Chapter III

Indian Retail Consumers' Behavior

Consumer Behavior

Consumerism is not a new phenomenon, its existence is reported since 19030s but its significance has intensifies in the 1980s (Hollander, 1972) and is supposedly at its peak in the present times. And it is the consumer movements that have made the retailers bring forth the orderly changes and improvements like sanitation, consumer information, price, credit and repairs and warranty (Hollander, 1972). Customers build a knowledge structure about a brand which helps them form perceptions based on the strength, uniqueness and favourability of the associations they form with the brand (Keller 1993). The understanding of brand equity helps in determining the right marketing-mix for the brand. For instance, whether the price should be reduced or and which dimension of the promotion mix needs to be strengthen can be ascertained after determining the brand equity (Lassar et al 2005).

Retail Buying

A study with regards to the behavior of urban shoppers regarding preferences for shopping malls, stores assortment, convenience, distance to malls, economic advantage, and leisure facilities reveals that it is largely motivated by physical factors like shop- location decisions, travel behavior, and type of retail stores in a shopping mall. The study reveals that the behavior of urban shoppers is guided by the logistics, accessibility, and location of the shopping mall, demographic surroundings, and agglomeration of shops in the commercial area. It further states that majority of shoppers rely on store patronage and building loyalty over time to continue to benefit from the store's promotions. The shopping motivation, attributes of retailers and customer beliefs influence patronage behavior (Rajgopal, 2011).
The Internet Phenomenon: The Digital Consumer in India

India is one of the fastest growing digital markets in the world. With people spending more and more time online, the digital consumer has become an important constituency for the marketers.

Growth Trends

The numbers grew with time and the total base of internet users in India in January 2009 stood at 46.49 million. Of this total internet user base, 39 million, or 84% of online Indians come from urban areas and 7.49 million, or 16% of online Indians come from rural areas.

The total base of internet users in India in January 2009 stands at 46.49 million. Of this total internet user base, 39 million, or 84% of online Indians come from urban areas and 7.49 million, or 16% of online Indians come from rural areas. Please refer to Exhibit 1 in the annexure.

Need For Enhanced Broadband Penetration

India had less than 1 broadband connection per 100 inhabitants with a mere 6.8 million connections in August 2009, says the CII-IMRB report on Broadband Roadmap for Inclusive Growth, 2009-2014. In terms of the number of connections as well as per capita penetrations, India lags behind both Brazil and China. To reach expected broadband connections in 2014 of 214 million for inclusive growth, it demanded a 30 fold increase in the number of connections. Please refer to Exhibit 3 in the annexure.

The worldwide online audience has jumped 7%, with Asia pacific markets adding more than 40 million users. India is the fastest growing online market with a 41% increase in user base. This is much higher than china (5%), Brazil (6%) and Russia (20%). With most online categories in India exhibiting an average reach below the global reach, the potential seems to be high. India’s internet penetration has been estimated at 10%, with 124.7 million users going online in July 2012. Please refer to Exhibit 2 in the annexure.
There were 23.01 million internet subscribers at the end of June 2012 as compared to 22.86 million at the end of Mar-12, registering a growth of 0.66%. Apart from this 480.84 million wireless subscribers have subscribed to data services, as reported by wireless service providers.

The number of broadband subscribers has increased from 13.81 million at the end of Mar-12 to 14.57 million at the end of Jun-12, registering a quarterly growth of 5.49% and Y-o-Y growth of 17.97%.

One word pithily defines the evolving Indian Youth, Heterogeneous. Let this world not undermine the similarity they display too. Geographic proximity, socio-economic classification, age are the ways to cleave this heterogeneity. The Indian youth today, standing at 206 million individuals (age group 16-25 year olds) are a very dynamic and ever changing lot.

**Mind matters**

A set of 43 statements were used to understand their psychographics. The youth were segmented into clusters based on their thoughts and attitudes. The classification has been done on the following psychographics - Aspiring but narrow-minded, Bold and Affluent, The guy/girl next door, Liberal with Family values, Footloose and Happy go lucky, Trendsetter and content – details of which are mentioned in the Exhibit 4 of the annexure.

**Media Changing Preferences**

As a country, we spend 127 minutes on media on average every day. The 51-60 age group of working people and 20-30 age group of married and working people spend the least amount of time (114 minutes each) on media. The maximum time is spent by 20-30 year old non-working single people, at 167 minutes. The conclusion is that age has an evident impact on media consumption, with the youngest (12-16) and oldest (above 60) in the least media time spending groups.
Internet as a medium is more popular with working people rather than non-working people. All age groups, 20-60 years, tend to spend 78-86 minutes on this medium. The number of users drops with increasing age but the intensity does not.

At a national level, Indians spend 36 minutes daily on print on average. Older people spend marginally more time on print than youngsters. Also non-working people spend more time than working people. TV consumption starts at 99 minutes for 12-14 year olds, peaks at 107 minutes for 20-30 year olds and steadily falls to 100 minutes for 60 year olds. Please refer to Exhibit 5 of the annexure.

**Wireless Trends**

Keeping with the emerging trend of internet on hand held devices, 49.34% of the total wireless subscribers were capable of accessing data services/Internet at the end of June 2012 as against 48.84% at the end of previous quarter. Maharashtra had the largest internet (<256 Kbps) and broadband (>=256 Kbps) subscriber base in the country followed by Tamil Nadu and Delhi. Please refer to Exhibit 6 and 7 of the annexure.

**Scaling the Technology Horizons**

Internet and mobile have redefined this generation in every aspect. 51% of youth access the internet. Over 50% access internet from home followed by 32% on mobile phone. Online activity is marked by random, unstructured search, socializing and downloading (music, movies/games). Shopping, and activity pursued by a minuscule population, thus can be dubbed largely nascent. Please refer to Exhibit 8 of the annexure.

**Consumption of SNS – Social Networking Sites**

At home around three-fourths youth access internet at least once a day where as 60% access the internet at least once a day from their mobile phones. Consumption of SNS across genders varies. For many a girl it is used as a respite from daily monotony and to alleviate boredom.
Usage Trends

"Music is the new dope" a young respondents from a focus group said. This probably is true with 46% of youth using MP3 Players - a significant increase in the penetration. The laptop is the most attractive electronic device for the youth which they intend to purchase in the next year. Please refer to Exhibit 9 of the annexure.

All mediums are vying for the attention of the youth, leaving the youth spoiled for choice. Among the different media usages, the internet has seen the most growth and emerges as a prominent youth medium. One of the important developments is the downfall of cyber cafes. Now most of the internet access happens from the home/office or mobile phones.

A quarter of 16-30 year-olds use their mobiles when showrooinng

<table>
<thead>
<tr>
<th>How they are using their Phones</th>
<th>Women are slightly more likely than men to showroom, although both as likely to use their phones</th>
</tr>
</thead>
<tbody>
<tr>
<td>43% People use their phone to read reviews while in a store</td>
<td>Of people use their phone to take photographs of other products 23%</td>
</tr>
<tr>
<td>31% Use their phone to compare prices</td>
<td>Use their phone to look up product information 15%</td>
</tr>
<tr>
<td>25% Use their phone to get advice from friends and family</td>
<td>Use their phone to check availability at other store 14%</td>
</tr>
</tbody>
</table>

Source: MobileLife
Numerology; BrandWagon, 28th May 2013

Fig 4: Trends of Mobile phone usage.

Tablet and Smart Phone Retailing

While tablets and smart phones sales are rising rapidly, shoppers are still overwhelmingly using their PCs to shop online. In 2012, the world saw a 100% increase in global tablet sales and by 2015, Gartner expects tablet sales to reach 320 million units. By then, the
A third of travel queries come from mobile and tablet

Fig 5: Rate of Queries from hand held devices

manner in which customers access internet will be very different from how they do it today. Smart phones are expected to account for 40% of internet traffic, computers 34% and tablets 26%. Tablet sales in India are expected to cross 1.5 million units in 2012, a growth of 40% over last year and way above the 16% growth registered by personal computers. While this might be an extremely small base compared to overall PC users, the potential of tablet and smart phone retailing cannot be ignored.

Where does the Youth prefer to get information from?

Fig 6: Information seeking Preferences

Demographics and Distribution

According to the comScore, 75% of the internet audience in India is aged 35 years or below, making it one of the youngest online populations. Females formed 39.3% of the total

5 Manufacturers’ association for personal computers.
audience, and the sharpest growth was observed among male and female segments in the age group from 15-24. Youth are clearly driving growth.

**Online Trends**

Travel, Search, Social Networking and News Arenas are growing sharply in India’s online world, crossing worldwide averages. Key drivers are content and accessibility. Google and Facebook topped the growth charts, at 59.7 and 52.1 million users, respectively. Please refer to Exhibit 10 of the annexure.

In the social networking space, Facebook has risen 47% in terms of unique users in the 12 month survey period. Around 52 million users are estimated to have signed up. LinkedIn’s unique visitor count has risen 36%, a reflection of the decent show put up by the job market. Twitter use in India continues to be low, and the number of unique users has risen just 5% to 3.8 million in July 2012. Please refer to Exhibit 10 of the annexure.