

Nielsen Featured Insights

Delivering consumer clarity

L.I.V.E: Serving the Low Income Value Explorer



By: Adrian Terron, Executive Director, Retail & Shopper Practice, Nielsen India
 Manoj Kulkarni, Director, Retail & Shopper Practice, Nielsen India

- FMCG spends by low income value explorers to rise to \$ 3.5 bn by 2015
- Two in five L.I.V.E shoppers willing to try new products at modern trade stores
- A third of L.I.V.E households prefer to buy bulk packs to fight price rise

An estimated 10 million low-income households live in urban India, earning an income of less than Rs. 72,000 annually. This segment – the Low Income Value Explorer or L.I.V.E, is typically constrained for resources and seeks to maximise value in every purchase across categories.

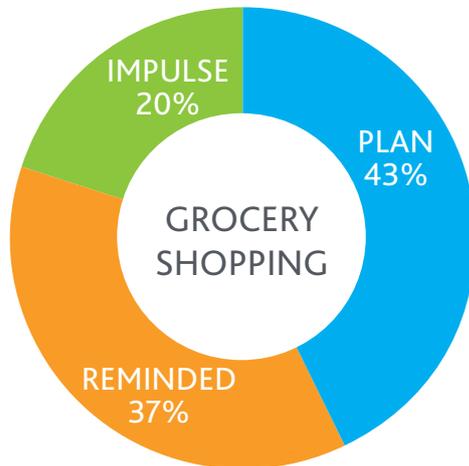
Corresponding to the socio-economic classification 'E' or the bottom quintile, estimates show that the segment spends USD 2.4 billion on branded FMCG alone and the figure is expected to increase to USD 3.5 billion by 2015.

L.I.V.E: LOW INCOME VALUE EXPLORER



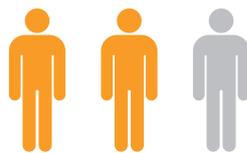
A sense of optimism

Confident and buoyed by a sudden rise in incomes, half of L.I.V.E households have already migrated to branded products. For manufacturers and retailers, this move is not just about share gain, but has created an expanded base of consumption for branded product sales. With an increasing number of shoppers still forming their relationships with brands, more than half are predisposed to in-store influences, and 40 percent like to try new things.

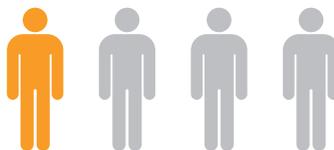


Important indicators

With growing confidence, the L.I.V.E segment is witnessing a change in behaviour and lifestyle. Two-thirds own a mobile phone and a fourth insists on sending their children to English medium schools. Their exposure to media via mobile devices, preparation for more lucrative careers and intent to transform their lifestyles, are indicators of the tremendous opportunity for brands.



2 IN 3
OWN COLOUR TV & MOBILE PHONES



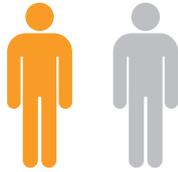
1 IN 4
SEND KIDS TO ENGLISH SCHOOLS



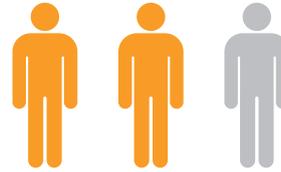
1 IN 5
ASPIRE TO HAVE COOLER BY 2014

Sensitised to health

In spite of the optimism, this segment faces several issues. Half of them are anxious about how unpredictable ailments and health issues may derail their plans and pull the magic carpet of aspiration from underneath them. Our studies show that products and services positioned around preventive measures for well-being are much more likely to gain acceptance in this segment.



1 IN 2
NOT CONFIDENT ABOUT
MANAGING FAMILY MEDICAL
EXPENSES



2 IN 3
NOT INSURED

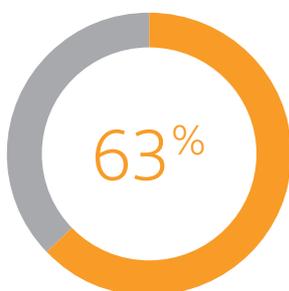
Strategies to win with L.I.V.E.

Catch them young: The segment has also shed its diffidence in terms of buying habits. For shoppers seized by aspiration and insecure about their well-being, modern trade is an indulgence that imparts a sense of progress. Today, five percent of their household budget is spent at modern trade, which is expected to grow to reach \$175M USD by 2015.

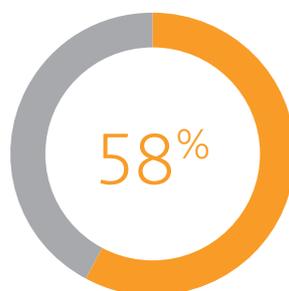
NOT MODERN TRADE SHY

- ONE IN TWO HAVE VISITED MODERN TRADE
- SPENDS \$120M ON FMCG PRODUCTS AT MODERN TRADE
- SPENDS TO RISE TO \$175M BY 2015

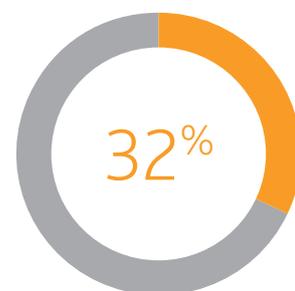
Tackle inflation through volume gain: The low income value explorer is also the most sensitive to inflation. However, instead of only lowering the quantum consumed or seeking lower price points, low income shoppers now also indicate a tendency to buy bulk packs in order to economize. While 63 percent of L.I.V.E households reduce or optimize quantities for key consumption categories and 58 percent seek better value through lower prices, one-third of households buy bulk packs for certain categories, which not only include larger pack sizes, but also branded or combo packs, especially for personal care categories.



LESSER QUANTITY



LOWER PRICE



BULK PACKS

Winning with L.I.V.E

With a shopping behaviour that is markedly different from their rural counterparts, marketers need to have a thorough understanding of L.I.V.E shopper habits and their buying decisions to create winning strategies.

As competition increases and brands search for growth, now is the time to create and sustain a winning relationship with this emerging shopper segment that is slated to grow faster than the aggregate market.

“With a rise in aspirational buying coupled with increasing incomes, L.I.V.E which alone accounts for nearly 81 million people, is a segment which marketers cannot afford to ignore.”

Deepak Pillai and Punit Mittal from Nielsen's Retail and Shopper practice contributed to this issue of Featured Insights.

About Nielsen

Nielsen Holdings N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and related properties. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands. For more information, [visit www.nielsen.com](http://www.nielsen.com).

