

Report On  
**Supply Chain Management: Benetton**

By

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An internship report submitted to the **BRAC Business School** in partial fulfillment of the requirements for the degree of **Master of Business Administration (MBA)**

BRAC Business School  
BRAC University  
June'2020

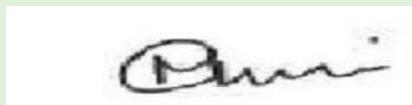
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## Declaration

It is hereby declared that

1. The internship report submitted is my own original work while completing degree at BRAC University.
2. The report does not contain material previously published or written by a third party, except where this is appropriately cited through full and accurate referencing.
3. The report does not contain material which has been accepted, or submitted, for any other degree or diploma at a university or other institution.
4. I have acknowledged all main sources of help.

**Student's Full Name & Signature:**



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**Mousumi Biswas**

ID: 17264001

**Supervisor's Full Name & Signature:**

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**Dr. Suman Paul Chowdhury**

Asst. Professor, BRAC Business School

BRAC University

## Letter of Transmittal

Dr. Suman Paul Chowdhury  
Asst. Professor,  
Asst. Professor  
BRAC University  
66 Mohakhali, Dhaka-1212

**Subject:** Submission of Internship Report

Dear Sir,

With great pleasure, here I submit my internship report on Supply Chain Management of United colors of **Benetton** that you have approved & assigned as a compulsory requirement of MBA degree.

I have attempted my best to finish the report with the essential data and recommended proposition in a significant compact and comprehensive manner as possible.

I trust that the report will meet the desires.

Sincerely yours,



---

**Mousumi Biswas**

ID: 17264001

BRAC Business School

BRAC University

Date: June, 2020.

## **Acknowledgement**

First of all, I am expressing my heartfelt gratitude to the God, the most merciful and the benevolent, for his special kindness to give me the opportunity to complete the internship report timely. I would also like to express my gratitude to all the personnel who were involved directly or indirectly in the preparation of this report.

I would like to pay my gratitude to my supervising teacher Mr. Suman Paul Chowdhury, Asst. Professor of BRAC Business School, BRAC University, for his guidelines and cooperation in preparing this Report.

I am very grateful to my entire family members for their respective support and inspiration to accomplish my study

Finally I will show my gratitude to the Management, Colleagues & Staffs of Benetton who have helped me during the Project period and the entire persons of the organizations who somehow have impact on me in completing my whole report.

## **Executive Summary**

Overall supply chain working procedure of United colors of Benetton has been shown in this report. Since establishment in 1965, Benetton expands its business with continuous development and have a network of about 4700 stores in 70 different countries. Here Benetton used around 54% accessories and clothing supplier from Asia region.

Benetton has made throughout the past over 30 or to have a strong supply chain management system. After too many research they implemented dual supply chain system which is strong enough to response customer demand and other activities. They have design their supply chain in such a way which are capable of ensuring a high quality product with a minimum time schedule.

**Keywords:** dual; quality; system; production.

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# Chapter 1: Internship Overview

## 1.1 Information of student

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*Name of Internee* : Mousumi Biswas

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*ID* : 14264001

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*Program* : Master of Business Administration (MBA)

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*Major* : Operation Management

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## 1.2 Information of internship

### 1.2.1 Period, Company Name & other basic information:

**Period:** April, 2016 – Continuing

**Company name:** Benetton Asia Pacific Ltd. - Bangladesh Branch (United Colors of Benetton)

**Department/Division:** Supply Chain Planning & Production

**Address:**

Ventura Avenue - 3rd floor & 4<sup>th</sup> Floor.

CNW(C) 8/B Gulshan Avenue; Dhaka-1212.

### 1.2.2 Company Supervisor's Information

**Name:** Md. Shohag Hossain

**Position:** Admin, HR & Accountant

Benetton Asia Pacific Ltd. - Bangladesh Branch (United Colors of Benetton)

### 1.2.3 Job Scope, Responsibilities and other information:

Merchandiser, Supply Chain Planning & Production.

Benetton Asia Pacific Ltd. - Bangladesh Branch

**Responsibility:**

- Work as a communication media of whole supply chain operation in Bangladesh with other country.
- Monitor supplier production performance and on time delivery.
- Order placement and production follow-up.
- Tracking fabric flow & all other information related with production.
- Make forecasts on upcoming order compare to previous season.
- Issuing Purchase contract through SAP software.
- Select mode of shipment based on arrival schedule of goods to the shop.
- Provide instruction to supplier regarding packing method.
- Checking shipping quantity country wise: short/excess.
- Track production, fabric flow, meeting related to production, sample approval status etc.

**1.3 Internship Outcomes****1.3.1 Contribution of Student's to the company:**

- Students can work as a trainee employee.
- Reduce the workload of office employee.
- Reduce the cost of company for additional employee.
- Students can shows new ideas.

**1.3.2 Benefits to the student**

- Gather practical work experience.
- Get opportunity to implement the bookish knowledge in practical work.
- Help to find out the type of work, he/she like to do.
- Help to build career to the fresher.
- Help to maintain corporate liaison with each of the employees, supervisors, officers, managers and other management body of the company.

### **1.3.3 Problems/Difficulties**

- Difficulties to cope up with new environment.
- Problem of understanding the corporate culture.

### **1.3.4 Recommendations**

- Handles with care to the interns.
- Give a clear instruction regarding overall procedure of the organization.
- Don't give too much workload.
- Provide a friendly environment and flexibility to work.

## **Chapter 2: Organization Part**

### **2.1 Introduction:**

The report has been prepared based on supply chain procedure of Benetton group to fulfill the partial requirement of MBA degree. This report will definitely increase the knowledge of supply chain work practice of RMG sector all over the world.

Supply chain management is the management of the flow of goods and services and includes all processes that transform raw materials into final products. It involves the active streamlining of a business's supply-side activities to maximize customer value and gain a competitive advantage in the marketplace.

#### **2.1.1 Objective:**

##### **General Objective:**

Find out Benetton supply chain working procedure worldwide.

##### **Specific Objective:**

- To provide an overview of how supply chain work in a successful organization.
- To find out success factors related to supply chain.

#### **2.1.2 Methodology:**

This report has been prepared on the basis of experience gathered from practical experience of work in Benetton-supply chain department. The methodology can be shown in the following ways:

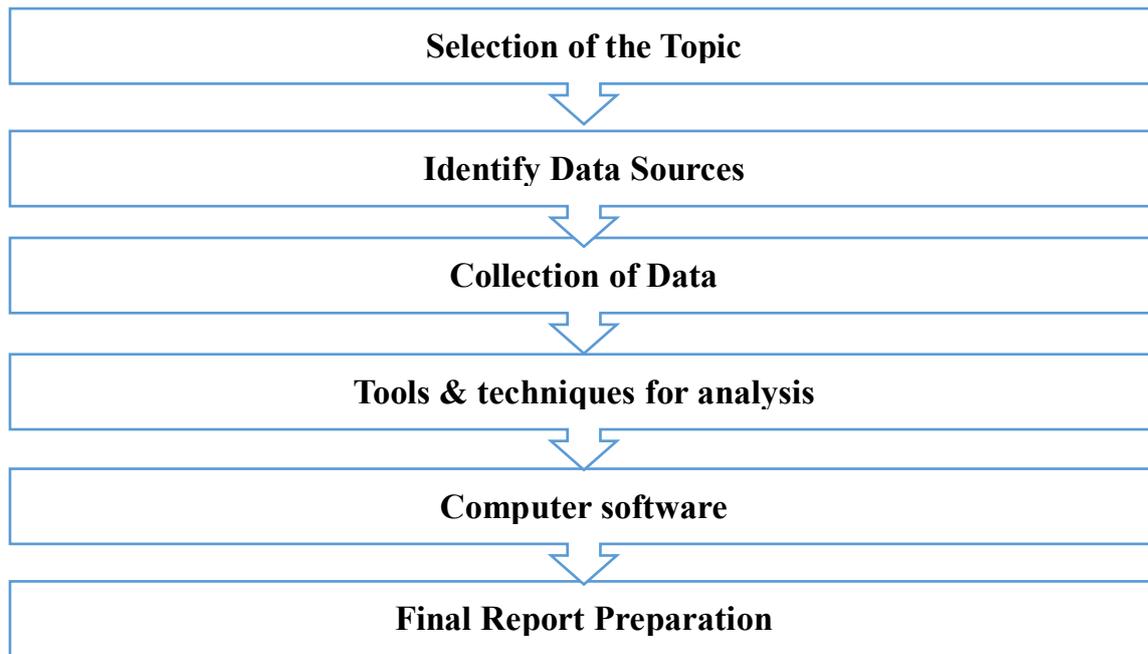


Figure 1 Flow Chart of Methodology

#### **2.1.2.1 Selection of the Topic:**

I selected the topic of my study and my supervisor **Dr. Suman Paul Chowdhury** approved the topic. After having selected topic I have started doing research on supply chain operation of Benetton worldwide.

#### **2.1.2.2 Identify data sources:**

Primary and Secondary data were used and the study also required interviewing the officials and staffs where necessary. Moreover, supplier were interviewed for the survey purpose.

#### **2.1.2.3 Data Collection:**

Information was collected to furnish this report both from primary and secondary sources.

#### **Primary sources:**

- Discussion with employees (unstructured questionnaire)
- Keen observation
- Conversation with supplier.

#### **Secondary Sources/ External Sources:**

- Official website of Benetton group.
- Annual report and other internal documents of Benetton group.

- Various journals & case studies on Benetton group.
- Various Internship reports on similar type of company which are operated in Bangladesh.
- Information collect from **Millan fashion week**.

#### **2.1.2.4 Tools & techniques:**

For the financial performance analysis I have used time series analysis, SWOT analysis etc. All information has taken from Benetton annual report and internal sources.

#### **2.1.2.5 Computer Software:**

After collecting the data, it was analyzed by Microsoft Word & Excel. Then the findings were made. Based on the findings, the present situation was explained and recommendation was made.

#### **2.1.2.6 Final Report Preparation:**

On the basis of the suggestion of our honorable supervisor, some deductions and actions are made and final report is prepared thereafter.

### **2.1.3 Scope:**

The scope of the study is to understand the supply chain working procedure in Benetton and find out the key success factors. As a student of BRAC University MBA Program major in operation management, it is very much necessary for me to know about the supply chain working procedure.

### **2.1.4 Limitation and Significance:**

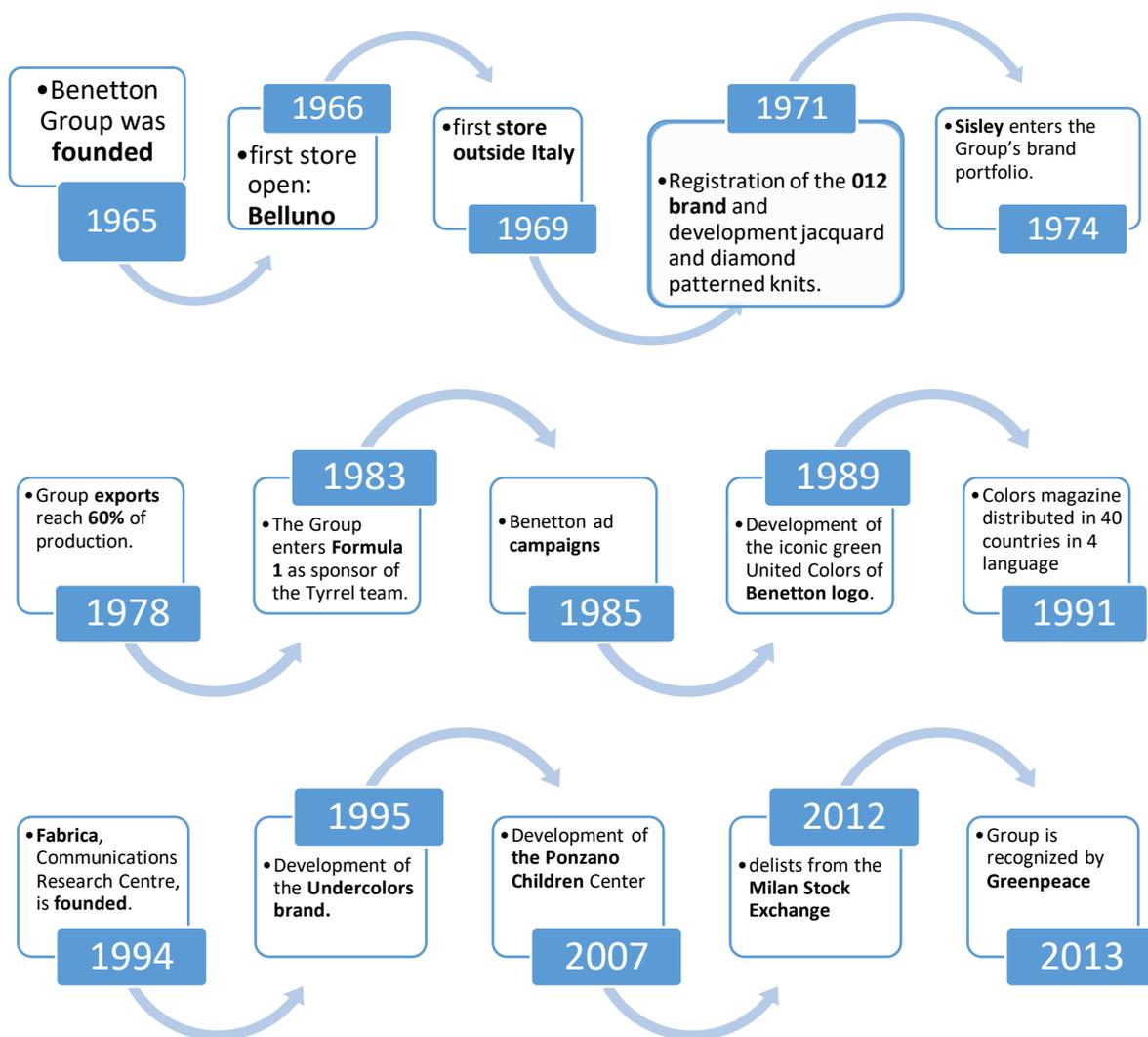
The major limitations for conducting this study are-

- Like any other research, this report is limited to time and resource and only three month is not enough to cover such wide area of supply chain as well as preparing this report which may takes more than a year.
- Restriction on using various information. So this report is based on only publicly available information.
- As I was the only one person, this report seriously suffered manpower constrains for a vast research.

## 2.2 Overview of the Company

### 2.2.1 Historical background:

Since its establishment in 1965, Benetton Group has grown to become one of the world's best-known apparel companies. The history of Benetton is built on innovation – seen in its bright colors, the revolution of the retail outlet, unique sales networks, and universal communications that have always been social talking points and aroused cultural debate. From 1965 to onwards Benetton has expanded its business with continuous development and have a network of about 4700 stores in 70 different countries.



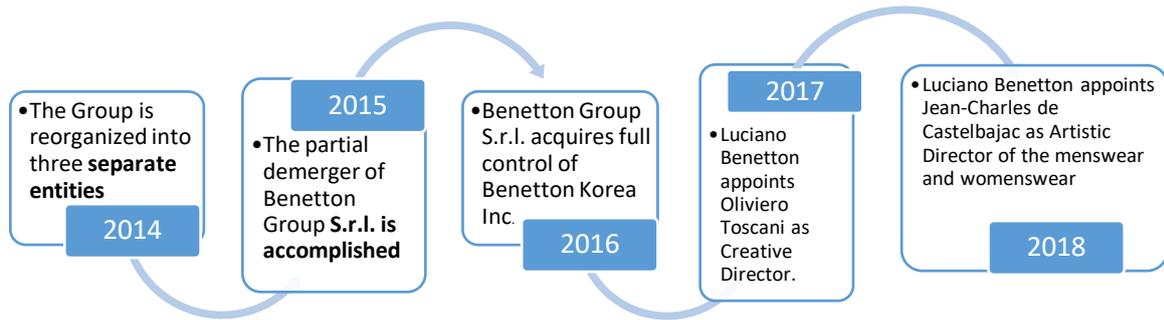


Figure 2 History of **Development of Benetton Group.**

### 2.2.2 Brands:

United Colors of Benetton (UCB) and Sisley are the two brands of the Benetton Group. **UCB** is the brand of color and knitwear. It is a perfect combination of Italian creativity and global research, it offers quality garments for the whole family. **Sisley** is a brand with a strong contemporary aesthetics that makes it immediately recognizable and appreciated. Together, UCB and Sisley contribute to consolidating an idea of style, passion and quality that is perfectly integrated and includes the definition of strategies, the management of the entire design cycle, product production and distribution, sales network coordination and external relations.



Figure 3 Brand Category of **Benetton**

### 2.2.3 Business Model:

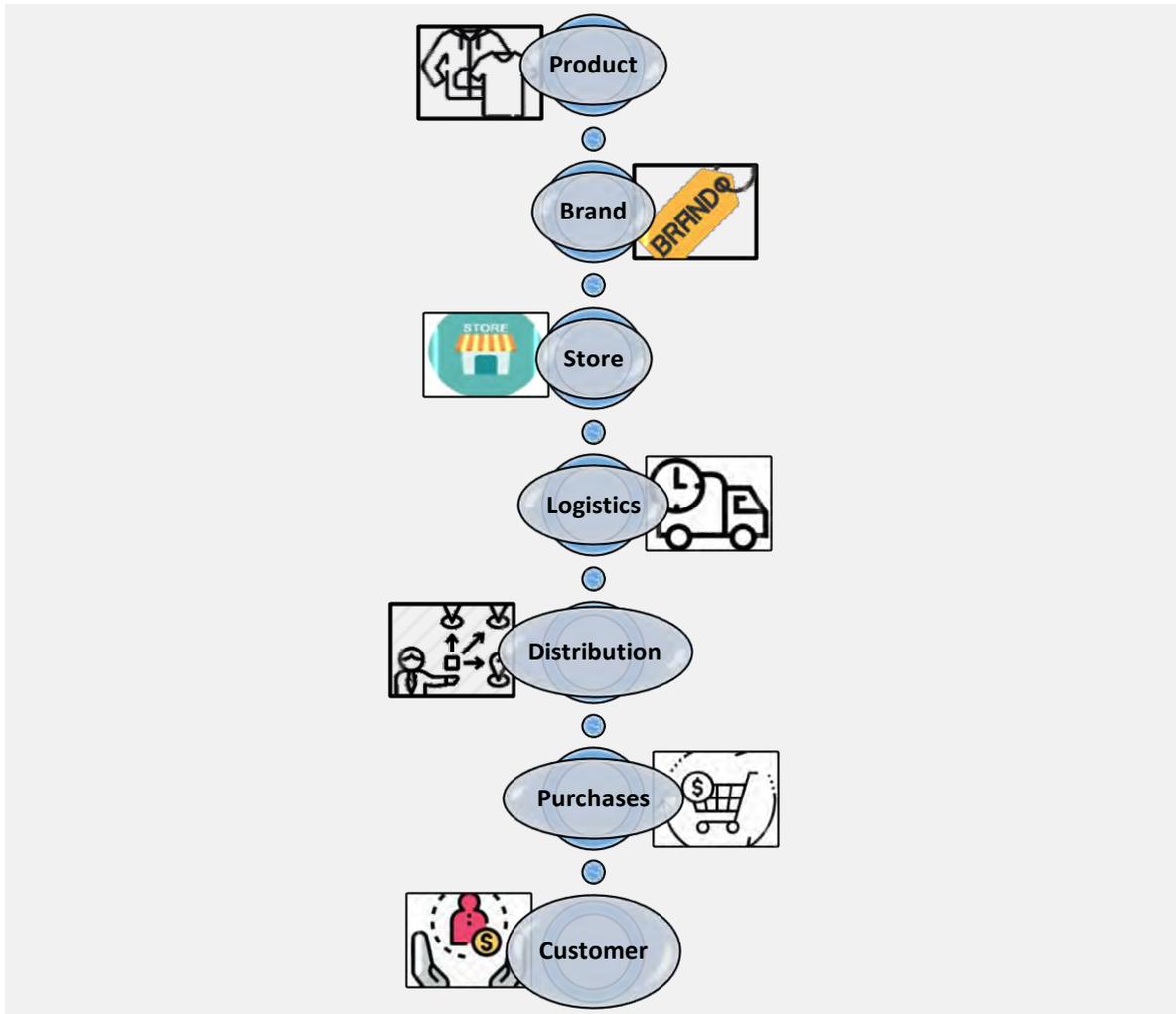


Figure 4 Business model of Benetton

Benetton consolidated efforts in research and development of new materials and treatments, making a decisive impact on the UCB collections with the involvement of a new artistic director. They continued strengthening the positioning of their brands: UCB & SISLEY. They focus on new store model and strong logistic support for smooth delivery. Proper distribution channel minimize the shipping cost. They consolidated their existing target and developed communication lines and campaigns for United Colors of Benetton to reach out to the millennial target.

## 2.3 Management Practices

### 2.3.1 Governance

Overview of the company Governance are given below:

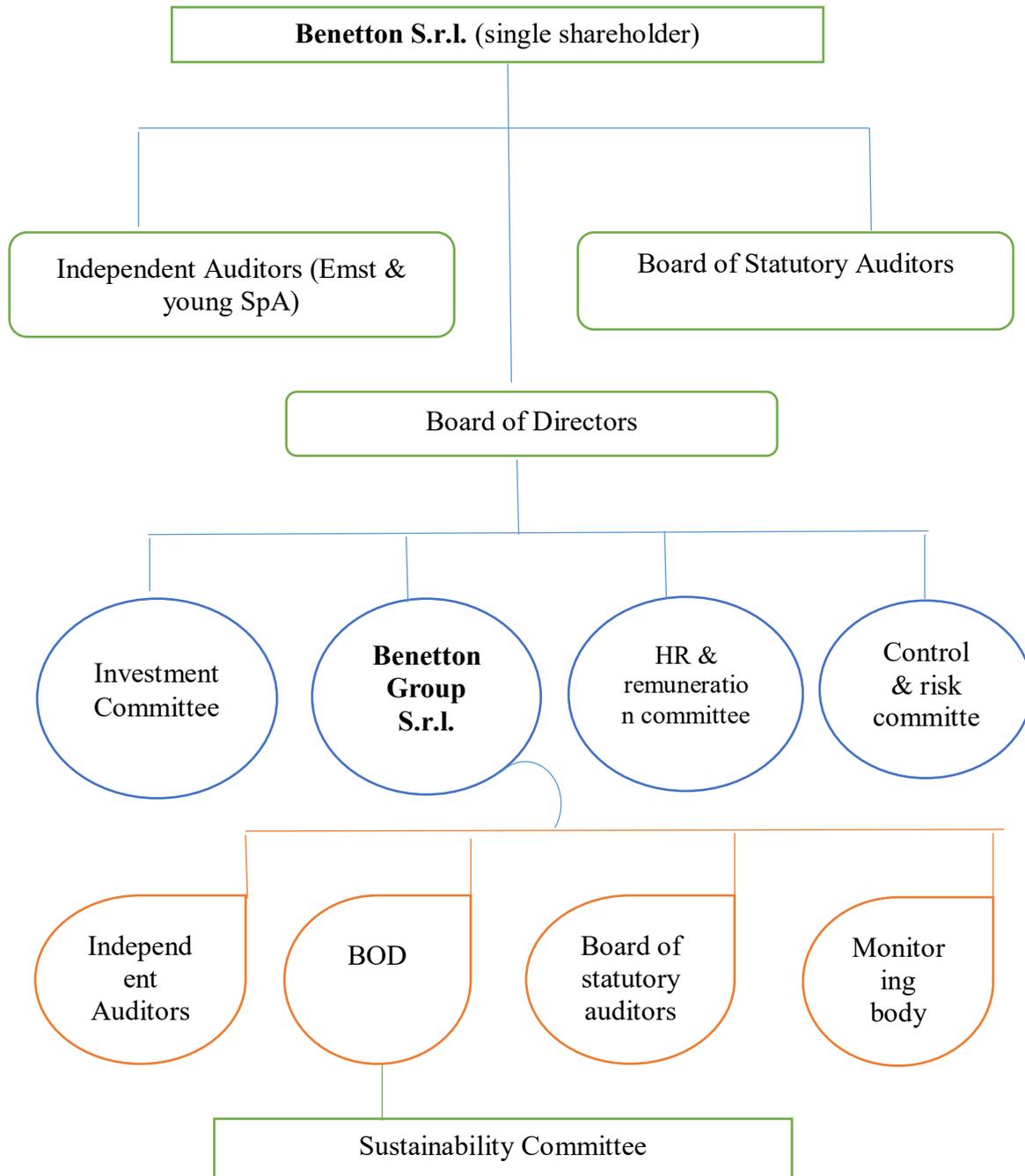


Figure 5 Governance of Benetton

### 2.3.2 Human resource

A global company like Benetton Group, with over 7500 employees and 4700 stores in more than 70 countries worldwide, knows that human resources are key to building success. For this reason, also in 2018 they developed and increased the number of initiatives addressed to their employees' wellbeing and requests in order to attract new talents and reward those who already work with them.

Table 1 Employee information

	2016			2017			2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Employment contract</b>									
Permanent	1 660	3 882	<b>5 542</b>	1 728	3 898	<b>5 626</b>	1 761	4 105	<b>5 866</b>
Temporary	256	1 277	<b>1 533</b>	254	1 625	<b>1 879</b>	1 87	1 457	<b>1 644</b>
Other	189	11	<b>200</b>						
<b>Total</b>	<b>2 105</b>	<b>5 170</b>	<b>7 275</b>	<b>1 982</b>	<b>5 523</b>	<b>7 505</b>	<b>1 948</b>	<b>5 562</b>	<b>7 510</b>
<b>Employment type</b>									
Full Time	1 770	3 042	<b>4 812</b>	1 709	3 149	<b>4 858</b>	1 688	3164	<b>4 852</b>
Part Time	334	2 126	<b>2 460</b>	273	2 374	<b>2 647</b>	260	2 398	<b>2 658</b>
Other	1	2	<b>3</b>						
<b>Total</b>	<b>2 105</b>	<b>5 170</b>	<b>7 275</b>	<b>1 982</b>	<b>5 523</b>	<b>7 505</b>	<b>1948</b>	<b>5 562</b>	<b>7 510</b>

Table 2 employee by geographic area

Region	year	Men	Women	Total	% of Men	% of women
Italy	<b>2016</b>	799	1779	<b>2578</b>	30.99	69.01
	<b>2017</b>	797	1918	<b>2715</b>	29.36	70.64
	<b>2018</b>	1722	1722	<b>3444</b>	50.00	50.00
Europe	<b>2016</b>	199	2004	<b>2203</b>	9.03	90.97
	<b>2017</b>	274	2414	<b>2688</b>	10.19	89.81
	<b>2018</b>	278	2640	<b>2918</b>	9.53	90.47
Rest of the world	<b>2016</b>	1107	1387	<b>2494</b>	44.39	55.61
	<b>2017</b>	911	1191	<b>2102</b>	43.34	56.66
	<b>2018</b>	937	1200	<b>2137</b>	43.85	56.15

## 2.4 Marketing Practices

### 2.4.1 Advertising campaign (sources- <http://altermark.blogspot.com>)

#### 1) Multiracial Campaign “United Colors of Benetton” – (Throughout the 80s)

In the middle 1980s, world-renowned photographer Oliviero Toscani created for Benetton the first of his multiracial campaigns with the "United Colors of Benetton" slogan. This was the first series of Benetton's shocking advertisements and the one that established "United Colors of Benetton" as the company's main slogan for the following decades.

*Social issues addressed: Racism*

Example:



Figure 6 Multiracial Campaign (sources- altermark.blogspot.com)

## 2. Social Topics (1989-90)

Later on, the Italian brand moved into controversial topics such as AIDS, Gulf War casualties and so on, always with the aid of Toscani [2]. Some of the advertisements were considered very shocking and were banned in many countries around the world.

*Social issues addressed: Several (e.g. anti-war, HIV, immigration, death penalty)*

### Examples:



Figure 7 Campaign on social topic (sources- altermark.blogspot.com)

## 3) Food for Life (2003)

This campaign was launched in 2003 and aimed at reminding people of the importance of food in all aspects of life [3]. The advertisements try to tell the true story of individual human beings; women, children and men whose only chance of escaping from violence, ostracism or poverty depends on their possibility of finding food [1]. The results were remarkable, since after the end of the campaign Benetton was included among the five best-recognized trademarks of the world.

*Social issues addressed: Hunger, life struggle*

**Examples**



Figure 8 Campaign on food for life (sources-[www.benettongroup.com](http://www.benettongroup.com))

**4) UNHATE (2011)**

In 2011 Benetton launched the UNHATE campaign, one of the most controversial campaigns of the last decade [2]. The campaign included outdoor advertisements focused on the theme of the kiss, a universal symbol of love, exchanged between global political and religious leaders: Barack Obama and the Chinese leader Hu Jintao; Angela Merkel and Nicolas Sarkozy, Palestinian President Mahmoud Abbas and the Israeli Prime Minister Benjamin Netanyahu. Symbolic images of reconciliation, used to prompt a profound reflection on how politics, faith and ideas, even if diametrically opposed, must lead to dialogue and un-hate [4].

*Social issues addressed: Hate*

**Examples**



Figure 9 Campaign on un-hate (sources- [altermark.blogspot.com](http://altermark.blogspot.com))

**5) Unemployee of the Year (2012)**

The campaign, which was launched in September 2012, centers on a contest in which unemployed young people can win €5,000 to implement a project that has a positive impact on

their community. It is supported by posters depicting close-ups of (exclusively attractive) young people, with captions like "Valentina, 30, non-lawyer from Italy." [5] The contest was also supported by a series of TV advertisements focused on the issue of unemployment and an extensive social media promotion.

Benetton explained how the campaign "*presents a realistic portrait of today's society by actively tackling a current problem, that of youth non-employment and the potential conflict between generations, in order to show it in a new light and create value for the immense human capital of young people.*" [6]

*Social issues addressed: Unemployment*

### Examples



Figure 10 Campaign on unemployment (sources- <http://altermark.blogspot.com/>)

### 2.4.2 Fashion show

A **fashion show** is an event put on by a fashion designer to showcase their upcoming line of clothing and/or accessories during Fashion Week. Fashion shows debut every season, particularly the Spring/Summer and Fall/Winter seasons. The two most influential fashion weeks are Paris Fashion Week and New York Fashion Week, which are both semiannual events. The Milan, London, Sibiu and Berlin fashion weeks are also of global importance.

The Rainbow Machine is **United Colors of Benetton's** first ever Milan **Fashion Week runway show**, a tribute to industrial production, innovation and **color**. "Rainbow" represents a vision shared by Luciano **Benetton** and Jean- Charles de Castelbajac.

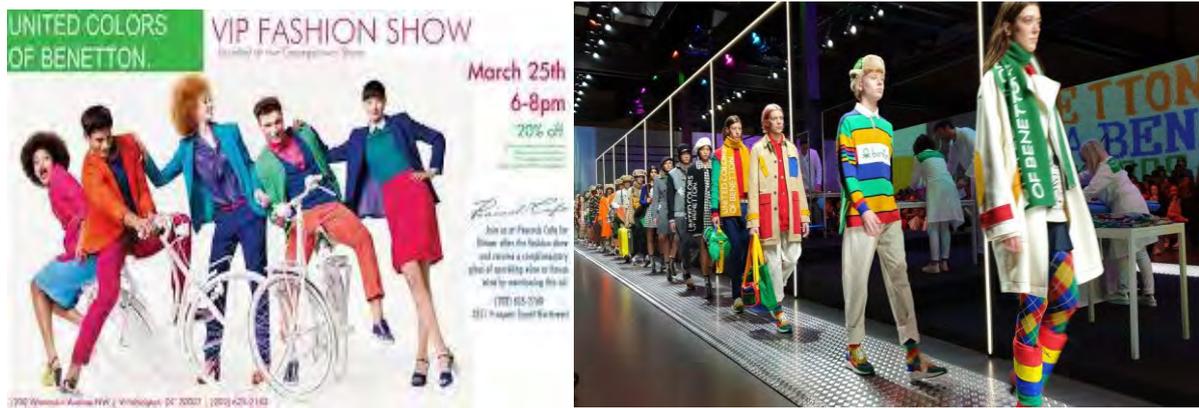


Figure 11 picture of Benetton fashion show (sources- google.com)

## 2.4.2 Product design

Product design in the casual wear business of Benetton:

### Earlier:

- Product customization of more than 20 per cent of the models for each country.
- Select model based on area through retail agent.
- Create different image of Benetton in different geographical areas.

### Now:

- Now-a-days limited range of products to be offered in every country
- Here only 5–10 per cent of the models have been differentiated
- communicate just one image all over the world
- Flash collections (35-40 per cent of its total products)
- Streamlining of its brands
- In the field of design: searching for easy-care textiles.

Reinforcing the image of Benetton products:

- i. Global
- ii. Young
- iii. Easy
- iv. High Quality



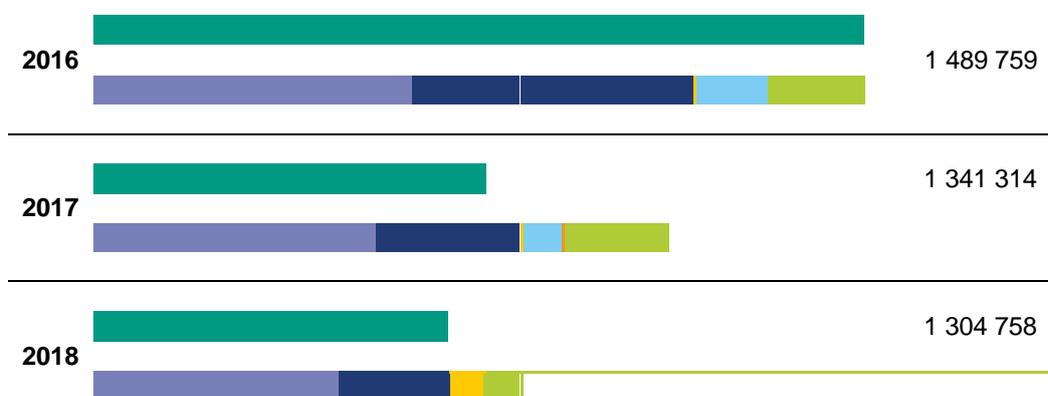
## 2.5 Financial Performance & Accounting Practices

### 2.5.1 Financial Capital:

The economic value generated by Benetton amounts to Euro 1 304 million, the economic value distributed totals Euro 1 334 million and the economic value retained is negative for about Euro 29 million. The reduction in the economic value generated is attributable to a reduction in sales by the directly operated stores, which were affected by the general context of weakness, with similar declines also in comparable stores.

Table 3 Economic value generated and distributed by Benetton (thousand Euro)

Item	2016	2017	2018
Economic value generated	1 489 759	1 341 314	1 304 758
Economic value distributed	1 461 274	1 397 451	1 334 651
<b>Operating costs</b>	<b>1 187 930</b>	<b>1 126 330</b>	<b>1 082 198</b>
Value distributed to employees	224 017	232 263	223 820
Value distributed to investors	12 807	15 720	13 918
Value distributed to P.A.	33 548	20 751	13 223
Value distributed to the community	2 970	2 384	1 493
<b>Total retained economic value</b>	<b>28 485</b>	<b>(56 137)</b>	<b>(29 893)</b>



- Economic Value generated
- Total economic value retained

Economic value distributed:	
	To employees
	To Public Administration
	Operating costs
	To the community

Figure 12 Economic value generated and distributed (thousand Euro)

Despite the overall decreased economic value generated, the Group maintained the commitments to its stakeholders: the largest portion of the economic value distributed (around 81%) is allocated to supplier remuneration, in particular to the management of operating services and the purchase of raw materials. 17% is allocated to employee remuneration, including all that is provided for in the relevant contract as well as the welfare system guaranteed to employees.

### 2.5.2 Production capital:

Most of the suppliers used by Benetton Group for the production of clothing, footwear and accessories (54%) are currently located in Asia, particularly in China, India and Bangladesh. Confirming the new course started last year, the Group is re-evaluating its procurement strategy by choosing suppliers located in the EMEA\* countries. The greater proximity of suppliers to the Group's headquarters, where the main operational activities are concentrated, allows faster response to creative needs, increased control of the supply chain and improved efficiency of logistics.

Table 4 Value of procured products

	<b>2016</b>		<b>2017</b>		<b>2018</b>	
<i>EMEA</i>	€ 353,312,938.00	51.00 %	€ 287,045,960.00	46.60 %	€ 265,281,050.00	45.6 0%
<i>Asia</i>	€ 336,053,624.00	48.50 %	€ 324,998,313.00	52.80 %	€ 313,659,457.00	54.0 0%
<i>Rest of the world</i>	€ 3,345,159.00	0.50%	€ 3,418,931.00	0.60%	€ 2,187,476.00	0.40 %
<b>Total</b>	<b>€ 692,711,720.00</b>		<b>€ 615,463,204.00</b>		<b>€ 581,127,983.00</b>	

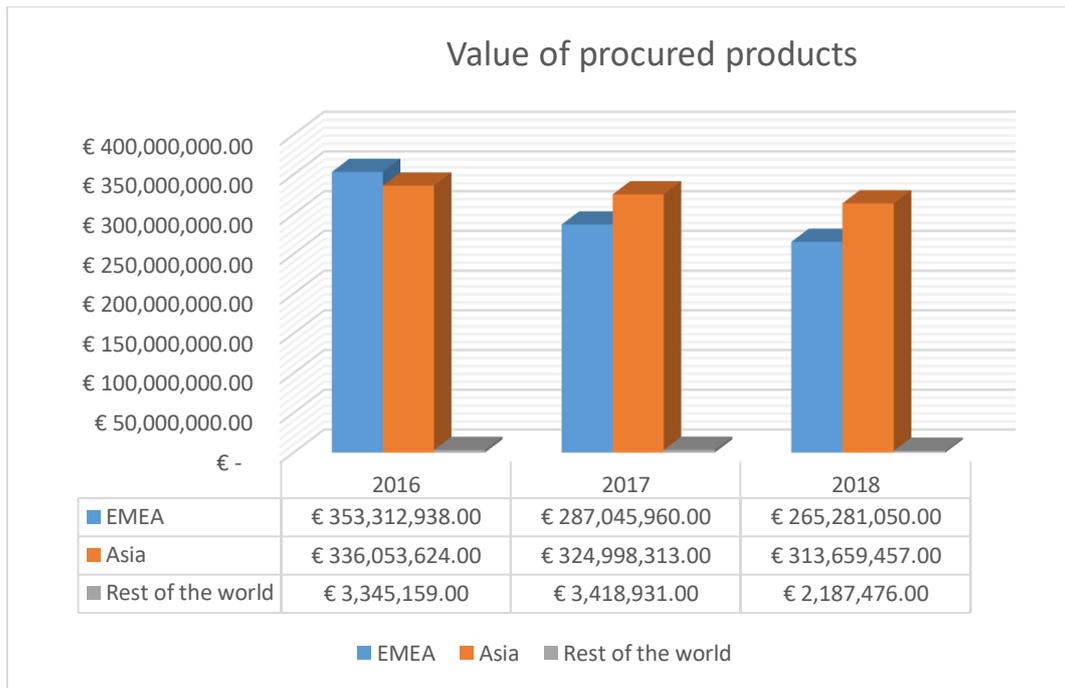


Figure 13 Value of procured products

## 2.6 Industry analysis

Industry analysis helps a company to understand its position in the market. Industry attractiveness and competitive position of Benetton can be understood through Porter's five forces model analysis.

### 2.6.1 The Five competitive forces:



Figure 14 Porter's 5 forces model of competition

**2.6.1.1 Threats of new entrants:** United Colors of Benetton will face threats of new entrants if

- There is no entry restriction in market.
- Customer switching cost is very poor.
- There is lack of loyal customer.

To overcome this situation Benetton needs to create more loyal customers, raise switching costs and also needs to implement entry restrictions.

**2.6.1.2 Threats of substitutes:**

There should be threats of substitutes when

- The substitute product is cheaper than the product of Benetton.
- Product differentiation is very low.
- Customers get similar or more benefit from the substitute product.

To overcome this situation Benetton needs to focus on product differentiation and customer satisfaction.

**2.6.1.3 Competitive rivalry**

Rivalry among competitive firms in the market can limit each other's growth potential. To get rid of this situation Benetton needs to create strong brand value with high product differentiation.

**2.6.1.4 Suppliers Bargaining Power**

When the suppliers are few in number but buyers are huge then bargaining power of suppliers becomes very strong. To solve this problem Benetton needs to make its own source of trims and accessories.

**2.6.1.5 Bargaining Power of Buyers**

Benetton can get rid of bargaining power by offering good quality and highly differentiable products to the customer.

## 2.6.2 SWOT analysis

Strengths, Weaknesses, Opportunities, and Threats analysis of Benetton are given below:

Table 5 SWOT analysis

Brand	Major Competitors	SWOT analysis			
		Strengths	Weakness	Opportunity	Threats
UCB	Gap, Zara, Stefanel	Powerful global brand	lost momentum versus competition	simple actions may give good results	Management poor track record
SISLEY	Max&Co., Versus D&G, Canali	Unique design with good quality at affordable price	Lack of publicity	regional expansion	significant investment necessary
The Hip Site	Fomarina, H&M	Highly customized product	startup brand	High expansion opportunities	teenager purchases is low
Play life	Nike, Reebok, Sergio Techhani, Napapijhri	good retail network and investment already done	unclear positioning	expected superior growth for lifestyle brands	tough competition
Killer Loop	Reef, Quicksilver	strong international brand	lost heritage	expected superior growth for lifestyle brands	tough competition

## **2.7 Summary and Conclusions**

Since establishment of Benetton in 1965 to onwards Benetton has expanded its business with continuous development and have a network of about 4700 stores in 70 different countries. Large number of suppliers used by Benetton located in Asia, basically in China, India and Bangladesh. It is a Powerful global brand having high quality product. Different advertising campaign and fashion show make it more popular.

Benetton enjoyed explosive growth from 1965 to the start of the 1990's but has since been eclipsed by its competitors who stole the market initiative with fast fashion in the mid 1990's. The company was unable to leverage its vertically integrated manufacturing base, huge network of franchisees or take advantage of the drop in the value of the Italian Lira in the 90's to respond to the competition. As a family-owned company it has naturally been heavily influenced by the Benetton's.

## **2.8 Recommendations**

- Benetton's marketing campaigns, more recently the "Unhate campaign" and other UCB material are not perceived as pushing the envelope and are not creating a realistic option. So it need to be more careful on advertising strategy.
- The company's basic ranges are more than 20% more expensive than the competition. Vertical integration of retail operations, local warehousing & distribution and lower cost suppliers is key to this.
- Fabric technology advancements: Collaborate with fabrics manufacturers to develop new fabrics with innovative technology such as antibacterial, etc. This could/should be used for the basics range and may fit within Benetton's postponement strategy and to compete head on with Fast Retailing and The Gap for basic garments

## **Chapter 3: Project part: Supply chain Management-Benetton**

### **3.1 Introduction**

Supply chain is the sequence of organizational facilities, function, activities which are involved in producing and delivering a goods or services.

#### 3.1.1 Background of the Study

I work in Benetton (Bangladesh branch) as a merchandiser of supply chain planning and production department since 4years. Benetton is well known brand having a strong supply chain management team all over the world. For continuing the internship report in Benetton I have implemented my practical knowledge of working in supply chain and using various information from internal sources.

#### 3.1.2 Objective

Find out the structure and overall working procedure of Benetton supply chain.

#### 3.2.3 Significance

I have completed this report on Benetton supply chain department all over the world. By completing the report I have gather more knowledge on supply chain working procedure. Here I am going to share my knowledge broadly.

### **3.2 Methodology**

Following procedure has been performed during the preparation of this report:

- Analyze qualitative & quantitative information at group level.
- Survey analysis on supplier and customer.
- Economic and financial data analysis based on integrated report published by Benetton.
- Implement practical work experience on Benetton supply chain.
- Management and group level interview

### 3.3 Findings and Analysis

#### 3.3.1 Introduction of Benetton supply chain

Benetton group mainly manufactures and sells fashion apparel in wool, cotton & woven fabrics. There are mainly three segments: apparel, textile & semi-finished goods. Continuously it has made improvements on its supply chain procedure. It has taken almost 30 years to have a strong supply chain system. Supply chain of Benetton mainly covers two specific areas:

- i. Networked Manufacturing
- ii. Postponement in Dyeing.

#### 3.3.2 Benetton Supply chain system

After analysis almost 30 years Benetton implemented a dual supply chain system. **Sequential dual supply chain** focused on push demand where only presold products to the franchisee are produced by them in every season. **Integrated dual supply chain** focused on pull strategy where products have been produced based on customer requirements. After implementing a dual supply chain Benetton is able to launch 5 collections (base, flash, outlet, spagma/latest trend, white project etc.) in each season.

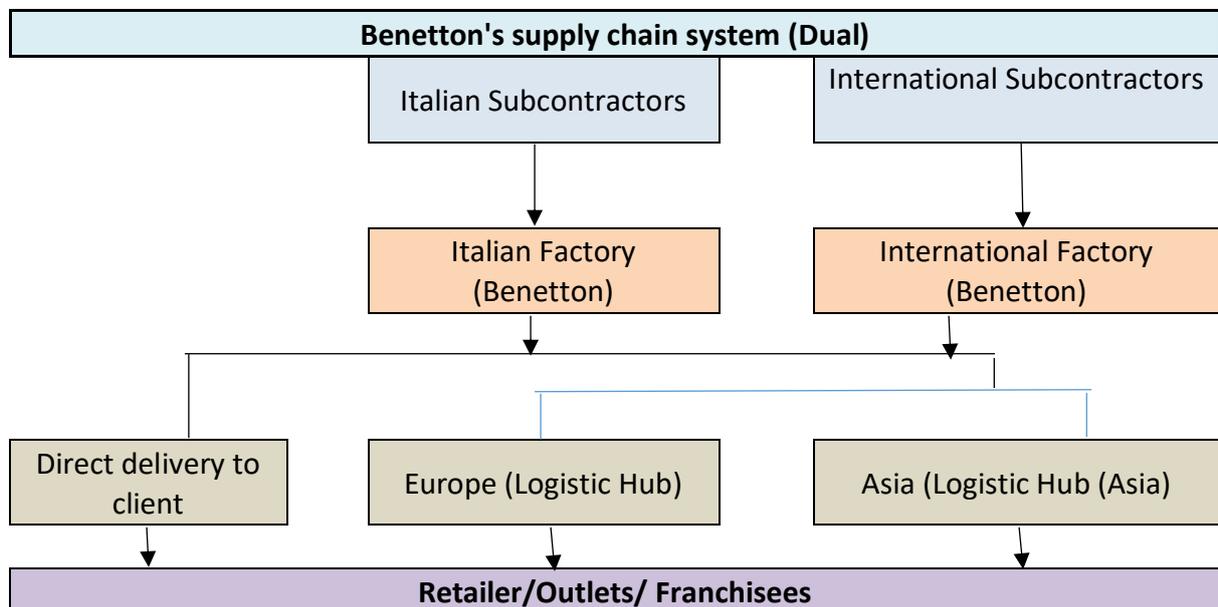


Figure 15 Benetton-supply chain

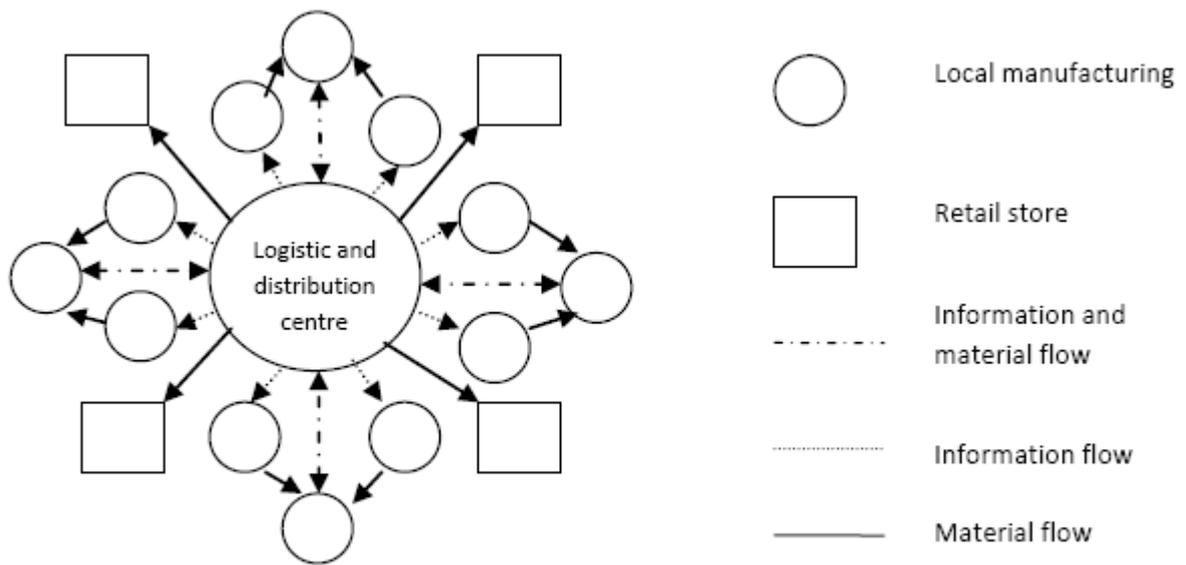
#### 3.3.3 Working procedure

Benetton introduced a dual supply chain in the late 1990s. According to customer demands, most of the production is carried out in Asian and European countries under this system. After

production ready goods has been ship to warehouse in Italy then send to each valuable customer.

### 3.3.3.1 Production

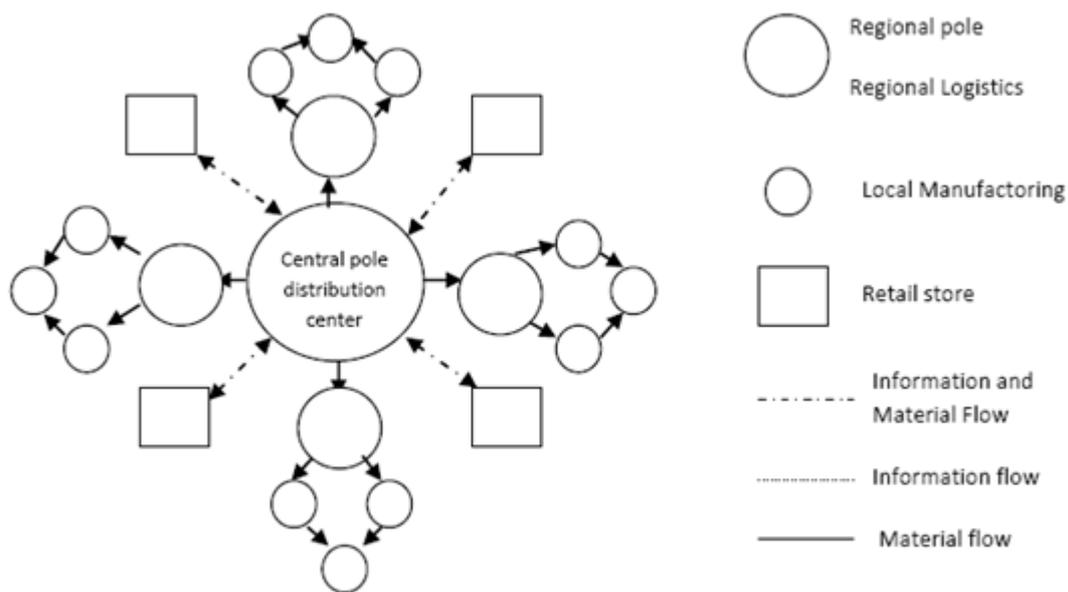
Asian and European country are the production hub of benetton. Basically tailoring, finishing and ironing are going on under production. Benetton has their nominated and suggested source of fabric, trims or other accessories supplier who are provide their item to the production factory to make a ready goods. Product quality are directly control by benetton each local office of different region. These type of procedure termed as conventional supply chain model:



Source: Garcia, 2010, p.91.

Figure 16 Conventional model

Due to production slow benetton introduce a new model where category of product has been divided based on capacity. Around 120 million of items has been categories per year based on this. For example: t-shirt are made in sprain, jackets are made in Europe etc. In this way can make sure the high quality full product.



Source: Garcia, 2010, p.92.

Figure 17 New supply chain model of Benetton.

### 3.3.3.2 Distribution and retailing

According to Benetton conventional networking system products has been sell through number of agents. There is a contractual agreement between the shop owner and agents that they are responsible for developing a market. Benetton will provide if there is any services needed to sell the product.

Now a days Benetton has changed their commercial policy and there is trend to set up mega store on an average 1500 to 3000 square meters. They are also increasing the area of existing outlet. The aim of these outlet along with the medium size outlet is to increase the direct sales network. To attract more customer they decorated their outlet in theme of colors.

### 3.3.4 Innovative Strategy implemented by Benetton

#### 3.3.4.1 Upstream and downstream strategy

Benetton has nominated fabric supplier. So as per upstream vertical integration it has around 85% control over there. Upstream vertical integration helps Benetton to maintain same quality in all product and also decide what will be the lead time between order placements to ready

product delivery. They can get an idea before order placement that what would be the possible delivery date of these product.

Automated logistic process has been implemented to achieve total integration in production cycle. By these system more than 10 million garments has send all over the word in a month.

#### **3.3.4.2 Supply chain re-design**

Benetton develop a methods for managing two business after Benetton sport system has been merged with Benetton group. It try to optimize the distribution network with two different category of product casual wear and sportswear or sports equipment. Commercial agreement has been re issue again.

#### **3.3.4.3 Outsourcing**

Benetton selected their supplier in different region where the product need to be outsourced. Basically tailoring, finishing or ironing will be implemented. Basically they design their overall procedure in such a way where they can ensure a good quality of garments in every corner in the world. They provide a list of all fabric, trims, accessories, thread etc. supplier to the production supplier to make sure the quality of raw materials. They provide technical sheet where it mention how the production will be going on. In every production country there is a liaison office who are responsible for order placement to handover quality full garments to the warehouse in Italy.

### **3.4 Summary and Conclusions**

Benetton Supply chain involve in planning & production, distribution and retailing, shipping, outsourcing etc. After observing different market strategy it has taken long time having a strong supply chain procedure. Continuous modification helps to have a successful supply chain network all over the world. Existing supply chain system of Benetton have better to respond the changes in customer demand. Both pull and push strategy are effective to grab market. Upstream and downstream strategy make sure to have a quality full product. Company make its network in such a way which capable enough to make sure high quality garments, minimum cost, minimum time etc.

Benetton enjoyed explosive growth from 1965 to the start of the 1990's but has since been eclipsed by its competitors who stole the market initiative with fast fashion in the mid 1990's. As a family-owned company it has naturally been heavily influenced by the Benetton's.

### **3.5 Recommendations**

- Benetton business mostly depends on franchisee where its competitors Inditex, H&M and Fast Retailing has almost exclusively decided to operate their own stores in most markets. Franchisees exist, but are few and far between. So Benetton need operate their own source to make more profit.
- Benetton's franchise model could be better defined as a license agreement where a franchisee did not have to pay any upfront fee or royalties on sales, but on the other hand did not get any major support from Benetton. So this model need improvement.
- Benetton's clothing has been a streamlined affair and driven by its supply chain as opposed to consumer demand. Changing the way a company designs apparel might seem easy solution.
- Benetton has a large manufacturing base in knitted goods. Separating this into its own division may lead to supply issues if the company aims to grow sales to competitors. The existing network of sales agents may be used to drive this division further. Used carefully this may provide competitive data on what styles others companies are forecasting and to what extent

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- <http://www.benettongroup.com/sustainability/supply-chain>
- <https://www.icmrindia.org>

## Appendix A.

### Customer/Supplier Survey

Please take a few moments to complete our product satisfaction survey. Your responses will help us to address any issues that you may have as well as to better target our products and services to meet your needs. Your responses will be kept confidential.

This survey will take approximately 10 minutes to complete.

1. How long have you used our product/service?

- Less than 6 months
- More than 6 months but less than 1 year
- 1-3 years
- Over 3 years
- Never used

2. How often do you use our product/service?

- Once per week or more
- 2 to 3 times per month
- Once per month
- Less than once per month

3. Overall, how satisfied were you with our product/service?

- 5 - Very satisfied
- 4 - Somewhat satisfied
- 3 - Neither satisfied nor dissatisfied
- 2 - Somewhat dissatisfied
- 1 - Very dissatisfied

4. How satisfied are you with the following characteristics of our product/service?

	5 - Very satisfied	4 - Somewhat satisfied	3 - Neither satisfied nor dissatisfied	2 - Somewhat dissatisfied	1 - Very dissatisfied
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchase experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Installation or first use experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Usage experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After purchase service (customer service, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Repeat purchase experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

5. How important are the following characteristics when purchasing this type of product/service?

	5 - Extremely important	4 - Very important	3 - Somewhat important	2 - Not very important	1 - Not at all important
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Purchase experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Installation or first use experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Usage experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
After purchase service (customer service, etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Repeat purchase experience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

6. Thinking of your most recent experience with our product/service, how much do you agree with the following statements?

	5 - Strongly agree	4 - Somewhat agree	3 - Neither agree nor disagree	2 - Somewhat disagree	1 - Strongly disagree
Product/service was worth the purchase price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product/service does what it claims	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product/service does what I need	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product/service is easy to use	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product/service is competitively priced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Thinking of similar products/services offered by other companies, how would you compare our product/service offered to them?

- Much better
- Somewhat better
- About the same
- Somewhat worse
- Much worse
- Don't know

9. Would you purchase our product/service again?

- Definitely
- Probably
- Not sure
- Probably not
- Definitely not

10. Would you recommend our product/service to colleagues or contacts within your industry?

- Definitely
- Probably
- Not sure
- Probably not
- Definitely not

Thank you for your time and valuable input.