

Growth of the Indian Ethnic Wear Market

The unorganized segment, which traditionally, and still largely, caters to the ethnic wear industry, has demonstrated steady growth over the past years and is set to grow further by 8.4% over the next decade from the present INR 61,679 crore, or USD 11.63 billion.

Modern retail, especially large format retailers are ramping up their expansion plans across metros and Tier I & Tier II cities. This will contribute significantly to the growth of the Indian ethnic wear market.

The women's segment currently accounts for an overwhelming 87% of the total ethnic wear market at INR 54,425 crore (USD 10.26 billion); it is the growth of this segment that will continue to drive the overall sector. The women's wear segment alone is expected to grow at a steady rate of 8% over the coming decade.

The ethnic kidswear segment is projected to grow at a CAGR of 10% for the next few years. Even within kidswear, it is interesting to note that the girls' ethnic wear market is two and a half times the size of the boys' ethnic market.

While the market for men, presently at INR 1623 crore (USD 305.82 million), is expected to grow at a CAGR of 8.5%, this will largely be within the high fashion, high value segment that is heavily guided by occasion-based purchases.

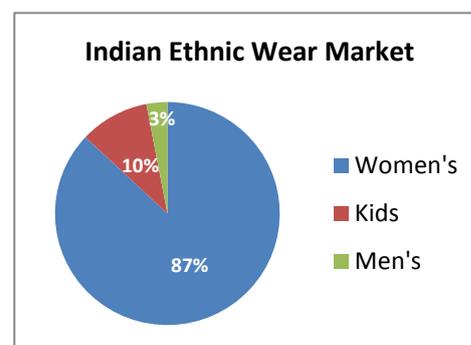
The opportunities thrown up by the wedding/bridal market in India are tremendous. Right from local boutiques to established traditional retailers and regional brands, every bridal wear retailer is vying for a share of the loyal consumer's wallet in a market that is governed more by design than brand. Niche brands such as Manyavar, Diwan Saheb, and Vastra are few examples of players that have managed to command a premium for their services.

Owing to the religious and cultural diversity of India, a wide range of occasions are celebrated. Such celebrations typically start early in the year in January, when Northern India celebrates Lohri, and culminate around October-November with Dussehra and Diwali. On such festive occasions, consumers tend to purchase ethnic wear for both personal use and for gifting, as brands typically bring out new trends and designs to coincide with a festive occasion. These occasions typically drive the growth for women's, kids', and men's ethnic wear.

Ethnic wear was initially a category that was largely restricted to the older age segment. However, it is now finding acceptance even among younger consumers, especially women. The young college going girl teams her Indian kurta with either a pair of denims or leggings that represent a fusion of ethnic wear with western wear. This has led to brands focusing on ethnic fusion wear product offerings, in western styles and prints, in order to capture the opportunity. With an interesting interplay of wovens and knits, these brands have completely redefined ethnic wear for younger consumers.

Ladies across all ages prefer the salwar kameez subcategory as it is associated with the attributes of convenience, comfort as well as contemporary fashion. One of the key emerging trends contributing to the growth of this segment is the gradual increase in the number of women in the corporate workforce. Many brands have been able to envision this opportunity and have made suitable changes in their respective product portfolios.

Thus it is not surprising that, within ethnic wear, kurtas and salwar kameez, which represent 38% of women's ethnic wear market, are expected to grow at robust rates in the next decade. Currently at INR 20,700 crore (USD 3.90 billion), the salwar kameez category is poised to witness optimistic growth at a CAGR above 10%.



Although traditional markets shall continue to be of importance, a consequence of the above factors is the increasing salience of modern formats among consumers. Until modern retail opened its doors for urban consumers, local tailors and neighbourhood boutiques were satisfying the ethnic wear needs of most consumers. Large format retailers were unheard of. Further, these local tailors barely met standards in terms of quality and designs. With the coming of modern retail, consumers have easy access to branded products that straddle the tiered pricing segments. In the value segment where few organized brands have been able to make a mark for themselves, large format retailers such as Reliance Trends, Max, and Big Bazaar offer private labels. In the premium segment, there are national players such as BIBA and W, to name a few, while strongly entrenched local players dominate their respective geographies. Neeru's, in Hyderabad, Frontier Bazaar and Bombay Selections, in Delhi, and Jashn, in Mumbai, are some examples.

Popular LFS formats such as Shoppers Stop, Lifestyle, and Westside are increasing the width of the private label offering and offer the consumers contemporary styling as well as convenience of comparing multiple brands under one roof

A very crucial pocket of growth will be the demand from the small towns, which are the metro cities of the future. A large number of brands are already eyeing this opportunity. Miraaya, for instance, has a strong presence in Tier II and Tier III cities both through its EBOs and large formats. BIBA has also opened a large number of stores in Tier I and Tier II cities like Vadodara, Indore, Patna, Visakhapatnam, Agra, etc. However, the demand for ethnic wear is large even within these cities and this demand frequently drives small town consumers to big cities for their shopping requirements. The onset of the e-commerce revolution is also changing the game. Consumers are able to purchase many, if not all, popular ethnic wear brands from the comfort of their homes.

With many physical brands setting up online stores and others selling through online portals, customers who do not have access to physical stores can purchase the brands online. Though there are issues that need to be ironed out before the online space emerges as one of the preferred shopping destination for ethnic wear, many ethnic wear brands have started to think of their online presence as a viable sales channel rather than just a website.

As different channels continue to emerge and evolve in the ethnic wear market, the growth of brands will be largely dependent on their ability to differentiate themselves across product and service offerings.

Authored By:

Amit Gugnani - Senior Vice President, Fashion

Pakhie Saxena - Associate Director, Retail