

Japanese brands find Indian turf just fine

Though Japanese brands have been omnipresent in the automotive and electronics space since many years, what's interesting is that even the fashion and lifestyle brands are now making their presence felt in India, reports **Shipra Srivastava**

The fact that Japan has always been on the move and has established its reach across the world is well-known. In India, it has made its presence felt through the sectors of automotive and consumer durables. There was a time when Japanese brands were expensive and their dominance was restricted to electronics and automobiles. However, in recent times we have seen a growing trend of Japanese retailers entering, or on the verge of doing so, the Indian fashion and lifestyle space, which hitherto was always ruled by the American and European brands.

Many Japanese retailers, including MUJI, Miniso, Kai Group, Wacoal and Onitsuka Tiger, have created their footprints on the Indian turf over the last few months. For example, fast fashion retailer Uniqlo is expected to commence its India operations in the beginning of 2019. According to industry experts, Uniqlo has all the potential to create disruption in the market and present stiff competition to H&M due to its unique pricing. Likewise, Japan-based clothing company, World Co., too will shortly open its doors in India.

All these brands have extensive global presence. For example, MUJI has a strong worldwide reach through 700+ stores across Japan, Asia, Europe and USA. Likewise, Kai Group and



Miniso too have a very large global standing. So what is it about the Indian market that has begun to attract the Japanese retailers?

THE INDIA CHARM

There could be many reasons. For example, in recent years, Japan has experienced recession and to improve their GDP,

its retail brands have had to explore opportunities in different countries around the world. Japan is the world's third-largest economy, registering successive quarters of shrinking GDP. It has seen low growth and deflation for the past 24 years.

"Presently, for Japan, India is a destination where they can capitalize on the market.



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The market is big enough to absorb large investments and has relatively high growth rates compared to peers. The Indian sectors are booming and welcoming. Growing consumer numbers, increasing purchasing power, access to the internet, access to credit – all of these are leading to growth in the economy and consumption of goods by consumers in both rural and urban areas. This is a good time for any brand to enter India,” opines Rupal Agarwal, Retail Management Consultant, Your Retail Coach.

However, along with the advantages come disadvantages and challenges. The populace of India has different tastes depending on regional influences, culture and mindsets and this can pose a hurdle for new brands. Competition is another challenge which is inevitable. “Companies need to invest in brand awareness, customer engagement and loyalty. Regulatory challenges, supply chain and logistics are a few other challenges being faced by the Japanese brands. But in spite of such hurdles, Japan does have a fair advantage to settle their brands in India if they adapt to the consumer preferences,” Rupal states.

Elaborating on the concept, Rajesh Pandya, Managing Director, Kai India, says, “Right now the relationship between India and Japan is at its very best. The prime ministers of both

the countries have jointly taken many steps to improve bilateral trade. Hence, the brands are able to leverage on this goodwill.” Kai India plans to invest about Rs 160 crores over the next few years as part of its growth strategy.

THE EXPANSION PLAN

Miniso is the latest brand which has winged its way to India. Though the brand started in Japan, it is owned by investors based out of China. As such, the brand’s India entry is somewhat late in coming with almost 800-1,000 stores already spread on a global scale. As per a leading retail leasing agency, Jones Lang LaSalle (JLL), Miniso has signed up close to 50-55 outlets that will be operational by March 31.

MUji is yet another brand operational here since the last three years in collaboration with Reliance and its offering includes a range of lifestyle products. However, though the brand is well-established, it is yet to find favour among Indian buyers, perhaps because of its pricing strategy. Likewise, ASICS, a Japanese multinational, has been on a continuous expansion spree, having recently inaugurated a single brand store called Onitsuka Tiger at Palladium Mall, Mumbai. Onitsuka Tiger already has close to 200 stores across the world. The bottomline is this: Japanese retailers do have a huge market in India. The trick is to understand the consumers. ©R