TRA's
Diwali 2020
Buying Propensity Report

A primary research covering 503 respondents
between 9th June – 15th July 2020

BACKDROP

The Coronavirus pandemic has taken the whole country by storm. For most of us, the Coronavirus impact has been arguably the most significant and most dramatic experience of our lives. It has disrupted lives and how. The impact on us as individuals, as society and as a workforce has been unprecedented to say the least. In a post-Covid world, people are living differently, working differently, thinking differently and even buying differently. Products and brands are being seen through a completely new lens.

Diwali has traditionally been a period of consumption boom as consumers tend to increase spends, and brands scramble to catch their attention. This Diwali will be a deciding factor for many brands, as they prepare trepidatiously for the festive season. Many questions are awaiting the consumer mandate – Will the cautious consumer go out and shop this Diwali? Have consumer sentiments dampened or bolstered? Will malls see footfalls? Are high-ticket items like cars and property going to see a fillip?

TRA Research, India's leading consumer insights and brand analytics company, brings you TRA's Diwali 2020 Buying Propensity Report, a whitepaper resulting from a consumer research conducted across 16 cities with 503 consumer-influencer respondents between 9th June and 15th July 2020. This whitepaper delves deeper to guage the changing buying mindsets and sentiments during the Indian Festive Season amid the Corona scare.

BUYING PROPENSITY STEADIES TO 'POSITIVE' FOR DIWALI 2020

TRA's Buying Propensity Index™ (BPI) is a measure of the 'keenness to buy' of India. Buying Propensity is a scientific tool that gets to the root of buying, an act that manifests on the basis of two factors - an individual's need-based buying and desire-based buying.

| Buying Sentiment for Diwali'20	Buying Propensity Index
POSITIVE SENTIMENTS	65%
NEUTRAL SENTIMENTS	28%
NEGATIVE SENTIMENTS	7%

According to the survey, 65% consumers reflect a **Positive Buying Sentiment** Diwali 2020, while 28% feel it will remain the same as compared to June 2020. Only 7% consumers feel the buying sentiment will worsen in Diwali than in the current period.

Brands may have some reason to cheer as the household expenditure recovery is looking up. Spends fell by 12.3% from February to mid-June 2020. The upward climb of the recovery till Diwali 2020 seems to regain at least half of that with a net gain of 6.8%. June 2020 spends still down by 5.5% from February of the same year. However, most consumers feel that the normal household spends will return only in about 10 months, in May 2021.

This is good news of course, but the pre-Covid consumer spends were already lower on account of a depressed and strained economy, and a comparison between the consumer household spends between the two Diwalis of 2019 and 2020, show that this year is likely to see 5.1% lesser spends than the previous one.

DIWALI BUYING PROPENSITY VERSUS PLANNED PURCHASES 2020

The festive season is not only celebratory, but also considered auspicious for many Indians to make new purchases. Cars, houses, jewellery, clothes are traditionally on
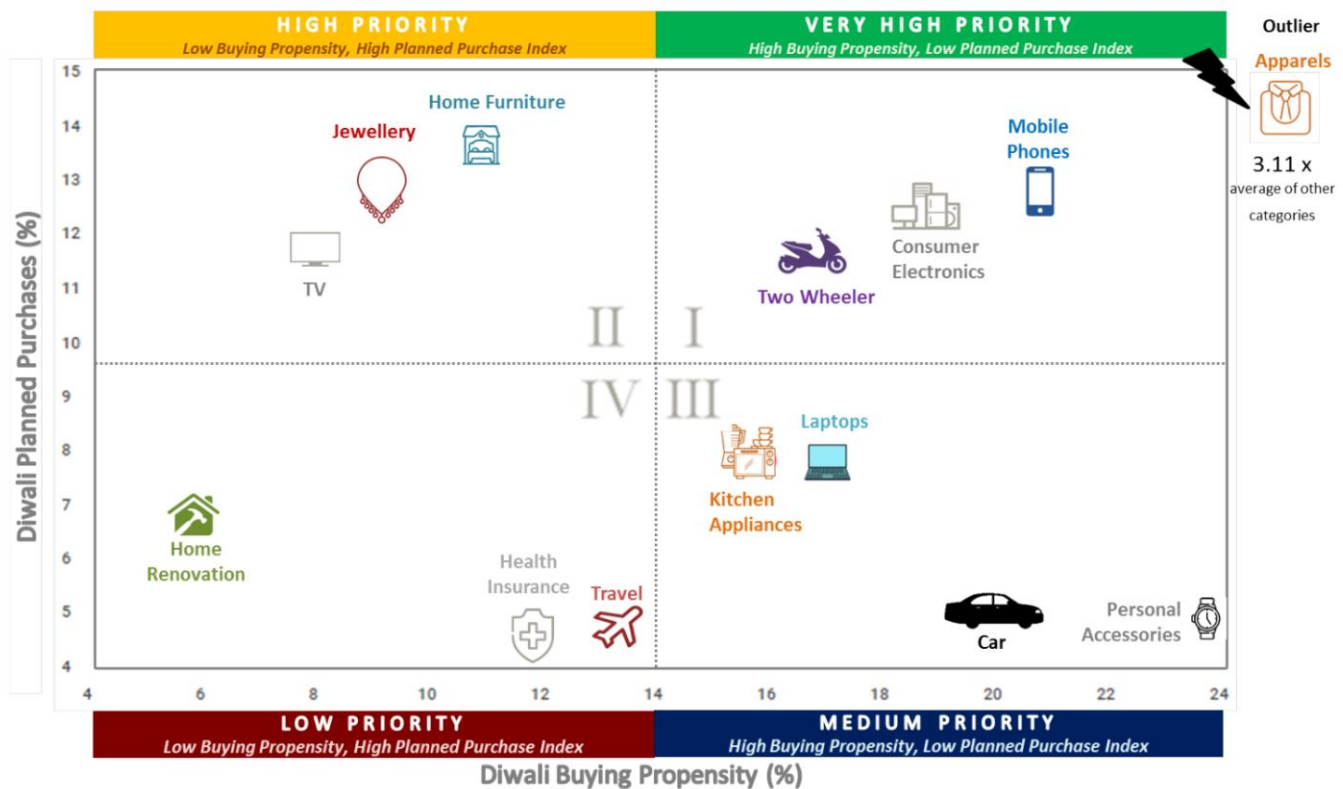
the buying list. The graph above is a matrix of the consumers' Buying Propensity or *'keenness to buy'* on the x-axis and Planned Purchases on the y-axis for various categories. The consumers' mind and heart seem conflicted regarding the upcoming Diwali purchases. This graph is a real representation of *'what am I keen to buy'* versus *'what I am really going to buy'* for Diwali 2020 shown in the four quadrants.

Quadrant I is a zone of **'Very High Priority'** for spends. Categories that feature here display high buying keenness and purchasing intent for Diwali 2020. The Apparel category is a clear winner and outlier, flying out of the chart with approximately 3.11 times higher Priority than the average of all other categories.

Mobile phones undoubtedly have become the most important accessory and features high in this Quadrant. The third priority is to Consumer Electronics and consumers want to buy or upgrade their washing machines, ACs and refrigerators, the essentials which made life livable during this extended lockdown. Two Wheelers too find a Very High Priority which seems will be a preferred transportation in the future for its safety, increased mobility and costs.

The Quadrant II indicates '**High Priority'** categories suggesting that these have a high possibility of getting purchased even though the propensity is comparatively lesser. The Coronavirus lockdown has given rise to the world's largest Work-From Home experiment, and consumers seem keen to indulge in Home Furniture as a part of this new lifestyle change. On the other hand, Jewellery is getting the spotlight as consumers are catching a fun in the price of gold and silver. With wedding season coming up and margins on goad-loans going down, this consumer appetite for this category is likely to be high this Diwali. TVs, which has become the household's favourite entertainment pod, evident through the surge in TV viewership figures, is also on the High Priority buying lists of consumers.

The Quadrant III signifies a **'Medium Priority'** as the buying keenness is high however doesn't fit in as planned purchases for Diwali. Personal accessories, including watches and shoes, are seen to have high keenness among consumers. Similarly, consumers seem to have a high inclination for cars, owing to a lack of trust in public transport, but Diwali 2020 may not see cars rev too much, unless consumers see value along with the utility. Triggered by the WFH imperative and shift towards online education, Laptops also find their place to the list of high buying keenness. The Kitchen, and by corollary, Kitchen Appliances are an important priority for the family, and it has become even more accentuated due to the continued absence of domestic help during the lockdown.

Lastly, the Quadrant IV is a **'Low Priority'** zone indicating moderate keenness, but low purchasing intent for this Diwali 2020. Restricted within the confines of homes, consumers are keen to Travel, though it may not materialize much this year due to strict restrictions. While the importance of Health Insurance has become evident to all during these testing times, this category's low planned purchase quotient comes as a surprise, perhaps because of the well-known procrastination

syndrome of consumers when considering Health Insurance. Also, another one which makes it to this list is Home Renovation, as people have become more acquainted with flaws in their homes.

ADVERTISING IMPACT TO BE LESS THAN NORMAL, QUALITY ABOVE ALL

95% consumers rate Product Quality as the most important influence when making purchases for Diwali 2020. This is followed by product usefulness (89%), Product Price (88%), Buying Convenience (87%) and Brand Name (86%). With changing consumer behaviour, advertising is also adjusted. Advertising at 71% remains the lowest choice driver for Diwali shopping.
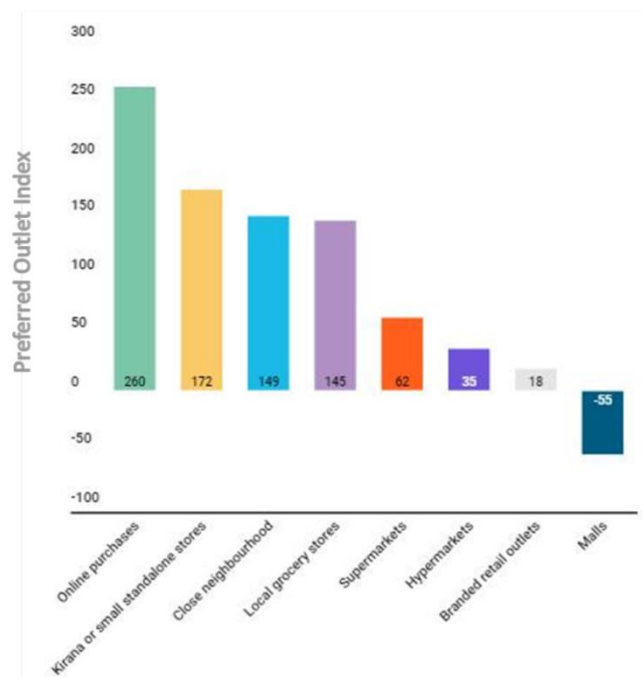
PROXIMITY GAINS, BIG FORMATS LOSE

The post Covid-19 world will sway shopping behaviour of millions of households as pandemic pushes shoppers to buy more goods online and ensure safety and hygiene practices in their lives.

When asked how will be the shopping affected after the situation subsides, the index was calculated on basis of five respondent answers – *'Substantially Decrease'*, *'Somewhat Decrease'*, *'Same as before'*, *'Somewhat Increase'* and *'Substantially Increase'* which gives a composite score showing specific trends.

Going forward the pandemic is likely to alter the shopping behavior completely. Online shopping is set to see an unprecedented boom in a post-Covid-19 world and scoring the highest at 260 in the Preferred Outlet Index. Kiranas or small standalone store get 172 points, close-by Neighbourhood Stores are at 149, and Local Grocery stores at 145, showing that the trust built by these

CHOICE DRIVERS FOR DIWALI'20 SHOPPING

Product Quality	Product Usefulness	Product Price
95%	89%	88%

Buying Convenience	Brand Name	Product Advertising
87%	86%	71%

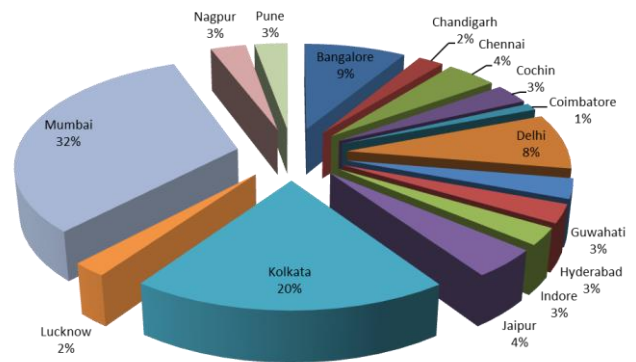formats during the lockdown will come to their benefit in the years to come.

Big formats stores like Supermarkets, Hypermarkets, and Branded outlets are still likely to see visitors and consumers, though the consumer visits are still likely to be low. Malls, however, will be the biggest Covid casualty as shoppers show tremendous reluctance even after relaxed norms and better safety, with a negative score of -55.
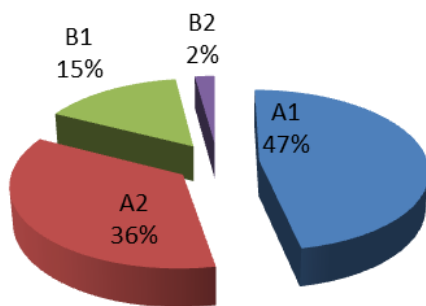
WHO WE SURVEYED?

TRA did telephonic interviews with 503 consumer-respondents from 16 Indian cities with sampling divided as per the city population as shown in the graph

47% respondents were SEC A1, 36% were SEC A2, 15% were SEC B1. All respondents were between 21years to 50 years of age, and 71% of the respondents were males.
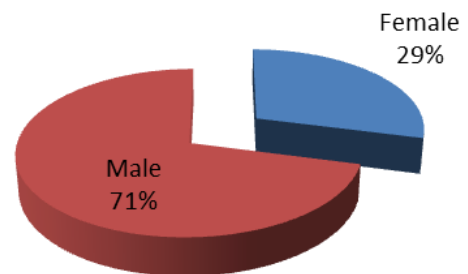
City-wise respondents

Nagpur 3%
Pune 3%
Chandigarh 2%
Chennai 4%
Bangalore 9%
Cochin 3%
Coimbatore 1%
Mumbai 32%
Delhi 8%
Guwahati 3%
Kolkata 20%
Hyderabad 3%
Indore 3%
Jaipur 4%
Lucknow 2%

SEC

B1 15%
B2 2%
A1 47%
A2 36%

Gender

Female 29%
Male 71%

About TRA Research

TRA Research, a Comniscient Group company, is a consumer insights and brand intelligence Company dedicated to understanding and analyzing stakeholder behavior through two globally acclaimed proprietary matrices of Brand Trust™ and Brand Desire™. TRA Research conducts primary research with consumers and stakeholders to assist brands with their business decisions based on Consumer Behavior insights.

TRA Research is consulting brands on transitioning during and after the Covid-19 crisis, to help them be more aligned to consumer and client expectations.

TRA Research is the also the publisher of TRA's Brand Trust Report™ and of TRA's Most Desired Brands™.

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