



Management consultant 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.

No Kids Play

Kidswear may be termed as the biggest mystery of the Indian apparel market that innumerable companies have tried to crack and have failed miserably. Yet it continues to attract players like a magnet. Why? The attractiveness of the kidswear market has arisen in the last few years due to various socio-economic reasons. I am citing few reasons for that have really impacted the growth of kidswear market:

- Growing incomes of parents particularly the middle class and above
- Single or at most two children
- Aspiration for brands in all aspects of life
- Visibility and availability of brands and retail stores

All these factors and many other forces have led to the launch and growth of retailers such as Lilliput, Gini & Jony, Catmoss to name a few. Even international brands such as Benetton saw some success in this category after decades of hits and trials. The market also saw the arrival of brands such as Ladybird

as a licensed brand with Spencer's, and Arvind Brands trying its hand by launching Cherokee Kids. A blue-blooded menswear apparel company such as Raymond also could not resist the temptation of taking a shot at this market and brought in Zapp! only to pull down the shutters after four years because of non-performance. Not to forget the gorilla of licensing world – Disney – who licensed innumerable companies to use their characters to sell clothing to Indian parents who were vying to dress their little princes and princesses. Like Disney, all their licensees were equally excited about the market and each one of them brought in fantastic lines and all queued up at the buying offices of retailers like Future Group who themselves had taken licenses for many such characters. The market obviously was flooded and this led

to the demise of many licensees leaving licensors bitter and battered.

Even leading fashion designers didn't wish to be left behind and have started launching their own lines of kidswear.

All this action has happened over the last six to seven years as if the players were trying to make up for the lost time when everyone ignored this segment; the only segment that was focused on and was somewhat properly addressed was menswear or should I say men's formal shirts only. Anyway, despite the large and growing market opportunity, supporting macro-economic factors and enabling micro-economic factors, it is disheartening to note that barring one or two players most have failed to create a reasonably large business in this segment. Most of the players mentioned above are either way too small to matter



or in some cases have even vacated the market and gone back to serving grown-up boys and sometimes grown-up girls.

I wonder what could be the possible reasons for this phenomenon and can think of three high-level issues that have haunted this market.

The first reason is to do with the lack of product innovation and fashionability in this particular segment. Even today, if you walk into any of the kidswear retail stores, you'll be overwhelmed with the yellows, reds and oranges and varied shades of the same. It is hard to differentiate one brand from another and even the same brand store looks and feels the same season after season. There is no excitement or motivation that will compel consumers to come back again and again to buy more. The lack of fashionability is so apparent that even young children may say that there is nothing new so I don't want to buy anything. I would have expected some of the players to move up the fashion chain by now to offer a good mix of core and fashion clothing as is done in all other segments.

The second reason is the poor supply chain for kids' apparel in India. Indian domestic market for RMG and branded apparel has thrived on the supply chain that has been built over last few decades for exports to developed markets. However, India has not been a big manufacturer of kids' apparel for exports. Even the knit fabrics that are used for kidswear internationally aren't a forte of Indian textile companies who are more attuned to making heavier and rougher knit fabrics meant for adult consumers. On the garment manufacturing side too, due to the small sizes of kids' garments and also the shorter runs and numerous size sets,



most of the apparel manufacturers who are used to making larger garments have shied away from offering their capacity for kidswear. Lilliput has a huge edge over its competitors by having in-house capacity for kidswear manufacturing. The poor supply chain is and will remain a big hurdle in the growth of the Indian kidswear market.

The third being the lack of proper brand building and demand creation activities by Indian players. It is true that most of the players have come from small and medium business backgrounds and thus have no real money to spend on building serious brands in the short period. However, even larger companies haven't applied themselves much on this front. They expected consumers to walk into their stores in the malls and pay a premium

for the clothing that was on offer. However, most consumers in the malls while willing to pay a premium are also much more demanding in terms of brand positioning and the values that brands are expected to deliver. There has been very little or no effort put in by any brand to communicate to the consumers to establish its positioning clear in their minds so as to draw them to their store seeking to buy what they knew is available in the store and rather left it for causal footfalls to convert into sales. Many players finally realised that this strategy of "sit and wait" doesn't work but by that time they had lost so much money that their boards simply pulled the plug.

I am sure there would be some other common reasons that may be coming in the way of all players and some other reasons that may be specific to certain companies. Whatever it may be, as a strong proponent and believer of the potential of the kidswear segment I hope that to see some success stories sooner than later that may inspire more players to come in with the right strategies and also with adequate capital and patience. **BoF**

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