

# India is the next frontier for a growing number of retailers

## Article

**The trend:** As sales slow in the US and China faces an uncertain path to recovery, more retailers are turning to India for growth.

- **Apple** will open its first store in the country later this month, after making India its **own sales region** in recognition of its significant growth potential.

- **Christian Dior** held a runway show for its Fall 2023 collection in Mumbai at the end of March, a landmark occasion that signals the country's increasing importance to the luxury market.
- **Levi's** chose Bengaluru as the site for its largest store in Asia as it looks to expand its customer base in a "priority growth market," per a press release.

**Money to spend:** India holds particular appeal for luxury brands. Luxury spending by Indian consumers is expected to grow swiftly, from less than €8 billion (\$8.41 billion) in 2022 to between €25 billion and €30 billion (\$26.29 billion to \$31.54 billion) by 2030, per Bain & Company data cited by Business of Fashion.

- That growth is fueled by India's swelling millionaire class: **The country minted 70 millionaires daily between 2018 and 2022**, per Oxfam estimates.
- **Seventy percent of L'Oréal's consumer product sales in India comes from the "upper half of the Indian middle class**, which will fuel the market growth for years to come," consumer products division president **Alexis Perakis-Valat** said on the company's latest earnings call.
- But with most luxury spending from Indian consumers currently taking place outside the country, brands like Dior will have to invest in expanding their local retail footprints to truly maximize the market opportunity.

**The opportunity:** We expect India to be the fastest-growing retail market this year, with **retail sales increasing by 11.0% to \$1.386 trillion**.

- That's a tremendous opportunity for retailers at any price point, and why international brands ranging from **Tim Hortons** to **Uniqlo** to **Pottery Barn** are stepping up expansion efforts in the country.
- For some brands—like **Gap Inc.**, which will enter the market via a franchise agreement with **Reliance Retail**—setting up shop in India could help offset declining revenues in other markets.
- However, as with any new market, brands have to tailor their approach to the preferences and expectations of local shoppers. For example, **mcommerce accounts for 82.1% of India's ecommerce sales**, so any digital shopping experience will have to be optimized for the mobile consumer.
- Apparel retailers also have to take into account the fact that traditional garments, like saris, account for around 65% of the women's apparel market, per BoF, which could require brands

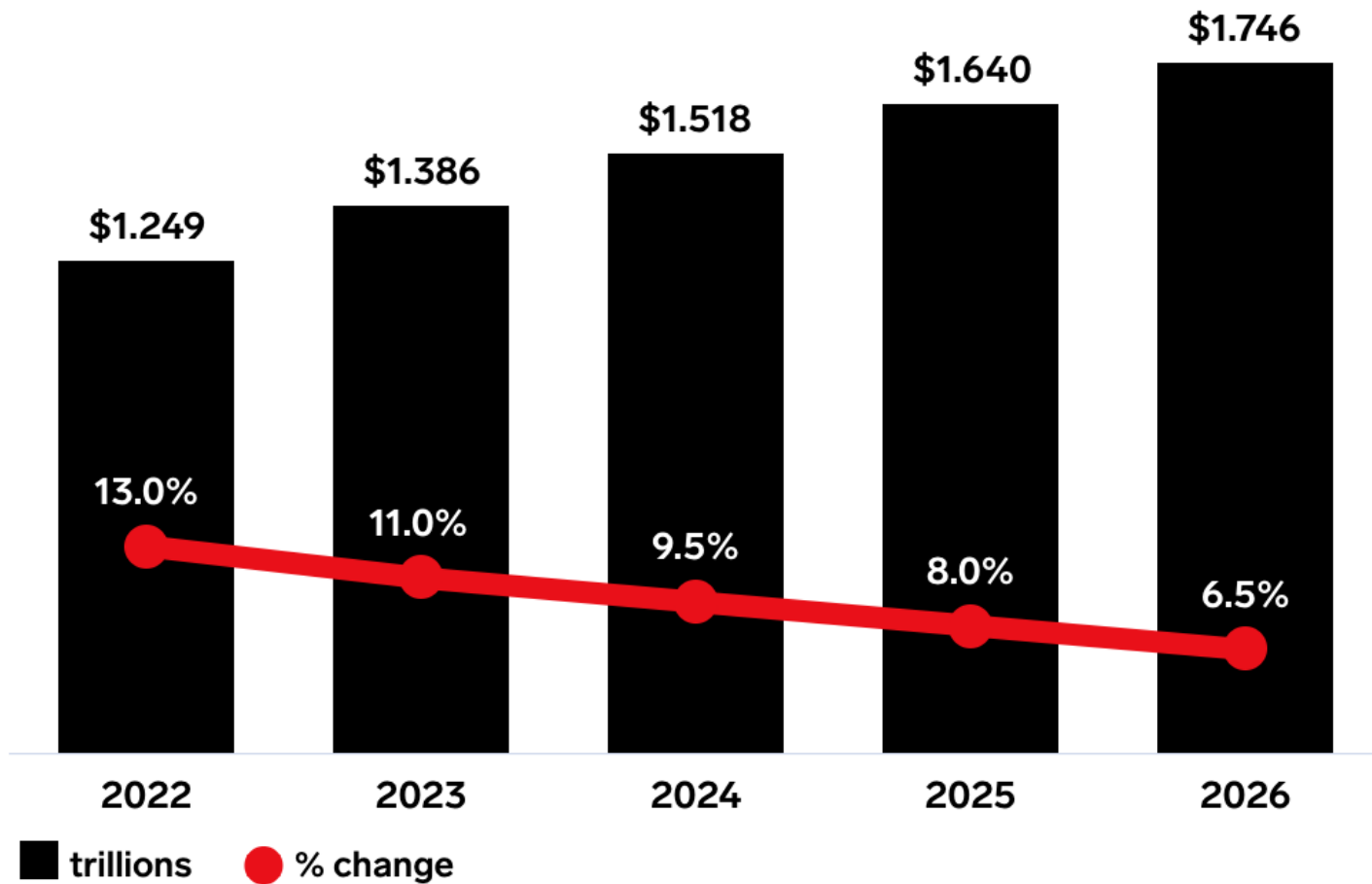
to develop product lines specific to the country.

**The big picture:** While many retailers share L'Oréal CEO **Nicolas Hieronimus'** view that India “will never...look like China,” it is now the most populous country in the world, with a growing pool of affluent consumers.

- That factor alone should make it a key area of investment for retailers, especially as growth in other parts of the world slows.

## Retail Sales

India, 2022-2026



Note: excludes travel and event tickets, payments such as bill pay, taxes, or money transfers, restaurant sales, food services and drinking place sales, gambling and other vice goods sales

Source: eMarketer, December 2022

eMarketer | [InsiderIntelligence.com](https://www.insiderintelligence.com)

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