

MARKETING

The incredible Indian luxury consumer

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India's royal families and Old Money elite still account for the bulk of luxury sales in that market. Image credit: Luxury Society

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As India rises up on the global ladder, Indians are finding their true positions in the global arena, luxury goods demand is enabling meritocracy-based status increases, and the market gets more complicated.

The Indian luxury landscape is experiencing strong evolutionary undercurrents that are redefining the consumer profile and also how luxury players need to operate in this domain.

India's luxury market is developing in many ways.

Generations in the making

Luxury is no longer restricted to the rich and famous alone, but to new-age consumers who do not typically fit into the boardroom definition of luxury consumers. This segment of clients is staking claims on luxury products, brands and services, but on their own terms.

There is now a larger consumer-base, which has the money to splurge, but also wants a real value proposition. Going forward, this will be the biggest challenge faced by luxury brands.

The luxury goods market in India is one of the world's most diverse, exciting and challenging markets for brands seeking a presence there.

Brands and retailers that want to capture a share of this fast-paced business need to learn to adapt, or risk missing one of the next great untapped opportunities for the luxury business.

As more brands are entering India with renewed strategies, Indians traveling to London, New York or Dubai and coming back with suitcases full of products is gradually becoming a thing of the past.

A demographic scan of the population, spread across five to six generations of post-independence Indians, show that the behavior, trends and approach toward wealth and consumption have radically changed.

Typically, the economic evolution could be spread across:

1. The pre-independence or silent generation, born before the independence of 1947 (1925-1945)

2. The post-independence generations, the baby boomers; generation X and the Xennials, born after 1947
3. The millennials, Generation Y, born between 1980-1994
4. The centennials, Generation Z, born between 1995-2012
5. The generation Alpha, born between 2013-2025

The income and wealth generation journey of the various demographics can be summarized as the following:

1. Most of those born in the pre-independence era, struggled their way out of poverty to provide the bare basic amenities and a good quality of education to their next generations. They worked hard to provide the basic necessities of life meaning, food, clothing and shelter.
2. The baby boomers and others moved forward to create a standard of living.
3. The subsequent Gen Y and Z on are seeking a better quality of life, thereby creating demand for luxury goods and services.
4. Until liberalization in 1990, the purchasing power largely remained with a few. Their behavior significantly shaped the initial journey of the luxury market. The subsequent generation Y, Z and Alpha are beginning to come into prominence now, once again dictating a radical transformation.

Types of Indian luxury consumers

The Indian luxury consumer could be subdivided into the following traditional classes. That being said, the true impact of Gen Y and Z are a matter of further study since typically, the purse strings are still controlled by Gen X and above. The behavior of their off-spring, while important influencers, are not yet key purchase drivers.

The Old Money consumer The Traditional Maharaja or The Khandaani Raees

Born with a silver spoon, the Old Money group has inherited wealth. Luxury is hence, a way of life for them.

The elitist, original, sophisticated, upper-class spill over from the erstwhile nawabs and maharajas Indian royals who ruled over 500-plus states who despite the Privy Purse withdrawal, have continued their traditional conspicuous consumption all through the post-independence decades, and have not been dependent during the new wave of luxury goods into India.

These luxury consumers want exclusivity and customization, key drivers being individuality, personalization and a special effect just for them. This small percentage of Indians perhaps contributes a maximum value to the luxury sales.

The New Money consumer - The new Maharaja

Created during the post-industrialization phase of the Sixties, the new industrialists, the new rich, or the new factory owner is a by-now staunch consumer of luxury goods. They earned the wealth themselves and seek value.

While the older generation prefers spending on safe assets such as jewelry, their successive generation tries to pull them out of the closet to devote more spend on trendy items.

The HENRY The educated, corporate professional

The management graduate with multinational income; the DINK (double-income, no kids); the HENRY (high-income, not rich yet); and the YUUMY (young urban, upwardly mobile) shop luxury like there is no tomorrow. They need to dress well, drink well, eat out frequently, socialize, entertain, and relax essentially living well and living for today. They place importance on luxury automobiles, mobile phones and seasonal wardrobe changes and are considered the next big spenders on all things luxury.

The Returning NRI (non-resident Indian)

During the 1960s and 70s, many educated Indians moved to the United States for a better quality of life. The reverse brain drain due to global meltdown brought back a whole lot of technocrats and their ABCD (American-born, confused desi) offspring. They seek the Westernized lifestyle which they left behind.

Some still use artificial accents to show their superiority to locals, and at times end up being mocked. This group is well educated, well exposed and tech-savvy.

As more globetrotting NRIs make their way back to resettle in India, the luxury business has hugely benefitted.

Used to a certain standard of living and services that they have experienced abroad, they seek the same in India. Particular gains have been seen in luxury real estate, home decor, hospitality, fashion and restaurants.

The Bargain Hunter

This class is visible during EOSS (end of season sales). They come out in large numbers and can be seen walking around showrooms wondering why goods are so expensive, even during sale periods. They buy small, but will graduate to higher-level purchases as their career progression supports them.

The above extract is from the book, "[The Incredible Indian Luxury Bazaar](#)." For further analysis on the Indian Luxury space, its consumers, challenges solutions and more, [pre-book your copy](#) at a special early-bird price.



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