India stands on the threshold of a great consumer journey where the youth of the country will be playing a vital role in the country’s growth and consumption story. The present study has been undertaken at a very interesting time when the Indian youth are expected to contribute to the demographic dividend of the country leading to its economic growth and transforming it into one of the global super powers.

The chapter begins by highlighting the country’s characteristics that make it an important emerging economy of the world and proceeds thereafter to show the consumption trends for various products and services across different consumer segments. Finally, the city of Bengaluru, popularly known as the ‘Garden City’ and globally known as the ‘Silicon Valley’ of India is briefly described where the present study has been conducted.

1.1 Introduction:

The Indian consumption story is made up of a lot of discrete decisions that are influenced by various social, economic, cultural, political and technological factors. Consumer choices are expected to be affected by personal tastes and preferences too (Bijapurkar 2007). Globalization is also expected to influence the consumer culture of the country and hence the impact of the same needs to be understood within the Indian context (Durvasula & Lysonski 2008; Mathur et al. 2008; Gupta 2011). The country is considered to be an important emerging market economy which is set to dominate the world stage for the next two to three decades. The Indian economy is expected to grow with time, driven mainly by the domestic demand for various consumer products and services (Gupta 2011; Lenartowicz & Balasubramanian 2009). Many global marketers consider India to be an important market for a lot of products and brands primarily because of its growing economy, large population and the presence of a vibrant democracy. Research work has focused on finding the social and cultural influences that are likely to affect the Indian consumer (Gupta 2011; Kopalle et al. 2010). Since almost fifty two per cent of the country’s population is made up of young people below the age of twenty five years, hence it becomes extremely important to understand their perceptions and aspirations so as to be able to effectively position products and services meant for the segment. Some of the Indian States where a majority of the population are below the age of 25 years are Karnataka, Gujarat, Uttar
Pradesh and Bihar (Mishra 2011). Around half of the people living in the urban areas of the country and close to about fifty four per cent of the rural population are below the age of 25 years. India is considered to be an important country among the ‘BRICS’ group of nations. The ‘BRICS’ are a grouping of five large national emerging economies having the potential of rapid economic growth and substantial influence on regional and global events. There are about three billion people across the five countries making up the ‘BRICS’ group, which is almost about forty per cent of the global population. The countries making up the ‘BRICS’ grouping are Brazil, Russia, India, China and South Africa.

1.1.1 The emerging markets:

According to McKinsey, the emerging markets are made up of Asia (excepting Japan), Latin America, Eastern Europe, the Middle East and Africa. As can be seen from Figure 1.1 the global population is expected to become almost 7.9 billion by the year 2025. There will be an additional 4.2 billion people who would become a part of the consuming class with a daily disposable income of more than US$10. The number of people is expected to decrease in the category of ‘below consuming class’ whose daily disposable income is less than US$10. By 2025, the developed markets are expected to contribute about US$34 trillion of annual consumption while the emerging markets are expected to have an annual consumption potential of US$30 trillion (Yuval et al. 2012). The total global consumption potential thus stands at US$64 trillion. McKinsey recommends ten disciplines that would have to be mastered by marketers who wish to succeed in getting a share of the US$30 trillion market. The ten activities can be subdivided into three broad activities that include:

- Firstly, throwing accurately that implies knowing the market context of individual market and the dynamics that are at play there by targeting urban growth clusters, taking advantage of anticipated explosive growth moments and balancing global scale and local relevance using digitization of the emerging markets to offer source of data analysis to guide the efforts.

- The second set of activities are about jumping in whereby the market players would need to leverage nascent opportunities by creating products and brands with suitable go-to-market strategies that would enable effective value delivery.
- The third set of activities would involve *running the distance* that would require robust structures and management processes supplemented with attracting, retaining and developing good talent and nurturing sustainable relationships with stakeholders (Bijapurkar 2012).

Figure 1.1 World population and consumption.

As can be seen from Figure 1.2, some of the leading companies have reportedly managed to get only 17% of their revenues from the emerging markets though the latter constitute around 36% of the global gross domestic production (GDP). According to a research report by Deloitte, titled 'India matters: Winning in growth markets', by the year 2030 India may surpass China and the United States of America (USA) with an aggregated consumer spend of nearly US$13 trillion (http://www.ibef.org/industry).

The recommendations for achieving success in the emerging markets advocated by Bain & Company are all about targeting the mass market with relevant local adaptations of the marketing
mix to suit local consumer tastes and preferences while providing quality products that have a better value proposition than that given by ‘low-end competition’ and which can be afforded by customers thus contributing to the bottom line of the marketers (Bijapurkar 2012).

Figure 1.2: Revenue from the emerging markets.

A few global developments that need to be kept in perspective to understand the global context within which the present study is being undertaken in the country:

i. In 2010, there were six advanced economies in the list of the top ten global economies. By 2020, it is expected that there will be many more emerging economies that will feature in the list of top ten global economies. As many as five emerging economies are expected to take the top five slots in the list of the top ten global economies (Bijapurkar 2012).

ii. As of 2012, the United States of America (USA) is the largest economy, while China is the second largest economy globally.
iii. Though the USA has the largest economy in the world, yet it is the 8th largest in terms of per capita GDP.

iv. China is the second largest economy in the world, but ranks 90th in terms of per capita GDP globally.

v. Though the present values of the emerging markets are substantially smaller than those of the developed markets, yet it is their high levels of forecasted GDP growth rates that have caught the attention of marketers, since most of the predicted consumption is expected to be driven by household consumption.

vi. The spending choices of people in a market are an outcome of their unique thoughts, beliefs, attitudes and behaviour that are likely to vary across different countries. Hence having relevant consumer insights at the local level is a very important aspect of achieving success in the market place.

vii. The possible lack of public services is also expected to influence the goods and services that would be made available from innovative marketers to stimulate consumption.

viii. It is expected that importance will be given to ‘demand-centered’ business strategy suitable to local market needs. Rama Bijapurkar (2012) suggests that marketers would succeed better by taking a ‘zero-based look’ into the world of emerging market consumers to develop meaningful strategies.

1.1.2 India:

India is one of the oldest civilizations in the world with a rich history and cultural heritage. It has achieved improvements in various political, socio-economic and industrial aspects since attaining Independence in 1947. Geographically, India is considered to be the seventh largest country in the world. In the northern region, India is encompassed by the great Himalayan range, while the southern region stretches towards the Tropic of Cancer and tapers off into the Indian Ocean. The Bay of Bengal is on the eastern side of the country while the Arabian Sea is on the western side (http://india.gov.in/india-glance). The neighbouring countries of India are Bangladesh, Nepal, Pakistan and Sri Lanka. The country has 29 states and 7 union territories and is considered to be an epitome of sub-cultural plurality, within a macrocosm of cultural unity, exhibiting different consumption habits across its states and union territories. The country has
around twenty three official languages, 1600 dialects and about eight major religions with about seven broad consumer segments.

According to the Confederation of Indian Industry (CII) and The Boston Consulting Group (BCG), the Indian consumer market is expected to expand almost 3.6 times between 2010 and 2020, faster than the other emerging markets (www.bcg.india.com). The Indian youth hail from different socio economic backgrounds. The consumer landscape of the country has been broadly categorized into the following segments based on socio-economic aspects (Mall et al. 2012):

- **Affluent** (having a gross annual household income of around $18,500 or more):
  a) Professional Affluent (comprises of about four percent of households and having around 16% of consumption).
  b) Traditional Affluent (made up of about two percent of households contributing to around 8% of the consumption).

- **Aspirer** (having gross annual household income ranging between $7,500-$18,400):
  a) Rural Aspirer (comprises of about six percent of the households; making up around 8% of consumption).
  b) Urban Aspirer (comprises of about eight percent of households; contributing to about 11% of consumption).

- **Next Billion** (having a gross annual household income in the range of $3,300-$7,400):
  a) Small Town/rural next billion (comprises of about 24% of the households contributing to about 8% of consumption).
  b) Large Town next billion (comprises of about 6% of households; making up around 8% of consumption).

- **Strugglers**: (having a gross annual household income of less than $3,300): The segment is made up of around 51% of households whose consumption share is around 26%.

Some of the highlights of the country are:
i. India is also considered to be a transitional economy post its economic liberalisation in the 1990s.

ii. The country has been considered to be the 10th largest economy globally in terms of its GDP.

iii. The estimated size of the country’s GDP is around US$2 trillion. In the next ten to twelve years, India is expected to double its GDP.

iv. Fifty-five per cent to sixty-five per cent of India’s US$2 trillion GDP is contributed by its domestic consumption. Thus it is extremely important for marketers to understand the needs and wants of the Indian consumer.

v. The country has topped the HSBC Trade Confidence Index, the largest trade confidence survey in the world, with 142 points primarily based on the consumer demand expected from having a huge youth population (http://www.ibef.org/economy/indian-economy-overview).

vi. The country has a per capita income, in terms of purchasing power parity (PPP) of US$3,830 as compared to that of China which has achieved US$9,162. The bottom 40 per cent of the Indian population has a per capita of US$150. Some of the comparative per capita income figures of the other ‘BRICS’ countries are:

   a. South Africa has a per capita of US$11,375 while the figure for Brazil is US$11,875.
   
   b. The per capita income of Russia is a staggering US$17,709.

vii. Compared to the BRICS, the USA has a per capita of US$50,000 while the UK has a per capita of US$36,941. The per capita of Spain, Italy and Greece vary in the range of US$24,500-US$30,000. Poland has a per capita income that exceeds that of China by US$8,000, thus amounting to a total per capita income of US$17,162.

viii. It is expected by Standard Chartered, that China’s GDP will be around US$24.6 trillion as compared to the US$23.3 trillion economy of the USA. India’s GDP during the same period is expected to be around US$9.6 trillion.

ix. Credit Agricole predicts that by 2020 the emerging economies will account for about fifty per cent of the world economy, and contributing to almost two-thirds of the global GDP growth emanating from these countries.

x. By 2020, India is expected to become the 3rd or 4th largest economy in the world.
xi. The Boston Consulting Group (BCG) estimates that India and China will have a combined market potential of about US$10 trillion by the year 2020.

xii. BCG suggests that companies would need to make themselves relevant to customers by being sensitive to their emotional needs and aspirations.

xiii. The need for signaling affluence has been considered by BCG as one of the consumer needs that would prevail along with the desire to ‘live big for less’ and be considered to be ‘discerning’ and ‘informed’ (Bijapurkar 2012).

xiv. BCG also expects that Indian consumers would want their marketers to listen to them and understand their needs and desires in order to be able to provide relevant solutions (Bijapurkar 2012).

India’s multilingual consumer spectrum along with a plethora of sub-cultures, provide ample opportunity for marketers to customize and innovate offerings that may become relevant to customer needs, belief systems and values. The demand for various products and services in the country arise from both the rural and urban areas. The youth market is also gaining importance as the purchasing power of the youth is expected to increase in the future. India is estimated to have about 600 million young people below the age of 25 years. Twelve million youth pass out of educational institutions every year but only about one million are employed in the information technology (IT) and the information technology enabled services (ITeS) sectors. Marketers need to understand the contemporary Indian youth in order to connect and engage meaningfully with them.

Various market offerings have been available to consumers across the country and as a consequence the nation has witnessed the marketing of products and brands, introduction of new categories etc. The Indian consumer is now being provided with a host of material and non-material benefits. Fragmented media, competitive marketing of products and brands, increased consumer knowledge of available product and brand options, rise of various social media pose several challenges to both marketers and consumers alike. Brand loyalty is desired by marketers to ensure lower customer acquisition costs and greater profitability. A survey conducted by the reputed global consultancy firm Ernst & Young (E&Y), reported that India is considered to be one of the most attractive investment destinations in the world.
In the era of globalization it becomes necessary to ensure that global marketers understand the nuances of acculturation so as to connect meaningfully to consumers.

Philip Kotler (2013) has highlighted how needs have preexisted marketers in the human ecosystem. Want for products and services that have the capability to fulfill human requirements are expected to be influenced, among other factors, by social and cultural norms. Social norms of existence bank upon the fact that human beings participate in social exchanges that lead to mutual benefits. Cultural aspects influence the social exchange process to create identity and uniqueness. Human beings since time immemorial have been consumers of innumerable varieties of a broad range of goods and services. Demand has been conceptualized with a marketing perspective to indicate that wants are backed by the dual vector of ability & willingness to exchange resources for procuring the intended goods and services capable of fulfilling a need. Research work across the past few decades have indicated how better insights are achieved when geographic, demographic, psychographic and behavioural variables are combined with a detailed analysis of brand antecedents and other socio-psychological variables to understand consumer behaviour. Consumer behaviour encompasses the decision process, physical activity and social discourses that consumers indulge in when considering purchase of different market offerings. Consumer behaviour often refers to the process of consumption for the final end user. The cognitive and affective components of attitude formation have multiple dimensions affecting the conative component of purchase and consumption behaviour. Consumer behaviour has applications for marketing, governmental decision making, non-profit, social marketing, de-marketing initiatives and consumer education (Loudon and Della Bitta 2002). Consumer behaviour can be researched on multidimensional aspects like steps in the consumer decision making process, store choice criteria adopted by consumers, their brand loyalty patterns for different brands, product purchase patterns across different categories, shopping behaviour, reaction to promotion strategies and channel choice decisions.

It is also important to understand the attitude, interests and usage pattern of consumers belonging to different subcultures and their subsequent impact on consumer decision making. Behavioural factors like benefits expected from the purchase of goods, occasions for purchasing, the user
status, usage rate, loyalty status, the readiness to buy, attitude towards both the products(s) and the purchase situation(s) are likely to impact consumer behaviour. Each of the variables can provide valuable insights to marketers for designing effective and contextually relevant marketing programs that can increase consumer preference and choice.

Marketers have been investing substantial quantum of financial resources to understand the influence of opinion leaders, reference groups and other social and psychological factors that are likely to impact consumer behaviour across different age groups. Strategic marketing that encompasses segmentation, targeting and positioning is the precursor of tactical marketing. Tactical marketing decisions pertaining to product planning, pricing, planning for optimal channel choice decisions along with appropriate promotional and packaging plans impact the success of marketers (Bijapurkar 2007). Both buyers and sellers in a market are influenced by contextual cultural factors of the market. Though organized retailing is still at a very nascent stage of development, yet great inroads have been made into the Indian consumer psyche, leading to consumers shopping both in kirana stores as well as in organized retail outlets. Organized retailers have come to realize that the unorganized retailing entities may hold a special place in the minds and hearts of Indian consumers by virtue of their vintage in the neighbourhood and remaining in close proximity to the consumer’s place of residence. The demand for fast moving consumer goods (FMCG) products has paved the way for various leading marketers to launch new products, modify and even reposition brands both for market penetration and development. Convenience items like staple, impulse and emergency items have seen lot of new branded variants in the first decade of the twenty first century. The shopping goods market contains competition from both the branded and generic sectors. Unsought goods like life insurance also got a fresh lease of life post the deregulation of the life insurance sector by the Indian government in the early years of the twenty first century.

1.2 Consumption patterns of Lifestyle Products and Services:

Different lifestyle patterns are likely to influence purchases in the categories of large home appliances, computers and mobile phones. With the growth of ecommerce activity in retail,
consumer demand is expected to increase for a variety of products and services. Some of the consumption trends of the country as outlined in *The Marketing Whitebook* (2013) are:

- Sixty-five percent of the consumer expenditure in India is spread across the food, housing and transport categories.

- Education, leisure, apparel, consumer durables, communication and health have seen consumer spends taking up about 25 per cent of the consumer’s budget.

- Indian consumers spend only about 7 per cent of their budget on education and leisure, as compared to around 17-19 per cent being spent by their counterparts in countries like China, Brazil and the USA.

- As the consumer moves up the income ladder, the spending on food seems to substantially decrease as a ratio of the total income. For example the ‘affluent’ set of consumers spends only 17-20 per cent of his total expenses on food while the comparative spend by the consumer in the ‘struggler’ segment ranges around 42 per cent.

- Education and healthcare is hardly a matter of affordability for both the ‘struggler’ and ‘affluent’ as the expenditure incurred in the category is almost 9 per cent and 7 per cent respectively.

- The ‘affluent’ category of consumers in the country spend almost a quarter of their expenses on transportation and communication. Expenditure on consumer durables, housing and healthcare are similar across the income segments.

- The quantum of consumer expenditure is likely to grow from ₹ 49,33,500 crore to about ₹ 177,60,600 crore.

- The top three categories that will contribute to about 65 per cent of consumer expenditure by 2020 are likely to be food, housing and consumer durables.

- By 2020, the ‘next billion’ consumer segment are expected to be the largest in number of household accounting for about 36 per cent of Indian households.
It is expected that the ‘professionally affluent’ consumer group is made up of about 8 per cent of the Indian households who are responsible for about twenty-six per cent of the consumer expenditure.

The ‘struggler households’ will see a reduction in their consumer expenditure from 26 per cent in 2010 to about 11 per cent in 2020.

It thus becomes imperative to understand how consumers are likely to think and express their preferences along with gaining a fair understanding of how consumption and shopping happen. The other aspect relevant of consumer behaviour would be to understand the influence of social media in the consumption process.

1.2.1 Products:

The consumer durables market size is expected to expand from ₹ 9.25 lakh crore by almost four times to reach ₹ 37.5 lakh crore by 2020. The estimated growth in the consumer durables market thus provides positive indications to the marketers of consumer durables in the country. There is a need to understand how the Indian youth perceive consumer durables and the factors that influence their purchase and use. Consumer durables is a vast category that includes products like communication devices, televisions, automobiles, computers etc. The consumer durables category is thus an important product category that has the potential to penetrate the youth consumer segment if endowed with appropriate benefits and positioning strategies. Some of the developments in the Indian consumer durables market are as follows:

- Communication devices lead the consumer durables category with the highest rate of penetration of 63 per cent in the Indian market mainly because of mobile phones and telephones.
- Urban areas have about 82 per cent penetration of telephones while the rural areas have just about 54 per cent.
- Mobile phones is comparatively a recent phenomenon that took off in the Indian market about just a decade back, while televisions started expanding its reach in the country about quarter of a century to about thirty years back.
Televisions in urban India have a reach of about 77 per cent out of which about 54 per cent are color televisions. However, nationally, televisions are available in about 47 per cent of the Indian households.

The mobile subscriber base in the year 2012 had about 894 million subscribers. The national teledensity was at 79.6 per cent. Urban teledensity was at 149.9 per cent by the end of 2012.

Smart phones in India constitute only about 4 per cent of the telecom subscriber base. Data usage on mobile is comparatively much less than voice calls and is expected to grow in the years to come. Airtel, Vodafone, Reliance and BSNL are some of the major telecom service providers in the Indian market.

The Indian passenger car market is one of the fastest growing markets globally, while in the two-wheeler category, the country ranks second.

The Indian Brand Equity Foundation (http://www.ibef.org) predicts that about 3 per cent of the passenger car market in the country will be due to luxury car sales.

During the first eleven months of the calendar year 2012, luxury car sales grew by 12.5 per cent. Maruti Suzuki India, Hyundai Motor India, Mahindra & Mahindra, Tata Motors are some of the leading car brands in the country. In the luxury car segment, Volkswagen, BMW and Mercedes Benz are some of the brands whose domestic sales are doing well.

The two-wheeler segment has reached an average of 35 per cent of the Indian households with products like motorbike, scooter or a moped. Four wheelers have reached only 10 per cent of urban Indian households and just about 2.3 per cent of rural Indian households.

The market penetration of computers, either with or without internet, is around 10 per cent. Majority of the internet enabled computers are likely to be found in the urban areas of the country.

Apparels attract about 5-10 per cent of the Indian consumer expenditure. In 2000 the apparel category attracted around ₹90,000 crore, that grew by almost 3.3 times in the
subsequent decade while being hopeful of witnessing an optimistic growth of almost 3.8 times till the year 2020.

- Situational factors have been found to influence apparel category purchases in the Indian market. Some of the situational factors that are important for purchasing clothing are occasions, emotions or functions. Festivals, social occasions and weddings are some of the important events that become important factors that influence apparel purchase across all the consumer segments in the Indian market. Among the different events that trigger apparel purchase, festivals are predominantly chosen to be the time during which majority of the consumers prefer to conduct their apparel purchase. Emotional reasons are more prevalent among the upper income consumer segments in the urban areas. Sales promotions and discounts attract the ‘affluents’ and the ‘aspirers’ for apparel purchase.

- Over the years product variants and packaging have been modified to suit the contemporary tastes and preferences of the target market.

- The social media revolution is affecting marketing of products and services in the Indian market in a number of ways. Social media has also been considered to be an important strategic tool for building and amplifying engagements with customers. Consumer research and feedback are also being conducted through the social media. The answer being sought by marketers is to find the unique balance of customer acquisition costs and achieving customer lifetime profitability. Hence, it would be interesting to find the perceptions and aspirations of the urban Indian youth in Bengaluru towards different lifestyle products and services.

1.2.2 Services:

The services sector of the Indian economy affects the lifestyle of Indian consumers. Urban Indian youth are likely to be active consumers of service offerings ranging from aviation, education, entertainment to hospitality etc.

In the aviation sector, the air traffic volume has grown by over four times since 2001-2002. From 13.1 million fliers in 2001-02, the air passenger volume has grown to about 54.5 million passengers. Private airline companies have been the engine of growth of the passenger volume in
the aviation sector with 6.4 million passengers being flown in 2001-02 which then expanded to more than seven times reaching a volume of about 45 million passengers in 2010-11. The number of Indians travelling both into and outside the country across domestic and foreign airline companies has almost doubled to about 12.6 million passengers in 2011, as compared to about 6.1 million passengers that were travelling in 2006. The number of Indian passengers travelling out of the country is to the tune of almost 6.4 million. Domestic travel spending made up 82.2 per cent of the ‘direct’ travel and tourism GDP in 2011 with the balance being contributed by foreign visitor spending. Some of the developments are:

- The World Travel and Tourism Council (WTTC) forecasts that the travel expenditure incurred by domestic travelers will increase by about 8.1 per cent on an annual basis during the course of the next decade to reach around ₹8.7 lakh crore as an industry by 2022.

- The travel spending incurred by domestic travelers are expected to rise at a much higher rate of than that of foreign travel which is expected to grow at a comparatively slower rate of about 5.2 per cent to reach a size of about ₹1.3 lakh crore.

- Leisure travel has contributed to about 74 per cent of the travel industry spending, while the business travel category has contributed around 26 per cent. By the year 2022, the leisure and business travel sector may grow by 7.6 per cent annually, thus making the leisure sector become the largest in size of around ₹7.5 lakh crore, while the business travel sector would expand to about ₹2.5 lakh crore.

- The travel and tourism sector is expected to create around 30 million jobs by 2022, thus contributing to about 5 per cent of the total employment in the country.

The Indian education sector contributes around 4 per cent of the country’s GDP, with an estimated annual expenditure of about ₹2,985 (on per capita basis). Indians have generally considered education as a means to achieve socio-economic mobility. Primary education is considered to be the foundation for all students, followed by secondary and higher education. India is estimated to have about 25.9 million students enrolled across more than 45,000 degree and diploma institutions. The student enrolment rate has increased at a compounded annualized
growth rate (CAGR) of about 10.8 per cent while the institutions are likely to have witnessed an estimated growth rate of about 9 per cent CAGR.

The number of colleges has grown as a result of the increase in number of universities in the country. In 2011-2012, 659 universities were in existence, as compared to about 256 universities that existed during the period of 2000-2001. A total of about 33,023 colleges existed in the country during 2011-12, with about 1769 private colleges existing per 1000 government institutions.

The talent pool of the country can be expected to become better as around 25.9 million students are estimated to have enrolled for higher education in 2011-12 thus raising the gross enrollment ratio (GER) to about eighteen per cent. In contrast, during 2000-2001, the country saw only about 8.4 million students enrolling for higher studies yielding a GER of about ten per cent only. The GER of the country is expected to increase by 7.3 percentage points by the year 2017, thus translating to about 10 million more students enrolling for higher education by 2017.

The demographic dividend of India can then be expected to meaningfully materialize in the country. Out of the total student enrolments, private institutions enroll around 67 per cent, while the state government institutions enroll the balance of about 38.6 per cent, while only around 2.6 per cent of the enrolments occurring in the Central Government institutions. The Indian students and their families perceive that professional courses will help them to acquire a ‘well-paid job’.

Some of the trends that may be highlighted regarding the higher education sector are:

- The number of professional course enrollments has grown by more than 150 per cent since 2006-07, whereas enrollments for general courses have only grown by around 31 per cent.

- Long term degree courses are preferred by about 84.9 per cent of students while diploma/short term courses being preferred by the balance 15.10 per cent students.

- Majority of the students enrolling for higher education to the tune of about 30 per cent, enroll for Arts, while only 25 per cent enroll in engineering courses, management/commerce studies see an enrollment of about 16 per cent, science having
hardly 14 per cent of enrollments and the balance 15 per cent enrolling in medicine, education, law etc.

- A sizeable chunk of around 87.4 per cent of enrollments in higher studies is for pursuing undergraduate studies, while 12.1 per cent of the enrollments are for pursuing post-graduation courses, with negligible enrollments occurring for research/Ph.D courses.

Employment opportunities have almost doubled to 0.82 million in 2010-11 for teaching staff, from 2000-01 due to the increase in the enrollment rate of students for higher studies reaching about 17 million.

The Indian GER has miles to go and comparative figures from across the globe show that nations with higher GER have been able to achieve better growth rates. The GER for United States of America (USA) is 95 per cent, while China has 26 per cent, with India having around 17.9 per cent.

Consumer lifestyles have evolved over the years since the economic liberalization. Consumer choice and preferences have undergone dramatic shifts in choice and preference for products and services. Marketers have learnt to develop strategies befitting the Indian consumer landscape. Suitable products, packaging, pricing, promotion strategies and locally relevant distribution models have been planned and implemented to suit the country’s population. Some of the important consumer trends of the country are:

- A growing focus on accessing a better quality of life,
- Purchasing products and services for grooming based on personal and professional reasons,
- Trying out new types of cuisines, and
- Accessing entertainment options on demand etc.

Human beings have since time immemorial been living in various kinds of societal structures that enable fulfillment of biological and psychogenic needs. Pluralistic societies offer scope for personal and collective fulfillment of desires and ambitions inherent in man since the predatory times. The famous treatise of Thorstein Veblen, *The Theory of the Leisure Class* (1899), is the seminal writing that motivated the present study. Veblen (1899) illustrated the theory of
conspicuous consumption. The peaceable economic stage was considered by Veblen to initiate the importance of consumption choices to signal wealth and status. Conspicuous consumption (CC) was considered as a means of ‘demonstrating the possession of wealth’ and ‘reputability’. Veblen believed that, ‘no class of society, not even the most abjectly poor, forgoes all customary conspicuous consumption’. He proceeds by stating that, ‘the last items of this category of consumption are not given up except under stress of the direst necessity’.

Consumption of lifestyle products and services assumes importance among marketers. Consumer insights from local markets are likely to highlight the perceptions and preferences of the target market that may help the marketer to formulate suitable marketing plans. Conspicuous consumption is an area of consumer behaviour that has interested both academicians and marketers alike. Conspicuous consumption still retains its relevance in the contemporary consumption paradigm globally. Chapter 2 of the thesis focuses on detailed review of literature pertaining to research developments on CC, status orientation, materialism etc. that provides the basis for the present study.

1.3 The Indian Youth:

India stands to gain from its demographic dividend by having a greater proportion of youth who are expected to contribute to the economic output of the nation as compared to the proportion of dependent people in the population. Thus consumer segmentation on demographic parameters coupled with psychographic metrics can contribute to an understanding of the motivations and behavioural patterns of young people. Referring to the potential of the Indian youth, Shri Rajiv Gandhi had once said ‘A Century of endeavour beckons us. Out of that past must arise, a glorious future. Let us build an India - A new civilization, with the strength of our heritage, the creativity of the spring time of youth and the unconquerable spirit of our people’. The youth are the focal point in our nation’s growth for the next couple of decades. Our greatest human resource is our youth population. The diverse actions of the youth affect society, communities, commerce, culture and the nation at large. Social transformations and cultural revolutions form an important part of a nation’s growth. It therefore becomes important to track, observe and record the perceptions, aspirations, attitudes and aspirations of the youth. Various governmental initiatives are being formulated and implemented to increase the skill
building capabilities of the Indian youth so that they may be able to inculcate sustainable livelihoods for their economic security.

The United Nations defines youth as people aged between 15 to 24 years. The UN General Assembly had declared 2011 as the International Year for Youth with the theme ‘Dialogue and Mutual Understanding’. According to the initial 2011 census data estimate, there are about 550 million youth in the national population. The definition of ‘youth’ as per United Nations Educational, Scientific and Cultural Organization (UNESCO), encompasses persons within the age range of 15-24 years (http://www.unesco.org). The National Youth Policy of 2003 classifies youth as persons in the age group of 13-35 years. The age sub groups may be considered to be:

- 13-18 years - adolescents,
- 18-25 years - includes those youth who are in the process of completing their education and starting, getting a job or looking for a livelihood, while
- 25-30 years - comprises young women and men who have completed their education.

Market research studies (Mishra 2011) segment the Indian youth into:

- The ‘Generation Next’ (aged 13-24 years): Consists of young people who may in most cases do not have the financial capacity to make a purchase though they may be influencing a lot of family and personal purchases.

- The ‘Generation Now’ (aged 25-39 years): Young people who are considered to be deciders/buyers who are likely to have the financial capacity to decide and influence their own and/or family purchases.

The Millennial generation has been considered to be a confident set of individuals who sometimes prefer to be discreet and subtle about their consumption of certain products and services instead of being conspicuous about the consumption (Bijapurkar 2007).

Youth comprise of more than a majority of the Indian populace and are heralded to potentially contribute to the demographic dividend for the country. It is in this context that there arises the importance to understand the pattern of consumption that the Indian youth exhibits towards
different products and services. A variety of lifestyle products and services are used by the urban Indian youth.

- **The App Generation:**

The Indian youth in the age group of 18-25 years are also considered to be a generational cohort who are the most comfortable with mobile applications (apps) and are also known as the ‘App Generation’ where smartphone applications have become an indispensable aspect of their lives (Halve 2013).

The *App Generation* has been born into an era that has witnessed the unprecedented rise of mobile phones and internet services. 3G downloads have raised the expectations of the speed at which things can and should happen in the lives of this age cohort.

The youth of the ‘App Generation’ have also been made to feel that they are one of the smartest generations and have the power given to them because of connectivity that is available 24X7. Impatience seems to be driving this youth cohort in terms of their career aspirations, services received at service outlets, garnering wealth and being successful in personal relationships. The Indian youth segment is also heterogeneous. The Indian youth have been found to be characterized by different psychographics that explain different cluster characteristics:

- About 28 per cent of the youth are characterized as ‘liberal yet family minded’ with strong family and cultural orientations that leads them to do religious activities and extend their help for domestic work. The group wants to retain their traditional Indian orientation without losing the opportunity to be modern. They are also considered to be dynamic group with different characteristics (Vathsala 2013).

- The second cluster of youth segment is the ‘aspiring and narrow minded’, comprising of approximately 19 per cent of the youth. The duality of this segment is that along with career aspirations they are also conservative yet restless and energetic in their outlook.
The third category is the ‘**bold and affluent**’, accounting for about 17 per cent of the youth population. This third category mainly resides in the metros, with a liberal mindset and more open to contemporary ideas transcending traditional norms.

The Indian youth of today are an important demographic group of the country as they are expected to hold the key to the future economic, social and geo-political development. The Indian youth are therefore an important stakeholder of the nation. The millennial generation are considered to be very important both from the marketing and social standpoint. It is thus relevant to attempt to understand the lifestyle trends and preferences of the youth especially the *Generation Next* as they will enter the workforce soon and impact the economic development of India.

The study on the aspiration and dreams of the youth of Karnataka as outlined by Dr. Sandeep Shastri (http://www.lokniti.org) in his report about the perceptions, aspirations, expectations and attitudes of the Indian youth in Karnataka formed one of the important basis upon which policy makers of the state took formulated the youth policy of the state. Thus the aspirations and motivations of the youth of the country need to be researched so that the findings may be used to develop relevant and appropriate youth friendly initiatives.

It also becomes imperative to study the consumption patterns of the youth and determine their motivations and frustrations that could hold the key for products and services succeeding in a market marked by traditional and cosmopolitan preferences alike (Mathews & Nagaraj 2010; Bijapurkar 2007, 2013; Ghoshal & Mathews 2012a).

- **Indian Youth Consumption pattern:**

Some of the characteristics of the Indian youth consumption pattern may be described as:

- Over half of the Indian youth access internet from the home while about 32 per cent of the youth access internet from their mobile phones.
- Online activities range from random searches, using social media to downloading music, games, video etc.
- Online shopping is still at a nascent stage among the youth, as compared to physically going for shopping to stores and malls around the cities.
Most of the young people own mobile phones, possessing brands like Samsung, Nokia, Apple or Micromax. Samsung has gained popularity among the youth.

MP3 players are also seen among them used mainly for listening to music.

Laptops are considered to be an attractive electronic gadget among the youth for which their purchase intention seems to be very high.

Television is considered to be one of the favorite medium among the youth though the members are likely to have different channel preferences.

The internet is also very popular among the youth, with access happening from homes, offices, educational institutions etc.

Radio is also a popular medium among the youth. Almost about three fourths of the youth population tune in to radio through different channels.

Newspaper readership is common with about over 80 per cent of the youth preferring sections like the front page, sports and local city news.

Personal grooming is a priority among the youth as that helped them to be noticed and aided them to signal their social status. Proper grooming is considered to be helpful in securing confidence in interpersonal dealings. Personal grooming is aimed at getting the right skin and hair care solutions.

Skin care is likely to be more commonly seen among women as compared to men. Personality and appearance dimensions were symbolically seen to be the primary motivations for adopting a good skin care regimen among the women.

Hair care is done mainly on a problem solving approach where solutions were sought for specific problems. Among hair care products, shampoo and hair oil are considered to be trusted products although conditioners and hair color are slowly gaining penetration.

Cosmetic products that are used for skin care range from fairness creams, lotions to face wash and scrubs.

Eating out is common among the youth with almost about 87 per cent of them often eating out.

Price is one of the factors that affect the choice of outlets for eating out.

Instant food like burgers and sandwiches are some of the most commonly consumed items outside home.
o Chinese and Italian foods are also in the consideration set for consumption, besides the Indian cuisine.

o Soft drinks like Pepsi, Coca-Cola, Maaza, etc. are also popular among the youth.

The present research work focuses on studying the conspicuous consumption of lifestyle products and services among the urban Indian youth in Bengaluru. The urban Indian youth in the age group of 18-25 years of the city has been considered for this research on conspicuous consumption of lifestyle products and services in the city of Bengaluru as the city is considered to be cosmopolitan in nature. It is also considered as an important city that provides ample educational, employment and entrepreneurial opportunities.

The city has become an important IT/ITeS location and justified its prominence as the ‘Silicon Valley’ of India. Thus the research work dealing with the phenomenon of understanding the perceptions and motivations relating to the concept of conspicuous consumption of lifestyle products and services deserves was conducted among the urban Indian youth belonging to the age group of 18-25 years residing in the city.

1.4 Bengaluru City:

Bengaluru, the capital of the state of Karnataka, is a prominent cosmopolitan city. The city was renamed ‘Bengaluru’ from the erstwhile name of ‘Bangalore’. It is one of the fastest growing cities in Asia, and has attained the fame of ‘Silicon City’, due to its progressive trend in Information technology (IT).

Bengaluru is also known as the ‘Garden City’ (http://www.karnataka.com/bangalore/facts). As per the census figures of 2011, Karnataka has an estimated population of 611,30,704 with the rural sector accounting for 375,52,529 and the urban sector having a population count of 235,78,175.

The city has been ranked as the best and most attractive city for IT/ITeS outsourcing, in the annual survey conducted by the consulting firm Tholons in 2014 (refer Figure 1.3). The survey evaluated different cities on six parameters ranging from scale & quality of talent, cost, business
catalyst (economic profile of city), infrastructure, risks (political and social risk, risk of natural disasters etc.) to quality of life (http://articles.economictimes.indiatimes.com). The natural resources, policy incentives and infrastructure of the state favor investments in the IT/ITeS, biotechnology, engineering, electronics, automotive, textiles, agricultural and food-processing sectors. The city has been considered to have enormous attractive educational and employment opportunities that has encouraged a lot of Indian youth to migrate to the city in large numbers from other states and Union Territories (UT) thus expanding the scope of a huge consumer demand, along with the local population, for durable products, services and ideas using economic, functional and psychological benefits. The city is considered to be an important cosmopolitan city of the country that has been exposed to the global culture arising out of the growth the Information Technology (IT) sector and the Information Technology enabled Services (ITeS) sector. The city is home to a lot of colleges and universities that provide a lot of opportunities for professional education meant for the youth. The city has famous institutions like the Indian Institute of Science (IISc), the Indian Institution of Management (IIM) and many more institutions providing a plethora of academic and professional courses that attracts students, researchers and professionals from all across the country as well as the world. Students who come to the city to pursue educational opportunities spend a lot of time in the city during their study period. Many of them finally settle down in the city after taking up jobs or proceed to pursue entrepreneurial opportunities after finishing their courses.

The city sees a lot of money being spent both by the migrant and the local population. Bengaluru is an unique city that may be considered to be the crucible of a vibrant and cosmopolitan culture that makes it the city of choice in which the study of conspicuous consumption of lifestyle products and services among the urban Indian youth belonging to the age group of 18-25 years may be conducted. Karnataka's favorable policies have encouraged many industries to set up their research and development (R&D) centers in the state. The state has about 366 (R&D) centers, thus making it one of the cities with the largest number of R&D centers. The state is witnessing significant investments in industrial infrastructure, such as the setting up of industrial clusters and the creation of special economic zones (SEZs) and public-private partnership (PPP) projects that are expected to provide an impetus for further industrial development in the state (http://www.ibef.org/states/pagePresentatons/karnataka-presentation). Some of the major
initiatives taken by the State government to favorably promote the state as an important investment destination are:

- A 230-acre textile SEZ in Hassan and a Silk City in Bengaluru.
- The State Government has approved food parks in six of its districts across the state, namely in Bengaluru rural, Tumkur, Shimoga, Davangere, Bijapur and Belgaum.

Figure 1.3 Report on attractiveness of different cities.

Thus the cosmopolitan nature of the city, its vast educational infrastructure, varied work prospects and its bright industrial prospects is likely to continue making it a favorite destination for the Indian youth who are expected to make it their home. Hence the youth who reside in the city become an important consumer group for marketers of different products and services who aim to succeed in the city.

The city provides marketers with a lot of opportunity for showcasing their offers. There are a large number of business districts, malls and shopping complexes spread out across the city where people work, reside and visit for shopping/entertainment. Various brands and products have made their presence in the city selling a variety of consumer goods and services. Both multinational and Indian brands from different categories of products and services compete for patronage.
1.5 Conclusion:

The chapter began by outlining the economic and marketing contexts within which the lifestyle marketers are operating today. The broad trends of the consumption of different products and services are provided and the strategies of some of the marketers have been highlighted. The relevance of the study has been provided and a brief description of the city of Bengaluru is provided. The second chapter of the report will provide the details of the review of literature pertaining to the topic under investigation in this study. The terms of conspicuous consumption, materialism and status orientation are elaborated and the research developments as identified through review of academic literature are outlined for the purpose of identifying the statement of the problem and the gaps that led to the design of the present study. The review of literature pertaining to status consumption, materialism, branding and various youth studies relevant for understand the research developments in the field both nationally and globally are examined. The third chapter thereafter deals with the research design adopted for the research. The fourth chapter provides the demographic profile of the respondents while the fifth chapter shows the results obtained after data analysis was conducted. Finally the sixth chapter discusses the findings of the study and highlights the suggestions and recommendations from the research work.
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**Journals**


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