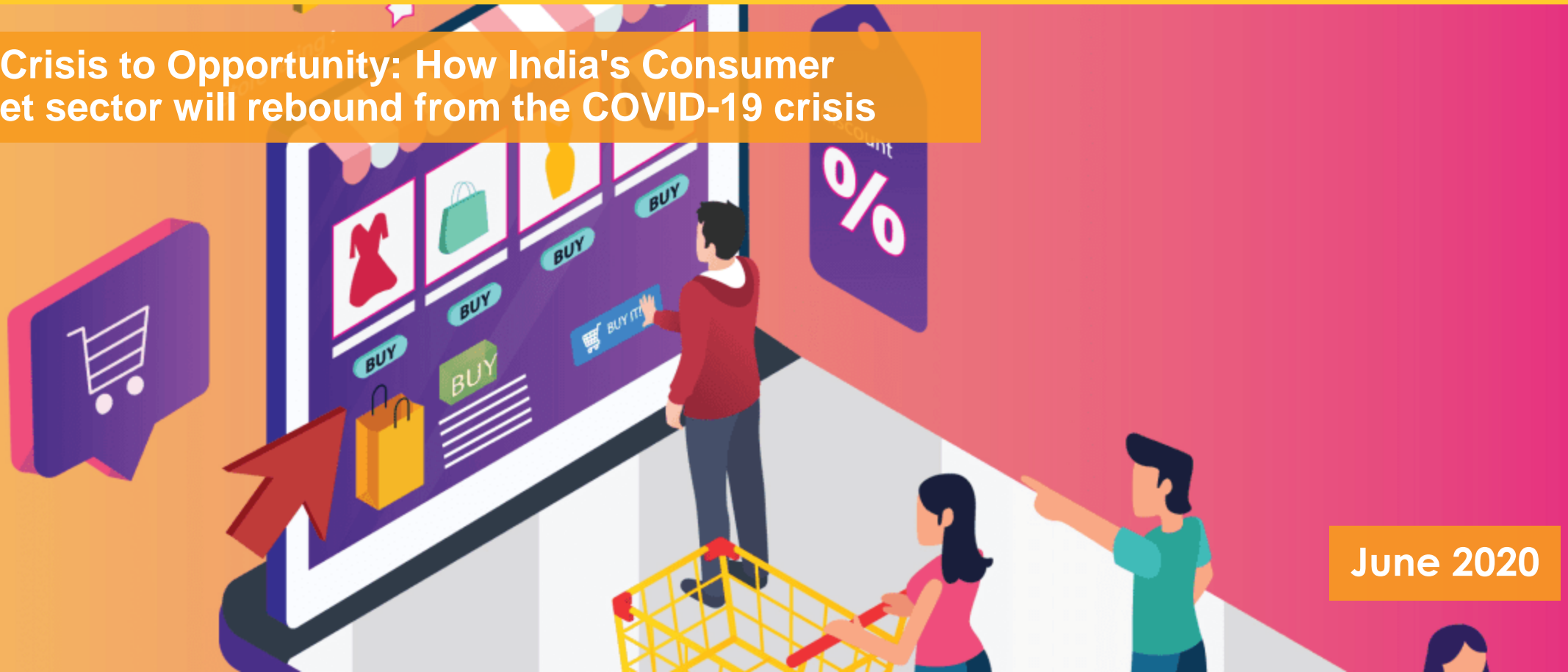


## Consumer Internet 'Re-accelerate' series

From Crisis to Opportunity: How India's Consumer Internet sector will rebound from the COVID-19 crisis



# Foreword

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The aftereffects of COVID-19 pandemic will be wide and large. The pandemic has already affected the economy severely. Although the recovery is going to be a long-drawn and hard-fought process, Indian economy is resilient and shall bounce back.

This report is intended to provide various industry stakeholders including business leaders an overall perspective on the impact of COVID-19 on the Indian economy with a deep-dive on Consumer Internet space as the economy starts recovering post a nation-wide lockdown that started on 22<sup>nd</sup> March 2020. In the section on “Impact of COVID-19 on Indian economy”, we have discussed impact of the current economic cycle on the Indian growth story.

We also discuss how the current economic crisis is different from previous ones and India’s likely recovery scenario. In the section on “Shifts in Consumer Internet”, we have looked at the recovery patterns of different consumer internet sub-sectors and initiatives that companies in those sub-sectors will need to undertake to make the most of the opportunity brought on by this unprecedented crisis. In the section on “Sectoral impact of COVID-19”, we have covered over fifty sub-sectors across twenty key industry verticals

including EdTech, Ecommerce, HealthTech, F&B services, Automobiles to name a few. We have examined each industry’s pre-COVID-19 growth, impact of COVID-19 on key parameters like consumer demand, raw materials sourcing, manpower availability, production volumes, supply chain & distribution, and challenges that lie ahead. In addition to the likely recovery scenario based on these key indicators in a post-COVID-19 world, we have outlined some key emerging opportunities that the stakeholders can benefit from to revive their respective organizations & economy at large.

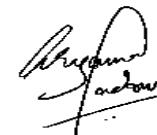
The situation is evolving rapidly, and some of the expected scenarios might have slight variations. This report reflects our perspectives as of 1<sup>st</sup> June 2020. Contact us for latest updates.

We, at PGA Labs, look forward to continuing the discussion with our friends across sectors and exchanging notes as the situation evolves.



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*Madhur Singhal*  
Managing Director



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*Aryaman Tandon*  
Director

## Key takeaways

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- **India was already slowing down since April 2019; COVID-19 has exacerbated the impact.** Economic 'recovery' expected to take seven quarters; FY21 GDP projected to contract by 3.0%
- **We are observing 4 archetypes of growth trajectories** across Consumer Internet sub-sectors:
  - Sharp increase in growth due to positive changes in consumer behavior
  - V-shaped recovery within 3 to 6 months followed by steady growth
  - Slow and steady recovery taking around 12 months
  - Prolonged period of stress with recovery taking 15 to 18 months
- **Impact of COVID-19 has not been homogeneous within sub-sectors** e.g. Online gaming
- Irrespective of how the segment evolves, **winners in each segment will gain share across sub-sectors**
- **Unit economics will improve** due to higher revenue per customer, lower CAC and lower operating costs across sub-sectors

# Agenda

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**Impact of COVID-19 on Indian economy**



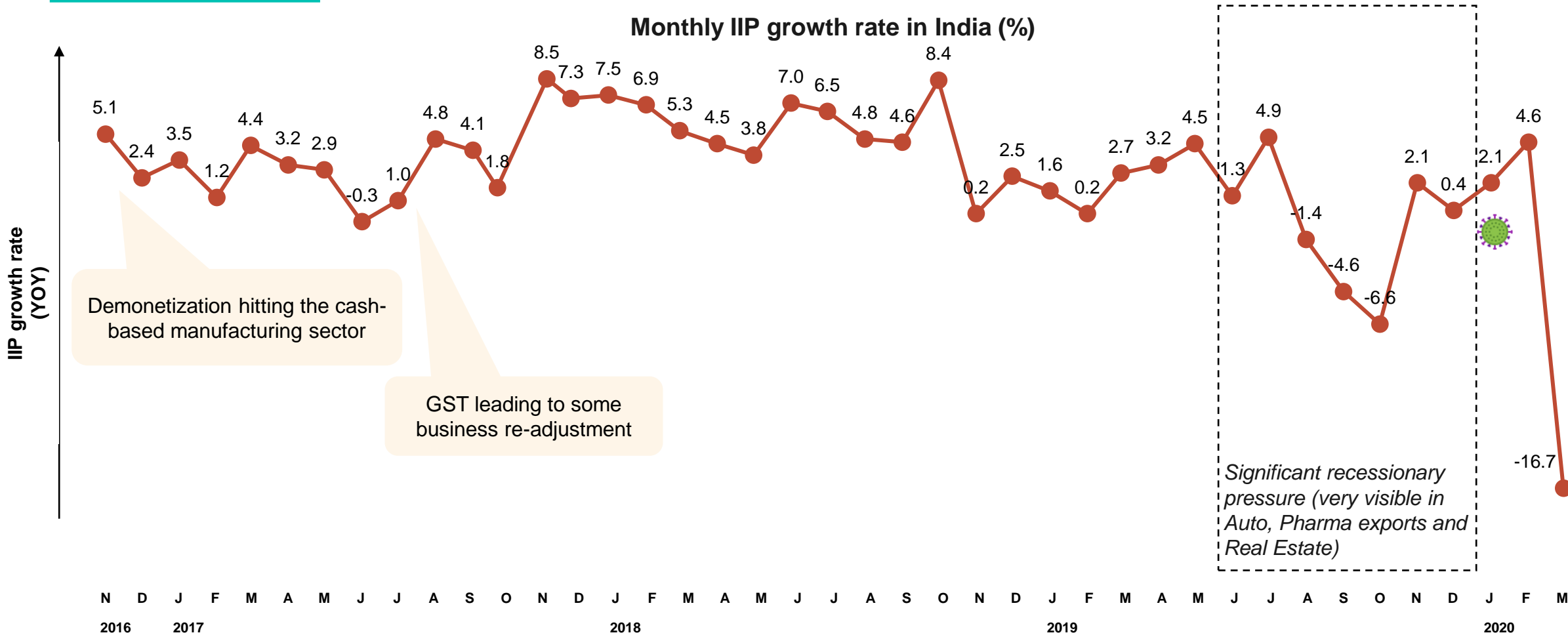
**Shifts in Consumer Internet**



**Sectoral impact of COVID-19**



# India was already slowing down since April 2019; COVID-19 has exacerbated the impact and made it worse



**What is IIP ?**

- Index of Industrial Production (IIP) is a metric for health of industry
- It is a composite score (out of 100) of performance measure across mining (~14% weight), manufacturing (~78%) and electricity (~8%)

Note: IIP is measured relative to IIP annual value in FY2011-12

Sources: MoSPI, CEIC data, PGA Labs analysis

# COVID-19 driven economic crisis is different in four ways

## More pervasive

- Has started across countries, simultaneously
- Impacting industries and verticals

## Very fragile backdrop

Difficult geo-political backdrop (escalating US-China trade war, US-Iran conflict, HK protests, Turkey/Europe refugee crisis, US elections)

## More intense/sudden

Sudden drop in business volumes and consumer confidence

## De-globalization despite more global coordination

- Exports as % of GDP grew from ~19% in 2001 to ~30% in 2018
- International tourist arrivals increased from 682M in 2000 to 1.4B in 2018
- But, rapidly growing unemployment, Brexit, diverging fiscal strengths in BRICS



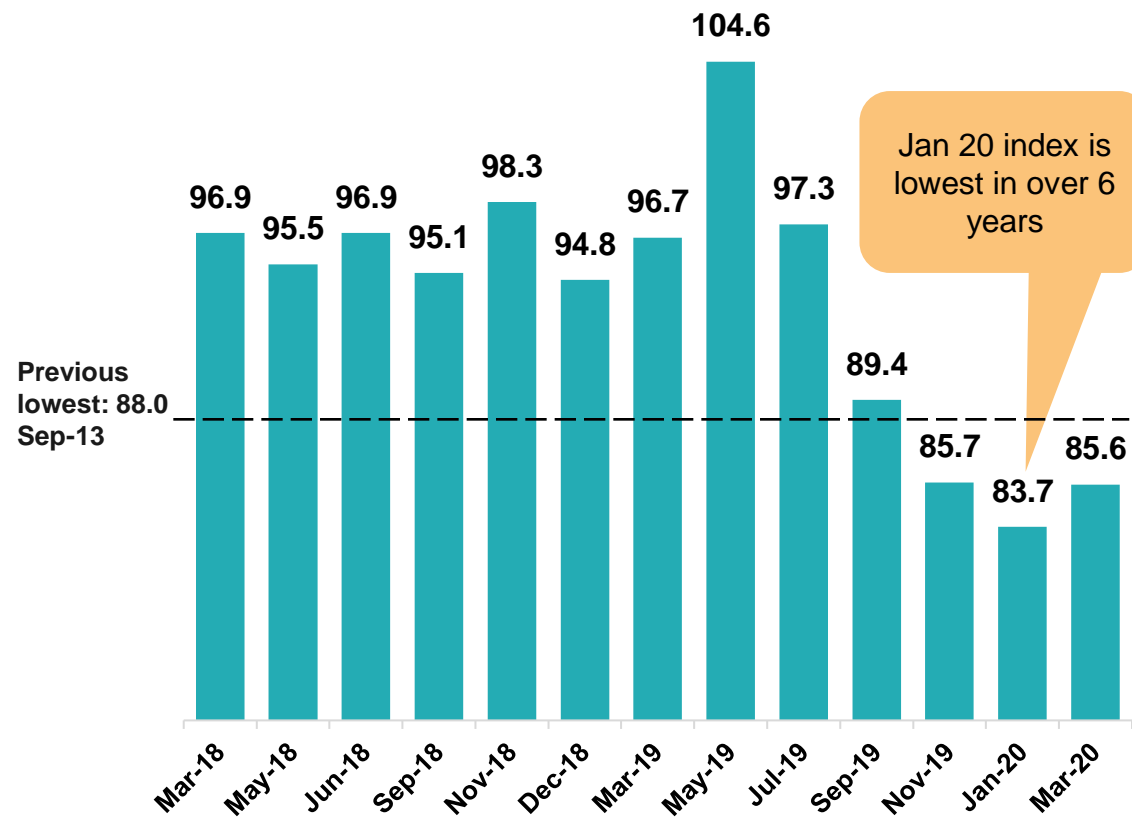
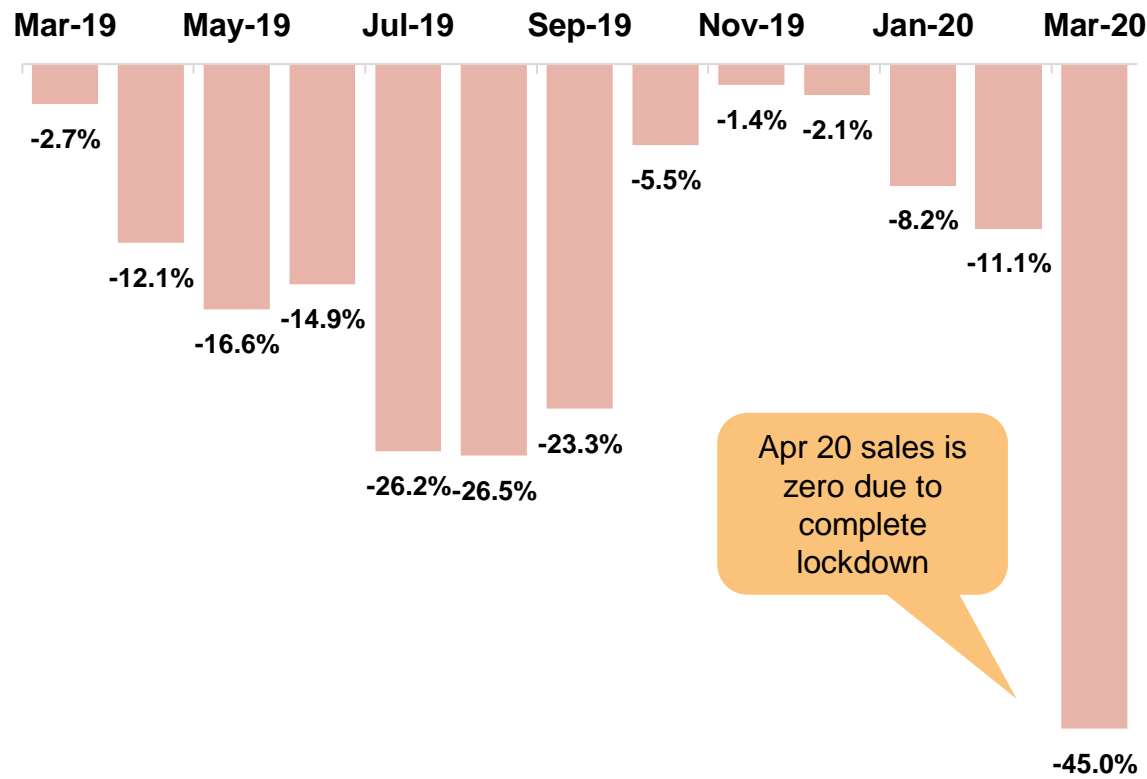
# Indian economy was already showing signs of a slowdown

## Capital purchases have been slow

## Consumer confidence at a 6-year low

Indian auto sales - volume (% , same month last year)

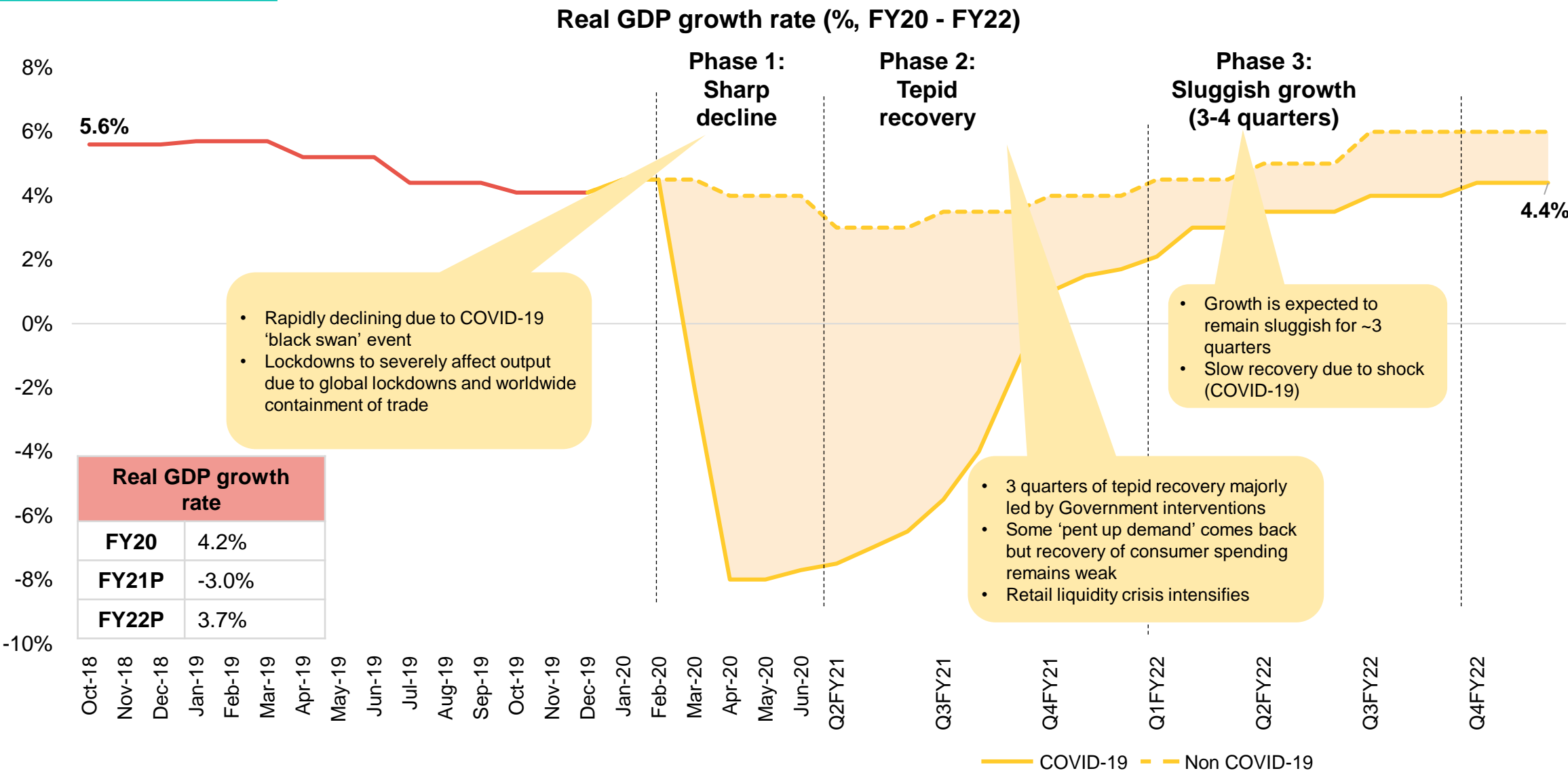
Consumer confidence index (India)



Note: Consumer confidence is a key driver of economic growth and is widely considered a leading economic indicator of household spending on consumption

Sources: SIAM, RBI, PGA Labs analysis

# Current economic crisis will have deep impact; we expect economic ‘recovery’ in seven quarters settling into a new normal





# Agenda

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**Impact of COVID-19 on Indian economy**


























**Shifts in Consumer Internet**



**Sectoral impact of COVID-19**



# E-groceries, Edtech, HealthTech, Digital media and Online gaming are expected to benefit the most due to rapidly changing consumer behavior

Sub-sectors	AMJ 20	JAS 20	OND 20	JFM 21
 E-groceries	↑↑↑	↑	↑	↑
 EdTech	↑↑↑	↑	↑	↑
 HealthTech	↑↑↑	↑	↑	↑
 Digital media	↑↑↑	—	↑	↑
 Online gaming	↑↑↑	—	↑	↑
 Beauty, hygiene and personal care	—	↑	↑	↑
 Online dating and matrimony	↑	—	—	↑
 Digital payments and personal finance	↓↓	↑	↑	↑
 Insurtech	↓	↑	↑	↑
 Agritech	↓	↑	↑	↑
 Ecommerce	↓↓	↑	↑↑	↑
 Internet first brands	↓↓	↑	↑	↑
 Foodtech	↓↓	↑	↑	↑
 Online classifieds and rentals	↓↓	—	↑	↑
 F&B services	↓↓	—	↑	↑
 Home services	↓↓	—	↑	↑
 Automobiles	↓↓	—	↑	↑
 Real estate tech	↓↓	—	↑	↑
 Apparel and footwear	↓↓	—	↑	↑
 Shared mobility	↓↓	↑	↑	↑
 Digital lending	↓↓	—	—	↑
 Hospitality, travel & tourism	↓↓	—	—	↑
 Entertainment	↓↓	↓	—	↑

Notes: The trends of increase and decrease in sales are quarter-on-quarter. The first quarter impact is with respect to pre-COVID-19 levels in JFM 20

Source: PGA Labs analysis



Substantial increase in sales



Moderate increase in sales



About the same



Moderate decline in sales

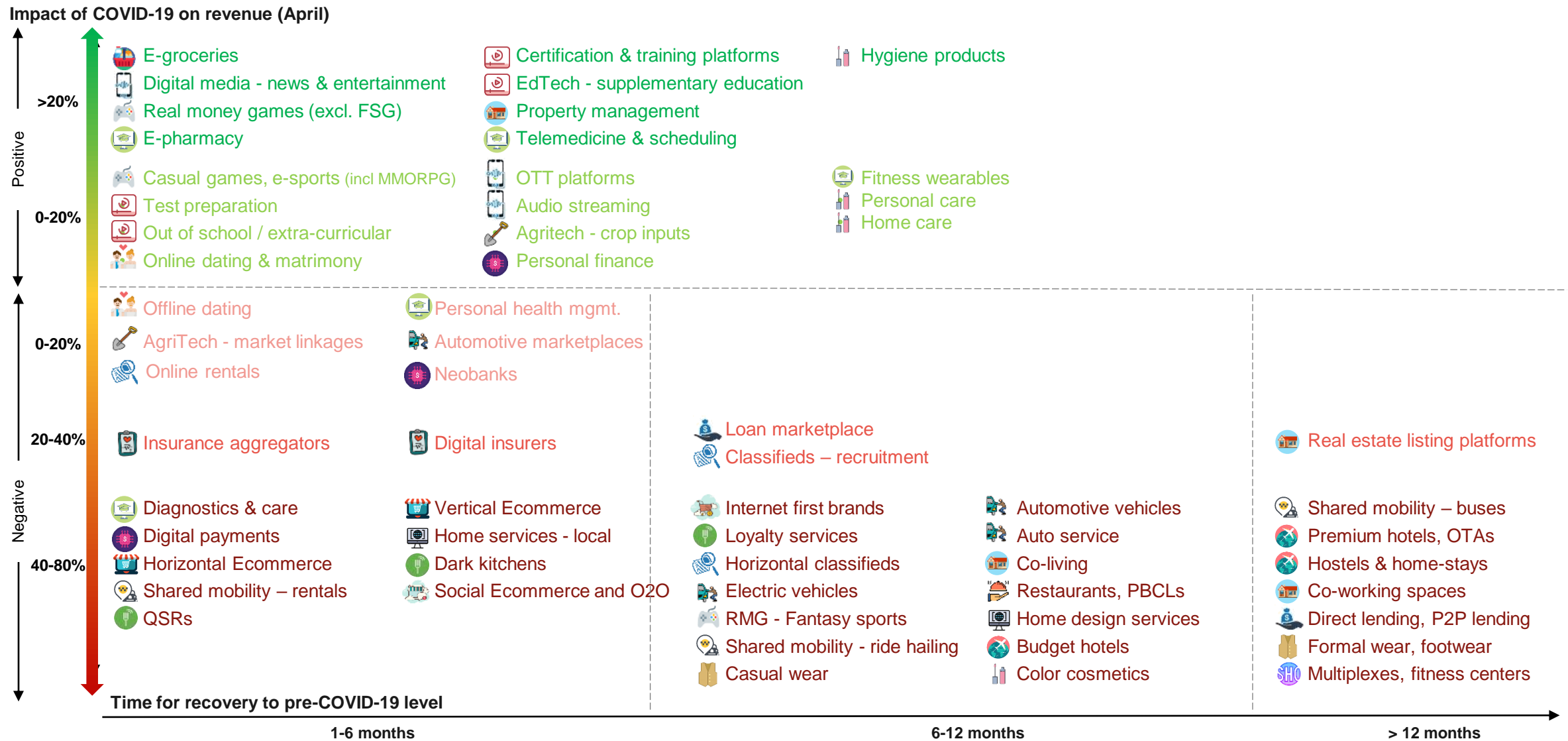


Substantial decline in sales


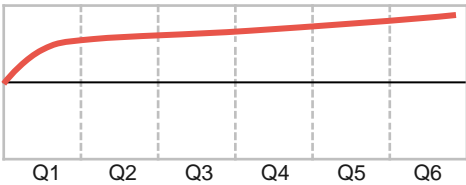

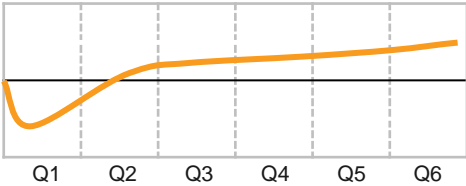

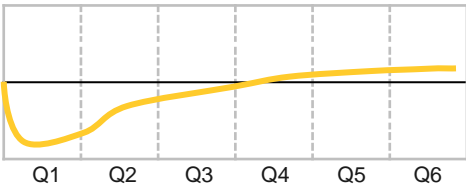

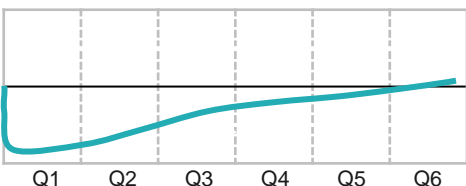
© PGA Labs |

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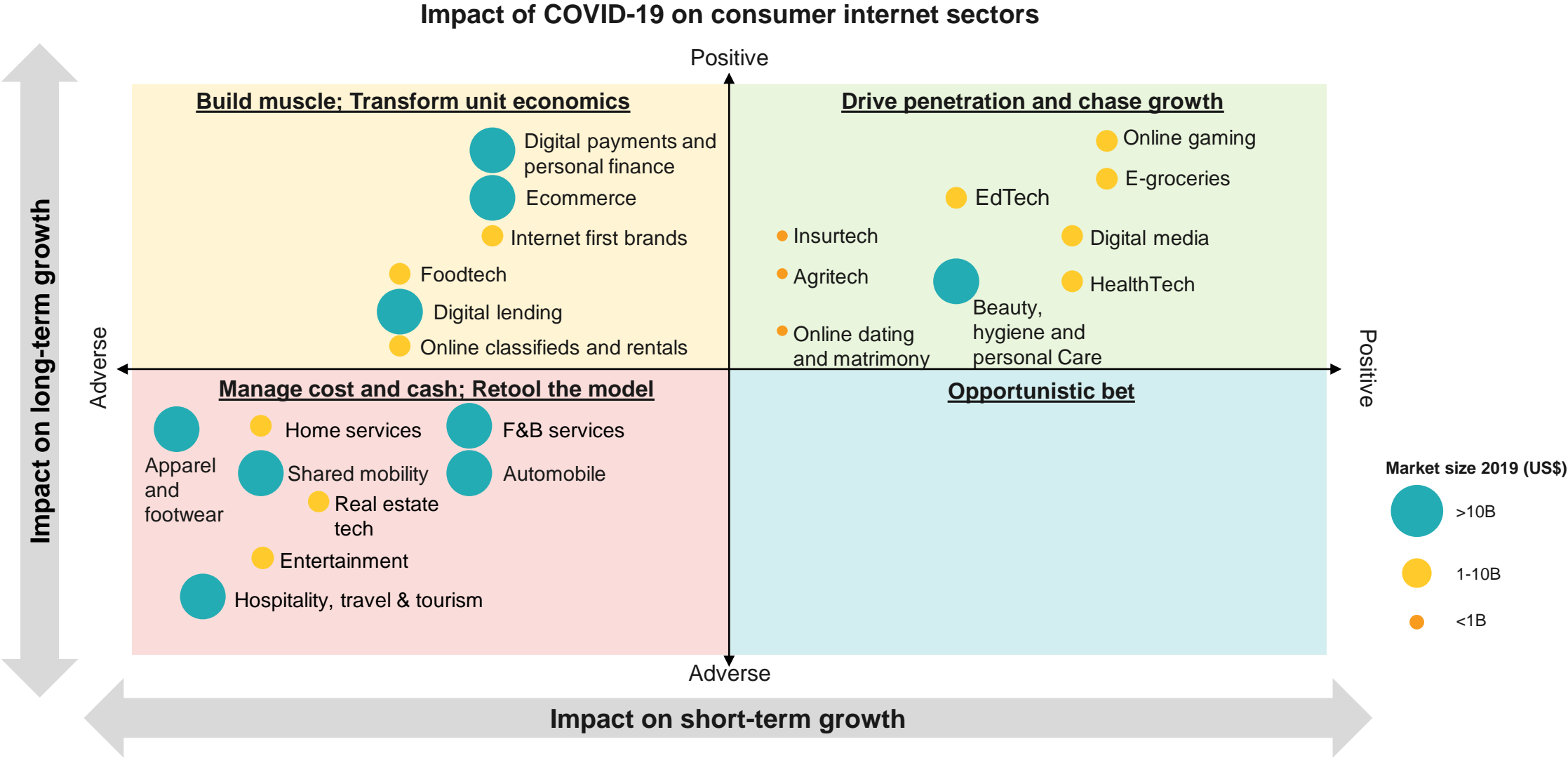
# Growth trajectory and roadmap for sub-sectors to bounce back



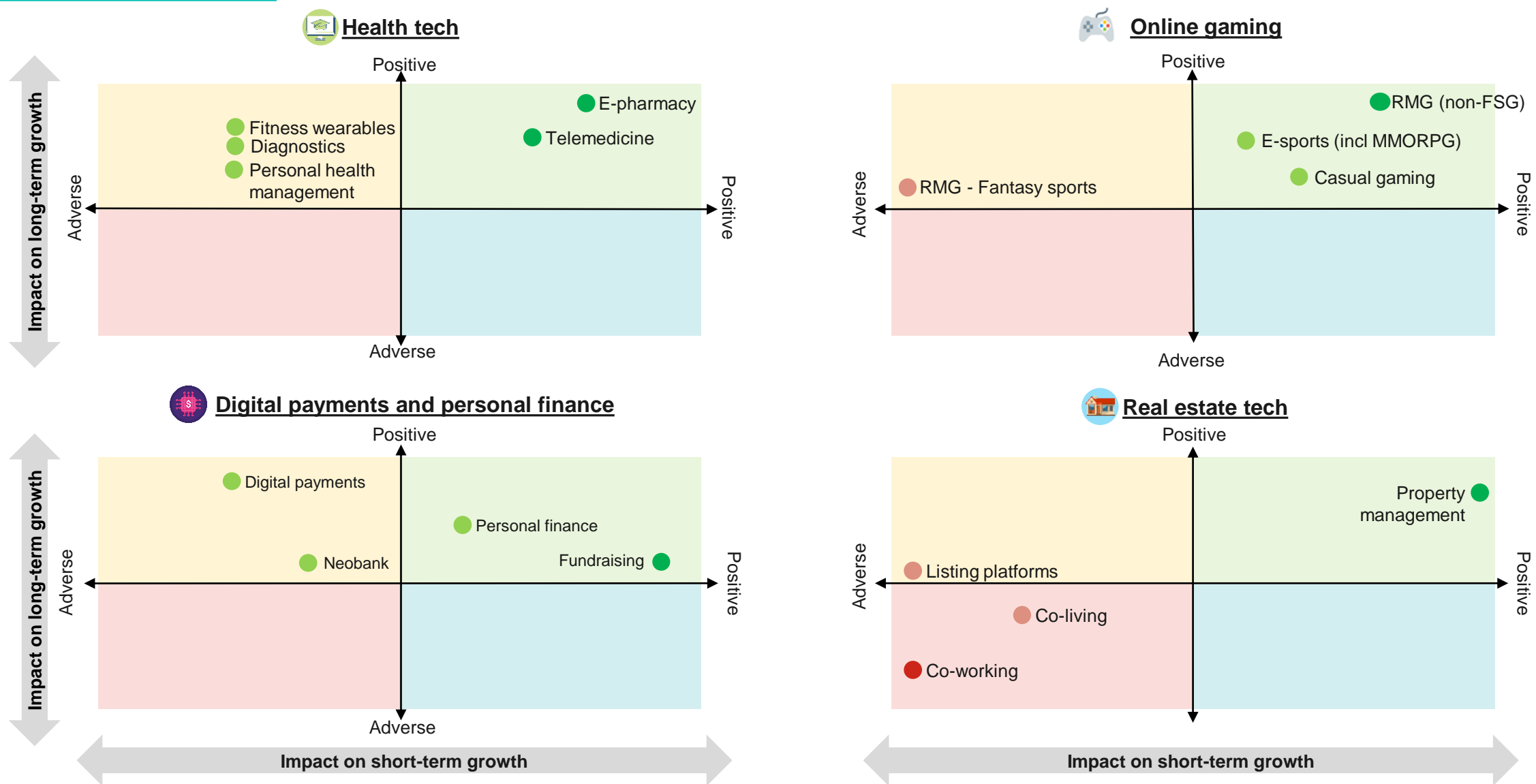
# We are observing 4 archetypes of growth trajectories across sectors – each archetype will need to respond differently to the crisis

	Archetype	Likely recovery scenario	Key sub-sectors	Focus areas
Impact of COVID-19 ↑ ↓	 <b>Being opportunistic</b>		<ul style="list-style-type: none"> <li>E-groceries</li> <li>Real money games (non-FSG)</li> <li>Supplementary EdTech</li> <li>EdTech certification platforms</li> <li>Personal care and hygiene</li> <li>News &amp; entertainment media</li> <li>OTT platforms</li> <li>E-pharmacy</li> <li>Telemedicine</li> <li>Property management</li> </ul>	<ul style="list-style-type: none"> <li><b>Micro market analysis</b> for growth</li> <li>Scan for <b>consolidation</b> opportunities</li> <li><b>Manage customer behavior</b> change</li> <li>Refining <b>product-market fit</b></li> <li>Customer <b>loyalty</b> programs</li> </ul>
	 <b>Being cautiously optimistic</b>		<ul style="list-style-type: none"> <li>Diagnostics &amp; care</li> <li>Personal health mgmt.</li> <li>Online dating and matrimony</li> <li>Digital insurers, aggregators</li> <li>Digital payments</li> <li>Ecommerce</li> <li>Dark kitchens</li> <li>QSRs</li> <li>Automotive marketplaces</li> <li>Personal finance</li> </ul>	<ul style="list-style-type: none"> <li><b>Preparing for scale:</b> SOPs, automation, digitization</li> <li>New <b>product iterations and launch</b></li> <li>Navigating <b>geographical expansion</b></li> <li>Reevaluate <b>GTM plans</b></li> </ul>
	 <b>Navigating through the rough waters</b>		<ul style="list-style-type: none"> <li>Hotels</li> <li>Automotive vehicles</li> <li>RMG - fantasy sports</li> <li>Food delivery aggregators</li> <li>Foodtech – loyalty services</li> <li>Co-living</li> <li>Restaurants</li> <li>Internet first brands</li> <li>Property listing platforms</li> <li>Casual wear and lifestyle</li> </ul>	<ul style="list-style-type: none"> <li><b>Employment decisions</b> (hiring / rightsizing / furlough)</li> <li><b>'Muscle building' &amp; process improvement</b> to increase productivity</li> <li>Streamline product portfolio</li> <li><b>Incentivize to buy now-than-later</b></li> </ul>
	 <b>Surviving the crisis</b>		<ul style="list-style-type: none"> <li>Ride hailing platforms</li> <li>Online travel aggregators</li> <li>Bags and luggage</li> <li>Multiplexes</li> <li>Co-working</li> <li>Pubs, clubs and lounges</li> <li>Formal wear</li> <li>Fitness and wellness centers</li> </ul>	<ul style="list-style-type: none"> <li><b>Zero-based assessment</b> of costs</li> <li><b>Renegotiate the long-term contracts</b></li> <li><b>Monetize assets</b></li> <li>Aggressive targets for <b>receivables</b></li> <li><b>Incentivize customers</b> to pay in advance</li> </ul>

# Sectors have been impacted by COVID-19 in varying degrees and will need to focus on different initiatives

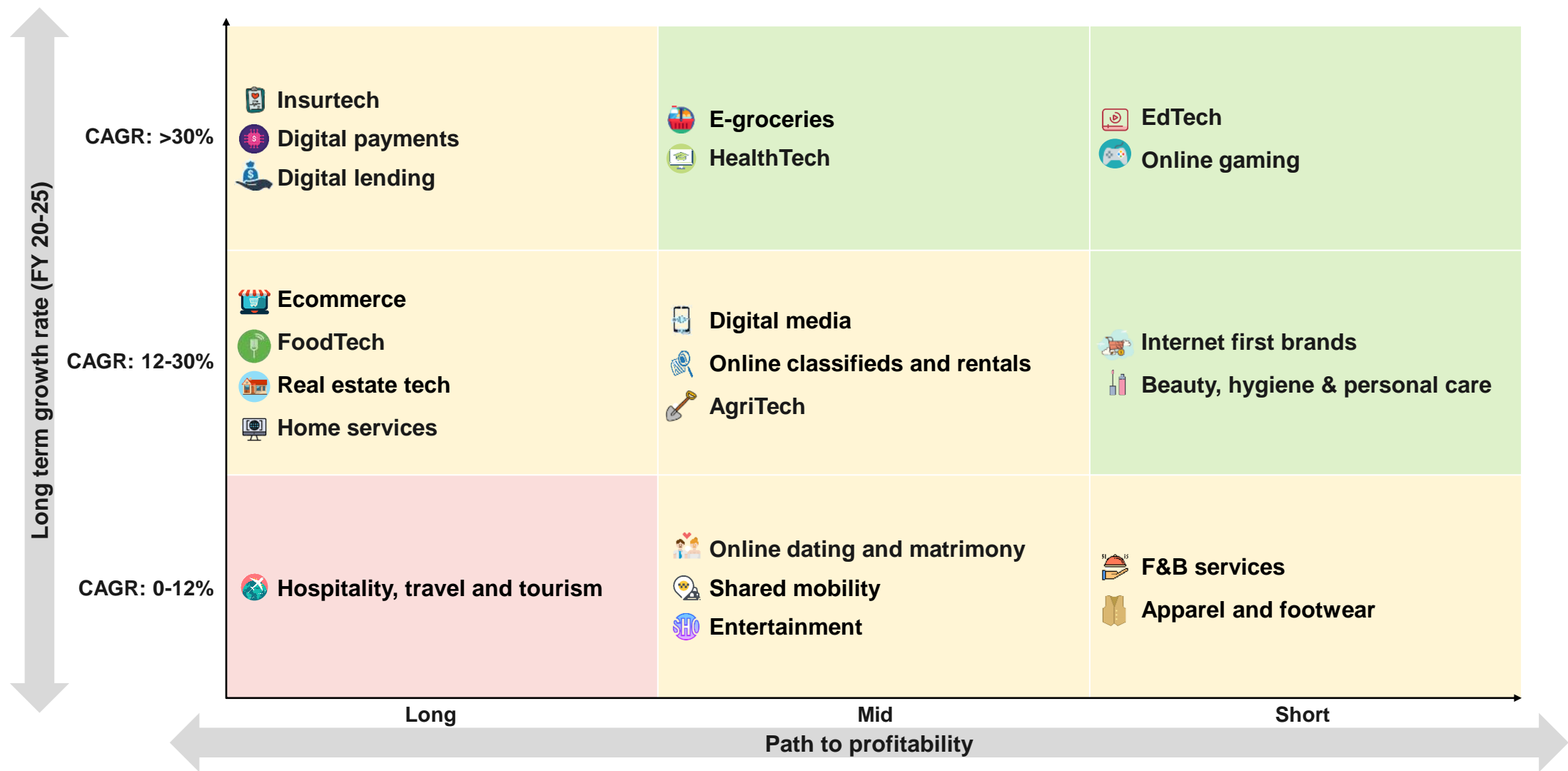


# Impact of COVID-19 has not been homogeneous even within a sub-sector


















Source: PGA Labs analysis

# EdTech, Online gaming, E-groceries and HealthTech have become attractive opportunities for investors given the positive impact of COVID-19 on long term growth



# Irrespective of how the segment evolves, winners in each segment will gain share across sub-sectors

ILLUSTRATIVE

E-Grocery	Digital Media	E-Pharmacy	Diagnostics and care	Personal Health & Fitness
				
Food delivery	Dark kitchens	Vertical Ecommerce	Home improvement services	Shared mobility
				
App based buses	Automotive classifieds	Budget hotels	Co-working	Co-living
				



# Unit economics will improve due to higher revenue per customer, lower CAC and lower operating costs, for example, E-groceries

Unit economics (per order, US\$)	Impact of COVID-19	Pre-COVID-19	% of AOV	Post-COVID-19	% of AOV
<b>Average order value (net of GST)</b>	↑	15.3	100%	18.7	100%
Wastage cost	↔	0.1	1%	0.2	1%
Transaction cost	↑	0.1	<1%	0.1	1%
<b>Net revenue</b>	↑	15.1		18.4	
Cost of goods sold	↔	11.5	75%	14.0	75%
<b>Contribution margin 1 / Gross margin</b>	↓	3.6	24%	4.4	23%
Fulfilment cost	↑	1.5	10%	1.8	9%
Packaging cost	↔	0.0	0%	0.0	0%
Last mile delivery cost	↓	1.2	8%	1.1	6%
<b>Contribution margin 2</b>	↑	0.9	6%	1.5	8%
G&A and other cost	↔	1.5	10%	1.5	8%
Tech & product cost	↔	0.5	3%	0.5	3%
Customer acquisition cost	↓	0.5	3%	0.3	2%
<b>Contribution margin 3 / EBITDA</b>	↑	-1.7	-11%	-0.9	-5%

Change from pre-COVID-19 levels

↑ Increase, positive business impact

↑ Increase, adverse business impact

↔ No change

↓ Decrease, positive business impact

↓ Decrease, adverse business impact

# Unit economics will improve due to higher revenue per customer, lower CAC and lower operating costs, for example, EdTech

Unit economics (per user, US\$)	Impact of COVID-19	Pre-COVID-19	% of revenue	Post-COVID-19	% of revenue
<b>Average revenue per user</b>	↔	180	100%	180	100%
Less: Taxes	↔	16	9%	16	9%
<b>Earnings after taxes</b>	↔	<b>164</b>	<b>91%</b>	<b>164</b>	<b>91%</b>
<b>Cost of revenue</b>		25	14%	22	13%
Consumption (Assets cost)	↔	20	11%	20	11%
Payment transaction charges	↔	2	1%	2	1%
Logistics cost	↓	2	1%	1	1%
Printing material cost	↓	2	1%	-	0%
<b>S&amp;M Costs</b>	↓	49	27%	41	23%
Digital, marketing & sales cost (CAC)	↓	49	27%	41	23%
<b>Contribution margin</b>	↑	<b>90</b>	<b>50%</b>	<b>100</b>	<b>56%</b>
<b>G&amp;A costs (US\$ M)</b>	↔	34	19%	34	19%
Salaries	↔	11	6%	11	6%
Facility cost	↔	9	5%	9	5%
G&A	↔	14	8%	14	8%
<b>EBITDA</b>	↑	<b>56</b>	<b>31%</b>	<b>66</b>	<b>37%</b>

Change from pre-COVID-19 levels

↑ Increase, positive business impact

↑ Increase, adverse business impact

↔ No change

↓ Decrease, positive business impact

↓ Decrease, adverse business impact

# Unit economics will improve due to higher revenue per customer, lower CAC and lower operating costs, for example, Foodtech (Dark kitchens)

			Pre-COVID-19		Post-COVID-19	
Monthly unit economics (At steady state, kitchen area 2,500 sq.ft.)	Units	Impact of COVID-19	Total	Per order	Total	Per order
Revenue						
Average order value (AOV)	US\$	↑	3.0		3.1	
Number of orders fulfilled in a day	#	↑	1,400		1,540	
Total number of orders in a month	#	↑	42,000		46,200	
<b>Total revenue</b>	<b>US\$</b>	<b>↑</b>	<b>123,000</b>	<b>3.0</b>	<b>143,000</b>	<b>3.1</b>
Variable costs						
Supplies per month (food)	US\$	↔	42,000	1.0	46,200	1.0
Packaging costs	US\$	↔	12,500	0.3	13,860	0.3
Delivery cost	US\$	↓	25,000	0.6	26,334	0.6
Others (PG, gas)	US\$	↑	1,500		1,650	-
<b>Total variable costs</b>	<b>US\$</b>	<b>↓</b>	<b>81,000</b>	<b>1.9</b>	<b>88,000</b>	<b>1.9</b>
Fixed costs						
Kitchen overheads	US\$	↑	13,500	0.3	15,000	0.3
Aggregate payout to kitchen staff	US\$	↑	13,500	0.3	15,000	0.3
Total fixed costs	US\$	↑	27,000	0.6	30,000	0.6
<b>Total costs</b>	<b>US\$</b>	<b>↑</b>	<b>108,000</b>	<b>2.6</b>	<b>118,000</b>	<b>2.6</b>
<b>Kitchen level EBITDA</b>	<b>US\$</b>	<b>↑</b>	<b>15,000</b>	<b>0.4</b>	<b>25,000</b>	<b>0.5</b>
Kitchen level EBITDA margin	%	↑	12%	12%	17%	17%
Kitchen level EBITDA per order	US\$	↑	0.4		0.5	
Kitchen level profit per sq ft.	US\$	↑	6		10	

Change from pre-COVID-19 levels



Increase, positive business impact



Increase, adverse business impact



No change



Decrease, positive business impact



Decrease, adverse business impact

# Agenda

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**Impact of COVID-19 on Indian economy**



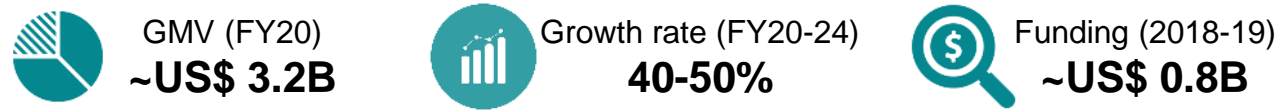
**Shift in Consumer Internet**
























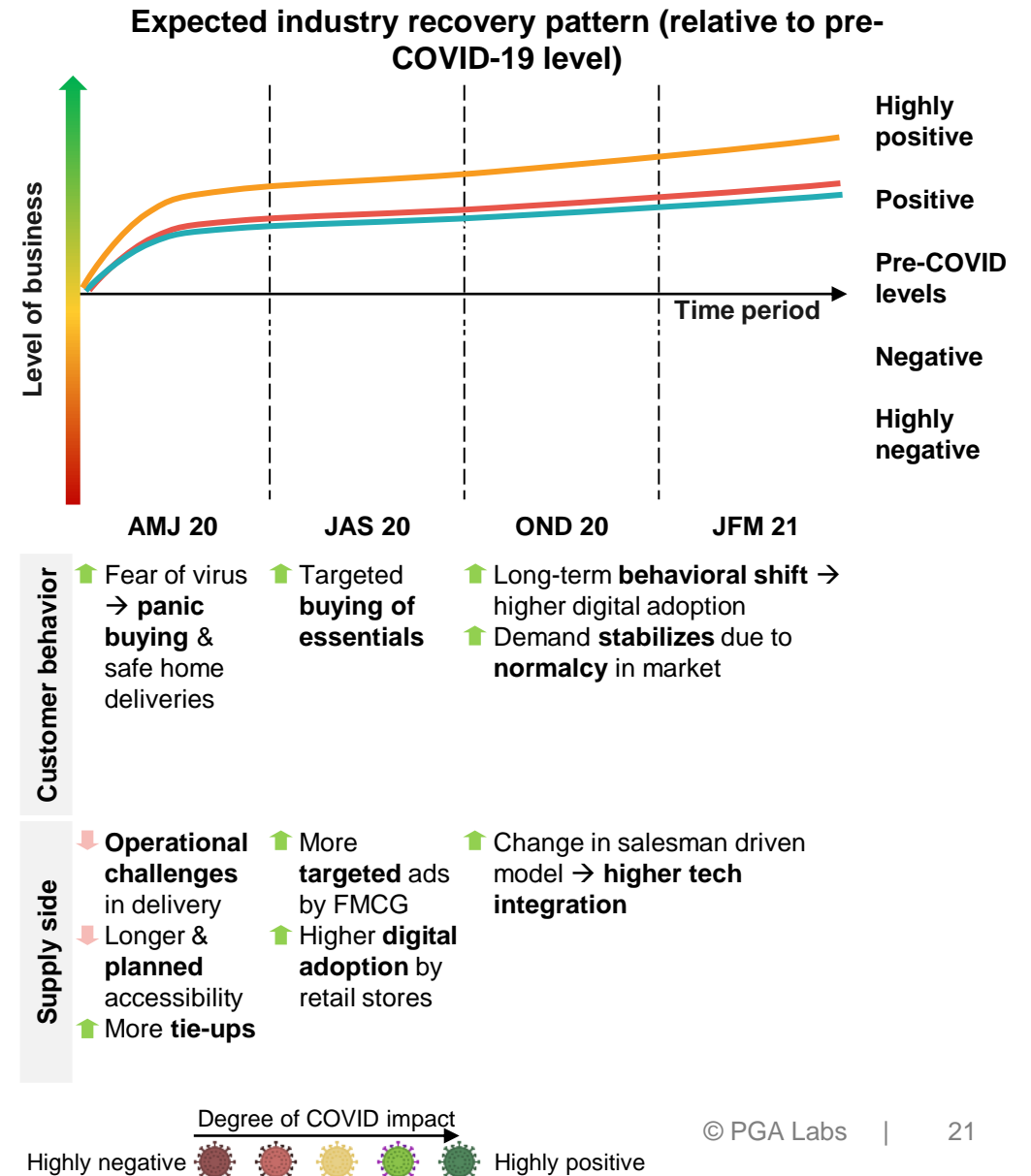
**Sectoral impact of COVID-19**



# E-groceries: Sector to benefit from crisis as consumer behavior changes and short-term operational challenges are overcome



























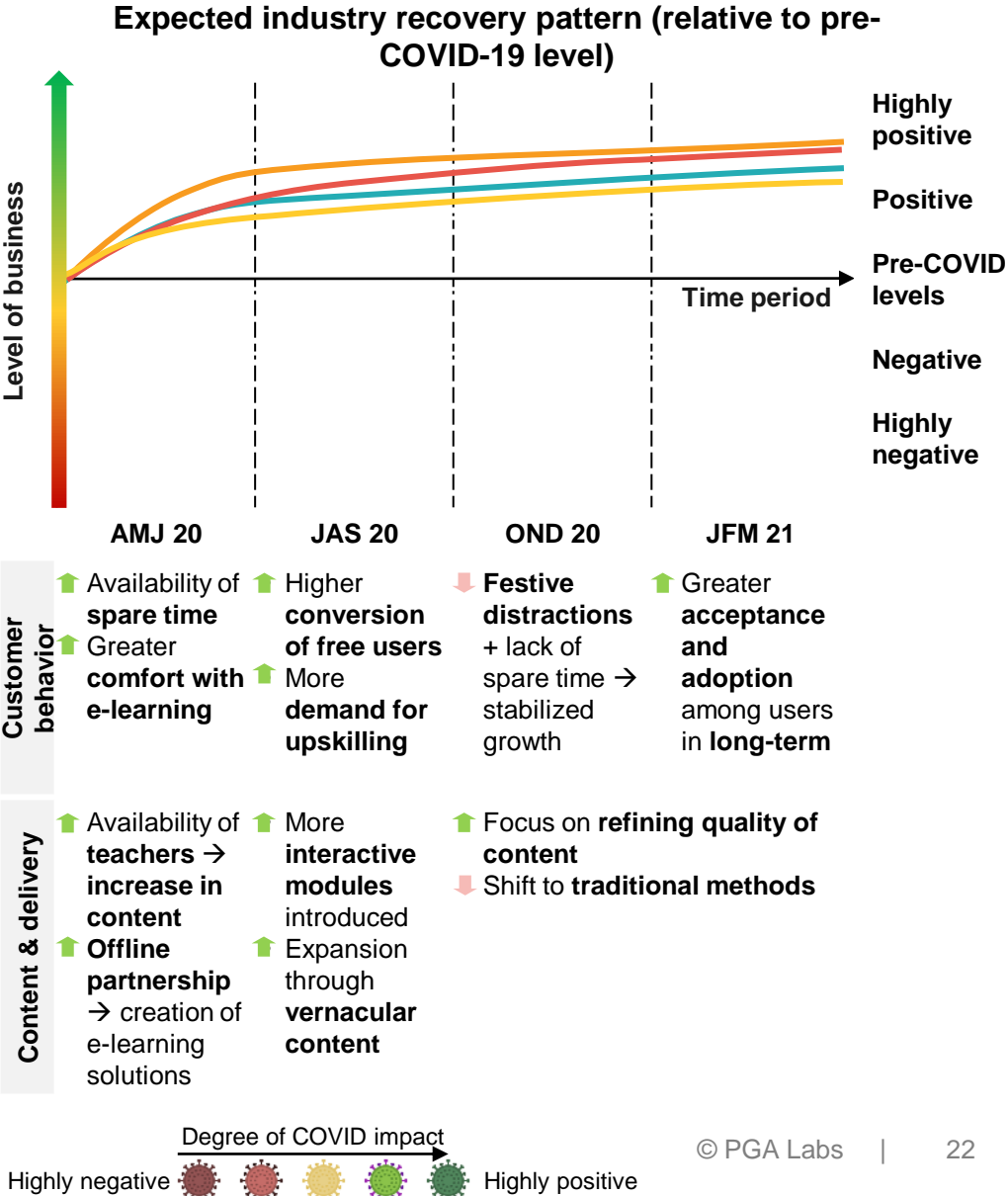
	B2C - Horizontals	B2C - Verticals	B2B
Market structure	Oligopoly	Oligopoly	Oligopoly
Players	      	    	     
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"> <li>• <b>Realignment of supply chain</b> to cater to essentials</li> <li>• Focus on <b>procurement of essential SKUs</b> → seller partnerships</li> <li>• <b>Accessibility and convenience</b> for the consumers → <b>increased time slots for deliveries</b></li> <li>• Measures to ensure <b>fair pricing</b> → blocking sellers</li> </ul>	<ul style="list-style-type: none"> <li>• Surge in demand → <b>high digital adoption</b></li> <li>• Ensure seamless operations → <b>hiring of delivery partners</b></li> <li>• Partnerships → strengthen <b>supply chain operations</b></li> <li>• Increased use of <b>data analytics</b> → <b>demand forecasting &amp; preparation</b></li> <li>• AI to <b>prevent hoarding</b></li> </ul>	<ul style="list-style-type: none"> <li>• Surge in demand → higher ticket value purchases by kirana shops</li> <li>• <b>Expansion of services across regions</b> to increase coverage</li> <li>• Focus on <b>procurement of goods</b> → <b>more alliances with sellers</b></li> <li>• Increase in # <b>tie-ups with local kiranas</b></li> </ul>



# EdTech: Growing sector to get a fillip as traditional education channels are disrupted, and job uncertainty grows



	Supplementary education & tutoring	Test preparation	Out of school / extra-curricular	Certification & training platforms
Market structure	Oligopoly	Oligopoly	Fragmented	Fragmented
Players	 Khan Academy  BYJU'S The Learning App  Vedantu  doubtnu  cuemath	 unacademy  gradeup  toppr  testbook	 WhiteHatJr  Vedantu  OPJAS  codecademy  CAMPK12  LogIQids  KheloMore  cuemath	 UDACITY  upGrad  HARAPPA
COVID-19 impact				
Industry outlook	<ul style="list-style-type: none"><li>School closures → <b>increase in user adoption</b></li><li><b>Partnerships with schools</b> → higher B2B growth</li><li>Market leaders to benefit the most → <b>trust + content variety</b></li></ul>	<ul style="list-style-type: none"><li><b>Physical to digital shift</b> → focus on customer acquisition</li><li>High stakes → <b>content quality key differentiator</b></li><li>Focus on <b>vernacular modules</b></li></ul>	<ul style="list-style-type: none"><li>Nascent stage</li><li>Competition for student's time → <b>surge in adoption to drop off</b></li><li><b>Lower discretionary spend</b> → offset growth</li></ul>	<ul style="list-style-type: none"><li><b>Job uncertainty + time availability</b> → increased demand for <b>upskilling</b></li><li>More <b>organic reach</b> → lower CAC</li><li><b>Increase in # customers</b> over a long period</li></ul>

































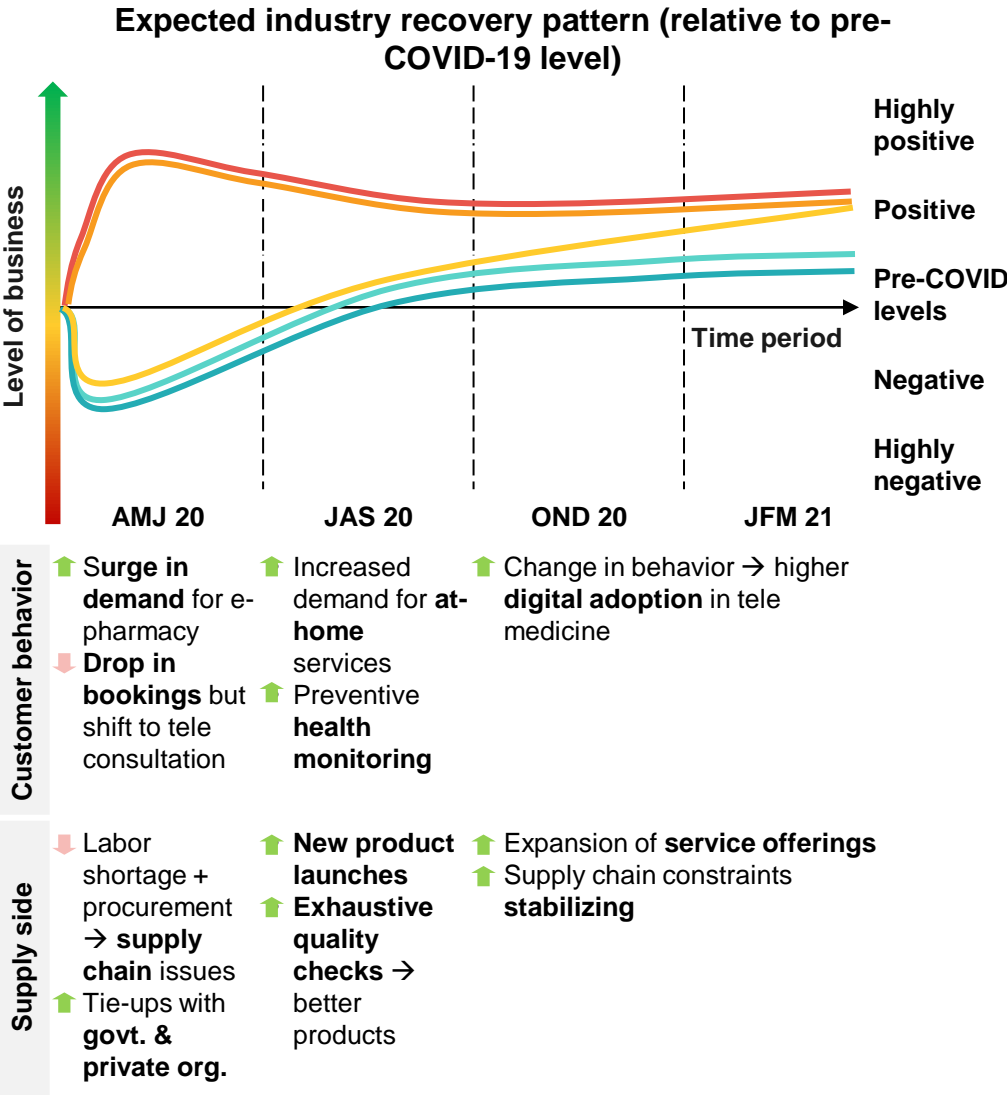
Sources: UDISE, NSDC, AISHE, CRISIL, PGA Labs analysis



# HealthTech: Sector expected to benefit in the long-run as more people turn to HealthTech solutions for healthcare related problems

































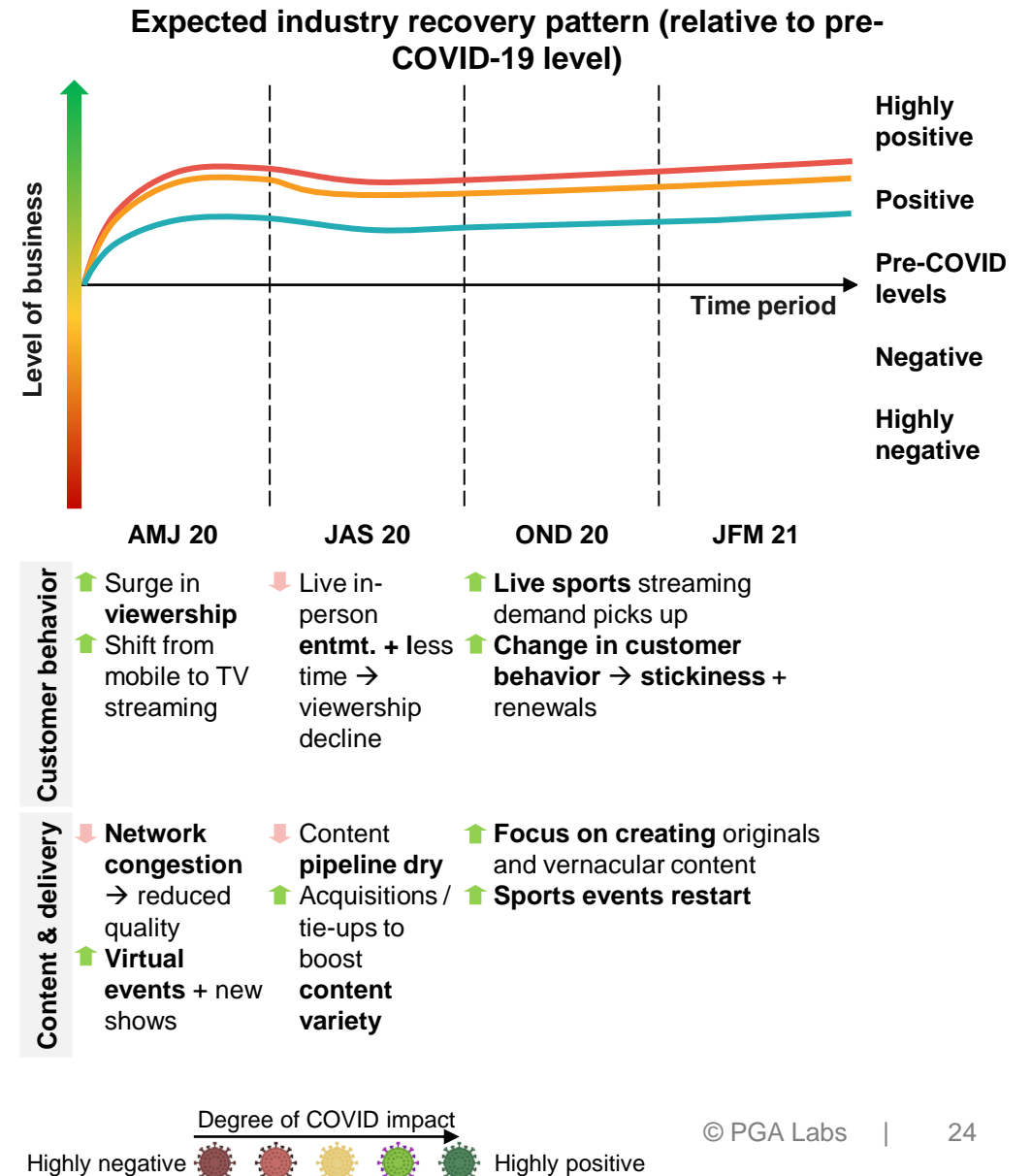
	E-pharmacy	Telemedicine & scheduling	Wearables	Diagnostics and care	Health and fitness
Market structure	Fragmented	Fragmented	Fragmented	Fragmented	Fragmented
Players	    	   	    	     	    
COVID-19 impact					
Industry outlook	<ul style="list-style-type: none"><li>Continued operations amidst lockdowns</li><li>Fear → panic buying + PPE demand</li><li>Strengthening supply chain → increased hiring</li></ul>	<ul style="list-style-type: none"><li>Customer acquisition → promotional pricing and trials</li><li>Professionals onboarded → higher costs</li><li>Focus on B2B segment → more tie-ups &amp; partnerships</li></ul>	<ul style="list-style-type: none"><li>Fall in imports → supply constraints</li><li>New features introduced e.g. temperature check</li><li>Corporate tie-ups</li><li>Entrant of new players</li></ul>	<ul style="list-style-type: none"><li>Fall in demand for existing offerings</li><li>Increased demand for at-home service</li><li>New offerings → faster testing &amp; approvals for essential services</li></ul>	<ul style="list-style-type: none"><li>Fear of illness → better health management</li><li>Personalized insights through analytics</li><li>Focus on low cost innovation</li></ul>



# Digital media: Sector to witness a growth spurt on the back of increased user adoption and subscription revenue

















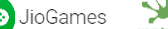













	News & entertainment	OTT platforms	Audio streaming
Market structure	Fragmented	Oligopoly	Fragmented
Players	         	        	       
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"> <li>Surge in <b>daily active users</b></li> <li>Shift from newspapers to <b>alternate source</b> of news</li> <li>News, health related <b>content</b> → <b>partnerships</b> with credible organizations, celebrities</li> <li>Focus on <b>regional content</b> and expansion</li> <li><b>Build credibility</b> → tools / features to curb “fake news”</li> </ul>	<ul style="list-style-type: none"> <li><b>Increase in viewership</b> and new subscribers</li> <li><b>Reduced ad revenue</b> but <b>more paid subscribers</b></li> <li>More <b>organic reach</b> → focus on <b>retention</b></li> <li>Differentiate offering → investment in <b>original content</b> + delivery systems</li> </ul>	<ul style="list-style-type: none"> <li><b>Time availability</b> → adoption of <b>various platforms, formats</b></li> <li>Demand for <b>diversity in content</b> → podcasts</li> <li>Focus on <b>personalized experience</b> and <b>AI/ML</b> e.g. pre-curated playlists</li> <li>Launch of <b>social features</b> to build network effects</li> </ul>

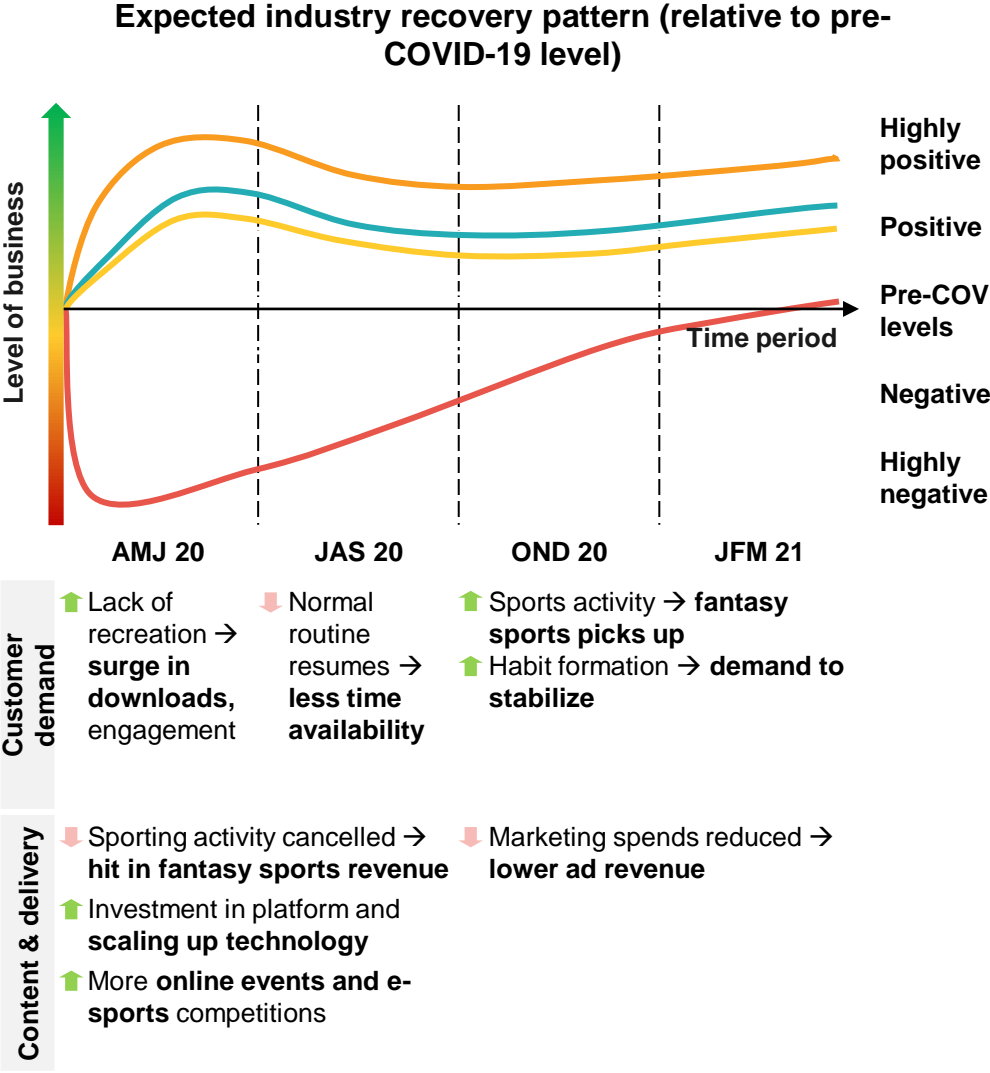




# Online gaming: Real money gaming to witness a growth spurt with increased user adoption and engagement; fantasy sports segment hurt by lack of real-life activity



















	Real money games – Fantasy sports	Real money games - Others	Casual games	E-sports (incl. MMORPG)
Market structure	Oligopoly	Fragmented	Fragmented	Fragmented
Players	   	        	      	   
COVID-19 impact				
Industry outlook	<ul style="list-style-type: none"><li>• Cancellation of major sporting activities → no revenue</li><li>• Temporary shift to card and other real money games</li></ul>	<ul style="list-style-type: none"><li>• More time available → higher participation → more organic downloads</li><li>• Focus on user engagement and retention → more new offerings</li></ul>	<ul style="list-style-type: none"><li>• Social distancing → adoption of social games</li><li>• Growth offset by lower ad revenue</li><li>• Introduction of new games to cater to increased demand</li></ul>	<ul style="list-style-type: none"><li>• Lack of actual sports → increase in e-sports viewership and leagues</li><li>• Social distancing → shift from physical to virtual events and competitions</li></ul>

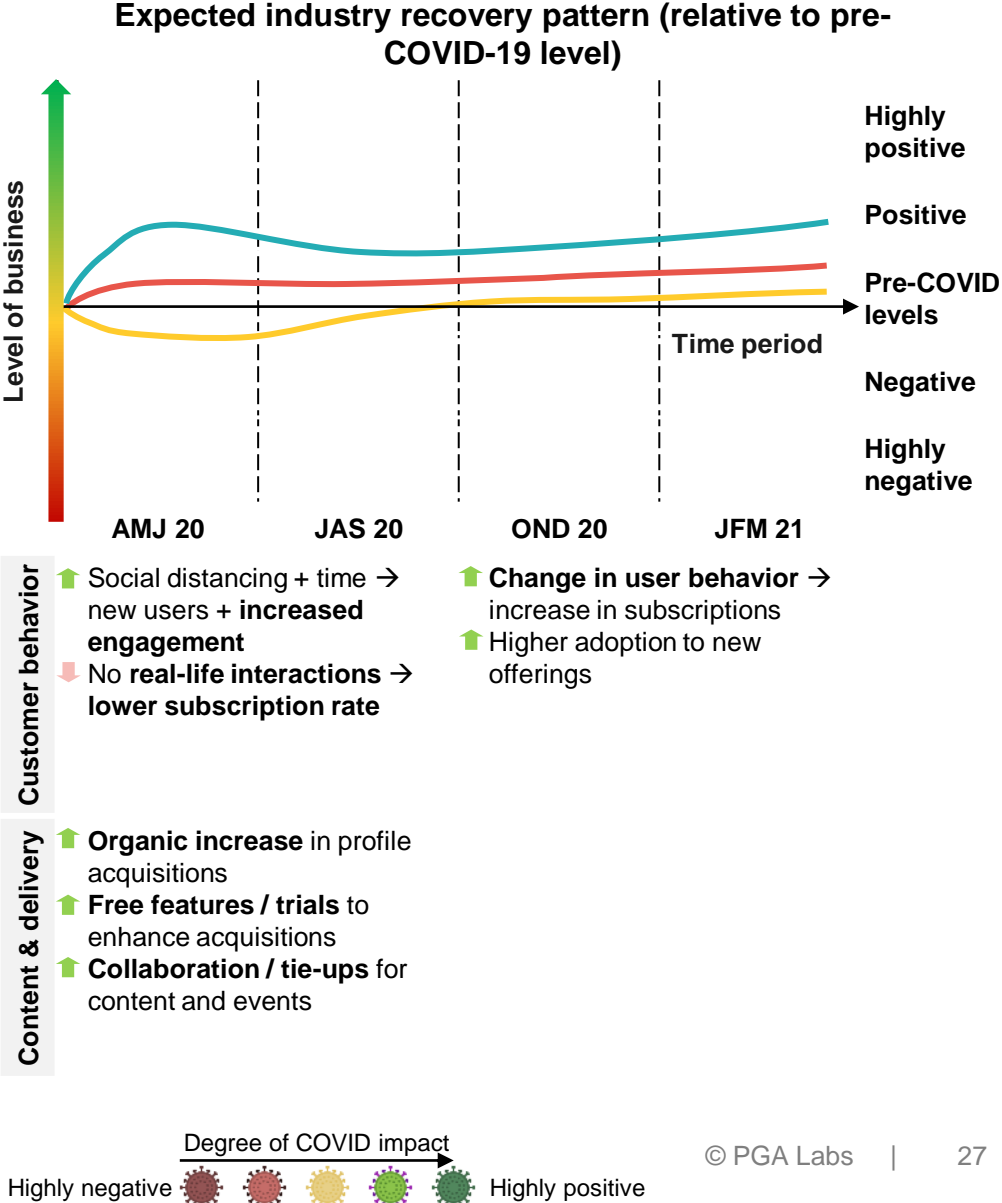




# Online dating and matrimony: Sector seeing increased customer engagement levels, but monetization challenges remain



	Online dating	Offline dating	Matrimony
Market structure	Fragmented	Oligopoly	Oligopoly
Players	     	  	   
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"><li>• Social distancing → <b>more free users</b>, engagement</li><li>• Customer acquisition → <b>free features</b> like 'Passport'</li><li>• Change in <b>user preferences</b> and filters → more engagement</li><li>• <b>Tie-ups and partnerships</b> for new offerings, content</li><li>• <b>Lower subscription revenue</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Real life events</b> → <b>virtual events</b></li><li>• Stress + isolation → <b>more users</b> and engagement</li><li>• <b>Older customers</b> signing up → new offerings</li><li>• More organic signups → <b>lower CAC</b></li><li>• Focus on <b>acquisition</b> and <b>monetization</b></li></ul>	<ul style="list-style-type: none"><li>• More <b>time availability</b> → <b>higher registrations</b></li><li>• Increase customer base → <b>discounts, free trials</b></li><li>• <b>Uptake in virtual feature</b> → in app video and tele-calling</li><li>• Increased <b>focus on marketing</b> → "Weddings from home"</li></ul>

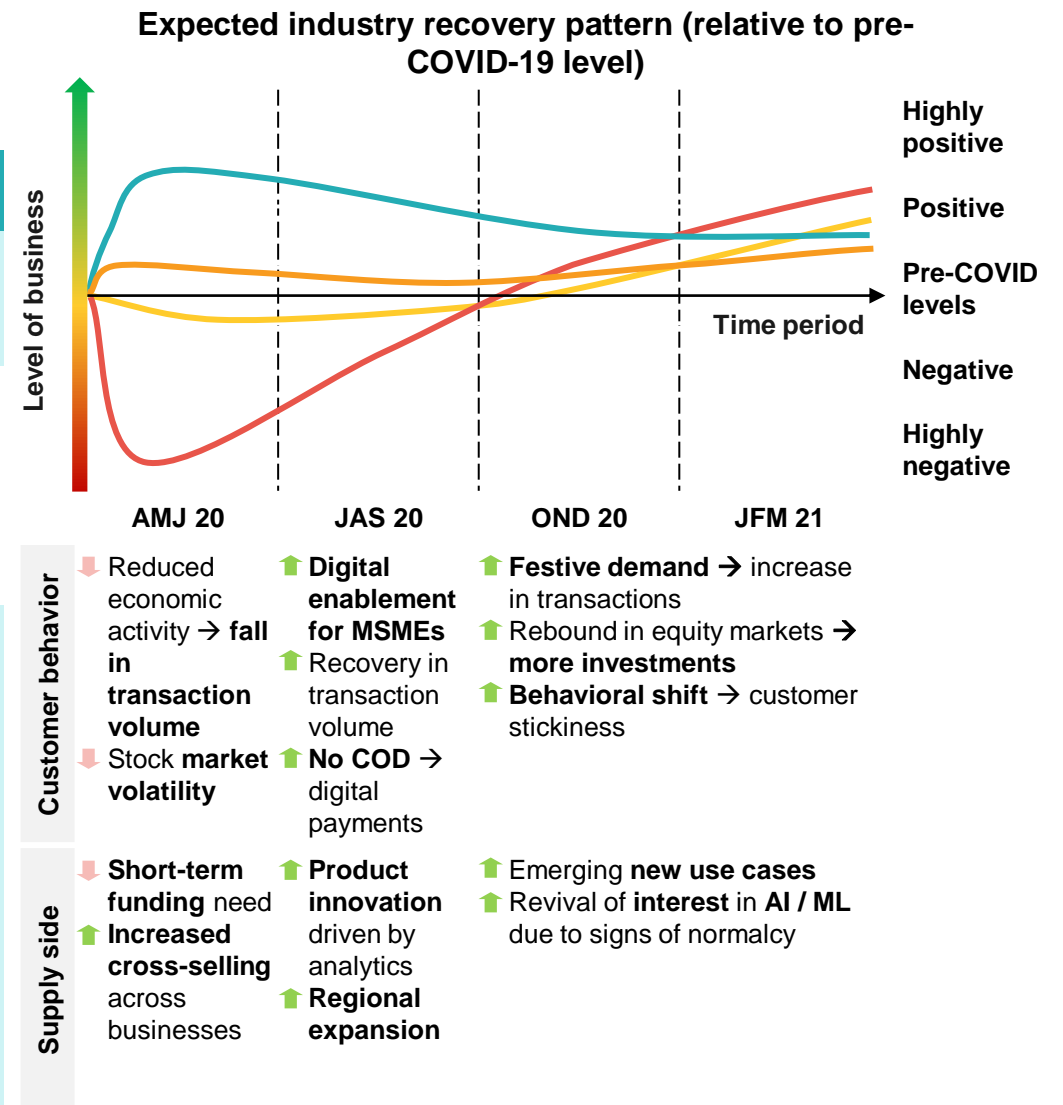


Sources: Annual reports, PGA Labs analysis

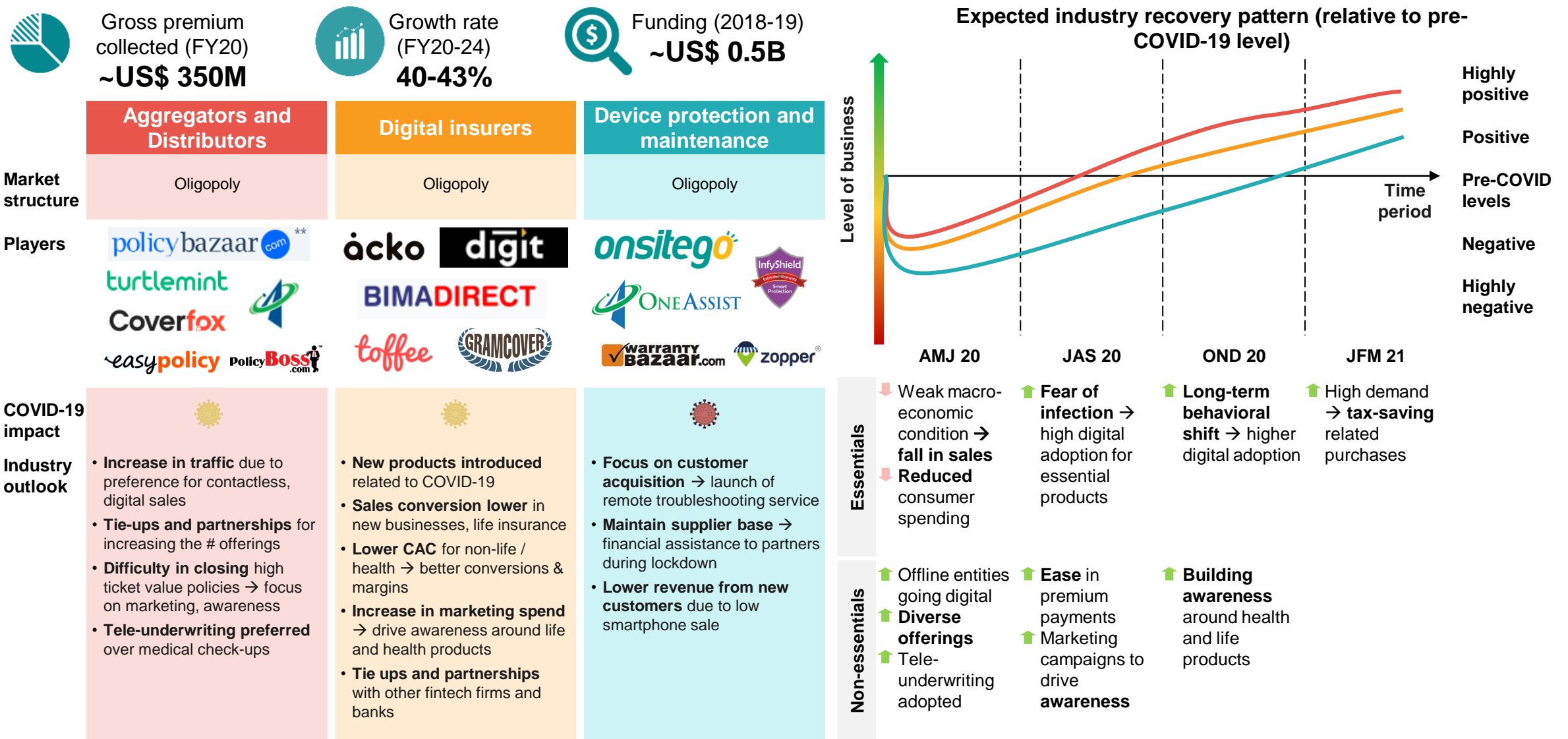
# Digital payments and personal finance: Sector expected to gain in the long-term due to higher preference for contactless payments



	Digital payments	Personal finance	Neobank	Others (Fundraising, etc.)
<b>Market structure</b>	Highly fragmented	Fragmented	Oligopoly	Fragmented
<b>Players</b>				
<b>COVID-19 impact</b>				
<b>Industry outlook</b>	<ul style="list-style-type: none"> <li>Increased preference for contactless payments</li> <li>Diversification of offerings</li> <li>Positive change in consumer behavior</li> </ul>	<ul style="list-style-type: none"> <li>Time availability → increased trial of apps</li> <li>Market uncertainty and volatility → lesser investments from retail users</li> <li>Investment in technology for scaling up and new product features</li> </ul>	<ul style="list-style-type: none"> <li>Immediate impact cushioned due to ongoing projects</li> <li>Realignment of expansion plans → conserving capital</li> <li>Long-term demand for integrated finances unaffected</li> </ul>	<ul style="list-style-type: none"> <li>Pandemic needs → Increase in # fundraising campaigns</li> </ul>



























# Insurtech: Sector affected in the short-term but expected to recover strongly as the crisis accelerates transition to online and mobile sales

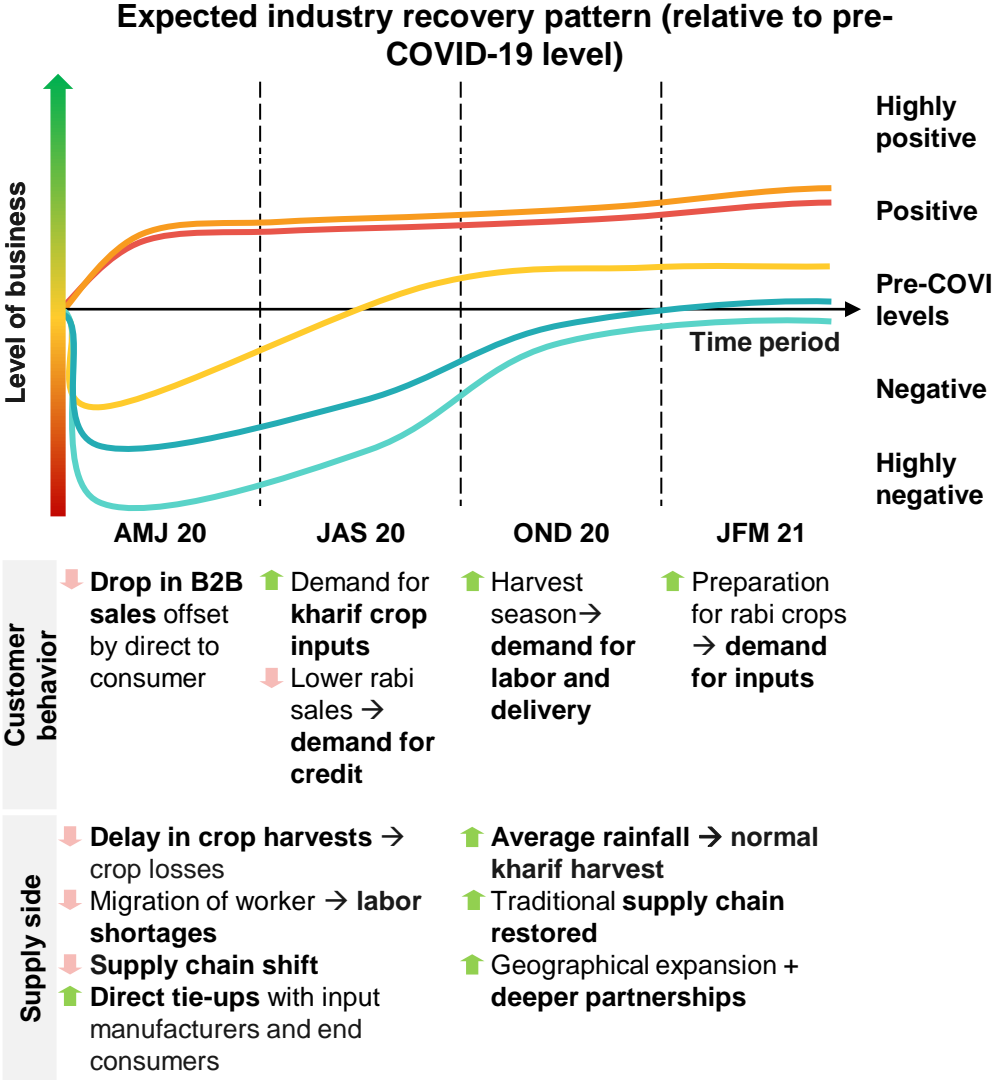




# Agritech: Sector will recover quickly and grow by capitalizing on opportunities arising from changes in traditional agricultural supply chain






















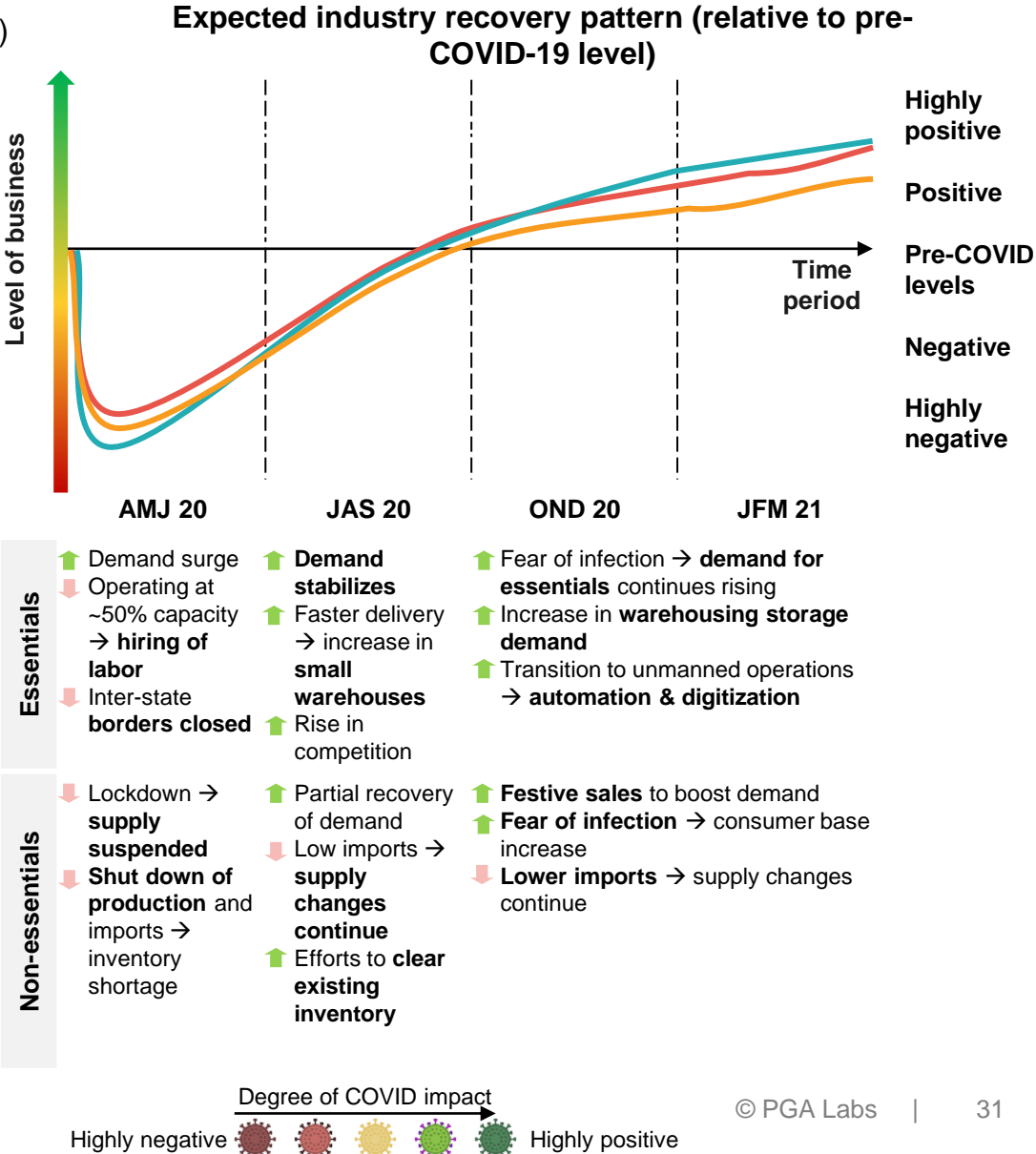
	Market linkages	Crop inputs	Farm data and analytics	Farming as a service	Finance and Insurance
Market structure	Highly fragmented	Highly fragmented	Highly fragmented	Highly fragmented	Highly fragmented
Players	   	   	   	   	  
COVID-19 impact					
Industry outlook	<ul style="list-style-type: none"><li>• Direct delivery to kiranas, consumers → limited drop in order volumes</li><li>• Focus on customer acquisition</li><li>• Greater investor interest</li></ul>	<ul style="list-style-type: none"><li>• Increased demand for last mile delivery as rural retail shut</li><li>• Investment in capacity</li><li>• Direct partnerships with input manufacturers</li></ul>	<ul style="list-style-type: none"><li>• Nascent stage</li><li>• Focus on supply chain → low demand for analytics in near term</li><li>• Emphasis on crop monitoring → higher adoption by govt</li></ul>	<ul style="list-style-type: none"><li>• Challenge in mobilizing equipment → missed harvest season</li></ul>	<ul style="list-style-type: none"><li>• Lower crop sales + supply shifts → increase demand for credit</li><li>• Difficulty in assessment → disbursal challenges</li></ul>



# Ecommerce: Sector affected by ban on sale of non-essentials but expected to recover strongly as more consumers adopt online channel



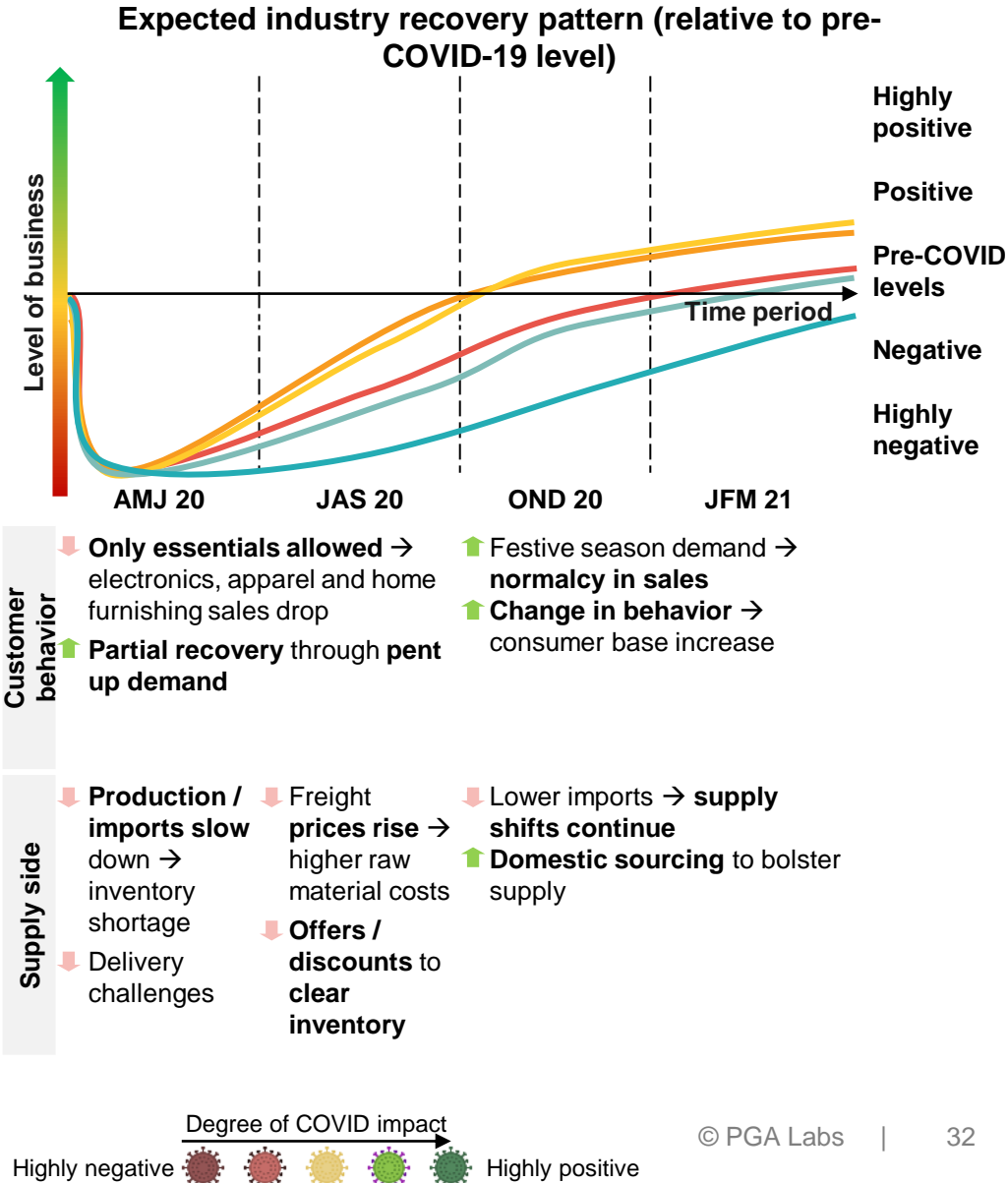
	Horizontal	Vertical	Social Ecommerce and O2O
Market structure	Oligopoly	Oligopoly	Oligopoly
Players	    	    	     
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"><li>• <b>Non-essentials sale banned</b> → drop in revenue</li><li>• Greater <b>adoption in grocery and essentials</b> → renewed focus and investment on hyperlocal</li><li>• <b>Supply issues in electronics and apparel</b> → focus on niche products like beauty, personal care</li><li>• Labor and logistics issues → <b>partnership with 3P logistics provider</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Operations suspended</b> during lockdown → drop in revenue</li><li>• <b>Expansion of product categories</b> → focus on essentials like PPE</li><li>• <b>Monetize</b> existing customer base → alternate revenue streams like advertising, lead generation etc.</li><li>• <b>Reduce cash burn</b> → reduction in personnel, marketing spends</li></ul>	<ul style="list-style-type: none"><li>• <b>Heavy layoffs to sustain</b> → fall in # orders</li><li>• <b>Supply chain issues</b> → backlog for deliveries</li><li>• <b>Increased sign ups</b> from sellers in tier 2 &amp; 3 cities</li><li>• <b>Diversification, focus on essentials</b> → selling groceries</li></ul>



Sources: Euromonitor, PGA Labs analysis

# Internet first brands: Sector expected to recover post ease in lockdown, witness growth as more people shop online

	Clothing & accessories	Food & Beverages	Personal care	Electronics	Home & Furnishings
Market structure	Highly fragmented	Highly fragmented	Highly fragmented	Highly fragmented	Oligopoly
Players	<div>lenskart</div> <div>Bewakoof®</div> <div>zivame</div> <div>BOMBAY SHIRT COMPANY</div> <div>CARATLANE</div> <div>FABALLEY</div>	<div>OPEN SECRET</div> <div>supp</div> <div>oziva</div> <div>VAHDAM</div> <div>KETO INDIA</div> <div>FRUBITES</div> <div>NAVVAYD</div>	<div>BEARDO</div> <div>plom</div> <div>mamaearth</div> <div>MYGLAM</div> <div>caffeine</div> <div>BOMBAY SHAVING COMPANY</div> <div>BARE ANATOMY</div> <div>THE MAN COMPANY</div> <div>PEE SAFE</div>	<div>boAt</div> <div>BRAINWAVZ®</div> <div>astrum</div> <div>GOQii</div> <div>Lifelong</div> <div>TAGG</div>	<div>Wooden Street</div> <div>Furniture... bonded with love</div> <div>Urban Ladder</div> <div>wakefit</div> <div>clouddio</div> <div>chumbak</div> <div>WONDERCHEF</div>
COVID-19 impact					
Industry outlook	<ul style="list-style-type: none"> <li>Non-essential sale reduced → introduction of <b>non-commerce, tech-enabled offerings</b> e.g. advisory</li> <li>Operations suspended → focus on <b>website / app development</b> and innovation such as AR / VR</li> <li>Focus on <b>reducing OPEX</b> → <b>job and salary cuts, reduced marketing</b> spend</li> <li>Limited ability to raise funds → <b>larger players</b> with cash in <b>better positions</b> + expansion plans postponed</li> <li><b>Strategic tie-ups with logistics players</b> for supply chain support</li> <li>Reduced imports → shift to <b>local manufacturing / sourcing</b></li> <li>More consumer brands moving online → <b>increased competition</b></li> </ul>				



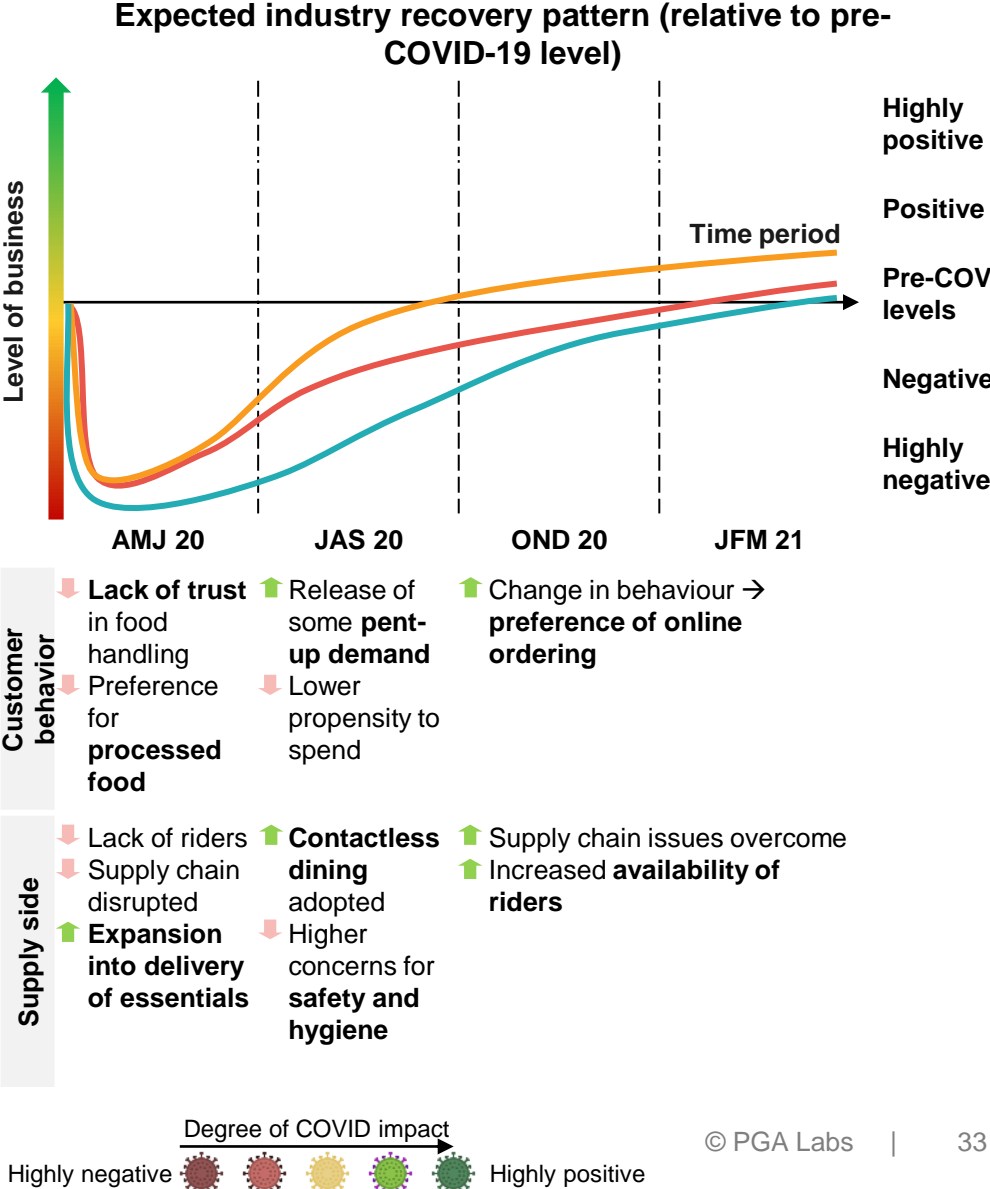
Sources: Euromonitor, PGA Labs analysis



# Foodtech: Sector to witness shift in focus to driving profitable unit economics; dark kitchens to lead recovery

























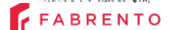







	Aggregators	Dark kitchens	Loyalty services
Market structure	Duopoly	Fragmented	Oligopoly
Players	  	      	   
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"> <li>Change of focus from <b>scale</b> → <b>profitability</b></li> <li><b>OPEX realignment</b> → withdrawal from dark kitchens, job cuts, etc.</li> <li><b>Diversification</b> in product categories → <b>leverage network</b> for essentials, personal care delivery</li> <li>Supply chain challenges → <b>fear &amp; labor migration</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Flexible menu</b> → ingredients availability</li> <li>Focus on hygiene → regenerate <b>customer trust</b></li> <li><b>Margins reduced</b> → higher ingredient, marketing cost</li> <li><b>Constraint on availability of labor</b></li> <li><b>Consolidation</b> → smaller players to shut down or be acquired</li> </ul>	<ul style="list-style-type: none"> <li>Zero footfall in restaurants → <b>negligible demand</b> for services</li> <li><b>Expansion of offerings</b></li> <li>Strengthening <b>relationship</b> with restaurants</li> </ul>

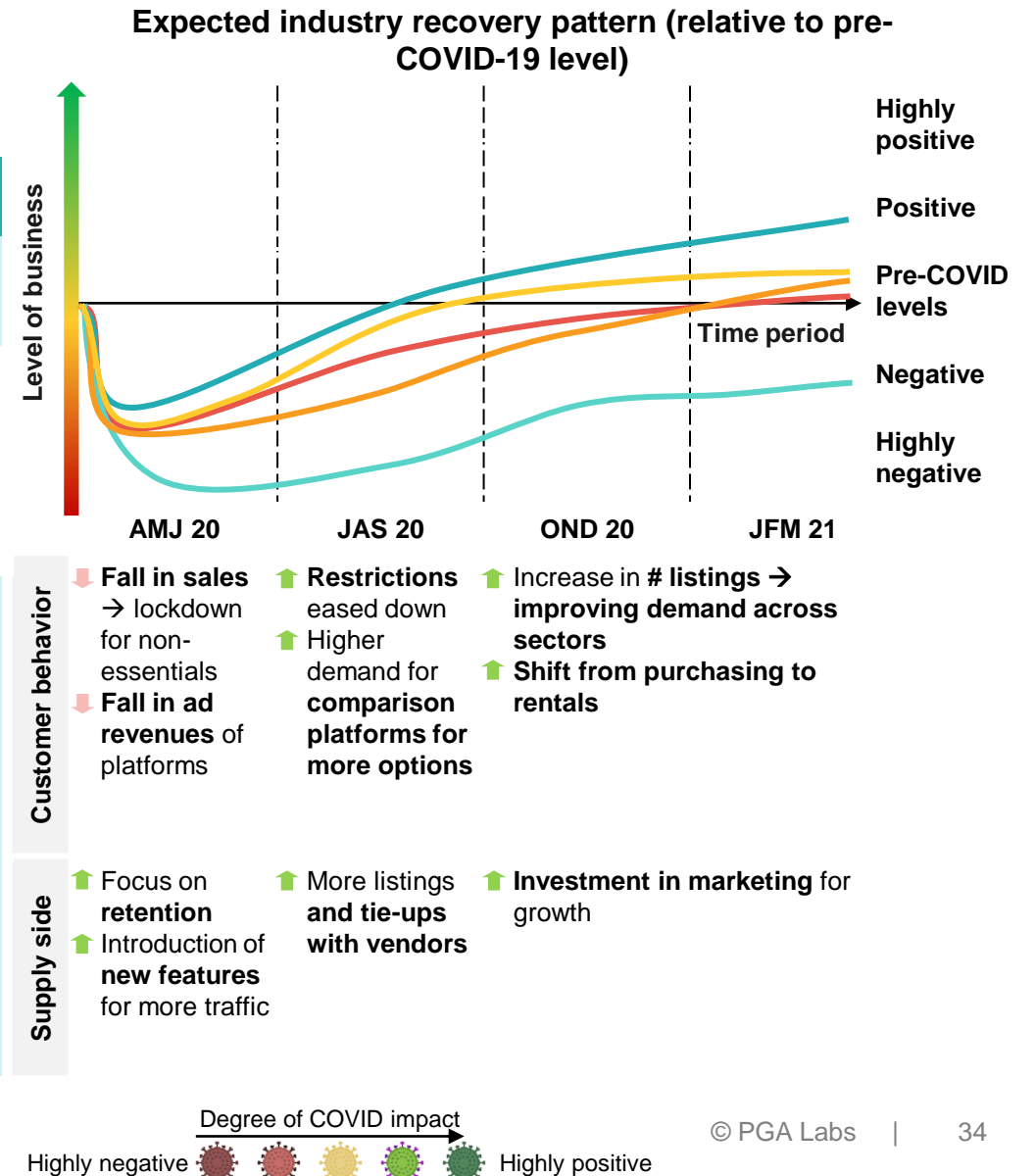


Sources: PGA Labs analysis

# Online classifieds and rentals: Sector hurt by fall in real estate demand and high job uncertainty; will recover as economic activity picks up


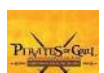






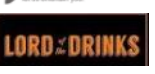





















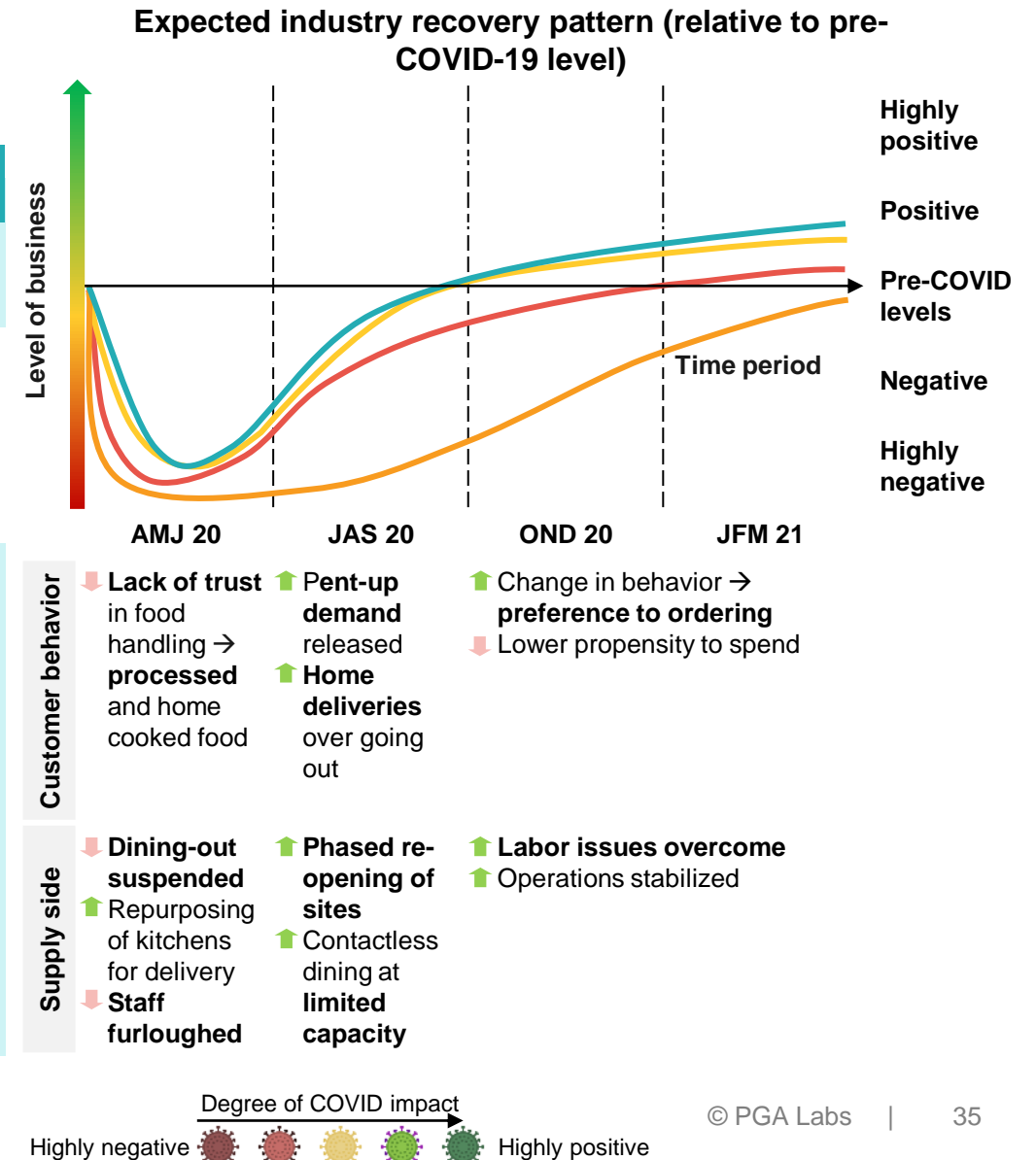
	Horizontal	Recruitment	Automotive	Real estate	Rentals
Market structure	Oligopoly	Fragmented	Oligopoly	Fragmented	Fragmented
Players	  	    	     	    	     
COVID-19 impact					
Industry outlook	<ul style="list-style-type: none"> <li>• <b>Aversion to spending</b> → lower traffic</li> <li>• <b>Expansion to new segments</b> like hospitals</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Drop in hiring activity</b> → fall in listings</li> <li>• Layoffs → <b>increase in job seekers</b></li> <li>• Demand for <b>up-skilling</b> → cross-selling opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• <b>New virtual offerings</b> like online booking, virtual showrooms</li> <li>• Lower price <b>personal mobility</b> → demand for used vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Market uncertainty</b> → lower demand</li> <li>• <b>New features</b> → improve consumer experience and retention such as rent payments, AR/VR visits</li> </ul>	<ul style="list-style-type: none"> <li>• Operations suspended → <b>loss in new customers</b></li> <li>• <b>Subscription model</b> → lesser revenue impact</li> <li>• Low propensity for capital spend → more demand for rentals</li> </ul>



# F&B services: Changes in user behavior and preferences will create opportunities for consolidation





















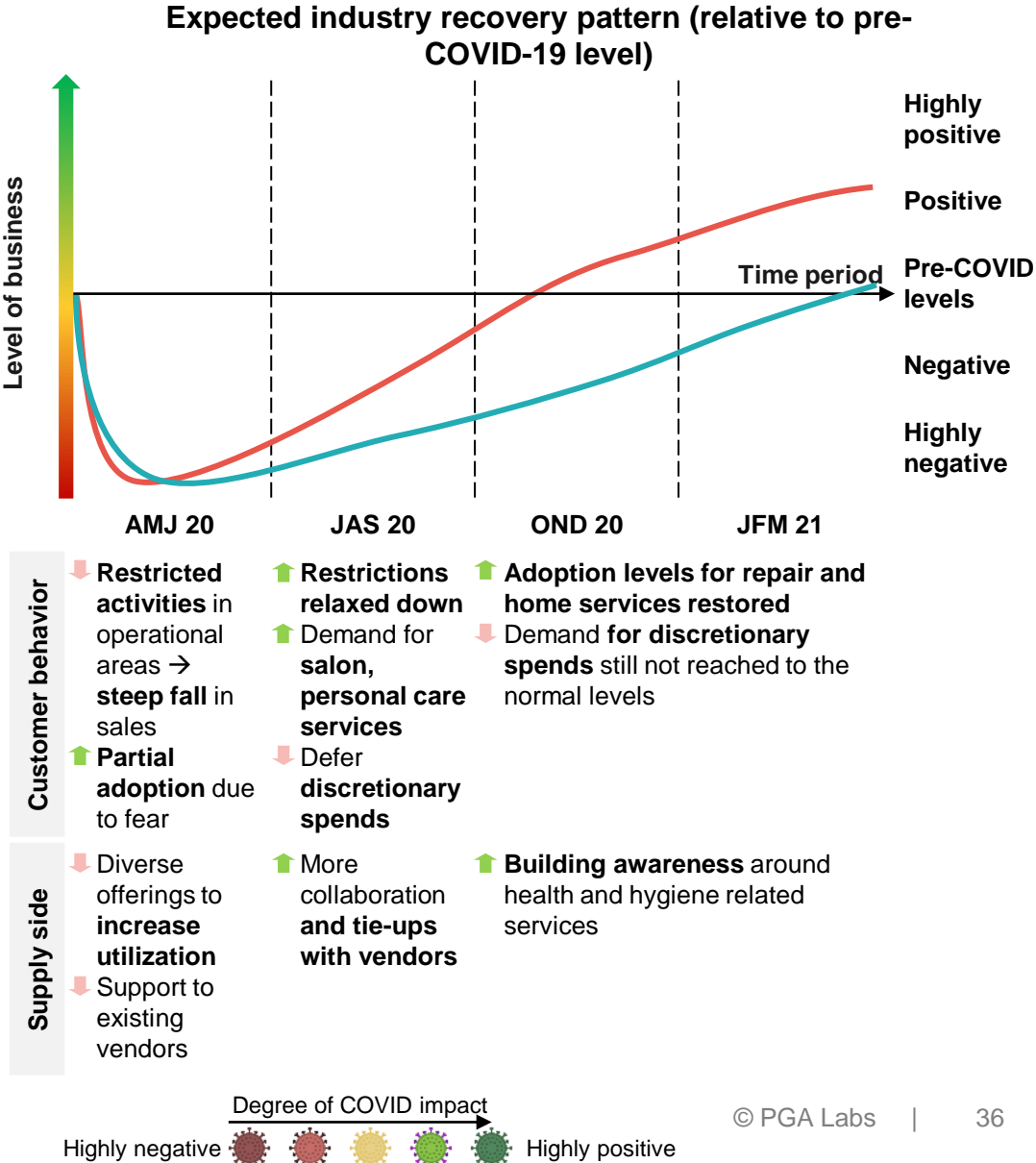
	Restaurants	Pubs, clubs and lounges	QSRs	Dark kitchens
Market structure	Fragmented	Fragmented	Fragmented	Fragmented
Players	   	     	      	      
COVID-19 impact				
Industry outlook	<ul style="list-style-type: none"> <li>Retail closures → <b>zero revenue</b></li> <li>Severe cash flow issues → smaller players to shut</li> <li>Constraint <b>availability of labor and supplies</b></li> <li>Focus on <b>zero touch delivery via aggregators</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Limited social gathering</b> → negligible demand for services</li> <li>Focus on <b>delivery</b> and <b>takeaways</b> in short-term</li> <li><b>Downsizing</b> of operations → closure of smaller sites</li> <li><b>Labor challenges</b> → retraining costs</li> </ul>	<ul style="list-style-type: none"> <li>Zero footfall → focus on low OPEX</li> <li>Focus on <b>safety</b> → higher operating + marketing costs</li> <li>Focus on <b>zero touch delivery via aggregators or own partners</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Flexible menu</b> → ingredients availability</li> <li>Focus on hygiene → regenerate <b>customer trust</b></li> <li><b>Margins reduced</b> → higher ingredient, marketing cost</li> <li><b>Consolidation</b> → smaller players to shut down or be acquired</li> </ul>



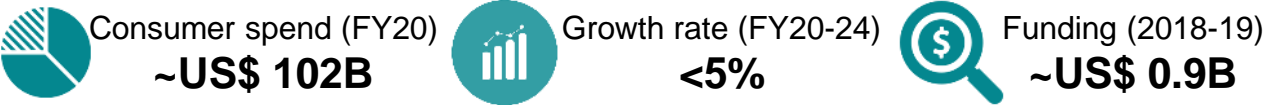
# Home services: Demand for local services such as repairs and personal care expected to bounce back quicker as compared to demand for discretionary spend





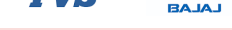












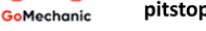








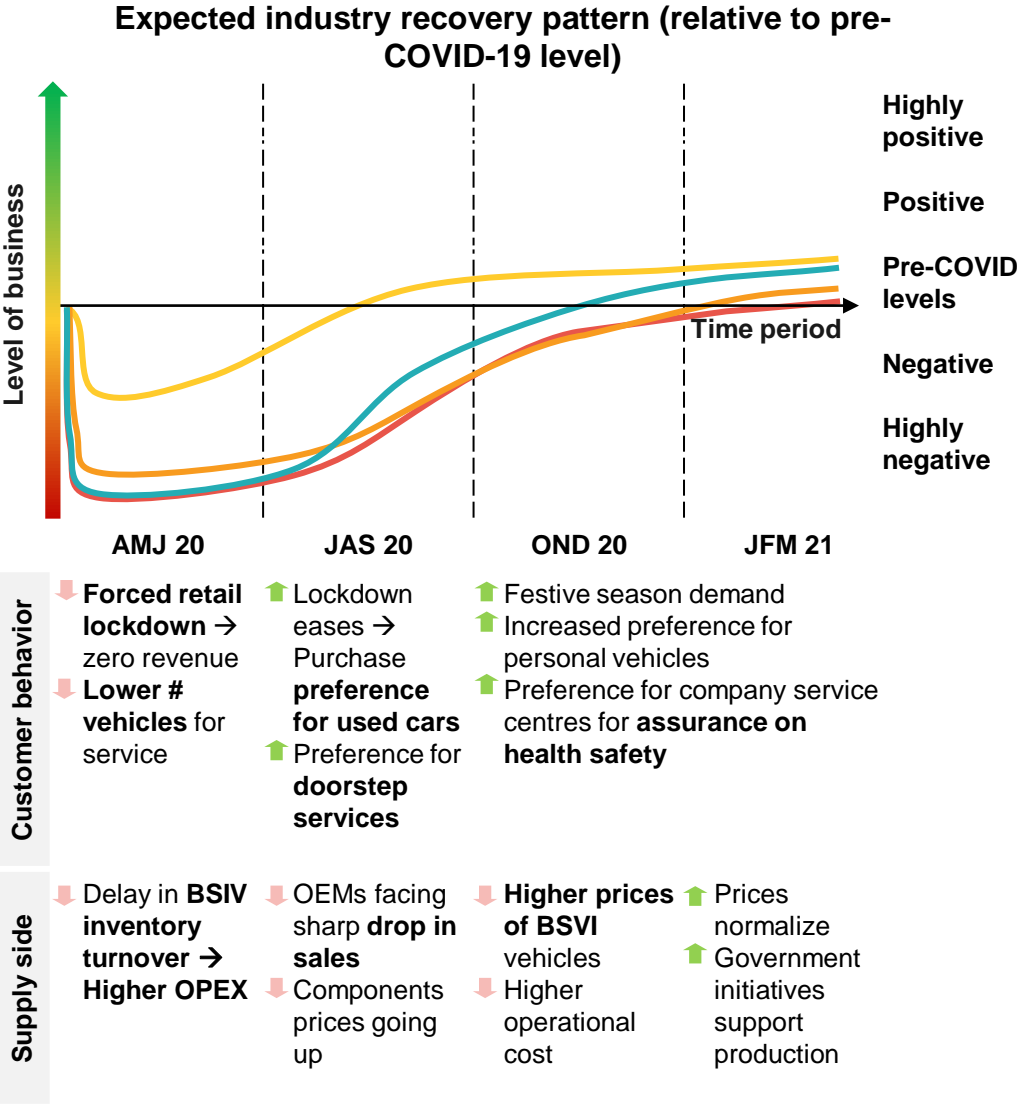
Market structure	Local multi service providers	Home interiors and design services
	Fragmented	Fragmented
Players	<div></div>	<div></div>
COVID-19 impact		
Industry outlook	<ul style="list-style-type: none"><li>Lockdowns resulting in <b>steep decline in revenues</b></li><li><b>Fear of contamination</b> → <b>slow growth</b> in the near term</li><li>Diversification into <b>essential services</b> to <b>improve utilization</b> (such as Housejoy.in launching a portal for <b>grocery deliveries</b>)</li><li>Focus on <b>sanitization and hygiene</b> → main <b>concern for the consumers</b></li><li>Investing on <b>marketing</b> to increase <b>visibility</b></li></ul>	<ul style="list-style-type: none"><li>Reduced discretionary spend → <b>decline in revenues</b> in the short term</li><li>Adoption of <b>leaner business models</b> → layoffs + reduced marketing spend</li><li>Investment in technology and platform e.g. introduction of <b>online design consultations</b></li><li>Supporting the partner gig workers and managing relationships to <b>maintain supply</b></li></ul>



# Automobile: Sector is expected to gradually bounce back slowly and steadily with reduced import restrictions and better resources availability























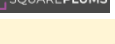









	Auto vehicles	Electric vehicles	Online marketplaces	Auto service
Market structure	Oligopoly	Monopoly	Oligopoly	Fragmented
Players	    	    	     	   
COVID-19 impact				
Industry outlook	<ul style="list-style-type: none"><li>Labor + supply challenges → drop in production</li><li>Lower confidence + spend → drop in sales</li><li>Difficult to capitalize BSIV inventory → discounted prices</li></ul>	<ul style="list-style-type: none"><li>Fall in production due to lockdown</li><li>Lower imports + higher duty on battery → shift to domestic sourcing</li><li>Launch delay due to lack of EV infrastructure</li></ul>	<ul style="list-style-type: none"><li>Lower spend propensity → preference for used cars</li><li>Expansion in financing services to support demand</li><li>Customers looking for contactless options → chatbots, virtual showrooms</li></ul>	<ul style="list-style-type: none"><li>Lower body work + accident repairs → drop in revenues</li><li>Shift to longer-term service contracts</li><li>Hygiene concerns → shift to organized providers</li><li>New offerings like sanitization, disinfection</li></ul>

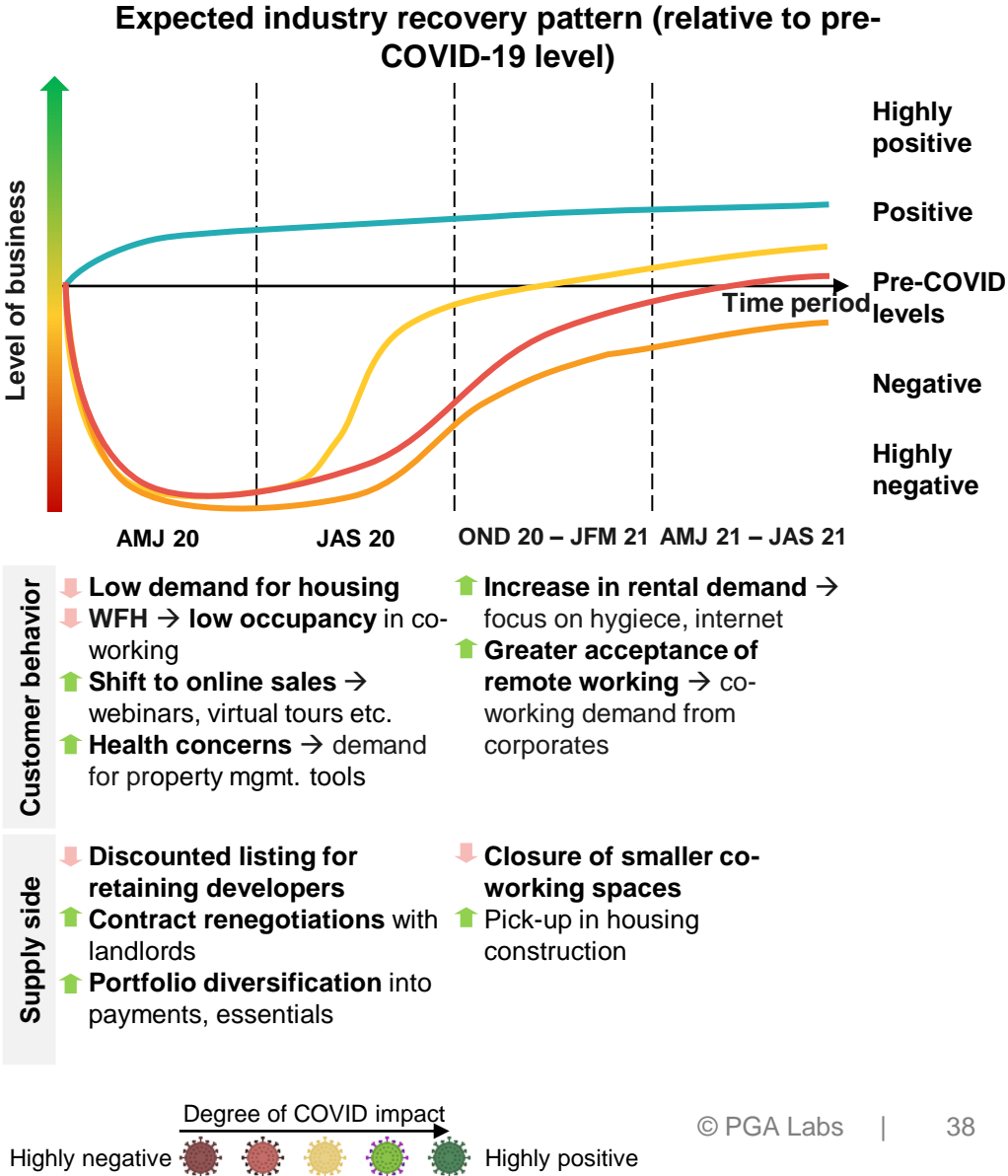




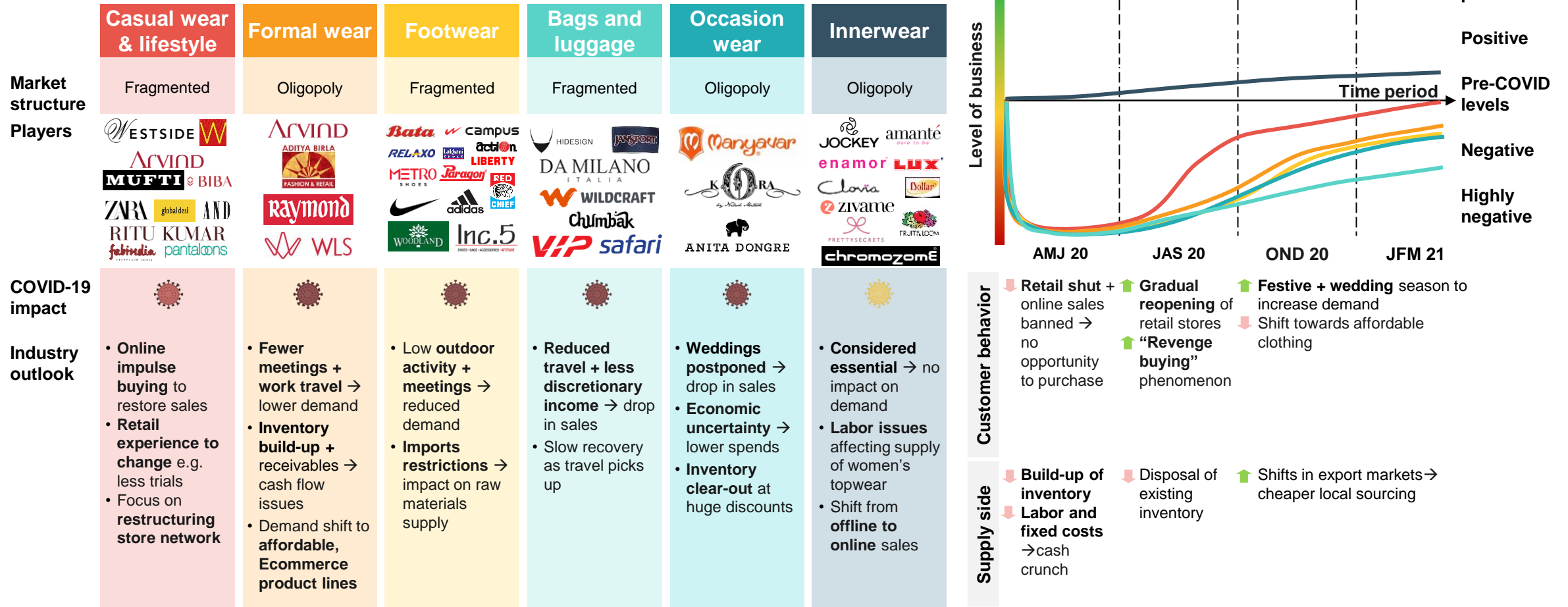
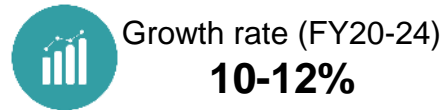
# Real estate tech: Sector to witness consolidation as organized players capitalize on opportunities created by the pandemic and gain market share



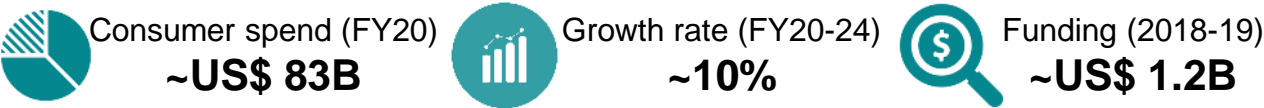
	Property listing platforms	Co-working	Co-living	Property management
Market structure	Highly fragmented	Fragmented	Fragmented	Highly fragmented
Players	     	       	       	   
COVID-19 impact				
Industry outlook	<ul style="list-style-type: none"><li>• Lower housing sales offset by demand for rentals</li><li>• Focus on retention → discounted listings, extensions</li><li>• Investment in AR, VR tools to enhance customer experience</li><li>• Introduction of new offerings such as rent payments</li></ul>	<ul style="list-style-type: none"><li>• WFH + cost reduction → low occupancy</li><li>• Shift in target from startups to larger firms</li><li>• Lower capacity due to safety concerns</li><li>• Renegotiation of contracts</li><li>• Smaller co-working to shut shop</li></ul>	<ul style="list-style-type: none"><li>• Consumer focus on quality of service → shift to organized players</li><li>• Focus on safety measures → higher operational costs</li><li>• Realignment of expansion plans → conserving capital</li><li>• Option of flexible lock-in periods</li></ul>	<ul style="list-style-type: none"><li>• Increased adoption due to demand for close monitoring</li><li>• Focus on expansion and customer acquisition</li><li>• Introduction of new features (e-papers, leave at gate)</li><li>• Partnerships with retailers for delivery of essentials</li></ul>





















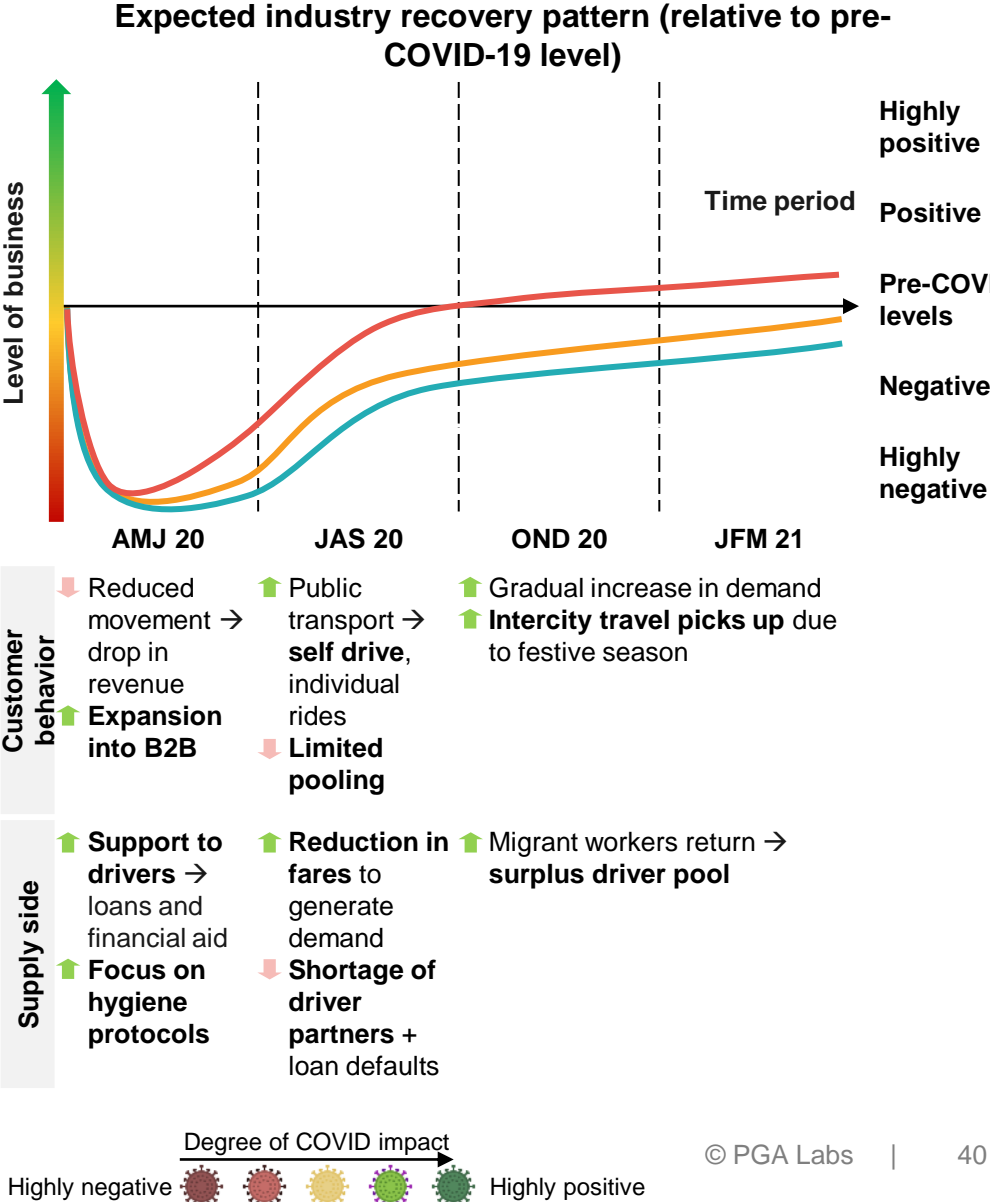




# Shared mobility: Sector to see a behavioral shift in preferences; self-drive and rentals to benefit in the long run









	Rental	Ride Hailing	App based buses
Market structure	Fragmented	Oligopoly	Oligopoly
Players	     	     	  
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"><li>• <b>Social distancing</b> → shift from public transport to self-drive and rentals</li><li>• <b>Reduced travel</b> to work → lower demand</li><li>• <b>Changing business models</b> → longer term rentals</li><li>• <b>Focus on raising funds</b> for fleet expansion</li></ul>	<ul style="list-style-type: none"><li>• <b>Leisure travel</b> reduced significantly → lower demand</li><li>• <b>Cost saving behavior</b> → shift to cheaper modes like 2W, 3W</li><li>• <b>Expansion into rentals + B2B + hyperlocal deliveries</b></li><li>• <b>Driver shortages</b> + higher loan defaults expected</li></ul>	<ul style="list-style-type: none"><li>• <b>Social distancing regulations</b> → lower capacity utilization</li><li>• <b>Aversion to crowded public transport</b> → shift to organized players</li><li>• <b>Focus on hygiene and safety</b> → increased operation costs</li><li>• <b>Downsizing operations</b> → focus on profitable routes and markets</li></ul>

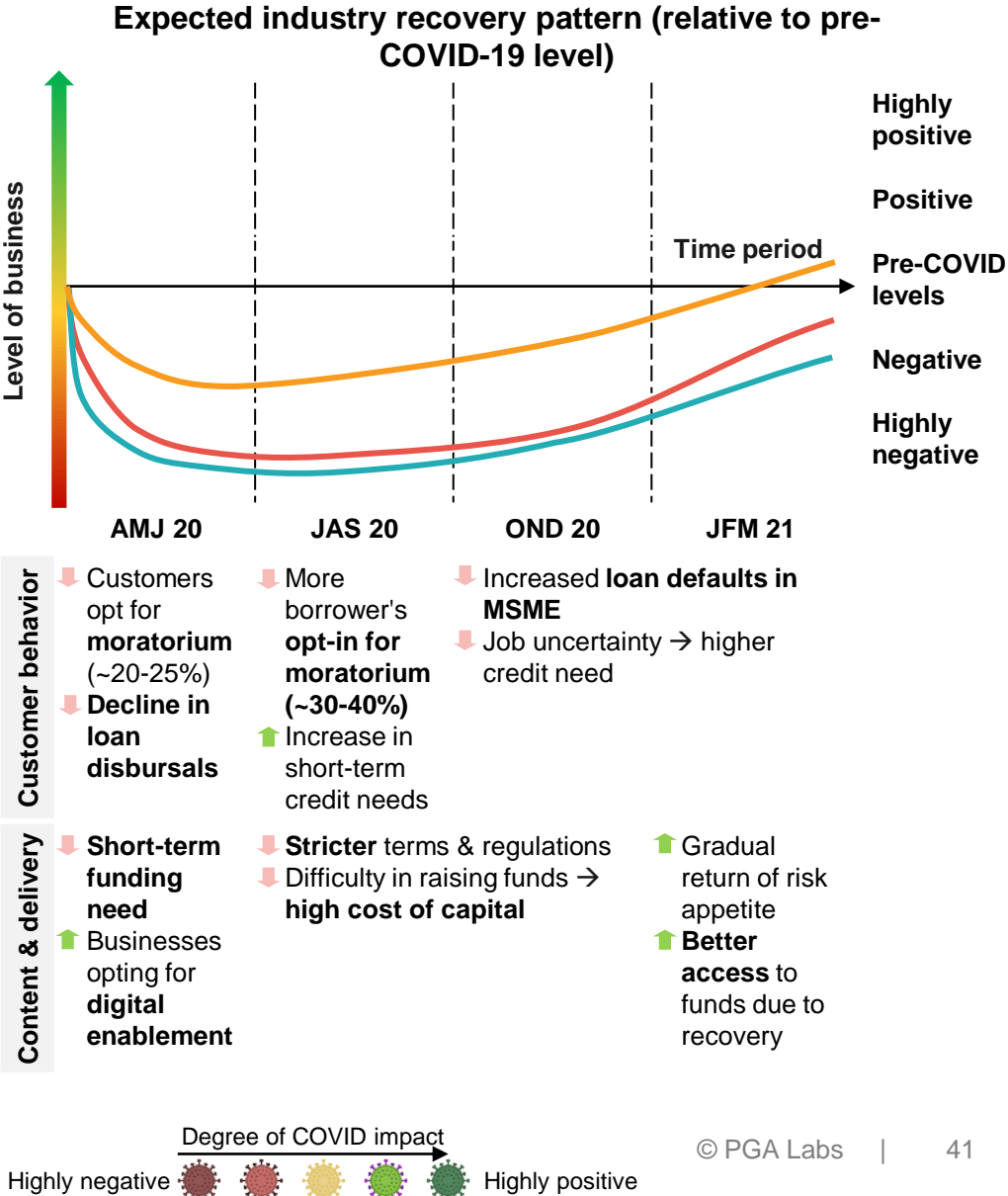


Sources: UITP India, Census 2011, Ministry of urban development, PGA Labs analysis

# Digital lending: Opportunities for leaders to consolidate and gain market share as smaller players deal with increased defaults and reduced consumer spend
































	Direct lending platforms	Loan marketplaces	P2P lending platforms
Market structure	Fragmented	Fragmented	Oligopoly
Players			
COVID-19 impact			
Industry outlook	<ul style="list-style-type: none"><li>Shift in focus to <b>asset quality &amp; profitability</b></li><li>Building <b>predictive assessment models</b> for lending</li><li><b>Decline in demand</b> from MSMEs in 4-6 months</li><li>Expected <b>increase in asset backed loans</b> such as gold loans</li><li>Increase in <b>payment bounce rate</b></li></ul>	<ul style="list-style-type: none"><li><b>High interest cost</b> due to uncertainty → <b>better traffic</b> on marketplace for better deals</li><li>Drop in <b>approval rates</b></li><li>Diversification of offerings and <b>higher focus on other products</b></li></ul>	<ul style="list-style-type: none"><li>More <b>rigorous screening of proposals</b></li><li>Less loan disbursements due to <b>market uncertainty and high chances of default</b></li><li>Higher proposals for short term funding needs</li></ul>

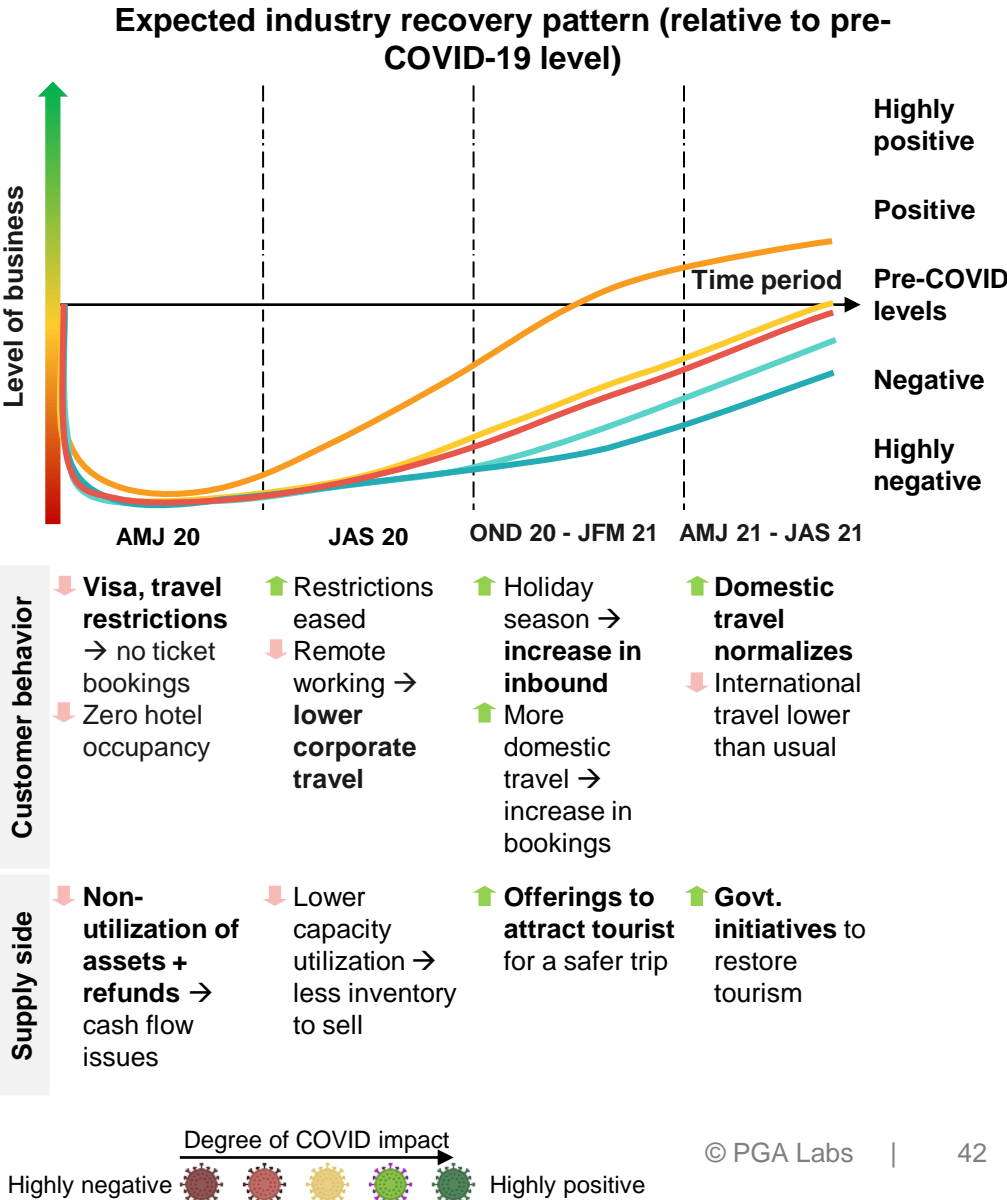


Sources: RBI, PGA Labs analysis

# Hospitality, travel and tourism: Sector severely impacted due to travel restrictions; budget hotels and domestic demand to lead recovery

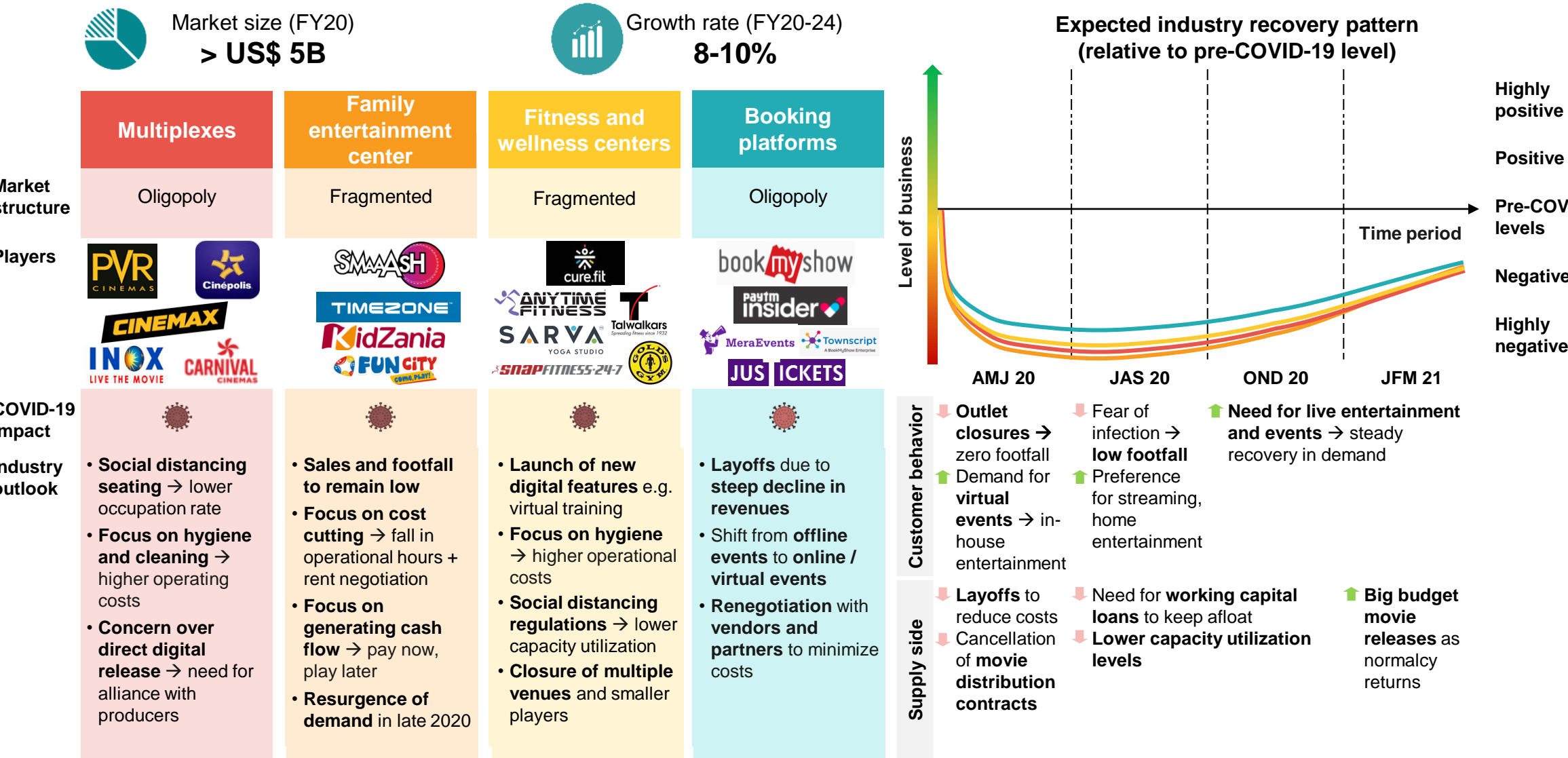


	Premium hotels	Budget hotels	OTAs	Hostels & home stays	Travel planners
Market structure	Highly fragmented	Fragmented	Oligopoly	Fragmented	Fragmented
Players	    	  	     	    	    
COVID-19 impact					
Industry outlook	<ul style="list-style-type: none"><li>• <b>Booking cancellations</b> → Foreign Tourist Arrivals to remain low</li><li>• <b>Domestic demand</b> to recover slowly</li><li>• <b>Tariff cuts</b> to boost demand</li></ul>	<ul style="list-style-type: none"><li>• <b>Economic uncertainty</b> → preference for budget travel</li><li>• <b>Scaling-down operations</b> → market exits, job cuts</li><li>• <b>Working capital crunch</b> in short-term</li></ul>	<ul style="list-style-type: none"><li>• <b>Visa + travel restrictions</b> → drop in outbound travel</li><li>• <b>Severe short-term cash crisis</b> due to cancellations and refunds</li></ul>	<ul style="list-style-type: none"><li>• <b>Fall in tourists</b> and millennial travelers</li><li>• <b>Focus on retention</b> → offering short duration packages</li><li>• <b>Higher focus on safety &amp; hygiene</b></li></ul>	<ul style="list-style-type: none"><li>• <b>Conserve cash</b> → downsizing people + operations</li><li>• <b>Reduction in marketing</b></li><li>• <b>Smaller players to shut down</b> without additional funding</li></ul>



Source: PGA Labs analysis

# Entertainment: Sector impacted by closure of malls; expected to recover slowly as consumers gain confidence to start venturing out again







## Technology and Internet

### Specific practitioner expertise



**Aryaman Tandon**

Practice Leader

**Consumer Internet and Ecommerce**



**Madhur Singhal**

Practice Leader

**Internet and Ecommerce**



**Shishir Mankad**

Domain Leader

**Fintech and Digital lending**



**Shekhar Bansal**

Practice Member

**Hospitality, FinTech, and FoodTech**



**Ashutosh Somani**

Practice Member

**Foodtech, EdTech, and Real estate Tech**



**Vibhor Gupta**

Practice Member

**Mobility, HealthTech, and Hospitality**



**Sushman Das**

Practice Member

**Ecommerce, EdTech, and Mobility**



**Kaushal Patel**

Practice Member

**Ecommerce, Real estate tech, and Internet brands**

## How we help our clients

We work with new-age internet businesses extensively across growth strategy, international market entry, business plan review, customer life cycle management preparing them for the digital economy transformation.



### Concept validation and scaling up

Enabling innovative startups in concept testing, customer validation, and accelerating the process of scaling-up



### Category and channel expansion

Helping clients grow their business by expanding their product categories, expanding into new categories and launching private labels



### Customer growth and experience

Powering growth strategies through detailed customer segmentation and behavioral analysis



### Distribution and Go-to-Market

Creating comprehensive roadmaps for launching new products or expanding to new markets



### Operational efficiency & Cost Reduction

Delivering sustainable reduction in operating costs based on rigorous cost benchmarking and zero based assessment



### Enhancing organization productivity

Re-imagining employee roles and driving great organization productivity and efficiency





## Consumer and Retail

### Specific practitioner expertise



**Madhur Singhal**

Practice Leader

**Ecommerce and Digital consumer**



**Aryaman Tandon**

Domain Leader

**Consumer Internet and Ecommerce**



**Sandeep Zutshi**

Domain Leader

**Consumer retail and Go-To-Market**



**Nidhi Agarwal**

Domain Advisor

**Consumer Goods and Apparels**



**Sahil Mehta**

Practice Member

**Consumer Internet and Internet brands**



**Mit Desai**

Practice Member

**Consumer retail and Market entry**

## How we help our clients

We have partnered with India's largest consumer brands and have helped shape winning strategies in the continuously evolving retail landscape



### Digital Transformation

Enabling our partners navigate the tectonic digital transformation to deliver growth and operational efficiency



### Customer Insight & Brand Loyalty

Measuring and driving improvement in NPS scores and customer loyalty through detailed customer insights and proven frameworks



### Cost Transformation

Identifying sustainable opportunities for profit improvement by focusing on strategic cost management



### Growth and Scale Up

Growing fast and scaling up by optimizing client offerings, pricing, promotion, and distribution to the right target



### Profitability and unit economics

Developing unit economics for any new product / market launch and driving profitability by operational efficiency



### Process Re-engineering

Designing and implementing processes based on the principles of design thinking to enhance customer experience



We have successfully worked with clients across verticals

**50+** VC firms      **100+** Investors      **250+** Engagements

Our people have deep experience in Business research



**Aryaman Tandon**

Director

Consumer Internet and  
Ecommerce



**Seema Karwa**

Vice President

FoodTech, Investments, and  
Consumer tech



**Abhishek Maiti**

Vice President

Shared mobility, Hospitality and  
E-groceries



**Vaibhav Tamrakar**

Vice President

EdTech, FoodTech, and  
Mobility



**Mehak Batra**

Associate Vice President

Healthcare and Analytics

## How we help our clients

We have a wide bouquet of deep business research skills and advanced analysis capabilities. Our research is unique, focusses on “What and Why” and our approach is holistic unlike a typical MR firm.



### Benchmarking (cost, product features)

Comparison of players across relevant parameters



### Sector360: Scan / fact-base

Detailed review and landscape of a sector



### Company360: Company review

Detailed review of company's details, strategy and operations



### Competitor intelligence

Intelligence and analysis of a company's tactics



### Survey administration and management

Design, oversee, implement, analyze and present findings



### Voice of the customer

Customer interviews and survey-based analysis



### Web scraping and analytics

Scraping and analysis of public data



### Process mapping and best practices

Enlist best practices

# Connect with us - We will be happy to share perspectives



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