



# India's changing discretionary spending: Key insights for brands

February 2025



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# Foreword Deloitte



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India stands at the cusp of a consumer revolution. With rising incomes, rapid urbanisation and a tech-savvy, aspirational population, the country is emerging as one of the world's most dynamic consumption markets. As discretionary spending accelerates (private consumption currently growing at 7.3 percent for FY 24 and per capita income surpassing US\$2,600 by FY 2025),<sup>1</sup> evolving consumer preferences are reshaping industries and redefining the competitive landscape. By FY 2030, discretionary spending is expected to register an 8.7 percent CAGR, with urban spending growing at 8.4 percent and rural spending posting a CAGR of 9.1 percent.

This report explores the key forces driving India's consumption story – from the growing affluence of middle-high-income households to the increasing influence of Gen Z and millennials (expected to reach 50 percent of the population by 2030).<sup>2</sup> It examines the transformation of retail, the surge in premiumisation, the expansion of credit access (expected to grow 3X during 2024–2030), and the evolution of experience-led consumption across sectors. By analysing shifts in household expenditure patterns, the rapid adoption of digital commerce and the expansion of organised retail (growing at a 10 percent CAGR and expected to reach US\$230 billion by 2030), the report provides a forward-looking perspective on where the market is headed.

The report analyses key sectors to show how rising discretionary spending transforms them. From apparel, footwear, health, wellness and fitness to home and household items, gems

and jewellery, consumer durables and food/food services, each category is experiencing significant change driven by evolving consumer aspirations, digital acceleration and increased brand awareness. The report also examines the specific drivers influencing these sectors, such as the premiumisation of everyday products, the growing demand for personalised experiences or the rise of sustainability-driven consumption. Additionally, it explores how these trends will likely shape each sector's future trajectory, offering insights into emerging opportunities and potential challenges.

The implications for businesses are clear – success in this new era will require agility, innovation and a deep understanding of India's diverse consumer base. Brands must rethink their value propositions, embrace asset-lite models and harness technology to create meaningful consumer connections. Those anticipating and adapting to these shifts will be best positioned to thrive in India's evolving retail landscape.

Explore this report to gain a deeper understanding of the opportunities shaping India's retail landscape. As consumer preferences evolve and new business models emerge, this is a moment to reimagine strategies, embrace innovation and build stronger connections with India's next generation of shoppers. May this report serve as a catalyst for bold ideas, informed decisions and sustainable growth in the years ahead.

<sup>1</sup><https://www.reuters.com/world/india/india-forecasts-202425-economic-growth-64-government-statement-2025-01-07>

<sup>2</sup><https://nasscom.in/knowledge-center/publications/gen-z-and-millennials-reshaping-future-workforce>

# Foreword RAI



**Kumar Rajagopalan**  
CEO, Retailers Association of  
India (RAI)

India's retail landscape is evolving rapidly, shaped by rising incomes, expanding credit access and the growing influence of young consumers. As discretionary spending rises, brands have an unparalleled opportunity to engage with an increasingly aspirational and digitally connected consumer base.

The Retailers Association of India (RAI) has been collaborating with Deloitte for years to decode these shifts and help businesses navigate the changing market. This year's report, India's changing discretionary spending: Key insights for brands, highlights key trends that will define the future of retail – from premiumisation and experience-driven consumption to the rise of new commerce models.

For retailers, the challenge is twofold: understanding the evolving consumer mindset and aligning strategies to meet these new expectations. Organised retail is gaining momentum, digital adoption is accelerating and purpose-driven choices are becoming mainstream. As the sector adapts, brands that stay ahead of these trends will thrive.

This report serves as a valuable resource for retail leaders looking to tap into India's next phase of consumption growth. We hope these insights will enable businesses to craft strategies that resonate with today's consumers while driving sustainable and profitable growth.



# Introduction and consumer spending behaviour in India

## Introduction

India's consumer market is on the brink of a significant transformation, driven by rising incomes and evolving spending patterns. With per capita income surpassing US\$2600 (FY2025)—a threshold historically linked to a surge in discretionary spending—India is poised for accelerated consumption growth across multiple categories. By 2030, the per capita income is expected to exceed US\$4,000,<sup>1</sup> further boosting demand for premium goods and services. India's GDP is projected to grow at an 11 percent CAGR, reaching US\$7.3 trillion by FY2030, with domestic consumption powering 60 percent of the economy. On course to be the world's third-largest consumer market by 2026, India is well-positioned to reap the benefits of a demographic dividend. Surpassing Germany, India's private consumption has almost doubled to US\$2.1 trillion in 2024 from US\$1 trillion in 2013, and during 2013–23, India's consumption grew at 7.2 percent CAGR, faster than China, the US and Germany.<sup>2&3</sup>

Global trends suggest that as incomes rise, discretionary spending on automobiles, travel and lifestyle products

experiences exponential growth. A decline in household savings, from 20.1 percent of GDP in the pre-pandemic decade to 18.4 percent in FY2023, further signals an increasing willingness to spend, reinforcing India's position as a key driver of global consumption.<sup>4</sup>

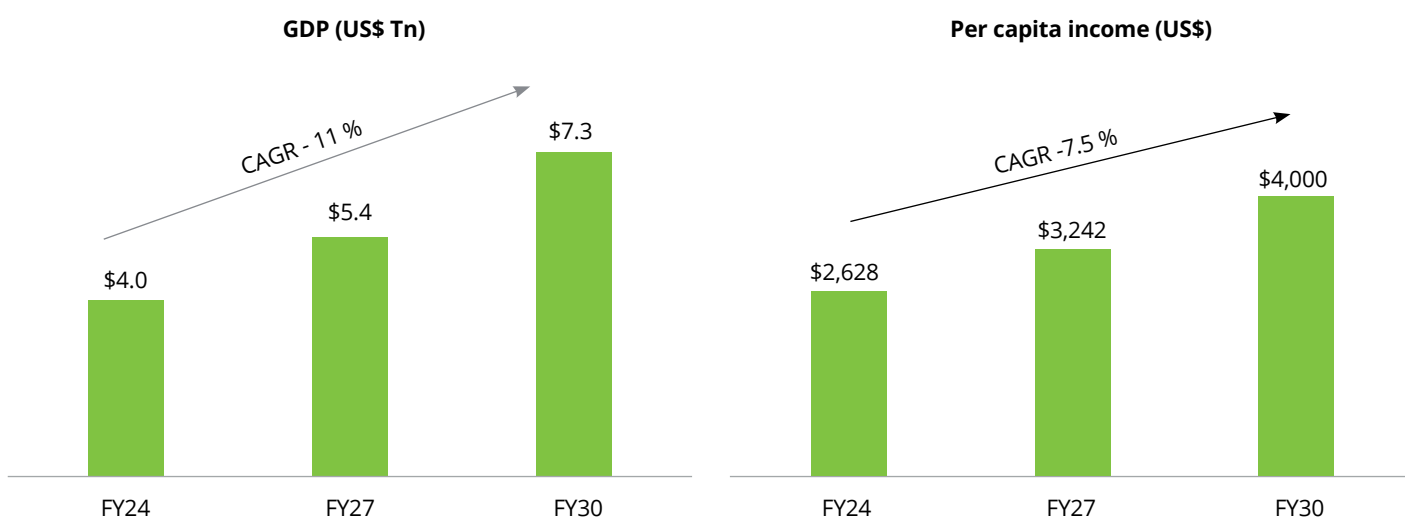
Despite this potential, discretionary category penetration in India remains significantly lower than in developed markets, highlighting vast untapped opportunities. Car ownership in India is just 57 per 1,000 people, compared with 850+ in the US<sup>5</sup>; India's international air travel penetration is very low—around 0.13 seats per person, compared with roughly 3.11 in Australia and 3.03 in the US<sup>6</sup>.

Modern retail contributes only 12 percent of total sales, compared with more than 80 percent in developed economies. Similarly, credit card penetration remains at 5 percent, compared with over 65 percent in mature markets, reflecting the early-stage nature of India's consumer credit landscape.<sup>5, 6, 7 & 8.</sup>

## Key consumption trends and growth drivers

Discretionary consumption in India is accelerated by several factors, such as income growth, India's demographic dividend and changing consumption behaviour supported by greater access to credit.

### Rising disposable income



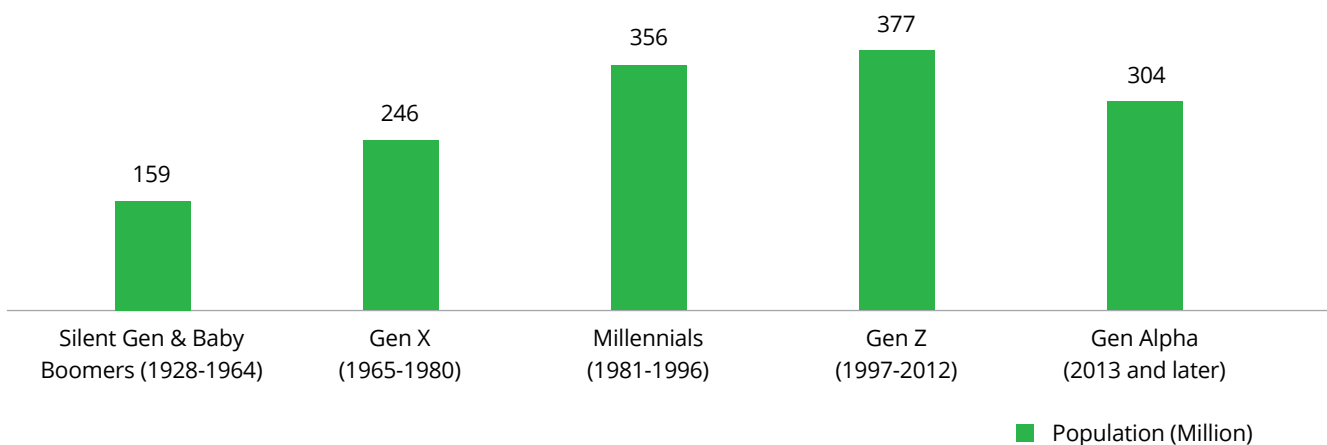
Source: Deloitte Analysis, National Statistical Office (NSO)

With GDP expected to grow at 11 percent CAGR and GDP per capita expected to grow at 7.5 percent CAGR during FY2024–2030, this strong upward trend in purchasing power creates a favourable environment for consumer-driven growth.<sup>9</sup>

Additionally, about 4 percent of the working-age population, or 60 million Indians, earned more than US\$10,000 annually in 2024—a notable rise from 24 million in 2015.<sup>10</sup> This figure is expected to reach 100 million by 2027 and 165 million by 2030.<sup>11</sup> As income rises, premium products will become more affordable for consumers, resulting in a shift towards higher discretionary spending.

### Gen Z's growing influence

India's population split across generations in 2024

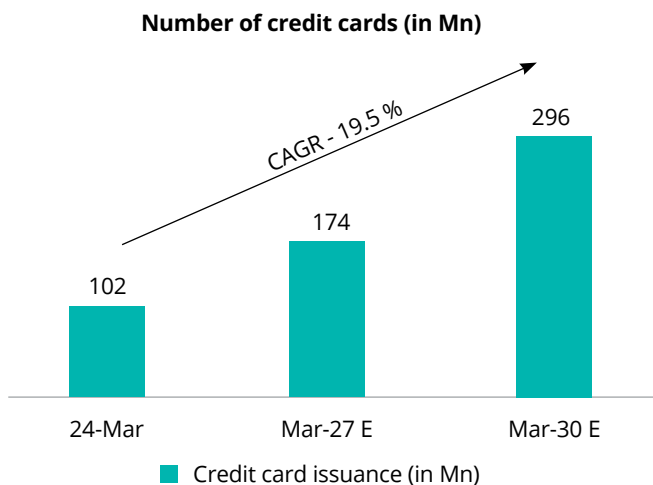


Source: Deloitte Analysis, Secondary research<sup>20</sup>

India's 733 million Gen Z and millennials—the world's largest cohort—drive discretionary spending with their tech-savviness, global trend adoption and rising purchasing power. Social media fuels awareness, while e-commerce expands brand access across India, including smaller towns. Gen Z shows high

transaction frequency in food, beverages, retail and hospitality, favouring experiences and frequent indulgences. Their dominance (projected at 50 percent by 2030) ensures continued influence on consumption, surpassing the global average of 46 percent.<sup>12</sup>

### Expansion of credit access



Source: Deloitte Analysis, Secondary research<sup>20</sup>

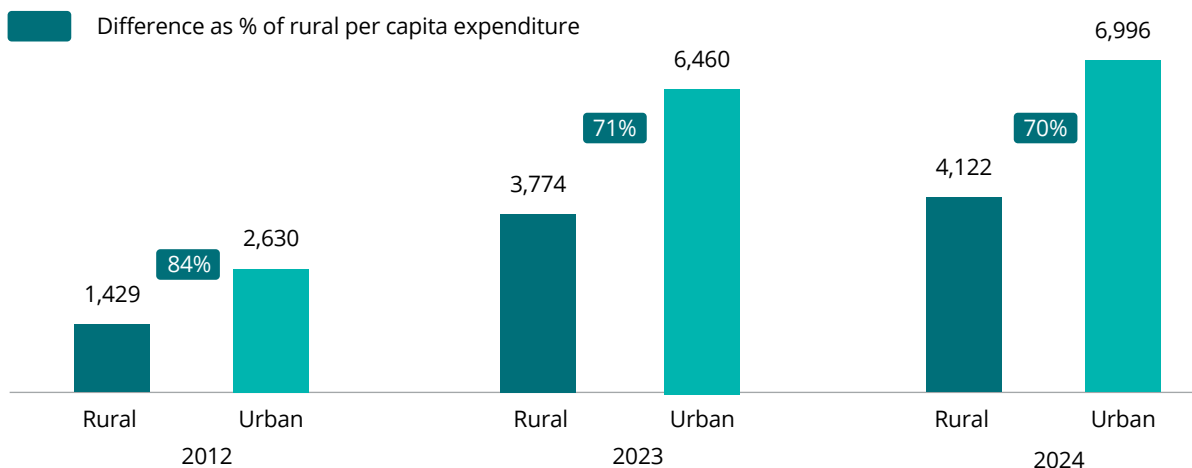
India's credit card market is expected to triple from 102 million in 2024 to 296 million by 2030, driven by digital adoption and financial inclusion. India to experience a threefold jump in credit card spending by FY2030.<sup>13</sup>

India's credit card spending is expected to triple by FY2030, with transactions rising from 3.6 billion to 7.7 billion and total value surging from INR18.3 trillion to INR58 trillion. The **average ticket size** will also increase from **INR5,142 to INR7,527**.

The growth is attributed to the broader adoption of credit cards and their integration with UPI transactions.<sup>14</sup> Other key growth drivers include the entry of new issuers, which enhances competition and expands market reach. With external partners, banks offer special deals catering to customer preferences.

## Current discretionary spending behaviour in India

Monthly per capita expenditure trend across India (INR)



Source: Deloitte analysis, National Statistics Office (NSO)

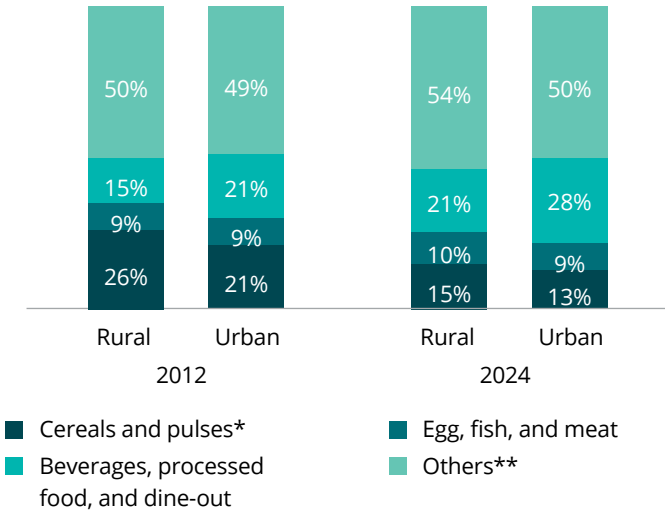
According to the Household Expenditure Consumption Survey, household expenditures in rural and urban India grew at a 9.23–8.49 percent CAGR from 2012 to 2024. Additionally, the consumption survey shows a narrowing rural-urban consumption gap, as the difference between rural and urban expenditures as a percentage of rural has decreased from 84 percent to 69.7 percent from 2012 to 2024.<sup>15, 16</sup>

The survey also indicates that households allocate a decreasing share of their total expenditure to food items. Per capita, the share of expenses on food items has fallen from ~60 percent and ~48 percent in rural and urban India, respectively, to ~47 percent and 40 percent between 2012 and 2024.

India's household expenditure has evolved significantly over the past decade, driven by rising incomes and improved living standards. From 2012 to 2023, rural MPCE surged 2.6x from INR1,430 to INR3,773, enabling a shift beyond necessities. Rural diets have diversified, with higher spending on milk (7.22 percent of MPCE), beverages and processed foods (10.64 percent) and fruits and vegetables (3.8 percent). Urban households continue to lead in discretionary spending, but rural consumers rapidly increase non-food expenditures on technology, services and lifestyle products. This transformation is fuelled by higher incomes, infrastructure growth and evolving consumption patterns, narrowing the rural-urban divide.<sup>17</sup>

**Shifting consumption patterns in India have led to rising discretionary spending and evolving priorities**

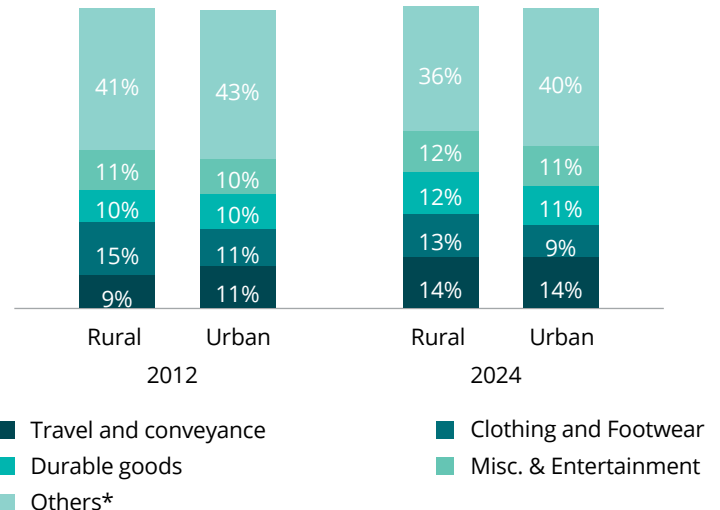
Percentage spend on food expenditure (2012-2024)



\*Includes cereal substitutes and pulse-products  
 \*\*Includes dairy, oil, fruits & vegetables, sugar, salt, and spices

Source: Deloitte analysis, National Statistics Office (NSO)

Percentage spend on non-food expenditure (2012-2024)



\*Includes education, alcohol & tobacco, consumer services, fuel, and rent

Source: Deloitte analysis, National Statistics Office (NSO)

Between 2012 and 2024, India's consumption patterns have undergone significant shifts, with a marked evolution in discretionary spending among rural and urban households. Notably, expenditure on essential items such as cereals has decreased dramatically, from 21–26 percent of food-related spending in 2012 to just 13–15 percent in 2024. This decline has been accompanied by a notable increase in spending on protein-rich foods such as eggs, fish and meat, alongside processed foods, dining out and ordering in. Together, these categories now account for 31–37 percent of food-related expenditure, up from 24–30 percent in 2012. Packaged food has seen the highest growth, posting a CAGR of ~15 percent, while spending on eggs, fish and meat has witnessed approximately 12 percent CAGR.<sup>18</sup>

The shift towards beverages, processed foods and ready-to-eat meals reflects India's growing urbanisation, global influences and rising incomes. As economic well-being improves, households spend more on convenience and premium options, signalling a move beyond essential sustenance consumption towards a more leisure-driven, diversified diet. Urban households increasingly adopt a lifestyle prioritising convenience, with packaged food and ready-to-eat meals becoming integral to daily life.

In terms of overall spending, discretionary categories have seen strong growth, with notable increases in durable goods, transport, rent, education, clothing, footwear and entertainment. Both rural and urban households have shifted a significant portion of their spending towards these areas

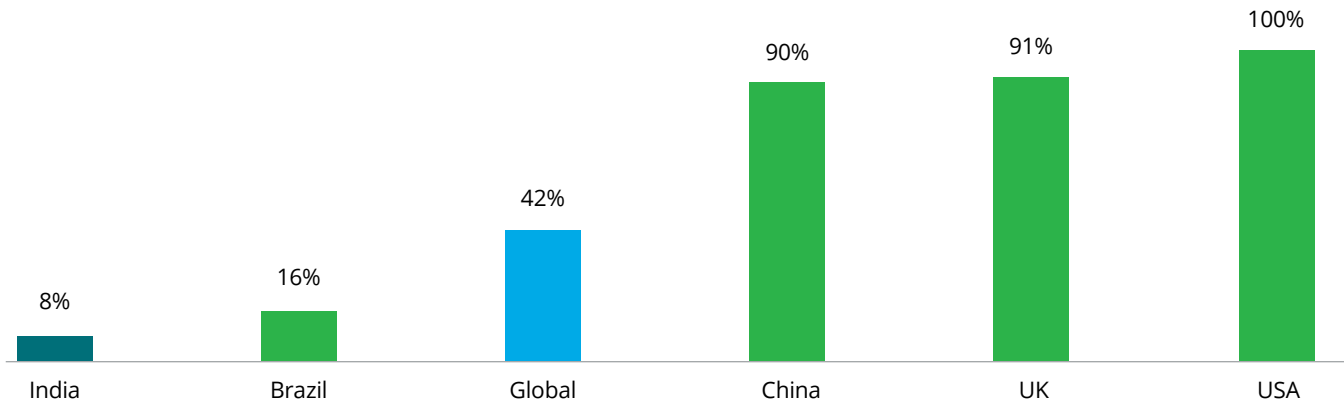
Rural households are now allocating more to conveyance (14 percent), medical expenses (13 percent) and clothing (13 percent), while urban households are spending more on conveyance (14 percent), entertainment (11 percent) and durable goods (11 percent).

The higher spending on durable goods points to a collective desire for technological upgrades and comfort, while the rising expenditure on entertainment highlights the growing importance of leisure activities. The increase in conveyance spending reflects a more mobile workforce, as people invest more in leisure travel and seek better employment opportunities. Despite strong growth in discretionary spending, these categories remain underpenetrated compared with other countries, underlining the potential for further expansion as India's middle class grows.

This evolution of spending habits marks a clear shift towards higher discretionary expenditure, particularly in urban areas, where convenience, entertainment and comfort are becoming key drivers of consumption. However, rural households are also gradually embracing these changes, reflecting a broader trend towards more diversified and higher-value spending.

For example, the household penetration rate for air conditioners is currently only 8 percent, compared with the global average of 42 percent.<sup>19</sup> Similarly, private car penetration stands at 6.7 percent of Indian households.<sup>20</sup> In categories such as dining out, the average frequency in India is 5 times a month, much lower than that of China and the US at 25–30 times a month.<sup>21</sup>

AC penetration in households



Source: Aditya Birla

Future outlook of discretionary expenditure in India

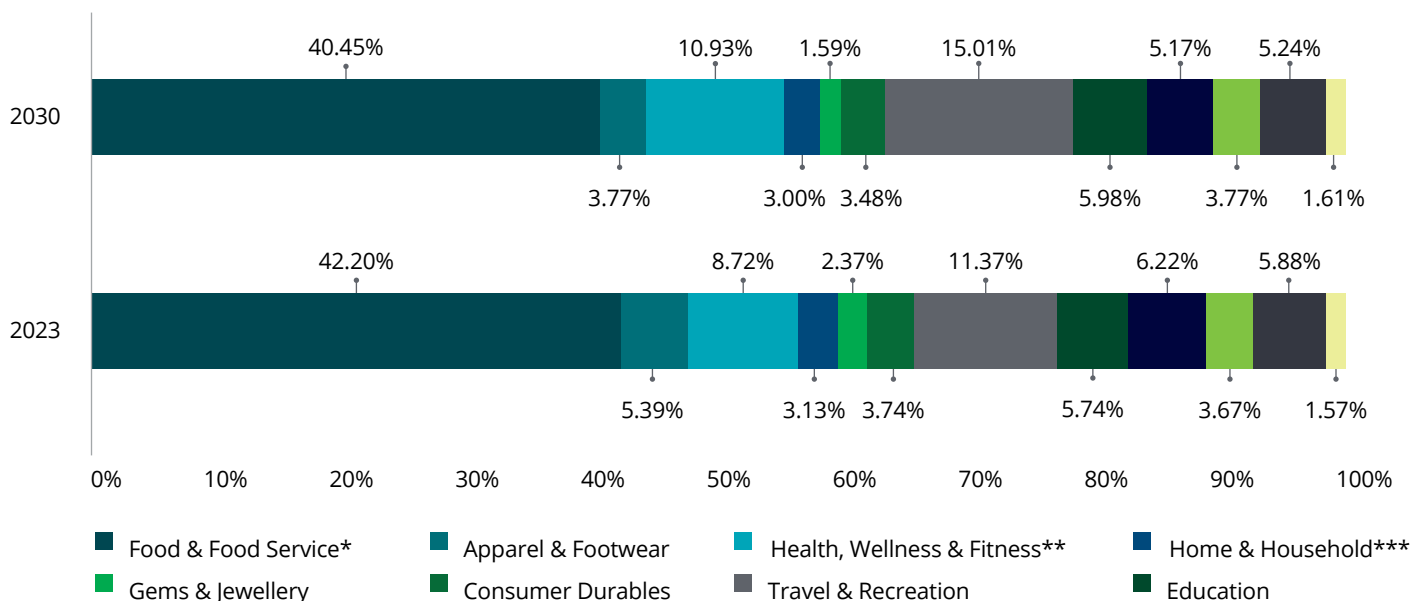
Rural spending is expected to increasingly align with urban trends, with a slight reduction in food expenditure and a shift towards processed foods, dining out and entertainment. By 2030, food spending in rural households is expected to decrease from ~51 percent to ~49 percent, while for urban households is expected to see a decline from ~42 percent to ~40 percent. Packaged food and dining out are expected to see increased allocation, rising from 9.4 percent to 11.3 percent in rural areas and 10.6 percent to 12.3 percent in urban areas.<sup>22</sup>

Spending on consumer electronics and appliances is expected to grow as aspirational users gain access to financing options.

Travel and conveyance spending is expected to rise, supported by higher incomes from the growing service sector and improved infrastructure. Medical expenses are also likely to increase as health-conscious consumers invest in healthtech and nutrition supplements.

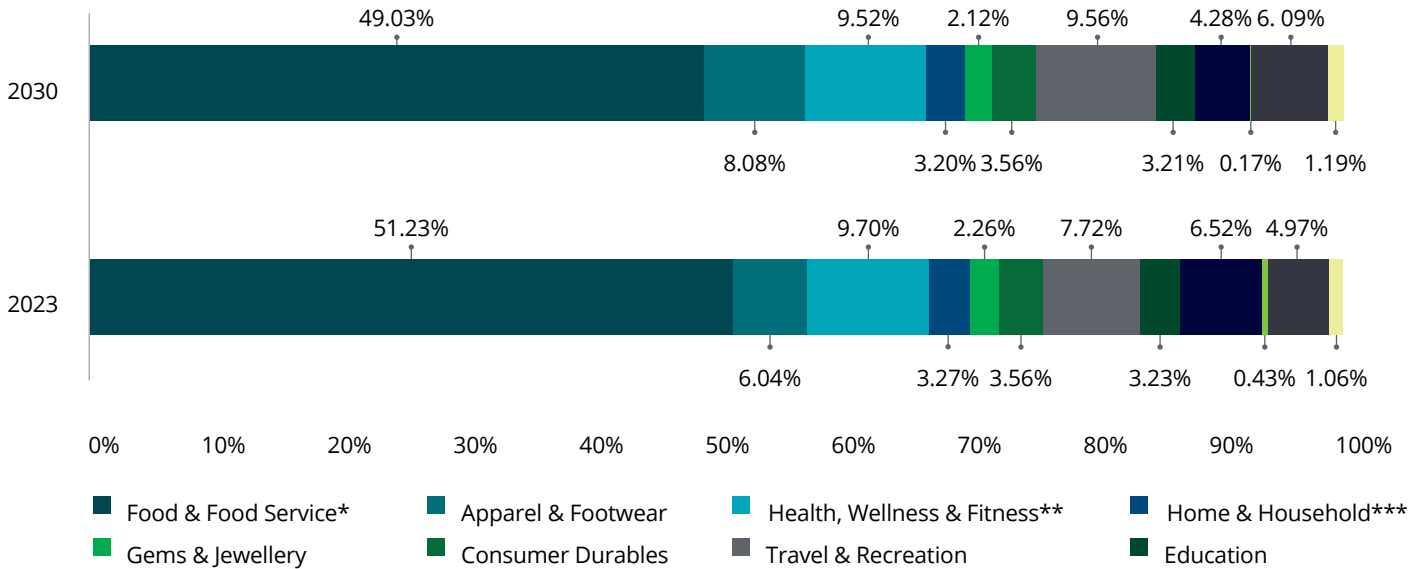
In summary, discretionary spending in India is expected to continue growing, particularly in consumer electronics, entertainment, travel and health. These sectors are driven by rising incomes, urbanisation and greater access to credit.

Discretionary percentage share forecast in urban households (2023-2030)



Source: Deloitte analysis, National Statistics Office

Discretionary percentage share forecast in rural households (2023-2030)



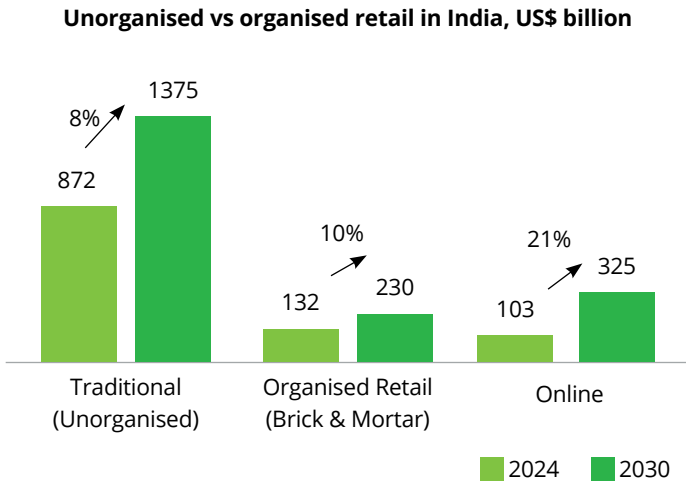
Source: Deloitte analysis, National Statistics Office

\* Includes food and staples, packaged food and dine-out, and alcohol and tobacco.  
 \*\*Includes medical, beauty and personal care.  
 \*\*\*Includes furniture, homeware, kitchenware, home safety, lighting and décor, etc.  
 \*\*\*\*Includes entertainment and other miscellaneous expenses,



# Overall shifts expected in the retail market in India

## Shift from unorganised to organised retail



Source: Deloitte Analysis, Secondary research

India's retail sector is undergoing a significant transformation, with a steady shift from unorganised to organised formats. While traditional (unorganised) retail remains dominant, growing from US\$872 billion in 2024 to US\$1375 billion by 2030 (8 percent CAGR), organised brick-and-mortar retail is expanding at a 10 percent CAGR, reaching US\$230 billion by 2030.

The most rapid growth is seen in online retail, which is set to triple from US\$103 billion in 2024 to US\$325 billion by 2030 (21 percent CAGR), driven by increasing e-commerce adoption, digital payments and evolving consumer preferences.

This shift underscores India's evolving retail landscape. Organised and digital retail is gaining prominence, offering enhanced convenience and accessibility.

## Indian luxury market (in US\$ Bn)



Source: Deloitte Analysis, Secondary research

## Growing premiumisation

India's luxury market, the fastest growing in Asia, is projected to reach ~US\$30 billion by 2030, driven by a 20 percent CAGR.<sup>24</sup> Luxury and premium products are now available beyond big cities through online shopping platforms. "Bridge to luxury" items offer premium brands at lower prices, attracting more consumers, especially the aspirational middle class.

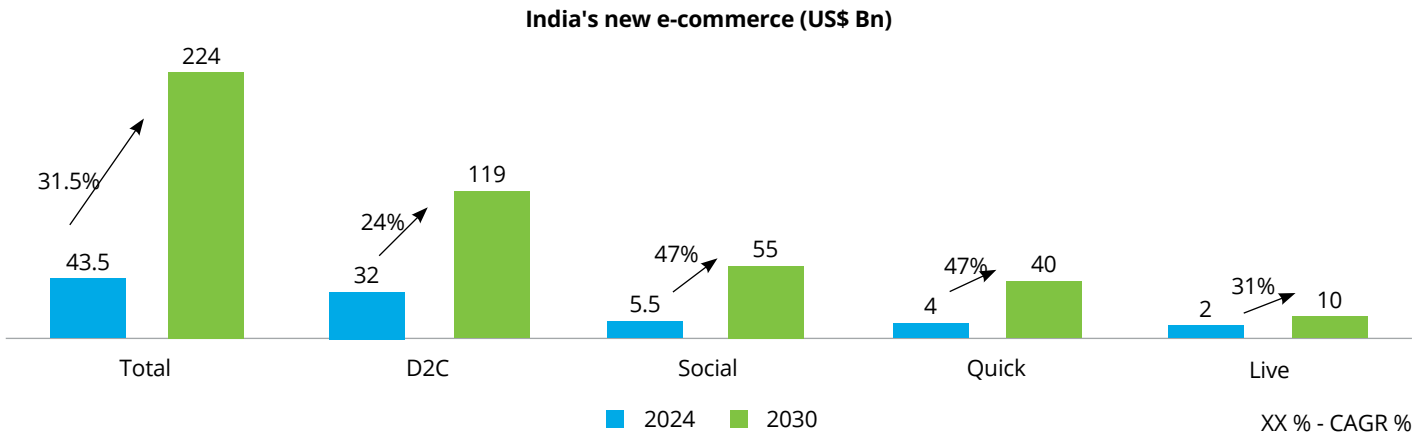
The rise of quick commerce platforms has facilitated easier access to premium products, enabling consumers to purchase high-end items swiftly and conveniently. Major players such as Amazon, Flipkart and Big Basket have entered the quick commerce race, enhancing the availability and accessibility of premium goods across India.

## Experience-led consumption

In India, consumer behaviour is evolving from simply buying products to seeking immersive, memorable experiences, a trend commonly known as "retailtainment." This concept blends retail with entertainment to transform every shopping moment into an engaging event. In sectors such as apparel, lifestyle, consumer electronics and beauty, brands are integrating advanced technologies such as AI, machine learning, data analytics, augmented reality and virtual reality to craft personalised experiences. For example, augmented reality tools allow shoppers to virtually try on outfits or makeup, enhancing decision-making and reducing return rates.

Beyond digital enhancements, companies are embracing omnichannel strategies that unite online and offline experiences. Models such as Buy Online, Pick Up In-Store (BOPIS) and Buy Online, Return In-Store (BORIS), along with rapid delivery systems, ensure consumers enjoy the convenience of online shopping combined with the tactile benefits of physical stores. This seamless integration meets the demand for speed and personalisation and deepens customer engagement.

## Rise of new commerce



Source: Deloitte Analysis<sup>18</sup>

India's new e-commerce market is set to grow over 5X, reaching US\$224 billion by 2030 from US\$43.5 billion in 2024 at a 31.5 percent CAGR. The D2C segment is expected to jump nearly 4X to US\$119 billion, driven by personalised shopping trends.<sup>23</sup>

Social and quick commerce will likely witness the highest growth, expanding 10X at a 47 percent CAGR, fuelled by influencer-driven shopping and instant deliveries. Live commerce, projected to reach US\$10 billion, highlights the rise of interactive shopping experiences. Businesses are adopting omnichannel strategies to enhance engagement in this digital-first retail landscape.<sup>24</sup>

## Sustainability and purpose-driven choices

India's retail sector is increasingly driven by green consumerism and ethical sourcing. There is a rising demand for organic groceries, making India the world's largest producer.<sup>25</sup> Other popular items include upcycled apparel, vegan beauty products and sustainable packaging. This trend is driven by millennials and Gen Z, who are climate-conscious and seek transparency from brands about their sourcing and production.<sup>26</sup>

Additionally, the Indian government seeks to reduce GDP emissions intensity by 45 percent by 2030.<sup>27</sup> This commitment encourages retailers to adopt renewable energy, build sustainable supply chains and operate eco-friendly stores. To stand out and gain trust, retailers are implementing circular design initiatives such as take-back schemes and reducing carbon footprints.



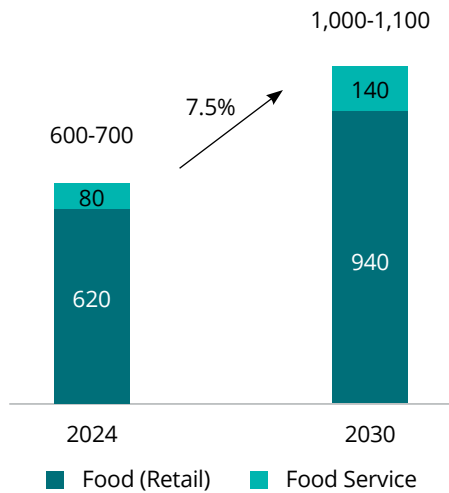
## Sector-wise analysis

# Food and food service

## Market overview

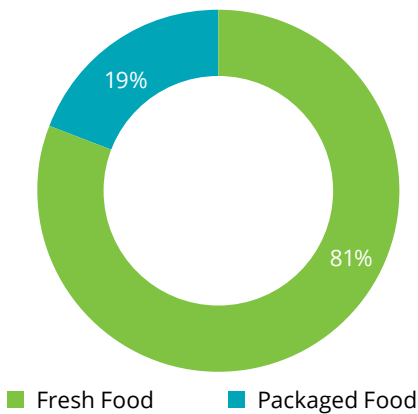
- i) Overview:** India's food sector is poised for significant transformation as the country grapples with increasing food demand driven by a rising population, increasing disposable income and rapid urbanisation. The sector is transforming, driven by the need for greater efficiency, food safety, traceability and sustainable packaging. The distribution landscape is expected to shift as consumers increasingly seek convenience and safety in food purchases.
- ii) Market size:** The Indian food market, valued at US\$700 billion in 2024, has been witnessing significant growth driven by increasing disposable incomes, rising urbanisation and evolving consumer preferences. It is expected to post a CAGR of ~7.5 percent to reach ~US\$1,000 billion by 2030.<sup>1</sup>
- iii) Segmentation:** The Indian food market can be divided into food (retail) and food services. Food (retail segment) accounts for ~85 percent of the market and has a CAGR of ~7.2 percent.<sup>2</sup> The food services segment will likely register a CAGR of ~9.1 percent.<sup>3</sup>

Size of the Indian food market (US\$ Bn)



Source: Deloitte analysis, National Statistics Office (NSO)

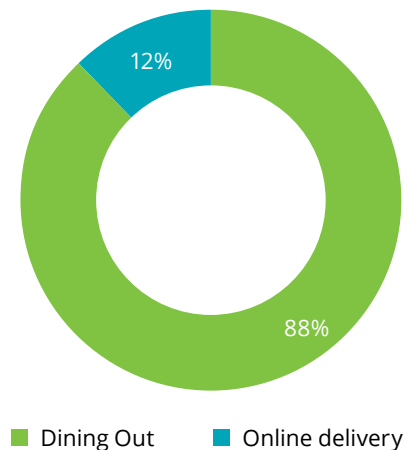
Food (Retail)



Source: Deloitte Analysis (Euromonitor)

**a. Food (retail):** The segment is dominated by fresh food, accounting for ~80 percent of the segment and packaged food accounts for ~20 percent. However, packaged food is witnessing a higher CAGR of ~12 percent vs fresh food at ~5.7 percent.<sup>4</sup> The rise in disposable income has increased the per capita expenditure of packaged food from US\$24.9 in 2018 to US\$43.6 in 2023.<sup>5</sup>

Food Service



**b. Food service:** This segment can be split into dining out (~88 percent) and online delivery (~12 percent). The share of online delivery is expected to reach ~20 percent within food service by 2030 as it posts a CAGR of ~18 percent. Over 70 percent of food service consumption is concentrated in the top 50 cities and among the upper-middle and high-income segments.

<sup>1</sup> Euromonitor report  
<sup>2</sup> Euromonitor report  
<sup>3</sup> NRAI 2024 report  
<sup>4</sup> Euromonitor report  
<sup>5</sup> Gopal Namkeen DRHP Report

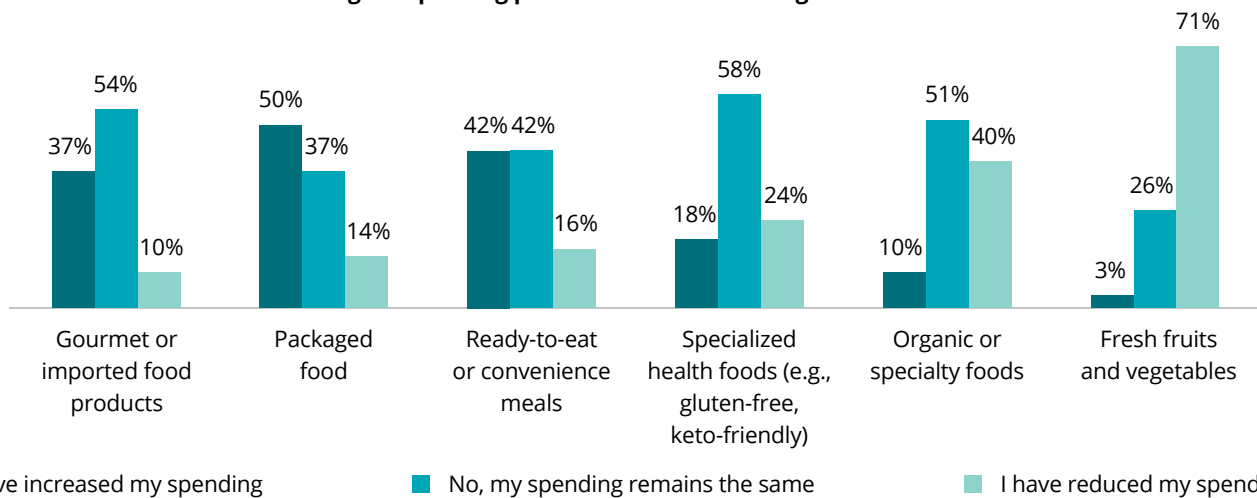
**Market trends and drivers**

**1. Demand-side trends**

**i. Growing demand for healthy food:** Emerging dietary preferences in India are shifting towards healthier food and beverage options. Products such as kombucha, cold-pressed juices, plant-based milk, baked chips, protein bars and organic nuts are gaining traction for combining nutrition and taste. Consumers increasingly seek functional

foods with added health benefits, such as fortified cereals, probiotics and protein-rich snacks. According to a survey, ~71 percent of consumers have increased their spending in the last 12 months for fresh fruits and vegetables due to health concerns and ~40 percent of consumers have increased for organic or speciality foods.<sup>6</sup>

**Is there a change in spending pattern across these categories in last 12 months**



**ii. Premiumisation:** Following the pandemic, consumers are willing to pay a premium for products that ensure health, safety and authenticity. With rising concerns over lifestyle diseases, urban consumers with high disposable incomes are seeking chemical-free, natural and organic alternatives. Surveys show that 78 percent of consumers are ready to pay more for healthy products, 63 percent for natural and 55 percent for organic.<sup>7</sup>

**iii. Clean label and sustainable Foods:** Consumers increasingly seek clean-label products with minimal, natural ingredients, driving a CAGR of 20.7 percent from 2018 to 2022. In 2023, India accounted for 13 percent of global clean-label product launches, with 5,000 new offerings.<sup>8</sup> There is also rising demand for sustainable food options, with consumers favouring eco-friendly sourcing, minimal packaging and ethical practices. A growing clean-label food brand in India offers 100 percent transparent, preservative-free snacks made with natural ingredients focusing on honest nutrition, avoiding artificial additives, refined sugar and hidden chemicals.

**iv. Increased demand from tier II and III cities:** The growing appetite for dining out, online food delivery and convenience-driven options drives the growth of QSRs,

cloud kitchens and local food businesses in tier II and III cities. QSR brands are aggressively expanding into non-metro and tier II and III cities, capitalising on rising consumer demand and better net margins (25–30 percent in tier II and III cities vs 15–20 percent in metros).<sup>9</sup> A leading coffee chain in India keeps ~40 percent of its inventory in tier II cities.<sup>10</sup>

**v. Greater preference for convenience:** Convenience-led formats such as cloud kitchens and QSRs are expected to grow 40 percent faster than overall markets, driven by service speed, value for money and simplified menus.<sup>11</sup> The cloud kitchen market is expected to reach US\$1.6 billion by 2028 at ~30 percent CAGR.<sup>12</sup>

**vi. Increasing dining out frequency:** Positive consumer trends towards the organised food service market are expected to increase India's restaurant density from ~2,000 per million towards evolved markets such as the US (3,000) and China (~8,000). The average dine-out frequency increased from 6.6 to 8 times per month during 2019–24, driven by students and young adults who have increased their frequency by 30 percent in the last five years (~12 times per month).<sup>13</sup>

<sup>6</sup>Deloitte India Consumer Survey 2025

<sup>7</sup>Deloitte India Consumer Survey 2024

<sup>8</sup><https://www.indianretailer.com/article/retail-business/retail-trends/clean-label-ingredients-shifting-safer-healthier-choices>

<sup>9</sup><https://www.financialexpress.com/business/brandwagon-domestic-qsr-brands-eye-further-expansion-in-tier-2-3-cities-2581553/>

<sup>10</sup><https://hospitality.economictimes.indiatimes.com/news/restaurants/40-percent-of-our-inventory-is-in-tier-2-tier-3-cities-rajat-agrawal/104686720>

<sup>11</sup>NRAI 2024 Report

<sup>12</sup>NRAI 2024 Report

<sup>13</sup>NRAI 2024 Report

vii. **Rise of the subscription model:** The Indian healthy meal subscription market is projected to post a 14 percent CAGR, driven by rising demand for convenient, home-cooked-style meals that are affordable and offer diverse dietary options.<sup>14</sup> They particularly benefit busy professionals and students, offering hassle-free and cost-effective meal deliveries. Additionally, growing health consciousness and urban lifestyles are further accelerating growth. A growing food subscription player currently services 10,000 meals in Bengaluru and is soon planning to expand to other cities.

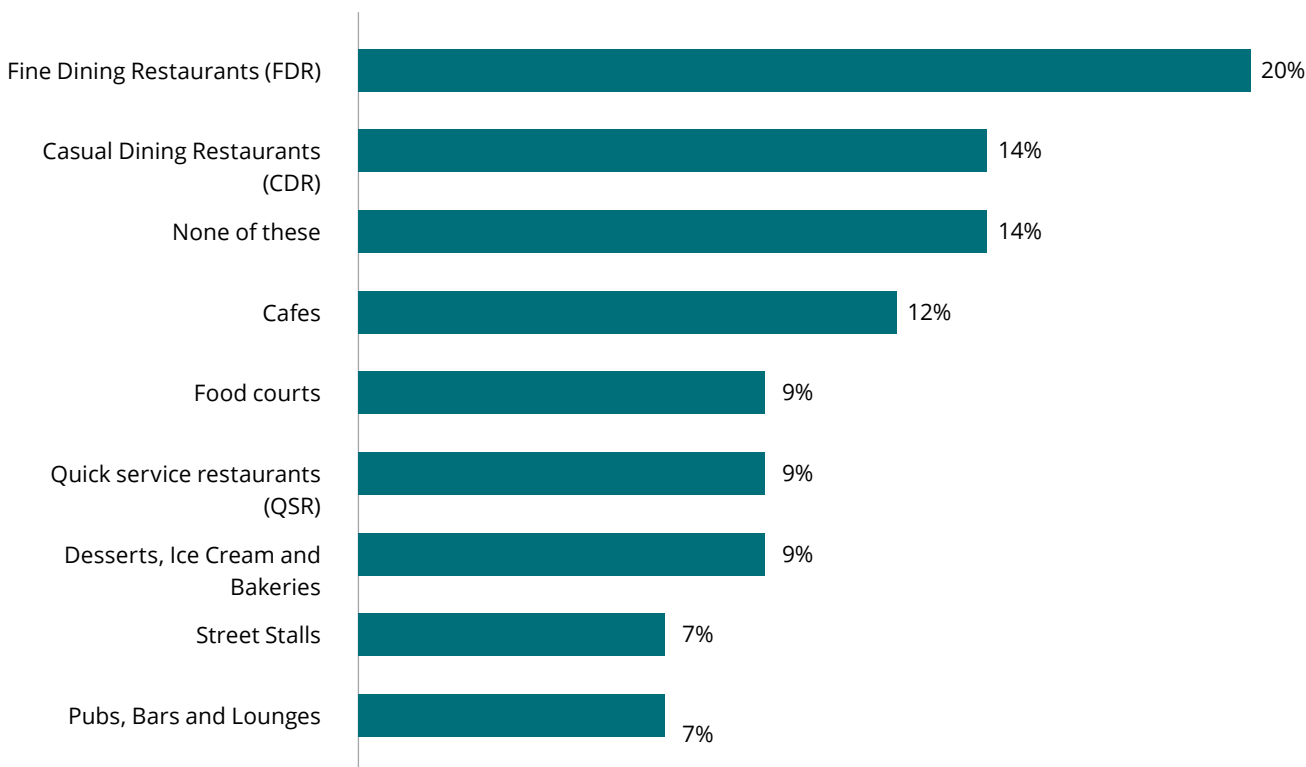
**2. Supply-side trends**

- i. **Emergence of new entrants and strategic M&A:** The Indian F&B sector has witnessed a rise in new entrants offering innovative and healthy options such as plant-based proteins and organic snacks, catering to evolving consumer demands. In response, more prominent players have adapted their M&A strategies, with many FMCG companies focusing on acquiring D2C brands post-pandemic to foster innovation and tap into high-growth segments, particularly in wellness and e-commerce.<sup>15</sup>
- ii. **Rise of regional flavours:** Regional flavours are transforming the F&B sector, with 45 percent of Indian consumers favouring local brands over global ones.<sup>16</sup>

This trend is driven by a growing preference for culturally relevant, organic and traditional products, as local players use their understanding of regional tastes and adopt targeted marketing to reach diverse audiences.

- iii. **Experiential dining:** This trend combines entertainment, technology, storytelling and multi-sensory elements to redefine dining experiences in India. The premium casual dining segment is rising, driven by increasing disposable incomes and evolving consumer lifestyles. Sky dining, for example, has emerged as a popular and unique experience despite its premium pricing. According to the survey, 20 percent of consumers plan to increase their spending in fine dining restaurants.<sup>17</sup>

**If you expect an increase in income, which areas do you plan to spend the most?**



- iv. **10-15 mins food delivery:** The quick food delivery segment has emerged as a competitive battleground for online food delivery players, with rapid delivery times becoming a key differentiator. Leading online food delivery platforms in India launched standalone apps to cater to this demand, reflecting growing consumer preference for ultra-fast food delivery.<sup>18</sup> A leading platform reported its 10-minute delivery segment accounting for 5% of total food orders.
- v. **Restaurant digitisation:** Emerging technologies such as chatbots, voice bots and digital menus are transforming the food service industry by enhancing customer convenience and streamlining operations. Restaurants are adopting digital menus, self-service kiosks and cashless payments to minimise direct contact and improve efficiency. They are leveraging AI-driven solutions for seamless reservations and innovative augmented reality menus to enhance customer engagement.<sup>19</sup>

### Future outlook

By 2030, India's food sector is set to exceed US\$1 trillion,<sup>20</sup> driven by rising disposable incomes and evolving lifestyles. As consumer spending power grows, food preferences will shift, with a growing demand for healthier, organic and premium food options. Tailwinds from health-conscious trends will boost categories such as functional foods, plant-based diets and sustainable offerings. Simultaneously, innovative food service formats, such as quick commerce, cloud kitchens and experiential dining, will cater to the growing appetite for convenience and variety.

- i. **Fostering innovation:** New product development can drive the future of the Indian food market, focusing on health-conscious options, convenience and sustainability. Increased demand for organic, plant-based and functional foods can fuel innovation in plant-based proteins and alternative packaging. Personalised nutrition and region-specific flavours can cater to evolving consumer preferences, making continuous product innovation essential for growth. As more and more Indian consumers travel internationally and consume global content through movies, OTT, etc., consumers are becoming more aware of international cuisines. Companies can also use this key theme to bring global cuisine-inspired products to Indian consumers. Beyond products, companies can also focus on innovating overall experiences for the consumer through personalisation.
- ii. **Premiumisation to capture affluent consumer demand:** Companies are focusing on high-end products and are enhancing their premium offerings to capitalise on the

growing premiumisation trend. As disposable incomes increase, there is a growing preference for high-quality, branded products such as gourmet foods, organic offerings and luxury dining experiences. Brands focusing on superior ingredients, innovative packaging and exclusive flavours will effectively capture this segment, fuelling market growth.

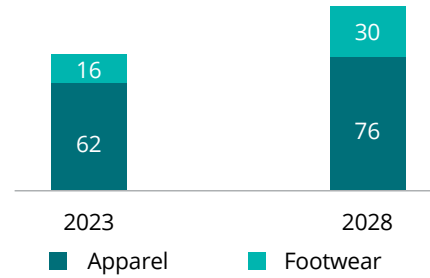
- iii. **Growth in tier II and III cities:** Due to increasing disposable incomes and rising awareness, tier II and III cities are expected to drive a large growth share. Companies can tap into these markets and focus on personalisation and localising the products and experiences. Tier II and III city consumers are also open to trying new models and formats, and companies can also look to drive some innovation through these markets.
- iv. **Engaging Gen Z:** With over 100 million Gen Z consumers in India,<sup>21</sup> this segment is shaping the future of the food industry with a strong preference for health-conscious and sustainable choices, including plant-based, organic and clean-label products. Digital platforms inspire their adventurous tastes, driving interest in global flavours and fusion dishes. Convenience remains key, with rising demand for Ready-To-Cook (RTC) and Ready-To-Eat (RTE) options. Notably, 60 percent of millennials and Gen Z in metro cities are willing to pay up to 15 percent more for cleaner, healthier RTC/RTE products, reflecting their support for ethical and eco-friendly brands.<sup>22</sup>
- v. **Content marketing to build brand loyalty:** Brands adopt content marketing strategies focused on storytelling, education and entertainment to forge emotional connections, demonstrate product value and engage customers. Storytelling humanises the brand, while educational content addresses consumer needs and entertainment keeps the brand memorable. Using social media, blogs and OTT platforms, brands effectively reach Gen Z, who prefer personalised, digital experiences, building long-term loyalty and driving product promotion.
- vi. **Digital transformation:** Companies can embrace digital technologies across their entire value chain. As consumers become more digitally savvy, technology as a key value driver is emerging even stronger. Companies can look at demand-sensing tools to understand consumer preferences and key market trends to help tailor their offerings. Consumer engagement through AI-based conversational chatbots, interactive loyalty programmes and personalised communication can be explored to help differentiate the market. With the advent of quick commerce and instant deliveries, food service companies can look at digitising internal production processes to ensure production efficiencies and personalise offerings for consumers at scale.

# Apparel and footwear

## Market overview

- i. Market size:** The Indian apparel and footwear market was valued at US\$78 billion in 2023 and is expected to reach ~US\$106 billion by 2028 at a CAGR of ~7.5–8 percent, driven by increasing disposable incomes, rising urbanisation, growing organised retail penetration and large pool of young and aspirational population.
- ii. Segmentation:** The apparel and footwear market has been dominated by men's wear due to the lower historical participation of women in the workforce; however, with more and more women joining the workforce, the trend is shifting and the women's category is growing faster than men's.

Size of the Indian apparel and footwear market (US\$ Bn)



Source: Deloitte Analysis, MarketLine, MMR



Source: MarketLine, Deloitte Analysis

Apparel – segment market share by value (2022-23)



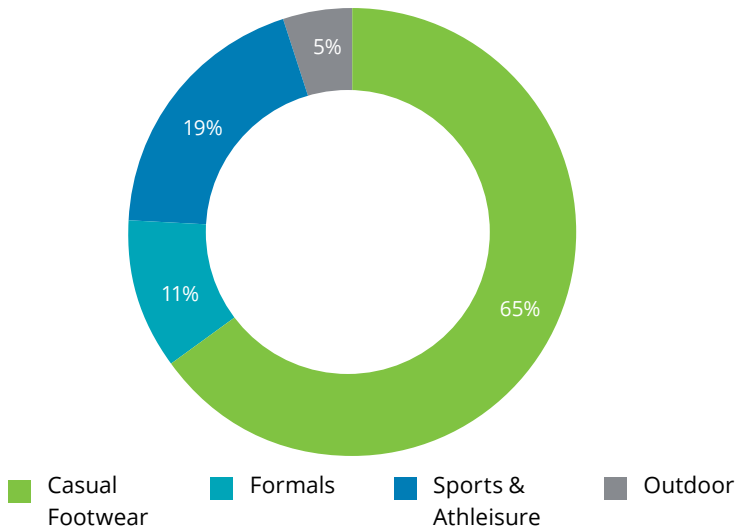
Source: CRISIL Research, Deloitte Analysis

Footwear – segment market share by value (2022-23)

Within the footwear segment, the product category market is dominated by casual footwear, accounting for a 65 percent share of revenue, followed by sports and athleisure (S&A), which has ~19 percent share; however, in terms of growth, S&A is growing the fastest, driven by an increased focus on health and fitness among consumers. The share of formal footwear has declined in the last 10 years as discretionary spending on casuals and S&A has increased with evolving consumer preference for fashion and trends.



### Share of the Indian footwear market (By product type)



Source: Deloitte Analysis (MarketLine, Technopak Advisors, Deloitte FoR Report)

Apparel also has a similar case, where casuals, sports and athleisure categories are witnessing strong growth and taking share from the ethnic and formal wear segments.

**iii. Organised vs unorganised play in the sector:** Currently, the apparel and footwear markets are primarily dominated by unorganised players, accounting for ~60 percent and ~70 percent, respectively. However, as consumer preferences shift towards more branded products coupled with the expansion of retail chains into tier II and III cities, organised retail is progressively gaining more foothold.

**iv. Marketplaces for discovery:** Almost two-thirds of GenZ consumers research online channels (marketplaces and brand websites) for product and brand discoverability and reviews before purchasing a product. At the same time, 63 percent make their purchase online.

**v. Urban vs. rural consumption pattern:** Discretionary purchases have been higher among urban consumers who prioritise branded, trendy products, purchasing more frequently with an average spend much higher compared with rural consumers who focus more on affordable, functional items, relying on traditional retail channels as the proliferation of e-commerce and large-format retail is limited in rural areas.

Within urban consumption, there has been a significant contrast in consumption patterns in metro/ tier I cities vis-à-vis tier II and tier III cities. While the former had historically been the prime growth driver, in recent years, tier II and tier III cities have contributed to higher growth driven by improving income levels and strong consumption from GenZ consumers with high aspirations and appetites. This has also led to higher penetration of organised retail in these cities and quick fashion and value brands such as Zudio, V-Mart and Yousta.

### Market trends and drivers

#### 1. Demand-side trend

**i. GenZ as biggest consumer cohort:** Gen Z is now India's biggest end consumer segment and is directly or indirectly influencing ~45–48 percent of lifestyle purchase decisions, making them the key focus of leading apparel and retail brands. US\$40–45 billion in apparel and footwear purchases is influenced by GenZ, who tend to buy more frequently in line with ongoing trends while generally preferring lower price points compared with millennials. These new-age consumers value their individuality and authenticity, seeking clothing and footwear that reflect their personality and value systems.

**ii. Embracing identity and occasion-based fashion:** In a recent consumer survey,<sup>23</sup> 64 percent of consumers highlighted trends and events as an essential parameter driving their apparel and footwear purchases in FY2025. GenZ consumers are redefining the market by using fashion as a tool for self-expression and identification. These new-age consumers value their individuality and authenticity, seeking clothing and footwear that reflect their personality and value systems. This demographic focuses more on "what is trending" over brands, giving rise to occasion-based consumption. Influenced by social media, where trends change rapidly, giving rise to an ever-increasing list of occasions ranging from significant events such as festivals or life events to casual occasions inspired by mood, type of social outing, season, etc. Fast fashion in India witnessed a 30–40 per cent growth in FY2024 alone, while the apparel and footwear market saw a 6 percent overall growth.<sup>24</sup> This growth has been driven by GenZ and millennials, contributing to over 65 percent of the consumer cohort for fast fashion.

**iii. Sports and athleisure demand:** The emergence of athleisure driven by a cultural shift towards a healthier and more active lifestyle, where consumers choose clothing and footwear that boosts performance during workouts and seamlessly transition into everyday wear with comfortable and functional items such as yoga pants, leggings, sneakers and hoodies. Designed with breathable fabrics and innovative technologies, athleisure is valued at ~US\$5 billion, divided into three segments – footwear accounting for ~55 percent market share, apparel at ~40 percent and fitness gear at 5 percent.<sup>25</sup> In a recent consumer survey<sup>26</sup> ~45 percent of respondents identified sports, active and casual wear as the primary categories driving increased spending.

**iv. Premiumisation** and expansion of organised retail are key factors in the growth of the apparel and footwear sector. Modern consumers increasingly favour premium and branded products that offer superior quality and exclusivity, reflecting their evolving preferences and lifestyle aspirations. This preference was demonstrated in a recent consumer survey<sup>27</sup> wherein ~22 percent cited an increased preference for premium, branded products as the reason for increased spending on apparel and footwear. Additionally, the survey highlighted design and brand name as among the top three factors influencing purchase. In terms of premiumisation, India witnessed the entry of several international players and store expansion by existing luxury brands in the last few years. While most of these brands entered metro cities, they also have a presence in major tier II cities. Homegrown brands are also expanding their domestic footprint nationwide.

**v. Declining share of ethnic market:** Ethnic continues to be the largest category for women, especially in smaller cities and rural areas. However, its market share has declined in the last few years with the emergence of fast fashion and strong demand for athletic wear. However, the share of organised retail in ethnic is increasing, with many apparel retailers entering the space or expanding their presence in the last few years.

## 2. Supply-side trends

**i. Growth of mass fast fashion brands:** Driven by increasing demand for mass fast fashion across urban cities, more and more companies are trying to replicate the success witnessed by some new-age brands, emulating the strategy of global giants. Focusing on high volumes and a wide range of products that encourage customers to purchase new clothing for every season. Tier II, III and IV cities have seen growing interest from fast fashion brands that are expanding rapidly in these markets, increasing the share of the organised retail channel to ~40 percent. E-commerce players are also focusing on this market and are expanding their distribution network to cover more and more pin codes in smaller cities with lower delivery times.

**ii. Emergence of new quick commerce channel:** According to a 2024 consumer survey,<sup>28</sup> ~54% respondents cited online purchase with same-day (24 hours) or lower delivery time as the preferred channel for purchasing apparel or footwear product online. Today, most quick commerce platforms are offering a few of apparel and footwear categories such as sportswear, slippers, under garments etc

**iii. Doubling down on premium play:** Most large apparel and footwear retailers and online platforms seek to get the most from increasing demand for premium and luxury apparel and footwear. Reliance, ABFRL, Myntra and Apparel Group Dubai have been aggressively introducing foreign premium brands in the country. For example, Reliance has added luxury brands such as Amiri, Sandro and Maje, Valentino and Balenciaga to its portfolio. Similarly, ABFRL is banking on the segment through its The Collective store, which houses brands such as Ted Baker and Ralph Lauren.

**iv. Shift to Direct-to-Consumer (D2C) models:** Taking a cue from the rise of new-age digital-first brands in the last few years, most large apparel and footwear retailers continue to focus on enhancing their D2C channels (own websites/apps) as part of their omnichannel strategy to not only provide consumers with a consistent experience across channels but also improve margins by reducing dependence on e-commerce marketplaces and large retailers.

### Future outlook

- i. Budget impact:** With recent relaxations in new income tax slabs announced in the 2025–26 finance budget, the disposable income of the middle class will increase. It is expected to boost discretionary spending across consumer product categories, including apparel and footwear. Mass and economy apparel and footwear, which were under pressure in recent quarters due to high inflation and slowing income growth, are expected to benefit significantly.
- ii. Continued momentum in fast fashion:** The fast fashion industry, which stood at US\$10 billion in FY2024, is forecast to post a 20–30 percent CAGR over the next 5–6 years, much faster than the overall fashion market.<sup>29</sup> GenZ and millennials are the driving force, and fast fashion has provided affordability and constant access to trendy styles. With the expected entry of a large Chinese fast fashion e-commerce player, this space is poised for strong growth and disruptions.
- iii. Online channels will grow even further:** Online channels are rapidly becoming a significant driver of increased retail spending. According to a recent consumer survey,<sup>30</sup> 22 percent of respondents identified emerging online retail formats, which offer greater access and convenience, as a key factor contributing to higher spending in the apparel and footwear sector. The India online fashion retail market is forecast to increase by US\$51.79 billion at a CAGR of 25.2 percent between 2023 and 2028, driven by factors such as smartphone and internet penetration and an increasing number of D2C brands entering the market. Among the sub-segments in D2C, fashion has the highest growth potential and is estimated to reach US\$43.2 billion by the end of 2025. Apparel & footwear is the most significant fashion category, expected to account for nearly 77.6 percent of the online fashion market in 2025.

<sup>27</sup> Deloitte consumer survey 2025

<sup>28</sup> Datum: State of Quick Commerce Market 2024

<sup>29</sup> News article: [https://www.business-standard.com/industry/news/indian-fast-fashion-industry-poised-to-reach-over-50-bn-by-fy31-redseer-124070200764\\_1.html](https://www.business-standard.com/industry/news/indian-fast-fashion-industry-poised-to-reach-over-50-bn-by-fy31-redseer-124070200764_1.html)

<sup>30</sup> Deloitte consumer survey 2025

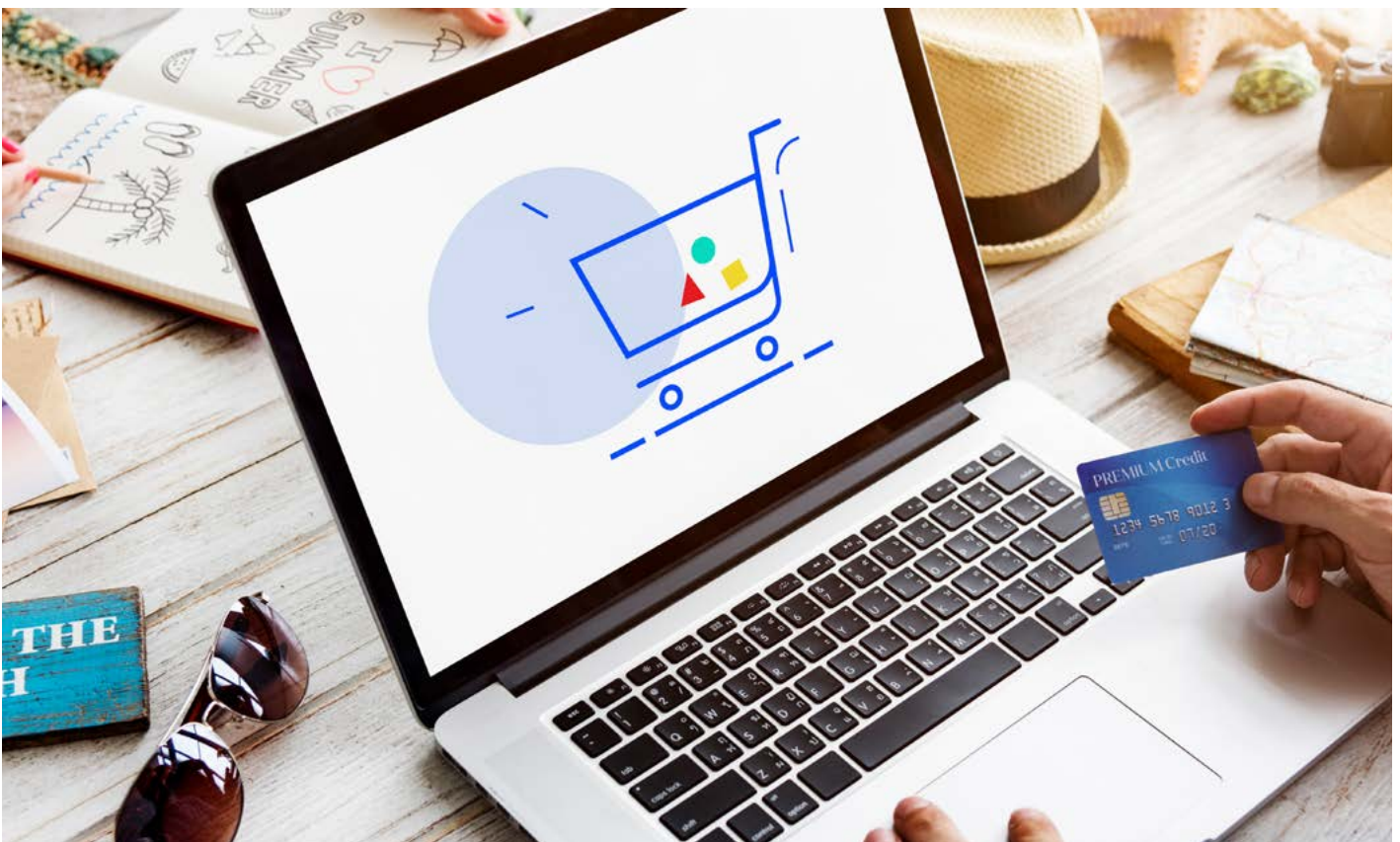
**iv. Continued demand for athleisure:** India is a key player in this growth story of the global athleisure market. With a projected CAGR of 5.2 percent, the Indian athleisure market is estimated to reach ~US\$3.2 billion by 2032. Currently, the women's segment dominates the market, driven by a growing focus on fitness and an increasing number of women in the workforce. However, the male segment is expected to witness the fastest growth in coming years, with athleisure apparel such as bomber jackets and casual trousers gaining traction.

**v. Rise of functional fashion:** Growing consumer preference for versatility, high performance and impactful designs that offer convenience and functional benefits in addition to style. Demand for functionality such as anti-stain, quick-dry fabrics.

**vi. Sustainability and circular fashion:** Indian consumers increasingly demand eco-friendly and ethically produced products. This shift in consumer preference is giving rise to circular fashion that aims to minimise waste and environmental impact by designing products that allow them to be easily repaired, re-purposed, or recycled. While the awareness of this is still lower among Indian consumers than in many European countries, the awareness is rising, especially

among educated GenZ and millennials. Leading global apparel and footwear brands are already responding to this shift in consumer preference by gradually adopting sustainable practices. Innovations in the sector include organic clothing lines, the development of modular designs and compostable footwear, and exploring recycling programmes.

**vii. Using advanced technology:** Leading apparel and footwear brands use new-age tech such as GenAI/AI and 3D printing in product design to offer more personalised and comfortable products, thereby improving customer experience. A leading footwear brand is developing its own LLM model to use GenAI to analyse athletes' performance data to enhance and optimise product design.<sup>31</sup> Similarly, another leading footwear and apparel brand launched the Inverse sneaker shoe, which was designed using AI.<sup>32</sup> Luxury brand Moncler has partnered with Chinese designer Lulu Li, who has designed AI-generated jackets and vests for Moncler's 'Genius Collection' launch in Shanghai.<sup>10</sup> While AI/GenAI usage in product design is still in its early stages, the adoption will likely increase sharply over the next few years.



<sup>31</sup>News article: <https://aimresearch.co/market-industry/how-nike-is-using-ai-to-transform-product-design-customer-experience-and-operational-efficiency>

<sup>32</sup>News Article: <https://www.pymnts.com/artificial-intelligence-2/2024/puma-unveils-ai-designed-sneaker-sparking-debate-on-the-future-of-fashion-creativity/>

# Health, wellness & fitness

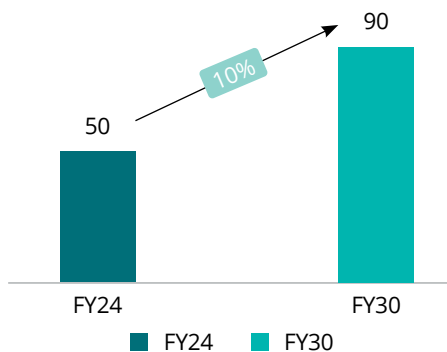
## Market overview

### i. Overview

India's health and wellness sector is witnessing remarkable growth, driven by increasing consumer awareness and a shift towards healthier lifestyles. With rising disposable incomes, individuals allocate more discretionary spending to wellness products and services, including organic foods, fitness programmes and preventive healthcare. This evolving landscape reflects a broader commitment to holistic well-being, as consumers prioritise nutrition, mental health and physical fitness. The sector is projected to grow at a CAGR of 10 percent<sup>33</sup> from 2024 to 2030, indicating significant potential for innovation and investment in health-oriented solutions that cater to the diverse needs of the Indian population.

### ii. Market size

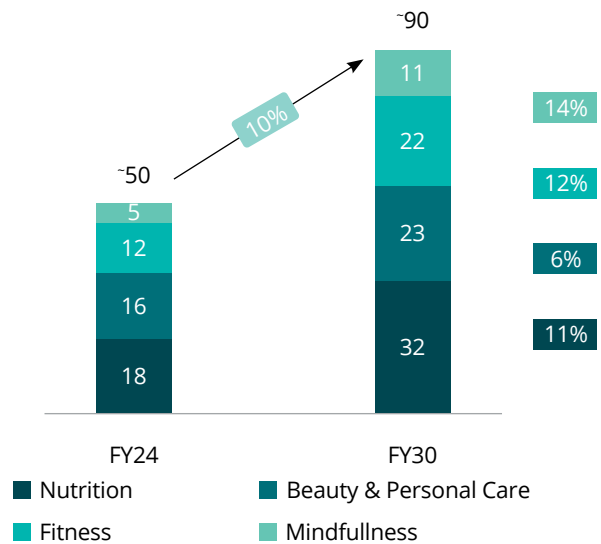
Size of the Indian health and wellness market (in US\$ Bn)



Source: Deloitte analysis (Euromonitor, industry reports, Deloitte analysis)

The Indian health and wellness industry was valued at **~US\$50 billion**<sup>34</sup> as of **FY2024** and is on a remarkable trajectory of **10 percent CAGR**<sup>35</sup> to reach **~US\$90 billion**<sup>36</sup> by **FY2030**, driven by increasing consumer awareness regarding health wellness and preventive care. This growth reflects a broader shift towards holistic health solutions, encompassing nutrition, fitness, mental well-being and alternative therapies.

### iii. Segmentation



Source: Deloitte Analysis, Euromonitor, Industry reports

The health & wellness sector is broadly categorised into the following four categories:

- 1. Nutrition and dietary supplements:** This category includes **dietary supplements, sports nutrition and functional foods & drinks**. Dietary supplements include meal replacement shakes, nutrition drinks and supplements for overall health. **Sports nutrition** covers protein powders, energy bars and sports drinks that aid performance and recovery. **Functional drinks** such as probiotics and energy drinks offer added health benefits. **Functional foods** include fortified cereals, dairy and snacks for targeted wellness. The overall market is valued at **US\$18 billion**<sup>37</sup> in FY2024, accounting for **33 percent** of the overall industry. From FY2024 to FY2030, this category is expected to grow at **~11 percent**<sup>38</sup> CAGR.
- 2. Beauty and personal care:** This category includes skin care, hair care and other categories. **Skin care** consists of all cellulite body care products and facial care products like masks, cleansers & moisturisers, anti-agers and treatments for skin protection and rejuvenation. Hair care covers shampoos, conditioners and treatments for nourishment, styling and scalp health. Other categories include oral care, sun care, cosmetics, bath & shower, kids care and men's grooming, focused on health and wellness. Currently valued at **US\$16 billion** in FY2024, accounting for **32 percent** of the overall industry. From FY2024 to FY2030, this category is expected to register a **6 percent**<sup>39</sup> CAGR.

**3. Fitness and physical wellness:** This category further includes Gym membership,<sup>40</sup> Nutrition and calorie tracking apps,<sup>41</sup> wearables<sup>42</sup> and fitness equipment.<sup>43</sup> **Gym memberships** provide access to fitness facilities, equipment and training programs. **Nutrition and calorie tracking apps** help monitor food intake, macros and overall diet goals. **Wearables** like smartwatches and fitness bands track activity and heart rate, while fitness equipment such as weights and resistance bands help in home and gym workouts. The overall market is valued at **US\$12 billion** in FY2024, accounting for **25 percent** of the industry. Over FY2024 to FY2030, this category is expected to post **~12 percent<sup>3</sup> CAGR**.

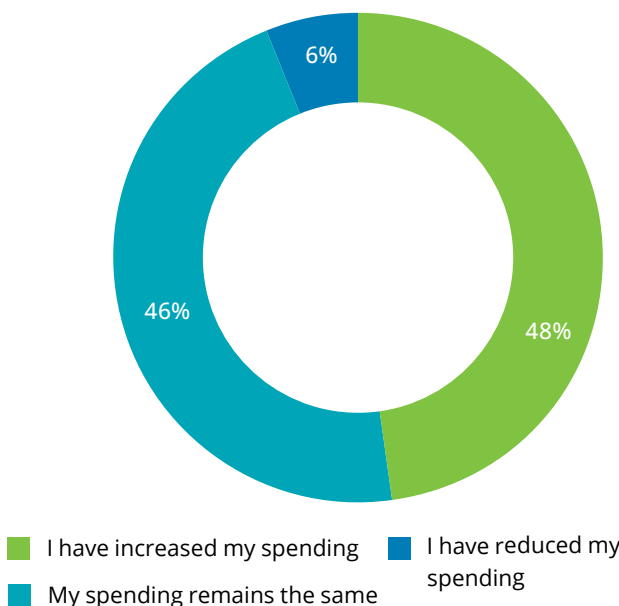
**4. Mindfulness:** This category includes mental wellbeing,<sup>44</sup> spa & wellness treat,<sup>45</sup> alternative therapies.<sup>46</sup> **Mental wellbeing** includes meditation, stress management, self-care supplements and apps for emotional balance. **Spa & wellness, including day spas, destination spas and retreats,** offer massages, aromatherapy and relaxation therapies for rejuvenation. **Alternative therapies** encompass acupuncture, ayurveda, naturopathy and other non-conventional therapies for overall wellness. The overall market is valued at **US\$5 billion** in FY2024, accounting for only **10 percent** of India's health & wellness industry, which is expected to grow at **11 percent<sup>47</sup> CAGR** from FY2024 to FY2030.

**Market trends and drivers**

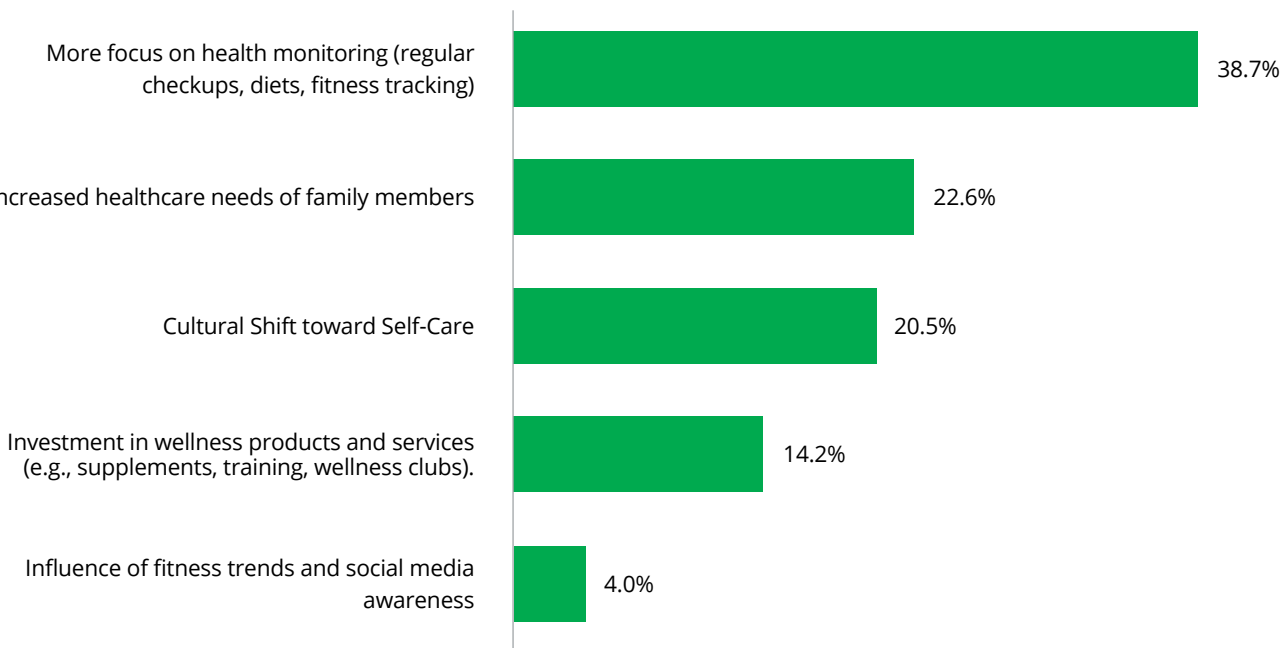
1. Demand-side trends

i. **Positive shift in spending behaviour on health and wellness**

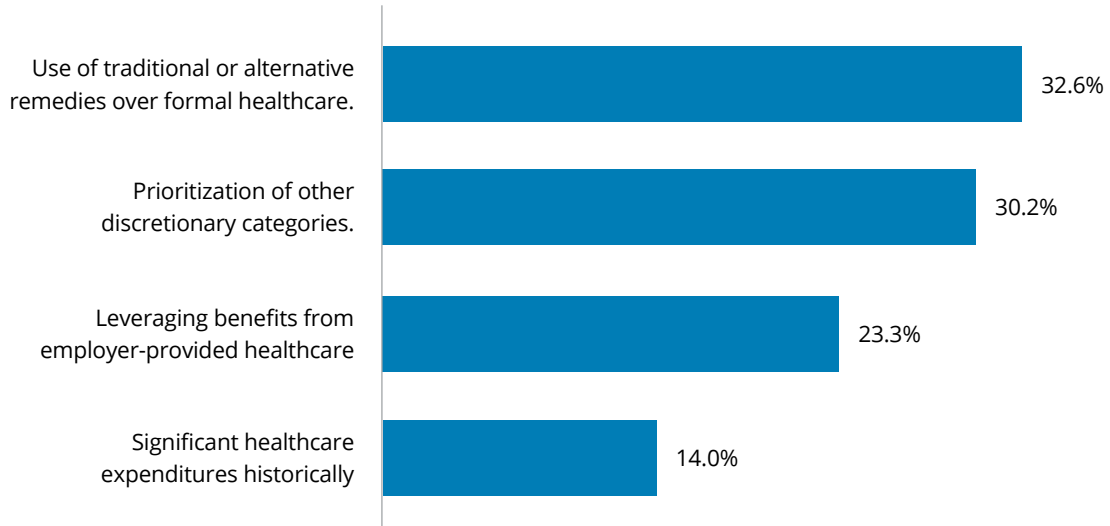
**Spending behaviour on health and wellness in the last six months**



**Reasons behind increasing spend on Health & Wellness**



### Reasons behind decreasing spend on Health & Wellness



In a Deloitte survey, 48 percent of respondents reported that health & wellness spending has increased over the past six months. However, only 6 percent of respondents have decreased their spending and 46 percent have reported no change in spending.

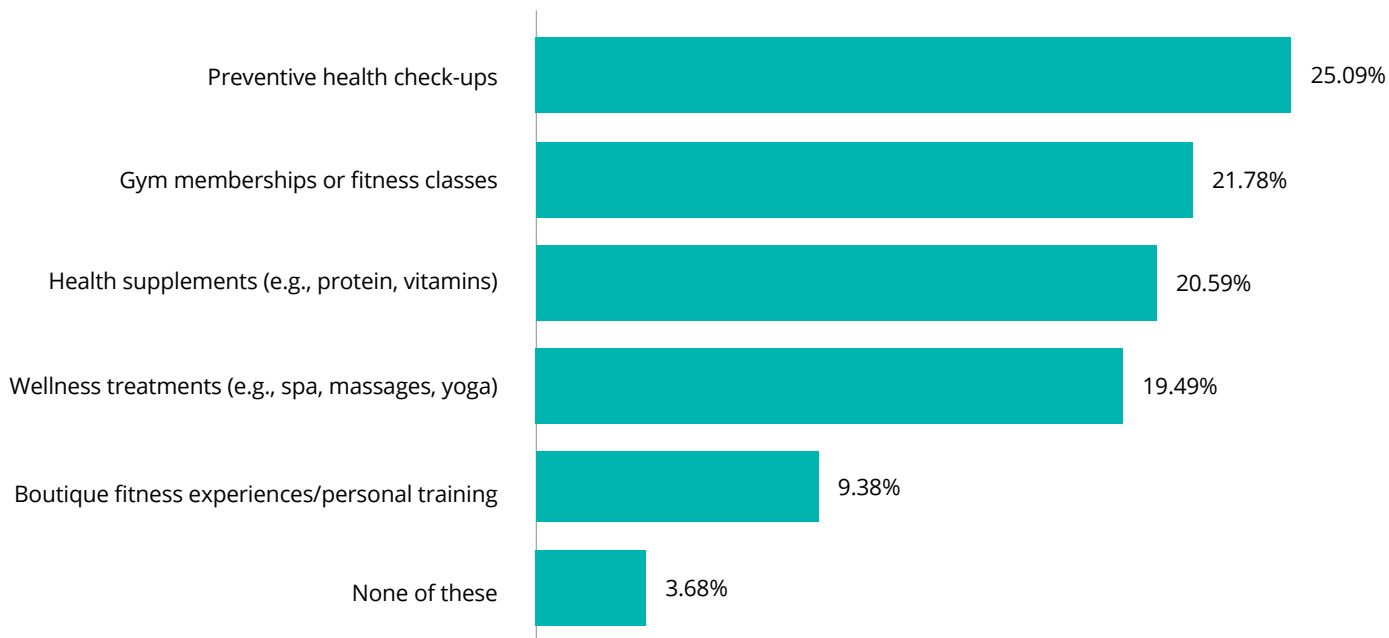
About 40 percent of respondents cited an enhanced focus on health monitoring as the primary driver of increased spending, followed by increased family members' healthcare needs and a cultural shift in self-care.

**ii. Increased health awareness:** Per a recent Deloitte survey, 75 percent of respondents perceive that their health and wellness require further attention. Driven by government initiatives (NPCDCS, ABDM, NMHP, etc.)\* and digital media's growing influence, consumers prioritise health, leading to higher spending on wellness products, supplements and fitness services. Millennials and younger generations, especially in urban areas, are at the forefront, seeking resources to support their health goals. Rising healthcare costs, lifestyle diseases and greater access to health information via the internet and social media have increased awareness.

\* National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular Disease, and Stroke (NPCDCS), Ayushman Bharat Digital Mission (ABDM), National Mental Health Programme(NMHP)

**iii. Shift towards preventive healthcare:** Traditionally, health was often associated with the absence of disease. However, there has been a noticeable transition towards a more holistic view of health, encompassing physical, mental and social well-being. Indian consumers are increasingly prioritising preventive healthcare, healthy eating habits, regular exercise and mental wellness. A crucial driver of this transformation is the widespread adoption of wearable technology, including fitness trackers and smartwatches, empowering individuals to monitor their health in real time. Per the recent Deloitte survey, 25 percent of respondents are likely to increase their spend on preventive health checkups, followed by gym memberships and health supplements.

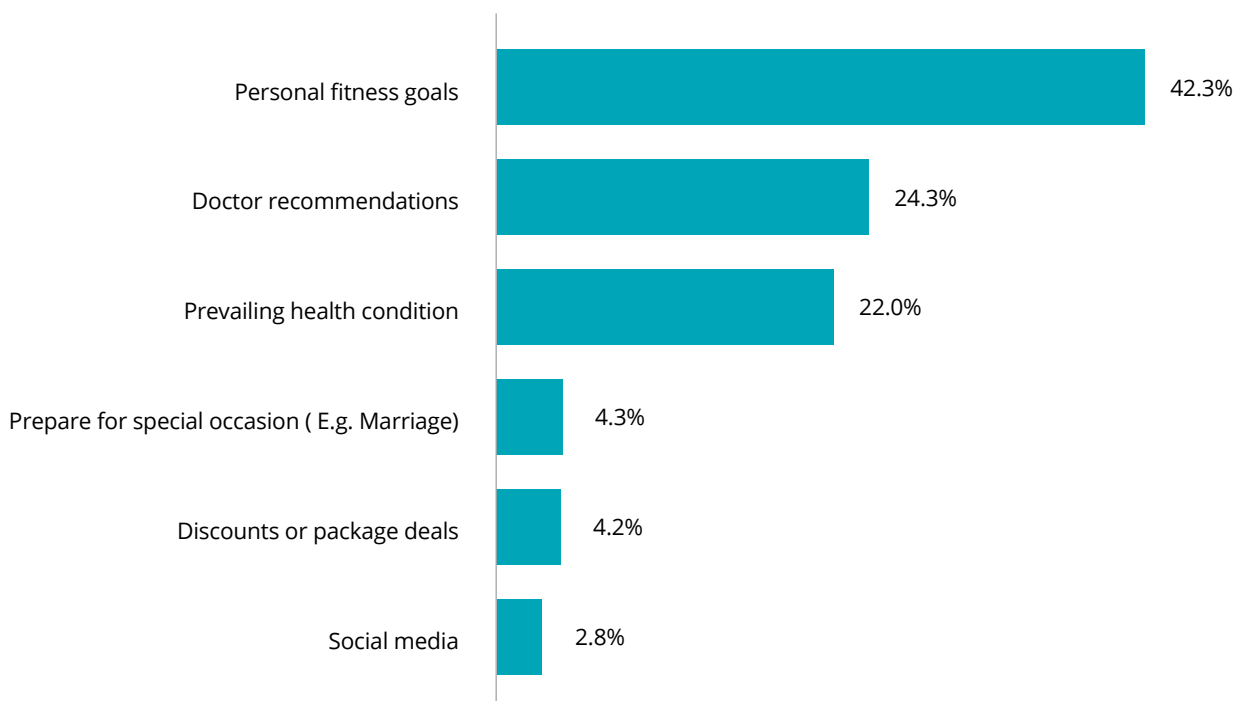
**Key health categories consumers would likely increase spend if income increases**



**iv. Rising focus towards personalisation:** Per the Deloitte survey, lack of personalised recommendations (49 percent) and inability to track progression daily (46 percent) are two the factors hampering consumer fitness goals, therefore with increasing demand for personalised nutrition and fitness plans to meet individual goals personalisation and fitness tracking is going to boom in demand. Additionally, advancements in technology, such as AI and health apps, enable more

individualised health management, further encouraging consumers to invest in products and services that align with their unique health goals and preferences. According to the Deloitte Survey, personal fitness goal is one of the primary drivers which influences spending on health and wellness, cited as a reason by ~40 percent of respondents followed doctor recommendations.

**Key factors influencing spend on Health & Wellness**



**v. Shift towards natural and clean-label products:** In recent years, awareness of the health benefits associated with plant-based diets has surged, highlighting their role in reducing the risk of chronic disease, enhancing digestion and supporting weight management. Consequently, demand for organic and locally sourced produce has increased as consumers aim to minimise exposure to synthetic additives and pesticides. Organic products are increasingly favoured for their environmental sustainability. The Indian government is actively promoting organic farming through various initiatives and subsidies, encouraging farmers to adopt organic practices. This has led to greater availability and affordability of organic products, particularly among younger generations who prioritise health and sustainability.

**vi. Rise of health monitoring apps:** Consumers are adopting health tracking apps to monitor vital metrics such as fitness, nutrition and sleep. These apps provide personalised insights, enabling users to make informed lifestyle choices. The trend is driven by growing health awareness and technological advancements.

**vii. Holistic wellness services:** The wellness industry is evolving to offer integrated services combining fitness, mental health, nutrition and practices such as yoga, dance and mindfulness. These solutions address overall well-being, catering to the demand for a balanced and comprehensive lifestyle.



## 2. Supply-side trends

- i. **Rise of new-age D2C brands:** The rise of new-age D2C players enhances product availability and fosters a deeper connection between brands and consumers, driving growth in the health and wellness sector.
- ii. **Growth of functional food:** As consumers prioritise preventive healthcare, they seek functional foods that boost immunity and serve as digestive aids beyond basic nutrition. As traditional companies and new-age start-ups innovate and diversify their offerings, this is set to become a key driver of growth in India's health and wellness landscape. The rising availability of scientifically validated functional foods encourages consumers to invest more in these products, thereby driving up discretionary spending.
- iii. **Rise of guilt-free snacking brands:** As consumers become more health-conscious, they seek snacks that are nutritious and satisfying. There are healthier snacking options available, such as roasted makhana, popped chips, protein bars and millet-based snacks, to name a few, that are gaining popularity among the health-conscious customer segment.
- iv. **Growth of private labels:** The launch of private labels in India's health and wellness market is significantly driving growth by catering to the increasing consumer demand for natural and holistic products. Brands have successfully used private labelling to offer quality products at competitive prices, enhancing consumer trust. This allows retailers to maintain higher profit margins and control over product quality, leading to increased availability and affordability of health-focused options, thus boosting discretionary spending in the sector.
- v. **Integrated device ecosystem:** Brands are creating platforms that connect health devices such as fitness trackers and smartwatches. These ecosystems enable seamless health monitoring, offering users a unified interface to manage all aspects of their fitness and wellness journey.
- vi. **Innovative product formats:** Brands are introducing creative product formats such as gummies, thin strips (melts) and effervescent tablets. These formats enhance user experience by being convenient, flavourful and easy to consume, appealing to modern consumers.

## Future outlook

India's health and wellness market is poised for significant growth, projected to reach ~US\$90billion<sup>48</sup> by 2030 at over 10 percent<sup>49</sup> CAGR. Discretionary spending in India is likely to witness an upward trajectory attributed to increased consumer awareness of health and wellness, urbanisation, expanding middle class and govt initiatives. The union budget also introduced several measures, including personal income tax reductions, focus on nutrition and preventive healthcare which are poised to influence consumer spending on health and wellness products and services. Per the Deloitte survey, 21 percent of respondents are likely to prioritise their spending on the health and wellness category which is the highest among categories.

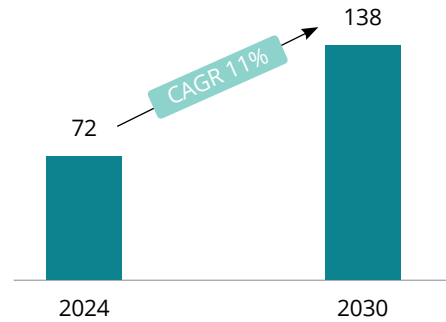
- i. **Nutrition and dietary supplements:** Increased consumer focus on preventive health and wellness will drive higher discretionary spending in the future, with dietary supplements, functional foods and beverages becoming integral to the modern lifestyle.
- ii. **Fitness and physical wellness:** Spending on gym memberships, fitness wearables and apps for tracking physical activity and calories is becoming a top priority for urban consumers. The pandemic has accelerated the adoption of home fitness solutions such as virtual workouts and smart equipment, contributing to higher spend.
- iii. **Beauty and personal care:** A strong shift towards beauty and personal care products, natural formulations and clean-label products is expected to will increase expenditures, especially in urban households, driven by a shift from occasion-based to daily routines, rising beauty consciousness, the growing role of e-commerce in making products available and product innovation.
- iv. **Mindfulness:** Consumers are likely to increase their spending on wellness retreats, meditation apps and alternative therapies as mental health awareness gains traction, driven by rising work-life imbalance, increasing normalisation of seeking mental well-being help and corporate wellness programmes encouraging mindfulness.
- v. **Integrated health and wellness:** Consumers are increasingly expecting a unified, connected experience across their health journeys. This trend offers a significant opportunity for brands to create integrated solutions that cover health and wellness services, from supplements to fitness coaching, all connected through smart devices and apps. As consumers increasingly prioritise holistic well-being, they are willing to invest in preventive healthcare, fitness programmes and wellness products. This trend is further fuelled by technological advancements, personalised health solutions and rising awareness of lifestyle-related diseases, leading to a more health-conscious consumer base eager to spend on enhancing their quality of life.

# Home and household

## Market overview

- i. **Overview:** The Indian home and household sector encompasses a range of industries, including furniture and furnishing, bath and kitchen fittings, kitchenware, home safety, homecare, décor and interior services. The home and household products sector has emerged as a key contributor to India's economic trajectory.
- ii. **Market size:** The home and household sector in India, currently valued at US\$72 billion (2024), is expected to reach US\$138 billion by 2030.<sup>50</sup> This growth is driven by increased discretionary spending, rising disposable incomes, a booming real estate market (poised to reach ~US\$ 1 trillion by FY2029 with a CAGR of 25 percent),<sup>51</sup> reduced makeover cycle, enhanced online shopping experiences, especially in tier II and tier III cities, the rise of social media influencers and favourable government initiatives (PLI scheme, PMAY, SMC, UJALA, PM Mitra, etc.)<sup>52</sup>.

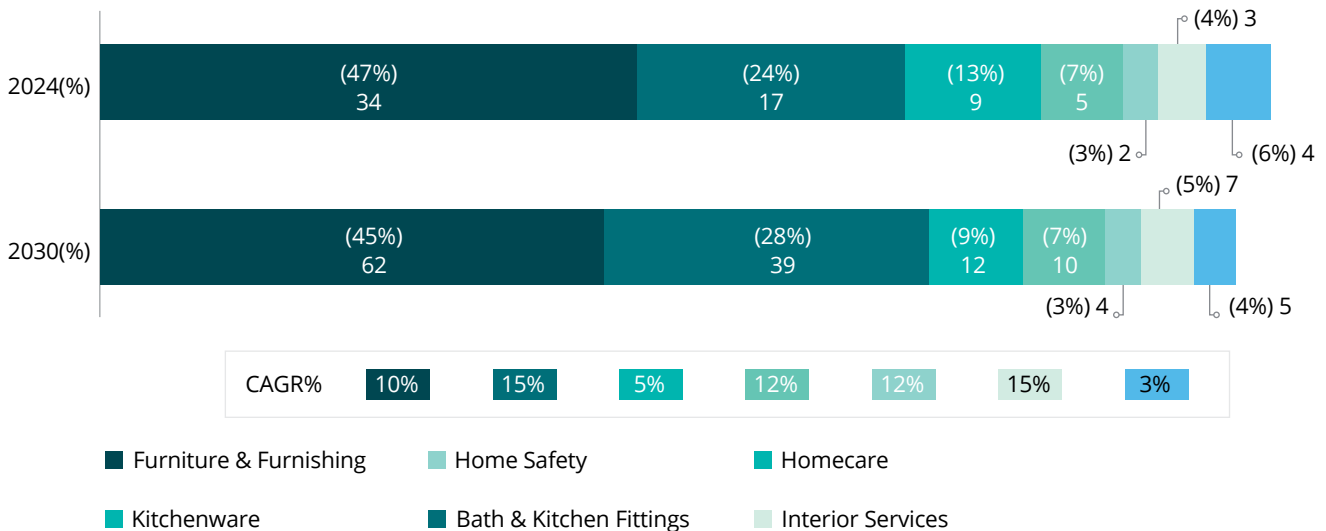
Indian home and household market size(US\$ Bn)



Source: Deloitte Home & Household Survey 2024

- iii. **Segmentation:** At US\$34 billion, the furniture sector has the largest market share (47 percent), followed by bath and kitchen fittings (24 percent) and homecare (11 percent). Bath and kitchen fittings and interior services are the fastest-growing segments, expected to grow at 15 percent over the next six years.

Indian home and household segmentation by sector (US\$ Bn)



Source: Deloitte Home & Household Survey 2024

**iv. Organised vs unorganised players:** About 65 percent of the Indian household and home discretionary spending market is unorganised, with traditional retail leading due to affordability and local products. However, e-commerce and quick commerce are expanding rapidly. Modern retail, with a 25 percent market share, is posting a 15 percent CAGR,<sup>53</sup> driven by urbanisation and demand for premium products. E-commerce, holding a 15 percent market share, is surging at a 25 percent CAGR, fuelled by digital adoption and convenience. Quick commerce is gaining traction, offering fast delivery of essentials, reflecting a shift towards convenience and speed in urban areas.<sup>54</sup>

**v. Urban vs rural consumption pattern:** Non-food items comprise about 53 percent of household expenditures in rural areas and 60 percent in urban areas. Urban households show a higher demand for diverse goods and services, including modern appliances and home improvement products, while rural households are gradually increasing their discretionary spend.<sup>55</sup>

**Market trends and drivers**

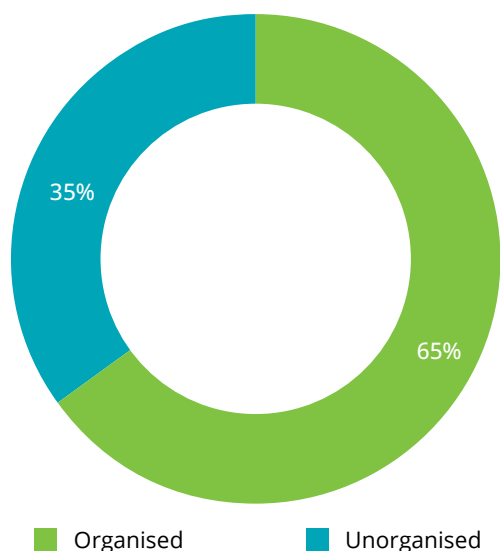
The discretionary spending in the home and household sector in 2024 experienced robust growth, driven by a unique confluence of factors:

**i. Evolving consumer needs**

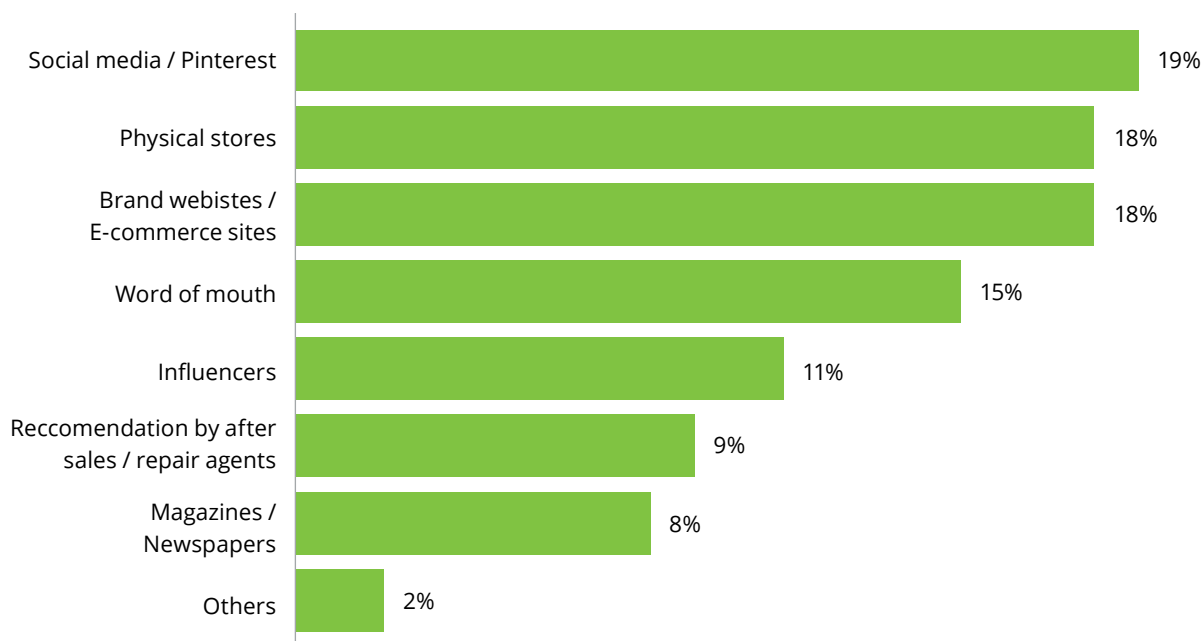
- Product discovery**

Online platforms and physical stores are key in product discovery for home categories. According to a Deloitte survey, 30 percent of respondents discover the latest trends through social media networks and influencers they follow online.

**Degree of organisation - home and household**



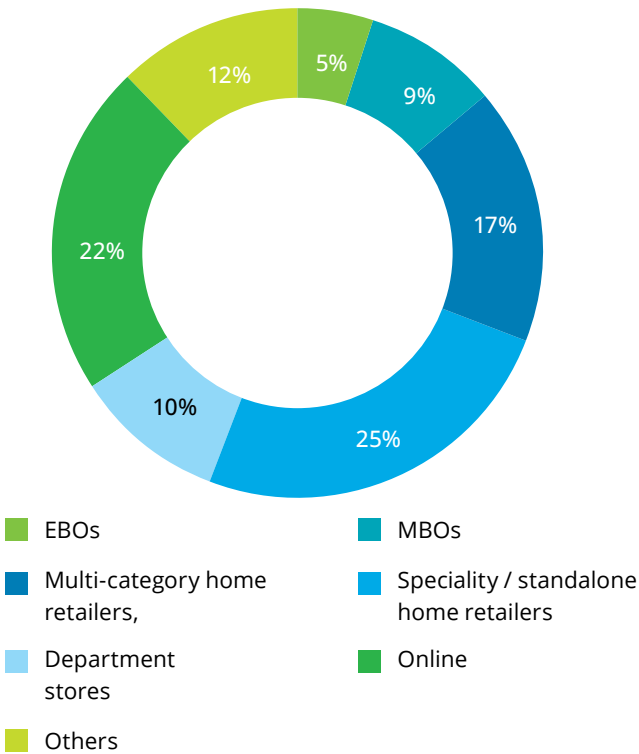
Source: Deloitte Home & Household Survey 2024



Source: Deloitte Home & Household Survey 2024

• **Channel preference**

Speciality/standalone home retailers continue to be the dominant channel, as indicated by 25 percent of respondents, followed by online and multi-category home retailers.



Source: Deloitte Home & Household Survey 2024

• **Purchase and post-purchase factors**

Seamless product delivery is the most important service sought during purchase followed by after-sale service and loyalty programmes.

ii. **Premiumisation and brand play**

Increasing investment in ultra-luxury homes and large apartments has led to demand for premium and innovative home products. A recent Deloitte survey found that 47 percent of respondents are willing to pay a premium for brand value, and 40 percent for customer experience in the home and household category.

iii. **Customisation and personalisation**

Consumers are increasingly seeking personalised home and household products, reflecting their desire for unique living spaces. The rise of hybrid work fuels the demand for customisable, multifunctional furniture. Easy-to-install, customisable bath and kitchen fittings are gaining popularity. Personalised lighting solutions, including monogrammed designs, offer niche market opportunities.<sup>56,57</sup>

iv. **Focus on sustainability**

Consumers are increasingly prioritising sustainability in home and household products. This includes demand for sustainable materials in furniture (such as rattan and jute), water-saving fixtures, trade-in programmes in kitchenware and natural, biodegradable home care products.<sup>58</sup>

2. **Supply-side trends**

i. **Omnichannel play**

Companies are integrating online (e-commerce and quick commerce) and offline (physical outlets) channels to facilitate seamless channel transitions, such as click-and-collect and buy online and return in-store, across platforms. This is further enhanced by using AI and AR/VR to improve the overall customer experience.<sup>59</sup>

ii. **Partnerships and collaborations**

Collaborations in the home and household sectors extend beyond traditional partnerships. Opportunities arise from collaborations with real estate developers and tech companies to offer integrated solutions for new homeowners.

iii. **Smart home integration**

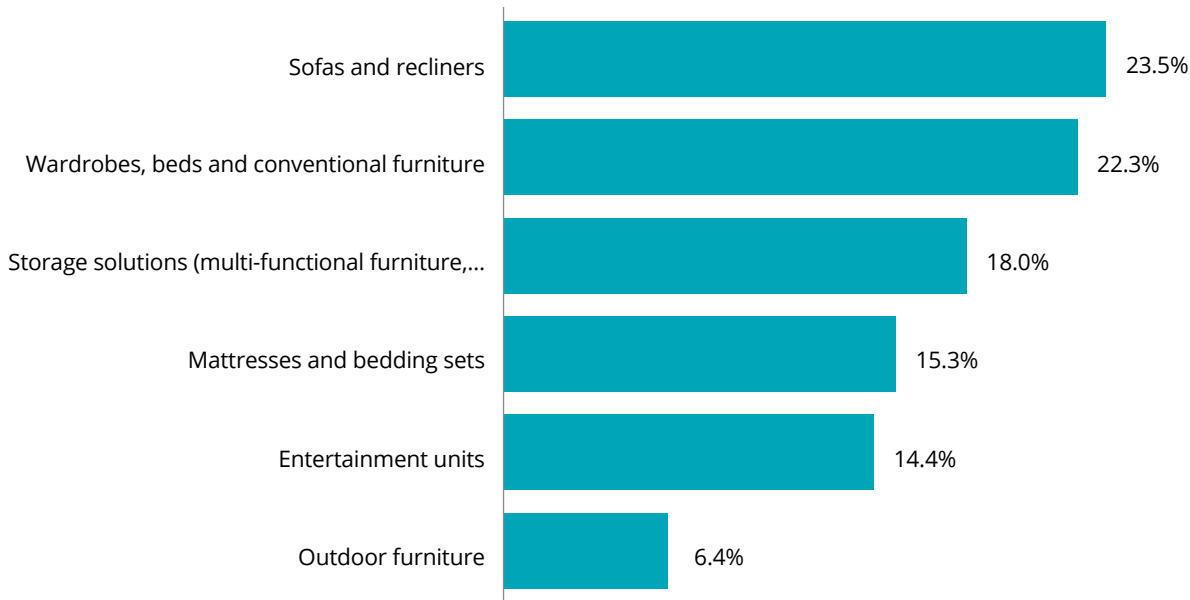
The growing integration of smart home technology is driving demand for interconnected devices, opening new markets for smart appliances, lighting systems, security devices and home entertainment systems. AI-powered appliances and IoT-enabled devices are increasingly prevalent across segments, including kitchenware, lighting, décor and home safety. Additionally, AR/VR technologies are being used to enhance design experiences in furniture, lighting and décor.<sup>60</sup>

**Future outlook**

The home and household market in India is poised for significant growth, projected to reach ~US\$138 billion by 2030 at over 11 percent CAGR.<sup>61</sup> According to the Deloitte Survey 2025, home & household is ranked fourth in increased discretionary spending with income growth, with 12 percent of respondents prioritising it for future spending and **12 percent of respondents** willing to **upgrade to premium purchases**. Emerging trends such as sustainable chic, biophilic design and technological integration are driving innovation. However, price sensitivity remains a key challenge. Companies that balance affordability with evolving consumer preferences will thrive, making adaptability crucial to use the market's vast potential. The evolution of discretionary spending varies across sub-segments within the sector.

i. **Furniture:** According to the Deloitte Survey 2025, 53 percent of respondents indicated they would increase spending on furniture, with sofas, recliners, wardrobes, beds and conventional furniture being the major items.

**High-growth furniture care items with rising incomes**



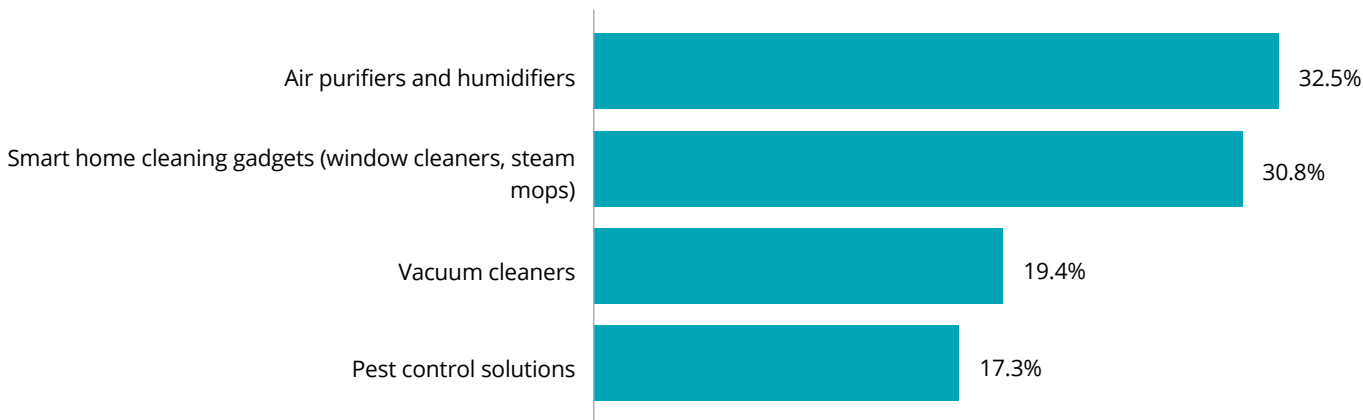
Source: Deloitte Survey 2025

Looking ahead, demand for simple, contemporary designs that are low-maintenance, quickly installable and offer customisation options is expected to increase. Furthermore, the demand for home office and smart furniture is projected to grow significantly.<sup>62</sup>

**ii. Bath and kitchen fittings:** Going forward, there will be demand for AI-powered water management systems for enhanced efficiency and leak detection, immersive VR design tools for customised visualisation and IoT-enabled fixtures that offer voice control and app integration.<sup>63</sup>

**iii. Home care:** Demand for eco-friendly and organic home and laundry care products is growing rapidly. According to the Deloitte Survey in 2025, 58 percent of respondents indicated they would increase spending on **home care products**, with air purifiers and smart home products being key priorities.

**High-growth home care items with rising incomes**

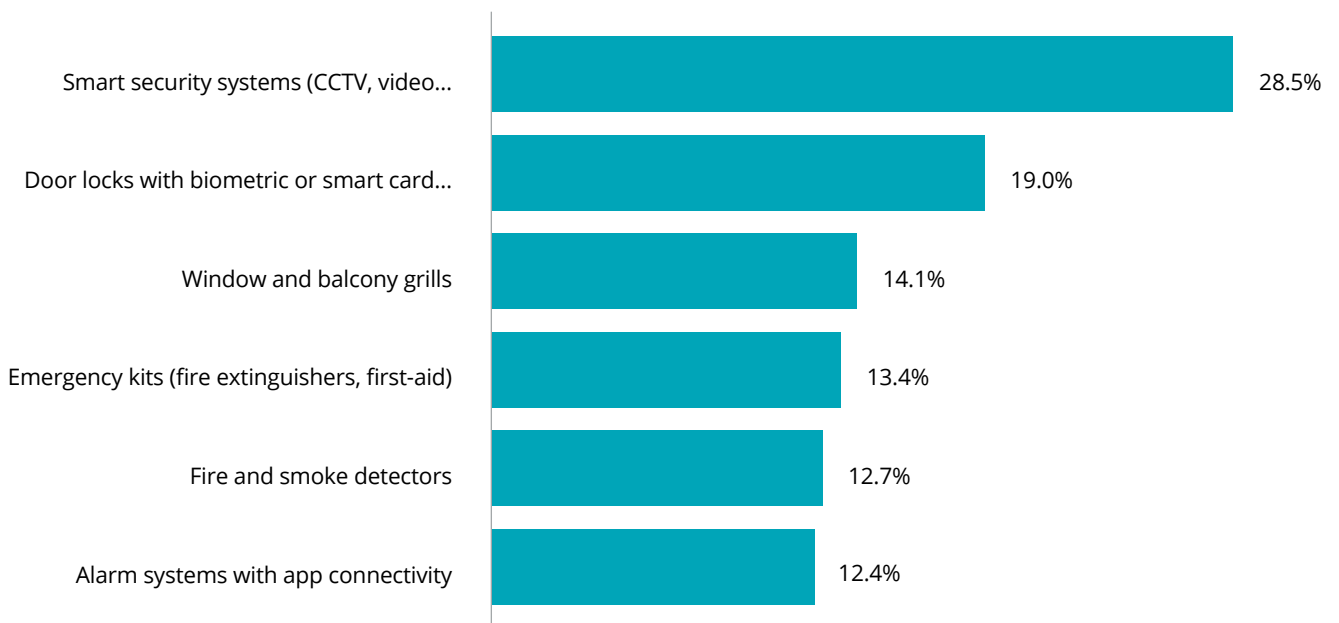


Source: Deloitte Survey 2025

**iv. Kitchenware:** Driven by growing interest in health-conscious materials such as cast iron, brass and glassware, consumers will look for innovative solutions that enhance cooking experiences, such as precise temperature control, cooking alerts and recipe suggestions.

**v. Home safety:** According to the Deloitte Survey 2025, 62 percent of respondents expressed a willingness to increase spending on home safety, with a strong preference for smart security systems and advanced door locks featuring biometric authentication and smart card access as key investment areas.

**High-growth home safety items with rising incomes**



Source: Deloitte Survey 2025

Demand for products with AI-powered advanced security solutions, including biometric and electronic safes, with threat prevention measures<sup>64</sup>

**vi. Lighting and decor:** Integrated lighting solutions that can be controlled remotely, scheduled and customised to individual preferences, along with seamless connectivity between lighting fixtures and other smart home devices, will create more sophisticated and personalised lighting experiences.

**vii. Interior services:** The rise of organised players offering end-to-end products enhanced by AR-based design tools will enable customers to visualise and customise home interiors in real time. Furthermore, VR technology will provide a fully immersive design experience, allowing clients to walk through virtual models of their projects.

# Gems and jewellery

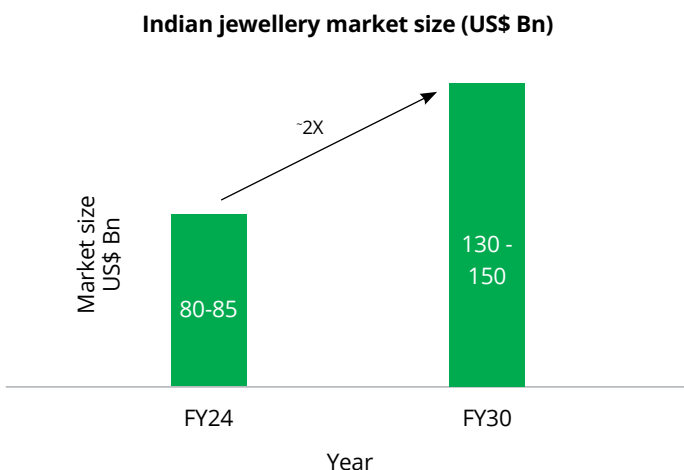
## Market overview

### i. Overview

The global jewellery market is poised for substantial growth. It is anticipated to reach US\$482 billion by 2030, with Asia-Pacific leading in market size and growth potential. This region's cultural affinity for jewellery and rising disposable incomes support a growing demand, especially in India. Key trends include a rise in sustainable materials, the popularity of lab-grown diamonds and expanding demand among male consumers. The digital transformation of jewellery retail, through e-commerce and digital platforms, is reshaping consumer behaviour and broadening access.

### ii. Market size

The Indian jewellery sector, valued at ~US\$80–85 billion in FY2024, is projected to reach US\$130–150 billion by 2030.<sup>65</sup>



Source: Deloitte Analysis

Rising disposable incomes, an expanding middle class, an increase in women's participation in the labour force, an increase in HNI and UHNI households and an expected increase in rural income will drive the Indian jewellery sector's growth through 2030. Gold demand in India is heavily influenced by income growth, the price of gold and the prevailing customs duty.

### iii. Segmentation

- **By region**<sup>66</sup>

India's jewellery market exhibits distinct regional patterns. Southern states account for about 40 percent of the market by value, whereas West, North and East account for about 25 percent, 20 percent and 15 percent of the market, respectively. While the South prefers 22–24K traditional yellow gold (temple, kemp, antique styles), the North and West favour lightweight studded pieces.

- **By occasion**

Weddings and festivals are the primary reasons for purchasing jewellery in India, with bridal jewellery contributing over 50 percent of the total demand.<sup>67</sup> Demand peaks at festivals such as Akshaya Tritiya and Dhanteras, but it is largely restricted to gold and silver coins and idols.

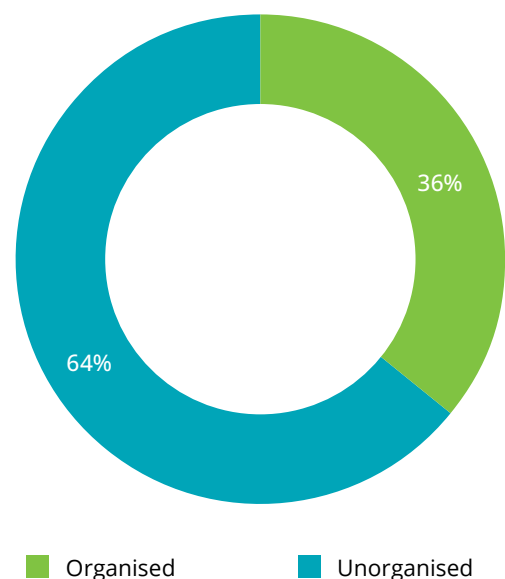
- **By metal**<sup>64</sup>

Gold jewellery accounts for about 80 percent of the total jewellery sales by value. There is a higher preference for gold in the South compared with the North. In the North, the share of studded jewellery is about 30 percent of sales. Jewellery retailers are actively pursuing strategies to increase the share of studded jewellery in their sales mix to improve the margins.

### iv. By organised vs unorganised play in the sector

The organised segment is expected to grow faster, increasing its market share from about 36–38 percent in FY2024 to 42–43 percent by FY2028.<sup>68</sup> The unorganised sector, while still dominant, is gradually ceding market share to organised retailers due to increasing consumer preference for branded jewellery.<sup>69</sup> Additionally, unorganised players are evolving into organised ones by adopting the best processes and practices to enhance trust, transparency and fair pricing.<sup>70</sup>

### Indian jewellery market: Share of Organised vs Unorganised



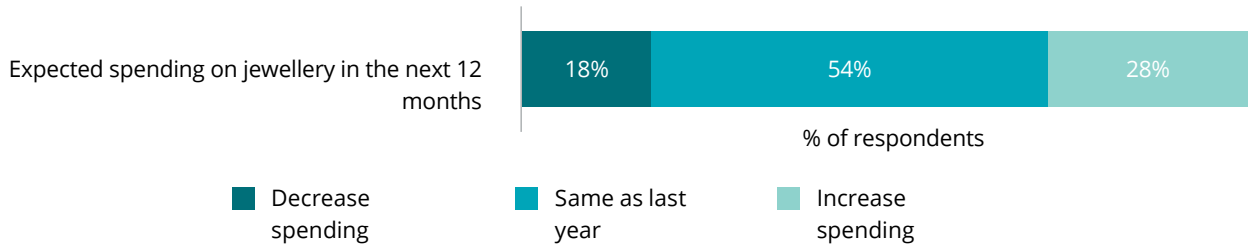
Source: Motilal Oswal Financial Services

## Market trends and drivers

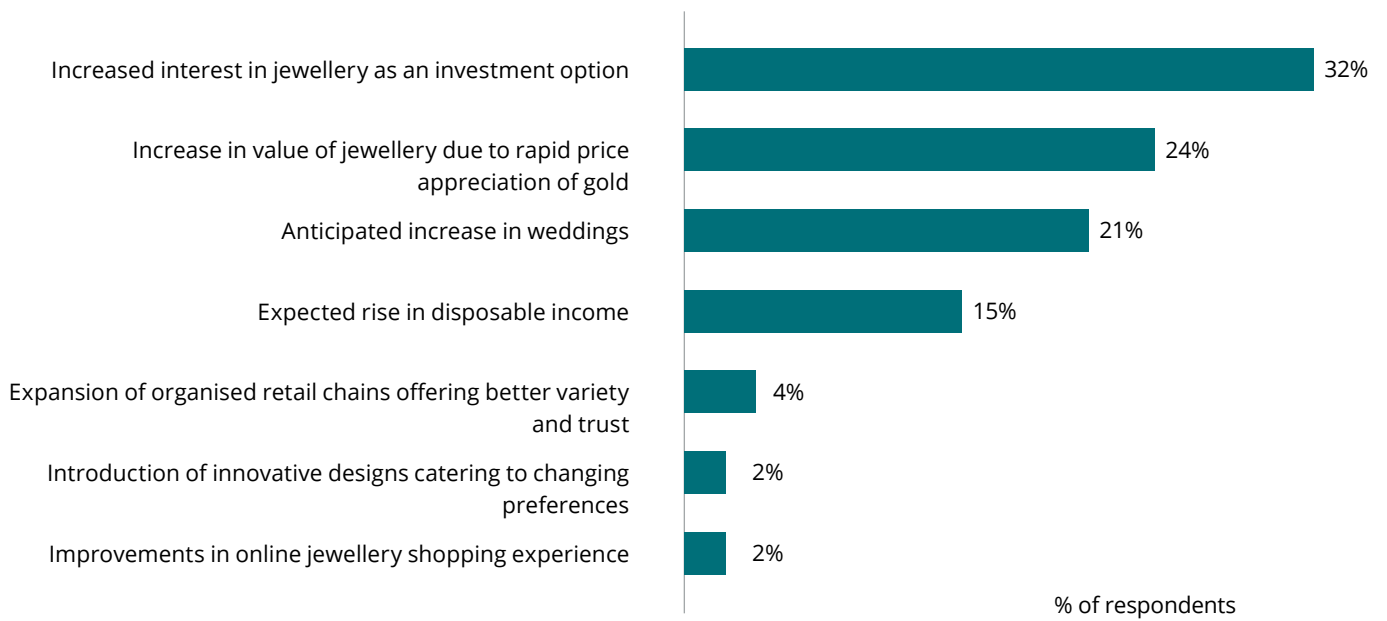
### 1. Demand-side trends

#### i. Expected spending over the next 12 months

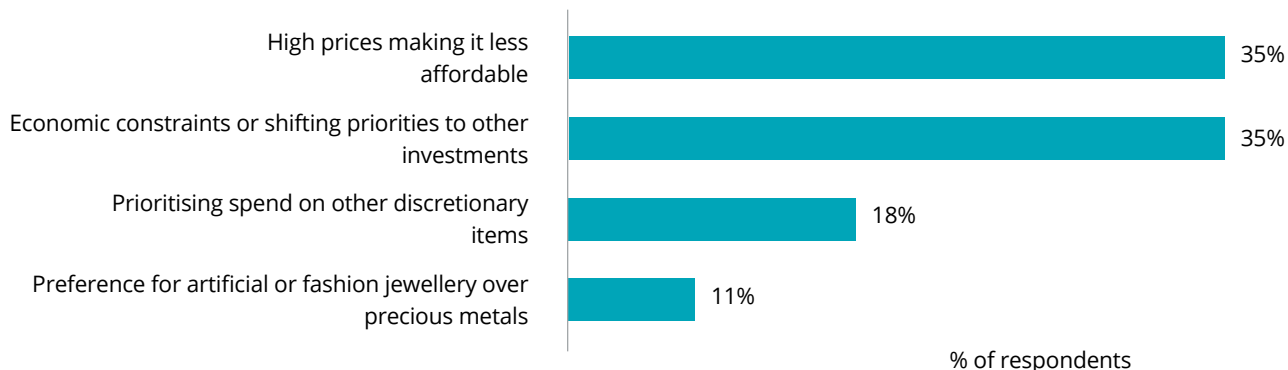
Expected spending on jewellery in the next 12 months



Reasons behind increasing spend on jewellery



**Reasons behind decreasing spend on jewellery**

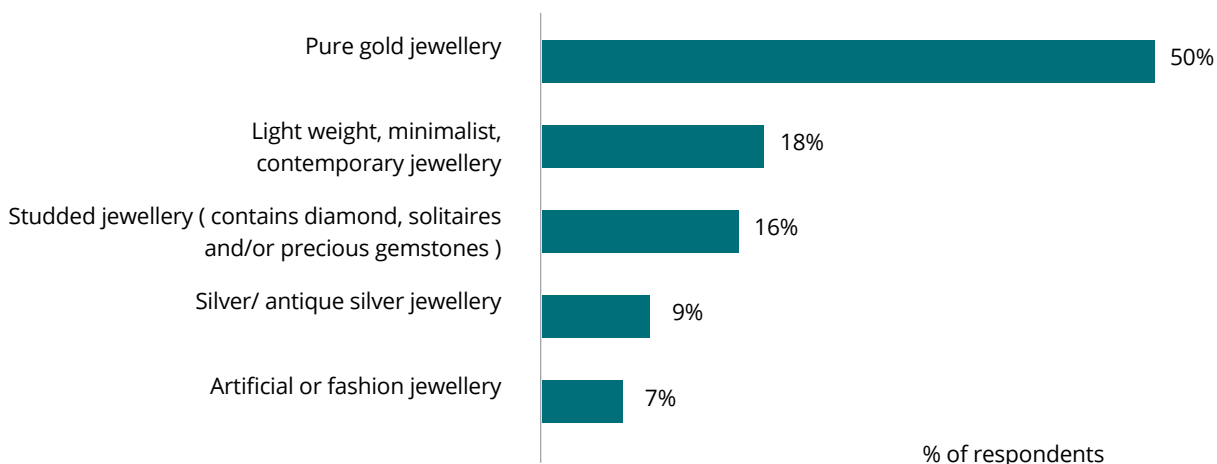


In a Deloitte survey, 54 percent of respondents reported that they expect their jewellery spending to remain unchanged over the next 12 months. Meanwhile, 18 percent of respondents anticipate a decrease in spending, while 28 percent expect an increase, resulting in a net 10 percent of respondents expecting their expenditure on jewellery to increase in the next 12 months.

The primary driver of increased spending is the increased interest in jewellery as an investment, cited as the reason by 32 percent of the respondents who intend to increase their expenditure. This seems obvious, considering the rise in gold prices in the last 12 months. However, the rise in price has also led a sizeable percentage (35 percent) of respondents to expect a reduction in their spends on jewellery as it is becoming unaffordable.

**ii. Changing consumer preferences**

**Projected spending trends in jewellery categories over the next 12 months (Given no constraints)**



The jewellery industry is undergoing significant transformation, driven by changing consumer preferences and technological advancements. One notable shift is the growing acceptance of jewellery among men, which is expanding beyond traditional gender-specific designs and redefining the market landscape. Additionally, jewellery's appeal is growing as a popular gift choice, particularly during special occasions and festive seasons, further boosting its demand.<sup>71</sup> Consumers are increasingly prioritising sustainability and ethical practices in their purchasing decisions. This has led to a rising focus on sustainable and ethically sourced materials within the industry. Lab-grown diamonds are

gaining popularity as they offer a more affordable alternative to natural diamonds while addressing environmental and ethical concerns associated with traditional diamond mining.<sup>72</sup> However, the survey findings indicate that, in the absence of financial constraints, respondents would predominantly increase their spending on pure gold jewellery, with approximately 50 percent expressing a preference for this category. The next two favoured categories are lightweight minimalist jewellery, cited by 18 percent of respondents, and studded jewellery, cited by 16 percent.

### iii. Consumer preferences for jewellery purchase channels<sup>73</sup>

A Deloitte survey of over 600 respondents revealed insights into consumer jewellery purchasing behaviours. Brand heritage, values and personal recommendations emerged as primary factors influencing brand selection. National retail chains led as the preferred purchase channel, followed closely by family jewellers and local establishments. Physical stores demonstrated significant dominance, with customer preference four times higher than digital platforms. Online purchase concerns centred on product assessment limitations, inability to try items and return logistics. Industry certifications, including IGI and BIS hallmarking, were identified as crucial factors in online purchasing decisions.

### iv. Factors driving product preferences

Deloitte's research indicated a shift from price-based differentiation toward quality and design as key purchase drivers. Consumer preferences displayed equal distribution across traditional, modern and minimalist styles, with Gen Z females showing a 75 percent inclination towards contemporary designs. Non-wedding occasions increasingly drive jewellery purchases, with 72 percent of Gen Z consumers buying for personal milestones or collection building. Fine jewellery adoption has increased across occasions, particularly weddings and festivals. Gold maintains market dominance across age demographics, with 22-karat purity emerging as the preferred choice. The preference for higher-purity gold strengthened in 2024 compared with 2023, correlating with India's rising disposable income levels.

### v. Technological and digital advancements

Technological advancements are also pivotal in reshaping the jewellery sector. The adoption of digital platforms and e-commerce channels has surged, making jewellery retail more accessible and convenient for consumers. Furthermore, digital gold is emerging as a modern investment option that appeals to younger investors and individuals with limited funds. Its features, such as accessibility, real-time pricing, fractional ownership and liquidity, make it an attractive and innovative alternative to traditional investment methods.<sup>74</sup> While technology has paved the way for the modernisation of operations, business processes that have grown in response to operational problems have lagged behind other sectors in adopting best practices by taking an outside-in perspective. Therefore, jewellery sector players can leverage the relevant technology-enabled business process best practices to further improve their operations and customer experience.

## 2. Supply-side trends

### i. Customs duty reductions on precious metals<sup>75,76</sup>

In the union budget 2025–26, the government announced a reduction in basic customs duty on platinum findings and jewellery. These cuts are expected to improve the margins for the sector and improve demand for jewellery. These reductions come on top of the reductions announced in last year's budget. In the union budget 2024–25, the Indian government reduced customs duties on gold and silver from 15 percent to 6 percent and on platinum from 15.4 percent to 6.4 percent. This move reduced the raw material costs, enabling retailers to offer competitively priced jewellery. Organised retailers are expected to see revenue growth of 22–25 percent, while the reduction is also anticipated to curb smuggling by narrowing the price gap between legal imports and illicit trade, fostering a more transparent supply chain.

### ii. Impact of rising gold prices<sup>77</sup>

Gold prices have surged due to global tensions, economic uncertainty and inflationary pressures. During Dussehra 2024, prices increased by INR14,000 per 10 grams year-over-year, reaching INR75,700—a rise of 22.7 percent. This spike led to a 10 percent drop in gold consumption by volume but resulted in higher revenues for jewellers due to elevated prices.

### iii. Revised wastage norms for jewellery manufacturing and exports<sup>78,79</sup>

The Directorate General of Foreign Trade (DGFT) has introduced new wastage norms for gold, silver and platinum jewellery, effective January 1, 2025. These norms aim to regulate metal loss during production, ensuring efficient use of duty-free imported metals. Handmade jewellery now has reduced wastage allowances of 2.25 percent for gold and platinum and 3 percent for silver, while machine-made jewellery is limited to 0.45 percent for gold and platinum and 0.5 percent for silver. Studded jewellery allowances are set at 4 percent for handmade and 2.8 percent for machine-made pieces. These stricter norms will require manufacturers to optimise processes, potentially increasing costs for retailers.

### iv. Boost from CEPA agreement<sup>80</sup>

The Comprehensive Economic Partnership Agreement (CEPA) between India and the UAE has significantly enhanced India's jewellery exports. Indian jewellers enjoy zero-duty access for gold jewellery exports to the UAE, while India imports gold from the UAE at a concessional rate. This agreement has strengthened India's position as a leading exporter of gems and jewellery, contributing US\$22 billion in exports during FY2024 and providing a competitive edge in global markets.

**Future outlook**

**i. Rising demand in rural and urban markets**

The urban markets are expected to witness an increase in discretionary spending due to the proposed income tax cuts in the Union Budget 2025–26. This could drive growth in jewellery purchases as it is seen as both consumption and investment. At the same time, the additional disposable income from tax cuts could be parked as savings if the consumers expect harder times ahead or use this additional income to pay off debts if they have already been running a deficit. Post-pandemic, households have increasingly shifted from financial assets to physical assets, with gold constituting approximately 18 percent of the total household savings in FY2024.<sup>81</sup> Rural markets are anticipated to drive growth with their preference for localised designs, while urban consumers lean toward branded, contemporary and premium collections.

**ii. Personalised luxury and sustainability for HNIs**

Catering to High-Net-Worth Individuals (HNIs) through personalised luxury offerings and sustainable practices is poised to strengthen brand positioning. As affluent consumers increasingly value exclusivity and ethical practices, brands focusing on bespoke designs and environmentally conscious processes will likely gain a competitive edge.

**iii. Omnichannel strategies and technological integration**

The sector's embrace of online sales and technological advancements positions it for sustained expansion. By integrating online and offline sales channels through an omnichannel approach, stakeholders can enhance convenience and accessibility for consumers. This strategy aligns with evolving consumer preferences and the increasing role of organised retail channels. There are technologies across the value chain that enable productivity and improved customer experience which are gaining traction:

- **CAD/CAM software:** Enables precise, customisable designs and rapid prototyping, reducing human error and material waste. Widely used for complex geometries and lightweight jewellery production.
- **3D printing:** Accelerates prototyping and allows intricate, bespoke designs. Used for cutting production time.
- **Augmented Reality (AR):** Facilitates virtual try-ons, enhancing online shopping with real-time visualisation of jewellery on customers.
- **Blockchain:** Ensures supply chain transparency by tracking gemstone origins and authenticity, combating fraud and ethical concerns.
- **AI and automation:** Powers inventory management, demand forecasting and personalised designs. Streamlines operations in manufacturing and retail. Agentic AI improves employee productivity.

**iv. Global expansion opportunities**

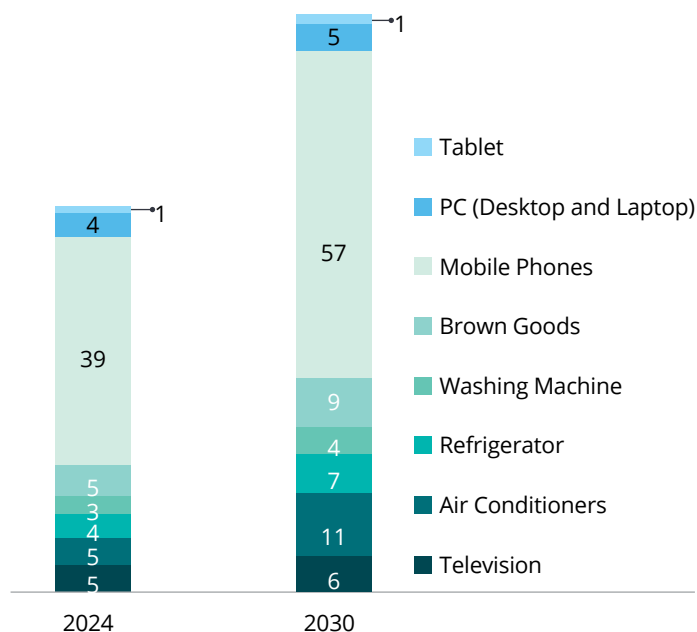
International expansion offers Indian jewellery brands opportunities to serve the affluent Indian diaspora and global customers while diversifying risk. Success will depend on identifying the right markets and effectively catering to customer needs. Additionally, industry bodies such as IAGES are promoting fair, transparent and sustainable practices, enhancing trust in the Indian gold industry.<sup>82</sup>

## Consumer durables

**Market overview**

India is rapidly emerging as one of the fastest-growing markets for consumer durables globally and is projected to become the fourth-largest market by FY2027.<sup>83</sup> The consumer durables market is valued at ~US\$67 billion and is projected to reach ~US\$100 billion by FY2030 at ~7 percent CAGR.

**Size of the Indian consumer durables market (US\$ Bn)**

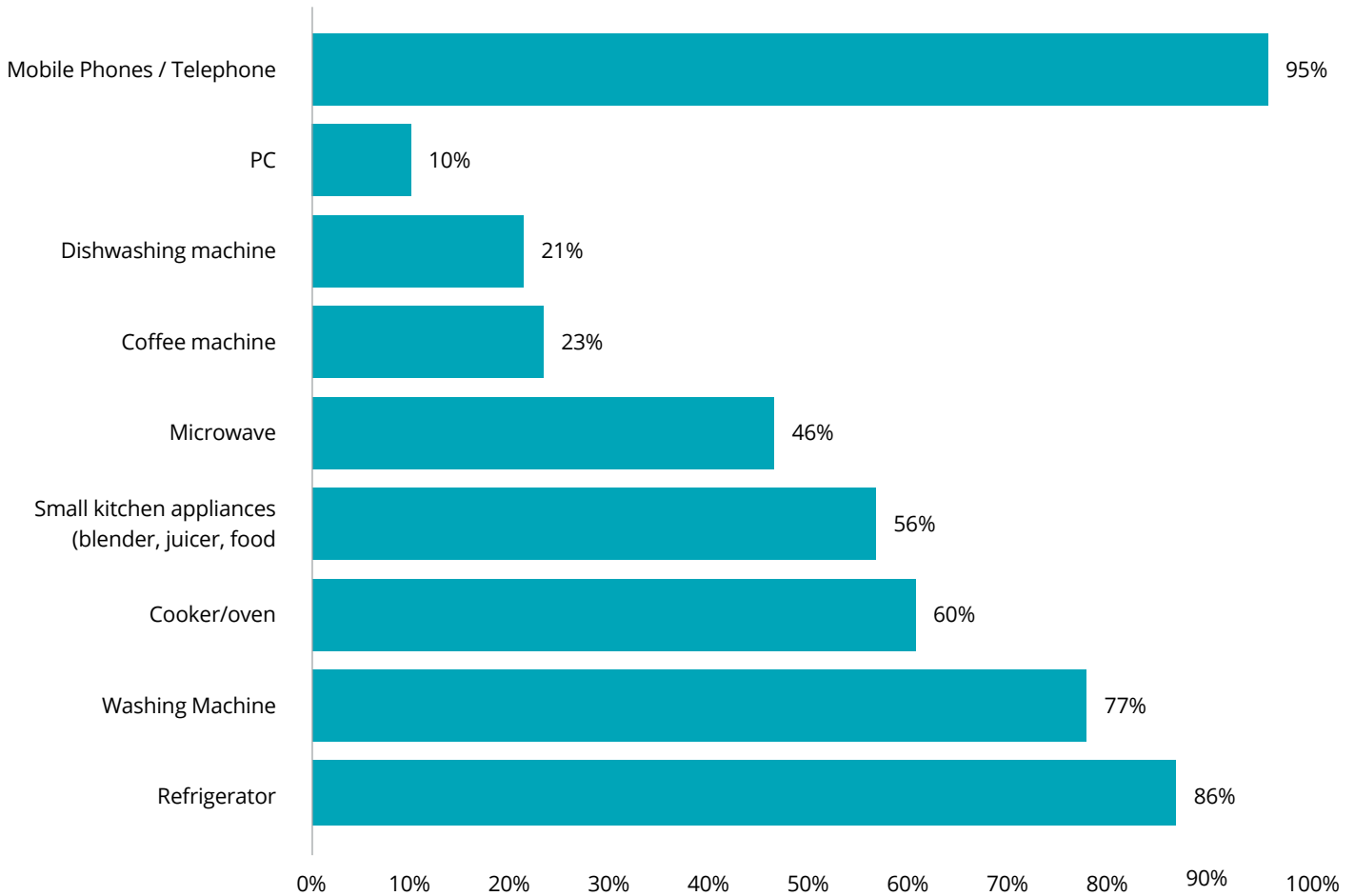


Source: Industry reports, Deloitte analysis; Brown Goods include microwave oven, kitchen appliances, home appliances, and personal care appliances

**Category-wise CAGR (FY2024–2030)**

- Television: ~5%
- AC: ~16%
- Refrigerator: ~7%
- Washing Machines: ~6%
- Brown Goods: ~9%
- Mobile Phone: ~6%
- PC and Tablets: ~2%
- Overall: ~7%

Household penetration rate for different consumer durable products

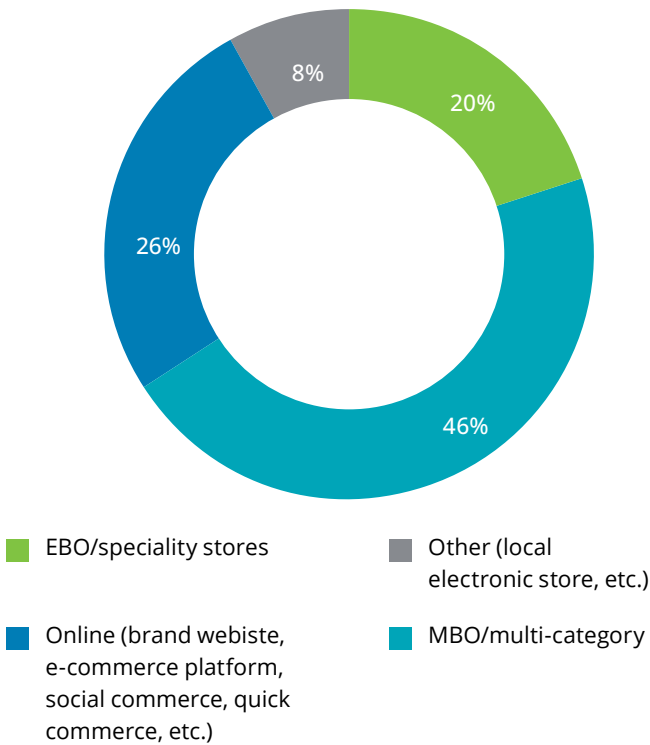


Source: Industry reports (PC and Mobile phone: Annual Modular Survey 2022-23 released by the Ministry of Statistics and Programme, Others: Statista)

Even amid the pandemic, the sector has been growing at 9–10<sup>84</sup> percent in the last five years, driven by rising urbanisation, affluence, easy access to credit through financing options, access to products via digital channels, greater penetration at a household level, a trend towards premium products coupled with tech advancements driving shorter replacement cycles. The consumer durables market is highly organised and concentrated, with ~70 percent<sup>85</sup> being organised at an aggregate level. In specific product segments,<sup>86</sup> large appliances such as washing machines and refrigerators see the top five players occupying 70 percent to 75 percent market share. For air conditioners, the market share held by the top players ranges from 50–60 percent. In contrast, the kitchen appliances market is comparatively more fragmented, with many players and a less concentrated market share. The unorganised sector, which holds around 30 percent of the market share, still maintains a significant presence in semi-urban and rural areas.

The household consumption expenditure survey 2023–24 released by the union government reveals that the Monthly Per-capita Consumption Expenditure (MPCE) on consumer durables has increased by ~1.6 percentage points in rural markets and 1.3 percentage points in urban markets compared with 2011–12.<sup>87</sup> This upward trend in consumer expenditure reflects a broader acceptance and growing demand for consumer durables in rural areas, indicative of overall economic development and evolving lifestyle aspirations in these regions. The growth in rural consumption can be attributed to improved access to credit, rising incomes and greater availability of products. Meanwhile, despite already having a higher base, urban markets continue to exhibit steady growth driven by technological advancements and a preference for premium products.

**Preferred channel of purchase for consumer durables and appliances (2024)**



Source: Deloitte survey, Unlocking Opportunities in India's Home & Household Market

A recent consumer survey<sup>88</sup> revealed that traditional physical retail channels remain the most preferred channels for purchasing consumer durables for most consumers, primarily driven by the higher involvement and interaction required in this sector. Many first-time buyers value the ability to see, touch and feel the product before deciding. However, with the exponential e-commerce growth being witnessed in the country, the channel mix is expected to change. The convenience of online shopping, competitive pricing, extensive product ranges and the ease of home delivery will increasingly make online channels attractive. As a result, e-commerce is expected to gain substantial significance in the coming years, particularly among tech-savvy and younger consumers who are more comfortable with digital transactions.

**Market trends and drivers**

**1. Demand-side trends**

**i. Smart appliances:** The demand for smart, connected and efficient devices is rising, transforming how we live and work. Modern consumers are unsatisfied with basic functionalities and demand products that offer advanced functionalities, seamless connectivity and superior user experiences. This preference was demonstrated in a

recent consumer survey.<sup>89</sup> In the last year, ~35 percent of consumers cited that upgrading their appliances for a more innovative product was the reason for their expenditure in this sector. This trend of intelligence and convenience integration is being driven by increasing penetration of internet connectivity, IoT and advancements in AI. Convenience, automation and efficiency drive the modern Indian consumer to invest in smart home devices and technologies, thereby driving discretionary spending in the sector. With the current smart home penetration rate at around 10 percent, the market is expected to expand significantly, reaching 20-25 percent by 2030.<sup>90</sup> This growth trajectory in the demand for smart devices highlights the imperative for brands to invest in developing smart appliances, ensuring they remain relevant and capitalise on the growing discretionary spending.

**ii. Premiumisation:** In H1 2024, offline consumer electronics retail saw an 11 percent increase in sales value<sup>91</sup> despite unit sales remaining relatively flat. The premium smartphone (INR30,000+) market witnessed a ~10 percent increase at a product segment level.<sup>92</sup> Additionally, gaming laptops and premium washing machines each recorded a 30 percent growth, while inverter and 5-star split air conditioners recorded an 11 percent increase in sales.<sup>93</sup> These sales figures reflect a broader shift towards the premiumisation trend in the Indian market, as consumers increasingly prioritise superior functionality and advanced technologies. Indian consumers today are willing to pay for a high-quality and feature-rich product offering superior user experiences. This preference is supported by increasing access to credit and buy-now-pay-later options. The trend is evident from the growth in consumer durables loans, which have seen ~20 percent growth by value, ~8 percent growth by volume and a ~3 percent increment in loans for ticket sizes greater than INR25,000.<sup>94</sup> Furthermore, with rapid technological advancements expected to reduce the replacement cycle in the sector, this trend is expected to continue and drive spending in the industry. A recent consumer survey<sup>95</sup> revealed that ~45 percent of consumers replace their products for a premium or designer brand, upgrades and replacement of outdated or malfunctioning products. Another survey<sup>96</sup> revealed that ~8 percent of consumers cited 'exploring new trends' as their reason for the purchase of new consumer durable products.

### Case studies

1. India's leading consumer electronics company plans to make AI-powered products account for 50 percent of its portfolio in the next three years to meet evolving consumer requirements for more efficient and productive devices. Furthermore, the company will continue to focus on gaming devices and launch new product lines to cater to the market requirements.<sup>97</sup>

iii. **Redefining value proposition:** Consumers are redefining value by demanding more from their purchases over old value propositions. Consumers are looking for more features that enhance the overall experience for themselves and society, such as energy efficiency, health and hygiene benefits, personalisation in usage and more. Energy efficiency has become one of the most crucial value propositions for many consumers, driven by rising awareness of environmental issues and a desire to reduce energy costs. For instance, the market share for inverter-run air conditioners grew significantly to 77 percent in 2022–23 compared with 1 percent in 2015–16.<sup>98</sup> This growth will be further fuelled by increasing government initiatives such as the Bureau of Energy Efficiency (BEE) star rating, The India Cooling Action Plan (ICAP) that aims to promote alternate technologies, reduce refrigerant emissions, etc. Another emerging value proposition is that of health and hygiene. In the wake of the reduced air quality and COVID-19 pandemic, products that promote better health and hygiene, such as air purifiers, water purifiers, washing machines with advanced sanitation options, etc., are witnessing a surge in demand. For instance, leading consumer electronic brands witnessed a sales spike of up to 50 percent for their air purifier products during the festive season as the air quality index deteriorated.<sup>99</sup> The sale of these products is gradually shifting away from seasonal as the number of people suffering from respiratory problems increases, driven by factors such as urbanisation and climate change.

## 2. Supply-side trends and drivers

i. **Sustainability and circular economy:** Sustainability is gradually becoming a key focus area for most consumer appliance companies in the country, driven by rising environmental awareness, conscientious consumers and supportive government policies. Leading companies are exploring various options for integrating different elements of sustainability into their operations. These include but are not limited to adopting eco-friendly or recycled materials and parts, ethical sourcing, sustainable manufacturing practices and sustainable packaging. Companies are also seeking green certifications for their products and operations to demonstrate their commitment. Additionally, appliance companies are taking sustainability further by catering to consumer preferences for refurbished

products. By embracing these trends, companies can meet the evolving needs of consumers and contribute to a more sustainable and circular economy. This dual focus on sustainability and refurbished products will be key to driving future growth in the Indian consumer appliance market.

### Case studies

A leading consumer electronics company in India is offering certified refurbished products with extended warranties. The company offers refurbished products on a subscription model for end consumers and business clients. Additionally, it has trade-in options where customers can exchange old devices for discounts on refurbished ones.<sup>100</sup>

ii. **Empowering local, optimising supply:** In recent years, the Indian consumer products industry has undergone a significant transformation, marked by a shift towards local production driven by consumer preferences and governmental initiatives. Globally and within India, the consumer demographic is evolving, with Gen Z emerging as the dominant segment. This demographic has shown a strong preference for locally produced goods. Another key driver of this shift is the government's emphasis on the "Make in India" initiative, mainly through the Production-Linked Incentive (PLI) scheme for domestic manufacturing. The government has significantly increased the PLI allocation for mobile phones, IT hardware, semiconductors and India AI mission by ~84 percent to INR18,000 crore.<sup>101</sup> The total budget for the Ministry of Electronics and IT has been increased by ~48 percent to INR26,026.25 crore, with the largest allocation of INR8,885 crore designated for large-scale electronics manufacturing.<sup>102</sup> Companies are also using this trend to enhance their time to market as they can quickly incorporate market feedback and launch custom products. Furthermore, this shift will also give companies greater control over quality and production timelines, reduce costs related to shipping and imports and minimise disruptions.

### Case studies

One of the largest premium consumer electronics players globally is looking to shift over 18 percent of its smartphone production to India by the end of 2025.<sup>103</sup>

iii. **After-sales service as a key differentiator:** As the modern consumer becomes more discerning and demands higher value from their purchases, the quality of after-sales service can significantly influence brand loyalty and customer satisfaction. Per a 2024 consumer survey,<sup>104</sup> after-sales service was ranked among the top three services influencing consumers' choice of brand when purchasing, underscoring the importance of using after-sales service as a critical differentiator. Leading brands across the globe are looking to use advanced data analytics and digital technologies to enhance their service capabilities in terms of personalisation and functionalities.

## Case studies

1. A leading smartphone and home appliances company in India uses digital solutions to offer 24x7 customer service and an enhanced service experience. The company has deployed an AI bot that provides the following services<sup>105</sup>
  - Bot is currently trained in two languages – English, Hindi with more languages to be added
  - Support on order-related issues and queries
  - Book repairs, installation, demos, check the status of service requests, locate the nearest service centre, price of spare parts, warranty information, live video support, etc.
2. A leading Chinese home appliances brand in India has deployed a mobile application to offer remote diagnostic solutions for its products to differentiate its after-sales experience. The mobile application can send alerts about the state of the appliance (air conditioner, refrigerator, etc.) and when maintenance is required, thereby helping extend the life of the device and improve its overall performance.<sup>106</sup>

**iv. Emergence of online channels:** The rise of online and quick commerce channels is a transformative trend in the Indian consumer market, expected to significantly impact all sectors, including consumer durables. This shift is driven by evolving consumer preferences, technological advancements and the increasing penetration of internet-enabled smartphones. Additionally, improvements in supply infrastructure beyond metro and tier I markets will further enhance the importance of this channel. According to a recent survey,<sup>107</sup> consumer electronics products emerged as an important category in online and quick commerce sales. The survey revealed that 50–55 percent of respondents preferred e-commerce channels offering 2–3-day delivery for electronic devices such as mobile phones and large appliances. Meanwhile, 20–25 percent favoured e-commerce channels offering same-day delivery, and 10–15 percent preferred online channels providing delivery within 15 minutes to 4 hours. This data underscores the growing demand for faster and more convenient delivery options, highlighting the critical role of online and quick commerce channels in meeting consumer expectations.

## Future outlook

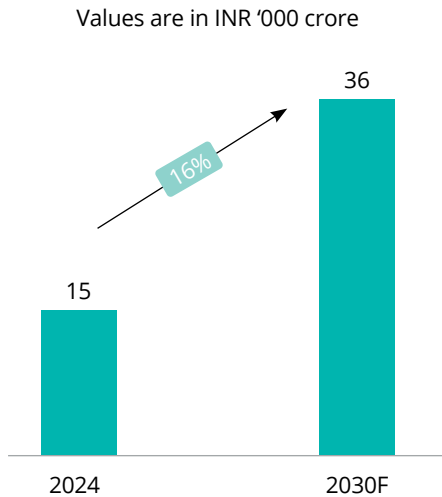
Lower appliance ownership rates, particularly in rural areas compared with other countries, combined with increasing aspirations, present a substantial market opportunity.

Furthermore, the trend towards upgrading products, which essentially shortens the replacement cycle, is expected to boost spending in the sector as people transition towards more advanced and connected devices. Additionally, the increasing need to own multiple units of each appliance linked to evolving lifestyle needs and preferences will further drive spending. The above factors suggest positive growth sentiments, leading to an optimistic outlook for the sector. Over the next five years, spending on consumer durables and appliances is projected to grow by ~7 percent. Significant growth is anticipated across various sub-sectors, with some of the largest beneficiaries being smart home devices, energy-efficient appliances and advanced personal electronics. Key areas that brands can focus on are:

- **Smart and connected devices:** The demand for smart and connected devices is on the rise, driven by consumer preferences for convenience and advanced features. Brands should focus on integrating a range of technologies, including IoT, wearable tech, voice-activated assistants, advanced security solutions, real-time integration with commerce channels, etc., to enhance their products' functionality and user experience. These technologies allow brands to create innovative and seamless experiences that meet consumers' evolving needs.
- **Focus on enhancing value proposition:** To capture consumer mindshare, brands must offer solutions that provide superior and differentiated value. Key features to emphasize include energy efficiency, health and hygiene benefits, and innovative functionalities. By addressing these areas, brands can meet consumers' evolving needs and stand out in a competitive market.
- **AI-powered devices and services:** Advancements in AI offer the potential to make devices more intelligent, enabling features such as voice recognition, predictive maintenance and personalised user experiences. Consumer preference for more intelligent and efficient products drives the demand for AI-powered devices. Brands that use AI can provide enhanced value, improve customer satisfaction and differentiate themselves in a competitive market.
- **Focus on digital and quick commerce channels:** With the increasing adoption of e-commerce, brands should strengthen their online presence and use digital channels for marketing and sales. Quick commerce, which promises faster delivery times, is gaining traction and can be a key differentiator.
- **Explore new business models:** Brands can explore innovative business models such as subscription services, rental options and buy-back schemes. These models can cater to the evolving preferences of consumers who seek flexibility and affordability while also promoting sustainability through product reuse and recycling.

## Travel and recreation (Luggage)

### Luggage industry in India



Source: Deloitte Analysis

The Indian luggage market is valued at INR15,000 crore and is expected to post ~16 percent CAGR. This growth will more than double to ~INR36,000 crore by 2030,<sup>108</sup> driven by rising income, increased travel after COVID-19 and a booming e-commerce sector.

Until 2023, the sector had shown double-digit growth, fuelled by pent-up demand during the COVID-19 lockdowns, but soaring airfares and hotel prices, high inflationary pressures, low wage growth and a depreciating rupee are expected to taper the growth potential in the near term.

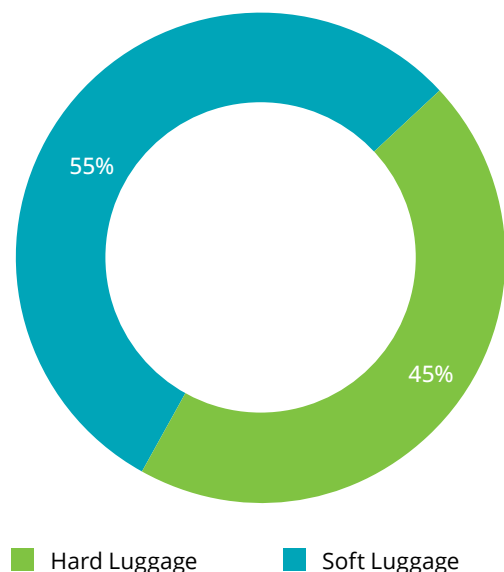
### Key trends driving the travel and tourism sector in India

- **Key government initiatives:** Proactive government policies have played a significant role in boosting travel and tourism, indirectly driving demand for luggage. Initiatives such as the **National Tourism Policy**, **Swadesh Darshan** (thematic tourist circuits) and **Incredible India** (global tourism promotion) have enhanced domestic and inbound travel. Additionally, the **UDAN (Ude Desh Ka Aam Nagrik)** scheme, aimed at improving regional air connectivity, has made air travel more accessible to a broader population, increasing travel frequency. These efforts are expected to sustain long-term growth in the travel ecosystem, fuelling demand for luggage across segments.<sup>109</sup>
- **Experiential and wellness tourism** is gaining momentum as travellers seek immersive experiences over traditional sightseeing. Adventure travel, cultural tours and wellness retreats are in high demand, focusing on meaningful connections and memorable activities. Wellness tourism is also flourishing, with growing interest in resorts, spas and mindfulness-based experiences, prompting traditional travel companies to incorporate relaxation-focused offerings.

- **Corporate travel:** India's corporate travel sector is growing, driven by rising MICE (Meetings, Incentives, Conferences and Exhibitions) events and the expansion of SMEs exploring new markets. The country's success in hosting large-scale events, such as the G20 Summit, signals future opportunities. Additionally, India is becoming a key hub for Global Capability Centres (GCCs), increasing employee travel needs. An analysis of the top 100 firms by net income shows IT services, BFSI and engineering account for 57 percent of corporate travel spend, with most firms allocating 1 percent of net income to travel budgets, highlighting the sector's importance.<sup>110</sup> In addition, blending leisure with business (**Bleisure**) remains a strong trend, with travellers extending their hotel stays when travelling for business purposes.
- **Weddings:** Large-scale villa-style gatherings with multiday wedding functions are growing, leading to higher venue occupancy rates. Social media influences wedding choices, with couples opting for unique, Instagram-worthy venues such as heritage properties, boutique hotels and vineyards, enhancing the demand for customisable settings and personalised experiences.

With the government's "Wed in India" initiative, India is becoming a popular choice for destination weddings. Popular hospitality chains offer flexible all-inclusive packages, and international chains launch customised services for destination weddings in India.<sup>111</sup>

### Share of the Indian luggage market (By product type)



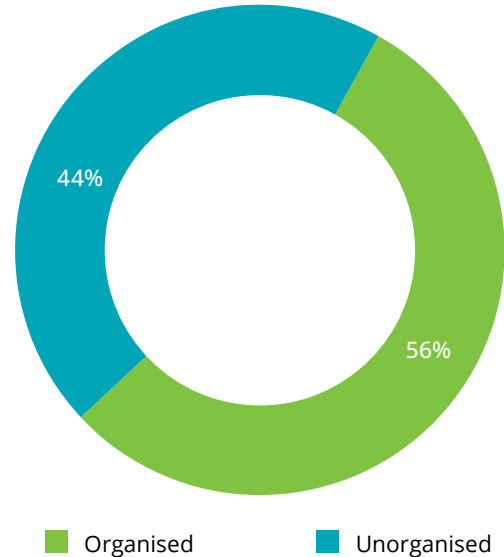
Source: Deloitte Analysis (Report by Safari Industries)

- The hard **luggage segment**, often made from materials such as polycarbonate or ABS, provides superior protection for belongings, especially fragile items and has grown significantly in recent years, commanding 55 percent of the market share. It is expected to grow at 2x of soft luggage growth rate in coming years, mainly driven by Innovations such as lightweight and durable material, along with trendy designs which have made hard luggage an attractive product segment.
- In terms of **distribution channels**, the market is dominated by offline channels such as modern trade and retail segment (department stores, speciality stores), but e-commerce sales are rapidly expanding due to convenience, competitive pricing and branded products. The rise of digital adoption and expanding internet access has positioned e-commerce as a key driver in the branded bags market. This channel allows brands to reach areas with limited offline retail presence. While online traffic growth has stabilised after a sharp increase post-pandemic, e-commerce is expected to remain the leading force behind market expansion. It continues to improve accessibility and consumer engagement, ensuring steady sales momentum.

**Organised vs unorganised play in the sector**

Currently, the branded players account for 56 percent of the market share,<sup>112</sup> increasing from 45 percent before COVID-19. With non-branded manufacturers being brought under the GST, the price difference between them and labelled luggage has narrowed.

**Degree of organisation**



Source: Deloitte Analysis (Report on Safari Industries by Way2Wealth)

The industry is growing at an average rate of 8-10 percent, but the organised segment is outpacing this growth with an impressive rate of 15 percent.<sup>113</sup> Established luggage accessories manufacturers and market leaders in the industry are capitalising on this shift by expanding retail presence and digital sales.



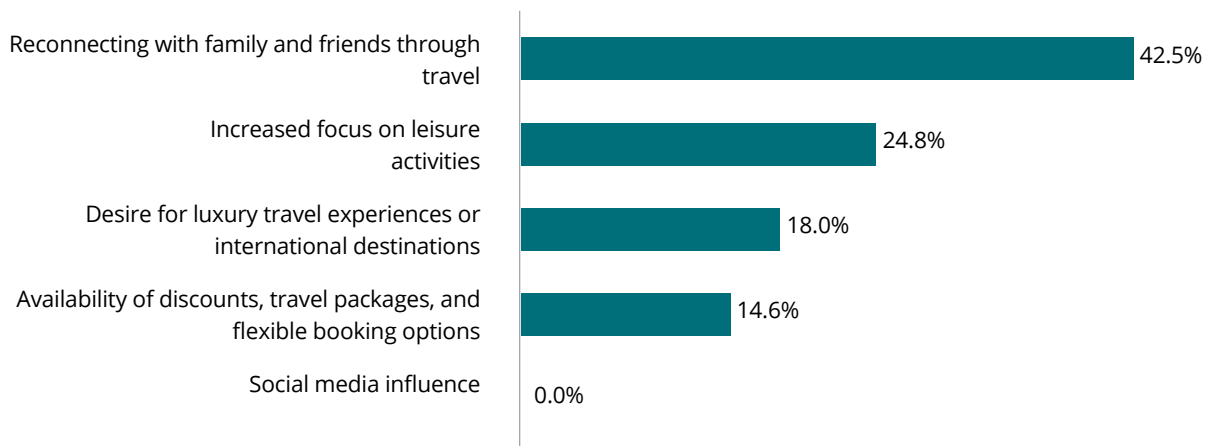
**Demand-side trends**

- **Luggage bags are increasingly becoming a style statement.** With travellers looking for durability, utility and aesthetics, they have become a fashion accessory. Gen Z and millennial travellers focus on aesthetics and fashion rather than durability. Due to frequent travel, a luggage bag's replacement cycle has decreased considerably, necessitating more frequent purchases.
- **Changing preferences:** There has been a strong rise in air travel demand, widening middle-class demography,

a millennial and Gen Z population, increasing disposable income, improving consumer sentiment and diverse travel packages. Additionally, in India, there is an increased level of wedding tourism, with luggage bags becoming an integral part of the wedding trousseau and in terms of gifts.

A recently concluded survey highlights that almost 42 percent<sup>114</sup> of the increased spending on travel is driven not only by reconnecting with family/friends but also to satiate the needs for leisure activities and luxury travel (combined).

**What are the reasons behind increase in spending?**



- **Premiumisation:** Global premium brands are witnessing significant growth in e-commerce marketplaces in India. To tap this growing demand, brands are introducing innovative features such as charging ports, GPS tracking and smart locks in luggage bags, while other premium brands are opening retail stores in Indian metros.

A leading premium watch boutique has collaborated with a German luxury luggage brand to open its first store in Mumbai. The premiumisation trend has also attracted VC-backed start-ups with premium positioning to expand their D2C presence.

- **Rise of smart luggage:** Consumers increasingly seek technology integrations such as USB charging ports, GPS tracking and RFID locks. The shift towards connected travel solutions drives growth, with premium brands incorporating AI- and IoT-based features to cater to tech-savvy travellers.

Listed Indian companies have launched bags with GPS tracking and USB charging ports, and other brands have introduced electric motorised luggage carriers.

- **Sustainability and eco-friendly materials:** Growing environmental awareness has increased demand for luggage made from recycled plastics, biodegradable materials and

sustainable leather alternatives. Leading players are investing in eco-friendly production and recycling initiatives.

- **Demand for lightweight and ergonomic designs:** Consumers prefer ultra-light luggage made with polycarbonate and hybrid materials, offering durability and ease of mobility. Additionally, ergonomic features such as 360-degree spinner wheels, expandable compartments and TSA-approved locks are gaining traction.

**Supply-side trends**

- **Price wars and margin strain:** The top market players are seeing margin pressure due to the rising competitive intensity and ongoing price wars. With increasing new local entrants in the economy segment, selling prices have decreased, impacting margins.
- **Reshoring and localised manufacturing:** Rising supply chain disruptions and tariffs have led brands to establish manufacturing units closer to key markets. Countries such as India and Vietnam are emerging as global luggage production hubs, reducing dependency on China.

- **Retail and omnichannel innovations:** Luggage retailers are integrating AI-driven customisation, AR-based virtual try-ons and experiential retail stores to attract younger consumers. Brands are also using social commerce for targeted marketing.
- **Innovation in materials:** Brands increasingly use lightweight polycarbonates and durable fabrics to enhance performance, improve durability and reduce weight for greater convenience. This focus on lightweight durability is particularly appealing to frequent travellers looking to easily navigate airports and transport systems.
- **Strategic partnerships:** Companies collaborate with travel platforms, airlines and hospitality brands to expand their customer base. For example, a leading premium luggage brand recently collaborated with one of the largest airlines in India, allowing their customers a 2kg extra baggage allowance every time they caught a domestic flight until a year from the date of purchase.<sup>115</sup>

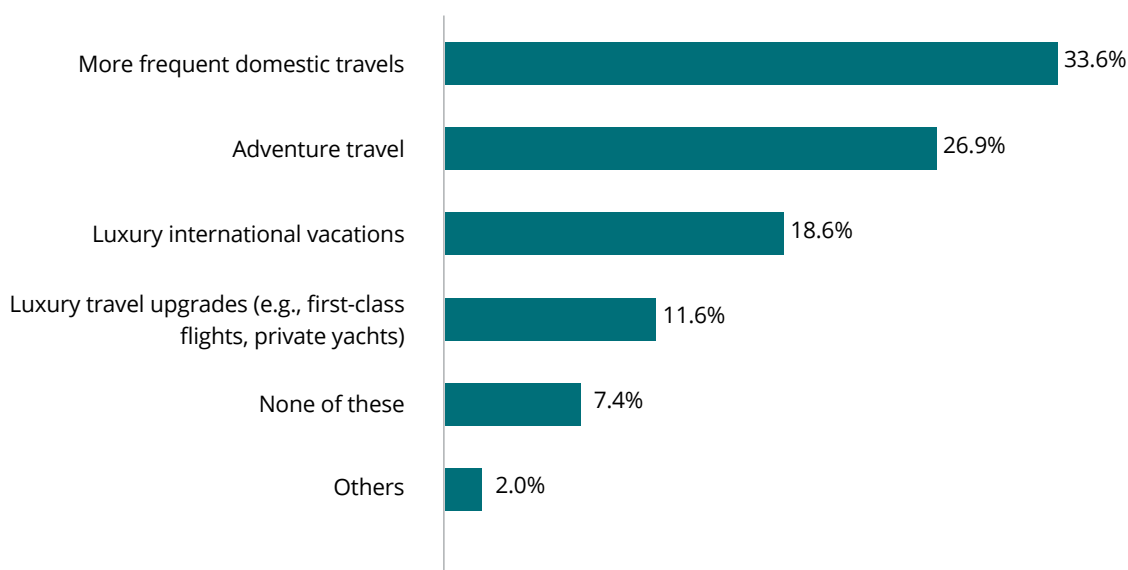
**Future outlook**

India's travel industry is **expected to grow rapidly**, driven by evolving consumer preferences and technological advancements. The **branded luggage market** is projected to expand as travellers seek **durable and multifunctional options** with modern designs and a seamless omnichannel experience. Domestic and inbound tourism is anticipated to surge, supported by improved infrastructure, government initiatives and a rising middle class. Luggage brands need to position themselves as brands focussed on emerging trends such as sustainability and start catering to

customer segments demanding hyper-personalisation. Some of the key trends expected to shape the luggage industry of the future are outlined below.

- **Branded luggage segment** to continue growing, with premium and value segments expected to fuel growth. Established brands must balance premium luggage positioning with accessible price points while maintaining strong relationships with retail partners to grow in the segment.
- **D2C expansion:** Brands increasingly shift to D2C models to enhance margins and build direct customer relationships. Online-first luggage start-ups have gained popularity due to their customisation options and seamless purchasing experiences.
- **Omnichannel experience will be key to winning consumers** going forward. The shift towards **online-first and D2C models** will continue to shape the luggage industry, with brands focusing on seamless digital and physical retail integration. While flagship stores will evolve into experience-driven destinations, they will also play a critical role in enabling convenience-driven services such as **express delivery, reserve online & pick up in-store (ROPIS)** and buy online & pick up in-store (BOPIS). This hybrid approach will help brands cater to evolving consumer expectations for immersive shopping experiences and flexible fulfilment options.
- **Increased domestic travel and inbound tourism**

**If you expect an increase in income, which areas do you plan to spend the most?**



In a recently conducted survey by Deloitte India, more than 33 percent<sup>16</sup> people highlighted their preference for frequent domestic travel if there is an increase in income. With the depreciating rupee against the US dollar, this trend is expected to grow as more and more Indians shift from expensive international tours to domestic trips. In addition, inbound travel to India is expected to surge, as seen in previous periods of currency weakness.

With greater airport and surface connectivity, travel to Tier II and III cities is also expected to grow. This is partly driven by leisure and corporate travel with rising urbanisation and a growing number of GCCs in these cities. Hotel chains are collaborating with local accommodation providers and building asset bases to cater to the demand coming from these locations, with a growing number of Short-Term Rentals (STRs) taking advantage of this massive demand-supply gap.

- **Growing demand for functional and versatile luggage:** As travel continues to expand, consumers are seeking luggage tailored to specific needs, whether for **adventure travel, short trips, business travel or weekend getaways**. This shift is expected to increase **luggage ownership per capita**, with travellers opting for specialised bags designed for durability, convenience and efficiency. Brands focus on **versatile, multi-functional designs** that cater to diverse travel scenarios, incorporating modular compartments, weather-resistant materials and ergonomic structures to enhance user experience.
- **Sustainable choices:** The future of travel is increasingly centred around sustainability, driven by growing awareness of environmental responsibility. Hotels and airline brands must adopt eco-friendly innovations, such as carbon-neutral lodging, fuel-efficient aircraft and sustainable aviation fuels. Many destinations enforce stricter eco-tourism guidelines to protect local ecosystems and cultures while promoting responsible travel. With Gen Z and millennials prioritising ethical tourism, demand will rise for green accommodations, plastic-free experiences and low-impact travel options. Advancements in technology, including AI-powered carbon tracking and blockchain-based sustainability certifications, are enhancing transparency. OTAs and travel tech brands must develop such features in their portfolio offerings to embrace the demand.

With growing sustainability concerns, luggage rental services are gaining popularity, particularly in urban markets where consumers prefer flexible, cost-effective travel solutions.

- **Luxury travel and hyper-personalisation** are expected to significantly impact travel in India. Premium hospitality brands are elevating their offerings with opulent resorts, heritage palace stays and tailored itineraries focusing on personalisation. These brands also use advanced technologies

such as AI-powered concierge services, biometric check-ins and data-driven recommendations to enhance convenience and customisation. In coming days, private jet travel, bespoke wellness retreats, and immersive cultural experiences is expected to become increasingly popular among high end luxury travellers.



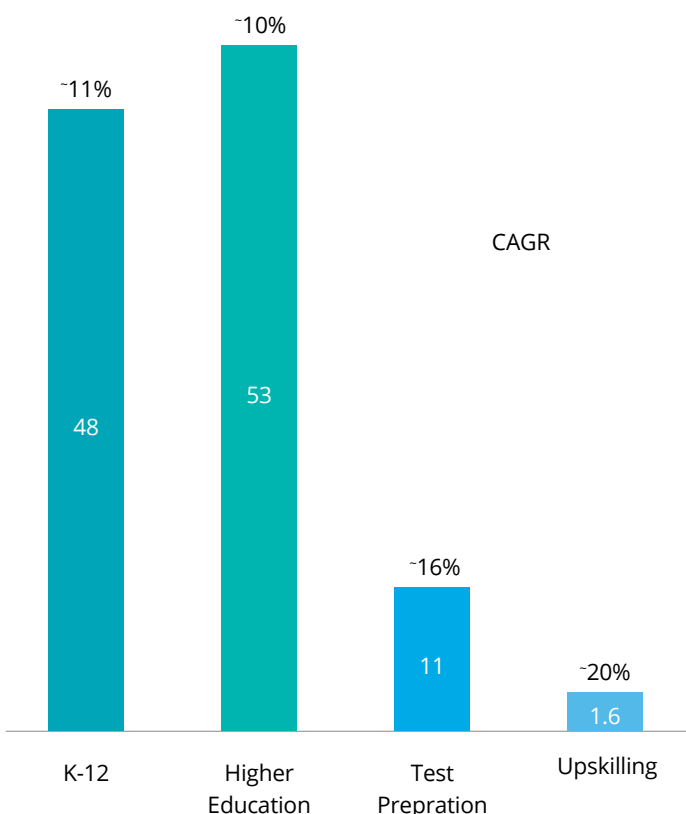
# Education

## Market overview

India boasts one of the largest education systems, with about 1.5 million schools, more than 45,000 colleges, and about 1168 universities.<sup>117</sup> As the world's most populous nation, India has a remarkable demographic advantage, with a substantial youth population. With a growing economy, the demand for quality education and skilled professionals has been on the rise, leading to higher discretionary spending on education and upskilling.

- i. **Market Size:** The Indian education sector includes school education (K-12), higher education, test preparation and upskilling.

**Size of the Indian education market: US\$ Bn 2023 and CAGR (2023-28)**



Source: Industry reports, IBEF, Deloitte analysis

- ii. **School education:** The Indian School Education System is one of the largest in the world, with more than 9.8 million teachers and nearly 250 million students<sup>118</sup> from the Foundational to Secondary level from varied socio-economic backgrounds. The K-12 school market was valued at ~US\$48 billion in 2023 and is expected to reach ~US\$125 billion by 2032.

- iii. **Higher education:** The Indian higher education system has a total enrolment of nearly 43.3 million students, translating to a Gross Enrolment Ratio (GER) of 28.4 percent in India.<sup>119</sup> The Indian higher education sector has witnessed remarkable growth with a rise in enrolments driven by increasing government spending, policy reforms, private-sector participation and demand for skilled professionals.

- iv. **Test preparation:** The test preparation market in India was estimated to be valued at ~US\$11 billion in 2023 and is expected to grow to about US\$25 billion in 2028.<sup>120</sup> The market includes entrance preparation and job-based test preparation. It is expected to grow at a CAGR of ~16 percent with increasing student enrolments, willingness to spend for test preparation resources and the rising number of offline and online test preparation players.

- v. **Upskilling market:** This includes professional certificate courses on industry-relevant digital tools or programming languages or technologies offered primarily online. These include Gen AI, AI/ML, IoT, Python, cloud, cybersecurity and blockchain. The market for upskilling was valued at ~US\$1.6 billion in 2023. It is expected to reach ~US\$4 billion by 2028, growing at a CAGR of 19-20 percent.

In addition to rising consumer spend, the budget allocation for the sector has also been increasing. The central government allocated INR 1.28 lakh crore for education in FY2026 compared with INR 1.21 lakh crore for FY2025, up 6.2 percent increase.<sup>121</sup> Despite higher allocation, the government spending on education in India is still less than 3 percent of GDP, lower than the 6 percent target stipulated in NEP 2020. Hence, we might see an increase in outlay in subsequent years to move towards the target.

## Market trends and drivers

1. **Demand-side trends:** With rising household income and increasing competition, Indians are focusing strongly on giving the best possible education to their kids to enable them to have a strong career path. Working professionals are also investing in upskilling themselves to get better career prospects and remain relevant amid a rise in disruptive technologies. Here're some key trends in the education and upskilling sector:

- i. Increasing demand for good private schools:** Per the latest NSSO survey, enrolment in private schools (~44 percent) is higher than government schools (~36 percent)<sup>122</sup> in most urban cities. The preference for prominent CBSE and ICSE school chains is very high among middle-income and high-income parents despite a higher fee given better affordability. Better quality of education, sound infrastructure, good teacher-student ratio, and public image are some key reasons encouraging parents to opt for these prominent schools despite a premium fee.
- ii. Rising demand for international education:** Growth in high-income households is contributing to the demand for premium international schools, particularly in major cities. The number of international curriculum schools increased to 923<sup>123</sup> in 2023-24 compared with 708 in 2017-18. Parents who intend to send their kids for higher education abroad prefer these schools as international schools often follow internationally recognised curricula (such as IB or IGCSE), preparing students for higher education and careers abroad. Moreover, these schools follow a more holistic and broader curriculum unlike traditional schools that follow a strict curriculum involving textbooks and an assessment-based approach.
- iii. Strong demand for online test preparation and upskilling:** The transformation of education in India has been accelerated by the rising need for online learning. The Indian ed-tech market, which drives online learning, is expected to grow at 25-28 percent CAGR and reach US\$29 billion by 2030. K-12 has been the biggest segment for ed-tech with the need for better quality content to supplement school education being a key driver. However, the demand has slowed down after the opening of physical classes, especially in urban areas. On the other hand, test preparation and upskilling are growing fast. For the former, rising competition due to the increasing

base of test takers, better accessibility and lower price point compared with offline coaching are the key demand drivers. In the case of upskilling, the fast-evolving technological and industrial landscape is leading to increasing demand for online certification courses for skills and tools that are in strong demand. Working professionals, especially Gen Z, are banking on upskilling themselves to improve their career prospects and competitive edge in the market.

- iv. Increasing adoption of the coaching sector:** The increase in the number of test takers (~10 percent growth in entrance-based exams and ~8 percent growth in job-based exams) has led to rising spend on the coaching sector focused on the test preparation market.

#### 1. Supply-side trends

- i. Focus on multi-disciplinary education:** The evolving job market, the introduction of NEP 2020 and technological advancements have blurred the lines between traditional disciplines. This has led to the integration of the multi-disciplinary curriculum into the formal education system supported by infrastructure development in the public and private sectors, industry-academia collaboration and higher employability across industries.
- ii. Continued expansion of ed-tech:** India's ed-tech sector has seen remarkable growth with increasing internet and smartphone penetration, use of technology through government initiatives, such as NEP 2020, focus on skill development (online upskilling courses and certifications) and a choice of affordable alternative to traditional education. Despite recent challenges faced by many ed-tech start-ups, online platform adoption is on the rise. Government platforms, such as SWAYAM and NPTEL, are also gaining traction, with more courses being launched on these platforms.



**iii. Entry of international players:** With recent rules announced by UGC allowing the setting up of foreign universities in India, private universities abroad have started showing interest in India. The University of Southampton and Deakin University of Australia<sup>124</sup> are some of the first entrants, with more expected to follow.

#### Future outlook

- i. Focus on holistic learning and higher spending on supplementary programmes:** Parents are seeking holistic education beyond academics and STEM courses, including extracurricular activities, sports, arts, robotics, coding and foreign language learning. There is an expansion of residential schools in smaller cities of the country, offering a comprehensive education experience that reshapes student preferences, parent expectations and educational outcomes.
- ii. Rising demand for upskilling:** According to a recent study, 85 percent of professionals in India plan to invest in upskilling initiatives in FY25.<sup>125</sup> Entry-level professionals feel the most uncertain, with only 29 percent confident about job retention in FY25. Upskilling on latest tools and tech is crucial, especially in fields such as data science, AI and programming, with 92 percent of seasoned professionals and 83 percent of freshers recognising its importance. More working professionals are realising the need for continuous learning and upskilling to adapt and evolve. This is evident by a sharp rise in enrolment for programmes targeting Gen AI. For example, a leading ed-tech player had 27 million registered users<sup>126</sup> for Gen AI courses in 2024 in India, surpassing Europe. The government has also announced in the Budget 2025-26 that five National Centres of Excellence<sup>127</sup> for skilling will

be set up with global expertise and partnerships to equip youth with the skills required for “Make for India, Make for the World” manufacturing.

- iii. Increase in adoption of new-age technology in education:** Technologies such as AI, AR and VR are revolutionising the Indian education sector, significantly affecting both school and higher education. The increasing adoption of personalised learning platforms, interactive curriculum, gamification of learning resources, and use of tech in research and innovation, will improve the learning outcomes and make quality education more accessible.
- iv. Tier II and III cities to drive the growth of the study abroad market:** There is a surge in the number of students aspiring to study abroad from tier II and tier III cities. According to a survey, about 57.2 percent of study abroad aspirants are from tier II and tier III cities, while 42.8 percent are from tier I cities.<sup>128</sup> The overseas-education loan portfolio witnessed an exponential 32.8 percent CAGR between CY2019 and CY2023 to reach INR 947 billion despite a slump during the pandemic.<sup>129</sup> In the future, this trend will be mainly driven by rising household income and increasing access to information.
- v. Rise of edtech partnerships in tier II cities and beyond:** Increasing edtech partnerships (brands such as Coursera and Udemy) with tier II and III educational institutes/ other premier colleges to offer high-quality education and advanced courses, is benefitting the students from tier II cities and beyond, to enhance employability, who often lack access to specialised programmes. This will reshape the educational landscape in smaller cities.





# Implication for brands



### Activate asset-light, innovative methods to attract new consumers

The economic landscape of India is evolving, with rising incomes and urbanisation driving a surge in discretionary spending, particularly in tier II and tier III cities.

We see this trend in tier II to tier IV cities that have now surpassed their tier I counterparts in the online shopping space. Consumers from tier II cities and beyond have been found to spend an average of 2 hours and 25 minutes per week shopping online, spending about 16%<sup>130</sup> of their income on e-commerce purchases. At present, tier II and tier III cities account for over 50% of India's online shoppers, with the market expanding at an impressive annual growth rate of 23%. Projections indicate it could reach US\$100 billion by 2026.<sup>131</sup>

These markets offer immense potential but require a tailored approach due to diverse consumer needs and infrastructure challenges. Brands can capitalise on this opportunity by adopting asset-light, cost-effective strategies that prioritise accessibility, cultural relevance and community connection.

#### a) Collaborations as a key initiative in tier II/III markets

Brands can explore synergistic partnerships to establish a strong foothold in tier II and tier III markets. By collaborating with local retailers, logistics providers and community organisations and using hyperlocal platforms, brands can tap into existing trusted networks to enhance accessibility and credibility. Micro-influencers and the shop-in-shop model can further help brands integrate seamlessly into local commerce ecosystems, ensuring better consumer engagement. For instance, teaming up with local retailers can help brands tap into established customer relationships, while collaborations with logistics providers can ensure efficient last-mile delivery. Collaborating with community groups or events allows brands to connect authentically with local audiences, aligning with their values and traditions. These partnerships not only enable brands to penetrate new markets more cost-effectively but also foster a sense of familiarity and trust, which is crucial for success in emerging markets.

Example: One of the prominent e-commerce platforms successfully expanded into tier II and tier III cities by collaborating with local resellers, small businesses and home entrepreneurs. By empowering individuals—especially women—to sell products through platforms such as WhatsApp and social media, it used the trust and personal networks of these resellers within their communities. The platform also collaborated with local logistics providers to ensure efficient last-mile delivery, making its services

accessible even in remote areas. These collaborations allowed it to tap into community-driven recommendations, build trust and cater to the specific needs of consumers in these emerging markets, driving significant growth and market penetration.

#### b) Using digital penetration in tier II and tier III cities

With over 954 million internet subscribers in India, tier II and tier III cities are seeing rapid digital growth, with 95%<sup>132</sup> of rural areas now having access to 3G/4G connectivity. The number of online shoppers increased from 135 million in 2019 to 250 million in 2023, an addition of 115 million consumers. Projections indicate this figure will reach 427 million<sup>133</sup> by 2027, adding another 177 million shoppers. This highlights the increasing influence of digital adoption. Additionally, 68%<sup>134</sup> of consumers in these regions discover products via social media, highlighting the increasing influence of digital platforms.

In such a scenario, brands must design tailored digital solutions to reach out to these segments of new digital consumers. Such solutions include developing apps in vernacular languages, creating user-friendly platforms with simplified navigation for first-time users and integrating features such as voice search and AI-powered recommendations. Additionally, brands can develop mobile-first platforms optimised for low-bandwidth connections, ensuring smooth functionality even in areas with inconsistent internet speeds. Localised digital campaigns and gamified experiences that resonate with cultural values can further enhance engagement. This expanding digital reach presents significant opportunities for brands to engage with a rapidly growing audience in smaller cities.

Example: One of the largest food delivery platforms effectively expanded into tier II and tier III cities using localised digital marketing campaigns to connect with regional preferences. The company tailored its content by incorporating regional languages and running targeted digital ads, along with region-specific promotions to resonate with the budget-conscious nature of users in these cities. Additionally, gamified experiences, based on a membership programme, rewarded users with exclusive deals and incentives for frequent orders, while interactive challenges and referral programmes further engaged users by offering rewards for participation and social sharing. These strategies helped build a loyal customer base and fostered regular engagement in such markets.

### c) Community engagement and aspirational storytelling

In India's tier II and tier III cities, brands can create meaningful connections with local communities through cultural and aspirational storytelling. By reflecting the values, traditions, and aspirations of these regions, brands can build a strong emotional bond with consumers, making the brand feel like a part of their lives. Storytelling that highlights local culture and success stories resonates deeply with consumers, helping to foster brand loyalty and trust. As more people in these areas embrace digital platforms, they are looking for brands that understand their unique identity and aspirations. By tapping into these cultural narratives and showcasing stories of local heroes or dreams being fulfilled, brands can not only establish a relatable presence but also position themselves as a partner

in their audience's journey, inspiring both emotional and aspirational connections.

Example: A leading eyewear retailer successfully expanded into tier II and tier III cities by focusing on community engagement and aspirational storytelling. The brand partnered with local influencers and community leaders to promote eye care and accessible eyewear, making the message relatable to smaller cities. Additionally, the brand framed eyewear as an aspirational product, aligning it with the lifestyle and personality aspirations of consumers. Through these initiatives, the brand has effectively connected with consumers in tier II and tier III cities, leading to increased sales and a stronger brand presence in these emerging markets.



#### Accelerate premiumisation

Accelerating premiumisation will be crucial for brands in the future, especially in dynamic markets such as India, where rising disposable incomes, changing consumer preferences and a growing middle class are reshaping the landscape. The Indian luxury goods market is expected to grow at ~20%<sup>135</sup> annually until 2030. As disposable incomes rise and aspirations evolve, particularly among the urban middle class and affluent segments, there's an increasing willingness to pay premium prices for higher quality, innovative features and brand prestige. According to a study, 41 percent of urban Indian consumers are willing to pay more for tech products that simplify their lives. This trend is evident across various sectors ranging from FMCG to automobiles, where premium products outperform mass-market counterparts in growth. Per another research, the Premium Beauty and Personal Care (BPC) segment is growing nearly twice as fast as the overall BPC segment in India.<sup>136</sup> As consumers become more discerning, they increasingly seek products offering better quality, exclusivity and superior experiences, signalling a shift from mass-market to premium consumption. Moreover, according to another report, 50 percent of e-commerce sales come from the premium segment.<sup>137</sup>

Brands that embrace premiumisation can cater to this emerging demand and differentiate themselves in a crowded marketplace. However, those who overlook this trend risk stagnation or decline. In India, major FMCG companies have struggled in part by focusing predominantly on affordability and neglecting the premium segment. While mass-market offerings remained a core part of their strategies, they failed to capture the attention of aspirational consumers who were willing to pay a premium for products that aligned with their evolving tastes and values.

As a result, premium-focused competitors, such as artisanal brands or international players offering higher-end variants, gained significant traction, eroding market share from brands that were slow to innovate in this direction. Similarly, a major fast-food chain failed to adapt to Indian breakfast preferences and premium positioning, leading to the closure of over half its stores by 2018. These examples underscore the importance for brands to understand and tap into the premiumisation trend to stay relevant and competitive in the evolving Indian consumer market. A few Indian brands are accelerating premiumisation to capitalise on the evolving spending behaviour of the new generation, driven by increasing discretionary income. To meet these changing demands, companies focus on creating high-quality, feature-rich product offerings. For instance, in January 2025, one of India's leading FMCG companies made a significant move to accelerate its premiumisation strategy by acquiring a high-end skincare brand. This acquisition allows the company to use its extensive offline distribution network, making the brand's products more widely accessible across India and facilitating future international growth. This move underscores the strength of India's start-up ecosystem in developing valuable brands that attract established industry players.

Similarly, major Indian e-commerce platforms have launched specialised luxury sections to provide consumers with access to premium, authentic luxury brands across the apparel, accessories, and lifestyle categories. These platforms adopt a "slow commerce" model, focusing on curated selections and storytelling and creating an enhanced online shopping experience. With projections indicating India's luxury market could reach US\$200 billion by 2030,<sup>138</sup> these e-commerce giants are positioning

themselves to meet the rising demand for high-end brands and shopping experiences. Using their robust digital infrastructure and offering personalised services, they are catering to younger, affluent consumers who value convenience and exclusivity, thus capitalising on the trend towards online luxury shopping.

To drive premiumisation in India, brands should focus on offering higher-quality products with superior performance, innovative design and enhanced functionality. They need to create a comprehensive premium experience that goes beyond just the product itself, encompassing personalised service, convenient access and a sense of exclusivity. Product innovation plays a crucial role in setting a brand apart from the competition. Brands can introduce cutting-edge features, unique designs or advanced technology tailored to the specific needs and preferences of the Indian consumer. For instance, brands in industries such as electronics, automobiles or fashion can innovate by integrating AI, sustainable materials, or local craftsmanship into their offerings, thus providing added value that justifies a premium price point. It is also crucial for brands to understand that premium is not just about a higher price point; it is a promise of quality and exceptional service. By delivering on this promise consistently, brands can cultivate a loyal customer base. They should also define their brand goals and target audience, remembering that a small percentage of consumers often drives a significant portion

of premium consumption. Additionally, brands can consider educating consumers about the value of premium offerings and provide tiered product ranges to balance exclusivity with broader appeal. This approach allows brands to innovate, engage with discerning consumers and build lasting relationships with those who prioritise quality and meaningful benefits.

Exclusivity is another tool in the premiumisation strategy. By offering limited edition products, special collaborations, or VIP access to new releases, brands can create a sense of rarity and desirability. In India, where status and social image are significant drivers of consumer behaviour, exclusivity taps into the aspiration of owning something unique or scarce. Additionally, brands can use selective distribution channels or offer personalised experiences that make consumers feel they are part of an elite group, further enhancing the brand's premium appeal. Combining these elements with compelling storytelling and high-quality service can significantly elevate a brand's positioning in India's competitive market. Successful premiumisation requires balancing exclusivity (limited editions, VIP experiences) with accessibility through digital platforms that enable premium discovery in smaller cities.





### Get ready for new table stakes

What were once considered unique differentiators—sustainability, personalisation, omnichannel experiences, and convenience-focused technology—are now evolving into essential expectations for consumers. 65 percent of consumers expect companies to deliver personalised experiences, and 72 percent<sup>139</sup> will stay loyal if they get faster delivery in service. The Indian voice and speech recognition market is projected to reach US\$1,106.9 million by 2030, growing at a CAGR of 19.3 percent<sup>140</sup> from 2024 to 2030. Voice commerce enables omnichannel brands in India to offer seamless, hands-free shopping experiences, enhancing convenience and engagement across multiple platforms. The demand for sustainable products in India is expected to grow significantly in the next five years. The organic personal care market, projected to expand from INR236.34 billion in FY 2024 to INR 236.34 billion by FY 2029, and the sustainable packaging market, estimated to grow from US\$84.37 billion in 2024 to US\$142.56 billion by 2029, both reflect a strong shift towards eco-conscious consumer choices, with CAGRs of 23.72<sup>141</sup> and 11.06,<sup>142</sup> respectively. As these features become the baseline for competition, brands must innovate beyond these emerging "table stakes" to maintain a competitive edge in the marketplace.

#### a) Personalisation driving consumer preference

As consumer spending power grows, personalisation is becoming essential for brands to build loyalty and enhance customer satisfaction. Future techniques such as AI-driven predictive personalisation would curate dynamic product recommendations based on real-time data, while Augmented Reality (AR) would allow customers to virtually try products before buying. Companies leading in personalisation enjoy a 1.5 times higher customer loyalty rate compared with their peers. In wellness and skincare, DNA-based personalisation could offer tailored solutions based on genetic analysis. Advanced conversational AI assistants would deliver hyper-personalised recommendations through natural interactions, and culturally adaptive marketing would integrate local traditions into products and services. These innovations would redefine customer experiences, making personalisation a must-have for brands.

Example: A leading beauty and skincare brand introduced an AI-powered skin diagnostic tool on its website and app, providing customers with personalised skincare recommendations based on their skin type, concerns and goals. By combining user input with data, the tool suggested the most suitable products and offered step-by-step skincare routines. This innovation increased repeat purchases as customers felt more confident in their product choices. It also boosted customer loyalty and

engagement, fostering a stronger, more personalised connection with the brand.

#### b) Focus on sustainability

As consumers increasingly prioritise sustainability, brands must adopt innovative solutions to align with this value and build trust. A few effective strategies include eco-friendly packaging, such as biodegradable or reusable materials, to reduce waste and appeal to environmentally conscious buyers. Carbon-neutral production processes, using renewable energy and offsetting emissions, can demonstrate a brand's commitment to reducing its environmental footprint. Brands can also invest in circular economy models, offering repair, recycling or product take-back programmes to extend product lifecycles. Additionally, sourcing sustainable raw materials, such as organic or locally sourced ingredients, can resonate with consumers who value ethical practices. By embracing these solutions, brands can position themselves as leaders in the growing environmentally conscious market while fostering loyalty and ensuring long-term success.

Example: A leading home goods retailer launched the "Sustainable" line, offering discontinued and upcycled furniture products, alongside a programme to repair and recycle old items. Committing to source 100 percent of materials sustainably by 2030 and reduce its carbon footprint, the brand saw a 25 percent increase in sustainable product sales. This initiative strengthened its eco-friendly reputation, attracting environmentally conscious shoppers and boosting customer loyalty.

#### c) Omnichannel experiences to drive customer engagement

Omnichannel strategies are set to become table stakes as consumers demand seamless, flexible shopping experiences across online and offline touchpoints. For example, AI-powered in-store kiosks could provide personalised recommendations by syncing with a customer's online browsing history, blending the digital and physical shopping journey. Similarly, smart mobile apps could allow customers to check product availability in nearby stores, reserve items or schedule in-store pick-ups, catering to their convenience. The future could also see immersive experiences such as AR-enabled apps that let customers virtually try products at home and then complete purchases in-store for immediate gratification. Voice commerce integration, where customers use voice assistants to place orders online and pick up items in-store, adds another layer of convenience. By offering a truly connected experience across channels, brands will not

only boost engagement but also build customer loyalty in an increasingly hybrid shopping landscape.

Example: A leading fashion retailer in India implemented an omnichannel strategy that integrated both online and offline shopping experiences. Customers could shop online and use the "click-and-collect" option to pick up purchases in-store. The

retailer also enhanced shopping experiences with personalised mobile app recommendations and integrated social media platforms, ensuring a seamless journey across touchpoints. This approach successfully increased customer engagement and sales by improving the convenience and personalisation of the shopping experience.



### Adapt to many Indians

To thrive in India, brands must adapt to the country's rich regional and cultural diversity, embracing local preferences and emerging trends. India's mosaic of languages, traditions, lifestyles, and consumer behaviour makes a one-size-fits-all strategy ineffective. India's growth story presents a stark dichotomy: while many continue to prioritise basic needs, with daily survival being a struggle, a growing segment of the population is embracing luxury and discretionary spending. Brands that understand and adapt to local preferences can forge stronger connections. For instance, a leading global fast-food chain modified its menu to include local flavours to cater to vegetarian preferences and align with Indian tastes. Similarly, leading global beverage brands have leveraged cultural festivals, such as Diwali, to promote limited-edition products, creating relevance in the cultural context. As India continues to grow and its consumer base becomes more segmented, understanding these cultural nuances will be increasingly vital. Brands that fail to localise risk being seen as disconnected or irrelevant, while those who tap into regional trends will be better equipped to win consumer loyalty and perform well in this rapidly evolving market. In the next few years, brands that can successfully navigate this complex cultural terrain, using trends such as video content and personalised marketing, among others, will be better positioned to capture the attention of India's diverse and growing consumer base. As the market becomes more saturated, the ability to create authentic, culturally relevant experiences will be a key differentiator for brands seeking to establish long-term success in India.

Premiumisation could mean different things to different people. Therefore, regionalisation becomes an important recipe for the brands to flourish in this new India. It involves tailoring products, services and marketing strategies to meet the unique preferences, tastes and cultural nuances of

different regions within the country. For example, a luxury car brand might offer different vehicle models or features that resonate with consumers in metropolitan cities, where global trends and modern aesthetics dominate, versus smaller cities or rural areas where practicality and durability are more valued. Regionalisation ensures that a brand's premium offerings are relevant and appealing to local markets, creating a stronger connection with consumers. Hyper-regionalisation, i.e., moving beyond state-level adaptations to hyper-local targeting, considering districts, towns and even clusters of villages could unlock new opportunities for brands. Brands must combine the hyper-localised segment's aspirations and cultural strategies that resonate across regions and income segments. Segmenting aspirations allows brands to target both emerging affluent groups, who seek exclusivity and innovation, and established HNWI who value heritage and craftsmanship.

Indian festivals present unique marketing opportunities for brands to align premium products with cultural celebrations. Rather than relying on generic discounts, festival marketing should embrace cultural storytelling through region-specific campaigns. For example, a renowned Indian jewellery brand launched Durga Puja-inspired collection and Navaratri dancewear lines. By offering tailored promotions, limited editions and exclusive experiences during these times, brands can forge deeper emotional connections, enhancing their appeal and prestige. These strategies enable brands to cater to India's diverse market while elevating their premium positioning. Moreover, brands should extend this approach beyond major festivals, such as Diwali and Holi, tapping into regional festivals, such as Pongal in Tamil Nadu, Bihu in Assam, or Onam in Kerala, with localised campaigns and customised product adaptations.

A leading Indian fast-fashion brand has successfully incorporated cultural and regional elements to cater to the premiumization trend, especially in tier II and III cities. Unlike Western brands that focus solely on global trends, this brand introduces products that fuse international and Indian styles to match local tastes. They refresh collections weekly, staying relevant to rapidly changing fashion trends. Their marketing emphasizes word-of-mouth and regional influencer campaigns, connecting with consumers through local languages. This strategy allows the brand to build an authentic, culturally relevant connection with young, price-sensitive fashion enthusiasts, tapping into the rising aspirations and increasing disposable income in smaller cities.

Furthermore, a prominent international brand launched a “Mangalsutra” collection featuring a leading Indian actress as its campaign ambassador, while others released “Bandhgala” collections and hired several leading Bollywood actors to promote their products. These strategies help brands connect with Indian consumers by respecting local traditions and craftsmanship. This “Glocal” approach fosters brand loyalty and strengthens its presence in India’s competitive luxury market. As Indian consumers become more discerning, brands that blend global luxury with local culture are likely to flourish in this rapidly expanding market.



### Evolve value strategies

Consumers are increasingly seeking products that align with their aspirations while delivering tangible value. To cater to this, brands must adopt smart pricing and flexible financing strategies. Accessible models such as tiered pricing and buy-now-pay-later schemes enable affordability across income groups, while easy financing options empower higher-value purchases. Loyalty-driven incentives, such as rewards programmes, further enhance perceived value by offering long-term benefits. For brands, this means moving beyond a cost-competitive approach to emphasizing value-added offerings that resonate with customers’ aspirations, building trust and fostering deeper connections in an increasingly value-conscious yet aspiration-driven market.

#### a) Emphasize value beyond cost

To emphasize value beyond cost, brands should focus on creating an experience that resonates with customers emotionally, socially and functionally. This includes aligning with a clear brand purpose, offering premium quality products, and providing exceptional customer service. Delivering educational content that helps customers make informed decisions adds further value. Building a community around the brand and staying innovative with product features or convenience also contribute to long-term loyalty. By offering more than just affordable prices, brands can foster deeper connections and lasting customer trust.

Example: A leading beauty brand has successfully built customer loyalty by offering more than just affordable pricing. Through strategic influencer partnerships with beauty experts and celebrities, it positions itself as an aspirational brand while remaining accessible. The focus on high-quality ingredients, personalised shopping experiences and culturally relevant campaigns further strengthens its appeal. By offering tailored beauty solutions, running exclusive sales and aligning

with values such as empowerment and diversity, the brand fosters a deeper emotional connection with customers. This multi-faceted approach, combining quality, authenticity and relevance, ensures the brand’s products are both desirable and accessible, creating long-lasting consumer loyalty.

#### b) Empowering consumer choices through flexible financing

Under the broader strategy of evolving value, offering easy financing options plays a pivotal role in making products more accessible to a wider audience. By incorporating flexible payment plans, such as 0 percent EMI offers, buy-now-pay-later (BNPL) schemes, and instant credit facilities, brands provide consumers with greater purchasing power. BNPL payment adoption is expected to grow steadily, recording a CAGR of 10.7 percent during 2024-2029.<sup>143</sup> These financing options allow customers to make high-ticket purchases without the immediate financial strain, making it easier for them to commit to products that align with their needs and aspirations. This approach not only broadens the customer base but also fosters long-term loyalty by providing convenience and helping customers manage their finances more effectively, reinforcing the value of the brand beyond just the price.

Example: One of the leading e-commerce giants in India offers easy financing options by partnering with various financial institutions to provide EMI options and Buy Now, Pay Later (BNPL) schemes on a wide range of products, from electronics to household items. During a major festive sales event, about 25 percent of purchases were made through EMI, with 75 percent of these transactions using no-cost EMI options, resulting in a 45 percent year-over-year increase in no-cost EMI transactions. Customers can choose from flexible payment plans, allowing them to break down the cost of their

purchases into manageable monthly instalments. Additionally, the platform offers no-cost EMI options, where customers can pay the full price over a set period without incurring additional interest. This makes it easier for customers to afford higher-value products while providing an enhanced shopping experience that fosters loyalty and boosts sales.

**c) Loyalty-driven incentives to strengthen customer relationships**

Loyalty-driven incentives are vital in the "Evolve Value" strategy, helping brands build long-term customer relationships. By offering rewards such as exclusive discounts, early access to sales, or points for future purchases, brands enhance satisfaction and foster emotional connections. Effective loyalty programmes include tiered rewards, personalised incentives, referral bonuses and celebrating

milestones with special offers. These strategies encourage repeat purchases, strengthen customer loyalty, and make customers feel valued, creating lasting brand connections beyond just price.

Example: A leading digital super-app offers loyalty-driven incentives by allowing customers to earn reward points with every purchase across various sectors. These points can be redeemed for discounts on future purchases, including groceries, fashion and electronics. The app also provides exclusive offers, early access to sales, and personalised discounts based on customer preferences. By rewarding repeat business and creating a seamless experience across multiple categories, this brand strengthens customer relationships, increases loyalty and enhances customer satisfaction.





### Effectively engage with consumers of tomorrow

Brands must effectively engage with Millennials and Gen Z in India to tap into their growing economic influence and shape future consumer trends. These generations, comprising a significant portion of India's population, are digital natives with distinct values and preferences. To engage the new India, brands must focus on digital platforms, leveraging social media, influencer collaborations and user-generated content. A leading Indian food delivery company has capitalised on Gen Z's preference for convenience by offering personalised food delivery experiences and leveraging witty, relatable social media content. Many leading global sports brands have successfully connected with these demographics in India by promoting inclusivity, sustainability, and social causes through their campaigns. Prominent e-commerce brands in India have successfully used AR filters to enhance the shopping experience, catering to Gen Z's desire for immersive technologies. Additionally, companies have prioritised sustainability and social causes, as seen in several apparel campaigns, such as 'Buy Better, Wear Longer', which appeals to environmentally conscious young consumers. By focusing on the evolving preferences of these groups and authenticity, by embracing technology and addressing social issues, brands can effectively connect with and capture the loyalty of Millennials and Gen Z in India and can build lasting relationships with tomorrow's consumers.

Brands also need to craft customised strategies, such as building brand narratives, communities and experiences to engage millennials and Gen Zs and cater to their unique values and preferences. Brands need to build narratives to connect with millennials' desire for authenticity and social impact that highlight sustainability, ethical sourcing and community involvement. A clothing brand, emphasizing fair trade practices and support for

local artisans (by showcasing their stories highlighting the positive impact of the brand's initiatives on their lives and communities) is getting traction from the millennial audience. On the other hand, brands also need to focus on individuality and inclusivity by showcasing diverse representation and empowering self-expression to be in good stead with Gen Z.

Community building will go a long way in the brands' quest for consumer retention and loyalty. Both millennials and Gen Z value communities—whether online or offline—that foster interaction, knowledge sharing, and a sense of belonging. For example, a prominent Indian fitness brand has gained popularity by organizing local workout groups, online challenges, and virtual fitness classes that encourage participants to connect, share experiences, and inspire each other. The brands will also need to create immersive and interactive personalised experiences that cater to millennial and Gen Z's interests and values and that blend the physical and digital worlds, such as augmented reality games, virtual concerts and interactive pop-up stores. A leading travel company has capitalised on creating experiences by offering customised itineraries based on individual interests and travel styles and through immersive experiences that connect travellers with local cultures and communities, such as volunteering opportunities, cultural workshops and homestays with local families. By offering a variety of experiences that cater to the unique interests and values of each generation, brands can foster a sense of community and belonging, leading to stronger brand loyalty and advocacy. By understanding the unique characteristics and preferences of each generation, brands will need to develop targeted strategies that resonate with millennials and Gen Z in the Indian market, fostering long-term loyalty and driving business growth.



### Smart bundling and ecosystem integration

Smart bundling and ecosystem integration involve combining complementary products and services into cohesive offerings that enhance customer value and convenience. This strategy allows brands to provide seamless experiences, offering related products together at a more attractive price than if bought separately. Ecosystem integration further strengthens this approach by ensuring products and services work together seamlessly, fostering customer loyalty and driving revenue growth. By offering bundled products and creating integrated

experiences, brands can increase perceived value, boost sales and cultivate long-term customer relationships.

#### a) Bundling complementary products

Bundling complementary products through innovative strategies can enhance the customer experience and increase transaction values. Using technologies such as AI, brands can offer personalised, dynamic bundles based on real-time customer data and preferences. For example, a

wellness-focused bundle could combine a smart fitness band, a subscription to a fitness app, and a curated kit of health supplements or organic foods – tailored to a user's fitness goals and dietary preferences. This not only makes the bundle more relevant but also amplifies its perceived value, encouraging customers to buy more. Similarly, in the education sector, an ed-tech platform could create a bundle targeting students in tier II and tier III cities by combining digital learning courses, AR/VR tools for immersive learning, and discounted tech devices, such as tablets or e-readers. These strategies enable cross-brand collaborations, where products from different sectors are bundled together to expand reach, and customisable bundles empower customers to tailor their purchases to their specific needs. Such bundling not only drives higher engagement with a broader product portfolio but also fosters deeper brand loyalty, making customers feel understood and valued in ways that go beyond just price.

Example: A leading tech company offering a subscription service bundles various productivity tools, such as document creation software, cloud storage and collaboration apps, into a single package at a discounted rate. The company also uses AI to suggest additional tools or upgrades based on user preferences and usage patterns. By ensuring these products work seamlessly together across platforms, the brand creates an integrated ecosystem that enhances users' convenience. This bundling approach not only increases perceived value but also fosters customer loyalty by making tools indispensable for daily tasks.

### **b) Integration with subscription services**

Integrating product purchases with subscription services offers brands a way to foster ongoing customer relationships and ensure recurring revenue. Offering products as a service, where customers regularly receive upgrades or new models will ensure continuous engagement. AI-driven subscriptions can personalise offerings based on customer preferences and usage patterns will enhance the value of each subscription. Cross-industry bundled subscriptions, such as combining streaming services, fitness apps and wellness products, increase convenience and broaden the customer experience. On-demand subscriptions provide flexibility, allowing customers to adjust their plans based on changing needs, while built-in analytics offer personalised recommendations and services. These innovative models will tend to enhance customer satisfaction, loyalty and long-term revenue. Example: A leading company in the home appliance sector integrates product purchases with subscription services by offering a product-as-a-service model. Customers can subscribe to appliances such as vacuum cleaners or air purifiers, receiving regular maintenance and access to upgrades, ensuring

optimal performance without purchasing new models. The company also uses data analytics to track product usage and provide personalised maintenance schedules or product recommendations, enhancing the customer experience. This approach fosters long-term customer relationships, ensures recurring revenue and adds continuous value to its offerings.

### **c) Cross-category ecosystem packages**

Cross-category ecosystem packages enhance customer convenience by combining products from different categories into unified, interconnected offerings. A major home appliance brand could create integrated smart ecosystems that include IoT-enabled appliances such as refrigerators, washing machines, thermostats and security cameras – controlled by a single app. The ecosystem could also integrate voice assistants, providing users full control and automation across their homes. This holistic approach adds value by allowing customers to experience greater convenience and efficiency. Subscription-based ecosystems can bundle diverse products and services, such as fitness equipment and virtual coaching, into a single plan for holistic customer engagement. A car manufacturer in India could integrate car ownership with a subscription model, offering bundled services such as vehicle maintenance, insurance, connected car analytics and on-demand upgrades to the latest car models every few years. Through a single subscription, customers could enjoy a hassle-free ownership experience without the burden of upfront costs or long-term commitments, while also accessing advanced analytics and continuous vehicle updates. Additionally, AR can allow customers to visualise how interconnected products function cohesively in their daily lives, simplifying decision-making. These imaginative solutions foster deeper engagement, long-term loyalty and reliance on a brand's ecosystem.

Example: A leading technology company exemplifies cross-category ecosystem integration by offering interconnected products that enhance convenience and customer engagement. Through their ecosystem, devices such as smartphones, laptops, wearable tech and home appliances seamlessly connect and synchronise via a unified platform. These products work together to provide a cohesive experience, from syncing fitness data on wearable devices to controlling smart home appliances through a smartphone. Additionally, the brand offers subscription services for storage, entertainment and productivity tools, bundling them with physical products to create a unified offering. This approach strengthens customer loyalty by ensuring convenience and value across multiple facets of daily life.

# Conclusion

The Indian consumer spending landscape is undergoing a profound transformation, driven by a confluence of economic growth, increasing disposable incomes and evolving consumer preferences. This change is not only a reflection of increased financial capability but also indicates a larger shift in social values and aspirations.

Key trends and forces driving India's consumption include a rising income level, emerging influence of GenZ consumers, easy access to credit and a shift towards organised retail. The rise in disposable incomes is playing a pivotal role by enabling consumers to allocate more resources towards premium products, lifestyle enhancements and experiential consumption. This trend is reshaping the traditional allocation of expenditure across various categories and fostering the growth of new segments. The growing influence of Gen Z consumers, with their distinct preferences and values, is further accelerating this shift, making it imperative for businesses to stay attuned to their evolving requirements. The expansion of credit access has democratised consumption, enabling a larger demographic to participate in the discretionary spending boom. This financial inclusivity is transforming the retail landscape in the country with a noticeable shift towards organised retail. Organised retail, with its promise of value, quality, variety and convenience, is gradually becoming a preferred choice for consumers.

Four shifts becoming apparent in the Indian retail market include growing premiumisation, experience-led consumption, a new commerce channel and purpose-driven purchases. The

expanding luxury market and the trend towards premiumisation highlight the increasing willingness of Indian consumers to invest in high-quality and branded products. This shift underscores the importance of perceived value and experience that these products offer. Experience-led consumption is gradually becoming the hallmark of the new Indian consumer, who values unique and memorable experiences over mere material possessions. The rise of new commerce channels, particularly quick and social commerce, is revolutionising the way consumers shop. These platforms offer convenience, a wider range of choices and personalised shopping experiences, thus making them increasingly popular. Additionally, the growing emphasis on sustainability and purpose-driven choices reflects a more conscientious consumer base.

To thrive in this evolving retail landscape, brands must prioritise value and experience, re-imagining their value propositions to resonate with the diverse regional preferences and effectively engage the modern consumer. Businesses will need to adapt asset-lite models to reach consumers efficiently, accelerate their premiumisation strategies and redefine value beyond price. An understanding of the diverse and multi-faceted nature of the Indian market will be critical in tailoring product and engagement strategies for various consumer personas. Engaging effectively with the Gen Z and millennial population will require innovative approaches and smart integration of products and services. Businesses that can successfully navigate this dynamic landscape, using technology and building strong consumer connections, will be well-positioned to capitalise on future opportunities.



# Appendix

## Introduction

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# About RAI

Retailers Association of India (RAI) is the unified voice of Indian retailers. RAI works with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. It is a strong advocate for retailing in India and works with all levels of government and stakeholders with the aim to support employment growth and career opportunities in retail, to promote and sustain retail investments in communities from coast-to-coast, and to enhance consumer choice and industry competitiveness.

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