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ACCORDING TO MARKET PREDICTIONS, FASHION RETAIL IN INDIA IS EXPECTED TO BE AROUND \$35 BILLION BY 2020. NATURALLY, THERE IS A BIG RUSH TO GET A PIECE OF THIS PIE FINDS **BINDU GOPAL RAO.**

According to The Boston Consulting Group and Retailers Association of India, the retail sector in India is expected to nearly double from \$600 Billion in 2015 to \$1 Trillion in 2020. However, online retail still barely captures 3 per cent of the total retail spend and there is a tremendous potential for increasing customer penetration.

THE LURE OF BEING ONLINE

The year 2016 has been a crucial year in the growth of the Indian e-commerce scene, especially as portals running on marketplace models are eligible for FDIs, making them an extremely attractive proposition. “Websites are offering easy and cost-effective hosting and development services and social media literacy when it comes to online promotions. This has just sweetened the deal. Users are now more open to shopping online, even for high-ticket items,” says Ankita Mantri Lahoty and Srishti Nadhanifounders of Store Untold. The main reason for this rapid growth of fashion e-commerce in India is the infrastructural



growth that allows people to virtually explore what is available in the market. “Due to this major infrastructural growth that India has been experiencing, the market for fashion has also spread and opened up. It basically means anybody with access and a little knowledge about the Internet can order for products which would be delivered within a set amount of days as soon as you confirm the order,” opines Sonia Agarwal, CEO & Founder of Whitenife. The ease of doing business and access to external funding (Venture Capitalists, Angel Investor) has become easy and is constantly improving which allows for easy entry of new players. Rahul Jashnani, MD, Jashn adds, “The rise in the level of acceptance of online stores has resulted in growth in the number of e-stores and their product offerings, which proves that there is great scope for business in the sector. Also, there are several schemes introduced by the government to boost e-commerce. The hike in foreign direct investments and other seed funding opportunities signal that there is going to be further impetuous growth for the business.”

WHO ARE THE BUYERS?

So, who is shopping online and driving the numbers? Men and women in the age range of 16-45 years form the main demographic, with women having a much stronger presence. The main attraction continues to remain convenience and the fact that it can be done within minutes. “Online stores have made it possible for brands like us to reach and target consumers in even smaller cities now, where we see a higher disposable income and a demand for fashion. Youth are essentially driving the entire online shopping market. They are young, have

growing incomes and a very intrinsic need to aspire for and acquire global fashion,” says Sanjeev Mukhija, – Managing Director at Goldenseam Industries Pvt. Ltd., and Founder and CEO, Breakbounce. Shoppers can be divided into discount and deal hunters, e-commerce surveyor, one time buyer and purchasers. “Discounts and deal hunters purchase solely for the discounted price and the quality is secondary. The e-commerce surveyor reviews various websites and draws a comparative analysis before making a final purchase. These are the true repeat customers who will keep coming back to your page just to see the latest offerings. A one-time buyer is a consumer who has just heard about a specific product or wants to experience shopping through e-commerce. The purchaser on the other hand knows exactly what he/she wants, goes to the website and completes the purchase regardless of delivery time or price,” says Dainsh Bajaj, Co-Founder, La Briza.

WHAT'S THE CHALLENGE?

The e-commerce market currently is cluttered with a multitude of players and the competition is very strong. As barriers to entry are lesser, it is even more important for upcoming brands to stay true to their USP, pricing and product offering. Even though logistics has advanced, smaller cities and rural areas are difficult to reach even for the biggest e-commerce



players. Customers in these areas need to wait much longer to receive the product and cash on delivery and reverse logistics become harder to co-ordinate. Multiple prices for the same products across different platforms can cause issues for both the customer and retailer. “The regulatory framework is not very concrete for the e-commerce players and is changing rapidly; also the increasing competition and lack of skilled workforce pose another sort of challenges. The operations are becoming difficult because most of the big players in the segment offer heavy discounts due to their deep pockets to maintain their market leads. This creates entry barriers for the upcoming brands and stores,” says Mohit Bhatia, Founder and CEO, Fuschia by Vkare.



BESPOKE MATTERS

Fashion has been the highest margin segment of e-commerce companies. However, there is an ever growing customer base who is looking for a more personalised, differentiated offering. “Elanstreet is targeted at this category of buyers, we are a personal styling and fashion discovery website that offers an array of personal styling and image consulting services in collaboration with the leading stylists across India, aided by a curated online store,” says Gargi Banerjee Koul, Founder & CEO, Elanstreet. Sonal Khatri, Image Consultant & Founder MBD Stylebox says, “There are a lot of e-commerce platforms

which hold a major percentage of the market, but lack the experience of selling curated fashion online. The vertical players offering multiple brands are struggling to differentiate. The e-commerce market has become more sophisticated and the challenge now is not being a generalist, but own or dominate a specific category. The private label space, where fashion has now become a lifestyle choice, is being curated to meet the customer’s style needs.” There is also a trend to be ecologically sensitive. “No matter which site you buy your clothes from, please support sustainability in fashion. The clothes we produce are all hand woven and handmade. It’s a time consuming but enriching process. Our traditional weavers need all the help they can get,” says Meenu Tiwari, Founder of theplavate.in.

CRUNCHING NUMBERS

For small players, a new collection launch witnesses a number of unique visits ranging anywhere from 1,000-2,000 per day. But the conversion is sometimes as low as 1 per cent for the month. Brand Fuschia, without any physical presence in retail stores, has grown at more than 200 per cent in sales year over year for the last two years. The numbers take close to one to one and a half years to grow and reach a stage where they can break even. For online majors like Jaypore.com, which focuses on everything Indian, the market is vibrant.

“We are looking to grow at 200 per cent this year. Our unit economics are very healthy. In case of every product, right from choosing the product to how much we spend on marketing, warehousing, and shooting before we take it to the customer is thought through. We are old school in our approach. We believe only people with the right business fundamentals (where revenue will be higher than the spend) will be able to survive,” opines Shilpa Sharma, Co-founder and Head of Product, Sourcing and Design at Jaypore.

Internet penetration is expected to increase from 32 per cent in 2015 to 59 per cent in 2020. And, this is sure to take online fashion to the next level. **NW**