



KANTAR

THE AFFORDABILITY CONUNDRUM

More than just a price point

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Aspirational products continue to do well across categories

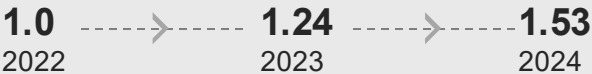
Premium FMCG growing
while overall FMCG is slowing down



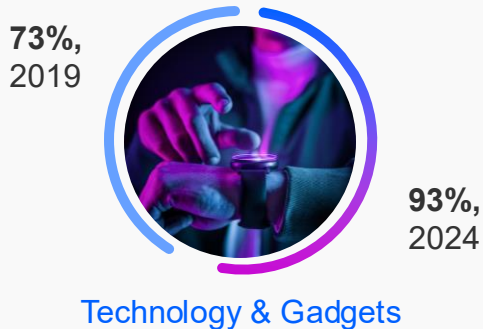
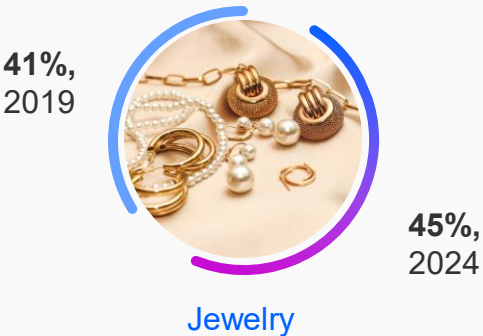
Prem. Cat. Vol. Index CAGR: 16%
FMCG Vol. CAGR 22-24: 5.6%



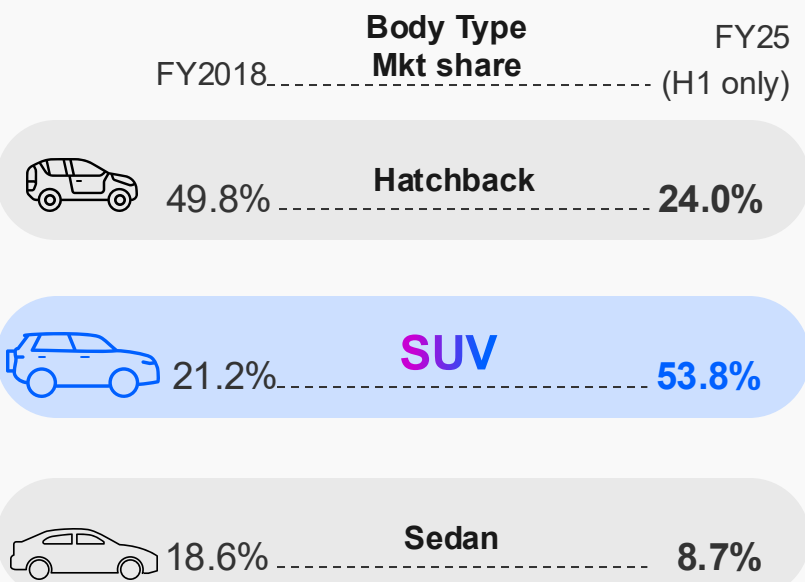
Prem. Cat. Vol. Index CAGR: 124%
FMCG Vol. CAGR 22-24: 9%



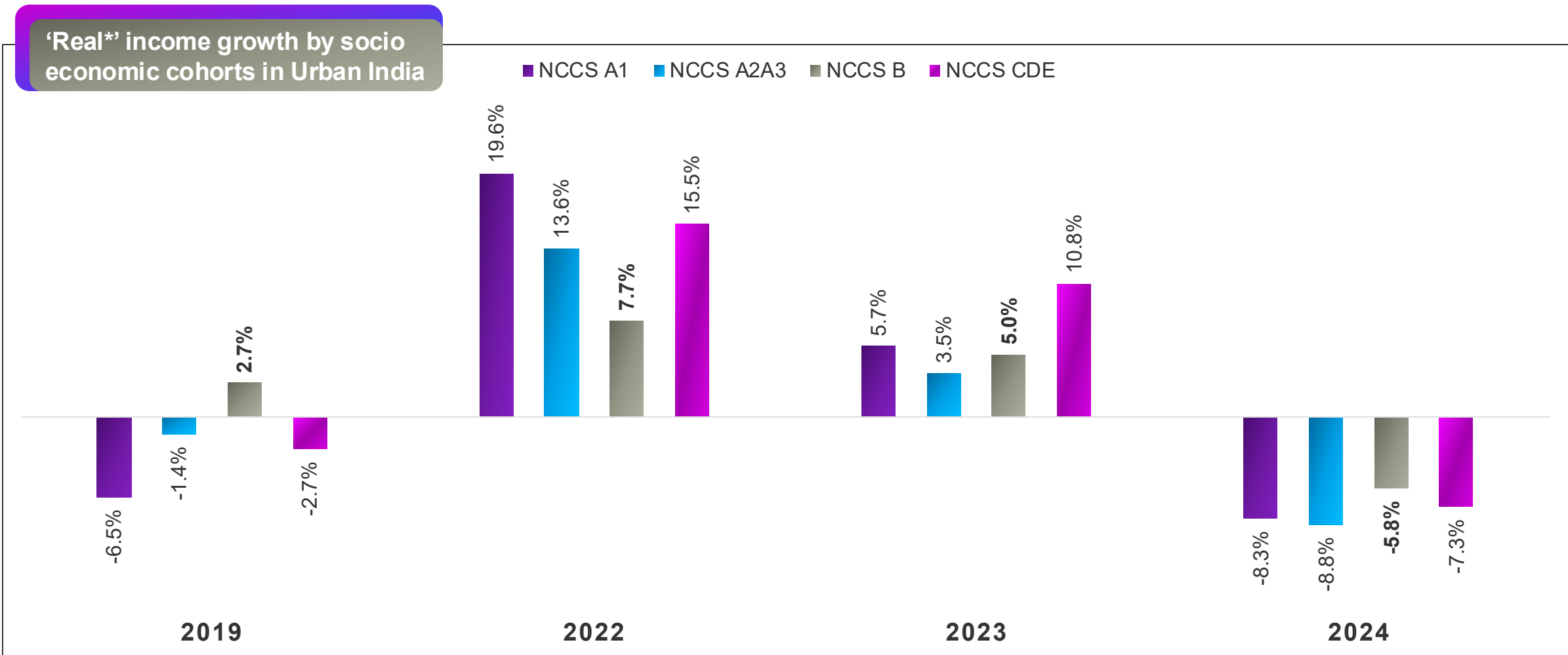
Lifestyle categories are **extending reach**



SUVs are fastest growing car segment,
driving average entry price point up



Though income is not growing at the same pace as expectations



Aspiration is hard-wired

Aspiration
for better life and experiences



Digitization
821 Mn users | All on mobile |
172 Bn digital transactions



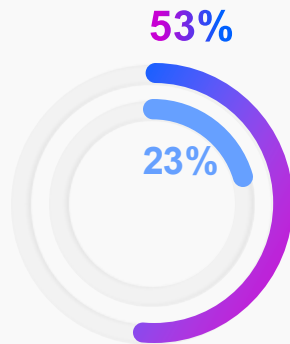
Opportunity
Making most of every
chance, every turn

National Pride
Not a 'lesser' nation

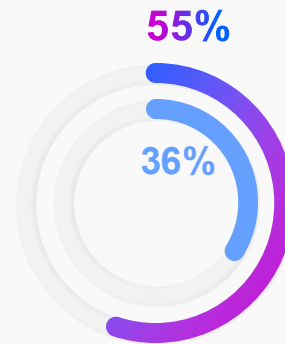
Growth of Premium products, both for badge value and the quality assurance

Brand names, luxury goods, and exclusivity carry value

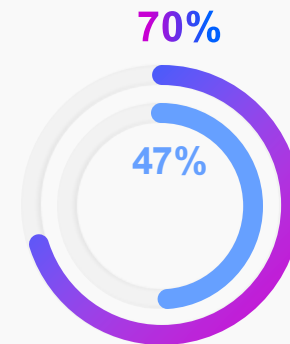
(% consumers who strongly / slightly agree | Source: Kantar Global Monitor 2023)



I am always looking for more luxury, even in everyday products



I like products that few people have and are not easy to get

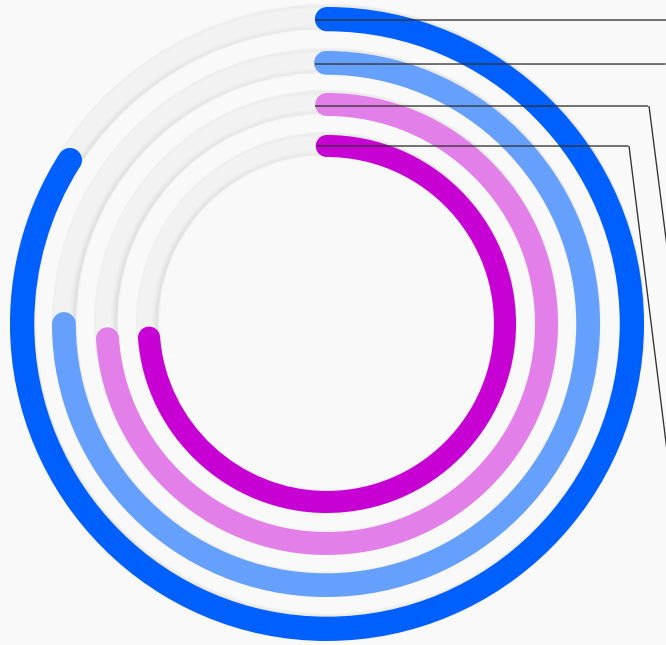


It's best to buy famous brands because you can rely on their quality

● Global ● India

There are new claimants for mind space

and not just products....



53%

Travel outside your country on vacation



75%

Spend money on personal hobbies/special interests



73%

Spurge on out-of-home leisure activities with family/friends



73%

Treat yourself to small indulgences

Memorable experiences

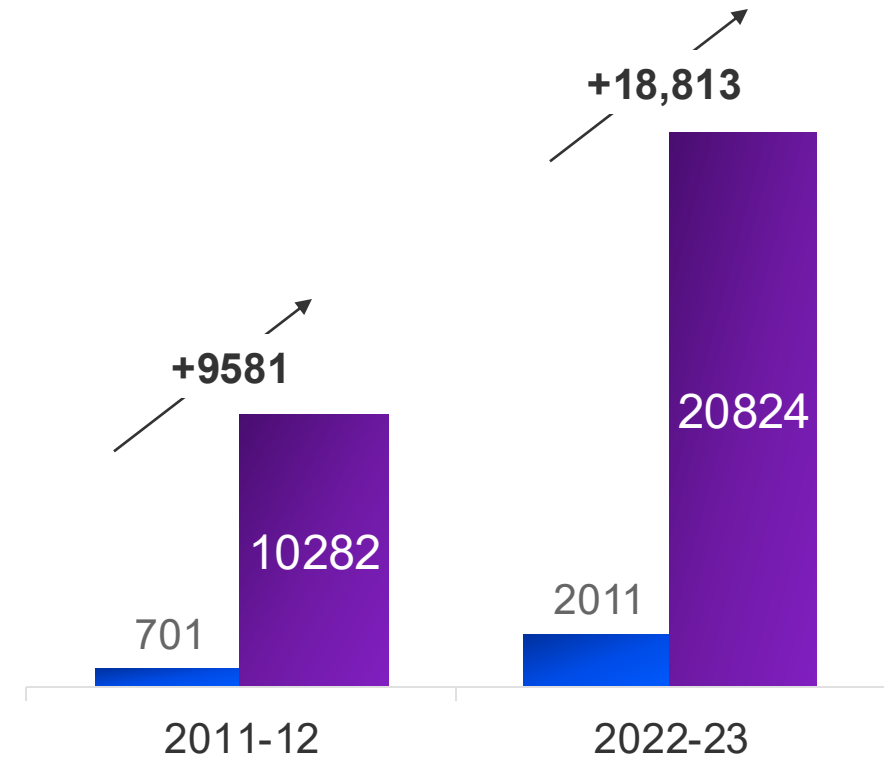
User generated content and active social media presence has expanded the scope of 'experience'



...the gaps between top and bottom are growing at present



Average Monthly per capita expenditure in INR: Urban



And there is growth at both ends of the spectrum



...resulting in a series of **tradeoffs**



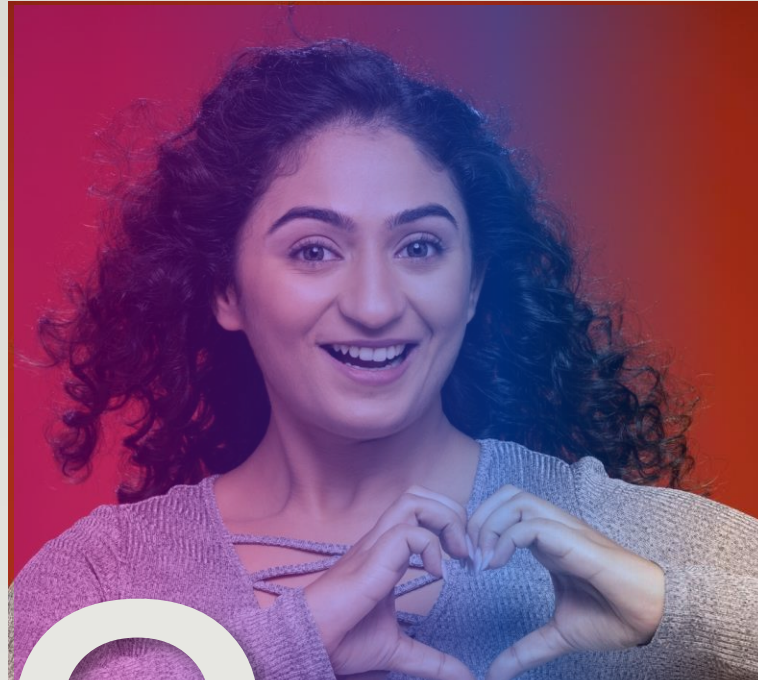
Affordability is NOT a price point.

Affordability is...



1

About
TRADEOFFS



2

About
BRAND EQUITY



3

About
VALUE LADDER



Trade Offs

Consumers with limited spending power
make tradeoffs in three ways:

1. Move to **SKUs/ Offers** with better price-value equation
2. Move to **BRANDS** that help them stay with a price-point
3. Move to **CATEGORIES** with greater relevance and aspiration

Accessibility – right SKU-price combo – drives growth only if the brand and category stay relevant

CASE 1: Premium Beverage Brand

- Category leader has imbued category with and leveraged premium, aspirational value
- Launched LUPs to make the category and brand accessible, affordable and grow penetration

CASE 2: Nutrition brand

- While sachets boosted penetration, the consumption plateaued
- because category relevance is its biggest barrier and importance of relevance in growth has only increased over time

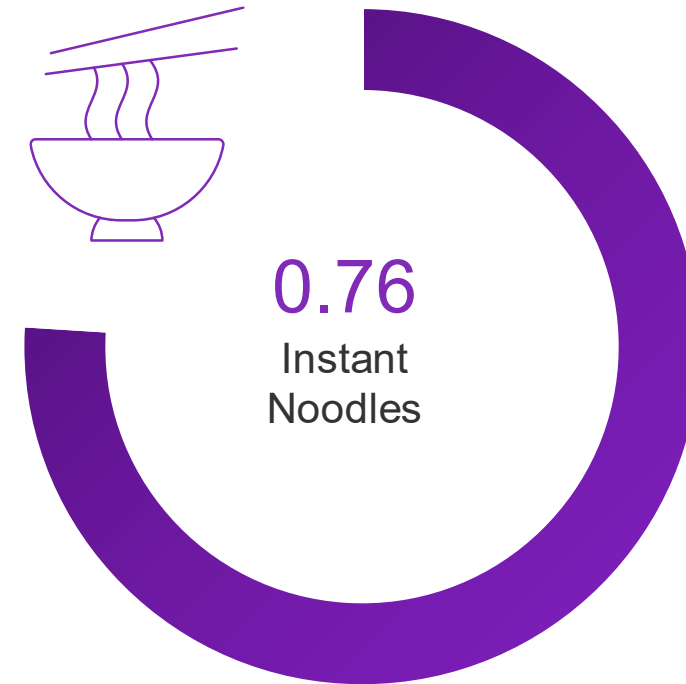
Top barriers

- 1 Lack of clarity about benefits
- 2 Better substitutes like home cooked options
- 3 Price

For strong brands, consumers are often willing to pay more in case of price increase – imbuing them with greater pricing power...

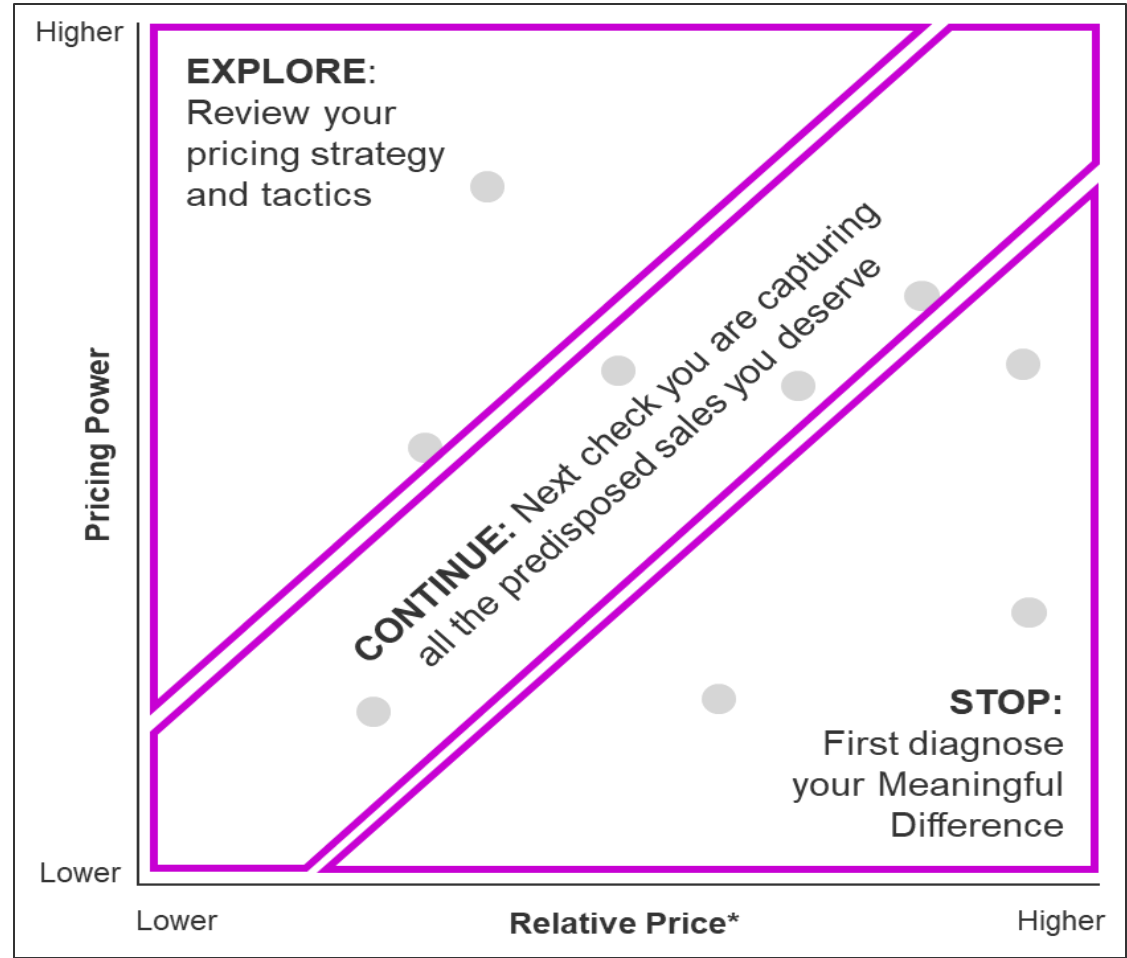
Correlation between Price elasticity and Demand Power

(higher the correlation, the more is the brand's ability to charge premium is linked with its Demand Power)



Knowing your pricing power implies

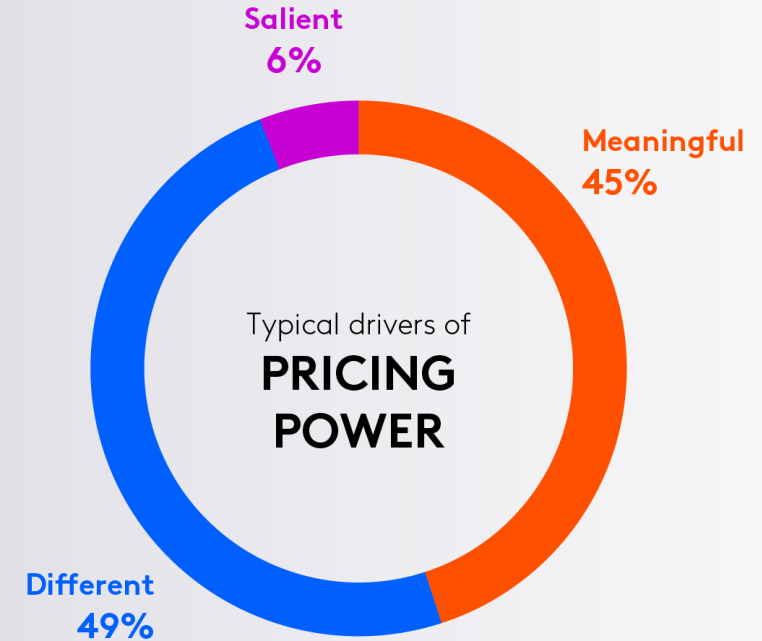
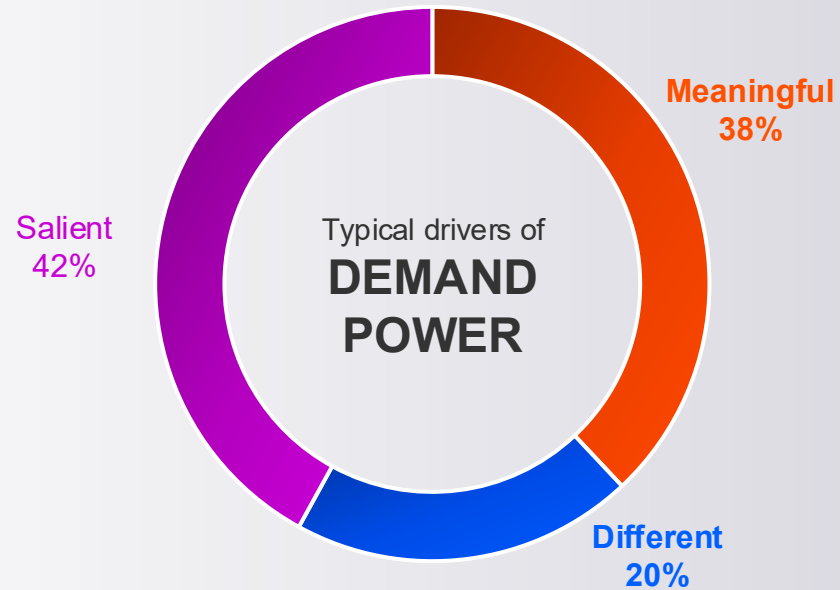
you will not leave value on the table



**“Price is what you pay.
Value is what you get.”**

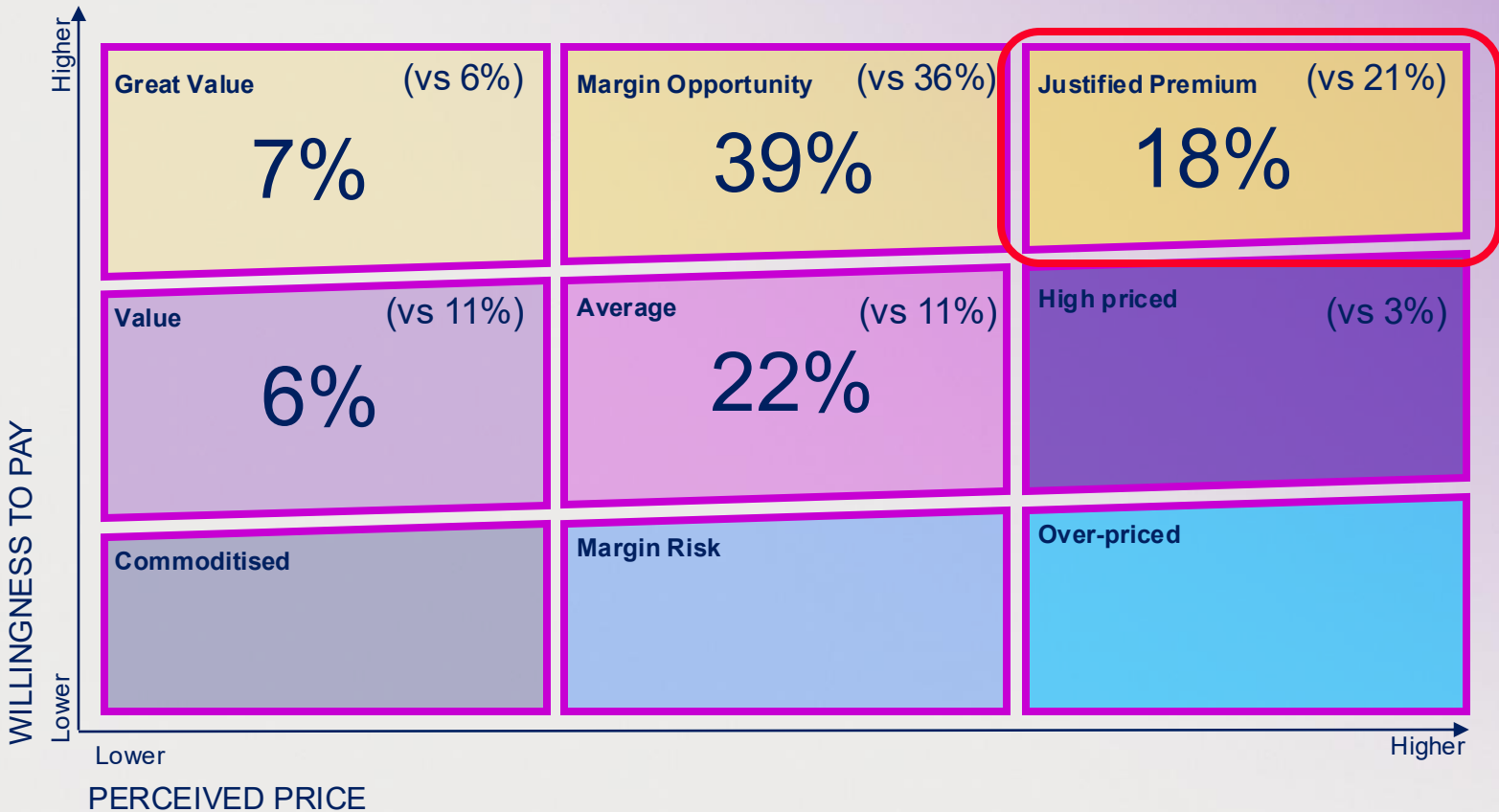
- Warren Buffet

Difference is the biggest driver of pricing power



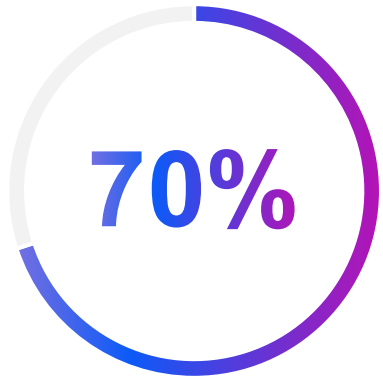
FEWER Indian brands have successfully justified premium prices

>



Numbers in bracket for India Top 75 2023

Brands that underpin **MEANINGFUL DIFFERENCE WITH INNOVATION** are able to charge more and grow value faster



of most valuable brands in
India exhibit innovative
behaviours to be
meaningfully different

1.4X

and with 1.4X higher
value growth rate vs.
those who do not



Brands in automotive were forced to innovate to grow



Royal Enfield future proofs growth with innovation

- Royal Enfield boasts a robust and innovative product lineup with new releases such as the Bullet 350, Himalayan 450, and Shotgun 650. Indian consumers value the brand for its market disruption, unique design, specialized products, and distinct identity.

Brand Value: \$1,817

(+24% growth vs 2023)

Top 75 Rank 2024 #66

Meaningful Index: 153

Different Index: 134



Tata Motors used innovation (EVs) to strengthen their brand equity, grow and premiumize

Growth for Tata Motors – 2024 vs. 2021



Brand equity

Pricing Power

13%

8%



1

—Strong brands
have greater
**PRICING
POWER**

2

—Difference is the
biggest driver of
PRICING POWER
and hence
**PREMIUMIZATION
POTENTIAL**

3

—Increasingly fewer
brands are able to
justify **PRICE
PREMIUM**

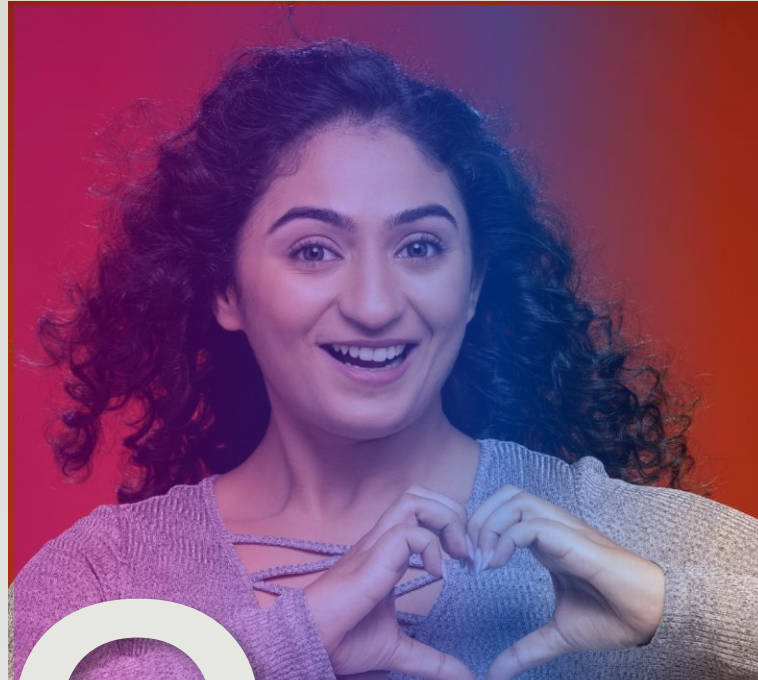
4

—Successful brands
do it through
INNOVATION

Affordability is about VALUE LADDER



**About
TRADEOFFS**



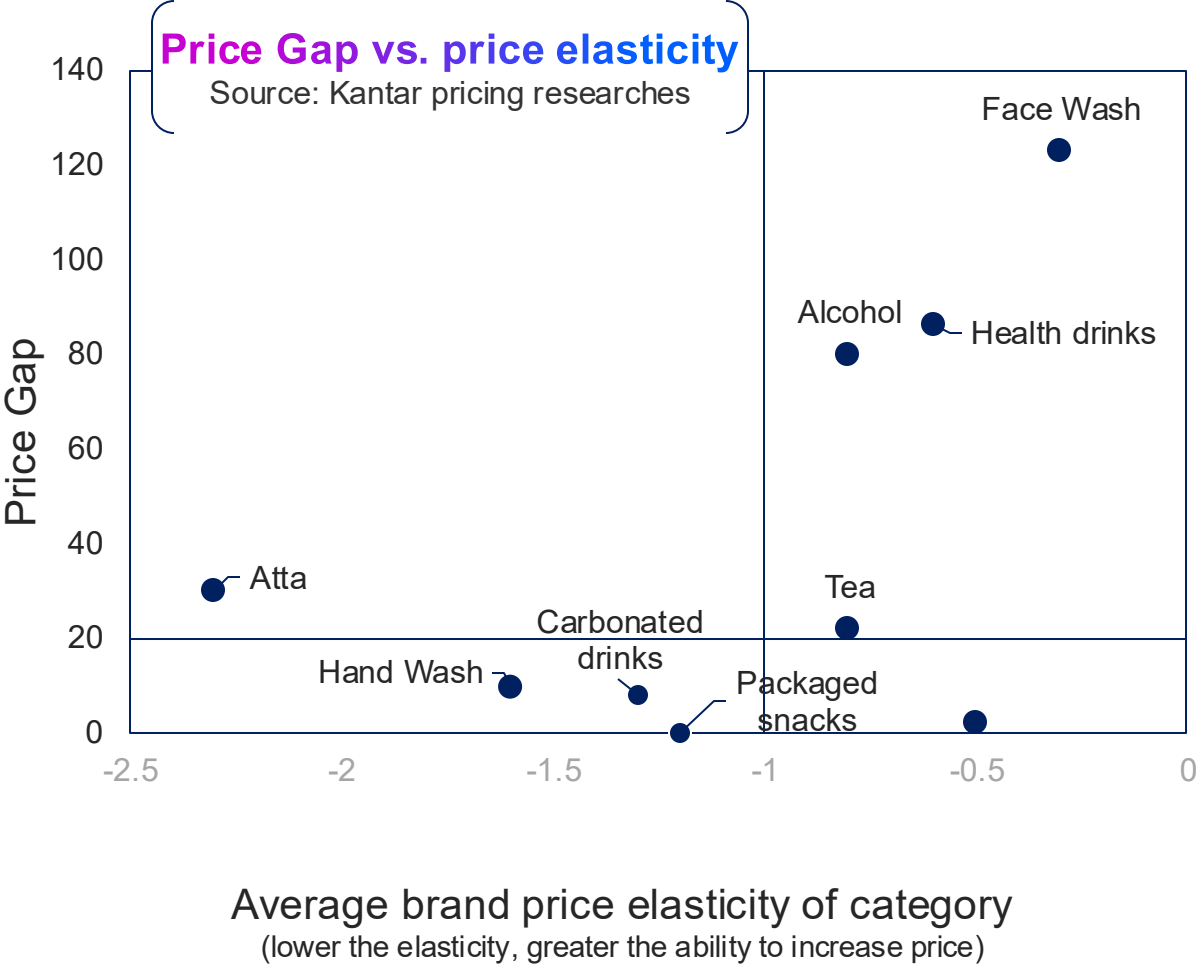
**About
BRAND EQUITY**



**About
VALUE LADDER**

Clearly defined value ladder helps people stay within the brand

Establishing a strong value hierarchy, allows brands to leverage the price differential.



In sum

Affordability is not just about a price point. It is driven and impacted by:

1

Consumer tradeoffs on every purchase occasion and in context. Pushing LUPs works only if there is an aspiration and relevance for the category and brand.

2

A strong brand has strong Pricing power and Pricing Power in turn is driven by being perceived more different.

3

Portfolio must have a value hierarchy to leverage its full pricing potential

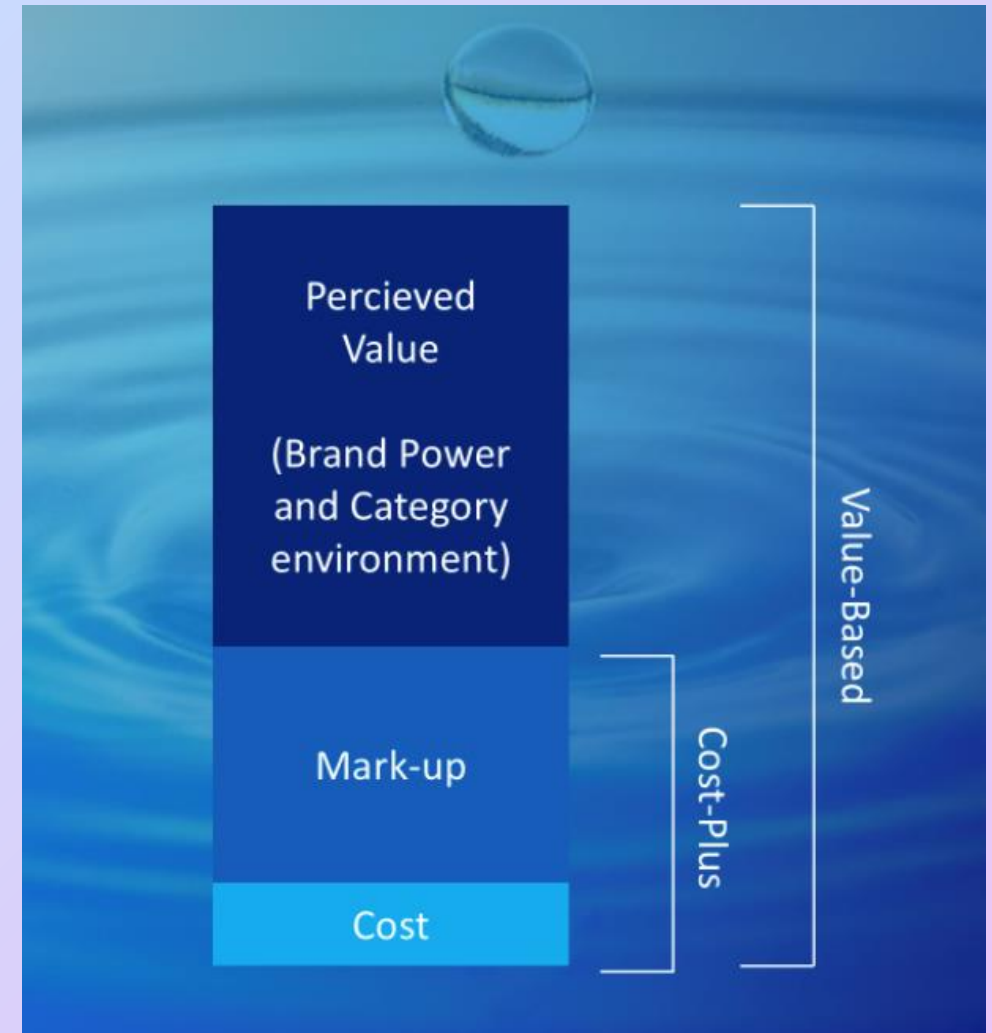
What can and should YOU do?



ESTIMATE AND TRACK YOUR BRAND'S PRICING POWER

among consumers

Is your brand's value greater or lesser than its price?



Use consumer insights to **TRANSLATE PRICING POWER** into actual revenue growth with **OPTIMIZED PORTFOLIO PRICE ARCHITECTURE**



Thank you