

Signalling Affordability and Reaching Consumers: A Comprehensive Guide





In an intensely competitive market, characterized by escalating inflation and shrinking discretionary spends, signalling affordability effectively is paramount for brand growth, especially important in the Consumer-Packaged Goods (CPG) space. In this landscape, a large number of 'affordable' brands have emerged, with smaller pack sizes frequently employed to communicate cost-efficiency to consumers.

This article aims to delve into the multifaceted

nature of affordability, identifying key dimensions and the intricate roles played by overt brand messaging, packaging and branding in conveying affordability. And addressing some misconceptions that exist about what affordability means to Indian consumers. We further investigate the nuanced interplay of affordability across varied consumption moments and explore how retail environments can be strategically leveraged to shape consumer perceptions and drive behaviour.

Communicating Affordability Effectively

Understanding and communicating affordability requires recognising its complexity.

Affordability typically evokes the notion of consumers adhering to their budgets by picking up less expensive brands. At some level, this involves trading in some benefits and bringing home a pared-down but affordable substitute.

Beyond this, it is also well known that attitudinally, some consumers seek deals and discounts, driven by an instinct to derive maximum value from purchases. But our research with consumers has helped us understand that affordability is a more complex and nuanced idea, making us question some conventional beliefs about affordability.





Is affordability just a rational proposition? It is important to note that buying affordable brands is not only about rational notions of value and budget but has a play of deeper emotional needs. In our research among consumers, we have been able to unearth a range of emotions which drive purchase of affordable options. Some of these are:

- **Empowerment through affordability:** Affordable brands ironically enable consumers to stretch beyond the routine necessities. Even among consumers with modest means affordable packs drive trials of new brands and categories. Homemakers see this as an optimal way of indulging diverse needs within the family. By creating newer options affordability can help consumer go beyond their means which can be empowering and fulfilling.

"Small packs make it easy and pocket-friendly for my son to share with friends."

"I tried Coke Zero only because of the Instamart delivery deal"

- **Feeling of savviness:** Affordable choices resonate on an emotional level, fostering pride in making sound decisions. There is a sense of smartness in making an affordable choice which is as good as a premium brand but without all the frills attached to it.

"Think of when we eat out; the roadside tea is sometimes as satisfying as Chaayos. It is just that in Chaayos I am paying for the ambience, the way they serve the tea etc"

- **Mitigated guilt:** Portion control and waste reduction are achieved through smaller packs, particularly within indulgence categories, alleviating guilt while allowing moderated indulgence.

"After lunch sometimes I buy a Rs. 10 Dairy milk and share it with a friend. It helps to satisfy the sweet craving and at the same time I don't feel guilty about my sweet intake or the money I am spending"



Consumers expect to trade in quality for affordability? Consumers may accept fewer features, or value adds when looking for affordable alternatives, but quality is a prerequisite. In fact, brands with an established quality record are likely to succeed more with their lower price point or pared-down options, given the assurance they provide consumers.

“This pack is from Parle G, a brand I have known since I was a kid, it is a brand I trust and **will not hesitate** to give to my kids”

In addressing the need for affordable products, brands need to realise that mere price is not a proposition. Ipsos’ assessment of new launches done over the years reveals that success is not solely contingent on low pricing. Instead, quality value propositions, particularly underpriced innovations that resonate beyond mere cost, are critical to market potential. This again underscores the need to have a strong benefit beyond price.

Brands should go beyond basic communication of value, repositioning affordability as a smart consumer choice and emphasise emotional connections. Given that consumers expect on par quality even at an affordable price, any attempts to offer a lower price with a dilution in quality are not likely to succeed.

Contextual Factors Favouring Affordable Offerings

Consumer sensitivity to price varies by context. In the post-COVID era, the market has seen a substantial rise in premium product launches, particularly within F&B. However, the opportunities for affordable offerings remain strong in our market conditions of a vast base of mass consumers and consistent inflation. Affordability is particularly appealing during regular consumption occasions, especially for in-home family consumption scenarios.

Consumers now display an increasing openness to trying a broader range of brands, including regional, local brands. The openness is evident in the success of a range of Indian brands across several CPG categories, especially Food and Beverages (F&B).

In F&B in particular, the pandemic has seen the emergence of new consumption moments – fuelled also by the growth in the Food Delivery Apps. Along with new consumption moments, we have noted an evolution of needs, with the need spectrum becoming more finely articulated with very specific needs. All of these create new moments to be leveraged by packaged offerings, where recruitment can be driven by affordable pricing.



Signalling Affordability at the Moment of Purchase

An important factor in the success of affordable offerings is looking affordable. The pack visuals and other elements need to be consistent with consumer perceptions of what an affordable pack looks like. We also did a semiotic analysis of close to 200 brands, both affordable and premium to understand specific pack signifiers which cue affordability. (Semiotics is the study of signs and symbols, exploring how they create meaning in various communication systems, including language, gestures, images, and cultural practices.)

Some of the pack elements which cue affordability are as follows

- **Stand out and shine bright:** Vibrant Colors and Simple Typography: The use of bold, bright colors and straightforward typography effectively conveys affordability. These elements are visually compelling and denote high value for consumers, making the product appear more accessible.
- **Product as the hero:** Affordable packs also show the products prominently on the pack, to create appeal as well as a sense of abundance. As opposed to this premium packs usually are more subtle, colors tend to be less bright with shades of sophistication. While they also show the product the focus is on ingredients and the brand story
- **Value boost messaging:** Promotional Messaging: Packaging that includes promotional messages such as "Buy X Get Y Free" or "x% Extra" further enhances the perception of value, appealing to bargain hunters and price-sensitive consumers. This includes giving prominence to the price information as well as the pack quantity
- **Compact and convenient:** Packs which have simple, straightforward shapes are easy to pick up, keep at home and also stock on the shelf.
- **Brand Names:** Affordable brands tend to have familiar names – often Indian names. There are names which are simple words that cue modernity & dynamism. Given that these brands are often targeted at the youth there is also a dominance of trendy, colloquial names:



So, what should marketers do to ensure the success of their affordable offerings?

1. Brands should go beyond basic communication of value, repositioning affordability as a smart consumer choice and emphasising emotional connect is essential.
2. Given that consumers expect on-par quality even at an affordable price, brands should attempt to offer a lower price SKU without a dilution in quality to ensure success. Such SKUs from trusted and established brands have a substantive market advantage versus new brands.
3. Post post-pandemic years have been marked by the emergence of many new moments of consumption. These are ideal for being targeted by affordable brands and SKUs.
4. Utilise cohesive semiotic cues across packaging and branding, ensuring consistent messaging throughout retail channels to strengthen market presence.
5. Beyond signalling affordability through packaging, the surrounding retail environment can significantly influence affordability perception. Elements such as placement within store – store front placement for smaller retail formats and Kiranas, promotional shelf for Modern formats and prominent signage enhance this perception.

Successfully signalling affordability requires going beyond merely pushing price information. A comprehensive strategy synergising all consumer touchpoints creates engaging value perceptions, fostering growth and brand loyalty.

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