

# COVID Consumption Survey Readout: Wave 1

10<sup>th</sup> April, 2020



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**DRAFT**

**BAIN & COMPANY** 

# Summary: Week from 1<sup>st</sup> to 7<sup>th</sup> April

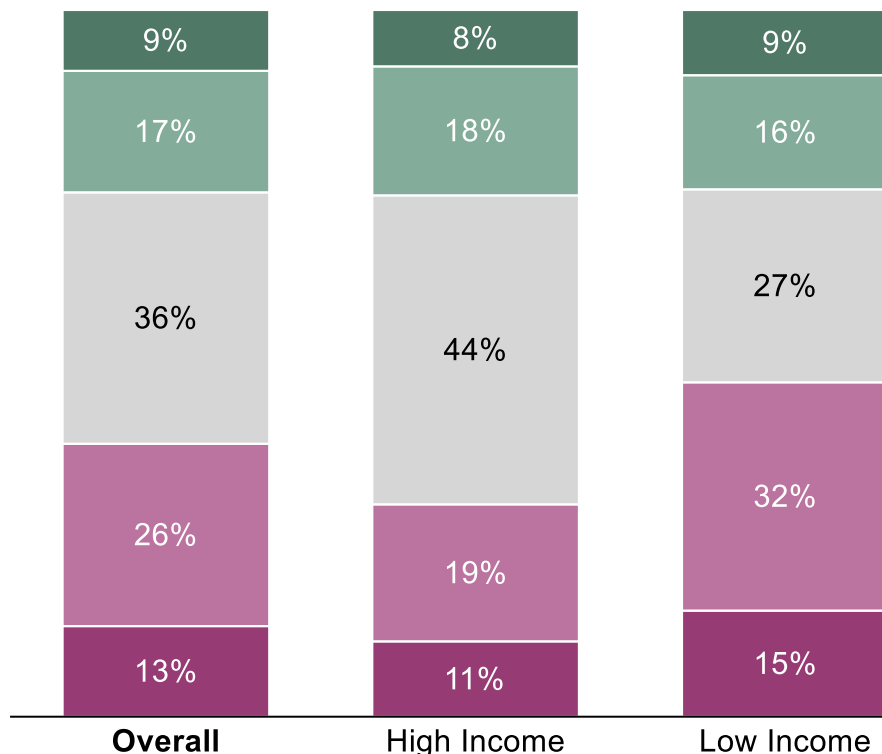
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- **Overall consumer demand: down, but not uniformly so. Some immediate opportunities to drive consumption**
  - Across demographic groups, there was a decline in total consumption expenditure as compared to the previous week. ~30% of upper-mid/high income (affluent) households and ~50% of lower-mid/low income households reported a decline in spending
  - In each demographic group, 10 – 15pp more households expect to **cut back on spending further in the next week**
  - However, this broad trend is **sharply different for sub-groups**
    - > More than half of **affluent** households and close to 60% of **metro** households attribute cut back in spending to **lack of supply**
    - > This contrasts sharply with **lower income, and non metro urban** buyers for 2/3rds of whom **financial stress or uncertainty** is the driver
- **New delivery models or routes to customers are particularly important for some customer groups and categories**
  - **Older customers** are finding access challenging and >50% cite **this as the reason for buying less**, as compared to <30% of young buyers
  - **Food ordering, alcohol and tobacco, household services and child care** were categories where 50 – 60% of consumers spent less because of **lack of access**. These are categories with an opportunity to reimagine routes to customers
  - **8% households tried buying online for the first time** during this period. This is one channel which could start to see more salience
- **Discretionary categories don't all behave the same. Some are down driven by lack of desire to spend, will take longer to recover**
  - Households have **cut back on entertainment, apparel/footwear, beauty**, and to a smaller extent fitness not just because of lack of traditional supply, but because they are **unwilling to spend** given their current and expected financial condition
  - Past crises have indicated a trend towards **revenge buying**. However, that may depend on the **duration of financial uncertainty**
- **Consumption recovery could be slow, driven by both current household stock levels (high) and expectations of recovery (2-3 months)**
  - **50% of the population has more than 1 month of supplies**. Rural families have higher stock levels (2/3rds have 1 month of supplies)
  - However, **85%** of households feel that given their current income status and savings, they can **sustain their household for less than 3 months**
  - At the same time, **45% HH believe that they would be worse off even a month from now**, and the median expectation for a return to normalcy is 2-3 months

# Consumption decline is secular and is expected to get worse in the coming week

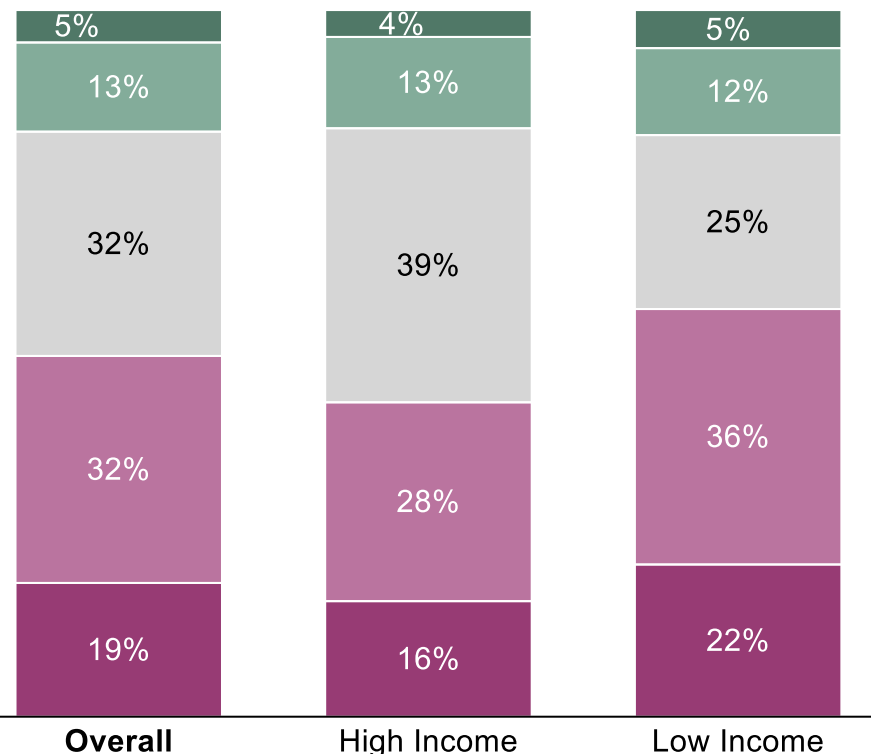
## Household consumption expenditure week of Apr 1 - 7

% of HHs



## Expected consumption expenditure week of Apr 8 - 15

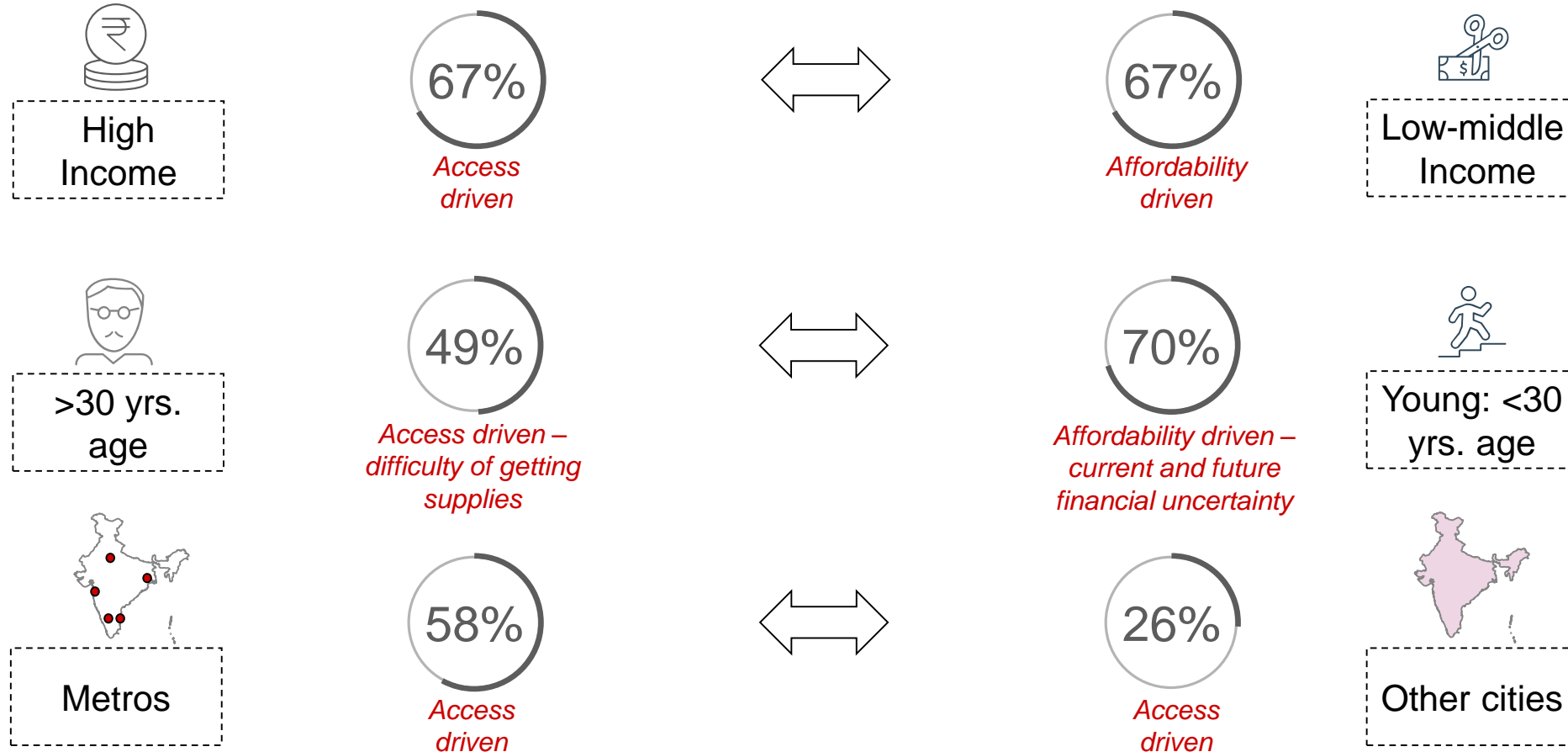
% of HHs



■ Significant Increase 
 ■ Moderate Increase 
 ■ No change 
 ■ Moderate Decrease 
 ■ Significant Decrease

# Reasons for decline vary: High income and metro customers are constrained by access but for lower income families and the young, financial uncertainty is key

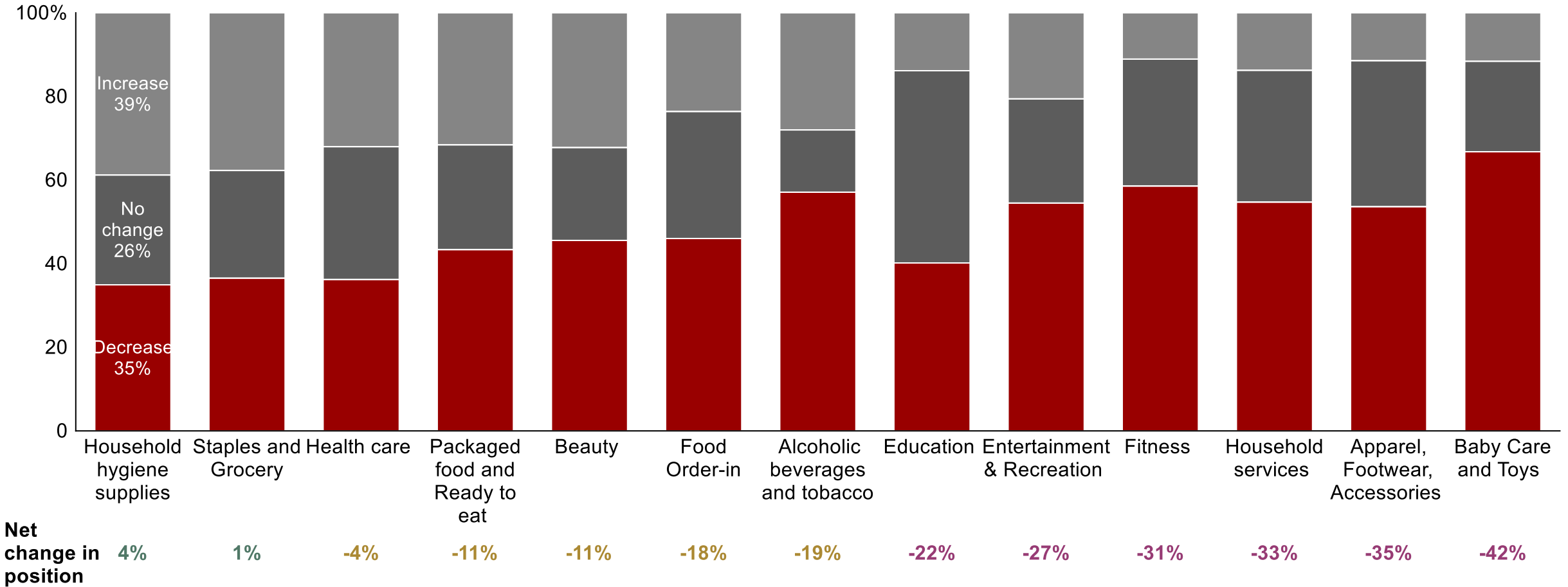
## Drivers of expected decline in consumption



Note: Low income includes households with annual income below INR 5.5L; Young <30 years, Older >50 years  
Source: Bain-PRICE consumer survey, n=523

# Overall, household hygiene and staples have seen increased spending while all other categories have declined

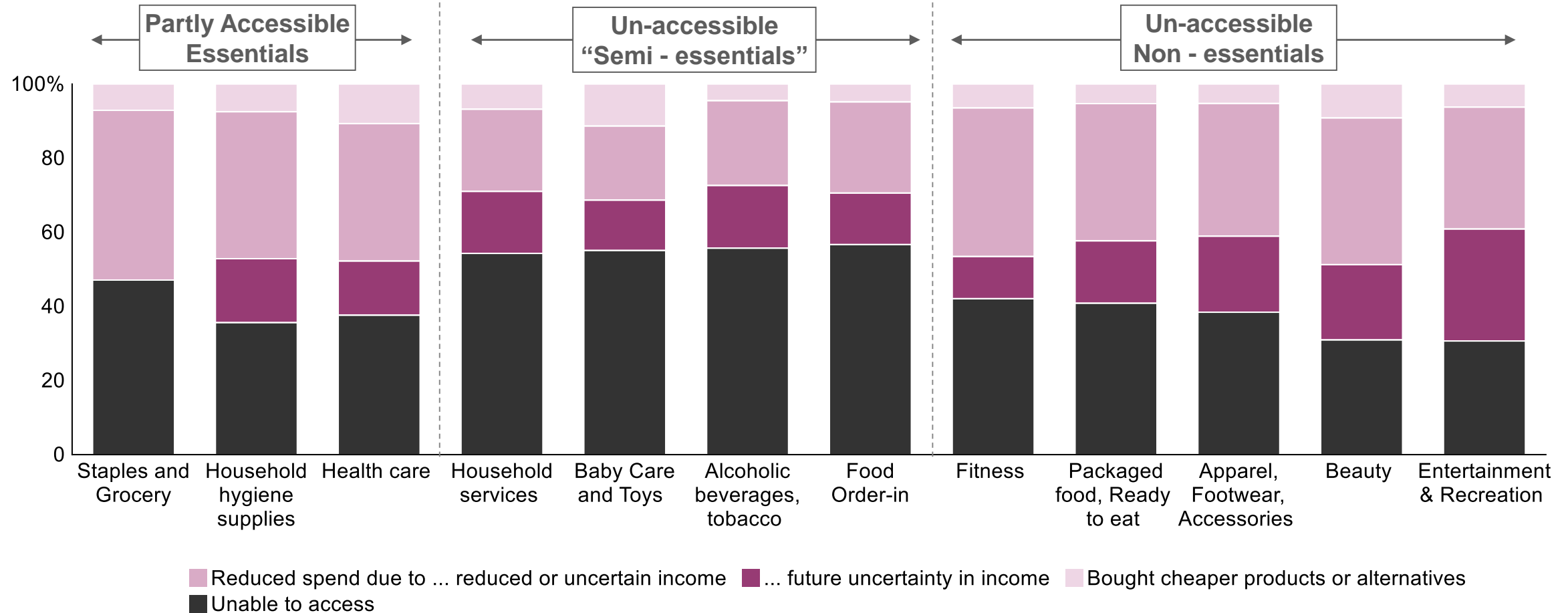
Change in household consumption across categories (% of households)



Note: Net change in position = % of consumers citing increase in consumption - % of consumers citing decrease in consumption  
 Source: Bain-PRICE consumer survey, n=523

# Non essentials spending could continue to stay low until financial sentiment improves; meanwhile, essentials supply constraints are being felt

Key drivers for drop in consumption across categories (% of household)



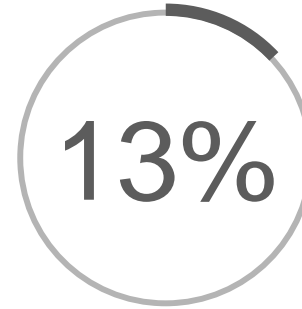
Source: Bain-PRICE consumer survey, n=523

# Access and availability are driving shifts in purchase behavior – online and delivery models becoming more salient

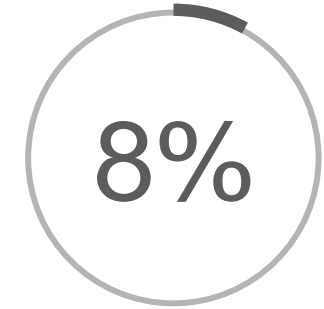
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**Higher SoW** Increased online purchases in existing categories



**Expanded trialist** Online purchases for new categories

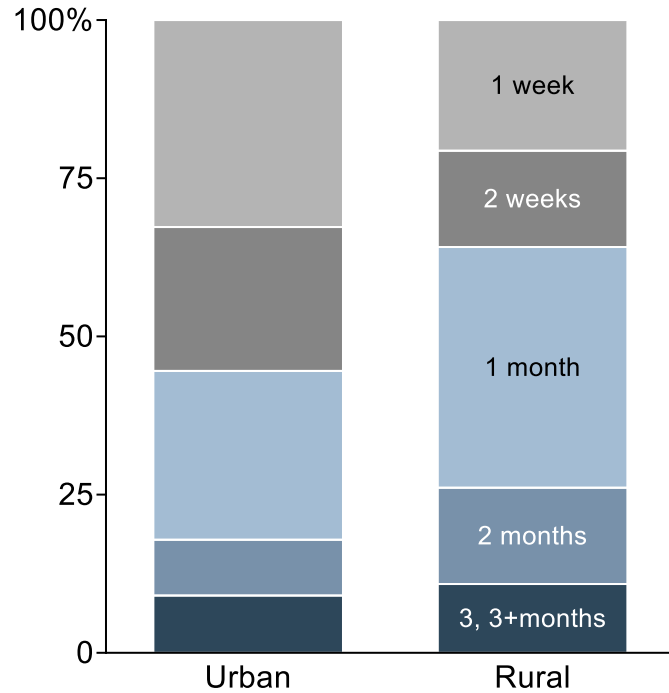


**1st time trialist** Online purchases for the 1st time (Primarily younger, salaried people in metro cities)

# A quick revival is unlikely. Uncertainty in income will hurt

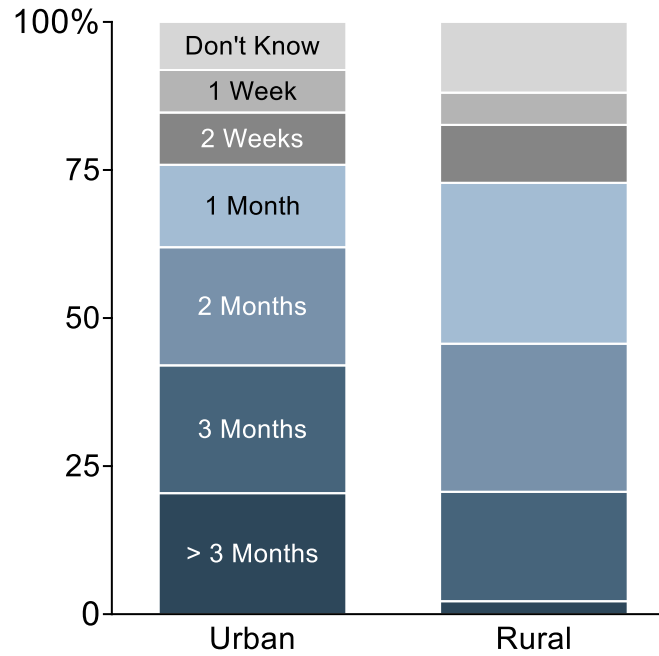
## Rural stocking higher; ~50% of urban HHs have 2 or less weeks

Size of stockpile of essential supplies  
(% of households)



## 45% of urban families think return to normalcy is >3 months away

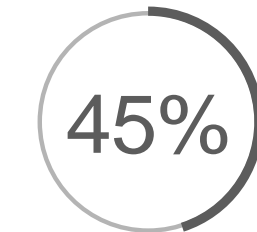
Time to return to financial normalcy  
(% of households)



## Families are unsure about how long they can sustain themselves



Households expect to be able **sustain themselves for less than 3 months.**



Households **believe that they would be worse off even a month from now**