

EMERGENCE OF AN INDIAN LEVI'S OR GAP

BY HARMINDER SAHNI



If there were to be a contest to find out the fastest growing apparel category in the last 20 years, denim jeans will win hands-down with a huge margin. While numerous clothing categories have either moved from tailored to readymade or from unbranded to branded segments, denim jeans has grown from nowhere to a multi-billion dollar category. Looking back at the denim segment as it was two decades back, there were very few denim brands in India, be it Indian or international. The market was small and largely dominated by domestic brands, catering mainly to the urban and young male. Even in major urban markets, the market for women's jeans was even smaller and jeans for kids were unheard of.

Compared to that, today we have jeans across various price segments targeting both genders of all age groups. Indian domestic brands such as Killer and Flying Machine compete with international heavyweights including Levi's and Lee, while Diesel and Guess are vying for super premium consumers. But the surprise element lies in the fact that the largest chunk of the market is still dominated by regional and local brands that are churned out by so-called unorganised players with different labels every season to tap their target consumers' fancy. These brands work hard to keep abreast of the latest trends while still keeping the prices affordable for their consumers. This they do by sourcing cost effectively and keeping overheads and distribution costs to minimal. These brands hardly incur any expense in marketing or branding activity and they serve a very large and untapped market that is spread not only in tier-II and -III towns but also is found in many tier-I and metro cities.

There are millions of young consumers – students and working professionals, between the age group of 18 and 30 years – who have high fashion aspirations but cannot afford to spend an average `2,500 for a pair of jeans every few months. This consumer segment is content buying a pair of denim below the `1,000 price mark. In fact, they are likely to buy four to five pairs of jeans in this price range instead of shelling out more than double the money to own just two pairs from a leading brand.

Some organised players such as Reliance Trends, Maxx, and Westside have tried to tap in to this market with their private labels but



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with little success, the reason being that in the process of bringing the price down, they end up offering such basic stuff that it doesn't appeal to these consumers at all. More so, when hordes of other brands are able to offer far superior and fashionable jeans at a very compelling price.

While young Indian consumers have supported the success of these brands



as far as demand for product goes, the major supporting factor has been the availability of supply of excellent denim fabric and washing across India.


On the one hand, where large denim mills such as Arvind were busy serving exports demands, many other smaller denim mills cropped up to cater to the domestic market. However, a majority of national-level domestic brands didn't grow fast enough to keep pace with the increasing denim fabric supply. This created a glut for some time during the early 2000s but soon after, many enterprising local players smelled the opportunity and launched their own brands. Most of these brands pick their design inspirations from Bangkok or even European markets and then reverse-engineer the samples to recreate the magic at a much lower cost. While many of us may not agree with or support such a business model, it has certainly managed to serve a large consumer segment pretty well.

This is where lies the opportunity for the emergence of an Indian Levi's

or a Gap (the latter sells more jeans in the U.S. than even Levi's). A certain set of consumers will continue to buy national and international brands and will move up the ladder continuously. However, a much larger number of consumers are available, and their number is constantly growing, waiting to be tapped.

In simple terms, this consumer segment is the one that buys 10 million motorcycles every year for going to college or to work and to move around. So, if all these men were to buy two pairs of jeans for ₹1,000 each every year, then the market is ₹2,000 crore only for the new bike owners. Add to this the other 50 million who bought motorcycles over the last five years and the number jumps to ₹10 to

₹12,000 crore per annum. This is only the figure for men and only for jeans, and not considering other apparel that denimwear brand can certainly offer to the same consumer set.

This is a seriously large market with great potential but it has somehow missed the attention of most brands that are single-mindedly focused on capturing extra few rupees from their customer set and ignoring the much larger potential customer set. The issue is not the demand or the supply chain but the lack of will and vision on behalf of major players. While one would not expect the international brands to figure out this market segment, it is surprising that Indian fashion houses are letting go of such an opportunity in their own backyard. This is unarguably a far lucrative segment to tap than trying to sell more office shirts or extend a men's brand to womenswear. 



HARMINDER SAHNI (MANAGEMENT CONSULTANT) 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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