AN EXPLORATORY STUDY ON MARKETING STRATEGIES OF
LUXURY BRANDS – AN INDIAN PERSPECTIVE

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ABSTRACT

As it is evident that in Indian Retail Industry the metro cities in India is in saturated stage though there is just 8% of organized retail the worry for the foreign players in India is whether they can see lucrative business. At the same time, Indian players are fighting for pie in market. The luxury in India is existing dating back to perhaps 10th century or before that. In present business scenario, luxury is buzzword wherein luxury is segment by itself. In this context, the luxury branding is still in nascent stage and appreciated by very few companies. Globally, luxury branding is a common phenomenon especially European Union, UK and USA. This study will address the reasons as to why the luxury branding concept is in nascent stage in Indian context. These study first attempts to understand luxury branding by critically analyzing the existing literature on the same and extending to the marketing strategies formulated in luxury branding.

KEYWORDS: Luxury Brands; Apparels; Luxury, Brands

INTRODUCTION

In globalization era, the world market have become closer and getting transformed into a global village and markets are saturated yet volatile with plethora of products and services available in retail stores. This gives rise to intense competition and those who put the right strategy will sustain. In present scenario, retail industry has tremendous potential with newer trends and formats across product categories are venturing into Tier II cities apart from existing formats in Tier 1 cities; as there is growing changes in customers opting for newer products and customization as well.

Luxury retailing is common business activity practiced across European Union unlike in India as it is an emerging area. Moreover, it is challenging task for luxury companies yet they are eyeing Indian market as there is great potential to invest in India. Besides this, people are welcoming luxe product which is a positive sign for luxury brands to continue their business. Moreover, India consists of young population wherein average age is 30 years. So, It is huge market for luxury brands.

There has been little research on luxury branding relating to its diversified fields as there are various interpretations of luxury by different authors. Foreign literatures give information pertaining to luxury products in different industries. Various literatures depict that luxury companies are working towards internationalisation and there are some literatures on grocery retailing (Myers et al, 1997). In India, the research pertaining to the aspects of luxury brand strategies has been the issue considered by organization in Indian market.
The following study undertakes the luxury brand strategies in India and explores different aspects of luxury brands through existing literatures and identifies the level of brand connect in Indian market. There has been little empirical research on luxury branding as a specific area but at macro level the managerial issues related to competitive positioning and strategic branding has been done in scholarly studies across the globe.

The idea behind the luxury branding is to know how a luxury brand positions itself in the Indian market and how Indian customers perceive it. In this regard, the key issues related to luxury brand strategies are discussed using the literatures available besides, factors which affect luxury branding in Indian scenario.

**Understanding about Brand and Luxury**

- **Brand**

  Scholar opines that a brand is an organizational asset as it comprises of set of philosophies adopted in an organization. This can create a distinct brand image and personality which is successful (Doyle, 1991). So as in Luxury brand. In this context organization put in efforts to create distinction which is reflected in the product(s) and dwells in the minds of prospective customers’ as well wherein they have high level of awareness towards luxe products. In Indian market, luxury brand is considered as an expensive thing or high end product. On the contrary, Luxury is not a new phenomenon in India as the great rulers of India have experienced the royal luxury dating back ancient period of Indian history.

  De Chernatony and McDonald (1992) define a brand as “an identifiable product, service, person or place, augmented in such a way that the buyer or user perceives relevant, unique added values which match their needs most closely”.

  Scholar opines that Brand is a long term effort by an organization which is perpetual in nature.

- **Luxury**

  “Luxury is a necessity that begins where necessity ends.” Coco Chanel

  The word luxury originates from the Latin term “luxus” which signifies soft or opulence, indulgence. It is associated with strong involvement of human element and value recognition from others. It can also refer to lifestyle; the underlying construct’s definition is consumer and situation specific. Luxury can be different things to different people. In business sense, on one side the luxury is about the expensive products which has joy element associated with it. Whereas on other side, an emotional element is associated with the product For instance, Luxury Brand Fendi (female accessory brand) which is expensive in nature at the same time the person who carried has an emotional quotient with it. In nutshell, it is about affluence, opulence etc.,

  The *Oxford Advanced Learner's Dictionary* defines luxury as to enjoy special and expensive things such as food and drink, Fashion and clothing, a pleasure or an advantage that you do not often have and as a thing that is expensive and enjoyable but not essential.

  As observed by the scholar that India has always had a rich tradition of luxury and experienced Maharajas/Indian rulers and Nawabs across the country had refined tastes and was connoisseurs of luxury. Luxury market in India garners huge attention as the consumer’s purchasing power is increasing and there is huge potential market for luxury yet foreign players are facing growth challenges and generating substantial profit with great effort. The luxury products such as
Apparel, accessories, jewellery, leather bags, spirits and electronics and cars have grown at 35%. Apart from this, luxury homes and yachts have grown at more than 30% (approximately) and have a market size of more than $3 billion. Various reports from Images Retail (2010) reports depict that the major growth drivers are seen in India are super rich people and celebrities especially in major metros such as Delhi/NCR, Mumbai, Bangalore, Pune, Chennai, Kolkata, Ludhiana and Ahmadabad.

Scholar opines that the luxury brands target a particular segment of a market and position its brand accordingly to be perceived by its customers in a distinct manner. The luxury products are expensive which is affordable only the super rich people having common interest in buying luxury across the globe. The strategic issue globally is that these brands are shelved and maintained the same standards throughout all retail outlets across the globe so as in India. Besides, to maintain its position in the international market all the time to convey its brand image consistently to its customers (Ailawadi 2004). At times, there are certain instances where a particular brand would claim different positions in different global markets. This strategy is adopted when a fashion retail firm intends to have different perception for its customers due the different natures of different consumer in global markets.

**REVIEW OF LITERATURE**

**Luxury Brands and Branding**

Mandel et al (2006) in the article entitled ‘Images of Success and the Preference for Luxury Brands’ have mentioned that in the foreign market especially people of United States of America often purchases Luxury products. It is also observed that even common people purchase luxury as it provides additional utility or value proposition in the luxury. In the study it depicts that the trends in America is increasingly trading up to luxury brands (Silverstein & Fiske, 2003), regardless of their economic status, because these products provide an opportunity for the middle class to attain the perception of prosperity. Unlike in India, it is totally contradiction among people of India. So, luxury brands have to put forth a different strategy to tap the market. It is evident that the consumption of luxury products displays individuals’ wealth, differentiating them from others (Liebenstein, 1950)

Vickers and Renand (2003) in the article entitled ‘The Marketing of Luxury Goods: An exploratory study-three conceptual dimensions’ have discussed about the Luxury products and the market for luxury products which has grown over the past 10 to 15 years with spectacular growth due to rapid rise in standard of living and increasing number of consumer knowledge about the product which has lead to democratisation of top-of-the-range products.

Keller (2009, p.2) in the article entitled ‘Managing the growth trade-off: Challenges and opportunities in luxury branding’ describes about the Luxury branding which involves typically to create many intangible brand associations and an aspirational image pertaining to the brands. Scholar feels that Luxury brand has an appeal and many meaning attached to it. This study also quoted that many luxury brands have presented histories and rich heritages of luxury brands. Besides, the important aspect is that it carries symbolic value in their status and achievement.

Glyn Atwal and Soumya Jain (2012) in the book entitled “The luxury market in India: Maharajas to Masses” mentions in the book that the strategies to direct the brands which enters luxury market to have market share. In the same line, this study in the cult of the luxury brand: Inside Asia’s love affair with luxury explores the emergence of luxury in Asia region, people use to wear accessories which are highly expensive such as Rolex watches, Burberry bags and many more. This literature also mentions that Hong Kong posses more GUCCI and HERMES stores as compared to New York /
Paris. In Asia, the cult of the luxury brand is so powerful that consumers account for as much as half of $80 billion global luxe industry. In Tokyo, 95% of women owns Louis Vuitton bag in their 20’s.

Okonkwo(2007) in the article entitled ‘Luxury fashion branding: trends, tactics, techniques’ discusses about all luxury fashion brands with year of establishments. This study mentions that it is impractical to discuss all the luxury brands in apparel category as the literature related to Luxury is limited.

It is an enriching experience to know about luxury branding. By constantly reviewing the literature it is found that there is a clear differences between social classes and the consumption of luxury was limited to the elite classes. It dates back to nineteenth century that luxury goods sector came into being and the introduction of many of the highly valuable luxury brands that we know today, e.g. Hermes, Cartier and Louis Vuitton in France, Burberry in England and Bvlgare in Italy.

Internet Literatures cover story on the entitiled “six drivers of growth in luxury market” has mentioned that Luxury brands that so far had to deal with a fairly homogenised group of customers but it has beyond to innovate into a newer segment. The assumptions that luxury could only be afforded by a slightly older profile wanting timeless elegance are getting shattered. A decade ago, the luxury consumer base was made up of just two classes - there was old money which went in for classy elegance and there was new money generated from trade that went for flashy opulence. In continuation with this, in present scenario, there is new segmentation in the profile of the luxe customer ([http://www.businesstoday.in/cover-story/six-drivers-of-growth-in-luxury-market/story/223001.html](http://www.businesstoday.in/cover-story/six-drivers-of-growth-in-luxury-market/story/223001.html))

In this scenario, India is the new kid on luxury block waits for new luxury products

**RATIONALE OF THE STUDY**

Curiosity from the Researcher

**Methodology**

After reviewing the related literature on Luxury Branding it is observed that the empirical evidences on the research work is limited in Indian context as it is entirely new luxe market. But in Asia it is not a new phenomenon. Looking into this aspect the methodology adapted in this research will be first secondary Meta analysis study of existing literature, self reflection and observation method. While interviewing people ;Open ended questions of 11 was sent to 100 respondents in which only 50 respondents were selected as this group of customers had knowledge about luxury branding and response rate were low as few questions were left blank. While undergoing this process 6 experts were contacted to get the clear picture of academic study on luxury brands Moreover, it is a new phenomenon and still in nascent stage.

**Tools for Data Collection**

- Open ended questions to few experts
- Secondary Meta analysis study of existing literature
- Observation
Objectives of the Study

- To understand the marketing strategies of luxury branding in India
- To elicit the factors required for luxury branding

DISCUSSIONS
(The following is the response given by selected customers)

Table 1: Depicts the Responses

<table>
<thead>
<tr>
<th>Interview Questions</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 What according to you is luxury?</td>
<td>According to me Luxury is about expensive thing and high end products</td>
</tr>
<tr>
<td>2 How do luxury products differ from ordinary products?</td>
<td>An human effort is involved in making of luxury products</td>
</tr>
<tr>
<td>3 What makes luxury different from ordinary?</td>
<td>Luxury is about royal for example in India, Great palaces in cities is a luxury</td>
</tr>
<tr>
<td>4 Do you believe that luxury is bought only by rich people</td>
<td>Mostly bought by rich people at times, other people too will buy</td>
</tr>
<tr>
<td>5 What do you see in Luxury brands</td>
<td>An emotional attachment with product</td>
</tr>
<tr>
<td>6 Mention luxury brands you know the best</td>
<td>Armani, Zara</td>
</tr>
<tr>
<td>7 Mention luxury brands you buy:</td>
<td>Generally I won’t buy luxury brand as it is bit expensive</td>
</tr>
<tr>
<td>8 Do you buy the same brand(s): always, often, sometimes, seldom, never? Why? Mention some examples.</td>
<td>Sometimes</td>
</tr>
<tr>
<td>9 Mention the potential luxury brands in India</td>
<td>Armani, GUCCI, ZARA</td>
</tr>
<tr>
<td>10 Do you think India has a market potential for exhibiting luxury brands in future</td>
<td>Probably Yes</td>
</tr>
<tr>
<td>11 Do you think luxury companies has to incur huge Investments to set up stores in India</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Table 1 indicates the views given by respondents seems to be that most of the them are aware of luxury branding and high level of brand awareness is missing among the respondents. Besides this, the same questions were sent to few experts like Product development manager in Apparel industry. Their opinions were satisfactory as they were able to give some clear picture of luxury branding. The most important factors are highlighted below:

- **Quality, Status and Appeal**

  Luxury brands have always fascinated consumers due to their quality, status and appeal. Most of the respondents indicated that luxury product is all about the status and appeal. Luxury brands are known to deliver superior experience at product level and at experiential level. Most of the respondents said that at product level it satisfies the utilitarian characteristic like craftsmanship, materials, high quality, unique design and product capabilities, technology and innovation. And at experiential level they appeal to the emotions of the consumers. For example: Tiffany is a symbol of love and beauty whereas BMW is a symbol of sheer pleasure.

- **Expensive**

  All the respondents mentioned that luxury brands shelved in retail stores are expensive in nature. As said, survey indicates that Upper middle income group will be able to buy still there are respondents willing to buy those brands in future.
• **Heritage**

Most of the people believe that luxury brand will be successful if it is the longevity of business and mastery in a particular business especially in accessories category.

• **Highly Distinct**

Luxury brands has very high distinctness from other brands and the strategies to market it is quite different as the segment in which companies look is totally niche. Here, the prospective are super rich people having common interest (community/group) across the globe.

**CONCLUSIONS**

The study highlights the facts about luxury branding in Indian context wherein consumers are aware of luxury brands and the value associated with it. Besides, the culture and traditions is imbibed in it. India has been dealing with luxe market since ages from supply and demand side and foreign brands to get accessed to it. The brands and retailers that have mastered their fields are moving on to more innovative approaches such as price, promotion, location-based service, customized services etc

Primarily, luxury marketers have to put in their strategy of making brand work for long-term strategy. The product should not be a one-time deal as it should meet a specific goal of business.

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