

'The luxury club membership cannot be bought, you have to be invited'

India is poised as the next fashion haunt. With an unprecedented booming economy, budding incomes and a wonderful gain of a global entity, the nation is catering the world with the soon-turning-brand called culture. The market is rapidly growing and more increasingly mounting, is the demand for quality as well as flashy products. 'Luxe' is the new buzzword among the consuming czars. The industry players are betting big on the onslaught of luxury retail in the coming months. KSA Technopak has estimated the worth of the fledgling retail industry to be around US\$ 450 million in its report "India Luxury Trends 2006". And the future growth potential of around 30-35 per cent will unveil the phenomena of luxury brands in India in the most magnanimous way.

Coming out of the stereotypical-sensibility-closet and realizing the importance of a well garnered look instead of donning the Indie-dweeby look everyday, the term haute-couture is finally getting some meaning here. The purchasing power of the children of liberalization is drawing luxury brands of the world in India. Younger Indians from wealthier families are increasingly matching the purchasing power of their European and American counterparts.

Further, the affluent and demanding consumer falling in the 21-30 year demographic is making decisions like never before. The "urge to splurge" is a trademark for this age group. According to an international study released by Fox Interactive Media, 60% of India's population is under 30 years, while 43% is under 20. Nearly 25% of people in the world under the age of 25 years are in India. So that constitutes a big booming market that no international retailer could afford to ignore. There are now about 1.6 million Indian households that spend an average of \$9,000 a year on luxury goods. Most of their throwaway allowance/income is increasingly being directed towards picking latest fashion items that range from handbags from Louis Vuitton or Prada, sunglasses from Bvlgari or Chanel, shoes from Sergio Rossi, perfumes from Givenchy or Estee Lauder and designer outfits from Armani, Versace, Hugo Boss.

With all the prestigious names in the international luxury market putting up on Indian shores, the primary challenge is to sustain the demand for luxury products. The world of luxury brands is characterised by high-involvement decision-making that is directly co-related to self-concept. The interplay of sensory factors determines the prestige of the product that is so crucial to the image of the luxury product. Thus, factors like uniqueness of design, premium and superior quality, exclusive craftsmanship, exorbitant price range are all so crucial to the DNA structure of a luxury brand.

In the Indian scenario, the primary task for most of the luxury brands is to make them relevant in the Indian milieu. The beginner step of establishing the identity and appeal will be the clincher. More than advertising here, marketers need to resort to social events among the crème de la crème of society, providing advertising and articles in niche magazines and associating with celebrities from film fraternity could definitely help in creating an aura on which lure of 'luxe' thrive. A recent example of the apparel brand Dunhill who has roped in filmmaker Karan Johar as its brand ambassador is a case in point - an ideal fit.

The Indian consumer, who has always shown great value-consciousness, is in a trance of a makeover and with it

the definition of 'value' is also undergoing a metamorphosis. Consumers have begun segmenting the market and the concept of 'value for money' is no longer the gospel for marketers. Thus the current environment prevailing in India is ripe for the luxury brands, as there is a perceptible move from assessing value on the basis of durability and functionality to bringing in elements of aesthetics and image rub-offs.

Creating and maintaining luxury products/brands is a different skill set than marketing products in an economy that is equating the first brush of liberalization with the mushrooming of malls and multiplexes. The marketing of luxury brand will be an entirely different ball game than mapping footfall in an overcrowded supermarket. Since, luxury retail is all about brand experience that starts from the environment to which you invite the customer; the store location, ambience and customer relationship skill are the biggest clinchers in building a successful marketing plan.

Another important feature that defines the luxurious nature of any product is its ability to pander to 'exclusivity' and 'customization'. By inherent nature, luxury is "hard to get". An important pre-requisite to sell the luxury brand is to create a want rather than harping on the need. Therefore, marketer should identify new ways to create a desire to have the product. Its availability can be restricted by an artificial exclusiveness either through high price or by launching selected items for the chosen few. The luxury club membership cannot be bought. You have to be invited.

In this context for the domestic firms who are positioned in the premium and the super premium categories, the challenge is to withstand the pressure from the international luxury icons. For example, internationally, Hidesign is perceived as an affordable premium brand. In India, it is still largely considered as premium brand, even though it is retailed at a fraction of the price at which it is sold internationally!

Although most of the luxury brands harp on the timelessness appeal, in the modern context the changing technological paradigm can't be ignored. The youth today have grown up using computers and are addicted to the Internet. While there has been a steady decline in reading habits, this particular segment has seen high time spends on social networking sites that have changed the ways in which they relate to their friends and the world at large. Using the Web to provide valuable information and an extended brand experience would help reinforce the brand's value proposition with meaningful intangibles, like superior customer service.

Over the years, marketing has evolved as a concept. From mass marketing to segment marketing, niche marketing to one-to-one marketing, the evolution has been evident; add to that the latest consumption phenomenon. Today the advent of Internet and radio, development of customer database and focus on exclusivity and customization is re-writing the rules of the game. Retailers and suppliers are responding by segmenting their offer and creating premium lines, brands and sub-brands. The opening up of FDI in the retail sector has catalyzed the process of greater share of branded international products. This would further help the market explode and also make consumers more aware within the product category.



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