

Merchandising Activities in Cyan Fashions Limited

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Submitted to

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Subject: Letter of Transmittal of Internship Report

Dear Sir:

This is my internship report on “Merchandising Activities in Cyan Fashions Limited” which I have been assigned earlier as prerequisite of obtaining MBA degree.

In this informative report I have tried to discuss activities a merchandiser in Cyan Fashions Limited goes through for successful execution of an export order. I have discussed in detail how pricing of apparel is done by a merchandiser. I have pointed out some qualities of a merchandiser which are highly sought after by foreign buyers. I have recommended some course of action which I believe can take the Buying House where I have worked as an intern can take one step ahead of the competitors.

I thank you for giving me this formal report writing assignment. I have enjoyed working on it and the lessons I have learnt while working on it will help me in future.

Sincerely yours

Fatema-Tuz-Zahra
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Table of Contents

Executive Summary	v
Chapter 1: Introduction	1
Chapter 2: The Organization	3
Chapter 3: Merchandising Activities at Cyan Fashions Ltd	5
Chapter 4: The Project	10
Chapter 5: Work Process of a Buying House	12
Chapter 6: Job Responsibilities	15
Chapter 7: Analysis	17
Chapter 8: Recommendations	20
Chapter 9: Conclusion	21
References	22

Executive Summary

Buying houses act as intermediary between the foreign buyer and local apparel manufacturer. Buying houses hunt buyers, approach them, send sample of apparel, negotiate price, receives confirmed order after buyer is satisfied with price and quality. Then the buying house contacts local suppliers for production of apparel strictly as per buyer's specification in exchange of buying house commission.

At the centre of all activities of a buying house is the merchandiser. He is in charge of marketing, sample developing, costing, production planning. Ensuring quality of the finished product is entirely his responsibility. For this reason he has to closely monitor production process. To do all these in strict timeline he needs to be the ultimate master of multi-tasking and must possess advanced communication and negotiation skill.

In the early days when the concept of buying house was still at infancy merchandisers used to look for prospective buyers in business directories. But with the advancement of technology the online marketplace is in cyberspace. Merchandisers go through large specialised Business-to-Business (B2B) web portals to find buyers. Samples and catalogues are sent to them via email. Interested buyers contact back and a big chain of activities is initiated.

Buyers then send specifications of the order. The merchandiser develops the sample and sends it back to buyer for approval. If everything is correct then the buyer start price negotiation. To win order in the highly competitive market the merchandiser has to do costing of the product with pin-point accuracy. If the two parties can reach at an agreement then the Buyer opens export LC favouring the buying house in its country.

Once the export LC is opened the buying house contacts interested capable local RMG factories willing to execute the order – at the fixed rate and at the scheduled delivery date. Then the buying house transfers the LC to the manufacturing unit. But the merchandiser needs to look a close eye on the supplier's factory to ensure quality.

Once the production is completed the finished goods are packed and sent to Chittagong port for shipping. The merchandiser keeps track of the shipped goods and send shipping document to the bank for payment collection. The RMG factory receives payment from the buyer and buying house gets commission at a predetermined rate.

To become a successful merchandiser a person needs to be a highly skilled marketing person. He needs to concentrate on multiple issues at hand, with the ultimate goal of keeping the buyer satisfied so that possibility of repeat business is increased manifold. He needs to be punctual and must keep commitment. Advanced communication skill is his tool of business. He needs to be in touch with the stakeholders all the time.

Readymade Garments Sector is biggest contributor of export from Bangladesh. To achieve this achievement buying houses have great influence. Buying houses have removed the burden of dealing with foreign buyers from RMG factories, thus enabling them to concentrate on their core activity, i.e, producing quality apparel product. Buying houses have created employment opportunity for educated youth and shown the path to prosperity to numerous educated entrepreneurs.

Buying houses has embraced latest trends in technology and communication media to reach buyers in remote countries. But still there is opportunity for better use of Information Technology for data mining to find out useful business insight. If scientific market research can be added to already existing capabilities of the buying house then value addition in this sector can be increased many times.

Chapter 1

Introduction

The Ready-Made Garments (RMG) industry is the biggest contributor of growth to the Bangladesh's economy. The last 20 years witnessed unparalleled growth in this sector, which is also the largest exporting industry in Bangladesh. It has attained a high profile in terms of foreign exchange earnings, exports, industrialization and contribution to GDP within a short span of time. The industry plays a significant role in terms of employment generation. Nearly two million workers are directly and more than ten million stakeholders are indirectly associated with the industry. In addition to its economic contribution, the expansion of RMG industry has caused noticeable changes in socio-economic structure of the country by bringing more than 1.12 million women into the workforce. Availability of low cost workforce, one of the most competitive energy costs and a proven track record in apparel production and exports have positioned Bangladesh as a regional apparel industry development hub in the Asian continent. In context of fast increase in labor wages and raw material prices in other major regional counterparts, such as China, India, Thailand etc, Bangladesh is well poised to remain most preferred destination for international apparel majors for sourcing world class fabric and finished clothes. The country's recognition as low cost-high quality apparel production base resulted in apparel production boom. Both small- and large-sized firms are booking huge orders for the US and EU buyers and expanding their production capacities. RMG's contribution in terms of GDP is highly remarkable; it has reached 17 percent of GDP in 2015 which was only about 3 percent in 1991. It also plays a pivotal role to promote the development of other key sectors of the economy like banking, insurance, shipping, hotel, tourism, road transportation, railway container services, etc.

One of the key advantages of the RMG industry is cheap labour force, which provides a competitive edge over its competitors. The sector has created employment opportunities for about two million people of which 70 percent are women who mostly come from rural areas. Thus the industry helps in the country's social development, women empowerment and poverty alleviation.

In the early days RMG factories used to contact directly with the buyers to book orders and negotiated price and other issues. But later in the mid nineties Buying Houses came into scenario. Buying houses became the middleman between the buyer and manufacturer (RMG factories). Main advantage of buying houses were they took the job of buyer hunting themselves and the RMG factories could concentrate in their core activities, i.e – production of apparel products according to given specification. Very soon the buying houses became an integral part of the industry. Many large buyers like H&M, Walmart, Tesco established their own dedicated buying house/representative office for better coordination with the RMG factories. According to some industry insiders almost 65% of all orders come into Bangladesh through buying houses. Many big RMG factories has their own buying house. If those buying houses are taken into account the figure is bound to go in upward direction.

Chapter 2

The Organization

Cyan Fashions Ltd is a ready-made garments buying house operating with reputation in market. It started its journey in 2010 under leadership of Mr. Abu Kayes. At the beginning Cyan Fashions was situated at a small office situated in Mirpur. A small group of 8 people used to work for the company. Within a few years of establishment Cyan Fashions began working with several reputed buyers and managed to enlist several medium scale RMG factories as suppliers.

Very soon reputation of Cyan Fashions was spread in both local & international market. To accommodate more employees to handle increased size of business Cyan Fashions was forced to change its place of business to Gulshan, the heart of business centre. At present 53 people are working at Cyan Fashions. Among them 15 are highly experienced merchandiser. Presently the buying house deals with buyers like Timezone, Gourand Point, Texem, Big Star, KIK Textilien. Last year apparel worth \$70 million was exported through the buying house.

2.1 Vision of the Organization:

To obtain a leading position in the Buying House sector of Bangladesh as well as be known as reputed sourcing destination in international arena.

2.2 Mission of the Organization:

Cyan Fashions Ltd is committed to maintain discipline, punctuality and quality at competitive price and ensure quality service to the buyers. Their focus is on the customer needs and satisfaction. Cyan Fashions Ltd is always attentive to following issues -

- In time action
- Clear understanding of customer's instructions.
- Clear communication with vendors
- Clear instructions for production
- Strict compliance with quality control system.
- Absolute efforts for in time shipments

2.3 Products:

Cyan Fashions Ltd deals with following products –

- Denim Long & short pant
- Twill long & short pant
- T-Shirt
- Shirt
- Polo Shirt

2.4 Organogram of Cyan Fashions Ltd:

Organogram of Cyan Fashions Ltd is shown below -

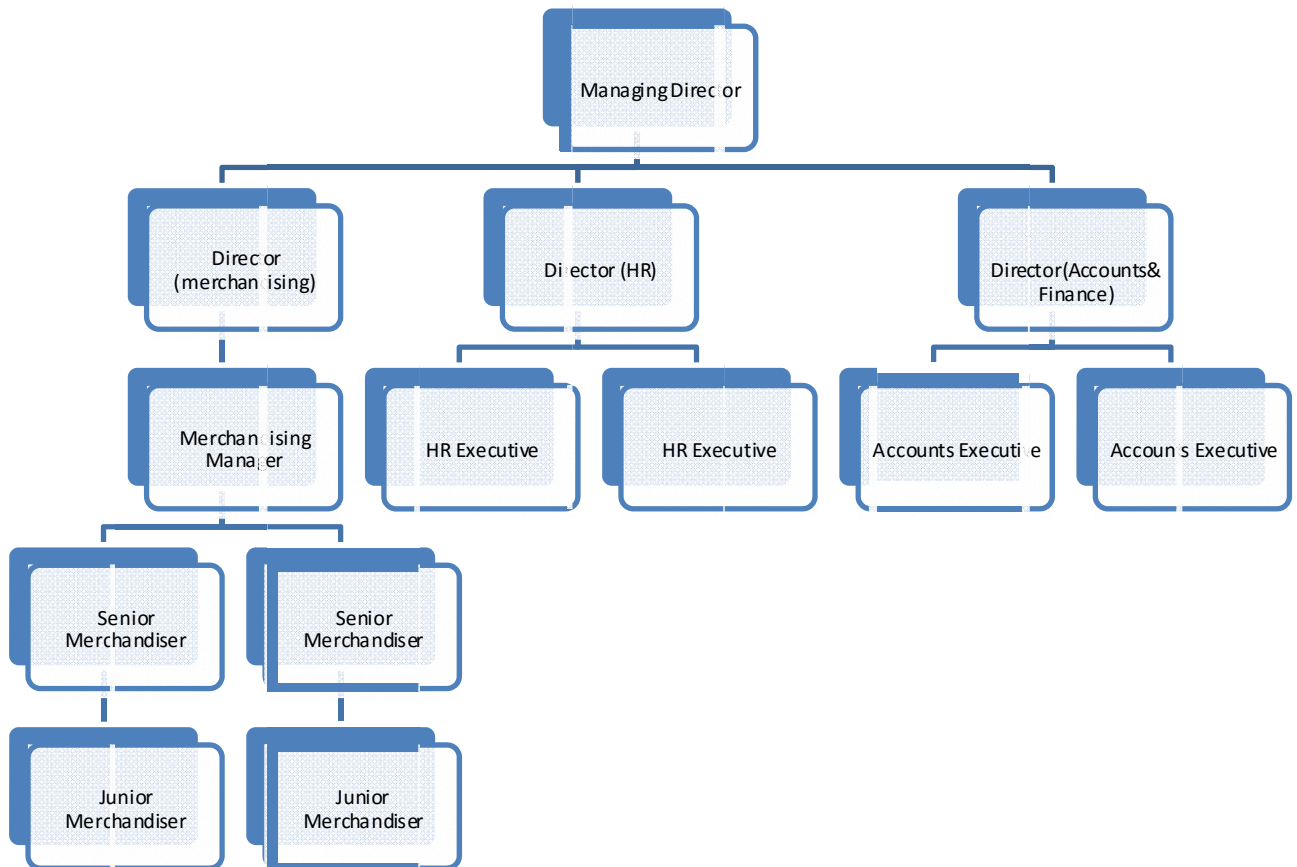


Figure 2.1 Organogram of Cyan Fashion Limited

Chapter 3

Merchandising Activities at Cyan Fashions Ltd

Merchandising is a process through which products re-planned, developed, executed and presented to the buyer. It includes directing and overseeing the development of product line from start to finish. Marketing and merchandising department are the team of merchandisers and marketers who work together under a profit controls head. Merchandisers handle the foreign buyers. The teams are made according to the buyers being handled. Merchandising is the department which mediates marketing and production departments. Sometimes merchandising department will have to do costing and pricing also. In any case, the merchandiser is the person whose responsibility is to execute the orders perfectly as per the costing and pricing. So it is a very valuable department. Following are the main responsibilities of merchandisers.

Two type of merchandising done in garment exports

- Marketing merchandising
- Product merchandising

3.1 Marketing merchandising:

Main function of marketing merchandising is

- Product Development
- Costing
- Bring orders from foreign buyers

3.2 Product merchandising:

Product merchandising is done in the unit. This includes all the responsibilities from sourcing to finishing, first sample onwards, the products merchandising work start and ends till shipment.

3.3 Merchandiser's other Responsibilities

Apart from acting as a mediator between buyer and the production unit, merchandiser also has the responsibility to advise and assist other departments right from sampling to final shipping.

A Merchandisers key responsibility is as follows -

- Product Development
- Market and product Analysis
- Selling the concept
- Booking orders
- Confirming Deliveries
- Designing and Sampling
- Costing
- Raw Material
- Flow Monitoring
- Production Follow Ups
- Payments Follows
- Internal & external communication
- Sampling
- Lab dips
- Accessories & trims Preparing internal order sheets
- Preparing purchase orders
- Advising and assisting production
- Accessories & trims
- Preparing internal order sheets
- Preparing purchase orders
- Advising and assisting production
- Advising quality department t about quality level
- Mediating production and quality department
- Giving shipping instructions and following shipping
- Helping documentation department
- Taking responsibility for inspections and
- Following up the shipment

3.4 Internal & external communication:

Earlier, we had seen the importance of communication with buyers. By the same way, internal communication is also very much valuable. As the other departments will follow the instructions given by the merchandising department, they have very high value. Other departments don't know the buyer's instructions. They know only the merchandising department's instructions. So it is the sole responsibility of merchandising department to instruct other departments about the specifications and instructions of buyer's orders clearly. Even a small omission, mistake or deviation of instruction may create big problems. Sometimes, they may not be correctable. Hence all the instructions to be double checked before being informed to other departments. Prevention is better than cure.

3.5 Preparing purchase orders:

Merchandiser has to prepare purchase orders. They should advise to the purchase department. The description, quantity, quality standards, price or price target, delivery target and payment terms of the required raw materials, accessories and trims should be clearly mentioned in the purchase orders. The clear information will help everybody to understand the requirements clearly.

3.6 Accessories and Trims:

The merchandiser has to send the accessories and trims like buttons, zippers, labels, hang tags, poly bags, inner boards etc to buyer for approval. It is better to send in 2 or 3 types or qualities for getting approval. This will save a good time.

3.7 Preparing internal order sheet:

The merchandising department has to prepare internal order sheets based on the buyer's order sheets. From the merchandising department only, the other departments will get all the instructions and specifications. The merchandiser should be aware of the value of his job. So while preparing internal orders sheets, he should prepare them by taking care of each and every detail. He may omit some information to other departments, like buyer's address, export price delivery date etc. The other departments may not need this information.

3.8 Advising and assisting production:

As the merchandiser is the person who knows better about buyer's approvals, comments and instruction, for the better flawless production he will have to advise and assist production. As he has to guarantee the quality to the buyer, though there is a separate production departments, the merchandiser should know about day to day affairs, status and problems of each stage of production.

3.9 Advising production and quality department about quality level:

Each garment will have different acceptable quality level according to the buyer's specification and tolerance level. Though the production and quality departments are taking responsibility of quality, it is the merchandiser and the marketing manager who decide whether the quality is up to the acceptable level or not. So the merchandiser should advise and instruct the production and quality departments about the quality and tolerance levels of garment.

3.10 Taking responsibility for inspections:

When working for foreign buyers there will be many inspections like pilot batch, initial, online, mid final and final. If we work with the buyers directly, the number of inspections will be limited. The buyer may like to see the inspection in the middle of the production or final inspection. Sometimes, the buyer may ask any third party to do the inspections.

3.11 Helping documentation department:

Though the documentation department takes care of all documents, it is preferable for the merchandiser to check the important things like the prices, quantity, description, Category, HS code, consignee's & consignor's addresses, payment terms, delivery terms, purchase order number, port discharge etc.

3.12 Following shipment:

Finally the merchandiser has to make sure the vessel details, ETA, ETD, shipping lines, B/L instructions and documents of vessel connections, freight & other charges are in accordance with the buyer's instructions and our suitability.

3.13 Required qualities of a merchandiser:

From the experience of the author of this report following qualities have been found crucial for someone to be a successful merchandiser –

- Good command in English and adequate knowledge of technical terms for accuracy and efficiency
- Good knowledge of fiber, yarn, fabric, dyeing, printing, finishing, dyes, color fastness, garment production etc.
- Clear conception of the usual potential quality problems in the garments manufacturing
- Good knowledge of the usual raw material inspection systems & garments inspection systems
- Knowledge of the quota system used in each of the producing countries, duty rates, customers regulations, shipping and banking documents etc.

Chapter 4

The project

Internship program is the best way to bridge the gap between the real world and the academic world. A soon-to-be graduate may have in-depth knowledge in his/her core area of study but real world demands something different from him. For this reason successfully completing an internship program is a prerequisite of graduating from any business school.

Students of BRAC Business School, BRAC University; has to complete an internship program after successfully completing all theoretical courses. Students who are already employed can do the internship in their own organization.

The author of this report has joined Cyan Fashions as an intern on January 1, 2016. She completed her internship program at the organization's Head Office. As a part of her project the author of the report has worked in Merchandising Department under a Senior Merchandiser, Mr. Saiful Islam.

Buying houses act as an intermediary between the Buyer and The Readymade Garments Manufacturer. Buying houses always search for prospective buyers in global markets. In the early years sources of new buyers were business directories from different countries. After a lengthy process of correspondence an order from the buyers could be secured. In the modern days Business to Business (B2B) websites are the new marketplace and all communications are over Internet – at real time. After finding a prospective buyer Buying Houses calculate cost to produce the apparel according to buyer's specification. At the same time Buying House finds a RMG factory willing to execute the order at the specified price. If the buyer is satisfied with the sample and price then they place an export order (export LC) and the buying house transfers the export LC to the RMG factory. It is the buying house's duty to monitor every step of the production to avoid costly mistake.

4.1 Objective of the Study:

General objective of the report is to examine overall buying process activities of Cyan Fashions Ltd.

Specific objectives of this report are –

- To analyze various systems to find out prospective buyers of Cyan Fashions.
- To examine the costing procedures followed by Cyan Fashions.
- To study the follow up/monitoring procedure followed by for quality control.
- To observe the overall portfolio of Cyan Fashions.
- To recommend some suggestions for further development of Cyan Fashions.

4.2 Methodology:

Both Primary and Secondary data have been used in preparing this report. The details of the sources of data are as follows:

- **Primary Sources:**
 - Practical work exposure with Cyan Fashions Ltd
 - Face to face conversation / Interview with the buying house officials
 - Numerous previous files of buying house from completed orders.
 - Records of previous correspondence.
- **Secondary Sources:**
 - Various books, journals, articles etc.
 - Web Sites

4.3 Limitations of the study:

Entire business process of a buying house is an extensive and detailed process requiring co-ordinated action of several departments specializing in particular areas. The author of this report was tagged with a senior merchandiser dealing with foreign buyers. There are other departments who deal with sampling, RMG factories, quality inspection, accounts etc. although a senior merchandiser have to monitor all these departments he is primarily focused on keeping contact with buyers. And the author of this report was assigned as his deputy to do so. So, the author had little chance to follow work of other divisions in details. The author's experience with other departments is based on some face to face interviews and some collected file.

Chapter 5

Work Process of a Buying House

Buying houses communicate with prospective buyers, books order from them and finds a suitable RMG factory in Bangladesh willing to execute the order. Quality inspection is also the responsibility of buying house. However, in some cases some buyers do the quality inspection themselves. In short work process of a buying house is shown in the following flowchart –

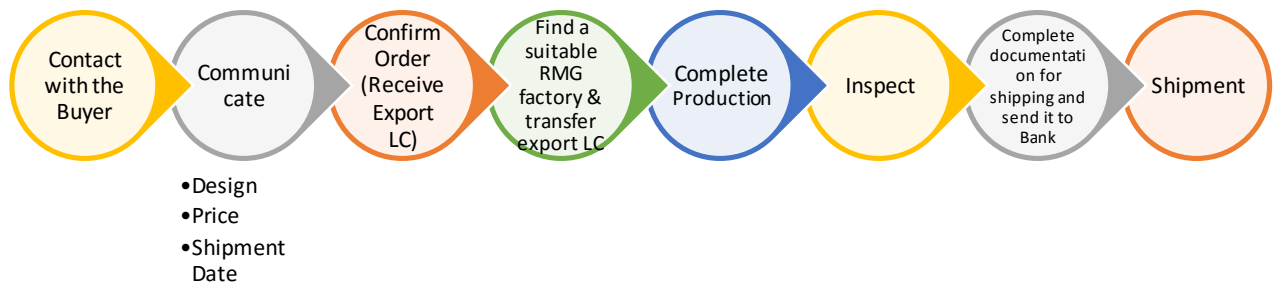


Figure – 5.1 Simplified workflow of a buying house

5.1 Making contact with buyers:

The merchandising process is the communication process between buyers and merchandiser. Merchandisers approach to different buyers online with catalogue of the organization. Interested buyers send a mail with the design requirement to the merchandiser to arrange the sample and costing. Then the prepared sample and costing is forwarded to the buyer through mail. If the sample is accepted then merchandiser goes to the negotiation phrases with the buyer. After settle down the price, the buyer offers contract and order sheet to the buying house and also provide the information regarding delivery time and shipping terms. After confirming the order, the buyer opens L/C in their country.

5.2 Sample Development according to demand :

In merchandising process at first a mail is obtained from the buyer with a sketch, which includes details of the design. With the sketch the buyer send the dimension chart. The buyer also mentions the fabric details, washing directions, trims details in the mail. If any special type of fabric is demanded by the buyer than they swatch (sends a small specimen of the fabric) for the merchandiser's convenience. After receiving the sketch and dimension chart from the buyer, merchandiser advances the preparation of the sample according to the buyer's demand and sends it back to the buyer for approval.

5.3 Collect L/C document from buyer:

When the price negotiation process is completed Buyers confirm the order by sending a signed contract sheet by mail where every details like price, delivery period , quality, shipping terms and conditions are mentioned. When both parties are in agreement, the buyer have to open a L/C in their bank. When opening an LC several terms and conditions must be mentioned like name of buyer, negotiable buyer bank, country name, payment system, delivery period, production system, quantity, name of the port address, details about shipping etc. After opening the L/C buyer send this document to merchandiser. Then the buying house collects the LC from its Bank.

5.4 Transfer Master L/C copy on the name of selected supplier:

In the meanwhile the buying house finds out a suitable contractor (RMG factory) willing to execute the order. Approved sample is shared with them and price informed. Once the buying house is certain that the supplier has the capability to execute the order in time they transfer the export LC to the supplier.

5.5 Monitoring to ensure desire Quality:

Ensure the best quality it is highly related to satisfying the buyer. To ensure the quality of apparel the merchandiser works in close coordination to the production manager of supplier. The Chief and few supervisors control each line and provide instructions. The quality

controller supervises the manufacturing process to maintain the quality. At the end of bulk production the most important inspection take place, i.e, Final inspection. Most of the time the buying house's representative do this, but big buyers do it themselves.

5.6 Packing the manufactured garments

After washing and final checking in the finishing line the ready-made garments are packed. Some accessories like price ticket, poly bag, hang tag, cotton sticker etc. are attached to apparel. Even these trivial items are manufactured in strict accordance of buyer's instruction.

5.7 Cooperation with the shipping lines

This is the final step in the whole process. Commercial managers help the merchandiser book container in shipping line. Packed cartons are loaded into covered van and taken to Chittagong port. After C&F formalities are completed then the cargo is handed over to the shipping line and Bill of Lading is collected from shipping line, which is evidence of shipment. This bill of lading, along with other documents mentioned in the LC, are submitted to Bank for negotiation (payment).

Chapter 6

Job Responsibilities

After starting internship in Cyan Fashion Limited the author was assigned as an assistant to a Senior Merchandiser Mr. Saiful Islam. Being a senior merchandiser he used to look after several buyers. The author was asked to primarily focus on one particular buyer named Teranova from Italy. The author had to undertake following activities -

6.1 Internal & external communication:

Almost half of all activities that the intern had to do was communication related. A merchandiser has to keep constant communication with the buyer, sampling department, different sections of the garments factory like audit, sample, administrative, inspection, knitting, dyeing, finishing, store, security & safety, cutting, sewing, planning, research & development, lab, CAD and pattern, shipping companies etc to name a few. The RMG factory had to outsource printing & embroidery to other small factories. The author had to maintain liaison with those factories also.

6.2 Following up lab dips for buyer approval:

After getting the buyer art-work sheet and sample from the buyer the intern forward all these to the lab for checking the color combination and percentage for preparing lab dips. After getting it is packed and send it to the buying office for approval. On the basis of lab dips the required fabrics are prepared.

6.3 Preparing swatch for buyer approval:

On the requirement of the buyer swatch is manufactured. Swatch is a presentation of all the materials which are (Fabrics & Accessories) used for any specific style or order. Usually small piece of fabrics and each piece of accessories are attached in board paper in a systematical manner. Swatch is very important for production line to make the correct construction of a

garment and QC departments ensure it. after collecting it from Quality Control department it is sent to the buyer for approval.

6.4 Preparing garments for buyer approval:

After getting the art-work and PO sheet from the product development team, it is handed over it to the pattern master in sampling department for making pattern sheet. After doing this, it goes to cutting master. He cuts the required fabric on the designed pattern. Then it goes to sewing master who sewing it with the required machine. After finishing these garments it comes to us finally. It is packed with the required document for the buying office. In this process we have to follow up it all the time for maintaining the quality.

6.5 Preparing docket for buyer approval:

After approving buying sample and green sample or preproduction sample, we prepare docket for bulk production. Docket is one kind of file which is provided to the buying office or liaison office before bulk production. In a docket there are several documents. First of all, it possesses FPT report (fabric performance test) and GPT report (garments performance report) where we find the information and performance of the fabric and garments. Secondly, we find a brief sheet in the docket where we find the art-work which indicates the garments style and design. Thirdly, we find supplier contract sheet which indicates the supplier details. Fourthly, we find red seal or fit seal comment which indicates the buyer's fit comments. Fifthly, we find packaging spec which indicates the size break down and required quantity. Sixthly, we find the approved bulk fabric. Seventhly, we find the approved print or embroidery. And lastly we find the bulk trims where approved button, yarn, sewing ticket, cord exist. Inputting all these things with required set of garments we pack it and send it to the buyer's office for final approval.

6.6 Following up all processes:

Another most important job responsibility is to follow up all the processes. My supervisor assigned me to follow up which fabric or garments or file is going where, what purpose and in what stage it is now. If the process is stopped, my duty is to make it proceed on smoothly.

Chapter 7

Analysis

A buying house's financial success depends upon how well the merchandiser communicate with the stakeholders and how accurately he can determine cost of apparel. Determining cost accurately is very important as this is the tool that aids a merchandiser during price negotiation with the buyer.

Here, a sample calculation is shown how price of a polo shirt is determined –

How to calculate the price of a Polo Shirt:

Description of product: 100% cotton pique polo shirt with two buttons at front placket or any pocket.

At first the consumption of body fabric is calculated from size spec which is obtained from the buyer.

Suppose:

The body fabric consumption is 4.05 kg /dozen

So, total yarn consumption will be: $4.05 + 9\%$
 $= 4.05 + 0.3645 = 4.41 \text{ kg / dozen}$

ii) The current yarn price is \$4.00/kg

iii) The current pique knitting cost is \$0.20/kg (Knitted by circular knit S/J m/c)

iv) Average color dyeing cost is \$1.21/kg

v) Normally Collar & cuff consumption is 60 gm/body (1 pc collar & 2 pcs cuff) So, for 12pcs it will be: $0.06 \times 12 + 9\% = 0.78 \text{ kg/dozen}$

vi) Collar & cuff knitting cost is \$0.05 (knitted by flat knitting m/c)

1st step: Body fabric cost calculation -

Yarn price / kg = \$4.00

Knitting cost /kg = \$0.20

Dyeing cost / kg = \$1.21

Finished fabric cost = \$5.41 32

2nd step: Collar & cuff cost calculation

Yarn cost/doz = 0.78 X \$4.00 = \$3.12

Knitting cost/doz = \$0.05 X 12 = \$0.60

Dyeing cost: 0.78 X \$1.21 = \$0.94

Collar & cuff cost /doz =\$4.94

3rd Step: Total production cost

Body fabric cost (4.41 kg X \$5.41) = \$23.86 /doz

Collar & cuff cost= \$4.66/doz

CM = \$6.00 /doz

Accessories Cost = \$3.00 /doz

Total production cost = \$37.52/ doz

Final Step

Total production cost =\$37.52 /doz

Commercial cost will be (3%) = \$0.95 / doz (Except CM)

Profit will (20% of CM) = \$1.20/doz

Total FOB price (doz) =\$39.67 /doz

Fob price per piece will be = \$3.3058 / pc

Final quoted price for buyer = \$3.35 / pc (FOB)

Final price which is quoted to the buyer depends upon following commercial terms-

FOB: Free on board

Exporter does not bear the cost of freight of ship or air. It is buyer who himself bears the cost of freight of ship or air.

C&F: Cost and Freight

C&F price = Free on board + Freight cost. In this case ship or air freight is carried by the exporter which is accounted for while quoting price.

CIF: Cost insurance and Freight

CIF price = Free on board + freight and insurance cost. In this case in addition to the bearing of freight the cost of insurance is also borne by the exporter.

Chapter 8

Recommendations

Cyan Fashions Limited is working with good reputation both in local and global marketplace. Still there are plenty of opportunities to explore to further improve position of the company in a highly competitive market. Following recommendations are advised which the author has found out during the period of internship –

- Besides concentrating most activities with existing buyers which pushes back the organization during price negotiation stage emphasis should be given to finding out new prospective buyers from untapped geographical territory to gain upper hand during price negotiation.
- After Rana Plaza and Tazreen Garments tragedy buyers are sensitive about compliance of RMG factories. So, new tie-ups should be built with compliant factories which have been approved by Accord & Alliance group.
- Utilizing long experience in this field the management may take initiative to build factories to produce high value nontraditional items.
- There are plenty of opportunity to make use of Information Technology to find out better ways of value creation for buyers. Here computers & Internet are used only as office equipments. There is no database of any kind which may reveal some business insight to the management.
- A well designed professional looking corporate website can be set up where all catalogues can be uploaded. This way the merchandisers can avoid the hassle of sending catalogue every time they look for a new buyer. Then they can simply refer to the website.

Chapter 9

Conclusion

Competition in readymade garments manufacturing industry is increasing in the world. Due to realignment to quota free regime and buyers demand for compliant factory after Rana Plaza-Tazreen Fashions tragedy is forcing RMG industry to go through a hard time. Factories in Cambodia and Vietnam is providing better quality goods maintaining regular shipment. Due to political instability in our country many buyers have decided to go for better alternative. In the coming days it will be increasingly difficult for Bangladesh to compete with Laos, Cambodia, Vietnam with only lowest wage. Buying houses need to find out markets in untapped geographical territories like South America & Eastern Europe. Garments manufacturers and buying houses need to work together to make Bangladesh sourcing destination for high value products like denims, designer fashion works, baby wears, branded undergarments etc. overall re-positioning in the world market is required to continue with the growth Bangladesh has registered so far. There is no doubt that buying houses will play the biggest role in this strategic movement.

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