

FEELING THE PRESSURE?

CONSUMERS AND THE POLYCRISIS

Briefing
Pack
July
2023

This document accompanies the July 2023 episode of Ipsos' KEYS webinar series. It comprises the slides presented at the webinar alongside additional material prepared by our team.



FEELING THE PRESSURE?

KEYS -
A WEBINAR SERIES
BY IPSOS

6 July
2023



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[Watch](#) the recording



FEELING THE PRESSURE?

CONSUMERS AND
THE POLYCRISIS

6 July
2023



Day
#187



A NEW WORD



A **polycrisis** is not just a situation where you face multiple crises. It is a situation... where the whole is **even more dangerous** than the sum of the parts.

– Adam Tooze, author & professor at Columbia University



AGENDA



01

The Dimensions of Public Opinion

Simon Atkinson
Chief Knowledge Officer, Ipsos

02

Crises, What Crises?

Priscilla Branco
Senior Manager, Public Affairs & Corporate Reputation, Ipsos in Brazil

03

Innovating in Uncertain Times

Jiongming Mu
Global Innovation Solutions Lead, Ipsos

04

Resilience and Dynamism

Suresh Ramalingam
Chief Client Officer, APEC, Ipsos

RESOURCES

Links to the recording and the presentations will be available at the **KEYS** website on 7 July

Including a “**Briefing Pack**” containing additional background information prepared by the team

FEELING THE PRESSURE?

CONSUMERS AND THE POLYCRISIS

Briefing Pack
July 2023



Ipsos

News & Events Innovation & Knowledge Our Solutions Ipsos.Digital platform ESG

KEYS - an Ipsos webinar series

Our Keys webinar series is dedicated to helping our clients better understand the dynamics of today as they prepare for tomorrow.

2 June 2023 Brands / Consumers / Society / Covid-19 / Election

KEYS

AN IPSOS WEBINAR SERIES

Our focus in this webinar series is on bringing together new perspectives, based on real-life experiences and insights grounded in research.

We start each episode with a round-up of the latest research from around the world, and then go on to explore one or more topics, guided by Ipsos' experts in the relevant field.

The recordings from the current season are listed below; each webinar is supported by relevant publications and research reports to help you explore the topics covered in more detail.

Our next episode: Feeling the pressure? Consumers and the Polycrisis

FEELING THE PRESSURE?

Consumers and the Polycrisis

KEYS - A WEBINAR SERIES BY IPSOS

Polycrisis is a new word in our language, describing a situation where we are dealing with a series of crises all at the same time. Alarm bells have been sounding as the world considers whether the cumulative impact of these crises will be greater than the sum of its parts.

Meanwhile, life goes on. Consumers continue to make choices about how and where to spend their money. And businesses continue to adapt, trying to ensure they are in the best

THE DIMENSIONS OF PUBLIC OPINION

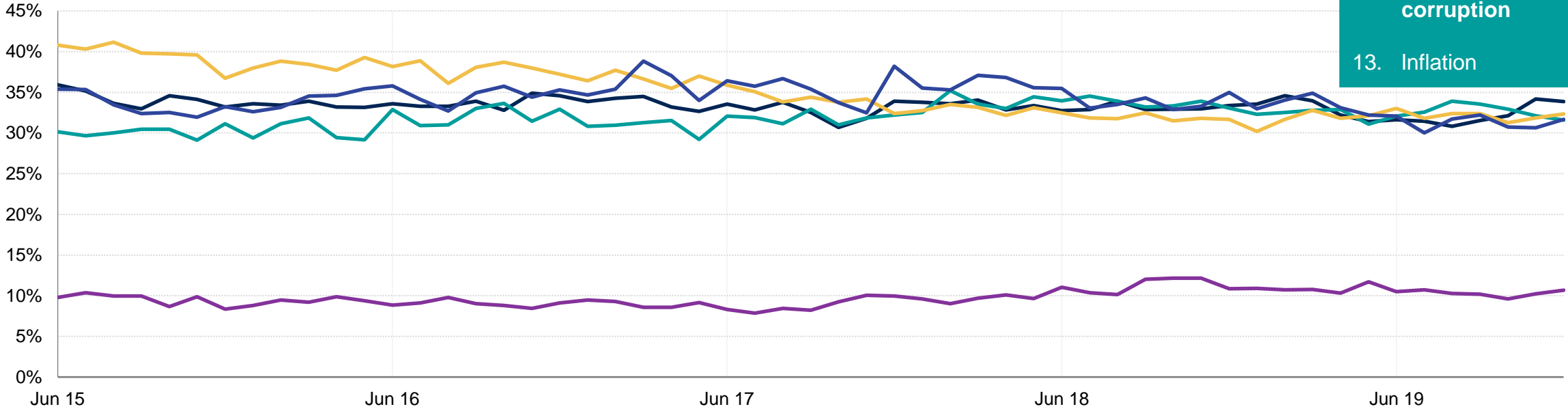
Simon Atkinson

WORLD WORRIES: 2015-2019

**DEC 2019
TOP ISSUES**

1. Poverty & social inequality
2. Unemployment
3. Crime & violence
4. Financial/political corruption
13. Inflation

Q Which three of the following topics do you find the most worrying in your country?
Global country average





Inflation



Poverty & social inequality



Crime & violence



Unemployment



Financial/political corruption

Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries, 2015 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.



WORLD WORRIES: APRIL 2020

Q Which three of the following topics do you find the most worrying in your country?
Global country average



61%

mention **Covid-19**
24/28 countries **#1 worry**



Inflation



Poverty & social inequality



Crime & violence



Unemployment



Financial/political corruption



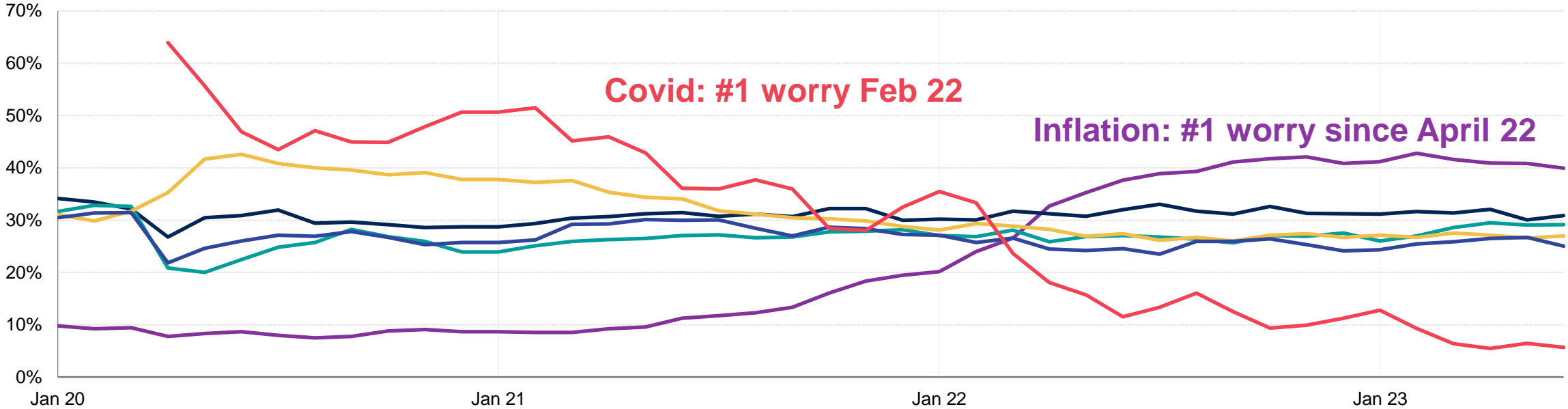
Coronavirus

*Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries, 2015 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.*



WORLD WORRIES: RECENT TIMES

Q Which three of the following topics do you find the most worrying in your country?
Global country average



Inflation

Poverty & social inequality

Crime & violence

Unemployment

Financial/political corruption

Coronavirus

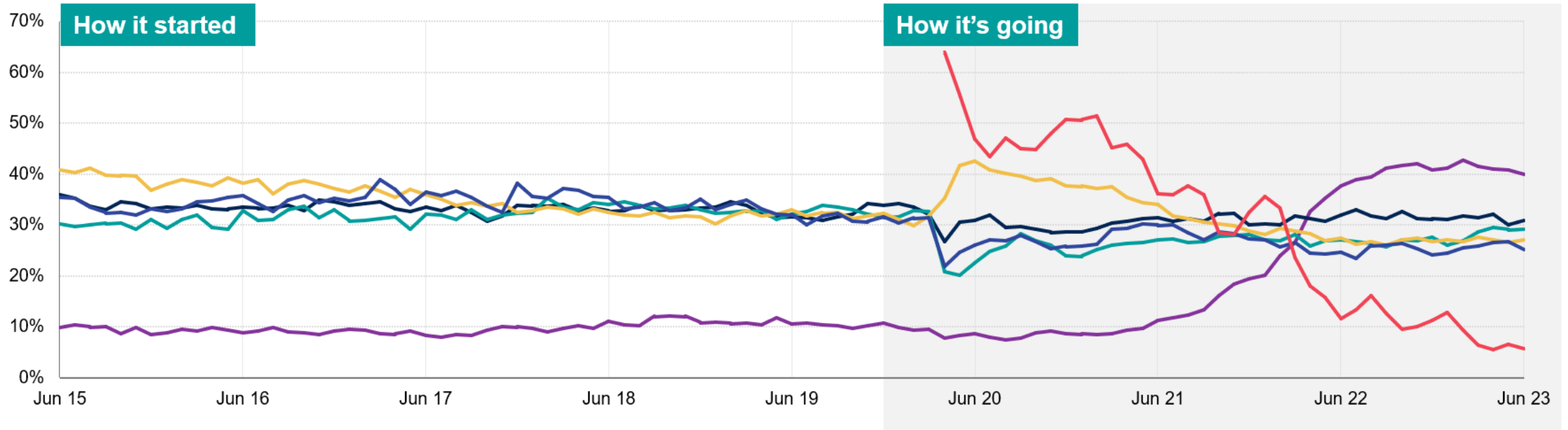
Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries, 2015 - 2023. Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.



THE PATH TO 2025

Q Which three of the following topics do you find the most worrying in your country?

Global country average




Inflation


Poverty & social inequality


Crime & violence


Unemployment


Financial/political corruption


Coronavirus

Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries, 2015 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.

THE DIMENSIONS OF A POLYCRISIS

AS WITNESSED THROUGH PUBLIC OPINON





ENVIRONMENTAL CRISIS



Explore [the results](#)

80%



“We are heading for environmental disaster if we don’t change our habits”



ENVIRONMENTAL CRISIS

CLIMATE CHANGE : SEVERITY OF EFFECTS AND EXPECTATIONS OF DISPLACEMENT

A 34-country Global Advisor survey for the World Economic Forum

September 2022

GAME CHANGERS Ipsos

Explore [the results](#)

56%



“Climate Change has
already had a serious
effect where I live”



GEOPOLITICAL CRISIS



Explore [the results](#)

48%



“Nuclear weapons will be used somewhere in the world” during 2023

ECONOMIC CRISIS



Explore [the results](#)

49%



“The economy in my country is already in recession”



ECONOMIC CRISIS



Explore [the results](#)

63%



“The rate of inflation will rise over the next 12 months”





ECONOMIC CRISIS



Explore [the results](#)

61%



My current situation:
“Just about managing /
finding it difficult”

THE POLYCRISIS AS SEEN BY PUBLIC OPINION

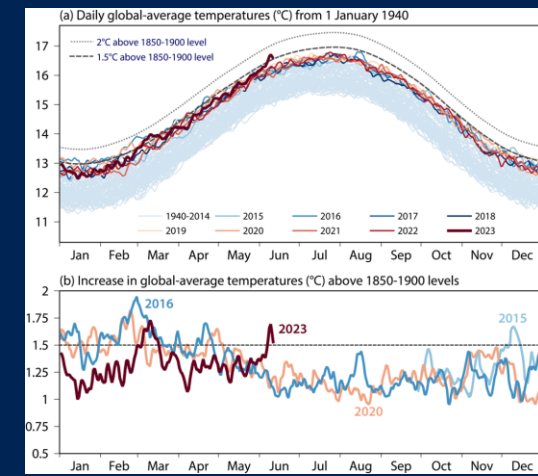
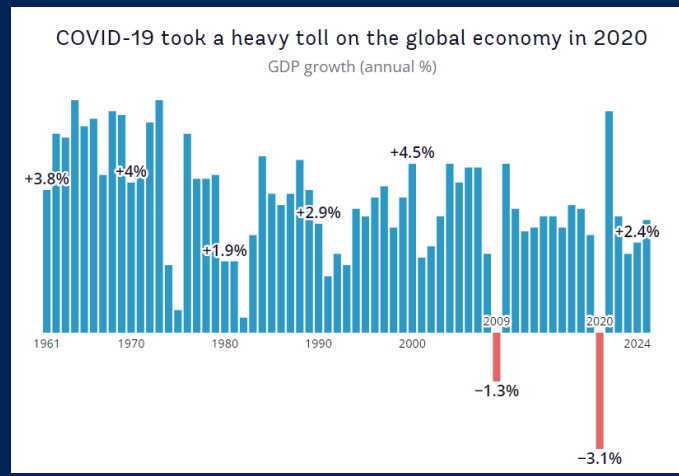
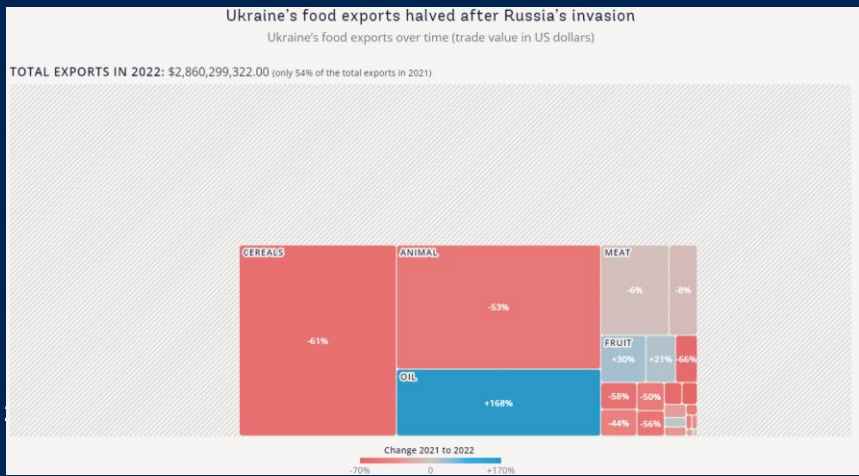
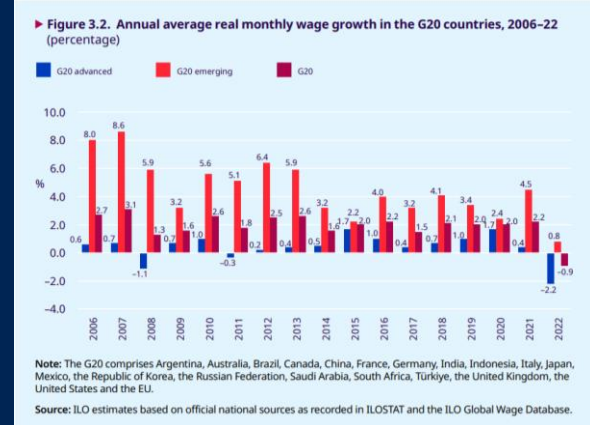
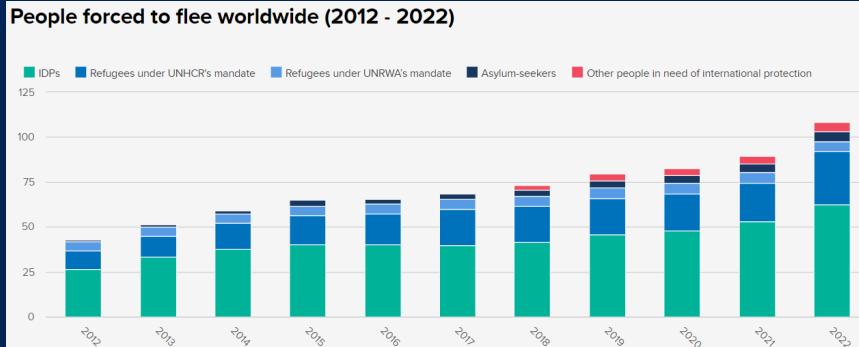


THE DIMENSIONS OF A POLYCRISIS

EXPLORING THE SECONDARY DATA SOURCES

REFUGEES | FOOD | ECONOMY | WAGES | CLIMATE

This briefing pack contains 10 data charts we found useful while putting this presentation together

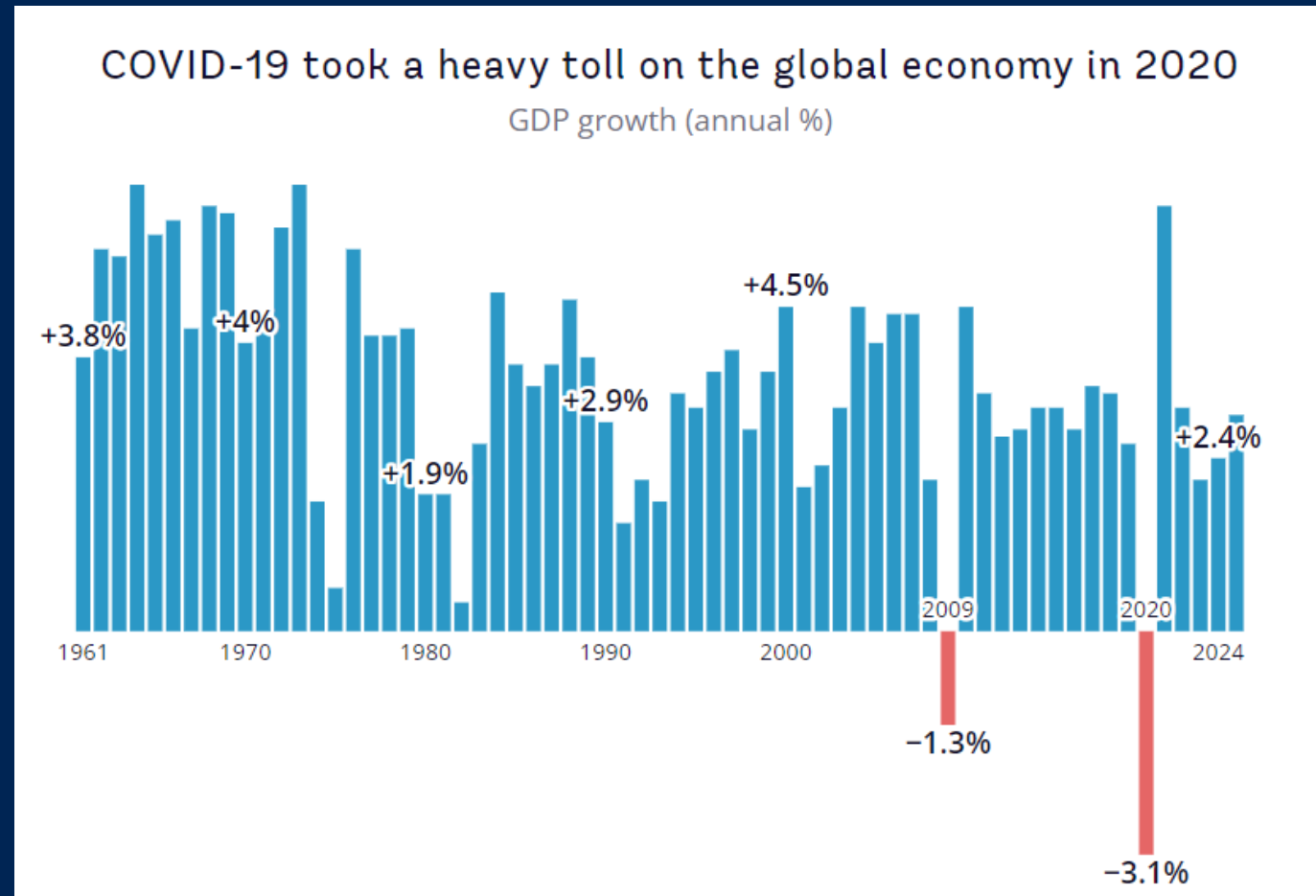


#1: SUDDEN REBOUND POST 2020, BUT...

We should not under-estimate the shock to the global economy.

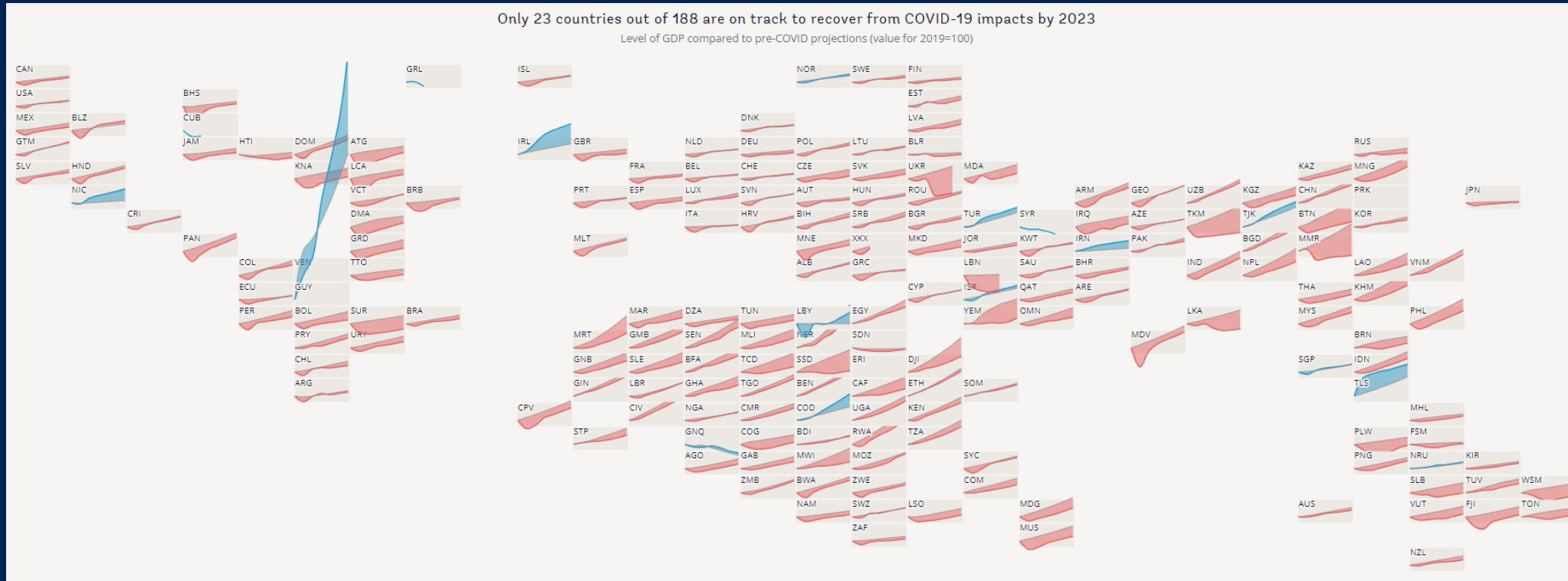
The 2020 Covid Pandemic caused the most serious global recession in the past 60 years, being more than twice as serious as the 2009 recession.

The high level of growth recorded in 2021 was essentially the result of the global economy's catching up with its previous growth trajectory, and not in any case the result of an acceleration of this trajectory.



Source: World Bank, *Global Economic Prospects*

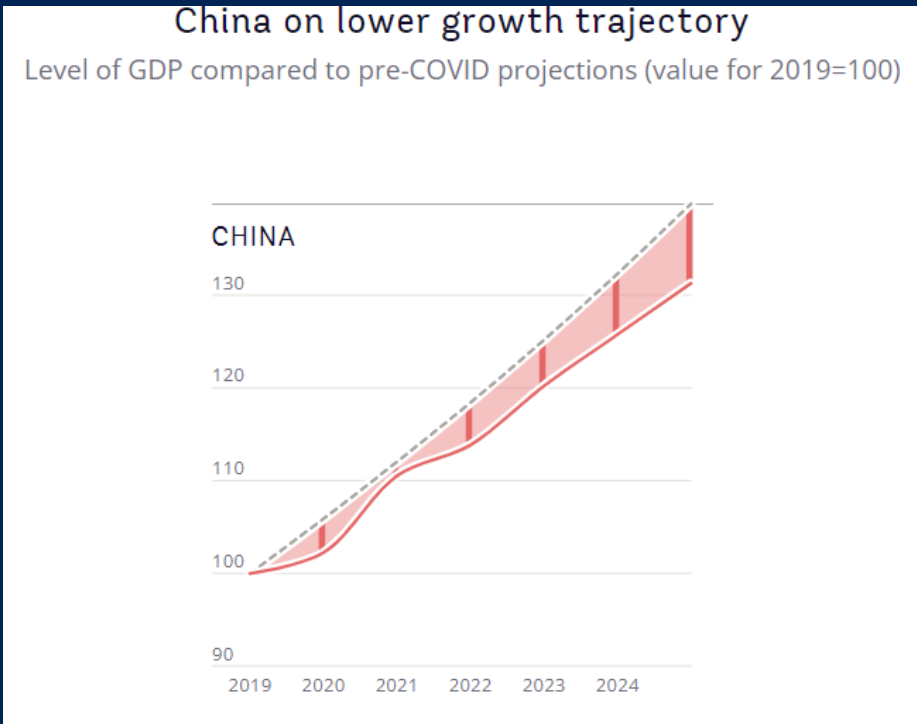
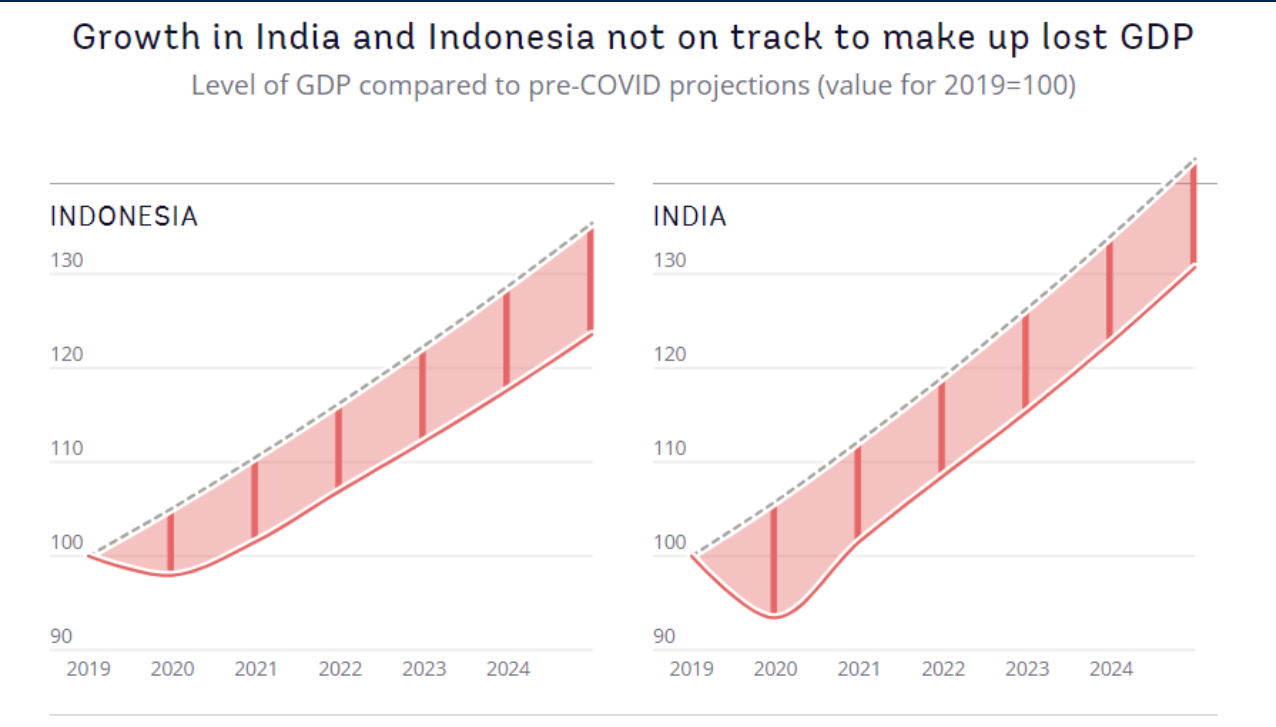
#2: MOST COUNTRIES NOW ON LOWER GROWTH TRAJECTORY



Source: World Bank, [Global Economic Prospects](#)

Countries around the world are now in search of their lost GDP. Only 23 out of 188 now are on a better GDP growth trajectory than if Covid and Ukraine hadn't happened. Among them there are Türkiye, Congo DRC, and Singapore.

#3: CHINA, INDIA AND INDONESIA STILL NOT ON TRACK TO MAKE UP FOR LOST GDP

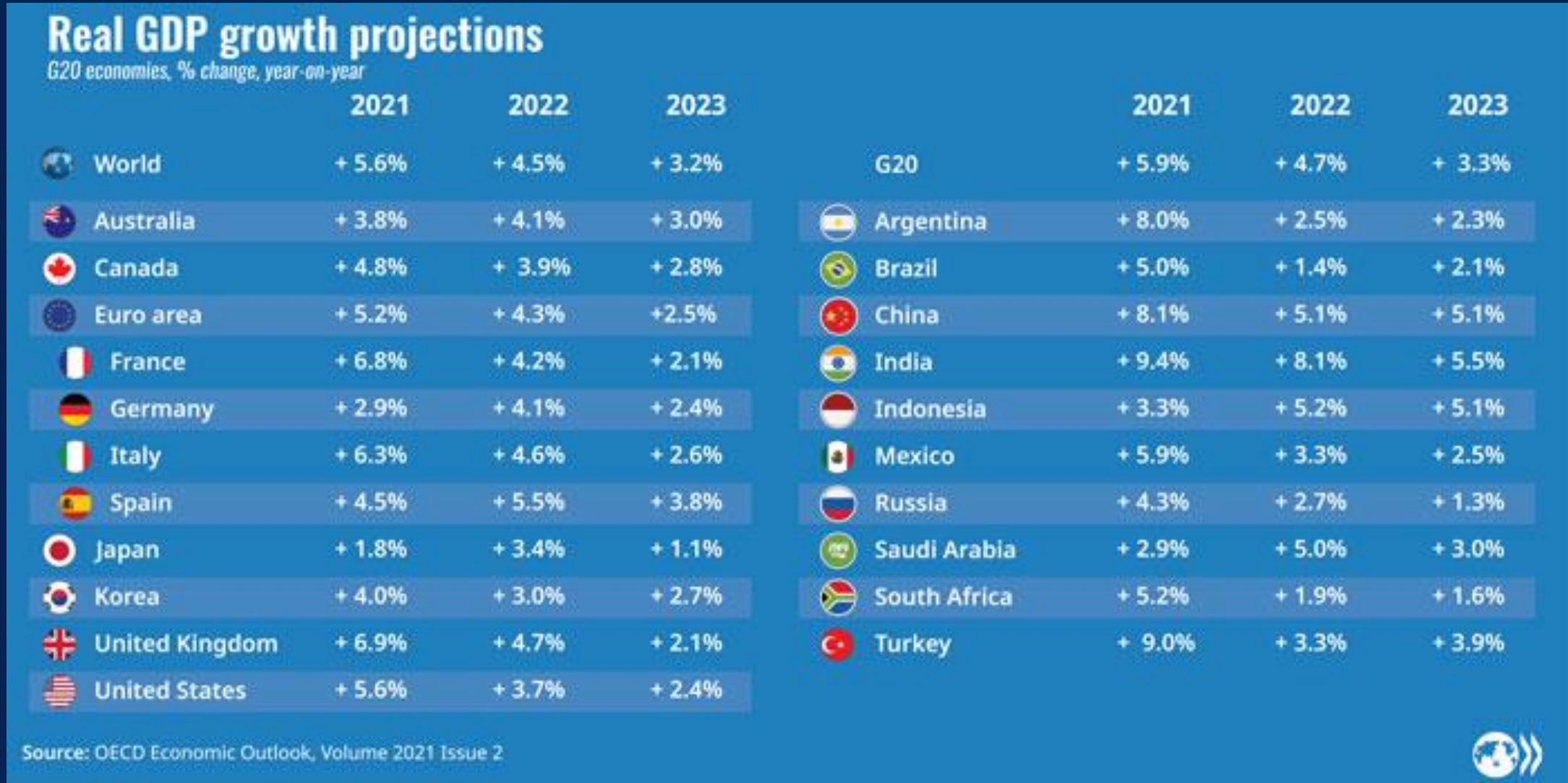


Source: World Bank, *Global Economic Prospects*

According to the IMF, China's share of world GDP is 18.92%, India's 7.47% and Indonesia's 2.52%. Hence when added together, these 3 countries account for **almost 30% of global GDP**.



#4: PRE-UKRAINE PROJECTIONS PROVED TOO OPTIMISTIC



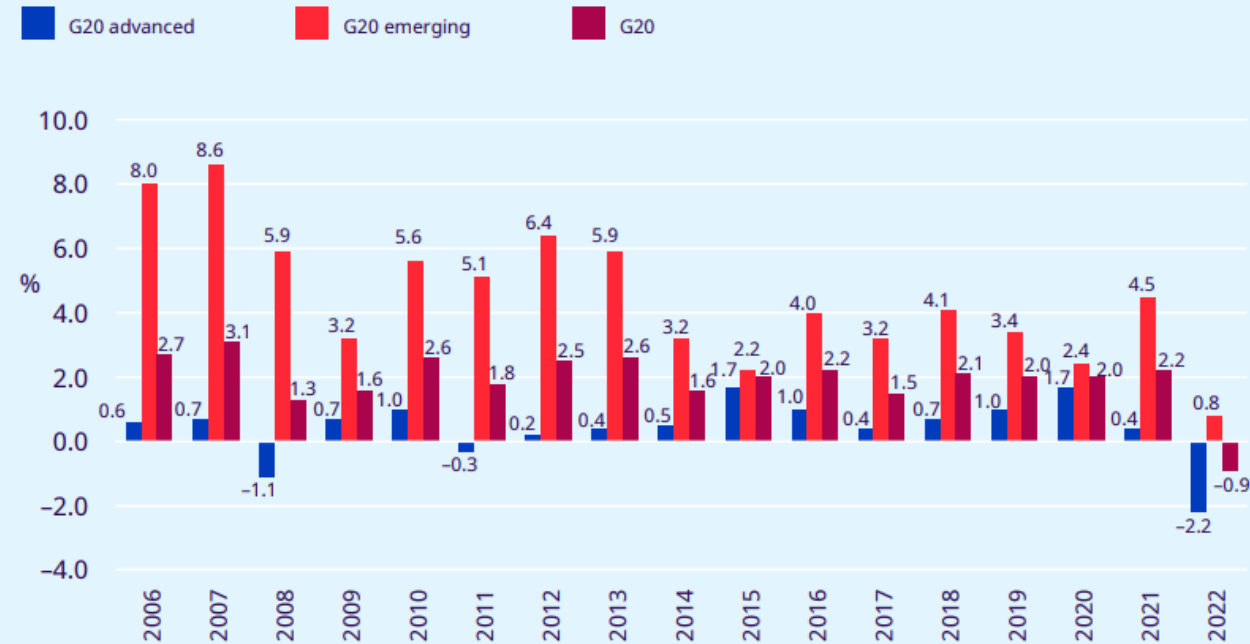
#5: REAL WAGES NOW UNDER REAL PRESSURE

People in many parts of the world were protected from the worst economic effects of lockdowns by government schemes to protect businesses and maintain employment levels.

As the chart shows, real wage growth may have slowed, but it did not stop altogether.

The picture for 2022, and 2023, with prices rising faster than wages, is very different, and **many people now face a fall in their living standards.**

► **Figure 3.2. Annual average real monthly wage growth in the G20 countries, 2006–22** (percentage)



Note: The G20 comprises Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Republic of Korea, the Russian Federation, Saudi Arabia, South Africa, Türkiye, the United Kingdom, the United States and the EU.

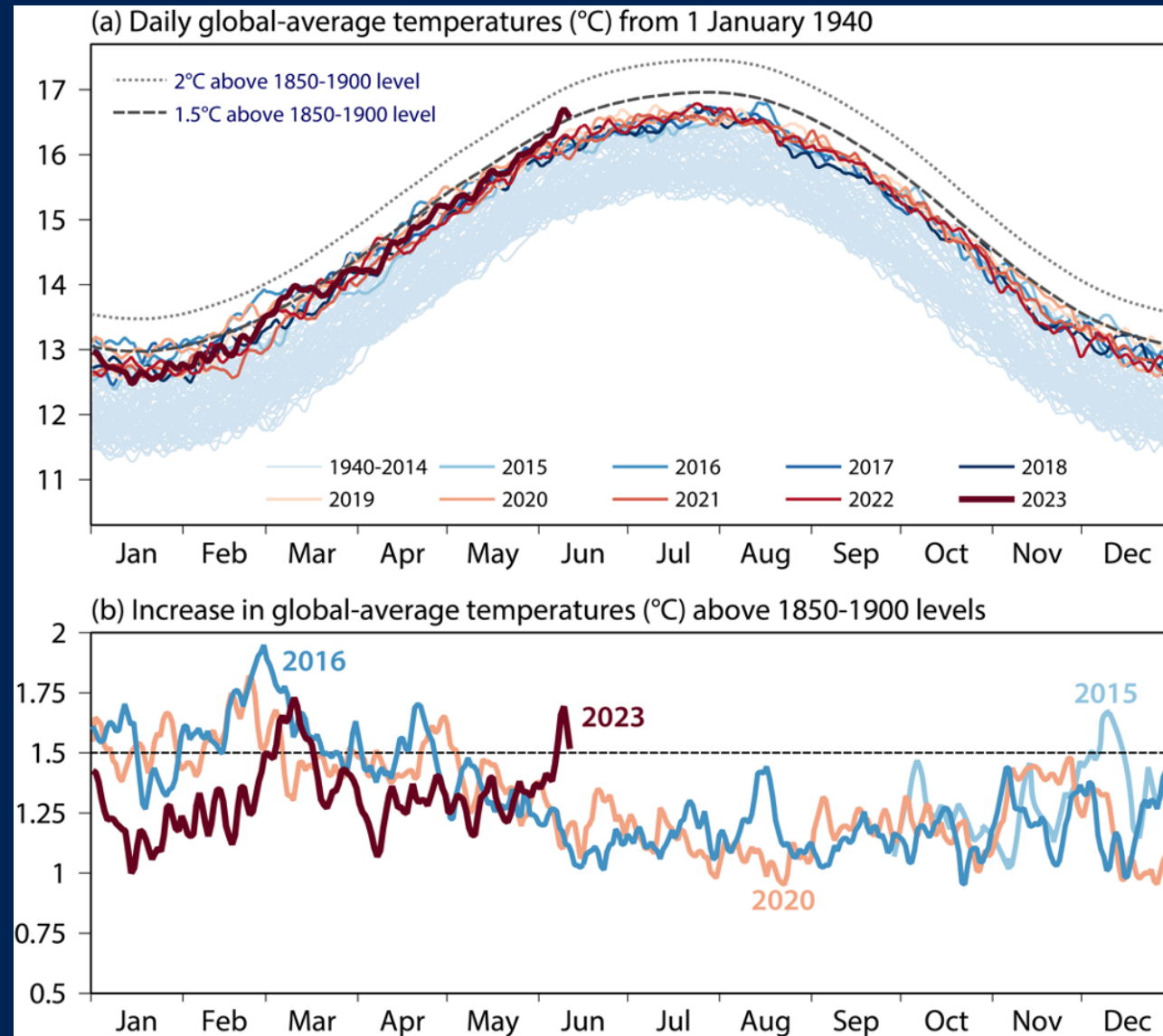
Source: ILO estimates based on official national sources as recorded in ILOSTAT and the ILO Global Wage Database.

Source: ILO, *Global Wage Report 2022–23*

#6: MEASURING CLIMATE CHANGE REALITIES

Record breaking: Global mean surface air temperatures for the first days of June 2023 were the highest in the ERA5 data record for early June by a substantial margin.

66% chance: These are the odds, according to [new scientific analysis](#), of the world exceeding the 1.5°C average warming limit (ie 1.5°C above 1850-1900 levels), agreed on at the Paris Conference on Climate.

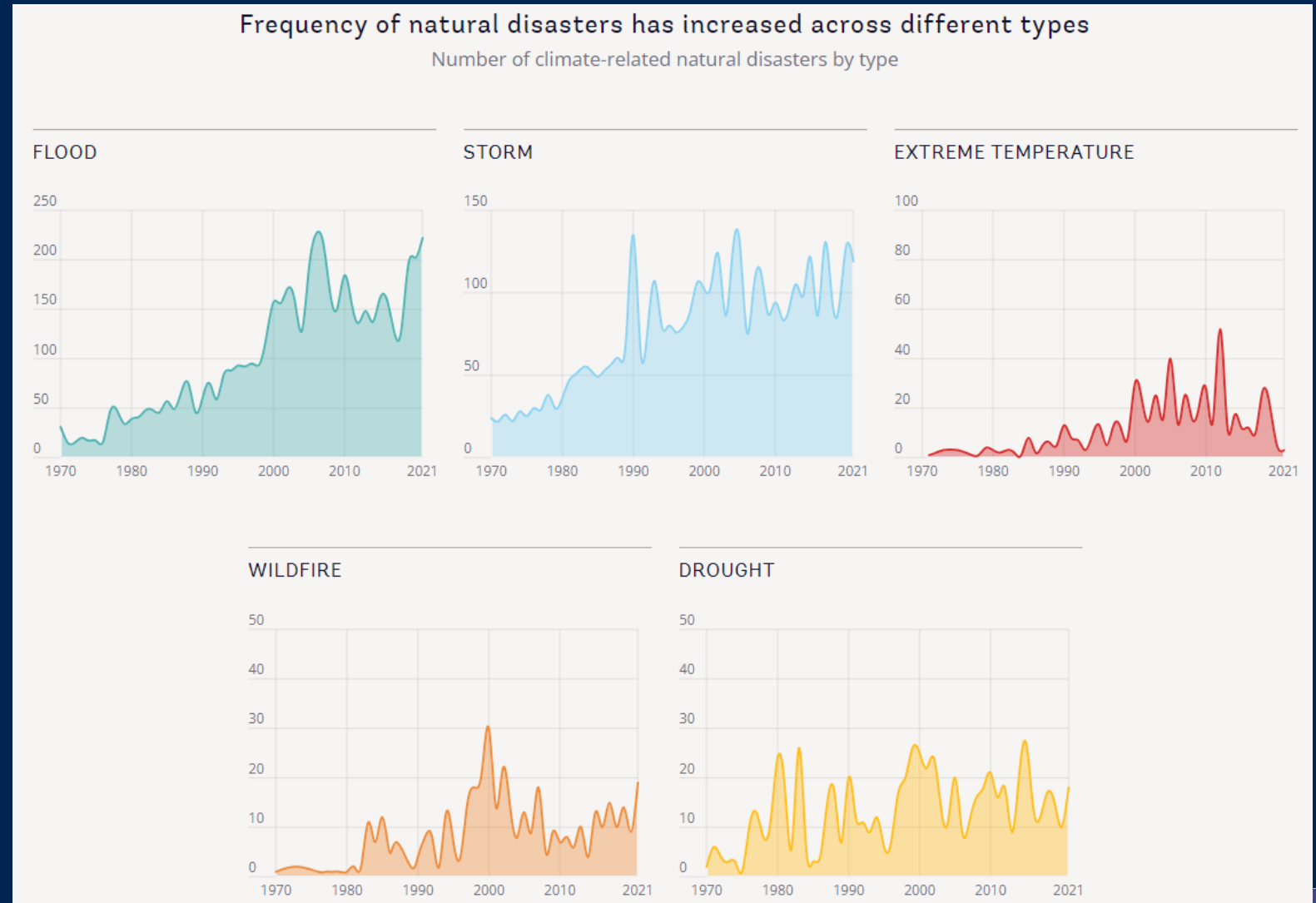


Source: EU Copernicus <https://climate.copernicus.eu/tracking-breaches-150c-global-warming-threshold>

#7: MEASURING CLIMATE CHANGE REALITIES

Flooding as the #1 risk: the frequency of climate-related disasters is tending to increase, particularly for floods, whose effects are usually more serious than extreme temperature.

The devastating flooding in Pakistan in 2022 is an example of the destruction that can result from climate-induced disasters. Nearly 1,700 people died, about 8 million people were reported displaced, with many living in conditions compromised by damage to critical infrastructure and utility services (World Bank).



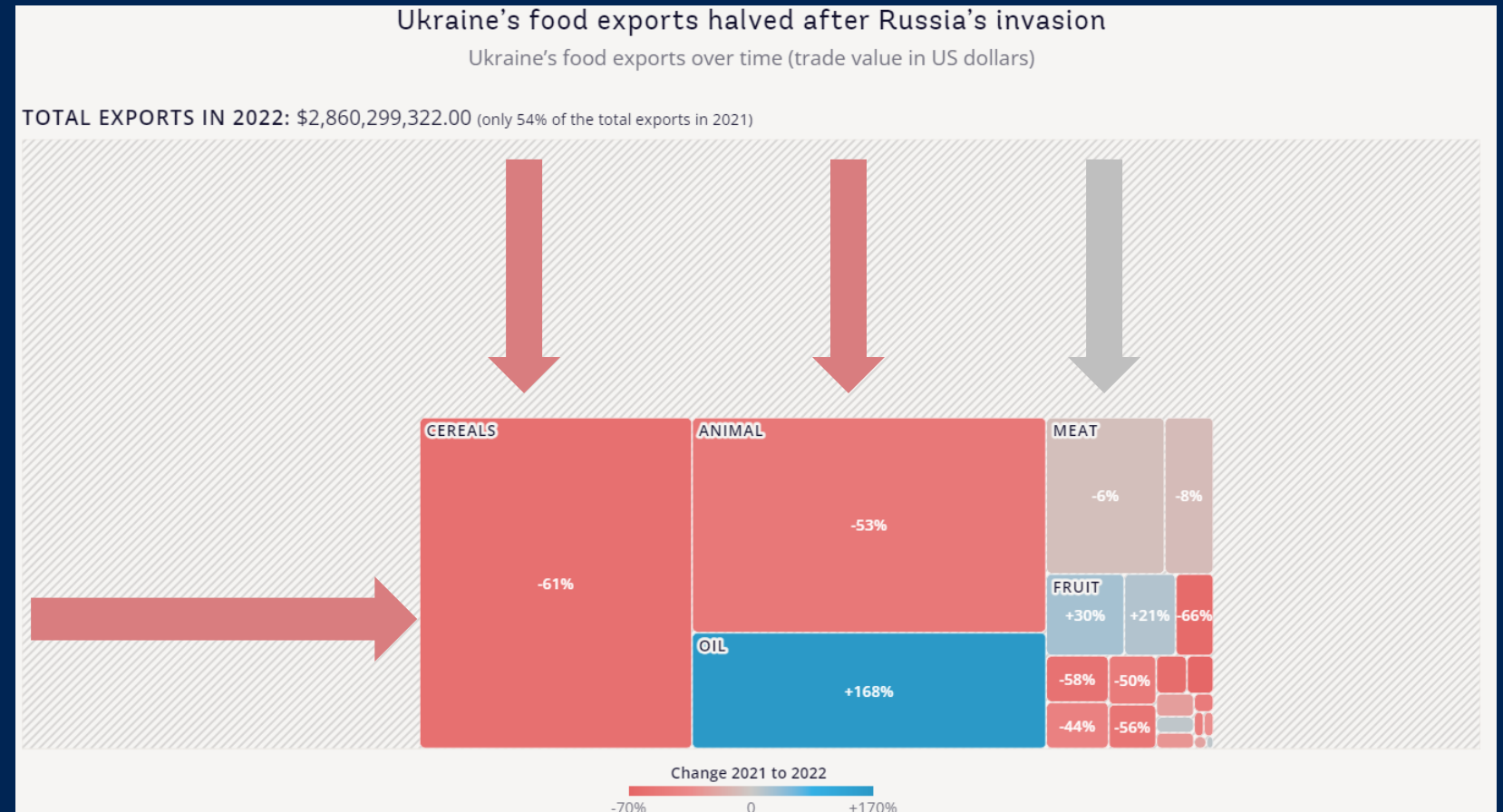
#8: THE DIMENSIONS OF A FOOD CRISIS

Ukraine was the world's bread basket:

The Russian invasion caused Ukraine's food exports in 2022 to fall by 46% vs. 2021. This had a dramatic impact on food prices all over the world and put net importers, particularly in the Middle East, under heavy strain.

The Black Sea Grain Initiative, a deal that has allowed Ukraine to ship grain to parts of the world facing hunger, helped lower prices of food commodities such as wheat over the last year.

But the Food and Agriculture Organization of the UN (FAO) and the World Food Programme (WFP) warn that food security is likely to deteriorate further in 18 hunger hotspots. Afghanistan, Nigeria, Somalia, South Sudan, and Yemen remain of highest concern for the June to November 2023 outlook.



Source: World Bank, [Global Economic Prospects](#)

#9: AN INTERNATIONAL REFUGEE CRISIS

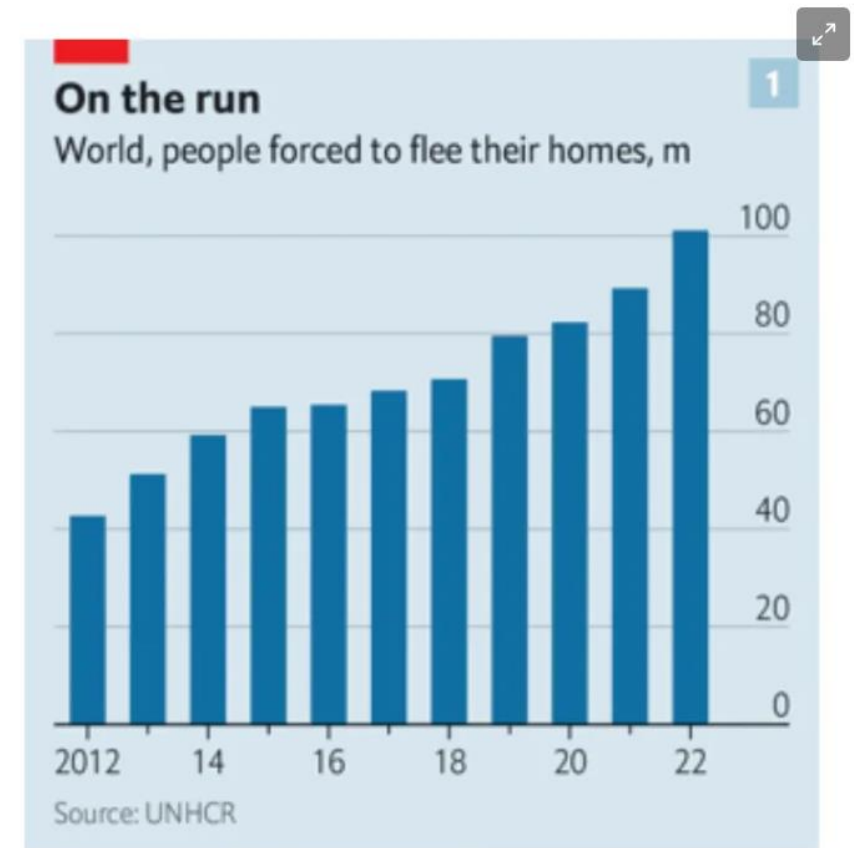
The number of refugees reaches a new high. War in Ukraine also forced millions of people out of their homes. At the end of 2022, a total of 11.6 million Ukrainians remained displaced, including 5.9 million within their country and 5.7 million who fled to neighbouring countries and beyond.

Meanwhile, conflict and insecurity in other parts of the world continues. For example in the Democratic Republic of the Congo, Ethiopia and Myanmar, where more than 1 million people have been displaced within each country.

At the end of 2022, 108.4 million people worldwide were forcibly displaced as a result of persecution, conflict, violence, human rights violations and events seriously disturbing public order.

This represents an **increase of 19 million people** compared to the end of 2021 – the largest- ever year-on-year increase between years according to UNHCR’s statistics on forced displacement.

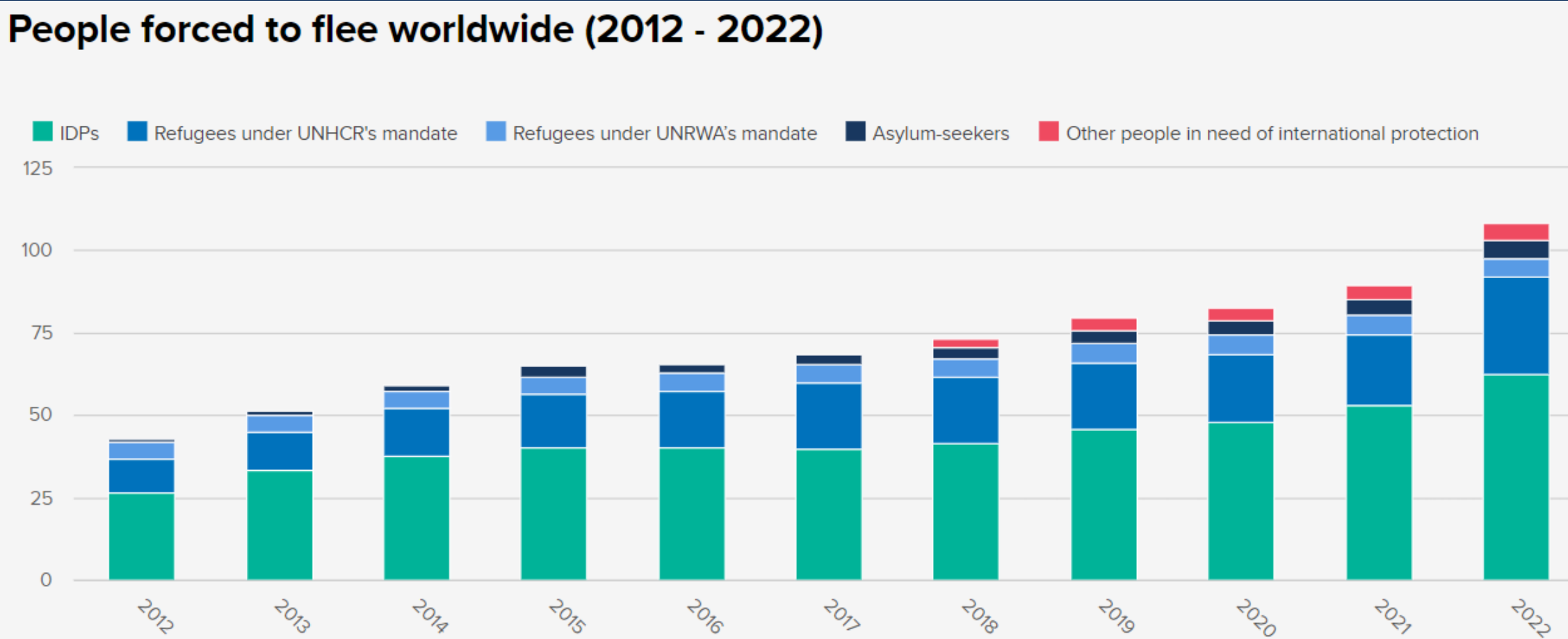
The number of refugees reached a new high worldwide in 2022.



<https://www.unhcr.org/global-trends>

#9: AN INTERNATIONAL REFUGEE CRISIS

NUMBER OF REFUGEES REACHES A NEW HIGH



#10: THE CRISIS YET TO COME? POPULATION DECLINE

After decades of concern about overpopulation, depopulation and ageing are now growing threats.

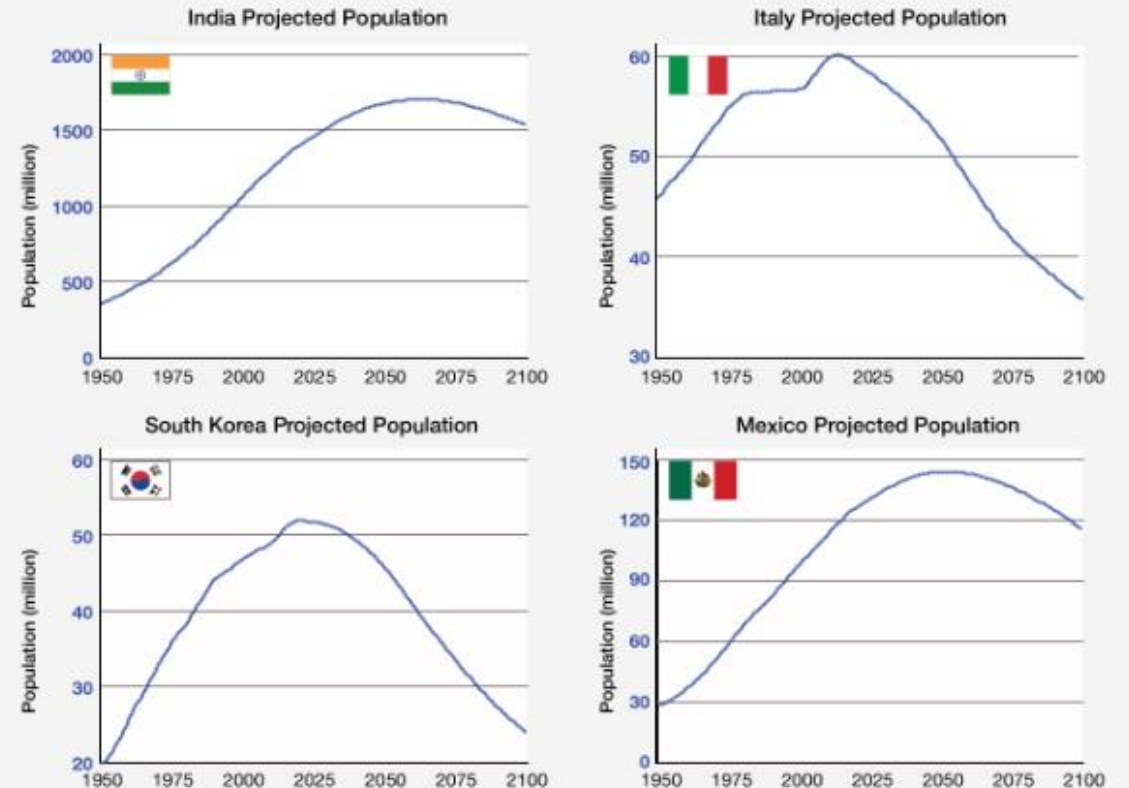
The median UN population projections suggest that world population could reach a tipping point before the end of this century and start decreasing. Even India's population could start falling before 2100, after reaching a highest point of 1.697 billion by 2062 (UN's median scenario).

In countries like Italy and South Korea, birth rates are so low that these countries' populations are already shrinking, and they are ageing fast. Governments are increasingly concerned about the almost universal fall in birth rates and the simultaneous ageing of populations, deteriorating dependency ratios, strained welfare and healthcare systems, and rising elderly care costs.

For more on this, read our report: [We Need to Talk About Generations.](#)

Fig. 5 – Falling off the population cliff

Many countries are predicted to see their population peak in coming decades. For some this has already started.



Source: United Nations: World Population Prospects 2022

A MOMENT TO PAUSE

**TWO YEARS ON:
LESSONS FROM
COVID TIMES**

April 2022

CLICK TO ENTER

© Ipsos 2022



Adaptivity & Resilience



A MOMENT TO PAUSE

Not everything is bad



73% say
“I’m satisfied with
my life these days”



+6 on Dec 2021

+9 on June 2019

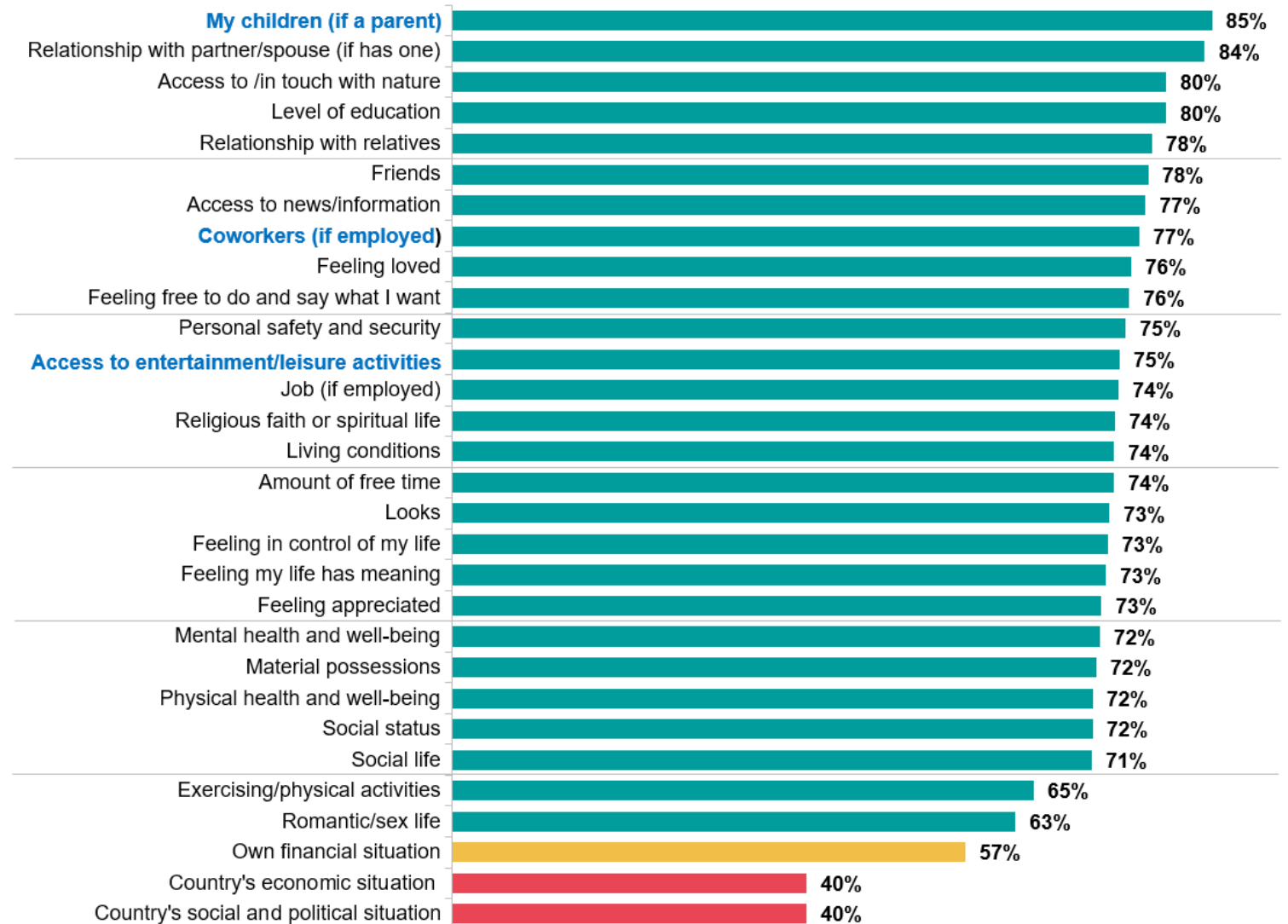
Explore [the results](#)

WE ARE HAPPY WITH MOST ASPECTS OF OUR LIVES



Overall, how satisfied are you with each of the following aspects of your life:

% satisfied (very/somewhat)



Base: 22,508 online adults under the age of 75 across 32 countries, interviewed Dec. 22, 2022 – Jan. 6, 2023

The "Global Country Average" reflects the average result for all the countries and markets where the survey was conducted. It has not been adjusted to the population size of each country or market and is not intended to suggest a total result.

The samples in Brazil, Chile, China, Colombia, India, Indonesia, Malaysia, Mexico, Peru, Saudi Arabia, Singapore, South Africa, Thailand, Turkey, and the UAE are more urban, more educated, and/or more affluent than the general population.

A MOMENT TO PAUSE

Not everything is bad



73% say
“I’m satisfied with
my life these days”

+6 on Dec 2021

+9 on June 2019

Explore [the results](#)

Change and continuity

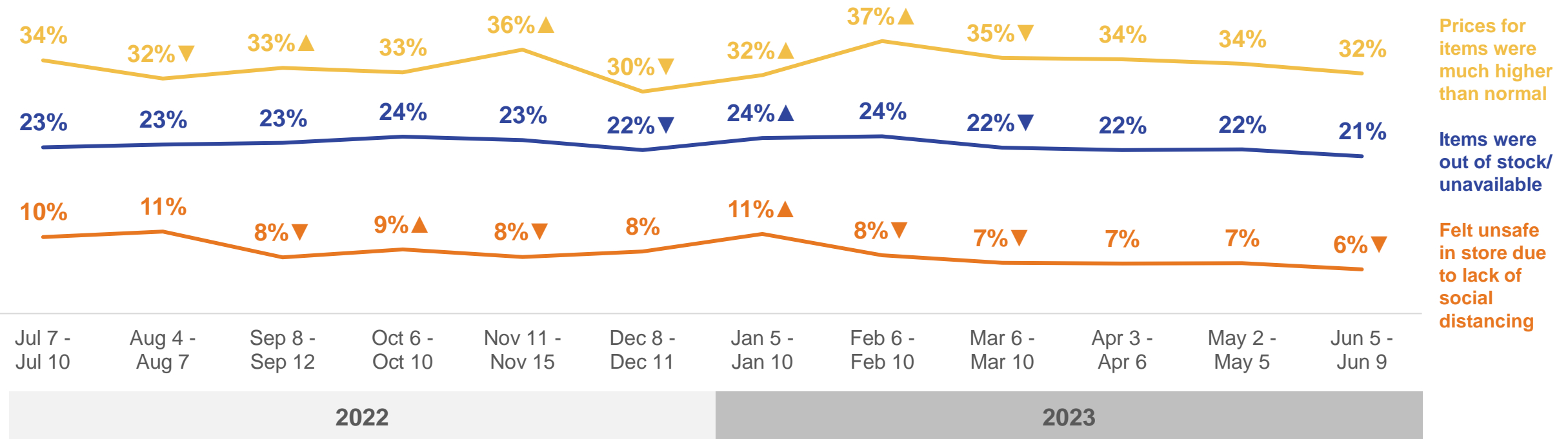


32% have noticed
“Prices in the shops
being much higher than
normal” in last 2 weeks

Explore [the results](#)

CHANGE AND CONTINUITY

Shopping Challenges Faced - Past 2 Weeks



Q: Which of the following challenges, if any, have you faced while shopping in the past two weeks?

Jul 7 - Jul 10:10014, Aug 4 - Aug 7:10006, Sep 8 - Sep 12:10017, Oct 6 - Oct 10:10015, Nov 11 - Nov 15:9986, Dec 8 - Dec 11:10021, Jan 5 - Jan 10:10036, Feb 6 - Feb 10:10036, Mar 6 - Mar 10:10044, Apr 3 - Apr 6:10039, May 2 - May 5:10047, Jun 5 - Jun 9:10036. ▼ or ▲ indicate change vs. previous wave (statistically significant @ 95% C.I.)

A MOMENT TO PAUSE

Not everything is bad



73% say
“I’m satisfied with
my life these days”

+6 on Dec 2021

+9 on June 2019

Explore [the results](#)

Change and continuity



32% have noticed
“Prices in the shops
being much higher than
normal” in last 2 weeks

Explore [the results](#)

There are opportunities
for brands



74% are worried
“Government & public
services will do too little
to look after people in
years ahead”

Explore [the results](#)

BUSINESS CAN SHAPE THE FUTURE



45%

think “businesses are good at planning for the long-term future”



36%

say the same about their national government

FOR THE WORLD

80%

believe brands can support good causes and make money at the same time

THE COUNTRY CONTEXT MATTERS



THE STATE OF THE ECONOMY IN MY COUNTRY

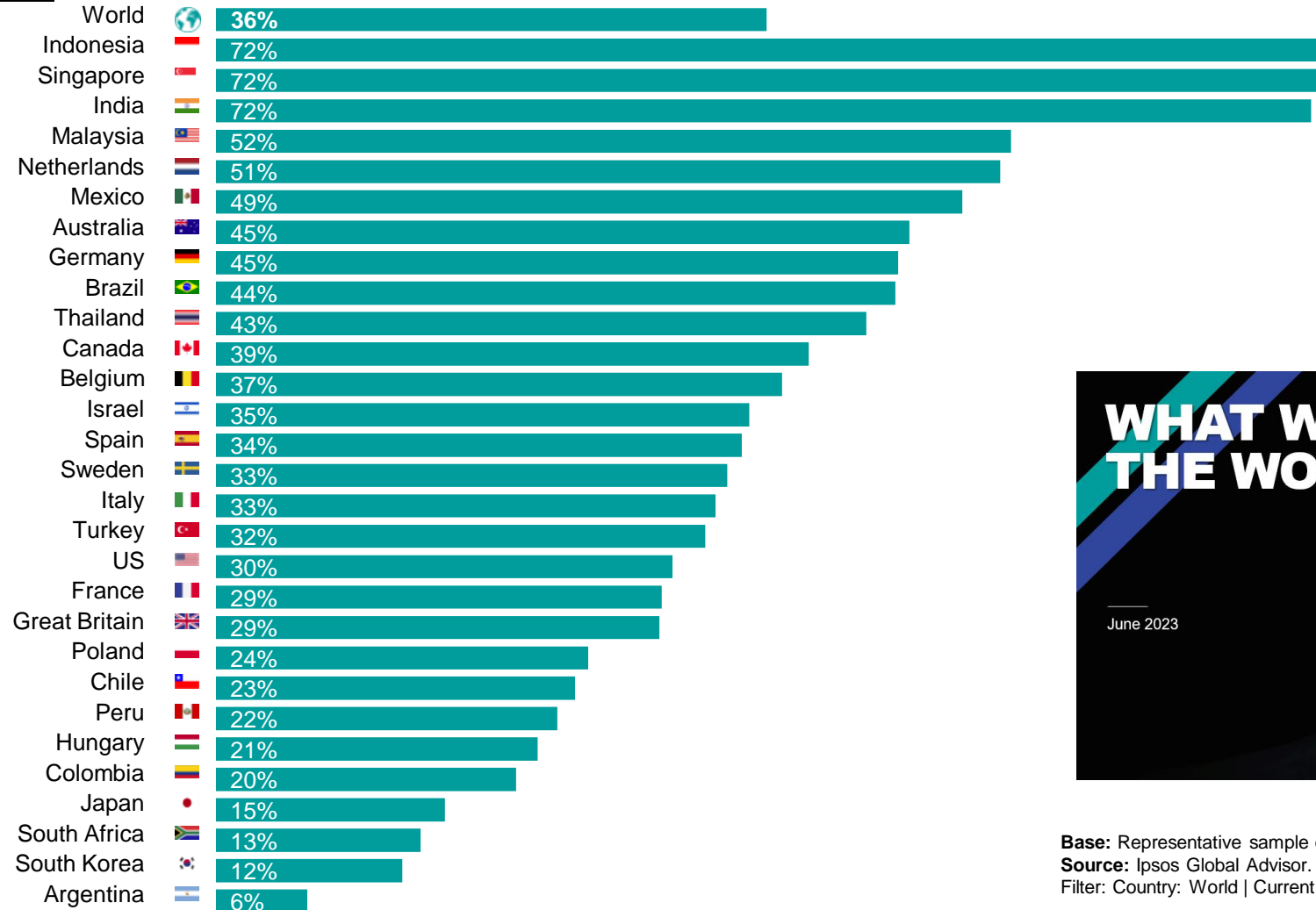
36%

The current economic
situation in my
country is “good”



CURRENT ECONOMIC SITUATION

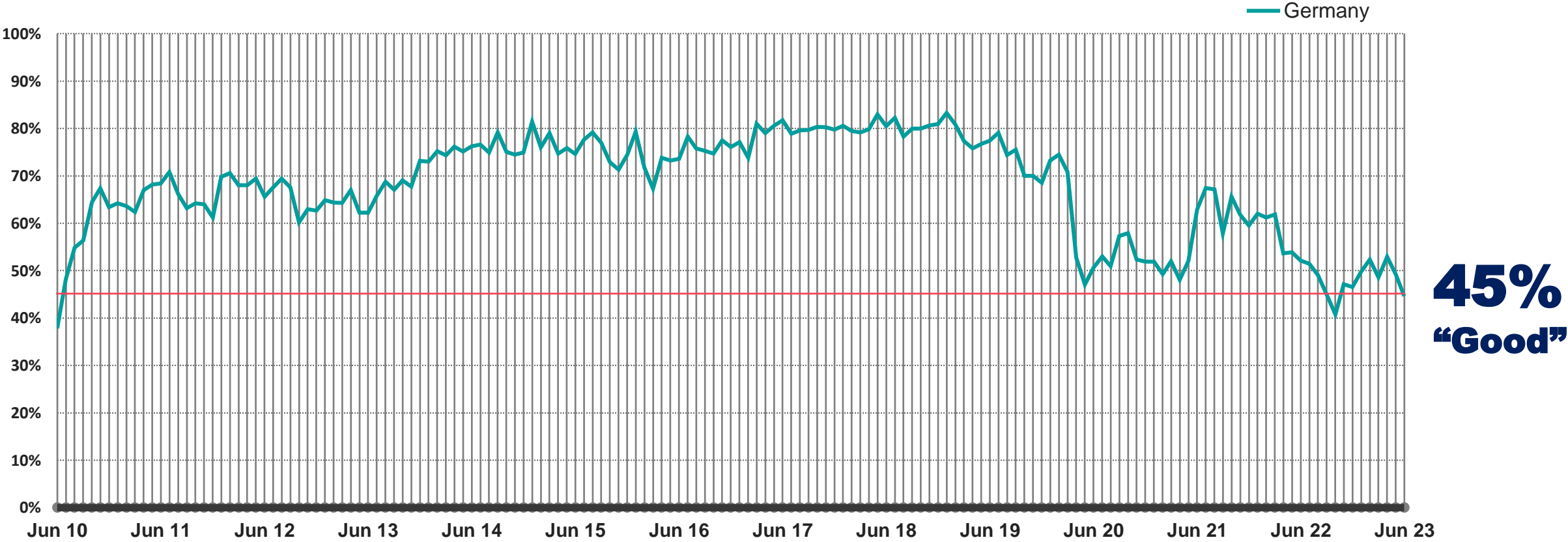
Q How would you describe the current economic situation in your country? (% *Good*)



Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries, May 26th 2023 - June 9th 2023
Source: Ipsos Global Advisor. *Global score is a Global Country Average. See methodology for details.*
 Filter: Country: World | Current Wave: Jun 23

CURRENT ECONOMIC SITUATION: GERMANY

Q How would you describe the current economic situation in your country?
(% 'Very good' or 'Somewhat good')



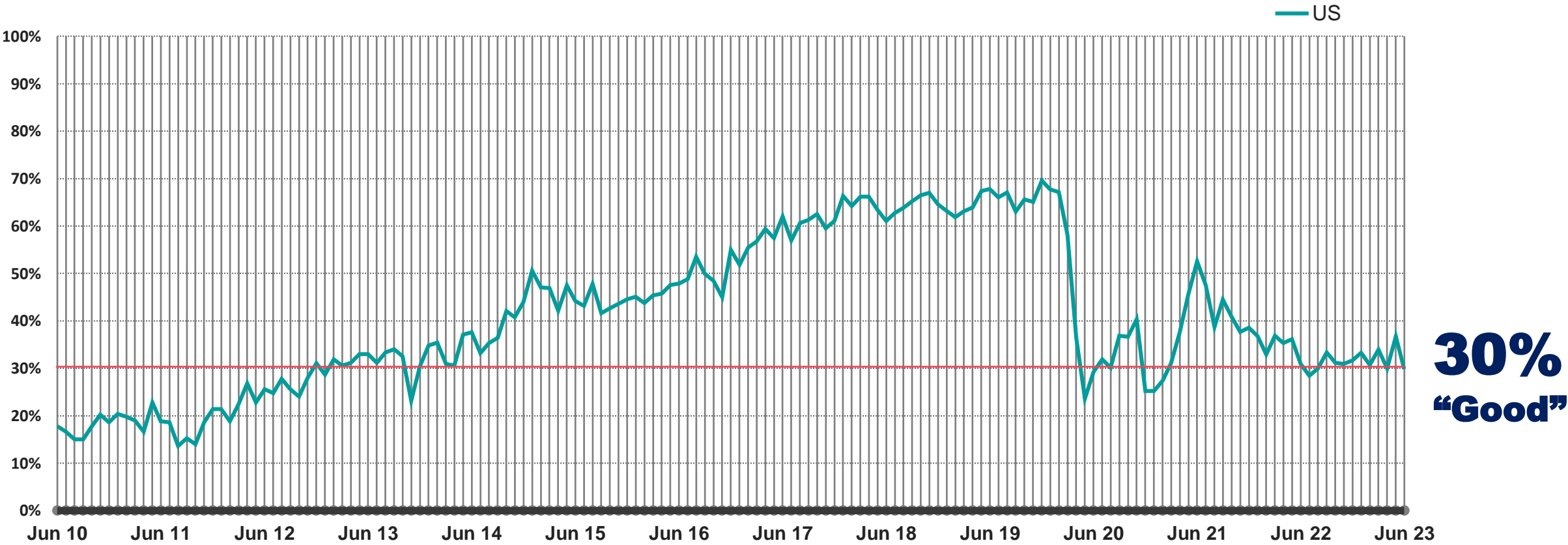
45%
“Good”

Base: Representative sample c. 1000 adults aged 16-74 in Germany, 2010 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.



CURRENT ECONOMIC SITUATION: US

Q How would you describe the current economic situation in your country?
(% 'Very good' or 'Somewhat good')



Base: Representative sample c. 1000 adults aged 16-74 in US, 2010 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.



CURRENT ECONOMIC SITUATION: ARGENTINA

Q How would you describe the current economic situation in your country?
(% 'Very good' or 'Somewhat good')



6%
“Good”

Base: Representative sample c. 500 adults aged 16-74 in Argentina, 2010 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.



CURRENT ECONOMIC SITUATION: BRAZIL

Q How would you describe the current economic situation in your country?
(% 'Very good' or 'Somewhat good')



Base: Representative sample c. 1000 adults aged 16-74 in Brazil, 2010 - 2023.
Source: Ipsos Global Advisor. Global score is a Global Country Average. See methodology for details.



THE POLYCRISIS AND PUBLIC OPINION: RESOURCES

Briefing pack available at the KEYS webinar [home page](#)



CRISES? WHAT CRISES?

Spotlight on Brazil

Ipsos Public Affairs & Corporate Reputation Brazil

July 2023



Priscilla Branco
Sr. Manager
Public Affairs Brazil

Brazil country overview



Brazil country overview



203 million
people live in Brazil

60% of the
Amazon Basin is in Brazil

9th most unequal
country in the world

-10 million

Less than the last prediction. **Slowest growth rate ever registered!**

0 km²

Of **illegal deforestation** until 2030 is the new goal.

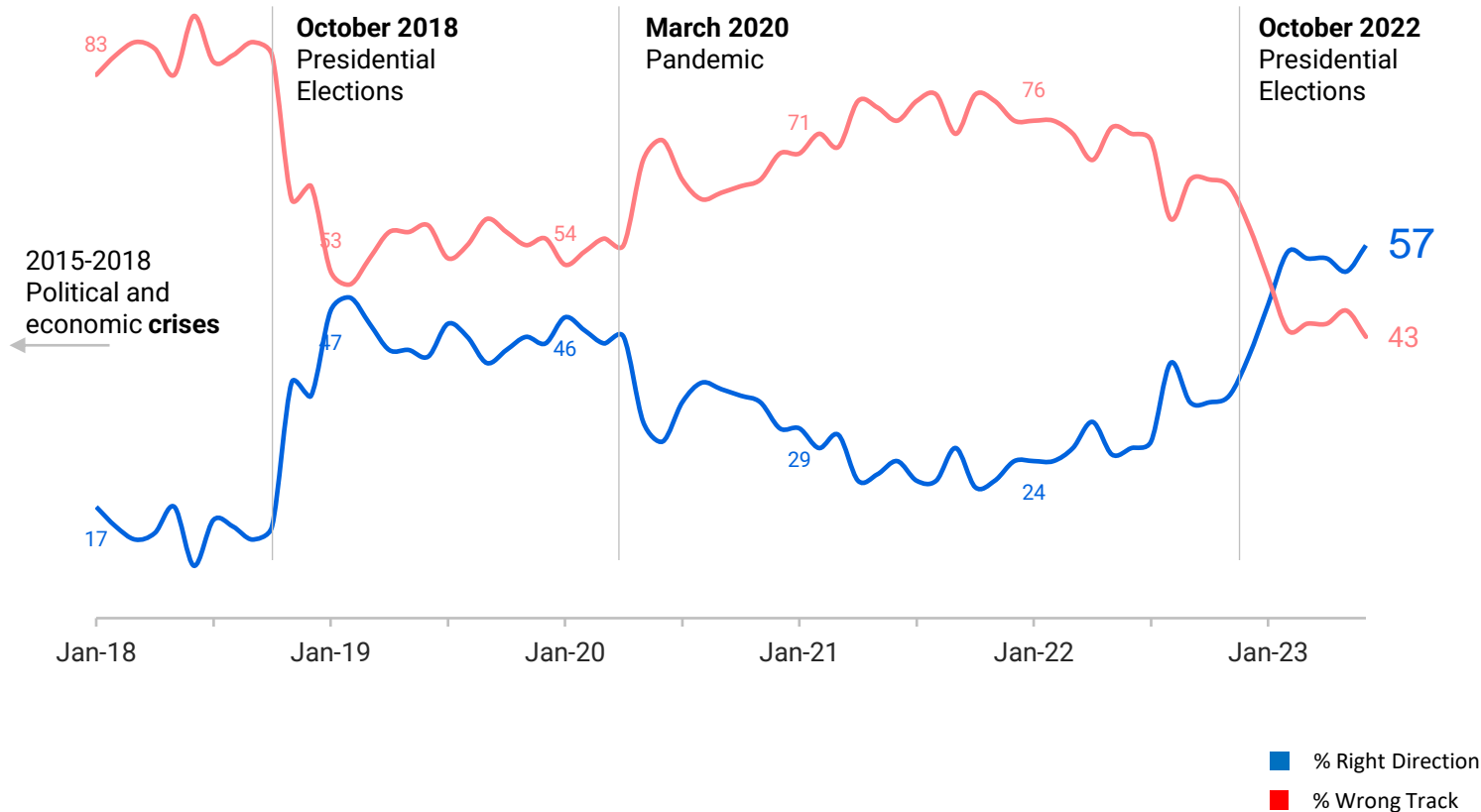
1st problem
Poverty/Social inequality
(40%)



What are the good news?

Right Direction vs. Wrong Track

Brazil Data – 2018 to present



Brazilians' perceptions that the country is on the right track have been **on the rise** for the past 6 months.

consumer confidence

58.6 / 100

+ 12.3
vs. 2022

Global: 47.4/100

P: Would you say things in this country are heading in the right direction, or are they off on the wrong track?

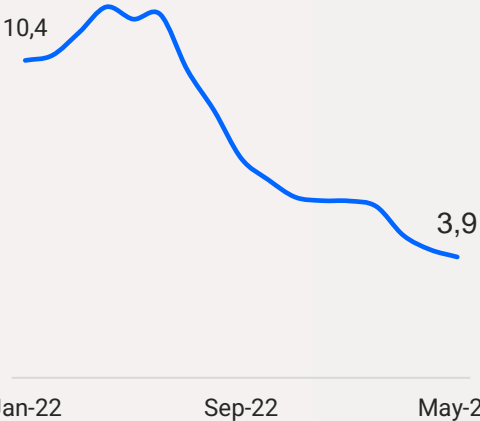
Reflections of the polycrises

an economy running on tentative positivity

political polarization still a reality

INFLATION

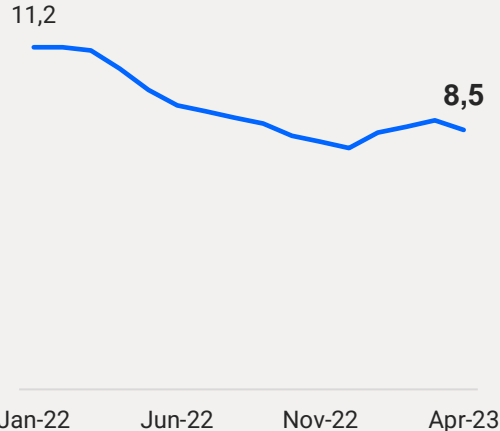
Cumulative inflation - past 12-months
January 2022 – May 2023



Source: Brazilian Census Bureau (IBGE)

UNEMPLOYMENT

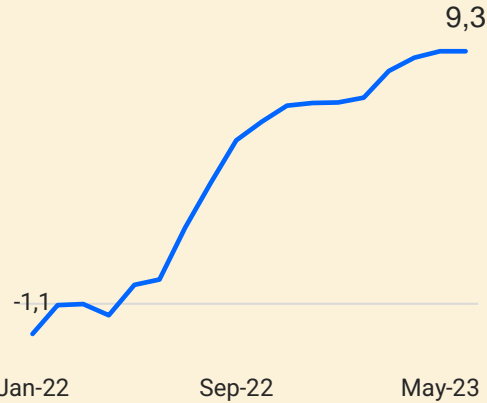
% Brazilians unable to find jobs
January 2022 – April 2023



Source: Brazilian Census Bureau (IBGE)

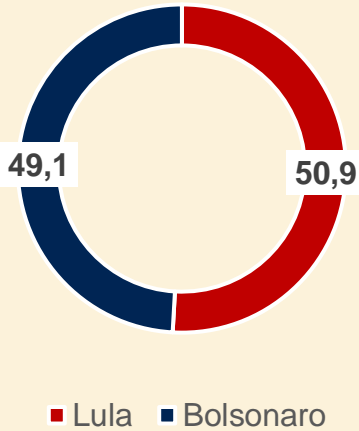
REAL INTEREST RATES

Interest rates considering inflation
January 2022 – May 2023



Source: Brazilian Central Bank

2022 ELECTIONS



Bloomberg
Why President Lula Is Clashing
With Brazil's Central Bank



Increasing concern with Sustainability, climate change and ESG agenda

49 %

Believe the economic costs of climate change itself are greater than the costs of measures to reduce it

63 %

Of Brazilians say climate change has already had a severe effect where they live





How companies can respond to the polycrises in Brazil?

“I expect companies **to take a stand on issues that matter** to me”

%Agree

59%

Brazil

What do we
expect from
companies?

“If businesses in my country do not act now to combat climate change, they **will be failing their employees and customers**”

%Agree

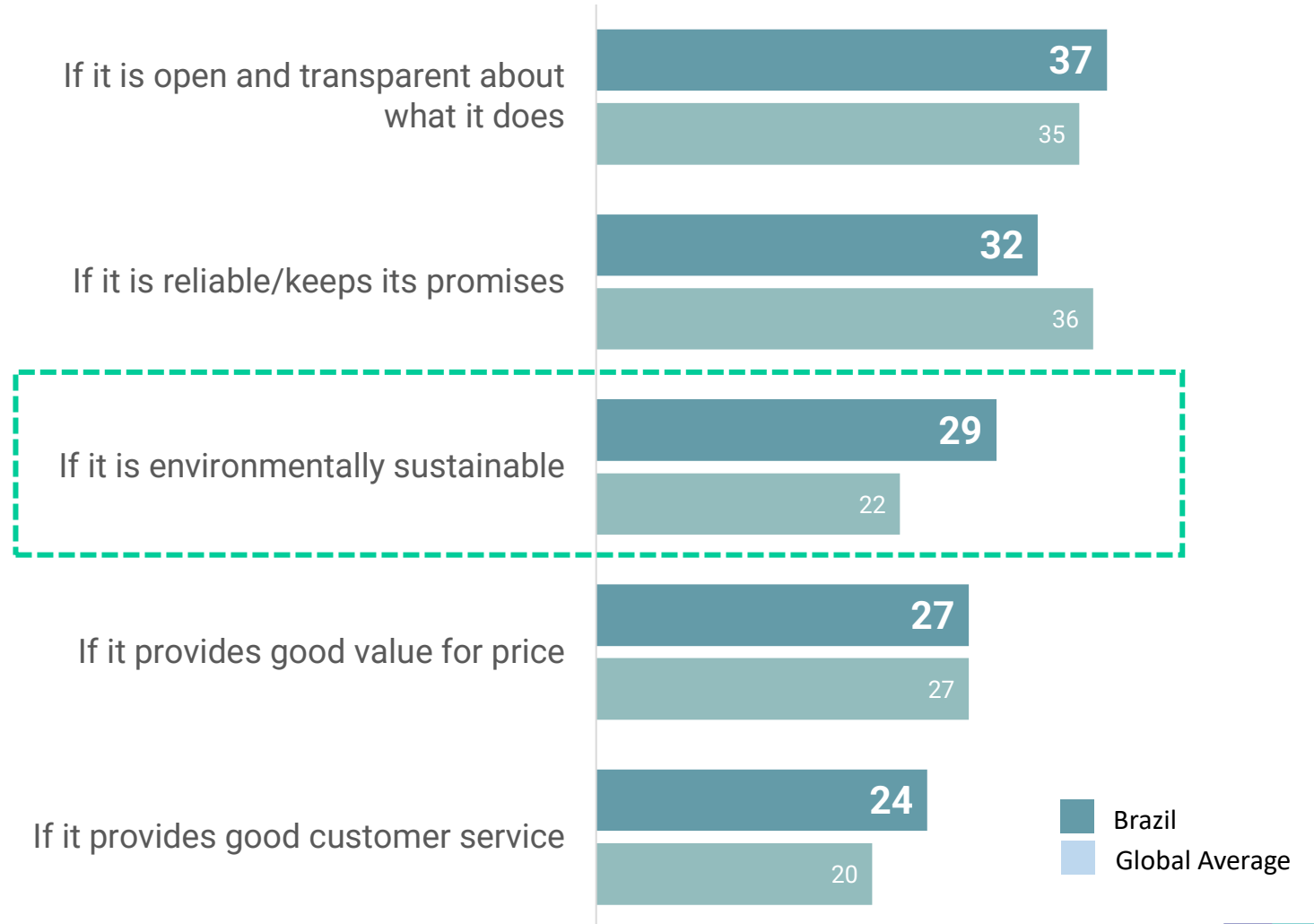
69%

Brazil

What do we **expect** from companies?

What is driving trust in Brazil?

Top 5 drivers



Responding to the polycrises: “Standing Forest” as a business model



Source: Natura



To summarize

- Economy: optimism in public opinion but some caution coming from the financial market – **overall, the context is positive.**
- Sustainability and environmental agenda is gaining more relevance, **consumers are more critical** and attentive to the role of companies in this matter.
- There is a **favorable context for innovations** and sustainable business models for basically all sectors in the economy.



INNOVATING IN UNCERTAIN TIMES

Portfolio strategy in a likely
stagflation scenario

Jiongming Mu



INNOVATION CONTINUED DURING INFLATIONARY TIMES

DESPITE AFFORDABILITY CONCERNS, CONSUMERS ARE MORE RECEPTIVE TO INNOVATION

Innovation Performance*		
	Trial Success**	Perceived as Expensive
2022	41%	55%
2016-2021***	35%	50%

*Ipsos Innovation global database analysis

** Success defined as reaching top 2 quintiles of the Ipsos innovation testing database

*** Excluding Pandemic year 2020, which is analysed separately



IN FACT, WE SEE A PATTERN OF INNOVATION UPTAKE IN CRISES

INNOVATION PERFORMANCE

Trial Success

Financial crisis (2008-09)	39%
Covid Pandemic (2020)	39%
“Normal” Years (2016-21, excl. 2020)	35%

YOU MAY BE THINKING ...

**Why is a
challenging
environment
favorable for
innovation?**

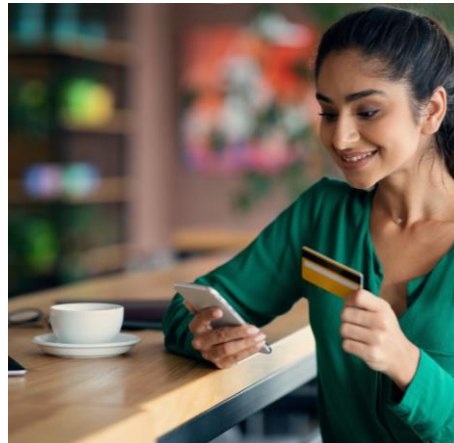
**Why are
consumers more
receptive to
innovation in
difficult times?**

Why is a challenging environment favorable for innovation ?

Why are consumers more receptive?



**THE EVOLVING
STATUS QUO**



**NEW ATTITUDES
& PREFERENCES**



**COMPETITIVE
DISRUPTION**



**PORTFOLIO
ADJUSTMENT**



WHAT LIES AHEAD: STAGFLATION?

STAGFLATION Next?

While inflation persists, there are mixed signals whether inflation will lead to stagflation or even a recession in 2023-2024.

Although we are not officially in a recession, the trending slowdown is evident.

61%

Global consumers are concerned with their own financial situation

1 in 3

Global markets could have negative GDP growth in 2023, according to the IMF*

58%

of US economists think stagflation or classic recession could hit as early as 2023**

* International Monetary Fund (IMF) head Kristalina Georgieva, Jan 2023

** National Association for Business Economics (NABE), Mar 2023

INFLATION

All are affected

Stock may go up

Reallocation of spend



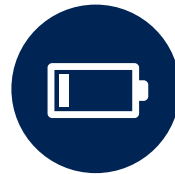
STAGFLATION

Certain members of society are more affected

Delayed purchases

Reduction of overall spend

THE OVERALL EFFECT:



Reduced purchasing power



Increased price sensitivity



Lower consumer confidence



Reduced consumption

A hand is pointing at a digital chart on a screen. The chart features a blue background with a red line graph that has several peaks and valleys. The overall scene is dimly lit, with the screen's light providing the primary illumination.

NAVIGATING STAGFLATION: MITIGATING RISK WITH INNOVATION

THE PORTFOLIO RISK

DOWNTRADING

A risk to all brands is downtrading in either:

- **Brand choice** (to store brand or value brand)
- **Product tier** (retreat to basic varieties)
- **Transaction size**

THE INNOVATION STRATEGY

- **Price and Pack Innovations**
- **Value proposition** against lower tier products
- **Business Model** Innovations



CASE STUDY

Downtrading Risk Mitigation

A North American manufacturer of Premium disposable plastic products is preparing for an environment with a strong downtrading risk.

While there was already a weak economy, the government mandated a minimum % of Post Consumer Recycled (PCR) in products. As a result, the cost of the products increased.

Ipsos quantified the risks and opportunity to mitigate them.

THE OUTCOME:
Risk averted plus 4% growth potential

DIAGNOSING RISK

Assuming All Brand Meets Minimum Government Requirement of 20% PCR Material

Portfolio Risk Quantification without Innovation

Client Brand Gap w. Store Brand Enlarge by 10% vs. Today **-8%**

Maximum Risk as Store Brands Go On Promo At the Same Time **-21%**

The product's value proposition and premium positioning would erode as gap closes with lower tier products . Meanwhile, price sensitivity is further heightened.

MITIGATING RISK

Client Brand Exceeds Government Requirement and Reach 50% PCR, Add "Ocean Friendly" Claim

Mitigating Risks With Innovation

Client Brand Gap w. Store Brand Enlarge by 10% vs. Today **+4%**

Maximum Risk as Store Brands Go On Promo At the Same Time **-8%**

While closing the gap vs. the lower grade competitors may have been an intuitive strategy, finding a new value proposition to support the premium positioning was key.

THE PORTFOLIO RISK

CHOICE PROLIFERATION

- **Reduced variety seeking** and **retreat to essentials**
- **Reduced profitability** from SKU proliferation
- Suboptimal resource allocation from **SKU proliferation**

THE INNOVATION STRATEGY

- **SKU Rationalization**
- Replacing marginal SKUs with **resilient innovations**



CASE STUDY

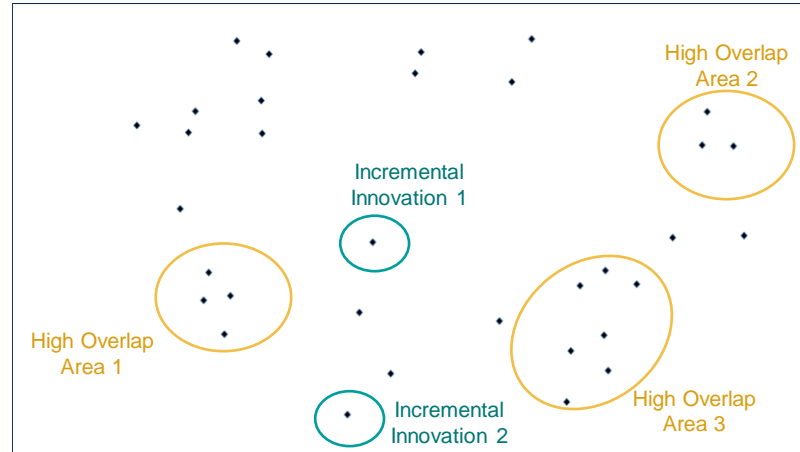
SKU Proliferation Risk Mitigation

A canned food company sought to prepare for economic slowdown in 2023:

- Currently a whopping 28-variety line
- Anticipated less variety seeking and retreat to basics from consumers
- Increased cost to maintain manufacturing lines for all varieties
- Optimized allocation of resources require SKU rationalization

THE OUTCOME:
7% less SKUs, 2% more share.

STEP 1: Proximity Mapping of Reach Potential of Current and Possible Future Varieties



STEP 2: Quantifying risk of removing low performing SKUs, confirming little to no share loss

28-26 SKUS 7% SKU Reduction
(removing 2, 1 from each overlapping area) **Share Index 99**

28-25 SKU 11% SKU Reduction
(removing 3, 1 from each overlapping area) **Share Index 98**

STEP 3: Adding 1 Innovation With Incremental Reach

26 SKU 25 Current, 1 New
Share Index 102

RESULT
7% less SKUs for 2% More Share

THE PORTFOLIO RISK

PREMIUM POSITIONING

- A risk to premium brands
- Losing relevance and share in the short-term, and equity erosion in the long-term

THE INNOVATION STRATEGY

- Introducing fighter SKUs
- “Affordable indulgence” products
- Emphasizing value for money



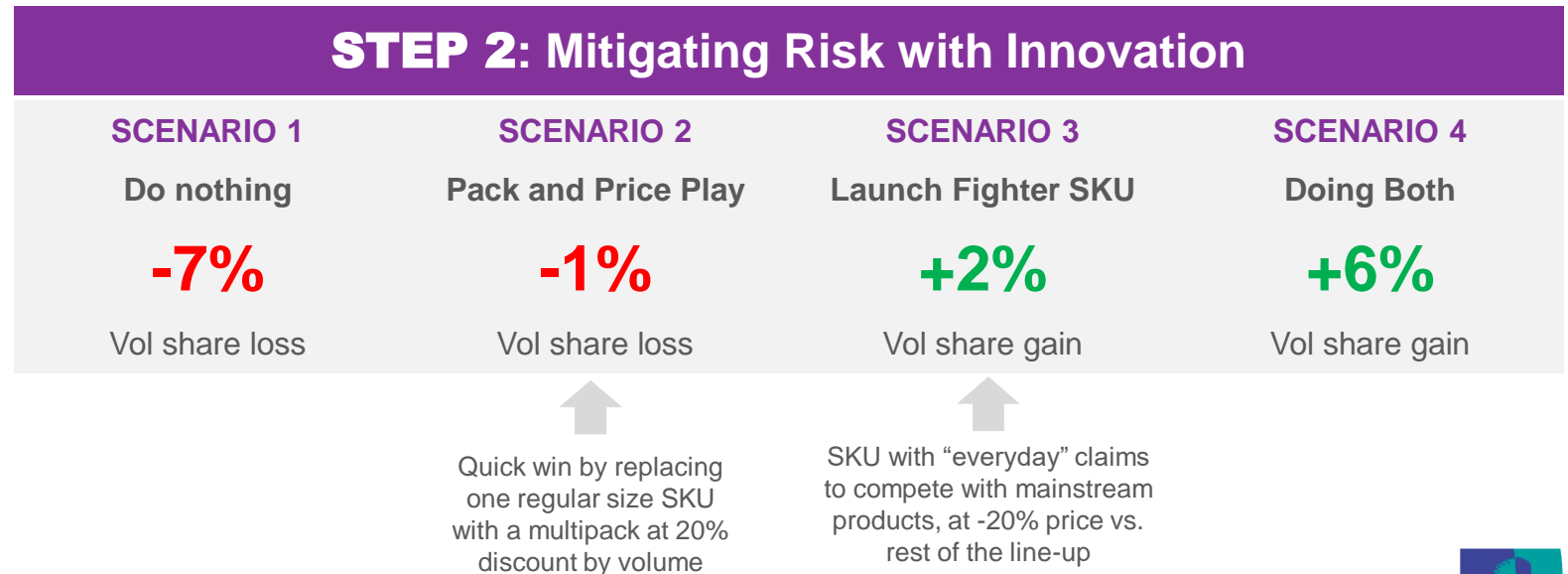
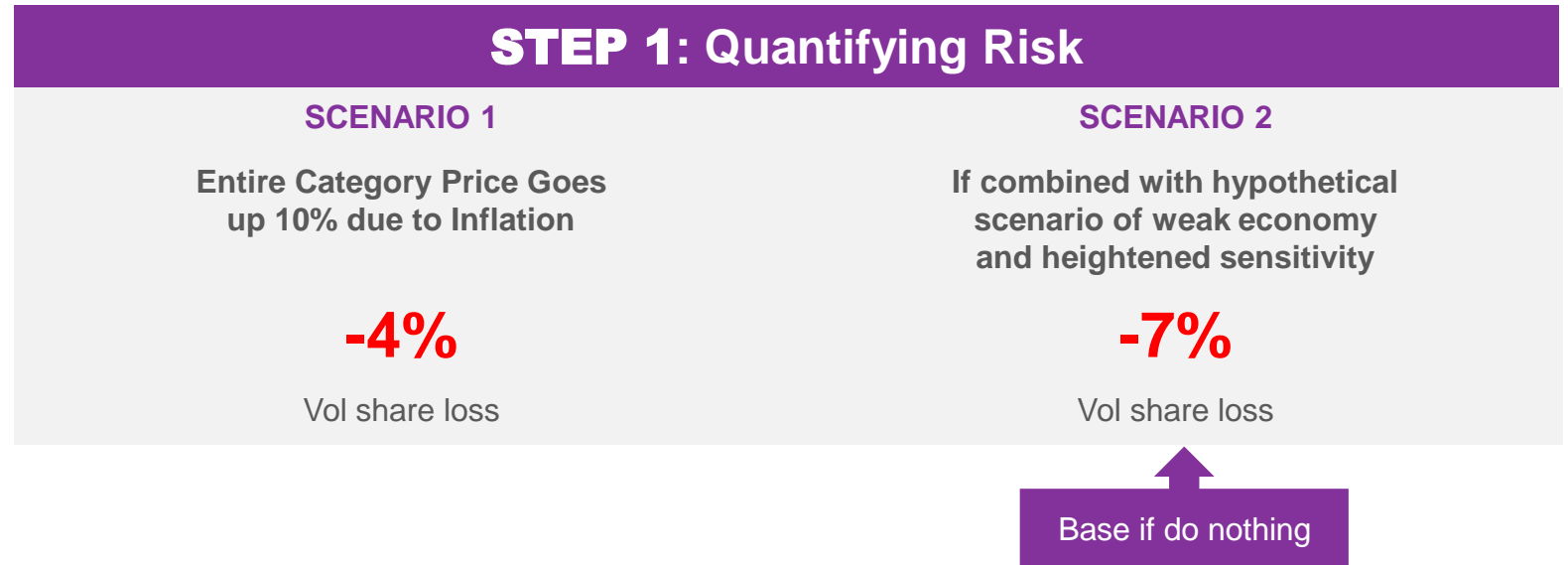
CASE STUDY

From risk to reward; Defending and growing share

A leading oral care brand with premium positioning was at-risk for share loss in a softening market. They partnered with Ipsos to:

- Quantify the risk if do nothing
- Explore mitigation solutions with innovations

**THE OUTCOME:
Risk Mitigated with
Innovations, 6% volume
increase potential.**



THE PORTFOLIO RISK

REDUCED CONSUMPTION

- Shifting spending towards **the essentials**
- Purchasing **less frequently**, in **smaller quantities**, or **opting out** of the category

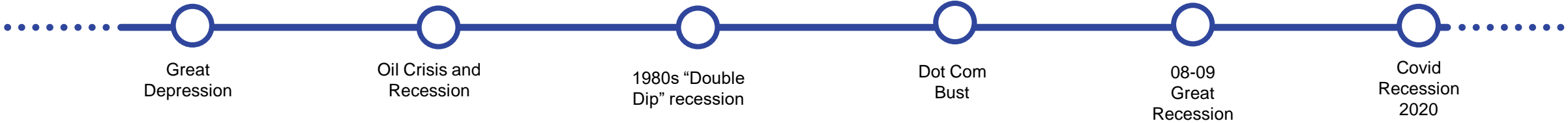
THE INNOVATION STRATEGY

- Price and Pack plays to **encourage “buy now”**
- **Business model** innovation (ex. subscription)
- **Stop-gap** innovations

FROM RISK TO OPPORTUNITY: WINNING DURING STAGFLATION WITH INNOVATION



COMPANIES THAT INVEST IN INNOVATION EMERGE FROM RECESSIONS 30% STRONGER THAN PEERS*

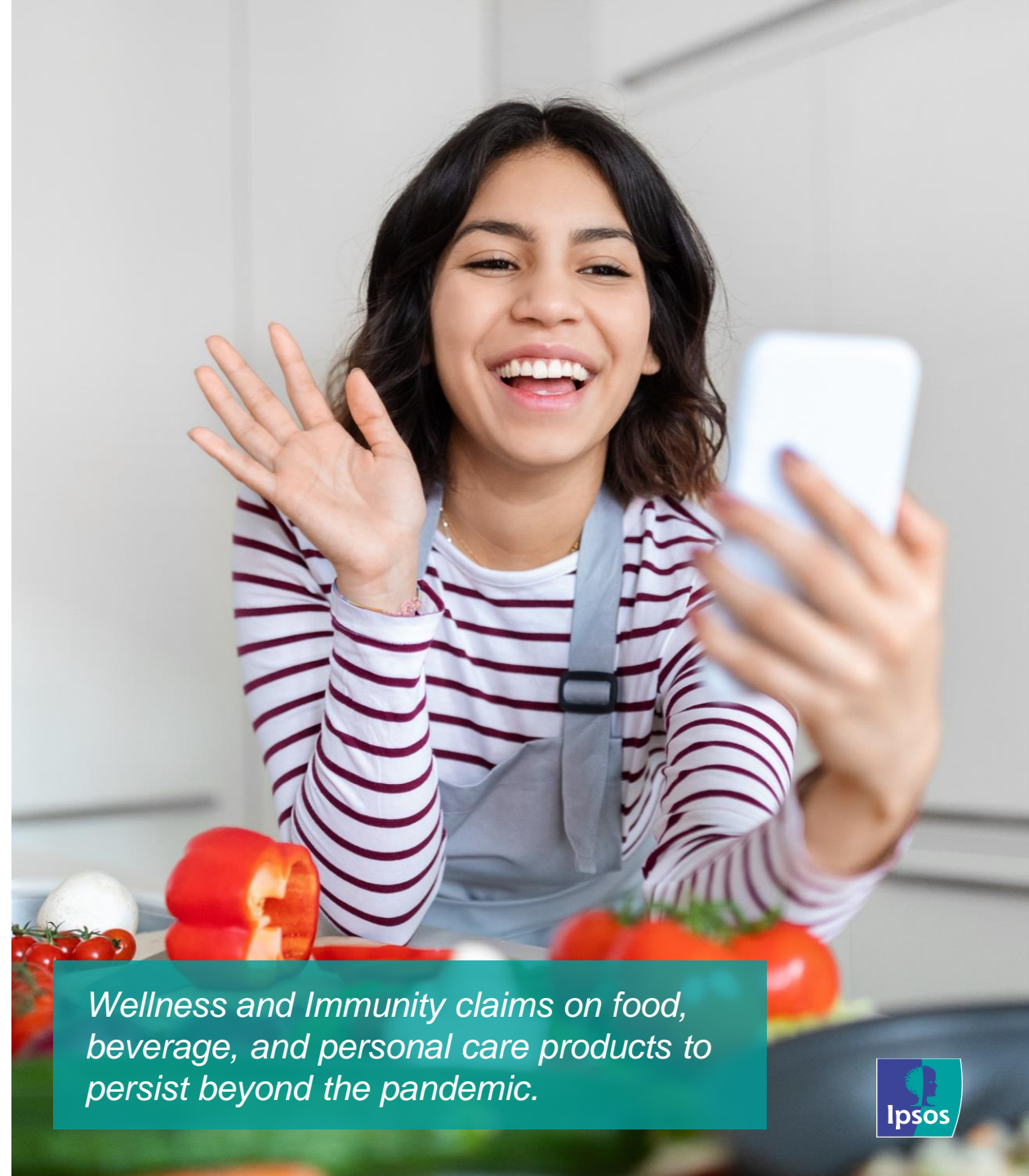


* McKinsey and Co: Innovation in a crisis: Why it is more critical than ever, analysis based on the 2008-2009 Great Recession

THE OPPORTUNITY

PERMANENT BEHAVIOUR CHANGE

Understanding what evolving consumer preferences and attitudes **will stay** after the Polycrisis to fuel sustained growth for innovation.



Wellness and Immunity claims on food, beverage, and personal care products to persist beyond the pandemic.

THE OPPORTUNITY

ADJACENT GROWTH SPACES

Certain product segments or adjacent categories can be more resilient during and after the immediate crisis to extend to for a stronger portfolio position.



Example: Restaurant and packaged food brands taking advantage of growth in DIY and Prepare at Home segments during downturns to continue growth

THE OPPORTUNITY

VACANT GROWTH SPACES

Certain competitive spaces may be **left open** by brands which originally occupied them, as they reposition to stay afloat during the Polycrisis.

As premium brands downgrade for short term risk-mitigation, the premium space could offer opportunity for post-crisis rebound.

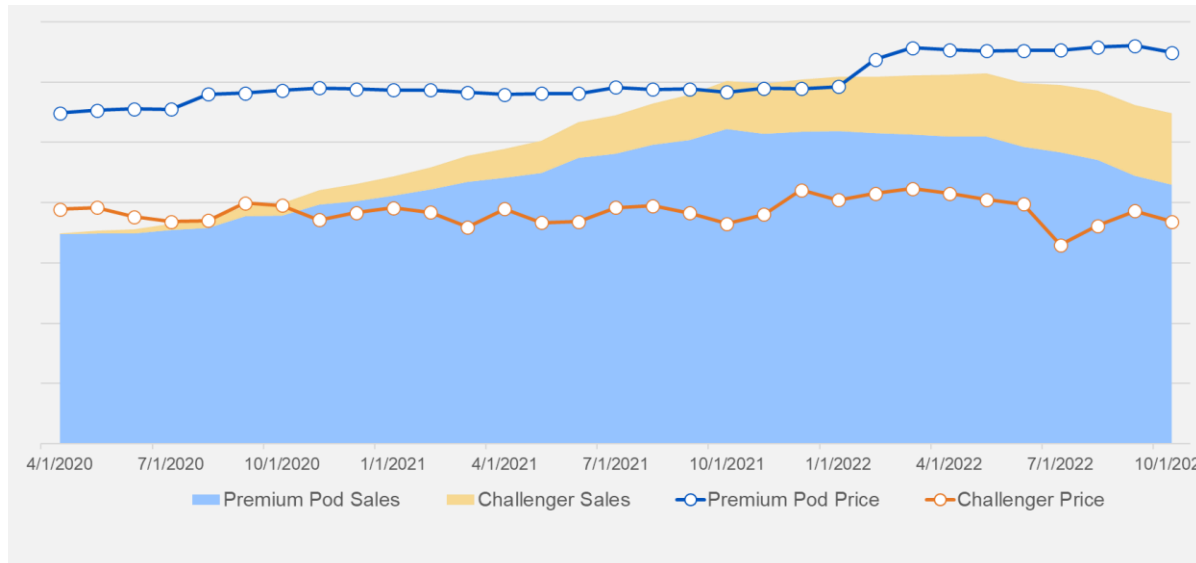
CASE STUDY

Taking Advantage Of Premium Competitor's Challenges

In the 2020s economic downturn, Chile experienced intermittent recessions and heavy inflation. A premium coffee pod company faces increasing price, and a relaxed patent regulations, opening doors to competition.



Premium Brand's Struggle Opens Opportunity For Challenger Brand to Take Advantage



Overall category consumption softness following category price increase and heightened elasticity

Despite overall weakness in the category, challenging brand take advantage with aggressive pricing strategy and achieved growth

Premium brand's volume decreases in a shrinking coffee pod category

THE OPPORTUNITY

TRENDS PENDING EXPLOSION

As competitors focus on short term risk mitigation, **budding consumer trends that will fuel long term growth** could equip brands with the foresight to gain first mover advantage.



CASE STUDY

Innovating against budding trends

The 2008 recession was coupled with internet boom.

This involved the rapid development of tech infrastructure, consumers trading functionality for mobility, and the internet becoming ever-important.

IPAD was launched under this context



Ipsos Tested The IPAD Concept

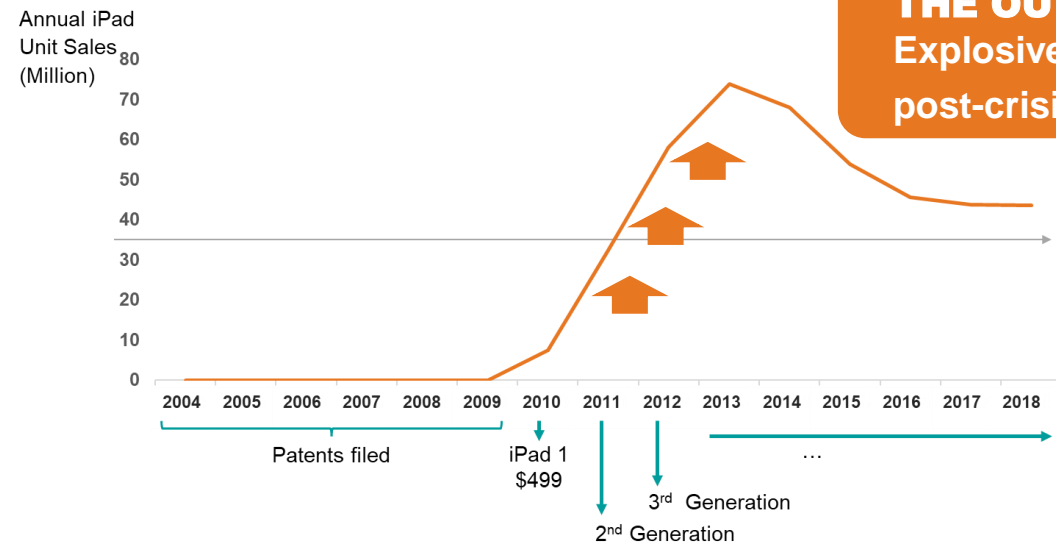


Breakthrough



Our prediction: **Breakthrough innovation** with limited broad appeal to start but huge growth potential despite affordability issue and delayed purchase during difficult period

THE OUTCOME: Explosive growth post-crisis.



SEE THE RISKS

DOWNTRADING

SKU PROLIFERATION

**RISK TO PREMIUM
POSITIONING**

**REDUCED
CONSUMPTION**

BUT ALSO OPPORTUNITIES

**PERMANENT BEHAVIOR
CHANGE**

**ADJACENT
GROWTH SPACES**

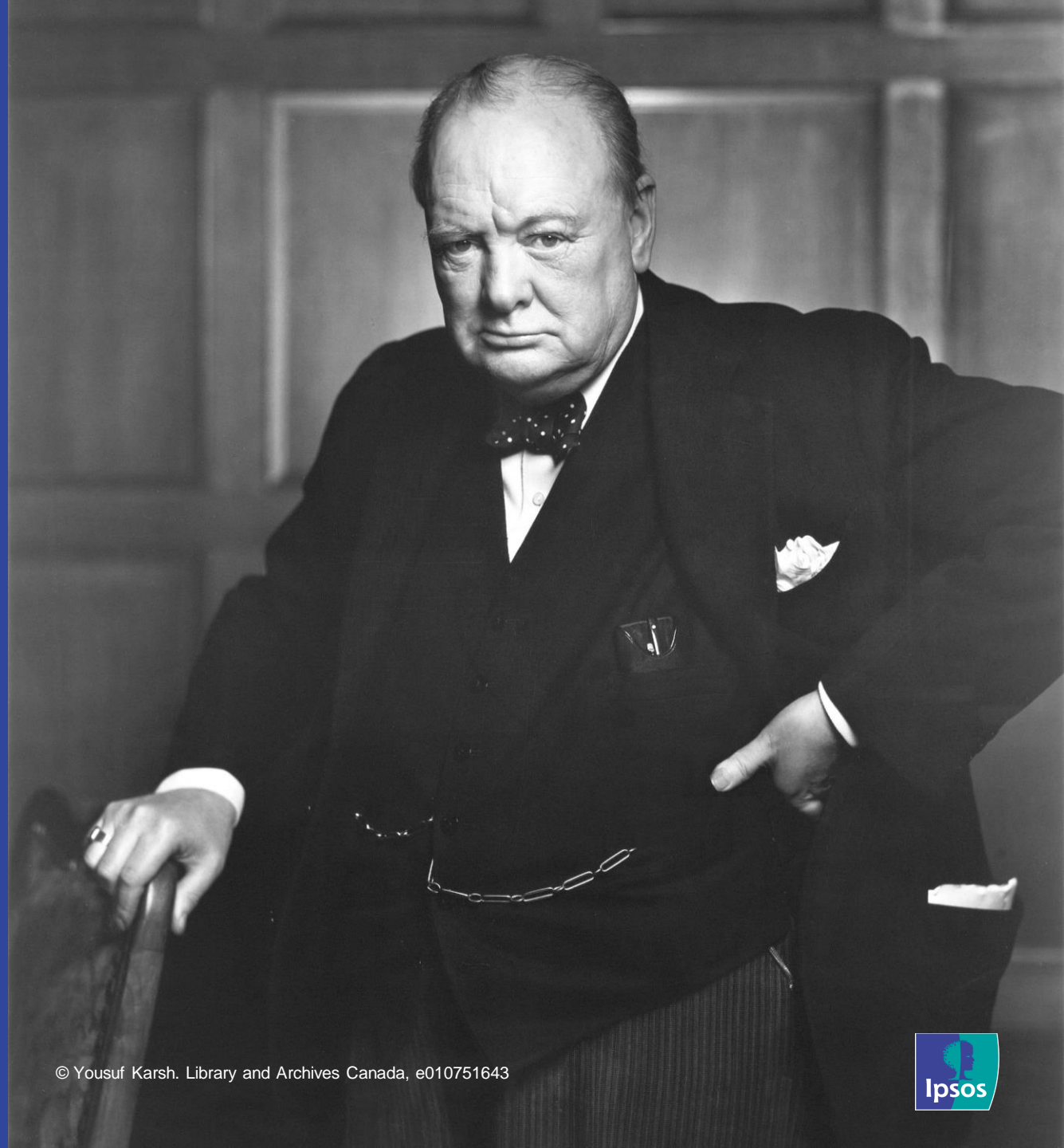
**VACANT
GROWTH SPACES**

**TRENDS PENDING
EXPLOSION**



**NEVER LET A
GOOD CRISIS
GO TO WASTE.**

- Sir Winston Churchill



Asia Pacific

Resilient & Dynamic Region



Suresh Ramalingam

GAME CHANGERS



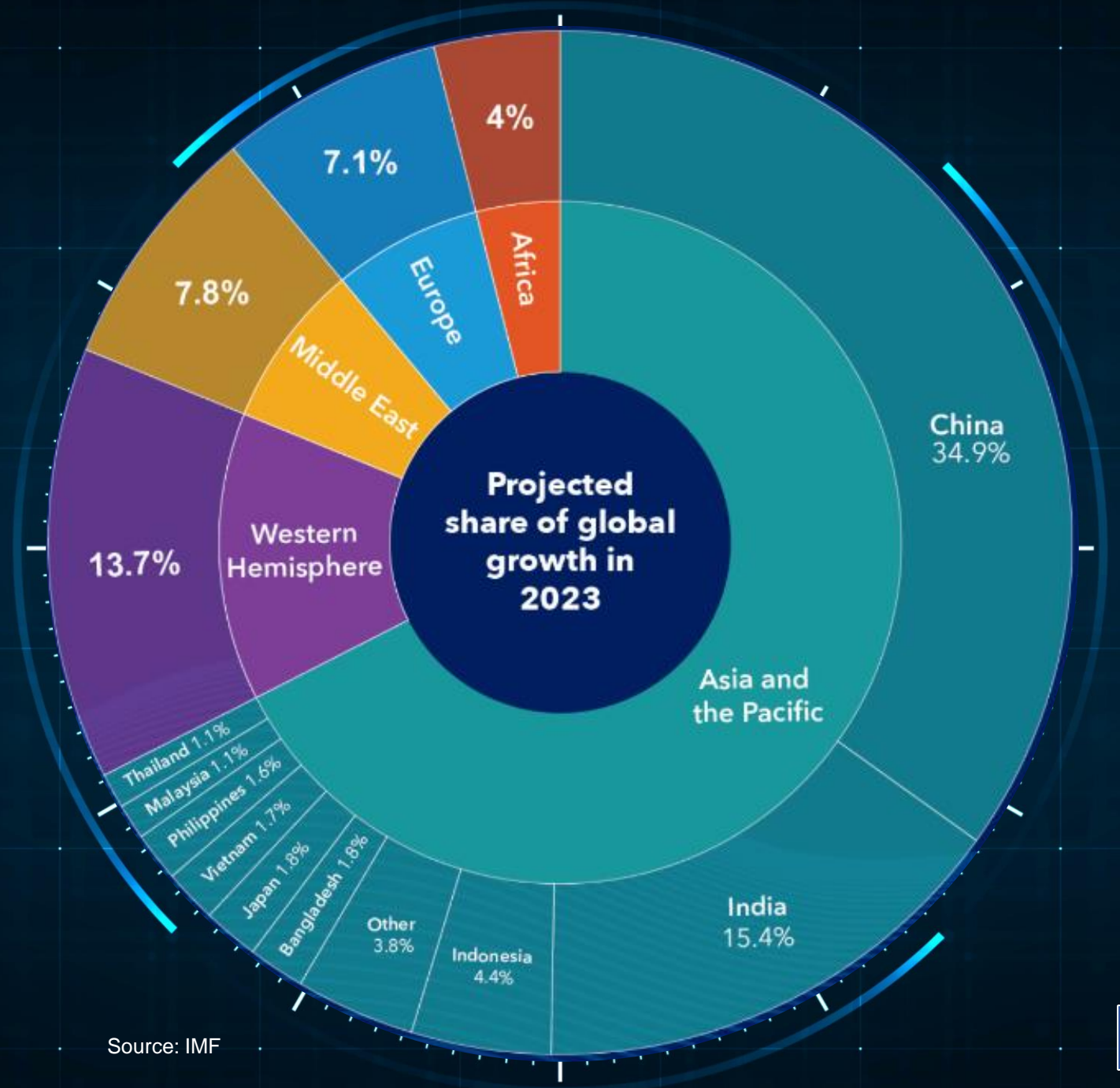
Why

APAC?



70%

OF GLOBAL GROWTH WOULD COME FROM APAC IN 2023



Source: IMF

WHILE THE WORLD IS
GOING THROUGH A

POLYCRISIS

MOST OF THE ASIAN
MARKETS ARE STILL

OPTIMISTIC



ASIA HAS SOME OF THE MOST POSITIVE COUNTRIES GLOBALLY

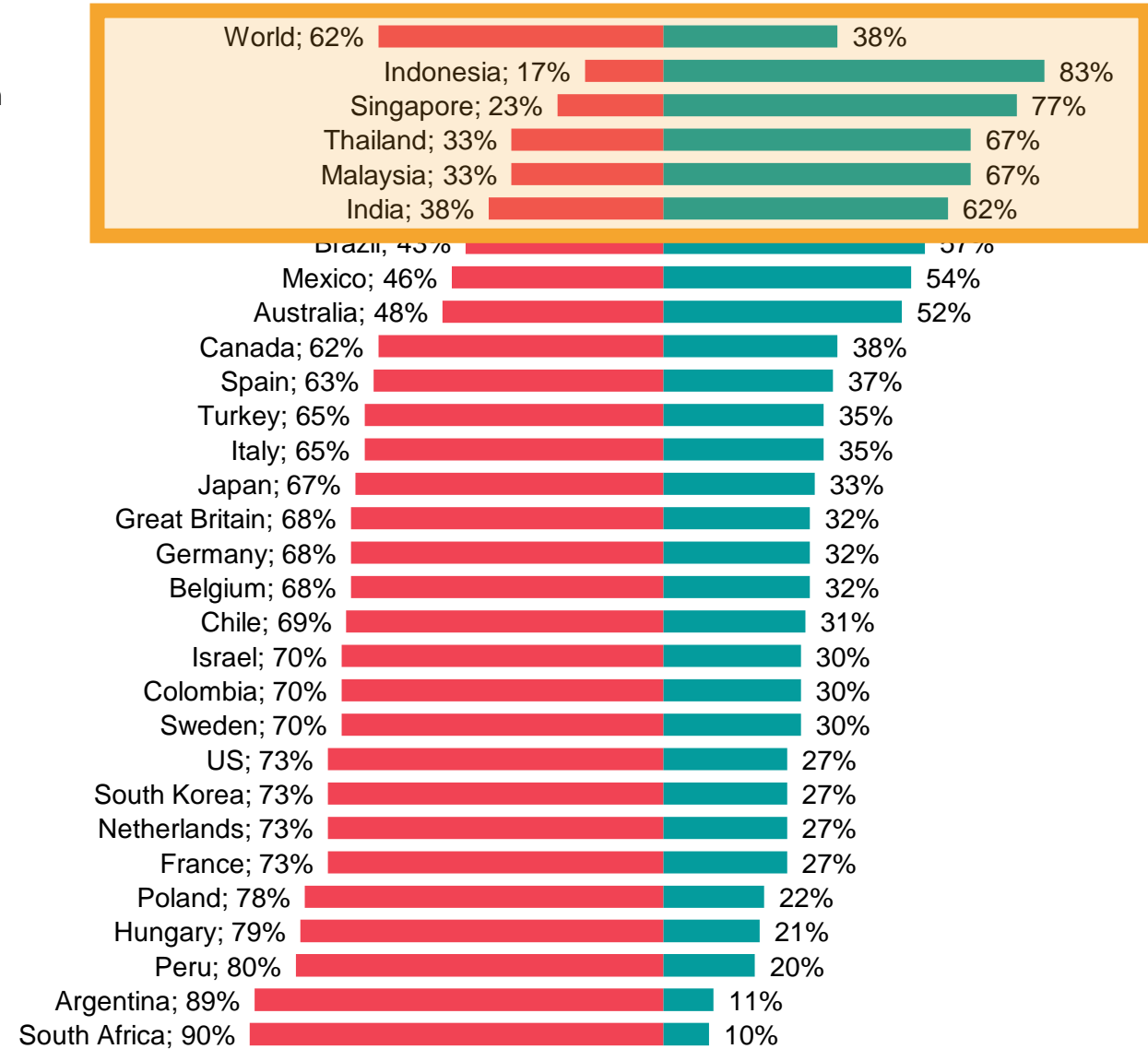


- Wrong track
- Right direction

Q Would you say things in this country are heading in the right direction, or are they off on the wrong track?

Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries, May 26th 2023 - June 9th 2023.

Source: Ipsos Global Advisor. *Global score is a Global Country Average. See methodology for details.*





BOTH

ARE THE FACE OF ASIA

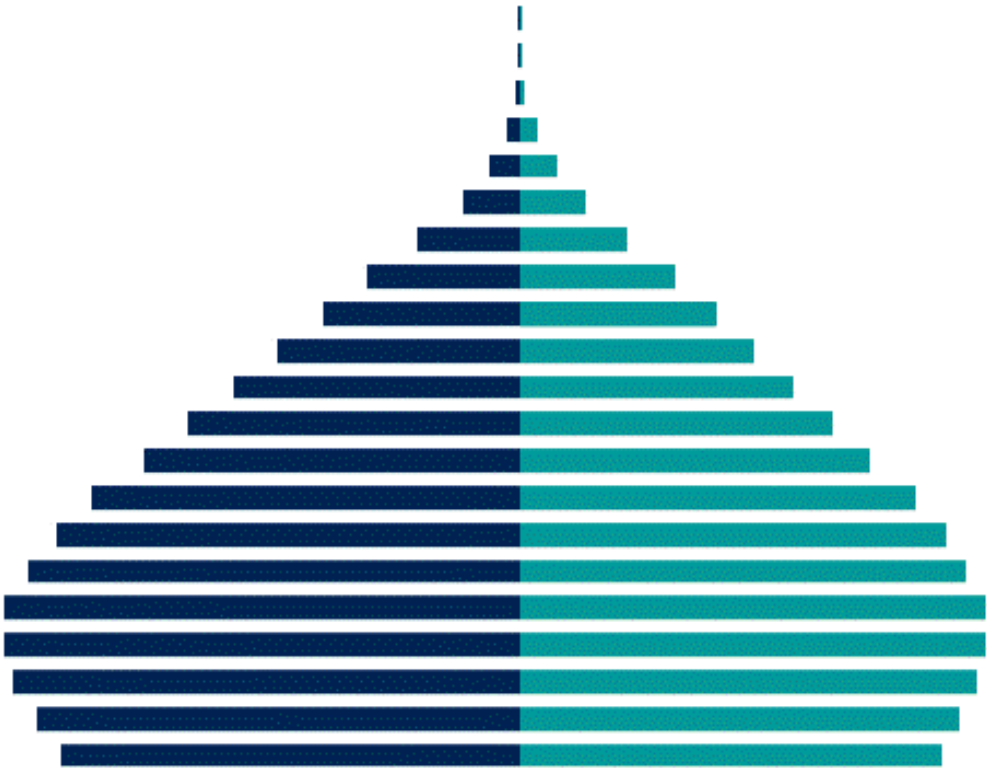
A sizable population under
30, as well as a rapidly aging
population over 60 years



ASIA IS MADE UP OF MANY YOUNG ECONOMIES BUT ALSO MANY COUNTRIES FACING IS AN AGEING POPULATION

INDIA

100+
95-99
90-94
85-89
80-84
75-79
70-74
65-69
60-64
55-59
50-54
45-49
40-44
35-39
30-34
25-29
20-24
15-19
10-14
5-9
0-4



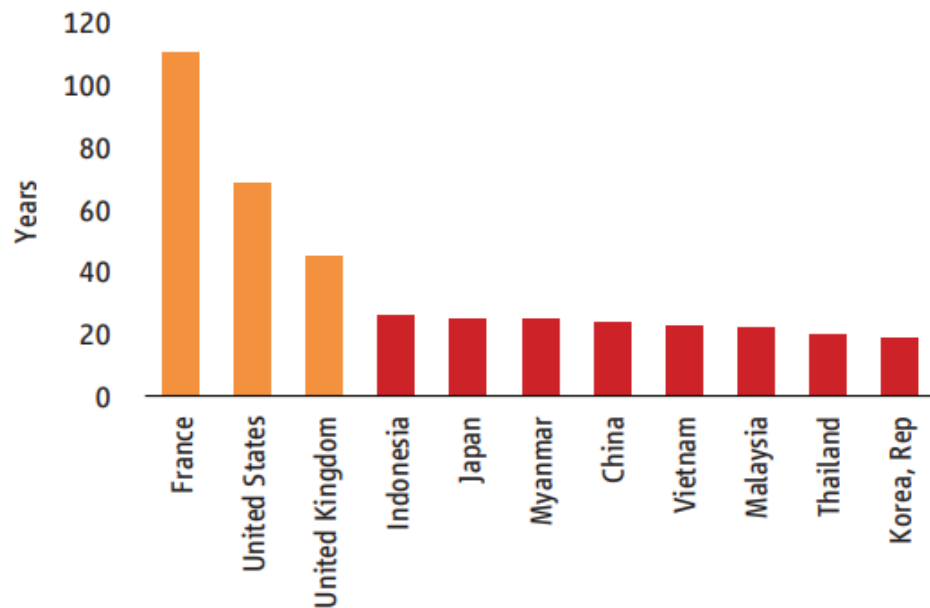
■ Male
■ Female



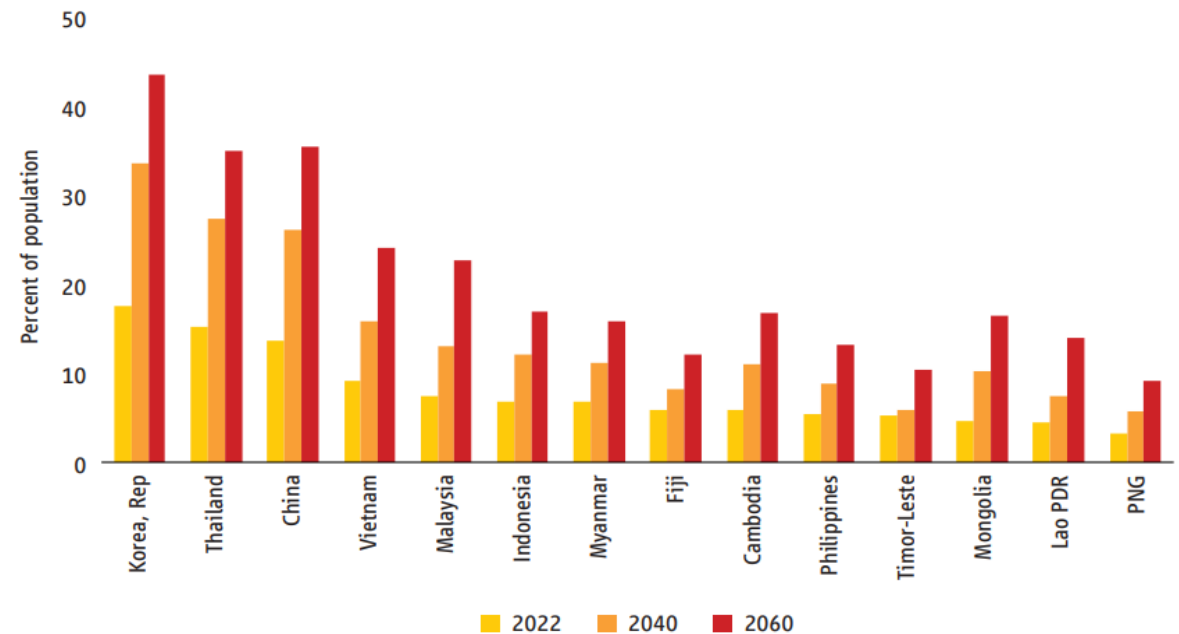
MANY ASIAN MARKETS ARE AGEING FASTER THAN THOSE IN THE WEST AND WILL CONTINUE TO AGE

OPPORTUNITIES ON BOTH ENDS OF THE SPECTRUM – TARGETING NEW GENERATION AS WELL AS A SILVER HAIR CONSUMER

A. Transition from aging to aged societies (i.e., from population 65+ reaching 7% to 14% of total)



Percentage of population aged 65+ (2022, 2040 and 2060)



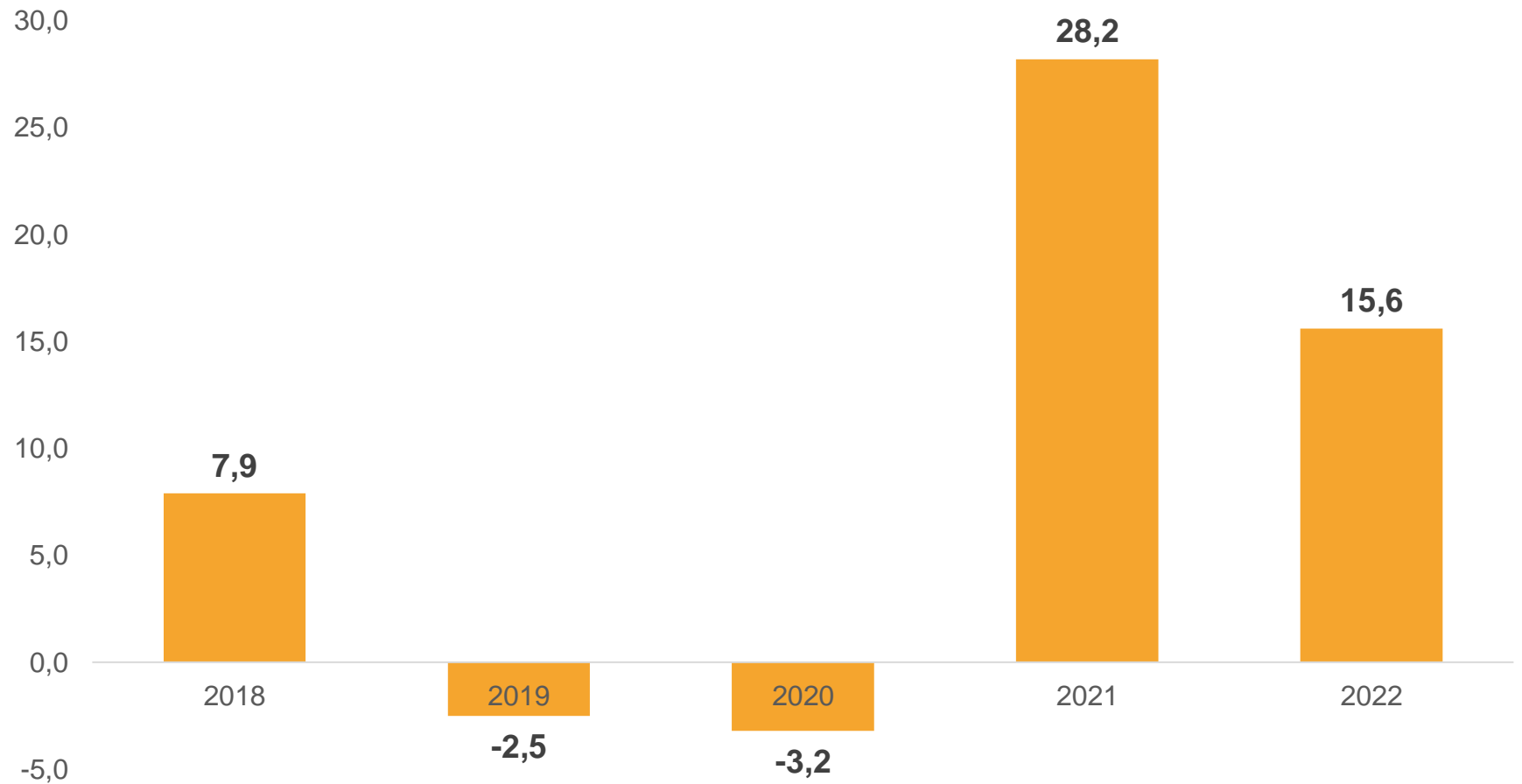
HOWEVER,
SOME HEADWINDS...



GOODS EXPORTS, WHICH CONTRIBUTE HALF OF ASEAN GDP, MAY HAVE PEAKED



ASEAN: Growth Rate of Goods Exports, 2018 - 2022

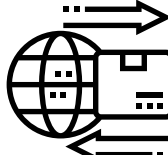
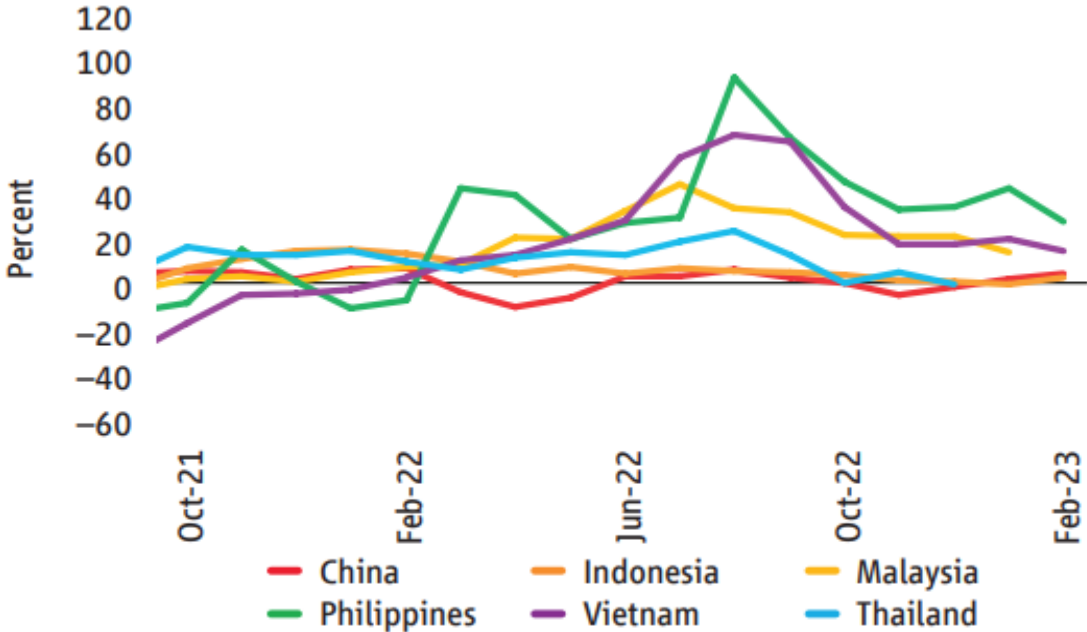


Source: ADB

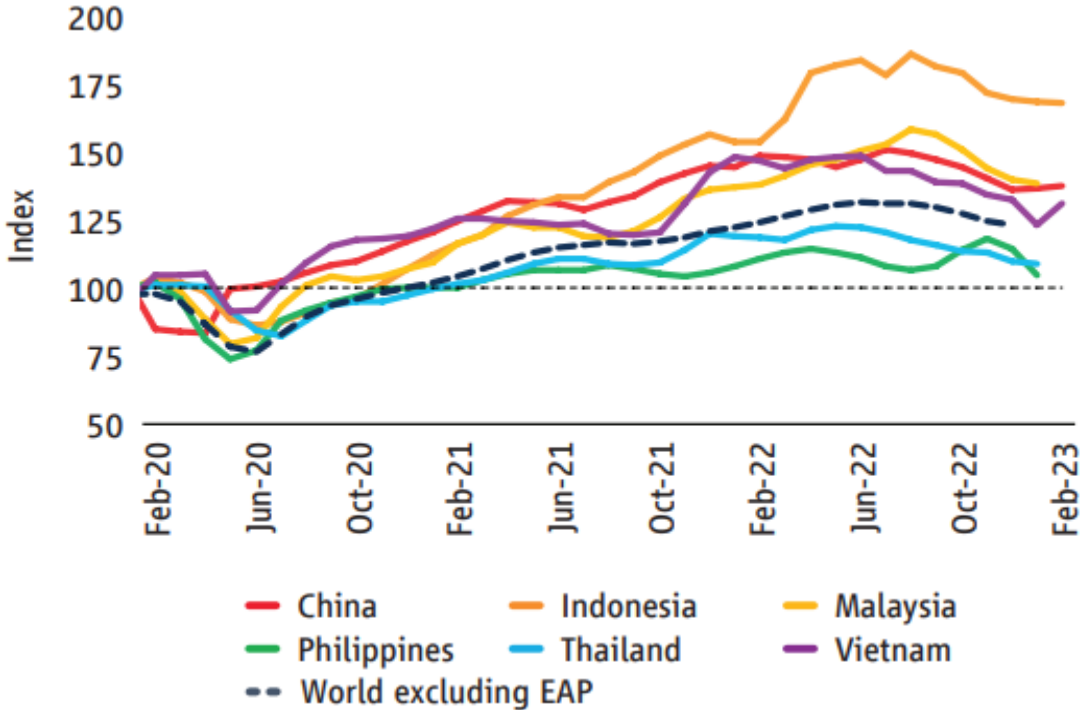
THERE ARE **SIGNS OF WEAKENING** DOMESTIC AND FOREIGN DEMAND IN THE EAP REGION



A. Retail sales
(year-on-year growth)



B. Goods exports
(index)



Source: World Bank

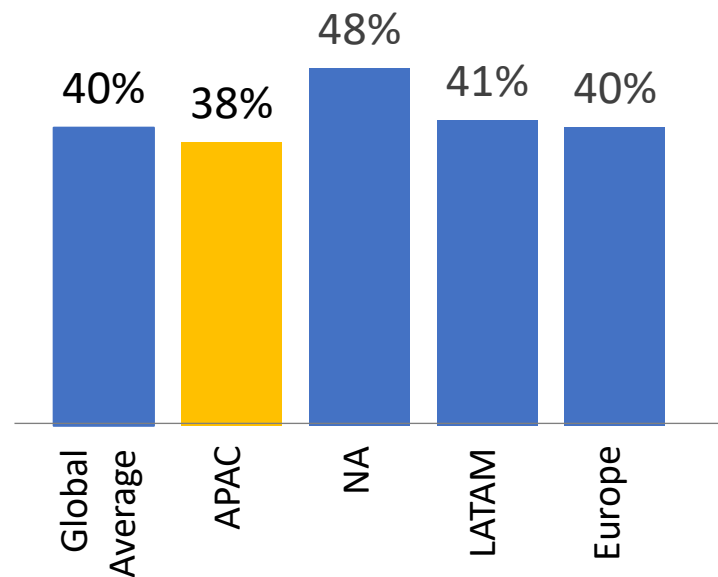
WORRY ABOUT
INFLATION
LOWER THAN
GLOBAL
AVERAGE,
WHILE
CONCERN FOR
JOBS GREATER
THAN OTHER
REGIONS



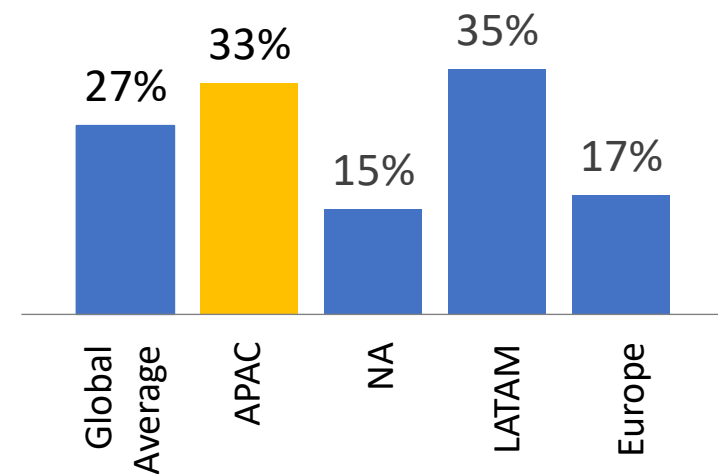
Which three of the following topics do you find the most worrying in your country?



Inflation



Unemployment

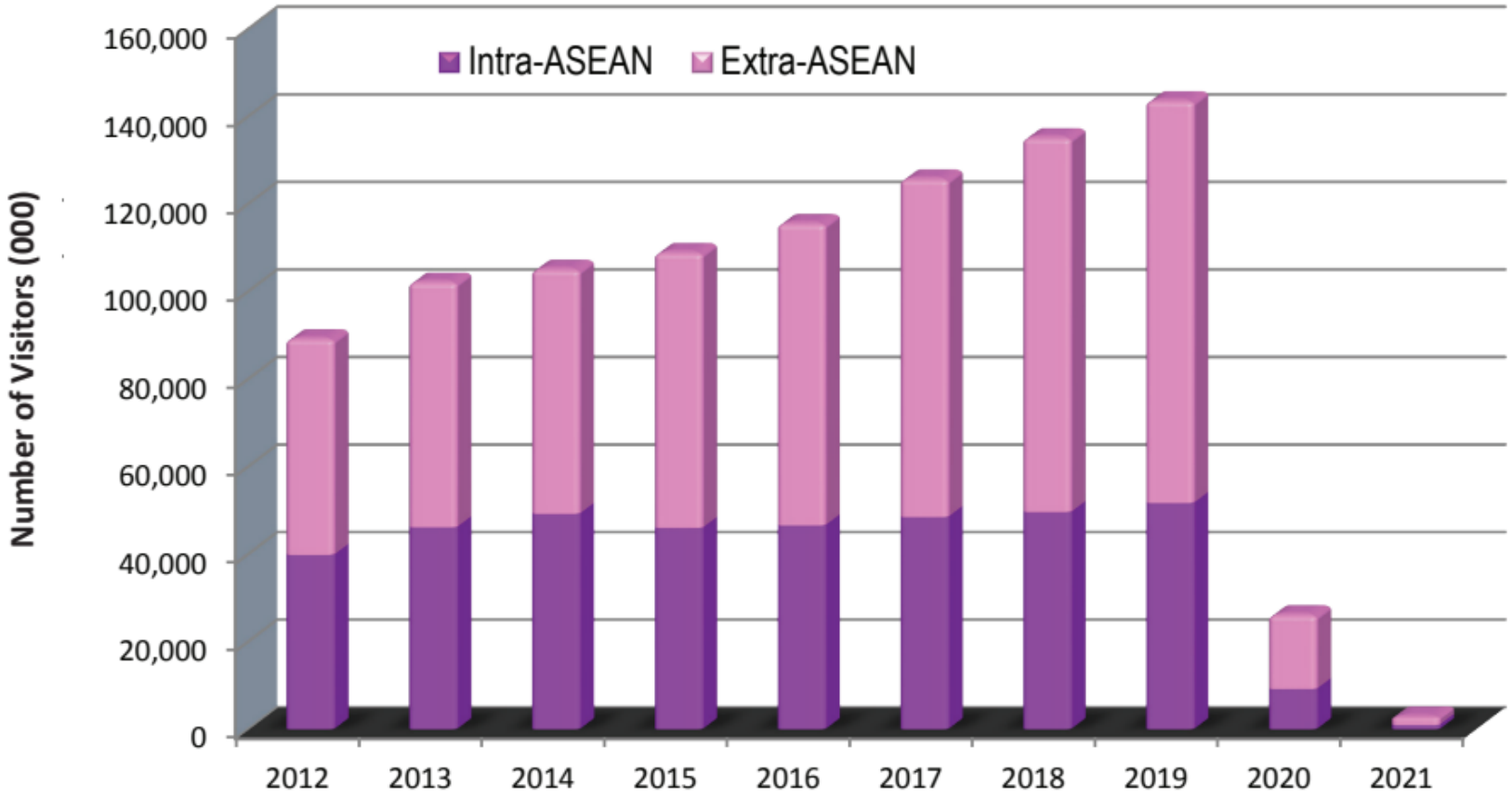


Base: Representative sample of 21,310 adults aged 16-74 in 29 participating countries
Source: Ipsos What Worries the World.

THE FOCUS
NOW IS
LOOKING AT
BOOSTING
TOURISM
AND
DOMESTIC
DEMAND



Chart 9.1. Intra and Extra-ASEAN Visitor Arrivals, 2012-2021



Source: ASEAN Statistical Year Book 2022

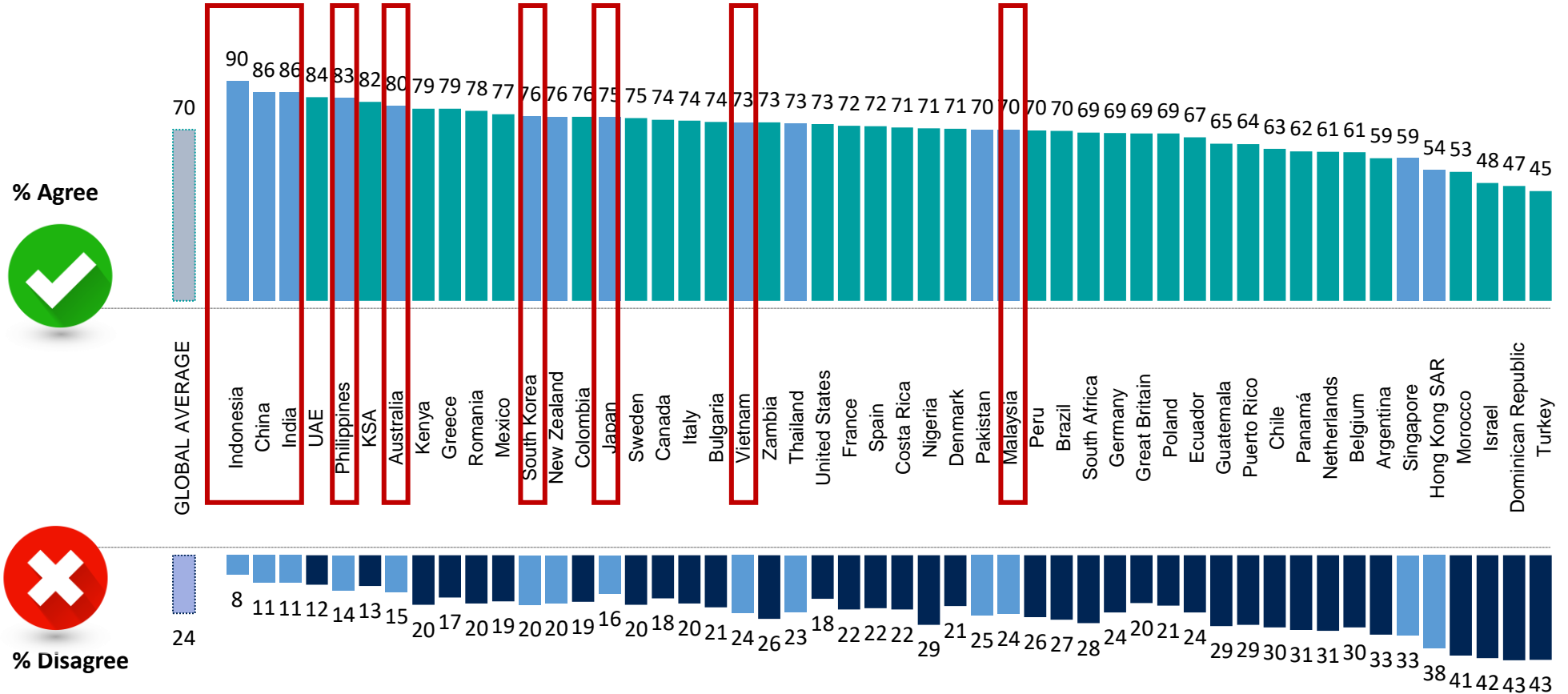
AT THE SAME TIME, THERE ARE
OPPORTUNITIES



DEMAND FOR LOCAL GOODS IS HIGHER IN ASIA THAN OTHER REGIONS

To what extent do you agree or disagree with the following statements?

I prefer to buy products from my own country rather than products from abroad



Base:
48,541 adults surveyed across 50 markets between 23rd Sep - 14th Nov 2022. For full methodology see [ipsosglobaltrends.com](https://www.ipsosglobaltrends.com).

Source:
Ipsos Global Trends 2023

THE DESIRE OF PRODUCTS FROM YOUR OWN COUNTRY TRENDING HIGHER IN THE LAST FEW YEARS

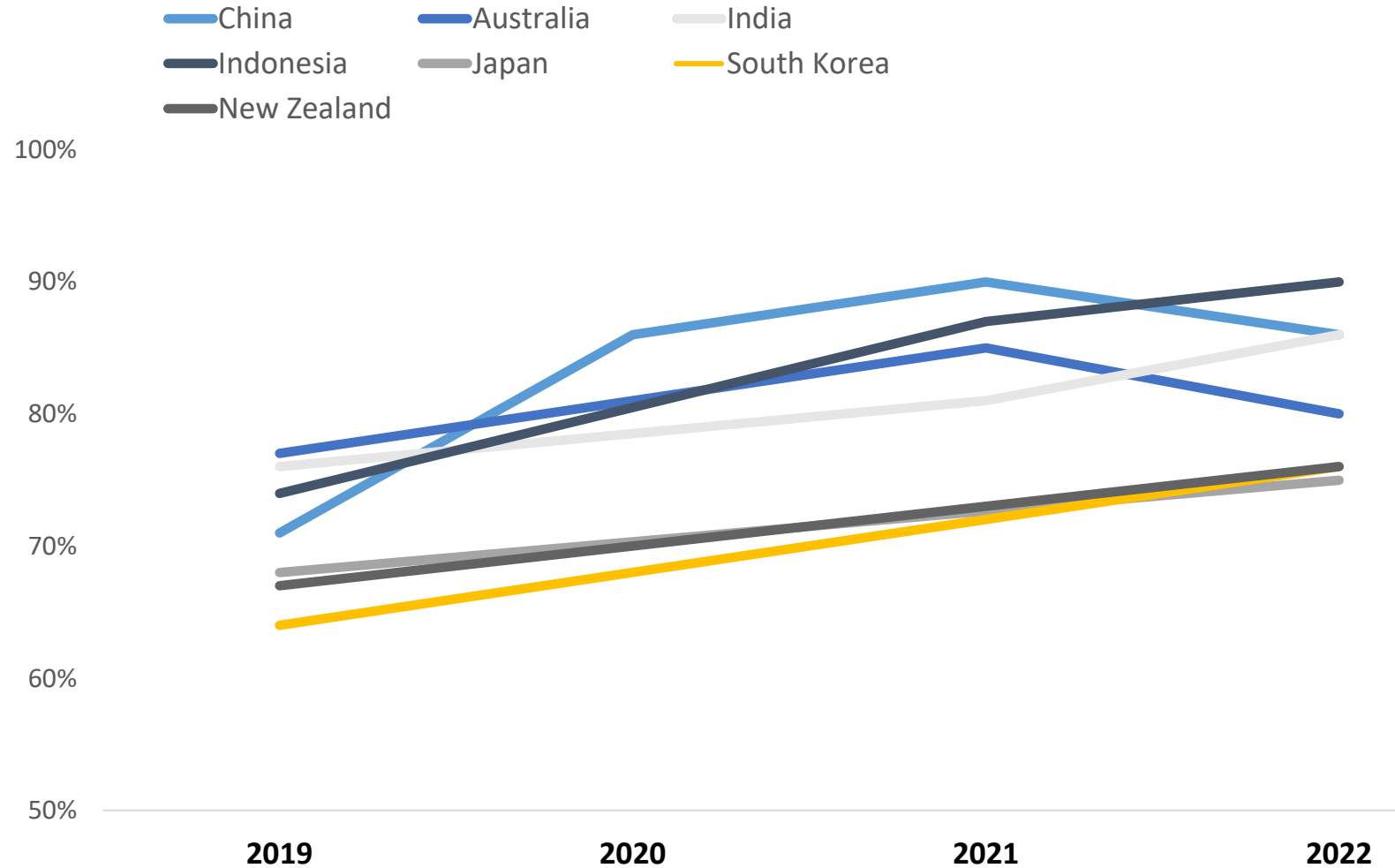


To what extent do you agree or disagree with the following statement?

% agree

I prefer to buy products from this country rather than products from abroad

% agree 2019 - 2022



Base:

48,541 adults surveyed across 50 markets between 23rd Sep - 14th Nov 2022.

For full methodology see [ipsosglobaltrends.com](https://www.ipsosglobaltrends.com)

Source:

Ipsos Global Trends

FLAVOUR LOCALIZATION



Vietnam

LOCAL BRANDS ADAPTING TO SERVE NEIGHBOURING MARKETS



Malaysia

IN SUMMARY.....

Make significant resource commitments to APAC as it would drive growth

APAC is demographically diverse, think of catering to both sides of the age spectrum, from cradle to sunset years

Tweak your product and brand to cater to the increasing demand for localization. Thus, implications for product, service, solution innovations to cater to Asian tastes, but also brand expression to reflect Asian sensibilities

KEYS

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and resources from this episode



[\[Webinar\] KEYS - Feeling the Pressure](#)

JOIN US for our next KEYS webinar:
Thursday, 21 September
11:00 & 17:00 Central European Time

WE NEED TO TALK ABOUT GENERATIONS

The Realities of Population Change

KEYS - A WEBINAR SERIES BY IPSOS

