

Shoppers don't stop

A survey on consumer buying trends



Foreword

For the consumer and retail sector, the third quarter stands for opportunities and profits. While demand and supply see an uptick, attractive discounts and offers are increasing the shopping appetite of consumers. Despite issues related to high input cost, shortage of key components for mobile phones/gadgets, disruptions in the global supply chain etc., the sector in India is bouncing back strongly, with e-commerce gaining a stronghold in the post-COVID-19 world.

Resonating the same, the Grant Thornton Bharat survey has revealed that 75% of the respondents are willing to spend more or the same as the pre-pandemic levels. Interestingly, while spending increases, more than half (52%) of the respondents are now opting for a hybrid way of shopping. With sustainability influencing decision making, respondents have also revealed that they are more likely to choose environment-friendly and locally sourced products. This trend presents an opportunity for local manufacturers to tap into this booming market.



Naveen Malpani

Partner and Consumer Sector Leader
Grant Thornton Bharat

About the survey

Grant Thornton Bharat conducted a survey to analyse the pandemic's impact on consumer purchase attitude and how different factors (such as discounts, accessibility and user interface) influence buyers and their decisions.

The focus is to decode consumer behaviour, pent-up demand and changes in festive season buying trends post-COVID-19.



4,500

respondents across social media platforms

Executive summary

The onset of the festive season, for years, has triggered demand in the consumer and retail sector. The survey reflects that the demand and intent of the consumers to shop has not been impacted negatively this time too.

Hybrid is the new way to shop

The pandemic has changed the way people shop. Over 52% of the respondents suggested they prefer the hybrid shopping model (online and offline). Consumers are increasingly engaged in both digital and physical touch-points to make informed decisions. Digitally-influenced brick-and-mortar purchases are at an all time high, influencing store footfall too.

This festive season, three-fourths of the respondents are planning to spend either at pre-pandemic levels or more. A positive indicator for the consumer and retail sector, this number hints at increased consumer confidence and heightened optimism backed mass vaccination drive, better spending capacity and uptick in economic activity.



52%

prefer hybrid shopping model



75%

ready to spend at more or at pre-pandemic levels

“The survey hints at a positive consumer sentiment, with almost 75% of the respondents agreeing to having no negative impact on their spending. Companies focused on ESG will have a higher success as consumers are getting environment conscious. The government initiative on ‘Aatmanirbhar Bharat’ is also showing results with consumers preferring local products.”

Naveen Malpani
Partner
Grant Thornton Bharat

“58% people favour buying branded products online, rather than going to retail stores, hinting at the level of trust that these e-commerce portals hold. Businesses may need to adapt to such a buying shift rather than chase new store openings for driving sales. High consumer confidence and prevalence of niche luxury platforms also depict how relaxed consumers feel with online shopping, even when huge amounts are involved.”

Aashish Gupta
Partner
Grant Thornton Bharat

Options galore for online buyers

Better discounts (39%) and an array of online options (30%) are two of the highest-rated factors that online shopping brings to the table for its consumers.

India's e-commerce sales this festive season are likely to grow ~23% y-o-y. This can be attributed to increased online demand and greater spending capacity of the consumers.

While an increasing number of consumers are opting for a hybrid purchase model, buying from physical stores continues to be a preferred medium. As many as 35% of the respondents said that the ability to look and feel a product helps them in making better decisions, followed by increased confidence in product and personalised attention. Retailers and brands must continue to invest in learning and development of in-store staff. This will help in ensuring that the staff is attuned to the requirements of consumers, making offline buying process a smooth experience and increasing sales.



39%

look at better discounts online



35%

agree that the look/feel of product helps purchase decisions

What matters – where the product is coming from

The survey indicates that six in 10 respondents agree to being more drawn to purchasing environment sensitive/sustainable products, even if they come at a premium. With more than ever focus on environmental, social and governance (ESG), companies need to allocate higher budgets for products that do not/least harm the environment and are socially responsible.

A large number of respondents (62%) said that mention of the country of origin of a product also impacts their buying decision. This hints at a greater opportunity for local artisans and manufacturers, as buyers are more attracted to locally sourced products. A boost to the government's Aatmanirbhar Bharat initiative, this will also lead to better supply, compensation and opportunities for local businesses.



63%

more likely to purchase products with higher ratings and environment-friendly compliances



62%

consider a product's country of origin



53%

buy clothes, accessories and mobile phones online

Online

Better quality and specifications

Competitive pricing

Smoother returns

Better after sales service

Improved app and website UI

Consumer expectations from online and offline retailers

Offline

Adherence to COVID-19 protocols

Better at-store service by salespeople

Better discounts and more variety

Better return policies

What do consumers want?

What will be your shopping preference over the next six months, assuming that the pandemic settles down to a manageable extent?



52%

Hybrid



36%

Online



12%

Offline

Has the pandemic impacted your buying behaviour, during the festive season?

25%

Impacted in a negative way, I am planning to spend less

37%

Impacted in a positive way, I am planning to spend more

38%

Not much impact, I will spend at pre-pandemic levels

What are the key factors that attract you to online shopping?

39%

Better discounts

14%

COVID-19 concerns

17%

Ease of completing transactions in a secured manner

30%

More options compared with physical stores

What are the key factors that attract you to physical stores?

Ability to complete wider shopping requirements in a single visit

8%

35%

Ability to have a look and feel of the product

More personalised attention

8%

20%

Increased confidence about the quality of the product

All of the above

29%

What are the key items you prefer to buy online?

28%

Clothes and accessories

18%

Electronics (Refrigerator, TV, AC, etc.)

14%

Groceries

15%

Health, wellness and pharma related products

25%

Mobile phone

Would you feel drawn towards purchasing products that have better standards (such as power consumption/star ratings) and are environment friendly/ compliant, even if they come at a premium?

7%

Does not matter to me

30%

Sometimes

63%

Yes

Would your buying decision be impacted considering the country of origin of the product?



19%

No

19%

Not much, am okay if it is/isn't mentioned

62%

Yes

For buying high end/luxury products, what would be your preferred mode of shopping?



42%

Branded stores



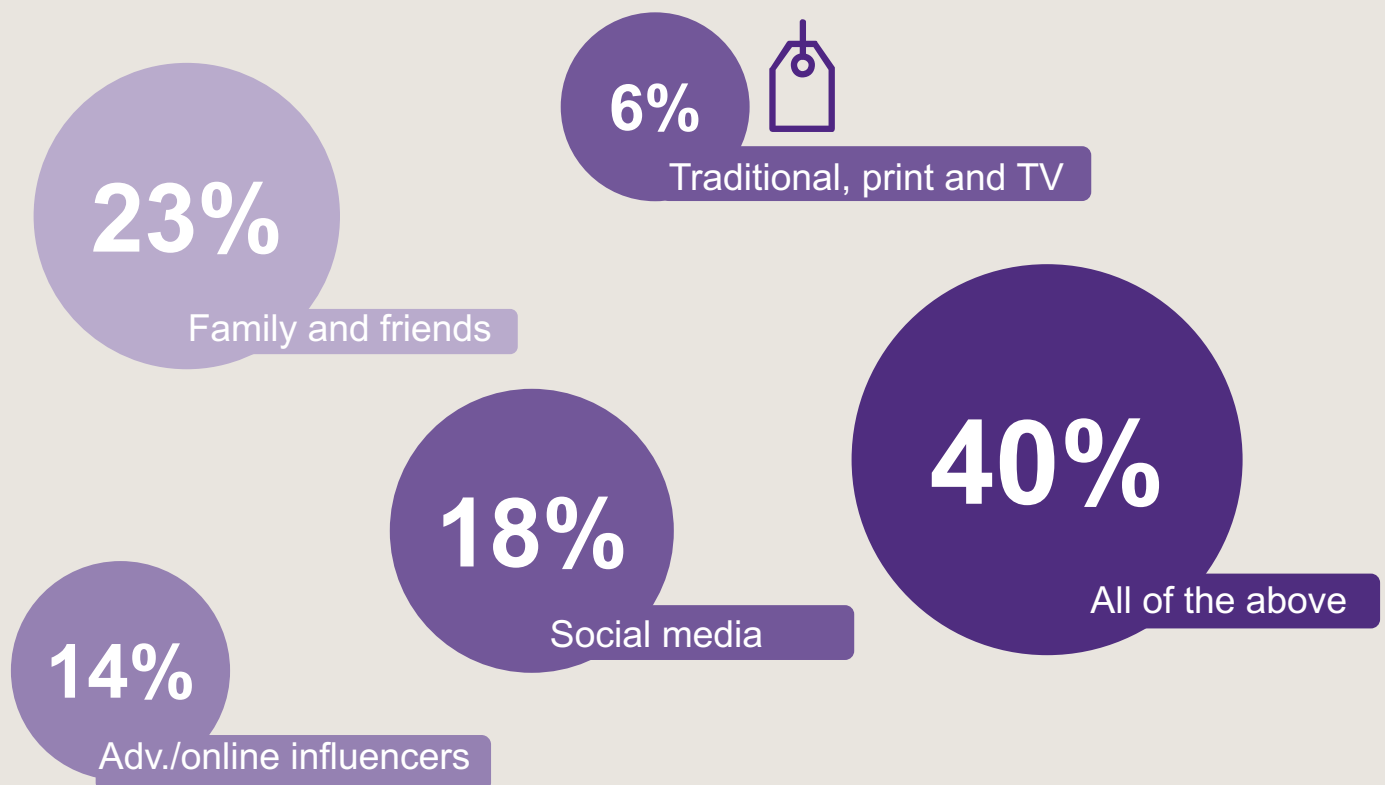
58%

Online e-commerce stores

Consumers today are more aware and conscious of the products they use and their purchase decisions are heavily influenced by social media. According to a recent report, social commerce in India is expected to reach USD 16-20 billion by 2025 and USD 60-70 billion by 2030. Our survey also demonstrates that 32% respondents are swayed by online/social media advertising and influencers. It is critical for the businesses to have a more robust social media presence than traditional medium.

Naveen Malpani

Which of the following influence on your buying choices the most?



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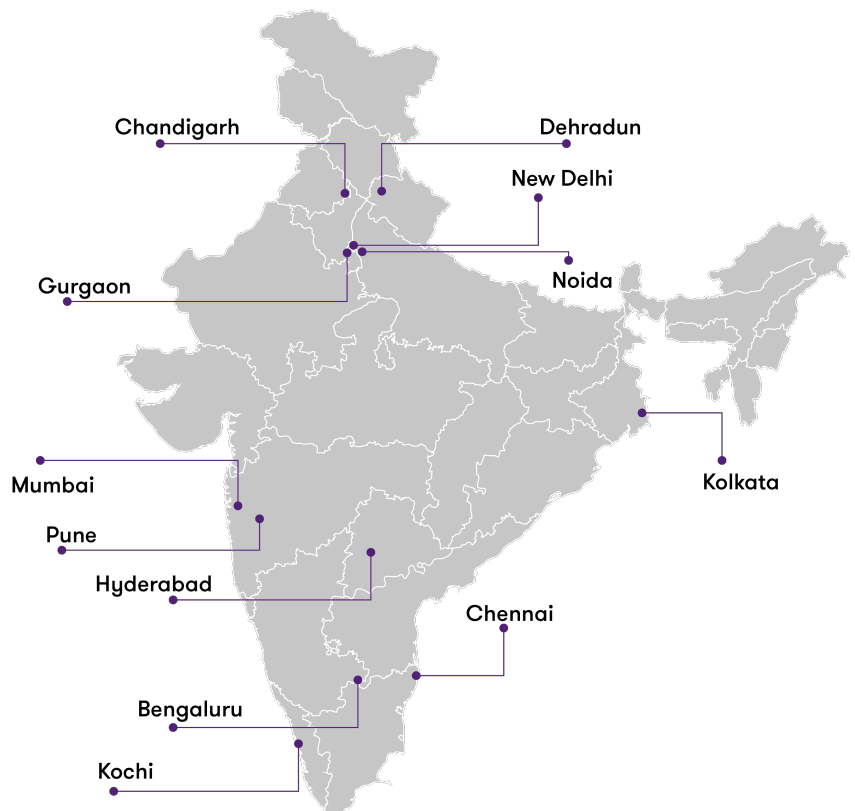
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