BOSTON CONSULTING GROUP

COVID-19 consumer sentiment research

India survey snapshot: March 23-26 results

MARCH 2020

Context for this document

This COVID-19 consumer sentiment research is based on a global survey which currently covers India, US, China, UK, France, and Italy. It will be fielded in bi-weekly waves to provide a longitudinal view of consumer sentiments about the coronavirus pandemic, and about consumer consumption outlook

This document is focused on Wave 1 in India, which was fielded from March 23rd-26th, 2020. The following is not an exhaustive analysis of that study, but rather a simple first-read of its results

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

Executive Summary

1. Despite late onset, consumers extremely concerned about COVID-19
2. Savings, health & wellness, at-home entertainment, and essential categories most likely to witness a spurt over the next 6 months
3. Significant cutbacks anticipated in travel, out-of-home entertainment, discretionary items like fashion & luxury goods, durables & appliances, and automobiles
4. Some 'dual behavior' categories with people looking to increase as well as reduce spends e.g. alcohol, food delivery
5. Inflationary expectations/ stocking up/ lifestyle changes key driver for spends increase; social distancing/ 'savings-first' mindset key driver for spends reduction
6. Lower SEC, youth show higher propensity to cut back on spends; no significant difference across metros and non-metros
7. Clear shift to online spending across categories

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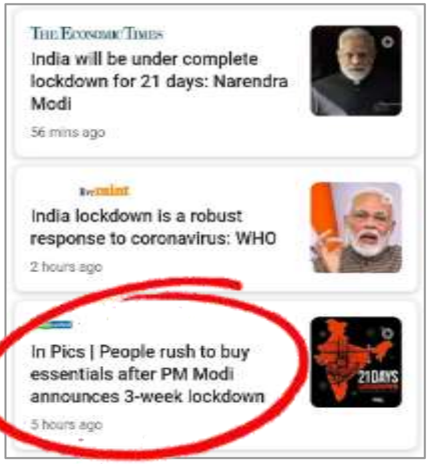
Context: Survey conducted parallel to events leading to an "uncertain environment"

Survey dates (23rd-26th March,2020)

20th March	22nd March		25th / 26th March	27th - 30th March
PM announces "Janta curfew" to be observed on Mar 22nd	"Janta curfew" across the nation	"Complete lockdown" announced starting midnight for 21 days	Day 1/2 of lockdown—impact on shopping behaviour	Economic / Financial Packages announced

- 75 districts locked down till 31st March
- Arrival of international flights blocked from 22nd March
- All inter- state passenger trains and public buses suspended



(empty shelves & long queues at stores)

- IMF issues statement on economic/ financial crisis
- 1.7 lakh crore package announced by Indian Finance Minister
- RBI cuts interest rates, infuses 3.7 lakh crore liquidity
- 3 month moratorium on EMIs/loans

# of COVID-19 cases in India	20th March	22nd March		25th / 26th March	27th - 30th March
	244 cases	396 cases	536 cases	727 cases	1,251 cases

Coverage: M-T2 cities, SEC A & B

Source: Johns Hopkins CSSE, Mar 30

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Coronavirus generates significant fears and concerns among consumers

68% Believe people of all ages are dying

83% Believe the world is in serious danger

Contagious
Economic Crisis
China
Concern
Outbreak
Elderly
News
Avoid Travel
Cure
Pandemic
Fear
Global
Coronavirus
Wash hands
Death
Self-quarantine
Infect
Stay Home
Cautious
Sick
Spread
Recession
Dangerous

87% Maintaining social distancing

84% Believe that there will be a recession

Note: Question text: "You mentioned that you are aware of a global virus outbreak. What comes to mind when you think about the virus? Please list 3-5 words or phrases." and "How much do you agree with each of the following statements about the coronavirus?". Similar responses categorized together for visual simplicity
Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26, 2020 (N = 2,106)

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Significant impact on consumers' daily life

% agree

Trying to avoid public places	87%
Keeping a distance in crowds	87%
Changed my daily lifestyle	85%
Working from home	84%
Not going out of house, except work	76%
Avoiding going to hospitals	68%

Note: Question text: How much do you agree with each of the following statements about the coronavirus? Combined Strongly agree and somewhat agree
Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26, 2020 (N = 2,106)

Consumers up to date with virus situation in India, but underestimate the degree of its worldwide spread

	Actuals[1] as of March 24 2020	Consumer Estimate	Accuracy
Mortality rate once infected	~4.4%[1]	~5%	Accurate
Total cases in India	~536[1]	~500	Accurate
Countries with confirmed cases	~171+[1]	~115	Underestimate
Total reported cases worldwide	~417k[1]	~200k	Underestimate

1. Johns Hopkins CSSE, the midpoint of survey fielding 2. Respondents required to choose whole numbers, median reported
Note: Question text: "To the best of your knowledge, please tell us…"
Source: Johns Hopkins CSSE. BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

Essentials, savings, health & wellness, at-home entertainment, and education most likely to witness an increase

Change in spends in next six months

Top winners

Distribution of survey responses (%)

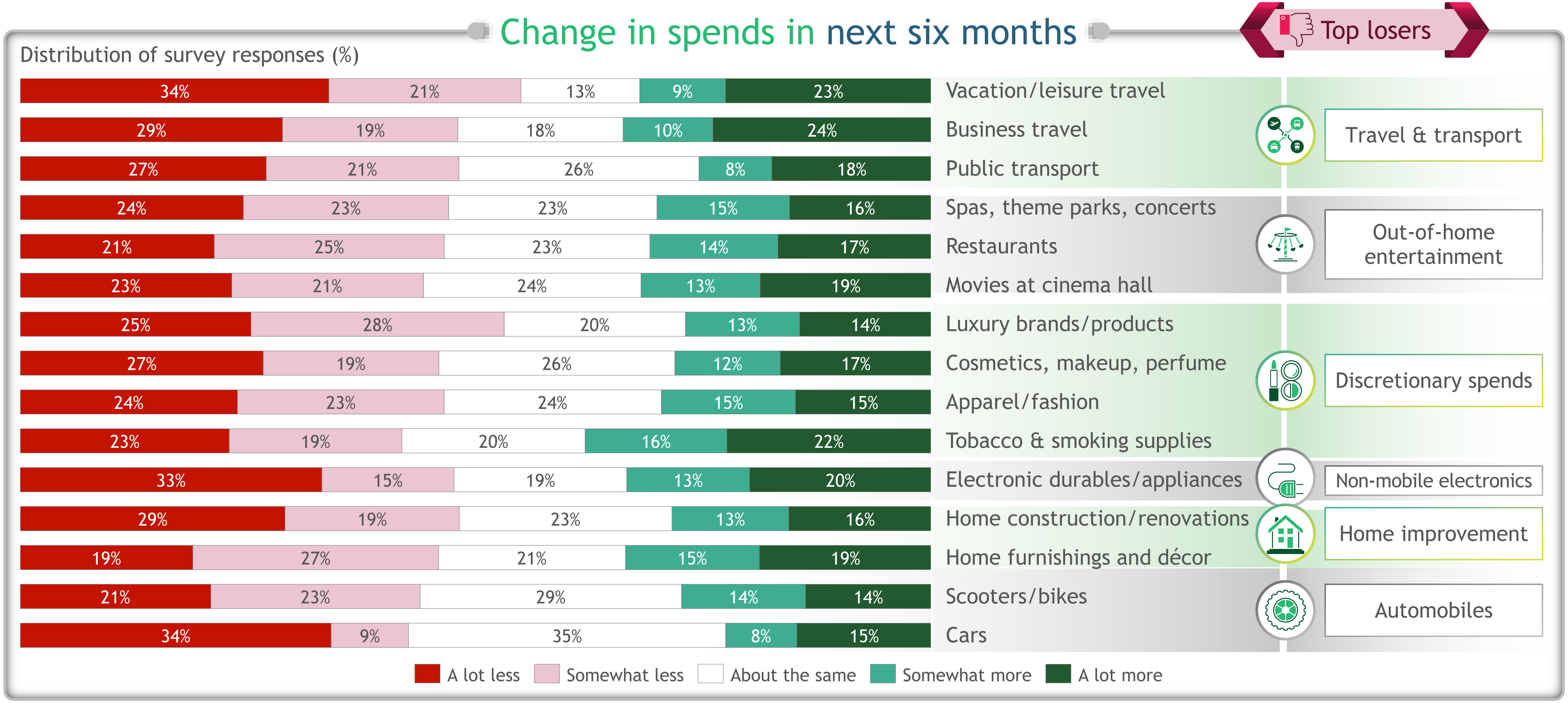
	A lot less	Somewhat less	About the same	Somewhat more	A lot more	Top winners
Utilities	10%	11%	33%	21%	25%	Essentials for daily life
Fresh foods	9%	10%	21%	25%	35%	Essentials for daily life
Groceries and staples	13%	9%	29%	23%	27%	Essentials for daily life
Personal care products	9%	7%	33%	27%	24%	Essentials for daily life
Household care products	12%	10%	29%	17%	32%	Essentials for daily life
Mobile services	11%	5%	28%	29%	26%	At-home entertainment/ Media
Home wifi connection	11%	8%	28%	24%	28%	At-home entertainment/ Media
DTH services	11%	9%	34%	18%	27%	At-home entertainment/ Media
Paid OTT subscription	11%	10%	25%	22%	32%	At-home entertainment/ Media
Toys and games	14%	17%	22%	26%	22%	At-home entertainment/ Media
Savings	12%	11%	22%	21%	34%	Saving/ Investments
Insurance	12%	9%	29%	23%	27%	Saving/ Investments
Preventive diagnostics/test	11%	9%	24%	25%	30%	Health & Wellness
Vitamins, herbs, supplements	18%	9%	21%	23%	29%	Health & Wellness
Medical procedures	15%	8%	26%	26%	25%	Health & Wellness
First-aid	14%	11%	25%	20%	30%	Health & Wellness
Education	11%	6%	22%	28%	33%	Education

A lot less | Somewhat less | About the same | Somewhat more | A lot more

Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Categories with Top 2 Box > 45% (5% more than average) classified as winning categories
Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

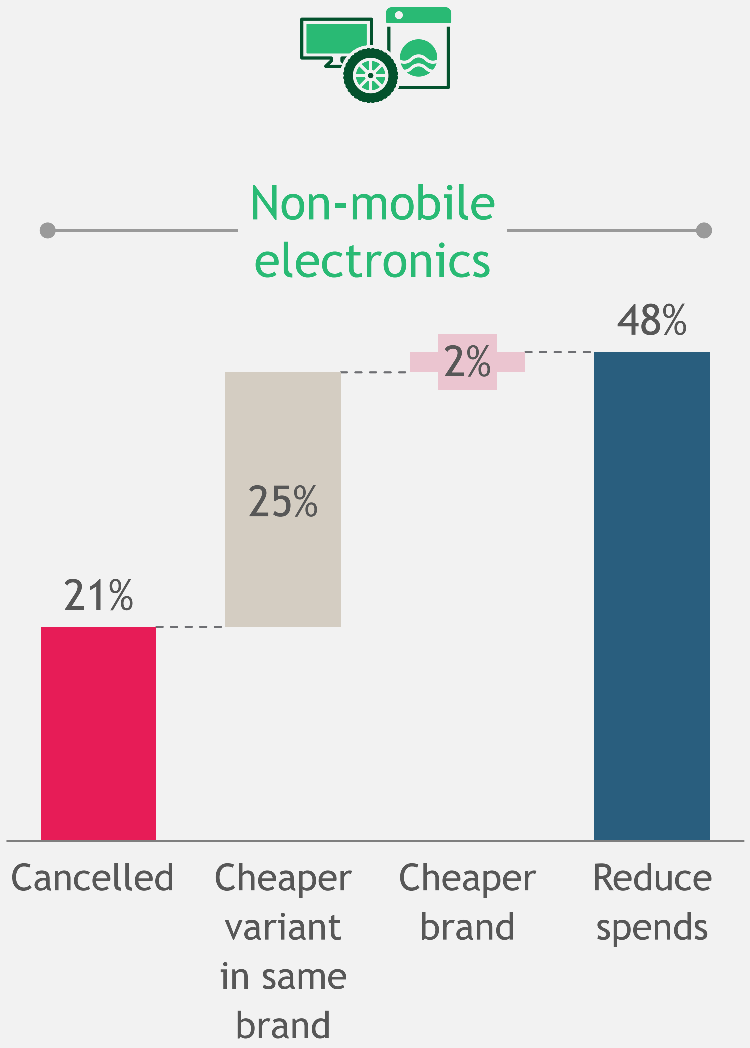
Travel, outdoor leisure activities and discretionary spending likely to be hardest hit by a planned reduction in spends

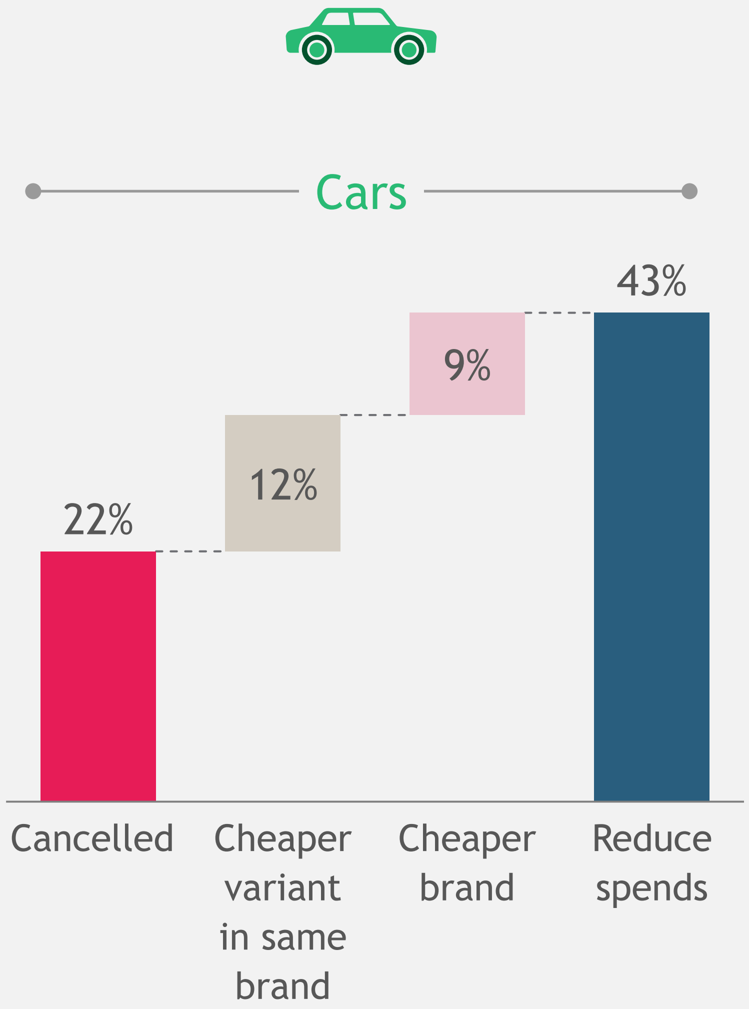
Change in spends in next six months



Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" For non- mobile consumer electronics categories and cars, Bottom 2 box is a sum of those who have already cancelled their plans to purchase and those who plan to spend less among those who still plan to buy in next 6 months. Categories with Bottom 2 Box > 38% (5% less than average) classified as losing categories Excludes categories with N <~100. Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

Almost half of those who will reduce spends plan to cancel/ postpone purchase beyond 6 months



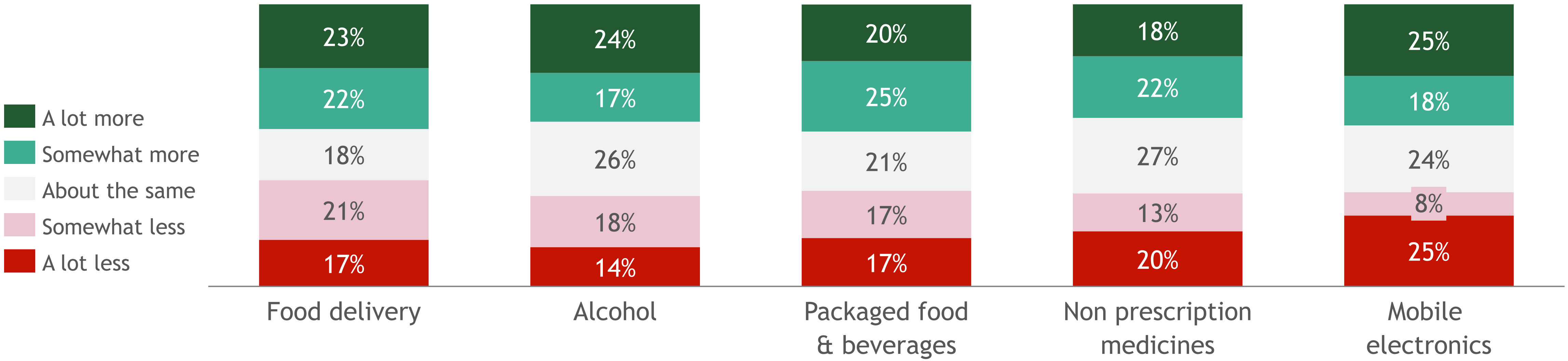


Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" "How do you expect the choice of your brands for the following types of products to change?"
Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

Select categories likely to witness both planned reduction and increase in spends

Dual behavior categories

Distribution of survey responses (%)



66% trying to avoid "unnecessary contact" with delivery boys	Reduction in social occasions due to stay-at-home orders bringing down spends	A discretionary expense for many, it suffers a hit in uncertain times	Among the first to be stocked up in lockdown anticipation - 45% bought enough to last them for the next few months	
Burdened with increased household work due to absence of part-time help, people opting to order-in than cooking	Uncertainty, depression over current situation, and increased alone-time leading to higher consumption	With restaurants shutting down & increased stay-at-home, consumption picking up	44% plan to stock up in case supplies run low	Only "electronics" category where planned spends likely to increase—sign of it being considered an essential commodity, especially in times of physical social distancing

Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Excludes categories with N <~100
Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

Increased spends driven by distress buying amidst fears of accelerating prices & supply chain disruption…

	Expect prices to go up	Want to stock up	About to have free time
Essentials Household care products	48%	39%	NA
Health & Wellness Vitamins, supplements	37%	51%	NA
At-home entertainment/ media Paid OTT subscription	31%	NA	59%

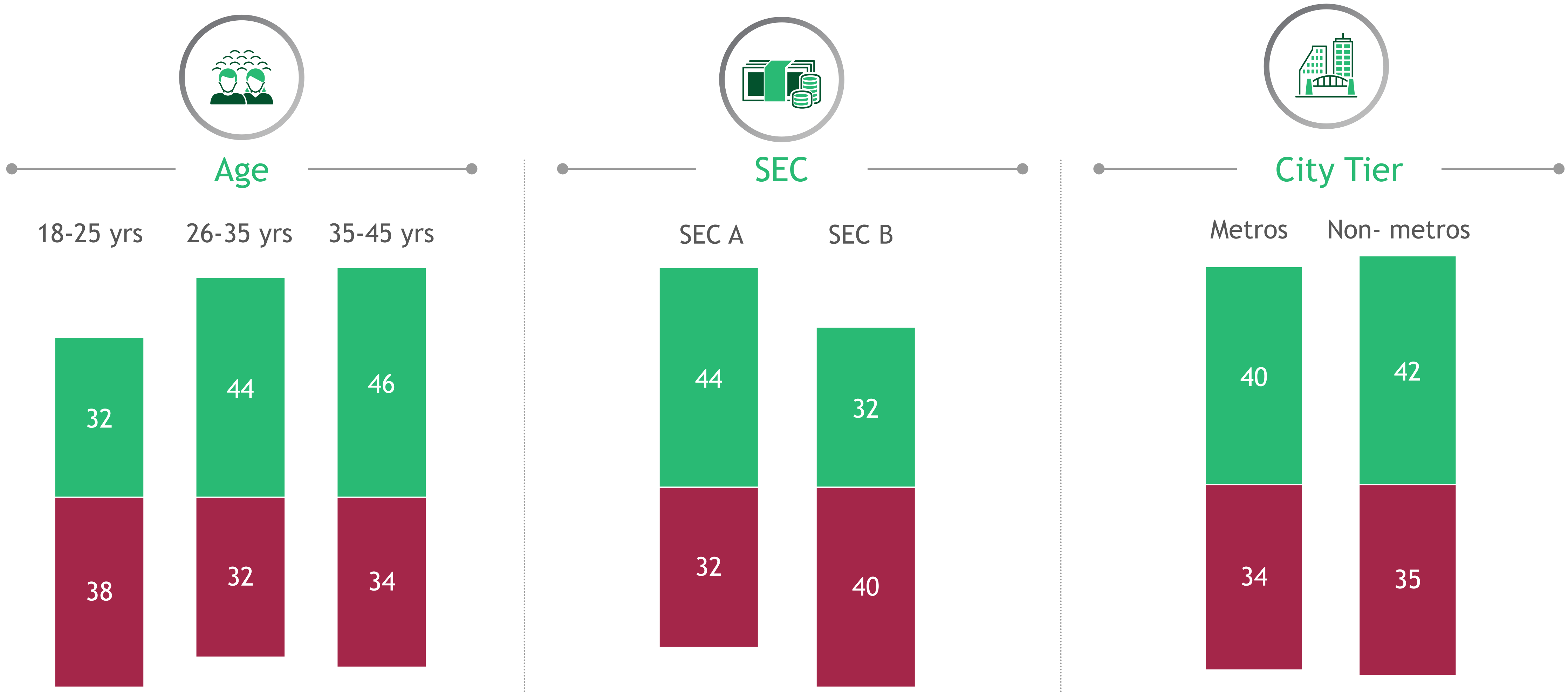
Note: Question text: "You mentioned you expect to spend more on [selection] in the next month/six months. Please select up to 3 reasons why" Average for Personal care, Household care, Packaged food & beverages, Fresh foods, Vitamins & supplements, First Aid, Paid OTT, and mobile categories
Source: BCG COVID-19 Consumer Sentiment Survey, March 23-26 2020 (N = 2,106)

…Social distancing, stronger 'savings mindset' leading to spends cut back

	Avoid public areas	Increase savings	Skeptical about income
Travel Flights	76%	41%	23%
Discretionary spends Apparel/ fashion	NA	55%	13%
Out of home entertainment Restaurants	66%	41%	27%

Note: Question text: "You mentioned you expect to spend less on [selection] in the next month/six months. Please select up to 3 reasons why" Average for Flights, Public transport, Hotels, Railway, Ola/Uber, Beauty products, Apparel/fashion, Restaurants & Movies
Source: BCG COVID-19 Consumer Sentiment Survey, March 23-26 2020 (N = 2,106)

Lower SEC, youth show higher propensity to cut back on spends



% increasing spends in next 6 months (average across categories)

% decreasing spends in next 6 months (average across categories)

Note: Question text: "How do you expect your spend to change in the next 6 months across the following areas?" Average increase and decrease in spends calculated across all consumer sentiment categories covered

Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

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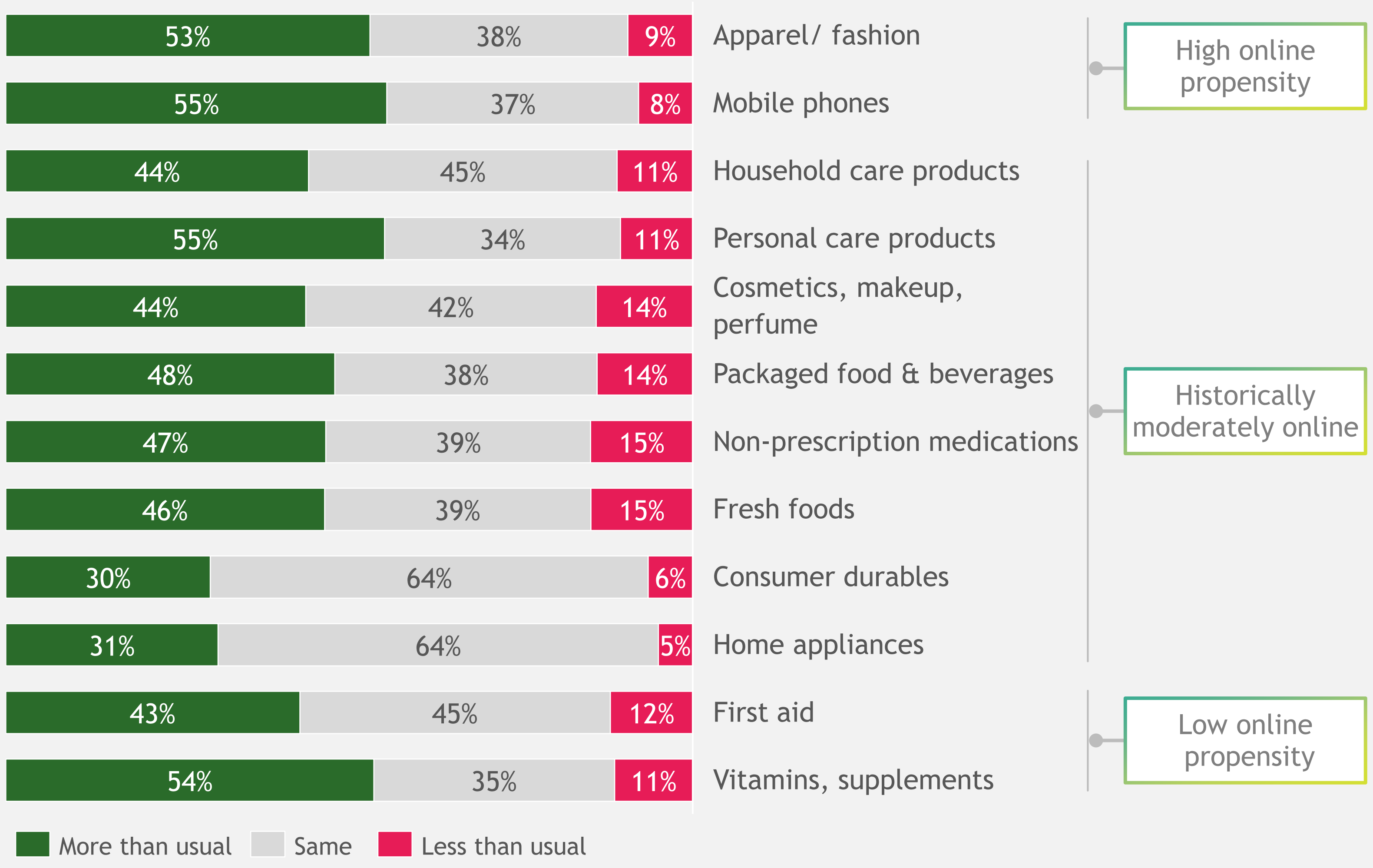
Clear shift towards online spending, even for traditionally offline categories



Note: Question text: “In the next one month, how do you expect your online spend for the following types of products to change?”
Source: BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 (N = 2,106)

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