

PGDM RM – 2017 – 19 Batch – VI Trimester End Term Exam

K.J. Somaiya Institute of Management Studies & Research
Course : PGDM RM – VI Trimester End Term Exam
Sub : LUXURY MARKETING

Date of Exam : 12/04/2019

Time : ...3.. Hours

Marks: 25

Note 1. All Questions are Compulsory

2. Quality and not Quantity will fetch you more marks

I. Attempt the following Case Study

Grandeur is India's leading retailer of luxury Italian and German modular kitchens, wardrobes and furniture. Since 1998, they have collaborated with some of Europe's finest luxury brands to bring high quality, fully customisable products to India. Over the years, they have successfully created a niche for the products among reputed architects, interior designers, developers and discerning customers.

Grandeur is India's leading retailer of luxury European interior products. Since the last 20 years, Grandeur offers a wide range of products that include Italian and German modular kitchens, Italian wardrobes and designer Italian furniture.

Design Studio

Welcome to the Grandeur Design Studio. Our team of designers, armed with an experience of more than 15000 design executions, are ready to design the perfect space for you. Let our in-house team design the perfect kitchen layout, the ideal wardrobe internals or the most ergonomic plan for your living room with the click of a button.

Luxury Furniture Market

Luxury Furniture Market is expected to garner \$27.01 billion by 2020, registering a CAGR of 4.1% during the forecast period 2015-2020. Major factors owing to progress in this sector include rise in disposable income that leads to rise in demand for luxury living thus influencing sector growth.

Luxury furniture, are movable pieces, which showcase the best of an elite quality, and design associated with a certain era. Often crafted out of metal, glass, wood and so on, they add to the aesthetic value of an establishment such as homes, hotels, offices and other indoor or outdoor areas. The luxury furniture division today significantly benefits from the rise in the disposable income, globalization and major population shift to the urban areas worldwide. Furniture companies in the luxury furniture market, concerned about reducing their carbon footprints have now started offering environment friendly alternatives. As technology progresses, furniture designers get more innovative and daring with their designs. Low toxicity is also a priority items on customers list, when shopping for environment friendly furniture because they want to reduce their negative impact on health.

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Lack of skilled workers across the luxury furniture market and increased cost raw materials cost remains a major challenge for the industry. The furniture division, since ages has been a family run business. Turning the tables, customers now prefer buying furniture online. Thus, in this highly unorganized sector online retailing has made selecting and buying furniture with more discounts and wider options. Out of the total furniture market share, the domestic furniture segment and commercial segment accounts for approximately 70% and 30% respectively.

By Material

Housing demands worldwide has led to an increased import of luxury furniture. The marvellous antique wooden furniture, has long been appreciated worldwide. Likewise, rich and delicate attributes of design has enabled the wooden furniture business to create a strong foothold in the marketplace. Some common furniture wood types include Teak, Mahogany, Cedar, Fir, Birch, Redwood and so on. Based on its physical structure as well as makeup wood can be classified as a softwood or hardwood. Hardwood is used for making high- quality luxury furniture; on the contrary softwood makes good medium density furniture.

Fusing good quality wood with extraordinary form, furniture manufacturers now have broken all traditional rules when it comes to making chairs, lighting, tables etc. Wooden furniture are majorly used for their beautiful natural look, resilience and durability, easy to maintain and as a smart investment. Besides this, molten metal over wooden furniture are in vogue these days. Today, more than ever, furniture designers are introducing materials like metal, leather, glass etc. to replace wood. Besides this, glass is also being used in furniture factories, where design is a part of the philosophy. Powder coated, chromed and anodized modern furniture too stand a fair chance in the unexploited marketplace, though they are much expensive.

By End Use

Furniture including sculptural console lighting, freestanding desks, comfortable chairs and so on form an important part of the luxury office furniture, which has rapidly expanded in recent years. Likewise, rise in the economy worldwide, urban areas changing their course to develop steadily and firms and institutions, government bodies determined to improve working environment and other factors are promoting furniture sales. Similarly, rapid growth of office based sectors particularly software, hospitals, schools etc. is fuelling the increasing need for office space. In addition, modular furniture is famous and effective way of optimizing expensive commercial space.

Besides this, consumers determined to pep up or downsize their apartment are driving sales in the furniture segment. Well designed and ornamental pieces are basically used in bedroom or living, in the kitchen area or at the entry. Today, home furniture serves requirements like customization, where home equipment or office files not in use are concealed. In addition, versatile multi-functional pieces are becoming popular over different office or home luxury furniture. In addition, leather sofas in prototypal styles and new age vogueish ones that reek of innovation, are preferred for their chic quality. Their capability to revamp rooms is a forcible one and is used very astutely as well.

By Geography

The luxury furniture across different region is expected to get a facelift, majorly for the best. Momentum in the North American housing sector would continue to influence the furniture manufacturing positive, though with certain challenges. The furniture segment as a whole has witnessed major advancements over the past years. Likewise, the region has received new orders and sales have increased significantly due to the rise in consumer disposable income.

Manufacturing companies of semi-finished wooden furniture in Europe represent mainly the upstream category of value chain. China has emerged as the biggest and fastest developing furniture market in Asia Pacific, highly driven by the growth in living standards and disposable income. Majority of business in the region is dominated by old hand retailers; nonetheless they are now observing an influence of show rooming concept with increasing popularity of online sales.

Competitive Analysis

To go global many furniture designers are always on the lookout for international styles. Luxury furniture, consignment scene has also expanded with furniture designers and manufacturers going online. This has helped many furniture labels to focus on the high-end segment, and lure extremely strong clientele in the luxury home and office furniture market. Companies born to serve the made to order requirements are now opening their stores in different geographical locations to provide buyers creative designs that go well with time. Besides this, many furniture manufacturers are partnering up with artists or interior designers to create and offer a luxury range. Time and now furniture manufacturers are seen giving their concepts an update to provide home and office owner's fresh choices.

Mr. Mulchandi from Grandeur is now planning an expansion; they will be going into the Indian market with retail stores. The Grandeur store is now want to start targeting the UHNI's, they are planning on hiring a consultant for the same.

Questions

- 1. Using the segmentation for Luxury Brands where can Grandeur Furniture place themselves so as to target the Indian Luxury customer ?*
- 2. Create a Store design for the brand, since its going to be a luxury store what kind of SOP's are to be followed ?*
- 3. How should the brand communicate to the its Luxury consumers and also generate sufficient and authentic leads for the brand ?*
- 4. Can the furniture brand use technology to communicates its sophistication? Explain with relevant examples.*

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