



Daffodil
International
University

An Analysis of Merchandising Process in Garments Industry

A Study on Yagi Bangladesh Garments Ltd.

Prepared To

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I am grateful to **Mr. MD Harun (General Manager)** I would like to give special thanks to my supervisor, **MD Riajul Islam** (Senior Merchandiser) and also grateful to other officer of the Yagi Bangladesh Garments Ltd. who helped myself in presenting the study report by giving their suggestions, and information, which is valuable to me.

I would also like to thank my internship supervisor **Dr. MD Abdur Rouf** Assistant professor & Associate Head, Department of Business Administration, Daffodil International University for his valuable suggestions and guidance during the study period that has greatly inspired me in preparing this report.

I want to give my thanks to my parent, who has been the pillar of my strength and the strong supporter of my success.

Finally, I am deeply grateful to all concerned persons who provide valuable guidance, suggestions and advices in collecting information, analyzing and preparing the report successfully.

STUDENT'S DECLARATION

I am Shahriyer Alam Khan Student of Master of Business Administration (MBA), at Daffodil International University, do hereby that the Internship Report entitled "Merchandising Process in Garments Industry" A study on Yagi Bangladesh Garments Ltd, performed by me under the supervision of Dr. **MD Abdur Rouf** Assistant Professor & Associate Head, Department of Business Administration, Daffodil International University is the outcome of the report. I also declare that no part of this report has been or is being submitted elsewhere for the award of any degree, diploma or recognition.

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Supervisor's Certificate

This is to certify that the internship report on “Merchandising Process in Garments Industry” partial fulfillment of the degree of Masters of Business Administration (MBA), major in Finance from Daffodil International University by Shahriyer Alam Khan ID NO- 171-14-010 under my supervision. Under my supervision this report is complete successfully. No part of the internship report has so far submitted for any degree of diploma, or recognition before.

I wish her every success in life.

Dr. MD Abdur Rouf

Assistant Professor & Associate Head
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Letter of Transmittal

Date: December 14, 2018

To
Dr. MD Abdur Rouf
Assistant Professor & Associate Head
Department of Business Administration
Faculty of Business & Entrepreneurship
Daffodil International University

Subject: Application for Submitting Internship Report

Dear Sir,

It is a great pleasure to present the internee report titled “Merchandising Process in Garments Industry” Which was assigned to me as a partial requirement for the competition of MBA Program.

To complete the study I have intent with the best of my ability to accommodate as much information and tried to follow the instructions as you have suggested.

I am thankful to you for your command and kind follow ship at every step of my endeavor on this report. I shall remain thankful if you kindly take some time to go through the report and evaluate my performance.

My report will be payoff only if it adds value to the research literature.

.....
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Table of Contents

Topics	pages
Acknowledgement	vi
Student's Declaration	vi
Certification	vi
Letter of Transmittal	vi
Table of Content	vi
Executive Summary	vi
Chapter-I Introduction	
Importance of Merchandising	1-2
Objectives of the study	2
Scope of the study	2
Methodology of the study	3
Limitation of the study	3
Chapter-II Overview of Yagi Bangladesh Garments Ltd	
An Overview of Yagi Bangladesh Garments Ltd	4
Product of Yagi Bangladesh Garments Ltd	4
Sections of YBGL and its Function	4-7
Chapter-III Merchandising Process in Garments Industry	
Definition of Merchandising, Types, Merchandising process, Merchandiser,	8-9
Merchandising Function in Yagi Bangladesh Garments Ltd	10-14
Chapter-IV Problem, Recommendation & Conclusion	
Problem, Recommendation	15
Conclusion & References	16

EXECUTIVE SUMMARY

The ready-made garments (RMG) sector emerged in late 1970s. Low production cost is our main benefit. The moving of the country largely depend on export product. So far Bangladeshi garments are dependent on USA and EU markets. In 1976 the RMG export was only 0.001 percent of the total export of Bangladesh. Now this sector contributes large number in economy of Bangladesh.

This report has been made on the “Merchandising Process in Garments Industry” of Yagi Bangladesh Garments Ltd. (YBGL)

Yagi Bangladesh Garments Ltd. begins its export business with outbound in this most prospectus industry with the name of Yagi Bangladesh Garments Ltd. Its goal is to give their clients with quality product. It

A 10 questions has been prepared based on the different aspects in this industry has been asked to 20 knowledgeable people in this industry to bring the findings and recommendation of this study.

Chapter- I

Introduction

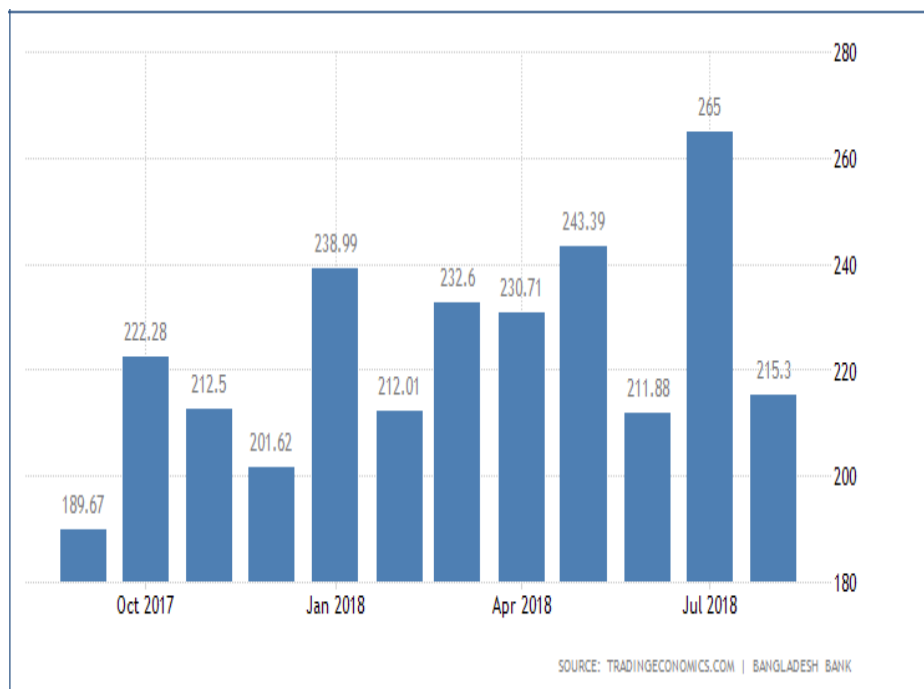
1.1 Importance of Merchandising:

Merchandiser is the inter-link between Buyer & Exporter who is the responsible from order analysis to shipment. Merchandising is playing a vital role to make new business development process. So Merchandising is the very valuable department in the Apparel Industry.

We will easily understand the importance of merchandising by following words.

- ✦ It helps development of business.
- ✦ Create a market in garments industry.
- ✦ Ensure the products in time delivery.
- ✦ To ensure money in the bank.
- ✦ Helps for 76% total export of Bangladesh.

RMG in Bangladesh



1.2 Objectives of the Study:

The Specific objectives of the study are as follows

- * To give an overview the role of Merchandising Department in Garments Industry.
- * Review and help manage merchandising operations.
- * To give an overview of YBGL.
- * To make some recommendations to overcome those problems.

1.3 Scope of the Study:

There are so many garments industries in Bangladesh. Yagi Bangladesh Garments Ltd is one of them. It is a small garments industry related with others. Only two merchandiser works in this company. Though the organization is not so big and all related department situated in one building so that I can easily identify the person who had hold the relevant information needed to my study and collect data from merchandisers and other staff

1.4 Methodology of the Study:

The study is based on Primary and secondary source of data.

Primary Sources of Data:

- ❖ Direct observation.
- ❖ Personal interview with questionnaire.

Secondary Sources of Data:

The major data have been used in this study are basically are primary data. The secondary data for this study was collected from,

- ❖ Organization.
- ❖ Several Report
- ❖ Manual of different departments.
- ❖ Website.

1.5 Limitations of study:-

- ✓ The authorities could not express to us accurate data easily for the reason of their confidentiality.
- ✓ All the interpretation and conclusion about the result of study is based on the analyst own perspective.
- ✓ YBGL is new in garments industry and their concentration area is very small.
- ✓ The Buyers are very busy.
- ✓ Most of the data are primary data that are difficult to collect.

Chapter-II

Overview of Yagi Bangladesh Garments Ltd

2.1 An Overview of Yagi Bangladesh Garments Ltd.:

In 2011 a dream project named “Yagi Bangladesh Garments Ltd.” Has taken its birth in the form of a joint venture initiative between Japan and Bangladesh.

On 1st October, 2014 the dream took a completely new shape as it came under umbrella of 100% Bangladesh ownership.

It’s a blend of Japanese and Bangladesh experience to make world class garments “Count second to be first.”

2.2. Product of Yagi Bangladesh Garments Ltd:

- Jacket
- Tank Top
- Trouser
- Pant
- Skirt
- Shirt

2.3 Sections of YBGL and its Function:

During my practical orientation in Yagi Bangladesh Garments Ltd. (YBGL) it came to the observation that YBGL have different sections. These are:

- ❖ Sample Section
- ❖ Merchandising Section
- ❖ Production planning department
- ❖ CAD section
- ❖ Cutting section
- ❖ Sewing section
- ❖ Production department
- ❖ Industrial engineering section
- ❖ Finishing department

2.3.1 Sample Section:

This Section duties are make Different types of sample for buyer.

2.3.2 Merchandising:

For the successful processing of an order merchandising department play an important role. Two types of merchandising done in a garment unit are marketing merchandising and product merchandising.

2.3.3 Production planning department:

The planning section store out the estimation of order quantity, operation breakdown, etc. based on the particular unit.

2.3.4 CAD section:

The CAD department is accountable for the following functions:

- ❖ Make most efficient cutting marker
- ❖ Development and alteration of patterns
- ❖ Measuring cutting average for costing
- ❖ Development of size set pattern by grading

2.3.5 Cutting Section:

This section normally receives the order from the production manager who has approved by the cutting order to cut a given quantity of garment styles.

The cutting order sheet has the following content:

- ❖ Purchase order
- ❖ Measurement sheet
- ❖ Garments design
- ❖ Fabric requisition sheet

2.3.6 Sewing Section:

In garments industry, sewing section is the main department for garments manufacturing. In this section different cutting parts are joining together with the help of different types of sewing machine, threads and needle.

Available Machine:

Machine Type	Brand/Country	Quantity
Cutting Table	China	8
Numbering Table	China/Bangladesh	7
Vertical Blade	China	4
Cutting Machine	KM, Japan	22
End Cutter	KM, Japan	4
Single Needle	Brother	834
Double Needle	Brother	76
Over Lock	Pegasus	19
Interlock	Pegasus	107
Eyelet Hole	Brother	10
Shirt Button Hole	Brother	20
Snap Attach	Xg, China	56
Vacuum	Modern , BD	2
Flat Bed Interlock	Pegasus	14
Button Attach Machine	Brother	20
Bar tack	Brother	48
Zigzag	Brother	4
Loop Making	Kansai, Japan	4
Needle Detector	Nissin, Japan	3
Iron Table	Quick, China	104

2.3.7 Production Section:

The production department will contain the details like

- ❖ Number of operators needed
- ❖ The style of garments.
- ❖ Daily Target
- ❖ Breakup of the production quantity

2.3.8 Finishing Department:

In a garment industry finishing section involves with garment washing, checking, final inspection, pressing, packing, etc.

Equipment used in finishing section:

- ❖ Thread Cutter
- ❖ Lifter
- ❖ Metal detector
- ❖ Hand tag Gun
- ❖ Iron etc.

Major defects found in finishing section:

- ❖ Shading
- ❖ Poor construction
- ❖ Hole in fabric Damage
- ❖ Buttons, snap defect
- ❖ Broken stitches
- ❖ Skipped stitches
- ❖ Wrong color
- ❖ Open seam
- ❖ Sizing problem
- ❖ High/ low pockets etc.

CHAPTER-III

Merchandising Process in Garments Industry

3.1 Definition of Merchandising:

This section is vital for every garment industries. Merchandiser interlink between buyer and seller. This section perform the activities from getting order to reaches the production buyer.

Types of Merchandising:

Two type of merchandising in garment exports

1. Product merchandising.
2. Marketing merchandising.

Main function of marketing merchandising is

1. Product Development
2. Costing

Garments Merchandising Process:

Order received from the Buyer

1. Development Sample
2. Negotiation Price
3. Order Confirmation
4. Requirement sample
5. Bulk fabric Requisition
6. Accessories Requisition
7. Raw material collection and also receive it in factory
8. Check and also listing
9. Pre-Production Sample
10. Pre-production meeting

11. Start bulk production
12. Get daily production report
13. Make online inspection by strong quality team
14. Sample sent to third party testing centre
15. Final inspection
16. Shipment
17. Send all documents to the Buyer
18. Payment Receive from Bank

3.1.1 Merchandiser:

A merchandiser is a business that purchases inventory and sells it to customers for a profit. Good examples of merchandisers are Retailers and wholesalers.

Merchandiser performs all the activities of merchandising department.

Qualifications should have the Merchandisers.

- Good knowledge of fabric, yarn, fiber, dyeing, printing, finishing, dyes etc.
- Good knowledge in English and adequate knowledge of technical terms .
- Clear knowledge of the usual potential quality problem in apparel merchandising.
- Knowledge of the buyer's compliance and various standards.

3.2 Merchandising Function in Yagi Bangladesh Garments Ltd:



Forecasting:

Merchandiser permit in what type product he will produce.

In textile sector there are various products. After deciding the product then he will start for order sourcing.



Sourcing of Buyer & Order:

Major jobs of merchandisers is sourcing international buyers and orders from them.

1. Buyers sourcing fashion products for their clients and markets.
2. To source right buyers for their organization.

Major buyer of Yagi Bangladesh Garments Ltd:

1. Bestseller
2. Debenhams
3. Regatta
4. DKC
5. 4 Seasons
6. Giant Tiger
7. Gemo
8. Jacqueline Rio
9. Bonobo
10. Cache Cache

✓ Negotiations to the Buyers:

For negotiate with buyer successfully price of product pay big factor to encourage the buyers. So merchandiser should always think to reduce production cost.

✓ **Receiving order from Buyer:**

Companies receive order from buyer through worksheet. It include every specification of garments product.

Documentation of Merchandising:

In garments merchandising, the merchandisers has to maintain all of the documents perfectly. Some important documentation is described below.

1. Letter of Credit:

L/C means Letter of Credit. A letter of credit is a document issued by a financial institution, provided certain documents have been presented to the bank

Types of L/C

- Import/Export Letter of Credit

It depends on whose perspective it is being considered. For the importer it is termed as Import Letter of Credit and for the exporter it is termed Export Letter of Credit.

- Transferable Letter of Credit

In this type of Credit, the exporter has the right to transfer the credit to one or more subsequent beneficiaries .

- Nontransferable Letter of Credit

Unable to transferred credit to anyone by the exporter

- Revolving Letter of Credit (L/C)

Allow companies conducting regular business to issue a letter of credit that could “roll-over”

- Revocable Letter of Credit

Buyer/importer can cancel this type of Letter of Credit through the issuing Bank.



Back to Back Letter of Credit

Letter of Credit) is issued by the exporter's bank) to the supplier to procure raw materials

2. Documentation for Opening L/C.

For opening L/C the bank will provide the following things

- Application form L/C
- Guarantee form
- Agreement form.
- Import permission form.

After verifying documents should be submitted to the bank.

- A photograph.
- Trade license.
- Membership certificate.
- Income tax declaration.
- Import Registration certificate.

3. Sourcing Documents

- Invoice.
- Bills of Lading.
- Import Documents.
- Export Documents.
- Insurance Documents.
- Order Confirmation Documents.
- Packing List.
- Air Waybill
- Certificates of Origin.

4. Insurance Documents.

5. Commercial Invoice.

6. Order Confirmation Documents:

- Style number
- Order Quantity

- Shipment Schedule
- Import / Export Document
- Packing list.



Consumption:

Fabric Consumption:

Length X Width / Fab width X Fab Unit

Width = width of the specific parts +
allowance

Fab width = Fabric width (after considering the shrinkage allowance).

Length = length of the specific parts + allowance

Thread Consumption:

It is necessary to know the consumption of sewing thread in a garment

1. Estimate the number of cones needed.
2. Calculate cost of sewing thread required to produce the finished product.

Material Consumption:

The consumption of materials is the expenditure in specific terms (per unit of production) of material resources needed for production.



Merchandiser with Buyer:

A garments merchandiser get the tech pack from the buyer. He has to work with different departments and prepare a validity report.



Merchandiser with sampling Department:

Deferent types of sample made by sampling department they are:

Proto Samples: This type of sample made at the primary stage.

Salesman Sample: Salesman sample are generated from approved proto sample.

Pre-production samples: Preproduction samples are produced by the vendor factory as per instruction of the buyer.

Approved sample: The approved preproduction samples are called approved samples. They are made by the vendor factory.

Shipment sample: After completed the inspection a ok sample send to the buyer.

Counter sample: A sample reproduced from a sample is called counter sample

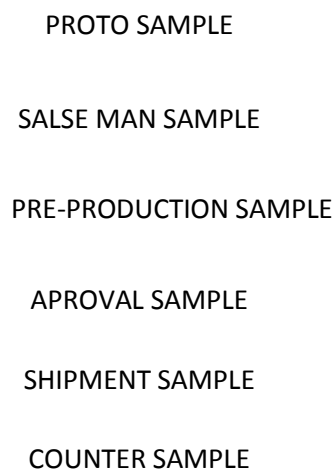


Figure: Sampling Flowchart

✓ **Working with fabric Department:**

A garment merchandiser receives the fabric requirement from the buyer.. The pre–production size set is sent to the buyer with all actual print, embroidery and accessories. Once the bit loom or knit downs are approved the price is negotiated and bulk order is placed.

✓ **Merchandiser with store Department:**

For manufacture garment different accessories need that actually receive in store department. So a Merchandiser should have good contract with store department. For starting garment layout merchandiser should have enough knowledge all the accessories received by store for production.

CHAPTER-IV

Problems & Recommendations

Problems:

After investigate merchandising management system in Yagi Bangladesh Garments Ltd. Planning and controlling is extremely poor.

Yagi Bangladesh Garments Ltd. Lack of proper communication of different level of department.

- ❖ All the employees are very helpful at Yagi Bangladesh Garments Ltd.
- ❖ They do not keep any record in the computer for future needed. They keep record only for current need.
- ❖ Not having permanent marketing merchandiser of this company.
- ❖ They still use old model computer for their communication.

4.1 Recommendations:

Garments Industry plays vital role to our country by earning foreign exchange. Employees peruse there live on this sector.

Some problems of merchandising Section in YBGL are given bellow:

- ✓ Every section should share their problem with other section of the company.
- ✓ They should maintain appropriate merchandising technique.
- ✓ They should modernize their equipment
- ✓ Control cost system should be implemented.

4.2 Conclusion:

The result of the study showing that YBGL should improve lots of things to compete with other successful garments companies. Merchandising function of Yagi Bangladesh Garments Ltd. Show a garments companies are fully depends on how a Merchandiser perform.. It may an honorable professional for educated persons. Development of these valuable resources there are many factors involved.

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