

Anara Fashion Fusion (AFF): A Case Study on Garment Sector Player's Dilemma & Way Forward

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ABSTRACT

The garment industry is a vibrant needlepoint mingled with historical transformations, technological innovations, and evolving consumer preferences. From its ancient origins to its modern-day manifestations, the sector reflects the dynamic interplay between tradition and innovation. Anara Fashion Fusion Ltd (AFF) and Rajanyawar Ltd, established in 2008, epitomize the evolution of the fashion industry, catering to diverse consumer demands while embracing contemporary trends.

The case study outlines the journey of AFF, navigating through economic downturns, intense competition, technological disruptions, and shifting consumer preferences. Against the backdrop of a rapidly changing scenery, AFF confronts dilemmas associated with fashion trends versus current collections, expansion versus cost considerations, sustainability pressures, and the e-commerce versus retail conundrum.

It also summarizes AFF's strategic responses to these challenges, including cost-efficient production methods, innovative marketing campaigns, sustainable practices, and investments in digital transformation. In the face of global supply chain disruptions and the COVID-19 pandemic, AFF pivots towards e-commerce, prioritizing safety and comfort wear.

The case underscores the importance of adaptability, innovation, and customer-centricity in navigating the ever-evolving landscape of the garment sector. As AFF contemplates expansion into the children's segment, balancing affordability, quality, and market positioning emerges as a central theme, reflecting broader trends in consumer behavior and industry dynamics.

Key objectives for case instructors include equipping readers with domain knowledge of the garment sector and strategic skills relevant to AFF's operations. Targeting BBA, MBA, commerce graduates, and garment sector business owners, the case fosters a deeper understanding of the complexities and opportunities within the fashion industry.

Keywords: garment sector, case study, challenges in garment sector, case dilemma

I. ABOUT THE GARMENT SECTOR

The history of the garment industry is a rich tapestry woven with threads of innovation, cultural shifts, and economic transformations, spanning from ancient civilizations to the present day. It originated over 100,000 years ago when humans crafted garments for protection using bone and ivory needles. As societies progressed, ancient civilizations like the Egyptians showcased advanced weaving techniques.

During the Middle Ages, guilds played a pivotal role in shaping the industry, setting standards for quality and production. The Renaissance marked a period of creativity, with clothing becoming a symbol of social status. The Industrial Revolution in the 18th and 19th centuries brought about mechanized production, shifting from artisanal craftsmanship to large-scale manufacturing.

The 20th century witnessed the emergence of fashion houses and designers, turning clothing into an art form. The post-World War II era globalized the industry, contributing to the economic development of nations. However, ethical and environmental concerns, such as sweatshop labor and exploitation, gained prominence.

In the 21st century, technology became a driving force, with innovations like 3D printing and smart fabrics shaping design and production. E-commerce disrupted traditional retail, offering consumers unprecedented access to diverse clothing options. Today, the garment industry stands at the crossroads of tradition and innovation, reflecting the resilience and adaptability of an industry that has evolved from its humble origins into a powerful force influencing how we dress and perceive ourselves. The industry's history mirrors the ever-changing nature of human society, emphasizing its role in both cultural expression and global commerce.

II. ABOUT THE COMPANY

Anara Fashion Fusion Ltd, established on January 29, 2008, has swiftly emerged as a prominent player in the fashion industry. This dynamic company focuses on producing a diverse range of apparel, including casual wear, groom wear, customized garments, and the latest fashionable and trendy outfits catering specifically to the youth demographic. With a commitment to blending style with comfort, Anara Fashion Fusion has captured the essence of contemporary fashion trends.

Rajanyawar Ltd, founded on January 29, 2008, stands as a notable entrant in the fashion arena. Specializing in the creation of casual wear, groom wear, customized attire, and cutting-edge fashion pieces designed for the youth, Rajanyawar Ltd has quickly made a mark with its unique and trendy offerings. The company is dedicated to staying at the forefront of the fashion industry, constantly innovating to meet the evolving preferences of its diverse customer base.

Both Anara Fashion Fusion Ltd and Rajanyawar Ltd share a common establishment date of January 29, 2008, marking their journey in the fashion realm. These companies have positioned themselves as key players in the market, crafting a niche by producing casual wear, groom wear, custom garments, and contemporary fashion pieces tailored for the youth. With a commitment to quality, innovation, and customer satisfaction, these establishments reflect the dynamic nature of the fashion industry while capturing the spirit of modern trends.

III. BUSINESS PROFILE & TIMELINES.

2008: Establishment of Anara Fashion Fusion Ltd and Rajanyawar Ltd

January 29, 2008: Anara Fashion Fusion Ltd and Rajanyawar Ltd mark their entry into the fashion industry, specializing in casual wear, groom wear, custom garments, and youth-centric fashion.

Early Years (2008-2010)

In the initial years, the focus is on establishing a brand identity and market presence. Both companies lay the foundation for their diverse product lines with the introduction of initial collections, setting the stage for future growth.

Growth and Innovation (2011-2015)

The companies witness substantial growth, expanding their reach to new markets and regions. Their emphasis on innovative and trendsetting designs captures the attention of fashion-conscious consumers. Technological integration becomes a key aspect, with the adoption of technology for streamlined operations and enhanced customer experiences.

Mid-Decade Milestones (2016-2020)

Anara Fashion Fusion Ltd and Rajanyawar Ltd. embrace the digital era, launching online platforms to reach a wider audience. In response to growing environmental awareness, sustainable and eco-friendly practices are implemented. Collaborations and partnerships further enhance their product offerings and market presence.

Recent Years (2021-2024)

Both companies continue to grow globally, reaching international markets and establishing a strong global footprint. The focus shifts towards personalized and customized fashion, catering to individual preferences. Tech-driven experiences, such as augmented reality for virtual try-ons and AI-driven fashion recommendations, become integral to the customer journey. Continuous innovation keeps them at the forefront of the fashion industry, staying in tune with the latest trends and consumer demands.

2024: Present Scenario

Anara Fashion Fusion Ltd and Rajanyawar Ltd have evolved into established and reputable names in the fashion industry. Their product lines now encompass a comprehensive range of casual wear, groom wear, custom garments, and trendy outfits for the youth. With a robust market presence and a loyal customer base, both companies continue to adapt to the ever-changing dynamics of the fashion world, embodying the spirit of innovation and style. As per their future plans they are focusing towards creation of trendy outfits for children. As nowadays fashion is emerging and popularly the terms like “Kids Trends”, “Modern Kiddos’s”, also fashion shows are now inviting child models so it would be a good sector for them to enter into.

IV. AFF & THE TWIST IN OPERATIONS:

- 1. Economic Downturn:** The global financial crisis impacted consumer spending, posing a significant challenge as now consumers are seeking for more affordable yet quality products. AFF focused on how they can be cost efficient yet satisfy the customers' needs and wants, providing them stylish yet affordable clothing.
- 2. Intense Competition:** The fashion industry witnesses an influx of new players, intensifying competition. Anara Fashion Fusion and Rajanyawar differentiate themselves through unique marketing campaigns, collaborations with emerging designers, and innovative collections to stay ahead in the fiercely competitive market. As nowadays many virtual companies are established, they are also imposing challenge.
- 3. Disruptions:** Global supply chain disruptions, possibly due to natural disasters or geopolitical events, create challenges in sourcing raw materials. The company respond by diversifying suppliers, implementing contingency plans, and embracing a more localized approach to production.
- 4. Shifts in Consumer Preferences:** A sudden shift in consumer preferences towards sustainable and ethical fashion prompts Anara Fashion Fusion and Rajanyawar to swiftly adapt. They incorporate sustainable practices into their production processes, emphasizing transparency and eco-friendly materials. As innovation is taking place, clothes are been made with the residues of say sugarcane, banana peels and other such Eco-friendly leftovers. This is also a possible challenge for the company.
- 5. Rapid Technological Advancements:** The rapid evolution of technology requires the companies to invest heavily in digital transformation. They initially faced challenges in implementing advanced technologies like AR for virtual try-ons and AI-driven fashion recommendations, but ultimately, these innovation of them enhanced the customer experience and set them apart from their competitors.
- 6. Pandemic Impact:** The COVID-19 pandemic disrupts the fashion industry with supply chain disruptions, store closures, and changing consumer behaviors. Anara Fashion Fusion and Rajanyawar pivot towards e-commerce, implement stringent safety measures, and focus on comfort wear as remote work becomes the norm.

V. DILEMMA ASSOCIATED

- 1. Fashion Trends Vs Current Collection:** As per the current scenario it is been observed that nowadays taste and preference towards the fashion is been changing continuously and people are adopting and looking for new latest trendy outfits which best suits them. They also look for designer and customized outfits yet some of them seek for affordability as well. Since Anara Fashion Fusion and Rajanyawar are providing their customers with the latest collections yet they may face challenge of such as if they provide their customers with customized outfits their may be a challenge that "how to cut down the cost of the product" as customers are seeking for affordability and also quality it may create dilemma for the company.
- 2. Expansion vs. Cost:** As per their future plans, if they look forward to establish a new product range for the 'kids' segment then they may have cost associated with it. If they enter into that segment they will have to focus on their costing aspect as there are many players in the market ready for the competition. The very first question arising would be "why to purchase a product which is priced slight higher then what we can get in our nearby stores?" If they want to expand then they have to focus on whether they want to expand with a new product range or expand geographically.
- 3. Sustainability Pressure:** Increased awareness of environmental issues may lead to a growing demand for sustainable and ethically produced fashion. Adapting to eco-friendly practices and sourcing sustainable materials can be both a challenge and an opportunity. As many company have started manufacturing cloths with the help of the residue of sugarcane, banana peels, hemp, bamboo, linen, recycled polyester, Tencel, organic cotton and recycled nylon.
- 4. E-commerce Competition vs. Physical Retail Store:** The rise of online shopping and e-commerce platforms continues to reshape the retail landscape. Investment in strong online strategies, user-friendly websites, and effective digital marketing is essential to compete in the online marketplace. Retail sector also needs to be focused as only focusing on online presence won't provide the customers with the touch, feel and trial facilities. For increasing customer loyalty they need to work upon retail aspect as well.

VI. FINANCIALS OF THE ORGANISATION:

Particular	Total Revenue (Cr.) 2023	Total Revenue (Cr.) 2022
Revenue Sources		
Customized Outfits	250	310
Casual Wear	180	220
Youth-centric Fashion/Designs	120	150
Groom Wear	90	120
Total Revenue	640	800
Expenses:		
Operating Expenses	(30)	(36)
Advertisement Expenses	(10)	(17)
Administrative Expenses	(41)	(51)
Other Expenses	(10)	(21.5)
Operating Profit	549	674.5
Net Income		
Net Income Before Tax	150	120
Taxes (estimated 25%)	37.5	29
Net Income After Tax	112.5	91

VII. CONCLUSION

In reflecting on the journey of Anara Fashion Fusion Ltd and Rajanyawar Ltd within the energetic scenery of the garment industry, it becomes evident that their evolution parallels the broader narrative of the sector itself. From their inception in 2008 to the present day, these companies have navigated through numerous challenges and opportunities, embodying resilience, innovation, and adaptability. Anara Fashion Fusion and Rajanyawar have not only witnessed this evolution but have actively contributed to it through their commitment to quality, innovation, and customer satisfaction. The COVID-19 pandemic, in particular, posed extraordinary challenges, forcing Anara Fashion Fusion and Rajanyawar to reevaluate their business models, pivot towards e-commerce, and prioritize safety measures. In doing so, they not only demonstrated resilience but also highlighted the importance of agility and forward-thinking in directing crises. Looking ahead, the companies face new dilemmas associated with expanding product lines, balancing affordability with quality, embracing sustainability, and competing in the fast evolving landscape of e-commerce. However, these challenges also present opportunities for growth, innovation, and differentiation. As they plan their future strategies, it is imperative for Anara Fashion Fusion and Rajyaanwar to remain true to their core values while embracing change and embracing new trends and preferences. By staying agreed to consumer needs, leveraging technological advancements, and development sustainable practices, they can continue to shape the fashion industry while maintaining their position as leaders and innovators. The journey of Anara Fashion Fusion and Rajanyawar demonstrates the enduring spirit of the garment industry—a needlepoint woven with threads of tradition, innovation, and resilience. As they embark on the next chapter of their evolution, they stand poised to write new chapters in the chronicles of fashion history, guided by their untiring commitment to excellence and vision for the future.

The Effect of Board Independence on the Profitability of SMEs

The study found that a majority of the SME's which were sampled in this research did not have boards in presence. They preferred to manage the affairs of the business on their own. However, amongst those which had board in presence, it was found that separation of the Board chairperson from the CEO is closely associated with availability of financial sources, the higher the separation the more profitable the firm is likely to be Bergh and Baleen (2005) examined the issue of independence as an important factor in ensuring board effectiveness through monitoring and strategic management by directors. Johari, Saleh, Jaffar and Hassan (2008) pointed out that the minimum structure of independent directors under Malaysian corporate governance laws is not sufficient to monitor the organization. They concluded that the composition of outside directors on the board was not related to financial management. Most Malaysian companies have outside directors on their boards at 1/3 or 33%, but this has no impact on financial management. Ararat, Orbay, and Yurtoglu's (2010) study of independence on board Turkish-controlled firms revealed three important findings. Preliminary results indicate that there is no significant effect of

board independence and fairness. A study conducted in India found that board independence does not lead to better corporate performance due to lack of oversight by outside directors (Garg, 2007). One of the most important tasks of outside directors is monitoring the company's operations and activities. Companies should therefore appoint external auditors who can perform appropriate audits to monitor governance, internal control and risk management.

The Impact of Separation of Powers between the Shareholders and Management on Business Performance

Despite the various benefits associated, management and shareholders/owners were not separated. Similarly, the benefits of separating ownership and management are numerous. Separation ensures the sustainability of the company through leadership by a team of professionals with the diverse skills needed to run the company effectively. This can include delays in decision-making, reduced flexibility and agility in responding to change, and can occur when there are conflicts of interest or incentives between those running and managing the company. Includes principal-agent issues. Nevertheless, the benefits often outweigh the disadvantages, and most of them can be overcome by putting in place sound governance.

Strategic Framework to Strengthen Corporate Governance in SME'S

The study was also aimed establishing framework which can be used in enhance sustainability of corporate governance in the operations of SME in the long term. In the study, it was determined that the corporate governance framework applied to any business has to be fit for purpose, which includes being appropriate for the size and maturity of the business. The board comprising non-executive directors have responsibility to control and monitor management, thus, helps in reducing agency cost and improves financial reporting quality (Fame and Jensen, 1983). This is so because properly functioning board can be instrumental in ensuring that the SME's management information is of sufficient quality to be a suitable basis for exercising effective oversight' for the effective business operations and performance. It may not be sufficient simply to propose the changes to structures or processes needed to improve corporate governance standards. A strong and well-functioning board can help ensure proper monitoring of performance and management behaviour in SMEs. Without strong controls, SMEs face a greater risk that the poor quality of management information makes it more difficult to determine whether an SME is facing bankruptcy than a large company with specialist auditors who serve the board well (Williamson, 1988).

TEACHING NOTES

Objectives for the Case Instructor

- To equip readers / participants with the domain understanding of Garment Sector & the strategic skills associated.
- To gain knowledge with the respect to the dynamics of garment business with special reference to the Anara Fashion Fusion (AFF) & Rajanyawar.

LEVEL OF ANALYSIS

The current case is a Teaching case with Appraisal Method. The case attracts the level of BBA, MBA Students, In general Commerce Graduates, Executive MBA candidates and largely the garment sector business owners.

BROAD QUESTIONS ON THE CASE

Q.1: Discuss the essence of Garment Industry in Indian Context.

Q.2: Identify the dilemma surrounding the company and provide associated solutions?

Q.3: "Every Company aims for better future prospects and the same is essential for Organizational development". Discuss the way forward for the company.

POTENTIAL SOLUTION (Responses to the Dilemma)

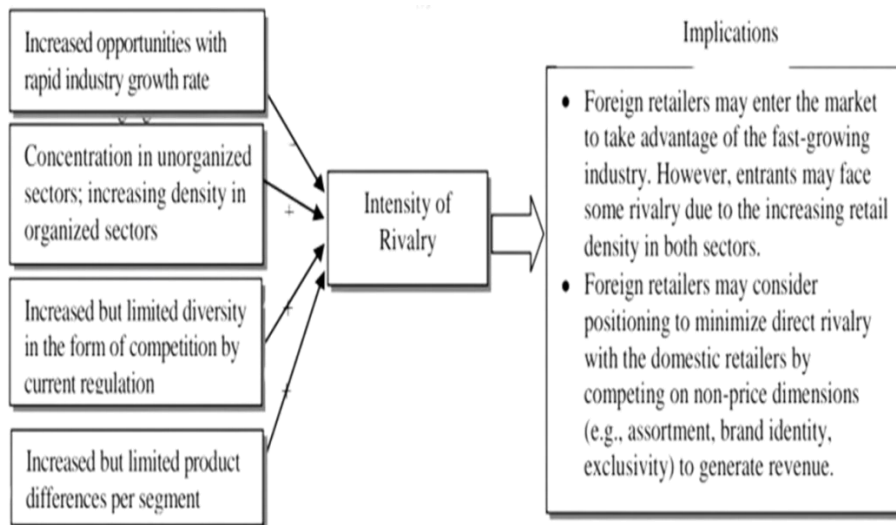
1. As the consumers taste and preferences are changing day by day the initiative by the company should be more market research and tracking the changing demand of the consumers. Supply what they actually seek and desire. Research and development is to be focused more.
2. As the company is looking forward towards expansion they must consider lowering their cost it is better to look forward towards expanding globally and with a strong customer base. The company must focus towards building their brand image in the minds of customers.

- The company may create their own innovative customized dresses for their customers, coming up with some outfits created from banana peel, sugarcane residues and other sustainable products. Work towards a sustainable approach.

RECOMMENDATIONS

1. Study of Porters Five Forces Model by Manveer K. Mann and Sang-Eun Byun

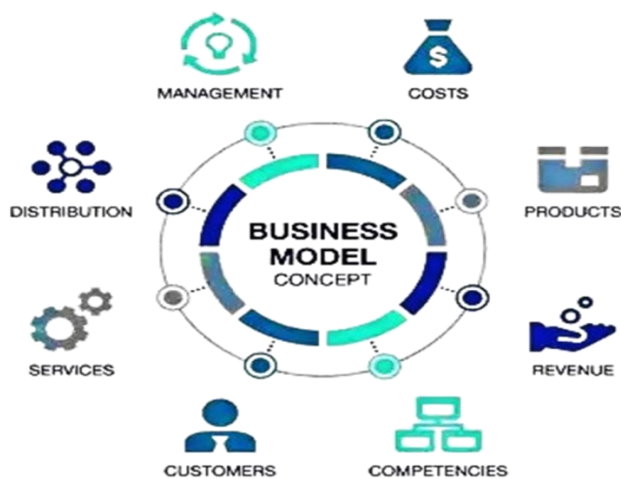
Porters Model states about the businesses threat and competitive preparations. The model here recommended by **Manveer K. Mann and Sang-Eun Byun** states about firms preparations on dealing with the Intensity of Rivalry. The Model prepares the firm to build marketing strategies pertaining to tackling competition..



Source: Manveer K. Mann and Sang-Eun Byun

2. IMARC Group

The IMARC Group recommends its Business Model Concept that helps businesses to operate in a better way. The Model states that a business must have control on Management operations, Cost, Product planning, Revenue measures, Employee Competencies, Customer centricity, Service model & Distribution system.



Source: IMARC Group Report

CASE BENEFICIARIES

- The representatives of the respective Industry shall benefit from the case study.
- The Commerce and Management Students have strong potential of learning from the case.
- Also the students from the Fashion designing course willing to opt for Entrepreneurial venture shall benefit from the course
- The start ups in the relevant industry will have good reference of the case.

REFERENCES

The case study being hypothetical in nature, the case creators have largely presented their observations and gathered secondary data through following e-sources:

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