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DIGITAL MICRO-MARKETS: A THING OF THE PAST, PRESENT, OR WAY FORWARD FOR THE NEW INDIA?

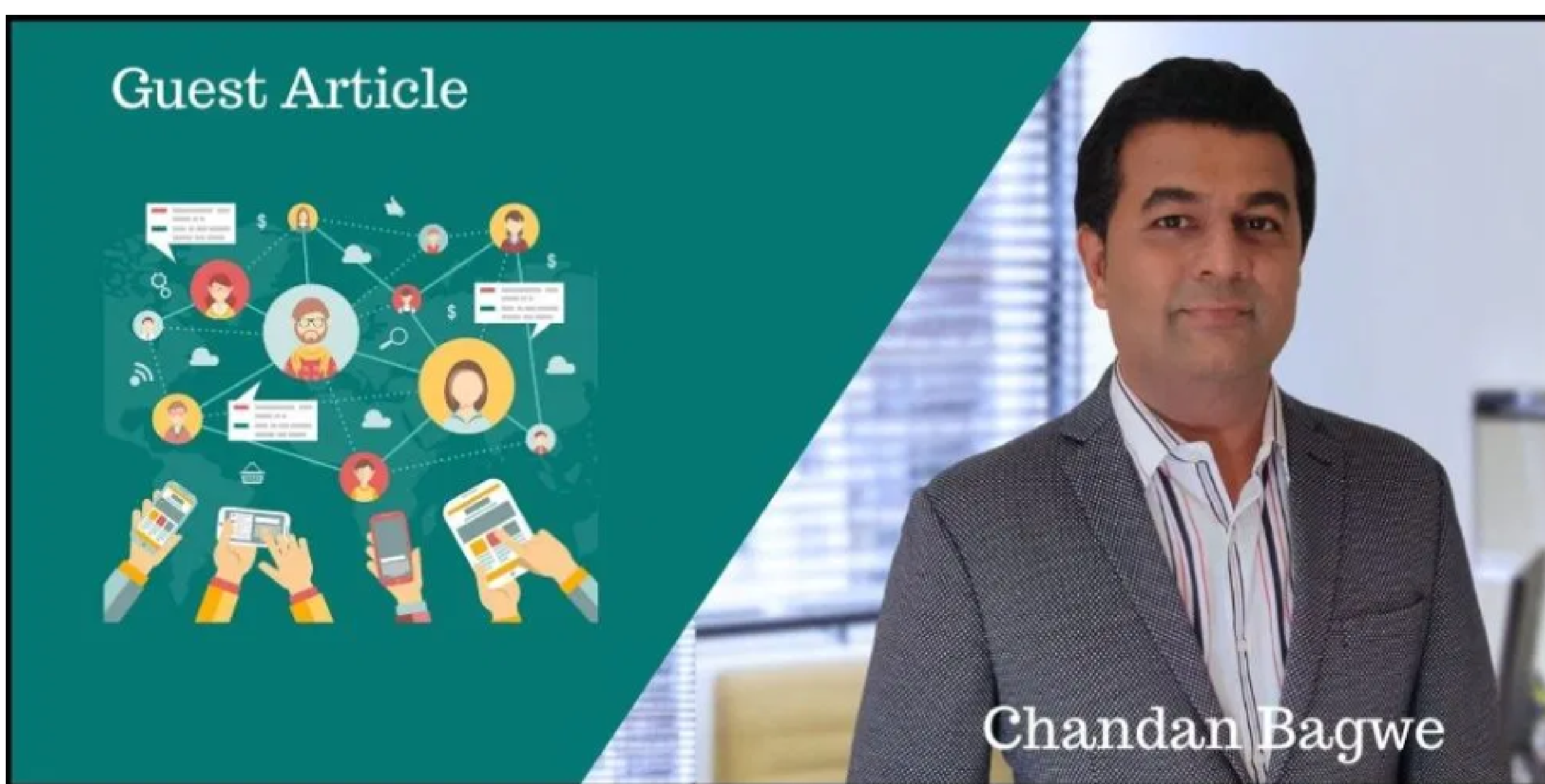
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Chandan Bagwe, Founder, C Com Digital, talks about digital micro-markets and the need for a digital approach to simplify age-old manual processes and transform the business into an automation-embracing platform.

The ease at which organizations and entrepreneurs introduce new businesses, develop goods and services, and extensively market themselves, has given rise to an expansion of micro-markets, which capture very narrow demographic areas with often unexpectedly profitable results.

The way products are marketed and sold by retailers has been left unchallenged for many years now, which has given advantage to a handful of players to dominate the markets. However, with the birth of digital-born, micro-markets, it's becoming easy to understand that the conventional way of doing business is starting to face serious disruption. Wise entrepreneurs are making use of the internet and available digital tools to target highly specific segments not only in India but at global scale.

It is critical to understand how minute or major shifts in technology, demographics, and community are steering these seismic changes in the market. These shifts are being noticed across all retail and FMCG categories such as electronics, beauty and cosmetics, food and beverages, books, and the entertainment industry facing the deepest impact than others, majorly due to its nature as "flexible spending" type. We are familiar to the culture and consumption of tea in India. What makes it interesting is how different markets like different blends, for instance - Punjab prefers more milk in the tea while the Assamese like their tea to be strong. This defines the philosophy of micro-markets where one size does *not* fit all!

Gen X, Gen Z and Millennials: The Steerers of Digital Micro-Markets

For businesses of any sector, all the three generations - Gen X, Gen Z and Millennials, hold an important place. The impact of each of these generations is different and often a driver of change in the industry. But each of them have a unique way of responding to digital media. Millennials, for instance, account for a major portion of the marketplace - a study conducted by Deloitte in 2017 estimates they will constitute about 30% of global retail sales by the end of 2020. The digital-first attitude portrayed by the millennials is also responsible for influencing purchase habits of the rest of the demographics, too.

What's more, a report published by KPMG found that Gen Xers on an average made about 18.6 online purchases (per person/per year), in comparison to the millennials who made 15.6 online purchases. Similarly, Gen Zers who have witnessed digital technology since a young age, are very comfortable using the internet and social media, and hence prefer time sensitive platforms such as Snapchat and Instagram.

Just like differences in generations, every language and geography is a unique digital micro-market in itself. Over the years, more and more people have become aware of new products and brands online, and are hence making use of augmented reality applications to virtually get a feel of clothes, eyeglasses, and makeup before purchasing them. Imagine selling high-end bags and accessories to backpackers and bicycle commuters. Offering a heavy, premium leather jacket to locals of Mumbai for winters doesn't make much sense. But then, by categorizing different regions, trends, purchasing power of buyers, age groups, gender, and a dozen of other factors will help you target the perfect set of customers. Taking another case, while Tamil Nadu shows greater interest for deeper toned foundations, Rajasthan shows more interest in face powders, and Mumbai shows it for non-oil-based moisturizers. Getting it right is what will win you customers. In today's digital-led world, the customer rules the marketplace and micro-marketing like this is the best choice for survival. The entrepreneurs, organizations, brands and marketers that understand the importance of these digital micro-markets, will be at the helm of new India.

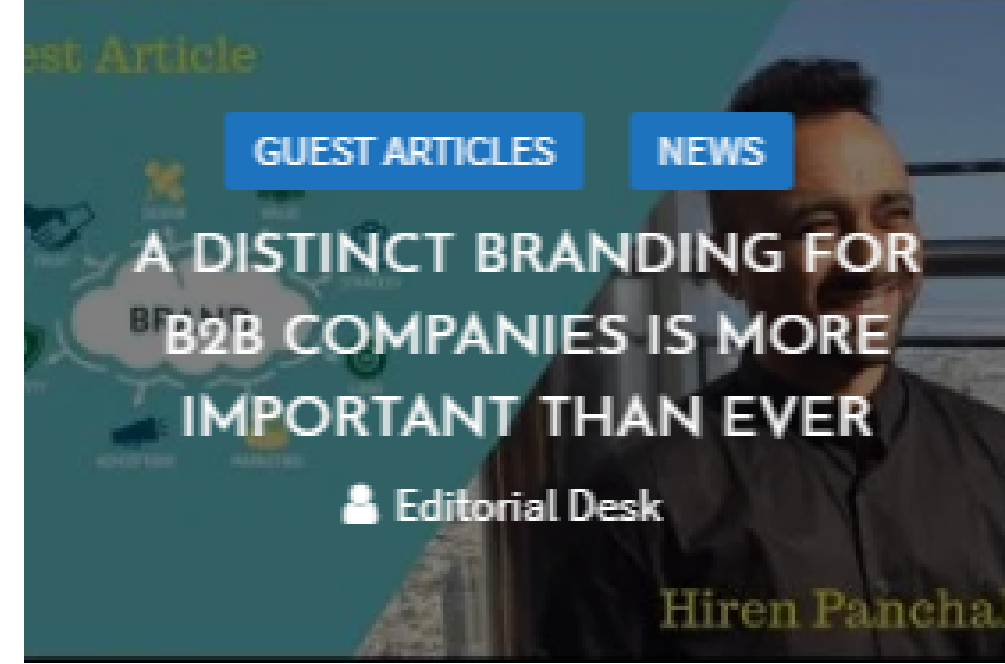
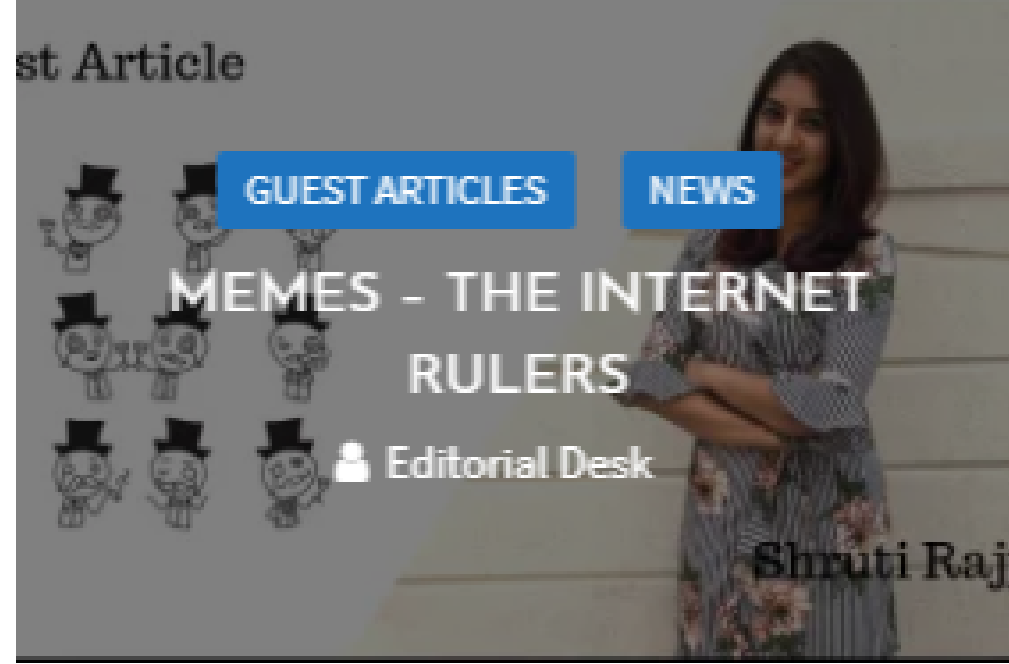
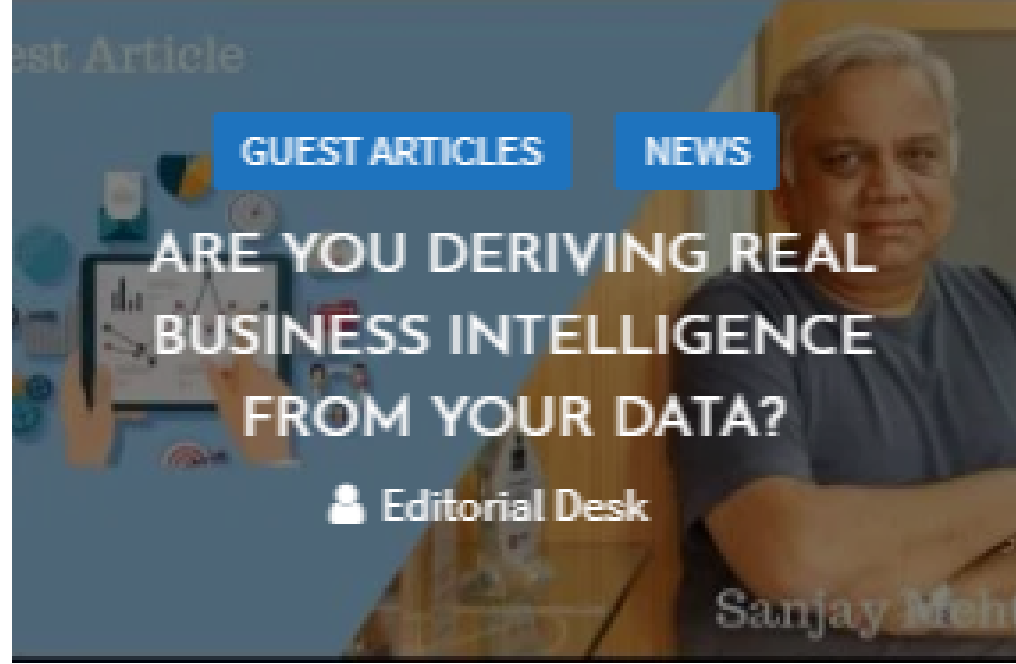
Fast Forward to Fit for the Future

The conventional ways of doing business are under tremendous threat and the changing consumer preferences might feel alarming, but in real they offer a great opportunity. By embracing digital tools, diversifying retail channels, and building a loyal customer base, brands can lessen the impact of changing demographics, consumer behaviours and technology - while optimally capitalizing on this shift and identifying their digital micro-markets.

All that is needed is a digital approach to simplify age-old manual processes and transform the business into an automation-embracing platform. Even though the markets may be termed as "micro", there's no apprehension that they can drive sales to new heights. The potential and trend of digital micro-markets might seem hard to adapt to, but at the end of it all, its worth the wait, risk and efforts!

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