

Series 1

OUTLOOK 2021

**Will consumer mindset
shift in 2021?**

A new lens

2020 : A year like we've never seen



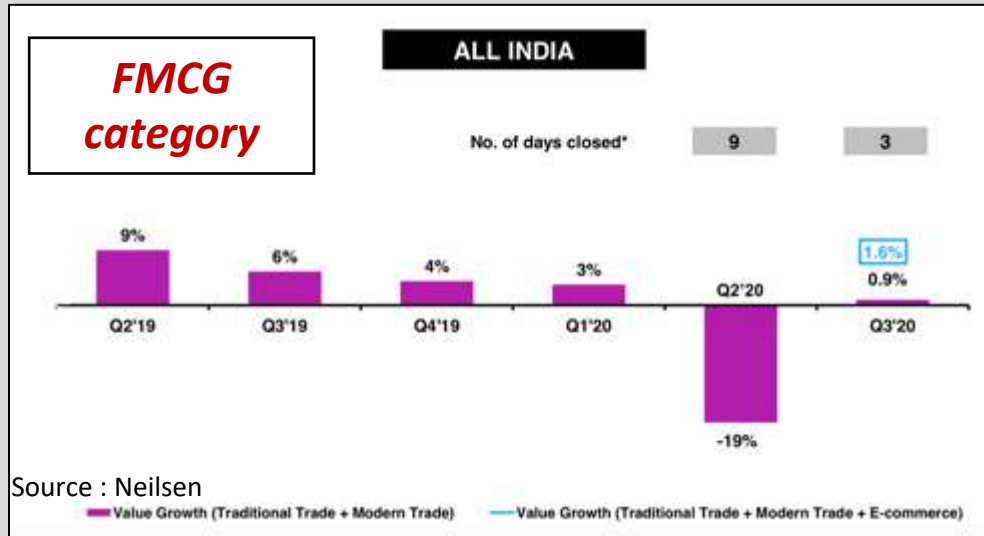
Forcing all of us to make a change

- *Hygiene Consciousness*
- *Work from Home*
- *Zero Commute*
- *Reverse migration*
- *No physical contact*
- *E-learning*
- *Online shopping*

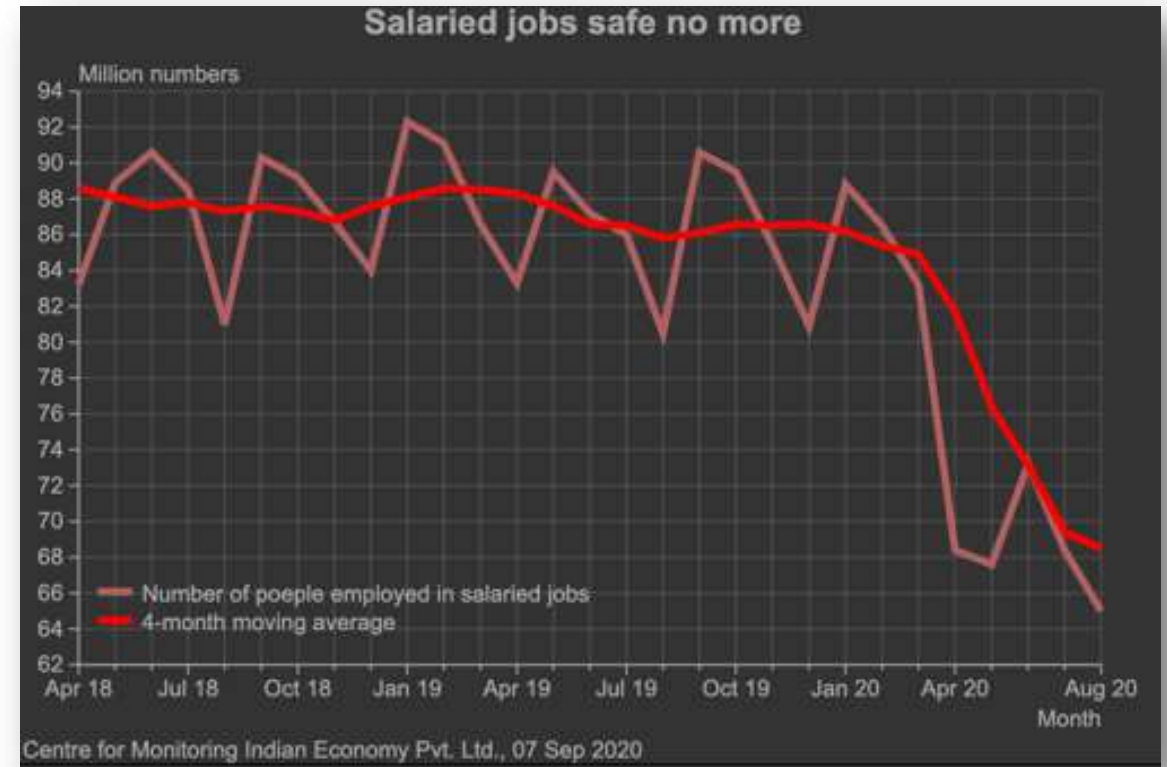
The economic impact of the lockdown disrupted livelihood for many



While many categories bounced back...



There is still a large impact of the disruption with large scale job insecurity



~40%

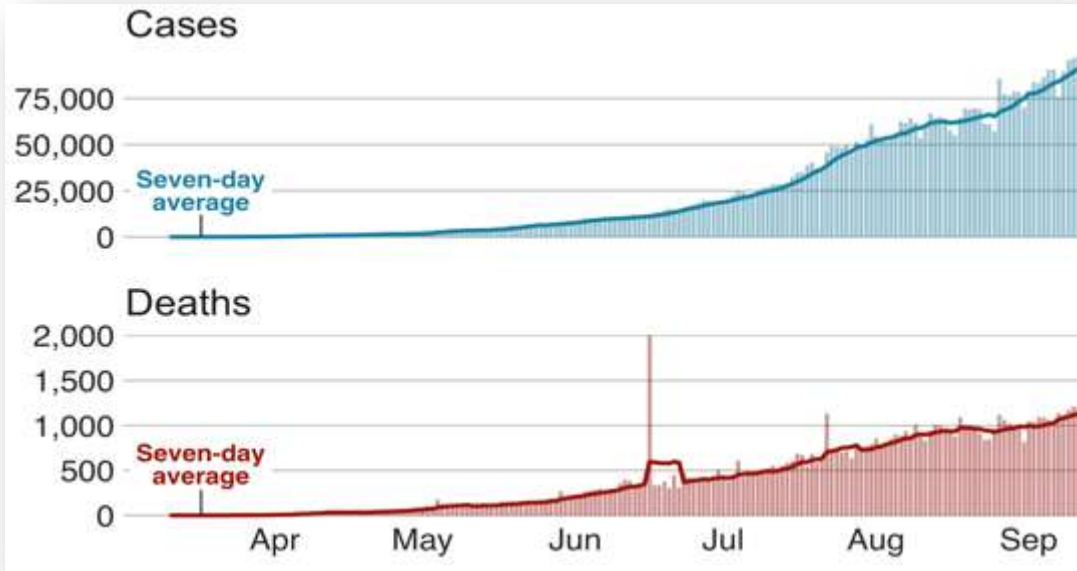
Ecommerce growth

Source : Hindu

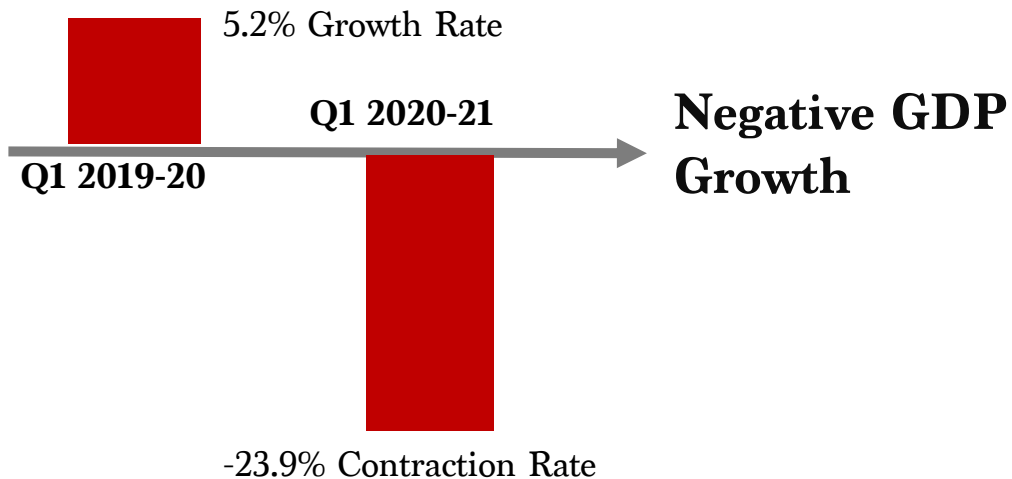
Leading to a mood of anxiety and uncertainty...



Daily Cases and Deaths in India 2020



Indian Ministry of Health and Family Welfare



National Statistical Office

21 million

People lost salaried jobs between April to September.

Centre for Monitoring Indian Economy (CMIE)

The uncertainty and extent of economic and health impact led to a varied levels of anxiety for different individuals that resulted in a change of lifestyle.

...which resulted in new behaviours

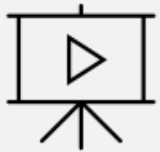


Accelerations to the basket



Grocery

Soaps Sanitizers Healthy snacking
Juices Ready to eat
Multi cuisine ingredients



Media

OTT viewership Podcasts
Influencer content
P2P platforms



Categories

Virtual hangouts DIY
Games and hobbies
Mental wellness Online shopping



Is this change permanent or temporary?



Stick

Newly developed habits solving need gaps and creating new needs which are independent to the crisis have a high likelihood to stay.

Linger

These are categories which always existed but were accelerated due to the situation.

Gradually Fade

Caters to the new ecosystem which produced behaviours linked to fear/anxiety due to COVID-19. The day we overcome this; chances are the habits will fade out too.

Collapse

Habits that are occasional in nature and specifically linked to the crisis will die down quickly.

It depends on the shifts we expect in 2021 but It will be interesting to see what behaviours stick over the next few months.



We spoke to **industry leaders** across
categories to understand their
perspectives...

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2021

**Industry Leaders
Speak.**



Perspective on consumer behavior and attitudes

** The views, thoughts and opinions expressed herein belong solely to the individual, and may not be attributed to their company or to any other group or individual*

Different speeds; Same direction

Depending on the extent of the impact with regards to finances, health, and relationships, the road to recovery is at different speeds for different people but in the same direction.

In terms of demographics, rural emerged as a saviour for the distressed economy. The reverse migration helped sustain the ecosystem.

The younger generation resumed consumption faster than the rest. The biggest change we saw in terms of behaviour, was with the urban metro white-collared individuals who made changes to their daily lifestyle drastically.

- **Navneet Saluja**

There is no one mood in the country right now

Most of mass India seems to be coming back to normal. While the urban metro individual remains cautiously optimistic, we see rural population functioning very close to the pre-covid days.

In terms of consumption, especially during initial lockdown days, the question became more of brand availability v/s brand loyalty, and that mindset opened a new window for businesses. It gave the consumer almost a license to experiment.

- **Puneet Das**

Consumption will be measured

The sentiment will remain muted with consumption across categories. But the ones who will bounce back faster than the others will be the millennials. We can already notice them indulging in Staycations, Airbnb Stays which are

more experience driven. The other big bet remains rural. Their adoption of smartphones has increased in 2020. This shift in attitude and embracing digitization has opened a lot of avenues for business.

- **Senior Leader (Smart phones category)**

Normalcy is a subjective concept

There is a trade off between caution, fear and what is practicable. The ones who can afford it and have less fear, have started to step out but the rest are still moving with caution.

For travel, leisure has been a thrust for recovery while business travel that accounted for substantial volume has gone down drastically.

It's been hard for the bottom pyramid i.e. Travel Agents and third-party suppliers with no inbound travel business. They have shrunk and there has been large scale unemployment.

-Deep Kalra

Change in Behaviour; Not Attitudes

The metros seem to be impacted the most, but the semi rural and rural areas have managed well in their independent ecosystems.

For a vast majority of population, the moment the government lifted the lockdown, they resumed normalcy. External driven rules & regulations are primarily restricting pre-covid behavior. Internal motivations have become lower and are not the driving source for a changed outlook. Amongst the lot, The global Indian are the most paranoid with the situation.

Having said that, Indians find a way to navigate crisis and are collectively heading back to normalcy.

- Senior Leader (Beverage category)

Mood is going to be cautious

People's lives have been thrown out of routine and they have experienced varied emotions – fear, anxiety, being cooped up- all of which will take time to recover. There will be some who will be indulgent (mostly the privileged class), but the blue collared segment is under maximum stress; with shrunken incomes due to unemployment or stagnant business. We can see it in the public transport service providers, of which 3-wheelers are a significant chunk.

The work-from-home & study-from-home/ed-tech norm has had second order negative impacts on this segment.

Rural India has managed to survive through this situation as the rural economy is more contained, opposed to the metros. This is likely to continue in the first half till the vaccination drive provides some tailwinds.

- Narayan Sundararaman

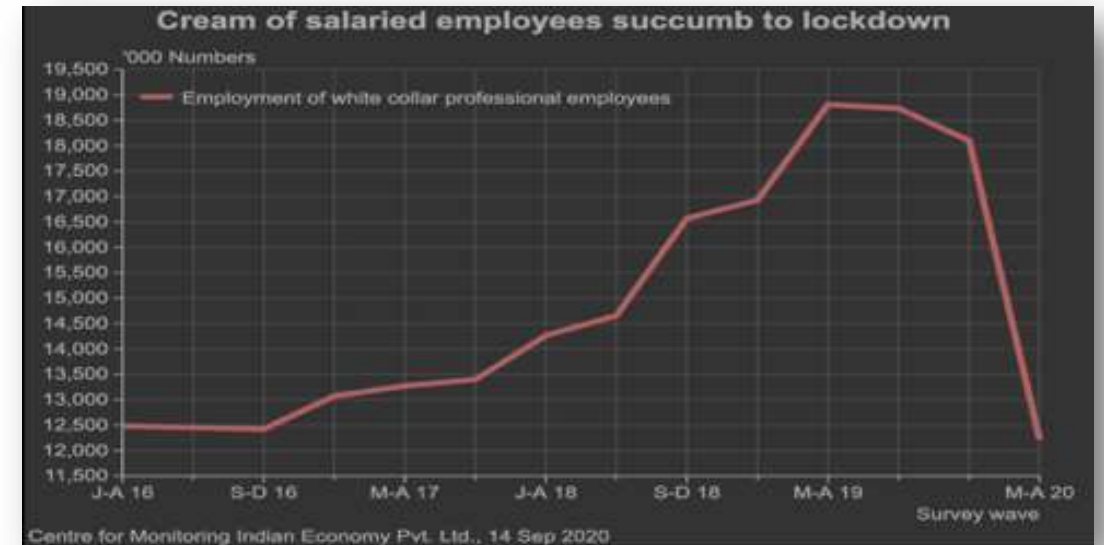
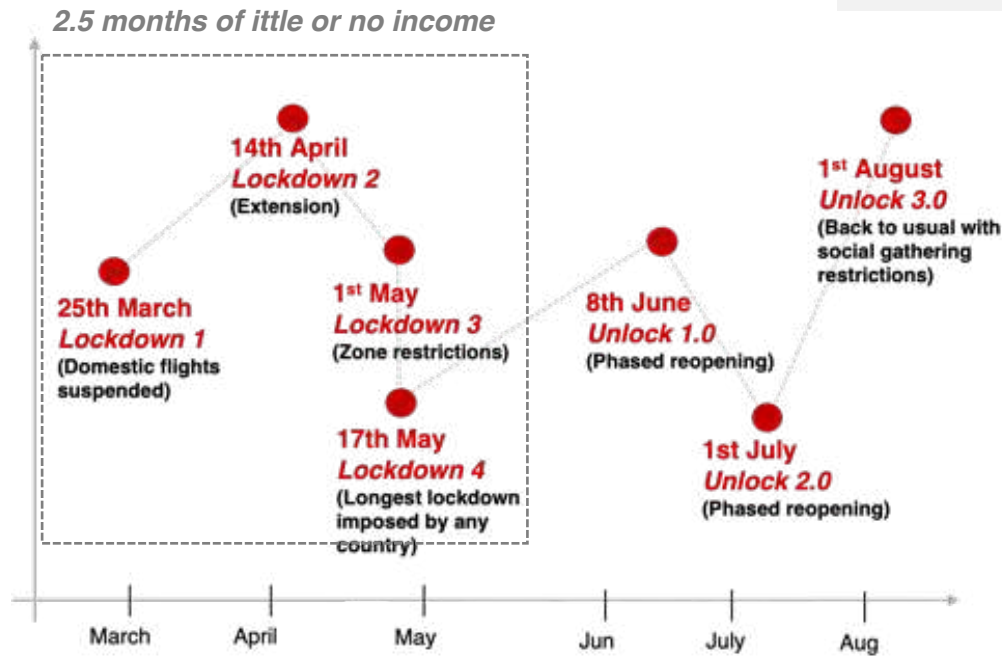
Perspective on consumer behavior and attitudes

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Summary : Their perspective



Survive v/s Thrive...



The lockdown has been unaffordable; forced many to resume normalcy

- 2.5 months of strict lockdown has eaten into the savings of 75% of Indian population who operate at annual income of under \$10,000 annually.
- 122 million lost jobs during the lockdown - sitting at home with no income wasn't an option.

Summary : Their perspective



Segments were impacted differently...



| | |
|-----------------------------------|--|
| <p>The Global Indian</p> | <p>Medium to Big Business Owners, or people working for large MNCs, residing in metros /mini-metros.</p> <p>Figured a New Routine and System</p> <ul style="list-style-type: none">• Have had the least impact economically.• But most affected at the lifestyle level i.e WFH, Online Education etc. |
| <p>The Great masses</p> | <p>Small Business Owners like shopkeepers, auto-drivers, security guards or other small/local workers.</p> <p>Financially affected, but back to normalcy since August 2020</p> <ul style="list-style-type: none">• May have lost jobs or or facing constant job insecurity.• Incurred huge salary cuts. |
| <p>The informal sector</p> | <p>DWE like labours, factory workers, migrant workers.</p> <p>Economically impacted the most.</p> <ul style="list-style-type: none">• Large periods of no income or unemployment.• Financial conditions deteriorated significantly. |
| <p>Rural sector</p> | <p>Big to Middle Farmers, People living in Rural Areas.</p> <p>Managed to stick to their old routine and system</p> <ul style="list-style-type: none">• The most resilient of the segments.• Have had little or no change in their income due to good harvest, and less population in the vicinity which resulted in slow spread, and fewer cases. |

Key themes



- There is **no one mood** in the country right now. People are inching towards normalcy but at different speeds.
 - **Rural has emerged most resilient** through this crisis due to the benefit of an ecosystem independent from the rest of the world. The biggest bets are on this sector in 2021.
 - The **blue-collared individual**/informal sector workers remain the **most affected** from the crisis.
-

**Industry leaders
on consumer
behaviour and
attitudes**

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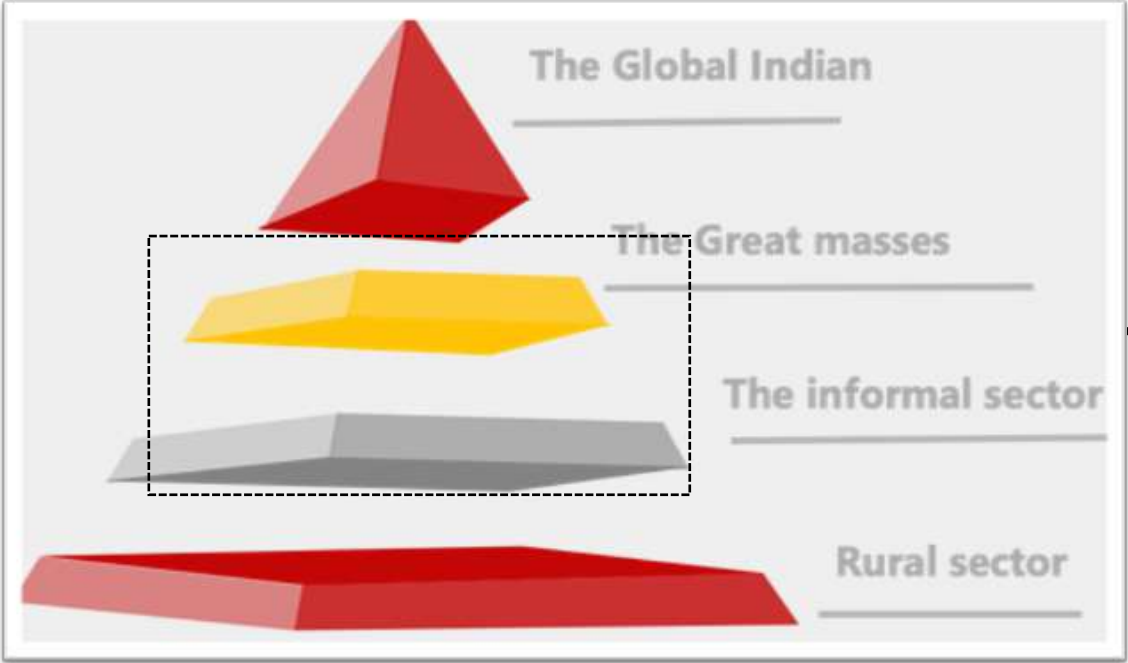
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2021

Our perspective

We agree with the industry leaders - The middle sector is impacted the most...



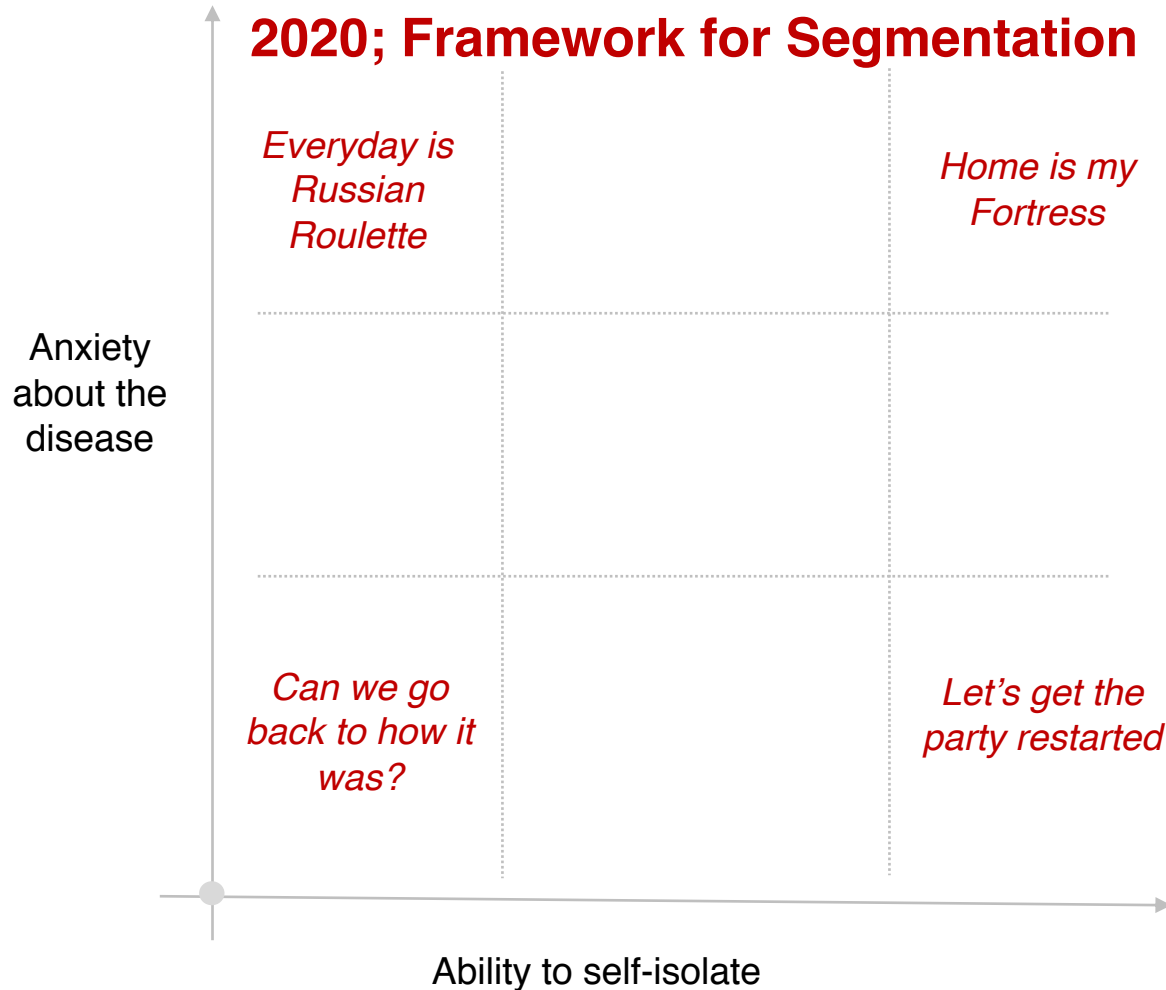
The middle segment shrunk the most with large scale unemployment and financial insecurity.

The Global Indian and Rural Sector were least impact financially. More a question of Management v/s Survival.

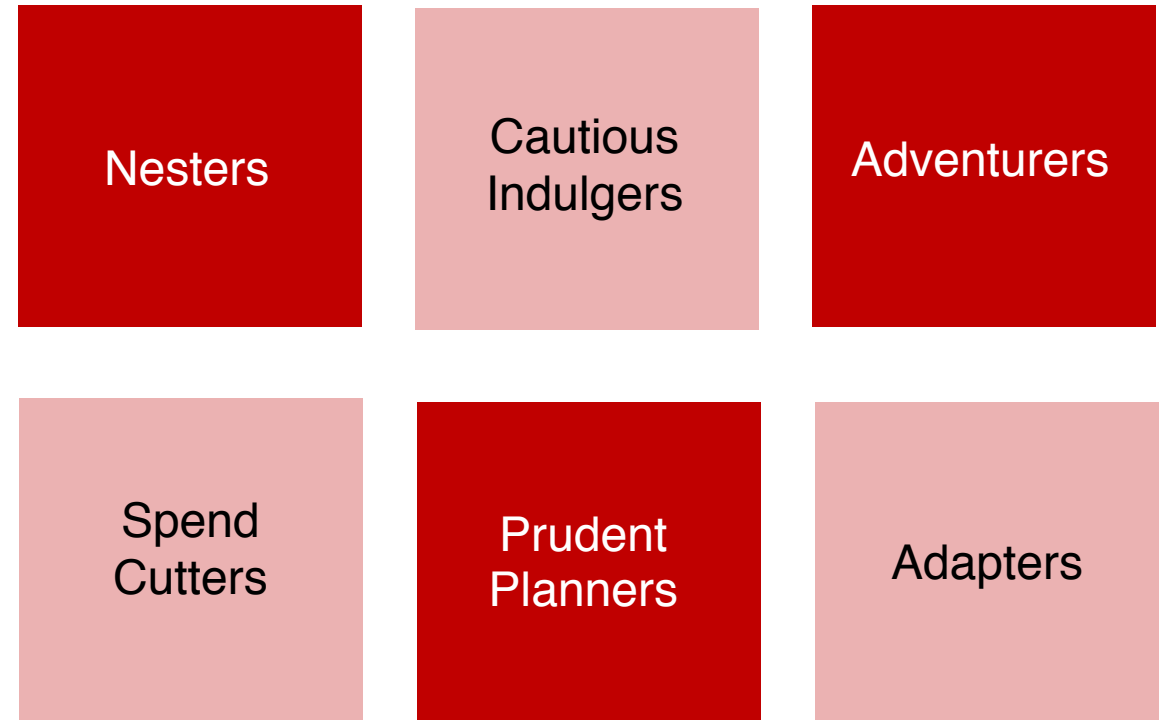
But within each sector, we also saw different psychographics emerge during the crisis...



In June 2020, we segmented the Indian population based on anxiety v/s the ability to isolate.

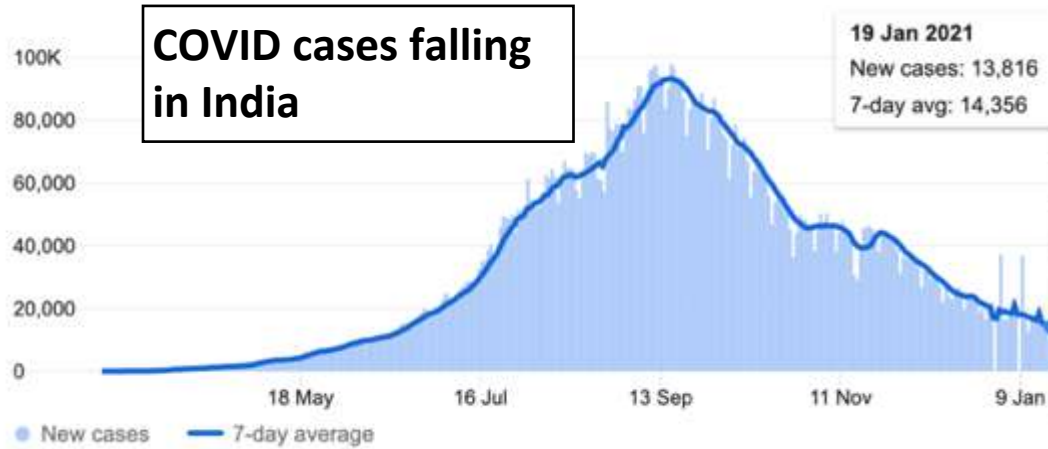


We saw this model pan over the course of the year, leading to multiple consumer attitudes:



The mood of the consumer will continue to fluctuate; Good and Bad News will co-exist

There is good news...



Covid: India to begin vaccine rollout on 16 January

9 January

Coronavirus pandemic



But the uncertainty continues....

New Delhi: 52 cases of COVID-19 vaccine side-effects

4,319 people administered vaccines in Indian capital

Cheena Kapoor | 17.01.2021



UK's new COVID-19 strain reported in at least 60 countries: WHO

UN health agency warns new variant is circulating in 10 additional countries compared with last week.



galazovra.com...

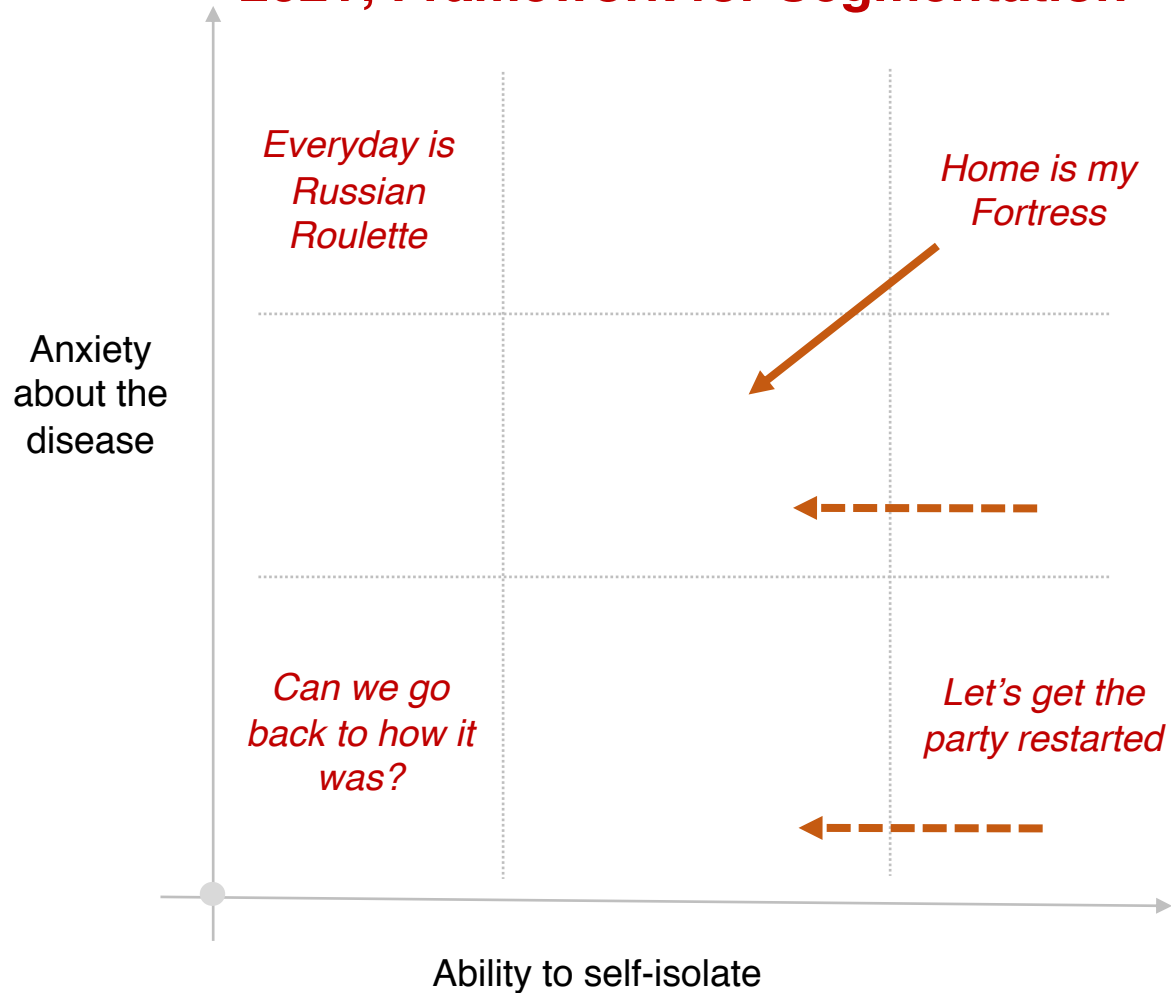


Different scenarios may play out...but if the spread of the virus comes down drastically, **we expect a change** in the levels of anxiety...

A declined level of anxiety...



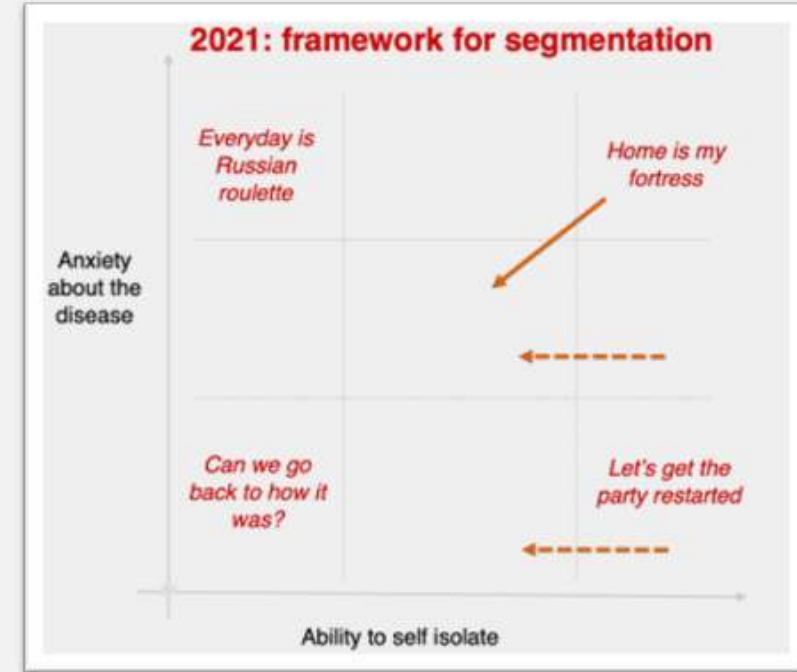
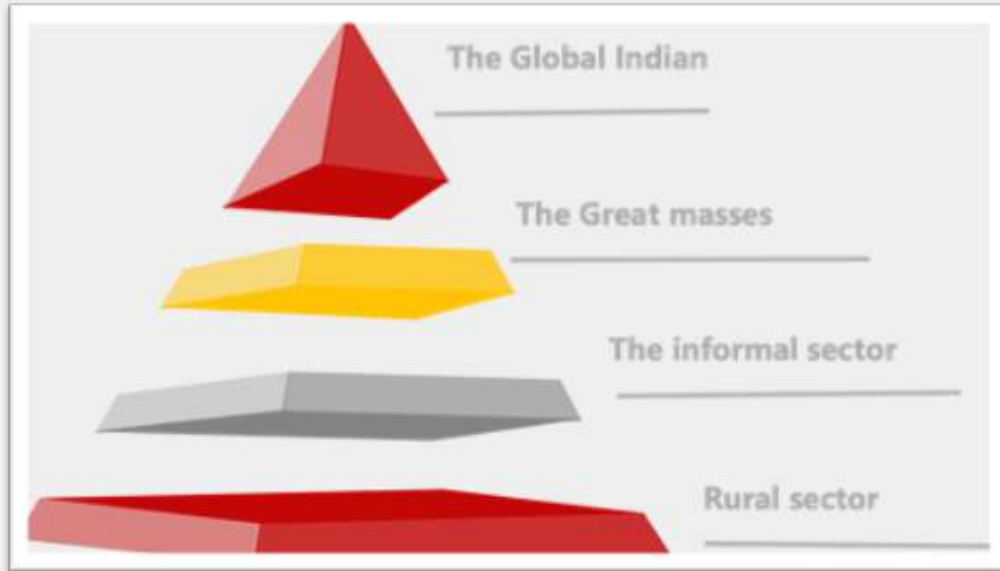
2021; Framework for Segmentation



We believe the framework will still be useful, but we will witness **a decline in anxiety levels** and this will create **new consumer attitudes**.

In summary, a new layer of consumer segmentation will continue to operate until the vaccination drive is complete and effective.

Our perspective : The interplay will continue

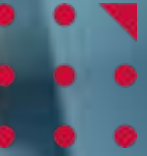


As mentioned earlier, every segment has multiple consumers with different attitudes that operate on the nexus of anxiety about the disease v/s the ability to self-isolate.

As the situation in demographic sectors improve, the consumer attitudes also evolve, and this interaction will drive micro consumer segments and attitudes that can leverage a direct impact on consumer behaviour.

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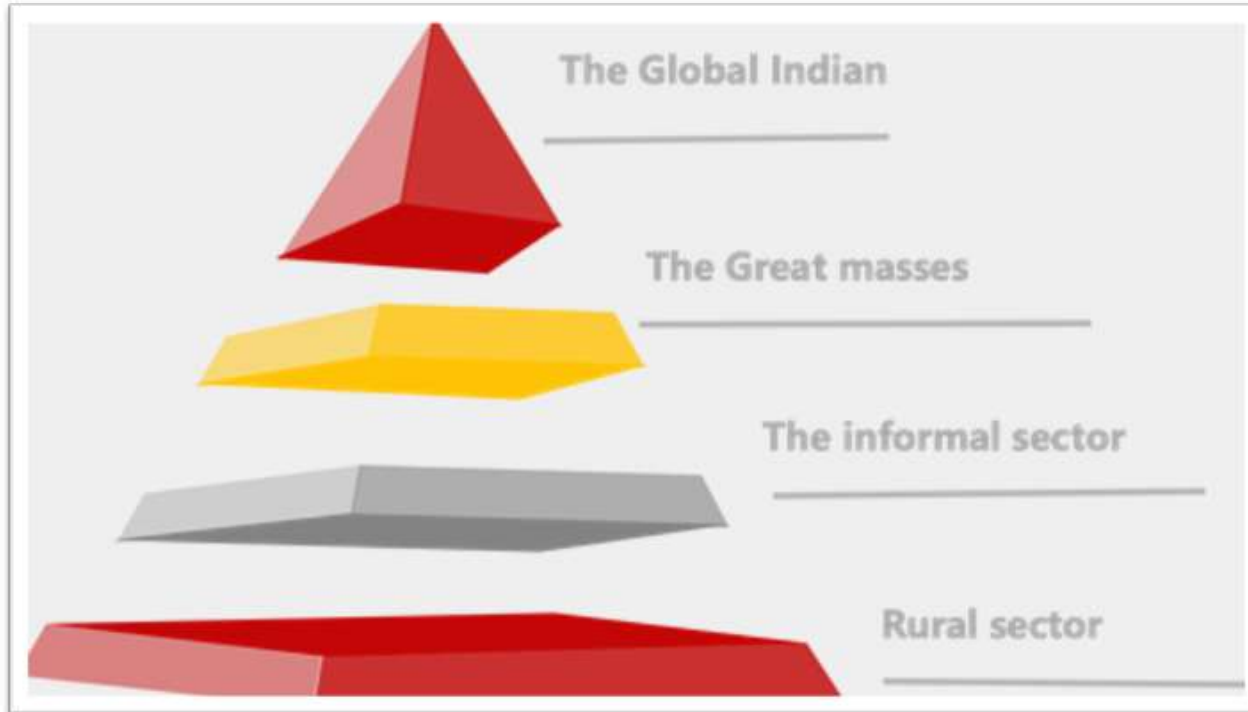


**What can
organisations do?**



Implementing the frameworks could bring greater efficiency for businesses and brands...

Re-affirm consumer segments and re-confirm consumer insights



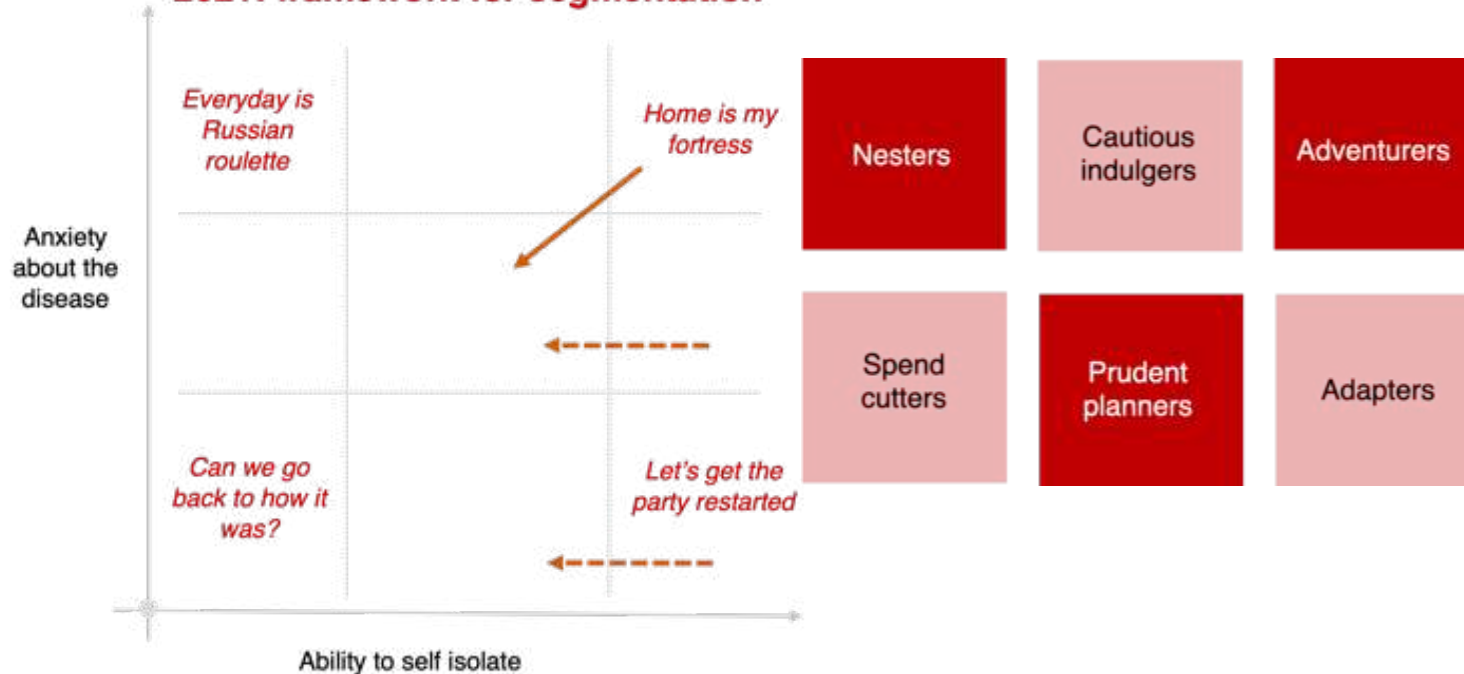
Did 2020 change the dynamics for your business?

- Does your core target segment continue to be your focus? Or do you see other segments opening new opportunities?
- Understanding any shifts in consumer insights with your key consumer segment can help in re-aligning the product with its potential consumers.

Deep dive into key psychographic attitudes



2021: framework for segmentation



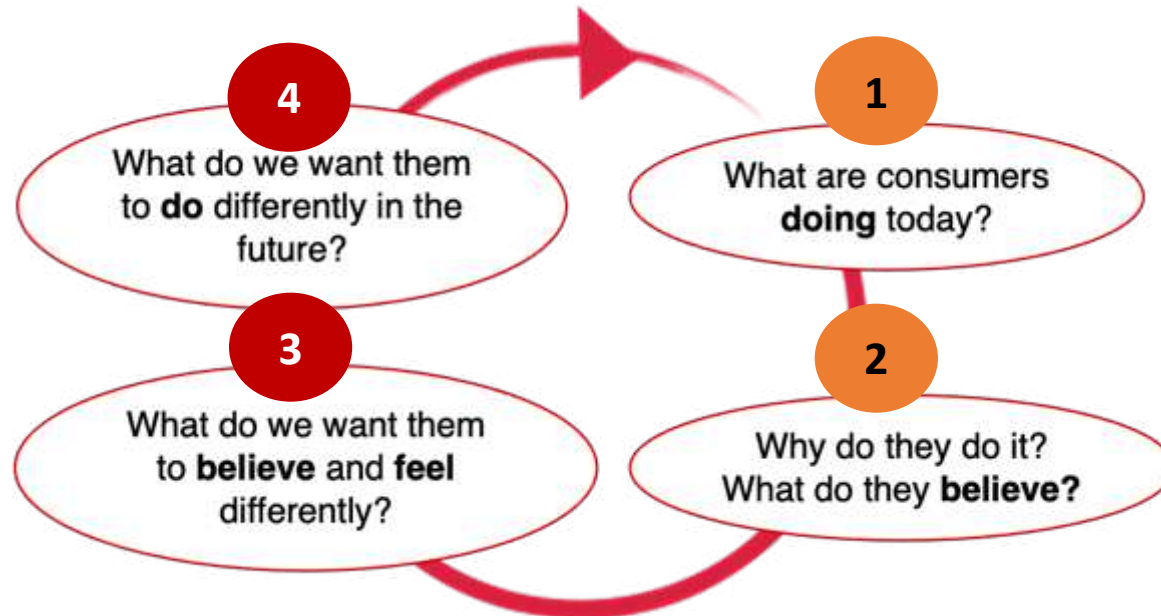
Selecting your ideal consumer within the core target group

- Choosing a few attitudinal segments can create greater efficiencies in your interaction with consumers, fostering better communication.
- It can also help in optimizing budgeting spends for your brand.

Prioritizing behaviours for these segments can be a critical final step



Identifying the behaviours that you want to continue, or change can align create greater focus while building your brand.



Prioritizing Behaviours and Attitudes

- 1**
 - Which behaviours do you want to keep?
 - Which ones do you want to change?
- 2**
 - Which attitudes should be kept?
 - Which ones are to be shifted?



Desired Behaviours and Attitudes

- 3**
 - What shift is expected in attitudes?
- 4**
 - What is the desired behaviour?

We can help you.



Our team: marketing experts from diverse backgrounds



Atishi Pradhan

25 years+ experience in Advertising as Global Planning Director, JWT. Worked across multiple industries. Faculty at IIM Ahmedabad. MBA from IIM Ahmedabad



Devapriya Khanna

20 years+ experience Senior leadership experience in CPG as Director Marketing, Carlsberg and Head of Marketing at Oriflame. MBA from IMI with specialisation in MarCom



Niloy Mukherjee

25 years+ experience in Sales & Marketing. Previously, VP Sales & Marketing, Dell. Led Pricing Line for McKinsey Asia. MBA from IIM Ahmedabad



Shubhajit Sen

25 years+ experience. Previously, MD Grohe India, CMO, Micromax; VP & Global Leader at GSK Consumer. MBA from IIM Ahmedabad



Srinivas Murthy

20 years+ experience. Previously, VP Marketing Snapdeal and Marketing Director, Coca Cola, India. MBA from IIM Calcutta



Aditi Gupta

16 years+ experience in Product Marketing in CPG. International experience. Graphic Design experience & education.



Rachita Dutta

25years+ experience across advertising and research



Samrat Das Gupta

19 years+ experience in Marketing services. Former head of Experiential Marketing, Cheil India



Apoorva Mathur

7 years+ experience in FMCG and dev sector. Previous role at TGB. MBA from Hong Kong University.



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