

Market Watch
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SENSEX
21,755.32 1.57

NIFTY
6,494.90 1.70

Gold (MCX) (Rs/10g.)
29,762.0 11.0

USD/INR
60.92 -0.43

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Luxury market to reach \$15 bn by 2015 in India, marketers try new ways to woo buyers in non-metros

Vijaya Rathore, ET Bureau Mar 21, 2013, 05:05AM IST

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NEW DELHI: If you were to name the country's most fashionable cities, Indore is unlikely to make the list. But luxury handbag brand Judith Leiber, which sells just about 300 of its pricey bags in the whole of India in a year, recently sold 30 pieces priced anywhere from 25,000 to over 3 lakh in this central Indian city through a special sale event held in partnership with an existing client.

"It was a unique experience for the people of Indore, which worked well for the brand," says Harshvardhan Bhatia, founder of HI Diamonds, who partnered the trunk show. Buoyed, the American brand will return to the city next month with a similar event with the same partner.

Judith Leiber is part of a growing club of luxury goods and service providers that finds innovative ways to reach small towns and cities where there is no luxury infrastructure but people have as much money and taste for luxury as those in the metros.

If Judith Leiber uses local influence groups to cosy up to buyers in the hinterland, BMW dealer Bird Automotive interacts with school and college students to popularise the German luxury car brand in cities such as Agra, Meerut, Karnal and Faridabad, where demand for luxury cars is on the rise. "We organise brand connect programmes for students with an aim to motivate them to become a customer at a later stage. It is a long-term approach," says Gaurav Bhatia, director at Bird Automotive.

Bird Automotive sells BMW luxury cars in Delhi and the NCR region. "Educating the consumer is the key to success in these (hinterland) markets," he says, adding that his firm sells up to 70 cars in a year in smaller cities around the Capital. India's luxury market is expected to reach \$14.73 billion by 2015 from an estimated \$8.21 billion this year, with about 30% of the customers coming from smaller cities.

According to a recent survey by YES Bank, new pockets of regional growth have led to a rise in the number of first-time luxury consumers from smaller cities and towns. This made 36% of the 300 responding CEOs of So the potential is big. And so is the challenge of wooing these new luxury lovers.

Abraham Koshy, professor of marketing at IIM-Ahmedabad, says small-town consumers need to be treated differently. "There is no point explaining what it means to buy a Louis Vuitton bag to a well-heeled shopper in Delhi or Mumbai. But in smaller locations, it is important to stimulate demand by informing a consumer about the badge value of an expensive brand and how it adds to the image," he says. To communicate well, brands need to talk consumers' language.

Rajeev Wadhwa, chairman of Mumbai-based luxury charter services provider Baron Aviation, says that recently a client had called in at two in the night with a demand to fly out to London in a private charter the next morning. "We knew it was not possible and it took one hour for the relationship manager to finally make him understand how numerous permissions were required to be taken," he says.

At the end of the conversation, the relationship manager not only convinced the wealthy client to change the date of his travel, but also gained loyalty and a number of trips thereafter. No wonder, Baron recently appointed a customer relationship manager who could speak fluent Punjabi to take good care of increasing queries coming from Punjab.

Ermeneigildo Zegna, the Italian luxury menswear brand, has made its 'Made-to-Measure' home-shopping services available throughout the country. Zegna's team of home shopping experts visit homes of brand loyalists in cities such as Ahmedabad, Pune, Ludhiana, Chandigarh and Jaipur, besides metros like Chennai, Kolkata and Bangalore.

Gildo Zegna, CEO of Ermeneigildo Zegna, says the brand, which has five stores in the country, has put its retail expansion plans on hold for this year to focus on brand development. "We have to make our products better-known not only in the city but also reach out to other customers," he says.

Once the clients are educated or aware about a brand, personalisation is the next step.

"Even small preferences need to be taken care of," says Wadhwa of Baron Aviation. So when someone from Rajasthan or Kochi books a private charter for Rs 1.5 lakh per hour, Baron makes sure he is offered Rajasthani dish or spicy idly, respectively, instead of Mexican or Italian food. "With clients from different regions, it becomes imperative to localise the offerings," Wadhwa says.

Having discovered the potential of the new markets, some brands are also getting closer to the wallets of their buyers by setting shops in these locations.

Genesis Luxury, which sells a host of luxury brands in India, has taken up space for half-a-dozen stores at a luxury mall in Surat being built by Virtuous Retail, a retail real estate asset platform sponsored by the Xander Group Inc. It is also looking for space in Chandigarh, Ludhiana and Jaipur because several people from these towns frequent its stores in Delhi and Mumbai.

Similarly, Reliance Brands, a part of Reliance Industries Ltd, which has recently brought American menswear brand Brooks Brothers (BB) into India, has set its eyes on Chandigarh for the flagship store. According to Pradeep Hirani, chairman of Kimaya, consumers in small towns are not traditionally big spenders. Hence their tastes, likes and dislikes are influenced by either mass media or their own personal preferences - they are more trend-driven than style-governed and hence will pick up things either worn by their favourite Bollywood celebrity or popularised by media.

