

Apparel industry report

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Retail Sector in India-An Overview In emerging markets around the world there has been a close linkage between economic Development, rise in per capita income, growing consumerism, proliferation of branded products and retail modernization. With high economic growth, per capita income increases . This, in turn, leads to a shift in consumption pattern from necessity items to discretionary consumption.

Furthermore, as the economy liberalizes and globalizes, various international brands enter the domestic market. Consumer awareness increases and the proliferation of brands leads to increase in retail space. Thus, retailing is a part of the development process. The retail sector in India accounts for 22 per cent of the country's gross domestic product (GAP) and contributes about 8 per cent to the total employment.

Clothing & Apparel make up almost a third of the organized retail segment, followed by Food & Grocery and Consumer Electronics. India currently has a small penetration within the organized retail segment as compared to other emerging markets such as China, which has a penetration of more than 20% within organized retail. 1. 2 Apparel Retail Industry The Indian Apparel Industry has an overwhelming presence in the economic life of the country. It is one of the earliest industries to come into existence in the country.

The sector has a unique position as a self-reliant industry, from the production of away materials to the delivery of end products, with considerable value-addition at every stage of processing Apart from providing one of the basic necessities of life, the apparel industry also plays a pivotal role through its contribution to industrial output, employment

generation, and the export earnings of the country. Currently, it contributes about 14 percent to industrial production, 4 percent to the GAP, and 17 percent to the country's export earnings.

It provides direct employment to over 35 million people MARKET SIZE and FORECAST: The Apparel market in India was valued at US\$43.8 billion in 2012 and is expected to reach US\$69.37 billion by 2016, growing at a CAGR of 12.65 percent. The growth would primarily be driven by the surge in demand for redeemed apparels in semi-urban areas, rising income levels and youth population and increasing preference for branded apparel. The Apparel market in India is set to experience rapid year-on-year growth.

Consumers are giving preference to recent trends and styles in fashion, and are readily willing to spend more on apparels, as the disposable income of Indians is increasing. Urban area dominated the Apparel market in India with a share of 60 percent in 2012. By 2016, rural area is expected to grow rapidly as several companies are targeting rural populations. There are a number of new styles and designs launched in market as a result of the increased demand for the latest fashion and the need for vendors to differentiate themselves from their competitors through unique designs.

Hence, the demand for apparels in India is set to increase during the forecast period. Source : Technican Analysis(in billion \$) 1 . Segmentation by user category: The domestic apparel industry has 3 segments, viz Men's wear, Women's wear and Kid's wear. Menswear accounts for 40% of the total market. A.) Men's wear: Men's wear market in India fastest growing apparel segment The entire apparel industry (2011-12 estimates), including domestic

and exports, is pegged at RSI 3, 270 billion and is expected to grow by 11% to RSI 10, 320 billion by 2020.

Currently menswear is the major segment of the market (RSI 720 billion) and is growing at a compounded annual growth rate (CARR) of 9%. Gucci, Hugo Boss, Salvatore Ferragamo, Airman, Versa, Briton, Remodeling Egan, Canal', Cornelian', Alfred Dunhill, Acadia, are all present in India men's wear market. .) Women's wear: Women's formal wear and ethnic wear markets are still ruled by unrecognized players. With more women expected to enter corporate world, both these segments are good opportunities because of the market size.

Historically, the men's apparel market in India has been significantly larger than the women's apparel market. With only 20 percent of Indian's urban women in the workforce, women's wardrobes have traditionally been limited to home wear and items for special occasions. Now, women are more willing to dress differently when they venture beyond the home-? to shop, or example, or visit a school or office or for Job. C.) Kids wear: Kids wear is a major category with few established players - biz. Lilliputian, Gin and Join, Customs, Benton, Disney, Barbie etc. It still holds a large opportunity which is clearly untapped. The Indian kids wear retail market is expected to touch RSI 580 billion by 2014. At present, the size of kids wear market in India is estimated at about RSI 380 billion. Source: Competition Commission of India 2.) Segmentation by Use: A rough estimate of the segmentation by use is depicted in the pie chart below.

Casual apparel dominates and account for more than 50% by value Source: Euro monitor International KEY DRIVERS: The growing disposable income in the country is resulting in increasing consumer spending habits. A large young working population with median age of 24 years, nuclear families in urban areas, along with increasing workingwomen population and emerging opportunities in the services sector are going to be the key factors in the growth of the organized Retail sector in India.

Factors driving the organized retail sector include the following: Higher incomes driving the purchase of essential ND nonessential products Evolving consumption patterns of Indian customers Newtechnologyand lifestyle trends creating replacement demand Increase in rural income as well as arbitration Increase in easy access to credit and consumer awareness Growth of modern trade format across urban, Tier I, Tier II and Tier III cities and towns Rapid arbitration leading to more awareness towards emerging fashion 1. Porter's Five Forces: Thus, the apparel category is highly competitive but a profitable entry can be made with a differentiated product.