

‘Indian Apparel Market gets a profitable makeover’ *forecasts for 2020*



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Executive Summary

India has become a hot spot for major, international apparel brands. Aspirations and ground realities are what it takes to success. Despite global downturn, Indian apparel market is one of the world's top destinations for business. International brands are making a beeline into the Indian market due to its stabilized economy.

This report is an essential resource for apparel industry data analysis covering men's, women's and kidswear. The report includes data on market size, exports, and a graphical analysis. It gives a textual analysis of men, women, and kidswear market in India, recent performance and future prospects. It also highlights the key trends and competitive landscape of the apparel industry in the global arena. The report includes forecasts for 2020.



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1. Introduction:

Global market for apparels is going through a rapid change, along manipulated by the end user's product awareness, demand, and preferences. The diminishing number of custom tailors in the country is yet another proof of the growing market for readymade garments. Trends are ever changing in the apparel sector consequent to the change in fashion. Along with this, country-wise performance in the global arena also keeps undergoing rapid transformations. India is quickly becoming an attractive retail destination in the global radar.

2. Indian Apparel Market:

Indian retail sector is the second largest, next to agriculture, and the second biggest untapped market, next to China. Increasing urbanization has simultaneously increased the preference for ready made garments. Apart from the 12 million+ retail outlets in India, the country is also dotted with pushcarts, and kiosks. During the past decade, there were rapid changes in the Indian apparel market. All segments of men, women, and children have grown simultaneously. This is a positive indication of the evolution and maturity of the Indian market.

Many global brands have established their presence successfully in the Indian market. Followed by, more brands are on their wings, seeking entry into the money spinning Indian market. Indian apparel market grew by 13.5% during 2009. As per the latest retail development index (GRDI), India is ranked as the most attractive destination for retail investment among 30 emerging markets. (Source: atkearney.com)

Indian consumers tend to be more loyal to a specific retailer than to an apparel brand. As a result there are many private labels in the apparel market today.

2.1 'Indian men dress in style' - Menswear market:

Menswear comprise of 46% of the total apparel segment in India. Indian menswear comprises a 10% share in the Asia Pacific market. Men are stocking up their wardrobes in great style. Market is buoyant due to drastic changes in the segment, and in the buying pattern of men. Big stores like Central stated a 70% growth in the men's apparel segment. Shoppers Stop saw a 45% growth, and Indus League, a 20% growth.



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A recent report on menswear reveals that market for men's apparel has grown by 9-10% comparatively over the previous year. Growth is predicted to reach 40.56% and become 13.8 billion by 2012. Market for menswear is estimated to grow from the current ₹72, 740 crores to reach ₹1, 76,860 crores by 2020.

Men's wear trends evolve slowly with predictable changes. Apart from being formal, men prefer to have a fashionable look. Hence, smart casuals are in more demand, than formals. Premium apparels for men have witnessed a rapid growth during the recent past. Top end fashion designers and brands are now targeting the booming menswear market in India.

2.2 'Exposing the female power' - Womenswear market:



As economy keeps surging in the post recession period, new jobs are created giving more opportunities for women. Women currently are postponing their marriage only to utilize the lucrative income opportunities their mothers have been deprived of. With the increasing number of working women, there is an increase in the demand for casual wear among women. Most of the working women in their 20s take up positions such as radio jockeys, fashion designers, aerobics instructors etc boosting the demand for Western wear, and Indo-Western apparels.

Womenswear market is more complicated capricious trends that changes constantly and swiftly in every season in design, fabric, color, and style. Market for women's apparel constitutes 17% of the total Indian market. The segment is likely to witness further growth to reach ₹2, 02, 280 crores by 2020 from the current value of ₹64,940 crores.

2.3 Kidswear: 'market for small people':

Kids fashion is a diminutive version of adults wear. Children; becoming independent buyers is also enhancing the kidswear market. In the current world, kidswear is being considered as a part of the lifestyle segment. Along with this, a strong emphasis is being placed on brands, making this segment a potential business.

Kidswear makes 37% of the Indian market. Brand penetration in this segment is lower with only 9%. This indicates that market for branded apparel remains untapped for kidswear. Ruff Kids, Ruff Baby, Planet Kids, Gini & Jony, ZAPP, Li'l Tomatoes, and Weekender Kids are a few notable



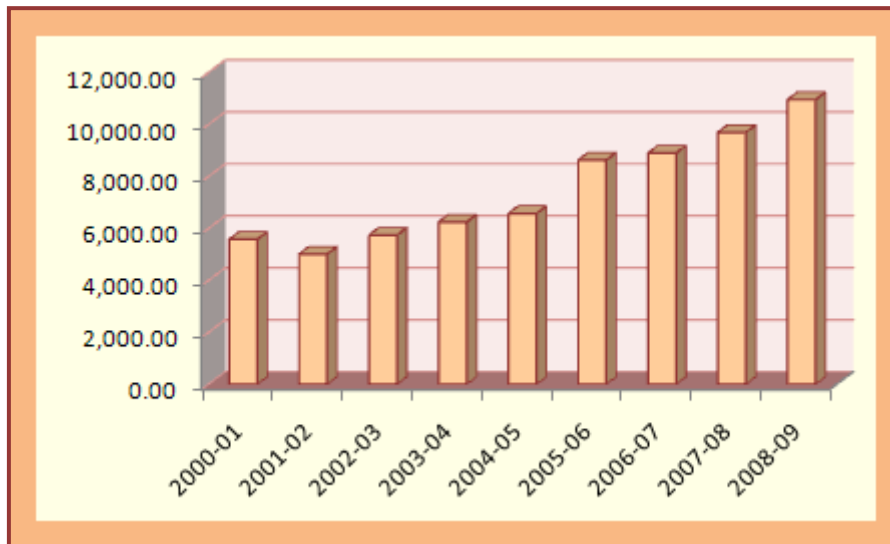
kidswear brands. International brands such as Barbie, Mothercare, Benetton Kids, Pepe, Lee Kids, Tommy Hilfiger, and Adams Kids have also entered the Indian kids' apparel segment.

3. Export Market for Indian Apparels:

India is rich in natural resources like cotton, and other clothing materials. Hence the country has a huge potential for apparel exports. Indian apparels have always earned a good name in the global market, and has added to the country's GDP.

Confidence of the foreign brands about the Indian exporters is high, and this boosts the brand value of Indian apparels in the global market.

Retailers spend more than \$1.2 billion a year for market research. They feel that core markets such as EU and US are not strong enough to provide the growth they expect. Instead, they prefer to establish operations in a portfolio of countries that are small, medium, and big. Indian apparels are believed to have the right value for money. The confidence of the foreign brands about the Indian exporters is high, and this boosts the brand value. Apparel exporters are also setting up retail chains to manipulate the distribution side of business and increase their profit margins.



(Values in million US\$)

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Year	Exports (million US\$)	Share of RMG in exports
2000-01	5,577.37	12.52
2001-02	5,007.53	11.43
2002-03	5,738.44	10.88
2003-04	6,243.16	9.78
2004-05	6,574.02	7.87
2005-06	8,626.69	8.37
2006-07	8,894.85	7.04
2007-08	9,693.25	5.94
2008-09	10,951.02	5.91

Data Source: DGCI&S, Kolkata

While new brands are springing up, the already established ones attempt to experiment with new formats, private labels, services and locations. They attempt to go beyond metros towards II and III tier cities. Indian apparels are believed to have the right value for money.

4. Competing Brands:

Indian apparel market is composed of well-established international and domestic brands and also many new brands from both local and abroad stepping in. Existing players include Parx, Color Plus, Wills Lifestyle, Cotton County, Mufti, Killer, and Oxemberg. Tommy Hilfiger, Espirit, Beverly Hill Polo, FIFA, Diesel, Lacoste, Vera Moda, and Cherokee have stepped into the Indian market in a big way.

The growing potential of the apparel Indian apparel market is giving rosy hopes to the people involved. Garment exporters from India, who have been exporting to retailers in foreign countries, are planning to launch their own brands within India.

5. Global brands seek partnership to set foot in India:

Many of the global brands have entered the Indian market, and have sooner or later left on a sour note. India has a potential for serving as a long term market, brands feel difficulty in establishing themselves due to unfavorable business environment, lack of sufficient, and appropriate data, diversity of the country, and lack of proper knowledge regarding the options and formats available in the market.



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Now, global brands, those who want to set their footprints in India have found it easier to access the market along with the partnership of local retailers. India has good market opportunities for global brands to partner with domestic retailers and augment consumption. Brands like Zara and Sisley operate in India through Trent, the retail segment of Tata Group. Italian fashion brand Dolce & Gabbana operated a 51:49 single brand retailing with the real estate giant DLF. Some other renowned brands such as Adidas, Puma, Reebok, Nike, Espirit, Tommy Hilfiger, and Levi's have established their business by retailing through their own multibrand outlets.

International brands benchmark, and analyze various issues along with opportunities. The primary consideration is the cost of being and operating in the country.

6. Forecasts for 2020:

Currently domestic apparel market is estimated to be ₹ 1, 70, 900 crores. Industry analysts predict that the sector will experience a drastic growth and reach ₹ 2, 17,000 crores by 2012, and ₹ 4, 70, 000 crores by 2020. Of this, menswear market is estimated to grow from the current ₹ 72, 740 crores to reach ₹ 1, 76,860 crores by 2020. Researches' on the womenswear segment state that the segment is likely to grow to reach ₹ 2, 02, 280 crores by 2020 from the current value of ₹ 64,940 crores. Market projections for kidswear are also promising. Boyswear is expected to grow from the current ₹ 17, 400 crores to ₹ 45, 290 while market for girlswear will grow from ₹ 15, 820 to reach ₹ 45, 570 by 2020.

7. Conclusion:

Based on the analysis, and interpretation of facts, and figures, this report draws the following conclusions:

- Clothing signifies an individual state of mind and the wearer's economic status. Indian apparel industry is currently in the upswing. A phenomenal growth is expected in the apparel sector, with an influx of domestic and global brands in the market.
- The sector is positively anticipated to experience a drastic growth and reach ₹4, 70,000 crores by 2020.
- Many global brands are entering into the Indian market, partnering with domestic players. There is scope for consolidation in the domestic market through joint-ventures, franchises etc.



- Manufacturers and retailers come up with appealing strategies to charm the apparel shoppers. More focus is laid on in-store arrangements, and other factors that would offer an exciting shopping experience to the customers.
- Media plays a crucial role in manipulating the buying decisions. Publicity mediums such as TV, internet, fashion magazines, brand ambassadors etc boost apparel sales.
- Womenswear is a prerogative, as their clothing options outlast men. In urban areas, womenswear is more liberal with preferences towards branded apparels.
- Growth prospects for children's apparel in India both in terms of branding and specialty retailing is positive. Product differentiation, branding, and retail experience decides their extent of success.

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