



Me, My Life, My Wallet 3.0

April 2021

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Foreword

India has undergone a fast-paced makeover in the last year. We have witnessed an overhaul of supply chain operations, several innovative products and services, acceleration of digital business models, and tech-embracing ideas becoming reality. Considering the heterogenous nature of the Indian landscape, a 'one size fits all' strategy has never managed to find its way in matching consumer expectations. It is difficult for anyone to have all the answers to stay connected with customers, understand them and deliver the right customer value proposition or customer promise. What is certain is that focusing on customer needs will be a lighthouse for staying relevant in the current scenario.

Through 'Me, My Life, My Wallet' and its different versions over the years, we have been able to assess the complex drivers of choice that open and close the consumer wallet. In the first edition in 2017, 10,000 people were surveyed across the U.S., the U.K., India and China while understanding how to approach and engage a 21st century consumer. In the second edition in 2018, the scope was extended by surveying more than 25,000 consumers globally as well as conducting ethnographic research interviews in each market.

In this third edition of Me, My life, My wallet report, we have been able to conduct cumulative studies which are based on understanding the behavioral patterns of customers that emerged during the length and breadth of experiencing COVID-19 in India.

We encourage you to read and consider the findings of our study in your growth journey as we adapt to the new rules of business. This report is intended to assist and inform the reader on evolving customer preferences. We hope you find the report helpful and insightful.



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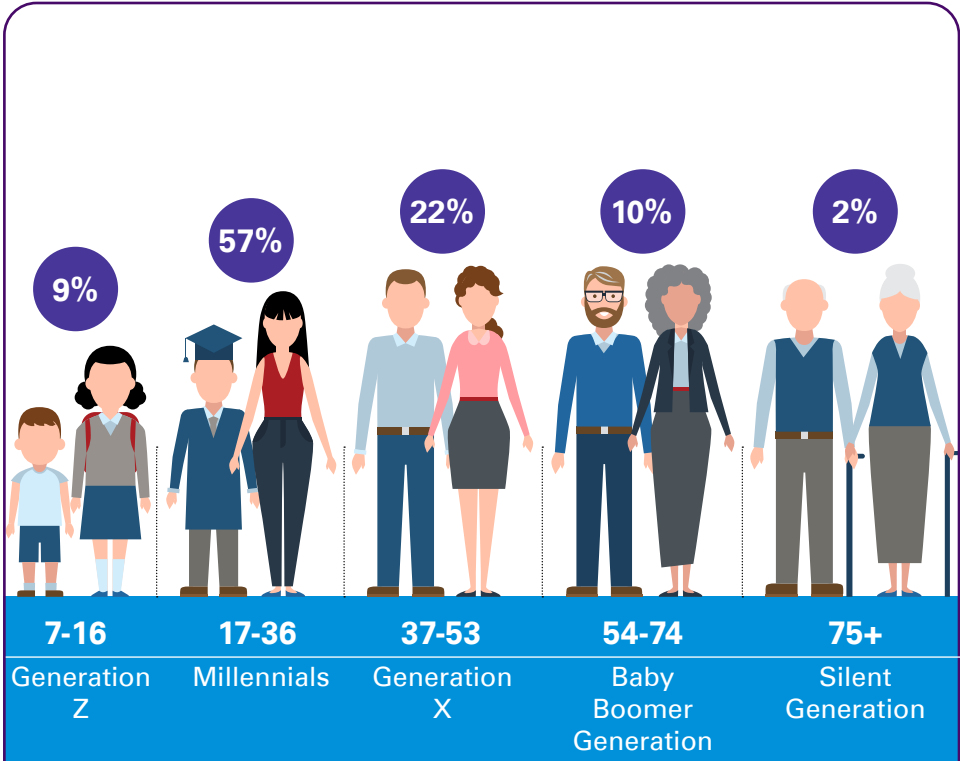
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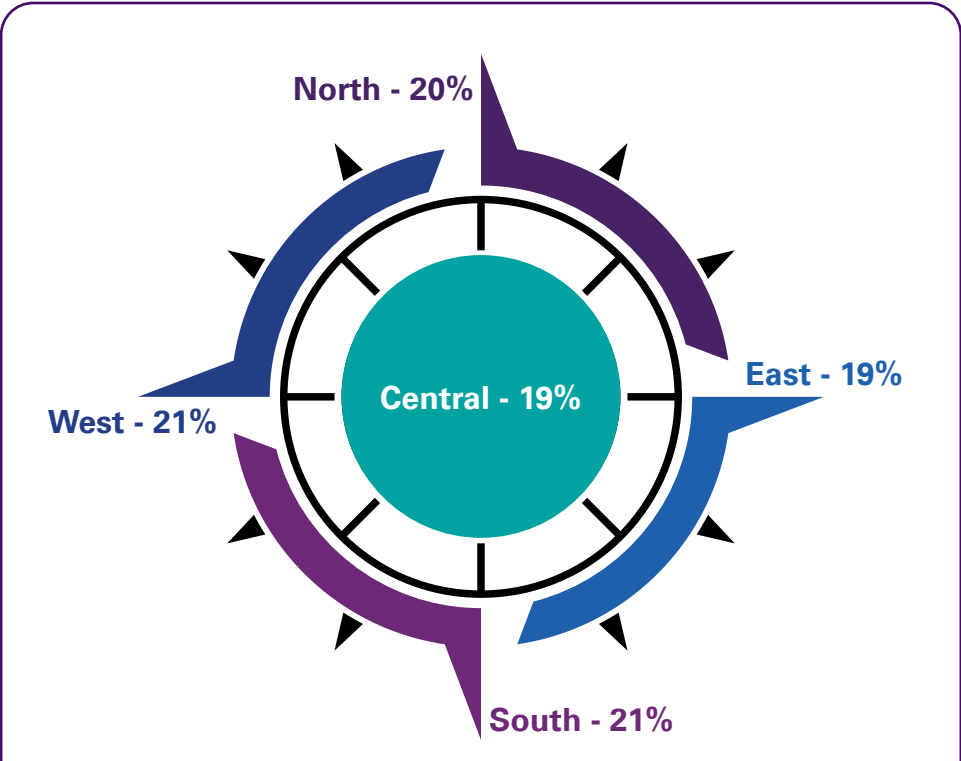
KPMG in India conducted a consumer survey to capture the consumer behaviour and choices that are emerging in new age India. We heard from 2,164 respondents across urban and semi-urban markets over two phases. Phase 1 was primarily conducted during February, March 2020 in pre COVID-19 times while phase 2 was conducted in September 2020 during

the COVID-19 outbreak. In addition to this, we also conducted an online survey of 1,191 respondents during January and February 2021 to further validate specific hypothesis revolving around the younger generation age-groups.

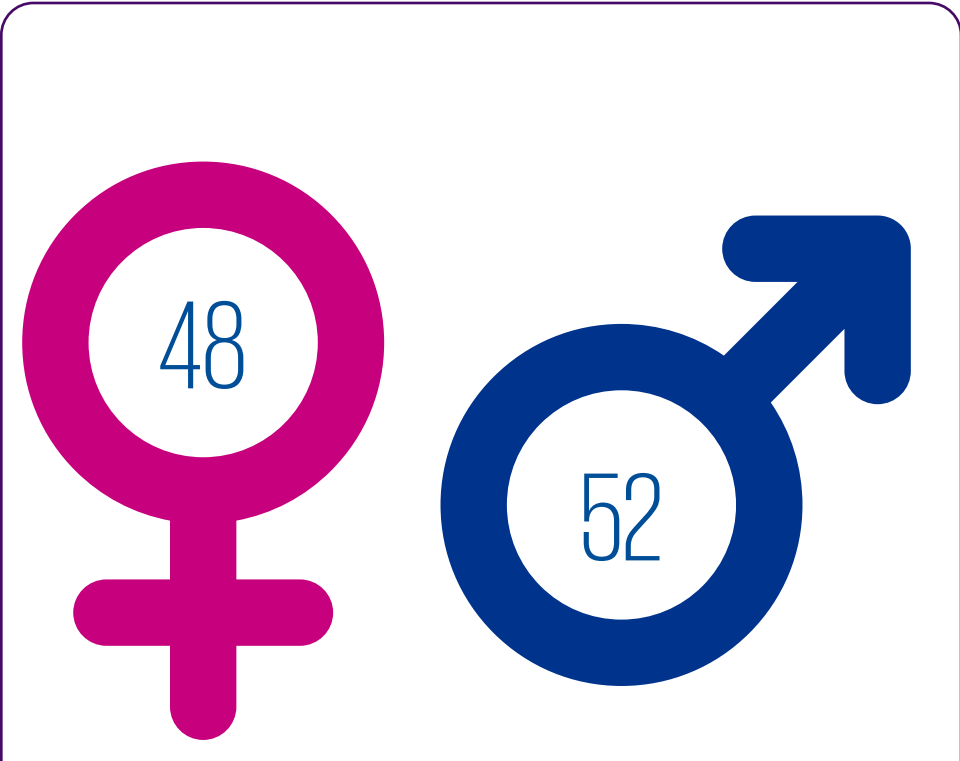
Here's a quick review of the respondent profile that we covered:



Split of the surveyed population by age group (in percentage terms)



Split of the surveyed population by location (in percentage terms)



Split of the surveyed population by gender (in percentage terms)

The five Mys framework

The five Mys is a framework designed to help organisations holistically understand the complex and fundamental drivers of human decision making. These support in providing insights into what consumers value from a customer experience perspective. The instances that remain most important to us, the connections that form the basis of our lives, the trade-offs we as humans are willing to make around time and money, and the wholesome understanding into our unmet needs and psyche. COVID-19 has succeeded in bringing drastic changes in our lives and altered the consumer behaviour at large, thereby creating some noteworthy shifts across these five Mys.

My motivation: Characteristics or traits that drive human behaviour and expectations

Business impact: Evaluating and monitoring what consumers truly value in an experience and what benchmarks are being set for their expectations can help companies focus more on what accurately is making a difference in consumer behaviour.

My connection: How we connect with devices, prevailing information and other humans at large

Business impact: Becoming more vigilant of the consumer and how and with whom they connect can bring in better perspective, meaningful insights and long-lasting connections.

My wallet: How we manage and maintain our wallet share across life events

Business impact: By understanding the wallet share representation correctly, companies can target those who are able to buy aptly.

My attention: Ways in which humans direct their attention or focus

Business impact: Understanding how to ace the battle for customer's attention can aid companies in targeting focused investments towards interactions, media or channels that return maximum value.

My watch: How we balance the limitations of time and how that deviates across various life events

Business impact: Being aware of the impact of life events and its effect on both time and money, and how this alters new life situations, can help establishments understand and engage with us in the right way at the right moment.



Executive summary

India is not a homogenous market. It is an amalgamation of people across a large landmass, a variety of religions, socio economic distinctions, several languages and last but not least, a diverse set of aspirations driven across generations.

Our insights are based upon primary interactions covering people from five geographical regions, North, South, East, West and Central and a mix of tier 1 and tier 2 cities across a diverse set of age groups and income levels. A set of six themes came to the forefront based on this cumulative research.

01

Financial priorities are evolving with the saving sentiment gaining clout [My wallet] - Financial priorities are evolving across all demographics with consumers becoming more saving oriented. More than **85 per cent** of respondents were likely to stick to their savings plan even with a **10 per cent** fall in their income. **70 per cent** of the respondents across all age groups are concerned about their future finances as against **49 per cent** globally. Shared economy is on the rise with new share/rent models being preferred across categories such as clothes, mobiles, electronics and cars.

02

The data privacy and personalisation dichotomy [My connection] - The younger generation is more willing to trade privacy and personal data in exchange for a higher level of service and greater personalisation as compared to the older generation. Amongst the younger demographics, around **67 per cent** of the respondents are uncomfortable with brands that track digital activity for greater personalisation while **47 per cent** are willing to pay a premium for data privacy.

03

Going Digital across demographics [My attention] - **49 per cent** of the surveyed respondents shared that they had become comfortable in using digital payment options to shop, as against **22 per cent** globally. Further, compared to pre-COVID-19, there was a **25 per cent** increase in respondents in the silent generation (Age 75 and above) from tier 1 cities who said that app availability was a very important criterion, indicating that the digital wave was affecting all age-groups.



Executive summary

04

Social causes matter to new conscious consumers [My motivation] -

The emergence of conscious consumers and their evolved behaviour towards supporting a cause, brand or retailer that is giving back to the society is pertinent. **84 per cent** of respondents prefer buying from ethical brands while almost **94 per cent** are willing to pay a premium at the cost of following their conscious approach.

05

Adapting to the new normalised routine [My watch] -

Amongst the younger demographics, with **85 per cent** of respondents witnessing an increase in office working hours, leisure time has reduced thereby influencing an individual's shopping behaviour. About **88 per cent** of respondents shared that they have started moving towards purchasing health and immunity-based products as a result of the pandemic.

06

Vocal for local gains mindshare [My motivation] -

Amongst the younger demographics, the idea of promoting home grown brands has started gaining acceptance with **60 per cent** of respondents actively participating in replacing foreign brands with indigenous goods. At the same time, about **41 per cent** of respondents across all age groups are willing to pay a premium for indigenous goods.



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The consumer sentiments have been changing manifold over the past few months in the current scenario. Going forward, organisations need to evaluate and invest in studying consumer profiles, keeping in mind the larger picture. We are hopeful that this report will introduce business leaders to such consumer behavior changes and help them traverse their decisions meaningfully

Harsha Razdan
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The typical Indian consumer has gone past the traditional definition of being price conscious. Today consumers are considering intangible assets such as brand's goodwill, equity, ethics and purpose more while making their purchase decision. The rewards for firms who are able to comprehend, acknowledge and act on this mind shift are substantial

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Emerging trends from the survey



1. Financial priorities are evolving with the saving sentiment gaining clout

The unexpectedness, scale and severity of the global pandemic has led to increased anxiety about personal finances across all demographics. Especially for youths who were just making their foray into the job market, lack of prior work experience (and therefore savings) combined with the severely compromised economic outlook makes the situation particularly precarious.

The 2020 Me, My Life, My Wallet (MMLMW) India survey findings highlights that :

- More than **85 per cent of respondents** are likely to stick to their savings plan even with a **10 per cent** fall in their income indicating the 'saving sentiment'
- **70 per cent** of the respondents across all age groups are concerned about their future finances as against **49 per cent** globally. **30 per cent** of the respondents are focused on their current finances as against **51 per cent** globally. This too indicates that savings are now an important factor being considered by Indians post pandemic.
- Interestingly, we have observed similar saving sentiments and spending patterns running across tier-1 and tier-2 cities. **74 per cent** of tier 1 city responders and **63 per cent** of tier-2 responders gave more priority to their future finances over current finances, indicating the saving sentiment across all city segments. If income were to be decreased by **10 per cent**, both tier 1 and tier 2 respondents show similar trends when it comes to cutting spending towards electronics, saving or investment, personal health, household goods, clothing and food like items.
- **78 per cent of Generation X (Age 37 to 53) and 70 per cent of Millennials (Age 17-36)** are more concerned about their future finances, indicating the saving culture affecting all demographics.

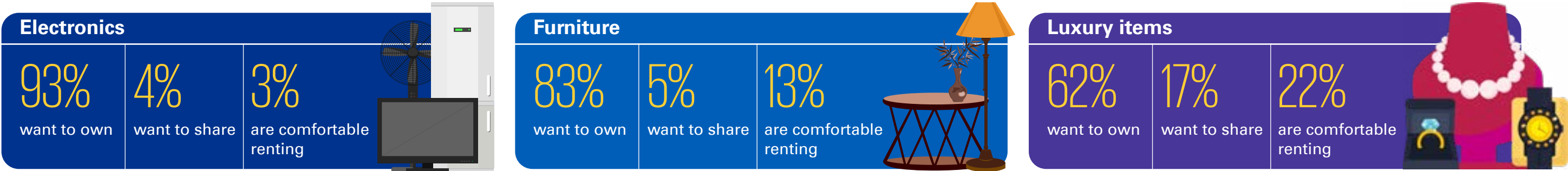
As a way to lower up-front costs and save more, shared economy is on the rise with new share/rent models being preferred across categories such as clothes, mobiles, electronics and cars. Of the total respondents who are comfortable sharing/renting clothes and mobiles, **70 per cent of these are formed by Millennials (Age 17-36) and Generation Z (Age 7-16)**. Similarly, of the total respondents who are comfortable sharing/renting cars, **60 per cent** of these are formed by Millennials (Age 17-36) and Generation Z (Age 7-16).



1. Financial priorities are evolving with the saving sentiment gaining clout

A further deep dive into the younger demographics specifically revealed:

- About **50 per cent** respondents have started investing more in saving instruments post pandemic.
- Category-wise ownership/rent models highlighted by the survey are below



- With growing awareness around personal safety and wellbeing, shared mobility options are undergoing a dip as **69 per cent of the surveyed respondents** suggested that they were not as inclined towards such options post COVID-19.



2. The data privacy and personalisation dichotomy

Personalisation has become integral across age demographics. Companies are becoming more efficient at leveraging available data on a consumer's preference and buying patterns to create bespoke propositions.

The technology behind this personalisation is also getting more sophisticated with the advent of machine learning and complex algorithms that can decipher large amounts of information to recommend the next movie, beauty product and news article with increasing precision and relevance. However, this customisation comes at a cost. In order to build a holistic profile of the consumer, companies need a continuous stream of data on user behaviour, and the challenge arises when either consent for the collection and use of such information is ignored, or not even explicitly sought.

Our survey highlights that while, the younger generation is more willing to trade privacy and personal data in exchange for a higher level of service and greater personalisation, the older generation seeks more data security and is reluctant to share data that easily.

Key insights from the Me, My Life, My Wallet (MMLMW) India survey emphasises that :

- **81 per cent** of all respondents expect personalised customer service with Generation-X (Age 37-53) forming the majority age group (**88 per cent**).
- Only **33 per cent of all respondents are comfortable sharing data with companies** in lieu of better customer experience and personalisation, as against **15 per cent** for USA and **10 per cent** for UK.
- **11 per cent of responders were less comfortable with sharing their personal data, 10 per cent of the respondents who showcased complete denial towards data sharing** and **21 per cent** of responders consider data security as a significant feature that needs to be explicitly clarified by the brand before any kind of exchange. This thereby indicates that consumers are more informed than earlier, and data privacy is gaining clout in their minds.
- In India, **45 per cent of consumers place protection of their data** as the most important element they expect from companies (as against **55 per cent** globally). **40 per cent** respondents from metros confirmed that a brand's data privacy policies influence their purchase decision to a great extent, while **30 per cent** respondents from non-metros share the same feeling.
- Amongst the younger demographics, around **67 per cent** of the respondents are uncomfortable with brands that track digital activity for greater personalisation while **47 per cent** are willing to pay a premium for data privacy. Also, **37 per cent** respondents agreed that the right depiction of data privacy policies and transparency from brands influenced their purchase decision to a great extent.



3. Going digital across demographics

The acceptance and expectation of digital channels in this age and time are gradually gaining traction across India. By default, rather than by design, India's older demographic has had to adopt a digital-first lifestyle. Indians, across all ages, have quite easily become conversant with video calling, net banking, online grocery shopping and streaming platforms. This was not a purely urban phenomenon, as the increase in digital sophistication of the older cohort was observed in smaller towns across India as well.

Key highlights from the 2020 Me, My Life, My Wallet (MMLMW) India survey suggests:

- **49 per cent** of the surveyed respondents shared that they had become comfortable in using digital payment options to shop, as against **22 per cent** globally. Some of them also revealed that an absence of a trusted payment gateway would affect their buying decision to a great extent.
- On digital experience expectations from retailers, **60 per cent** of all respondents presented higher affinity towards Augmented/Virtual Reality, cognitive interactive robots in-store and webchat robots.
- **78 per cent** of the respondents believe that Mobile Phone App availability and smartphone store interactivity should include it as part of their basic offerings now. Compared to pre-COVID-19, there was a **25 per cent** increase in respondents in the silent generation (Age 75 and above) from tier 1 cities who said that app availability was a very important criterion.
- More than **50 per cent** responders want to be the **first ones to buy a new device when it comes out** (as against **26 per cent** globally).
- **55 per cent** respondents from tier 1 validated to "I am very interested in new technology; I like to be the first one to buy a new device when it comes out", while **45 per cent** respondents from tier 2 shared the same fondness for new technology. This indicates the propensity to experiment with technology across all urban and non-urban areas.
- Payment preference tilted towards digital (non-cash modes) for tier-2/3 cities post Covid-19 (pre COVID-19, **56 per cent** preferred cash and post COVID-19 **36 per cent** preferred cash). For tier-1, **62 per cent** preferred cash pre COVID-19 and **34 per cent** post COVID-19.
- A deep dive into the younger age group (millennials) suggested that Ecommerce was their first choice for shopping (**>50 per cent**) followed by physical store and brand's own website in order of preference. Also, **56 per cent** of the respondents suggested that they desired their neighbourhood stores to start selling items through online or mobile applications.



4. Social causes matter to new conscious consumers

The consumer in India may still be at a nascent stage of their evolution with respect to buying basic needs v/s splurging on luxuries, but COVID-19 has certainly hastened their progress towards becoming more conscious of their role in the ecosystem. Social community commitments and environmental records of an organisation also have started influencing the purchase decisions of new age Indians. Our survey highlights :

- **90 per cent** of all respondents say that the integrity of a company matters to them a lot when it comes to customer service.
- Majority of the responders have shown their evolved behaviour towards supporting a cause, brand or retailer that is giving back to the society.
- **84 per cent** of the respondents prefer buying from and into brands whose actions align with their core beliefs and values (as against **80 per cent** globally). Moreover, **94 per cent** of total respondents are willing to pay a premium for a brand that is ethical and giving back to society (as against **90 per cent** globally).
- Of the total Millennial responders (Age 17-36), **95 per cent** agree to pay a premium for an ethical retailer, while only **74 per cent** of Generation Z (Age 7-16) share the same opinion.
- **64 per cent** of the responders categorised social causes as an important thought that featured in their mind share.
- Amongst the younger demographics, interestingly, non-Metro millennial respondents (**45 per cent**) are also more willing to pay a premium for indigenous goods as compared to Metro millennial respondents (**40 per cent**), indicating that social causes are now important to millennials from tier2/3 cities as well.



5. Adapting to the new normalised routine

Working from home blurred the lines between time dedicated for work and personal time. To top it up, movement was restricted with individuals spending disproportionate time at home. This led to new routine formations and behavioral patterns amongst consumers. Here's a look at some of the key developments that we observed through our younger demographic study:

- **Work hours:** 85 per cent of the respondents witnessed an increase in their working hours, leading to reduced personal or leisure time. 36 per cent of consumers revealed that this change affected their shopping behaviour to a great extent while for 56 per cent of consumers, the reduced leisure time impacted their buying routine to some extent.
- **Health and immunity:** 88 per cent responders revealed that they have moved to product purchases in this category.
- **Leisure activities:** Predictably, 81 per cent responders feel uncomfortable to step into a theatre while 60 per cent showcased acceptance to dining at a restaurant now. It was also observed that Generation X (age 37-53) were more uncomfortable visiting a shopping mall as 61 per cent of them shared this feeling as against 49 per cent of Millennials (age 17-36).



6. Vocal for local gains mindshare

Keeping Atma-Nirbhar Bharat and the Make in India initiative at the centre, preference towards buying localised products and services is gaining momentum amongst Indians. With emphasis on improving our manufacturing capabilities, the vocal for local initiatives could go a long way in shaping India to be a global manufacturing destination. Here's a look at a few insights gathered from the younger demographics study, reflecting strong sentiments riding on the Make-in-India wave:

- About **60 per cent** of respondents displayed **active participation towards replacing foreign brands with indigenous goods**. **41 per cent** of respondents across all age groups are **willing to pay a premium for indigenous goods**. Non-metro respondents (**45 per cent**) are more willing to pay a premium for indigenous goods as compared to metro respondents (**40 per cent**).
- Amongst the factors which governed the purchase decision from an indigenous goods company; **Price and product review** stood out as the most important decision factors (**77 per cent respondents**), followed by **product composition-ingredients** used (**55 per cent respondents**), while **packaging** was the least determining factor when making a purchase.



Support local
business



Way forward

Customers are creating waves of disruptive change. With human sentiments changing manifold, the traditional definition held by an Indian customer of being price conscious has moved to being more value conscious. While there are many disruptive forces at play, it's time for business leaders to seek new opportunities and embrace changes by deploying innovative strategies. Below are a few areas of focus to consider for consumer facing businesses going forward :

Keeping the customer at the centre	Leveraging data in the right way	Embrace omni-channel	Need to rethink their cost of doing business	Invest in the right customer promise	Organisations need to be connected
With financial priorities now drifting towards savings, companies need to find innovative ways to engage with consumers for building relevant value-based propositions. Hence, it is imperative for consumer businesses to invest in customer engagement across all platforms and also align middle and back offices, keeping the customer at the centre.	With personalisation gaining clout, consumers companies need to invest wisely in data and analytics to be able to predict/ foresee trends to enable informed decision-making. Transparent and ethical data exchange with consumers and ensuring integrity, privacy and security of data will be key.	With direct to consumer/direct to home channels gaining clout, it is important for companies to ensure that online channels are able to integrate seamlessly with the overall omni-channel experience. Going forward, it will be important to continuously evaluate profitability across channels and analyse shifting consumer preferences.	Companies need to build agility in inventory planning and logistics operations to complement their traditional distribution network with evolving distribution channels. Strategic cost reduction initiatives are becoming imperative as higher operating margins can offer companies a significant competitive advantage. It is also crucial to evaluate profitability mix across categories/ channels in the long-term.	It is imperative for consumer facing businesses to identify the customer segments to operate in and also design the right customer promise for each segment. For example: on-time product deliveries could be an important promise for certain customer segments, whereas expectations could be very different when it comes to premium experiences or customised experiences.	Businesses who are able to connect front, middle and back offices are the ones that are able to understand customer needs and deliver the intended experience profitably. They also have the responsiveness and resiliency to evolve with the changing consumer and competitive landscape to consistently deliver on their customer promise. A connected enterprise is powered by end-to-end digital transformation.



How can KPMG in India help you in your transformation journey?

We can help you :

- Identify the right customer segment
- Design the right customer promise and
- Work with you to ensure that your enterprise is able to deliver that customer promise.

The KPMG Connected Enterprise framework enables organisations to win in the marketplace. The connected enterprise approach is industry-led, customer centric and involves enterprise-wide transformation. It aligns the front, middle and back offices for profitable growth to help organisations win in their sector and beyond, in a new market reality. This is a sustainable, risk-optimised route to success from strategy through execution, now and in the future.



Acknowledgements and our recent publications

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Our recent publications



The online private label growth paradigm
February 2020



Navigating through COVID-19
September 2020



The new retail reality
August 2020



Time to open my wallet or not
July 2020



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