

Say hello to the new Maharajahs: India is the next luxury hub

June 2024



India's moment

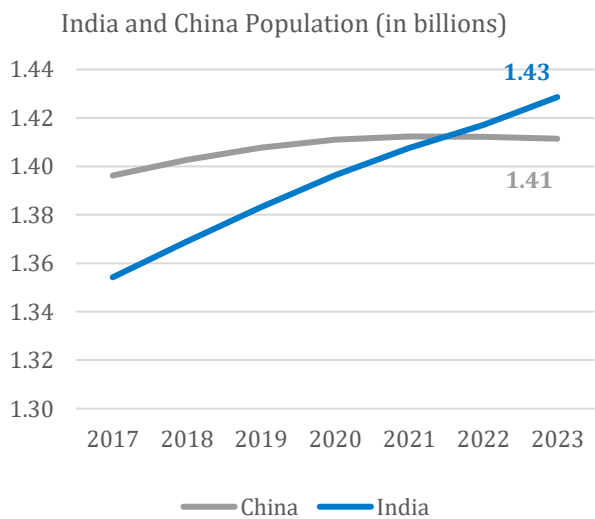
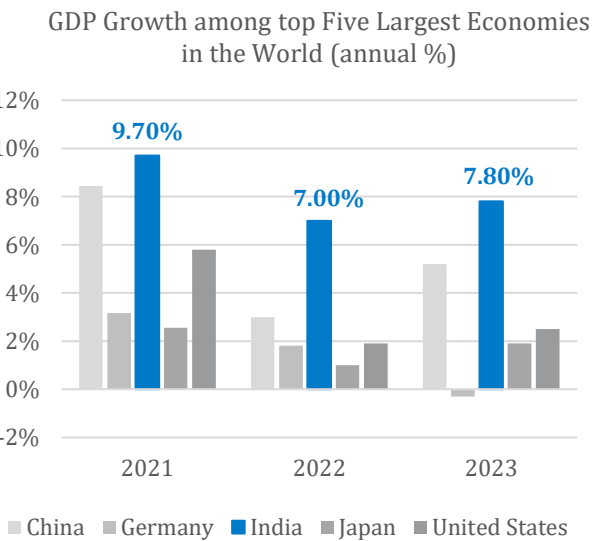
India is seeing a strong economic growth and is emerging as the fastest growing major economy worldwide. This rise is partially attributed to reforms put in place by Prime Minister Narendra Modi, which have drastically changed India's economic environment and increased its stability and attractiveness to foreign investors. This is expected to continue in the current Modi 3.0 regime as well.

The expansion is underpinned by the world's largest population and a rapidly growing middle class, propelling India towards becoming the third-largest consumer market globally. This surge is fuelled by an uptick in discretionary spending, per capita income and propensity to spend, driven by the widespread adoption of credit cards. Moreover, the entire luxury and ultra luxury sector including real estate, apparel and accessories and automotive, are witnessing significant growth propelled by the rising number of high-net-worth individuals making substantial investments domestically.

Politically, India's global influence is growing as a result of its participation in trade agreements and initiatives to strengthen its position abroad. The ongoing India-UK Free Trade Agreement (FTA) will significantly enhance the bilateral trade between the two countries.

Lastly, owing in part to the largest diaspora in the world, India's rich heritage of art, culture and craftsmanship is becoming more widely acclaimed.

The fastest-growing major economy supported by the world's largest population base

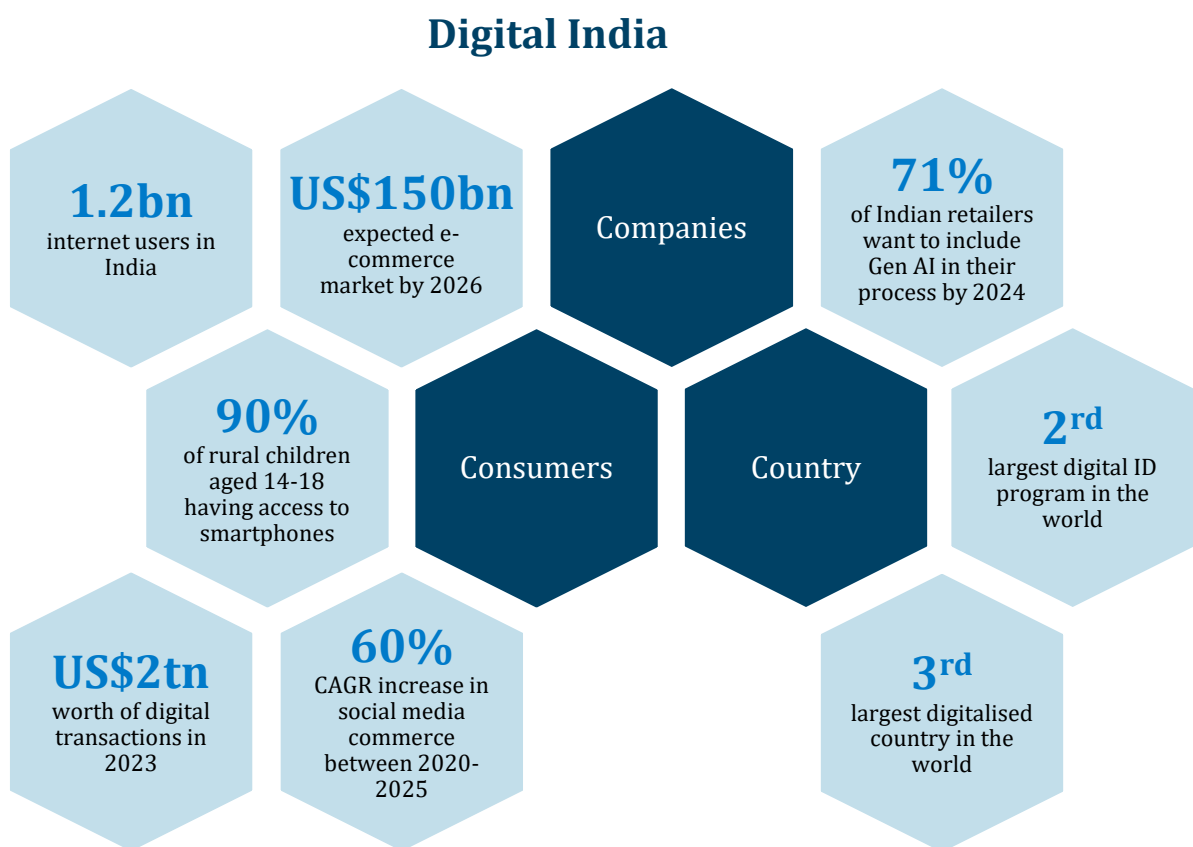


Digitalised consumer market

India is the epicentre of the global tech boom, acknowledged as one of the most digitally advanced nations worldwide. The government's emphasis on developing the Digital Public Infrastructure, and its youthful and tech-savvy population, has established the groundwork for a highly digitised and interconnected country.

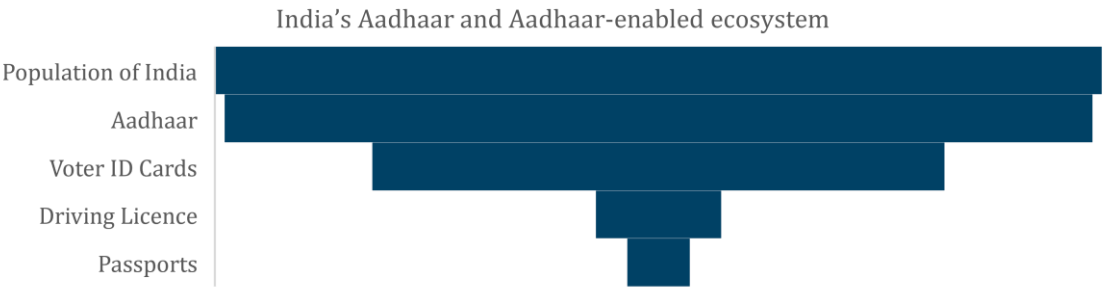
Digital Public Infrastructure comprises publicly accessible digital platforms, designed to enable citizens to utilise smartphones for various purposes, including real-time interbank payments via the Unified Payments Interface (UPI) and secure storage of electronic documents through the Digilocker account aggregation system.

As a result, Indian consumers have embraced new behaviours, including active participation in social media, adoption of cashless and contactless digital payments and a significant increase in online shopping. They have also shown a growing interest in customisation and responsible consumption. In response, local companies are integrating technologies such as artificial intelligence, machine learning and the IoT into their operations and strategies to meet the evolving demands.



Advanced digital infrastructure serving consumers in India

Large digitalised population

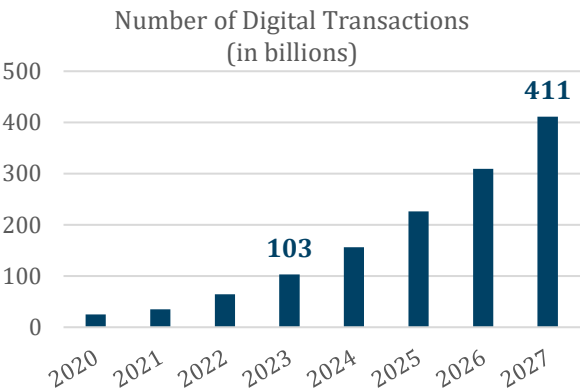


2nd largest digital ID program in the world

3rd largest digitalised country in the world

Increasing number of digital payments

In 2023, India recorded more than 103 billion digital transactions **totalling over US\$2tn nationwide**



Digital Public Infrastructure (DPI)

DPI consists of public-facing digital platforms tailored for citizens, covering **identity, payments and data management solutions**



Aadhaar is a biometric 12-digit identifying number issued by the Unique Identification Authority of India

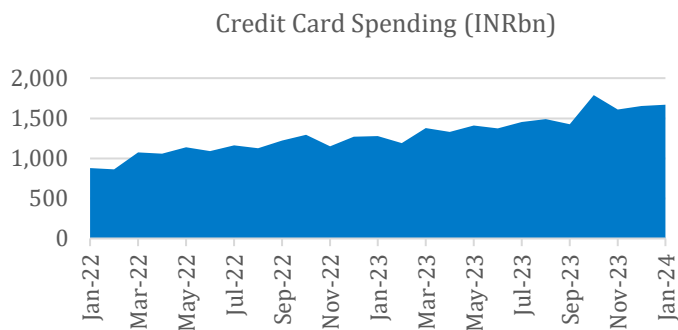


Unified Payments Interface (UPI) is a real-time payment system developed to enable inter-bank transactions through cell phones

Changing attitudes toward credit and increased consumption

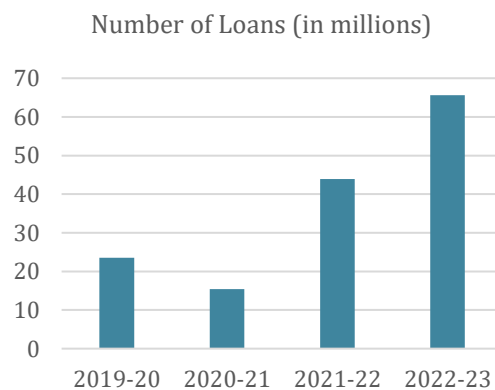
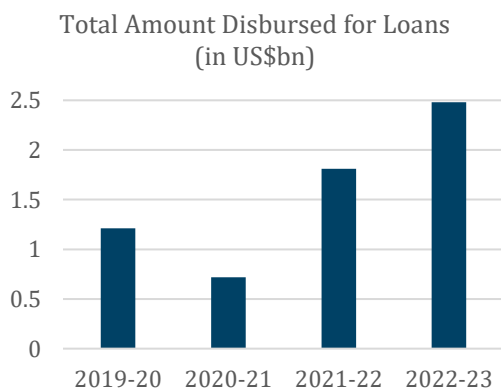
Increasing credit card spending

- The credit landscape in India has experienced a significant shift towards the **buy now, pay later model** in recent years
- Credit card transactions surged to **INR1.67tn** (US\$20bn)
- **Two-thirds of the total transaction volume** is attributed to **online payments**
- The **expanding ecosystem, post-pandemic economic rebound, and rise in discretionary spending** are fuelling the surge in credit card usage, with expectations of continued market share growth



Rising levels of personal loans

- The Reserve Bank of India is aiming to **enhance credit accessibility in underserved sectors**
- The sectors with the **highest borrowing activity** include agriculture, micro and small enterprises (MSEs), medium enterprises and housing



Luxury industry

The luxury market in India is poised for substantial growth, projected to more than triple by the year 2030. During this period, the consumer base for luxury goods is projected to reach half a billion people as wealth increases and the number of high-net-worth individuals rises.

Weddings play a pivotal role in driving growth within the luxury market. In India, these celebrations can span from three to seven days and encompass various sectors of the luxury industry, including hotels, catering, decoration, entertainment, fashion and jewellery.

Indian luxury brands experienced remarkable growth, with luxury goods sales in India surging by 32.8% during the 2022 financial year, according to Deloitte. This growth has enabled companies such as Titan Company, Malabar Gold & Diamonds and Kalyan Jewellers to become prominent players in the global luxury goods market.

Overall, the burgeoning luxury industry in India reflects the confidence of local consumers and signifies the country's economic vitality.



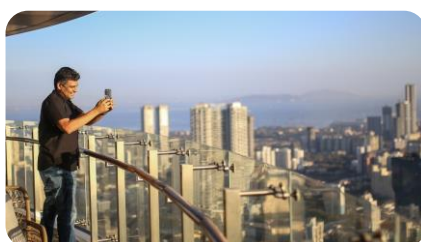
New luxury mega mall in Mumbai housing 66+ world's most renowned luxury brands



The Postcard Hotel announced the preparation of India's most expensive hotel in Rajasthan



This year, Mercedes Benz plans to invest US\$24m in India, unveiling a dozen new vehicles



US\$500m sale for only 29 premium homes in Mumbai in 2023



US\$32bn Indian consumer spending on luxury goods by 2030



50% sales growth of ultra-luxury homes worth US\$6m+ in 2023

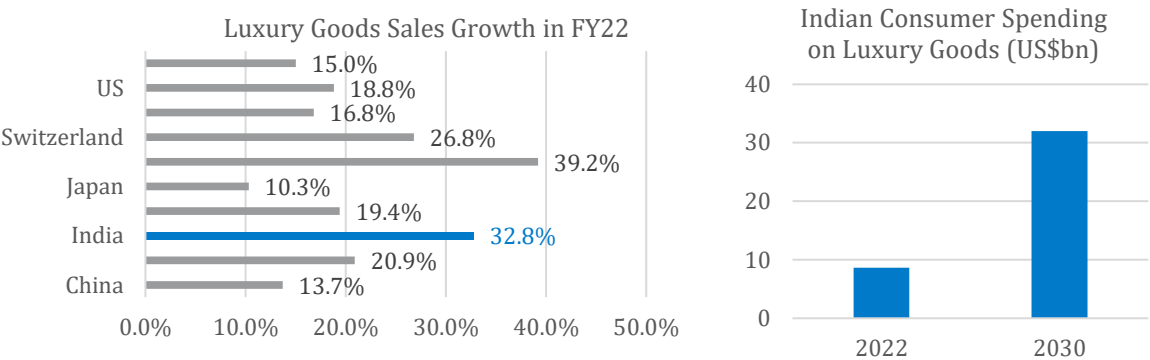


35% increase in annual luxury car sales volume since 2019

India's growing luxury sector (1/2)

Growing luxury market

- Indian consumer spending on luxury goods is projected to reach **US\$32bn by 2030**
- The luxury market's **consumer base is expected to expand to 500 million people** by 2030



Drivers

Weddings

The wedding industry in India involves many sectors including hotels, catering, decoration, entertainment and jewellery



US\$50bn

estimated wedding industry in 2023

>50%

of gold jewellery sales are driven by the wedding industry

Social media and e-commerce



Social media and e-commerce are key to luxury brands' strategies in India

1.2bn

internet users in India

US\$150bn

expected e-commerce market by 2026

67%










of internet users are using at least one social networking platform

60% CAGR

increase in social media commerce in India between 2020-2025

India's growing luxury sector (2/2)

Sustainability and technology within Indian luxury brands

	Revenue	Sales Growth	Sustainable & Responsible	Technology Integration
	FY23 in US\$m	FY23		
	5,875	41%	✓	✓
	5,200	FY22: 35%	✓	✓
	2,088	30%	✓	✓
	1,742	FY22: 28%	✓	✓
	590	15%	✓	✓
	434	44%	✓	✓
	130	NA	✓	✓
	115	37%	✓	✓
	50	43%	✗	✓

-  Top 100 global luxury goods companies
-  Companies that joined the top 100 global luxury goods companies in 2023

Indian consumer trends

Indian consumer trends are driving luxury brands to adopt new technologies.



Customisation and personalisation of products and shopping experiences are highly prized



Luxury consumers prioritise sustainable practices such as **eco-friendly materials, carbon neutrality and fair labour conditions**



They actively pursue **conscious consumption** by selecting locally sourced materials, supporting artisan communities and advocating for social responsibility initiatives

A growing economy drawing attention

India's remarkable economic growth and stability are attracting both foreign and local companies, positioning the country as the next major player in the luxury market. Christian Dior's seasonal runway show in Mumbai last year marked India's growing importance in the luxury industry, echoing the symbolic significance of Fendi's 2007 fashion show on the Great Wall of China.

As global players turn their attention to the Indian market, they encounter its unique characteristics, where cultural nuances significantly influence consumer decision-making. To adapt, they opt for a 'glocal' approach, adjusting their communication strategies and retail initiatives to maximize appeal to Indian consumers. The use of brand ambassadors has proven effective, with an increasing number of local celebrities securing endorsement deals spanning products from everyday essentials to diamonds.

Brands such as Dior, Louis Vuitton, Jimmy Choo, Coach, Bvlgari and Breitling release limited editions inspired by India, sometimes exclusive to the country, attesting to their desire to celebrate and pay tribute to India's rich heritage. New brands such as RIMOWA and Balenciaga have also opened their first stores in India last year in Mumbai's Jio World Plaza.

Indian conglomerates have been at the forefront of investment in the Indian luxury market. Reliance Industries, for example, has spent over US\$1bn to build India's largest luxury mall. Additionally, Aditya Birla Fashion & Retail has acquired Abu Jani & Sandeep Khosla, as well as Sabyasachi, to develop these brands internationally.

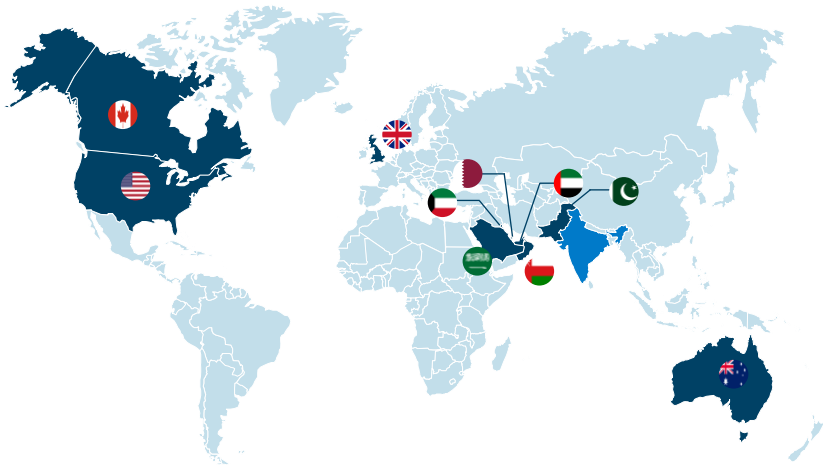
Finally, global investors plan to invest significant amounts in the local luxury market, such as L Catterton, Blackstone, KKR and Bain Capital, which have announced their plans to allocate substantial fund share to the Indian market



India as a cultural powerhouse

Indian diaspora

- India's rich heritage of art, culture and craftsmanship is gaining global recognition and admiration
- The Indian diaspora, with its **significant size and achievements**, plays a major role in influencing other societies through cultural elements



Top ten destination countries for Indian migrants

18 million

of Indian migrants dispersed worldwide form the world's largest diaspora

US\$150,000

median household income per year for India Immigrants in the US

India's cultural reach extends through luxury brands

	 SABYASACHI CALCUTTA  ANITA DONGRE	 ARANYANI	 Luxurious Ayurveda
	NAEEM KHAN  BIBHU mohapatra	 MANISH MALHOTRA	 NAPPA DORI  FRONTIER RAAS SINCE 1954

Retail partnerships

Foreign luxury brands began entering the Indian market by forging strategic partnerships with local companies

Galeries Lafayette
November 2022

Galeries Lafayette forged a partnership with the local group **Aditya Birla Fashion and Retail Limited**, and is poised to become the **first European department store to enter India**, opening this year in **Mumbai**



Richemont
March 2023

Richemont has collaborated with the **Tata group** to introduce its digital multi-brand boutique, **TimeVallée**, to the Indian market



It will offer Cartier, Piaget, IWC Schaffhausen, Jaeger-LeCoultre, Panerai and Roger Dubuis

SMCP Group
November 2023

SMCP, the parent company of Sandro, Maje, Claudie Pierlot, and Fursac, has **partnered** with Reliance Brands. Reliance Brands will **exclusively distribute Sandro and Maje** to the Indian market



Fenty Beauty
March 2024

Rihanna's brand, **Fenty Beauty**, has **partnered with the beauty retailer Nykaa**



In March 2024, Indian consumers gained access to Fenty Beauty products for the first time, available through both **online and offline channels**

Concluding remarks

India's ascent as a global powerhouse is undeniable. Surpassing China in April 2023, it now boasts the world's largest population and is set to become the third-largest economy by 2027.

Its young, wealthy and technologically savvy population is driving the growth of the luxury market, bolstered by a rising population of ultra-high-net-worth individuals fuelling demand for luxury and exquisite craftsmanship.

“The market is growing like wildfire, even as the US, Europe and China slow down. India is going global.” – Euan

This surge in luxury reflects both consumer confidence and India's embrace of the finest things in the world. With its rich cultural heritage gaining global attention, Indian consumers are driving major luxury brands to adjust their strategies to tap into this burgeoning market.

India's trajectory towards becoming the premier destination for luxury is evident, marking a significant shift in the global landscape.

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