



Emerging Trends in Consumption and Consumer Behaviour in India

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Introduction

- India is so culturally diverse that it may seem impossible that there exists just one consumer ideal, but it appears that globalisation has led to the transcending of this cultural boundary.
- Indian consumers are amongst the most discerning consumers in the world.
- India had been and still is portrayed as a **mixed economy**, though she is leaning towards the model of a free market economy more each year.
- The overall retail market in India has grown from US\$ 310 billion (ca. 237.000.000.000 euros) in 2006 to US\$ 470 billion (ca. 359.000.000.000 euros) in 2011 and is projected to reach US\$ 675 billion (ca. 515.000.000.000 euros) in 2016.- Technopak Advisors

The Consumer Psyche

- Marketers capitalise after understanding the consumer's way of thinking.
- Some tricks of the trade: Online Marketing and e-commerce, Celebrity Endorsement, “Freebies”, Quality Focus, Sensory Shopping, Understanding the Gender Divide, Eco-friendly Products, etc.



Source: denmotherscave.blogspot.com

Powerful Branding

- The Brand matters to many young and older consumers.
- Powerful brands like Apple or Nike spend gargantuan amounts into advertising.





Consumer Trends during Recession

There are some trends prevalent all over the world and in India as well in times of recession:

- “Sellsumming”: Sort of a barter system, but with cash in the middle.
- Low-cost Entertainment.
- DIYs: For eg., cooking from scratch.
- Incredibly enough, increased value in health.
- Enhancing skills to improve employability.
- Reaching out to family and friends in times of crisis.
- Collaborative Consumption.

Consumerism in India 1

- Consumers in India:
 - >40% of the consumers in India are **between 20 and 49 years of age**.
 - <40% of the consumers in India are under 19 years of age.
 - <20% of the consumers in India are over 49 years of age.
- The majority of consumers are **young** (<30 years of age.)

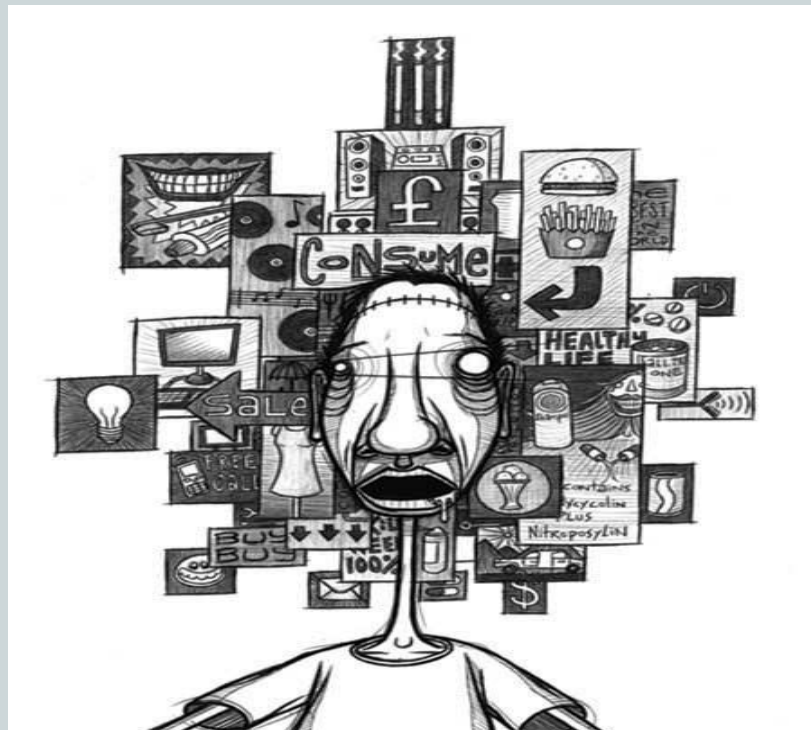


Consumerism in India 2

- Consumers in India may be classified into 4 broad sectors:
 - Socialites and Upper Class
 - Working Women
 - Youth
 - Conservatives (about 70% of consumers):
 - Upper-middle Class- Consumers.
 - Middle Class- Aspirants and Consumers alike.
 - Destitute- Very little purchasing power and live hand-to-mouth.
- Consumers in India may be further classified into:
 - Rural
 - Urban

Consumerism in India 3

- The upper- and middle-class need a feel-good experience today and are gravitating towards luxury, experimenting with fashion and technology and are spoilt for choice.



Source:
www.radiofreethinker.com

Consumerism in India 4

- Increasing need for quality consumer goods, durables as well as FMCGs.
- Major Retail Sectors:
 - food & grocery
 - clothing,
 - consumer durables and
 - books & music.
- Small, unorganised outlets largely control these sectors.
- Tremendous potential for the organised sector in various formats, such as hypermarkets, supermarkets, specialty stores, discount chains, etc.



Market Transition 1: Liberalisation in India

- Liberalisation in India began in **1991** with major reforms pushed through by India's Minister of Finance at the time (and incumbent Prime Minister), Manmohan Singh.
- Before that, India choked under (unbelievably!) much more bureaucracy than is apparent today.
- He revoked the tariffs and licences necessary for a firm at the time, which were initially instituted to micromanage the firms.



Market Transition 2: Growth of the Communications & IT Sector

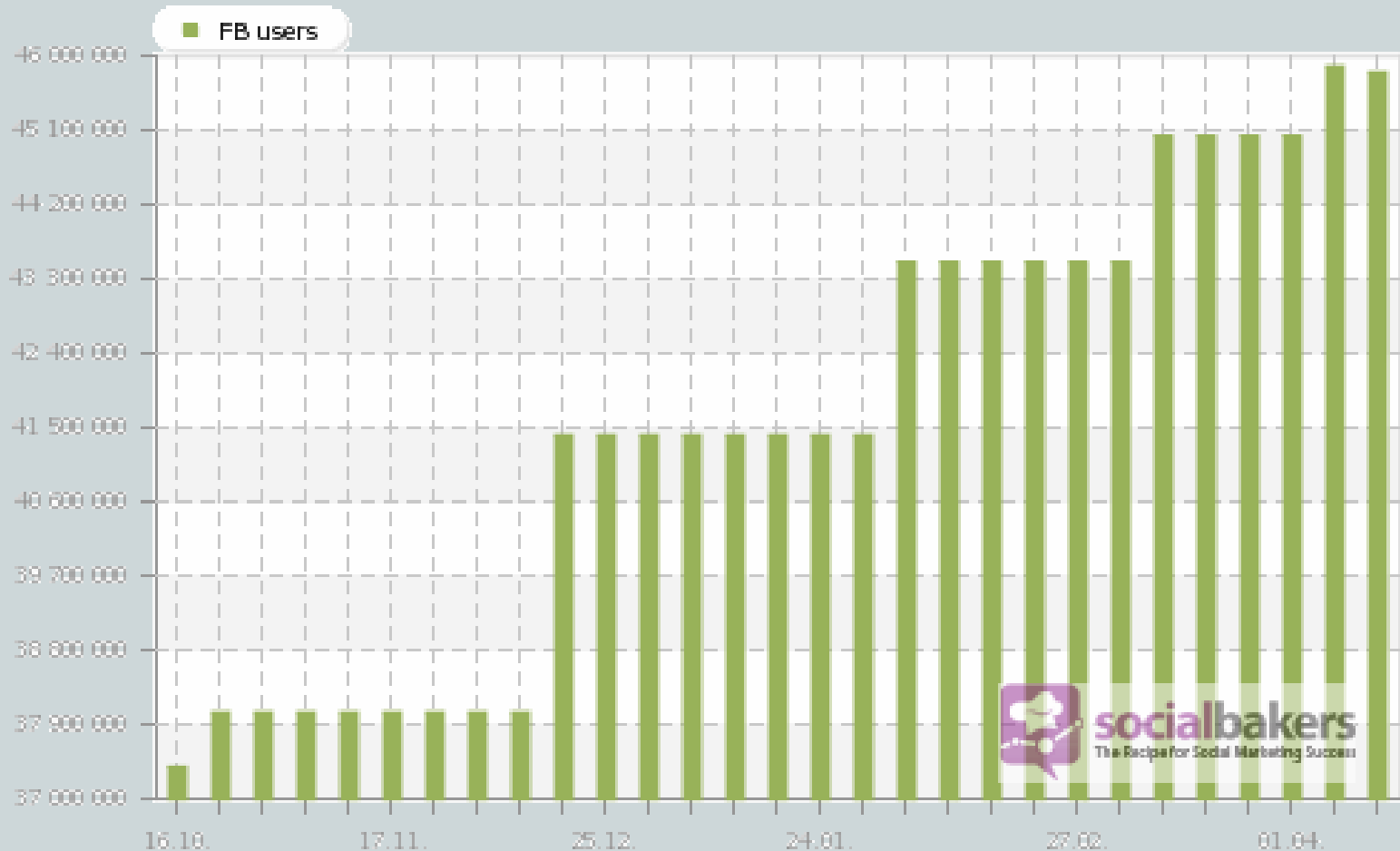
- India's IT boom stems from the cheap operating costs of enterprises such as the software development firms which provide software solutions for all intents and purposes under one roof.
- Bangalore, with her favourable weather and green cover (once upon a time) served as the centre for this IT boom, with Hyderabad following close behind.
- The IT boom provided easy employment for a tech-savvy Indian, which created a new generation of young, urban professionals with increased purchasing power.
- The advent of smart mobile telephony and the internet- India has **903 million mobile phone users (2nd globally)** and **121 million internet users (3rd globally)** as of January 2012 (Wikipedia)- has opened up new venues for social marketing.

Market Transition 3: Permeation of Social Media in India

- Number of Facebook users : 45.796.460 (grew by 8.418.860 in the last 6 months.)
- Penetration of total population: **3.90%**
- Penetration of online population: 56.54%
- Facebook's Alexa Traffic Rank in India: 3
- Facebook's Reputation on Alexa: **7.161.312** sites linking in (Google has just 4.863.437 sites linking in.)
- Facebook is paid obscene amounts of money for sharing our information and preferences with marketers and product firms.

The Facebook logo, consisting of the word "facebook" in white lowercase letters on a blue rectangular background.

Facebook Users in India



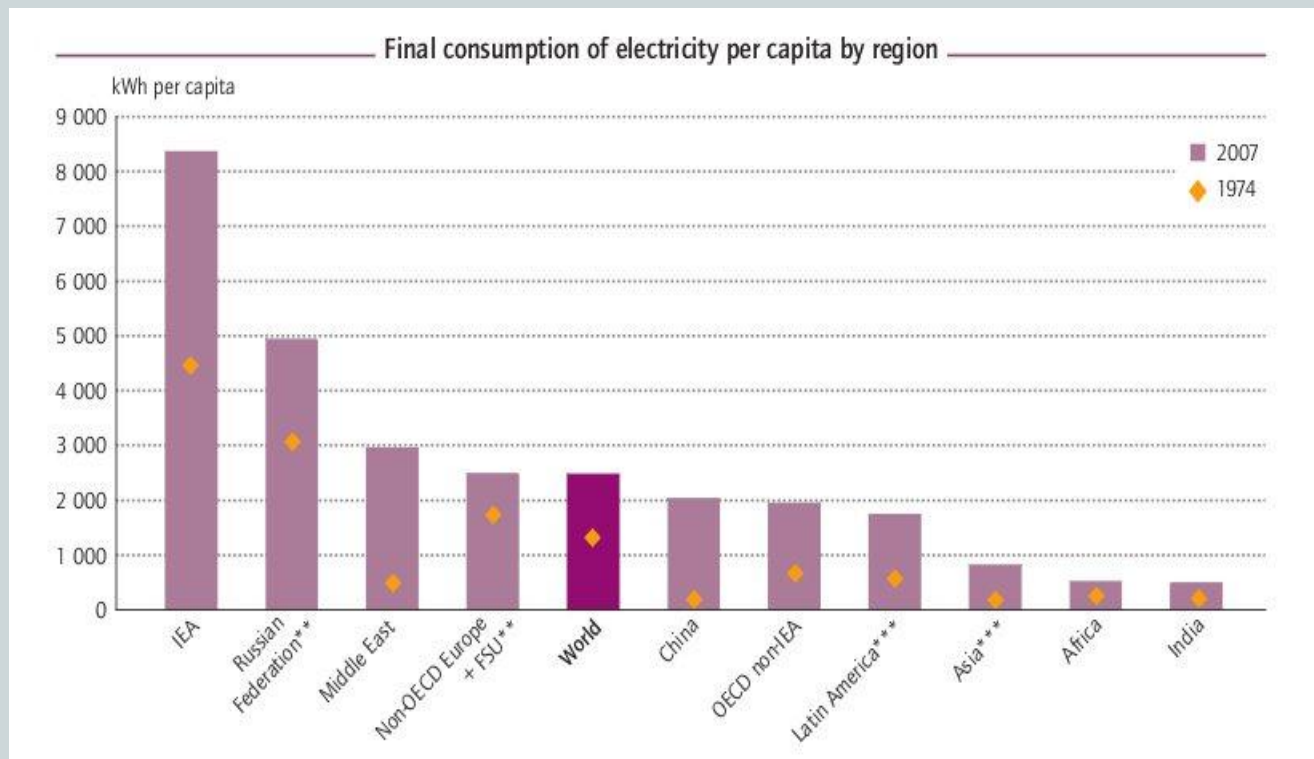
Future of Indian Consumerism:

Conclusion

- India, like China, wants to diversify her majorly export-driven economy by facilitating lower interest rates on easily-attainable loans and mortgages in an effort to stimulate consumer spending.
- This may work, or it could lead to a debt crisis (more likely) similar to the ones which affect the world today.
- The transition of the Indian mindset from saving to borrowing is one which, I for one, find increasingly unsettling.
- About $\frac{3}{4}$ th of the Indian population is rural, so there seems to be tremendous potential for **rural retail**, a change seen in the affected consumption pattern in India.

Annexe:

India's Per capita Energy Consumption- A Quick Peek



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