



**INDIA
BUSINESS OF
FASHION
REPORT
2019**



Foreword >>

Dear all,

The retail model's modern manifestation sometimes makes me marvel at it with incredulity. Looking back, I am not sure if I have ever even imagined this industry to be where it is today. Modern retail's metamorphosis into its contemporary avatar has, nevertheless, been absolutely phenomenal. It also is underpinned by the fact that retail in India has unfolded into an incredibly dynamic industry and every retail entity has to align with the evolving industry to find new meaning in this phy-gital universe.

Fashion retail is breaking new ground by the day and, as we are all aware, the consumer is outpacing us. These are difficult times for sure but given the magnitude of intelligence at our disposal today and the tools that technology has enabled us with, I would say, we can stand up to the modern customer with a stronger and more confident bearing. As a retailer, the onus of using these disruptive innovations to offer a seamless customer experience ultimately falls on you.

As we do every year, the 16th Edition of the IMAGES Business of Fashion Report seeks to foster a circa 2019 understanding of the elements that will define the dynamic and innovation-led business of fashion in India. The insights on the technological imperatives and multichannel execution, the stories on being technology empowered fashion influencers, how superior in-store environments are steering demand – this is intelligence retailers need and the knowledge IMAGES Group spends months gathering.

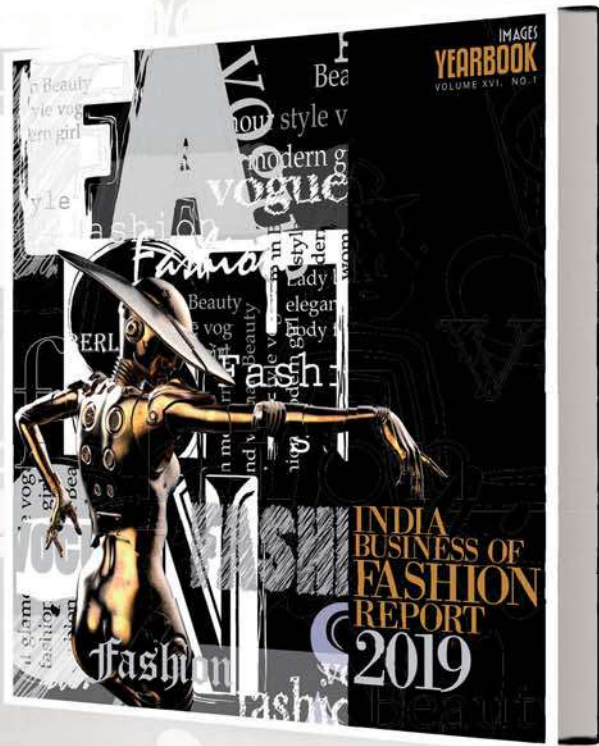
The India Business of Fashion Report 2019 is the latest annual manifestation of our objective to facilitate best practices in Indian fashion retailing. I am sure you will find this, the 16th edition, particularly relevant and timely, given the churn in the retail universe, and the challenges and opportunities that the constantly connected consumers are throwing at us.

Let's hope that this edition holds enough value, even in the limited space of the finite number of pages, to empower you to consider newer ways of conducting business which are inescapable in this fast mutating consumer landscape.

A handwritten signature in black ink, appearing to read 'Amitabh Taneja', with a long horizontal stroke extending to the right.

Amitabh Taneja

CMD and Editor in Chief, Images Group



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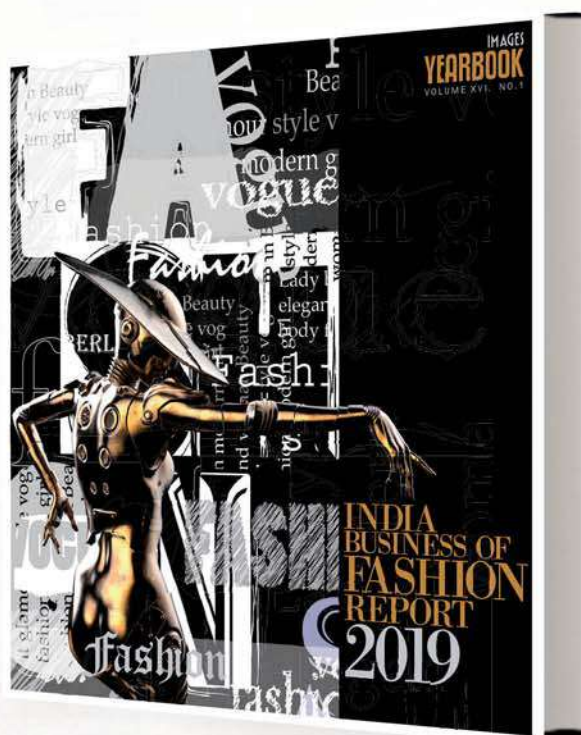
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India Fashion Retail Market – 2018

– Technopak Advisors

Globally, India is seen as one of the key consumer markets from where future growth is likely to emerge. As per this exclusive Technopak Report, growth in consumption will be driven by both services and merchandise consumption...

Indian economy is one of the fastest growing economies in the world. India is world's 7th largest economy in real terms and third largest by GDP PPP terms is expected to be in top 5 global economies by 2020. India's \$2.7 trillion economy witnessed a relative slowdown in the financial year 2017-18 due to various economic measures taken by the Indian government. However, the GDP projected by IMF to grow at ~7.2 percent in 2018-19, faster than the 6.7 percent growth clocked in 2017-18. Sustained real GDP growth of over 6 percent since FY 1991, has led to a fundamental transformation of the Indian economy. India has become the fastest-growing G20 economy since FY 2015, with growth rates hovering around 7 percent. India's economy is projected to expand by 7.3 percent and 7.4 percent in FY 2019 and FY 2020, respectively, benefiting from strong private consumption.

Globally, India is seen as one of the key consumer markets from where future growth is likely to emerge. The growth in consumption will be driven by both services and merchandise consumption.

As more people move beyond the basic sustenance level in any country, it reflects in consumption expenditure. Although, the share of Private Final Consumption Expenditure (PFCE) as percentage of GDP is slowly decreasing, in absolute terms it increased from US\$ 61 Bn to US\$ 1,308 Bn (FY 1991 to FY 2016). Rising income levels coupled with growing young working-age population will lead private final consumption expenditure to grow steadily over the years and is expected to reach to ~\$ 2 trillion by FY 2020.

Increasing disposable income, brand awareness and tech-savvy millennial population are the driving factors of corporatized retail within the country. Overall, Indian retail scenario has shown sustainable long term growth compared to other developing economies.



Fashion Accessories: Market Dynamics & Consumer Trends

– Carl Virk, Director, Carlton London

As far as innovation in product design and improvement goes, the fashion industry is highly competitive in nature. Continuous evolution and expansion in changing consumer trends are driving the growth of fashion accessory market...

The global fashion accessory market is projected to grow at the rate of 6.5 percent between 2018 – 2023. As far as innovation in product design and improvement goes, the fashion industry is highly competitive in nature. Continuous evolution and expansion in changing consumer trends are driving the growth of fashion accessory market.

The largely unorganised fashion accessory market is now being targeted by significant players within the manufacturing sector by providing distinctive and enticing prime quality products offerings. These manufacturers have been working towards acquiring emerging players in the market in a bid to expand the consumer base. Their interest in the segment has been fueled by consumer preferences for high quality fashion accessories like eyewear, handbags, shoes, scarves etc. – especially since fashion accessories have now become a part of people’s daily wardrobes.

Consumers today are becoming progressively passionate about adopting latest fashion trends and they’re demanding eco-friendly products – factors that are majorly giving the fashion accessories market dynamics a makeover as well as a major boost.

The Women's Denim Market: An Overview & Its Future

– Apeksha Patel, CEO, Deal Jeans & E2O Accessories

Today, denim is among the fastest growing categories in women's casual apparel segment in India. Various factors have contributed to its growth which can be defined with huge amounts of latest innovations in styling, newer technologies, latest trends and opening up of new territories driving the future growth in the market...

A fabric introduced in 1986 in India has distinguished itself as 'denim' and evolved as a leading segment in the country's apparel market. And although trends changed in the industry, this evergreen fashion icon for all seasons has sustained and fascinated consumers with new innovations and latest designs over the past few decades. This has led the denim category to become one of the most promising ones in the entire Indian apparel market.

Key Growth Trends

The market size of the denim segment within the Indian apparel market was estimated at ₹23,076 crore in 2017 and is projected to grow at a robust CAGR of 12.7 percent to reach ₹41,947 crore by 2022 and ₹76,258 crore by 2027. Some of the factors that have contributed to its strong growth include:

- **A Strong Domestic Focus:** Most denim manufacturers in India focus on the domestic market because of its value realization which is higher than that of exports.
- **New Denim Fabric Companies:** The recent entry of new denim fabric manufacturers is expected to make the market more price competitive in the coming years.





Overview of the Footwear Segment in India

– Kamal Gupta, CEO BFL Brand Folio Pvt Ltd

From being a mere necessity to protecting your feet, footwear has evolved as an important part of our lifestyle. In the last few years, the Indian footwear industry has seen an unprecedented upsurge. According to reports, India overtook the US as the second largest consumer of footwear. As per Statista, the overall revenue in the footwear market will reach US \$17,500 million in 2019, with a CAGR of 10.5 percent between 2019 and 2022. According to recent Indian footwear industry report footwear production in India is over 22 billion pairs annually accounting for approximately 9.6 percent of total global footwear output per year. Footwear industry in India employs over 1.1 million workers. India is also the world's third largest footwear consumer after China and USA. About 90 percent of the footwear made in India is consumed by domestic market and the rest is exported...



3D Technology: A New Dimension for Fashion

– Cas van Lier, Marketing and Communications Specialist, Pixelpool

It seems only a matter of time before 3D visualisation and virtual reality technology become the standard over physical products and samples when presenting to consumers in B2C environments. And with key fashion technology players moving forward faster than the industry can keep pace, the road ahead seems both uncertain and exciting...

Better late than never, they say. Although by the early 1990s 3D design technology was commonly used in the automotive, aeronautic, and furniture design industries, the fashion industry had not yet taken advantage of it. Specifically, the complexity of original 3D programs made them prohibitively difficult for fashion designers to adopt.

Over the past decade, however, advances in these programs have allowed 3D technology to gain acceptance within fashion. From Milan to New York and San Francisco, leading retailers and fashion brands are using 3D visualisation, sampling and printing techniques to drive process efficiency, turbocharge product development, and enable mass customisation. And, while the use of 3D technology in the fashion world is largely in its infancy, it's fast becoming a "must-have" for apparel brands looking for new ways to gain competitive advantage and stay ahead of the curve.

Youth Psychology in India: Its Implication on Fashion Marketing

– **Kaustav SenGupta**, Associate Professor, Link Chairperson & Centre Coordinator, NIFT Chennai

There has been a steady, ever increasing affinity towards the darker side of life which is becoming predominantly popular among the youth. Black almost appears to be a compulsory statement attire for both genders of urban youth...

Recently, in a sunny winter morning at Delhi I saw an impressive bunch of youth clad in all black discussing about Birdbox, a Netflix original and debating over the fear of unknown. With my two decades of research on youth socio-psychology, youth brands and marketing strategies, I have noticed a steady, ever increasing affinity towards the darker side of life which is becoming predominantly popular among the youth. Black almost appears to be a compulsory statement attire for both genders of urban youth. In a colorful country like India, black is stereotypically considered as a color of protest, superstitiously non-auspicious and a symbol of darkness. Ever wondered how this color is silently surging in popularity among youth (which is an absolute opposite to “all white” dress code of most of the politicians in India)!

In fact, is it not that the youth is supposed to be a phase of life when human-beings are meant to be colorful, agile, fashionable and flamboyant rather than wearing Dark?

If the data to be believed, around 65 percent youth between the age group of 22-25 in India show early signs of depression, claimed a study by ICICI Lombard (2017). According to WHO, India has the highest rate of depression with 36 percent of our population and majority of them are below 25 years. However, an IPSOS study (2018) has found India’s youth remain among the world’s most optimistic about current and future prospects. Let’s discuss this paradox at the later part of this article.



International Fashion Supply Chains & Corporate Social Responsibility

– Dr Patsy Perry (The University of Manchester, UK)

In recent years, segmentation of the market has emerged with the rise of ‘affordable luxury’ brands such as Michael Kors, while the phenomenal growth of the online fast fashion sector has speeded up product life cycles even more. However, corporate social and environmental responsibility has become an increasing concern, especially given the geographically dispersed nature of fashion supply chains...



Fashion supply chains have become geographically long and increasingly complex over the past 30 years. The rise of fast fashion in the 1990s saw the democratisation of fashion, with mass market retailers such as Zara and H&M replicating catwalk and celebrity trends quickly to provide budget versions for their customers. To increase cost efficiencies and meet the increasing volume of demand, garment sourcing shifted from domestic to offshore production as retailers increasingly outsourced their manufacturing functions, while retaining focus on design, branding and retailing.

In recent years, further segmentation of the market has emerged with the rise of ‘affordable luxury’ brands such as Michael Kors, while the phenomenal growth of the online fast fashion sector has speeded up product life cycles even more. However, corporate social and environmental responsibility has become an increasing concern, especially given the geographically dispersed nature of fashion supply chains. Fashion retailers have been accused of chasing cheap labour across the world while failing to pay living wages, using child labour, ignoring human rights abuses, being complicit with repressive regimes by denying workers the right to join unions and failing to enforce minimum labour standards (Maitland, 1997).

Corporate social responsibility (CSR) initiatives are crucial to companies’ strategies, especially for those operating in sensitive industry sectors such as fashion with its intensive use of natural resources and high labour inputs. Implementing CSR within

Global Fashion Trends – 2019

– Trend Council

Famous for compiling comprehensive forecasts that are laid out clearly and systematically, making them 'go to' for fashion community, Trend Council's analysis is synthesized into key reports identifying items by product category that guide the design process and buying strategies for seasons ahead...



Trend Council presents its forecasts on the emerging fashion trends that will impact global fashion in the immediate future. The company prides itself on being an affordable design tool for designers, buyers, textile companies and manufacturers. Their researchers are a part of the industry, who well understand the pitfalls. The company offers comprehensive color analysis, runway analysis, key item analysis as well as Long Term and Seasonal forecasting. They have long been partner consultants for major retailers around the globe supporting them with market research, import direction and color and product flows.

Famous for compiling comprehensive forecasts that are laid out clearly and systematically, making them 'go to' for fashion community, Trend Council focuses on the ladies, juniors, men, younger men and active markets for their forecasting. Their analysis is synthesized into key reports identifying items by product category that guide the design process and buying strategies for seasons ahead.

Long Term Forecasting

The forecasting firm offers a clear and concise analysis of emerging trends that will shape the long-term design projects of their clients. It synthesizes global, lifestyle, social and cultural trends to guide in understanding what will shape fashion businesses 12 to 18 months in advance.

The following pages present the forecasted key trends – the handcrafted feel, tropical florals, denim, patchwork and even naïve embroidery... designs that are must haves this season.

See Full Reports at www.trendcouncil.com

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Emerging Consumer Trends in Fashion Retail 2019

– Team WLS

Fashion today is an amalgamation of versatile trends that have time and again surfaced in various phases with a major influence from the global fashion scene. From ethnic to high-street fashion, the fashion industry in India has definitely gone through a dynamic transformation...

The fashion scenario in India has always been influenced by its rich cultural heritage, elegant textile and beautiful colours which have evolved over time. Fashion today is an amalgamation of versatile trends that have time and again surfaced in various phases with a major influence from the global fashion scene. From ethnic to high-street fashion, the fashion industry in India has definitely gone through a dynamic transformation.

The Indian fashion market today stands at \$70 billion out of which \$7 to 9 billion is attributed to the online space. The traditional brick-and-mortar brands are also adopting digital channels for engaging with Indian consumers while defending their competitive positioning. Building a brand presence online not only ensures a wider audience reach but also helps in testing the market before committing to a large-scale investment.

According to a recent report by BCG, India is also on its way to becoming a favorable market for fashion retailers owing to a large young adult consumer base, increasing disposable incomes, and relaxed FDI norms. As a mobile-first nation, the use of a smartphone is the primary device for Internet access for 73 percent of urban users and 87 percent of rural users. It is also a device for fashion e-commerce where 85 percent of online shoppers prefer to shop on their smartphone. This influence is expected to multiply nearly 4 times to reach \$30 billion by 2020 which will constitute 60 to 70 percent of the total branded apparel market, according to the same report titled 'Fashion Forward 2020'. The digital footprint of fashion buyers has more than doubled in the last three years. It will continue to grow rapidly as Internet penetration is expected to grow 2.5 times by 2020.



Sportswear: Is It Really Worth The Sweat For Apparel Players

– Anul Sareen, Senior Research Analyst, Euromonitor International

The sportswear segment in India is projected to grow exponentially over the next five years. Trends and influencing factors, backed by a young consumer base, Omnichannel distribution networks and increased disposable incomes are expected to further propel the growth of this segment...

Sportswear continues to grow strongly due to the rise in healthy living and increased popularity amongst women who work out. The acceptance and introduction of casual wear at work contributed positively to sales. Influenced by upcoming international sport events and professional leagues that are drawing crowds are further contributing growth to sportswear. Athletes and celebrities are also drawn to this trend as they partner and start their own athleisure clothing lines. Riding on this growth, companies such as Adidas, Puma and Nike have continued to maintain their dominance in the Indian market, however, low barriers to entry has resulted in new players entering the market thus, further intensifying competition.

Sportswear benefits due to the ongoing healthy living trend. As the day-to-day lives of people continue gaining pace followed by lifestyle changes, there is a strong realisation about its side effects on the health. The prevalence of diabetes amongst population aged between 20-79 increased from 9.8 percent in 2016 to 10.4 percent in 2017 making it amongst the biggest health problem in India. There has also been an increase in the overweight and obese population because of this. To



Healthy Living

Why Consumers Don't Buy More Sustainable Fashion?

– Susanna Koelblin, Global Apparel Commercialisation & Sourcing Leader

Consumer surveys about fashion and sustainability are misleading, because consumers answer to meet social desirability; they want to appear green even if they mainly care about price, status and look..



Consumers say they are becoming more concerned about the impact fashion brands have on the planet. However, there is a huge gap between what consumers are saying and how they are behaving. Consumers say they want sustainable products, but they are buying, mostly, not-so-green products. If sustainability is so in, why aren't more people buying ethically made clothes?

'Fashion was more sustainable in the past because fewer people could afford large wardrobes'



Consumer surveys about fashion and sustainability are misleading, because consumers answer to meet social desirability; they want to appear green even if they mainly care about price, status and look. Fashion is an emotional decision, not a rational one. Where aspects of sustainability and look are weighted consciously against each other, ethical aspects usually come last. An astonishing number of people are not interested in taking ethics into consideration when making fashion purchases.

There is simply no data showing that consumers put their money where their mouth is. For instance, data shows that millennials (widely acknowledged to be born between 1980 and 2000) rank everything else over sustainability such as ease of purchase, price, uniqueness and

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