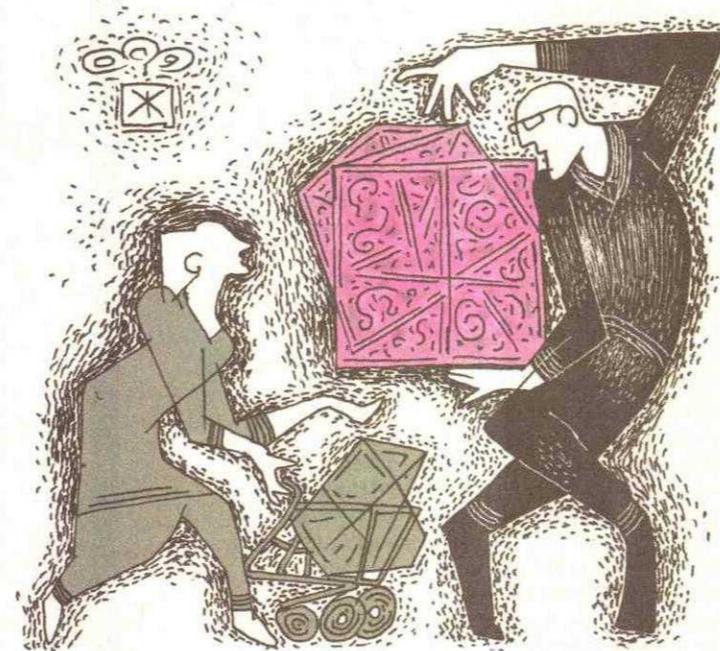


The hard-to-please brand of consumer

The story of the rising Asian consumer class is incomplete without a solid understanding of India. With a young, tech-savvy and health-conscious population, improved education and rapid growth, India is creating a consumer market deeply tied to mobility and connectivity. If India continues on its current high-growth path, incomes will almost triple over the next two decades and the country will become the world's fifth largest consumer market by 2025. Significantly, from choosing between channels to being channel-agnostic, this large Indian consumer base is moving rapidly towards the omnichannel way of life.

Multichannel retailing with an increased share for organized retail has been helping India's consumption story. In the present scenario, the omnichannel agenda, coupled with the pressures of delivering superior customer experience amid aggressive competition, is increasingly putting the onus on developing an operating model strategically aligned to business goals. In addition, the age of smart technologies is creating the capabilities for enterprises to function in a connected world. This connected world is capable of seamless processes across the front-end and back-end of retail enterprises.

There is no doubt whatsoever that



India's consumption story will be shaped by its 440 million millennials and 390 million Gen Z (those born after 2000). With such a large young population, a new set of consumers, with a totally different set of consumption needs, is emerging. Companies across demo-

graphics need to identify such unmet needs. This will also require a change in the pattern of consumption channels. Many conventional business models will see a downtrend, making way for innovative business models. Direct-to-consumer advertising and personalization will be the trend for the future. Overall, a lot of disruption is expected.

It's not just Indian consumers who are evolving. Those facing consumers too are going through paradigm changes and transformation so that they do not become obsolete. While technological enhancements and the introduction of mobile wallets have facilitated the mobile shopping experience, marketers have to meet the challenge of targeting consumers across every environment.

With such tough competition, brands in the next few years will stand out only if they provide users a personalized brand experience. The life cycle of a brand/idea is showing a trend of faster shrinkage. To sustain in this challenging environment, brands need to accelerate their rate of innovation to offer a differentiated experience.

Media consumption habits are also undergoing a sea change with affordable smartphones and attractive data plans. With ad-tech companies, brands get the advantage of recognizing potential customers, mapping their online behaviour and reaching them through varied devi-

ces throughout the user journey. Improved mobile connectivity is increasingly challenging the domination of television as a primary source of household entertainment, making media planning and targeting consumer eyeballs a bigger challenge.

In new-age India, health and fitness is another area that is moving ahead with the country's technological advancement. Young India is more health conscious and is constantly looking for ways to stay fit and healthy. Healthcare and wellness is going to be a dynamic segment that will throw up a lot of opportunities to innovate and grow.

To sum up, the Indian consumer market will create major opportunities and challenges for multinational firms in the years to come. While strong growth is expected in urban areas, annual real rural income growth is expected to accelerate to 3.6% in the next two decades, compared to 2.8% in the last two. Payment systems and supply-chain challenges remain but are not insurmountable. Amid this, businesses that can meet the needs of India's aspiring middle class are likely to keep price points low to reflect the realities of Indian incomes, build brand loyalty in new consumers, and adapt to a fast-changing market environment.

Write to lounge@livemint.com



BY HARSHA V. AGARWAL
Director,
Emami Ltd