

Warm winter melts business away this year...

A warmer than usual winter has resulted in a dip in business. Most stakeholders are wary of leftover stocks and many have announced early EOS. But despite climatic vagaries, winter wear segment still remains a high return business, find out **Team DFU**

End of season sales for winter wear has started in the middle of the season this year, as an unusually warm winter has hurt demand, forcing top brands to tweak their strategies. Experts estimate India's annual winter wear market at around Rs 15,300 crores. This year, sales are around 15 per cent below the expected level because of a mild winter in the North. Newspapers are full of ads of distress sale by Ludhiana-based winter wear and knits makers.

Not only that, brands that have a strong winterwear segment had to tweak their



Warmer than usual winter has had an impact on segment

Sales have dipped by almost 40 per cent this year

Overall winter wear market estimated at Rs 15,300 crores

Men's winter segment pegged at Rs 7,510 crores

Women's winter wear pegged at Rs 3,290 crores

Jackets continue to be in demand

Thermals a strong business proposition

Shawl sales erratic with more demand for stoles

strategies. In fact, brands like Woodland and Marks & Spencer, which have a strong winter wear line, had started selling winter wear in October, a month earlier than usual, expecting people to buy in anticipation of a harsh winter. While several of them replaced heavy woolens with light ones, brands such

as Levi's and Woodland started offering discounts on winter apparel, footwear and accessories as early as December 23. Woodland for example, saw slow demand for bulky winter merchandise, and stocked stores with sweatshirts, fleeces, bomber and gilet jackets instead.



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MD, Groversons Apparel

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Business surely is slow this winter as most parts of northern India, which is a huge market for winter wear brands, has experienced higher temperatures this year. In fact some reports from Punjab suggest warm winter in the state has cost dearly to the winter gear market as it has recorded a dip in sales of around 40 per cent compared to last year. In fact, Amritsar, known to be a hub of shawls, has recorded almost 50 per cent dip in their sales this year and stakeholders say, the industry was already in doldrums due to change in fashion style amongst youngsters who do not prefer to include shawls in their wardrobes. The warm winters have proved to be the final nail for the already ailing industry.

A season of high returns, turns erratic

Business of winter wear is hot enough for brands and players to vie each other for larger market share. Even though winter is rather a short season in a tropical country like India, it contributes significantly in the annual growth of fashion and apparel business. A report by Technopak Advisors, pegs the winter wear market in India at Rs 15,670 crores in 2014 and expects it to maintain a compound annual growth rate of 8 per cent to touch Rs 33,590 crores by 2024.

Winter wear is a major season category in apparel and men's winter wear alone is pegged at Rs 7,510 crores followed by women's winter wear which is pegged at Rs 3,290 crores. Both segments are expected to grow at 8 per cent and 7 per cent respectively. The menswear category consists of a wider portfolio including jackets, cardigans, pullovers, sweatshirts, tracksuits, stoles and shawls, caps, mufflers, blazers and suits form men's winter wear. Most product categories in menswear such as jackets, blazers, and sweaters recorded exponential growth in the past few years. Similarly, women's winter wear has also been on a growth trajectory.

The size of women's winter wear stands at worth Rs 3,290 crores in India and is expected to grow at 7.5 per cent to reach Rs 8,080 crores by 2024. The major products in this segment are cardigans, sweaters, jackets, sweater tops, sweater cum-kurtis, pullovers, sweatshirts, tracksuits, stoles and shawls, caps, mufflers. For domestic fashion and apparel market, winter wear partly cover the festive season. Brands and retailers mostly witness peak seasonal sale with winter wear being a major product category in demand.

Unorganised players rule the winter wear category in the domestic market. Much like the rest of apparel industry in India, the winter wear market is clearly segmented between branded and unbranded players. The ratio is 70:30 with 70 per cent players being from the unbranded sector. Hence, well known brands are increasingly finding it challenging to add value to existing product line and retain profitability at the same time.

Brands are vying with each other to capture bigger market share by innovative strategies and introducing new lines every season. Innovative pricing and discount sales are helping them increase foot falls to their EBOs.

Meanwhile, competition surely has gone up with many global brands opening shops in India. While there are the hi-end brands like Versace, Cadini, Corneliani, and Cerruti, available in India at competitive prices, premium and super premium brands like Celio, M&S, Zara among others are also competing together for market share along with well known and already established domestic brands. Then there are the private labels of retail chains which cater to a large segment of value for money consumers. And there are the bespoke suit makers who have over the years come into their own. From the neighborhood tailors to well known designers, everyone is trying to woo the customer with customized suits. Even the well known hi-end brands are now indigenizing their products to suit Indian tastes. So sweaters, jackets and suits with lighter fabrics have been made especially to suit Indian tastes.

Emerging sub categories

Among the various categories within winter wear, although there are no clear cut figures or studies but most of them are recording almost double digit growth rates. Jackets category, for example, is growing at 20 per cent with many well established and new players in the market. The segment is expected to grow by 25 per cent to 30 per cent in the future. Rahul Bhalla, CEO, Latin Quarters says “Around 35 per cent of winter wear market comprises of jackets in



With inputs from Ajanta Ganguly, Piasi Sinha and Ajay Goswami



North India. The growth depends a lot on the season and climatic conditions. Trending this season are wind and ski jackets. We are introducing leather jackets in exotic bright colors which few brands are doing currently."

Similarly, shawl market has been growing at roughly 20 per cent per annum with stoles and scarves pushing up demand. "This year we are expecting about 13-15 per cent increase in our growth. The sale of shawls depends on climatic conditions. As earlier winter season used to be for 3-4 months and now it only lasts for 1-2 months. Nowadays winter is moderate, so in such climatic condition people demand stoles rather than shawls," explains Ashwani Kumar Sabharwal, Proprietor, Diva Shawls.

Thermals retain growth momentum

In domestic market, thermal wear is emerging as a major winter wear category. As for the winter staple thermals, experts say, the size of the organised quilted thermal wear segment is about Rs 300 crores and unorganised is about Rs 100 crores. The overall thermal wear segment is witnessing a growth of around 25 to 30 per cent. Thermal wear market in India is showing immense potential with customers preferring quality products with stylish comfort, even if it is worn as innerwear under clothes.

With young, fashion conscious consumers opting for thermals instead of flaunting fluffy woollens, it is fast becoming a major category in winter wear. Brands are now expanding their basic range to include a

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premium range of aesthetically designed thermal wear for maximum comfort during peak winter season. Currently, men's thermal wear forms around 41 per cent of the total market in value, while women's share is 59 per cent. Indian consumers' spend on innerwear products is significantly lower than other Asian peers. The innerwear market which includes thermal wear is under penetrated with per capita spend 90 per cent approximately, below Thailand and China. This suggests that there is a significant room for growth driven by rising per capita spending on such products. Rakesh Grover, MD, Groversons Apparel

says, "Innovation and styling is driving the winter wear segment and within a span of five years, 4 to 5 different blends of fabrics with different knits have been introduced and more innovations are being worked out. This is in particular for thermal wear product line. Other products are also seeing a lot of innovation. Thermal wear market is growing and will grow further."

Innovation a strong catalyst for growth

The growth of the sector is driven by a growing base of young population looking for fashionable winter wear, which is prompting Indian and international brands foray into this segment. Brands are increasingly focusing on strategic planning for innovative and fashionable products, pricing range, store display, packaging, production, marketing, to gain an edge over other competitors.

The process of reformation is present at every stage and every segment of winterwear business. Lightweight, functional, fashionable, winterwear is what the contemporary consumers are looking for and brands are striving hard cater to this need. Be it sweaters, shawls or jackets, product innovation has been the major focus for manufacturers. As Ramesh Bedi, Director, Palmer, points out, "Earlier, outfits used to be heavy and unappealing in appearance, now they are more refined, not only in their look but in their utility as well. Lightweight product is not sought-after in sweaters category only. Every clothing segment is seeing a constant increase in



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demand for items that are easy to carry and comfortable to wear.”

Apart from experimenting with design and functionality, brands are also moving away from basic colours palette and opting for a wider shade card. Talking about the demand for bright colours, Bedi says, “Experimentation with colours is a part of production and it cannot be left unchecked in the era when appearance of a product is the first motivator for buyers. We are constantly working on this front. This winter is predominantly about bright colours. So red, green and royal blue shades are topping the charts, and we have more than 200 colours in our collection.”

In thermals, technologically advanced, lightweight and colourful thermal lines are capturing customers’ attention. Lightweight thermals have now replaced heavy warmers. Since a thermal wear is worn beneath outerwear, people prefer light and comfortable thermal products that do not irritate and are soft on the skin. As Vishal & Anuj Jain, Executive Director & CEO, Neva Garments explain, “Heavy creations have become outdated, so our focus has moved away from them. Majority of our thermals are in lightweight category with demand being high at the moment.” Consumers, according to them, are not price-conscious anymore and are largely being influenced by the product’s quality.

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While suits remain the core product line of men’s winterwear, jackets are fast becoming a major sub category. The shawls category is also changing its traditional look and adding its newer version like stoles and scurves. Evolving tastes have pushed shawl makers to introduce products matching their demand and expectations. Since a product like stole is popular all over the country, especially among the young, brands are going the extra mile to offer unique and trendy designs. Currently fashion is driving demand for shawls, stoles and scarves as prime accessory.

Though rise in raw material costs and impact of recession and low consumer sentiment have adversely affected the segment, players continue to bank upon



innovations to woo customers. And despite the slow start jacket makers too has lot to offer this season. They have followed global trends to create fancy collections and are looking forward to doing brisk business. For brands like Numero Uno the winter business contributes 60 per cent of total revenue. And this year, the company is expecting a 20 per cent growth from previous year.

High input costs a dampner

Most manufacturers and brands are wary of the constant rise in raw material prices. They lament that rising costs of yarn, dyes and other raw materials has left them with little choice, as most of them have had to scale up their MRPs. Pricing is directly proportionate to costs. Hence, any increase in input costs, have a direct impact on pricing. Most are caught between absorbing the costs and passing it on to consumer. While some have taken the costs others have adopted the easy way out and passed it to the end user. Monte Carlo a leader in the sweaters category is facing a similar dilemma.

“We have always catered to the fashion quotient and have consistently innovated and maintained our leadership position. Rising costs especially of yarn are affecting prices. We have partially absorbed the excess cost in our pricing and partially increased our MRPs,” explains Sandeep Jain, Executive Director, Monte Carlo Fashions.

And the feeling is much the same among most winter wear makers as spiraling cost is a bane for all. And it’s not just yarn prices that is the bug bear, rising labour expenses are as much a cause for worry. In fact, trade pundits reveal yarn prices have stabilised now but labour costs are rising tremendously over the last two to three years.

Though the segment has shown promising growth and elicited enthusiasm from brands and retailers, there is still an arduous task ahead for merchandisers and product developers. The seasonality of sales, necessity of skilled labour, competition among the already established brands or new international brands, competition from the unorganised market pose as challenges to this seasonal segment.

Experts believe that this year, the warm season is also going to impact the production of winter gear in the next winter season also. According to Swapan Dutta, head, retail sales, Oswal Woollen Mills, Ludhiana, the production target of an year is derived from the demand and sale registered in the previous year. “With an expected sales dip of around 40 per cent this season, the production of winter gears is expected to dip down by 20 per cent next year,” said Dutta. He also said that along with retailers, manufacturers will also get affected, as a majority of their payments got stuck with retails due to a huge dip in the sales which will also hamper the production of the winter gears next year.