

CHANGING DYNAMICS OF FASHION E-COMMERCE: A STUDY ON ONLINE FASHION RETAIL MARKET IN INDIA

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Abstract—The fashion industry in India is witnessing a great revolution over the past few years. It is considered as one of the biggest contributors to the e-commerce sector of India. The main reason for this tremendous growth of fashion e-commerce segment recently can be mainly attributed to the change in consumer behaviour post Covid-19 crisis. The consumers today want their shopping experiences to be immersive, personalized and interactive along with enjoyable. So the retailers are now adopting innovative ideas and strategies to create a memorable and personalized shopping experience. The present study aims to examine the current scenario of online fashion market in India by gathering secondary data from various sources. The paper also tries to identify the emerging trends, opportunities as well as challenges in fashion e-commerce. The findings of the study reveal that there is a radical transformation in the online fashion retail space, with the introduction of more and more digital tools.

Keywords: Consumer Behaviour, Fashion e-commerce, Fashion Market, Digitalization

INTRODUCTION

Fashion e-commerce in India is a huge market and is quite competitive. A large number of online brands are struggling to lead in the industry. The biggest player in the segment is Myntra, a subsidiary of Walmart-owned Flipkart. However, over the last couple of years, Ajio, owned by Reliance Industries and Tata-owned Tata Cliq, built a strong presence with a loyal customer base and a gradually growing market share. Online fashion giants like Club Factory and Shein have made significant headway into the Indian fashion market that focuses explicitly on targeting young females. Shein arrived in India in 2018 and crossed 5 million orders in just a year, raking in USD 10 billion globally in 2020. This study sheds light on the latest trends in the online fashion space and will help fashion e-tailers better to understand the changing dimensions of the fashion e-commerce industry.

ONLINE FASHION INDUSTRY IN INDIA

The Indian fashion sector is currently worth INR1000 crore, whereas the market is worth over INR 20,000 crore. However, India accounts for only 0.2% of the global fashion market.

According to Unicommerce, India's online fashion market expanded by 45 percent in the fiscal year from April 1, 2020, to March 31, 2021, compared to the prior year. According to the data, order volume increased by 51% in FY 2021 compared to FY 2020. Between 2021 and 2026, the online fashion retail market share in India is anticipated to rise by USD 22.97 billion, with a CAGR of 18.83%.

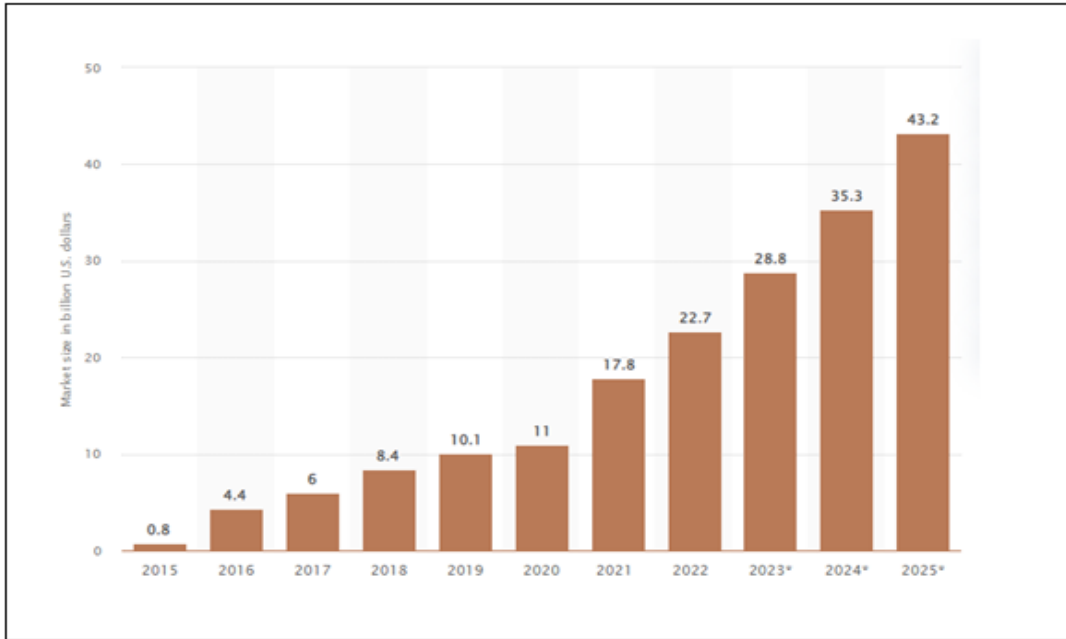
According to Statista, the online fashion market in India was about 11 billion U.S. dollars in 2020 and is projected to reach a value of 43 billion U.S. dollars by 2025.

According to Redseer's report, consumers most often purchase apparels followed by shoes and accessories for the fashion category. Western wear is the most popular clothing category, with over 60% of purchases from male shoppers. Online penetration of footwear is highest in the lifestyle category due to the increasing adoption of online platforms by footwear brands, especially sports brands. On the other hand, accessories, once considered a complementary category to apparel, have seen significant growth as they have evolved into a mainstream category on its own. There is an increasing focus on accessories from apparel brands to cater to need based demand of diverse consumer base. In this regard, the handbag market is showing great movement due to the expansion of domestic and foreign brands.

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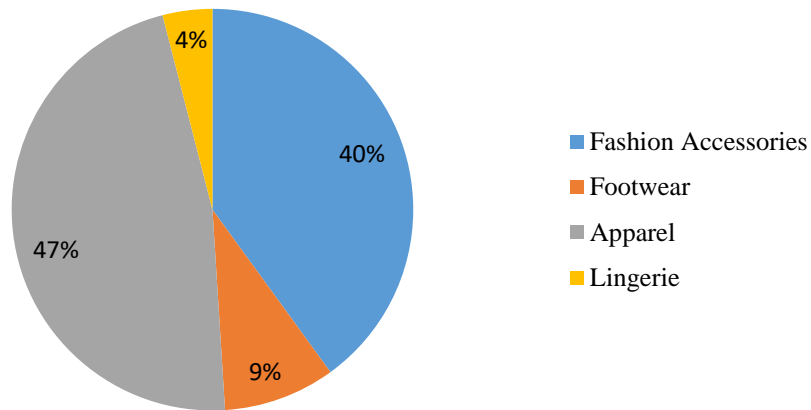
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Figure 1. Online fashion market size in direct to consumer (D2C) sector in India with estimates until 2025(in billion U.S. dollars)



Source: Statista

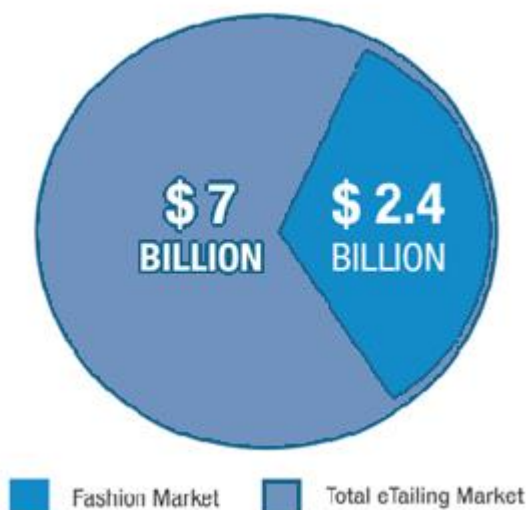
Figure 2. Online fashion retail market in India segmentation by product



Source: Intelligence Node

Currently, a major part of India’s fashion market is digitally influenced. Consumers mostly buy apparel from online channels, in the case of fashion categories, followed by footwear and accessories. A recent study says apparel industry covers 47% of the total Indian fashion catalog present online. While rest is covered by fashion accessories (40%), footwear (9%) & lingerie (4%)

Figure 3. Contribution of fashion in Indian eTailing Market



Source: eTailing India Estimates

Table 1. Breakup of fashion into sub-segments

<i>Fashion Category Split into Men, Women & Kids</i>			
	<i>Men</i>	<i>Women</i>	<i>Kids</i>
<i>2012</i>	<i>44%</i>	<i>37%</i>	<i>19%</i>
<i>2017</i>	<i>42%</i>	<i>38%</i>	<i>20%</i>
<i>2022</i>	<i>39%</i>	<i>39%</i>	<i>22%</i>

Source: Technopak

A notable difference from major global markets is that the men’s share of the fashion market is significantly higher than that of women. This gap is reducing, and both men’s and women’s share of the overall fashion market is expected to reach 39% each this year. It is seen that kids accounted for almost 20% of the overall fashion market in 2017 and that may even increase to 22% by this year.

Table 2. Share of fashion in merchandise consumption

<i>Categories</i>	<i>2017</i>	<i>2022</i>
<i>Food & Grocery</i>	<i>66.7%</i>	<i>65.8%</i>
<i>Fashion</i>	<i>9.1%</i>	<i>8.9%</i>
<i>Jewelry & Watches</i>	<i>7.7%</i>	<i>8.2%</i>
<i>Electronics</i>	<i>5.9%</i>	<i>6.8%</i>
<i>Home & Living</i>	<i>4.3%</i>	<i>4.4%</i>
<i>Pharmacy</i>	<i>2.9%</i>	<i>3%</i>
<i>Others</i>	<i>3.2%</i>	<i>3.1%</i>

<i>Total</i>	575	979
<i>Fashion</i>	52.3	87.9

Source: Technopak

Food and grocery account for the majority of consumer spending on merchandise, followed by clothing, footwear, and accessories, jewelry and watches. The absolute value of the Indian fashion retail market was at around € 52 billion in 2017 and is expected to exceed € 87 billion by the end of this year.

Figure 4. Major fashion e-tailors in India



According to the survey conducted by ProdegeMR, around 81% of Indian consumers bought apparel online from Amazon's Indian platform . About 76 % preferred the domestic e-commerce retailer Flipkart for apparel purchases. According to a Google-AT Kearney report, apparel contributes to 40-45 % of the market, footwear 30-35% and accessories the rest. According to this report, currently Flipkart, with its fashion units Myntra, is estimated to have a 65-70% share of India's online fashion market. Amazon and Snapdeal claim another 20-25% share.

Unicommerce reports that the online fashion shopping trend is gaining momentum in Tier II and III cities, with 118 per cent order volume growth coming from these locations. Women's wear held the largest share of the e-commerce fashion market with a 50% share and the order volume for 2021 recorded a 30% year-on year increase. Meanwhile, the kids wear segment experienced a more than 200% increase in order volume, with its market share growing significantly from 3% in FY2020 to 17% in FY2021.

According to Technavio's report, India's online fashion retail market share is expected to grow by \$22.97 billion between 2021-2026, and the market's growth momentum is anticipated to accelerate at a CAGR of 18.83% . It is projected to increase by US\$22,975.18 million during this period and currently, AM Marketplaces Pvt. Ltd., Adidas AG, Amazon.com Inc., eBay Inc., Aditya Birla Fashion and Retail Ltd., Clues Network Pvt. Ltd., Tata Sons Pvt. Ltd., Reliance Industries Ltd., Snapdeal , Walmart are some of the major players in online fashion retail.

REVIEW OF LITERATURE

Adeola et al (2021) examined determinants of consumer online purchase in the fashion industry. The findings show that consumer values have significant influence on online consumer purchase behaviour, while fashion consciousness moderates the relationship between consumer values and online purchase behaviour.

Karthik&Muthupandi (2017) observed that consumers mainly purchase fashion products online due to ease of purchase, quick shopping, fit for their status, discount benefits and variety comparison.

Kautish and Sharma (2018) revealed that consumers' preferences for novelty, price and quality influence the online purchase in fashion products.

Farid (2015) found that ease of purchase, brand diversification, discounts, wide range of costs forces the Indian customers to buy fashion items online.

Zhenxiang & Lijie (2011) analyze the success of the newly merging online retailing company in fast fashion industry from the perspectives of marketing strategy, product positioning, brand positioning, business mode, products and services, user experience, logistics and team management and suggests that online retailers need to ensure a proper balance between cost and quality to thrive in the fierce competition.

Workman & Cho (2012) indicated that consumers nowadays are convenience oriented, impulsive, searching for bargains, and care about brand names and product quality. Men and women differ in fashion conscious shopping, but they do not differ in the impulsive, quality, brand or price aspects related to online shopping.

OBJECTIVES

- To examine the current scenario of Fashion e-Commerce in India.
- To identify the opportunities as well as challenges in online fashion industry in India.

METHODOLOGY

The study is exploratory in general. The secondary data used in this study has been collected from various sources such as websites, journals and published research papers. Corporate websites, blogs and newspaper reports with regard to developments in the online fashion industry in India are also referred to get more insights in to the fashion e-commerce segment.

FACTORS DRIVING THE GROWTH OF THE ONLINE FASHION RETAIL MARKET

There are a lot of factors that catapulted the online fashion segment in India. Let's have a look on the various factors driving the online fashion retail market growth.

➤ **Increasing online access and smartphone penetration**

Mobile phone is the most preferred device to access internet and today, everybody owns a mobile phone with an easy internet access. The availability of smartphones with access to cheap internet fuels the growth of internet users in India and thereby the fashion e-commerce to rise in terms of customers.

➤ **Innovative technologies adopted by fashion eCommerce sites**

The online fashion segment is focusing on providing interactive customer experience with a digital-first mentality. For that most of the fashion eCommerce sites are combining technological innovations with customers' preferences. This attracted more and more customers to online fashion eCommerce.

➤ **Millennials being the majority of eCommerce fashion brand customers**

Young people (aged 15 to 29 years), who comprise 26 % of the entire consuming population, are a key growth driver of fashion brands in the country. Brand consciousness, increasing disposable income, comfort, quality are other major reasons behind increasing acceptance of online fashion products among this young population.

➤ **Enhancement in supply chain & delivery procedures**

Fashion e-commerce has to depend a lot on delivery & supply chain management and it is really necessary for the brands to ensure faster order fulfillment and enhanced post-purchase delivery experience to the consumers. With the increased investment in supply chain management solutions activities like production, operation & transportation become much more seamless and online fashion platform emerge as a viable option among the customers.

OPPORTUNITIES AND THREATS IN INDIAN FASHION E-COMMERCE

OPPORTUNITIES

Vast number of opportunities are in the fashion e-commerce segment of India. Below are some of the them.

➤ **Digitalization**

Today, customers are increasingly opting for a digital experience. We can see that customers even from rural areas are using online platforms for making their purchase decisions. Therefore digitalization can be pegged as the biggest

opportunity for the online fashion retail sector in India. In India, Digitalization has moved rapidly forward during the past few years doubling up online fashion sales.

➤ **Rise of genderless fashion**

Genderless fashion has been adopted by several people nowadays. So more and more brands have now come up with collections focusing more on androgynous fashion or genderless fashion that fit everyone, regardless of their gender. CNN called the gender-neutral clothes as “the next big thing in fashion”. By offering attractive gender-neutral products, online fashion firms can exploit this upcoming trend.

➤ **Social commerce**

Social commerce has become a major online trend now. People are increasingly using social media to buy and sell products. According to Oberlo, almost 80 percentage of customers in America use this platform to discover new products. Online retailers can use this upcoming trend by creating Shops through profiles on Facebook and Instagram where users are able to browse products and buy them without leaving the platform thereby providing more comprehensive shopping experience.

Hiking fashion demands in small cities and towns

Consumers in small cities and towns of India are looking for heavy discounts and promotions, exclusive products, customized experience, global fashion brands etc forcing them to migrate to online channels. Smaller cities also have a limited range of brick-and-mortar retail outlets for brands. This creates a great opportunity for the online fashion retailers.

THREATS

Despite high growth, the fashion e-commerce is facing several challenges in the country. The challenges and concerns regarding e-tailing in India are:

➤ **Competitive intensity**

E-tailing has become a fiercely competitive business due to shifting consumer preferences and their high demand, which necessitates in cash-burn with regular promotions/ discounts. E-retailers' use of large discounts to attract customers has resulted in unrealistic customer expectations, low loyalty, and losses.

➤ **Inability to convert returns into retails**

It is unable to turn product returns into sales in online shopping like in conventional brick-and-mortar channel. Consumers, when traditionally going to a store to return a product, often purchase other products due to the easy accessibility of other models and the variety in the store. That is difficult in online shopping.

➤ **Consumer Pressure to use ethically sourced and green manufacturing materials**

Covid-19 crisis pushed the consumers to change their behaviour to attain sustainability goals. Being environmentally and ethically responsible is not simply about having ethically sourced products. The customers will feel better about their purchases with a brand if they create a sustainable, ethical product and will feel bad about unethical practices even run by their favourite brands.

➤ **Income gap and corruption**

According to Transparency International, India ranks 81st in the Corruption Perceptions Index. This reflects a high degree of disparity in income levels. The gap between the top 1% and the middle class is at a 92-year high.

➤ **Poor infrastructure**

Lack of proper infrastructure like poor conditions of roads, highways, etc., is one of the main challenges faced by the e-retailers. Inadequate infrastructure makes last mile delivery gruesome. As some regions are not easily accessible, online retailers have to cancel such orders.

RESULTS AND DISCUSSIONS

Digital innovation and changes in consumer habits has been transforming the entire fashion e-Commerce landscape over the past few years. Customers are largely attracted towards fashion products in online platforms as the online brands are providing more opportunities to make fashion more affordable. Customized shopping experience by giving

conveniences like payment options, point of delivery and different modes of delivery made online fashion platform emerge as a viable option among the customers. Covid-19 has accelerated and magnified the wave of what has been termed as conscious consumerism. There is a rise in collective consciousness among the consumers post the pandemic hit. They demand accountability and transparency from their favourite brands. The brands can benefit from this aware consumer segment by emphasizing on sustainability and ethics in their business.

SUGGESTIONS

- Online fashion market has excellent opportunities in the future years. E-commerce retailers need to implement new and improvised strategies to thrive the fashion e-Commerce industry.
- Use personalization wherever possible to display relevant product recommendations depending on what shoppers have previously clicked on or purchased. Brands can also provide personalized guides with suitable product recommendations that reflect the latest fashion e-commerce trends.
- Being environmentally and ethically responsible such as making products from recycled textiles, or developing innovative production methods helps in reducing waste, offer services related to product care and repair, develop business models that can help eliminate waste and many more. Make sustainability a cornerstone of brand identity.
- Develop a comprehensive social media strategy. Build a community of fans and followers on social media channels. Integrate ecommerce store with social media pages, so that the followers can buy directly from pages if they see something they like. Social media content shouldn't be limited to just about selling products. Use it to share a mission or a purpose as well as entertain, educate, and build a community around brand attributes.
- Provide ultimate shopping experience to customers by taking advantage of advanced digital technologies like artificial intelligence, augmented reality and virtual reality.

CONCLUSION

The fashion industry of India is always fueled by consumer's desires and expectations. There is a tremendous change in consumer needs tastes and preferences post Covid-19 crisis. To adapt to the fluctuating market environments and changing consumer needs, the fashion e-commerce segment is on a stage of re-inventing, re-strategizing, and re-aligning themselves. This study deep dives into fashion industry in India and listed down how the industry is going to reshape by accepting innovative ideas and tactics and by developing India-specific business models. Even though the crisis compelled the fashion brands to alter their business models, refine the customer value proposition, and streamline operations, the future of fashion e-commerce in India looks bright as brands are quick and flexible in bringing major transformations in their working. Without a doubt, we can say that fashion e-commerce in India will grow and evolve.

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