



“THE STATUS OF LUXURY TALENT IN INDIA”

A research report by



LUXURY CONNECT

This research has been conceptualized and conducted by Luxury Connect consultancy and research wing under the guidance of the CEO, Abhay Gupta. Luxury Connect boasts of the best strategy thinkers of India who have practical know how of managing luxury brands within India and overseas.

Disclaimer: The research and analysis of this Luxury Retail Report is based on information received from various students and professionals in the Indian Luxury Product & Services Sector primarily through a research survey. Respondent category was also extended to brand owners or their key senior executives of up to CEO level. Whilst all efforts have been made to ensure that all the information and facts provided in this research report are authentic, Luxury Connect Consultancy and research wing however accepts no responsibility for any errors or omissions in such references.

Reference of this report findings may be used for media & industry reports, articles with due credit given to "The Status of Luxury Talent in India", a Research Report by Luxury Connect.

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Introduction and Overview of Luxury Products & Services Sector in India



With the increasing number of international luxury brands entering India to numerous real estate builders claiming their developments to be luxury, “The Luxury Mantra” is here to stay. India is now perceived to be the new Mecca of Luxury!!

The Luxury market in India is growing at a steady pace. As per a report by AT Kearney, the market size is estimated to touch \$15 bn by 2015. Also projected is the fact that a quarter of the luxury market will be between India and China by then.

Besides, India is the second fastest growing economy after China. The ever rising UHNI category has a net worth of over \$ 600 billion. The luxury market size would quadruple by 2025 and India would be the fifth largest consumer market by then.

India is all set to encounter this gigantic growth in Luxury, the question arises: does India have the required human resources to handle it?

The current Luxury Market accounts for 10% of total India Retail. The National Skill Development Corporation projects the total retail human resource requirement by 2022 will be approximately 17.8 million. Bearing this equation in mind, we can roughly estimate that by 2022, the total manpower required to handle Luxury brands and services in India will be around 1.76 million head counts. And the opening up of FDI in Mono Brand Retail in India may further surge this requirement much earlier than 2022. The Indian market is already in shortage of skilled personnel that has exposure or dedicated knowledge in Luxury. This has resulted in a drill down effect, where opportunities are many but supply is less, further resulting in a high employee turnover rate.

Through this research report, Luxury Connect has tried to understand the dynamics of training and educational needs in India as far as the Luxury Products and services sector is concerned.

Respondent Categories

This report is the result of a research survey conducted amongst the following four respondent categories:

- 1) Top management (CEO) of Luxury Firms controlling franchise operations in India.
- 2) Working Luxury Professionals currently employed in the trade across various industry segment such as fashion apparel, automotive, yachts, spas, jewellery, fragrances, furniture, wines etc.
- 3) Brand owners whose brands have either already come in or are awaiting regulatory clearances.
- 4) Next generation prospective employees as in students from India's top fashion and educational institutes like NIFT, Apeejay, Pearl Academy of Fashion, JD Institute of Design etc.

The Chart 1, below shows the number (in percentage) of respondents from each category.



Chart 1: Numbers of Respondents from each Category

Respondent Characteristics

Luxury has just started to strengthen in India and obviously a lot depends on which age group will be taking it on to the next level of growth till the time Luxury in India starts looking for niche markets. This reports finds the average employee age in the Luxury sector to be around 35 yrs.

It is interesting indeed that majority of professionals have experience of 4-6yrs. Younger blood accounts for 37% of total share where as 17.5% have 6-8 years experience and only 18.5% have more than 8 yrs of experience in Luxury Products & Services. (Refer Chart 2)

The Luxury industry in India is not just limited to fashion and lifestyle - there are luxury automobiles, yachts, helicopters, luxury spas etc and the market is ever growing. In the FY 2010 – 11, Mercedes has sold 5,819 cars and BMW topped the chart with sale of 6,246 units. Audi is threatening to overtake them both!

Spas account for the total revenues of 400 million dollar annually to Indian economy. Chart 3 shows the concentration of professionals in various Luxury sectors.

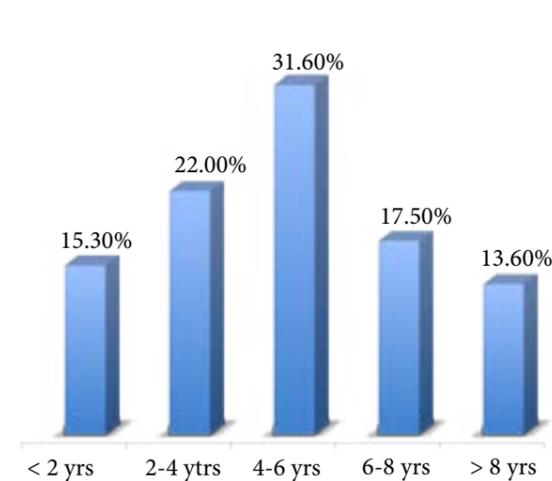
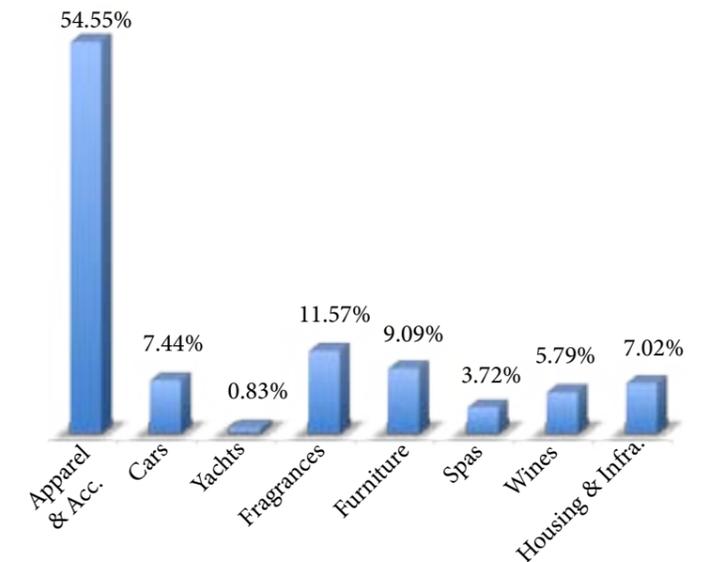


Chart 2: Experience in Luxury



Manpower Demand & Supply for Luxury

86% student respondents would want to work for the Luxury Products & Services Sector. This is a positive sign, as future supply of the luxury manpower will mostly come from younger segment only. It will be interesting to find out as to how the younger generation will be further educated in luxury since there are hardly any Luxury specific education institutes in India.

In addition to it, approximately 54% of the top management in Luxury firms find their manpower "somewhat satisfactory" (see Chart 4). So, it can well be deduced that the satisfaction levels are yet to build up in India as far as expertise of the manpower handling Luxury products services are concerned. This also serves as an indication that trained quality manpower is not available in India.

69.2% of firm owners & top manager would also want to hire professionals who are specifically trained for Luxury. Dearth of such professionals leave no other choice for the top managements of Indian Luxury

Firms but to hire the best from amongst the available "somewhat satisfactory" personnel from the available pool .

This need has reached up to a brim point where 53.8% of the company heads and/or brand owners would even want to invest in Luxury Training & Education of their employees.

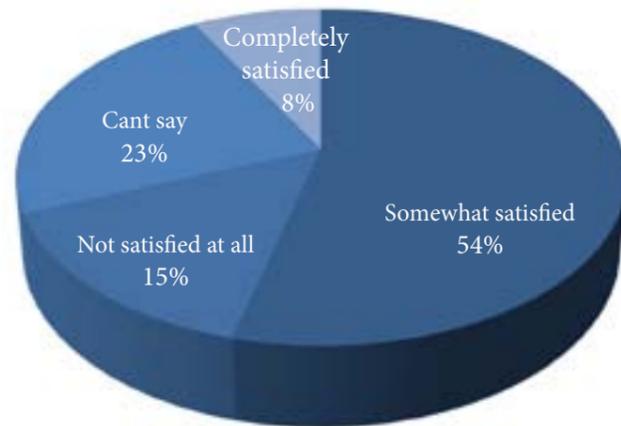


Chart 4: Current Manpower

Luxury Product Preferences

Since, the Luxury Segment in India is only in its first stage, there are possibilities that the existing manpower will try and shift their focus on other products within Luxury. Chart 5 shows the respondent distribution amongst the product lines they would want to gain Luxury Training & Education in.

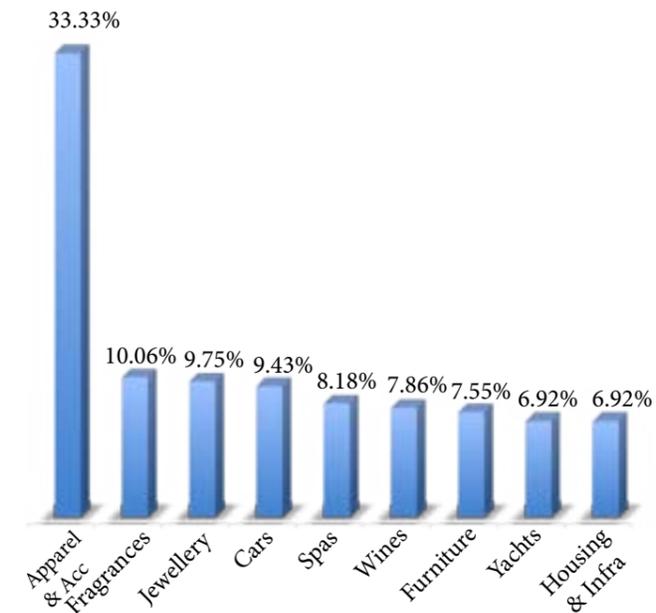


Chart 5: Desired Product Segment

How to gain Luxury Expertise

It is very clear now that students are ready to work for Luxury Segment and there exists a dire need of quality manpower in India to handle Luxury. Now the next question which arises is, as to how the students and working professionals can be imparted with international level of luxury training and education. The solution so far lies with the respondents as 82% of them are willing to travel abroad to gain luxury education & training. And 'better exposure', 'better placement opportunities' and 'better course curriculum' makes up the top 3 reasons for this (refer Chart 6).

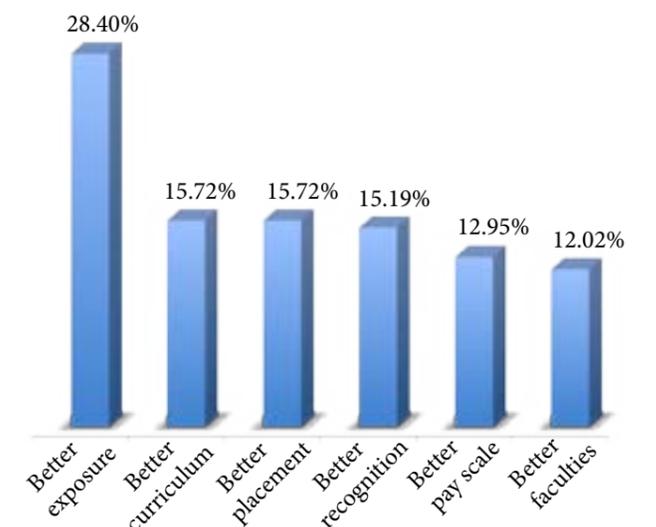


Chart 6: Why Study Abroad for Luxury Expertise?

How to gain Luxury Expertise

Through this research survey we have analyzed that 70% of the respondents are likely to take up luxury educational programs in India if the foreign tutors and curriculum are made available to them on par with international standards. It has also been found that Italy has been voted as the most preferred luxury education provider by the respondents, followed up by USA, UK and then Australia as shown in Chart 7 below.

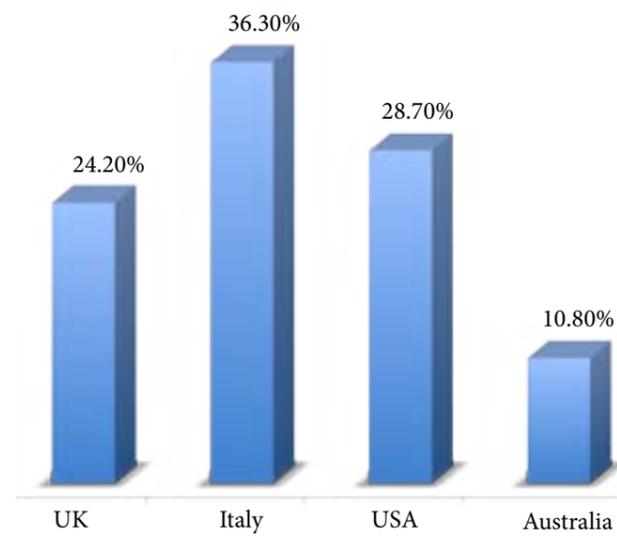


Chart 7: Preferred Luxury Education Destination

Luxury Program Preferences

It is time we talk about the respondent's preferences in terms of course selection within their chosen Luxury Product. Referring to Chart 8, we find out that the "Luxury Brand Management" has been found as the most desired program, with second spot taken up by "Luxury Marketing & PR" and buying & Merchandising Management taking the third place.

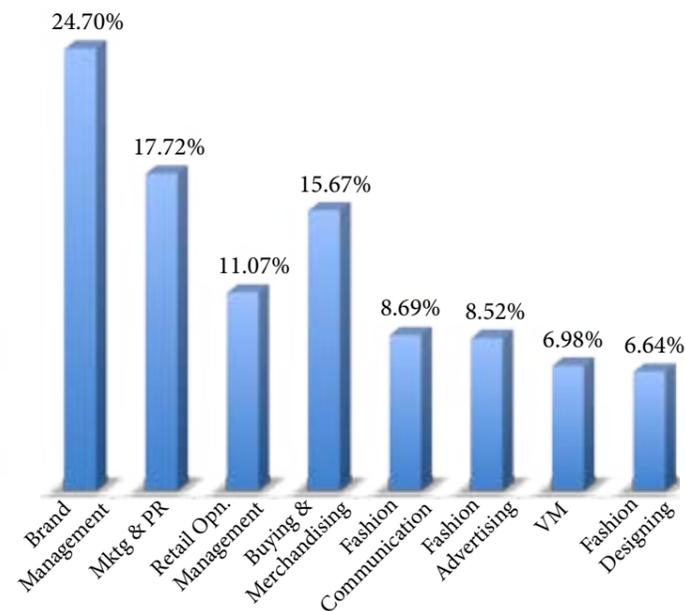


Chart 8: Preferred Program in Luxury

Most Recognized Foreign Colleges Imparting Luxury Education

From the most preferred luxury education destination- Italy, institutes like SDA Bocconi School of Management, Milan; Istituto Marangoni, Milan; and Polimoda, Florence emerged as the most popular schools recognised by the Indian respondents. From other fashion capitals- Paris, ESSEC Business School and London College of Fashion from London were also amongst the most preferred schools for imparting luxury education.



SDA Bocconi
School of Management



Customer Service and Satisfaction Standards

Questionnaire posed to respondent category 1 (Indian franchise company CEO's) and Category 3 (brand owners) with regards to 'Problem areas with the current manpower' (see Chart 9) revealed that Indian manpower is unable to provide desired service standards on shop floor due to various factors. Lack of skills or knowledge has been represented below in percentile:

- 18.6 % - Lack of product knowledge
- 34.9 % - Lack of understanding of luxury standards
- 23.3 % - Lack of dedicated luxury education and training
- 23.3 % - Lack of luxury outlook

Please refer to Chart 9 on the right.

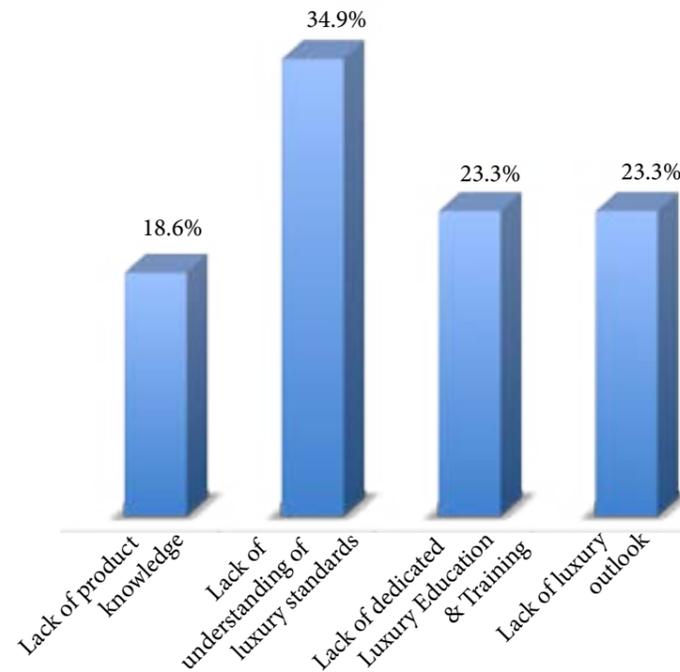


Chart 9: Problem areas with Current Manpower

Since no business school in the world teaches 'Luxury Customer Handling', the survey further probed into 'which brand is perceived to provide best shop floor experience worldwide'. Majority of the respondents from both these categories chose Louis Vuitton as the brand which provides the best customer satisfaction at shop floor levels.

About LUXURY CONNECT

Luxury Connect has been formalized by luxury pioneers, instrumental in bringing many Luxury Brands to India. The company has been conceptualized and founded by Abhay Gupta, the Luxury Retail Icon 2012 (awarded by Asia Retail Congress), luxury brand specialist and a veteran luxury professional. Co-founded by Rajat Bhattacharya, the international fashion veteran and apparel educationist.

The company consists of four verticals, providing 360° solutions in international luxury consultancy, sourcing, e-commerce and skill development.

Luxury Connect since early 2012 has already put in their pioneering efforts into the Luxury Training and Education sphere by partnering with **SDA Bocconi of Italy**, conducting week long intensive Luxury Brand Management programs. The serious need of providing a thorough Luxury Customer Experience Management programs also have been taken up by Luxury Connect in conjunction with **Jean Claude Roustant, ex LVMH** Training Director, completing four of these sessions and planning the next rounds starting Feb '13.

Luxury Connect's belief in the training and education field has now prompted the company to establish longer short term programs and then a fully operational Luxury institution for students as well – LUXURY CONNECT BUSINESS SCHOOL by the end of 2013.



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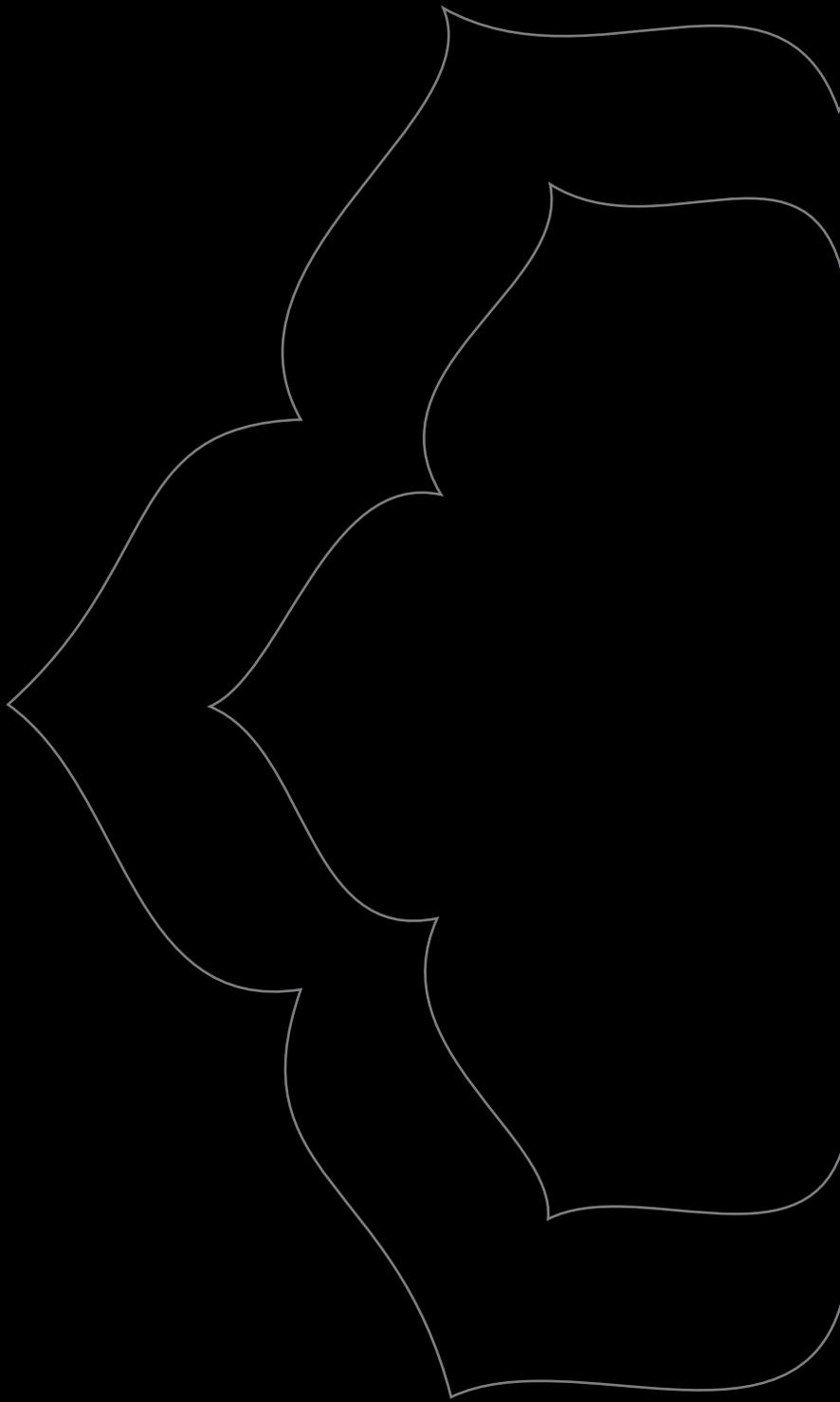
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You can also reach us at social sites:



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