

# IMAGES Business of Fashion™

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**RETAIL  
EMPLOYEES'  
DAY** DEC  
12

## The Journey

Entry, establishment and grabbing the No.2 position – PUMA's story

## Market Watch

Big fish in small pond: Analysing why traditional retailers prefer to remain within their comfort zones

## Year in REVIEW

Looking back at some key events that have impacted the fashion retail industry

# IMAGES Business of Fashion™

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The government has allowed 51 per cent FDI in multi-brand and 100 per cent in single-brand retail. This announcement has expectedly started a hot debate between the various factions within the industry. What will be the fallout of this decision? To single-brand retailers such as Zara, who were actually waiting for 100 per cent FDI, what will this mean? Zara's tie-up with Trent was more of a formality. Trent has already parted ways with Sisley. To other single-brand retailers such as Benetton, Reebok, Nike, Levi's, Pepe et cetera – will it matter at all as they are doing well with the distribution and franchise model and may not like to invest on their own in retail as they have no problem with their well-set and expanding network? There was a lot of anticipation about this ruling. Let's watch its ramifications in the coming year.

Twenty eleven has been a year of mixed blessings. It has seen retailers pushing the envelope to get more creative and innovative so as to inject fresh adrenaline to an industry still recovering from the global slowdown. We saw stores transcending to the next level through the mushrooming of concept stores. Retail space has also grown significantly this year, specially with the shift towards modern retailing. The modern retail sector in India now boasts of close to 55 million sq. ft. space.

While there was enough cause to rejoice, the industry suffered setbacks too. The unexpected passing away of great soldiers of the retail industry such as Raghu Pillai, Ved Prakash Arya and Hari Narayan Shah has left a great void. Their loss will be felt for long.

The December issue of IMAGES Business of Fashion is a review of the year gone by. A time for reflection...and hope for the new year!



Amitabh Taneja

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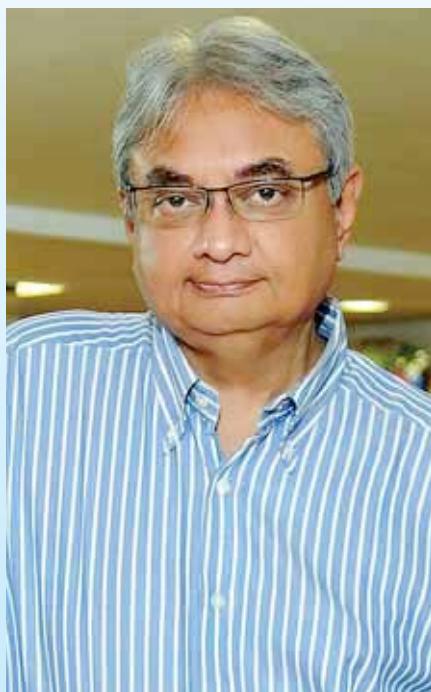
**Donned in Eighties**

**Nital Ganatra**, fashion and costume stylist, brings a preview of latest Bollywood styles.



# A YEAR TO FORGET, OR TO REMEMBER?

INDIA IS ONE OF THE FAVOURITE RETAIL DESTINATIONS TODAY. WITH ALL EYES TRAINED HERE, THERE ARE GREAT EXPECTATIONS ALL AROUND. A LOT HAS HAPPENED THIS YEAR - SOME GOOD, SOME NOT SO GOOD. **RAHUL MEHTA**, PRESIDENT, CMAI AND MD, CREATIVE GROUP, SHARES HIS THOUGHTS WITH **IMAGES BOF**.



And yet, a year that taught several invaluable lessons.

When I reflect, some of the significant events, actions and decisions during the year, which have had tremendous impact in the short run, and may even, have long term consequences, unless corrected soon come uppermost to the mind. These are some of the mistakes, miscalculations, and errors of judgement we made – and hopefully, some lessons shall be learnt from them:

1. Imposition of the excise duty: All over again, and with the same disastrous effects. Twice in the earlier years, the excise duty was levied on garments, only to be retracted a couple of years later – both, for the paltry sums it collected, and for the negative impact it had on the more organised section of the Industry.  
What is important to understand is, that the garment industry is not opposed to paying taxes (we already are paying income tax, sales tax, service tax, octroi, et cetera) but that firstly, this is not structurally an appropriate tax for our industry, and secondly, that the quantum is far too high, and lastly that this was possibly the worst possible time to levy it. The result was that the market took a huge hit in volumes, and hence profitability, from which we are still to recover. Unless the government realises that it has lost more revenue than gained in the entire process, and the damage it has caused to the fledgling industry, I am afraid this one act of the government will result in undoing years of effort of an entire generation of entrepreneurs.
2. Free imports from Bangladesh: Given the global imperatives, geo-political and social compulsions of granting certain concessions to Bangladesh, and as an Indian being committed to these, I still believe the government's decision to open up the borders to free imports from our neighbor will have disastrous implications in the long run. I think the government has not understood the impact this move will

**T**wenty eleven...a year I would love to forget. And yet, a year I should always remember. A year of misjudgments, miscalculations, inexplicable decisions, over estimations, over confidence, and, perhaps, a bit of greed.





# Bestseller increases presence in the Delhi/NCR region with the launch of their seventh store at Ambience Mall, Gurgaon

Vero Moda, Jack & Jones and ONLY increase their 'foot' size by 883 sq meters as they launch their seventh store in the Delhi/NCR region, at The Ambience Mall in Gurgaon. This store would house their brands Jack & Jones, Vero Moda, ONLY and Pieces.

The latest store in Gurgaon is spread across an impressive 883 sq meters and houses men's wear brand Jack & Jones and women's wear brands ONLY & Vero Moda and accessory brand Pieces. The store interiors are minimalist yet glamorous much like their outlets across the country.

Careful detailing has been put in place right from visual merchandizing to the decor to ensure that patrons have the best European shopping experience.

Vineet Gautam, Country Head, Bestseller India says, "We seek to bring international fashion as it happens in Europe to each and every person in the country, at their doorstep. We want to create a strong presence across with the help of the brands we have under our umbrella. The exposure to International fashion that the customer can experience through our brands is immense and that's what we want the customer to feel and get them back again and again to us."

The denim brand ONLY is an authentic female jeans brand with a raw and cool urban attitude which designs both for the throbbing everyday life of the city and the adventures of the night. The collection includes jackets, dresses, and of course jeans in various styles, fits and washes. Their USP is an enviable and vast denim range that offers denim styles to flatter all body types.

Jack & Jones, as a men's denim brand, has a very strong product line which includes, t-shirts, shirts, jackets, footwear and men's accessories. All Jack & Jones lines reflect current trends and offer relaxed and cool designs with super fits and the most innovative treatments, meeting the demands of fashion forward guys.

Women can complete their look with a wide range of accessories from Pieces.

There are six Jack & Jones, five ONLY and five Vero Moda stores spread across Delhi and NCR.





# Pumping Adrenaline



THE ECONOMIC LIBERALISATION THROUGH FDI IS A BOON OR A BANE? THE ENTIRE COUNTRY IS IN A HOT DEBATE OVER THIS BURNING TOPIC. IMAGES BOF LOOKS INTO WHAT IT MIGHT ENTAIL.

The announcement of the much-awaited Foreign Direct Investment (FDI) policy in retail has evoked strong reactions from the various sections of the country. On 25 November 2011, the cabinet allowed 51 per cent FDI in multi-brand retail, and up to 100 per cent FDI in single-brand retail. The reaction? Small Traders are going to be wiped out... Indian industry is going to implode....it is the second coming of the Great White takeover of our country!... et cetera...

The fashion retail industry was already divided in its opinion about the repercussions of this decision from much before the actual pronouncement.

While this decision will bring relief to international retailers such as Walmart, Tesco and also brand owners such as adidas, Gucci, Hermes and LVMH who can now look forward to having full ownership of their business in India, there is a large faction that believes it will be the death of the small retailers who will find it impossible to survive the competition from international players.

Rahul Mehta, President, CMAI and MD, Creative Group, disagrees saying, "I believe the typical next-door Indian retailer has strengths and service levels which a large-scale retailer simply cannot match. And those who continuously re-invent themselves, who change with times and who evolve to higher levels,

have nothing to fear."

According to a report published by the Associated Chambers of Commerce and Industry of India (ASSOCHAM), foreign investments in the Indian retail sector will increase the level of competition and efficiencies. Also, it will create millions of new jobs across the country and reduce considerable differences in farm gate prices, wholesale prices and retail prices. The report states that India's overall retail sector is expected to rise to USD 833 billion by 2013 and to USD 1.3 trillion by 2018, at a compounded annual growth rate of 10 per cent driven by the entry and emergence of shopping centres and malls, and a middle class of close to 300 million people that is growing at nearly 2

The Indian retail sector accounts for nearly 22 per cent of our GDP. Showing appreciable growth over the last decade it is emerging as a favoured destination for foreign investors. Consequently, the fashion industry is reaping its benefits. The year 2011 has seen a mixed bag of happenings - some good, some not so good. It saw an influx of many international brands making footprints on the Indian soil. Many innovative measures are being taken by retailers to rejuvenate fashion retailing. Domestic retail also moving towards becoming a more organised structure has been another positive sign. The levy of excise duty on branded apparel spurred drastic reactions from the industry while the FDI policy results have brought out warring factions.

**IMAGES BoF editorial team**  
looks back on some of the  
events in the year gone  
by that have impacted the  
fashion retail industry...



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# Year in REVIEW

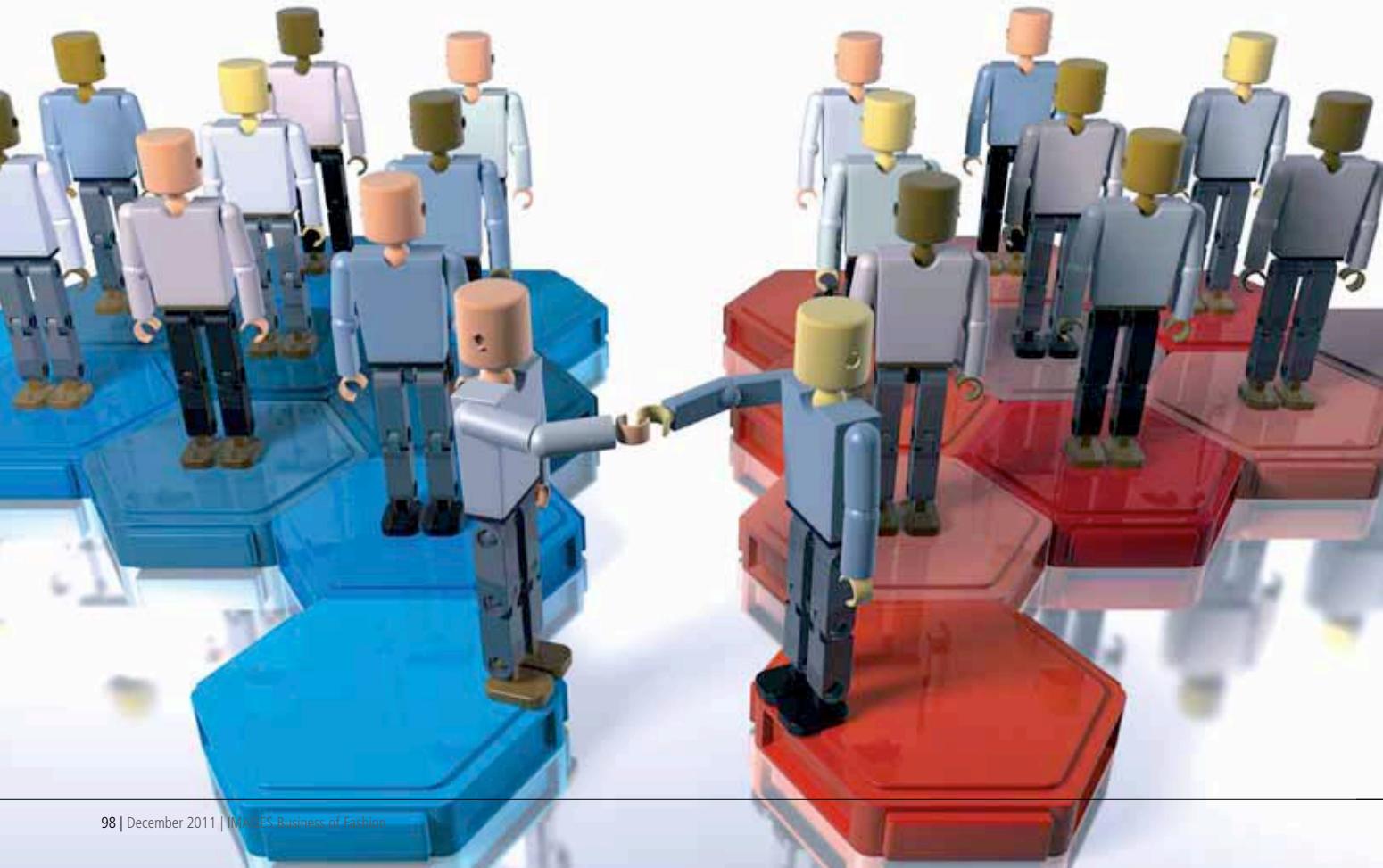
# Bonding & Breaking

In the Indian retail scenario we observe that many national and international brands and retailers are scouting for new partners, either to expand their reach further or because their existing tie-ups fail to meet their expectations. Many top-notch brands have developed new relationships with other corporate groups and investors to benefit from the market potentials. Hemchandra

Javeri, Co-Founder and Executive Director, Forum Synergies (India) PE Fund Managers Pvt. Ltd. says, "Although all indicators are positive, but the fact is branded apparel industry of India is fragmented. It's very small compared to the potential of the market. And this is the reason behind mergers and amalgamations, which is inevitable in the country."

## Mergers & demergers

Year 2011 witnessed some major mergers and unexpected demergers in the Indian fashion retail industry. In the beginning of the year Phillips-Van Heusen Corporation (PVH) licensed Arvind Mills Ltd. to manufacture and market men's, women's and boys' apparel and accessories under the brand



MY HOMESPUN  
PICKS

Ginger  
Code  
Remanika  
AND  
BIBA  
IDEE  
Toniq  
Lakmé  
Fame Forever

# Shruti Pathak



T

hough I love shopping, I purchase only when the need arises and I am a quick shopper. But when I do step out, I don't hold myself back. The best part of shopping at a place like Lifestyle is the assurance that I can find most of the things I am looking for under one roof. In fact, even before entering the store I have made up my mind exactly what I will look for. Today I need a few shorts, jackets, cotton dresses and maybe a pair of sunglasses. I like bright colours such as red, orange, green and also white. I rarely try on an outfit unless I am particularly clueless. Otherwise I can look at a dress and know if it's for me or not.

I am perpetually in shorts and T-shirt. It's my favourite form of apparel – short and sweet. These shorts (Remanika ₹1,900) are just so me. The length is perfect – not too long and not too short. And I am pairing it with this large eyed T-shirt (Ginger ₹599) which

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Venue Courtesy: Lifestyle, Inorbit  
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