

Emerging consumer trends and behaviour

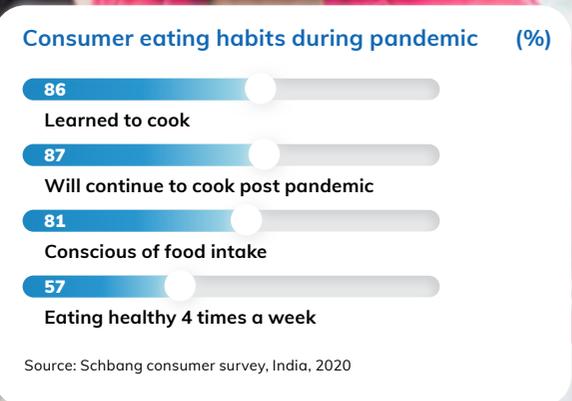
Understanding the dynamism of the consumption landscape

The pandemic has reconfigured our lives and brought a fundamental shift in consumer trends globally and in India. With altered food habits and more focus on health and wellness, consumers' purchase decisions are now being guided by a host of new factors, including value-for-money products and convenience.

INCREASE IN AT-HOME COOKING

At-home cooking and healthy eating have emerged as the key highlights of the pandemic. As per a consumer survey by Schbang, 86% of Indian consumers have learned to cook during pandemic and 81% of consumers have become more conscious of their food intake. Similarly, 63% of global consumer respondents (PwC Global Consumer Insights Survey 2020) are more focused on their diet since pandemic. This has led to a more active participation in grocery purchase and meal planning. This opens an opportunity for larger branded play as consumers seek trusted brands, especially in

categories that have till now been dominated by loose/ unorganised players. We have seen double-digit volume growth in Tea and Salt where we have seen proactive shift from unorganised to organised segment during this period. Further, the pandemic has prompted consumers to not only rediscover their culinary roots but also embrace diversity by exploring new cuisines in the kitchen. This is expected to lead to brands taking a higher share of consumer basket by offering multi-cuisine ingredients and value-added products.



INCREASED FOCUS ON HEALTH AND WELLNESS

Mental and physical well-being has become an important parameter in the lives of consumers. As the pandemic brought on new stress factors and health risks, a greater number of consumers are reassessing their priorities and seeking a healthier lifestyle. Consumers are adopting innovative fitness regimes, developing new hobbies, and reconfiguring their work-life balance. As per a PwC global Consumer Insights Survey 2020, 69% of consumer respondents are more focused on taking care of their health, as a result of the pandemic. Consumers are adopting a holistic approach towards healthy lifestyle.

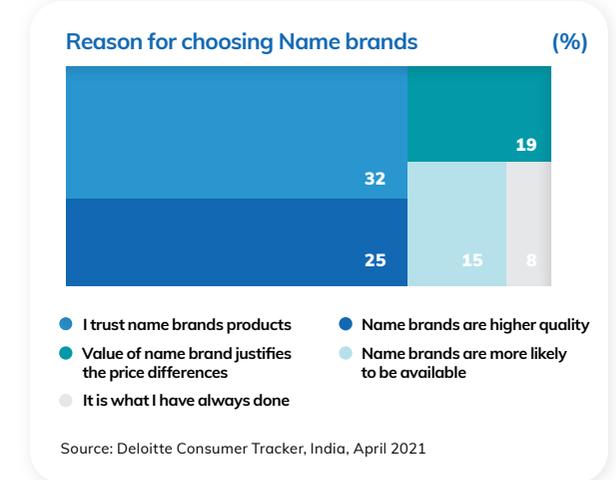
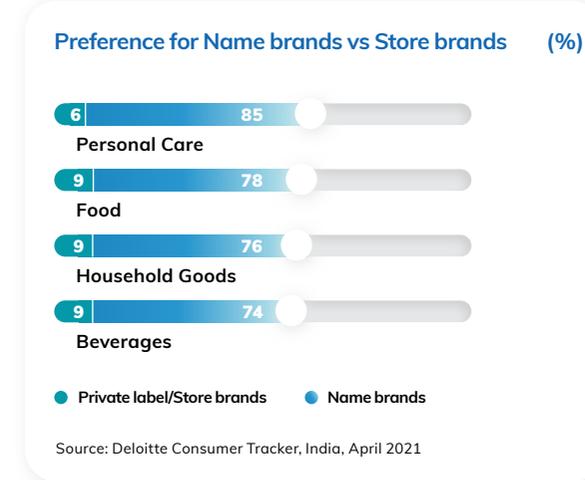
In addition to staying healthy, consumers are expected to continue to remain watchful on safety and hygiene. 51% of the Indian consumers¹ are paying increased attention to hygienic packaging while purchasing a product. Similar trends have been observed globally, with 49%* of consumer respondents ranking healthcare as most important vs. 19%* pre-pandemic. While the pandemic induced spends and use of hygiene/ safety products is expected to normalise, it will become part of the regular habits of the consumers.

*PwC Global Consumer Insights Survey, 2020

SHIFT TOWARDS TRUSTED BRANDS

While the pandemic saw heightened spending on hygiene, grocery, and household products, this has somewhat normalised as consumers adapted to the new ways of living and the supply chain going back to normalcy. But with the second wave hitting the country and consequent financial insecurity, consumers are reassessing their spending habits. Up to 30% of the Indian consumers¹ plan to lower spending on discretionary goods and increase savings.

However, consumers are willing to spend more on products that offer quality assurance and convenience. As per Deloitte Consumer Tracker, 78% of Indian consumers preferred purchasing food products of a known brand, as it provided assurance of trust and quality. Similarly, 72% of consumers did not mind spending higher for convenience.



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SOCIALLY CONSCIOUS BRANDS GAINING TRACTION

Globally, there has been a shift in consumer attitude from individualism to collectivism. Consumers are expected to be more receptive to brands that demonstrate pro-social behaviour and support local community.

Brands showcasing higher empathy, strong sense of social responsibility and a priority on people over profits are expected to gain preference.

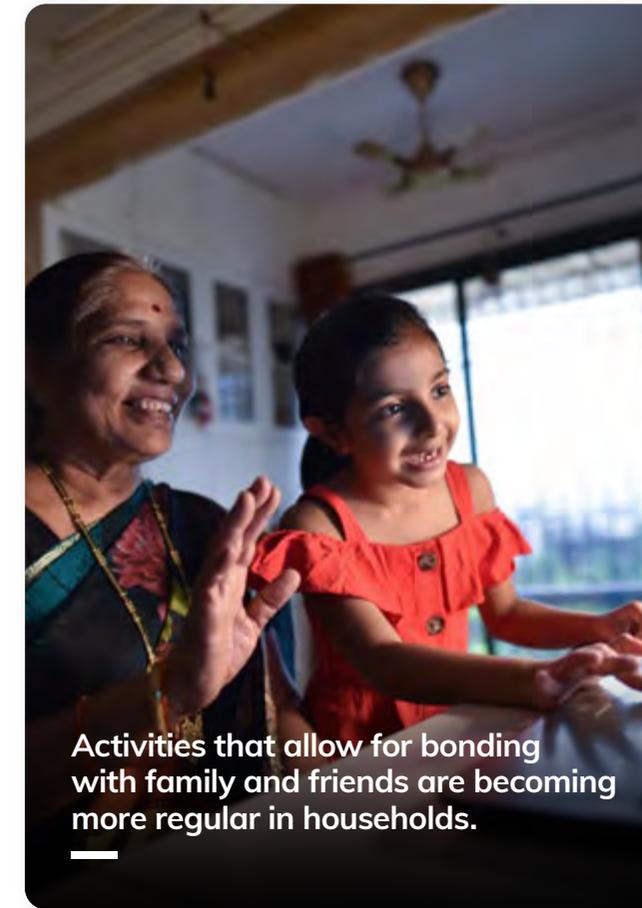
Consumer buying based on company behaviour (% of respondents)



Source: Top 10 Global Consumer Trends 2021, Euromonitor International

EVOLVED ROLE OF FAMILY

The role of family has gained prominence, as consumers spend more time at home. Activities that allow for bonding with family and friends are becoming more regular in the households. Further, there has been a change in the roles of members within a family. For example, there is increased participation by men in the kitchen and higher usage of technology for communication. It will become important for brands to understand the evolved roles as they seek to connect with the individual consumer and the household.



Activities that allow for bonding with family and friends are becoming more regular in households.

Source

- McKinsey & Company, Indian Consumer Survey, 2020
- Jefferies Equity Research
- Other sources: Forbes, McKinsey & Company, Deloitte Consumer Survey, Schbang Consumer survey 2020, Euromonitor consumer trends 2021

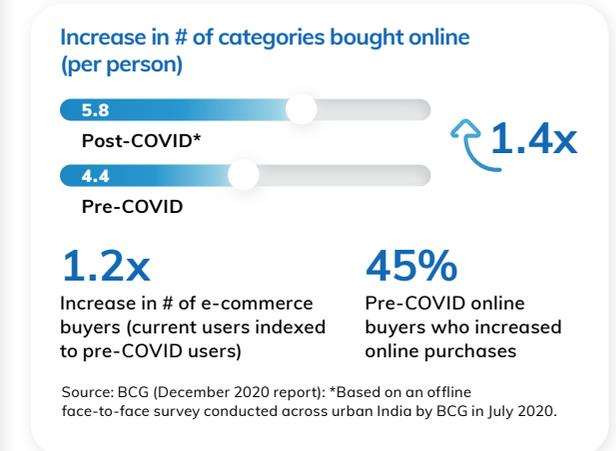
RAPID DIGITAL ADOPTION

The pandemic has accelerated digital adoption by 2-3 years. Consumers have acquired new habits during the pandemic, including shopping online, food delivery and contactless payment. What is even more noteworthy is the widespread adoption of technology across all age groups, demographics and consumer cohorts. 63%* of global consumer respondents are buying more groceries online after pandemic and 86%* of respondents are expected to continue to shop online by phone after the pandemic as well.

Similar trends have been observed in the Indian market with e-commerce adoption accelerating significantly.

*PwC Global Consumer Insights Survey, 2020

Adoption of e-commerce by Indian consumers



The trend in e-commerce in India is expected to continue and the Indian market size is expected to grow at 30% CAGR² to cross USD 110 Billion by FY 24-25. There is also an increased adoption of technology for remote working, learning and consumption of entertainment through OTT platforms and social media. Consumers are expected to continue to embrace technology and cause an overarching shift in consumption and behaviour in the long term.