

# DIVERSIFICATION – THE OPPORTUNITY IN CRISIS

In the wake of coronavirus contagion, while multiple brands have reported huge losses, slamming the breaks on product launches and line extensions; some brands are **responding rather than reacting**, leading their industry by launching relevant products.

Evolution is needed much more than ever before - not only in terms of communication & packaging but also when it comes to product extension.

Actions speak louder than words, and the consumers are going to use this particular adage as a lens to observe the brands and businesses around. Conscious capitalism, a philosophy that follows integrated approach to social responsibility, self-awareness, and purposeful decision-making, has become the route to appease the consumers.

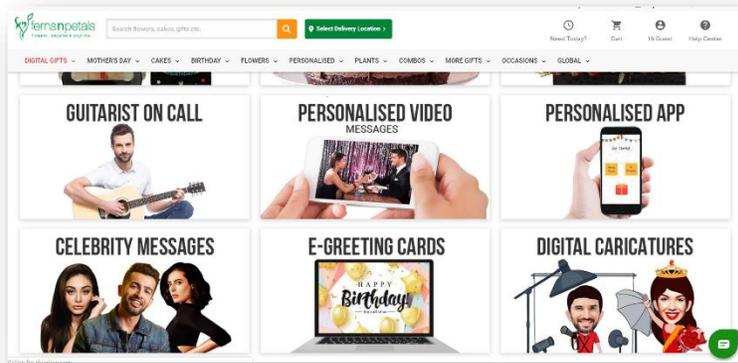
Conscious capitalism has, since before the pandemic, been moving from the margins to the mainstream in recent years as consumers increasingly vote with their money for companies and brands that align with their values and belief systems. The crisis has hastened that drift.

Thinking Hats conducted Secondary Research to understand how brands are innovating and launching different products and services to stay relevant to the consumers

## Extensions to cut losses

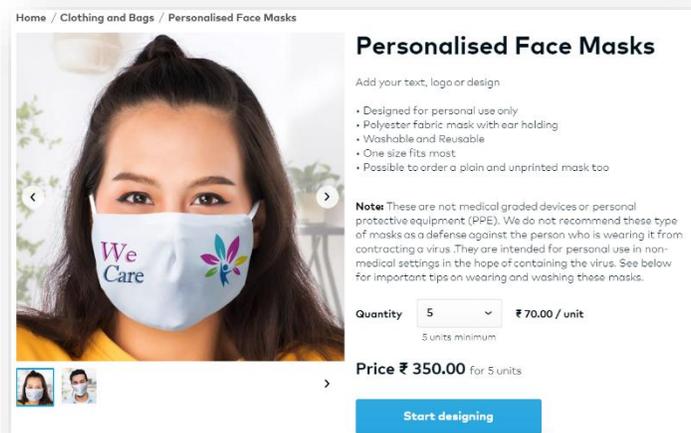
**Wow! Momo Foods**, has recently launched its grocery arm 'Wow! Momo Essential Services' when the brand witnessed monetary loss for the first time in April this year in its 11-year history. The grocery diversification which has partnered with ITC, Nestle and P&G to enable delivery of essential grocery supplies through third party vendors aims at reinventing the business model through agility.



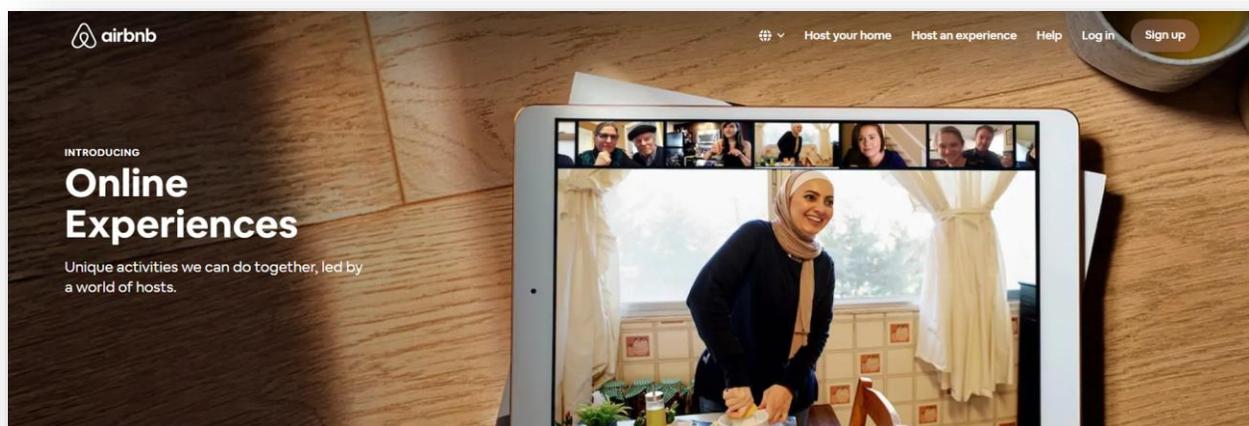


**Ferns and Petal introduced new digital gifting options like Celebrity Video Message (one can gift personalized video wishes for the occasion from the receiver's favorite celebrities like Aishwarya Sakuja, Jay Bhanushali, etc.), have either Violinists or Poets or Flute Players on Call, Digital Games, E-Greeting Cards, Digital Caricatures, etc.**

*The pandemic situation is pushing brands to think out of box. VistaPrint is providing a facility of ordering personalized masks.*



The **Airbnb** website has a segment, '*online experiences*', which offers a host of services such as online tutorials on wine-making, fitness lessons by Olympic athletes, Mexican Salsa lessons and much more, for a fee.



Swiggy and Zomato have started at-home delivery of groceries.



Brands are going out of the way to mitigate their losses. Smart brands are adapting to the changes in consumer behavior and thus, offering pertinent products and services to lure the targeted cohorts.

### Friends of Necessity

Reading the scenario and acclimatizing to the times, established FMCG players have forayed into the market of sanitizers such as **Marico with its Mediker brand, Dabur with its Dabur Sanitize, and Emami with its BoroPlus brand**. Marico has also come up with a fruits and vegetable sanitizer.



As authorities across the world urge people to wear masks to slow the spread of Covid-19, **the House of Anita Dongre** has said it has begun producing 3ply cloth masks. While in Delhi, designer Varun Bahl too, aims to start with a small-scale mask operation soon. The brands, from Louis Vuitton to L'Oréal, all luxury retailers have altered their production units from making perfumes to sanitizers and designer wear to medical gowns and masks.

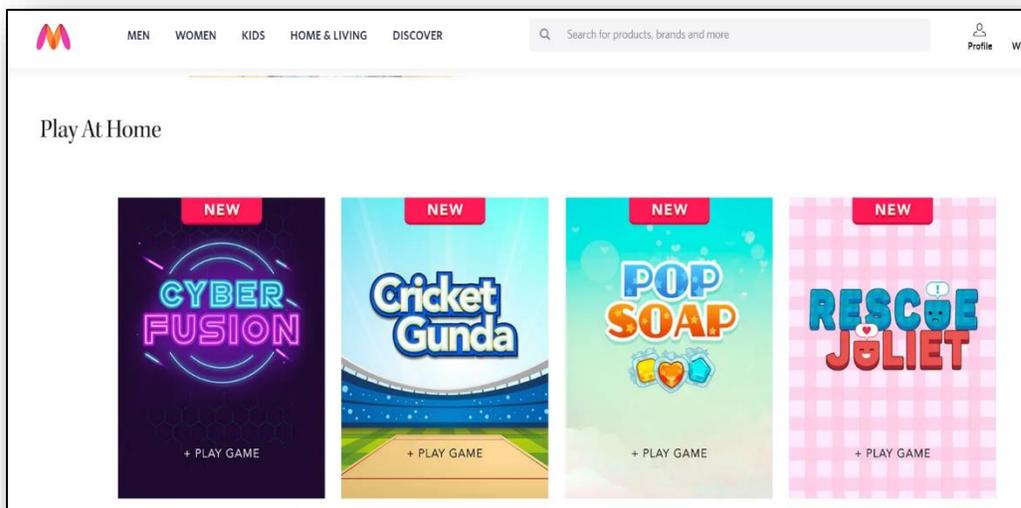
Another product launch is *Tulsi drops*, an immunity booster, launched by **Dabur**, leveraging its expertise in ayurvedic products.



**CavinKare** has entered the fray with *sanitizer sachets* under its brand **Chik**.

This concern is not limited only to hygiene sector. Multiple online platforms have taken responsibility to entertain their consumers.

**Myntra** has introduced gaming content to attract more traffic on its app.



Nykaa has launched DIY videos and work from home videos.



These steps have been taken not just with the goal of booking profits. More than that, it's about connecting with and reassuring their presence to the consumers. It is imperative for brands to stay purposeful and adopt an approach of authentic empathy.

Consumers' expectations have increased and thus, brands need to up their game. Consumers will embrace the brands which show a sense of responsibility and genuine concern in the hour of crisis.

### **Every penny counts – Affordable product choice**

With employment and financial markets under pressure leading in low consumer confidence and willingness to spend, brands see opportunity in this challenging scenario to entice new consumers by coming up with products with lower price points.

What every brand needs to understand is **Consumers, in the current times, may be spending less but are still spending**, limiting their spending powers to buy the right products/services from the brands they trust.



For example, **BharatPe** has partnered with **ICICI Lombard** to roll out '*COVID-19 Protection Insurance Cover*' for shopkeepers. One of its kind of sachet product, the premium starts at a nominal amount of Rs 210 and provides a sum insured for Rs 25,000 and value-added benefits such as health assistance and CHAT/Virtual assistance, teleconsultation and ambulance assistance, as part of the offering.

While Covid 19 poses threat to financial stability of consumers, they want brands to deliver real value in reasonable price.

### What's next?

The outbreak of the virus has resulted in drastic changes in the behavior of consumers. With the pollution drop and clean resources continuously circling around the internet, consumers have become more conscious about the social and environmental issues. Experts in the industry believe that Covid 19 would lead to conscious consumerism.

In recent years, attempts have been made to move from traditional linear economic model (take-make-dispose) to circular economy by embedding the 3R principle (Reduce, Reuse and Recycle) into production and consumption process. For example, Moms Co has partnered with RePurpose and created a brand experience that allows customers an option to offset the plastic content in their orders for less than \$1.



Some brands have already taken initiative to be more **thoughtful towards environment**. However, after Covid 19, lot more are going to jump on the bandwagon.

As the saying goes, "Necessity is the mother of invention", it would be interesting to see how brands keep evolving and innovating themselves in this time of crisis and prepare for the future.