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## Pantaloons diversifies into children's wear, opens new store

At Pantaloons Kids, the retailer plans to create a lifestyle brand for children that will have over 4,000-5,000 options a year

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Sapna Agarwal



Photo: Ramesh Pathania/Mint

**Mumbai:** Pantaloons, a unit of Aditya Birla Fashion Retail Ltd, part of the \$41 billion Aditya Birla Group, is venturing into children's wear with the launch of Pantaloons Kids.

The retailer is piloting apparel and lifestyle stores for children in Ahmedabad, Bengaluru, Jabalpur, Kolkata and Chandanpur in West Bengal, to cater to diverse consumer segments.

“We realized there is an actual shortage for kids’ shopping and this is true even in malls where there are over 70 stores catering to menswear and womenswear. Even department stores are for adults largely,” said Shital Mehta, chief executive officer, Pantaloons Retail.

Mehta said research conducted by the company a year ago showed there was no serious focus on the kidswear, category, which prompted it to explore the opportunity.

This led to the launch of Pantaloons Kids to target a market which has become one of the fastest growing apparel retail segments, expanding 25% per annum on a like-to-like basis.

To be sure, the category is seeing a lot of new entrants.

In January, Mahindra Retail, a part of the \$16.9 billion Mahindra Group, announced a tie-up with US-based children’s clothing, gifts and accessories company Carter’s Inc. to bring the latter’s range to its chain of BabyOye stores across India.

In August, The Children’s Place (TCP), a \$1.3 billion US specialty retailer, opened its first store in Bengaluru in partnership with Arvind Lifestyle Brands Ltd. TCP has five stand-alone stores, besides seven shop-in-shops at department store chain Shoppers Stop.

“The brand will exit fiscal 2017 with a run rate of Rs.100 crore in revenue,” said J. Suresh, managing director, Arvind Lifestyle, who plans to add 15 more stores during the fiscal 2017.

Another brand, US Polo Kids from the Arvind Lifestyle portfolio, will clock Rs.100 crore in revenue in fiscal 2017 within three years of launch, said Suresh.

Even Gap, which the retailer launched in August in India, gets one-third of its overall revenue from the kidswear category.

Surprisingly, there are not that many Rs.100 crore brands in the market.

“The biggest ones would be Mothercare (all categories), Gini & Jony and Benetton kids. These are between Rs.100-500 crore bracket,” said Prashant Agarwal, co-founder and joint managing director, Wazir Advisors, a retail consultancy.

In the past decade, retailers Spykar Lifestyles Pvt. Ltd, Raymond Ltd, Lilliput Kidswear Ltd and Koutons Retail India Ltd were unable to crack the kidswear retail segment and exited from the category.

What has changed?

“About four years ago, parents didn’t spend as much on high-priced brands. Today, parents want their children to look fashionable and are buying these brands,” said Govind Shrikhande, managing director, Shoppers Stop.

He notes that even retailers seen to be struggling two years ago, such as Gini & Jony, are now doing well.

Another reason is the rapid premiumization of the Indian economy. “Aspirational levels are up. Parents want to dress their kids in known brands and they don’t mind spending on kids’ clothing,” said Suresh.

Mehta of Pantaloons agrees.

“In the past, the category has failed largely on account of pricing,” he says. At Pantaloons Kids, the retailer is focusing on creating a lifestyle brand for children that will have over 4,000-5,000 options in a year. Close to 80% of the merchandise will be below the Rs.500 price point.

Clothing in the kidswear section of Gap retails at an average price point of Rs.1,200-1,300; at US Polo, the average price point is Rs.800.

The kidswear market is estimated to be worth Rs.75,000 crore a year and doubling every five years, growing at a compounded annual growth rate of 15%. The kidswear market is usually segmented into infants (0-1 years), toddlers (1-3 years) and children (4-14 years).