

# Private labels the clothing industry in india



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## **INTRODUCTION TO THE CLOTHING INDUSTRY IN INDIA**

The clothing industry in India is probably the most vibrant sector of the economy. Its growth and revenues which have been increasing year on year are indicative of the kind of spending that the Indian consumer does on clothing. At the same time the Indian consumer due to globalization, since independence has been using a variety of clothes Indian, ethnic as well as western. To add on to these categories, they now are extremely fashion conscious and are no longer just fashion followers but are fashion creators due to the large number of fashion designers now taking the Indian fashion global. India, even prior to independence was a chief textile hub due to the cotton and jute farming in the fertile lands of the north. Now, India is not only the producer of the fabric from these materials, but a large number of manufacturing facilities are now involved in the large scale production of garments of all kinds ranging from Indian wear to western wear.

Today, Indian clothes manufacturers are involved both in supplying to the markets abroad under a variety of brand names as well as to the Indian market. The Indian clothes market has more than 2000 brands- national, international and private. In addition to this there is a large market for unbranded garments in India, such as sarees, kurtis, salwars, chudidars, dress materials, under garments, dhotis and other such ethnic and cultural wears.

India, is a country that has a population that is not only diverse in culture, language and economically but is diverse in the psychographic and

demography. In such a market it is essential that every customer's needs and requirements be fulfilled.

The following shows the variety of apparels in the Indian apparel market:

#### CLASSIFICATION OF CLOTHES BY FASHION:

Casual wear

Evening wear

Formal wear

Inner wear

Designer wear

#### CLASSIFICATION OF CLOTHING BY FABRIC:

Cotton clothing

Denim clothing

Embroidered clothing

Knitted clothing

Leather clothing

#### CLASSIFICATION OF WOMEN'S CLOTHING:

Ladies frocks

Ladies kurtis

Ladies T-shirt

Ladies shirts

Ladies jeans

Ladies trousers

Ladies skirts

Ladies ethnic wear - ghagras, blouses

Ladies dupattas

Ladies salwars

Ladies sarees

Ladies designer party wears

#### CLASSIFICATION OF MEN'S CLOTHING:

Men's shirt

Men's t-shirt

Men's trousers

Men's jeans

Men's shorts

Men's kurtas

Men's ethnic wear

Men's suits

Men's designer and party wear

CLASSIFICATION OF KIDSWEAR:

Kids frocks

Kids shirts

Kids t-shirts

Kids jeans

Kids dresses

Kids uniforms

Kids ethnic wear

The above mentioned clothing is available in a number of format stores across the country. The following are some of the store formats that hold clothing:

DISCOUNT STORES: These maybe of 2 types:

Manufacturer's discount store- these are stores that sell branded clothing directly sourced from the manufacturer and at a lower price than at other retail stores. This is because this clothing may have minute defects, which the brand owned retail stores refuse to stock and which cannot be exported

either. These can be usually purchased at about 40 to 50 % lower. These stores have a wide variety of the manufacturers brand but not a large number of the SKUs are there . i. e. there are a limited number of pieces of a particular clothing of a brand in only some sizes. Examples of such stores are: Nike factory outlet, Reebok factory outlet, Globus factory outlet, Levis factory outlet, Mega Mart.

Contracted discount stores- These stores also, source from the manufacturers of national and private brands either directly or through an intermediary. These do not belong to the manufacturers unlike the manufacturer discount store either in whole or in part and stock clothes of competing brands at prices lower than the other apparels retail stores.

Example: Europa discount stores in Chennai, Club 99 in Chennai, Trensetter in Chennai, Just casuals in Bangalore.

SPECIALTY STORES: These are stores that hold a particular kind of clothing only or are stores that may hold a variety of clothing but specialize or are well known for a particular kind of clothing. These include: sportswear stores, kidswear stores, formal shirt stores, particular national or international brand store, ethnic wear store, women's wear stores, boutiques, wedding designer clothes stores. Examples of such stores in India are:

**Soch – kurtis, ladies ethnic wear****Satya paul- men and women wedding and ethnic wear****Reebok, nike , adidas, puma- sportswear**

These stores hold a large variety of clothing in their field of specialization and in a number of SKUs to satisfy the Indian customer and all in sufficient quantities based upon their forecasting.

RETAIL CHAIN STORES: these are stores, which either hold only clothing or stock and sell other merchandise like footwear, bags, foods , etc , in addition to clothing. These are chain stores present in a number of parts of the country. They all may hold the same or similar offerings and in SKUs to satisfy the Indian custom. These stores are usually value retailers, which hold a large variety of national brands and also their own store brands. The prices of the national brands of clothing are as set by the manufacturer but that of the private or store brands are decided upon and set by the retailer. Examples of such stores in India are: Big Bazaar, Star Bazaar, Westside, Pantaloons, Lifestyle, Globus, Shoppers Stop, Spar Hypermarket. As it can be seen these are all modern retailers holding a chain of large format stores.

SMALL FORMAT STORES: these are stores that usually are small in size about 1000 to 1500 sq ft in size. These sell only clothes. They may sell either only the national brands or may have a mix of national brands and some local or regional brands as well as unbranded clothes. These may also be stores that sell exclusively the clothes made by a particular method or from a particular place. They can serve as the retailers to the cottage industries which are in plenty in India. These may also be stores that hold imported clothes that are

imported in large quantities by travelers from countries like Singapore, Malaysia or the USA. These stores may have a mix of the aforementioned clothes in the required SKUs, depending upon the target segment. For example:

Upper crest - in Besant Nagar and Nugumbakam in Chennai has clothes imported from abroad as well as the national brands and caters mainly to the young crowd in the age group of 16 to 24.

Casuals- in Bangalore. it has the same target segment as above.

Quiet often these retailers may get into developing and selling their own brands of clothing, which is usually of comparable quality and is lower priced, giving value for money.

#### SOME CLOTHING NATIONAL BRANDS IN INDIA:

REEBOK- sportswear (t-shirts, track pants, socks, shoes, shorts, caps, wrist bands), some fashionable and casual t-shirts and shirts (especially for the girls).

ADIDAS- sportswear and men's casual t-shirts and party t-shirts

NIKE- sportswear and ladies and men's t-shirts for casual wear

LEVI'S- specializes in denims and cotton cum linen clothing. Has a range of jeans (slim fit, straight fit, bell bottom, boot cut, drain pipes, low waist, high waist), fashionable t-shirts, casual t-shirts, party shirts and t-shirts, Capri's, cargos and a range of fashionable designed jackets and leg wear. This store caters to both men and women in the age group of 16 to 30. it has a huge

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brand following and loyal customers. The brand holds a snob value and the appeal of value. The clothes are highly priced. However, the brand is now venturing into value clothing. ie. low cost and high quality clothing.

PEPE-it also specializes in denim and cotton wear. It has a large variety of jeans, trousers and t-Shirts for both men and women. However, it has a larger range of women clothing. It also has tunics and kurtis as well as leggings for women. It stands second to levis in brand fame and its pricing is both premium as well as value for money.

VAN HEUSEN

PARK EVENUE

LOUIS PHILLIPE

ALLEN SOLLY

ARROW

ZODIAC

RAYMONDS

WILLS LIFESTYLE

SCULLERS

EXCALIBUR

ARMANI

## RALPH LAUREL

These are all brands that cater to the men of age groups starting from 18 onwards. They have a huge brand following and the customers rarely want to deviate from these brands. These have men's shirts, suits, trousers, ties, socks and all such other needed by men for formals at work as well as party wear. These vary in their price points from each other but not much for clothes of the similar quality, design and category.

**FAB INDIA:** It is one of the largest clothing chain in India. It has clothes such as kurtis, kurtas, salwars, pajams, casual tops, formal tops for both men and women. It is a store that represents the Indian heritage of using cotton and linen that is spun on a spinning wheel. It is the hot favorite of the tourists who come to India and is also known for its high quality, comfort fit and durability among its Indian customers.

## BIBA

## SOCH

These are women's clothing brands that design and sell fashionable women's clothes like kurtis, salwars, chudidars, dupattas, wedding clothes, sarees and other such party and occasion wears. These are usually high-priced and target women in the age group of 16 onwards. They also take orders from the customer for designing and stitching customized clothes.

**WEEKENDER:** It is a clothing brand that stocks and sells kidswear primarily. In the recent past it has ventured into the field of youth clothing such as jackets, t-shirts, and jeans.

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GINI AND JHONNY: It is also a kidswear brand that caters to kids upto the age of 15. It also sells shoes and caps as well as bags.

CALVIN KLEIN: it started of as a private label in abroad but is a national label in India and sells women clothes primarily. It specializes in underclothes, shorts, t-shirts, socks and track suits. As well as perfumes and other accessories for women.

DOLCE AND GABBANA: it is primarily a women's apparels brands that sells high priced fashion clothes, shoes , bags and perfumes.

These are some of the national clothing brands in India. During the IT boom of 1990s in India, there was a huge customer bases in India for the large variety of branded clothes. This was mainly due to the liberalization and the entry of the large number of foreign brands into India, backed with the immense power exercised by the Indians as a result of The IT boom. Thus, India now has a sufficient amount of loyalty for the aforementioned brands.

However, the economic conditions in India have always been that such there are still a large class of the society still lies on the lower to middle class and not all can afford the high to moderately priced branded clothes. Hence, a large number of customers in India venture out to buy:

Low priced local clothes. These are available only with a particular shop or at a particular locality of the city and are not a chain store, such a store may not also be one of the modern retail stores. It might be a traditionally managed , unorganized traders shop, who may have a large variety of clothes of low cost and moderate quality and do not stock any of the national

brands of clothing. The clothing they sell is usually manufactured by small producers, who lack the technology and skill of producing fashionable and designer clothes like the national brands.

Private label clothing, from retail chain stores that stock the national brands in addition to their store brands. These stores usually stock women and kids wear as a part of their private labels. These clothes are of fair quality, durability and are available in a variety of colours and designs. Their prices are usually lower than of the national brand clothing.

A number of stores in India, especially the modern retail stores – such as hypermarkets, as well as stores that specialize only in clothing have ventured into private label clothing in a number of categories for a variety of reasons. Before getting an understanding of such stores we shall go in for understanding private labels, its definition, uses and challenges faced in developing, promoting and launching of private labels.

## **PRIVATE LABELS**

Private labels also called “ store brands” are products developed by the retailer and these are available only at that store or at the chain of stores of the retailer. Typically, the retail buyers or the retailers or the category managers develop the specifications for the merchandise and then contract with a vendor to manufacture it. Here, the retailer and not the manufacturer are responsible for deciding the product design, quality, prices, packaging, labeling and on a whole branding. Also, the retailer is responsible for creating awareness of the product and its promotion. More independent retailers, specialty stores, chain stores, grocery stores and lifestyle stores

are now venturing into private labels now. The launching and promoting of private labels and “ in-store” brands have their own advantages and disadvantages, which shall be discussed. The development and launching of private labels has become prevalent only in the near future. Some of the reasons for this are:

National brands are heavily advertised on TV and via other conventional promotion media for decades. This led to increased awareness of the consumer in the national brands and increasing faith of the consumer in the national brands due to their large presence in almost all formats of stores and on almost all media of communication with the customer.

It had been hard for retailers to gain economies of scale in design and production, which is necessary for them to compete against the manufacturer brand.

Many retailers were not skilled and sophisticated enough to develop their own brand of products similar to the manufacturer’s offering and promote them equally efficiently.

Private labels have had a reputation for being inferior in quality due to their low cost. Further, a brand conscious consumer segment assumed the private label products to be cheap imitation of the national branded products and hence developed a bad image of the retailer.

However, retailers have met these challenges across the globe and have launched their private labels in several product categories successfully in the <https://assignbuster.com/private-labels-the-clothing-industry-in-india/>

near past. The following have been the ways the retailers have overcome the aforementioned hurdles:

Large retail chains introduced private labels for product categories for which customers are not brand conscious.

They gave these products at low cost, in attractive packages, colors and fragrances.

The private label products were kept at par and next to the national brands enabling the consumers to compare the prices and the appearances.

A number of specialty store retailers such as those in the field of clothing, bags, footwear, accessories, foods , and other such consumer durables launched private labels in their product categories under names ( brand names) different from that of the store. These names were funky and were such that they would demand a look from the target consumer at least once.

The stores launching their private labels gave their products the prominent shelf space and high visibility by attractive lighting, color displays, offers and discounts as well as by the use of product promoters at the selling spot explaining the use and the advantages of the products.

The large retail chains gained economies of scale by ordering a large number of pieces from the same manufacturer for all the retail stores of that chain in a particular region.

Smaller retail players, gained margins by utilizing the excess capacity of the manufacturers when they are free and on a regular basis. Since, these

retailers are less stringent in terms of delivery and quality the manufacturers take orders from them readily to earn a little more money, even if these retailers are paying them lower than the national brands per unit piece.

## **PRODUCT CATEGORIES WITH PRIVATE LABELS**

The adoptions of the above have enabled a number of retailers across the globe to launch, promote and sell their private label products successfully.

There are a number of product categories in which private labels can be launched and sold successfully. These are, as follows:

Commodities- oil, food products like milk, paneer, snacks, spices, dry fruits, ghee, tea, coffee, etc.

Household items- utensils, floor cleaners, dish washing agents, threads, plastic spoons, tissues, paper plates, shopping bags, etc.

Apparels- clothing, handkerchiefs, footwear, bags, accessories

## **Furniture, mattresses, pillows, curtains hand and bath towels, sheets, blankets, rugs, etc**

Consumer durables like electronics- shavers, epilators, hair dryer, hair curlers, hair tongs, irons, mixer grinder, cookers, air coolers, and such low priced and low technology consumer durables.

The following table shows the various private label brands in different format stores:

INDUSTRY

STORE

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PRIVATE LABEL

CHAIN STORES

Big bazaar

Star bazaar

Westside

Food bazaar, DJ&C, Pantaloons

Star bazaar, Just!

Westside, Zara, Sisley, Fashion Yatra, 2smart4u, kiddurable,

Specialty stores

Globus

Shoppers stop

Europa

Gravity

Mango

Globus

Life, Kashish, Vittorio Frattini

Influence



Gravity, Rodeo

MNG, GO!

## **ADVANTAGES AND DISADVANTAGES OF PRIVATE LABELS:**

### **ADVANTAGES:**

The exclusivity of strong private labels boosts store loyalty.

If the private label brands are of high quality and are fashionable, there is a boost in the store image.

Retailers that develop and launch their private labels do not have the restrictions on display, promotion or price that often encumber their strategies with the manufacturer.

The gross margin opportunities are higher.

### **DISADVANTAGES:**

Although the gross margins are higher for the retailers in case of private labels, there are other expenses which are not readily apparent.

Retailers must invest to develop the designs, promote them and give them a favourable image in the long run.

Sales associates may need better training to help them sell private labels against the national brands, which are better known and hold a high credibility.

If the private label merchandise doesn't sell the retailer can't return it to the vendor.

The following are some of the purposes with which the retailers start their private labels:

To increase the gross margin.

To increase the customer loyalty to the store

To increase the brand equity in case of large retail stores which are a brand in themselves and are very well known either due to their business models or due to the offerings.

To make the store brand a national brand over a long period of time.

To gain negotiating power against the manufacturers' brand.

To boost the store image and value proposition.

The following section would give the description of some of the stores in India that have successfully launched and promoted their private label clothing.

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## **SOME CLOTHING PRIVATE LABELS IN INDIA**

WESTSIDE: It is one of the most successful ventures of Tata Trent. It started in 1998 and is an apparel and fashion store. It sells clothing for women, men and kids of all age groups. It sells the national brands as well as its “ in-store” brands or its private labels in clothing. It also sells other apparel like bags, and footwear. In addition, it sells household articles such as utensils, curtains, boxes, and cutlery. Westside was awarded the ‘ The Most Admired Private Label Fashion Retailer of the Year’ at the Images Fashion Awards 2010, the feted fashion event of the year.

Westside has the following national brands:

Arrow- Men’s shirt and trousers

Allen Solly- Men’s shirt and trousers

Ralph Laurel- Men’s t-shirts

Lee- jeans, men’s and women’s shirts and T-shirts

Biba- women and men ethnic kurtas

Satya Paul- men and women ethnic wear

These are some of the national brands that are available at Westside. In addition to these it also stocks apparels from Tommy Hilfiger, Triumph , Lovable, Jockey, Pepe, Gini and Jhonny.

However, the main focus of Westside has been the development, launching and selling of its private label clothing since its opening in 1998. The various private label clothing that are sold at Westside are, as follows:

Westside- Women kurtis, salwars, dupattas, men kurtas, kidswear like frocks and leggings as well as t-shirts, jeans and women trousers

Smart4U- Boys t-shirts, cargos, shorts, casual shirts and party wear

Kiddurable - kidswear

Fashion Yatra - kids, and women fashion wear

Zara- ladies kurtis and shirts and trousers

Top Shop- Men kurtas and ladies shirts and fashionable party wear.

These are the store labels at Westside. These are just some of them. About 70% of the clothes in Westside are store brands, especially the women and the kidswear sections. Also, men's shorts, socks and undergarment as well as casual t-shirts are private label brands in Westside.

The national brands are sold at the MRP on during the regular times and are offered at a discount during the festive seasons. If the brand owners are promoting some offers, they may or may not be offered at Westside, depending upon the inventory in hand with the store as well as the store policies and goals for that defined period of time.

The private label clothes at Westside range from moderate prices to high prices. They are not priced higher than their national label counterparts. In

most cases, the prices are lower than the prices of their national brand counterparts. However, in some cases, where the fabric, designing and quality of the clothes are usually comparable or better than of the national brands, the clothes are priced comparable to the national brands. Also, clothes for which the store does not stock national brands, such as leggings, salwars, nightwear, as well as some ethnic wear like salwars and chudidar suits as well as men's sherwanis these are priced based upon the fabric, design, beauty, elegance and the willingness of the customer to pay for all this.

Further, the private label clothes are placed in prominent manner making them look attractive near and around the national brands. Often, clothes of a kind not available in the national brands and if available not fitting accurately are found among the private label clothing of the Westside. These clothes are found to be comfortable, durable, colorfast, attractive and affordable with good fit. All this has attracted customers to Westside.

Westside designs its clothes using young and budding designers as well as based upon the latest fashion in the society it mixes and matches it with a traditional touch.

Westside relies on its product quality and customer service for repeat buys as well as new customers. In 1998, Westside started off as an independent store on Commercial Street in Bangalore. Since, then it has come a long way with a number of stores across the country and is now well known for its private labels such that customers from all classes of economy rely on the brands by Westside, which they get at Westside.

The way the customer confidence is increasing in the private brands of Westside, it would be no doubt if these brands go national in the near future like the other products of Tata like Tata tea and Tata Motors.

images 21 Sisley store Fashion Yatra Westside Westside

**SHOPPERS STOP:** Shoppers Stop is one of the leading retail stores in India. Shoppers Stop began by operating a chain of department stores under the name “ Shoppers’ Stop” in India. It was started by K Raheja Corp in 1991 laying the foundation of the organized retail industry in India. Currently Shoppers Stop has twenty seven (27) stores across the country and three stores under the name HomeStop. Shoppers Stop has also begun operating a number of speciality stores, namely Crossword Bookstores, Mothercare, Brio, Desi Café, Arcelia.

Shoppers Stop retails a range of branded apparel and private label under the following categories of apparel, footwear, fashion jewellery, leather products, accessories and home products. These are complemented by cafe, food, entertainment, personal care and various beauty related services.

Shoppers Stop launched its e-store with delivery across major cities in India in 2008. The website retails all the products available at Shoppers Stop stores, including apparel, cosmetics and accessories.

It sells a large range of clothing from various national and international brands and also was one of the first launchers of private label clothing in India.

The various national brands that it stores are, as follows:

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**Levis**

**Pepe**

**Arrow**

**Excalibur**

**Scullers Men and Scullers Women**

**Walt Disney**

**Calvin Klein**

As well as various other well known national and international clothing brands. It has launched and successfully sold a number of private label clothing. Some of the private clothing brands at Shoppers Stop are,

as follows:

Stop- This is a casual wear brand that has t-shirts, women tops and shorts. It also caters to the kid with trousers, shirts and jumpsuits.

Life- It is a fashionable western wear brand catering to both men and women. It has trousers, cardigans, jackets, t-shirts and tops in particular.

Kashish- it is a women and men ethnic wear brand. It was one of the first brands to be launched for branded men and women ethnic wear. It also caters to the kids rang of ethnic wear.

I Jeans Wear- it is a brand that caters to the age group of 12 to 25. It has a range of t-shirts and denim shirts, skirts, shorts, and cargos as well as girls' frocks.

In addition to these Shoppers' Stop has some more private labels in clothing. They are brands like Eliza Donatein, Insense, etc. These are premium brands that cater to the high class and the NRIs as well as the foreigners and tourists in the country. All the other private labels are moderately priced to high priced.

Shoppers' Stop when it started in India positioned itself as a premium departmental store that could cater to the lifestyle needs of its customer, with high service and premium quality and pricey products. However, in the last few years, since the advent of the mall culture in the country, Shoppers' Stop has started losing its customers to these malls, which satisfy not only the product needs of the customers but also serve as a source of entertainment. Further, the Indian customer now has more purchasing power but is quality conscious and price sensitive too. They now want value for money. Shoppers' Stop is thus now repositioning itself as a shopping store that specializes in apparels of a large variety at reasonable prices, with good shopping experience. It has tried to differentiate itself from its chief competitor Westside by now starting an online portal for ordering and custom designing of apparels.

However, Shoppers' Stop still remains the favourite of the Indian customer when they want to revamp their wardrobes with high quality and classy clothes and for occasions such as marriages and festivals.

Since, the advent of the mall culture in the country the chief sales in the shops like Westside and Shoppers' Stop has been due to their private label brands, which are much appreciated and sought for by the India customers.



The following table gives a brief description of the nature of the two stores that have successfully launched and sold private labels in India.

**WESTSIDE**

**SHOPPERS' STOP**

**Retail format**

**Departmental**

**departmental**

**Location**

**Ground, first and second floor**

**Ground and first floor**

**Segment**

**Middle class to upper middle class**

**Upper middle class to upper class**

**Target**

**Kids, women and men**

**Kids, men and women**

**Positioning**

**Complete shopping experience**

**Quality at affordable prices**

**Pricing**

**Medium**

**Medium to high**

**Ambience**

**Bright and trendy**

**Elite and sober**

**Fragrance**

**Fresh**

**Musky**

**Retail layout**

**Free form, boutique type**

**Boutique type**

## **WHAT TO ENTER IN PRIVATE LABEL CLOTHING AND WHY??**

It has been found that private labels in clothing are quiet successful in India. Hence, a number of retail chain stores and other specialized modern retail stores are now venturing into this industry with their private labels. Some of the categories in the clothing that companies can enter into as private labels are as follows:

## **WHAT TO ENTER??**

## **WHY TO ENTER??**

## **HOW TO ENTER??**

## **KIDSWEAR**

**(t-shirts, shirts, trousers, jeans, frocks, suits**

**and |**

**ethnic wear)**

Parents are not brand conscious about the kids clothes. It is only required that the clothes be comfortable, durable, easy to maintain and easy to carry around.

Parents like to dress up their kids in a fashionable manner in bright and attractive colours and designs, which are usually not available in the national clothes brands of kidswear and even if they are available the choices are low.

National brands do not design and manufacture ethnic clothes for kids on a large scale due to the intricacies in design. Hence, parents approach local retail stores for purchasing of ethnic clothes for children. An entrance into this category of clothes as a well known store, loved by the parents would earn a large customer segment.

Kids above the age of 10 years start selecting their clothes and are attracted to fashionable clothes that are comfortable and are the “in thing” among their peer. Such customers, if satisfied will form a loyal customer base in the near future.

Launch and produce comfortable and brightly clothes in a large number of SKUs to meet the needs of the target customers.

Launch and sell a large variety of clothes in each category of kidswear, providing to the customers a large range to choose from and hence earn their loyalty.

Contact the local retailers of the ethnic kidswear and their suppliers and make them a part of the supply chain to produce and supply high quality and beautiful ethnic wear

for kids.

Design and sell attractive and fashionable clothes and make the cha