

Denim Market in India

Market Size and Growth

Denim is of the most promising category in India's apparel market. In 2013 the denim market of India was worth INR 13,500 Cr. which accounts for 5% of the total apparel market of the country. The market is projected to grow at a Compound Annual Growth Rate (CAGR) of 15% to become an INR 27,200 Cr. market in 2018. and INR 54,600 Cr. market in 2023.



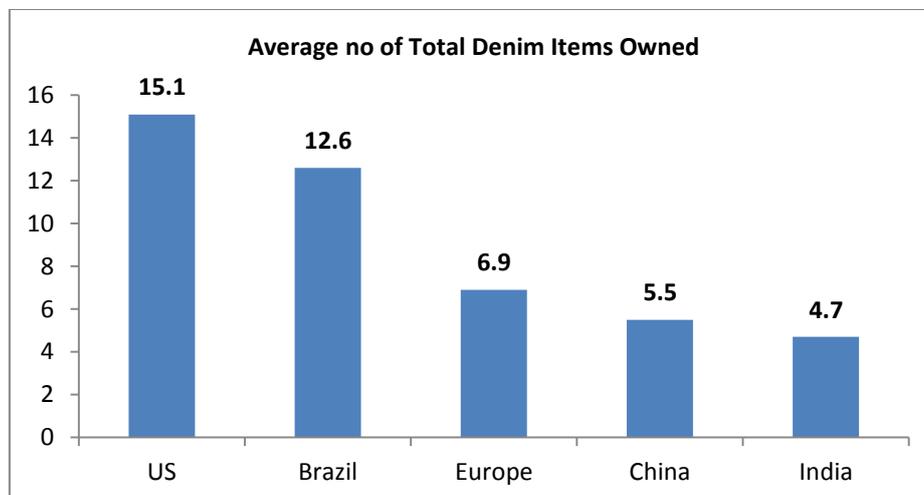
Source: Technopak Analysis

The denim market in India is skewed towards men's segments with 85% contribution coming from it. Women's denim segment contributes 9% to the market and the kids segment the rest 6%. The women's and kid's denim segments are expected to witness higher growth rates due to their lower base and increasing focus of brands and retailers on those segments.

Comparison with Denim Consumption of Some Other Countries

In general the western life style and western fashion has accelerated the trend of casualization across the globe. This trend has boosted the consumption of casual fashion apparel like denims, dress shirts, tees, casual shirts among both men and women consumers in all the developing countries including India.

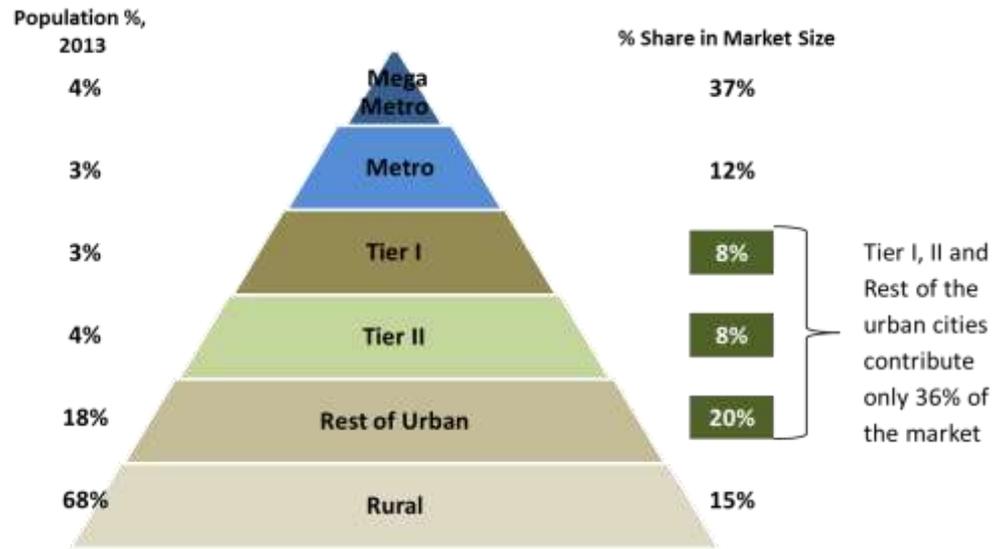
The average number of denim items owned by Indian consumer is much lower in comparison to consuming market of the United States, Europe etc. The number is even lower than countries like Brazil and China. This difference in the number demonstrates the huge potential that exists for denim in the domestic market.



City-wise Distribution of Denim Market

The value share of denim market is skewed in favour of mega metros and metros which account for almost half of the total denim market at a share of 49%. Though the markets of other urban areas and rural India contribute high in volume terms, their combined share in market value is only 51%. As the penetration of denim category and the awareness of denim quality increases in those cities and rural India, their share in market value will start increasing with more number of consumers willing to pay premium for the quality, design and fit.

City-wise Distribution of Denim Market of India



Source: Technopak Advisors

Presence of Brands

In India unbranded denim products dominate the market with around 60% share of the market. The share of brands in denim market stands at 40%. Most of the unbranded players operate on the lower price segment of the market where awareness of quality of fabric, finishing and washes, design and fit are relatively low.

The emergence of semi-urban clusters, areas having less number of farming communities, across the country has opened up a plethora of opportunities for regional brands and retailers. A typical denim consumer of the semi-urban cluster demonstrates a blend of the characteristics of urban and rural consumers; like an urban consumer she/he shows awareness of brand and product quality and like a rural consumer pricing and affordability plays a crucial role in her/his purchase decision. The regional brands have focusing to cater to these typical requirements of the semi-urban consumers. However presence of lots of unbranded players in such markets it a market of intense competition to many national level brands.

Driving Factors for Denim Market

Some of the key driving factors for the denim market in India are:

- An aspiration youth ((15 to 29 year olds) with higher spending power than previous generations, which make 26% of the consuming population
- A wide range of consumer segment that consider denim as an apparel of choice owing to its comfort and style
- Favoured preference for denim amongst youth owing to its versatile association
- Increasing usage of denim products by women and youth in smaller cities and rural India

Denim Value Chain in India

India has an integrated value chain for denim products starting from fibre to retail. Denim is primarily produced from cotton and India is expected to overtake China as the single largest producer of cotton in the world in 2014. The country is the second largest producer of cotton yarn. The denim fabric production capacity of India is more than 1000 million meters per year, and India is still witnessing the entrance of more denim fabric manufacturers in the industry. Denim fabric production in India is concentrated in the western and northern parts of the country with more than 45% contribution coming from Gujarat alone where Ahmedabad is the production hub.

Denim apparel production in India remains a fragmented industry where only 20-30% of denim apparel is manufactured in the organised units. The denim apparel production activities are concentrated in Delhi/NCR, Mumbai, Bangalore and Ahmedabad.

Select Trends in Denim Market

The denim market in India has been evolving fast with the introduction of more styles, colours and some distinct trends in the product offering. Some of the key trends in the denim market are:

- In India most of the denim manufacturers focus on the domestic markets as the value realisation remains higher in the domestic market than in export markets
- In recent times the industry has witnessed the entrance of new fabric manufacturers which is expected to make the market for denim fabric more price competitive in the coming years
- Cotton remains the fibre of choice in denim apparel. In blended denim fabrics polyester is being used as weft threads
- The demand for stretch denim is growing at a faster rate in the India market due to its comfort and fit characteristics
- The colour of denim jeans is no longer limited to traditional blue colours. Indian youth has started accepting denim in different colours including green, red, yellow etc.

Issues & Challenges for Denim Market

Though the denim category is among the most promising categories in the apparel market of the country, it faces its own set of issues and challenges. The prudence with which various stakeholders of the denim eco-system identify and address the issues and challenges associated with the value chain will determine the growth of the denim apparel market in the country. India at present lags behind in its ability of denim product development and innovation. There is a need to develop a larger portfolio of denim garments and accessories, including shorts, shirts, bags, dresses, accessories among others. At present the market is skewed towards denim jeans. The weight (gsm) range of available denim fabric could be broadened to widen denim application.

There is a lot of scope for improvement in right processing and value addition in denim through fashion-led processes and finishes. Establishment of high quality processing and washing units could help to improve the quality of finishes and colours, thus attracting more consumers to try denim.

Conclusion

Development of a consumer-centric denim value chain will create the avenues to unleash the great potential inherent in India's denim market. However, there is a dire need to start an industry-wide initiative to decode the mind-set of Indian consumers and their perception and receptivity of denim and to promote denim among the consumers. The increasing awareness of sustainable fashion provides an additional opportunity to promote denim as a product of natural cotton fibre which is perceived as more eco-friendly than synthetics.

A two-pronged strategy that on one hand addresses the needs of consumers and encourages them to consume more of denim and on the other hand ensures to improve the existing gaps in the supply chain shall make India's denim market more dynamic and consumer-centric with better opportunities and scopes for all elements involved in the eco-system.

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