

OLDER GENERATIONS WARM UP TO NEWER DIGITAL TRANSACTIONS

GEN X CATCHES UP WITH MILLENNIALS IN TRANSACTING ONLINE

- **At 270 million, Millennials make up the largest age group in India today. But from 2019, their size will start diminishing, encouraging marketers to expand their focus to consumers across other age groups.**
- **Trends in digital adoption and usage reveal that Gen X consumers are increasingly growing their appetite for budding technology.**
- **Demonetisation has sped up the adoption of online financial transactions among Gen X and older age groups.**
- **Today, Millennials and Gen X are spending an equal amount of time using financial apps.**

Traditionally, marketers have viewed Millennials¹ as a very desirable customer segment because of the size of the cohort² and their digital responsiveness. However, Gen X, the generation that directly precedes Millennials, is now emerging as equally digitally savvy, posing a big opportunity. Agile marketers would do well to turn their attention to Gen X users while continuing to focus on Millennials.

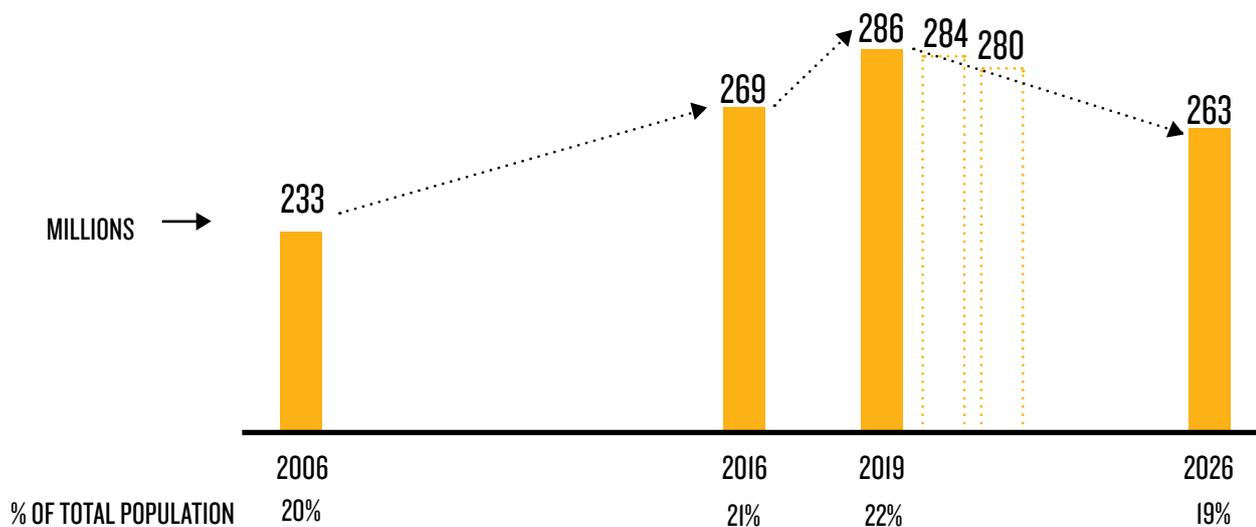
¹People born between early 1980s to late 1990s are referred to as Millennials. So, today, anyone in the age group of 18-35 is a Millennial. (Since the subject is finance, we will take a closer look at the millennials starting from the age of 25, when most of them get into their first job, till they attain the age of 35). Gen X is the generation immediately preceding Millennials who would now be in the age group of 36-45 years

²There are 270 million Millennials between the ages of 25-35 in India today

IMPACT OF CHANGING DEMOGRAPHICS

Birth rates have begun dropping in India. So, while the dominant age group of 25-35-year-olds have been growing for the past decade, they will decline starting 2019, as less children grow into that bracket.

PROPORTION OF 25-35 YEAR-OLDS TO OVERALL POPULATION



Source: Projections based on data from the Census of India, 2011

According to census data, the proportion of 25-35-year-olds to the overall population in India has grown over the last decade, a trend that will continue for a few more years. By the year 2019-2020, people between 25-35 years of age will account for 22% of the Indian population.

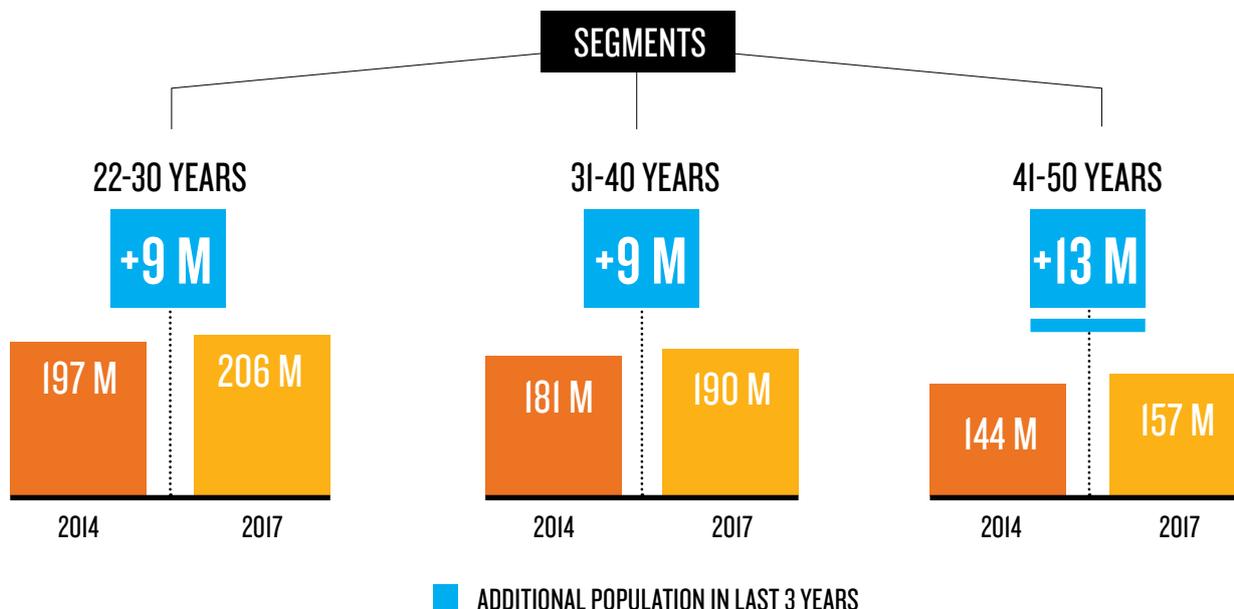
The tide is expected to turn soon after, with year 2019 becoming the tipping point. Census data indicates that starting 2019, the size of the 25-35 age group is expected to begin declining. Within a decade from now, India's population will keep growing, but the population of 25-35 year-olds will be about 263 million, which is less than what it is today.



STARTING 2019, THE SIZE OF THE 25-35 AGE GROUP IS EXPECTED TO BEGIN DECLINING. WITHIN A DECADE FROM NOW, INDIA'S POPULATION WILL KEEP GROWING, BUT THE POPULATION OF 25-35 YEAR-OLDS WILL BE ABOUT 263 MILLION; WHICH IS LESS THAN WHAT IT IS TODAY.

According to the latest census data, 41-50 year-olds, who fall in the Gen X category, is the fastest-growing population segment in India. While these consumers constitute just 28% of the population, they contribute up to 42% of the population growth.

41-50 YEAR-OLDS COMPRISE THE FASTEST GROWING AGE SEGMENT POPULATION DATA AS PER CENSUS 2011 - IN MILLIONS

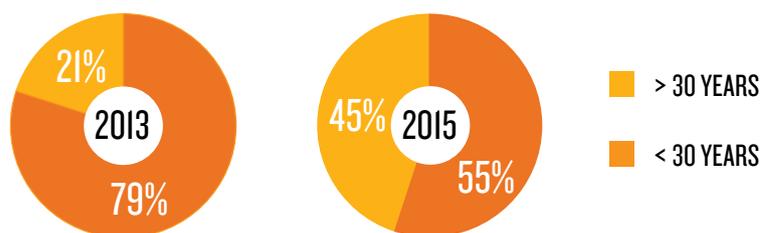


Source: Nielsen

GEN X CATCHES UP WITH MILLENNIALS

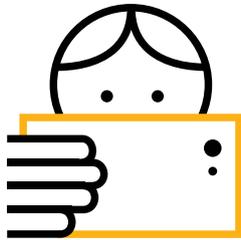
The adoption of smartphones and the incidence of online financial transactions is high among Millennials because they are natural netizens. Comparatively, Gen X has been slower to adopt technology in general, as a result of inertia, inhibition and caution. Interestingly, trends in digital adoption and usage reveal that this trend may be losing steam—a development that will have significant ramifications on digital product and marketing strategies going forward.

SMARTPHONE INTERNET USERS (URBAN INDIA)



Source: 2015 Ericsson report - The Changing Mobile Broadband Landscape

Surveys carried out by Ericsson in 2013 and 2015 show that the proportion of smartphone internet users above the age of 30, has more than doubled in two years, indicating that the usage of internet on smartphones is being adopted by users above 30 years of age, in a big way.



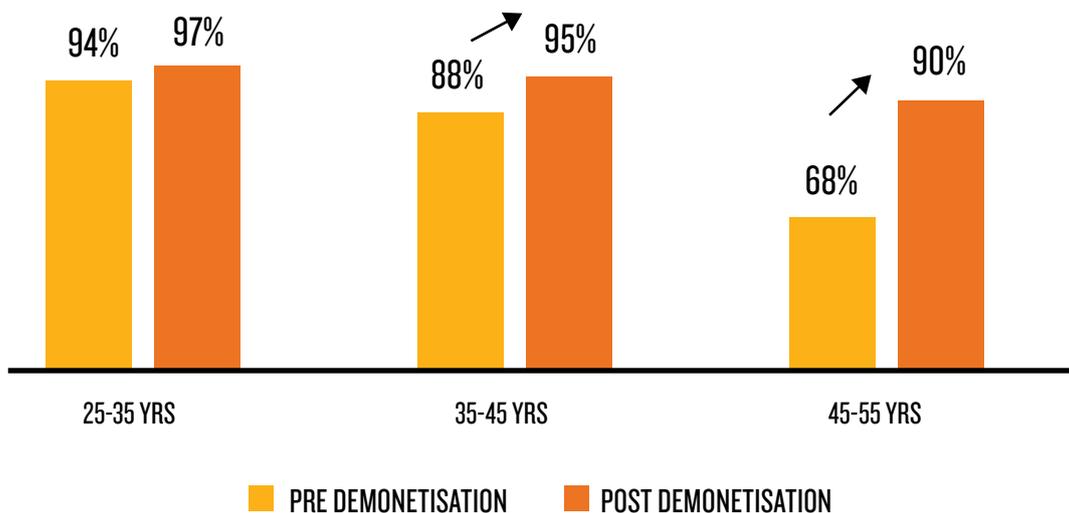
INTERESTINGLY, TRENDS IN DIGITAL ADOPTION AND USAGE REVEAL THAT TECHNOLOGY MAY NOT ALWAYS REMAIN THE DOMAIN OF MILLENNIALS; A DEVELOPMENT THAT WILL HAVE SIGNIFICANT RAMIFICATIONS ON DIGITAL PRODUCT AND MARKETING STRATEGIES GOING FORWARD.

Accessing the internet via smartphone has made Gen X adequately equipped to integrate digital habits in their lives - a trend that practically sped up overnight with the demonetisation drive³.

With high-value currency out of circulation, older consumers were pushed to adopt digital financial transactions. Findings from a recent survey by Nielsen supported this theory.

RISE OF ONLINE FINANCIAL ACTIVITY ON SMARTPHONES AFTER DEMONETISATION

% OF URBAN SMARTPHONE USERS CARRYING OUT ONLINE FINANCIAL ACTIVITIES



*Online financial activities include at least one of the following: Use of any digital wallet, mobile banking, internet banking, online payments/ money transfer

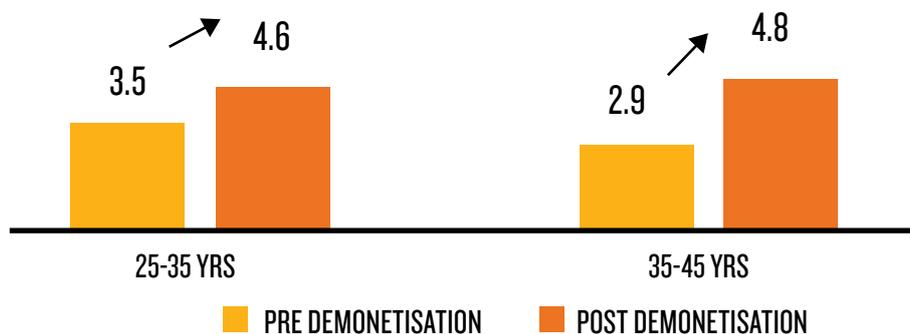
Source: Nielsen online survey in March 2017, of 800 respondents who are savings bank account holders

³Demonetisation put high-value INR 1000 and INR 500 notes out of circulation overnight. Demonetised notes comprised over 80% of the currency in circulation. This made cash flow a problem, resulting in businesses and consumers quickly moving to digital payments for their daily expenses

Post demonetisation, both Gen X and older consumers have increased the use of their smartphones for financial activities. In fact, the rise in usage has been higher even among consumers older than 45. Statistically, the incidence of online financial activity jumped from 68% to 90% in a span of less than six months among this age group.

This finding is corroborated by another Nielsen Smartphone Solutions study in December 2016, which shows that millennials in the age group of 25-35 years, and Gen X are also now spending an equal amount of time using financial apps.

TIME SPENT ON FINANCIAL APPS (MINUTES / DAY)



Source: Nielsen Smartphone Solutions; Dec'16

MARKETING TO A WIDER DIGITAL AUDIENCE

Millennials of today will grow into elders of tomorrow, making the entire nation a largely digital population. From a marketers' perspective, this will call for a review of strategy. With Gen X citizens also becoming digitally savvy, age will likely cease to be a key determinant of comfort with digital communication and transactions.

Three years from now, there will be fewer Indians between 25-35 years, so marketers cannot have a strategy solely or even heavily aimed at that age group because the 41-50-year-old age segment holds great promise as consumers. Digital communication from marketers is now consumed by Gen X as much as the original intended recipient – Millennials. So, when the 25-35-year-olds shrink as a segment, demography as well as the dynamics of technology adoption will change and call for new strategies aimed at the elder, digitally savvy consumers in their forties.

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ABOUT NIELSEN

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