Game Changers 2023:

The Insurgent Consumer Brands Playbook

Introduction (1/2)

As per estimates by the United Nations, India's population by end of April 2023 is expected to reach 1.4 billion, and become the world's most populous nation. The crown itself has little value, but it is a signal of things that matter. Within this large base, 157 million upper-middle and high-income consumers have been added in the last 4 years alone. Another ~400 million upper-middle and high-income consumers are expected to be added in the next 8 years, bringing the total to 557 million consumers, largely comprising of GenZ and millennials.

The consumers of today and the consumers of the future demand more, better, faster. To serve their needs, a new set of consumer brands have emerged. We define them as “Insurgent Brands”. They are winning the heart of underserved customers in India and possess a clear sense of mission and purpose. These brands operate with a sense of insurgency and are on track to capture an outsized share of growth in consumption.

This fundamental increase in India’s income and consumption structure has created a ripe environment for the rise of these insurgent brands. Premiumisation and new category creation will be key drivers of growth predominantly captured by these insurgent brands. These are expected to account for ~50% of consumption growth till 2030, and for nearly 70% for upper-middle and high-income consumers.

Introduction (2/2)

We believe the next wave of insurgent brands in India need to focus on serving unique emerging needs of GenZ and millennials—who are digital natives, socially conscious and believe in consuming products and services that aligns with their authentic selves.

This report focuses insights on how insurgent brands have garnered disproportionate growth and presents a playbook for profitable and capital-efficient scale for the era of insurgents that lies ahead. Our objectives are to:

– Analyse the performance of insurgents on scale, profitability, and capital efficiency

– Understand what successful (scale and profitable) insurgents have done, and identify the critical drivers for scale and profitability going forward

– Highlight emerging consumer themes and archetypes that insurgents can tap into, to drive future scale up

01

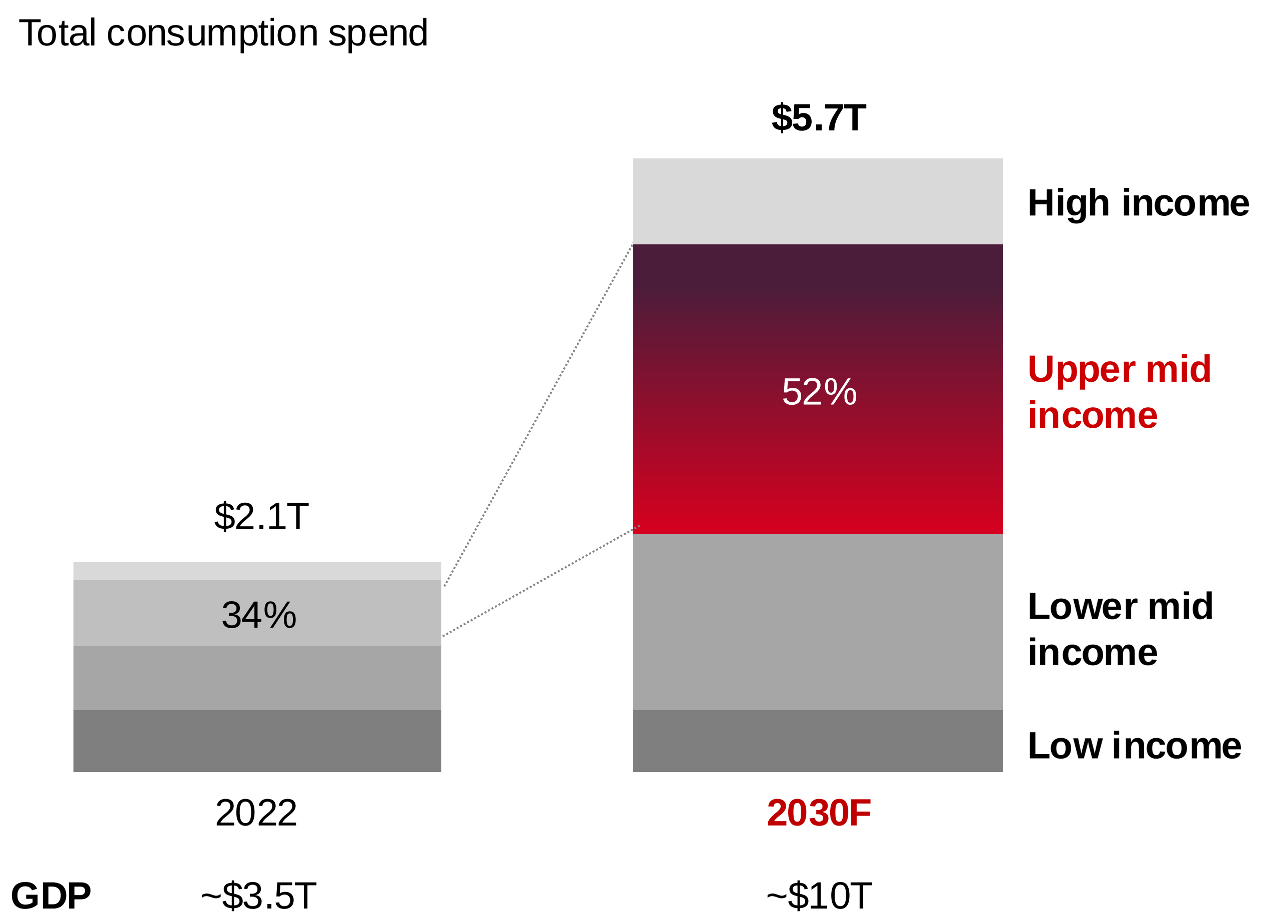
Let a Thousand Flowers Bloom

We define insurgent consumer brands as those winning the hearts of underserved consumers in India. These brands operate with a sense of insurgency and are on track to capture an outsized share of growth in consumption.

Note: In this report, we restrict Insurgent consumer brands to those incorporated after 2007

India's income & consumption uplift (with a new, large & underserved upper-middle class) has created the perfect environment for Insurgent Brands to thrive

Upper middle class will constitute >50% of spend by 2030



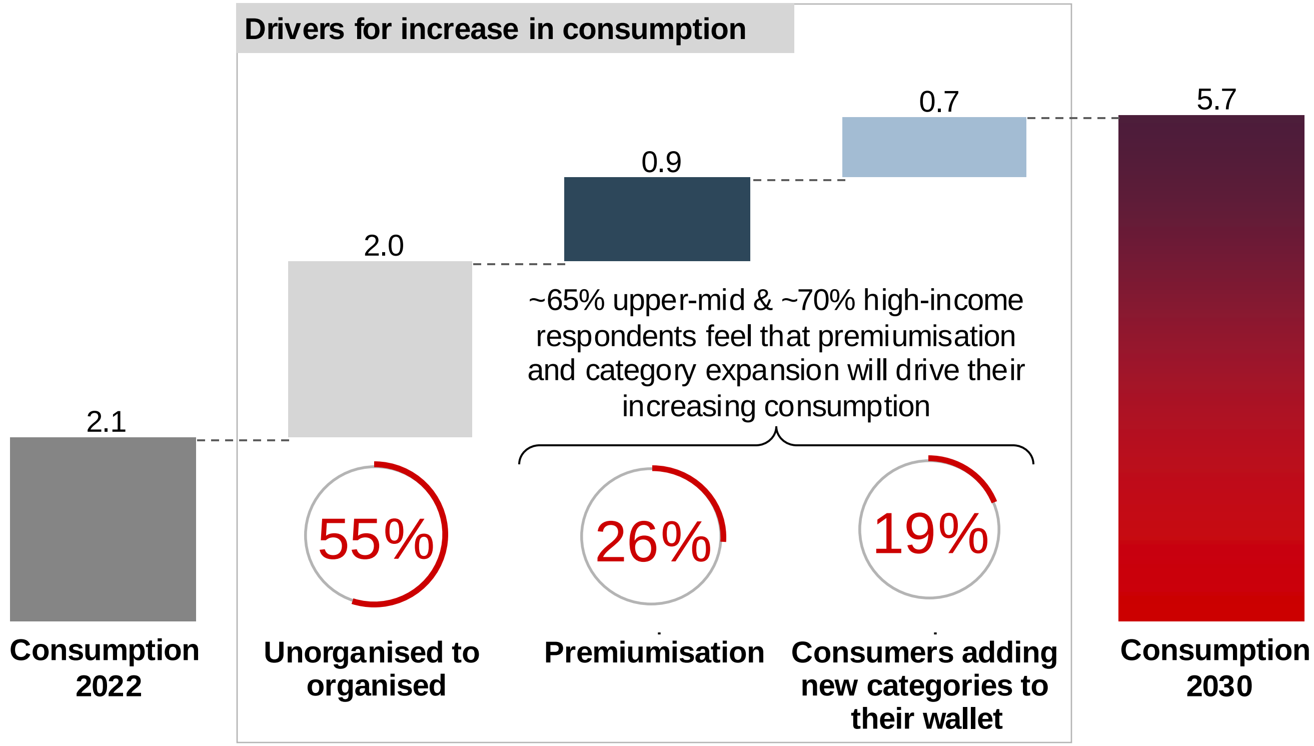
Note: Low income: <1.25L, Lower mid income: 1.25-5L, Upper mid income: 5-30L, High income: >30L basis income per household in real terms (₹ at 2020-21 prices); HH expenditure for each income class is Per capita expenditure by class multiplied with average household size for that class

Sources: PRICE Projections based on ICE 360 Surveys (2014, 2016, 2018, 2020); Euromonitor

India’s income & consumption uplift (with a new, large & underserved upper-middle class) has created the perfect environment for Insurgent Brands to thrive

Premiumisation and new categories are sweet spots for insurgent brands—expected to account for 45% of consumption growth

Consumer spending, India (2022–30, $T)



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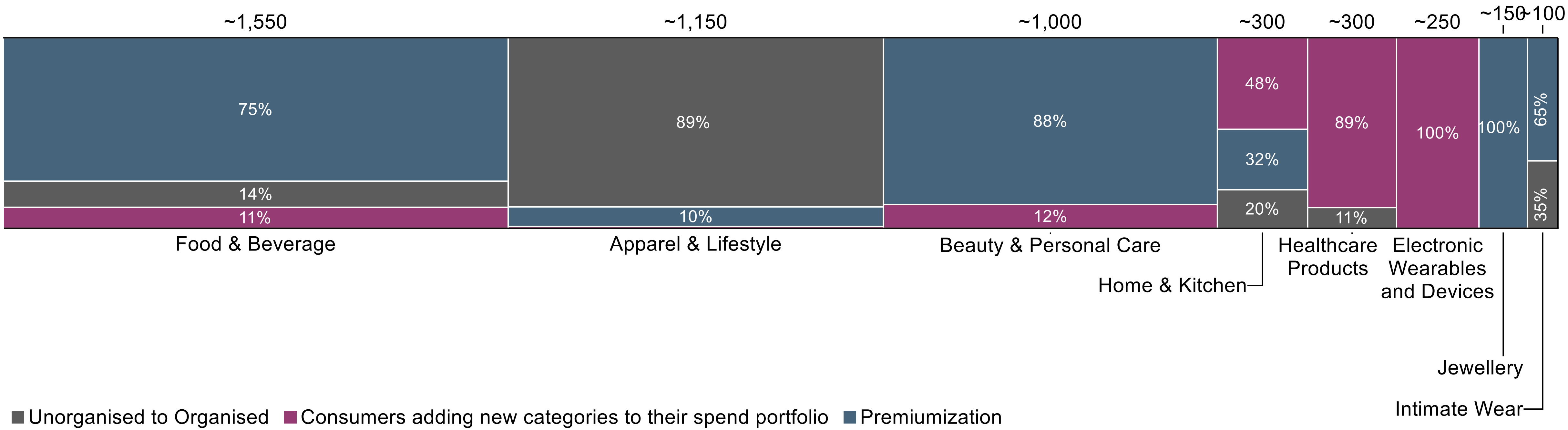
Sources: PRICE Projections based on ICE 360 Surveys (2014, 2016, 2018, 2020); Euromonitor

PE/VC money is also betting on insurgent brands to capture an outsized share of this growth

Private market funding in consumer brands across drivers in India from 2018–22, $M

Total = ~$4730M

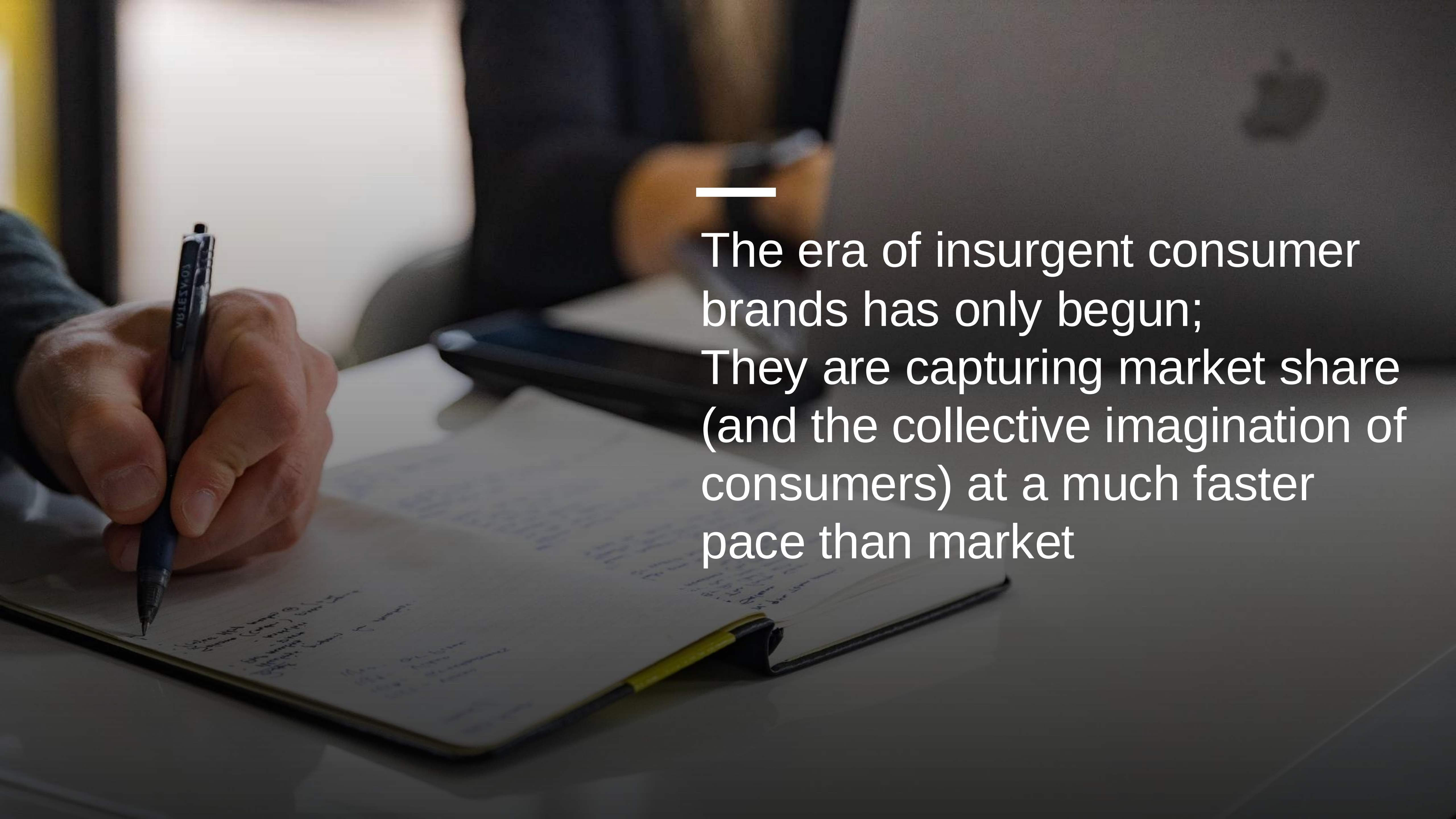


Criteria

Incorporated after **2007**

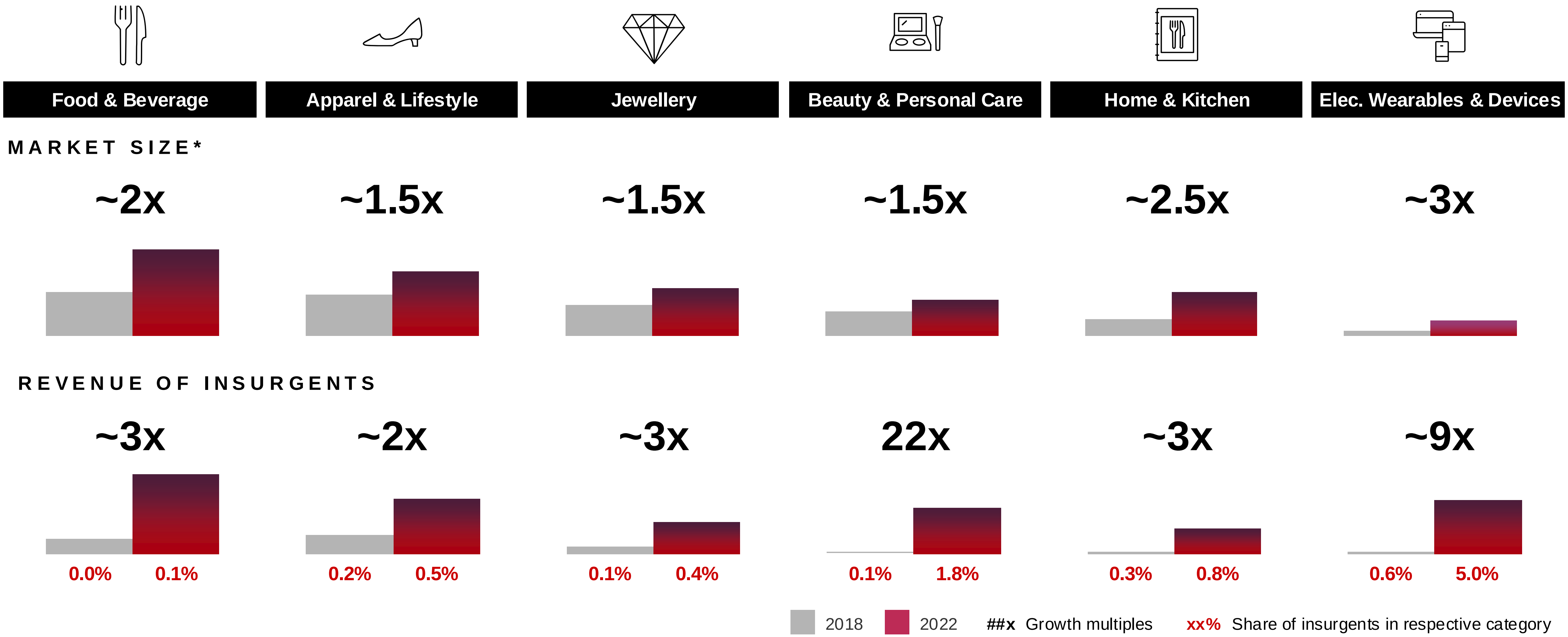
Total funding received since 2015 **> $3M**

Note: $1 = ₹83; Insurgent N = 158; Companies that have driven growth primarily via premiumization account for 48% of funding; Unorganised to Organised with 31%; Consumers adding new categories to their spend portfolio with 21%; Included insurgents brands incorporated less than 15 years ago;
Sources: Pitchbook; Tracxn; CapIQ; Crunchbase



The era of insurgent consumer brands has only begun;
They are capturing market share (and the collective imagination of consumers) at a much faster pace than market

No category is immune; insurgent brands are growing much faster than their categories



Note: $1 = ₹ 83; N = 147 insurgents are considered for total insurgent revenue calculation as they account for majority of the market; Included insurgents brands incorporated less than 15 years ago; Does not include bootstrapped or private label brands;
* Not on same scale for all categories
Sources: VCCEdge; Ministry of Corporate Affairs; CapIQ; company annual reports

02

The Rites of Passage

Building Profitable Brands takes time

We studied 147 insurgent brands that have grown rapidly compared to their category

NOT EXHAUSTIVE

While some of these brands have recently been acquired, they achieved their growth largely as independent brands

Insurgents acquired in the last 4 years

India insurgent brands in 2022

~6x	Growth vs. FY18
~$2.6B	Revenue

Median insurgent brand metrics

3x	Growth vs. category
~$6M	Revenue

Note: $1 = ₹ 83; n=147; Entertainment & Games category excluded; brand aggregators excluded

Sources: Tracxn; VCCEdge; CapIQ; company annual reports

Brands take time to build!

The first ₹ 75 Cr. takes 6 years; growth comes quickly thereafter

~$9M

(₹ 75 Cr.)

~$25M

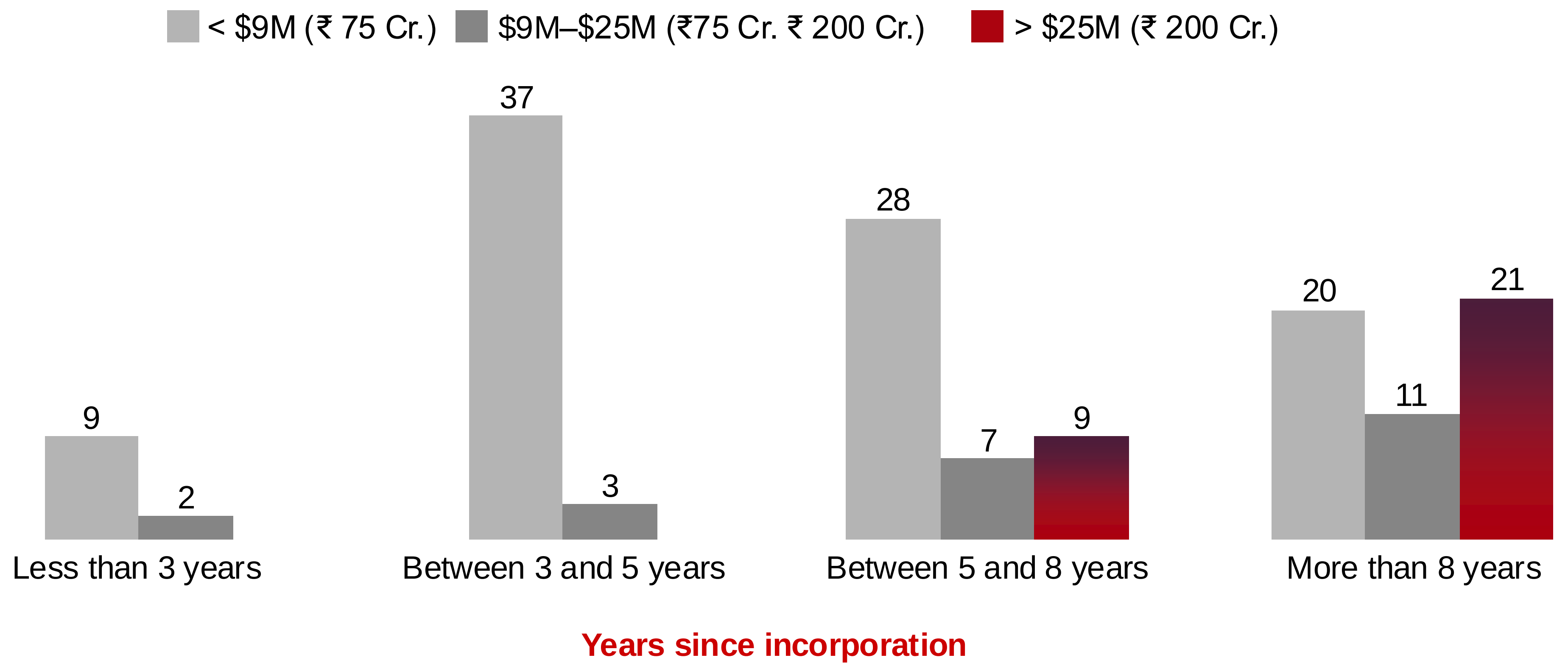
(₹ 200 Cr.)

53 insurgents reached ~$9M (₹ 75 Cr.) till FY22—out of 147 insurgents

Note: $1 = ₹ 83
Sources: VCCEdge; Ministry of Corporate Affairs; CapIQ; company annual reports

It takes more than 8 years to build "scale" insurgent consumer brands

# of insurgent brands reaching revenue thresholds, FY22

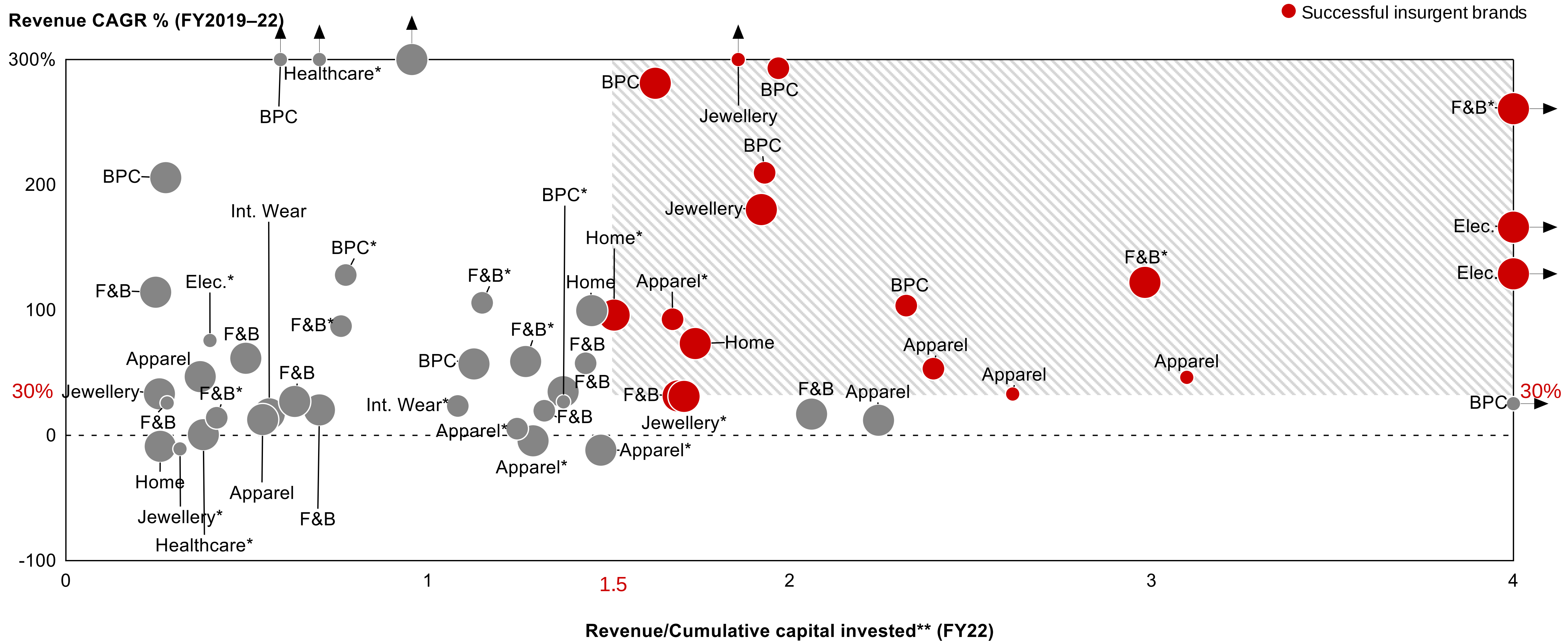


"

We have defined scale insurgent brands as those that have been able to achieve at least ~$25M+ (₹ 200 Cr.+) revenue in FY22

Note: $1 = ₹ 83; N = 147 insurgents; Entertainment & Games category excluded
Incorporated after 2007
Sources: VCCEdge; Ministry of Corporate Affairs; CapIQ; company annual reports

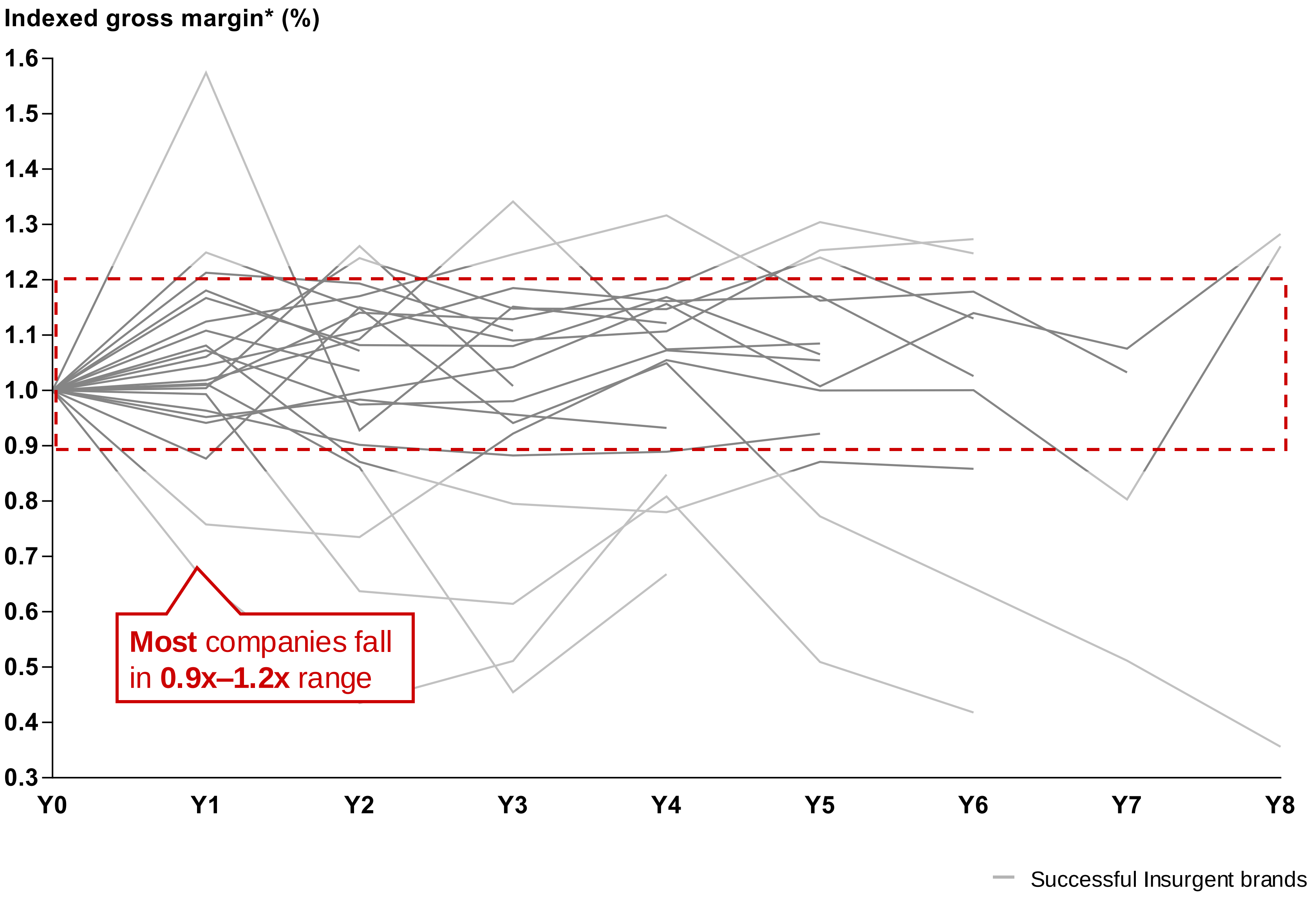
18 of the insurgent brands are growing at >30% YoY and >1.5x Capital Efficiency



Notes: N = 53; Companies here are inclusive of revenue > $9M (₹ 75 Cr) in FY22; * FY22 MCA filing not available, FY21 EBITDA, revenue & cumulative capital invested considered; F&B: Food & Beverage; BPC: Beauty & Personal Care; Elec.: Elec. Wearables & Devices; Int. Wear: Intimate Wear; ** Cumulative capital invested = Equity raised till date + Long term borrowings – Cash & Bank balance

Sources: VCCEdge; MCA filings; Accord; CapIQ; company annual reports

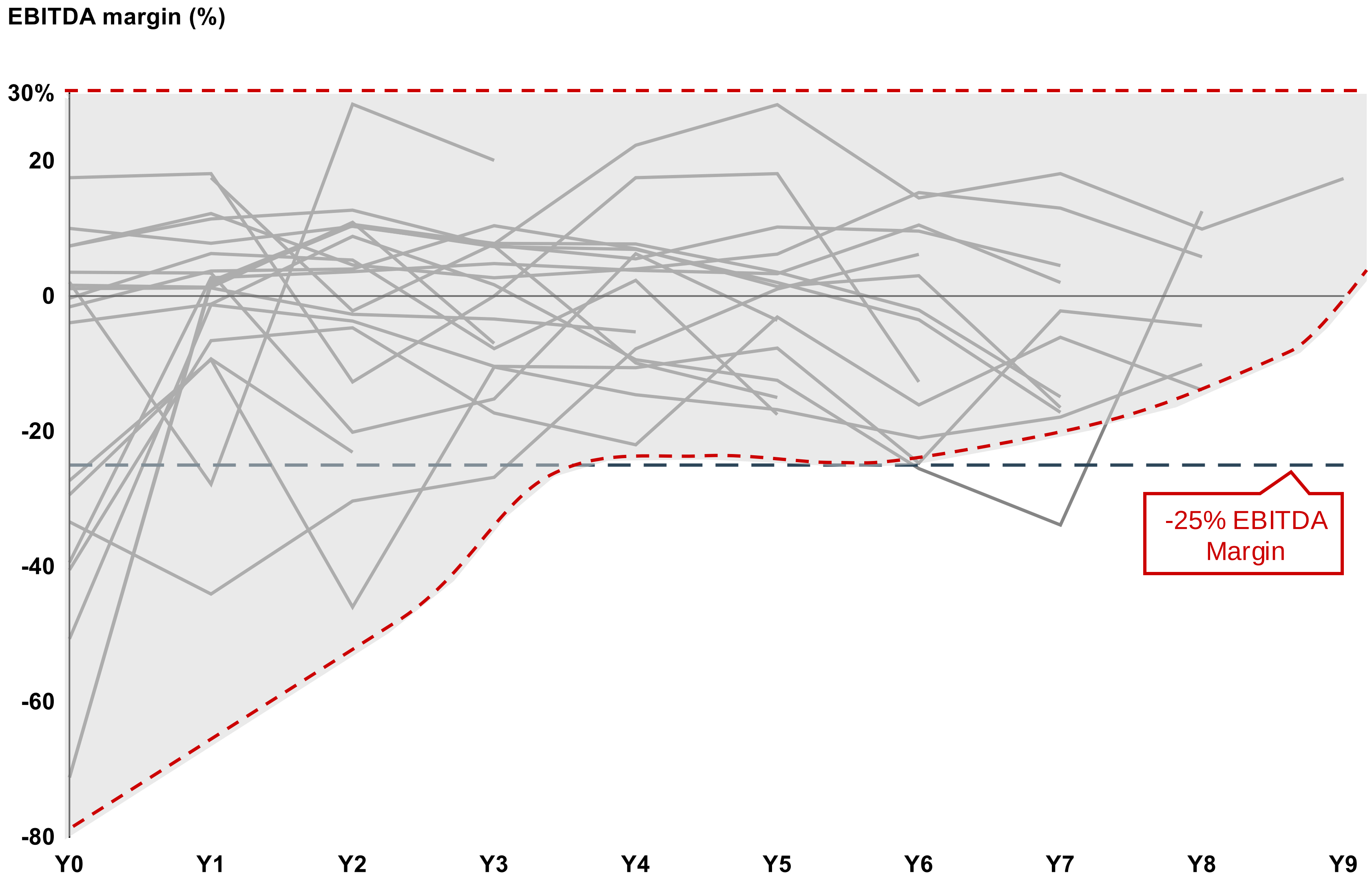
Gross margins: With some exceptions, gross margins have been largely flat over many years



*Gross margin indexed with reference to Year 0 or Year 2; Y2 is used in case of an early business model pivot, Y1 represents one year after initial data, similarly Yn is nth year after the initial data

Sources: VCCEdge; MCA filings data

EBITDA margins: Successful insurgents typically get to -25% EBITDA margins within 4 years of operation



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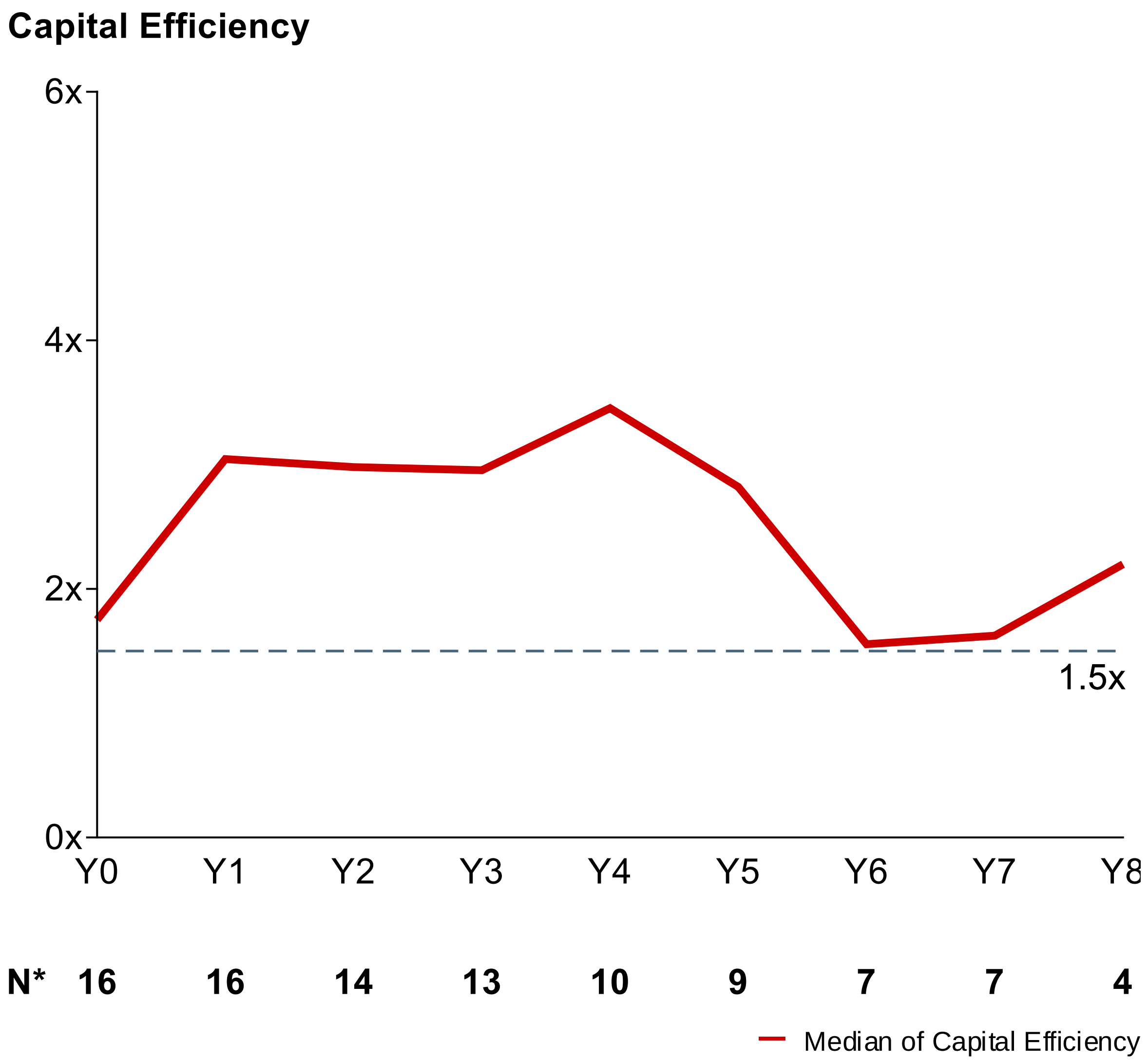
Sources: VCCEdge; MCA filings data

Capital Efficiency: Most successful brands follow a capital efficient mindset from the outset



Industry	% Years with >1.5 Cap. Eff.
Apparel	88%
F&B	100%
Electronics	100%
Apparel	100%
BPC	88%
BPC	75%
Apparel	67%
BPC	67%
Home	100%
Jewellery	67%
Home	67%
F&B	67%
F&B	56%
BPC	44%
BPC	50%

*N: Number of companies
Sources: VCCEdge; MCA filings data

What does a successful insurgent brand DNA look like?

1 Consumer purpose at the core

2 — Offer innovation
(Product x Price)

3 — Brand memorability

4 — Shoppability across channels

5 — Business model innovation

Successful insurgents have excelled on all five elements, keeping capital efficiency and strong unit economics at their core

1 Consumer purpose at the core

- **Targeting underserved needs –** existing categories/ premiumisation/ on-trend new categories
- **Authentic, purpose-driven brand** with a clear value proposition often linked to founder's story
- **Addressing a real consumer need**. Deliver greater value - more and higher elements of value

2 Offer innovation (Product x Price)

- **Relentless experimentation:** Test and refine in market
  - **Short product innovation** cycles
  - **Fixated on customer feedback via sampling** to develop, tweak & scale new innovative products
  - **Quickly pull what doesn't work**
- **Tailored propositions** curated for local needs
- **Redefine value proposition to target at new price points** (premium, mass)

3 Brand memorability

- **Provocative, edgy communication**, distinctive and experiential; leveraging advocates and influencers
- **D2C or market place focused brands rely on digital-heavy, data-driven** targeted marketing
- **Consumer-driven content**
- **Creative in-store assets**, new spaces in store

4 Shoppability across channels

- **Alternative channels** like e-com, D2C first targeted at core consumers, then expansion
- **Omni-channel strategy** to scale up and stay relevant
  - GT still the most efficient and profitable channel (Hard to build, hard to overcome for competitors)
- **Timing is important.**
  - Too soon or too late often doesn't work

5 Business model innovation

- **Technology** permeates all aspects of business model incl. customer experience, last mile and drives faster growth
- **Reducing supply chain complexities by** investing in supply chain infrastructure innovations (e.g.: farm-to-fork, vertical integration)
- **Mission driven and agile in execution, frugal**
  - Lean, asset-light and fit for purpose
  - Founder's mentality, capable core team

Source: Bain analysis

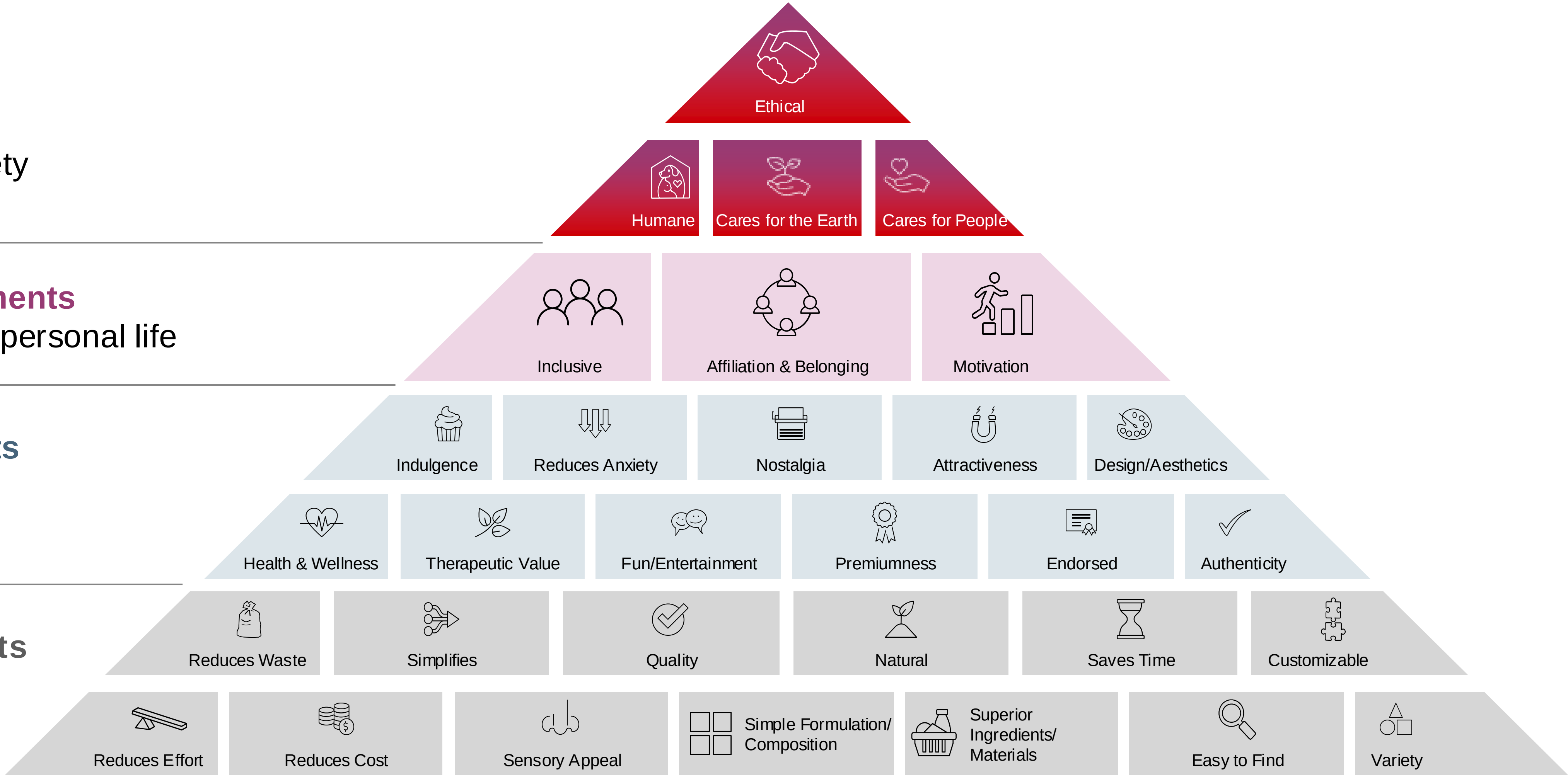
1 Consumer purpose at the core: Elements of Value® (EoVs) measure types of values experienced by consumers

Social Impact
Gives value to society

Life-changing elements
Gives value to your personal life

Emotional elements
Sparks emotional connection

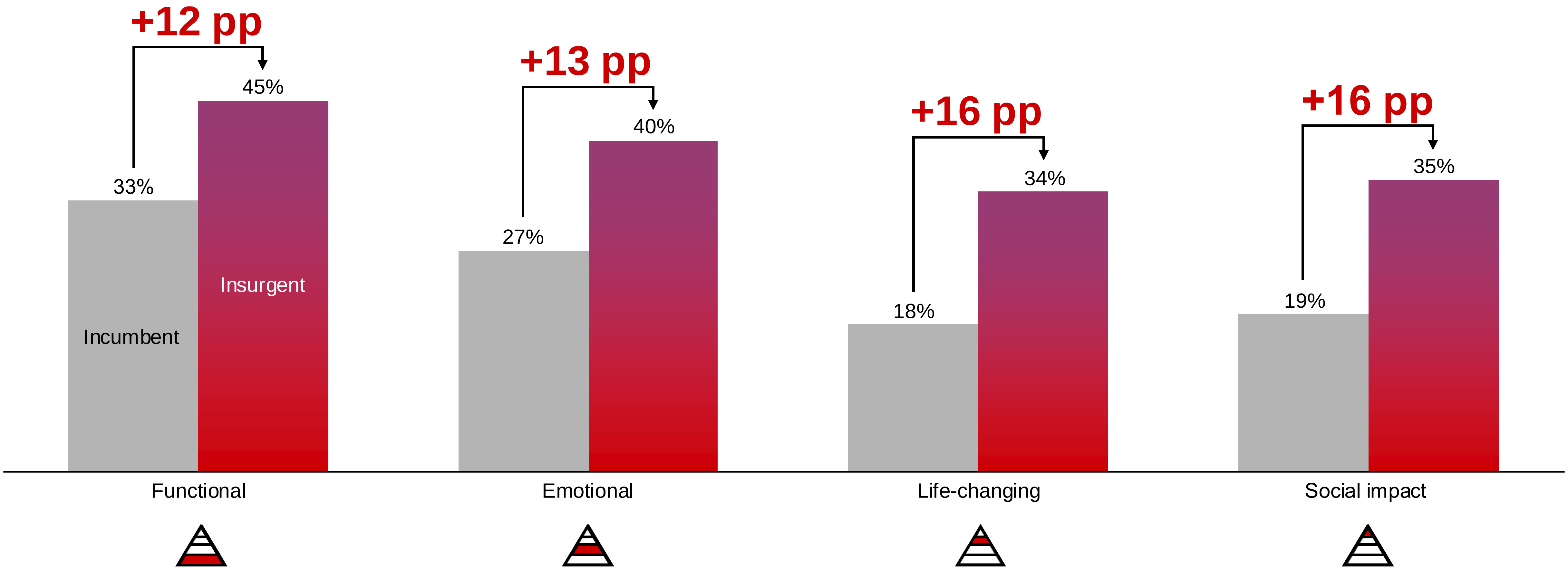
Functional elements
Delivers functional benefits



Source: Bain Analysis

1 **Consumer purpose at the core:** Insurgents deliver on more and on 'higher order' elements than incumbents

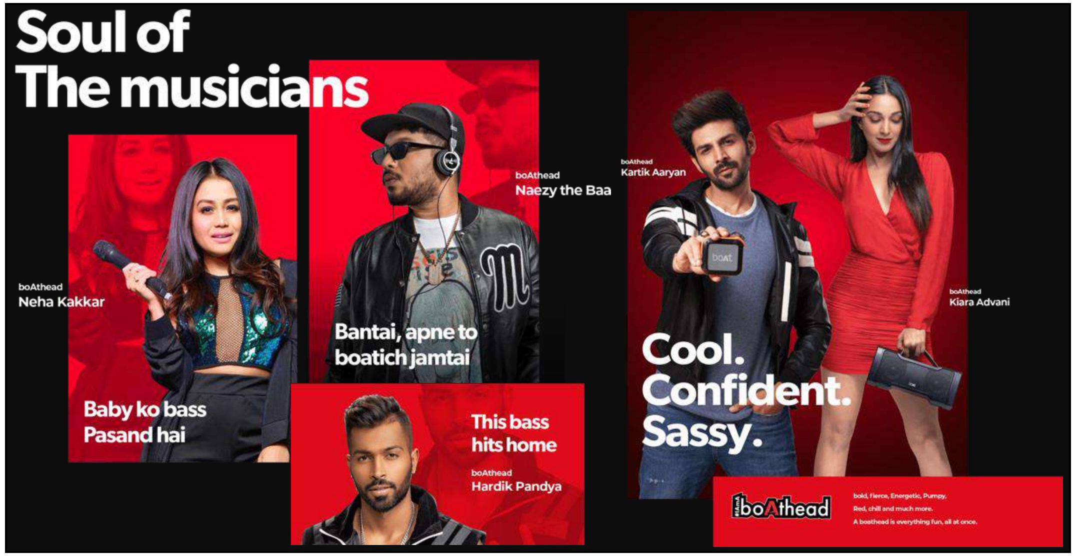
Average score across all elements, by level (% of respondents rating 8+ on a 0–10 scale)



Note: pp=percentage points
Source: Bain Elements of Value Consumer survey, US, 2022 (n=13,389)

1 **Consumer purpose at the core:** Tapping into higher order benefits, ensuring lower order benefits continue

Affiliation and Belonging



- Built a loyal community of **2M+ boAtheads;** Launched **campaigns like Do Whatever #FloatsYourBoat, NeverFitIn**

Environment

- **Emphasizes sustainability** with eco-friendly & chemical-free reusable diapers (plastic-free packaging; 16 diapers per baby required vs ~5K traditional diapers)
- Partnered with **UNEP** to **educate youth** on impact of their lifestyle on the environment with Tide Turners Plastic Challenge campaign

2 **Offer innovation:** 25%–40% of revenue for successful insurgent brands come from successful new launches

Depth before breadth

- **Maximise innovation within** existing core before foraying into new categories

First-hand perspective

- **Deep, often first-hand understanding of customer pain points** and needs

Thorough testing

- **Prioritise rapid experimentation and testing** through digital channels like social media and direct-to-consumer platforms

Customer feedback

- **Leverage customer feedback** with large-scale sampling to develop new and innovative product solutions

Quick action

- **Swiftly discontinue products that are not effective** by learning, evaluating, and iterating with speed

Source: Bain Analysis

2 **Offer innovation:** Rapid product launch via a stage-gate approach to test, tweak, scale, or discontinue SKUs

Successful insurgents leverage small-scale sampling before scaling

Pre-launch

In-market pilot/ concept testing

< 6 WEEKS

Learning phase
Gauge initial traction

Key metrics
Sales traction & qualitative customer feedback

Tweak mix based on feedback & test again

In-market limited launch

Discontinue under performing SKUs

~ 6 MONTHS

Stage 1
Evaluate product performance & potential

Key metrics
ROI/ROAS (inorganic), average ratings, organic flywheel

Tweak product based on feedback and test again

Gate 1
(Scale, Tweak, or discontinue)

Discontinue under performing SKUs

Scaled launch

6 MONTHS–2 YEARS

Stage 2
Scaled launch with ongoing performance monitoring

Key metrics: Local Relative Market Share, profitability, ratings and reviews

> *We send out 10 products to 150 of our loyal customers and leverage their feedback to figure out the product fit for broader market*
>
> **CEO, F&B Insurgent brand**

Relative Market Share (RMS) for market leader = Market leader's topline/ Number 2 player's topline; other players = Other player's topline/ Market leader's topline
Source: Bain Analysis

2 **Offer innovation:** Ensure value proposition is clear and justifies the price premium

Premiumisation led by distinct value proposition

Create new price-points

- Targeting **new price-points** within a product category on the back of **superior value proposition**
- **Limited benefit in deep discounts** if market depth is low and/or category purchase frequency is low – can't be sustainable

- Leading **craft beer insurgent** identified gap in the premium craft beer segment; imported beers were too expensive → launched a line of **premium Indian craft beers** that targeted 'missing' price point
- **BPC insurgent** tapped the rising preference towards chemical free skincare/ personal care products → launched products enriched with **natural extracts and free from harmful chemicals at a premium price point**

3 Brand memorability: Successful insurgents have taken a unique approach to brand building

Provocative, edgy communication

boAt, a leading **consumer electronics player** targeted youth with bold colors, more than 20 up and coming influencers—cricketers, actors, musicians

Large-scale sampling

Farmley, a leading **dry fruits and nuts insurgent brand** advertised its **'All Flavors Trial pack'** to incentivise trials and build trust among consumers

Community building

Super Bottoms. a leading **baby products company** built a **ParentTribe** (community of parents and caregivers) to allow users to express themselves and seek advice from industry experts

3 **Brand Memorability**: Successful insurgents have leveraged their distinctive assets to help the brand gain attention

Design and packaging

Unique designs

Strong visual assets that 'pop' in the retail environment

Events, stores, placements

Lenskart Lite: Low-cost franchisee model for tier 2 & 3 markets

Celebrity and influencer collaborations

Organized, visually appealing in-store placement

Celebrity and influencer collaborations

Food event: Modern India's kitchen partner

4 **Shoppability across channels:** consumers shop across multiple channels; single channel strategy is unlikely to get good coverage

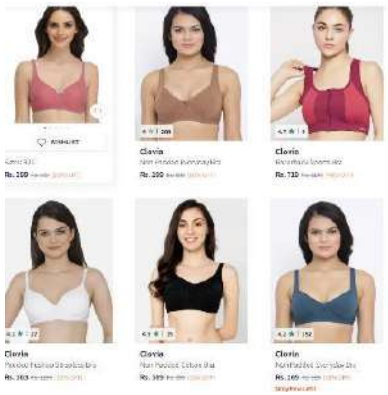
Insurgents often start on ‘alternate channels’ like D2C aided by a bustling ecosystem of ready solutions (across tech and ops) and truly shine on e-retailers

~20X
traffic

Higher traffic to insurgent brand sites (per rupee sales) vs. incumbents[1]

Various plug and play models for building web storefronts like **Shopify, Magento, Wix etc**.

Well developed supporting ecosystems; e.g.: Delhivery, Shiprocket for **logistics**; Unicommerce for **inventory mgmt./warehouse mgmt**



85%+
Share
(AZ, FK+, D2C brands)

Case study: Intimate wear insurgent

EAmazon, Flipkart, Myntra continue to remain **key channels** for the player – together with D2C they form the majority sales share
Player also plans online portfolio carefully and invests in good quality presence – bestselling SKUs prioritised, good fill rates

However, GT is generally still the most profitable channel

“Retail will test you on every level. But if you succeed in GT in India, that is where the magic lies and you can't earn money from modern trade.”

Viraj Bahl, Veeba, Feb’23

~5%

Higher EBITDA margin for offline channels vs. online, even for F&B categories

Even higher for apparel (need for trials), F&B (generally low ASP)

Scale insurgent brands like Veeba (<10% online) show that online is <u>not</u> a must for every category—channel economics must first make sense

Note: 1: For select brands across key categories – BPC, Apparel & lifestyle, Electronic wearables and devices; avg. monthly traffic per unit revenue considered for analysis; AZ: Amazon; FK+: Flipkart + Myntra.
Sources: Lit research; Similar Web

4 Shoppability across channels: The timing of channel expansion is crucial

Necessary conditions for expanding beyond natural channels

1 Established velocity in natural (first) channel

- High velocity and favorable acceptance among retailers & customers in natural channel serving as potential gateway to explore additional channels
- Opportunity to drive profits by tapping new target markets, attract new customers and increase revenue streams
- Diminishing ROI on the natural channel or early indicators of growth trajectory coming under pressure

2 Clarity on Hero SKUs

- High selling SKUs to be leveraged to **gain traction and build brand recognition** in newer channels

3 Latent brand pull in other channels

- **Evolving consumer behavior** and growing preference for **newer channels of purchase** (q-commerce, influencer led marketplace etc.) pushing brands to **diversify channel mix** sooner rather than later

4 Operational efficiency

- Ecosystem that seamlessly solves for logistics and other operational challenges from distributors/marketplaces,
- Coupled with enhanced customer service drives adoption and profitability in new channels

Insurgent brands	Natural channel	Conditions met at new channel entry: 1	2	3	4	# yrs. to new channel entry
lenskart	Online (D2C*)	✓	✗	✓	✓	4
CARAT LANE	Online (D2C*)	✓	✗	✓	✓	4
Urban Ladder	Online (D2C*)	✓	✗	✗	✓	4
noise	Online	✓	✓	✗	✓	6
VEEBA	Offline	✓	✓	✓	✓	3
boAt	Marketplace	✓	✓	✗	✓	2

> *"We started as an online-first brand, worked with franchisees and then finally to own stores. Today we have a substantial offline footprint with 1000+ stores across India"*
>
> **Founder, Eyecare brand**

Note: Natural channel refers to the initial/first channel of distribution, New channel refers to second channel of distribution,, *Direct-to-consumer, **Exclusive brand outlets and shop in shops, Impersonal discretionary and essential categories include apparel, electronics, F&B etc., Personalised discretionary categories include F&B, Jewelry, H&W, Home & Kitchen ; Source: India Retailing

5 Business model innovation: Reducing supply chain inefficiencies via innovations can create differentiated advantage

Start with varying levels of supply chain complexity

Where technological differentiation results in a differentiated product, invest in manufacturing early

E.g., Insurgent brands investing in their own back-end for high quality yoghurt/sauces

Else go asset light

E.g., Electronics insurgent brand outsourced its entire supply chain to China

Critical to take over choke points, building a strong moat

Electronics insurgent brand: Moving **assembly for most of its SKUs to India** for partial relief from import duties

Fresh food insurgent brand: Invested in a **fully integrated just-in-time supply chain model** to maintain the naturalness

Eyewear insurgent brand: Plans to shift manufacturing ops to its **fully automated facility** for last mile customisation

Drivers behind integrated supply chain

1. Higher control and visibility of **production cost and logistics**
2. Greater **efficiency** across the value chain
3. Greater **economies of scale** ensuring higher margins & greater **flexibility**
4. Better **quality control** for better customer experience and loyalty
5. Savings on import duties & capitalising **on 'Make in India' subsidies**

Making it all come together: Successful insurgents grow at >30% YoY while maintaining Capital efficiency >1.5x

	Evidence/ Observations	Implications
Consumer purpose at the core Solve an acute consumer need-gap	Patience and focus on higher order EoVs to create new habits/ categories, and build sustainable brands	What do consumers of the future—Gen Z and Millennials, High and Upper mid income—value most?
Offer innovation (Product x Price) Invest behind large future trends/ profit pools	Focus on emerging consumer trends and archetypes to drive new profit pools, not compete directly with scale incumbents	What are large emerging trends and consumers archetypes for the next 5–10 years?
Brand memorability penetration builds large brands	Broaden relevance to new consumers through distinctive brand assets to different archetypes	How are consumers of the future discovering brands and products?
Shoppability across channels Get the core right and at full potential	Full leverage of scale-up spends and capital to improve shoppability across channels; improve depth through innovating on hero SKUs, range etc.	How do archetypes engage with different sales channels and build trust?
Business model innovation You die with the GM% you're born with	Innovation, premiumisation and continuous enhancement of consumer value to ensure appropriate margins, sharp unit economics and capital efficient growth	How can willingness to pay a premium be leveraged better across consumer archetypes?

Consumer of the Future

KEY TOPIC

03

The path to profitable and capital-efficient scale up for insurgent brands

Consumer purpose at the core:
Solve an acute consumer need-gap

Offer innovation (Product x Price):
Invest behind large future trends/ profit pools

Brand memorability:
Penetration builds large brands

Shoppability across channels:
Get the core right and at full potential

Business model innovation:
You die with the GM% you're born with

Know thy consumer

Tomorrow's consumers have very different values and motivations from today's. Understand emerging consumer archetypes in their entirety, and embrace their contradictions to target more and higher order elements of value

Drive velocity and conversion

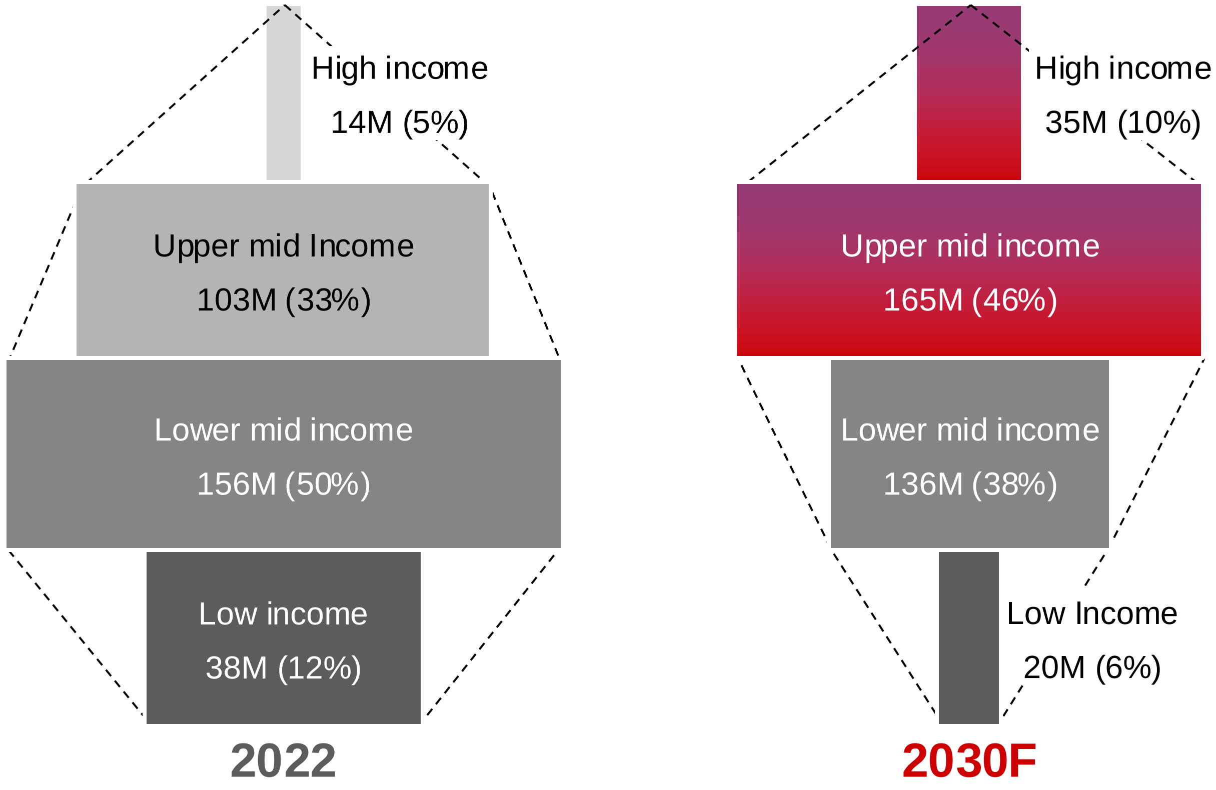
Understand ongoing big shifts in consumer journeys to drive velocity and conversion. Consumers inherently trust other consumers—whether faceless or known influencers. Brands must focus on what they can do, and trust their consumers to drive the narrative

Deepen relevance and trust with chosen consumers

Enhance brand relevance and trust via on-trend and authentic propositions around innovation, premiumisation and continuous enhancement of consumer value to drive appropriate margins

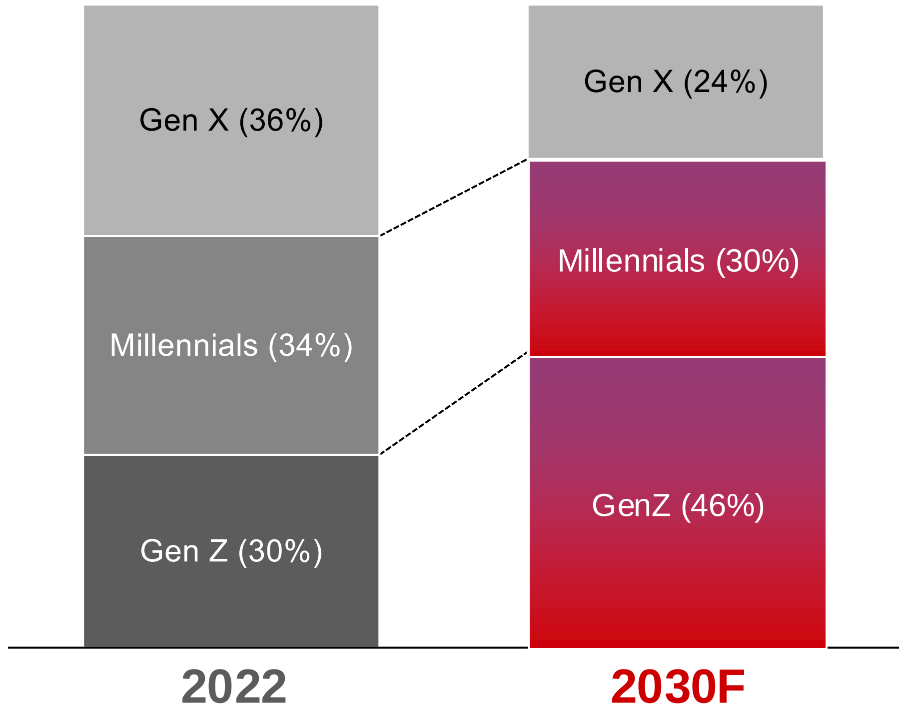
Future profit pools will be disproportionately driven by High and Upper Mid income GenZ and Millennials

India expected to add ~60M upper middle and ~20M high income households by 2030



GenZs and Millennials will drive India's retail spend

Generation-wise share of total retail expenditure[1] in India (%)



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Source: PRICE Projections based on ICE 360 Surveys (2014, 2016, 2018, 2020); Euromonitor

Our research with high and upper-middle income GenZ and millennials revealed 6 archetypes—some salient today, others for the future

Consumer survey methodology and findings

QUALITATIVE

15 group discussions (75 respondents)

QUANTITATIVE

1041 respondents

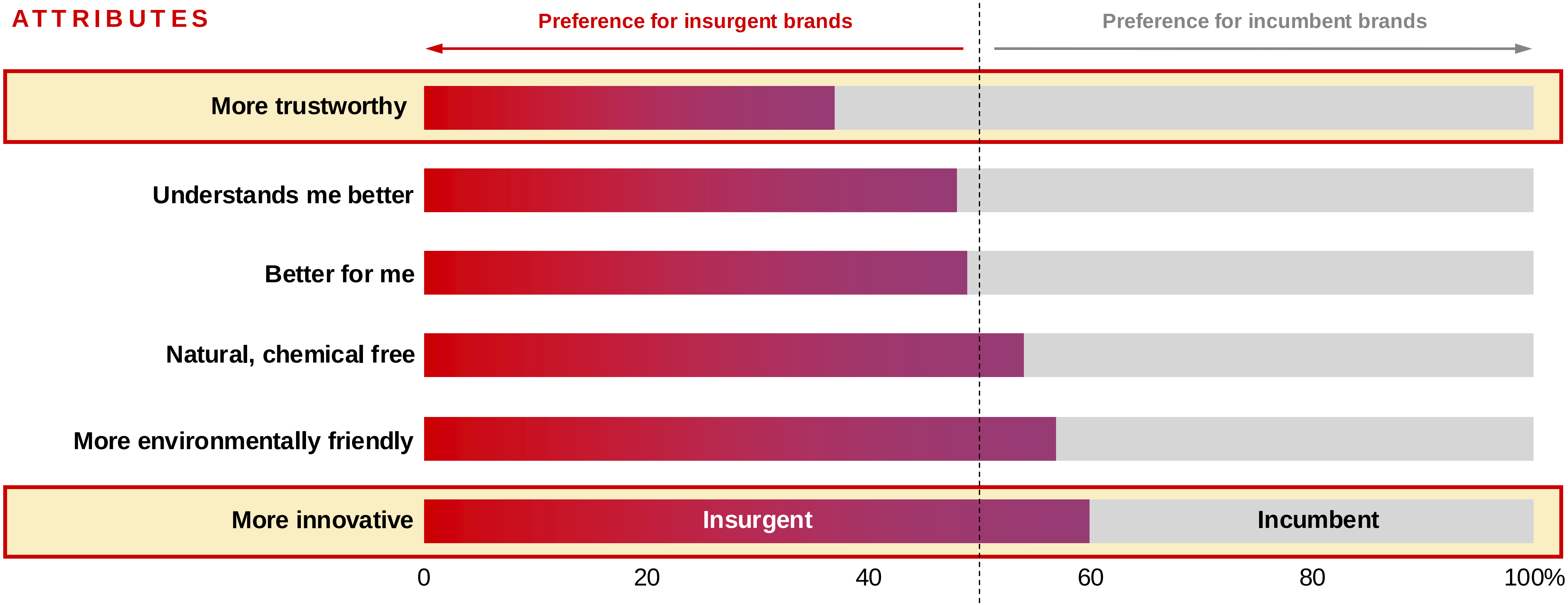
- Qualitative in-depth group conversations across **15** group discussions, followed by Quantitative study (**n=1041**)
- Quantitative insights leveraged to **refine and validate emergent hypotheses** from the qualitative exercise

- **Millennial & GenZ** respondents from **10+** towns & cities
- **65+ demographic**, **behavioral**, and **preferential** dimensions studied

- **6 emergent archetypes** characterized as **2 salient** & **4 future-relevant** basis associated trends & consumption
- In-depth analysis to identify & validate **trends, preferences, and actionable recommendations**

Elements of Value® as well as behaviors vary significantly across consumer archetypes

Insurgent brands face a significant challenge in building trust



Notes: Axis on representative estimated scale; %age of respondents within the archetype who indicated preference for incumbent vs insurgent brands along the above-mentioned parameters
Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

Insurgent brands need to deeply understand consumer archetypes and target relevant EoVs to build trust

EoVs that resonates with each archetype

CONSUMERS OF TODAY

1 Social Climber

- Values **functional EoVs**—high **quality**, reduced **cost**
- Values **Premiumness**
- Looks to ascend in **social status**
- Values **familial & societal values**

2 Affiliator

- Values **affiliation, belongingness and inclusion**
- Aspires to elevate lifestyle to match peers
- **Quick to adopt** recent trends—mimic group personality

CONSUMERS OF THE FUTURE

3 Maximiser

- **Values functional EoVs—innovative products**, **superior ingredients,** reduction in time and effort
- Invests in **own well being**
- Does **not believe in moderation**

4 Consciously Productive

- Values **emotional connect EoVs** such as health and wellness, anxiety reduction
- Values **constructive work**
- Responsible towards **environment & community**

5 Global Citizen

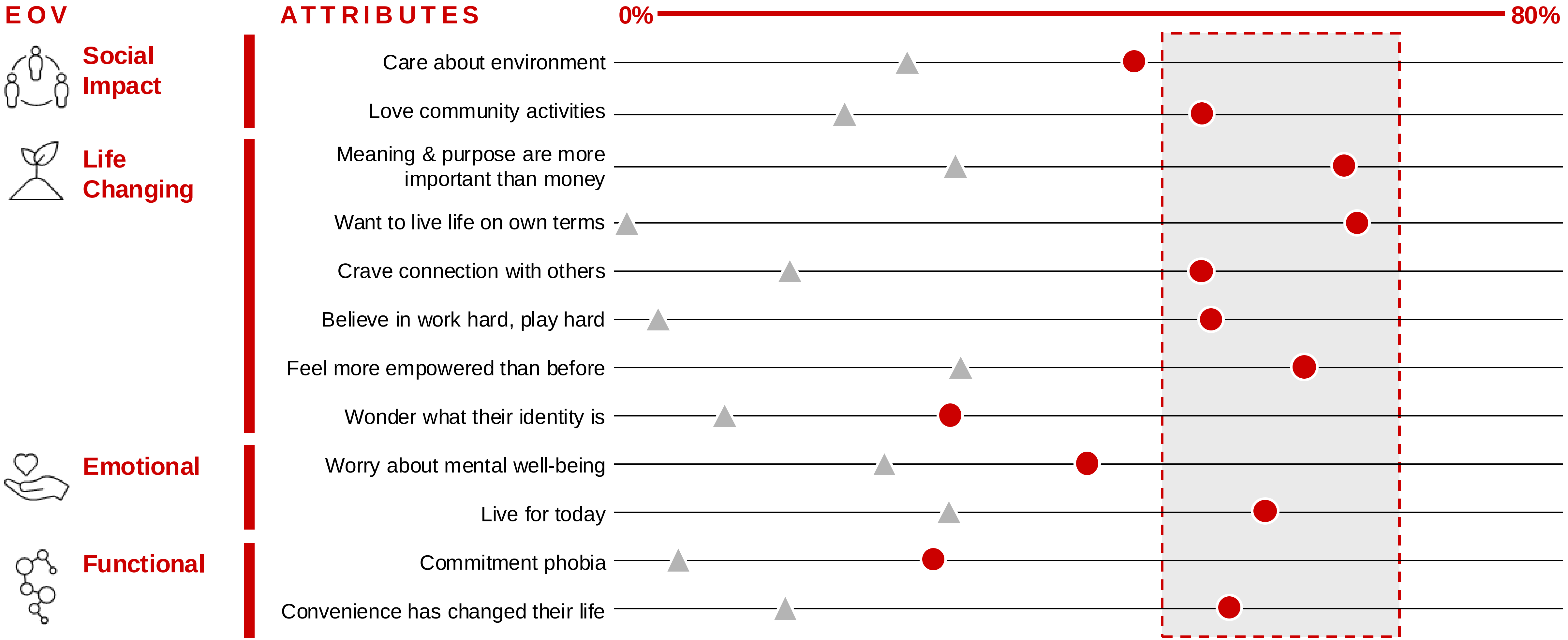
- **Values social impact EoVs**—cares for Earth, cares for people
- Values varied **experiences & perspectives, diversity & inclusion**
- Seeks **purpose & meaning**

6 Rebel

- Lead by fierce sense of **identity and individualism**
- Seeks **quality and innovative** products
- Values **unique offerings and experiences**; craves **variety**

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

Consumers of the future care more about purpose, identity, connectedness and empowerment



Consumers of today Consumers of the future

Notes : Axis on representative estimated scale; %age of respondents within the archetype who strongly agree are reflected above. Attributes listed are illustrative
Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

1 **Social Climber:** Provide the rungs to climb higher and faster

Personality/ Life priorities

- **Highly Conscientious, aspirational** and materialistic
- Driven to **succeed socially**
- **Work hard** today to enjoy a **better tomorrow;**
- Strong orientation towards **familial & societal values**
- **Worry about health,** save money for **future medical requirements**
- **~60% aspire** for more money **to elevate lifestyle**; **~30% influenced by celebrity lifestyles**

- **Pre-dominantly millennials**; majority affluent
- ~70% **hard working professionals**

Emerging trends/ behavior

- **Purchase products offering health benefits** such as natural / chemical free ingredients
- **Value premium brands** but also **seek discounts**

What they look for in brands

- Value **packaging, brand image**
- Started to favor local brands and seeks ‘**Make in India**’ products having global appeal and value

How they build Trust

- **~85%** influenced by **good online reviews and ratings**
- **Look for reputed brands** widely seen in stores or ads
  - ~**60% discover brands during online scrolling**

“When my school friend came to visit me, I showed her my progress. I run a boutique store from home. She couldn’t believe I had done it”

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

2 **Affiliator:** Help connect and blend with peers

Personality/ Life priorities

- Possess **set notions of a successful life**
- Plan to **settle down** and live a **relaxed carefree life**
  - **~60% saving more than 20% of their income**
- Mimic group's personality for a **sense of belonging**
- **Harmony & belonging-ness** seekers
- Worry about being judged if they stand out

- **70% constituted by GenZ;** typically, less affluent
- **46%** use money to **upgrade their lifestyle**

Emerging trends/ behavior

- **Conform to peer group**'s consumption patterns - **Willing to pay premium** for Electronics and Apparel as that helps conform to peer group
- Build higher purchasing power to **elevate lifestyle**
- Want to spend on travel experiences

What they look for in brands

- Follow **popular choices** / established brands
- Preference for **indigenous, quality products**
- **~44%** prefer "**Made in India**" products

How they build Trust

- **Influenced by friends, relatives** as well as real and grounded **celebrities**
- **~54% rely on good online reviews and ratings**

> *"The group I belong to best represents who I am. I hang around with my college friends. They are my world. We go hang around in cafes, pubs. We take selfies, follow the vloggers and discuss."*

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

3 **Maximiser:** Help realize and reach beyond their potential

Personality/ Life priorities

- **Push boundaries and maximise each experience**
- **Strive for set goals;** Result oriented and ambitious**, Crave tangible results**
- Believe in time-bound slogging and aspire to work hard **and maximise outcomes in youth, retire early** and enjoy idyllic life later
- **Self development** focused**, anxious to do well; academic overachievers**
- **Don't believe in moderation** – work hard, parties hard

- **56% save money to buy/ build a house**

Emerging trends/ behavior	• **Seek innovative ideas** maximising productivity/potential • **Value convenience** • Focus on **health & wellness**
What they look for in brands	• Aesthetically pleasing and **high quality** offerings • Prefer **natural, chemical-free** product ingredients • Seek **compelling and purposeful** brand story
How they build Trust	• Online reviews, brand reputation and word of mouth • Social media **influencers/ celebrities who demonstrate expertise** for brand discovery

"I revel in identifying and utilizing opportunities that come my way. In this way, I am able to get the maximum out of life, and I am able to push my boundaries."

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

4 **Consciously Productive:** Connect at the conscious and sub-conscious

Personality/ Life priorities

- Strives to be **constructively** occupied at all times
- Enjoy being in **circle of like-minded people**
- Want life **to be balanced and in control of their time**
- **Consumers of IG & YT tutorials/ reels** for DIY cooking, home décor, managing finance
- **Comfortable in their own skin,** peaceful and calm
- **Value human connectedness** over digital engagement

- **53% affluent and educated**
- **74% save less than 30% of income**

Emerging trends/ behavior

- **82%** want to be more responsible towards **environment**
- **Value mental wellbeing, mindful living**
- Willingness to **engage in community activities** incl. cruelty free, plant based, environment friendly initiatives

What they look for in brands

- Lean towards **mental wellbeing, high quality and eco impact**
- Advocate use of **organic, herbal, natural and cause oriented brands**

How they build Trust

- **Trying before buying/ self testing** method to establish trust
- **Real and grounded celebrities** recommendations

"I do yoga to keep myself physically fit and mentally calm. I have started taking Apple Cider Vinegar, Probiotics, I joined Herbal Life last year, I have learnt a lot from them about wellness."

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

5 **Global Citizen:** Bring the world to them, offer meaning and inclusion

Personality/ Life priorities

- **Inclusive** and value **building a tight-knit community**
- **Balanced personality**
- Inclined towards Social Activism, Strong Political views (GenZ)
- **Want a meaningful** life; Like to **travel, explore the world**
- Seek to define **self-identity** (GenZ); become **better version of themselves** (Millennials)
- **~70%** do not believe in **long term commitments**
- **Cosmopolitan, value diversity**

- **Affluent; educated; self-assured**
- **Free-spirited with ~80% living for today**

Emerging trends/ behavior

- **Fusion of expensive-inexpensive** to maintain minimalistic lifestyle
- Stand for a **purpose, care for environment**
- **Cosmopolitan**, have refined taste, appreciate experiential delights

What they look for in brands

- **~85%** choose brands basis **environmental impact**
- Support **'Made in India'** products

How they build Trust

- Look for brands **widely seen** in stores or ads
- **Social media influence** from a celebrity they **personally love**

"

"I believe in exploring the world, experiencing things, with an open mind… for philosophy, for food and for lifestyles. There are no boundaries. I am not myopic; I care for the whole world without racial or cultural prejudice"

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)

6 **Rebel:** Offer fresh, edgy products and experiences

Personality/ Life priorities

- **Hyper- individualistic,** expressive, opinionated and empowered
- Adventurous & spontaneous; **Need variety and uniqueness,**
- Wants to try something new; **attracted to modern brands** with new age ideas
- Heavy consumers of **music and love travelling** to satiate exploration drives
- **Averse to being boxed into traditional archetypes**

- **Split as 46% GenZ; 53% affluent and educated**

Emerging trends/ behavior

- Engage in activities that **sharply define their individualism**
- Support **cause of equality, or celebrate individualism**
- Seeks **innovative** products

What they look for in brands

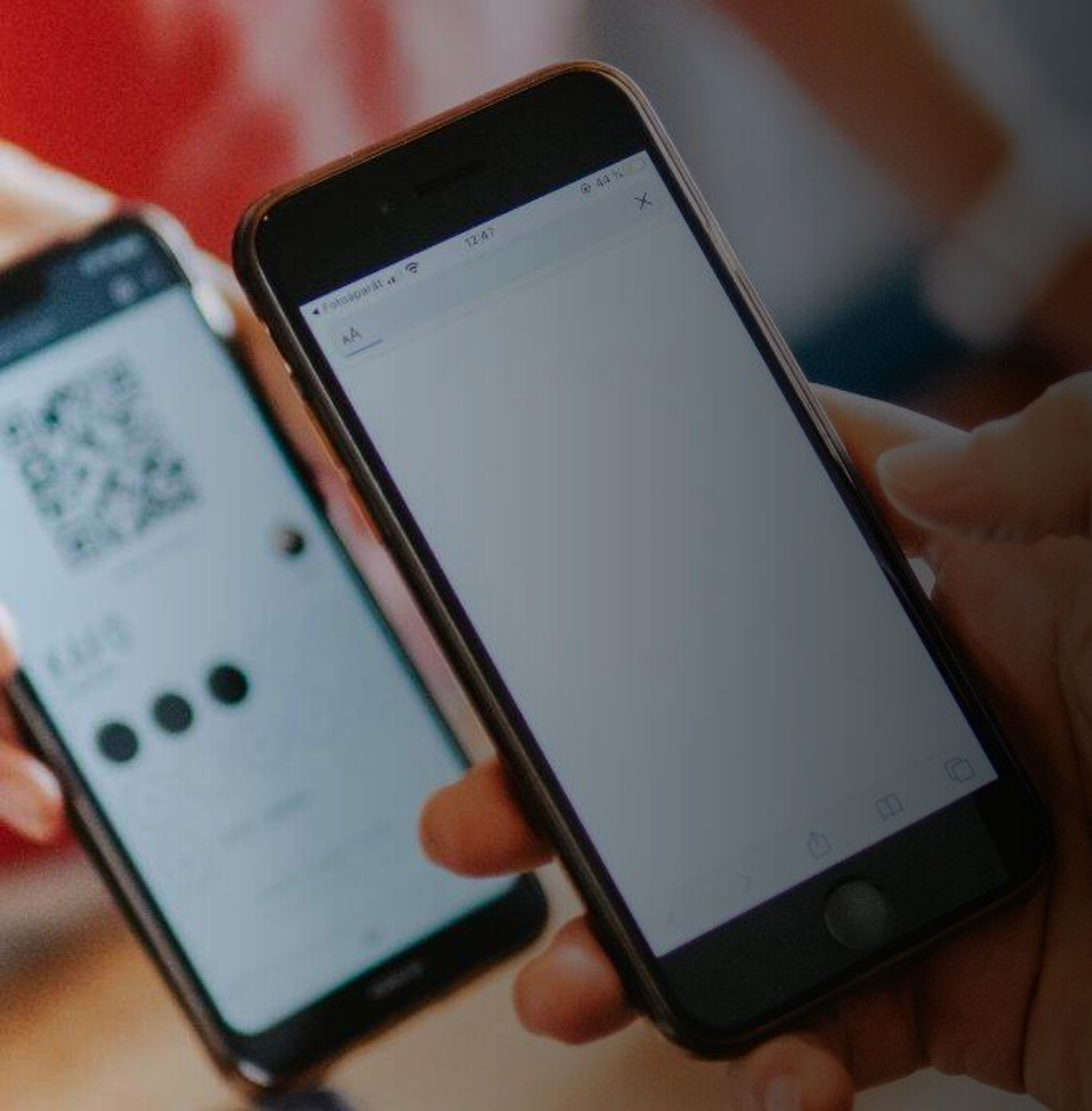
- Value **customized offerings,**
- **Support unique, authentic brands**
- Support **natural/ chemical free** products
- **Passionate story of founders**

How they build Trust

- **Trying before buying/ self testing** of products
- **Word of mouth** from friends, relatives and other influencers
- Majority also look up to **good online ratings/ reviews**

"I am the most important person in my life. If I don't pamper myself, no one will. I don't care two hoots about what the world has to say. I love everything about myself, my body, my voice, my dress, my thinking. I am me."

Sources: Bain consumer research (n=1,116 respondents:15 Group discussions with ~5 members per group, Quantitative research n=1,041 respondents)



Consumers of the future are discovering brands on social media platforms, purchasing based on online recommendations from online communities

Brand discovery: Social media is becoming prominent for creating brand awareness; facilitating seamless online purchases

Drivers of awareness

Advertisements on Facebook, Instagram and other social media platforms

Social media influencers

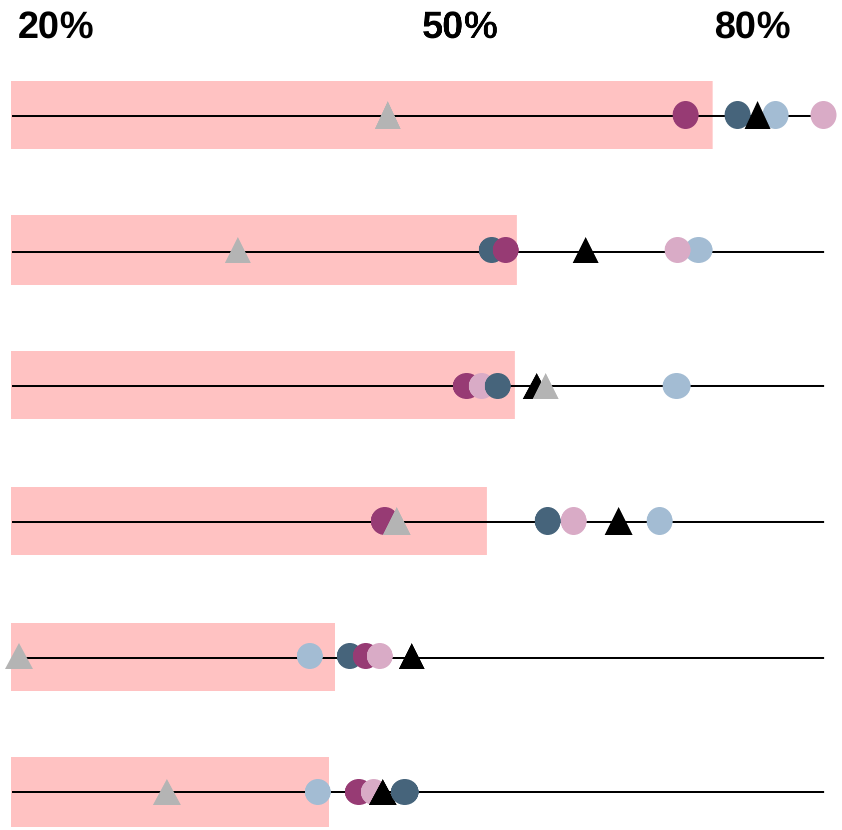
Friends and relatives

Surfing the web

Favorite celebrities and the brands they wear or endorse

Category search on Google e.g., "buy dinner plates online"

Relevance by archetype



All
Social Climber
Affiliator
Maximiser
Consciously Productive
Global Citizen
Rebel

Social-led commerce*

- **E-retail ads** in India are growing at a fast pace
- Social networks are increasingly building **end-to-end checkout experiences** natively.

Implications

Tomorrow's consumers exhibit similar behavior in brand discovery

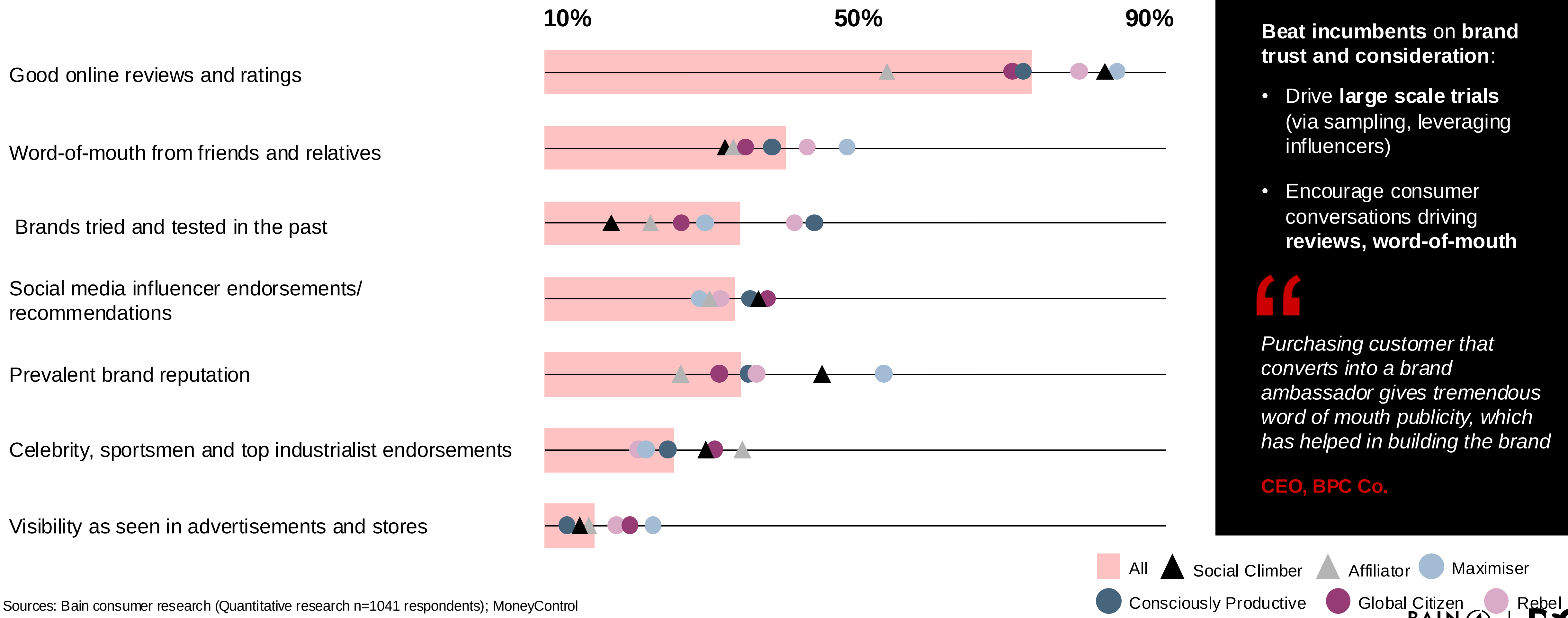
- Social media platforms—ads, influencers and word-of-mouth are key drivers of building awareness
- Hassle-free transition to next step in purchase journey

Sources: Bain consumer research (Quantitative research n=1,041 respondents); *How India Shops 2022

Consumers **trust narrative from other consumers**—friends, reviewers or influencers; trials & sampling key to get flywheel spinning

Drivers of trust and consideration

Relevance by archetype



Implications

Beat incumbents on **brand trust and consideration**:

- Drive **large scale trials** (via sampling, leveraging influencers)
- Encourage consumer conversations driving **reviews, word-of-mouth**

“

Purchasing customer that converts into a brand ambassador gives tremendous word of mouth publicity, which has helped in building the brand

CEO, BPC Co.

Sources: Bain consumer research (Quantitative research n=1041 respondents); MoneyControl

Community: Insurgent brands must use this cost-effective method to drive awareness & build trust

Leverage shared causes

Communities help audiences find like-minded people and rally behind a cause

Eco-friendly

Leveraged better-for-me & better-for-environment causes to rally community

Physical health

Targeted “women who move” as the larger cause to engage customers

Traction and sampling

As communities grow, they become channels for beta launches, quick feedback

Mini packs

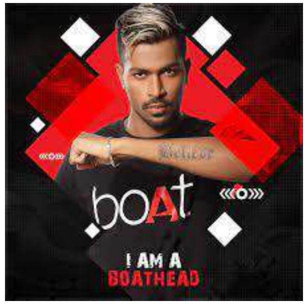
Encouraged feedback & gathered insights through sampling and mini packs

Community exclusives

Offered exclusive launch for club members, product samples in subscription boxes

Get the flywheel in motion

At scale, trials from communities reinforce trust, helping the brand benefit from reviews & feedback



At-scale events

Reinforced trust through a sense of community built around brand value proposition

Social campaigns

Core value prop, leveraged through extensive social & influencer campaigns

Summary Imperatives: Recommendations from other consumers, combined along with self-trials are new ways of earning trust

Generating Awareness

Social ads, interest communities, word of mouth

- **Social media ads and influencers** continue to be biggest drivers
- Consumers are now turning to **interest-based communities**
- They rely on the **"experts" from the interest-based internet communities** to learn about new products

Driving trust

Reviews, celebrity/ influencer endorsements

- **Sampling** is the go-to method to drive initial product traction that leads to **online reviews, ratings, & strong word-of-mouth**
- **Pack size, sampling channels** important considerations
- **Influencer endorsements are more trusted** than celebrity endorsements when it comes to building trust in a brand
  - **Millennials are 10% more likely to trust influencer** recommendations

> *"You get to know about new products from online ads, but if there is a **known influencer promoting the product then you can trust it more**"*
>
> *-32, Female, Ludhiana*

> *"**Online reviews** tell if it's a **trustworthy** website and app. See number of reviews, see rating and read a few reviews"*
>
> *-31, Male, Nagpur*

> *"My good morning and goodnight will start and end (respectively) with **Instagram** only. So that's where I **get to know about most brands** from…"*
>
> *-34, Female, Bangalore*

> *"If my **friends** recommend a product, it makes me most likely to buy because you can **trust them completely**"*
>
> *-31, Female, Ludhiana*

> *"I **heard** about the brand Wow from a **Social Media influencer on YouTube**. So, I tried it, and it suits me well, so I continue to use it"*
>
> *-25, Female, Kolkata*

Source: Bain consumer research (Quantitative research n=1041 respondents)

Insurgent brands must capitalize on mega-trends to deepen relevance in coming years

Insurgent brands must leverage emerging mega-trends that appeal across consumer archetypes to deepen relevance (1/2)

Natural/chemical free

Maximiser, Social Climber, Rebel, Global Citizen

- **Traditional practices making a comeback -** oil pulling, fasting, traditional grains (ragi, bajra), copper vessels, neem combs
- Consumers **increasingly drawn to the natural/chemical-free trend**, e.g., a preference for SLS-free, paraben-free, and vegan ingredients in BPC
- **Millennials (~74%) actively buying more products with health benefits** such as immunity after COVID vs GenZ (65%)

Top choice in willingness to pay a **premium**

"I recently shifted to vegan lipsticks also, plant-based lipsticks. They keep your lips soft and enhances the natural color"

26, Female, Bangalore

"These days you get Bamboo toothbrushes which I have started using"

25, Male, Ludhiana

Made in India

Global citizen, Rebel, Social Climber, Affiliator

- **Made in India theme** gaining traction
- Customers gravitating towards blend of **traditional craftsmanship and modern design,** displaying pride and responsibility towards **everything 'Indian'**
- **Younger generation** considering 'Made in India' an important factor while purchasing—32% GenZ vs 26% Millennial

2nd choice in willingness to pay a **premium**

"If it is 'made in India' I don't even mind paying a little extra for it because you know that the money will stay within India only"

22, Female, Nagpur

"I prefer to buy products made in India. If the quality is the same, We have a responsibility towards such brands"

Consumer1, Tier 1

Note: GenZ is anyone born between 1997 and 2012; Millennial is anyone born between 1981 and 1996;
Source: Bain consumer research (Quantitative research n=1041 respondents, GenZ = 516 respondents, Millennials = 525 respondents)

Archetypes that resonate

Insurgent brands must leverage emerging mega-trends that appeal across consumer archetypes to deepen relevance (2/2)

Physical and Mental Health

Global Citizen, Rebel, Social Climber, Maximiser

- Consumers turning to **healthier alternatives -** Mock sugar, Mock cigarettes, Trail mix to avoid junk, Mini bites ice-cream; Eating more in moderation
- Both millennial and GenZ value **mental wellbeing-** practicing meditation through apps, group-based self-care activities

*% **engaging in activities that improve mental health** after COVID*

49% | 41%

*% agree that younger **generation faces higher stress** despite higher income*

77% | 72%

"It's important to take care of our health. I control my sweet cravings, eat gluten-free food and regularly take my multivitamins"

Male, 35 yrs, Ludhiana

"I take probiotic drinks, acv drinks regularly, my ayurvedic doctor recommended these brands;

Female, 32, Delhi

Eco-life

Consciously Productive, Maximiser, Rebel

- 80% of consumers eager to **contribute time or part of earnings to help animals, plants or people**
- **Recreating alternate lifestyle –** Using copper vessels, handloom cotton, farm grown, sustainable products

*% started **using brands based on their environmental impact***

81% | 68%

*% agree that they **don't want to be irresponsible towards the planet***

75% | 71%

"When a brand takes an initiative towards the environment, I feel like buying it"

25, Female, Kolkata

"Mama Earth has this thing that every time you buy a product, they will plant a tree"

32, Female, Delhi

Note: GenZ is anyone born between 1997 and 2012; Millennial is anyone born between 1981 and 1996;
Source: Bain consumer research (Quantitative research n=1041 respondents, GenZ = 516 respondents, Millennials = 525 respondents)

Archetypes that resonate | Millennial | GenZ

Insurgent brands can craft propositions based on multiple other emerging trends—specific to archetypes—that have high future potential

Minimalism

Global Citizen

- Consumers searching for meaning, **purpose over materialistic living**
- Choosing products that make **lifestyle better** and also **align with their values**

% don't believe in ***spending to show off***

76% 68%

"Money can buy comfort, not happiness; for a meaningful life, health, family, friends, and travel experiences are also important"

33, Male, Bangalore

Community

Global Citizen

- Rising loneliness drives demand for **products/ services that support collectivism**
- Gravitating towards **like-minded people**- Delhi Foodies, Pet care club, Trek gang etc.

% love to ***engage in community-based activities***

76% 70%

"I like to go with the flow, chill with colleagues after work…I plan my vacation with my friends"

25, Male, Ludhiana

Individuality

Rebel, Maximiser

- **Increasing display of assertive individualism**
- Tailoring products to **flexible, individual preferences**

% want to ***live on their own terms****, not be dictated by society's expectations*

79% 75%

"I really feel safe when I am with myself… because I am responsible for my own happiness; I don't care what everyone is thinking about me"

32, Female, Delhi

"I am the most important person in my life. If I don't pamper myself, no one will."

36, Female, Meerut

Note: GenZ is anyone born between 1997 and 2012; Millennial is anyone born between 1981 and 1996;
Source: Bain consumer research (Quantitative research n=1041 respondents, GenZ = 516 respondents, Millennials = 525 respondents)

Archetypes that resonate | Millennial | GenZ

Brands must persuade consumers to spend (more) on them; willingness to pay premium (today) differs widely across trends/archetypes

Emerging Mega- Trends

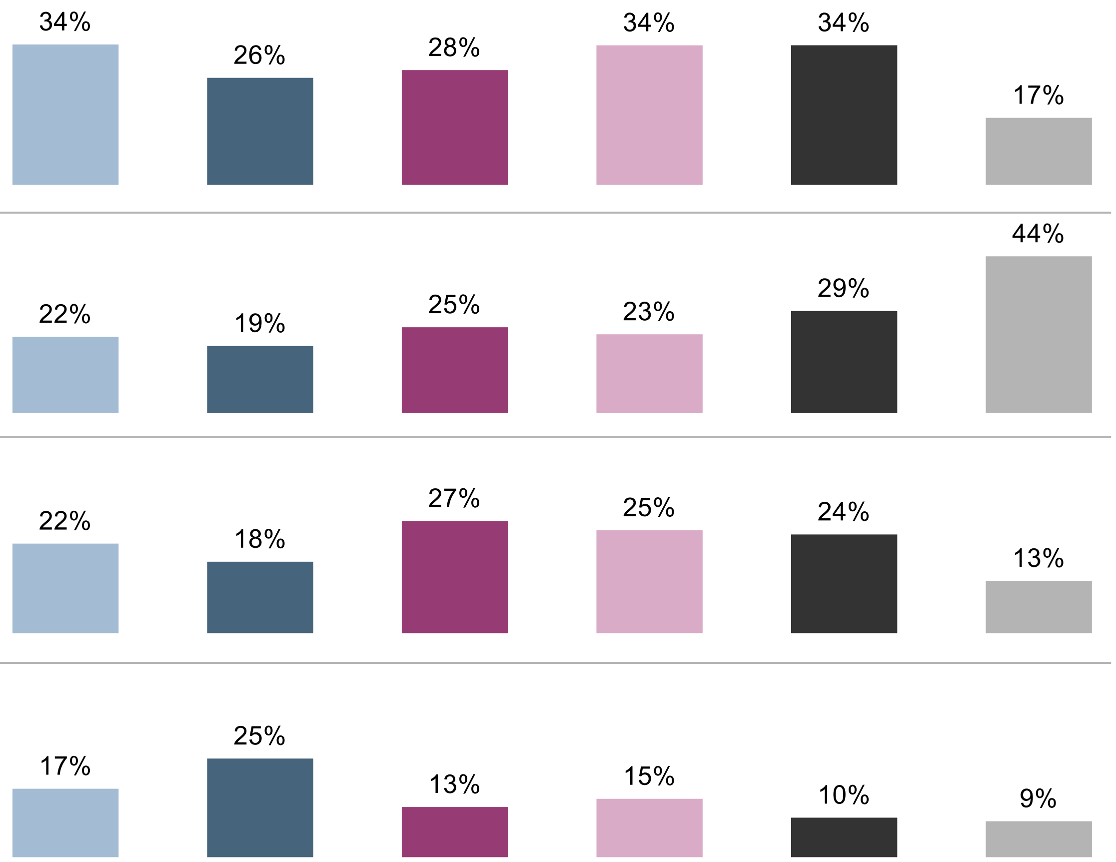
Willingness to pay premium for product

NATURAL/ CHEMICAL FREE

MADE IN INDIA

PHYSICAL & MENTAL HEALTH

ECO-LIFE



Implications

Insurgent brands can steal a march over incumbents by leveraging emerging mega-trends to craft on-trend and authentic value propositions that deepen brand relevance and trust…

…and enhance the willingness of different archetypes to pay a premium

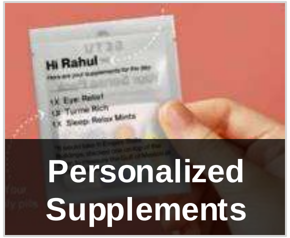
Source: Bain consumer research (Quantitative research n=1041 respondents)

Maximiser | Consciously Productive | Global Citizen | Rebel | Social Climber | Affiliator

Summary Imperatives: In order to (re)commit to the consumers of tomorrow, specific value propositions must be explored for the archetypes

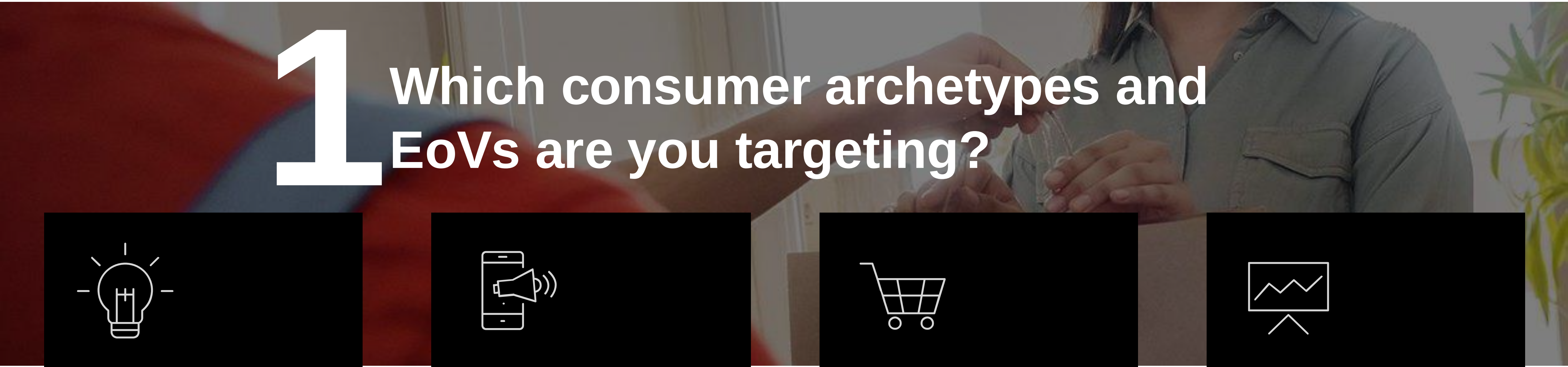
	EMERGING MEGA-TRENDS				SPECIFIC TO ARCHETYPES		
	Natural/ Chemical free	Made in India	Physical & Mental Health	Eco-life	Minimalism	Community	Individuality
Resonating Consumer Archetypes	Maximiser, Social Climber, Rebel, Global Citizen	Global citizen, Rebel, Social Climber, Affiliator	Global Citizen, Rebel, Social Climber, Maximiser	Consciously Productive, Maximiser, Rebel	Global Citizen	Global Citizen	Rebel, Maximiser

Examples



Critical for businesses to understand the consumer archetypes, be on-trend, evoke favorable emotions, earn trust, and expand discoverability

Actions for insurgent brands



1 Which consumer archetypes and EoVs are you targeting?

2 Are you on-trend? Which mega-trends are you leveraging to innovate on your products/ offers?

3 Are you building communities to drive brand awareness, consideration and earn trust effectively?

4 Do you meet the conditions to expand beyond your natural channels?

5 As you scale up, will your current operating model enable you to maintain innovation and customer advocacy at core?

Appendix

Definitions and coverage

Metrics	Definition
Insurgent brands	We have defined insurgent consumer brands as companies in India incorporated after 2007. These companies are winning hearts of the underserved customers. They possess a clear sense of mission. They foster in their employees' deep feelings of personal responsibility for the company. They abhor complexity and bureaucracy. They are obsessed with the details of the business and celebrate the frontline employees who deal directly with customers
Incumbent brands	Large scale, well established traditional consumer brands, incorporated (well) before 2007, have proprietary assets, strong brands and superior capabilities to out-invest competition.
Scale insurgent brand	Insurgent consumer brands with more than ~$25M revenue in FY22
GenZ	Anyone born between 1997 and 2012
Millennials	Anyone born between 1981 and 1996
GenX	Anyone born between 1965 and 1980
Boomers	Anyone born between 1946 and 1964
Sectors covered	Apparel & Lifestyle, Beauty & Personal Care, Food & Beverage, Electronic Wearables and Devices, Healthcare Products, Home (Furniture, Plants and Pets) & Kitchen, Intimate Wear and Jewelry

Key sources of financial data

Metrics	Sources
Revenue	MCA filing, VCC Edge, CapIQ, Accord, Annual reports, DRHP
EBITDA, EBITDA Margin	MCA filing, VCC Edge, CapIQ, Annual reports, DRHP
PAT	MCA filing, VCC Edge, CapIQ, Annual reports, DRHP
Capital employed and ROCE	MCA filing, DRHP
Funding amount	CapIQ, Pitchbook, Tracxn
Category Sizes (and projections)	Statista, Euromonitor
GDP per capita **Consumer expenditure per capita**	Euromonitor
Consumer expenditure, **Population x Income**	World economic forum report
Consumer spends	Bain PRICE analysis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