



A LOT IN

STORE

ITC Ltd, a tobacco-to-hotels conglomerate, which set up the Wills Lifestyle stores about a decade ago, now plans to go on a massive expansion drive, more than doubling its retail outlets, writes **Aarti Gupta**.

When tobacco-to-hotels major ITC Ltd started diversifying several years ago, its foray into lifestyle retailing came by way of Wills Lifestyle in 2000 in the branded clothing market. The idea was to leverage its existing competencies of customer service, supply-chain management and branding to add value and to build its lifestyle retailing venture into another engine of growth for the company.

Today, almost a decade later, the lifestyle retailing division of the company has an estimated turnover of over US\$ 40 million (fiscal 2009) and accounts for nearly 10 per cent of the premium apparel retail market. It is also looking to implement plans to power its next phase of growth, from doubling its retail presence to increasing visibility in Tier-2 and Tier-3 cities and building up a bigger online presence. In addition, it also plans to take up a slew of activities to build a stronger buzz around the brand.

When Wills Lifestyle debuted, the branded apparel market was limited to men's formal wear with no company catering to women's western-wear. Also, though there were a clutch of nationally-distributed brands along with a handful of regional players, there was no company that straddled the wardrobe of the average consumer. It was for these reasons that Wills Lifestyle sought to differentiate itself by targeting the multiple needs of the consumer and positioned itself as a premium wardrobe for both men and women with offerings for all occasions that a high-end consumer would encounter. So the brand came out with offerings such as Wills Sport (relaxed wear), Wills Classic (work wear), Wills Clublife (evening wear) and Wills Signature (designer wear for special occasions).

Adding personal care products from ITC's other business divisions – the Essenza Di Wills range of fine fragrances and grooming products, Fiama Di Wills collection of bath and body care products, in addition to a complete range of fashion accessories – sought to make the retailing brand a complete one-stop 'lifestyle' marquee. Atul Chand, divisional chief executive, lifestyle retailing business division, ITC Ltd, points out that with



consumers becoming increasingly discerning and having higher disposable incomes and exposure to international fashion trends, the company has had to painstakingly build an 'experiential dimension' to fuel the brand. To achieve that, American retail architecture and design firm, FRCH, was requisitioned last year to design a new international format for its stores; three of its concept stores at High Street Phoenix in Mumbai, and Mega Mall and Ambience Mall in Gurgaon sport the new look. All new stores would henceforth be as per the new concept and design. In addition, a UK agency has been enlisted for contemporary visual merchandising and Friedman Group, a retail management consultant, has been engaged for superior customer engagement. Clearly, Wills Lifestyle is pulling out all the stops it can.

In 2006, the brand began its association with one of the country's premier fashion events, organised by the Fashion

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Atul Chand,
divisional chief executive, ITC Ltd

Design Council of India (FDCI). The Wills Lifestyle Fashion Week showcases autumn/winter and spring/summer

collections on the lines of international fashion shows.

The ramp-to-racks Wills Signature line has been launched recently, enabling 10 leading designers, including Rohit Bal, Manish Malhotra and Ashish Soni, to tap into the prêt market; their offerings are being retailed through Wills Lifestyle stores across the country. The coming season will also see collections from J J Valaya, Rina Dhaka and Ranna Gill at the stores. "The Signature line is premium, but affordable, glamorous and wearable," explains Chand.

He points out that Wills Lifestyle accounts for 10 per cent of the premium apparel market in India. The 20 per cent compound annual growth rate (CAGR) recorded over the last three years has propelled it to chalk out an aggressive expansion roadmap. It has a network of about 50 stores in 30 cities today and plans to double the number of stores over the next three years.

'PRICE CONSCIOUSNESS IS GIVING WAY TO VALUE CONSCIOUSNESS'

An interview with **Atul Chand**, divisional chief executive, lifestyle retailing business division, ITC Ltd:

Why are you investing in ramping up your operations now and doubling your store count?

The retail revolution is well underway and the important thing is that it is led by modern trade.



Atul Chand, Divisional Chief Executive,
ITC Lifestyle Retailing

This fresh supply will create its own demand. Moreover, there is a lifestyle revolution taking place and consumers are ready to spend on brands more than ever before. It thus makes sense to expand. In addition, we have managed to swing a 30 per cent rental reduction for stores across the board in the last one year. That brings down our costs significantly.

But having taken up premium positioning, why would you want to expand to Tier-2 and Tier-3 cities?

The small town consumer who was earlier sensitive to pricing is now inclined towards newness and differentiation. Price consciousness is giving way to value consciousness and 'premium-ness' in lifestyle is being understood, so that you now have linen shirts being sold even in smaller towns.

What was your strategy during the downturn?

As customers' discretionary spend took a beating, we started changing collections much faster in six to eight weeks, as compared to 10 to 12 weeks earlier, to offer choice and newness. So, more variety had to be worked out at the back end. Second, we changed our marketing mix, focussing more on regional catchments. Also, there were more in-store promotions based on seasons and occasions.

You have tied up with several leading designers for your Signature Line? How does the arrangement work?

The designers get a chance to take their creations to the market by associating with us, a pan-India name, without having to bother about marketing and manufacturing expense, while they get an assured return from the business their creations generate.

We, in return, expect the designer's brand equity to rub off on the Wills Lifestyle brand. There are cases where designers get to create a whole new category, into which they would not have ventured on their own.

For example, we have tied up with Satya Paul for the upcoming season with a specific brief for making western wear in colour, which he is known for splashing in his sarees. We are presenting the Indian consumer with a novel choice, while the designer gets to create a name in western wear.



FASHION FOR FASHION'S SAKE

INTERNATIONALLY acclaimed designer Rohit Bal, who was the 'grand finale designer' for the 'Yasas' collection at the Wills Lifestyle India Fashion Week, held in New Delhi in October 2009, will be creating an exclusive collection for the lifestyle retailing business division of ITC Ltd, and which will be sold through its outlets. "We have embarked on the single-largest corporate initiative of partnering with India's leading designers to retail their exclusive collections at our stores and making designer wear accessible to our customers and, thus, furthering the agenda of promoting the business of fashion," says Atul Chand, divisional chief executive, ITC's lifestyle retailing business division.

The top designer – dubbed Master of Fabric and Fantasy by *Time* – described the grand finale design as "a perfect platform for me to show uninhibited creativity and express myself through a collection that transcends all seasons and reflects my sense of aesthetics without any constraints. It is really fashion for fashion's sake".

The Wills Lifestyle India Fashion Week (Spring-Summer 2010) drew 175 buyers, including 75 from abroad, besides 110 designers. Sunil Sethi, president, Fashion Design Council of India – which organised the event – said demand from both domestic and overseas buyers was robust.





The game plan is to execute the ramp-up at three levels. At the very top will be something in the nature of 'concept stores', one flagship store to be launched across high-street locations in the top half-a-dozen cities. To be spread over 6,000 sq ft, these would showcase high-end product portfolios, and host 'bespoke and butlered services'.

The next step would be boutique stores, which are to be housed in the group's hotel properties for high-end travellers. Ten such specialty retail formats stores are to be launched over areas averaging a 1,000 sq ft. Wills Lifestyle has experimented with a boutique store pilot at ITC Maurya in Delhi and has recently launched another one in Bengaluru. Other properties, such as its Agra hotel, will have such stores over the next couple of months. But the company's most exciting strategy is to take the franchisee route to populate the brand in Tier-2 and Tier-3 cities. Having opened shop in places such as Raipur, Siliguri and Jammu with its own exclusive stores in the recent past, Chand



The aspirational apparel category has the potential to grow much faster.

Arvind Singhal,
chairman, Technopak Advisors



BUOYANT TEXTILES AND APPARELS MARKET

THE textiles and apparels market in India is buoyant, with both domestic manufacturers and international brands witnessing healthy demand for their products.

Union Minister of Textiles, Dayanidhi Maran, noted while inaugurating the 25th World Apparel Convention in Delhi that the US\$ 40 billion textiles and apparel market in the country was growing at an annual rate of 14 per cent. The convention was jointly organised by the International Apparel Federation (IAF), the Netherlands, and the Clothing Manufacturers Association of India in New Delhi in November 2009.

Most of the top global apparel retailers, including J C Penney, Nautica, Dockers, Bed Bath & Beyond, Target, Kohl's, Calvin Klein, Marks & Spencer, Gap, United Colors of Benetton, Mango, Zara and Dillard's source their products from India, noted Maran.

According to him, Indian textiles and apparels exports, currently placed at US\$ 22 billion, are expected to touch the US\$ 100 billion-mark over the next 25 years. About 60 per cent of Indian textiles exports and 70 per cent of clothing exports are to the US and the European Union.

The government is encouraging exporters to reduce dependence on these two markets and to expand to Japan, South-East Asia and Australia under its 'Look East Policy',

Maran said at the Delhi event. The minister recently led an industry delegation to Tokyo, Las Vegas, Zurich, Milan and Istanbul, inviting international players to collaborate with Indian textile manufacturers and garment units.

According to Arvind Singhal, chairman, Technopak Advisors, a leading management consulting firm, the US\$ 40 billion domestic textiles and apparels market – which includes US\$8.5 billion of branded apparel – is growing at a CAGR of 13 per cent. "The aspirational apparel category has the potential to grow much faster," points out Singhal.

The Indian apparel market is moving away from traditional segmentation to a much deeper and wider one based on consumer needs, he adds. Some of the segments that offer huge opportunities for growth include women's wear, casual wear, kids wear, school uniforms, inner wear, plus-size clothing, active wear and youth fashion wear.

With an increasing number of international brands and retailers looking at India as their next destination, the competition in the domestic market is expected to rise significantly, adds Singhal. "Established retailers in India are looking to upgrade their existing systems and are also looking at partnerships with global majors for improving supply chain scales and efficiencies," he says.





feels it is time to penetrate the hinterland rapidly. Therefore, Wills Lifestyle is shortly going to mark its presence in Indore, Coimbatore, Nagpur, Bhopal, Rajkot and Mangalore. The tally should go up to 60 cities by March 2010. The company has opted for the franchisee route for Tier-2 and Tier-3 cities as local collaborators are expected to have greater insight into consumer preferences.

Alongside its ambitious expansion plans is the company's continuing strategy of creating a buzz around Wills Lifestyle. The contract with the FDCI was renewed recently for sponsoring the Wills Lifestyle Fashion week, which, by now, says Chand, has gained recognition as the largest B2B platform for the fashion design industry. During the last edition of the event, former Miss India Universe and actress, Gul Panag, was signed on as the 'Twitter Face' for the fashion week. She was present at the venue on all five days to review the shows and tweet on them. In fact, Wills Lifestyle is very new-age media savvy with a presence across



Facebook, YouTube and Twitter. Already present on 10 e-commerce portals, Wills Lifestyle is looking to eventually create its own shopping portal. As of now, the online medium generates as much business as any of its standalone stores and Chand is confident of doubling or even trebling that figure once its dedicated portal is in place. Most importantly, Wills Lifestyle has laid strong foundations to support future growth. Its Signature line is small but growing, contributing almost 15 per cent to the business. Its women's wear segment has steadily grown from 20 per cent to well over a third. Drawing on the loyalty programme concept from the group's hotel business, Wills Lifestyle has also developed a strong loyalty scheme. With 80,000 customers, it currently accounts for 55 per cent of the sales – an impressive conversion rate of 30 per cent of the 2 million footfalls into its stores per annum. Wills Lifestyle, like other ITC subsidiaries, may have started out being niche, but it is now serious about going mainstream. 