

MARKETING

How the pandemic is reshaping luxury and consumer attitudes

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Indian luxury brands such as Sabyasachi have benefited from the growth of a wealthy class even as the COVID-19 pandemic is ongoing. Seen: Sabyasachi's new Tropical Sling bag. Image credit: Sabyasachi

By [Abhay Gupta](#)

Eighteen months into the COVID-19 pandemic and the world of luxury has changed. Values, beliefs, wants and desires are all impacted by the repeated isolations, loneliness, fears and, above all, survival.

The pain of seeing loved ones gone, not being able to hug, cuddle or simply meet a loved one during his or her last moments have left a impactful scar on our mental wellbeing and belief systems.

Like all other businesses, luxury, too, has seen some rapid transformation during the high-paced and quick manifestations of the deadly coronavirus.

Wealth creation or wealth accumulation? With fewer opportunities to spend their money, consumers' savings have doubled, leading to growing wealth accumulation with a larger population.

For the first time in history, the size of global U.S. dollar millionaires exceeds 1 percent of the total world population.

With an absolute number of 56.1 million millionaires in a total population of 7.9 billion, the accumulation of wealth has never been higher. Mainly concentrated in the United States and Europe, wealth in Asia Pacific and China is fast catching up.

India, too, enjoys a 1.2 percent share of this cohort with an absolute number of 698,000 households.

China and India are likely to continue on the growth of these numbers to see an estimated increase of 93 percent, as well as an 82 percent jump in the number of millionaires projected for the period 2020-2025.

Outlook towards luxury spending. The general outlook towards spending on luxury products and experiences remains positive.

With pent-up demand, emotions and reduced spending, most people flocked to shopping malls with queues outside luxury stores despite stringent servicing norms linked to COVID-19 restrictions.

More millionaires are likely to increase their spending on luxury offerings as the COVID-19 fear eases and vaccine drives increase apace. The market sentiment and mood are generally buoyant and bullish towards a highly resilient festive season ahead.

Luxury has a new meaning. The current millionaires are mainly concentrated in the 18-44 age bracket, a mixed cohort of millennials and a rising population of the Gen Z. Luxury takes a new meaning for this cohort.

From simply being more of a brand-led status symbol, luxury today is more health besides just wealth.

Luxury is freedom, luxury is being able to do what one wants to do, to step out, to be able to travel, be with friends, and being creative without being judged.

Being exclusive, being something out of the ordinary, being more environmental friendly, being socially conscious, being inclusive, top quality of service and product and being empathetic are values that are being sought.

Social responsibility, belief systems and value propositions of the brands make a huge impact.

Causes such as care for the planet, treatment of employees, elderly support, clean water, sanitation, animal aid, arts and culture, inclusivity and diversity play a huge role in brand selection.

The younger cohort is highly creativity driven. Creativity towards a cause besides just a product resonates with the younger Gen Z audience.

Idols such as Greta Thunberg and Virgil Abloh and brands including Gucci and Nike seem to be in favor.

Gifting has also been a major contributor to luxury purchases.

Showing loved ones that you care by gifting an expensive item from luxury brand such as India's Sabyasachi is on the rise. Global brands that have generally done well are Gucci, Channel, Rolex, Prada, Cartier, Louis Vuitton and Lancme, in general.

Vintage luxury has seen an increased acceptance during and post-COVID-19. Secondhand or pre-owned luxury is not taboo. Phenomenon such as BNPL (Buy now pay later) have seen an uptick.

Besides, iconic products that double as investment pieces and assets have seen a growing demand.

Prices of Herms, Channel and Louis Vuitton bags have seen a constant uptick. Categories such as luxury homes, automobiles, watches, jewelry, art, private aviation and yachts have seen a rise in demand.

While there has been a growing acceptance of ecommerce, the experience of an in-store luxury purchase is not completely lost.

It is believed that 70 percent to 80 percent of the purchase journey is being made online, while the final moment of truth is still preferred in the store. This puts tremendous pressure on the physical store and teams to match the visually appealing digital experience.

While domestic travel, micro holidays and weekend getaway or even staycations have become a norm, the desire and yearn for international travel remains high.

The choice country of leisure destination varies per nationality. But recovering tourist traffic benefiting luxury hospitality and luxury goods sales can be anticipated.

LUXURY PROVES ONCE AGAIN that it is recession-proof.

Highly dynamic and yet fulfilling for every generation, it may vary in different forms, manifestations and attitudes, but continues to provide pleasure and a sense of differentiation, achievement and uniqueness besides just exclusivity.

Compiled from various reports, webinars and articles, with special credit to a recent webinar hosted by Mickey Alam Khan, editor in chief of Luxury Daily, and delivered by Amrita Banta, cofounder/managing director of market researcher Agility Research & Strategy, Singapore.



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