

# FEASIBILITY STUDY

*Expansion plan for **Jaunty Overseas**  
Fashion Jewelry*

 Angel Services Pte. Ltd., Singapore

January, 2011

**Feasibility Study Acceptance  
Memorandum**

We have carefully assessed the Feasibility Study for expansion of Jaunty Overseas (P) Ltd.. This document has been completed in accordance with the requirements of Jaunty Overseas (P) Ltd..

**RAJAT GUPTA**  
For Angel Services Pte. Ltd., Singapore

**REETESH GUPTA**  
For Jaunty Overseas (P) Ltd., India

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# FEASIBILITY STUDY

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## *Executive Summary*

*Fashion Jewelry and accessories industry is in class itself. With rise in prices of precious jewelry they are getting popularity globally. Moreover, fast changing fashion trends and motive to be in pace has raised its demand.*

*Where on one hand global market of fashion jewelry is rising at a compounded rate of 5.2% pa, on other hand leaders of trade are losing their position to upcoming markets. India and China so far has been on back seat being manufacturing houses. But, now are opening up as unexplored retail markets.*

*Jaunty Overseas (P) Ltd. has made a mark as supplier of raw material in global market. Now with rise of competition in raw material market and rise of opportunity in fashion jewelry segment, Jaunty targets to be pioneer in industry. For the sake they look to tap Indian market. Indian market of course holds great potential to attract global brands in the sector. Thus, Jaunty has looked Angel Services for assistance to make strategy for entering and succeeding.*

*In this line we have forwarded three options for entering fashion jewelry market in India. First one focuses on building brand on current set up and be a first known brand in product's unorganized market. Second one looks to take an alternate root of creating own international brand and taking up on Indian minds as foreign brand. The third one, targets a foreign handshake with already established brand to cash on their expertise.*

## **1.0 GENERAL INFORMATION**

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### 1.1 Purpose

Jaunty Overseas is a renowned name in Beads world. They have been premier beads manufacturer and supplier from India since last fifteen years. Now, with good hand in raw material and access to necessary resources they plan to get into market of finished goods. In the line target is *Fashion Jewelry*.

With this study we 'Angel Service Pte. Ltd., Singapore', target to provide feasibility of their intention to enter in *Fashion Jewelry*. In this study our focus is to give insight of various factors relating to *Market and Finance* so as to assist in decision making process of management. In the process, we will give analysis on following fronts:

- (1) Market
- (2) Finance
- (3) Economic (Cost and Benefit)

### 1.2 Scope

This study intends to provide feasibility of business expansion options discussed in line of entering *Fashion Jewelry* viz National Set Up, International Set Up and Matrix Set Up. For the sake we will analyze viability factors in relation with Market and Finance so as to give Cost and Benefit analysis. Our study will include:

- (1) Global Fashion Jewelry and accessories overview
- (2) Indian market for Fashion Jewelry
- (3) Explanation of expansion options
- (4) Cost and Benefit analysis for each expansion options

### 1.3 Assumptions

For making this feasibility study, following assumptions have been taken into consideration. These assumptions are in parlance with normal business practices and time frame for working on this feasibility study:

- (1) *Data based on Primary research*: Data used for the sake of analysis is based on survey conducted and sample collected. This may vary with change in conditions and situations.
- (2) *Estimates not facts*: Information provided in forecasts is based on estimates. Actual may be different in practical world, although precautions have been taken to avoid errors.

- (3) *Consideration of normal*: Only normal situations and conditions are taken into consideration for forecast. Any unexpected change in market is may change the estimates.
- (4) *Limitation of information*: Information used in this report is provided by company or being collected by research team from internet database. Hence, both of them are limited to law of availability.
- (5) *Limitation of time*: This feasibility study was to be conducted in the pre decided time frame, so analysis is limited to the information available by this time.
- (6) *Limitation of law for business*: This study has been conducted by keeping normal business laws into consideration which include copyrights and patents rights.

## 1.4 Company Overview

Provide a brief system overview description as a point of reference for the remainder of the document. In addition, include the following:

- Responsible organization      JAUNTY OVERSEAS (P) LTD., INDIA
- Contact Person                      MR. REETESH GUPTA
- Designation                              DIRECTOR
- Contact Address                      C-54,55 Export Promotion Industrial Park  
Shastri Puram, Sikandra,  
Agra – 282007 (U.P.), India.
- Contact Number                      +91 9997018062, +91 8909060525
- Major Business                      Manufacturer and Supplier of beads and related jewelry  
accessories
- Operational status                      Operational

## **2.0 FASHION JEWELRY: AN OVERVIEW**

## 2.0 FASHION JEWELRY: GLOBAL OVERVIEW

### 2.1 Introduction

Jewelry has always been object of charm for men and women. Gold or Silver or Precious stones has been and are, dominating material in Jewelry. With evolution in market and increase in variety of products, looks for jewelry has evolved too. However, with rise in prices of precious metals and stones, inclination of consumers has moved towards cheaper and fancy alternatives. These alternatives are known as fashion jewelry or costume jewelry or imitation jewelry or simply designer jewelry. They can be replica of precious jewelry or are specially designed ones made to match current taste.

These jewelries are made of cheap material and are more focused to provide designs which soot to individual taste in general. With development of new and innovated technologies material base has increased a lot and have included everything right from paper to metal

*Major Items used in development of fashion jewelry includes:*

- *Metals*
- *Beads*
- *Shells*
- *Non precious stones*
- *Glass*
- *Wood*
- *Natural Clay*

#### 2.1.1 Distribution of Resources

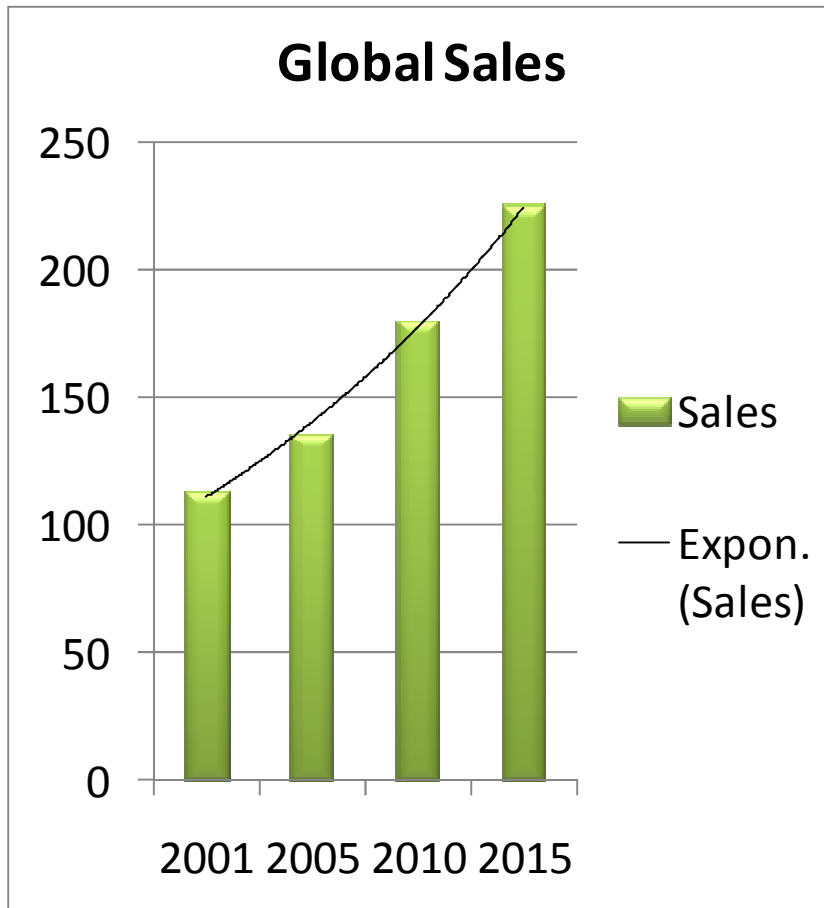
Fashion Jewelry has scattered market and its traces are present in each and every part of world. Manufacturing of raw material takes place majorly in Africa and Asia, Designing and Sales territory includes Americas and Europe. The most significant activities associated to the industry are mining casting, polishing, retailing, molding, plating and quality checking. New versions of jewelry have also come up in the form of designer jewelry, costume jewelry, imitation jewelry, etc which are more fashionable and vogueish than the original gemstone jewelry.

Over the period of time market has grown to every part of the world. This has been due to rise in demand. Because of charm for innovation and rise in prices of precious metals, market of this class is rising at good rate.

Extraction	Manufacturing	Retail/Sales
Africa	China	Asia
Australia	India	Europe
Canada	Italy	USA
Russia	Turkey	

### 2.1.2 Global Trade Volume and Trends

Fashion Jewelry market is growing at a compounded average rate of 5.2%. By this rate fashion jewelry is coming up as one of the most fast growing industry in world. Also, with recent rise in prices in precious jewels this industry is going to take steep increase. Following chart below depicts the growth rate of Fashion Jewelry industry.



### 2.1.3 Major Consumers and Market Share

United States of America constitutes one of the major markets for Fashion and related jewelry. However it is expected that China and India will surpass US in terms of market size by 2015. With these three major markets Middle East and Europe as well makes a significant contribution to market share. Every market is contributor and consumer in different way. Although linked with common designs or material, tastes do change choices of consumer. Where beads make a significant part as raw material for jewelry in US and Europe, Asia and Middle East are more metal focused. But these trends are not limited and do interchange with time.

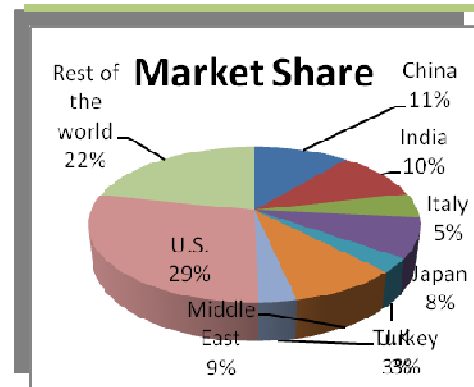
Major brands are still US based and do hold a large part of organized sectors. So far Asian economies were just manufacturing houses and were consuming less of such products. This is because they were more interested in precious metals like Gold or Silver. But, with increase in prices charm is reducing. Moreover, with globalization and attraction towards west, people have started moving towards Fashion Jewelry as a part of fashion trend.

### 2.1.4 Future Prospects

Looking at the recent tendencies there will be shift of markets. Major mining nations will shift towards next step of manufacturing, where as with immense size of population China and India will emerge as major retailing markets. This will reshape the size of Fashion Jewelry market.

Moreover with the rise in prices of traditional jewelry and related products, benefit will come down to this kind. Also, traditional raw material of beads, wood, leather etc. will see new companions like man-made diamonds and non-precious metals. With increase in consumers, there will be more retail competitions and new brands are scheduled to come up. This will not only increase the alternatives in terms of designs and variety but will also reduce the prices in follow to depreciation in margins. It is expected that by 2015 the fashion jewelry industry will witness the growth of giant markets, which will be the leaders of industry in future.

In whole, future of fashion industry lies in how India and China economies shape up to take this responsibility. With an expected CAGR of 5% this industry may touch a figure of USD 300 billion in terms of sale size.



## 2.2 India - A market to focus in future

Indian is one of the most dynamic economies of the world along with China. Country which has overturned all the hindrances in its path of growth is ready to shape the future of Fashion Industry as well. So far it has been a sourcing centre for fashion jewelry and its raw material, but with shift of economic power retail is going to be focusing sector.

Rapid growth and rising urbanization have spawned a new class of consumers with more money to spend, and a growing passion for fashion. In India's high-growth, fast-changing retail fashion accessories market, we see significant new growth opportunities for foreign and domestic players. This growth has been driven by various factors:

- (1) *Increase in disposable income:* By 2005, 21 million of India's 210 million households already earned more than \$4,000 a year, qualifying them for membership in what we call "the consuming class." By 2015 the number of consuming class households will likely triple to 64 million.
- (2) *New Occasions:* With increase in income and change in lifestyle, young generation is becoming more and more fashion focused. Now, with more socializing opportunities fashion trends are

looked in more detail and with more frequency. With internet boom and opening up of economies fashion trends are no more to be followed, they are beginning from this part of world.

(3) *Women power*: There has been considerable rise of women earners in Indian workforce. This has given them more rights to be on their own feet. Hence, they are becoming spend thrift and fashion oriented. Also, rise in lifestyle of Indian environment due to opening up of MNC's and their culture thirst of being trendier is ultimately opening up new frontier of retail fashion jewelry.

(4) *A statement of fashion*: Indian consumers are shifting towards being self expressed fashioners. Television, movies, advertising and the Internet bombard today's Indian consumer with new ideas about style, even as American-style shopping malls lure them away from traditional marketplaces.

The craftsmanship of classic have drawn rave years from some of the designers, style fashion blogs. In a an independent research Indian consumers, 62 thought it was "keep up with trends."

"The quality and craftsmanship of classic Indian clothing have drawn rave reviews in recent years from some of the world's leading designers, style magazines, and fashion blogs. In a recent survey by an independent research agency"

quality and Indian clothing reviews in recent world's leading magazines, and recent survey by agency about percent said they important to More than ever, experimenting

Indian consumers are with combining styles, as seen in the recent "Indo-fusion," boom, which mixes the silhouettes of the East with the comfort cut of the West.

## 2.3 Notes on Challenges

With so much of growth in demography of India fashion jewelry is next big thing to happen. But, being one of the most vibrant economies it throws some serious challenges. Some of them are traditional while others have come up with globalization:

(1) *Charm for Gold*: India is one of the largest consumers of gold. This fact itself proves the charm of Indians towards bright metal and related items. Jewelry has always been most important part of Indian apparel, or better to say most essential part of one's personality. Apart from being a statement of prestige, fashion has also accompanied.

(2) *Brand consciousness*: Though globalization has opened up gates for new trends to enter in to India, but this has also created a brand conscious attitude in young generation. Fashion Jewelry is still finding its place in creating a brand. Although many imported brands have entered, but none of them has been able to establish a brand.

(3) *Secondary status*: Fashion Jewelry is still regarded as secondary choice after precious jewelry. This is not just because of price but also availability of executive class. There is still lack of good designs in Indian market which can give Indian taste. Fashion Jewelry is still regarded as something which has come up from overseas and this lacks Indianization.

- (4) *No emotional touch*: Fashion jewelry does not touch to Indian hearts as is done by jewelry of diamond or gold. Unlike China where Jade has been one of the major component as a marketing item to sale fashion jewelry, India has never been explored in this regard.

“Winners will innovate occasions, looks, and wardrobes; the focus will therefore be broader than just building brands. Like what major jewelry brands have done in India by making ‘Akshay Tritha’ a 5000 year old sacred day to be single largest day of sales for jewelry.”

## 2.4 Challenges are to be tackled

Although it will take time, but Fashion Jewelry is and will constitute an important part of Indian apparels. With right strategy and directional marketing fashion jewelry can root and grow in India. As everywhere in the world, in India too things can be framed in the line what consumer want, developing a profitable retail concept and building a strong team. There are three major factors to be considered:

- (1) *Creating a brand*: Fashion Jewelry still lacks a renowned national level brand in India. With increase in consumer size being known is really a difficult task. A trend has to be set, knowledge has to be rendered and fashion has to be created. A brand with new fashion styles and innovations will build up a long lasting market.
- (2) *Shape the category*: Winners will innovate occasions, looks, and wardrobes; the focus will therefore be broader than just building brands. Like what major jewelry brands have done in India by making ‘Akshay Tritha’ a 5000 year old sacred day to be single largest day of sales for jewelry. Equally important is the introduction of concepts and innovation of styles. Being fashion accessory fashion jewelry has to be shaped in a better way to bring in new fashion rather than being in fashion.
- (3) *Efficient pricing strategy*: Apparel and related products (the branded ones) are generally overpriced. This is causing loss in terms of building up a long lasting market. Primarily being second choice fashion jewelry should be reasonably priced so as to have a sufficient difference with precious jewelry. This might cause in reduction in margins, but it should be sacrificed at this level.
- (4) *Segmented strategy for marketing and sales*: India is a land of diversity. North is not similar to south nor is east similar to west. Being divided by geography as well as cultures each of the area needs separate strategy. Winners who want to build real scale in India will be those who understand the market in a granular manner, and then “own” the customer throughout their lifecycle with a portfolio of brands, price points, and formats.

### **3.0 PROPOSED SYSTEM: PRODUCT DIVERSIFICATION**

### 3.0 PROPOSED SYSTEM: PRODUCT DIVERSIFICATION

Jaunty is an export oriented company. With almost 95% of its production flowing overseas it has got good client base. They have good experience of production and sales. Now, with resources they have, they look to target Indian clients. As discussed above India is next thing happening in fashion jewelry industry. Having large consumer base (majorly young generation) India is market to cash.

Moving to fashion jewelry and related accessories, is the best possible vertical expansion for Jaunty. So, a well planned strategy will ensure their success in the line.

#### 3.0.1 Infrastructure needed

Jaunty already holds a good infrastructure required for manufacturing, and its storage. Also, with new set up to display coming up, client engagement will also be not difficult. However, to get into jewelry and accessories few set up requirements are necessary to attend:

- (1) Designing
- (2) Business development
- (3) Marketing
- (4) Branding

*Designing* is most essential element to start for getting into jewelry business. Fashion jewelry is fast moving and fast changing industry, so it is necessary to be with industry pace. A dedicated department focusing on development of new designs can only ensure to be in market for long term. Good designers are difficult to get and most of the people do forget this fact. So, we do advice an in-house design department although contract structure is also open. This will reduce dependency and will increase efficiency.

*Business development* again a neglected part in most of the Indian companies is necessary to focus client development and management. This department will be responsible to not only develop new business strategies but will also focus on market position and competitor strategies. This will give an edge to be in market and retain clients for long term.

*Marketing* will be an important exercise for entering and sustaining market. Fashion jewelry market in India is unorganized and highly competitive, mostly in terms of price. This kind of jewelry is going to target common people unlike niche segment like diamond or gold, so awareness/knowledge has to be created in more number of people. Various marketing techniques and advertising media options of all ranges will be selected for entering India level.

*Branding* is a distinct exercise than marketing. Most people do not recognize this difference and take both in one bowl. Where marketing ends with increase in sales figure or customer base; branding ends with creation of impressions and rise in popularity of brand name. However, there is no doubt that both are closely related. Marketing is a way to create Brand. As there is no established brand for fashion jewelry it is all together important and advantageous to come up and be the first mover in this field.

### 3.1 OPTION 1 – National Set Up

Already having base in India, Jaunty can cash upon their expertise in their home country. India still lack a solid brand in fashion jewelry, so there is every chance of success provided marketed properly. Under this set up we have advised Jaunty to create a brand in India. This is most simple way to enter in retail market of India, and of course going forward to international market.

#### 3.1.1 Benefits of National Set Up

India is home country for Jaunty, its management is Indian so they do have understanding about conditions and traditions in India. Moreover, raw material expertise of them will give an extra edge to get into Indian market. We believe that following can be the advantages of Indian set up:

- (1) *Local knowledge*: India is one of the biggest and most complicated consumer markets in the world. Tackling different cultures, traditions and religions is not an easy task. Being a locally based company understanding will not be difficult, with little guidance Jaunty can cover up entire market.
- (2) *Existence of basic set up*: Jaunty is already a registered company in India and a known brand among its clients. It has got necessary infrastructure to cover up initial targets and build up a platform to grow. This will save cost in setting up and hence will give an extra cushion to marketing and branding exercise.
- (3) *First mover advantage*: There is no Indian company in India with quality products in fashion jewelry, jaunty can be the first mover. This will bestow on it all the benefits of being a pioneer in industry. Also, emotional advantage on Indian hearts being an Indian company can create magic.
- (4) *Opportunities for export*: Jaunty already holds a good client base in international market. With the said diversification an additional opportunity to supply finished goods will only increase the reputation. India being a country known for its sourcing, is, and will in future as well attract global clients; national goodwill will raise the probability for Jaunty to get shortlisted.

#### 3.2.2 Drawback of National Brand

Setting up of brand in India might decrease the reputation among brand conscious Indians. With globalization and boom of internet as media, consumers of India have gained knowledge which is not easy to betray. They know what to buy, from where to buy and how to buy.

- (1) *Tag of local*: an Indian brand will carry a normal brand of local and will not be compared with similar quality products from 'imported' brands. This will make it to fall under unorganized market causing it to become generic. As everyone in India know that raw materials are homemade, negotiations of price will take the margins down
- (2) *Quality of designs*: Fashion jewelry is known for its design and that is the only factor which makes it different from traditional jewelry. Moreover, having a start from

markets like Italy and USA, designs from them are most preferred. Thus, Indian designs are often neglected as being of low class.

- (3) *Pressure of market*: Indian market is very wide and dynamic. Creation of brand is difficult as it requires extra attention for issues like religion, region, culture and class. Moreover, things change very fast in here so keeping oneself in market may cause breakage of one's resources.
- (4) *Difficulty in raising levels*: Next level of course is creation of brand in international market. Getting in foreign markets with Indian tag is equally difficult as is in India. Indian brands do not get as much brand value as does the foreign brands. So, this might hamper the future growth.

### 3.1.2 Financial forecast

We have made projections based data collected by primary research. As this will be a project for creating brand in India, marketing and advertising cost will be of considerable size. Based on certain assumptions, following is summary of forecast:

<b>Profit Estimates (Half Yr.)</b>		
<b>Cost</b>		
Advertising & Marketing <sup>1</sup>	1,300,500	14.07%
Employee Cost	1,717,800	18.58%
Production Cost	1,848,600	20.00%
<b>Total Cost</b>	<b>4,866,900</b>	<b>52.65%</b>
<b>Total Revenues</b>	<b>9,243,000</b>	<b>100.00%</b>
<b>Net Profit</b>	<b>4,376,100</b>	<b>47.35%</b>
<b>Annualized Profit</b>	<b>8,752,200</b>	

As per the above summary<sup>2</sup>, it is clear that with marketing and advertising stint for six months a brand name can be created. This is proved by early profit of 47%.

### 3.2 OPTION 2 – International Set Up

Fashion Jewelry is a class which has grown up in overseas market. Major brands around the globe are those which have come up from US or Europe. Asia has just been a manufacturing centre, supplying raw material or order based finished goods to these developed nations. In this option we would like to present an idea of setting up an international brand for Jaunty. An international brand can be set up in any of the chosen

<sup>1</sup> Advertising cost include only radio and internet advising, as television and print will be too costly at start



Jaunty  
Projections.xls

<sup>2</sup> Detail of cost and forecasted revenue is given in separate excel sheet.

location to give an equal competitiveness in market as enjoyed by other international brands.

### 3.2.1 Benefits of International Brand

Setting up of an international brand can be a good strategy in India or other Asian market. Although Indian brands are proving metal to foreign brands in today's competitive world, charm of foreign brand is still worthy to cash.

(1) *Distinctive edge*: When competing in India, foreign factor work as an edge over competitors. This is more important when major competing brands in India are of foreign origin. India or other Asian countries are still inclined towards west for learning new things or following fashion trends. This product being a fashion product will catch a good eye of regional consumers.

(2) *High end resources*: With a hand in foreign location expertise of that region will give Jaunty a competitive advantage. Moreover quality of resources, mainly designers who are known to design this kind of jewelry will prove an asset. Also, few countries are fashion pioneer in this class. A set up base over there will increase the reputation to take over in India.

With setup at a global location, doors are easy to access in other international locations. This is simply because of reputation Indian company hold globally

(3) *Easy access to other international markets*: With setup at a global location, doors are easy to access in other international locations. This is simply because of reputation Indian company

hold globally. India is generally regarded as supplying country (raw material or finished goods), and so are companies coming up from India. Taking brand from India to an overseas location is much difficult than reverse.

(4) *Diversification of resources and funds*: As set up will be based in multi locations incidents in one country will not affect the proceedings in other. This will help company to utilize advantages of both the countries and minimize their losses.

### 3.2.2 Drawback of International Brand

With all the pluses, international branding will also bring along with it some limitations which should be taken into consideration before making decision for these options. Some of them can be summarized as follows:

(5) *No emotional touch*: Brand set up outside India will be looked as foreign although developed and manufactured in India. This will lose the emotional touch which an Indian brand can hold to its customers. Also, there is large range of Indian ethnic wear which will lack the selling point of Indian brand.

(6) *More complications*: Setting up and managing an international brand will increase the matters to manage. Laws and regulations or market practices will just be an addition

to domestic matters. This may in long, will hinder the processes and focus on India and its market, hence losing concentration points.

- (7) *Rise in cost:* Apart from setting up cost other regular expenditures will also haunt the company for its own maintenance. Additional taxes, employee and office costs will be difficult to manage. Hence will increase the risk of losses due to ill management.
- (8) *Origin will remain India:* Although company will have a registered base at foreign location. Origination certificate will always hold the name of India, hence might lose some reputation in international market. In some cases this may cause higher rate of duties and taxes for export.

### 3.2.3 Financial forecast

Motive behind setting up of a brand at an international location is to get an edge in Indian market. Sales proceedings will hence be done in India only. Other things will remain same accept, cost of setting up in foreign location will increase and thus will affect the margins to rise up. Cost of set up in various countries is as follows:

Country	Set Up Cost (in INR)
Spain	150,000.00
Italy	350,000.00
France	50,000.00
Australia	25,000.00
USA	50,000.00
UAE	200,000.00
Singapore	20,000.00

With this cost increase margins will also scale up and thus cost can be justified. Increase in margin again will depend upon where the company/brand is from and it should range an addition from 20% to 60%. Europe and USA will get more brand value then Asia or Australia.

### 3.3 OPTION 3 – Tie Ups

This is not new; joining hands with someone to increase business is one of the oldest methodologies. Recent time has only highlighted it with spark. Joint Ventures, Mergers and Amalgamations are few of the old ways; innovation has not let this segment as well and has added various other ways to join. Tie ups has done well in globalizing this world. Every country is new with varied culture and belief, and local people partnerships assists in getting there.

On the same we would like to present this idea of international tie up to Jaunty. Jaunty has skills in raw material and do have resources for getting into finished goods market. However, what they lack is experience and brand. Tie up can overcome this difficulty.

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<sup>3</sup> These costs estimates are for setting up a company in these locations. Other set up costs may follow.

### 3.3.1 Benefits of Tie Ups

Tie ups are made mainly for getting local expertise, be it of market or for technology. Jaunty has both the options to harness; moreover this will create an opportunity to become an international brand. Benefits for Jaunty, although not limited, can be summarized as follows:

- (1) *Advanced resources*: By doing a tie up with an individual or organization which already is in a similar trade will give Jaunty entire set of information and necessary resources required. Designs and technology is something which they lack, tie up will counter this for them.
- (2) *Global brand*: With tie up Jaunty can get a tag of international brand and as said earlier it will give an advantage while not only competing in India but will also open gates of other international locations.
- (3) *Rise in standard*: International tie up will raise the quality of everything required right from raw material to work to finished goods. With an upper hand of foreign party all these processes will follow international standards giving an edge to Jaunty for tackling global markets.
- (4) *Segregation of work*: Venture will guide both the parties to be a master in each other's trade. This will create value chain and hence reduce the burden of inexperience to brand

### 3.3.2 Drawbacks of Tie Ups

Businesses are not for life and more vulnerable are business tie ups. Extra caution has to be taken while getting into, operating, and exiting from business tie ups. Following drawbacks will accompany the benefits:

- (1) *Conflict of interests*: This is a common problem in every joint assignment. Everyone has a profit motive while doing business; something here and there can cause a breakup. Thin line of trust is the most important aspect in these cases.
- (2) *Cross expertise*: Generally every part tries to get into other one's line of action. In other words they try to gain expertise of other's. This is mainly done for the sake taking over entire share and be independent. Proper clauses in agreement and care while operations can avoid this.
- (3) *Rise in scale*: Tie ups with an established location can raise the scale of operation for a local enterprise like Jaunty hence causing extra pressure on its resources. This may hamper of thirst for growth and may result in loss of hopes.
- (4) *Increase in complications*: As in any other international agreements, extra complication can make home in one's mind at the start of new business. This includes agreement clauses, work procedures and/or business matters.

### 3.3.3 Financial forecast

Sales and other cost will remain same as in national set up because primary market is India. However, extra cost may come up for searching right partner and completing all legal formalities. Following will be additional estimated costs:

Profit Estimates (Half Yr.)	
<b>Cost</b>	
Research	525,000
Other agreement cost	
(this will vary with country)	

### 3.4 Expected business impacts

With new diversification, regular business of Jaunty overseas will be affected. Hence necessary steps have to be taken before setting up of this branch. Simultaneously business in going to expand in separate wing coming up, so required infrastructure and associated cost will rise. Following will be the impacts with this expansion:

- (1) *Rises in cost:* First and foremost important impact will be on cost. Current cost will rise up to give extra burden on company, and this will remain till projected six months post that cash will flow in, as a part of sales revenue to cover up associated costs.
- (2) *Burden on existing capacity:* Although Jaunty has excess capacity for production of raw material required, but with new order in current business, tackling both demands might cause difficulty. Hence a strategy has to be formulated for distribution of resources.
- (3) *Increase in customer base and popularity:* With proper marketing and innovative designs a new set of market and customer base is tend to come up. This will be done by creation of brand. This diversification will be giving an entry to self consumption based market hence will surely be a plus.
- (4) *A platform for international market:* We have seen how US and European companies have come up with business and brands grown up in their home countries and ultimately creating global brands. Similar strategy can be used by Jaunty with creation of brands and get tested in home market before breaking into international arena. Fashion jewelry being a globally demanded accessory, boundaries are never lasting
- (5) *Change in mentality:* At last but important, moving from export based wholesale market to retail be big step. This market is based more on impact than on profit.

## CONCLUSION

In the above study we have given an overview of fashion jewelry market with global as well as an upcoming Indian prospective. There is an immense scope in Indian market as still this sector is unorganized. If handled well Indian market can be a gold mine to achieve, but of course there are various factors which make Indian market difficult as well. So, decision of Jaunty Overseas to enter in Indian market is well thought, but poor strategy may make it a nightmare. Hence, it is advised that they should come up with assistance of professional agency and a defined plan.

Various options mentioned herein are subject to choice of management. We have tried to analyze each of them and have given a brief analysis for costs and associated benefits. Depending upon the decision made by management Angel Services will suggest and make a plan to enter and succeed in Indian market.