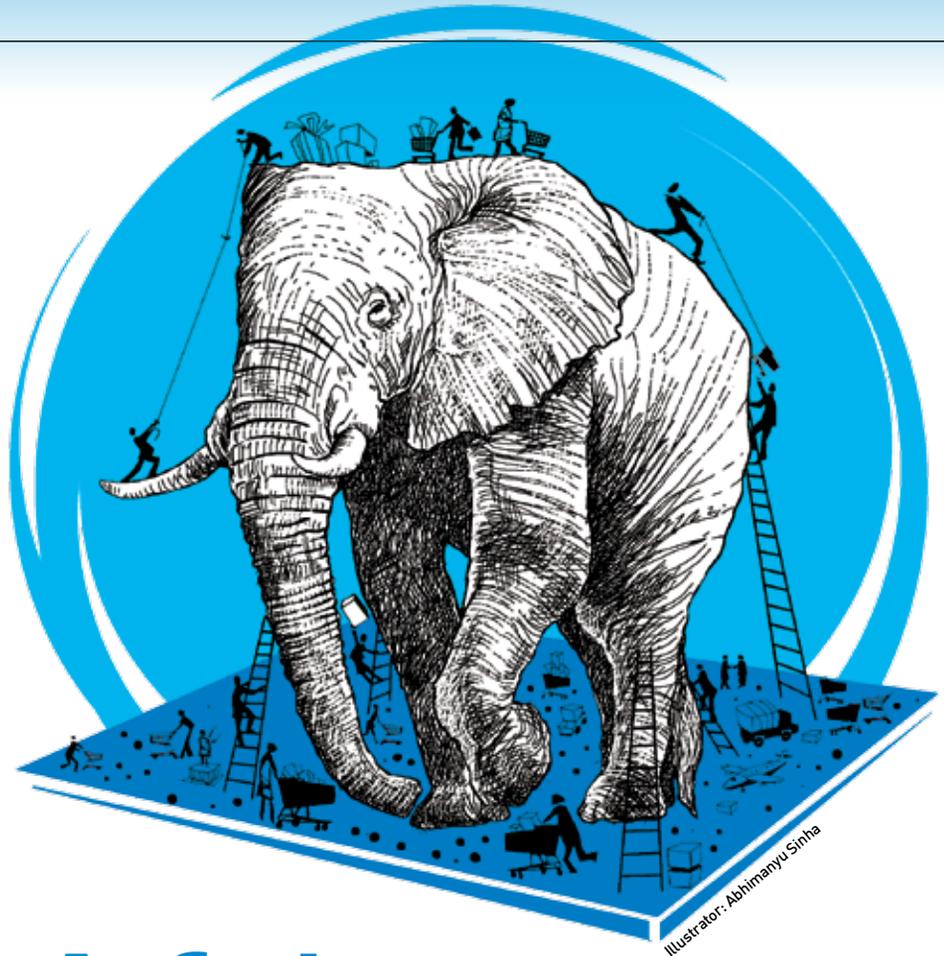


I have been studying a lot about Africa and have recently visited Kenya to formally launch Wazir Africa to capture the market opportunities mainly in cotton, textiles and apparel sectors. The focus of our consulting work is mainly on the exports markets development for the African industry to help in taking full advantage of various preferential treaties that Africa has with the U.S. and the E.U. However, I have also been keenly observing and analysing the domestic African market for textiles and apparel to spot business opportunities locally.

The thought behind looking at domestic market has been based on the fact that for any nation or continent to become a serious and significant player in international markets it is important to have a strong domestic market presence. This home market advantage is extremely vital to stay competitive against other upstart competitors and also to have a safety valve against global recession. Hence, I reckon that if Africa has to become a player in global supply chain of textile and apparel, it must put in effort and resources to develop a domestic market.

Let me share some macro indicators to establish the attractiveness of African market as compared with Indian market. Africa has a population of around 1.1 billion people, 40 per cent of whom live in urban centres as compared to India's 30 per cent and there are 52 cities with million plus population as compared to 48 cities in India. The collective GDP of Africa is around \$1.8 trillion, a tad higher than India's and the consumer spending is \$900 billion that is much higher than India's \$600 billion approximately.

The biggest difference between India and Africa is that India is one country driven by common policies while Africa is a continent and has numerous disparities across nations. However, it is an undisputed fact based on the above mentioned numbers that Africa is a large, growing and untapped market that could offer a fantastic opportunity to Indian companies across various product segments.



Africa a virgin market

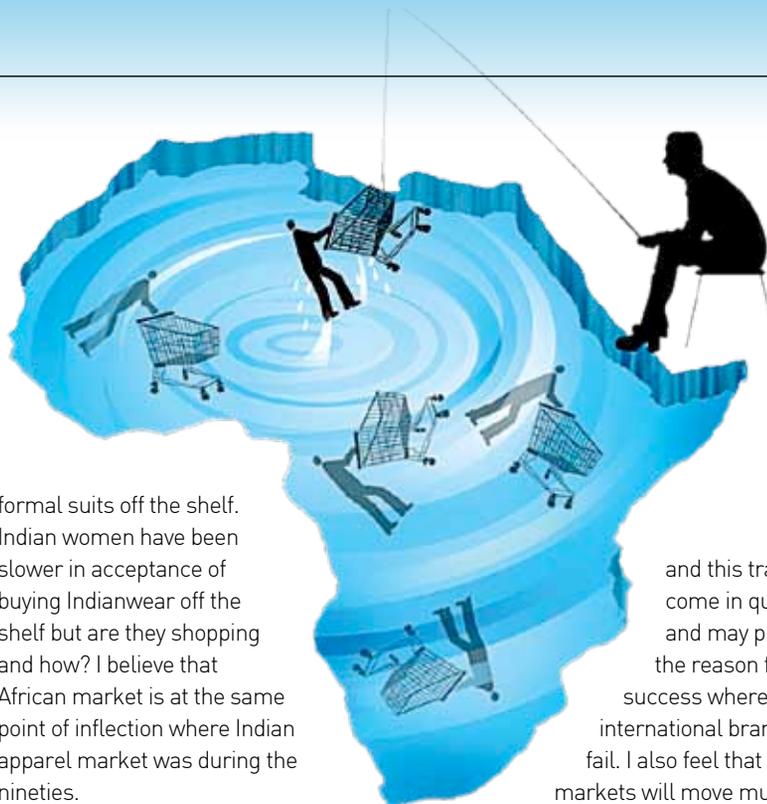
Let me focus on the textile and apparel market potential that would be of interest to all of you. It wasn't too far back in 1999 when I conducted the first ever apparel market size estimation exercise for Indian market and concluded that the Indian apparel market was around Rs 47,500 crore. As we all know this market has grown to close to Rs 2,00,000 crore in the last 12 years or so. That report is still the basis of the projections that have been made since then. I look back and believe that the main purpose that the report served was to create excitement around opportunities in the apparel sector and in identifying untapped opportunities. It not only encouraged current players to get

more aggressive with their future plans but also attracted many others to consider entering this sector. Similar to situation in India in 1999, nobody in Africa has any idea that how big is the market today and how big it can potentially become in future? However, we can make some broad estimates looking at the size of the population and per capita income to say that Africa looks quite like what India was in 1995, so the market could be around Rs 40,000 crore today. And I expect African market to grow on similar lines as India over the next decade as various trends that are beginning to emerge in Africa are quite similar to the Indian scenario.

The high level of urbanisation

supported by a very young population and also propelled by rising incomes will lead to higher consumption of clothing over the next few years. In any emerging society, apparel items take away more than their fair share of wallet in the early years as more and more consumers start buying clothing for the first time and others move up to better clothing and some upgrade to branded clothing and this all add up to the total value of the market potential.

However, the biggest challenge that African apparel market faces is its dependence on used clothing that comes from developed countries as donation or charity and is distributed by local players who sell it very cheaply as compared to new clothing. The price for this used apparel obviously is extremely low. However, with rising incomes, better education levels and also increasing fashion consciousness, there is a certain



Illustrator: Abhimanyu Sinha

formal suits off the shelf. Indian women have been slower in acceptance of buying Indianwear off the shelf but are they shopping and how? I believe that African market is at the same point of inflection where Indian apparel market was during the nineties.

Indian apparel brands have the experience of tackling the

and this trait will come in quite handy and may prove to be the reason for their success where larger international brands may fail. I also feel that African markets will move much faster than the Indian markets as the consumers are already used to readymade clothing albeit used one, so they have already covered the major stage of evolution and now are ready to embrace affordable fashionable fresh clothing.

If I were to recommend a choice between China and Africa to an Indian fashion apparel company I would recommend Africa without batting an eyelid. Even though China is very large and attractive market, it is also quite competitive as local and international brands are all fighting hard to capture a slice of it.

Indian companies will have tough time battling Chinese brands with their home ground advantage and international companies with power brands and deep pockets. In this context, Africa looks like a text book "blue water" market. I wish "happy fishing" to the ones who dare to go beyond the obvious. **BOF**

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segment of consumer, though a tiny one as of now, who certainly has a latent demand for fresh and better clothing. This segment is poised to grow really fast in near future if brands put in the effort. I reckon that if the branded and better clothing is made available to these consumers, they as well as many others will welcome it and become regular consumers. African consumers' preference to used clothing is more of a matter of habit and lack of availability of fresh clothing and I compare it with Indian consumers' preference for tailor-made garments for all these years. However, we all have witnessed that changeover from tailor-made to readymade branded clothing over last 15 years.

Indian men have come really far from the days when they reluctantly accepted readymade shirts and flatly refused to try readymade trousers to today buying

changing markets as compared to most international brands that generally are good at entering markets that have already converted. That's the reason I believe that Indian fashion companies should look at African market and enter at the earliest to take the mindshare of African consumers before the arrival of European or American brands. Indian companies have been quite patient in educating and growing the Indian markets



Harminder Sahni
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Harminder Sahni analyses the highs and lows of the fashion retail industry. Covering a spectrum of topics, each month he looks at the need of the hour for India.