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LUXURY IS THE NEW BUZZWORD IN INDIA

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“Luxury is a necessity that begins where necessity ends”

- Coco Chanel

HISTORY

Luxury is as old as civilization, in that it can be anything that is given high and exceptional regard from ordinary things. In the 17th century, attitudes about luxury began to loosen and change across Europe due to the increase in trade. Luxury began to be seen as simply an economic advantage. The East India Trading Company regulated prices on valuable luxury goods.

The Indian royalty have always had a passionate love affair with luxury. We have all heard about this profligate and flamboyant period of Indian history, which has fascinated many a historian. Our erstwhile rajas and maharajas, were undoubtedly connoisseurs of luxury, often sourcing them from luxury destinations spread all over Europe. Some of the luxury goods collections of the royalty are comparable with the world's best and it basically, exemplifies this period of lustful extravagance which still continues to fascinate us till date.

THE INDUSTRY

The global luxury goods industry, which includes drinks, fashion, cosmetics, fragrances, watches, jewelry, luggage and handbags has been on an upward climb for many years. The value of the global personal luxury goods market was 242 billion euros and is estimated to be worth about 317 billion euros in 2017. Although the technical term luxury good is independent of the goods' quality, they are generally considered to be goods at the highest end of the market in terms of quality and price. The United States has been the largest regional market for luxury

goods and is estimated to continue to be the leading personal luxury goods market in 2013, with a value of 62.5 billion euros.

LVMH (Louis Vuitton Moët Hennessy) is the most valuable luxury brand in the world, with a brand value of about 25.87 billion U.S. dollars. The LVMH Group's total revenue for the 2014 fiscal year was about 30.64 billion euros. Moët Hennessy Louis Vuitton, more commonly referred to as LVMH Group, is a French luxury goods conglomerate. The company is primarily known for its fashion house, known as simply Louis Vuitton, named for its founder. The conglomerate operates globally, selling luxury leather goods, handbags, ready-to-wear fashion, and other fashion accessories. Since 1989 the company has been run by Frenchman Bernard Arnault, following the merger of the luxury goods producer with champagne producer Moët & Chandon and cognac manufacturer Hennessy. According to industry experts, the luxury and lifestyle industry is going to touch USD 237 billion worldwide. India has always embraced luxury over the ages, with the Maharajas and the rich 'n famous having a penchant for the best.

Today, with a leapfrogging economy, a growing list of millionaires/billionaires and a positive buzz about global luxury brands, the Indian market has reached its zenith, as far as luxury-lifestyle product are concerned. In India alone, with the entry of some of the biggest names in the luxury-lifestyle business, the demand for trained professionals is going to hit sky high.

An AT Kearney Report, has declared that the luxury goods market in India is set to touch a mark of USD 14.72 billion by 2017. According to a recent study, it came to light that for an Indian luxury brand consumer, it is the urge to prove that 'I have made it', more than anything else while using a luxury brand.

MAJOR AREAS IN LUXURY

- Luxury Watches & Jewelry
- Apparels and Leather Goods
- Luxury Personal Care & Cosmetics
- Wines/Champagne and Spirits
- Fragrances
- Others (tableware, luxury pens)

EMERGING MARKETS

The concept of luxury is now not confined to only to Europe and US, now the Asian subcontinent contributes majorly to it, with India and China as the newly emerging markets.

LUXURY IS A REWARD

Luxury products are exclusive pieces of craftsmanship charging the dreams of many but, owned by a few. In India, the possession of luxury goods sends out a very strong message that says, 'I've made it. . . .'

In the recently released worldwide markets monitor, developed by Bain & Co. in partnership with Altagamma, the growth forecast for luxury sales has been predicted to grow by more than 8 percent. According to Reuters, this has been 'boosted by a 'stronger-than-expected' rebound in the United States and Europe and surging demand in China & India'. In terms of global revenue, Bain estimates that luxury goods will reach a record 185 billion euros, as compared with 172 billion euros in 2010.

"Real luxury" is about experiences and the most important thing is the sense of uniqueness and the feeling of enjoying an unforgettable moment. Living with luxury has become the style statement and necessity for the urban population in most of the developed countries like the United Kingdom and USA, as well as developing countries such as India.

Luxury retail brands are making a beeline into the Indian market, foreseeing the commercial viabilities.

PHENOMENAL GROWTH IN INDIA

The growth of India as a luxury products market and its emerging potential is very obvious now, especially as the economy is booming and there is a general positive sentiment towards global brands. As per the latest Asia-Pacific Wealth Report, India is a huge potential market for the international luxury players.

The Indian luxury goods market has been booming in recent years owing to a growing economy, rising incomes and consumers' willingness to spend. As the Indian economy recovered in 2014, the luxury goods market also showed significant growth as customers indulged themselves. Furthermore, rapid urbanization in the country has also helped this sector boom like never before. In fact, there are now entire malls that are solely dedicated to selling luxury goods.

The Indian luxury goods sector has been witness to the growing presence of all major luxury brands of the world such as LVMH Watch & Jewelry India Pvt. Ltd., Genesis Luxury Fashion Pvt. Ltd, Burberry India and Hermès India Ltd.

According to the Forbes magazine, the financial capital of India i.e. Mumbai, is ranked seventh among the world's Top 10 cities, where the largest number of billionaires reside. New markets and segments are giving the industry growth points. One challenge for luxury companies is to maintain brand equity and cultivate their customer relationships. As luxury expands into more industries, expect a more mature segmented market. As a result, consumers should also become more rational.

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