

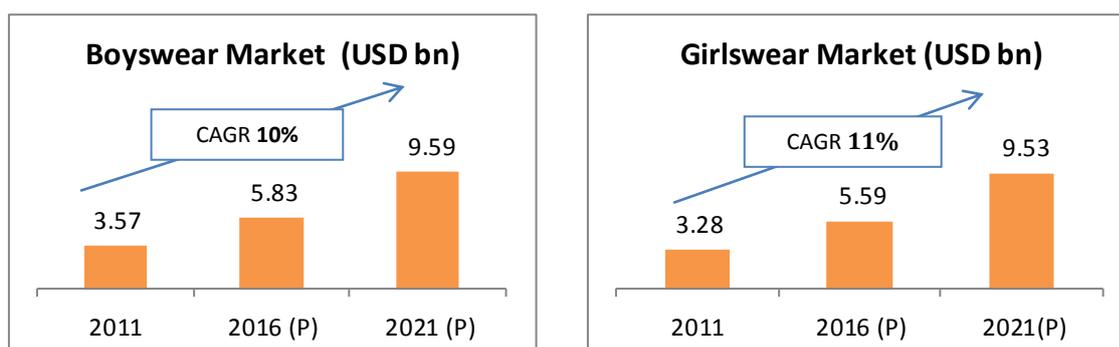
### **Kids Ethnicwear: A Promising and Untapped Market**

The population of children in India under the age of 14 has been increasing at a CAGR of 0.5% over the past 10 years to reach 36 million. Also, in the past few years, children's perception of what to wear has changed due to greater exposure to new styles of clothing. Children today watch the latest Bollywood movies with their parents. They surf and play on the Internet. Even their toys have become more fashionable; all of these have made an impact on their deciding their choice of lifestyle and clothing. In point of fact, children today want to pick, by themselves, the clothes they wear for every occasion. The ever growing number of double income families further ensures that parents have enough money to cater to the kids' demands in terms of clothing, games and other accessories.

#### **Growing Kidswear Market**

The overall kidswear market in India is worth about INR 37,000 crores, or USD 6.79 billion, and constitutes nearly 20% of the total Indian apparel market. This market is largely unorganized, with only about 10% made up by the organized market. Some of the key brands in the organized market for kidswear are Gini & Jony, Catmoss, Lilliput, UCB kids, Allen Solly kids, Mothercare, etc. Kidswear can be further categorized as boyswear and girlsweare, with boyswear comprising 52% and girlsweare making up the rest. Although the boyswear market is larger in size, the girlsweare category is expected to grow faster, at a rate of 11%, in the next decade. This compares with an expected growth rate of 10% for boyswear.

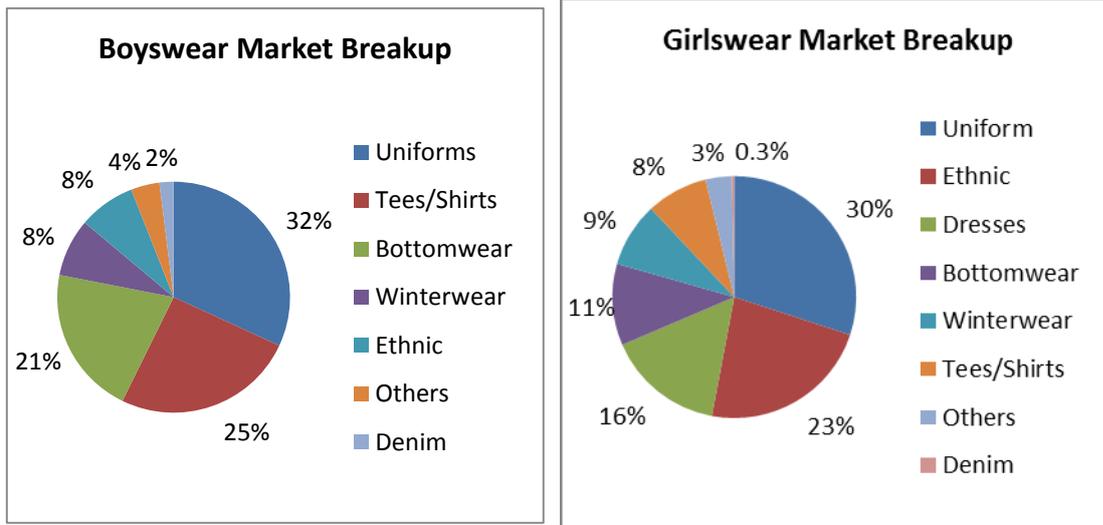
Source: Technopak Analysis



#### **Ethnicwear for kids: A Promising Category**

Most organized brands focus on casual western kidswear. However, many children have a complete array of clothing varying between school uniforms, westernwear like jeans, tops, shirts, T-shirts, etc., and ethnicwear. For boys, school uniforms, T-shirts and shirts form the greatest share of their wardrobe, which is about 57%. For girls, the most common categories are school uniforms and ethnicwear, comprising 53% of the total.

The ethnicwear market for kids constitutes about 15% of the total kidswear market and is estimated to be worth INR 5630 crores, or USD 1.03 billion. Further, it is growing annually at the rate of 10%. Contrary to westernwear, ethnicwear for girls is a larger category, constituting 23% of the girlsweare market and growing at 11% annually. In comparison, ethnicwear comprises just 8% of the boyswear market and is growing at 9%.



Source: Technopak Analysis

Across India, ethnicwear as a category has always been relevant for girls as it forms an integral part of their daily wear. Over the years, the trend has veered towards western wear, especially in urban India, primarily due to the greater comfort factor in wearing western wear and the growing casual fashion consciousness of both children and parents. Also, peer pressure forces them to follow the clothing trends prevalent in their vicinity. However in recent years, with the entry of organized brands and retailers, ethnicwear has again become relevant among girls especially for formal/festive occasions, and also as a fashion statement. Even for boys, ethnicwear has found relevance during festivals. While most clothes are for general wear and used for wearing at home or while playing with friends or going out with parents, ethnicwear has become symbolic with festive seasons and marriages. Most parents also want their children to dress for the occasion when it comes to celebrating festivals with families or while going for weddings, which are larger and grander events today. With the increasing focus on multiple rituals, thanks to television soaps and the Bollywood movies, the number of occasions to meet friends and family during weddings is increasing and so is the need to dress accordingly. Even for casual purposes ethnicwear is increasingly mixed with casualwear, e.g. ethnic tops with jeans/leggings are popular among girls.

India, being a diverse country, has multiple, region-specific, product categories as far as ethnic clothing is concerned. While, in northern India, the salwaar-kameez-dupatta (for women/girls) and kurta-pyjama (for men/boys) are more prevalent, in southern India, sarees and lehenga-choli (for women/girls) and dhoti/ lungi (for men/boys) are more common. With economic liberalization and better access to information, trends and products, ethnicwear has grown beyond the traditional centers of consumption. Subsequently, in southern India, the salwaar-kameez-dupatta and kurta-pyjama or sherwani have become popular, especially in urban centers, while in the north people are increasingly wearing silk sarees during festive occasions. Thus the market for ethnicwear categories like salwaar kameez, churidar, sherwani has also widened due to penetration into new markets. These categories have also percolated down to kidsweat with the result that we see adults and kids wearing sherwanis and fashionable salwaar kameez even during southern weddings, which was not the case earlier.

### A Largely Unbranded Market

From the manufacturing perspective, ethnicwear is a more complex category compared to westernwear, as it requires more design work and skills. It is therefore priced higher and, correspondingly, positioned at the premium end by organized brands. Some of the popular ethnicwear brands like Fab India and Biba are also catering to the ethnic kidsweat segment. There are other brands like Kilkari, Infancy, Jonez, Kindi, Raja Sahab etc. who have made recent forays into the organized market. Most of these brands are positioned in the mid-to-premium price range. However, over 95% of the market is still unbranded, with local retailers catering to most of the ethnicwear demand. The kids ethnicwear market is largely untapped by organized brands and there is significant potential for brands to grow in this segment.

Thus, while ethnicwear has always been a major category in India, with the changing times and exposure of Indian women to western clothes this category had nearly vanished from the daily use wardrobe of urban Indian women. Thanks however to ethnicwear's richness of design and fashion element, and also the influence of popular culture programming, it has metamorphosed from being merely traditional to being fashionable; from being daily wear to becoming occasion wear. Children's ethnicwear is following a similar trend and will continue to see much demand in the future. With organized retailers and brands increasing their focus on this segment, this space will be exciting to watch.

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