

Luxury Roundtable

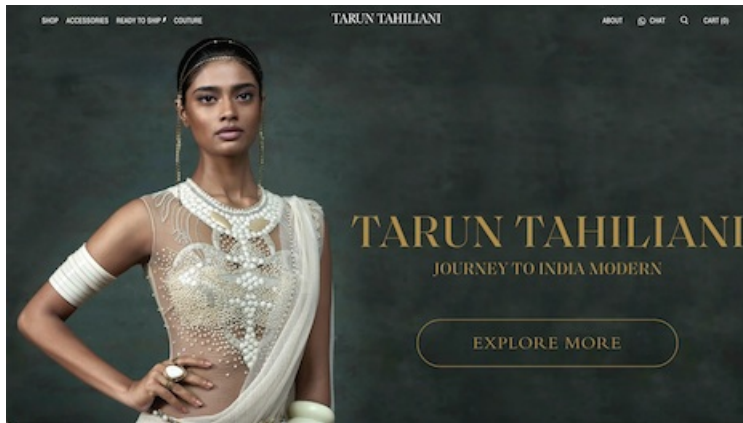
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Business at its best

INDIA

The India report: The new luxury hotspot

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Mumbai-based Tarun Tahiliani is one of India's best known fashion designers, specializing in highly elaborate outfits that emphasize India's culture and craftsmanship. Image: Tarun Tahiliani

By **Abhay Gupta**

India boasting the world's fastest-growing economy, fastest-growing population and fastest-growing country status for consumers with \$100 million in wealth is witnessing a surge in conspicuous consumption. It is not just tycoons, but a new class of wealthy entrepreneurs, executives and dealmakers that are muscling into India's luxury market.

Post-COVID-19, besides just the usual drivers of revenge shopping, restricted travels and a fear phobia linked with crowded destinations, strict capital controls dictated by the Narendra Modi government forced the elite to splurge on luxury within the country.

Hence, despite a habitual preference for jetting abroad to Europe for shopping and vacations, domestic demand for everything from handbags and second homes to watches and automobiles has accelerated since the pandemic.

This hubbub, naturally, has led global luxury firms and brands to rush into India.

The recent opening of the Jio World Plaza in Mumbai on Nov. 1 is testimony to India's potential and home to many such brands. The four-level plaza seamlessly integrates into the Nita Mukesh Ambani Cultural Centre, The Jio World Convention Centre and the Jio Garden, making it a complete cultural, retail and entertainment hub.

On offer is access to 66 luxury brands including global newcomers and iconic brands such as Louis Vuitton, Gucci, Cartier, Dior, Balenciaga, Valentino, Versace, Rimowa and Tiffany, among others.

Earlier, in September, India hosted the G20 summit and ensured that a host of global delegates and key business leaders witnessed the growth and upsurge of economic development in not only major metros but across 200-odd key smaller cities. This has further created desirability for global brands to set up businesses across India.

In addition, from RRR! winning a first Oscar for an Indian movie and Naatu Naatu! being awarded the best original soundtrack from that film at the 95th Academy Awards in March, to Indian Prime Minister Modi being welcomed to the White House for a state visit in June, India and Indians have been the center of every important global occasion.

Today, no major global challenge from climate change to advances in technology, to the Russia-Ukraine as well as Israel-Gaza wars can be addressed without India's buy-in.

Likewise, no global mega event is complete without India and Indians.

From Cannes to the Met Gala, Indian celebrities, just like PM Modi, are in vogue.

Can luxury be far behind? Here is a quick look at luxury brands and their growing interest in India.

Bulgari

In August 2021, Bulgari appointed Priyanka Chopra Jones as its global brand ambassador.

Bulgari chief executive Jean-Christophe Babin said, "India holds a special place in our hearts at Bulgari, since it doesn't only offer us a continuous source of inspiration, but this rich, incredible land provides us with some of the most precious gems of nature to craft our creations, from jewelry to fragrances.

"I'm beyond excited that Priyanka is joining our family. I'm sure that together we will develop exciting projects, with a significant social impact."

Soon after, in September 2021, the Roman jeweler launched its first India-inspired exclusive statement piece, The Bulgari Mangalsutra.'

Speaking on the occasion of the launch, Mauro Di Roberto, managing director for the jewelry business unit at Bulgari, said, "Since we re-entered into India in 2014, we have been even more intrigued by the cultural traditions of India and inherent role of jewelry.

"It took us several years to design our interpretation of the Mangalsutra for the modern Indian woman, for whom this piece is often one of the most important pieces of jewelry she wears.

"While working hard to maintain its traditional appeal, we have worked closely with our team in India and Priyanka Chopra Jones to ensure that it resonates with the lifestyles of the modern bride today, that she can wear from morning to night, every day and everywhere, pairing it with ease with Indian as well as Western wear."

Earlier in 2020, the company partnered with perfume and taste company Firmenich on a sustainable flower farming project called Flower Gems of India.'

The goal was to create a new jasmine farming model involving 100 family-owned farms in the southern Indian state of Tamil Nadu, offering local communities an alternative approach to jasmine production to increase their profits and enhance the quality of their flowers.

Louis Vuitton

For the pre fall 2020 campaign, Deepika Padukone became the first Bollywood actor to star in the Louis Vuitton global campaign, bringing the Indian face an inch closer to global posters.

Ms. Padukone was amongst other celebrated and known faces of Louis Vuitton such as actors Sophie Turner, La Seydoux, Alicia Vikander and Chlo Grace Moretz.

Soon after, in May 2022, she was elevated as the first Indian to have been appointed as the Louis Vuitton house ambassador.

As the brand announced the prolific Bollywood actor as its house ambassador, the designer and muse relationship fused beyond just campaigns and ramp walks into a more cohesive relationship.

Cartier

The house of creativity and timelessness, Cartier unveiled Deepika Padukone as its newest ambassador on Oct. 3, 2022.

Arnaud Carrez, Cartier's senior vice president and chief marketing officer, announced, "We are delighted to welcome Deepika Padukone to our community of extraordinary talents. As an inspiring actress and committed philanthropist, Deepika embodies the maison's spirit and values of celebrating creativity, universality and open-mindedness."

Christian Dior

On March 31, Dior decamped from Paris to Mumbai where Maria Grazia Chiuri presented the house's pre-fall 2023

collection against the historic backdrop of the Gateway to India monument.

Ms. Chiuri made her boldest step yet staging her fall 2023 show in Mumbai as a "creative dialogue" between Dior and the Chanakya artisanal workshop.

Amid an art installation created by Chanakya and its School of Crafts, Ms. Chiuri showed one of her most embroidery-dense collections to date, rich with silks and jewel tones and shown in an achingly pretty progression of color and texture.

Ms. Chiuri also underscored that Dior's relationship with India predates her 2016 arrival at the brand.

Marc Bohan, who passed away recently and was Dior's artistic director from 1960 to 1989, travelled to Mumbai and Delhi in the early 1960s and created a number of pieces for Indian customers. Many of the looks in the collection that Chiuri showed were updates of those original Bohan designs.

Tiffany & Co.

Last April, Hindi movie actor Ranveer Singh attended the unveiling of Tiffany & Co.'s newly redesigned New York Landmark store, the newly transformed flagship of Tiffany & Co.

Associated with Tiffany as Friend of the House, Mr. Singh the only Indian celebrity in attendance walked the red carpet wearing designs such as the dazzling Schlumberger bird on a rock' and icons including the Tiffany T bracelets and rings as well as the Tiffany HardWear wrap necklace, among others.

Mr. Singh celebrated the occasion alongside key brand-associated guests such as fellow actors Jimin from BTS, Gal Gadot, Hailey Bieber, Florence Pugh, Anaya Taylor Joy, Blake Lively, Michael B Jordan and Zoey Kravitz.

Este Lauder

Last May, Este Lauder named Bollywood actor and former Miss World Manushi Chhillar as its global brand ambassador.

With this appointment, the actor joined Este Lauder's roster of global ambassadors that include Imaan Hammam, Adut Akech, Ana de Arnas, Amanda Gorman, Bianca Brandolini D'Adda, Carolyn Murphy, Grace Elizabeth, Karlie Kloss, Kki and Yang Mi.

Commenting on the appointment, Justin Boxford, global brand president of Este Lauder, said in a statement: "We are thrilled to welcome Manushi to the Este Lauder family. In addition to her rising star power, Manushi's dedicated use of her platform to bring about positive social change in India and beyond will enable us to continue to reinforce our brand's commitment to championing women's advancement around the world."

Gucci

Soon on the heels of the above association of Este Lauder came another exciting announcement of Alia Bhatt as Gucci's first global ambassador from India.

Following her successful debut at New York's Met Gala the most gate-kept fashion event of the year Ms. Bhatt was perhaps the obvious choice for an expansion in the fashion space.

Ms. Bhatt joins the ranks of global ambassadors at Gucci such as Dakota Johnson, Hanni from the Kpop group New Jeans and Harry Styles.

This new move from a mega luxury house, like its competitors' actions, will perhaps signal a change in the global perception of the power of Indian talent.



Indian billionaire Mukesh Ambani is backing the Raghavendra Rathore menswear brand, targeting consumers looking for both Western and traditional bespoke clothing and accessories. The Indian royal model here is the young Maharaja Padmanabh Singh of Jaipur. Image: Raghavendra Rathore

Why Indian celebs?

Popularity and Influence: Indian celebrities enjoy immense popularity and have a significant fan following, both in India and globally. They have a strong influence on consumer preferences and trends, making them valuable assets for luxury brands looking to connect with their target audience.

Brand visibility and recall: Partnering with well-known Indian celebrities helps luxury brands gain visibility and enhance their brand recall in the Indian market.

These celebrities often have a wide reach through various media platforms, including television, movies, social media and endorsements. Their association with a luxury brand can create a positive perception and generate interest among consumers.

Cultural relevance: Indian celebrities bring cultural relevance to luxury brands, especially when they align with the brand's values, aesthetics or target market.

By associating with Indian celebrities, luxury brands can tap into the cultural nuances and preferences of Indian consumers, creating a stronger connection with the local audience.

Aspirational appeal: Luxury brands often aim to evoke a sense of aspiration and desire among consumers.

Indian celebrities, with their glamorous lifestyles and successful careers, embody this aspirational appeal. Their association with luxury brands can help create a perception of exclusivity, desirability and success, enticing consumers to engage with the brand.

Market penetration: India is a vast and diverse market, and celebrities can play a crucial role in helping luxury brands penetrate different regions and target specific consumer segments.

Indian celebrities often have a strong regional and demographic appeal, allowing luxury brands to expand their reach and tap into new markets within India.

Global appeal: Many Indian celebrities have gained international recognition through their work in the entertainment industry.

Luxury brands see the value in partnering with these celebrities to leverage their global appeal and reach a broader audience beyond India. This strategy helps luxury brands establish a stronger presence in international markets.

Next playground for global luxury

Macro-economic parameters: India's GDP has been growing at a steady pace in recent years, prompting economists at large to put forth superfluous predictions about the country's future.

Alongside touting India as a driver of economic growth in Asia, some analysts expect the country to be the second-largest economy in the world by 2050.

The world economic outlook report by the International Monetary Fund projected that India remains the fastest growing economy in the world despite facing considerable challenges and headwinds such as financial sector turmoil, inflationary pressures, impact of the Russia-Ukraine and Israel-Gaza wars and the persistent impact of

COVID-19 over the past three years.

"Growth in India is set to decline from 6.8 percent in 2022-23 to 6.3 percent in 2023-24 before picking up to 6.8 percent in 2024-25, with resilient domestic demand despite external headwinds," the IMF said in an update to its World Economic Outlook report.

Furthermore, India currently a \$3.75 trillion economy and the fifth largest in the world continues to maintain its pace of rapid growth.

A report by EY projects India to become a \$26 trillion economy by 2047 with a six-fold increase in per capita income to \$15,000.

Goldman Sachs predicts India as the **world's second-largest economy by 2075**, while the **Financial Times columnist Martin Wolf suggests** that by 2050, its purchasing power will be 30 percent larger than that of the United States.

Indian consumer scenario: Per a report by Bain & Co., India's consumer market represents an opportunity worth \$6 trillion by 2030.

It is estimated that India's total consumption expenditure will grow by a factor of four, from \$1.5 trillion in 2018 to \$5.7 trillion to \$6 trillion by 2030. This impending explosion of opportunity is fascinating, not just for the size of the prize at which it hints, but for the changing complexion of the consumer.

It is the upper middle income as well as the high-income households which stand at about 50 percent of the overall population pyramid which are driving the growth of premium to luxury consumption.

Rise of HNWI and UHNWI: Wealth of the rich in India has grown over the last decade.

The pandemic-hit years, too, continued to see a stellar increase in the number of the rich.

According to the IIFL Wealth Hurun India Rich List, while 100 Indians owned assets worth more than \$120 million (10 billion rupees) in 2012, the number has grown to 1,103 in 2022.

During the pandemic, between 2019 and 2022, there were 353 additions to the list. The richest 1 percent in India now own more than 40 per cent of the country's total wealth.

Further, as per Credit Suisse report 2021, India housed 796,000 millionaires, expected to shoot up by 105 percent to 1.632 million by 2026.

During 2018-22, India is estimated to have produced 70 new millionaires every day.

At 4,980 individuals, India also had the fifth highest number of UHNW individuals with a net worth of at least \$30 million.

The report said wealth per adult in India has risen at an impressive average annual rate of 8.8 percent since the year 2000 and stood at \$15,535 at the end of 2021.

India climbing up the luxury ladder: The global luxury market is estimated to be worth \$1.48 trillion by Bain & Co.

An anticipated growth of 5 percent in the personal luxury goods space has actually been surpassed to a level of 8-12 percent, per the spring 2023 report by Bain.

Most of this growth is expected from the newer markets of India, South Korea and Taiwan.

India's luxury market, currently standing at about \$57 billion, is projected to grow by 3.5 times to reach \$200 billion by 2030.

What are Indians splurging on?

The post-pandemic market saw a frenzied revenge shopping phenomenon in all sectors of luxury.

In 2022, Indians spent around \$8 billion on luxury products, according to Bain luxury consultant Claudia D'Arpizio.

The YOLO concept came to its true element when most Indians began and continued to splurge on good things in life including fashion, accessories, watches, high-end cars, fine wines and luxury homes.

Beauty, skin care, wellness and health have come to the forefront.

Micro vacations drive demand for weekend getaways and boutique properties to isolate oneself from the boredom of the daily life.

Destination weddings with no-expense-barred kind of toppings top the list.

Fine gourmet, expensive yet classic gifts, theme-based dcor and designer clothing along with erotic entertainment see a rise in demand.

Luxury fashion and accessories: A rather dominant presence of global luxury fashion and accessory brands was initiated in 2008 when Emporio, India's first true luxury mall, opened its doors to names such as Louis Vuitton, Christian Dior, Cartier, Zegna, Giorgio and Emporio Armani, Tom Ford, Gucci, Salvatore Ferragamo, Bottega Venetta, Burberry and Corneliani.

The global financial crisis caused by Lehman Bros.' collapse soon after led to a slowdown and reshuffling of a few luxury brands exiting India and newer ones entering.

In the post-pandemic era, many newer brands have entered or announced their arrival in the promising Indian market.

Euromonitor forecasts that the Indian luxury goods market is worth \$8.5 billion, up by an impressive \$2.5 billion from 2021.

Soon on the heels of Reliance Brands Limited announcing its association with Valentino and Balenciaga, Aditya Birla Retail broke news about the much-awaited arrival of the French retail chain, Galeries Lafayette.

The French luxury department store will open two stores, one in Mumbai (8,000 square meters) in 2024 and another in Delhi (5,500 square meters) in 2025. Each is stated to house more than 200 global luxury brands.

"We are proud to expand our international footprint in the heart of a market as prestigious and refined as India, where we believe Galeries Lafayette can benefit from strong growth potential," said Galeries Lafayette CEO Nicolas Houz in a statement.

Ashish Dikshit, managing director of Aditya Birla Fashion and Retail limited, said, "This is a coming-of-age moment for Indian luxury. India is now home to a generation of young and affluent consumers with global exposure, who are willing to spend on the finer things in life. This is visible in the boom and dynamism of the **luxury** market.

"The partnership with Galeries Lafayette is a ringing endorsement of India's significance as a global luxury market and a future engine of growth for luxury brands," he said.

Not only just global luxury brands, but there has been a recent thrust towards corporatization of Indian fashion and artisanal brands with both Reliance Brands as well as competitor Aditya Birla Retail vying for an action of this fast-developing pie.

Major associations announced by the two houses include top names such as

Reliance Brands Limited's ties with Manish Malhotra, Raghavendra Rathore, Anamika Khanna, Ritu Beri, Ritu Kumar, Rahul Mishra, Abu Jani & Sandeep Khosla, Abraham & Thakore and Satya Paul, and Aditya Birla Retail's relationships with Sabyasachi Mukherjee, Tarun Tahiliani, House of Masaba and Shantanu & Nikhil.

As corporations continue to invest in design houses and create bridge-to-luxury and ready-to-wear lines, more Indians will be seen dressed in designer wear.



Indian consumers are the largest collectors of gold worldwide

Luxury watches and jewelry: Per Statista, revenue in the Indian luxury watches and jewelry segment amounts to \$2.24 billion in 2023. The market is expected to grow annually by 0.18 percent (CAGR 2023-2028).

Swiss watch manufacturers registered a new record for exports to the Indian market in 2022.

According to the Federation of the Swiss Watch Industry, the growth in demand for Swiss watches remained strong even during the first two months of 2023.

India ranked 23rd in terms of Swiss watch exports to countries, whilst imports of Swiss watches into India rose by 20 percent in 2022 from previous year.

Luxury watch retail chain Ethos Watches reported a gross revenue increase of 36.6 percent the from previous year.

The retailer maintains that the Indian luxury watch segment is growing at a pace of 10-12 percent per year.

With a portfolio of more than 60 brands, 54 outlets across the country and 22 more planned for the year, Ethos Watches has managed to organize this lucrative space by penetrating tier 2 and tier 3 cities across India.

In addition, reputed luxury watch retailers have now expanded their business to the ecommerce platform and are capitalizing on this hybrid format.

In March, luxury multi-brand retailer TimeValle entered into a partnership with Tata CLiQ Luxury to launch its exclusive digital boutique in India.

On the jewelry front, besides global names such as Tiffany, Bulgari and Cartier, top Indian brands including Zoya, Tanishq, Malabar Gold, P.C. Jewelers, Hazoorilal, Tribhuvandas Bhimji Zaveri, Joyluka's and Kalyan are luring Indian consumers to branded jewelry from the traditional small-time, unorganized jewelers. The future is only bright as the consumer gets younger and branded by shopping behavior.

Luxury homes: Post-pandemic, demand for luxury homes and real estate has seen a upswing.

With work from home and the gig economy becoming a norm, Indian consumers seek a comfortable home to not only live in and work from, but also a place to party.

High-rise apartment blocks with all amenities such as a swimming pool, gymnasium, grocery shopping, banking and salon facilities along with a medical center built in, are the flavor.

A self-contained living-entertainment zone with a banquet to host parties, a business center doubling as a club for entertaining and meetings, a mini golf course, if not 18 holes, are some of the trappings sought.

The Luxury Outlook survey by India's Sotheby International Realty shows that 33 percent of the HNW and UHNW are willing to spend upwards of \$1.2 million and upwards for a luxury home.

Farm houses, second homes, retirement homes and even old-age homes see a significant demand in cities such as Mumbai, the Delhi National Capital Region and Bangalore as well as the Southwestern Indian state of Goa.

The luxury real estate demand is further buoyed up by non-resident Indians looking at investing in asset classes in India.

The currency advantage the U.S. dollar exchanges for 83.3 Indian rupees, at current rates plays a major role along with unprecedented appreciation and demand for move-in-ready houses, villas and apartments in gated complexes.

Out of the total 365,000 units sold across the top seven cities in 2022, about 18 percent approximately 65,680 units were in the luxury category, reveals research conducted by real estate consultancy firm Anarock Group.

Contrastingly, of the total 261,000 units sold in 2019, just 7 percent approximately 17,740 units were in the luxury category.

"After a stupendous performance in 2022, the bull run in luxury sales continued in Q1 2023 as well despite property price rise," said Anuj Puri, chairman of Anarock Group. "And most recently, out of the total 1.14 lakh [114,000] units sold across top seven cities in Q1 2023, at least 25 percent were in the high-ticket segment priced Rs. 1.5 crore [\$180,000]."

Luxury automobiles: In the automobile domain, luxury brands enjoy a mere 1-2 percent of the overall market.

It is estimated that anywhere between 37,000 to 38,000 luxury units sold in India last year.

Cumulative sales for Mercedes-Benz, BMW and Audi accounted for 31,277 units.

Mercedes topped out at 15,822 units. BMW sales was reported at 11,268 units, and Audi stood at 4,187 units.

Demand is said to be stronger for top-end vehicles priced upwards of \$120,000.

Super luxury cars such as Lamborghini saw an upswing of sales from smaller Indian towns and are sold out for the entire 2023, with an expected delivery of 100 units.

The brand saw record sales in 2022 at 90 units, with a growth of 30 percent from previous years.

Likewise, Porsche witnessed a 64 percent growth, with sales of 779 units in 2022.

The market is set to register strong growth in 2023, with the total industry volumes likely to grow by 13-18 percent to about 43,000 to 45,000 units.

Mercedes-Benz India, the country's largest luxury carmaker, posted its best January-to-March first-quarter sales numbers at 4,697 cars, posting a 17 percent growth.

Industry experts say the luxury car market has a potential of accounting for 5 to 7 percent of the overall market by the end of the decade.

Fine wines, liquor and spirits: In 2022, India overtook France to become the largest market for Scotch whisky by volumes. But it is still just 2 percent of the country's overall dark spirits market.

A potential 150 percent reduction of tariff burden under the U.K.-India free trade agreement could boost market access.

The market is projected to grow at an annualized 7 percent rate by 2026.

Over the past two years, the Scotch whiskey market has nearly doubled.

Spurred by growth and higher consumption by millennial drinkers as well as a growing middle class, the pricier Scotch market grew by 33 percent year-on-year to 7.5 million cases of 9 liters each in 2022.

In 2020, India consumed 3.9 million cases of premium scotch whiskey.

Likewise, the wine market in India is estimated to increase by \$688.16 million between 2022 and 2027.

The market's growth momentum will be progressing at a CAGR of 30.92 percent.

The market is driven by factors such as the increasing use of online sales channels, increasing application and demand for wine in the food industry and the growing awareness regarding the health benefits of wine.

The rising population of millennials worldwide is a key trend influencing the growth of the market.

While revenge shopping may have contributed to the generic growth, the overall acceptance and demand of the luxury and super-premium segment must be attributed to a shift in consumer perception and evolving drinking habits.

The younger generation is more cautious of the alcohol they consume because they value its quality. This generation's alcohol preferences reflect an evolved demand for flavor, rich history, sustainability and other such factors.

The Indian flavor profile for alcohol has evolved and now includes the subtle nuances found in luxury spirits.

As we raise our glasses to the major shifts in consumer behavior, one thing is certain: with health consciousness on the rise, more shifts are on the way.



The recently opened Jio World Plaza in Mumbai's Bandra-Kurla Complex is host to some of the biggest names in luxury including Bally, Cartier, Balenciaga, Burberry, Ferragamo, Louis Vuitton, Herms, Tod's, Versace, Valentino, IWC Schaffhausen, Rolex, Jimmy Choo, Panerai,

Bulgari, Saint Laurent and Dior, in addition to homegrown labels. They are all eyeing the growing affluent and aspiring classes in India. Image: Jio World Plaza

Understanding the Indian luxury market and the consumer mindset

There are many different nuances that luxury brands should take note of when it comes to the Indian market.

For instance, the Indian male shopper tends to spend big on international luxury fashion brands, more so than female shoppers.

However, accessories such as bags and footwear are large drivers for women's luxury brands since these are easy to pair with Indian luxury outfits and are a place where womenswear brands need to focus.

Another point to note is that Indians like to be pampered, so luxury brands need to offer unique experiences, storytelling and melodrama to keep them hooked.

A large chunk of the customer is maturing and seeks value and experiences over just brand name and logo.

Specificity counts. Brands that have launched *India-specific collections* or communications have fared better. This is an easy route to connect to Indians not only in India, but also a vast diaspora spread all across the world, particularly as a larger part of the Indian luxury market invests in brands that help define their sense of style rather than just social stratification.

Celebrity endorsements and influencer campaigns are key drivers of brand affinity.

Self-indulgence comes out even bigger than a display of logo.

Unlike the West, Indians are comfortable with crowds. They prefer to step out and shop in-store as compared to online shopping.

The ecommerce surge is real. Do not ignore it.

Limited physical availability is driving small-town Indian consumers towards virtual and digital shopping.

The COVID-19 pandemic accelerated the digital purchases of luxury goods and services due to fresh confidence in digital banking operations.

Most consumers are unaware of NFTs. Overall awareness of NFT is marginal and ownership is negligible.

NFT launches by a few Indian designers and celebrities did not take off as anticipated, mainly due lack of any strategy and direction.

Resale and rent-a-luxury is beginning to see increasing acceptance in first-time luxury consumers and is helping to expand the market. Luxury vehicles and watches contribute mainly to this pre-loved space.

The Big Fat Indian wedding and festivals, and gifts for such occasions remain to be large consumption opportunities.

The pandemic changed the wedding celebration into a much smaller event with limited guests, but high-value expenditure on the venue, food, liquor and, of course, gifts. It is common to see expensive cars, dresses and watches being gifted.

Not just in big cities, but small. A largely fragmented market, Indian HNWI can be located in many parts of this gigantic geography.

Dedicated luxury malls are a handful and few: The Emporio and The Chankaya in New Delhi, The Palladium and Jio Drive in Mumbai, The UB City in Bangalore.

However, customer bases have been identified in mini and upcoming metropolitan areas which are ready for the luxury explosion.

Statistics reveal that 45 percent of the HNWIs are based out of non-metro cities.

Interestingly, 65 percent of non-metro residents buy luxury on a regular basis versus 53 percent in metros.

Currently, the desire for luxury consumption runs across cities such as Chandigarh, Ahmedabad, Kanpur, Raipur, Indore, Hyderabad, Jaipur, Pune, Surat, Lucknow, Indore and Nagpur.

Luxury brands considering growth can no longer be relevant unless they extend their footprint to India's non-

metropolitan cities.

New cultural shifts. Indian society is going through a cultural shift, from traditional to modern, from collectivist to individualist, from large joint families to nuclear families.

Indians are changing from being contextually rooted to becoming a more context-free society.

Religious traditionalism is being replaced by homegrown Desi'-nationalist modernism, intangible and spiritual to more tangible and material, from a subjugated, suppressed and hand-me-down identity to a more self-created and curated identity.

Meritocracy is the driver rather than the traditional, hierarchal caste-based societal norms.

Conscious over conspicuous. Luxury means something that is rare. But since 2021 and beyond, the definition has become more progressive. It also encompasses that which is environmentally neutral, socially beneficial and culturally sustainable.

The new standard of luxury does not treat people and the planet like inexhaustible resources. It respects indigenous cultures and the interconnected nature of life.

Newer acceptance of slow, sustainable and responsible luxury is the norm.

Indians prefer quality over quantity and are willing to wait for their unique product to be made in a slow and sustainable manner.

Not always physical, but digital. The non-metro consumer is quickly catching up with his or her metro counterpart.

The biggest catalyst of all, the pandemic, has opened up access to luxury goods via digital and virtual channels.

Luxury buying via online shopping has added to the elasticity and variety of the Indian consumer's experiences.

The shy experimenter has now taken to a host of digital channels to satisfy his or her desire for all good things in life.

The definition of luxury for a non-metro Indian is slightly different.

More than the moral fiber of a brand or self-indulgence, luxury for those in non-metros is about upcoming trends and remaining relevant to their city tribe.

Leading names such as Tata CliQ, Ajio Luxe and even The Collective offer a variety of brands some of which may not be available in an offline mode.

In fact, 50-55 percent of demand for luxury goods on The Collective's ecommerce portal comes from cities where there are no physical stores.

As per the Atlas of Affluence, two out of three among the Indian affluent had shopped luxury online for the first time during the COVID-19 restrictions.

Interestingly, 65 percent of those shopping online eagerly wait for stores to open within easy accessibility. This perhaps explains the rush to physical stores with renewed frenzy and fanatic zeal.

Purchase drivers. Per a generational linked survey conducted by the Atlas of Affluence, the most important drivers for choice of luxury brands have been the brand name, its logo and aesthetics, and the customer service it provides, in that order of priority.

Respondents across Generations X,Y and Z seem to agree to these as the most important deciding factors for choice of a brand.

India is not China, India is India. Many brands have tried to compare and expect their China story to repeat In India. This may be a big mistake.

India and Indians are unique.

Indians, in general, are highly value-conscious. The definition of value changes not only by demographics, but by geography, culture and family systems, as well as age cohorts. They place a greater premium on value. They look for a greater return on their investment.

THE CONTEMPORARY INDIAN is a lot more confident about his or her future. He or she sees affluence within

relatively easier reach. Many Indians, hence, want to claim a better quality of life.

Since luxury brands initially surfaced in India, the pre-sales, during sales and after-sales experiences have evolved to get closer to the global benchmark.

Better quality talent, more educated workforce and exposure to luxury experiences now serves a demanding clientele.

Acceptance of premium price points has become better and is thus accelerating further demand for higher-quality products and experiences.

Indian consumers seek luxury in every aspect of their lives from car services and cosmetics to household furnishings and dining out.

Brands today need to look at new ways to offer luxurious experiences even in the seemingly mundane.

Indian consumers are looking for cutting-edge products and services to put them a step ahead of their peers. Trendsetting products or services and innovations that create talk-value will win big.

International brands must strive to understand Indian culture and customs to enhance their relationship-building efforts. This will shorten the distance between new introductions and a sense of familiarity in the marketplace and earn consumer respect.

India remains an incredible opportunity. But luxury brands must take the time and make the effort to understand it.

For all the opportunity, this complex market requires a deep knowledge of local culture to navigate.

Analysis supported with inputs from The Knight Frank Wealth Report, The Hurun India Wealth Report, The Atlas of Affluence and information in the public domain. All opinions expressed are the author's only.

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8. [Report: Global luxury fashion market to reach \\$402B by 2028, up from \\$281B in 2022](#)
9. [Altgamma opens next club in Tokyo to push Italian luxury in Japan](#)
10. [Report: US luxury retail expansion to continue unabated](#)

