

**Retailing and Merchandizing- Textiles and Apparel**

**Course No. : TAD-312, Credit Hours :2(2+0)**

**3rd year, B.Sc.(Hons.) Community Science, Semester: V**

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**Objective:** The aim of this course is to introduce students about the basic knowledge on retailing, merchandizing with role and responsibility of Merchandiser. Further it gains knowledge on Export and Imports of textile products.

**Detail course outline**

**Theory lecture outlines**

<b>Sl.No.</b>	<b>Chapters</b>	<b>Detail contents</b>	<b>No. of Lectures</b>
1	Fashion Retailing and Merchandising Terminology	Fashion Retailing and Merchandising Terminology	2
2	Concept and principles	Definition, Concept and principles of merchandiser.	2
3	Factors affecting merchandising	Factors affecting merchandising	2
4	Role and responsibilities of Merchandiser	Role and responsibilities of Merchandiser, merchandizing for buying house, departmental stores and export houses.	2
5	Evolution of retail and retail formats marketing research	Evolution of retail and retail formats marketing research : Meaning, scope and classification	4
6	Marketing Research	Steps in marketing research, Role of marketing research in product planning	3
7	Sale promotion and promotion mix	Sale promotion and promotion mix: advertising, sale promotion technique, personal selling and publicity	5
8	Pricing methods and pricing of textile export and import	Pricing methods and pricing of textile export and import: Channels of distribution, starting of export and import business and its procedure	4
9	Organisations involved in export promotion in India		5
10	WTO and its impact	WTO and its impact on retailing and merchandizing in textile and apparel industry.	3
Total Classes			32

## Chapter – 1 : Fashion Retailing and Merchandising Terminology.

**Anchor store:** is a large retailing establishment that attracts considerable numbers of people to a mall and is usually located at the end of the mall (hence the term "anchor").

**Assortment:** is the selection of merchandise offered in a store at any given time. Description of assortments is often presented in terms of breadth (i.e. number of styles) and depth (i.e. number of sizes and colors available for each style).

**Agile manufacturing:** is a new technology that incorporates modular production rather than the traditional piece goods line method and allows for special orders at the last minute without disruption.

**Apparel manufacturing:** firm It is an association of people whose primary purpose is producing and distributing apparel for profit.

Publicly owned companies have stock traded on a stock exchange and are required by law to several annual reports of business activities.

Privately owned companies may be proprietorships, Corporations, Conglomerate, Cooperatives / but the assets or stock in the company are owned by few individuals who completely control firm.

**Brand:** is a known name associated with a specific product or group of products carrying with it an expectation of such perceived values as style and image, quality, price, fit, reliability, consistency, and confidence that you'll look good.

**Breadth:** is a term used to refer to the number of different product lines, styles, or brands that are carried in a retailing establishment.

**Bridge:** is a merchandise level price point between designer or couture and better goods.

**Bilateral agreement:** Two countries reaching a separate agreement regarding their trade arrangements.

**Boutique:** is a small specialty store, often owned or franchised by designers. Boutiques can offer both accessories and apparel.

**CAD:** computer aided design: used to combine and visualize design ideas and to make patterns and prepare them for cutting.

**CAM:** computer aided manufacturing: utilizes electronics for the production of apparel in ways such as moving garment parts between work stations.

**CIM:** Computer connection to integrate computer aided design and manufacturing

**Catalog showroom:** sells merchandise from a catalog or floor samples in a warehouse style operation.

**Category killer:** is a specialty discounter that focuses on one product and has the best selection at the best price. This effectively "kills" the competition.

**Contractor:** is an independent producer who performs specific aspects of manufacturing, such as sewing, cutting, and finishing.

**Conglomerate:** Defined as a group of non completing firms under common ownership that produces unrelated products.

**Corporation:** is a firm owned by one or more persons, each of whom has a financial interest. A corporation allows capital to be raised through the sale of company stock and does not allow legal claims against individuals, as in the case with sole proprietorships and partnerships.

**Category:** is a major grouping of merchandise that includes all types of departments, classifications, and sub-classifications that a particular type of customer would shop, for example, women's or men's apparel.

**Counterfeit:** is a type of merchandise that violates a company's intellectual property rights. The law states that a protected trademark or copyright cannot be copied and offered for sale by another company.

**Credit:** is an alternate to paying cash. It allows the customer to buy merchandise now, and pay for it later. There are many national and regional credit companies that issue credit cards that are widely accepted by retailers. Even though the stores do not benefit financially from the interest charged on these accounts (they do with charge cards), acceptance of those cards is a convenience afforded to their customers that can ultimately increase patronage and sales.

**Destination store:** is a type of retailer that a customer shops because only it can provide the product or service that the customer wants. Discount Store News defines this as a "magnet" that customers patronize. Customers make special efforts to go to destination stores.

**Demographics:** are used to identify and count groups of people, including population factors of age, gender, income, education, marital status, religion, family size, life-cycle stage, ethnicity, and mobility, among others. Demographics are used by retailers because they are often linked to marketplace needs and are relatively easy to access.

**Designer collection:** is the most expensive, high end line produced by a designer.

**Electronic retailing:** Offers products through such electronic media as computers and television. Shopping on the Internet is the newest technological retail format of on-line retailing.

**Electric data interchange:** A communication system that electronically transfers information from one point to another via computer. An important application is the transfer of purchase orders between manufacturers and retailers. This is one way that vendors and retailers can respond instantaneously to quickly changing consumer demands.

**Fashion forecast :** A prediction of fashion trend. Consultants that foresee the colours, textures, and silhouettes to predict coming fashion trend.

**Freelancing:** Independent work of an individual who does short-term jobs for various firms that end when each assignment is completed.

**Franchise:** is a contractual arrangement between a franchisor (the entity selling its name) and a franchisee (the owner). A franchise combines independent ownership with franchisor-management assistance, which includes a well-known name and image. The franchisee pays royalties for the privilege of using the company name. High fashion is apparel that is produced and priced for that small percentage of the population who want something new and different from mass fashion, with added panache of exclusivity. High fashion products are generally high –priced because of these factors

**International market:** is a market that could be located anywhere in the world and that draws buyers from around the world. Paris, London, Milan, and Tokyo are just a few of the larger international markets.

**Independent store:** is a single retailing unit owned by an individual or a group of individuals, but is not connected to any chain of stores.

**Interior product displays:** help customer locate merchandise and can illustrate how the merchandise is used or worn. They include counter top or point-at-purchase displays, showcase displays, wall or ledge displays, aisle displays, open selling displays, and closed island displays.

**Inventory planning:** involves the determination of the stock levels necessary to meet the sales plan. Note: the terms inventory and stock are used interchangeably.

**International source/sourcing:** is the process of buying of goods offshore, from other countries.

**Jobber:** is a resource that sells closeouts and job lots.

**Just-in-time:** is a concept used in manufacturing to lesson costly inventories. On-line communications and partnerships with suppliers enable fabric and other supplies to be delivered to the manufacturing site "just-in-time" for production.

**Limited liability:** It means stakeholders are not financially liable for debts of a firm beyond the amount that they have individually invested.

**Leaders:** are people who have qualities and/or abilities that emerge to influence and direct others. Common characteristics of a leader include having a realistic, clear vision of a goal, the means to accomplish it, and the ability and means to communicate the vision to inspire others.

**Mazur plan:** divides retail activities into four divisional areas. Descriptions of the responsibilities of the four major retail divisions are:

- **Merchandising:** Buying and selling of goods and services for a profit. This includes the planning, pricing, and control of sales and inventory
- **Publicity:** Concerned with promotion and advertising, display, special events, and public relations
- **Store ( operations) management:** Involves the operations of the retail store, selling, customer service, and all such physical concerns for the store as maintenance and security
- **Accounting and control (finance):** Concerned with all the financial aspects of the business, including credit, collection, budgets, control, and bookkeeping.
- **Retailers vary the configuration of their organizational charts from this four-function chart to accommodate the size and type of their company and how their company is structured. Some retailers may also have a fifth divisional area to account for and handle their branch stores. Others may be organized according to regions and/or divisions. All retailers, however, must have at least two functional areas merchandising and store operations management-to run the business.**

**Merchandise planning** is a broad term that describes those retailing activities that are based in planning. It directly involves the five "rights" of merchandising that Mazur brought to our attention. These are: purchasing the right merchandise, at the right time, at the right place, in the right quantity, and at the right price.

**Niche** is a term used to describe a narrowly defined customer segment. Because niches have very specific needs, niche retailers offer deep assortments of one particular type of merchandise. A company could also serve a niche by defining its market in narrow geographic terms; that is a retailer might serve only one small neighborhood, meeting many of its needs.

**Negotiation can result** in a settlement and mutual agreement between two or more parties on any matter. This settlement is based on communication and the satisfaction of a goal of one or more of the

parties. From a retailer's or manufacturer's perspective, negotiations are often undertaken to solve problems, resolve conflicts, reduce costs, and/or improve profit.

**Multi fiber Arrangement (MFA)** is the general framework from international textile trade operates under the authority of General agreement on Tariffs and Trade and allows for the establishment of bilateral agreements between trading partners. The MFA will be passed out by the year 2005 and will bring the textile and apparel industry under the jurisdiction of the newly formed World Trade Organization.

**Proprietorship:** It is a business owned by one person

**PDM :** Product data management

**Partnership:** It is a contractual agreement between two or more people who agree to share, not necessary equally, in the profits and losses of the organization

**Quotas:** Limitations established by government on quantities of certain categories of goods that can enter a country during an established time span.

**Quick Response:** A strategy used by manufacturers to shorten the ordering cycle to compete with foreign imports.

**Stock holders Share** is a firm's expenses and profits based on the amount of their ownership, although they enjoy limited liability.

**Tariff /duties:** are customs charges imposed on imports in an attempt to protect domestic industry

## Chapter – 2: Concept and principles

**Merchandising** is everything you do to promote and sell your products once the potential customer is in your store. When we talk about merchandise, we are talking about products available for sale, typically in a retail setting.

Any good for sale is merchandise, some examples include **groceries in a supermarket, clothes in a retail store, electronics on a website or raw materials in a manufacturing warehouse**. If someone can sell the item or purchase the item, then it's merchandise.

**Merchandising can be defined** as “Planning, Buying, Assorting, Promoting Placing, Setting and Replenishing the Goods”. Goods bought must be sold or replenished the unsold stock will be a burden on finance. So planning need to be made what kind of product is to be brought and how it should be priced, promoted and placed so that customer is attracted towards the product.

Merchandise is a broader concept than a product. It include various features with which a product is offered at the store. Merchandising is the process and function of designing and delivering the product to ensure customers satisfaction and meet the objective of profit making to the organization. There are different opinions and definitions on merchandising.

**Merchandising has two broad objectives:**

1. Buy and store the inventory or product that is expected or needed by the people.
2. Achieve the objective of the business i.e., Growth, profit etc., that is possible when inventory is sold. It means store or buy that product that be sold is the basic philosophy of merchandising, which benefits both the customer and also the businessmen. That is customer is pleased as he gets product of his desire and retailer gets profit as merchandise is sold.

**Concept of Merchandise:**

Merchandising is the process of promoting sales of goods and services to sustain and amplify customer activity within a retail environment. The fundamental concept of merchandising is to stimulate customers' purchase behavior to reduce retail stores' off-the-shelf products.

There are five types of merchandising include **product, visual, retail, digital, and omnichannel**.

What are the key elements of merchandising?

All of the elements of merchandising contribute to making a store more organized. In this module, we'll discuss eight elements of merchandising: **salesfloor layout, interior signage, cross merchandising, the use of space, color, lighting, mass displays and interactive technology**.

There are 4 key elements of visual merchandising.

**They are:**

- Store exterior.
- Store layout.
- Store interior.
- Interior display.

**Types Of Merchandising**

- Product Merchandising.
- Retail Merchandising.
- Digital/E-Commerce/Online Merchandising.
- Visual Merchandising.
- Omnichannel Merchandising.

The top five types of merchandising are **product, retail, visual, digital, and omnichannel**. Though classified into five different categories, they are primarily interrelated. For example, visual merchandising is correlated with product merchandising.

**Principles of Merchandising:**

Merchandising is delivery of right product at right place and right time to the targeted customer.

Successful operation of merchandising is dependent on following principles.

**1. Offer What Customer Wants:**

Retailer must offer in his store what the customer wants or desires. He must select the segment of customer to whom he has to serve (like rich, middle class, Youngsters, kids, ladies) assemble the goods that they expect, assort and Offer them at a price, style and content etc., that is liked by them.

**2. Prepare Merchandise Plan:**

Merchandiser has to finalise the merchandise plan. Such plan must be based on demands and specialty of each store and department. Micro details like types of products, brands, price category etc., have to be planned.

Such planning must be based on past records, consider the likely changes in fashion, consumption habits. Merchandise has to consult store manager in finalising merchandise plan. He has also to analyse financial implication of investment on merchandise to meet the profit targets.

**3. Selection of Sources of Supply:**

It is said goods well bought are half sold. Merchandiser has to select vendors or suppliers who meet his requirements in terms price, quality, delivery and reliability. He has to search the list of suppliers available locally or at regional or international level depending on his need and select the supplies who meets his demands. Merchandiser has to negotiate with the vendor the terms of buying price, terms of delivery, payment base.

#### **4. Consistency and Change:**

There should be consistency in merchandise assortment. Regular customers are habituated to particular lifestyle, products, price etc. Retailers should be capable of offering regularly as to what his customer's desire. Along with this he has to introduce an element of novelty, bringing the gradual change in product, style of operation etc. to match the changing trend and demand of his customers.

#### **5. Present Right Assortment:**

Retailers has to present right assortments of merchandise, i.e., types of product, brand, price range, and other features that the regular customers expects. Products must be presented category wise offering convenience and comfort to the customer in selection of product.

#### **6. CRM:**

Sale to a customer is not a once day affair or a single transaction. A customer who visits a store must repeatedly visit the store. Retailer has to develop relationship with the customers.

#### **This is possible when:**

- i. Retailer understands need of each particular customer. Pay personal attention to visiting customer.
- ii. Attend any problems faced by customer through after sale service.
- iii. Offer courteous service and make shopping a pleasing experience.

This is called CRM that is necessary to attract and retain customers.

#### **7. Customer Delight:**

A successful retailer not just satisfies visiting customer by offering the product he wants, he surprises him with much more. Retailer should ensure customers delight through new products, offers, discounts, installment, returns and other facility something that is unique, which may please and delight a customer and make him to loyal be organisation.

#### **Functions of Merchandising:**

- The task of merchandising is to select the merchandise to be sold by the organisation. Buy it and ensure its replenishment, by adopting different sales or price strategies. The main function of merchandising is buying which may be centralized or decentralised.
- In case of centralized buying, merchandise required for all the stores is purchased by Head office. In case decentralized buying each individual stores will buy its merchandise on its own subject to approval by Head office. Organisations like Specialty Stores, Discount houses Mail order business will practice centralized system.
- A Department store will have decentralized system. Factors like bulk purchase, discount facility, economy in transportation warehousing facilities determine the purchase policy.

- Merchandiser plays an important role in the success of any retail organization. It is he who selects the goods to be sold. If his selection is right, retail outlets will not have difficulty in selling the goods. Firm may have team of merchandisers, either a merchandiser for each store or for each line of product depending on size and resources of organisation.

**Merchandiser and merchandise departments have following functions:**

**1. Planning:**

Merchandiser has to prepare purchase budget. Purchase of merchandise is based on estimated sales, objectives of organisation and expected returns. Merchandise plan is prepared for the entire organization i.e., store wise, department and also product wise. Plan also determines new products to be added and old products to be deleted based on prospects of sales.

**2. Directing:**

Firm may have specialized buyers who are expert in finding suppliers and negotiate with them. Merchandise department gives guidelines and directions to buying department regarding quantity and budget of purchase. They may also direct the terms of purchase. As per the broad guidelines and directions, buyers make timely purchase of merchandise to match the needs of the organisation.

**3. Co-Ordinating:**

Merchandiser undertakes balancing, timing and synchronizing the activities of buying and selling. He takes periodic stock report from each stores, monitors stock level, and determines purchases to be made. He also co-ordinates buying efforts of different buyers of the organisation.

**4. Controlling:**

He controls entire operations of merchandising i.e., (a) buying (b) issue of merchandise to stores, (c) visual display (d) pricing of sale, (e) sales promotion activities. He periodically takes stock reports determine financial implication of investment on merchandise. Ascertain return on investment store wise, category wise and product wise to determine which product contributing to the profits of the organisation.

Cost cutting measures are adopted to increase profitable lines. Sections and products that have no future may be eliminated. He controls the entire functioning to ensure that merchandising operations are profitable.

**Chapter-3 : Factors affecting merchandising**

**Factors affecting merchandising**

**1.size of the retail organisation**

How big is the retailer in question? Is it a small operation with a single eCommerce website, or is it a major retail conglomerate with stores worldwide and websites in every language? As one would expect, these two dramatically different businesses would have vastly different retail merchandising approaches.

First and foremost, merchants should determine who is in charge of merchandising tasks. In a small retail operation, the owner might take the helm for this responsibility. However, as merchants expand

into different departments, stores and even brands, product management becomes more complex and the number of people involved in inventory purchasing will likely grow.

There are other factors involved as well. For example, a multi-store chain may opt to have buying processes done at a regional or local level, or have all stores stock product based on national trends. Individual purchasers at stores may have more say or less, depending on the size of retail operations. Size of the store is a critical element that needs to be considered in the merchandising process.

## **2.separation of duties**

Separation of duties is common in mid-size and large retail operations. Often, buying, planning and selling may be separate tasks and responsibilities for a variety of reasons, from security to specialization.

When the same person isn't taking care of all three parts of the merchandising equation – buying, selling and planning – retailers need to consider how that could impact overall merchandising efforts. Of course, smaller merchants are likely to put all these duties on a single person, so it's crucial that merchants

take into account who is doing what at their company. Another key consideration of merchandising is the shopping channel. Nowadays, consumers have a number of options when it comes to how they want to shop – online, through television, in-store, via mail catalogs, etc.

## **3.shopping channel**

While merchants should offer all of these options to customers, it's pivotal they have the merchandising strategy in place to support this initiative. For example, mail order catalogs need to be planned well in advance, because production of these materials can take weeks or even months depending on the quantity needed. On the flipside, web-based initiatives can be executed in near real-time.

For many merchants, filling a niche is important. Whether retailers are known for low prices, unique products or any other trademark, it's important that they take into account how channel can impact merchandising efforts.

Merchandising is an important task to get right, with a study from Retail Systems Research concluding that 70 percent of respondents believe merchandising and inventory management are critical to the success of retailers. Managers should use all the tools at their disposal to make the merchandising process as streamlined as possible.

### **Factors Affecting Merchandise Mix Decisions**

To plan the right merchandise mix, retailers consider each of the following factors:

#### **Product Line Compatibility**

In deciding the merchandise mix, retailers consider the product compatibility thenature of the relationships among various product lines and among various product items within them. Depending on the type of compatibility, retailers classify products as substitutes, complements or unrelated. If a product falls in any of these classes, it may affect the way retailers make their merchandise mix decisions. Generally, we can say that; merchandise mix decisions for a specific product may be affected by the class of that product whether it is a substitute, complement or unrelated product.

#### **Product Attributes**

The attributes of the product itself may strongly influence its merchandise mix decisions. Four products attributes to consider are product bulk, standardization, service requirement and required selling method. Bulky products usually require substantial space and also require special handling and if only limited space is available then the retailer may decide not to stock such products. Also other

products require selling skills; others require personal selling approach whereas others can be sold on a self-service basis. All these product attributes can affect merchandise mix decisions of specific products.

### **Product Branding**

Most consumers use brand names to distinguish among the massive selection of products offered by competing marketers; in essence consumers use brand names to help them clarify their preferred merchandise mix. For this case, retailers also rely on product branding as the factor to create merchandise mix that distinguishes them from their competitors. The selection or creation of products brand to be included in the retailer's merchandise mix is also an important consideration in building customer loyalty to both the store's product and the retailer.

### **Product Life Cycle**

The stages that a product passes through, can affect its merchandise mix decisions. The four stages of the product life cycle are introduction, growth, maturity and decline. When making merchandise decisions, the retailer that stock introductory stage products should limit selection to a few key items until primary demand for the product has been established. In the growth stage retailers usually stock an extensive variety of products since this stage is characterized by accelerating sales, the highest profits, limited competition, and lower relative costs and risks. As a rule, retailers do not include products that are in the decline stage of the PLC in their merchandise mix. Thus, the stage that a product is in the PLC, can affect the decisions on merchandise mix of such products.

### **Fashion and Styles**

Fashion, style and design are among factors related to the merchandising mix decisions. A fashion is a product with distinctive attributes that are currently appropriate and represent the prevailing style. Retailers consider what fashion or style of a specific product line is appropriate for the current market before making merchandise mix decisions. This enables them to stock the highly demanded product line and make much profit.

### **Market Appropriateness**

This refers to the way new products matches the consumptions and buying needs of the target consumers. Several characteristics that serve as good indicators of how well a product can be received by the retailer's current and potential customers are relative advantage, affinity, trialability, observability, and complexity. Those market characteristics may affect merchandise mix decisions of a particular retailer.

### **Competitive Conditions**

To decide which product to include or not include in the merchandise mix, retailers must consider the competitive conditions under which the product line is available. Two aspects of competitive conditions to be considered are type and degree of competition.

Type of competition refers to the product whether is available to direct or indirect competitors. A direct competitor is the one whose merchandising program is the same as another retailer's. An indirect competitor is the one whose merchandising program is noticeably different from that of a retailer of similar products. The degree of competition refers to the number of competitors that are or will be stocking the product. For retailers who want some limit on competition but still need comparable products to facilitate customer comparison shopping, a selective arrangement of product line is the best alternative. Both, the type of competition and the degree of competition existing in the market can affect merchandise mix decisions hence retailers must put them into consideration.

## **Chapter-4: Role and responsibilities of Merchandiser**

Merchandiser is the interference between Buyer and Exporter. He is the responsible from order analysis to shipment.

A merchandiser has to interact with so many departments during merchandising his product. The merchandiser's role is to oversee the order right from the time the order is received from the buyer till calculating the account profitability and shipment.

### **Role of Merchandiser**

#### **Role of Merchandiser with Buyer and Sampling Department:**

The merchandise in the initial stages of order receipt and conformation coordinates with the buyer and sampling department for various approvals.

#### **Role of Merchandiser with Buyer:**

A garment merchandiser receives the techpack from the buyer [enquiry]. He has to work with various departments and prepare a validity report and a feasible quote. The quote will be intimated to the buyer, price is negotiated and confirmed. The purchaser order is then sent by the buyer along with the LC. At the various stages of samples, prints embroideries and accessories are sent to the buyer for approval. Once the entire approval phase is over goods are produced and shipped.

#### **Role of Merchandiser with Sampling department:**

Here garments merchandiser arranges for approval of the first sample it may be in just one size, pre-production sample may be in jumping size or entire size set, embroidery, print approval and placement approvals are also finalized in the sampling stage. The measurement chart is also checked and confirmed upon any increase in measurement will lead to an up charge. The paper pattern is also completed with all revisions asked by the Buyer. The fabric [Knit downs, bit looms and first taka] and accessories are approved at this stage.

#### **Role of Merchandiser with Purchase Department:**

Purchase department is divided into two departments such as fabric and accessories. A garment merchandiser receives the fabric requirement from the buyer, receives details of trimmings and accessories required from the buyer.

#### **Responsibilities of Merchandiser**

An apparel merchandiser should follow the below responsibilities:

1. Internal & external communication,
2. Sampling,
3. Preparing internal order sheets,
4. Accessories & trims in-housing,

5. Preparing purchase orders,
6. Getting approvals on lab dips,
7. Advising and assisting production and quality department,
8. Taking responsibility for inspections,
9. Giving shipping instructions and following shipment.

**1. Internal & external communication:**

A merchandiser has to communicate not only with the buyers but also with the others such as suppliers, nominated factory owners, fabric manufacturers etc.

**2. Sampling:**

It is one of the most important task for all the apparel merchandisers. Here, sample have to developed according to buyers instruction. Different types of sample should be developed here such as proto sample, fit sample, fit sample, photo shoot sample, sales man sample, size set sample etc.

**3. Preparing internal order sheets:**

An apparel merchandiser has to prepare various types of internal order sheets such as costing sheet, booking sheet etc.

**4. Accessories & trims in-housing:**

After confirmation of a garment export order, a garment merchandiser has to book and in-house all kinds of trimmings and accessories according to buyer's instruction.

**5. Preparing purchase orders:**

Different types of purchase orders should be prepared here by the garments merchandiser such as fabric, sewing thread, trimmings and accessories etc.

**6. Getting approvals on lab dips:**

It is the other important task of an apparel merchandiser. At first, lab dip should be done by maintaining buyer's recommendation and submitted by the merchandiser to the buyer for its approval. If it's ok then buyer approved it for running garment production.

**7. Advising and assisting production and quality department:**

A garment merchandiser must have to make good relationship with the garment production and quality department for smooth and fault free production. This also creates a great impact on shipping the product timely.

**8. Taking responsibility for inspections:**

Inspection should be done before shipping the product to the buyer. Here, merchandiser plays a significant role to inspect the product by using strong quality department or third party quality inspector.

**9. Giving shipping instructions and following shipment:**

It is the last and final tasks of an apparel merchandiser. Here, garment merchandiser advises various instructions to the commercial department about shipment of a garment export order. By maintaining those instructions, commercial department will ship the products to the buyer.

The merchandiser is responsible for particular lines of merchandise. For example, in a department store, there may be merchandisers for menswear, women's wear, children's wear etc. the basic duties of the merchandiser can be divided into four areas: planning, directing, co-coordinating and controlling.

**Planning:**

Though the merchandisers may not be directly involved in the actual purchase of merchandise, they formulate the policies for the areas in which they are responsible. Forecasting sales for the forthcoming budget period is required and this involves estimating consumer demand and the impact of changes in the retail environment. The sales forecasts are then translated into budgets to help the buyers work within the financial guidelines.

**Directing:**

Guiding and training buyers as and when the need arises is also function of the merchandiser. Many a times, the buyers have to be guided to take additional markdowns for products which may not be doing to well in the stores. Inspiring commitment and performance in the part of the buyers is necessary.

### **Coordinating:**

Usually, merchandise managers supervise the work of more than one buyer, hence they need to coordinate the buying effort in terms of how well it fits in with the store image and with the other products being bought by other buyers.

### **Controlling:**

Assessing not only the merchandise performance, but also the buyer's performance is part of the merchandise manager's job. Buying performance may be evaluated on the basis of net sales maintained mark up percentages, mark down percentages, gross margin percentages and stock turn. This is necessary to provide control and maintain high performance results.

### **Merchandising for Buying House:**

The principle target of this report is to have an appraisal about generally exercises of purchasing house and likewise exercises of merchandisers in a Buying House, how they execute orders, make shipment conveyance, what are the business matters related et cetera.

Buying house working a communication between Buyer and Export House. And Merchandiser is the key person in buying house process. Here it includes following procedures:

- To have introduction to the elements of the Buying house
- To think about the profile of A Buying house
- To think about execution of the Buying house
- To apply hypothetical information in the viable field.

### **Merchandising for Export House**

There are 2 types of merchandisers in export houses - buyer and production merchandisers. Buyer merchandisers act as a link between the buyer and the manufacturer. They have the responsibility of ensuring that the product is developed as per the requirements of the buyer so in between they have the responsibility of sourcing, sampling and communication with the buyer. The production merchants on the other hand are a link between production and buyer merchants. They have the responsibility of ensuring that the production goes as per the schedule and as per the requirements.

## **Chapter- 5: Evolution of retail and retail formats marketing research**

### **Evolution of Retail and Retail Format**

The origin of retail and retail format are old as trade itself. Barter was the oldest form of trade. For centuries, most merchandise was sold in market place or by peddlers. Medieval markets were dependent on local sources for supplies of food, cloth etc because journey was far too slow to allow for long distance transportation. However, customer did travel considerable distance for specialty items. The peddler, who provided people with the basic goods and necessities that they could not be self sufficient in, followed one of the earliest forms of retail trade. Even in prehistoric time, the peddler travelled long distances to bring products to locations which were in short supply. They could

be termed as early entrepreneurs who saw the opportunity in serving the needs of the customer profit. Later retailers opened small shops, stocking them with such produce. As towns and cities grew, these retail stores began stocking a mix of convenience merchandise, enabling the formation of high –street bazaars that become the hub retail activity in every city.

## **Retail**

Retail is the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailers satisfy demand identified through a supply chain.

### **Retail Format**

The formats of a retailer is the overall appearance and feel that it presents to customers, primarily its look and layout, the sort of range it stocks and the approach taken to pricing. Format is distinct from fascia which, strictly speaking, refers solely to external appearance.

### **Scope of Retail and Retail Formats**

#### **1. Store Management**

Store management is to receive materials, to protect them while in storage from damage and unauthorized removal, to issue the material in the right quantities, at the right time to the right place and to provide these services promptly and at least cost.

#### **2. Category Management**

Category management is a retailing and purchasing concept in which the range of products purchased by a business organization or sold by retailer is broken down into discrete groups of similar or related products, these groups are known as product categories.

#### **3. Customer Relationship Management**

CRM is an approach to manage an interaction with current and potential customers.

#### **4. Vendor Management**

Vendor management is a discipline that enables organizations to control costs, drive service excellence and mitigate risks to gain increased value from their vendors throughout the deal life cycle.

#### **5. Inventory Management**

Inventory management is a discipline e primarily about specifying the shape and placement of stocked goods.

#### **6. Supply Chain Management**

Supply chain management, the management of the flow of goods and services, involves the movement and storage of raw materials.

### **Classification of Retail**

#### **a. Amount of Service**

Self service, limited service and full service retailer

#### **b. Product Line**

Length and breadth of the product assortment.

#### **c. Relative Prices**

Pricing structure that is used by the retailer.

#### **d. Retail Organization**

Independent, cooperate or contractual ownership organization.

## **Classification of Retail Formats**

### **I. Product Factors**

It is of 3 types.

- A.** Narrow/ Deep Product Assortment
- B.** Wide/ shallow Product Assortment
- C.** Hypermarket

#### **Narrow/ Deep Product Assortment**

The store has one product category or a very narrow, related range of products. The store however stocks large amount of variety of these products. The variety available in this store format is unparalleled and is the cooperative criteria among these stores. These are sometimes called specialty stores. This format can afford Specialization of retail personnel which will be necessary in handling customers enquires as categories develop.

#### **Wide/ Shallow Product Assortment**

The store has a number of products, but stocks a limited variety of all these goods. The store usually stocks related items, for instance, lifestyle goods for the whole family that include clothes, books, home, décor, jewellery, cosmetics, accessories, stationary, toys etc. For instance, in India Ebony shopper's stops are such stores. This store format is gaining wide acceptance in India as the store act as a one stop shop for the complete family.

#### **Hypermarkets**

The evolution of hypermarkets has required in wider and deeper product assortments for customers. These retail formats are characterized by very large retail spaces that are leased out to various brands. These huge retail formats have many single brand stores in many of the product categories. The choice of

the brands offered convey the depth of the category, image of the store and reflect the intended target market.

### **II. Location Factors**

One specific type of specialty store is the grocery store or the chemist, whose critical factor for access is the proximity to the customer. These stores operate in those product categories for which the customer derives convenience of location. It is one of the important factors for customers.

### **III. Price Factors**

Some retail stores may charge normal or list prices, while some may charge lower than list prices on a regular basis. Retail stores that offer products on the list price do not give discount to customer on a regular price, through they engage in promotions. All these stores mentioned above charge list prices from their customers.

Marketing research is a useful and necessary tool for helping marketers and an organization's executive leadership make wise decisions. Carrying out marketing research can involve highly specialized skills that go deeper than the information outlined in this module. However, it is important for any marketer to be familiar with the basic procedures and techniques of marketing research.

It is very likely that at some point a marketing professional will need to supervise an internal marketing research activity or to work with an outside marketing research firm to conduct a research project. Managers who understand the research function can do a better job of framing the problem and critically appraising the proposals made by research specialists. They are also in a better position to evaluate their findings and recommendations.

Periodically marketers themselves need to find solutions to marketing problems without the assistance of marketing research specialists inside or outside the company. If you are familiar with the basic procedures of marketing research, you can supervise and even conduct a reasonably satisfactory search for the information needed.

### **Step 1: Identify the Problem**

The first step for any marketing research activity is to clearly identify and define the problem you are trying to solve. You start by stating the marketing or business problem you need to address and for which you need additional information to figure out a solution. Next, articulate the objectives for the research: What do you want to understand by the time the research project is completed? What specific information, guidance, or recommendations need to come out of the research in order to make it a worthwhile investment of the organization's time and money?

It's important to share the problem definition and research objectives with other team members to get their input and further refine your understanding of the problem and what is needed to solve it. At times, the problem you really need to solve is not the same problem that appears on the surface. Collaborating with other stakeholders helps refine your understanding of the problem, focus your thinking, and prioritize what you hope to learn from the research. Prioritizing your objectives is particularly helpful if you don't have the time or resources to investigate everything you want.

To flesh out your understanding of the problem, it's useful to begin brainstorming actual research questions you want to explore. What are the questions you need to answer in order to get to the research outcomes? What is the missing information that marketing research will help you find? The goal at this stage is to generate a set of preliminary, big-picture questions that will frame your research inquiry. You will revisit these research questions later in the process, but when you're getting started, this exercise helps clarify the scope of the project, whom you need to talk to, what information may already be available, and where to look for the information you don't yet have.

### **Step 2: Develop a Research Plan**

Once you have a problem definition, research objectives, and a preliminary set of research questions, the next step is to develop a research plan. Essential to this plan is identifying precisely what information you need to answer your questions and achieve your objectives. Do you need to understand customer opinions about something? Are you looking for a clearer picture of customer needs and related behaviors? Do you need sales, spending, or revenue data? Do you need information about competitors' products, or insight about what will make prospective customers notice you? When do you need the information, and what's the time frame for getting it? What budget and resources are available?

Once you have clarified what kind of information you need and the timing and budget for your project, you can develop the research design. This details how you plan to collect and analyze the information you're after. Some types of information are readily available through *secondary research* and *secondary data* sources. Secondary research analyzes information that has already been collected for another purpose by a third party, such as a government agency, an industry association, or another company. Other types of information need to be obtained by talking directly to customers about your research questions. This is known as *primary research*, which collects *primary data* captured expressly for your research inquiry. Marketing research projects may include secondary research, primary research, or both.

Depending on your objectives and budget, sometimes a small-scale project will be enough to get the insight and direction you need. At other times, in order to reach the level of certainty or detail required, you may need larger-scale research involving participation from hundreds or even thousands of individual consumers. The research plan lays out the information your project will capture—both primary and secondary data—and describes what you will do with it to get the answers you need. (Note: You'll learn more about data collection methods and when to use them later in this module.)

Your data collection plan goes hand in hand with your analysis plan. Different types of analysis yield different types of results. The analysis plan should match the type of data you are collecting, as well as the outcomes your project is seeking and the resources at your disposal. Simpler research designs tend to require simpler analysis techniques. More complex research designs can yield powerful results, such as understanding causality and trade-offs in customer perceptions. However, these more sophisticated designs can require more time and money to execute effectively, both in terms of data collection and analytical expertise.

The research plan also specifies who will conduct the research activities, including data collection, analysis, interpretation, and reporting on results. At times a singlehanded marketing manager or research specialist runs the entire research project. At other times, a company may contract with a marketing research analyst or consulting firm to conduct the research. In this situation, the marketing manager provides supervisory oversight to ensure the research delivers on expectations.

Finally, the research plan indicates who will interpret the research findings and how the findings will be reported. This part of the research plan should consider the internal audience(s) for the research and what reporting format will be most helpful. Often, senior executives are primary stakeholders, and they're anxious for marketing research to inform and validate their choices. When this is the case, getting their buy-in on the research plan is recommended to make sure that they are comfortable with the approach and receptive to the potential findings.

### **Step 3: Conduct the Research**

Conducting research can be a fun and exciting part of the marketing research process. After struggling with the gaps in your knowledge of market dynamics—which led you to embark on a marketing research project in the first place—now things are about to change. Conducting research begins to generate information that helps answer your urgent marketing questions.

Typically data collection begins by reviewing any existing research and data that provide some information or insight about the problem. As a rule, this is secondary research. Prior research projects, internal data analyses, industry reports, customer-satisfaction survey results, and other information sources may be worthwhile to review. Even though these resources may not answer your research questions fully, they may further illuminate the problem you are trying to solve. Secondary research and data sources are nearly always cheaper than capturing new information on your own. Your marketing research project should benefit from prior work wherever possible.

After getting everything you can from secondary research, it's time to shift attention to primary research, if this is part of your research plan. Primary research involves asking questions and then listening to and/or observing the behavior of the target audience you are studying. In order to generate reliable, accurate results, it is important to use proper scientific methods for primary research data collection and analysis. This includes identifying the right individuals and number of people to talk to, using carefully worded surveys or interview scripts, and capturing data accurately.

Without proper techniques, you may inadvertently get bad data or discover bias in the responses that distorts the results and points you in the wrong direction. The module on Marketing Research Techniques discusses these issues in further detail, since the procedures for getting reliable data vary by research method.

#### **Step 4: Analyze and Report Findings**

Analyzing the data obtained in a market survey involves transforming the primary and/or secondary data into useful information and insights that answer the research questions. This information is condensed into a format to be used by managers—usually a presentation or detailed report.

Analysis starts with formatting, cleaning, and editing the data to make sure that it's suitable for whatever analytical techniques are being used. Next, data are tabulated to show what's happening: What do customers actually think? What's happening with purchasing or other behaviors? How do revenue figures actually add up? Whatever the research questions, the analysis takes source data and applies analytical techniques to provide a clearer picture of what's going on. This process may involve simple or sophisticated techniques, depending on the research outcomes required. Common analytical techniques include regression analysis to determine correlations between factors; conjoint analysis to determine trade-offs and priorities; predictive modeling to anticipate patterns and causality; and analysis of unstructured data such as Internet search terms or social media posts to provide context and meaning around what people say and do.

Good analysis is important because the interpretation of research data—the “so what?” factor—depends on it. The analysis combs through data to paint a picture of what's going on. The interpretation goes further to explain what the research data mean and make recommendations about what managers need to know and do based on the research results. For example, what is the short list of key findings and takeaways that managers should remember from the research? What are the market segments you've identified, and which ones should you target? What are the primary reasons your customers choose your competitor's product over yours, and what does this mean for future improvements to your product?

Individuals with a good working knowledge of the business should be involved in interpreting the data because they are in the best position to identify significant insights and make recommendations from the research findings. Marketing research reports incorporate both analysis and interpretation of data to address the project objectives.

The final report for a marketing research project may be in written form or slide-presentation format, depending on organizational culture and management preferences. Often a slide presentation is the preferred format for initially sharing research results with internal stakeholders. Particularly for large, complex projects, a written report may be a better format for discussing detailed findings and nuances in the data, which managers can study and reference in the future.

## **Step 5: Take Action**

Once the report is complete, the presentation is delivered, and the recommendations are made, the marketing research project is over, right? Wrong.

What comes next is arguably the most important step of all: taking action based on your research results.

If your project has done a good job interpreting the findings and translating them into recommendations for the marketing team and other areas of the business, this step may seem relatively straightforward. When the research results validate a path the organization is already on, the “take action” step can galvanize the team to move further and faster in that same direction.

Things are not so simple when the research results indicate a new direction or a significant shift is advisable. In these cases, it’s worthwhile to spend time helping managers understand the research, explain why it is wise to shift course, and explain how the business will benefit from the new path. As with any important business decision, managers must think deeply about the new approach and carefully map strategies, tactics, and available resources to plan effectively. By making the results available and accessible to managers and their execution teams, the marketing research project can serve as an ongoing guide and touchstone to help the organization plan, execute, and adjust course as it works toward desired goals and outcomes.

It is worth mentioning that many marketing research projects are never translated into management action. Sometimes this is because the report is too technical and difficult to understand. In other cases, the research conclusions fail to provide useful insights or solutions to the problem, or the report writer fails to offer specific suggestions for translating the research findings into management strategy. These pitfalls can be avoided by paying due attention to the research objectives throughout the project and allocating sufficient time and resources to do a good job interpreting research results for those who will need to act on them.

## **Chapter-7: Sale promotion and promotion Mix**

Sales promotion is one of the elements of the promotional mix. Sales promotion uses both media and non media marketing communications for a pre determined, limited time to increase consumer demand, stimulate market demand or improve product availability. Examples include contexts, coupons, freebies, loss leaders, point of purchase displays, product samples and rebates.

Sales promotion can be directed at either the customer, sales staff, or distribution channel members. Sales promotion targeted at the consumer are called consumer sales promotion. Sales promotion targeted at retailers and wholesales are called trade sales promotions.

## **MERCHANDISING**

Buying and selling of goods and services for a profit. This includes the planning, pricing and control of sales and inventory. merchandising activities may include display techniques, free samples, on the spot

demonstration, pricing, shelftalkers, special offers and another point of sale methods. according to American marketing association, merchandising encompasses planning involved in marketing the right merchandise or service at the right place, at the right time, in the right quantities, and at the right place.

## **PROMOTION**

Promotion may be defined as the 'the co-ordination of all seller initiated efforts to set up channels of information and persuasion to facilitate the sale of a good or service'. Promotion is most of an intended to be a supporting component in a marketing mix.

## **SALE PROMOTION**

Advertising is only one element of promotional mix, but it often considered prominent in the overall marketing mix design. Its high visibility and pervasiveness made it as an important social and economic topic in Indian society. Sales promotion is the process of persuading a potential customer to buy the product. Sales promotion is designed to be used as a short-term tactic to boost sales - it is rarely suitable as a method of building long-term customer loyalty. Some sales promotions are aimed at consumers. Others are targeted at intermediaries and at the firm's sales force. Sales promotion includes several communication activities that attempt to provide added value or incentives to consumers, wholesaler, retailer, or other organisational customers to stimulate immediate sales. Sales promotion is implemented to attract new customers, to counteract competition, and to take advantage of opportunities that are revealed by market research.

There are many methods of sales promotion, including;

- 1- MONEY OFF COUPONS - customers receive coupons, or cut coupons out of newspapers or a product's packaging that enables them to buy the product next time at a reduced price.
- 2- DISCOUNT VOUCHERS - a voucher (like a money off coupon)
- 3- FREE GIFTS - a free product when buy another product.
- 4- LOYALTY CARDS - have recently become an important form of sales promotion. They encourage the customer to return to the retailer by giving them discounts based on the spending from a previous visit.

## **PROMOTION MIX**

In marketing, the promotional mix described a blend of promotional variables chosen by marketers to help a firm reach its goals. It has been defined as a subset of the marketing mix. It is believed that there is an optimal way of allocating budgets for the different elements within the promotional mix to achieve the best marketing result, and the challenge for the marketer is to find the right mix of them. The promotional mix consists of four basic elements. They are:

- 1- Advertising
- 2- Personal selling
- 3- Sales promotion
- 4- Publicity

## **1.ADVERTISING :-**

Advertising is the dissemination of information by non-personal means through paid media where the source is the sponsoring organisation.

## **2-PERSONAL SELLING :-**

Personal selling is dissemination of information by non-personal methods, like face-to-face, contacts between audience and employees of the sponsoring organisation. The source of information is the sponsoring organisation.

## **3-SALES PROMOTION :-**

Sales promotion is the dissemination of information through a wide varieties of activities other than personal selling. Advertising and publicity which stimulate consumer purchasing and dealer effectiveness.

## **4-PUBLICITY :-**

Publicity is the dissemination of information by personal and non- personal means and is not directly paid by the organisation and the organisation is not the source.

## **TECHNIQUES OF SALES PROMOTION**

### **1-REBATE :-**

Under it in order to clear the excess stock, products are offered at some reduce price.

### **2-DISCOUNT:-**

Under this method the customers are offered products unless then the listed price. For example giving a discount of thirty percent on the sale of liberty shoes.

### **3-REFUNDS :-**

ADVERTISEMENTS :- Under this method, some part of the price of an article is refunded to the customer on showing proof of purchase.

### **4-PRODUCT COMBINATION :-**

Under this method, along with the main product some other product is offered to the customer as a gift.

### **5-QUANTITY GIFT :-**

Under this method some extra quantity of the main product is passed on as a gift to the customers. For ex- 25% extra toothpaste in a packet of 200 gm toothpaste.

### **6-INSTANT DRAW AND ASSIGNED GIFT :-**

Under this method, the customers of a particular product are offered gift date and the winners are decided by the draw of lots. While purchasing the product the customers are given a coupon with a specific number pointed on it.

#### **7-USABLE BENEFITS :-**

Under this method coupons are distributed among the customers on behalf of the producer. Coupon is a kind of certificate telling that the product mentioned there can be obtained at special discount.

#### **8-SAMPLES OR SAMPLING:-**

Under this method, the producer distributes free samples of his product among the consumers. Sales representatives distribute these samples from door to door.

### **Chapter-8: Pricing methods and pricing of textile export and import**

Price is the value that is put to a product or service and is the result of a complex set of calculations, research and understanding and risk taking ability. A pricing strategy takes into account segments, ability to pay, market conditions, competitor actions, trade margins and input costs, amongst others. It is targeted at the defined customers and against competitors. Price is the amount of money paid by the buyer for acquiring a product or service. It includes tangible goods like furniture; garments, grocery items etc. and intangible products like services are purchased by consumers. The product is the key element of any pricing methods. The Pricing methods are conjuration and it can only be implemented by marketing managers.

The **Pricing Methods** are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product's life cycle, firm's vision of expansion, etc. influencing the pricing strategy as a whole.

#### **TYPES OF PRICING METHODS**

##### **Cost-Oriented Pricing Method:**

Many firms consider the **Cost of Production** as a base for calculating the price of the finished goods.

- **Cost-Plus Pricing:** It is one of the simplest pricing method wherein the manufacturer calculates the cost of production incurred and add a certain percentage of mark-up to it to realize the selling price. The mark-up is the percentage of profit calculated on total cost i.e. fixed and variable cost.

**e.g.** If the Cost of Production of product-A is Rs 500 with a mark-up of 25% on total cost, the selling price will be calculated as  $\text{Selling Price} = \text{cost of production} + \frac{\text{Cost of Production} \times \text{Mark-up Percentage}}{100}$

$\text{Selling Price} = 500 + 500 \times 0.25 = 625$

Thus, a firm earns a profit of Rs 125 (Profit = Selling price - Cost price)

- **Markup pricing-** This pricing method is the variation of cost plus pricing wherein the percentage of markup is calculated on the selling price.

**e.g.** If the unit cost of a chocolate is Rs 16 and producer wants to earn the markup of 20% on sales then mark up price will be:

Markup Price= Unit Cost/ 1-desired return on sales

Markup Price=  $16/1-0.20 = 20$

Thus, the producer will charge Rs 20 for one chocolate and will earn a profit of Rs 4 per unit.

- **Target-Return pricing-** In this kind of pricing method the firm set the price to yield a required Rate of Return on Investment (ROI) from the sale of goods and services.

**e.g.** If soap manufacturer invested Rs 1,00,000 in the business and expects 20% ROI i.e. Rs 20,000, the target return price is given by:

Target return price= Unit Cost + (Desired Return x capital invested)/ unit sales  
 Target Return Price=  $16 + (0.20 \times 100000)/5000$  Target Return Price= Rs 20

Thus, Manufacturer will earn 20% ROI provided that unit cost and sale unit is accurate. In case the sales do not reach 50,000 units then the manufacturer should prepare the break-even chart wherein different ROI's can be calculated at different sales unit.

### **Market-Oriented Pricing Method:**

Under this method price is calculated on the basis of market conditions. Following are the methods under this group:

- **Perceived-Value Pricing:** In this pricing method, the manufacturer decides the price on the basis of customer's perception of the goods and services taking into consideration all the elements such as advertising, promotional tools, additional benefits, product quality, the channel of distribution, etc. that influence the customer's perception.  
**e.g.** Customer buy Sony products despite less price products available in the market, this is because Sony company follows the perceived pricing policy wherein the customer is willing to pay extra for better quality and durability of the product.
- **Value Pricing:** Under this pricing method companies design the low priced products and maintain the high-quality offering. Here the prices are not kept low, but the product is re-engineered to reduce the cost of production and maintain the quality simultaneously.  
**e.g.** Tata Nano is the best example of value pricing, despite several Tata cars, the company designed a car with necessary features at a low price and lived up to its quality.
- **Going-Rate Pricing-** In this pricing method, the firms consider the competitor's price as a base in determining the price of its own offerings. Generally, the prices are more or less same as that of the competitor and the price war gets over among the firms.  
**e.g.** In Oligopolistic Industry such as steel, paper, fertilizer, etc. the price charged is same.
- **Auction Type pricing:** This type of pricing method is growing popular with the more usage of internet. Several online sites such as eBay, Quikr, OLX, etc. provides a platform to customers where they buy or sell the commodities. *There are three types of auctions:*

**1. English Auctions**–There is one seller and many buyers. The seller puts the item on sites such as Yahoo and bidders raise the price until the top best price is reached.

**2. Dutch Auctions**– There may be one seller and many buyers or one buyer and many sellers. In the first case, the top best price is announced and then slowly it comes down that suit the bidder whereas in the second kind buyer announces the product he wants to buy then potential sellers competes by offering the lowest price.

**3. Sealed-Bid Auctions:** This kind of method is very common in the case of Government or industrial purchases, wherein tenders are DEFINATION

The **Pricing Methods** are the ways in which the price of goods and services can be calculated by considering all the factors such as the product/service, competition, target audience, product's life cycle, firm's vision of expansion, etc. influencing the pricing strategy as a whole.

- **Differential Pricing:** This pricing method is adopted when different prices have to be charged from the different group of customers. The prices can also vary with respect to time, area, and product form.

**E.g.** The best example of differential pricing is Mineral Water. The price of Mineral Water varies in hotels, railway stations, retail stores.

Thus, the companies can adopt either of these pricing methods depending on the type of a product it is offering and the ultimate objective for which the pricing is being done.

## **DISTRIBUTION CHANNELS**

A distribution channel is a chain of businesses or intermediaries through which a good or service passes until it reaches the end consumer. It can include [wholesalers](#), retailers, distributors, and even the internet. Channels are broken into direct and indirect forms: A direct channel allows the consumer to buy the good from the manufacturer, and an indirect channel allows the consumer to buy the good from a wholesaler or retailer.

### Three Types of Distribution Channels

While a distribution channel can sometimes seem endless, there are three main types of channels, all of which include a combination of a producer, wholesaler, retailer and end consumer.

The first channel is the longest because it includes all four: producer, wholesaler, retailer and consumer. The wine and adult beverage industry is a perfect example of this long distribution channel. In this industry, thanks to laws born out of prohibition, a winery cannot sell directly to a retailer. It operates in the three-tier system, meaning law requires the winery to first sell its product to a wholesaler who then sells to a retailer. The retailer then sells the product to the end consumer.

The second channel is one where the producer sells directly to a retailer who sells the producer's product to the end consumer. This means the second channel contains only one intermediary. Dell, for example, is large to sell its products directly to reputable retailers such as Best Buy.

The third and final channel is a direct-to-consumer model where the producer sells its product directly to the end consumer. Amazon using its own platform to sell Kindles to its customers, is an example of a direct model. This is the shortest distribution channel possible.

## TEXTILE IMPORT AND EXPORT

Imports and exports are the two important components of a foreign trade. Foreign trade is the exchange of goods and services between the two countries, across their international borders. 'Imports' imply the physical movement of goods into a country from another country in a legal manner. It refers to the goods that are produced abroad by foreign producers and are used in the domestic economy to cater to the needs of the domestic consumers. Similarly, 'exports' imply the physical movement of goods out of a country in a legal manner. It refers to the goods that are produced domestically in a country and are used to cater to the needs of the consumers in foreign countries. Thus, the imports and exports have made the world a local market. The country which is purchasing the goods is known as the importing country and the country which is selling the goods is known as the exporting country. The traders involved in such transactions are importers and exporters respectively.

In India, exports and imports are regulated by the **Foreign Trade (Development and Regulation) Act, 1992**, which replaced the Imports and Exports(Control) Act, 1947, and gave the Government of India enormous powers to control it. The salient features of the Act are as follows:-

- It has empowered the Central Government to make provisions for development and regulation of foreign trade by facilitating imports into, and augmenting exports from India and for all matters connected therewith or incidental thereto.
- The Central Government can prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions.
- It authorizes the Central Government to formulate and announce an **Export and Import (EXIM) Policy** and also amend the same from time to time, by notification in the Official Gazette.
- It provides for the appointment of a Director General of Foreign Trade by the Central Government for the purpose of the Act. He shall advise Central Government in formulating export and import policy and implementing the policy
- Under the Act, every importer and exporter must obtain a '**Importer Exporter Code Number (IEC)**' from Director General of Foreign Trade or from the officer so authorised.
- The Director General or any other officer so authorised can suspend or cancel a licence issued for export or import of goods in accordance with the Act. But he does it after giving the licence holder a reasonable opportunity of being heard.
- As per the provisions of the Act , the Government of India formulates and announces an Export and Import policy (EXIM policy) and amends it from time to time. EXIM policy refers to the policy measures adopted by a country with reference to its exports and imports. Such a policy become particularly important in a country like India, where the import and export of items plays a crucial role not just in balancing budgetary targets, but also in the over all economic development of the country. The principal objectives of the policy are:-
  - To facilitate sustained growth in exports of the country so as to achieve larger percentage share in the global merchandise trade.
  - To provide domestic consumers with good quality goods and services at internationally competitive prices as well as creating a level playing field for the domestic producers.
  - To stimulate sustained economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production and providing services.
  - To enhance the technological strength and efficiency of Indian agriculture, industry and services, thereby improving their competitiveness to meet the requirements of the global markets.
  - To generate new employment opportunities and to encourage the attainment of internationally accepted standards of quality.

## Chapter-9: Organisations involved in export promotion in India

The following is a list of Export Promotion Organisations in India; it includes Export Promotion Councils, Commodity Boards and Export development authorities. These are Non-Profit Organizations that are responsible for developing and promoting the export industry of India.

SL.NO	EXPORT ORGANIZATIONS	ABBREBIATION
1.	Apparel Export Promotion Council	APEC
2.	Basic Chemicals, Cosmetics and Dyes Export Promotion Council	CHEMEXCIL
3.	Council for Leather	CLE
4.	Wool Industry Export Promotion Council	WOOLTEXPRO
5.	Carpet Export Promotion Council	CEPC
6.	Wool and Woollens Export Promotion Council	WWEPC
7.	The Synthetic and Rayon Export Promotion Council	SRTEPC
8.	The Cotton Textiles Export Promotion Council	TEXPROCIL
9.	Chemicals and Allied Products Export Promotion Council	CAPEXIL
10.	Export Promotion Council for Handicrafts	EPCH
11.	Services Export Promotion Council	SEPC
12.	Handloom Export Promotion Council	HEPC
13.	Indian Silk Export Promotion Council	ISEPC
14.	Jute Products Development & Export Promotion Council	JPDEPC
15.	Power loom Development & Export Promotion council	PDEXCIL

### Role of Export Promotion Organizations

-Export promotion organizations like Export Promotion Councils (EPC), Export Development Authorities, Commodity Boards, India Trade Promotion Organization (ITPO), Exim Bank etc., can play a very important role in promoting Indian products abroad.

These organizations undertake export marketing communication by:

1. Advertising.
2. Sales Promotion.

### 3.Public Relations.

Export marketing communication by these organizations is not for the benefit of any particular firm. These organizations aim at promoting the Indian products.

These organizations can be instrumental in:

- 1.Creating awareness about India's export potentials.
- 2.Impressing foreigners about India's industrial advance and technical capability.
- 3.Improving the quality image of India.

The role of these organizations assumes greater importance in the light of the small sizes and resources of the Indian exporters

## **Export Promotion Councils**

### **1. Apparel Export Promotion Council**

Incorporated in 1978, AEPC is the official body of apparel exporters in India that provides invaluable assistance to Indian exporters as well as importers/international buyers who choose India as their preferred sourcing destination for garments. A quick look at how the Apparel Export Promotion Council (AEPC) has been the moving force behind lot of achievements:

From one office in 1978, it has over 40 offices in just a span of 30 years. From just being a quota monitoring entity, AEPC is today a powerful body for the promotion and facilitation of garment manufacturing and their exports. For Indian exporters, AEPC is quite literally a one-stop shop for information advice technical guidance workforce and market intelligence. Members have access to updated trade statistics potential markets information on international fairs and assistance in participating at these fairs. It also plays a large role in identifying new markets and leading trade delegations to various countries.

### **2.The Cotton Textiles Export Promotion Council**

TEXPROCIL - The international face of Indian Cotton Textiles.

Since its inception in 1954, as an autonomous, non-profit body dedicated to promotion of exports, the, popularly known as TEXPROCIL has been the international face of cotton textiles from India facilitating exports worldwide. Texprocil has a membership of around 3,000 companies spread across major textile clusters in India. Its members are well established manufacturers and exporters of cotton textile products like Cotton, Yarns, Fabrics and Home Textiles, showcasing a dazzling array of products across the value chain.

The Council connects international buyers with appropriate suppliers and facilitates interaction that enables them to source their specific needs. It also provides information on India's competitive advantages, its export environment and updated position in the global market place.

Texprocil provides regular updates on international product trends, trade related issues, advances in technology and the latest developments in the industry, as well as existing and emerging markets. It also undertakes regular market research, organises participation in international trade fairs, holds its own Buyer Seller Meets and facilitates international trade missions in India and other countries.

The Council enables better understanding of Indian and International trade policies, emerging trade issues, social and environmental compliances, quality management and sustainable business practice.

### **3.The Synthetic & Rayon Textiles Export Promotion Council**

The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC), set up in 1954, is one of the oldest Export Promotion Councils in India.

The Council has played a transforming role over the years, inculcating export culture and promoting exports of Indian man-made fibre and textiles. Exports of these items, which were negligible in the 1960s, have grown substantially to touch US\$6.16 billion during 2013-14. India exports to nearly 140 countries at present.

The Council envisages exports to the tune of Rs. 55,000 corers (US\$ 9 billion) by the end of the 12th Five Year Plan (2016-17). The MMF textiles industry contributes 17% of the total Indian textile exports and this share is growing. India is the sixth largest exporter of MMF textiles in the world.

### **4. Wool and Woollens Export Promotion Council**

Introducing foreign businessmen to local manufacturers/exporters and provide them with the information useful in conducting business.

Inviting leading exporters to visit India and gain first hand information regarding the capability of the Indian Woollen Industry.

- Assisting foreign buyers in their visits to India and chalk out their tour programmes, arrangements etc.
- Working with the organisers of leading International Trade Fairs and Exhibitions, in order to project the quality and variety of Indian Woollen Products abroad.
- Researching foreign markets and and sponsor Study-cum-Sales Team/Delegations abroad.
- Promoting and actively practice overseas public relations.
- Monitoring international fashion forecasts and transmit them to Indian Exporters.
- Helping the Textile Inspection committee of India to ensure that Indian Woollen Products are made as per International Standards.
- Chalking out and implementing programmes for enlarging and improving the production base of the Woollen Industry.
- Maintaining close liaison with the International Wool Secretariat and Wools of New Zealand.

### **5. Wool Industry Export Promotion Council (WOOLTEXPRO)**

WOOLTEXPRO is an autonomous, non-profit Export Promotion Council, sponsored by the Ministry of Textiles and set up by the Ministry of Commerce, Government of India, which has become the international face of Indian woollen textiles successfully facilitating exports.

#### Major functions of WOOLTEXPRO

- Foreign delegation to India and arrange their tour programmes.
- Arranging Buyer-Seller Meets in India and abroad.
- Maintaining close liaison with the International Wool Textile Organisation, Woolmark Company, Wools of New Zealand, Australian Wool Innovation, etc.
- Arranging trade fairs and exhibitions in order to project the quality and variety of Indian woollen products. Research foreign markets and arranging delegation/study tour abroad
- Chalking out and implementing programmes for enlarging and improving the production base of the Woollen Industry.
- Exploration of overseas markets.
- Providing your Company profile to overseas buyers and vice a versa.
- Resolving shipping & transport problems
- Advise on export finance, banking and insurance.
- Extensive publicity in India & Abroad.
- Deputation of trade delegations, study teams, sale teams to foreign markets

- Organise buyer/sellers meetings in India & Abroad.
- Market study

## **6. Indian Silk Export Promotion Council**

The Indian Silk Export Promotion Council (ISEPC) was set up in 1983 as a company not for profit under Companies Act duly sponsored by the Government of India in the Ministry of Textiles. The Council as on date has a membership of 655 regular exporters of Silk goods whereas more than 1800 exporters have registered with the Council. ISEPC works closely with the Government of India on policy formulation concerning silk sector and provides specialized services to the entrepreneurs enlarging global business opportunities for the silk industry in India.

Main Activities of the Council

- Explore markets and identifies items offering export potential by conducting market surveys.
- Establish contacts with the perspective buyers to generate their interest in Indian Silk products.
- Sponsor trade delegation, study teams and sales teams to various markets abroad.
- Organize Buyer Seller Meets for its member exporters.
- Organize Silk fairs and exhibition in India.
- Participate in trade fairs and exhibitions abroad.

## **7. Carpet Export Promotion**

CEPC was established by exporters under Companies Act in the year 1982 and is a non-profit organization, set up with the objective to promote and develop exports of Handmade Carpets, Rugs and other Floor Coverings. It is an official body of handmade carpet exporters for promotion of exports from country and projected India's "Make in India" image abroad as a reliable supplier of high quality handmade carpet products. CEPC therefore, helps in R & D, quality assurance, timely delivery of finished products across the globe in addition to skill enhancement of weavers / artisans / entrepreneurs, strengthening base in existing markets, identifying potential markets, educating about government policies and its compliances, providing assistance for brand building of Indian hand-made carpets, through publicity, participating in and organizing world renowned trade fairs, expositions and road shows etc around the world in established markets. Also exploring potential and upcoming markets globally for promotion of Indian handmade carpets, rugs, floor coverings etc.

## **8. Export Promotion Council for Handicrafts (EPCH)**

Export Promotion Council for Handicrafts (EPCH) was established under Companies Act in the year 1986-87 and is a non-profit organisation, with an object to promote, support, protect, maintain and increase the export of handicrafts. It is an apex body of handicrafts exporters for promotion of exports of Handicrafts from country and projected India's image abroad as a reliable supplier of high quality of handicrafts goods & services and ensured various measures keeping in view of observance of international standards and specification. The Council has created necessary infrastructure as well as marketing and information facilities, which are availed both by the member's exporters and importers. The Council is engaged in promotion of handicrafts from India and project India's image abroad as a reliable supplier of high quality handicrafts.

## **9. Powerloom Development & Export Promotion Council**

Power loom Development & Export Promotion Council (PDEXCIL) is set up by the Ministry of Textiles, Govt. of India in the year 1995. The Council has been registered under Section 25 of The Companies Act, 1956, having its Registered Head Office at Mumbai, Maharashtra & Regional Office at Erode, Tamil Nadu.

The main objectives of the PDEXCIL is to promote, support, develop, advance and increase power looms and export of Power loom fabrics and made-ups thereof and to carry out any such activity in such manner as may be necessary or expedient.

PDEXCIL undertakes many activities such as Capacity Building Programs, Seminars, Fairs, Buyer Seller Meets, Reverse Buyer Seller Meets, participation in International fairs, Trade delegation visits etc for development of Power loom industry in India and increasing exports of Power loom fabrics and made-ups.

Our Members can take benefit from the activities of PDEXCIL for improving their facilities, export performance and development. The success of the power loom industry today in India, is in no small measure, due to the support and assistance offered by the PDEXCIL. Spurred on by the developmental activities initiated by PDEXCIL, Indian power-loom textiles are equipped to meet the challenges posed by the global supermarket.

### **10.Handloom Export Promotion Council**

India's Textile Industry is the country's second largest industry in terms of employment potential. Handloom sector plays a very important role in the country's economy. Handloom industry is the largest cottage industry in the country with 23.77 lakh looms.

The major handloom export centres are Karur, Panipat, Varanasi & Kannur where handloom products like Bed linen, Table linen, Kitchen linen, Toilet linen, Floor coverings, embroidered textile materials, curtains etc. are produced for export markets.

The Handloom industry mainly exports fabrics, bed linen, table linen, toilet and kitchen linen, towels, curtains, cushions and pads, tapestries and upholstery's, carpets, floor coverings, etc. The major importing countries of Handloom products from India are USA, UK, Germany, Italy, France, Japan, Saudi Arabia, Australia, Netherland and UAE.

Handloom Export Promotion Council (HEPC) is a nodal agency constituted under "The Ministry of Textiles, Government of India" to promote exports of all handloom products like fabrics, home furnishings, carpets, floor coverings, etc. HEPC was constituted in the year 1965 with 96 members and its present membership is around 1400 spread all over the country.

The prime object of HEPC is to provide all support and guidance to the Indian Handloom exporters and International buyers for trade promotion and international marketing. HEPC organizes / participates in International Trade fairs, Buyer Seller Meets in India and abroad & seminars.

## **Chapter – 10: WTO and its impact**

The WTO has played an important role in shaping out the trade as an element for achieving higher development goals for all the developing countries, however, impact of this global organization varies from country to country even within the category of the developing nations because of different economic circumstances.

Here I have enlisted some of the positive and negative impacts of the WTO on developing nations-

- ❖ The WTO as a global organization has helped the developing nations to participate in world economic arena.

- ❖ It is a forum to all types of developing countries to compete the quality of their goods and services with those of others. Therefore, the overall quality of goods and services increases which in turn improve the quality of life in a nation.
- ❖ Apart from strengthening economic relationship among countries, it has helped the trade and development go hand in hand.
- ❖ The biggest positive impact which it has on developing countries is that it has helped them in providing market for the manufacturing goods which has enhanced the exports at a higher pace.
- ❖ It has also played significant role in providing technical assistance, knowledge of quality goods, and access to newer technologies to the developing nations.
- ❖ Because of multi-lateral rules and disciplines, it is expected that fair trade conditions will be created for developing nations, also the dispute settlement system will help to check the disputes arising out of it.

**Now some of the negative impacts -**

- ❖ The WTO is dominated by leading industrialized countries and by the corporation of these countries. The developing countries have a less say In this organization.
- ❖ The developing countries have fewer human and technical resources and therefore often enter negotiations less prepared than their developed counterparts.
- ❖ The tariff peaks and escalations hamper developing countries' exports and their attempts in export diversification.
- ❖ Through the various agreements signed under the WTO ,the developing nations have actually foreclosed a wide range of development options.
- ❖ The domestic economy supporters often face neglect because of global competitive better goods.

The agendas of the WTO are often designed in the favor of the developed nations, The WTO has played an important role in shaping out the trade as an element for achieving higher development goals for all the developing countries, however, impact of this global organization varies from country to country even within the category of the developing nations because of different economic circumstances.

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