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RETURN OF THE MBO

Hard Talk

Harminder Sahni advocates consolidation for fashion brands to achieve economies of scale

ExpertSpeak

Technopak highlights etailing potential as the key to improve retail growth

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Ancient graffiti is a fascinating way to study culture of the eras gone by. And, in many ways, this art form served as the first version of social media. It's where the masses could see how our ancestors lived. Views on everything from love to politics found expression on the walls of caves and monuments. We see the kind of clothes and jewellery that people favoured in those times. In other words, fashion prevalent at that time! The graffiti-festooned walls of our ancient monuments is testimony to the fact that having a voice and opinion predates Facebook and Twitter.

Thousands of years later, today, this form of communication has become most popular among the current generation in its avatar of social media. It has caught the imagination of the Indian youth in a big way. So much so that in India Facebook has seen a growth of 132 per cent, which is higher than many other countries, including home market in the U.S. Tweeting on Twitter is the latest craze; be it about the current fad in technology or the favourite brand's latest offering... it's all there on these social networking sites. Even our prime minister recently joined this networking site in order to connect with our citizens particularly the youth.

At a time when fashion retailers are facing saturation in the metros and tier I cities and are looking at reaching unexplored consumer base by penetrating deeper into markets, this platform can prove to be a very effective tool. Moreover, it offers low cost marketing opportunities which is a big plus for small enterprises for whom every penny counts. And these enterprises need to come up with innovative ideas to catch the imagination of the young generation. Word of mouth is the strongest recommendation and what is social media if not spreading the good word through the internet?

It will be interesting to see how the retailers optimise this platform to maximise their brand quotient to propel growth. IMAGES Business of Fashion will definitely be following this phenomenon in its coming issues in the near future.



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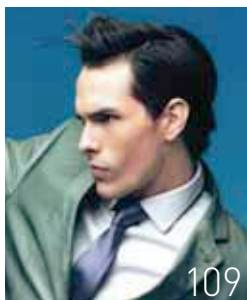
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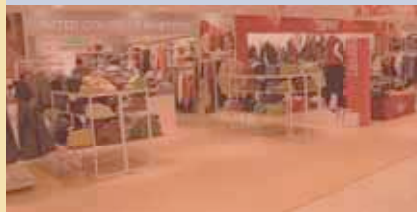


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Retail Road to Success

WITH MARKET SATURATION IN METROS, BRANDS ARE AIMING TO VENTURE VIRGIN MARKETS AND MBOS OFFER A BETTER PROPOSITION.

SHAHNAWAZ SHEIKH, CMD, SHORTY CAPONE, PROVIDES AN INSIGHT ON HOW TO CAPTURE THESE REGIONS.

Fashion in India is evolving rapidly and awareness among the people is at its peak. Although at a nascent stage, the Indian fashion sense is fast catching up with the rest of the world, there is an increasing recognition of brands along with growth in the number of players throughout the peninsula. With FDI coming into the picture, India will experience a whole lot of influx of many more international brands looking for a bite off the Indian market.

Awareness, however, has been restricted because in our country there are regions that are simply deprived of the latest fashion. Even now, in some parts of India, people travel huge distances just to get their favourite brands in contrast to most countries abroad, where brands have their presence even in interior markets. China, for example, has the availability of a variety of brands even in remote markets.

This scenario reflects that there are opportunities for established brands to penetrate the smaller markets. It, however, will not be easy for them to simply open their exclusive outlets in each of these places. This is where multibrand outlets come into the picture. An MBO is a brand extension while an EBO represents the brand personality. The route to evolution of the industry relies on awareness. The more aware the people are in the remotest areas, the better it is for the entire industry. MBO is the single, fastest and the most direct route to be established across the nation. It plays a crucial role in taking brands to people in its most varied forms.

As a brand, Shorty Capone feels that the growth in its success is directly proportional to the number of outlets it features in. This is where MBOs play a key role. There are different kinds of MBOs such as large format MBOs and regional MBOs which could meet the needs of a brand.

The difference between the MBOs owned by the biggest corporates of India, and the regional MBOs is enormous. The fact, however, remains that a huge chunk of the market still can be serviced. What is required is a growth in the number of regional players and an up gradation of small stores into MBOs enabling deeper penetration. MBOs give brands an opportunity to reach out to the market and extend and hasten their growth as compared to EBOs. It can, thus, be derived that MBOs serve as an easier and quicker way for extension.

The Indian fashion industry, which is experiencing a boom, is seeing an influx of major fashion brands into its main markets. This has a positive outcome with the industry becoming bigger and availability of a greater variety to the customer.

For new brand entering the Indian market, an MBO could be a better retail format. The operation cost for the brand is also much lower in the multiretail format as

Retail e-commerce is perhaps the most written about retail topic in recent days. But this has not been an overnight phenomenon. During the mid-nineties VSNL introduced internet to India and it was during the noughties when internet penetration increased steadily and technological advancements enabled better online interfaces with safer transactions; and e-commerce inched into common man's life through travel retail, financial services and e-tailing; and the decade of 2010 is taking this phenomenon to the next level where it no longer can be ignored. The market size of e-commerce in India is estimated to be \$14 billion in 2012 and is projected to reach \$74 billion by 2017. E-tailing is essentially the selling of retail products and services through internet. The late nineties and early noughties saw the launch of several e-tailing sites such as www.rediff.com, www.indiaplaza.com, et cetera. However, the real defining entry in this domain was that of Flipkart in 2007 and since then we have seen an increased

Online Retailing: The Channel Forward

WITH E-TAILING GROWING AT A FAST PACE IN INDIA, IT HAS BECOME IMPERATIVE FOR BRICK-AND-MORTAR RETAILERS TO INTEGRATE THIS CHANNEL. **PRAGYA SINGH**, PRINCIPAL CONSULTANT, RETAIL AND CONSUMER PRODUCTS, TECHNOPAK, TALKS ABOUT THIS EVOLVING MEDIUM.





Dressing the Little Ones

MANU INDRAYAN, MD, 612 IVY LEAGUE, TALKS TO IMAGES BOF ABOUT BUILDING A STRONG KIDSWEAR BRAND AND MARKET OPPURTUNITIES.

Chandigarh-based textile company, INDIAN Group was started by first generation entrepreneurs, Manu Indrayan and Mohita Indrayan. The group has two companies under its umbrella - Indian Yarn Ltd, which manufactures synthetic and acrylic yarns and Indian Clothing League Pvt. Ltd. which launched kidswear brand - 612 Ivy League in 2009.

They conducted a thorough market research before foraying into the kidswear segment. Manu Indrayan, Managing Director, 612 Ivy League, said,

"Branded kidswear forms less than 10 per cent of the total kidswear market but it is growing at a rate of more than 20 per cent per annum. There are only a handful of brands in this segment and we realised that there is a lack of stylish contemporary garments at affordable prices." Indrayan believes that there is a huge opportunity in the garment sector due to its size and growing consumer base as he further adds, "Of the total retail industry size of \$435 billion, less than 10 per cent is organised retail and it is growing rapidly."

The brand primarily focuses on pre-teen or tweens catering to kids in the age bracket of 3 to 14 years, however, the core consumer is kids in the age bracket of 6 to 12 years. "Children at this age grow out of their fantasy and the cartoon world and start following the real world and pick up trends. They lead a very active lifestyle and start forming their own opinion about various matters. They are strongly influenced by their peer group, follow adult fashion and aspire a teenage lifestyle," said Indrayan. Keeping this focus, the brand offers a wide range of casual clothing for children and the designs draw inspiration from adult fashion. 612 Ivy League is also in the process of product extension and is developing a range for infants (0-2 years) which it plans to be launch next year. The brand has also tied up with two schools to supply school uniforms.



Making it

big

RETAILERS WHO START FROM SCRATCH HAVE MUCH TO IMPART TO THE INDUSTRY IN TERMS OF LEARNINGS. IMAGES BOF SPEAKS TO MEHBOOB HUSSAIN GORI, CEO, PAKIZA RETAIL, ABOUT HIS UNIQUE STRATEGIES.

Pakiza Retail Pvt. Ltd., a part of Pakiza Group, was established in the year 1975 and interestingly the brand was named after the movie *Pakeezah*, released in 1972, which means pure. Before 1975 the founder brothers - Maqsood Hussain Gori and Manjoor Hussain Gori used to have a bicycle repair shop in the middle of an apparel trade market. Drawn towards the apparel retail business, the Gori brothers decided to start their very own apparel business. They borrowed ₹3,000 from a friend and started selling clothes on a trolley.

The business kicked off and they bought an *otla* of the size 3x2 ft. and thereafter there was no looking back for the Gori brothers. Currently, Pakiza Textile Pvt. Ltd. has more than 1, 50,000 sq. ft. of retail space including seven stores across Indore and Madhya Pradesh. "In Indore, we currently cater to the customers with value-added products and service through our seven business retail units.

Brands, Consolidation & Economies of Scale

From the launch of the first few men's shirts brands in the early and mid nineties, the Indian fashion industry has come a long way; and today it boasts of an excellent mix of regional, national and international brands vying for consumers' attention and share of their wallets. The memories of pioneer brands such as Stencil are still fresh in the minds of many. Arrow's educational campaigns teaching Indian consumers the merits of a

button down shirts may seem amateurish today but they created the long-lasting relationship with consumers who have made Arrow so stupendously successful today. While I still believe that the Indian market doesn't have enough brands on offer but I am quite satisfied with the developments over the last 15 years. The most satisfying has been the boldness and courage with which numerous Indian companies have launched their brands across segments. Without fearing the arrival of power brands from different

parts of world, the Indian fashion market players have shown a lot of grit to create fairly successful brands within their chosen niche. Let us compare this with another excellent market - QSRs (Quick Service Restaurants) wherein the early arrival of McDonald's has stopped any Indian player from even thinking of launching a burger chain. The only competition to McDonald's is other MNCs such as Burger King and KFC. No Indian company has dared to challenge McDonald's in its domain while Indian





VIPIN KAPOOR WEARS BLAZER FROM MCNEAL
BLUE SHIRT FROM SPANISH DESIGNER BRAND, PEDRO DEL HIERRO

Classy Basics

CO-FOUNDER OF THE CHANDIGARH-BASED RETAIL CHAIN KAPSONS, **VIPIN KAPOOR**, SHOPS FROM ACROSS THE WORLD AND HIS WARDROBE IS INDICATIVE OF HIS SIMPLE AND CLASSY STYLE. HE HAS AN EYE FOR FINE DETAILING AND ALSO ENSURES THAT HIS CLOSET REMAINS UPDATED WITH THE LATEST TRENDS. KAPOOR GAVE A RARE GLIMPSE OF HIS WARDROBE TO **AAKRITI AGARWAL**.



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