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Business Opportunities and Trends in India 'Silver Market and Youth Premium Market'

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Abstract:
In the todays competitive and IA environment, the business of anything has become very challenging. Basically, to woo and influence the consumer is a great deal because everything is on the scale of fluctuations. The customers' literacy, media explosion and customers behavior, all these affect the consumer's attitude in the consumption and purchasing process and ultimately on the business opportunities.
The most important empowerment, 'India is the world's 4th largest economy in terms of Purchasing Power Parity, after USA, China and Japan; it is expected to move to the third position by the year end'. The literacy rate among youth is 82 percent with better literacy ratio among women sector too, which is a very powerful tool.
Asia's relatively bright growth prospects is due to the solid presence of 'the most exciting consumer market segment' in Asia; the 'elderly consumer market' aged 65 and above, already having long established their financial independence and purchasing power and the 'young premium consumer market', the young premium consumer, a segment that is increasingly well educated, geographically mobile and technologically savvy. The youth market is to become bigger in the coming decade, their buying power estimated to reach $ 331 billion in affluent Asia and $ 500 billion in emerging Asia.
Business in the 21st Century, beside price will be based on the product quality, more incredible customer service, shopping convenience and customizing will breed success. As a matter of fact, customer is the lifeblood of business. Thus, big latent opportunities are envisaged.

Key words: convenience and cost, latent market, purchasing behavior, product variant, old and premium market segment.

INTRODUCTION

Strictly speaking, in the entire business cycle, there are only two main forces that can build up a healthy 'economic scenario'; viz,

1. on *one side the marketer and*
2. *on another side the consumer.*

They are very significant, and play a vital role with all other various market variables and consumer forces. The hi-tech technology platforms are providing customized products and lot more product features with best marketable offering. The industrial revolution, green revolution, windfall growth of

information technology and the groundswell environment and AI in economy practices has opened up new opportunities and positive business trends in Indian market.

The business opportunities have become more robust with the entry of multinationals and the competition has become intense by AI. As a result, the size and responsiveness of the urban markets have almost been sluggish and share of business has been divided to the minimal despite the high sales promotion overheads. The fast-moving consumer goods (FMCG) from the major players such as HLL, Colgate Palmolive, Britannia and Procter and Gamble were the first to wake up and begin to look for better business opportunities to encash positive trends of the business.

The analysis of new trend of future business opportunity indeed depict that brands such as Anacin Tablets, Brooke Bond Tea, shampoo sachet and Lifebuoy soap were among the first to hit the new market and new retailer's shelves of the rural market. The big business players penetrated into the highly potential, lucrative and new market with unique marketing strategies. The new pocket of new market obviously the Indian rural markets, which is very huge market and with better buying capacity.

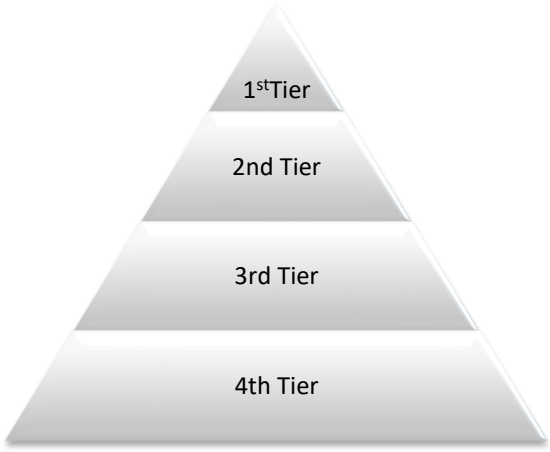
The retail sector in India is a rising sector and it has lot of scope and positive business trend, which influences on the buying behavior of **"Silver Market and Youth Premium Market".** The Indian retail industry accounts for 10 percent of the GDP and 8 percent of employment. The ICRIER study found that total Indian retail business would grow at 13 percent from US$ 322 billion to US$ 590 billion.

The unorganized retail will grow 10 percent from US$ 309 billion to US$ 496 billion. An Economic Times study of 50 top consumer goods and services firms saw sales grow at an average rate of 24 percent year on year. Further, it is backed by better household income. According to NCAER, only 14 percent of Indian households will have annual household incomes less than US$ 921.66. Now it is reported that the per capita income is almost Rs 46,000/- plus hence there is better purchasing power among people. The retailing is the basic and important tool to boost the rural market as well as upcoming customer in the suburban and urban market.

TRENDS OF BUSINESS OPPORTUNITIES

India is a leading economy with vast and massive market potential. Indian economy is growing rapidly in all facets particularly in the field of technology and has created very good congenial feel-good environment on the market and industry. Indian consumer is the focal point and a driving anchor for growth. If we take a close look, Indian market is classified as;

Figure No.1. Indian Market Pyramid



1. The **1st tier market** is the richer market; more profitable, ready to pay high, small in number & quantity, brand sensitive and highly niche market. Only costly items will move, very highly focused market and customers. Customer retention pay high business revenue and it has strong relationship marketing. Marketing organized in the exclusive plushy ambience showrooms and retail format.
2. In the **2nd tier market**, we see upper middle class who are having better standard of living and always pave way with standard products and look for value of product, high-ended popular products (MNC products) etc. Customer loyalty and customers relationship management is the main focus in this tier.
3. In the **3rd tier** we interact mostly with the middle-class customers who have definite ceiling of price and look for best available benefits at that price. In this tier we envisage more customer defection process in either side. The product quality, price and service will be the main strength to have favor of customer. The variants in the products mix and customer benefits over the competitor's products will be main unique selling proposition (USP) to satisfy the need of customer and to generate customer delight.
4. In the **4th tier** we have vast range of customers. This is an arena of consumption-first time purchaser based on their purse-not brand conscious. The product placement and availability of products in all sales points-mass marketing will increase sales. In this tier, little-drop-strategy (sales in small quantity) is the main to pull-customer towards product. Mainly the rural market and unorganized retailer are feeding center to such demand. The demand potentials and scope of demand is very vast and one can generate good business; it is indeed a great opportunity for future business.

According to the ORG-MARG data, 90 percent of all shampoo and about 65 percent packed tea sales in rural area comes from sachet/small packs. On the other hand, the rising affluence among the upper middle- and high-income people in rural India has created a vast opportunity for many premium brands. These people are aspiring for superior quality, comfort and convenience, better place of shopping etc. And more importantly, they look for symbol of status and repute.

STRENGTH OF THE FUTURE BUSINESS IN INDIA

In modern competitive world, the birth of online and AI tools, the urban markets in new retail format as well as rural markets are flooded with different FMCG products of many large-scale companies. In such a competitive market which has business opportunity in the 4th Tier of the market and rural market. It is noteworthy to see the size of rural estimated market. Consuming market was estimated at 742 million people, for the following products;

- The market estimation for Fast Moving Consumer Goods Rs 65,000/- crores.
- Durable Consumer Goods Rs 50,000/- crores.
- Agriculture inputs including tractors Rs 45,000/- crores.
- The market size for 2/4-wheeler Rs 80,000/- crores.

WE ARE POWERED BY;

1. **KNOWLEDGE SOCIETY:** India has the power of Knowledge Society because of better education in all fields such as science, human science, technology, management etc., and the quality of literacy and knowledge has increased manifold. The information technology and use of computer-AI and internet have given new life to urban market. The drive of education for all has registered better literacy level in the rural area. In the year 1947 after Independence the literacy rate was just 12 per cent but now

it stands at 82 per cent in youth who have desire to learn further. India's higher education system is third largest in the world, after China and United States.

2. **MEDIA EXPLOSION:** The apparent reason of high-tech in media, social platform has been giving in-depth exposure of the product by creating awareness in the market. The media explosion has created an impact on the life style, product insight, and consumers are inclined to have better standards of living.

3. **MORE JOB OPPORTUNITY FOR WOMEN:** The concept of employment of women both in government and private sector has increased the disposal money of the family and life has become more automated. The nuclear families in urban area have been changing their life style and rural market is emerging to ultra-modern habits; the basic reason is the opportunities of job for women are increasing day-in-day-out and families tend to have more disposal money.

4. **NICE RETAIL FORMATS (INFRASTRUCTURE):** The two major tentacles of marketing, *the nice plushy retail sales points and easy finance from the manufacture* made the market more of hedonist, for instance Tata Motor's own finance Company will provide loan to buy their products, Bajaj Finance etc. Their showrooms having very nice ambience and customer reception, most of the consumers desire to purchase goods from these outlets.

5. **QUALITY CONSCIOUSNESS:** Increase in income and improved awareness about the branded products has made the consumer more quality conscious than before. The demand for various categories of durables and non-durable goods such as motorcycles, refrigerators, pressure cookers, better quality dress material, TV sets, premium soaps, biscuits, soft drink concentrates etc. are now not confined to urban markets only but it has penetrated in the rural market with quality consciousness and the scope and potential of demand is increasing.

6. **BRAND LOYALTY:** Improved awareness about the branded products in the rural market have made the villagers more loyal to a particular brand. Brand loyalty has been observed in case of well-entrenched brands such as Colgate tooth paste, Red label tea, Nirma bar and detergent powder, Ponds talcum powder, Lux, Rexona, Onida etc. About 50 to 60 percent of consumers were found to be buying the same brand repetitively.

7. **FASHION CONSCIOUSNESS:** As a result of TV network, social media in all the segments of the rural market, the potential villager is becoming more conscious of how he/she looks and grooms. As a result, sale of textile, cosmetics, personal hygiene products, toiletries and readymade garments, branded shoes is picking up fast in rural areas. HLL/HUL penetration level in rural India for cosmetics is 88 percent, these figures prove that rural people are becoming fashion conscious.

8. **URBAN ORIENTATION:** Many rural people migrate from rural areas to urban industrial locations in search of jobs which accounts for 32 percent rise in urbanization. Because of influence of urban culture on rural culture, rural customers are now oriented towards newer products more often.

9. **WILLINGNESS TO EXPERIMENT:** The rural consumer is no longer suspicious of new urban products. He is willing to experiment with these products and take limited risks. This attitude may help marketers in securing higher trial rate for new products launched in the rural markets. This has made many large-scale organizations to introduce their products in Indian rural markets.

10. **SIZE OF MARKET:** The Indian market is very huge and increasing at the rate of 10 to 15 percent. Dr Hedrick-Wong said Asia's relatively bright growth prospect is due to the solid presence of "the most exciting consumer market segment". In his book "The Future and Me: Power of the Youth

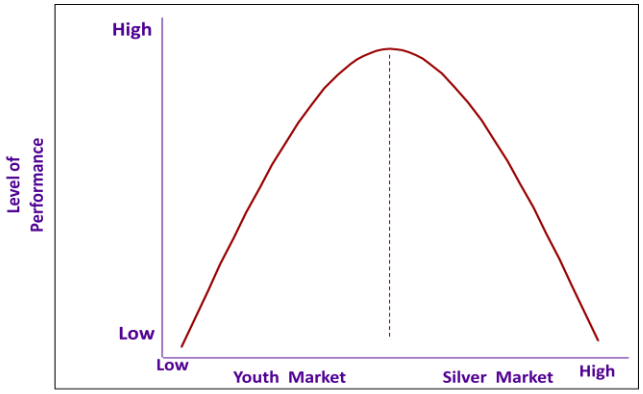
Market in Asia" he foresees the youth market to become bigger in the coming decade, their buying power estimated to reach $ 331 billion in affluent Asia and $ 500 billion in emerging Asia.

THE NEXT BUSINESS IS IN "SILVER MARKET AND PREMIUM MARKET"

The main driving force of any developed and growing market and matured economy is the "CONSUMER". Indian consumer / market is packed with sophisticated means of communication and conveyance. The industrial advancement and expanded internal and international trade have paved the way for better business horizons. The rapid increase in quality population and migration from rural to urban areas and development of areas as urban market has added to the business growth.

India has now the fourth largest gross domestic product (GDP) in the world in purchasing power parity (PPP) of its 1.2 billion people; as many as 450 million are apparently below the age of 28. Indian market is strong because of its two important market segments namely; **"elderly consumer market (silver market)" and the "young premium consumer market (growing market)"** Thus marketers need to strategize hedonist and consumer convenient marketing environment to gain consumer confidence of these resourceful segments. The consumer's position in India will be 720 million to join consuming age.

Diagram No.1. Youth Market Converting into Silver Market



FUTURE MARKET PATH:

The likely consuming Indian market is estimated around 720 million with 450 million under 28 years of age and the rest probably the silver market "elderly consumer market (silver market)" or perhaps in the mid of transit. The 4th tier marketing segment and intrinsic element of Indian market as discussed above are all driving forces to the future path of market in India.

This is not to say that there's no market opportunity; according to a recent article in Foreign Policy by University of Michigan Business School, Professor C. K. Prahalad, and Allen Hammond of the World Resources Institute, the 18 largest developing nations are home to some 680 million families earning USD 6,000 a year or less. These low-wage earners take in USD 1.7 trillion a year - roughly the size of Germany's gross domestic product. Hence 4th tier of market is a highly potential market.

Thinking small in large volumes - **the essence of little-drop-strategy** (sachet) yet never losing brand focus, could open up entirely new markets for many of the world's manufacturers and service providers. If your customers are willing but cash strapped, think micro loans, think mini-sizes, think leasing, think bundling and think reselling! It will create brand awareness with future affluent customers. Some of the

thinking may eventually translate in innovative products for mature markets as well. Let us look into the reasons for this sachet revolution;

- ✓ Affordably priced product
- ✓ Less investment
- ✓ Reduced risk of buying
- ✓ Use and throw – single serve packs

SACHET MARKETING STYLE:

All goods, namely consumer goods, consumer durable goods and brown goods are marketed in the sachet style. Personal computers, sachet style: in India, the **Simputer**, priced at less than 10,000 rupees, may look like a Palm handheld device, but it's several times more powerful; Multimedia and internet-enabled, current models allow the user the choice of English or one of three Indian languages built into the computer. It is designed to be useful even to the illiterate, thanks to built-in text-to-speech conversion software. **Acer** has also introduced a sub-Rs 21,000 AMD Athlon-based desktop for the Indian market, which comes with Linux, a 40 GB hard disk drive, and CD ROM. A smart move, given the fact that the number of PC users is expected to hit or exceed 1 billion.

RECOMMENDATION

a. Low Unit Price-over the years, the sachet strategy has proved so successful that, according to an ORG Marg data, 95 per cent of total shampoo sales in rural India are by sachets. A decade ago, Hindustan Lever Ltd (HLL) experimented with a marketing strategy of sachets. The aim was to initiate rural consumers to use shampoo in the place of traditional alternatives and in the process it increased sales volumes and made shampoo affordable for the masses. These LUP one-time-use packs proved popular with the consumers. Urban consumers, too, have responded enthusiastically to sachet shampoos, as also the hotel industry.

b. Small cars are the best automobile product example to catch the fourth tier market segment and the sachet strategy from all FMCG company to open the future market in the Indian market.

c. Predictive marketing strategy to grab around 450 million people who are under 28 years of age. The silver market elderly consumer market is perhaps in the mid of transition.

d. The determined market size 450 youth, marketer need to develop best fitted products to meet the demand with better relationship marketing and customer relationship management. In due course of life cycle perhaps the same youth customer will fall in the category of elderly silver market. Hence nourishing of youth premium market is most important since same can be envisaged as silver market over a period of time.

e. The business in retail sector will be always be there even during a recession because it has very intrinsic character of retailing. Gopi Krishnaswamy, CEO of Insight Instore a firm that gauge's shopping trends through market research, said that thanks to recession, traditional retailers, the *Kirana shops* have benefited immensely. The demand and need of sachet – small in quantity – always exist irrespective of recession or not.

f. The Four Ps is also being replaced by the Four Cs model, consisting of *consumer*, *cost*, *convenience*, and *communication*. The Four Cs model is more consumer-oriented and fits better in the movement from mass marketing to niche marketing.

CONCLUSION

Many agencies have estimated differently about the size of market. The one thing that is common amongst these estimates is that Indian market will be very huge and has massive scope of increase. The little-drop-strategy will play a very significant role and will have sizeable impact on the market share. Most of the retailers will struggle to implement aggressive expansion plans to retain existing customers and to avoid customer defection. The challenges before the retailers are; a lack of suitable and affordable property, inefficient logistics operations and shortage of manpower; more particularly skilled manpower. A rapidly growing, but highly challenging retail environment will inevitably result in many losers as well as winners.

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