The blueprint for consumer companies for India: a new consumer is now at the forefront – financially and socially conscious, tech-savvy, and insightful

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India displayed a steady consumption growth trajectory for several years. Growth in previous years was mainly steered by increasing urban consumption and rising millennial and gen-Z population. The uncertainty posed by COVID-19 brought in unexpected pressure, thereby making the traditional avenues for consumption growth ineffective. Our recent KPMG in India report titled 'Me, My life, My wallet 3.0' brings out some interesting insights on consumer behaviour that have evolved during the pandemic, under six major themes:

- **Saving sentiment gaining clout across all age demographics** - Savings are now an important factor being considered by Indians post pandemic. Seventy 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. Interestingly, we have observed similar saving sentiments and spending patterns running across Tier-1 and Tier-2 cities.

- **Data privacy and personalisation as integral to the new tech-savvy consumer -** 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 U.S. and 10 per cent for U.K. 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). Amongst the younger demographics, 67 per cent responses highlighted that they were uncomfortable with brands tracking digital activity of shoppers to use datapoints for product recommendations.

- **Digital being embraced across demographics -** Payment preference is tilted towards digital for most cities, including Tier-2/3 cities post COVID-19. 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 is likely to affect their buying decision to a great extent. On new technology experiments, 26 per cent of the consumers globally are keen to be the first ones to buy a new device when it comes out, as against more than 50 per cent in India across Tier 1, 2 and 3 cities, indicating the propensity to experiment with technology across all urban and non-urban areas.

- **Ethics and social causes now matter to conscious consumers -** Social and ethical values have occupied the centre stage in the decision-making process for consumer purchases. Globally, 80 per cent of consumers prefer buying from brands whose actions align with their beliefs and values whereas 90 per cent are willing to pay a premium to an ethical retailer. As for India, 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.

- **Adapting to the new normal routine -** The new normal is driving purchasing decisions and these are likely to continue in the short term. With 85 per cent of respondents witnessing an increase in office working hours, leisure time has reduced, thereby influencing an individual's shopping behaviour. Global data reveals that 33 per cent of consumers across the world (as against 43 per cent in India) are worried about personal health with 86 per cent are more focused on health and wellbeing. In India, 88 per cent responders revealed that they moved their product purchases towards health and immunity with the current change.

- **Vocal for local on the rise -** *Atmanirbhar Bharat* and the *Make in India* initiatives have indeed made the consumers more vocal for purchasing localised products. About 60 per cent of respondents displayed active participation towards replacing foreign brands with indigenous goods. 41 per cent of responders were also willing to pay a premium for indigenous goods.

What do these findings mean for consumer-focussed businesses going forward?

Consumers today look for value, variety, convenience, and a good customer experience. With consumers spending more time at home, consolidation of infrastructure and investments in the direct-to-home channel is critical, especially for small and medium sized businesses. These attributes, if addressed by an omni-channel approach of online-offline can serve consumers best. Further, use of advanced technologies like Augmented Reality (AR), Virtual Reality (VR), Artificial Intelligence (AI) and webchat robots can help provide seamless experiences to consumers. By leveraging data in the right manner, consumer companies/brands can effectively engage with consumers across all platforms. Additionally, consumer facing companies could also focus on bringing agility in their inventory planning and logistics operations and adopting cost reduction initiatives.

While there are many disruptive forces at play, it's time for consumer companies/brands to seek an opportunity in every crisis. Below are a few learnings to consider, going forward:

1. Keep your customer at the centre of everything that you do
2. Invest in data analytics and leverage it the right way
3. Embrace omni-channel as direct to consumer is here to stay
4. Re-evaluate and re-asses cost of doing business
5. Invest in the right customer promise to ensure you deliver
6. Lastly, stay connected across front, middle, and back offices

Companies that are able to innovate and reinvent are the ones who shall deliver the intended customer experience profitably, while staying relevant to survive the new rules of business.
For more information, refer KPMG in India's report titled "Me, My Life, My Wallet 3.0"