

PANAROMA OF LUXURY :IT'S ALL ABOUT EXPERIENCE

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Executive summary

In the ever changing Globalised World today, The Luxury Industry provides a platform to manifest the innovation and redefining National and International Value System. It captivates the audience not only for its aesthetics but also for appreciating the changing Ecosystem of the World. The word LUXURY originally meant “lechery” or “lust”. During the Elizabethan age, it was associated with adultery, as Shakespeare said in ‘Much Ado About Nothing’, “She knows the heat of Luxurious bed”. Luxury started with the physical, and drifted to material Pleasures. Today the word stands for itself in all theory and practice redefining all the spheres of Comfort and Flaunting in Public and Private Lives. This Industry has several components like Fashion, Alcohol, Hospitality & Concierge, Jewellery &, Cosmetics & Fragrance, Automobile & Aviation.

The concept of luxury is not socially neutral: it is a complex cultural construction produced within historically defined societies. In addition to historical development and economic evidence, it also has a sociological dimension, because it also has to do with social stratification, the notion of practical utility and waste, and the distribution of wealth.

Over the years, The Luxury Industry has undergone an astronomical transformation in its quest to fulfill the expectations of its targeted audience. The evolution can be seen through the reference of various brands, e.g. Dior, Chanel, Givenchy coming from Paris region famous for their Brand Management and Fashion Sustainability. The Fashion has changed its face from 16th to 17th century and it is all anew by 21st century.

E-Commerce, Clusters, Incubators are helping accelerate the homegrown start ups into an empowered brand name. Many brands and Luxury brand innovators are taking the opportunity to provide the stage for women’s cause and Empowering the Female power by making Local brands a symbol for awareness and sensitization. Countries like India are going for “Make In India” and “Vocal for Local” and hence redefining the Luxury for Indigenisation. China has also increased its ‘Annual Luxury Online Penetration’ from 13% in 2019 to 23% in 2020 as per Bain & Company Report.

The Sustainability of Luxury Industry is a topic essential for today’s Society as It will have a long lasting impact on the coming generations in terms of Environment & Climate Change. Ranging from Hospitality to Air Transport, It’s important to check its toll on Nature. Other important takeaways from here shall be targeting the audiences from all classes of Society. This is important to catalyze the social empowerment of Society.

The Conspicuous Consumption can be seen as the biggest component of the showbiz of Luxury Industry. The world should beware of the consequences of New Consumerism coming out of such an uneven phenomenon.

Today’s world is getting the message of getting BACK-TO-THE-BASICS mentality where the Luxury is more comfort oriented rather than showing it off. The Proper channelization of innovation can help the world in bringing out the best.

Demographics also have a deep impact on the Promising Luxury Industry. Youth and elder people may have different Luxury goals and hence the choices. The USA, China, and Europe are leading in the Luxury Industry.

The Corporate Sector has changed the structure of the Luxury Industry by incorporating the latest ideas of Fashion World and giving a lifestyle need to the people. The Hollywood and Fashion world has made the world an iconic stage for the Luxury Industry.

From the Ancient Silk Route to the Streets of Paris, Luxury is a dynamic concept with vividness of understanding. From the first car invented to the Invention of Electric Vehicles, the transformation is all about understanding the changes in the need of Luxury. Castles and Palaces are now taken over by a

preference of a cottage house on the beach and serenity of nature. This defines the change of Luxury-landscape in the human mind.

The Luxury Industry also got a big hit during the Pandemic times. It reiterates the need for close social knitting in the Luxury market. The Luxury Industry needs to stay relevant to harness the market globally.

EVOLUTION OF LUXURY INDUSTRY

The residue of time and old eras bear witness to the relationship between wealth, power, and social class. In ancient times, the most important symbols, food, weapons, horses, ships and land were what distinguished the elite from a commoner. The highly hierarchical structure in societies like the Egyptians, for example, would be reflected in the lavish and expensive objects found in the tombs, and pompous funerary rituals would distinguish the privileged from common man. However, over the period of time, luxury has evolved, becoming more democratized and within the reach of a common man.

Luxury's usefulness still stays a debatable topic. While some considered luxury to be a useless extravagance, others saw it as a powerful device capable of creating the conditions for artistic innovations and Ambience for life. Luxury helps creating Social Elevation and help creativity blossom in its bosom.

The radical transformation of Western society that took place during the 18th century had a profound impact on the perception of the concept of luxury. After the Industrial Revolution, the acceptance for luxury items started to phase in the Society. By the time the 20th century kicked in, people began to understand the need of Luxury as a recreational and a Societal Convention.

- Onset of 20th Century (Louis Vuitton)
- between World War 1 and 2, perfume (Chanel)
- After the Second World War, The Luxury was itself an Industry of significance with various components.

Today firm marketing strategies have made the Luxury Industry a Dream Sector in National & International Markets.

SUSTAINABLE CONSUMPTION : A DRIVER FOR SOCIAL CHANGE

The concept of sustainable consumption, emerged from the Rio Earth Summit in 1992 is one of the most important goals of the United Nations within the framework of sustainable development. Although sustainability has both social and economic aspects, the increasing focus on sustainable consumption is due to the fact that humans consume more of resources and contribute towards environmental degradation, deprivation of resources, both renewable and non-renewable, and causes waste and pollution. Hence, the need of reshaping the concept of consumerism and it is not concerned with consuming less but about consuming efficiently keeping the balance intact.

This concept is intended to impact strongly on the competitive strategies and the purchasing decisions of consumers in both the developed and developing countries. The best strategies are set to sail in big Luxury Markets like China, US.

Hence, From its origin to the drivers of change, Healing of resources is a compulsory attitude to contribute for a new type of consumerism.

LUXURY AND FEMINISM

Intertwined are the relations between Women and Luxury branding campaigns. Gucci, Dior are great examples.

Women represent both a consumer demographic and a political constituency, and the nodes of politics and consumption are easily crossed. The 'double wiring' of beauty and fashion, which trades on the deep psychic investments of feminine subjects, can in fact be related to broader structural questions in the fashion industry.

After decades of over-sexualisation and gender sexism in advertising campaigns, market- campaigners have discovered that "femvertising", or selling the empowered perception, is a gold mine for an industry that has been trying to build a connection with an emancipated generation of females worldwide. Today these brands are also giving wings to aspirations of Women throughout the World. NGOs and Fashion brands are collaborating to create an impactful social scenario.

CONSPICUOUS CONSUMPTION AND ITS IMPACTS

Conspicuous consumption is the practice of purchasing goods or services to publicly display wealth rather than to fulfill basic needs.

The term 'Conspicuous consumption' was first coined by American economist Thorstein Veblen in his 1889 book, "The Theory of the Leisure Class." The dynamic theory has evolved over the period of time with people searching for new ways of creating and displaying wealth.

In 1967, the theory was developed further by another American economist, James Duesenberry, who first described the "bandwagon" or "demonstration" effect. Duesenberry claimed that people purchased goods and services to preserve their self-esteem and keep up with society's expectations. In his book, Veblen claimed that advertising plays a huge role in conspicuous consumption. When a company is advertised as a luxury brand, many people want to associate themselves with its product. This leads to conspicuous consumption as people believe they will achieve a positive self-image when they purchase luxury brand products.

According to Veblen's theory, people consume conspicuously for two main reasons – to be recognized by their peers and to achieve a higher social status in society. Both factors are a reflection of the culture and social or economic class that the consumers reside in.

Conspicuous consumption defines the personal and public perceptions of a person.

Therefore, in a collective culture, the main driver of conspicuous consumption is the importance of "recognition by others."

Conspicuous consumption is a theory that is both economic and psychological.

As 2021 comes to light, the effects of the 2020 global Covid-19 pandemic have brought profound changes to the luxury market and present a whole new set of challenges for luxury brands.

Looking to 2021, it will be a year of transition bringing in a new era of conscientious luxury. Bain reports, states that online share of luxury market sales nearly doubled in 2020, rising from 12% in 2019 to 23% in 2020. This rapid shift will continue with the expectation that e-commerce will be the leading channel of distribution for luxury goods by 2025.

Louis Vuitton's \$900+ face shield is conspicuous consumption carried to extremes!!

True luxury whispers. It doesn't scream.

THE BACK-TO-THE-BASICS MENTALITY : LEADING TO A CHANGE IN BRAND MANAGEMENT IN LUXURY INDUSTRY

The Pandemic has changed the purchasing power of the global world. In a blink of the eye, consumer spending shifted from discretionary to necessity oriented.

The luxury market thrives on the psychology of consumers.

HENRYs(High Earning Not Rich Yet) HENRYs occupy the space between the middle-income consumers and the ultra-affluent elites.

In the new-normal, post-coronavirus world, the luxury market is going to be profoundly changed by profound changes to the HENRYs mindset, priorities, and values.

Luxury brands are well versed in applying ‘Maslow’s Hierarchy of Needs’ in their marketing and positioning.

In effect, the coronavirus pandemic has turned Maslow’s Hierarchy of Needs upside down. Shopping, even for the affluent, has shifted toward the basics .The new luxury of emotional wellbeing has gained a lot of ground.

The greatest opportunity for luxury brands is to programme this particular emotional dimension.Strategic consultancies, call this Sensitive Technology, which describes when the digital experience is centered around human thoughts, feelings and behaviours.

Challenge is – Consumers will be deliberate and careful about purchasing luxury goods

The pandemic resulted in a radical reset to luxury consumers’ priorities.

It means it is now more than branding, a stand on the environment, sustainability and socially-responsible business practices, along with support of cultural values like gender, race, sexual orientation and income equality.Now the “HAVEs” will be concerned with “HAVE-NOTs”.

Luxury Turns From Conspicuous To Conscientious!!

IMPACT OF DEMOGRAPHICS ON THE EVER CHANGING WORLD OF LUXURY BRANDING

Ageing has also got a dimension on the needs and wants of consumers.Needs of a 8 to the needs of a 80. As the average age of luxury consumers is decreasing, their patterns to shop are changing as well.Brands are re-examining their strategies and knowing what Millennials and Generation Z members expect from them.

1.3 trillion Euro is the value that the overall luxury market is expected to be in 2025.

- The luxury customer base will expand to 450 million by 2025, up from 390 million in 2019, mainly thanks to the growing middle-class, especially from Asia. Source Bain & Company
- 50% of total luxury consumers will be Millennials by 2025 Source True-Luxury Global Consumer Insight 2019
- 43 years old is the average age of a HENRY. HENRYs, i.e. High-Earners-Not-Rich-Yet, are a consumer class that has started to rise and which is going to be extremely relevant in the coming years.

Experimental luxury is expanding the boundaries of the discourse on, of, and around the brand: a type of reflection that is gaining ground is the overlap between personalization and lifestyle.Exploring the new and Chasing the Unknown is an important branding style.!

FINAL WORD

The most important aspects to bring revolution in the new face of Luxury Sector shall take care of following factors:

- creating tailored local experiences;
- strengthening digital and omnichannel offerings;
- building deeper engagement with consumers, even in smaller cities

If Luxury has to be a stairway to Heaven, It should work on Effective Personalization..There has to be careful,accurate and respectful contextualization in offerings of Products.

Luxury was traditionally an industry in times of peace but now is the time for Luxury to come at the forefront of extraordinary times in Human Existence.