

MORE PROFITABLE  
THAN LAST

# DIWALI

Jashn



While the West witnesses breakthrough sales in November-December, the festive season in India starts in October and lasts all the way up to March-April. **MANISHA ALMADI MIDHA** presents a first-hand account of how the festive season is looking for players, and finds out the strategy of brick-and-mortar companies to stay abreast of e-com players.



USPL (Imara)

**I**t is important to understand at the outset whether India is indeed a festival-led market.

It begins with a rebuttal. "India is not entirely a festival-led market. It is moving to an occasion-driven market, especially for the target group (TG) of our brands – Imara and Wrogn. Yes, perhaps during festivities, sales do see a spike; but we sell just as well through the year," maintains Anjana Reddy, managing director, Universal Sportsbiz Pvt Ltd (USPL), a Bangalore-based celebrity-commerce company. Imara is an ethno-chic womenswear brand by Shraddha Kapoor and Wrogn is a men's casualwear brand by Virat Kohli – both launched in association with USPL in 2015. Imara retails at Shoppers Stop, Central and Ethnicity; and Wrogn at Shoppers Stop.

USPL is not the only one. Jashn too "sees consistent sales and revenues through the year. However, a greater wave of enthusiasm is brought in by the festive season, especially for ethnicwear brands," says Rahuul Jashnani, MD, Jashn, an ethnic womenswear brand founded in 2003 in Mumbai. Jashn has stores in India and the Middle East.

Global online players like Amazon have observed that customers shop through the year. "The festive season is important as this is usually the busiest shopping season of the year. But we have received overwhelming responses during non-festive seasons as well. The festive season starts from Navratri and extends till the New Year," says Mayank Shivam, category leader, Amazon Fashion. Amazon.in launched in 2013 in Bangalore.

Other online players too "like the West see a spike in shopping over the months of October to January. In fact, for us it extends all the way up to March, owing to the flurry of clearance sales and end-of-season sales, as we scale up visibly during this time," says Sanjay Shroff, founder & CEO, Styletag.com, an online curated fashion and lifestyle destination, launched in 2012 in Bangalore. Shroff also manages the designer store, ffolio. "The festive season for fashion e-commerce extends till March-April as it's primarily a wedding season post-Diwali," adds Anupam Tulsyan, founder & MD, Peachmode.com, a global online store for women's ethnicwear, established in 2014 in Mumbai.



Indian by Manish Arora Women's Chanderi Straight Kurta (Amazon)



Indian by Manish Arora Women's Kurta (Amazon)



Biba

**Festivals, inventory and discounts**

Tulsyan, in fact, feels that the Indian market will do much better in the long run because apart from a few slack months it's festivals all the year round. "For example, monsoon brings Eid and Raksha Bandhan during which our salwar suits sales go up. And if you see, India as a whole because of its diversity, weddings take place the year round as well.

In December, Hindu weddings don't happen much, but then sales of Indo-western gowns and pashmina suits go up. So, if we have the right product for the right season, the Indian retail market sales can be maintained through the year, and maximised during the festive season. However, this is not possible in Western markets," remarks Tulsyan.

Jashnani agrees, "The Indian market has better sales than the global market as we have a diverse population in our country. International markets have festive season only during the end of the year. In India, our sales do increase during the year-end, but then we have festivities going on through the year. Hence, our sales never dive."



Bibo

Round-the-year sales has a bearing on inventory management. USPL has constant replenishment cycles for inventory, alongside new collection every 45 days. "We come up with three stocks in a season," says Reddy. At Jashn, stocks are replenished every fortnight and as/when new collections are planned for hitting the stores. Peachmode keeps "enough inventory to last for a month with no stocks being replenished. However, we get fresh stocks daily. We put up approximately 50-100 new designs on our website every day," says Tulsyan.

Styletag has a flash sale model, and gets fresh inventory every seven days. "We have a healthy stock of in-house and virtual inventory since we plan our merchandise 2-3 months in advance. Inventory is not an issue. Given the current scenario in the country, its logistics support/weaker channel support that is of prime significance right now. We are strong with the width, but depth becomes a challenge sometimes," says Shroff.

USPL has been introducing tactical offers which spans 10-15 days. Jashn offers up to 51 per cent discounts twice a year, i.e. at the end of the two main retail seasons – autumn/winter and spring/summer. Styletag updates sales on a weekly basis, with discounts often running up to 80 per cent on the site. Peachmode recently ran "a special Diwali offer where we gave every seventh buyer who had ordered items above ₹1,500 for free. We also had a special Diwali sale for customers where the items were up to 50 per cent off," says Tulsyan.



Styletag.com

### Increased spending this season

Even with slowing economy and high inflation, consumers are slackening their purse strings as many retailers are wooing them with special offers and designs this festive season. "This is one of the biggest quarters for all retailers across categories. We could say that consumer spending does increase a lot during this season. In metros such as Mumbai, Delhi and Bangalore, the two big segments of consumers are corporate professionals and working women, and we are currently targeting them," reveals Jashnani.

"Women shoppers across metros and smaller cities are increasingly helping boost sales for branded clothing, making it one of the fastest growing categories in the apparel market. Although ethnicwear is more popular in India, the market for westernwear is growing at a 30 per cent CAGR," informs Reddy.

Tulsyan echoes, "The festive season helps in the growth of womenswear. The ethnicwear market we are in mainly depends on the festive season as women make new purchases for festivals and weddings. Their spending increases by roughly 30-50 per cent." Styletag see a three-fold increase in spending. "Since we are more oriented towards womenswear, menswear contributes to less than 5 per cent of our total revenue," adds Shroff.

But then, ethnicwear itself as a segment has been growing. "Ethnicwear has seen a huge demand and growth not only during festive seasons, but through the year. Kurtas and sarees are the best performing categories contributing to 75 per cent of the ethnicwear share on Amazon. Sarees are the best-selling category within ethnicwear, raking up 40 per cent of the traffic followed by kurtas," informs Shivam.



Jashn



Peachmode.com

"Every woman wants to look good, and wear designer pieces on her wedding. Red and blue are the all-time favourites, but this season we have seen an increasing trend of fancy colours such as peach, shades of orange and bottle green. Also, floral prints and fabrics like Bhagalpuri are in vogue. Peachmode's price range for womenswear varies at ₹600-10,000. In general, we see a huge demand in the range of ₹1,200-2,500," informs Tulsyan.

The average price range for womenswear on Styletag is ₹1,200-3,500, and that of menswear ₹800-1,500. "Our festive range consists of sarees, lehengas, anarkalis and kurta suits in luxurious fabrics like velvet, silks and expensive cotton, in colours spanning from purples, reds, pinks, oranges and ambers. Starting in late November, the trend moves towards western and partywear," adds Shroff.

“For this season, more designers are turning towards layers. Though layers have always been recommended when it comes to westernwear, this year they are a hit with ethnicwear as well. The trends this year are also more focused on softer hues, fluid drapes, baroque detailing and sheer panels. In our new collection, Jashn has gone green with the use of eco-friendly designs and colours,” says Jashnani.

## TARGETING YOUNGER CUSTOMERS

Most brands like Jashn are targeting more consumers of the younger generation as their collection leans towards attracting them. Sixty per cent of Styletag’s sales come from women in the age group of 20-36 years. Peachmode’s TG is all women with purchasing power.



## Multiple e-com players, rising m-com

A considerable amount of sales today happens through e-commerce, and the players are big.

“Amazon takes a note of competition, but doesn’t obsess over it. Customers don’t care about how much gross merchandise sales you have or whether you are the market leader. You don’t go and shop saying ‘how much did you sell last year?’ Customers care about what they can buy from us, convenience, and fast delivery. We invest our energies in increasing our in-stock selection week-on-week, so that more products can be eligible for next day delivery. We invest in improving our last mile delivery network to serve our customers who reside across the length and breadth of this country. We have also invested in creating a

back-end infrastructure and tools and processes that will help our sellers lower their operational costs so that they are able to offer their products to customers at competitive prices and help them grow their business profitably on our marketplace,” elaborates Shivam.

He goes on to add, “We are equally focused on building a secure payment infrastructure that enables customers to transact online with confidence, and SMEs/entrepreneurs to convert their static websites into digital storefronts. This is in our DNA. It has worked for us in the past and looking at the last 29+ months of our growth in India, we have every reason to believe that it is working here as well. The Indian e-commerce space is still in a nascent stage with tremendous potential for growth. There is opportunity, room for multiple formats, players and most importantly, for innovation.”

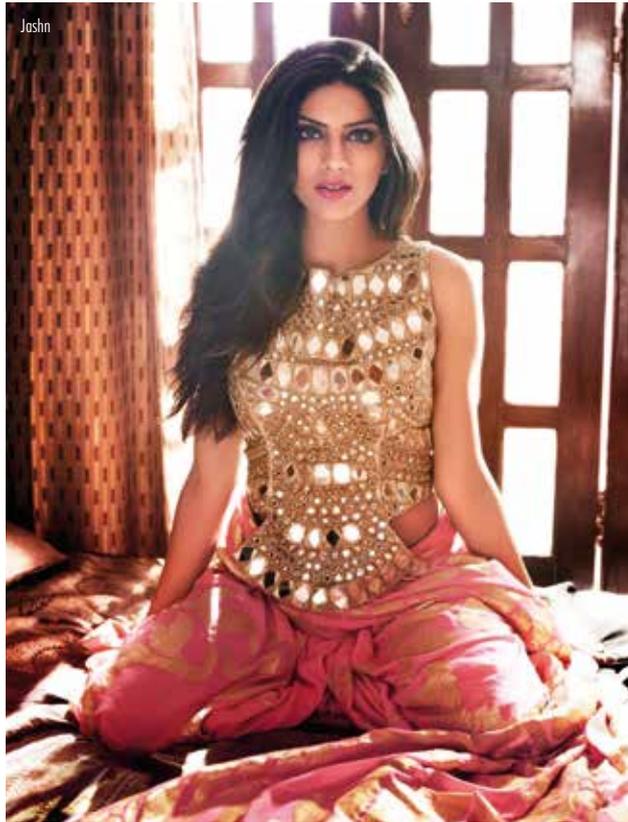


Competition is tough, but “the current e-commerce domain is large enough to hold multiple players. We have been able to carve out our own niche,” remarks Shroff.

The channel that everyone is observing keenly is the mobile. Myntra is now a mobile app-only site, and all e-commerce players are concentrating on apps.

“Over 70 per cent of Amazon’s traffic comes through mobile phones. This is only expected to grow northwards. With over 65 per cent of our orders coming through lakhs of new customers from Tier II and Tier III cities and towns, clearly the size and speed of the app and payments are our top focus areas. We have received thousands of orders from places like Rajkot, Mallapuram, Kota, Raipur, Dhanbad, Salem, Srinagar, Solapur, Asansol, Thrissur, Surat, Diu and Jamnagar. To address the poor network conditions in these cities, our app is now one of the lightest in the industry, with some of the lowest page latency rates. We are focused on making our app fast and easy to use. Some of the other focus areas will be around the capabilities of mobile such as location awareness, camera and voice. We will enable our customers to shop anyway they want, including a mobile and a desktop site,” says Shivam.

Styletag too has “observed a shift in the e-tail industry where people are leaning towards easy shopping on the app. We will be launching the app for iOS and Android users,” informs Shroff. Tulsyan feels the mobile app market is still in early stages. “Peachmode launched a mobile app for Android and it’s doing well. But most of our traffic is still from the web, and we think specially for ethnic fashion category the experience we can provide on the web cannot be matched on the mobile screen,” he feels.



## The battle between retailers and e-tailers

According to a recent ASSOCHAM study, consumers are expected to splurge about \$8 billion (₹52,000 crore) on online shopping this festive season, translating into 40-45 per cent sales increase for e-commerce players. This is in comparison to ₹30,000 crore spent by consumers during the last festive season.

For e-tailers "there is not much competition in metros and Tier I cities as the price at which we sell is lower since retailers incur huge costs on rentals, etc. However, we do face some competition from Tier II cities, but we win over with our collection, pricing, service and convenience of buying at home," says Tulsyan. The products on websites are usually sourced directly from the manufacturer, a licensed agent, a retailer or an importer; thus eliminating middlemen and resulting in limited quantities at lower prices.

Brick-and-mortar companies, nevertheless, have learnt their lesson from last year's festive sales and have become 'brick and click' establishments, which means they have retail outlets as well as online presence to satisfy the needs of both segments of consumers. Shoppers Stop, Jashn and Imara, for example, are e-tailing on their website and have tied up with Flipkart, Snapdeal, Amazon, Jabong and Myntra to offer discounted products to customers. "Today, everyone is so tech-savvy. A lot of people from different age groups and background shop online. USPL is doing great in terms of our online sales," remarks Reddy.

Some retailers like Jashnani make an observation. "Indian consumers are becoming habituated to new trends in terms of both products and retail. Most consumers now e-tail before they retail; that means they research and compare the products online and also seek reviews online before the actual purchase. But that is not the case for the ethnic segment. The consumers' need to try the product physically does not get accomplished. So they may hesitate to buy products online since it comes with a huge price tag and does not have a touch-and-feel kind of element to it," says he.

Meanwhile, retailers are stretching out other promotional plans to attract customers such as offering customer loyalty programmes in association with EasyRewardz and others to bring in repeat business; providing EMI options for an impulsive target audience that is willing to pay over a period of time; offering flash sales and discounts to stay abreast of e-tailers; and using mobile marketing by sending personalised messages to customers.



USPL (Imara)

### Festive sales and targets

Leading online players like Paytm are spending ₹100 crore on marketing, and expecting festival sales of ₹1,000 crore. Flipkart is expecting ₹3,000 crore, and Snapdeal a 10-15 fold growth. October brings the biggest ever festive season in terms of traffic, unit sales, revenues and new customers for Amazon.

"Sellers on Amazon are witnessing a 3-5 time jump in their daily sales. Sellers received orders from about 2,100 towns and cities across the country. As compared to last Diwali, Amazon Fashion has witnessed a seven times growth, and the apparel segment has grown eight times in terms of both units sold and total sales," informs Shivam.

Relatively smaller players like Styletag have pumped in "₹1.5 crore as part of our marketing budget. Our revenues are expected to hit the ₹15 crore mark, compared to last year's ₹7 crore. The festive season does generate a huge chunk of our operating margins. During this period, vendors too drop rates. Naturally, there is an increase in margins for us," says Shroff. "Peachmode has



Peachmode.com

invested close to ₹2 crore this festive season, and we have seen almost a 200 per cent jump in sales compared to last year," adds Tulsyan.

Leading brick-and-mortar chains like Future Group and Shoppers Stop too have seen "double-digit sales growth." Future Group is set to grow its business 25-30 per cent this Diwali over last, while Max has grown same-store sales by 15 per cent and their average billing value has increased 10 per cent over the last festive season. Others like USPL reveal "almost 50 per cent of our marketing budgets were deployed during Q3 of the FY, and we are expecting Q3 to contribute 50 per cent of the sales from the A/W season. We see sales around the year however during festivities we see a 3-5 fold increase. The festive season accounts for about 35-40 per cent of our annual sales," concludes Reddy. **H**