

The Casualwear Market in India

Introduction

An insight into the Indian apparel retail market reveals that the idea of casualwear has more than arrived; casualwear is expected to make deeper inroads into the psyche of Indian fashion consumers. The year 2013 was an eventful year for the Indian fashion market. Despite the not-so-optimistic stories of slowing economic growth, the depreciation of the Indian Rupee, the skyrocketing consumer price inflation, the rising perception of corruption within government and the accompanying complaints of policy paralysis, many Indian and international fashion brands and retailers managed to drive growth within their apparel retail businesses. It is estimated that the Indian apparel market which stood at INR 2.05 lakh crore in 2012, will register a compound annual growth rate (CAGR) of 9% to reach INR 3.15 lakh crore, in 2017. Further, given the increasing trend towards comfort and a trendy look, the growth rate is expected to be higher for the casualwear segment.

Casualwear Categories

The term 'casualwear' is a broad term that covers a gamut of products ranging from office and workplace casuals on one end of the spectrum to beachwear on the other. The related terms that are used in context of casualwear are 'business casuals', 'corporate casuals', 'smart casuals', 'resort casuals', 'party wear', etc. Business and corporate casuals are usually variations on the Dockers-khakis-polo shirt look. However, the boundaries between the different kinds of casualwear are blurring; the typical Indian consumer now prefers to use casualwear interchangeably in different occasions.

The casualwear market in India comprises men's and women's casualwear encompassing casual shirts/tops, casual trousers/skirts, denims, T-shirts, activewear, and dailywear. The men's casualwear market has higher penetration and is comparatively more mature than the women's casualwear market. However, the women's casualwear market has started picking up pace in recent years, and has witnessed the entry of many brands into the segment. The growth rate of casualwear categories in both the men's and women's segment has attracted many existing and new players towards focusing on these categories.

Some of the key casualwear categories are discussed in this article.

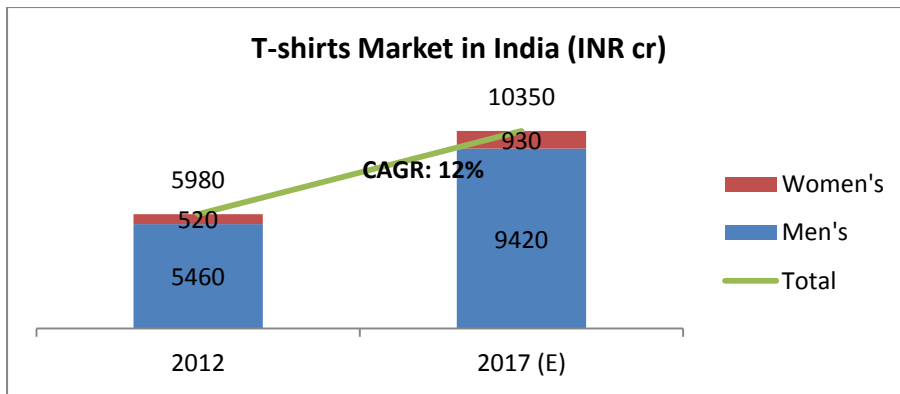
Casual Shirts/Tops/Trousers/Skirts

While the men's casual shirts and trousers market was always present in India, in recent years, the market has recorded substantially higher growth, especially in the branded segment. The men's casual shirts market was estimated to be worth INR 8,560 crore in 2012, whereas the women's casual tops/shirts market is worth INR 700 crore. Casual shirts have gained in popularity among youth and college-going students in both urban and rural India. Similarly, the men's casual trouser market is estimated to be worth INR 6,720 crore, while the women's casual trouser/skirts market is estimated at INR 470 crore.

T-shirts

T-shirts comprise one of the most dynamic categories within the fashion spectrum in India. The flexibility of the knit fabric, coupled with easy-care and comfort properties, has made T-shirts a category with widespread acceptability across consumers at varying income levels, in different age groups, and across diverse geographies.

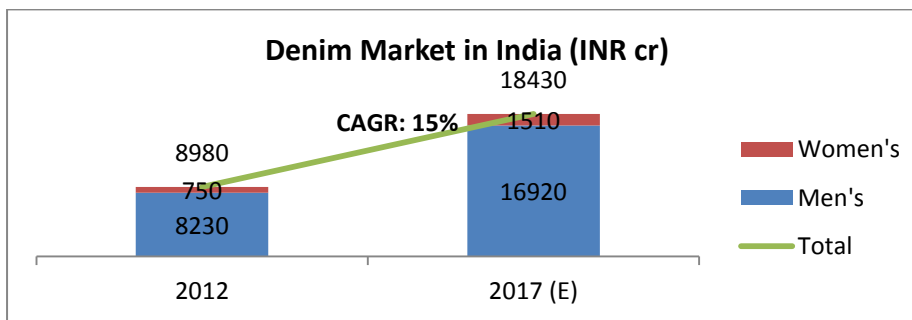
In 2012, men's T-shirts contributed around 90% of the total T-shirts market of India, which was valued at INR 5,980 crore. Again, although the women's T-shirts segment has gained wide acceptability in urban India, it still has low penetration in semi-urban and rural areas. Women's T-shirts also face stiff competition from ethnicwear categories like salwar kameez.



Source: Technopak Analysis

Denim

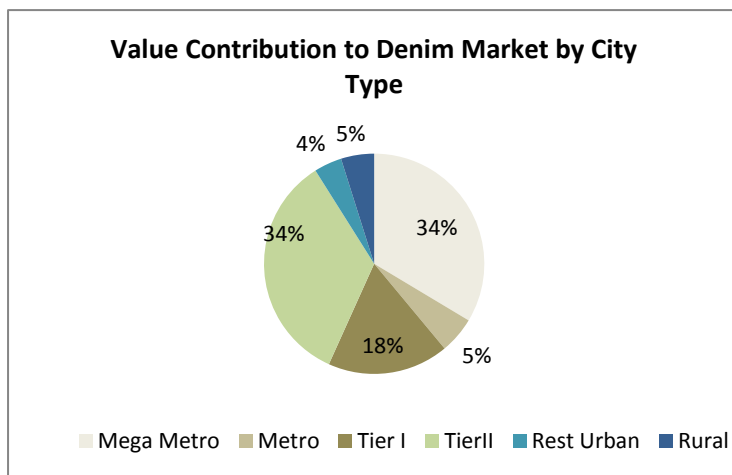
Denim can be considered the indisputable leader in the Indian casualwear market. In point of fact, denim has started competing with formal categories due to the increasing acceptance of casual clothing at the workplace. The option of selecting colors, finishes, looks, wash effects, etc. have tempted the consumer significantly. The availability of stretch denim has helped the category address the challenges created by the demand for fit and comfort. The Indian denim market is currently valued at INR 8,980 crore and is expected to grow at an impressive CAGR of 15%, to INR 18,430 crore, by 2017.



Source: Technopak Analysis

There was a time when most of the denim brands and retailers in India focused on the metros and larger cities for tapping the market opportunities extant within this category. This scenario has changed substantially in recent years as youth in even smaller cities and rural areas have become more fashion-conscious and aspirational. Denim brands and retailers are increasing their penetration in these regions to drive market growth through exploring these untapped opportunities.

A price-wise segmentation of the Indian denim market divides the market into the luxury, premium, mid-premium, mass, and unbranded segments. Consumers of the luxury, premium and mid-premium segments are not highly sensitive to price, but instead seek additional value in the product. They are open to exploring new brands, innovative designs, and new washes and finishes. Enhanced product attributes like the use of stretch fibers, better design elements, and assured product fit will drive growth in these segments.



Source: Technopak Advisors

Activewear

Activewear primarily consists of sportswear and swimwear, with the market dominated by men's sportswear. In tandem with the rise in income levels, health consciousness has also increased manifold. Consequently, a greater number of people have started joining gyms and are involved in some kind of physical exercise. This has provided an upward thrust to the activewear market in India. At the same time, the acceptance of sports as a career has increased in Indian cities. The improving performance of Indian athletes in the Olympic Games and other international sports competitions, the emergence of sportspersons from smaller towns and rural areas, and the growing number of sports stadia and coaching institutions, across the country, have motivated Indian youth to actively pursue sports as a serious career option. With this increasing penetration of sports in the smaller cities, the breadth and depth of the sportswear and activewear market have both multiplied.

Casual Accessories

Although lifestyle-related casualwear accessories represent a relatively novel category within the Indian apparel market, it has huge potential for growth across consumer segments. There was a time when lifestyle-related casual accessories were solely women oriented. Now, however, even the Indian male is willing to spend on fashion accessories, as the demand and desire for a complete look has increased substantially. As a consequence, the fashion accessories market for products like handbags, travel bags, wallets, etc., having a casual look, has burgeoned.

Key Trends in the Casualwear Market

The Indian casualwear market is characterized by dynamism and innovative products. Some key trends related to consumer behavior, revolution in retail channel, and retailer's market approach, have an immense impact on the evolution of the casualwear market in the country. Some of the key trends related to the casualwear market are discussed here.

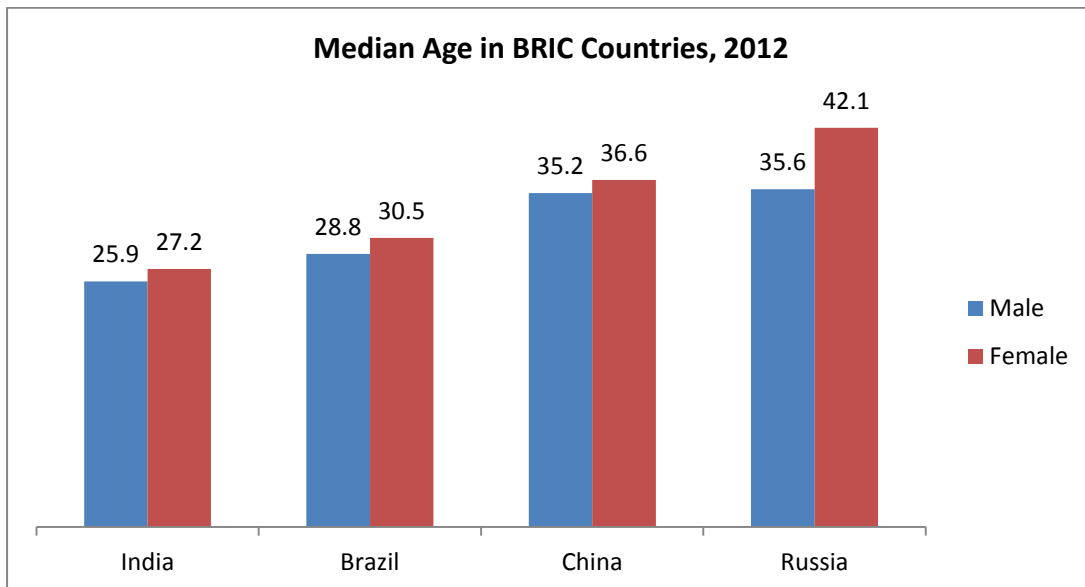
Consumer Behavior

The slow growth of the economy, combined with the high rate of inflation, has adversely impacted the spending power of the Indian consumer. As a consequence, Indian fashion consumers demand more value for their money, whether in casualwear or formalwear. At the same time, the favorable demographics of the country and the sustained trust in the long-term growth prospects of the economy makes the Indian casualwear customer amenable to experimenting with fashion products.

Favorable Median Age

At present, the median age among men in India is 25.9 years, while that for women is 27.2 years. It is further expected that, in the years ahead, the median age of the country will remain favorable, in the age range of 25-30. This lower median age reflects a youthful population that has a higher propensity for buying casualwear products. Again, this population is more aspirational in terms of careers and lifestyles which drive the apparel market. The

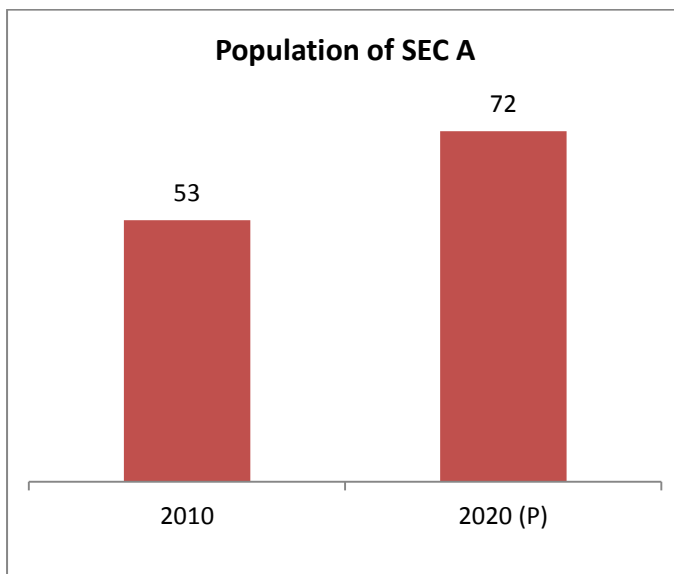
median age in other major developing nations like Brazil, China, and Russia is higher than in India. At the same time, the annual rate of population growth in India is 1.312%, which is much higher than in China (0.481%), Brazil (0.86%), and Russia (-0.01%). This combination fuels the desire of many international fashion players, to foray into the young Indian market.



Source: CIA World Factbook

Increasing Urbanization

It is a much-vaunted fact that, while India's population has more than doubled in the past fifty years, the population of urban agglomerations has undergone a fivefold increase. It is also estimated that, by 2020, almost 35% of the Indian population will be living in urban centers. This high urban population is expected to splurge on casualwear products and as a result, by 2020, there will be more than 70 million aspiring consumers who can afford to consume on par with consumers in the developed world. The population of Socio Economic Class A, in 2020, will exceed the current population of such large economies as UK, France, and Italy. The number of households with annual incomes upwards of USD 7000 is going to treble, from about 30 million today to 100 million by 2020. Again, there will be around 400 million individuals in the middle-to-high income bracket by 2020.



Source: India Census and CityPopulation.de

Increasing Time-poverty

With an increasing number of women opting to work - over 35% of urban women are expected to be established in their career by 2020- the work-time balance of Indian households is likely to undergo dramatic changes. The Indian consumer today spends more time at the office, commuting to the workplace, in activities for leisure and recreation, vacations, grooming and well-being, socializing, teaching school-going children, etc. which limits the time available for shopping. Again, the increasing number of activities that need to be conducted in the same time span has heightened the emphasis on reducing stress. As a consequence, convenience is emerging as a trend even in terms of shopping for fashion items. The consumer of fashion is increasingly seeking easier and quicker access, the ability to make faster decisions, more rapid transactions, and flexible timing.

High Share of Lifestyle and Apparel in Youth's Wallet

The increasing penetration of the Internet and lifestyle TV channels, coupled with the greater acceptance of social media, has resulted in the increased exposure of youth to the latest fashion trends and statements of iconic persons. At the same time, the growing demand for occasion-specific clothing has also contributed to the high share of apparel and lifestyle products in this populace's wallets.

At present, lifestyle categories like fashion and apparel, footwear, and fashion accessories dominate wallet share with a 32% contribution. A huge chunk of this contribution comes from casualwear categories which include denims, T-shirts, and activewear.

The Varying Labels in Consumer Wardrobes

Another driving force for the casualwear market in India is the change in the classification of fashion purchases. About 10-15 years ago, the Indian consumer was satisfied with need-based purchases. The fashion basket back then was dominated by formal shirts, trousers, sarees, salwar kameez, etc. The key purchase parameters considered while buying these items were their basic function, comfort, and price. However, with the increasing exposure to international fashion trends, the Indian consumer today wants more than just need-based clothing. There is a conscious effort at making a different fashion statement on different occasions and thus, the look is tailored to the requirements of specific occasions. Consequently, the fashion basket has expanded to include occasion specific-clothing like sports/gym wear, ethnic wear, casualwear, office wear, nightwear, party wear, etc. In addition to old parameters like basic functionality, comfort and price, better look, perfect fit, and trendiness have also become key purchase parameters.

It is further expected that, in another 8-10 years, the Indian consumer will become more detail-oriented. Fast fashion will consequently make further inroads into the Indian market, with consumers seeking newer designs with every fresh purchase. Design-based assortments for occasion-specific attire, bespoke jeans at the higher end of the market, eco-friendly apparel labels, etc. are some of the new apparel categories that are likely to emerge, within the Indian casualwear market.

Consumers of Tier I and Tier II Cities to Drive Casualwear Market

Aspirational youth residing outside of the top 20 Indian cities have a higher propensity for casualwear fashion products. They have a strong desire to wear the same kind of clothing and similar brands as their counterparts in the bigger cities. Realizing the potential of casualwear items in these markets, many Indian brands and retailers have increased their presence in these smaller cities. Electronic and print media are being flooded with advertisements carrying the message that success, passion, a desire to achieve, higher aspirations, etc. are not limited to the metros. The success stories of Indian sports icons, movie stars, and politicians who hail from smaller cities are being told in much influential ways than ever. The opportunities for casualwear in the smaller cities are opening up a market for players spread across the length and breadth of India, in over a hundred cities.

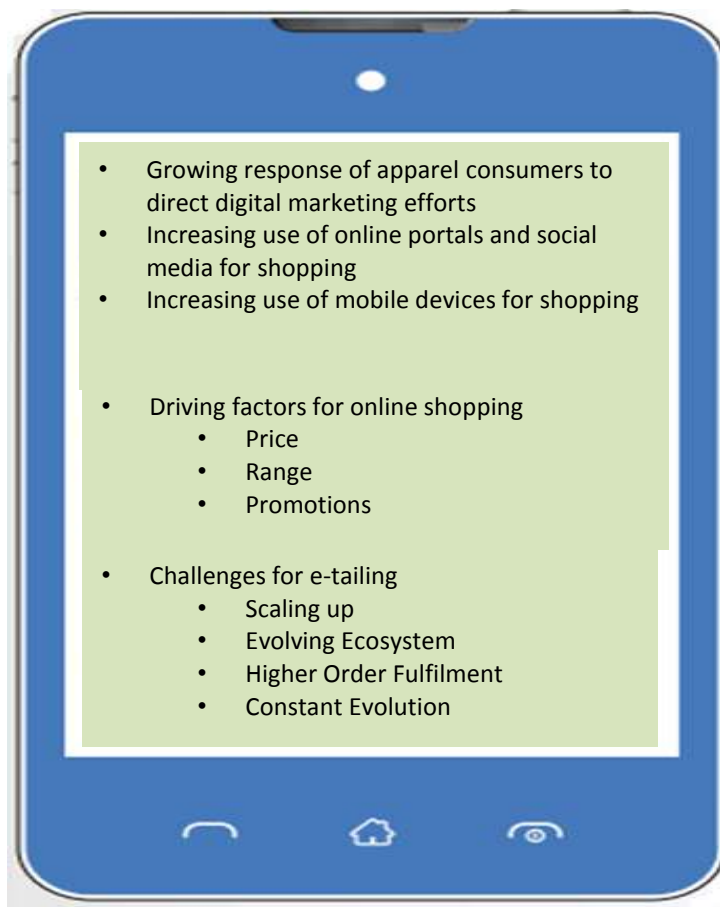
Consumers Trading Up and Trading Down

As the needs and desires basket of Indian fashion consumers is evolving with time, consumers have started reallocating their priorities on spending dynamically. The same consumer displays extreme price sensitivity for one product, which is normally functional, with low perceivable differentiation, e.g., food, daily wear, home textiles, and, at the same time, be willing to pay a premium for another product, usually a visible consumption product or a product of high perceived differentiation e.g. mobile phones, automobiles, and high-end fashion products, including having coffee at a café.

Retail Channel

Alternative apparel retailing is evolving in India at a rapid pace, and casualwear is no exception to this trend. Direct selling, home shopping, and e-tailing are gaining momentum in the market. There was a time when the growth of alternative fashion retailing was being questioned, as experts believed that touch and feel are the most crucial parameters in decision making. However, the e-tailing of apparel has gained widespread acceptability in India as well as in other major consuming countries across the globe.

Zeroing in on the right combination of retail channels in India requires optimally mixing global best practices with domestic market dynamics. Such a right combination demands the presence of physical stores, e-tailing, and direct selling by the same retailer or brand. The growing response of apparel consumers to direct digital marketing efforts, the increasing use of online portals and social media, for shopping for apparel, and the increasing use of mobile devices for apparel shopping are some of the key trends relating to retail formats of which casualwear players have to keep track, and accordingly offer retail solutions.



It is crucial to keep in mind that the success of e-tailing in the Indian market is linked to various infrastructure-related issues like efficiency of logistics, acceptance of technology, usage of the Internet and mobile phones, online security, usage of credit cards, etc.

Brands'/Retailers' Approach

Brands and retailers based in India are also reinventing their business models in order to cater to the growing domestic casualwear market. This evolution has also spurred on several new trends in the casualwear market.

Introduction of Private Labels

In order to meet the consumers' demand in terms of value-for-money, many retailers have not just introduced private labels but have made them one of the drivers of growth for their retail businesses. Private labels have gained wide acceptance in the mid-premium and economy segments which have a sizable population of consumers seeking a trendy look but not willing to pay the premium commanded by branded products. Private labels are an

acceptable solution for such consumers as, unlike unbranded fashion apparel, private labels ensure that a certain minimum quality is maintained. In addition, private labels have emerged as a popular offering from the retailer's perspective, as they bring in higher margins, to the tune of 50-60%. At the same time, they reduce retailers' dependence on brands, allowing retailers to decide the pricing, discounts, and product portfolio. In recent times, many e-tailing-based retailers have also launched private labels to harness the growing demand for youth-centric casualwear brands.

Focused Approach for E-tailing

Recognizing the preference and acceptance of alternative retail channels, many casualwear brands and retailers are venturing into the e-tailing space. This lucrative market opportunity has attracted many pure-play e-tailing players like Flipkart, Yebhi, Myntra, Koovs, etc. to venture into the lifestyle space. E-tailing players are also customizing their online portals to attract youth, who seek style and trendy looks in their fashion products. Many players are also harnessing the latest technological innovations to make their portals more consumer-friendly. Advanced technologies like personalized Natural User Interfaces, gesture-based User Interfaces, cloud computing across platforms and channels, and 3D 'Live' experience, are being adopted to attract consumers.

E-tailing shifting to Lifestyle Categories



Source: Technopak Analysis

Such lucrative offers, like 'Cash on delivery', 'Try-n-buy', easy returns policy, etc., are making the e-tailing space more competitive and dynamic.

Launching of Women's Casuals and Westernwear Brands

Players who traditionally focused solely on the men's casualwear segment have started launching women's casualwear products and women's westernwear brands, or have extended their existing brands into women's products. The success of the early entrants (brands and retailers) has provided additional impetus for other players to foray into the womenswear segment. Players have also introduced women-specific discount schemes and loyalty programs to retain women consumers.

Another interesting trend noticed in the women's casualwear market is the introduction of contemporary ethnicwear, which is a fusion of the trendy fashionable look of casualwear and westernwear with the traditional indigenous look of ethnicwear. Working women increasingly prefer contemporary ethnicwear to traditional ethnicwear. The working woman matches kurtis with denims and leggings which make ethnicwear more trendy and fashionable. Brands and retailers have also begun combining western cuts, styles, and designs with traditional Indian looks and silhouettes. Knitted fabric is replacing woven fabric in such contemporary ethnicwear, to provide the additional benefit of comfort and flexibility of casual clothing.

Bespoke Model for Denims

A premium tailoring segment has arisen for denims, comprising fashion designers and niche players, and dubbed the bespoke, or luxury, segment. Many companies and fashion designers have also started leveraging this premium bespoke segment. These companies and fashion designers have their own tailoring functions for high-end denims that cater to the requirements of fashion-conscious, elite sections of society, and ensure that the tailored denim suits the customer's personality and social status, and occasion.

Casualwear at the Work Place

Following the global trend of casualwear becoming acceptable at the workplace, Indian companies, as well as India-based offices of multinational companies, have started drafting policies allowing casualwear in workplaces. While some companies that are in creativity-oriented businesses permit casualwear on a daily basis, most companies follow the concept of “Friday dressing” allowing employees to wear smart casuals only on Fridays. However, many companies, especially professional service firms like consultancies, law firms, etc. expect their employees to be more formal throughout the week.

Considering the wide variety of products that are grouped under the casualwear category, many companies have incorporated written policies on casualwear making it clear what kind of casualwear employees may wear at the workplace. Some companies view casualwear at workplace as an overwhelming success in terms of promoting an employee-friendly culture within the organization at virtually no cost to the company. At the same time, companies encourage employees to stick to formal attire for client interactions as this reflects seriousness within the business environment.

Emerging Sub-categories of Casualwear

The casualwear category in India, in recent years, has registered the growing acceptance of western style of casual clothing that is increasingly being occasion-specific. As a consequence, beachwear and resortwear are emerging as niche but promising subcategories within the casualwear category in India.

Beachwear

Unlike the era prior to the introduction of liberalization, privatization, and globalization, in a vacation trip to the seaside, Indian consumers now prefer sporting typical beachwear. Indian consumers with exposure to the latest beachside fashion trends, due to overseas travel on job assignments, have developed a sensibility towards the right kind of beachwear. The number of such Indians is rapidly rising. Foreign tourists at Indian beaches also emerge as a market opportunity for Indian beachwear designers. However, many industry players believe that a large chunk of Indians will continue to stick to regular casualwear even at beaches as a result of the sociocultural traditions followed in the country.

Resortwear

Resortwear has also emerged as a budding subcategory within casualwear, wherein Indian designers have managed to showcase their creativity and blend western resortwear designs with the taste of Indian consumers. In India, the resortwear category comprises Indianized versions of gowns, dresses, sarongs, cruise wear, etc. Considering that the Indian climate is hot and humid in most places, almost all year round, the market for resortwear with light fabric, trendy look, soft texture, and high drape is gaining in momentum, among Indian urban consumers.

Innovations in Casualwear Products

The change in consumer buying behavior has also led to the introduction of many innovative products in the Indian casualwear market. Most such innovations have taken place in the denim and activewear categories.

Innovations in casualwear products are primarily related to product design, color selection options, and fiber mix. Men’s casual trousers and denims are no longer limited in terms of colors to black, navy blue, grey, and cream; instead, they are now available in red, green, sky blue, and many other variations, which have been received widely among youth. Again, the sportswear category has registered a greater number of product innovations than any other segment, including the introduction of advanced technical textile finishes like aroma finish, plasma finish, micro-encapsulation, moisture management finish, etc. Innovation in terms of fibers and fabric properties, and application of newer finishes, will remain one of the key features of sportswear apparel.

Some Indian consumers have started displaying an inclination towards environmentally-responsible casualwear products. Following the trends in European and US markets, eco-friendly fashion products have begun registering signs of growth in the Indian fashion market, including the casualwear market. The demand for casualwear products made from organic cotton, recycled apparel, etc. is growing in India. Interestingly, one of the global leaders in activewear has opened its first ever ‘sustainable store’ in Bangalore. The store sells recycled casualwear fashion articles, shoes, and accessories. Built with recycled steel, the store has deployed sustainable recyclable energy management and lighting mechanisms. The company believes that sustainable stores will help them promote reduced carbon dioxide emissions, energy consumption, and use of water.

The Future of the Casualwear Market

As highlighted earlier in this article, the idea of casualwear clothing has arrived in India, and the trend, of increasing use of casualwear apparel by Indian fashion consumers, is expected to remain intact in the foreseeable future. The existing Indian and international brands are registering promising growth, which has also made the market competitive as many players have ventured in to tap this opportunity. But the success of these players will depend on their ability to gauge the pulse of Indian consumers, who are essentially a heterogeneous set of people whose tastes, choices, and preferences vary depending on their age, income level, social status, regional influence, etc. Therefore, adopting a blanket solution for all of India might not be the right approach. Success in the Indian casualwear market will depend on the ability of brands and retailers to tweak their retail offerings to address the demand of various target segments.

SWOT Analysis of the Indian Casualwear Market

Strength <ul style="list-style-type: none">• Value and volume growth in metros and mini metros• Increasing penetration in smaller cities• Growing income levels, spending power, and fashion exposure• Desire for comfort and style	Weakness <ul style="list-style-type: none">• Low penetration in women's segment• Issues with fit and look in the economy and mid-premium segments• Preference of formalwear for regular office use
Opportunities <ul style="list-style-type: none">• Growing demand for sportswear• Entrance of more foreign brands bringing better management practices and designs• Effective use of technology and retail analytics	Threats <ul style="list-style-type: none">• Reinvention of women's ethnicwear• Preference of ethnicwear for specific occasions like marriages, national celebrations, etc.• Fragmented market with too many players

Source: Technopak Analysis

The casualwear market is dominated by young consumers who are aspirational and seek differentiation, and for whom clothing is intrinsically linked with a sense of identity. Deeper insights into consumer buying behavior, the effective use of advanced marketing tools including loyalty programs, social media and blogs, etc., and deployment of retail analytics will provide a competitive edge to players operating in the casualwear market.

Authored By:

Amit Gugnani, Sr. Vice President, Fashion

Kanti Prakash Brahma, Senior Consultant, Fashion