

# Young Consumer Behaviour towards Branded Apparel in India: Recent Trends

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**Abstract - Purpose of this paper is to deliberate upon the recent trends towards branded apparel in India esp. of young consumers. This apparel category purchase frequency and expenditure is increasing day by day at an exponential rate over the last few years in Delhi and NCR. The study also measures to what extent online availability of brand is used by young consumers to meet their demands for preferred brands.**

**Keywords: Branded apparel, Consumer Behaviour, Online Shopping, Young Consumer.**

## I. INTRODUCTION

Textile and apparel industry can be broadly divided into two segments - yarn and fibre, and processed fabrics and apparel. India accounts for 14 per cent of the world's production of textile fibres and yarns (largest producer of jute, second largest producer of silk and cotton, and third largest in cellulosic fibre). India has the highest loom capacity (including hand looms) with 63 per cent of the world's market share.

The domestic textile and apparel industry in India is estimated to reach US\$ 141 billion by 2021 from US\$ 67 billion in 2014. Increased penetration of organised retail, favourable demographics, and rising income levels are likely to drive demand for textiles. India is the world's second largest exporter of textiles and clothing.

Textile and apparel exports from India are expected to increase to US\$ 82 billion by 2021 from US\$ 40 billion in 2014. Readymade garments remain the largest contributor to total textile and apparel exports from India. In FY15 the segment had a share of 40 per cent of all textile and apparel exports. Cotton and man-made textiles were the other major contributors with shares of 31 per cent and 16 per cent, respectively.

Rising government focus and favourable policies is leading to growth in the textiles and clothing industry. Foreign direct investment (FDI) in textile sector increased to US\$ 1,587.8 million in FY15 from US\$ 1,424.9 million in FY14. The Ministry of Textiles is encouraging investments through increasing focus on schemes such as Technology Up-gradation Fund Scheme (TUFS). To promote apparel exports, 12 locations have been approved by the government to set up apparel parks for exports. As per the

12th Five Year Plan, the Government plans to provide a budgetary support of US\$ 4.25 billion to textiles. Free trade with ASEAN countries and proposed agreement with European Union will also help boost exports.

The value of the apparel market in India is estimated at around 20,000 crore. The branded apparel market's size is 5,000 crore which is a quarter of the total share. It is projected that domestic branded apparel sales to grow at 10-15%, much faster than the 6-7% annual growth in the overall market. Consequently, by 2017, branded apparels would account for over 50% of the domestic apparels market.

Today most of the international brands have found their way into some of the best malls in the country. Brands like Mango, Armani and Diesel were unheard off in India till a few years back but today these brands are found in almost all Indian cities. It is said that in the last ten years the fashion industry in India has moved from a very nascent stage to a full fledged booming industry.

The introduction of a number of designers in the fashion industry has given a further boost to the Indian fashion industry. According to recent research conducted by the (FDCI) Fashion Design Council of India, apparels created by designers in India is going to play a major role in the growth of the apparel industry in the next few years. Currently the Indian fashion designer industry stands at 180 crore and is expected to grow to 1,000 crore within the next decade.

## II. SIGNIFICANCE

The significance of apparel industry in our national economy can be evaluated on the basis of following facts:

- Production of man-made fibre has been on an upward trend.
- Production stood at 1.34 million tonnes in FY15 with the figure reinforcing a recovery from 2009 levels.
- During the period of FY07-15, production increased at a CAGR of 2.0 per cent.
- During FY16 (April-October 2015), production stood at 0.77 million tonnes.

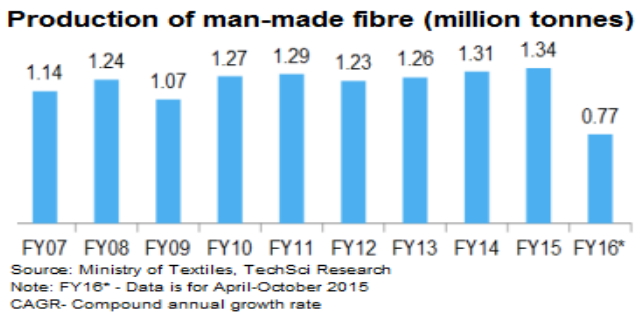


Fig. 2.1 Annual Growth rate in Apparel industry

III. CHANGING TREND

If being fashionable or up to date with fashion has become the order of the day it is not only because of the ladies. Men who were not very dress conscious till a few decades back have suddenly become fashion conscious. Gone are the days of purchasing material and having it stitched from tailors. Today readymade garments have made their way into almost every male wardrobe. With the increasing fashion trends in the global scenario Indian men are also becoming increasingly stylish. India is home to numerous top men clothing brands that are both domestic and international.

Till a few years back the international men clothing brands did not think India to be a very prospective market. But over the years with the increase in the fashion consciousness among men in India forced the top international men clothing brands to step into India. According to a report presented by an apparel manufacturing company currently the Indian men apparel industry is growing at a rapid rate of 14.90% annually.

The Indian rural market has played a major role in the boom of the men apparel industry in India. Due to the continuous changing perceptions of the youth regarding clothing in India most of the top retail giants and apparel manufacturers expect India to become one of the major drivers of the men apparel industry globally. The gradual shifting of retail format in India from unorganized to organized sector and opening of exclusive discounted stores are resulting in high penetration of branded garments.

Besides greater variety, arrival of new trends and fashion consciousness are also fueling the demand for branded products in metropolitan and suburbs of India. According to a recent report published by RNCOS the sales of branded apparels in India are expected to increase by 24% in the next few months. The shift from purchasing garments from unorganized to organized sectors is largely due to the influx of a number of exclusive retail outlets. This report has been collated talking into concern factors such as in depth analysis of consumer behavior, disposable

income, retail format, foreign brands, and multi-brand stores.

IV. ROAD AHEAD

The future for the Indian textile industry looks promising, buoyed by both strong domestic consumption as well as export demand. With consumerism and disposable income on the rise, the retail sector has experienced a rapid growth in the past decade with the entry of several international players like Marks & Spencer, Guess and Next into the Indian market. The organised apparel segment is expected to grow at a Compound Annual Growth Rate (CAGR) of more than 13 per cent over a 10-year period.

The growing demand for branded apparels has also encouraged many of the domestic players to enter into marketing tie-ups with well-known foreign apparel brands for example, Cherokee, and Tommy Hilfiger for sale of their branded apparels in India. Many established foreign apparel brands are also present in India on their own. The top apparel brands in India are Madura garments, Arvind mills, Provogue Zodiac clothing, and Raymonds.

The apparel industry categorizes itself into many segments: formal wear and casual wear separated for males and females, women’s dresses, men’s outfits and kids wear, suits, trousers, jackets and blazers, shirts, sportswear, t-shirts, denims, neckwear, undergarments (men and women), night wears, woollens, saris etc. Amongst the various categories, branded apparels penetration is probably the highest in men’s formal wear and women’s western wear. In other categories such as women’s traditional wear, casual wear (jeans and t-shirts) and kid’s wear, branded apparels still have a fledging presence.

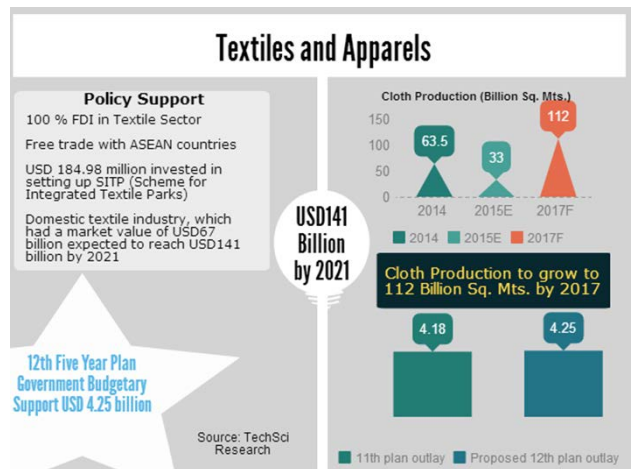


Fig. 4.1 Strong growth in the Indian Retail Industry

- The retail sector in India is emerging as one of the largest sectors in the economy

- By 2015, the total market size is estimated to be around US\$ 600 billion, thereby registering a CAGR of 7.45 per cent since 2000.
- Retail industry is expected to grow to US\$ 1.3 trillion by 2020, between 2000-2020.

### Market size over the past few years (US\$ billion)



Source: BCG Retail 2020, Ernst & Young, Deloitte, indiaretailing.com, Economist Intelligence Unit, Euro monitor, TechSci Research  
Notes: CAGR - Compound Annual Growth Rate, E - Estimated

Fig. 4.2 Estimated growth Rate (Ernst & Young)

The Indian retail industry is one of the fastest growing in the world. Retail industry in India is expected to grow to US\$ 1.3 trillion by 2020, registering a Compound Annual Growth Rate (CAGR) of 16.7 per cent over 2015-20.

## V. REASONS FOR GROWTH OF BRANDED APPAREL INDUSTRY

India is the fifth largest preferred retail destination globally. The country is among the highest in the world in terms of per capita retail store availability. India's retail sector is experiencing exponential growth, with retail development taking place not just in major cities and metros, but also in Tier-II and Tier-III cities. Healthy economic growth, changing demographic profile, increasing disposable incomes, urbanisation, changing consumer tastes and preferences are the other factors driving growth in the organised retail market in India.

India's population is taking to online retail in a big way. The online retail market is expected to grow from US\$ 6 billion to US\$ 70 billion during FY15-FY20. Increasing participation from foreign and private players has given a boost to Indian retail industry. India's price competitiveness attracts large retail players to use it as a sourcing base. Global retailers such as Walmart, GAP, Tesco and JC Penney are increasing their sourcing from India and are moving from third-party buying offices to establishing their own wholly-owned/wholly-managed sourcing and buying offices.

The Government of India has introduced reforms to attract Foreign Direct Investment (FDI) in retail industry. The government has approved 51 per cent FDI in multi-brand retail and increased FDI limit to 100 per cent (from 51 per

cent) in single brand retail. Branded garments to grow to 48% of readymade segment in 2019: report

Pace of growth expected to be moderate—from a CAGR of 15% between 2009 and 2014 to 10-12% between 2014 and 2019. The women's apparel segment, which clocked a 9.5% CAGR over 2010-2015, is expected to post an 8.5% CAGR by 2020.

As fast fashion brands expand and online shopping gains momentum, the branded garments segment will grow to 48% of the overall readymade garments segment in 2019, from 35% in 2014, said a report from Edelweiss Broking Ltd on Tuesday.

However, the pace of growth is expected to be moderate—from a compound annual growth rate (CAGR) of 15% between 2009 and 2014 to 10-12% between 2014 and 2019, said the report.

The moderation in growth will be seen across menswear and women wear, it added. The men's apparel segment clocked an annual growth rate of 10% over 2010-2015 and is estimated to post 8% by 2020, growing from \$13 billion currently to \$19 billion. The women's apparel segment, which clocked a 9.5% CAGR over 2010-2015, is expected to post an 8.5% CAGR by 2020.

The Indian branded apparel industry is estimated to be \$10 billion in size and growing at 10-12% per annum, said the report.

In the branded apparel segment, Madura Fashion and Lifestyle, a unit of Aditya Birla Group company Aditya Birla Nuvo Ltd, is the largest company, accounting for 40% of the revenue pool and 45% of the operating profit pool for 2014-15.

Arvind Ltd's retail unit Arvind Lifestyle Brands Ltd is in second place with 23% of the revenue pool share and 19% of the operating profit pool. Interestingly in India, women wear constitutes only 41% of the market versus 48% share of menswear. Globally, women wear is a bigger market than menswear. Also, the women wear segment is highly fragmented with only 5% share going to organised retail. However, in the coming years this is set to change. In segments like fast fashion, brands like Zara, Westside and Max Retail are focusing on women wear. The fast fashion segment is the largest in the Indian apparel market with 25% market share.

To be sure retailers are also now focusing on women wear for growth. For instance, Allen Solly, which started as a menswear brand in 1993, subsequently got into women wear. "Women wear now accounts for 15% of our revenues and is one of the fastest growing segments along

with kidswear,” said Sooraj Bhat, chief operating officer, Allen Solly who expects the contribution from women wear to increase to 20-25% in the next few years.

#### VI. FUTURE SCOPE OF BRANDED APPAREL: ONLINE SHOPPING

- Growing e-commerce penetration,
- Changing consumer trends and preferences to drive growth.
- Driven by the growing online retailing market.

The share of branded products in the readymade garment segment is set to rise to 46-48 per cent in the 2019 calendar year, from 35 per cent in 2014, says the latest report by Edel Invest Research of Edelweiss, the financial services group. Some of the big entities in this area are Siyaram Silk, KKCL, Indian Terrain, Arvind.

According to Vinay Khattar, research head at Edelweiss Financial Services, the country’s apparel industry’s growth story is set to gain more heft by the entry of marquee global brands, sharpening focus of big domestic business houses and the online revolution started by e-commerce entities.

Further, benign inflation and a spurt in gross domestic product (GDP) are bound to induce consumers to spend more, boosting discretionary consumption over the medium term. The report also points to factors like the favourable demographics of a younger population, influenced by Western culture, along with improved affordability and willingness to spend on one’s looks & image, higher GDP per capita spending on apparel.

Saturation of available retail space and infrastructure and operational challenges, coupled with a rising internet penetration and jump in the number of Indians owning an internet-enabled smartphone, has led to most retailers looking at avenues such as e-commerce. This platform offers consumers attractive discounts on good quality and trendy products, a larger bouquet of products and brands to choose from, the convenience of cash on delivery and ease in returning of products.

The other prominent trend for a boost to the branded apparel segment are changing consumer preferences, along with ‘fast fashion’. Many new trends are apparent. For instance, the rising demand for readymade garments is replacing stitching of clothes. Also, price sensitivity has been replaced by quality, brand recall and aesthetics, said Khattar.

#### VII. CONCLUSION

A younger and fashion-conscious population, higher comfort level in Western wear, entry of foreign brands and

higher penetration of organised retailing are driving a preference for casual Western wear.

The Indian middle class, traditionally less fashion and brand conscious, has become fashion savvy and developed strong brand loyalties. And, fast fashion, which implies quickly capturing the latest fashion and catwalk trends, replicating these in a retail format, has caught the fancy of consumers as well.

“Fast fashion requires an efficient supply chain and quick & inexpensive designing and manufacturing. This philosophy of quick and outsourced manufacturing, replicating the latest designs at affordable prices, with a short shelf life, is used by some of the biggest and most successful international apparel brands such as H&M and Zara.

As new products are launched every week, existing products have a short shelf life, inducing shoppers to visit stores often, generating higher volumes. As the inventory is fast moving, the need to discount products to clear out stock is low, keeping margins stable,” the report observes.

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