

The explosive growth of the Indian middle class

Over the past few years, there has been a lot of interest in the Indian economy from multinational giants. This may be credited to the fact that the country is experiencing growth levels which are much higher than those being seen in western economies.

Even in recent harsh economic times, India is going from strength to strength. Where some people in western economies are downsizing, a growing number of consumers in India are able to afford products that were previously out of reach. This is particularly true of the growing middle class in this rapidly changing economy.

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Each issue of **Dispatches** from Global TGI seeks to highlight some of the most noteworthy findings among our vast data resources. Covering more than 60 countries across six continents, Global TGI is a network of single-source market research surveys which provide comprehensive consumer insight and data across multiple product sectors.

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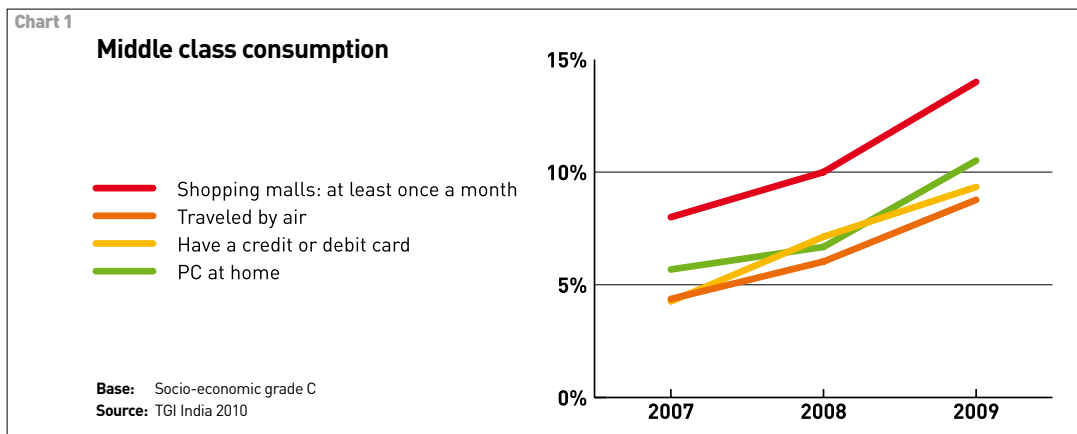
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A busy car showroom in Kolkata



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> > > The chart below demonstrates how consumption of a range of products and services amongst middle class consumers has increased year on year.

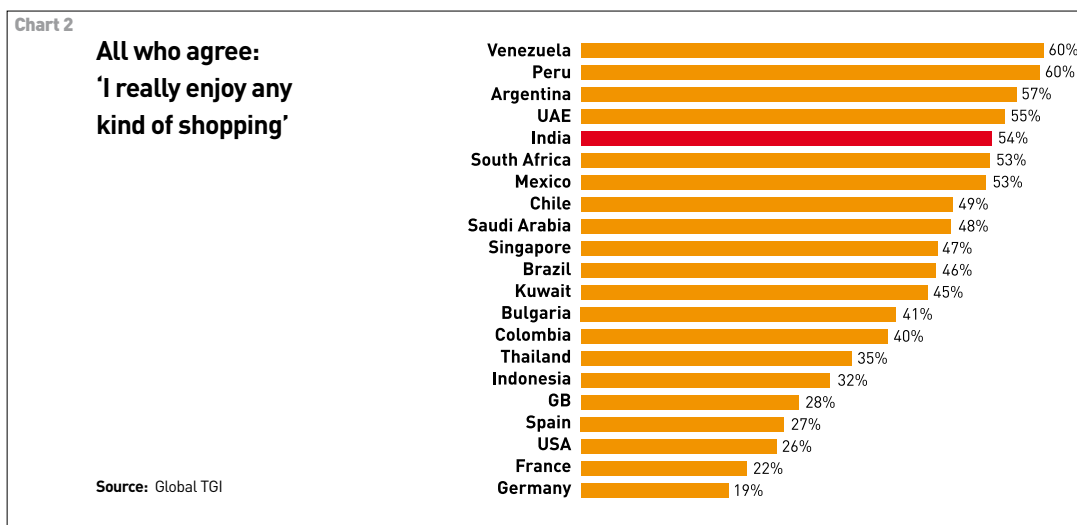


A rising consumer group:

The mid socio-economic class (SEC C) comprises of people who are employed at clerical or supervisory levels, skilled workers, petty traders or shop owners. Three quarters of them are educated up until the end of secondary school, while the rest have attended school but not completed their secondary education.

The purchasing power of people in the middle class is skyrocketing, with great potential to grow further. This is underlined by the growing 'Mall Culture' which can be seen developing in many Indian cities. People gather here for all sorts of activities such as going out for meals or visiting the cinema, in addition to shopping. Some malls even have amusement parks for children within them. There are over a hundred such malls in the National Capital Region (NCR) of New Delhi alone, ranging in size from 2,000m² all the way to 170,000m², catering mostly to the mass markets. The number of people in the middle class who visit these malls at least once a month has gone up from 3.5 million in 2007 to over 6 million in 2010 according to TGI*.

* The TGI India universe is defined as all individuals aged 15-55, in socio-economic classes ABC, representing state capitals and urban towns of selected states.



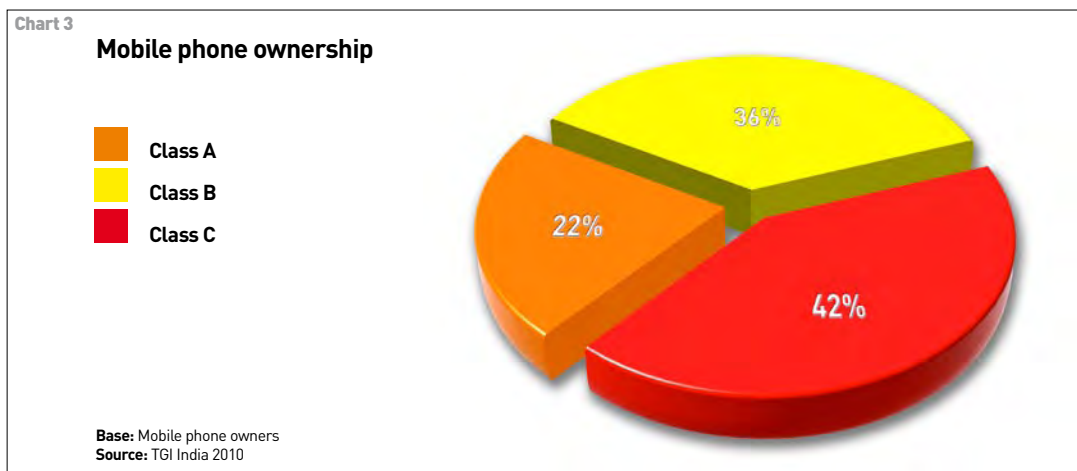
A high proportion of the India population in general say that they really enjoy shopping. This is greater than many other Asian markets and significantly higher than in western countries.

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> > > Better connected

Most of the people who make up this new consumer segment have roots in smaller towns and villages and migrate to the metropolitan cities of New Delhi, Mumbai and Kolkata in search of work. Staying connected with their hometowns used to be a challenge as many geographical restrictions meant there was very limited access to phone lines. Now however, people are connected through mobile phones which allow the migrants to stay in touch with those at home.



As this chart shows, 42% of those who own a mobile phone in India are from 'Class C'. This represents a total of more than 33 million mobile phone owners within the TGI universe* in this class alone.

Not only can they speak to their families over the telephone more easily, they are now also able to visit more often. Previously, it would take several days to travel the vast distances cross-country by train. Instead, an increasing number of people are now able to fly to their hometowns in a matter of hours.

Further potential

These findings are even more impressive if the actual numbers of people in the country are considered. Even though consumption figures are increasing, there is still great potential for further growth. Looking ahead to 2040, India's working age population is predicted to stand at over 1bn people, according to a report by McKinsey. Comparatively, in the other BRICs markets, the same demographic will be 832m strong in China as a result of the 'one child policy'. In Brazil and Russia, the working age population is predicted to be 133m and 70m respectively. This presents huge opportunities for brand owners to prepare themselves for what is clearly set to be (and in many contexts already is) an extraordinary marketplace.

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