



Preparing for the new reality

Session 5: Consumer and the new reality

—
15 July 2020



Agenda

- Introduction
- Consumers and the new reality – Katherine Sachun, KPMG Nunwood
- Discussion with Danny Scott, CoinCorner, Chris Gledhill, PDMS and Katherine Sachun, KPMG Nunwood
- Questions and wrap up



Simon Nicholas
Markets Partner



Katherine Sachun
Insight Lead





Consumers and the new reality

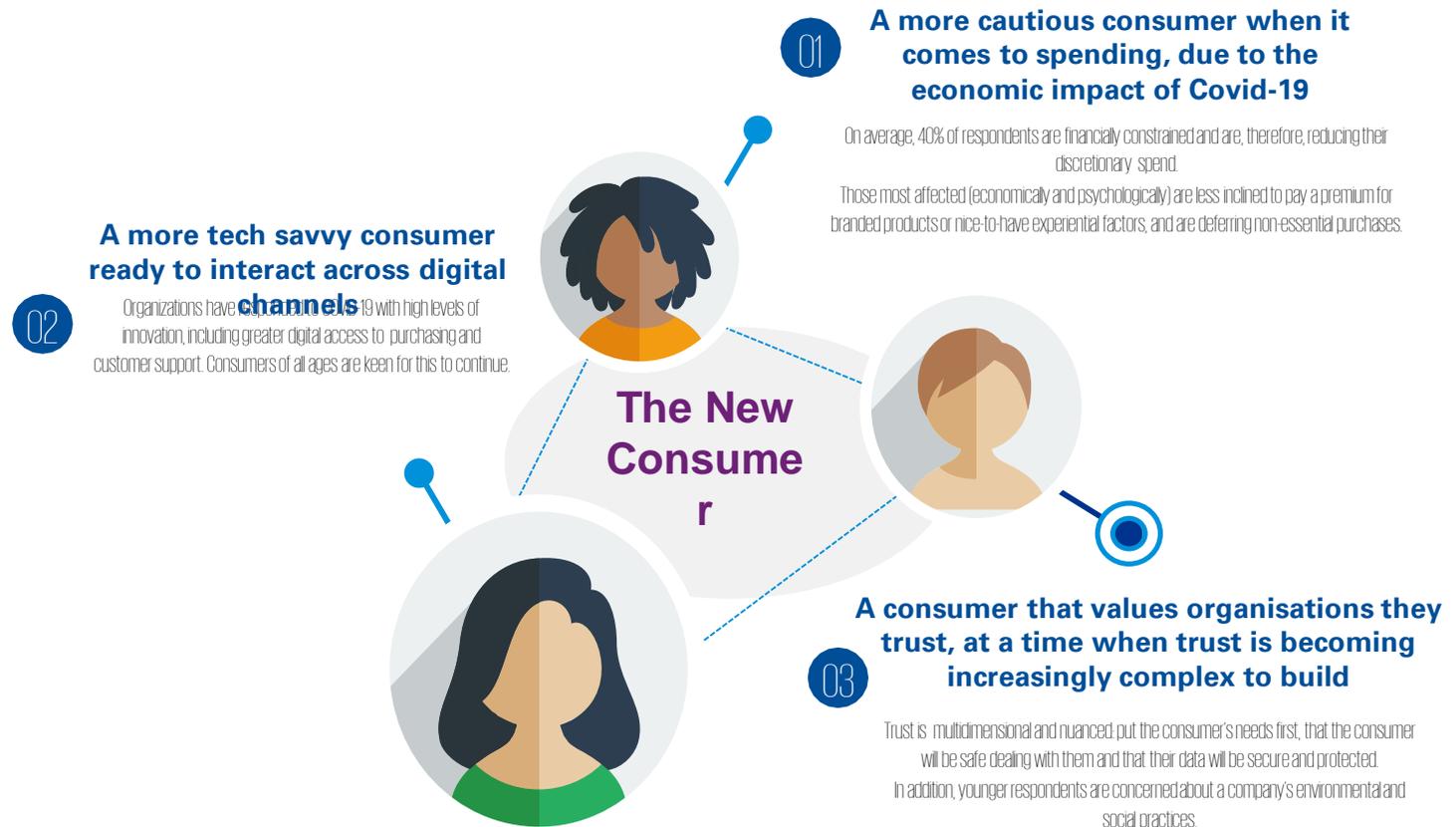
**Preparing for changing customer
needs, behaviors and expectations**

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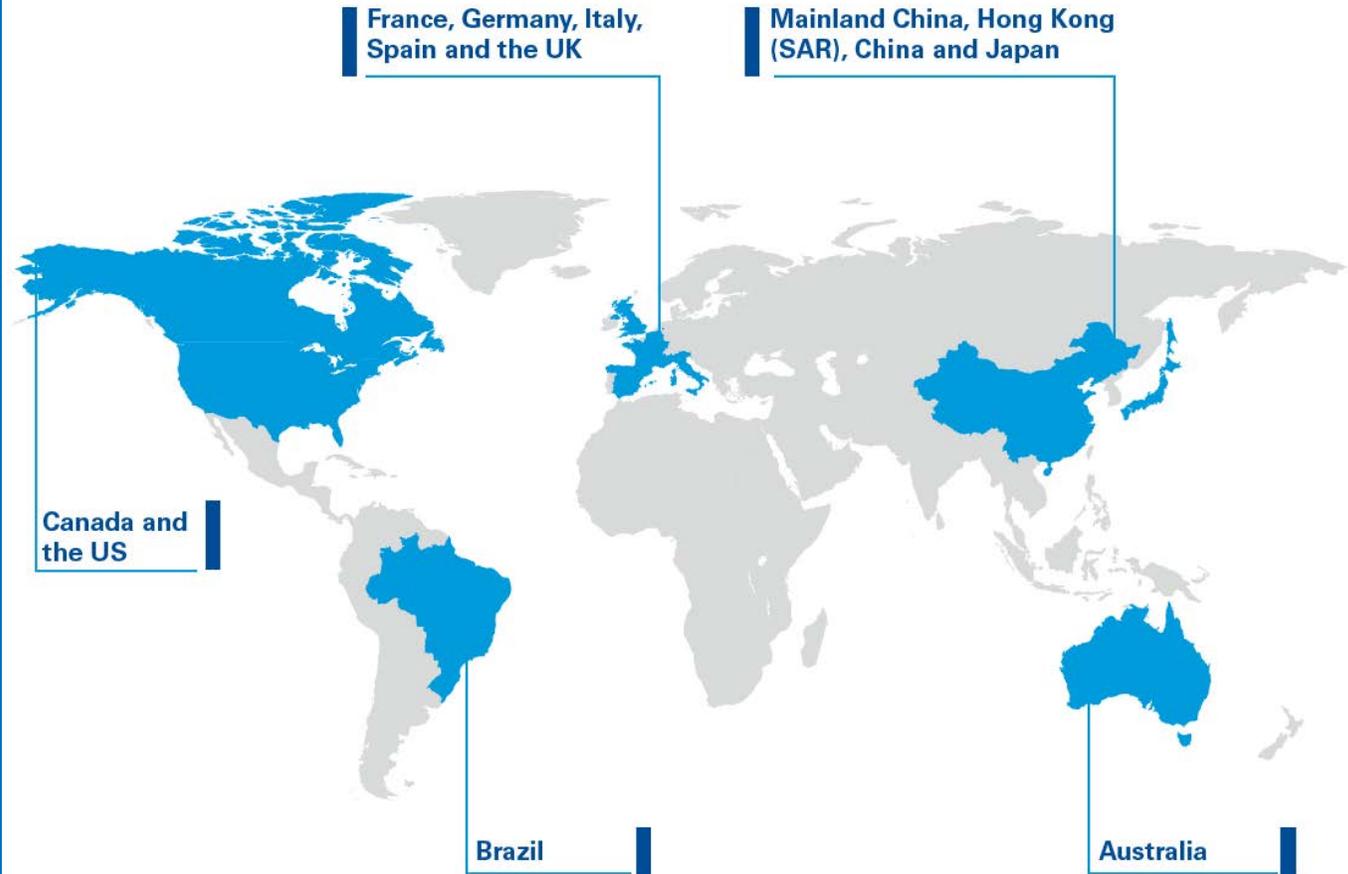
The new consumer: financially constrained and more savvy

Globally, a new consumer is emerging — one that is financially constrained but more advanced in their use of digital technologies and selective in their decision-making. The new consumer also sees COVID-19 as an opportunity to reset values in the world



Methodology Overview

Understanding the lasting impact
of COVID-19 on consumers'
needs, behaviors and preferences





Interviews —

12,334 consumers
Representative sample of ~1,000 per market



Dates —

29 May–08 June 2020



Collection method —

Online-based questionnaire



Wave 1 of 6 —

Six waves of interviewing, every 2 weeks over 3 months



Broad sector coverage

- Respondents had to have had an interaction with the sector in the last 6 months
- Mobile/TV/broadband
- Utilities
- Travel and tourism
- Leisure and entertainment

Deep-dives into:

- Grocery retailers
- Non-grocery retailers
- Banks
- Insurance



Key topics covered

- Purchase drivers
- Channel interaction
- Trust
- Sector focus
- Profiling
- Demographics



Tracking consumer behavior

We will be tracking consumer trends over six waves of interviewing during June, July and August 2020.

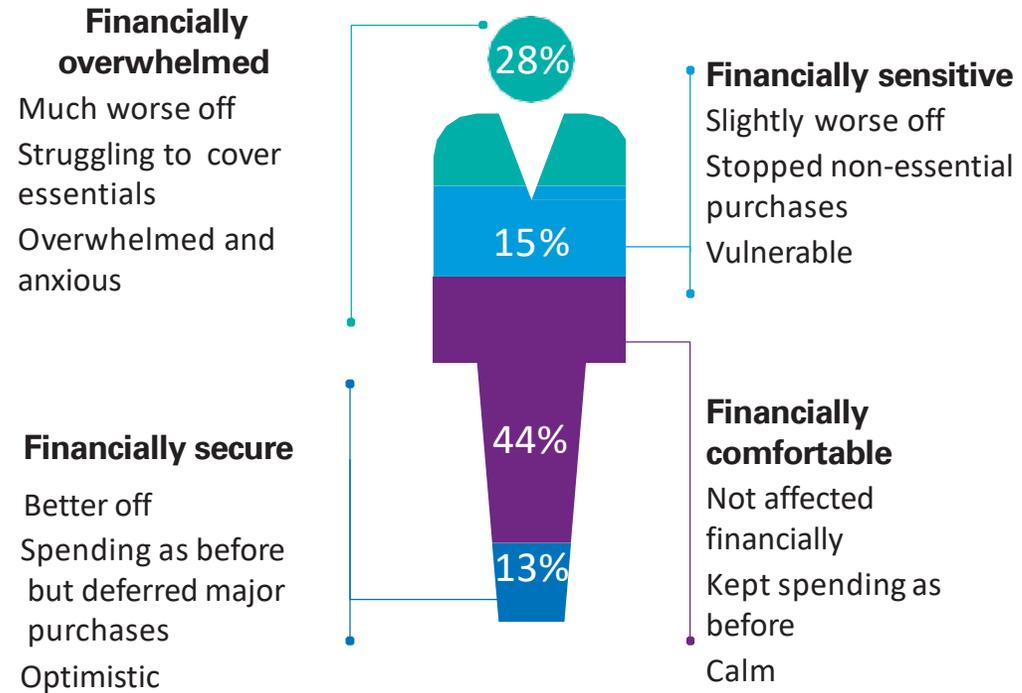


Next report

Our next report, after wave 4, will look into the reasons behind some of the key changes in behaviors and preferences that we highlight in this report and provide more detailed country analysis.

New segments emerge as attitudes shape spending

Just over half of consumers feel financially comfortable or secure versus 43 percent who feel overwhelmed or vulnerable

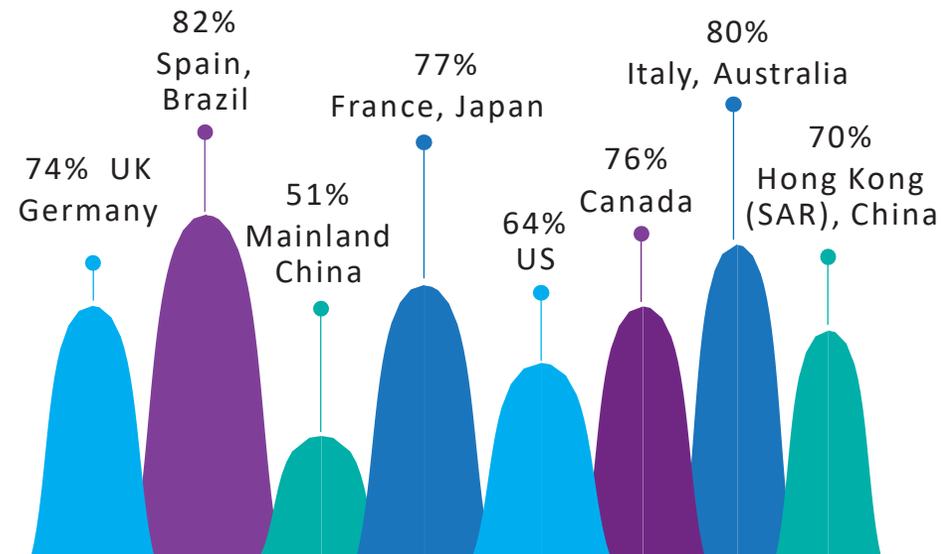


To what degree do you feel the COVID-19 situation is affecting your household finances?
To what degree do you feel your spending behavior has changed vs. before? How do you currently feel about your financial wellbeing?

Source: Consumers and the new reality, KPMG International, June 2020

Value for money is the most important purchase driver

63 percent consider it the most important purchase driver, with country variations



Which of the following is important to you now when buying a product or service?

Source: Consumers and the new reality, KPMG International, June 2020

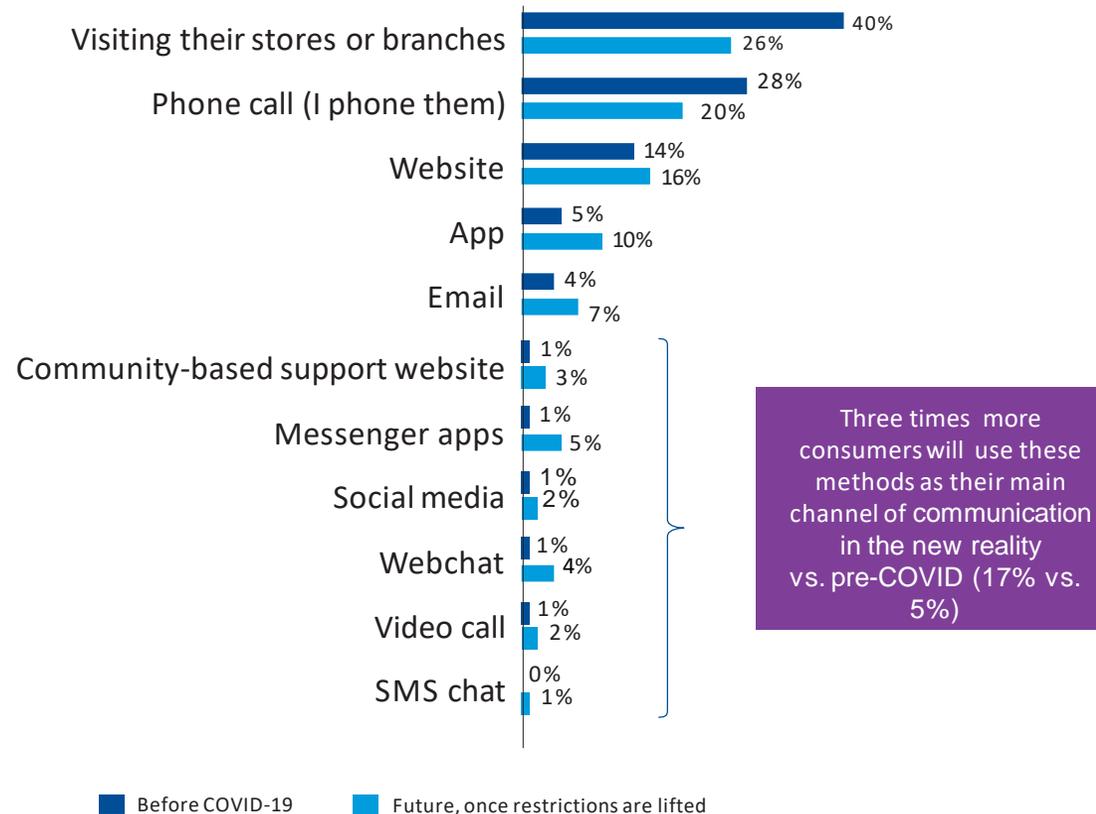
Forty-seven percent say value for money is more important as a result of COVID-19

Organizations will need to rethink their business and operating models.

The consumer's search for value for money is much more than just short-term margin dilution. It is a fundamental change in purchase priorities and will be prevalent for 12 months or more.

A digitally savvy consumer emerges

In the future, the main channel of communication for customer support is likely to be increasingly digital, often with a human touch



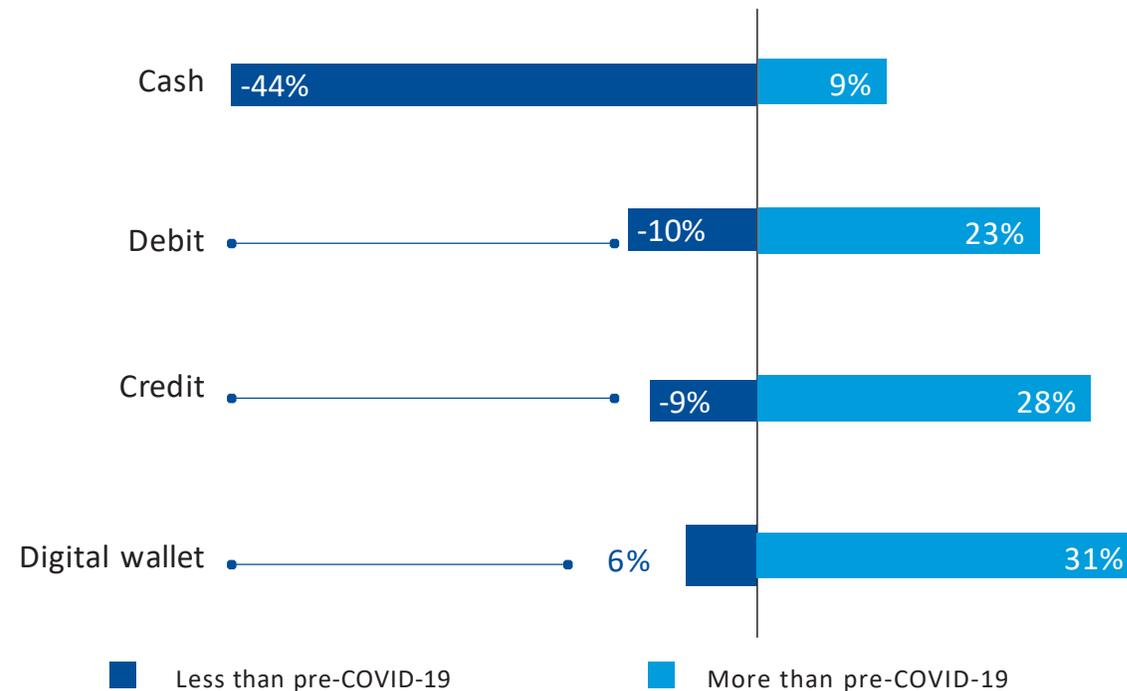
Thinking again about [SECTOR], when you need support and contact organizations, what was your main way of communicating (before/now/future)?

Source: Consumers and the new reality, KPMG International, June 2020

Consumers are now gravitating towards touchless shopping and contactless

Organizations will need to invest in new digital methods of communication and payments. Organizations will have to consider releasing cash from existing channels and shifting into digital. Prioritizing digital security will be key.

Consumers believe that they will use cards and digital wallet options more than cash for future purchases



Respondents saying they would use each method the same as before are not shown
 Considering your future purchases, do you think you will use cash, cards or digital wallets more, the same or less than before the COVID-19 situation? Please consider your future purchases once all restrictions are lifted
 Source: Consumers and the new reality, KPMG International, June 2020

Brand trust is multidimensional

Trust in the brand is associated with perceptions of safety, as well as an organization's conduct towards their community, employees and the environment



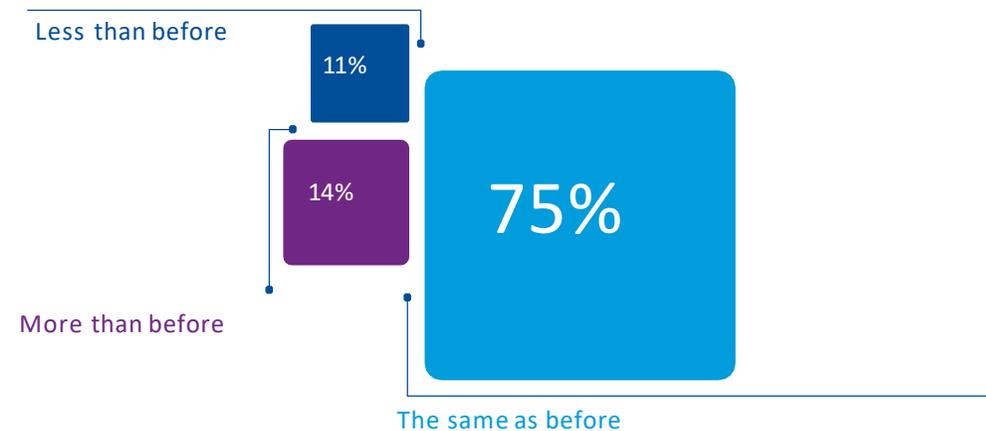
% is those saying more important

Thinking again about those same things, have they become more or less important to you as a result of COVID-19?

Source: Consumers and the new reality, KPMG International, June 2020

We saw a net increase in trust, with organisations putting customers and employees wellbeing ahead of profit

On balance, slightly more customers are trusting of organizations now compared with before COVID-19



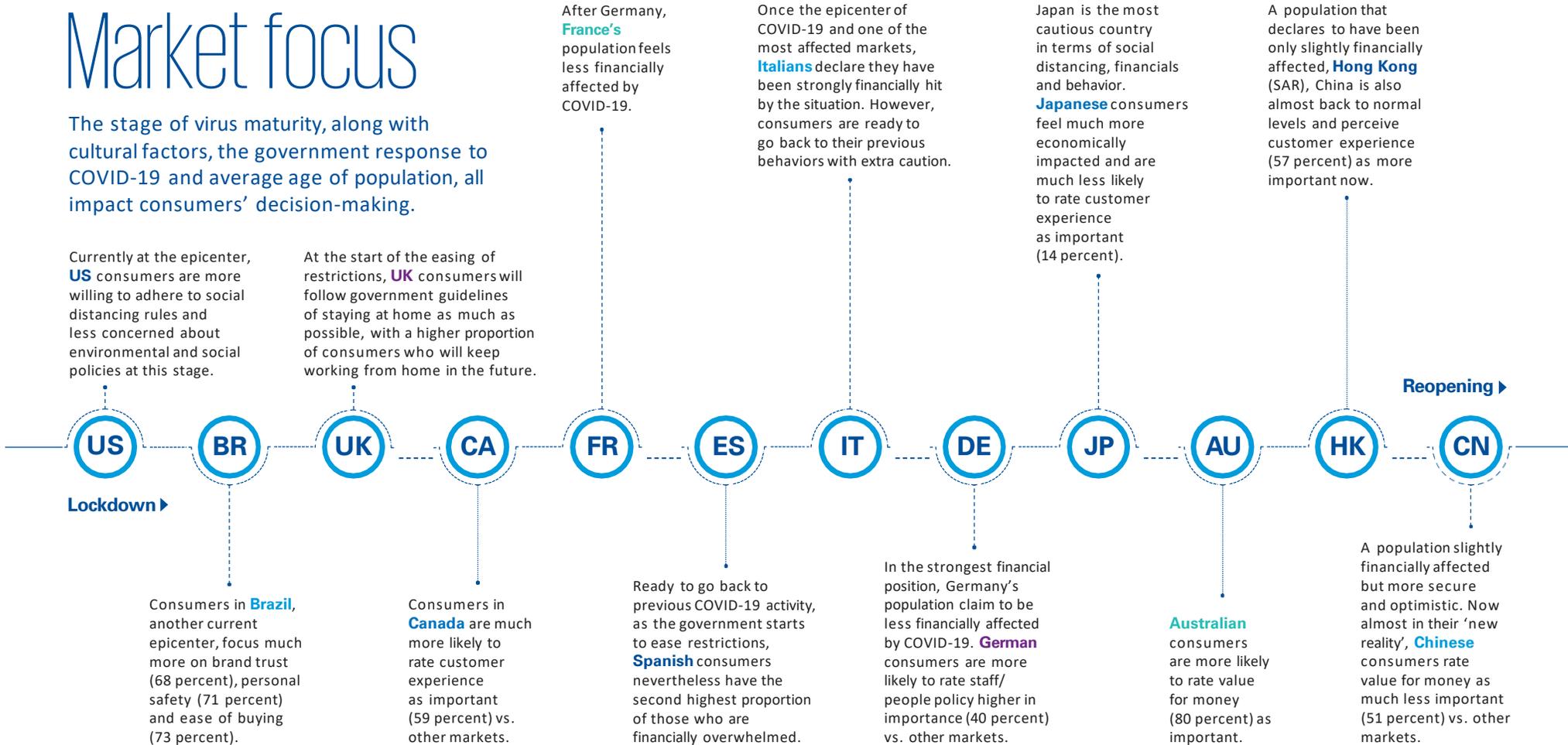
To what extent do you trust each type of company now, compared with before the COVID-19 situation?

Source: Consumers and the new reality, KPMG International, June 2020

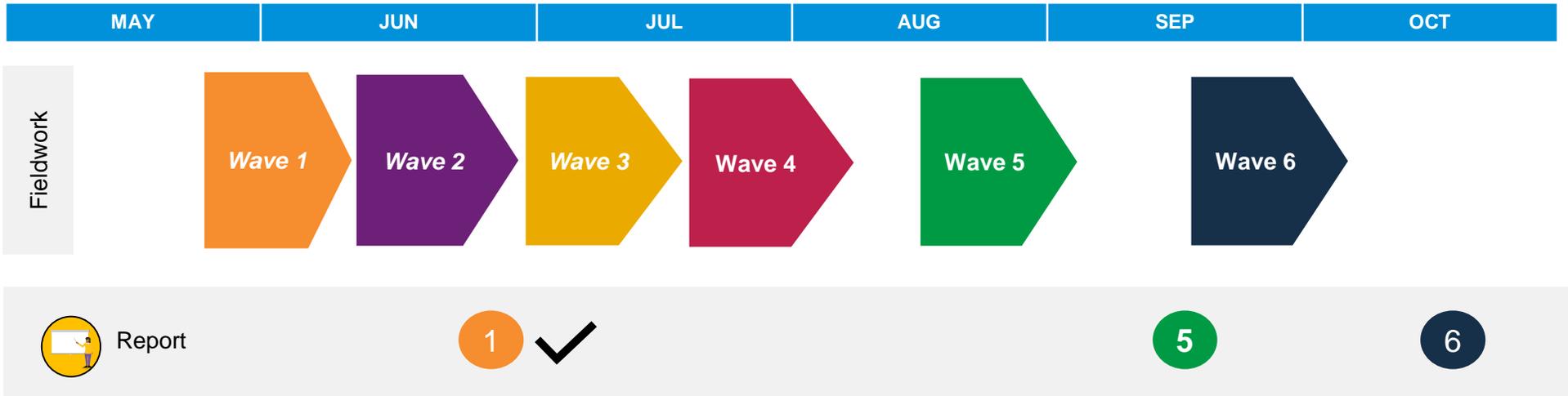
Organizations will need to review their sense of purpose and ensure it is aligned to the unique environmental and social impacts that the individual company can make. Tight adherence to social distancing and personal safety will be demanded across every interaction. Organizations will need to identify where they can build trust and ensure that actions that erode trust are eradicated.

Market focus

The stage of virus maturity, along with cultural factors, the government response to COVID-19 and average age of population, all impact consumers' decision-making.



Timeline



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Discussion

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Chris Gledhill, PDMS

Moderated: Simon Nicholas, KPMG Isle of Man



Wrap up and questions

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Thank you



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