

Series 2

OUTLOOK 2021

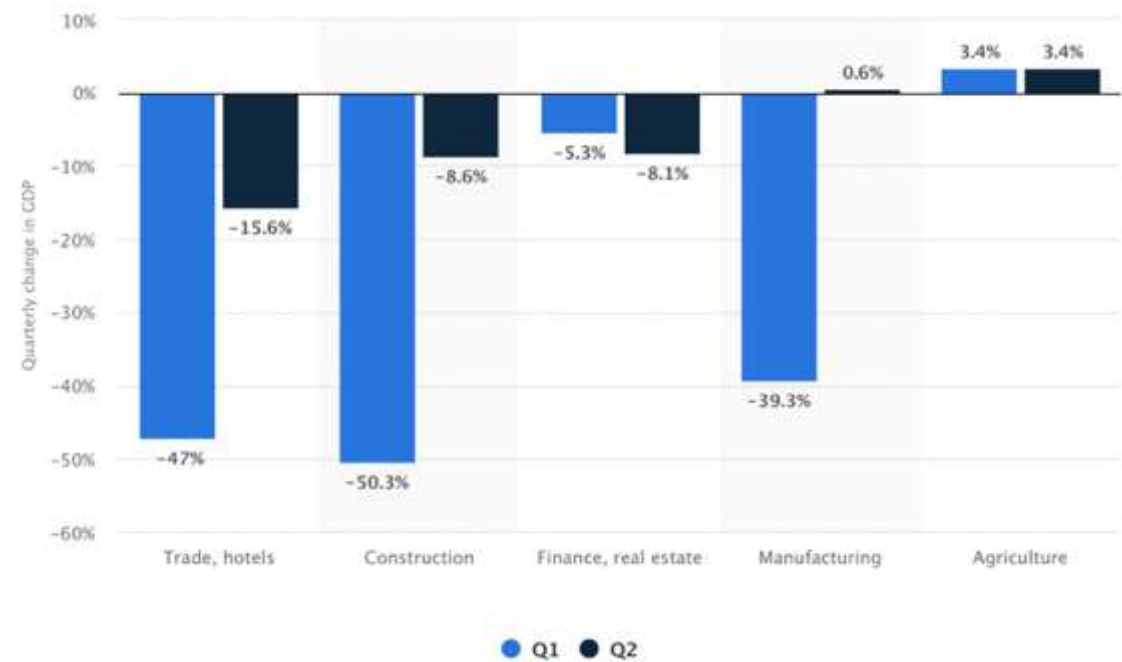
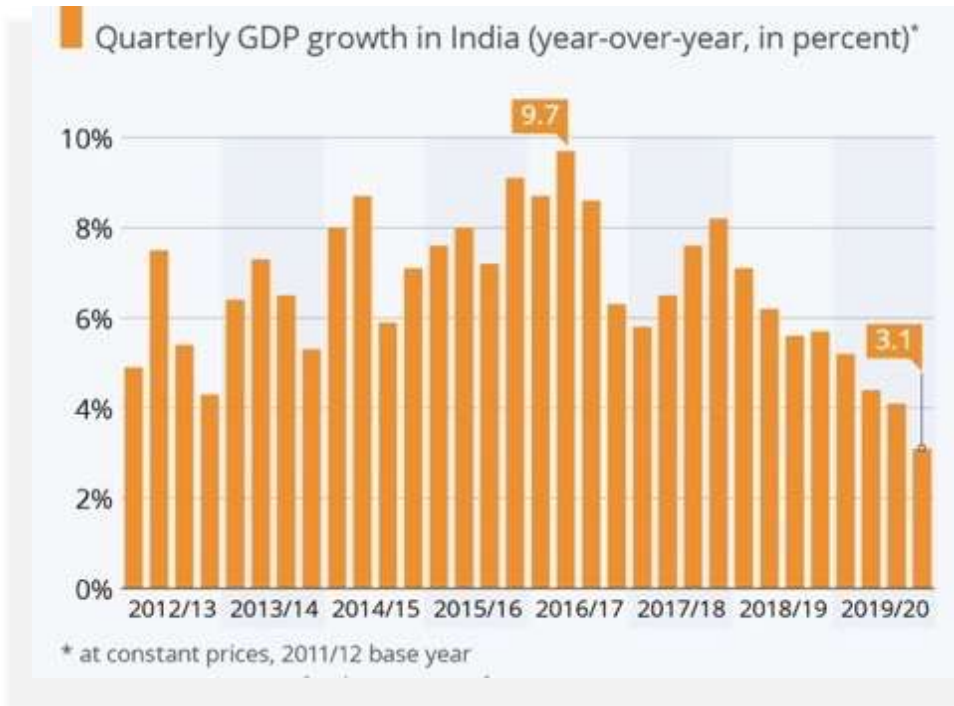


What is the next big opportunity in 2021?

A year that slowed down economic growth drastically...



Quarterly impact from the coronavirus (COVID-19) on India in financial year 2021



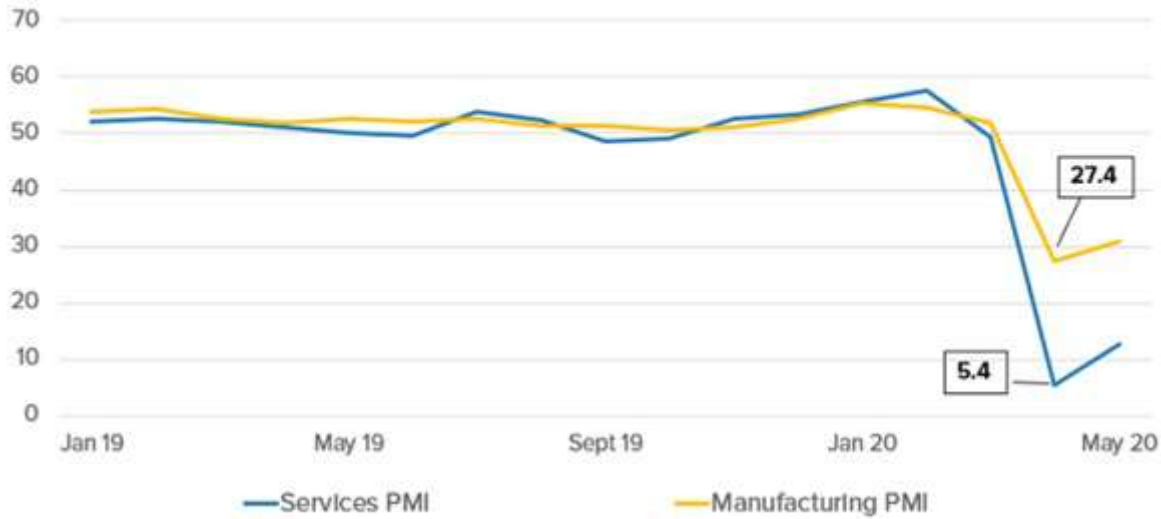
- In the 1st quarter of 2020, India's GDP collapsed by 23.9%. The pandemic led to shutdown of businesses, industries and services. From manufacturing to real estate, hospitality to mining, every industry has been impacted as the economy records **its sharpest drop in 41 years**.

The lockdown effect on industries



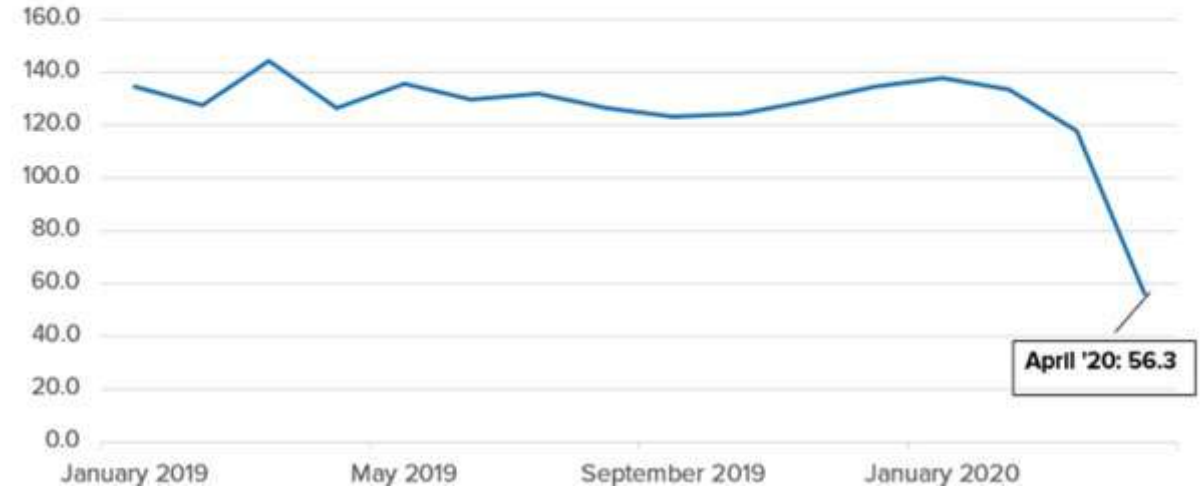
India's manufacturing and services sectors

The service's sector recorded its largest month on month contraction ever in business activity and new orders in April due to lockdown restrictions



Index of Industrial Production

Data showed a sharp contraction in industrial output in April as most of the industrial sector remained shut due to the national lockdown



Industry Index contracted by 55.5%

Daily turnover lost for the auto manufacturing sector was **around \$300 million per day.**

5 lakh crore

The entire value chain linked to **Travel & Tourism** lost

\$19.31 Bn

Revenue Loss incurred by **branded and unbranded hotels**

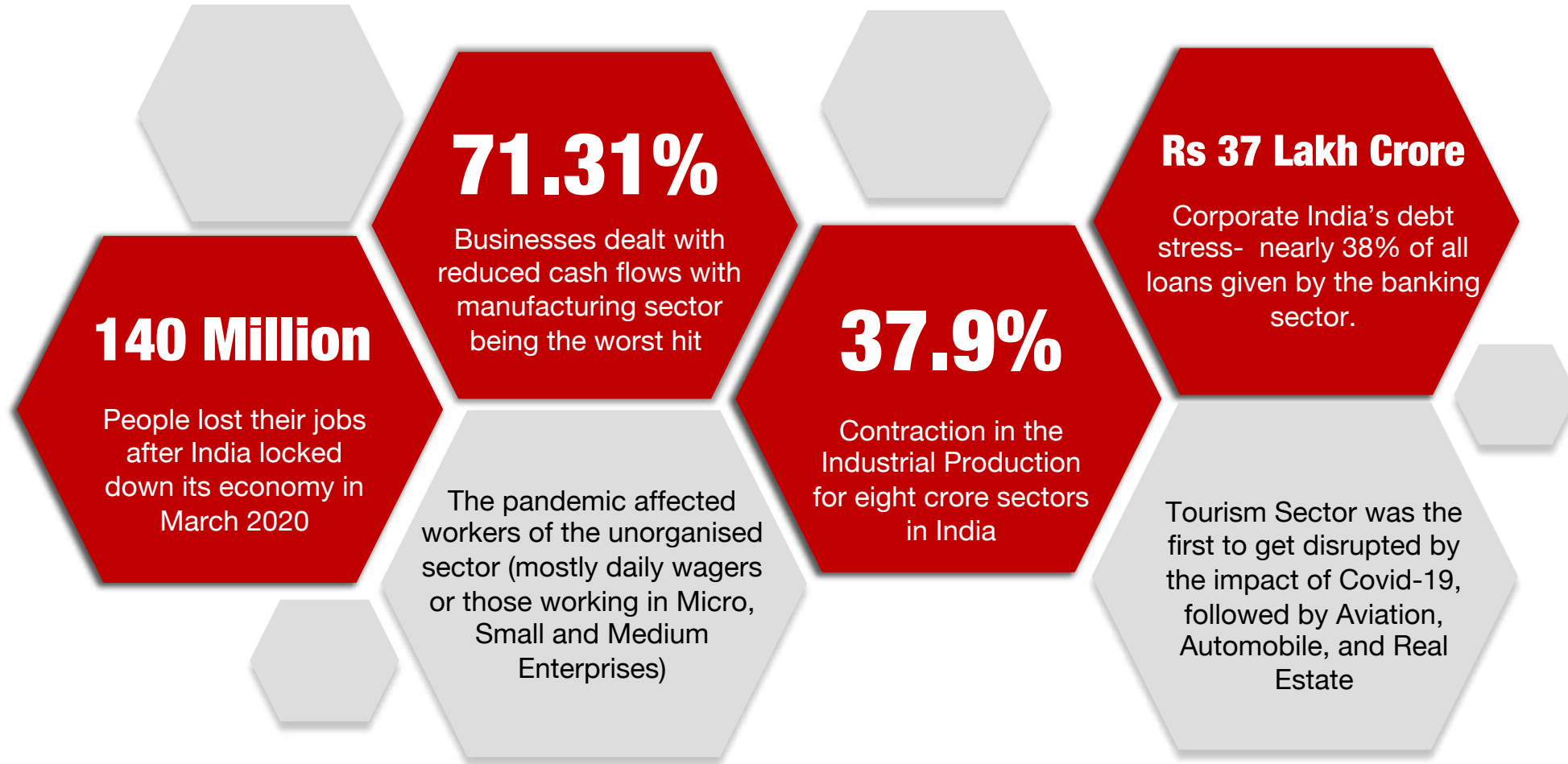
80% decline

In daily dry bulk trade as COVID disrupted the **shipping sector**

Rs.2,000 Cr

Combined Loss by **Metro Rail Corporation**

This impact also translated to stress on businesses ...



Some categories had to bear inevitable losses...



Indigo, Jet Airways

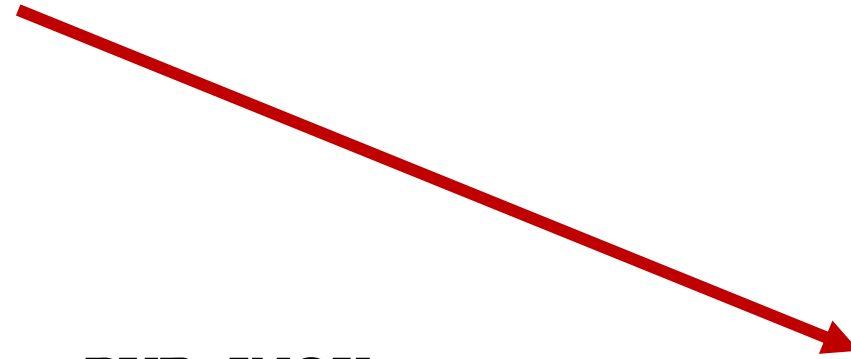
Rs 21,000 Cr Loss

Combined Reported Loss
by Indian Airlines



Rs 2,884 Cr Loss

Net Loss incurred by
Indigo in 2020



PVR, INOX

Rs 830Mn

Net Loss by PVR
in 2020



Rs 254Mn

Net Loss by Inox
in 2020

Bajaj Autos

18.2% Decline

Total Domestic Sales of two-
wheeler in Q2FY2020



14.9% Fall

Sale of three-wheeler in
Q2FY2020

- **Working from home and virtual meetings** resulted in people driving fewer kilometres, and **mobility became least desirable** during the crisis.
- Producers turning to the likes of OTT bit the bullet of Cinema Halls **with 100 small screens being shut down for good.**
- The pandemic **eviscerated travel demand**, bringing a decade-long streak of strong profits to screeching halt in 2020.

But some rose to the top during the pandemic...



SOCIAL



zoom

2.13 Million

Downloads in a single day

367%

Growth in Revenue
In Q2FY20

485%

New Customer
Growth

FOOD



Rs.1,000 Cr

Revenue Generated in
2020-21

300%

Revenue Growth

1.50 Lakh

Orders per month on
an average

PAYMENT



3.5X Growth

In Digital Transactions
amid COVID

50%

Total Increased
Transactions in 2020

Rs 3,629 Cr

Revenue in 2020

Others capitalized on new consumer trends...



Amul

The Taste of India

40% Increase

In Milk after Amul ventured to **E-Commerce** in 2020.

Amul launched turmeric milk, ginger milk and tulsı milk and Immuno Chakra Ice Cream in tri-colour Ice Cream stick.



70.8% Growth

In Dabur's **Ayurvedic OTC and Health Supplement's** Demand in 2020.

The popularity of Immunity-boosting products led to **Dabur Chyawanprash** reporting a growth of **694%**.



26% Exports

With consumer shift towards Ayurveda and Organic, international business increased.

Localising production and re-positioning itself in **Rural Sector** fetched **51% Sales** from Rural and Semi-Urban India.

Summary: We saw opportunities emerge out of the pandemic



52,000

New companies leveraged digitization and business innovation, and were registered between April-August 2020



Ministry of electronics introduced schemes worth **INR 1 Cr**, creating opportunities for Airmeet, VacYaChat, EnableX etc.



The usage of digital payments among Indian consumers which was the highest globally **at 75 per cent.**



E-retail saw a steep increase in shopper penetration, driven by lower data prices at a **valuation of \$850Mn** in 2020



Contactless delivery, extended hours of operations, personalized virtual experiences supported the emotional needs of customers.



That created room for new ideas...



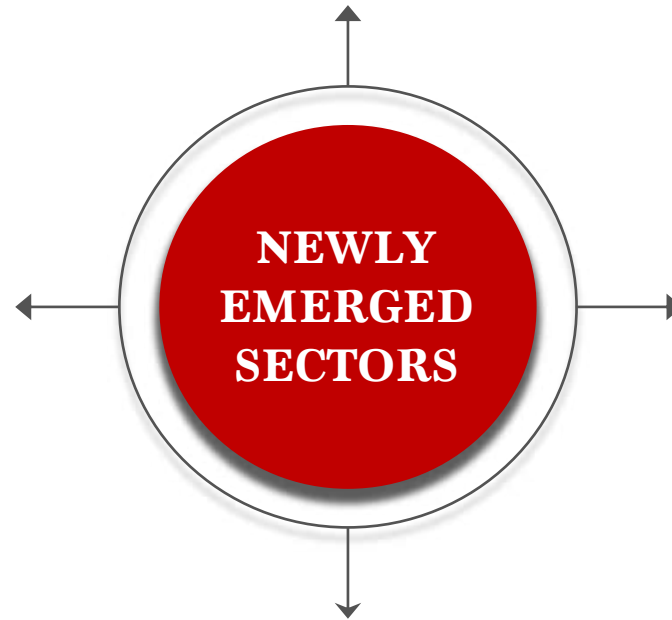
Tele-Medicine

With **502% increased online consultations**, medical establishments adopted the practice of telemedicine in India amid COVID-19



Ed-tech

Covid-19 brought Ed-tech to momentum, with **\$1.4 Bn** being invested in 2020.



Agri-tech

Despite contracted GDP, Agri-tech **added Rs 14,815 crore in the first three fiscal months of 2020.**



Digital Conscious Decisions

India's contact-tracing app **Aarogya Setu** became the world's fastest growing mobile app with **1,00,000 downloads per minute.**



How does this new landscape shape 2021?

We spoke to industry leaders to know what they think...

Series 1

OUTLOOK 2021



2021

**Industry Leaders
Speak.**



Perspective on shaping business in 2021

** 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*

An evolved ecosystem

We've noticed many positive changes. Businesses have discovered new ways of working. Companies have learnt how to innovate and test market more effectively.

Especially while launching new products, managers are okay to test it out with a smaller niche cohort. The whole definition of scale has changed. This nimbleness will help drive growth in the long term.

- **Navneet Saluja**

Innovation and cost optimization take center-stage



Consumers are in the mindset to experiment and that has accelerated the innovation agenda. Health & wellness remains a big opportunity. Consumer moving from unbranded to branded has also become more relevant.

An exciting area to explore would be the continued dynamics in a 'contactless' world. For a person who picked up breakfast or coffee on the way to work may no longer be living that routine daily. Finding new ways to serve or engage with them will be an added agenda on the innovation portfolio.

- **Puneet Das**

A hybrid model is the future

Most companies may get back to a Pre- Covid set up September'21 onwards. There has been an element of missing human connection. With a hybrid of online-offline model, a pre-covid environment is set to return.

We saw first time online shoppers, rural users using more digital services and digital platforms helping small business cater wider audiences. This is opening up a world of possibilities for growth.

- **Senior leader (Smartphone category)**

Focus on survive, thrive and then revive

Revenues were sharply hit by the almost non-existent international and MICE travel during the year. Most of us will focus on re-calibrating spends and reducing the burn factor.

The shift will also move to maintaining presence and opening new segments with the domestic market. Domestic travel will be the biggest opportunity especially for closer to home destinations that are approachable by road or short air trips. This also opens the potential to build and grow staycation and villa stays in 2021.

We also witnessed collaborations between hotels and airlines this year. This is a welcome change that we expect will continue to drive growth within the domestic sector.

-Deep Kalra

Personal transportation will drive the automobile category

Some customers will feel more confident with the shift from public to private transport. Therefore, economical personal vehicles and second hand segment will see increasing demand.

However, we are also seeing a substantial increase in costs leading to price hikes. Keeping costs under control will be an important exercise in the coming year.

- Narayan Sundararaman

New categories and segments gaining steam

Rural is definitely going to be a key focus for the coming year, especially in the FMCG category. But we also see new product and category opportunities like juices and health becoming a key discussion as a part of the innovation portfolios.

- Senior Leader (Beverage category)

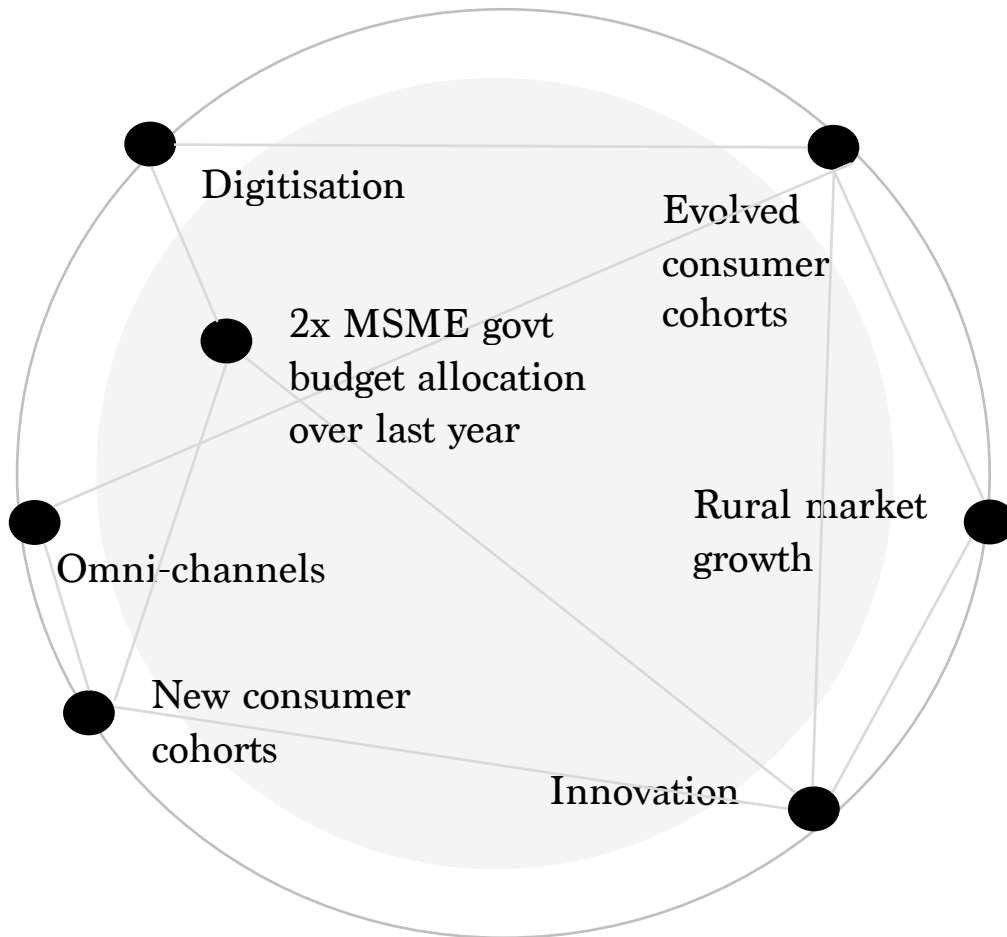
Perspective on shaping business in 2021

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Summary : Their perspective



An evolved ecosystem opening new opportunities



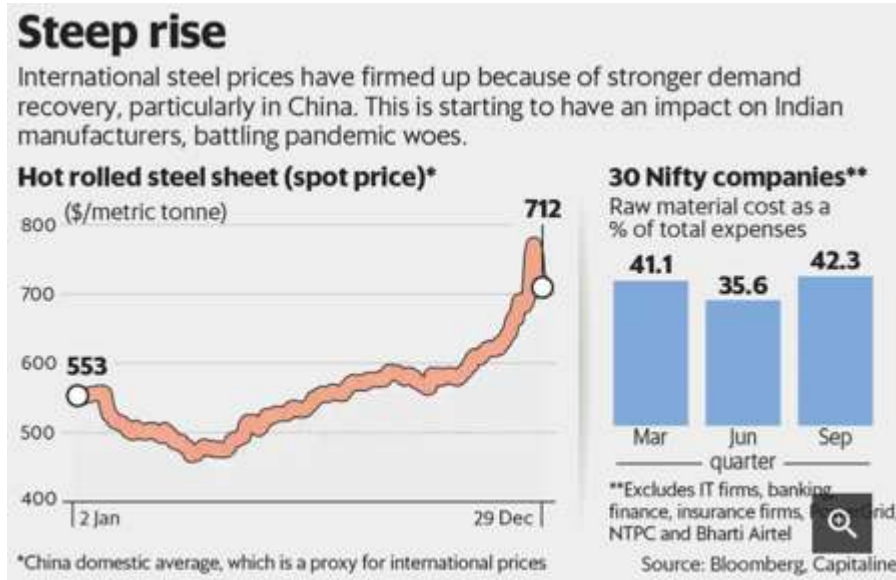
The new ecosystem will lead to multiple benefits:

- **Small business owners:** Sign up for more digital engagement/ services.
- **MSME growth :** MSME's especially in Tier 2-3 cities will be able to expand their reach to a wider audience by upgrading their processes.
- **Omni channels:** We will see many businesses switch to omni channels v/s only physical stores.

Summary : Their perspective



Cost optimization will be a key initiative



Plastic prices
30-120%

Increase in different grades of polymers

Copper prices
~40%

Increase in global copper prices

ial Statistical Office; Ministry of Commerce and Industry; and OECD Economic Outlook 108 database.

Key themes



- An evolved ecosystem creating new opportunities for business
 - Cost optimization and Innovation will take centerstage in the coming year.
 - New categories and segments will open greater business opportunities.
-

**Industry leaders
on shaping
business in 2021**

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2021

Our perspective



Companies were impacted differently during the pandemic...



The journey of each can be categorized into 3 different buckets:

1 Gainers

The Great leverage

These are the companies who already had an existing infrastructure that helped them fit in the lockdown ecosystem almost immediately. They benefitted from the situation and did extremely well financially.

Eg : E-grocers, Social conferencing apps like zoom

2 Challengers

Upgrading processes

While some did not have the infrastructure, they gradually adapted to the situation and set up processes to continue business.

Eg : Kirana shops taking orders on whatsapp, Apparel boutiques scheduling online appointments, e- learning

3 Survivors

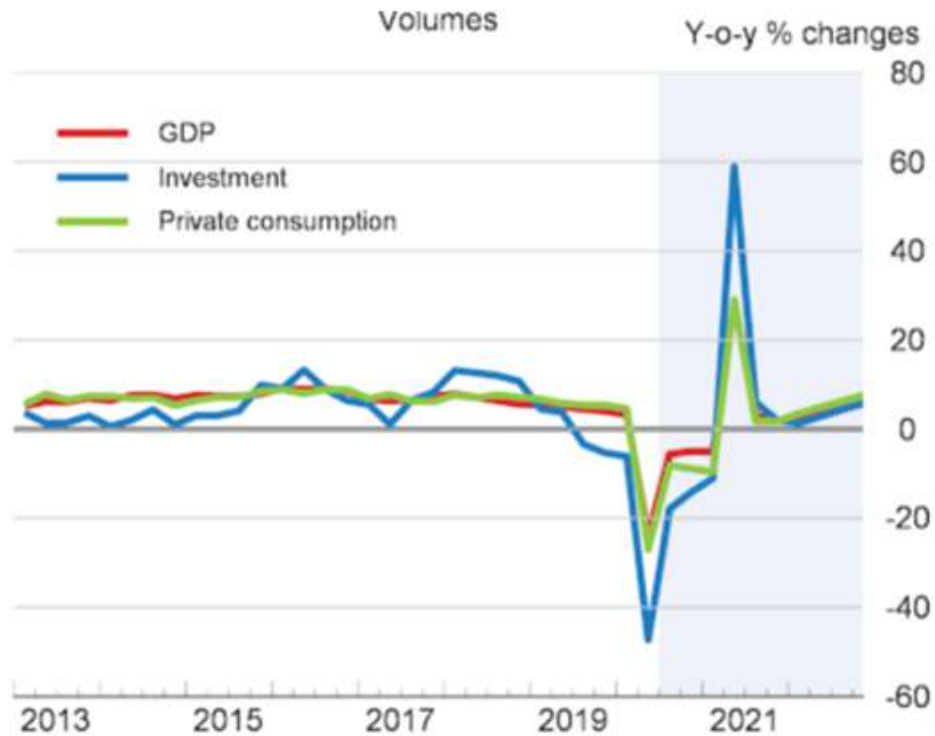
Building vigor

Businesses almost came to a standstill. The situation for them was out of control. Surviving through the crisis was the single biggest agenda.

Eg : Travel, Hospitality, Luxury brands

Business outlook 2021

The return to sustained growth will take time



The road to recovery is long. We will witness uneven recovery patterns across the country leading to different recovery speeds for different businesses.

But we see 4 broad themes that will uniformly dominate all companies this year.



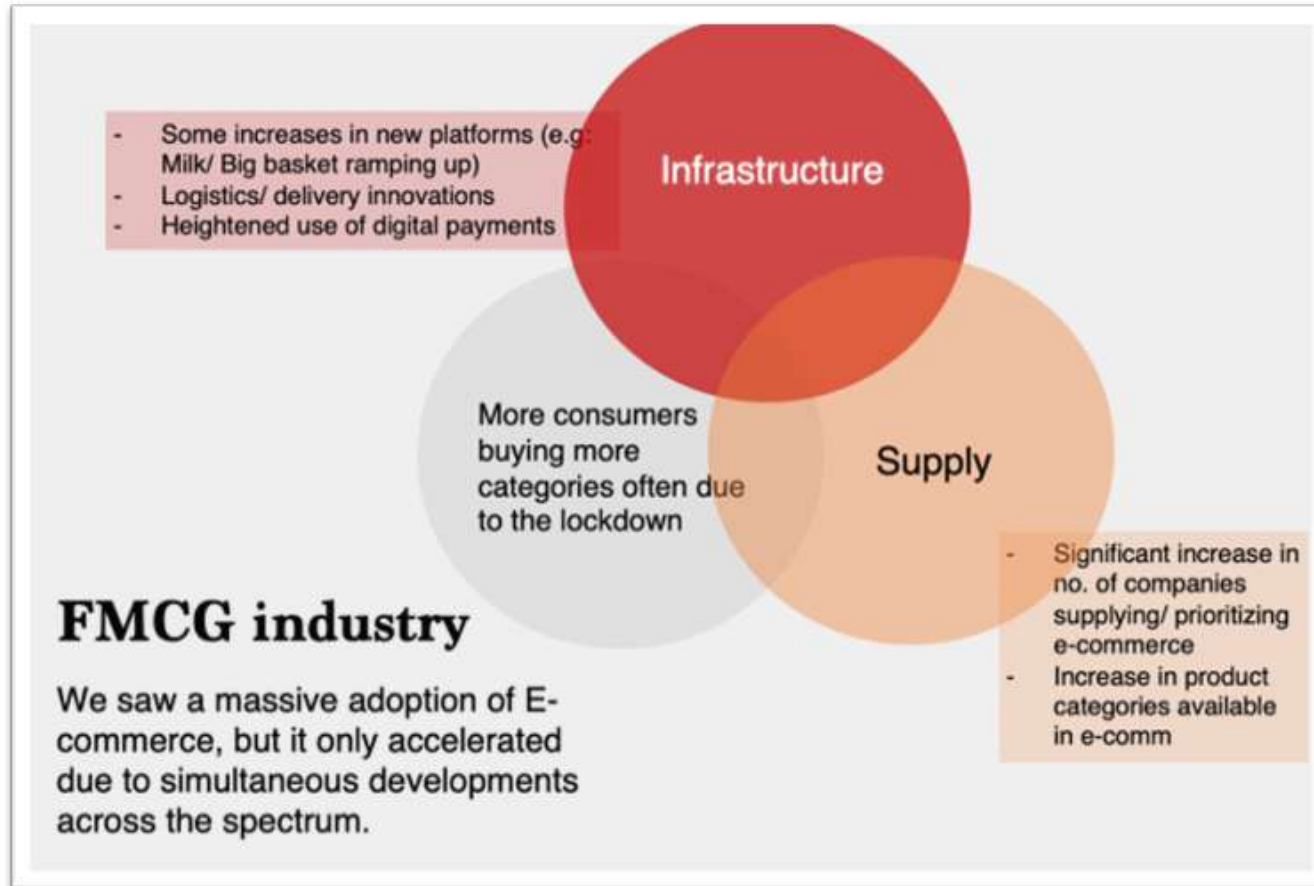
The pandemic has led consumers to try new things, creating multiple opportunities for business.

- **Trends & insights** :Focusing on trends and insights can help unlock new opportunities for business.
- **Ecosystem upgrade**: This is also the perfect time to take advantage of the ecosystem.
- **Low-cost experiments** will unlock effective solutions.

Telemedicine and chatbots are using data to transform health care

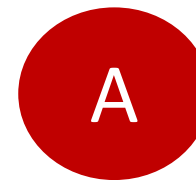
Paytm Payment Gateway launches UPI subscription services for businesses





Digital transformation will continue in 2021. For it to be effective, one needs to see the entire ecosystem upgrade simultaneously.

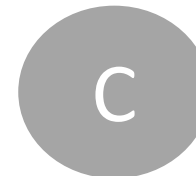
Businesses can leverage digital by:



Understanding different ecosystems that directly impact your business and can be digitized



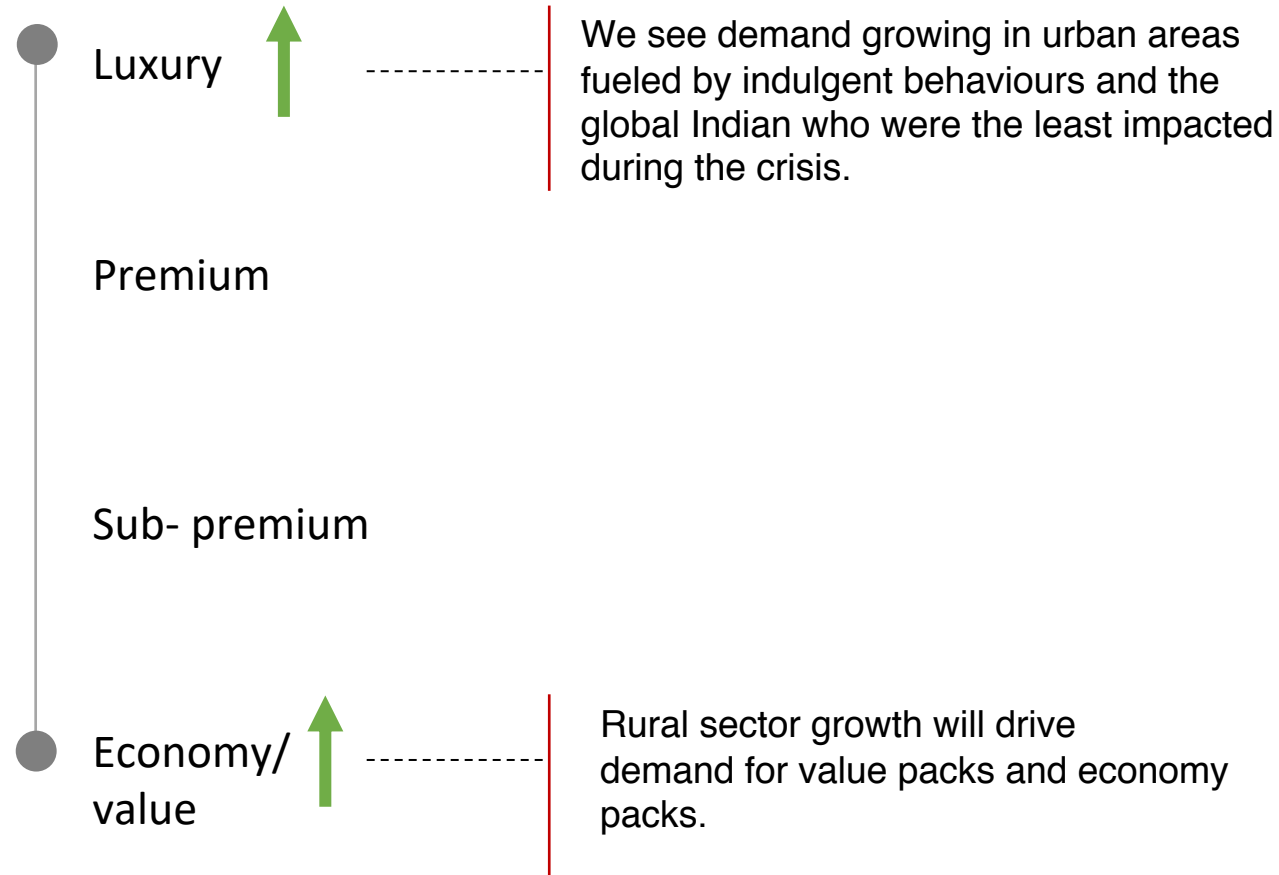
Understanding the impact on your business performance



Making the right change to accelerate your digital transformation



Pricing segments



What does this mean for businesses?

Business portfolio allocation

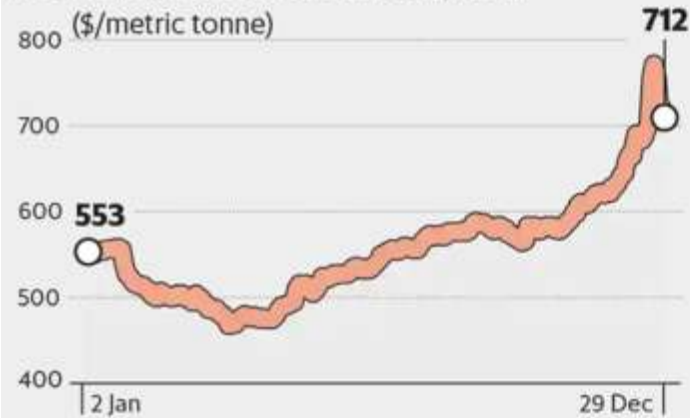
Different segments will recover at different speeds. Evaluating demand patterns and aligning your focus and efforts as per the growth rates will be key to driving revenue for businesses in 2021.

Cost optimisation

Steep rise

International steel prices have firmed up because of stronger demand recovery, particularly in China. This is starting to have an impact on Indian manufacturers, battling pandemic woes.

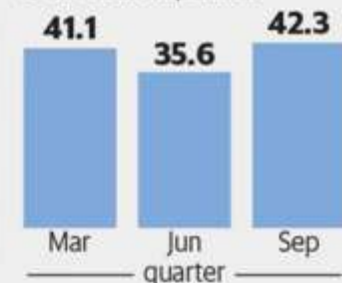
Hot rolled steel sheet (spot price)*



*China domestic average, which is a proxy for international prices

30 Nifty companies**

Raw material cost as a % of total expenses



**Excludes IT firms, banking, finance, insurance firms, Powergrid, NTPC and Bharti Airtel

Source: Bloomberg, Capitaline

Plastic prices

30-120%

Increase in different grades of polymers

Copper prices

~40%

Increase in global copper prices

The raw material prices have been on the rise that is impacting many industries, and this is expected to continue in 2021.

What does this mean for businesses?

Direct impact on the bottom-line forcing companies to make upward price corrections.

What needs to be managed?

Declining consumer demand in the rise of prices can create challenges in markets, especially segments that are price sensitive. (For eg: Rural markets)



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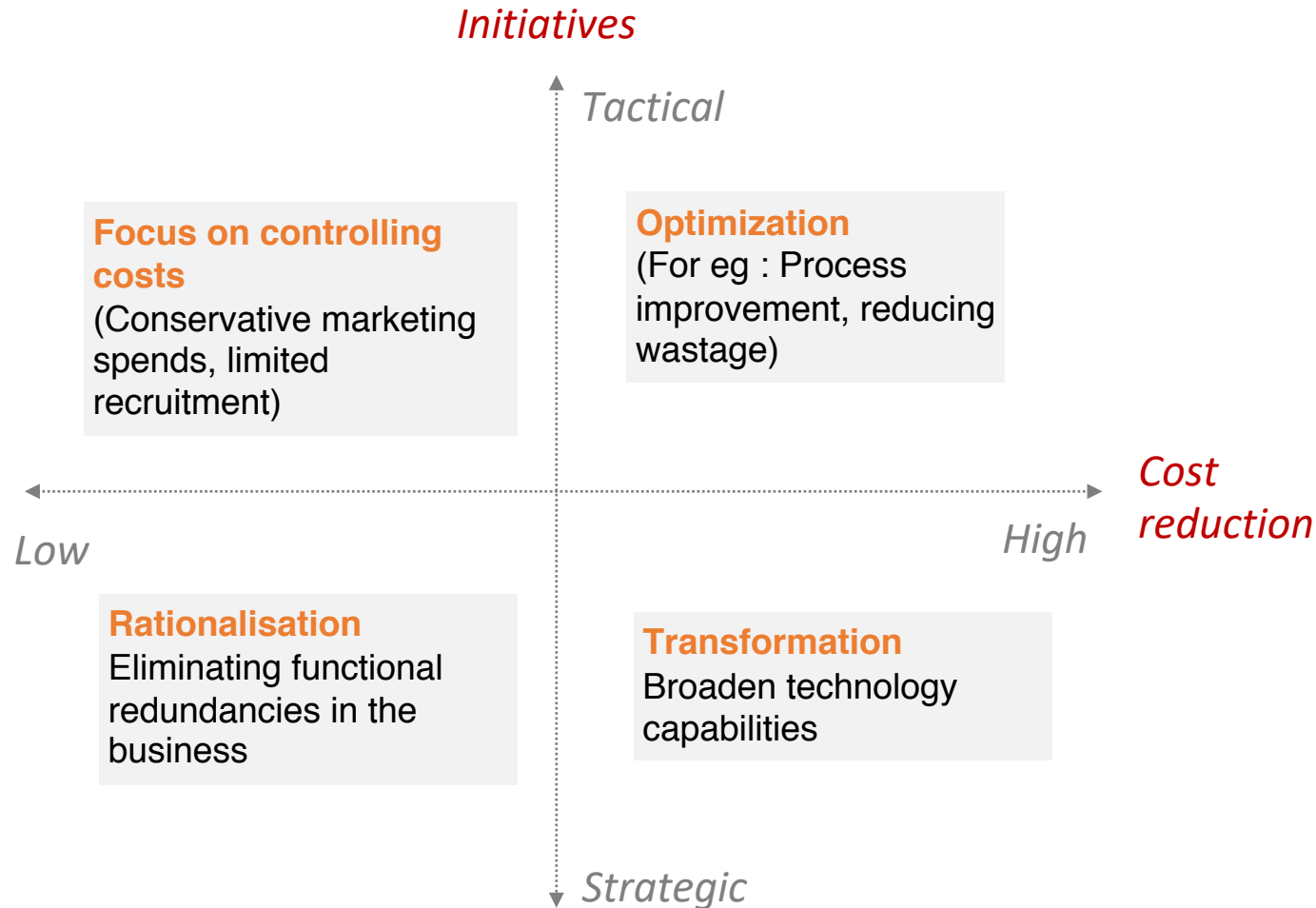
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**What can
organisations do?**



Cost reduction initiatives

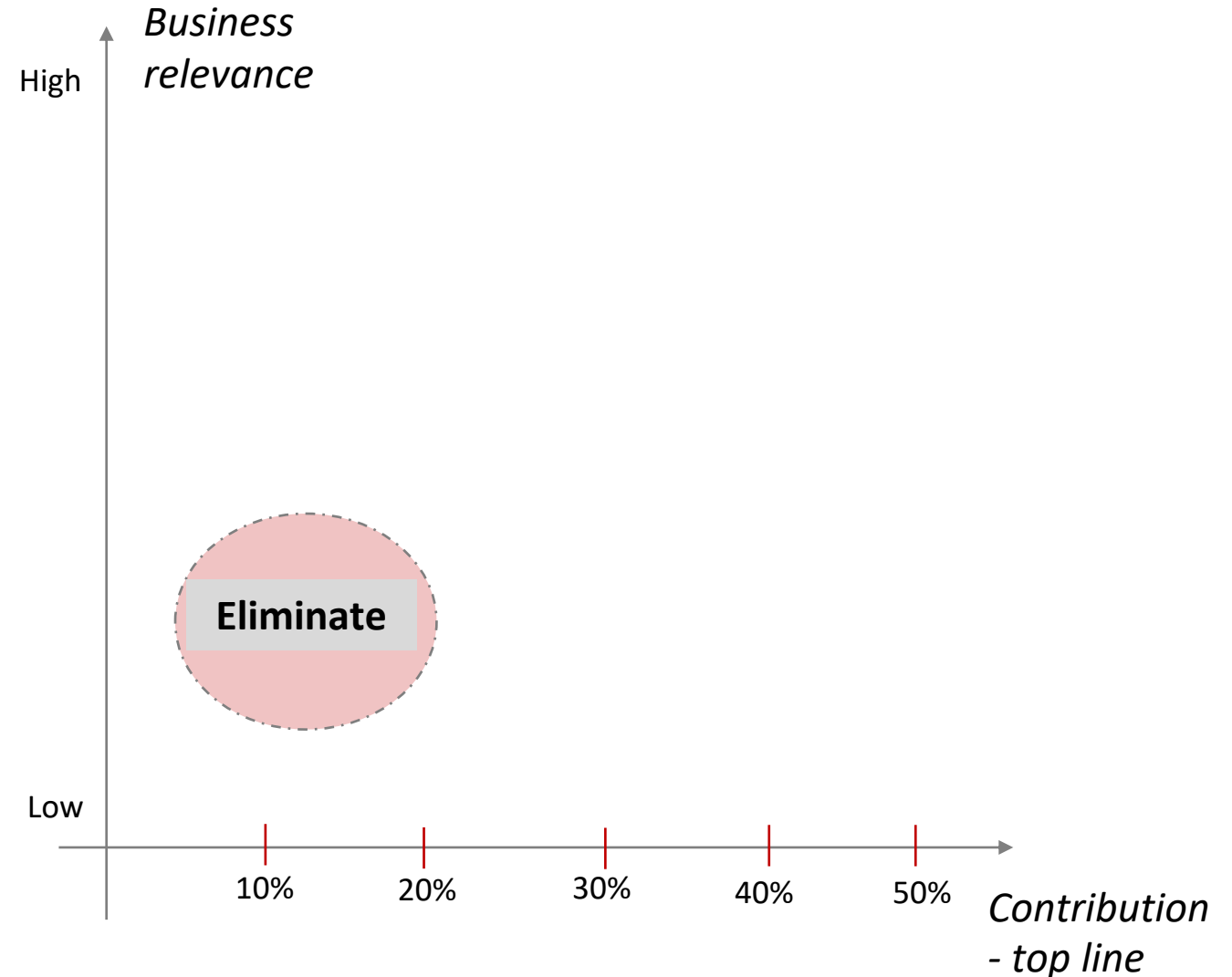


Focus not only on cost conservation but the different roles that cost reductions can play in the entire business.



Portfolio optimization

- Reducing complexity of the product portfolio can help improve financial health as well as help in better focus for the company.
- Evaluate the business relevance and contribution to top line of each the products and map them on the framework.
- The ones with low relevance and contribution typically add complexity and costs.



3 Better value creation



- Offerings based on recent trends and insights
- Better and stronger claims for your product
- Improved services for consumer satisfaction



Positive consumer perception



Greater demand

Can you deliver more value to your consumers?

Building stronger offerings to consumers will not only strengthen the brand in the marketplace but also improve your top line.

A shift from tactical solutions to strategic long-term actions can help your business accelerate in an uncertain environment.

Final thoughts



- Recognize which category your company falls under in the pandemic and evaluate your opportunities and challenges through that lens.
 - Acknowledge the uncertainty of the environment and identify the gaps that your business can narrow for consumers.
 - Pick out the themes that will be relevant for your business in 2021 and create greater value for your entire ecosystem.
-

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



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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

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



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25years+ experience across advertising and research



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



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



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