

# Analysis of the market for kids apparel marketing essay



**ASSIGN  
BUSTER**

Popular culture is no longer regional. The advent of cable television, syndicated radio programs, and the Internet has created a world where a fashion statement in New York will be on the streets in a small mid-western town in a matter days. The speed of our telecommunication system has increased young customers' expectations and demands for products that represent their own cultural statement.

This clothing store business plan details how Smoke Jumpers will offer young customers the youth-oriented products and clothing that are popular in large urban areas but not available locally.

The target customer is " Generation Y," age 11-18, who listens to alternative music, participates in youth sports like skateboarding and snowboarding, and looks toward alternative clothing trends in large urban areas for inspiration. Smoke Jumpers will provide the distinctive clothing, shoes and products that are just ahead of the fashion curve.

## **Introduction**

Good times for the Indian kids' apparel market are in the offing. The evolution in the buying behavior of children, and their influence over their parents results in a big difference in purchase decisions. Media exposures and promotions also cause a significant influence in the market. Evolving dynamics in this market have made it necessary for the manufacturers and retailers to evolve their business strategies' in order to sustain themselves in the market. Many manufacturers come up with their own brands, while some others enter into business through joint ventures.

Today's kids are more fashion conscious, and are ready to experiment with clothing. Increase in the amount of disposable income, and retail blitz has brought a sea change in the Indian kids apparel market. With kidswear being considered as a part of the lifestyle segment and a strong emphasis is being placed on brands, this segment proves to be a potential business

## **Objective of Feasibility study**

### **Products**

SmokeJumpers will offer young customers the following youth-oriented products and clothing:

Shoes

Jackets

Sweaters

Shirts

Pants

Bags

Hats

T-shirts

Dresses and skirts

Shorts

## **Kids Wear Industry/Market Analysis**

Market for kids' apparel is the fastest growing industry in India.

Manufacturers are coming up with fancy materials targeting kids who are more interested in the upcoming fashion trends. Children's garments are available in various forms and designs. Kids' apparel market is more unorganized than any other segment of apparels. The market is a proposition of the good, bad and the ugly. A huge volume of kids' apparel in India is being dominated by local and unorganized players. This gives an excellent opportunity for the organized players to lay a strong foundation in this segment. Indian market is now moving towards an international look in terms of children's apparel. Cotton plays a major role in the clothing of children. Approximately, 86% of the kidswear are of cotton.

Branded kids apparel market is in its nascent stage in India with a handful of national and international brands. Industry analyst estimate that market size of branded kidswear in India including brands like Ruff Kids, Ruff Baby, Planet Kids, Gini & Jony, ZAPP, Li'l Tomatoes, and Weekender Kids is estimated to be around Rs 1, 000 Crore. They positively assert that branded market for kids is growing at 15% per annum. International brands including Barbie, Mothercare, Benetton Kids, Pepe, Lee Kids, Tommy Hilfiger, and Adams Kids have also entered the Indian market.

According to the India Apparel Report, 2008 (Images Year Book, Vol IV), the size of kidswear market is estimated to be at Rs. 30, 510 Crore. Industry experts predict that the market will further grow to reach Rs. 45, 000 Crore by 2013, with braded apparels contributing to a major share. The volume of market share of kids apparels in the total apparel market is at 24. 9%, as <https://assignbuster.com/analysis-of-the-market-for-kids-apparel-marketing-essay/>

against a 15% share in 2005. Urban kids apparel market comprises about 60% of the total kidswear market. A research states that more than 30% of the country's population is below 15 years of age. The density of population makes kidswear to be one of the fastest growing segments in the Indian market scenario.

Branded kidswear are well established in I tier cities, and are now experiencing a good growth in II & III tier cities as well. Wanting the best outfit for their children, parents are seeking a variety of garments offered by new brands, and are shopping in exclusive outlets dedicated for children's apparel. Industry players further predict that the market is set to grow by 12% annually and reach its peak by 2010.

### **Characteristics of Kidswear Markets:**

The market for kidswear is classified as follows:

Infants (0 - 6 months)

Toddlers (7 months - 2 years)

Kids (3 - 8 Years)

Pre-teens (9 - 12 Years)

Children's wear is mainly on a seasonal basis. Highest sales figures are usually recorded during the months of August - September. The average annual expenditure on kidswear is approximately Rs. 3, 857.

## **Average budget for kids apparel**

According to report analyzing the trends in the kid-wear sector the top 10 markets are growing at 6-7% annually and is expected to reach US\$131.5bn by 2012. International brands like Tommy Hilfiger, Freelook Junior, Lee Kids, Adams kids, Benetton and Pepe are also making efforts to capture a slice of the market in India.

## **Market segmentation**

The market size includes the Rs. 114,500 million uniform segment that saw an annual value growth of 22.50% over the previous year. The kidswear segment has grown at the rate of 15.6% in value terms and 4.36% in volumes in 2007, which is a significantly higher growth rate in 2005 (11.4% and 3.8%, respectively). Growth in value is exceptionally high in all kidswear ranges, over 35% in premium, 21.5% in the middle, 13.4% in economy and 6.7% in mass.

There exists a need gap in terms of availability of a greater range of branded and quality merchandise for children and infants in India. The branded children's garment market in India is large running between Rs 12,000-18,000 Crore per year.

Children's garments are largely bought off the streets in this country. The vast number of small shops that line the back-alleys of our high streets are where kids' garments sell out. While the high street remains the point of purchase for the branded garment, the back-alleys remain the spots that attract the hordes buying in numbers.

## **Market size and Growth**

According to the India Apparel Report, 2008, the size of kidswear market is estimated to be at Rs. 30, 510 Crore which will further grow to reach Rs. 45, 000 Crore by 2013, with branded apparels contributing to a major share.

Urban kids apparel market comprises about 60% of the total kidswear market.

Branded kidswear are well established in I tier cities, and are now experiencing a good growth in II & III tier cities as well. Industry players further predict that the market is set to grow by 12% annually and reach its peak by 2010. At a time when every other international brand is eyeing a share of the big pie in the fast growing Indian kidswear market, home-grown brands like Gini n Jony, Lilliput, Catmoss, Li'l Tomatoes and Ruff Kids are all set to take the international market by storm. According to industry estimates, the organised kidswear market in India is around Rs 4, 000 Crore and it is growing at 20-30%.

## **Target Market**

The market for kidswear is classified as follows:

Infants (0 - 6 months)

Toddlers (7 months - 2 years)

Kids (3 - 8 Years)

Pre-teens (9 - 12 Years)

Children's wear is mainly on a seasonal basis. Highest sales figures are usually recorded during the months of August – September. The average annual expenditure on kidswear is approximately Rs. 3, 857.

## **Market share of the Major Apparel Segments (2007)**

**Total size Rs. 122, 400 Crore**

### **Determinants of feasibility of our business venture**

Market- Children's apparel includes clothing for kids between 0 and 14 years of age. Kidswear segment is largely unorganized and fragmented with local players. Kids wear market comprises almost 25% of the total apparel retailing market.

### **Drivers of growth-**

Favourable demographic pattern

Rise in discretionary income

Growth in organized retail

Changing fashion trends

Kids emerging as independent buyers

### **Challenges-**

Rising prices of raw materials

Competition from the unorganized players

Import of cheaper machinery



Absence of global export subsidies

## **Trends-**

Entry of international players

Adult branded apparel makers entering the segment

Players tying up with the entertainment fraternity

Increase in private equity investments

Fashion designers focusing on kidswear

Competition- Most of the branded players present in the market are engaged in both manufacturing and retailing.

Financial Analysis