

INDIA BUSINESS OF FASHION REPORT 2022



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A Word About IMAGES

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Established in 1992, IMAGES Group is India's most prolific and influential disseminator of retail intelligence. Recognised by Indian and international retail communities through its B2B Magazines, Conferences, Exhibitions, Research Reports and Web Portals, the IMAGES Group is the largest retail intelligence organization in South Asia and the Middle East, whose multiple products and services function as catalysts for the profitable growth of modern retail through knowledge platform leadership. The Group's knowledge platforms include print and online reportage, research studies, and major annual business events with Conferences, Master-Classes and Workshops serving multiple verticals/segments/operations of retail. The mega industry events include: India Food Forum, India Fashion Forum and the Middle East Retail Forum.



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Foreword

Dear All,

There is no denying that the past two years have been extraordinary in every sense of the word. While 2020, driven by the ill-effects of the pandemic, had the fashion industry and every other industry across the world for that matter, struggling to survive, year 2021 brought with it a glimmer of hope as companies and people began to accept the realities of the new normal. And while enough has already been said about those tumultuous months of despair that were sparingly coupled with optimism, this year the industry has in it a new spark of buoyancy and confidence.

Over the course of the months gone by, fashion has moved in an endless loop from first being driven by style to being functional and comfortable, only to return to being voguish once again. Consumers have suddenly been jolted out of the spell that was fast settling in through understated style statements and the will to shop from home into fulfilling their innate need to step out fashionably and experience the retail landscape once again.

Thus, year 2022 has ushered in a new 'new normal' for fashion retail, one where customer satisfaction & retention are the objectives and offering an immersive experience the means to an end. Fashion retail is fast evolving into an omnichannel world that has technological innovation at its heart. While basic omnichannel models are extensively being adopted by fashion brands across the physical and e-commerce landscape, the challenge now is to innovate on what exists to bridge the gap between what the consumer expects and what the brand can provide. Be it production, supply chain, delivery or returns, omnichannel retail is fast becoming a no-brainer, but taking it up a few notches is where the next disruption in the fashion industry truly lies.

Making heads turn and draw in customers is also the concept of sustainability in varied avatars. From production and supply chain to the end-use and reuse of a garment, a reduced carbon footprint and upliftment of the economically weaker sections of society through employment opportunities and giving them a bigger platform to showcase their craft, sustainability is fast manifesting itself into the business of fashion and companies are taking note!

Thus, this 21st edition of the report promises to define the new retail landscape that is anything but a retelling of the fashion industry pre-COVID. On that note, I would urge everyone to let go of inhibitions and heed the signs of a more conscious and benevolent fashion retail landscape.

Amitabh Taneja
Editor-in-Chief, IMAGES Group



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Foreword

India, presently the sixth largest economy in the world, is the third largest by purchasing power parity (PPP) and is growing at world's best. This only shows the massive opportunity that Indian fashion industry can build on.

Even though the pandemic brought huge disruptions to this industry, it also pushed the businesses hard to innovate and accelerate their digitisation of manufacturing, supply, showcasing and delivery processes. The net result is that two years may have gone by filled with financial hardships and losses, but in return we have advanced by five years in terms of fast-paced innovation and technology implementation. And this is what is going to drive the future of fashion.

So now with the situation turning better, people in the fashion business and their customers have happier reasons to celebrate the 'New Normal'.

Happiest are the consumers in Tier-II cities and below as they have access to brands, products and services from across India and the world. The penetration of the Internet in these non-metro towns & cities and its extensive usage is one of the other significant factors to have led to this massive surge in demand. This is nothing less than a thrilling period for India's expanding fashion industry driven not just by a rising spending power and will to shop and dress well among urbans but also by rapid opening up of new markets in rural India where people are willing to spend on brands they believe are in sync with their beliefs, style and aspirations. Brands have thus taken note of this wave and are looking to offer customers in these markets a taste of their products and making them experience their stores.

Fashion brands are now upping their game in reaching out to the customer where he is, thus investing in an omnichannel overhaul! Deliveries and returns are being sped up in order to keep ahead of the game. Customers are now spoilt for choice when it comes to purchasing, with in-store, online, and a combination of the two available to them for their convenience.

What is also noteworthy is how the metaverse has taken shape, with a number of brands vying to get into this space creatively. Still a rather mysterious technology for many, the metaverse is definitely making headlines all around the world and Indian fashion brands are not far behind, some already having entered this high-tech universe. What will be exciting to see is how far and wide we have to go and how viable the metaverse really is. India Fashion Forum 2022 is thus going to be a fitting conglomeration of the best of minds in the business of fashion, all geared to re-shape the new landscape!

R S Roy
Editorial Advisor

2022 What's In Store?

Years 2020 and 2021 have made us reinvent conventional retail in so many ways. During this period, we were forced to shop online. Even those who were not tech-savvy suddenly discovered that they could have stuff sent home at the touch of a button. But, does this mean that e-retail will take over the brick-and-mortar stores? The answer is not that straightforward.

By **Rajan Vernekar & Sangeeta Vernekar**, Partners, Rave Design

This is the beginning of 2022 and the retail industry is in a strange and never-seen-before juncture. If this article was written in 2019, it would have been a different story altogether. COVID has given us a new way of looking at things; we could say the retail industry is taking a deep breath and starting afresh. All the conventional ways of retail have been rattled and we are standing on the verge of a new dawn. The basis is adversity, nevertheless, COVID has thought us to think and think differently when social behaviours have changed, work patterns have changed, customers are looking at retail differently, there is a shortage of labour and materials, payments are online, etc.



There is the convenience of e-retail on one side but the suppression of our social interaction stands on the other. With the pandemic eroding, there is going to be a strong rebound of people returning to physical stores. But, the reasons could be so much different than the era before COVID. Consumers may have enjoyed the convenience of online shopping, but they will now want the physical experience back.

So, what kind of experience would people want and what can retailers provide them?

Online Retail versus Physical Retail

It would not exactly be comparing apples to apples when we talk of e-retail and physical stores. One is so young while the other is thousands of years old; one is currently transactional while the other was always experiential.

Online retail is picking up very fast but still has a long way to go; physical retail is quite established but has a lot to learn from the efficiency of e-retail. Both have their pros and cons. Having gone through the pandemic, people are looking for a safe environment to shop from but having spent these couple of years cooped up at home, are also looking for the physical experience. More and more retailers have set up and are setting up e-retail channels for their merchandise or using existing channels like Amazon.

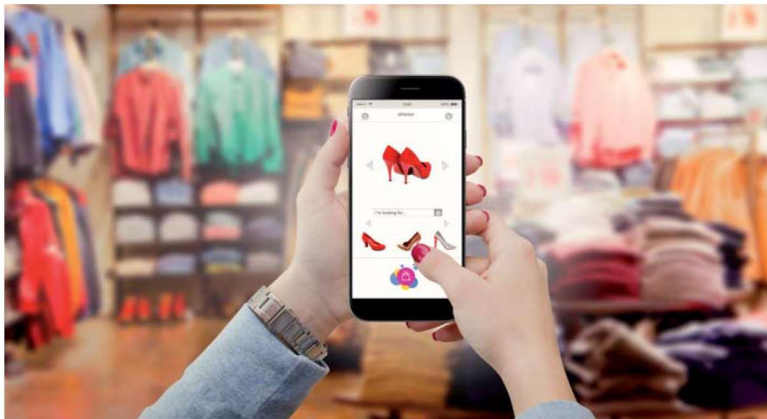
E-retail can give brands good sales, but so far it has not been conducive in strengthening the brand recall



like a physical store can do. One of the reasons is that there are so many price options available online that it is quite common for consumers to hop from brand to brand and in the process, forget the brand altogether. In the coming years, e-retail might or might not promote the brand, but today the physical store still rules. There is nothing like buying from a store to create a strong memory.

When you bought your wedding attire or your birthday dress from a store, you created memories; you remember the store even now. People still line up outside an Apple store to buy the new version of the iPhone. Why do they do that? We, as humans, are driven by our five senses and a physical store gives that complete experience. You touch and feel the merchandise, smell the fragrance of books or the fabric, taste the food, talk and listen to the sales people and that wholesome experience stays with you. This experience is what strengthens the brand recall in your mind. A brick-and-mortar store can promote the brand strongly, unlike a digital gateway.

It is not only the consumers who went through this turmoil during the pandemic, but retailers, too, had to face terrible hardships with sales plummeting, stores closing down, non-availability of good staff, logistics hiccups and the list goes on. With this situation in place, retailers did not have a choice but to get creative, and they did! People are now optimising spaces inside the store for maximum efficiency; they are trying to do away with trial rooms, BoH (Back of House) areas, experimenting with keeping smaller stocks while trying to give a better experience simultaneously. There is a hybrid model emerging which could become a bridge between technology and convention. In the present situation, it seems an omnichannel model will be the way forward.



/// Trial rooms which are so inefficient in terms of floor space and time will be replaced with technology; several large brands are already experimenting with this concept. ///

Design Gets an Overhaul

People are trying various experiments which are likely to have a lasting effect on the stores that will be designed in the future. The question is: Is your brand ready for the change?

Though the physical store is here to stay, the way it is being designed is not. Major changes will emerge in store design, including newer features inside the store, fewer or no staff, upheaval of logistics, change in inventory management, etc. All this will happen under the umbrella of technology. Technology will rule each and every aspect of a functioning store.

Trial rooms which are so inefficient in terms of floor space and time will be replaced with technology; several large brands are already experimenting with this concept. One of the challenges in the early days was handling the software, but now that companies have mastered e-retail, it does not look like it will be a great challenge anymore. POS could be linked to the Cloud, doing away with servers in the BoH areas. With online payments becoming so common, cash counters are already losing their stronghold as the central anchor of the store they once were.



Logistics is becoming more and more efficient. That day is not far when purchases will reach your home before you do and you are free to go out for that lovely dinner after shopping or to the movie without having to carry the bags. This will also mean fewer inventories, hence, smaller stores, fewer staff and lower rents. Smaller inventories could also mean space for in-store lounges to enhance the shopping experience, longer dwell time and also give customers the advantage of 'Instagrammable' spaces.

Some countries/brands are already experimenting with cashless, staff-less stores which though at a nascent stage, are not far from reality. Ironically though, this technological revolution that was bound to happen sometime has been accelerated by a deadly virus.

Brands & Designers Must Re-think

Traditionally, there have been certain elements that have been involved in giving that in-store experience to the customer, starting with the show window, in-store promotions, salespersons greeting, merchandise display, lighting, trial rooms, cash counter, etc. Will these still hold good? Or to rephrase, will these alone be sufficient to generate the experience a millennial expects? Millennials are more exposed to technology as well as global advances; their expectations of a good space may be very different from what was seen traditionally.

Designers will have to rethink their strategies. Just like designers adapt to new materials, lights and mannequins, it is time they prepared themselves for the fast-changing technology. Technology can no longer be an add-on accessory like the boring TV behind the cash counter, but it is going to be the core on which the store would be designed. Materials, displays, lighting and show windows could change forever from the way we are used to seeing them.

> ----- So far, window shopping was a great tool to generate interest in what the store had to offer. People walking past would see these windows so often that memory hooks would be created and some day, they could actually visit that store. But, after the pandemic, people moving past the store itself has declined; add to this the exposure to the store offering that is being generated not from the physical window but through Instagram, Facebook, websites and other channels. In this scenario, will the window still hold rein or does it have to offer something more than that? What if the window was a digital screen and it showed you in the window wearing that dress or that suit instead of the mannequin when you stood in front of it? What if passers-by became the models being displayed in the window? Wouldn't that be wonderful?

> ----- The trial room consumes a considerable amount of space in the store, and the non-profitable shopping time also gets extended as physically trying out clothes takes time. What if we had these magic mirrors where different designs and colours could be tried out? This could have multiple advantages: For the customer, reduction in trying-out time, no need to actually change their dress, interaction with friends and sales persons and for the retailer, this could bring down the floor space requirement, reduce inventory and help build a database of customer likes and dislikes, etc. They could also promote upcoming collections when not being used as mirrors.



< 1.6 > 2022: What's In Store?

> ----- VM or Visual Merchandising inside the store includes many areas like wall visuals, shelf talkers, headers, price tags, promotions, etc. Traditionally, these elements are shipped from the head office to individual stores across the country and then implemented on site by the people on the floor. This entire operation involves a lot of logistics, manpower and dependence on individual competence at the floor level. Now, with digital price tags, shelf talkers and headers, it is possible to simultaneously change prices, messages and names along with colours and graphics by one person sitting in the head office, across the nationwide chain.

> ----- One of the battles in the retailer's mind is how much to display. The left brain says showcase the maximum number of units, thus cluttering the store and bringing down the premium position of a store; the right brain tells you to display a minimum number of pieces, giving the customer that appreciation space. But, this can be unprofitable for the retailer. What if the smart mirror could also give the tactile feel of the fabric or the jewellery? On a less ambitious note, while the customer is trying out the dress on the smart mirror, we could have an album of swatches to get the feel of the fabric. This could bring down the merchandising density drastically. You no longer have to stock every kind of fabric across all your range. Lesser the merchandise, more the appreciation space. This will also save a lot on fixture costs.

> ----- With so much of technological influx into the store, the way we light up the merchandise can undergo a revolution. Today, lighting is one of the most expensive parts of interior décor, the role of which could take a backseat in the coming years. Lights have undergone a tremendous evolution to come to today's level of lumens/watt and high CRIs. One cannot think of displaying the merchandise without the best lighting design in place. But, with smart mirrors, augmented reality, digital signage and show windows, lighting could actually become a deterrent to the proper functioning of a store. Lighting could be needed only as fillers, losing their position as the mainstay of retail design.

> ----- Whatever advance we have made in technology, it is our duty at the core to make it sustainable. Sustainability can be practiced at many different levels. It could be using environment-friendly materials and processes in doing up the store, utilising electricity produced on the roof-top, reducing power consumption through efficient use of resources or using biodegradable bags made from recycled raw materials. It is our duty to wake up to the fact that our resources are depleting day by day and it is our duty to at least not worsen things.

> ----- Customers will come in all shapes and sizes, including people of challenged physical abilities. A store which pays attention to the needs of the physically challenged will be doing a great service to all those who could not have experienced the things we have today.



Brands Must Pay Attention

Whatever technological changes we've mentioned so far, though accelerated by the virus, will take a while to percolate to all strata of retail. Till then, our good old physical stores will have to make do with the fundamentals of retail design that exist today.

Technology or no technology, there are some basics that retail stores will have to strictly adhere to, be it a store, a kiosk or a pop-up store. Customers have to visit your store and they have to come back again and again, and the only reason they will is for the experience they had when they visited. This can come about by good store design and good execution. Though a good-quality fit-out is an expensive process, a bad-quality fit-out could turn out to be more expensive in the long run. A store, once fit-out, will be there for the next three to five years until it goes into renovation. A good retail design and a good fit-out go a long way.

*A good design cannot live forever;
it has to evolve with the times
and on many fronts.*

Tell a Story

Tell your brand story through retail design. You can't get a better platform than this to tell your brand story and this story keeps evolving as time goes by and trends change.

A brand could have a standard design to sell their product but it is also important to establish some flagship stores to create that impact in the market and firmly establish the brand in the customer's mind. A flagship store is where the brand peaks; the best example of this practice is the Apple store. Their regular franchisee stores are probably the simplest stores around, whereas their flagship stores are out of the world. There is no way one could forget this experience or the brand.

List Down your Demographics

If you have multiple outlets, it makes sense to standardise. With standardisation it is equally important to evolve. This could mean regular upgrade of show windows, in-store VM, displays, technology, and so on. One of the ways to evolve in the right direction is to design for your demographic. Though your store is standardised, make sure there is some room to customise to your local demographic.

It is common practice for brands to open good-looking stores in metro cities and give their diluted versions to Tier-II and III cities. This decision has to be taken after careful consideration as people in smaller cities are equally exposed to global trends. In addition, they are cash rich and looking for opportunities to spend what they cannot due to lack of good outlets in their cities. Maybe they were waiting for you to open the store in their locality? Think about it! ●●



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