

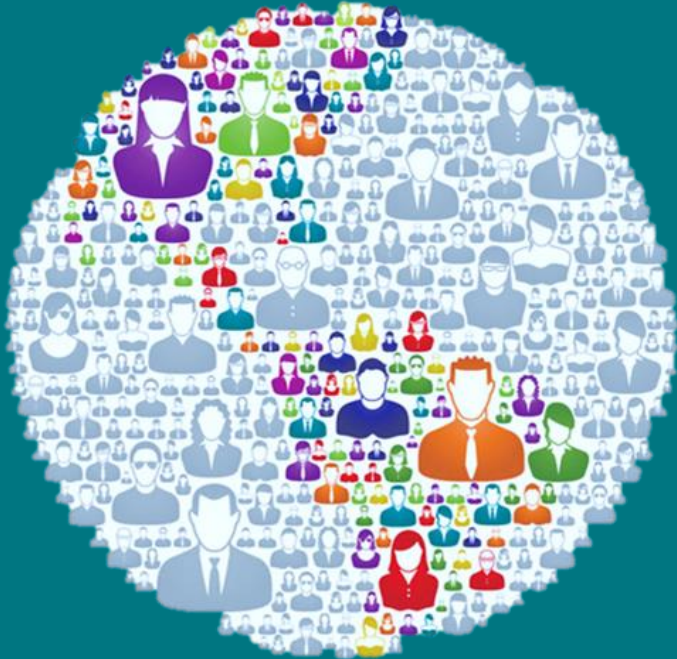


Russia TrendVision

Review of State Statistics and Consumer Trends

FORECASTS BASED ON DATA FOR 2000-2015

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BACKGROUND

Background

KEY OBJECTIVES

- provide a brief overview of Russia's current social and economic situation
- single out key **political** and **economic** events
- study any changes in **population strata** and **consumers' behavior** for 2000-2014 to forecast possible future trends



Synovate Comcon's annual report since 2005, based on these sources:

- RF formal state statistics
- RosIndex, Synovate Comcon's syndicated study

Ipsos Comcon's annual syndicated research (since 2005) into Russia's target groups

Target groups

Urban population: 100K+ aged 10-75

Deliverables

Quarterly

Methodology

Random household sample. In-home interviews with HHs + print questionnaire for self-completion

Sample

Respondents: 7,000 per wave = 28,000 annually

Households: 3,600 per wave = 14,400 annually

Universe

60.2 million people

Data

- For over 400 consumer categories
- For about 3,000 brands
- For more than 60 communication channels



Years researched

1995 - 2015

Geography

50 towns 100K+

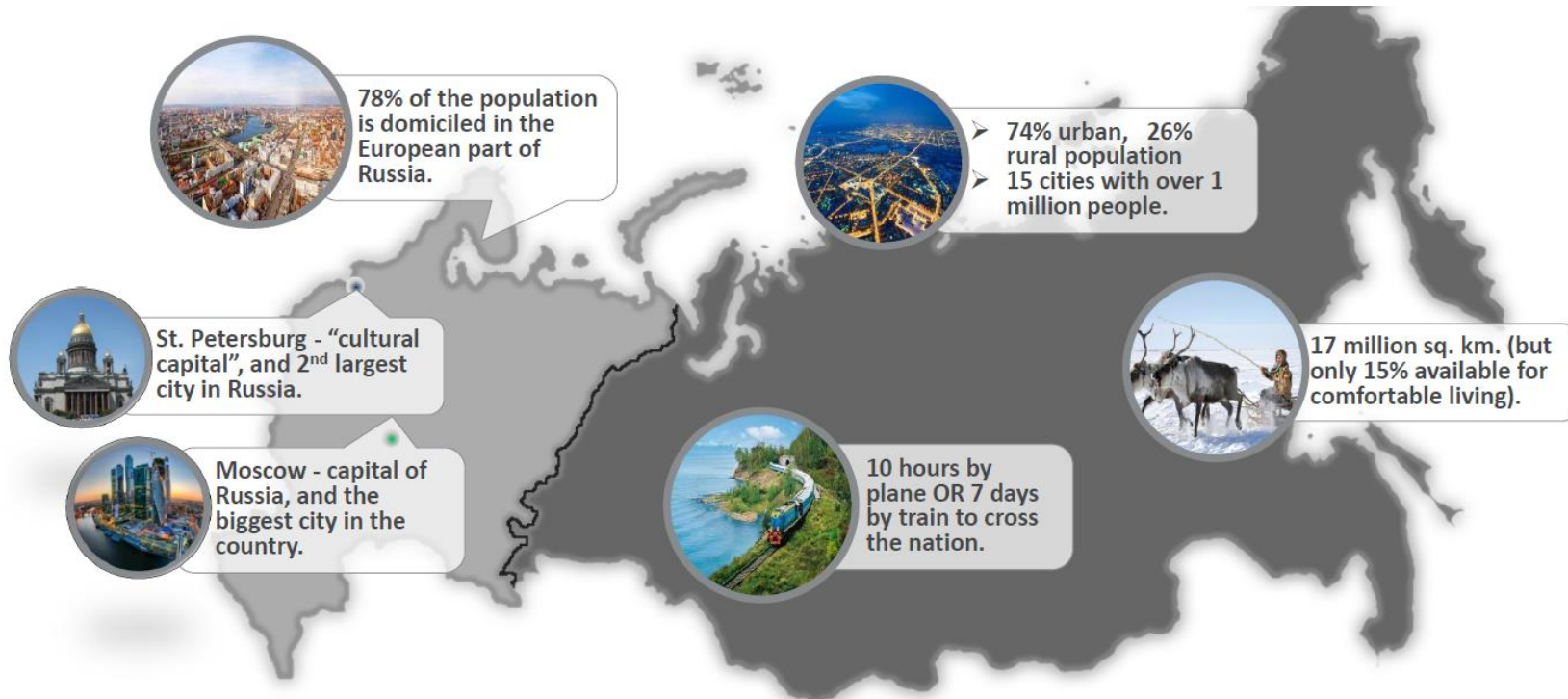
13 cities 1m+

12 economic regions

9 federal districts

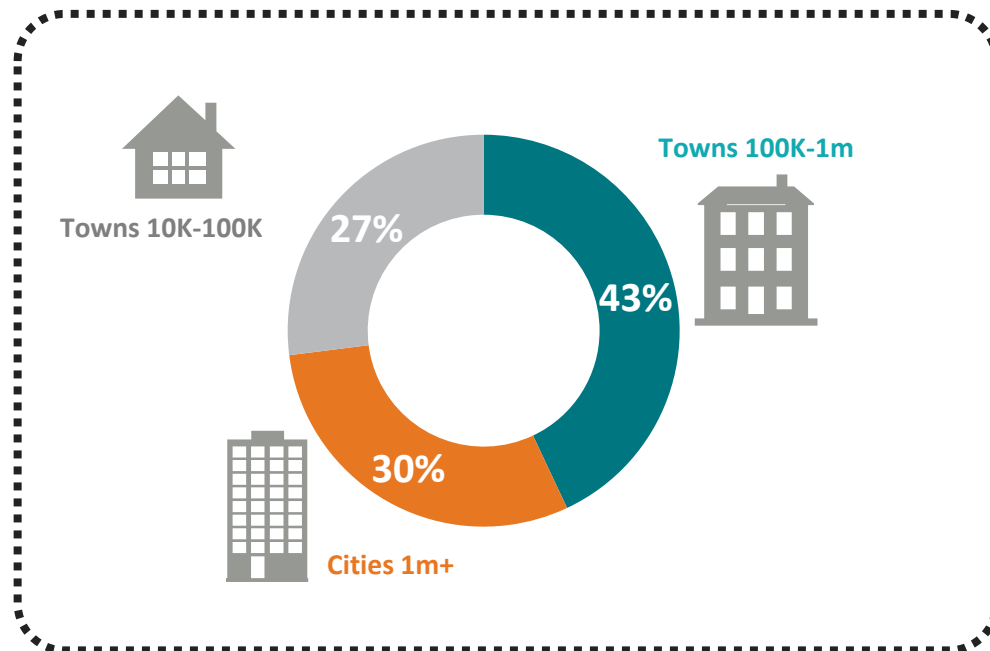
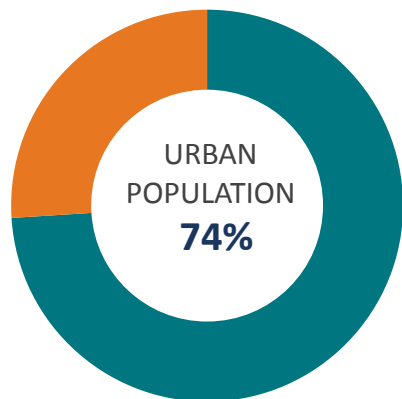
GENERAL FACTS

Russia in figures



Urban or rural?

Russia is mainly urban state with nearly even distribution of population between big and small cities



Source: Federal State Statistics Service, 2014

Russia in figures



Is Russia a land of bears?

NOT ONLY!



Russia is the country with the biggest territory in the world. It spans across all northern Asia and Eastern Europe covering nearly all natural areas – steppes, forests, taiga, tundra and arctic deserts – and climate zones. Russian fauna consists of up to 130 kinds of animals and represents 10% of world variety of animals.



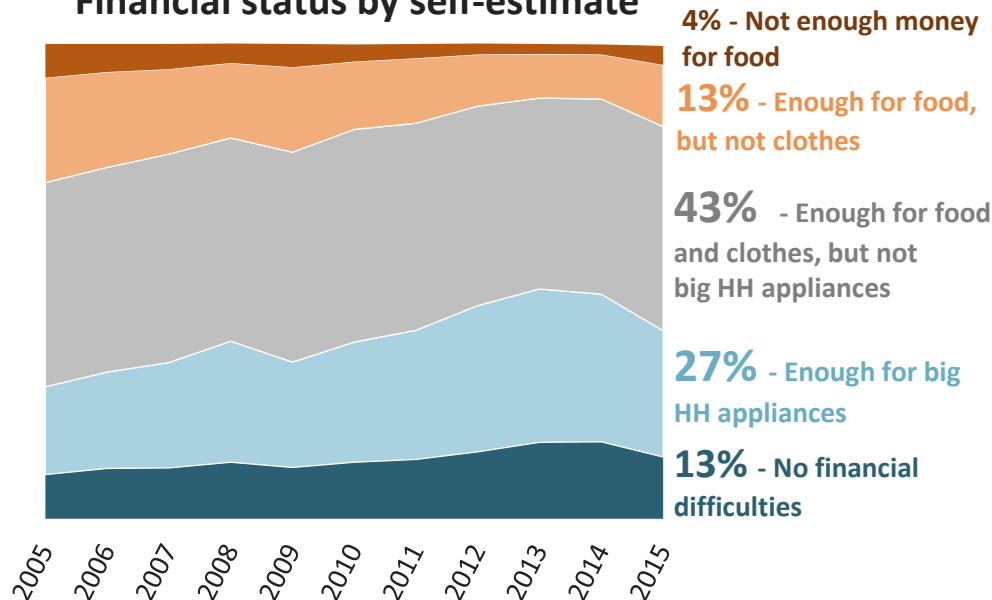


INCOME

Financial status and income changes

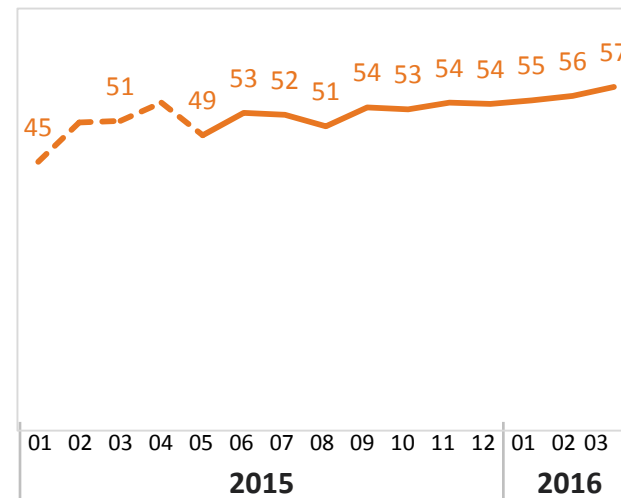
The crisis has made people feel they are poorer than before, but still the majority (83%) of the population in 100k+ cities can afford to buy foodstuffs and clothes.

Financial status by self-estimate



RosIndex, 16-75, Cities 100k+, 2015
Ipsos Comcon Anti-crisis 2015, March 2016

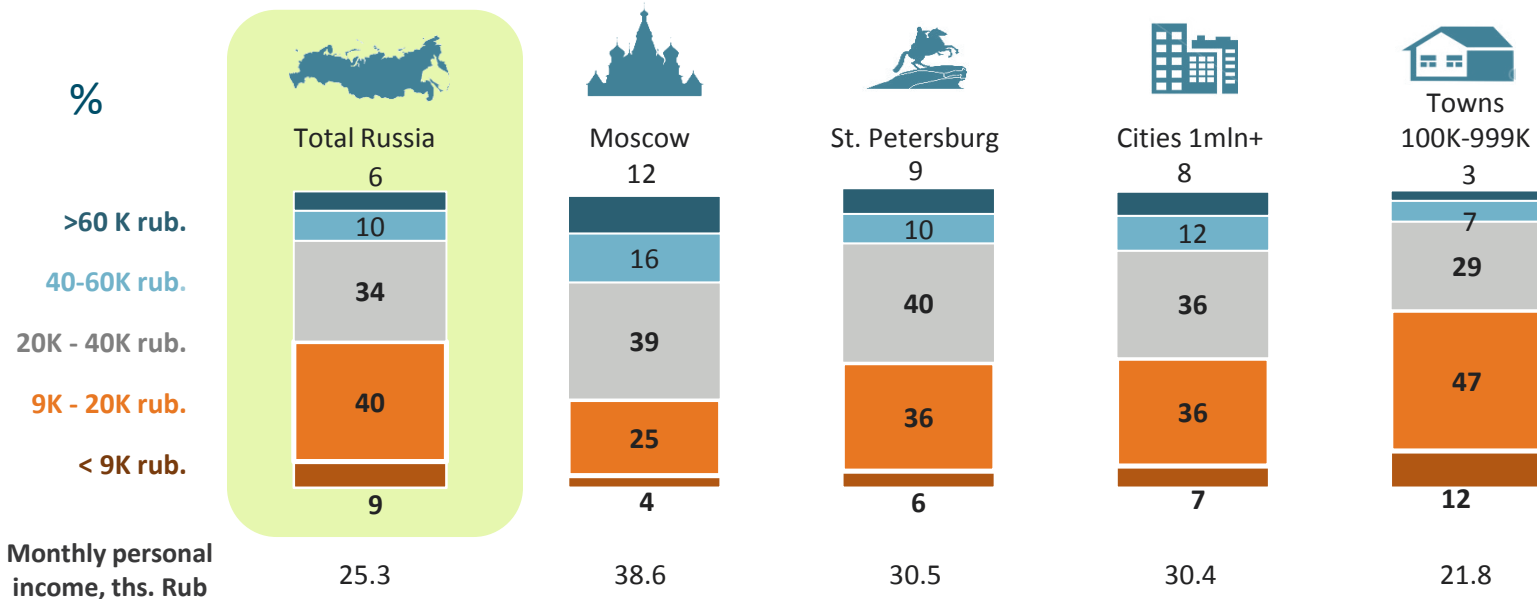
Perceived decrease in monthly income, % (compared to a year ago)



Income by strata

Cultural capital of Russia St. Pete is pretty close to other 1mln+ cities by income rates.

Monthly income per capita, split by strata, % (2015)

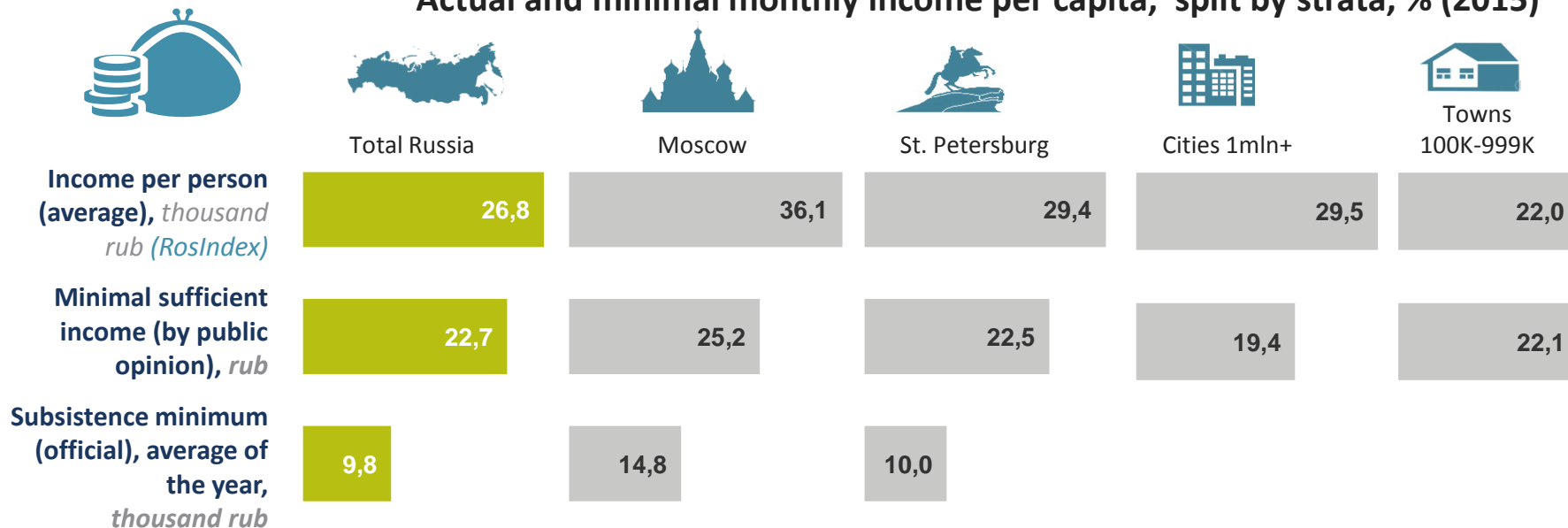


RosIndex, 16-75, Cities 100k+, 2015

Income vs. Subsistence minimum

While most Muscovites' and 1 mln + citizen's disposable incomes exceed the country's average, the majority of those living in small cities have below-average incomes

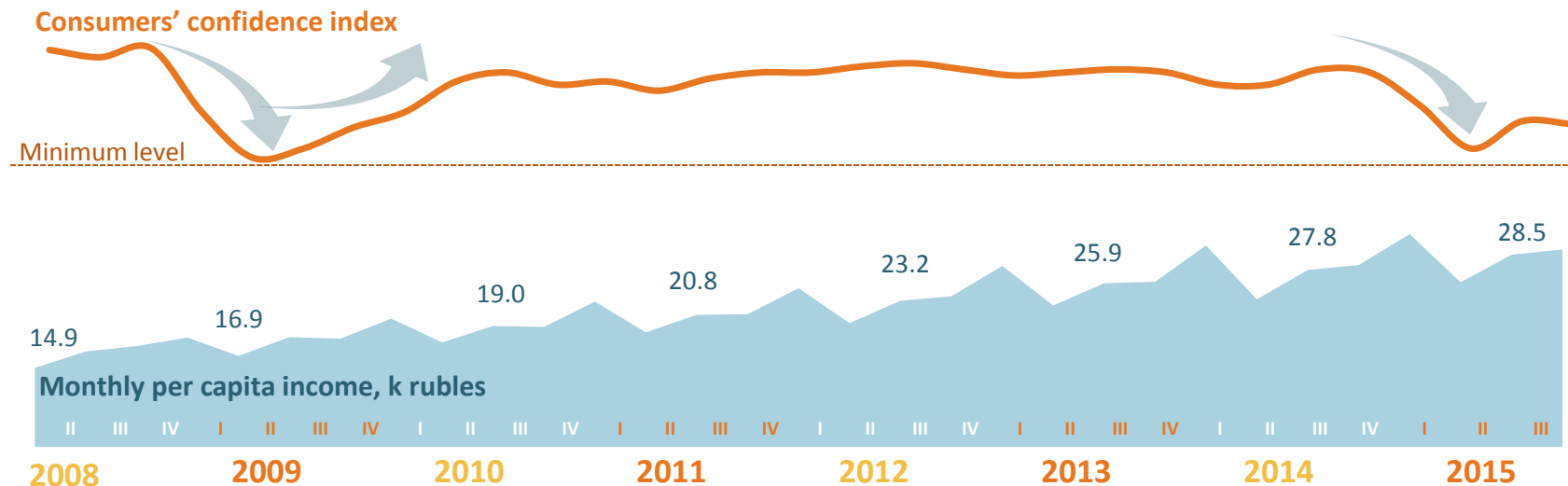
Actual and minimal monthly income per capita, split by strata, % (2015)



Russian Center Of Public Opinion Research
RosIndex, 16-75, Cities 100k+, 2015

Consumer confidence

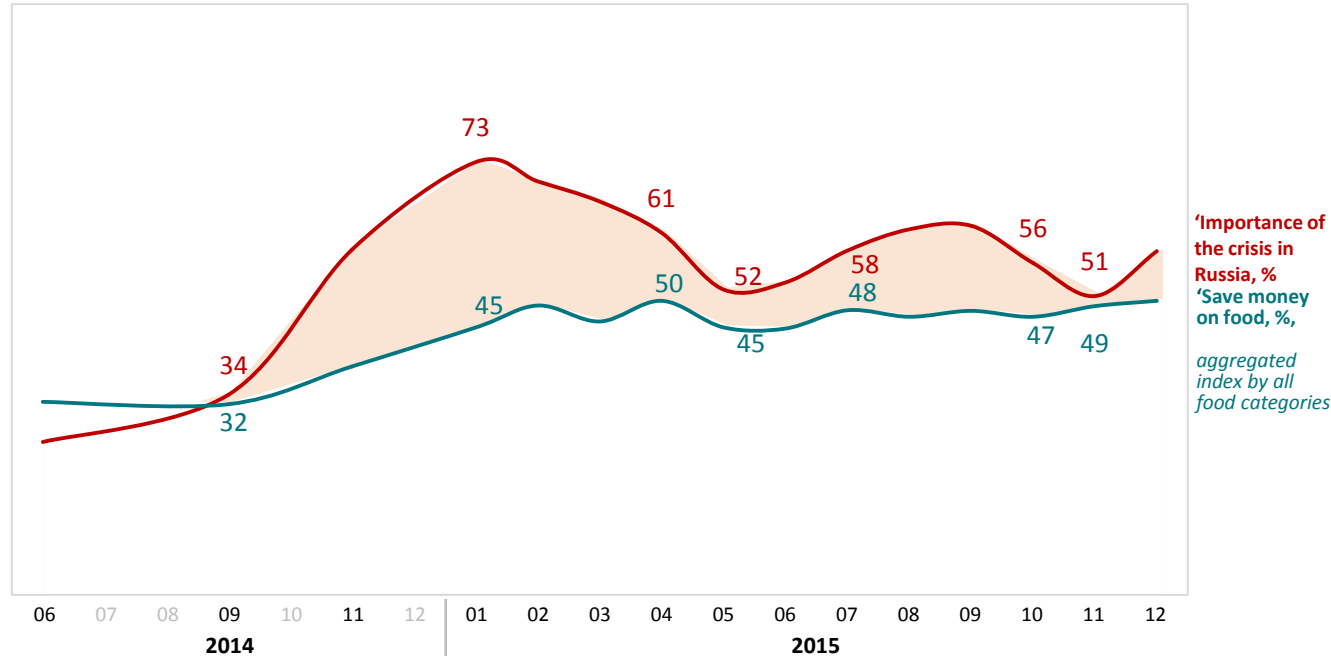
Consumers' incomes have doubled since 2008, but in 2015 growth is slowed down.
Stagnated consumers' confidence index for 2010-2014 followed by a sharp drop in 2015



Federal State Statistics Service (data)

Savings on food

Consumers' saving behavior has stable high level during 2015 regardless of the crisis importance.
The shape of savings trend does not repeat crisis peaks and slopes



Q: What events do you consider to be important?

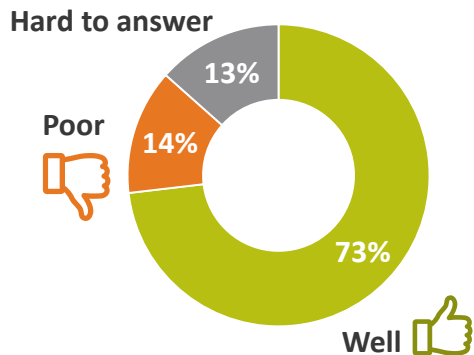
Q: Thinking of the last month, did you change the purchases of the following categories?

Ipsos Comcon Anti-crisis 2015, March 2016

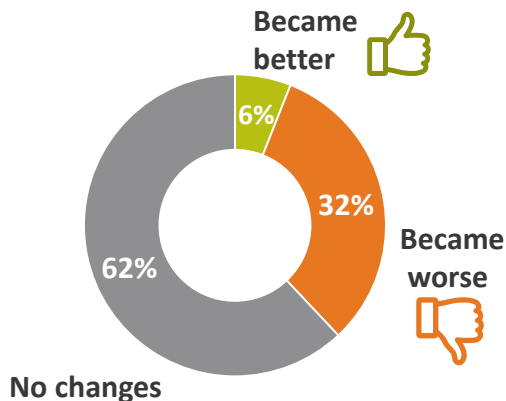
Food consumption changes

Most of people declared that their nutrition is good and they didn't change their nutrition despite of crisis. Population equally tends to increase income and decrease expenses in crisis.

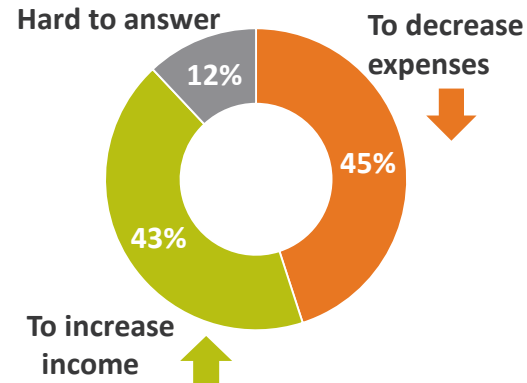
In general, how would you evaluate your nutrition?



How has changed your nutrition during last year?



In general, how would you react on price increase on food?



Russian Center Of Public Opinion Research, 2015

CONSUMPTION TRENDS



A graphic showing a dark silhouette of a human head in profile, facing right. The top of the head is open, and numerous white, crumpled paper scraps are flying out of it. The words "CONSCIOUS CONSUMPTION" are written in white, bold, sans-serif capital letters across the forehead area of the silhouette. The entire graphic is set against a light blue background.

[illegible][illegible]

Conscious consumption

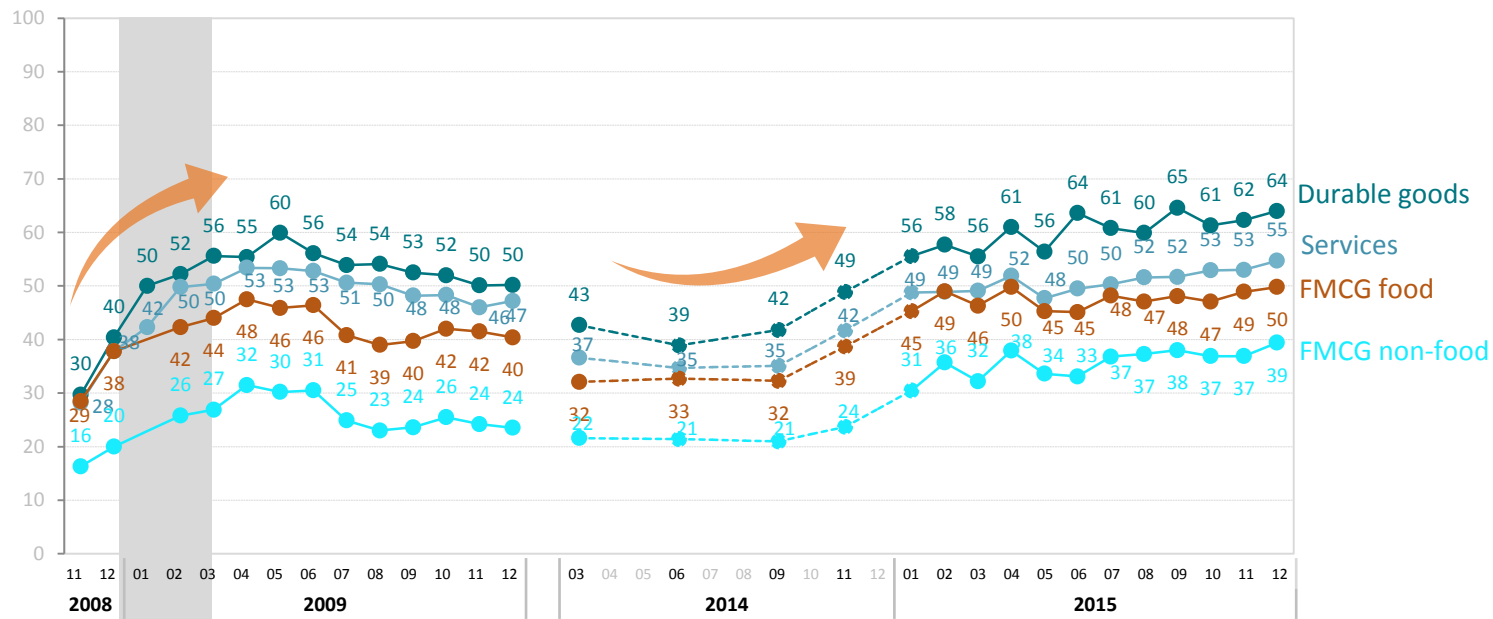
- Consumer used to adjust their purchasing behavior to the current economics situation and continue to save money on all main categories in 2015.
- While quality of the product is still the most important claimed purchasing factor, price importance is raising visibly too.



Savings

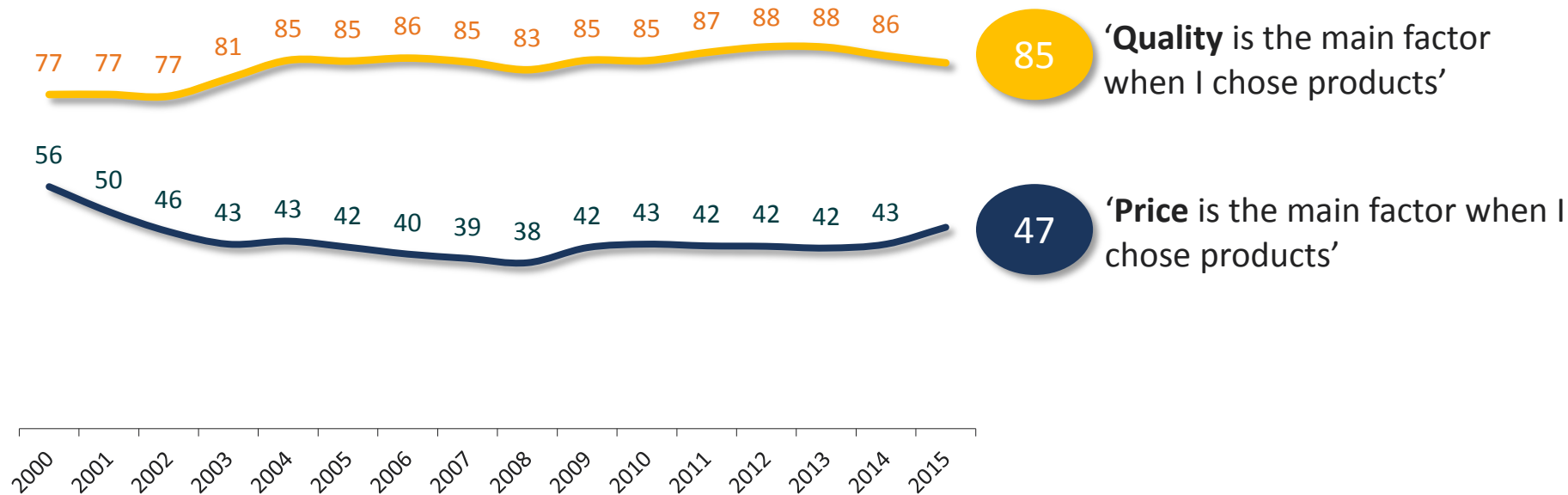
Saving trend for all categories continued in 2015

Q: Thinking of the last month, did you change the purchases of the following categories? (Save money on, %)



Price Vs. Quality

Price importance is growing as crisis is progressing



Going Online!

- Internet penetration is continuously growing. Consumers' trust to the Internet information shows tendency to increase.
- Small Russian cities citizens and older age groups contribute to total Internet penetration growth a lot.
- Though current crisis situation influenced online purchasing behavior - consumers became more conscious about online purchasing too, spends on some categories purchased via online decreased.



Media

Internet penetration is growing while other media channels have negative trend



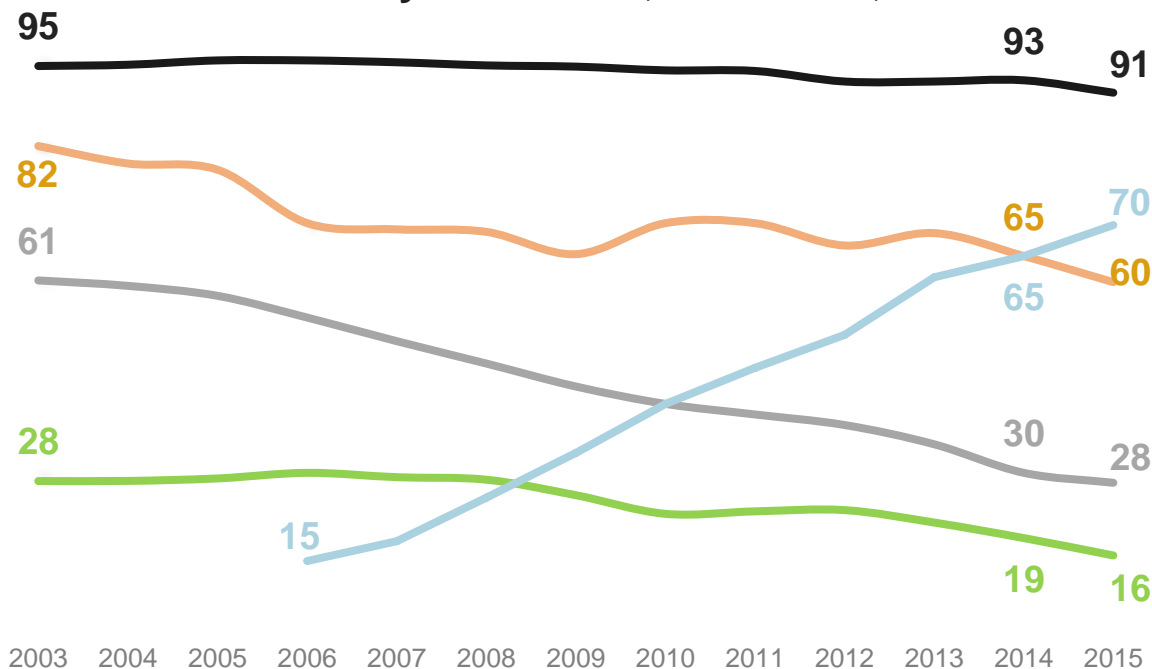
Radio

Newspapers

Magazines

Internet

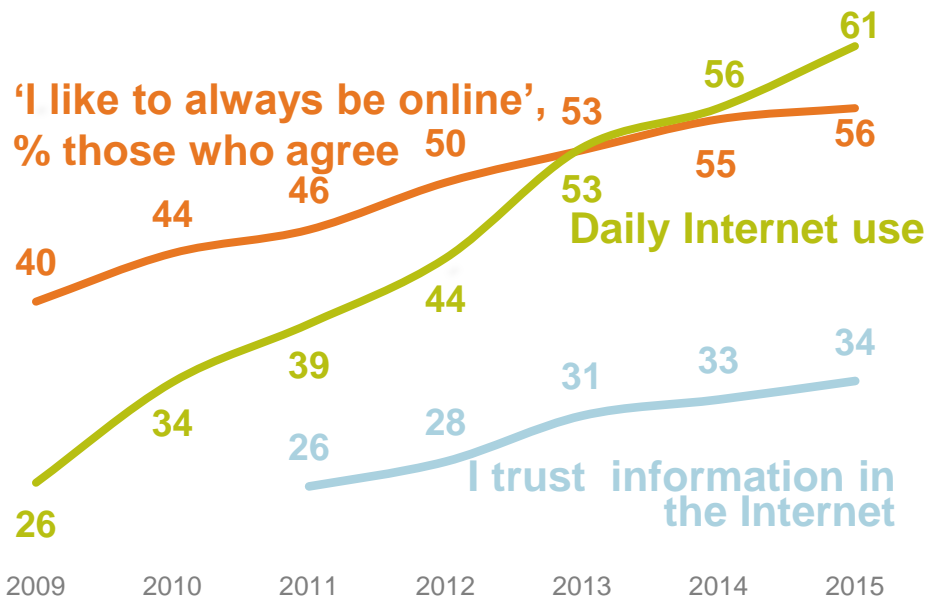
Weekly+ audience, 2003-2015, %



Source: RosIndex, 16+, cities 100k+, 2015

Internet

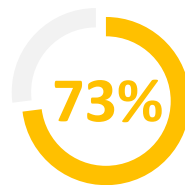
Number of daily Internet users doubled since 2010. Search engines and social networks are the most popular activities



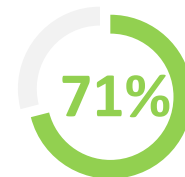
Source: RosIndex, 16+, cities 100k+, 2015

Daily online activities*

Search engines



Social networking websites



Reading news



*Among daily Internet users

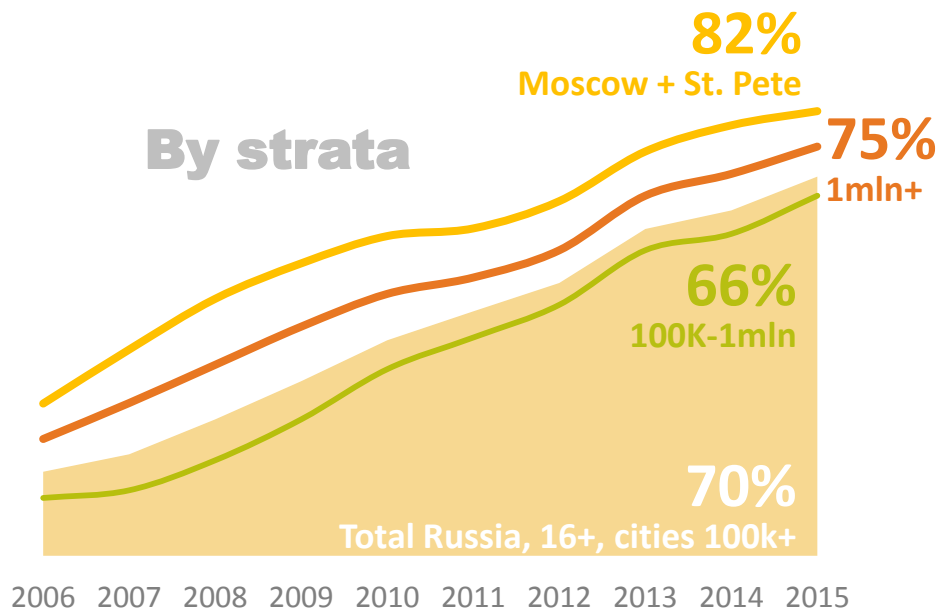
GAME CHANGERS

Internet

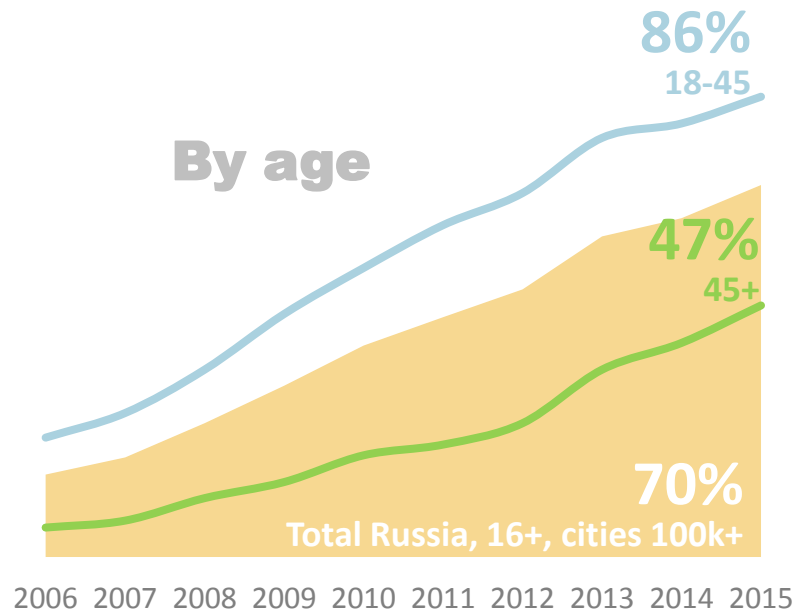
Internet penetration is raising among all subgroups

Have gone online P1W, 2006-2015, %

By strata



By age

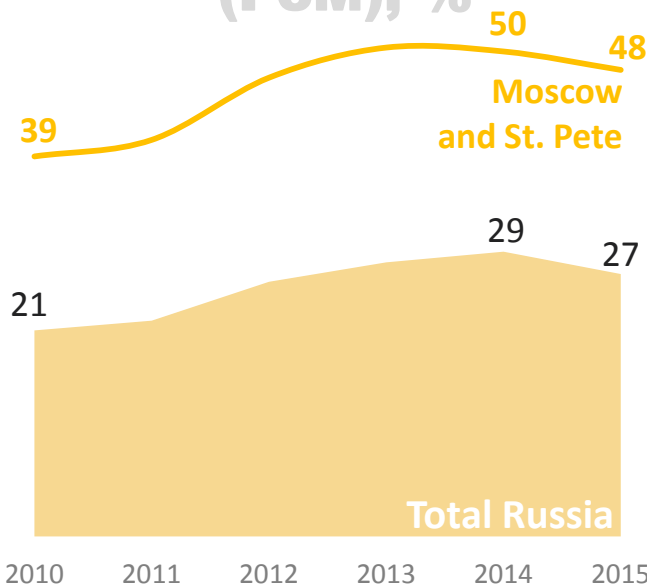


Source: RosIndex, 16+, cities 100k+, 2015

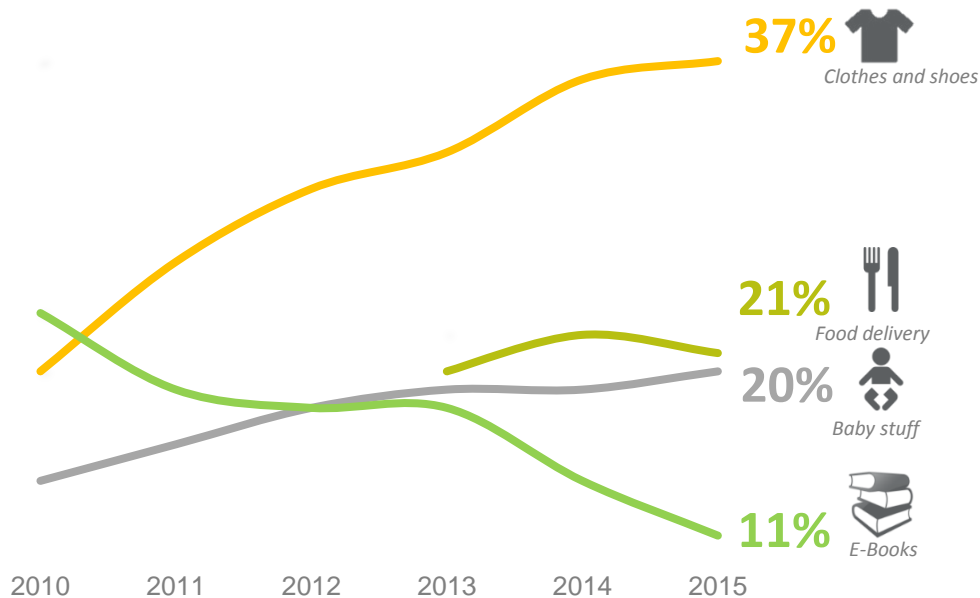
Online shopping

Due to raise of exchange rates and price growth number of those, who buy online stopped its increase

Online shoppers (P3M), %



What they purchase, %



Source: RosIndex, 16+, cities 100k+, Internet monthly users, 2015

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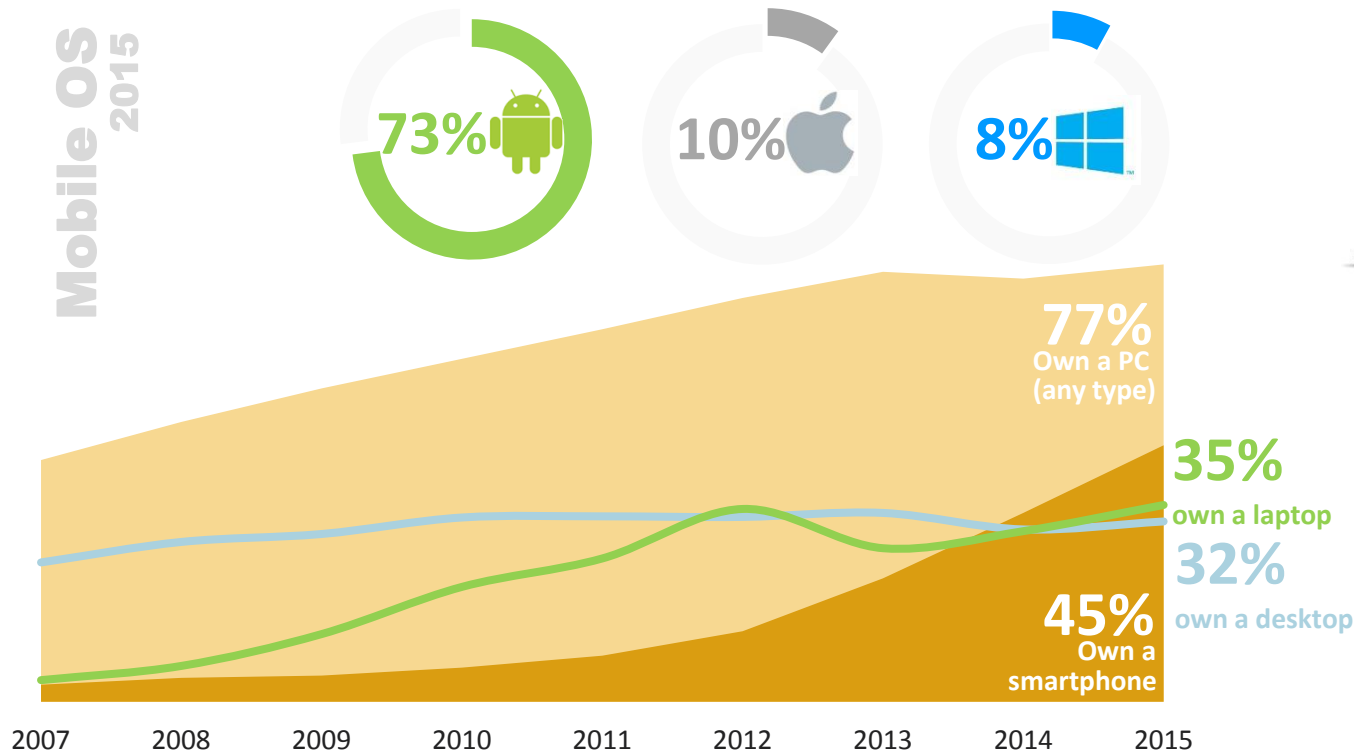
Smartphonization

- Smartphones made visible bound forward in 2015. About half of Russian people own at least one smartphone, while other gadgets penetration hasn't increased.



Gadgets

Smartphone penetration has been growing since 2012. Android is the most popular mobile OS

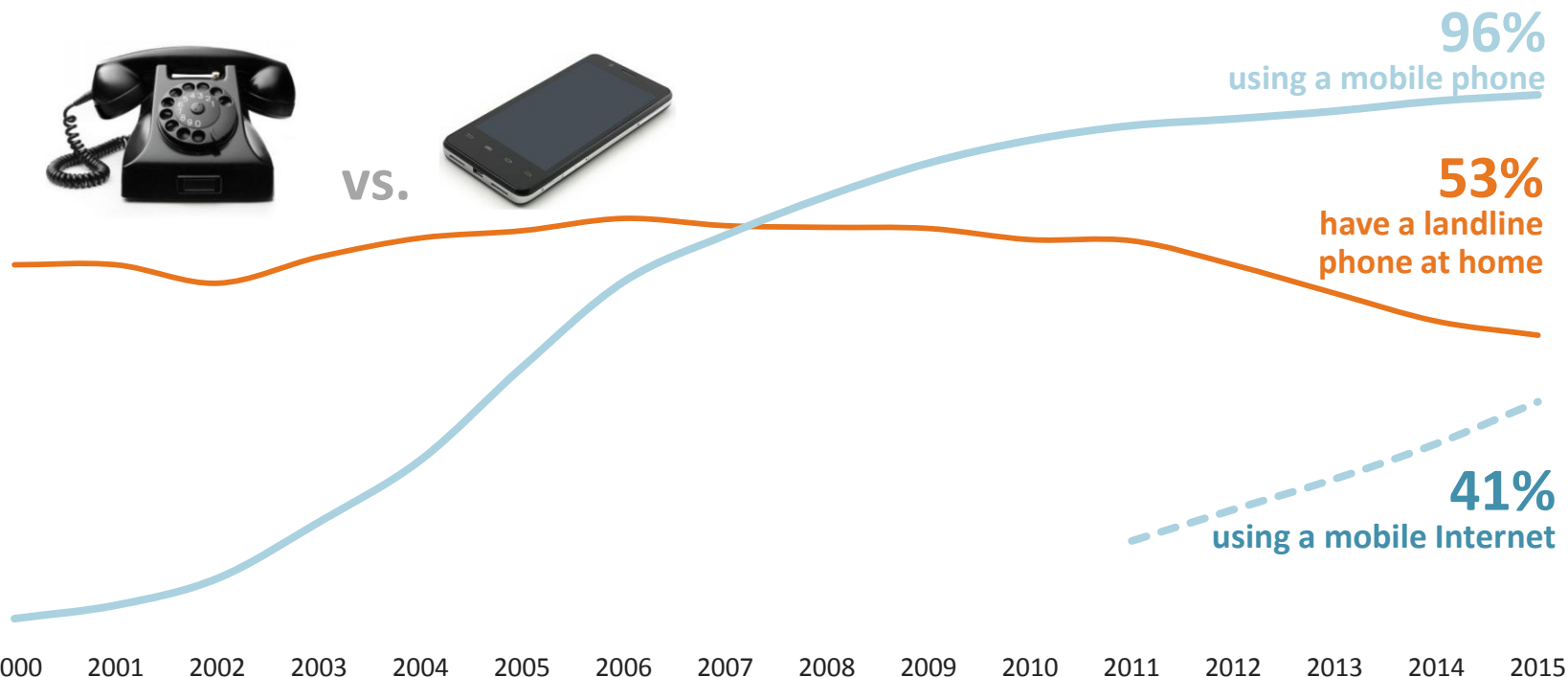


Source: RosIndex, 16+, cities 100k+

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Mobile Vs. landline

Almost every Russian has mobile phone. Landline phone penetration continues decreasing



Source: RosIndex, 16+, cities 100k+

Healthy living?

- Healthy lifestyle popularity has been staying on the high level for several years. But again crisis makes allowance to purchasing behavior - intention to pay for ecologically safe products decreased in 2015
- Alcohol consumption experienced some changes too – people switched from expensive alcohol categories to cheaper beer category
- However, the ‘healthy’ trend in smoking rates stays stable (not raising)



Healthy food

Healthy trend is stable for the past 3 years, though number of consumers who prepared to pay more for ecologically safe products decreased



2007 2008 2009 2010 2011 2012 2013 2014 2015

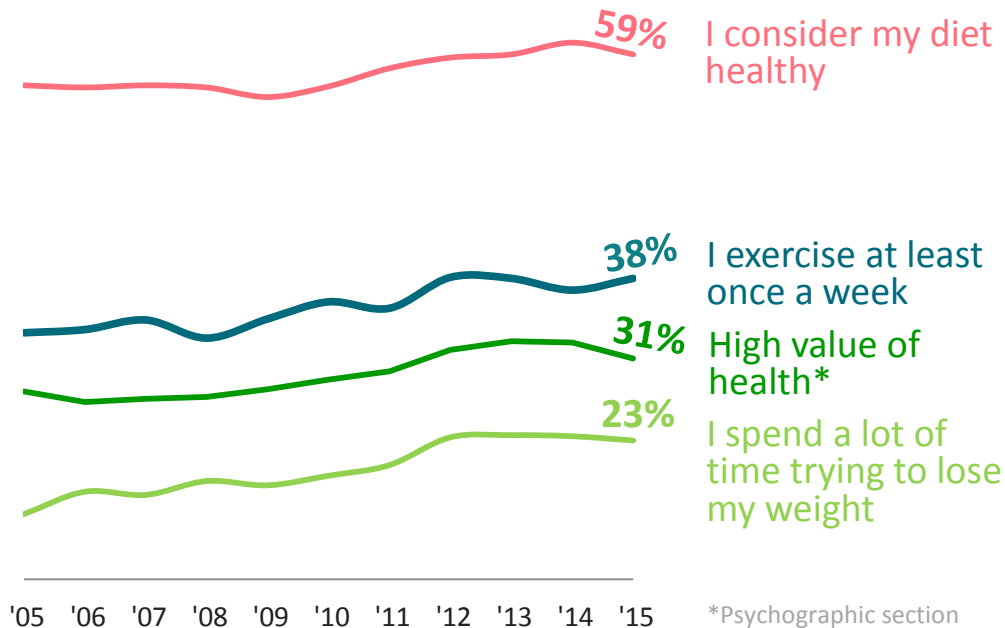


2007 2008 2009 2010 2011 2012 2013 2014 2015

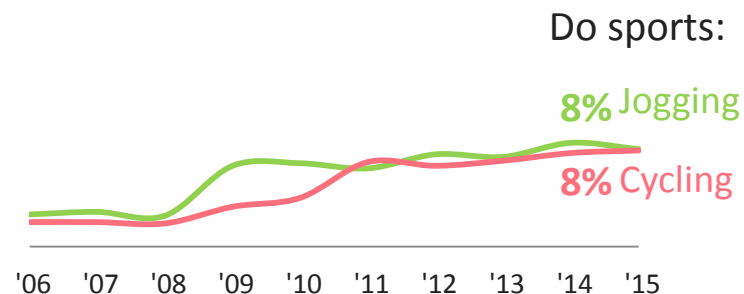
Source: RosIndex, cities 100k+, 2014

Healthy lifestyle

No visible change in 'Going for sport' trend can be seen



Source: RosIndex, cities 100k+, 2005-2015



Smoking

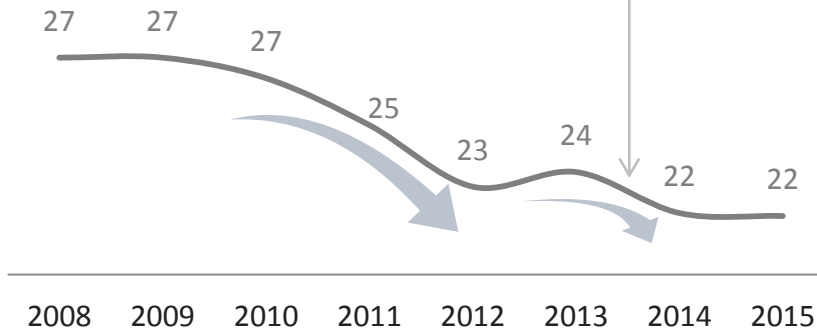
Number of smokers is stable in 2014 Vs. 2015, though the trend is decreasing

1 June, 2013

The law to ban smoking in public places
was passed in Russia

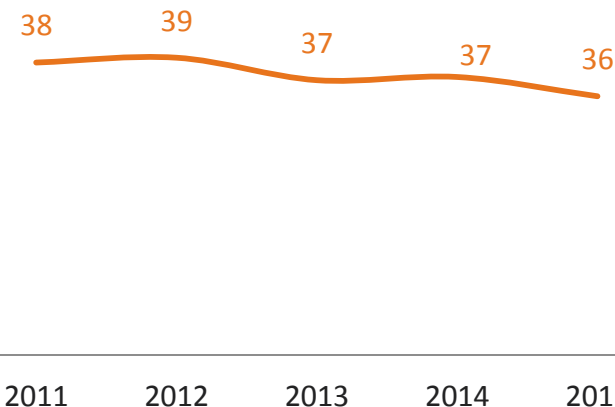


Smoking more than twice a
week, %



Source: RosIndex, cities 100k+, 18+, 2015

Tried to give up smoking, %

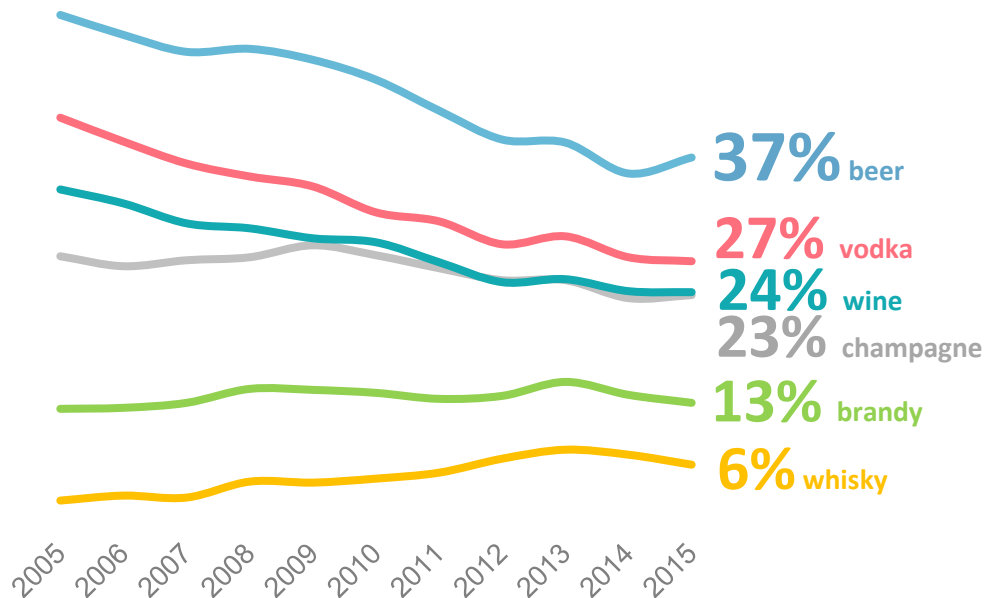


Source: RosIndex, cities 100k+, 18+, smoke at least
occasionally 2015

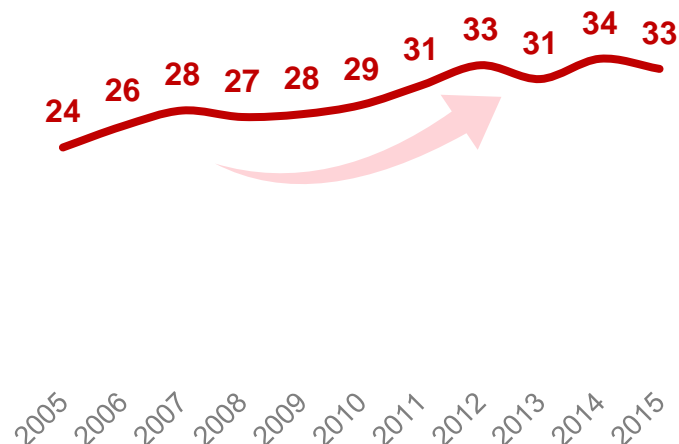
Alcohol consumption

Number of beer consumers increased in 2015 because of switching from more expensive alco categories

Consumed in the past 3 months, 2005-2015



NOT drinking alcohol, %



Source: RosIndex, cities 100k+, 18+ y.o., 2015

IPSOS COMCON EXPERTISE

Key Facts (2015)



Number of focus groups, in-depth interviews, home visits



Consumer and F2F interviews conducted



Number of online projects



Number of CATI projects



Number of clients

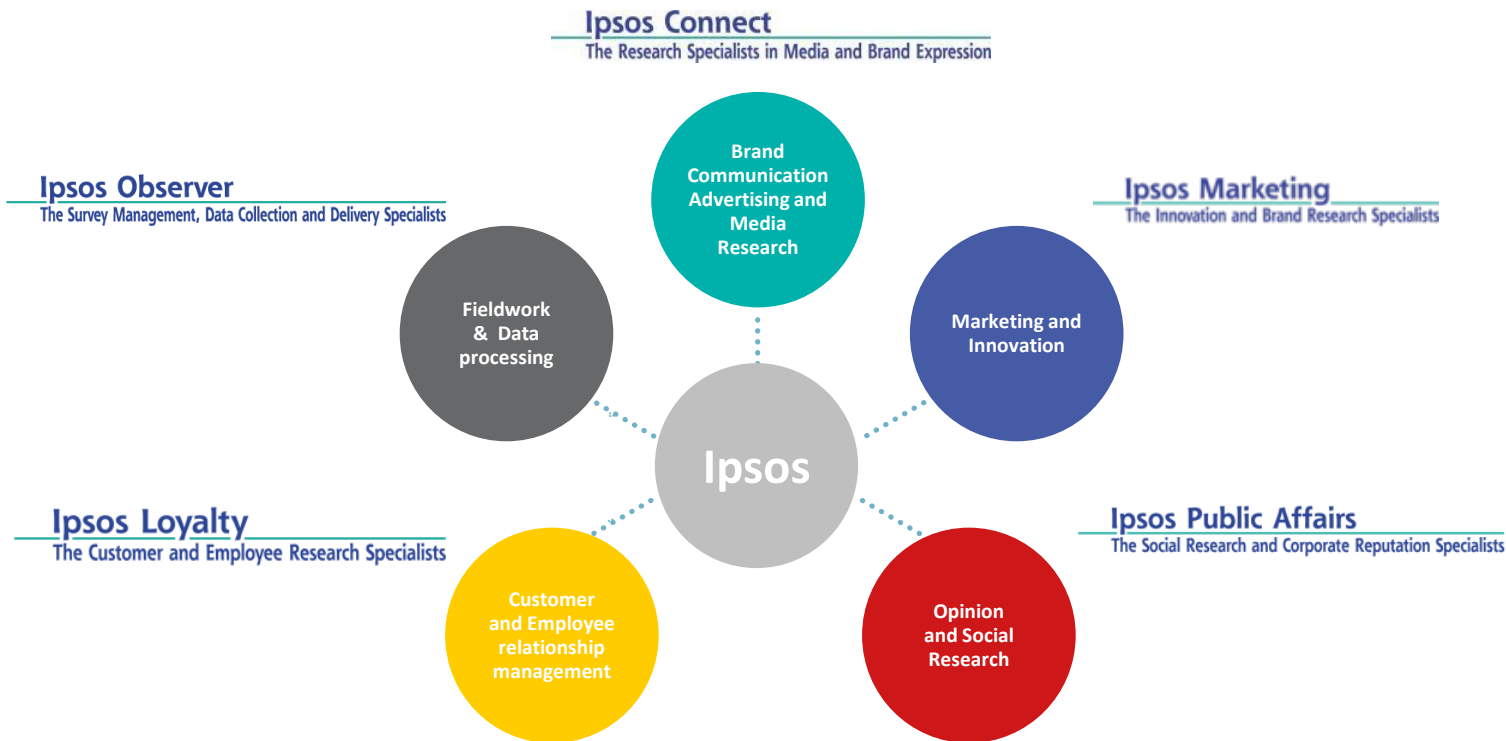


Number of full-time employees



Number of countries we do research in

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and
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CLT Interviewer Recruitment and Training
Tracking

Ipsos Observer

GAME CHANGERS

