RETAIL LUXURY BRAND IN INDIA: CONSUMER MARKET

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ABSTRACT

India has experienced a relentless surge in consumer buying power since the 1990s. The Indian consumer has become wealthier and more accepting of western retail formats— with international supermarkets chains, department stores and mass retailer paving the way for luxury retailers. Luxury is a constantly evolving and subjective concept, and not easy to define. Brand is a powerful tool to attract more consumers to buy particular products.

Some may even regarded it as equity as it can add values to the products. Luxury Fashion is a billion-dollar industry employing millions of people around the world. Ever since the economy became more global, consumers have to a large extent been affected by this fast evolving industry. Towards the late 1980’s, several large retailers dominated the luxury business. Over the past decades the luxury fashion industry has gone through some major structural changes. Globalization has catalysed the growth of luxury industry and the marketplace attractions have driven the cultural attributes of consumers significantly across various consumer segments. Shifts in the cultural values, consumer preferences, and purchase intentions towards designer products is arguably the most critical issue faced by the marketing. managers today. Many researchers argue that increasing globalization is reducing the homogeneity of consumer behaviours within countries, while increasing communalities across countries (Cleveland and Laroche, 2007). Globalization and increasing competition, and short product life cycles in luxury retailing consumer behaviour and pose a number of marketing challenges for retail firms in India. The purpose of this study is to investigate the luxury consumer behaviour, with reference to shopping. Subsequently the results will be applied to the independent retailer Fever in order to understand the shop’s lack of customers.

KEYWORDS: Consumer behaviour, purchase intention, socio-cultural values, Luxury brands, store brands, fashion apparel, brand promotion, personalization, fashion retailing.

INTRODUCTION

For nearly a decade since the onset of economic liberalization in India, a key component - privatization – remained dormant. The usual explanation has been that weak governments could not overcome the many vested interests, from rent seeking bureaucrats and ministers to public
sector trade unions. In addition ideational resistance in India’s elites has also been attributed to the virtual absence of privatization in India’s economic reforms. This study first addresses some of the key definitional, conceptual and moral issues arising in the analysis of luxury. It points to the challenges of even defining luxury, and instead adopts and extends a flexible scheme for conceptualizing luxury. This provides a framework for investigation the consumption and management of luxury today. We then examine contemporary luxury through different perspectives on “new luxury” and the related issue of the rise of India as the world’s primary market for luxury. While the paper does aim to give a sense of the characteristics of the present-day luxury scene, the central focus of the study is on discourses on luxury. We consider to what extent and in which ways luxury is being redefined – by “new luxury” and India ascent.

**ECONOMIC GROWTH AND PRIVATIZATION IN INDIA**

Indian economy is a big and rapidly growing economy – both in terms of the share in global population as well as in terms of its production structure and size. India resides more than one billion population now and it makes one-sixth of the world population. As far economic progress is concerned, now India ranks among the few fastest growing economies in world.

We can first look at the pattern of economic growth in India since 1951. The pattern of economic growth in India has been quite curious and its understanding will help us in taking the story forward. Growth pattern of the Indian economy has been since 1950s when India started taking its own independent economic decisions after getting independence from the British rule in 1947. We can find that the growth pattern of the Indian economy has not been very smooth. It has been highly uneven as can be seen from Chart-1 that there is clearly a divide between the long period of the economic growth in India where 1980-81 seems to have become a true turning point as before that there has been more uneven and slow economic performance. However, since 1980-81 there has been upward trend with better performance quantitatively as well as qualitatively. It can be seen for national income as well as for the per capita income.
REFRAMING LUXURY: DEFINITIONAL AND CONCEPTUAL ISSUES

One of the most fundamental issues in the study of luxury is the concept’s relationship to necessity. “Luxury is any expenditure that goes beyond the necessary”, as Werner Sombart begins his essay on the concept and nature of luxury (Sombart, 92). While the notion that luxury is essentially superfluous is a common one, it has been contested in scholarly debates. Two centuries before Sombart, Mandeville had tackled the definition of luxury against necessity in “The Fable of The Bees”, his controversial defense of luxury against prevailing moral views of the age. He proposed that in a strict sense, luxury is “every thing […] that is not immediately necessary to make Man subsist” (Mandeville, 32) p.107.

While Mandeville can be accused of deliberately complicating or even obfuscating the concept of luxury in challenging what he saw as prejudiced views, his arguments can be said to foreshadow contemporary critique naturalistic or essentialist notions of need and utility (Baudrillard 1993, Appadurai 1986). First, his work points to the relativity of luxury. Concepts of luxury vary from person to person, depending on their social position (and personal consumption experiences). Societies, of course, develop norms for what are considered luxuries and necessities, but these are fuzzy and vary over time and across classes and cultures. Second, Mandeville’s polemic against prevailing moral values represents a significant moment in what Berry (Berry, 94) has called the “de-moralization of luxury”, a historical process of erosion – or, at least, transformation – of the censorious attitude towards luxury that had dominated Western throughout the pre-modern era. We shall return to both points later. In contrast to Mandeville, Sombart maintains that luxury can be meaningfully defined through its relationship to necessity, even if what is necessary is not fixed. Luxury is a “relational concept” (Relationsbegriff), whose content becomes intelligible when one knows what ‘the necessary’ is.

![Sombart's concept of luxury](image-url)
First, Sombart distinguishes between two senses of luxury – a quantitative and a qualitative. Speaking in absolute terms, most consumer goods belong to the refined category, so we might think of luxury or fine goods in a narrower sense as being above average refinement. What arouses the eye, ear, nose, palate and sense of touch, becomes expressed ever more completely in consumer goods of different kind. For Sombart, all demand or desire for the increase and refinement of arousal of the senses (Sinnenreizmittel) can ultimately be traced to our sexual life. In his introductory essay to “The Social Life of Things”, the influential anthology on commodities in a cultural perspective, Arjun Appadurai offers a concise conception of luxury (Appadurai, 86), which might provide anchoring and directions for our inquiry. The section of the essay on luxury reads as a strong endorsement of Sombart’s approach to the social history of capitalism with its focus on the role of consumption and demand as an alternative to dominant Marxist and Weberian views dealing mainly with the production side. But contrary to Sombart, Appadurai argues for a departure from the conception of luxury goods in contrast to necessities. Appadurai proposes that any good may move into a “luxury register” and be consumed as a luxury. But certain commodities are exemplary of this class, and these can be called luxury goods. He lists five characteristics of luxury (Appadurai, 86), 38:

1. Restriction to elites by law or price
2. Complexity of acquisition – which may or may not reflect real “scarcity”
3. Semiotic virtuosity
4. Codes for “appropriate” consumption demanding specialized knowledge
5. High degree of linkage of their consumption to body, person and personality

**FIGURE 2: APPADURAI'S LUXURY REGISTER**
First, we might ask whether any one of the five dimensions is required for a good to be classified as a luxury. Mortelmans (Mortelmans, 05) argues that “scarcity” is an essential component in the narrow definition employed by luxury industry institutions such as Comité Colbert to demarcate “their territory”. The two other markers of luxury in this definition, “extra value” and “high quality”, can be linked to (1) restriction to elites by price (to the extent that extra value translates into extra price) and (4) specialized knowledge, enabling the appreciation of “quality” and “value”. Luxury goods are primarily associated with desires and wants. But since desires build on human needs, which they specify and particularize, luxuries are indirectly connected to basic needs, the body and sensory experience. While the categories can be stretched far, they do suggest a bodily and material anchoring of luxury (which is not as pronounced in Appadurai’s luxury register).

EMERGENCE OF THE PRIVATE SECTOR IN INDIAN ECONOMY

Indian economy has been mainly under colonial rule before 1947 and therefore generally there was not much government participation in the direct business activities even if it would have been profitable as the colonial rulers were interested in their native country’s welfare and progress and therefore they were not much interested to invest in the Indian economy.

Therefore, before 1947 there was no national government and not much investment in the economy by the government in any meaningful way. Alternatively, it might be inferred that there was mainly the private sector that played the role whatever it could do in that situation where market was not developed. However, since 1950-51 there have been conscious efforts on the part of the Government of India, given its federal structure, to take the economy forward with limited resources. Government started playing active role in the economy and started investing in the economy in a big way.

LUXURY BRAND MANAGEMENT: A WORLD OF PRIVILEGE

A fascinating and comprehensive examination of the different dimensions of luxury management in various sectors. This is a powerful book for marketers, advertisers and brand managers in understanding the intricacies of the luxury market- how it is designed, defined and divined. Written by the authors of Pro-Logo, this book sets the benchmark for luxury brand management.

THE MORAL PROBLEMATIZATION OF LUXURY

From the first literate societies until high modernity the figure of Luxury has excited moral condemnation and stimulated the regulatory reflex. The moralization of luxury has exhibited remarkable persistence. The invocation of luxury is one of the most ancient and most pervasive negative principles around and through which social criticism and regulatory activity has been articulated. (Hunt 1995, 353)

WHY ADDRESS MORAL DISCOURSES ON LUXURY?

This section takes a closer look at the moral discourses that have accompanied luxury from the earliest human societies. In recent years a considerable number of studies have addressed the
moral problematization of luxury, and provide us with a fairly comprehensive picture of the dominant attitudes towards the consumption of luxury in Western thought of various historical eras.

LUXURY IN THE HISTORY OF WESTERN THOUGHT

Berry (Berry, 94) traces the moral problematization of luxury in the history of Western thought from the Ancient Greece to our age. He documents that luxury was subject to deep moral concern and carried mainly negative connotations at least up until the seventeenth century. According to Berry, Roman debates on and regulation of luxury illustrate that efforts to establish and fix the boundary for what is ‘natural’ are tricky, arbitrary, and, of course, political.

PERSPECTIVES ON NEW LUXURY

The term “new luxury” is frequently invoked to explain the contemporary market for luxury, but just as in the case of luxury in general, we find ourselves without a consensus definition. In the following pages, we will explore different takes, mainly from the management oriented literature, on what new luxury is, what it tells us about the current state of the business and consumption of luxury today.

TRADING UP AND MARKING DOWN

Michael J. Silverstein and Neil Fiske, two executives with ties to Boston Consulting Group, have had a formative influence on – and have a strong claim to - the very concept of new luxury. In their bestseller Trading Up (Silverstein and Fiske, 05), first published in 2003, they present new luxury as profitable business strategy based on developing and marketing high quality products to middle-market consumers who are willing and even eager to pay premium prices in those product categories, they give priority too.

THE RISE OF THE LUXURY INDUSTRY

Silverstein and Fiske do not devote much attention to where the rise of new luxury leaves producers and brands associated with old luxury. For other observers, transformations in ownership and the adoption of new management styles and strategies in the luxury industry are at the center of “new luxury” (Thomas, 08), (Nueno and Quelch, 98), (Chadha and Husband, 06), (Danziger, 05), (Chevalier and Mazzalovo, 08). Before the 1990s, the luxury business, particularly high fashion, consisted mostly of small privately-owned companies, often run by the founder or his or her descendants. The 1980s brought new opportunities for the luxury market, including the favorable demographic, socioeconomic and cultural trends diagnosed by Fiske and Silverstein. Pamela Danziger (Danziger, 05) argues that the emergence of new luxury should be dated to 1984 and cites three highly symbolic events taking place that year as justification. The new corporate structures, especially publicly listed firms, are subject to constant pressure for improved sales and earnings. Under such conditions, there is a “natural temptation” for management to extend brand reach to attract broader range of consumers, in the mass market and across the world (Nueno and Quelch 1998). The expansion of luxury brands downwards is not
motivated so much by a vision of democratizing luxury, but by the desire to meet investors or shareholders’ (including executives with stock options) expectations.

THE PARADOXES OF LUXURY BRAND MANAGEMENT

In the search for successful ways of managing luxury, companies have increasing relied on techniques associated with mass marketing and branding. The dilemma facing them in mixing mass and class is to figure out, in the words of Nueno and Quelch (Nueno et al. 98), p.62, “at what point does a brand become so attainable to so many that it no longer represents luxury?”. A rapidly growing body of literature addresses the particular challenges of managing luxury brands profitably.

THE LUXURY FASHION CONSUMER

In this paper it is of interest to investigate the Luxury brand shopping behaviour, with reference to fashion, in order to shed some light upon the reasons to Fever’s particular situation. There is however a range of opinions about whether it is possible to focus on women & men as a homogenous group. This is partly due to the different opinions about the meaning of gender within the field of marketing. There are generally three different perspectives of gender and marketing. On one side there is the post-modern view which believes that gender is a dichotomy deriving from the cultural understanding of what it means to be male or female. Therefore to use the word women to name a unitary category is the same as giving a false sense of legitimacy to a culturally specific version of gender identity. The adherents to this view therefore think that gender has no place in consumer research. The middle view is called liberal feminism and believes that sex differences are the output of social inequalities and not the result of biological differences. On the other side of the spectra is the view labeled women’s voice of experience. According to this perspective there are some permanent differences between male and female experiences; the female experience therefore constitutes a basis for organizing society. These adherents believe that the distinction of gender based on sex structures every aspect of our lives and is therefore more linked to consumer behaviour. (Moss, 2009) This is also the aspect of this essay.

THE DISENCHANTMENT OF LUXURY

In Arnault’s account, the luxury industry’s recipe for success is to strike a delicate balance between honoring the past and inventing the future. With a stroke of magic, creativity is fused with heritage, skilled craftsmanship is combined with Taylorist efficiency, and uncompromising quality coincides with fashion, growth link up with profits.

NEW LUXURY AS EXPERIENTIAL AND INDIVIDUALIZED

A final less elaborated perspective on new luxury, deals with individuals’ experience of luxury. In her reflections on the concept, Pamela Danziger (Danziger, 05) observes that the term “new luxury” is banded freely around without any clear-cut definition. She does recognize its connection with democratization and turn to more affordable luxury goods, but does not see anything fundamentally new in this.
We have reviewed three accounts of new luxury, each providing a different analysis of contemporary luxury. The table below summarizes some of the key points. While the three authors are at odds in many of their views on the luxury scene, they also in certain ways supplement each other. Source

<table>
<thead>
<tr>
<th>Silverstein &amp; Fiske (Silverstein et al. 05)</th>
<th>New Luxury</th>
<th>Old luxury</th>
<th>Position</th>
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<tr>
<td>New luxury goods are more accessible than old luxury goods, but more limited than conventional mass-market goods. Within reach of 40 per cent of American consumers, price not prohibitive for 60 per cent. Have elements of craftsmanship, but are not completely hand-made or assembled manually.</td>
<td>… is about exclusivity. Old luxury goods are priced to ensure that only the top-earning 1-2 per cent of consumers can afford them, and allow profitability at low volumes. Carries a sense of elitism.</td>
<td>Celebrates the democratic nature of new luxury as well as the business opportunities it presents.</td>
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| Thomas (Thomas, 08) | Focus has shifted from what the product is to what it represents. New luxury model (Arnault): Enhance timelessness, jazz up the design, advertise like crazy. For new brands: streamline and fold into corporate | …in the old-fashioned sense of the term is genuine personal attention, exquisite materials and beautiful handcraftsmanship (332). Small scale production. Old luxury is true luxury. | Laments the disappearance of old luxury virtues |
production, distribution and retail network (49)

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<tr>
<th>Author(s)</th>
<th>Description</th>
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<tr>
<td>Danziger</td>
<td>Represents a consumer-centric, experiential understanding of luxury. Emphasizes the personal and emotional dimensions of luxury. The individual consumer is the ultimate arbiter of luxury.</td>
<td>Danziger 05</td>
</tr>
<tr>
<td>Silverstein &amp; Fiske</td>
<td>...reflected the view of luxury as something intrinsic to the object. The product’s attributes, qualities and features qualified the item as worth the luxury label…. is about exclusivity.</td>
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<tr>
<td></td>
<td>A hedonistic approach. Return to luxuries sensory roots. Celebrate the democratic nature of new luxury as well as the business opportunities it presents.</td>
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THE RETAIL SECTOR IN INDIA

Although the Directive is not specifically targeted at particular business sectors, the retail trade will be mainly affected by it. Therefore it is important to have a better understanding of the general structure and trends in this sector. Consumer characteristics influence buying behaviour and will influence the general use and understanding of unit pricing. First the retail structure in the described. The size class structure, turnover, employment and consumer expenditure are reviewed. Second, the major consumer trends are discussed. Finally, country specific developments in the retail trade and consumer behaviour are reviewed. Gross Domestic Product (GDP) per capita gives an indication of the welfare of a country.

CONSUMER TRENDS

Increasing time pressures have affected the way shopping takes place. Paid labour force participation of women has increased. Many double-income families spend much time working and commuting. Time left has to be used as efficiently as possible. Many consumers prefer to carry out their main weekly shopping in one trip, and for many of them this is not one of their favourite activities. They therefore prefer large supermarkets, which are within easy reach, with large parking facilities. In addition, time spent at these markets should be minimised. Due to, amongst other things, this restriction in time available, the increase in double-income families and a general increase in income, supermarkets are competing more and more with the restaurant and catering sector. Supermarkets adapt to these changes by extending opening hours and by changing their product range: more fresh meals e.g. pizzas,
ready to eat and frozen meals. An additional advantage is that the margins on these products are relatively high. In terms of consumer characteristics, age plays a role. One may assume that older people prefer to deal with the (very) small retailers near their house. Younger people prefer large retailers since they offer a wider range of products and it is possible to buy products needed during (almost) the whole week.

Consumer market for fashion apparel has become more diverse by designer brands, store brands, personalization, advertising, and ethnicity in the global marketplace. If manufacturers and retailers of fashion apparel can identify the target consumers' preferences, they may be better able to attract and maintain their target consumer group. However, little research has been conducted to investigate the factors influencing the apparel shopping behaviors among Hispanic consumers. Thus, the purpose of the present study is to investigate the attributes of shopping designer apparel among consumers in India.

**TWO TRENDS ARE VISIBLE WITH RESPECT TO AGEING**

− People live longer. Life expectancy has risen since 1970 by 5.5 years for women and almost 5 years for men and continues to rise. In 2000, average life expectancy for women born in that year was 81.1 and for men 74.7. Eurostat has estimated that in 2050 it will be 85.1 for women and 79.7 for men.

− There are more elderly people (older than 65) as a share of the total population in Europe and this is set to increase. In 2000 16.1% of the total European population was aged over 65 and by 2025 this will be 22% and 2050 27.5%. The share of people over 80 years is expected to rise to 6% by 2025 and 10% by 2050 (as compared to 3.6% in 2000).

**CONCLUSION**

Any survey of luxury today would be incomplete without attention to huge role Asian demand has for the luxury industry Indian luxury consumption figures and patterns seem to defy standard ways of thinking about luxury. A growing number of investigations, some scholarly, some not, have sought to account for the phenomenon. Some approach it from the perspective of the luxury industry, seeking to uncover the success formulae followed by the major luxury players (Hata, 04; Thomas, 08). The collectivism implicit in the notion of the interdependent self also manifests itself as conformism. The strong group affiliation characteristic of Indian societies thus fuels luxury consumption by establishing norms of expenditure and display individuals must conform to. Indian countries vary in the degree to which the luxury markets have developed in relative size and level of sophistication. Though their “Spread of Luxury”-model deals with luxury consumption at a national level, Chadha and Husband are mindful of the existence of different luxury consumer behaviors and segments within nations, some of which cut across national boundaries. strategies to serve this group. The three tiers of luxury consumers are each heterogeneous in terms of demographic and psychographic composition. Consumption, and luxury consumption in particular, tends to be identified with leisure, personal identity and family life, but often luxury accoutrements are bought for and consumed at work. The inquiries into the enigma of Indian luxury consumption bring us to two closing issues. First, seen from a historical perspective there is nothing new about the close ties between East, West and luxury. But there is
a certain irony to the reversal of source and destination of luxury goods in the late 20th and early 21st century (Berg, 07).

Second, to what extent do attitudes towards luxury reflect national cultural values, and to what extent, do the categories applied in the study of luxury reflect the cultural mindset of the observer. Behavior change is a complex process and there are dozens of theories and models to choose from to meet social marketing objectives

REFERENCES


