

APPAREL AND ACCESSORIES

Tapping India's luxury potential amidst business and creative disruptions

September 25, 2018



Sabyasachi Calcutta dresses models up in its highly-embroidered pre-wedding collection for the henna ceremony. Image credit: Sabyasachi Calcutta

By A LUXURY DAILY COLUMNIST

By [Abhay Gupta](#)

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

The luxury fashion and lifestyle market in India is one of the world's most multifaceted, exciting and tricky businesses.

Brands and retailers that want to capture a share of this rapidly evolving market need to learn to adapt, or risk missing one of the next greatest untapped opportunities for the luxury business.

The idea of luxury today has evolved into a complete lifestyle, spanning fashion, food, travel, hospitality, health and wellness, and even technology.

Yet, it is also a well-established fact that fashion remains the fulcrum of luxury and that all other sectors prey onto fashion as a category to drive, growth, inspiration and value additions.

Hence, when it comes to luxury, the first thing that most people think of is fashion, which itself is a broader concept spread across the realms of apparel, footwear, jewelry, timepieces, eyewear and fragrances.

However, in the present era of democratization of almost everything, the luxury fashion industry is finding itself in a strategic dilemma.



The commercial demands of business have begun to take a toll on the creative aspects of the designer community, while the rapidly evolving business landscape is also compelling luxury brands and retailers to rethink and adapt, as they strive to preserve themselves in the quintessence of luxury amid creative and business disruptions.

The phenomenon is prevalent the world over, including India. Importantly, the luxury market in India is still nascent, but definitely growing, and is peculiar in its own way.

Enduring creative disruption

The very essence of luxury fashion lies in deep-rooted research: emphasis on new textile blends; inspiration, or the eureka moment for every designer; silhouettes perfected via multiple prototyping; and collections large enough to satisfy every global patron.

The essence over the last few decades has got slightly tweaked, however.

Luxury fashion first faced disruption way back in 1975 when fast-fashion brand Zara transformed the very process of how luxury fashion ought to be created in a slow, relaxed and cyclical manner.

Luxury fashion brands thwarted the onslaught by quickly downscaling to introduce entry-level elements of eyewear, perfumes and accessories such as footwear, scarves, ties, belts and even bijou jewelry. Experimentations of associations/special lines for the likes of H&M were resorted to by a few established names of the luxury fashion space.

However, the core fulcrum of apparel fashion stood the test of time until recent times when corporate-led brands began to demand fast fashion from established luxury brands. This has led to a further disruption in luxury fashion to date no clear path seems to be emerging.

Attempts to "See now, buy now" introduced by a few top names such as Burberry have yet to prove themselves and may not find favor among true connoisseurs.

Collaboration: Way forward?

Caught in creative disruptions, global luxury fashion and lifestyle brands and companies have been trying to find and define a success formula that can ensure commercial success without compromising on carefully crafted brand positioning, ethos and value propositions.

Some have gone on to collaborate with designers, artists and even hotels and auto companies to further their popularity, revenue as well as prestige.

Historically, Western luxury brands have quite frequently and successfully used collaboration methodology. French fashion house Louis Vuitton has had several such associations, while various other have also explored the genre.

Here, are some of the most successful fashion tie-ups of the West.

- Louis Vuitton x Art: Louis Vuitton has teamed up with "Art, Artists and Artisans" for many years now.
- 1. The Takashi Murakami collection: Renowned Japanese artist Takashi Murakami had designed a multi-coloured monogram accessories collection for spring-summer 2003 for Louis Vuitton that became highly sought-after.
- 2. The Iconoclasts collection: On Louis Vuitton's 160th anniversary in 2004, six art and design legends Karl Lagerfeld, Rei Kawakubo, Frank Gehry, Cindy Sherman, Christian Louboutin and Marc Newson co-created The Iconoclasts collection, signifying their interpretation of the LV monogram into their design and product sensibilities.
- 3. The Richard Prince-inspired range: The Marc Jacob for Louis Vuitton spring-summer 2008 accessory bags and caps collection was inspired by artist Richard Prince's "The Spiritual America" exhibition in 2007.
- 4. The Yayoi Kusama range: In 2012, the brand released its bags-to-clothes range featuring signature polka dots by legendary Japanese artist Yayoi Kusama who is famous for her fascination with polka dots.
- 5. The Chapman Brothers: British visual artists Jake and Dinos, popularly known as Chapman Brothers, have been tapped twice by Louis Vuitton. Both their autumn-winter 2013 and spring-summer 2017 collections have been well-liked.

- Louis Vuitton x BMW: In 2014, Louis Vuitton created a special luggage collection for BMW's revolutionary sports car, the i8 plug-in hybrid, that fits precisely into its boot space. The collaboration was acknowledged as the "pure expression of the art of travel."
- Alexander McQueen x Globe Trotter: Alexander McQueen and Globe Trotter, two iconic British luxury brands, had launched a special limited-edition luggage collection that helped strengthen and accentuate both brands' appeal to their classic luxury audiences.

Over time, the trend has permeated the Indian market as well.

Several Indian designers have entered into collaborations with international and homebred lifestyle brands or companies, adding a new dimension to the country's luxury space.

Listed below are some of the notable tie-ups in the Indian context:

- Rohit Bal x Titan: Leveraging each other's brand strength, watchmaker Titan and designer Rohit Bal introduced a luxury watch collection targeting the top segment in 2003 that became quite a hit.
- Sabyasachi Mukherjee's Sabyasachi Calcutta x Bombay Dyeing: This was in 2007. What could be construed as a routine branding exercise between a couturier (Sabyasachi) and textile giant for its range of bed and bath line instead further strengthened the designer-corporate collaboration trend.
- Sumeet Verma x Judith Leiber: This is perhaps India's most acclaimed partnership in "true" luxury. Designers Sumeet Verma and Judith Leiber came together in 2009 to create a bejewelled handbags range. It was an instant hit at a time when international luxury had just begun to surface on a wider scale in India.
- Tarun Tahiliani x Timex: Iconic designer Tarun Tahiliani co-created a mono-branded watch range in a tie-up with watchmaker Timex Group. Launched in 2010, it has turned out to be one of the most longstanding and profitable fashion collaborations in India.
- Confluence by Swarovski: Austrian crystal maker Swarovski's avant-garde, India-inspired jewellery line has been co-created with 11 top Indian designers such as Rohit Bal, J.J. Valaya and Suneet Verma. The collection, launched in 2016, is available in India, United States and Europe through various multi-brand designer stores and portals.
- Abu Jani-Sandeep Khosla x JW Marriott: Designer duo Abu Jani and Sandeep Khosla in July 2017 designed and curated the fashion event, "Wedding of the Year," for hospitality brand Marriott International at its five-star hotel in New Delhi. It became one of the most appealing associations of the year, taking the collaboration trend to a whole new level of experience and emotion.

Withstanding business disruption

Amid creative disruptions, luxury brands have a lot to deal with on the business front as well.

Some long-established business models are on their way out, paving way for newer and innovative concepts.

Who would have thought that luxury items would someday be available through virtual shops, or that the world order would undergo a drastic change with the emergence of new luxury consumption centers such as China, Japan and now also India, while traditionally rich Western countries would slow down in purchases?

Even consumer attitudes are now changing at a much faster pace than before.

Liberalization of the Indian economy in 1990s and policy changes thereafter have been a rollercoaster ride for foreign and homegrown companies across sectors, including luxury.

However, some sweeping developments that unfolded over the last three to four years have again transformed country's business milieu. Let us take a look at them:

Digitization of financial services and demonetization: Both these government initiatives aimed at weeding out the alternate, parallel economy from the system came as a big blow to various sectors.

Luxury, however, was gainfully impacted during the initial window of relaxations during the demonetization drive launched in November 2016. Transactions peaked for a few hours when accessories, jewelry, watches, real estate and other high-value goods ended up being bought by stashed-away cash. Thereafter, there were mixed reports as to the positive or negative impact of demonetization where the central government overnight pulled 86 percent of

India's rupee bills out of circulation.

Most brands now feel that the initial slowdown was replaced by more balanced cashless transactions, bringing in more control and ease of doing business at the store-front level.

Goods & Services Tax (GST): The single-most key factor driving mixed emotions post-demonetization has been the implementation of GST. With multiple slabs, laborious paperwork and lack of clarity, GST spawned a resistant trade blockage, in general.

Luxury brands operating in malls found their overall costs coming down due to inputs being credited for GST paid for imports or real estate rentals. With a uniformity of taxes across stores in various states, the margins could be healthier, too. Clearly, well-implemented GST can give a boost to the luxury trade.

Foreign direct investment (FDI) policy changes: While FDI was technically opened up in 2012, complex sub-clauses on sourcing norms, investment size and location had restrained brands from announcing their plans.

However, recent changes in single-brand retail norms and relaxations on sourcing restrictions have been welcome by global luxury and superior premium brands.

Ease of doing business: With several positive announcements regarding new company formation, single-window clearances and faster approval of permits, India's ranking has significantly improved in the World Bank's ease of doing business index.

Moody's also has upgraded India's sovereign rating to Baa2 from Baa3, putting India on a similar footing as the Philippines and Italy.

As a collective result of the aforesaid, over 250 to 300 foreign brands have announced their plans for India.

Creation of mass affluence: With increased focus on infrastructure development, employment generation and growth in smaller cities are imminent.

Rapid urbanization has led to increased awareness and a new demand for premium-to-luxury goods.

Brands such as Zara and H&M have now become household names in most middle-class families in tier II and even tier III towns.

Luxury brands have begun to proliferate via trunk shows, private sales and events that cater to the rich and affluent classes.

Sabyasachi Calcutta illustrates the art of crafting East Bengal Chandbani

Success in evolving landscape

Keys to success in Indian luxury next year and beyond include:

1. Learn, adapt and diversify: India being a vast demography, a one-size-fits-all strategy will not work. Diverse strategies are needed to handle different demographics for brands to be unbeaten in the luxury sector. Luxury experiences, both in-store as well as online, are important for consumer acquisition and retention. A deeper research into the ethnicity of the region can be a great help. A region-wise marketing and communications campaign could pay rich dividends.
2. Focus on brand-value proposition: Indians generally are extremely value-conscious. It is fairly important for brands to communicate their value systems clearly and loudly and provide closeness, uniqueness, and product and brand acquaintance with appropriate messages. They need to educate this new Indian customer on their value proposition to win them.
3. Indians are digitally-savvy: Do not ignore the digital medium. The R-O-B-O research online, buy offline phenomenon is perhaps the most embedded in India. Recent reforms towards a "Digital India" have ensured that the power of the Internet is freely available to a larger populace.
4. Train, educate and invest in HR: With so many different types of customers, the lack of talent is a key challenge. Luxury brands can neither be too sophisticated to scare away new customers nor be too ordinary to not make an aristocratic or old-money customer shy away. Driving this balance in line with the brand's cultural customer experience is perhaps the biggest operational challenge for them.
5. Believe in the market and stay invested: India is a long-term play. A luxury marketer needs to be patient, keep

controls in place and let the brandcustomer relationship evolve. There are no quick-gain methods in this market.

6. Collaborate, not compete: A relatively easier method that can work in a foreign brand's favor is to collaborate with like-minded but differently skilled Indian marketers and add value to each other. Recent associations between Christian Louboutin and Sabyasachi, and Swarovski and various designers are examples.

THE INDIAN LUXURY SECTOR is growing at compounded annual growth rate of around 25 percent.

Last projected at \$18.7 billion, it is expected to reach \$180 billion by 2025, as per federal planning body Niti Aayog's CEO, Amitabh Kant.

The growing number of Indians climbing up the affluence ladder and many more turning into aspirational customers presents a massive market potential for luxury and affordable luxury fashion companies.

Significantly, Indian origin premium-to-luxury brands are also making their presence felt.

The likes of Titan and PC Jewellers have made it to the international legion of top 50 luxury goods firms that was topped by Louis Vuitton.

Even as there is some way to go for India to become the next luxury fashion destination, the good news is that the country's business environment is becoming ever more conducive to luxury businesses. Undoubtedly, India growth story is indeed promising.

Sabyasachi's Kesaribai Pannalal campaign for its 2018 jewelry and couture collection

*Abhay Gupta is founder/CEO of **Luxury Connect** and **Luxury Connect Business School**, Gurgaon, Haryana, India. Reach him at abhay@luxuryconnect.in.*

© 2020 Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.