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A Study of Aditya Birla Online Fashion

*Final Report- Term
IV CCS*

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Introduction

The fashion industry has always been one of the forerunners in the e-commerce segment. In fact, the industry has undergone a revolution of sorts in the past few years, outperforming other categories in the e-retail segment. Today's generation of consumers value convenience just as much as they value the other aspects of shopping and online fashion does just that – providing customers with a slick front-end supported by strong back-end logistics. While physical stores still remain the most preferred option for a majority of shoppers, e-fashion is steadily catching up. Virtual and pop-up fitting rooms, easier return and exchange policies, etc. have helped this industry overcome its biggest barriers and made it a force to reckon with. Online fashion stores have not only created convenient platforms for consumers but they have in effect opened up the world of fashion to everyone. Fashion industry has always been somewhat elitist but it no longer is an exclusive circle. High-street fashion brands which till now had shied away from the online sector have slowly started launching their online stores. Overall it is a very lucrative industry. The current big players in the Indian market are – Myntra, Jabong, Limeroad, Yepme, etc.

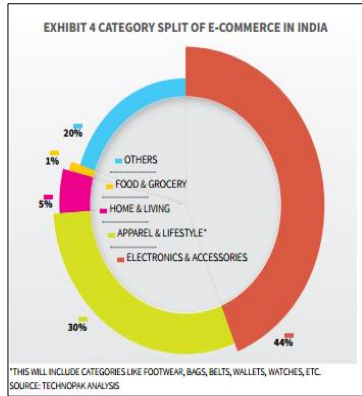
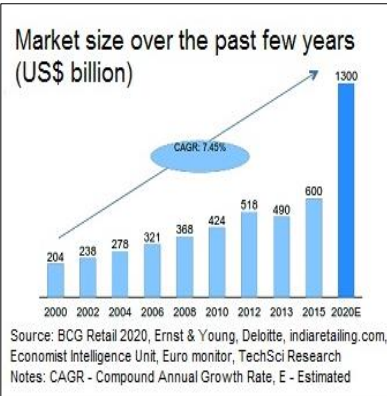
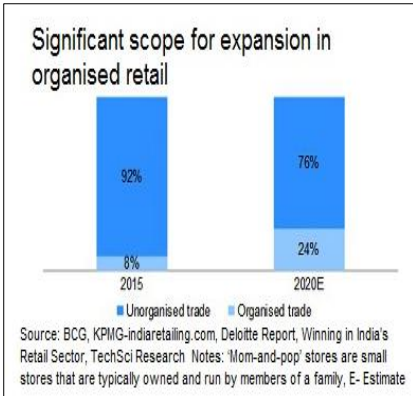
In 2015, the \$41 billion Aditya Birla Group (ABG) entered into the fashion e-commerce segment with the launch of its online fashion portal **Abof.com** (all about fashion). ABG is already India's leading fashion retail player with nearly 2000 brick & mortar stores. It also owns Madura and Pantaloons, India's largest fashion chain. The new portal, Abof.com, is targeted at the millennials in the age group 18-35 and aims to provide personalised experience to the customers along with latest fashion trends and tips. Since Abof is a very late entrant in the field of online fashion, we thought it would be really interesting to study the strategies that it adopts in order to gain market share from the current big players in the industry. Based on our study, we also intend to come up with our own set of recommendations with respect to the strategies that Abof should implement.

Industry

The Indian retail market is estimated to be at USD 600 billion by 2015 and is expected to grow to USD 1.3 trillion by 2020¹. Some of the factors leading to this growth are income growth, urbanisation and attitudinal shift. The unorganised players account for 92% of this market. By 2020, the organised retail is expected to grow and account for 24% of the total retail market (Figure 1). The e-commerce market, which stands at USD 14 billion in 2015, is expected to become world's fastest growing online retail market due to increasing penetration of internet and robust investment in this sector. E-tailing market is presently led by electronics segment with a share of 45% followed by **apparels and lifestyle segment that contributes 30% of the market**. With a CAGR of 63.45%, e-tailing market is expected to cross USD 70 billion by 2020 out of which USD 35 billion will be through fashion.²

¹ IBEF report on Retail Industry in India (2016)

² India's fashion e-retail market, Published in Livemint (2015)



Fashion E-commerce

Online fashion retail basically includes selling apparel and non-apparel products online for both men and women. The non-apparel segment includes bags, watches, footwear and other accessories. It is expected to grow at **CAGR 64.87%** in terms of revenue over the period 2014-19.

Some of the major online fashion retailers are Myntra-Flipkart, Jabong, Snapdeal, Amazon and Fahionara. Myntra and Flipkart together account for half the market share in online fashion retail³. Flipkart’s delivery network covers 250 cities and towns while Myntra’s covers 70 cities. Other prominent players in the market are Stalkbuylove, Lime road, 20Dresses, Koovs, Fashionandyou etc. The retailers are enhancing the online shopping experience by improving their customer support services. They are providing online tracking of shipments as well as updates through SMS and email right from order placement to its dispatch and delivery. Easy return policies and online cancellation services are also being provided.

ABOF.COM – ALL ABOUT FASHION

Aditya Birla Group (ABG) launched Abof.com in October 2015, an online portal to retail its in-house label as well as brands from other fashion companies. Abof offers curated collection of products that target the ‘discovery-driven consumer’ who is otherwise overwhelmed by the vast range of products in other online portals. While most other online fashion stores focus on attracting customers by offering discounts, Abof’s strategy is different – they promise customers premium and personalised experience at an optimal price.

However, the group did not see much success in trendin.com, its existing online venture. Hence the important question is whether the group is too late in this fast growing market where other major players like Myntra and Jabong have already created a niche for themselves within the category.

Prashant Gupta, CEO and president of Abof.com, was quoted saying that the group has properly studied the market before entering it. Abof is **targeting the millennials (18 to 35 years old)** who may be price conscious but are high on fashion quotient. It aims to offer

³ Retail Snapshot FRPT 2014

latest fashion international trends to the consumer and hence has subscribed to WGSN- world's leading fashion trend forecasting service based in London. As per Mr Gupta, WGSN collates global fashion trends and sends to Abof.

Value proposition offered by Abof:

- a. Personalised content
- b. Virtual room
- c. Fast fashion- Latest trends
- d. Shop the look
- e. Curated collection
- f. Sunday delivery

Within 90 days of its launch, Abof achieved an annualised gross merchandise value of Rs 100 crore⁴. It is currently providing services to 6000 pin codes in over 500 cities.

While most other online fashion stores focus on attracting customers by offering discounts, Abof had initially decided to follow a different strategy – they would not offer discounts but rather provide customers premium and personalised experience at an optimal price. However, for the customers who were not aware of the other unique offerings of Abof, the platform usage rate for Abof was very low. Hence, Abof has started to offer discounts to attract customers to its site.

3D trial room- a new offering

Abof recently tied up with the Automotive Research Association of India (ARAI) to come up with a 3D Trial Room feature. It obtained data on body dimensions of 3000 different Indian women aged between 18 and 35 years from the ARAI and used it to come up with this new feature to provide their customers with an opportunity to virtually try on clothes before buying them. Based on inputs given by the customer, a 3D model is formed on which different dresses can be tried (**refer Figure1, Figure2 & Figure3 in appendix**). Through this feature Abof was able to not only enhance customer experience but it also managed to reduce return rates to close to zero since it launched this feature. As per the industry executives, approximately one in five apparels delivered to the customer is returned, that is, online fashion retailers face a 20% chance of return⁵.

However, a recently launched advertisement promoting the 3D trial room failed to hit the right notes. The advertisement needed to be more feisty and aggressive in its delivery of the message to be able to draw attention to the feature being promoted.

Latest acquisitions and initiatives

1. In July 2016, Aditya Birla group acquired Forever 21 in India for USD 26 million⁶. Forever 21 is one of the world's fastest growing retailers with more than 700 stores worldwide. This acquisition is in line with their strategy to attract the millennials.

⁴ Abof clocks Rs 100crore gross-merchandise-value, Published in Economic Times (2016)

⁵ [Abof taking help of 3d automotive-tech to cut down number of returns](#), Published in Economic Times

⁶ Abof acquires forever-21, Published on Yourstory

2. Abof recently tied up with MTV India's show 'India's Next Top Model : Season 2'. This will again provide Abof with the opportunity to reach out to the viewer base of the show which primarily consists of millennials who are incidentally Abof's primary target group.

Target customer group- Millennials

Abof is targeting millennials in the age group 18-35 years who are fashionistas.

There are 332 million internet users in India.⁷ **Millennials** constitute **85%** of the total internet user base⁸. Majority of these millennials are from urban and semi-urban areas. 65% of the total internet traffic comes from mobile. Most of the millennials are **very active on social media**. A recent study conducted by global research consultancy TNS claimed that average millennial in India (aged between 16-30 years) with internet access spend 3.2 hours a day on their mobile device⁹. They prioritise social media over other forms of media and 43% of them visit social media daily.

Millennials often read reviews of goods and services on various social media platforms as well as forums before the actual purchase. Hence, they are **no longer die-hard brand evangelists**. They are open to trying out new things. 89% of the millennials research online before making a purchase¹⁰. They also strongly influence the buying decision of each other. Abof's biggest competitors, Myntra and Jabong, are primarily targeting millennials. However, they also have wide varieties of products for kids and Indian ethnic wear for people across all age groups. Abof, on the other hand, is only targeting millennials. It does not have any plans of offering products for kids.

⁷ Internet users in India to cross 500 mn by 2016, Published in Business Standard

⁸ Insights on Indian Millennials, Tradewinds IIFT

⁹ Social media and internet access in India, Published on Economic Times

¹⁰ Insights on Indian Millennials, Tradewinds IIFT

Comparison

The following table gives a comparison between Abof and its next two competitors, Myntra and Jabong.

Platform	Abof	Myntra	Jabong
No. of Android downloads	10,00,000	100,00,000	100,00,000
Description of app on Play store	Get the latest styles, daily dose of fashion stories, fashion tips, fashion hacks and lots more, provides one of a kind 3D virtual trial room	Browse through 2,30,000+ product styles from 1600+ brands, access to free styling tips from our fashion experts and hot offers and deals on all your favourite products	Choose from 1200+ brands offering more than 1,30,000+ products across various categories.
Home page	What's hot- Get the look, latest fashion trends, editor's pick, pick of the day	Deals and offers, popular categories, handpicked brands	Offers and discounts, brand offers, category offers, shop by discounts
3D trial room	Yes	No	No
Trial on delivery	No	Yes	No

PHASE 1: In-depth interview

In-depth interview was conducted to understand the perception of customers regarding the following fashion online platforms. Total number of respondents was 7 (3 users and 4 non-users of Abof). The respondents were female and in the age group of 23- 27 years. Following insights were obtained.

Platform	Positive attributes	Negative attributes
Myntra	Very accurate sizecharts, easy return/exchange policy, very good range of sizes - plus sizes available, fast delivery, discounted prices, efficient sorting and filtering procedure, many opportunities to use gift coupons, cashback on return	App only model didn't work
Jabong	Good fashion tips, user interface is simple to navigate through	Comparatively higher prices, slower service, inefficient and time-consuming filtering process, Jabong credits are cumbersome to redeem
Abof	Attractive user interface - fashion blogs, 'Shop the look' feature, '3D Trial Room' feature, good quality of clothes	Design of clothes is not very good, not many options or brands to choose from, the model for 3D Trial Room is not very pleasing - the body and facial structure of the model is not very Indian, inefficient sorting and filtering procedure, blogs can be aesthetically more pleasing
Ajio	Very fast delivery	Bad quality of clothes, design of clothes not good

Interesting insights from the in-depth interviews

Even though the 3D trial room of Abof has plus sized models, most of the designs are not available in bigger sizes. This might make a customer, looking for plus-size clothes, feel bad about himself/herself and conscious about his/her body.

I would totally love to shop Alia Bhatt's look in the birthday post (by Abof).

-Sharmili, 24

It is difficult for the customers to relate to the 3D trial room model as the model's features are not very Indian. In addition to this, the posture of the model is more rigid than the original display picture of the garment. This might portray a negative impression of the dress on the customer which might discourage him/her from making the purchase. Thus, in effect, it is making Abof lose out on making sales.

Based on the above insights, we concluded that the 3D trial room was an interesting feature that was differentiating Abof from other fashion ecommerce websites. We decided to focus our study on 3D trial model.

PHASE 2: Methodology used

In the first step we conducted an ethnographic research – we observed eight people while they used the 3D trial room and noted down their reactions, the issues that they faced and the things that they found useful at each step of the trial process. Based on these observations, we identified a set of issues and a set of recommendations that the users had for the trial feature. We then used these insights to construct a structured questionnaire for conducting interviews in step 2.

Lack of plus size clothes is very disappointing.

-Monalisa, 25

An opportunity to shop a celebrity's look gives confidence to the customers and makes them feel good about themselves. Abof should exploit this feature to attract more customers.

3D trial room makes you feel bad about yourself.

-Asawari, 26

In the second phase, we used the structured questionnaire to interview people. We gave them a hypothetical situation where they would be given INR 3000 and they would have to buy something from Abof. Then as they went about searching for clothes to buy, we interviewed them using the questionnaire that we had created in the previous step. As opposed to the first set of interviews where we wanted to identify the issues, our objective in this phase was to solicit users' responses and recommendations on the specific set of issues that we had already identified in the first phase. The set of interviewees used in the two phase were mutually exclusive.

Ethnographic Research

3D Trial Room:

Based on the initial interviews that we had taken, we decided to dig deeper into the 3D trial room feature of Abof. We had observed that most of the interviewees had responded saying that the 3D trial room made them feel bad about themselves which was surprisingly contradicting what we had expected to hear – we had assumed that a unique feature like this would be widely appreciated and would attract more visitors to the Abof site. While our expectations were not entirely negated, the reactions that we recorded opened up another dimension of the 3D trial room. Our objective here was to try and understand the positives and negatives about the trial room feature based on feedback from users and then to try and come up with a set of modifications/additions that would make the feature more attractive.

Insights from interview:

a. Positives:

- The 3D trial room is a unique feature of Abof. None of the other popular online shopping platforms have a similar feature. Asos used to have a somewhat similar feature, but in that feature there was no provision for changing the model's body specifications as per the shopper's body specifications.
- The feature provides a somewhat realistic estimate of how a dress would look on the shopper, specifically, the length of the dress.
- The 3D model can be turned around to get a 360 degree view of the dress.
- The photo of the 3D trial room model can be saved

b. Negatives:

About the Model:

- The range of skin tones available for selection is very limited – there is one model of dusky complexion and four models of fair complexion. Since skin tone becomes an important factor while selecting the colour of the dress, the current offering is not being able to satisfy the requirements of most of the visitors/users.
- The ethnicities of the models available are not sufficient. There is one model of African descent, one of Oriental descent and three models of Indian descent. For the Indian models specifically, the facial features are not very Indian and hence customers in most cases are being unable to picture themselves as the model while trying on a dress using the feature.
- The range of hairstyles available is not satisfactory. There are no options for models with short hair. Moreover there is no option to change the hair colour of the models.

- The posture of the model is very unappealing. The model stands with its legs set wide apart which lends a hint of manliness to the posture. The posture is also hunched and makes most of the clothes look very unattractive.
- The dimensions of the model's head remain constant even as the model's height and other specifications change.
- The standard specifications that are asked are not sufficient to replicate the exact body type of the shopper.
- The model's face looks very plain.

About the feature (Other than the model):

- Although the feature is a very unique feature, Abof has not publicized the 3D trial room feature properly. Most of the interviewees, although avid online shoppers, had never heard of the 3D trial room before we introduced them to the feature.
- Accessories, shoes and bags are not included in the trial feature.
- The 3D trial room appears at the bottom right corner and is very small in size.
- The feature is not available for all the dresses.
- The feature is not available for menswear.

Suggested modifications/additions (based on customer feedback):

About the model:

1. Abof can try and provide a range of skin tones to choose from so that for each model any skin tone can be selected and the skin tone is not constrained by the model.
2. If possible the feature can include different face types such as oval, round, square, broad forehead, narrow forehead etc.
3. There could be options for selecting the body type such as pear-shaped, hourglass, etc. This will help create a more accurate replica of the shopper.
4. There could be one model each for all the different ethnic groups.
5. There can be a range of hairstyles and hair colours that can be mixed and match.
6. A customer can then select one each from the above-mentioned features to create a model that closely resembles the shopper.
7. The posture of the model can be made more feminine. In addition to the standing posture, a sitting pose might be added specifically for mini and midi dresses.
8. There can be options to apply make-up on the model's face.
9. If possible there should be a warmer and friendlier expression on the model's face.
10. If possible the model should have the shopper's face.

About the feature:

- There should be a share option to share the photo of the model on different social networking sites.
- Accessories, shoes and bags should also be included in the trial room – it should not be much of an issue since these things come in free sizes.
- The feature can include a video with the customized model so that the shopper can get a better understanding of how the dress would look on her.
- Abof should start a similar feature for menswear as well.

Recommendation:

The overall reaction to Abof's 3D trial room has been positive. People have been impressed by the idea of virtually trying on the dresses by entering their own body specifications. Although, the 3D model gives a fair idea of the fit of a dress, it does not give a very flattering picture specially in comparison to the picture of the actual model. This prevents impulse buying on the customer's part. Though impulse buying causes increase in return rate, some of the purchases are also converted into permanent sales. Abof might be losing out on such sales.

Based on the insights we obtained from the interview and the technical feasibility, we have recommended Abof to add the following features to its 3D trial model.

1. Specification for body type (hour-glass/ pear-shaped) should be taken as an input.
2. Models with different hair-cuts (short/long/curly/straight) as well as different hair colours should be included.
3. There should be more option for face types, like round, oval, square etc.
4. Sitting posture should be included and the standing posture should be improved and made closer to that of the actual model in the picture of the dress.
5. Accessories like hand bags and shoes can be added to the trial room.
6. There should be an option to zoom the 3D model and bring it to the centre of the screen.

Conclusion

The online fashion retail industry in India has become extremely competitive due to very little differentiation in terms of offerings, heavy discounting and consolidation of some of the major players like Jabong and Myntra. Abof had initially decided not to offer discounts but rely on its curated collection to attract customers. However, failing to do so, Abof was forced to start discounting on its products. To succeed in this market, Abof needs to differentiate itself from other players and the 3D trial room can play a major role in that. It is an excitement feature for which the customer does not have to pay extra and thus has huge potential. It has already gained a positive reaction from the customers, though a few concerns still remain. Abof should focus on modifying and improving the value proposition of the 3D trial room to make it more attractive to the customers and market the same aggressively.

Appendix

Figure 1: Personalization options- Hair styles

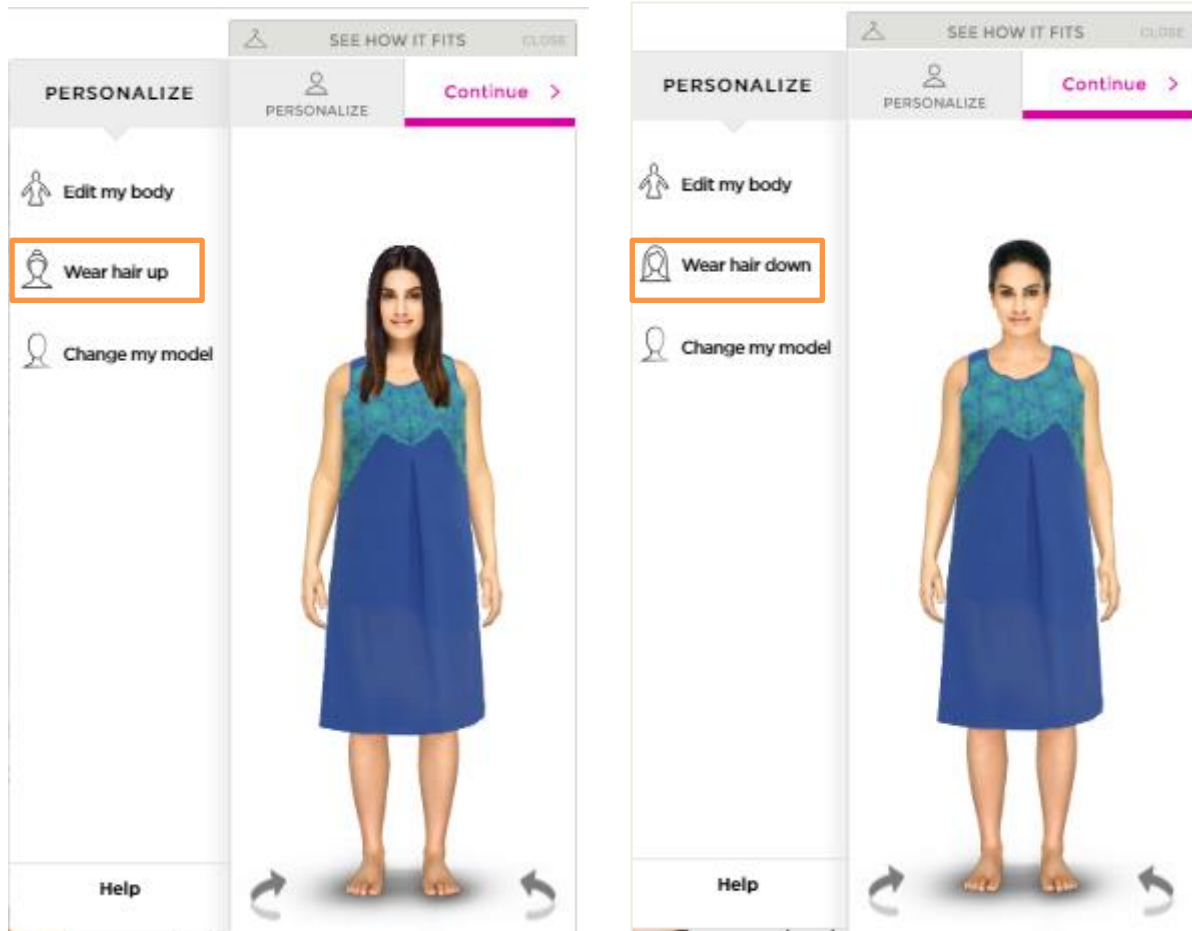


Figure 2: Input for personalization

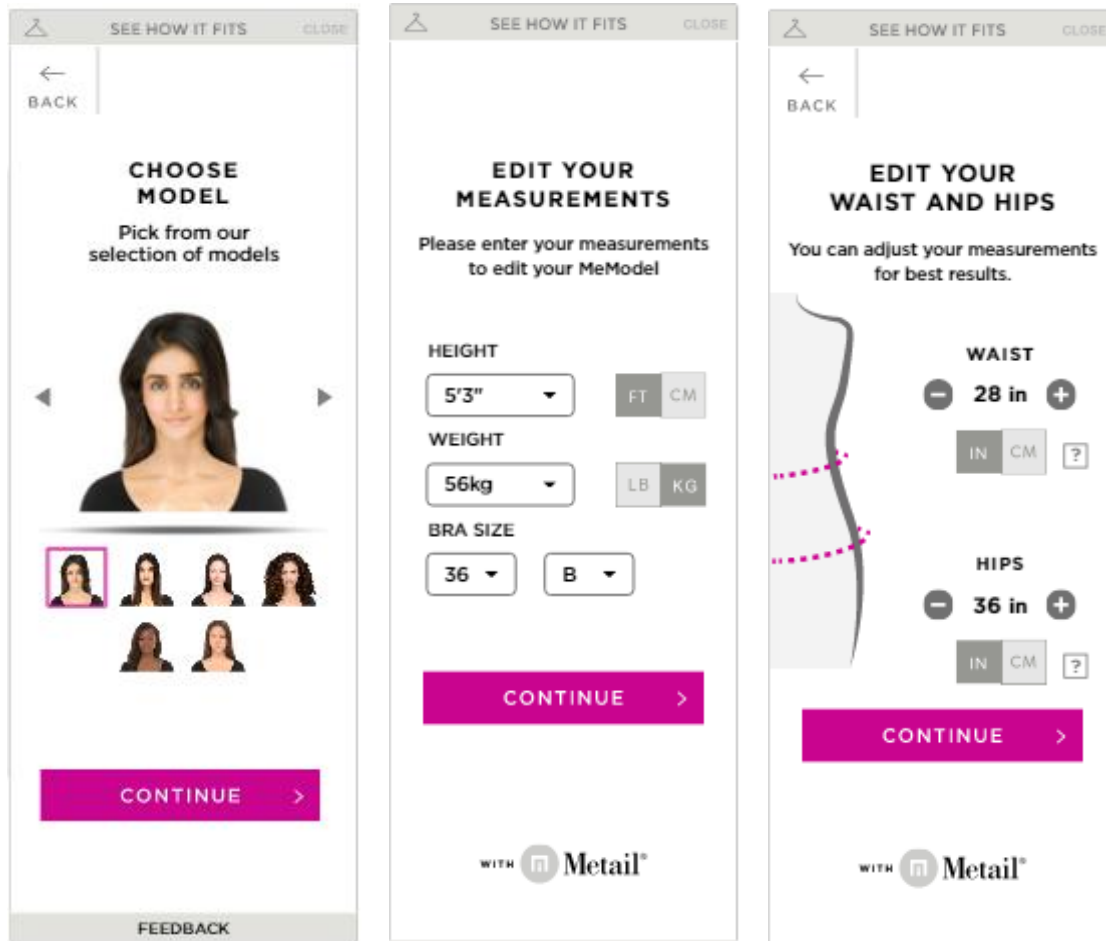


Figure 3: 3D trial models

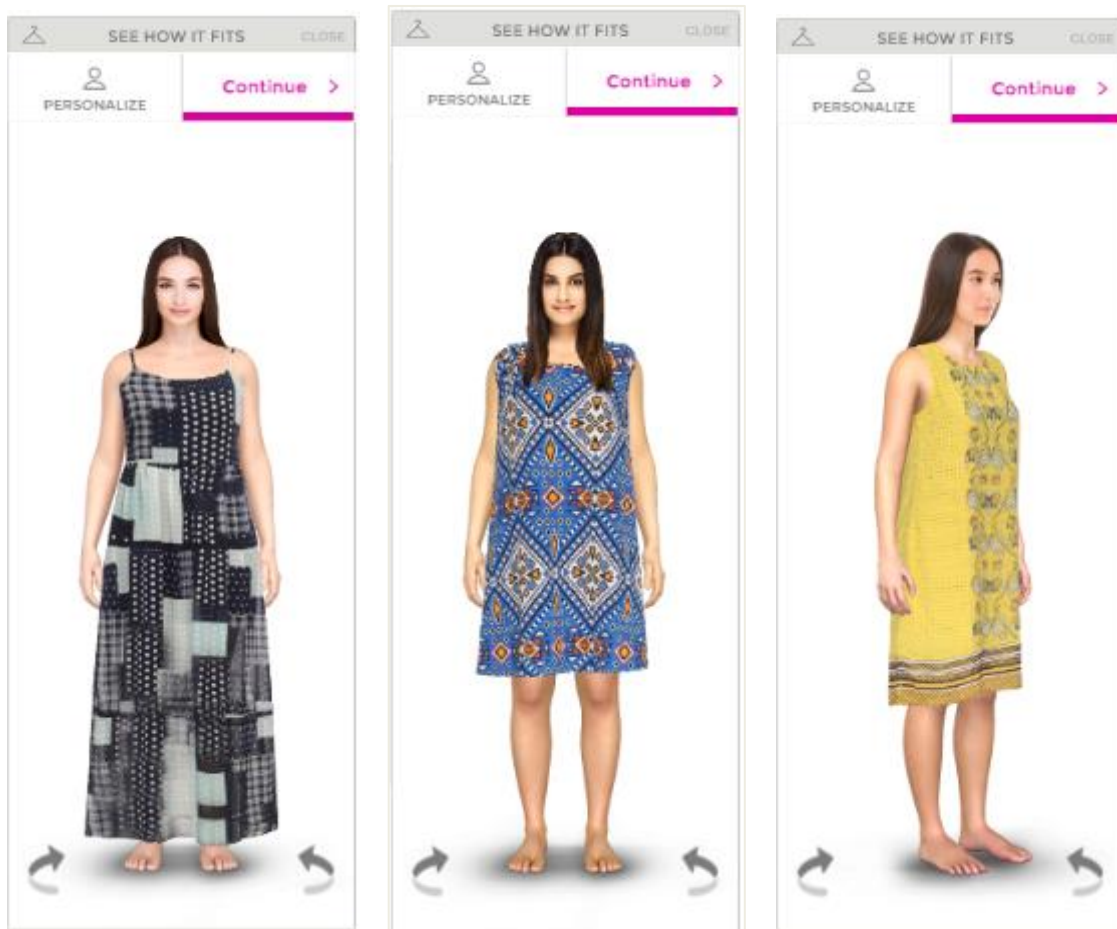
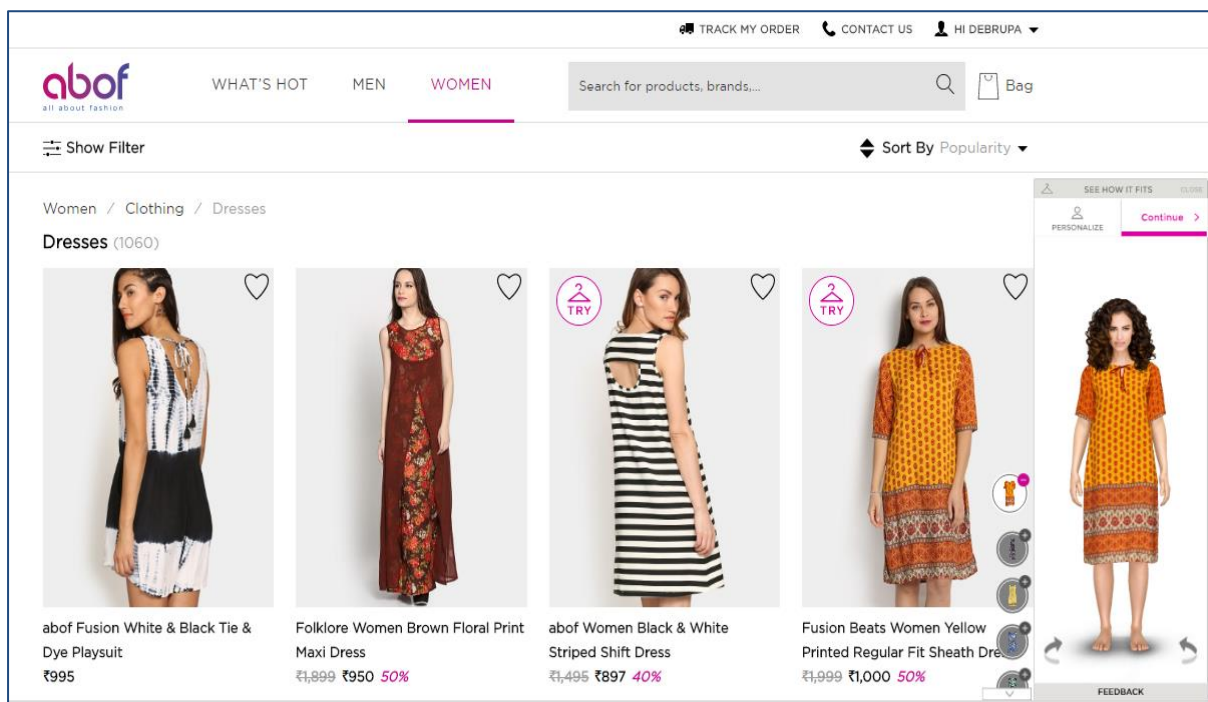


Figure 4: Abof website



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