APPAREL RETAILING: CHALLENGES AND PROSPECTS IN INDIA
With Special Reference to Lucknow Division

Summary
of
THESIS
SUBMITTED TO THE UNIVERSITY OF LUCKNOW
FOR THE DEGREE OF
Doctor Of Philosophy
IN
COMMERCe

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UNIVERSITY OF LUCKNOW
LUCKNOW
2013
1.1 Apparel means clothing, especially outerwear, garments and attire. Apparel is a term that refers to a covering for the human body that is worn. The amount and type of clothing worn depends on physical, social and geographical consideration.

1.2 Physically, clothing serves many purposes; it can serve as protection from the elements, can enhance safety during hazardous activities such as hiking and cooking. The primary function of clothing is to improve the comfort of the wearer. Shelter usually reduces the functional need for clothing.

1.3 Retailing is the final connection in the marketing channel that brings goods from manufacturers to consumers. Retailing includes all the activities involved in selling goods or services directly to final consumers for their personal, non-business use.

1.4 The word ‘retail’ is derived from the French word ‘relaillier’ which means ‘to out a piece off’ or ‘to break bulk’. Retail is any business that directs its marketing efforts to satisfy the final consumer.

1.5 Indian retail industry is divided into two categories- organized and unorganized. Organized retail sector refers to the sectors undertaken by licensed retailers, that is, those who are registered for tax on moveable commodities at times of sale under VAT system. These include the corporate retail formats of the exclusive brand outlets, hypermarkets, departmental stores and shopping malls.

1.6 Unorganized retailing refers to the traditional formats of low cost retailing, for example, hand cart and pavement vendors, the local kirana
shops, owner-managed general stores, paan/beedi shops, convenience stores, hardware shop at the corner of your street selling everything from bathroom fittings to paints and small construction tools; or slightly more organized medical store and a host of small businesses, etc.

1.7 Consumer money drives the economy, and retail is where consumers spend that money. When goods are put in the hands of consumers, retailers realize revenue and so do the wholesalers, distributors, and manufacture that made up the rest of the consumer goods distribution chain.

1.8 Retailing can be distinguished from other businesses. There is direct end-user interaction; platform for promotions; sales in smaller sizes; locational importance; large numbers.

1.9 Retailers perform various business activities- arranging assortments, breaking bulk, holding stock, and providing services.

1.10 Retail in industry is facing following problems: regulation restricting real estate purchases, taxation which favours small businesses, lack of trained work force, etc.

1.11 While barter would be considered to be the oldest form of retail trade, since Independence, retail in India has evolved to support the unique needs of our country given its size and complexity.

1.12 Numerous clothing shops are to be found in Indian cities and towns, especially in shopping centres and markets. Small townships and social
areas of India have a large numbers of retail stores selling clothes, basically unstitched stuff for the entire family.

1.13 For many foreign and private brands, department stores offer the ideal retail format for apparel product category. A new focus on apparel retail sector has attracted attention in recent days. Top exporters have introduced their own brands and are aggressively positioning themselves within segments of the domestic markets.

1.14 As apparel retail is led by fashion, a player needs to keep a close watch on fashion amongst teenagers as they are the trend setters. Role of Bollywood in spreading fashion needs to be understood.

1.15 The textile manufactures were among the first to get into braded menswear in the Indian market. This sector is perhaps the most developed in terms of supply chain sophistication in the branded clothing market. The apparel sector can be broadly classified into men’s apparel, women’s apparel and children’s wear.

1.16 Lucknow Division is an administrative geographical unit of Uttar Pradesh of India. Lucknow is the administrative headquarters of the division. Division consists of following districts namely Lucknow, Hardoi, Lakhimpur, Raebareli, Sitpaur and Unnao.

1.17 The chikan work of Lucknow is one of the most popular embroidery works in India. It has a certain grace and elegance which ensures that it never goes out of style.
2.1 The origins of retail are as old as trade itself. Barter was the oldest form of trade. For centuries, most merchandise was sold by peddlers. Retailing in its initial period was witnessed at the weekly haats or gathering in a market place where vendors put on display their produce (goods). Mon-and-pop stores are small family-owned businesses, which sell a small collection of goods to the customers. They are individually run and cater to small sections of the society.

2.2 The retail business operates in a dynamic environment, the changing customer demand, opening up of markets, technological developments and ever increasing competition all affect the retail business. The departmental stores may be a comparatively recent phenomenon in India, with a specially created ambience making shopping an experimental affair.

2.3 Dynamic consumers’ behaviors, consumers’ demography, retail attributes and retail marketing strategies affect modern retail formats.

2.4 Retailers can be classified on following bases: legal form; operational structure; range of merchandise; degree of service, pricing policy; location; size of outlets; based on customer contact. Another classification is based on merchandise and pricing mechanism. These are department stores, specialty stores, discount stores, super markets, super stores, and hypermarkets, independent traders, multiple or retail chain stores, co-operative societies, concessionaire, franchising. There is non-store retailing which includes mail order, mail order catalogues, direct mail, direct selling, door-to-door trading, and mobile shops.
2.5 Electronic retailing has two formats, namely, television shopping and on-line computer shopping services. Fashion has played a key role in shaping apparel consumerism. With change in lifestyle, fashion in India is becoming more stratified, as in the West.

3.1 Rapid growth and rising urbanization have spawned a new class of consumers with more money to spend, and a growing passion for fashion. In India’s high growth, fast-changing retail clothing market, we see significant new growth opportunities for foreigner and domestic players.

3.2 As the lifestyles of India’s prospering urban consumers have evolved, their clothing needs have broadened, reflecting more varied usage occasions.

3.3 Now women are more willing to dress differently when they venture beyond the home- to shop, for example, or visit an office or school.

3.4 Increasingly, Indian consumers are embracing the idea of fashion for its own sake, as a means of self-expression, and not merely as a functional purpose. India is a country with diversified customs and cultures. People following various traditions live here, their way of dressing also differ from each other.

3.5 Mall culture is slowly and steadily growing in India. Many brands and private labels are launched in the Indian markets. The first such retail outlet was Shoppers Stop which launched India’s first multi-brand store in the year 1993. The market of branded garments is growing up
in India. More and more people are switching on to branded apparel than non-branded ones as it provides quality assurance.

3.6 Displaying clothes through fashion shows is a western concept but now have become a common fashion event. In fashion catwalk the models display the collection of designers on ramp.

3.7 Impulse buying is a form of customer behavior characterized by buying goods which are not planned purchases. It depends upon the in-store display within a store, especially near the cash counter.

3.8 Point of sale is a place where computerizing retail business can have its greatest advantages. Rapid and secure checkout is the first priority of any retail operation. POS terminals capture the most important data, the actual sale.

3.9 A typical retail store offers at least a few hundred units of products to the consumer. In order to keep track of what has been sold and to be able to re-order products, the retailer needs to know the qualities, the types, colours, size and other characteristics of the product sold. The Universal Product Code (UPS) or Barcode as it is popularly known was developed for this need. Radio Frequency Identification or RFID is fast transforming the way business is being conducted and monitored across the supply chain.

3.10 The rise of the Internet has led to some phenomenal changes in the way business is conducted in various industries. In retail, it has opened up a new avenue for retailers to reach out to customer and suppliers in markets where they do not have a physical presence.
3.11 Textile industry in India is widely comprehensive, integrating whole range of raw material to finished product that includes fiber manufacturing, spinning, knitting and weaving and garment manufacture.

3.12 FDI refers to capital inflows from abroad that is invested in or to enhance the production capacity of the economy. FDI is governed by FDI policy announced by GOI and the provision of FEMA, 1999.

4.1 The retail industry in India is growing at a significant pace. However, there are several problems faced by the industry. These are the high cost of real estate, high stamp duties, lack of infrastructure multiple and complex taxation system. The industry is facing a severe shortage of talented professionals, especially at the middle and lower management level.

4.2 The retail industry is booming. The reasons include favourable demographics, rising customer incomes, real estate developments, especially the emergence of new shopping malls, availability of better sourcing options both from within India and overseas and changing lifestyle. India is witnessing a change in the age and income profiles of its over one billion population.

4.3 The last few years have seen rapid transformation in any areas like, scalable and profitable retail models are well established for most of the categories; Indian consumer are rapidly evolving and accepting modern formats; India is on the radar of global retailers; suppliers/ brads are willing to partner with retailers.
4.4 The Govt. has introduced reforms in retail sector. India will allow foreign groups to own up to 51 per cent in multi-brand retailing. Single brand retailers can own 100 percent of their Indian stores.

5.1 Apparel retailers are of two types: local retailer and market retailers. Local retailers are those who are serving the local customers. Against this, market retailers are located in market places where customers from different parts come for shopping. They have competition with other retailers present over there. They need to make heavy investments.

5.2 Investment is necessary for any business activity. Small retailers started business with small capital. A Vibrant Economy India topped the list of emerging markets for retail investments. The apparel industry is fragmented and highly competitive. There are number of major players, but there are countless niche stores and private complainer that cater to specific demographics.

5.3 Apparel retailers deal in menswear, women’s wear and kids wear. Some retailers specialize in particular categories. But selling for all categories prove profitable and it helps in promoting as a complete shop everything for everyone.

5.4 Usage of branded apparel and readymade garments has been on rise. Big players are selling their own labels while small retailers are selling brands of others. Apparel tags, labels and specialty trim play an essential role today’s supply chain. There is presence of almost all kinds of global brands in the present market situation. The launches of more
and more brands into the market have increased the demand for shelf space and hence the demand for retail outlets.

5.5 There is the co-existence of organized and unorganized retailers. Unorganized retailers are not in position to compete with big organized retailers. The share of organized retailing is increasing but still the major share of the market is controlled by unorganized players. India is a vast country with different cultures and customs. These are manifested in our dressing. Our various needs of dressing can only be fulfilled by unorganized retailing.

5.6 This sector is highly competitive. Organized retailers are giving tough competition to small unorganized players. Sales of small players have been decreasing. To sustain in the market, they have reduced their profit margins. These steps have been helping them little. These help for their survival only.

5.7 Employees play very important role in functioning of any retail outlet. The industry is facing severe shortage of talented professionals. Indian players are under serious pressure to deliver the levels of quality and service that consumers are demanding.

5.8 Location is vital in retail marketing. Shopping centres began to be established from 1995 onwards. The millennium year saw the emergence of super markets and hypermarkets.

5.9 There are locational problems. Other area businesses in your location can actually help or hurts your retail shop. Determine if the types of businesses nearby are compatible you are your store.
5.10 Retailing is one of the world’s largest private industries. Liberalization in FDI has caused a massive restructuring in retail industry. The benefit of FDI in retail industry superimposes its cost factor. It enables a country’s product or service to enter into the global market.

5.11 Indian apparel business is anticipated to reach a growth rate faster than that of the overall retail market. In Indian market, apparel is second largest retail segment after food and groceries.

5.12 There are certain trends in consumption behaviour that have a direct and significant impact on the business strategy and profitability of retail business. These trends relate to the changing demography, increasing individualization computerization, mobility, and demand in terms of sustainability and dematerialization.

5.13 Customers are conveniently classified into three categories: upper class, upper middle class and middle class. Rising of great middle class has changed the scene of retailing.

5.14 India is witnessing a change in the age and income profiles of its over 1 billion population, which is likely to fuel accelerated consumption in the years to come.

5.15 Apparel sector in India has taken a paradigm shift. With the growth and rising of urbanization has given rise to fashionable gen next consumers having attitudes of spending huge amount of money to look trendy.
5.16 Organized retailers use the contemporary formats by which shoppers have the edges of a world class shopping experience. Malls have provided ideal place for retailing. Real estate developers are focusing in developing malls in metros and big cities.

**Suggestions**

Based on the observations and data collected following are the suggestions:

- Parking is becoming a complex problem of present and futures. Before the construction of shops and malls starts, maximum space for parking should be earmarked on lane basis so that large number of vehicles could be arranged without problem. This can be a highly difficult decision given the cost of allocating larger space to the parking. But, here the choice is limited one and hence the investment in space allocation or floor construction has to be made. Else harassments and damage to the small vehicles lead the customers to desist from such places. This also is desired if there can be an alternative parking space for emergency purposes.

- Training to the staff that is in direct touch with customers and visitors is essential to any business. The importance becomes more intense in retailing. The courteous attitude makes a difference to the customers. However, the personal attributes and character formulation of the staff member suffer from rigidity and hence care shall be taken in such cases. Facilitate the growth and strengthen human resource development institutions, including the National Institute of Fashion Technology on innovative lines.
Focus on health and life insurance for weavers and technical skill development.

- As apparel retail is led by fashion, a player needs to keep a close watch on fashion amongst teenagers as they are the trend setters. Role of Bollywood in spreading fashion needs to be understood. Seasonal variation on stocking pattern and need to clear inventory at the end of the season should be understood by apparel retailers.

- Opening up of the retail trade to FDI will pave the way for flow of investment in new technology and marketing of farm produce in India. Allowing foreign equity participation up to 100 percent through automatic route in this sector with certain exceptions.

- Technology should be upgraded in terms of logistics, production, and distribution channels. Recognizing the vital role of IT in a progressively IT-driven global economic environment, as also its scope in bringing about speed, efficiency and transparency in delivery systems, Govt. will play a proactive role in promoting and facilitating adoption of IT in the textile industry and trade. Using IT as the platform, a strong commercial intelligence network will be built up and suitable infrastructure for harnessing the potential of e-commerce will be put in place.

- Economies of scale would help lower consumer prices and increase the purchasing power of the consumer.

- Apparel retailers have to cope with higher expenses for both costs of goods and operating costs.

- Funding requirements of different segments of the textile industry will be periodically reviewed and short-term and long-term requirements spelled out, particularly of the handloom, power
loom, handicrafts and sericultures. Innovative measures for tapping public and private sector findings will be worked out.

- A strong retailing sector would promote tourism.

In the present research, I find utter lack of words to express my indebtedness to my supervisor Prof. Somesh Kumar Shukla, Department of Commerce, University of Lucknow, Lucknow whose continuous guidance and help encouraged me a lot in completing the study in time. Further, I am thankful to the Almighty for keeping me healthier and happier which play a decisive role in any assignment a person undertakes and completes. I am thankful to all the faculty members of Department of Commerce, University of Lucknow, Lucknow for giving me inputs and suggestions to commence the thesis in first instance; access to departmental library, Central Library (Tagore Library), Gyanodaya, library of IIM, Lucknow, Giri Institute of Development Studies, Lucknow, great place to learn. The help of non-teaching members at the Department of Commerce at the University too deserves my thankfulness.

At the end, I cannot forget the blessings of my parents and assistance from my friends for constantly motivating me to culminate the hard works into a thesis.