Ecosystem - Buyer's Perspective

Session - 1

30 minutes

02

How the buyers see India against other competing sourcing countries

Domestic Market Opportunity -

- With a huge population, India is possibly one of the biggest markets for world businesses. India has been amongst the fastest growing economies of the world over the last decade. And it is likely to continue on a high growth path for next decade or two.
- India provides a very good blend of a thriving domestic market opportunity, highly skilled manpower & increasingly open regulatory environment.
- All these make India a favorite destination for global companies who are looking to expand their footprint and create a lasting business success.

How the buyers see India against other competing sourcing countries

Growing Technology Infrastructure -

- The technology infrastructure is evolving very fast. Present day India is at the level where China was 5-10 years ago, and all indications suggest that India will be where China is today in the next few years.
- The growing trade war which began in early 2018 between the world's two largest economies, the U.S. and China, is creating ripples across all sectors, including apparel and textiles. This means an opportunity for India to make it big in fashion.
- According to a study last year, between $3 billion to $8.8 billion worth of apparel exports could potentially be sourced from three key countries: Bangladesh, Vietnam and India.

How the buyers see India against other competing sourcing countries

Strengths as Sourcing Destination -

- Buyers see India as one of the Top 3 destination for the coming five years because…..
  - India has abundant availability of raw materials, robust textile processing capacity (yarn to fabric), large labor force and comparable labor costs.
  - India has a significant edge over other sourcing countries, especially Bangladesh and Vietnam, in terms of raw material availability.
  - India is the largest producer of cotton and second largest producer of Man Made Fibers.
  - Indian apparel manufacturer source raw materials domestically, hence reduced lead time, which is a competitive advantage for China.

How the buyers see India against other competing sourcing countries

Strengths as Sourcing Destination -

- Buyers see India as one of the Top 3 destination for the coming five years because…..
  - After China, India has the largest yarn spinning and textile weaving capacity among apparel exporting nations.
  - India is geared to handle smaller quantities.
  - Even the Government aims to raise exports of various products from India by 2024-25.
  - English is one of the official languages of India, making the country much more international in terms of doing business.

How the buyers see India against other competing sourcing countries

Strengths as Sourcing Destination -

- Buyers see India as one of the Top 3 destination for the coming five years because…..
    - Though other outsourcing destinations like China or the Philippines also offer low cost services and fast turnaround time, it is only talent-rich India that provides unmatched quality and has the largest number of skilled resources in almost every field.
    - India scores over other countries in respect to ease of transport and better facility management. Being a democratic government and a secular nation makes India, "The Most Open Economy in the World". Fewer restrictions on FDI create opportunity and competitive advantage for companies.

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Human Capital -

- India offers a huge pool of trained manpower. Indians across the world have proven to be amongst the finest workforces.
- Global start-ups can make the most of high-quality workforce with a strong work ethic to set up facilities like manufacturing, R&D, innovation centers and technology support for global operations.
- India naturally becomes a laboratory of sorts to develop products for rest of the evolving markets as the market environments are similar.

Why diversity in work, culture and uniqueness is our strength.

- Diversity is important for any big system to survive for long whether it’s a business entity, social, political or a nation. Diverse cultural perspectives can inspire creativity and drive innovation.
- India is known across world for its diversity. The diversity in India is unique. It is the land of many languages it is only in India people professes all the major religions of the world. In short, India is “the epitome of the world”. The vast population is composed of people having diverse creeds, customs and colors.

Why diversity in work, culture and uniqueness is our strength.

- India is a big market in itself. Its diversity provides hundreds of business opportunity round the year. The diversity keeps the nation vibrant. It also infuses new ideas and opportunities.
- A modern, secular, democratic state despite its diversity is a source of India’s soft power and reflection of its rich heritage and culture.
- Local market knowledge and insight makes a business more competitive and profitable and higher quality.

When does flexibility, adaptability, power to embrace change attracts them

- ADAPTIBILITY is the new competitive advantage. Instead of being really good at doing some particular thing, India is really good at learning how to do new things.
- India has the ability to experiment or innovate. In order to adapt, business sectors in India are adapting to the change, quickly acting, reinventing its business.

When does flexibility, adaptability, power to embrace change attracts them

- Open mindedness and flexibility to adapt and willingness to embrace ever changing business environment.
- Accepting the Idea of Change, Embracing new technology, Acting with speed, Always adding value, Knowing your niche/forte puts India among top nations for Sourcing.
- Better lead time, better prices, innovation, expansion, compliances, quality, infrastructure makes India first choice for Buyers.

Where to leverage ability to mix materials and develop market share

- Long term strategies must take the global reality that is emerging in recent days post pandemic. Given that the origin of the crisis was from China, global supply chains are severely disrupted. Major manufacturing nations in the world have given signals that they wish to diversify the sourcing for global value chains. There will be tough competition to attract investors to India, but this will give a golden opportunity to our struggling MSME sector to get a foothold in the global value chains.
- The year 2021 promises to be good for world trade. However, to exploit such an opportunity, one needs to identify sectors where our MSMEs can play an important role.

Where to leverage ability to mix materials and develop market share

- The major beneficiary will be the engineering sector since some of the industries which may try to locate their parts and components and ingredients production in India will be automobile, electrical (including power sector), electronics, machine tools, machinery along with sectors like chemicals (including pharmaceuticals), agro-processing, garments, food and fruit processing and leather.
- For this, the government is coming forward with innovative long-term tax concession schemes.
- India trades in services with some countries which are located in different time zones allowing both of them to work continuously without enhancing the unemployment snag. Hence, virtual trade in services is another area of importance in such trying times.

- India will continue to do more to make it easier to do business in the ountry while remaining one of the most open economies to trade and investment.
- In terms of investment flows, India is one of the most open economies in the world. 90 per cent of the investments into India are placed on the automatic route to make it even easier and smoother.
- Indian government's focus is on improving infrastructure and logistics and introduce trade facilitation measures, which are important for trade.
- India is a rapidly growing economy. On-going reforms will be key to the growth of this country going forward to take advantage of its large market and high growth potential which has been under-utilized However, issues like corruption, disputes, lack of infrastructure, widening income disparity and legislation put a strain on businesses entering India.

- Understanding such factors are critical to entering the Indian market, in which managing these difficulties can be overcome by entering through collaboration or merger with Indian enterprises, which are increasingly active with cross-border transactions.
- Further, the government have implemented a variety of programs i.e. special economic zones, location-based incentives and export orientated units.

India’s business climate has been continuously improving. The changes that are making Indian bz environment grow:

- Democracy, Demography and Demand:
  - Despite diverse demography, India’s democratic system has been integral for the progress for the country, helping bind its 65 per cent of young population with the India growth story. With a stable parliamentary system, technological advancement, and quality resources at a competitive price, India has over the years emerged as a preferred investment destination for manufacturers and service providers alike.
  - In the recent past, the Government has also been playing a crucial role in highlighting the above advantages – the essential Ds – Democracy, Demography and Demand – in the global arena, inviting foreign companies to set up business in India.

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- Make in India - A Boost to Manufacturing Industry
  - Taking the growth story forward, India is being projected as a manufacturing hub through the Make in India campaign, with the Government providing a conducive environment for investors. Panels have been formed to help fast-track investment proposals, overcome bottlenecks that obstruct the efforts for investing in India and provide consistent efforts in creating an investor-friendly environment.

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- Policy Changes Made Indian Market Entry Easy
  - Setting up operations in India is now becoming far more flexible due to the policy changes initiated by the Government.
- Easing Policy Guidelines
  - The Department of Industrial Policy and Promotion is focusing on improving policies and guidelines for doing business in India. The emphasis has been mainly to simplify the existing rules, along with introducing technology for making governance more effective and efficient

India’s business climate has been continuously improving. The changes that are making Indian bz environment grow:

- Disintegrating Red-Tapism
  - The Government has progressed on environmental cleanliness for more than 300 projects and has made sure that it would be a red carpet in India rather than red-tapism, committed to the fast-track reform process.
- Developing Infrastructure – Smart Cities and Industrial Corridors
  - Major emphasis is given on developing infrastructure of the country. Many international companies may express interest to collaborate with Indian companies and the Government to build infrastructure, transportation, renewable energy and other Greenfield projects in the country.

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- Offering Strategic Locations for Doing Business in India
  - India is rapidly developing various strategic locations for companies to establish their base in the country. With the availability of multiple clusters for centers of manufacturing, with skilled talent at a competitive cost, India is at an advantageous position for establishing manufacturing facilities, engineering design and developing centers. The country is also emerging as one of the best global locations for talent arbitrage, as foreign companies are hiring Indians for top leadership positions for their global operations.

What parameters that a factory need to adhere to attract customers overseas.

- Getting an export order is the major task of any export business. Every business or firm has their own market strategies to obtain export orders. Without receiving an export order, the company can not survive. Beginner of any export firm focuses on the strategies to get export orders to sell their product. How to obtain export orders?
- To achieve growth in textile and apparel industry and to increase the exports, quality goods production and on-time deliveries is a must to fulfill the commitments.
- To produce Quality Garments: The quality of the garments depends upon its style, design and appeal, and also upon the fabric from which it is made and ultimately the yarn used.

What parameters that a factory need to adhere to attract customers overseas.

- Fabric, Quality Control and Testing: Generating high quality requires an understanding of what quality means to customers segments as well as supportive culture and a quality improvement process that will enable the organization to deliver quality products and services consistently.
  - In garment manufacturing the immediate raw material is the fabric hence the manufacturer should be most careful in selecting the right type of fabric, GSM, Count construction, packing or even drape.
  - Selection of fabrics, quantity of dyes, chemicals etc should be perfect to avoid all the errors during and after dyeing and printing.

What parameters that a factory need to adhere to attract customers overseas.

- Also one should ensure that the fabric used for processing should be thoroughly checked before it is processed. This means that the fabric at the spinning, weaving stage should be well manufactured so that the errors which could take place in the later stages during garment manufacturing and processing could be well avoided.
- It is seen that 90% Defects found in textiles are due to inadequate preparation of fabric during processing.
- Production of good quality fabric requires efficient and continuous online monitoring of production process.
- Off-shade dyeing often results in delayed deliveries and complaints. The buyers demand today is acceptance of color variations better than Delta E 0.5 under various illuminants. The use of on-line monitors and automatic dye and chemical dispensers are now being used to get shade consistency.

Design Team for Exports: Use design as part of your export strategy.

- Good Design: Can help companies to overcome some of the barriers that exist to bringing products and services to an international audience.
- Brand Name: How you express yourself as a company in a new market is critical. Make sure that your name is saying all the right things about you and make sure to protect it in the markets you want to trade in.
- Identity and storytelling: Having a strong brand identity and story is essential to launch a product or service in a new territory. What is the Big Idea that you are trying to communicate? How does it stand out from the competition? Who is the competition?

Design Team for Exports: Use design as part of your export strategy.

- Customer needs: Focus on the customer's needs rather than talking too much about all the great things that you can do or about detailed technical aspects of your product.
- Design Assets: Are your brand assets appropriate for the target customer? Some colors might have different meanings in different locations. Design your marketing collateral keeping in mind the culture the country your buyer belong to. What resonates or works with customers in your local area might be completely irrelevant or at worst, offensive in a foreign market.

Design Team for Exports: Use design as part of your export strategy.

- Use Design Thinking to understand the customer better. The customer should be the center. Design creation should be based on the actual needs and expectations of the customer.
- Talk to customer, spend time. Test the market by creating a prototype to try. Take feedback, make quick changes based on the feedback.
- Be flexible to change direction if needed, before investing too much time and money.
- Create a website.

- To use the service of internet in marketing your product: Digital promotion, virtual presentation, create website
- Effective communication plays an important role in business market. If you can effectively communicate with the buyer to convince the quality and price of your product, the buyer will surely take initiation to ask you send sample of your product and later place the order.
- Send samples inspirational samples of current trends or samples as per buyers requirements
- Attend in Trade fair, exhibit your product. There are many International Trade fairs conducting within the country and abroad, where you can exhibit your product to attract foreign buyers.

- Fulfillment of commitments: One must ensure that deadlines given by clients are satisfied.
- No delays in deliveries: All deliveries deadlines must be honored.
- Consciousness about quality: To produce the best quality fabric and garment as per buyers expectations and protocols. To provide right quality in all aspects of an organization function with correct process being done right at the beginning so as to reduce loss in wasteful practices.

- Discipline: Timely deliveries, punctuality in the Organization are factors to be considered here.
- Guidance: To give proper guidance and instructions to the assistants, subordinates, workers, supervisors, etc.
- Export promotion agencies have different source of contacts in international level. They help you to guide proper marketing in the trade. They also extend their services in finding buyers for your product.
- Government Embassies: Respective Government embassies extend their service in helping exporters to find an international market in their country.

- Personal meet: Once you have a personal contact, you can visit the buyer in person and generate a good business relationship.
- Appointing an Agent: Some of the exporters appoint an agent in the targeting country, and through the said agent exporter orders are procured. All the required services are done by this agent including the technical problems if any.
- Through contacts of friends and relatives: Personal relationship of friends and relatives also helps to generate a good business relationship between buyer and seller for mutual benefits.

- Training of work force: To train team and labor on new technology, machineries and how to operate. To provide consistency products, newer technologies to be adopted. New technologies not only help in environment friendliness but are also cost-effective. Training is important to ensure expansion of orders. Instead of imparting training only to executives it should be extended to the primary workforce also. Then only organization can progress.

- Concentrate on Strengths: Concentrate on strengths and capitalize on it to improve your share in global textile and clothing and garment business We might have the best of technologies and experts but we must ensure that we also have adequate resources and other utilities to use these technologies and expertise to our advantage.
- Focus on below areas -
    - Creativity
    - Technical knowledge
    - Commercial awareness of textile industry
    - Research and data handling capacity
    - Critical analysis and interpretation of materials