



COVID-19 Consumer Sentiment Research

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



CENTER FOR
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

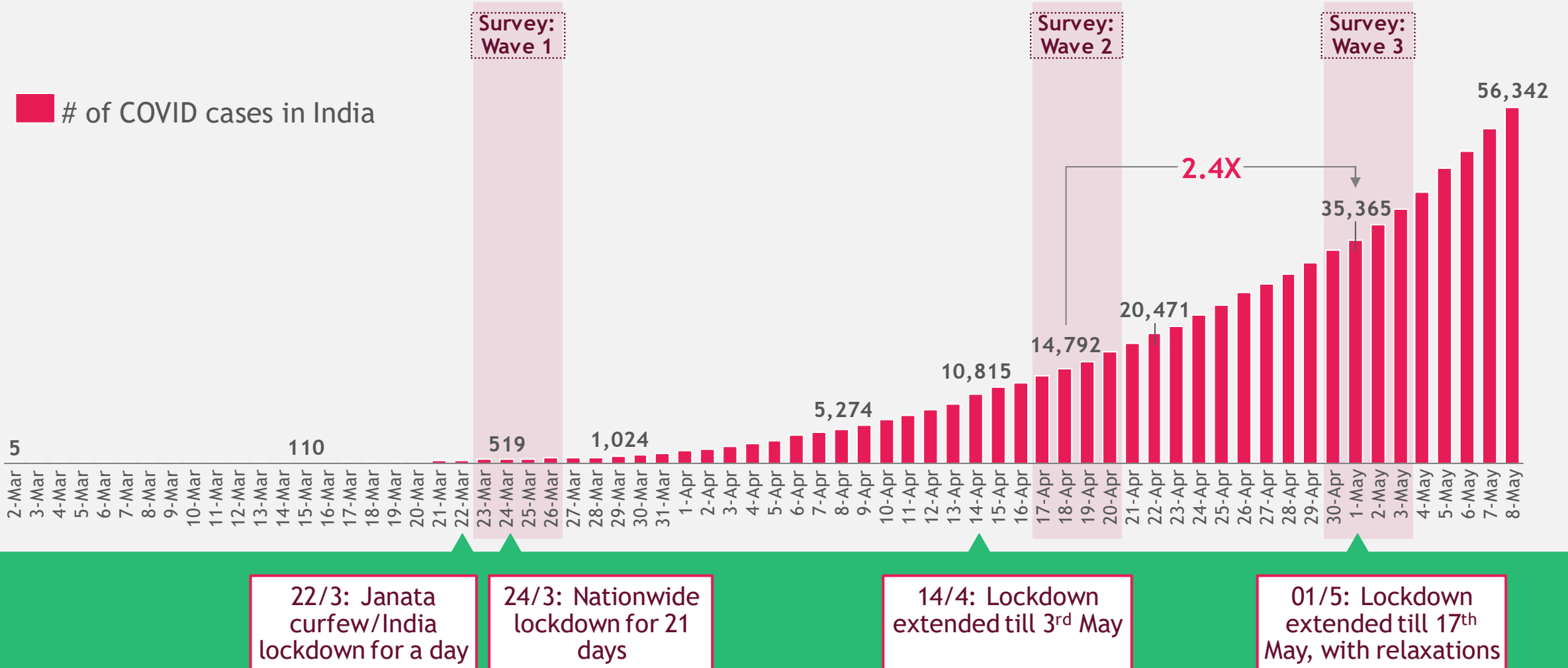


Executive Summary

- 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



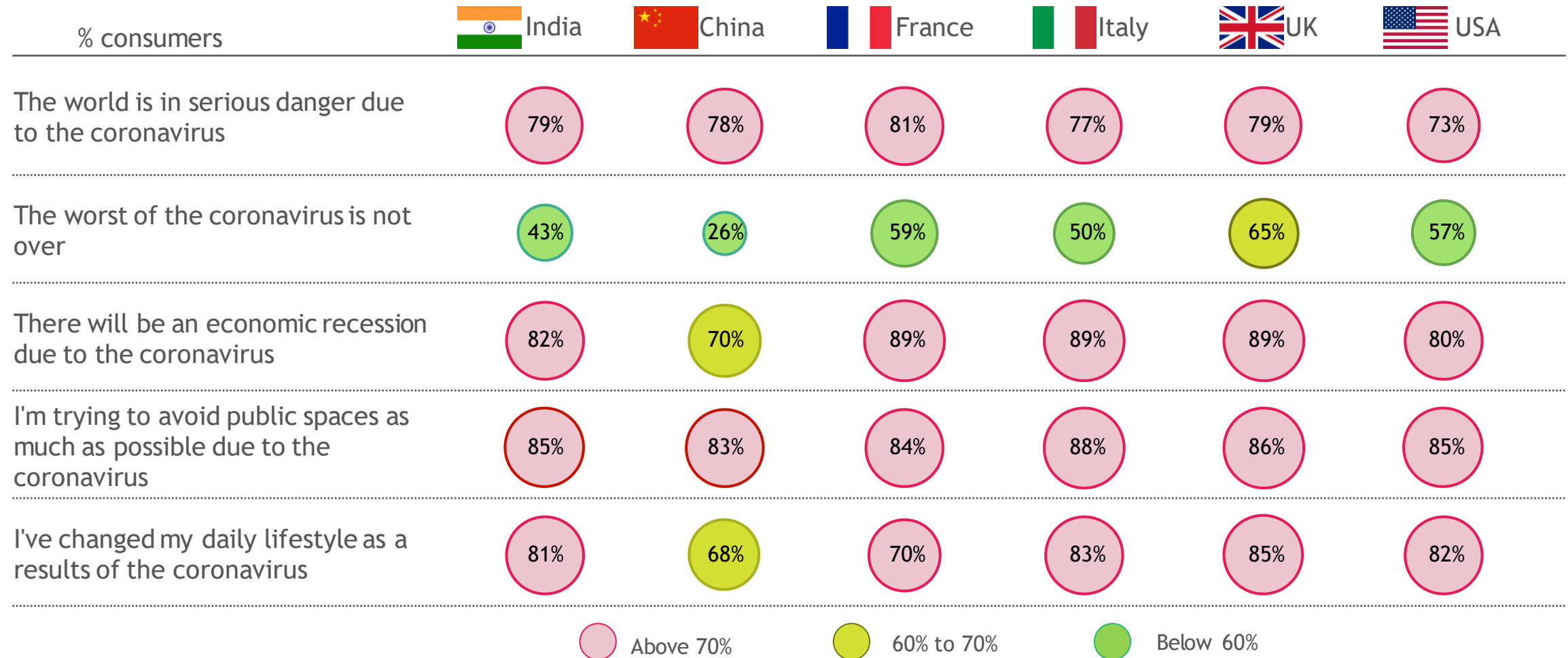
Wave 3 survey conducted in the midst of Lockdown extension announcement, albeit with many relaxations



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)



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



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



Health

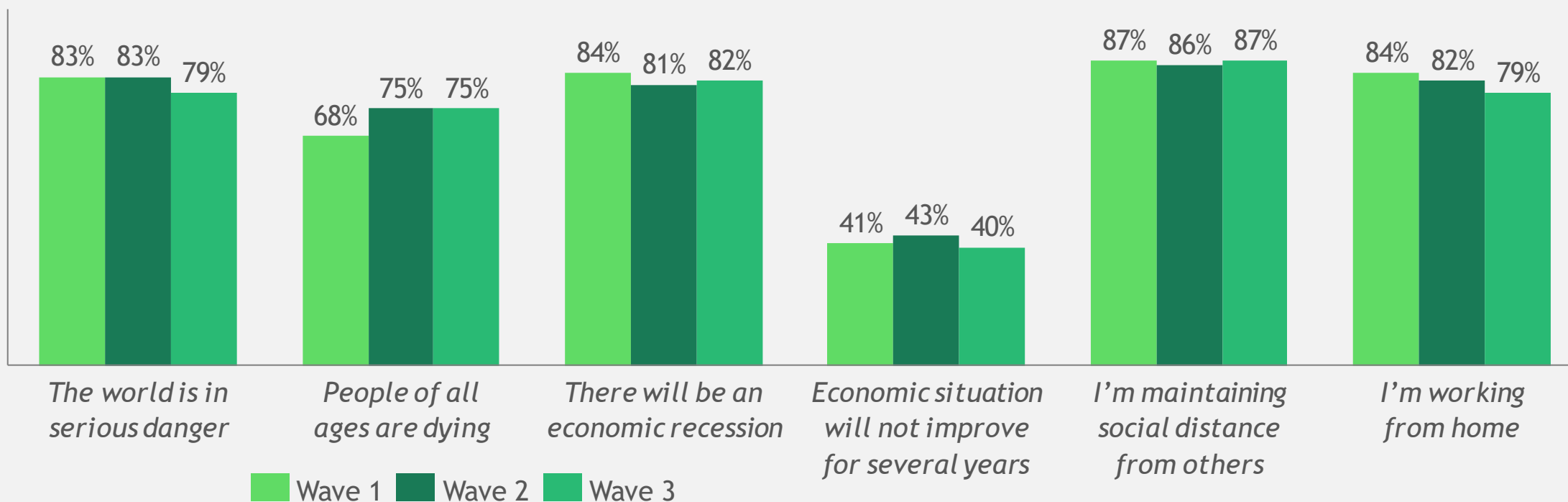


Economic situation



Daily lifestyle

% consumers agreeing

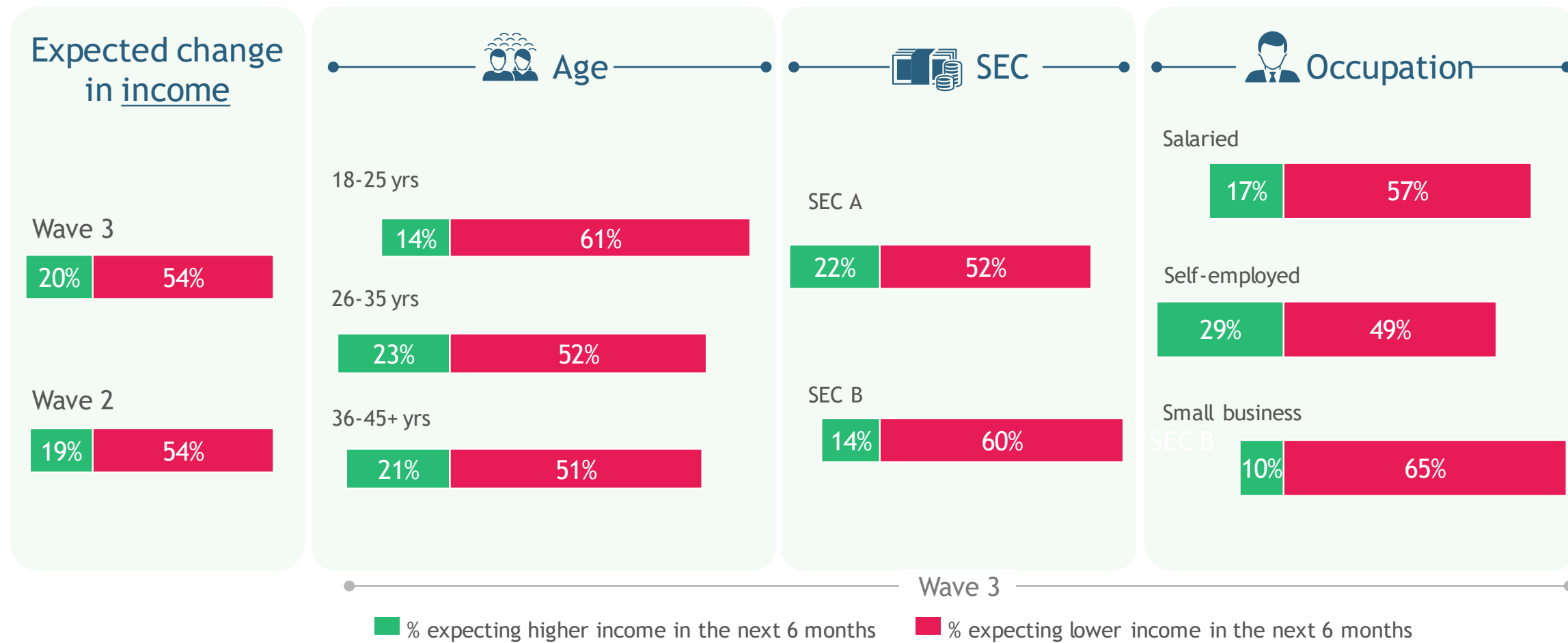


Note: Question text: "How much do you agree with each of the following statements about the coronavirus?" Combined Strongly agree and Somewhat agree
 Source: BCG COVID-19 Consumer Sentiment Survey March 23-26 2020, April 17-20 2020, April 30-May 03 2020 (N = 2,106, N = 2,324, and N=1,327 respectively)



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

Younger consumers, lower SECs & small businesses more pessimistic



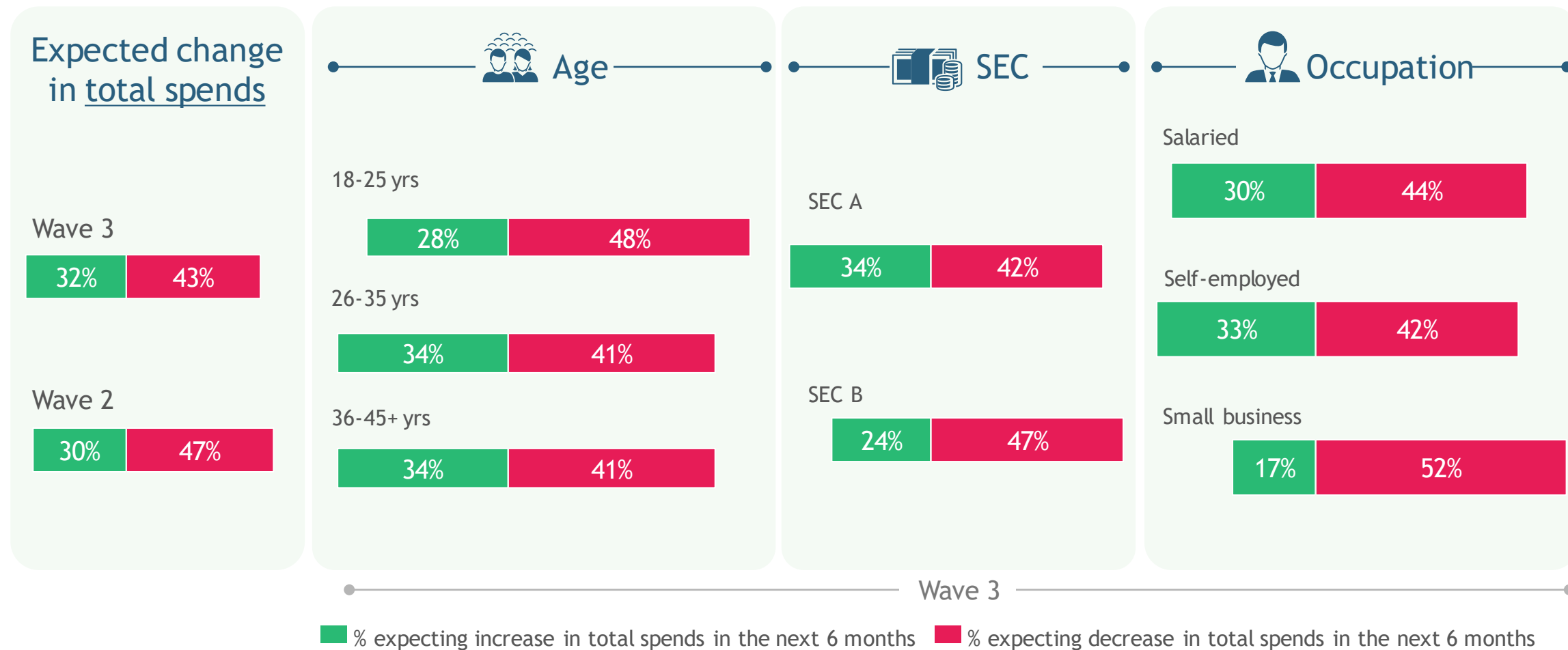
Question text: “How do you expect your overall available household income to change in the Next 6 months as compared to before lockdown?”. Note: Self-employed includes professions like doctors, CAs, yoga instructors, etc. Small business includes businesses with <10 employees and shop owners

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

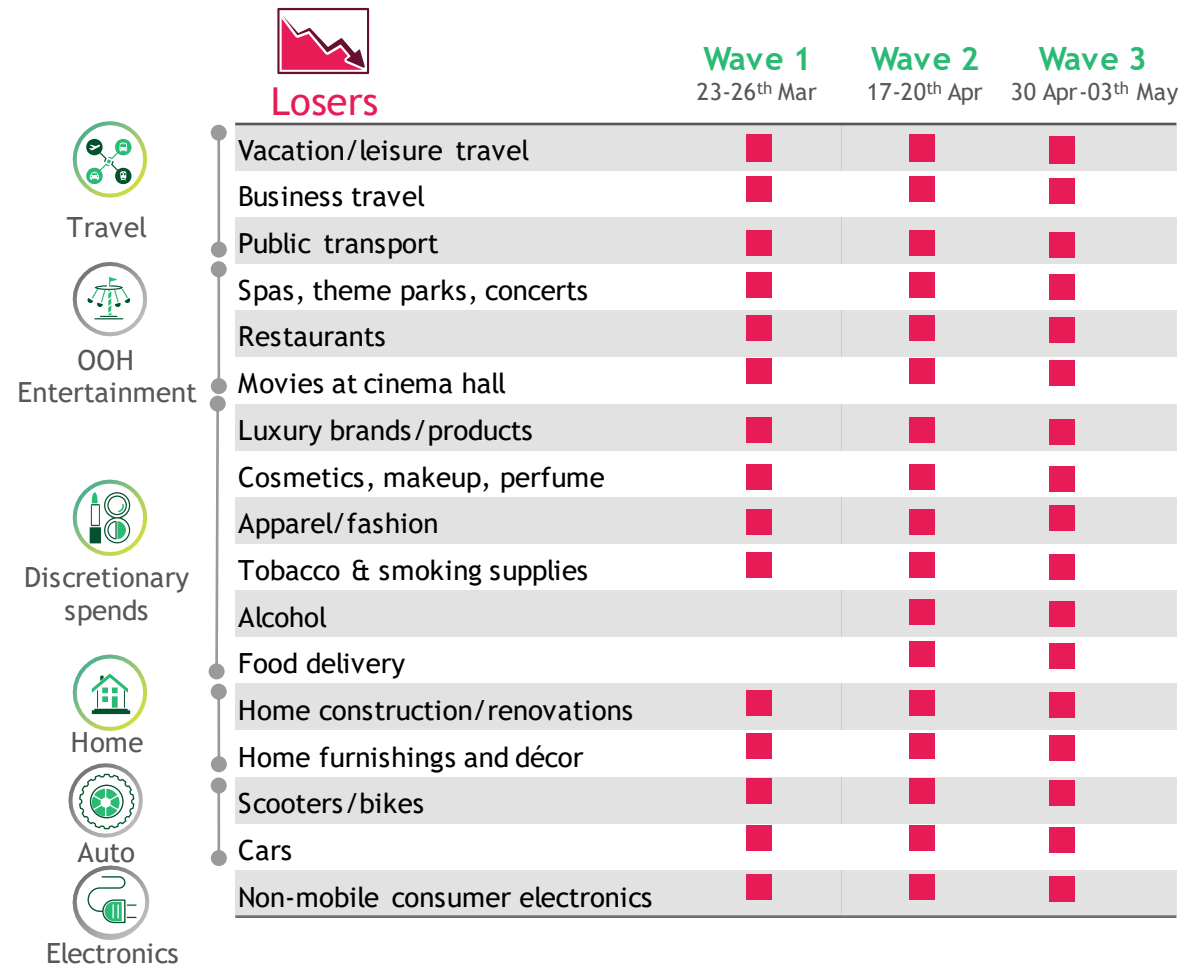
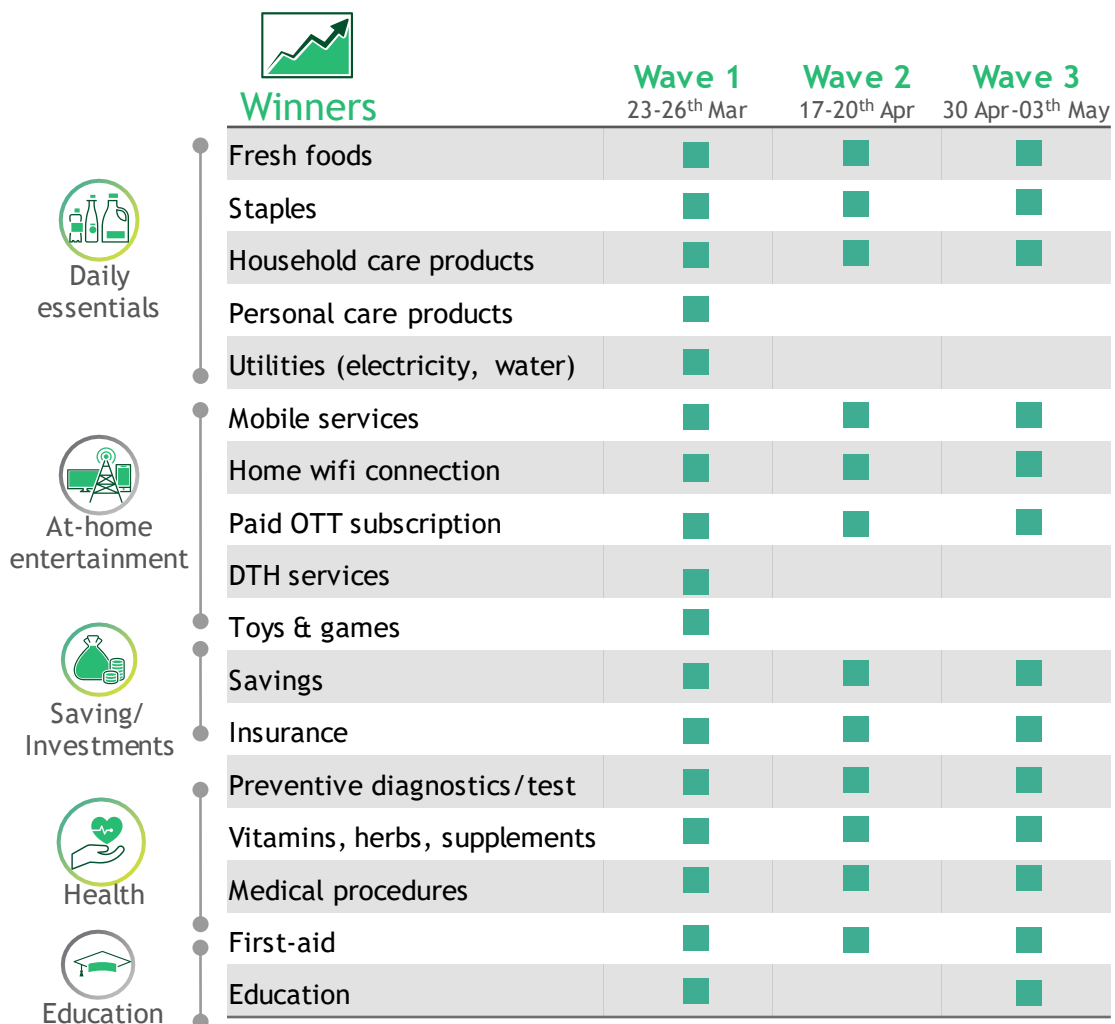


Question text: "How do you expect your overall spends to change in the Next 6 months as compared to before lockdown?" Note: Self-employed includes professions like doctors, CAs, yoga instructors, etc. Small business includes businesses with <10 employees and shop owners

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



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)

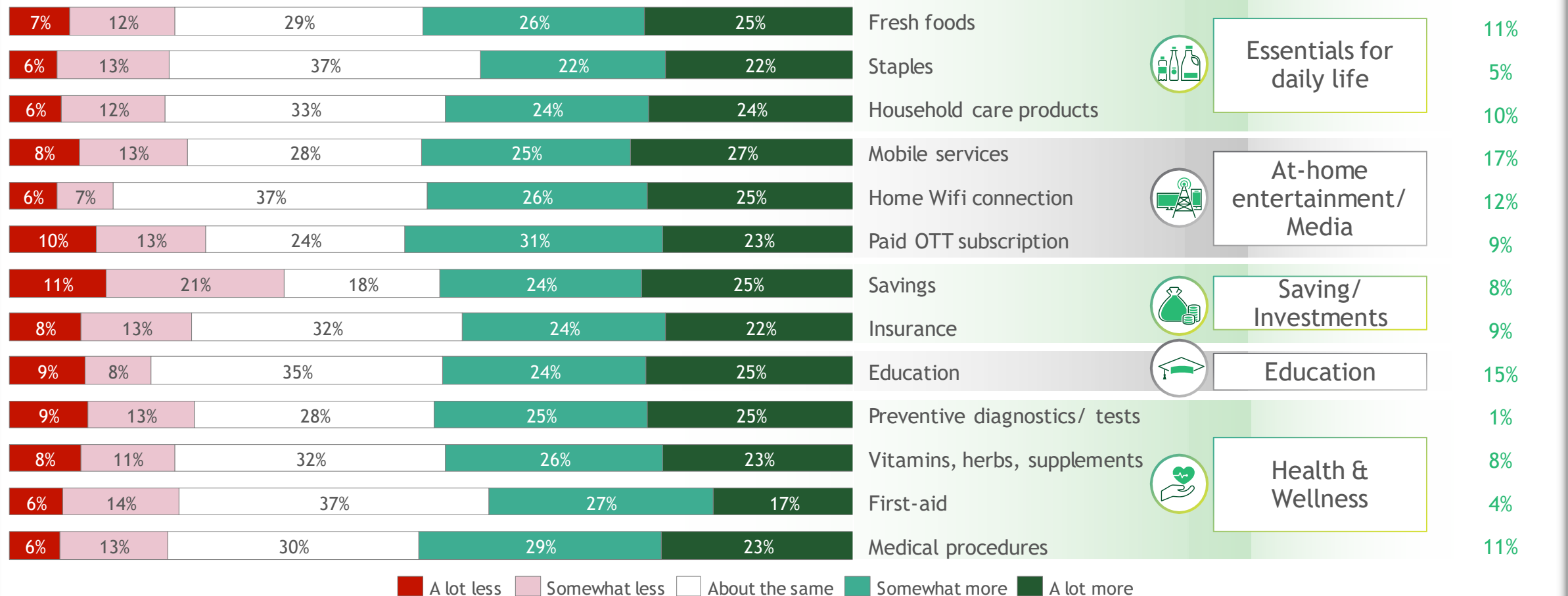


Essentials, at-home entertainment, savings and health & wellness continue to see more positive sentiment

Change in spends in next six months



Distribution of survey responses (%)



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

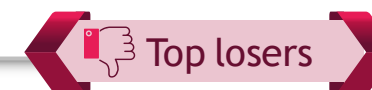
Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Categories with Top 2 Box > 42% (5% more than average) classified as winning categories

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

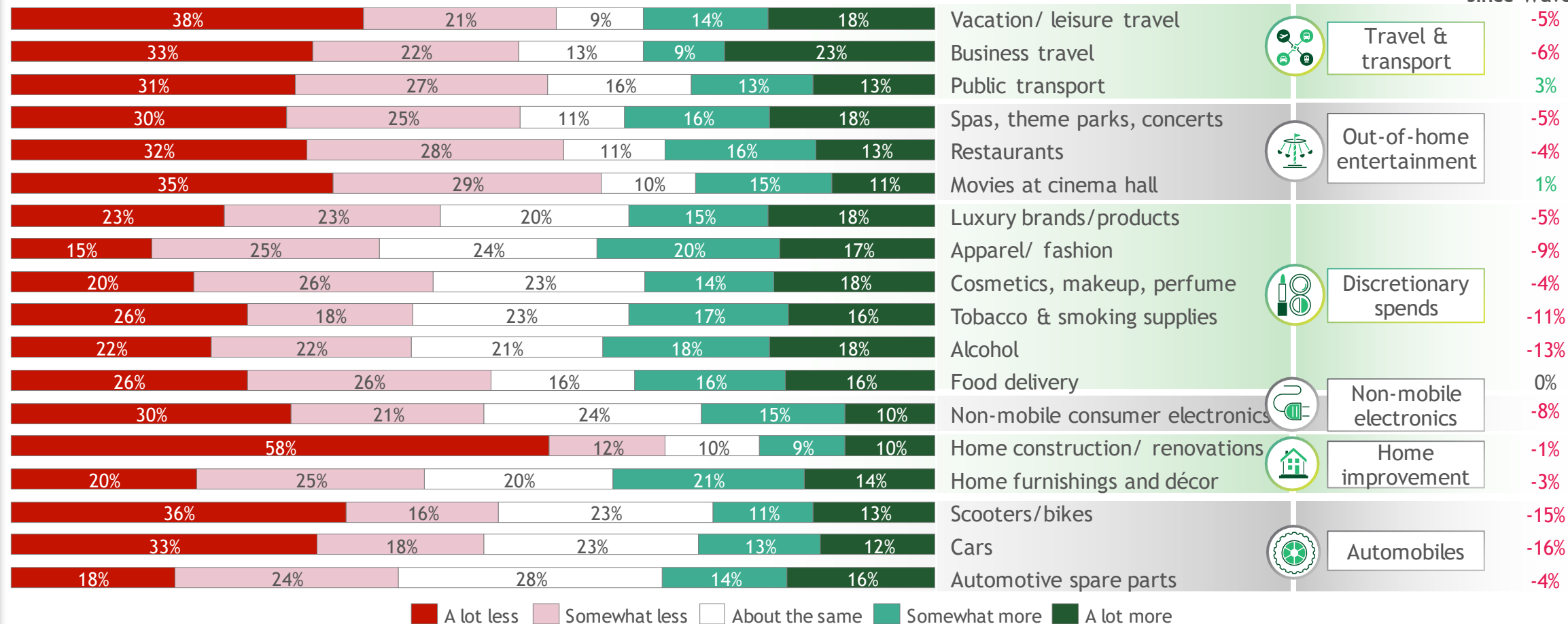
Change in spends in next six months



Top losers

Δ in bottom 2 box¹
since Wave 2

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)

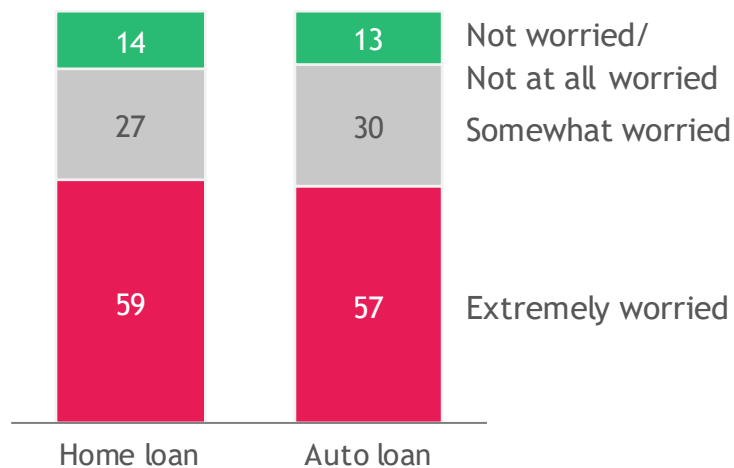


Significant concerns around loan re-payments; reduced demand likely to reflect in low demand for associated loan products as well



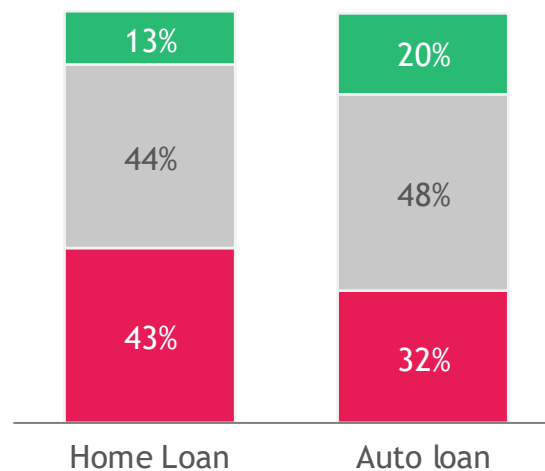
86% consumers are worried about servicing loans post moratorium

% consumers who have loans



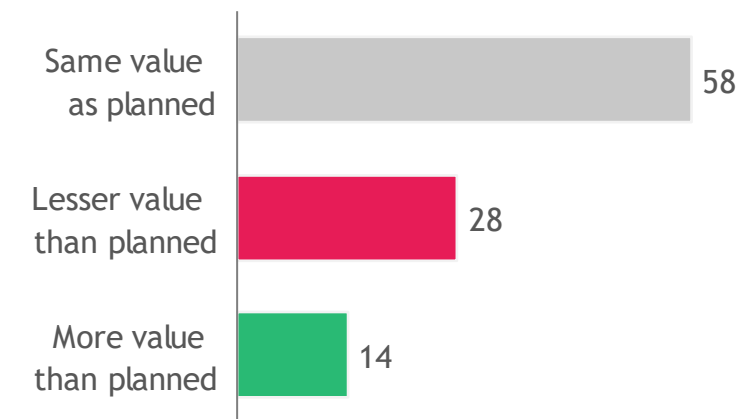
30-40% plan to defer loans; while 15-20% new customers plan to take loans

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 it¹



■ 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

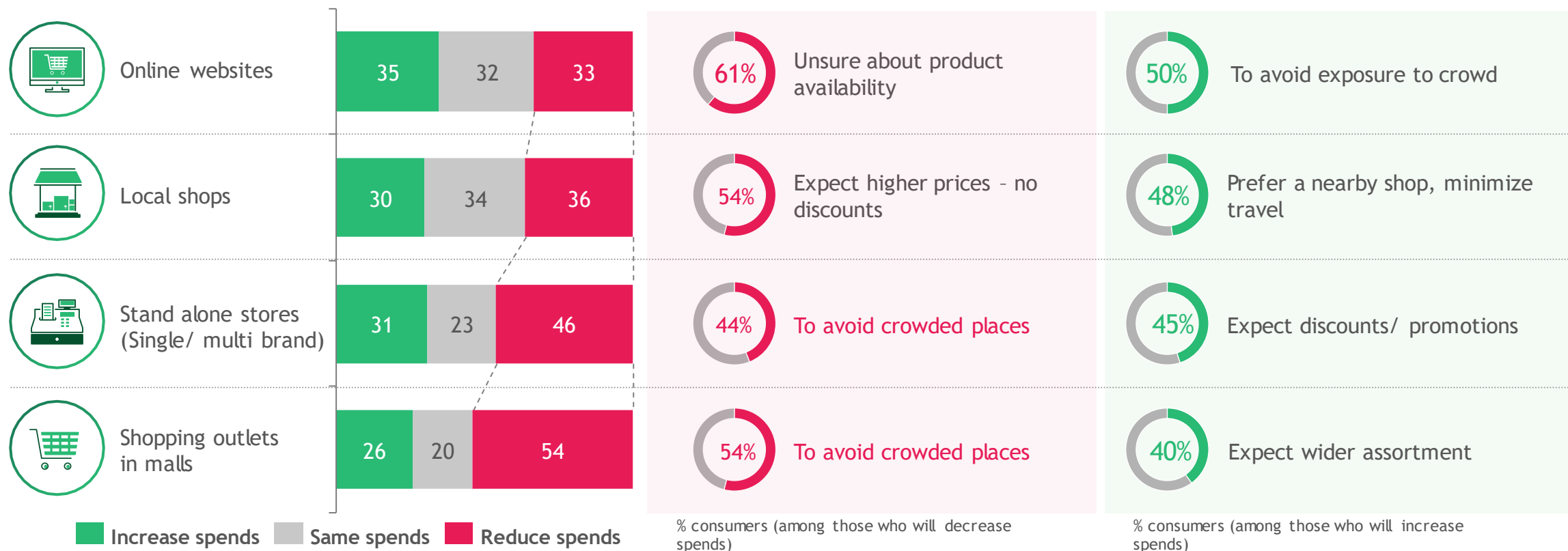
Source: BCG COVID-19 Consumer Sentiment Survey April 17-20 2020 (N = 2,324)



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)

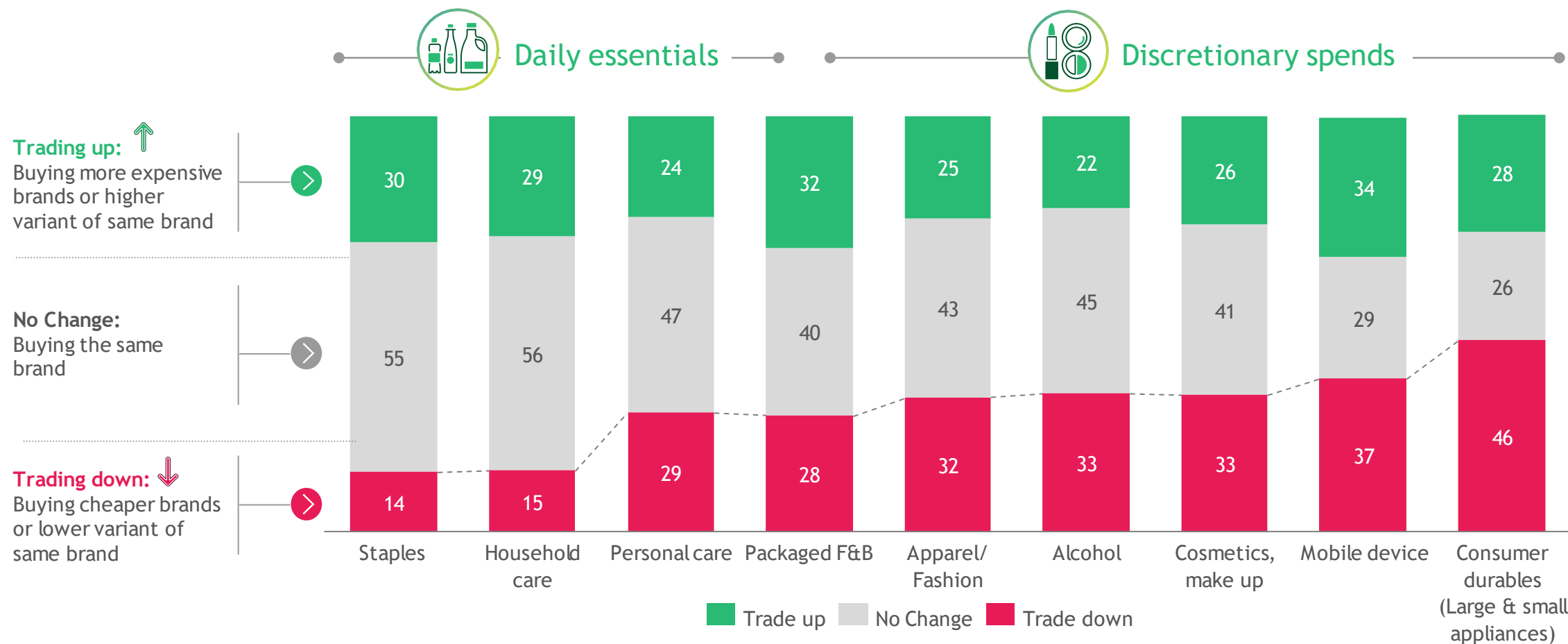


Note: Question text: "In the next one month, how much do you expect your total spend on the following types of stores/sites to change"; "What are the key reasons to increase/ decrease spends (Top 3 reasons)"

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



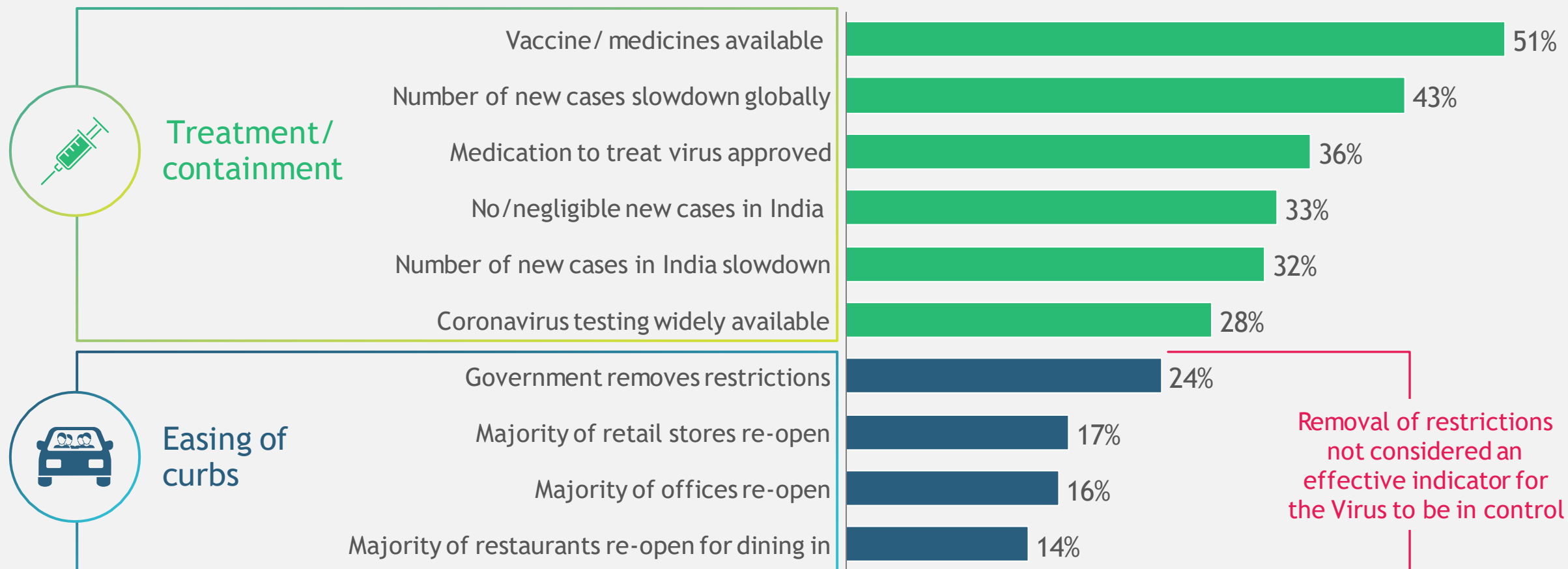
Note: Categories considered: Apparel/ Fashion, Packaged F&B, Staples, Personal care, Cosmetics, Household care products, Mobile, Electronics (large, small), Alcohol
 Question text: In the next one month (CPG)/ six month (Electronics) how do you expect the choice of your brands to change?
 Source: BCG 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

Consumer definitions of "under control"



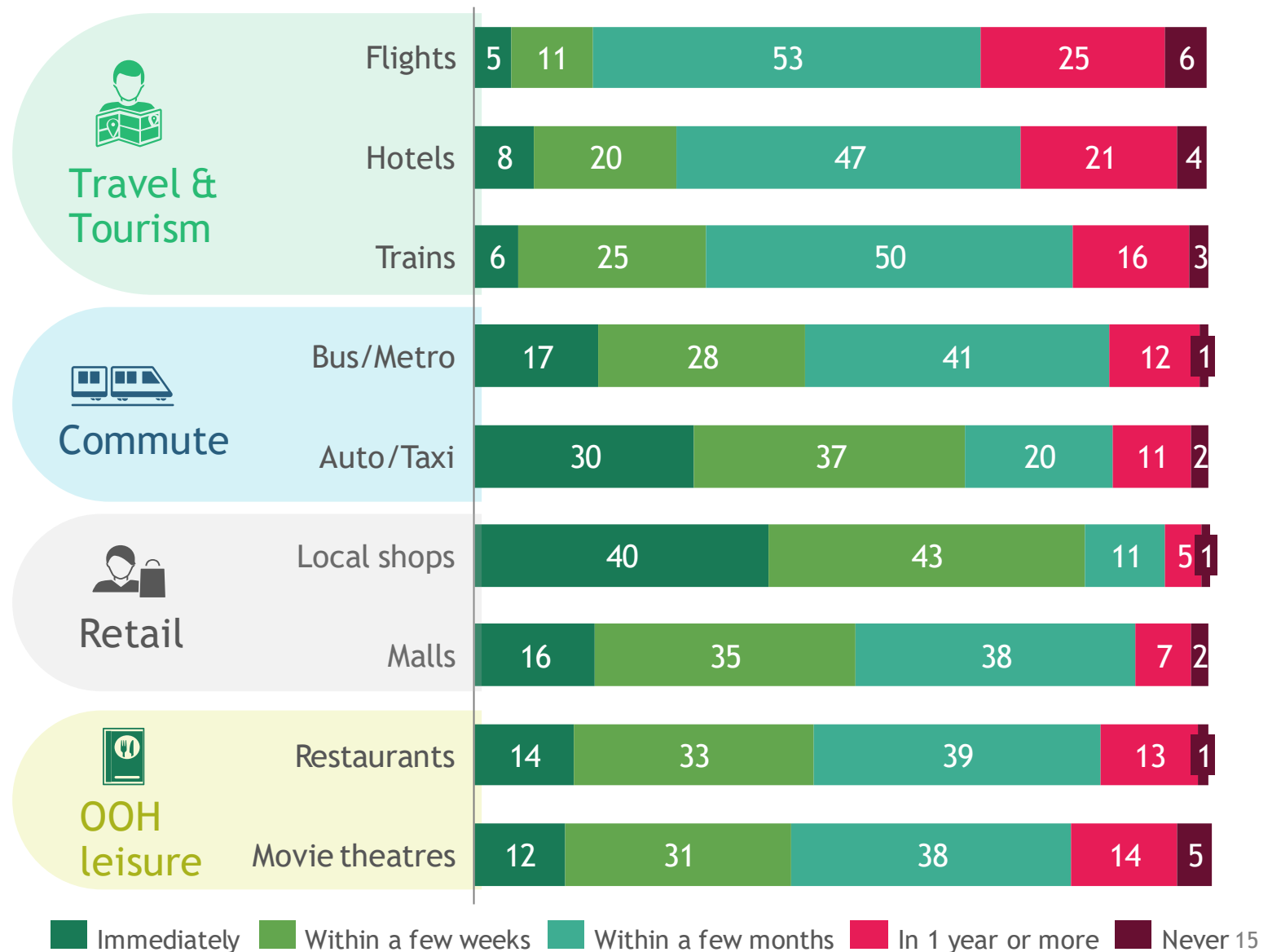
Note: Question text: "When will you feel that the Coronavirus is under control? Please select up to three."
Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)



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

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)

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



Please reach out to the team for latest data and insights

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