

The Changing Face of Luxury

Date : February 9, 2017

Luxury: the very word conjures up images of vast, well-adorned living spaces, fast cars and, extravagant lifestyles. It has always stood for a way of life that the privileged are quite simply used to, and yet is out-of-reach for the everyman, the common consumer. This is also a large part of the reason why, for the longest time, the Indian luxury sector stayed away from mass media and mainstream advertising. This is because luxury brands did not feel the need to reach out in a big way: their customers knew who they were, and exclusive invitational events were often enough to reach out to a customer base that values exclusivity that the luxury brands provided as much as its comfort.

That was then. Cut to 2017 and you see that the face of luxury has undergone a radical makeover. Decades of economic liberalization and rising purchase power has empowered the average albeit upwardly mobile Indian consumer to reach a point where they can successfully aspire to own luxury products. This new breed of consumers is ambitious, capable and unafraid to spend on what's worthwhile. The attitudes towards luxury have gone from observing the lifestyles of the 'kings' to, to use a cliché, aspiring to 'live life king-size'. And the brands are more than aware of this. Exclusivity is still the buzz-word, but it has gone from being a snobbish elite club to a more accepting brand of exclusivity, which the increasingly ambitious Indian consumer can aspire to. The Indian luxury sector, as a result, is expanding by leaps and bounds: unverified sources suggest that it has been growing at a compounded annual growth rate of about 25 per cent. If Amitabh Kant, CEO of Niti Aayog is to be believed, the market for luxury goods and services is set to grow to 10-times its current size and reach a topline of \$180 billion.

Now that luxury is no longer a preserve of those born into money, luxury brands are adapting their communication style to appeal to a larger base of new age consumers, who have the purchase power but are also looking to get the most value for money.

The key challenges facing the luxury sector, be it automobiles, jewellery, housing or high-end electronics, are as follows:

- **Value Validation:** The average Indian consumer, when faced with a wide variety of luxury options, will still go for whatever gives him the most value-for-money.
- **First-Time Buyers:** This customer is the apple of every luxury seller's eyes, but also the biggest challenge. Yet to get a taste of the 'feel-good' factor of owning a luxury brand, this customer needs to be groomed through the state where he/she feels intimidated by the brand, lacks brand knowledge, to the point where the desire to own a status symbol wins over all other retarding aspects.
- **The 'Avoid Flaunting' Mindset:** Yet another contradiction in the bag of paradoxes that's India, where there are only so many who have the desire to flaunt luxury and wealth, whereas others are equally reluctant to engage in anything remotely flamboyant or 'flashy'. It's this reluctance that luxury brands need to.

Now that we have established both the demand and the supply for luxury goods and services, let us now take a specific look at the luxury housing scenario.

Luxury housing is one of the luxury sectors that has undergone an entire paradigm shift in terms of what it offers and what it stands for. When it was the preserve of the uber-wealthy, luxury living was more about aggrandized living units: exclusively built and vast residential spaces adorned with the finest products money could buy. It was about the most expensive marble flooring and the finest bath fittings and so on. It was, in essence, a very internalized sense of luxury, suitable to the sort of buyer who values glamour and exclusivity above all else. Not that this approach to luxury housing is no longer relevant, but there's a new and emerging approach that is fast becoming the hallmark of the luxury real estate industry.

In an era of middle-class families with relatively deep pockets, housing providers are focusing on luring young urban families where both spouses are typically working couples with well-paying and secure occupations. They can afford luxury, they aspire for luxury and yet they want to get the most bang for their buck. While the previously mentioned uber-luxurious housing units are not for everyone, the new emerging trend in luxury housing, aimed at the everyman buyer, is all about creating 'luxury ecospaces'. In stark contrast to the near-isolated exclusivity of uber-luxury housing, these new living spaces are all about giving an entire community a sense of achievement and grandeur.

Thus, while these homes will be relatively smaller and configured like typical urban apartments, the user can expect relatively expensive furnishings and fittings to be used, including brands that are sure to up the luxury quotient. However, it's in the facilities provided for public usage, albeit only for the residents of the township/ apartment complex, that truly define the splendour of living here. From exquisitely designed swimming pools to grandly built club-houses and exclusive eateries serving gourmet cuisine, the entire experience is configured to provide a glamorous lifestyle experience to a larger number of people. This achieves an economy of scale that also makes it easier for the housing provider/ developer to give maximum value for money to the buyers.

With the meteoric rise of the Indian economy on the cards, the purchasing power of the common Indian will only go up, and so will the demand for luxury goods that stand for more than just fancy workmanship and a famous name. Utilitarian luxury is a trend that will gain in significance and will be further enhanced as brands focus on providing a bespoke experience to every consumer.

It's just getting started!