

BIBA: STITCHING PLANS FOR GROWTH¹

Professor Ritu Mehta, with the assistance of Prateeth Nayeeni, wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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“I never imagined it when I started . . . but as you grow, your vision keeps growing. Now, I feel I can grow to any height, even become a global brand.”²

Meena Bindra, chairperson, Biba Apparels Pvt. Ltd.

Considered a leader in the women’s ethnic wear market, Biba Apparels Pvt. Ltd. (Biba) had ambitious plans for its future. Founded by Meena Bindra, a homemaker, in 1986 from her home in Mumbai,³ Biba succeeded in developing a nationwide presence by introducing the concept of a ready-made *salwar kameez*.⁴ Biba created a national brand in a category that was predominantly generic in nature. With revenues of ₹4.2 billion⁵ in 2014, Biba aimed to reach ₹10 billion by 2018.⁶ Biba had expanded its collection to cater to the diverse demands of women of all ages. In 2015, it also made changes to its logo to give the brand a more contemporary look. However, over the past several years, other players also strengthened their presence in the ethnic wear market where customers’ preferences were always evolving. As a pioneer of branded ethnic wear for women, a number of questions loomed over Biba. Would it be able to sustain its first-mover advantage in the fast-changing apparel market? How could it keep pace with the growing aspirations of young women? Could it leverage its pioneering status to the overseas’ market as well? Would it be able to leverage its brand to other product categories? How could it achieve its target sales turnover for 2018 amid the ever increasing competition?

HUMBLE BEGINNINGS

Meena Bindra, wife of a navy officer, founded Biba at a time when women purchased fabric from local stores and had their clothing made at the corner tailor shop. In the 1980s, ready-made, branded apparel was at a nascent stage and it was largely restricted to designer labels available at exorbitant prices or small-store brands catering to the local market. Bindra had no formal training in design but she enjoyed creating clothes and dabbled with different prints and colour combinations.⁷ Ethnic clothing in India involved a variety of regional handwork such as the *Lucknowi* and *Kashmiri* embroidery,⁸ *Kutch* work, mirror work, and hand printing techniques like the *Rajasthani* prints using vegetable dyes. Bindra, who was determined to make good quality ethnic clothing, started her business with a meagre loan of ₹8,000. She sold the initial stock of stitched and unstitched *salwar* suits to relatives and friends and the first sale resulted in a profit of about ₹3,000.⁹ Word quickly spread and she started getting orders from renowned retailers such as Benzer and

Sheetal. Realizing that she needed a name for keeping accounts, she decided on *Biba* which meant “a sweet little girl” in Punjabi.

In the early 1990s, the brand name Biba was gaining recognition. Orders started coming in from cities across India. With her elder son, Sanjay Bindra, helping her with the business, Biba became one of India’s largest ethnic wear wholesalers by 1993.¹⁰ Biba saw its biggest break in the mid-1990s when it started getting orders from leading retail chains like Shoppers Stop and Pantaloons. This development was a turning point for Biba. It forced Biba to bring in a greater level of professionalism to its operations to meet delivery and quantity deadlines. The result was nationwide acceptance for Biba.

GROWTH IN THE 2000s

Siddhartha Bindra, the younger son of Meena Bindra, having completed his education at Harvard University in the United States, joined the company in 2002. He envisioned Biba opening its own exclusive retail stores. While the support of Sanjay¹¹ saw Biba’s proliferation in multi-brand outlets (MBOs), the joining of Siddhartha saw Biba opening its own retail outlets. The first exclusive brand outlet (EBO) was launched in Mumbai in 2004. It was an instant success with monthly sales of ₹1.2 million to ₹1.5 million.¹² Over the years, Biba established more EBOs in addition to increasing its presence in large retail chains such as Pantaloons, Cental, Lifestyle, and Shoppers Stop. Starting with large, urban centres, the company gradually ventured into Tier 2 and Tier 3 cities.¹³ In many places, Biba adopted the franchise route. In 2007, Kishore Biyani’s Future Group took a minority stake, which it later increased to 25.8 per cent.¹⁴ The capital that was raised helped Biba during its expansion. The Future Group sold off its entire stake to U.S.-based renowned private equity firm, Warburg Pincus, in 2013, at a time when Biba’s revenues had increased almost 10 times from ₹300 million in 2007 to ₹3,000 million. The deal valued Biba at ₹10 billion.¹⁵ By 2014, Biba had about 150 EBOs and 225 MBOs spread out over 65 cities in India¹⁶ (see Exhibit 1). In addition, Biba expanded its online presence through its own website, www.biba.in, and other major online retailers. Online sales accounted for 7 to 10 per cent of its overall business.¹⁷ During the first six months of FY2014/15, Biba reported an operating income of ₹192.5 crore, operating profit margin of 27.1 per cent, and net profit margin of 16.3 per cent.¹⁸

Product Portfolio

Over the years, Biba expanded its product portfolio. It added a mix-and-match collection of *kurti*, bottoms, *dupattas*, leggings, and unstitched suits. In 2011, the company introduced ethnic wear targeting girls ranging in age between two and 12 years and launched ethnic wear in different cuts, colours, and prints to keep up with fashion trends. Biba aimed to provide a one-stop destination for ethnic wear needs for women of all ages, sizes, and walks of life—homemakers, professionals, and college students. Biba was always evolving its product categories to cater to different segments. As Bindra explained:¹⁹

There has been a shift in our target group. Ten years back, brand Biba was more inclined towards catering to women in the 32–45 years age group because the visibility of the brand was less, and the product range suited this bracket. Biba was manufacturing only *salwar kameez* then. Today, our product has evolved. We have a wide range—mix and match, Indo Fusion, and *salwar kameez* (asymmetrical and A-line cuts). This range has been created keeping our focus group in mind.

In 2012, Biba entered the luxury ethnic wear and the bridal wear market by picking up a 51 per cent majority stake in fashion designer Manish Arora’s brand, Indian by Manish Arora.²⁰ Biba partnered with Rohit Bal, one of India’s most acclaimed designers, in 2013. This association saw the launch of a special collection

called Biba by Rohit Bal at select Biba outlets. This development brought high fashion into the reach of India's urban women and continued Biba's expansion as it bought a 35–40 per cent stake in designer label Anju Modi in 2014.²¹

That same year, Biba entered the value segment by introducing a more affordable product range under a new brand, Rangriti. With prices starting from ₹499, Rangriti provided a fashionable, branded ethnic wear alternative to unbranded versions for its more price-sensitive customers. These products were not made available at Biba's EBOs, but were distributed through local retailers in select states initially, online retailers, and Rangriti's own website. As Bindra noted:

We don't plan to open stores for Rangriti. In fact, we have [partnered] with strong local retailers such as Joyalukkas, Ritu Wears, to address the value-fashion market. We want to convert this unbranded market into a branded one We want to make Rangriti the fastest growing ₹1 billion brand at net sale value in the next two years.²²

True to its unique selling proposition of providing affordable fashion wear, Biba's product range had something to suit every pocketbook. There were products for both daily and occasional wear offered at competitive prices.

Connecting with Customers

Biba communicated with its customers in innovative ways. It pioneered film merchandising in India in 2004 by providing costumes for the movie, *Na Tum Jano Na Hum*.²³ Over the years, Biba entered into merchandising deals with other leading Bollywood movies, which provided the company with a great platform to showcase its fashion acumen.

Biba also actively engaged with its customers on social media. It partnered with Brandmovers, a leading firm in digital engagement, to manage its accounts on Facebook, Twitter, Pinterest, YouTube, and other social networking sites (see Exhibit 2).

Biba refrained from mainstream advertising, banking more on fashion magazines, fashion shows, national dailies, and out-of-home (OOH) media. In an attempt to keep its relevance with younger consumers, Biba changed its logo in early 2015. It added a peacock feather to its earlier logo to symbolize elegance and pride. Siddhartha Bindra said:

We are flirting with the idea of television. Today, we have built the distribution that will complement television advertising. We might advertise on TV within a year. However, we are still wondering if television is the right medium for fashion. Print and OOH show a fashion brand much better than television Over the years, the company and its consumers have evolved; therefore, a new identity was required to represent the Biba of today. People related to the old identity of Biba, hence the new logo is not vastly different. We retained the colour red in the logo as it represents festivity and ethnicity—something the brand and clothing line essentially represents.²⁴

WOMEN'S ETHNIC WEAR MARKET IN INDIA

Overall Market Size and Growth

The Indian apparel market was estimated at US\$39 billion in 2013. Women's wear constituted the largest segment at 38 per cent market share and was expected to grow at a compound annual growth rate of 10 per