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expert speak



DNA OF LUXURY BRANDING

What goes into making a luxury brand and does India have the potential to compete?

BY NICK TALBOT

The luxury industry has been undergoing a radical shift in the last few years. Its customer base is expanding dramatically, as wealth continues to spread to new parts of the globe, especially Asia. The multitude of millionaires being created overnight in countries like India and China mean not just a new opportunity for luxury brands but it's also a new challenge. The value of this market has continued to increase from 150Bn USD in 2006 to well over 240Bn USD today. Despite global uncertainty, and a shift

in the profile and location of buyers, the overall trend seen in India remains on the increase.

Challenges of Entering Luxury Biz

Creating a luxury brand from scratch is a challenge and industry leaders cite a range of reasons why they think listening to consumers is not helpful when building successful luxury brands. This is why for decades, the golden rule in the luxury business was "Don't ask consumers what they want; tell them what they should have". This is changing as individuals expect

even more personalised products and services. Nevertheless, confidence, marketing and an exquisite feel for trend propels Luxury brands in a way that most consumer businesses cannot fathom. Provenance, authenticity and a track record of tens or hundreds of years of activity also supports the nearly mythic nature of the 'Old World' great Luxury 'houses'; many of them resolutely European. Inventing and validating this kind of authenticity 'overnight' is a challenge that can only be overcome with big investment in product and marketing.

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Indian Luxury Scene

Despite a number of very high quality companies in the Indian fashion and jewellery market, they remain niche players from a global perspective. There is no real tradition of diversified luxury goods players – selling everything from accessories to jewellery, shoes to bespoke luggage under one integrated brand, and with the backing to go global. Perhaps there has just never been the need or the priority, and until very recently, no appetite or broad enough customer base for the ‘unnecessary indulgence’ that is the hallmark of luxury goods and experiences. That is changing rapidly within the country, it seems.

The fact that India has such a strong tradition towards design, craft and more or less one off goods, India still lacks global luxury brands like Gucci, Hermes or super conglomerates like LVMH. India is emerging as one of the most prominent consumer markets in the world, there is an increasing awareness of design and the



value it adds to any brand and business. With several multinationals setting up shop in the luxury space, their design philosophy has been transferred to the brands they have launched in India. Today, design not only helps them stand out in a cluttered market but consumers are willing to pay a premium for a well-designed brand in a market like India, that remains price and value sensitive, even amongst the well-heeled.

India has the potential, the design talent, a craft provenance thousands of years old, an evolving supply chain and plenty of increasingly global stars to endorse and promote a unique Luxury goods brand. Plus, there are a growing numbers of indigenous customers. There is the capital, and a strong Government driver to ‘make in India’. Yes, it takes years to build a luxury brand, but perhaps now is the time for the confidence, vision and design sensibility to make the start of a uniquely Indian ‘House’ of Luxury goods.

(The author, Nick Talbot is the Global Design Head, Tata Elxsi, a leading design company helping clients to develop winning brands and products) M