The Houseware Market and its Potential for Entrepreneurs in India

As consumers get more used to branded and better products and buying through organized retail channels, opportunities for entrepreneurs in houseware segment will become larger and larger in the years ahead.

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India is forecasted to become the 5th largest consumer market in the world by 2025. Currently, the country is experiencing a 12% year on year growth in consumer expenditure as against a global increase of 5%. 100 plus million middle-class Indian households will show high growth in their consumption pattern owing to increase in their incomes and moving them upwards into affluent and elite segments.

The retail industry in India has emerged as one of the most dynamic and fast-paced. With the constant entry of several new players across a variety of product categories and retail formats, by the year 2020, India’s retail market is expected to increase by 60 per cent to reach USD 1.1 trillion. Organised retail in India has been growing at about 25% per annum. Its current share in overall Indian retail stands at over 7%.
Indian Houseware Market

Houseware is a growing category in the Indian domestic retail market with an annual growth of 25-30%. From the traditional to the modern society, across the globe, houseware has always existed as a major product category in the marketplace. India has also witnessed a major shift in buyer or consumer base for houseware products and it is no more restricted to women.

Production of standard quality cookware, tableware, kitchenware, kitchen tools, storage, kitchen appliances, cleaning and general houseware, and products in India is still very limited and hence, the market is also fed through imports. There are hundreds of importers and distributors, who either import and sell under their own brands or represent international brands in India.

Trends in Houseware Industry

With evolving lifestyle of Indians, India has witnessed a major shift in the houseware industry. Due to the high degree of urbanization, the proliferation of nuclear families and technological advancement, there have been far-reaching changes in the nature of houseware products. In India, globalization has also brought about significant changes in cooking, serving and dining habits.

For young working couples in the urban setting, there have been wide-ranging changes in lifestyle, in their socializing and food habits. Factors like healthy cooking, convenience, safety, functionality, time-saving devices and cookware are now driving the purchase decision. The complexity of the products also makes it necessary that husband-wife both engage in the purchase of these products - be it kitchenware, cookware, tableware, kitchen appliances, storage, cleaning or maintenance products, outdoor houseware, or travel goods, one can see the drastic change in the market scenario. Most of the modern day houseware products are now made by combining materials like steel, plastics, ceramics, glass and so on. Hence the market classification is now less material-driven and more utility or functionality-driven.

Home Retail Scenario and Potential Opportunities

Home and home improvement are amongst the fastest growing categories for most retail chains (departmental stores, hypermarkets & speciality stores). Backed by leading retail houses, several big specialised home retail chains have emerged. Leading international specialised home retailers like IKEA are in the process of investing Rs 10,500 crore to set up 25 stores across India. Amazon Inc. has announced an additional USD 3 billion investment in India operations, thereby taking its committed investment in the country to over US $5 billion.

Aspirational demand across segments will also drive the consumption and consumer spending upwards. Increasing number of nuclear families and their keenness to invest in their own homes is leading to a consistent growth in housing sector, which is bound to
push demand for home products like home textiles, houseware and home decor. It will also push upwards the market for consumer durables. With rising affluence, consumers are bound to move beyond functionality in their purchases and will increasingly spend on lifestyle factors like décor, design, trends, fashion and aesthetics. All these factors create a potential market for entrepreneurs to tap into and explore huge opportunities in India in manufacturing, retail, distribution and imports. Retail will obviously be the biggest of them all.

Traditionally, houseware products were more utility-driven with a high focus on functionality, labour saving and simplifying domestic chores. Today, such products are already well accepted by consumers across all market segments. But the Indian houseware industry missed the retail boom enjoyed by categories like apparel and food in India over the last 25 years, as the majority of its products lacked good design and glamour of branding. Retailers always identify retail space allocation with big brands and well-designed products. As the houseware sector emerges in its contemporary avatar with focus on good design, high technology, branding and glamorous presentation, retailers are discovering a great opportunity in this segment as both unit prices and margins go up. With the increased allocation of retail space as well as the entry of e.com players, houseware business is poised for substantial growth.

India, however, remains one of the most complex countries to manage and build businesses in. The market requires an in-depth consumer understanding and is not only price and value sensitive but also unorganized. Nonetheless, Indian houseware market's potential and growth aspect are appealing to major international players.

Entrepreneurs have to understand that while the market is sizeable they will have to keep a few factors in mind to conduct business successfully. One needs to understand the substantial size of the market for the particular product category in different retail channels and the strength and weaknesses of each major player present in the market. As consumers get more used to branded and better products and buying through organized retail channels, opportunities for entrepreneurs in houseware segment will become larger and larger in the years ahead.