

MARKETING

Indian consumers shifting from status signaling to self-transcendence

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The Indian luxury market is primarily driven by young aspirational consumers. Higher discretionary income, digitization and brand love inspire these consumers to indulge in luxury.

Millennials dig deep into brand narratives and purpose over materialism. They may not emphasize only on the ownership and exhibition of material items, but also on the sophistication and experiences. They want to engage with brands that reflect their personal values.

Though luxury in India is at a nascent stage, the notion of luxury is undergoing a transformation.

The important questions that currently surrounds luxury are simple: As the Indian luxury market is evolving, are consumers transitioning from status signaling to self-transcendence? Is this an emerging phenomenon in the post-pandemic world where consumers' priorities are shifting, from flashiness to subtlety, from self-centrism to altruism, from conspicuousness to consciousness, from material-orientation to value enrichment and from being ostentatious to being responsible?

Here are the four key reasons behind this transformation.

Mindful consumption. A growing number of young Indian consumers are now making more informed decisions. They show concern for society and environment while making product choices.

For instance, they choose to eat locally produced food, wear ethical clothing, drive electric cars and stay in green resorts. Their awareness of what is better, more eco-friendly and humane allows them to make the right selections.

A recent report by the Capgemini Research Institute found that around 60 percent of Indian consumers in the age group of 18-24 have shifted to lesser-known brands that were sustainable.

Also, 65 percent of the responding consumers confirmed that they will indulge in "mindful consumption" in the new normal

Marketers must understand that consumers are willing to pay premium for better, healthy and ethical versions of "ordinary" products.

Note: Brands must redesign their complete value chain to ensure it is ecologically and morally sound.

Taste refinement. Massification of luxury goods and emergence of new forms of luxury such as rental luxuries have made these items much more accessible, leading to the fading signaling capability of conventional luxury products.

These goods no more exhibit wealth as today even masses can conveniently own second-hand luxury goods or experience high-end labels on rent.

Therefore, a growing number of sophisticated consumers in India now prefer to buy subtle brands over loud logos that reflect their true selves. They are seeking for exclusivity and savoir faire rather than popular brands.

Brands such as Bottega Veneta are targeting these select consumers who want to disassociate themselves from larger groups and resonate with people in their own closed group known as "insiders." Loud logos that exhibit an individual's wealth and opulence might seem distasteful in a post-pandemic scenario.

Note: As luxury is becoming a "way of life" for wealthy Indians, marketers should focus more on silent symbols than visible emblems.

Experience orientation. Millennials prefer to spend money on experiences that arouse positive emotions and provide sense of happiness. They seek pleasure in holiday trips with friends and family, or rejuvenating themselves with a visit to a spa as alternative to materialistic acquisitions.

There is a growing craze for genuine indigenous travel experiences from culinary sojourns to local sightseeing and culture trips.

Per recent research by Deloitte, around 50 percent of those surveyed in India want to spend more on experiences than on physical possessions.

After prolonged pandemic-related restrictions, the rich now want to live in the moment and indulge in luxury and experience-oriented spending.

Note: Brands must understand that new-age consumers value living a purposeful life and aim to explore meaningful experiences that build on their "authentic-self."

Investment in real wealth. Luxury now has become a way to self-enrichment.

Affluent consumers today put more emphasis on quality of life than ostentatious symbols. They want to indulge in guilt-free pleasures. They spend large monies on invisible experiential goods such as education, health and well-being, while reducing spent on tangible flamboyant goods.

Particularly with the pandemic, consumers have realized the fact that less is more.

A recent report by CARE Ratings confirmed that with the increase in income levels and awareness, consumers in India are spending more money on quality education and health care.

Note: Luxury brands that showcase social status and cultural aspirations need to reconsider their consumers' evolving tastes and preferences.

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