

Fashion retailing in the next decade – The game is open and everybody's invited

A retail shop is an important economic unit that puts on display besides goods, interplays of suppliers and consumers. While suppliers want to put for sales what they can effectively make and source, consumers want to purchase what they want and afford. In the coming decade, this template for fashion retailing in India is poised for a fundamental change. Three trends will drive this change. Interestingly, the opportunity is up for grabs for retailers and brands of all shapes and sizes

First trend will be driven by the persisting economic un-certainty. This reality has already become part of our daily lives and will continue to be so in the next decade. Households across income levels will re-jig the pecking order of their consumption basket. Unfortunately, fashion products (being discretionary purchases) will not feature high on the list. This will compel consumers to trade off psychological premium in fashion products over value offers. People will trade down on price and will increasingly hunt for affordability without compromising on fashion quotient. This is easier said than done. Affordable fashion will not imply cheap imports or insipid products. Torchbearers of affordable fashion that will not compromise on fashion quotient will dominate fashion retailing in the next decade. The success of brands such as Biba, Fast Track, Wildcraft hold lessons for Indian brands to dovetail fashion quotient with affordability. This rule will cut across price points. Zara and Mango's success in India is a harbinger of things to come.

Transformation of apparel in consumer's mind is the second trend that will transform fashion retailing. From being an item of functional utility, apparel will become an expression of a lifestyle choice. Earlier, apparels were broadly classified into Knits and Wovens. Then came the nomenclature of comforts, casual, dress etc. that also classified the retail destination of apparel products. The consumer's lifestyle choice will increasingly define apparel space in the next decade. Notion of Wellness, Outdoors, Natural, Youth Office etc. will increasingly find expression on clothes and accessories. Consequently, this trend will have a huge implication on fashion retailing.

We are already witnessing the emergence of Active Wear as an important category on Fashion Retailing. Ten years back this category was absent on the retail shelves. Association with Cricket was the only way for Sports brands to sell their products in India. Now it is one of the fastest and intensely competitive categories in fashion retailing. It caters to consumer's demand for whole range of apparel (& accessories) for gym, exercise, yoga, running etc. Earlier a consumer was happy to wear a non-descript shorts and T-shirt for a jog. Now she has become aspirational about color, brand, fit, fabric etc. Going forward this need will get amplified, coupled with an absolute increase in consumers who will imbibe this trend. Proliferation of options for wellness will also lead to a long tail of heterogeneous consumption groups. Such groups can range from Yoga at one end to Pilates at the other. Each of these options will create a distinct need for fashion products.

Association with nature is another example of lifestyle choice that will increasingly get reflected in fashion statements. Fab India's success to associate with this theme has allowed the retailer to build a loyal base of consumers. This has allowed Fab India to grow its appeal beyond apparel to home fashion. A similar narrative will play out for other lifestyle expressions as well viz. Outdoors, Innerwear, Workwear etc. From a fashion retailing perspective, success will come to retailers who will pursue the agenda of focus around each of these lifestyle choices rather than attempt to cater to all lifestyle needs. They will have to choose their sweet spots smartly and go deep rather than attempt to stand for everything.

Dramatic increase in the influence of e-commerce in India is the third trend that will profoundly impact Fashion Retailing. We are already witnessing early signs. Currently 120 mn Indians can access Internet. This number is growing at double-digit growth rate every year. India is also home to second largest facebook user base in the world. Couple these numbers with the fact that 60% of India is less than 29 years old and will continue to be so in the coming decade. We are looking at a significantly large consumption group who will grow up on a healthy dose of technology mediums to form opinions, pick-up trends, choose and buy fashion products. At one level this trend will reduce the length of fashion cycle. Global fashion trends will not only seep faster into consumer's minds but will also be replaced at equally faster rate. This will dramatically impact fashion retailing. The opportunity will lie for the retailers to pick such cues and quickly turn them around into fashion products available for sale. No wonders Zara has been so successful with the concept of fast fashion and quick churns. However, even it is facing challenges to replicate the model on a global scale. At another level, fashion retailing will become a dominant category in online retailing, patronized by the dominant segment – Youth. The space will belong to retailers who can dominate this space. They can do so with investment in technology that can bring to life a near-real customer experience online and in product development that can vividly capture youth's aspirations in their increasingly shorting attention span.

In summary, fashion in the coming decade will move beyond the realm of apparel and will permeate many categories. Consumer's refinement of lifestyle choices will drive this journey. At the same time, consumers will seek affordability in fashion and they will increasingly do so via. Online. This future has the potential to unfold many hidden opportunities for retailers. But the golden rule of understanding the consumer and of investing in capabilities to create right products will continue to be the only formula to seize these opportunities.

Authored By:

Ankur Bisen - Associate Vice President, Retail & Consumer Products