

IMAGES Business of Fashion™

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OUTLOOK 2012-13

Rounding off the year 2012 while looking forward to the new year.

STREET FASHION

Introducing a new section of fashion as worn everyday by common people.

HARD TALK

Opportunity to catalyse growth by being present in multi brand retail outlets.

MARKET WATCH

Apparel brands increasingly diversifying their product category to footwear.



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The curtains are falling on another eventful year of the Indian apparel industry that not just survived, but thrived even in the face of a global financial slump. The green signal to FDI has signaled the beginning of a new era with local players excited and anxious at the same time. They have good reason to be both. While entry of international brands will provide further impetus to fashion retail in India, organise the retail sector and align it to global standards, the competition will push local players to gear up and improve quality of output, there will be after all, higher 'competition'.

So, in the coming year it is imperative that the Indian fashion industry starts looking at the wider perspective, and starts exploring opportunities for brand building, institutionalisation, new category creation, and creating distinctive position in the market. I have come across many Indian apparel brands, big and small, who believe that they are strong players in the apparel business. They must rise above and move beyond the restricted parameters that their own description of their business bounds them in. The business of apparel manufacturing needs to be looked upon as the business of fashion, which is inspired by current lifestyles and trends.

Apparel brands should look beyond products to build their brand image. Brand creation is a marketer's business. If we are to compete with the evolved fashion brands of the world, we must think like marketers. Understanding social and lifestyle trends of a continuously evolving and increasingly discerning society, and adhering product lines to changing perceptions and preferences by introducing new designs, new patterns, new techniques, new colours, new cuts that appeal to contemporary fashion sensibilities will be all significant to survive in the changing market. This will be the crux of fashion business in coming times. And the core thought to delve in now.

As the curtain goes up in 2013, the stage is all set for a whole new act. The big question I ask the Indian brands, and one they must ask themselves constantly is: Are you trendy enough? And the next question: Are you able to excite the consumer enough?

If your answers are in the affirmative, you are ready. Just play your role to the hilt and make sure that your character, brand in this case, stays in the spotlight and rolls on alongside other performers in the great spectacle.



Amitabh Taneja

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SMALLER CITIES IS WHERE THE CONSUMERS ARE. PLAY BY THE RULES AND YOU WILL FIND YOUR CUSTOMER BASE, BELIEVES **RAJIV MEHTA**, MANAGING DIRECTOR, SOUTH ASIA, PUMA.

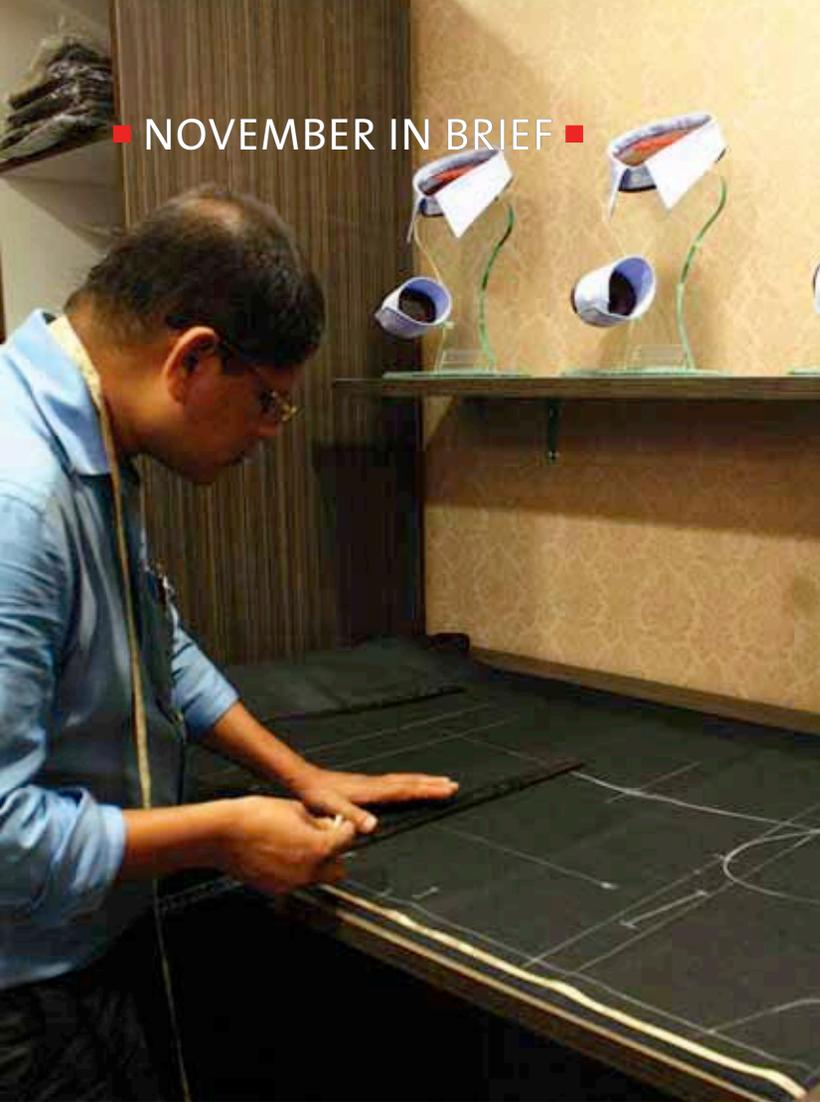
Expanding horizons

The dynamics and number of rural and urban shoppers is changing. Of late, a huge volume of India's shoppers come from rural areas. With the middle class mushrooming all across the smaller towns, the purchasing power of that entire district is increasing manifold. It always starts with consumer goods. From buying local brands in sachets, they graduate to buying national brands in bottles. It then spills over to consumer durables. The amount of growth that home appliance brands such as LG, Samsung and Godrej have seen over the past decade in smaller towns and cities is astounding. Even better, the trickle down effect also affects other non-essential categories such as apparel, furniture and footwear.



Yes, both the metros and the smaller towns are showing signs of growth and there will be a marked increase in the average wage of a working person across India and hence disposable income will rise. But how does one capitalise on the rise in these cities? Is there a magic mantra? It is only a matter of sticking to the 4Ps of marketing.

Price - The purchasing power in a smaller town is markedly different from that of a metropolitan city. Consumers in smaller towns do not need, let alone want, the same brand but they want a cheaper version of the same. I do not advise dropping quality as that is not the case. They will want the same quality and design, just lower prices. Initially, that might be a challenge. But local sourcing will help many brands



Bespoke Tailoring to stay

ARVIND LTD. IS EXPANDING WITH FOCUS ON BESPOKE TAILORING. PS RAJIV, HEAD RETAIL (EBOS), ARVIND RETAIL TALKS TO ROSHNA CHANDRAN ABOUT THEIR SIXTIETH STORE IN BANGALORE.

While some people thought the days of tailormade clothing were over a decade back, Arvind Ltd. proved it wasn't so. It opened its sixtieth store in Indiranagar, Bangalore in less than two years. It now aims to open a total of 400 stores across India by 2014-15.

According to PS Rajiv, Head Retail (EBOs), Arvind Retail, "The tailoring and fabric business is growing at a rate of five to six per cent year-on-year (YOY). It continues to be a viable business opportunity for any retailer especially if he has a huge stake right from manufacturing to retailing and an understanding of the market pan-India. In our graph of growth, we have seen that about 50 to 55 per cent of our sales come from fabrics itself."

He adds, "We aim to do around ₹400 crores by 2014-15 with a total of 200 stores under our umbrella. The cost for setting up a store ranges anywhere between ₹1,800-2200 per sq. ft. and every store does a crore or a crore and a half, so that is the business potential of a 1200-1500 sq ft store that we set up. We would also like to create end options that we can provide to a single customer rather than looking for different customers in the store." Rajiv is confident the store will break even in less than three years unlike any other store that usually takes about five years or more. "I think it is the fabric component of the business that makes this proposition very viable," he shares.

Most of Arvind Ltd. stores are franchised. The business model is planning on moving towards a 60:40 per cent, where 40 per cent would be a joint venture between the company and the franchisee and the rest 60 per cent would be franchisee owned. "We have about 61 stores currently. We have achieved this in just past 18 months. To give a benchmark, we are where the brand, Park Avenue, is today in the market with a head start of maybe 10 years," he adds baring with pride at the growth rate of the company.



OUTLOOK 2012-13

THE YEAR 2012 HAS BEEN A MIXED BAG OF HIGHS AND LOWS FOR THE RETAIL INDUSTRY. DEVELOPMENTS SUCH AS THE ANNOUNCEMENT OF 100 PER CENT FDI IN SINGLE BRAND RETAIL IS EXPECTED TO BRING ABOUT A MAJOR CHANGE IN THE RETAIL GAME. **IMAGES BOF** SPEAKS TO SOME BRANDS AND RETAILERS TO GET THEIR PERSPECTIVE ON THE YEAR THAT IS ENDING AND EXPECTATIONS FROM THE NEW YEAR.

A joint report, Driving Consumption through Integrated Multi-Channel Retailing, recently released by Federation of Indian Chambers of Commerce and Industry (FICCI) and TCS, stated that the retail industry is poised to become a `1.3 trillion opportunity by 2020, driven largely by modern trade. The estimated value of the retail sector at the present juncture is about `500 billion. Penetration level of modern retail, which stands at five per cent at present, will grow about six times from the current `27 billion to `220 billion in 2020, the report said. The Indian retail sector, thus, has been showing appreciable growth across all categories over the last decade. It is constantly emerging as a favoured destination for international retailers and investors.



Inside Story



FROM A TIME WHEN INDIA HAD JUST ONE INNERWEAR PRODUCT, THE UNDERGARMENTS INDUSTRY HAS EMERGED TO BECOME A MAJOR PLAYER IN THE TEXTILE BUSINESS.

by Shahona Datta

The textile industry in India is predominantly unorganised. The opening of the nation's economy gave a much needed push, leading it to become one of the largest industries.

The hosiery industry is a crucial segment to the textile business. The estimated apparel market of India stands at ₹1,90,325 crore, broadly classified into three segments of menswear, womenswear and kidswear. Currently, menswear has the largest share of the market, with womenswear in second place, followed by kidswear. It is interesting to note that the segment with the highest growth rate is kidswear.

Prospects aplenty

Hosiery industry in West Bengal has a huge growth potential but corrective measures are required to be implemented expeditiously to harness it fully. This industry mainly consists of small and medium enterprises (SMEs) and it plays a vital role in the economy of the state in view of its decentralised nature, labour intensive character, job creation capacity and prospects for earning exchange through exports.

One of the leading hosiery manufacturers and retailers, Dollar began its journey in 1996, manufacturing undergarments in Tirupur, Ludhiana, Delhi and Kolkata. The company, today, has become a prominent player in the innerwear segment. The company has a pan-India presence and is amongst the country's top





Shoe for SUCCESS

APPAREL BRANDS ARE INCREASINGLY DIVERSIFYING THEIR PRODUCT CATEGORY TO FOOTWEAR, FINDS OUT
UTPALA GHOSH.



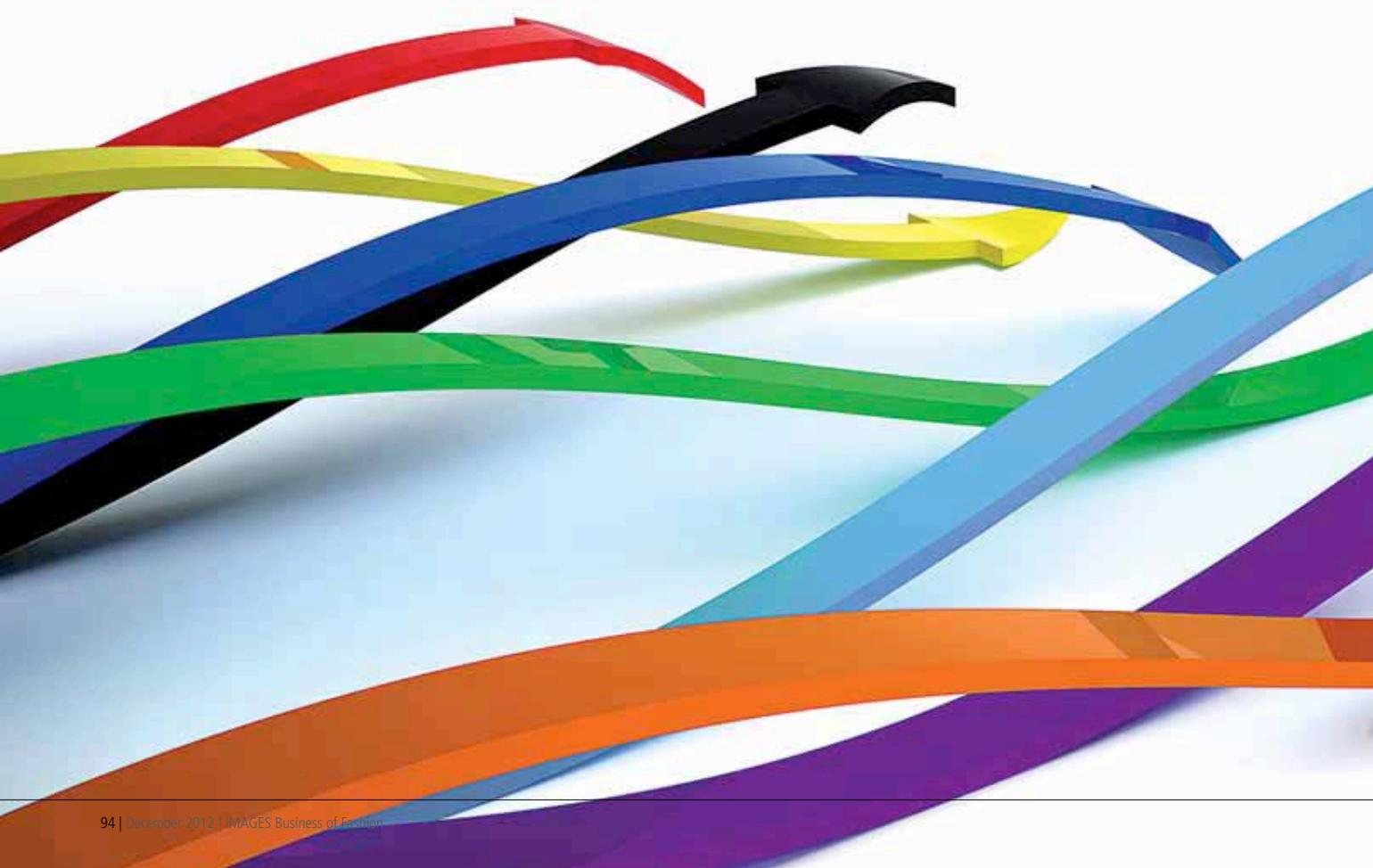
Product diversification or merchandise extension has been an effective tool for brands to woo the discerning consumer. The idea has inspired many apparel as well as footwear brands to now move out of their niche products and become a complete fashion solution for their customers. At the same time, they are also inspired to open up newer routes of revenue generation. This also helps the brand achieve a competitive edge over others in the already saturated apparel market.

Brands have been visibly foraying into footwear segment. The segment offers immense opportunity for the retailers. According to a survey conducted by Images Retail Intelligence Services (IRIS), the footwear retail market is pegged at ₹24,132 crore. The total footwear retail market has been growing at a CAGR of 16 per cent and is estimated to expand at 20 per cent per annum by 2015. The men's footwear segment accounts for about 50 per cent of the total market in value, the report states. The balance comprises footwear for women and children. Looking at segmentation in terms of occasions, casualwear accounts for close to 60 per cent of the market. Footwear is an integral part of the product offering in department stores and MBOs that specialises in apparel. On an average, footwear comprises approximately 5-10 per cent of their product offering which is a mix of branded footwear as well as private labels.

CHOPPY BUSINESS
MARKED 2012 BUT 2013
LOOKS PROMISING
INJECTED BY THE
WORLD'S CONTINUED
INTEREST IN INDIA.

Retrospect 2012

Year 2012 has been slightly turbulent for the domestic textile and apparel market. While there was significant demand in the initial part of the year, demand slowed down in the latter half. Domestic sales for key apparel brands have, on average, grown by nine per cent in value terms during the first half of 2012. Year-over-year sales growth was higher in the first quarter (15 per cent), while in the second quarter growth slowed down to 4 per cent. One of the primary drivers of value growth in the first quarter was the 10-15 per cent increase in prices implemented by many retailers in the latter half of 2011. However, demand shrank in the second quarter due to weak consumer sentiments on the back of the global economic slowdown. Sales growth has been higher in large format multi-brand outlets compared to exclusive brand outlets, suggesting that consumers are giving more importance to product variety than brands.



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