

Three things that will impact Marketing in India

The three things that will make an impact on marketing in India are: growth of organized retailing; universal access to the Internet; and emergence of new, middle-class consumers.

Organized retailing, and especially the chain stores such as Big Bazaar and Metro, is fundamentally shifting the balance of power away from the manufacturers. This will have an enormous impact on marketing in several ways. First, most marketing expenditures today are spent to create pull marketing through branding and consumer advertising. This will change to in-store promotions and store merchandizing. Second, successful retailers such as Wal-Mart and Carrefour are becoming market makers for virtually any and all products as well as services. For example, today in the US, Wal-Mart is the largest retailer for unbranded, polished diamonds, children's toys and prescription drugs. As one-stop-shop providers, today's organized retailers are capable of cross selling and up selling products and services, which would otherwise be totally unrelated. Today, with checkout scanner data for retailers such as Wal-Mart and Target in the U.S. and Tesco in the U.K., are able to target each customer and provide coupons and other incentives for products and services personalized to that customer's unique buying patterns. Finally, modern retailers with multiple locations are able to successfully launch their own new brands, often with premium positioning. Well known celebrities such as Martha Stewart or Cindy Crawford, lend their names to these retail brands with great success.

The second thing that will make an impact on marketing is the universal access to the Internet through mobile phones. The Internet is the only medium other than personal selling that is capable of all three things: provide information, interactivity and carry out a transaction. This is shifting power to consumers. It is estimated that more than 70% of consumers gather information through the Internet when they are ready to buy a car before they visit the dealers. In fact, the largest retailer of used cars today is e-Bay in the U.S. The Internet and especially mobile Internet, has become an excellent tool for viral or word of mouth marketing. This is particularly true in the young adult market for products such as music, fashion, alcohol and automobiles. Finally, it is possible for a marketer to disintermediate middlemen and go directly to customers in mass markets, for example, airlines, banking and mobile phone services. Direct marketing leads to customer relationship management (CRM) and enormous capability to engage in one-to-one marketing, even in mass markets. Since marketing practices were organized around mass production and mass consumption, emergence of personalized one-to-one marketing, especially in services sector, will have dramatic implications with respect to budgeting the 4 Ps of marketing. For example, products will be designed to generate enormous variety without increasing the cost of making them using mass customization and lean operations practices. Pricing will be more dynamic and almost real time as it is with airline tickets and the stock market. Promotion will be almost individually targeted both in terms of message and personalization, as well as time and place to reach the customer. With web enabled mobile phones, this is already happening with respect to airlines,

banking, news media and the hospitality industry.

Finally, universal access to the Internet will also create a whole new marketing phenomenon: peer to peer marketing. We have already seen this in such new phenomena as e-Bay, MySpace, Facebook and the likes. This buyer to buyer marketing will be a revolutionary change for today's marketing in ways which are hard to imagine. Already, several ad agencies are now asking ordinary people to produce videos to be used in commercials.

A third and probably the most significant thing that will make an impact on today's marketing is the emergence of new consumer middle class in India. I call it the "call center couple". This is where both husband and wife are college educated and both are full time employees. They want to live alone without their parents. They don't want the neighborhood provision store to supply their daily needs and settle the account on a monthly basis. Instead, they want to shop together at modern retail stores such as Big Bazaar or Reliance, paying by credit card. Not only do they aspire to have a plasma TV, several dozen cable channels, a computer at home, broadband access to the Internet and a small car; in addition, the couple wants privacy, freedom and for the world to accept their delay with the first pregnancy in order for them to enjoy themselves, travel and do other leisure activities while they earn dual income and save for the future. They know the value of investing in mutual funds and other stock market instruments; and don't want to limit savings in the form of gold jewelry.

In my view, this "call center couple" is radically different from the historical middle class in terms of values, lifestyles, stress, and the role blurring between husband and wife. Also, they are different in preferences for food, shelter and clothing compared to previous generations; and in aspirations and outlook on life. They are time driven with enormous time shortage and need for time shift. They do not mind using technology to make their daily life more manageable, if not enjoyable.

Marketing will have to learn about this new consumer middle class and position and promote brands to appeal to them. In my view, all four Ps of marketing will need adaptation and adjustment to understand and accommodate expectations of this new middle class.

To summarize, three trends will make significant impact on marketing as we practice today in India. The growth of organized retailing will shift power to retailers and away from the producers. Universal access to the Internet will enable marketers to offer highly personalized one-to-one marketing as well as transform consumer to also become marketers. Finally, the emergence of the new middle class symbolized by the call center couple with vastly different lifestyle, aspirations and expectation and stresses and strains of managing dual income career oriented family will require reengineering of existing marketing practice for each of the 4Ps of marketing.



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