Chapter 17

End to End Supply Chain Planning for a Fashion Retailer in India

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ABSTRACT

This study initially explains all the Supply chain processes involved in fashion retail business and later discusses about the real time challenges faced by fashion retailer in India. It also throws a light on how IT can improve the supply chain aspects in fashion retail. Paper also talks about why fashion retailers in India are more resistant towards IT solutions. Paper also look at the obstacles faced by fashion retailers in India in to go Omni-channel. This study helps the IT providers to understand how to build their products solving the real time challenges faced by fashion retailers, and helps retailers to improve their supply chain planning by leveraging IT solutions. This paper also helps to understand the fashion retailing business in India.

INTRODUCTION

Supply Chain Management

Let us initially understand what is supply chain management, it can be defined as ‘the integrated network of all the people, organizations, resources, activities and technology involved to create and sell the product, from the delivery of raw materials from the supplier to the manufacturer, through to its final delivery to the end user’. It oversees flow of goods, information, labor and finance across the entire network.

Time taken from start point to end point of the value chain is called the Lead time. Lead time plays a very crucial role in entire supply chain planning. In short, Lead time means how quick are you able to deliver your products to the end customer. This lead time varies across the industries.

Supply Chain Management in Retail

Supply chain management in retail is an end to end process in merchandise planning and movement, from forecasting the demand to the point of reaching the merchandise to the customer. It is
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an integrated process where all the activities are interconnected with the system for information throughout the value chain.

Broadly retail supply chain is divided into four parts:

- **Manufacturer**: Manufacturer is an entity that makes a good through a process involving raw materials, components, or assemblies, usually on a large scale with different operations divided among different workers. These entities take care of procurement of raw material and production of finished goods. Post manufacturing, the finished goods are routed to either distributor or wholesaler or a retailer.

- **Distributor**: Distributors frequently have a business relationship with manufactures that they represent. Many distributors maintain exclusive buying agreements that limit the number of participants or enables distributors to cover a certain territory. The distributor becomes the manufacturer’s direct point of contact for prospective buyers of certain products. However, distributors rarely sell a manufacture’s goods directly to consumers. Wholesale representatives and retailers generally find distributors to buy products for resale.

- **Wholesaler**: Wholesalers generally buy a large quantity of products directly from distributors. High-volume purchase orders typically improve a wholesaler’s buying power. Many distributors provide discounts for a certain number of items purchased or the total amount spent on merchandise. The goods are frequently destined for retailers.

- **Retailer**: Retailers consist of small and large for-profit businesses that sell products directly to consumers. To realize a profit, retailers search for products that coincide with their business objectives and find suppliers with the most competitive pricing. Generally, a retailer can buy small quantities of an item from a distributor or a wholesaler.

**Fashion Retailer**

Fashion retailers can be defined as individual or a group of stores that sell fashion merchandise. Fashion merchandise includes apparel, accessories, footwear, cosmetics etc. Usually Store chains/Department stores selling these categories also fall under this category.

Based on the merchandise the brand produces, there are broadly three types in fashions:

- **Fast Fashion**: The trend for fashion retailers to buy their merchandise closer to the season, and respond to trends as they emerge. The merchandise is very affordable and designed based on the latest trends. Trend hardly lasts for few weeks and new styles hits the stores. Brands in this segment operate at a very less lead time. Zara, Mango, Marks & Spencer are few brands that operate in this segment.

- **Slow/Traditional Fashion**: This is exactly opposite to fast fashion. In this segment the designs last for long. Brands in this segment operate at a higher lead time. Recent studies say that companies are trying to move towards slow fashion. G-Star, H&M are few brands that operate in this segment.

- **High Fashion**: This is called Haute couture in French, which refers to the creation of exclusive custom-fitted clothing. Merchandise is highly customized and highly priced. Designer collections fall under this segment. Designs that are unique or made in very limited editions. Prada, D&G & Louis Vuitton are few brands that operate in this segment.
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