

Synopsis - Home & Home+ Conclave LIVE

LIVE Date – April 17, 2020

Panelists – a) Mr. Anil Mathur (COO, Godrej Interio)

b) Mr. Ashish Goel (CEO, Urban Ladder)

c) Ms. Kavitha Rao (Country Commercial Manager, IKEA India)

d) Mr. Kumar Rajagopalan (CEO, Retailer's Association of India)

e) Mr. Manish Parekh (Executive Director – Furniture, Nilkamal Ltd.)

Convenor – Mr. Mahesh M. (CEO, Creativity)

The convenor, Mr. Mahesh, started proceedings by briefly highlighting the current scenario under the pandemic. He felt it was ironic that just a week back, on 10th April, they were slated to hold the physical edition of Home & Home+ Conclave to discuss the opportunities and challenges faced by the Home segment, as a whole. Instead, as the situation dictated, they were coming together for a virtual conference.

He set the context and the tone for the deliberation with a few facts, put forward by industry experts, as follows:

- 1) 50% of people likely to cut down discretionary spend and, most of them are likely to postpone or cancel purchases.
- 2) More than 90% of consumers believe that recession is likely to set in.
- 3) 85% believe that 'social distancing' would become a norm.

Giving rise to the following phrases:

- 1) Consumer sentiments are weak.
- 2) Consumer demand is likely to go down.

Question raised was, "post lockdown" what would be the fundamental shifts in consumer behavior.

Mr. Mathur started the proceedings and opined that consumers always prioritized their essential and functional needs even before this pandemic happened. The consumers will be focusing more on essential items rather than discretionary spends. However, furniture was earlier more of a want and was brought in as a functional need, with the trend of WFH increasing and people spending more time at their home, giving rise to the emotional needs of the consumer towards furniture and home products which should be looked at as a positive aspect during these trying times.

The next question was directed at Mr. Rajgopalan and was based on a recent RAI survey where 'non food' retailers, that covered furniture and home decor, had forecasted a drop of 60%, post Covid lockdown. The convenor asked for a response, both from the point of view of the retailer as well as the consumer.

Mr. Rajgopalan responded saying he would first like to talk about the consumer.. He observed that people of all classes, in the country were carrying out work streams from their homes in the last one month, which no one ever had thought, they would. They were exploring their homes more and feeling a need for items they never envisaged earlier. Hence, it would be observed that the traditional definition of essentials would change substantially with the trend of people working from home, thereby opening new requirements that need to be addressed.

These were tough times but these were also times where people could work to reboot the economy as once rebooted, what used to exist would not exist on the way forward and, many segments of WFH commodities like study table and lamps and seating, on reboot, would deliver positive results.

Among retailers, 80% of the survey felt that it would take a minimum to 6 to 12 months to recover and the balance felt their business would be forced to shut down. He said times were tough however, opportunist would explore a merchandise mix, and would look for opportunities in the changing scenario. He opined that best modes of 'safe shopping' would be exercised.

Mr. Parekh, on the other hand, felt with cash flow becoming more difficult, consumer focus would drastically shift towards affordability, "great deals" and the feasibility to avoid crowded places while making a purchase. He felt that the retail industry would be greatly affected by the pandemic. In agreement with the other panelists, he said that consumer behaviour would vary in different cities and consumers would realize the need for new and different home products after spending a majority of time at home. He felt high value products would be avoided for the near future.

Mr. Mahesh addressed Ms. Rao next and asked for her opinion on IKEA handling the situation from a global perspective and also, her thoughts on what retailers in India should do, given that consumer demand and sentiments, would be low.

Ms. Rao felt that IKEA globally was really challenged as most of their best markets has been severely affected by the pandemic. However, the silver lining in today's

scenario was that e-commerce or digital marketplace could be the lifeline that everyone needs. Online behaviour would be more dominant across the country in the coming period, in multiple domains and categories, and reaching out to the consumers through digital platforms might bring a positive outcome because of the constantly increasing users. Ms Rao further stressed that sustainability and the environment would also become dominant factors that would need to be considered, in the future.

The question to Mr. Goel was on how to address the pockets of opportunity created by our current predicament and the WFH scenario. Also, what could be done to enhance the digital marketplace, across India.

Mr. Ashish Goel felt the coming days would require us to bring innovation clubbed with technology and physical detail in order to catch consumer's attention and integrate them in our selling processes. In-store technology integration to practice social distancing while getting the business running, must be a key focus for us, as retailers.

He strongly felt that constraints would expose the creativity in all of us and, was hopeful that it would lead us to the path of dramatic innovation, that was the need of the hour.

Based on the responses from the esteemed panelists the convenor further requested them to deliberate on ' In-Store ' experience elements needed, if they were to bring customers back.. In terms of

- Technology
- Communication
- Work Force (Sales People)

Mr. Mathur stressed on the need for continuous and constant communication with existing and potential customers. He felt that videos and digital integration to explain the products to the customers at the comfort of the home would become the new norm, in the current scenario where everyone is practicing social distancing.

Technology adaptation, according to him would be the key to the future.. A walk through of the systems, other digital efforts could include videos on Youtube, online meetings, sending illustrations with explanations, offering color options and color combinations to customers, look and specifications of the products etc.

Mr. Manish Parekh also felt that a shift in spends from conventional to digital marketing would accelerate in the coming days. He supported personalized communication and marketing and felt its use would dramatically increase.

Fundamentals he said, would remain the same but soft skills development and up-skilling the sales team to make them digitally enabled would be the way forward, to handle customers more efficiently in the future.

The Convenor then addressed Ms. Kavita Rao and asked her opinion on the in-store experience in large format stores, and on how they would justify it vis-a-Vis what they are doing on the digital space.

Ms. Rao opined that while many consumers would like to stay home, there would be a large chunk that will just want to break free and go to larger format retail stores. It will all then come down to in-store engagement, personalization and interaction with the team that will then drive sales.

In-store technological advancements like QR shopping, videos screens explaining the products and other related innovations might be needed to have more optimized customer experience.

Mr. Ashish when asked the role of the sales person felt that the Importance of sales people doesn't go away and with a humanitarian approach, a balance needs to be identified so that more and more members can be retained. Moreover, these frontline employees also needs to be trained to be affluent in conducting sales through video conference and online so that everyone can achieve positive results in the post covid times.

He suggested that physical stores would need to bring dramatic affordable solutions and implementing them smartly and also being process oriented.

Another alternative can be to take out money from real estate and put it back in employees and staff members to have better results.

Recommendations for the retailers

There should be 3-stage thought process to reboot the businesses:

What to do to **Survive**

What to do to **Revive**

What to do to **Thrive**

Technology adaptation / updation both in-store and online for better consumer experience

Agility in processes and handling of the customers. Feet on the ground... In touch with the consumer.

A developed mindset of resilience must be there in everyone's mind during these tough times in the organization. "Out of the Box" thinking.

It's important to leave something for the environment as well and, agility must be incorporated as a quality in our team members

Other Conclusions

Demand for high ticket value goods will go down while for home office products, easy individual seating and maybe children furniture products will go up.

Spends on digital marketing will increase in leaps and bounds, when compared to conventional marketing in the future.

The live conclave was concluded with a final question on the time required for a 'Bounce Back' post lifting of the lockdown, that brought about a pensive pause followed by an unanimous observation that a minimum of 9 to 12 months would be required, with a majority favoring the '12 months' option.
