

# Meaning and Content of Brand Consciousness for Middle Income Families

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## **Abstract**

*According to a research by PricewaterhouseCoopers (PwC), he is displaying a stronger affinity for high-end fashion with his growing penchant for premium names and his readiness to experiment with mass-market products. The PwC study "From Sao Paulo to Shanghai-New consumer dynamics: the impact on modern retailing" found that "consumers equate brands with an intangible value for which they are willing to pay premium prices." PwC reports that urban India's upper and middle classes have increased their discretionary spending by 16%, with much of the increase going toward personal care and clothing purchases due to the rising importance placed on "looking good." The survey notes that the rising cost of such activities can be attributed to the rise of "new malls offering multiplexes, restaurants and bars, video games centers in both large and smaller cities," among other things. Disposable earnings in India are projected to rise by 8.5% year until 2015, thanks to the country's rapid economic expansion.*

**Keywords:** *Expensive name, acceptance, high-end fashion, intangible, consumer dynamic, modern retailing, shopping habits, middle classes, personal care, multiplexes, restaurants, video games centre.*

## **Introduction**

"In middle-class families, goods like home textiles, electronics, and consumer durables are increasingly becoming the means not only to provide a comfortable home environment, but also to demonstrate prosperity," the study said, adding that credit friendliness, a drop in interest rates, and easy availability of finances have altered the outlooks of Indians. Corporations and organizations are taking notice of the growing purchasing power of Africans. Zambia is no exception to the trend of changing buying patterns that follows the increase in disposable income among the country's citizens. Brand recognition has increased as a result of increased consumer awareness brought about by exposure to more brands, especially in the realm of consumer electronics and home appliances.

**Spread Brand Consciousness in India:** The demand for high-tech goods has increased alongside the popularity of well-known brands as a result of expanding purchasing power among consumers.

According to a poll taken in 2008, India is in the top five countries for "Brand Consciousness." But this attitude on product consumption by no means reflects the views of the general public. It's hard to imagine that brand awareness is on the rise in a country where the savings rate is so high (almost 36%), the top 10% possess 53% of the wealth, and the bottom 20% own less than 1%.

People's impressions, the image it conveys, and the quality and promise it keeps to customers are what turn a product into a brand. Most well-known brands nowadays have come to represent an innate trait or quality that makes one wonder what the brand's allure originally was. These brands strive to deliver something unique for their customers, which is how they rise to the top.

The Indian market is enormous, and its consumers are constantly active participants. As a sector of the global economy, it is considered an emerging market. And the figures in the first paragraph show that this market does not care much about brand, save among the wealthy and somewhat well-off in the middle class. The outlook, though, has not changed. The rise in brand awareness can be attributed to the fact that it naturally incorporates a sense of value for money. It's an item from which Indian buyers would never sever ties. A higher price signals the high quality of the goods, while a lower price usually doesn't lure buyers for the same reasons (a concept called "price signalling" in economics). Competition is fierce because consumers can tell the difference between the features offered by different brands. Although luxury brands have traditionally targeted and served affluent consumers, an increasing number of them are beginning to recognize the importance of expanding their reach to include the middle class.

The premium brands are aiming for them because they are the true savers. Since, let's face it, consumers are more likely to shell out a little more money for a nationally recognized brand if given the option between a similarly priced generic alternative and a slightly more expensive national brand, these companies have started releasing items with this demographic in mind. The Indian middle class tends to spend its money where it will get the most value, and if a luxury brand can help them do that, it poses a threat to the domestic manufacturers. Dell and Adidas are two of the most

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prominent instances of such companies. Finally, premium brands have an opportunity to profit from the growing brand awareness in the Indian market if they can broaden their appeal to the country's middle class. It has been noted during the past several years that luxury brands are making concessions in pricing and positioning in order to attract the new rich that are coming from India's middle class. Some businesses are doing this to reach a wider audience and increase sales, while others are trying to avoid the high rents of high-end hotels and "luxury" shopping centers.

**The Strategies of Luxury Brands for India:** "Premium labels are learning the hard way that they can't afford to be exclusive if they want to increase sales in India. According to Priyadarshini Narendra, vice president of IMRB's qualitative research section Probe, "certain barriers need to be broken and we see that happening now."

Thousands upon thousands of Indian consumers need to be coaxed into trying the brand. The world's largest champagne house, Moët Hennessy, has launched its first "made in India" sparkling wine, priced at Rs1,200 and Rs1,400, to capture a young, urban, and increasingly sophisticated market of Indian consumers. These examples include the opening of a new Chanel store in Delhi's Select City Walk mall and the placement of a Burberry store next to a Zara store in a Mumbai mall, which attracts customers who might feel uncomfortable shopping at an Emporio or a five India's customer profile and demographics are distinctively different from those of other developed economies like the United States and Europe. Amit Dutta, managing director of Luxury Hues Group, notes that "about two-thirds of India's population is under 30 years of age," which presents a problem for most companies because these people are aspiring buyers but may not have the money to buy. Aside from this, there is a lot of pressure on commercial viability because hotel rents and the rent at pure luxury malls are so astronomically high. Which is why they have no qualms about setting up shop next to a premium or mass brand in a mall with higher traffic. Even when considering the income threshold at which a customer is considered middle class, India lags well behind other developed countries.

According to Narendra of IMRB, a middle-class consumer in Delhi NCR has an annual income of between Rs 2 lakh and Rs 10 lakh, but their American counterpart has an annual income of close to \$40,000 USD. She further explains, "It's important to play the volume game in India if they want to grow the number of stores here like it's happening in China." While the luxury business in India has significant development hurdles, a recent analysis predicts that the market will see a minor rebound and increase by roughly 17% in the coming calendar year.

**Indian's Growing High Income Middle Class:** The rising purchasing power of India's middle class bodes well for the future success of luxury and name-brand goods in the country. According to a report published last year by Boston Consulting Group, domestic consumption is expected to triple to \$4 trillion by 2025 as rising income levels drive changes in consumer behavior and spending patterns with significant ramifications for businesses. By 2025, it was predicted that 40 percent of the population will reside in metropolitan regions, with those people making up more than 60 percent of the consumer market.

The middle class in India is growing at a time when it is contracting in Western Europe and North America. The paper highlights how the middle class has been declining in advanced economies. Some homes may have dropped below the middle-class line, while others may have escaped into the upper class. The middle class is vast but declining in developed nations like North America and Europe. Actually, it's stuck in the middle and expanding at a rate lower than the global population.

The rising purchasing power of India's middle class has attracted the attention of several major multinational corporations.

**(i) IKEA:** The largest manufacturer and retailer of home furnishings in the world has opened its first store in India, in the city of Hyderabad. The upper strata of India's middle class are the ones IKEA is aiming after, as this demographic increasingly travels to the West and is exposed to Western products. The opening of an IKEA shop in India is evidence that the country's middle class is expanding, as it marks the arrival of a consumer class prepared to spend money on foreign labels. IKEA sees a huge opportunity in India's growing middle class and aims to open dozens more stores there over the next few years.

**(ii) Netflix:** Netflix, an American OTT media service provider, entered the Indian market in January 2016 and has since gained a sizable foothold by targeting the country's 10-20 million most avid online video viewers. Ted Sarandos, Netflix's chief content officer, has stated that the company's investment in original content in India is both the greatest and the quickest. Netflix's chances of finding success in India stem from the country's meteoric rise in internet penetration. The next 100 million people will come from India. Reed Hastings, head of the online streaming corporation, recently stated, "We are at 120 million across the world. If you want to see how cheap Internet can be and how quickly 4G can spread, look no further than here. We didn't expect it, so I'd call that a stroke of luck," he remarked.

**(iii) Harley Davidson:** Harley-Davidson offers 16 different motorcycles in India, with prices ranging from Rs 525,000 for the entry-level Street 750 to Rs 4.9 million for the top-of-the-line CVO LIMITED. However, it now intends to target the expanding middle class. The legendary American superbike manufacturer has big plans to break into the middle-class 250-500cc segment in India. Harley Davidson hopes to challenge Royal Enfield head-on. It might provide thousands of Royal Enfield owners with a viable upgrading choice. Through 2022, the company also intends to expand its lineup of electric motorcycles with models that are smaller, lighter, and more affordable. In 2019, the company will

debut its first electric motorcycle, the LiveWire. Harley-Davidson notes a tipping point in India and nearby nations for discretionary and premium goods expenditure. The company sees significant development potential in the Indian market for motorcycles with engine displacements of 250 to 500cc, which it predicts will increase by more than 25% each year through 2021. When compared to the United States, India has a much younger population. An expanding middle class means more demand for luxury goods. And we don't only sell motorcycles," Peter MacKenzie, MD, told ET in March. "We sell a full line of lifestyle products under the brand name.

**(iv)Walmart:** As more and more people in India have access to the internet on their cellphones because to declining data costs, online shopping is likely to explode. Walmart, the American global retail giant, has bought a 77% share in India's leading online retailer Flipkart, gambling on the vast numbers of India's growing middle class shopping online. How did Walmart come to risk so much on a firm that has yet to turn a profit, and why would it pay \$16 billion for a 77% stake? The explanation can be found in the company's optimistic outlook for e-commerce in India. India's growing middle class and internet access in rural areas present a massive opportunity for e-commerce in the near future. We've been doing business in India since 2009 and are thrilled with how far the country has come since then. We anticipate e-commerce in India to grow at a rate four times faster than conventional retail, making it one of our most anticipated developments. CEO Doug McMillon has stated that Flipkart is "well positioned to lead the market in the future" because it is currently capturing a big amount of this growth.

**(v) Amazon:** The Indian version of Amazon (www.amazon.in) became live in June 2013. Compared to the Flipkart group (which includes Myntra and Jabong), which has roughly a 40% market share, it has managed to create a dominant position organically in just five years, according to a recent research by Citi. As the Indian middle class and internet continue to expand, Amazon India has invested billions into its business in the hopes of becoming the market leader. Amazon India received one of the largest investments by the Seattle corporation in its India operations in May of this year, when it received Rs 2,600 crore from its parent company for its marketplace division. As a result, Amazon has already invested over Rs 20,000 crore in Amazon Seller Services, its primary marketplace operation in India. Earlier today, it was reported by ET that Amazon, Goldman Sachs, and Indian private equity fund Samara Capital have formed a partnership with an enterprise worth of Rs 4,500-5,000 crore to acquire the food and grocery shop network of the Aditya Birla Group. Amazon is betting big on the Indian e-commerce market because it expects strong growth thanks to the country's expanding middle class.

**Informed Choices and well known, Product Brands:** According to recent data seen by Marketing Week, even though they claim to be cost-conscious, consumers often choose well-known brands over lesser-known ones and pass up sales. In addition, research has shown that those with lower incomes are less inclined to shop around or be motivated by price discounts. The study, conducted by Kantar Media TGI, investigates the factors that influence consumers' brand preferences and how those preferences relate to a person's "economic capital," such as their income, savings, and home ownership, and their "cultural capital," such as their level of education. The study indicates that these factors influence behavior even if they are not consciously taken into account.

According to Anne Benoist, director at Kantar Media, those with stronger cultural capital are more price-driven and adept at finding good deals.

An advanced education is associated with high levels of cultural capital in sociological theory. That's what's motivating people's spending habits and focus on value. It defies the conventional economic wisdom that those with limited resources will prioritize cost.

A large proportion of consumers with lower incomes report that price is the most influential factor in all of their purchasing decisions. Eighteen percent of food shoppers say cost is the primary consideration. The figure is 16% for electronics, while it is 14% for cosmetics and toiletries. But when asked what they really buy, people with lesser incomes tend to choose more expensive name brands.

Their fondness for brands like Bird's Eye, Irn Bru, and McCain is significantly higher than average. Popular brands include Kellogg's (22% of consumers claim they often purchase the brand), Coca-Cola (35%), and Ben & Jerry's (16%). One cultural factor is the importance of self-promotion. When other options, such as environment, income, or education, are unavailable, customers in this group might show their social status through the purchase of luxury brands. Low-income people don't use coupons or look for sales when they shop at stores like Asda and Iceland because they believe the prices there are already lower than at other stores. So, 39% of people believe that Asda is their primary supermarket, followed by 19% who shop at Iceland. Some shoppers, however, make choices about the products they purchase across categories based on their individual needs and wants, and they are willing to move up and down the price spectrum within each of the 'architectures' that stores provide, from the cheapest options to the most premium ones. They shop about until they find a good balance between price and quality, and then they buy.

**Percolation of Branded Goods to Lower Income Strata :** Low-income people may nevertheless feel the need to buy name brands for social reasons. There are a lot of elements at play, and 'what a brand says about us' is just one of them, but it's still important to note that people's brand preferences are influenced by more than just price.

This is especially true in more 'public' categories, where others may easily observe your brand preferences, as opposed to more private ones. People who are limited financially often shop in ingenious ways to get their hands on name brands in the categories that are most important to them.

The study's participants agreed with this viewpoint because they tend to choose the easiest path and make snap purchasing decisions. It's a matter of shoppers' tactics: those who claim to be financially strapped are more inclined to purchase at a supermarket with a reputation for lower prices, where they then stock up on their staples. They are less likely to view brands with skepticism. In contrast to those with larger capital [earnings], they see a distinction between brands and the store's own label. The second group is more inclined to argue that store brands are all created by the same company, therefore there's no use in paying extra for a name brand.

In addition to price, the 'codes' communicated by luxury companies also play a role in influencing consumer choice. Brands like Lacoste, D&G, and Calvin Klein are popular among some lower-income groups, according to the study, because they present an inverse image of those groups' ideals. Whereas in reality these consumers have little disposable income, they are drawn to companies whose codes center on aspirations, grit, glamour, and sensuality. They choose luxurious labels despite living in unpretentious settings. They are able to satisfy a need that would otherwise go unmet thanks to the brand. Low-income consumers' unconscious preferences align nicely with these companies. Brands with more sensuality in their communication codes, such as Calvin Klein, tend to be more popular among people from lower socioeconomic backgrounds. Brands aiming to attract an affluent clientele should avoid sending messages that appeal to the kind of people who spend their discretionary wealth on things like glamour and dominance. Customers with lower incomes "want to fit in - they want something universal and they would feel inadequate with a brand that looks too different from the rest of the population," which is an important consideration when studying consumer behavior from a psychological and sociological perspective.

## Conclusion

Between 2003 and 2013, the median household income climbed by almost 87%, and the GDP per capita increased by around 30%. From 2009 to 2011, there was also a sizable increase in both the average expenditure made by households and the median disposable income of those households. Since 2003, Brazil's population has grown by 42 million, making it one of the world's largest consumer marketplaces. The enrichment of middle-class families, meanwhile, has been on the decline since 2011. Several industries have been hit particularly hard by the recession. Housing, food and drink, clothing and footwear, and recreation have all seen significant drops in spending by the mass middle class since 2009. As consumer confidence fell, fewer people bought vehicles, LED televisions, and took international holidays. Consumers are becoming more frugal and price-conscious as they look for ways to save money. Esmaltec, a market leader in gas stoves, offers a variety of goods to the broad middle class.

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