

Time to Go Global

I have been to Istanbul many times since my first visit in 2004 and have always been impressed by the sophistication of the fashion business. Whether it is street fashion or elegance of apparel in offices or window displays at high streets or stacking in malls, there is a certain quality that attracted me to shop more every time. During my earlier visits the temptation was always to pick up international brands that were not available in India at that time. Also, there was a perception that these brands may be cheaper in Istanbul as compared to London or Milan. However, I actually never found the prices to be any lower than European markets and rightly so as Turkey is quite integrated with European markets.

During those shopping cum market-study trips, I came across many local Turkish brands such as Mavi Jeans and stores such as Beymen. I am certain many of you would have come across Mavi Jeans in the U.S. and the EU markets as well. The brand is owned by a Turkish family that used to be a full-package exporter of jeans to Western brands such as Levi's, et cetera. It was only in 1991 that they decided to launch their own brand. Today, Mavi Jeans is not only the top-most brand in Turkey but also retails in more than 3,000 retail stores in over 30 countries. Mavi can be seen sharing place of pride with the world's best denim brands in high-end stores such as Nordstrom. The brand has crossed \$200 million in sales in 2010 and expects to be a \$1-billion-sales company in the next few years.

Like any other brand coming from the developing world, Mavi had its own challenges over the last 20 years in business but came out stronger every time. I have studied the Mavi business model in detail through publicly available information as well as from my discussions with industry professionals with whom I deal with in Turkey. I also walked the malls and talked to store managers, consumers and its competitors. One common term that

Why Indian brands lack the vision and confidence to create global brands





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I kept coming across everywhere was “great design.” In fact, the design and the product quality hit you immediately the moment you enter a Mavi store. Even the first time when I saw Mavi Jeans and I didn’t know about its origin, I was quite impressed with what I was holding. Mavi management has invested and continues to invest in design, product development and innovation to bring out excellent jeans that is no less than any of its competitors whether with deeper pockets or far longer experience.

Mavi is rightly held as a case study of creating a global fashion brand from a developing country. I have always observed that the import of fashion brands from developed world to developing markets is the easiest and the earliest one. And the export of fashion brands from developing to developed world is the toughest and may come far behind many other categories. However, Mavi has been quite contrarian to the rule.

Compared to the Indian fashion retail market, Turkey seems to be few steps ahead in most of the cases. And when it comes to their global ambition, Turkish brands seem to have moved quite a bit on a track that most Indian companies haven’t even looked towards or probably

don’t even believe as possible. Even fashion business houses such as Madura from Aditya Birla Group, which is one of India’s earliest multi-brand retailers or Arvind that is one of the largest denim business companies in the world or even deep-pocketed Wills from ITC have not made any serious efforts in making their brands global. At best, they have ventured into Middle East and neighbouring countries and most of these forays are quite timid and certainly not the steps towards entering developed markets. I have brought it up with many of them over years and the most common counter argument is that – domestic market has so much potential so what is the rush in going to other markets?

The reality is that most Indian brands haven’t achieved critical scale neither in sales nor in terms of design and product

development to be able to launch in developed markets. Instead, most of the leading fashion businesses have spent their energy and resources in tying up with major international brands and helping them grow in the Indian market. My worry is that if this trend continues over some more time, Indian brands will be relegated to lower tiers in the domestic market and will find it even harder to venture out and compete with other global brands.

Let us also look at China where local brands having achieved significant size in domestic market are now going aggressive with their global expansion. Li Ning and PEAK are just two of many such brands. Both of them have signed sponsorship deals with NBA and have also opened first few stores in the U.S. Li Ning is a global case study and has become \$1.5-billion brand already in China challenging international biggies such as Nike and adidas in the sportswear category. It has achieved all this in less than 15 years and is now all set to repeat this success in global markets.

I reckon that the Indian fashion industry has the required talent and experience, but somehow lacks the confidence and the vision that is required to create global brands. My hope is that if a garment manufacturing company from Turkey with no experience in fashion branding and a sportsperson from China could do it, it must be only a matter of time before an Indian company does it and paves the way for many others to follow. **BoF**



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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.

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