

CONSUMING INDIA

– NEW TRENDS FOR A NEW INDIAN CONSUMER

Sam Balsara- CII Marketing Summit, Delhi, August 17, 2006

India got its freedom way back in 1947. But it was only in the early 90s that we got economic freedom. The changed consumer that we are talking about, this morning I believe is, thanks to those changes set in motion in the early 90s.

What is the reason for the changed New Indian Consumer of today? I see 5 major factors that have brought about this change and more importantly will intensify this change:

Factor number 1 – FAVOURABLE DEMOGRAPHICS

Thanks to our age old belief that children are God given and sex being the favourite past time of our forefathers, we have today the youngest population in the world and by 2010, 60% of our population will be in the 15-54 age group. If currently, 28% of India lives in Urban areas, this figure is expected to go to 38% by 2026. And I was surprised to read that the corresponding figure for Tamilnadu is 75% and for Maharashtra, 61%.

Factor number 2 – EASY FINANCE

Just a decade or so ago, I used to be amazed at the gumption of the average American at spending money that he does not have, but thanks to easy

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availability of housing and car loans and installment schemes on durables and leniency in **eligibility criteria** for issuance of credit cards, that era is upon us. I cannot get over the nonchalant way with which an advertising planner in Madison buys a durable or even incurs expenditure on eating out and does not batter an eyelid at paying 30% interest on unpaid credit card bills. I was therefore not surprised when I heard **that 40%** of Pantaloon's and Shoppers' Stop sales are on credit cards

Factor number 3 –ORGANISED RETAIL BOOM

In 2004-05, India had 6 million sq. ft. **of malls**. In 2007 this figure is estimated to go up to 75 million sq. feet **and in** 2010 to touch 120 million sq. ft. And malls means more temptation, more sales and buying a lot of things you do not need.

And, organized retail means greater employment opportunities at decent salaries, which in turn means greater consuming power.

Factor Number 4- MEDIA EXPLOSION

Today, we have **300** of television channels, 39,141 publications, 34,696 magazines, 174 primary radio stations, 31 VB stations, 21 FM stations, with about a hundred more in the waiting. **Last few** months have seen the launch of Marie Claire, Maxim and Vogue to give company to Cosmo, all upmarket magazines with by yesterday's standards exorbitant cover prices. And

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there's **Internet**, the gold mine for instant communication and information, virtually free for the user and yet with astronomical business valuations.

Factor number 5 – NEW SECTORS

The BPO and IT sector, the Financial, Travel/Tourism and Hospitality sector and to some extent the retail sector has put more money in the hands of young people at a very young age at a time when habits, attitudes and points of view on life and spending patterns are not yet formed.

These **5 FACTORS** have led to one important economic development – **more money** with more people and the numbers are sufficiently large to make a visible difference. But this development alone would not have been enough to create “India Shining”. Accompanying this phenomenon of more money in the hands of the young has been a sense of **optimism** and confidence of the individual consumer about his ability to earn even more money in the future, **leading to** More Spending Power. This has led to a ‘want’ for a better lifestyle on the one hand and a more discerning consumer on the other.

Because of all this, what changes do we expect in the **consumer**?

- **He** has less time.
- **He** has more money.
- **He** is more demanding.
- **He** is more fickle.

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- He has a mind of his own.
- He is more difficult to reach.
- He is more individualistic.
- He is willing to spend more money on himself.
- He is more selfish.
- He is a spendthrift.

Whilst dramatic changes have taken place in the market and in the consumer's psyche on the one hand, little fundamental change has taken place in **the way** the marketer markets his product.

How should the marketer respond to all these changes?

I have for the house here, 5 MANTRAS:

Suggestion number 1 – DELIVER EXPERIENCE

Historically, we have succeeded and got away by selling products and services in neutral environments; and some have got away by merely upgrading the atmosphere in which they sell. Going forward, I think we will have to entice the prospective customer to relive the brand experience before we can succeed in selling him or her the product. The experience or imagery could be as played out in the advertisement or any other as defined by the researcher or the brand manager or account planner that will help bring the customer closer to the purchase decision. Earlier sampling was enough. Tomorrow it will not be.

Whilst the imagery associated in TV advertising with Shampoo has moved up considerably, I am buying the shampoo virtually the same way as I did 20 years ago. **Could not** a shampoo manufacturer create a kiosk in a mall, where with the help of a set designer, he recreates the imagery projected in his advertisement, as the lady goes through a professionally- handled hair wash? Can Vinita **steal a march** not just sampling **Britannia Marie** but by recreating a living room atmosphere in a mall where a prospective customer is treated to a hot cup of tea of his choice along with Britannia Marie. **Instead of lining** up all TV sets in a metric of 3 x 6 or 10, can Vijay Sales have a sofa or a lazy boy chair with a TV at the right distance away from it and other gizmos to heighten the viewing experience, which could be attributed to the brand of TV on sale? Should **Mont Blanc** just stop at an expensive looking showroom, or replicate an Office of say the President of United States or Microsoft Boss, Bill Gates in the showroom and make the prospective customer sit in THE chair and sign with a Mont Blanc pen on a desk similar to that used by these gentlemen, to experience not smooth writing but the POWER of the pen and the self-confidence that a Mont Blanc can inspire. If **Speed** the premium petrol from Bharat Petroleum / HP is spending so much money on creating imagery through fancy TV ads, shouldn't some of that imagery be available at the petrol pump, say a separate enclosure with ambience of Speed and Thrill and perhaps a girl in leather jacket to dispense the gas. I believe a lot of investments made by the marketer in the marketing area do not yield adequate result because of not enough attention being paid at the point-of-sale.

Suggestion no. 2: Deliver Value:

If we spent the last decade trying to offer an acceptable quality at the lowest possible price, the focus in a lot of categories now needs to change at adding perceived value in terms of imagery, creating more self-esteem and confidence to meet social needs of the customer. More and more **limited editions** of high value products like cars, watches and other badge items, travel packs and gift packs are likely to become big business in the new India, providing perceived value, in the case of the latter to both the giver and the receiver.

Suggestion no. 3: Deliver Convenience:

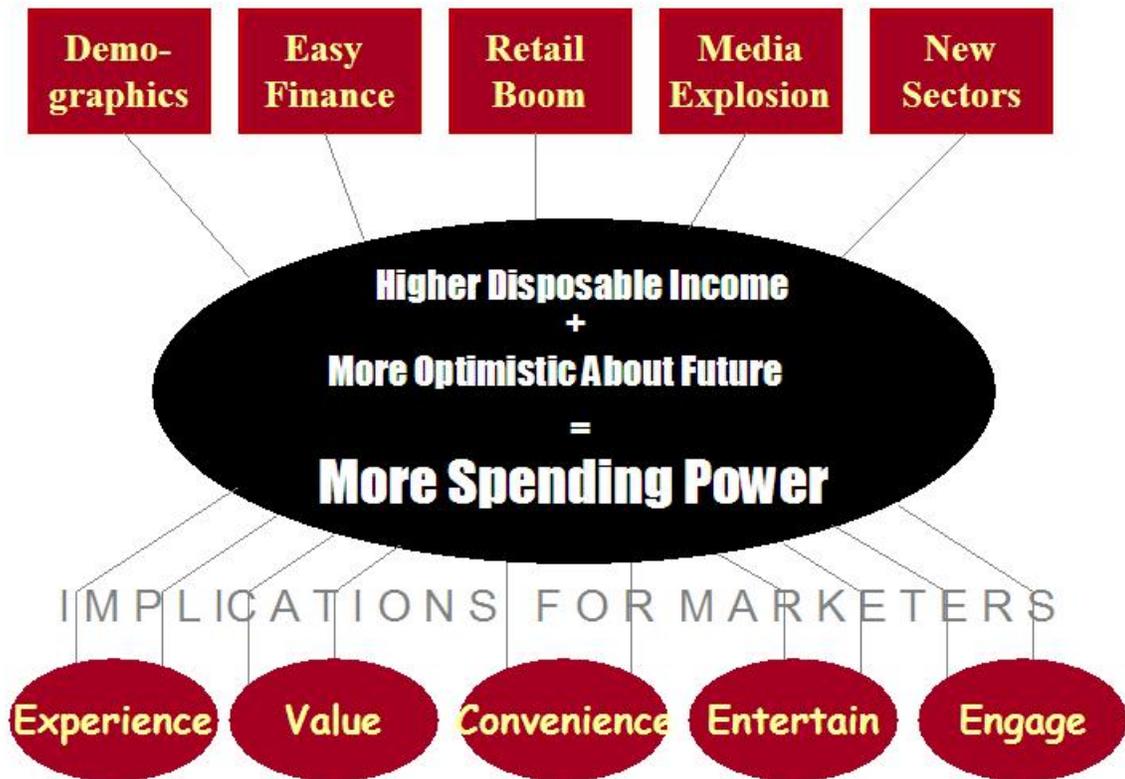
The marketer will have to focus on providing convenience to the user or shopper, not just in terms of availability close to home or home delivery, but in terms of product packaging for ease of usage (sachets continue to be a nightmare in terms of opening them), and also in terms of offering 100% uptime, quick on-site repairs, replacement products and what not. General Motors is already offering on some cars a 3-year total warranty, and buy - back option at a guaranteed price. Some car manufacturer will soon offer us **a service car** when the car goes for service or repairs. With increasing labour costs DIY kits for painting, furniture and what not would become big business.

Suggestion no. 4: Entertain the Consumer:

On the one hand the consumer is getting spoilt for choice and on the other he leads a life that is full of pressures and tensions at the work place and social and family tensions at home. Given this situation, I think the marketer who entertains the prospective consumer is more likely to win than the marketer who merely provides information and reason-why. In recent times Asian Paints, **Cadbury**, **Perfetti** and Coca-Cola have done an excellent job of moving the prospective customer by entertaining him and winning his or her heart.

Suggestion no. 5: Engage the Consumer:

And my final suggestion is to engage the consumer. For too long have advertisers and media planners stuck on to the concept of exposure. In an age of 300 channels thousands of exposures to an audience with a power of remote in his or her hand is meaningless, if the purpose is to drive sales. What advertisers need to do is to narrowly define their target audience and mount carefully created programmes to **engage** them and **surround** them and get their **involvement** in a meaningful and sure fire way. Just shooting millions of arrows all over the place in the hope of catching prey is not going to work.



(1600words)