VALICON

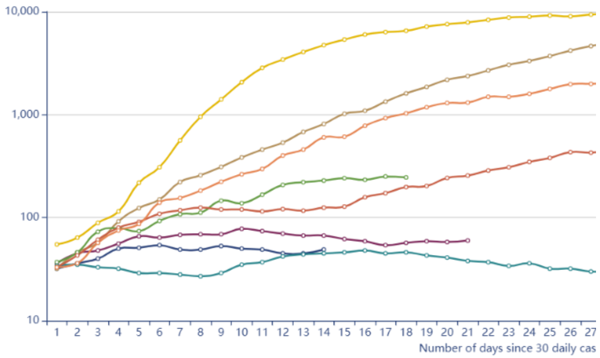
Corona reality

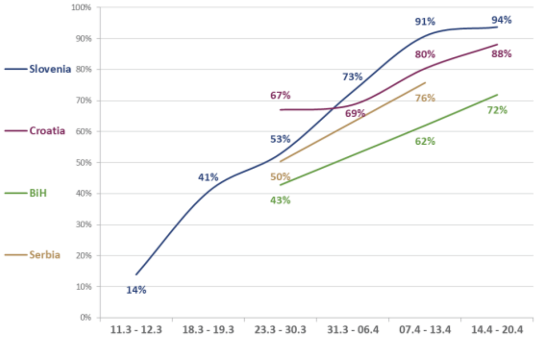
Slovenia – Croatia – Bosnia - Serbia

April 2020

Conducting consumer research in coronatimes

- It is **digital only (web and mobile)**. We cooperate with consumers from all segments that gave us consent to ask them different things.
- Using their **profiles**, with **reliable** data about how they answered the surveys in the past, **advanced sampling** and **invitation** mechanisms (*smart-sampling*) we deliver **representative samples** within 15-75 population.
- **Surveys are permanent and conducted on bi-weekly basis** with sample sizes at least n=500. We combine survey data with **other relevant data**.





Valicon during and after coronatimes: ONGOING TRACKING STUDY

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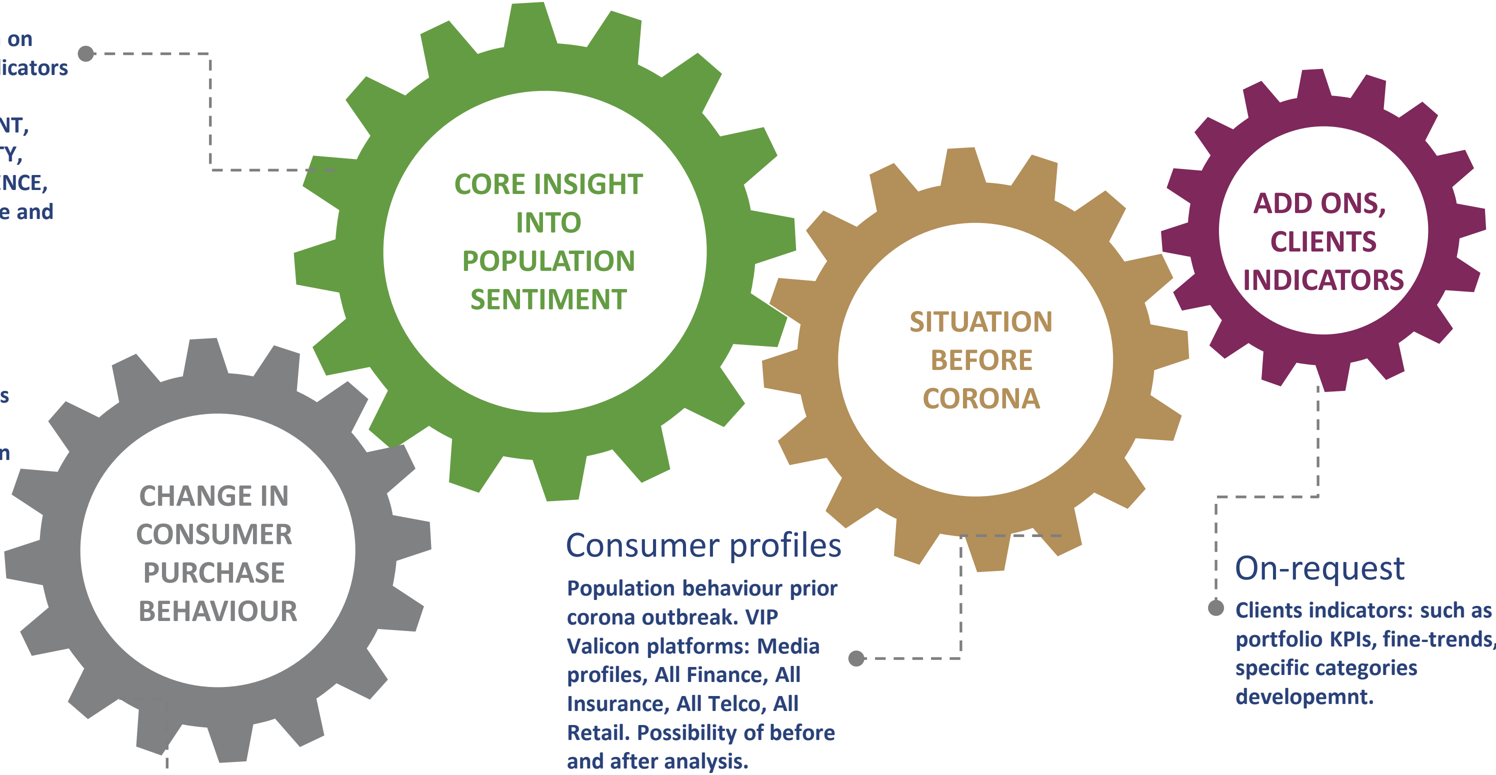
Biweekly

Population reaction on outbreak. MAIN indicators are population's CONCERNS, MOMENT, BEHAVIOR, SECURITY, REALITY AND PRESENCE, plus media exposure and consumption

Monthly

Impact on consumers. Change in purchase habits and usage of service products. Optimisation on purchase and usage. Current and estimated impact on different industries.



Consumer profiles

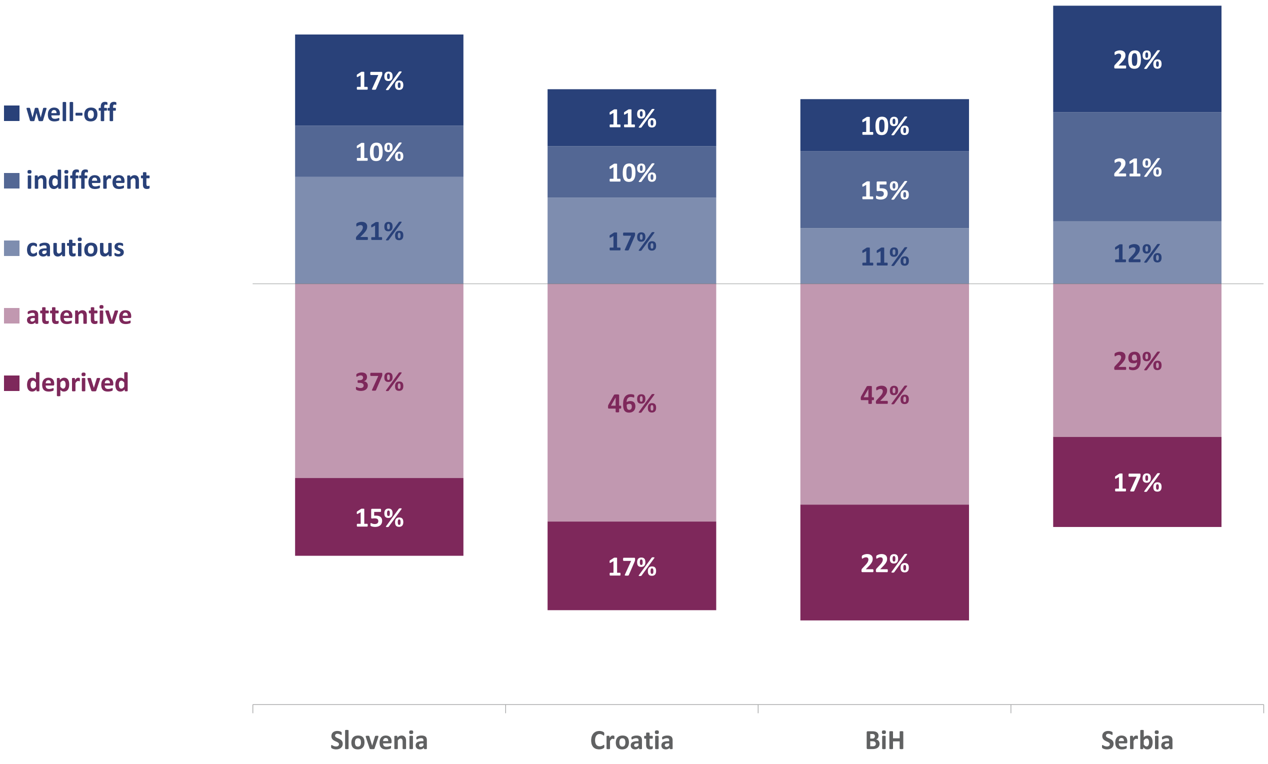
Population behaviour prior corona outbreak. VIP Valicon platforms: Media profiles, All Finance, All Insurance, All Telco, All Retail. Possibility of before and after analysis.

On-request

Clients indicators: such as portfolio KPIs, fine-trends, specific categories developemnt.

- It seems overall in the region there is around **15% of deprived**. Some were added with the first medical wave.
- **Slovenia and Serbia are in slightly better condition** in terms of change. In Croatia there must be also the effect of the earthquake.
- The key question is what will happen with **attentive segment**.

Expected financial status and consumption segments in the region.

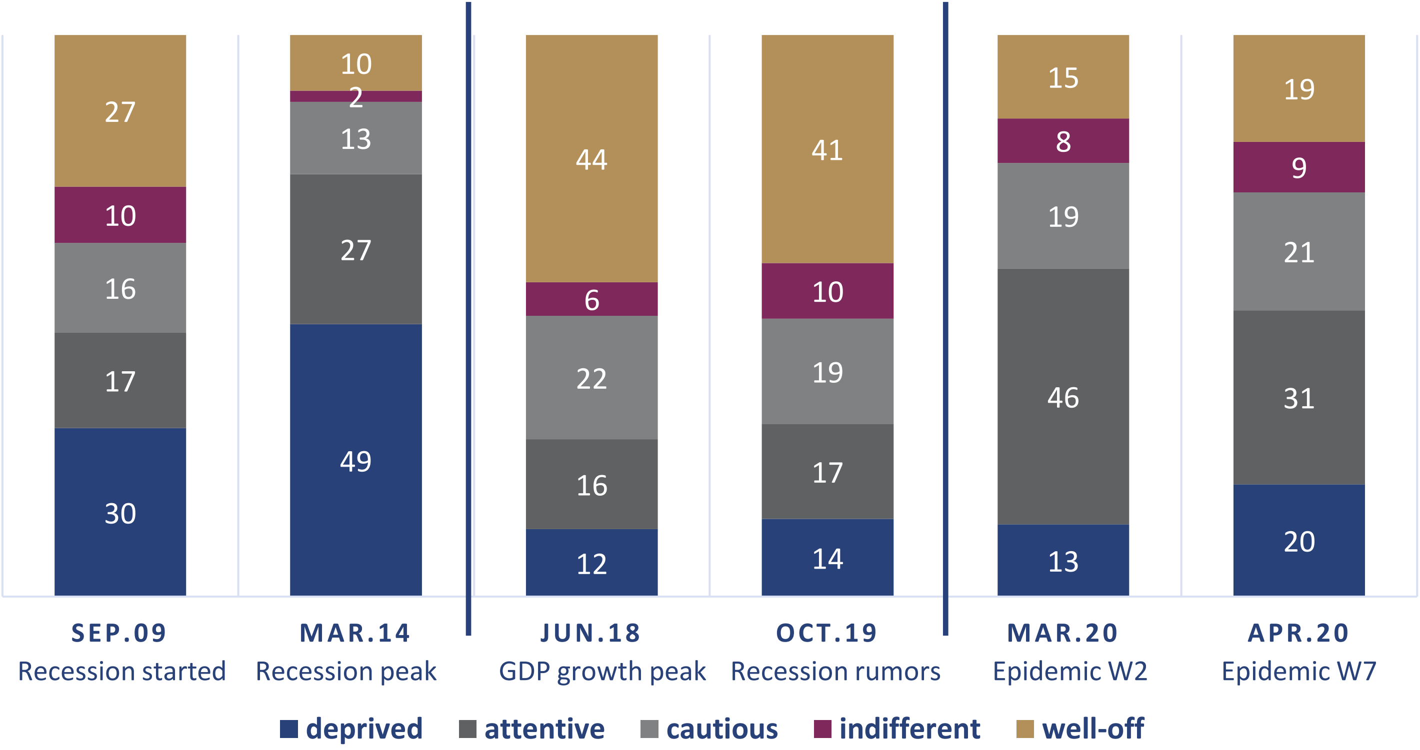


Would you agree that you have changed your spending amount over the past six months?

SLO: n=561 BiH: n=673
CRO: n=919 SER: n=629

Expected financial situation and consumption segmentation. During the recession time, GDP growth period and during the epidemic the structure differs substantially.

(learnings from Slovenia 2009-2019)



Rise of **attentive consumers** was the immediate effect of the epidemic. They can spend, but they don‘t. Already in week 7 of epidemic, some of them moved into **deprived ones** however the **well-off** are recovering as well – indicating an **asymetric pattern of forthcoming economic recession.**

* Note: Data for Slovenia for week 7 is used here and it differs from previous slide where data for week 5 is used for regional comparison.

DEPRIVED
Financial situation has worsened, consumption is already reduced.

ATTENTITVE
They expect their financial situation to worsen, they already have or they intend to reduce consumption.

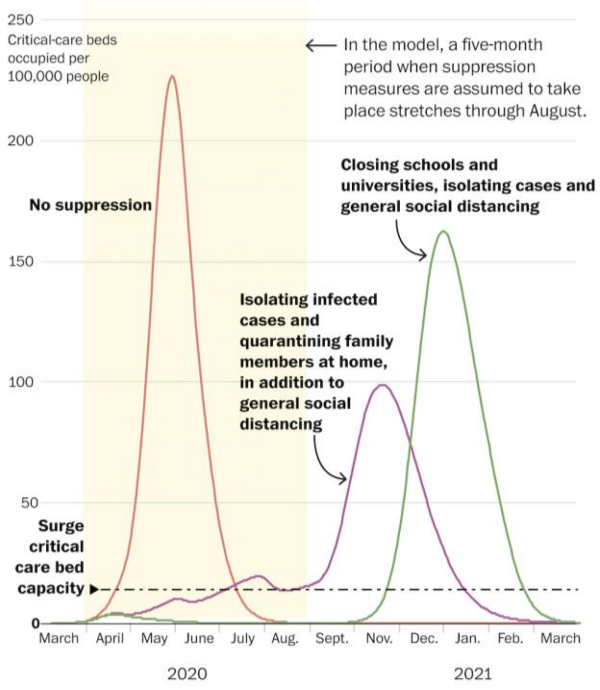
CAUTIOUS
They don‘t expect their financial situation to worsen, but they already are or they intend to reduce consumption.

INDIFFERENT
They expect their financial situation to worsen, but they are not and do not intend to reduce consumption.

WELL-OFF
The financial situation and consumption are unchanged.

You need to follow consumer attitude insights systematically.

- In terms of consumer and consumer behavior, short-term reactions are the following:
  - **Back with limitation:** During the isolation some **activities** we **were not allowed** to do and will **continue to be unable** to do. For some time more it will be necessary to keep social distance and avoid direct contact and many services are affected by thaτ.



Source: Imperial College London

TIM MEKO/THE WASHINGTON POST

  - **Back to normal:** Some things will go **back as they weres before** and we will try to behave the way we did before the epidemic.
  - **Disappear at least for some time:** Some services will completely **disappear** as consumers will not want to do them. We will avoid them.

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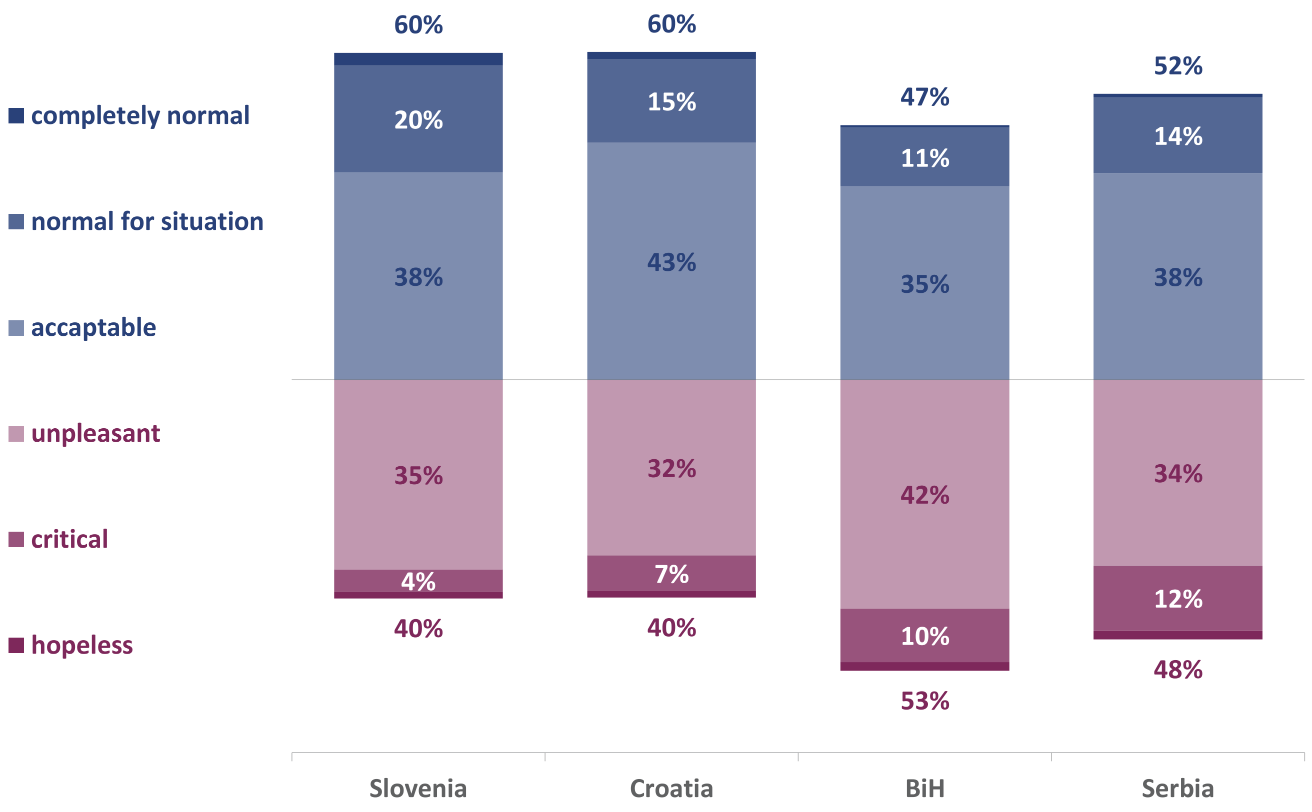
- Regarding the perception of the personal current situation, consumers in **BiH and Serbia** are **practically polarized** – half describes the situation as ***acceptable, but not quite normal***, for others it is ***dominantly unpleasant***.
- Somewhat better is in Slovenia and Croatia, where a pinch of hope is reflected in higher share of those who describe the situation as acceptable or even normal in Slovenia (20%).

Perception of the current personal situation is splitted and persistant.



How do you personally experience, or would describe your current situation and life in new circumstances? The situation is...

SLO: n=1.801 BiH: n=673
CRO: n=1.442 SER: n=629

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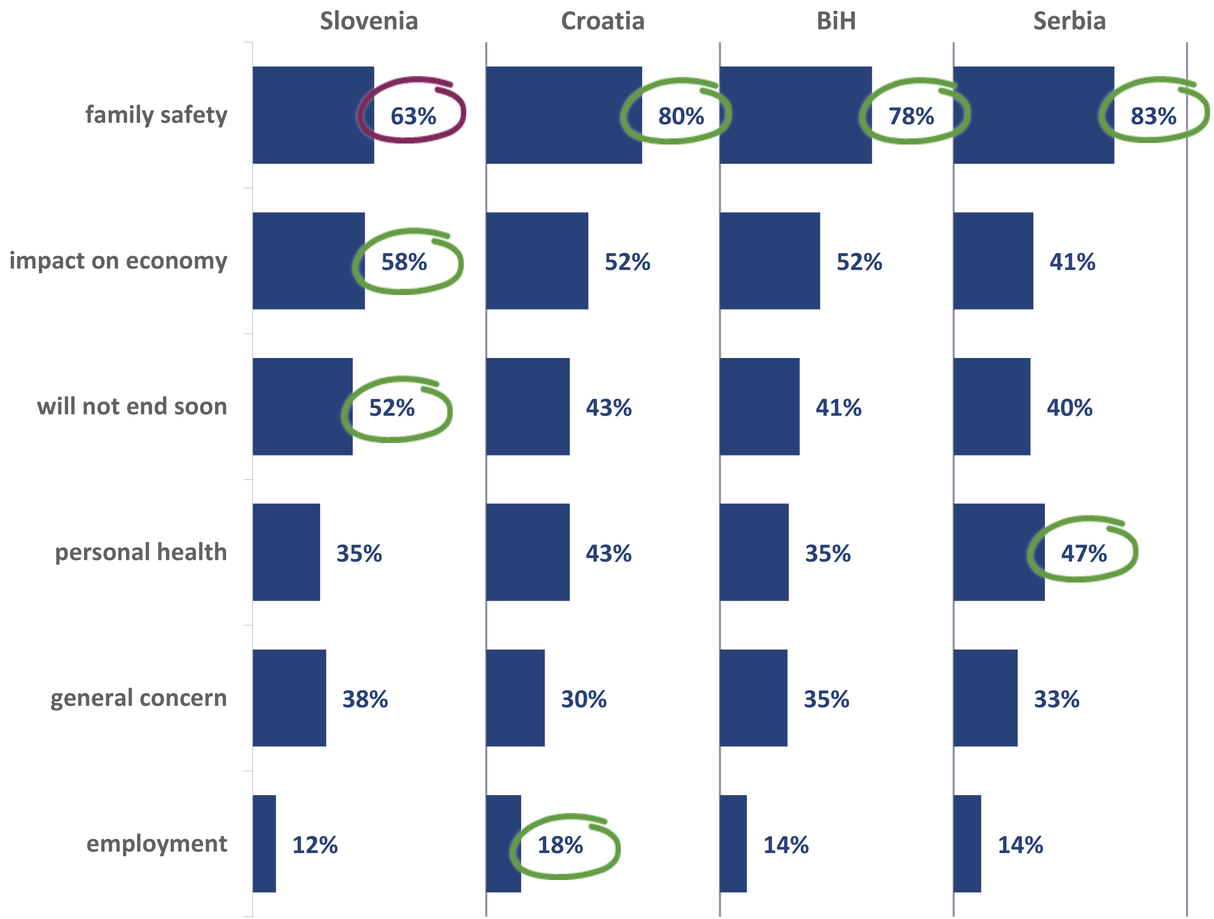
- Maslow works: there is only **one dominant general concern**, equal per markets - Family safety, although **least expressed in Slovenia**.
  - The Slovenes are more concerned about the impact on economy and general feel that “this” will not end soon.
  - The Serbs are more concerned about their family and personal health, while the Croats worry about their employment as well (although least important on this scale – probably is already integrated as a consequence of economy impact).

Concerns about the new virus differ.

*Significantly **lower** than the lowest other score*
*Significantly **higher** than the highest other score*

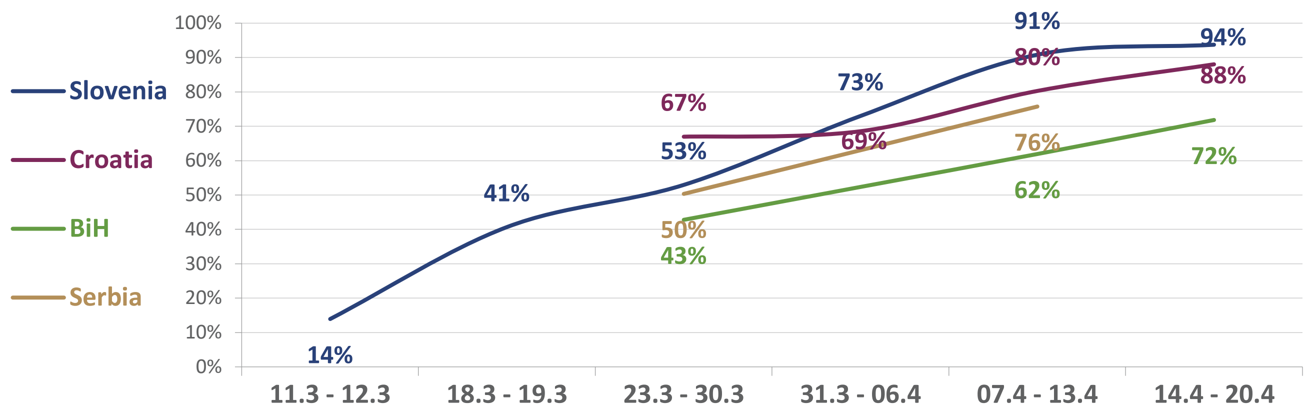


Regarding the spread of coronavirus in your country, how do you personally experience days behind? I am concerned about…

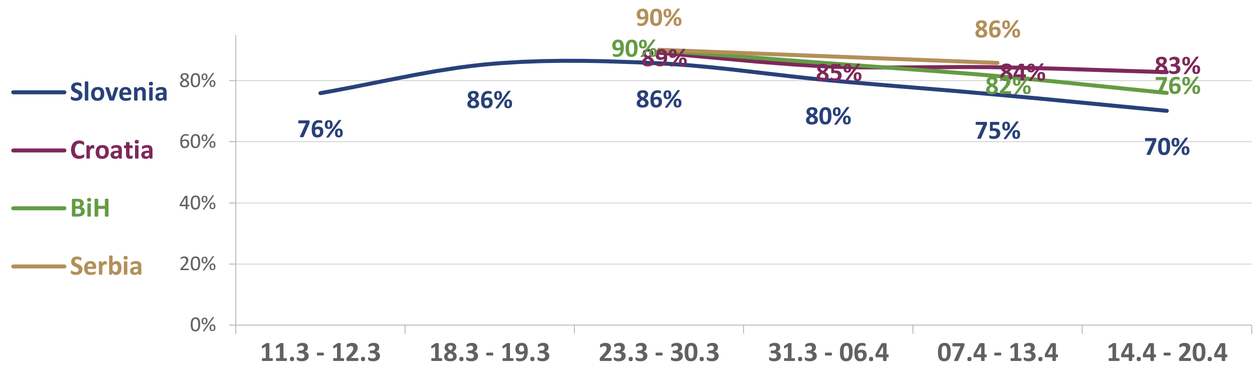
SLO: n=1.801 BiH: n=673
CRO: n=1.442 SER: n=629

- It is clear that things are **getting better** – in terms of coronavirus outbreak…
- …but we are still very concerned about the outbreak. It is going down but the levels are still high.

Perception of situation improvement towards better.



People are however is still very concerned about COVID-19 outbreak.



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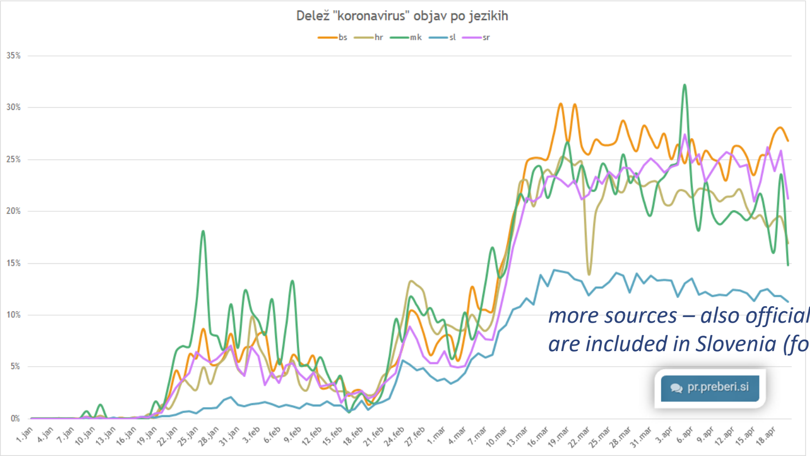
Relevant non-survey data - News and social media posts. The news are flooded with COVID-19 content

News by market – Corona keyword

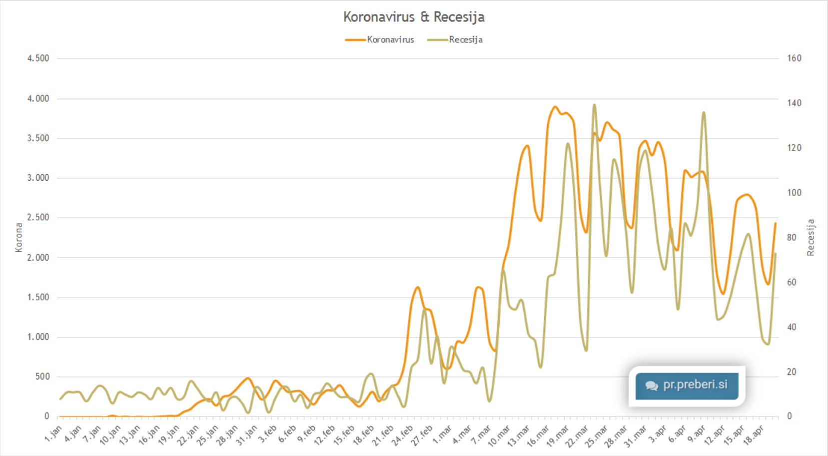


more sources – also official ones are included in Slovenia (for now)

Share of news associated with coronavirus is around 25%.

This share – asymmetry is by far the biggest ever seen.

Corona vs. recession

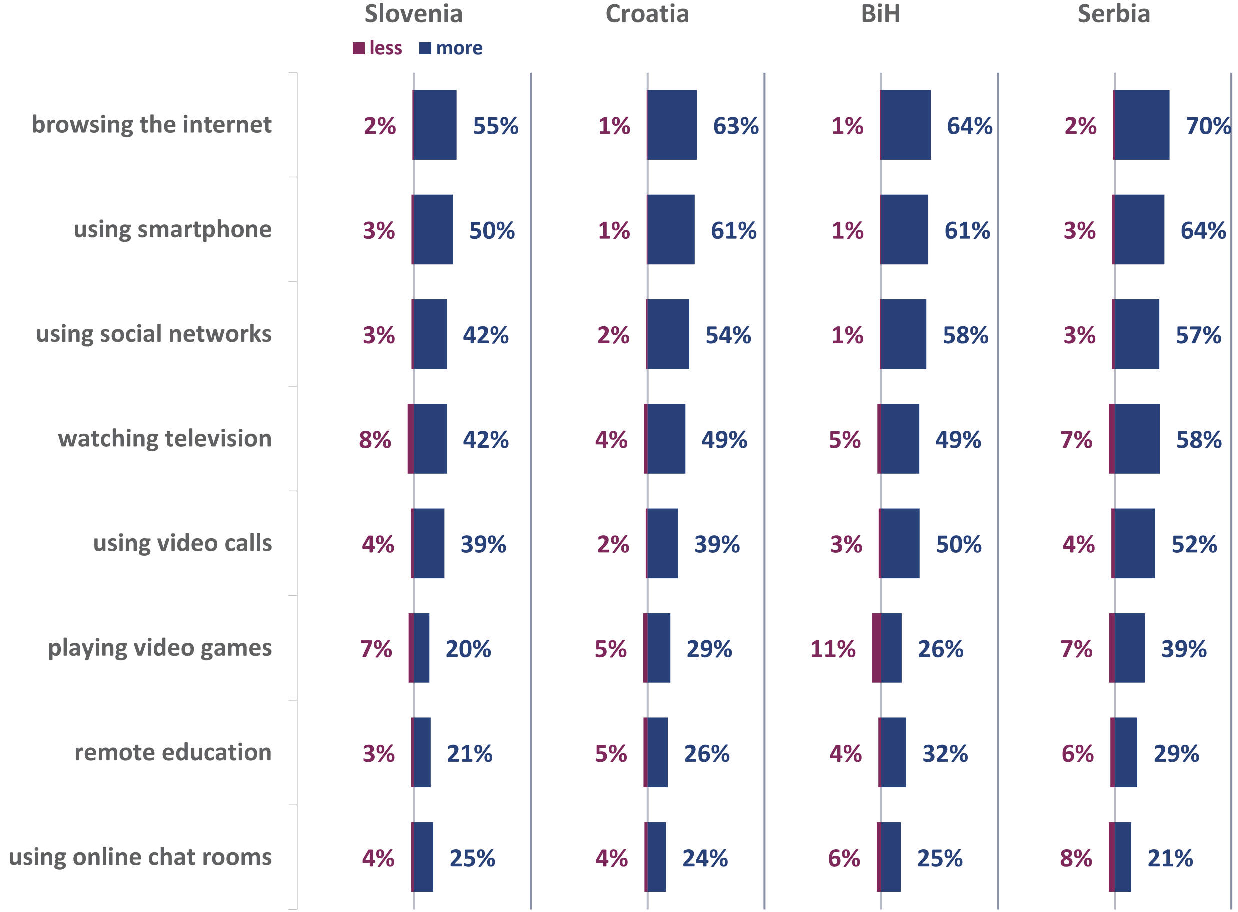


It corelates (0.88) with term „recession“ (yet far from C).

- **A substantial rise of usage of different types of communication sources and channels** during the pandemic period, compared to pre-corona period, is obvious in all of the four markets.
- Most obviously so the **internet browsing, usage of smartphones and social networks**, as well as **watching television** and **using video calls.**
- **Serbian consumers are the most intensive** in this aspect, closely followed by BiH and Croatian consumers. Slovenian consumers the least but still fairly substantial.

During epidemic consumers have become heavy users of digital platforms.

**Results sorted by an average across countries.*



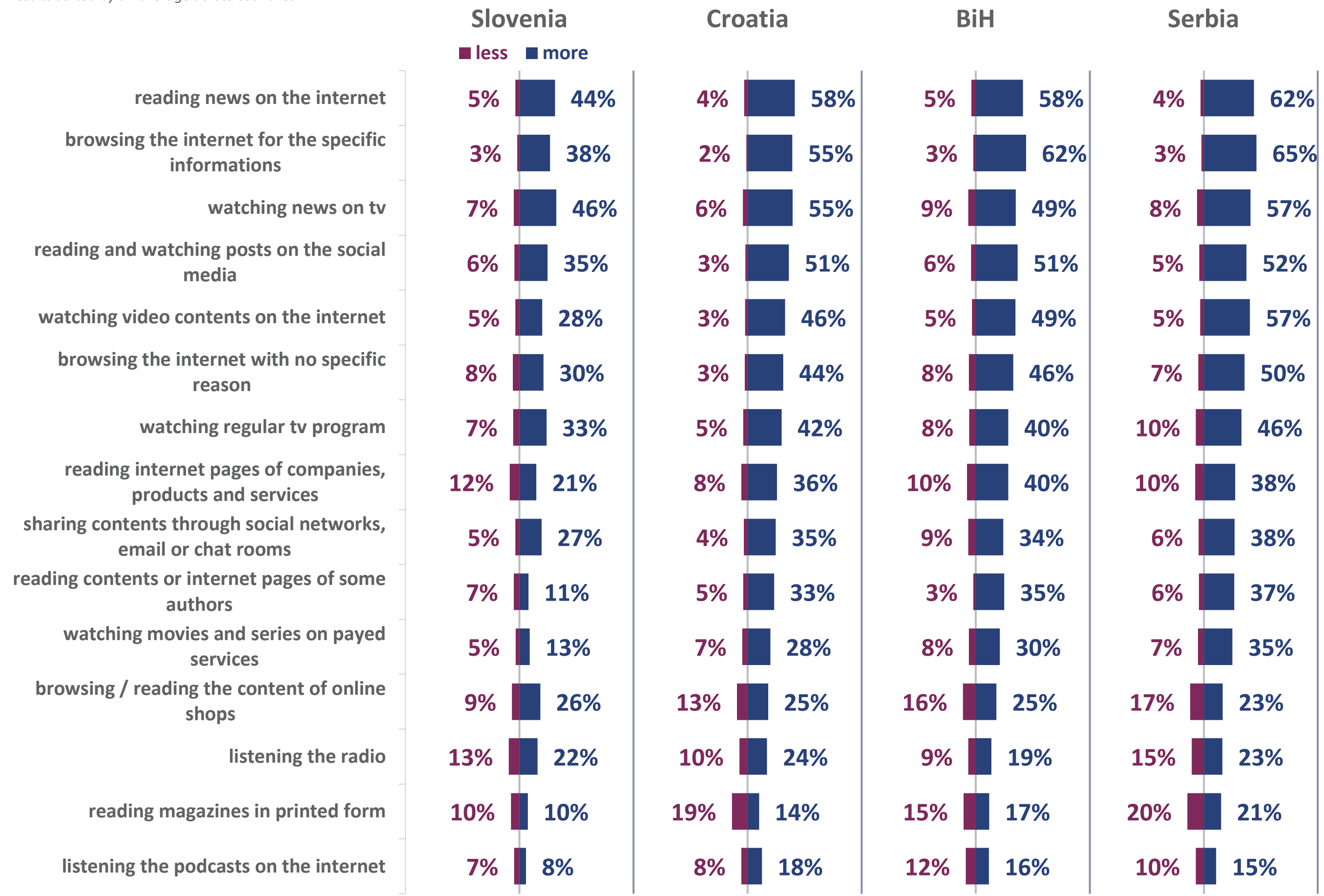
During the time after the declaring a pandemic our daily life has changed a lot. What do you do more or less out of things listed below, since when special measures have been introduced?

SLO: n=561 BiH: n=673
CRO: n=919 SER: n=629

- Among media content the following five precede: **browsing the internet for the specific information, reading news on the internet, watching news on tv, reading and watching posts on the social media, watching video contents on the internet.**
- Again the Serbian, Croatian and BiH consumers are more intensive in this aspect than Slovenian consumers. However **this is more the indication of pre-equipment** than true difference in behaviour.

Traditional media, especially TV, follow the enhancement in media consumption.

**Results sorted by an average across countries.*



Let's focus on the media and internet. What do you do, more or less, out of the things listed below since special measures were introduced?

SLO: n=561 BiH: n=673
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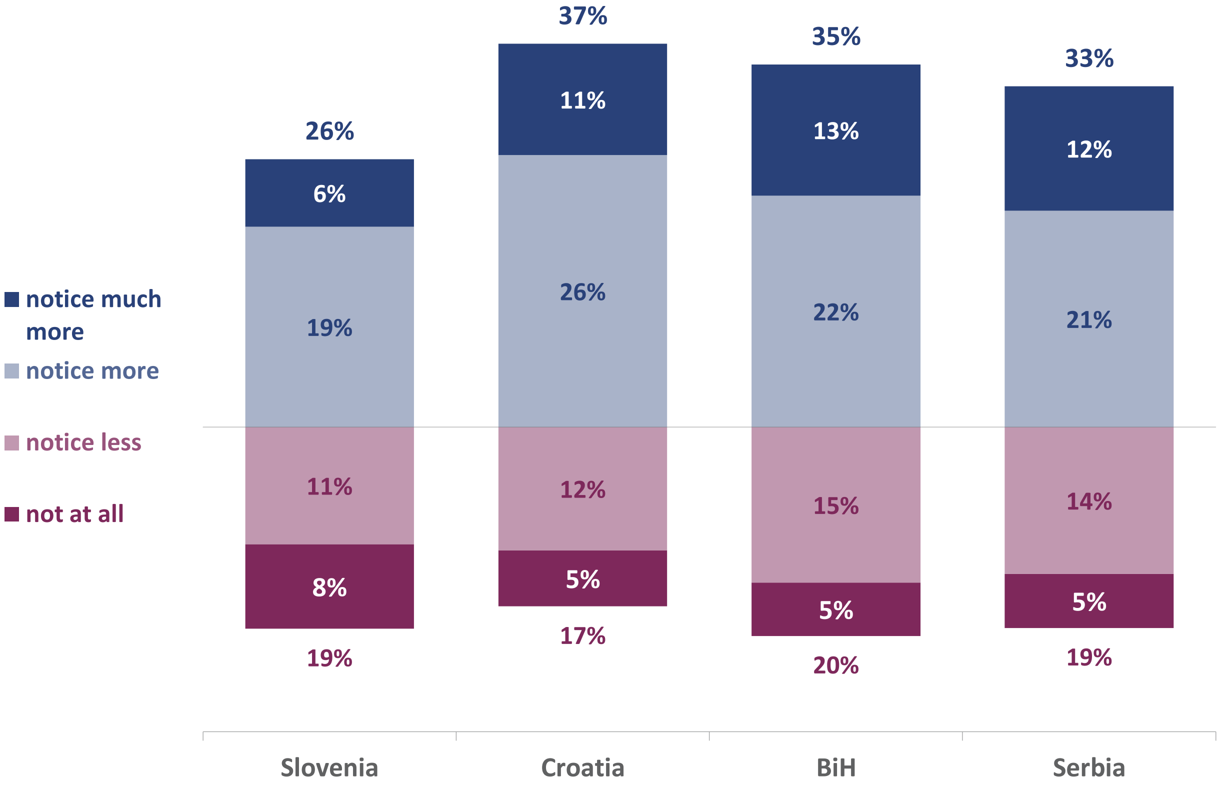
- **Advertising exposure to TV advertisements follows the rise of TV exposure** and is higher as well, indicating a higher exposure to brand TV advertising in general.
- **The most positive net gain in advertising is noticeable in Croatia** (+20 net gain score), **followed by BiH** (+15) **and Serbia** (+14).
- **Again the lowest but still positive score is noticeable in Slovenia** (+7 net gain score).

Advertising exposure on television is much higher than it used to be.



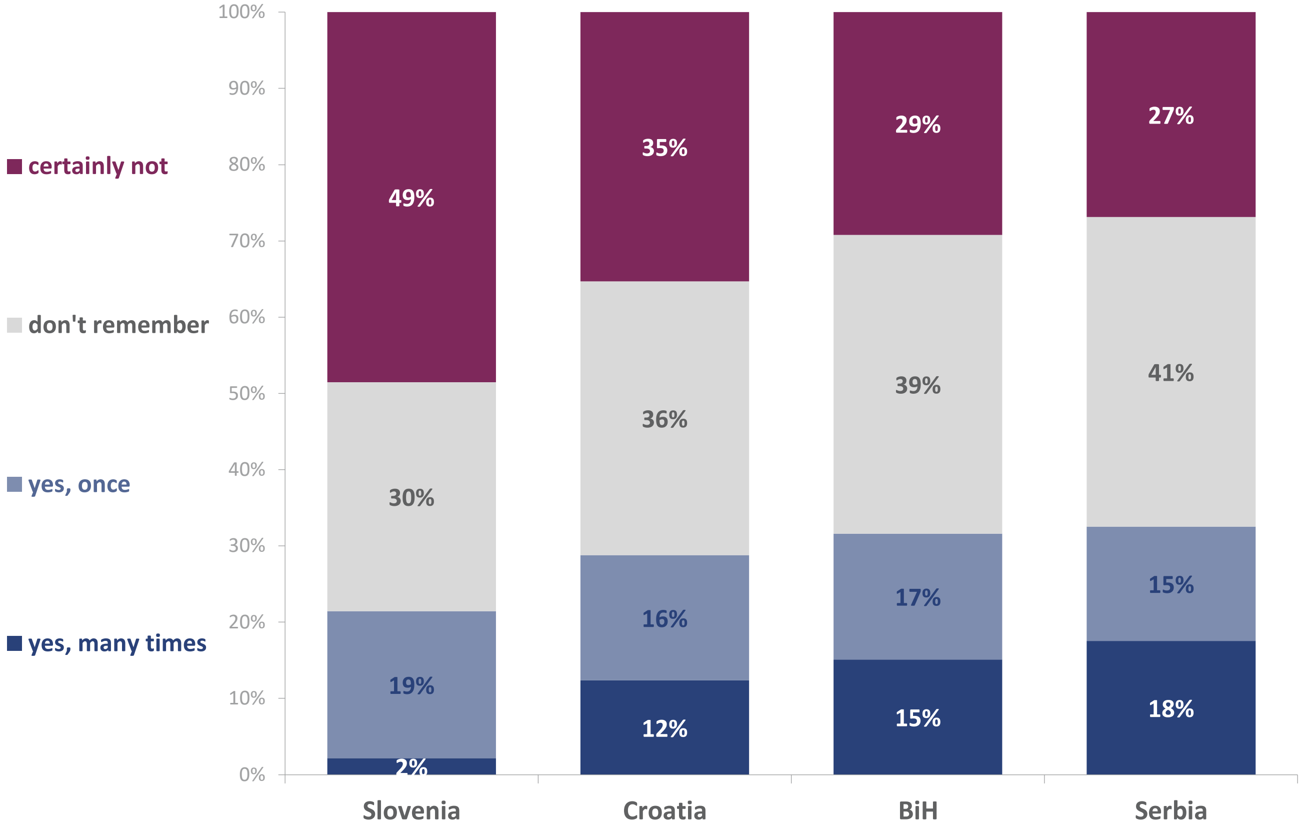
What is your perception of advertisements and advertising on television after pandemic emerged?

SLO: n=561 BiH: n=673
CRO: n=919 SER: n=629

- **Advertising works effectively in post-corona period as well.**
- At least for one fifth of consumers in Slovenia, and as much as for one third in Serbia – this is a share of consumers claiming they have **bought something at least once after they saw an advertisement on TV or social media.**
- Less than half of them claim to certainly not buying anything in all of the four markets, nearly half in Slovenia, a bit more than one quarter in Serbia.

Even in the times of limited access to shops advertising works as a direct call to action.

**Results sorted by an average across countries.*

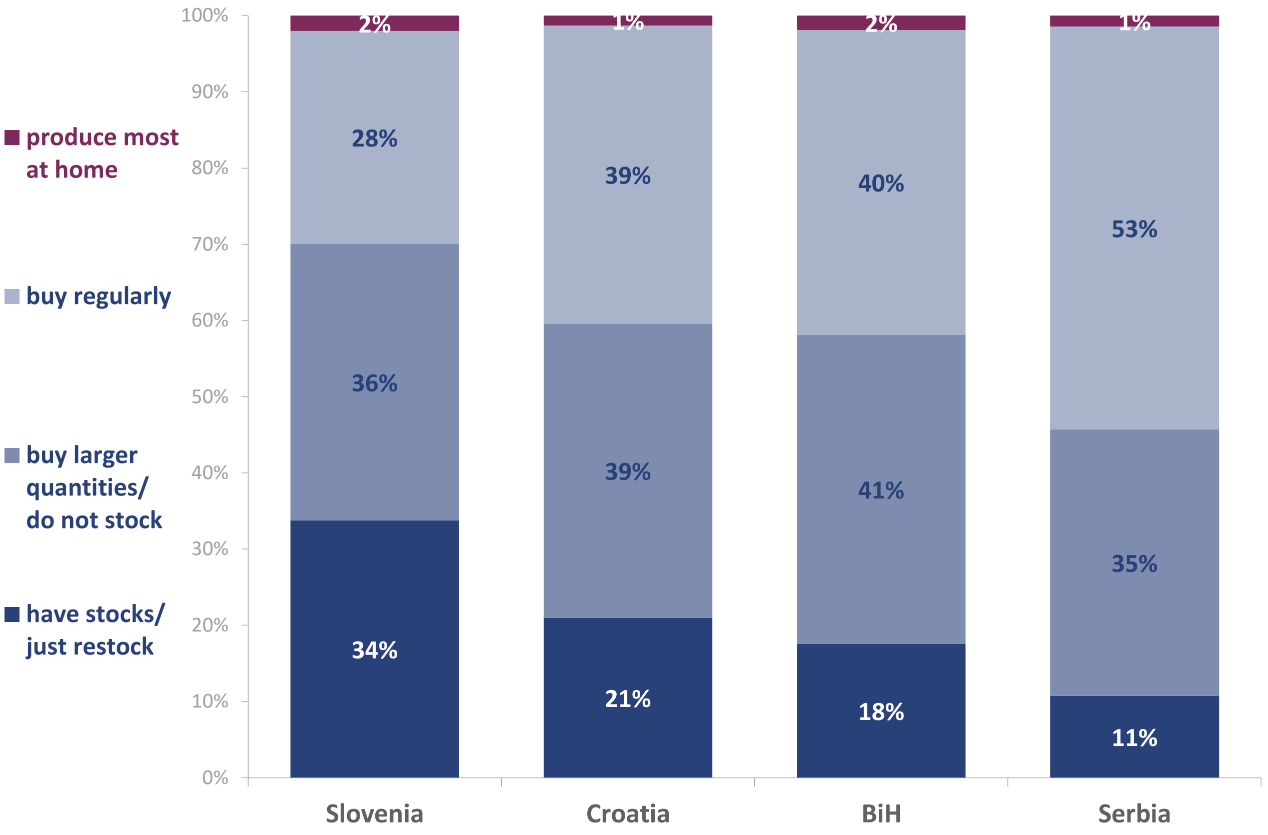


Have you recently bought some product after you saw an ad for the product on television or social network?

SLO: n=561 BiH: n=673
CRO: n=919 SER: n=629

- **Big changes are happening today in retail** - buying larger ***quantities without making stocks*** and ***buying regularly*** are the two dominant types of shopping experience during COVID-19 related measures.
- Only in Slovenia all three shopping experiences are equally present → still, in comparison with other three nations, **Slovenes** with highest share ***make stocks***; **Serbs** with highest share ***buy regularly*** (probably wanting to take advantage of one of the few opportunities to get outside).

Shopping experience during COVID-19 related measures has changed dramatically.



Coronavirus related measures affect shopping habits as well. Which of the following best describes your shopping experience during this time of measures?

SLO: n=561 BiH: n=673
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Key questions in service sector, retail and durables:

- **When** to switch from crisis tactics to active sales and marketing?
- **What** will consumers buy or use in our category?
- Where are **threats and limitations**?
- **Which** market segments are out target segments now?

Which changes in consumer behavior will remain permanent?

The consumer optimization is going to happen. Valicon way insights enable proper (re)action:

- We have setup corona situation tracking in four markets and this enable us to follow the consumer sentiment toward situation. This represent base for following modules.
- We have carefully prepared set of indicators to decode consumer behavior changes by reactions in all main areas of service sector, durables, retail and hospitably.
- We enrich these information with consumer profiles that we already have about panelists* before Corona situation.

* On-line panel is a community of internet users that voluntarily participates in survey research by panel managing organization and in return they are incentivized for participation.

Methodology for consumer behaviour insight

Method	▪ CAWI (computer assisted web interviewing), **VALICON panel JazVem / JaZnam in the four markets of the Region.**
Markets	▪ Slovenia, Croatia, BiH and Serbia.
Target group & suggested sample size	▪ Target group: **nationally representative sample of each market, aged 18 to 65.** ▪ Sample size: ○ SLO → n=up to 1000 (up to 75 y.o.a. also available) ○ CRO → n=up to 1000 ○ BiH → n=up to 1000 ○ SER → n=up to 1000
Questionnaire	▪ Prepared by VALICON. ▪ Duration of the questionnaire: **15 mins per market.**

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The indicators: in search of interconnectivity.

Change, time of change and financing for planned investments:
Buying a car, new home or renovating. These are major investments that we need to understand what will happen to them. Will they be reduced in extent, postponed ore completely canceled.
Changes and time of change for planned purchases:
Buy an interiors, home appliances, electronics devices, fashion, sports equipment etc. What will happen to these planned purchases.

Location based activities:
How many people will not go to shopping malls and which are the groups of consumers that are more likely to avoid some locations. We are diving deep into 20 service based activities: restaurants, shopping malls, supermarkets, bars, night clubs, and more.

Subscriptions and plans:
Is there any impact on telco subscription plans or streaming services. Operators switch intention with reasons. Operators consideration.

Banking products and insurance:
Change in usage of bank products, loans, insurance policies change by product groups, payments means, digital wallets, cards, etc. Bank brands trust.

Other:
POS vs digital channels attitude.
Personal risk assessment for location based activities.
Personal wealth management and reactions.
Segmentation of expected consumption and more…

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