

Innerwear Market in India

AMONGST THE CORE APPAREL CATEGORIES, INNERWEAR APPEARS TO BE A POTENTIAL GROWTH CATEGORY ACROSS ALL SEGMENTS. IN 2014, THE INDIAN INNERWEAR MARKET WAS WORTH `19,950 CRORE AND IS ESTIMATED TO GROW AT 13 PERCENT TO REACH `68,270 CRORE BY 2024. IN THIS RESEARCH, **AMIT GUGNANI**, SENIOR VICE PRESIDENT, FASHION AND **KANTI PRAKASH, BRAHMA**, PRINCIPAL CONSULTANT, FASHION AT TECHNOPAK ADVISORS, THROWS LIGHT ON THE GROWTH OF INNERWEAR MARKET.

Among the core apparel categories, innerwear appears to be a potential growth category across all segments. With rising incomes, higher discretionary spending, greater number of working women and growing fashion consciousness, the innerwear segment is expected to continue to progress. Currently, the Indian innerwear market is worth `19,950 crore (2014) and is estimated to grow at 13 percent to reach `68,270 crore by 2024. The innerwear market has traditionally been largely unorganised, although in the past few years, the organised innerwear segment has shown promising growth in both men's and women's categories.

Until the pre-1970 era, innerwear was viewed as an essential 'commodity' with no focus from any retailer. The market was highly fragmented and was dominated by local and unorganized brands. Unorganised MBOs dominated the innerwear market until the 1990s, after which there was an influx of Indian and foreign brands. Organised brands came up and there was a gradual increase in the demand for them. Between 2000 and 2008, premium international brands started foraying into the Indian market. Indian brands showcased new designs and styles to woo the new age Indian women. The focus was mainly on the width of the product range. Men's and women's innerwear began to be sold through a variety of retail formats such as EBOs, LFS and departmental stores.

Although MBOs selling innerwear alone are still considered to be the most significant retail format for this category, women are becoming comfortable walking into EBOs to purchase innerwear. Organised EBOs and departmental stores cater primarily to urban consumers in major cities while, in the smaller cities, neighbourhood stores are preferred for purchase of innerwear. LFS, with shop-in-shop concept, have carved a niche by showcasing the entire product range. They help in differentiating the brand from key competitors.

Since 2008, there has been greater focus within EBOs on assisting customers with selecting the right styles and sizes through employing trained staff. Online retailing is also gaining momentum, with premium brands pioneering. There is now greater emphasis on customer service and experience; however, product depth is still an issue. This growth and change is

primarily due to increased exposure, media presence, influx of both domestic and international westernwear brands, and the increase in the number of working women. The growth of innerwear category is primarily centered around urban India with 43 percent of the market spread across the top cities comprising metros, mini metros, tier -I and -II cities.

Consumer

Innerwear consumers can be segregated into four core groups on the basis of their attitude towards innerwear products and their buying behaviour. The first group comprises men and women employed in high-paying jobs, earning high disposable incomes, having high aspirations, seeking only branded innerwear. The next group also consists of consumers with well-paying jobs, but these consumers assess value along various parameters of which price is just one; others are convenience of purchase, easy availability, style, quality, etc. Again, these consumers do not have any issue with paying a premium for innerwear products of a particular brand as long as the quality is assured. The third group includes consumers from mostly tier -I, -II and -III cities having high aspirations and eager to have a metro-like lifestyle. They are open to experimenting through purchasing aspirational brands. The last group of consumers consists of men and women who have low disposable incomes but have big dreams and aspirations. They have cautious buying patterns and value price over brands. For them comfort, price and quality are most crucial while purchasing innerwear.

Women's innerwear market

The women's innerwear market, which is driven by value-added innerwear products, contributes around 60 percent to the market. This market is worth `12,510 crore, and is growing at a promising CAGR of 15 percent. The growing number of working women and the increased share of westernwear in their wardrobe have propelled this growth. Further, with the increase in exposure, there is an increased demand for better fits and quality alongside the demand for a wider range of colours, styles, and accessories.

Westernwear usually encompasses specialised innerwear, which the branded players can provide, for the most part. Brand consciousness is no more restricted to external apparel. Among women's innerwear brands, strong single brands emerge for bottoms and heritage innerwear brands are preferred for bras.

Women are increasingly conscious about even the brands and styles for their intimate wear. In fact, this changing preference is no longer restricted to just the metros, but has spread to mini metros, tier -I, -II and -III cities. This openness to indulge in branded lingerie has led to a growth in the number of international and domestic innerwear brands present in India. Largely unorganised, the women's innerwear market is at present dominated by many local brands. Women tend to exhibit a strong comfort factor in buying lingerie from regular

unorganised local stores, predominantly due to price, but departmental stores are also very popular as they provide range and product displays and also have trial rooms. Exclusive brand stores are explored when looking for depth in styles and variety in colours. Even though there is an increase in the purchase frequency and average spends on innerwear, this category is predominantly a 'planned purchase' or an 'occasion-based purchase' category, especially among women, who tend to purchase and even splurge on occasions as weddings, anniversaries, holidays, etc. However, promotions and offers tend to induce impulse purchases. Again, experimentation in terms of styles is most often done when buying for special occasions; for daily wear, known styles and brands are preferred. On the basis of product pricing, the innerwear market is further divided into super-premium, premium, medium, and economy segments. Due to increased awareness, the increase in number of brands, and rising discretionary spending, all segments have registered growth. Foreign brands have brought in variety through international styles and fabrics. Indian women are also willing to spend higher-than-before amounts on innerwear. This has provided an exponential boost to premium and super-premium innerwear brands. Mid-segment brands have started extending their product portfolios. In women's innerwear, the mid-premium segment makes up 52 percent of the market and is expected to grow further. Also, within women's innerwear segment, there is immense potential in the maternity wear segment that needs to be exploited. Currently only select brands, mostly international ones, offer multiple styles of maternity innerwear products. Most other brands offer only one or two styles in this category.

Men's innerwear market

The men's innerwear market is pegged at ₹7,450 crore and is growing at 9 percent. Even in this segment various domestic and international brands can be found. Various apparel brands and retailers have extended their product portfolios to men's innerwear segment as well to leverage its growth. Apparel players predominantly focusing on activewear, casualwear and even formalwear have launched dedicated sub-brands in men's innerwear. Even, consumers largely prefer, due to their stronger association with, dedicated innerwear players. The various sub-categories of men's innerwear available widely and in most brands include vests, briefs, boxers, basic t-shirts, shorts, pyjamas, sleepwear and activewear. Consumers mostly purchase branded vests, briefs and boxers, which are the largest category with offerings from most leading innerwear brands. Similar to the segments in the women's innerwear market, men's innerwear can also be divided into super-premium, premium, medium, and economy segments. Unlike women's segment, however, within men's innerwear, the economy segment is the highest contributor at 53 percent. The mid-price segment contributes 32 percent, and the premium and super premium segments together constitute 15 percent. It is expected that the premium and mid-price segments will grow fastest, and exponentially, in the next few years. This is largely due to consumers becoming more informed. They seek high fashion quotient along with comfort, hygiene, brand image and smart prices.

Youth residing in metros and mini metros engage mostly with premium brands. The keenness to show off the brands, coupled with a desire to look good, is a significantly strong attribute in the choice of innerwear products and subcategories. A high fashion quotient within the product range helps increase the brand's image and engage consumers. This is usually achieved by incorporating a variety of colour, prints and designs. Most premium value brands add new products to their range of offerings at regular intervals. This way, consumers find something new in their chosen brand each time they shop. Regular product innovation help these brands engage their target customers and not switch brands. Whereas consumers residing in tier -I, -II and -III cities are not necessarily fond of premium brands alone, they straddle all segments including the mass segment. Premium brands are still aspirational for these consumers. Price, comfort and easy availability form the basis of any purchase for this consumer. Neither the brand nor its image has, as yet, a vital role in the purchase decision.

Brands and product portfolio

Most innerwear brands, across both men's and women's segments, are gradually expanding their product portfolios. Across consumer segments, it also emerges that products are associated with varying activities packed in the day, viz. lounging at home; outdoor lifestyle activities, etc. Activewear and sleepwear are perceived to be the natural avenues for growth. A merchandise mix of innerwear with such other product categories as activewear and sleepwear is currently not being offered to Indian consumers. Products within activewear, such as sports bras, running shorts and tops, track pants, jackets, gym bottoms, socks, etc. are not widely available, although consumers' demand is increasing. A limited range is available at intimate wear stores as the focus there is on innerwear alone. Despite women increasingly indulging in active lifestyle activities, most products tend to get segmented under comfortwear. Women are aware that different types of fitness activities require different attire. For casual fitness activities such as walking and jogging, they are not very specific about the attire. But for serious activities like gym and yoga, they prefer to put on specific sportswear. This is explained by limited offerings in the women's activewear category. Even traditional sportswear brands have limited offerings for women and the untapped opportunity can be cashed in on by brands and retailers.

Foreign brands dominate this category - along with private labels - are available in major cities through departmental stores, for the most part. These stores offer greater variety, but the most diverse range is still seen at sportswear stores. Traditionally, a few strong Indian brands and manufacturers provided variety within this category, until the previous decade. Foreign sportswear brands created visibility through a strong distribution network, even into tier -II and -III cities via EBOs, organised MBOs, departmental stores and unorganised stores. Indian brands continue to be available mainly through the unorganised route. Smaller local and

regional players have greater presence through unorganised stores, in regions closer to manufacturing units.

Further, within the sleepwear category for women, the core sub-products are chemise, payjama sets, short length and long robes, tube dresses, nightgowns and nightshirts. Married women and single women staying with their families tend to wear more conservative nightwear such as top-pyjamas night suits, full length night gowns (nighties), etc. Sleepwear constitutes a fairly significant part of all lingerie outlets, with lower product width and depth compared to intimate wear. In comparison for men, it is shorts, t-shirts, and pyjamas that form the core product range. In this category, consumers are not very brand-driven but are instead design-, style- and comfort-driven.

Indian and foreign brands, as well as private labels, are available in metros and mini metros through department stores and EBO s. Local, smaller players display a retail presence similar to that for activewear, with product availability concentrated regionally. Departmental stores enjoy a good standing with customers; however, it is the local unorganised stores which are most popular for this category. Within the men's innerwear segment, there are limited players which cater to all segments. Within the kidswear space, innerwear is primarily unorganised and features strong regional players. Only some brands have more than a few styles to offer for boys and girls. Although some brands offer teen's innerwear (especially teen's bras) there is again only limited product range. Local MBO s and the private labels at departmental stores are the main point-of-purchase for kid's innerwear.

Briefs and vests in packs of three or four with cartoon characters tend to be highly popular among kids. On the supply side, most national, foreign and regional brands have a similar distribution model. Most of them have multiple distributors in each city who handle individual, retailers and regions. Thus there is no stress about handling extremely large volumes or restricted distributor growth and distributors can offer better services as well. Brands do conduct regular distributor meets where they showcase the complete product range and whence selections can be made and orders booked. Brands also provide good distributor incentives like foreign trip packages, electronic items, etc. Distributors remain motivated by these to walk an extra mile and in return increase sales and profitability. Some brands have their own warehouse and no distributors. They cater directly to MBO s and LFS. This model is usually suitable for premium product range with small volumes. Here the margins are high as there are no intermediaries. Brands in this space also tend to have higher marketing budgets. Apart from trade promotions and meetings, they usually have dedicated marketing plans and teams. Most brands use multiple formats for marketing and promotions. From celebrity endorsements to using print media and other mass media, all formats are employed in order to capture the young Indian consumers' attention. Brands need to engage and build an

association with consumers through a complete, 360-degree marketing strategy.

In both the menswear and womenswear segment, innerwear has made its presence felt. The growing demand for innerwear has made consumers, and especially youth, spend on these products without giving a second thought to its price. It is no longer treated as merely an undergarment but is worn as a fashionable article of clothing that can be flaunted. This growth in demand has carved out a potential market for innerwear in India. As women's innerwear is expected to grow faster, brands should widen their share thereof. They also have to vary their product offerings and heighten the fashion quotient. Existing brands have the opportunity of expanding beyond just innerwear. Activewear, comfortwear and sleepwear are some natural extensions and promising categories. A smart pricing strategy must be employed in order to attract consumers and boost brand preference. Also, products need to be made available for kids and teens as well, in order to introduce brand comfort and loyalty from a lower age. Further, for brands and retailers, there is an opportunity to identify and increase their focus across key consumption cities as well as a mix of formats. Thus, in order to be successful, brands must take the initiative to create a differentiating factor; only then can they establish a loyal customer base in this promising but developing segment.

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