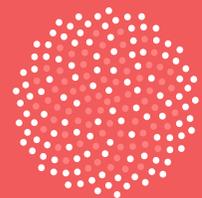


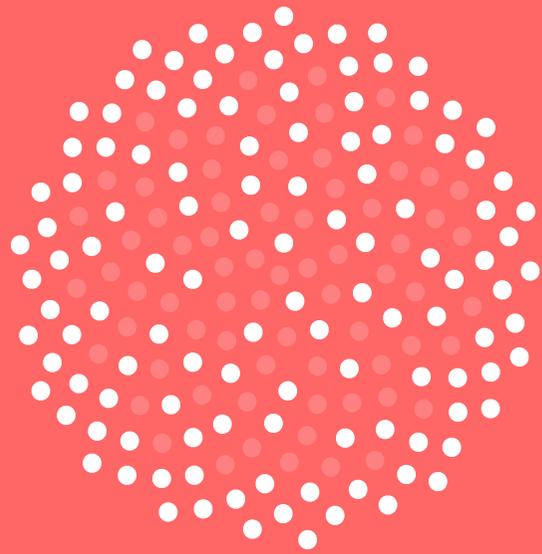
# INDIAN FASHION WHITEPAPER 2016

Decoding The Fashion  
Landscape With Data



Intelligence  
Node





## **About Intelligence Node**

Intelligence Node is a Retail Analytics company that specializes in pricing intelligence. Its solutions help brands and retailers to optimize their pricing, product and merchandizing operations by using real time data to make better decisions. By tracking 900 million unique products across 130,000+ brands over 1100+ categories, Intelligence Node delivers actionable insights. Applying a combination of Intelligence Node's big data and retail analytics technology and know-how, retail organisations trade faster and make better decisions daily.

# Foreword

There has never been a better time than today for global fashion brands and retailers to be in India. Slated to become the youngest country on the planet as early as 2021, India has a sizeable chunk of millennials. It's only natural for fashion players to thrive in this vibrant market.

Over the last few years, global fashion brands and retailers have been making a beeline to enter India. The fact that global investors have started pouring money in this market bears testimony that Indian fashion is a lucrative market.

The Indian shopping experience has undergone a sea change from open markets to mom-and-pop stores to multi-storied shopping malls that are mushrooming all over the country. While this has been happening, the Indian consumers have transformed into a shopping savvy bunch. Thanks in part to India becoming a battleground for budget smart phones.

High spec and affordable smartphones have penetrated deep into India's smallest cities. Better telecom networks have ensured that Indian consumers can use their phone screens to browse and research things they want to buy. Hyper-local delivery startups and e-commerce giants have taken note of this change in preference.

As a retail tech startup, we felt obliged to share insights about India's fashion landscape. This whitepaper seeks to inform & conform brands, retailers and researchers about the dynamics of this market.

I am confident that this whitepaper will serve as a guide for validating your retail decisions. I look forward to your feedback and queries.

Best wishes,

**Sanjeev Sularia**

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# Current State of Play

The proliferation of affordable smartphones, a young demographic, greater disposable income and favorable government policies have transformed retail into India's most exciting sectors. We gleaned insights from 1,784,090 SKUs across 12,058 brands identified by INCompetitor™, our proprietary retail analytics platform.

Retail trade has already been acknowledged as the country's largest service sector employer. During this year's budget, the government threw a surprise by declaring 100% FDI in multi-brand processed food retailing. Thus sending a positive sign for global retailers to set up shop in the country. In FY16 32 foreign fashion retailers set up online shops in India, while 22 chose the brick-and-mortar route. It is worth noting that as many as 44% of the foreign fashion online retailers were from the UK. Also, most of the brands which opted to set up stores chose Mumbai and Delhi as their preferred geographies.

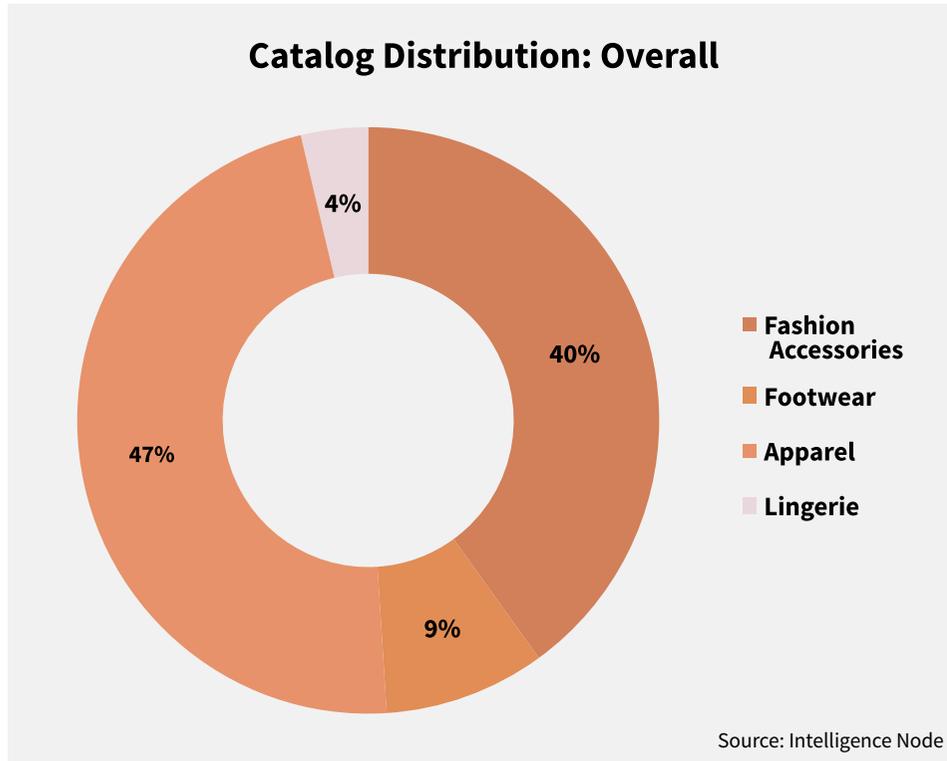
E-commerce has gained a firm grip in India and our analysis tells us that by 2020, it is going to make a dent in the revenues of brick and mortar retailers. Intelligence Node predicts that organized retail will grow at a CAGR of 21% between 2015 and 2020 reaching an overall figure of \$180 billion. This growth will be equally driven by online and offline organized sectors. We expect fashion to contribute nearly 50% of the staggering growth in e-tail revenues.

Indian behemoths Aditya Birla Group, Tata Group and Reliance Industries Limited (RIL) have not been oblivious to the rise of e-commerce in the country. The Aditya Birla Group launched Abof.com, a fashion e-commerce portal that is targeted towards millennials. In contrast to its existing peers, Abof aims to provide a curated shopping experience where customers can shop by looks featured on the portal. With its 3D trial room, Abof has augmented its commitment to provide a differential shopping experience. RIL on the other hand is gearing up to launch its fashion portal sometime this year. It aims to sell 60% of its merchandise, comprised of national and international brands through the new portal. Not to be left too far behind, the Tata Group will be focusing on fashion, smartphones and consumer electronics through its soon to be launched portal. If rumors are to be believed, the Future Group is in the process of launching their e-commerce portal too.



# Indian Fashion Composition

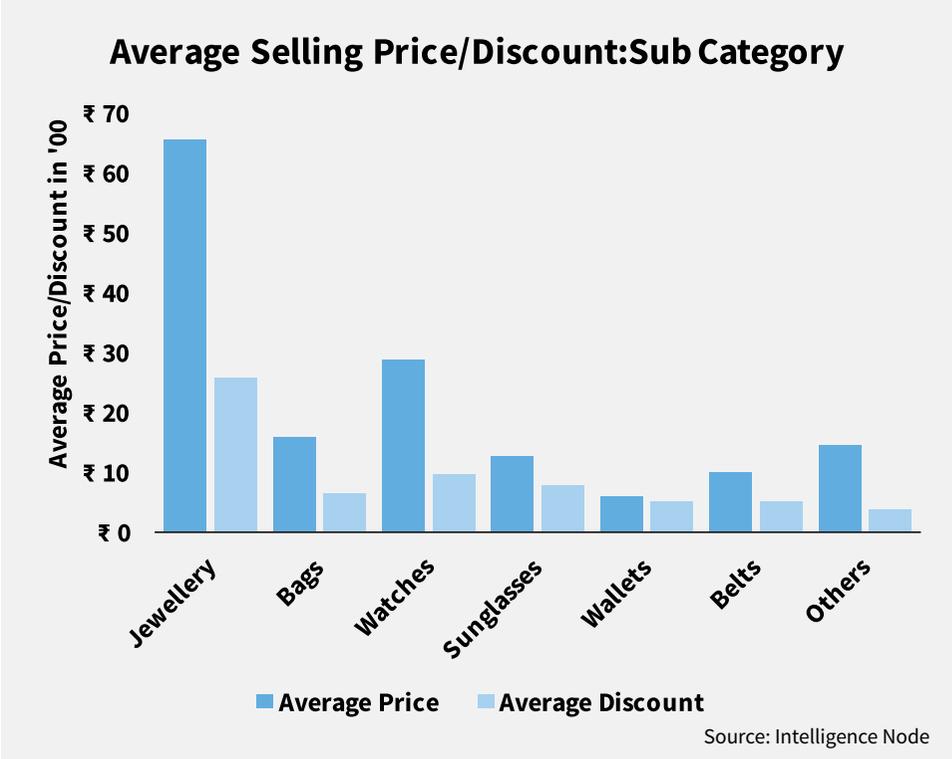
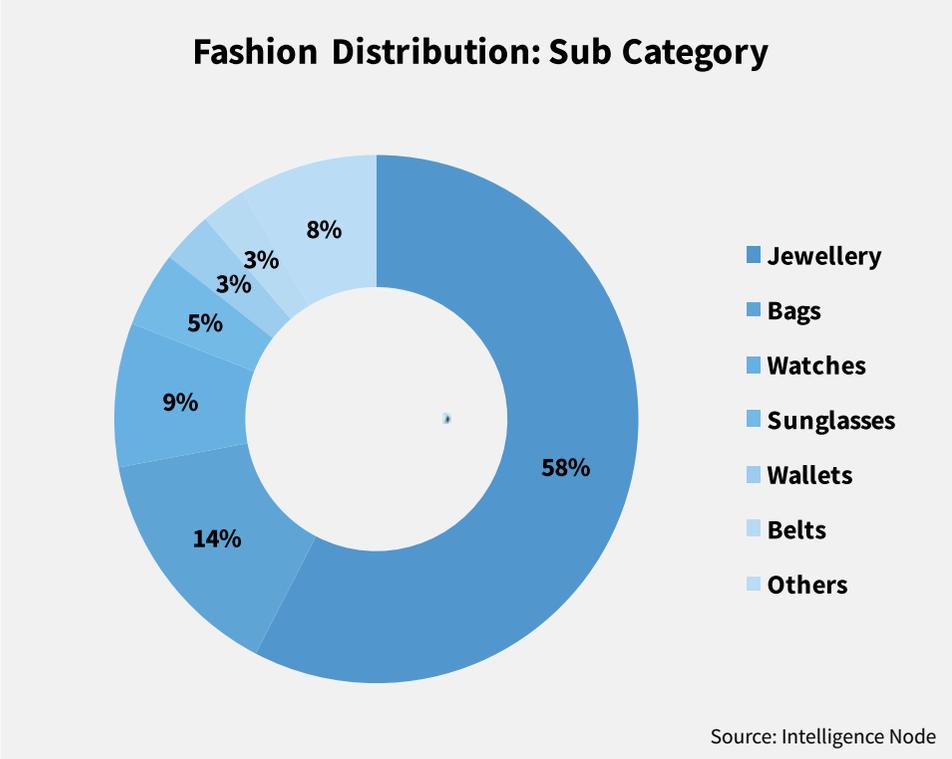
(Study period: Apr'15 to Feb'16)



The Indian Fashion catalog is dominated by Apparel (47%) followed by Fashion Accessories (40%), Footwear (9%) and Lingerie (4%).

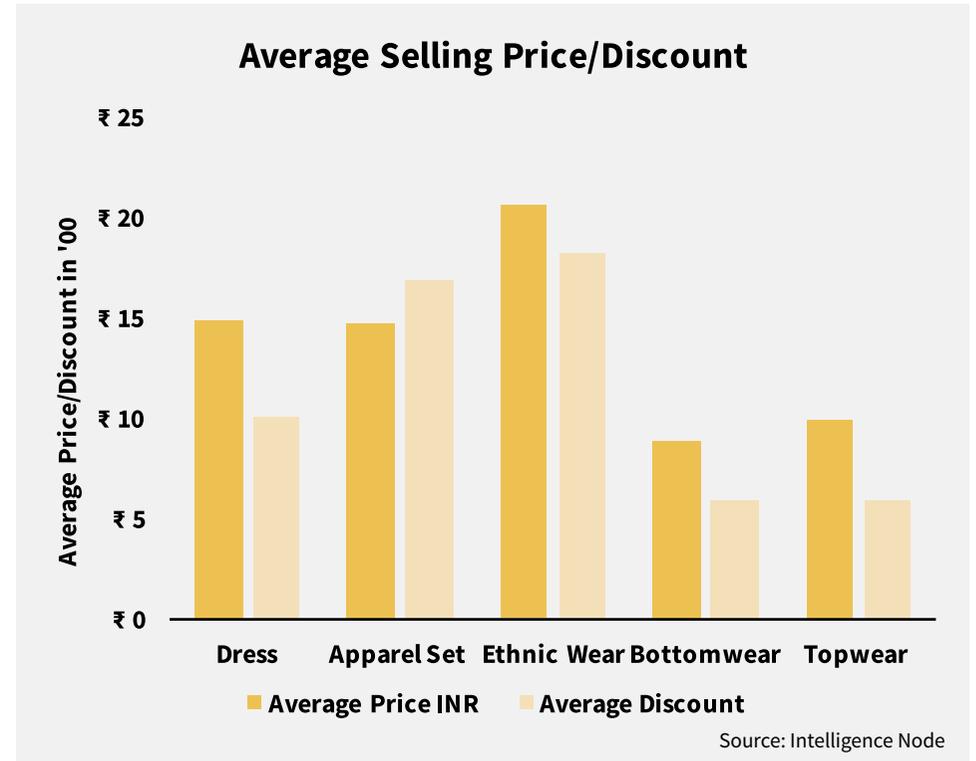
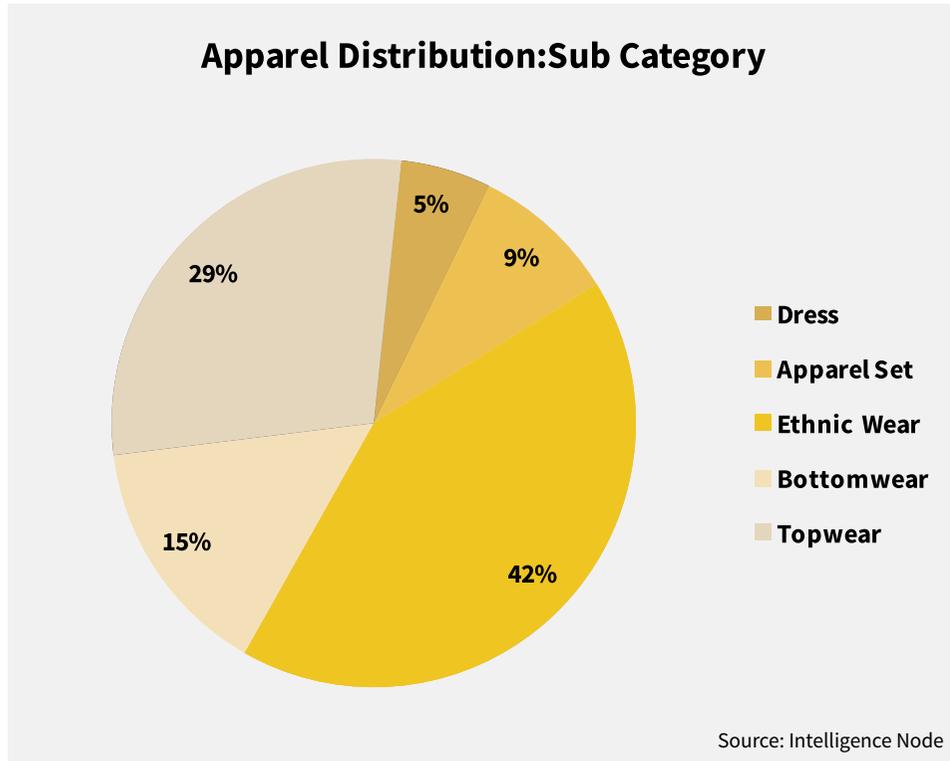
At Rs 4338, Fashion Accessories was the category with the highest average selling price. The highest average discount of Rs 1702 has been applied to Fashion Accessories too. Average selling prices of Footwear and Apparel were very close at Rs 1542 and Rs 1492 respectively.

# Sub Category Analysis: Fashion Accessories



The Fashion Accessories sub category is dominated by the presence of 58% Jewellery items across the Indian Fashion catalog. Jewellery items are also the ones that have the highest average selling price (Rs 6552) and average discount (Rs 2547) being applied within this sub category. The next set of items with the highest average selling price within Fashion Accessories is watches with a price tag of Rs 2891. The second highest average discount of Rs 946 was also applied on watches. Jewellery and Watches were followed by Bags as items with the highest average selling price of Rs 1587 within Fashion Accessories.

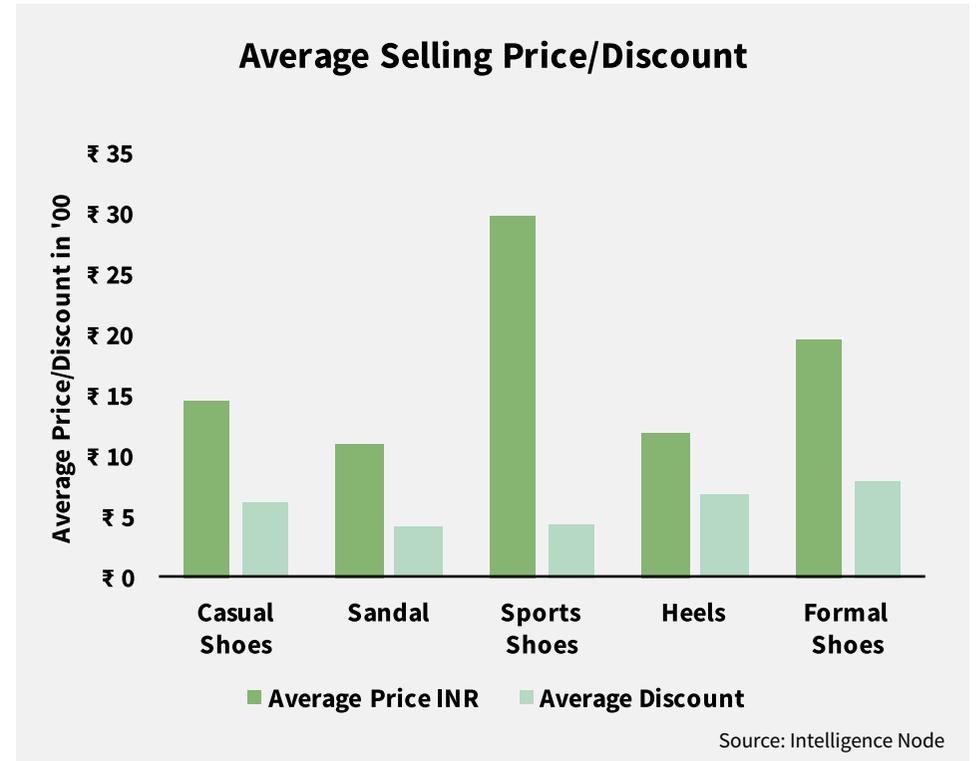
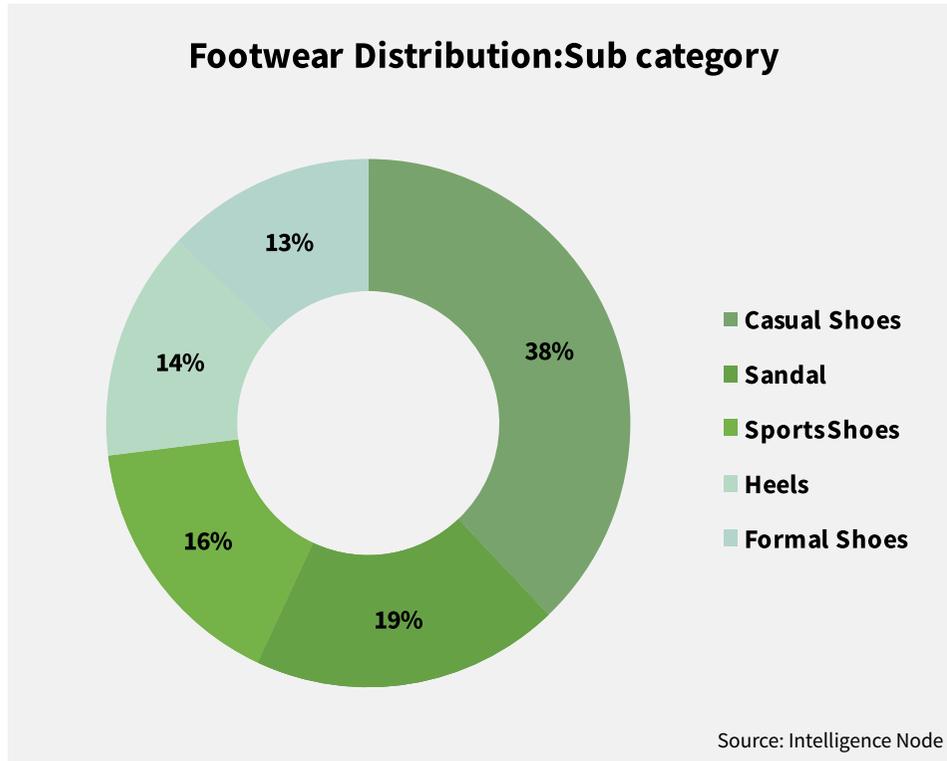
# Sub Category Analysis: Apparel



The Apparel catalog was mostly comprised of Ethnic Wear with 42% density. Ethnic wear was followed by Top-wear (29%), Bottom-wear (15%), Apparel Set (9%) and Dresses (5%). The highest average selling price within Apparel belonged to Ethnic Wear with a price tag of Rs 2055. Highest discount of Rs 1816 was also applied to Ethnic wear. The fact that Ethnic wear was found to have the highest apparel catalog density, highest average selling price and discount is evidence that the ethnic flavor is perceived to be very strong among its audience by Indian fashion players.

Average selling prices of Dresses and Apparel Set were head to head with Rs 1479 and Rs 1470 price tags respectively. On the discount front, second highest discount of Rs 1679 and third highest discount of Rs 998 were applied to Apparel Set and Dresses respectively.

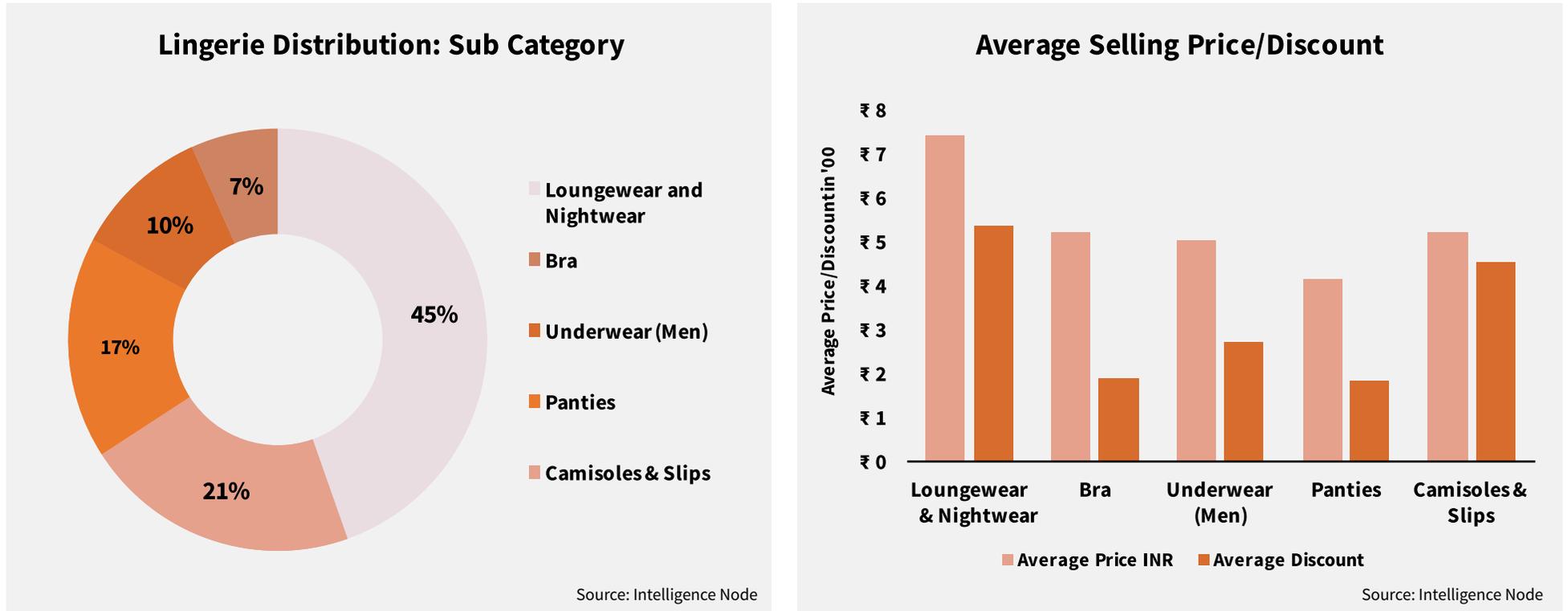
# Sub Category Analysis: Footwear



With 38% of the Footwear catalog density reserved for casual shoes, fashion players seem to be catering mostly to the young demographic. It's logical when you consider that millennials constitute a major chunk of the Indian e-commerce audience.

Casual shoes were followed by Sandals (19%), Sports Shoes (16%), Shoes with heels (14%) & Formal Shoes (13%). Sports shoes had the highest average selling price of Rs 2972, followed by Formal shoes at an average selling price of Rs 1956. Sandals are the cheapest footwear that can be bought at an average selling price of Rs 1104.

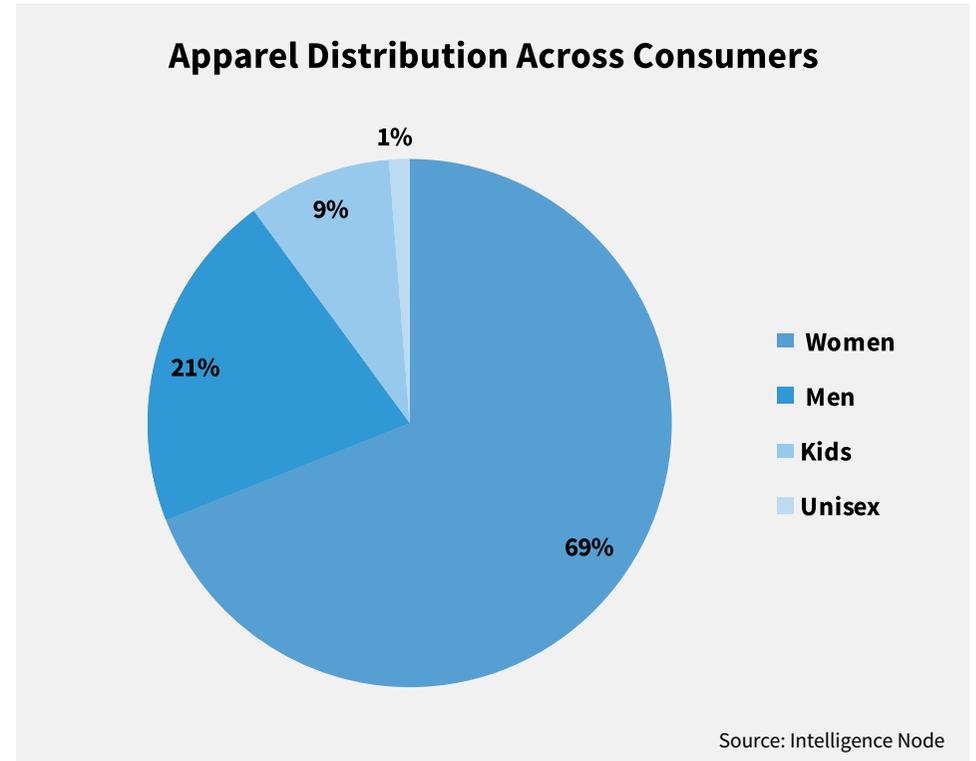
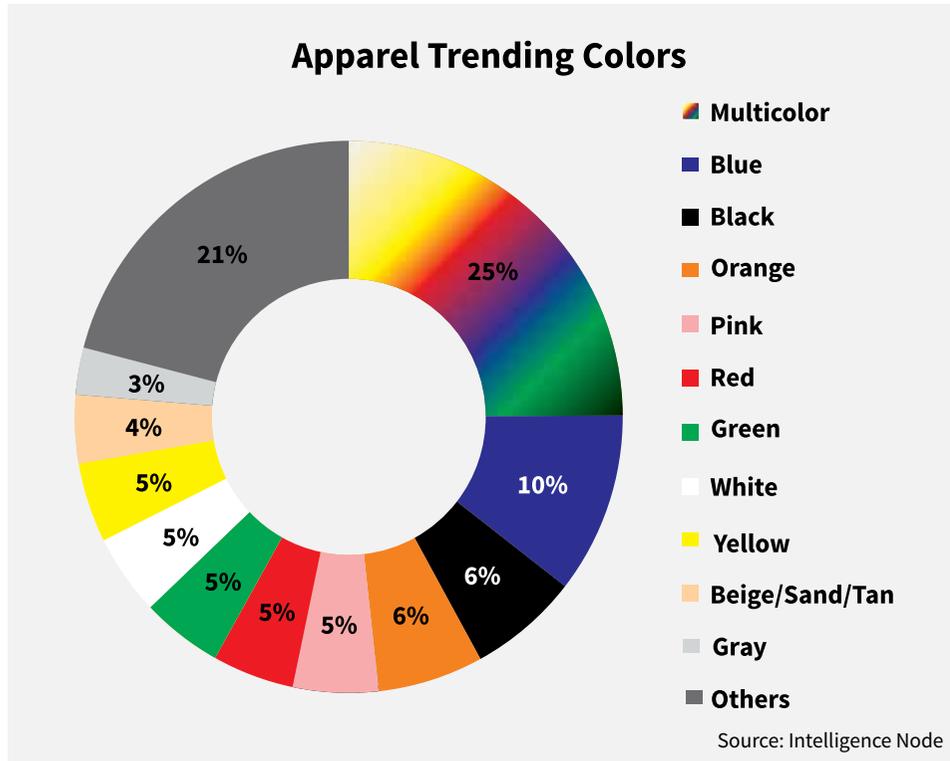
# Sub Category Analysis: Lingerie



Loungewear and Nightwear items made up most of the Lingerie sub category with 45% density. Despite the fact that the highest average discount of Rs 533 was applied on Loungewear & Nightwear items, their average selling prices stayed the highest (Rs 739) within the Lingerie sub category. This indicates that sellers are aware of a high demand for these items and are hence pushing them aggressively while keeping the average ticket price higher than any other Lingerie items. Maximizing profitability through the sale of these items seems to be the rationale behind this.

It was a close tie between camisoles & slips and bras for the second highest position with average selling prices of Rs 522 and Rs 521 respectively. With an average selling price of Rs 414, panties are the cheapest lingerie items that can be bought by Indian consumers.

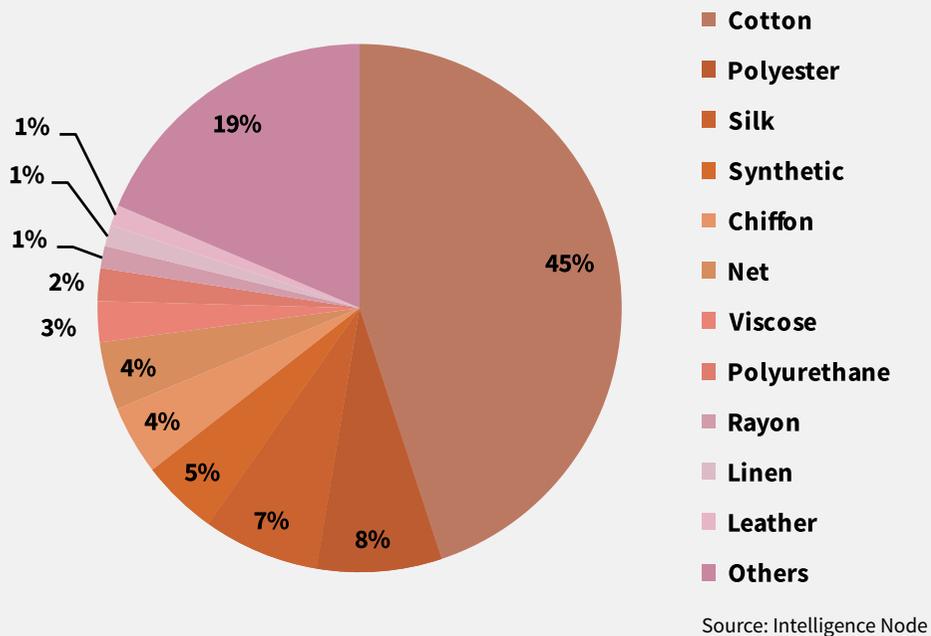
# Attribute Analysis: Apparel



Multi-colored items constituted majority of the apparel catalog with 25% share of the color pie. Blue was the second most popular color for apparels with 10% share, followed by black and orange with 6% each. Pink, red, green, white & yellow colors occupied an equal share of 5% on the pie.

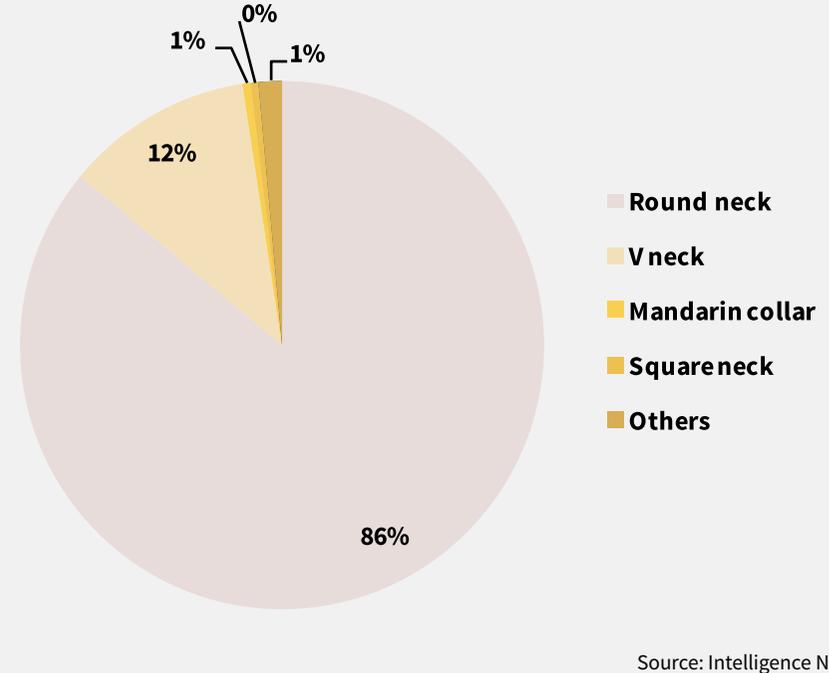
An overwhelming 69% of the Indian apparel catalog was found to be catering to women. This was followed by 21% for men, 9% for kids and remaining 1% apparel items were meant for both genders.

### Apparel Distribution By Material



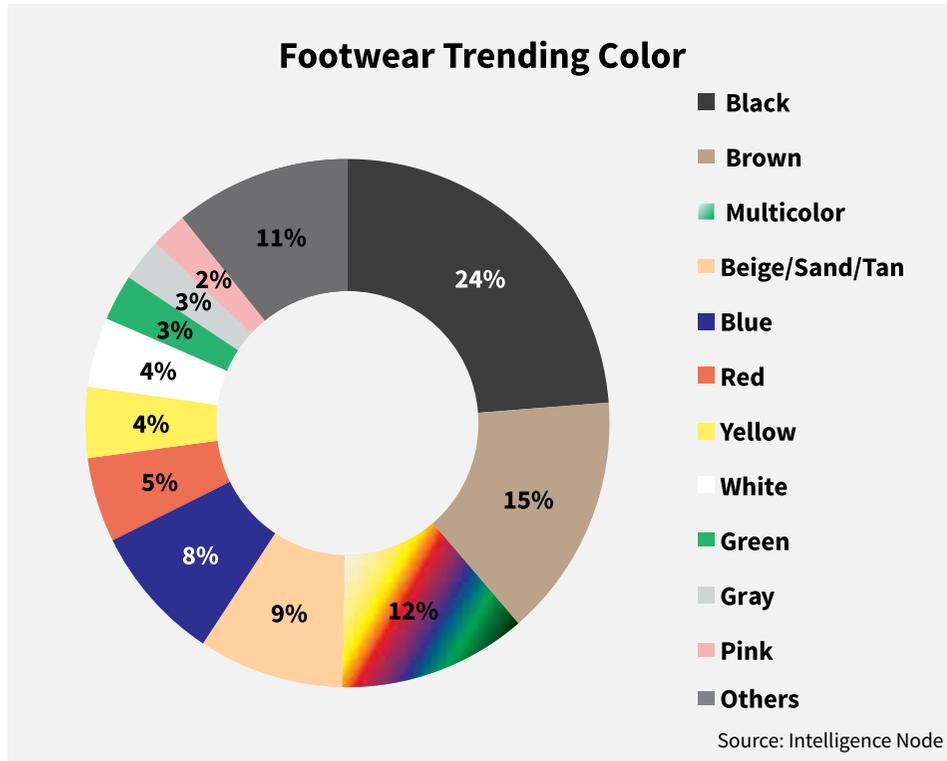
It's no surprise that majority of the apparel catalog was found to be made up of items made from cotton, as it is the ideal material for combating the tropical Indian climate. Polyester and silk were the next biggest materials with 8% and 7% density. Rayon, linen and leather were found to be niche materials with just 1% representation for each of them.

### Apparel Distribution By Neck Type

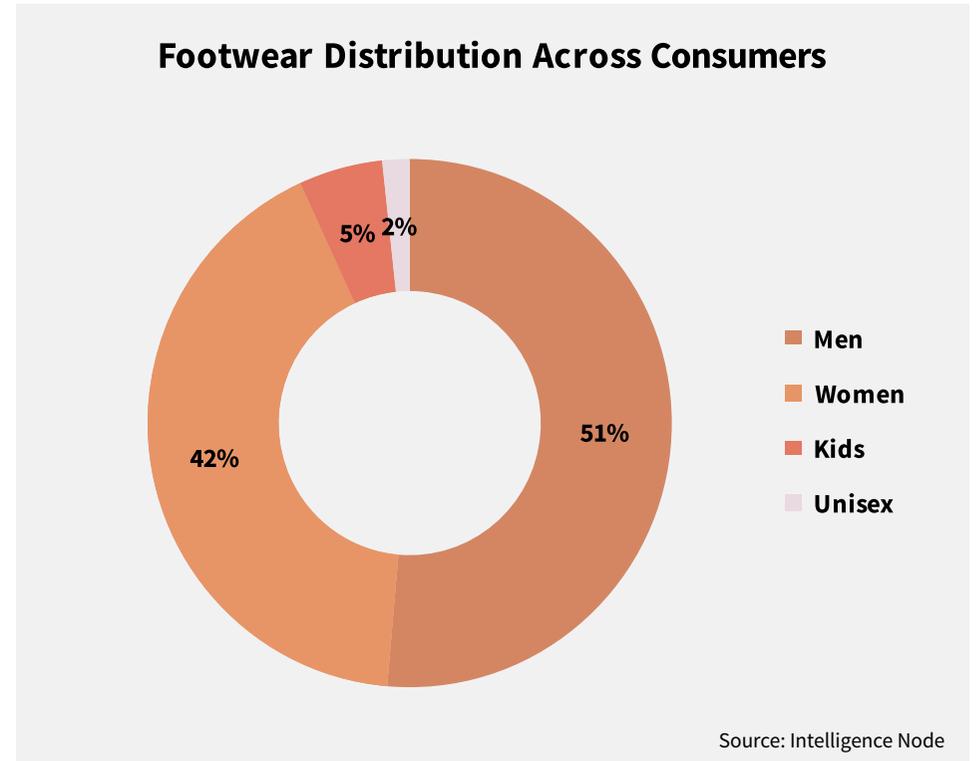


Round neck was identified as the most common neck style with 78% density. With 12% density, V neck was the next popular neck style. Mandarin, square and all other styles appear to have niche representation on the fashion catalog.

# Attribute Analysis: Footwear

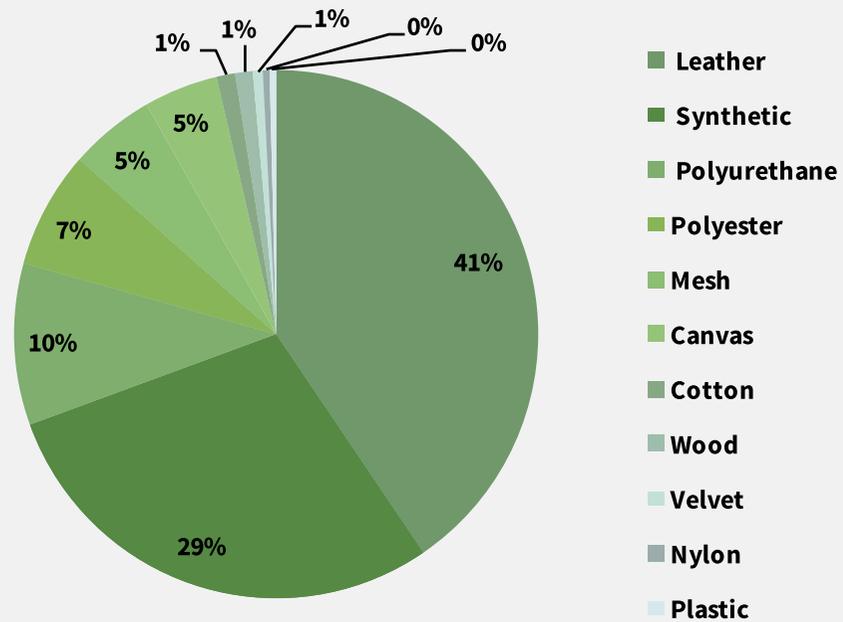


A 24% density for black colored footwear implies that it is the most sought after color by Indian consumers. At 15%, brown colored footwear seems to be the second most popular footwear among sellers and buyers. Multi-colored and beige colored footwear are the next popular footwear colors with 12% and 9% footwear catalog density.



It was a bit of a surprise to discover that shoes for men had a higher density than women with 51% and 42% distribution respectively.

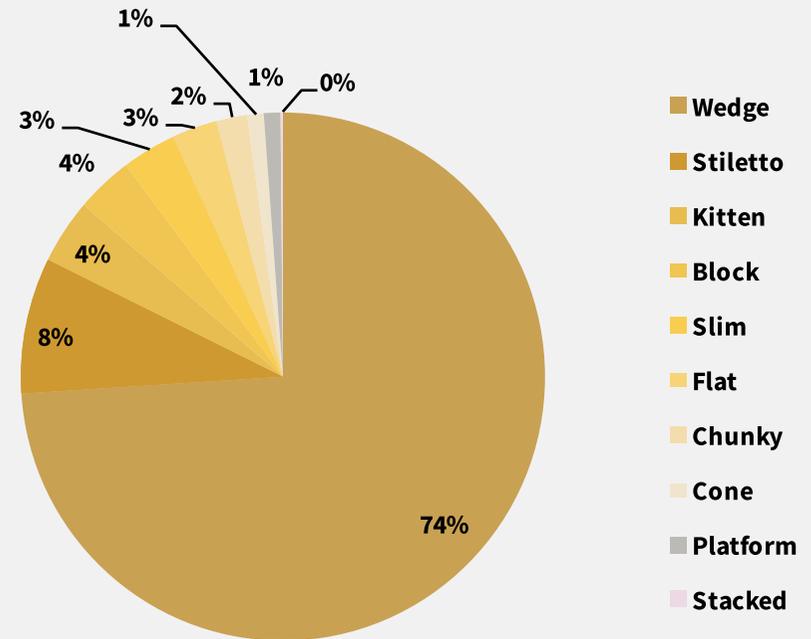
### Footwear Distribution By Material



Source: Intelligence Node

Leather is the top material of choice with a 41% representation across the footwear catalog. Synthetic material took the 2nd spot with 29% catalog density.

### Footwear Distribution By Heel Type

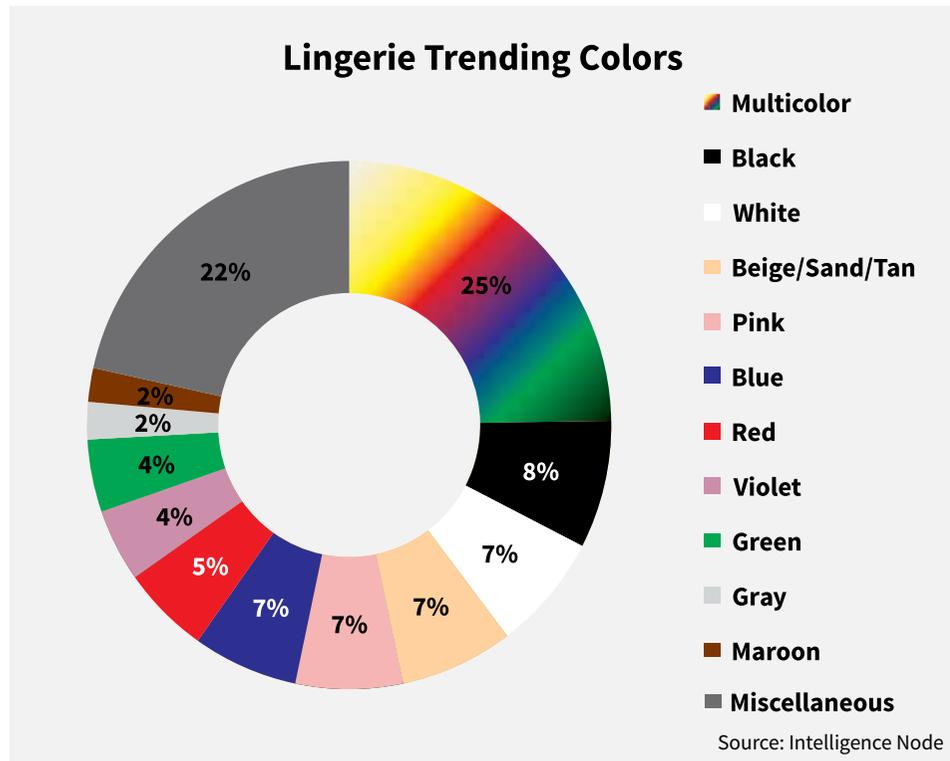


Source: Intelligence Node

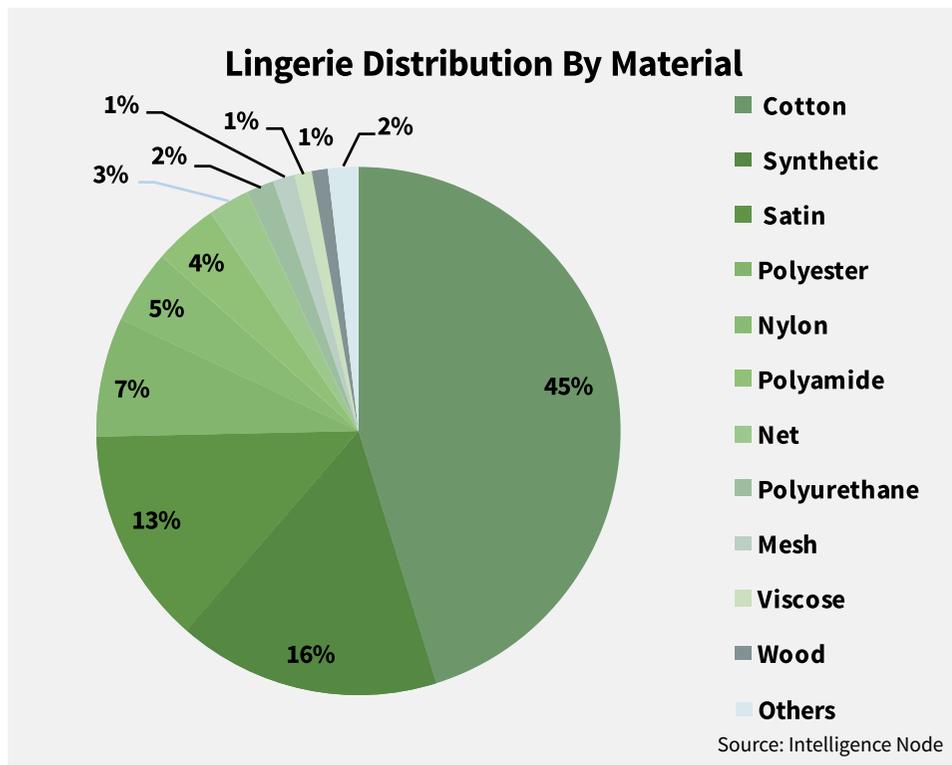
Wedge type of heel was the most popular in the footwear sub category with 74% density.



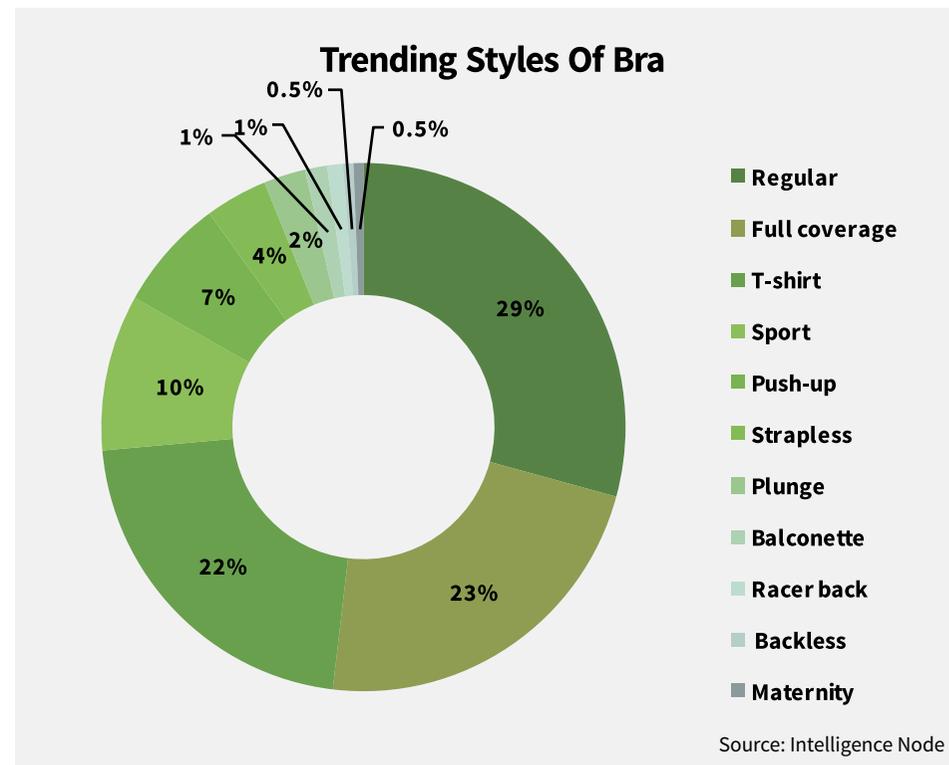
# Attribute Analysis: Lingerie



It is evident that Indian consumers and sellers have a strong preference for multi-colored lingerie with 25% of the lingerie catalog allotted to that color variety. Black, white, beige and shades of blue seem to be the other popular colors for Lingerie items.

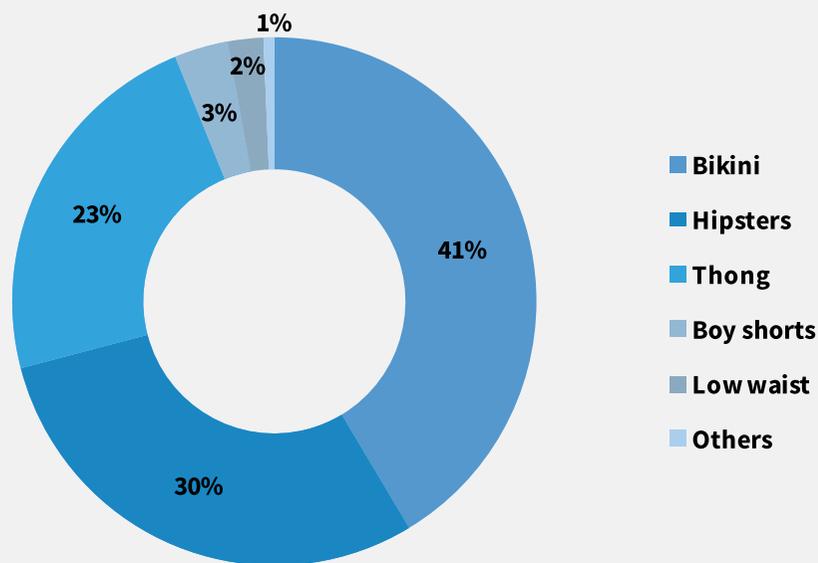


Cotton is the top material of choice for Lingerie with 45% of the items being made from them. Retailers seem to be conforming to consumer preference for cotton, due to the relief it provides from heat and humidity. Synthetic and Satin were found to be the second and third most popular lingerie materials.



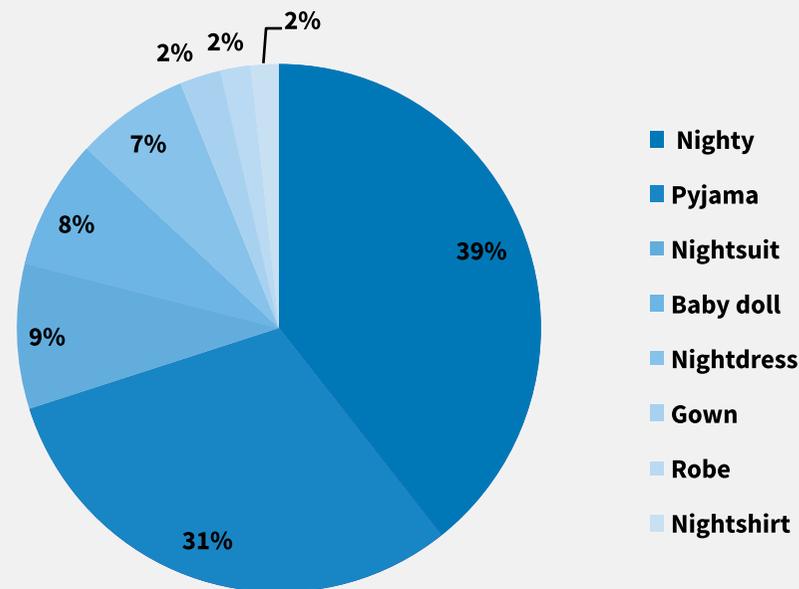
Regular type of bras formed majority of the bras available in the market with 29% density. Full-coverage and T-shirt bras were the next most populous bra types with 23% and 22% density respectively. Balconette, Racer-back, Backless and Maternity varieties were identified as very niche styles with just 1%, 1%, 0.5% and 0.5% density.

### Trending Style Of Panties



Source: Intelligence Node

### Trending Nightwear Styles



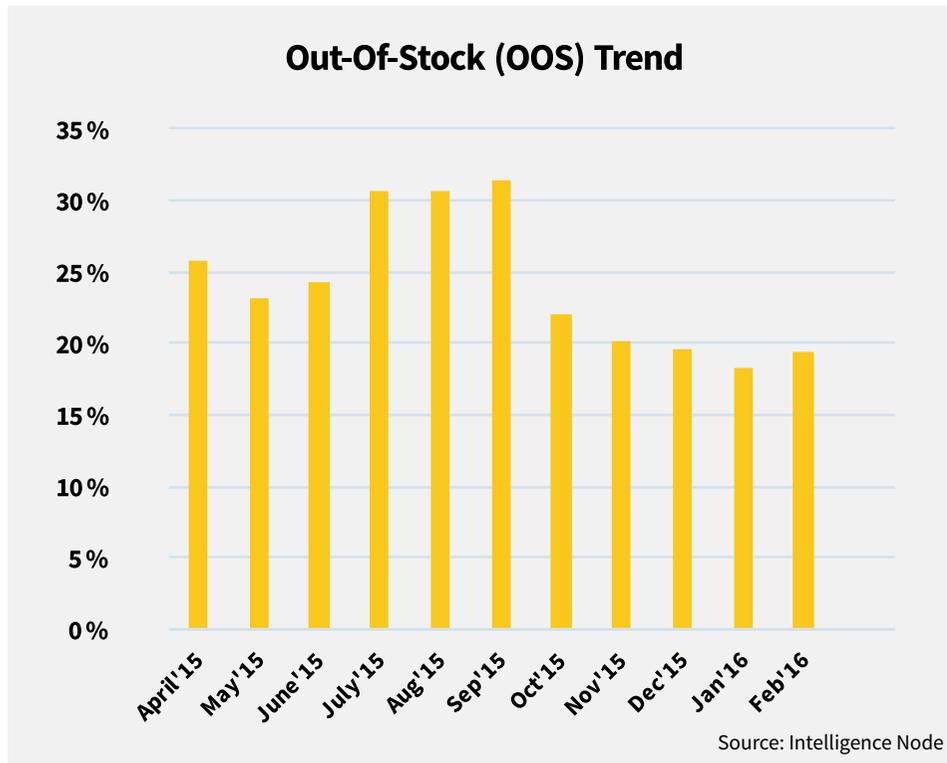
Source: Intelligence Node

Bikini style panties were found to be most popular with 41% representation. This finding is in line with the global preference for bikini style panties amongst women. At 30%, hipsters were the second most popular style of panties, indicating that sellers are responding to the substantial preference of women for greater comfort. Thong style panties were the third most found style of panties with 23% density.

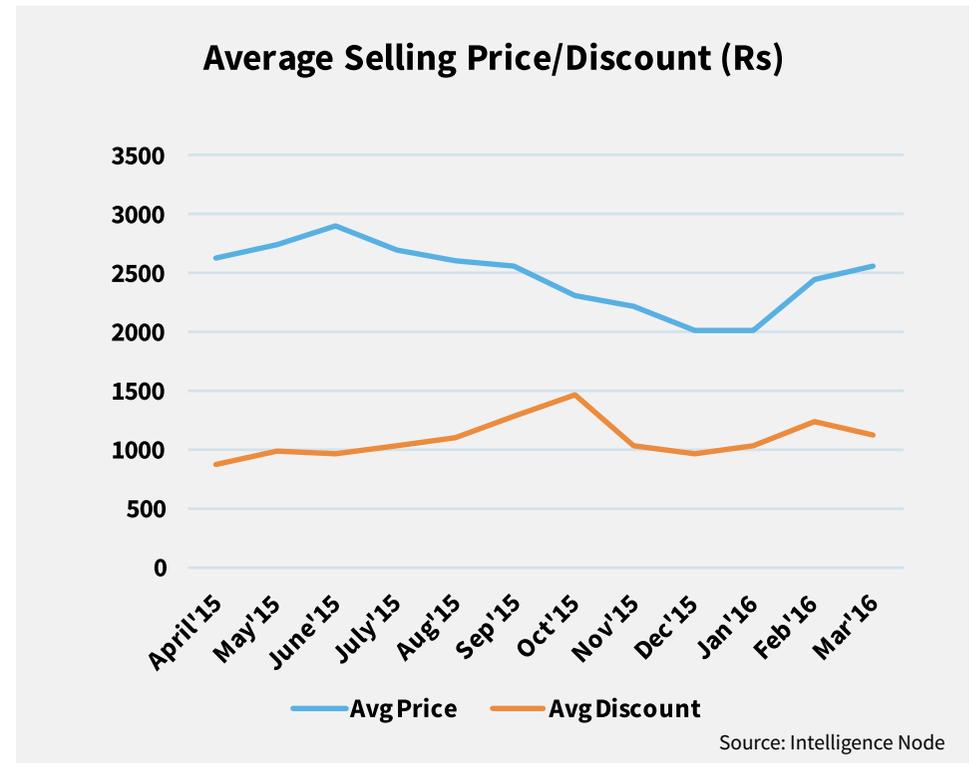
The most commonly found nightwear style in the Indian fashion landscape is nighty with 39% nightwear catalog density. Nighty was closely followed by Pyjama with 31% representation. Gowns, robes and nightshirts were identified as niche styles within the Nightwear catalog with 2% density for each of them.



# Trends

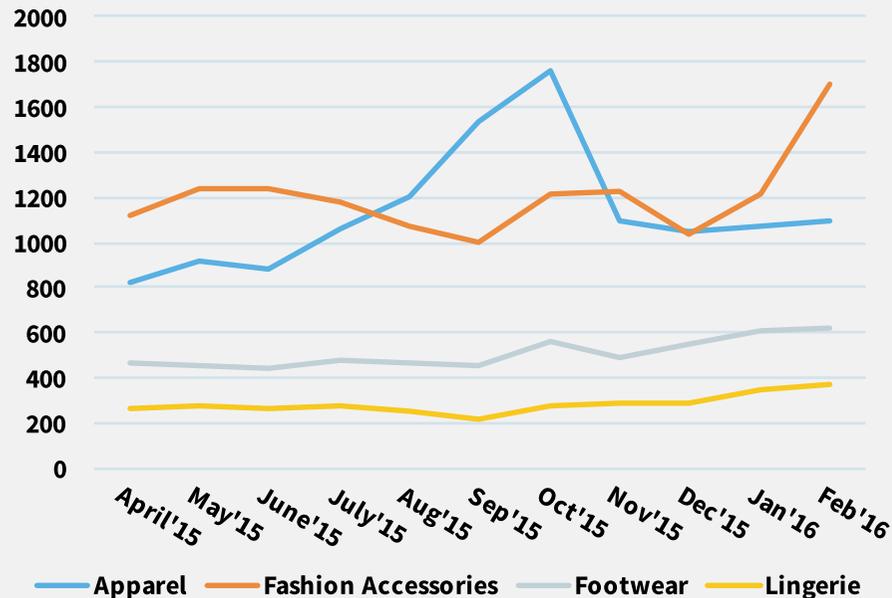


Although the out-of-stock (OOS) situation was highest in July'15, Aug'15 and Sep'15, the retailers got their act together in Oct'15 to minimize their stock outages. Owing to competition between major retailers around the festive sales season, most retailers seem to have anticipated spike in demand better and kept themselves better stocked from Oct'15.



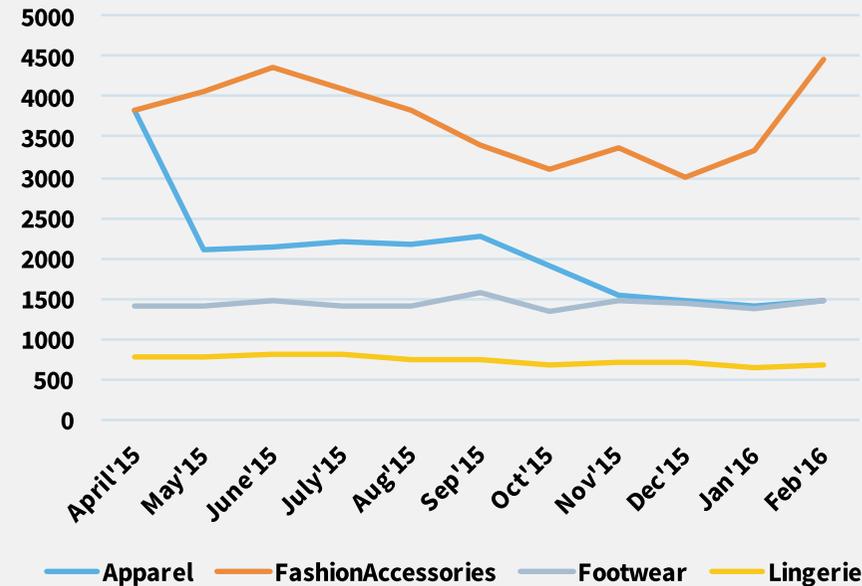
The sales frenzy orchestrated by major retailers led to the highest average discount in Oct'15. Apart from festive discounts between Oct'15 and Dec'15, the average selling price fell due to the addition of products from the lower price brackets. Post Dec'15 retailers seem to have engaged in making up for all the discounts they gave from Oct'15. This can be concluded due to the steady rise in average selling price from Rs 2016 in Jan'16 to Rs 2552 until the first week of Mar'16.

### Avg Discount Trend Across Categories (Rs)



Source: Intelligence Node

### Avg Price Trend Across Categories (Rs)

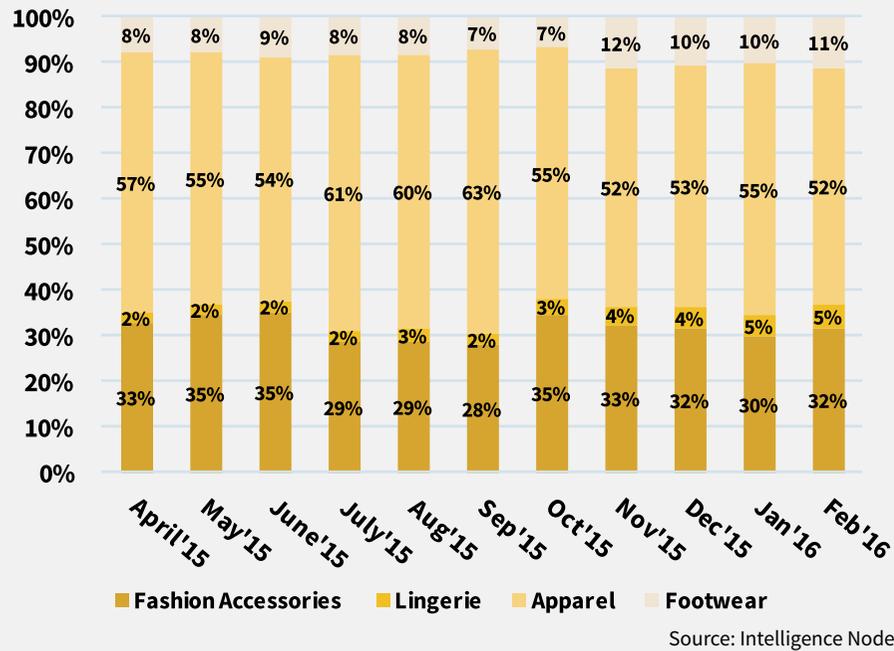


Source: Intelligence Node

The highest discount of Rs 1762 was applied to Apparel, indicating the aggressive push retailers had given for those products. It should also be noted that there was a steep rise in average discount for Fashion Accessories from Rs 1035 to Rs 1701. This can be attributed to the fact that Fashion Accessories are considered as ideal gifts for loved ones around Valentine's Day.

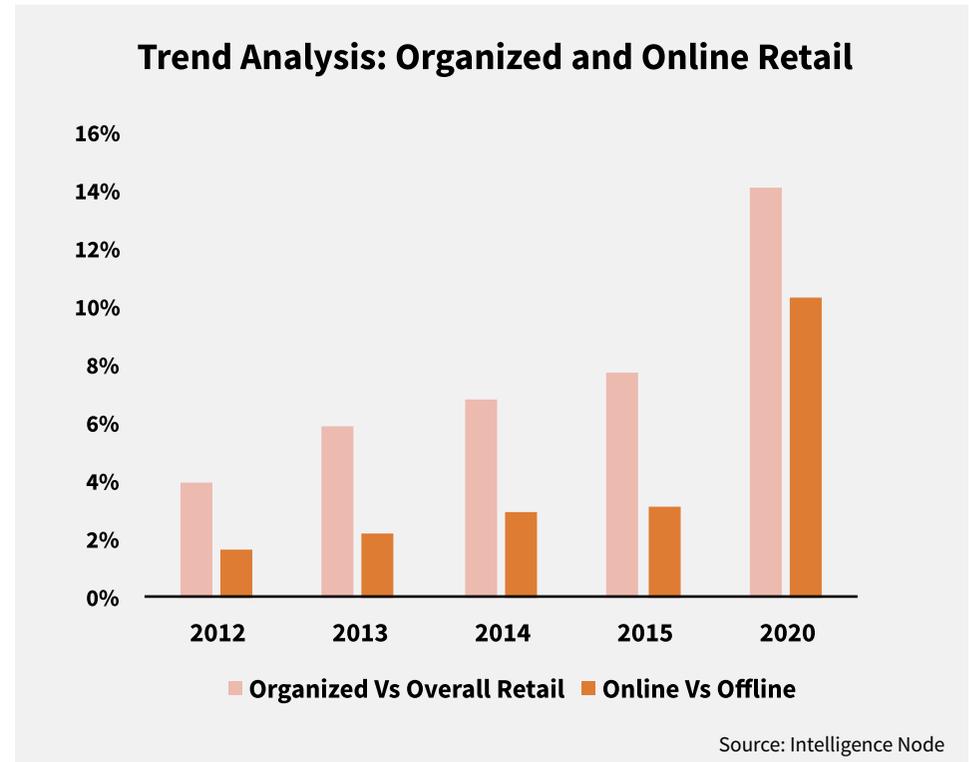
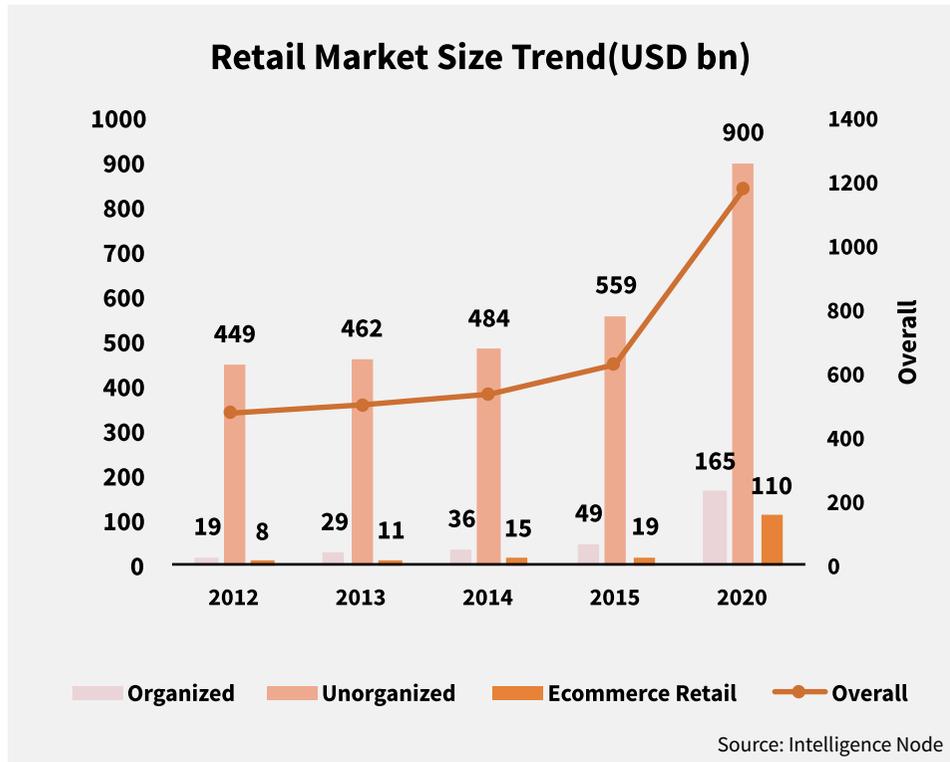
Since average discounts went up for all Fashion categories in Oct'15, average selling prices of all categories fell sharply too. It's worth noting that the average selling price of Fashion Accessories rose sharply to Rs 4466 in Feb'16 even though the highest average discount was applied to them during that period. This indicates that most retailers had added items from higher price ranges during the gifting event of Valentine's Day.

## SKU Volume Trend



It appears that retailers added a lot of items to Fashion Accessories in Oct'15 pushing the percentage count to 35% from 28% in Sep'15. It can be argued that most retailers were banking on their young audience's tendency to indulge in marked down watches, sunglasses, belts, wallets and bags.

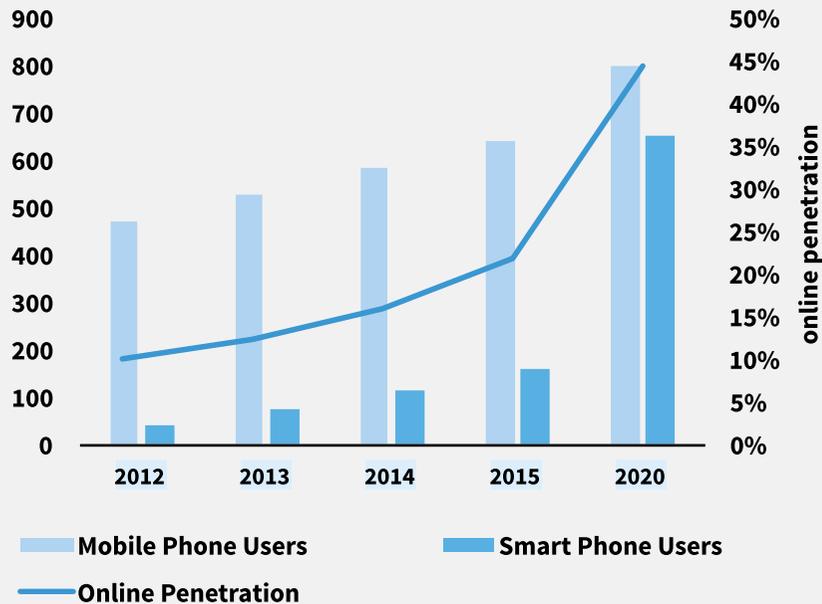
# Future Trends



Our analysis of the Indian retail market points to a steep rising trend for the next 4 years. We predict that e-commerce will be a market worth USD 110 billion and organized will be USD 165 billion.

The composition of organized retail in the overall retail market has grown from 4% in 2012 to 8% in 2015 and we expect it to maintain this trajectory until it reaches 14% in 2020. Likewise online retail is slated to grow from 2% in 2012 to 10% in 2020.

### Digitization trend for Indian market (in mn)



Source: Intelligence Node

The Indian market is going to witness a sharp adoption of smartphones by 2020. Increasingly affordable smartphones and brands in that category will drive this trend. Needless to say, mobile commerce will get a boost due to this.

We are going to witness a blurring between online and offline retail in the future. This development will be shaped by millennials who are currently comprised of 1.8 billion of the total world population. We conducted a survey of 2500 millennials of which 55% expressed their desire to buy everything online if they could. They choose to research the products they want to buy even when they are in the store. The three main areas where millennials spend the most are food & grocery, electronics and apparel.

Technology will play a pivotal role in driving growth of the fashion sector. To be more specific, technology driven Omni-channel retailing is the future. Retailers who see digital as an integral part of their business will thrive in fashion. Big data analytics has the power to integrate brick and mortar with digital. Through present day retail analytics, we have only just begun scratching the surface by harnessing POS data as well as catalog and pricing movement data from across marketplaces. There's a lot more to be gained through unification of data from social networks, CRM, POS, fleet management systems, retail-store beacons, websites, mobile apps and e-commerce portals. Technology will break silos that come in the way of providing a seamless customer shopping experience.



If our numbers and charts are of interest to you, you may want to sign up for our free trial where they are updated automatically and in real-time on our flagship SAAS offering - iNCompetitor™

Sign Up For A Free Trial Now! [Click here](#) 

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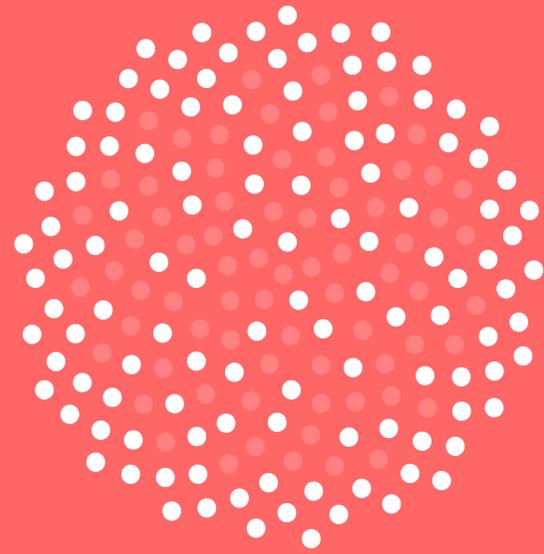
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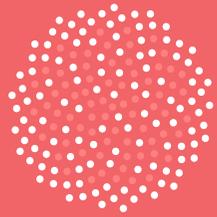
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