others who depend completely on their apparel suppliers/exporters to scan the markets and make a range of garments and there’s a third category of buyers who like to mix ‘n’ match their designs with the research of their apparel suppliers. India, because of it’s rich cultural heritage, specially the Delhi-NCR (because of it’s proximity to hubs of value addition located in states like Himachal Pradesh, Punjab, Rajasthan, Gujarat, Uttar Pradesh) attracts third category buyers. Most apparel export units have a dedicated team of designers to prepare a range of garments every season. Since the merchandiser is in close touch with buyers from the beginning, the merchandisers are expected to have a sense of aesthetics that will appeal to their customers. The merchandiser should be able assist/consult/suggest to designers/sampling coordinators what the specific buyers are looking for in the next season.

**H17.** *Organization and communication skills help enhance merchandisers’ performance*—This parameter not only considers communication skills from the point of view of language or other soft skills but also takes into account technical language. The knowledge of apparel production, raw material manufacturing,
processing and finishing, quality assurance requirements, shipping norms could also help merchandiser strengthen communication skill. Lack of knowledge of technical areas could lead to mis-representation/poor explanation leading to confusion and mis-information.

H18. *Ambiguous/unclear job order description and performance standards may hamper the performance of the merchandiser*- The merchandiser in apparel export units is expected to co-ordinate and follow-up on so many issues with so many departments that, their job description could tend to be confusing and unclear. Lack of clarity could be a impediment to merchandiser’s performance, particularly with respect to meeting the merchandising and business goals and objectives.

H. 19. *Thorough raw material and product knowledge enables better merchandiser performance* - The apparel export business is ever changing and because of the fierce competition at retail level in apparel importing countries, there is a need to change the raw material, colors, silhouette ever so often to ensure continuous interest of consumers and more importantly have an edge over competitors.

Changing raw materials and products bring with them new challenges of different performance parameters, diverse ways in which garments fit/drape and specific product-quality requirements. Right from the time new products are sampled, the merchandisers need to acquaint themselves with the behaviour and feel of the raw material and the apparel products. The merchandisers could help prevent buyers from selecting a difficult to produce product, help the apparel export unit do appropriate costing on tough products and help production department of the company handle the new product in appropriate manner.

H.20. *Pre-emptive capability to solve production and logistics problems enhances merchandiser performance*- The job of a merchandiser is to apprehend all road blocks which might come in the journey of manufacturing an order and to ensure that they are minimized as much as possible.

H. 21. *Training on regular basis could help improve merchandiser performance* - The job of the merchandiser is very dynamic in nature and is dependent on the
market dynamics. The merchandisers have to capture the subtle changes in the market and business. To ensure such that merchandisers develop these capabilities, they need to be trained on regular basis.

**The hypotheses which were not accepted in the t-test were**-

H10. *Constant feedback from buyer impacts merchandiser’s performance*- The apparel export companies are not very open to the mechanism of buyer feedback. Most companies are family run businesses and lack professional management practices. The companies are at a stage where they currently do not have internal performance appraisal systems, buyer feedback is a stage beyond that.

H14. *Ability to maintain requisite information and documentation is important to enhance overall performance of a merchandiser*- The stress in most companies is to ensure that information is shared with all concerned in a timely manner. The tools used to share this information, like documentation and file maintenance is not given due importance.

**C. Conclusions based on Correlation Analysis**

A high correlation was found between:

1. ‘Knowledge of Quality Assurance in Apparel Manufacturing’ and ‘Delivery’ (*r*=.502). Merchandiser’s knowledge of quality assurance as associated with manufacturing of garments would help to manage delivery schedules in a better way.

2. ‘Knowledge of Dynamic Product Costing’ and ‘Retail Pricing’ (*r*=.525). Merchandisers who have the knowledge of product costing dynamics are better able to manage retail pricing targets of apparel buyers.

3. ‘Organisation and Communication skills’ with ‘Attitude and Work Culture’ (*r*=.525). Merchandisers in companies with better organisation and communication skills leads to better attitude and work culture.

4. ‘Organisation and communication skills’ with ‘Responsiveness to Buyers’ (*r*=.614). The merchandisers are constantly in touch with buyers and co-ordinate on all issues of
the buyers. Ensuring timely and correct information to the buyers is large part of their responsibility. Those with good organisation and communication skills can thus respond more effectively and efficiently to the needs of the buyers.

5. ‘Knowledge of Apparel Manufacturing’ and ‘Sampling Lead Time’ (r=.565) Sampling lead time can be managed better by merchandisers who have better knowledge of apparel manufacturing. Reduction in sampling lead time could lead to overall reduction in ‘time to market’. Merchandiser with good technical knowledge are able to follow up on sampling process more efficiently and can suggest technical changes and alternatives to ensure ‘right first time’ sample.

6. ‘Knowledge of Apparel Manufacturing’ and ‘Production Lead Time’ (r=.512). Production lead time can be managed better by merchandisers who have better knowledge of apparel manufacturing processes.

7. ‘Knowledge of Apparel Manufacturing’ and ‘Product Quality’ (r=.504). Merchandisers who are technically sound in apparel manufacturing and thus processing requirements are able to analyse quality requirements of garments in a better way.

8. ‘Knowledge of Dynamic Product Costing’ and ‘Product Quality’ (r=.487). The merchandisers who have command over product costing skills can manage product quality better.

D. Conclusions based on Factor Analysis

i. The 22 merchandiser performance variables were reduced to 7 factors and the key conclusions which can be derived from these 7 factors are as follows:

   a) Sourcing Skills- This factor comprised of three variables i.e. – ‘Ability to do dynamic product costing’, ‘capability of global sourcing and supplier management’, ‘knowledge of dynamic product costing’.
b) Order Planning, Organizing and Control Skills comprised of merchandiser performance variables like- ‘maintaining documentation’, ‘organisation and communication skills’, ‘share appropriate and timely information’ and ‘knowledge of quality assurance in apparel manufacturing’.


d) Post-Production and Logistics Implementation Skills – This factor involves three variables- ‘plan distribution and logistics of merchandise’, ‘skill of co-ordination for distribution and logistics’ and ‘capability to settle claims/product liability’.

e) Customer Centricity- This factor addresses the need of merchandisers to understand the customer; it includes 3 variables namely-‘understanding needs of buyers’, ‘understanding needs of end customers’ and ‘capability for collaborative forecasting’.

f) Apparel Production Management- The factor involves 3 merchandiser performance criteria ‘help plan and schedule production capacity and resources’, ‘customer centric sense of design and aesthetics’ and ‘knowledge of apparel manufacturing’.

g) Analysis and Problem Solving Skill – This factor takes into consideration two merchandiser performance criteria which represent –‘Pre-emptive capability to solve problems’ and ‘understand raw materials and their performance parameters’.

ii. The supply chain competitiveness variables were reduced to 3 factors as follows:

a) Pre-Production Planning and Scheduling-This factor comprises of five variables – ‘Retail Pricing’, ‘Capacity Planning and Scheduling’, ‘Sampling Lead Time’, ‘Product Quality’ and ‘Product Development’.
b) **Production and Order Management** - This factor involves 4 variables i.e. ‘Flexibility in Quantity (Agility)’, ‘Flexibility in Design (Agility)’, ‘Delivery’ and ‘Production Lead time’.

c) **Total Approach to Business and Customers** - This factor takes into account 2 variables related to ‘attitude and work culture’ and ‘responsiveness to buyers’.

**E. Conclusions based on Multiple Regression Analysis**

The multiple regression analysis shows the factors of supply chain competitiveness which are dependant on merchandiser performance factors.

i. **Pre-Production Planning and Scheduling**- ‘Sourcing Skill’, ‘Raw Material and Product Knowledge’ and ‘Apparel Production Management’ were found to be significant predictors of ‘Pre-Production Planning and Scheduling’ (F=10.923, p=.000). These variables had a significant positive correlation with Pre-Production Planning and Scheduling.

ii. **Production and Order Management**- ‘Sourcing Skill’, ‘Order Planning, Organizing and Control Skills’ and ‘Analysis and Problem Solving Skills’ were found to be significant predictors of ‘Production and Order Management’ (F=3.146, p=.007). These variables had a significant positive correlation with Production Management.

iii. **Total Approach to Business and Customers** – ‘Sourcing Skill’, ‘Order Planning Organizing and Control Skills’ were found to be significant predictors of ‘Total Approach to Business and Customers’ (F=5.513, p=.000). These variables had a significant positive correlation with Total Approach to Business and Customers.
6.10 Relationship between Merchandiser Performance and Apparel Supply Chain Competitiveness

Literature survey on apparel supply chain clearly establishes inter-relationships between supply chain competitiveness factors, apparel supply chain performance criteria and apparel sourcing criteria. The key conclusions of the research show that merchandiser performance parameters which thread the entire research are:

- Knowledge of dynamic product costing, apparel manufacturing, quality assurance and organisation and communication skill. While all the other parameters of merchandiser performance are important, these factors emerge in all the tools used for analysis. These four factors as represented in figure 6.1 are perceived by the researcher as important factors for merchandisers’ performance and influence supply chain performance criteria and competitiveness.

![Figure 6.1 - Relationship between Merchandiser Performance and Apparel Supply Chain Competitiveness as interpreted by the researcher](image-url)

Figure 6.1 - Relationship between Merchandiser Performance and Apparel Supply Chain Competitiveness as interpreted by the researcher
Part II-Recommendations

The recommendations have been deduced from the data analysis and key conclusions as discussed in part I and have been divided into 3 sections-

C) Recommendations for apparel export companies
D) Recommendations for individual merchandisers
E) Recommendations for international apparel buyers

A) Recommendations for the apparel export companies (including apparel manufacturing companies as well as buying/liaison offices.)

1) Identification of specific areas where merchandisers can contribute to business. Since the research clearly shows that merchandisers’ performance affects the business result of the organisation, the first step towards enhancing merchandisers’ performance, would be the appreciation and recognition of this fact. The steps that follow would be-

   a) identify specific areas where the impact of merchandiser performance is maximum,

   b) ensure that these areas are made clear to merchandiser e.g production merchandisers and sampling merchandisers would have different work areas where performance impacts business results.

The onus of making clear what the objectives are and how the merchandisers could contribute in achieving them, lies with the management of the apparel export organisation.

The role of the merchandiser in an organisation is that of a coordinator, the one who ensures right product at right time at right place. The more enabled they are in terms of understanding the business results of the apparel export organisations and knowing how these results could be met, the better their performance is likely to be. Larger the gap in lack of understanding the correlation between merchandisers’ performance and business results of the company, further away would the organisations be from their target of achieving their business objectives.
2) **Education and Training** - Merchandisers with a strong professional/formal education background should be considered a valuable asset. Those with relevant experience would be easy to train and can also help in training of freshers / junior merchandisers. Such experienced people can also contribute to training within the organisation and also identify areas where improvements in systems can be made. Currently only half of the respondent companies conduct structured merchandiser training programmes. It would be imperative to have specific and structured training programmes based on the areas identified in the research. The areas of training should be -

   a) Communication skills  
   b) Trend forecasting  
   c) New product development - specially fabrics and their functional and performance parameters  
   d) Needs of buyers and their specific requirements, purchase terms and conditions and approach to overall responsiveness (could be department/team specific every few months)  
   e) Dynamic product costing and retail pricing  
   f) Electronic Data Interchange and ICT  
   g) Order Configuration, fulfilment and management  
   h) Apparel Manufacturing and Quality Assurance  
   i) File management systems and maintaining documentation  
   j) Trade particularly import regulations  
   k) Shipping and logistics  
   l) Sourcing and supplier management  
   m) Factors that affect the organisations’ competitiveness and merchandisers’ contribution to this competitiveness.

3) **Systems within the Organisation** -

   i. **Pre-requisites for merchandiser recruitment** - Clear guidelines should be set-up by Human Resource (HR) department/those who are a part of the recruitment team, of the education and skill requirements in candidates for merchandising positions. Suggested pre requisites are –

   a) Appropriate educational qualifications and experience- In the current business environment, which is fairly competitive and challenging, merchandisers with
a strong professional/formal education background could be a valuable asset to any apparel unit as they would be trained in basics of fashion merchandising and specifically groomed in apparel industry. Recruitment of merchandisers with experience should be based on relevance of experience rather than just the length of experience.

b) Good Communication skills
c) Ability to work with people/within team
d) Skill of coordination
e) Organized and systematized thought process
f) People with outlook and ability to be pro-active
g) Virtues of integrity/honesty
h) Knowledge of apparel manufacturing and quality assurance

ii. **Dedicated Training Cell** - A dedicated training cell which assesses the training needs and organizes training of merchandisers on a routine basis. Since the only constant in the apparel/fashion industry is change, merchandiser training is imperative. A dedicated training cell which assesses the training needs and organizes training to merchandisers on a routine basis could be undertaken. The first stage of training could be a structured orientation programme for new recruits, where they are trained on the existing systems of the company. The next stage may comprise giving them inputs in specialised areas through structured modules.

iii. **Training of Trainers** - Apart from getting external expertise in training, the trainers in many cases could be senior people from within the company. Refresher training for trainers is also required. Academicians with relevant experience from local design, fashion and management institutions could also be involved to give merchandisers a broader picture of their roles and responsibilities.

iv. **Standardization of documentation systems across the company** - Due the very fickle nature of the trade, there are many changes that orders undergo from sampling till final production. A value added garment could have more that one kind of fabric, many different kinds of surface ornamentation (thread embroidery, sequin and bead work), many different kinds of stitches and seams are used in the
garment. While most garments start with a technical specification sheet which
details all that is required in the garment, any changes in the pre-production and
production stage are received by the merchandiser in a piece meal fashion, as
when they are changed. There is a ‘story’ of every style and pieces of every story
have to match at all times. Any missing link could create confusion, assumptions
and incorrect decisions.

A typical file of a merchandiser contains swatches/samples of right from the
kind of thread which will be used in stitching to the kind of cartons and polybags
that will be used in packing.

Each buyer has their own systems and requirements from apparel export
companies. These companies must standardise their in-house system of
documentation and file maintenance, irrespective of the buyer.

For example, even if the buyer does not request stitching thread sample, there
must be a procedure within the company for stitching thread approval and the
approved thread should be a part of the merchandisers’ file.

v. **Role of Information and Communication Technology (ICT)** Electronic Data
Interchange (EDI) and ICT could play a very important role in ensuring timely
information sharing. Resource planning systems like ERP systems for in-house
coordination with real time EDI (Electronic Data Interchange) systems to
communicate with buyers and suppliers could help merchandisers organize their
work better, communicate, share and coordinate faster with all functions
concerned. Investment in ICT tools would work to advantage of every
organisation

vi. **Robust Infrastructure and Quality Management Systems** The merchandiser
in any organisation has to coordinate with various functions/departments and
ensures that the processes therein are executed in a timely and orderly manner.
Streamlining the functioning of each department could strengthen the execution
skills of the merchandiser. This is particularly true for manufacturing department
(from pattern making to packing), where the order is actually produced.
A resilient quality assurance system, a well trained quality control team could be
the backbone of merchandising.
Having the appropriate infrastructure, machinery and equipment and robust quality practices would help achieve the objective of ‘the right product at right price at the right time’.

vii. **Cross-functional Job Responsibilities**- To ensure right product at right time at right price, the merchandisers have to be involved in the products and processes which are responsible for making the product from the beginning. In this regard, proactive approach of the merchandiser is essential. There are many apparel export organizations where raw material sourcing is the responsibility of the fabric manager. However, identifying price competitive vendors, developing such vendors, checking quality once it arrives in-house, from the buyers’ perspective is something that merchandisers should get involved in.

The closer to the raw material the merchandisers are, more knowledge and insights they are likely to acquire about it. Anywhere from 50-65% of total garment cost, is that of fabric. If fabric is bought from appropriate vendors, it’s quality checked from buyers point of view and good vendors can be developed, that could make the final product very price competitive. The apparel export organisations have to ensure that merchandisers are involved on a regular basis with such activities, by ensuring that merchandisers have clarity about their job and work profile. Such cross-functional interaction can also help them in product and order costing.

viii. **Recognition of Merchandiers’ Roles and Responsibilities**- As a coordinator, the understanding of what all the merchandiser will coordinate has to be made clear to all departments within the company and all supply chain partners. The merchandisers’ roles and responsibilities have to be explained, so that right information at the right time can be extended to merchandisers.

ix. **Focus on Competitiveness**- The need for time based competitiveness in apparel industry is of paramount importance. There is a need to compress time and deflate prices by targeting areas like-

a) Product design and development

b) Cost competitiveness of supply chain and intermediaries

c) Design logistics for better accessibility and reach for retailing
d) Development of low cost/high functional value raw materials (specially trims and accessories)

e) Develop and implement Activity Based Costing-ABC reveals the links between performing particular activities and the demands those activities make on the organization’s resources. Activity based costing is an accounting methodology that assigns costs to activities rather than products or services. In other words, costs are traced to activities (activity costing) and then these costs are traced, in a second stage, to the products that use the activities. This could help merchandisers trace costs to specific functions, analyse areas where cost are high and in the least suggest to management areas where costs could be reduced.

f) Value Analysis- To analyse a product in relation to the function (value) the finished product has to perform. Value analysis has two aspects-design analysis and cost analysis, both of which focus on the same required product, part, material or process. Merchandisers should focus on design analysis in terms of features, functionality and fitness for use from the perspective of the final customer as well as cost analysis to ensure cost is contained within the budget/target price.

At a macro management level, to ensure that apparel export units are consistently able to adhere to quality, timely delivery, price and product design and development, it is important that specific business parameters are communicated to their upstream supply partners as well their own employees.

All assessments of performance of employees and supply chain partners could be based on these parameters. All stakeholders could work towards consistently achieving the given criteria.

x. **Performance Appraisal**-

a. Dependence of apparel export organisations depend on the merchandisers is fairly large and the jobs undertaken by merchandisers are too many. The organisations have to ensure that they hire people with appropriate qualifications. Those trained in leading fashion schools of India could be almost recruitment ready. In addition, professionally qualified marketing graduates are required. The expectations from those who are recruited are myriad, however in most cases unsaid or verbal. Because the job responsibilities are so many, it is
even more important that merchandisers’ job description is made clear and unambiguous and roles and responsibilities are clearly laid down. The merchandiser is expected to coordinate all aspects of the order; due to which his/her job could be really vast with numerous tasks. Such a broad job profile could lead to confusion and grey areas. To ensure that tasks are performed in accordance with expectations, list of activities to be undertaken must be specified to each merchandiser.

b. The companies ought to have a structured mechanism where by they can trace and track performance of each merchandiser. Ensuring each person understands his/her job responsibilities, is given a sound resources (financial, technical, IT) to execute these responsibilities. Well defined KRAs (Key Result Areas) and a system of appraisal of KRAs on a routine basis is recommended for apparel export units. Further those merchandisers who are able to meet the objectives of timely delivery, order fulfilment etc could be given incentives.

c. The apparel export companies could take initiative in developing a format to judge/assess/measure the buyers’ feedback, as to how their employees have performed and link this to merchandiser appraisal. Customers’ feedback at retail end is a regular practice, wherein customers’ comments on product, price, packaging etc. are captured. The competition amongst apparel export units in developing countries is fierce. Procuring orders and management is dependent on certain tangible and measurable factors such as price, timely delivery, quality while most other factors of getting business are intangible but equally important like customer service, pro-active nature of the supplying company, initiatives taken in managing orders, ease of working with the apparel export company’s employees, capability of employees to address and solve problems etc. It is these intangible factors that are based on perception. The feedback form should be filled up by buyers periodically. Based on the feedback, the areas where scores are low, corrective action and measures undertaken could be discussed and deliberated internally with employees.
d. The companies should appropriately reward those merchandisers who show the initiative to learn and develop a pro-active attitude in problem solving. All the respondent companies in the research supported the fact that recognition of ‘good performers’ and appropriate rewards to good performance could help them improve even further. Performance assessment of apparel merchandising functions could be based on

a) *Balanced Score Card (BSC) model* - The merchandisers’ performance is measured on metrics like- Customer satisfaction, Internal processes, Innovation and Finance.

b) *SCOR Model* - The Supply Chain Council’s SCOR Model provides guidance on the types of metrics one might use to get a balanced approach towards measuring the performance. Metrics for ‘Plan’, ‘Source’, ‘Make’, ‘Deliver’ and ‘Return’ for merchandisers could be prepared and performance evaluation could be based on fulfillment of the metrics.

Those who execute their tasks well could be given more decision making power to ensure that they remain motivated and also ensure that vital responsibilities are being delegated to them and their jobs are being enriched. Appropriate measures are developed to assess their performance and link those to overall competitiveness.

B) **Individual Initiatives of Merchandisers**

The research deals with merchandisers’ performance parameters and hence initiatives that merchandiser can take at individual level also emerge from the research.

1. **Initiative for Product Design and Development, Order Configuration and Management** -

   i. The merchandisers have to coordinate, with foreign buyers on one side and factory managers, pattern masters on the other side. Merchandisers have to ensure that there is cohesive and integrated order management and the organisational objectives are met. Merchandisers have to take constantly deal with people having different attitudes and work
cultures and hence have to develop themselves in the soft skills as follows–

a) Clear and precise communication
b) Ability to work with people
c) Skills of negotiation
d) Proactive initiative in ensuring smooth execution of orders
e) Being detail oriented and organised
f) Having a ‘problem solving attitude’
g) Ability to timely handle objections/queries/reservations in an organized manner

ii. The apparel export business is ever changing and because of the fierce competition at retail level in apparel importing countries, there is a need to change the raw material, colors, silhouette ever so often to ensure continuous interest of consumers and more importantly have an edge over competitors.

Changing raw materials and products bring with it new challenges of different performance parameters and can be brought about in diverse ways in which garments fit/drape and specific product-quality requirements. Right from the time new products are sampled, the merchandisers need to acquaint themselves with the behaviour and feel of the raw material and the apparel products. The initiative of the merchandisers in this area could help prevent buyers from selecting a difficult to produce product, help the apparel export unit do appropriate costing on tough product and help production department of the company handle the new product in appropriate manner.

iii. Merchandiser is like a ‘product owner’ who has seen the product from the first sample to the time it is sent to the buyer. The product goes through many changes before it is finally put into production. While at the stage of production, it is the responsibility of the production team to start looking after the order, the merchandiser is expected time and again look at the product as the buyer would. There might be many issues to be handled as regards the manufacturing and value addition to the product, which need to be discussed in coordination with other departments and a decision taken.
The merchandisers must take initiative in understanding production activities, ensuring they visit the factory floor regularly to keep a tab on the product and its quality requirements while it is being manufactured.

iv. Timely delivery of order is crucial in apparel industry. A delayed shipment could mean apparel arriving in stores when the fashion would have already changed. Right from the time the first sample is made, there are many changes made to the product. In most cases, there is a discussion on what’s the best way to make the product and the merchandiser has to explain to the factory what the buyer is looking for and if it is not possible and cannot be done the way the buyers want it, the factory’s side of the story may have to be explained convincingly on the basis of technical facts to the buyer. Instead of being a mere co-ordinator, the merchandisers are expected to help both sides, take decisions based on facts and figures. For this, the merchandisers have to understand the issue/problem themselves, understand all possible solutions and explain appropriately to each side and also use proper documentation. They should be able to understand-fabric manufacturing, processing, apparel manufacturing processes, quality issues and post-production challenges.

v. Delay in problem solving could also be reduced if merchandisers were more pre-emptive in seeing through an order even before it starts and have checks and balances in place to reduce bottlenecks at a later stage.

vi. At the organizational as well as an individual level, the merchandisers have to take initiatives in ensuring that the expectations of their immediate buyers/customers as well those who will finally buy the clothing items, are met. This would help merchandisers put themselves into customer’s shoes and ensure the product meets the requirements and customer’s expectations.

vii. Apart from learning execution of merchandising job responsibilities, merchandisers need to understand the larger and aggregate picture as regards supply chain, positioning of their organisation is in the supply
chain and ways in which their role can enhance the competitiveness of their organisation.

C) Apparel Buyers

Apparel buyers are the connecting link of the apparel export companies to the final customer. The main objective of apparel export companies is to be responsive to apparel buyers and ensure that buyers are able to run their businesses smoothly. On the other hand, apparel buyers send standards, specifications to apparel export companies and have a set of expectations from them. The recommendations for apparel buyers which can be deduced from research to make merchandisers of apparel export companies enhance their performance are-

i. Training by buyers

The core business of apparel buyers/retailers is retailing. However in their pursuit to ensure the final customer is satisfied, apparel buyers have to ensure the product, price, place, promotion needs of the customers are fulfilled. The specifications of these needs have to be followed by apparel export companies while the product is being manufactured. Vendor/Agency training of merchandisers by apparel buyers in theory and practice is of utmost importance.

a) The theoretical training could be done through sharing vendor manuals, quality assurance manuals and standard operation procedure with the vendors.

b) The practical training of merchandisers, where experts from buyer’s office directly train could be in the areas of-

i. The image of the buyer-This would refer to basic silhouettes, colors, fabrics and trims which are staple for the buyer as also sources of trend forecasting and inspiration every season.

ii. End Customer-This would refer to needs, attitudes and lifestyles of their customer. When, how and where are the clothing items worn.
iii. Guidelines for new product development-The buyers need to make the merchandisers understand the process of design initiation, inspiration and how the initial design is realised into a product.

iv. Benchmarking with competitors- The brands/retailers that buyers compete with and how have they been performing compared to these competitors in terms of sales and volume in the last few seasons.

v. Retail Pricing- The calculation of retail pricing from target pricing as well as backwards (from retailing pricing to target pricing).

vi. Quality requirements- This would refer to the quality ideology of the apparel buyers and the key requirements that must be met before the products are shipped to customers. The quality inspection techniques to be followed by the merchandisers.

vii. Shipping and logistic Requirements- The merchandisers on the supply side need to understand the shipping requirements on buyers and how the entire transportation and logistics is handled at each stage.

viii. Product liability terms and conditions- This refers to conditions under which the suppliers are responsible for the product.

ii. Clarity in communicating standards and specifications
The buyers must ensure that the standards and specifications sent by them to the vendors are clear and precise. The format of the technical specification sheet must be standardised, so that the merchandisers and other departments at the vendor’s end are familiar and can read and understand it easily. Clear guidelines for lab-dip/color approvals, garment sample approvals, packaging material and methods are also of importance to ensure, all entities of supply chain stand on the same plane of understanding.

iii. Sharing vendor evaluation criteria and feedback with vendors with areas of improvement highlighted
Apparel buyers must have criteria of formal evaluation of the performance of apparel export companies. This feedback should be shared periodically with the export companies, so that this could be one of the basis of further
evaluation of their own people. Since apparel buyers mostly coordinate with merchandisers of apparel export units, specific feedback could be an added advantage, which could help the apparel export company improve performance of specific people.

iv. Use of ICT to ensure collaboration with suppliers
Collaborating with their vendors through technology could help buyers save costs as well as time. The collaboration could be in areas of both design as well as manufacturing. For example collaborative product development applications enable business partners such as manufacturers, designers and buyers to work together during the product development process. The purpose of buyer participation is to ensure that designs include features and functionality the buyer is willing to purchase. The purpose of supplier involvement is to incorporate the information necessary to achieve desired product cost and manufacturability goals.

Part III- Scope for further research

This research work has taken into broad ranging parameters of merchandiser performance and supply chain competitiveness parameters of apparel industry however like any other research work, the main limitations of the research are:

i. The work pertains to apparel industry in NCR of Delhi only even though apparel industry is spread all over the country.
ii. The research limits itself to the apparel export industry, merchandisers perform important role in domestic retail industry as well.
iii. The research work takes into consideration apparel export units with an annual turnover of Rs 20 crore and above, companies less than this turnover have not been studied.
iv. Merchandisers’ performance parameters in general have been identified, the difference in performance parameters due to their education and experience has not been considered.
The researcher views that there lies scope to:

a) Analyse specific tasks and performance parameters for various levels and functions of merchandisers based on their education, experience, and designations.

b) Analyse and compare buying/sourcing companies vis a vis manufacturing companies.

c) Also take into account merchandiser performance parameters of domestic companies in Indian retail environment