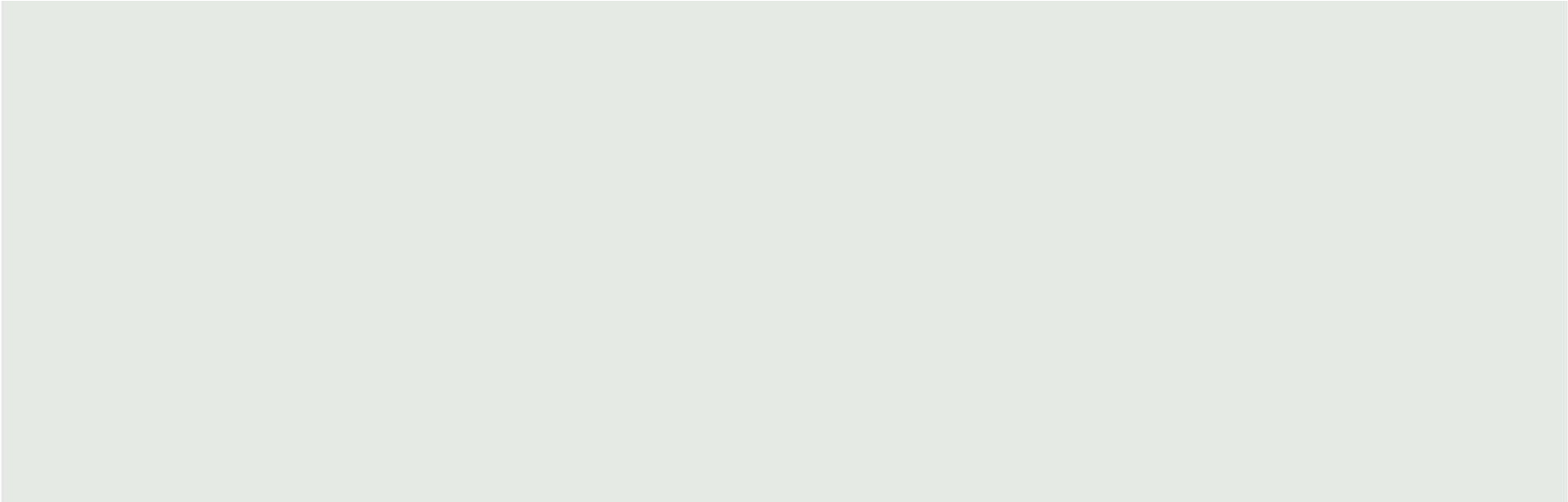


Report on
Luxury Footwear Market
in India

Contents

Highlights of the report	3
India – foreword	5
Luxury consumer profile & its Evolution	7
Luxury market: size, segmentation, evolution	14
Retail formats & Locations	18
Major Players	23
Economic Results	32
Price positioning map	33
Entry strategy & Regulations	34
Luxury market trends	40
Roadblocks in the path of success	43
Success factors	45
Rumors in the luxury markets	47
E-commerce	48

India – Overview



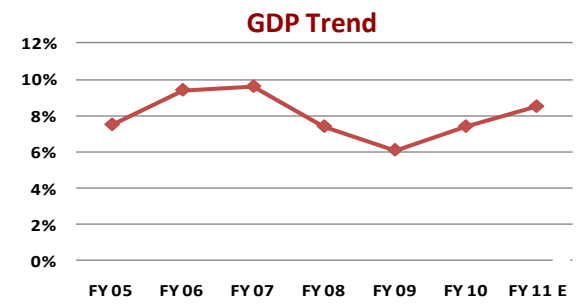
India – Overview

Population: **1.21 billion** (Year 2011 Census) -

GDP : **8.6%** (Year 2010-11)

Per Capita Income in real terms at current level prices is Rs 54,527 (**US \$1,090.54**)

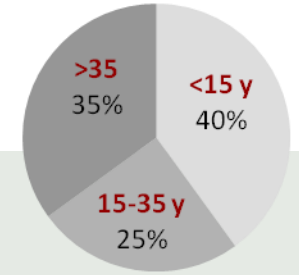
FDI : **US\$ 197 billion** (Cumulative amount from April 2000 to April 2011)



Demography

- India is today the **second most populous** country in the world, but projected to achieve the top of world ranking by 2025, surpassing China.
- More than 50% of its population is below the age of 25 and more than 65% hovers below the age of 35. It is expected that, in 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan.**

Demographic Structure



India’s Rich Class became richer in 20XX

- India has a record number of ... billionaires according to the Forbes India Rich List-20XX, with a combined wealth of US\$ billion.
- There are currently Ultra HNIs (UHNIs) in India and which is expected to treble to within next 5 years.**
 - UHNWIs are defined as those having investable assets of US\$ 5 million or more, excluding primary residence, collectibles, consumables, and consumer durables.
- There are around High Net-worth Individuals (HNIs) in India exhibiting around ..% growth over two years and it is expected by end of 20XX India will be having HNIs.

By 20XX, an average Indian’s standard of living would be what is in Spain today & the country would have the largest number of billionaires in the world with possible exception of China

Luxury Consumer Profile & its Evolution

Luxury – Not New to India

- India has always had a heritage of luxury, both in terms of creation and consumption. Being the **land of Maharajas**, its hardly stranger to opulence and luxury.
- Before the country gained Independence, the Indian élite – the maharajas – were among the luxury brands' biggest clients. *For example:*
 - ✓ *Towards the end of the 19th century, the French luxury house of **Louis Vuitton** constantly supplied Indian royalty, most notably to Maharaja Jagajit Singh, with its signature hand-crafted luggage.*
 - ✓ *Indian princess had a penchant for luxury goods from the West. Brands such as Cartier and Louis Vuitton were patronized by the Patiala royal family among others, and many princely families in Rajasthan had their own private collection of luxury cars.*
- In pre-British time India was fabled for its riches and even the post-British era saw its pockets of richness of erstwhile **royal families**, alongside with the **newly-developed industrial classes** who have become the main users of European luxury brands such as Rolls Royce, Cartier, Chanel, Louis Vuitton etc.

- Since then, Indian luxury consumers have evolved. Passing through years of **Socialism post-independence** and the **Liberalization** which followed in 1990s, well-off attitudes and exposures have changed dramatically.
- A new class of **wealthy professionals** has come to the front-line of consumption, bringing fresh money to spend but also careful spending attitudes.

Luxury Consumer Profile

- International yardsticks to define a HNI are not suitable in the Indian context. India has always had plenty of **enormously wealthy people** such as landlords, royalty, rich farmers, traders, etc. **who do not discuss their wealth** due to deep rooted cultural moorings
- The recent economic boom has resulted in an unprecedented level of wealth creation in India. Average income levels have been risen manifold and many individuals have suddenly become millionaires.
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They include businesspeople, corporate executives, established professionals, politicians, traders, builders, agricultural landowners. They can be broadly classified into three groups:

- Inheritors :
- Self-made:
- Professionals :
-

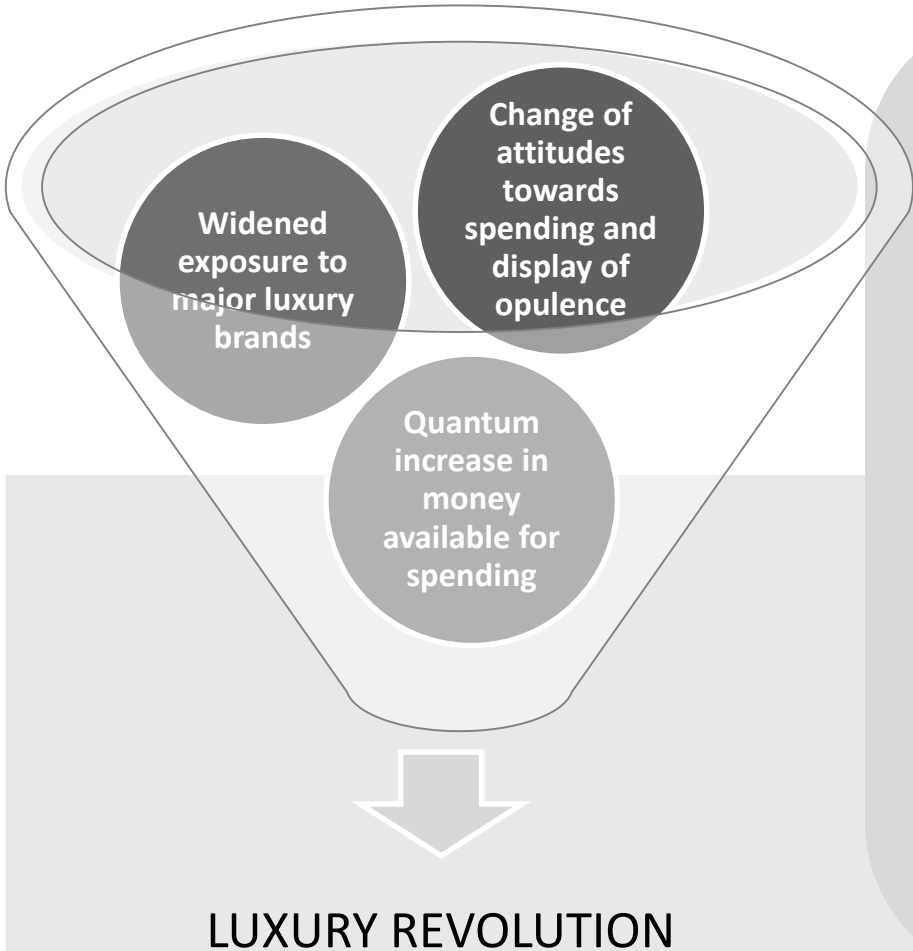
“Traditional” Millionaire Profile

At least up to independence from British dominion (1947), rich people were more likely to be the upper classes or the notability (royalty, landlords, rich farmers, traders, etc.)

Traditional Indian Rich: behaviour

Preference for luxury assets	Fancies of customized products	International brands purchased abroad
.....

“New” Millionaire Profile



New Millionaires: The recent economic boom has resulted in an **unprecedented level of wealth creation in India**. Average income levels have been risen manifold and many individuals have suddenly become millionaires. Today’s **ultra-HNWIs (UHNWI)** come from all social backgrounds, including

.....

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Luxury Consumer Segmentation

Luxury Consumers can be broadly classified within groups. The wealth dynamics and behavioral traits of each group are unique and luxury brands will face diverse challenges in their dealing with them.

Inherits

- They have longer period of association with luxury brands, hence they can be considered highly evolved brand consumers/users.
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Self-made

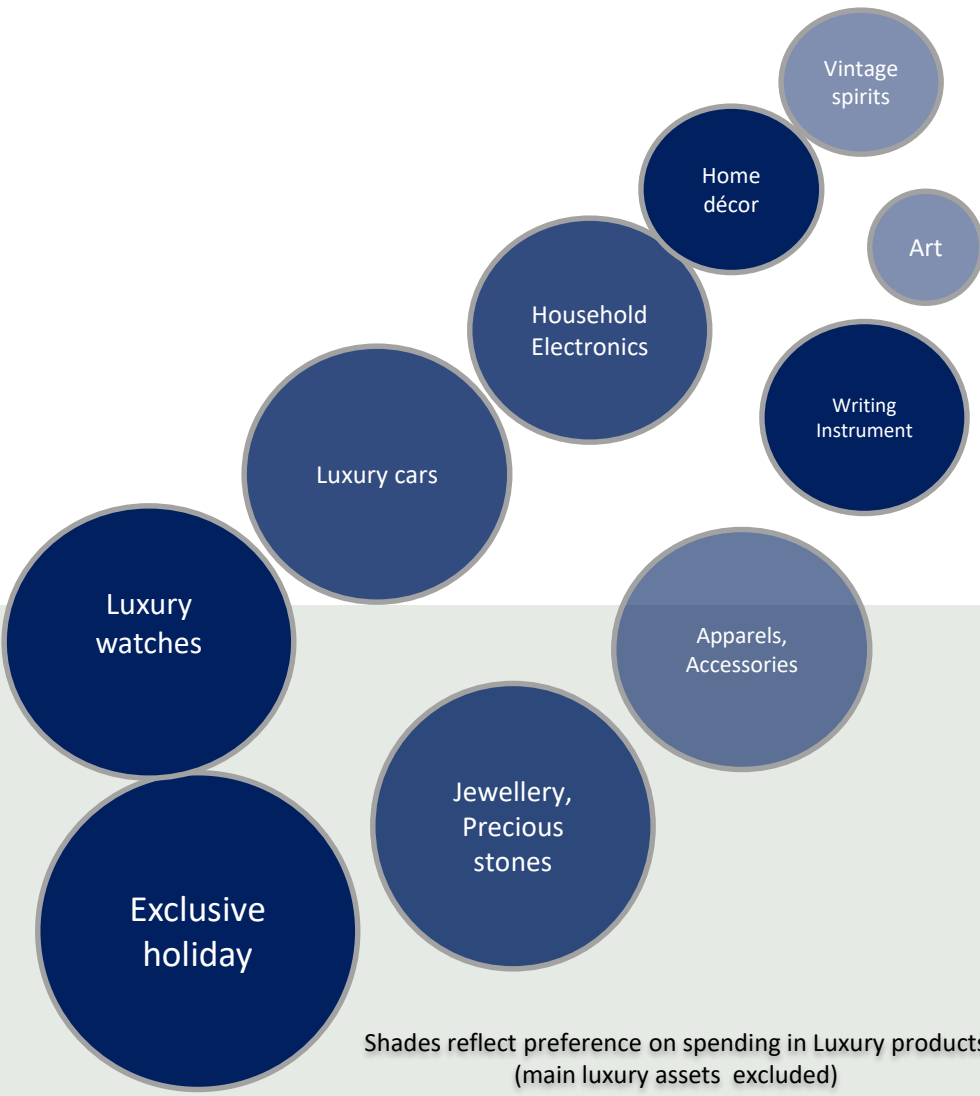
- They comprise UHNIs who started on their own.
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Professionals

- These are the people who happened to be in the right job in the right industry at the right time. Their number have grown significantly in the last couple of decades.
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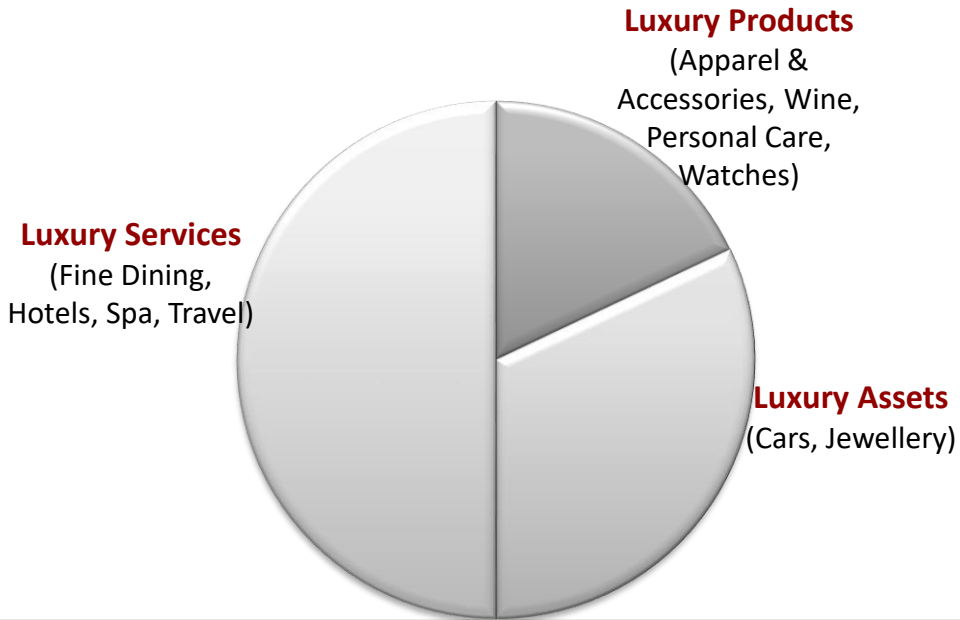
Spending Behaviour of Wealthy

- Amongst the UHNIs, the Inheritors and the Self-mades splurge the most on luxury.
- On the basis of regional cultural traits, UHNIs in the tend to be a bit more expansive with their money compared with their counterparts from the
- **Price** is not really a primary consideration for the
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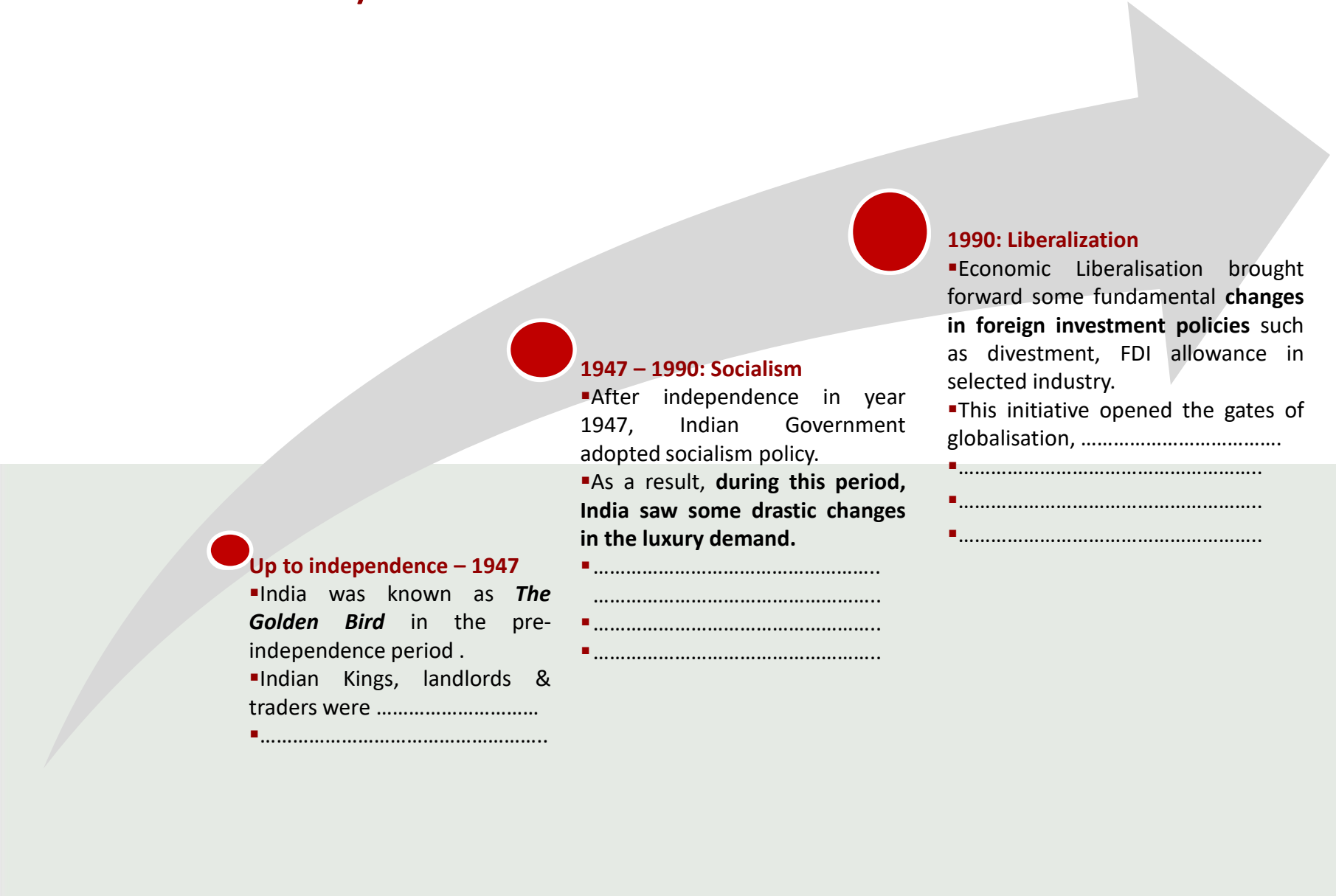
Luxury Market in India

Luxury Market in India – Overview

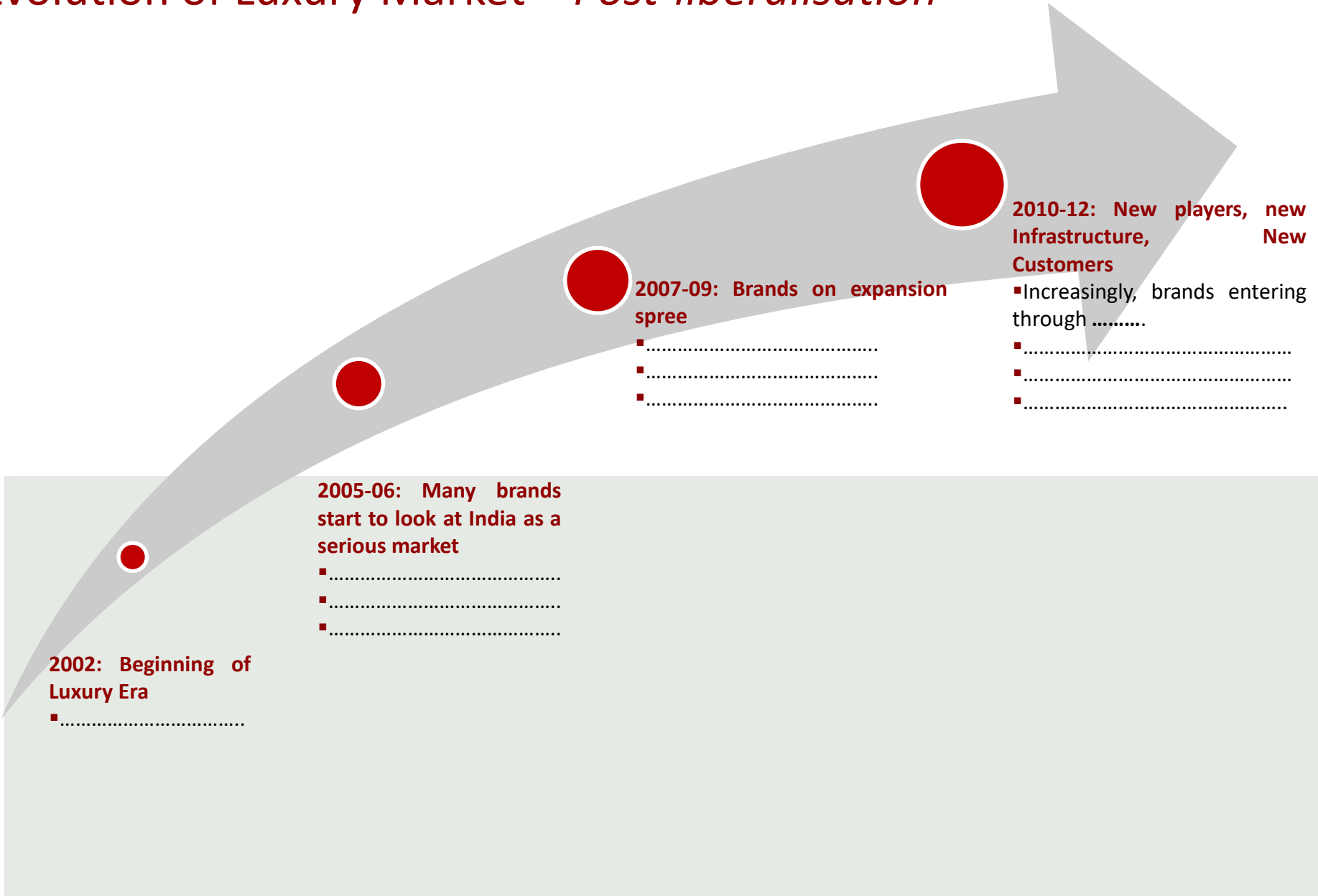


- The luxury market in India is one of the world’s diverse and challenging market for the international luxury brands.
- In 20XX-XX, it was pegged at around **Euro billion**, out of which major share is contributed by luxury assets.
- Luxury products command small share (...%)of the market while luxury services hold ...% of the market.
- **The segment is fastest growing at the rate of ...%.**
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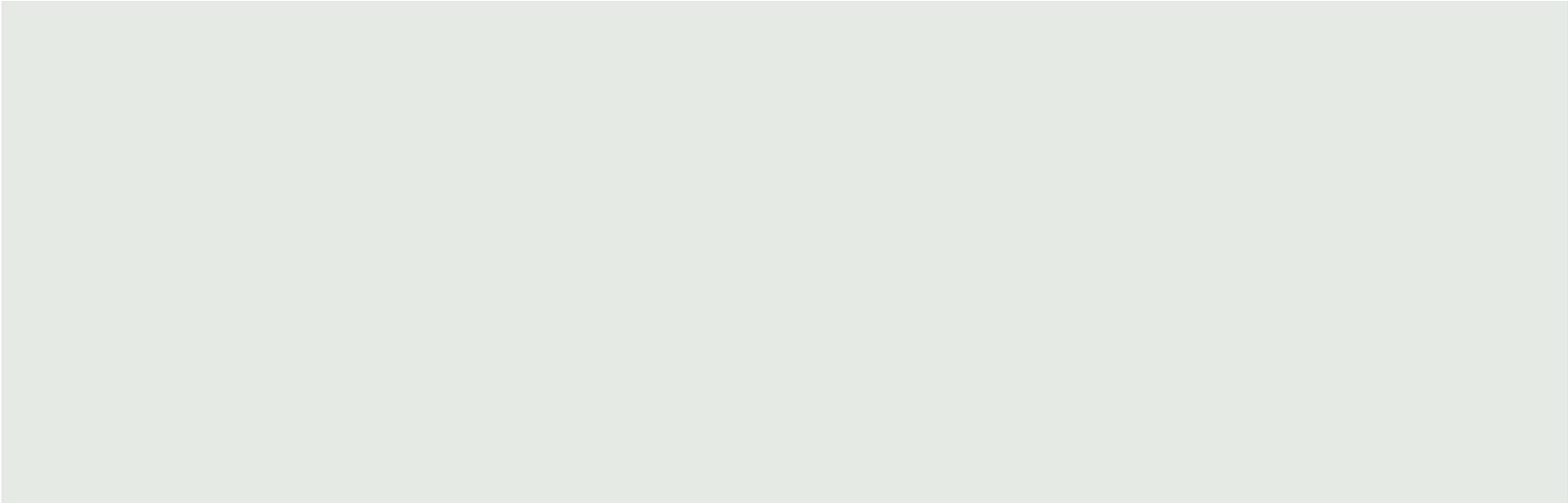
Evolution of Luxury Market – *Pre-liberalisation*



Evolution of Luxury Market – *Post-liberalisation*



Retail Formats & Locations



Evolution of Retailing Space in Luxury Sector

20XX – 20XX

FIVE STAR HOTELS

International luxury brands were confined to **mono-brand shops in five-star hotels** mainly

20XX – 20XX

LUXURY MALLS & MULTI-BRAND

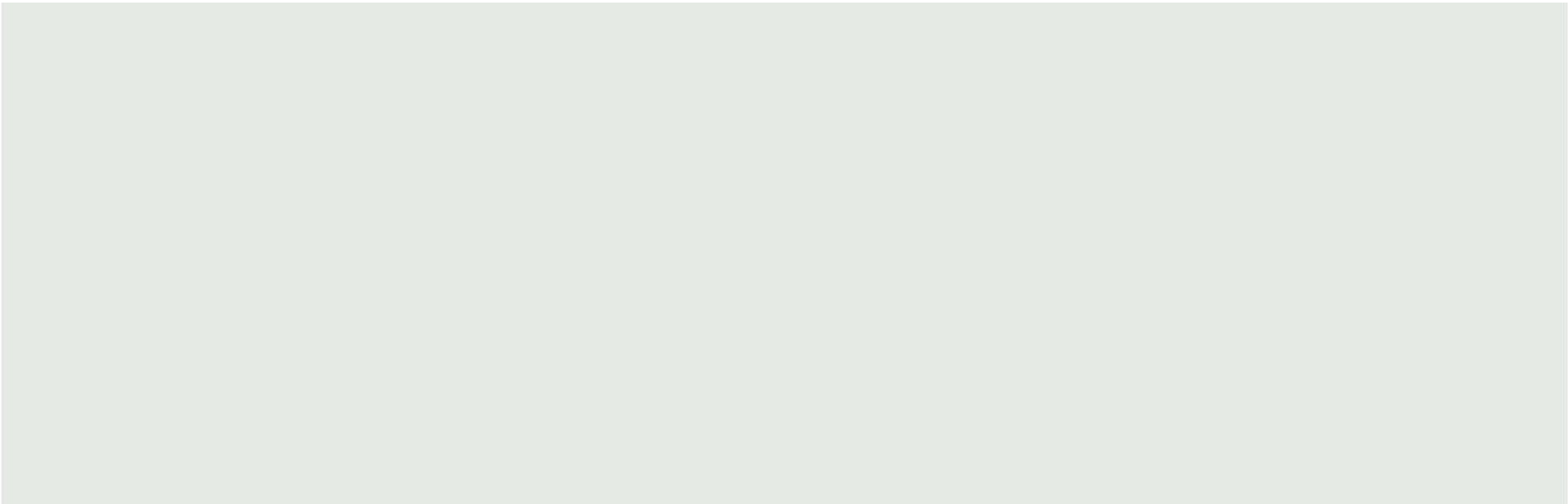
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20XX – 20XX

SHOPPING DISTRICTS & HIGH-STREETS

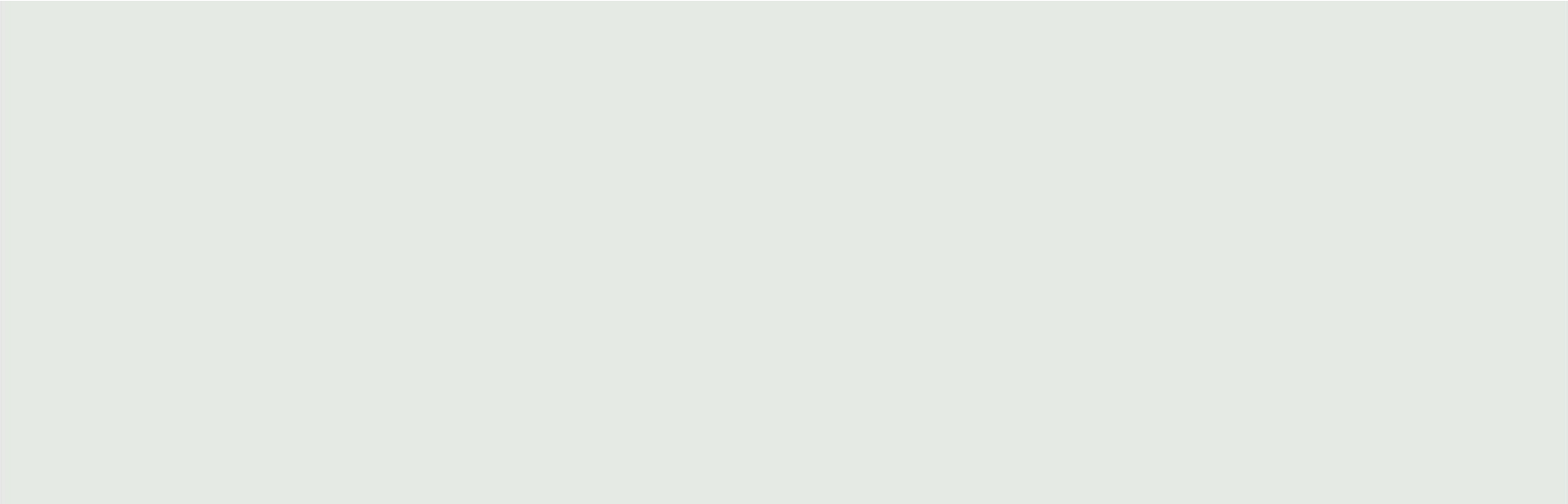
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Major Players



Murjani Group – Snapshot

- Established two and half decades ago, Murjani group is one of the established Indian player who had revolutionized the Indian luxury market by making franchisee agreements with Gucci, Bottega Veneta and Jimmy Choo in the year 20XX.
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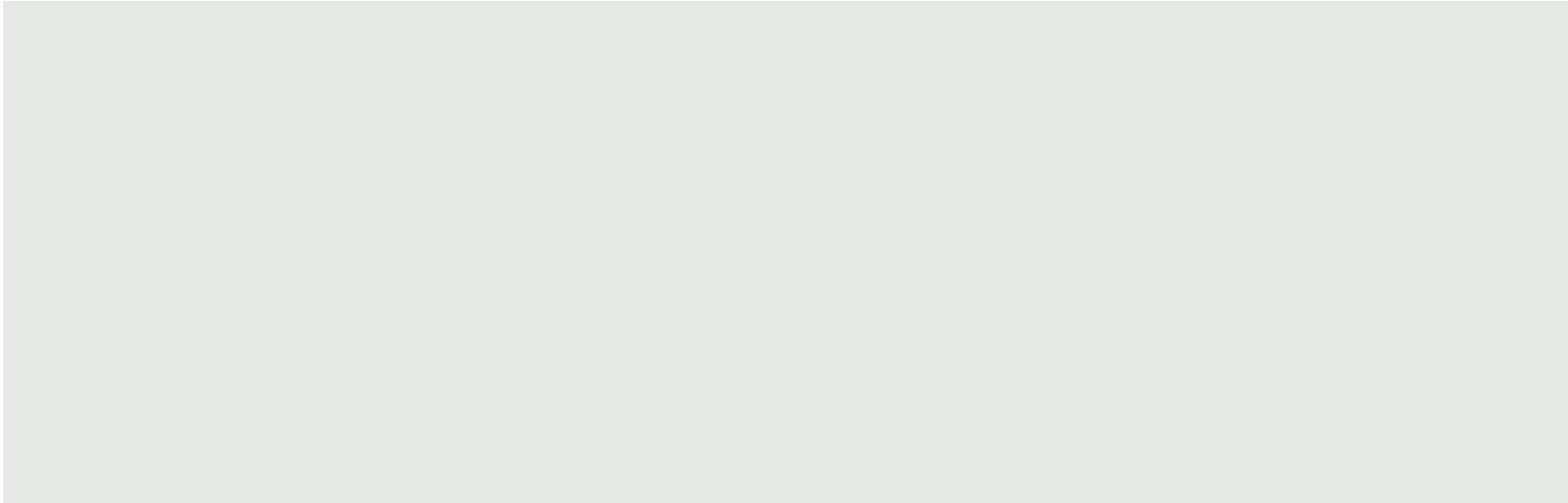


Int.l luxury brands in India: With Murjani Group

BRAND	PARTNER	PARTNERSHIP DATE	STORES
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ABC– Snapshot

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Int.l luxury brands in India: With ABC

BRAND	PARTNER	PARTNERSHIP DATE	STORES
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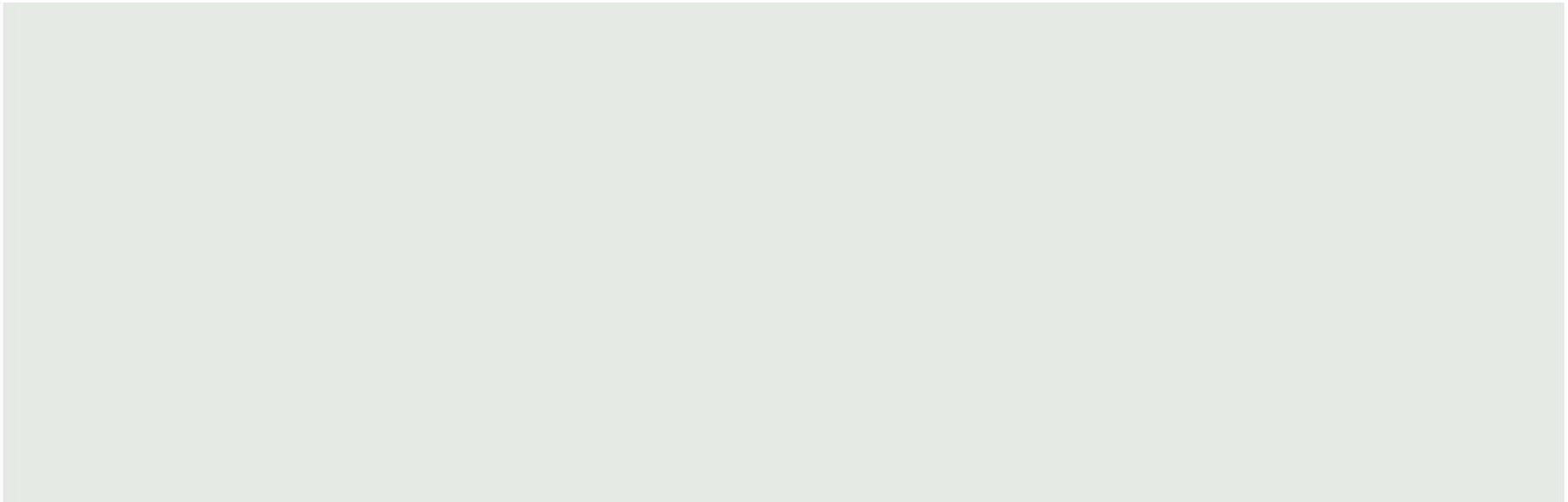
Economic results

- Here below are summarized economic results of some Brands in India.
- They reflect the difficulty to bear **high rental & media costs** to promote the brands.

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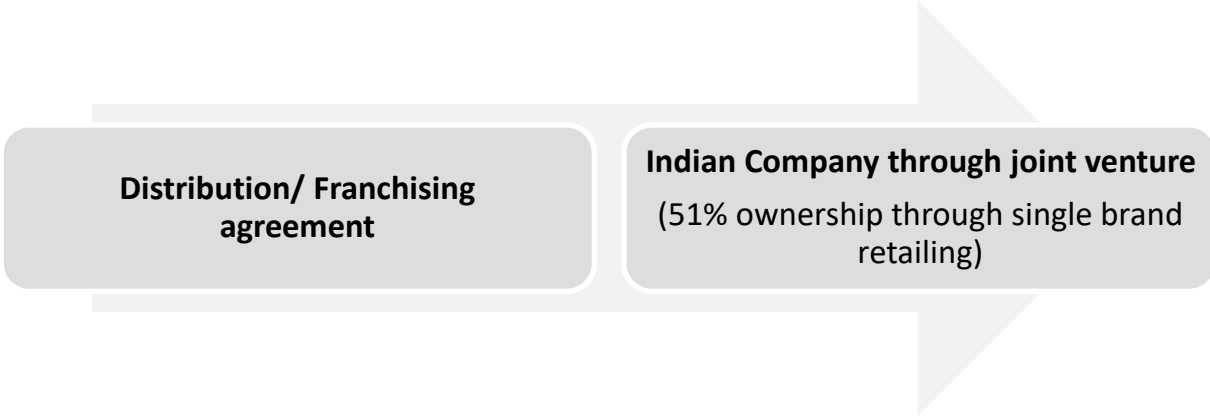
- Brand 1:
- Brand 2:
- Brand 3:
- Brand 4:

Price Positioning map



Entry Strategy & Regulations

Preferred Entry Route for International Brands



Changing Agreements

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Changing Profiles

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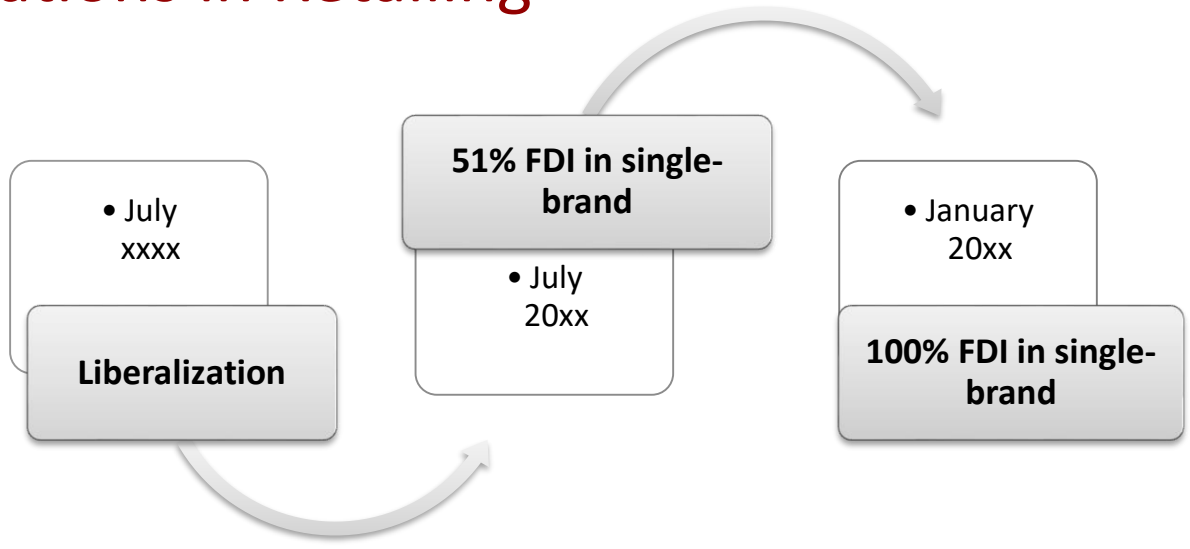
Private Equity Players active in Luxury Market

A recent trend of the sector is also the entrance of Indian and International financial players (**Private Equity Funds**), which show the rise in confidence given to medium term profitability of this sector.

Some of the most important transactions in year 2011 are detailed in the following table:

Target Company	Description	Private Equity Investor	Stake Acquired	Amount (Rs. In Million)	Utilization of Funds
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FDI Regulations in Retailing



Closed economy

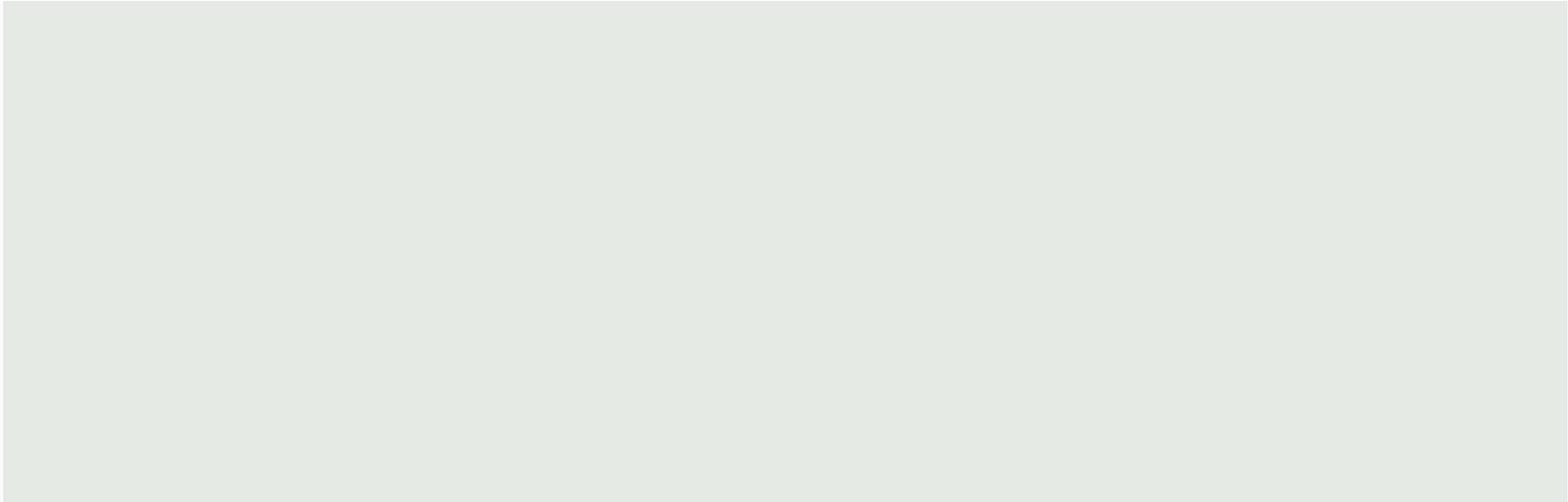
A long path towards liberalization –

The most recent entry barriers crash –

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Welcomed Policy Change but...

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Custom Duty

- The effective custom duty on leather footwear is around%.

Particulars		Description		
			Duty %	Value
Value	A			100
Basic Duty	B	A * Basic Duty rate		
CVD Additional Duty	C	(A+B) * CVD rate		
Central Excise Edu Cess	D	C* Central Excise Edu cess		
Customs Edu Cess	E	(B+C+D) * Customs Edu Cess		
Special CVD - Special Duty	F	(A+B+C+D+E) * Sp. CVD Rate		

Luxury Market Trends in India

Market Trends

EXPOSURE TO INTERNATIONAL BRANDS

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INFLUENCE & PENETRATION OF DIGITAL & SOCIAL MEDIA

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E-C@MMERCE

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Market Trends

TRUNK SHOWS

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CUSTOMIZED LUXURY

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SEASONALITY OF SALE

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SOCIAL LIFE & INDIAN FILM CELEBRITIES AS TESTIMONIALS

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Roadblocks in the Path of Success

Roadblocks in the Path of Success

Evolving Luxury Consumer profile

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Regulatory environment

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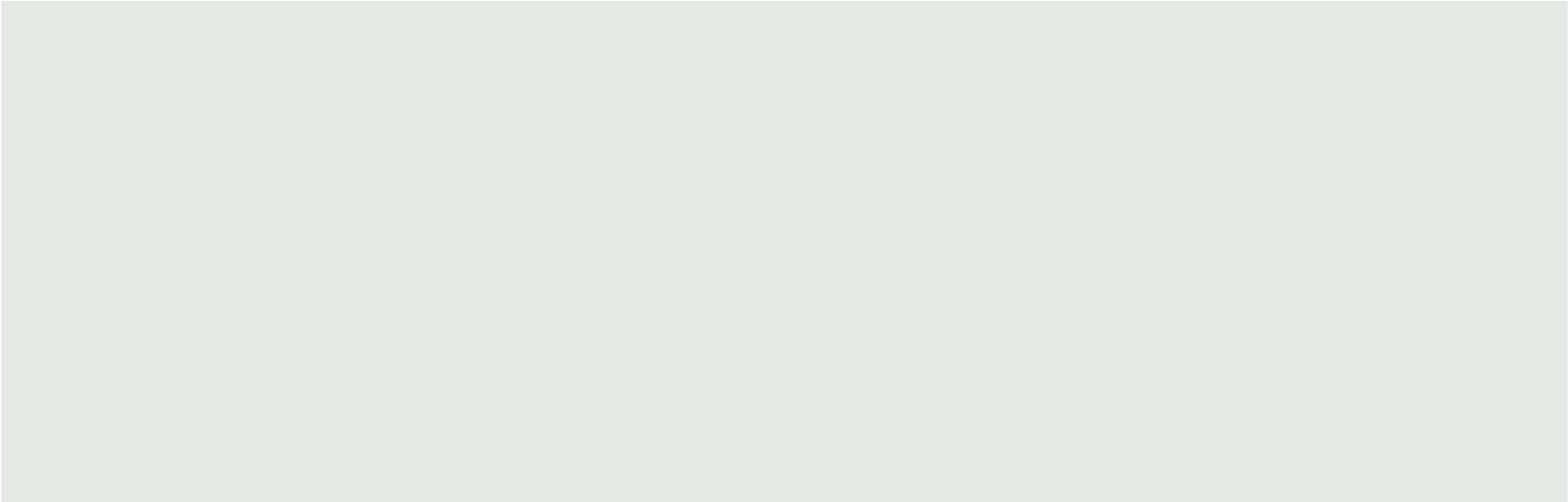
Limited Luxury Retail Space

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High sustenance costs

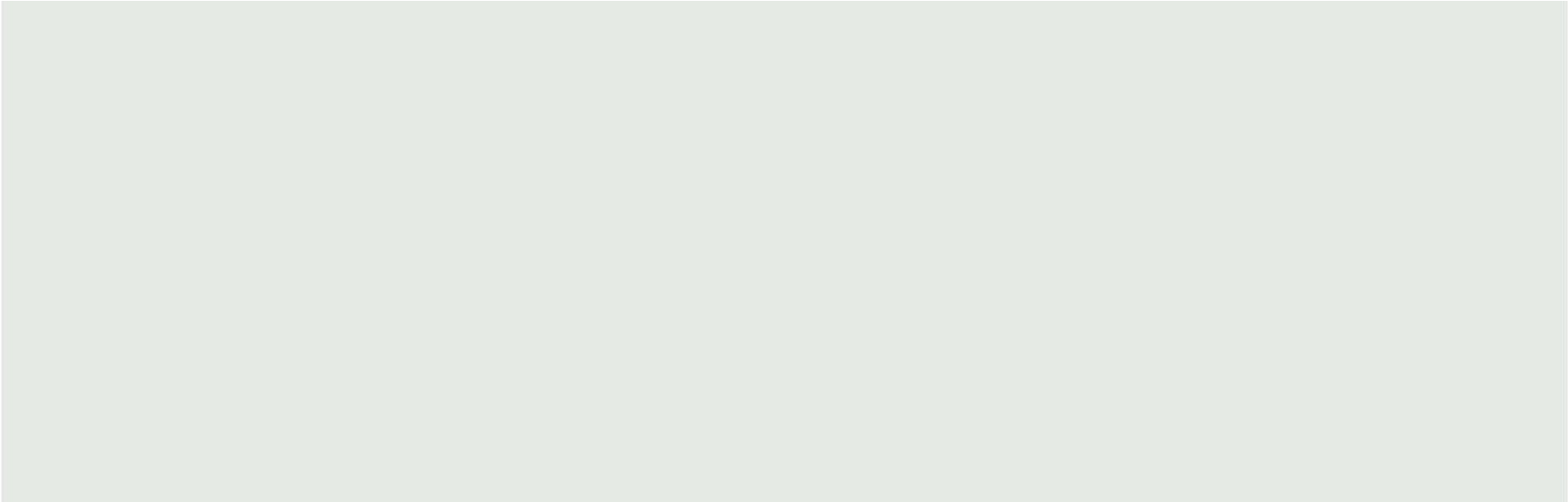
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Success Factors



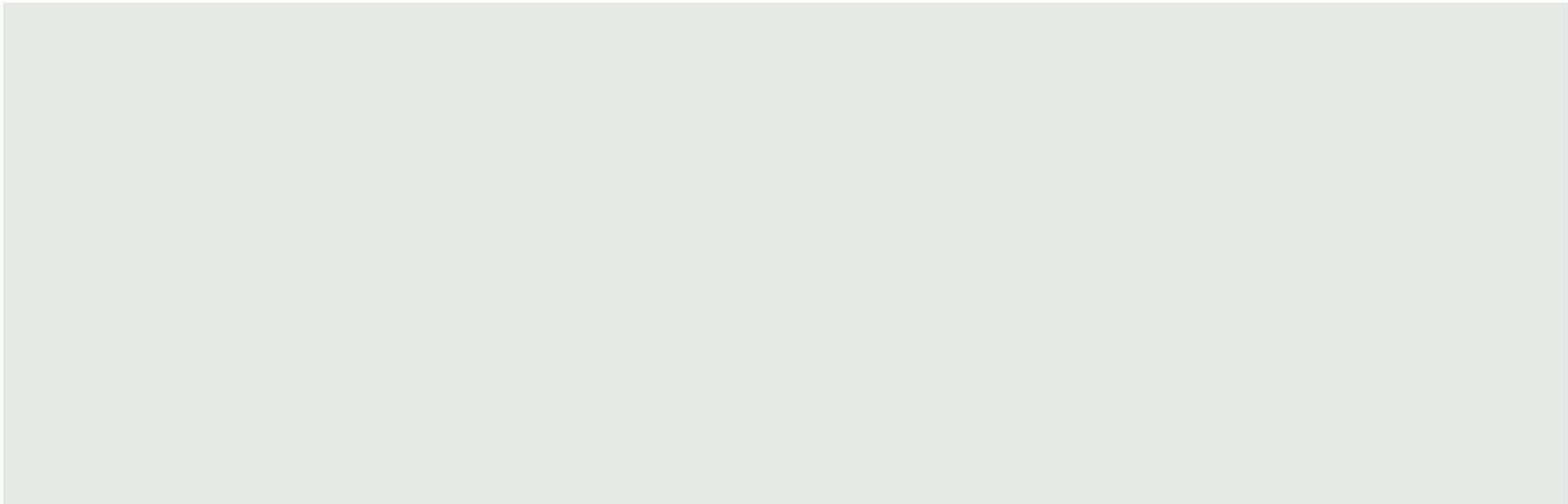
Success Factors

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Rumors in the Luxury sector

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E-commerce: the upcoming trend

THE TOP-TEN LUXURY WEB SITES

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