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Business Consulting & Research

EXECUTIVE SUMMARY OF APPAREL RETAILING IN INDIA

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EXECUTIVE SUMMARY

The Indian retailing industry, which was traditionally dominated by small and family-run stores, has come of age. The retail sector is the second largest employer after agriculture in the country and also the second largest untapped market after China. There are some 12 million retail outlets in India. Besides, the country is also dotted with low-cost kiosks and pushcarts. Organized retailing is only 2% of the total retail industry

Over the past couple of years there have been sweeping changes in the general retailing business, mainly in apparel retailing which was once strictly a made-to-order market for clothing has changed to a ready-to-wear market. Flipping through a catalogue, picking the color, size and type of clothing a person wanted to purchase and then waiting to have it sewn and shipped was standard practice. Fashion element and design content was minimal in the pre-1990s, owing mainly to the lack of national level brands.

At the turn of the century some retailers would have a storefront where people could browse, and new pieces being sewn or customized in the back rooms. Among the few players who have been catering to the branded market are Park Avenue, Charagh Din, Liberty, Double Bull, Proline and Snowwhite. It took a quite long time for brands such as Allen Solly and Van Heusen to create a respectable market share in the ready-to-wear market. Big players like Tata, Raheja, Biyani, etc have intensified the competition with their professional retail chains like Westside, Shopper's Stop and Pantaloons. Recently, India is increasingly being looked upon as a major supplier of high quality fashion apparels and Indian apparels have come to be appreciated in major markets internationally.

Men's apparel market is 46 percent of the total apparel market in India. Preference for readymade garments is increasing and this has become inevitable with the rise in urbanization. Whereas, women's apparel market is 17 percent of the total apparel market in India. The preference for the branded Western and Indo-western apparels among the working women is on the rise, which is a welcome relief for the manufacturer and retailers of branded apparel. The dressing habits are getting refined if not changed specifically among the working women. Kids' apparel market is 37 percent of the total apparel market. Being the brand penetration in this segment lowest at 9 percent shows a lot of potential for the branded players to exploit this segment.

The apparel market will be thrown open to competition in the year 2005, due to expiry of Multi Fibre Agreement. Then there will be lot of demand in the western countries. After China, India is being perceived as the next country with the biggest 'Growth Potential' due to its cheap manpower and natural resources. The first decade of the 21st century will witness India as the major player in the apparel business - partly because more industrialized countries like Korea, Taiwan, etc. have moved into other industries - and partly because the Indian Government believes in, and wants to grow the apparel export business, since it is a major earner of foreign exchange.

The following report covers various aspects of apparel retailing in India, starting from global overview to future outlook of Indian apparel market. It also provides an in-depth study of current Indian apparel market scenario, which includes manufacturing capabilities and exports market. The report covers trends and expected market sizes of different product categories e.g. Men's wear, Women's wear and Kid's wear. Extensive analysis of consumer behavior while purchasing different apparel categories, Michael Porter's 5-forces analysis, SWOT analysis and Supply chain management are provided in this report. The details of major retailers and their financial dynamics have also been discussed in the report.