



Changing Patterns of Urban Consumer in India : Impact on Urban Economy

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Abstract

Indian urban market is consumer driven, with spending anticipated to more than double by 2025. The Indian consumer segment is broadly segregated into urban and rural markets, and is attracting marketers from across the world. Urban consumer in India has changed. He is becoming more techno savvy. This paper considers the changing behavior of Indian urban consumer along with global trends & spotlights the importance of bringing about certain regulation in consumer patterns. The challenges of consumerism & its impact on urban economy call for a review of economic thinking.

Key Words: urban consumer, consumerism, techno savvy youth

Introduction

Indian consumer is being acknowledged because he is emerging as a potent consumer across the globe. The proportionate growth of consumers especially youth consumers are widening. The Urban youth are running behind brand name variety, trade mark, assorted looks & following new global trends every day. India's consumer buoyancy continued to remain highest globally as it showed India's improvement in 2014. This was followed by positive economic environment and lower inflation. The current score helps India stay on top of the global consumer confidence index for the quarter and is followed by Indonesia and Philippines. The ensuing optimism among consumers and the slowdown in China have

combined to help India unseat China at the top. (Ramesh Kumar Miryala (Ed) Trends Challenges & Innovations In Management Vol III 2015).

A Consumer Survey study released recently shows that an Average household income increased 10 per cent in India in 2014. This revival in consumer sentiment has primarily been driven by urban India. India's market is consumer driven, with spending anticipated to more than double by 2025. The Indian consumer segment is broadly segregated into urban and rural markets, and is attracting marketers from across the world. (Ramesh Kumar Miryala (Ed) Trends Challenges & Innovations In Management Vol III 2015).



Global corporations view India as a vital market for the future. India has a young demographic and a middle class with rising disposable income. If the country can sustain its current pace of growth for some time - and that is likely - average household incomes will triple over the next 20 years and India will become the fifth largest consumer economy in the world by 2025, as per a study by the McKinsey Global Institute (MGI). The Government of India has also played a major role in the growth of this segment. It has enacted policies that have attracted foreign direct investment (FDI) and as a result boosted economic growth.

Market size. (Ram Bijapurkar-Winning Indian Market Understanding The Transformation Of Consumer India 2014).

Features of Indian Urban Consumer-

Indian urban consumer is the pivot of India economy as he is considered as pertinent consumer. There is a remarkable change in the patterns of consumer behavior because of

1. Media habits are changing as media is influencing the consumer to a large extent
2. The Indian Urban consumers are price aware hence they think twice before investing.
3. The Indian Urban consumers are responsive of marketing behavior & volatility as they are promotion sensitivity
4. Indian consumer has changed his priorities & he has become a Bulk purchaser with urban shopping criteria has been hit by distance, traffic, time & transport issues.
5. The Indian Urban consumers are often attracted by Premium offers offered by companies during diwali festival , dassaerra festival new year bonanza etc.
6. The Indian Urban consumers are very much interested & active to improve their life styles . They are prone to customize themselves to upper strata of society. They want to jump up in status as their priorities have changed towards becoming affluent & comfortable. (The Neilson Quarterly Consumer Index Report 2014).
7. The Indian Urban consumers are becoming health conscious. Wide spread urban prone life style disorders & diseases becoming too frequent they want to spend more on health care products .This has boosted the makeover shift form beauty products to health products. (The Neilson Quarterly Consumer Index Report 2014).
8. The Indian Urban consumers are branding conscious. Youth especially go for great branded accessories in their shopping. Hence Multi brand retailing has increased. Youth are being attracted to trade in clothes , smart phones , computer accessories etc depending on brand names.



9. The Indian Urban consumers are becoming smarter with smart phone phenomena spreading even to semi urban & rural centers. The digital revolution has swept urbanites like never before. (The Neilson Quarterly Consumer Index Report 2014).

Key Indicators

1. The growing purchasing power has stimulated the urban Indians to look forward for new things especially electronics gadgets & technical innovations. The rising influence of social media has made urban consumer spending to quadruple & by 2017 it might reach 4.2 billion.
2. India ranks 4th in the global smart phone markets as India has 111 million smart phones connections by April 2014
3. India's internet economy is growing 10 trillion by 2018 .this accounts for country's 5% of the GDP (IAMAI report 2014) .Thai contributed to 3.2% of the GDP with 3.6.trillion in 2013
4. India could become a largest middle class consumer market with a total of consumer spending reaching 13 trillion by 2030 (Report on 'India matters: Winning in growth markets'. 2014)
5. Consumer durable market is increasing 4 fold with online retailing is also growing three fold with 50,000 crore industry by 2016 (Report of CRISIL 2013).

6. Media, Mobile and internet usages are increasing in India. (According to Comscore Digital focus 2013). These are some facts from the report. At 73.9 million India's is the 3rd Largest Online Population in the world, 2nd in Asia Pacific 31% year-on-year growth makes India the fastest growing online population in Asia Pacific, 2nd in the world behind Brazil. Non-PC traffic in India zooms ahead, grows from 10.9% to 14.2% in 2013. 75% of the Indian online population is under 35 yrs old. Women aged 35-44 are the heaviest internet users among all age/gender groups. Indian blogging audience grew 48%, close to 36 million. 26% blog traffic from Mobile and Tablets. 25% of PC screen time is spent on social, 86% Indian web users visit a social networking site. On an average, 217 minutes are spent on Face book every month by Indian users. Myntra leads India's online retail category in terms of users, Flip kart gets highest per-user engagement. 54,025,000 Indians watched online videos on their PC's; 27% increase over a year. (Ram Bijapurkar- Winning Indian Market Understanding the Transformation of Consumer India 2014).



Investments Influences Urban Consumers

Following are some of the major investments and developments in the Indian consumer market sector.

1. India's internet economy is growing 10 trillion by 2018 .this accounts for country's 5% of the GDP (IAMAI report 2014) .Thai contributed to 3.2% of the GDP with 3.6.trillion in 2013. In next three years 580 million in Indian will be online including people from all age groups.
2. The average monthly spending has gone up by 14% in 2014 (Bureau of labor statistics 2014).
3. There are 800 TV channels in urban India which are influencing the consumerism in urban India
4. media habits are changing 3000 messages online / offline are exchanged each minute
5. 50 million smart phone users which accounts to 17 % of the urban population have smart phones. Nobile commerce has become popular ousting e – commerce.
6. There are 250 million users of internet which is showing every sign of doubling (Bureau of labor statistics 2014).

Impact of government policy making on consumerism

1. The Government of India has allowed 100 per cent FDI in the electronics hardware-

manufacturing sector through the automatic route.

2. It has also enabled 51 per cent FDI in multi-brand retail and 100 per cent in single-brand retail to attract more foreign investment into the country.
3. With the demand for skilled labour growing among Indian industries, the government plans to train 500 million people by 2022, and is encouraging private players and entrepreneurs to invest in the venture. Many government, corporate, and educational organisations are putting in the effort to train, educate and produce skilled workers.

Conclusion

India is becoming an important market for wearable technology such as smart watches fitness monitors internet enabled eye glasses driven by consumer interests in these latest gadgets. An increased spending on consumer durables are increasing & electronics hardware is finding large markets in India . But this consumer behavior is volatile hence precariously positioned. A lot more depends on the economic policies of the Government. .

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