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In-depth: Luxury for the masses? How premiumisation is shifting India's consumer landscape

As Indian consumers turn their sights on premium products, a new wave of spending power and aspirational choices is reshaping the market. Brands are responding with strategies that blend exclusivity, quality, and cultural relevance, creating a landscape where value increasingly outshines price

Vishesh Sharma

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New Delhi: Have you heard of the phrase "Create for the masses, not for the niches, and you will sell more"? Well, lately brands have been doing the opposite.

NielsenIQ (NIQ) recently published its latest report, "Elevating Value— Navigating Premiumisation Trends in India."

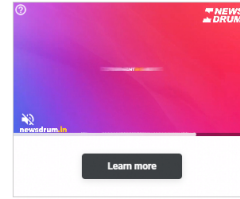
The study revealed significant shifts in consumer behaviour, particularly the growing preference for premium and luxury products across various sectors, including fast-moving consumer goods (FMCG) and tech and durables. The report underscored that premium brands within the FMCG sector are witnessing growth rates approximately twice as fast as their non-premium counterparts.

This trend is not just confined to metro cities but is increasingly evident in Tier 1 and Tier 2 cities, indicating a broad-based shift in consumer aspirations and purchasing power.

Be it cars, consumer electronics, or FMCG products, India has always been a price-sensitive market considering the \$2,698 GDP per capita mark (IMF data), but recently enough Indians are developing a growing preference for premium and luxury products.

Now the question that arises is: What factors are driving the rise of premium products in India?

A shift to Premium



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Chandan Bagwe

Chandan Bagwe, Founder and Director of C Com Digital said, “The rise of premiumisation in India is fuelled by a perfect storm of shifting demographics, lifestyle changes, and a strong desire among Indian consumers to elevate their everyday experiences. As disposable incomes grow and the middle class expands, a heightened focus on quality and brand value wasn’t as pronounced a few decades ago.

Today’s Indian consumer is more aware, discerning, and willing to invest in products that resonate with their aspirations. This is reflected not only in luxury segments but also in categories once considered utilitarian, like FMCG, electronics, and even personal care. They are seeking products that offer a blend of sophistication, enhanced functionality, and a touch of indulgence.”



Kruti Berawala

Sharing a historical take on why Indian customers are valuing premium products and services, Kruti Berawala, Co-Founder of Stratedgy, said, “In the 1980s, the focus was survival and saving, a time of self-sufficiency where essentials reigned. The economic liberalisation of the 1990s opened a new chapter, with global brands flooding the market, hinting at a world beyond. Even then, saving was the order of the day; a sense of prudence held firm, while aspirational spending took a backseat.

Today, the picture is notably different. While the Indian mindset hasn’t abandoned saving, it’s become nuanced: save, but savour too. Premium products are no longer seen as extravagance but as wise indulgences prized for quality, experience, and self-expression.”

Psychological appeal of premium products

Consumer psychology plays a huge role in the selection of premium products. A particular phenomenon called ‘The Poverty Premium’ also comes into play here. Explaining this phenomenon, Berawala said, “The Poverty Premium highlights how lower-income consumers pay more over time by buying lower-quality goods that need frequent replacement. In contrast, higher-income consumers invest in durable, high-quality products, spending less in the long run. This insight has led brands to position premium products as smart financial choices that reduce waste and avoid frequent replacement costs.

To add, today’s consumer seeks attainable distinction—products that signal refined taste without veering into ultra-luxury. This aligns with a subtle need for exclusivity that feels both accessible and aspirational, allowing individuals to elevate their lifestyles in a way that’s within reach yet uniquely exceptional.”



Manas Gulati

Supplementing Berawala’s ideas with data, Manas Gulati, Co-Founder and

CEO of ARM Worldwide, said, “Hedonic consumption, the pursuit of pleasure and sensory enjoyment, plays a crucial role as consumers derive emotional satisfaction from premium purchases. Levi’s successful “premiumisation” strategy exemplifies this, as strategic collaborations and exclusive pop-up stores boosted the brand’s value and demand. This approach allowed Levi’s to reduce markdowns, increase prices by 5% across all channels and regions, and improve gross margins by 1% in just one quarter.

To justify higher price points, brands emphasise superior quality, expert craftsmanship, and limited availability, feeding into the narrative of “you get what you pay for.” This appeals to consumers seeking better materials, advanced technology, or a bespoke experience. Apple exemplifies this, commanding around 71% of the global premium smartphone market, not solely due to its technology but because of the brand’s ecosystem, prestige, and emotional value.”

India: value-sensitive not price-sensitive

As disposable incomes rise, Indians are focusing more on getting the best value rather than just paying less. While price remains important, many are willing to pay more for quality, durability, and unique features. Gen-Z consumers, familiar with global standards, are looking for a balance between affordability and a superior experience.

Offering a piece of his thoughts on the subject, Gulati said, “India has indeed transitioned from being a predominantly price-sensitive market to a value-sensitive one. While price continues to play a role in purchasing decisions, consumers now place greater emphasis on the overall value a product offers. This shift is due to widespread access to information, mainly through online shopping, which helps buyers make informed decisions by considering quality, brand reputation, and longevity, not just price.

A 2022 survey by PWC found that 70% of Indian consumers are willing to pay a premium for sustainable products, further underscoring this value-oriented mindset. People are more inclined to invest in items that offer tangible benefits, such as durability, functionality, or ethical sourcing.”

Citing an example to prove his point, Gulati said, “A great example of this trend is evident in the mid-range smartphone segment. Brands like OnePlus and Samsung have capitalised on this by offering feature-rich phones that aren’t the cheapest on the market but deliver a strong user experience. These brands focus on offering value through innovative features, reliable performance, and a robust after-sales service. For consumers, it’s about the overall experience, long-term benefits, and the sense that they are getting their money’s worth, not just finding the lowest price.”



Harshit Aggarwal

Harshit Aggarwal, Founder and CEO of Novamax Appliances, seconded, “India can be viewed as a value-sensitive market instead of purely a price-sensitive market. Here, consumers know how to balance the value, quality, and brand reputation above low prices.

Consumers are willing to invest in premium products if they believe that the benefits justify the cost, a trend that resonates with greater preference for quality and authenticity, mainly from the affluent and aspirational sectors seeking longer-term satisfaction.”

Growing focus on releasing a premium line-up

Check out any e-commerce platform and you will see a premium line-up from all major brands across multiple categories. It feels like all of a sudden brands are rushing to release a premium line-up for their brand but the question is why?



Delphin Varghese

Answering the query, Delphin Varghese, Co-founder and Chief Revenue Officer of AdCounty Media said, “Premiumness of a product rests on the three pillars of quality, exclusivity and aspirational branding, and this is where marketing comes into the picture. Brands often try and draw attention to what sets them apart by highlighting the superior quality materials they use, how well their products are made, and other innovative features. Fragmented elements such as high-quality images, elite packaging, and refined messaging convey sophistication.

Limited-edition products, exclusive events, and partnerships with luxury influencers all improve perception. The product's narrative places a strong emphasis on exclusivity and desirability, giving buyers the impression that they belong to a select few. Marketing creates a premium appeal that appeals to customers by infusing the product with a sense of value beyond its utility through storytelling and brand heritage.”

A touch of premiumness—making something look premium

Ferruccio Lamborghini once said, “You drive a Ferrari to be someone but you drive a Lamborghini when you are someone.” Brands often make such statements to differentiate themselves from the clutter and to attract affluent customers who wish to maintain their distinction.

To drive premiumisation, brands employ a range of targeted marketing strategies designed to create a perception of exclusivity, quality, and lifestyle appeal. As per Bagwe, brands employ the following strategies to set themselves apart:

“Exclusive Branding: A premium product starts with a distinct, polished brand identity. Upscale packaging, sophisticated logos, and refined color palettes signal quality and prestige, attracting consumers who value aesthetics and status.

Limited Editions: By offering limited-edition products, brands inject scarcity into the market, creating a sense of urgency and exclusivity.”

We live in the digital age and social media plays a key role in presenting high-end goods through narrative and immersive experiences. Highlighting the role of digital marketing in promoting premium products, Varghese (AdCounty Media) said, “Brands publish consumer testimonials, provide aesthetically appealing content, and emphasize exclusivity through time-limited promotions on Instagram.

These items are promoted by influencers and brand ambassadors, which adds appeal and authenticity to aspirational consumers. Additionally, businesses may efficiently reach high-income or lifestyle-specific demographics thanks to digital channels' precision targeting capabilities.”



Rahat Khan

When it comes to premium products, in-person experiences have a lasting

When it comes to premium products, in-person experiences have a lasting impact by connecting emotionally with consumers. Commenting on the importance of in-person experiences to enhance a product's appeal, Rahat Khan, Co-Founder of Fame Keeda, said, "Launching premium products can elevate a brand's overall perception, aligning it with quality and status. If done well, it can shift a brand's positioning from mainstream to aspirational, which can open doors to a new, more affluent customer base. However, there's a need to maintain a balance: launching premium products shouldn't alienate existing customers. Brands often use UGC (user-generated content) to normalise premium product usage among everyday consumers, creating an aspirational yet attainable vibe.

In the long term, a successful premiumisation strategy can cement a brand's identity as one of value and quality, which enhances its appeal across market segments. This perspective is a blend of market insights and our agency's unique vantage point on influencer-led UGC, showing how brand perception and consumer aspirations are shaped through authentic, user-driven content."

The challenges of premiumisation

Asking people to pay more in the name of quality can be tricky in a country like India where people are known for "jugaad," which is a flexible, innovative approach to problem-solving using limited resources creatively.



Simran Bagga

Expressing her views on the matter, Simran Bagga, CEO of YÊU Cosmetics (a premium Cosmetic brand) said, "Introducing a premium product in a price-sensitive market like India can be challenging. Understandably, people might hesitate to pay for something unfamiliar and untrusted. Building credibility as a premium brand takes time. Acquiring customers can be difficult because, as consumers, we often prefer trusted brands over new ones at the same price point. However, once people try the product and see that it delivers on its promises, trust is built, and they will return.

It's a long process, but if your foundation is strong, you know what you're doing, and you offer the best quality and experience, you can succeed. Being transparent and sticking to your word is crucial. With these principles, we can build a premium makeup brand from India that will go a long way."



Sindhu Biswal

Adding to Bagga's statement, Sindhu Biswal, CEO and Founder of Buzzlab, said, "Brands struggle with balancing perceived value and pricing, as consumers are critical of paying more without clear differentiation. Challenges include educating consumers on the premium product's benefits and ensuring accessibility without diluting exclusivity.

For obvious reasons, brands need to justify the higher price points for their products and marketers are constantly wrapping their heads around the same. Discussing his ideas on the subject, Varghese said, "One of the problems of

targeting the premium sector in price-sensitive markets is that consumers may be reluctant to pay higher costs. Brands must justify value through exclusivity and quality, which is frequently accomplished by highlighting materials, craftsmanship, and special advantages.

But there are also a lot of opportunities because high-end goods can draw wealthy customers and status-seeking aspirants. Brands can engage with this market by using focused marketing, installment programs, and strategic pricing. Success in premium markets enhances brand perception, fosters customer loyalty, and distinguishes the business from competitors who prioritise price.”

Maintaining exclusivity

Imagine spending a major chunk of your earnings on a premium SUV car only to find out everyone else in your neighbourhood owns an SUV too. Brands can only justify higher price points for their products only if those products provide them with a sense of exclusivity and maintaining exclusivity has always been a sphere of anxiety for marketers.

Conveying her thoughts on the matter, Berawala said, “Striking a balance between exclusivity and mass appeal is essential for brands in India. Luxury labels attract consumers craving authenticity by building compelling narratives around heritage and craftsmanship. They implement strategies like limited product releases and exclusive events to cultivate a sense of scarcity, heightening desirability and reinforcing their premium image.

Conversely, local brands tap into cultural storytelling and direct-to-consumer strategies to forge deeper emotional connections and community loyalty, delivering high-quality products at accessible price points that resonate with value-driven shoppers.

The path forward lies in collaboration. Luxury brands are increasingly embracing local craftsmanship, while regional labels are enhancing their quality and storytelling. This synergy promises to redefine exclusivity in the Indian market, appealing to a sophisticated consumer base that values both prestige and cultural significance.”



Darrell Fernandes

Suggesting brands to educate their customers simultaneously while navigating a value-sensitive market, Darrell Fernandes, Senior Vice President - Client Partnerships, White Rivers Media, said, “By educating consumers and offering tiered product ranges, brands can balance exclusivity with broader appeal. Ultimately, this shift towards premiumisation is an opportunity for brands to innovate and engage, cultivating lasting relationships with discerning consumers who prioritise quality and meaningful benefits.”

Building on Fernandes’s words, Bagga (YÉU Cosmetics) said, “When discussing the broader market appeal for the premium segment, it’s clear that we are targeting a niche market. We are not aiming to cater to everyone. Building a premium market requires a precise understanding of our target audience and who we want to serve. We can’t claim to cater to everyone. Premium brands typically attract a mix of aspirational audiences and a loyal consumer base. To maintain this balance, we need to develop strong strategies.

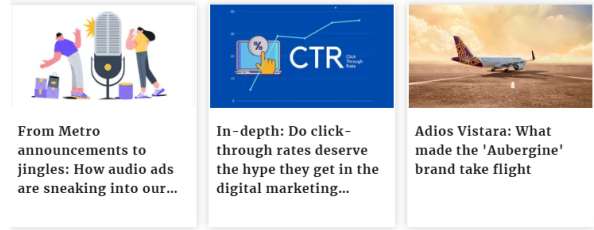
For example, offering exclusive memberships that provide benefits to our loyal customers while also appealing to our aspirational audience. It’s crucial to make people aware of our qualities, ingredients, and the experiences we offer through newsletters. Constant communication with our customers and maintaining a balance between both segments is essential.”

To wrap it up, if you are a marketer and want your products to give a ‘premium vibe’ then follow these four things; Tell a good story; tap into

culture and heritage; connect emotionally with the user through a curated experience, and make your products stand out.

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Vishesh Sharma

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