BOSTON CONSULTING GROUP

COVID-19 consumer sentiment research

India survey snapshot: April 30-May 03 results

MAY 2020

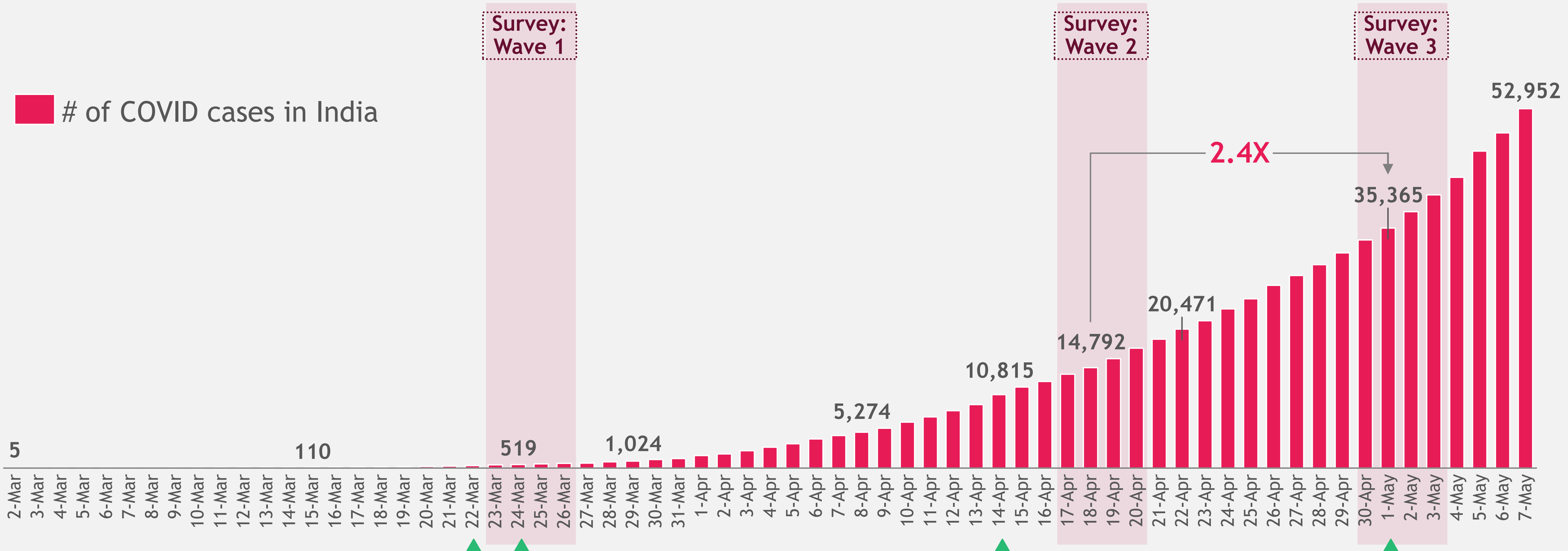
Context for this document

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

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

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

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



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

24/3: Nationwide lockdown for 21 days

14/4: Lockdown extended till 3rd May

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

Note: Online survey conducted among SEC AB respondents in Metro- Tier 2 towns, Wave 1: Mar 23-26 (N=2,106), Wave 2: Apr 17-20 (N=2,324), Wave 3: Apr 30-May 03 (N=1,327)
Source: Ministry of Health & Family welfare (Data updated as on 07 May)

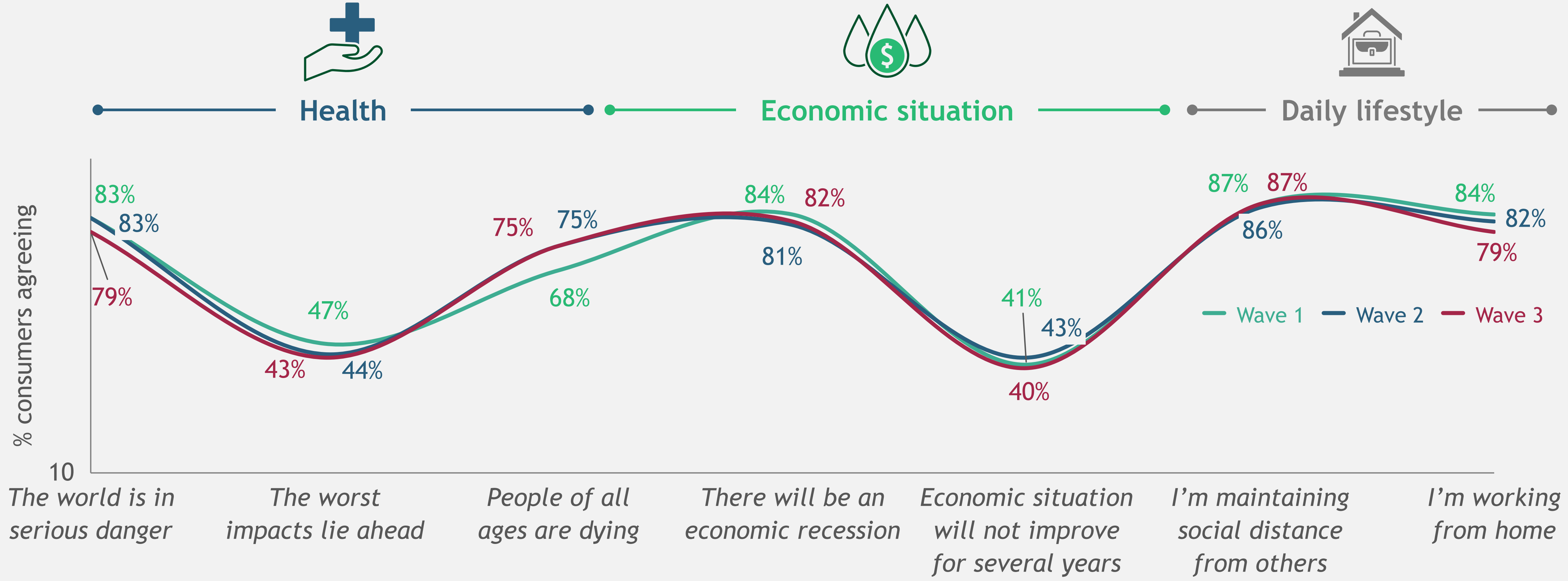
Consumer sentiment in India similar to global markets; China shows early signs of recovery

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

Above 70% 60% to 70% Below 60%

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

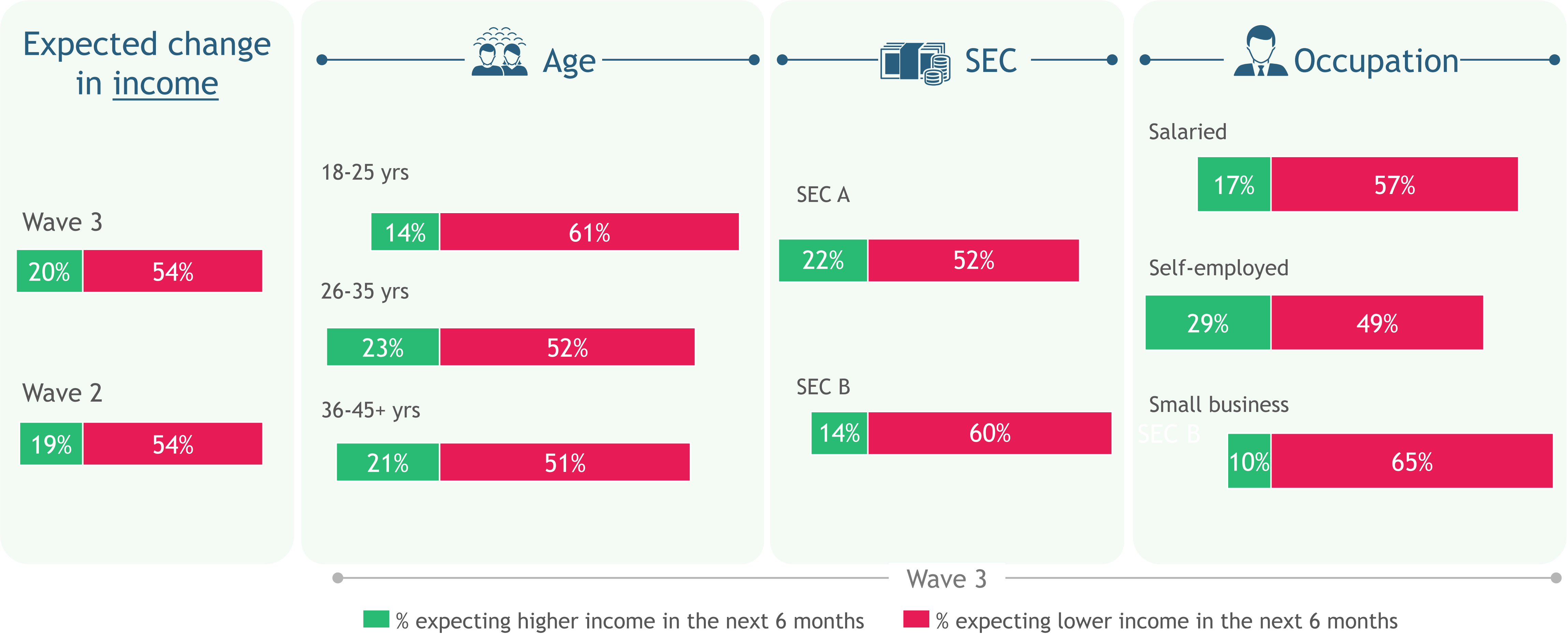
Despite relaxations in Lockdown, concerns across health, economic situation and daily lifestyle continue



Note: Question text: "How much do you agree with each of the following statements about the coronavirus?" Combined Strongly agree and Somewhat agree 1. Asked only in Wave 3
Source: BCG COVID-19 Consumer Sentiment Survey March 23-26 2020, April 17-20 2020, April 30-May 03 2020 (N = 2,106, N = 2,324, and N=1,327 respectively)

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

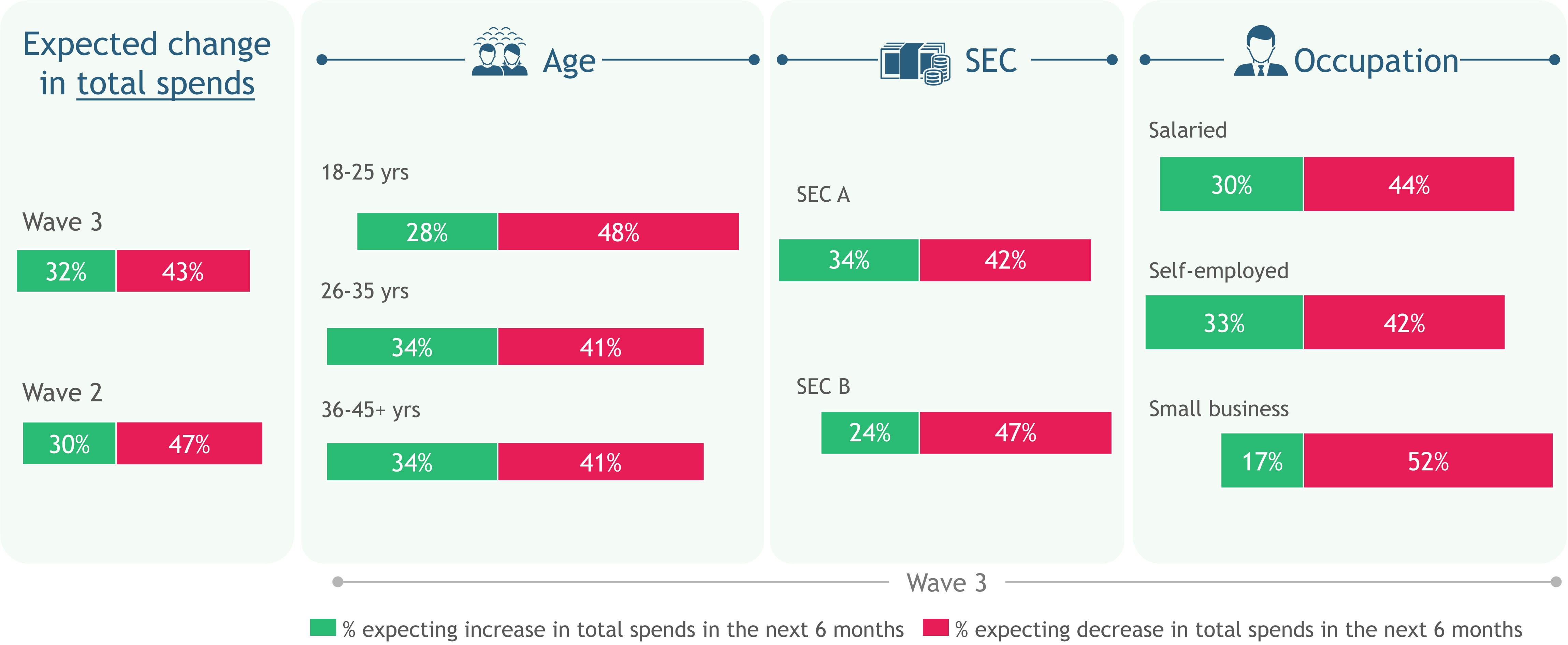
Younger consumers, lower SECs & small businesses more pessimistic



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

43% have unfavorable sentiment on future spends

Younger consumers, lower SECs and small businesses less resilient



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

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

Winners

Categories with net increase in spends

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

Losers

Categories with net decrease in spends

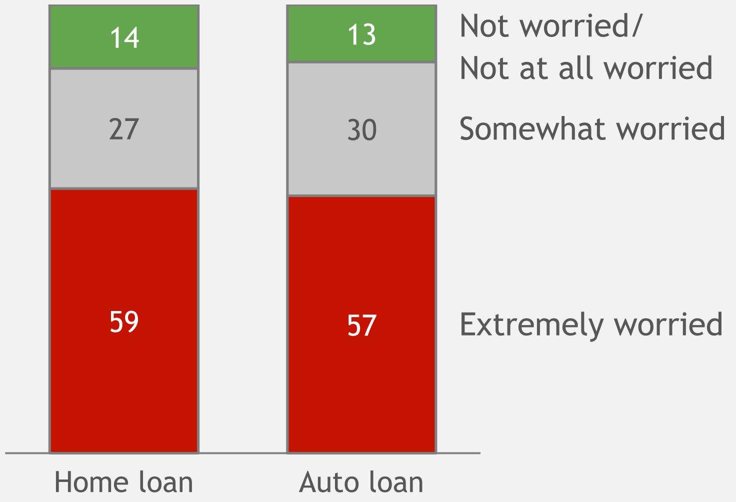
Group	Category	Wave 1 (23-26th Mar)	Wave 2 (17-20th Apr)	Wave 3 (30 Apr-03th May)
Travel	Vacation/leisure travel	■	■	■
	Business travel	■	■	■
	Public transport	■	■	■
OOH Entertainment	Spas, theme parks, concerts	■	■	■
	Restaurants	■	■	■
	Movies at cinema hall	■	■	■
Discretionary spends	Luxury brands/products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

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)

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

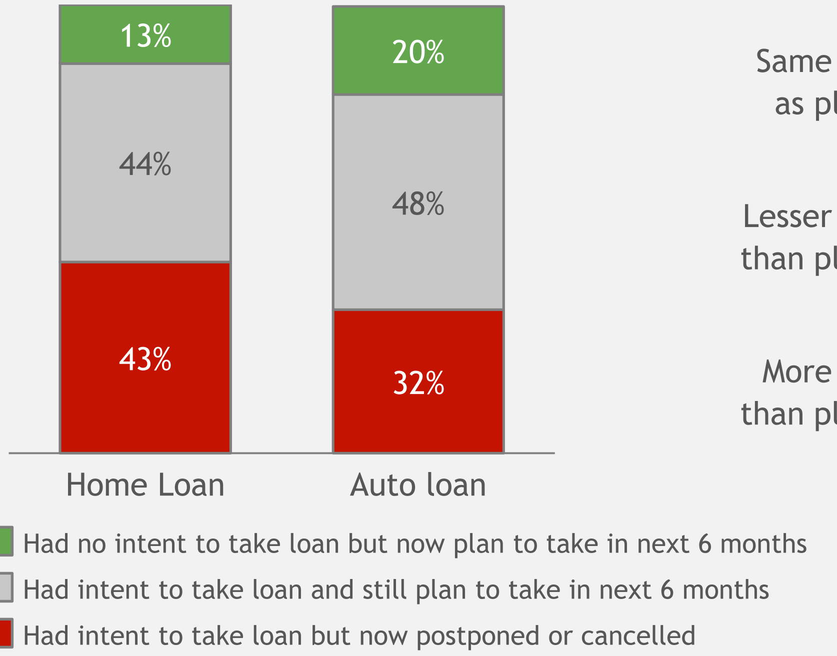
86% consumers are worried about servicing loans post moratorium

% consumers who have loans



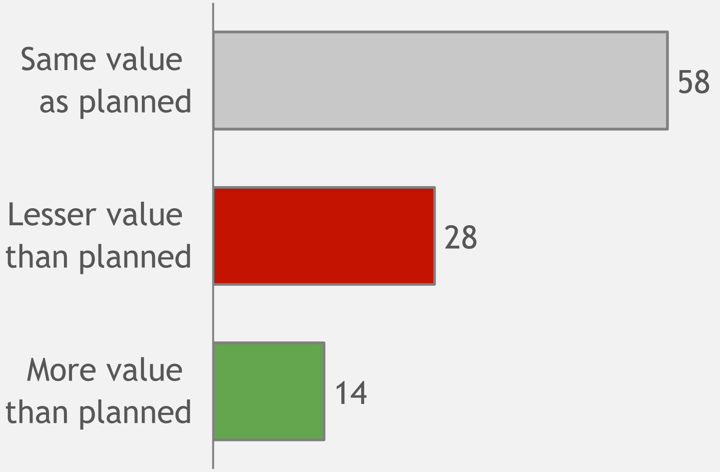
30-40% plan to defer loans; while 15-20% new customers plan to take loans

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



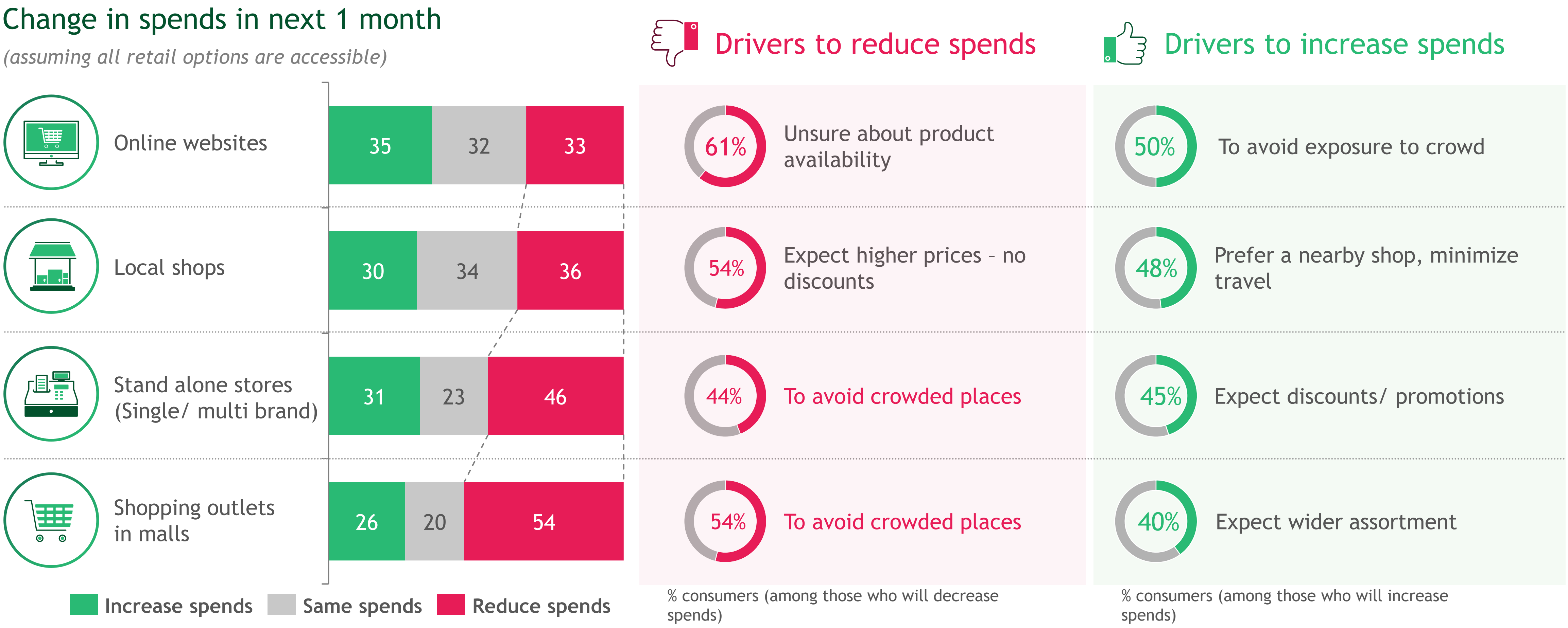
~30% customers plan to take a loan of smaller ticket-size

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



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

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

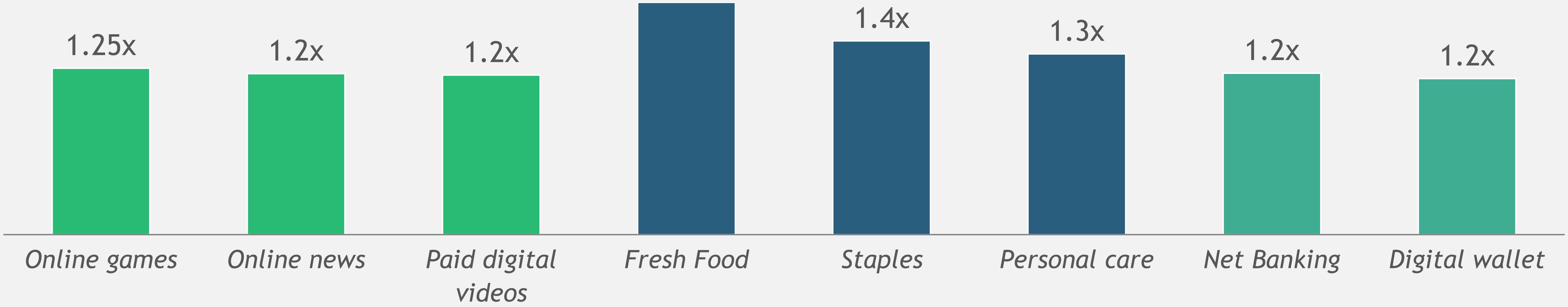


Note: Question text: "In the next one month, how much do you expect your total spend on the following types of stores/sites to change"; "What are the key reasons to increase/ decrease spends (Top 3 reasons)"
Source: BCG COVID-19 Consumer Sentiment Survey, April 17-20 2020, (N = 2,324)

Significant adoption across digital activities with high willingness to continue in future

Digital media | **Digital purchase** | **Digital Payments**

Increase in the # of users
(Users over the last 1 month indexed to pre COVID users)

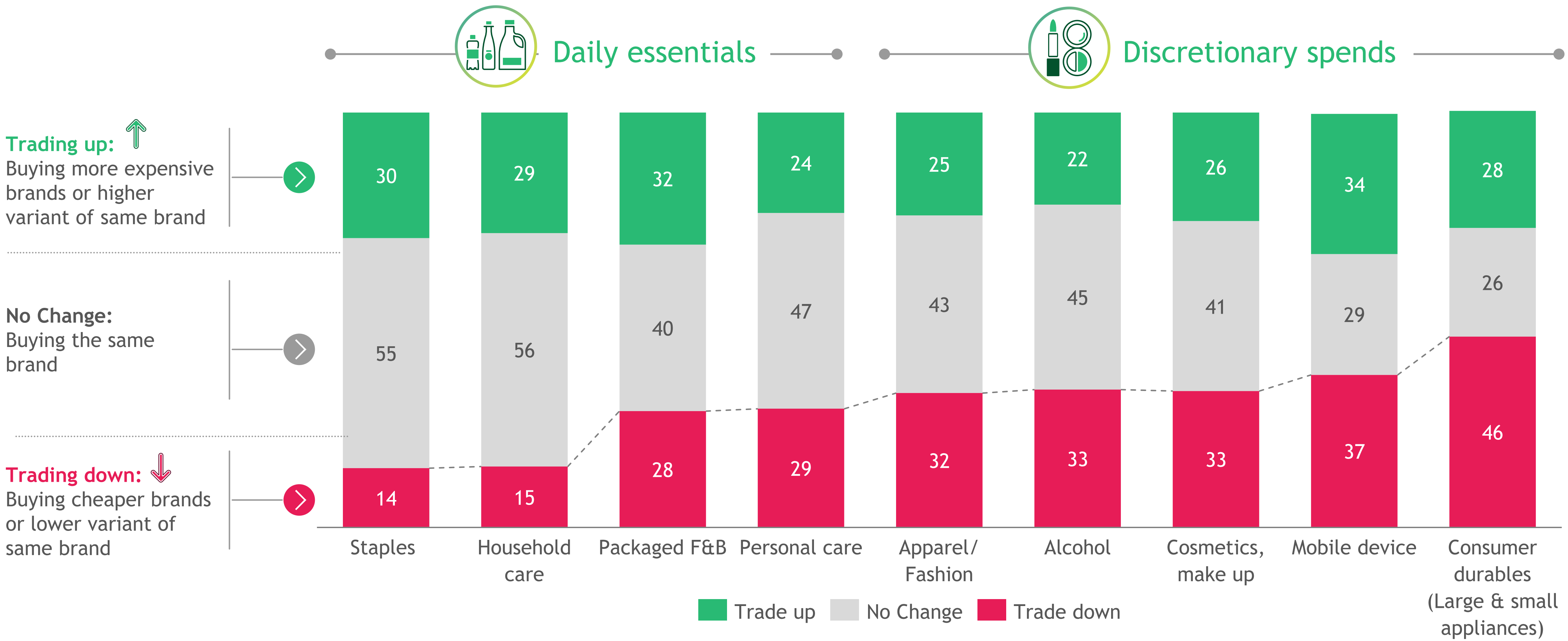


% new users likely to continue in future *(scores for Very high willingness)*

Online games	Online news	Paid digital videos	Fresh Food	Staples	Personal care	Net Banking	Digital wallet
57%	63%	56%	54%	45%	55%	49%	48%

Note: Question text: “How would describe your usage behavior in past 1 month (just before or post lockdown)?"; "Willingness to continue in next 6 months"
Source: BCG COVID-19 Consumer Sentiment Survey April 17-20 2020 (N = 2,324)

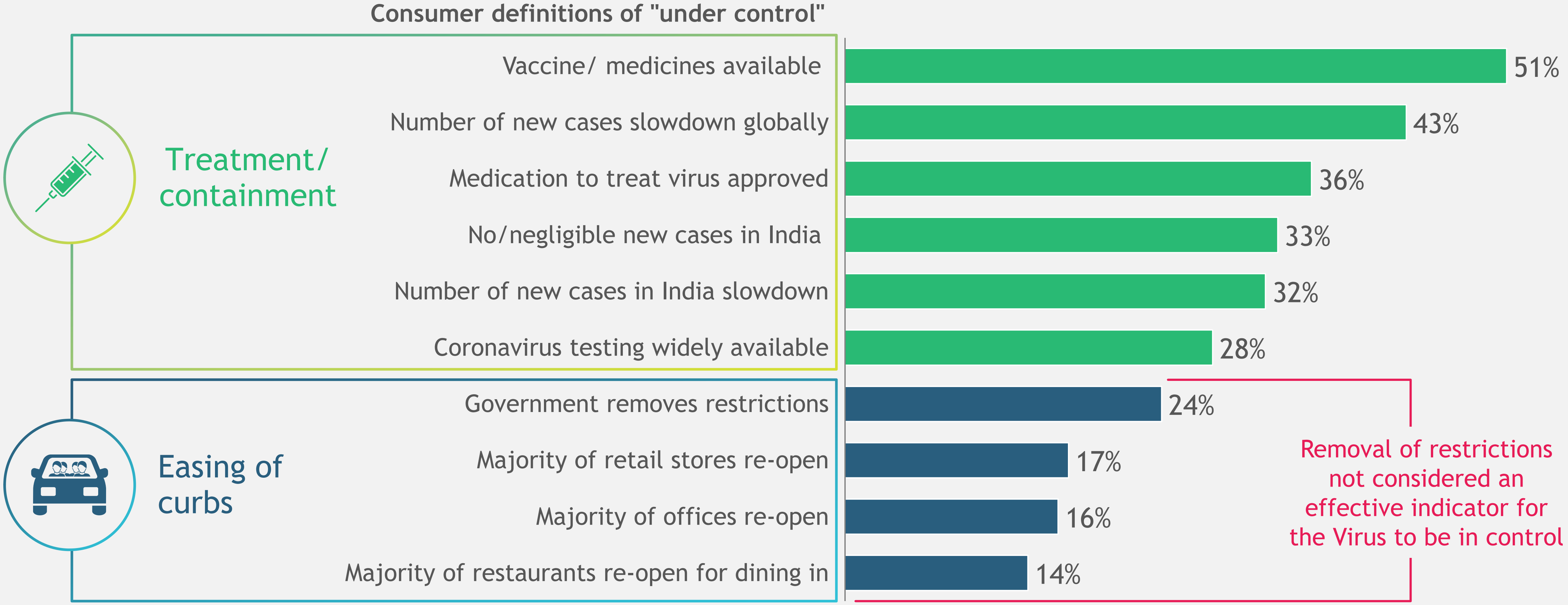
1 in 3 likely to trade down for discretionary categories, while more trading up in staples/ HH care



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

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

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

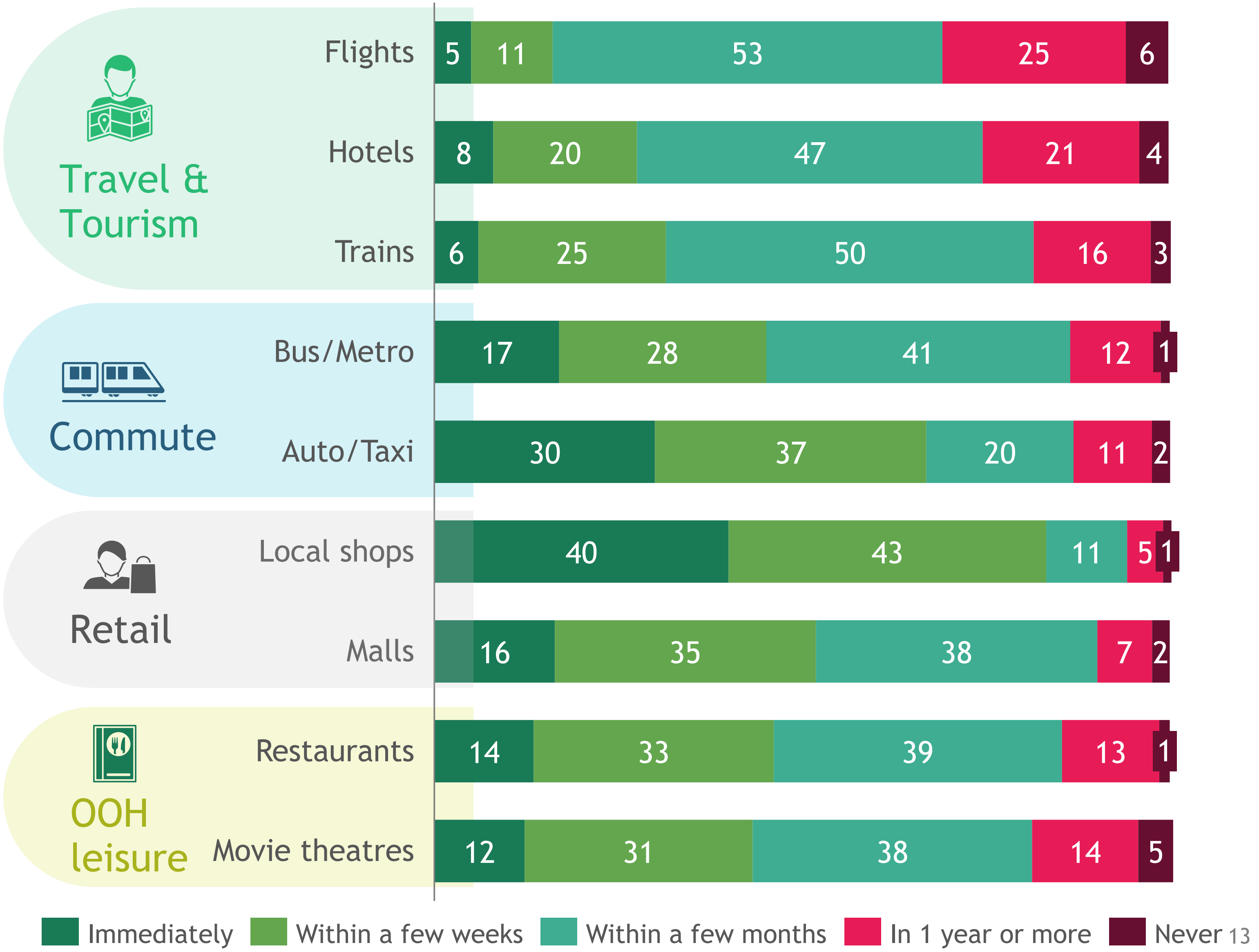


Note: Question text: "When will you feel that the Coronavirus is under control? Please select up to three."
Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)

India—Wave 3—May, 2020 India

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

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



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

Resuming Travel driven by treatment availability, OOH entertainment driven by containment of new cases while local shops/ commute driven by removal of restrictions

Willing to resume some level of the activity (%)	Travel & Tourism			Commute		Retail		OOH leisure	
	Flights	Hotels	Trains	Bus/Metro	Auto/Taxi	Local shops	Malls	Restaurants	Movies
Vaccine/ medicines are available	88	83	85	63	61	32	73	74	71
Medication/ drugs are approved	83	83	82	64	60	25	69	71	71
No/negligible new cases in India	73	71	73	51	47	25	84	88	81
New cases in India slow down	71	74	71	48	46	24	83	82	82
New cases slowdown globally	74	72	21	23	20	5	20	19	18
Government removes restrictions	22	20	23	62	70	81	51	52	45

Note: Question text: "Which of the following must be in place before you will be comfortable doing this activity? Please select all that apply."
Source: BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)

COVID-19 Disclaimer

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this *COVID-19 Consumer Sentiment Research*, it represents BCG's view at a particular point in time. *COVID-19 Consumer Sentiment Research* is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using *COVID-19 Consumer Sentiment Research* as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.

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