

STATE OF LUXURY: INDIA

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A booming middle class of premium aspirers and the consistent increase of UHNWIs' wealth strongly establish India as no longer an emerging destination, but a key market for luxury brands to capture.

Drivers: what's happening



Diet Paratha for **Vogue India**, photography by Rishi Raj, India

Market Snapshot

: Labelled one of the 'rising stars' on the global scene, India's luxury market could expand to 3.5 times its 2022 size by 2030. Reaching just under £6.9bn (\$8.8bn, €8bn) in 2022, spending by Indian consumers is expected to hit between £21.6bn (\$27.5bn, €25bn) and £25.9bn (\$33bn, €30bn) by 2030 (source: [Bain & Company, Altagamma](#))

: Between 2020 and 2022, a near revenge-like increase in spending on luxury living in India boosted high-priced holidays, opulent weddings, fine-dining experiences and purchases of sprawling residences, among others (source: [Bangalore-based consulting firm Engaged Strategy](#))

: Although Indian Gen Zers comprise the highest number of online shoppers (39%), some 83% of local consumers surveyed said luxury retail is best experienced in a store (source: [2022 Atlas of Affluence by The Voice of Fashion](#)). Balenciaga, Valentino and Galeries Lafayette are set to open lavish flagships in tier-1 Indian cities in 2023 and 2024

With a GDP expected to double in the 2020s (aided by demographic advantages, such as surpassing China as the world's most populous nation, and policy-led changes), India should become a £5.49 trillion (\$7 trillion, €6.36 trillion) economy by 2030 (source: [Deutsche Bank AG](#)). Wealthy consumers in India thrived more than anywhere else in 2022. While the world's super-rich lost a cumulative wealth of 10% due to the global economic slump, energy crisis and geopolitical conflicts, 88% of ultra-high-net-worth individuals (UHNWIs) reported a growth in their wealth in India over the same period (source: [Knight Frank](#)). However, according to the same report, it only takes £141k (₹14,8m, \$175k, €164k) to join [India's richest 1%](#).

Luxury industry players should also watch the country's middle class. Research from the People Research on India's Consumer Economy estimates that there are about 432m middle class Indians (about one in three people) with an annual household income of between £5.2k (₹500k, \$6,7k, €6k) and £31.4k (₹3m, \$40k, €36k). More people are expected to enter the middle class for the first time soon. Nikhil Ojha, senior partner with Bain & Co, told [The Financial Times](#) that this cohort will represent the 'biggest shift' in consumer behaviour in the country, as they won't be buying just more of the same, but will also seek 'more premium and newer categories'.

'The Indian consumer is not price-conscious (we've seen how much they spend on weddings and other luxuries) but rather value driven'

— *Sheetal Jain, founder of Luxe Analytics*

The size of the population – 1.486bn people according to projections by [the United Nations](#) – naturally makes the Indian market appealing, but what could be more valuable to businesses is the average age of the Indian population. Some 42.7% of Indians are under the age of 25, making it one of the youngest countries in the world. India's median age is only 28, compared to 38 in the US and 39 in China (source: [UN, Pew Research Center](#)).

Accompanying this demographic shift, a new generation of young Indians now have higher disposable incomes and are culturally moving beyond the influence of their traditional families. The cohort's purchasing choices, from clothing to travel and eating out, reflect their newfound embrace of independence and autonomy. According to [Bain & Company and Altagamma Luxury](#), Millennials and Gen Z accounted for the entire growth of the global luxury market in 2022. Luxury brands must adapt their strategies to the youngest of those consumers, as the spending of Gen Z and Gen Alpha is set to grow three times faster than for other generations until 2030, making up one-third of the global luxury market. This is partly driven by Gen Z consumers starting to buy luxury items some three to five years earlier than Millennials (at 15 years old versus 18-20). Researchers expect [Gen Alpha](#) to behave in a similar way.

The influx of global luxury brands into tier-one and tier-two cities throughout the country, and their partnerships with key Bollywood figures and local craftsmanship, are solidifying the relationship luxury shoppers in India have with big fashion, beauty and lifestyle names. For the industry, the next challenge is to take hospitality and real estate to the next level with opulent services and projects for wealthy local and international consumers.



Market shifts: what's new



Deepika Padukone and Louis Vuitton, India

Watch this video [here](#)

Recognising local craftsmanship and culture

India's rich history of craftsmanship, including textile embroideries, sequencing and other intricate work, has long been utilised by luxury brands through local export ateliers in producing haute couture lines. Despite these workers being essential to their collections, French and Italian high-end brands have previously been scrutinised for poor wages, inadequate labour welfare and lack of accreditation.

The tide finally seems to be shifting, with **French luxury house Dior** launching a fashion show at the Gateway of India in Mumbai, honouring its relationships with the craftsmen of Chanakya embroidery house in March 2023. 'India has a history, heritage and legacy of craftsmanship. It is rooted in us,' Sheetal Jain, founder and CEO of Delhi-based luxury market intelligence and strategic advisory firm **Luxe Analytics**, tells LS:N Global.

Bollywood A-listers and influencers sat in the front row to film and live stream the entire production on their platforms. In fact, luxury brands are forging more partnerships with Bollywood stars with the hopes of penetrating the Indian market: actresses Deepika Padukone became the first Indian global ambassador for Louis Vuitton in May 2022 and for Cartier in October 2022; Alia Bhatt took on the same role for Gucci in May 2023; Korean skincare brand Laneige and French luxury eyewear brand Numi Paris appointed Athiya Shetty as ambassador respectively in May 2023 and June 2021. Before them, Indian actress turned Hollywood protégée Priyanka Chopra Jonas was named global brand ambassador of Bulgari in August 2021.

'The internet has been a democratising force, allowing Indian consumers accessibility in tier-two and tier-three cities,' says Jain. 'They can see collaborations between Gucci and [actor] Ranveer Singh on their smartphones.'



Six Senses Fort Barwara, Rajasthan, India



Six Senses Fort Barwara, Rajasthan, India

A luxury travel destination for the local and global rich

India has long been a tourist hub, but the rise of the country's economy and its wealthy class makes it a prime market for hospitality players to seize. 'We expect India to overtake Germany to become the world's third most powerful Travel & Tourism market by 2032, and that its sector will outpace the overall economy every year for the next decade,' said Julia Simpson, president and CEO of The World Travel & Tourism Council in [a press release](#). Global brands are now looking to enter the market, while domestic brands are focused on expanding.

In October 2021, luxury resorts, wellness spas and five-star hotels specialist Six Senses opened Fort Barwara, [its first Indian haven](#), in Ranthambore National Park, Rajasthan. The InterContinental Hotels Group's strategy aimed to capture history and wildlife buffs as well as wellness enthusiasts. Since then, **Fairmont Hotels** has signed a new property in Agra, set to open in 2025, while the Hilton's **Waldorf Astoria** and Minor Hotel's **Anantara** brands will make their Indian debut in the historical city of Jaipur in 2027 and 2023 respectively.

Such launches are a testament to the strength of the market, which is now not catering exclusively to foreign tourists but to domestic ones. A top aviation official told [The Times of India](#) that domestic air travel rebounded with a 10% increase in the number of flyers within the country between October and December 2022 as compared to 2019. Domestic hotels such as Indian Hotels Company (IHC) reported a 2022 Q3 profit which was bigger than any of its previous annual profits ever reported. IHC said its properties in both leisure and business domestic markets reported occupancy of **over 70%** and growth of 27% as compared to pre-Covid levels.

Although the demand is strong, hospitality brands must adapt and understand how unique characteristics of Indian cultures, such as a great emphasis on family structures, define consumer behaviours. Priya Ranjan, a brand strategist who headed memberships, marketing and community at **Soho House Mumbai** (the company's first Asian location) from its launch in 2016 to 2019, tells LS:N Global: 'It was a gigantic task to explain to people that their memberships didn't extend to their spouses or children and that it was based on merit within the creative industry.'



Viceroy Savana by Viceroy Properties, India

Growing appetite for luxury real estate

On stage at the **Financial Times' Business of Luxury Summit 2023**, Sarah Willersdorf, global head of luxury at the Boston Consulting Group, mentioned India as one of the new frontiers for growth in the global market. Away from goods and services, she identified the country as a key nation to watch for luxury real estate. Indians' appetite for luxurious residences, especially post-pandemic, is growing, fuelled by rapid urbanisation and rising incomes.

Real-estate consultancy firm Anarock Group reports that **18% of all units** sold across the top seven cities in 2022 were in the luxury category, as opposed to only 7% in 2019. Demand should remain steady, as more than 60% of UHNWIs and HNWIs surveyed intend to purchase a property. The wealthiest Indian consumers will consider the acquisition of a luxury property – such as a home or second home – to be a tangible investment, distinct from an unstable financial market.

According to Amit Goyal, the CEO of India Sotheby's International Realty, 34% of HNWIs and UHNWIs bought luxury real estate between April 2021 and December 2022. The top four locations remain Delhi and surrounding districts in Haryana, Uttar Pradesh and Rajasthan (Delhi-NCR), Mumbai, Goa and Bengalore. In Mumbai, India's largest city, several luxury real estate developers are already selling future next-level flats. Viceroy Properties sold 263 flats from its **Viceroy Savana's** flagship project in under 24 months. The company's second project is **Viceroy Privé**, a stand-alone signature residential tower in the most sought-after location in the western suburbs of Mumbai. It sold 53% of the tower's inventory in the first week of launch. Since its genesis in 2016, **Isprava Group**, which focuses on non-urban luxury real estate, has sold **over 350 homes** worth more than £235.3m (\$300m, €273.2m) spread across Goa, Alibaug, the Nilgiris and Kasauli. In January 2023, the company **raised £15.3m** (\$19.5m, €17.8m) in fresh funding.

However, foreign luxury consumers aiming to invest in Indian real estate should keep in mind that the local market faces significant challenges, including the lack of clear title deeds and other land acquisition obstacles. The government is introducing system reforms such as implementing nationwide projects to digitise records to ease foreign direct investment into the sector.

Analysis: what this means



UK-restaurant Dishoom has collaborated with illustrator **Manjit Thapp** on T-shirts that memorialise iconic Indian women, UK

Although cash is being injected into the luxury Indian market, brands will face local challenges and resistance that require strategic thinking. To seduce Indian consumers, try to genuinely research and connect with them to understand how much they seek value and price when purchasing.

'The Indian consumer might be rich, but they still want to feel like they're getting their money's worth,' explains Sheetal Jain from Luxe Analytics. Stealth wealth and quiet luxury products are only relevant to **the UHNWIs**. However, for the newly inducted luxury consumer, ostentatious branding and logos reflect a sign of the accomplishments that they seek to make visible.

While product quality remains important, price and service quality (especially retail experience) reign supreme – notably for aspirational consumers, who will make up a chunk of the target audience.

It is also crucial for brands to account for local cultural and religious nuances. 'When Soho House was entering India, we simply couldn't allow for them to open a Cowshed spa [a signature wellness retreat imagined by Soho House's founder Nick Jones] as the name would offend many people,' explains Priya Ranjan.

Consumer traits also shift drastically between regions, as evidenced by Louis Vuitton's Chennai store at the high-end Bergamo Mall **shuttering up** only a year after its opening back in 2013. Luxury consumers in Delhi, the capital, or Mumbai, the creative hub, dress and dine differently from luxury consumers in the southern city of Hyderabad. Mastering the complexity of socio-cultural and religious norms in India is pivotal to entering this market. Working with local partners with operational, cultural and bureaucratic know-how will prove invaluable to global brands.

'It can be hard for foreign companies to come in and do business and open projects in India without the right local strategies in place'

— *Priya Ranjan, brand strategist*

Strategic opportunities

: To avoid offending or alienating local consumers, find inspiration in luxury Chinese shoppers' demands for Guochao (national trend in English). Can you tie a product launch to a local festive season, partner up with artisans who can infuse traditional elements into your products or build an emotionally driven narrative showing your respect for Indian culture, history and values?

: To attract middle class consumers and luxury aspirers, consider selling entry-level products and services at a price that will make them feel part of the elite and grow their loyalty to your brand throughout their life as their income grows

: As niches become the new mainstream, the future of celebrity endorsement in India is in the hands of Bollywood actors, musicians and athletes like cricketers, who are the most popular idols locally

: Indian consumers are increasingly conscious of ethical and environmental considerations. Luxury industry players must highlight their commitment to sustainable practices and social responsibility

Further reading

