

Knitwear makers balancing offline & online retail

As omni channel retail gains ground, most brands are striking a balance between traditional and online retail formats. Indeed online retail has given a huge boost to the overall T-shirt segment especially in non-metros. And stakeholders are pushing up growth by pricing their products right, write **Prerna Sharma** and **Ajay Goswami**



The knitwear industry all over the world is at the threshold of far-reaching institutional changes. Removal of quantitative restrictions has brought about important implications and thrown open opportunities as well as threats, especially for low-income economies seeking to industrialise through promotion of the garment sector. This sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 11 per cent to India's total export earnings of which 45 per cent comes through knitted garments. Over 95 per cent of the nation's output of woolen/acrylic hosiery comes from Ludhiana. The textiles sector is the second largest provider of employment after agriculture. The Ludhiana knitwear industry is one of the biggest knitwear clusters in Asia but it lacks a branding, an image that promises consistent hi-quality and conveys the personality it deserves, both in the domestic and international market.

In the absence of any recognizable brand, consumers mostly make their selection entirely based on styles, fits and prices. There is absolutely no assurance for product quality. Indian knitwear industry's stalling growth percentage in the past years cannot be neglected despite innovations and experimentations in woven fabric. A study by consultancy firm Wisedge says about half of the domestic apparel market in India is ruled by knitwear and about 45 per cent in exports. Once restricted to the hubs in Ludhiana and Tirupur, the knitwear industry now has several big-small joints all across the nation like Bengaluru, Rajasthan and

- **Knitwear garment makes up 45 per cent of total export earnings**
- **Non metros have emerged a strong market for knits**
- **Most brands follow omni channel retailing, strategy**
- **Online retail expansion has given a boost to knits market**
- **Demand is more for value for money knits in online retail**
- **Brick and mortar stores are doing good business too**
- **Price plays an important role in sale of knitwear products in India**

Vapi in Gujarat.

Sanjay Jain, Director, TT Ltd, informs, "Knits is doing well and we see growth due to its taking in many categories from the traditional woven usage. Both LFS and MBOs are showing growth for our brand." Lubeina Shahpurwala, Partner, Mustang, also agrees and says, "In a retail outlet, be it LFS or MBOs, the ticket value of socks is low as compared to other products, which in turn, results in less store space."

RETAIL: A BALANCING ACT BETWEEN BRANDS AND NON-BRANDS

When it comes to apparel retail, there is a constant tussle between branded and unbranded clothing to gain major traction. And as Jain says consumers prefer buying foreign brands even if local brands offer better value for money. This advantage will

stay till Indian brands' mental framework of service, consistency and detailing doesn't improve dramatically. Talking about the most lucrative market, he says "For us, non-metro gives more sales and we expect with better monsoons and rural income rising, the trend would continue." Continuing with the same sentiments, Vandana Saxena, Corporate Communication Manager, BodyCare Creations, adds, "Most online selling comes from metros and Tier I, II cities. Many customers still purchase from brick and mortar stores as they don't rely on online sale and have not changed their buying habit. Purchasing through online is still not popular in small cities and they trust their local shops more."

EMERGENCE OF ONLINE RETAIL, A BOON IN DISGUISE

Online retailing has changed the face of fashion industry altogether in India. Online retailing has helped in accelerating the



Lubeina Shahpurwala,
Partner, Mustang

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growth of the segment as it helps brands to showcase products to a much wider audience and a better distribution opportunity. The online market has not only enabled brands to reach to potential consumers but also to traders and distributors in niche markets all at one click. As Jain says “The biggest advantage of is a huge market accessible at any given point in time. TT’s only 0.5 per cent sale is happening through online. The company has a target of making it 1 per cent by end of year and 3 per cent in the next 2 years.”

In this era of omnichannel retailing, the shopping experience of knitwear is still a question mark when it comes to e-commerce. Jain explains, “Online is still a channel and not a profitable segment due to high overheads – we all are pushing sales here as this is the future in distribution.”

Shahpurwala agrees and explains the knits industry has been dependent on offline retail as a way to reach out to its consumers but since the last five years, online retail has been a go-to for traders and consumers in this industry. “Since socks are an impulse buy, any medium that helps us increase our overall brand awareness and product reach is an advantage for us. The biggest advantage online offers is the ability to offer a large variety of styles, designs and patterns, essentially giving a great boost to the overall distribution of the brand.”

Offering insights into shoppers’ sentiments towards online buying, Saxena says retail stores generally operated in the traditional lines of business except a few superstores that brought in certain modification in their business patterns but the advent of online shopping has put an end on them because they had been losing on several grounds.

Online store provides discounts on regular stocks and have a number of brands under one platform. “Due to easy access of Internet in mobiles phones and computers, customer can shop and buy the product any time they feel like. Retailers have seen continuous decline of sale in recent years as more and more are buying online. However, the knit segment has not been impacted much as many customers still prefer to buy through offline retail outlets,” observes Saxena.

Giving price point perspective, Jain explains high priced items sales are limited online—its more value for money which sells. Shahpurwala informs, “Our price range varies from Rs 145 to Rs 199. While selling online, we package and sell three products per pack, which has an advantage in selling online as it is more feasible from a logistics and distribution angle.” Saxena is of the view that in online selling, only few end consumers give good price while 70 to 80 per cent are still buying and searching competitive price products.

CONSUMERS’ ACCEPTANCE

Researchers and findings show that about 70 per cent people are aware of the brands and trends in the market. Price plays an important role in buying knitwear products. Many customers look for discount and offers as some companies give large discount like buy one get one free etc. Having gauged the market readiness, the major question that needs to be answered is what sells



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MD, T T Ltd

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the most – basic or fashion? To this, and as Saxena says assortment planning is a process whereby products are selected and planned to maximise sales and profit for a specified period of time. The assortment plan considers the financial objectives and





TT plans to penetrate deeper rather than spreading its wings in other markets. "Our focus is to increase sales/population in districts where we are present by increasing already selling range and introducing our new products," asserts Jain. The company is expecting close to 25 – 30 per cent growth this year.

Echoing the same sentiments, Shahpurwala avers, "We are continuously on the search to expand our footprint and customer touch points in India. This include, both physical and online touch points. As demand for our socks has been picking up, it is important for us to be available across online and offline locations. Having said that, we have a strong network in India and will look to expand into the US in future."

While Bodycare has already marked its strong retail presence with over 8,000 to 10,000 retail touch point, it is exploring avenues in expanding product categories such as gym wear, yoga wear & sleep wear. "At present, we have a strong presence in metro and semi metro, now we are going to capture Tier-II, III markets," informs Saxena.

On growth expanse, Shahpurwala, says, "Price over quality has generally been the Indian mindset. But with changing dynamics and increase in disposable income, consumers have started investing in and buying products in the super premium category. Although this is mostly prevalent in the metros, it will start reflecting in the Tier II and Tier III cities as well in the near future."

ON THE CUSP OF GROWTH

As ICRIER (Indian Council for Research and International Economic Relations) retail accounts for over 10 per cent of India's GDP. It is fuelled by increasing customer base, rising disposable income, changing lifestyles and growing absorptive power of the domestic market. Organised retail sector



Sanjay Davar,
Managing Director

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seasonality of merchandise to ensure proper receipt flow. Outputs of assortment planning include initial purchase quantities and the receipt flow across time that will inform the allocation process. The level of detail in the assortment planning process will differ depending on the type of product being planned. For the purpose of this discussion, products are categorized into one of two product types - fashion or basic.

Basic product can also be either softline or hardline and is identified as 'basic' if its lifecycle is long, i.e., the identical product will be delivered several times over the course of multiple seasons. Basic products essentially do not change; colors and features remain constant over the product's life. Sales and inventory for basic products are managed through the replenishment system. The assortment planning process serves as a checkpoint to determine if the product meets performance criteria and should continue to be included in the assortment.

RETAIL EXPANSION STRATEGIES

Companies are bringing in newer collections and innovative trends when it comes to knitwear unlike early days. TT Ltd has recently introduced a new knitwear apparel brand, HiFlyers, which comes in variants of cut, style and colour combination. Melange colours are in vogue and new shades are being brought in. Mustang's next collection is full of fun colours and quirky designs. The company has focussed on various prints and patterns. Experimenting with colours, Bodycare Creations is introducing neon colours range in men's & women's inner wear segment.

With changing mindsets, people have started using socks as a fashion accessory rather than thinking about it as just a mere commodity. "This forthcoming season we have launched bright, pastel colors and quirky designs for teenagers and working professionals. As the kids wear market is booming, we expect a huge boost in sales in the segment, remarks Shahpurwala.

is likely to grow at a faster pace of 45-50 per cent per annum. The retail sector in India is certainly a beneficiary of growth for the Indian economy, but it is also a key cause and catalyst of that growth, and will remain so for at least 15 years. So, the future of knitwear is quite promising in the future.

