

## CHANGING BEHAVIORAL TRENDS OF THE INDIAN CONSUMER

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### ABSTRACT

The Indian consumer spending has increased from US\$ 133.60 in 1992-93 to US\$ 650.74 in 2009-10, a compound annual growth of 10.13 per cent at current prices. The way Indian consumers are spending their money on various items has changed in recent years. The share being spent on the basis (food and beverages) has fallen from 54.07 per cent in 1992-93 to 44.8 per cent in 2002-03. Other items have increased in importance, for example, medical and healthcare spending has increased from 3.5 per cent to 8.5 per cent of total expenditure over the same period, a compound growth rate of 19.71 per cent. Similarly spending on transport and communication has grown at 13.2 per cent. There is a change that is evident in the consumer behaviour that is seen across all categories of products and there are numerous factors that are affecting the same. The changes that are seen are in the form of increase in consumption, change in consumer preferences, buying behaviour, social influences, the way we shop, the reasons behind that, the type of products we buy etc. All these trends are important and show us the path as to how the consumers behaviour is impacting their product purchase. This research was conducted across interdisciplinary areas such as animation and gaming, consumer durables and retailing to study the change in consumer behaviour in these areas.

**Keywords:** Consumer behaviour, animation, gaming, retailing, consumer durables, trends, patterns, consumer changes, product purchase, consumption patterns

**INTRODUCTION:**

Consumer behaviour is undergoing tremendous changes due to a wide choice of products and services begin made available to the consumer. The impact is also more due various marketing techniques and strategies adopted by the marketer. If we compare our own consumption habits over the past 5 years, we can understand that this change is touching even our own lives. This research study has been undertaken to study changes across different industries so as to find out whether the changes in consumer patterns are really happening and if yes, to what extent. The consumer durables industry is a high value industry, retailing is service oriented-relatively lower value and animation and gaming is high tech-virtually oriented. Some interesting findings have been discovered during this research study which I have attempted to present in this research paper.

**OBJECTIVES:**

- Analyze consumer behavioural trends in consumer durables industry
- Study growth trends in animation and gaming industry
- Evaluate shopping patterns of Indian consumer due to organized retail

**HYPOTHESIS:**

- There are significant trends in consumer durables industry impacting the Indian consumer
- Animation and gaming industry is showing growth trends in the Indian market
- Retail industry is influencing shopping patterns of Indian consumer

**SCOPE OF RESEARCH STUDY:**

The cities chose for the study are Mumbai and Nashik. The reason being Mumbai is a metro and Nashik is an emerging metro and in a growth stage. This would give a proper distribution and representation for the research.

**SAMPLING METHODOLOGY:**

Stratified random sampling methodology was used. Respondents across Mumbai and Nashik have been covered with this data collection method. After due filtration of respondents based on their SEC strata the appropriate respondents were selected for analysis.

**METHOD OF DATA COLLECTION:**

Questionnaires, Interviews, focus group discussions. The type of method to elicit responses from the respondents was in an interview mode since there were some questions that required explanation of terms. So the mode was interactive and interview oriented.

**INDIAN ANIMATION AND GAMING INDUSTRY:****INTRODUCTION:**

The extensive use of special effects and animation software and content by the entertainment industry has in large part accounted for this domestic market momentum. The extensive use of animation in recent Bollywood movies such as Krrish, Dhoom 2, Hanuman, etc., has helped create interest in this technology. The rapid growth of mobile telephony, increase in personal computers and the greater use of

animation content, will fuel the growth of domestic market. The success of movies like Hanuman and TV shows like Son Pari also augurs well for the domestic industry.

There was a time when the Global Gaming market was dominated by the ubiquitous PC games. But with the advent of newer options such as mobile, console, and net games, the gaming market and its dynamics have undergone a major change all over the world. PC gaming is no more the clear winner as mobile gaming has come to be known as the fastest-growing segment because of its rising popularity. These two segments are closely followed by the console and online gaming segments.

## **CONCLUSIONS AND RECOMMENDATIONS:**

Relevant to this industry, following factors are important drivers:

1. Increase in PC penetration
2. Growth of mobile usage
3. Large youth population

Due to the increase in PC penetration in India, a machine which was marketed as an office device is seen in all homes today. Even then the number of households owning at least one computer is not cent per cent. To add to this, there is potential for more than one computer in the form of laptops. For example: In a family of four people, the father may use a computer at his workplace, may also use a laptop and may have a home computer. If he has an elder child, he may also own a laptop to use in the college. So on and so forth. This shows the potential of PCs in India. How would this impact the animation and gaming industry? Due to increase in demand for animation related products, it could be used to hone skills by youth. Gaming is being played by people across all ages in India and the major point is a PC.

Mobile usage is across all ages and geographies. What started as a device for communication acts as a personal manager, sending text messages, taking photographs, shooting videos and playing games. It is said that we are living in an era of “screenagers” where we move from one screen to another-either it’s a computer screen, TV screen or a mobile screen that we are switched on to. Interestingly, the mobile screen has integrated the TV and PC therefore, its going to be the single biggest factor impacting our “screen based lives”. The use of a mobile phone to play games is increasing and therefore, would result in growth in India. Various games are being played and more created everyday.

The primary target for the animation and gaming industry are youth, typically between 14 to 25 years of age. The numbers in this segment is one of the largest in the world and therefore a big market for companies in this industry. Due to the easy access of computers and mobile phones to this population, this has fuelled its growth and therefore has bright prospects.

## **CONSUMER DURABLES INDUSTRY:**

### **INTRODUCTION:**

The Consumer Durables industry consists of durable goods and appliances for domestic use such as televisions, refrigerators, air conditioners and washing machines. Instruments such as cell phones and kitchen appliances like microwave ovens were also included in this category. The sector has been witnessing significant growth in recent years, helped by several drivers such as the emerging retail boom, real estate and housing demand, greater disposable income and an overall increase in the level of affluence of a significant section of the population. The industry is represented by major international and local players such as BPL, Videocon, Voltas, Blue Star, MIRC Electronics, Titan, Whirlpool, etc.

The consumer durables industry can be broadly classified into two segments: Consumer Electronics and Consumer Appliances. Consumer Appliances can be further categorized into Brown Goods and White Goods. The key product lines under each segment were as follows.

**CONCLUSIONS AND RECOMMENDATIONS:**

The consumer durables market mainly consists of the following devices/ appliances:

1. Television
2. Refrigerators
3. Air Conditioners
4. Mobile phones
5. Home appliances like DVD players, microwaves etc.
6. Computers

Because of various factors in consumerism and increasing spend, all that is impacting the consumer. Key factors in this industry that are impacting the India consumer are :

**High marketing spend by companies:**

It is seen that almost all consumer durables companies like LG, Samsung, Videocon, Onida etc. are spending huge budgets to woo the customer. This definitely is impacting the customers

**Increased spending:**

India is one of the biggest consumer markets in the world due to the most important fact and that is, that consumers are spending more and more on several consumer products. Big ticket items are in consumer durable and these are the most sought after by consumers.

**Me too attitude:**

Due to the “me too” attitude of consumers, they are increasing buying even if there is no immediate available finance with them. Influencers for them happen to be neighbours, friends, peers which compel them to buy newer items regularly.

**New high tech gadgets:**

Due to more and more gadgets available for the consumer today, many of them not really needed, the consumer durables industry has a high demand. Many of the products are upgraded version of the products consumers already possess. For example, consumer want to buy a new model of a mobile even though the present work is still working, most of us bought colored TVs when or black and white TV was working etc. All this is a trend impacting consumer behaviour

**Globalization:**

Today's customer is well informed about the latest happenings around the world. For example, even before the I phone was launched in India, many youth already knew about this new phone and its features. The internet has been an important enabler in this process helping people to be better informed and educating them in this process. This also make consumers in creating a pull for a product which is helpful for the consumer durables industry

**RETAILING:****Introduction:**

Retailing involves selling products and services to consumers for their personal or family use. Department stores, like Burdines and Macy's, discount stores like Wal-Mart and K-Mart, and specialty stores like The Gap, Zales Jewelers and Toys R Us, are all examples of retail stores. Service providers, like dentists, hotels and hair salons, and on-line stores, like Amazon.com, are also retailers. It is the final link between consumers and manufacturers, retailers are a vital part of the business world. Retailers add value to products by making it easier for manufacturers to sell and consumers to buy. It would be very costly and time consuming for you to locate, contact and make a purchase from the manufacturer every time you wanted to buy a candy bar, a sweater or a bar of soap. Similarly, it would be very costly for the manufacturers of these products to locate and distribute them to consumers individually. By bringing multitudes of manufacturers and consumers together at a single point, retailers make it possible for products to be sold, and, consequently, business to be done.

Retailers also provide services that make it less risky and more fun to buy products. They have sales people on hand who can answer questions, may offer credit, and display products so that consumers know what is available and can see it before buying. In addition, retailers may provide many extra services, from personal shopping to gift wrapping to delivery, that increase the value of products and services to consumers.

## **CONCLUSIONS AND RECOMMENDATIONS:**

### **Apparel, Footwear & Personal Care:**

Overall, both Mumbai and Nasik vote for the Multi brand outlet (MBO) format for shopping preference. In apparel, 57% people voted for the Multi Brand Outlet as their most preferred retail format. The Exclusive Brand Outlet (EBO) was way below at 16%.

The other store which finds mention several times, not only in the above pictures but in several city surveys as well is the Discount Store. For apparel, about 9% people vote for this format as their most preferred.

One must remember that in the last 4 decades, the company, which has become the largest in the world started out by offering no frill – “low prices, everyday” merchandise to the people and stands at 250 billion dollars today. It's a very powerful format and has the potential to wipe out all other formats for everyday consumables. Today Wal-Mart offers every possible merchandise – from apparel to CDs, books, online purchases etc.

### **Footwear:**

For Footwear the preferences are similar to apparel and is the MBO again with the neighbourhood store and the EBO, at 10% each, which the consumer is voting for.

### **Grocery:**

In this category, it's the neighbourhood kirana store which rules with 68% voting in its favour as a shopping preference. The supermarket is still very low in the pecking order with only about 8% voting in favour.

### **Home Furnishing, Home Appliances & Home Electronics:**

For home furnishing, home appliances and home electronics, it's the MBO again which is the most preferred outlet with 48%, 58% and 50% voting for its respectively. In home furnishings, one can see that a significant number still prefer to buy it from the local hawkers and street vendor. In home appliances and home electronics, people seem to be experimenting with the EBOs and the Discount stores. Around 14%

urban Indian have voted the EBOs and 12% for Discount stores as their most preferred retail format in this category. There is a commoditization of the consumer durables market in India with people actually voting for Discount stores as their most preferred retail format. It shows that the purchases are become attribute led, as valued against a price and brand etc. are not such prime role in purchaser decision.

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