

Nature of Business

People's Garment Public Company Limited started business as a garment manufacturer in 1980, before subsequently expanding into the manufacturing of knitted fabrics. The company operates its business with the alliances in order to be integrated business from upstream to downstream.

It focuses on adding value to products and creating the innovation on textiles and garments together with quality and environmental friendly concerned. Company's core products can be divided as following:

1. Ready to wear garments

The company's core business is manufacturing Ready-to-wear garments; Menswear, Ladies wear, Children wear, Swimwear, Sportswear, Cycling wear, and Men's Underwear which are divided as below categories:-

- International Brand (International Trademark) Certified license for production, which consists of Arrow, Elle, Arena, Felix Buhler, Mizuno, and Le Coq sportif
- Local Brand consists of Streamline and BSC
- House Brand(Company's registered trademarks for production and distribution, which consists of Primo Linea, Proud, 360 (Three-Six-O), Swoop, and Oberon
- Uniforms

2. Textiles Product

In order to be a leader in integrated polo-shirt production business, company invests in knitted factory in Kabinburi which has a modern machine and technology to strengthen efficiency of production process.

3. Leather products

Leathers for Lady and Gentleman comprised of Handbag, Wallet, and Belt under trademark "SARINI" which is house brand with unique products of genuine leather and quality of raw materials and sewing skills, and also being a manufacturer and exporter under the license of international brand.

Location of offices and plants details as following;

Business Place	Location	Business operation
Headquarters	Bangkok	Management & Administrative center
Lamphun plant	Lamphun province	Production of Ready-to-wear garments made from woven fabrics
KabinBuri plant	PrachinBuri province	Production of Knitted fabrics and ready-to-wear garments made from knitted fabrics

Income structure

(Unit : Million baht)

Sales revenue	2017	%	2016	%	2015	%
Domestic:	752.83	78.43	839.11	78.55	674.99	69.81
Garments	678.93	70.74	755.77	70.75	614.77	63.58
Knitted fabric	53.03	5.52	65.48	6.13	60.22	6.23
Leather goods	20.87	2.17	17.86	1.67	-	-
Overseas	207.00	21.57	229.18	21.45	291.85	30.19
Garments	179.62	18.71	187.40	17.54	291.85	30.19
Knitted fabric	10.34	1.08	-	-	-	-
Leather goods	17.04	1.78	41.78	3.91	-	-
Total	959.83	100.00	1,068.29	100.00	966.84	100.00

Operating results

In 2017, the company had total sales of 959.83 million baht, decreased about 10.15 percent from the previous year which was classified as following; domestic sales amounted 752.83 million baht, decreased about 10.28 percent and overseas sales amounted 207.00 million baht, decreased about 9.68 percent from the previous year.

The Development of quality and standard

The company has developed on innovative material in order to reach its worthy and customer satisfaction by adhering the concept “safe for customers and be environmental friendly”

The company operated all activities to maintain quality of products, reach the safety standard of color and chemical, and pay attention to reduce the impact on environment such as;

- : Certified to Quality System ISO 9001: 2008
- : Certified to Environmental Management System ISO14001 : 2004
- : Certified to Products that released less carbon footprint : (Cool mode)
- : Certified to Product for Energy saving “ Energy saving label No.5”

The above are as guidelines for sustainable reducing the impact on environment and support vision of the organization “We are fully committed to be leader to create quality products and services with innovation of apparel in Thailand”

Functional textiles

“Cool Mode” the symbol of environmental friendly garments”

People’s Garment Public Company Limited has developed fabric and garment focusing on design of fiber along with weaving and knitting construction, and design of garment to be suitable for garment of global warming reduction for being certified to “CoolMode symbol” that has qualification of Cool-Comfort feeling, Perspiration absorbency, Quick-dry, and efficient transferring body heat to outside together with consumer safety; moreover, it also save electrical energy for environmental safe. In addition, People’s Garment Public Company Limited is the first company in Thailand that is certified to quality and test standard of Thailand Greenhouse Gas Management Organization (TGO) and Thailand Textile Institute (THTI).

The company has been developing core material in woven fabric for slack/suiting and shirt which is classified into 5 categories; as well as knitted fabric which is classified into 3 categories in order to be diversity and alternative materials for customer which will be composed of Work wear, Slacks, Shirts, Polo-shirt, and Sportswear under House Brand named and Uniform. It is also expanding market for niche market who are customers or organizations who pay more attention on quality than prices together with participation in reducing global warming and creating good image to the organization.

Moreover, the company developed new fabric which is Twill construction fabric with composition of Cotton/Polyester/Elastane for making Polo-shirt for export to Vietnam Market and also being an alternative of Cool Mode fabric together with creating value added to the product for export market.

I-Flex Fabric (Version No.2): Certified to “Energy saving label No.5 for garment product)

The company has innovation on fabric under trading name “I-Flex”. Its unique qualification is can be stretched 360 degree (more flexibility) which keeps comfortable and flexible body movement to wearer. Its fabric is easy care, easy ironing, and wrinkle-resistant. The company participates in reducing global warming by producing various environmental friendly products such as Suit, Dress, Skirt, and Slacks which are Version No.1 of the company.

In 2017, the company has developed new innovation of I-Flex fabric (Version No.2) ; moreover, this innovation is certified to Energy saving label No.5 for garment product issued by The Electricity Generating Authority of Thailand and Thailand Greenhouse Gas Management Organization. The certified product are under brand “Arrow” which keep comfortable when wearing, non-ironing, and reducing global warming which the product will be launch in 2018.

“ARROW” Leading brand from USA.

The company had been continuously developing and designing focused on utility pants and shorts under brand ARROW together with proposed various styles which made by innovative textile, modern sewing, and modern color as below:

ARROW: Get the latest innovation of Men’s Slacks, “Be free for all movement”, for being comfortable of Men’s Slacks; as well as being response to life style for men to enable reaching a of firsttouch and feel when wearing. Moreover, it also increase a confidence to be handsome and good looking for every man until becoming an impression to brand ARROW “Be free for all movement” and being flow with all the limitless motion.

ARROW: Proposed uniqueness of Men’s Slacks which is classified into 3 different styles under brand ARROW as below:-

1. **RELAX MOVE:** Slacks for travelling which is focused on comfortable wearing and variety of colors for selection.

2. **EASY MOVE:** Slacks for work which is adjustable waist slacks to be suitable for body and figure of each wearer in each size and different duration; moreover, it is comfortable wearing in all occasion with “Easy Move” technique that attach elastic waist band inside its waistband as a result the waistband can be expandable for comfortable in all movement even after heavy meal. It is created under the concept and slogan named **“Be wearing Easy Move slacks, be dare to get heavy meal”**
3. **MAX MOVE:** The ultimate of most comfortable slacks by development of innovative fabric and sewing technique. The innovative of stretch fabric (I-Flex fabric) which made by fiber yarn that is spin with variety type of fiber to get the qualification of special stretch. The fiber that Arrow brand apply is composed of fiber with special stretch, wrinkle resistant, easy ironing, and good recovering shape of fabric; moreover, these fibers are mixed with other special fibers which its qualification is soft, moisture absorbency, and good ventilation. These fibers are spin with special technology to reduce hairiness of the yarn and fabric as a result texture or surface of fabric is more durable after that fabric will be designed for garment in consideration of suitability to all type of garment including be elaborate in all processes of sewing. Moreover, it is easy-care slacks with specific unique design for men to feel the most comfortable slacks.

Market conditions and competitions

Oversea markets

Overall aspect of textile and garment industry for export market are slowed down from the year 2017 especially in garment business that some manufacturer has moved production base to neighboring countries; moreover, orders from core customer countries decreased due to slow down of their economy. In addition, Vietnam country reduce import fabric and fiber from other countries because China and Taiwan has more invested midstream industry in Vietnam.

In 2017, the company exported products to USA, EU, Vietnam, Japan, Korea and AEC. The overall export sales volume was decreased from the year 2016 but the sales volume to USA market was increased as those customers have confidence in quality of company’s products and the development to be modern and various designs.

Although, there is a price competition between neighboring countries, such as China, Vietnam, Indonesia, Cambodia, and Bangladesh, have lower labor cost than Thailand, The company together with its teams has also continually coordinate with agents to directly visit customers in countries Korea, Vietnam, and Japan in order to strengthen good relationships and implementing proactive marketing to offer complete products and innovations in design of fabric, fabric production, pattern making, sewing process until being ready garment, this concept is to propose real garment sample to customer in term of Original Design Manufacture(ODM), which is one of strategies to enhance competency of the company.

Overseas distribution channels

1. Distribute through Trading Firm
2. Selling directly to customers in USA., E.U, Asia, and AEC

For 2017, People's Garment Public Company Limited remains committed to continually expand market into USA, Europe, Vietnam, Korea, Japan, and AEC which concerned on code of conduct of customers and WRAP including PVH code of conduct for international brand products. The company expects that growth ratio will be increased from product group of Outer wear, Sportswear, and swimwear.

Domestic Markets

The competition of domestic market in the garment business is still continually competing due to the marketing strategy of domestic manufacturers to maintain market share. In the same time, international brands are coming to penetrate domestic market which they take more advantages on as they are well-managed production system, lower production cost both labor and raw material as they order a big lots of material so they get more power of negotiation with supplier including distribute the goods to customer effectively because they have branches located around the world and they also have plan to expand more branches continually.

The domestic distribution of ready-to-wear garments, the company applied more marketing strategy of sales promotion to stimulate market of each brand name; for example, focusing on price discount of products launched in department store and other commercial places including import more to wear garments from China, Vietnam, Cambodia, Bangladesh, Korea, and Italy. The imported products mostly were fashion

with every price range for selection. Moreover, at present, many new international brands are more being imported to domestic market as a result, it leads to be high competition for gaining more market shares.

The company is aware of the importance of implementing proactive marketing strategies in conjunction with ICC International Public Company Limited, a key customer and distributor for the company.

- To regularly carry out surveys of customers' needs and satisfaction to ensure they are able to respond most of customers' requirements.
- Created marketing activities to attract target markets in consideration of brand image and the creating value for society.
- Developed and created innovation in order to response customers' needs for "to be safe products for customers and environmentally friendly".

As always, trademarks remain a key factor in business competition; customers are still fond of brand name products, but the company is confident that its products are well-known and are recognized quality as international standards.

Uniforms

The Company has efficiency in design, raw materials selection, producing good quality products, and delivering on time, including good after sales services. The company also focusing on principles of competing both of good quality and reasonable prices. As a results, the company is a manufacturer of Uniforms for many well-known organizations such as financial institutions, governance sectors, state enterprises, private sectors and many educational institutions.

Domestic sales and distribution channels

1. The company has assigned ICC International PLC, a significant company in the SAHA Group and a key customer of the company, to be a distributor. Its main distribution channel comprises department stores, discount stores, and modern trade.
2. Distribution via E-commerce
3. Distribution via Factory Outlet
4. Direct distribution to customers of Corporate uniforms, and Workwear to leading government, private organizations and state enterprises.

Marketing Management

In order to provide more distribution channels to customers and consumers, the company applied the following strategies;

1. Create "Fashion Trend" in advance by creating story board concept such as color concept, and mix & match of all products group, together with doing pre-collection. These strategies help making purchasing decision easier as one stop service; as a result, the customers satisfy with these operations and respond by purchasing more. Since, they have clearly visual merchandise so it support doing marketing plan in advance.

2. Cooperation with customers in cost management in case of high volume orders in order to increase competitive advantage for customer and gain more sale revenue both parties.

3. Adding distribution channel partners by selling products via LAZADA/ LOOKSI/ SHOPEE/ and Thailand Best for house brand and O shopping for brand name. This channel is enable to expand more customer's base. Moreover, it can directly response customers' needs whose life style is modern and smartphone life style such as purchase goods via Smartphone.

The market of ready to wear garment is high competition in a wider range of distribution channels such as Department store, Modern trade and Convenience store included new distribution channel like E-Commerce, M-Commerce and Modern trade. The competitive trend continually grow every year as those channel are easily reached by consumers and faster response the customers' needs. Moreover, TV shopping channel provides manufacturers to completely show and communicate on products innovation. These channels are trend to grow continually so the company had been applying some strategy and still carry on for the continuous year.

The company has changed its strategy by offering a wider range of products and innovations that customers and consumers need, together with seeking new customers to increase sales volume. The company also modifies working process to control overall costs including the reduction of raw material costs, production costs, administration costs and financial costs In order to have competitive cost and expenses leading to competition ability in both domestic and international market.

Raw materials procurement

The company principally uses locally-sourced raw materials as it believes in the quality of local products. Moreover, the company and its partners have continuously developed their products in order to promote local trade. For knitted fabrics, the company uses raw materials from its own factory which it is considered to be competitive advantages as the company is polo shirt manufacture in completing and integrating processes, from designing, knitting, producing to be ready-to-wear garments. The company uses highly developed production processes to produce environmental friendly products. In the production process, the chemicals used meet international requirements for customer safety and the products are well-accepted by both local and international customers and the company cooperates closely with its partners to keep chemicals within REACH standards and also meet international environmental standard ISO14001. For locally-made knitted yarn, the company chooses upstream raw materials which come largely from Australia and the US, an internationally accepted source of raw materials.

Main raw materials for knitted fabric and apparels are natural yarns which are from supplier who certified OEKO-TEX standard 100. The company carefully selects chemical for dyeing yarn. The company also avoids of using formaldehyde and carcinogen in order to provide safety products to customers. Moreover, packing materials are mostly recycling material.

Ratio of raw materials purchasing both domestic and international

In 2017, the company bought core materials and auxiliary materials for production from trading partners both domestic and international counted 85 percent from local sources and 15 percent from overseas. The company currently has suppliers both domestic and international more than 311 suppliers. The company applied a criteria of suppliers evaluation as ISO : 9001 standard in classifying partners to reach the international standard.

In addition, the company also acquires substitute raw materials of compatible quality from local and overseas sources in order to be environmentally friendly in accordance with ISO : 14001 standard and to remain consistent with the company's policies on sustainable business operation.