

KIDS TRENDS IN INDIA 2009

Research, Analysis & Implications

SAVE THE TIGER



APPAREL



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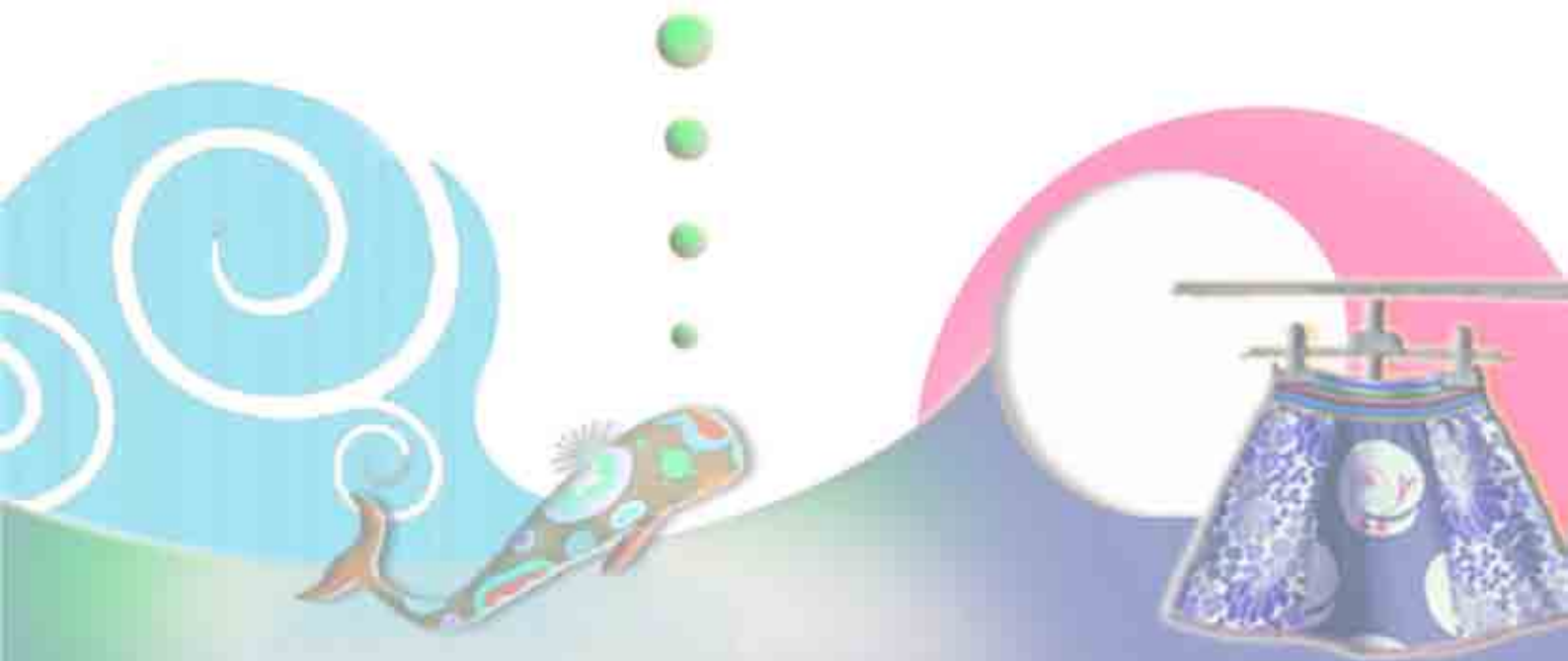
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TRENDS

AN INTRODUCTION



Before we start with this report on Kids' trends in India, let's look at what trends are or are supposed to mean.

Trends are a manifestation of new enablers unlocking existing human needs.*

Human needs are constantly changing with time. Some core needs remain constant throughout where as others evolve in alignment with external variables. Some trends remain, only modifying themselves

along the way whereas others disappear making way for newer manifestations.

Global events give rise to global trends. Local cultures are impacted by local events that shape local trends. Any which way one looks at it, trends are fluid in terms of their dynamics and most certainly affect all kinds of businesses.

"I never predict. I just look out of the window and see what is visible – but not yet seen."

- Peter Drucker

This is certainly a great thought on "predicting" the future. Businesses don't really have to predict things. Knowing the future is not really possible. It is not exactly given to us.

The point is, however, to better see and understand today's landscape in order to be successful in the future. This report from Insight Instore aims to achieve that.

INDIA

RISING ASPIRATIONS



A lot has been said about India recently, with her 'emerging economy' label, about how along with China and Brazil, India would be one of the few players on the fast road to recovery, post the recession gloom. Newspapers are abuzz with reports of India being the top retail market* again. 'Red hot' is the term used by the Times of India to project the attractiveness of this retail market.

Yes, with low inflation and reductions in rent, global retailers are probably looking at India again to tap the golden opportunity. Indian brands and retailers, on the other hand, are also holding back a bit on expansion plans and focusing on restructuring their operations towards developing new strategies which will work for them in the new post slowdown scenario..



On exploring the landscape further, it is interesting to see that while there are good forecasts and possibly even a few dreamy-eyed brands and retailers emerging again, there is much more that is happening behind the scenes. The recent pressure on cost-cutting has resulted in companies looking to benefit from fresh schools of thought like design thinking instead of the conventional and expensive, highly research-driven approach to devising strategies. From this stems an imperative to have a different understanding of the lifestyle and habits of the Indian consumer. While this approach is gaining prevalence in the various sectors pertaining to adults, it is still in its nascent stages where kids in India are concerned. Sure, one has seen hundreds of initiatives by brands and retailers to capitalize on kids. And some of them have been pretty innovative too! The entertainment sector for one, has invested in trend research on kids and the results are showing too. Cartoon network and Disney after their entry, have captured the kid audiences much more in the past couple of years than ever before. Customising their strategies to appeal to the numerous diversity elements in a land like India was only one of the factors that saw them through.

The main point being that kids in India today are very, very different from the kids of yesteryears in their ways of thinking, processing, analysing and responding to stimuli. And there are a few simple reasons why they simply cannot be ignored. Read on...

KIDS IN INDIA RISING FIGURES



As of 2007, India's population stood at 1.16 billion.
446 million of these were under 18

India has the world's largest child population.

The annual rate of growth of population is 1.8%

With this child population of 446 million and another 8 million being added every year,

India is the youngest country in the world.

That's more than the entire population of the US and UK combined !!!

Reason enough to start giving the kids their due!

KIDS IN INDIA AN OVERVIEW



Children are the main focus of Indian families, and their aspirations in terms of education and career choices are quite high today. The average family size in India has been on a decline, coming in now at almost 4.3 as compared to earlier years when it was more than 5. With the reduction in their average size and the increase in their incomes, Indian families have more money to spend. And children being the main focus, parents try their best to fulfill their aspirations. Net result, they get more attention and participate a lot in the decision-making process.

While there are marked differences in lifestyles when one compares the urban children with their rural counterparts, we see the ray of a trend, in terms of convergence of some values like ambition, drive to learn and sensitivity to causes. Of course, given the backgrounds they grow up in and their specific cultures, the mental makeup of rural kids is in sharp contrast to the urban kids. The awareness, however, has set in even amongst both urban and rural kids, about each other and there has been curiosity aroused in each group about the other. A curiosity that has led to initiatives, prompting them to understand each other better and bridge the urban rural divide. Having said that, it will be a while before there is a consolidation of other values between urban and rural, given the diversity of the country. For some more time to come, a child in Mumbai will continue to dream of a Nintendo and his counterpart in Madurai, of topping the civil service exams.

Speaking of urban kids, they are and will continue to be highly influenced by the West, but we see a reducing degree of influence here in certain areas. The degrees of influence also vary depending on age, the child's personality, parental controls and of course peer pressure. So while we have greater or lesser influenced children at various age groups, an interesting macro trend is the development of a new breed of children, which is sensible enough to take the best of the West, and merge it effortlessly with what they think is the best of Indian values. This is a feature fuelled by a good amount of exposure that kids receive today. New television shows based on Indian mythology with redefined storylines, a surge in Bollywood movies like 'Lage Raho Munnabhai' which speak of Gandhian ideals in everyday life, education systems in schools like those run by the Krishnamurthy Foundation of India are a few drivers of this breed.

Then again, diversity loves India and we see tiny brats at the other end of the spectrum! Mini materialists amongst toddlers, tweens and teens who need to look and feel good, representing KGOY or Kids Getting Older Younger, a phrase that has been doing the marketing rounds for a few years now globally. From food to clothes to accessories to games to services like salons and gyms, this segment leads the consumer pack.

While enough can be said about diversity factors, there are also certain practices or habits that run through the very different segments all over India and group them under a common umbrella. Cricket, for example, knows no race or creed. Neither does affinity for technology. Nor, to an extent, does environmental consciousness! Speaking of the environment, the kids are definitely a lot more aware and sensitive to practices that upset the delicate balance of nature. Initiatives by children and those involving children have seen a surge in the past 5 years. After all, the world's largest group of children needs to make sure that planet earth stays intact for them to stay on and enjoy her resources in the coming years!

Thus trends in this group are aplenty, some niche and some mass, but all are important. The numbers and the rapidly changing trends impact everything from government policies to education to retail to entertainment to the environment.

TREND 3

MINI MATERIALISTS

Consumerism has a new friend in kids. New age kids are expected to be the mini-me of adults. The trend now sees birthday parties with Miss World or Bollywood themes, and six-year-olds in low-waist jeans and high heels. The “Page 3” culture, peer pressure, exposure to fashion trends on television and parents with deeper pockets are teaming up to produce a generation of fashionistas who want to dress older than they are. They have encouraged Indian kids to think independently and dictate what they want have. Also, a growing population with double-income and single child families has led to the increase in disposable income, compelling parents to spend more on their kids, particularly in urban areas. The boys are becoming fashion conscious too. Cartoon characters and Bollywood icons are big influences for the younger set, as are music and sports stars for older boys.

Mothers are now spending enormous amounts on clothing for their children, as they believe that the way a kid is dressed is often a reflection of the parents’ sense of style. Until a few years ago, parents purchased children's clothing from the unorganised market. The preference for brands has skyrocketed today.

Not to forget the influence of kids in the family purchase decisions. Today talking to parents also means engaging their children in a conversation – often through other relevant media channels.

There has been a proliferation of kids brands ever since kid power has been unlocked. Reebok, the leading sports brand, launched a new juniors concept store with Indian cricketing sensations “The Pathan Brothers”. The Juniors store is rooted in sports ideology and is a one stop shop for apparel, footwear, accessories and sports equipment for kids in the age group of 4 – 14 years. The brand also launched a new kids’ collection of apparel and accessories in association with India’s number one kid’s channel Cartoon Network called ‘Cartoon Network for Reebok’. Pantaloon and Gini and Jony have entered into a joint venture to set up a chain of retail stores for children's apparel. Raymond has launched its first store for kids' apparel 'Zapp!'. Apart from these there are children's salons and gyms on the rise! It would be interesting to see where else this speeding consumerist attitude leads!

EXAMPLE 4

FROM PESTER TO PARTICIPATORY POWER

3 MINI MATERIALISTS



The age of pester power is over. Today's families are mini-democracies and more than ever children are playing an active role in the brands that they, and their families use.

Kids have also found greater openness and freedom with parents. Rather than thinking of parents as gatekeepers, it is now better to think of families as a consensus-seeking group where parents arbitrate but also consider children's opinions. For marketers this means thinking about family decisions based on active participation, not pester power.

The choice of advertising media will also need to change as even categories that target an older audience need the tacit approval of the kids in the family.

INSIGHT

Fixed decisions

Fast analysts

New parent child equations

Better awareness

TRENDS SUMMARY

The world's largest kid population has multiple facets as seen. As diverse as the topic is, we have tried to touch upon the most important aspects of understanding children in India collectively. We have seen 3 macro trends prevalent among children in India today. The trend examples have given insights into various aspects of kids personalities, and also render a clear idea of the kind of lifestyles they lead. These finer insights have a direct impact on the apparel industry as one can already gauge from the examples stated. We have analysed this in further detail to paint an overall picture of these implications on the apparel industry.

Kids' retailing is expected to touch an annual growth of 30-35 per cent. Spanning toys, stationery, sportswear, outerwear, tailored clothing, eyewear, watches, fragrance, footwear, theme parks, TV channels etc., the segment is growing rapidly. Margins are in the range of 20-25 per cent (for dealers and distributors), while companies enjoy an average gross margin of about 10 per cent. (Source : IBEF)

In analyzing the industry, our approach has been to be as non-linear as possible. We believe that a linear approach on the impact of the trends on a particular industry will be incomplete, and an analysis of the industry itself, will reveal many other factors which need to be addressed towards progressive growth. These factors have been reviewed in the light of the trends. We have thus looked at the trends and the industry from various angles and put together a few pointers which, we think, will stimulate ideas and actions in the right direction.



CONCLUSION

Kids have emerged as savvy, sensitive and an extremely important consumer segment today. However, it is critical to understand how to reach out to them. Correct messaging is one thing. But an average child sees up to 220 ads per day and unlike adults do not have the experience or life skills to differentiate between advertisements and content. The idea is to touch kids lives through the day and not just on television. The convergence of TV, internet, telephones and other offline channels define a new lifestyle. Rich media interactivity and real-time messaging is almost the norm. This reality is the new lifestyle that will define a huge portion of urban India. This means that consistent messaging is the buzz word. 360 degree-oriented marketing solutions need to be the approach. By integrating messages across multiple touch points one can create the opportunity to talk with, and not at, today's kids. This leads to greater engagement and greater loyalty.

Kids today feature in numerous ads, spanning such diverse product categories, and sometimes even targeted at the adult purchaser! That is the extent of participatory power being harnessed by brands. They try to capture the attention of two very distinct audiences through one message. They must appeal to the adult purchaser, as well as to the kid who could end up influencing that purchase. Thus we have commercials for Asian Paints, HDFC Standard Life, Surf Excel, Maruti Esteem, SBI Infrastructure Fund, Airtel, Radio Mirchi and others that take this approach.

Many marketers have tried to segment kids and the most common one is based on age groups. Fisher Price sells toys with the segmentation clearly announced in their branding as well. Our examples tell us that there are broadly 3 big groups in the context of child consumers.

- The new urban
- The upcoming urban and
- The rural

Segmentation needs to be done in each group taking into account parameters of age, sociocultural aspects, economic status, psychographic elements, media and

technology influences and the finer aspects of relevance in the current scenario. This is essential for any product or brand to make strategies with the right fit, to appeal to and make its mark amongst it's target kids group.

All these trends and their analyses are pointers which give a broad outline of what the future for kids looks like, given their situations today.

Indian urban kids are no longer very different from their global counterparts in terms of their needs and lifestyle. Urban India has started to glow and there are predictions that it will shine bright. Rural India although is waiting to see the glow. But as we have seen, initiatives have begun in progressive directions, and given the undying attitude and the ambition of rural kids today, there is definitely a more promising tomorrow awaiting these tots.

ABOUT US

Insight Instore is a trend research and retail shopper marketing consultancy. We study trends and shoppers. We see the shop as our laboratory. Our aim is to create impact instore through insight and innovation.

Our areas of work include shopper research and instore consulting, design consulting, trend research and forecasting.

Our solutions are driven by a combination of various skills and disciplines, coming together on a vibrant and receptive platform. Research forms the basis of our consulting work. Consulting for us does not stop at developing a strategy, but extends to helping our clients to execute and evaluate the strategy. We also use this entire experience for trend research and forecasting.

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