



A

t first glance, a svelte Katrina Kaif wearing a trendy jacket would have little to do with logistics and supply chain management. But there is more to it than meets the eye. As soon as images of the Bollywood diva flash across television screens, consumers clamour to find exact replicas, sending apparel companies into an overdrive to meet the demand and deliver the goods as soon as possible. Such a scenario makes the logistics and supply chain in the apparel industry extremely

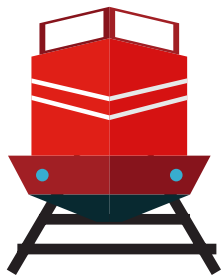
time-sensitive. The ability to exploit this sort of immediate and often short-lived demand holds the key for apparel manufacturers to earn huge profits while gratifying eager fashion consumers.

Since India is becoming one of the world's most important centres for sourcing apparel, managing logistics efficiently becomes a foremost priority for logistics players in this market. Many popular international brands have already set up their

Apparel Logistics: Finding the Perfect Value Chain Fit

Rising affluence and an unparalleled exposure to global brands has sharpened the fashion sense of the average Indian consumer and sloughed off the 'anything-will-do' approach, thus creating myriad opportunities for enterprising logistics players to jump onto the bandwagon of the apparel industry. However, in this evolving matrix, there are diversities and complexities galore. **Manali Jaggi** explores the present scenario





“Statistics suggest that the world of apparels exhibits vital business growth and opportunities for future transactions in India.”



production houses here. With the mushrooming of a large number of garment export factories that comply with international standards, the country has seen a steady growth of its apparel exports. Highlighting this significance, Nakul Bajaj, CEO Darveys.com emphasises, “Logistics being the planning and implementation process of inventory, goods and services it substantiates to be one of the most important looked after business pillar from the point of origin to the point of consumption. If managed and controlled properly, the outcome

of logistics management is a lot more far reaching than one can envisage. Statistics suggest that the world of apparels exhibits vital business growth and opportunities for future transactions in India.”

Accepting the importance of India as a source hub for apparels, Sonal Abrol, COO Saeista.com, an online retail endeavour of 20-year-old Saivana Exports Ltd states, “India has certainly attained the status of the world’s most important centre for sourcing apparel which has led to a huge dependence on the logistics industry. Logistics is the spine for pretty much any industry, especially apparel, and is essential for a smooth running of the trade. Any delay, mishandling or carelessness on the part of logistics partners can result in damage to delicate apparels and hamper the business and reputation of the company eventually.”

Since India is becoming one of the world’s most important centres for sourcing apparel, managing logistics comes as a foremost priority of the logistics players in this market. Many big brands are already producing here.

Nakul Bajaj
CEO Darveys.com



Retailer’s Fortitude

Logistics in the Indian fashion and apparel industry is often the strength and forte of retailers. An example of this is the Shoppers Stop, which exploits the services of a 3PL just for manpower, while holding its sway over and managing its own operating procedures, warehouses and Warehouse Management System (WMS). Shoppers Stop has skillfully formulated remarkable and proven supply chain strategies which have helped the Indian retailing company to reach where it is today.

Citing the crucial role 3PLs play in achieving punctual time deliveries, Bajaj elaborates, “A customer is invariably enticed through e-commerce portals with advantages like express delivery options, free shipping, conforming to customer requirements, luxurious packaging and supply visibility. Thus the role of an experienced 3PL comes into action. The 3PL ensures accomplishing of well-timed and accurate deliveries.”

Owing to the hypercompetitive environment, though timing is the most salient facet in the very niche apparel supply chain, it is barely the only impediment. Innate in these complex supply chains are hindrances involved in sourcing raw materials, mediocre



“India has certainly attained the status of the world’s most important centres for sourcing apparel, which has led to huge dependence on the logistics industry.”

Sonal Abrol
COO Saeista.com



infrastructure, getting finished products into and out of the congested ports, global as well as domestic trade and tax laws, delays with security delays, etc.

Amongst all these complexities, the time taken to reach the market is a crucial factor for fashion products; a delay of two or more weeks can make the item worthless for retailers. Therefore, speed is indispensable for successful sourcing. Elaborating further, Bajaj states, “Fashion and apparel industry is accelerating at a smashing rate. However, fashion essentials have a very short lifespan due to change in consumer demands and behaviour. Thus, speed and agility are crucial factors for the fashion market. This is where an experienced 3PL comes into action, by ensuring a well-timed and accurate delivery. A great deal of attention is required to inventory management and supply chain visibility

Since the apparel industry is more trend-driven than any other vertical, technology holds a predominance in meeting do or die supply chain demands in the country as the apparel companies are characterised by this hypercompetitive environment.

since this also enhances the credibility of the organisation.”

Pinpointing some practical hurdles, Narinder Yadav, Director-Logistics, Impulse India Private Limited states, “Logistics is very important as time to market is critical in the apparel industry. Unfortunately the production lines in India are majorly skewed in the southern and northern parts. Where Delhi is landlocked because there is no sea port connectivity, major ports are concentrated mainly in southern India. Facilitating robust port connectivity would be a step in the right direction. The dedicated freight corridor project proposed by the government is a great initiative, but much more needs to be done in terms of facilitating a robust infrastructure for the industry which is a critical issue for any industry to sustain itself in India.”

“Shortening the supply chain is very important as the crucial factor in the fashion and apparel industry is how quickly and fast the product is moved to the buyer which is an integral part of the supply chain.”

Narinder Yadav

Director-Logistics, Impulse India Pvt Ltd



Moreover, retail and apparel customers also have to face challenges and constraints during the monsoon season. Infrastructural developments in India, in particular around ports and the surrounding regions, have not kept pace with the rapid growth of trade they are required to handle. The resulting congestion at these key locations can be extremely severe especially in the monsoon season, which unfortunately happens to be the peak season for retail and apparel customers. On top of that, the transport market besides being unorganised, is frequently affected by strikes and the legal framework for customs clearance – as well local customs practices – can also be complicated. Establishing and managing a fast and reliable supply chain out of India may prove to be a real challenge for businesses trying to go it alone.

Bajaj concedes the same, “Logistics team requires a reliable and adequate infrastructure during the monsoon season. The weather conditions can get extremely worse during this season. In such cases, special care needs to be taken while packaging, transporting and organising delivery of the products. The challenge here is for the courier services as they require establishing fast and reliable delivery solutions so as to avoid complicated situations in bad weather.”

Abrol too, agrees, “Monsoon is an exciting, though a bit dodgy time of the year for the fashion industry. No doubt the sales and market are on a boom, but monsoon also makes it difficult for the logistics team to ensure safe and timely delivery of the products. Merchandise needs to be saved from any damage due to rain. Water logging and deteriorated infrastructure due to rain also makes it difficult for the logistics companies to be punctual and thorough with their services.”

Meanwhile, Yadav strikes a divergent chord. “It is not much of a concern today as we have the option of Dadri dry port in Delhi now, from where we can move our goods anywhere in India. More and more buyers are now moving to Dadri to move their products, but much more leaves to be desired in terms of increased train frequency to ports to move the finished goods faster,” he says.

Apart from the prevalent constraints, the need of the hour is to increase the speed and shorten the supply chain as much as one can to keep the inventory down and reduce waste. A couple of decades ago, supply chain management was all about taking costs out of the system. Today it is about speed of delivery and the level of customer service, which ought to be fast and accurate.

Recognising the affirmation, Prashant Potnis, Logistics Head, SPYKAR admits, “It is important to shorten the supply chain process as it will help to reduce the wastage of time and improve deliveries at all ends.”

Yadav, too, underlines, “Shortening the supply chain is very important as the crucial factor in the fashion and apparel industry is how quickly and fast the product is moved to the buyer, which is an integral part of the supply chain.”

Opportunities Galore

Opportunities in apparel logistics have aided the 3PLs a great deal in spreading their wings. Future Supply Chains, for instance, accept orders from not just the Future group, but other businesses as well. Just like Shoppers Stop, Future Supply Chains maintains systematic and clean SCM strategies.

Astute retailers and enterprising 3PLs are already tapping into an industry which is bracing itself for stout expansion in the near future. Recounting her experience in the industry, Abrol says, “Speaking from first-hand experience, it helps to have a sensible and reliable logistics partner in the apparel and fashion industry. Fashion apparels comprise of lot of intricate and delicate detailing on them. Products like jewellery and accessories are

“It is very important for a logistics company to be well-equipped with the latest technology or systems, as it will help them to track and give the customer the right information about their deliveries and also reduce human intervention which is the main cause of all delays.”

Prashant Potnis
Logistics Head, SPYKAR



fragile and need to be handled responsibly. Even a little mishandling may damage the good and spoil the customer's trust on the brand. Moreover, the infrastructure in India is also not in the best condition. Damaged roads and unpredictable traffic make it complicated for logistics companies to serve efficiently. Hence it becomes essential to have a responsible logistics partner in the fashion and apparel industry for smooth running of the business.”

Does it Pay to Use a Specialised 3PL Provider?

In a niche industry like apparel, hiring a specialised 3PL provider's services has its own prerequisites, as it is getting more and more difficult for logistics companies to develop expertise in everything at once. Businesses are under increased pressure to reach customers faster and in more ingenious ways; as a result, supply chains are becoming much more multifaceted and complicated. Specialised 3PL providers can almost always offer lower shipping rates, because they handle one thing at a time with utmost proficiency. The elemental hypothesis is that if a company could do scalable logistics themselves, they would. But this is not always the case, which is the main reason for outsourcing and hiring a firm to take care of everyday tasks, so that companies can focus on their core business.

Employing a specialised 3PL provider has some surprising benefits. For example, it would lower the manufacturers' Workers' Compensation Premiums, since their own employees will no longer have to take on the higher-risk tasks involved in shipping and packaging, etc. Another remarkable benefit of a niche 3PL provider is in consulting services. In addition to their logistical services, these niche providers can offer solutions for improving the supply chain all the way from manufacturer to consumer. Their logistical expertise could help



companies save money in ways they would not be equipped to do themselves.

Hence, there arises the need for integrated 3PL companies which can provide complete and cheap solutions in India instead of providing end-to-end solutions. Elaborating further on the need for 3PL as enterprising solution providers, Bajaj concedes, “In the 21st century where life pendulums between constrained time and effectual sustainability, 3PL providers maintain a history of supply chain requirements throughout the product life cycle. From product packaging to supplying through end-of-life services such as liquidation and recycling, 3PL magnets provide supply chain solutions that deliver the greatest return on investment for one's products. The decision to keep these functions in-house or contract with one or many third party logistics companies is entirely strategic and can dramatically impact any organisation's bottom line. So, the given observations confirm that the proximity of a 3PL service provider will not only generate flexibility to the company but will also help in creating sustainability.”

Meanwhile, many in the industry believe that the much awaited GST will make the industry fine tune its supply chain strategy effectively. Expressing hope for tax reform, Bajaj further underlines, “GST is anticipated as one of the most instrumental reforms in spurring



“We strongly believe that with our superior service delivery and better network connectivity, we are able to deliver a better value proposition to our customers.”

Bock Chuan Tiong

General Manager, India & Nepal - Singapore Airlines Cargo



will be brought into place without much delay.”

Prashant Potnis, Logistics Head, SPYKAR also feels, “GST will reduce the red tapism in the system as there will be standard taxation.” However, Yadav shares his apprehensions regarding the tax reforms. “On paper it would, but how and when the GST times out is the question. We are waiting for the GST to be rolled out soon.”

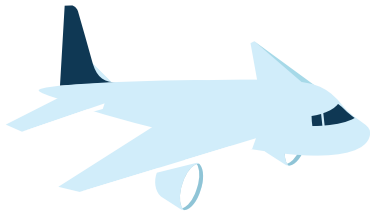
growth in economy. At the initial phase, it will make the tax system much simpler, but will also help in augmenting compliance, boost tax revenues, reduce tax depletion in the hands of the consumer. The prepondering triumph of the ruling party in the 16th Lok Sabha election has aired a new hope that such crucial structural reforms



IT Intelligence

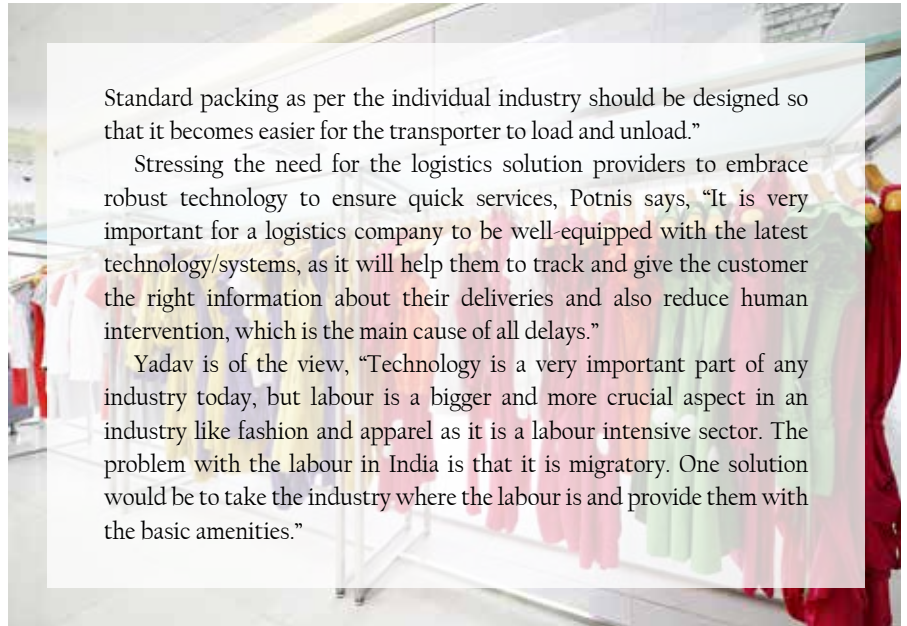
Since the apparel industry is more trend-driven than any other vertical, technology holds a predominance in meeting do or die supply chain demands in the country, as apparel companies are characterised by this hypercompetitive environment. Acknowledging the same, Bajaj emphasises, “Technology is very important in meeting the demands of the customer, especially in the apparel industry. Since fashion is driven by ongoing trends, it becomes quite clear that well-timed deliveries of the fashion essentials to customers are of utmost significance. Once the fashion is outdated, it makes no sense to carry it around the town, until it rings back on runway.”

In the fiercely competitive slugfest that the retail market is, efficient supply chain strategies are often a pointer to success. Specifying the need to introduce sophisticated technology in meeting the complex logistical constraints in a market like India, Potnis alludes, “Logistics is a big challenge in India. It is very important to reduce the human intervention which is currently high. Online process should be increased to reduce the time taken at octroi/check nakas/ customs, etc., so that the shipment can move faster.



“India has been a very important centre for sourcing apparels and this sector is bound to grow. We look forward to catering to this sector in the near future.”

Giam Ming Toh
CCO, Vistara



Standard packing as per the individual industry should be designed so that it becomes easier for the transporter to load and unload.”

Stressing the need for the logistics solution providers to embrace robust technology to ensure quick services, Potnis says, “It is very important for a logistics company to be well-equipped with the latest technology/systems, as it will help them to track and give the customer the right information about their deliveries and also reduce human intervention, which is the main cause of all delays.”

Yadav is of the view, “Technology is a very important part of any industry today, but labour is a bigger and more crucial aspect in an industry like fashion and apparel as it is a labour intensive sector. The problem with the labour in India is that it is migratory. One solution would be to take the industry where the labour is and provide them with the basic amenities.”

The E-com Fad

Supply chain management is becoming increasingly important as every business becomes an e-commerce enterprise. This kind of logistics covers purchasing, packaging, shipping, warehousing and customer delivery. Not only the 3PLs, but many domestic as well as international airlines operating in the country are also eyeing a bigger pie in the lucrative apparel business. Admitting the significance the sector holds for them, Bock Chuan Tiong, General Manager, India & Nepal-Singapore Airlines Cargo

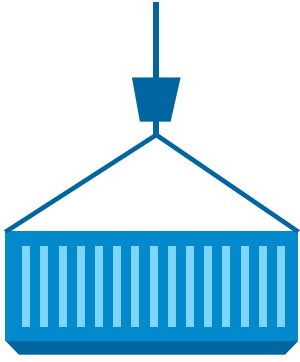


says, “Apparels are one of the important vertical markets we are focussing on in India. We strongly believe that with our superior service delivery and better network connectivity, we are able to deliver a better value proposition to our customers.”

Giam Ming Toh, CCO, Vistara too, hopes to expand the airline’s operation footprint in the thriving apparel sector in India, “India has been a very important centre for sourcing apparels and this sector is bound to grow. We look forward to catering to this sector in the near future.”

The Fashion Week Value Chain

Considering the tremendous potential of fashion, textile and apparel industries, there is a huge uptick in fashion shows across the country, which serves an important logistical opportunity to the logistics solution providers. DHL Express is one such company which has tie-ups with a host of designers, providing them with the logistical support for their runway shows in India as well as abroad. Highlighting the pragmatism needed in dealing with the apparel supply chain, Sandeep Juneja, Vice-President-Commercial, DHL Express, India pronounces, “Textile and apparel goods require greater care and packaging. Based on the demands and trends, the merchandise needs to reach the market on time as well.” He also sheds some light on the fierce competitiveness of the fashion sector, “The



“Textile and apparel goods require greater care and packaging. Based on the demands and trends, the merchandise needs to reach the market on time as well.”

Sandeep Juneja

Vice-President-Commercial, DHL Express, India



fashion industry is both competitive and demanding, with a 21st century consumer who knows no limits, expecting to shop for products at any time of the day or night, in any location around the world and then to have them delivered to their door the next day,” he adds.

The government, too, on its part has taken considerable steps to bolster the apparel industry such as the recently announced Foreign Trade Policy (FTP) to promote the apparel exports as well as the government’s ‘Make in India’ initiative.

Despite infinite opportunities, the apparel industry in India is full of complexities and a lot of work is needed to be done in the country in terms of the supply chain management practices.

Dwelling further on the same, Arun Kumar Dutta, Head Logistics, Active Clothing Co. Private Limited remarks, “The new FTP unveiled focusses on promoting service exports and giving fillip to the manufacturing sector as per the government’s new policy. The FTP has extended interest subsidy scheme and other incentives for labour intensive sectors such as leather and handicrafts. Government will continue incentives for units located in SEZs and promote e-commerce with focus on employment creating sectors. The new FTP will certainly make excellent growth in apparel and export-import in the coming future.”

However, with business in non-traditional markets picking up pace, India certainly needs to look at other potential markets for apparel exports. Mentioning the steps required to focus on the target customer in these markets, Dutta explains, “Non-traditional marketing relies on many unknown factors. It is important for any campaign to undergo careful planning. Developing a comprehensive marketing plan does not make this strategy any more predictable, but it can help focus efforts and maximise the chances for success. The first step of the plan is to define the target customer. This crucial step helps companies determine whether or not a non-traditional marketing approach makes sense. If a product has mass appeal, marketers might plaster city streets with creative advertisements. But if the product has more limited appeal, software for accountants, for example, a widespread ad campaign would be a waste of resources. Identifying who will buy the product makes them easier to reach.”

Dutta further opines that the non-traditional marketing plan will be to define metrics



“For global giants looking at newer markets, India presents exciting opportunities on account of its vast middle class and a virtually untapped retail industry.”

Arun Kumar Dutta

Head Logistics, Active Clothing Co. Pvt Ltd



for success or failure. This can be the most difficult step because non-traditional marketing often has to diffuse goals. Rather than simply increasing sales, non-traditional marketing can be used to redefine the image of a brand, or to introduce product lines to new demographics. The modern retailing trend, despite its cost-effectiveness, has come to be identified with life styles. In order to appeal to all classes of society, retail stores would have to identify with different lifestyles.

Nonetheless, with the growing concern over rising production costs in China, India does stand a good opportunity to increase its share in the global apparel market.

Explaining reasons for China's decreasing allure, Dutta indicates, “Increasing labour costs are important reasons for China's slowdown. But the most important factor is the country's transition from an export-led to a consumption-led economy. China was considered the go-to country for the lowest pricing and acceptable quality. But, cost alone from China to your factory door can jack up the price considerably on your landed price per unit. Companies now are running for global sourcing to such destinations as Korea, India and Vietnam for being alternative low-cost country suppliers, especially since China is slowly raising its pricing.”



Looking Forward

The bigger the companies grow, the more complex their supply chain becomes. Despite infinite opportunities, the apparel industry in India is full of complexities and a lot of work is needed to be done in the country in terms of the supply chain management practices. Companies need to work on the zone of strategic fit between their product planning and their supply chain strategy. Apparel logistics is a different world. While part of it is still moving boxes, it is more trend-driven than other verticals as apparel

retailers have a complex and unforgiving business model.

However, the future continues to be bright on account of the retail boom and economic strides India is taking. Affirming the enormous potential to tap, Dutta reiterates, “A retail revolution is happening in the country. For global giants looking at newer markets, India presents exciting opportunities on account of its vast middle class and a virtually untapped retail industry. The success in this competitive and dynamic sector depends on achieving an efficient logistics and supply chain.” The logistics industry must bolster and hone its prowess if it wants to realise the benefits from the apparel industry which is galloping towards growth. ∞