

Informativo Gerencial

Edition 8

November 2021

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Empathic brands

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Empathic brands

According to the Deloitte Consumer Dashboard, more and more people are showing a preference for companies that have responded appropriately to the pandemic and other major Environmental, Social and Governance (ESG) challenges of the past months.

In recent years, the entire world has experienced major health, social and climatic challenges. These circumstances have meant that, today, people in various countries, including Mexico, are modifying, among other things, their consumption habits, in order to positively impact their respective environments.

In turn, this has resulted in companies being faced with new opportunities not only to act responsibly, but also to approach more and more customers who are looking for, from the brands, products and services that are aligned with the Environmental, Social and Governance (ESG) criteria.

These changes in consumption patterns are part of what we can observe in the latest edition of the Deloitte Consumer Dashboard, which indicates that 54% of Mexicans want to buy more from brands that have adequately responded to the ESG challenges they have emerged during the pandemic period.

However, what is the true scope of this

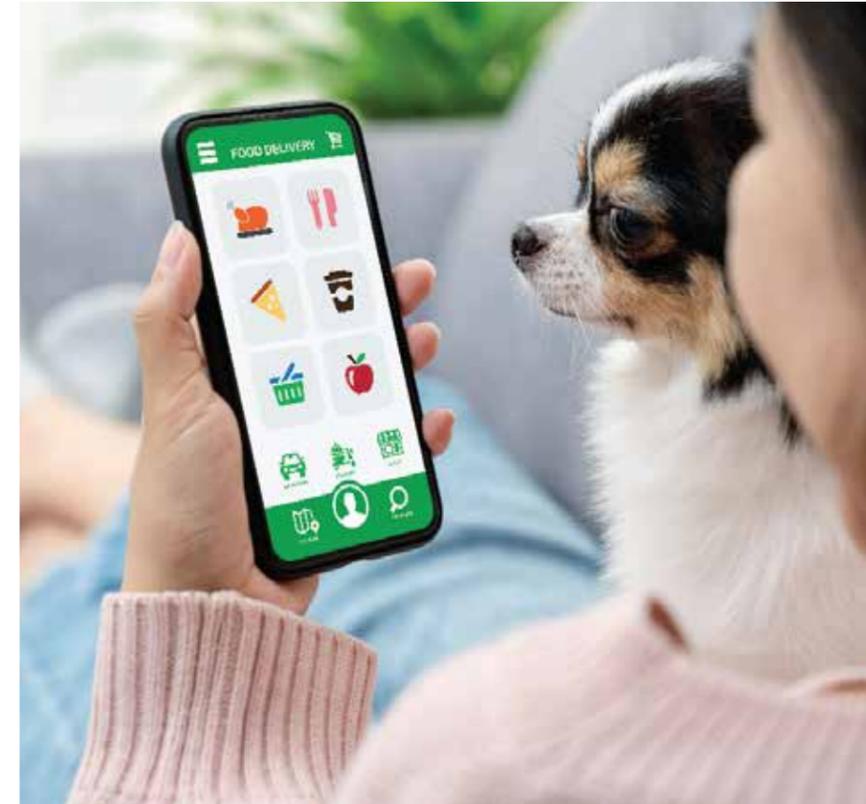
consumer trend for organizations and how can they start to make their operations, products and services more sustainable? To learn more about it, we spoke with Rocío Canal, WorldImpact Lead Partner at Deloitte Spanish Latin America.

What are the characteristics that, during the pandemic period, have been most sought by consumers in certain products and services, and in what way have brands addressed these new needs? What kinds of challenges do companies face when aligning with ESG principles?

First of all, it is important that companies do not consider their response to new consumer demands as an expense, but as an investment and risk management. It is an investment, because, thanks to the fact that they allocate resources to the development of more sustainable products, their brands are more valued in the market and obtain higher sales; at the same time, it is valuable risk management, because they are helping to combat challenges that are a priority for their clients and that, if they escalate, could

Companies need to carry out dissemination plans that allow them to improve their image in the market and that consumers start to consider them empathetic and responsible.

Rocío Canal
WorldImpact Lead Partner
Deloitte Spanish Latin America.



compromise their operations.

Identify, Measure, Manage and Communicate.

In the first step, Identify, it is necessary for companies to make an evaluation of their products and services, to define the environmental, social and governance risks that could impact them; as well as its operations, in order to improve its efficiency. This, as a whole, is a materiality analysis and it will be recommended that, in it, they do not forget to include the impact of the pandemic.

Later, in Measure, it will be highly recommended that companies assign numerical values to the different risks, to constantly monitor their increase or decrease over time. In this way, by making risks measurable, organizations can focus on reducing them, because it is not possible to improve what is not measured.

To Manage, it is advisable that companies develop strategies to reduce the identified risks of their products and services, and

that they make specific projections of consumer behavior at two, three and five years, in which they stipulate the adaptation measures of their organization to each context.

Finally, with regard to Communicate, companies need to carry out dissemination plans that allow them to improve their image in the market and that consumers begin to consider them empathetic and responsible. Companies not only have to migrate towards ESG criteria, but they have to communicate their initiatives, current and future, to build or consolidate a good reputation.

What aspects will organizations have to consider for a sustainable future?

In addition to climate change, it will be recommended that Mexican companies begin to worry about reinventing their products and services, and adapting them to more sustainable versions.

Actual trends

- Local consumption and seasonal products
- Circular economy
- Digitization
- Experiences
- Advertising

In addition to considering these trends, it will be important that, as each industry determines its main ESG objectives, the companies that comprise them are attentive to them, in order to adapt quickly your operations to the demands of consumers.

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Fresh vs. Frozen

Even amid the success fresh produce is having with consumers, frozen alternatives are finding their way further. Fresh food remains one of the most important for consumers. However, frozen foods are rapidly gaining presence in the market.



Do consumers prefer to buy fresh or frozen food?

To answer this question, in July 2021, Deloitte surveyed more than 2,000 consumers to learn about the main trends in this area.

According to the study, sales of fresh products increased more than 10% in 2020 in the US and, in the first half of 2021, they have significantly exceeded those of 2019; However, in 2020, frozen food sales increased 21%, thus doubling the growth registered by fresh foods in the same period.

This situation of greater interest and growth in sales of frozen foods is mainly explained by three reasons: the characteristics of perishable products, price and preference.

Characteristics of perishable products

Fresh foods, by definition, are perishable, that is, they can expire or deteriorate quickly, and in that sense, today's consumers are not as tolerant of these types of products as they were before the pandemic. How often we shop is a factor.

Consumers cannot stock up on perishable food and expect it to be edible weeks later. Even though consumers feel less stressed about shopping in brick-and-mortar stores, the new shopping habits acquired in recent months appear to persist.

Similarly, it is important to highlight the ability of consumers to stock up on frozen foods, without generating waste. Three out of four of them indicated that they store frozen food, which, in general, shows a greater investment on their part in this type of product.

But food itself is not the only type of waste related to perishable food, there is also waste from the packaging that is used. In this regard, six out of 10 people believe that packaged perishable foods will remain in that state for much longer than those without. This shows us that preventing food from being wasted appears to be more important than the waste generated by packaging.



Price

Price is still 'king': nine out of 10 consumers report that price is, again, the most important purchase engine for fresh produce; It is a factor that is currently more present in the minds of consumers.

In a general environment characterized by price increases, frozen products may have another advantage over fresh ones. Fresh food can be significantly more expensive initially than its frozen counterpart. Almost half of consumers think that the price of frozen food has not risen at all.

Preference

Today's frozen food is not the old frozen food; it is of better quality, it presents a greater variety, as well as several premium options. Today's frozen foods are just as likely to emphasize their health and nutritional attributes as they are to taste or convenience. Consumers say that preparing frozen foods is even easier than preparing fresh ones.

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