

# SPENDING HABITS








Despite an economic slowdown, Indian consumers with monthly incomes in excess of Rs10,000 are still not trading down on their favoured products, a study by media buying and planning agency Starcom MediaVest Group has found. The study, titled "How the Slowdown is Affecting Asian Consumers" and made available exclusively to Mint, also found that consumers in the country are cutting down on spending much like their counterparts elsewhere in Asia. The study analysed responses from consumers in seven countries that included China, Taiwan, Hong Kong, Singapore, Malaysia, Thailand and India. It surveyed a total of 2,627 respondents, out of which 400 were from India, 1,175 from China, 451 from Hong Kong and 601 from Taiwan. All the people surveyed earned more than Rs10,000 a month or its equivalent in different nations.

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## Contrasting behaviour

During a slowdown, the three most common approaches consumers use are cutting expenditure, saving and so-called buying smart. Consumers from all seven countries said they are contracting spending, but surprisingly, India ranked the lowest in savings and when it came to buying cheaper variants of their favoured products, termed "buying smart" in the study. The study also said consumers at the bottom of the spending pyramid in India were relatively more insulated from the slowdown than the more affluent families. In contrast, Chinese city consumers, who typically earn more than their rural counterparts, felt more insulated. Indians, however, remained comparatively optimistic. As many as 42% of the Indians said they would not compromise on snacks and would still buy them at regular prices. This compares with only 18% of the consumers in Malaysia and 12% in Hong Kong. Similarly, 49% of Indians would not compromise on personal care products and continued to buy them at regular prices.

Figures in %

	 China	 Taiwan	 Hong Kong	 India	 Singapore	 Malaysia	 Thailand
Cut spend	60	67	57	63	66	74	77
Buy smart	55	51	48	32	44	51	53
Saving	66	77	76	46	40	51	68

## Media consumption

The study found that during the slowdown, fear of unemployment and failure heightened risk perception of consumers, leading to an increased use of media for information and networking. Consumers in India, Singapore and Malaysia read more newspapers after the slowdown compared with all other Asian markets in the study. But when it came to staying home more than usual, or even watching movies at home, Indians didn't alter their routines as much as people from other countries. More people in China and Taiwan stayed at home. The study noted that across Asian markets and cities, the Internet benefited the most from higher use and a rise in the variety of online activity. In India, 29% began spending more time online than before the slowdown, while 23% spent more time on social and business networking websites. They, however, remained conservative on online purchases.

Figures in %

I do more of this today... compared to before the slowdown	China	Taiwan	Hong Kong	India	Singapore	Malaysia	Thailand
Stay home more than usual	65	79	67	27	39	44	53
Spend time online	37	40	37	29	28	37	28
Watch movies at home	26	28	26	25	25	27	30
Watch TV	23	25	30	23	20	21	24
Spend time on my mobile	14	6	11	16	10	11	6
Listen to radio	14	12	16	19	12	19	9
Read newspaper (paid)	19	13	10	31	21	23	13
Read magazine	13	12	19	23	12	15	9
Look through newspapers for deals	35	41	35	29	33	37	48
Look for sales/deal in store	39	42	33	27	34	38	55
Cut out/save coupons	41	50	40	25	26	30	52

## Internet trends

I do more of this today... compared to before the slowdown

Spend time online	37	40	37	29	28	37	28
Conduct price comparisons online	49	50	41	27	27	30	28
Download/stream videos	24	25	24	17	17	23	16
Participate in online contests	17	17	17	19	19	22	10
Social/business networking online	21	16	19	23	17	27	14
Subscribe to e-newsletters	18	21	12	18	12	13	20
Blogging	18	21	12	18	12	13	20
Purchase online vs in store	40	38	20	13	12	11	21

## Education, healthcare and food

Education emerged as the top category that saw increased spending during the slowdown. Consumers identified education, healthcare and food as the three non-negotiable investments in a family's future. Most markets in Asia actually showed an increase in spending in these categories.

Source: Starcom MediaVest