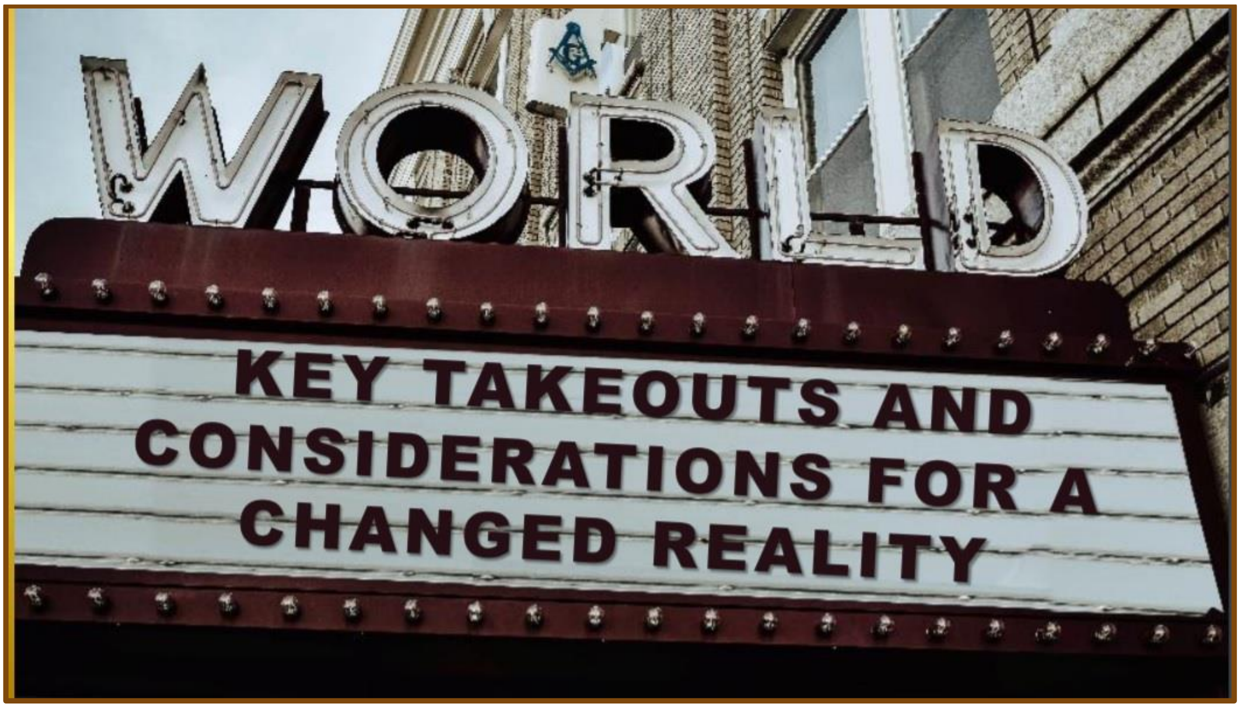


IAB SA / Kantar's Insights in Action, Session 13

Future brand implications from the Kantar C19 Barometer study

Kantar's eight-wave COVID-19 Barometer offers insights into how consumers have felt the impact of the pandemic and their resulting behaviour changes across over 150,000 people in over 60 markets since the world as we know it changed in March 2020.This allowed for consumer behaviour comparisons across continents and countries. Locally, a sample of 500 connected South Africans was spoken to in each wave of the study. 'Connected South Africans' are defined by the latest Establishment Survey as those with in-home internet access and account for 69% of the country, representative across region and race across the income spectrum, ranging from those earning below R5,000 household income a month through to high earners.

Field dates were aligned globally, with researchers in field at instrumental times from a South African context as the first wave tied in with the local State of Disaster announcement; wave 2 fieldwork started the day out strictest lockdown level 5 was implemented; markets started opening again in lockdown level 3, with those behaviour changes reflected in wave 5 results; and the final wave 8 was in field as we moved into lockdown level 2, with the alcohol ban lifted.

Reality check: South Africans are struggling financially

One of the core findings is that South Africans were among the most concerned markets across the 60 surveyed across each wave, with the level of concern dropping when active case numbers started to drop. As many as 72% of South Africans have already experienced an impact on their household income, while a further 18% expect to still in the future. This effectively means that only 10% of the population hasn't felt a negative financial kickback as a result of COVID-19.

This means there's rising concern about an economic recession, as worries about the impact of the pandemic to our daily lives decreases over time as consumers adapt and establish new routines. This presents a real opportunity for brands to enter the consideration set, with creative and innovative solutions as consumers are paying acute attention to prices and seeking out discounts, though not necessarily looking for the lowest price.

In addition, the overwhelming majority of South Africans approved of the way government handled the pandemic in the early days of lockdown but as time moved on, those approval rates started to rapidly decrease from wave 5 onwards. Interestingly, this decline in approval coincided with an increase in expectations by consumers that brands be an example and guide the change. Previously, our most important need from brands was for them to offer practical and realistic solutions to help us navigate the challenges like reduced budgets and new occasions of our new everyday lives. This is still important but has been rapidly overtaken by a need for brands to step up and support the nation. We're seeing this in action this month as MTN has dedicated its September marketing budget to a campaign around mask wearing, with all telecommunications companies offering zero-rated education services and Uber offering healthcare workers free rides, restaurant discounts via Uber eats and supplementing drivers' incomes.

That said, the Barometer shows the biggest brand opportunity is to consider how you support local. Consumers have acknowledged the need to support each other and the economy, with over three-quarters indicating a preference for local brands and stores as half of South Africans pay more attention to the origin of products and one in five wanting to see bands bring their production into South Africa. Consider where you support local and show consumers evidence of this, as is echoes the previous consumer sentiment and desire for brands to guide the change.

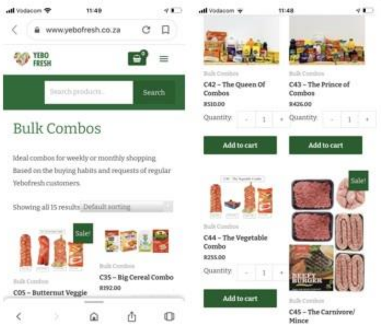
Shoppers are making a list, checking it twice…

Diving further into the physical store experience, most respondents still prefer to shop close to home, avoiding superstores and big malls. Looking at that shopper behaviour in-store, one of the biggest changes is the fact that detailed lists are now being made prior to shopping, to minimise time spend in-store.

This means browsing, impulse purchases and brand conversion at shelf are less likely as the brand decision was most likely already made before entering the store. In addition, the list-maker isn't necessarily the grocery-buyer or the one who did the household shopping previously, so if the list says: "Buy the X special on Y coffee brand in store Z," chances are that's what's going home.

Consumers are accessing brands via price promotions, bundling and loyalty programmes. In time, we can expect to see innovation that will help consumers continue to access brands at tighter budgets persist

Yebo Fresh combo deals based on buying habits



Shoprite uses bundling and price promotions

Checkers and Woolworths drive their loyalty programmes

With voice search on the rise and consumers more likely to clip specials they've seen in print and save special loyalty offers they've been emailed, brands need to work harder to be built into the shoppers' list and turn up in consumers' pre-shopping planning moments. Because despite our financial need for lower prices, we seek comfort in the familiarity of the brands we know and trust as they offer stability and reassurance during a crisis.

In fact, some brands are so loved that shoppers will go to great lengths to find their favourites, even switching stores to do so, as it's a case of triangulating 'what I want' with 'what I can afford' and 'when do I need it?'

When it comes to online shopping, the Establishment Survey's pure random study dovetails with the Barometer findings that over 90% of online consumers use WhatsApp and Facebook, with 75% accessing Instagram, which in turn informs the way ecommerce is evolving in our country.
Of those surveyed, 77% have bought something online in the last month, largely to avoid health risks, easily access and locate a wide range, and the convenience of delivery. This shows that the appetite

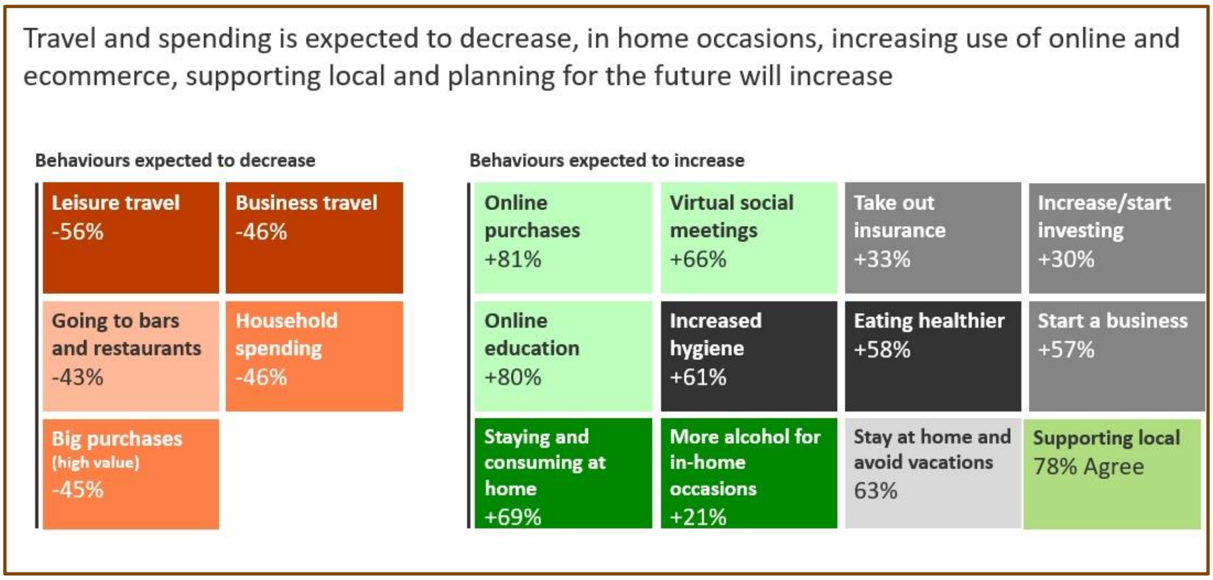
for online behaviour is there, so brands need to seriously consider their ecommerce strategy looking forward.

The long-term view: Invest in inclusive Mzansi ecommerce, in-home occasions

Physical retail remains the forerunner, but it's undeniably time to invest in digital platforms as there's an interesting coexistence currently at play. Use of physical stores declined during lockdown level 5 but increased around wave 3 when the economy re-opened, as did use of ecommerce, with both maintaining those increased levels.

But that ecommerce isn't necessarily the traditional web-service seen in other markets. Our densely populated areas don't always come with clear street names, making delivery a challenge. With internet access expensive and sporadic during the day, it's little wonder that we've seen innovation based on high use of platforms like SMS, WhatsApp, Facebook and Facebook Messenger, with township deliveries by bicycle and mobile payment simplifying the process. This proves the need to investigate partnerships that'll help your brand overcome data access and delivery infrastructure challenges.

Looking forward for a glimpse of what's expected to happen in future, the health risk and reduced budgets means travel is no longer on the cards and high-value items will likely be deprioritised.



In addition, in-home occasions are expected to increase, especially as 43% of respondents are likely to avoid bars and restaurants in future, as 69% plan to consume food and beverages at home and 21% will consume more alcohol in-home than in the past – the implications are especially interesting with the festive season approaching.

There's also an untapped opportunity for financial brands to educate and support those looking to open a business and plan for the future through taking out insurance and investments – this skews younger than expected and hints at the possibility of becoming a saving country in future.

Sticking with that long-term view of profitability and brand health, we'll need to stop trading on price and work to build desire to secure future demand and brand equity. Analysis of our BrandZ™ Top 30 Most Valuable South African Brands study and work in past recessions shows brands that continue to meet consumer needs in difficult times recover faster, as consumers are more likely to pay more for brands they consider to be meaningfully different. It's as simple as meeting their needs to generate affinity and love for the brand. Amplify that meaningful difference in your communications to remain top-of mind, as this is the magic mix that motivates people to pay more and justifies them paying the price, resulting in higher satisfaction and better brand recovery ahead of your competitors.
It's good business practice for now and the future.

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