

# Jefferies consumer survey suggests prolonged pain for retail and travel

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It's fairly evident by now that the covid-19 outbreak will alter consumer behaviour dramatically. For investors, this will also call for a change in the way they look at consumer-related companies and their respective stocks.

Surveying 5,500 people in 11 countries, Jefferies Global Research has found some interesting results of how consumers are likely to respond when countries lift the lockdowns.

The countries surveyed include the US, China, Japan, the UK, France, Italy, Germany, Spain, Hong Kong, India and Australia.

This survey has thrown up six key points, says Jefferies: "We highlight six surprises... 1) most people think this crisis has the potential to 'shake things up' for the better, 2) more than 6 in 10 people think companies have acted responsibly, 3) only 1 in 5 consumers will go shopping as soon as quarantine restrictions end, 4) most consumers are not even planning to book holidays in 2021, 5) housing intentions are largely unchanged and 6) roughly 6 in 10 Americans are optimistic about the health of their finances."

Of course, the extent of the impact is expected to be different for each region. Even so, the fact that consumers will not rush to



shops as soon as the lockdown is over is bad news for retailers, including those in India.

Indian retailers are not expecting demand to surge once the

lockdown is lifted. Consumer sentiment is expected to pick up gradually here.

Last week, the Retailers Association of India held a virtual dis-

cussion with some representatives of fashion apparel brands on covid-19 and their outlook. During the discussion, Vineet Gautam, chief executive and country head of Bestseller Retail India Pvt. Ltd that sells brands such as Jack & Jones and Vero Moda, said: "It would take 9-12 months for a semblance of normalcy to return, during which time businesses would do well to look at a broader supply chain backbone."

In general, sale of essential items is expected to be relatively cushioned compared to the sale of consumer discretionary items. Unsurprisingly, shares of some fast-moving consumer goods companies, such as Hindustan

Unilever Ltd and Nestlé India Ltd, have touched highs in the recent past when the broader equity market was in a sombre mood.

To be sure, the findings of the Jefferies' survey on travel are discouraging, too. If consumers don't book holidays up to 2021, then recovery in sectors such as hotels and airlines will be delayed. This could lead to trimming of incomes of employees engaged in these sectors, further weighing on consumer spends in future.

Shares of Indian aviation companies, InterGlobe Aviation Ltd and SpiceJet Ltd, though higher than their 52-week trading lows, are far away from their highs.