THE ROLE OF MERCHANDISER IN MANAGING THE SUPPLY CHAIN

Mater Thesis No 2010.9.5

Saqib Ali
Zeeshan Ali
The Role of Merchandising in Managing the supply Chain

Saqib Ali (saqib-ali@hotmail.com)
Zeeshan Ali (zeeshan.ali2@yahoo.com)

Master thesis
15 ECTC credits

**Subject category**
Applied Textile Management– Industrial Engineering

**Series and number**
ATM 5/2010

Bryggaregatan 17 The Swedish School of Textiles:
University of Borås
501 90 Borås, Sweden
Telephone: +46-33-435 40 00

**Supervisor**
Jan Carlsson (Jan.Carlsson@hb.se)
University of Borås

**Examiner**
Heikki Mattila (heikki.mattila@hb.se)
University of Borås

**Date**
May 2010

**Keywords**
Merchandising, Supply Chain, Management, Retailer, Buying, Agents, Textile Mills
Acknowledgement

It is hard to express that how fortunate we feel to be a part Swedish school of Textiles”, for giving us an elegant project. The thought behind any research project of students is the development of student’s educational skills and imaginative judgments. Such a thought has been implemented in bringing out this thesis, in which we have tried to keep our focus on discovering our skills.

There are few names that need mention here for the wonderful support they handed us in our efforts. Our heartiest thanks go to Mr. Håkan Torstensson, Vice Director and also our research supervisor MR Jan Carlsson for his guidance, meticulous care, valuable suggestions and stimulating discussions. It would be unwise if we don’t honour the helping hands of our friends in our class. Their uncountable efforts in front and behind the scene, made it possible for us to slide through the task. Our sincere thanks go to Mr Martin Brink, managing director and Mr. Niklas Odequis Purchase Director of Hemtex. These are the people who shares their Experience and given us faith to be motivated for this uphill task. Besides we are also very much grateful to our parents their proficient help and suggestions.

We are highly obliged to the merchandisers of Mills and Buying Houses that we have contacted for the data collection. We also thank all our friends from Pakistan, for their support for composing this thesis. In the end; we would like to thank the Almighty, who gave us the strength and determination to carry on. It has been a majestic experience for us and we end this note on this belief, that our project will surely help us in shaping our future.

Saqib Ali, Zeeshan Ali
May, 2010
ABSTRACT

This research project is based on observing and analyzing the role of a textile merchandiser in managing the supply chain of the Home textiles in the Buying or retailing, in the mills and with the Agents. The project also highlights the comparative analysis of the practices followed by merchandisers in the retailer side, mills and those in the Agents, on the basis of the functions which supports the supply chain. In the discussion, we have highlighted importance of the Role played by an Agent and by the merchandisers of Buyer and supplier in different situations. By our research work we find out the challenges face by merchandisers and then we come up with some suggestions.

This research project has been developed by contacting and visiting Hemtex, Brink Textiles, by interviewing the merchandisers working in the industries like Al-Abid Silk mills. By analyzing the information and the data through the visits and the interviews, this research project has been combined to give in-depth knowledge about the activities which merchandisers perform in a mill and in a buying house.

Keywords
Merchandising, Supply Chain, Management, Retailer, Buying, Agents, Textile Mills
# Table of Contents

Acknowledgement ........................................................................................................ III  
ABSTRACT ................................................................................................................... IV  
Figures ......................................................................................................................... VII  
Tables ........................................................................................................................... VII  
1. Introduction .............................................................................................................. 1  
   1.1 Purpose ............................................................................................................... 1  
   1.2 Background ...................................................................................................... 1  
   1.3 Delimitation ....................................................................................................... 1  
2. Methodology ........................................................................................................... 2  
   2.1 Research Strategy .............................................................................................. 2  
   2.2 Structure of the Thesis ....................................................................................... 4  
3. Literature Review ................................................................................................... 5  
   3.1 Historical Background of Supply chain ............................................................ 5  
   3.2 Introduction to Demand and Supply Chain Management ............................... 6  
   3.3 Historical Background ...................................................................................... 7  
   3.4 Modern Demand and Supply Chain Management Systems ............................. 7  
   3.5 Tools of Managing a Supply Chain Management System ................................ 8  
   3.6 Trends in supply chain ...................................................................................... 10  
      3.6.1 Communication ......................................................................................... 10  
      3.6.2 Technologies ............................................................................................... 10  
      3.6.3 Lead time .................................................................................................... 10  
      3.6.4 Outsourcing ................................................................................................. 11  
      3.6.5 Mass customization .................................................................................... 11  
      3.6.6 Postponement ............................................................................................. 11  
      3.6.7 Cross Docking ............................................................................................. 12  
      3.6.8 Vendor Management Inventory ................................................................ 12  
      3.6.9 Enterprise Resource Planning (ERP) .......................................................... 12  
   3.7 The Concept of Textile Merchandising ............................................................... 13  
      3.7.1 Retail Merchandise ..................................................................................... 13  
      3.7.2 Textile Mills and Buying House ................................................................ 14  
4. Case Companies ..................................................................................................... 18  
   4.1 Hemtex AB ......................................................................................................... 18  
      4.1.1 Introduction ................................................................................................. 18  
V
4.1.2 Importance of sourcing for Hemtex ................................................................. 20
4.1.4 Selection of the supplier .................................................................................. 22
4.1.5 Swot Analysis .................................................................................................... 23
4.2 Brink Textile ......................................................................................................... 25
  4.2.1 Introduction ...................................................................................................... 25
  4.2.2 Responsibilities ............................................................................................... 26
4.3 Li & Fungs Group .................................................................................................. 27
  4.3.1 Responsibilities ............................................................................................... 27
4.4 Al-Abid Silk Mills .................................................................................................. 29
  4.4.1 Organizational Structure.................................................................................. 29
  4.4.2 Merchandising at Al Abid ................................................................................. 30
5. Comparative Analysis ............................................................................................. 35
6. Discussion .................................................................................................................. 41
  7.2 Challenges face by merchandising and sourcing departments ......................... 42
    7.2.1 Risks of global out scouring ........................................................................... 43
    7.2.2 Suggestions .................................................................................................... 44
  7.3 Information flow problems and suggestions ....................................................... 44
7. Conclusion .................................................................................................................. 46
8. Bibliography .............................................................................................................. 47
Figures

Figure 1 Structure of the Thesis ................................................................. 4
Figure 2 Typical supply chain ................................................................. 6
Figure 3 Traditional merchandising structure ........................................... 13
Figure 4 Flow chart of merchandiser activities ......................................... 15
Figure 5 Departmental structure on the basis of customers ....................... 16
Figure 6 Departmental structure on the basis of products ......................... 17
Figure 7 Departmental structures on the basis of geography .................. 17
Figure 8 Hemtex Management ............................................................... 18
Figure 9 Organizational supply chain structure ...................................... 19
Figure 10 Product design & development structure ................................. 20
Figure 11 Swot Analysis of Hemtex ........................................................ 23
Figure 12 Brink Textile Organizational structure .................................... 25
Figure 13 Li & Fung Supply chain structure (Our Business) ..................... 28
Figure 14 Supply Chain (Raw material to consumer) ............................... 28
Figure 15 Al Abid organizational structure ............................................. 29
Figure 16 Flow of information & material ............................................... 30
Figure 17 Activities and supply chain of merchandiser in Textile Mill (Naseer, 2008) .......................................................... 34

Tables

Table 1 Comparative Analysis of Merchandiser ......................................... 40
1. Introduction

1.1 Purpose

The main purpose of this thesis is to analyze the role played by merchandiser in different situations and how they manage to control the supply chain. We evaluate the responsibilities of the supplier merchandiser when it works with the retailer on Replenishment. We also evaluate the responsibilities of the Agents, when they work as a wholesaler and as a middle man and why still buyers and suppliers need a middle man.

1.2 Background

Once, the home textiles industry is considered large commodity manufacturers, is currently experiencing a shift towards product differentiation. Now the demand by the consumer is change they are willing to pay for, innovations and new trends in home textiles, home textile companies have the opportunity for higher profit margins. Home Textiles have become a mature industry in recent years. People also now a day are more concerned about the interior decoration and home furnishing. Manufacturing and Marketing of home textile is influenced by fashion industry, therefore Textile Products for Bed, Bath, Table and Kitchen are no more a part of home accessories.

We have selected the Home Textile sector to study the Supply chain Management system in the merchandising department and role played by merchandisers to manage it. By emphasizing on lectures and research, we have done the analysis the different role played by merchandisers, of current supply chain in the market, and the ways to improve the current systems.

1.3 Delimitation

The Role of Merchandiser in Managing the Supply Chain is a vast area of research, taking into account many various aspect of the matter, such as merchandising role in garment, fashion merchandising, supply chain manager and many more.
Unfortunately, due to constraints in time and resources, it was impossible to go through all of these factors in detail. Thus, this is limited only a few of aspects those were more closely related to practical study of merchandiser in home textile.

The main areas of focus were: role of merchandiser in retailing, buying house or agent and manufacturer; how they are controlling the supply chain; which group focus the development; presenting a method of mapping the supplier and the role of procurement; their organizational structure; and the position in the organization.

2. Methodology

2.1 Research Strategy

The results gained in this report were the outcomes of both an exploratory and qualitative research. Exploratory research is often used on an area that has not been explored much in the previous research.

The research has been executed in several steps; first we identify and develop our topic” Role of Merchandiser in Managing the Supply Chain” furthermore we indentify the main concept and question in our topic and then we go interrogate in detail about the topic of supply and demand chain management in our literature review..

The second step; which involved understanding the background information of retailing, buying house and mills; better knowledge within the subject of supply chain management, supplier relationship and how to manage merchandising goals; to set the context of our research we read articles, textbooks, magazine and online public information. We used keyword searching to find the material relevant to subject or topic. We also used Electronic resources to find the information on the internet.

The third step which deals specifically with the case companies, the research was primarily by one on one interview with the Hemtex officials, both telephonic as well as from the site visit of the Hemtex headquarters in Boras, Sweden. The department’s interview include: Hemtex purchase director, supply chain and merchandise allocation. In order to gather all the information we also conducted interview with Brink Textile buying house Boras, Li & Fung buying house Pakistan and Al-Abid Silk Mills Ltd. Pakistan.
Finally, as result from the above research, we analyzed the role of a merchandiser in managing the supply chain of Home Textile. We analyzed the practices followed by a merchandiser in the retailing, mills and in the buying house and then gave a comparative analysis of both with respect to supply chain functions. The material presented in the case chapters is a combination of interview findings and the complementary sources of information, as interpreted by us. The research has evaluated the practices involved in all three firms, and then concluded by analyzing the comparative analysis and giving recommendation which we think can make the role of merchandiser more organized.
2.2 Structure of the Thesis

The following diagram is the structure of our thesis:

- **Chapter 1**: Introduction (Background)
- **Chapter 2**: Methodology
- **Chapter 3**: Literature Review
- **Chapter 4**: Case Companies
- **Chapter 5**: Analysis
- **Chapter 6**: Conclusion

**Purpose Scope**
- **Research methods**
- **Books literature Internet website Some Diagram**
- **Hemtex; Brink Textile; Li & Fung; Al-Abid Textile; Interviews; Framework; Structure & Diagram;**
- **Case companies Challenges analysis Discussion**
- **Other Chapters**

Figure 1: Structure of the Thesis
3. Literature Review

3.1 Historical Background of Supply chain

The historical background of Logistic starts with understanding the mindset of the consumer. 1940 have become the starting point where the Supplier started to focus on customer values. This idea only becomes a good theory not in practice, but after twenty years in 1960, the first generation of modernized logistics theory was launch which was only focusing on the flow of the material to reduce the maximum cost (Ericsson, Key to success in the digital economy, 2001).

Early 70s reveal the second generation concept of logistics, which was only focusing to generate maximum revenue by restructuring the organisation management and by developing the good relations with the vendor, to cope with the upcoming challenges of competition. Number of organization started to integrate by global sourcing, which become a core business in late 80s. The idea of globalization has given a firm grip on supply chain management to increase competitive advantage, value-adding and reducing cost. Foreign competition was brought by globalization, into markets that were local traditionally. Most of the Local companies were thereby forced to respond by improving their manufacturing practices and supply chain management (Ericsson, Key to success in the digital economy, 2001).

The fourth and fifth generation is a Time and Information Technology based Logistics, the introduction of ICT (Information communication Technology) filled the tool gap, which was not available in early 70s and 80s. The Lean concept of manufacturing has given birth to agility, which means that the concept of supply chain is taken over by demand change management. The companies started to remove the costly waste from vertical manufacturing and implements cost effective outsourced. This integration requires specialized supply chain partnership, which requires the companies to extend their hands beyond their thinking (Ericsson, Key to success in the digital economy, 2001).

Globalization has made competitive pressure, which indulged today’s organisation to work on quick response so that they could market their product as quickly as possible. We can see
now interest is shifting from material planning, inventory management to integration or partnership building.

![Figure 2 Typical supply chain](image)

### 3.2 Introduction to Demand and Supply Chain Management

The word logistic is used when the manufacturing companies wants to move their material and the information between manufacturing and distribution to the customer. The increase of demand and cost reduction has given significant importance to logistics. The new discoveries are made, now the single organization is not responsible for the material and information flow but the entire supply chain is considered in supply chain management (Tortensson, 2009).

The supply chain management gives a platform to the companies to integrate the information and material to achieve goals through planning, controlling and organising. In a supply chain the material flows from up steam to downstream and the demand information flows in the opposite direction. Companies are moving towards new strategy to build Business to Business (B2B) relationship in the upstream and in the downstream (B2C) Business to customer relationship to minimise the upcoming challenges of cost and inventory. Logistic also have a vital role to play in marketing mix (place), where it includes some of the decisions about the factors such as distribution system, market coverage and dealer support (Tortensson, 2009).

The supply chain of the company ends with services process, that how services are delivered to the customer. In this emerging highly competitive and dynamic environment, the ultimate
success of the Business entity will depend on management's ability to integrate the company's complicated network of business relationships (Ericsson, Supply and Demand Chain Management, 2009).

3.3 Historical Background

The supply chain management is used at its best when the era of Globalization starts with mass production, low cost and the shortage of labour, which forces the companies to outsource from low cost production industrialized region. This idea adds more money and lead time in the supply chain network. Still the focal firm acts as an important role for managing the upstream tier 1 and downstream tier 1 partners. Now the companies have ignored the complexity and risk of out scouring for low price of the product (Ericsson, Supply and Demand Chain Management, 2009).

However, when general market supply increased over the following decades and customers were able to choose from a wider product offer, the notion of quality increased. Customers became more demanding and companies slowly had to shift their focus towards the customer. However, for a long time the supply chains still existed of independent entities with inventory between them. Organizations responded to the pressure by looking for improvements to the separate activities of logistics (e.g. procurement, inventory control, warehousing, packaging, transports etc.). It became clear that those are not isolated activities but they impact one another and therefore best results in terms of efficient material flow come from considering all aspects of material movement in a single, integrated function (Ericsson, Supply and Demand Chain Management, 2009).

3.4 Modern Demand and Supply Chain Management Systems

As competition increases and customer service is becoming more and more important to differentiate from competitor's logistics and supply chain management is continuing to gain importance. Supply chain management is now taking logistics management one step further by integrating beyond company barriers, upstream and downstream with its suppliers and customers. So the supply chain is considered as an integrated entity through which a new retailer and supplier relationship has developed. With supply chains extending globally, companies now realize the potential in supply chain management to improve their
performance in terms of cost but also customer service. Supply chain management contributes substantially to the overall performance and the value that a company delivers. It has become accepted that in order to provide higher service level without incurring an undue burden of cost it is necessary that all business processes and activities along the supply chain are in balance and aligned towards a common goal. This requires a comprehensive view of the supply chain as an integrated chain or network rather than a narrow functional focus (Larsson, Integration in the Supply Chain, 2009). The companies are striving hard to improve the services by shorting up the lead time or using this time as a demand driven or D-time, through which a customer wait for the product to be manufactured as demanded. The spread of the internet, mobile and media, has added to the consumer becoming even better informed and therefore more demanding. This has increased the need for companies to become more customer focused. The idea today is that the customer is the one that triggers all the activities and processes of the entire chain. Therefore supply chain management is converted into demand chain management through which the product is made according to the customer requirements (Pal, 2009).

3.5 Tools of Managing a Supply Chain Management System

Competition has given birth to new tools of supply and demand chain management, just in time (JIT) and lean thinking is the early efforts to produce and delivered on time to satisfy the actual demand and increase efficiency and effectiveness, reduce cost and improve quality by removing waist from the production. However the market trend has changed it become rather unpredictable, volatile, characterized by discontinuity and a trend towards tailoring products for individual customer demands. Agility has become the solution, which develop a proactive position in the market in benefit of the supply chain by reducing the life cycle of the product, increases the variability and reduces the demand forecasting. Early information is an essential factor to be able to react quickly, so the goal nowadays is to replace material with information. Information-based virtual network building using information and communication technology is the current approach to today’s ever-changing market environment. The organizations, which follows the lean thinking are forecast driven, not demand driven, the data is collected from the previous sales, on the other hand Agile strategy work with Point of sales data. Agility is critical, because in most industries, both demand and supply fluctuate more rapidly and widely than they used to.
Most supply chains are playing speed against costs, but agile ones respond both quickly and cost efficiently. Agile supply chain has more variability in the product as it work with volatile demand, which give an advantage of less SKUs as compare to lean. The Agile supply chain also works with Less Lead time, In other words increases variety and decreases the on shelf time (Larsson, Lean and Logistics, JIT, Demand Driven SCM, 2009).

The companies who works with the economy of scale comes up with solution to share the responsibility with their suppliers through, Vendor managed inventory. It is another form of demand chain transformation where the responsibility of keeping the inventory material is agreed by the supplier. Buyer is not responsible for inventory stocks. Vendor is responsible for filling the shelves according to the demand.

The market has been switched from mass production (ATO) to mass customization (MTO). Customer’s expectations on products are getting higher and higher on terms of variety, more less lead times. The requirements of customers are always customized according to their needs and wants. Mass Customization is the system to adapt to customer’s individual needs. Therefore companies can no longer just offer one product variant but rather have to increase the variety and their efforts to customize their products to individual customer needs. Mass customization instead of mass production is the key today. This means that companies need to individualize their offer while at the same time try to achieve cost optimization in the chain (Ericsson, Supply and Demand Chain Management, 2009).

One of the best examples in the modern era of MTO is Dell computers, they make dream into reality, when their customers purchase online, and the supply chain includes, among others, the customer, Dell’s Web site that takes the customer’s order, the Dell assembly plant, and all of Dell’s suppliers and their suppliers. The Web site provides all the information online to the customer so that the customer can build its Dell computer with the required specification.

The supply chain includes, among others, the customer, Dell’s Web site that takes the customer’s order, the Dell assembly plant, and all of Dell’s suppliers and their suppliers (Harrison Alan, Van Hoek Remko, 2008).
3.6 Trends in supply chain

Integration of supply chain is getting better in every company as market turns its position and a firm has to manage their responsibilities accordingly. From the past two decades many improvements and trends have occurred in supply chain which has made the market working in a positive and efficient way. Some of them are as follows:

3.6.1 Communication
Hundreds of years ago people used to travel on camels and horses to transfer a message from one country to other. Time passes and developments made the work easier and easier. Communication process was done on documents between the companies which was time consuming but after entering in technological era (like computer, emails, etc) it was done faster. Messages were delivered in seconds from minutes to hours to days and to months.

Electronic trading was mushroomed, with email followed by e-business, e-commerce, e-trading and soon e-anything. Biggest advantage of this e-system was off e-procurement and e-purchasing which was developed in other two versions as B2B (business to business, where one business buys materials from other business) and B2C (business to customer, where final customers buys from business) (Harrison Alan, Van Hoek Remko, 2008).

3.6.2 Technologies
New technologies change the entire infrastructure of supply chain and logistics. Hundreds and thousands of items were counted manually in the warehouses, there was no possibility of keeping the data in records unless it was written manually but different systems was introduced in order to fulfill the requirement. Biggest examples these days are ERP (enterprise resource planning), EPOS (electronic point of sales), RFID (radio frequency identification) etc which are still managing to improve the supply chain and its challenges (Harrison Alan, Van Hoek Remko, 2008).

3.6.3 Lead time
Customers always want their product immediately after ordering and this on-going fight between supplier and customer will never end. Still strategies are made in order to shorten the lead times and to meet customer demands in order to fulfil end consumer needs.
Although different ways were provided but one way could be ‘synchronized material movement’ where information is spread out all over the supply chain and a proper linkage is developed between the upstream and downstream part of the supply chain flow (Harrison Alan, Van Hoek Remko, 2008).

### 3.6.4 Outsourcing

Every firm has its own core competency in which they excel and represents them in a different manner. It sometimes becomes so difficult for the firms to do all work under one roof which might lower down the quality of the product or loss in the profit. Like firms producing garments will never prefer to produce garment packaging otherwise they might lose their quality of producing garments. Like transferring of goods between the countries is always done by a logistic company which is third party who handles all the work, Outsourcing always makes the work easier for the firms.

### 3.6.5 Mass customization

Mass customization has changed the supply chain for many companies and individual retailers as well. Giving priorities to end consumer and fulfilling the demand is another way to secure better position in the market. It is always the consumer whose demands get changes and for those demands new strategies are developed, new techniques are developed and new product development is done. Examples of mass customization can be clearly looked in Dell products. All concerns in mass customization are upon business to consumer. Products are not made unless and until their demand is required. Consumer can demand of any product at any time and these days life cycle of product is getting shortened. Those companies are always market winners which manage to understand the consumer point of view and profile their product range accordingly (Harrison Alan, Van Hoek Remko, 2008).

### 3.6.6 Postponement

Postponement is a business strategy that maximizes possible benefit and minimizes risk. This is done by delaying further investments into a product/ service until the last possible moment. Traditionally, manufactures move finished goods out of production and store them in the distribution system until they are needed. This can lead to massive stocks, if companies have many variations of basic products, which is very costly for them. Another term in postponement is “built/package to order” that is a production approach where a
product is built once when a confirmed order for a product is received (Harrison Alan, Van Hoek Remko, 2008).

3.6.7 Cross Docking
This method is a warehousing strategy that involves movement of material directly from the receiving dock to the shipping dock, with a minimum break time in between. This can lead to companies getting reduction on their order cycle time, thereby improving the flexibility and responsiveness of the distribution network. It can also effectively bring substantial reduction in the transportation and storage cost, without increasing the investments and still have the same level of customer service. One goal with the cross-docking method is to remove the warehouses completely and have “stock on wheels” instead. Traditional warehouses move materials into storage, keep them until needed and then deliver them to the customers. Cross docking coordinates the supply and delivery, so that the goods arrive at the receiving area, and are immediately transferred to the loading area and put to delivery (Harrison Alan, Van Hoek Remko, 2008).

3.6.8 Vendor Management Inventory
Vendor-managed inventory (VMI) is a supply-chain initiative where the supplier is authorized to independently replenish inventories of agreed-upon stock-keeping units at retail locations. The benefits of VMI are well recognized by successful retail businesses. In VMI, distortion of demand information (the bullwhip effect) is minimized, stock-out situations are less frequent, and inventory-carrying costs are reduced. Thus, the approach offers a framework for synchronizing inventory and transportation decisions. This trend has been proved so good for many companies where the working conditions between suppliers (upstream) and customers (downstream) has increased a lot which makes the entire supply chain process smooth (Harrison Alan, Van Hoek Remko, 2008).

3.6.9 Enterprise Resource Planning (ERP)
ERP is software which allows companies to integrate and store their data so that all functions and working can be found at one place. This software centralizes the data and it is distributed for transparency. By the help of ERP a company can integrate different type of data and flow of information is clearly transferred to all concern departments. It is combination of two functions which were used earlier, material resource planning (MRP) and material requirements planning (MRP). Other functions can be performed easily through
this software like manufacturing companies which need data at one place for easy excess, supply chain management where the companies can trace the locations of their shipments and project management companies in order to make synchronized their work. This tool is found to be very much active for bigger projects where communication between process and teams becomes trouble-free (Harrison Alan, Van Hoek Remko, 2008).

3.7 The Concept of Textile Merchandising

Merchandising in textile is not synonymous with merchandising being practiced in consumer product companies. It is much broader in its scope, activities and responsibilities.

3.7.1 Retail Merchandise

The term merchandising in retailing refers to the total process of stock planning, management and control. The merchandising needs a good numeric skill and ability to make trends, relationships and co-relationship within regular sales and stock.

The responsibilities of merchandiser are changes from company to company, according to structure they adopt. The traditional merchandising role is integrated with the buying, which merchandising team has responsible for both the planning and stock allocation. The structure of traditional is shown in figure 3.

![Figure 3 Traditional merchandising structure](image-url)
Now a day’s many retailer change the responsibilities of merchandising according to the company, some remove the distribution role and this responsibility is then given to the distribution team separately. By this the retailer can save the cost, more importantly the company can control of the entire process. We have seen many business retailers who applied different parameters to stock management can easily lose on their stock (Tim Jackson and David Shaw, 2001).

3.7.2  Textile Mills and Buying House

- Merchandising can be termed as heart of making a product fail or pass
- Merchandising can be a difference between winning or losing a project/customer.
- Merchandising means finding new customers and markets.
- Merchandising means retaining the customers and extracting more orders from them
- Merchandising means making the customers delighted/satisfied on one hand and brining profits for the company on other.
- Merchandising means making communication bridge between the company and its customers.
- Merchandising means completion of project/order placed by the buyer as per its requirements in right time, quality and quantity.

3.7.2.1  Flow chart of activities
Flow chart of activities gives you a clear and overall picture of merchandiser’s function within and outside an organization. It starts from marketing and reception of a request until dispatch of an order and getting buyer’s feedback after using the product. The request can be of cotton, yarn, fabric or garment. The job of merchandising becomes complicate and important with the increase of value addition (Naseer, 2008).
Figure 4 Flow chart of merchandiser activities

Marketing

Buyer’s request

Price

Sampling

New shade development

Reception of shade std.

Coordinating with dyeing lab

Lab-dips submission

Buyer’s comments

Subcontracting/Sourcing

Communication and Development (Parallel activities)

Calculating specs

Sample preparation

Sample results

Sample dispatch

Buyer’s feedback

Rejection

Approval

New fabric/Garment development

Buyers’ requirements/reference

Order reception and Confirmation

Order executions

Order completion & Dispatch

Maintaining order status

Communication & Coordination

Complaint handling

Subcontracting/ Sourcing

Accessories planning

Order processing

Export documentation & Logistics

Order completion & Dispatch

Rejection

Approval

Figure 4 Flow chart of merchandiser activities
3.7.2.2 Departmental structures in merchandising

Merchandising can be structured in numerous ways but more commonly, it is structured on the basis of “customers”, “Products”, and “Geography”, however the choice of these structures depends upon the product lines, their complexity and volumes being produced by the company.

I. On Basis of Customers:
This is the most commonly used structure and it is exactly as per definition of merchandising too. Merchandisers are supposed to retain the customers and they are their representatives, so the division based on customers is very logical from this point of view.

Below is an example if such department:

Merchandiser A: taking care of “IKEA”
Merchandiser B: Taking care of “WALMART”
Merchandiser C: Taking care of “LI &FUNGS”
Merchandiser D: Taking care of “TESCO”

All of above will be horizontally related to each other and will report to their superiors. These Merchandisers perform their work independent of each other except attending department meetings and some other related issues. Sometimes more than one merchandisers look after the same customer but it largely depends upon the size and complexity of that particular customer.

![Figure 5 Departmental structure on the basis of customers](image-url)
II. On basis of products
In this case merchandising department is structured based on products. The company has more than one identifiable product ranges in this situation. Like the same company has three ranges of products yarn, fabrics and garments, and it is attended to structure this department on the basis of product lines in order to make them more efficient and to create job clarity. There might be separate merchandising/marketing managers for different product lines or it is also the possibility that one manager supervises the three product lines; it depends upon the company’s strategy.

III. On the basis of Geography
In this case merchandising department is structured based on geographical locations and markets. Like Europe region, US region, Middle East etc. The purpose of this division is to make merchandisers expert of customer knowledge in specific regions with respect to their culture, attitude, liking, disliking response etc. So that they can better handle the customer queries/needs in those regions. By concentrating on certain region, merchandiser can make good rapport with customers and will be more focused in their efforts.
4. Case Companies

4.1 Hemtex AB

4.1.1 Introduction
Hemtex is the Scandinavian leading interior decorating Swedish based retail company mainly targeting the Scandinavian market. They are only concentrated on selling the products of home textile sector. The main aim of the Company is to sell the home furnishing products, with the focus on home textiles. By keeping the need of the customer focused, they divided the product range into four areas, including Bedroom, Bathroom, Windows, as well as Dining and Entertaining. Hemtex have its own 208 stores but in 2010, they have closed all the 12 stores in Denmark just because they are in loss, apart from this they have more than 140 stores were located in Sweden, thirty nine in Finland, ten in Norway, and two in Estonia. The Hemtex Group consists of the head office in Sweden, Hemtex AB, and the wholly owned subsidiaries: in Finland, Denmark, Norway, Shanghai Ltd in China and Hemtex Finans AB in Sweden (Odequist, 2010). The structure of Hemtex management is shown in Figure 8:

Figure 8 Hemtex Management
Hemtex is the retailer company, they have direct links with the customer and they also are directly and indirectly integrated with the supply. The responsibilities of merchandiser/buyer in Hemtex are different from the traditional merchandising. Hemtex merchandiser is working under purchase director and they also have merchandiser in liaison offices as shown in figure 9. The head office is in Sweden where buying department with the coordination of liaison offices handle all the suppliers and Agents around the world. China and Bangladesh are the main production houses, here they have their own Liaison offices through they control material and information flow. Turkey, India and Estonia are control by head office in Sweden (Odequist, 2010).

Figure 9 Organizational supply chain structure
4.1.2 Importance of sourcing for Hemtex

Sourcing of material and production is very critical to the success of any firm. Sourcing involves a strategic management decision that includes merchandising, production and marketing managers. Sourcing decision based on product requirements, production capabilities, quality and lead time.

4.1.2.1 Approach to design

Hemtex uses outsourcing for their production process. Hemtex does not own its factories; they produce their products in cooperation with independent suppliers. The whole process from product development to sales is operated and controlled by one company. Hemtex acts as an integrated retailer in the wholesale segment. Team of designers designs the collection for the brand Hemtex. There are following steps come under the design and development of the collection in figure 10 (Odequist, 2010).

![Figure 10 Product design & development structure](image-url)
In headquarter which is placed in Boras, designers and buyers are developed Hemtex product. Firstly the ideas have to be found which was obtained by the historical research, meeting different peoples and customers; moreover. Then after collection the inspiration first designs are made. The aim of above all is to create number of product lines, styles, colors and fabrics. Hemtex product range planning based on classic and traditional, modern and the latest trends themes. So by coordinating themes and pattern groups, Customers can easily find the matching combinations for their house (Odequist, 2010).

Thus the company adopts the current trends. Product development and purchasing is controlled by the main office in Boras with the assistance of Liaison offices, agents in Asia and Europe. The design team makes design, fabric selection and story board. Sampling department does the prototyping and testing. Finally the buying and merchandising team in the head office makes the pricing selection of styles, approval of styles and purchasing (Odequist, 2010).

4.1.2.2 Purchasing
The buying department is the most important part of the company because it has to focus on the latest demands of customers to low price. This makes the buyer Stronger than the designer in the product development process. The purchase process is controlled centrally in Boras with assistant of liaison offices through continuous contact with supplier. Liaison office is working under the purchasing department. Hemtex uses the MRP- System Bridge, which is the business system both within the head office and in the liaison office (Bangladesh and China). The design, marketing, purchasing are separate but work together, having weekly meetings about latest trends and supplier. They do historic research and meet with the different people and cultures for guidelines of new collection to increase their sales they looked at the historical data and future things that might affect. Hemtex divide its product range into four product areas: Bedroom, Windows, dinning and Bathroom. Bedroom is the largest product area which include, quilt covers, sheets, pillowcases, and pillows. Buying department combines seasonal products with volume goods. The basic products are always in stocked at warehouses and are delivered to store via replenishment system. Basic products are 30% of total Hemtex product range and 70% are the seasonal products to achieve the renewal and create eye-catching campaign. Seasonal products are continuously supplied to Hemtex stores. Hemtex have any department for product quality control
department in their head office and they also have in their liaison offices, who is responsible for the production and product quality. Purchasing manager cooperate through liaison offices and agents with independent suppliers and factories in Asia and Eastern Europe (Annual Report).

4.1.2.3 Responsibilities
The objective of sourcing is to ensure that the products bought and sell in sufficient quantities to achieve the profit margin expected by the business. So in Hemtex, the purchase manager has the overall responsibility for the selection, sales and profitability of the product range within a particularly category, he also have the responsibility is to select the merchandiser that maximize the sales and profitability of a product range, through meeting the target. The task is to maximize he full sales of stock bought and minimize the quantity of unsold stock at the end of each season. To do this the sourcing manager must work with the merchandiser in planning, development and the presentation of product lines. Sourcing strategy determines how merchandise will be acquired recognizing the unique nature of the products. Hemtex merchandisers have supportive relationships with materials vendors because materials supply determines the availability of piece goods and production of finished goods (Odequist, 2010).

4.1.4 Selection of the supplier
An important role of the merchandiser is to source and develop products from effective supplier base. So, Hemtex merchandiser keep consideration in the selection of suppliers because sometime using unethical manufacturers creates bad publicity that can arise for retailer. The European customer and media are very sensitive to this issue that can generate very bad PR for a brand. Ethical issue include low wage rate, poor working conditions and the use of child labor which supplier use. Hemtex buyers regular visit the supplier to evaluate whether they are capable to meet the supplier criteria and product target.

There are many factors that influence the final cost price of the product including fabric, construction, order volume, lead time and delivery terms, to handle these factors merchandiser negotiate with supplier. The aim of negotiation should be to ensure that both parties are happy with the final outcome. The process starts when the buyer has decided on the final product design, after merchandising and design contribution. The merchandiser will begin the negotiation with the suppliers and discussing price with them. In negotiation include product cost price, product construction issues, when the payment is to be made and who pays for delivery (Odequist, 2010).
4.1.5 Swot Analysis

**Strengths**
- Product developer brand supplier.
- Own Shops.
- Scandinavian brand.
- Better understanding of the customer.
- Production close to the market.
- Customer loyalty.

**Weakness**
- Not as big brand as IKEA.
- Less integration with suppliers.
- Frequent change of management.
- Designs, Quality and Price.
- More risk.
- Agents dependable.
- Lead time.

**Opportunities**
- To start sourcing from Pakistan.
- Reorganised sale and marketing strategy.
- Search new market like America and Europe.
- Reopen the shops in Denmark.
- Brand promise.

**Threats**
- Competitors.
- Low Demand.
- Economic crises.

Figure 11 Swot Analysis of Hemtex

- **Strength**
Hemtex establish themselves as a product developer and brand supplier. As a Scandinavian brand, they have better understanding of the market situation and customer. They have their own shops in all over Scandinavian countries. The organization is vertically integrated with their agents and the suppliers. They have regional offices in China and Bangladesh, to control the production.
- **Weakness**
  Hemtex have shown loss for almost three year, when customer usually visits them, they find sales everywhere, so they have lost the brand identity. The management is also frequently changing, the customers are also not satisfy with the quality and the designs of the products. There is no constant strategy of sourcing and marketing, as the management team changing frequently.

- **Opportunities**
  Hemtex is scouring from china, India and Bangladesh. Both China and Bangladesh buy yarn and fabric from Pakistan, and both have more lead time as compare with Pakistan. So the best opportunity for Hemtex is to consider Pakistan, as Pakistan is the second largest home textile producer. They also need to develop good partnership with their supplier by trust and by integration of information and data with the suppliers. 20 to 25% of their production is dependent upon the agents, which is creating more gaps between buyer and supplier. So there is a need of narrowing the gap by being more suppliers centric. After scouring, they also need to reorganize the sales and marketing strategy so that they could reopen their shops in Denmark and open the new shops in the big market like America.

- **Threats**
  The two biggest threats for Hemtex is the Economic Crises and the competitors, they both hurt Hemtex very badly past last few years. IKEA has left behind Hemtex in all departments, especially in sourcing and marketing.
4.2 Brink Textile

4.2.1 Introduction
Brink Textile is a Sweden Based family owned company located in Borås. Since 1988 they are working as agent in the field of global sourcing and supply chain management. Their customers are located in Scandinavia and also in France. They are working as a services provider or middle man between retailers, importers and wholesalers and manufacturers. Their mission is to provide high quality products and services consistently which ensure value for money to its customers. Brink Textile goal is to serve its customers professionally, with the integration of marketing and merchandising expertise along with technical support to build such a comfort level with customers, which would make them feel that they are in the right place to get the true competitive merchandize with outstanding quality as long as the prices are reasonable. Their services include product development and design, sourcing, production planning, follow-up merchandising, Factory Audits, quality assurance, auditing for social compliance and shipping coordination (Brink, 2010).

![Brink Textile Organizational structure](image-url)
4.2.2 Responsibilities
According to Martin (director), Brink Textile have establish them self especially for Designing and Selling Home Textile products. Company consists of four sales persons and three in design department. Martin and his brother deals with the negotiation and the coordination with the buyers and suppliers. According to them, they can extend their responsibilities according to the customer requirements, i.e., if the customer wants R&D, Quality, lead time or if the customer is having problem with the supplier but they have some limitation like, The invoice is made directly on the name of buyer so they don’t take any responsibilities for the freight or insurance, they only take their commission from buyer. They also don’t have any merchandising department in their company but they do some of the responsibilities of merchandiser by themselves, like sourcing, coordination, negotiation and follow up (Brink, 2010).
4.3 Li & Fungs Group

Li and Fungs is a buying agency that doing business as sourcing and virtual manufacturing by managing supply chain for major brands and retailers worldwide since 1906. Li & Fung has 80 offices and over 1400 employees around the world covering North America, Europe and Asia. (Li & Fung).

4.3.1 Responsibilities

Li & Fung is a vital bridge between East and West. They called them self a supply chain managers, they also work as an agent and wholesaler. They add different rates in their service i.e. for hard goods they add 10 to 30% and for soft good services they add 6 to 8%. They have wide range of responsibilities, like if they are working a wholesaler, then the merchandiser and they supply chain manager is responsible to take all the risk from the scouring of raw material to the delivery of the finish goods. They are also working as agent for different retailer around the world, their activities includes coordination or in other means, they act as soft bridge between supplier and buyer.

The huge selection & variety of consumer products available through its sourcing network, As a Supply Chain manager cross lots of producers & countries, Li & Fung also influences its strengths in custom product design & development through raw material & factory sourcing, production planning & management, quality assurance & shipping control to provide complete global sourcing solutions for its customers as shown in the figure 14 below (Kashif, 2010).
They are also dealing with strict compliance program and supplier code of conduct to meet the compliance requirements. They have systematic inspection, audits and giving training to vendor to ensure production from socially responsible suppliers because they are responsible for the whole supply chain as shown in figure 15:

Figure 13 Li & Fung Supply chain structure (Our Business)

Figure 14 Supply Chain (Raw material to consumer)
4.4 Al-Abid Silk Mills

Al-Abid has proved them self as a leading manufacturer of Home Textile Products in Pakistan. All the manufacturing processes are ISO standards certified. Al-Abid has a good responsiveness of quality in the company; it has a well defined policy towards quality. They always try to treat customer as a king, so they have made these policies as the driving force behind achieving the quality of the products produced in Al-Abid (Al Abid silk Mills ltd).

Al-Abid standout with, today’s competitive & fast moving business environment, they make them self as standout in product quality and customer satisfaction. Since 1968 they build excellent reputation matched by few others in the industry. Their brilliance is recognized not only by their customers but also by official authorities for quality standards (Al Abid silk Mills Ltd).

4.4.1 Organizational Structure

The organizational structure of Al-Abid silk mill shown in below figure:

![Organizational Chart](image-url)
4.4.2 Merchandising at Al Abid

Merchandiser is the man behind the show who plays the role of bridge between buyer and supplier. Merchandiser is a person who is most competent in the whole company because in real meanings he faces the competition from all over the world; he is the man who plays different roles from the time of booking to the time of shipment, he plays the role of a designer, cost analyst, communicator and problem solver at a time. All these roles are very rarely exercised in the vertical integrated company and Al Abid is one of those best companies where merchandisers don’t have a very limited role. In Al Abid, merchandising department is independent and has full authority to accept or reject anything with a solid reason. The business of any Home Textile company depends on its active merchandising department and Al Abid has a very active merchandising department that is the reason for high productivity of the company (Yousufi, 2010).
The department of Al Abid which act as merchandiser between production and vendor:

Merchandiser gets information from customer regarding any sorts of complaint or Order or amendments in garments and inform to related departments so due to which it is called a hub of information. In Al Abid, the merchandiser department is mainly divided into buyers. So this shows that there is a team of merchandiser, who takes of specific account (Yousufi, 2010).

Merchandising serves the following purposes at Al Abid (Yousufi, 2010):

- Direct communication with customer regarding day to day activities of business.
- Internal communication with different departments regarding daily activities.
- Keeping and maintaining strong relationship with customers.
- Providing information to different department.
- Handling different queries of customers.
- Making samples on customer demand.
- Generating more customers
- Research & Development
- Follow up of samples.
- Samples approval.
- Pricing / Costing
- Targets achieving.
- Order execution
- Order booking
4.4.2.1 Process flow of Merchandising

The process starts when a customer sends initial inquiry/purchase order which is may be a simple fax describing briefly the target price *FOB (Freight on Board) and product detailed package from a buyer describing in detail. Now the merchandiser will first make a preliminary meeting with the all department managers to see if the company has the capability to product that product in terms of man and machines. Then merchandiser makes a cost sheet to see if the product is feasible or not in terms of cost and revenue. For this purpose a cost sheet is prepared, keeping in view the styling and accessories to be used on the product. After finalizing the cost sheet is send to senior merchandise manager for approval. The approval is mainly granted keeping profit in view. Once an order is received in the form of PO (purchase order), it is mentioned in order booking status. Order status is necessary to maintain the track of records, capacity optimization (Yousufi, 2010).

The main advantages to establish the Order Booking Status are following (Yousufi, 2010).

- Makes order follow up easier
- Allow better planning
- Helps in contingency optimization
- Helps in contingency planning
- Improves time management
- Improves coordination
- Helps in financial forecasting

Now the merchandiser will first make OC (order confirmation) against PO mean for internal working of the order PO is converted into OC, because in PO customer use his own wording which is difficult to comprehend for every one. Now the OC with approved sample is send to PPC (Production Planning & Control) department because PPC will have to plan against the order. After sending all the details to PPC department merchandiser give follow up to the order and will also inform customer with the passage of time. Whenever any of the department feels any problem regarding order they will contact with merchandising department. Mostly the merchandiser focus is on production department because in production many of the problems occur like color, shades, wash etc (Yousufi, 2010).

I. Sampling

It is the complete process through which sampling approvals are taken. It starts from a marketing sample, proto sample approval sample and ends at shipment sample depending
on the buyer as different buyer have different sampling requirements. Sampling department makes samples on merchandiser demand and later these samples are sent to customer for selection purpose. Merchandisers keep a voracious eye during sample making upon workers (Yousufi, 2010).

II. Information Management & Forwarding

All information received from the buyer is forwarded to the relevant department in the factory as to PPC package, checklist, accessories etc. information is provided which in terms is processed by the PPC and is forwarded to the relevant departments to start production (Yousufi, 2010).

III. Updating of OBS

OBS could Management Information System lead document in case it is not properly updated. Special checks need to be maintained for proper upgrading of the OBS ad if data on the OBS is incorrect capacity and management could be seriously affected (Yousufi, 2010).
Figure 17 Activities and supply chain of merchandiser in Textile Mill (Naseer, 2008)
## 5. Comparative Analysis

<table>
<thead>
<tr>
<th>CRITERION</th>
<th>DIFFERENCES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Merchandiser of</strong></td>
<td><strong>Merchandiser of</strong></td>
</tr>
<tr>
<td><strong>Buyer</strong></td>
<td><strong>Agent</strong></td>
</tr>
<tr>
<td>Planning and control</td>
<td></td>
</tr>
<tr>
<td>• Start up plan for whole season, which includes, new trends, colours, design, analyse the inventory, forecast the consumption or target sales by analysing the previous sales.</td>
<td>• Identify the manufacturing resources for a particular order on the basis of financial soundness and reputation of the firm and also on the basis of the product and the price of the product which can be made through a particular mill.</td>
</tr>
<tr>
<td>• Distribute the order for production to the suppliers with respect to the lead time, quantity and the budget.</td>
<td>• Plan about placing the order to a particular mill.</td>
</tr>
<tr>
<td></td>
<td>• Plan about the follow ups through coordination with the mill.</td>
</tr>
<tr>
<td></td>
<td>• Has to follow up the order</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Information through one person who works in a mill and is directly in touch with him.  
- Coordinates and helps in product development and sample making which is used to get further orders from the buyer or to get approvals.

<table>
<thead>
<tr>
<th>Organizational structure</th>
<th>Procurement methods</th>
</tr>
</thead>
<tbody>
<tr>
<td>- It usually works with of wider range of Organisation structure.</td>
<td></td>
</tr>
<tr>
<td>- Buyer is controlling the overall supply chain so it has a long Hierarchy of the position.</td>
<td></td>
</tr>
<tr>
<td>- Works in a narrow organizational structure.</td>
<td></td>
</tr>
<tr>
<td>- Usually works with few people along the hierarchy of the position.</td>
<td></td>
</tr>
<tr>
<td>- Works with more people along the hierarchy of the position.</td>
<td></td>
</tr>
<tr>
<td>- Works in a wider Organizational Structure.</td>
<td></td>
</tr>
</tbody>
</table>

- It is the responsibility of the buyer to tell the supplier where to buy the raw material. To get the job done, it is very necessary for the tier 1 supplier and tier 2 suppliers to be integrated with information and material.  
- Brink textile usually Coordinates with the merchandiser of the mill and gives details of the raw material required. It is then job of the merchandiser of the mill to do the procurement.  
- Has to coordinate with the supplier of a particular raw material for e.g., yarn or trims etc and then deciding the purchase by matching it with the cost sheet which is planned before the purchase.
### Outsourcing/Partnerships

- Assist the merchandiser of the mill to coordinate with a particular buyer which the merchandiser of the buying house already knows or has worked with previously.

- Hemtex completely outsource from eastern Europe and Asia and they also have a very good partnership with their all supplier and Agents.

- Works completely on outsourcing by giving orders to a particular mill.

- Has to coordinate with the operation managers to check if a particular order can be complete in house. If not, then has to look for alternatives for the production or other operation that can be outsourced.

### Performance measurement

- Cost
- Customer Service
- Productivity measures
- Quality.
- Customer Satisfaction

- The performance of any retailer is calculated by their sales. The last three years for Hemtex are not so good in terms of sales. So in order to improve sales they need to improve their services through providing good quality.

- Brink textile is performing well so their Measure performance in terms of Customer Service Cost effectiveness, Quality and Customer satisfaction.

- Measure performance in terms of cost effectiveness, Production efficiency, customer satisfaction and Quality.
### Location

- New trends and design follow-up is done in their head office in Sweden and production quality and other issues are control through there liaison offices in Asia.
- Works in an office and needs to travel to the mill where he has placed the order.
- Works usually in a vertically integrated mill which enables the merchandiser to coordinate with the operation managers and department with ease.

### Information flow

- The flow chart of buyer changes with respect to their required services. Sometimes they used Agents and wholesaler and some time they have direct deal with the supplier.
- Here the flow of information is:
- From customer to merchandiser of buying house to the merchandiser of different mill. (The buying house merchandiser becomes the customer of mill merchandiser). Then to merchandiser of the buying house and finally to end customer.
- The flow of information is:
- Customer to merchandiser to different department then to end customer.
• If the Hemtex has a direct supplier then they usually used F.O.B (Freight On Board) or sometimes DDP (Delivered Duty Paid) these situations are totally depend upon deal and the on time situation of demand. The above situation is same for

• The samples and the final products are first received to the merchandiser via mill and then shipped to the customer.

• Sometimes assists the merchandiser of

• The Samples and the final products are directly shipped to customer through mill with consent of export documentations.
Agents and Wholesaler as well.

the mill for the process of shipment by giving him the contacts for the person responsible for shipping the products.
6. Discussion

Some people say that Globalisation has helped many nations to blossom but on the other hand, some people argued it has also made the supply chain more difficult to handle. The footsteps of new discoveries have taken us in the new era of modernisation, where the human intelligence takes control over the supply chain; these personals are the drivers of new tools and techniques.

We think merchandisers are one of the most important players of controlling Home textile and Apparel industry. We have taken some interviews from Pakistani Suppliers and Swedish Agents and Retailers, during our research, we come across different situations, where one wrong decision of merchandiser, would lead to the disastrous results for any company. After C.E.O, purchase director or merchandising director is one of the most powerful men in the company, because he takes almost critical decisions, due to these decisions, companies mark their profit or loss scales. We find the merchandisers are very skilful with their technique to handle pressure from buyer or from the Agent.

We called the Retailer merchandiser as a head of all the supply chain merchandiser i.e. Agent or wholesaler and supplier. These merchandisers are the actual players, who drive the other merchandisers of the supply chain with their planning and controlling, only Responsibilities can differentiate, them from each other, if the supplier merchandiser is working with Replenishment then the contribution or role of the merchandiser of the supplier become more or as the same level of retailer because the merchandiser of the supplier is not only responsible for the Goods to be produced but also controlling the inventory by sharing and collaborating.

The responsibilities of the merchandiser of Agent are change according to the services that it offered to its customer. Sometimes the Agents also act as a wholesaler like Brink Textile is doing in Boras Sweden, wholesaler means that Brink is as a buyer, so the merchandiser will do the start up work from designing to product development and then sampling and follow up of production, the responsibilities of the wholesaler merchandiser changes according to the final deal with the buyer. If the buyer agrees with FOB (freight on board) deal which they
normally do then, the merchandiser of wholesaler is to simply do coordination and follow up until it reach it final destination. Or if the buyer wants DDP (Delivered Duty Paid) then it becomes a responsibility of the merchandiser to handle the Job from product development to devilry of goods. In our research we find out that retailer especially Hemtex wants to do work on FOB conditions, through this they have more control over the supply chain or over supplier issues like CSR etc. this might have increase responsibility and the risk for the buyer, but it somehow gives them assurance to control over the supplier. On the other hand, Agents would like to prefer to work on FOB, so that they have less risk of problems that usually occurred, when the duty or freight charges changes or increased with the actual deal.

We have conducted interviews of different suppliers and retailer, to evaluate the role of an Agent and try to make the supply chain leaner or simpler by eliminating the Agent in between Buyer and the supplier, so that there would be a direct coordination or there will be no information gap between supplier and buyer. The results that we receives are little bit contradictory, we thought that no one wants an Agent between any deal but most of the supplier said that Agents some time play a vital role of smoothening the flow of information and coordination by minimising the pressure from the buyer. When we ask the same question from Hemtex, they replied that we also don’t want Agent in between but some time when we are not able to find the right supplier for any particular product or sometime, the Agent have a good and innovative design, then we think an Agent is the right way to go. They also added sometime Agents have good relation with supplier as compare with us, so we are happy to give away 10 to 15 % commission to Agents to achieve the desire result.

7.2 Challenges face by merchandising and sourcing departments

The changes we have seen in the past decades was just because of globalization of the economy and thereby also of supply chains. The idea of producing and consuming is no longer exist at one place, as the consumption has increased geographically. Now even the different parts of a product may, and often do, produced from all over the world and assembled at different part of the world. Therefore the supply chain has become longer, and there are more requirements of changes to be occurred within supply chain management. The pressure of global competition indulge fashion industry to make considerable change over the years, and the shift towards a global supply chain impacting the new emerging
issues of lead times and supply chain management. The fashion retail buyer or merchandise plays an important role in this process through supplier selection and product decision-making, and the role is arguably changing from purely operational to a much more strategic one. The upcoming challenges of the volatile market and the unpredictable consumer behaviour is demonstrated, as this focuses on management of a selection of suppliers, relationship building, as well as interfacing effectively with internal activities, especially merchandising. These activities are very common, but will vary according to the context in which they take place. Now the buyers who has own brands will be buyer will be involved with product development decisions and trend forecasting to ensure that the season’s collections match with consumer expectations (Tony Hines, 2007).

7.2.1 Risks of global outsourcing
The recent years, textile manufacturing has shifted towards low wage countries, especially Asia and Far East Europe, to reduce the cost of the consumer goods. Sometimes for buyers, the hidden cost is often remain out of view in the decision to source globally, which is made without consideration of the true cost associated with such a move. Designing, sourcing and buying goods can be a difficult process that is typically troubled by the extensive use of spreadsheets, emails and phone calls. The need is to re-engineer the data from paper to system or between disparate systems is inefficient and can lead to unnecessary errors. Errors in processing or having to make simple changes to product specifications such as colour or measurements, can incur costly time delays and unnecessary costs. Updating and sending out multiple versions of documents to suppliers require a significant amount of human resource, and can lead to duplication and misunderstandings. (Tony Hines, 2007) has said that “the cost of the lost sales is direct result of late delivery of the merchandising”. (Lui and Mcgoldrick, 1996; Popp 2000) have also added that “the cost of lost sales as direct result of late delivery of merchandising. In addition, transportation delay, costs and quality issues are also problems associated with international sourcing”. Some time long lead time bring disasters results for the companies with all pressure shifted towards merchandiser to forecast for the long term and also with minimum level of markdown price (Tony Hines, 2007).
(Fisher and Raman, 1996, cited in Mattila et al., 2002) have explained in a statically point of view that the estimated errors in pre-season forecasting may be as high as 50 per cent, and that in comparison, forecasting is based on the observation of 20 per cent of sales had errors as low as 8 per cent. Errors in forecasting can result in lost sales in stores to get rid of unwanted stock quickly and to replace this with more fashionable items. Products where demand is difficult to determine and forecasting and sourcing strategies should be applied accordingly (Mattila et al, 2002). Consequently, the role of the buying team is essential to a retailer's success (Tony Hines, 2007).

7.2.2 Suggestions
To avoid your company from all these disastrous results made by the merchandising and sourcing department, the first step is the selection of the suppliers with respect to achieving the same goals. The intercompany relation needs to be developed with the selected company to make the demand driven partnership. The relationship should also be built in second tier and third tier of supplier and customer so that the goals are jointly achieved with the integration of information or demand. The partnership making or collaboration is globally standardized in practice in many industries as more supply chain performance is being outsourced. The demand management module reveals the facts that, collaborative forecasting must comply with process and data standards and other industries have made modelled for the future direction of success. To have more agility in the system, a collaborative software system must allow the ability for joint sharing and modelling of demand supply gaps between trading partners or may be the trust can be build up with collaborating or integration real time data, so that the manufacturing could be shift lean to Agile or Postponement to minimise the lead time (Vollman, Cordon, 1988).

7.3 Information flow problems and suggestions
Nowadays merchandiser has to manage numerous details on how private label brands are sourced, produced, and delivered, which can be quite intimidating to deal with, it became more difficult when trading partners are scattered all over the world. Some of the merchandisers have find difficulty in assimilate and communicate multiple data points effectively into a unified operation on a single screen? Many still share product information over the phone, or via email and faxes, or through physical communication, and the difficulty is thus to consolidate all these diverse data points. The target of today sourcing is to
minimize the overall cycle and disruptions, and the most important way to do that is to have live, accurate, immediate information. we are still using the manual systems still typically require information to flow via scattered spreadsheets, phones, faxes, mail, and e-mails within the retailer’s different groups, and when it is the time to place the order, the data is usually no longer timely or accurate. The information then has to be revised during the ordering phase, which leads to the possibility that the vendor may respond incorrectly and one then has to go through the vicious cycle again. Determining the true costs of above activities can also be complex, since in addition to a nominal purchase price, one has to add freight, tax, duties, and cost of inventory, inevitable quality issues, and the buyers’ time. Landed costs also vary tremendously, depending on how the merchandise is shipped. For all the above reasons, the issue of achieving more transparent and cohesive sourcing processes has become a frontline concern for many retailers, driven by boardroom directives to boost margins through direct sourcing of international products.
7. **Conclusion**

The role of merchandiser in textile industry has been vital since the beginning of the trade, the only thing that has changed is the shape of the supply chain in modern world which is clearly in a process of shifting from supply chain concept to value chain, or in other words, from brand oriented to customer oriented.

This shift has increased the responsibilities of merchandisers along the whole supply chain, both at the supplier end and the retailer end. The major problem still faced at both ends of the supply chain is the lack of coordination and communication, at this stage emerges the role of middle man, the buying house or so called the agents.

The merchandiser at the buying house act as a channel between the retailers and the suppliers, without this channel according to our study it’s extremely difficult to meet the demands posed by the retailer and it is mainly because of the lack of coordination which is perceivable as buying houses have good relations and contacts with the suppliers which is key to good coordination’s and which is a tricky thing for all retailers.
8. Bibliography


