Consumer Interaction & Engagement – Post Covid Opportunity

Presented by Dairo Opeyemi @ 2021 ADVAN Market Outlook

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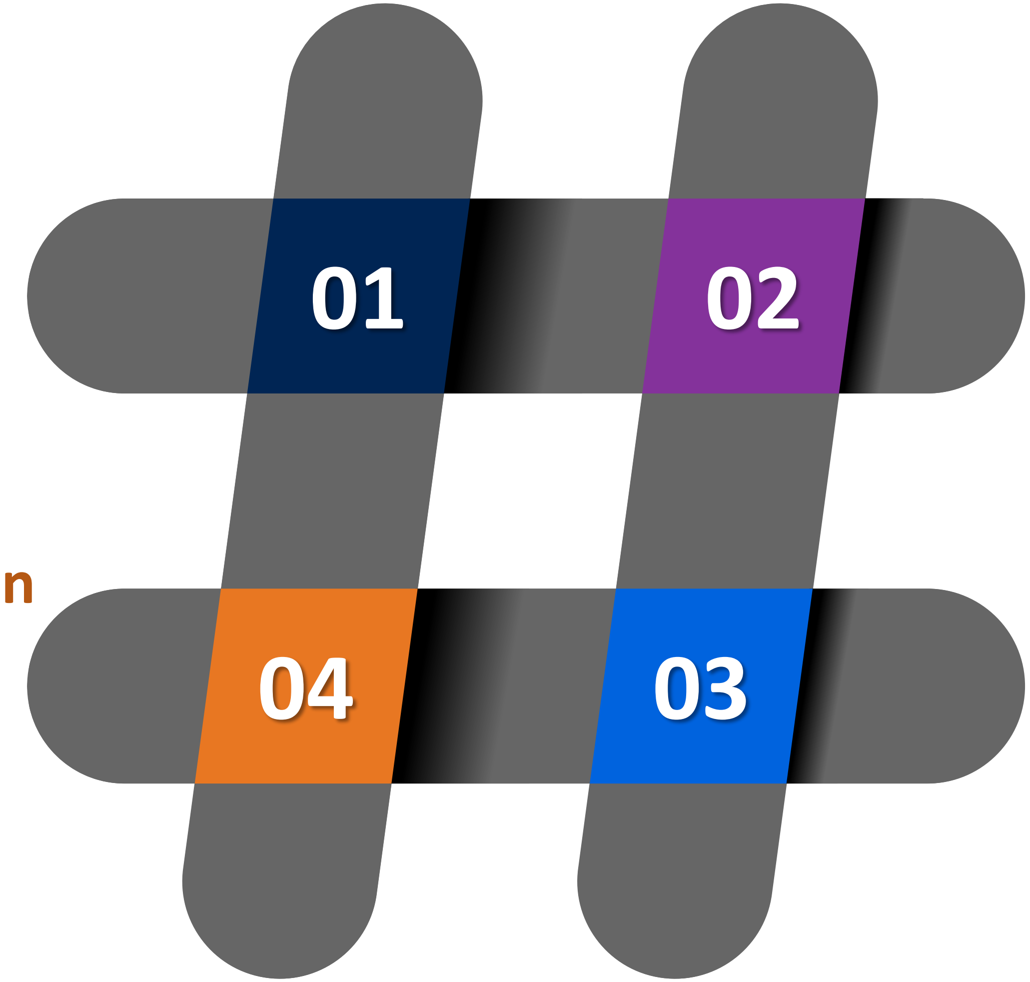
Challenging Times?

1

Covid 19 driving global economy towards the South and Nigeria is not left out

Nigeria is out of recession in Q1’21, but inflation is still on the increase!!!

Highest inflation rate seen in 3 years - 18.2%(March’21)



Unemployment rate increased to 33.1% in January’21

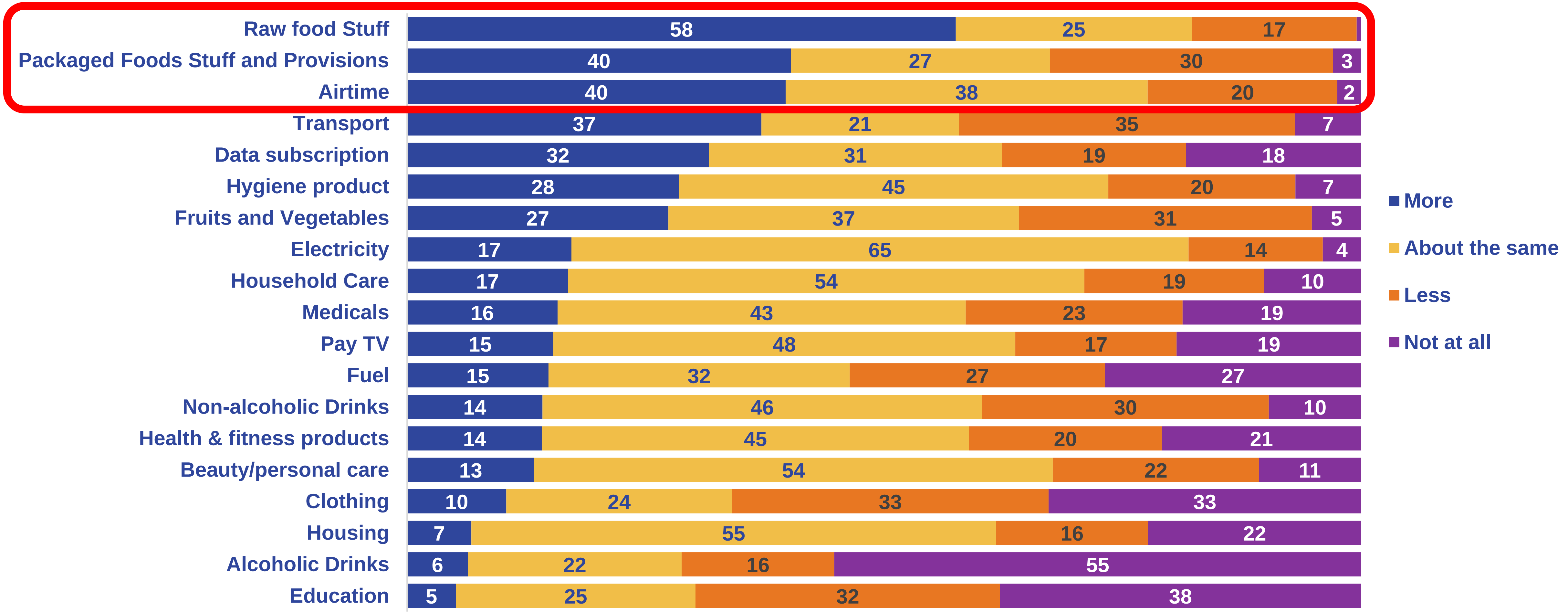
Exchange rate - N490/$ in parallel market, N380/$ CBN (April’21)

Our foreign exchange reserves dipped by $632.9m in March’21 (lowest in 10 months)

Source: NBS, World Bank

…thereby putting a lot of pressure on the citizens' disposable income

Shift in share of wallet (%)



Source: Ipsos Consumer Pulse Study

How are consumers reacting to this economic pressure?

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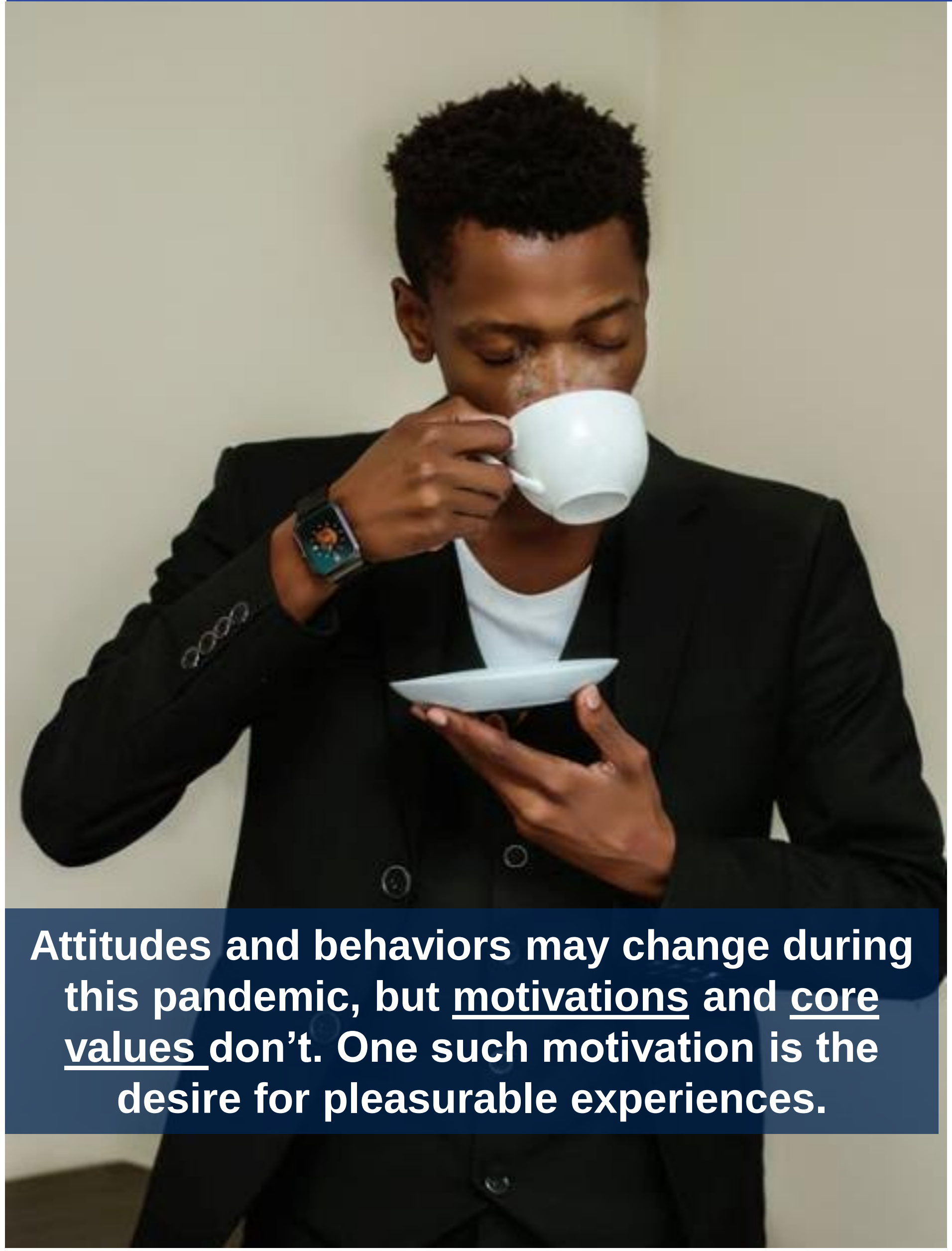
Prioritization of needs is topmost on their agenda

Consumers are re-prioritizing their needs in the scheme of things



Attitudes and behaviors may change during this pandemic, but <u>motivations</u> and <u>core values</u> don't. One such motivation is the desire for pleasurable experiences.

Ipsos Nigeria conducted a survey among 2,213 respondents and we asked these respondents group the product categories and here are the groups we got:

Essentials
necessary for survival

Treats
indulgences whose immediate purchase is considered justifiable

Postponables
items whose purchase can be reasonably be postpone till other time

Expendables
items perceived as unnecessary

Personal Care, Foods and beverages top the list of things that are important to them

Essentials

- Toothpaste 87%
- Bathing Soap 87%
- Detergent 81%
- Body Cream 67%
- Noodles 59%

Treats

- Carbonated soft drinks 45%
- Fruit Juices 44%
- Malt Drinks 43%
- Biscuits 37%
- Drinking Yoghurt 35%

Postponables

- Bleaches 37%
- Sport Drinks 35%
- Nutrition Drink 32%
- Disinfectants 31%
- Cereals 29%

Expendables

- Cigarette 73%
- Bitters 60%
- Spirits 57%
- Beer 53%

NOTE: What you have in each buckets are the top categories

Source: Ipsos Consumer Pulse Study

What opportunities can we see

3

Marketers need to optimize their portfolio and make their brands relevant in crisis time

Shoppers are embracing new ways of connecting with categories across channels

About half of the respondents have shopped at least once online.
2 in 10 online shoppers bought Food and beverages online in the last 2 weeks

Online Shopping Penetration

50%

Said they have shopped online at a particular time

Last Online Purchase

27%

Has shopped online within the past 1 months

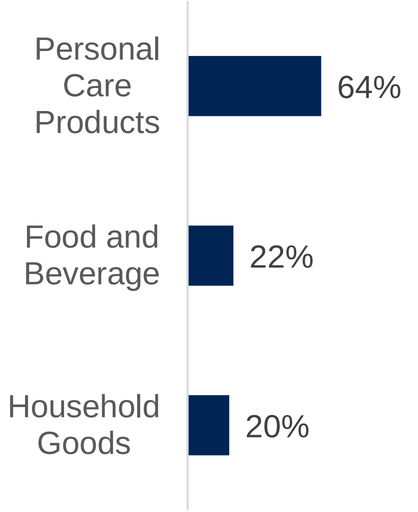
Frequency

16% buys online at least once in 2 weeks

Platform used by Online Shoppers

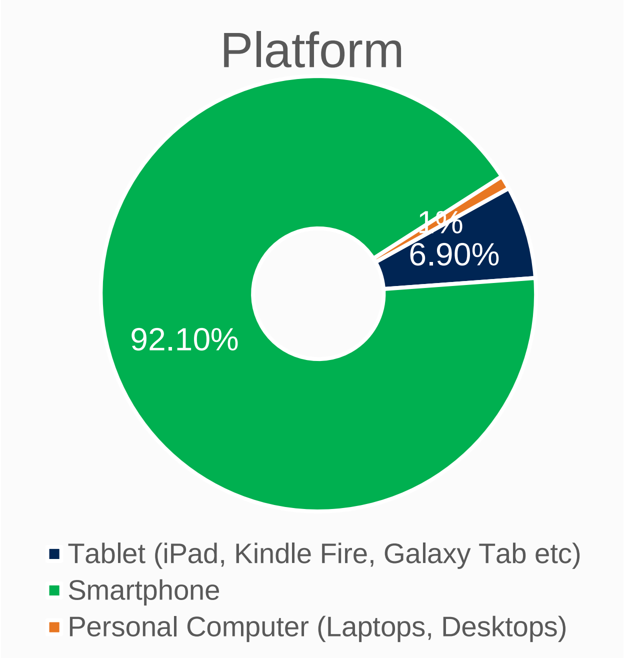
JUMIA Nigeria's No.1 Online Retailer	38%
Click and Mortal (Physical Stores Online Website (Shoprite online, Hubmart Online etc)	16%
Other online channels (unstructured platforms)	12%
konga	7%

Categories Bought Online within the last 2 weeks



Majority of online purchase is largely personal care products

Device used for shopping in last online purchase



About 2 in 10 buys online once in 2 weeks.
About 4 in 10 online shoppers buy on structured eCommerce platforms but largely on Jumia. About 2 in 10 have also patronized the "Click and Mortal" online stores and this platforms are mostly accessed via smartphones

Dipstick was done in Nigeria among 100 respondents across Lagos, PHC, Kano and Abuja

And obviously eCommerce channel cannot be ignored any longer

Brands, Manufacturers and Providers will need to re-learn how to stay relevant in order to survive now and thrive thereafter.

Case Study: – Shifts in category shopping online by Nigerian consumers. This case study is based on Jumia's Top Selling Products between Oct 2019 till Date

Pre COVID

Trending Categories : Fashion (Men, Women), beauty and Computer Accessories

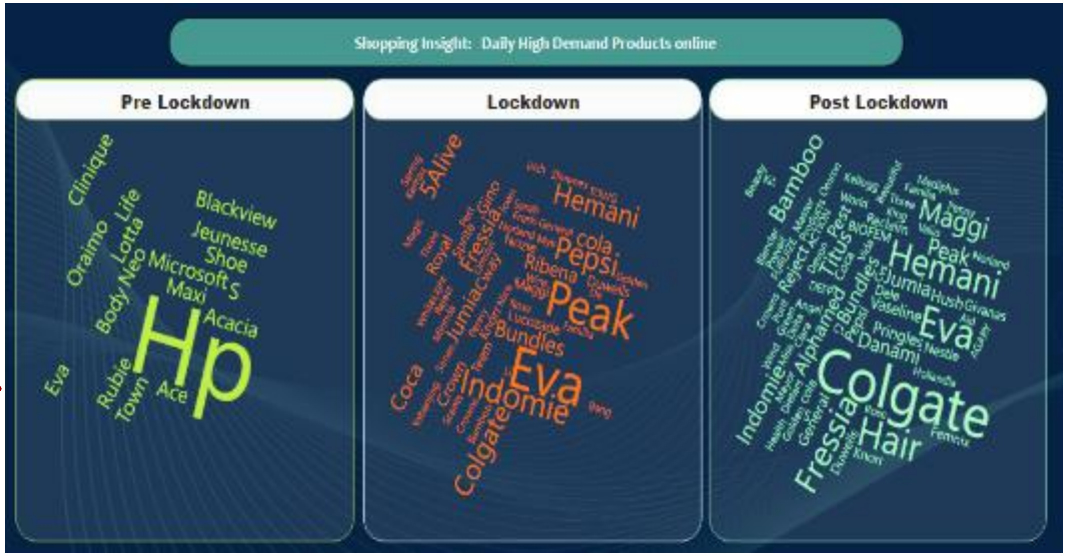
Habit Drivers : *Shoppers desires are more spread out to fulfill both immediate and futuristic needs. Increased trials, Impulsive spend and likelihood to splurge on paydays*

Now

Trending Categories : Groceries (Beverages, Drinks, Food) and Health, Personal care

Habit Drivers : *Shoppers desires are more prioritized towards daily needs. Survival is of essence this period. Limited spend due to uncertainty*

Online Shopper Basket Evolution – What brands featured



Shoppers are re-evaluating their shopping baskets in the light of today's realities. Transitioning from the Non-Essentials Pre COVID 19 and Interestingly, they are not focusing much on General Groceries Post - Lock down announcement. They are now stocking up on Health & Beauty categories and beginning to long for some relaxations - wanting to get more cozy indoors

Source – Daily top selling products on Jumia NG

What does this mean

There is a growing opportunity in the eCommerce channel and its available for those winning to take advantage of it

Brick and Mortals are transiting into "Click and Mortals"

Sprinting for survival: bricks to clicks acceleration in the age of COVID-19

Single use packaging driving affordability and availability – Also an indication of shrinking middle class and declining economy

Summary

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What we have seen consumer do post Covid-19

1. Consumers buying patterns are more of the essentials (Food items and personal care) than the posponables
2. We also see a lot of the shop owners / manufactures using multiple channels to reach consumers – Online and offline
3. A lot of manufacturers coming up with SKU tailored towards shrinking middle class and BOPs
4. Neighborhood dispatch companies on the increase as a result of the online activities

THANK YOU

GAME CHANGERS

Ipsos