TREND VISION 2021

CONSUMERS IN A CHANGING WORLD

Trend Vision 2021

Consumers in a changing world

More than a year has passed since the world first faced the COVID-19 pandemic. The crisis is not only about unexpected difficulties that have to be overcome. Each crisis also activates the development of technologies, stimulates the emergence of new products and services.

At such moments, innovations and a new type of behavior enter our life not organically-gradually, but forcedly-quickly, as a reaction to force majeure.

A year after the start of the COVID-19 pandemic, we have the opportunity to collect feedback from consumers on the basis of the experience from using new technologies, products and services. Are new habits and new behaviors taking root? Does the first experience lead to further consumption? What are the barriers to the adoption of new products and behaviors? What innovations the consumer is ready to make a part of his life now, and which ones take time?

We have dedicated a new edition of Trend Vision 2021 to the answers on these questions.

Three principles that help make the adoption of new innovations stick

Enhance my life

Simplify a process that is loaded with friction to make it easy and seamless, so I can focus on my priorities – family, health, and well-being.

Do it for me

Solve a problem or meet a need all the way i.e., provide solutions, not just content.

Make me confident

Allow me to see every step of the process from the point I place an order until it arrives on my doorstep, inspiring confidence.

MAPPS –

framework for assessing behavior change, developed by Ipsos, based on leading academic research in the field of behaviorial science

Our model identifies the key aspects that are important for behavior change – barriers, drivers and triggers and helps to develop an algorithm that changes habitual behavior

- **MOTIVATION** – Do I want to do it?
- **ABILITY** – Am I able to do it?
- **PROCESSING** – How do we think about it?
- **PHYSICAL** – Does the context encourage it?
- **SOCIAL** – What other people do and value?

DATA SOURCES

The findings of the annual Trend Vision trend review are based on Ipsos research.

Also, the review additionally used data from the International Monetary Fund, government statistics of the Russian Federation, publications in the media and other data available in the public access.

Ipsos in Russia research

RUSINDEX

Largest Russian nationalresearch about consumers, goods, services and media.

In the first wave of 2021 added the block "Monitoring the adoption of innovations"

Methodology
- Russians 16+, Russian cities with a population 100 000+
- Quarterly online survey
- 20,000 respondents per year

More details

ONLIFE

A detailed study of the behavior of Russians on the Internet

Methodology
- Internet users 16+ years old. Weekly Internet audience using 3 or more types of online services
- Online survey twice a year
- 5,000 respondents per year

More details

NEW GENERATION

Study about behaviour and lifestyle of children and teenagers aged 4-15.

Methodology
- Children 4-15 years old, million-plus Russian cities
- Online survey twice a year
- 3,200 children 4-15 years old and 3,200 mothers in each wave

More details

Ipsos global research

Global surveys using the Ipsos online dashboard.

The adult population is 16-74 years old in most markets, including Russia. The total sample is about 20,000 people. The sample in Russia is 500 people, displacement to the urban, more educated and/or wealthier population.

Social Intelligence Analytics

Collection and analysis of social media data (over 1 million messages).

Highlighting plots using text analytics approaches (AI-based). Qualitative study of priority clusters.

GENERATION PROFILE

based on RusIndex survey

Gen Z
16-25 years old

12%

Gen Y
26-40 years old

32%

Gen X
41-55 years old

25%

Silver Age
56+ years old

34%

N% - part in the sample

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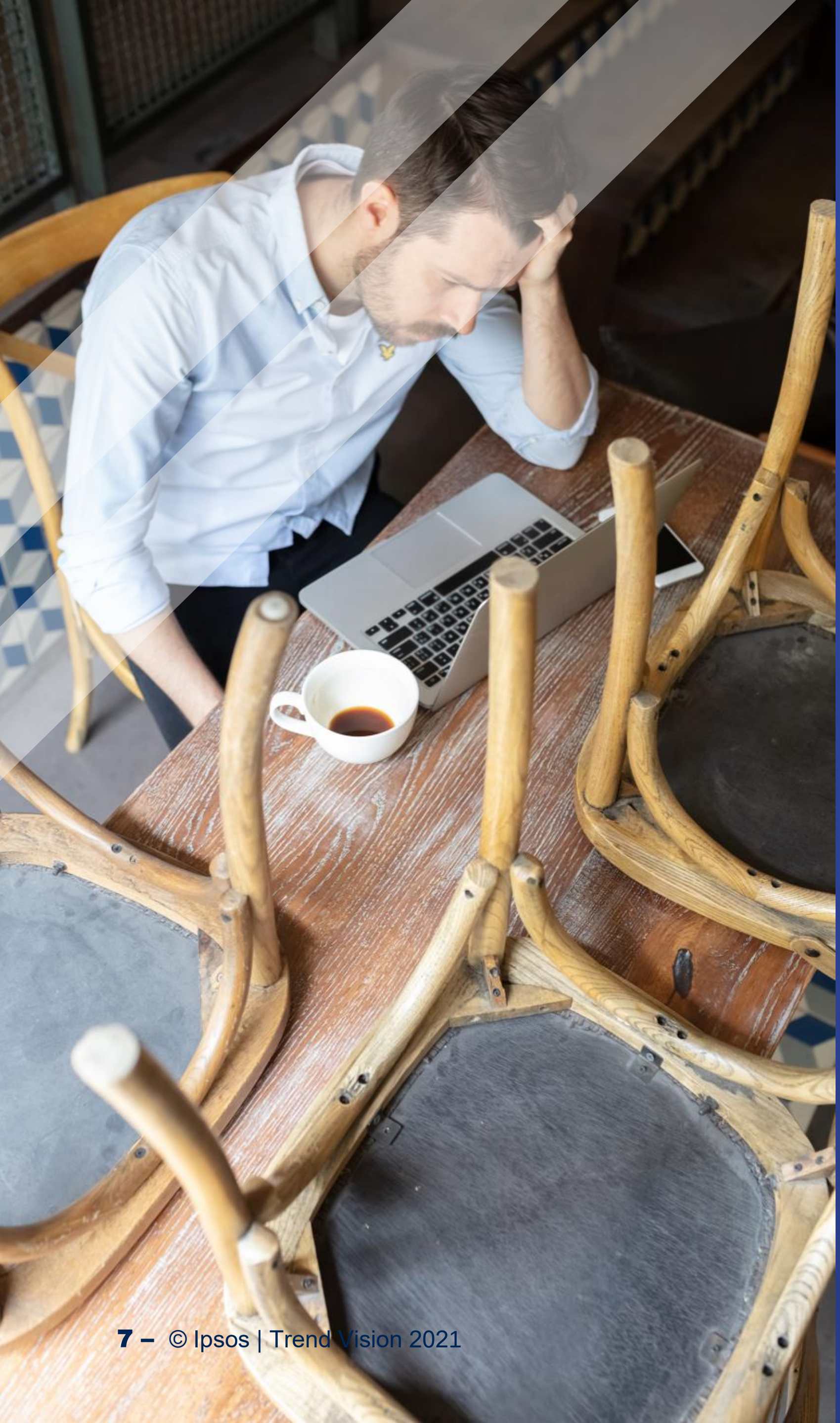


COVID-19: FORCE MAJEURE OR "NEW NORMAL"?

CHANGES IN THE ECONOMY

Changes in the economy.

Key takeaways

Recovery expectations in 2021-2022

According to the forecasts of leading economic institutions, the economic recovery after the coronavirus pandemic will last about 1-2 years. If new waves of the pandemic are repeated, a full recovery may not take place and a recession is likely, in particular, in Russia.

Record population decline

At the end of 2020, the population of Russia has decreased by more than half a million people. The birth rate has at its lowest rate since 2002, and the death rate has at its highest since 2006.

The pandemic affected Generations Z and X more than others

The rise in consumer prices – the most visible economic impact on the population caused by the pandemic. Second relates to employment and wages. In terms of the number of contributing factors, the pandemic has hit Generations Z and X the most.

Signals of change

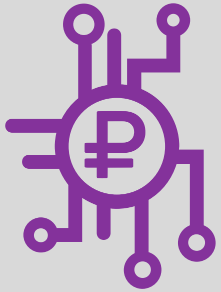
The Central Bank of Russia are looking at the possibility of those as young as 12 to trade stocks

Care needs to be at the heart of the new economy

Female-founded companies will save the economy

"Sber" allows employees to take an unpaid "career time-out“ of up to a year

A trial to test the format of a four-day work week is proposed in Russia



The Central Bank of the Russia has formed the first pilot group of banks to test the digital Ruble since January 2022.

RECOVERY EXPECTATIONS IN 2021-2022

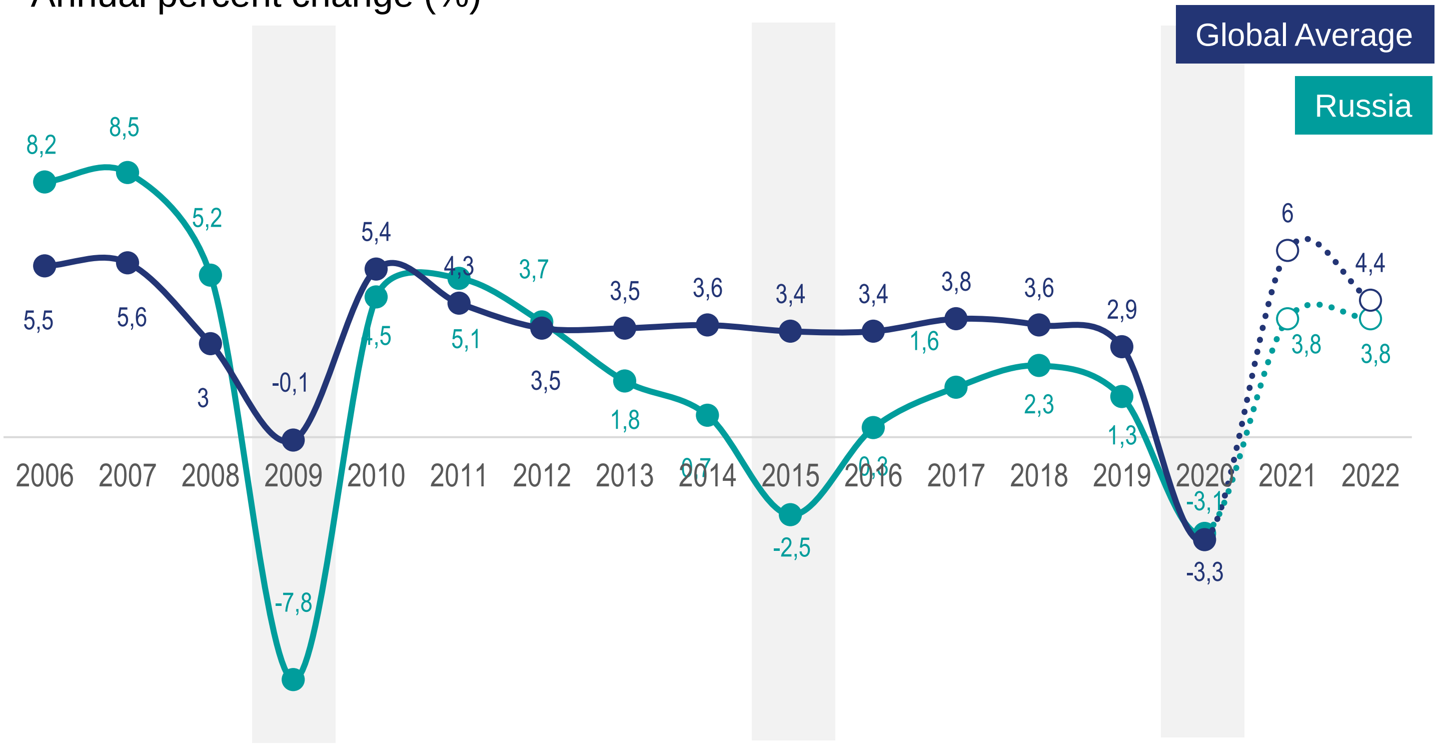
According to data published by the IMF in April 2021, the fall in GDP in Russia in 2020 was 3.1%, while the forecast was for 6.6%. Globally, the decline was 3.3% against a forecast of 4.9%.

At the same time, the IMF globally raised the expected GDP growth for 2021 from 5.4% to 6%, but in Russia the forecast for GDP growth for 2021 decreased from 4.1% to 3.8%.

In June 2021, the World Bank forecasted the strongest rebound in the global economy in 2021-2022, but for Russia, recovery is expected to be a more moderate scenario. If new outbreaks of COVID-19 occur and if oil prices fall, a full recovery may not occur.

Real GDP dynamics. Forecast for 2020-2022

Annual percent change (%)



Источник: International Monetary Fund. World Economic Outlook Update, April 2021

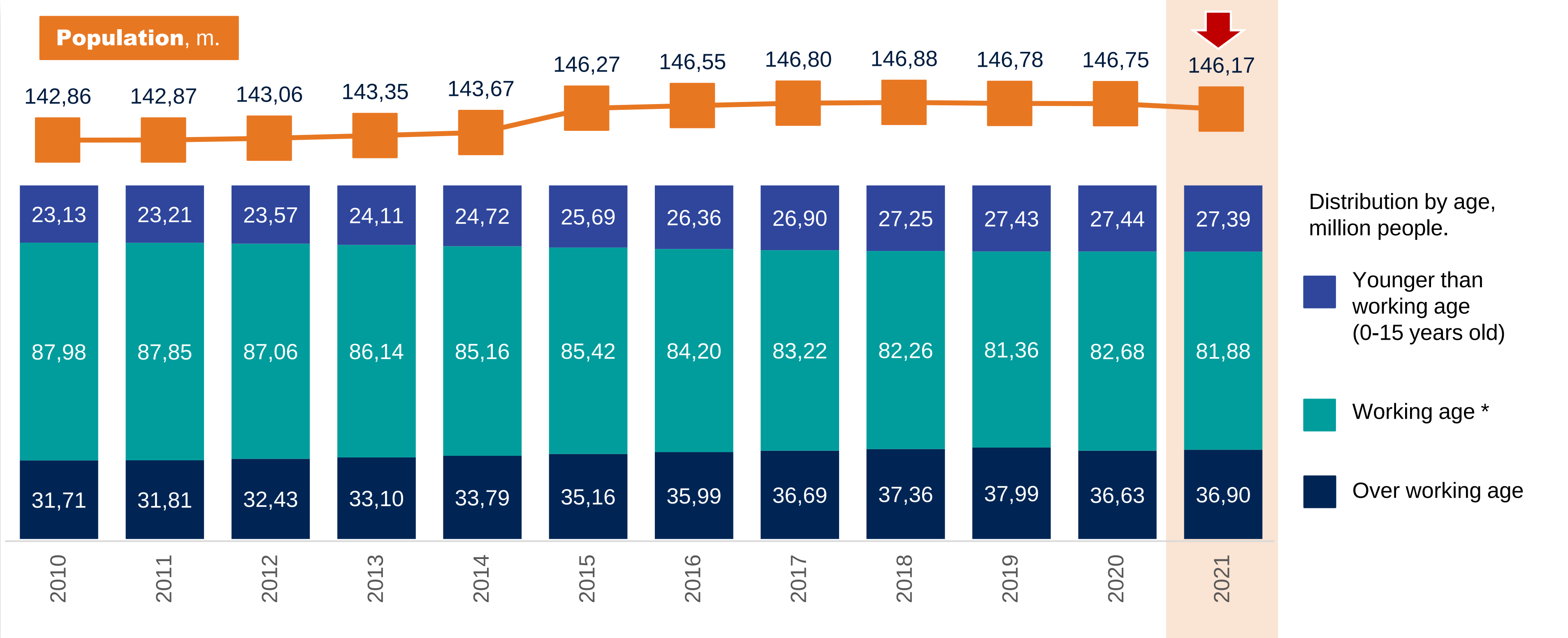
RECORD POPULATION DECLINE

2020

- Born in the Russian Federation: 1,435,800 people. This is the lowest since 2002 and 48,700 less than in 2019.
- Deaths in the Russian Federation: 2 million 124.5 thousand people. This is the maximum since 2006; 323.8 thousand more than in 2019

In 2020, the pandemic caused the population of Russia to decline for the first time in the past 15 years by more than half a million people:

- 577 575 people



Age groups with the biggest declines in population in 2020:

25-29 y.o.
minus 845,000 people

0-4 y.o.
minus 499,000 people

55-59 y.o.
minus 586,000 people

The maximum increase is in the 70+ age group (plus 325,000 people in 2020)

Источник: Federal State Statistics Service of Russia
Data: 2010 – according to the census as of October 14th; other years – the estimate as of January 1st of the corresponding year. Starting 2015 data includes the population of the Republic of Crimea and Sevastopol, Federal city

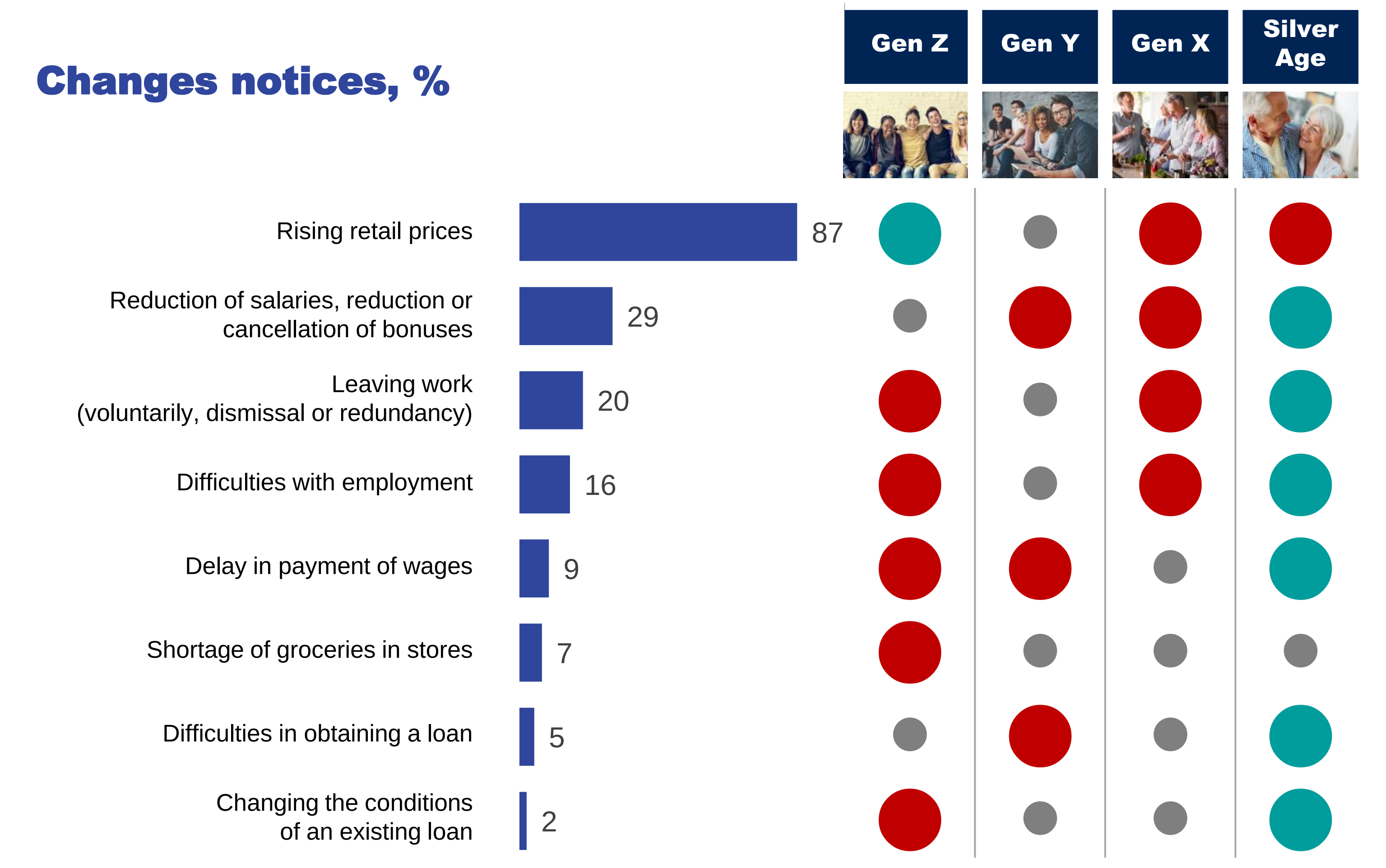
* Working age: Until 01.01.2019 – M 16-59 y.o., F – 16-54 y.o.; from 01.01.2020 – M 16-60 y.o., F – 16-55 y.o.

THE PANDEMIC HAS AFFECTED GEN Z AND GEN X MORE THAN OTHERS

The rise in retail prices hit Generation X and the Silver Age the most.

Generation Y is particularly prone to declining earnings and delayed wages. It also experienced a greater difficulty in obtaining loans.

In terms of the number of factors that affected each generation, the impact of the pandemic was felt the most by representatives of Generation Z and Generation X.



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with population of 100,000
Changes in the last 3 months

Significantly higher than sample overall
Significantly lower than sample overall

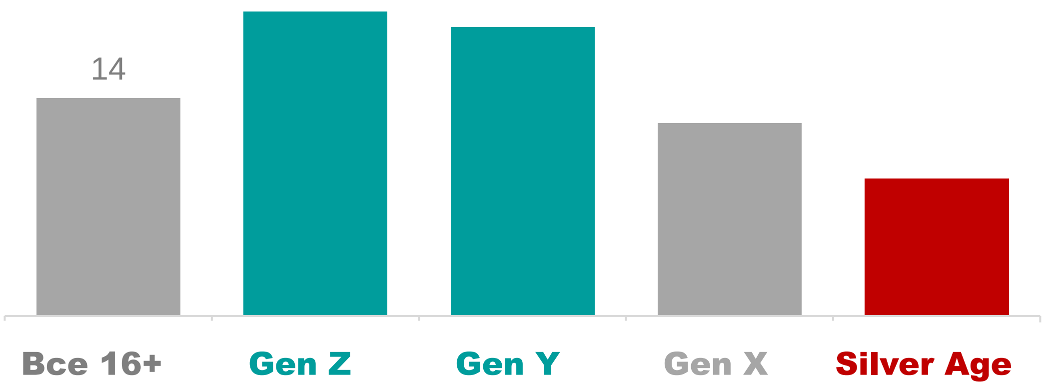
ATTITUDE TO PERSONAL FINANCE

Increasing personal financial literacy is declared as a goal by 14% of Russians, Generations Z and Y are significantly more interested in this than others. The share of those who have a "safety cushion" is growing – they regularly make savings, use financial planners and guides in mobile banking apps.

During the pandemic, many began to look for alternative ways to earn money. Investments became one of them. However, in Russia, compared to other developed countries, a rather small percentage of the population is involved in this kind of practice. The data shows that public interest in investing has increased during the pandemic.

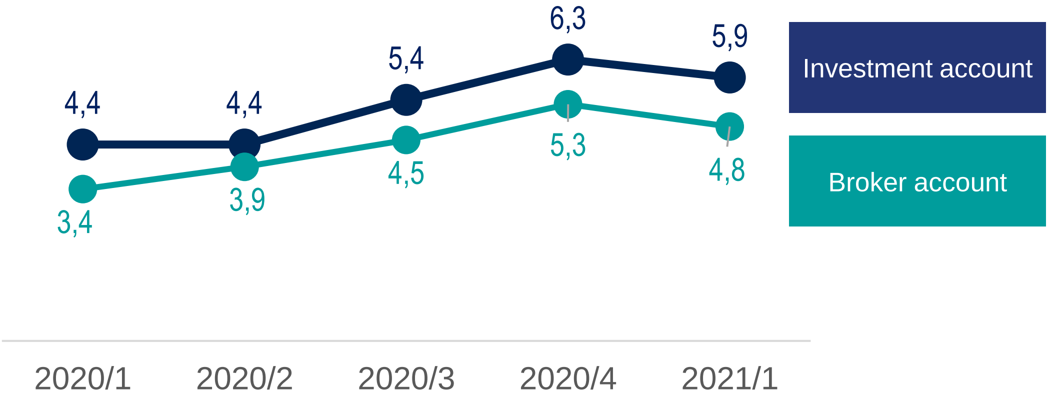
Improving financial literacy and training in personal finance management

as a goal of life for the next 12 months,%



Investment

% with investment and brokerage accounts



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with population of 100,000

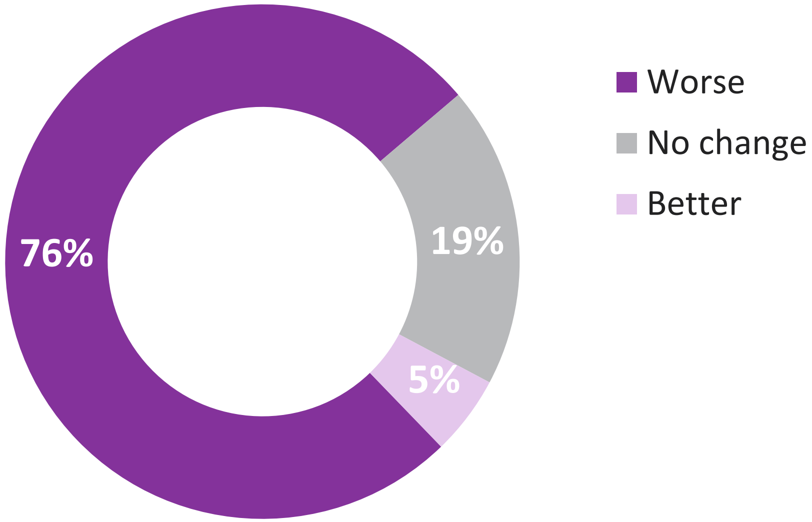
Significantly lower than sample overall
Significantly higher than sample overall

CHANGES AND EXPECTATIONS

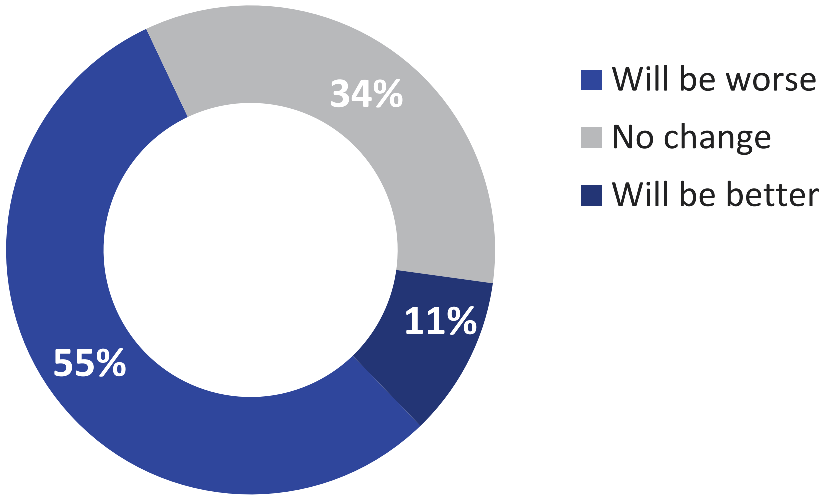
At the end of the first quarter of 2021, the majority (76%) noted a change in the economic situation, one in five felt that the situation remained unchanged. Only 5% of those surveyed noticed an improvement.

When talking about expectations for coming 3 months, about one in two continues to believe that it will be worse; a third - that the situation will not change; 11% of those surveyed expect improvements.

How the economic situation has changed
within past 3 months



Expectations of changes in economy
in coming 3 months



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with population of 100,000

BRAND PURPOSE: HOW TO CHOOSE THE RIGHT PATH

SUSTAINABLE DEVELOPMENT

Sustainable development.

Main trends

The rise of support for sustainable development during the pandemic

The pandemic has given rise to the themes of sustainable development: environmental friendliness and social objectives. The visual increase in the amount of waste in the form of disposable masks and gloves has increased the desire to change behavior. The decline in the quality of life due to the pandemic adds value to brands in addressing social issues.

Reducing waste is the focus of the fight for the environment

Among the possible ways to fight for the environment Russians are looking to recycling and optimizing their handling of packaging. It is important that the packaging is recyclable and not wasteful.

The volunteer movement is gaining strength

During the year of the pandemic, the largest increase in those involved in socially responsible activities was shown by volunteering, which increased, first of all, among Generation Z.

Signals of change

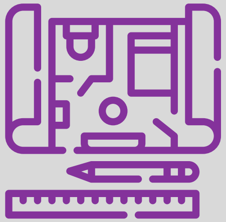
Lego will produce blocks from recycled PET bottles

Russia is preparing a plan for decarbonization of the economy

Grocery stores “Perekrestok” has stations for the sale of household chemicals on tap

Retail in Russia switches to electronic checks and refuses paper ones

Deodorant for people with disabilities won the Grand Prix in the Innovation category



IKEA shares three free inclusive design projects on its online platform

FOUR KEY TOPICS FOR RUSSIA

SUSTAINABLE DEVELOPMENT

WHAT THEY TALK ABOUT ON SOCIAL MEDIA

Environmental problems

- Deforestation
- Deforestation and fires in Siberia
- Global climate change and global warming

Social problems

- Domestic violence problem
- Discrimination and equal rights of various groups of people
- Cruelty to animals and animal testing

Household waste problems

- Release of waste into the environment
- The problem of a lot of garbage
- Non-degradability of waste
- Greenwashing - ostentatious eco-activities of brands (for example, cardboard packaging on the outside but plastic on the inside)

Security problems

- Food insecurity
- Compositions of cosmetics and household chemicals
- Safety in connection with other types of products

Source: Ipsos. Social Intelligence Analytics
Collection and analysis of social media data (over 1 million messages).
Highlighting plots using text analytics approaches (AI-based).
Qualitative study of priority clusters.

ENVIRONMENT: RECYCLING AND OVERPACKAGING ARE THE MOST CONCERNS

Russians see their contribution to the environment, first of all, in their everyday recycling habits, as well as in the refusal of products with overpackaging.

There is less interest in the refusal of flights, the transition to milk and meat substitutes.

Readiness to change behavior for the environment

The part of those who are ready to change their behavior in the following year to protect the planet:

	Russia	vs 2020	Global
Recycling materials such as glass, paper and plastic	64%	-1 pp	49%
Avoiding products which have a lot of packaging	56%	+1 pp	58%
Walking, cycling or using public transport instead of driving a car	48%	+6 pp	47%
Saving energy at home	48%	+1 pp	50%
Avoiding buying new goods, mending what you have or buying used products instead	46%	+1 pp	53%
Saving water at home	45%	+2 pp	50%
Not flying, or replacing some flights with train or bus journeys	35%	+1 pp	45%
Eating less meat, or replacing the meat in some meals with alternatives such as beans	29%	+1 pp	43%
Eating fewer dairy products or replacing dairy products with alternatives such as soya milk	22%	+3 pp	39%

Source: Ipsos. Earth Day. April 2021
20,000 people 16-74 years old from 28 countries were interviewed, including 500 in Russia

POINTS OF SOCIAL TENSION

Russia is one of the countries whose residents feel much less tension between different social groups than other markets. Differences between rich and poor, between elites and ordinary workers, and between different social classes cause the most tension.

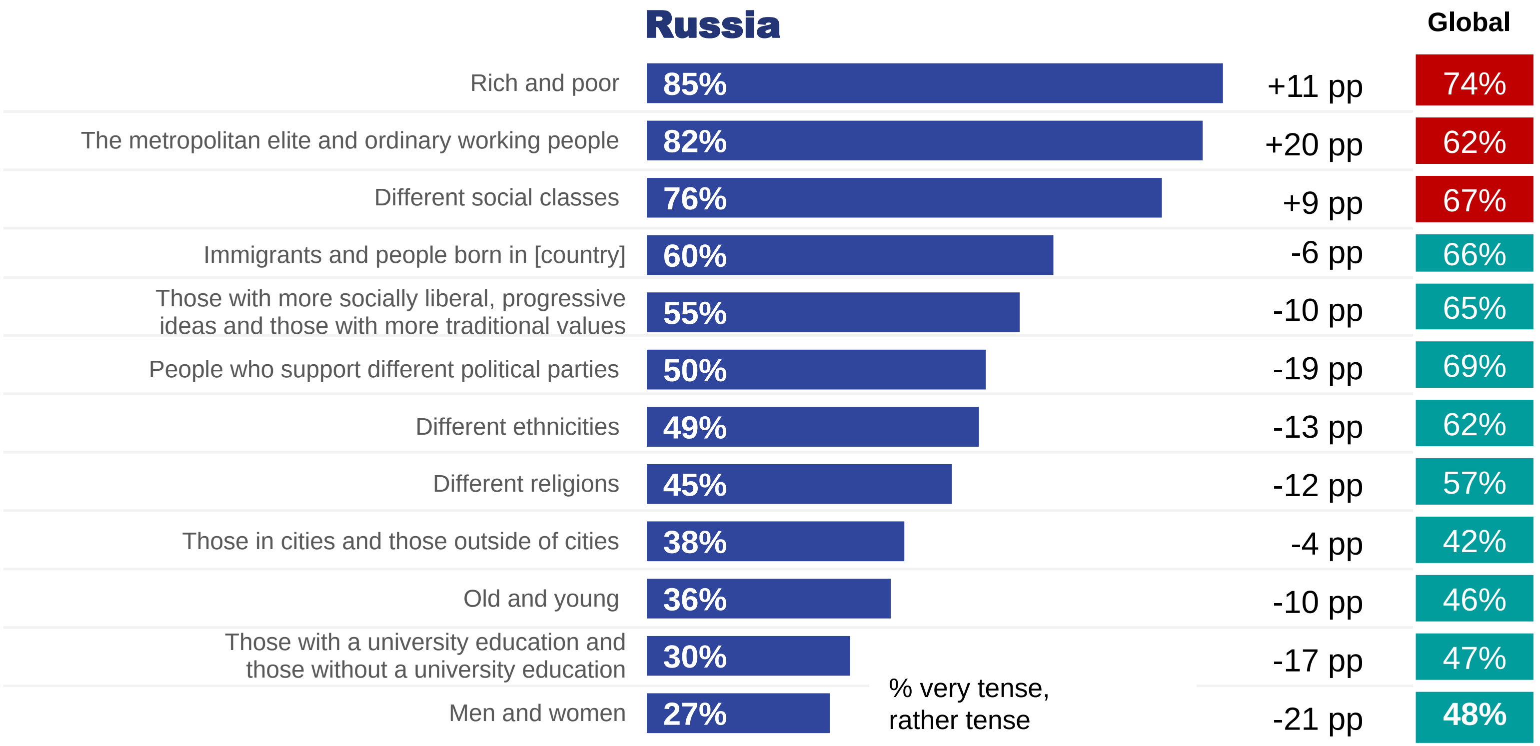
The lowest points of tension are between the elderly and the young, between people with higher education and those who have been to university, and between men and women.

Tensions between groups

18%

Q: How much do you agree that there is a split in your country due to "culture wars"?

Global	USA	China	Germany	Japan
35%	57%	29%	19%	9%

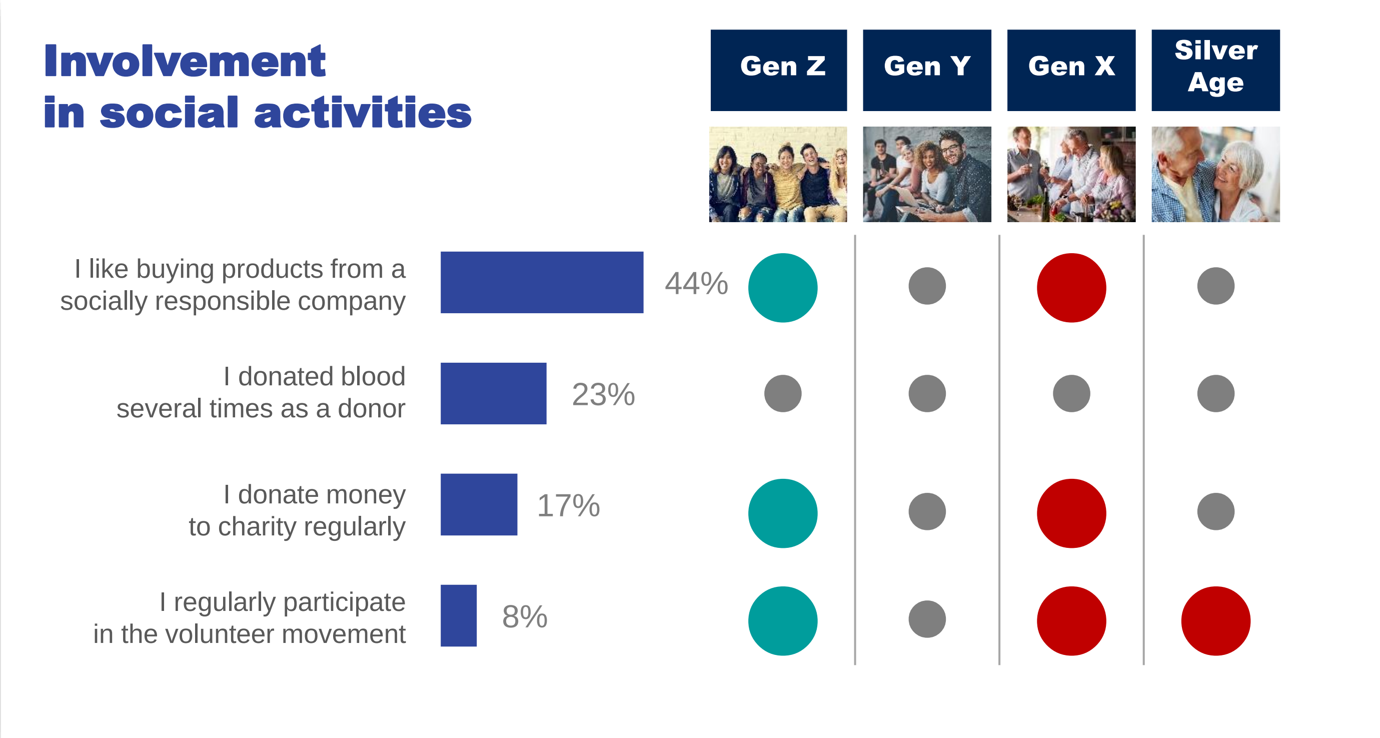


Source: Ipsos. Culture wars around the world. June 2021
23,000 people 16-74 years old from 28 countries were interviewed, including 500 in Russia

VOLUNTEERING GAINS STRENGTH

Over the year, only volunteering showed a significant increase in the part of people involved, adding 2 pp compared to 2020 / Q1. First of all, due to Generation Z (+ 4 pp per year), 20% of respondents in this group classified themselves as regular volunteers. Volunteering added two points for Generation X and one for the Silver Age. There was no change in the level of volunteering among Generation Y.

For the rest of the parameters – the desire to buy from a socially responsible company, to be a donor and donate to charity, the part of those involved is stable. Generation Z values socially responsible brands more than others (48%); Gen X are more skeptical (40%).



Many people think that being a volunteer is very easy. Someone thinks that we should help everyone. Someone complains that we help selectively. Someone says that we are doing nothing. Someone does not believe us at all.

But, the life of a volunteer is a great work.

From comments in social networks

Source: Ipsos. RusIndex.2021/Q1
Russians 16+ years old, Russian cities with a population of 100 000

Significantly lower than sample overall
Significantly higher than sample overall

MAPPS
THE BEHAVIOR CHANGE FRAMEWORK
by Ipsos

M Do I want to do it? **OTIVATION**

A Do I want to do it? **BILITY**

P How do we think about it? **ROCESSING**

P Does the context encourage it? **HYSICAL**

S What do other people do and value? **OCIAL**

Examples of barriers to adopting socially responsible behavior

From disposable to reusable cups

Barrier:
"I forget to wash my reusable cup"

If the consumer purchases several coffees a day, the reusable cup cannot be used again until it has been washed after its previous use. Especially when it comes to drinks with milk.

This requires a change in habits: Instead of “I want coffee – I go to a cafe”, the new scheme includes one more step: “I want coffee – I have washed my reusable cup – I go to a cafe”. This requires effort on the part of the consumer, leading to many continuing to buy drinks in disposable cups simply because it’s easier for them to do so.

MOTIVATION

Refilling containers

Barrier:
"For refilling large family packages need to be transported to and from the store by yourself"

The first delivery of large packages usually takes place by courier. When the product runs out, in order to reuse the same container, the consumer must take it to the store, fill it and take it back.

If the family doesn't have a car, that's a problem. It is also difficult for women to do it on their own.

PHYSICAL

Regular charitable donations

Barrier:
"If I make a regular cancellation of the card, I will not be able to unsubscribe if I wanted"

People are afraid to subscribe to the regular write-off donations from the cards, because they are afraid that such a write-off may continue indefinitely and, if the attitude towards the donation changes, the donor will not be able to cancel that of their cards.

PROCESSING

CONSUMERS TAKE CONTROL OVER THEIR HEALTH

TRENDS IN ATTITUDES TO HEALTH

Attitudes to health.

Key takeaways

Consumers want more control over their health

The trend of health consciousness is growing. This is reflected not only in the trend for a healthy lifestyle, but also in demand for information. Generation Y pays less attention to health than others. Generation Z, on the contrary, goes against the previous trend that people are only interested in health at an older age.

The first users of telehealth and its good growth potential

During the coronavirus pandemic, the relevance of telemedicine has increased. Less than one in ten has tried the new service. But the share of those who see the advantages of it is also very high among all generations. As the service is developing, the share of skeptics will also decrease – for now it is every second with a preponderance of Silver Age.

Health concerns are getting younger

Generation Z turned out to be the most stressed group and the least likely to practice positive thinking regularly. Among the practices of maintaining a healthy lifestyle, yoga / meditation, tempering, interval nutrition / fasting and medical examinations are the most underused.

Signals of change

Pinterest banned weight-loss ads to combat body-shaming

The Pillo voice assistant helps people to monitor their health – reminding them to take medications, offers advice

American Online Platform InquisitHealth unites trained patient (‘peer mentors’) to help in the fight against chronic diseases. The development of peer-to-peer medicine will complement medical recommendations

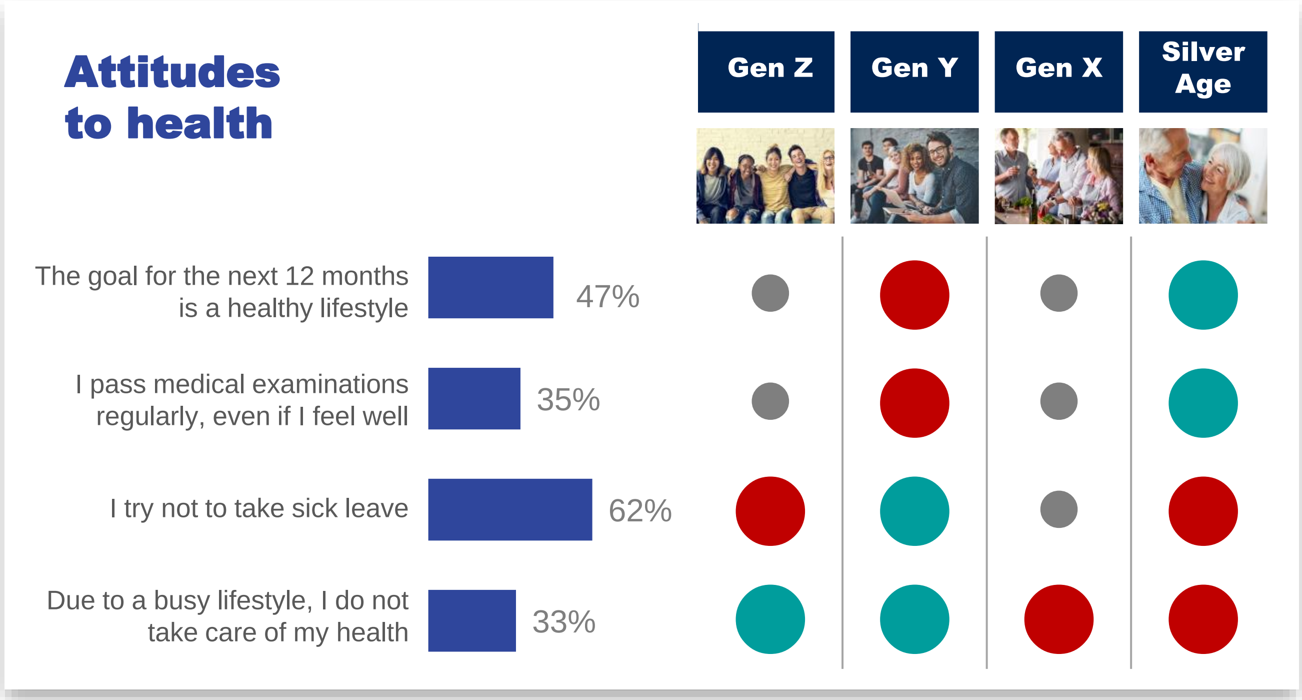
BestDoctor creates a single platform for health management

Russian President Vladimir Putin has instructed the Government to help increase the development of telemedicine

PEOPLE WANT MORE CONTROL OVER THEIR HEALTH

In the year since the beginning of the pandemic, the share of those who define health and a healthy lifestyle as their goal for the next year has increased by 3% (from 45% in Q1 / 2020 to 47% in Q1/2021). Similarly, in the year since the beginning of the pandemic, the share of people who searched for information about health, medicine or medications online has significantly increased (from 44% in Q1 / 2020 to 48% in Q1/2021).

83% of respondents in Russia would like to have more control over decisions related to their own health[1].



Source: Ipsos. RusIndex (HealthIndex). 2021/Q1
Russians aged 16+, cities with a population of 100,000+.

- Significantly lower than sample overall
- Significantly higher than sample overall

Low health priority for Generation Y

A significantly smaller part of Generation Y group see a healthy lifestyle as their goal for the next year (42%). Also, significantly less Gen Y passes regular medical examinations, but at the same time they try not to take sick leave more often. Gen Y also report that they do not take good care of their health due to a busy lifestyle more often.

Generation Z refutes the idea that people start thinking about health only at an older age

In the Gen Z group, significantly fewer people try not to take sick leave. At the same time, the level of health concern due to a busy lifestyle is significantly higher, and health as a goal of life and the frequency of medical examinations is at the level of all 16+.

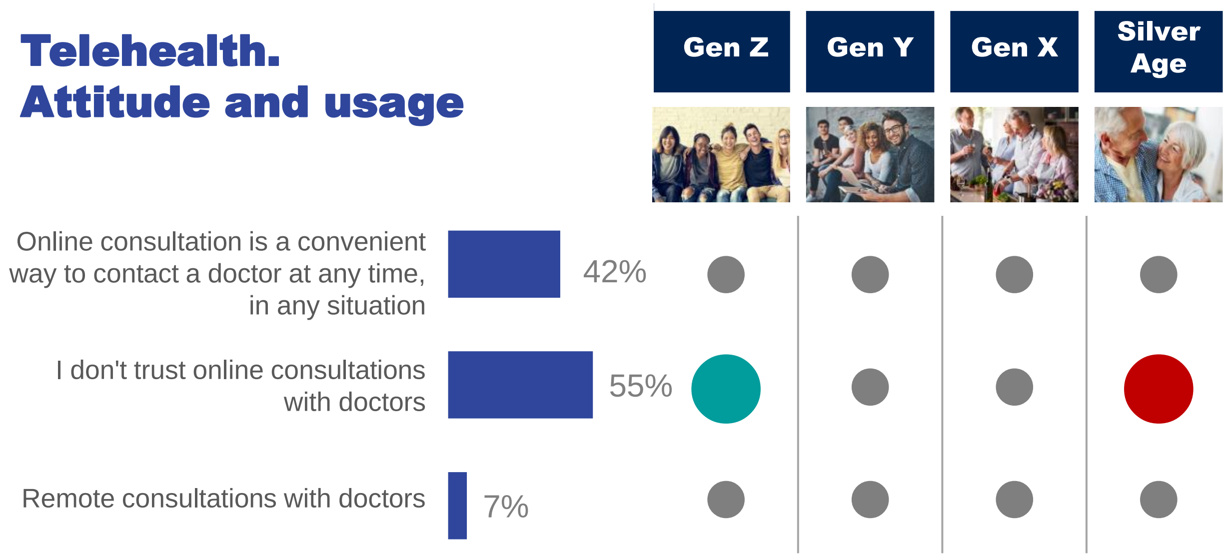
1. Ipsos Global Trends 2020

TELEMEDICINE HAS GOOD GROWTH POTENTIAL

The pandemic has given rise to the use of telemedicine consultations with doctors. 7% of respondents in Russia have already appreciated the advantages of this service.

Even though less than one in ten people used the service, and there was no rapid growth in usage during the year, the service has strong potential for growth. This is reflected by a high proportion of people who believe in the convenience and usefulness of the service (42%) - without significant differences across generations. Even though one in two persons is still skeptical, primarily among the Silver Age.

Telehealth. Attitude and usage



Source: Ipsos. RusIndex. 2021/Q1
Russians aged 16+, cities with a population of 100,000+.

Sign. higher than sample overall
Sign. lower than sample overall

Involvement of doctors in telemedicine

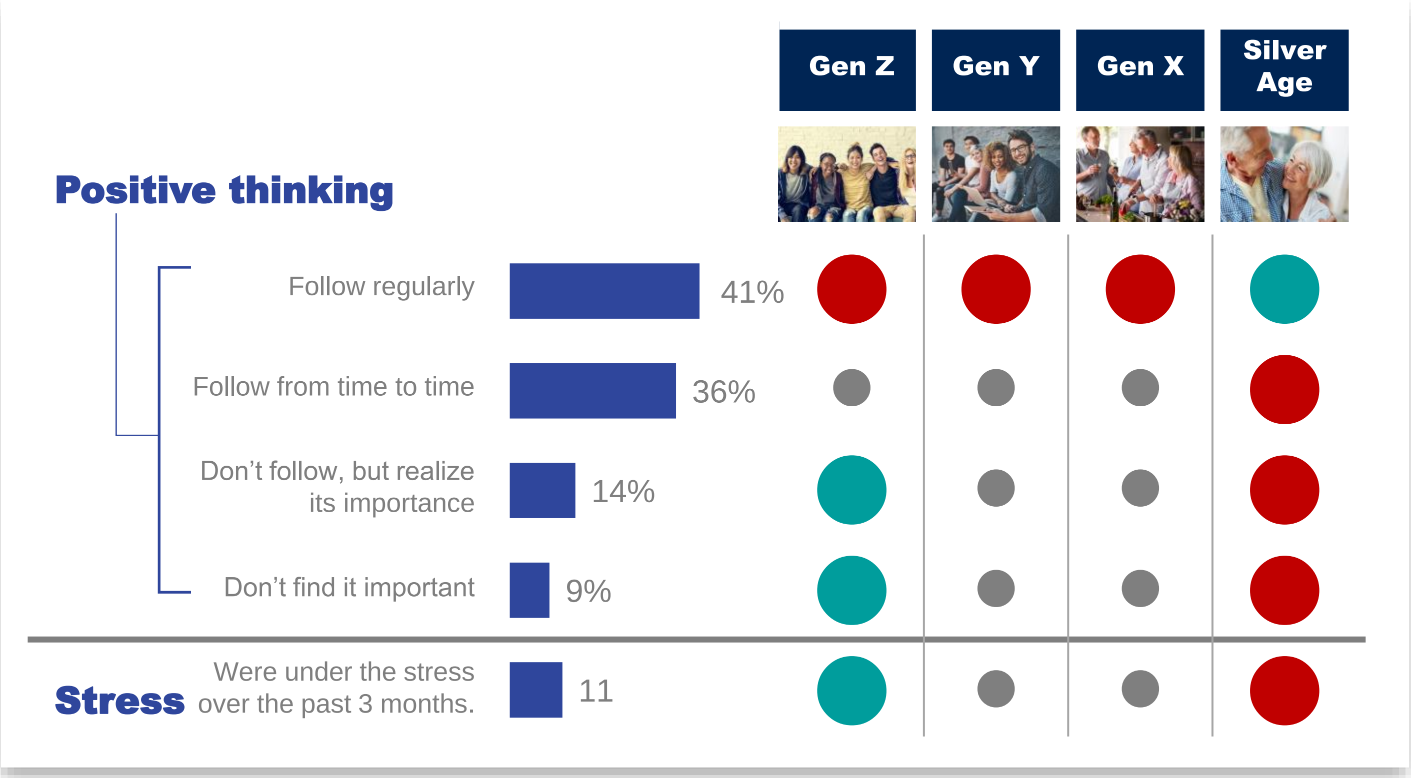
The percentage of doctors who faced remote consultation of patients during the pandemic in their medical institutions.

Source: Ipsos. Ipsos. Research “Therapeutic monitors” and Promo “Monitoring of promotional activity of pharmaceutical companies”. Database: 300 doctors of 16 different specialties. Data collection: April 2021

REQUEST FOR MAINTENANCE OF MENTAL HEALTH

The pandemic has increased the degree of toxicity of communication on social networks. As a solution, users have abandon applications and switched to browser versions in order to visit sites less often. They are looking for ways to block unwanted content by keywords.

The older generation of the Silver Age has succeeded more than others in maintaining positive thinking. One in two find themselves in this state. Generation Z has the least positive thinking, but over the year the share of those who are realize its importance increased by 1 pp and the share of those who do not find it important to think positively fell by 2 pp. Also, Generation Z had more stress.



I am surrounded by so toxic information that I really installed the adme app to look at dogs and kittens.

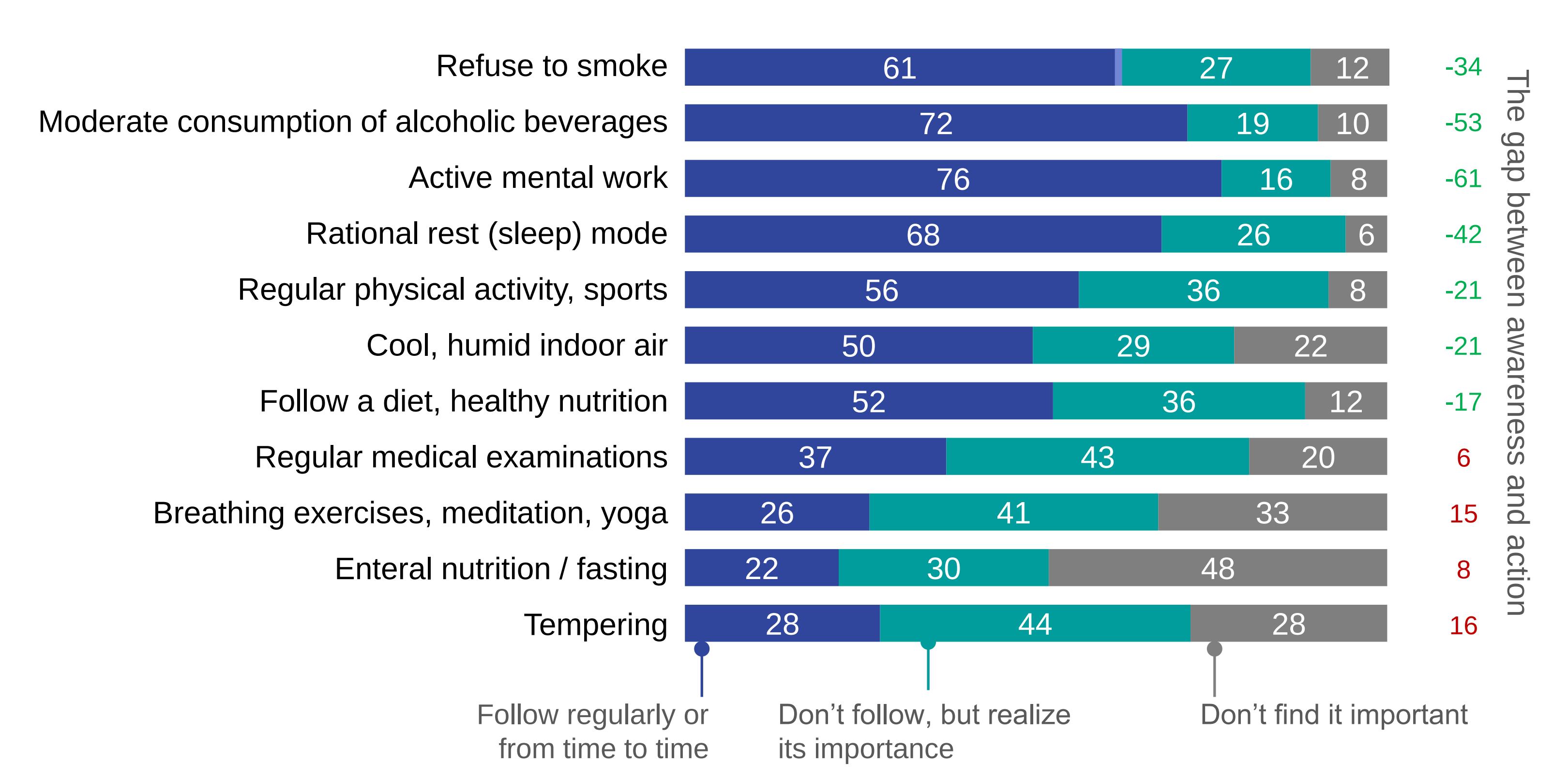
From the comments of social networks users

Source: Ipsos. RusIndex. Monitoring the adoption of innovations. 2021/Q1
Russians aged 16+, cities with a population of 100,000+.

Significantly lower than sample overall
Significantly higher than sample overall

WAYS TO MAINTAIN HEALTH

80% the population over 16 y.o. constantly adhere to at least one of the principles of a healthy lifestyle. The biggest gap between awareness of the need and action is observed in yoga / meditation, tempering, interval nutrition / fasting and undergoing medical examination.



The American startup Feelmore Labs has introduced the Cove – a wearable device designed to relieve stress thanks to a weak vibration behind the ears >>

Source: Ipsos. RusIndex (HealthIndex). 2021/Q1
Russians aged 16+, cities with a population of 100,000+.

MAPPS
THE BEHAVIOUR CHANGE FRAMEWORK by Ipsos

MOTIVATION — Do I want to do it?

ABILITY — Are I able to do it?

PROCESSING — How do we think about it?

PHYSICAL — Does the context encourage it?

SOCIAL — What do other people do and value?

Examples of barriers to the adoption of health innovations

Online consultations with doctors

Barrier:
"I can't make an online appointment in my clinic"

Telemedicine is not widespread in Russia yet. Online consultations are only available in large cities, telemedicine is not yet included as part of people's medical insurance. However, the emerging trend towards state support of telemedicine may contribute to solving this problem.

PHYSICAL

Diagnostic devices at home

Barrier:
"Healthy people don't need diagnostic devices"

Most people do not see the need to buy diagnostic devices until they get sick.

Preventive medicine and the culture of diagnosis is still less developed than the culture of treating the disease.

SOCIAL

Applications for collecting health data

Barrier:
"I'm afraid that someone else will use my health data"

Not everyone is ready to share data about their health, because they do not understand the mechanism of their use and are afraid of data leakage.

But the use of big data and artificial intelligence in medicine will expand the possibilities of diagnosing and predictions of diseases.

PROCESSING

NEW INGREDIENTS FOR A REGULAR DIET

FOOD TRENDS

FOOD.

Key takeaways

Familiar dishes from new ingredients

The search for alternatives to modern food products leads to new solutions but consumers are not always ready to accept protein from insects, meat from vegetables or from the air undoubtedly. In order for consumers to switch these ingredients need to be offered not as a completely new type of food, but as “the same”, but from a different source.

Products "without"

The connection between our nutrition, well-being and appearance becomes more visible and influences choices. Consumers are increasingly interested in choosing products that are free of unwanted ingredients. Preference is given to organically pure and self-grown products - this is a guarantee of the absence of anything harmful.

Food that could save the planet

Agriculture, animal breeding and other types of food production pollute water, air and soil, and are the source of greenhouse gases. There is already a solution - alternative protein production. However, not all Russians are ready for such an innovation. The transition to a new type of nutrition occurs through the avoidance of shock changes - the same taste, product, but from different ingredients.

Signals of change

Bee-free: American startup MeliBio develops vegan honey

The global dairy alternative market is growing; according to forecasts, by 2027 it will amount to 44.89 billion USD

Traditional livestock farming does not give up. Special cow masks will capture methane, reducing the environmental burden on farms

Future Meat opens the world's first cultured meat factory

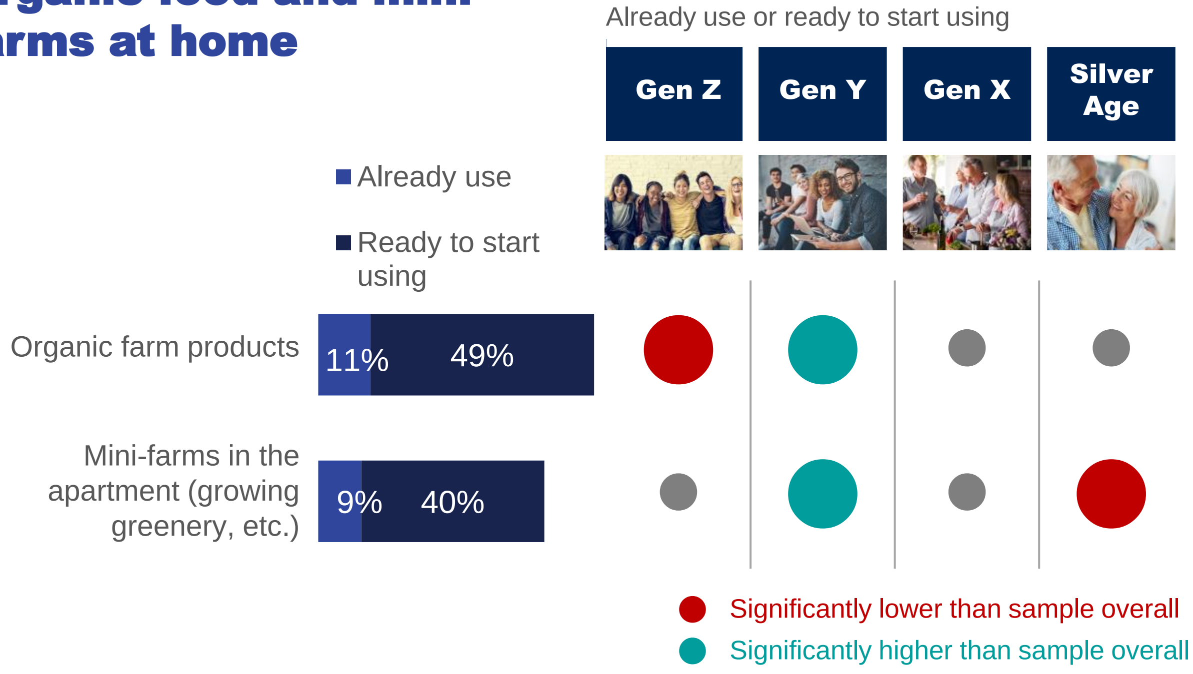
Solar Foods Startup Creates Protein From Air

Insect protein meat and bread will appear in Russia

PURITY OF COMPOSITION

One in two are ready to consume, while one in ten already consume organic farm products. A comparable level of interest is found for home mini-farms. Organic and purely grown at home food is in high demand among Generation Y. Representatives of Generation X are less interested in growing plants for nutrition. One of the possible reasons is they are already growing plants at their dachas.

Organic food and mini farms at home



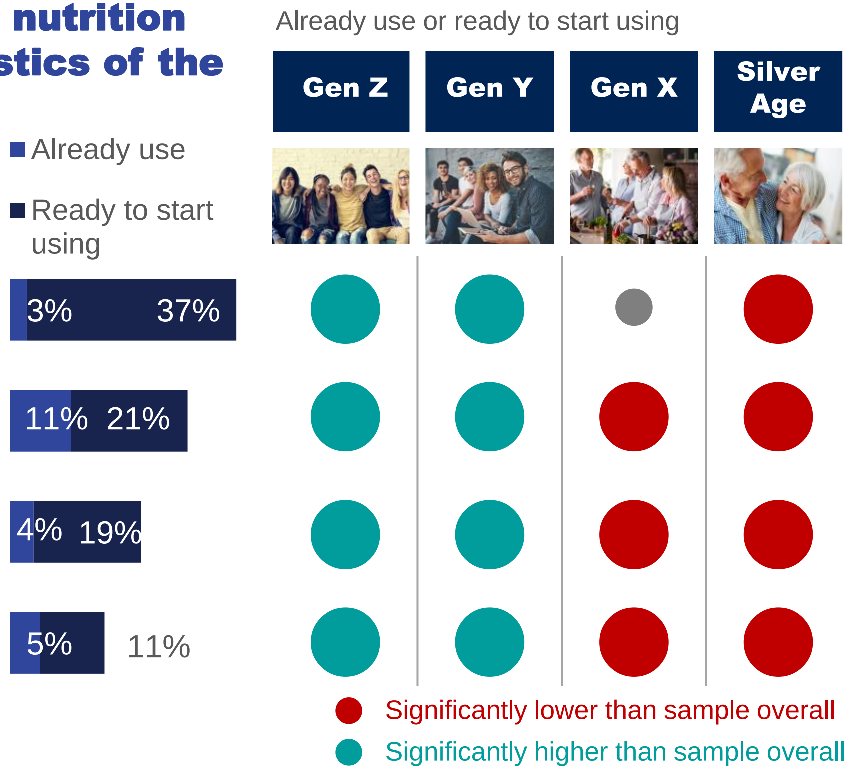
> *I don't have a dacha :), but I have planted cucumbers, dill, green onions :). I want to try to grow it on my balcony :)*
>
> From comments of users in social networks

Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100,000+.

PRODUCTS "WITHOUT"

Consumers are interested to know which food is right for them, and even more - which one is NOT. At the forefront of this are Generations Z and Y. Interesting to note that personalized nutrition has been talked about not so long ago, but the current trend to start using it is already twice as high as for sugar substitutes and gluten-free food.

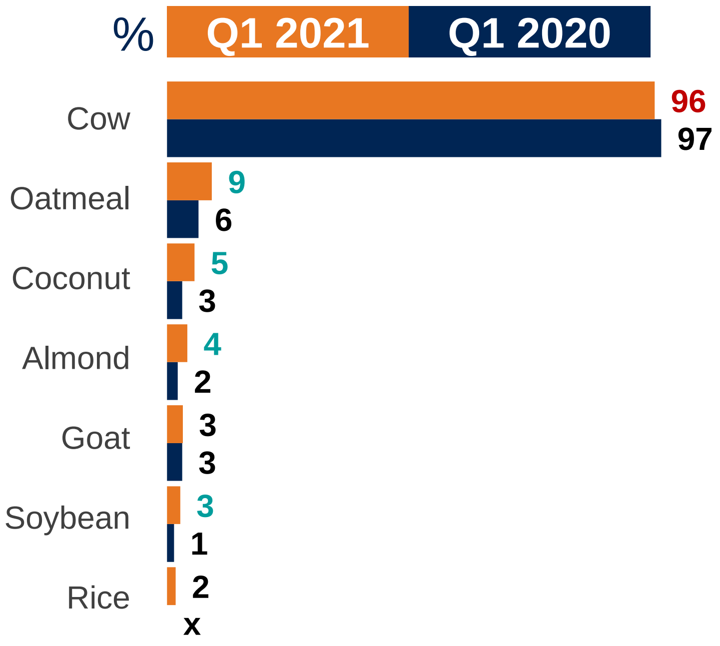
Transformation of nutrition for the characteristics of the organism



Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1 Russians 16+, cities with a population of 100,000+.

What kind of milk do Russians drink?

Consumption in the last 3 months

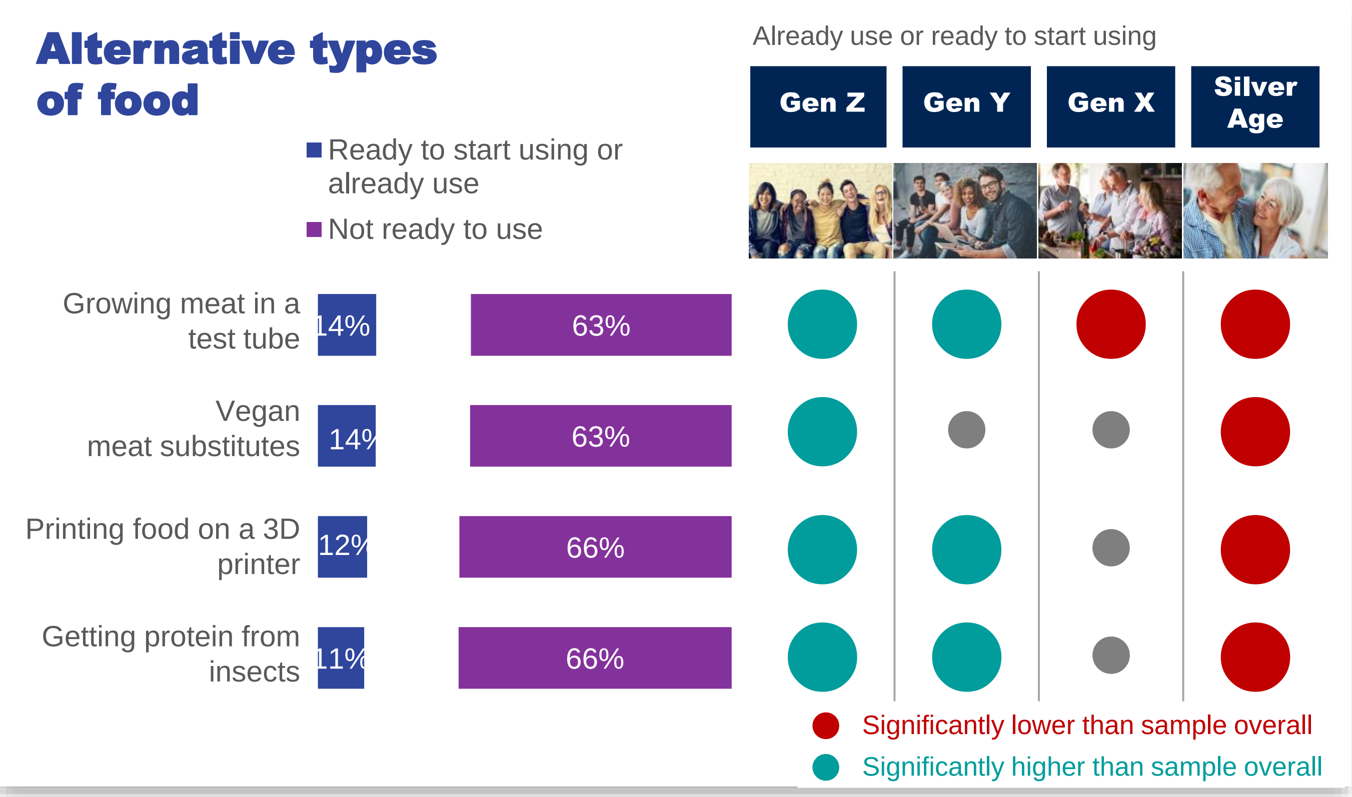


Source: Ipsos RusIndex. 2020/Q1, 2021/Q1. Russians 16+, milk consumers, cities with a population of 100,000+.

FOOD THAT COULD SAVE THE PLANET

In order to solve environmental problems, unique technologies are already being created. It allows to obtain food from atypical components. The main drivers of interest in these innovative products are ideas of sustainable development, vegetarianism and animal welfare.

The share of those who have already tried plant-based meat substitutes is 2%, the rest of the options on the diagram contributes to no more than 1% for each. Generation Z is more ready to experiment than others - the share of those who want to try alternatives is, on average, twice higher than sample as a whole.



*Got chocolate-flavoured * bar ONTO made of crickets *.*

Divided it into two, both really liked it, delicious.

The only thing I could note is that it melts quickly in the hand, so it's better to keep it in a wrapper or eat faster.))

From comments of users in social networks

Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100,000+.

ALTERNATIVE PROTEIN. PROS AND CONS

Protein and meat are becoming the hottest battlegrounds for innovation. Development goes in three main directions:

- meat synthesis without animal breeding (3D Bioprinting Solutions, Redefine Meat),
- protein production from insects (ONTO - RF, Origen Farms, Hoppa).

“The New Protein finds active support from supporters of sustainable development, governments and supranational institutions. Food from insects are allowed in the EU; the UN believes that protein from insects can be a solution to the global problem of hunger and will have a beneficial effect on the climate (animal breeding is considered one of the main sources of CO2). Also, the alternative protein is of interest to active innovators”.

Opportunities are also opening up for other alternative foods such as vegan honey, salt-free salt, gelatin substitutes, or seaweed seafood.

ANIMAL PROTEIN SUBSTITUTES

− Eating habits
Russians are not ready to eat insects yet

− The question of necessity
Meat without meat: "Why imitate the taste of meat if you can just not eat it?"

− Current cost
Alternative meat from any source is now more expensive than animal; For example, the cost of meat from a test tube: 1kg / $ 2 million, this is 30 days of printing

− Religious restrictions
Some religions discourage the consumption of certain foods, such as those made from insects

− Legal restrictions
Russia has legal restrictions on the use of insects in the food industry

− Unclear composition
The production technology and the composition of the feedstock raises many questions from consumers.

+ Comparable taste
“Try and guess vegan or animal meat” contests are popular in the network. It is not easy to distinguish between the two

+ Nutritional value
Research shows alternative protein foods provide nutritional value, but allergy sufferers remain open

+ Fight hunger
Using insect protein requires significantly fewer natural resources to grow and could be one of the ways to combat global food shortages

+ Eco-friendly production
Obtaining protein from plants and insects requires less use of natural resources and reduces the negative impact on the environment; it is supported by animal rights organisations and green activists

+ Potential cost
The cost and speed of protein production from insects or plants is often lower than traditional animal breeding, the development of technologies contributes to an additional cost reduction

+ Audience interest
New products attract the interest of the audience, vegetarians and those who want to diversify the experience and are ready to adapt innovations are interested in products. Alternative protein start-ups generate strong investor interest

Source: Ipsos. Social Intelligence Analytics
Collection and analysis of social media data (over 1 million messages)Highlighting plots using text analytics approaches (AI-based). Qualitative study of priority clusters

Ipsos

MAPPS
THE BEHAVIOUR CHANGE FRAMEWORK by Ipsos

MOTIVATION — Do I want to do it?

ABILITY — Am I able to do it?

PROCESSING — How do we think about it?

PHYSICAL — Does the context encourage it?

SOCIAL — What do other people do and value?

Examples of barriers to adopt food innovations

Personalized nutrition

Barrier:
"Tests are expensive"

The purpose of such tests is to identify food components that negatively affect the body: difficult to digest, cause allergies.

This type of tests appeared relatively recently in medical clinics, the cost of conducting in some cases reaches tens of thousands Rubles.

PHYSICAL

Alternative types of meat

Barrier :
"I don't understand how meat can be grown in a test tube"

Although at first glance, cultivated meat has a number of environmental and animal welfare benefits, few people are now ready for it.

They have a fear of consuming this type of meat, due to the innovativeness of its production. It is difficult for the average consumer to understand how ordinary meat can be made from such strange ingredients.

PROCESSING

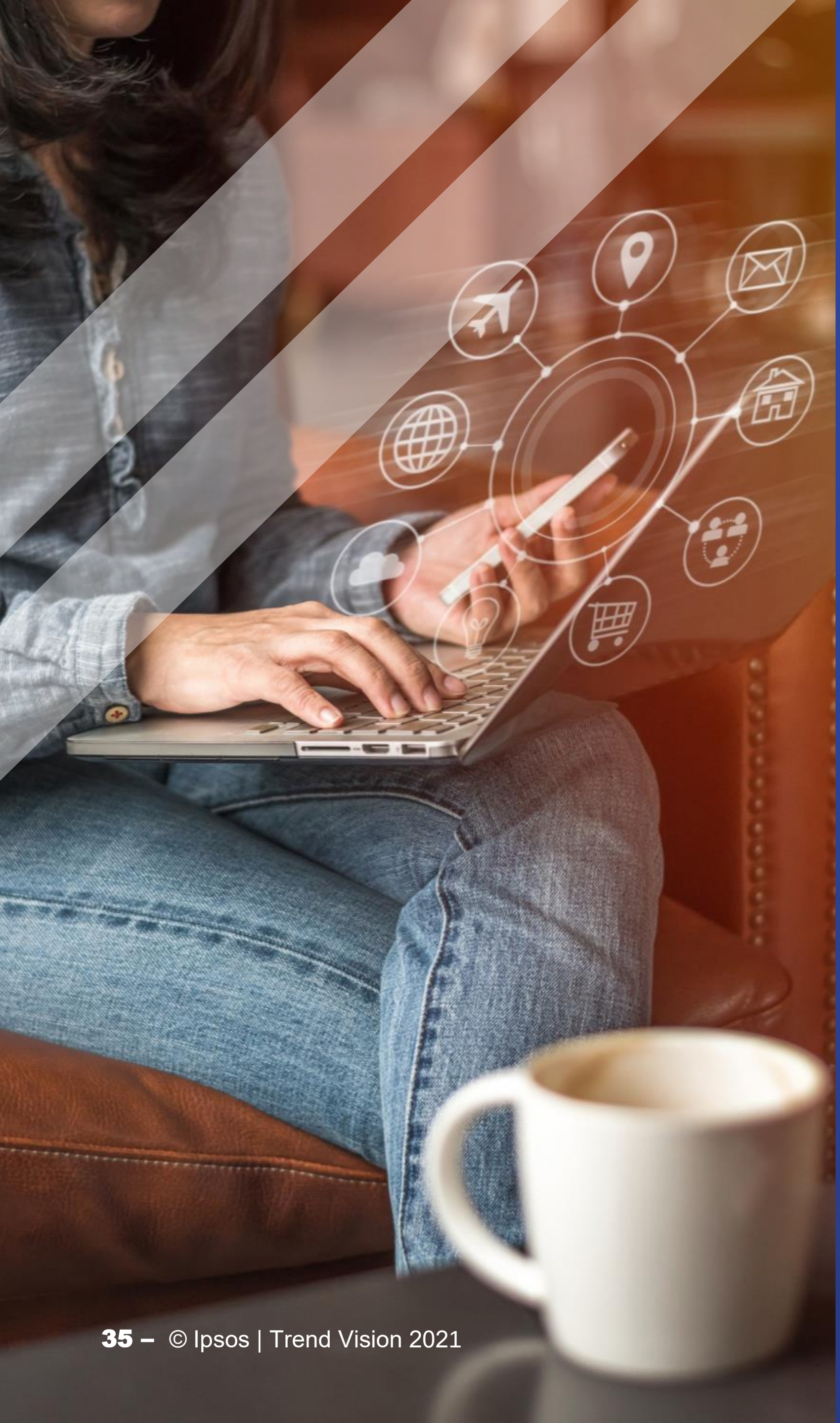
Vegan milk

Barrier :
"I don't understand why I should drink vegan milk instead of conventional one"

Consumers do not understand the differences and do not see the benefits of plant-based milk over regular milk.

They do not think to switch to plant-based dairy products, since everyone knows how cow's milk is useful, but there is no such information about plant-based milk.

MOTIVATION



THE LOWER THE CONTACT, THE HIGHER THE ENGAGEMENT

RETAIL TRENDS

Retail.

Key takeaways

More emotion and customer engagement

The consumer, tired of both the huge choice and the general negative background caused by the pandemic, requests a brighter and more emotional shopping experience. However, it applies not only to the increased use of online gamification techniques. Offline stores need to be recalibrated from a simple display shelf format to a more active customer engagement with the brand.

Recreating an online selection "like offline"

Usually, the online purchasing format works for the delivery of a pre-selected set of goods from the website. However, solutions of mobile micro-shelves (pop-up store) are already being tested, when the consumer is offered a limited set of goods selected in accordance with their interests, from which they can make a choice directly at the time of purchase, as in a regular store.

Service is better without human intervention

As technology advances and devices, robots and bots are taught through real-world experiences, people increasingly make digital decisions without human participation while interacting with brands. There is a transition to humanizing technological solutions as opposed to digitizing of frontline employees. In Russia, where service has always been a cultural weakness, digital solutions offer a chance to improve customer service.

Signals of change

M.Video-Eldorado switches to the concept of hybrid retail One Retail

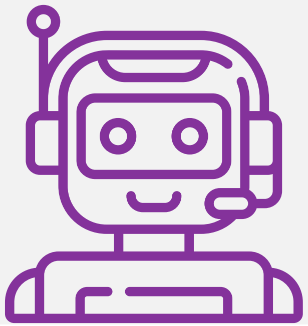
X5 Retail Group will launch subscriptions to its services

Nomix and Bosco prepare a VR version of GUM store with the possibility of renting virtual retail outlets

The robot follows customers in the store and offers them sweets, while collecting information on purchase behavior

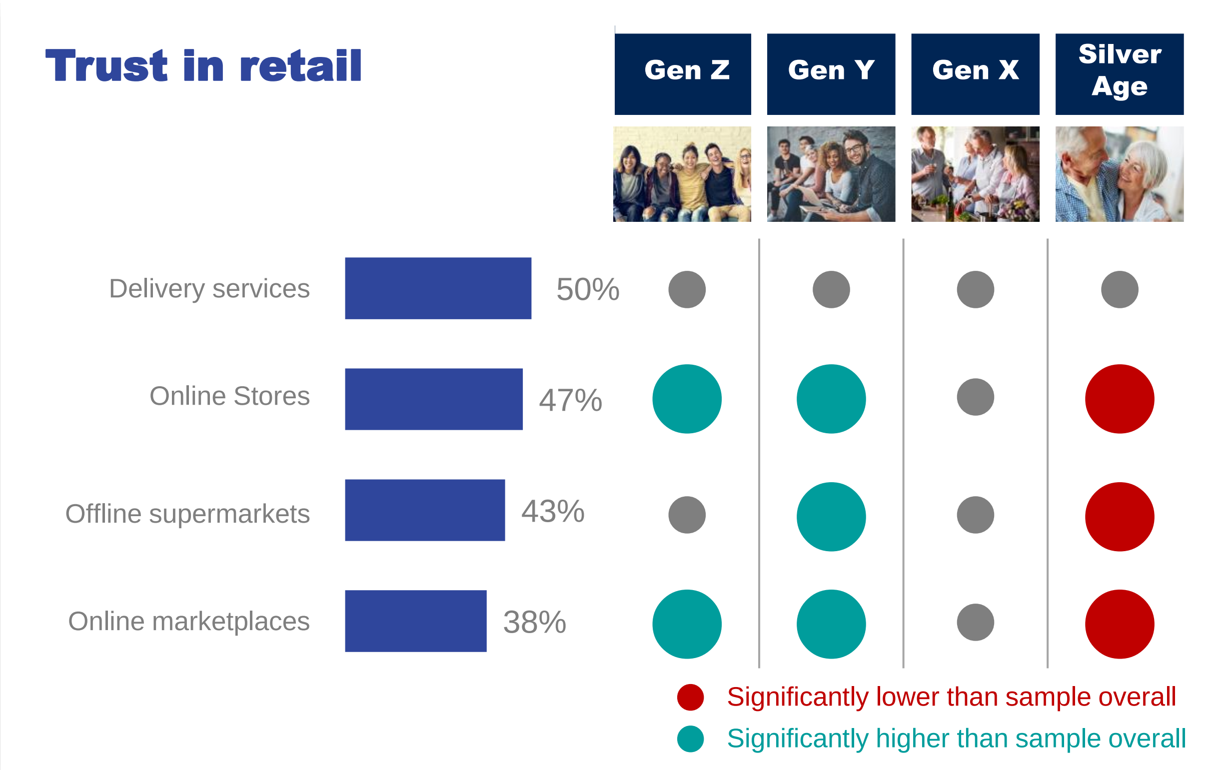
Carrefour and Google launched a voice shopping service in France. It is enough just to read out the shopping list to the voice assistant

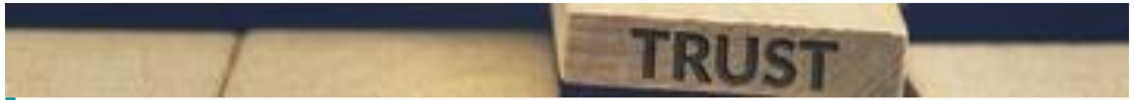
Delivery robots are tested on the street in Japan



ONLINE IS TRUSTED MORE

Trust is becoming an important currency in a world where health and safety are the main focus. Delivery services and online shopping were more credible than offline supermarkets before the coronavirus pandemic. The level of trust to the delivery services companies is the same for all generations. The young digital Generation Z, as expected, trust online formats more than offline. The older generation of the Silver Age tends to trust less any trading formats - in particular, with the opinion since the times of the USSR that "they will be deceived in trade".

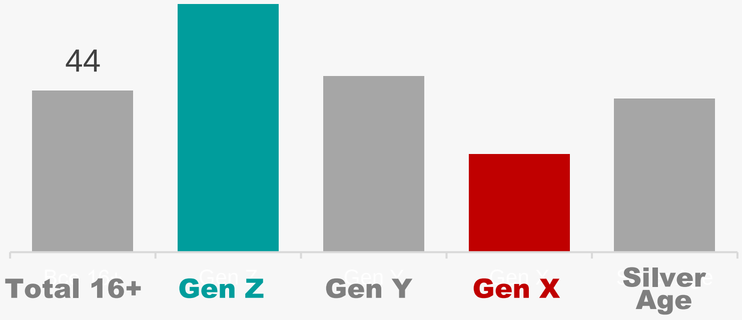




A study by Porter Novelli (July 2021) showed that companies with certain social values (purpose) at the heart of their brand are more credible. Attributes: responsibility, compassion, inclusiveness, ethics and sustainability.

According to Ipsos, Generation Z responds more to brand awareness, Generation X to a lesser extent.

Those, who agree with the statement **"I like to buy products from socially responsible companies"**

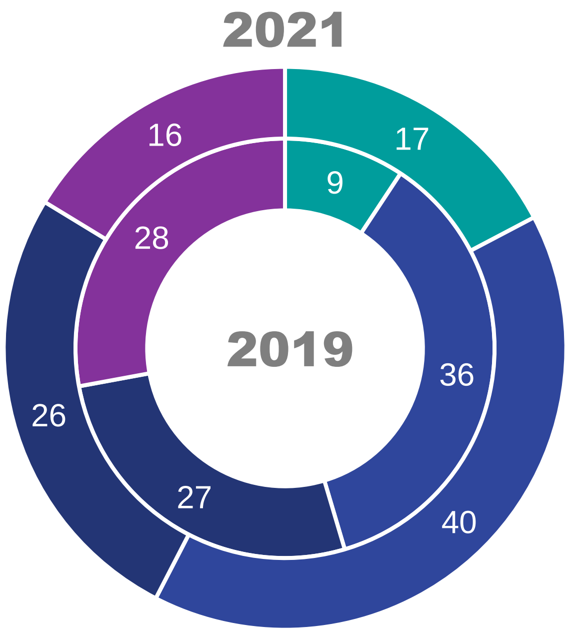


Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100,000+

ONLINE SHOPPING: MORE OFTEN AND MORE EMOTIONAL

Online sales are on the rise. To stand out among the huge number of offers and classic network retailers, start-ups and private offers, a brand needs to do more than just show its “face”, the brand needs to learn how to engage the buyer, it needs to tell its stories, constantly evolving so that the plot does not getting tired, attention does not decline and the consumer does not switch to a competitor.

Frequency of purchases in dynamics



2021 vs 2019

+8pp	Once a week or more
+4pp	2-3 times a month
-1pp	1 time per month
-12pp	Less than once a month

Source: Ipsos. OnLife. 2021H1 and 2019/H1. Russians 16+, cities with a population of 100,000+, active internet users, online buyers

PURCHASE FORMATS WITH ENGAGEMENT

Streaming sales

Streaming (live commerce) is a way to show a product in action via video broadcasts on the online platforms. Following China, a boom in streaming sales is expected in the United States. In Russia, the online store Ozon streams through its app and posts records on YouTube.

Social media sales

Social media sales (social commerce) is an opportunity to organically integrate into the close circle of the consumer. Social commerce solutions are offered by Facebook, Instagram, VKontakte. At the end of 2020, Odnoklassniki launched a course on business promotion on social media.

Surprise subscriptions

“Surprise boxes”, in contrast to product subscriptions for replenishment, do not so much solve the problem of freeing up time as they give you vivid emotions from shopping. The surprise and the feeling that someone has prepared the package just for you gives the consumer the feeling of attention and care, which are often valued even more than the contents of the package itself, and well support the trend of personalization..

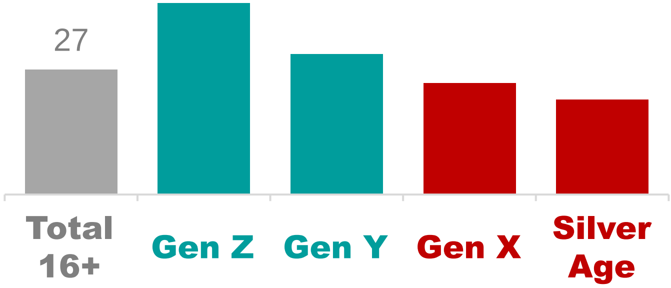
MORE OFFLINE ENGAGEMENT

Despite its explosive development, online is not becoming completely self-sufficient for the consumer. It is right to talk about hybrid retail that combines both formats. The offline experience is an important part of the customer journey. In 2019, online store Lamoda opened its own bricks and mortar store in Moscow, which, however, has been closed a year later.

But the desire to be offline does not leave online players - in May 2021 Google announced plans to open its first offline store in New York. However, traditional off-plan retailers expect customers to recalibrate their physical shopping experience towards a more emotional and engaging delivery of the brand's promise and values.

Shopping as entertainment

Those, who agree with the statement
"Sometimes I go shopping just to have fun"



Life pleasures

Those, who agree with the statement
"You need to get maximum pleasure from life"

In June 2021, “Magnit” retailer announced the start of testing a customer emotion recognition system to improve customer experience >>

A similar experiment was announced in 2013 by the “Ulybka Radugi” retailer, but the solution was not fully implemented. The startup has been canceled >>

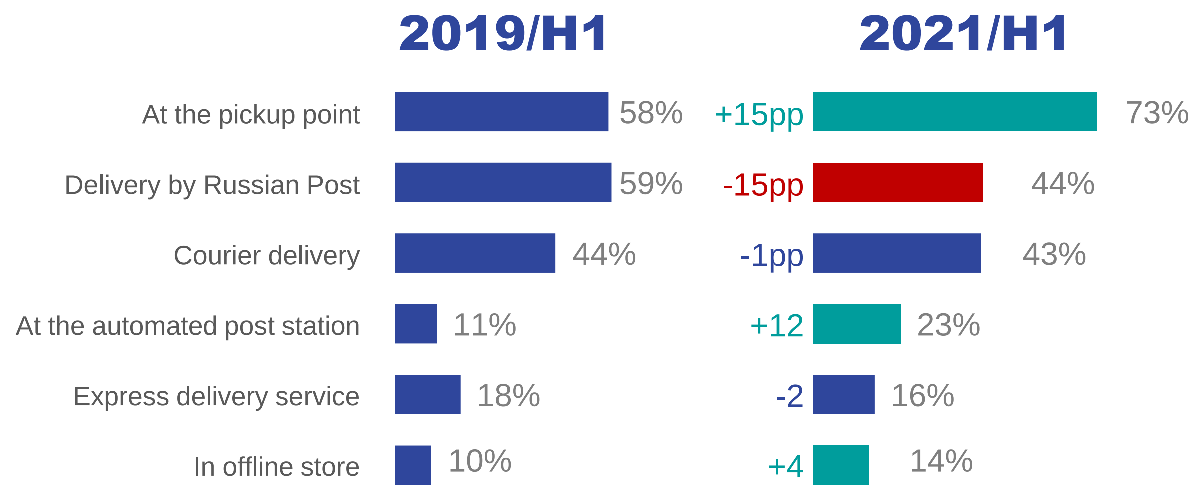
Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100,000+.

● Significantly lower than sample overall
● Significantly higher than sample overall

RECREATING CHOICE

Active internet users participating in the OnLife study demonstrate an increased usage of pick-up points and automated collection stations over the last two years. At the same time, the share of courier delivery remained almost unchanged. Despite the pandemic, the option to pick up goods by yourself from the nearest location to your house looks more attractive than delivery to the apartment. Brands are testing formats not just to deliver pre-selected items to a customer, but also to deliver a “personalized micro-shelf” that recreates the choice of a store.

Ways to get online purchases



Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100 thousand and more.

Significantly lower than sample overall
Significantly higher than sample overall

In 2020, Louis Vuitton began using trendy fitting room trailers (pop-up stores) that come to the customer's home, making purchases even more personalized. >>

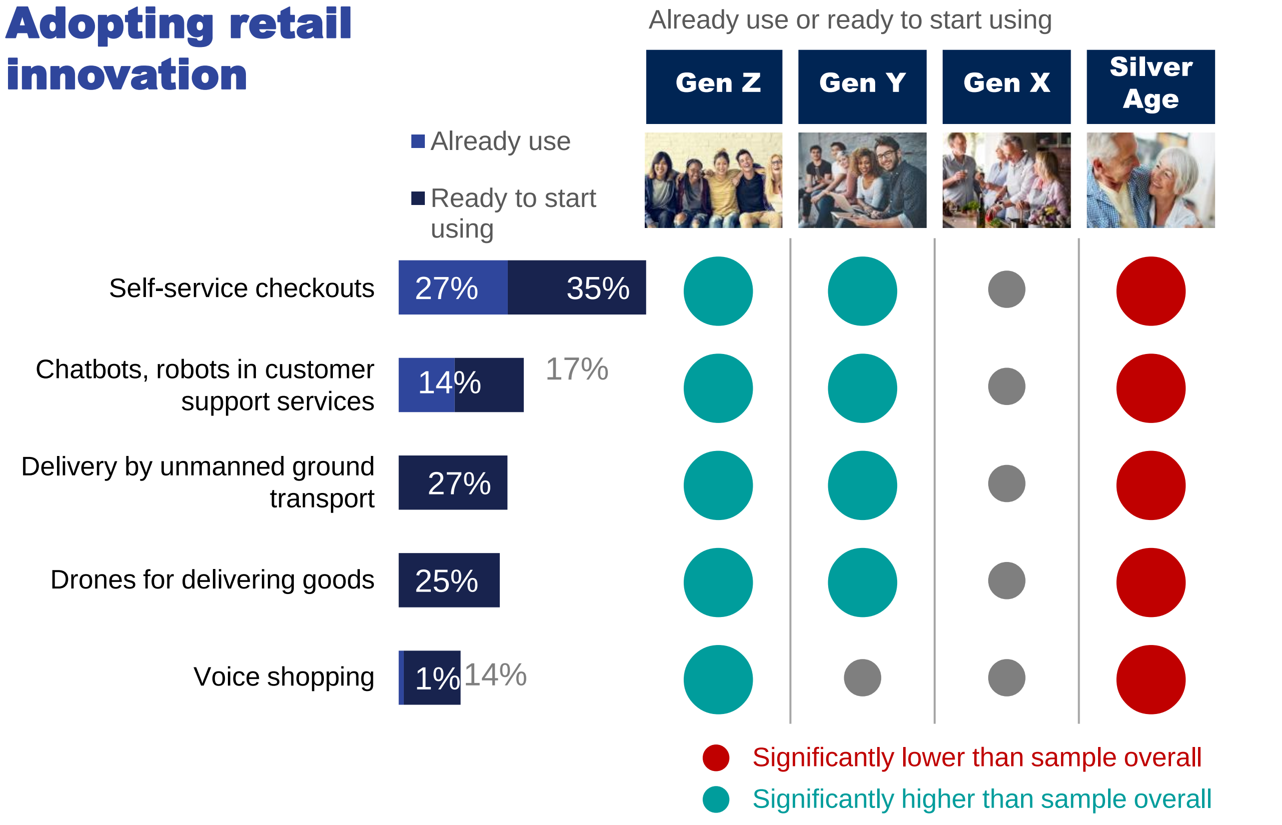
The auto-retail format, commonly used for the sale of food and basic necessities, has been adapted for the luxury sector under the influence of the pandemic and is now suitable for use by fashion houses as well.

A few years earlier, we saw coffee vending machines in cars. What other options for "trading on wheels" are waiting for us?

SERVICE WITHOUT HUMAN PARTICIPATION

The introduction of technologies in retail, accelerated by the pandemic, leading to the exclusion of the human element from the points of contact along the customer journey. We see how the “humanization” of robots, bots and algorithms and their acceptance by consumers through this, is changing the trend towards standardizing and leveling the individuality of mass frontline employees and support services. In Russia with a traditionally “non-service” mentality, robots, bots and algorithms can become a real solution to the problem with staff in the mass sector.

Adopting retail innovation



- In June 2021, “Lenta” launched the Set Galya chat bot in all supermarkets of the chain, which can delete or change goods in 20 seconds without assistance of the senior cashier. >>
- At the end of 2020, X5 Retail Group launched in “Pyaterochka” and “Perekrestok” contactless self-payment of purchases by using mobile devices and the Express-Scan application to improve the safety of store visitors. Convenient and quick purchases without queues and checkouts. >>

Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100,000+

Examples of barriers to adopt retail innovations

Subscription shopping

Barrier :
«I'm losing control»

Services offering subscription shopping rely on saving time and effort - by subscribing only 1 time, you no longer have to face the problem of choice. However, this format deprives a person of a sense of control, because the buying process happens on its own and is difficult to influence on it.

PROCESSING

Self-scan

Barrier :
«The process is not debugged and requires double efforts»

People are open to self-scanning purchases, provided that the system works well at all stages, when the consumer feels a high level of trust and realizes the personal benefit in the form of saving time.
Facing with additional checks at the exit, people experience inconvenience and next time they prefer a proven payment method at the checkout.

PHYSICAL

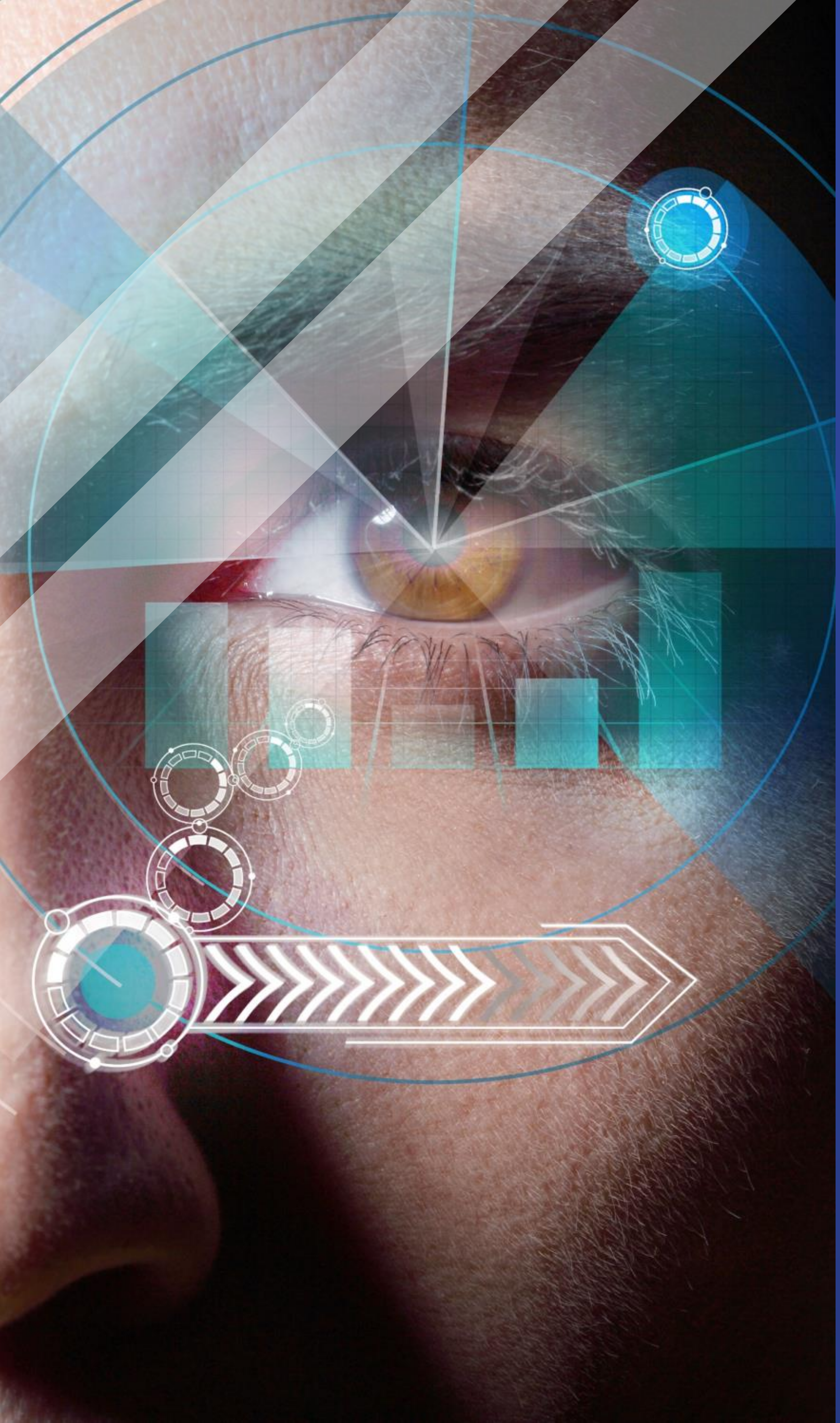
Clothing selection services

Barrier :
«You don't need much wits to buy clothes»

Seeking help is not typical of Russian culture and mentality. There is a habit of relying on yourself and doing everything by yourself.

The fear of looking incompetent even in basic areas of life and the desire to be an expert in various areas, to demonstrate independence, prevents people from turning to stylist services.

SOCIAL



DESIRED PERSONALIZATION OR TOTAL CONTROL

ECOSYSTEMS AND PERSONALIZATION

Ecosystems and personalization.

Key takeaways

The first impression of ecosystem is essential

The movement of big business towards ecosystem developing may lead us to the cross-industry competition of ecosystems after a while. In this case the first experience of a client will be essential: if the client choses a certain ecosystem, almost all their lifetime and spending will be under control of the only one brand.

Biometrics will make client's life easier

Less than one in ten use biometrics for payment today. But the part of people choosing this way of payment and authorization will increase with the extension of new digital services with own unique authorization methods. The unified biometric authentication is willing to make things easier.

Personal data – impersonally or for money

It is possible to execute the personalization process, if the company has a sufficient client's data for analysis. Clients start to realize that quality of consumer experience depends on quantity of provided personal information. Every second customer is ready to provide information about himself impersonally or for money. Every third – for personalization. Even less – because of good attitude toward the brand.

Signals of change

Amazon is developing technology of NFC payment by scanning people's palm

Sberbank added SberZvuk to its ecosystem

Biometrical identification. Banks will identify clients by their faces at the entrances of offices and departments

Apple is building its own ecosystem focusing on person's body

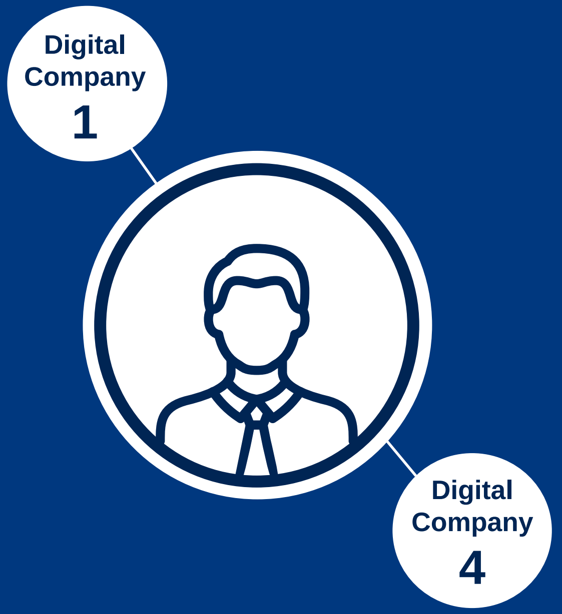
Apple have changed its privacy policy: apps now can obtain personal data only with the user's consent, it used to be provided by default

History of Shopify: how a snowboard store turned into e-commerce ecosystem

ECOSYSTEMS FORMATION

Wide range of digital companies, its products and services

Client's choice. Willingness to reduction in number of IT-services providers, opting for «Single Window» for own needs



Which digital service is better?

The company which offers the most personalized product set becomes client's servicing ecosystem

I chose the most suitable set of services, however, it is still non-connected systems, and it is necessary to register every time over again, enter username and password, enter card information and so on.

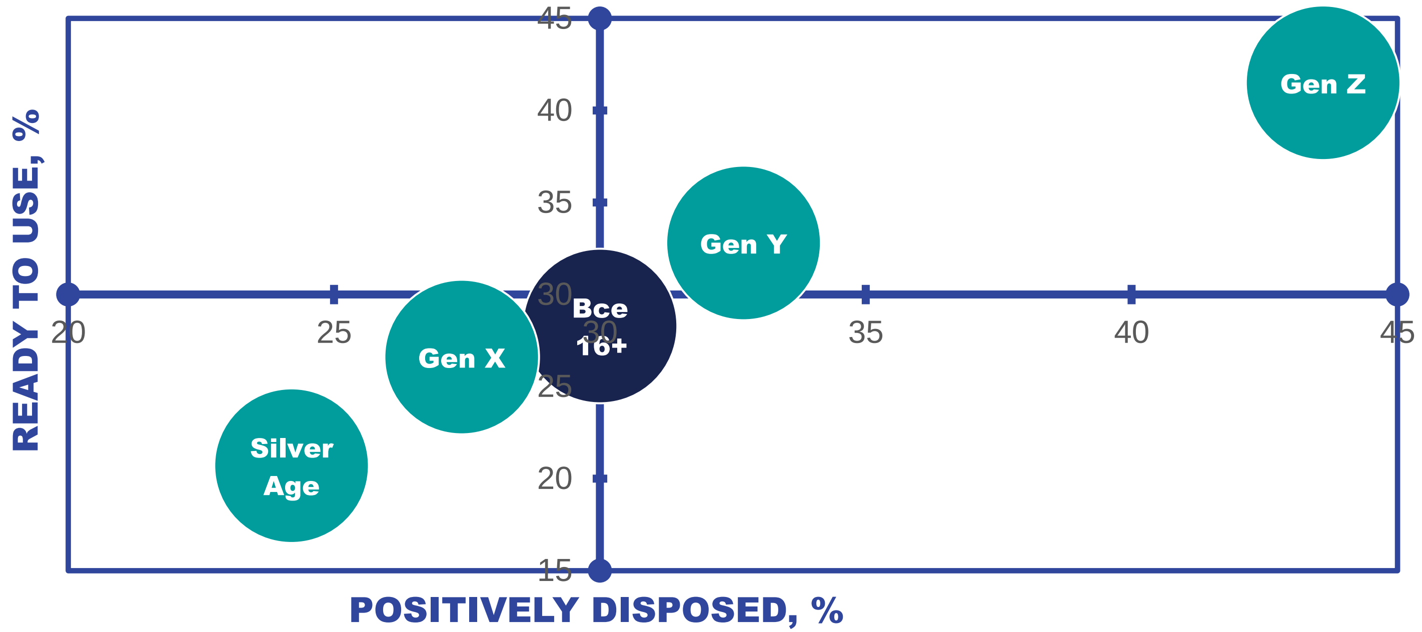
From the comments in social media

THE USE OF BIOMETRICS WILL INCREASE

Biometrics is used by 7% of people over 16 years, among Generation Z – 14%.

The unification of the registration process could encourage growth in the use of the biometrics. Different services today require a specific username, password, and forces the user to undergo own security procedures.

Biometric payment (pupil, scan of finger or palm)



No, your password is no longer valid, enter a new one. Oh, this one is also not appropriate. Oh, and this one you have used 500 years ago. Okay, this one is fine. Re-enter your account, enter your account again. Okay, now quit the app, re-enter your account, it's almost done...

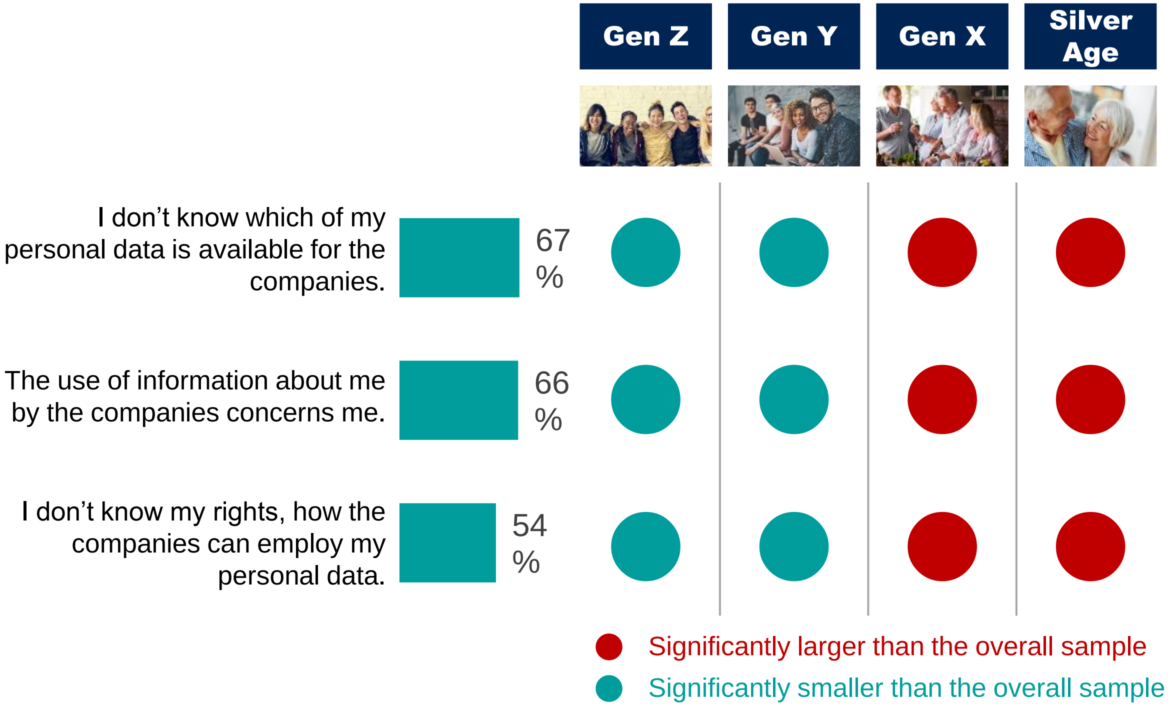
From the comments in social media

Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1
Russians 16+, cities with a population of 100 thousand and more.

CONCERN OVER THE USE OF PERSONAL DATA

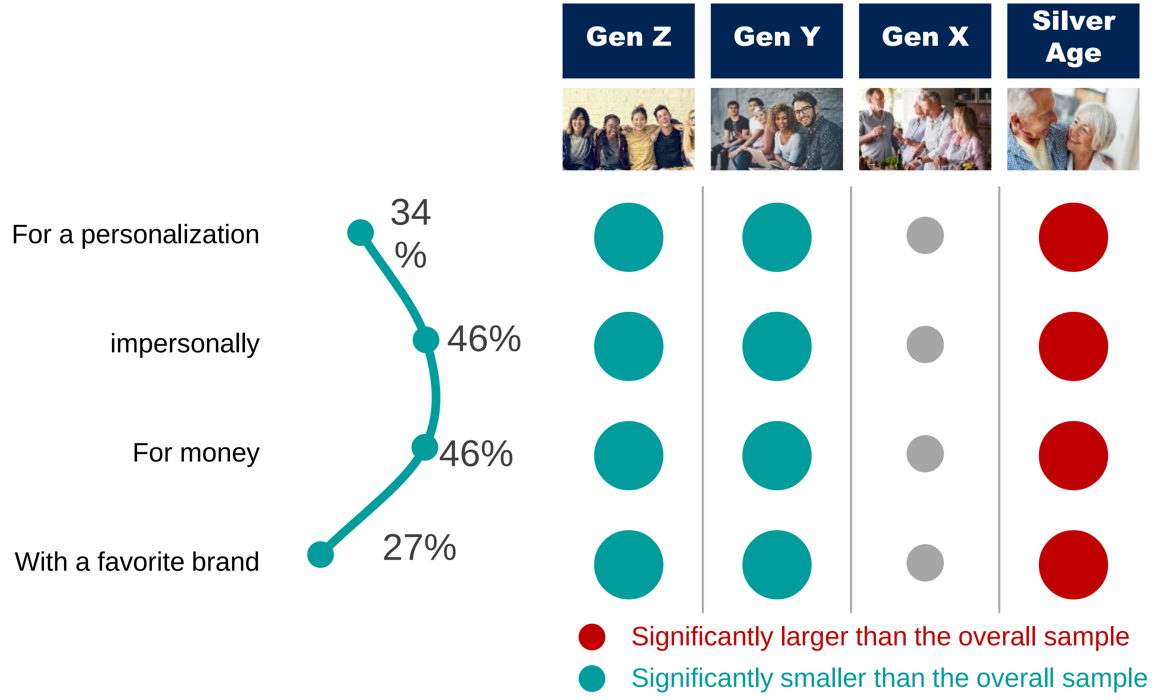
The lack of knowledge and concern is less common for Generation Z. They are more willing to share personal data with companies, including in order to obtain personalization (42%), impersonally (51%), for money (53%) with a favorite brands (33%).

The use of personal data by the companies



Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1 Russians 16+, cities with a population of 100,000+.

Under what conditions you are ready to share personal data



Source: Ipsos. RusIndex. Monitoring of innovations. 2021/Q1 Russians 16+, cities with a population of 100,000+.
Use at least one communication service for 3 months.

MAPPS
THE BEHAVIOUR CHANGE FRAMEWORK
by Ipsos

MOTIVATION — Do I want to do it?

ABILITY — Am I able to do it?

PROCESSING — How do we think about it?

PHYSICAL — Does the context encourage it?

SOCIAL — What do other people do and value?

Barriers to acceptance of ecosystems and a means of personalization

Ecosystems	Biometrics	Personal data
Barrier: «I don't want to use imposed services»	**Barrier: «I worry about the safety of my money»**	**Barrier: «Won't let «the big brother» watch us»**
The main barrier is the possibility of the ecosystem's unattractiveness in terms of products and services set for a client. The client doesn't need them because they are loyal to other brands, which provide similar products/services outside of the ecosystem.	People are afraid to provide a personal data, which identify person thoroughly enough to make it possible for fraudsters, once they obtain the biometrics, to get the money out of the ATM, take loans and so on,.	For the society, especially for the older generation, it is typical to seek to counteract supervision from the different agencies. They do believe that the collected information can be used against their interests.
MOTIVATION	PROCESSING	SOCIAL

Ipsos

NEW MOBILITY. HOW NEW IS IT?

Mobility trends

Mobility.
Key takeaways

The growth of motorization continues

Despite the active development of mobility services, the motorization rate in the country has not yet reached saturation.

The entry threshold for car ownership is not high, and the number of passenger cars per 1000 inhabitants continues to increase.

New mobility is multimodal

Ability to use different types of transport during one trip even if a person has a personal car, development of taxi and sharing services allows the development of urban mobility, routes are becoming multimodal and, as a result, more optimized.

Signals of change

Development of the Government program for supporting electric vehicles in Russia

Construction of highways, promising road network, Plans for construction of the "Europe - Western China" road

Digital/finance players enter the transport category. Bank investments in scooter rental, SberAutopodpiska

Telematics comes to a private mass segment. Ability to personalize insurance offers and additional channels of communication with car consumers. Nissan Connected Services, Lada Connect, Hyundai Blue Link

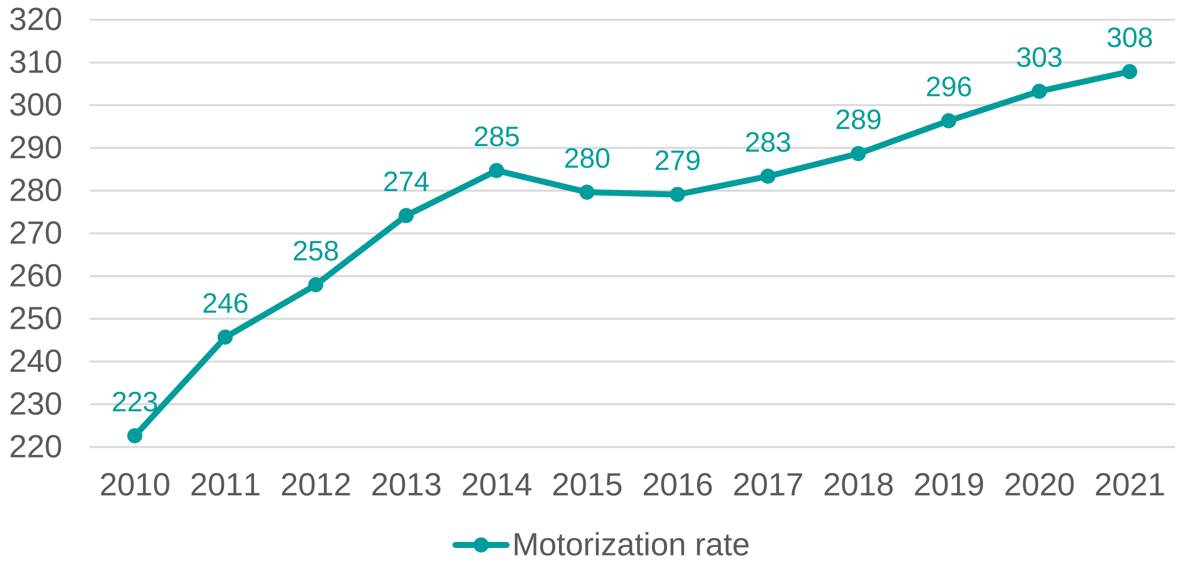
Vehicle subscription services from car manufacturers: Volvo, Hyundai, KIA, Audi

Online car sales: Hyundai, Nissan, Renault, Mercedes-Benz

THE GROWTH OF MOTORIZATION

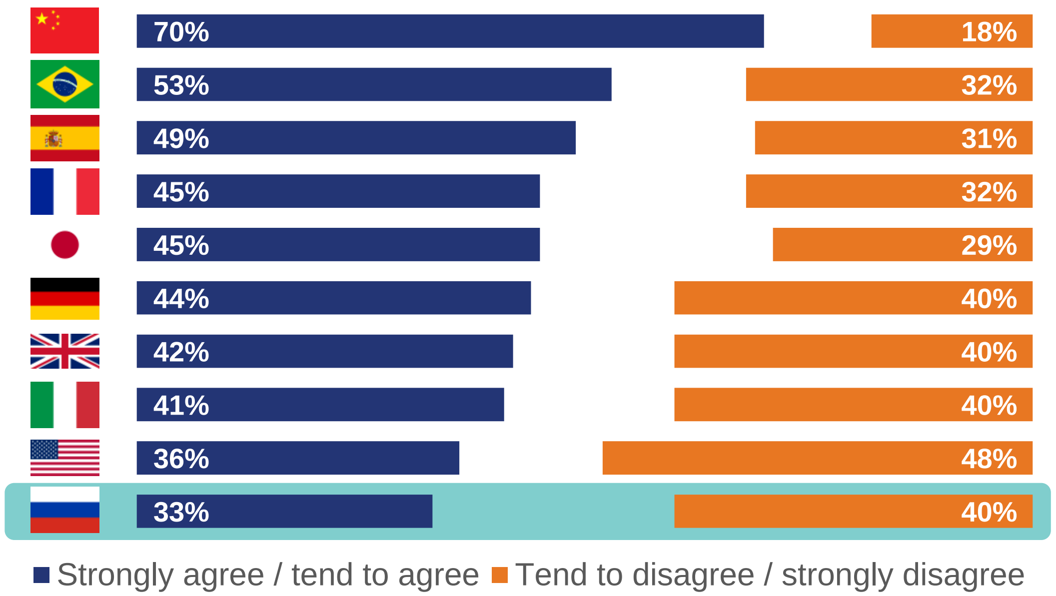
Despite the active development of joint mobility services, the motorization rate in the country has not yet reached a saturation.
This is facilitated by the low threshold of entry into car ownership and car loan programs.
A private car is an important and preferred type of transport for Russians, and taxi and shared mobility services are likely to expand their mobility opportunities.

Number of passenger cars per 1000 inhabitants of Russia



Source: Calculation based on traffic police data on vehicle registration

Do you think that **personally owning a car will be less important** in future than it is now?

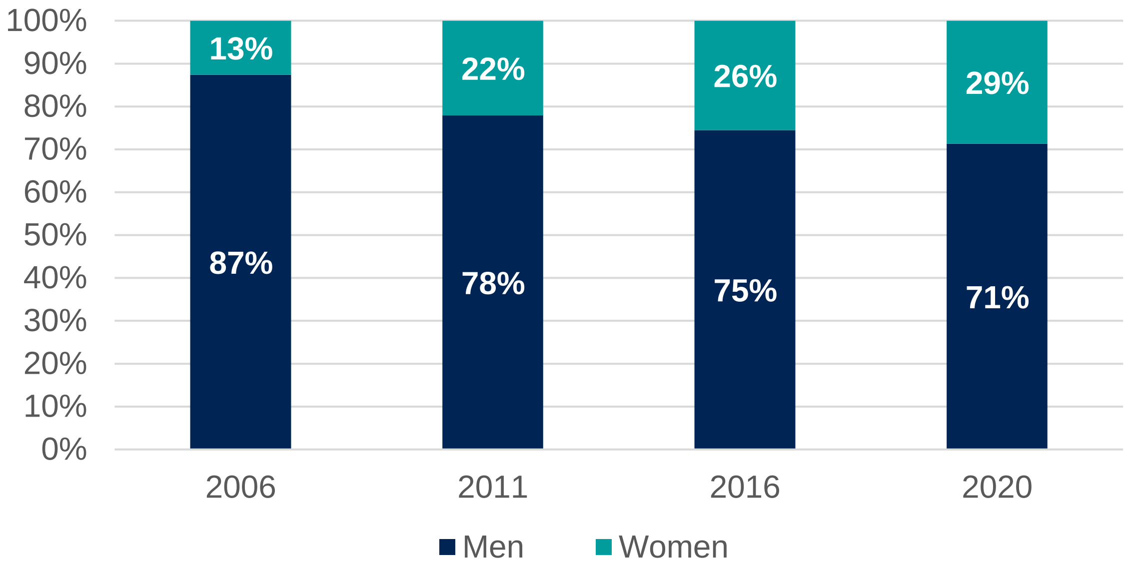


Source: Ipsos Global Advisor (June-July 2019)
22,614 adults aged 16+ across 33 countries

STRUCTURE OF DRIVERS BY GENERATION AND GENDER IS CHANGING

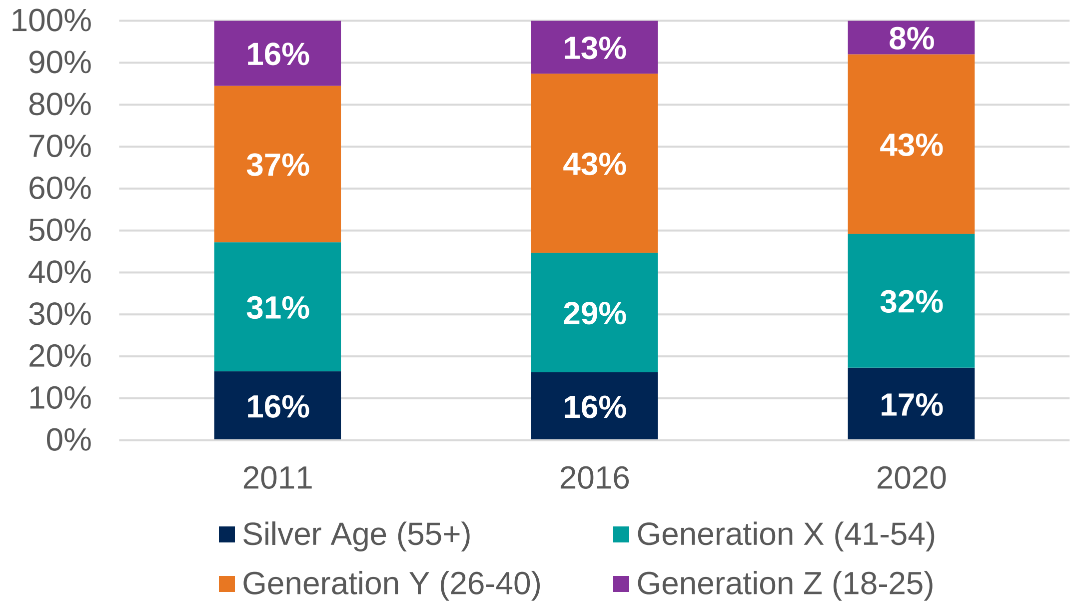
Over past 14 years, the share of female drivers in Russia has increased by 16 pp., and the trend for its growth continues.
At the same time redistribution of the structure of drivers is taking place: over the last 9 years, the share of drivers aged 18-25 has decreased by 8 pp. (this is due to the "demographic hole") and the share of drivers aged 26-54 has increased by 7 pp.

Distribution of drivers by gender



Source: Ipsos RusIndex, data for the beginning of the year
Russians aged 18+, car drivers

Distribution of drivers by age



Source: Ipsos RusIndex, data for the beginning of the year
Russians aged 18+, car drivers

CITY MOBILITY BECOMES MULTIMODAL

Urban mobility services in Russia are developing fast. An urban resident no longer depends on one type of transport. However, the development of taxi and sharing services will not replace car ownership. **Personal car owners actively use a personal car, taxi and short-term rental services**.

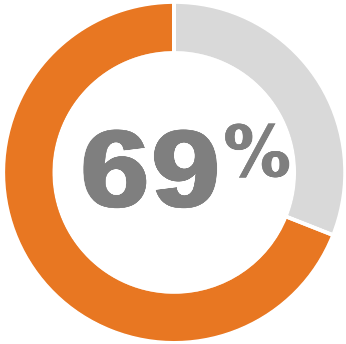
To get to a transport hub: airport, train or metro station is the most common reason for using car sharing* - indicating the multimodalities of urban mobility.

* Source: Yandex

Half of the Russians who have a personal car also use online taxi services.

Source: Ipsos RusIndex 2020
Russians 16+, cities with a population of 100,000+.

More than 2/3 of carsharing users are personal car owners.

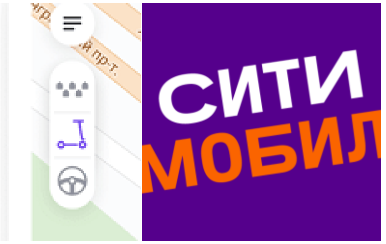


Source: Ipsos RusIndex 2020
Russians 16+, cities with a population of 100,000+

THE "LAST MILE" PROBLEM IS SOLVED BY MICROMOBILITY: KICKSHARING AND BICYCLE SHARING ARE GAINING POPULARITY

Bicycle and scooter sharing has become a fully-fledged public transport system.
Thanks to the micromobility, the "last mile" is optimized, the last stage of the trip from the subway / stop on public transport / parking to the final point becomes more variable, including taxi, carsharing, as well as sharing of electric personal transporters or bicycles.
Micromobility is also actively developing in the ownership paradigm (for example, buying a personal scooter).

The development of multimodal platforms of urban mobility occurs.



Ride-hailing service "Citymobil" added not only delivery service and car sharing to the mobile app, but also electric scooter sharing

E-scooters rental services are getting more popular than bicycles rental ones*:

More than 11,000 electrical scooters are available for rent in Russia

More than 7,000 bicycles are available for rent in Russia

* Source: RBC

MAPPS
THE BEHAVIOUR CHANGE FRAMEWORK by Ipsos

M — Do I want to do it? — MOTIVATION
A — Am I able to do it? — ABILITY
P — How do we think about it? — PROCESSING
P — Does the context encourage it? — PHYSICAL
S — What do other people do and value? — SOCIAL

Barriers to using sharing and taxi services

Rent via apps

Barrier:
«I am afraid I won't be able to deal with apps»

In most cases, it is possible to use car sharing, kicksharing or taxi services only via mobile apps.

Desire to use these services sometimes does not outweigh difficulties associated with downloading, using the application and going through the registration procedure.

ABILITY

Taxi services

Barrier:
«I can't fix the tariff»

Almost all taxi aggregators have tariffs for the same trip depending on the time of day, day of the week and availability of cars.

Potential users of taxi services may be worried about the inability to know in advance and calculate the price for the upcoming trip.

PHYSICAL

Kicksharing

Short-term scooter rental

Barrier:
«No helmets and dedicated lanes and I don't feel safe»

Moving on an electric scooter without a special lane is dangerous, there are too many people on the sidewalk - the likelihood of getting into an unpleasant situation is much higher than that of a pedestrian.
In addition, you need to be able to operate an electric scooter that can accelerate up to 25 km/h, and there is no special protection for the scooter renter.

PHYSICAL

SWITCHING BETWEEN MULTIPLE COMMUNICATION CHANNELS

TRENDS IN COMMUNICATIONS

Trends in communications.

Key takeaways

Consumers are waiting for the launch of 5G networks to get the most out of digitalization

The pandemic has shown that the current technical characteristics of data transmission networks do not satisfy users ' requests for high-quality audio and video communications, the exchange of large amounts of information and the organization of high-quality remote work. One in two users have a positive attitude to 5G and are ready to start using this.

Social networks – the future communication ecosystems

The activation of online communications and a wide variety of digital communication methods leads to the multi use of communication services by consumers. Messengers take users away from email. Social networks, in turn, strive to become a single assembly point for the exchange of any form of information between users. Additionally, social networks acquire the properties of dating sites.

Voice control is actively used by children

Children actively use voice assistants to work with information. Brands are working on improving voice technologies to be ready to work with a growing audience through this channel as well.

Signals of change

YouCare smart clothing with built-in 5G sensors has been opened in Italy >>

The Federal Antimonopoly Service has approved the conclusion of an agreement for the construction of 5G standard networks for telecom operators >>

TikTok can now collect users’ biometric data >>

Zoom plans to introduce real-time speech translation technologies >>

"We are no longer an app with square photos" — Instagram will focus on videos >>

Shudu Gram is the first virtual supermodel. She collaborates with The Digitals — the first agency of virtual models. >>

OPEN ARMS FOR 5G TECHNOLOGY

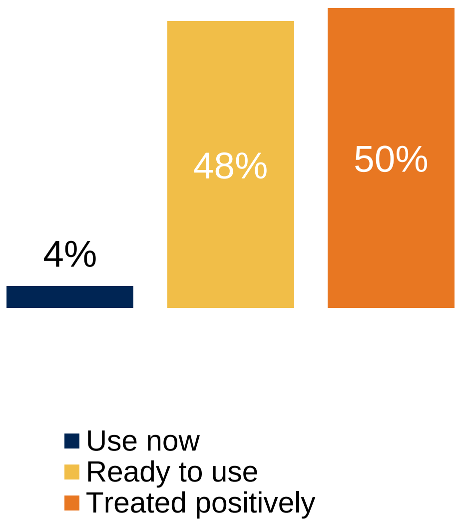
Current data transfer speed and the quality of internet communication are not ready to meet the needs of people in the active consumption of online content, and employers face difficulties in establishing high-quality remote work.

Switching to the 5G can solve these problems and stimulate the use of VR/AR for everyday life.

Meanwhile, the smartphone has become the most common device for accessing the internet. Stationary computers and laptops are still preferred by Generation X.

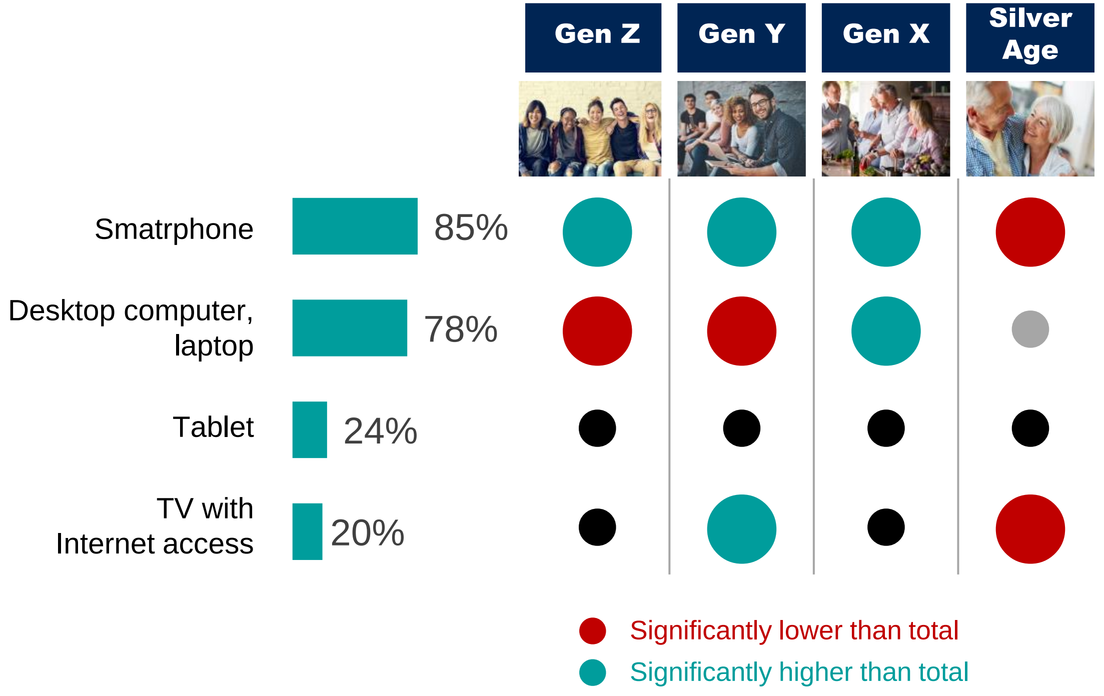
Tablets have not gained mass popularity. Smart TVs are already confidently catching up with them in terms of the share of use.

Attitude to 5G Internet



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+.

Internet access devices

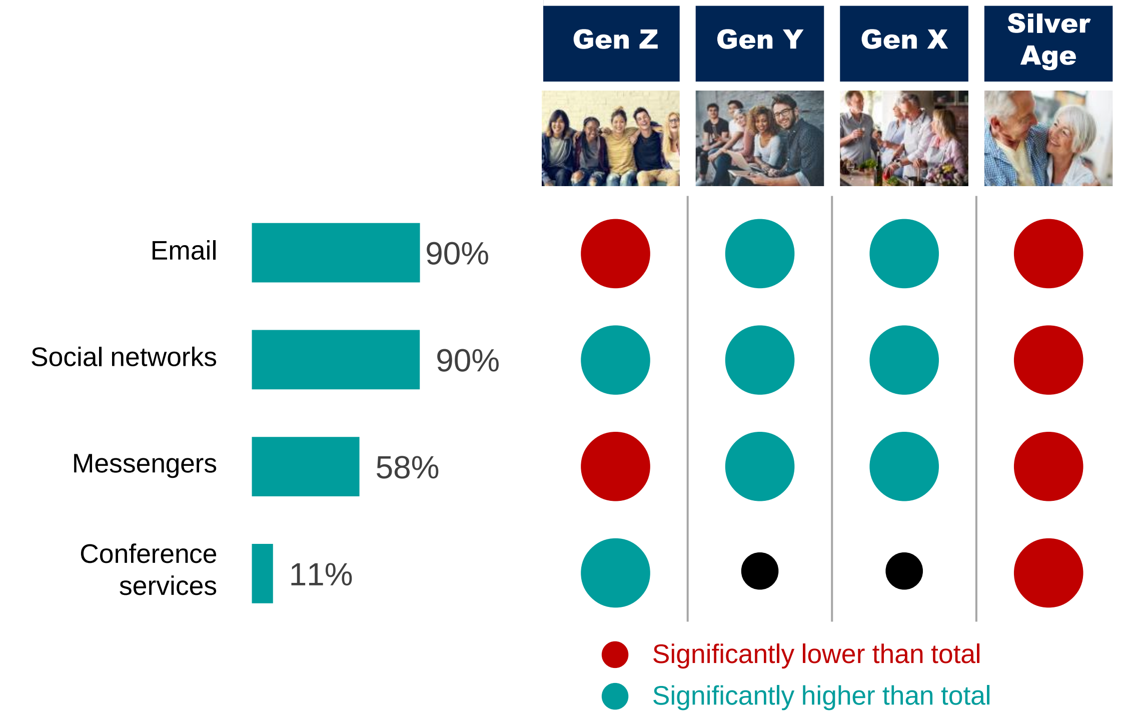


Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+. Internet users

THE BEGINNING OF THE END OF EMAIL

The generational divide of communications on social networks is becoming more and more obvious. Generation Z use less e-mail, but one in five uses conference calls (22%) and all four types of communication services at the same time (19%).

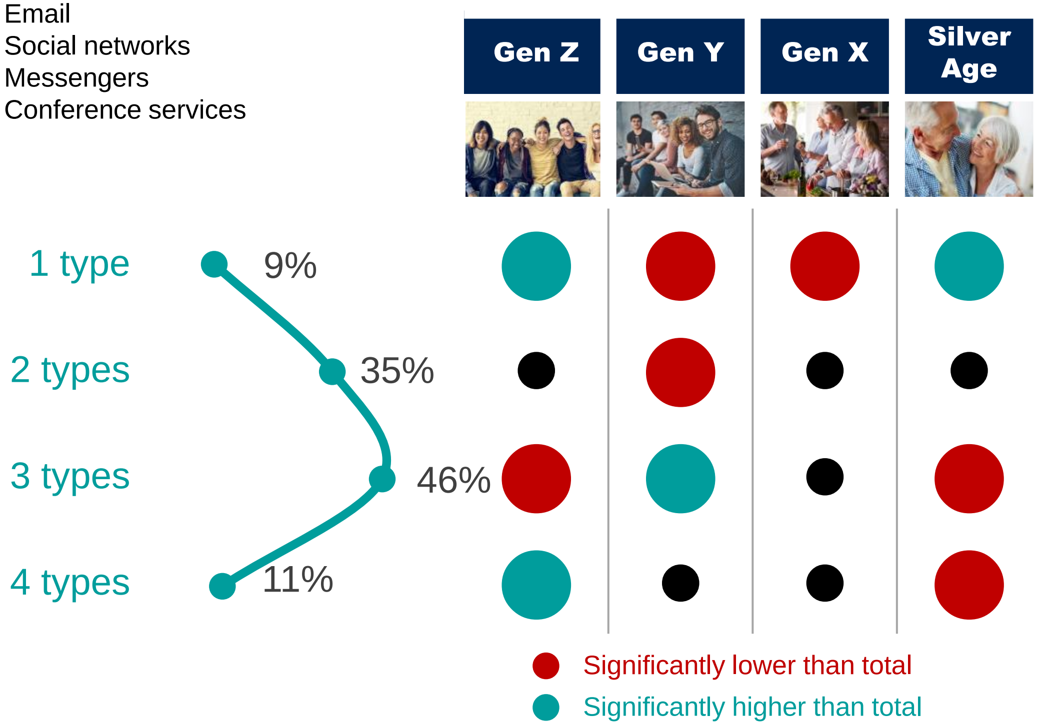
Use of services for communication



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+. Internet users

The number of types of services used for communication:

- Email
- Social networks
- Messengers
- Conference services



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+. Use at lease 1 service for communications

SOCIAL NETWORKS OF THE FUTURE – A COMMUNICATION ECOSYSTEM

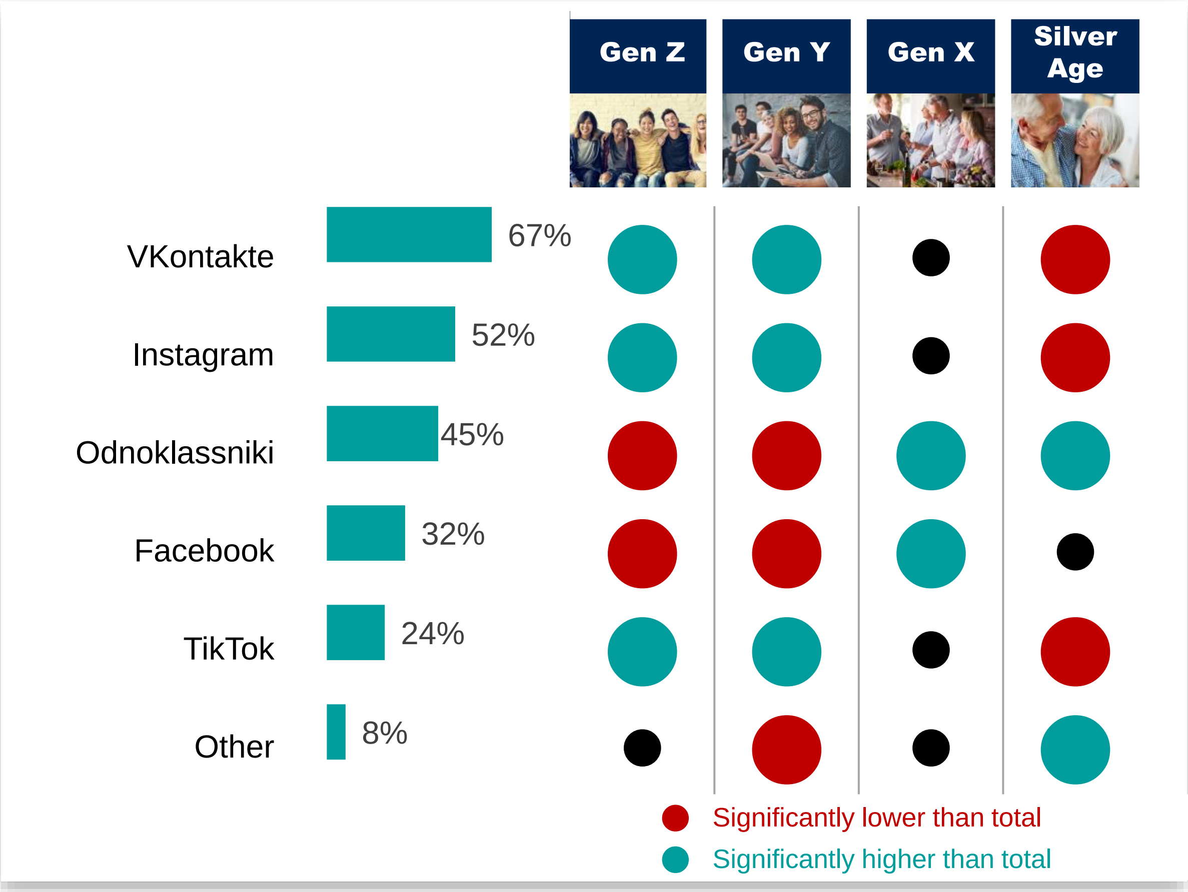
Social networks offer an "all in one“ service: messengers, applications without installation, marketplaces, virtual assistants

Social networks are undergoing significant changes without losing popularity. According to Brand Analytics, the penetration of social networks in 2020 increased from 49 million active authors up to 64 million. The coronavirus has had a significant impact on this growth: people are looking for help and support in social networks.

The main trends in the development of social networks:

Social marketplace. Combination of functions of communication, messengers, online shopping, delivery and banking services.

1. **Video content** is the king of social networks. 80% of the time is spent watching video content and only 20% for texts and photos.
2. **Microinfluencers.** Major brands are gradually moving away from working with bloggers towards microinfluencers – ordinary people who have more than 3,000 followers on Instagram.
3. **The boom of niche social networks.** There are special social networks for people of the same sex, sexual orientation or occupation. For example, Dribbble unites people of creative professions.



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+. Internet users

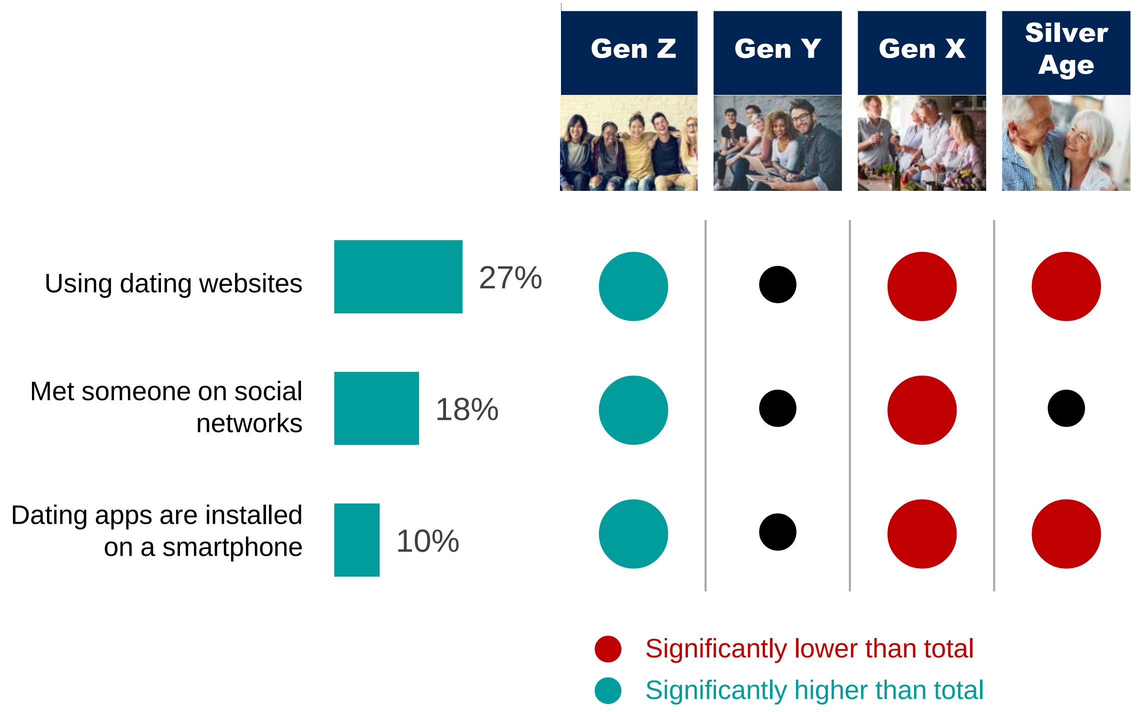
ONLINE DATING IS THE NEW NORMAL

Behavioral technologies, Big Data and AI help people communicate online and offline as comfortably as possible

Getting acquainted and starting communication online is a common thing for digital native Generation Z. They most often use VKotakte (14%) and Instagram (10%) for this purpose.

A new trend in online communication and acquaintance is the use of data analysis and behavioral technologies for the selection of "ideal couples" – as opposed to the endless scrolling of profiles and "swipe to the right" of potential candidates with whom in most cases no conversation is started.

Dating services usage



Hinge, one of the fastest growing dating apps, has set out its goal to help users as quickly as possible... leave the service and meet offline. Behavioral analysis will help in the fight against the "swipe right" routine. >>

Source: Ipsos. Research OnLife 2021/H1
Russians 16+, cities with population of 100,000+
Use at least three Internet services

THE USE OF VOICE ASSISTANTS BECOMES FAMILIAR FROM CHILDHOOD

It helps to facilitate routine tasks and gives a sense of interaction with the surrounding world

According to Just AI's calculations, in 2020 the audience of voice assistants in Russia amounted to 52 million users. The most popular assistants in the country are Alice (45 million users), Google Assistant (11 million) and Siri (6 million). Every day in Russia in 2020, 32% of respondents used voice assistants compared to 29% in 2019.

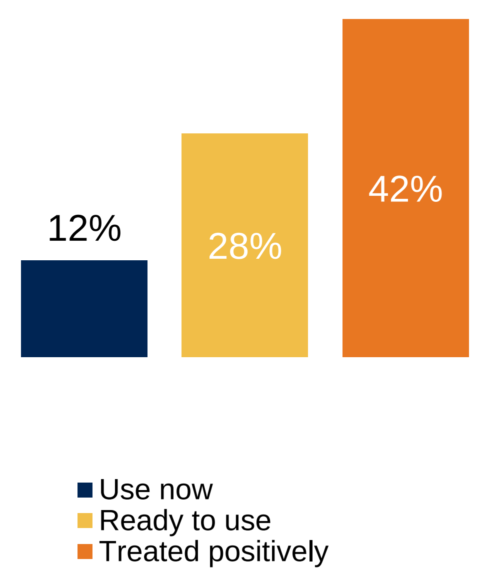
Gen Alpha

48% Children aged 7-15 use voice assistants. The highest share of use is for the age of 10-12 years (56%).

16% Children-owners of smart speakers

Source: Ipsos. New Generation 2021/H1
Kids 7-15 y. o., Cities with population 1 million+

Voice assistants at home



Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+.

Google has patented a solution for recognizing the voices of family members at home and analyzing the lifestyle and consumption in the family. >>

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Examples of barriers to the adoption of innovations in communications

Voice assistants

Barrier:
"I don't want to look lazy"

When delegating minor tasks to their voice assistant, the user may have the feeling that others think of them as a person who can no longer perform elementary actions himself.

SOCIAL

5G development

Barrier:
"I'm afraid that I will spend even more time on the internet“

The development of new networks will allow using new formats of services, services at a new high level of quality (for example, 4K video), which is not available to everyone currently.

Will this mean that users will spend even more time online watching content? Will there be time to pay attention to friends, relatives, and other areas of life?

MOTIVATION

Social marketplaces

Barrier:
"Apps become too big and complicated for me to use“

Social media includes more and more value-added services in order to make life easier for the consumer.

But often, when everything is concentrated in one app, it becomes more difficult to use – it takes up a lot of space on your phone, it's complicated to navigate, and you have to do what feels like a lot of unnecessary actions.

MOTIVATION

DIGITALIZATION AND COLLABORATIONS WITH BRANDS

TRENDS IN EDUCATION

Trends in education.

Key takeaways

The growing role of online in traditional education spheres

The switch online has created great potential at each level of education: secondary, higher and additional. Traditional offline institutes must promptly create opportunities for online education and adapt to changes. Institutes initiate co-operation with ed-tech market players, who already have vast experience with online education.

New opportunities in the EdTech market

EdTech sector is seeing active growth. COVID-19 has boosted self-education, and the EdTech platforms themselves continue to extend the courses and education packages they offer. Apart from additional education, some platforms propose full-bodied higher education. Further sector expansion is foreseen with new players entering the market and consumers receiving multi-faceted education throughout their whole life.

Opportunity for brand to “grow” employees according their own needs and requirements

Brands and companies are more commonly co-operating with schools and institutes, implementing their own business incubators, trainings, and mutual education programs. This tendency is more likely to reinforce the view that the education system needs a “breath of fresh air” in order to bring current education programs closer to labor market reality; brands, respectively, can get more qualified staff with applicable skills to address objectives of the business and company.

Signals of changes

ICT.Moscow launched a base of knowledge for VR/AR, where more than hundred of Russian and foreign practices of VR/AR implementation are collected starting with Y2017

Google develops «global education class» with aid of AI

Skyeng is to invest 350 million Rubles into the university of digital occupations
Sky.pro launch

Educational center FORS launches Bite-size Learning.

LANIT has created center of competences in VR&AR.

Netology launches online master programs, elaborated in partnership with top universities of the country—HSE and RANEPA

REINFORCEMENT OF "DIGITAL" INEQUALITY TRIGGERED BY SWITCHING TO REMOTE WORK AND EDUCATION

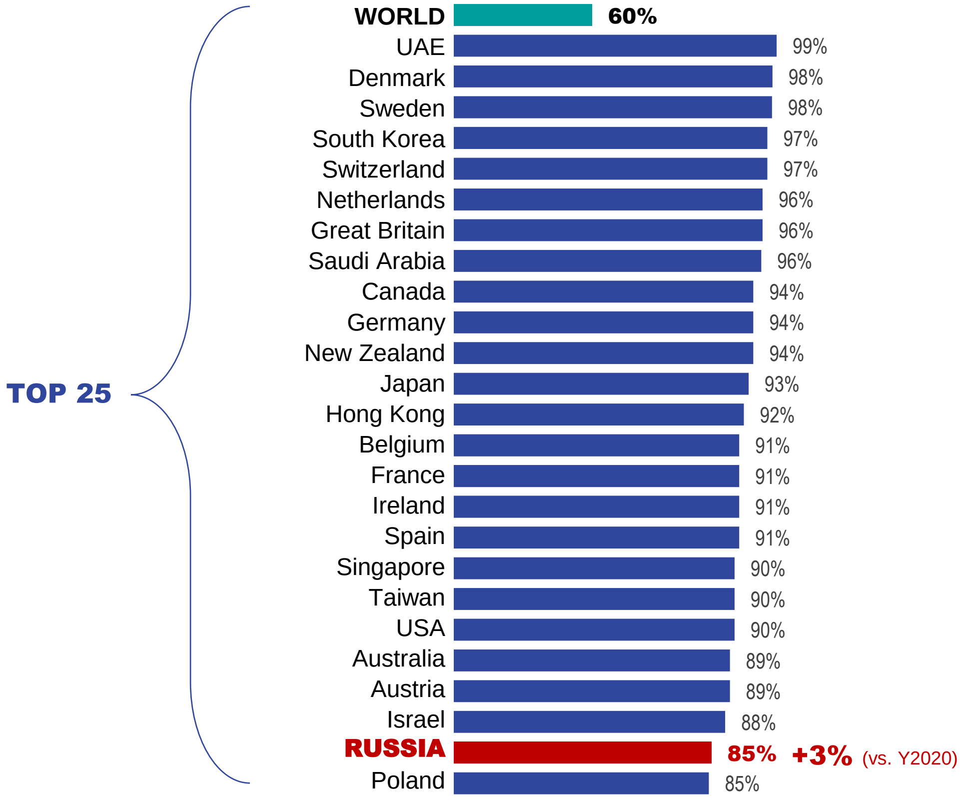
Capabilities of online education are limited and not available for a share of population **without access to computer and internet/WI-FI**, especially for the remote and less populous regions of Russia. A fund was established in Russia providing pupils and students with needed equipment for education.

Average internet coverage worldwide is 60%. Top 25 countries by Internet penetration - developed countries of Western Europe, Asia and USA. **Russia occupies #24 in the rating of Internet coverage (as of February 2021).**

Internet coverage in Russia has increased by 3 pp during the year comparing to 2020 and is now 85%. Nevertheless, **15% of the Russian population still do not have internet access.**

Internet now is not only the tool for entertainment but **transforms into a requisite resource** in order to stay in touch, keep track of an event, have access to work processes and education.

Internet penetration rating by country in 2021



Source: portal DataReportal, February 2021

COLLABORATIONS IN EDUCATION

Economy, the healthcare system and social support – are the priorities for governmental support after the pandemic. Education is a secondary matter under the current conditions. Hence, education becomes rather inviting and promising area for investments.

For companies and brands collaboration with educational institutions suggests...

1. New talents who are **more qualified, with practical job skills and a clear understanding of business objectives and corporate culture** at the point of entering starting job positions right after accomplishing education
2. The education system tends to transform slowly, not always following the pace of changes occurring in the employment market. Brands collaborating with institutions can become a **powerful trigger and boost for changes and the development of the educational sphere.**

For educational institutions collaboration with brands...

1. **Has positive impact** on image and prestige of schools
2. Provided **access to unique intellectual capital** of established companies, **increasing both quality and practical applicability of obtained education** for further employment, alongside with **growing demand** among students and enrollees **for collaborating education programs**

- **Yandex Academy** actively cooperates with universities, establishing mutual programs of education/courses (HSE, MIPT, NES and etc..)
- **Oracle Academy** provides support to schools and institutes during the pandemic

GROWING DEMAND FOR ED'TECH

According to analysts, EdTech is to grow 2,5 times by 2025 compared to 2019. In 2020 the sector has demonstrated immense growth. For instance, Skillbox has undergone almost 350% revenue growth compared to 2019.

The penetration of educational online courses and webinars increased twice during the COVID period and by the beginning of 2021 SkyEng marked uplift of revenue by 42%. Considering these tendencies, the sector may expect new players in the nearest future.

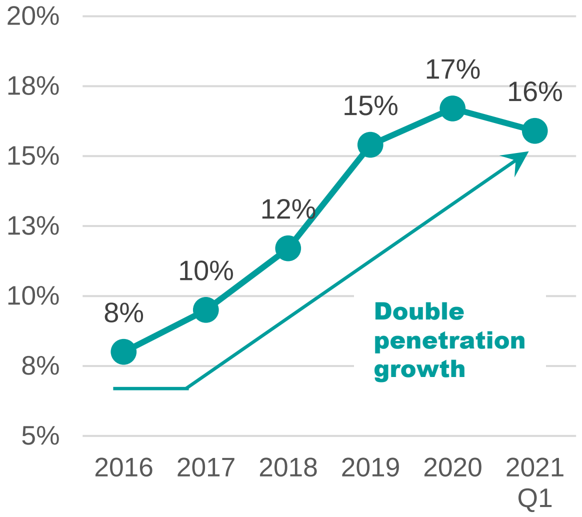
Gen Z is more engaged than others with online education, Nevertheless, penetration within generations Y and X is at the average level in Russia. Almost **one in five** Russians **claim usage of online platforms for education**, regardless of generation.

Growing popularity of EdTech makes itself feel noticeable in **collaborations between online education platforms and universities** in Russia. This tendency is more likely to solidify – a pool of universities has recently announced launch of mutual educational programs:

- **HSE and RANEPA and Netology**
- **Skillbox and RANEPA**
- **Geekbrains gives access to its own education courses** for universities

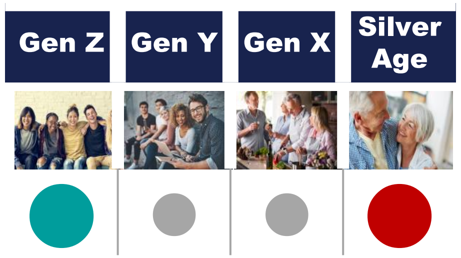
Enjoyment with online courses and webinars

TOTAL RUSSIA



SPLIT BY GENERATIONS

2021/Q1



Sig. lower vs. Total Sample

Sig. higher vs. Total Sample

Source: Ipsos. RusIndex. 2021/Q1
Russians 16+, cities with a population of 100,000+.

HYBRID AND ADAPTIVE LEARNING

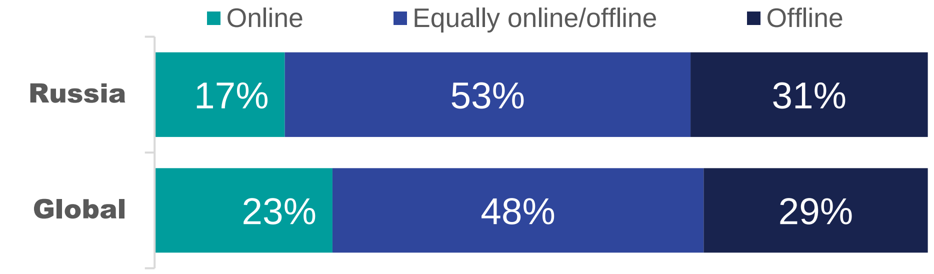
Shift towards hybrid education

Online education is to stay when the pandemic period is over. Considering the rapid increase observed in EdTech sector, the share of online-education followers is more likely to grow.

Complete displacement of the offline format will not happen, at least before AI and VR technologies become more widely used. Offline and online are highly likely to mix up and blend together addressing different objectives:

- Online – the gaining of core knowledge
- Offline – practical processing of core knowledge and collaborative synthesis of new knowledge

Expected formats of getting higher education in 5 years



Source: Ipsos for WEF. Global attitudes on higher education
Base: 21,507 online adults aged 16-74 across 29 countries

Personalized adaptive learning

It suggests focus on each individual, customized approach: offering a set of courses and tasks, as well as approaches to information delivery, **considering** his/her **attainment level, interests and specifics of information perception** (by ear, visually and etc.)

Such individual approach may consequently outflow into **motivation reinforcement** of each attendee and may have **positive contribution** into his/her **engagement** and quality of education.

- Sber has created SberClass platform promoting switching to **personalized education** >>

- Ministry of Education and Science of the Russian Federation see the need in **implementation of individual educational trajectories** >>

IMMERSIVE FORMATS AND BITESIZE LEARNING

Immersive learning formats

VIRTUAL (VR) AND AUGEMNTED REALITY (AR)

Immersive education transforms passive student to actively interactive with external stimuli. VR/AR offer a more entertaining and engaging education format. It helps to **draw and retain attention, leads to motivation and productivity increase.**

Immersive technologies bring the student into an **artificially created reality**, where he or she may **practice obtained skills** in **more realistic environment.**

Источник: **https://www.immerse.online/**

Bitesize learning

INFORMATION DIVIDED INTO PIECES

Core idea – one **big topic is divided into several small parts**. For instance, 45-min lecture transforms into 3 “bites” 15 min each, aiding in focus retaining during the whole period of the bite.

Advantages

- Education within short periods at any convenient time – during the morning coffee, lunch break, on the go
- Increased engagement and focus
- Psychologically it is easier to dispose oneself to shorter lesson (compared to a long one)
- It is easier to understand, perceive and process the information

AVERAGE CONCENTRATION DURATION ACCORDING TO STIMULUS TYPE

~3 SEC	10-15 MIN	~18 MIN
ADS	LECTURE	TED Talk

Source: Ipsos Research Attention 2.0: Viewability with Brand Impact, 2018

Source : Davis BG. Tools for Teaching. San Francisco, CA: Jossey-Bass, 1993

Source : Ted Talks

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Examples of barriers behind innovations in education

Online education in EdTech

Barrier:
«I'm afraid to get a low-quality product»

EdTech market boom evokes the question on the quality of the package you purchase.

There are both financial risks (I paid for this product) and substantial (quality is below what is expected). If the content doesn't meet expectations and investments spent, next time the consumer is more likely to reject the idea; or consumers may choose traditional, reliable and trusted institutions.

MOTIVATION

Customized approach

Barrier:
«I'm afraid to stand out from the crowd»

People are like to conform and "one size fit all" approach, and it is psychologically challenging sometimes to think outside the box.

Fear of being different from others in more unified fields (like education) driven by special set of courses, education format, education quality and skills, success or failure may become a barrier of switching to individual education.
It is Russian national trait.

SOCIAL

Switching to bitesize learning

Barrier:
«I think education requires fundamental approach»

Education is a fundamental process, it is common practice for everyone to go school / institution on a regular basis, to listen to long classes. This approach has worked for generations.

When splitting the material into smaller pieces, it is much easier to skip one piece (it's small, it's okay). This entails the risk of gaining a partial knowledge of the subject, and not a full-fledged and holistic one.

PROCESSING

MAP OF TRENDS

COVID-19: force majeure or "new normal"?

CHANGES IN THE ECONOMY

- Recovery expectations in 2021-2022
- Record population decline
- The pandemic affected Generations Z and X more than others

Switching between multiple communication channels

TRENDS IN COMMUNICATIONS

- Consumers are waiting for the launch of 5G networks to get the most out of digitalization
- Social networks – the future communication ecosystems
- Voice control is actively used by children

The lower the contact, the higher the engagement

RETAIL TRENDS

- More emotion and customer engagement
- Recreating an online selection "like offline"
- Service is better without human intervention

Consumers take control over their health

TRENDS IN ATTITUDES TO HEALTH

- Consumers want more control over their health
- The first users of telehealth and its good growth potential
- Health concerns are getting younger

Desired personalization or total control

ECOSYSTEMS AND PERSONALIZATION

- The first impression of ecosystem is essential
- Biometrics will make client’s life easier
- Personal data – impersonally or for money

New mobility. How new is it?

MOBILITY TRENDS

- The growth of motorization continues
- New mobility is multimodal

New ingredients for a regular diet

FOOD TRENDS

- Familiar dishes from new ingredients
- Products "without"
- Food that could save the planet

Brand purpose: how to choose the right path

SUSTAINABLE DEVELOPMENT

- The rise of support for sustainable development during the pandemic
- Reducing waste is the focus of the fight for the environment
- The volunteer movement is gaining strength

Digitalization and collaborations with brands

TRENDS IN EDUCATION

- The growing role of online in traditional education spheres
- New opportunities in the EdTech market
- Opportunity for brand to “grow” employees according their own needs and requirements

In crises, brands offer consumers new products and entire ecosystems of products and services created under the pressure of forced changes.

FOR AN INNOVATION TO BE ACCEPTED AND ITS CONSUMPTION/USAGE BECOME REGULAR, **IT IS IMPORTANT:**

1. To keep in mind the principles of consumer adoption of innovation:
   - Does the product simplify and enhance the consumer's life?
   - Does if solve a problem?
   - Does it provide confidence?

2. Identify and remove barriers to consumption.

These rules together with understanding trends will help brands successfully bring innovation to their consumers in an unstable world.

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