

Product Development as a Growth Strategy for XYZ Apparels- A Case Study

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ABSTRACT:

The case is focussed on XYZ apparels, a leading Departmental Chain headquartered in Dubai and how it adopted product development as a growth strategy. With specialization in casual wear, formal wear, ethnic wear, sportswear, etc. the company made a logical move in exploring the maternity wear segment. The case explores the process of product development through its different stages including research to study current market situation and assess future business potential, exploration of concepts, idea screening, final product development, and product launch. The objective of offering maternity wear as a new product was to address the existing gaps while maintaining coherence with the current product portfolio.

Keywords: Product Development, Growth Strategy, Case Study.

1. BACKGROUND:

XYZ Apparels was a leading Departmental chain with Headquarters in Dubai with over 300 stores across 17 countries. It was a leading retail chain in India with the presence of more than 200 stores across 80 Indian cities and headquarters at Bengaluru. The retailer offered a variety of products including clothing for men, women & kids, shoes, jewellery, accessories, etc. At the annual sales meet organized at the company headquarters, the Executive Director Mr. Vasant Iyer stated “We are growing at 35 percent CAGR (compounded annual growth rate). This year we will be crossing INR 1,800 crore. We have targeted to become INR 3,000 crore company in the next two years (FY19).” He added, “I leave it to you all to come up with suggestions for achieving this target. We can realise our goal by expanding, diversifying or developing new products for our existing consumers.”

2. BUSINESS OPPORTUNITY ASSESSMENT

New ideas started pouring in at team level meetings. Since the company was already specializing in menswear, womenswear, and kidswear, so their obvious choice was in the apparel category. Therefore, they concluded that their new diversification could be in the same area. Now the discussion descended upon which type of apparel to get into. They were already into casual wear, formal wear, ethnic wear, sportswear, etc.; deciding a new range seemed to be more difficult than they had apprehended. The managers were instructed to go through trend reports, business journals and forecasts to assess the potential products which could be introduced and would be beneficial to

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the company.

After a lot of deliberations, some of the products which were zeroed down included athleisure wear, sustainable garments, maternity wear, intimate wear, etc. Maternity wear was a segment with a huge gap in the Indian market. There was a huge dearth of comfortable maternity clothing which was also aesthetically appealing (Shang & Hu, 2015).

Therefore a meeting of the research team was conducted in the board room and it was decided to carry out thorough research of the maternity wear segment. The business survey reports by the research team suggested that where the global maternity wear market was expected to grow at a CAGR of 2.01%, the Indian market was expected to grow at a relatively higher CAGR of 17.3% from 2014-2018 which was even higher as compared to 16% in 2008-2013. Technavio's market research analyst predicted that the maternity wear market would reach a market value of around USD 13 billion by the end of 2019. According to recently released study "Global Maternity Wear Market 2015-2019" conducted by "Research and Markets" (Technavio, 2018) growing awareness, especially from the market in the west, and exposure through travelling, the internet, and other media, plus the convenience of online shopping are all contributing factors in making women more conscious about the style quotient during pregnancy and thus increasing sales.

The report of the research team also indicated that the existing maternity wear products were offered in routine and mundane designs in limited variety and the price range was also very high which made it inaccessible for most of the customers (Sohn, 2009). The range available in the market had minimal flair, negligible pleats and marginal gathering (Sultana & Tabraz, 2017). Most of these garments were offered in the polyester blend which was unsuitable for Indian weather conditions. Thus the idea of introducing comfortable yet fashionable maternity wear was generated.

3. PRODUCT CONCEPT

Immediately afterwards a meeting of the product development department was called out to discuss the product concept. "The most important consideration in regard to the expected mother's wardrobe is that it should be attractive", stated the Product Development Head, Mr. Mehra. He also read a report on pregnancy and clothing (Furer, 1968), "The more a woman can take her mind away from being pregnant, the more her physical well-being is enhanced. The pregnant woman needs to continue her normal social life in order to maintain a healthy mental outlook. Ever-changing body shape in pregnancy poses a very specific requirement with respect to clothing needs."

Adding to the conversation Mr. Patil, the senior manager stated, "The major changes which occur in the body during this phase are in the bust, belly and hip area. The most concentrated advancement ensues in the waist area. Previously the sole purpose of maternity wear was to hide the baby bump, irrespective of the fit of the garment. But lately, due to the high purchasing power of working women, the demand for fashionable maternity wear has been on a surge." The discussion went on for a while with suggestions from all the team members. Mr. Patil also shared a report by senior NIFT Professor which stated that maximum increment in the measurement during the maternity period occurs in the waist area (Anand, 2012).

Concluding the meeting, Mr. Mehra stated, "After our deliberations today we can deduce that to provide comfort to the pregnant women, relaxed attire is essential. This aspect can be incorporated through design attributes and through careful selection of fabrics and trims. The designs should follow the art principles of good design which are balance, scale, proportion, rhythm, and emphasis. Besides these historical inspirations, physical changes and expansion should also be looked into with elements such as line, form, colour, space, and texture. So let us get back to work." The team created a process flowchart which was to be

followed by everyone (Refer Exhibit 1).

4. SCREENING

After methodical technical assessments and detailed research conducted by the research team, a detailed analysis report was submitted to the Research Head, Mr. Jain. Based on the report Mr. Jain stated to the screening committee comprising of the Board members, "Based on the research conducted by our team, the major brands dealing in maternity wear are Mothercare, Babyoye, W, Oxolloxo, First Cry, Nine Maternity, Mama Couture, Uzazi and Morph Maternity. Most of the silhouettes offered by these brands are either H or Sheath or Shift. The price range starts from INR 717 and goes up to INR 7269 and includes product options such as t-shirts, tunics, dresses, shirts, tops and tank tops. The fabric range mostly available is Polyester, Poly Moss, Crepe, Georgette, Viscose and cotton. The design features built-in some of the garments are flair, pleats, and gatherings. The team has also come up with the study of size charts of these brands (Refer to Exhibit 2). The measurement of bust and hip ranges from 32 inches-40 inches for small size, 34 inches-42 inches for medium size and inches 36 inches-44 inches for large size. Similarly, measurement of waist ranges from 30 inches-36 inches for small size, 32 inches-40 inches for medium size, 34 inches-44 inches for large size." Then he looked at the Production head and asked him gingerly whether the factory was ready to support this new business venture. Mr. Verma, the Production Head was more than ready to take on this new challenge. He buoyed the idea enthusiastically and confirmed that the production floor was equipped to face the task. The Marketing head, Mr. Prasad shook his head and said nonchalantly, "Everything said and done, we need to look at this business proposal practically. Being over-enthusiastic without any preparation will not help. Although we have desiccated the segment, we are yet to ascertain the gaps in terms of silhouettes, fabrics and price points. Therefore what is required is an extensive survey to identify the market gaps which we plan to bridge through the launch of our maternity wear collection."

In order to understand the consumers, a generalised questionnaire was filled up by pregnant or expectant mothers. When evaluating the questionnaire, it was found that participants would like to not only shop ethnic wear but emphasised on western casual wear also. They would prefer to shop in the second and third trimester instead of the first one. The most commonly occurring problem which they faced was the size, followed by style, price, comfort and lastly fabric. In terms of clothing, consumers preferred styles such as tunics, shirts, dresses, and t-shirts. When evaluating the questionnaire, it was found that the A-line silhouette was desirable (Refer to Exhibit 3). Participants also indicated their fondness for belly supporters. The expectant mothers preferred extra length as the belly would grow larger in the second and third trimester. The responses gave an impression of pregnant women preferring, pleats and gathers (Refer Exhibit 4). An adjustable waistband was also looked-for as they did not want the clothes to be too tight near the belly nor they wanted them to be baggy.

5. PRODUCT DEVELOPMENT

The motivation for product development came from various fronts: from gaps identified in the already available maternity garments, results of the survey and feedback from employees having personal experiences regarding changes in the body (majorly chest, waist, and hips) during the second and third trimester. From these mind boggling sessions, the design team came up with innumerable rough sketches. The preferred product categories were tunics, shirts, dresses, and t-shirts in the corresponding order. Although not all designs were feasible, some of them were finalised. The final ones had features including different forms of fullness in terms of pleats and gatherings (Refer Exhibit 5).

It was decided that a good strategy would be to cover up the baby bumps. Ritu, the womenswear designer said, "All the gathers will make the bump difficult to be seen which is what we are aiming here". The Senior Designer Ms. Sethi added, "The most preferred silhouette

is an A-line which creates an A shape. It gives a slim look and it is flattering also. Different types of sleeves and necklines will take the attention away from the expanding bump”.

Ms. Sethi further stated, “Colour continues to be an inspiration and a key influencer of fashion trends. In earlier times, darker, dull and inconspicuous tones were expected to be worn by the pregnant women. But the Physiological and psychological changes a pregnant woman goes through demands for attractive tones of colours of moderate value. The present trend in fashion colours, including colour for maternity segment are more uninhibited such as Meadowlark i.e. bright yellow, glistening with joy and illuminating the world, Cherry Tomato that exudes heat and energy, Sky blue which is no longer for little boys, Earthy brown-based red which adds flavourful definition to the spring and Pink Lavender which is soft and romantic. These are some of the important findings from a recent forecast published by Pantone and we must keep that in mind while deciding the colour palette.” The team kept in mind some of these important points from a recent forecast published by Pantone while deciding the colour palette for the range (Carlstadt, 2018).

The team decided that the choice of fabrics for pregnant women should not be too transparent, too stiff, or too heavy. The quality desired in this segment are washability, easy care, breathability, good absorbency, wrinkle free. Thus the team zeroed down to fabrics such as linen which is known for being the lightest and coolest fabric of all, cotton – soft natural fibre known for its versatility, bon-bon- is 100% polyester spandex – has a high quality stretch which is light and airy, bengaline is a strong lustrous fabric with a cross-wise rib made of polyester, viscose, and lycra. It has a nice shine matte effect. It gives a very beautiful satiny sensation. Another fabric not to be missed is viscose lycra which has breathability similar to cotton weaves and last but not the least stretch denim which requires little or no maintenance and it is versatile and durable (Sultana & Tabraz, 2017).

To make the segment commercially viable different features like gatherings, different types of sleeves such as kimono, bell, and puff; different necklines with knots to make the figure appear smaller such as deep V neck and deep U-neck, empire line, etc. (Refer Exhibit 6). A variety of pleats such as box pleats, knife pleats, accordion, sun-burst pleats, crystal pleats, and inverted pleats were incorporated. Oriental inspiration was also incorporated in terms of silhouette such as A-line and tent style.

6. TEST MARKETING

Before proceeding for a full-fledged market launch, test marketing seemed imperative. Since the company had a huge women workforce, selection of pregnant women to test the products wasn't difficult. The criteria for selection of test subjects were to be in their third trimester, to be either Medium or Large sized and lastly to be in the height range of 5'1” to 5'4” that is the average Indian women height. Ten women participated in this experiment. Half of them worked on the production floor, two of them were in the design team, two on the retail front end and the last one was a cleaning staff. From their nature of jobs, it was possible to evaluate the circumstances under which the products would be used. All pregnant women wore garments and performed all the day-to-day activities. The criteria on which the garments were evaluated were fabric, style, and comfort. Features of the styling of the garments which were especially liked by the subjects were deeper necklines, fullness and general appearance. Set-in Sleeve was preferred. Straight hanging pleats were appreciated instead of expanding pleats. Subjects also liked the fullness in front where it was needed the most. One of the negative comments received by the subjects working on the production floor was that the inverted pleated skirt was fuller than needed and it hindered their activities. The tent dress with the back zipper was not valued by the design subjects as it made sitting and leaning on a chair for back support uncomfortable. The zipper protruded into the skin of the participants which was a major turn off.

To resolve the extreme fullness in the inverted pleated skirt, the design team decided to decrease the intake of the pleats and thereby decreasing the fullness. For the tent dress, it was decided to eliminate the back zipper and use buttons instead with a front closure. The front closure increased the reachability and made leaning easier.

7. LAUNCH

“We must not loose sight of reality”, said Mr. Vasant. He added that this new segment may or may not attract any attention. The decision to launch a maternity wear segment with only a few months of research involved over hundreds

of prototypes, designers, technicians, pattern masters, fabric manufacturers, trims dealers, tailors, etc. but the most difficult part of launching, according to Mr. Vasant was trying to get the store managers to stock the merchandise. It was almost a 'catch 22' situation, as the store managers were not convinced unless they saw the sales figure.

Eventually, the metro city stores proved the feasibility of the maternity wear collection with their sales data which provided good publicity and slowly the Tier-II cities overcame the resistance and adopted the latest collection whole-heartedly.

Exhibit 1: Process Flow

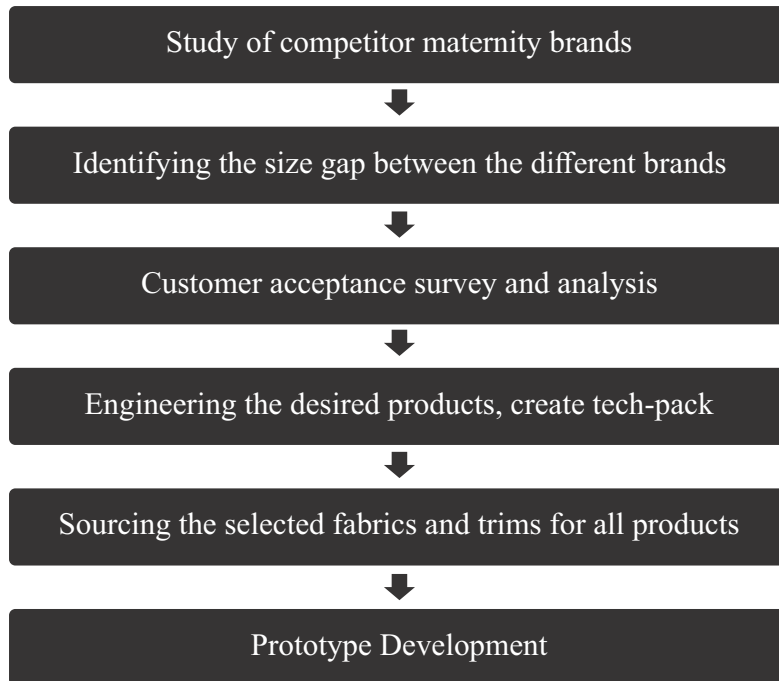


Exhibit 2: Size chart Range of Competitor Brands

| | Small | Medium | Large |
|-------|---------|---------|---------|
| Bust | 32"-40" | 34"-42" | 36"-44" |
| Waist | 30"-36" | 32"-40" | 34"-44" |
| Hip | 32"-40" | 34"-42" | 36"-44" |

Exhibit 3: Problem Areas.

| S. No. | Findings | Suggestions |
|--------|--|--|
| 1 | H Silhouette: This silhouette is usually of a one-piece garment, going straight from shoulder to hip, and crossed at the waist with a belt, thus resembling the letter H. | A-Line Silhouette: This is a silhouette, usually of a one-piece garment, flaring gently at the waist or hips, thus resembling the letter A. |
| | Sheath Silhouette: This silhouette flows straight down from the neckline, thus gently hugging\ body form. | A-Line Silhouette |
| | A shift dress is a garment that features straight lines and doesn't hug the body's curves or cinch the waist. | A- line silhouette |
| 2. | Minimum use of pleats and gathers | Gathering and pleating introduced at the belly area to cover the bump |
| 3. | Empire waist with elastic and tying belt: This style actually accentuates belly. | Loosening the empire line and avoid belt, buttons, etc. |

Exhibit 4: Style Feature Preferences

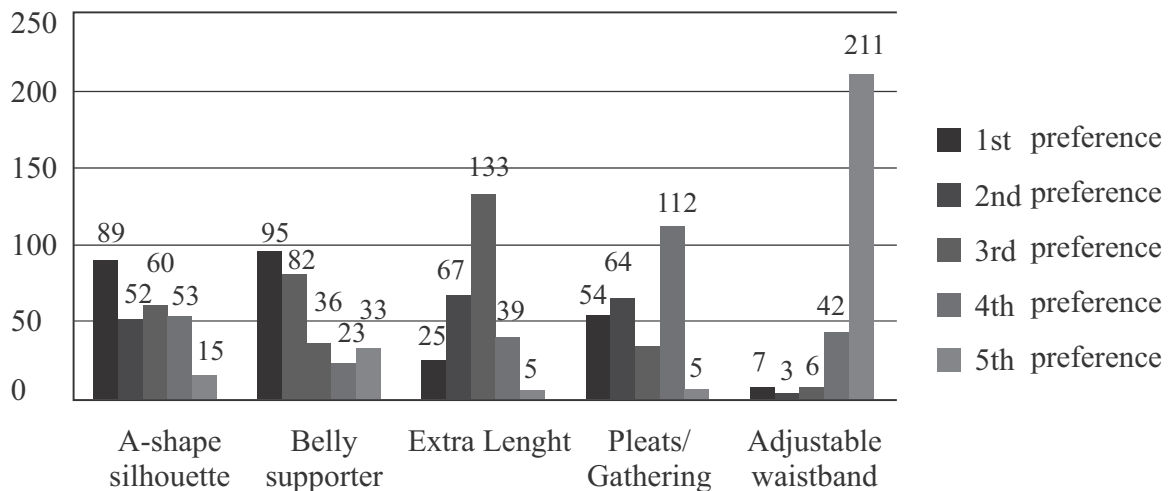
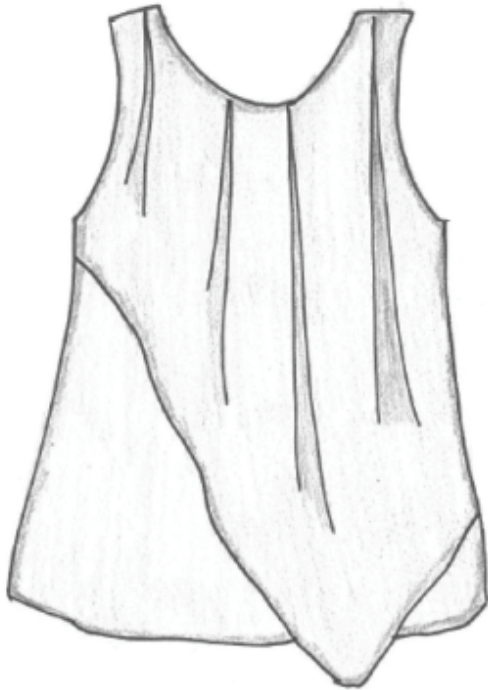
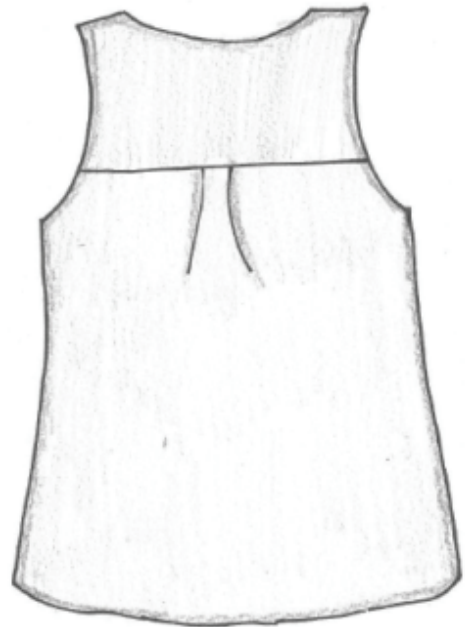


Exhibit 5: Pleated Tunics



Front View



Back View



Front View



Back View

Exhibit 6: V- Neck Tunic with a Knot



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NOTE

Name of the organization and characters have been disguised and this case has been written creating hypothetical situations.