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Marketing Trends 2023: The India story Resilient seeds for growth

India perspective
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Executive summary

We know that marketing has undergone a revival in the last decade, but despite the significant transformations that have already taken place, there is much more in the offing to look out for. Last year saw a plethora of innovative ideas such as vernacular content, OTT commercials, rising personalisation, metaverse-first launches, live streaming, and sustainable initiatives. We have seen how digital has developed into a crucial and customer-preferred channel for customer engagement, conversion, and acquisition.

To make more sense of this rapidly changing, increasingly digital world, we at Deloitte surveyed 1,015 global executives including 500 US executives including CMOs, CROs, CDOs, CCOs etc. to better understand how top brands are meeting the needs of today's customers.

In this Marketing Trends Report, Deloitte explores the Indian perspective on key trends identified at a global level - pertaining to evolving marketing investments, rising marketing technologies, sustainability & creativity – that can be a catalyst and multiplier for client success in 2023.

Businesses that are future-facing, are sharp-focussed on advanced technologies, market expansion, and personalisation across channels to ensure the sustained success of their brands amidst unpredictable times.

Without giving in to fads and buzzwords, adopting and Indianising emerging technologies, such as the metaverse, promises to unlock new frontiers in immersive tech and branding opportunities.

India, with its strong technology industry and entrepreneurial spirit, is well-poised to help build a "responsible metaverse" – for accessibility, brand experiences, gaming, virtual education, and meetings. Instead of an ROI-focussed outlook, businesses should adopt a long-term perspective when making investments in the metaverse, as part of their larger digital transformation goals.

Another thing common in future-facing businesses that believe in offering a superior human-first experience will continue to be creativity across channels, even within their own organisation. Indian CMOs are well-placed to emphasise the importance of creativity in a business, be it during market expansion or creatively navigating the economic downturn or even pushing the envelope on how organisations engage with customers across channels.

As businesses continue to script an exciting future, their sustainability agendas are evolving and CMOs are looking to drive growth via tangible sustainability efforts. An increasing number of Indian consumers are finding sustainability to be a critical parameter for brand choice, making marketers recognise the significance of equity and environmental impact, bolstered by India's step into the "Decade of Action" as part of its commitment to the United Nations Sustainable Development Goals framework.

Despite the unprecedented challenges CMOs have had to face in the past two years, we believe that they are well-equipped to create new levers of growth.





Brands answer economic instability with marketing investments

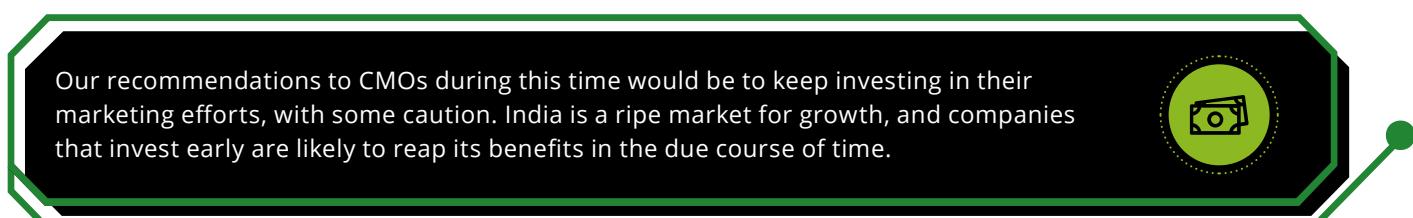
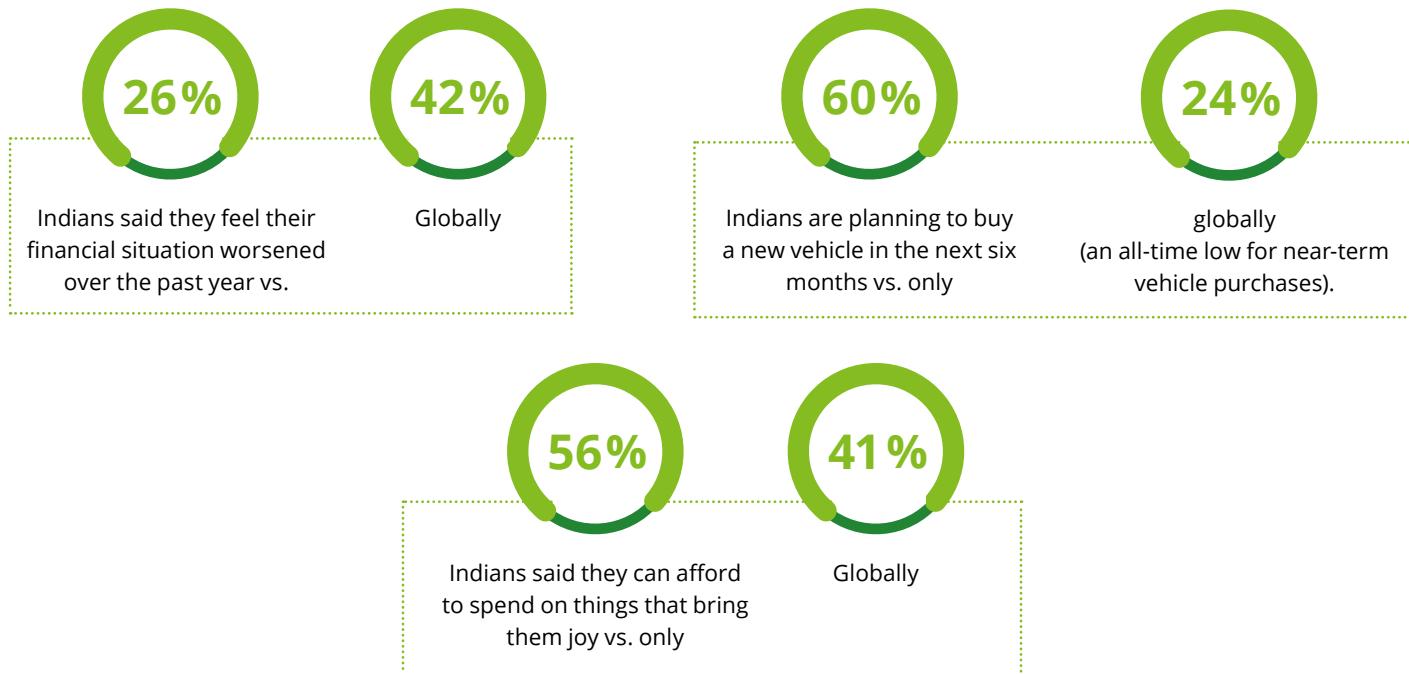
Marketing has gone through a renaissance over the past 10 years. Marketing today has delivered on driving accountable growth. This is partly due to capabilities such as dynamic, one-to-one personalisation, where customers receive the right message at the right time and place; or through marketing organisations, where teams spend more time on strategic delivery versus tactics. The introduction of technology and data has changed the marketing space, giving it a seat in the boardroom.

The past two years of the global pandemic have only deepened the marketing function's impact. There has been growth, innovation, and agility in the way marketing reacted to navigate and thrive through such times. However, globally, we are now transitioning towards a period of economic uncertainty that will test this resolve once again. We are witnessing consumer sentiments on new purchases at an all-time low in economies such as the US and the UK, owing to fears of recession, tech layoffs, and geopolitical tensions.

On the other hand, India is set to become the third-largest economy by 2027 and will have the third-largest stock market by 2030¹. The opportunity has been set for India. We might see minor hiccups this year as a ripple effect from global economies,

but a large chunk of this decade looks positive. This has been demonstrated by strong consumer sentiments through Deloitte's periodic "State of the Consumer" survey.

Highlighted below are some snippets:





Emerging technologies for marketers to watch out for

Which new technologies pique the most interest amongst marketing leaders this year—and which of these are likely to sustain over the long term?

\(me-tə-vərs)\ noun: The concept of a highly immersive virtual world where people gather to socialise, play, and work.

Our survey of 1,015 marketing executives indicates that all industries across geographies are gravitating towards the metaverse, indicating a compelling and competitive advantage for the future.

Today, an increasing number of Indians are growing aware of the metaverse. In an IPSOS survey, awareness of the term “metaverse” exceeded the global average in India (80 percent respondents) as compared with a 29-country average of 52 percent. Additionally, more than 70 percent adults are of the view that over the next 10 years², the development of metaverse applications such as virtual learning, entertainment, gaming, socialisation, and tourism, will change the way people lead their lives. With the evolution of the metaverse, new business models, new content, and novel ideas for interaction will emerge for gamers and non-gamers alike.

² "How the world sees the metaverse and extended reality" Report, 2022

<https://www.ipsos.com/sites/default/files/ct/news/documents/2022-05/Global%20Advisor%20-%20WEF%20-%20Metaverse%20-%20May%202022%20-%20Graphic%20Report.pdf>

Metaverse investments today lay the foundations for the future, generating additional economic growth over the next two decades. Using early estimates on the potential metaverse investments from existing literature, we estimate that the impact of the metaverse on GDP in India could be between US\$79 and US\$148 billion per year by 2035, roughly 1.3–2.4 percent of the overall GDP per year by 2035³. How much of these economic benefits are realised, and how quickly, will

depend on the technological developments as well as the unique strategies India adopts.

The metaverse is a confluence of separate technologies—user devices, the Internet of Things, computing and communication networks, blockchain, Artificial Intelligence (AI), and 3D real-time rendering, that are rapidly evolving at a different pace.

Some recent development that will shape metaverse adoption in India include the following:

- Current predictions indicate that there will be one billion Indian smartphone users by 2026⁴.
- India launched the world's largest rural broadband connectivity programme, BharatNet, which aims to extend fibre connectivity to every Indian village by 2025, ending the digital divide⁵.
- Real-time digital payments in India make up 40 percent of all such transactions globally, which is the highest in the world⁶.
- The pilot project of Central Bank Digital Currency (CBDC) as digital Rupee-Retail (e-R) was launched on 1 December 2022, amongst a closed user group (CUG) comprising participating customers and merchants⁷.
- In January 2021, the Ministry of Electronics and Information Technology (MeitY) released a draft national strategy on Blockchain, envisaging a “national-level blockchain framework”⁸.
- By December 2022, 5G services were available in 50 Indian cities and towns⁹.

The impact of the metaverse is not uniform across sectors, and will be felt first in sectors that are experimenting with new use cases. In India, most marketing use cases in the metaverse have focussed on virtual launches. For instance, an IPL team unveiled their new team logo in the metaverse, and more recently, two leading global automakers launched their respective metaverse spaces at the Auto Expo 2023.

While the metaverse is inevitable, a responsible metaverse is not. To realise its full potential, some important issues must be addressed—climate, inclusion, privacy, safety, mental health, civic discourse, and an economy's social fabric. A more immersive, pervasive internet could potentially exacerbate negative external factors. However, forward thinking can turn risks into opportunities.

Our recommendations to Indian marketing executives would be to not rush to market with their brand's metaverse, but assess and define clear objectives of how their organisation can create experiences in the metaverse. In particular, brands that wish to be leaders in the virtual space should consider laying the groundwork and keep experimenting for joining the sphere of unlimited reality.



³ "The Metaverse in Asia: Strategies for accelerating economic impact" Report

<https://www2.deloitte.com/content/dam/Deloitte/sg/Documents/center-for-the-edge/sg-metaverse-in-asia-deloitte-center-for-the-edge-nov22.pdf>

⁴ Deloitte Global TMT (Technology, Media and Entertainment, Telecom) report, 2022

<https://www2.deloitte.com/content/dam/Deloitte/in/Documents/technology-media-telecommunications/in-TMT-predictions-2022-noexp.pdf>

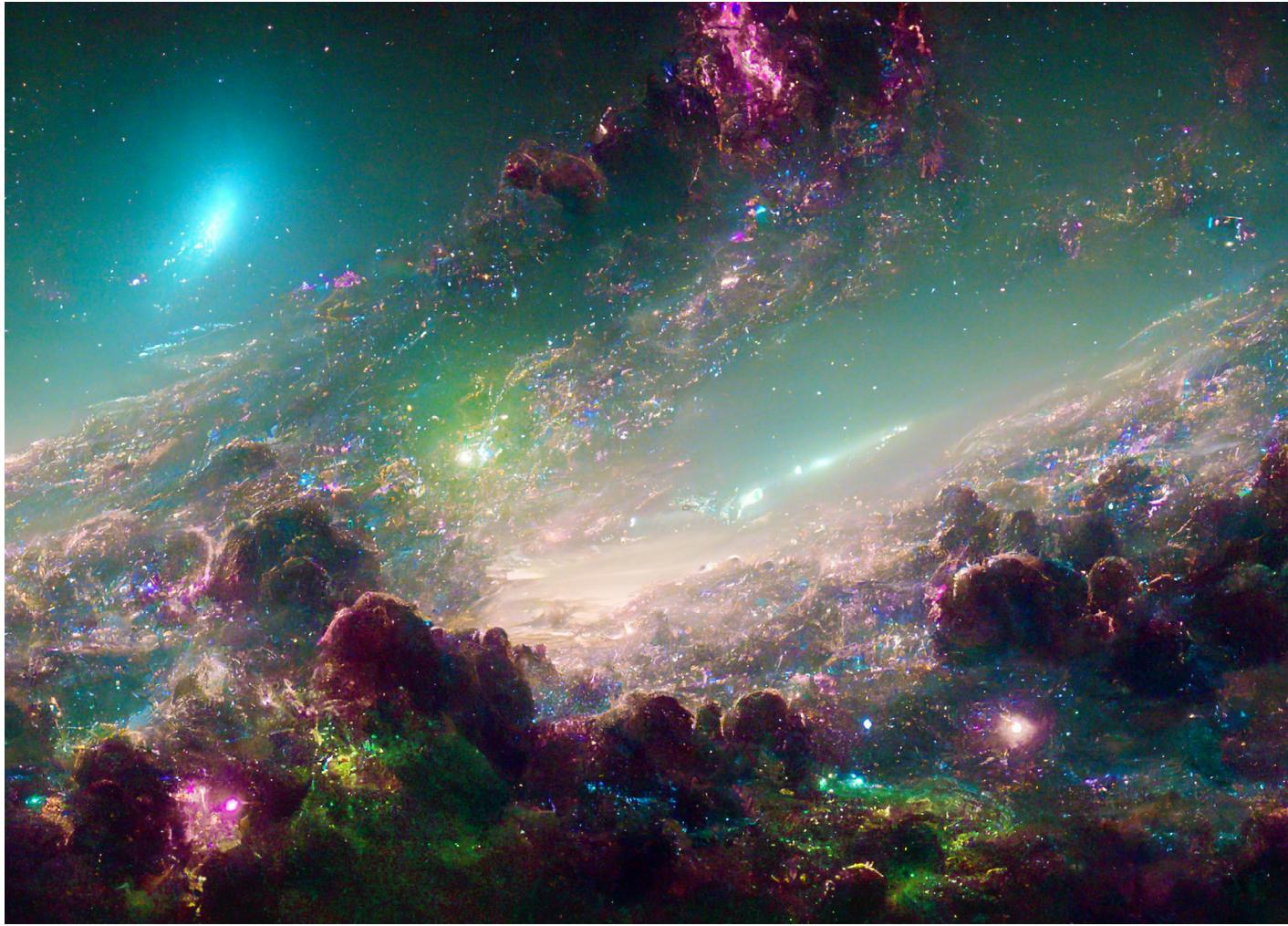
⁵ <https://www.wirecable.in/2022/02/six-lakh-villages-to-be-fiberised-by-2025-devusinh-chauhan/>

⁶ https://www.business-standard.com/article/current-affairs/india-leads-the-world-in-real-time-digital-payments-says-pm-modi-122081500622_1.html

⁷ T Rabi Sankar, "Central Bank Digital Currency – Is This the Future of Money" (speech, at the webinar organised by the Vidhi Centre for Legal Policy, New Delhi, Thursday, July 22, 2021), RBI.

⁸ https://www.meity.gov.in/writereaddata/files/National_BCT_Strategy.pdf

⁹ <https://www.indiatoday.in/technology/news/story/5g-service-now-available-in-50-indian-cities-and-towns-full-list-of-cities-check-if-your-is-listed-2307071-2022-12-09>



Creativity as a force for growth

A Deloitte survey of 1,015 executives indicates that creativity contributes to high growth. High-growth brands (defined as those with annual revenue growth of 10 percent or more) are more likely than their negative-growth peers to have the mindset and processes to allow creativity to flourish. Not only are higher-growth brands more likely to view creative ideas as essential to long-term success, but they are also more likely to create an environment that supports creative thinking by encouraging risk-taking and cross-functional collaboration.

In India, most companies have realised the importance of creativity as a skill, and are increasingly looking for people

who are considered “creative” at their jobs. It is a soft skill that has seen a 72 percent increase in demand in the last two years (April 2020–April 2022) per research conducted by a major job search site.

2022 also saw Indian agencies amass their best-ever haul at Cannes Lions with 47 medals across 20 categories. India has been at the forefront of creativity-led marketing that goes beyond just ads—delivering great work using diverse and emerging tech including virtual reality, augmented reality, AI, and the metaverse.

Examples include:

A leading FMCG brand used AI and voice cloning to create hyper-personalised ads that served both the brand and thousands of local businesses with its brand ambassador—a leading Indian film star.



Two leading FMCG players created unique experiences for India's first metaverse wedding.



Another example is the use of generative AI to recreate cricket legend, Sachin Tendulkar. A leading insurance player created an 11-year-old Sachin Tendulkar using AI video regeneration tech.

On the marketing front, brands in India are beginning to use creators as strategic partners for creativity and growth. Brands can maximise their relationship with creators through the following:

1. Giving creators the freedom to express themselves with minimal interference, leading to more authentic and appealing content
2. Building a partnership with creators that fosters two-way growth for both the brand and the creator
3. Aligning expectations with creative thoughts and fluidity across the organisation





Stepping up to the sustainability agenda

Today, sustainability has become a core topic in the boardrooms of businesses transcending industry lines, and the general consensus is that sustainability and profitability can co-exist.

Consumers are growing increasingly aware of the environmental and social impact of their purchasing decisions and are looking for companies that share their values. To tackle this, organisations have begun employing sustainable marketing strategies that consider the environmental and social impact of a company's activities.

According to Deloitte's CxO Sustainability report¹⁰, 80 percent Indian executives today see the world at a tipping point for responding to climate change, compared with 53 percent eight months ago. There is a prevailing sense of optimism, as 94 percent currently (compared to 61 percent, eight months ago) agree that with immediate action, we can limit the worst effects of climate change.

Compared to global CxOs, Indian CxOs are a touch more likely to have been personally impacted by climate events over the past year, with extreme heat, water shortages,

¹⁰ "Deloitte 2022 CxO Sustainability Report"
<https://www2.deloitte.com/content/dam/Deloitte/in/Documents/strategy/in-strategy-2022-cxo-sustainability-survey-india-noexp.pdf>

and severe flooding emerging as top impacts. They are also more likely than global CxOs to have experienced more frequent and powerful storms, as well as rising sea levels.

Compared with the global average, Indian executives are likely to report higher stakeholder pressure to act from board members, the government, and shareholders, as changing regulatory environment and employee activism have increased their organisations' sustainability actions over the past year.

As India marches into the "Decade of Action" by showcasing its commitment to the UN SDG framework, various Indian brands

are walking the talk by adopting sustainable practices.

For example, a global financing institution's India strategy includes financing and investment solutions to help accelerate the transition to a low-carbon, sustainable economy. A homegrown FMCG major is targeting to collect 35,000 mt of post-consumer plastic waste and has already collected over 30,000 mt by November 2022. A leading oil and gas company is proactively taking initiatives in low-carbon product technologies such as 1G and 2G bioethanol, compressed biogas, biodiesel, and EV charging corridor, and others.

The following are a few imperatives for brands to champion sustainability and translate it into action:

Make customers an emotional anchor for sustainability:

- Brands need to create a connection between customer satisfaction and sustainability. It is important for customers to believe in the process of making responsible choices and see sustainability as an emotional motivator, rather than just a responsibility.

Execution to back intent:

- Brands must make a sincere, honest, and lasting commitment to sustainability instead of woke washing or greenwashing, and this should be reflected in the execution and communicate of these initiatives. This is especially true when faced with a generation of consumers who are passionate and unapologetic about what they believe in.

Utilise and amplify marketing's role:

- Marketing can and should play a leading role in sustainability issues within organisations, especially leading the charge in investing, keeping in mind the long-term societal needs and expectations for sustainability in the future.

Companies that make sustainability a central part of their decision-making process will be better equipped to take advantage of new market opportunities, minimise risks, and establish a long-term positive reputation.



About the CMO programme:

Enabling CMOs to reach their highest potential

The CMO Programme supports CMOs as they navigate the complexities of the role, anticipate upcoming market trends, and respond to challenges with agile marketing. It was developed to offer CMOs a trusted, valued, and comprehensive resource for personal career development and success as the CMO role evolves and expands.

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