

Turn the Tide

Unlock the new consumer
path to purchase

MAY 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

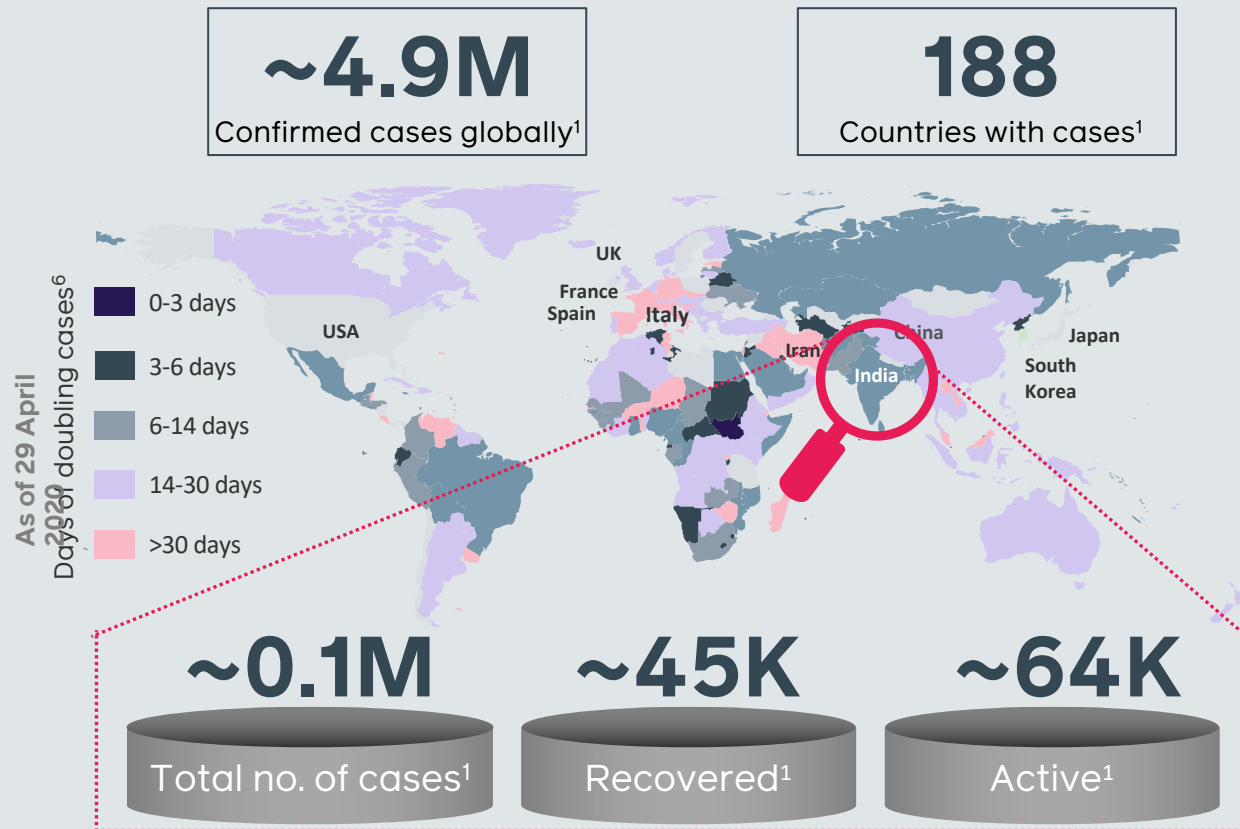
Covid-19 is an
unprecedented
epidemic

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

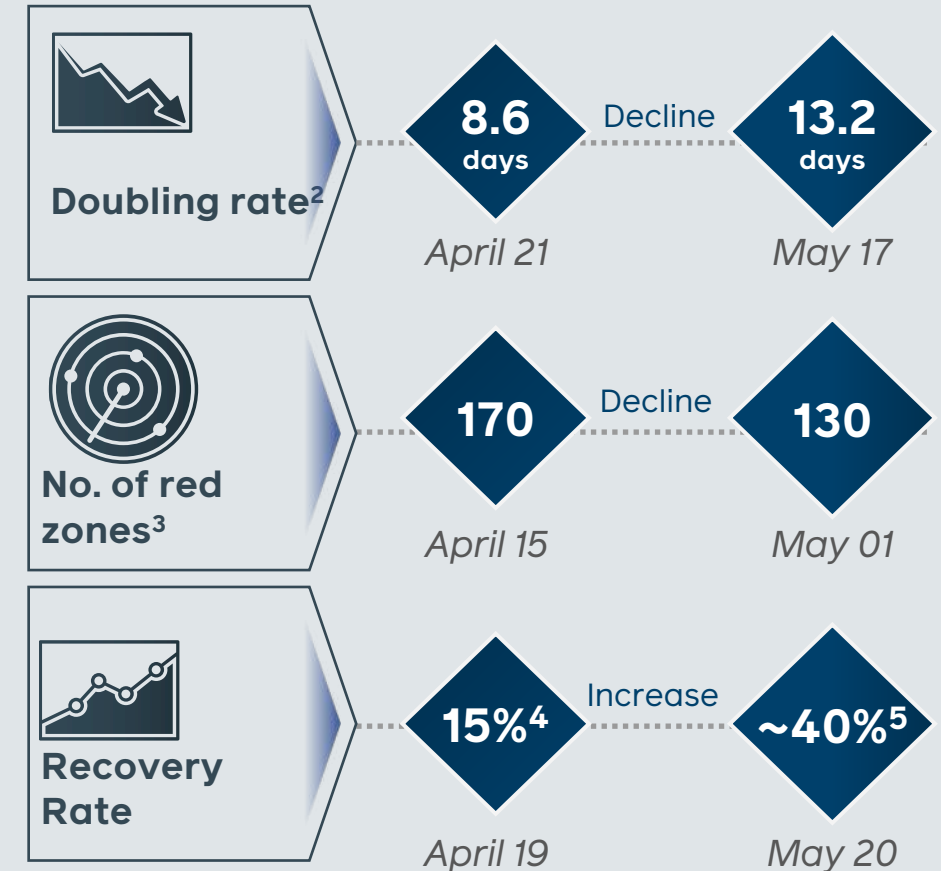
While the pandemic is far from over, signs of recovery are starting to show

Pandemic spread in different degrees across the globe

As of 21 May 2020



Spread of disease starting to slow down in India



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 21st May 2020] 2.[BCG Analysis, Source: Ministry of Health & Family Welfare (MoHFW) website; Press reports]; 3. Press Search [Deccan Herald] [Coronavirus: Red zone districts reduce from 170 to 130 in a fortnight]; 4. Press Search [The Economic times] [India's COVID-19 recovery rate has improved to 24.56 pc: Niti CEO]; 5. Press Search [The Economic times] [Coronavirus in India: Recovery rate at 40%; only 6.39% cases needed hospital support]; 6. [BCG Analysis - No. of doubling days based on 7 day CAGR, Source: John Hopkins CSSE data]

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The pandemic impacts the health & socio-economic fabric; lives of consumers will not be the same

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



HEALTH & SAFETY

- 1 **COVID-19 Cases**
0.1M+ total cases in India¹
- 2 **Web Trends**
~120% spike in online searches on health & immunity in India post COVID²
- 3 **Demand of health products**
49% consumers intend to buy more vitamins, herbs and supplements in the coming days³

Social distancing and structural interventions aimed to drive faster recovery



PUBLIC POLICY

- 4 **Public Health Measures**
Social distancing enforced via nation-wide lockdown
- 5 **Industry Guidelines**
12+ industries⁴ got relaxation in restrictions
- 6 **Monetary Relief Measures**
~\$13 Bn infusion by monetary relief measures by RBI⁵

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-essential⁶
• **198M** workforce employed in hotspot districts⁷
- 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**
8 of 16 categories expected to see reduced spends in next 6 months¹¹
- 12 **Web Traffic trends**
Medicine and Beverages with highest traffic growth¹²
- 13 **Media, Smartphone Usage**
Globally, **~3Bn** average **MAUs** across Facebook, WhatsApp, Instagram & Messenger¹³; **12.5%** increase in smartphone screen time (April vs Pre-COVID)¹⁴
- 14 **Mobility**
40%+ reduction in number of visits to public places due to lockdown and social distancing¹⁵

Source: 1. [NDTV Corona Virus - Live Statistics Data - accessed on 21st May 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 - Guidelines released on 15th April 2020] 5. [RBI Notification - 17th April] 6. [BCG Analysis, Source: Nielsen-Indicus database 2017-18, Hotspot list as of 15th April (MoHFW), 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: BCG COVID-19 Consumer Sentiment Survey] 12. [BCG Analysis, Source: SimilarWeb data *www.similarweb.com] 13. [Facebook Q1 2020 Earnings Release/ Call Transcript - 2.6Bn users just on Facebook] 14. [BARC Nielsen - TV + Smartphone consumption report during crisis, 9th April 2020] 15. [Source: COVID-19 Community Mobility Report - India - Apr 17, 2020]

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Unlock the new normal

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+ Closed public transportation¹



19+ Closed workplaces¹



Countries

Countries



India is actively following social distancing guidelines

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



RETAIL & RECREATION



Reduction in number of visits compared to baseline



WORKPLACE



Reduction in number of visits compared to baseline

Strict social distancing guidelines issued for reopening workplaces³

Non-Exhaustive



Seating at least 6 feet away from others on job sites



Gap of 1 hr. between shifts & stagger lunch breaks

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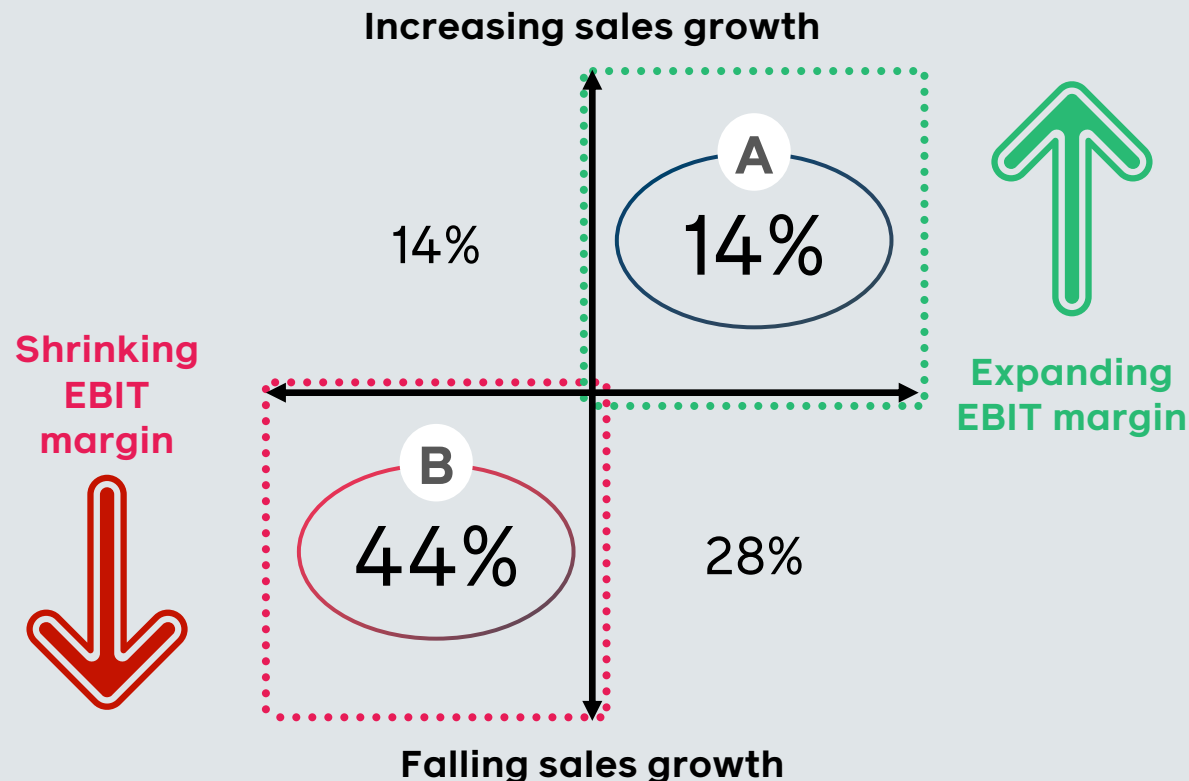
Unlock the new normal

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, there are companies who pro-actively find opportunities to grow



14% of US companies with at least \$50M sales improve growth & margin in downturns, while 44% decline in both¹



Success stories - Companies successfully weathered historical crisis

AMERICAN EXPRESS

American Express was severely threatened in the 2008 financial crisis by rising default rates and falling consumer demand. The company **pivoted on new partnerships and embraced digital technology**. Its stock price has risen by >1,000% in the decade since²

Uniqlo – a retail brand in Japan – grew from 5% to 30% market share in 2 years of downturn (1999-2000) while growing margins – by **pivoting their business model towards the white space of consumer** need created by the crisis³

UNIQLO

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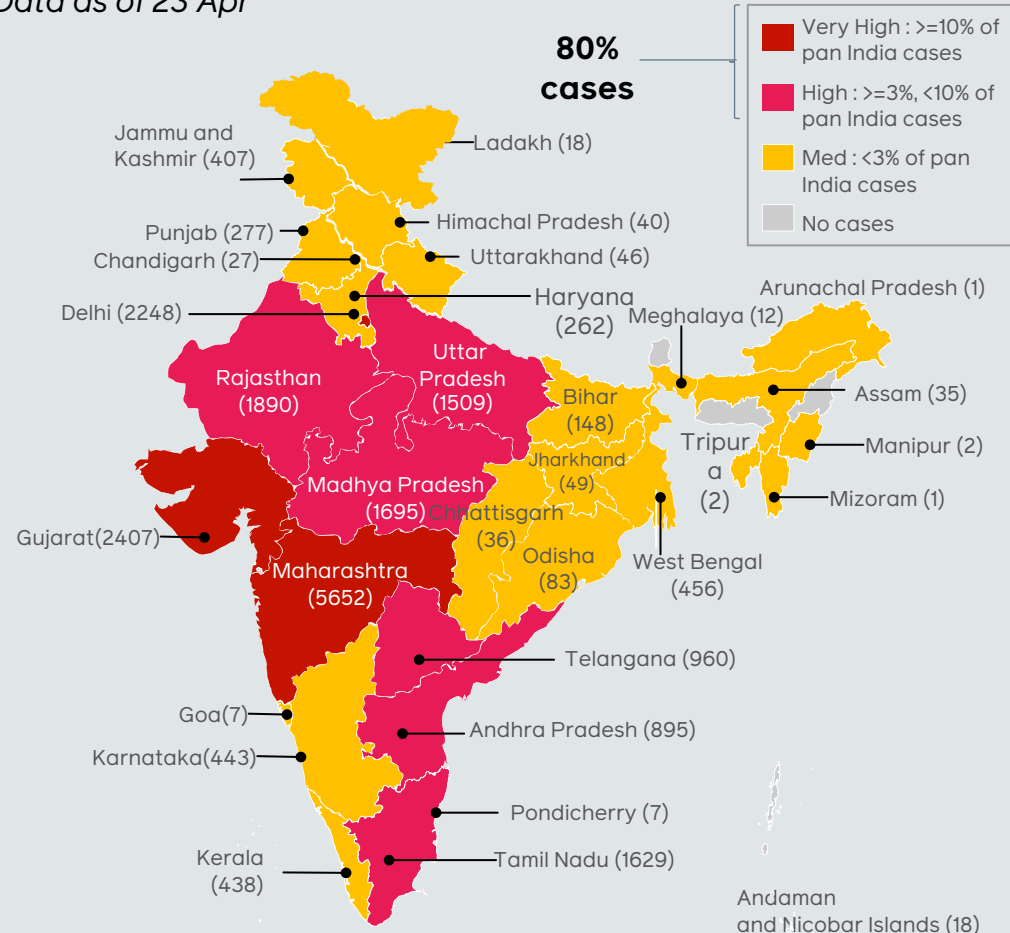
Unlock the new normal

1. [Average across last four U.S. downturns since 1986; based on performance compared to three-year pre-downturn baseline for U.S. companies with at least \$50M sales; Annualized revenue growth during the downturn period; Compared to three-year average pre-downturn EBIT margin. Source: S&P Compustat and Capital IQ, BCG Henderson Institute, BCG Valuescience, BCG analysis, Analyst reports, Annual Reports] 2. BCG Article [Advantage in adversity: winning the next downturn] 3. [BCG Analysis, Source: BCG Valuescience, Analyst reports, Annual Reports]

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

More than 22 states have less than 20% cases¹

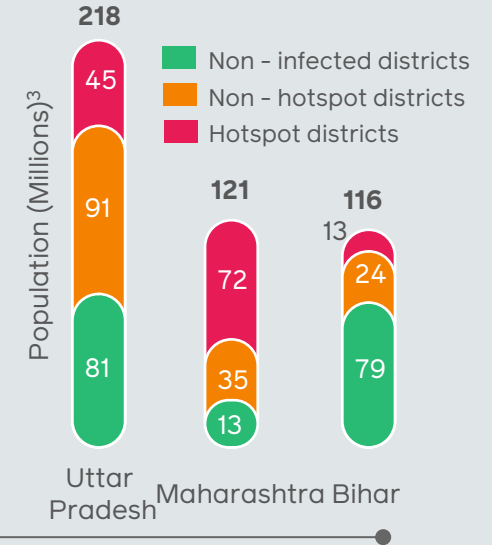
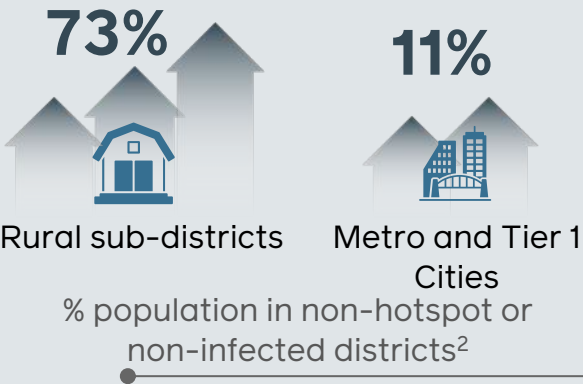
Data as of 23 Apr



Avenues may lie in different pockets

District classification as per MoHFW guidelines on 15 Apr

Non-Exhaustive



Companies should *strategically prioritize re-opening* and scaling up business as lockdown starts easing across regions



Potential to target *specific micro-markets* further along recovery to 'normal'

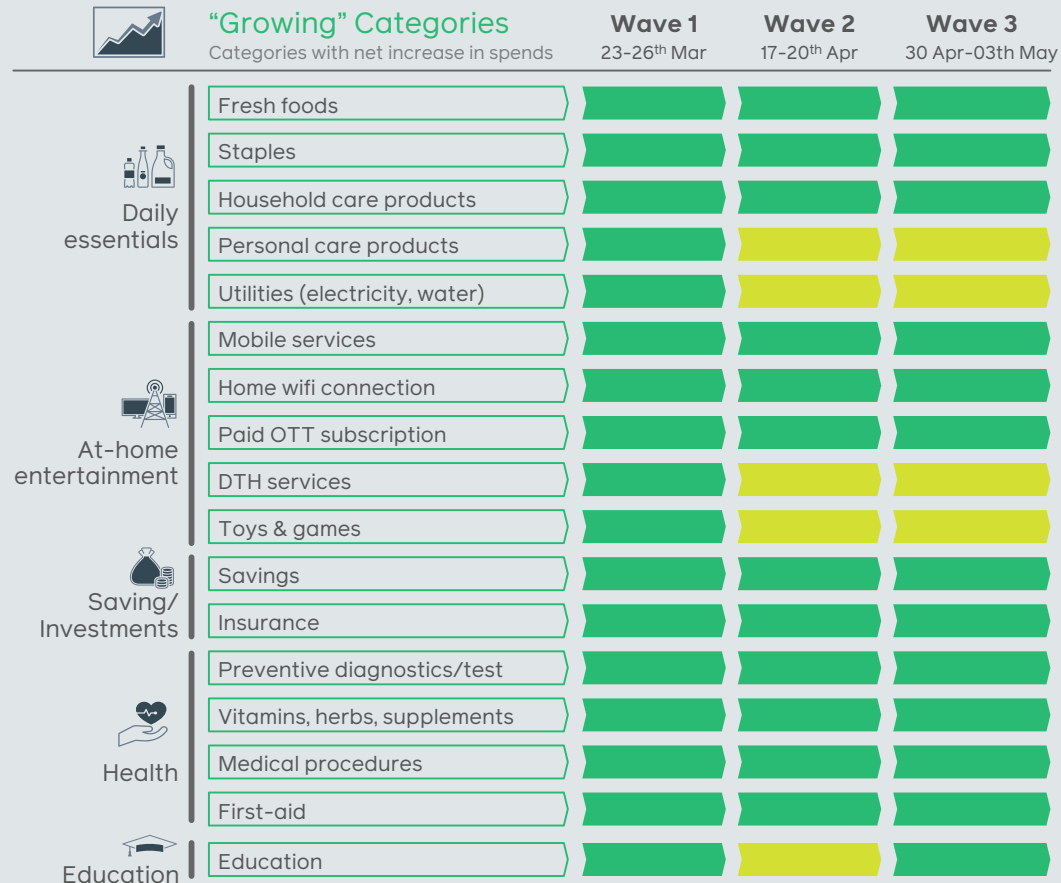
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1. [BCG Analysis, Source: Ministry of Health & Family Welfare (MoHFW) website; Press reports]; 2. [BCG Analysis, Source: Nielsen-Indicus database 2017-18, BCG Center for Consumer Insight, Press reports (Data compiled in 2017-18)]; 3. [BCG Analysis, Source: Nielsen-Indicus database 2017-18, BCG Center for Consumer Insight, Press reports (Data compiled in 2017-18)]

Spending sentiment translating differently across categories; marketers need to react accordingly

Right strategic actions needed to win disproportionate share



Marketers will need to identify pockets of opportunities



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)

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Overall older & higher SEC consumers have relatively positive outlook

Amidst the growing income uncertainty, opportunity to identify and sharply target least impacted micro-segments

Income



% expecting lower income in the next 6 months

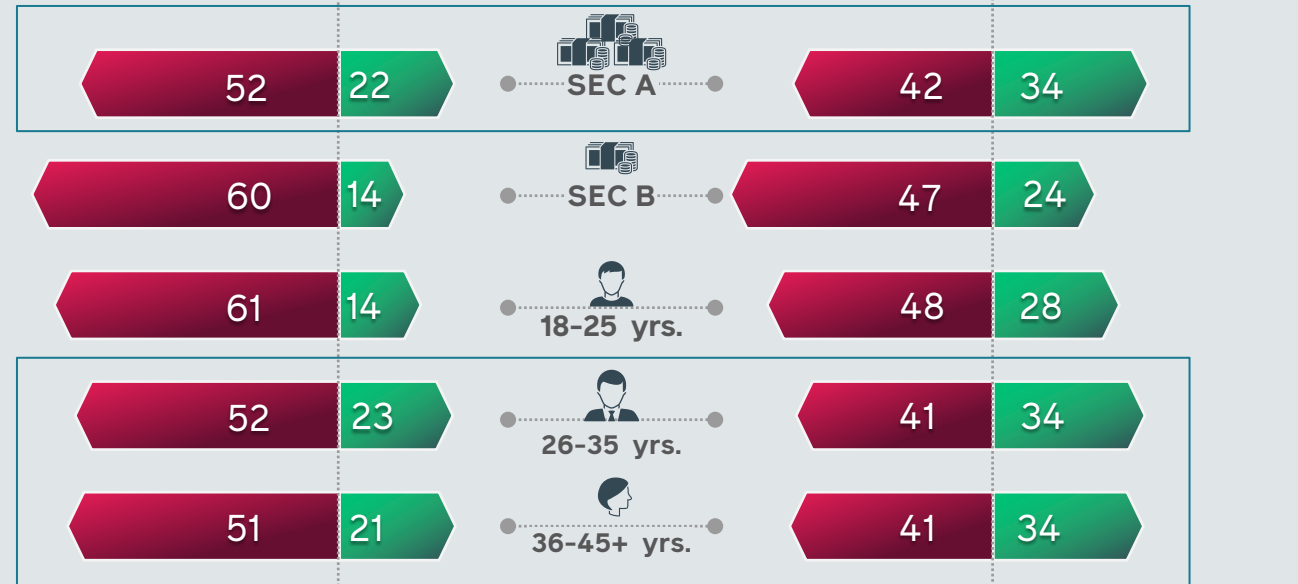
% expecting higher income in the next 6 months

Spends



% expecting decrease in total spends in next 6 months

% expecting increase in total spends in next 6 months



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 30-May 03 2020 (N = 1,327)

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The most
fundamental
change from
this crisis is the
**change in
consumer
behavior**



Our research points to fundamental themes impacting consumer behavior



SOCIAL DISTANCING:

The new normal



Retail & recreation

~85%

Reduction in number of visits to public places compared to baseline¹



HEALTH AND HYGIENE:

Top of the mind



49%

Consumers intend to buy more vitamins, herbs and supplements in the coming times²



INCOME UNCERTAINTY:

Here and now concern



54%

Consumers expect overall household income to reduce in the next 6 months³

1. [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] 2. Question text: "How do you expect your spend to change in the next 6 months across the following areas?" [BCG COVID-19 Consumer Sentiment Survey 30-May 03 2020 (N=1,327)] 3. "How do you expect your overall available household income to change in the Next 6 months as compared to before lockdown?" [BCG COVID-19 Consumer Sentiment Survey 30-May 03 2020 (N=1,327)]

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These themes 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

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Unlock the new normal

11 trends of consumer behavior emerge

This will deeply impact purchase pathways in the new normal



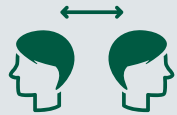
REVERSAL OF
PAST TRENDS



ACCELERATION OF
EXISTING TRENDS



NEW
HABITS



Social
Distancing



Health &
Hygiene



Income
Uncertainty

1



Bringing the
Outside Inside

2



Trust in brand
above all else

3



Trading down &
bargain hunting

4



Shopping for Utility

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

5



Embracing digital
services &
experiences

6



Accelerated adoption
of e-commerce and
O2O

7



Strive for Health &
Wellness

8



Rise of 'Smart
shopper'

*High potential permanent shifts:
linked to positive reinforcement*

9



Remote way of living

10



'D'o 'I't 'Y'ourself

11



Superior hygiene &
clean living: a new
norm

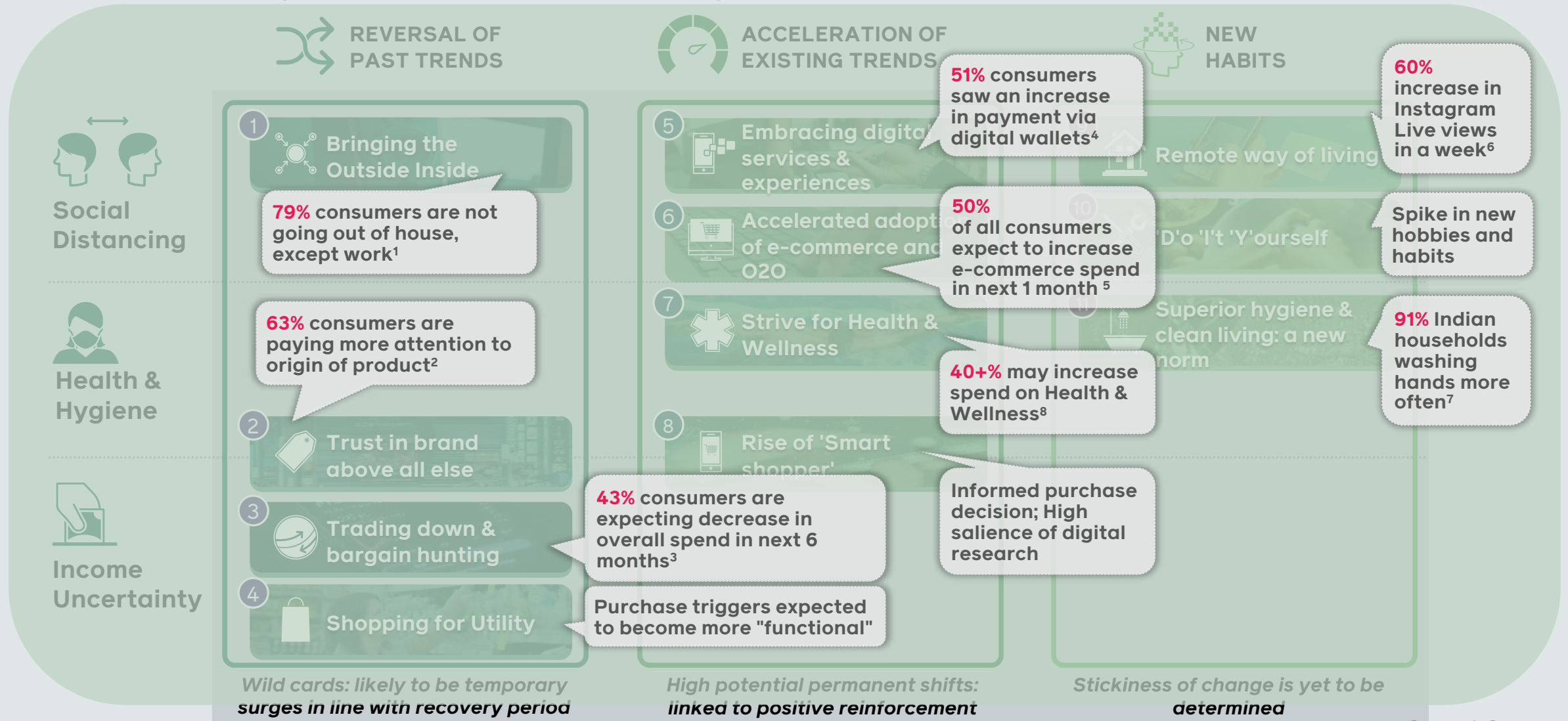
*Stickiness of change is yet to be
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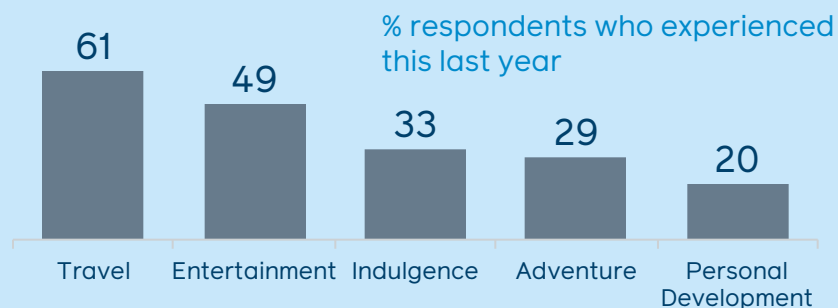
1. Question text: "What is your likely behavior for following activities once the Lockdown is lifted?" [BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)] 2. [KANTAR - COVID-19 Barometer India Research report - 3rd April 2020] 3. "How do you expect your overall spends to change in the Next 6 months as compared to before lockdown?" [BCG COVID-19 Consumer Sentiment Survey, April 30-May 03 2020 (N=1,327 respectively)] 4. "How would you describe your usage behavior in past 1 month?" [BCG COVID-19 Consumer Sentiment Survey April 17-20 2020 (N = 2,324)] 5. BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020 6. [Facebook India Data - Week ending March 28 vs Week ending March 17] 7. [KANTAR - COVID-19 Barometer India Research report - 3rd April 2020], 8. [BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)]

With social distancing, indoor is becoming the new outdoor with experiences moving inside home



Pre-COVID, consumers showed inclination towards experiences

77% consumers indulged in experiences¹



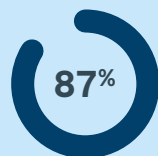
With lockdown, consumers are being forced to stay indoors²



Trying to avoid public places



Keeping a distance in crowds



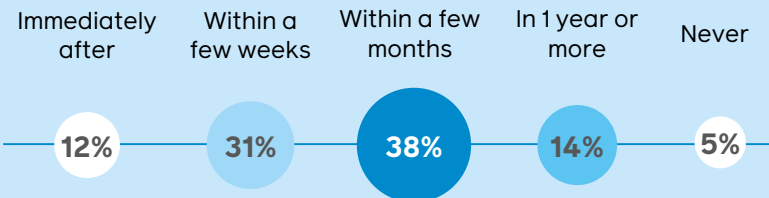
Not going out of house, except work



Outdoor movement will likely continue to be restricted; consumers trying alternatives³



Movies in theatre



Eating out



RETAIL & RECREATION

'Old hobbies become survival mantra for many during lockdown' - TOI



WORK

Working from home⁴
79%



SOCIALIZE

'Social Bonding in Physical Distancing' - Indian Express

1. Question: In last 1 year, did you indulge in the mentioned experiences at least once? [BCG - Emerging consumer trend report, 2019] 2. Question text: "What is your likely behavior for following activities once the Lockdown is lifted?" [BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)] 3. 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?" [BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N = 1,327)]; 4. % respondents who selected "I'm working from home now instead of going to office/ work place [BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N = 1,327)]; Source: Press Search

Opportunity for brands to customize offerings and communication for in-home consumption



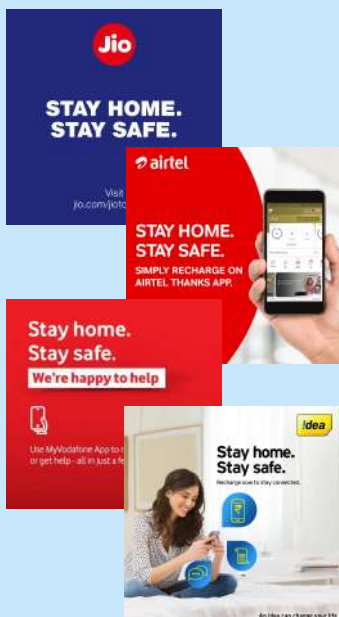
In India, the 'Stay Home' & 'Ghar Pe Raho' sticker was used over

6M

times on Instagram¹

1

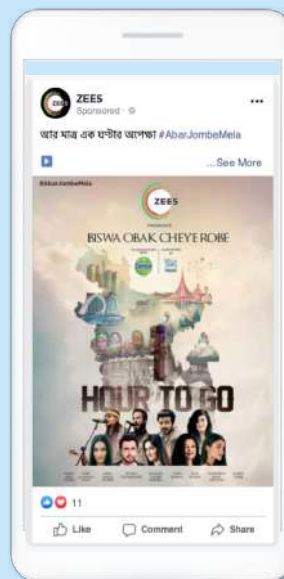
Brands adapting campaign messaging around 'Stay at home'



Telecom players used Facebook to drive awareness for staying safe at home and promoting online transactions for recharge at home

2

Brands offering interesting things to do while 'Stay at home'



Zee5 Global launched the 'stay home, stay entertained' campaign and leveraged Facebook to scale their subscription program, catering to entertainment seeking consumers in lockdown

3

Brands delivering outdoor services inside your homes



SBI launched #GharSeBanking campaign on Facebook to maximize the adoption of digital banking products in the wake of the country wide lockdown



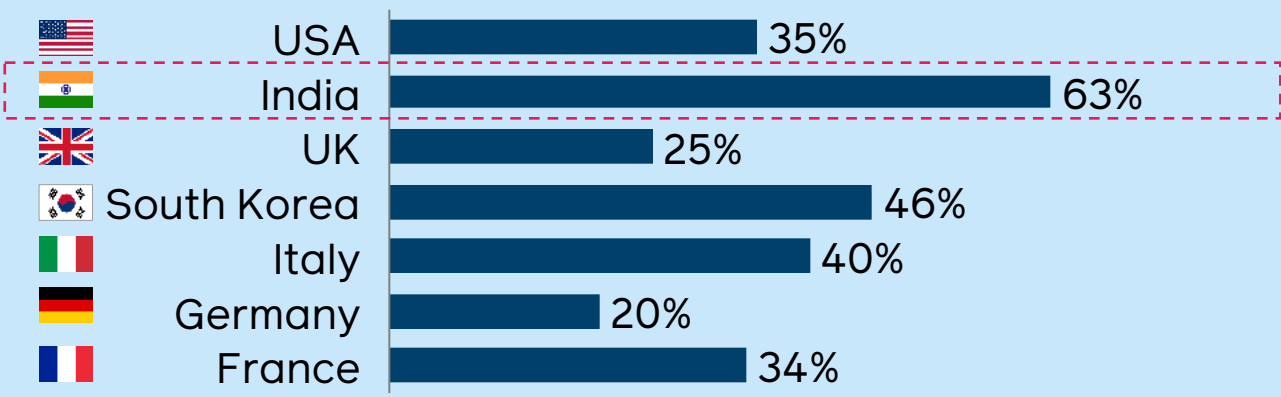
Consumers gravitating to brands they can trust



Consumers focusing on origin of product and brand's response to the crisis; loyalty to trusted brands continue

- 65% Believe that brand's response to crisis would have impact on future purchase likelihood¹
- 63% Paying more attention to origin of products²
- 59% Continuing to purchase same brand as always²

Focus on product origin is much more pronounced in India than other countries²



Opportunity for all brands to deepen relationships

Limited co-relation between brand awareness and trust across categories (25-50%)³

Thus fair game for large / small / established / new brands to establish trust



Opportunity to build deeper customer relationships by responding to the crisis and being their "lockdown and transition partner"



Opportunity for "Made In India" play in messaging for categories where consumers will care more about local sourcing / product origins

Both established and niche players are stepping up to deepen consumer relationship by building trust



Responding to crisis and being "lockdown and transition partner"

FB
Give
India



Facebook's 'I For India' concert to raise funds for GiveIndia COVID-19 relief

85+

Top Indian and Global stars

60+ Cr

Raised for COVID-19 relief

OLA



Launched **Ola Emergency service** to help citizens who are in need of taking medical trips amidst lockdown

Radisson



Launched **#RadissonCares** across social media platforms to bring insights in housekeeping, F&B, elderly, health & wellness care



Pivoting on "Made in India" themes

ZOHO



Launched '**Swadeshi Sankalp**', to provide online platform for classes and free classes to govt. schools. Also providing free customer support software to govt. & meeting spaces.

J&J

Tulips



J&J & Tulips are going to supply "**Made in India' nasal and throat swabs** for testing COVID

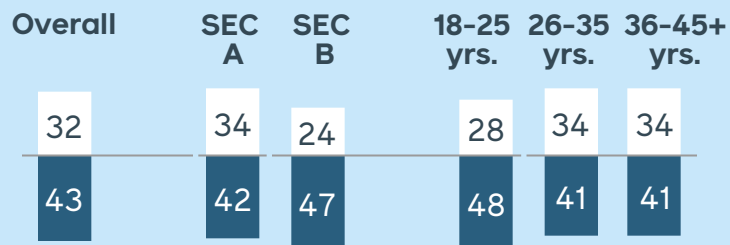
Turn the Tide

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Markets may witness trading down in the short term; micro-market opportunities will emerge

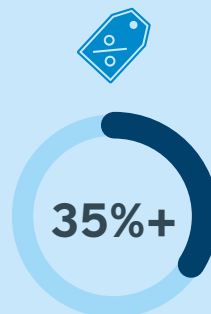
Income uncertainty creating mixed sentiment; both planned reductions & increased spends expected across categories¹



% expt. increase in total spends in the next 6 months
 % expt. decrease in total spends in the next 6 months

Target **micro- segments with more resilience** (affluent, older) in targeted campaigns

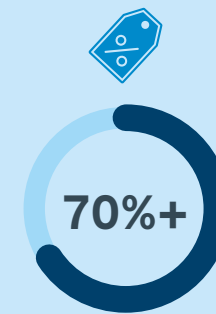
Expectation of deals/discounts is one of the key reasons to increase spends²



Expecting discounts across categories

Explore value for money **offers** (e.g. **discounts on volume / loyalty etc.**) to attract this segment

Majority of those who reduce spends will prefer to buy a cheaper brand/variant³



Planning to buy cheaper brand/variant

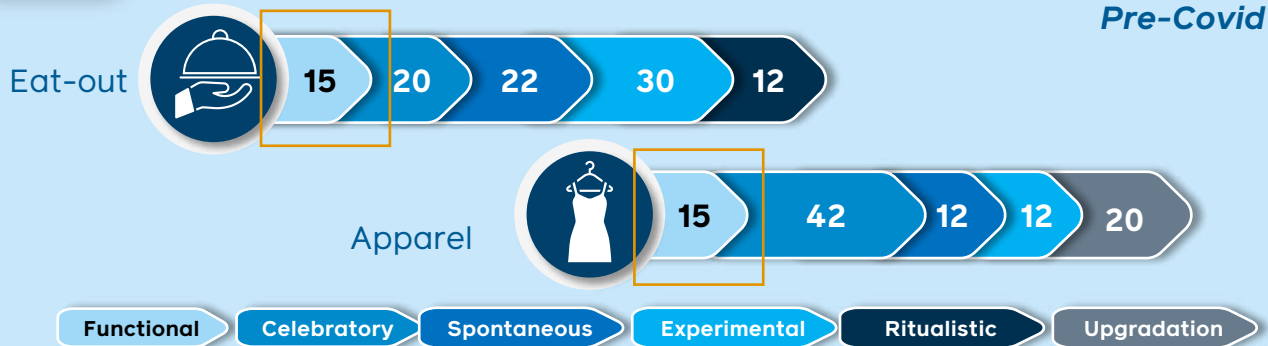
Prop up value for money **variants in portfolio and proposition** to win this segment

1.Question Text: "How do you expect your overall spends to change in the Next 6 months as compared to before lockdown?" 2. Average % of respondents across select categories expecting deals/ promotions/ discounts (as a % of consumers who are planning to increase spends) 3. Min % of respondents planning to buy a cheaper brand/ variant across select categories from consumer sentiment survey (as a % of consumers who are planning to reduce spends)
Source: BCG COVID-19 Consumer Sentiment Survey, April 30-May 03 2020 (N = 1,327)

Value consciousness will lead to more utility led shopping; right triggers can induce purchase



Purchases across many categories have been driven by more celebratory/experimental needs¹



With growing income uncertainty purchase triggers expected to become more 'functional'

Post-Covid

54% Consumers are expecting lower income in the next 6 months²

Transition in purchase triggers

"I must plan a party for Friday evening"

"Let me experiment with this new style of jeans"



"I am too tired working the whole week, should probably order home delivery"

"I need to replace my jeans because these don't fit me"



Marketers are designing their brand messaging around in-demand use cases³



Eat out restaurants like Dominos are highlighting additional utility around ordering home delivery like **reduced work around cleaning dishes etc.**



Japanese creative agency Whatever collaborated with Japanese fashion designer Akihiko Kimura to create WFH Jammies, an **outfit that looks formal on video, but is loose & comfy outside the frame**

1. Question Text: Now I want you to think about the last time you purchased XYZ, what was the occasion/reason for your purchase? Data of only urban consumers [BCG Analysis, Source: CCI Survey]; 2. Question text: "How do you expect your overall available household income to change in the Next 6 months as compared to before lockdown?" [Source: BCG COVID-19 Consumer Sentiment Survey, April 30-May 03 2020 (N = 1,327 respectively) 3. Press/ Social Media search

Turn the Tide

Unlock the new normal



Acceleration in digital led by social media; more consumption across news, games & entertainment

Social media growing in importance as one stop for staying connected, entertained and well-informed

Increasingly wide reach – 3 Bn consumers actively using Facebook, Instagram, WhatsApp or Messenger each month¹



Increased preference for virtual connects - Voice and video calling more than doubled across Messenger and WhatsApp in hardest hit places by COVID¹

INCREASED DEMAND FOR DIGITAL CONTENT

Content producers are turning towards OTT

Producers court OTT platforms to cash in on summer movie season
- **The HINDU**

New Players are entering the OTT segment

Snapdeal enters the OTT race, partners with Hungama play to offer video streaming content
- **Business Insider**

MORE TIME SPENT PLAYING ONLINE GAMES

Engagement observed across the day²

"The most interesting thing is that while our user peak was between 8 pm and midnight, we now see a relatively flatter (and higher) engagement throughout the day –
Founder, Rein Games

Social gaming apps are gaining popularity³

"Activity on social features of WinZo Games such as usage of video and audio while playing the game have also doubled"
- **Co-Founder WINZO games**

INCREASE IN CONSUMPTION OF ONLINE NEWS

COVID-19 serves a blow to print media

COVID-19 hits print media hard-ads as circulation dip, editions see major digital push
- **The Print**

Consumers are planning to continue behavior



% new users likely to continue in future⁴

Consumers embracing digital in historically offline categories like Education & Health and Fitness

Traditional learning models faced an unprecedented setback and digital emerged

Social distancing and increasing health awareness led to interest in digital health services



Students hit by COVID-19 as schools and colleges are shut¹

Kendriya Vidyalayas go digital to impart education during lockdown
- NDTV

COVID-19 : IIT Roorkee resumes teaching through digital mode
- HT Media

COVID-19 lockdowns: AICTE releases list of 41 free digital resources for students
- HT Media

Unacademy



Increase in time spent²
101%

Unacademy launched 20,000 free live classes⁴



Health conscious individuals³

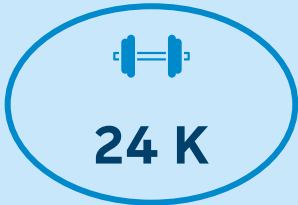
Theaters, gyms to be shut in Mumbai, 5 other cities in Maharashtra over coronavirus
- HT Media

Sadhguru Yoga



Increase in time spent²
202%

Online Yoga Practice sessions to help immunity



Gyms and Studios across India impacted³

Coronavirus is making India's gyms and dance studios sweat
- Yahoo Finance

Locked gyms due to Coronavirus outbreak! How fitness industry sees innovation and growth
- Financial Express

Cure Fit



Increase in time spent²
120%

Cult fit started online classes to support consumers to workout from home⁵

1. Press Search: [ThePrint] [In India, over 32 crore students hit by Covid-19 as schools and colleges are shut: UNESCO]; 2. [BCG Analysis, Source: App annie data (Time spent data) – Change comparison March 4th Week vs March 1st Week] 3. Press Search: [LiveMint] [How India pays for fitness]; 4. [Unacademy Blog – 12th March 2020]; 5. Press Search [Business Insider] [Cult.fit goes online to support people to workout from home amidst Corona shutdown]

Digital payment platforms become more important in the customer purchase journey

RBI pushes digital payments in the time of COVID-19

- Economic Times

NPCI urges India to use digital payments to reduce social contact and contain Covid-19 outbreak

- NPCI Press release

FinTech to the rescue: Rural India turns to digital modes of payment

- The Banking & Finance Post

Sharp rise across digital payments in the last 1 month...

Digital wallets

% consumers¹



51%

25%

25%

With strong likelihood to continue in the next 6 months

% consumers²

60%

22%

18%

Net banking/online banking



46%

30%

25%

50%

30%

20%

Increased Same Decreased



There is a 15% increase in incoming requests from offline merchants to partner with Paytm³

- PAYTM spokesperson

More than usual Same Less than usual



We are seeing an uptick in our switch partners from whom our users can buy essentials/staples such as groceries, medicine and food³

- PhonePe Spokesperson

1. Question text: "How would you describe your usage behavior in past 1 month" [BCG COVID-19 Consumer Sentiment Survey, April 17-20 2020 (N = 2,324)]; 2. "How do you expect your usage behavior to change in the next 6 months" [BCG COVID-19 Consumer Sentiment Survey, April 17-20 2020 (N = 2,324)]; 3. Press Search [LiveMint] [COVID-19: Digital payments see uptick in user base]

Turn the Tide

Unlock the new normal

Brands have started using digital extensively to attract and engage consumers



Exploring new digital models and service innovations

Cult.fit

Launched telemedicine services & is offering 80+ online sessions daily, with over 25k+ members

BMW

Launched an immersive shopping experience online with a touch of personalization

Penguin eat shabu

Promoted to-go boxes with Facebook posts & customers could order through Messenger – achieved 350 sales in one min



Use of digital marketing to deliver broader brand communication goals

Swiggy

Using app, Social media & blog for Digital PR, safety standards and thought leadership

MAX Health Insurance

Vernacular video led campaign on OTT for #IgnoreNahiInsureKaro

Nykaa

Launched Nykaa Network, an online-only beauty forum to share beauty tips and strengthen brand persona



Leveraging digital to engage with consumers

WHO

Launched the #SafeHands challenge on social media platforms like Instagram, partnering with celebrities



Asian Paints

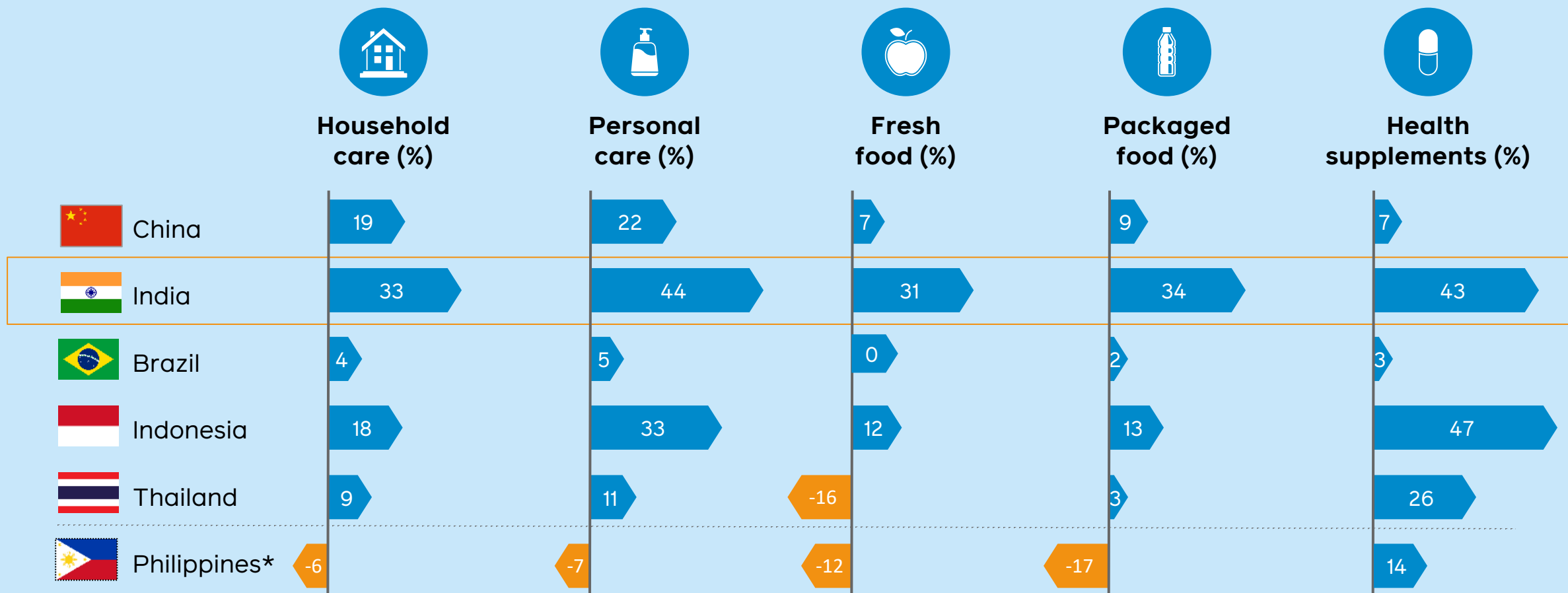
Initiated the #HarGharKuchKehtaHai campaign on Instagram to interact with the consumers in lockdown

UpGrad

Collaborated with influencers on Instagram to promote upskilling campaign #rahoambitious



Surge in preference for online channel sharper in India



*The reduction in e-commerce was caused by a shortage of delivery staff due to a strict lockdown

Source: BCG COVID-19 Consumer Sentiment Survey, 2020 (N = 1,255 Brazil; 2,532 China; 2,106 India; 1,528 Indonesia; 1,017 Thailand; 1,015 Philippines).

Note: Question was "In the next one month, how do you expect your online spend for the following types of products to change?" (Focus on income segments middle class and higher.)

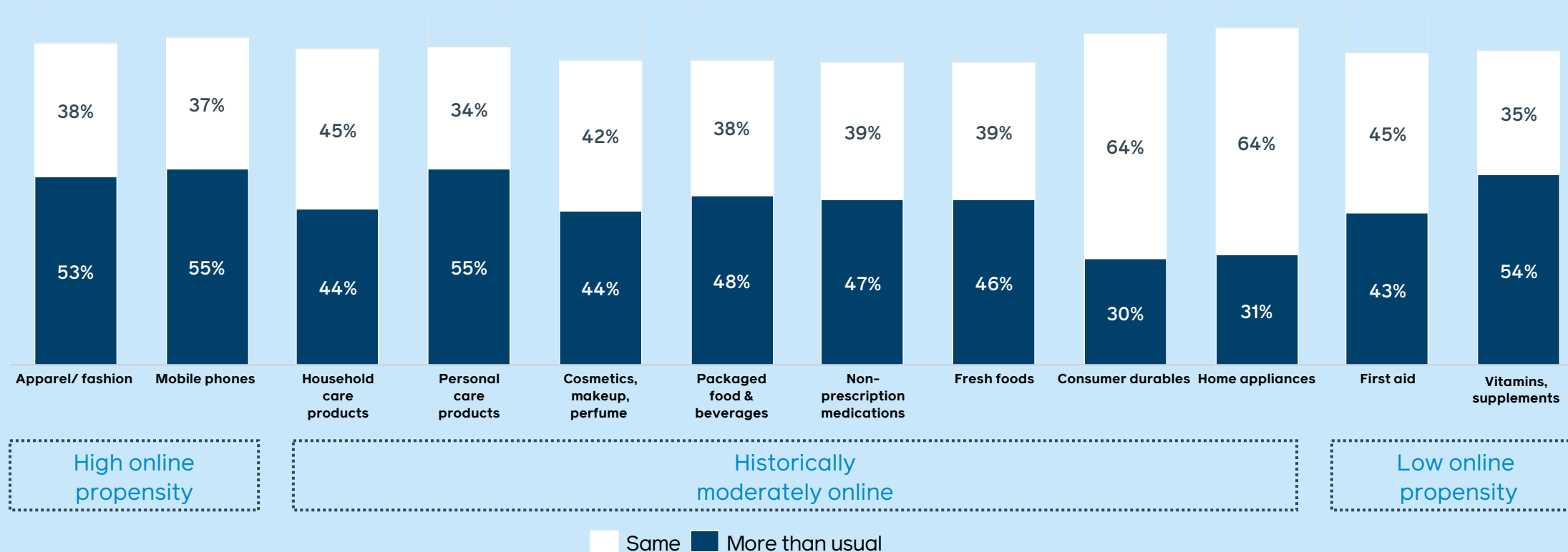
Turn the Tide

Unlock the new normal



Indian consumers may spend higher on E-com, even for traditionally offline categories

~50% of all consumers expect to increase E-com spend in next one month

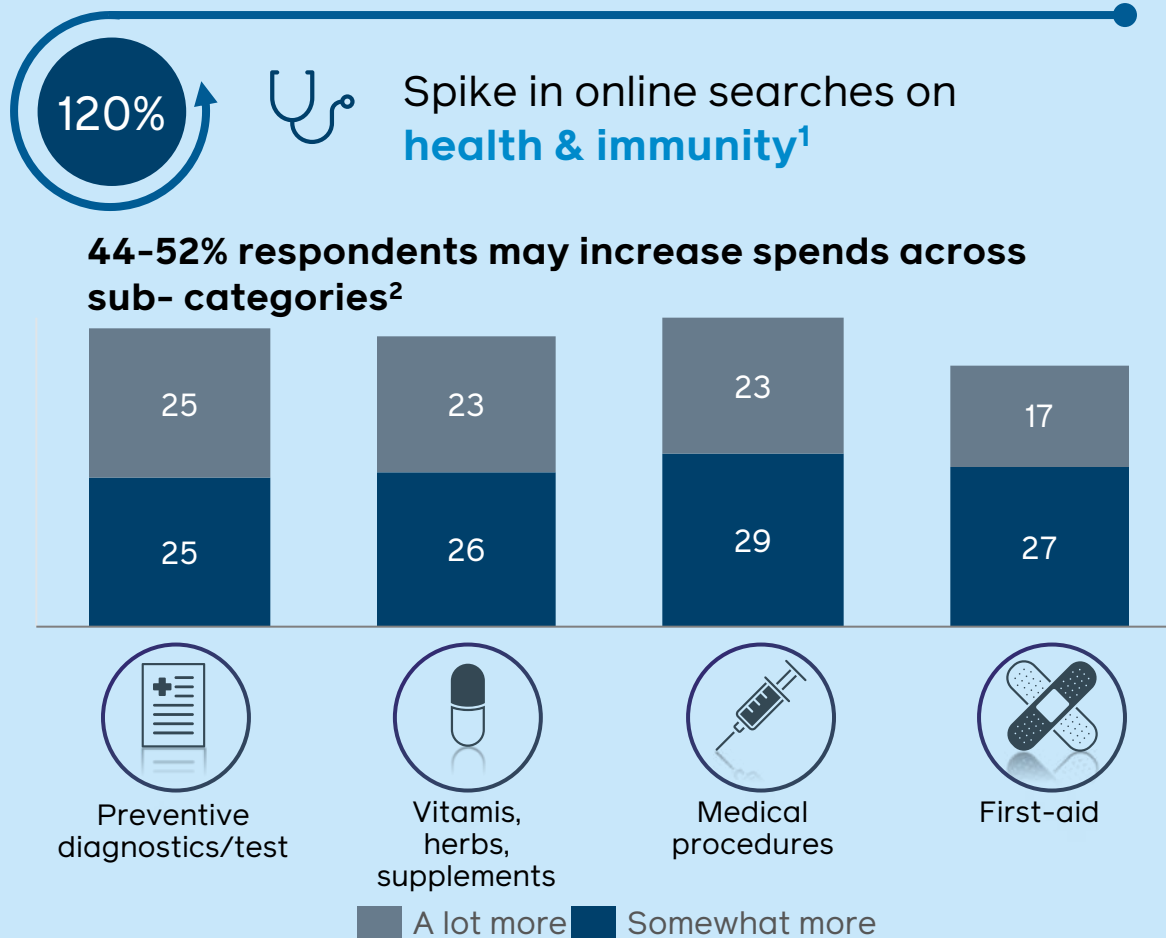


Note: Question text: "In the next one month, how do you expect your online spend for the following types of products to change?"
Source: BCG Analysis - BCG COVID-19 Consumer Sentiment Survey (India), March 23-26 2020



Strive for
health and
wellness

Consumers increasingly becoming more health conscious



This presents an interesting opportunity for brands across categories



Opportunity for H&W players to emerge as **category leaders and demonstrate thought advocacy**



Opportunity for brands from other categories to enter **lucrative adjacencies in H&W**



Opportunity to engage and attract consumers with **tailored messaging around health and wellness**

1. [BCG Analysis: Online trend data (India) – April 1st week vs Jan last week]; 2. Question text: "How do you expect your spend to change in the next 6 months across the following areas?" [BCG COVID-19 Consumer Sentiment Survey April 30-May 03 2020 (N=1,327)]; Press search, trends analysis, BCG Analysis

Turn the Tide

Unlock the new normal



Strive for
health and
wellness

Brands are demonstrating leadership, entering lucrative adjacencies & highlighting benefits around Health & Wellness



Demonstrate category leadership



Expand into adjacencies



Engage and Attract with messaging around H&W



FirstCry launched a **Thought Leadership campaign** using **FB Live** to engage and help new parents through **Live Online sessions** during COVID-19

Practo

Practo partnered with Thyrocare to conduct **Covid-19 detection tests** to cater to surging demand in test

Dabur

Launched **Tulsi Drops immunity booster** packs to capitalize on the preventive healthcare trend

Godrej

GCPL expects shift in consumer habits with a greater focus on health, hygiene - **evaluating launch of new products in the category**

Amul

Launched **'Haldi doodh' (turmeric latte)** known for immunity boosting properties

Kiehl's

Turned their **Instagram** page into a **virtual mental health and wellness centre**

Star

Partnered the initiative **'Muskurayega India'** to help build hope & mental wellness in these times

Fastrack

Launched a **digital film on Athletics day & fitness** challenges in collaboration with HealthifyMe

Turn the Tide
Unlock the new normal

We expect salience of research and 'smart shopping' to become even more important post the pandemic

Pre-COVID, Indian urban consumers were trending towards 'smart' shopping

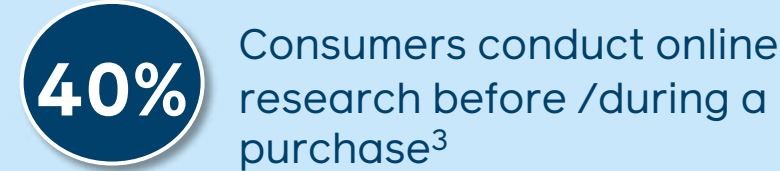


Top info checked across categories²

	Manuf/Exp	Features	Manuf. Place	Reviews
Vehicles	48%		30%	
Gadgets	32%	30%	31%	30%
Apparel	31%	37%		
Food	63%			

Most checked

Frequently checked



With more health awareness and more caution around spending, research before shopping will become more critical

Coronavirus has made people more conscious of the journey

-Inc42

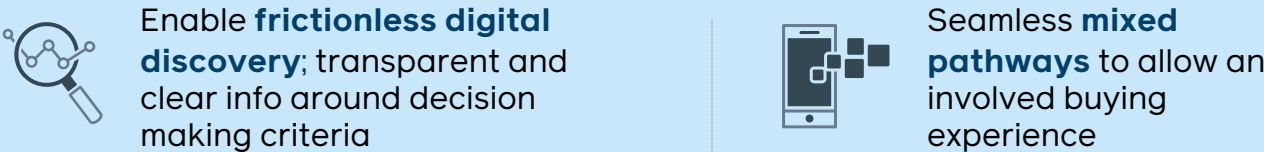
Locally produced products may fast become a necessity for retailers and consumers concerned about products originating from countries where novel coronavirus (COVID-19) has spread

-Nielsen

Importance of certain decision criteria will increase



Critical for brands to create a consumer pathway conducive for this 'smart shopper'



Turn the Tide

Unlock the new normal

1. [Source: BCG - Emerging consumer trends report] 2. [BCG Analysis - % respondents who checked info during purchases last year for select categories, Source: BCG Emerging consumer trends report] 3. Urban consumers – [Source: BCG CCI Digital influence study] Source: Press Search; BCG Analysis

Social media ever so important in Social distancing



WHO Health Alert service has reached 12M+ people via **WhatsApp**¹



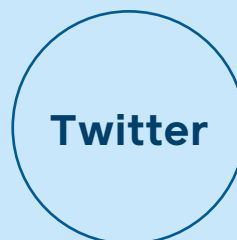
700M daily actives use WhatsApp and Messenger globally **for calling, doubled since COVID-19 outbreak** in many countries²



Globally, **~3Bn** average monthly active users (**MAUs**) across **Facebook, WhatsApp, Instagram & Messenger**, with **2.6Bn MAUs** just on Facebook²



Instagram Live views increased more than 60% in a week³



Dedicated **Twitter handle** for **COVID-19 updates**⁴



Snapchat launched a new AR lens to connect with WHO's '**Covid-19 Solidarity Response Fund**'⁵

1. Press Search [LiveMint] [Report as on 15 Apr 2020] 2. [Facebook Q1 2020 Earnings Release/ Call Transcript] 3. [Facebook Data - Week ending March 28 vs Week ending March 17]; 4. Press Search [Economic Times] [Government launches dedicated Twitter handle for COVID-19 updates]; 5. Press Search [HT Media] [Snapchat rolls out AR lens for WHO's Covid-19 response fund]

Brands have started leveraging the need for virtual connect in their brand messaging

Brands are centering product messaging around WFH

Peter England

pushing their *summer spring collection* as '*WFH clothing*' through brand sites



Airtel Xstream

fiber highlighted consumers *can enjoy office-like internet* at home in their product messaging



Spotify

has centered its communication on Instagram around 'WFH' - asking consumers *how their work desks are looking like*



Brands are leveraging consumer's need to socialize virtually

Budweiser

organized a *3-day virtual party* to engage with consumers



Shein

organized a *global streaming event* with celebrities and influencers to support COVID relief



Globally, every day 800 Mn+ daily actives are engaging with **livestreams** across workout classes, concerts etc. on **Facebook platforms**¹

1. [Facebook Q1 2020 Earnings Release/ Call Transcript]
Source: Press/ Social media search

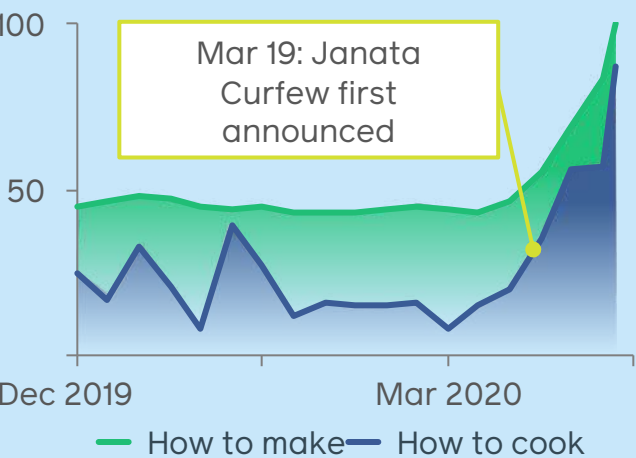
From Do It For Me to Do It Yourself: Social distancing has triggered a new habit

Consumers have picked up new chores / hobbies during lockdown

Leading to increasing traction on social media platforms

Opportunity for brands to innovate & engage via moment marketing

Interest in India (Dec '19-Apr '20)¹



Increasing media coverage on DIY topics

5 fun DIY to make lockdown interesting for kids

By: TNN | Created: Apr 12, 2020, 13:49 IST

People around the globe have turned to DIY hairstyling while in lockdown

From haircuts to stitching clothes, many go DIY way as lockdown extends



Allen Solly
Launched a campaign for the kids line, asking consumers to create something with their kids and tag them



Borosil
Initiated a contest for the consumers to cook their favorite recipe and tag them to win



Apple
Started #TheAtHomeSeries on Instagram promoting consumers to share pictures clicked on iPhone

Turn the Tide
Unlock the new normal

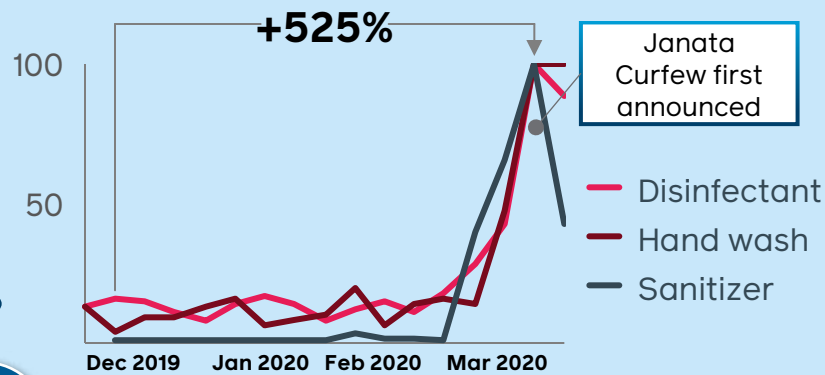
1. Online Trends Data (India)
Source: Press/ social media search; Company website

Hygiene is here to stay: Superior practices getting embedded in consumer DNA

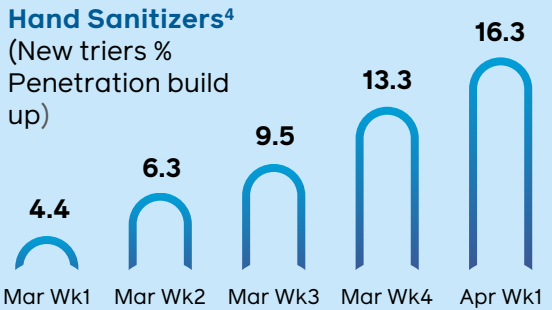
Increased focus on hygiene

Penetration increasing every week

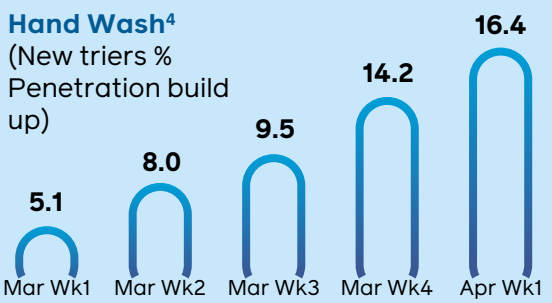
Interest over time in India¹



> 2 lakh users added every week



> 1.5 lakh users added every week



- 91% Indian Households washing hands more often now²
- 17% Couldn't purchase a hygiene category that they were looking for because of emptying shelves³
- 41% Bought a new hygiene category³

1. [BCG Analysis, Source:Online trends data], 2. KANTAR: COVID-19 Barometer India Research Webinar (3rd April); 3. [KANTAR: COVID-19 Barometer India Research Webinar (3rd April) – World Panel Division]; 4. [KANTAR Report – 10 Slides to Make You Think COVID-19, India – 23rd April 2020 – Urban India Data (March: Week 1, 1st to 7th; Week 2 8th to 14th; Week 3, 15th to 21st; Week 4, 22nd to 28th; April: Week 1, 29th to 4th; Week 2, 5th to 11th)]; 5. [KANTAR: COVID-19 Impact on Indonesian Attitudes and Behaviours report (14th April)]

Stickiness observed in China in the aftermath of the pandemic⁵

Still buy masks and disinfect for storage at home

Turn wearing masks into a daily habit

Pay more attention to the sterilization and disinfection

Turn the Tide
Unlock the new normal

Brand are responding with category extensions or benefit articulation around hygiene themes

Established brands are entering into the hygiene category



Marico is foraying into the hand sanitizer category with the launch of *sanitizer, as part of it's Mediker brand best known for anti lice shampoos*



ITC has launched 2 products in hygiene space – 'Savlon Surface Disinfectant Spray' and a new hand sanitizer 'Savlon Hexa'



HUL recently acquired feminine hygiene brand Vwash from Glenmark to *expand its portfolio in the hygiene segment*



Cavin Kare *is launching hand sanitizers under Chic and Nyle brands* including sachets and bulk packs

While service sector is inculcating hygienic practices as key differentiator



Swiggy introduced '*safety badges*' for restaurants *complying with highest standards of hygiene* (e.g. temp. checks, masks, 4 hr sanitation, safe packaging)



PVR is planning *alternate seating in movie theaters & hygienic practices* in F&B serving



Indian Railways will likely reintroduce the *5x hike in platform ticket prices* from pre lockdown in Mar to deter overcrowding

Innovations in hygiene & sanitization space to cater to evolving demand



Nippon Paint (Japan) developed *Antivirus Surface Coating* to safeguard against viruses from adhering to surfaces



Baidu developed an *open source AI model to detect* whether individuals in a crowd are *wearing masks (97.3% accuracy) & a non contact infrared temperature monitoring* system




AEON Big, a Malaysian supermarket retail chain *undertook major sanitization & cleaning initiatives* to continue operations during the COVID crisis



Starbucks China *set up safety stations* at entrances to do temperature checks & sanitization – 95% of its stores have reopened by March

Turn the Tide

Unlock the new normal

A blurred background image showing a person's hands holding a smartphone over a black payment terminal. The person is wearing a light-colored shirt. The terminal has a cable plugged into the back.

The purchase pathway is undergoing a fundamental change

What will it take for you to win?

Turn the Tide
Unlock the new normal

The new pathway is changing and filled with opportunities: fast movers will win

PRE
PURCHASE



Digital proliferation and changing choice drivers present opportunities

PURCHASE



Delivering targeted, seamless shopping experience will be key to win

POST
PURCHASE



Opportunity to retain and develop brand advocates in the new normal

Portfolio & Messaging

Strengthen Brand Positioning

Tweak messaging and portfolio focus to play in targeted, emerging agencies

Channel & Engagement

Capture the expanding online wallet

Win disproportionate share of new online adopters and aggressively retain customers

Value Focus

Tap Here and Now opportunity:

Induce and Incentivize purchase to deliver value

Presence & Influence

Adjust to the new normal of engagement:

Significantly redesign your digital engagement with customers

Turn the Tide

Unlock the new normal

Digital proliferation and changing choice drivers present opportunities



Bringing the
Outside
Inside



Embracing
digital
services and
experiences



Remote way
of living



Rise of
"Smart
shopper"



Trading
down and
bargain
hunting



Shopping for
Utility



Strive for
Health &
Wellness



Trust in
brand above
else



Superior
hygiene &
clean living:
a new norm



DIY
Do It
Yourself

Build Social Connect in Social Distancing

1



Engage with consumers in their context

- Build surround with branded content from creators & publishers
- Use in-home creative solutions

Focus on Hyper-Localisation

2



Connect with consumers where they are

- Hyperlocal solutions for targeting, optimization, lead management & communication

Bring alive Experiences with digital access

3



New product launches, in-person demos

- Virtual launches and product demos
- Conversational solutions with chat bots for personalized recommendations

Optimize Portfolio for Value creation

4

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



Relook Media Mix Model to build efficiency in acquisition

5

- Align to new media landscape
- Accelerate role of regional
- Catalogues for prospecting customers in adjacent categories



Win consumer trust

7



Sequential messaging by cohort

- Interactive & engaging story-telling on safety and wellbeing

Create personalized engagement @ scale

6

Moment marketing

- Use social media for campaigns on trending themes and build saliency



PRE-PURCHASE FUNNEL



Medium Term Short Term

Turn the Tide

Unlock the new normal



Delivering targeted, seamless shopping experience will be key to win



Accelerated adoption
of e-com and O2O



Bringing the
Outside Inside



Embracing digital
services & experiences



Trading down &
bargain hunting

PURCHASE FUNNEL



8

Replicate In-Person experiences, from trials to conversion



Convert trials to sales

- Digital innovations like AR/VR/Filters to solve "touch-and-feel" barrier

9

Build Online presence

Own Platforms and Influencing
Marketplaces

- Direct to Consumer models
- Collaborative Performance Ads
- Partner with online retail partners
- Conversational Commerce with Messaging tools



10

Create cohorts for deep customer connect

- Micro targeting
- Custom audiences to gain scale



11

Create Financial
Access

- Payment / financing options e.g. EMI, spot loans
- Segmented communication



Medium Term Short Term

Turn the Tide

Unlock the new normal



Opportunity to retain and develop brand advocates in the new normal



Remote
way of living



Rise of
“Smart shopper”



Trading down &
bargain hunting

POST PURCHASE FUNNEL



12

Strengthen CRM solutions



- Messaging for post sales communication and other digital CRM tools

13

Drive Value by repeat purchase and consumer up-trade



- Remarket with customized offers for up-trade or repeat purchase
- Incentivize social peer recommendation to create post purchase advocacy



Accelerated adoption of e-com and O2O



Bringing the Outside Inside



Embracing digital services and experiences



Remote way of living



Rise of "Smart shopper"



Trading down and bargain hunting



Shopping for Utility



Strive for Health & Wellness



Trust in brand above else



Superior hygiene & clean living: a new norm



DIY Do It Yourself

PRE PURCHASE



1 Build social connect in social distancing

- Build surround with branded content
- Use in-home creative solutions

2 Focus on hyper localization

- Hyperlocal solutions for targeting, optimization, lead management & communication

3 Bring alive experiences with digital access

- Virtual launches and product demos
- Conversational solutions with chat bots for personalized recommendation

4 Optimize Portfolio for Value creation

- Segmenting consumers to drive differential value
- Showcase value for money

Relook Media Mix Model

- Align to new media landscape
- Accelerated role of regional
- Catalogues for prospecting customers in adjacent categories

7 Win Consumer Trust

- Sequential messaging by cohort
- Interactive & engaging story-telling on safety and wellbeing

6 Create Personalized engagement at scale

- Moment marketing - Use social media for campaigns on trending themes and build saliency

PURCHASE



8 Replicate In-Person experiences, from trials to conversion

- Digital innovations like AR/VR/Filters to solve "touch-and-feel" barrier

9 Build Online presence

- Own Platforms & Influencing Marketplaces via D2C models, collaborative performance ads & Conversational Commerce

10 Create Cohorts for deep Customer Connect

- Micro targeting
- Custom audiences to gain scale

11 Create Financial Access

- Payment / financing options e.g. EMI, spot loans
- Segmented communication

12 Strengthen CRM solutions

- Messaging for post sales communication and other digital CRM tools

13 Drive Value by repeat purchase and consumer up-trade

- Remarket with customized offers
- Incentivize peer recommendation

Medium Term Short Term

Turn the Tide

Unlock the new normal

A hand is shown pointing towards a digital interface. The interface features several circular icons: a smartphone, a shopping cart, an envelope, a list, and a speech bubble. These icons are connected by lines to a central point on the hand. In the background, there is a glowing network of nodes and lines, and a cityscape with a prominent skyscraper and a dollar sign.

BCG

BOSTON
CONSULTING
GROUP

FACEBOOK