



From now on, no more kidding with kids' retail business as it is more fashionable than before! With e-retail being part of business play now, the business opportunity for the franchisees has become better than before.

KIDS' RETAIL:

FROM BABY STEPS TO A HIGH CLIMB

By Amanpreet Kaur

OWNING and flaunting au courant clothing, fashionable accessories and variety of toys is something that every kid craves for. And to quench their thirst for branded products, now the parents are splashing big on brands just to give their child the best of everything and that is why kids' retail business is booming at a quick pace. Without an iota of doubt, it is being realised that kids' retail industry in India is revving up revenues from the retailing of apparel, toys, accessories and other kids' equipments and with this industry is showing green signals to investors who are ready to invest into kids' market.

All credit goes to the media exposure and celebrity brand endorsements which have given a push to industry and now new parents with more modest incomes also seem to be increasing their budgets. So far, Indian kids' retail market is flooded with horde of brands catering to clothing, accessories and toys. After kids' clothing, it's the toys industry which has created ripples across the Indian market. As India is regarded as the high potential market for homegrown as well international brands, what had been realized is that it's the ever-increasing higher disposable income of large and aspiring middle class which is now eager to spend on stylish apparel and mind developing toys and games.

Maximise your profits via kid's retail biz

Kids' retail market in India is thriving at a stupendous growth rate. Check out any shopping mall or high street, you will see a plenty of premium and sub-premium brands like Zara, Burberry, Hamleys, US Polo Association, Gucci, Tommy Hilfiger, UCB, Mee Mee, Babyoye and Pegasus Toykraft Pvt. Ltd. Most of the brands like Firstcry.com, Mahindra Retail's Mom & Me, Nauti Nati, Green Gold stores, Lilliput, Chicco India, Gini & Jony, Toonz Retail, Lolipop Kids by Anshu Clothing Pvt Ltd, Catmoss,



Supam Maheshwari,

Co-Founder & CEO, firstcry.com

"We are looking for dynamic people with a passion for retail and interest in baby and kids' products. The person must have the capability and the local knowledge to successfully run our franchise as per company norms."



Rajesh Vohra,

CEO, Chicco India

"India is a lucrative market for us. We have customised our products keeping in mind the sensitive consumer market. Presently, we have seven EBOs and two small format outlets. We are looking at expanding pan-India at premium locations."



Sudeesh Varma,

Head-Green Gold Stores

"We are looking for like-minded partners who have some retailing experience and love for our brands. We are looking at opening 100 stores by this year end, most of which will be franchisee operated."

Me N Moms, and Simba Toys are offering franchisable opportunities for prospective franchisees.

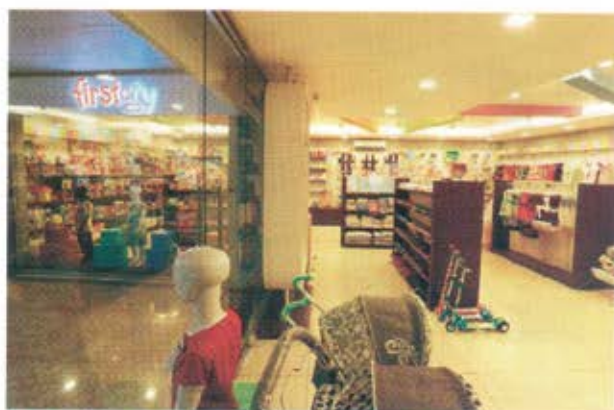
Looking at the growing market value, Benetton, Pantaloons and Allen Solly have also diversified into children's wear. To cash in on the opportunity, international brands are also looking to make a way into India's kids' retail market. Taiwan-based Piyo Piyo has plans in the pipeline to enter the market. Another brand Prowl, based out of

Germany, plans to sell its merchandise in India soon. Besides, media and entertainment firms such as Dream Theatre and Fifa are also expanding into kids' merchandise soon. Another player, Children's Place, the US-based largest children's apparel retailer is also likely to make India ingress soon via Arvind brands. firstcry.com is one of the leading online and offline players for all baby and kids requirements

KPMG report on India's kidswear market estimated the industry size at 28,000-30,000 crore, and expects it to reach Rs 43,000 crore by 2016 and Rs 72,000 crore by 2021.

According to a Euromonitor study, spending on toys and games in India is set to grow at 157% between 2009 and 2014, much faster than other Asian countries such as China (84%), Taiwan (35%), South Korea (33.1%) and Singapore (17.2%). Toys inspired by flicks such as Transformers, Batman, Spider Man, Madagascar and Lord of the Rings too have created ripples among kids and young adults. Television characters and cartoons-inspired shelf-scorchers include BeyBlades, Ben 10 and Blazing YoYos.

As per Assocham's report on the India's toy industry, it was estimated to be worth around 8,000 crore as of March 2013. The industry is expected to grow at a rate of 30 % by 2015. While small toy shops cater to the masses, branded ones like FisherPrice, Funskool, Hamleys, Lego and Mattel cater to the middle and high-class in India.



for kid's products is going up every day."

When asked about which category among kid's retail industry rules the roost, Shantanu Dugar, MD, Nauti Nati, a premier children's apparel brand, strongly feels: "Apparel rules in children's wear market. The children's retail sector in India is worth US\$200 million out of which, 65% contributes to apparels and rest to accessories and toys. Also, about one-eighth of this is the premium priced garment. The market for girl's wear is far greater than boy's

between the ages of 0 to 9 years. From starting brand's operation in 2010, the brand is running 60 franchise stores at the moment. Adding about the industry's growing popularity, Supam Maheshwari, Co-Founder & CEO, Firstcry.com, adds: "There are many factors leading to the growth of the kids retail industry. Firstly, the demographics of our country ensure that the sheer size of the market is massive. In addition, till until recently, the market was largely unorganised with very few organised players. The entry of many organised players has helped create and cater to, a latent need. Parents today have a lot of purchasing power and they do not hesitate to spend on their kids. They want their kids to have the best of everything they need. Moreover, the brand consciousness amongst parents



wear throughout the world. Boy's apparel tends to centre on basics. Girl's wear, however, thrives in all channels from specialty stores to department stores to discounters. Accordingly, Nauti Nati manufactures 60% for girls and 40% for boys." Considering the transforming trends in kids' retail

market, Shantanu feels: "As the branded children's wear market in India is still in its promising stage thus it provides

immense business opportunities both for the existing as well as new players. The industry will witness the entry of many international players thus making the segment more lucrative. Moreover, seeing the huge potential that the industry offers; many apparel brands have started diverting their revenues to the children's wear segment. Thus, in the coming years, this segment will see an upward graph of profitability, opportunities and employment."

Agreeing to the same, Supam informs: "While all categories are important, the one which clearly dominates the share is apparel. Apparel as a category is necessity while both toys and accessories are not. The reason is simple: kids grow fast and they need new clothes at every step. For e.g. infants may

require new clothes every couple of months. In addition, kids today wear different clothes for different occasions just like adults. Hence multiple purchase and repeat purchase potential is immense." According to Sharad Venkta, MD and CEO of Toonz Retail Pvt Ltd, a one stop shop for all requirement of parenting from 0-12 years, "Infant necessity is another category

which is growing phenomenally in kid's segment in India in last 3-5 years and is expected to grow 2-3 times p.a. in next five years." On providing the business opportunity to investors, he says: "Our entire chain is franchisee driven. Our franchisee model is based on business partnership model where we invest in merchandise and franchisee invests in store set-up. We provide stocks to franchisee against certain security deposit. Similarly, the store operating cost is also shared to make sure involvement of both the business partners is fully committed to the business. We want to be 100 stores by Mar, 2015. All new stores to be

Franchise facts

Name of the Brand	Investment (Rs.)	Area (sq. ft.)	Rol (%)	Expansion ahead
firstcry.com	1,500-1,800 per square feet	1,000	24 months	125 during 2014
Nauti Nati	25 lakh	600	20-25%	Franchise 7, EBO 5 by 2014
Green Gold Stores	3-6 lakh	300	24%	100
Toonz Retail	40-45 lakh	1,200-1,500	12% & above	100 by March 2015
Chicco India	NA	1,500	NA	Pan India

franchisee operated stores.”

Whereas, Sudeesh Varma, Head-Green Gold Stores, informs: “With the offer “Green Gold Store” a prospect will be able to open a standalone store that offers the entire range of Chhota Bheem and Mighty Raju products. Hence, he will be opening a unique store that would ensure every fan of Chhota Bheem and Mighty Raju has something to take back. We are looking for like minded partners who have some retailing experience and love for our brands.” Moving ahead, Green Gold Store is looking at opening 100 stores by this year end, most of which will be franchisee operated. In case of firstcry.com, it follows a hybrid model of online and offline retail with equal focus on both. Supam informs: “We are looking for dynamic people with a passion for retail and interest in baby and kids' products. The person must have the capability and the local knowledge to successfully run our franchise as

per company norms, in addition to being financially sound.”

Firstcry.com would be looking to close this calendar year near 125 stores. On the other side, Shyam Makhija, Director – Business Development, Pegasus Toykraft Pvt. Ltd, (an edutainment toy brand company), says: “We offer our products through our distribution channel across 30 cities and through our active e-commerce platform. We are also registered as vendors on other prominent e-commerce sites and 90% of the retail chains. We are not yet into direct retail. We might look at independent store franchising if we see good opportunity in it, in the future.”



Kids' retail is regarded as a latent market. If you are starting a business in kids' clothing covering (baby-care and infants), fashion accessories or toy retailing, there is a huge untapped potential in tier II and III cities which can be targeted by newcomers in business. *So, what are you waiting for? Go and grab the highly profitable business opportunity.*