

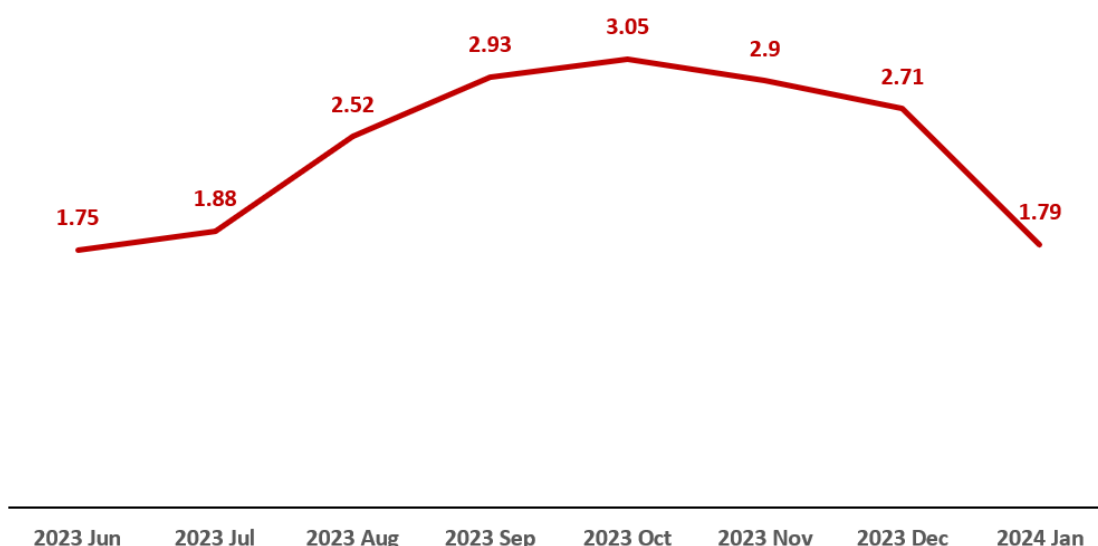
# Riding the Waves of Inflation: Navigating Market Turbulence through Enhanced Value Proposition

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The COVID-19 pandemic had far reaching impacts across the globe, ushering in an era of unprecedented uncertainty and disruption. Yet in times of crisis lie opportunities for innovation, growth, and reinvention. As we navigate the turbulence of COVID-19 pandemic and disruptions in global environment, we are witnessing the challenges and opportunities brought forth. While we still experienced the economic pressure caused by the pandemic, war in Ukraine, and global warming, the world seems to slowly recover as we enter 2024. The International Monetary Fund (IMF) has noted that inflation is falling faster than expected in most regions. This is due to the unwinding of supply-side issues and restrictive monetary policy, which is expected to bring global headline inflation down to 5.8% in 2024 and 4.5% in 2025. However, the effect of inflation continues to be felt across the world, changing market dynamics and consumer behavior.

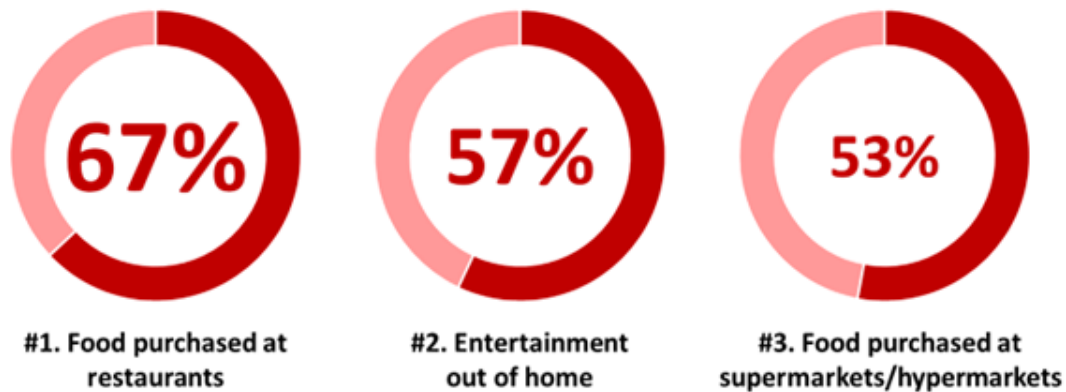
In Taiwan, the Consumer Price Index (CPI) has demonstrated a consistent decrease throughout the fourth quarter of 2023, reversing the uptrend seen in the second and third quarters: from a peak 3.05 to 1.79, nearly returning the level observed in June 2023. This drip is primarily due to the decline in crude oil prices in 2023 and the ongoing resurgence of the domestic market post-pandemic. Despite these positive indicators, the Taiwan Institute of Economic Research notes that the service industry continue to struggle with labor shortages and rising costs, making further inflation reduction challenging. The Department of Budget, Accounting, and Statistics also highlights the increasing costs of fruits and vegetables as a transient factor. However, once dining-out expenses have escalated, it becomes difficult to reverse. This situation, combined with the rise in the minimum wage and recent labor strikes across various domestic sections, has triggered an overall hike in labor wages. Consequently, relief from inflation remains elusive.

Taiwan Cost Price Index Change



Inflation isn't just visible in reports and numbers; it manifests as a tangible concern amongst consumers. Based on Ipsos's What Worries the World Survey, inflation was identified as a significant issue by 36% of respondents across 29 countries for the 22nd consecutive month. This concern was closely followed by poverty and social inequality (29%). This apprehension is echoed in Taiwan, where rising prices and inflation top the list of worries for 36% of Taiwanese consumers. Additionally, 22% express concerns about inflation's impact on their personal finances and income. The pinch of inflation is apparent amongst Taiwanese consumers, with 63% asserting that food prices at restaurants are higher than expected. This sentiment

Price are more expensive than expected...



While challenges continue to permeate consumers' daily lives, it's noteworthy that the concept of "value" has gained increased significance in influencing consumer choices. However, this "value" doesn't merely pertain to the monetary worth of consumer goods. According to Ipsos's research across various categories, "value" also emanates from the fundamental offerings of a brand.

Ensuring top-notch service quality has become paramount for brands. In the telecom sector, network quality and brand trustworthiness have emerged as key factors of driving customer satisfaction over the past three years. Similarly, in the delivery service industry, factors like superior courier service, speedy delivery, and efficient online service play a crucial role in driving consumer satisfaction and brand recommendations.

Besides the quality of the service itself, it's equally crucial for brands to ensure their communications resonate with consumers' concerns about the cost of living. In the spirits category, a substantial 87% of Taiwanese spirits drinkers, irrespective of their preferred type of spirits, expressed a preference for familiar and trusted brands. Furthermore, 67% showed a keen interest in products that boast high quality and a strong brand reputation. Therefore, Ipsos highly recommends that brands integrate an improved value proposition into their communication strategy. This can be achieved by striking a balanced blend of brand building and potent, relevant promotions.

In conclusion, the world, under the sway of inflation, presents a dual landscape of challenges and opportunities. Brands that can adeptly tailor their strategies to echo consumers' concerns and offer enriched value have the potential to navigate the intricacies of this market scenario and emerge stronger. As a global leader in branding and market research, Ipsos is steadfast in its commitment to delivering strategic insights and solutions to empower our clients to thrive in this evolving world order.



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