

More and more sourcing offices are being opened in India



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"Collaborative strategies are of many different kinds. They can be in manufacturing, finance, supply chain, retail,"

Ashesh Amin, Director, Apparel & Retail, SKNL.



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Sourcing of western brands and buyers and retailers out of India has been increasing steadily. And that is reflected in exports out of India as well. More and more sourcing offices are being opened in India. More and more brands are setting up their liaison offices in India. And the sourcing offices based out of India are sourcing more and more. Gap's India office sources more than two billion dollars. It has closed its offices in neighboring regions and strengthened its base out of India. It sees India as a hub.

Any brand coming to India will first look at the market, the target consumers, the scope, the competition, who else is there in that space. Putting together a management team is a big challenge. They have to decide on the entry model. Luckily in India in most of the categories, the demand side is there.

"Problems like rising cotton prices are short term. Vendors are able to pass on these risks to the retailers or brands," says Ashish Dhir, Associate Vice President, Technopack Advisors

For instance Marks & Spencers has been in India for almost 10 years. "We are almost a mass market retailer," says Luke Banks, Head of Buying & Merchandising, Marks & Spencer, India. "In 2000 we shifted to local sourcing because there were a lot of benefits that could be passed on to the consumer. This year we hope 40 percent will be locally sourced. We hope that by four years 70 percent of what we sell in India will be made locally. However when it comes to lingerie, yarn knitwear, formal suits, we will be hindered. But we are trying to fix that. We will try to make that as close to 100 percent local sourcing as possible. And we are trying our best to reduce the time to the market."

All the foreign brands that are coming here are trying to increase their India sourcing. Most brands have reached a level of 30 or 40 percent depending on their product mix, on

the availability. There are some products that are difficult to get out of India or are not that cheap. But there is a definite shift toward sourcing more and more out of India.

From a retail point of view, brands are aware of the infrastructure bottlenecks, duty structures, operating problems in terms of lack of trained manpower. Brands are contributing to evolving the market. Indian brands have improved their standards by looking at foreign brands.

"The brands we work with act as aspirational brands and there are brands in India that are aspiring to become those brands," says Abhay Gupta, ED, Blues Clothing Co. Ltd. "The Indian consumer is getting a much better quality of goods. We tell the brands we work with that sourcing from India should also be a part of the licensing agreement or franchising agreement. And the brands have now begun to respond to in a positive manner. Which is encouraging as far as the country is concerned."

Duties have been consistently coming down. In the late 90s the import duty was as high as 80 percent while the cost of branded goods was Rs 100 to Rs 180. Now the cost of branded goods is Rs 100 to Rs 130. So the fall from Rs 180 to Rs 130 is an encouraging step. But there is a lot to be done in terms of coming to par with global prices and making the consumer buy in India.

Blues Clothing is in the franchise business where brands are sourcing from all over the world and supplying internationally on a single theme. The idea is of a design house but sourcing globally. Most of these design houses could be sourcing from India provided quality standards are met, there is consistency in the supply chain.