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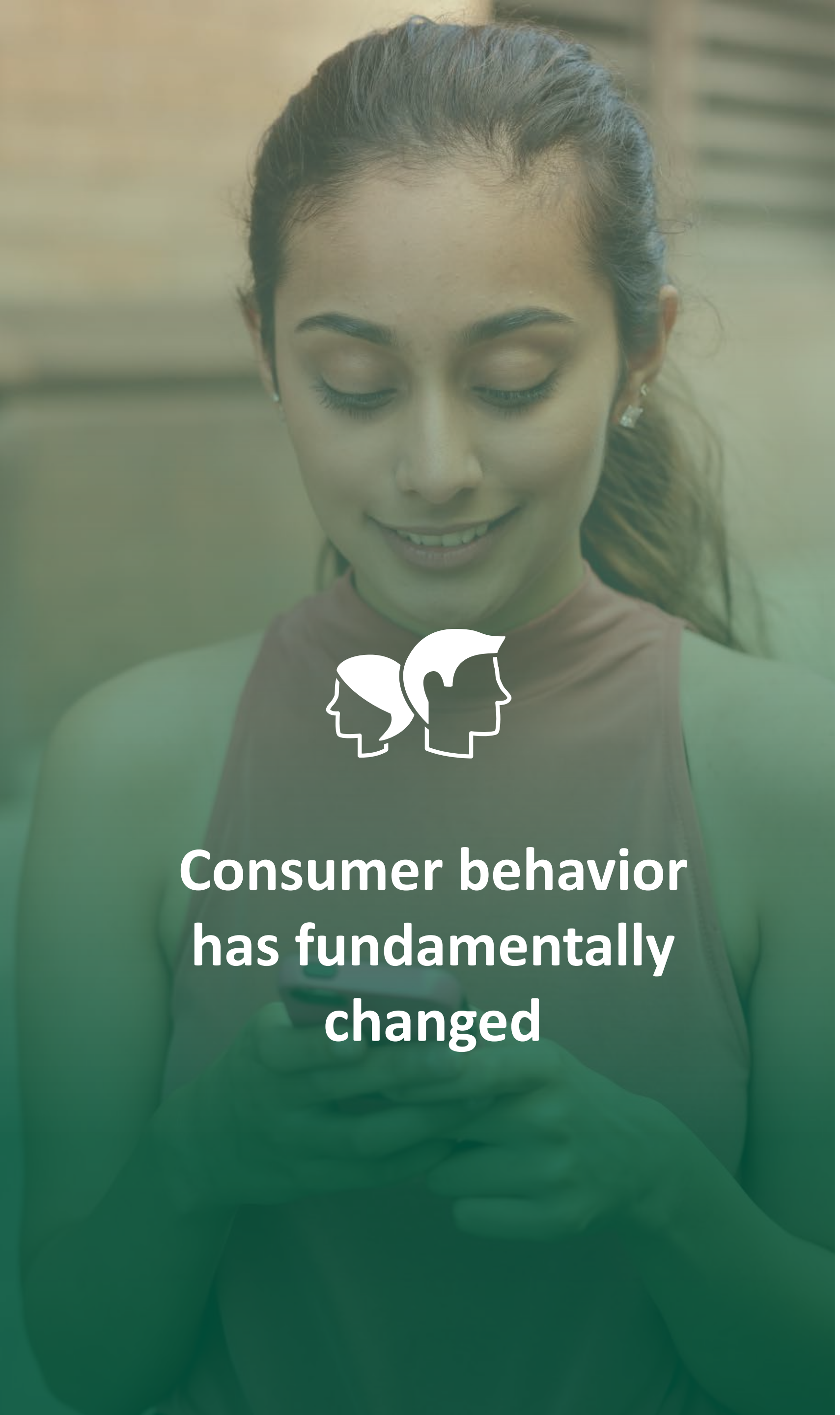
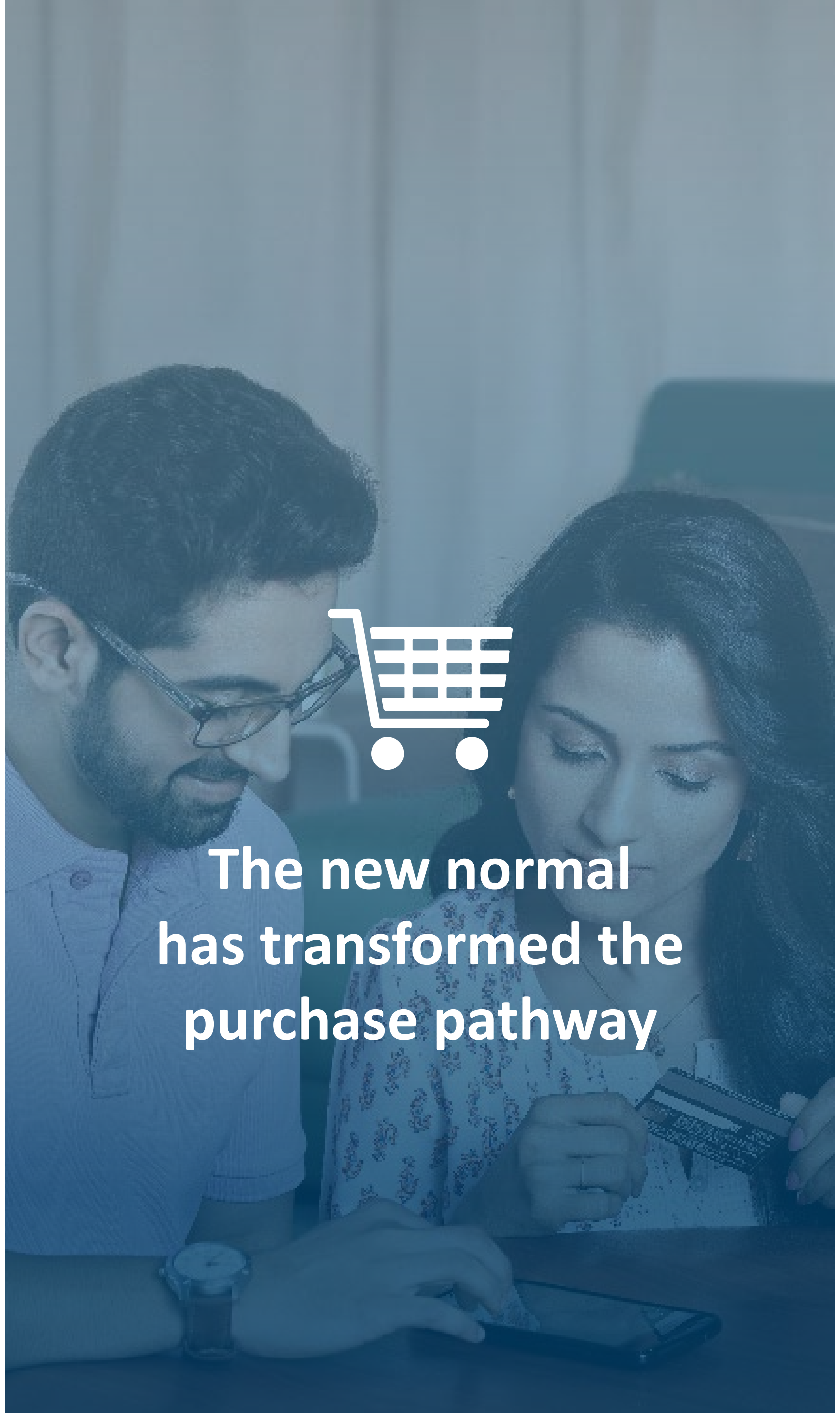
Turn the Tide

Unlock the new consumer path to purchase

Category: Mobile

June 2020


Consumer behavior has fundamentally changed


The new normal has transformed the purchase pathway


Businesses must unlock the new normal to help revival
Turn the Tide
Unlock the new normal

Great [leaders] rejoice in adversity just as brave soldiers triumph in war

—Lucius Annaeus Seneca

Covid-19 is an unprecedented epidemic

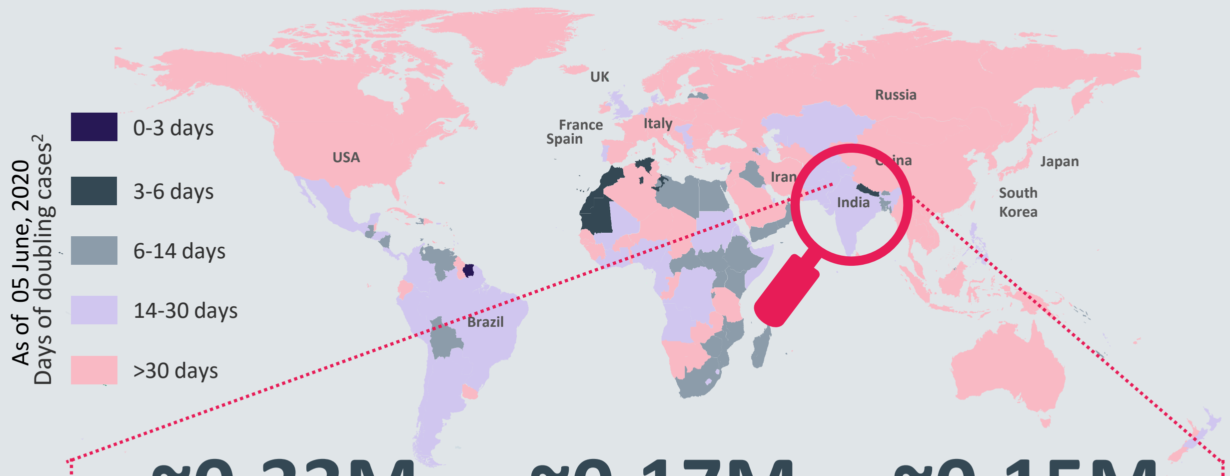
However to win in adversity, companies need to tailor strategies to today's unique context and look through layers

While the pandemic is far from over, calculated means to open-up the economy are in progress

Pandemic spread in different degrees across the globe

As of 15 June 2020

~7.9M	188
Confirmed cases globally[1]	Countries with cases[1]



~0.33M	~0.17M	~0.15M
Total no. of cases[1]	Recovered[1]	Active[1]

As of 15 June 2020

India gradually moving towards opening up economy[3]

Based on guidelines released on 17 May

Industry	Lockdown stages: 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[1]	Fully restricted	Fully restricted	Fully restricted	Partially restricted
Public transportation[2]	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

Turn the Tide
Unlock the new normal

Note: Continued cases and fatalities are subject to different testing, propensity, reporting standards and hence imperfect measures
1. . [NDTV Corona Virus - Live Statistics Data - accessed on 15th June, 2020] 2. [BCG Analysis - No. of doubling days based on 7 day CAGR, Source: John Hopkins CSSE data] 3. [Ministry of Home Affairs (MHA), BCG Analysis]

The pandemic has impacted the socio-economic fabric of India

Mobile industry impacted by income uncertainty but deemed essential in the new consumer reality

The pandemic has created a never-before focus on health & safety

HEALTH & SAFETY

1 **COVID-19 Cases**
0.33M+ total cases in India[1]

2 **Web Trends**
~120% spike in online searches on health & immunity in India post COVID[2]

3 **Demand of health products**
49% consumers intend to buy more vitamins, herbs and supplements in the coming days[3]

Social distancing and structural interventions will drive faster recovery

PUBLIC POLICY

4 **Public Health Measures**
Social distancing enforced via nation-wide lockdown

5 **Industry Guidelines**
Mobile phones industry in unrestricted category as per latest government guidelines[4]

6 **Monetary Relief Measures**
~$13Bn infusion by monetary relief measures by RBI[5]

Uncertainty around income and weakened demand potential in near term

ECONOMICAL

7 **Income Uncertainty**
- **60%** of total household expenditure in hotspots; **45%** of consumption in hotspots non-essential[6]
- **198M** workforce employed in hotspot districts[7]

8 **Inflation / Price Indicators[8]**
- **70 bps** drop in CPI
- **130 bps** drop in WPI

9 **Trade / Logistics Indicators[9]:**
- **35%** decline in exports and **29%** decline in imports
- **14%** decline in retail freight traffic

10 **Market Sentiment Indicators[10]:**
20% decline in Nifty index since 1st Feb

Consumer priorities being re-calibrated; certain behavior changes will stick long term

SOCIAL

11 **Consumer Sentiment**
500Mn+ Smartphones users in India[11]; **Mobile** category showing mixed consumer sentiment in the next 6 months[12]

12 **Media, Smartphone Usage**
16% increase in smartphone screen time (May vs Pre-COVID)[13]
Globally, **~3Bn** average **MAUs** across Facebook, WhatsApp, Instagram & Messenger[14]

13 **Web Traffic trends**
Medicine and Beverages with highest traffic growth[15]

14 **Mobility**
40%+ reduction in number of visits to public places due to lockdown and social distancing[16]

Source: 1. [NDTV Corona Virus - Live Statistics Data - accessed on 15th June, 2020] ; 2. [Online Search Trends (India)] 3. [BCG COVID-19 Consumer Sentiment Survey, April 30- May 03 (N = 1,327)] 4. [Ministry of Home Affairs (MHA), Govt. of India; Do not apply for containment zones, States and Union Territories may prohibit certain activities] 5. [RBI Notification – 17th April] 6. [BCG Analysis, Source: Nielsen-Indicus database 2017-18, Hotspot list as of 15th April (MoHFW), data compiled in 2017-18 , Press Search] 7. [BCG Analysis, Source: Hotspot list as of 15th April (MoHFW), PLFS workforce survey 2017-18, Census 2011-12 district workforce report] 8. [CPI (MOSPI), WPI (Office of economic advisor) – Change comparison Feb 20 vs March 20] 9. [Import-Export movement (Ministry of Commerce & Trade), Railway Traffic (Ministry of Railways) – YoY decline in March'20] 10. [Bloomberg data - As of 23-April] 11. [Source: TechArc] 12. [Source: BCG COVID-19 Consumer Sentiment Survey 13. [BARC Nielsen – TV + Smartphone consumption report during crisis, 7th May 2020] 14. [Facebook Q1 2020 Earnings Release/ Call Transcript – 2.6Bn users just on Facebook] 15.[BCG Analysis, Source: SimilarWeb data *www.similarweb.com] 16. [Source: COVID-19 Community Mobility Report – India – Apr 17, 2020]

'Social distancing' has been the key to fight disease globally and in India; making it the new way of living

Social distancing advocated as key measure to control COVID spread

CDC — **Social Distancing**
Keep Your Distance to Slow the Spread

Johns Hopkins University — **Now is not the time to ease social distancing measures, experts say**
Amid talk of restarting the economy, Johns Hopkins public health officials and leaders urge people to remain at home to slow the spread of COVID-19

South Korea — South Korea keeps social distancing post COVID-19 -qz.com

Hong Kong — Hong Kong extends social distancing measures as cases drop -Bloomberg

Globally strict measures followed to ensure social distancing

Up to 15 April 2020

- **10+** Countries — **Closed public transportation[1]**
- **19+** Countries — **Closed workplaces[1]**

India is actively following social distancing guidelines

India has observed a stark drop in number of visits across public places

RETAIL & RECREATION
~85%[2] — Reduction in number of visits compared to baseline

WORKPLACE
~65%[2] — Reduction in number of visits compared to baseline

Strict social distancing guidelines issued for reopening workplaces[3]

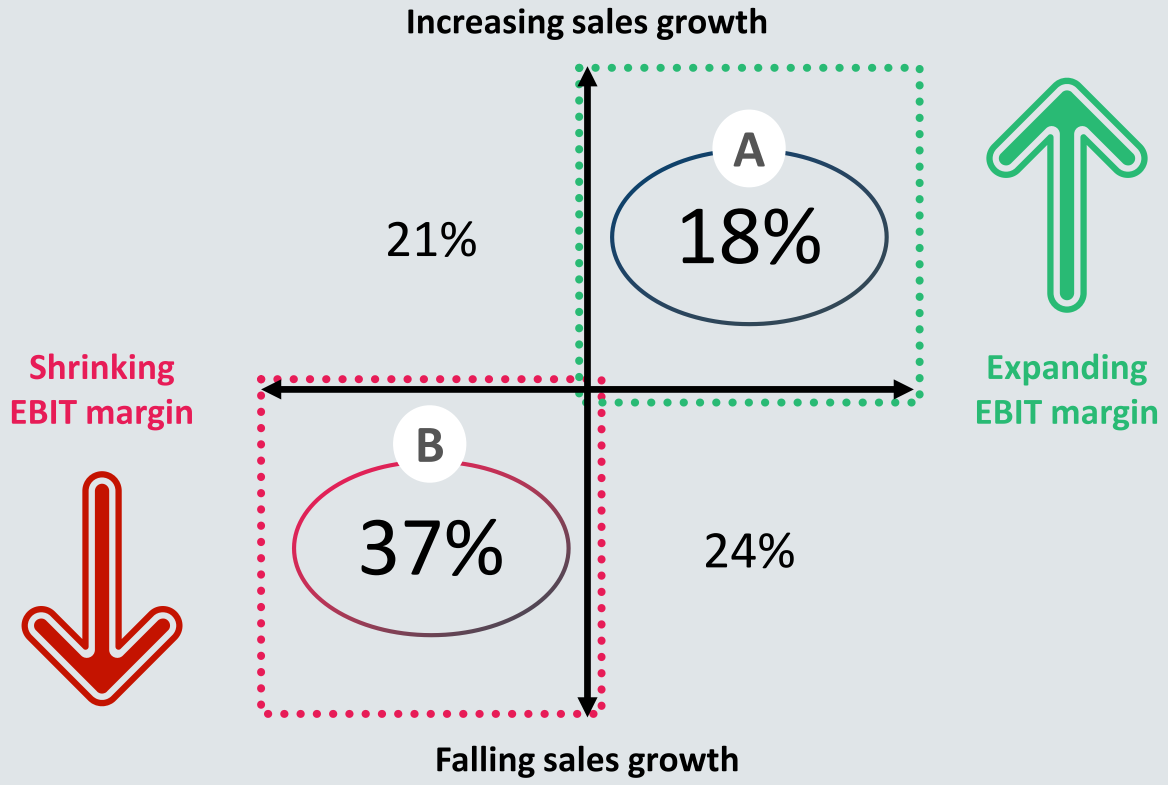
Non-Exhaustive

- Seating at least 6 feet away from others on job sites
- Gap of 1 hr. between shifts & stagger lunch breaks

1. [Oxford COVID-19 Government Response Tracker] 2. [COVID-19 Community Mobility Report (April 17, 2020) - The baseline is the median value, for the corresponding day of the week, during the 5-week period Jan 3–Feb 6, 2020]; 3. Press Search; [Live Mint] [Coronavirus lockdown rules for offices: 6 feet apart seats, one hour gap between shifts]

Even in the face of adversity, historically there are organizations that have found opportunities to grow

18% of Indian companies[1] improved both growth & margin during the 2008-09 Global Financial Crisis, while 37% declined in both[2]



There are many success stories of Indian companies weathering historical crisis[3]

HCL TECHNOLOGIES

While most players were struggling to survive the 2008 crisis, HCL increased its revenues by 23.5% in 2009 with a three-pronged approach: enhanced customer centricity, strategic shift towards sophisticated value adding services and an "employee-first" mantra. The stock price has increased 18X since 2009

MARUTI SUZUKI

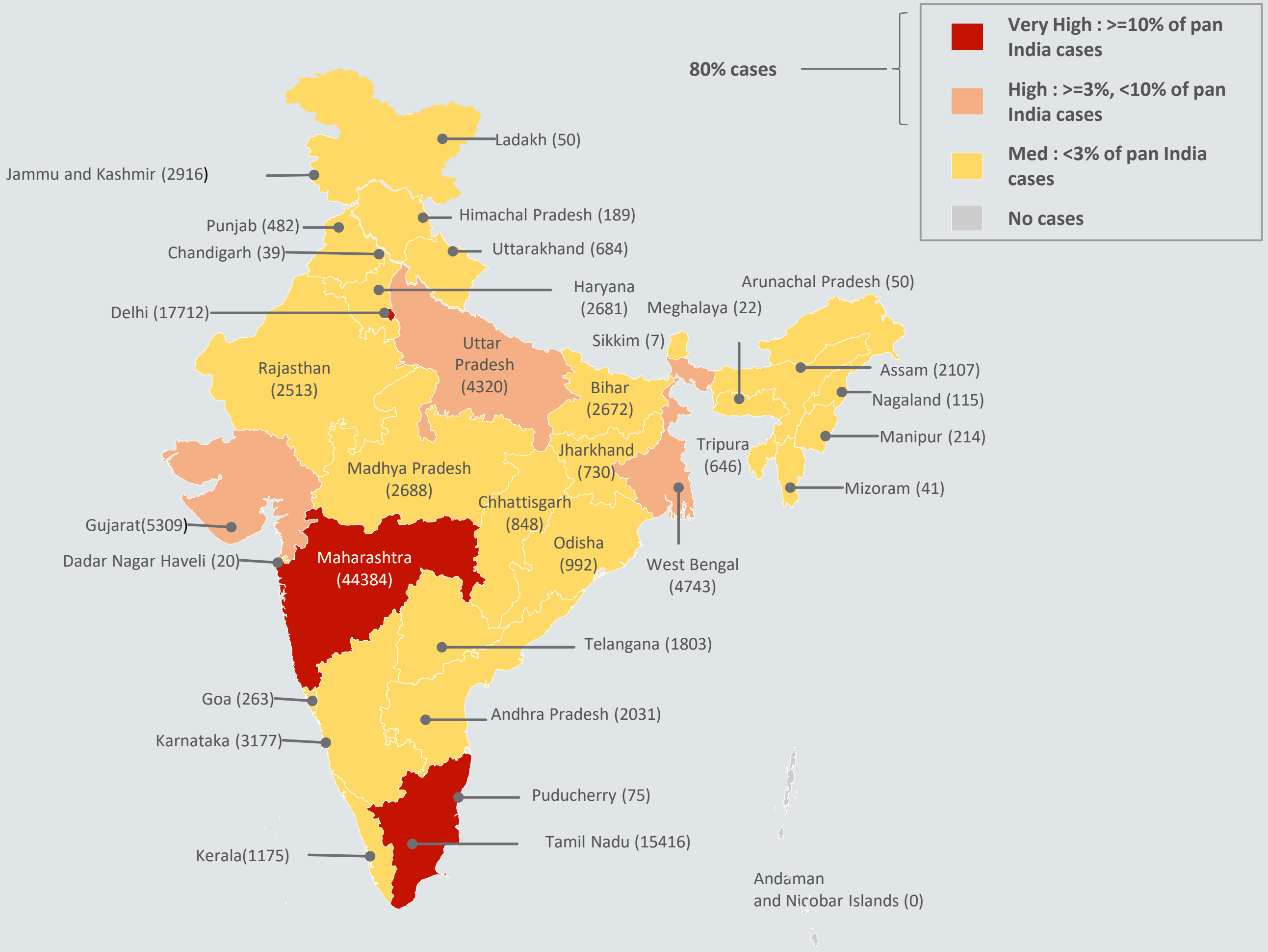
While the global recession of 2008 affected the sales of all car manufacturers, Maruti Suzuki embarked on a forward-looking journey. The reaction included capacity expansion, increased headcount in R&D, flexible product-mix and breaking new ground in consumer markets. Stock price has soared 10X since 2009

1. [Indian public companies with Market Cap > $10M, excluding Banks, Insurance, Asset Management companies] 2. [BCG Analysis: 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] 3. [BCG Analysis, Source: Press Search, BCG Valuescience, Press Search: financial Express, Economic Times]

As the current crisis unfolds in India, near term potential exists in pockets; need to look at the de-averaged picture

25 states have less than 20% active cases[1]

Data as of 09 June



1. [BCG Analysis, Source: Ministry of Health & Family Welfare (MoHFW) website; Press reports]

Given consumer dependence on the mobile category, it has more positive sentiment v/s other electronics

Right strategic actions needed to win disproportionate share

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

Marketers will need to identify pockets of opportunities

	'Shrinking' Categories Categories with net decrease in spends	Wave 1 23-26th Mar	Wave 2 17-20th Apr	Wave 3 30 Apr-03rd May
Electronics	Mobile electronics	Neutral	Negative	Neutral
	Non-mobile consumer electronics	Negative	Negative	Negative
Travel	Vacation/leisure travel	Negative	Negative	Negative
	Business travel	Negative	Negative	Negative
	Public transport	Negative	Negative	Negative
OOH Entertainment	Spas, theme parks, concerts	Negative	Negative	Negative
	Restaurants	Negative	Negative	Negative
	Movies at cinema hall	Negative	Negative	Negative
Discretionary spends	Luxury brands/products	Negative	Negative	Negative
	Cosmetics, makeup, perfume	Negative	Negative	Negative
	Apparel/fashion	Negative	Negative	Negative
	Tobacco & smoking supplies	Negative	Negative	Negative
	Alcohol	Neutral	Negative	Negative
	Food delivery	Neutral	Negative	Negative
	Sports equipment & clothing	Neutral	Negative	Neutral
	Packaged food & beverage	Neutral	Negative	Neutral
Home	Home construction/renovations	Negative	Negative	Negative
	Home furnishings and décor	Negative	Negative	Negative
Auto	Scooters/bikes	Negative	Negative	Negative
	Cars	Negative	Negative	Negative

Consumer sentiment Positive Neutral Negative

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, Home purchase & Home loans.
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)

The pandemic will create different types of changes in consumer behavior – some more long lasting than others

REVERSAL OF PAST TRENDS

Wild cards; likely to be temporary surges

These are complete reversal of how consumers were behaving in the past

These changes have mostly risen out of a constraint or fear vs. convenience or choice

These trends will likely last in line with recovery period

ACCELERATION OF EXISTING TRENDS

High potential permanent shifts in behavior

Consumer behavior was already moving towards these trends

With the pandemic, the trends have gained momentum and accelerated

Positive reinforcement is essential for consumers to adopt them in the long term

NEW HABITS

Stickiness of change is yet to be determined

Entirely new habits developed during the pandemic and while social distancing

Consumers who gain positive reinforcement out of the habits may retain them

Ecosystem facilitating and feeding these changes can make it last longer

New trends of consumer behavior emerge across categories

This will deeply impact purchase pathways in the new normal

	REVERSAL OF PAST TRENDS	ACCELERATION OF EXISTING TRENDS	NEW HABITS
Social Distancing	1 Bringing the Outside Inside	5 Embracing digital services & experiences 6 Accelerated adoption of e-commerce & O2O	9 Remote way of living 10 'D'o 'I't 'Y'ourself
Health & Hygiene	2 Trust in brand above all else	7 Strive for Health & Wellness	11 Superior hygiene & clean living: a new norm
Income Uncertainty	2 Trust in brand above all else 3 Trading down & bargain hunting 4 Shopping for Utility	8 Rise of 'Smart shopper'	
	Wild cards: likely to be temporary surges in line with recovery period	*High potential permanent shifts: linked to positive reinforcement*	*Stickiness of change is yet to be determined*

8 consumer trends will have a higher impact on the Mobile category

REVERSAL OF PAST TRENDS

Social Distancing

1 Bringing the Outside Inside

16% higher time spent on smartphones vs pre-COVID[5]

Health & Hygiene

70% of those with a positive spending outlook on mobiles likely to stick with the brand in mind in the near term[3]

2 Trust in brand above all else

Income Uncertainty

3 Trading down & bargain hunting

4 Shopping for Utility

Wild cards: likely to be temporary surges in line with recovery period

ACCELERATION OF EXISTING TRENDS

5 Embracing digital services & experiences

6 Accelerated adoption of e-commerce & O2O

55% intend to increase spends on mobile phones in online channel in the next 6 months[2]

8 Rise of 'Smart shopper'

1 in 2 of those who plan to increase spends on mobile are expecting discounts/offers[1]

5-10% increase in salience of functional purchase triggers[4] for mobiles

High potential permanent shifts: linked to positive reinforcement

NEW HABITS

9 Remote way of living

94% use mobile phones while watching TV[7]

70%[4] urban consumers for mobile expected to be digitally influenced

55%[6] smartphone buyers used online research pre-COVID; this is expected to increase

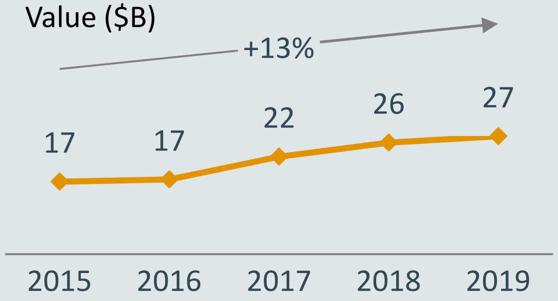
Stickiness of change is yet to be determined

1. [Q. "Please state the reason to spend more/ less in near future?" Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020, N=1,327] 2. [Q. "In the next 6 months, how do you expect your online spend for the following types of products to change?" Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020, N=1,327] 3. [Q. "In the next 6 months, how do you expect the choice of your brand to change" (for those increasing spends) Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, N=2106} 4. [Expert interview and BCG analysis] 5. [BARC Nielsen – TV + Smartphone consumption report during crisis, 7th May 2020] 6. [Percentage of the smartphone users; BCG CCI Mobile consumer study, N=2000] | 7. [GWI, All Internet Users 18-45, Coronavirus Research | April 2020 Multi-market research wave 2 and Core Research Respondents on COVID-19 from Q1-Q4 2019]

Pre-COVID, Mobile category in India was the fastest growing in the world

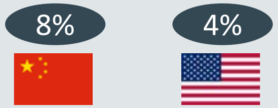
India was steadily growing faster than other major markets

Value ($B)



13% CAGR (2015-19); higher than other major markets

(CAGR[1], %)

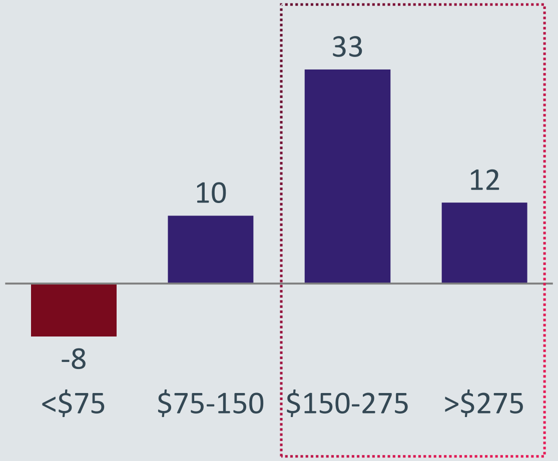


***11GB** per user per month – one of the highest in the world[3]*

***$0.1 per GB** data plan – one of cheapest in the world[3]*

Mid & premium segment were growing the fastest

CAGR (2015-19, %)

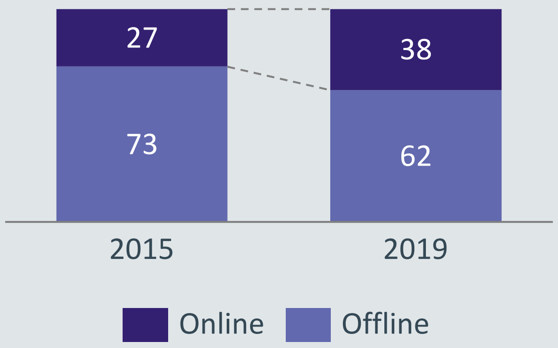


Industry was trending towards premiumization:

*Average selling price had increased **1.5X** between 2015-19*

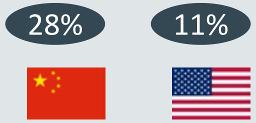
Share of online was high & growing

Channel share (%) by value



India has the highest share of online globally (38%)

% Share by value[2]



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1. [CAGR (2014-2018)] 2. [Share of value as on 2018] Source: IDC Mobile tracker, Press search, BCG Analysis 3. [Source: Press Search and BCG analysis]

The pandemic has led to mixed spending sentiments from mobile consumers

38%

May increase in spends in the next 6 months[1]

With social distancing and a more remote lifestyle, mobile has become even more "**essential**" in a consumer's daily life

29%

May decrease spends in the next 6 months[1]

Even most of those planning to reduce spends are looking at down-trading

40%

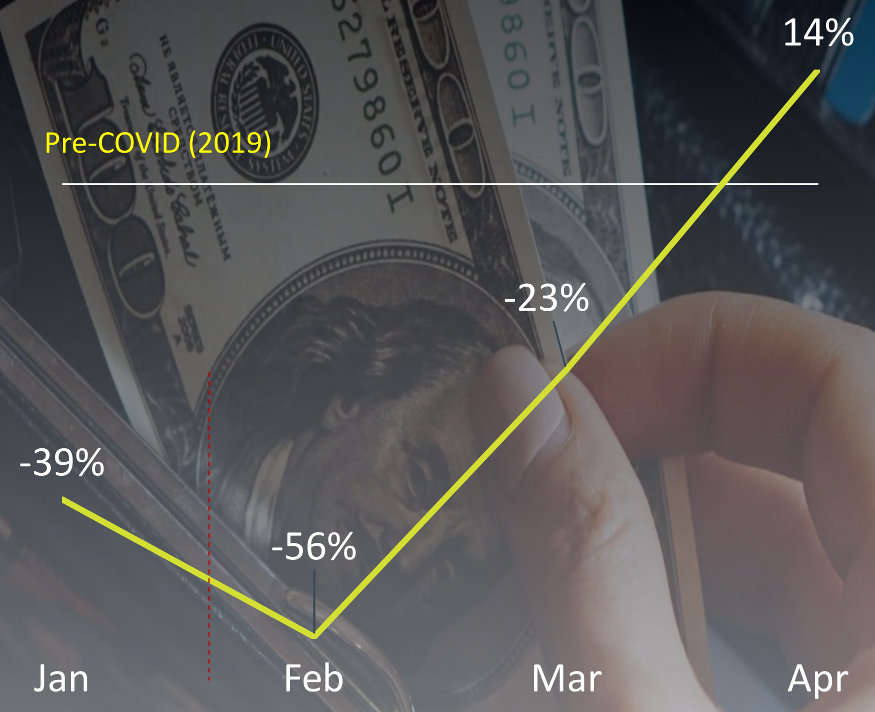
Will buy a cheaper variant[2]

15%

Will buy a cheaper brand[2]

Trend from China indicates recovery of demand likely in short term

YoY growth in sales (by Volume) in China after COVID outbreak[3]



Initiation of lockdown (Jan 23, Wuhan)

1. [Q. "How do you expect your spend to change in the next 6 months across the following areas?" Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020, N=1,327] 2. . [Q. "In the next 6 months, how do you expect the choice of your brand to change" Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, N=2106] 3. [CAICT data; YoY growth in shipments for Jan, Feb, Mar, Apr 2020 vs 2019]

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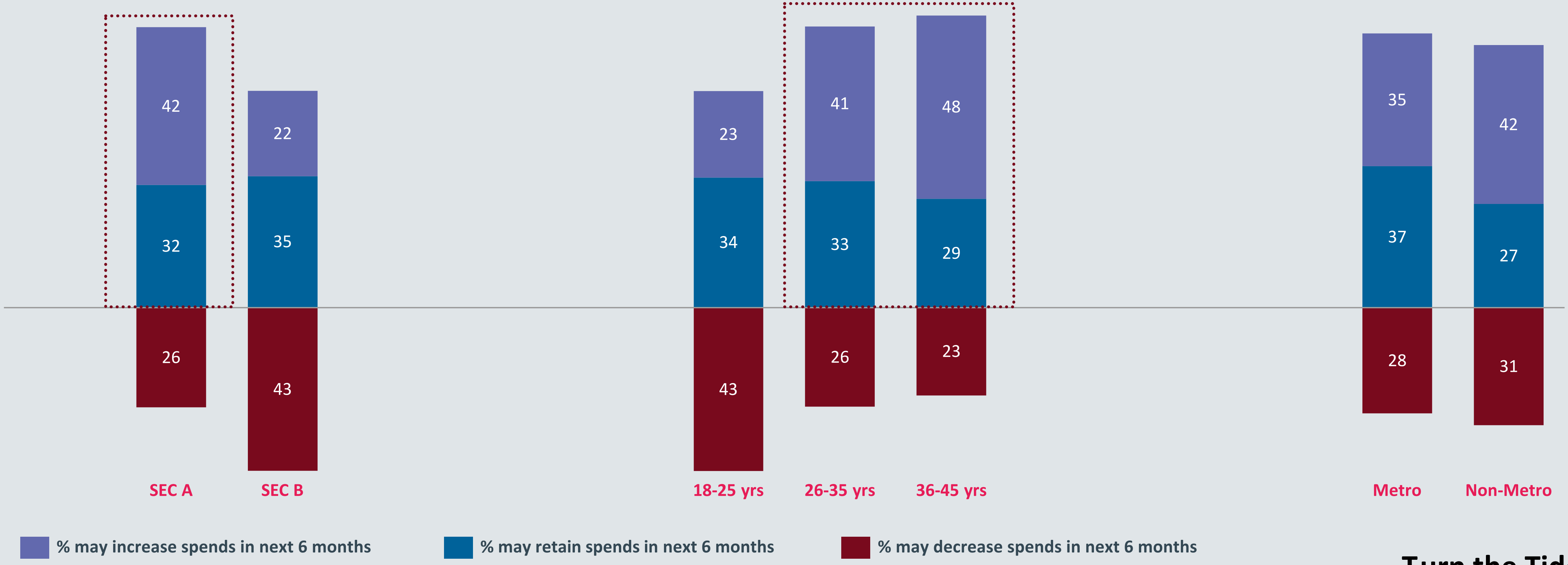
Some micro-markets likely to have a more positive spending outlook for the mobile category

% of consumers looking to increase / decrease / retain spends in the next 6 months – Demographic profile[1]

Affluent consumers less impacted by income uncertainty and hence have a more positive spending outlook for mobile phones

Older segments intend to increase spends on mobile in the next 6 months

Similar trends in spending sentiments for mobile observed in **both metro and non-metro cities**



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1. [Q. "How do you expect your spend to change in the next 6 months across the following areas?" Source: : BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020, N=1,327]

THE PURCHASE PATHWAY FOR MOBILES IS UNDERGOING FUNDAMENTAL CHANGES

UNDERSTANDING THIS WILL BE KEY TO TAP EMERGING OPPORTUNITIES

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Consumer Behavior Change in P2P: **Pre-Purchase**

DISCOVERY

1 With higher value consciousness, functional triggers to become more important

% mobile consumers with pure replacement as purchase trigger[1] to go up by 5-10%[2] ...

60% → 65-70%

Pre-COVID Post-COVID

e.g., "Screen is not clear"
e.g., "Phone is slow"

..while Shopping for non-functional triggers[1] likely to reduce

40% → 30-35%

Pre-COVID Post-COVID

e.g., "Bored with phone"
e.g., "I Like the new model"

2 Higher average replacement time in near-medium term

2.4 Yrs[3] ↑ **8-10%**[2] increase in near-medium term for mobile phones +8-10%

Pre-COVID Post-COVID

Reversal of past trends, likely to be temporary

SHOPPING FOR UTILITY

3 Salience of digital influence for mobile will rise even more

~70%[2] urban consumers for mobiles expected to be digitally influenced

Pre-COVID, 55-60%[4] urban mobile consumers were digitally influenced (used online to discover or research or compare products)

55-60% → 70%

Pre-COVID Post-COVID

Acceleration of existing trends, likely to last longer term

EMBRACING DIGITAL SERVICES & EXPERIENCES

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1. [Q: Best description of the need for purchase of your current mobile; Source: CCI Survey and BCG analysis, N=840] 2. [Expert interview and BCG analysis] 3. [Q. "Frequency of purchasing mobiles over last 5 years" Source: CCI Survey and BCG analysis, N=840] 4. [BCG CCI Digital influence Study 2017 , N=18,000, BCG CCI Mobile consumer study, N=2000 and BCG analysis] ; Data for urban consumers shown

Consumer Behavior Change in P2P: **Pre-Purchase**

DISCOVERY

4 With social distancing, importance of online research to increase

55% Likely to increase

% smartphone users using online research (pre-COVID)[1]

- Both salience and maturity of online research to increase
- More price, feature, performance comparisons expected

53% Likely to decrease

% smartphone users using retailer recommendations (pre-COVID)[1]

- Retailer influence may go down as consumers look for more contact-less shopping

Acceleration of existing trends, likely to last longer term

RISE OF 'SMART SHOPPER'

CONSIDERATION

5 With a value seeking mindset, importance of pricing as a choice driver to go up

25% Salience of price-conscious consumers may increase

% respondents with "Price" in top 3 choice driver for mobiles (pre-COVID)[2]

Consumers may trade down in their choice of purchase/look for offers and deals

59% Of those looking to increase spends on mobiles are looking for deals[3]

40% Of those looking to decrease spends on mobiles will buy cheaper variant[4]

% respondents (post-COVID)

Reversal of past trends, likely to be temporary

TRADING DOWN AND BARGAIN HUNTING

1.. [Percentage of Smartphone users; Source BCG CCI Mobile consumer study and BCG analysis, N=2000] 2. [Considering average of Rank 1-3 responses. Q: "Thinking about your most recently purchased mobile phone, can you tell me the 3 most important factors which helped decide what product should be bought?" Source: BCG CCI Survey and BCG analysis, N=840] 3. [Q. "Please state the reason to spend more/ less in near future?" (for those increasing expenses) Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020, N=1,327] 4. [Q. "In the next 6 months, how do you expect the choice of your brand to change" (for those decreasing expenses) Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, N=2106]; Data shown for urban consumers

Consumer Behavior Change in P2P: **Pre-Purchase**

CONSIDERATION

6 With changing use cases, consumers will be more feature conscious

23% ↑ Salience of feature-conscious consumers may increase

% respondents with "Features" in top 3 choice driver for mobiles (pre-COVID)[1]

7 Certain features may become more important

Post-COVID increase is screen-time[2] spent on

Video Streaming	16% ↑
Video Conferencing	485% ↑

Leading to need for higher video stability, security etc.

New habit, stickiness unclear

REMOTE WAY OF LIVING

8 Uncertainties due to pandemic may lead to some consumers experimenting less

58% Traditionally, mobile consumers have not been brand loyal

% pre-COVID Consumers who switched brands[3]

Post-COVID, 70% Consumers with a positive spending outlook for mobiles likely to stick with brand choice already in mind[4]

70%

% respondents (post-COVID)

Reversal of past trends, likely to be temporary

TRUST IN BRAND ABOVE ALL ELSE

1. [Considering average of Rank 1-3 responses. Q: "Thinking about your most recently purchased mobile phone, can you tell me the 3 most important factors which helped decide what product should be bought?" Source: CCI Survey , N=840] 2. [BARC Nielsen – TV + Smartphone consumption report during crisis, 7th May 2020] 3. [Q: "Which brands do your current and previous phones belong to?" Source: CCI Survey & BCG analysis , N=840] 4. [Q. "In the next 6 months, how do you expect the choice of your brand to change" (for those increasing expenses); Source: BCG COVID-19 Consumer Sentiment Survey March 23-26, N=2106] ; Data shown for urban consumers

Consumer Behavior Change in P2P: Purchase and Post-Purchase

PURCHASE

POST-PURCHASE

9 Affinity for online will accelerate even more

Online share for mobile phones (in value terms) likely to reach 45% in the next 2 years[1] from pre-COVID 38%[2]

38% → 45%

Pre-COVID Post-COVID

55% consumers intend to increase online spends on mobile in the next 6 months[3]

55%

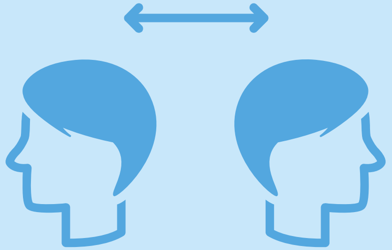
% respondents (Post-COVID)

10 Consumers will expect positives of offline along with safety and convenience of contact-less purchase

Traditionally, 3 key barriers to online purchase of mobiles[4] - must be addressed for digital conversion

1. Lack of product experience before buying
2. Lack of opportunity to leverage salesperson knowledge
3. No personal relationship

11 Higher need for at-home or virtual post sales service



With social distancing, mobile consumers will want to limit store visits for after-sales service

Acceleration of existing trends, likely to last longer term

ACCELERATED ADOPTION OF E-COMMERCE AND O2O

Reversal of past trends, likely to be temporary

BRINGING THE OUTSIDE INSIDE

Turn the Tide

Unlock the new normal

1. [Expert interview and BCG analysis] 2. [IDC India Mobile Phone Tracker ; % by value] 3. [Q. "In the next 6 months, how do you expect your online spend for the following types of products to change?" Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020, N=1,327] 4. [Q: "List of statements read out for 4 channels and asked to choose which channels are applicable to each of the statement"; Source: CCI Survey, N=840] ; Data shown for urban consumers

THE NEW NORMAL FOR MOBILE CATEGORY WILL SEE A NEW PATHWAY

WHAT WILL IT TAKE FOR YOUR BRAND TO WIN CONSUMERS?

Turn the Tide

Unlock the new normal

The new pathway is changing and filled with opportunities

PRE-PURCHASE

Digital proliferation and more functional, value seeking choice drivers

PURCHASE

Fulfilling core needs of assistance & experience in a contact-less way

POST-PURCHASE

Growing importance of brand advocacy and personal touch

Portfolio & Messaging

STRENGTHEN BRAND POSITIONING
Tweak messaging and portfolio focus to play in targeted micro-markets

Channel & Engagement

CAPTURE THE EXPANDING ONLINE WALLET:
Further enhance online and provide seamless O2O experience

Value Focus

TAP THE HERE & NOW OPPORTUNITY:
Enhance perceived affordability and reduce total cost of ownership of mobile

Presence & Influence

ADJUST TO THE NEW NORMAL OF ENGAGEMENT:
Significantly re-design digital engagement with your consumers leveraging influencers and brand communities

Digital proliferation & choice drivers present opportunities

PRE-PURCHASE FUNNEL

Embracing digital services and experiences

Shopping for utility

Trust in brand above all else

Trading down and Bargain Hunting

Bring alive discovery with digital

1

Digital discovery through virtual product launches and virtual roadshows

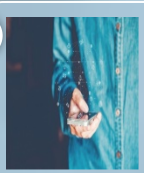
Drive digital influence via influencers

2

Partner with creators and publishers to unbox, review the products

Focus on Hyper-localization

3



Leverage social media for **targeted campaigns and lead gen**

Educate consumers on feature benefits

4

- **Sequential messaging** by cohort
- Interactive & engaging story-telling

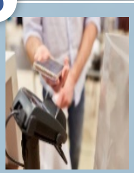
Enhance value proposition

5

Potential bundling with other in demand services that drive consumer value, eg: free subscriptions, data packs

Relook Media Mix Model to build efficiency in acquisition

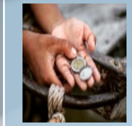
6



- Align to new media landscape
- Catalogues for prospecting customers for adjacent categories like mobile accessories

Optimize portfolio for value creation

7



- Segmenting consumers to drive differential value
- Showcase value for money: discounts, bundles, EMIs

Medium Term   Short Term

Turn the Tide

Unlock the new normal

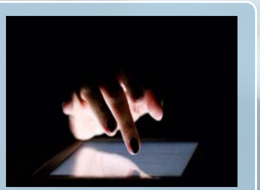
Fulfill the need of assistance & experience in a contact-less way

PURCHASE FUNNEL

Accelerated adoption of E-commerce and O2O	Remote way of living	Bringing the Outside Inside	Embracing digital services and experiences

8 Replicate in-person experiences to improve sales conversion

- Leverage digital enablers like AR/VR and livestreaming to enhance **virtual product experience and comparisons**
- Facilitate **virtual in-purchase query resolution** (via Messenger / Chatbots / other tools)



9 Strengthen online-offline supply chain to meet customer expectations

Direct to Consumer models

- Lead Ads for immediate potential consumer connect
- Partner with online retail partners, dynamic ads

Medium Term   Short Term

Build brand advocacy via personal connect

POST- PURCHASE FUNNEL

Rise of "Smart Shopper"

Embracing digital services and experiences

Drive Value by repeat purchase and consumer up-trade

10

- Use **brand communities to incentivize:** Special previews, offers or features
- **Incentivize social peer recommendation**: online product reviews, ratings

Strengthen CRM Solutions

11

- Messaging for post sales communication and other digital CRM tools

Medium Term Short Term

Turn the Tide
Unlock the new normal

Pre-purchase

Brand Showcase (1/3)

Virtual launch to aid discovery

Vivo

Launched **Vivo V19 with an Augmented Reality unboxing filter** on Facebook and Instagram to enable users experience the new phone and its features, while staying at home

- Walkthrough on key specifications and overall design via AR filters
- User friendly option for consumers to switch colors and view the phone from different angles

Xiaomi

Launched new flagship smartphone - the Mi 10 **via livestream** during lockdown

Unlock influencer partnership

Xiaomi

Reviews of newly launched Mi 10 on **Gadgets 360** highlight technical features, design and value

Review teaser on Instagram with directions to website

Showcase of features like design, battery life, camera performance and wireless charging

Source: Press Search and BCG Analysis

Pre-purchase

Brand Showcase (2/3)

Leverage social media for targeted campaigns & innovative storytelling

OnePlus

Leveraged Facebook playable ads to introduce its OnePlus 7T series and OnePlus TV in a fun and innovative new way to raise awareness and led to a lift in brand awareness.

Created pre-launch buzz by gamifying the user experience

Interactive ads compelled customers to find out more about the new products via a call-to-action button at the end of the gaming experience

Enhance value proposition

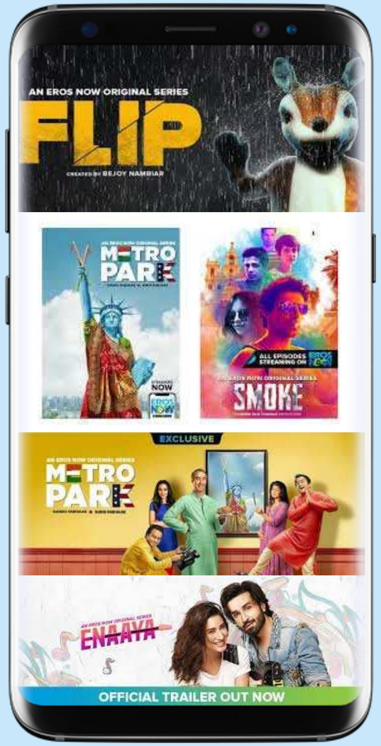
Samsung and Eros Now: Early movers partnering with ecosystem to provide integrated solutions

Eros Now

26 Mn+
Paid Subscribers

30%
users watch
> **9 hrs** of video content per week

Gives all Samsung smartphone users access to **12K+** digital movies, music, original content



Turn the Tide
Unlock the new normal

Purchase

Brand Showcase (3/3)

Strengthen online-offline supply chain

Samsung

Partnered with Facebook to enable offline retailers build a digital presence through the **Facebook family of apps**

Offline retailers would be able to **discover and target local consumers digitally** while consumers can now easily access product information and shop for smartphones via social network pages

Vivo

Launched “Vivo Smart Retail” initiative for business continuity; leveraging **30k+** Vivo Brand ambassadors and **20k+** retailers

Offline Vivo partners can connect with customers via Facebook page

Strengthen CRM Solutions

Xiaomi

Launched ecommerce platform **Mi Commerce** to let local stores sell smartphones online while consumers limit store visit due to social distancing

Stores being directly connected to consumers via **WhatsApp**

Last mile "contactless" delivery being facilitated by the offline store

Source: Press Search and BCG Analysis

THERE IS ADVANTAGE IN ADVERSITY …

BRANDS THAT TAILOR STRATEGIES TO THE NEW PATHWAY WILL EMERGE WINNERS

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