

INDIAN APPAREL MARKET

the 2020 promises

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Global apparel trade is predicted to grow and reach USD 1 trillion by 2020. What promises does it hold for the Indian market?

Dynamics of the global apparel market keeps changing drastically. Growth of apparel markets in developed countries are slowing down, while simultaneously, it is seeing a robust growth in the developing nations. There is a paradigm shift due to demanding customer base, with trends inclining towards product differentiation much influenced by social, economical and environmental concerns. Among the emerging markets, India is quickly becoming a preferred destination for international apparel brands. Indian apparel market is calculated to grow at a CAGR of 13% and is predicted to reach approximately USD 124 billion by 2020. Aspirations and ground realities are what it takes to success. Global brands with deep pockets are making a beeline into the Indian market due to its stabilized economy.

Many global brands are penetrating into the I and II tier cities, while domestic brands are also strengthening their position. During 2011, Zara increased the number of stores to six. Other players such as Mango, GAP, Arrow, Diesel, Massimmo Dutti, and Banana Republic are trailing closely. The nod of the Central Government for FDI will further boost the presence of global brands in India.

Growth Drivers:

Fashion has increasingly become a form of self expression. Median age in India has increased from 23 years to 27 years. Youth constitute of 60% of the total population, making a primary target market for retailers. The amount of disposable income spent on apparel is expected to increase due to more families entering into the higher income segment, and dual income. Increasing income level is expected to fuel greater consumption. Changing lifestyle of the Indian consumers, and awareness created by media, and a tendency to dress up in par with global trends will fuel consumption of apparels. This will also offer opportunities for international brands seeking entry into



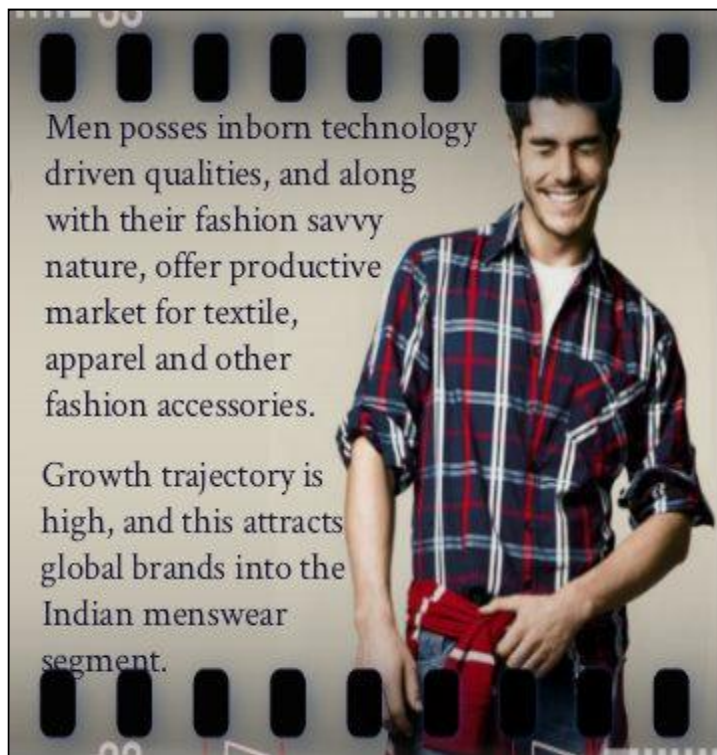
the Indian market. Many global brands will view India as a major contributor for apparel sales.

Trends in the Indian apparel market:

Influx of global brands is creating sea changes in the Indian apparel market. Brands, irrespective of its origin; be it global or domestic, will be able to capture the customer's attention, provided they are customized to suit the shopper's preferences. Current trends that dominate the Indian market are:

- Increasing income level
- Increasing urbanization
- Increasing dual income resulting in higher discretionary expenditure
- Wide assortment of brands and clothing lines to choose from
- Growth in organized retail
- Growth in online retail
- Entry of global brands into the Indian market

Dressing in style - Menswear market:



A Venn Research reveals that Indian menswear market earned revenue of USD 11.8 billion during 2009. It represented a CAGR of 8.6% in the same year. Growth trajectory is high, and this attracts global brands into the Indian menswear segment. As per a Technopak analysis, menswear comprises of 40% of the total apparel market. Be it an eye-catching Stefano Ricci tie to go in contrast with their shirt, or an arresting Canali, men are becoming more conscious in their dressing styles than ever before. 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.

Along with their female counterparts, men too have a fashion assortment to choose from. Men's wear trends evolve slowly with predictable changes. Particularly, men hailing from the baby boomer generation have a major influence in the market. They possess inborn technology driven qualities, and along with their fashion savvy nature,

offer productive market for textile, apparel and other fashion accessories. Apart from being formal, men prefer to have a fashionable look. Hence, smart casuals are in more demand, than formals.

International brands such as Polo Club, Beverly Hills, Fruit of the Loom, Timberland, Tie Rack and many more have entered the Indian market. Foreign brands see good market for T-shirts, trousers, and shirts, while domestic players still dominate the ethnic apparel market.

Womenswear Market:

Global women's apparel market is expected to grow beyond USD 21 billion by 2014. During 2011, Indian market for women's ethnic wear was ₹363 billion and is further predicted by industry experts to grow by 10% by 2015. An RNCOS research states that ethnic womenswear comprising of sarees, salwar kameez, and kurthis is a fast growing segment in the Indian arena. Clothing retailers comprise of 65% of the total market share in terms of value.



(Value in crores)

Major growth drivers of womenswear market includes the changing attitude of Indian women eager to keep up with the current trends at a global level, more women entering the working class, and increasing levels of income. Western influence among women, particularly the working class has motivated manufacturers to combine traditional patterns with modern styles.

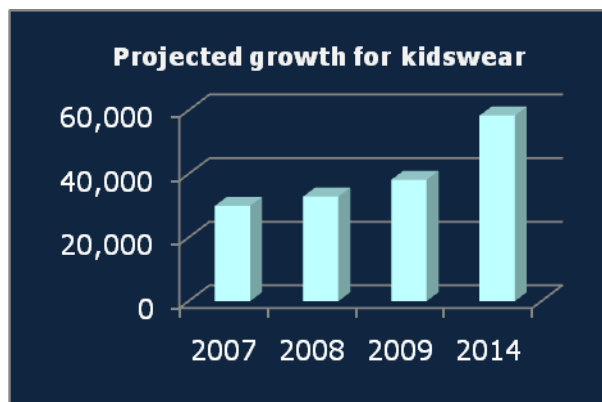
Womenswear is complicated comparatively over menswear, its trends capricious, and keeps changing swiftly. Ethnic salwar kameez is the wardrobe staple for Indian women,



with the fashion designers having a major chunk of their collections. Indian women, particularly the working class prefer trousers over saris due to their comfort. A contemporary fashion getting popular in recent times is fusion wear. Indian outfit are given a western touch with creativity in waistlines, cuts in fabric, necklines, and other decorations. Womenswear are the area of primary focus as they facilitate much exploration. Consumers in the age group of 18 to 30 years are fast emerging as a major market and are the main target for retailers.

The world of ‘small people’ – Kidswear market:

Kids today have all clothing options like that of adults, and even much more. Kidswear market is also penetrating into II and III tier cities like Chandigarh, Pune, Indore, Varanasi etc. The segment is also witnessing a foray of high profile designers focusing on creating a miniature version of adult clothing to meet the demanding requirements of today’s offspring.



(Value in crores)
2014 figures are projected

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There is a drastic evolution in the attributes of today's children. They are getting more fashion conscious, ready to experiment with new clothing styles. Children of today have more options in the way of television channels, children's magazines, clubs and many more. They are thoroughly informed not only about the domestic, but also regarding global trends. Retail blitz has brought a sea change in the Indian kids apparel market. Kidswear is now being considered as a part of

the lifestyle segment and a strong emphasis is being placed on brands, making this segment to be a potential business.

Indian apparel market had shown a steady and continuous growth during the past years. There are several ingrained factors that may the industry independent and self reliant. Availability of resources has provided a competitive advantage to the sector. This is a productive opportunity for the apparel market, and would also cushion the nation against global turbulences.

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