NAVIGATING COVID-19
CHANGING CONSUMER DYNAMICS

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FOR THE LATEST INSIGHTS VISIT: NIELSEN.COM/COVID-19
COVID-19 HAS SHAKEN WORLD’S ECOSYSTEMS

CONSUMER BEHAVIOR ACROSS MARKETS IN THE IMMEDIATE TERMS HAS DEFINITELY CHANGED, THE SUBSEQUENT QUESTION IS “WHEN WILL IT RETURN TO NORMAL?"

THE ANSWER MAY WELL BE NEVER.
NIELSEN CONNECT
INTELLIGENCE. FASTER.
HOW HAS CONSUMPTION CHANGED?

RE-PRIORITIZING EATING AT HOME
% Respondents – Eating/Cooking at Home “More Often” since COVID-19

FOOD DELIVERY. More often
% Respondents

TAKE-OUT FOOD. More often
% Respondents

SALES EVOLUTION WILL DIFFER BY CATEGORY

**Hand Sanitizer**

**Toilet Soap**

**Adult Analgesics**

**Pasta**

**Household Cleaners**

**Toilet Tissue**

**Ambient Soup**

**Noodles**

### SOURCE: Nielsen Retail Measurement Services Weekly Sales Growth Trend vs. Year-ago.

**UNITED KINGDOM**

**JAN 7**
- China reports novel coronavirus

**JAN 31**
- UK Public health campaign launched

**FEB 22**
- <10 cases

**FEB 23 – 29**
- 10 – 20 cases
- PM unveils COVID-19 Action Plan, declared "level 4 incident"
- Govt launches public health/hygiene campaign

**MAR 1 - 7**
- 35 – 206 cases
- PM announces non-essential contact; working from home; avoiding pubs etc
- Schools are closed except for children of key workers

**MAR 8 - 14**
- 35 – 206 cases
- PM unveils COVID-19 Action Plan, declared "level 4 incident"
- Govt launches public health/hygiene campaign

**MAR 15-21**
- 35 – 206 cases
- PM unveils COVID-19 Action Plan, declared "level 4 incident"
- Govt launches public health/hygiene campaign

**MAR 22-28**
- All schools, cafes, pubs, restaurants, cinemas, gyms and shops selling non-essential goods remain closed from 23 March.
POST – PANDEMIC EATING HABITS

EATING AT HOME MUCH AND LITTLE MORE OFTEN, % OF RESPONDENTS

Source: Nielsen Global Survey “Understanding the Impact of COVID-19 on Consumer Behavior” conducted in March 2020 Field dates differ across markets
CONSUMPTION CHANGES

REGENERATION CONSUMPTION DYNAMICS

Accelerated technology adoption will underpin the consumption dynamics

- Wallet Adjustments
- Reassessed Pricing Mechanisms
- Rebalanced FMCG Baskets
- Reprioritised Values
- Origin Preferences
- Reset Brand Relationships
LENGTH OF COVID PERIOD WILL IMPACT CONSUMER SPEND

Short Term <3 m  Mid Term: 4-12 m  Long Term: > 12 m

Source: Nielsen Global Survey “Understanding the Impact of COVID-19 on Consumer Behavior” conducted in March 2020 Field dates differ across markets
CHANGE IN ONLINE SHOPPING HABITS

SHOPPING ONLINE MORE, % OF RESPONDENTS

E-COMMERCE BOOM

From convenience to social function

+162.1%

PROGRESSIVE 2020

Prog. 30Dec19 – 29Mar20

ONLINE

+71.1%

PRE COVID-19

Post COVID-19

+44.0%

+104.4%

x2.4

Source: Nielsen eCommerce tracking, sales by value, Total Italy online & offline
CONSTRAINED SPENDING MAY ALTER PRE-COVID PRICING LANDSCAPE

More focus on value offerings

VALUE SHARE OF PRICE TIERS – ALL FMCG

- SUPER-PREMIUM
- PREMIUM
- MAINSTREAM
- VALUE

Source: Nielsen Retail Measurement, MAT Apr/May 2019
CHANGING PRIORITISES WILL IMPACT ASSORTMENT

New space for innovation and new listings in demand categories

HEALTH

LOCAL ORIGIN

VALUE BRANDS
HEALTH-MINDED BUYING WILL REMAIN WELL-BEYOND THE PANDEMIC

29% of U.S. consumers expect the changes in their purchase behavior for health products to last for the next 6 months of more.

43% of U.S. consumers plan to purchase health & wellness products online after the pandemic.

IN CHINA

A majority of shoppers plan to prioritize healthy eating after the pandemic:

80% said they would pay attention to eating healthy after the pandemic.

Source: Nielsen Global Survey “Understanding the Impact of COVID-19 on Consumer Behavior” conducted in March 2020
MOST RELEVANT BENEFITS IN READY TO EAT AND DRINK PRODUCTS

<table>
<thead>
<tr>
<th>TOP FIVE BENEFIT CLAIMS</th>
<th>US</th>
<th>UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contains healthy supplements like vitamin C, D, Omega 3, probiotics</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>It is nutritious</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Delicious taste</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Helps keep my immune system strong</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Made out of high quality ingredients</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Nielsen BASES COVID-19, consumers’ sentiment; Quick Screen claim analysis across 15 countries
LEANING TO LOCAL: SUPPLY & ECONOMIC ASSURANCE

‘Homegrown’ will become increasingly important

23% deeply devoted, only buying local products.

57% mostly buy local, will consider those from other countries.

ONLY BUYING LOCAL

Source: Nielsen global disLoyalty Survey. % Always influenced to try or switch brands
WHAT WE HAVE LEARNED FROM FMCG MANUFACTURES AND RETAILERS IN CHINA
COVID-19 ACCELERATES ONLINE ADOPTION

Online buying will emerge as part of the “new normal”

NEW HABITS: NEW NORMS

In China and South Korea older consumers began venturing online, welcoming the security and convenience that technology could provide amidst restrictions of movement and heightened caution.

IN CHINA

Shoppers are planning to continue to buy necessities online after the pandemic:

89% SAID THEY WOULD BE MORE WILLING TO BUY DAILY NECESSITIES / FRESH PRODUCTS ONLINE AFTER THE PANDEMIC

BEHAVIOUR CHANGES MAY STICK INTO THE FUTURE CREATING NEW RETAIL OPPORTUNITIES

Sources: 2) Nielsen Social Intelligence Survey on Coronavirus, Feb. 2020, Mainland China
Online shopping during covid-19 may be the embedded future reality

- 67% purchased daily necessities/ fresh products more than 2x per week
- 59% willing to buy daily necessities / fresh products more frequently online after the pandemic.

Multi-dimensional health attributes will become More influential

- Expanded buzz from diet / nutrition to encompass fitness, mental health, immunity and disinfecting / hygiene.
- 90%+ will consider buying air and water purifiers
- 77%+ will consider buying blenders and smart bands.

Smart technology to shape smarter experiences

- 93% would like a 5G phone
- 67% believe that A/VR can be used in future virtual shopping scenarios
- ~50% are interested in purchasing intelligent speakers / AI assistant

Long term investment in health

- 80% of respondent will pay attention to eating healthy even after the epidemic.
- 76% are planning to spend more on sport and fitness in future
- 60% will increase spending on regular medical checking

Source: Nielsen China Coronavirus Survey - Feb.24-Feb.29. Nielsen Social Intelligence Solution
HOW RETAILERS IN CHINA WILL ADJUST TO A NEW NORMAL

67% WILL INVEST MORE IN ONLINE CHANNELS & APPLICATIONS FOR THEIR CONSUMERS

53% WILL ADJUST THEIR PRODUCT MIX TO INCLUDE MORE HEALTH & SAFETY PRODUCTS IN INVENTORY AND ON-SHELF

43% WILL WORK ON THEIR SUPPLY CHAINS (ESP. FOR FRESH FOOD)

"As China returns to a new normal, there are sweeping learnings from their experience. It has been a very challenging time. Consumer habits have changed and manufacturers and retailers are looking ahead to turn the crisis into an opportunity"

JUSTIN SARGENT
President, Nielsen China

Source: Based on a Nielsen China survey of 10,000 retailers
Thank you!

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