BEVERAGE AND CONSUMER TRENDS

Consumer trends in Namibia and southern Africa often follow a different rhythm and cycle to that of global and more developed consumer markets. By being attuned to the unique nuances and demands of our local consumers, we can respond and engage more effectively. We also track and interpret global trends using market intelligence and global research to remain relevant and competitive.

These combined insights drive portfolio innovation and ensure that we remain abreast of evolving preferences.

In the past year, Namibian consumers were most affected by the last remnants of COVID-19 regulations, especially during the first half of the financial year. These included restricted trading hours, curfews as well as limited opportunities for on-consumption visits and events. This has resulted in noticeable shifts in consumer behaviours, consumption habits, decision-making and expectations.

TRENDS RELEVANT TO OUR PORTFOLIO

Premiumisation: Consumers had more to spend during times where travel and entertainment options were limited. They chose to indulge at home or at a local venue with more premium wines and spirit brands. More time was spent with smaller groups of close friends and more invested in making celebrations memorable and worthwhile. This included splurging on heightened status-driven and Instagrammable experiences to flaunt.

Relevant global trend*: Early signs of premiumisation in the ready-to-drink (RTD) category and the emergence of non-traditional luxury categories

OUR RESPONSE

Windhoek Lager is NBL's most premium brand, whereas ***Hansa Draught*** is the most sought-after on-tap offering while ***Heineken*** is Namibia's preferred imported premium brand. We continue to invest behind these brands as aspirational choices. Due to its pricing position, ***Strongbow*** sales are starting to benefit from the premiumisation trend.

Related strategic focus areas:

The at-home economy and elevated experiences: The pandemic permanently transformed homes into multifunctional spaces. Dining, entertainment, work and learning all shifted to at-home, with previously male-only beer bonding morphing into mixed-gender moments where families connected and shared more gender-neutral drinks. When going out, consumers were driven by hyper-sensitivity and risk-averse choices, finding safe locations with select groups of family and friends. This eroded spontaneity to some extent as socialising became more carefully planned rather than impulsive. Consumers are increasingly comfortable having to create their own fun and are therefore more open to and have higher expectations of social experiences happening outside their home environment.

Relevant global trend: A more sophisticated home-premise impacts the return of the on-premise

Brands such as ***Tafel Radler*** opened the door for consumers to experiment with different drinks at home. It debunked stereotypes such as specific drinks for certain genders or occasions.

We also launched our ***Hansa*** Draught-on-Tap home unit this year, enabling consumers to entertain at home. The units and newly launched 10 litre kegs are perfect for sharing, easy to carry and look like a cooler box. As a value add, consumers can also use the units on a 'to rent' basis.

We launched an innovative new experience this year. The ***Windhoek Draught*** Gazza and Friends Concert encompassed five concerts on one night, all supporting customers using smaller, local venues for select groups of guests. The competition winners were fully hosted by NBL.

Related strategic focus areas:

Category shifts are leading to expanded repertoires: Beer loyalty has shifted into alcohol loyalty as consumers enjoy a wider variety of alcoholic beverages. During lockdown, consumers experimented with whatever drinks they could lay their hands on and at whatever price. Drinks not previously chosen frequently, if ever, became acceptable.

Relevant global trend: People are switching with increasing frequency between beverage options or trialling completely new beverages

NBL launched our first portfolio promotion this year, including all our returnable bottle brands in one national competition. The winner took home a salary for five months (to the value of N$20 000 per month). It was the first time that all our brands showed up together, increasing consumer awareness of the spread and variety of NBL's portfolio.

Related strategic focus areas:

Everyone leading, everyone making a positive impact

Engaging people, engaging experiences

Owning the future, creating new realities, enjoying the journey

TRENDS RELEVANT TO OUR PORTFOLIO

Value for money is the deal: Most consumers count every dollar, which means their spending is deliberate and must generate value for money. They are dedicated to shopping around for deals, special offers and bargains. Households are collaborating to buy in bulk and sharing shopping trips to exploit a wider range of value opportunities. As economic pressures escalate, consumers become even savvier in assessing cost vs benefit. They compare the social and emotional value of beer vs other categories with higher alcohol by volume and aspirational impact. We also see the increased popularity of larger pack formats that enable sharing and re-sealing, driving growth, particularly in the wine category.

Low becomes no: In Namibia, consumers associate low and no-alcohol products with recent restrictions due to COVID-19. For some time, these were the only products consumers could buy, which has led to a rebellious counteract: people are now reaching out to variety and indulging in the freedom of different drinks. There is no rationale for an in-between choice; people either consume alcohol or they do not.

Relevant global trend: A distinction in how and when consumers choose no- versus low- products is becoming increasingly evident.

OUR RESPONSE

King Lager is our leading value brand. Having re-engineered the brand to have slightly lower alcohol, we were able to extract more value for consumers at an attractive price point.

We know that consumers want their drinking and socialising occasions to last longer. We continue ensuring that our portfolio offers a range of value options beyond beer.

Related strategic focus areas:

The all-or-nothing approach to alcohol affected ***Tafel Radler, Windhoek Non-Alcoholic*** and ***Horizon*** sales while ***Windhoek Light*** was temporarily discontinued. We remain committed to these product categories to promote responsible alcohol use and offer a wider variety of consumer options.

Related strategic focus areas:

* *Global trends extracted from the IWSR: Key Trends Driving the Global Beverage Alcohol Industry in 2022.*

> "Brands that partner with consumers, clearly articulate their company's value proposition and meaningfully engage with them, will develop the foundation for long-term relationships with them."
> – Nielsen Global annual marketing report 2022