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Changing Indian luxury landscape: What it means for luxury brands

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Indian designer Tarun Tahiliani's spring 2020 Drape Series. Image credit: Tarun Tahiliani

By [Abhaya Gupta](#)

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The socio-economic-political-healthcare gloom all over the world paints a not-so-rosy picture at the start of 2020. However, the rich continue to spend, and the personal luxury goods market continues to grow at 4 percent.

This growth is despite disturbances in Hong Kong, the Brexit reality and Indian Prime Minister Narendra Modi's government facing its worst economic and political crises since its return to power for a second term.

In such a depressive scenario laced with geo-political uncertainties and fears of recession, is there hope for India's luxury business? Will the Indian rich continue to spend? How should a luxury brand prepare itself for not only survival, but a growth trajectory?

There is no doubt that the Indian luxury opportunity clearly looms large and attractive.

However, considering the cultural diversity, geographic divide, challenging political and economic environment, brands would do well to take note of the key performance drivers and trends driving luxury consumption in India.

Inverted pyramid phenomenon is peaking: With millennials and Gen Z seeking authenticity over brand name, the true mix-and-match culture is at its peak. And with luxury brands trading down and high-street fashion brands trading up, the trend is the amalgamation of the two.

It is quite common to see the stylist effortlessly showcasing an expensive handbag or shoe with a Marks & Spencer or Zara dress.

Reusable luxury is not taboo any more: From cars to watches to fashion and accessories, the new luxury consumer is preferring to buy a cheaper, higher positioned luxury product over the traded-down lower level of a luxury brand.

Clearly, democratized luxury lines are facing the heat from their own higher-ups. Names such as Big Boyz Toyz have created history by clocking unheard-of sales via their online channels.

Beauty and skin care are driving luxury sales: The wellness transformation of the luxury beauty and skincare market has taken a major leap with emergence of South Korea as a leader.

Have the South Koreans discovered the elixir of youth, or is it all just marketing puff?

The advent of Chinese-owned video-sharing social network TikTok has created celebrities from smaller towns, drawing instant fame to almost cult positions and driving small-town India towards a look-good phenomenon.

While H&M, Marks & Spencer and Zara bring fast fashion to small towns, it is the beauty business that is laughing all the way to the bank. After all, you cannot rent a lipstick, can you?



Designer Sabyasachi's summer 2020 heritage jewelry collection. Image credit: Sabyasachi

Invasion of the pink brigade: With the clearance of the article 377, an open-arm acceptance of the LGTBQ community is being celebrated all over. Fashion is more universal and gender neutral, makeup is following and so is jewelry.

Lazy generation: Digital assistants by virtue of remote devices are now being discarded and replaced by voice-activated assistants.

No longer do millennials or Gen Z consumers want to lift even a finger, but instead use their voice to command devices. Technology surely is aiding this approach. From televisions and air conditioners to cars and mobile phones, all seem to respond to his master's voice.

Wanderlust drives micro vacations: The desire to see more, explore more, share more and post more is driving youngsters to locate, experience and wander to unchartered locations.

Mini vacations replace monthlong family holidays. Long or short weekends see hordes of SUVs driving to remote locations for a micro break.

Time and clean air are the new luxury: Since traffic and environment conditions deteriorating, new models of work, living and entertainment are emerging.

With a customer's time being at a premium, anything which can help save time is preferred.

A new trend towards home delivery, home shopping and home entertainment is creating a new economy.

The gig economy, zero-distance retail and entertainment hub real estate projects are fast-catching trends.

Emergence of the "seenager" consumer: With more brands focusing on the young, a newer breed of products is seen to quietly target aging baby boomers.

Aptly coined as "seenagers," this cohort has the money to spend, is knowledgeable, patient and willing to experiment unlike its forebears.

Special-living homes, assisted travels, curated holidays and service at the snap of your finger are being designed

and offered to this consumer. And yes, the elders are simply loving it.

Affordable luxury is the segment to be in: A strong case exists for catering to first-time luxury buyers who have recently seen a rise in their disposable incomes.

Thanks to 4G, they now have access to cheap and fast Internet via smartphones.

With sophisticated tastes and awareness of international trends, this affluent demographic wants better goods and services which the luxury business is primed to offer. Uniclo, H&M, Marks & Spencer, Zara and its ilk are clear winners in this race in India.

Rise of the fit customer: Another megatrend is fueling the demand in active wear and sportswear. Worldwide, there is a cultural shift towards sports, including running, as part of a growing emphasis on fitness, especially among the urban population. It is reflected in India.

Technology is getting integrated as part of wearables. There are smart clothing items in the market with embedded health sensors and medical monitors. Outside of apparel, fitness wearables that sync to smart phones have gone mainstream, too.



Abhaya Gupta is founder/CEO of Luxury Connect and Luxury Connect Business School

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

This article is partly sourced from Mr. Gupta's soon-to-be released book, "The Incredible Indian Luxury Bazaar."

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