

Market Update Web Series by HGH India

(Synopsis of the presentation)

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“How to find Opportunities in the Post-Lockdown Threats to your business?”

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Unlock the brain, Unlock business opportunities. To unlock business opportunities, we first need to remove the cloud of doubts that are created by the over knowledge shared by multiple sources including whatsapp and social media.

Offline Retail sales in home lifestyle category is 50% to 70% of normal level of sales and online retail is above 150% of normal level of sales in houseware. On a positive note open spaces witness crowd and consumption with no major business closures. The pent up demand is good and with consumers stocking up, for the first time the retailers enjoy lowest level of inventory. Offline buying in home segment will depend on how well retailers prepare and deliver for Diwali.

This article highlights Disruptions from the pandemic, Consumer, Houseware Retail and Recovery.

In the past four years Indian home industry has witnessed disruptions which were caused by a series of trigger points. Demonetization in 2016 caused a decline in consumer demand. Next year brought strict implementation of GST which affected the supply chain. All this while the rapid advancement in technology primarily due to ecommerce led acted as a catalyst for the need of transparency throughout the sale process or supply chain and reducing margins at all levels. Coming to the current pandemic in 2020 which adversely affected demand, supply and finance side. There has been a fear of mortality but after months of reeling under the pandemic people have learned to live with Corona in their lives.

In the current market we see a mixed bag in terms of sector performances and impact. The major performing sectors are FMCG, Electronics and Durables and some underperforming sectors are Travel and Hospitality. Despite the issues, India is back on its feet.

India is a young country with 65% of population below 35 years of age. It has the largest population of millennials in the world around 34% or 440 million customers. Interestingly, millennials account for almost half of the working age population in India who are willing to spend slightly more to upgrade lifestyle or for better value products and now more concerned with houseware products.

The dimensions of time and space are changing fast. With people working from home the distinction between weekdays and weekends is vanishing. During government lockdowns many working class people have gone back to their home towns to tier 1, tier 2 and tier 3 cities thus diminishing the gap between consumer mind set from metros and smaller cities.

Houseware retail can witness unprecedented growth under the changed environment category as consumers stay-at-home and use home products they are investing more in their homes and domestic comforts. Home is the new wfh (work from home) office address, sfh (study from home), dfh(drink from home) etc. Therefore, consumers would like to decorate all parts of home, thus

generate new demand for many products. Home products have jumped priority in consumer buying thus have invited interest from many non-home product manufacturers.

Recovery being an important area, specifically for the offline retailers Phygital or a combination of physical and digital will be way forward to service the needs of customers. According to a recent survey by Home Centre conducted with 3000 customers, 75% costumers said they are willing to buy home products before Diwali and they do not prefer to purchase online. We need to allow our brain to work and figure out right solution for our specific business to generate demand and get back to original levels of business.

Just to survive in the current situation everyone has to be far more productive. New level of collaboration with relevant skill holders to make winning business will become the key. Be it with the digital world, across people skills, external stakeholders and industries will allow business to survive and thrive. The world is favouring a shift of manufacturing from China to India due to latter's large consumption potential, availability of skilled manpower and government incentive. It is a boon for the nation in medium to long term but decline and demand and supply shortage remain serious concerns for the coming 2-3 years.

The consumer engagement will require personalized solutions and loyalty programs will count. Good retail space, mind recall and the government's initiative to support "Make in India" products will drive business decisions. Many luxury brands may launch home collection, reassuring the importance of this category.

Today to build strong business for times to come one needs to think of expansion at all levels be it product line, sales channel, customer base or investment in real estate. To lure customers, brands will have to provide a multi-channel experience and not leave behind any potential touch point be it brick and mortar stores, online stores, Netflix, Instagram or WhatsApp, the list is increasing. The consumers, businesses and societies have gone into a reset mode and only the anti- fragile will survive, emerging more resilient than ever!