

# Editor Speak



## Uncertain winters a serious concern globally...

Winters, across the globe have become very uncertain on two fronts: one, the span is shifting; second, it is shrinking. Thankfully, in India within the shrunk period, temperature generally fell quite low, causing cold days sometimes even colder than previous year. Hence, winter wear manufacturers, did good business within that that short period of time. However, this winter has been very erratic and disappointing for winter wear makers as temperatures did not dip as much as expected, rather it has been a rather warm winter.

To understand the impact properly, one has to look into the long inventory period and supply chain involved in winter wear manufacturing. To maximise sales, a winter wear manufacturer has to be ready with stocks to deliver in the fastest possible way. That means a longer period of inventory holding.

Winter wear generally has specialised raw material requirements that needs to be sourced well in advance, sometimes even imported, resulting in escalation of investments and costs. It also has a specialised manufacturing process. A manufacturer has to be engaged three quarters of the year in making, investing in raw material and holding ready stocks to feed the market for just one quarter of the year that makes up winter months. Hence, a longer investment period and higher inventories make it a high risk category. Increasing fashion element in clothing has also increased the risks. However, it adds to increased consumption and sale.

The impact is different for a winter wear vendor or those who are not directly retailing products from brands or retailers and those who are outsourcing their products. These players too run their own set of risks and probably have to learn to manage their part well. But a failed winter will block the pipeline anyway, not just for one season but for next season too. Nature has been kind so far, in the past, each bad winter followed with a good season next year compensating business losses.

### Manufacturers running out of options

Winter wear manufacturers have been opting for suitable alternatives available to them individually. For example, a few have added pre-winter clothing, extending the period of season, some added summer lines in their manufacturing portfolio, this helped them in doing business all round the year. Many others have tried to manage their risks by foraying into exports as the timing for delivery for domestic and exports are different. Some manufacturers have set up their own retail and distribution network, in order to have better control to clear off their inventory, and few are restricting themselves as just vendors, choosing to supply to brands and retailers to have a defined core activity.

All these options, obviously work well as long the goods produced are finally cleared off the retail shelves and one failed season is followed by a good winter next year. But the industry is not in a position to carry on if two consecutive winter season fails. Perhaps, there is a need for all stakeholders to be on their toes, widen their understanding and start exploring more seriously. The option is not to choose one alternative alone but to exercise all possible alternatives to keep manufacturing and sales/clearing off goods simultaneously going on, like a Fast Fashion approach!

**Wishing readers a Happy New Year 2016 and informative reading.**

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 38/314, Unnat Nagar 4, Off M. G. Road, MHADA Colony,  
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