

A decorative graphic on the left side of the slide features a dark grey background with a grid of teal and green squares of varying sizes, some of which are slightly offset, creating a sense of depth. Below this, there are several concentric circles and lines in shades of teal and green, resembling a stylized globe or a network diagram.

# COVID-19 India Perspective 5.0

*Driving Topline Security & Customer Trust*

Version: 25 May 2020

# COVID-19 India Perspective 5.0

## Objectives of this document

### COVID-19 is a global societal crisis

We at BCG believe that the COVID-19 outbreak is first and foremost a societal crisis, threatening lives and the wellbeing of our global community. Society now, more than ever, needs to collaborate to protect people's lives and health, manage mid-term implications and search for lasting solutions.

Source: BCG

### Important to ensure topline security and customer trust in light of COVID-19 crisis

As businesses restart operations, topline security becomes important for a faster and sustainable recovery along with healthy margins. A complex interplay of pandemic progression, medical response, government action, socio-economic impact and customer confidence is playing out. This document intends to provide a thinking framework and examples on how to drive topline security and manage customer trust in the light of COVID-19 crisis.

# Executive Summary | COVID-19 BCG India Perspective 5.0

The COVID-19 crisis has significantly affected the global as well as the Indian economy, however it may also pose some opportunities to differentiate

- India witnessed one of its worst downturns in the 2008-09 recession – however, **18% companies improved both revenue & EBIT margin even in that crisis**
- It is important to act fast to not only ensure business continuity, but also to navigate through the crisis and emerge strong in the new reality

For the many businesses hit hard by the crisis, it is critical to act fast to drive topline security and build customer trust in light of the COVID-19 crisis

- Three key pillars helping companies in planning the topline strategy in the near and medium term

## Re-strategize across sectors and geographies

- Different sectors expected to experience differential impact on output growth this year
  - Important to **re-focus exposure** to most affected sectors
- Global trade flow expected to alter in the post COVID-19 world
  - Important to plan in advance and **re-assess international strategy**
- Demand in India expected to vary across regions based on impact & propensity to buy
  - Important to **re-prioritize efforts at a micro-market level**

## Re-imagine operating models for new reality

- Customer safety concerns have started to reflect in the preference on choice of channel/ products
- Companies have started to take measures to rebuild customer confidence
  - **Building trust:** Re-engineering operating model to include safety protocols
  - **Being agile:** Innovating workflows to cater to changing fulfillment needs
  - **Being collaborative:** Forging new partnerships to enable last mile deliveries
  - **Leveraging digital:** Exploring E2E digital offerings

## Re-define customer value proposition

- Economic impact has started to reflect in the customer spend sentiment
- Companies have started to take measures to stimulate demand
  - Experimenting with **new product offerings**
  - **Re-assessing pricing** strategy to manage price perception
  - **Protecting existing customer** base through re-allocating investments
  - Enhancing **digital presence** through digital marketing

We believe during this crisis, leaders need to think along two dimensions:

1

Taking an integrated perspective on health/medical progression, governmental responses, societal reactions, and economic implications to understand business/sector impacts

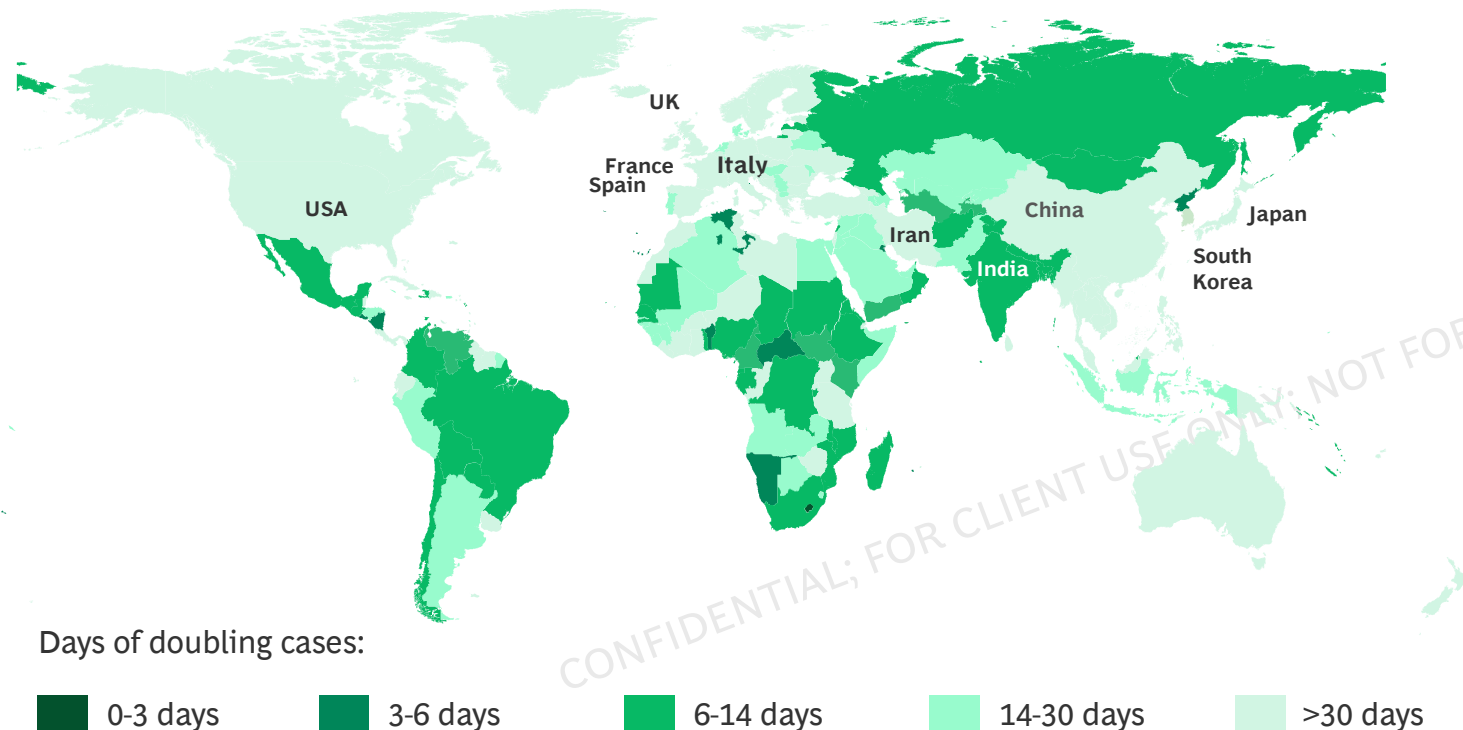
2

Thinking multi-timescale in a Flatten-Fight-Future logic

# COVID-19: ~40% reported recoveries<sup>1</sup> globally so far; case-doubling rate improves to 35 days

EPIDEMIC  
PROGRESSION -  
GLOBAL

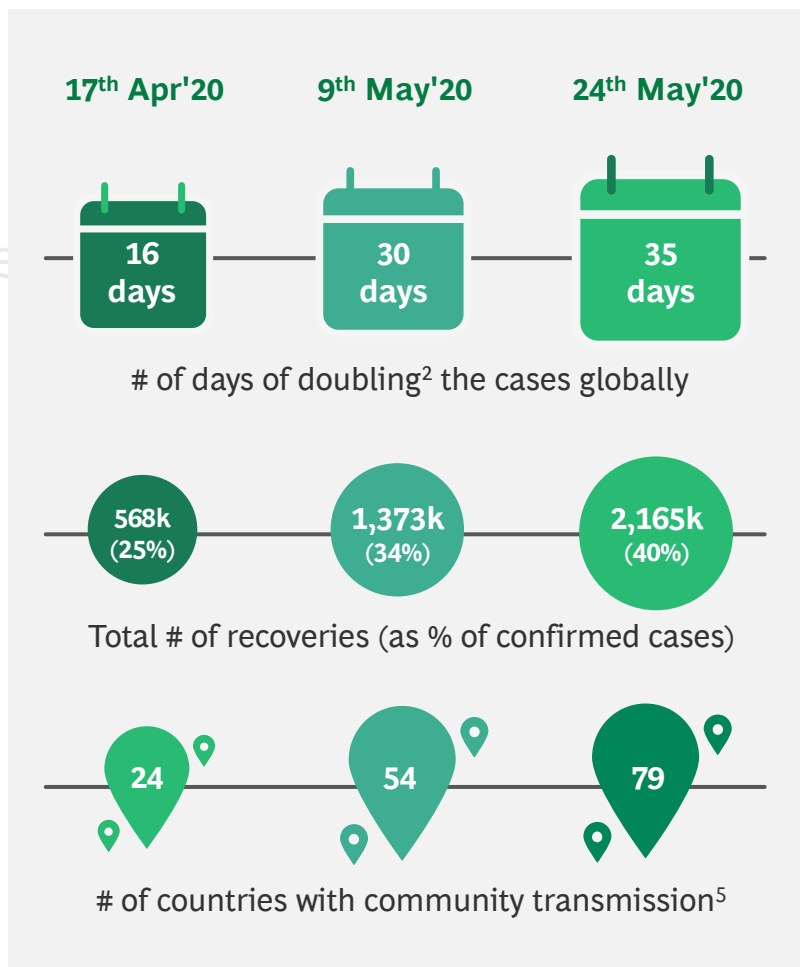
As of 24 May 2020



**188**  
Countries with cases<sup>3</sup>

**5.4M** [ $\Delta 2.0\%$ ]<sup>4</sup>  
Confirmed cases globally

**345k** [ $\Delta 1.3\%$ ]<sup>4</sup>  
Fatalities globally



Note: Continued cases and fatalities are subject to different testing, propensity, reporting standards and hence are imperfect measures

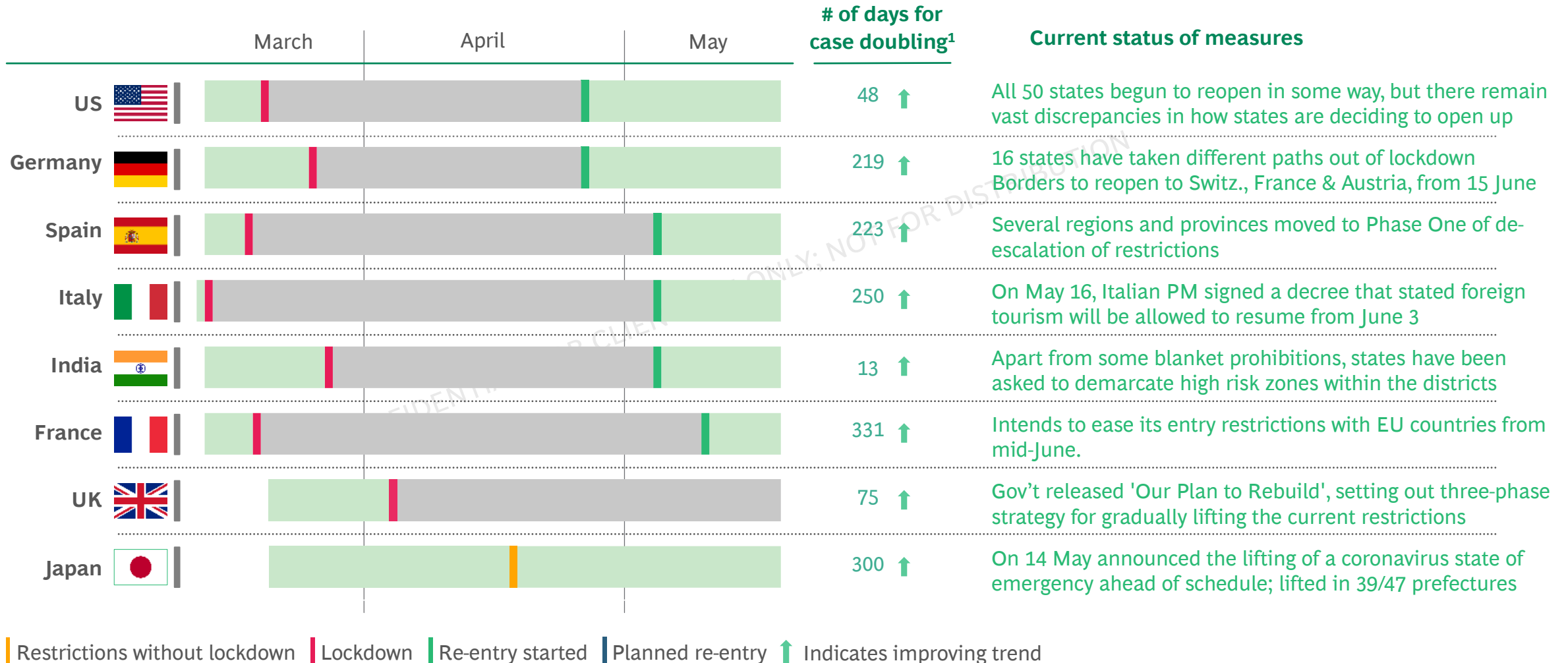
1. Refers to total reported recoveries as a percentage of total reported infections (cases), 2. No. of doubling days based on 7-day CAGR 3. Basis Johns Hopkins CSSE; 4. Daily growth rate basis 7-day CAGR;

5. Community transmission defined basis WHO - Countries experiencing larger outbreaks of local transmission on basis of decided factors

Sources: Johns Hopkins CSSE, Our world in data, WHO situation reports, BCG analysis

# Countries witnessing a decrease in doubling rate are moving into the restart mode through easing of lockdown measures

As of 24 May 2020



1. No. of doubling days based on 7 day CAGR; 2. For China, S Korea, Hong Kong, number of average daily new cases is fewer than 10 resulting in ~0% growth rate; and very high doubling days;  
Notes: ' (Began...) ' refers to the start date of a country's lockdown, lockdown definition varies among countries but generally refers to date non-essential businesses were ordered to shut down. Easing of lockdown comes with certain restrictions in all the countries; Source: Oxford COVID-19 Government Response Tracker, World Economic Forum, Our World in Data, Press search, John Hopkins CSSE, BCG Analysis

# Key Indicators: COVID-19 India (I/II)

## Epidemiological Indicators

**132 K**

# of cases  
As of 24 May

**54 K**

# of recoveries  
As of 24 May

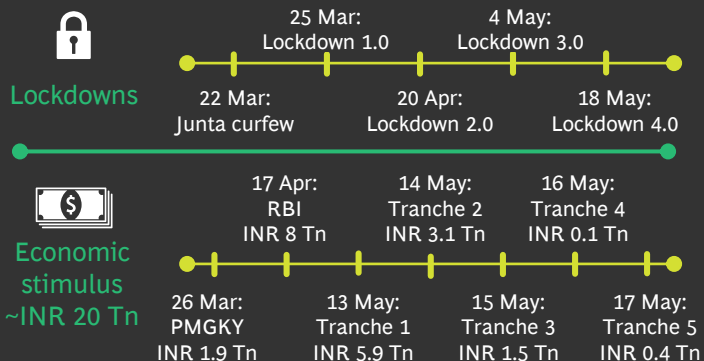
**3.9k**

# of fatalities  
As of 24 May

21 Apr 5 May 24 May

# of days of cases doubling	8.6	11	13
# of tests/ million	371	1,004	2,394
# of states with 1000+ cases	7	11	16

## Public Policy Measures



## Social Indicators (% change vs. Pre-COVID baseline)

### AQI Trend

Index (As at 10 AM IST)	Pre-COVID (1 Jan)	1 May	8 May	24 May
Delhi	432	-61%	-87%	-66%
Bangalore	81	-36%	-14% <sup>3</sup>	-32%
Mumbai	103	-22%	-17%	-55%
Chennai	66	-27%	-68%	-48%

### Mobility Trends

% visits	Pre-COVID (Jan)	1 May	8 May	16 May
Retail & Recreation	-	-85%	-79%	-77%
Workplaces	-	-64%	-52%	-41%
Transit Stations	-	-65%	-56%	-52%

### Media Indicators

	Pre-COVID (Jan)	1 May	8 May
Avg. daily smart phone consumption (mins)	202	16%	14%
Avg. daily TV (mins)	226	20%	23%
# of app downloads(Mn)	3.8	60%	61%

## Economic Indicators (YoY, %)

### Industrial Activity

	Jan	Mar	Apr	May <sup>1</sup>
Power consumption	3%	-9%	-24%	-16%
PMI – Mfg.	3%	-2%	-47%	N/A
PMI – Services	6%	-5%	-89%	N/A

### Trade/Logistics Indicators

	Jan	Mar	Apr
Imports	-1%	-29%	-59%
Exports	-2%	-35%	-60%
Railway Freight Traffic	3%	-14%	-35%
FASTag (volume)	279%	216%	-61%

### Financial Activity Indicators

	Jan	Mar	Apr
Bank Deposits	11%	8%	10%
Bank Credit	8%	6%	7%
Retail Transactions (volume)	59%	24%	7%
- Digital	75%	36%	25%

### Inflation/Price Indicators

	Jan	Mar
Consumer Price Index	7.6%	5.9%















### Foreign Investment Indicator

(\$ Mn)	Jan	Mar	Apr	May <sup>2</sup>
Foreign equity inflows	1372	-8389	113	835



# Key Indicators: COVID-19 India (II/II)

## Market Sentiment Indicators (% change vs. 1 Feb 2020)

	Pre-COVID <sup>1</sup>	Lowest <sup>2</sup>	22 May
 Pharma	-2.3%	-19.7%	19.8%
 FMCG	-3.9%	-23.2%	-8.0%
 Energy	-5.3%	-31.7%	-13.6%
 Infra	-4.8%	-33.2%	-13.8%
 IT	-5.7%	-31.3%	-15.0%
 Commodities	-4.6%	-34.4%	-19.9%
 Nifty	-4.6%	-34.7%	-22.5%
 Auto	-9.8%	-42.7%	-26.8%
 Services	-4.1%	-36.8%	-29.5%
 Metal	-7.0%	-39.7%	-31.0%
 Media	-7.6%	-43.8%	-35.1%
 Financial services	-3.3%	-39.7%	-37.1%
 Bank Nifty	-5.0%	-43.3%	-42.1%
 Realty	-8.1%	-44.5%	-46.4%

## Sector Impact Indicators (YoY, %)

Sectors	Jan	Mar	Apr
<b>Pharma sales (India)</b>	7.9%	8.9%	-16%
<b>Automotive sales (Domestic)</b>			
- Passenger	-6.2%	-51.0%	-100%
- Commercial	-14.0%	-88.1%	-100%
- 2 Wheeler	-16.1%	-39.8%	-100%
- 3 Wheeler	12.7%	-58.3%	-100%
<b>Oil &amp; Gas consumption</b>	0.1%	-17.8%	-70.0%
<b>Cement production</b>	5.1%	-24.7%	N/A
<b>Steel consumption</b>	4.7%	-23.2%	-90.9%
<b>Chemical production</b>	6.3%	4.3%	N/A
<b>Insurance</b>			
- Life (No. of lives covered)	39.1%	-17.8%	-51.5%
- Non Life (Gross direct premium underwritten)	7.2%	-8.6%	-10.6%

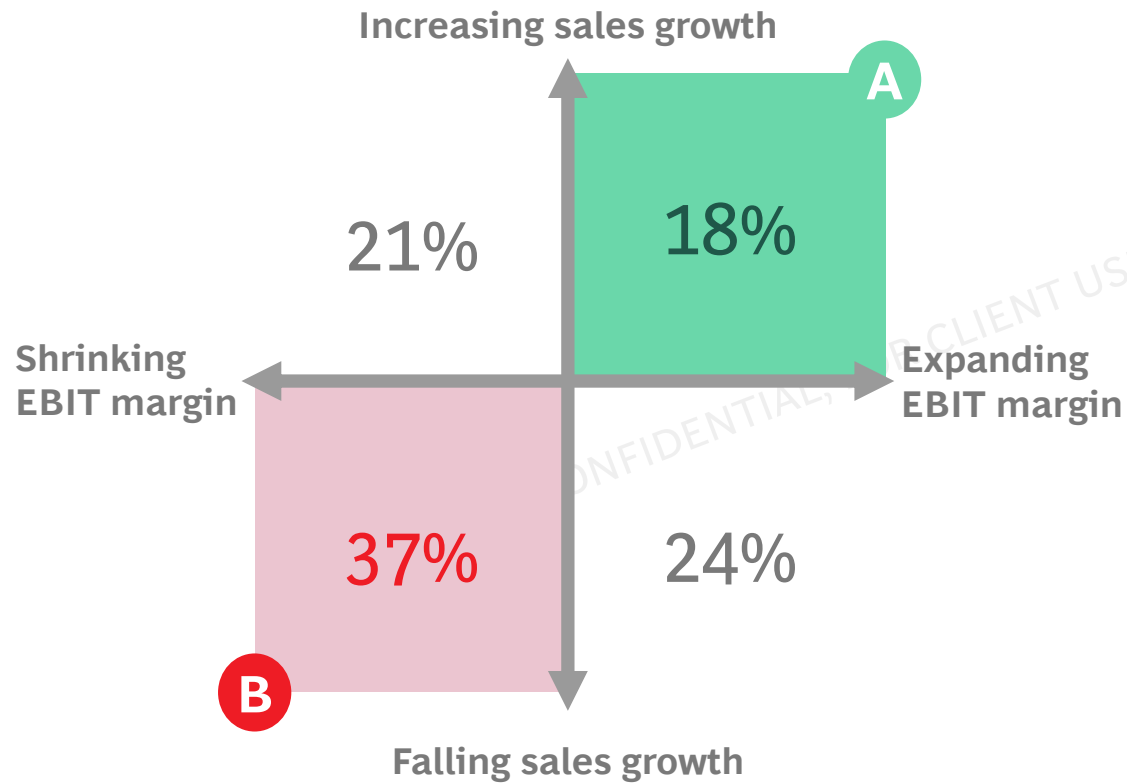
## India GDP forecast revisions (FY21/CY20) (YoY, %)

Analyst	Latest release	Pre-COVID <sup>3</sup>	Interim <sup>4</sup>	Latest
ICRA Rating - FY21	20 May	4.7%	-1.0%	-5.0%
Goldman Sachs-FY21	18 May	3.3%	-0.4%	-5.0%
Moody's - FY21	8 May	5.5%	N/A	0.0%
DBS Bank - FY21	4 May	5.8%	1.5%	1.0%
Moody's - CY20	28 Apr	5.3%	2.5%	0.2%
India Ratings - FY21	27 Apr	5.5%	3.6%	1.9%
Fitch Ratings - FY21	23 Apr	5.1%	2.0%	0.8%
S&P Global - FY21	17 Apr	5.2%	3.5%	1.8%
Deutsche bank - FY21	16 Apr	4.5%	N/A	1.2%
Barclays - FY21	14 Apr	5.2%	3.5%	0.8%
Barclays - CY20	14 Apr	4.5%	2.5%	0.0%
IMF - FY21	14 Apr	5.8%	N/A	1.9%

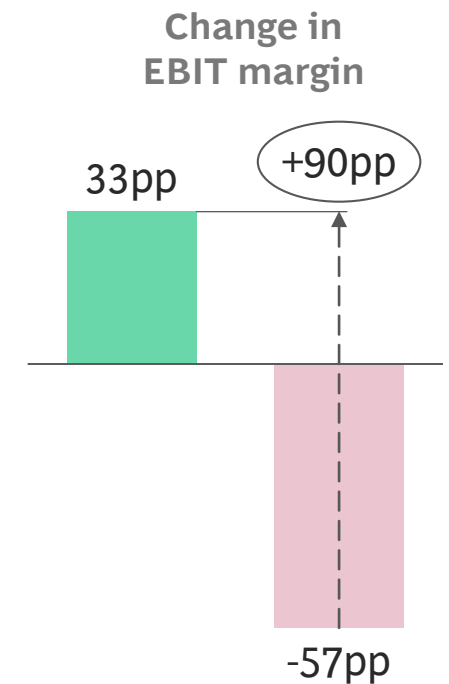
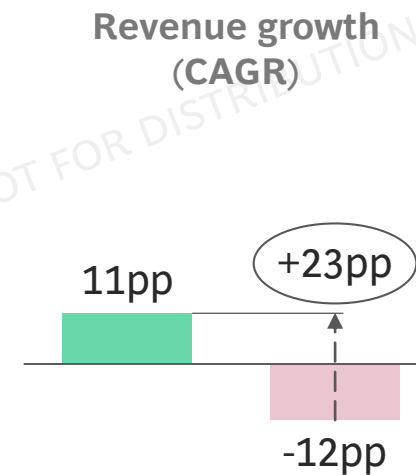
# 18% of top 1000 public companies<sup>1</sup> in India improved both sales growth and margin during the 2008-09 Global Financial Crisis

LEARNINGS FROM  
PAST CRISIS –  
INDIA

18% of companies<sup>1</sup> improved growth and margin, while 37% declined in both...



...and the performance gap between them is substantial



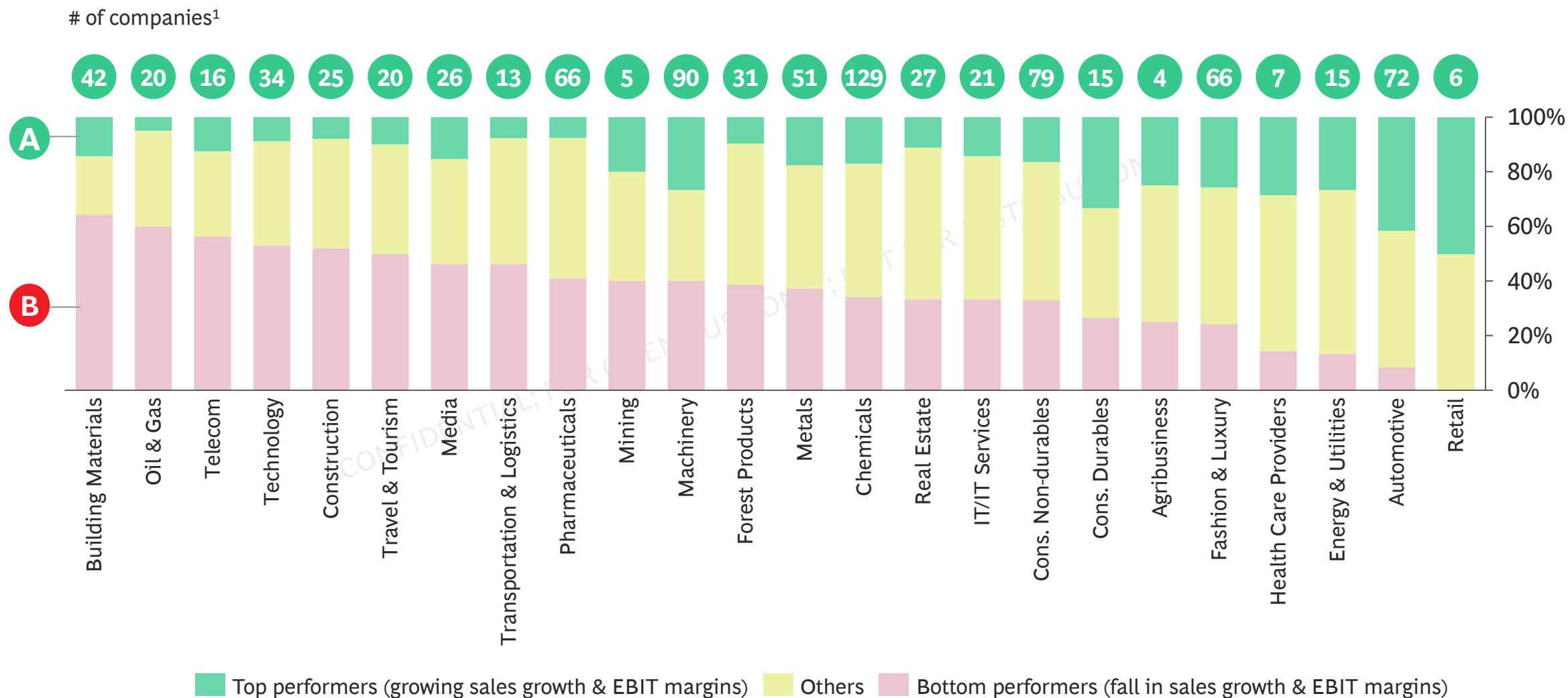
1. Indian public companies with Market Cap > \$10M, excluding Banks, Insurance, Asset Management companies

Note: Based on revenue growth & EBIT Margin growth (from FY'09 to FY'12) compared to three-year pre-downturn baseline (from FY'06 to FY'09)

Source: S&P Capital IQ Financial Statements, BCG Analysis



# Top performers prevalent across all of the sectors of the economy



1. Indian public companies with Market Cap > \$10M, excluding Banks, Insurance, Asset Management companies

Note: Based on revenue growth & EBIT Margin growth (from FY'09 to FY'12) compared to three-year pre-downturn baseline (from FY'06 to FY'09)

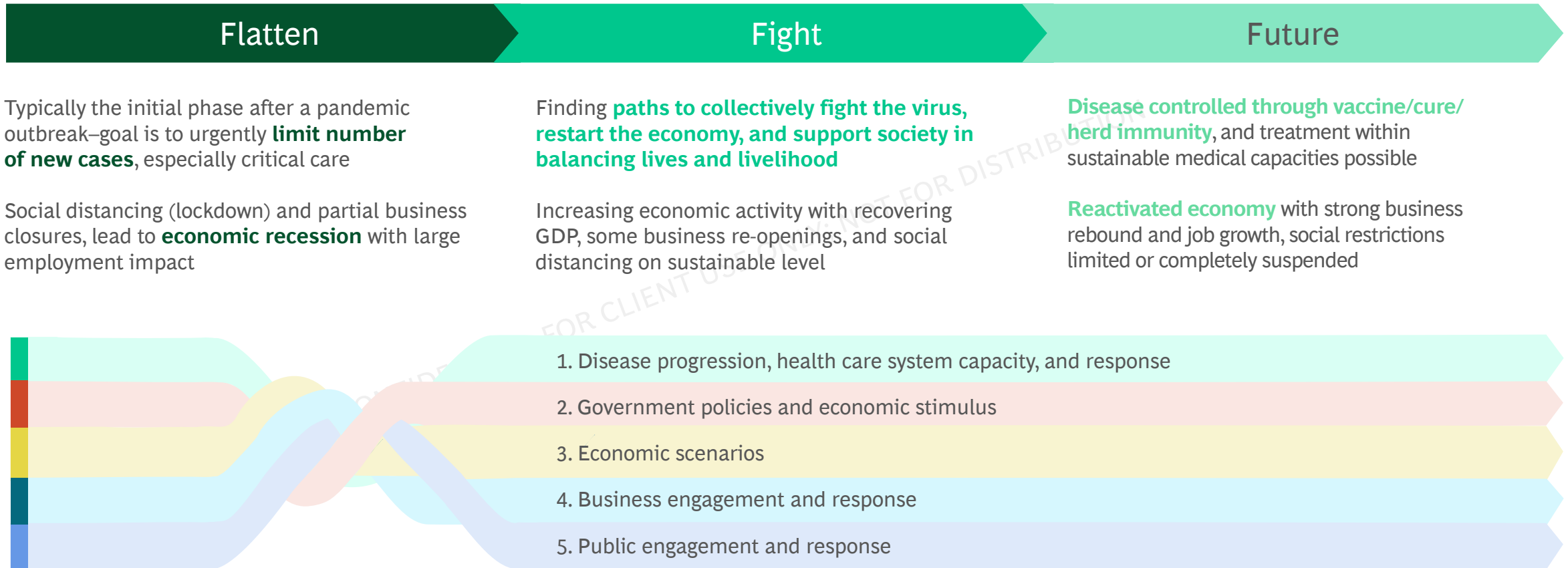
Source: S&P Capital IQ Financial Statements, BCG Analysis



**Take  
advantage  
of the  
adversity...**

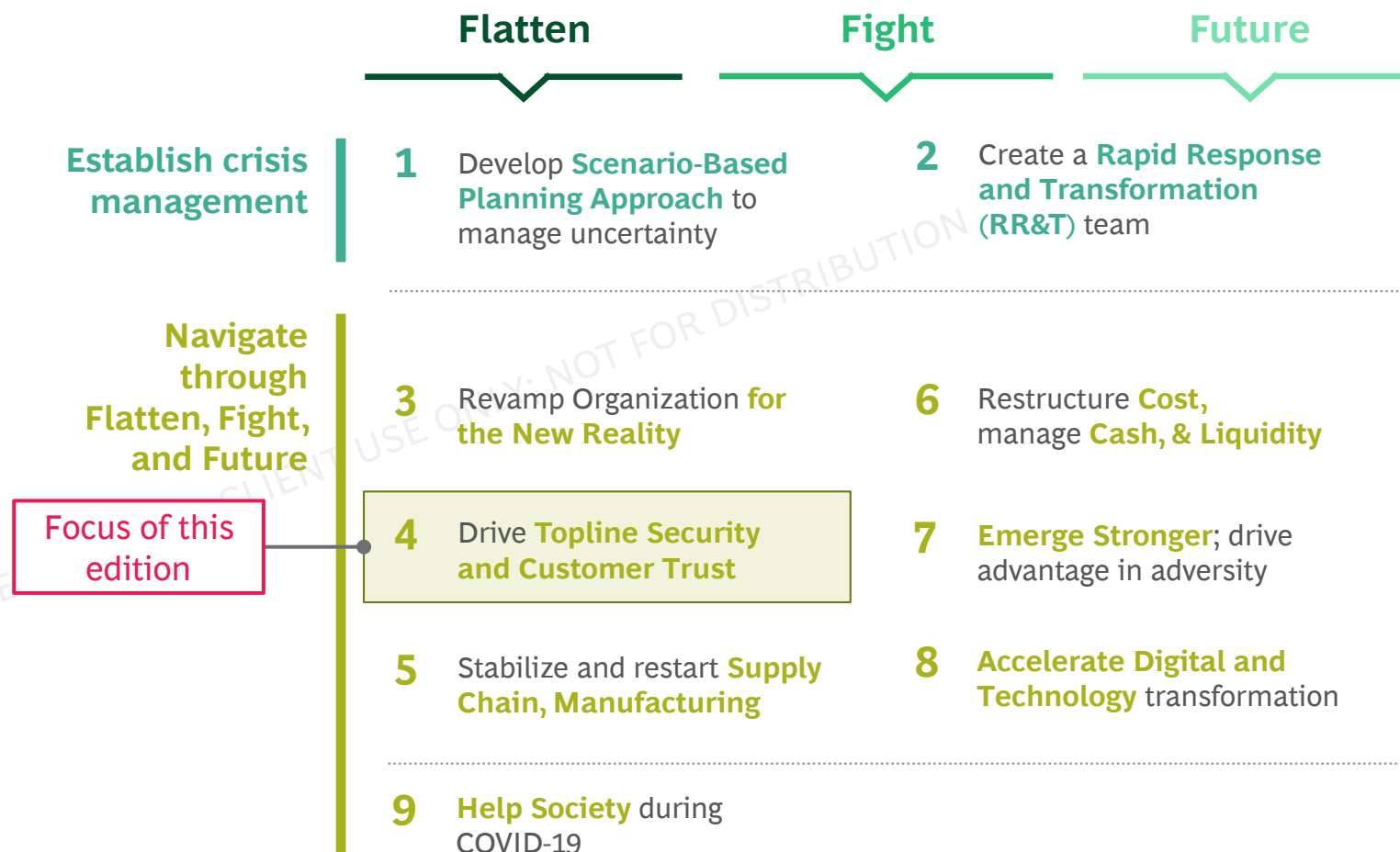
**Act now!**

# COVID-19 will be a journey with three distinct phases, requiring an integrated perspective



**All of the above five factors result in specific economic and social outcomes in each phase**

# 9 action areas for business leaders



Note: RR&T = Rapid Response and Transformation Team  
Source: BCG



*3 key pillars to  
Drive Topline Security and Customer Trust in light of COVID-19 crisis*



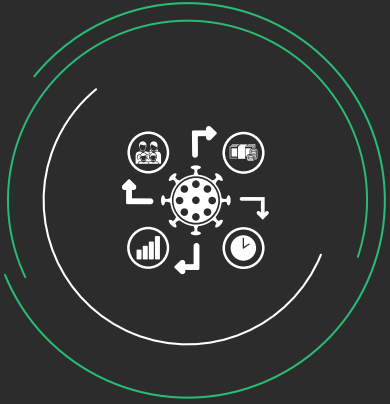
Re-strategize  
across sectors &  
geographies



Re-imagine  
operating models for  
new reality



Re-define  
customer value  
proposition



Re-strategize  
across sectors  
& geographies



# COVID-19 cases in India crossing ~132k cases with a doubling rate of 13 days; states differ in infection versus testing rates<sup>2</sup>

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Data as of 24 May

## Disease spread in India

132k

Total no. of cases<sup>1</sup>

13

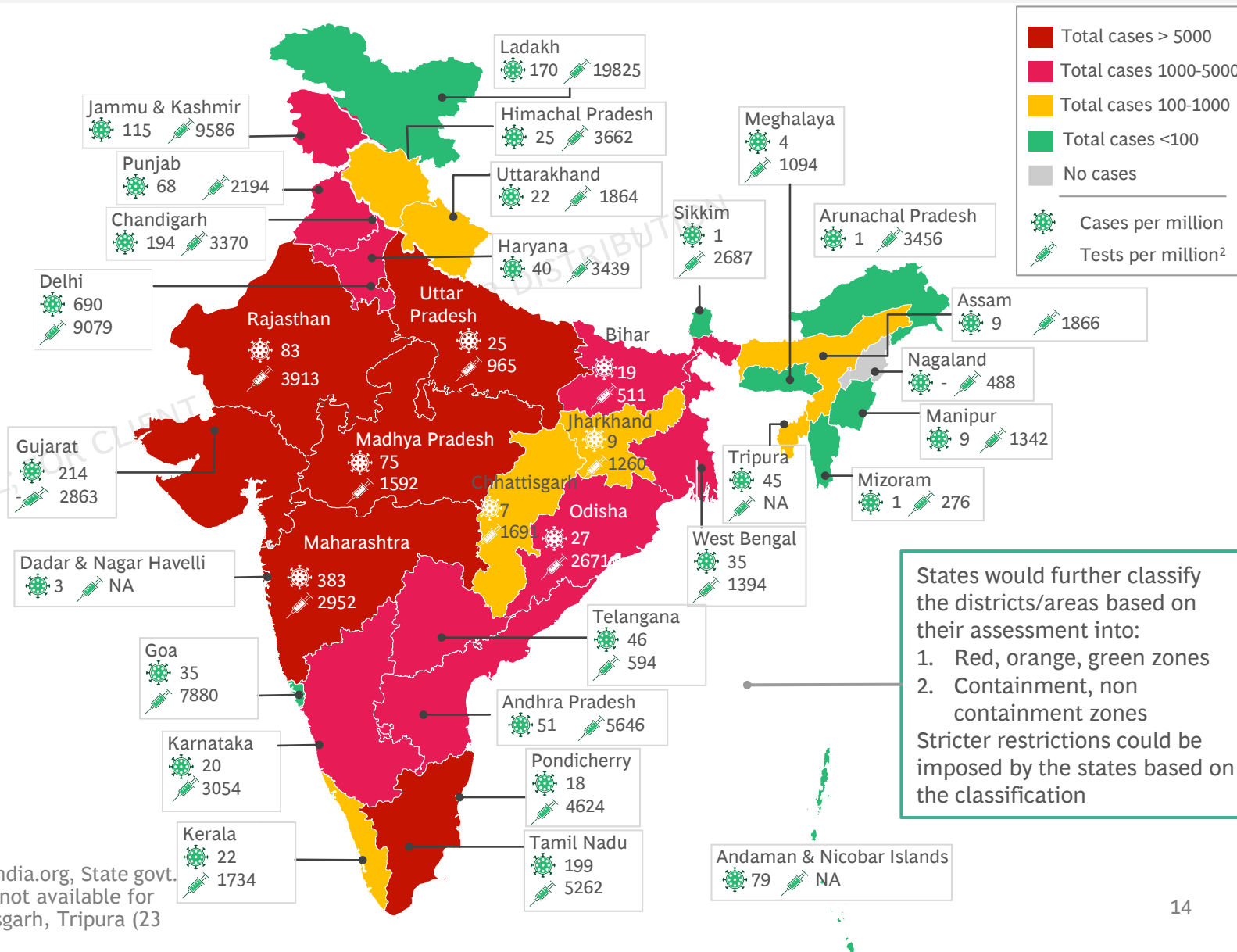
Days doubling rate  
(similar to last week)

54k

Cases recovered  
till date

3%

Fatality rate



Source: Ministry of Health & Family Welfare (MoHFW) website; covid19india.org, State govt. COVID releases; BCG analysis; 1. Of 132k cases, data for state mapping not available for 2.3k cases; 2. Testing data is as of 24 May for all states except: Chhattisgarh, Tripura (23 May), Meghalaya (22 May), Telangana (16 May), Manipur (13 May)



# Restrictions relaxed across most sectors as per revised lockdown guidelines; economic activity to gradually resume in permitted areas

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Based on guidelines released on 17 May

Lockdown stages

Industry	1.0 25 Mar	2.0 20 Apr	3.0 4 May	4.0 18 May
Education offline	Fully restricted	Fully restricted	Fully restricted	Fully restricted
Travel & tourism <sup>1</sup>	Fully restricted	Fully restricted	Fully restricted	Partially restricted
Public transportation <sup>2</sup>	Fully restricted	Fully restricted	Fully restricted	Partially restricted
Fashion, luxury & other retail	Fully restricted	Fully restricted	Partially restricted	Unrestricted
Other services	Fully restricted	Fully restricted	Partially restricted	Unrestricted
Auto and components	Fully restricted	Partially restricted	Partially restricted	Unrestricted
Building materials	Fully restricted	Partially restricted	Partially restricted	Unrestricted
Construction/infra	Fully restricted	Partially restricted	Partially restricted	Unrestricted
Consumer durables & discretionary	Fully restricted	Partially restricted	Partially restricted	Unrestricted
Forest products	Fully restricted	Partially restricted	Partially restricted	Unrestricted
Chemicals	Partially restricted	Partially restricted	Partially restricted	Unrestricted
Machinery	Partially restricted	Partially restricted	Partially restricted	Unrestricted
IT services	Partially restricted	Partially restricted	Unrestricted	Unrestricted
Goods transportation & logistics	Partially restricted	Unrestricted	Unrestricted	Unrestricted
IT hardware	Partially restricted	Unrestricted	Unrestricted	Unrestricted
Metals & mining	Partially restricted	Unrestricted	Unrestricted	Unrestricted
Packaging	Fully restricted	Unrestricted	Unrestricted	Unrestricted

Fully  
restricted

Partially  
restricted

Unrestricted

## Industries unrestricted (across all lockdowns)

- Media
- Energy & utilities
- Oil & gas
- Financials
- Insurance
- Education (online)
- Consumer staples
- Food/drug retail
- Pharmaceuticals
- Health services
- Telecom
- Agriculture



As per MoHFW guidelines,  
consolidated revised  
relaxation guidelines  
**do not apply to  
containment zones**









States & UTs may prohibit  
certain activities in select  
zones based on their  
assessment of the situation

1. Modes of travel like private cabs, inter/intra state passenger vehicles are permitted to ply subject to state restrictions; flights and trains expected to resume services in the last week of May; 2. Inter state and intra state movement of buses, local trains permitted subject to state restrictions in non containment areas  
Source: Ministry of Home Affairs (MHA), Govt. of India, BCG analysis

# COVID-19 has significantly impacted sales / production across most sectors in March & April

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Data as of 24 May

Sectors		Pre COVID-19 YoY growth		Post COVID-19 YoY growth		Key Insights/Trends
		Jan-20	Feb-20	Mar-20	Apr-20	
	Pharmaceutical (IPM) sales <sup>1</sup>	7.9%	12.4%	8.9%	-16.1%	Limited impact in Mar-20; demand shock observed in Apr-20
	Chemical production <sup>2</sup>	6.3%	4.3%	4.3%	N. A.	Moderate growth in Mar-20 due to supply to unrestricted sectors like Pharma, Agri & FMCG
	Automobile (domestic) sales <sup>3</sup>	-13.8%	-19.1%	-44.9%	-100%	Steep decline in Mar-20 & zero sales in Apr-20
	Oil & gas (fuel consumption) <sup>4</sup>	0.1%	4.5%	-17.8%	-45.8%	Massive demand erosion due to lockdown of economic activity and movement
	Cement production <sup>5</sup>	5.1%	7.8%	-24.7%	N. A.	Decline due to reliance on sectors like construction, real estate and automotive
	Finished steel consumption <sup>6</sup>	4.7%	4.8%	-23.2%	-90.9%	
	Insurance Life (No. of lives covered) <sup>7</sup>	39.1%	19.2%	-17.8%	-51.5%	Limited business during lockdown leading to reduced new sales across insurance sectors
	Insurance Non Life (Gross direct premium underwritten) <sup>7</sup>	7.2%	7.7%	-8.6%	-10.6%	
		Monthly output compared to corresponding month in 2019				

1. IPM: Indian Pharma Market, Source- AIOCD; 2. Chemical production, source- American Chemistry Council (ACC); 3. Automobile sales include domestic sales for Passenger cars, Commercial vehicles, 2 & 3 wheeler vehicles, source- SIAM; 4. Fuel consumption, source- PPAC; 5. Cement production, source- Cement Manufacturers Association in India (CMA); 6. Steel consumption, source- Joint Plant Committee; 7. Insurance, source- Insurance Regulatory and Development Authority (IRDA)  
Source: BCG analysis

# Economic stimulus measures amounting to ~₹20 lakh crore announced by Govt. and RBI till date

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Data as of 18 May

Select highlights

NON-EXHAUSTIVE

## CREDIT & LIQUIDITY



- ₹3 lakh cr. **collateral free automatic loan** for businesses/MSMEs<sup>1</sup>; upto 20% of outstanding credit<sup>2</sup> can be availed from banks & NBFCs (borrowers with <= ₹25 cr. outstanding & ₹100 cr. turnover eligible)
- ₹20k cr. **subordinate debt facilities** for NPA & stressed MSMEs<sup>1</sup>
- ₹30k cr. **special liquidity scheme** for NBFCs/HFC/MFI & ₹45k cr. **partial credit guarantee scheme** for NBFCs
- **CRR** reduction to 3% leading to 1.37k crore liquidity enhancement
- **Special liquidity refinance** facilities of ₹50k cr. to NABARD, SIDBI, NHB at repo rate
- ₹70k cr. boost to housing sector & middle income group<sup>3</sup> through **CLSS<sup>4</sup> extension** for a year till Mar'21
- ₹2 lakh crore concessional credit boost to 2.5 crore farmers through Kisan Credit Cards (PM-KISAN beneficiaries)

## PRIVATIZATION & FDI



- FDI limit in the defense manufacturing under automatic route will be raised from 49% to 74%
- **Privatization of power distribution** in UTs
- **PSEs<sup>5</sup>** except the strategic sectors **will be privatized**; in strategic sectors at least one enterprise will remain in public sector but private will also be allowed
  - Enhancing **private participation** in coal and mineral sector
  - More **world class airports** through PPP mode; ₹13k cr. addl. **investment by private players in 12 airports** in 1st & 2nd rounds of bidding expected

~₹20  
lakh crore  
Economic Stimulus  
Package announced  
by Govt. & RBI till  
date

## EASE OF COMPLIANCE



- Suspension of fresh initiation of insolvency proceedings up to 1 year
- Limit to initiate **insolvency proceedings raised to ₹1 cr.** from ₹1 lakh
- **Decriminalization of Companies Act** violations involving minor technical and procedural defaults
- **Reduction in TDS/TCS rate** by 25%<sup>7</sup> for non salaried payments made to residents - to provide more fund at the disposal of tax-payers
- **Extension of filing of GST** returns till June 2020

## EMPLOYMENT & DISPOSABLE INCOME



- EPF statutory deductions reduced to 10% for next 3 mo for companies under EPFO; Central & state PSUs employers to continue contributing 12% while employees to contribute 10%
- **Contribution<sup>6</sup> into EPF accounts** by GoI extended for next 3 mo.; applicable for establishments with <= 100 employees of which 90% draw < ₹15k salary
- Allocation of addl. **₹40k cr. under MNGREGS**; boosting employment
- **10% increase in MNREGA wage** ₹202/day from ₹182/day

1. Definition of MSMEs revised: Micro (Investment< ₹1 cr. & Turnover< ₹5 cr.), Small (Investment< ₹10 cr. & Turnover< ₹50 cr.), Medium (Investment< ₹20 cr. & Turnover< ₹100 cr.) 2. As on 29 Feb 2020- scheme can be availed till 31st Oct 2020; 3. Annual Income: Rs 6–18 lakhs 4. CLSS- Central Linked Subsidy Scheme 5. PSE- Public Sector Enterprise 6. For both employer and employee each 7. for the period from 14th May, 2020 to 31st March, 2021 Source: Government of India Economic Stimulus releases; BCG analysis

# Different sectors expected to be impacted differently along the demand & supply factors

Source: BCG analysis



## Factors affecting demand across sectors...

- *Change in consumer spending behavior – higher spend on essential categories incl. health & wellness; lower spend on discretionary categories*
- *Change in businesses' spending behavior – lower spend on discretionary sectors and related activities*
- *Share of export demand from high COVID-19 impact countries*
- *Share of domestic demand from high COVID-19 impact regions in India*
- *Availability of credit to B2B and B2C customers*
- *Risk of contagion in product and/or service consumption*
- ...



## Factors affecting supply across sectors...

- *Impact on domestic supply chain partners and ecosystem*
- *Import dependency on high COVID-19 impact countries*
- *Labor availability constraints, given limited reverse migration*
- *Workforce productivity amidst social distancing protocols*
- ...

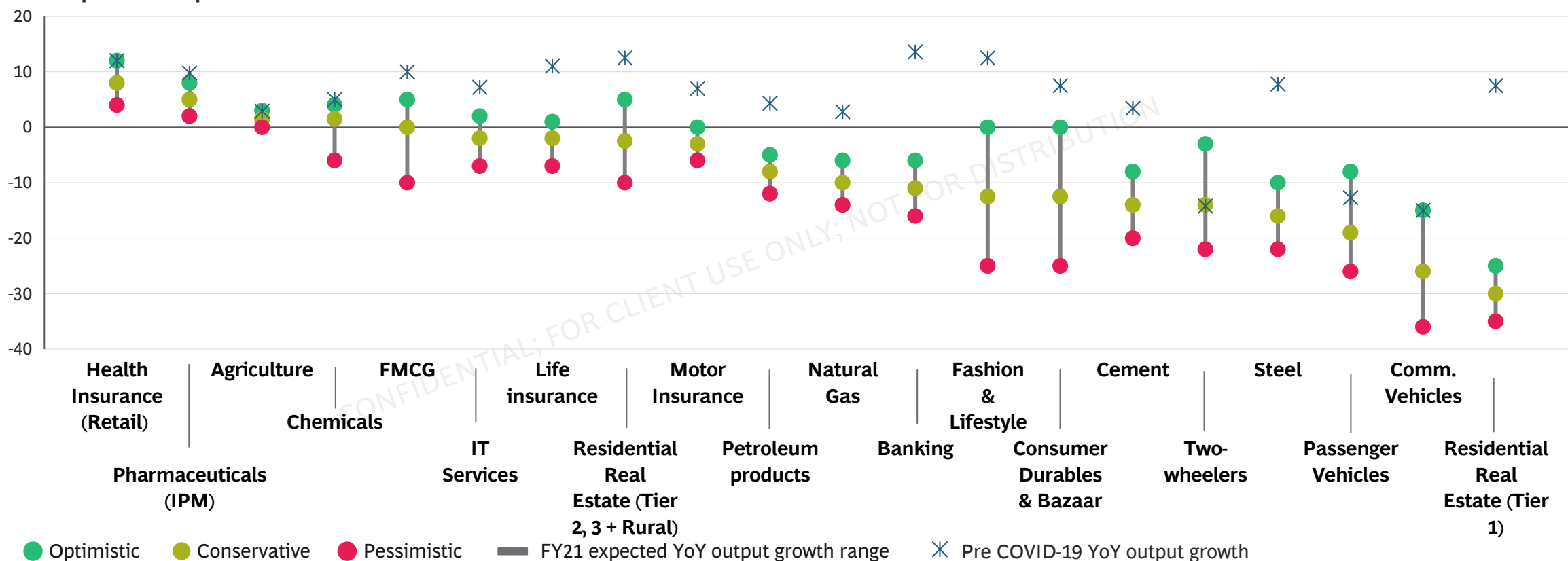
# Potential growth scenarios – differential impact across sectors

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Data as of 21 May

NON-EXHAUSTIVE

FY21 Expected Output YoY Growth %



**Disclaimer:** The situation surrounding COVID-19 is dynamic and rapidly evolving. As with any attempts to model dynamic systems, modelling presented in these materials should not and cannot be relied upon as the sole driver for decision-making. The output from this should be considered in light of other available information. This output is a single piece in what must be a complex and multi-faceted process for reaching a final decision on these critical topics. These materials do not: (i) constitute medical, legal or safety advice, and is not a substitute for the same; nor (ii) should be seen as formal endorsement or recommendation of a particular decision. The provider of this modelling and output, together with contributors into the model, assume no liability with regard to the use of, or decisions arising from the use of the model and its output.

Note: Pre COVID-19 YoY output growth refers to approx. YoY growth for CY19 vs. CY18. Output is defined by the sector-specific output metric used to measure growth in the sector. Metrics used for output growth comparison: Auto-domestic sales volume; Steel-sales volume; Cement-sales volume; Petroleum & Gas-sales volume; Insurance-gross premium for life; gross written premium for health (retail) & motor; Agriculture-contribution to GDP (real growth); FMCG, Fashion & Lifestyle, Consumer Durables & Bazaar-sales revenue; Banking-total income (net interest income + other income); Pharmaceuticals-sales revenue for Indian Pharmaceuticals Market (does not include exports); Residential Real Estate-sales volume; Chemicals-sales revenue; Source: Industry databases, Company results, BCG analysis

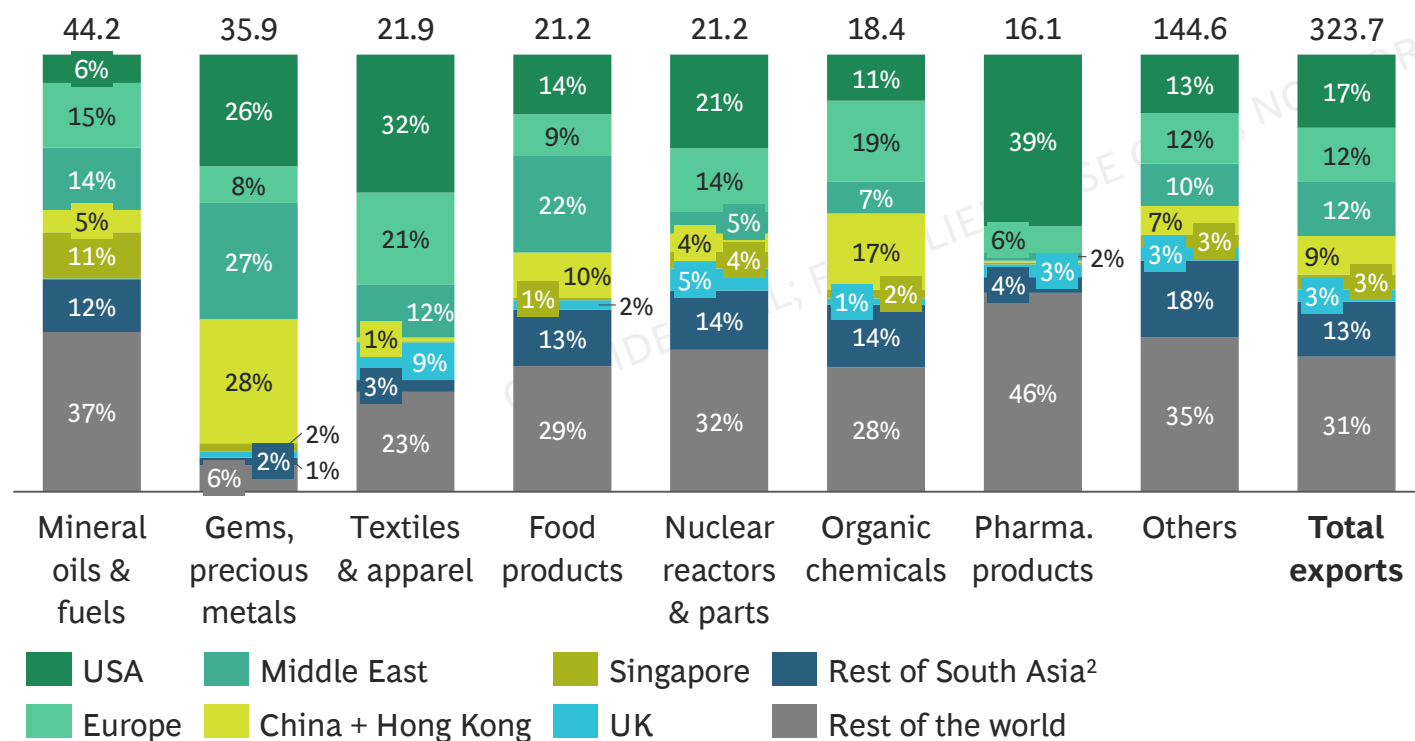
# ~\$320 Bn exports in 2019; Witnessing steep decline in Mar-Apr

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Data as of 21 May

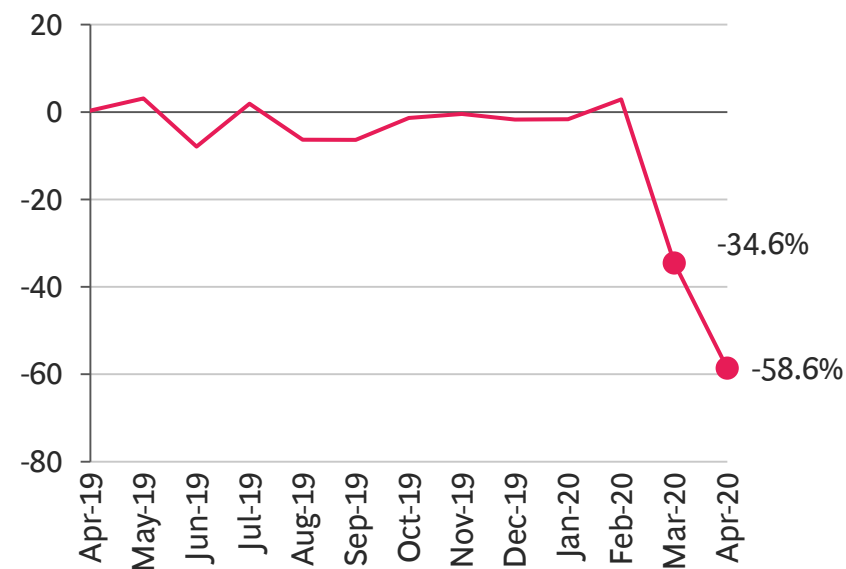
~\$320 Bn worth of exports of major commodities from India in 2019 across multiple industry sectors

Annual<sup>1</sup> country-wise exports of major commodities (in \$ Bn)



Exports experienced steep decline in Mar-Apr as COVID-19 hit the world

Monthly growth of exports, % change YoY



1. Value of exports for calendar year 2019; 2. Rest of South Asia includes: Bangladesh, Nepal, Malaysia, Vietnam, Japan, Rep. of Korea and Indonesia  
Source: UN Comtrade exports data, MOSPI, BCG analysis



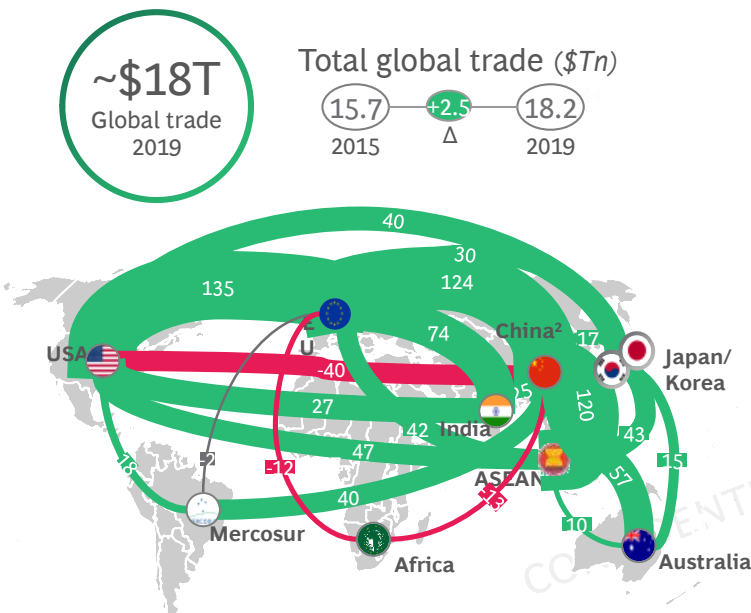
# Potential shifts in the trade scenario in the post COVID-19 world – Requires re-assessment of international trade strategy for companies

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES

Scenario based estimations done, subject to change as situation evolves

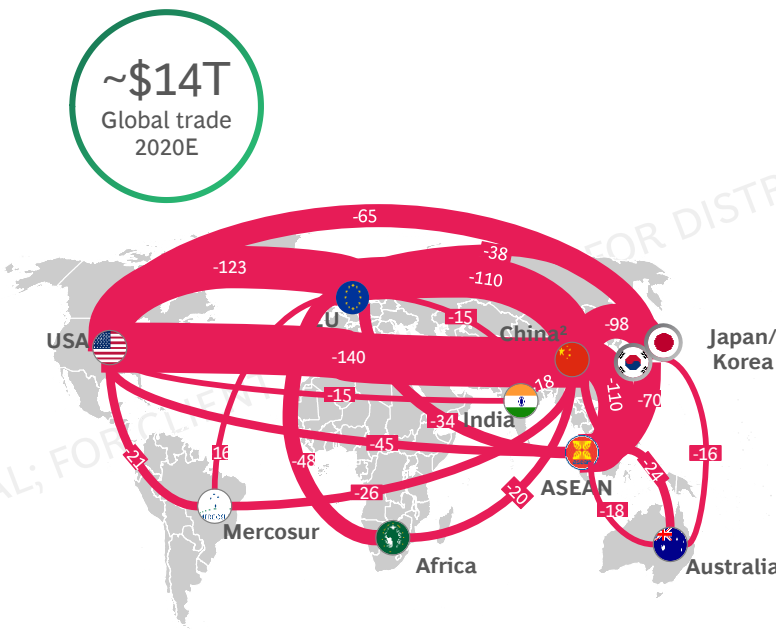
## Global trade expanded in the years 2015-19

Change in trade of goods  
(major corridors<sup>1</sup>, **2019 vs 2015**, \$Bn)



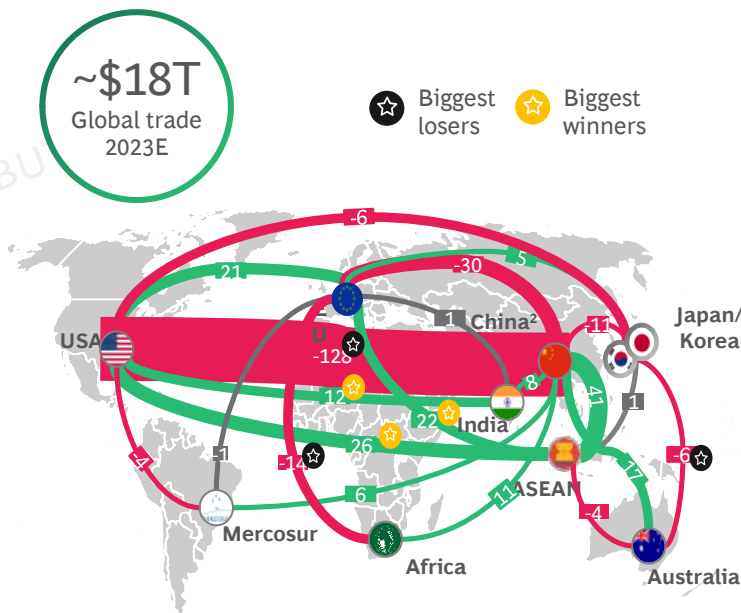
## Trading routes expected to suffer significant volume loss in 2020

Expected change in trade of goods  
(major corridors<sup>1</sup>, **2020E vs 2019**, \$Bn)

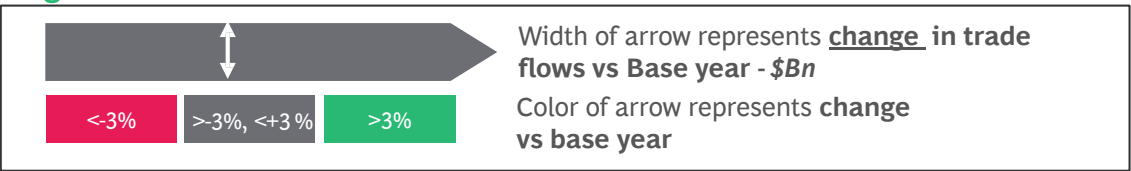


## Trade recovery expected by 2023, but trade bloc mix expected to shift

Expected change in trade of goods  
(major corridors<sup>1</sup>, **2023E vs 2019**, \$Bn)



### Legend



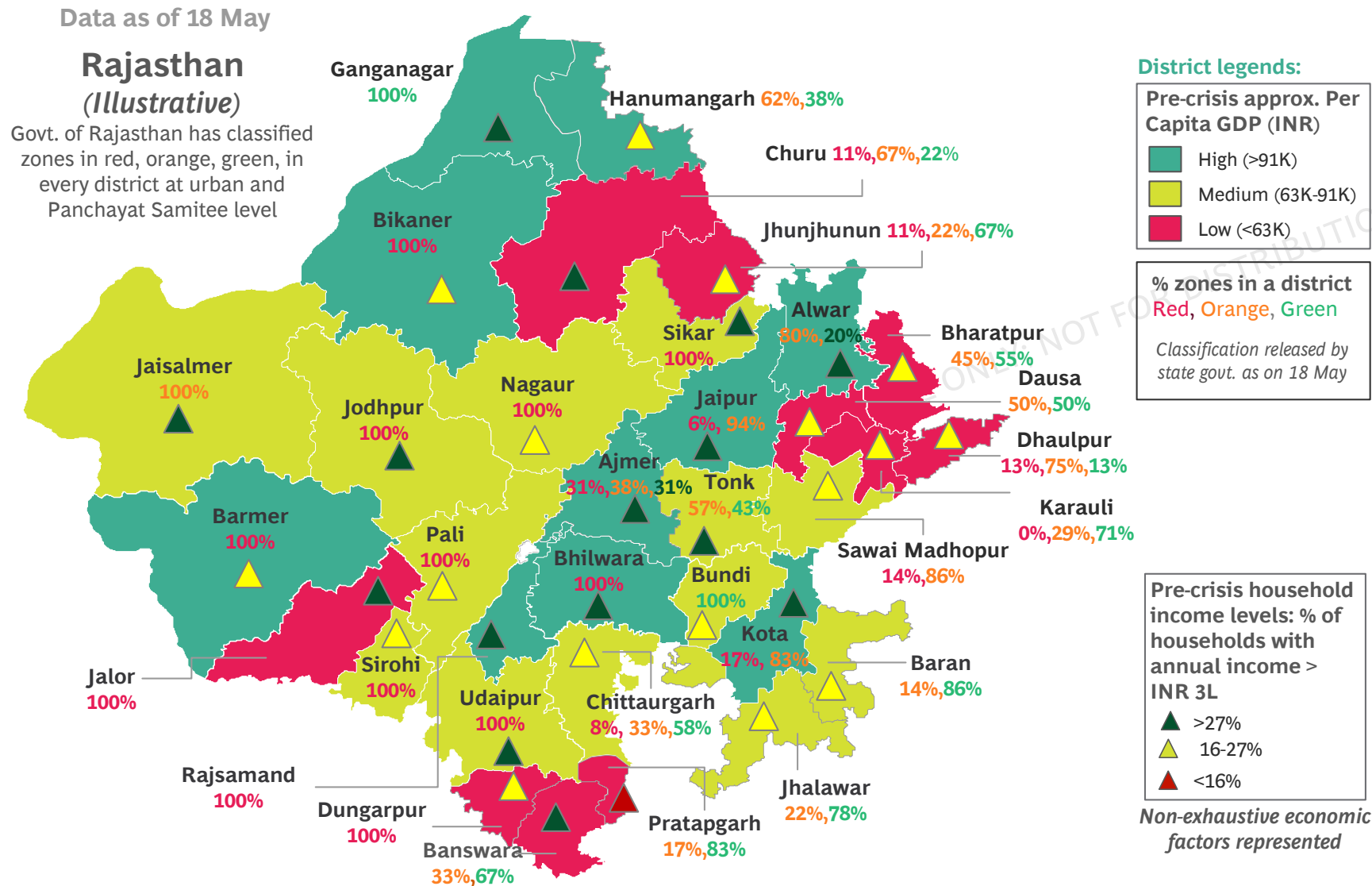
**Disclaimer:** The situation surrounding COVID-19 is dynamic and rapidly evolving. As with any attempts to model dynamic systems, modelling presented in these materials should not and cannot be relied upon as the sole driver for decision-making. The output from this should be considered in light of other available information. This output is a single piece in what must be a complex and multi-faceted process for reaching a final decision on these critical topics. These materials do not: (i) constitute medical, legal or safety advice, and is not a substitute for the same; nor (ii) should be seen as formal endorsement or recommendation of a particular decision. The provider of this modelling and output, together with contributors into the model, assume no liability with regard to the use of, or decisions arising from the use of the model and its output.

1. Corridors in the map above represent: (2019) ~30% of global trade. Intra EU=~20%; NAFTA=~8%; China/Hong Kong=4%; ASEAN=3%, RoW=~32%; (2023) ~32% of global trade. Intra EU=~20%; NAFTA=~8%; Main land China/Hong Kong/Taiwan=4%; ASEAN=3%, RoW=~32% 2. Mainland China  
Source: BCG Trade Finance Model 2020, UN Comtrade, OECD, WEF, IHS, TradeAlert, BCG analysis



# Domestic market: Focus on demand at a micro-market level

RE-STRATEGIZE  
ACROSS SECTORS &  
GEOGRAPHIES



Source: Ministry of Health & Family Welfare (MoHFW), Nielsen-Indicus database 2017-18, Home Department-Government of Rajasthan, BCG analysis

Micro-market level "Demand Sentinel" dashboard to drive sales action planning

## Disease recovery factors

- Doubling rate of cases
- Change in zone type
- # of containment zones
- % population tested
- ...

## Socio-economic factors

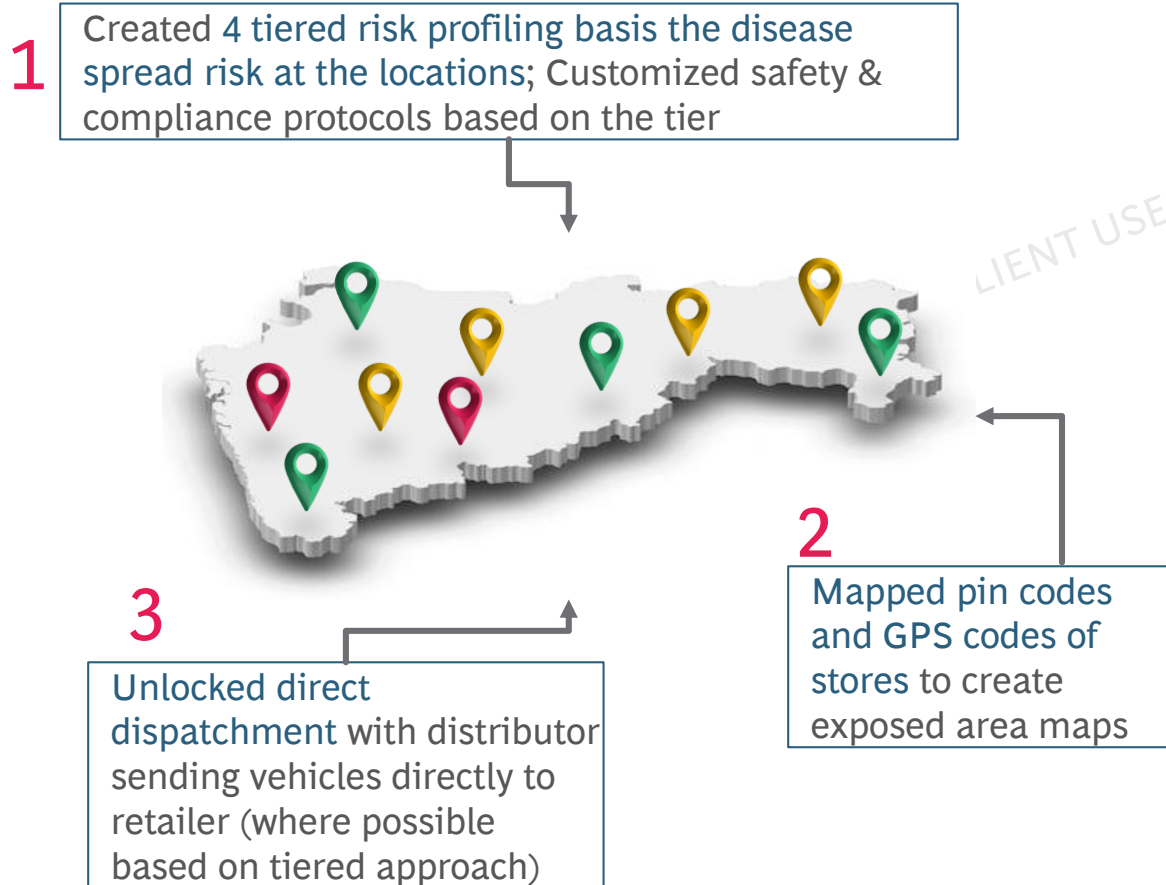
- Economic stimulus by central & state govt.
- Household income & discretionary spend
- Consumer sentiment
- ...

## On-ground information

- Retailer & distributor operational & liquidity status
- Local restrictions & permissions
- Competitor actions
- ...

# Companies building tiered sales approaches, focusing on unrestricted demand centers to drive topline security

## Leading FMCG player following a **tiered sales approach** basis the disease spread risk



Source: Expert interviews, BCG analysis

## Leading building materials supplier focusing on **rural sales** to ramp-up demand faster



### Salesforce / Channel re-alignment

- Re-aligned tracking for salesforce to ensure visits to rural areas (above a min. threshold)
- Re-aligned incentives & targets of salesforce to focus more on cash collection and rural sales

### Channel promotions

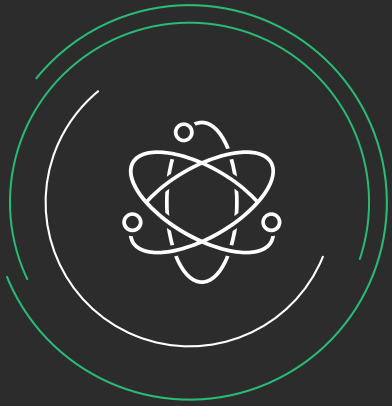
- Potential tie ups to introduce channel financing (through banks, NBFCs)
- Dynamic implementation of dealer discounts for short term recoveries



### Influencer Engagement Schemes

- Engaging Sarpanch/ masons to drive visibility & credibility
- Increasing mason meets, distributing PPEs if possible





Re-imagine  
operating  
models for new  
reality



# Customers skeptical of recovery, expected to observe caution in modes of consumption...

As per BCG Consumer Sentiment Survey (3 May)

79%

World is in serious danger

82%

I believe there will be an economic recession

85%

I'm trying to avoid public spaces

...prefer e-commerce & nearby shops to avoid potential exposure to infection due to crowd and travel

54%

Willing to reduce spend on shopping outlets in malls to avoid crowded places

48%

Willing to increase spend on local shops in next 1 month to minimize travel

50%

Willing to increase spend on online websites in next 1 month to avoid crowd

Companies actively taking measures to rebuild customer confidence



**Building trust:** Re-engineering operating model to include all safety protocols



**Being agile:** Innovating workflows to cater to changing fulfillment needs



**Being collaborative:** Forging new partnerships to enable last mile deliveries



**Leveraging digital:** Exploring E2E digital offerings

Note: Question text: 1. "How much do you agree with each of the following statements about the coronavirus?" Combined Strongly agree and Somewhat agree 2. "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 30-May 03 2020 (N=1,327)



# Building trust: Re-engineering operating model to include safety protocols

Illustrative: New car purchase process at a dealership limiting touchpoints in E2E customer journey

RE-IMAGINE  
OPERATING MODELS  
FOR NEW REALITY








# Being agile: Companies innovating workflows to cater to changing fulfillment needs

RE-IMAGINE  
OPERATING MODELS  
FOR NEW REALITY

## Case Study: Swiggy innovating the service workflows to ensure COVID-19 free delivery of food

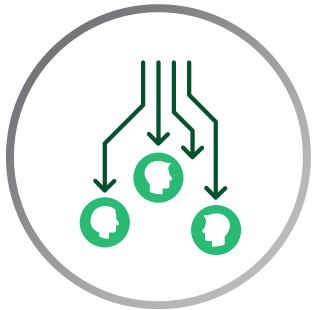


	<b>Hygiene and sanitization</b>	<ul style="list-style-type: none"><li>Restaurants adhering to all safety guidelines promoted as '<b>Best Safety Standards</b>' on the app</li><li>Delivery partners are sensitized about <b>social distancing</b> through communication in form of gifs and videos</li><li><b>Deep-learning-based algorithm</b> was built to ensure that the delivery partners wear masks. It <b>detects if a delivery partner is/not wearing mask</b></li></ul>
	<b>Just in Time delivery partner arrival</b>	<ul style="list-style-type: none"><li><b>Delivery partner is assigned when the food is about to get ready</b>; reducing the wait time &amp; long queue</li><li>Two machine learning algorithms — to predict the time taken to prepare food &amp; to predict arrival time</li><li>Just in Time (JIT) assignment leads to about <b>25% reduction in average wait time</b> for delivery partners</li></ul>
	<b>Food ready – Delivery partner assignment</b>	<ul style="list-style-type: none"><li>Food-Ready delivery partner assignment tweaks the above assignment algorithm; <b>Delivery partners are assigned to restaurants instead of specific orders</b></li><li>As soon as the food is ready for a particular order, it is <b>assigned to a delivery partner who is already present at the restaurant</b>. Assignment thus happens in a FIFO manner</li></ul>
	<b>Designated packers at stores</b>	<ul style="list-style-type: none"><li>Some <b>Swiggy agents are stationed in grocery stores as packers</b></li><li>Agents start putting the contents of the order together and <b>send a notification when the order is packed</b></li><li>A delivery partner is assigned to the order only after this signal comes through; this reduces the wait time</li></ul>
	<b>Contactless deliveries</b>	<ul style="list-style-type: none"><li>Delivery partner <b>delivers food outside the customer's doorstep</b> and then leaves</li><li>Customer gets a notification on the app saying that their food has been delivered</li><li>Delivery partner submits a picture of the delivery every time he delivers a contactless order</li></ul>

Source: Bytes.swiggy.com

Being collaborative: Companies forging new partnerships to enable last mile delivery for both B2B & B2C customers

RE-IMAGINE  
OPERATING MODELS  
FOR NEW REALITY



Building alternative route to market, enhancing direct delivery capabilities

Mid-size FMCG player listed its **distributors on food delivery partner apps** to facilitate direct orders



Creating back-up for primary logistics options

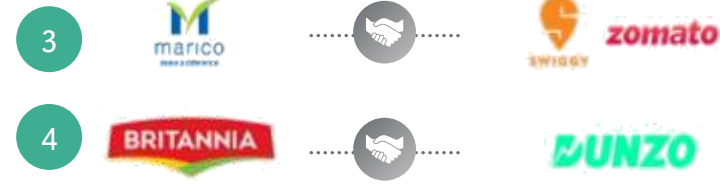
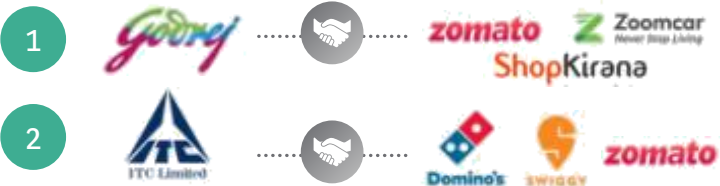
Marico partnered with **3PL players** to streamline supply distribution to distributors & retailers



Ecommerce ↔ general trade partnership to deliver food & groceries

Flipkart has partnered with around **37k Kirana stores**, of which 12k are authorized BuyZones, & close to 25k are last-mile delivery points

Manufacturers – Delivery partners



Retailers – Delivery partners



Note: Not exhaustive, select examples  
Source: Expert Interviews, Press search, BCG Analysis



# Leveraging digital: Companies exploring E2E digital offerings

RE-IMAGINE  
OPERATING MODELS  
FOR NEW REALITY



## Leading FMCG Player: Order collection through tele-calling

- Deployed **tele-sales channel** for own sales team
- Created channel to **service the tail outlets & fill-in** for absenteeism
- Delivering to outlet in case permission from authority available; else outlet **picking from distributor point**



## Leading Digital Insurance Player: Digital self-inspection model

- Pre-inspection of cars for automatic renewals was shelved amidst lockdown
- Moved to digital self-inspection model
- **Built App for customer assistance in pre-inspection process**



## Leading Auto OEMs: Digital car purchase journeys

- **Online video walk-arounds and vehicle demonstrations** replace dealership show experience
- **Building loan journey into online journey**; from enquiry to model/insurance selection to receiving sanction letter digitally
- **Building subscription models** to allow subscription to a car digitally with home delivery



## Global engine manufacturer: Remote troubleshooting for trucks on roads

- **Continuous monitoring and diagnosis of system fault** alerts in both on-highway and off-highway **through IoT**
- Help to identify the nearest certified repair location

Note: Not exhaustive, select examples  
Source: Expert Interviews, Press search, BCG Analysis

## Digitized journeys



### Contactless processes:

- **Contactless retail experience**
- **Contactless payment & delivery**
- **E-onboarding, E-ordering - pick up and go**



### E-approval workflows:

- **Automated approval processes**



### Digital as primary channel:

- **Virtual tours, demos of product**
- **Omni channel acceleration**
- **Virtual customer service support**



Re-define  
customer value  
proposition



# Income levels impacted differently across strata impacting willingness to spend

45%<sup>1</sup>

Of households deriving income from self employment, salaried employment and casual labor work live in **top 5 states by number of COVID-19 cases**



50%<sup>+2</sup>

Of young consumers, lower SECs & small businesses more pessimistic about future income and spends



33%<sup>2</sup>

Likely to **trade down for discretionary categories** like apparels & fashion, consumer durables, cosmetics, etc.



30-80%<sup>3</sup>

Increase in **consumption of mobile apps** across categories like **news, social media, entertainment & education**



## Companies actively taking steps to stimulate demand

RE-DEFINE  
CUSTOMER VALUE  
PROPOSITION



Experimenting with **new product offerings**



Re-assessing **pricing strategy** to manage price perception



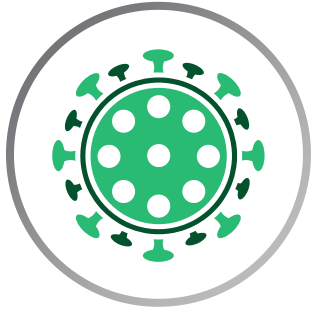
**Protecting existing customer base** by re-allocating promotions/spend



Enhancing digital presence through **digital marketing**

# New offerings: Companies are actively experimenting with new offerings to cater to the changing needs

RE-DEFINE  
CUSTOMER VALUE  
PROPOSITION



## Developing COVID-19 specific solutions

- Star Health launched **“Star Novel Coronavirus”** insurance policy
- Indian Bank has announced 5 **emergency COVID loans** targeting Corporates, MSMEs, SHGs & retail



## Re-designing existing product offerings

- CavinKare launching one rupee **sanitizers in sachets** to make it affordable
- HUL focusing on **large package sizes** to enable bulk purchases
- Automakers to **modify features** like easy to clean vehicle surfaces, particulate matter filters, etc.



## Launching new products offerings

- Leading retailers like Metro Cash & Carry adds **new private labels** in categories of packed foods & beverages
- Marico enters the **vegetable & fruit hygiene** category
- Large tyre offering **door step delivery** to end customer



## Service offering on online platform

- Cult Fit shifted to **online gym** classes
- Companies offering **telemedicine, teleconsultation** with doctors
- Google Arts & culture offering **virtual museum tours**
- Digital live music** on platforms like Stageit



Note: Not exhaustive, select examples  
Source: Press search, BCG Analysis

# Companies focusing on protecting existing customer base

RE-DEFINE  
CUSTOMER VALUE  
PROPOSITION



## Key Levers

**1 Re-allocate promotions** to emerging channels /segments /markets with high potential

**2 Protect key customers**  
Invest in expanded customer churn mitigation



## Illustrations



### Leading FMCG player

- Spotted trend of **surge in eB2B platform** during lockdown while direct outlet reach challenged in traditional channel
- Provided **larger assortment of products on eB2B**, prioritized channel for promotion spends
- **Demand from eB2B increased 5-7X for top 2 brands within 2 weeks**



### Large consumer durables player

- Classified products in red, yellow, green categories based on age of inventory
- Accordingly gave discounts to the end customer to liquidate



### PVR Cinemas

- Nationwide lockdown with no cinema theatre operational during pandemic. Faced **cash crunch due to looming fixed costs**
- Introduced **PVR e-card** with **special offers for privilege club customers** with 30% discount on purchase of gift cards; 5% additional discount for privilege customers (valid till 31<sup>st</sup> March 2021)



### Zomato

- **Extended all paid Zomato Gold memberships** by two months at zero cost
- Additional year of Gold free for individuals supporting **Zomato gold support fund** by purchasing or renewing an annual Gold membership



# Digital Marketing: Companies enhancing their digital presence & recall

RE-DEFINE  
CUSTOMER VALUE  
PROPOSITION

## Emerging themes



Delivering service innovations & exploring new digital models

### Leading Telco player:

- Programmed COVID **chat-bot** for govt., online doctor consultation with Microsoft, & home learning solutions
- Creating **digital evangelists** in rural areas to drive digital adoption



- ICICI launched **voice banking on Alexa and Google Assistant**
- Launched WhatsApp banking



Shifting budget from traditional to digital media

### Leading Building materials player:

- ATL (50% to 10%), **Digital(15% to 50%)**, BTL (35% to 0)
- Most campaigns postponed/canceled, except digital
- High focus on **D2C performance campaigns (75%)** & social (25%)

### Leading CG player:

- Budgets shifted to essentials from non-performing categories
- Increase in **digital budget share: 20% (pre-COVID), 60-70% (current)**



Adopting new & emerging channels

### Leading Steel player:

- 3x increase in spends on aggregator **eCom platforms**
- **Affiliates** emerge as business drivers
- **Rich media formats** (parallax, 3D, interactive scrolling) generating higher recall than banners

### Leading Auto player:

- **Co-creating branded content** with Over the Top (OTT) media players
- **Influencer journalists** key focus area post-COVID-19



Creatively engaging with consumers digitally

### Leading Food-tech player:

- Focus on reactivating dormant customers by sharing "**Comfort Content**" (precautions being taken while making/delivering food)
- Primary channels (In-app notifications, SMS)
- More **granular personalization** using dynamic creative optimization



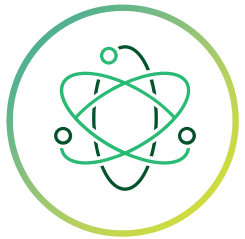
- Introduced **online games, Stay Fit** where consumer gets Myntra credits based on activity
- **Master classes** where celeb stylists give fashion tips along with Q&A session

# 11 point action plan to drive topline security & customer trust



## Re-strategize across sectors & geographies

- 1 De-risk exposure to high impacted sectors monitoring impact of economic stimuli
- 2 Re-assess international strategy; monitor global economy and expected trade bloc shifts
- 3 Focus on micro-markets to differentiate demand pockets; monitor COVID-19 impact & recovery as well as socio-economic resilience



## Re-imagine operating models for new reality

- 4 Re-engineer operating model to include all safety protocols and rebuild customer trust
- 5 Drive agility and innovate workflows to cater to changing fulfillment needs
- 6 Forge innovative collaborations & partnerships to enable last mile deliveries
- 7 Leverage tech. to provide end-to-end digital offerings to enhance customer convenience

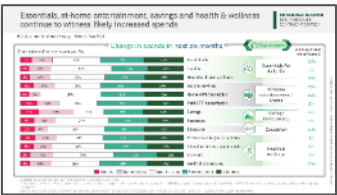


## Re-define customer value proposition

- 8 Experiment with new products and services offerings to cater to the changing needs
- 9 Protect existing customer base; re-allocate spends to emerging/high potential segments
- 10 Re-assess pricing strategy to drive value perception and thereby induce consumption
- 11 Leverage digital marketing based on emerging trends to enhance digital presence & recall



# BCG can support you on the 11 point action agenda to 'drive topline security and customer trust'



Up-to-date research & insights on consumer sentiment w.r.t COVID-19 led by BCG Centre for Consumer Insights

Consumer Sentiments & Insights



Proprietary analytical suite to support strategic decision making & dynamic monitoring in COVID-19 context

Lighthouse by BCG



Demand Sentinel dashboard capturing district level data to assess demand at micro-market level & take targeted actions

Demand Sentinel



Experience in designing customer journeys at scale across industry sectors

End-to-end digital Customer Journeys



Expertise in informed & expedited decision making, bringing in learnings from global crisis response

Next-gen Sales in the New Reality

# How can BCG help you?



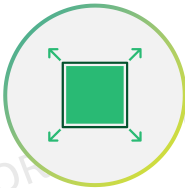
## Engage as a partner

We will partner with you in getting the rapid response team kick-started with an agile working model



## Plan for the unknown

We will drive a scenario wise assessment of company's exposure & outline mitigation roadmap



## Support on immediate priorities

We will work with you to deep-dive on critical priorities to layout a detailed action plan



## Capitalize on emerging opportunities

We will work with you to scan for emerging new opportunities (M&A, diversification) to enable acting early



## Bringing best-practices to you

We will bring in the latest learnings and best-practices from around the world

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