COVID-19 Consumer Sentiment Research

India Survey Snapshot: Wave-3 — April 30-May 03

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Customer Insight

MAY 2020

Context for this document

This COVID-19 consumer sentiment research is based on a global survey which currently covers both developed and emerging markets. It will be fielded in waves to provide a longitudinal view of consumer sentiments about the coronavirus pandemic, and about consumer consumption outlook

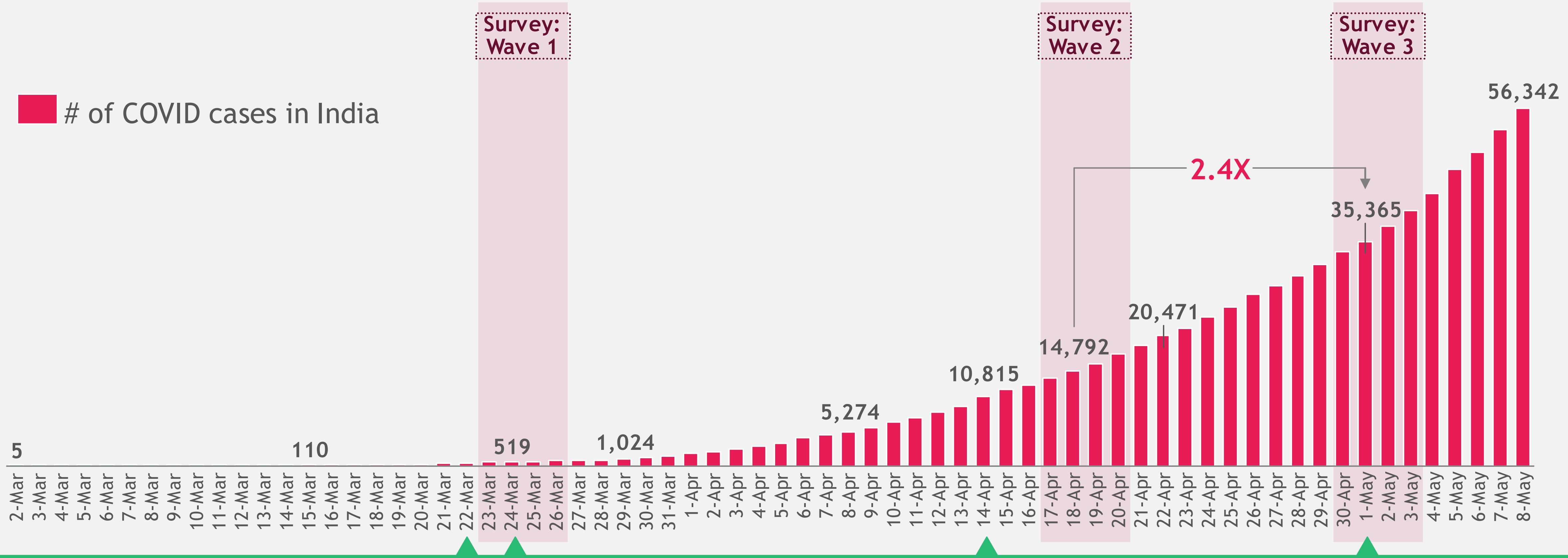
This document is focused on Wave 3 in India, which was fielded from April 30th-May 03rd, 2020; covering ~1,300 SEC A and B respondents in Metros, Tier 1 & Tier 2 cities. The following is not an exhaustive analysis of that study, but rather a first-read of its results

This study assesses the overall shift in spending across a large set of categories (~50). It also tracks overall consumer sentiment towards the COVID-19 virus

Executive Summary

1. Despite announcement of certain relaxations, consumers concerns around health, economic situation and daily activities still sustain at equal levels
2. Over 50% consumers have a negative outlook towards future income; more than 40% feel that their spending is going to be remain negatively impacted
3. Winning and losing categories largely consistent over time
4. Secured loans (home/ auto) likely to see reduced demand; significant concern around loan repayments
5. Shopping outlets in mall likely to be worst hit; E-commerce preferred, however skepticism around restrictions on assortment
6. 1 in 3 likely to trade down for discretionary categories, while more trading up in select essentials (staples/ HH care)
7. Govt. relaxations not considered as an indicator of things under control
   More than 50% consider virus under control only when a vaccine is available or when new cases slow down in India as well as globally
8. Travel & OOH entertainment revival likely to take atleast a few months, *even after the Virus is 'under control'*, while local retail/ commute likely to bounce back sooner

Wave 3 survey conducted in the midst of Lockdown extension announcement, albeit with many relaxations



22/3: Janata curfew/India lockdown for a day

24/3: Nationwide lockdown for 21 days

14/4: Lockdown extended till 3rd May

01/5: Lockdown extended till 17th May, with relaxations

Note: Online survey conducted among SEC AB respondents in Metro- Tier 2 towns, Wave 1: Mar 23-26 (N=2,106), Wave 2: Apr 17-20 (N=2,324), Wave 3: Apr 30-May 03 (N=1,327)
Source: Ministry of Health & Family welfare (Data updated as on 08 May)

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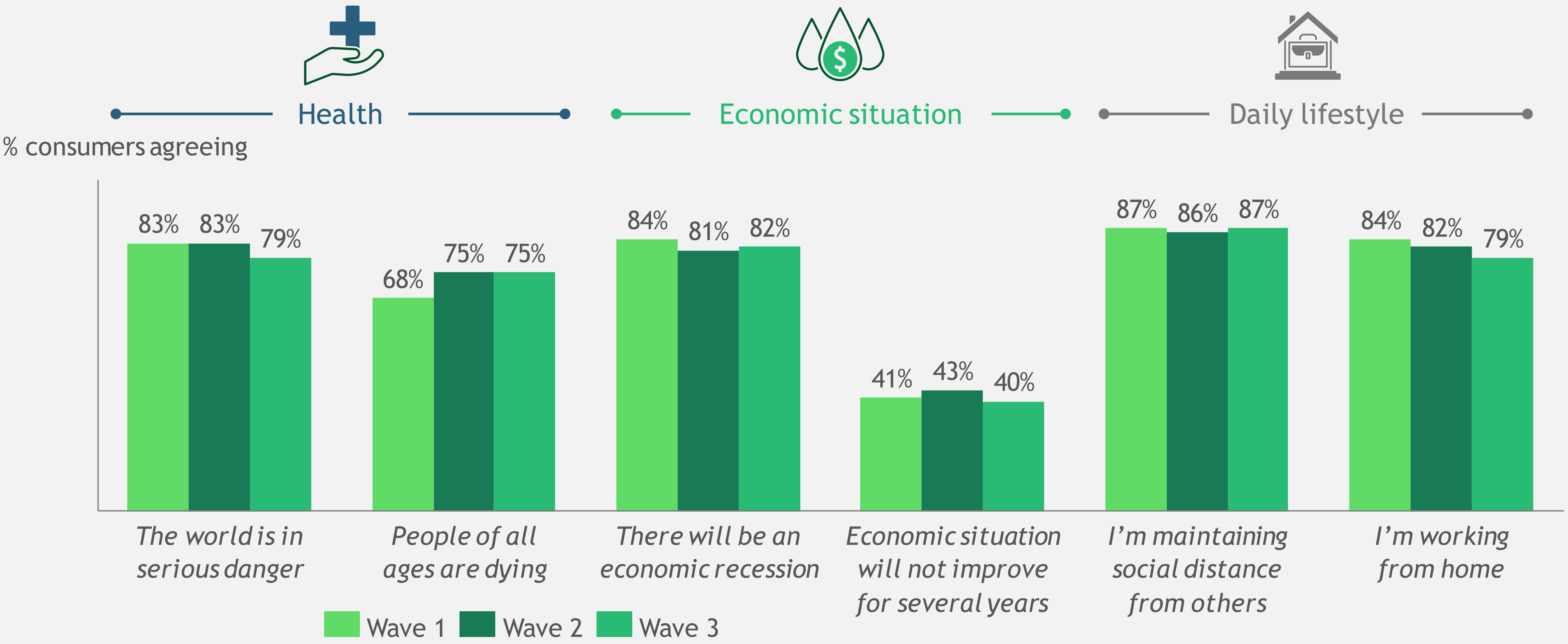
Consumer sentiment in India similar to global markets; China shows early signs of recovery

% consumers	India	China	France	Italy	UK	USA
The world is in serious danger due to the coronavirus	79%	78%	81%	77%	79%	73%
The worst of the coronavirus is not over	43%	26%	59%	50%	65%	57%
There will be an economic recession due to the coronavirus	82%	70%	89%	89%	89%	80%
I'm trying to avoid public spaces as much as possible due to the coronavirus	85%	83%	84%	88%	86%	85%
I've changed my daily lifestyle as a results of the coronavirus	81%	68%	70%	83%	85%	82%

Above 70% 60% to 70% Below 60%

Note: Question text: "How much do you agree with each of the following statements about the coronavirus?" Circle size reflects the percentage of respondents who agree with the given statement. Sources: BCG COVID-19 Consumer Sentiment Survey, April 24-27 2020 (N = 2,783 US; 2,779 China; 2,954 France; 3,024 Italy; 3,126 UK), and BCG COVID-19 Consumer Sentiment Survey, April 30–03 May 2020 (N = 1,327 India)

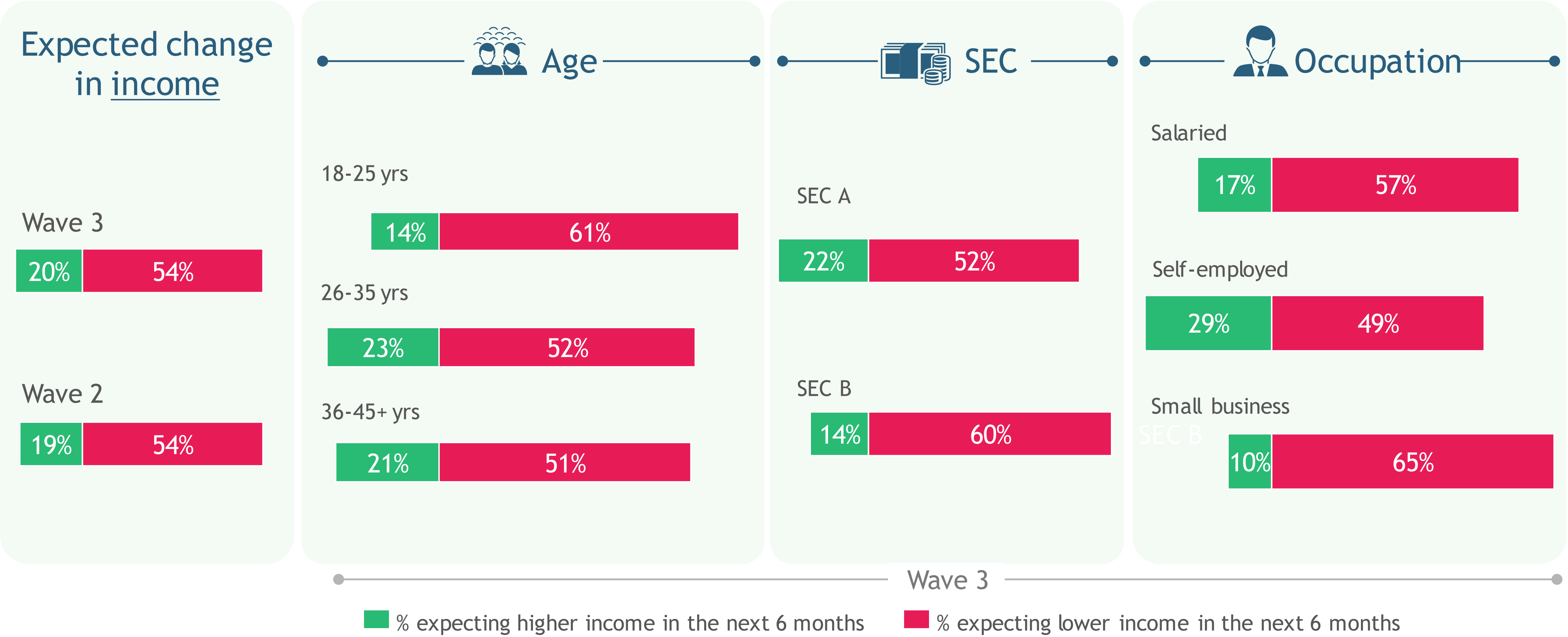
Despite relaxations in Lockdown, concerns across health, economic situation and daily lifestyle continue



Note: Question text: "How much do you agree with each of the following statements about the coronavirus?" Combined Strongly agree and Somewhat agree
Source: BCG COVID-19 Consumer Sentiment Survey March 23-26 2020, April 17-20 2020, April 30-May 03 2020 (N = 2,106, N = 2,324, and N=1,327 respectively)

Over 50% continue to have a negative outlook on future income

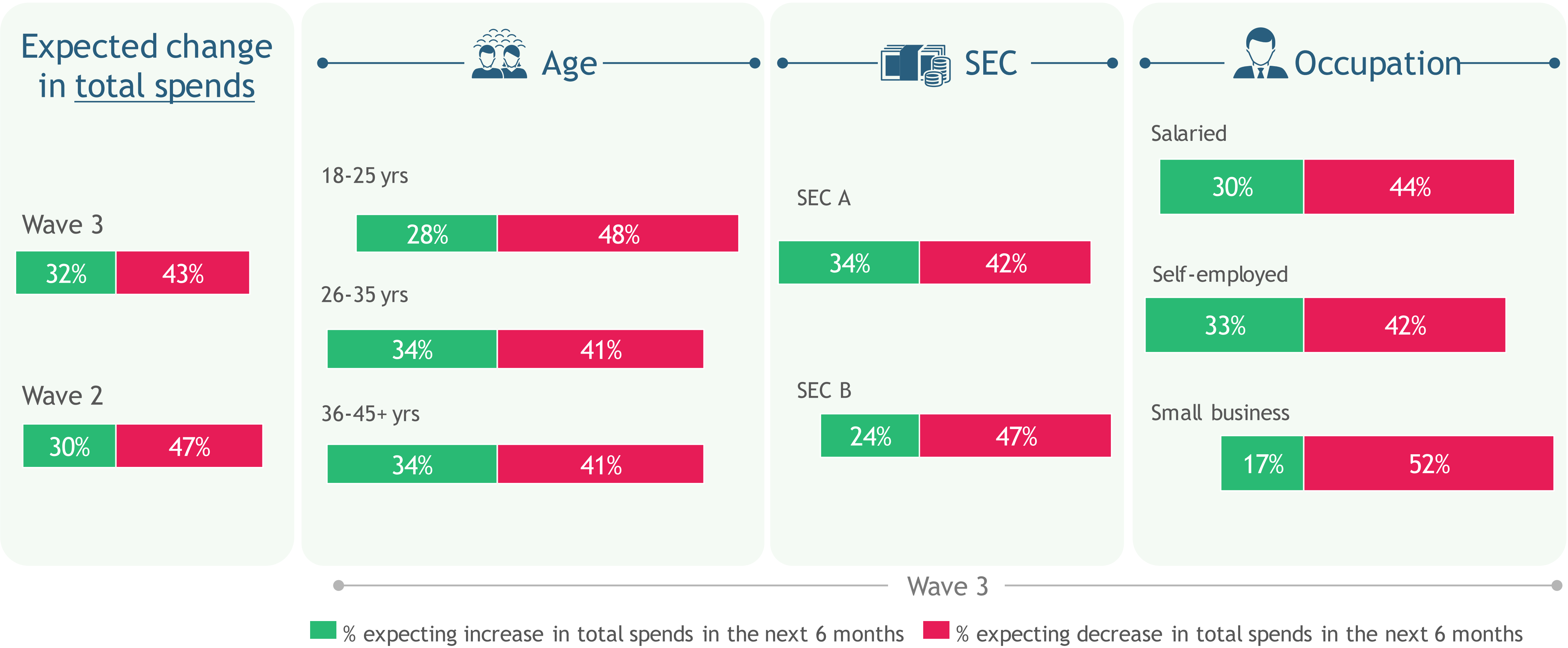
Younger consumers, lower SECs & small businesses more pessimistic



Question text: "How do you expect your overall available household income to change in the Next 6 months as compared to before lockdown?". Note: Self-employed includes professions like doctors, CAs, yoga instructors, etc. Small business includes businesses with <10 employees and shop owners
Source: BCG COVID-19 Consumer Sentiment Survey, April 17-20 2020, April 30-May 03 2020 (N = 2,324 and N = 1,327 respectively)

43% have unfavorable sentiment on future spends

Younger consumers, lower SECs and small businesses less resilient



Question text: "How do you expect your overall spends to change in the Next 6 months as compared to before lockdown?" Note: Self-employed includes professions like doctors, CAs, yoga instructors, etc. Small business includes businesses with <10 employees and shop owners
Source: BCG COVID-19 Consumer Sentiment Survey, April 17-20 2020, April 30-May 03 2020 (N = 2,324 and N = 1,327 respectively)

Essentials, at-home entertainment, health and insurance consistent winners; travel, OOH, discretionary, large ticket purchases losers

Winners

		Wave 1 23-26th Mar	Wave 2 17-20th Apr	Wave 3 30 Apr-03th May
Daily essentials	Fresh foods	■	■	■
	Staples	■	■	■
	Household care products	■	■	■
	Personal care products	■		
	Utilities (electricity, water)	■		
At-home entertainment	Mobile services	■	■	■
	Home wifi connection	■	■	■
	Paid OTT subscription	■	■	■
	DTH services	■		
	Toys & games	■		
Saving/ Investments	Savings	■	■	■
	Insurance	■	■	■
Health	Preventive diagnostics/test	■	■	■
	Vitamins, herbs, supplements	■	■	■
	Medical procedures	■	■	■
Education	First-aid	■	■	■
	Education	■		■

Losers

		Wave 1 23-26th Mar	Wave 2 17-20th Apr	Wave 3 30 Apr-03th May
Travel	Vacation/leisure travel	■	■	■
	Business travel	■	■	■
	Public transport	■	■	■
OOH Entertainment	Spas, theme parks, concerts	■	■	■
	Restaurants	■	■	■
	Movies at cinema hall	■	■	■
Discretionary spends	Luxury brands/products	■	■	■
	Cosmetics, makeup, perfume	■	■	■
	Apparel/fashion	■	■	■
	Tobacco & smoking supplies	■	■	■
	Alcohol		■	■
	Food delivery		■	■
Home	Home construction/renovations	■	■	■
	Home furnishings and décor	■	■	■
Auto	Scooters/bikes	■	■	■
	Cars	■	■	■
Electronics	Non-mobile consumer electronics	■	■	■

Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Categories with Top 2 Box > (5% more than average) classified as winning categories. Categories with Bottom 2 Box > (5% more than average) classified as losing categories. Categories neutral across waves: Baby/children's food, Non prescription medications, Prescription medicines, House rent
Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, April 17-20 2020, April 30-May 03 2020 (N = 2,106, N = 2,324, and N=1,327 respectively)

Essentials, at-home entertainment, savings and health & wellness continue to see more positive sentiment

Change in spends in next six months

Top winners

Distribution of survey responses (%)

Category	Item	A lot less	Somewhat less	About the same	Somewhat more	A lot more	Δ in top 2 box[1] since Wave 2
Essentials for daily life	Fresh foods	7%	12%	29%	26%	25%	11%
	Staples	6%	13%	37%	22%	22%	5%
	Household care products	6%	12%	33%	24%	24%	10%
At-home entertainment/ Media	Mobile services	8%	13%	28%	25%	27%	17%
	Home Wifi connection	6%	7%	37%	26%	25%	12%
	Paid OTT subscription	10%	13%	24%	31%	23%	9%
Saving/ Investments	Savings	11%	21%	18%	24%	25%	8%
	Insurance	8%	13%	32%	24%	22%	9%
Education	Education	9%	8%	35%	24%	25%	15%
Health & Wellness	Preventive diagnostics/ tests	9%	13%	28%	25%	25%	1%
	Vitamins, herbs, supplements	8%	11%	32%	26%	23%	8%
	First-aid	6%	14%	37%	27%	17%	4%
	Medical procedures	6%	13%	30%	29%	23%	11%

1. Likely to spend somewhat more and likely to spend a lot more

Note: Question text: “How do you expect your spend to change in the next 6 months across the following areas?” Categories with Top 2 Box > 42% (5% more than average) classified as winning categories

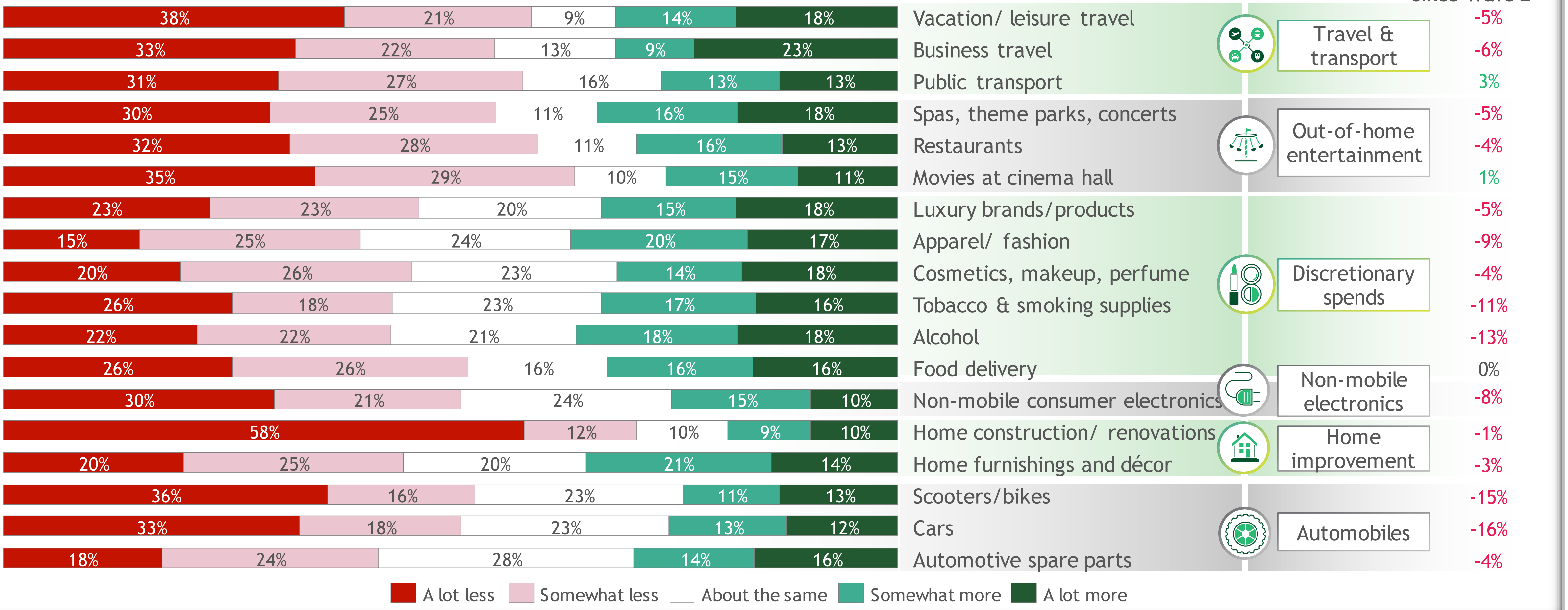
Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, April 17-20 2020, April 30-May 03 2020 (N = 2,106, N = 2,324, and N=1,327 respectively)

Travel, outdoor leisure activities, discretionary spending and big ticket items continue to witness more negative sentiment

Change in spends in next six months

Top losers

Distribution of survey responses (%)



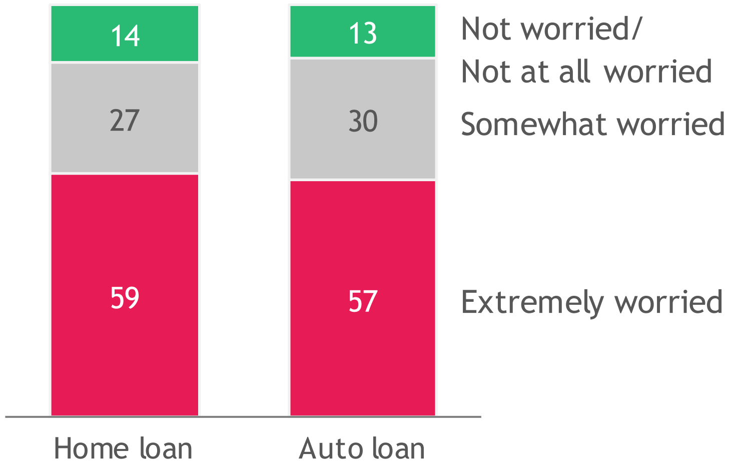
1. Likely to spend somewhat less and likely to spend a lot less

Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" For consumer electronics categories, cars, scooter/bike, home construction, Bottom 2 box is a sum of those who have already cancelled their plans to purchase and those who plan to spend less among those who still plan to buy in next 6 months. Categories with Bottom 2 Box > 41% (5% more than average) classified as losing categories. Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, April 17-20 2020, April 30-May 03 2020 (N = 2,106, N = 2,324, and N=1,327 respectively)

Significant concerns around loan re-payments; reduced demand likely to reflect in low demand for associated loan products as well

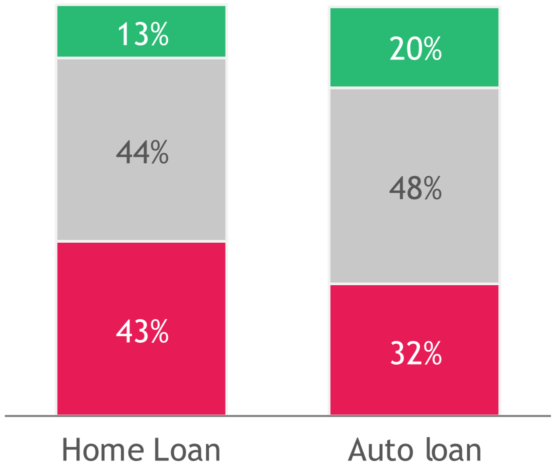
86% consumers are worried about servicing loans post moratorium

% consumers who have loans



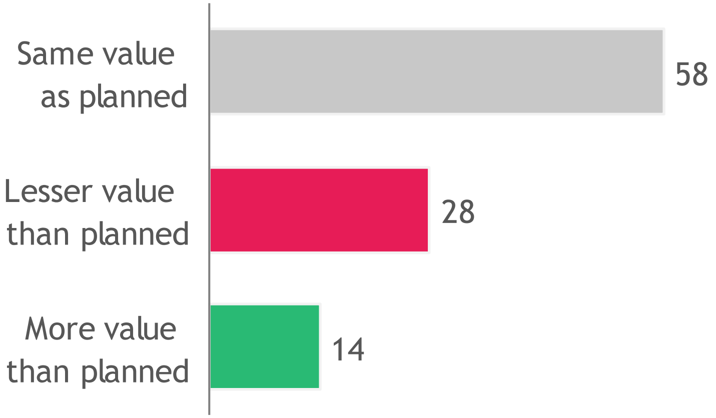
30-40% plan to defer loans; while 15-20% new customers plan to take loans

Among consumers who were intending to buy these categories pre-COVID



~30% customers plan to take a loan of smaller ticket-size

Among consumers who intended to take loan pre COVID and still plan to take it[1]



Had no intent to take loan but now plan to take in next 6 months
Had intent to take loan but now postponed or cancelled
Had intent to take loan and still plan to take in next 6 months

Question text: "How worried are you about paying your existing loan payment once the moratorium is lifted?" 1. Includes responses from those intending to take secured & unsecured loans
Source: BCG COVID-19 Consumer Sentiment Survey April 17-20 2020 (N = 2,324)

Shopping outlets in mall likely to be worst hit; E-commerce preferred, however skepticism around restrictions on assortment

Change in spends in next 1 month

(assuming all retail options are accessible)

	Increase spends	Same spends	Reduce spends
Online websites	35	32	33
Local shops	30	34	36
Stand alone stores (Single/ multi brand)	31	23	46
Shopping outlets in malls	26	20	54

Drivers to reduce spends / Drivers to increase spends

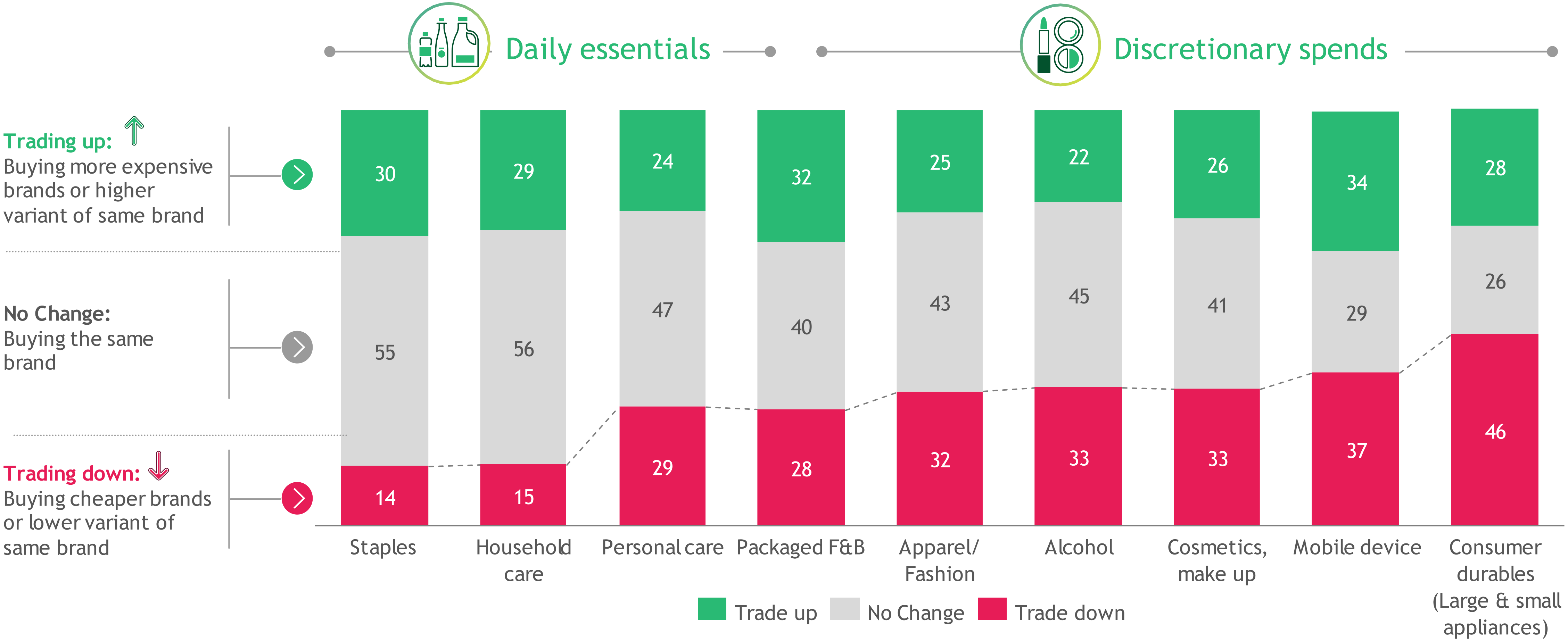
	Drivers to reduce spends		Drivers to increase spends	
Online websites	61%	Unsure about product availability	50%	To avoid exposure to crowd
Local shops	54%	Expect higher prices - no discounts	48%	Prefer a nearby shop, minimize travel
Stand alone stores (Single/ multi brand)	44%	To avoid crowded places	45%	Expect discounts/ promotions
Shopping outlets in malls	54%	To avoid crowded places	40%	Expect wider assortment

% consumers (among those who will decrease spends)

% consumers (among those who will increase spends)

Note: Question text: "In the next one month, how much do you expect your total spend on the following types of stores/sites to change"; "What are the key reasons to increase/ decrease spends (Top 3 reasons)"
Source: BCG COVID-19 Consumer Sentiment Survey, April 17-20 2020, (N = 2,324)

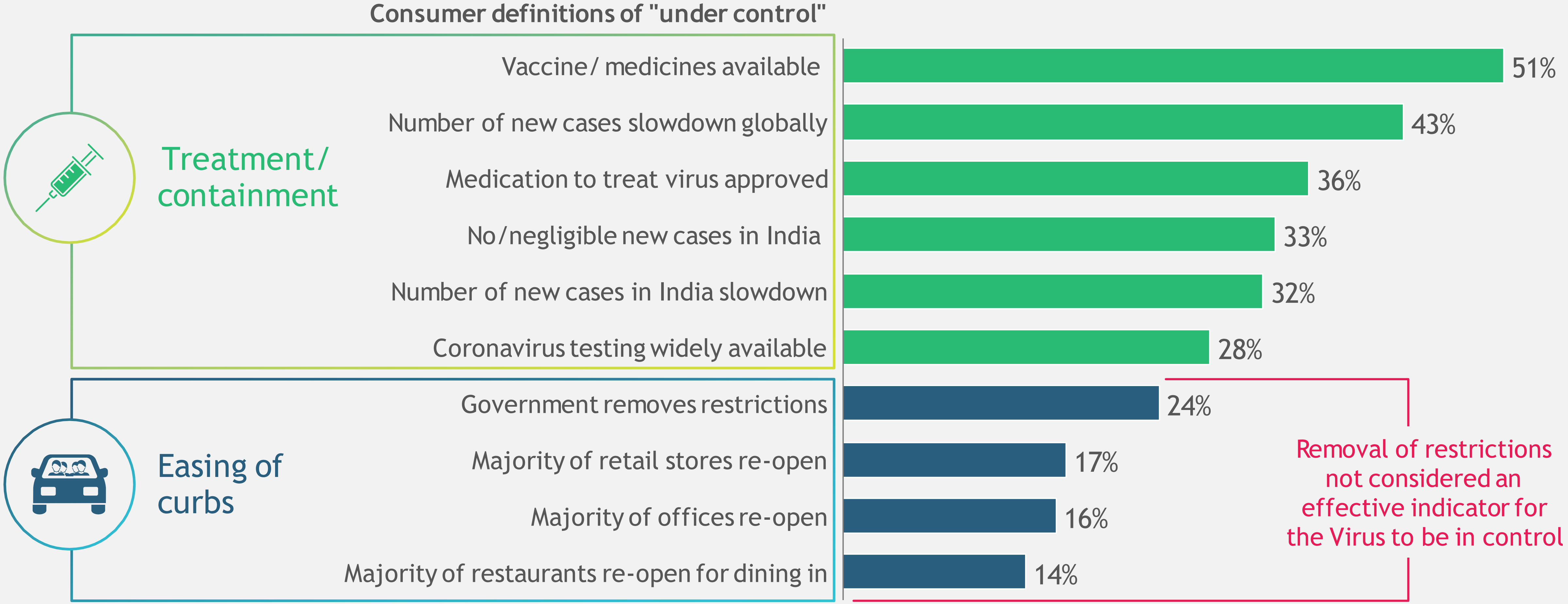
1 in 3 likely to trade down for discretionary categories, while more trading up in staples/ HH care



Note: Categories considered: Apparel/ Fashion, Packaged F&B, Staples, Personal care, Cosmetics, Household care products, Mobile, Electronics (large, small), Alcohol
Question text: In the next one month (CPG)/ six month (Electronics) how do you expect the choice of your brands to change?
Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)

Over 50% believe that Treatment and containment of cases are the strongest indicators that the virus is in control

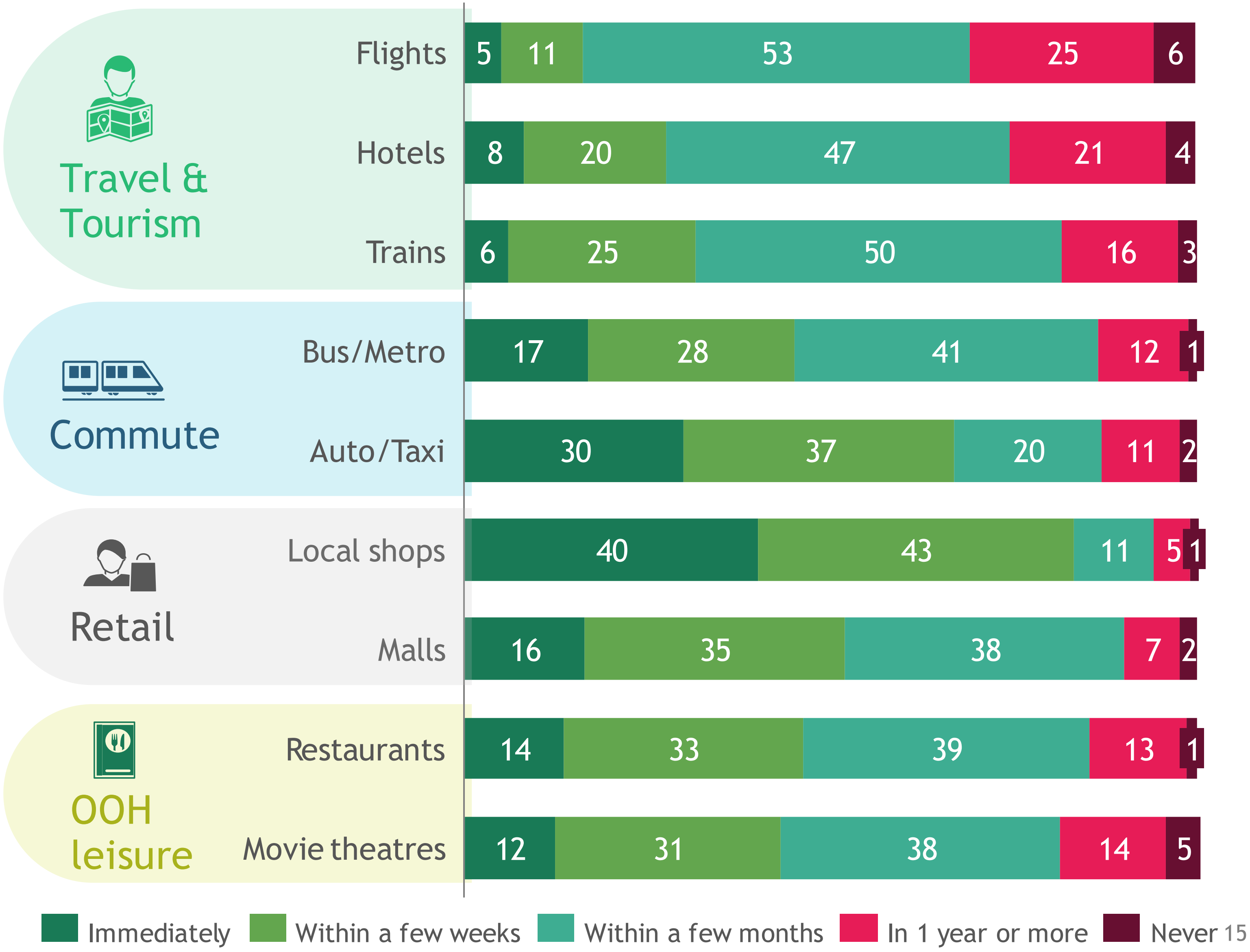
Government relaxations & re-opening of shops, offices least likely to instill confidence



Note: Question text: "When will you feel that the Coronavirus is under control? Please select up to three."
Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)

Travel & OOH entertainment unlikely to witness immediate revival even post Virus control, local retail likely to bounce back sooner

Time till spending returns to 'normal' post the virus is 'under control' (%)



Note: Question text: "If coronavirus were to be under control, after how long do you think your spending would return to normal i.e., similar to before the Coronavirus outbreak?" Excludes those who never did the activity before Coronavirus
Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N = 1,327)

Please reach out to the team for latest data and insights

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