



UK INDIA
BUSINESS COUNCIL

INDIA AT 2047: THE CONSUMER STORY

INTRODUCTION

UKIBC hosted an 'India by 2047' Consumer Conference on Wednesday, 29 November, 2023 in Mumbai to bring together Indian and UK business, government and academia to examine India's growth story and how, as we approach India at 100 in 2047, rising prosperity will substantially change consumption and investment patterns in India.

The event, which heard from distinguished speakers: His Majesty's Trade Commissioner for South Asia, **Harjinder Kang**; Chairman and Managing Director, Raymond Ltd, **Gautam Hari Singhania**; CEO – Lifestyle Business, Raymond Ltd, **Sunil Kataria**; Group CEO, UKIBC, **Richard McCallum**, and UK and Indian businesses invested in India, underlined the enormous opportunities coming from India's rising middle class and growing purchasing power.

UK businesses highlighted their ongoing commitment to supporting India's growth going forward and partnering with Indian business to the benefit of both countries.

This outcome report captures some of the insights and projections made on the day.

CONSUMER SNAPSHOT



LARGEST WORKING AGE POPULATION - THE MEDIAN AGE OF THE INDIAN POPULATION IS PROJECTED TO BE 31 IN 2030 COMPARED TO 42 IN CHINA AND 40 IN THE US, THEREBY MAKING INDIA'S WORKING-AGE POPULATION THE WORLD'S LARGEST.



3RD LARGEST ECONOMY - INDIA IS PROJECTED TO BECOME THE WORLD'S 3RD BIGGEST ECONOMY BY 2030, BEHIND ONLY THE US AND CHINA.



700 MILLION ONLINE SHOPPERS - INDIA ALREADY HAS THE SECOND HIGHEST NUMBER OF INTERNET USERS GLOBALLY. ECOMMERCE IS BOOMING, WITH ONLINE SHOPPERS PROJECTED TO GROW TO OVER 700 MILLION BY 2025.



650 MILLION SOCIAL MEDIA USERS - OVER 65% OF INDIA'S POPULATION IS UNDER 35. THIS TECH-SAVVY GENERATION IS DRIVING MASSIVE GROWTH IN ACTIVE SOCIAL MEDIA USERS, EXPECTED TO GROW EVEN MORE.

WELCOME ADDRESS: RICHARD MCCALLUM, GROUP CEO, UKIBC



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The revolution in digitisation has played an incredible role in unlocking latent demand across India – enabling consumer purchases at the click of a button. Together, our countries and the businesses within them are collaborating, partnering, and learning from each other to further this transformation.

UKIBC is convening business and government to help address this growing demand and foster ever greater, deeper partnerships that support consumers across the country and India’s USD 5 trillion ambition.”

SPECIAL ADDRESS: HARJINDER KANG, HIS MAJESTY'S TRADE COMMISSIONER FOR SOUTH ASIA



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India's middle class is expected to reach nearly 250 million in 2050; this group will drive India's consumer spending in premium products and services, creating enormous opportunities for UK firms selling high quality brands and products.

With more than 600 UK businesses already invested in India and many more selling, consumer trade between the UK and India is truly alive with opportunity.”

KEYNOTE ADDRESS: GAUTAM HARI SINGHANIA, CMD, RAYMOND



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“India as a consumer market is booming with opportunity. The Indian consumer today is well exposed to global trends and the rapid proliferation of brands in smaller markets, be it through traditional retail as well as ecommerce is spurring growth.

It is exciting to see the expansion in categories and new segments within the fashion and lifestyle which reflect the soaring aspirations of new age India. As a traditional homegrown brand with 98 year lineage it's heartening to see this consumer evolution.”

Did you know?

Urbanisation is expected to increase in India from 31% to 37% in 2030 (EY)





PANEL: TRENDS AND PROSPECTS: CONSUMERS IN INDIA KEY TAKEAWAYS

Speakers:

- *Session host: Yashodhara Dasgupta, Director, UKIBC*
- *Prithviraj Srinivas, Group Economist, Mahindra*
- *Nimish Agrawal, Executive Vice President and CMO, Niva Bupa Health Insurance*
- *Ranjan Bhattacharya, MD, Chief of Staff and Head of Strategy, HSBC India*
- *Siddharth Parnerkar, Senior Director, Pearson*
- *Ravi Kapoor, Partner and Leader - Retail and Consumer Sector, PwC India*

Summary and key insights

India's economy is projected to surpass USD 25 trillion by 2047, which could generate an income per capita around USD 15,000 by 2047 from USD 2500 now and USD 1000 in 2007. This implies evolution in the consumption basket as income levels rise.

Combined with the rising per capita income, a young demographic profile, formalisation of economy, accelerating ability to spend, as well as calibrated growth of credit and increased digital borrowing, the Indian market has expanded exponentially with consumers buying the latest models and setting the latest benchmarks.

Consumption priorities are changing along with decision-making centres. For instance, women in households are more involved in the insurance related decisions for the family as well as single women showing increased interest in health insurance.

Health insurance in India, which has previously been used as tax saving measure with only around 9% penetration, is seeing new levels of interest emerging especially with post-pandemic awareness on illness and healthcare a defining factor. >

PANEL: TRENDS AND PROSPECTS: CONSUMERS IN INDIA (CONTINUED)

> Reports suggest India will have over 900 million internet users by 2025, with more people getting connected in rural/semi-rural areas. As such, new population groups are getting access to technology with transformational results.

This presents a huge opportunity for education services especially in regions where physical education infrastructure may not be available - for instance, short term online courses, among others.

India's digital payments revolution is now well-known across the country, and indeed the world, and has unlocked increased consumer spends across all segments.

Two emerging factors are expected to be the next frontier of evolution in India: a) Digital public infrastructure (DPI) particularly the open network for digital commerce (ODNC) that will galvanise e-commerce and consumerism online; and b) Account aggregators – where consumers will be able to go beyond their banker to any other provider for financing.

Overall, the session underscored the evolving dynamics of consumer preferences, the pivotal role of technology in reshaping industries, and the imperative for businesses to adapt to these changes while embracing sustainability in a rapidly growing economy like India.





UK SEMINAR: THE INDIAN CONSUMER KEY TAKEAWAYS

Speakers:

- Session host: Kevin McCole, Managing Director, UKIBC
- Angshuman Bhattacharya, Partner, EY-Parthenon Strategy, Consumer Sector, F&B Lead, EY India
- Prashant Yadav, New Business Director, Ola
- Siobhan Moynihan, CFO, Bupa Global & UK
- Dr Maggie Leggett, Director of External Relations, QMUL
- Nupur Dutta, Global Head: Large Deals Strategic Capability Group, TCS

Summary and key insights

The panel discussion shed light on strategies and challenges in the Indian market in relation to consumers and how business are adapting and can adapt in the future as trends evolve.

IT, digitisation, manufacturing incentives, and a nationwide infrastructure drive are among the key enablers for growth in India, supported by a stable political environment and advantageous demographics.

Digitisation was described as a 'force multiplier', revolutionising consumer experiences by fostering accessibility, convenience, and choice. With the rapid proliferation of smartphones and internet connectivity, digital platforms have democratised access to goods and services, enabling consumers to browse, compare, and purchase products effortlessly.

From e-commerce giants offering a myriad of options to the integration of digital payment solutions simplifying transactions, digitisation has empowered consumers with greater convenience and flexibility.

Price sensitivity of Indian customers is prompting companies to foster loyalty programmes akin to Nectar or Clubcard in the UK, and other offerings such as same-day delivery to influence consumer decisions.

There is also a growing shift toward sustainability concerns. Consumers are more aware and willing to buy products that factor in sustainability demands over others, and accordingly want to know where products are sourced with transparent supply chains.

Such trends are reshaping preferences, driving an exponential increase in demands for diverse products and services, and fueling an era of transformative growth and consumption patterns in the country.



Did you know?

Per capita disposable income increased in India at ~11% CAGR between 2000-2021 (EY)

INSIGHTS LEARNED ON EVOLVING CONSUMER HABITS AND HOW BUSINESS CAN ADAPT

Adapting to diversity

India's diversity requires businesses to tailor their products and services for a range of audiences and accordingly a range of demands. The country's demographics vary by region, for instance, with the west and south of the country an older median age, compared to the north and east. These differences cause divergence on demand for certain products which must be considered by businesses working across India.

As demand and consumption grow, sustainability becomes even more important

As consumption escalates, sustainable sourcing and sustainable practices are essential to support growth whilst mitigating environmental degradation, reducing waste, and preserving natural resources. In and of itself, as we all have a role to play in climate action and sustainability, but also because consumers are demanding it.

Tech is an enabler

Technology supports greater and easier awareness, distribution and preference for consumers. From discovering the brand – whether through advertisements or social media – to how consumers utilise the product or service. With 700 million smart phone users set to grow to 900 million in the next decade, and as technology continues to develop, businesses need to keep up with technology trends to stay ahead.

Home advantage

Local supply chains in India provide advantage to businesses in India competing in the domestic market because they champion local communities, promote sustainability, and bolster the local economy, fostering a sense of connection and trust between producers and buyers.

Customer interactions and delivery matter

As ranges of products/services increase, customer service becomes ever more important and can set businesses apart from competition. Where languages differ across region, AI and technology is being used to provide services in customised languages tailored to the region and audience for instance.

Data as a guiding compass

The growing use of technology means that consumer data is growing. These trends can be used in the short term to adjust products/services and their delivery, based on a greater understanding of consumer preferences, behaviours, and needs, and in the long term for business planning.



The UK India Business Council is a strategic advisory and policy advocacy organisation with a mission to support businesses with insights, networks, policy advocacy, services, and facilities needed to succeed in the UK and India. We believe passionately that the UK-India partnership creates jobs and growth in both countries, and that UK and Indian businesses have ideas, technology, services and products that can succeed in India and the UK, respectively.

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