Benetton, one of the largest clothing manufacturers in Italy, has a global presence across 120 countries and more than 5,000 stores.

**Global overview of Benetton**

The Benetton Group, established in 1965 by the Benetton family in Ponzano Veneto, in north-east Italy, is today one of the largest clothing maker in Italy. While its initial few years of operations witnessed expansion within Italy, the company ventured outside Italy for the first time in 1969 when it opened its store in Paris. Later it expanded to the US in 1980 and then to Japan in 1982. On its 40th anniversary in 2005, Benetton was present in 120 countries, with more than 5,000 stores. Europe continues to be the largest market and constitutes nearly 85 per cent of global sales. The Asian and Australian markets come next, with a contribution of roughly 10 per cent to sales, followed by the Americas at 4.2 per cent, with the rest of the world having the remaining share.

Benetton’s clothing, primarily casual knitwear and sportswear for men, women, and children, are retailed through franchised stores, department stores and mega stores. Other products include sunglasses, watches and shoes. Though the development of its stylish collection is done in Europe, the company’s designers travel around the world collecting ideas and putting them together in order to create a collection that is acceptable to all the markets. The collection is a result of inputs on fabrics and styles from different designers, which results in one main collection. Significant care is taken to look into individual markets and introduce styles that will suit the requirements of these markets, but a large percentage of the collection is core and uniform across most markets. Once the final collection is ready, Benetton franchisees from across the world assemble in Italy and pick up the products for their countries. They place their purchase orders with the parent company, which then ships the manufactured lines to the respective countries as per their orders.

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<th>Company</th>
<th>Mode of presence in India</th>
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<td>100 per cent subsidiary</td>
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Benetton entered the Indian market in 1991-92, as a 50:50 joint venture with the DCM Group in Delhi, and launched its flagship label UCB. Effective 22nd December 2004, Benetton became a wholly owned subsidiary of the Benetton Group, Italy. UCB is today a leading brand in India with more than 106 stores across 45 cities in India. The retail network is a mix of owned and franchised stores. Many of these are mega stores, with size more than 4,500 square feet and an increased focus on apparel for men, women and kids. The company is also looking at expanding the brand in the Asia Pacific region and has recently opened stores in Male, Karachi and Kathmandu.

With the Indian market increasing in strategic importance for the Benetton Group at the global level, its fashion label Sisley was launched in India in 2006. The first outlet, nearly 3,500 square feet in size, was opened in Delhi and features a collection for men and women.
Benetton India has a manufacturing unit in Gurgaon (Haryana) where almost 50 per cent of the garments required for Indian stores are manufactured. The remaining sourcing for the Indian market happens through contract manufacturing from Ludhiana (Punjab), Delhi, Bangalore (Karnataka), Chennai (Tamil Nadu), Nepal and Benetton International. The designs are selected from the global collection created by the product design and development team based in Italy.

India is also used as a market for Benetton Group’s global sourcing especially for kids’ apparel. In India, the company employs more than 300 people directly while indirect employment is in excess of 5,000 people.

Key success factors in India

Benetton has been growing at a hectic pace since it became a 100 per cent subsidiary of the Italian parent. The focus on India by the Group Chairman, Luciano Benetton himself, is providing the vision and support that will ensure that Benetton continues to set benchmarks in apparel retailing in India. Some of the factors responsible for its success so far are:

Continued importance given by the parent company

Benetton views India as one of its growth engines and hence has continued to give importance to this market. The vision for growth and the resulting strategy of the Indian subsidiary is today in tune with Benetton’s global vision. The company has always endeavoured to give its Indian customers an international experience not only in its collection range, but also the ambience and fixtures of its retail outlets. The product range available in the Indian market is chosen from its international range, keeping in mind the Indian taste in clothing.

In its initial few years of operations as a joint venture, the company faced a few hiccups related to the quality of its products and uncoordinated merchandising. It was also facing an identity crisis of sorts as it was viewed largely as a T-shirt brand. But today it has put its past behind itself and has established itself as a fashionable wardrobe brand. For this it first focussed on creating a strong retail identity and an identifiable model of retail servicing. Going by the adage “Big is beautiful”, Benetton’s new positioning is that of a mega store retail chain, with the décor of its stores totally in sync with the global identity.

Flexible and adaptable merchandising strategy

The company has also established a flexible and adaptable merchandising strategy. Its merchandise mix varies from location to location, to connect directly with the local tastes and preferences. Its focus on women’s wear and kids’ wear has helped to yield better performance. At some of the flagship outlets, men’s wear occupies the smallest space, since mainly women’s wear and kids’ wear drive sales at these locations. Similarly, in one of the leading malls in Delhi, Benetton had an outlet only for adults. But with kids’ wear becoming a large market in India, the company opened a flagship store only for kids to tap into this potential. This store is one of the best performers in Benetton’s network.
Strong contribution of franchisee partners

Partnerships with professional retailers and investors with a passion for retail and expertise in this area are critical to Benetton’s success in India. For instance, its franchisee partner in the north has been an important ingredient in its success in India and was the catalyst for Benetton’s shift into large format flagship retailing with the Benetton flagship in South Extension (New Delhi). His association with Benetton for the last fifteen years has ensured that he understands Benetton’s growth model as much as the company does.

Future plans

Benetton sees a huge potential in the Indian market and on the anvil are high street mega stores as well as outlets in malls across the country. The company would like to be present wherever the market exists, whether it is large cities or small towns. The company is also contemplating the introduction of speciality stores dedicated to product categories like innerwear, men’s wear etc.

There is an increased emphasis on making India an outsourcing hub for Benetton globally, along with China. Production plans for India are in excess of 6 million units by 2007.

The company also plans to grow its Sisley brand, which is expected to have high acceptability because of India’s growing affluent class and exposure to the top fashion brands. Sisley outlets are expected to come up in Delhi as well as other major cities.

Benetton’s India operations

- Entered India in 1991-92 as a joint venture with DCM Group, now a 100 per cent subsidiary
- Brand United Colors of Benetton present across 106 stores in 45 cities
- Brand Sisley also launched in India in 2006
- Manufacturing unit in Gurgaon, sourcing also done through contract manufacturing to vendors
- India used as a manufacturing hub for sourcing apparel for other countries