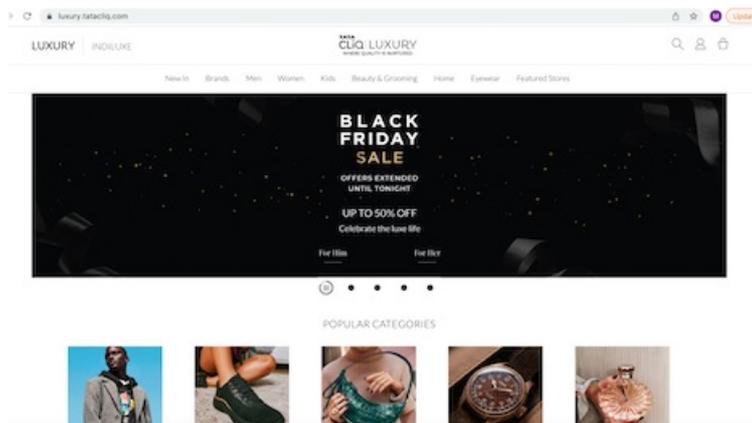


COLUMNS

Luxury ecommerce set to take off in India under shadow of pandemic

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Tata CLIQ Luxury is one of the leading Indian ecommerce portals for premium and luxury brands. Image credit: Tata CLIQ Luxury

By [Abhay Gupta](#)

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The recent pandemic has been the greatest catalyst for the digital disruptions in our lives. It is believed that almost 10 years' equivalent of digitization took place during the past 10 months.

The world is changing much faster than our ability to cope. Newer opportunities of wealth creation led by reduced options of spending during the pandemic has brought about a general buoyancy in the luxury circuit worldwide.

New formats, new product categories, changed consumer behavior and accelerated acceptance of the digital mediums have changed the dynamics of the industry. India, too, has caught up and kept pace with the rest of the world, with more individuals daily joining the top of country's income pyramid.

Lining it up

The Knight Frank Wealth Report 2021 by McKinsey expects the number of ultra-high-net-worth individuals worth \$30 million and up in India to grow by more than 63 percent from about 6,800 in 2020 to more than 11,000 in 2025. The absolute numbers look promising. The numbers in the subsequent tiers of wealth are promising, too.

In conjunction with the growing demographic of consumers increasingly capable of affording luxury products, and a burgeoning lineup of brands and designers offering such products, the luxury industry is only projected to grow bigger.

Pre-pandemic sales figures have already been achieved by most brands. Per a report by Euromonitor International, despite the COVID-19 pandemic, India's luxury goods market is expected to grow from \$6 billion in 2021 to \$8.5 billion in 2022.

Despite the fact that most luxury brands have been very hesitant adopters of the digital medium, the spurt of digital and social commerce during the pandemic cannot be ignored.

The quick adoption of the digital spaces from simply promotion to now commerce has led to a greater democratization and consumption of luxury goods far and wide.

The market in India is no longer restricted to just the major metros, but latent demand from smaller towns and cities is fueling growth to the overall market size.

From an approximate \$50 billion in 2020, the ecommerce sector in India is expected to be worth more than \$110 billion by 2025.

In the case of luxury goods, it seems, the only thing missing from the Indian market has been a strong ecommerce marketplace.

Making it click

The luxury ecommerce market in India has had a few players in the past few years. While the pandemic sent the whole country into unending lockdowns, one after another, ecommerce platforms all over continued to grow.

The Internet has increased the reach of luxury brands, and many platforms have reported that more than half of their sales are coming from non-metropolitan regions, tier II and tier III cities.

Many experts say that the global COVID-19 pandemic has pushed the industry into the next gear and aided its growth.

The luxury market has always been known for a very personalized and almost exclusive experience.

While mainstream brands bank on using their product as the main selling point, luxury brands rely on the whole customer experience to set themselves apart from the rest.

With millions of people sitting in their homes, ecommerce has been the only way for luxury brands to reach their target audience and customer-base. And with a solely virtual interaction possible, the only way for a brand, designer or seller to sell its products is through online stores.

As nature has it, necessity is the mother of invention. Many ecommerce platforms found ways to recreate a personalized experience virtually.

From high-quality pictures that allow customers to zoom in and examine every detail and 3D models of the product that show the product from all angles, to white-glove services such as luxurious packing and luxury chauffeur driven delivery service of the product to the customer's doorstep, brands and their sellers seem to have made the most of the situation and improvised their services accordingly.

Instead of offering a return policy similar to most general ecommerce Web sites, luxury ecommerce platforms are letting the customer place a trial order, which involves delivery of several items to their doorstep for trials after which they can decide whether to make the purchase.

During the pandemic lockdown, consumers were more generous with gifting, and luxury gifting was another facet that picked up well.

Even customers skeptical of buying luxury products on ecommerce Web sites experimented with the services and have become returning customers due to a satisfactory experience.

In terms of business, the previous year has been full of ups and downs.

Portal of opportunity

While many luxury brands have entered the virtual space by launching their Web sites and pushing their sales through ecommerce, many existing platforms too have garnered quite a presence.

In July 2020, couturier Rahul Mishra launched an online store that saw sales increase up to five times from those of the previous year, due to what has been called revenge buying.

In a phenomenon seen worldwide, as countries were seen coming out of lockdown, the sales of luxury items were seen skyrocketing.

Indian luxury giant Tata Cliq Luxury reported that its business grew more than 150 percent after lockdown restrictions were removed. And it has been since growing consistently.

While established platforms such as Tata Cliq Luxury, AJIO Luxe and Nykaa have already tested their waters and are now expanding their range of products and consequently their customer base, the immense opportunity is also making way for newer enterprises to fill some gaps.

One such enterprise is LF Shop by LuxuryFacts. LuxuryFacts has been in the industry for some time as an online magazine that catered to news and developments in the market. The first luxury e-magazine in India, LuxuryFacts

has recently ventured into luxury ecommerce.

Where LF Shop seems to be making a mark is with its selection of products. A highly curated platform with brands and products that are nothing short of unique and exquisite, LF Shop also has a perspective that luxury should not be confused with discounts and sales that often betray the essence of slow-fashion and investment pieces.

Much like international portals Farfetch and Net-A-Porter, LuxuryFacts beautifully combines content, e-retail and minimalistic design with an absence of gimmicks.

WITH THE LUXURY ecommerce space in India seeing a vibrant growth of platforms, ideas and unique personalities, the local luxury industry is becoming increasingly dynamic and set to grow at a highly accelerated pace.



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

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

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