Readymade Garments Retail Business in India: A Case study of Pantaloon retail (India) Ltd.

Subhash Desai [1], Apurva Desai [2]

[1]Assistant Professor & Section Head – IT, Institute of Diploma Studies,
Nirma University, Ahmedabad – 382 481

[2]Professor and Head, Computer Science Department,
Veer Narmad South Gujarat University, Surat – 395 007

[1] subhash.desai@nirmauni.ac.in [2] desai_apu@yahoo.com

ABSTRACT*: Let us examine simple reasons for change in demand for cloths. Almost two decades ago ladies used to wear saris everyday to work. Now, apparel brands go the unisex way. Today the wardrobe is overflowing with shirts, trousers, stoles and a few jackets. With more working women, there has been a natural expansion of what was once considered a niche market.*

The market for branded women's western wear is seen to have grown from barely Rs. 500 crore eight years ago to Rs. 5000 crore today. That is still a small percentage of the overall branded apparel market that is estimated at Rs. 30,000 crore.

We need to create awareness of fits. Today with more exposure, increased travel and newer international brands entering the market, we are seeing a surge in this market. Women today demand trendy, younger, fuss-free clothing.

There is need for a survival strategy of the domestic manufacturing sector in the advanced economies against competition from low-cost imports. We are already familiar with inexpensive imported casual clothing.

Keywords: **Retail, SCM, Fashion.**

1. INTRODUCTION:

Let us develop useful retail marketing model for company. We assume that last year's sales are directly related to this year's sales. We will follow that line of reasoning.

(1) We take the first <u>n weeks</u> (n=2 or 4) of actual sales for this year.

(2) Look up the corresponding <u>n weeks</u> of actual sales for last year.

(3) We form a ratio of these two numbers

$$CSE = \left(\frac{C}{P} \right) *PA$$

Where CSE=Current year's sales estimate

C=Current year's actual sales in <u>n weeks</u>

P=Previous year's actual sales in <u>n weeks</u>

PA=Previous year's actual sales whole year

(4) We will no doubt loose some of our old customers and hence the revenue. We may introduce factor A (A < 1.0). This gives new model

$$CSE=A * \left(\frac{C}{P} \right) * PA$$

Our attempt is to keep value of A to be very close to 1. We can use simplified approach to avoid distributed related problems. If we are successful in retaining old customers then we can increase our market share and the profitability as they can be our Brand Ambassadors.

(5) As we are very likely to loose some customers, we will also gain some new customers. Perhaps due to dissatisfaction by competitors and offering best beneficiary schemes with top class customer satisfaction by us.

(6) We believe, we may have X % rise in the number of new customers. This brings us the new model

$$CSE =A* \left(\frac{C}{P} \right) *PA+ \left(1+ \frac{X}{100} \right) *N*V$$

$$CSE = (CSE1 + CSE2) / 2$$

Where N=the number of customers last year (calendar or financial)

V=Product value

When N is not known, we may put Y % rise or fall in product contribution. We will consider A = 1 then

$$CSE1 = \left(\cfrac{C}{P} \right) * PA$$

$$CSE2 = \left(1 + \cfrac{Y}{100} \right) * PA$$

If the values CSE1 and CSE2 are very close to each other then we conclude that our proposed model is fit to this product in organization.

(7) Use this model to arrive progressive figures. We can see that mathematical models may not give "final answers" to simple problems but offer reasonable grasp on an uncertain future.

2. Analysis of Data for case study:
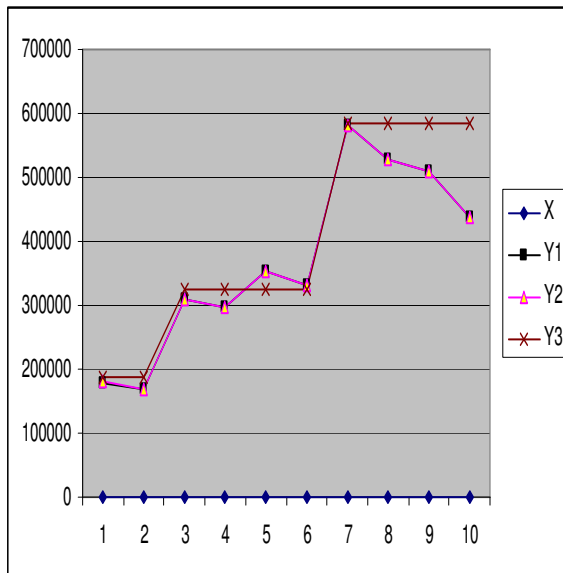
PANTALOON 2006 onwards

Pantaloons, Central, Big Bazaar and Food Bazaar are going through rapid expansion. The retail business discovered new geographies and established its presence in 42 cities and towns across the country. At the same time, some of our retail formats – Pantaloons, Central, Big Bazaar and Food Bazaar – are entering a phase of maturity.

Augmenting the retail front-end team, Line of Business (LOB) units have been created in the three most critical businesses – food, fashion and general merchandise. They have also discovered opportunities to create new businesses that can act as catalysts to consumption within their retail stores. These businesses are leveraging the strengths that their retail businesses provide and thereby generating more value for their investors and other stakeholders.

Company has also undertaken significant private label initiatives in food, in general Merchandise and in the consumer durables and electronics categories. Strategic alliances have also been forged with established domestic

and international brands. However, the most significant development was the internal realignment the company undertook within each of its retail businesses.

It was the first Pantaloons store in Kolkata that set off a chain of discoveries that have led them to where they are today. Ten years later, they have launched our largest Pantaloons store in Kankurgachi in Kolkata. Spread across 85,000 square feet, the store is the first among a series of large format stores that will be launched across the nation.

Central also initiated the creation of a seamless technology integration experience between the merchandise management and brands retail team, as a pilot study. The initial results have been very favorable and the project implementation will be underway shortly.

The important aspect of Inventory Management is also being addressed more effectively with the pilot implementation of RFID (Radio Frequency Identification Device) across some categories in all Central stores.

This technology enhancement is expected to have a positive impact on inventory handling and reconciliation and will gradually include most merchandise categories.

In 2006-2007, more Indians discovered the value of shopping in Big Bazaar. The introduction of SAP in 2005-06 and its roll out during the year, positively impacted the business.

The Indian operations currently will be two fold, contract delivery to corporate and retail through franchisee stores and store-in-stores within Future Group retail formats. The venture will deal in a wide variety of categories and office products, ranging from core office supplies to printers to computers.

The domestic consumption story of India is at a point of inflection. Over the last couple of years, modern retail has emerged as one of the fastest growing sectors in the Indian economy. The growth and opportunity in the Indian retail space has attracted many players. Multinational companies have also announced their entry into India, through

single-brand outlets, joint ventures with domestic companies and other routes.

Having been closer to the ground realities and being witness to the rising consumption demand at its own stores, the Company had expected that more players will be attracted into this sector, sooner or later. The Company believes that its expansion and execution plan will not be affected by the entry of new players. The Company believes that for the coming year, competition will vary from location to location, rather than being at a national level.

The Company's business model is well balanced to capture the consumption of the customer. Pantaloon Retail's inclusive business model and strong relationships with the communities that it serves through its retail chains has held the Company in good stead till now. The Company is continuing its network expansion plan to increase the footprint all across India by rolling out new store in exiting formats as well new formats to capture the Consumption boom in the country.

3. Conclusion:

Changes due to innovative ideas are recognized as most effective factor for human life. People have been living as per environmental conditions. However, the desire to create something new is dominating for Research & Development Activity. People seem to overcome problems of environment by adopting new Fashion and Style of Living. Outer looks are being modified and there is hardly difference between male and female.

The merging of fashion and image creates the look. But consumers are now expecting nothing less than luxury when they even seek ordinary. High street retail has risen to the challenge as consumers opt for cheap and cheerful goods. Hence, popularity of low cost retail clothes is rising.

The Chinese market is huge and the Chinese luxury market is still way behind the level the western world enjoys and is a market still to be captured. However, sociological differences and attitudes between regions means that manufactures will need to tailor their goods accordingly.

Consumers having the knowledge and ability to find a better bargain than clothing store who provide the lowest of low cost retail clothes shopping. Hence**,** Indian readymade garments retail business will have ample opportunity to capture it against imported items.

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