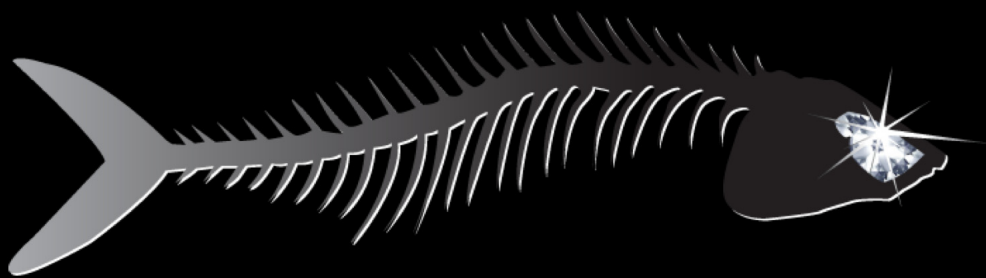


IN THE LAP OF LUXURY

A research report



Targets, triggers, trends & tips on
the Indian luxury Apparel & Accessories sector

November 2009

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Research Methodology

This report is compiled using a combination of primary and secondary research techniques. The primary research includes shopper observation & interviews, focus group interviews and luxury brand interviews. The research is approached with a few hypotheses about the luxury consumer. Shoppers are randomly chosen across 4 cities, Delhi, Mumbai, Kolkata and Bangalore.

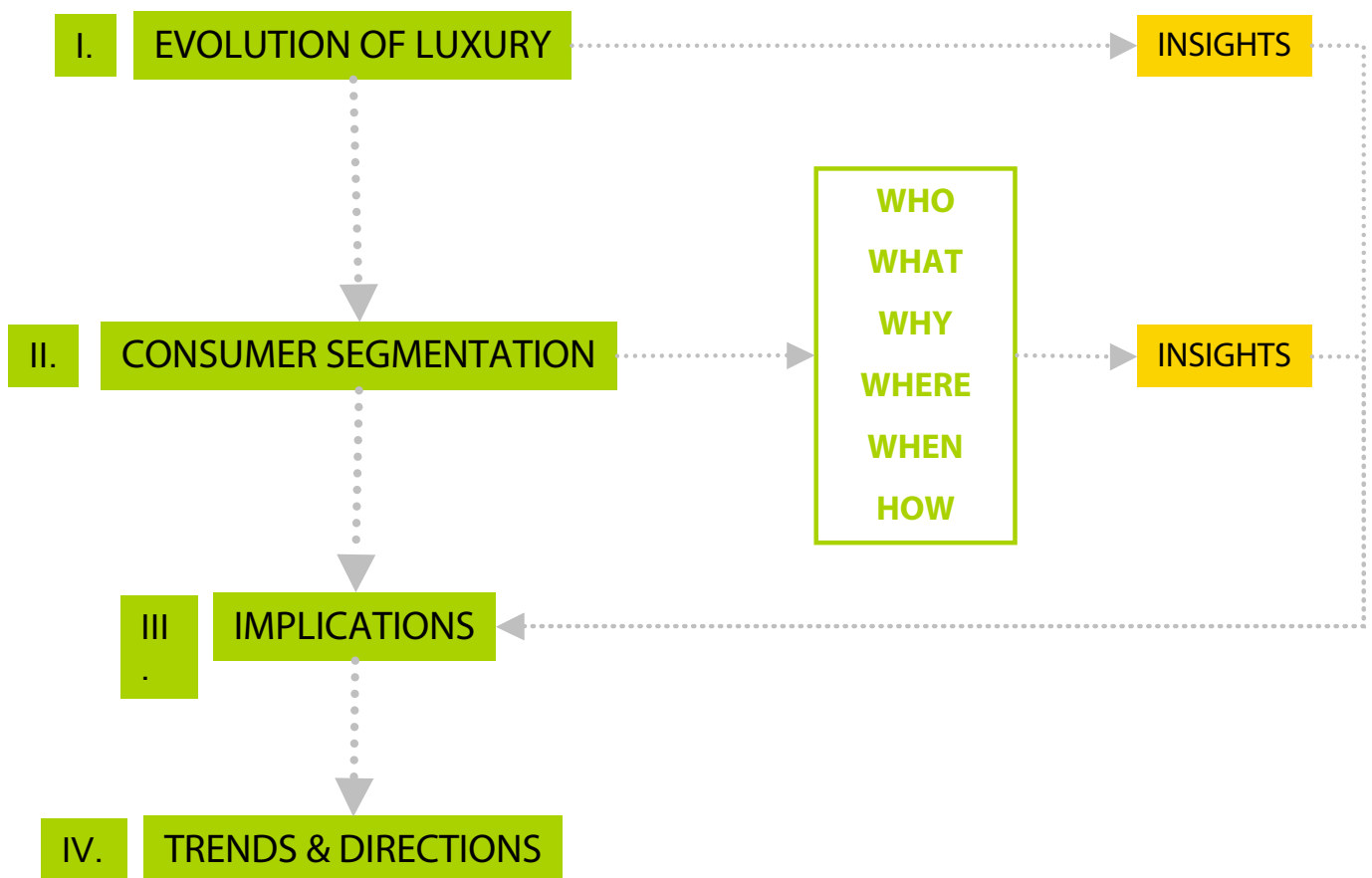
A questionnaire was administered to the shoppers with both open and close-ended questions. From the entire population of shoppers who were interviewed, outlying cases were filtered out. In addition, a focus group was created for the entire duration of the study. The process of planning for the purchase, and the influencers of product predisposition were understood. The focus group was screened to be representative of the overall market. As the shopper interviews progressed, data was captured and validated with information coming out of the focus groups. In parallel, the brand interviews enabled us to derive further insights. Finally, exit interviews with shoppers also helped in validating or rejecting many of the hypotheses that were generated during the initial phase of the study.

The secondary research was put together largely drawing from the existing database of information and active online research.

Report Navigation chart

The report studies the evolving luxury scene in the Fashion and Accessories sectors in India. It also studies the consumers who purchase luxury brands and the drivers which affect their buying behaviour and the trends prevalent in these sectors. The report also uses these insights and trends to study their impact on the retail industry in India and to identify strategic directions, which can be translated into meaningful innovations for the brands.

The report is divided into three sections for ease of comprehension. It takes a brief look at the evolving definition of luxury over time, followed by the different segmentation of consumers who buy luxury brands and the drivers which affect their buying behaviour, and finally the implications of the whole research study, in the light of current trends.



I. Evolution of Luxury

DEFINITION & HISTORY

All of us relate to the same set of definitions when it comes to Luxury. The most common and widely acknowledged ones go something like this

1. Something that is an indulgence rather than a necessity
2. The quality possessed by something that is excessively expensive
3. Wealth as evidenced by sumptuous living
4. Something unnecessary but very pleasant and
5. Rare and very difficult to find

Luxury has always been about the objects of desire. There are two aspects to luxury - the functional or tangible qualities of the objects of desire and the emotional qualities or emotions that these objects trigger in us. Although the broad drivers that define luxury haven't really changed, what has changed with time is the nature of these objects. What was considered to be luxury a few years ago has become a necessity today and new objects of desire have replaced former ones.

Historically, India has always been perceived as an exotic country, which has had wealth and opulence in abundance, at least till the British established themselves here and used it to their advantage. India was the land of Rajas, Maharajas, Palaces, Empires and Kingdoms, a treasure house of Silk, Gold, Precious gem stones and pearls, and a synonym for Grandeur, Opulence, Lavishness and Sumptuousity. During that era, luxury was defined by abundance and size. The more wealth one had, the more luxuriously one lived. Keeping help in the form of numerous 'sevaks' and 'dasis'* were sure indicators of a luxurious life.



meaning. People who could still maintain the high lifestyle, keep helpers, travel and receive education overseas were living in comfortable luxury. Owning a car, drinking fine scotch and being able to 'imitate' the lifestyle of the British was top class. For the less-privileged people luxury often meant owning more than 5 cows and having able to afford meat for meals once a week.

* sevak, dasi = domestic helpers

I. Evolution of Luxury DEFINITION & HISTORY



With modernisation and the advent of technology into daily lives, owning a television and a telephone was a novelty. An Ambassador or a Fiat was a sign of a well-to-do family. Being able to travel all over India and have one holiday overseas with family was something that not everyone could afford. Buying new clothes was an event accompanying festivals and special occasions. For the common man luxury was to be able to stretch his finances to the limits. Of course, there was always the uber rich, wealthy businessman for whom money was never a concern. For the ones who had inherited wealth, it was easier to gain access to the unnecessary pleasures of life.



Enter the 1990's. The Indian market was just opening up to international brands. Technology had made its way in. The internet had opened up avenues never explored before. A lot of Indians made their way to the U.S following the I.T. boom further increasing international exposure and awareness. Being able to bring back 'foreign goodies' was considered a status symbol. The mobile telecom technology was taking people in its stride bringing along international players with it. Come 2000, technology had transformed everything. Fuelled by all these, came a huge leap in the Indian economy that heavily influenced the luxury scenario today.

II. Consumer Segmentation

The WHO, WHAT, WHY, WHERE, WHEN & HOW

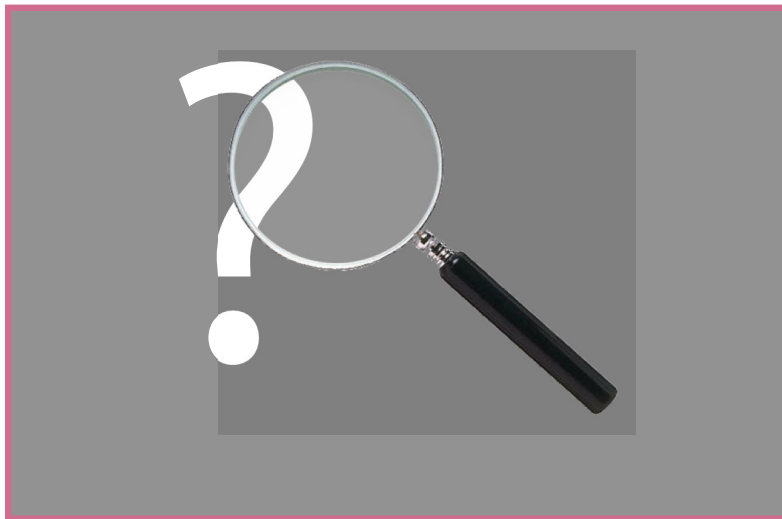
CONSUMER SEGMENTATION



This section of the report studies the consumers who buy luxury brands on a regular basis. It tries to understand the drivers which influence their buying behaviour. The study is conducted along the parameters of WHO, WHAT, WHY, WHERE, WHEN and HOW for easier comprehension.

III. IMPLICATIONS

IMPLICATIONS



This section of the report studies the implications of the insights and findings for the brands and discusses how they can use the information to their advantage.

IV. Trends and Directions

TRENDS



This section of the report identifies trends in the market in the various segments and use the insights from them to outline directional pointers for innovative strategies

IV. Trends and Directions

A brief look at the current trends and how they can be used to translate Insights into innovative strategies

Trend 1: Reversible Couture

Consumer Segment: The Uber Rich, The Affluent Arrived, The New Rich

The recession saw brides cutting costs and according to designer duo Shantanu-Nikhil, families of the bride and groom are going to great lengths to manage their expenditure. Dwelling on fashion in current times, the designers say: "The wedding and the reception seems to have become functions, where both families show their solidarity and split the bill by having it on the same day. And brides have gone to the extent of asking the designers to create a 'lehenga' that can be reversible. Designers are coming across unique demands. Brides want to reuse a 'choli' for an event or want them to rework a 'dupatta' so it could be used on various other occasions. As for jewellery, people now are opting for stones and other metals instead of gold. "Gold prices have gone through the roof and gold jewellery has become outdated as well. No one goes for gold now for their weddings. People prefer to use stones now." says jewellery designer Roopa Vohra.

Bridal Wear is a huge market in India. People spend huge sums of money to plan their weddings and get their outfits made in style. Luxury brands can cash in on this trend and target the Uber Rich, Arrived Affluent and the New Rich who have the money. Collaborating with wedding planners can be an interesting proposition. Imagine a whole Bridal Wear collection by Gucci or Prada designed for the bride and the bride groom! A classic mix of Indian traditional and western sensibilities.



V. About Us

Insight Instore is a trend research and retail shopper marketing consultancy. We study trends and shoppers. The store is our laboratory. Our aim is to create impact, instore through insight and innovation.

Our areas of work include shopper research and instore consulting, design consulting, trend research and forecasting.

Our solutions are driven by a combination of various skills and disciplines, coming together on a vibrant and receptive platform. Research forms the basis of our consulting work. Consulting for us does not stop at developing a strategy, but extends to helping our clients to execute and evaluate the strategy. We also use this entire experience for trend research and forecasting.

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