COVID-19 Consumer Sentiment Research

India Survey Snapshot: Wave-4 — May 18-23

CENTER FOR Customer Insight

JUNE 2020

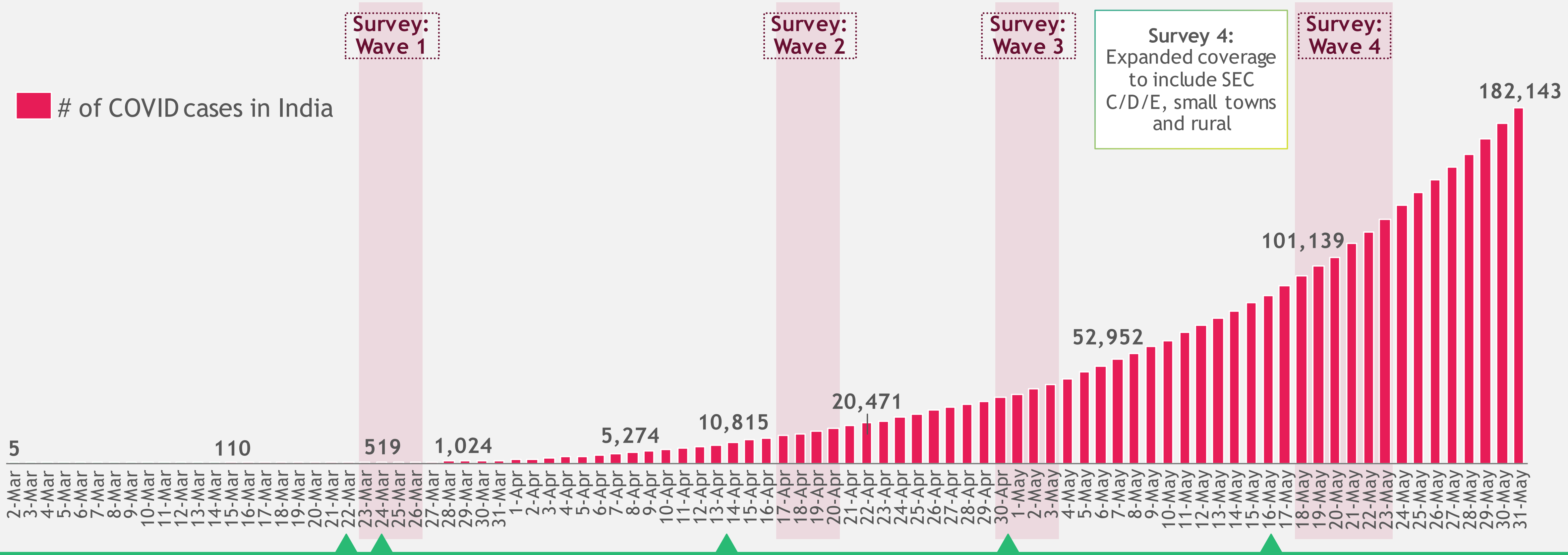
Context for this document

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 4 in India, which was fielded from May 18th-May 23rd, 2020; covering ~3,300 respondents across Metros, & Tier 1/2/3/4 cities and Rural. 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

Wave 4 survey conducted over May 18-23; with significantly increased coverage



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

17/5: Lockdown extended till 31st May, with more relaxations

Note: Online survey conducted among SEC AB respondents in Metro-Tier 4 towns, Telephonic survey conducted among SEC ABCDE in Tier 2-4 and Rural towns and among SEC CDE in Metro-Tier 1 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), Wave 4: May 18-23 (N=3,276)
Source: Ministry of Health & Family welfare (Data updated as on 01 Jun)

Key findings

1 Overall sentiment

Across cohorts, **85%+** fear economic recession

~65% in lower income skeptical about future income vs **~40%** in higher income

90%+ have altered daily lifestyle in Urban vs **~65%** in Rural

2 Category spends sentiments

Significant differences in spends sentiment by affluence

Low income cohorts maintaining or **cutting spends** across **categories**

Mid/ high income likely to **increase spends** on essentials, media, health

Significant **cutbacks likely on discretionary** items, high income more resilient

3 Digital adoption

Massive digital adoption across cohorts – including rural

Niche activities like **digital learning, telemedicine driven by large towns…**

…while social media, YouTube, education, digital wallets, etc. see traction across

4 Expected recovery

Across cohorts, recovery period for **regular activities is ~1 month**

Varying recovery period for **leisure** activities across city tiers…

- **~3-4 months in large towns vs 5-6 months in semi-urban/ rural**

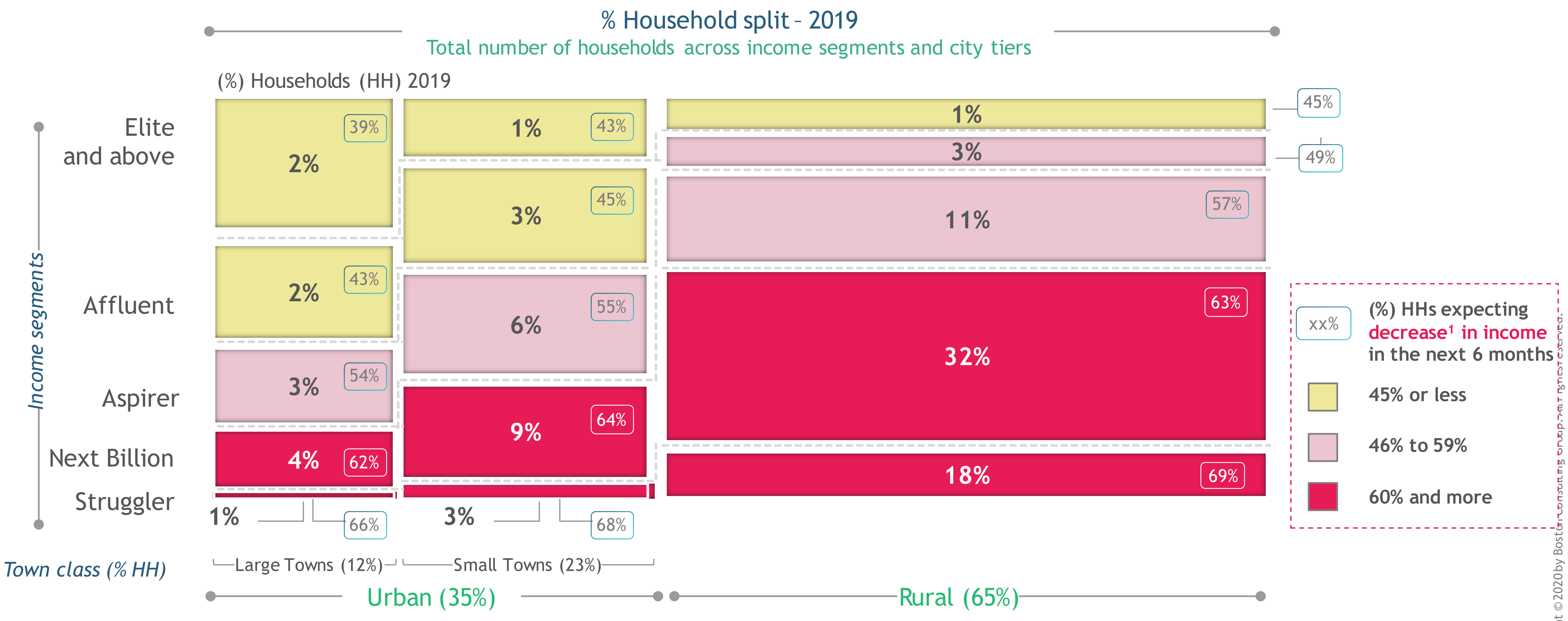
Economic concerns are prevalent across, personal financial outlook varies by income while daily lifestyle varies by city tier

% consumers agreeing

	City tier			Income[1]			Age[1]	
	Large towns	Small towns	Rural	Affluent +	Aspirer	Next Billion + Struggler	18-35yrs	35yrs+
1 *Economic concerns:* Anticipate economic recession	89	85	84	89	88	85	87	86
2 *Financial outlook:* Expect income reduction in next 6 months	55	59	63	43	54	66	62	55
3 *Daily lifestyle:* Changed daily lifestyle	89	78	69	89	84	80	86	81

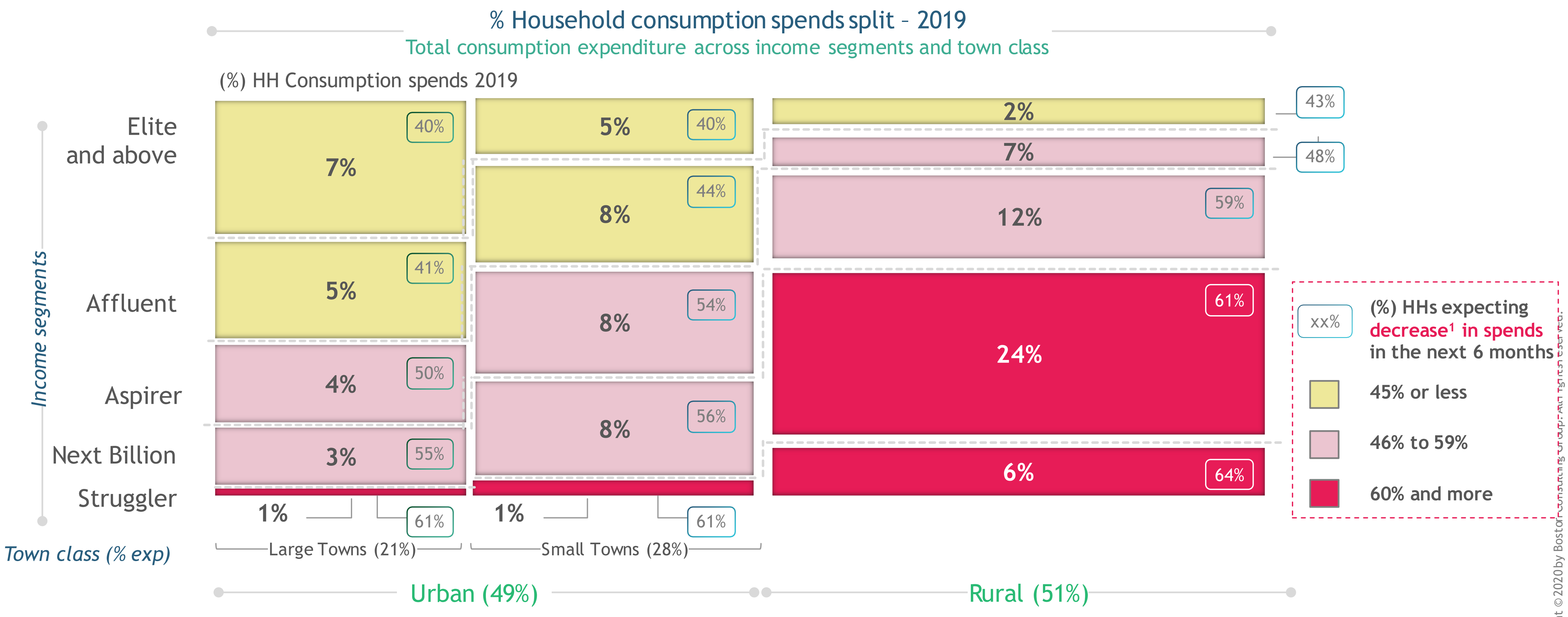
Note: Income classification based on HH income: Next billion +Struggler: < upto 5L; Aspirers: 5L-10L; Affluent+: 10L+. Town classification based on population: Large towns: 10L+ population, Small towns: 50k-10L population. 1. Only Urban India consumers.?" Circle size reflects the percentage of respondents who agree with the given statement(Combined Strongly agree and Somewhat agree). Question text: "How much do you agree with each of the following statements about the coronavirus?" Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

~65% households expect negative impact on future income; large variations across income levels



Note: 1. Percentage of respondents who expect income to decrease (Combined somewhat less and a lot less). Household income distributions are based on 2018 prices. Income classification based on HH income: Struggler: <1.5L, Next billion: 1.5L-5L; Aspirers: 5L-10L; Affluent: 10L-20L, Elite: 20L+. Size of bar reflects the number of the households. Town classification based on population: Large towns: 10L+ population, Small towns: 50k-10L population. Question text: "How do you expect your overall available household income to change in the Next 6 months as compared to before lockdown?"
Source: CCI Income database, BCG analysis, BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

~60% of household consumption expenditure at risk of getting impacted



Note: 1. Percentage of respondents who expect spends to decrease (Combined somewhat less and a lot less). Household income distributions are based on 2018 prices. Income classification based on HH income: Struggler: <1.5L, Next billion: 1.5L-5L; Aspirers: 5L-10L; Affluent: 10L-20L, Elite: 20L+. Size of bar reflects the size of consumption in INR. Town classification based on population: Large towns: 10L+ population, Small towns: 50k-10L population. Question text: "How do you expect your overall available household income to change in the Next 6 months as compared to before lockdown?"
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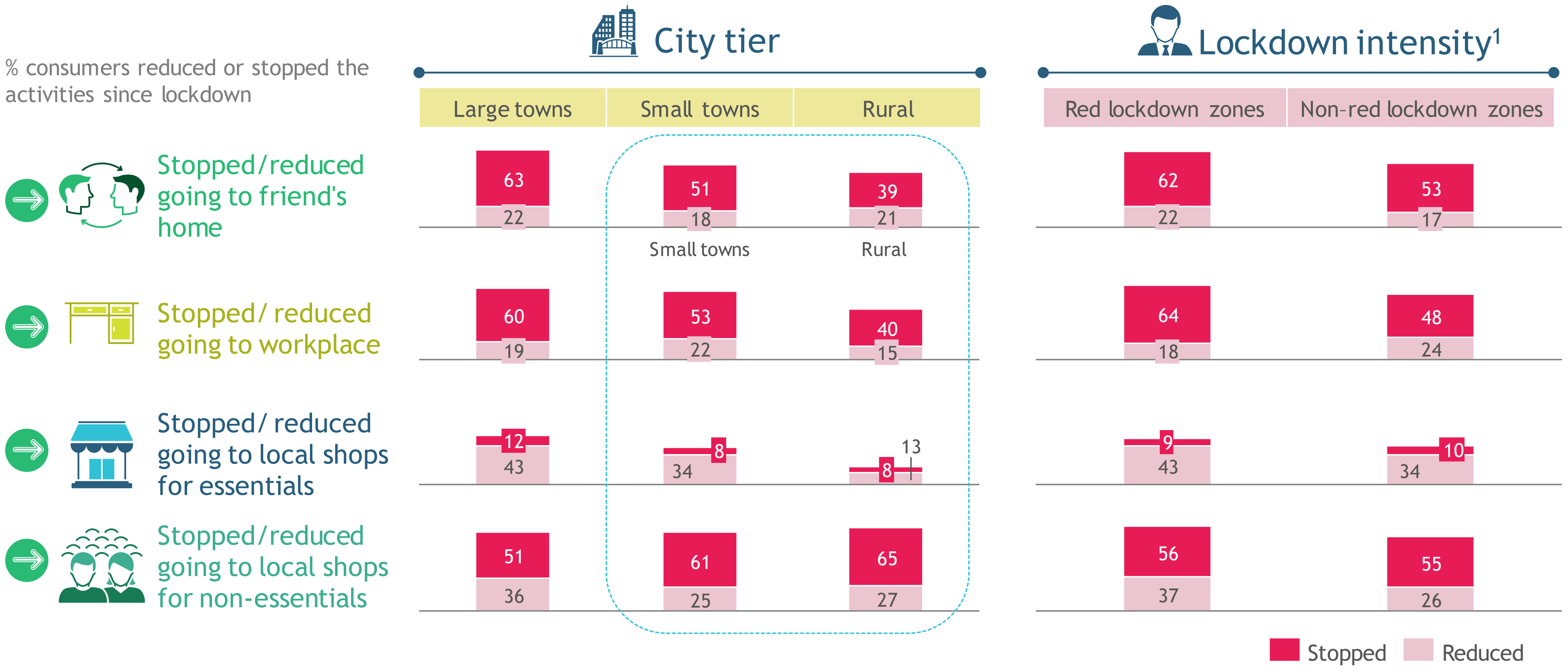
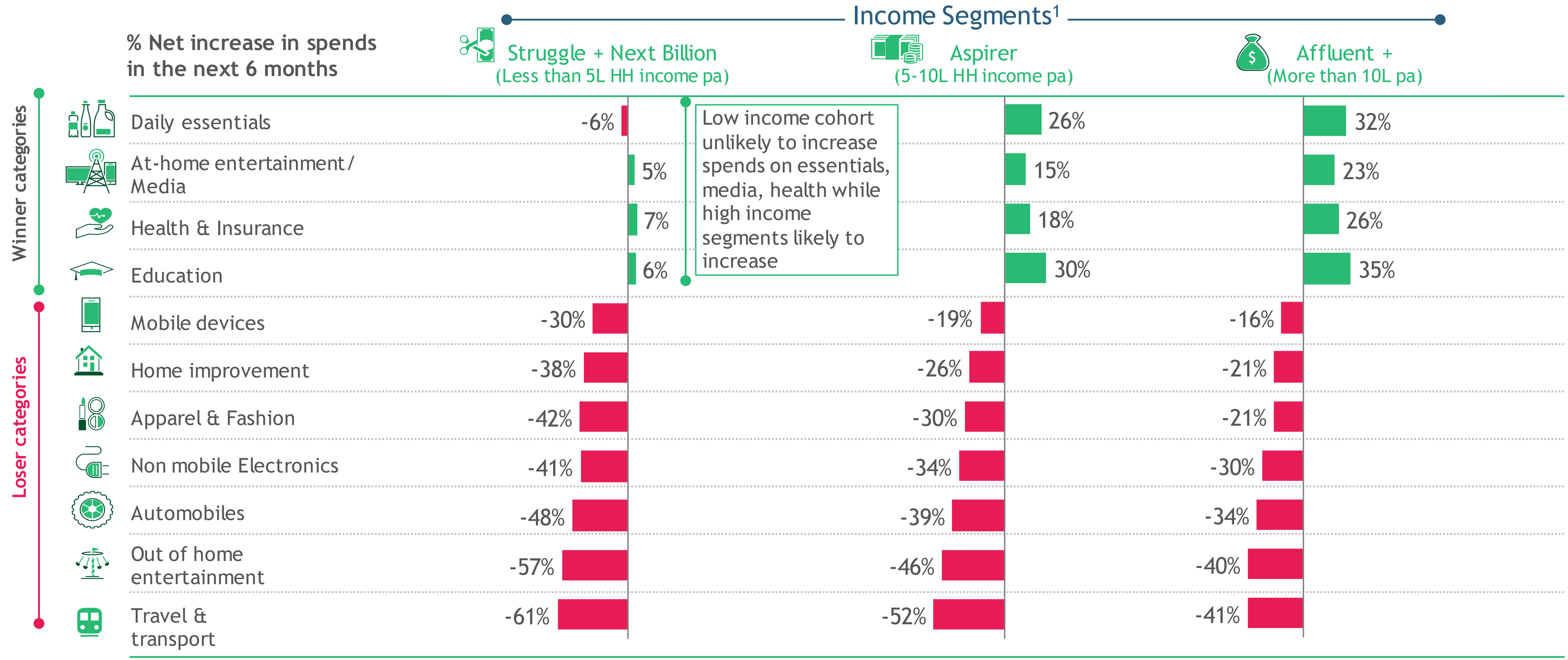
Daily lifestyle is more impacted in large towns vs. small towns and rural India



Note: Lockdown zone mapping as per Lockdown 4.0 between May 18-29 2020. Mapping of red and non-red zones done through various news publications, govt. released documents. Large towns: 10L+ population, Small towns: 50k-10L population. 1. Urban consumers only. Question text: "How much do you agree with each of the following statements about the coronavirus?", "Which statement best describes your behavior since the Lockdown?" Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

Significant differences in spends sentiment by affluence; low income cohorts maintaining or cutting spends across categories

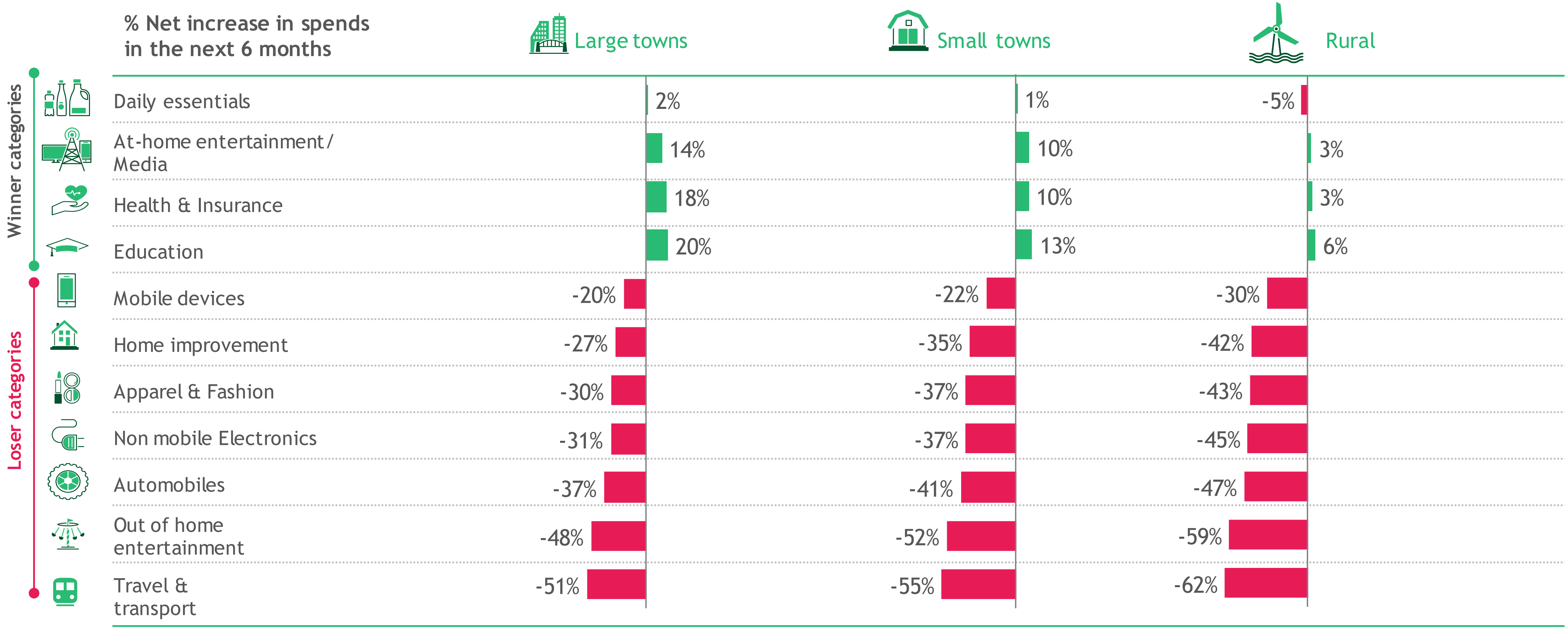


Category definition: Daily essentials - Personal care, Household care products, Fresh foods, Staples; At-home entertainment/Media - Direct to Home services like Tata Sky, Dish TV, Airtel DTH, Mobile services (voice + mobile data), Home Wifi connection, Subscription for paid videos on platforms; Health & Insurance -Vitamins, minerals, supplements, Preventive healthcare, Life insurance, Health insurance; Home improvement - Home construction, Home furnishings and décor; Apparel & Fashion - Cosmetics, makeup, perfume, Women's clothing, Men's clothing, Children's clothing, Handbags and fashion jewelry/accessories, Shoes/footwear; Automobiles - Cars, Scooters/ bikes; Out of home entertainment - Eating at restaurants, Movies at cinema hall, Spas, theme parks, concerts; Travel & transport - Vacation/leisure travel, Public transport

Note: Struggler + Next billion: HH income upto 5L; Aspirers: HH income 5L-10L; Affluent+ : HH income 10L+. 1. Among urban consumers only

Question text: “How do you expect your spend to change in the next 6 months across the following areas?" Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

Moderate differences in spends sentiment by city tiers, largely driven by varying affluence levels



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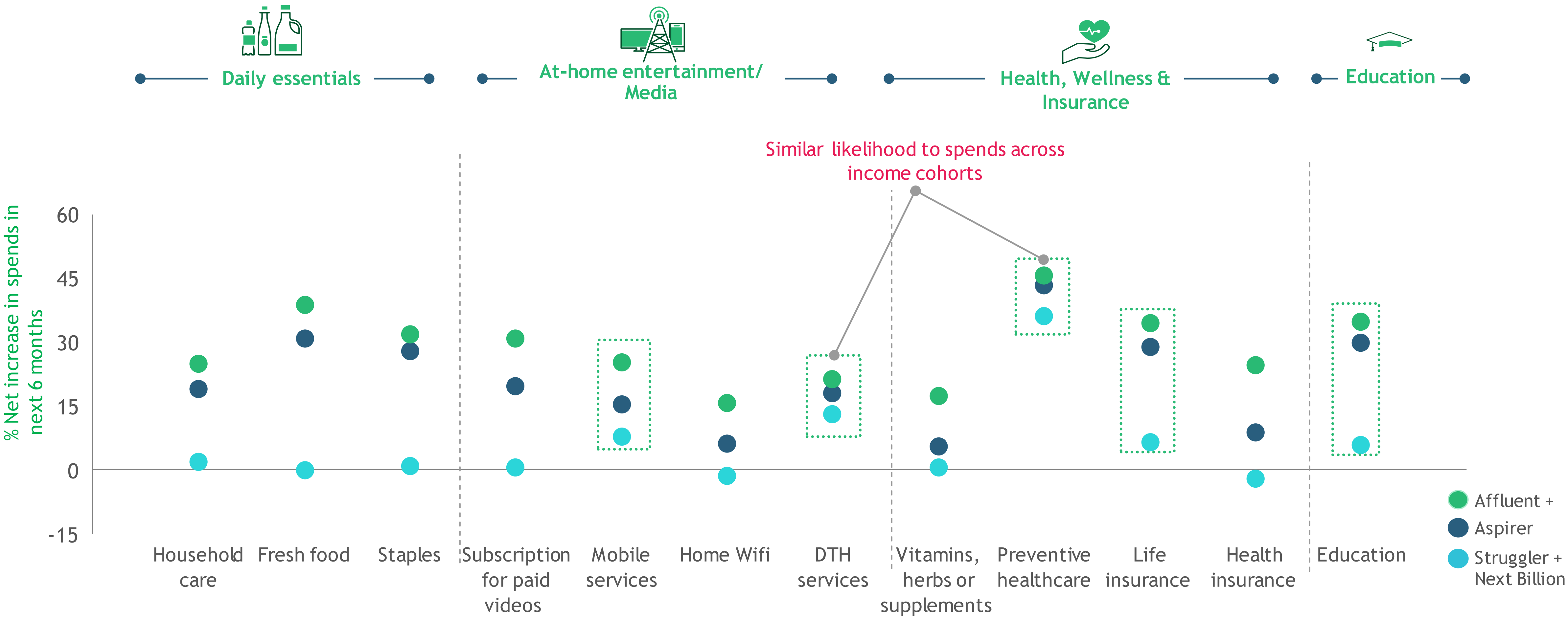
Winner categories | Low income cohorts likely to increase spends only in preventive healthcare, DTH/mobile services, insurance and education



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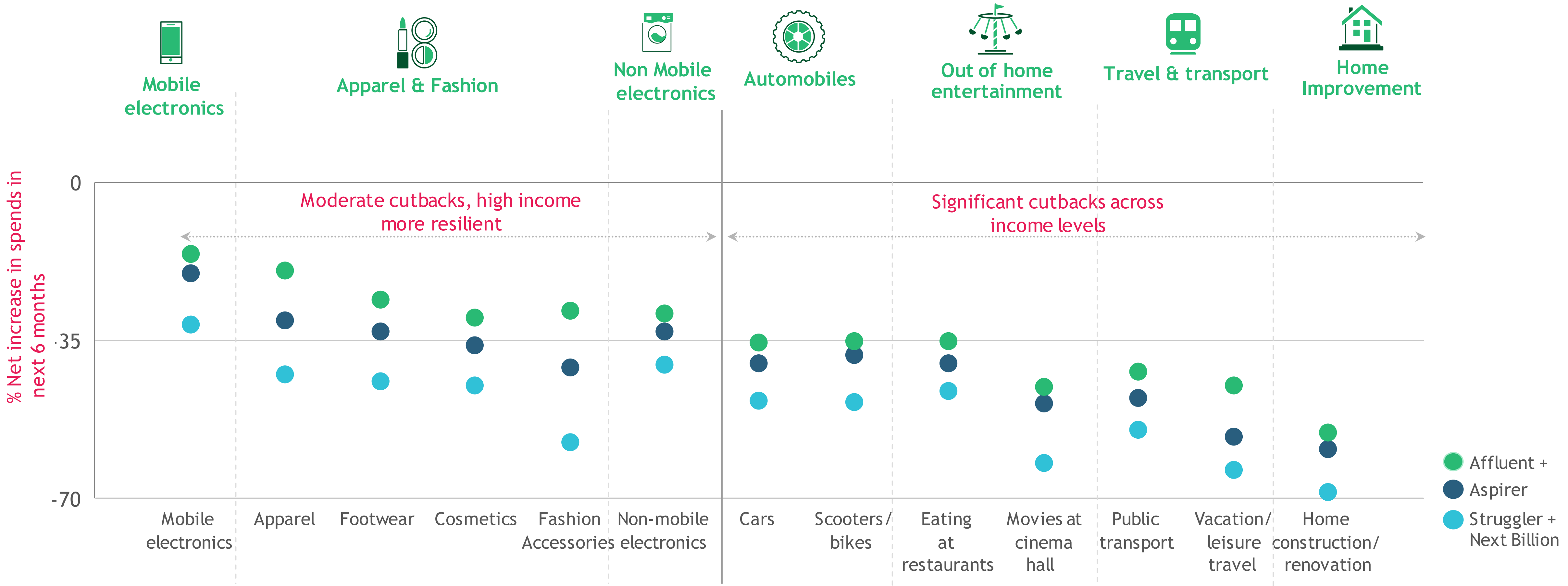
Loser categories | Significant cutbacks in leisure, travel, automobiles across income cohorts; affluence+ more resilient in mobiles, fashion and electronics



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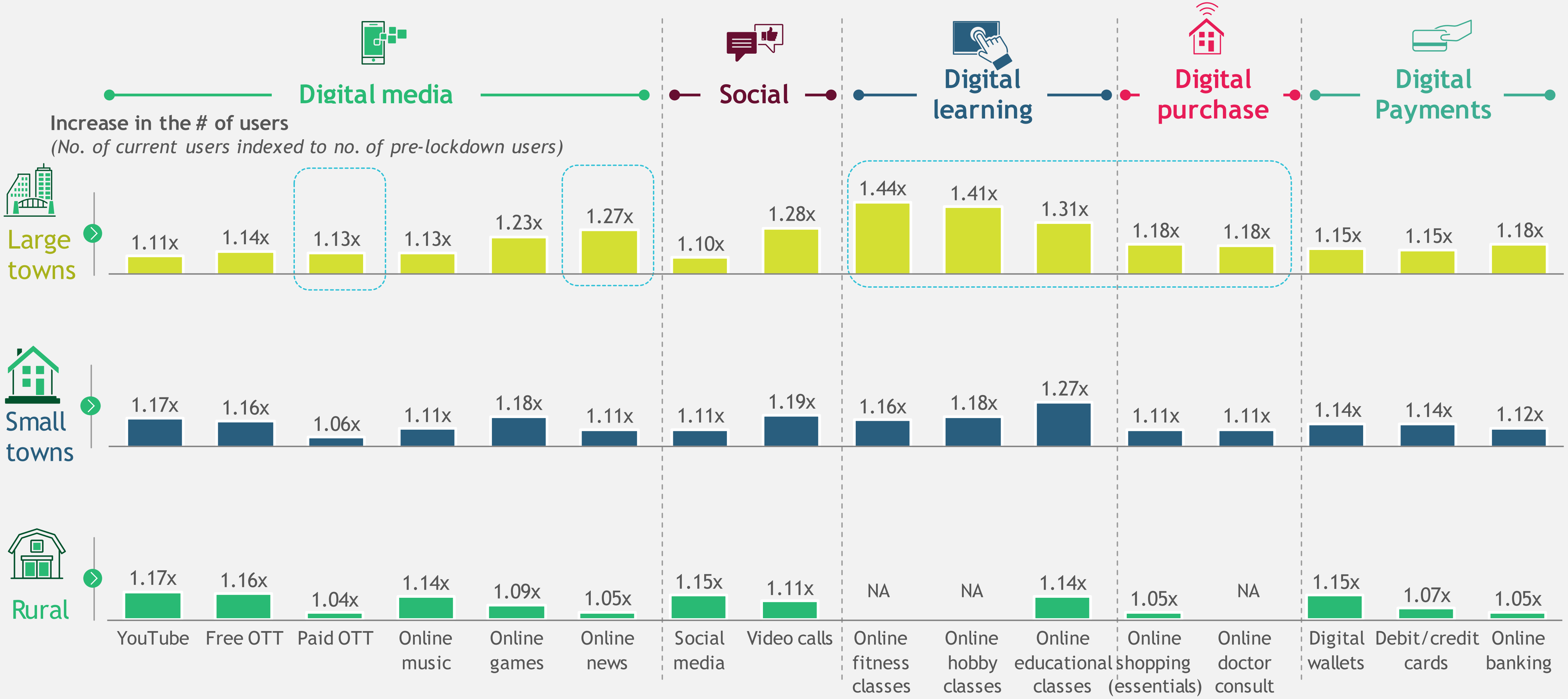
Significant new digital adoption; extent varies by town class

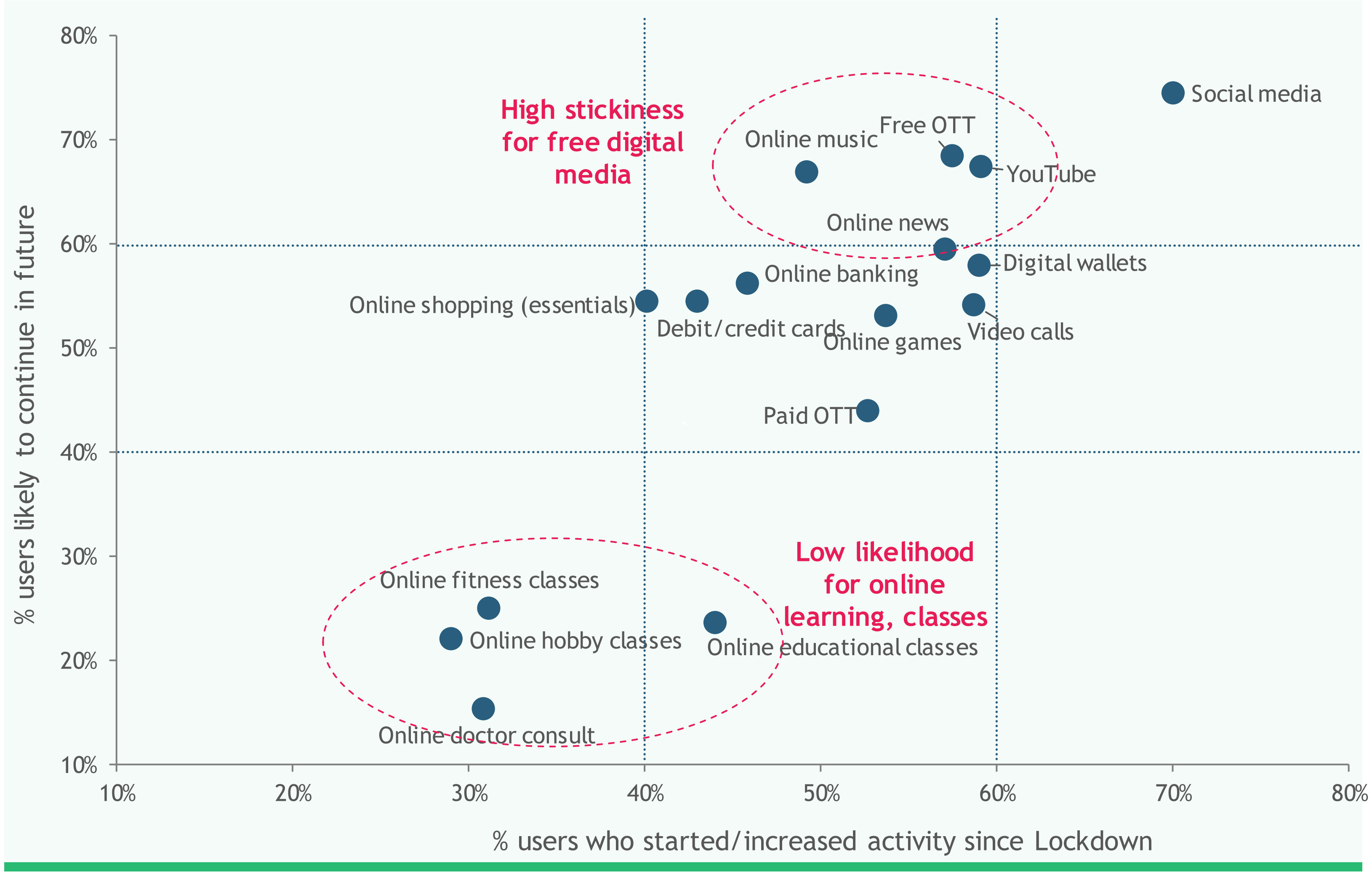
Large towns have higher adoption for digital media (paid OTT, online news), digital learning, and digital purchase



Note: Town classification based on population: Large towns: 10L+ population, Small towns: 50k-10L population Question text: "Which statement best describes your usage behavior since the Lockdown?" Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

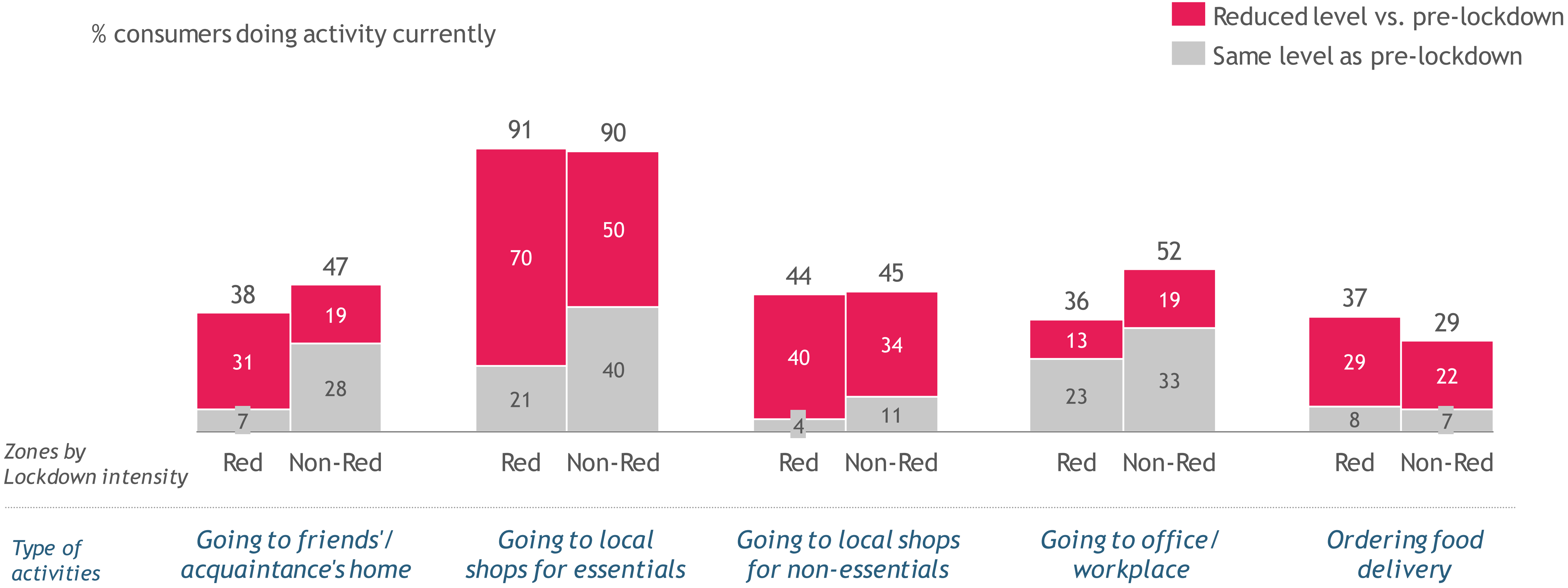
Significant increased usage across all digital activities

However, lower likelihood to continue for e-learning, online doctor consult, fitness/ hobby classes



Noe: Among urban consumers only. Question text: "Which statement best describes your usage behavior since the Lockdown?" Question text: "In the next 6 months, how do you think your behavior will change for the below activities as compared to before Lockdown" Question text: "You mentioned that you have started below activities since the Lockdown. How likely are you to continue below activities even after the Lockdown gets lifted" Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

Regular activities like going to workplace, friend's house have started to pick in Non-red zones



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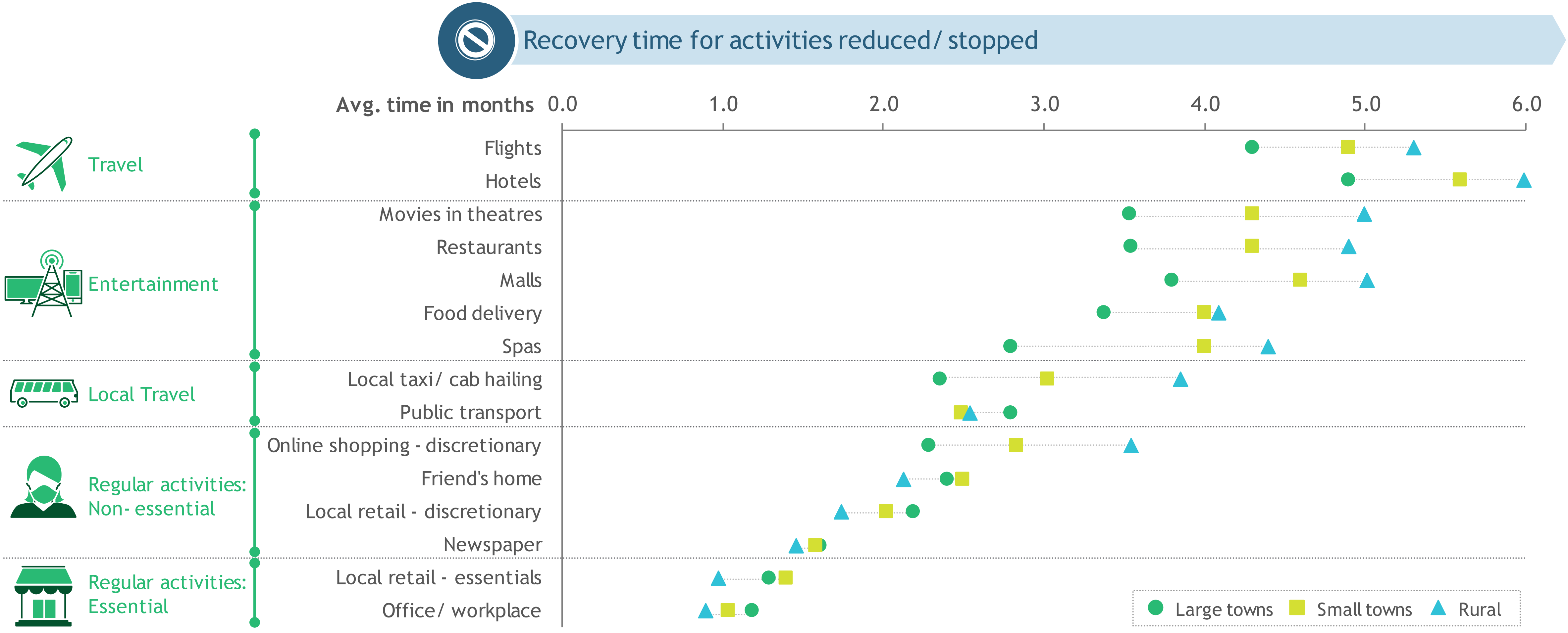
Similar timeframe for recovery of regular activities across city tiers; while Travel & Entertainment likely to recover sooner in large towns



Note: Town classification based on population: Large towns: 10L+ population, Small towns: 50k-10L population Question text: "You mentioned that you have stopped/reduced doing below activities since Lockdown. Which statement best describes your behavior to resume/ do these activities as much as you did them pre-Lockdown once the Lockdown is lifted?
Source: BCG COVID-19 Consumer Sentiment Survey May 18-23 2020 (N=3,276)

Please reach out to the team for latest data and insights

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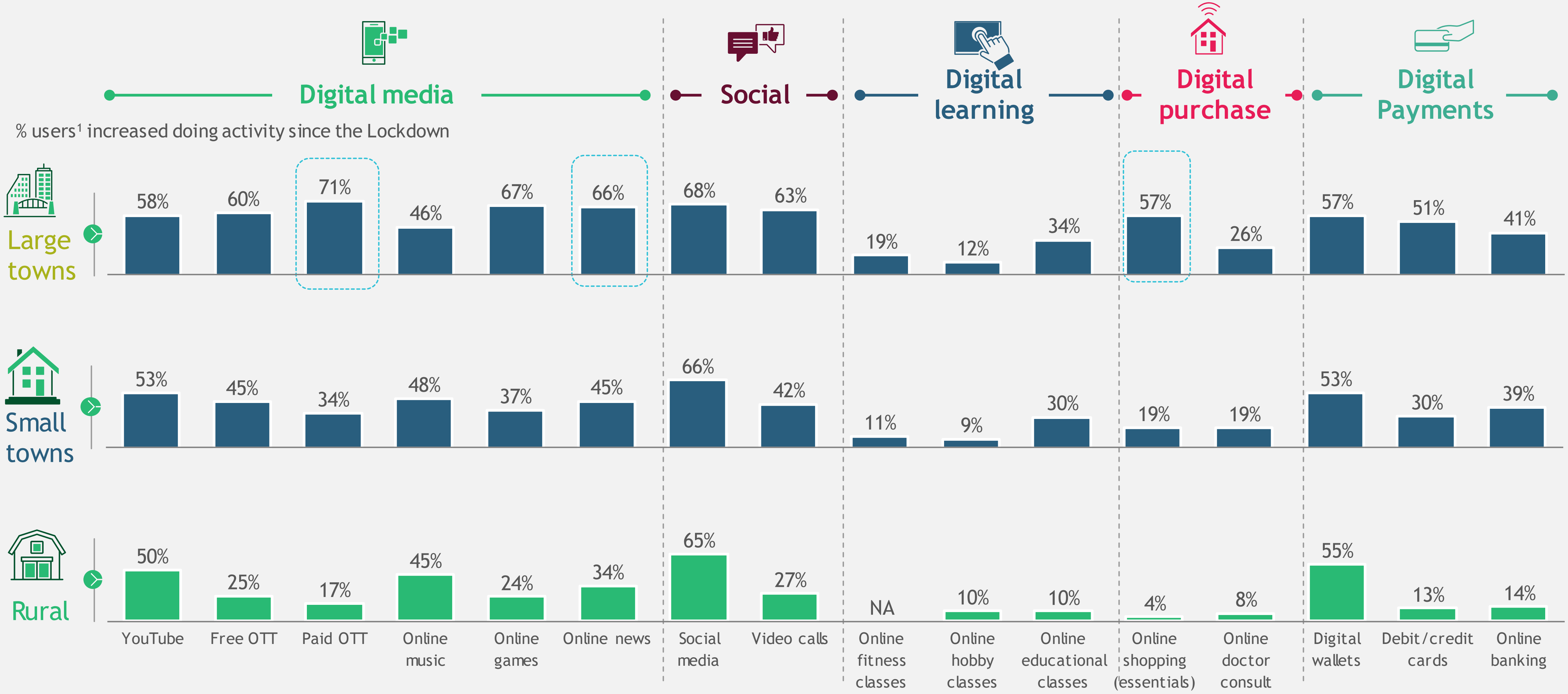
Increase across digital activities; extent varies by town class



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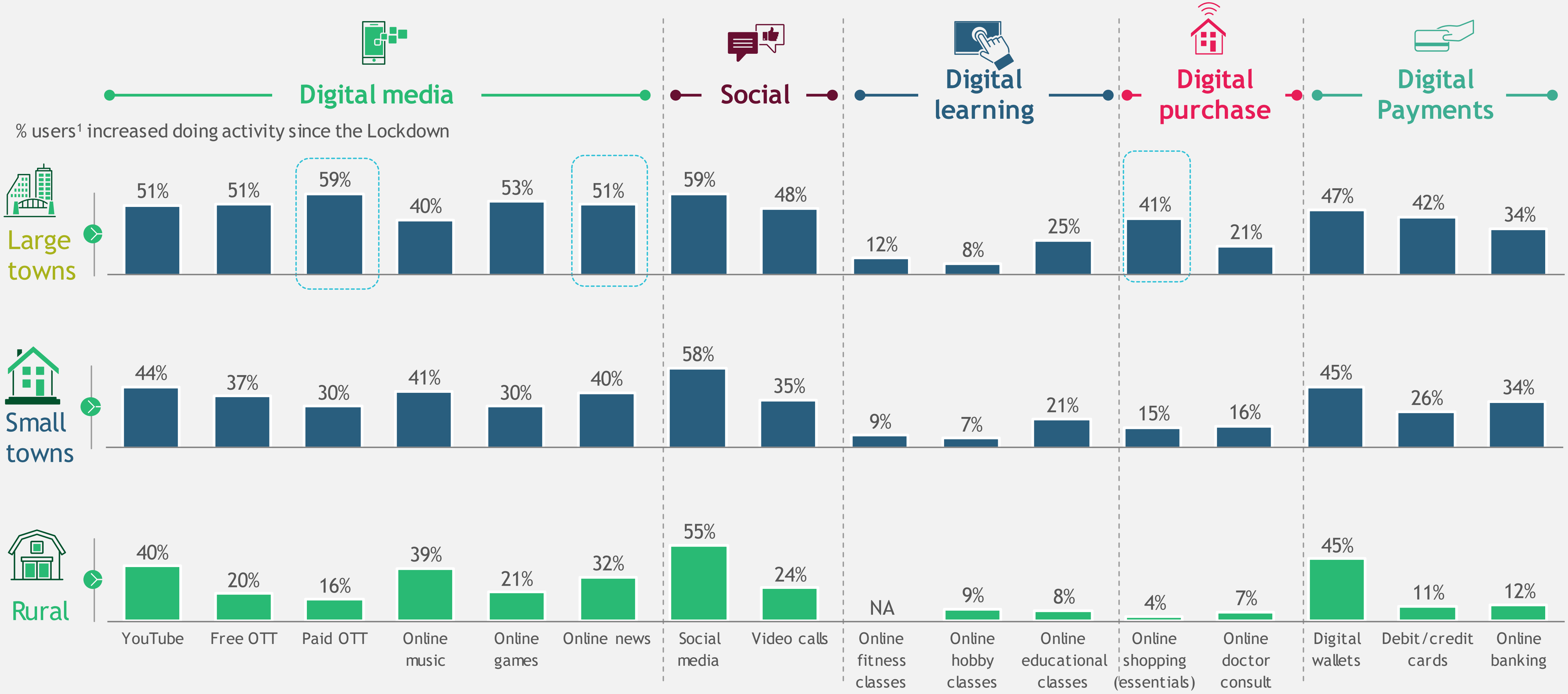

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