
UNIT 4 ROLE OF A BUYER AND A BUYING HOUSE

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4.0 OBJECTIVES

You learned about vendor management and sourcing organizations in earlier Units in this Block. We also discussed the operation of sourcing groups in the apparel sector and how they handle their vendors and suppliers. Buyers are the one who purchase goods and services from the vendors. Therefore, buyer plays an essential role in vendor management. The buying house helps buyers to identify and evaluate potential suppliers and negotiate contracts. You will acquire in-depth information about buyers and buying house in the current Unit, after which you will be able to:

- Explain the importance of buyers in the apparel industry
- Identify the role and responsibility of the buyer
- Discuss the importance of buying house
- Identify the role of buying house in the supply chain

4.1 INTRODUCTION

The buyer and buying house play an essential role in the apparel industry. A buyer is an individuals and organizations that purchase goods or services from suppliers or vendors. They finalize the material, which too is sourced for product development. In the context of business, buyers are typically responsible for identifying the goods and services needed by the organization. They also evaluate potential suppliers and vendors, negotiate with them and manage the procurement process. Although the buyer's function varies from company to company, the buyer's primary duty is to

oversee the company's product development.

A Buying houses in the apparel industry serve as middlemen between the suppliers (garment manufacturers, export houses) and retailers (apparel buyers). They are also known as a sourcing agency. Buying house help buyers to identify and evaluate suppliers. Buying house may specialize in specific product categories or industries, such as textiles, apparel, electronics and food. We will discover the value of buyers and the buying house in this Unit's discussion of the garment sector.

4.2 BUYER

Buyer is an individual or organization who is involved in acquiring good and services on the behalf of the company. The buyer makes purchasing decisions for the company or retailers. They evaluate and select items to stock in the store for sale or for product development. The buyer is also responsible for maintaining store records and forecasting customer demand.

4.2.1 Qualities of a Successful Buyer

The quality of a buyer refers to their characteristics and behavior that make them an ideal customer for a particular product and service. The specific qualities of a high-quality buyer may vary depending on the industry, product or services being offered. The Buyer should be understood company's obvious goals and should be aware of the company's needs, such as product range, quality, price, and profit margin. Clothing buyers should be creative and analytical thinkers, capable of analyzing emerging trends and fashions. The buyers should also possess negotiation skills, business acumen, and keen fashion awareness to maintain profitable deals for the company.

Successful buyer's needs endurance while making purchasing decisions, but they should be enthusiastic, conscientious, professional, decisive, numerate, creative, imaginative, and well-motivated at the same time. Buyers also need to be financially astute and aware of what the suppliers offer and at what price. Therefore, buyers always avoid dealing with one supplier only. They approach other suppliers also to source goods at a more favorable rate. The buyer should be humble towards the suppliers and can have clear communication to maintain the relationships with them.

4.2.2 Roles and Responsibilities of Buyers

The role of buyer may vary depending on the organization and industry. The primary role of the buyer is to make decisions on purchasing goods and services to ensure companies operational needs met on time. They also ensure quality, price and delivery of the material to continue the supply. Generally, the responsibilities of buyers include:

Communicate with Suppliers: To establish strong relationships with the suppliers, the buyer must communicate with them. Buyers can organize meetings with suppliers and anticipate samples and costs delivered on time by the manufacturer. They discuss all the factors such as material's quality, cost, and delivery time of the material. Good communication between the

buyer and supplier benefits both parties and reduces risk. Buyers liaise with suppliers for many reasons throughout the buying chain.

- 2) **Negotiation:** The buyer's paramount role is to negotiate with suppliers. Negotiating with suppliers improves product prices and increases the company's saving. Buyers may negotiate with suppliers on the price and time of material delivery. The negotiation contract should create significant profits for both of them. Suppliers and buyers have the same goals to sell as much material as possible to customers. They must work together to achieve their goal. Buyers rely greatly on suppliers to buy materials successfully on their terms.

- 3) **Forecasting:** It is requisite that buyers have creativity and analytics thinking to understand current fashion. According to the item and style, the buyer must purchase the material before it becomes a trend. Hence, they must be able to anticipate fashion trends and consumer needs. It is also necessary for a buyer to know his/her customers. Therefore, they can review the sales records and sale time to forecast the product cycle. According to consumer demands, all major brands, including Zara and H&M, shortened their purchasing and production lead times. They foresee trends in fashion and make goods that follow them.

- 4) **Coordinate with Internal Departments:** Buying is perceived as a central role at the head office, as the buyer makes significant decisions about the products developed and sale by the company. Buyers frequently interact with other departments within the company for advice and approval of the materials. The entire department works as a team and coordinates with each other. For the company's success, the internal departments must cooperate and rely on one another. The buyer may occasionally work with other departments, such as marketing, or often with others, including merchandising and quality control (QC). They need to work closely with their colleagues to analyze the requirement of material and to produce the product.

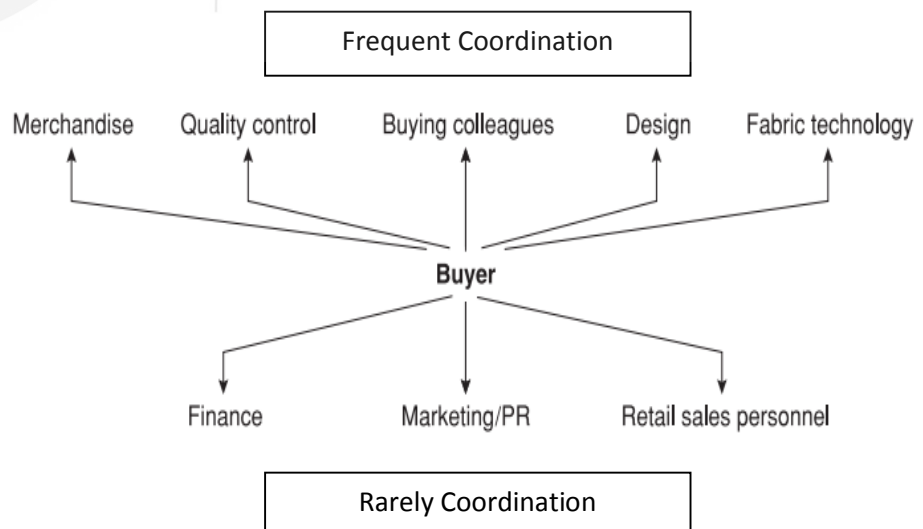


Figure 4.1 Coordination of Buyer with Internal Departments

Buyers may frequently coordinate with merchandise, quality, buying colleagues, design, and fabric technology, and they rarely coordinate with finance, marketing/PR, and retail sales personnel (Fig 4.1).

Check Your Progress I

Note: Use the space provided for your answer

Fill in the blanks:

1. Buyers requisite qualities likeand
2. The buyer may frequently coordinate with.....
3. The buyer's important role is to negotiate with suppliers about.....
and
4. is an individual who selects items to stock in the store.
5. and have the same goal: to sell as many
garments as possible to the customer.

4.4 BUYING HOUSE

Buying-House is a place where buyers and suppliers can fulfill their needs regarding procurement. Buying house is the mediator between suppliers (manufacturing units) and buyers (retailers, export houses, etc.). It may also be known as a buying agency (office) and buying agents. Buying house handles the process of sourcing, negotiating and placing orders with manufactures on behalf of their clients. Buying house has become the largest business worldwide that worth increases continuously. Buyers often work with buying house to streamline the sourcing process and reduce costs. Buying houses has established relationship with manufactures and buyers. They directly contact buyers to confirm orders and place orders in relevant factories to eliminate the distance between the buyer and the manufacturer. It also acts as a single point of contact for buyers, allowing them to focus on other aspects of their business. They also provide additional services such as product design, market research and trend analysis. However, it is important for buyers to choose a reputable buying house that has experience in their industry and a proven track record of success.

The buying office is an independent buyer's regional office and company that works with different buyers and brands. It is equipped with skilled workers, testing machines, and equipment. They directly contact buyers to confirm orders and place orders in relevant factories to eliminate the distance between the buyer and the manufacturer.

Importance of Buying a House

As the readymade garment industry is growing, the Indian apparel industry is producing high-quality garments at low cost, so new importers are willing to import from the country. Most importers come through the buying house to learn about placing orders and execution. Nowadays, the number of buying houses is increasing rapidly. They are aiding the apparel sector by gathering orders from importing nations and sending them to vendors. Buying house is also helps country's economy by sourcing orders and their placement.

4.5 ROLE AND RESPONSIBILITIES OF BUYING HOUSE

Buying house is a medium of communication between buyer and supplier. It carries out all marketing tasks, including looking for international customers, gathering orders, and placing orders with nearby clothing factories. Buying houses is responsible for providing various services to the buyer as given below:

- It provides the facility to develop samples and products at a cheap cost
- They identify suitable suppliers according to the reputation of the buyers
- It also processes orders from local vendors
- Buying houses always get in touch with buyers and seek approval for product development
- Sometimes, it also forwards specific requirements to suppliers on behalf of buyers
- They get all the approval for local vendors or suppliers from the buyers
- It facilitates follow-up on orders with export houses and ensures the product quality and services
- Buying house also look over logistics and supplies
- They carry out an audit to maintain the quality of products

4.5.1 Work flow of Buying House

Every buying house has its working procedure. It varies from company to company. Buying houses does various activities on behalf of the buyer.

- Initially, the marketing merchandisers' team contacts the buyer and collect the order from them by discussing their requirements and showing samples of garment.
- Then, they analyze the order and identify suitable suppliers or manufacturers for that specified order. They prepare a tech pack for the order and prepare the sample for that.
- They also negotiate with the supplier on the cost and consumption of material for the order, and finalized it, and sent it to the buyer for approval.
- Then, an order is placed for the production. The production merchandiser plays an important role in it. They prepare one or more production samples for taking approval of the buyer on the style, fit, and finishing of the product.
- After approval of the sample, the final quality check of sample is send to buyer, known as buying sample. After approval of buying sample, production of the order begins.
- Production merchandiser follows up the total production stage.

- Different inspections are also done for the material, accessories and final garment to maintain the quality of the product.
- Finally, the order is packed for delivery
- After doing an ex-factory showing, packing list and other activities, buying house receive a commission from the buyer.

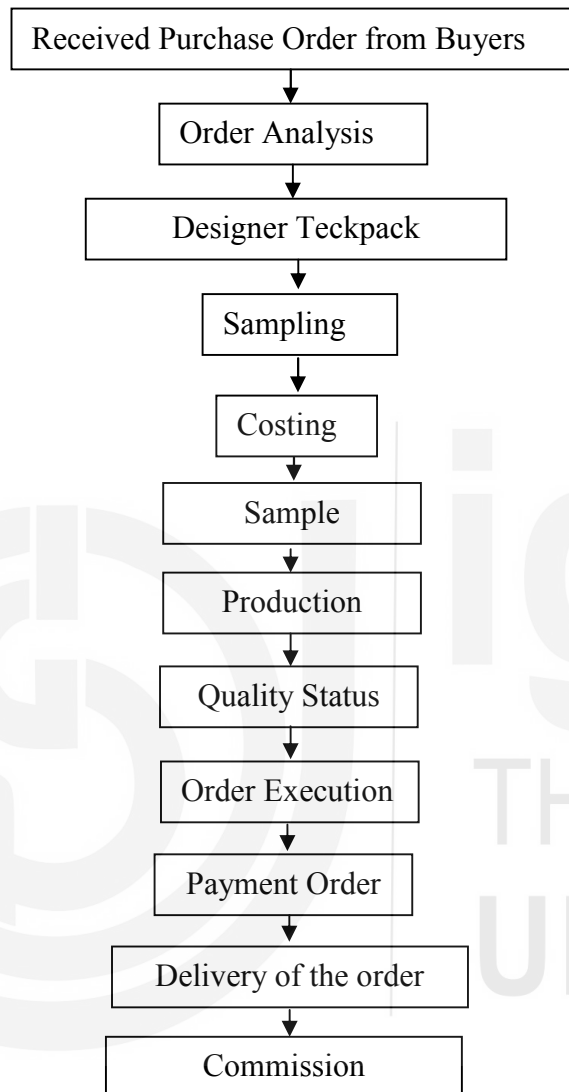


Figure 4.2 Work Flow of Buying House

Buying house is also responsible for the execution of the order on time and plays all essential roles. Let us discuss the role of apparel-buying houses:

- **Cost Saving:** Buying house helps to provide good quality material at the best prices to the buyers. It will help the buyers to catch the mass-level consumer market. Buyers also get all services from buying houses by sharing service charges or some percentage of Free on Board.
- **Intensive Care:** Buying houses act as the intensive care centre for a new product. They provide all the services from identifying suppliers to production and shipment of the order. It is time-saving practice for the buyer because buying house has a vast database of suppliers and manufacturers.
- **Intend Support:** The buying house provides intended support to the

buyers. It continuously acts as a third eye and provides support in the supply chain process, which is needed desperately on the supplier's side during production.

- **Maintain Strong Communication:** Proper communication doesn't happen between the supply chains without complete information. Buying house gets complete information on the requirement of the buyers and communicates it to the suppliers who carry out the order directly. Buying houses works with all kinds of buyers who communicate in their regional languages and communicating correct information to the suppliers.
- **Quality Assurance:** Quality assurance is the main task of a buying house. The garment industry has a complex supply chain where vendors source different materials and get garments stitched by persons with different skills. Buying house always maintains the product quality for which they hire highly compensated experts.
- **Quick Development Support:** A buyer must develop many new style products by trial and error. Buying house has its sample development department, which gives quick product development support to the buyers. They have a designer team that understands the buyer's requirement and develops sample quickly in their department.
- **Minimize the Local Export Law Complicacy:** When a company deals internationally, the company should know about rules and regulations and basic license requirements. If the buyer builds a partnership with a buying house, they handle all licensing issues.
- **Risk Minimization:** The buying house manages all the buyers' environmental, social, and legal issues. Buying house manages the supply chain with its customers, suppliers, and industry partners. Due to the close observation of buying house in the supply chain, the chances of risk are minimal.
- **General Activities of a Buying House:** The buying houses handle every step of the purchasing process, including order collecting, shipment, supplier selection, and marketing. Order execution process follow-up to shipment, sample preparation, forwarding all the comments of the buyer to the supplier and follow-up order processing according to buyer's demand.

Overall, working with a buying house can help buyers streamline their sourcing process, reduce costs and ensure that they are getting high-quality products that meet their standards.

Check Your Progress II

Note: Use the space provided for your answer

1. Match the following:

- | | |
|--------------------------|------------------------|
| 1. Buyer | a. Free on board |
| 2. Frequent coordination | b. Mediator |
| 3. Raw material | c. Purchasing decision |
| 4. Buying housed | d. Supplier |
| 5. FOB | e. Quality control |

2. Fill in the blanks:

- _____ consist various styles of garment.
- Ability to identify and define the problem is _____.
- Buying House plays an important role as a _____ between buyer and export house.
- The buyer may frequently coordinate with other departments like _____ and _____.
- Buying house help to minimize _____ and provide _____ to the buyer.

4.6 LET US SUM UP

In the garment market, the buyer and buying house are crucial players. To meet their needs, buyers typically partner with the buying house and purchase goods for a certain product area. The bonding of buyers and buying house is vital to enhance the apparel industry of any country. The distance between buyers and suppliers is shortened by home purchases. In the apparel industry, the buyer is the person who communicates with the suppliers for their requirements. Negotiate for the prices and services; forecast the possibilities of the materials and new styles. Buyer also coordinates with the other departments and works as a team to achieve their goal. Buyers and buying houses work together to accomplish their goals. Global buyers are hesitant to spend time and money interacting directly with clothing manufacturers. As a result, they form alliances with the buying firm or agency. A skilled buying houses crew can complete an export order quickly and with high quality. The apparel merchandiser is the main person in the buying house who gathers all the information from the buyers and communicates it to the suppliers. Buying house also helps minimize the risk and provide a good quality product at a low cost.

4.7 KEYWORDS

Analytical Thinking: Ability to identify and define the problem, extract critical information from data, develop workable situations, verify the cause, and develop solutions to the problems identified.

Buying House: Buying house is where buyers and suppliers can fulfill their needs regarding procurement.

Buying Agents: They are also known as purchasing agents. They are people or companies that offer to buy goods or property for another party.

Tech-Pack: A Tech Pack, also known as a specification sheet, consists of a set of documents with a description of different designs for manufacturing, which is created by a team of designers.

FOB: Free on Board (FOB) is a shipment term that defines the point in the supply chain when a buyer or seller assumes responsibility for the goods transported.

4.8 REFERENCES AND SUGGESTED READINGS

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4.9 KNOW YOUR PROGRESS- POSSIBLE ANSWERS

Note: Use the space provided for your answer

Check Your Progress II

1. Fill in the blanks:

1. analytical thinking and creativity to analyze
2. merchandise, quality, buying colleagues, design, and fabric technology
3. prices and delivery
4. Buyer
5. Buyer and Supplier

Check Your Progress II

1. Match the following:

- | | |
|--------------------------|----|
| 1. Buyer | c. |
| 2. Frequent coordination | e. |
| 3. Raw material | d. |
| 4. Buying house | b. |
| 5. FOB | a. |
-
- #### 2. Fill in the blanks :
1. Tech Pack
 2. Analytical Thinking
 3. Communicator
 4. Merchandising and Quality control
 5. Risk and Good Quality Product

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