

imagesfashion.com

IMAGES Business of Fashion™

JUNE '12
VOL. XIII
No. 6
₹100
US\$20

A N I M A G E S M U L T I M E D I A P U B L I C A T I O N

A Billion Dollar **INDIAN** Brand

What will
it take?



STRATEGY

IMAGES BoF discusses various survival strategies for value format retailers

JOURNEY

Tracing the strong foundation of the 106-year old The Bombay Store

IMAGES Business of Fashion™

June 2012 | 130 pages | VOL. XIII No. 6 | www.imagesfashion.com

editor-in-chief amitabh taneja
 editorial director r s roy
 publisher s p taneja
 chief operating officer sandipan singh

executive editor madhumita bardhan sinha
 chief of bureau (mumbai) nivedita j pawar (sr. assoc. editor)
 sr. research correspondent nalini singh
 sr. correspondent aakriti agarwal
 copy editor cum correspondent trisha mukherjee
 correspondent (mumbai) tista sengupta
 correspondent (bangalore) roshna chandran

business development

assoc. vice president (north) lokesh chopra
 assoc. vice president (south) suvir jaggi
 assoc. vice president (east) piyali roy obero
 general manager (west) bindu pillai
 dy. general manager (north) rajesh kaul
 sr. manager (south) sunil disley
 manager (north) jayant arora
 sr. executive (east) pratik ghosh

circulation & support

assoc. vp – circulation & subscription anil nagar
 general manager – administration hemant wadhawan
 sr. manager – circulation r p singh
 dy. manager – operations rajesh kumar
 sr. executive – subscriptions kiran rawat

creatives

art director pawan kumar verma
 asst. art director dinesh devgan
 layout designer rajeev kumar
 sr. photographer vipin kardam

production

general manager manish kadam
 sr. executive ramesh gupta

Spreading happiness and wealth in every corner of the country. Co-operation between the government and the fashion fraternity for the growth of the retail sector in the country. Sounds utopian, doesn't it? Rather like expecting *Satyug* in *Kalyug*... But then what is life without hope and where there's hope, there is life.

The recently concluded India Shopping Centre Forum held in Mumbai on 8 - 9 May 2012 waved the hope flag high. Research shows that the modern trade sector grew 28 per cent annually in 2011 nationwide with sale in modern retail stores in cities such as Jaipur, Indore and Surat growing about 40 per cent, 39 per cent and 27 per cent respectively. What have I been re-iterating? Penetrating deep is the way ahead. Shoppers in tier II cities are waking up to the advantages that modern retail offers. Catch them early.

Another key differentiator can be the force of attraction. So many malls are being built, but what about the occupancy levels? Draw the customer to the shop and to do that mall management and retailers need to work in tandem to identify their need and present it to them as enticingly as the proverbial apple from Eden. No one wants a deserted mall; it is a huge waste. As in all things, judicious planning is essential because only then can the fashion retail industry grow profitably.

Is it the lack of planning or vision that is responsible for the unfortunate state that despite boasting a 1.2 billion plus population and a growing middle-class consumer spending ability, India still cannot boast of a single billion-dollar company let alone fashion brand? This is a question that merited a deeper insight and so the *IMAGES Business of Fashion* team talked to the industry to get behind the reasons. We bring you our findings and share with you hopes of a positive future for fashion retailing.



Amitabh Taneja

Images Multimedia Pvt. Ltd.

Delhi: S 21, Okhla Industrial Area, Phase II, New Delhi 110020
 Ph: +91-11-40525000, Fax: +91-11-40525001, Email: info@imagesgroup.in

Mumbai: 1st Floor, Bharat Tin Works, Opp. Borosil Glass Works, Off. Military Road, Marol Maroshi, Andheri(E), Mumbai 400 059
 Ph: +91-22-42567000, 29200043/46, Fax: +91-22-42567022,
 Email: bindupillai@imagesgroup.in

Bangalore: 523, 7th Cross, 10th Main, (Jeevanbhima Nagar Main Road), HAL 3rd Stage, Bangalore 560 075
 Ph: +91-80-41255172/41750595/96, Fax: +91-80-41255182,
 Email: suvirjaggi@imagesgroup.in

Kolkata: 30-B, Anil Roy Road, Ground Floor, Kolkata 700 029
 Ph: +91-33-40080480, Fax: +91-33-40080440, Email: piyalioberoi@imagesgroup.in

Business Development Associates

Ludhiana: Hemant Gupta: +91 9814019745

Chennai: S. Venkataramanan: +91 9444021128

All material printed in this publication is the sole property of Images Multimedia Pvt. Ltd. All printed matter contained in the magazine is based on the information from those featured in it. The views, ideas, comments and opinions expressed are solely of those featured and the Editor and Printer & 1 Publisher do not necessarily subscribe to the same.

Printed & published by S P Taneja on behalf of Images Multimedia Pvt. Ltd. Printed at Swan Press of Lahore, B-71, Naraina Industrial Area, Phase - 2, New Delhi 110028 and published by S P Taneja from S- 21 Okhla Industrial Area Phase - 2, New Delhi. 110020 Editor : Amitabh Taneja

In relation to any advertisements appearing in this publication, readers are recommended to make appropriate enquiries before entering into any commitments. Images Multimedia Pvt. Ltd. does not vouch for any claims made by the advertisers of products and services. The Printer, Publisher and Editor-in-Chief of the publication shall not be held for any consequences in the event of such claims not being honored by the advertisers.

Copyright Images Multimedia Pvt. Ltd. All rights reserved. Reproduction in any manner is prohibited. All disputes are subject to the jurisdiction of competent courts and forums in Delhi/New Delhi only. Images Business of Fashion does not accept responsibility for returning unsolicited manuscripts and photographs.

For subscription related queries, email to subscription@imagesfashion.com.
 visit us at www.imagesfashion.com

18 MY THOUGHTS

Collaboration Breeds Success

Sanjay Kapoor, MD, Genesis Luxury, shares his thoughts on how tie-ups with able fashion houses can help to scale businesses.

84 EXPERTSPEAK

Changing Dynamics of Global Apparel Industry

Amit Gugnani, Senior Vice President, Technopak, talks about how the BRIC countries have developed to become lucrative for global retailers.

88 BRAND WATCH

Paving its Way Ahead

Mahinder Bajaj, MD and CEO, K. Maheshkumar Industries Pvt. Ltd., talks about his brand Harra's expansion plans and strategies.

EVERY MONTH

- 11 Editorial
- 17 Letters To The Editor
- 32 May In Brief
- 50 Trade Calendar
- 54 Outlets
- 117 Window Trends
- 124 Season's Offerings



COVER STORY



60

The past two decades have seen India growing steadily at an average rate of 6-7 per cent per annum. Yet there has been no single Indian fashion company that has reached the landmark figure of a billion dollars. **IMAGES BOF** gets behind the reasons that stand in the way.

90 BRAND WATCH

All Set to Play

In conversation with **Rohit Mohanty**, Co-founder, Tech Midas Retail, Garlynn, on the potential of the Indian kidswear industry.

94 RETAIL WATCH

Off the Beaten Track

Fahan Ahmad, Owner, F Bloc, speaks about his unique retail propositions and consumer connect.

96 STRATEGY

Value Format Retailing

IMAGES BoF brings forth the survival strategies for value format retailer.

102 JOURNEY

A Century of Tradition

Asim Dalal, MD, The Bombay Store, walks us through the journey of his 106-year-old brand.

114 IN THE CLOSET

Being Stylish

Utsav Seth, CEO and MD, Pavers England Ltd., reveals his style statement through his wardrobe.

HARD TALK

A Humble Tee for Young India
Harminder Sahni throws light on the potential of the T-shirt category and its growing demand.



advertiser's INDEX

RED FLAME: Front Gate Fold

CLASSIC POLO: Inside Front Cover

W: Inside Back Cover

COTSTYLE: Back Cover

E TEENZ, SUCCESS, BODYCARE: Dog Ear

Brands	Page nos.	Brands	Page nos.	Brands	Page nos.
APPLE EYE	55	FINGER CHIPS	8	ORANGES & TOMATOES	103
ASPIRE	73	GGMA	30, 31	RECRON	128
BODYCARE	43	HARD CURRENCY	71	RICHLOOK	20, 21
BOF	111	HKTDC	75	SAFEXPRESS	109
BOND'S MAN	105	HYPHEN	127	SNX	41
BONGIO	101	IMAGES GROUP	16	SO	67
BONJOUR	79	INFINITY MALL	26, 27	SUBSCRIPTION FORM	122, 123
BRIGADE	14	JACK & JONES	22, 23, 83	T-BASE	63
BRITTONWOODS	5	JANAKSONS	36	TSG BREEZE	107
BUMCHUMS	12	KIVON	81	TWILLS	77
CMAI	28, 29	LA MILIARDO	49	VACHI	99
COTTON COUNCIL	65	LIBERTY	45	VERO MODA	24, 25, 87
CRUSOE	6	LINO PERROS	53	WBGMDA	113
DEAL	7	LOTTO	39	WYM	69
DONEAR	10	MALO	51		
EDEN ELLIOT	9	MEGAMART	47		
EIGMEF	125	ONLY	91, 97		



Collaboration Breeds Success

INDIAN DESIGNERS ARE CREATIVE PEOPLE BUT NOT ALL ARE BUSINESSMEN. [SANJAY KAPOOR](#), MD, GENESIS LUXURY, SHARES HIS THOUGHTS ON HOW TIE-UPS WITH ABLE FASHION HOUSES CAN HELP TO SCALE DESIGNERS BUSINESSES.



Undoubtedly India is a growing economy and there has been a boom in the luxury retail segment in the past few years. With a projected growth of 7.6 per cent and the luxury market growing at 20 per cent per annum, India is certainly at the tipping point right now. In a recent report by *The Economic Times*, CII and AT Kearney pegged the Indian luxury market at \$5.8 billion currently and had forecast it to reach \$14.7 billion by 2015, yet the question asked here is why we have not been able to create even a single billion-dollar brand in the fashion industry?

The answer is simple. Let me start by saying that for any brand to reach the mark of billion dollar, it would need to have a consumer base globally; this would involve setting up facilities and outlets across all major cities. However, we cannot forget the brand building costs involved and given the global slowdown, this does not really seem to be the best way forward at this point of time. Why would someone invest in building a global brand at this point of time when India is clearly the market where all global brands are rushing to gain a slice of the consumer pie. The same amount of time and money spent on the domestic market could work wonders at this stage.

The Indian market is the best place to be in the current scenario and the near future. Global fashion retailers are eyeing India, some waiting anxiously for norms to be relaxed for a 100 per cent FDI, while others rushing in with JVs and marketing and distribution channels. In this scenario why would an Indian brand look to other markets when the real opportunity lies at home?

WANTED

A Billion Dollar
INDIAN Brand

?

What Will It
Take?

THE PAST TWO DECADES HAVE SEEN INDIA GROWING STEADILY AT AN AVERAGE RATE OF 6-7 PER CENT PER ANNUM. AND WITH EVOLUTION OF MODERN RETAIL ENVIRONMENT, CONSUMERS ARE SPENDING MORE ON BRANDED FASHION THAN EVER BEFORE. YET THERE HAS BEEN NO SINGLE INDIAN FASHION COMPANY THAT HAS REACHED THE LANDMARK FIGURE OF A BILLION DOLLARS. IMAGES BOF GETS BEHIND THE REASONS THAT STAND IN THE WAY.

by Nalini Singh _____

■ EXPERTSPEAK ■

APART FROM DOMESTIC MARKETS, RETAILERS ARE INCREASINGLY LOOKING FOR BUSINESS OPPORTUNITIES ACROSS THE GLOBE.

AMIT GUGNANI, SENIOR VICE PRESIDENT, APPAREL OPERATIONS, TECHNOPAK, BRINGS FORTH HOW THE BRIC COUNTRIES WITH THEIR POSITIVE GDPs HAVE BEEN ATTRACTING GLOBAL RETAILERS.



Changing Dynamics of Global Apparel Industry

The global apparel and fashion trade is expected to grow to \$1 trillion by 2020. However, with the growth slowing down in the developed markets, the dynamics of the global fashion market are expected to change and emerging economies will fuel most of the growth in the fashion market. Brazil, Russia, India and China (BRIC) along with few other South-East Asian countries are seen as the major growth drivers. In addition to this, the global apparel markets in the recent past have shown a paradigm shift, moving towards increased product differentiation, and catering to a diverse, aware and demanding customer base. Retailers have thus gravitated toward demographic shifts, societal influences, economic influence and environmental concerns.

With the growth in developed economics cooling, retailers are facing pressure due to restricted consumer spending. Under such conditions the global apparel value chain has shown a distinct shift both at the front- and the supply-end.

Restricted customer spending

Reduced consumer spend has put tremendous pressure on retailers who are now looking at models along the lines of Zara in the EU and Macy's in the U.S. to increase their offerings to the consumer. While on one hand big retailers in the U.S. such as JC Penney and Gap are redefining their market position by either moving into speciality stores or by creating a completely new shopping experience for the consumer, others are looking at promoting e-sales as much as possible. There is also an increased focus

on retaining customers with policies such as loyalty programmes, et cetera. Shoppers today are more segmented by demographics, lifestyles and cultures.

Entry into global markets

Apart from their own domestic markets, retailers are increasingly looking for business opportunities in global markets. With the apparel market in the U.S. and EU getting saturated, a paradigm shift is seen in the markets of Asia and South America. The BRIC countries with their positive GDPs have been attracting global retailers. Most large retailers have been working out of China where they have access to a large young population with a significant capacity to spend. The large geography of China also allows an opportunity to upscale operations. India has had its regulatory issues and



Paving Its Way Ahead

WITH EXPANSION PLANS ON THE CARDS, AHMEDABAD-BASED BRAND HARAA IS ALL SET TO TAKE THEIR BUSINESS ACROSS THE COUNTRY. IMAGES BOF TALKS TO MAHINDER BAJAJ, MD AND CEO, K. MAHESHKUMAR INDUSTRIES PVT. LTD., ABOUT BUSINESS STRATEGIES.

K. Maheshkumar Industries Pvt. Ltd. (KMIPL) was established by four brothers in Ahmedabad in the year 1988. The first brand that was introduced by the company was Hasejaa Fashions, which was retailed through dealership and distributorship. The company gradually grew and launched a brand Harra in 2005. The merchandise offer from the brand was ready-to-stitch salwar suits fabric, mostly embellished and decorated, Mahinder Bajaj, MD and CEO, KMIPL, says, "We started retailing ready-made garments in 1990 under Hasejaa Fashions but we did not find government policies supportive for branded stitched clothes. Also, there was no sizing standardisation in this category so we stopped retailing it in 2002."

He adds, "Our products are mostly cotton-based and 70 per cent our fabric is sourced from Ahmedabad and the rest from other parts of the country." There is no in-house manufacturing of fabric. It is outsourced from about 50 vendors who

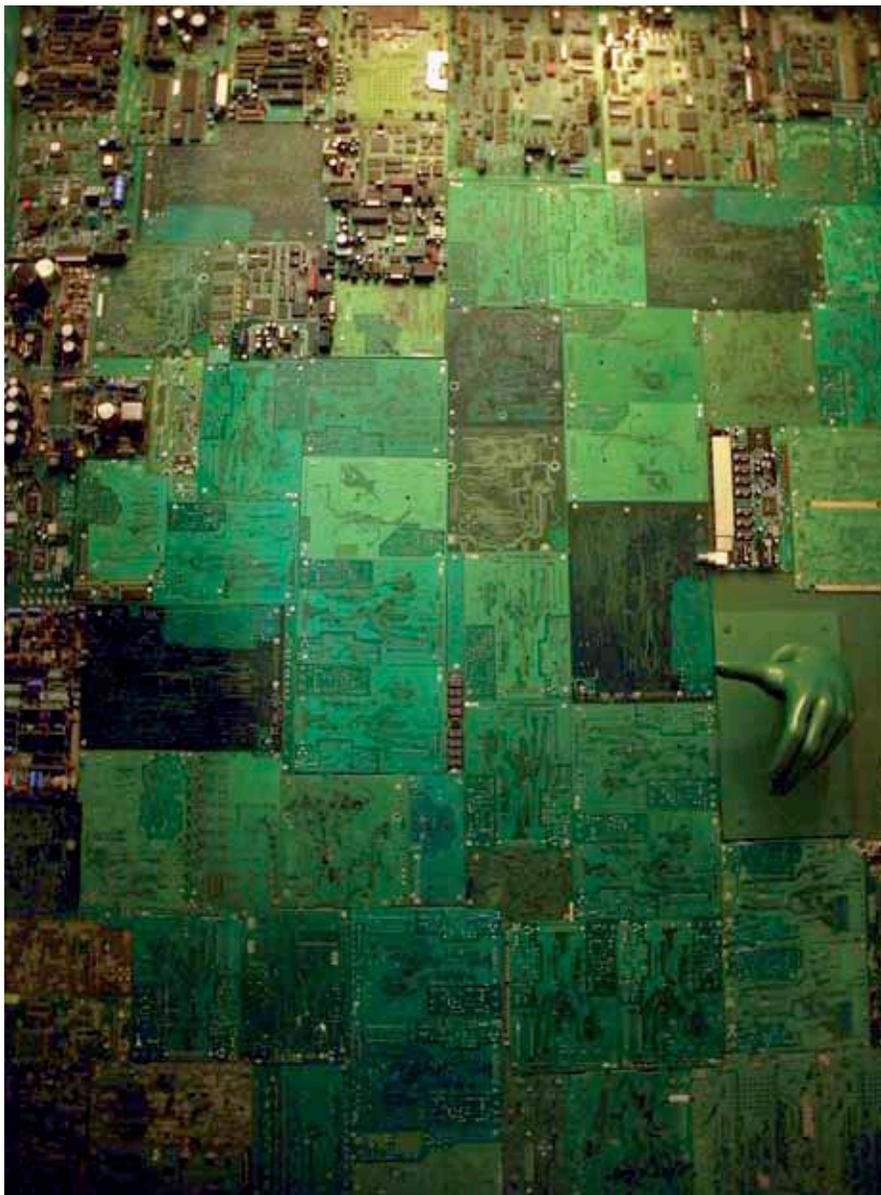
manufacture printed and embellished fabric as per the sample provided by the brand's design team. Harra conducts thorough quality check and dispatch the finished products to the market.

The products are priced between ₹800 and ₹2,000. Harra touched a mark of ₹50 crore in the fiscal 2011-12 with a year-on-year growth of 28-30 per cent in FY2011-12. "We are targeting a growth of 40-50 per cent this fiscal," says Bajaj. The parent company, KMIPL, is targeting ₹200 crore turnover from both Hasejaa Fashions and Harra this fiscal. "Today, Harra is well accepted as a brand in the market and we are present in 70 EBOs, 100 kiosks and 300 MBOs." The average value of the stock shelved in its EBO is ₹5 lakh while the stock in MBOs is lesser and amounts to about ₹2.5 lakh and the kiosks usually stock fabric worth ₹1 lakh. Harra targets tier II cities such as Ahmedabad, Surat, Baroda, Bhopal, Rajpur, Bilaspur, Agra, Nagpur and expands through EBOs on franchisee model. "We are also tapping metros and tier I cities and the brand is retailed through MBOs such as Bharati Walmart, Lifestyle, Central, Brand Factory, Big Bazaar,



Off the Beaten Track

WITH THE BELIEF OF SELLING DIFFERENTLY, F BLOC HAS CARVED A NICHE FOR ITSELF. FAHAN AHMAD, OWNER, SPEAKS TO IMAGES BOF ABOUT HIS UNIQUE BUSINESS PROPOSITION.



Kolkata-based retailer F Bloc has given a new definition to the art of retailing. Owner Fahan Ahmad forayed into the fashion retailing business in August 2009 with 25 designs and 300 pieces of T-shirts and created his own labels - Atomic Athletic and Syco Clothing Company. He later introduced products from various brands including Happily Unmarried, Chumbak, DC Comics, Marvel Comics and BioWorld Merchandising. Spread across an area of 1,500 sq. ft. at Rafi Ahmed Kidwai Road, F Bloc retails out of a shop in the basement.

What makes this basement store interesting is its entertainment and creative quotient. Operating on a 20 per cent margin, Ahmad believes in offering good products at a reasonable price range. What makes the retailer different is its unique approach towards running a successful business; and the key is consumer connect. Lending books for free to its consumer from a small library set-up at the store is an initiative that Ahmad started to roll in more footfall.

The store ambiance is all set to grab the attention of the youth, who are its target consumers, with hard trance and techno music. There is also a collection of Hollywood miniatures

When I was a young student, we all wished to have three things in our wardrobe – a pair of jeans, a denim jacket and a couple of cool tees. While many of us could afford to buy jeans, the denim jacket remained elusive for most. The primary reason was lack of availability but the bigger reason was price. Somehow I couldn't muster enough money (and courage) to spend that kind of money on the jacket. I still regret that some times. However, tees were never a problem as Janpath Market in Delhi served thousands of young students like me every day. Janpath was the most frequented market place for younger Indians and in terms of footfall could beat any modern mall hands down. It was like a pilgrimage and upcountry students would make this pilgrimage at least twice a year to replenish our stock of tees. The prices were incredibly low as most of the stocks were export surplus with minute defects here and there but nothing major. Even though these were surpluses, the "export"

element added to the cool factor. Even today, Janpath and Sarojini Nagar in Delhi and many such markets around India are serving young crowds fulfill their fashion desire and satisfy their appetite for cool and new in a very affordable manner.

However, we all know that India has changed in the last 20 years (since I stopped being a student in 1992) and the profile of consumers thronging these export surplus markets have changed quite a bit. Just to put things in context, allow me to refer to another personal experience. When I bought a scooter in 1988, I was amongst the 10-15 students who owned one, out of around 500 students in our engineering college campus. (The motorcycle revolution started a bit later in 1990 or so.) It meant that only 2 to 3 per cent students out of the fortunate ones whose families were well off enough to send them to engineering colleges, could afford to own a two-wheeler. Let us fast-forward to 2012, and every single driver in our residential complex in Gurgaon or for that matter in NCR owns a motorcycle

to commute to and from work. This is not a surprise because where else all these motorcycle companies be selling their 35,000 motorcycles a day. So it is the same motorcycle (or a much better one) but the target segment has moved from students of upper middle-class background to working class. Similarly, the tees market has also expanded from export surplus only to Ed Hardy and Armani.

You can't help but notice in real life as well as in movies, TV ads and shows that how many young people are wearing tees (and denim). If you look closely you'll notice how different these tees look and these aren't carrying too many brand logos any more. For a very long time international brands have managed to make people advertise for free. But this seems to be changing quite rapidly and now the trend is to have unique tee to match with the mood of the day or

A Humble Tee for Young India



Freecultr



Fresh Beginnings

SPRING-SUMMER COLLECTION

For franchisee enquiries, write to:

globalpartners@tcnsclothing.com for international partnership,
businesspartners@tcnsclothing.com for domestic partnership.

Someone, somewhere
wishes to be YOU.



RNI NO: DELENG / 2000 / 02804

Presenting the ubercool Spring-Summer 2012 Dress Code 'Cotstyle Collared Tees'. Exclusively crafted from 100% premium American PIMA and Egyptian GIZA cotton, DOUBLE MERCERIZED, to make sure you have a long list of followers.

Cotstyle[®]
COLLARED TEES

Available at all premium outlets

For Enquiries: RVR Prasad (DGM - Sales): +91 80080 12004

Email: Cotstyle@imperialgarments.in
gtnindustries.com