



## Indian brands brace up for global competition in domestic market

The branded market has seen a transformation with domestic brands facing competition from big global players. To match up Indian brands need to brace up their pricing, and keep up with latest trends to continue attracting consumers, write **Perna Sharma** and **Ajay Goswami**

India, being the second-largest market in terms of population after China, plays a significant role for global fashion brands seeking next phase of growth. The scope of involvement is massive as Indian buyers have extensively started adapting Western fashion trends. And to maintain a niche, domestic brands need to come up with exclusive strategies, invitational price points and an eccentric range of apparels and accessories for buyers. Nikhil Mohan & Nitin Mohan, Founders, Blackberrys explain, "The advent of global brands has brought a new wave of fashion in the market, affecting the purchase pattern of customers. With more brands coming on board, apparel business, especially the shirts category has grown significantly and is further expected to grow in the future." In other words, the advent of global brands has expanded the Indian market by

- Indian buyers have extensively started adapting Western fashion trends
- Domestic brands need to come up with exclusive strategies, invitational price points and an eccentric range of apparels for buyers
- Customers in metros and mini-metros are fashion conscious and highly inclined towards latest trends
- Indian brands have an advantage of understanding the cultural context and make products keeping in mind Indian consumers' sentiments and emotional values
- Entry of International brands has opened up the Indian market

offering variety of fashion, giving them reasons to buy, irrespective of their needs.

They say, "The entry of international brands has helped in opening up Indian market. In any category of clothing, a high inclination towards international trends can be seen. The influx

of international brands has brought in a lot of variety for customers and developed a strong competitive spirit amongst all home-grown brands. This has necessitated Indian brands to stay abreast with latest trends in order to be well-versed with growing needs of the customers."

Harkirat Singh, MD, Aero Club, makers of Woodland and WOODS says when they ventured into India (in the early 90s), things were completely different and unorganized, "If I may say there were a host of complexities. However, with time and advent of globalization and connectivity, dynamics of the apparel industry have changed dramatically. Then Indian apparel industry had no real innovation, which made most the brand products look similar to each other. Hence, consumers had no reason to pay more." He feels the advent of international brands opened up new price points for the shirt industry. Foreign players positioned themselves at much higher price points that created a space for existing brands to move up without being seen as too expensive. With higher prices, higher margins and higher budgets, Indian brands invested in product development, consumer engagement, category expansion and excellent store experience.

### Global brands adopt Indian market sentiments

Many global fashion brands have entered the Indian apparel market. A lot of them are targeting the luxury and mid-luxury segment primarily catering to the upper middle-class. While these products justify the price-points, they at times are found wanting on the global standards. As to the Mohan duo say, "These brands are also restricted to predefined size set which at times does not cater to a diverse market like India. Owing to changing market dynamics, a lot of global brands have become more adept and flexible in their business models." Adapting to diverse customer preferences, these brands are revising their pricing strategies to gain customer confidence while offering the best options to choose from ranging from quirky prints to plain outfits and vibrant hues like orange and purple to subtle shades of black and tan.

So what goes behind the entry of foreign brands into India? Singh believes, when a global brand enters the Indian market, a lot of marketing campaigns run simultaneously to ensure brand visibility at each stage. They also work on individual products to match the Indian taste. "Launching new products and revamping existing products to satisfy the end user while maintaining the distinctive quality is one vital exercise that Woodland, being an international brand believes in practicing. 4th July discounts have been replaced by Diwali

offers as Indian consumers shop when a big festivals are around which impacts the shift in sales pattern for most international players and further make them practice glocalization technique."

### Innovative strategies to adopt growth

Meanwhile, the entry of global brands has stirred healthy competitive spirit for domestic brands. Indian brands have adapted new strategies to uphold their market position. As Mohan's point out, "Owing to increasing competition, a lot of brands are now planning to set-up their footprints in Tier-II, III cities, providing better range for consumer. Brands believe in offering value-added products such as multi-purpose suits with extra comfort, perfect fitting and premium quality to consumers. Fast changing consumer preferences, complex tax regime, and infrastructural tailback are some of the challenges brands are facing."

Indeed, global brands have increased competition for big domestic brands however, local brands are giving a tough fight, feels



### Nikhil Mohan & Nitin Mohan

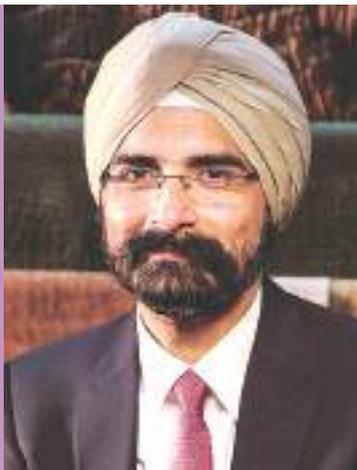
Founders, Blackberrys

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Singh. The Indian consumer is well educated who knows what and how to shop while being well informed about their choices. They not only go for the name but also, believe in the value a brand delivers. Benefiting it, both international and local brands are customizing existing products to suit local taste and diving into rural market to suit the preferences and environment. "Indian brands have an advantage of understanding the cultural context and produce products keeping in mind the local consumers' sentiments and emotional values. Indian consumers are fiercely 'value for money' conscious which makes them win big by going low on price. All of it has made global brands like Woodland to get into the skin of local environment and operate just like a local brand to retain as well as expand the existing consumer base."

### Small cities promise growth

It is true that a lot of Indian and international brands have set up shop in small towns. The primary reason behind this move is wide scale fashion acceptance with evolution of consumer in these cities. As Mohan duo said, "Customers in metros and mini-metros are



**Harkirat Singh**

MD, Aero Club (Woodland & Woods)

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fashion conscious and highly inclined towards latest trends. We have also been seeing a growth in affluent middle class along with rapid urbanization across India. With rising aspiration towards branded clothes, lifestyle changes along with higher purchasing power in Tier II and III cities India have become one of the most promising markets for the retail industry, indicating small town’s readiness to welcome well-known brands.”

India economic growth, and rising purchasing power has naturally made emerging cities promising untapped markets for brands. The EY report points that 26.4 trillion of household income in India is concentrated in Tier II-III as opposed to 800 billion in India’s eight metros. With an aspiration to ‘look and feel great’, this demographic dividend provides a significant boost to the branded products in India. E-commerce has also played its role in partially bringing brands in the forefront. Owing to increasing internet penetration in Tier II and Tier III cities, e-tailers are also crafting strategies to make headway into smaller towns. Thus, small towns are ready for big global brands. Woodland already has a wide-spread presence across the country through its exclusive outlets as well as presence in



small and large format MBOs and is looking to further strengthen its niche through more exclusive stores (EBOs) in tier II-III cities as a part of its long-term growth plan.”

An Accenture Strategy study says, nearly 60 per cent of rural population intends to buy or already consume branded products. Taking a leaf from this, Singh shares, “While the consumer base may be large for global brands to leverage the rapidly emerging opportunity, they need to relook at innovative ways to succeed in cost-effective implementation of brand building and bridging the hardships of travel to nearby towns and cities. While being an international brand, Woodland also understands Indian market dynamics since its

inception in 1992 and has a strong foothold widely spread across the country.”

**Learnings from foreign brands**

The presence of international brands in has provided an opportunity to domestic brands to learn and incorporate best practices to improve business performance. As Mohan’s say, “International fashion brands have also introduced Indian brands to enhanced product designs and advanced technologies. With renewed competitive spirit, Indian brands are now willingly going beyond to have a stronghold on every consumer’s mind.”

Singh sums up, “Foreign players have prompted numerous advancements and helped local brands in settling on extinctive decisions. Their growth strategy and success have few lessons that a local market can follow to move ahead with a faster pace.” Woodland, being one amongst the renowned international players, always focuses on: Feedback: Customer data collection from streets to malls to know what people like-dislike and how to cater to their needs. It helps reducing uncertainty in any decision that a brand takes; Division of work: International brands prompts specialization in the creation of products. Seeing their coordination, local players can improve proficiency too; Optimum utilization of resources: Emergence of foreign names has made the existing brands learn how to work strategically to utilize much from the resources; Willing to change course and adapt: Adapt quickly by constantly assessing and reacting to the environment and competitive market.

