

Role play in the context of the readymade garment (RMG) retail industry in India w.r.t. sales management and negotiation skills

Sougata Banerjee

Associate Professor Department of Fashion Management Studies, National Institute of Fashion Technology, Ministry of Textiles, Govt. of India, Block-LA, Plot No. 3B, Sector-III, Salt Lake City, Kolkata West Bengal, India

Abstract

This paper tried to develop two role plays in the context of the readymade garment (RMG) retail industry in India to give an insight about the practices and job roles in the real life situation. The role plays also targets to develop the negotiation skills of the future professionals which will give an understanding of how to close business deals. The first role is on a team of sales professionals from Peter England, approaching one of the successful retail houses of Ranchi to procure orders and to resolve the issues which arose in previous dealings, which had jeopardized their business relations. The second role play is on a marketing team of a new prospective brand approaching Pantaloons to get hold of retail space in Pantaloon stores to sell their brand.

Keywords: role play, negotiation skills, sales management, bargaining, RMG retail

Introduction

The role play was described as a technique which involved imagination to be someone else or to be ourselves in a specific situation for a while, improvising dialog and creating a real world in scenario. Role play was a powerful and effective teaching method for children and adult and was adapted to deliver any learning objectives from simple to complex concepts (Samsibar & Naro, 2018) [8]

Role playing, as most often used in a classroom, requires physical involvement on the part of students. Two or more people "act out" the part of individuals in a hypothetical situation. Role playing helps in giving students a better understanding of the decision-making environment and the students are exposed to the stresses of a particular situation of interest (Blank, 1985) [1]

The use of role-play as a learning strategy in higher education has been used in problem-based learning.

It is also considered to be a useful strategy in teacher education. The use of role plays also has the potential to facilitate a more comprehensive learning experience for teacher education students compared to the more traditional cognitive focused approach (Kilgour, IReynaud, Northcote, & Shields, 2015) [6]. Role play activities could be shown as the way student behaves in specific context and situation. The researcher defines it as the role-playing technique as a methodology for teaching which is conscious representation and discussion of the role in a group (Krebt, 2017) [7]

The Indian retail market was worth Rs 41,66,500 crores (US \$641 billion) in 2016 and is expected to reach Rs 1,02,50,500 crores (US \$1,576 billion) by 2026, growing at a Compound Annual Growth Rate (CAGR) of 10 per cent. It is envisaged that the current fashion retail market worth Rs 2,97,091 crores (US \$46 billion) will grow at a promising CAGR of 9.7 per cent to reach Rs 7,48,398 crores (US \$115 billion) by 2026. (Gugnani & Jain, 2017) [3]. The Indian retail market is expected to demonstrate a promising year-on-year growth of 6% to reach USD 865 billion, by 2023, from the current USD 490 billion. The share of apparel in

India's retail market is 8%, corresponding to a value of USD 40 billion. In addition to fashion apparel, the growing demand for fashion accessories makes the Indian fashion market both interesting and lucrative. (Gugnani & Brahma, Fashion Retail Scenario in India: Trends and Market Dynamics, 2018) [4, 3]

Research Objective

To develop two role plays based on the readymade garment (RMG) retail market in India which will give the students an understanding about the practices and their job roles in the industry.

To develop the negotiation skills of the students through role plays to close business deals.

Research Methodology

In the context of the Indian garment retail industry these two role plays were developed after thorough interactions with various professionals working in the sector and understanding their roles and responsibilities. The Roles were played in classroom environment and tested for final articulation. The roles were developed on assumptions and a hypothetical situation has been created.

Practice-based Research is an original investigation undertaken in order to gain new knowledge partly by means of practice and the outcomes of that practice. Claims of originality and contribution to knowledge may be demonstrated through creative outcomes. (Candy, 2006) [2].

1. Role Play

The Area Manager and the Sales Executive (Executive who covers the region) of Peter England (PE) make a visit to a 5000 sq ft of Retail Store in Ranchi for procuring Orders from the Store Management for the coming season. The Store is been formed under the Partnership Firm and there are 2 Partners / Owners of the Store. Partner 1, looks after the day to day operations of the Store and is the main decision maker for the merchandise procurement and the

Partner 2, comes in the store once or twice in a week, sits in the office of the store and looks into the accounts and administration of the business mainly. The Store is flourishing and doing good business in Ranchi and is located in one of the posh area of the city. Previously the Store used to procure from Peter England but for the last few Seasons they have stopped procurement because of some payment and delivery related problems. Which PE believes it happened because of some uncontrollable environmental factors and miscommunications of the Store Management, while the Store Management believes it is the fault of the PE.

As a *prerequisite* the members of the Role Play should be given 30 minutes time to go through the following:

- Collect the details of Peter England in terms of their Product Portfolio, Product Mix, Categories and Sub Categories, specifications and attributes of products.
- Brief history of Peter England and Madura Garments.
- Price Range and Price Points of the Products in the Product Basket of PE.
- Some Sales and Financial Data of Peter England of last Financial Year (is possible, to understand the present financial status).
- Demographic and Socio-Economic Profile of the target market in Ranchi.

Instructions

The Role Play will have three steps:

- Step 1: Opening a Call, Introduction and Presentation by the PE Team. (5 mins)
- Step 2: Discussion, Resolving Conflicts, Objection Handling and Negotiation between the two teams, namely, PE & the Owners. (15-20 mins)
- Step 3: Closing of the Call and Concluding the Discussion (5 mins)

Members in the Role Play

To Play the Roles, four participants are required:

- Area Manager of Peter England
- Sales Executive of Peter England
- 1st Partner of the Store
- 2nd Partner of the Store

Point of Negotiations among the two teams

- Gross Margin to be provided by the Brand to the Retailer
- Cash Discount to be provided by the Brand to the Retailer.
- Maximum Credit Period to be provided by the Brand to the Retailer.
- Minimum Order in terms of Value.
- Sharing of the EOSS Discounts between the Brand and the Retailer.
- Advance (in %) required during putting the Order.
- What to do with the unsold merchandise (return/store)

Roles of the different Characters

Member 1: You are the Area Manager of Peter England (PE) (a Madura Brand)

- You cannot give more than 30% Margin to the Retailer. For more margins you need to talk with Regional Manager. Looking into the prospect of the Retailer and the amount of billing, maximum it may be stretched to another 2% but as Cash Discount.

- Maximum Credit Period which can be given to the Retailer is 40 days but for large billing and looking into the reputation of the Retailer, maximum it may be stretched for 45 days.
- A good billing for a 5000 sq ft store in Tier-II city, for a season, is treated as Rs. 5 lacs.
- You want to share the End of Season Sale (EOSS) Discount, 60% should be shared by the Retailer and the rest 40% by the Brand.

Member 2: You are the Sales Executive under whom the Territory of Ranchi Comes in.

- You want to give the delivery of the products at the warehouse which is 30 km away from the store because the transporter do not wants to enter within the city and he demands double the charges for normal transportation for that stretch of 30 kms.
- You don't prefer return of merchandise by the Retailer; even after EOSS, if the products are not getting sold off. Your opinion is that discount should be increased and maximum discounts should be offered to the customers to sell off the products.
- You want 50% Advance during the placement and processing the Order while rest 50% after the delivery of the Order.
- You want to keep at least 45 days in hand as lead time for delivery of the ordered materials as the season is coming nearer and there are large orders to process.

Member 3: You are the 1st Partner of the Store

- You prefer to buy PE looking into the demand of the same in Ranchi.
- You want the delivery of the Order at the warehouse of the store, if Order is placed.
- You want a Credit period of at least 45 days.
- You want unsold merchandise should be returned back after EOSS and you no more want to increase the discount to sell old stock.
- You want the delivery of the Order should be done within 40 days as the season is coming nearer.

Member 4: You are the 2nd Partner of the Store

- You don't prefer PE. There was some ego problem which happened with the Regional Manager, superior of Area Manager of PE.
- If PE gives 35% Margin then you may agree to buy.
- You want to share the EOSS Discount in the ratio of 40%: 60% ie 60% should be shared by the Brand and the rest 40% by the Retailer.
- You want to pay 30% Advance during putting the Order while rest 70% during delivery of Order.
- He is not interested to put any Order of more than Rs. 4 Lacs worth.

Instructor's Note

In ideal situation the negotiation should end in a win-win situation for both the parties. Each and every Member has his own objective to achieve. The Area Manager wants to resolve the issues and wants to resume business with the Retailer; otherwise the competing brands may fill up the gap. The Sales Executive also wants to resolve the issues and get order to fulfill his sales target but at the same time little worried about operational problems and don't want those issues to surface again to jeopardize the business

relation. Partner 1, knows that PE is a performing brand having high brand equity. He wants to store the brand but don't want to face the previous issues and experience. He knows the marketing and retail aspects of the business at the operational level. Partner 2, is more at the strategic level who understands finance. He wants to increase his profitability and is a tough negotiator who wants to reap the benefit of the brand equity of his store.

2. Role Play

Introduction

ABC Pvt. Ltd. has come up with their new national Brand X (only Brand) in the Ladies Western Wear Segment, located in Mumbai. It is a mid-segment brand and mainly targets working women in the age group of 25-35 years of age and has all the sub categories to offer to the retail customers. Professional people are associated with the brand which proves that the Brand is promising but the company is new to the apparel sector. Representatives from ABC Ltd approached Pantaloons, a retail chain, for storing and selling their products in the retail counters of Pantaloons.

Prerequisite

As a prerequisite the members of the Role Play should be given 60 minutes time to go through the following:

- Overall Company information of Pantaloons, Womenswear and rough estimation of shelf space allocation in percentage across the stores and number of merchandises stored.
- Product Range of Ladies Western Wear in Pantaloons.
- Brands which are presently available in the Ladies Western Wear segment in Pantaloons
- Price Ranges and Price points of the Ladies Western Wear Merchandise found in the racks of Pantaloon Stores.
- Rough idea of the Sales Performance of the Brands in Ladies Western Wear in Pantaloons.

Instructions

The Role Play will have the following steps

- Step 1: Opening a Call, Introduction and Presentation by ABC Ltd Team about the Company and the Brand. (5 minutes)
- Step 2: Discussion, Resolving Conflicts, Objection Handling & Negotiation between the two teams namely Brand X and Pantaloons (20 minutes)
- Step 3: Closing of the Call and Concluding (5 minutes)

Presentation

Presentation of Brand X Representatives to Pantaloons about their Offerings

Point of Negotiations

- Whether to store Brand X in Pantaloons or not.
- Shelf Space allocation (how much space in %?) and Locations (which Floor and place?) to Brand X. Number of stores of Pantaloons, where this Brand X will be stored?
- Retail Margin Offered by Brand X to Pantaloons.
- Payment Terms and Conditions (Whether Advance is required or not? If yes, how much or totally on Sales or Return Basis)
- Tracking of Inventory. Who will track it? (Retailer's

Merchandisers or the Brand's Merchandisers). What to do with the unsold Inventory?

- Amount of Discount percentage to be offered to the Retail Customers and sharing of the percentage discount between the Retailer & the brand.
- Time Period for Shelf Space of the Merchandise for selling in Full Price?
- Terms of Delivery of the products, whether FOB Store or FOB Factory
- Fixing the Lead time from placing of the Order to receiving the order.

Members in the Role Play

There are four Roles in the Play

- Senior Buyer in Womenswear Category in Pantaloons
- Junior Retail Planner of Ladies Westernwear in Pantaloons.
- Sales Manager of Brand X
- Product Manager of Brand X

Roles of the different characters

Member 1: You are the Senior Buyer in Womenswear Category in Pantaloons

- Initially, you don't want to store the Brand X but if you find the Brand prospective you may agree to store.
- You don't want to give more than 100 sq ft of floor space to the Brand in each store.
- You want at least 35% Gross Margin from Brand X
- You want to go for consignment buying ie payment will not be made until and unless the product is been sold.
- You want to share the EOSS Discount in the ratio of 70%: 30% ie 70% should be shared by the Brand and the rest 30% by the Retailer.
- You want the delivery of the consignment should be done within 30 days of receipt of Order.
- You want to first store the Brand X in the Eastern Region of the country then want to track the sells for 6 months and after that if you feel the Brand has a prospect then you store the brand across the stores.

Member 2: You are the Junior Retail Planner of Ladies Western wear in Pantaloons.

- You want to store Brand X
- You want the Brand X to be placed in a corner of the 2nd Floor with the Ethnic Wear Women's segment because you don't want to take too much risk for a new Brand.
- You want the Merchandiser of Brand X will track the Inventory and do the retail planning on day-to-day basis.
- You want that if an inventory is not sold within 2 months, first 30% discount is offered on the merchandise for the first 2 weeks and still if it is not sold then the discount may be increased to 50% for next two weeks. If still the merchandise remains unsold, it should be returned back to the Brand.
- You want the delivery of consignment at FOB Store but without any extra charges.

Member 3: You are the Sales Manager of Brand X

- You want at least 500 sq ft of space should be allocated to Brand X
- You want a 20% Advance during placing of the Order, 30% payment during delivery of the Order and rest

- 50% after the sales of the products in the retail counter.
- c. You want that if an inventory is not sold within 3 months, first 20% discount is offered on the merchandise for the first 2 weeks, still if it is not sold then the discount may be increased to 30% for next two weeks and if it still remains unsold then 50% further discount may be offered for next 2 weeks. If still the merchandise remains unsold, the merchandise will be taken back.
 - d. You feel that if the delivery of the consignment is at FOB Store then extra 10% should be added with the retail cost.
 - e. You want that the Brand X may be stored in all the stores of the Retailer, across the country.

Member 4: You are the Product Manager of Brand X

- a. You want the Brand X to be placed in front of the staircase in the 2nd Floor with the Casual Wear Women's segment for greater visibility.
- b. You want to give maximum 30% Gross Margin on Brand X to the retailer.
- c. You want the Merchandiser of the Retailer will track the Inventory and do the retail planning on day-to-day basis.
- d. You want to share the EOSS Discount in the ratio of 50%: 50% ie 50% should be shared by the Brand and the rest 50% by the Retailer.
- e. You can give the delivery of the consignment within 40 days of receipt of Order.

Instructor's Note

In ideal situation the negotiation should end in a win-win situation for both the parties. Each and every Member has his own objective to achieve. The Senior Buyer is little skeptical to experiment with a new brand. He is a tough negotiator and wants to reap the benefit of having the bargaining power in his hand. The Junior Retail Planner wants to experiment with the new Brand, as the market is becoming competitive. The Sales Manager is focused on achieving his sales target and is more oriented in short run objective of achieving in numbers. While the Product Manager is more focused to build the brand equity of the new Brand and don't want to compromise on anything which can affect the brand adversely in the long run.

Conclusion

The above role plays will give clear understanding about the sales management process in an organisation and will help the students to develop their negotiation skills in corporate environment. The roles have got a very practical orientation, which will give the students a very good insight about their own job roles when they join industry.

Negotiation skill seems to be the most important skill needed by sales force as the tool to convince a prospective buyer to buy in the idea, product or service. In sales management, negotiation can be used to resolve conflict that might arise as a result of things not made clear to any transaction stakeholder or by the sales person himself. Negotiation is important because, proper and accurate negotiation takes one profitably through the transaction process, otherwise it may negatively impact on the business deal. (Kabuoh, Thomas, & Emmanuel, 2015)

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