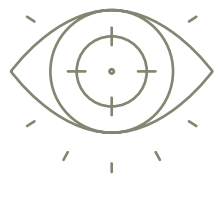


In a year of unprecedented change, Kantar helps you understand and predict your categories' key indicators to maximize your plans.



Our Perspective

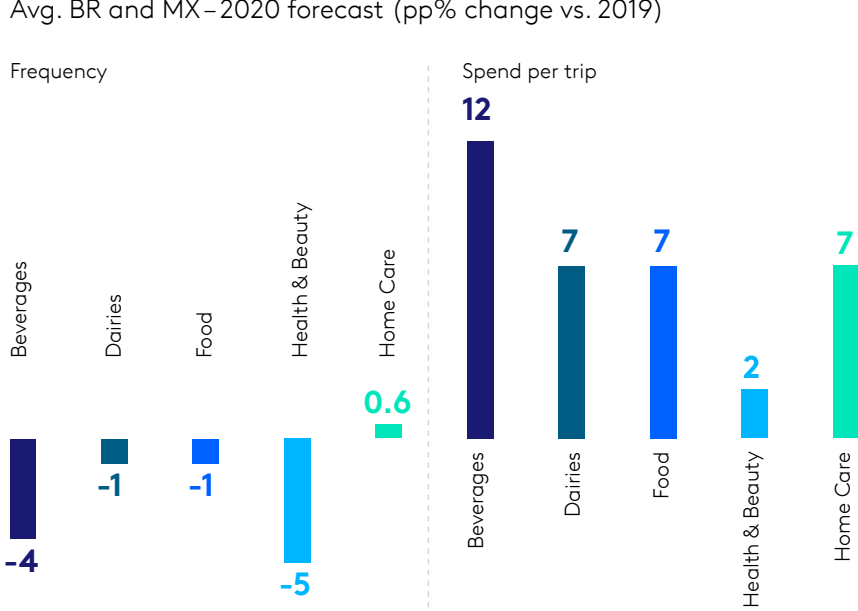
Given the exceptionality of 2020, Kantar worked on a short-term forecast using 3 years' consumer behaviour ending Jun 2020, to forecast impacts until December. In this publication, we bring you 3 findings of this forecast based on the Brazilian and Mexican markets – although the analysis could be run in every market.

3 Findings about Future Purchase habits year to go

#1

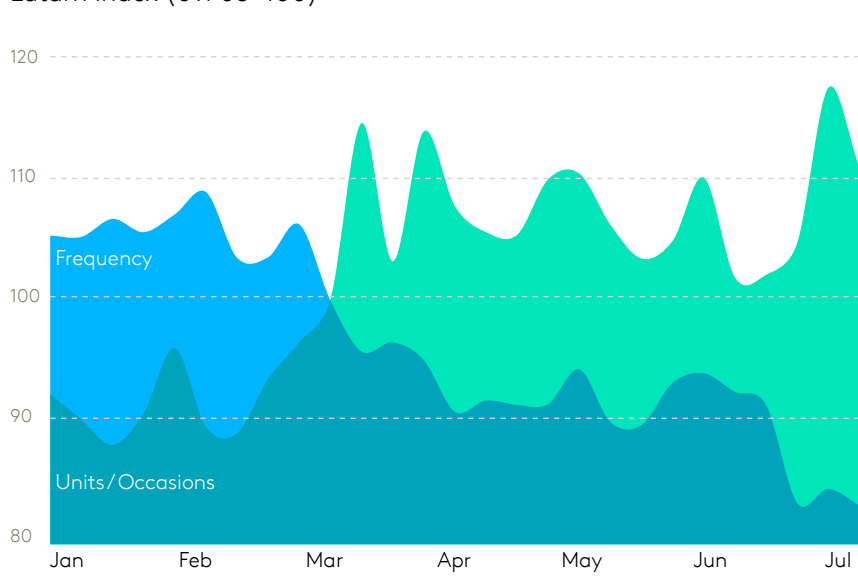
Lower frequency and larger purchases. This behavioural shift started in March with the pandemic and will stay, despite the reopening in the upcoming months. **Each penetration point counts more.**

Avg. BR and MX – 2020 forecast (pp% change vs. 2019)



March was 'the' turning point. The trend strengthened in recent weeks of July, despite the easing of restrictions in most countries. **Health concerns continue driving shopping habits.**

Latam Index (09/03=100)



We worked on 3 scenarios for 2020



Permanent Lockdown

The consumer behaviour adopted during the pandemic will remain until the end of the year, despite the end of quarantine



Gradual Return

Shoppers return to the "normal" behaviour (before the pandemic) gradually after the end of quarantine



Instant Return

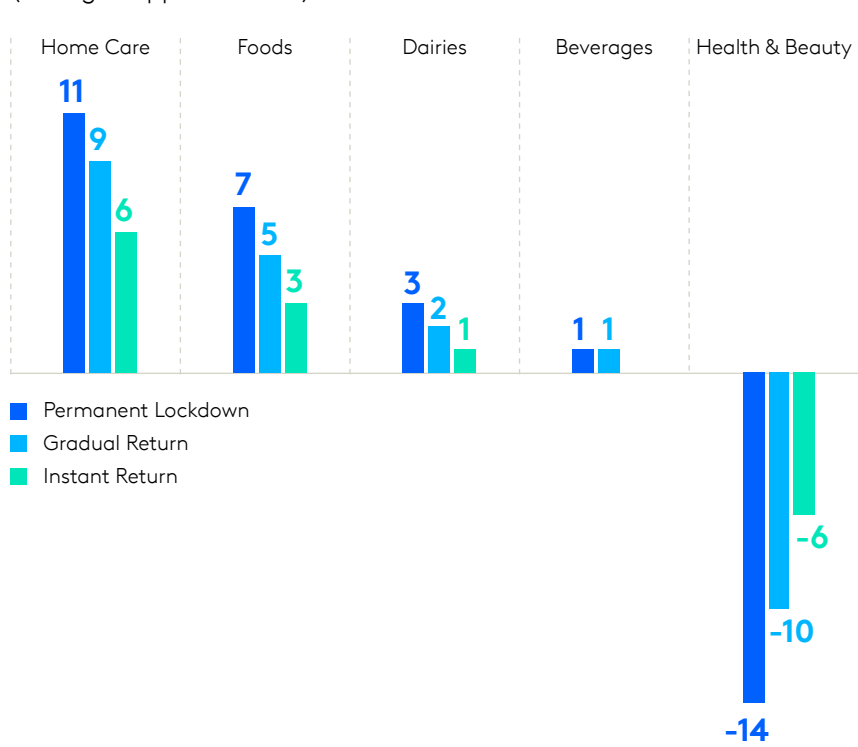
The shopper behaviour goes back to normal instantly with the end of quarantine

Comparing these 3 scenarios, we come to our second finding:

#2

CPG benefits from the behavioural changes brought on by isolation at home. Although Latam is currently the region with the most COVID-19 cases, the immediate return would maintain market growth trends vs. 2019. The only exception is Health & Beauty, which suffers with the reduction of usage occasions, regardless of the scenario.

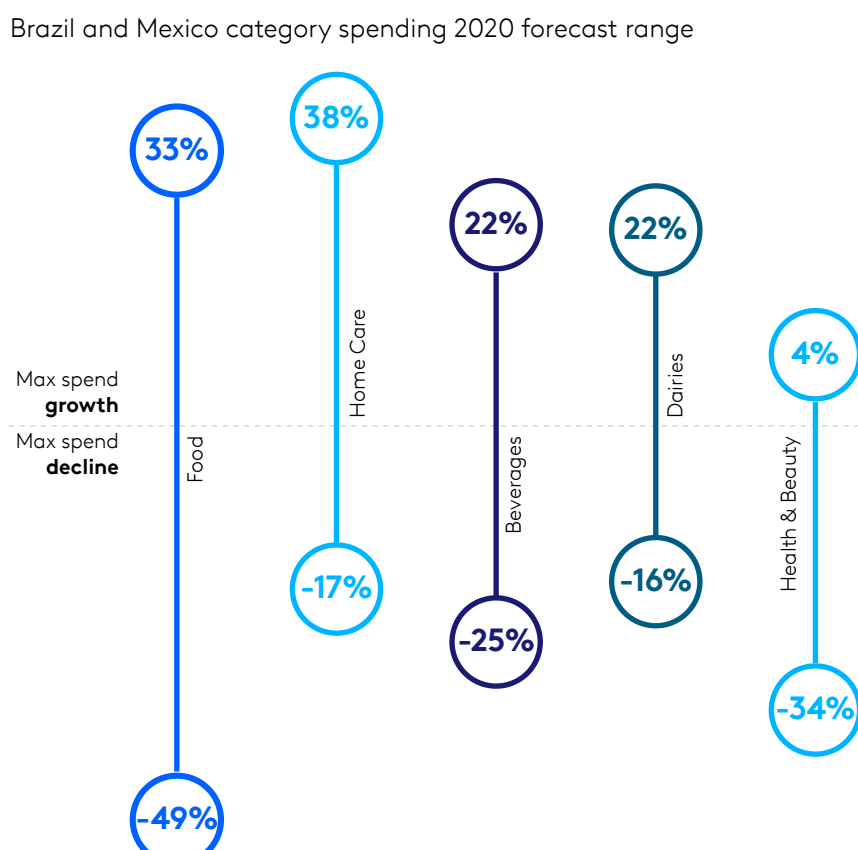
Brazil and Mexico Avg. – 2020 Total spending forecast (change in pp% vs. 2019)



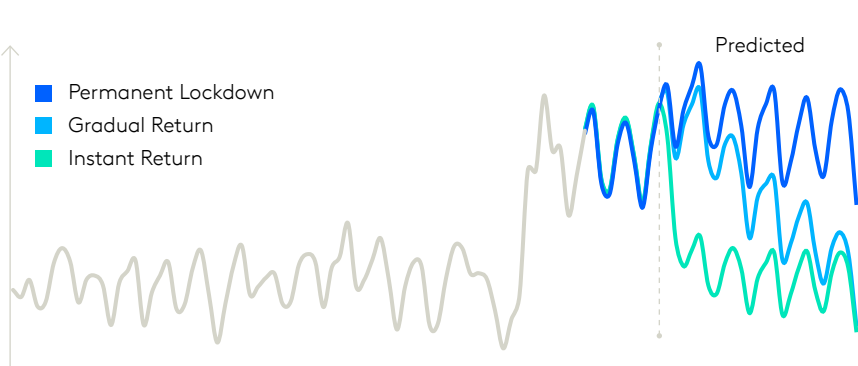
#3

Relevant categories drop even in winning sectors. Food and Home Care, the winners and with the greatest internal variance across all categories. The sectorial perspective is not enough to anticipate single-category performance.

Brazil and Mexico category spending 2020 forecast range



In our forecast, we can predict the main consumption KPIs for each of the 3 scenarios for every category in every market across Latam:



Categories within a sector (i.e. Foods) may experience different short-term trends, as reflected below comparing Category A and B (actual figures):

Growth/decline (2020 vs. 2019)

	Permanent Lockdown	Gradual Return	Instant Return	
Cat. A	Spending	34.1%	23.5%	13.4%
	Penetration	8.3%	6.0%	3.6%
	Frequency	11.9%	8.3%	4.8%
	Spend per trip	10.6%	7.5%	4.5%
Cat. B	Spending	-2.9%	-3.8%	-8.3%
	Penetration	-7.7%	-6.9%	-8.9%
	Frequency	-2.0%	-1.8%	-2.4%
	Spend per trip	7.4%	5.3%	3.2%

Final Remarks

The pandemic has definitely changed how consumers behave in 2020, and potentially beyond. Consumption changes differ across the region, influenced by the overall country recovery. That is why it is so important to evaluate specific dynamics for each category – and understanding them is key to win this year. On average, 80% of all winning brands one year are still up the following year, so strong performance during a crisis is even more important to your future. Contact us to know more about the impact on consumption.

Kantar Thermometer will keep measuring

Kantar will be following up closely the impact of the pandemic on Latin American consumers, releasing weekly thermometers over the latest impacts.

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