Voice of the consumer

Consumer preferences
analysis 2024

UKRAINE

Olena Volkova

Partner

Consumer Markets Industry Leader

PwC Ukraine

We are delighted to share with you the findings of PwC's Voice of the Consumer 2024 study for Ukraine. This research has provided us with valuable insights into the evolving consumer landscape in one of the CEE's most dynamic markets.

As we know, Ukraine is experiencing significant economic and social stresses in recent years. These changes are having a profound impact on consumer behavior, and we believe it is crucial to understand these trends. Through this study, we are aiming to gain a deeper understanding of Ukrainian consumers' shopping habits, preferences, and motivations. Our research is revealing that health and affordability are top priorities, while climate concerns are less significant. Inflation is leading to increased spending on essentials like groceries, with consumers focusing on cost savings through lower prices and promotional offers. Despite the challenging economic environment, there is still strong trust in AI, and privacy concerns remain high regarding social media advertising. The ongoing war is also leading consumers to prioritize immediate needs over long-term planning, resulting in a relatively lower emphasis on reducing overall consumption.

By delving into these findings, we hope to provide you with a clear picture of the Ukrainian consumer market and the opportunities and challenges that it presents. We believe that the insights gained from this study will enable our clients and partners to make more informed business decisions and better serve the needs of Ukrainian customers.

Thank you for your attention.

The Ukrainian customers prioritise price, embrace digital channels, and value privacy in their shopping choices

VOTC report main theses

Worldview

- Respondents are **less focused on reducing overall consumption** compared to those in the CEE region and globally. The economic uncertainty makes long-term financial planning more challenging, making consumers prioritise immediate needs.
- The ongoing war in Ukraine has led to **increased CO2 emissions** from infrastructure destruction, military activities, and burning fossil fuels, making immediate carbon reduction less feasible and less prioritised. Additionally, while Ukraine mandated waste sorting in January 2018 per European standards, its effectiveness is hindered by lack of infrastructure, enforcement mechanisms and additional strains imposed by the war.
- The Ukrainians surveyed **are aware of climate change and acknowledge its impact on their consumer choices**. 77% express some level of concern about climate change, while only 17% do not consider it a significant issue.

Everyday life

- The **greatest threat** in the eyes of respondents is **the ongoing war** and it has the greatest impact on decisions regarding consumer spending.
- When choosing food, the Ukrainians surveyed prioritise **health** and **affordability**, with **climate concerns** being the least important factor.
- Respondents indicate that **the largest increase in spending will be on groceries**, driven by the rising inflation and increasing food prices. Amid economic uncertainties, consumers are focusing more on essential purchases.

Market/Manufacturer

- Ukrainian respondents are **highly driven by cost savings**, making lower prices and promotional offers the most effective strategies for winning them over. Additionally, a **strong reputation for high quality** also plays a crucial role in their brand-switching decisions.
- The Ukrainians surveyed prefer traditional, human-centered interactions, with the market for **mobile and contactless payment solutions being less developed** compared to the global trends.
- **Social media are highly effective** for personalised advertising **but raise significant privacy concerns** among respondents.

Technology

- Respondents **switch between multiple sales channels** throughout their purchasing journey but generally **prefer to finalise their purchases by visiting stores in person**.
- The Ukrainians surveyed show strong trust in AI, particularly for **gathering product information, recommending products, and handling customer service**.
- The strongest factors causing distrust towards technology solutions are **cybersecurity risks**, the potential **spread of misinformation** and concerns about **privacy and data handling**.

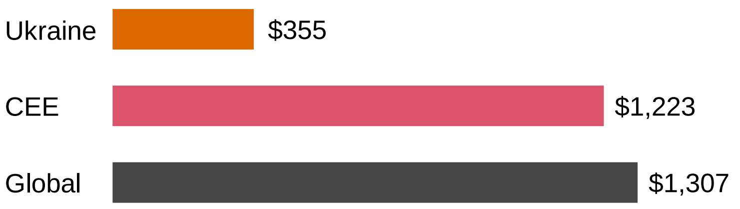
1

Worldview

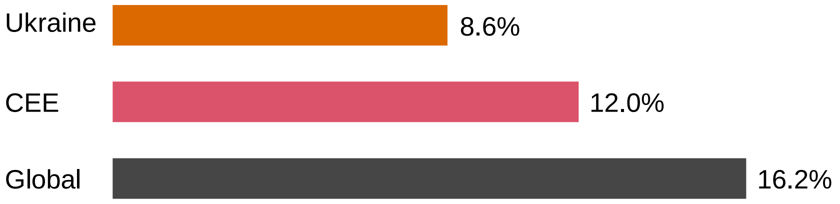
30% of the Ukrainians are ready to save or invest up to 10% of their monthly income in the next 12 months

Overview of a Ukrainian customer profile

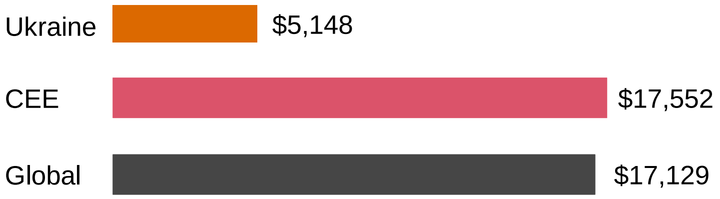
Nominal income value [USD]



Percentage of monthly income planned to be saved/invested



Nominal GDP per Capita [USD]



Median of age in population

According to the World Bank data for 2023, around 20% of Ukraine's population is aged 65 and above, indicating an ageing society.

The full-scale invasion has decreased purchasing power, leading Ukrainians to spend more on necessities and favour offline shopping. With many consumers displaced abroad, the disposable income for non-essentials has reduced. Despite this, some still shop online, making a strong online presence crucial for retailers to enhance services.

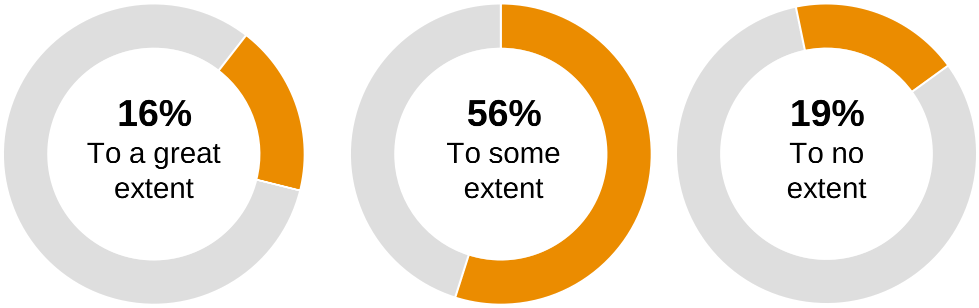
63% Ukrainians are ready to shop within the technology category online without being able to see the physical product first, which is 7% more compared to the global level.

What percentage of your monthly income do you plan to save or onvest in the next 12 months?
Source: OECD, World Population

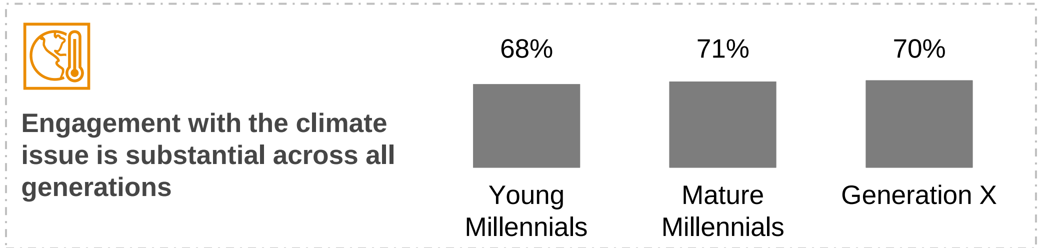
72% of consumers have noticed climate related disruption in their day-to-day lives

Climate changes

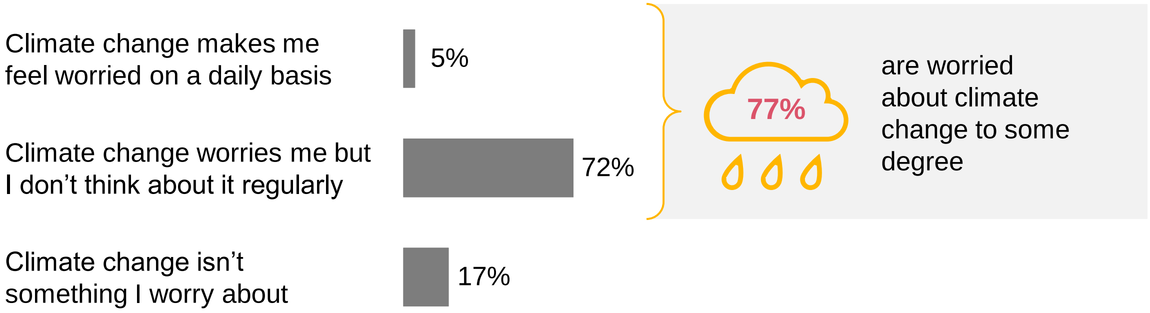
Noticing climate-related disruptions in day-to-day life



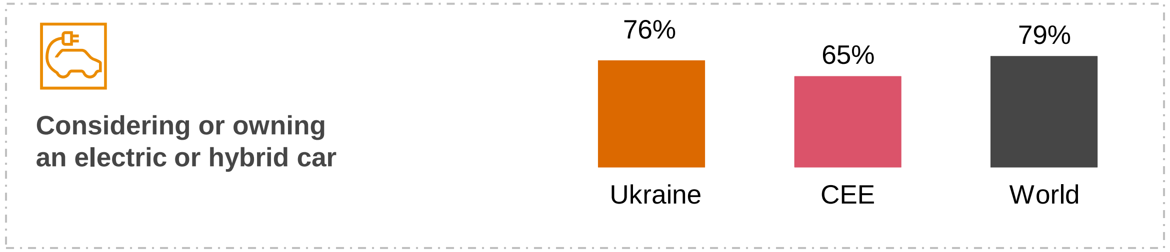
72% consumers in Ukraine and **82%** in **CEE** have noticed climate related disruption to their day-to-day lives, compared to **85% worldwide**



How consumers feel about climate change



79% consumers in CEE and 85% worldwide are worried about climate changes



Thinking about the last 12 month, to what extent have you noticed climate-related disruption (e. g., more extreme temperatures, floods, storms, wildfire) in your day-to-da living?
Thinking about climate change, which of the following statements best describe you?
Would you consider acquiring (e. g., owning, leasing, subscribing) an electric vehicle (EV) or hybrid vehicle in the next 3 years?

Over 31% of respondents are changing purchasing habits to reduce climate impact by buying more sustainable products and reducing overall consumption, compared to 43% in CEE and worldwide

Personal actions taken to reduce impact on climate change through consumption

Percentage of those declaring taking pro-environmental actions

	UA	CEE	World
I am buying more sustainable products or products with a reduced climate impact	33%	39%	46%
I am making more considered purchases, with the aim of reducing my overall consumption	31%	43%	43%
I am eating different foods	19%	25%	32%
I travel less or differently	13%	27%	31%
I support "Green" political candidates and policies	14%	16%	26%
I use renewable electricity as a power source	17%	18%	25%
I have purchased or plan to purchase an electric vehicle	24%	17%	24%
I am reducing online purchasing to reduce carbon related to transport	10%	18%	22%
I have decided not to have children/have smaller family	3%	9%	14%
None of the above	24%	17%	12%

What actions or behaviours, if any, have you taken to reduce your impact on climate change?

Comments

- Ukrainian respondents **are less considerate when planning the total consumption** (31% versus 43% in the CEE region and globally). This can be mainly caused by economic uncertainty due to the ongoing war, which makes long-term financial planning more challenging, leading consumers to focus more on immediate needs.
- The 24% of respondents who do not take action to prevent climate change through their consumption choices may also reflect a broader societal attitude toward environmental activism, suggesting a lower level of support or approval for environmental initiatives.
- Overall, economic priorities, limited resources and lower awareness impact Ukraine's pro-environmental actions. However, with European integration of Ukraine, there is promising potential for significant improvements in environmental practices in the foreseeable/near future.

Meeting industry standards and certifications is the most important sustainability performance metric for the respondents

Comments

- Ukrainian consumers care significantly more about certifications and industry standards at a given company when making purchase decisions, as indicated by 40% prioritising this metric compared to 26% in CEE and 25% globally.
- The lower level of concern for a lower carbon footprint in Ukraine can be attributed to the ongoing war in Ukraine. It has led to increased CO2 emissions from the destruction of infrastructure, military activities and burning of fossil fuels, making immediate carbon reduction less feasible and less prioritised by the respondents.
- In January 2018, Ukraine implemented a law mandating waste sorting in accordance with European standards. However, the lack of infrastructure and enforcement mechanisms has hindered its effectiveness, further compounded by the war, which has imposed additional strains on the country's resources and capacities.

What information about a brand's sustainability performance and practices would increase your likelihood to purchase from them?

Brand sustainability metrics that incentivise greater consumption

		CEE	World
Waste reduction and recycling	34%	41%	40%
Eco-friendly packaging	39%	37%	38%
Positive impact on nature conservation	37%	33%	34%
Renewable energy usage	20%	25%	29%
Lower carbon footprint	10%	21%	26%
Meets certifications and industry standards	40%	26%	25%
Ethical labor practices	16%	18%	21%
Supply chain transparency	21%	21%	21%
Social responsibility programmes	19%	19%	20%
Demonstrating community engagement	10%	16%	17%

On average, Ukrainian respondents say that they would be willing to pay 9.4% above the average price for climate sustainability supporting products

The most important climate sustainable aspects of products

Willingness to pay above the average price for sustainable products

12.1%
More for bespoke or custom-made product

9.66%
More for product that is biodegradable and can be disposed of at home

11.07%
More for product produced / sourced locally

9.26%
More for product made from recycled, sustainable or eco-friendly materials

8.53%
More for product from company with a reputation for ethical practices

7.27%
More for product with shorter supply chain / lower carbon footprint

7.97%
More for product that is traceable and/or transparent about its origin

Summary
Customers are willing to pay on average

Ukraine	9.41%
CEE	9.01%
World	12.09%

more for environmentally friendly products

Comments

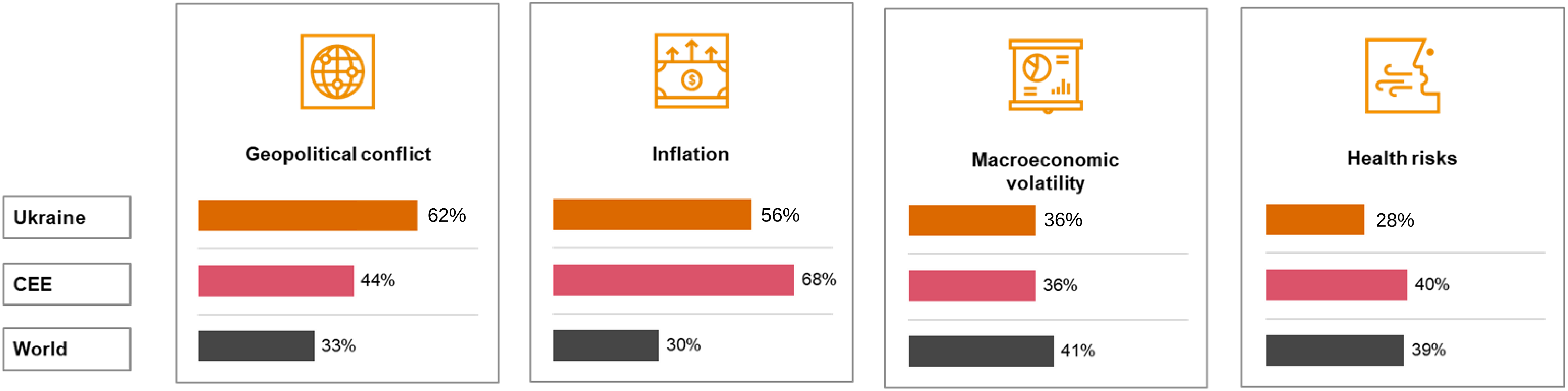
- Respondents would be willing to pay on average 9.41% (world: 12.09%) above the average price for products that are environmentally friendly and prevent climate change.
- It is worth noting that this data is based on the respondents' declaration and not real purchase decisions. While respondents are aware of climate change and the need to protect the environment, they often prioritise the cost of products and their own health over climate sustainability.
- Some aspects affecting the price do not result directly from any climate-related, but rather from other values, such as local patriotism when choosing products of local origin.

How much above the average price would you be willing to pay for a product that sustainable in the following way

2

Everyday life

Unlike their CEE peers, Ukrainian respondents expressed the most fears about the war, as well as inflation and macroeconomic volatility. Ukrainian respondents consider geopolitical conflict even a greater threat (62%), compared to their global (33%) and CEE peers (44%)



Comment

- Ukrainian respondents are significantly more worried about geopolitical conflict (62%) compared to CEE (44%) and global (33%) respondents, reflecting the direct impact of the ongoing war. Inflation also remains a key concern, though its impact is slightly lower in Ukraine (56%) than in CEE (68%). Interestingly, while macroeconomic volatility is a shared concern across regions, health risks are seen as less of a threat in Ukraine compared to CEE and global responses. This divergence underscores the unique challenges faced by Ukraine due to its current geopolitical situation.

Which of the following potential threats/risks do you feel could impact your country most in the next 12 months? (Ranked in top three)

Geopolitical conflict is identified as the greatest threat across all generations, particularly among Gen X, while inflation is more prominent in CEE

Potential risks & threats in the next 12 months by generation

% ranked in top 3	Millennials	Gen X	Ukraine	CEE
1st	Geopolitical conflict (60.32%)	Geopolitical conflict (75%)	Geopolitical conflict (62%)	Inflation (68%)
2nd	Inflation (52.38%)	Inflation (56.57%)	Inflation (56%)	Geopolitical conflict (44%)
3rd	Macroeconomic volatility (36,51%)	Macroeconomic volatility (34.3%)	Macroeconomic volatility (36%)	Health risks (40%)

- Ukrainian respondents rank the geopolitical conflict as the top risk for the next 12 months. In contrast, the biggest threat in CEE is a higher inflation, which is ranked as the second most significant concern by respondents.
- The threat perceptions are consistent across generations, with everyone equally focused on the geopolitical unrest, inflation and macroeconomic volatility due to the country's ongoing economic challenges.

**According to the State Statistics Service of Ukraine, annual inflation in Ukraine for 2024 was 12%. Inflation in the consumer market in December compared to November was 1.4%.continuing to rise. Infliation increase, faster than expected, was driven by smaller harvests, rising production costs and the hryvnia's earlier depreciation. According to recent data from the National Bank of Ukraine, inflation is forecasted to begin slowing down in spring 2025, returning to the 5% target by 2026.*

Which of the following potential threats/risks do you feel could impact your country most in the next 12 months? (Ranked in top three)

Respondents expect groceries to be the most significant increase in spending over the next six months

Consumption trends

Predictions about the amount of spending over the next six months in various categories

	World	CEE	Decrease	The same	Increase	CEE	World
Grocery	10%	10%	11%	29%	59%	60%	62%
Clothing and footwear	17%	15%	20%	25%	53%	53%	50%
Travel	17%	16%	18%	29%	29%	49%	50%
Health & Beauty	14%	14%	16%	33%	44%	48%	49%
Electronic devices	18%	15%	16%	24%	44%	47%	45%
Do-it-yourself/home improvement	15%	14%	16%	19%	49%	48%	45%
Furniture and homeware	18%	16%	17%	27%	41%	45%	42%
Household appliances	17%	15%	14%	32%	37%	40%	40%
Books, music, movies and video games	18%	17%	18%	38%	24%	34%	38%
Sports and outdoor equipment	17%	15%	16%	28%	26%	36%	36%
Luxury or designer products	20%	16%	17%	24%	21%	27%	32%
Toys	19%	16%	15%	35%	23%	35%	29%

Thinking about your spending over the next 6 months, please choose your expectations on spending in the following categories

Comments

- Respondents most often indicate that the largest increase in their spending will be related to groceries. This is mainly caused by rising inflation rates increasing food prices. Consumers also tend to prioritise essential items amid economic uncertainties
- The decrease in travel is directly underpinned by Ukrainian respondents being more cautious about non-essential spending, as they focus on saving up and addressing more important expenses.
- Spending on electronics is likely to rise due to the ongoing electricity issues and the increased demand, which drives prices upwards.

More than 40% respondents expect to increase their spending on fresh fruit and vegetables over the next 6 months, while almost a quarter will reduce their red meat consumption over the same time period

Consumption trends - Grocery

Predictions about the amount of spending over the next six months in Grocery

	World	CEE	Decrease	The same	Increase	CEE	World
Poultry	16%	15%	16%	60%	22%	25%	29%
Red meat	22%	22%	26%	49%	16%	18%	37%
Meat alternatives/plant-based meat	13%	15%	12%	25%	9%	17%	26%
Fish & seafood	16%	19%	23%	51%	24%	30%	35%
Fresh fruit & vegetables	9%	11%	16%	43%	42%	50%	62%
Frozen or canned fruit & vegetables	19%	17%	20%	53%	19%	23%	27%
Beans, pulses& legumes	11%	13%	13%	63%	20%	29%	35%
Diary	16%	14%	21%	54%	22%	30%	30%
Milk alternatives	14%	14%	13%	20%	6%	18%	26%
Grains	13%	13%	7%	65%	27%	28%	33%
Dietary supplements	11%	15%	21%	30%	19%	31%	36%

Thinking about your spending over the next 6 months, please choose your expectations on spending in the following categories

Comments

- As previously declared, Ukrainian consumers are expected to increase spending on health-related products such as fresh vegetables, fruit, grains and fish, reflecting a health-conscious trend. However, this increase is still below the global and CEE averages.
- A significant decrease of 26% compared to Global or CEE, and a modest 16% rise, may indicate current affordability problem and potentially gradual moving away from red meat consumption
- Meat and dairy alternatives show limited growth in Ukraine, with only 9% and 6%, respectively expecting to increase spending, highlighting a slower adoption rate compared to the CEE and world.

In making food and dietary choices, respondents weigh the balance between personal health impacts and the affordability of nutrition, while environmental factors play a less significant role

Dietary choices and their motivations

Key considerations for food and dietary choices

	Ukraine	CEE	World
Cost of products	63%	63%	52%
The food is in season	61%	46%	36%
My general health	55%	53%	57%
Produced or grown organically or locally	41%	28%	30%
Nutritional information	24%	35%	46%
Convenience	24%	31%	34%
The impact on the environment	5%	13%	19%
Food trends	5%	12%	16%

Financial   Health   Seasonal   Environmental

	Disagree	Neither agree or disagree	Agree
Health			
I would incorporate health-tracking features, such as monitoring blood oxygen levels, into my lifestyle through products like smart wearables	18%	25%	57%
I would be interested in accessing a weight loss prescription drug if it's available and cost effective	45%	21%	34%
Financial			
I would purchase food items near their expiry date if there was an incentive	40%	15%	45%
I use a food delivery subscription service	55%	22%	23%
Environmental			
I would find an independent sustainability score on food labeling useful when choosing product	14%	29%	57%
I proactively seek out information to learn if a food product is grown or created sustainably	32%	25%	43%

Comments

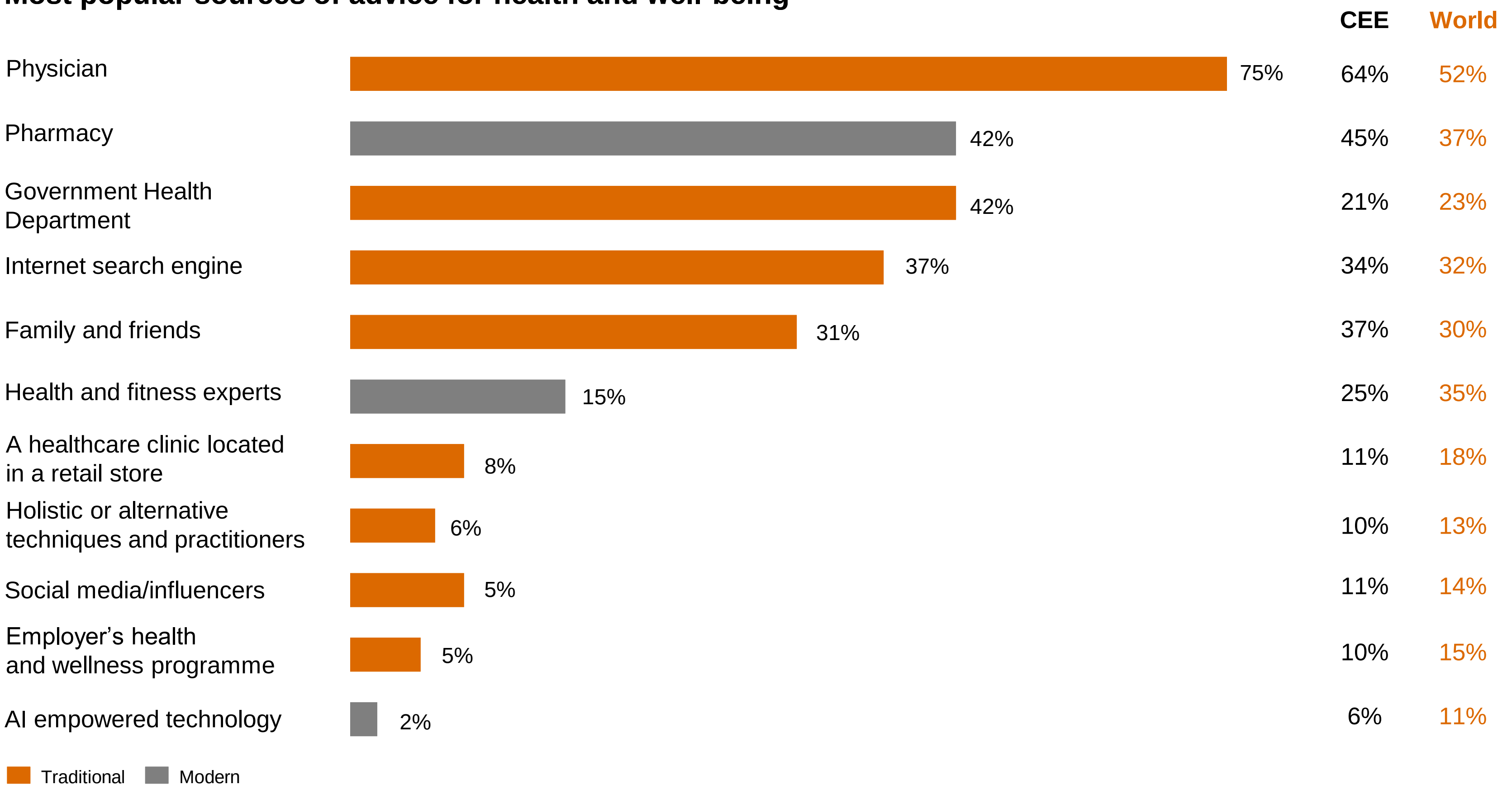
- When choosing food, respondents primarily prioritise health, followed by affordability, with climate concerns being the least important factor.
- Due to a high inflation, largely driven by the war in Ukraine, the cost of products now dominates other factors when making dietary choices. As discussed on the previous slide, this is evident in the decreased expenditure on red meat, which is more expensive than poultry. Additionally, there has been an increased spending on fruit and vegetables, reflecting the high importance consumers place on buying seasonal foods, as shown by it being the second most important factor on the chart.
- Although environmental factors are currently the least significant, rising awareness of climate change — evident in respondents seeking sustainability scores and information — along with new ESG regulations — may increase their importance.

Which of the following do you consider when making food & dietary choices? (Ranked top 3)

Respondents are more likely to seek advice on health and well-being from healthcare professionals rather than trusting digital sources like AI technology or social media

Health advice sources

Most popular sources of advice for health and well-being



Which of the following sources do you turn to for advice on health and wellbeing? (ranked top 3)

Comments

- Ukrainian respondents trust the Government Health Department much more than CEE and the rest of the world. This trust may be attributed to the emphasis on reliable state-provided information and authoritative guidance.
- At the same time, respondents place almost no confidence in AI technology for health advice (2%), preferring traditional sources and assured quality information. However, they show a significant trust in internet search engines (37%) for health information, highlighting a preference for more familiar and accessible digital sources over emerging AI technologies.
- In financial matters, Ukrainians critically assess their decisions by considering affordability. For health advice, they seek reliable sources, with physicians (75%) and pharmacies (42%) being the most trusted. This strong reliance on professional guidance is further supported by the availability of free healthcare in Ukraine, which ensures access to trusted medical services.

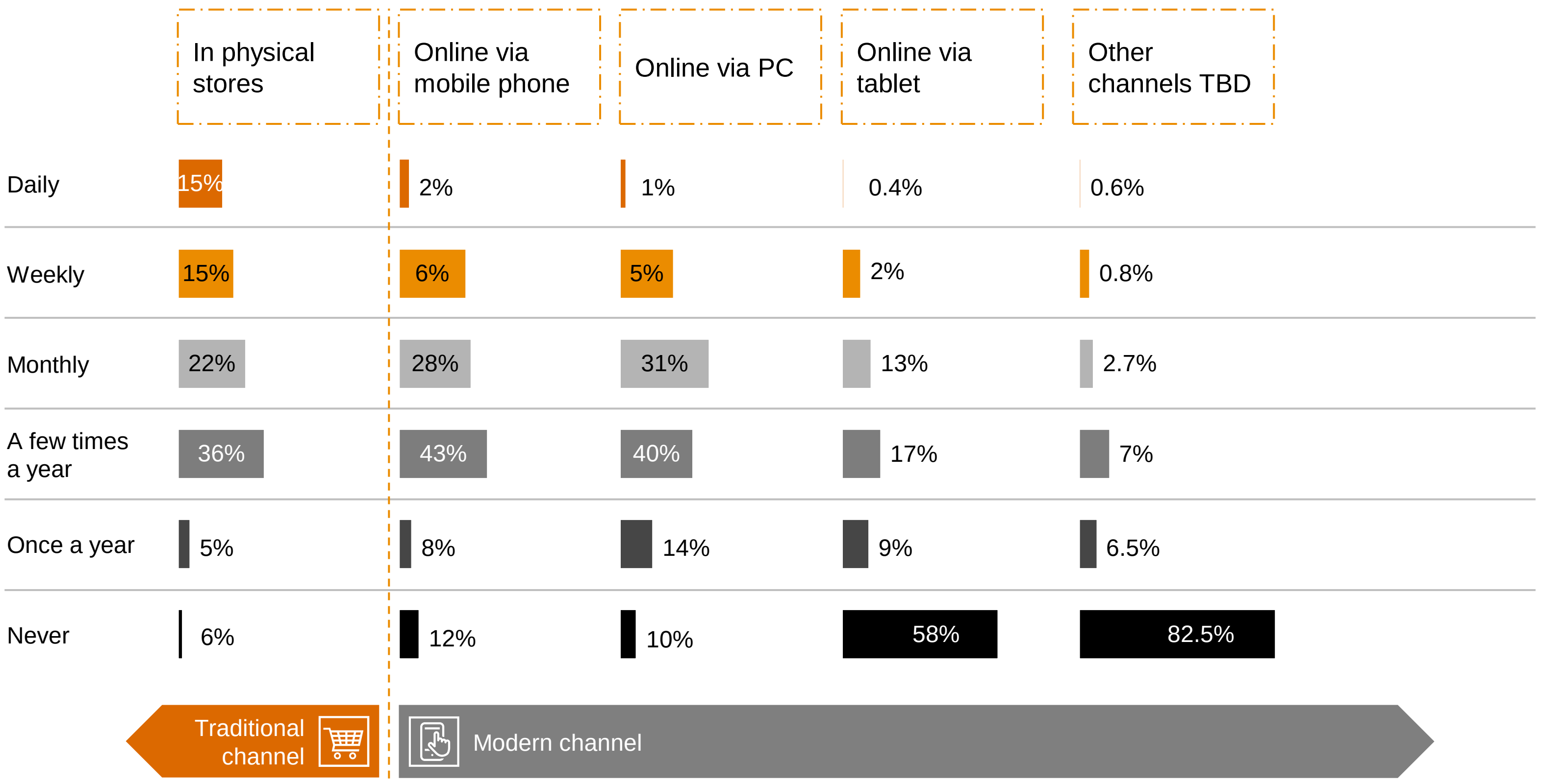
3

Technology

In-store shopping remains the most popular sales channel, with frequent visits on a daily or weekly basis, but online channels are steadily gaining popularity

Traditional vs modern shopping channels

Frequency of using different sales channels



In the last 12 months, how often have you bought products (e.g., clothes, books, electronics) using the following shopping channels?

Comments

- Ukrainian respondents are less engaged with modern shopping methods compared to the global average. Monthly, 36% shop on mobile and 37% on PC, whereas the global averages are 62% and 50%, respectively. Shopping via tablet is less popular among the Ukrainians compared to other shopping channels, with 58% of respondents reporting that they never shop using a tablet.
- Ukrainian shoppers favour physical stores, with 15% shopping in-store daily compared to 11% globally. However, the global trend shows a broader pattern of regular offline shopping, with 59% of respondents shopping in-store either weekly (31%) or monthly (28%). In contrast, only 37% of Ukrainian respondents shop offline with the same frequency—15% weekly and 22% monthly. This indicates that - while the Ukrainians visit physical stores more frequently on a daily basis - globally, there is a stronger tendency for regular weekly or monthly offline shopping.

Consumers fluently move between the traditional and online sales channels, increasing their ability to obtain full information about the product and make the right choice

Sales channels tasks

Channels consumers plan to use across shopping stages	Discovery of products / ideas on what to buy	CEE	World	Researching for more information on products or comparing items	CEE	World	Making your purchase / completing the sale	CEE	World
Visiting the stores in-person	60%	58%	55%	45%	46%	50%	51%	48%	49%
Speaking with associates in stores	40%	36%	36%	52%	52%	55%	35%	32%	31%
Social Media	44%	43%	40%	46%	47%	50%	21%	20%	21%
Generative AI inquiries (ChatGPT)	18%	20%	24%	19%	28%	36%	N/A		
Google or other search engine	57%	53%	47%	53%	59%	62%	24%	24%	21%
News / blog articles	24%	33%	33%	44%	45%	46%	N/A		
Talking with friends / family	50%	51%	49%	57%	56%	58%	N/A		
Brand websites	47%	49%	46%	54%	57%	58%	30%	30%	29%
Brand apps on iPhone / Android	32%	35%	37%	36%	41%	47%	24%	23%	25%
Chatting with a brands customer service / chatbot	24%	23%	27%	29%	34%	40%	16%	14%	15%
Online marketplaces	31%	33%	40%	31%	38%	51%	24%	27%	37%
Smart home voice assistants	17%	19%	23%	17%	23%	30%	N/A	10%	13%
Augmented Reality (AR) based and Virtual Reality (VR) based	10%	17%	21%	14%	22%	29%	8%		
Other	8%	9%	6%	6%	10%	7%	5%	6%	4%

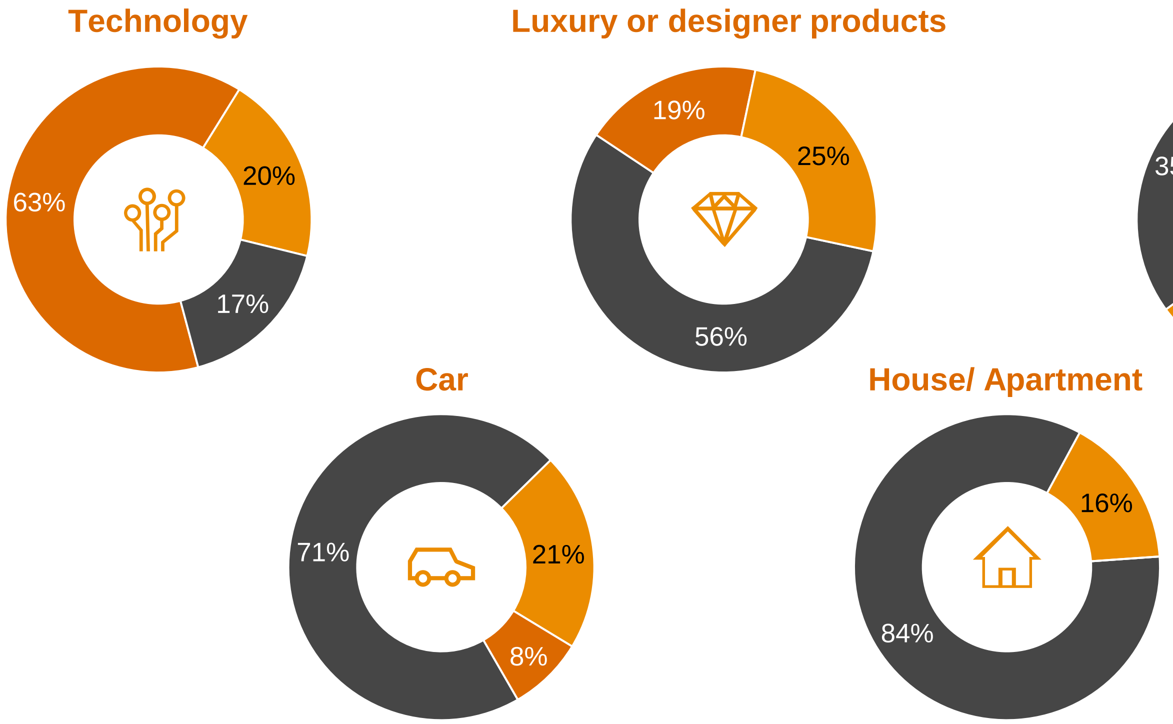
Offline   Online

Exploring the anticipated role of offline and online in the consumer purchase journey showing an average across 10 product categories: Electronic devices; Household appliances; Clothing and Footwear; Books; music, movies & video games; Furniture & homeware; Sports & outdoor equipment; Do-it-yourself/home improvement; Groceries; Toys; Health & beauty

The youngest respondent groups display the greatest tendency to buy products online without first seeing the product in real life

Blind shopping

Products from selected categories that consumers were willing to purchase online without a prior in-store visit



Purchased online without seeing it in reality

No, I have not purchased online without seeing it, but I would be open doing so

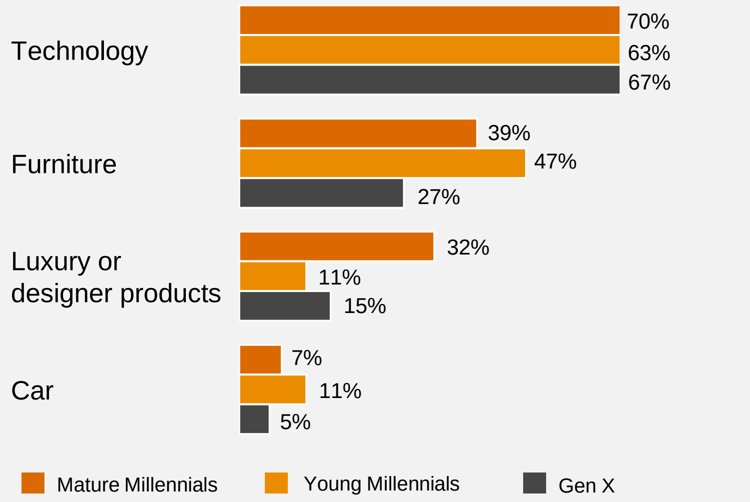
No, I have not purchased online without seeing it and would not be interested in doing so

Which, if any, of the following significant purchases have you purchased or would consider purchasing online without having seen the physical product?

Comments

- Consumers often switch between various sales channels throughout their buying journey. Traditional channels offer the advantage of seeing, testing and experiencing products before purchasing, while online channels, though limited in this regard, use different strategies to provide comprehensive product information.
- Feedback indicates that for lower-value items, consumers are more inclined to purchase online without first viewing the product in person.

Percentage of the generation that purchased the category online without seeing it in reality



Despite the growing effectiveness of advanced chatbots in problem-solving and detailed responses, almost half of respondents still seek the assurance of human experts for seamless customer support

Chatbot capability enhancement

Comments

- With the growing adoption of AI tools for personal use, there is potential for significant progress in the effectiveness of chatbots in customer service, leading to improved and more reliable support in the future.
- However, despite the rapid advancements in artificial intelligence, Ukrainian respondents remain skeptical about interacting with AI. This skepticism may stem from concerns about privacy and doubts about AI's ability to provide optimal solutions and fully understand individual consumer needs.

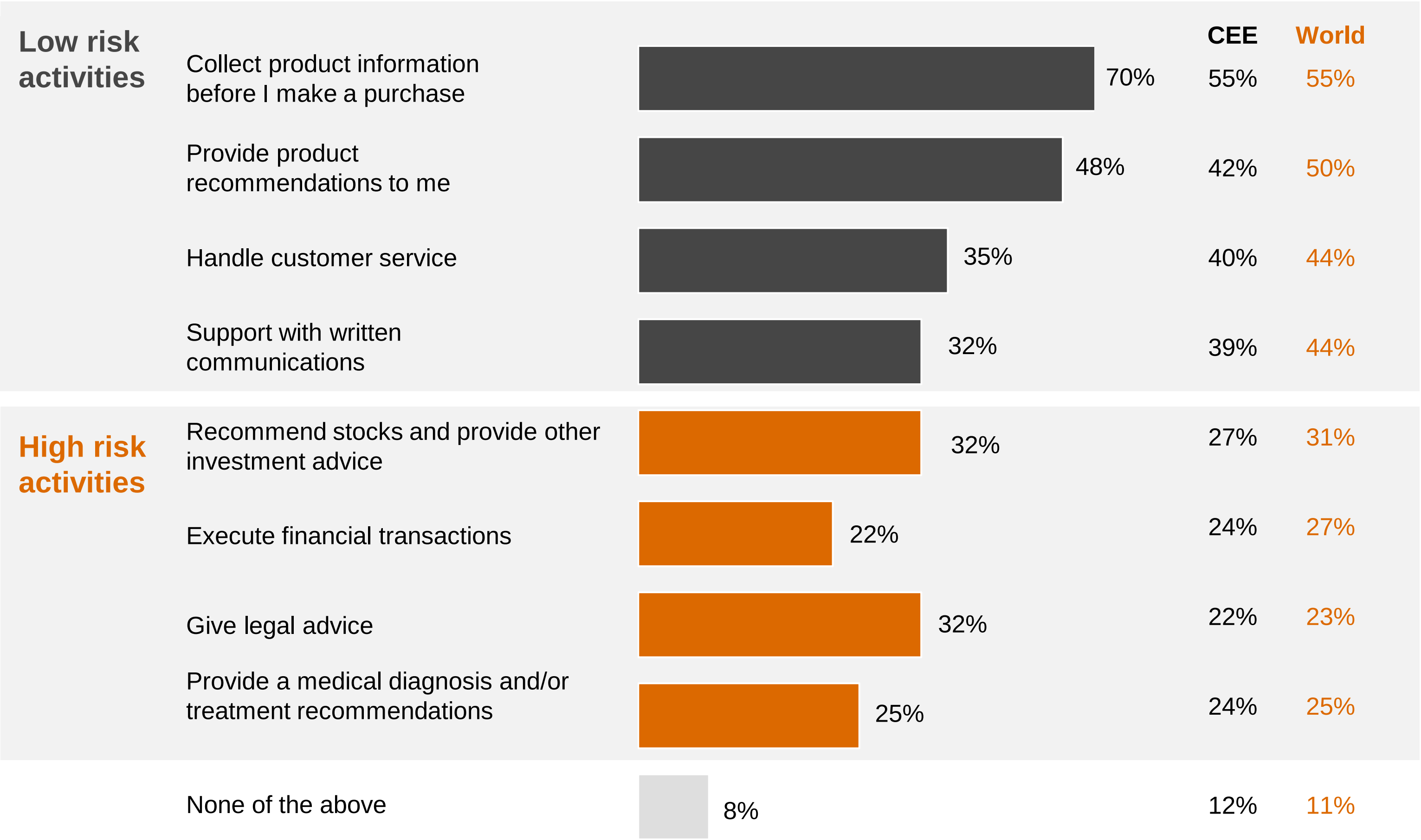
When communicating with a company via a chatbot, which of the following capabilities would enhance your experience? (ranked top 3)

Capabilities that enhance the experience of communicating with company

		CEE	World
Connect me directly to customer service agent if it cannot provide a satisfactory response to my query	51%	49%	49%
Ability to solve complex problems	44%	45%	44%
Providing more fluent and detailed answers	48%	42%	42%
Faster response time	47%	40%	42%
Recommendations and advice over and above the original question	26%	30%	29%
Responding to voice commands and communication	17%	21%	21%
A more personalised experience based on knowledge of me and my preferences	21%	24%	31%
Responses reflecting the brand's ethos/sprint interactions	9%	13%	17%
Other	3%	4%	4%

70% of Ukrainian respondents are willing to trust AI to gather product information before a purchase, recommend products (48%), or handle customer service (35%). However, they are less inclined to rely on AI for legal and investment advice or executing financial transactions

Trusting AI to replace human-managed activities



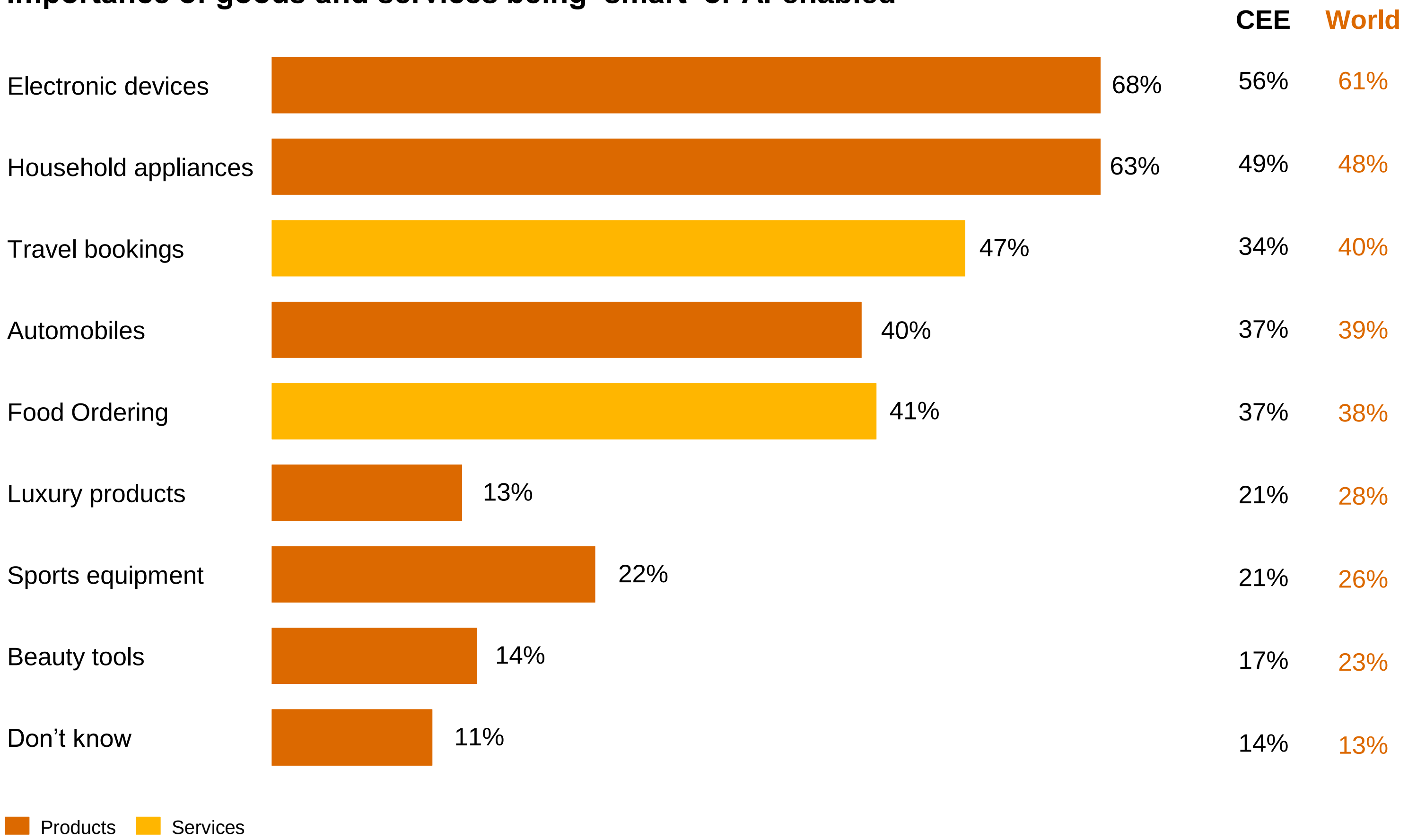
Considering the recent advancements in Artificial Intelligence (AI) technology, which of the following activities would you trust AI to do accurately in place of human interaction?

Comments

- The rapid integration of AI often exceeds consumer trust. Its success in replacing human tasks relies on trust, ease of use and its advantages in specific areas. AI's strengths - speed and cost-efficiency - make it well-suited for routine queries and basic customer service, but tasks requiring high accuracy, such as legal advice or execution of financial transactions, need a greater emphasis on precision and addressing user concerns.
- Fewer people are likely to trust AI with high-risk activities involving financial or privacy concerns compared to simpler tasks like product recommendations. Similarly, individuals often rely on other humans for these high-risk tasks.
- Ukrainian respondents' willingness to use AI is generally in line with global trends, but they are notably more open to receiving AI-generated legal advice, with 32% expressing interest compared to 23% globally.
- For daily commuting in autonomous vehicles, 61% of Ukrainians rate their comfort level at 7 or higher, with 26% giving a perfect 10, compared to 14% globally.

Most respondents recognise the value of products and services being ‘smart’ or AI-enabled for easier and faster use

Importance of goods and services being ‘smart’ or AI-enabled



Thinking about the future of technology and its ability to deliver personalized digital experiences, how important to you is it that the following types of goods or services are „smart” or enabled by Artificial Intelligence?

Comments

- While large-scale AI integration is met with scepticism, the Ukrainians surveyed highly value personalisation and AI-enabled features in practical products like electronics and household appliances. This indicates that AI and ‘smart’ solutions are mainly seen as enhancements for ease of use and improved lifestyle.
- Ukrainian respondents generally place greater trust in ‘smart’ or AI-enabled products compared to global averages. For example, 68% trust AI-enabled electronic devices, compared to 61% globally; 63% trust AI-enabled household appliances, versus 48% globally; and 47% trust AI-enabled travel bookings, while only 40% of global respondents feel the same. This increased trust reflects a strong belief in the innovative and reliable nature of AI technologies, which are seen positively across all generations in Ukraine.
- Compared to global results, Ukrainian respondents are less willing to see AI advancements in sports equipment (22% vs 26%), luxury products (13% vs 28%) and beauty tools (14% vs 23%).
- Approximately 1 in 9 respondents is unwilling to adopt smart or AI-enabled features in any of the presented goods and services, likely due to concerns about trust in AI or privacy issues.

***61% Ukrainian respondents** would trust drones to deliver parcels ordered online to reduce city congestion*

The primary concerns about AI are cybersecurity and privacy threats, along with the risk of inaccurate information; respondents are particularly worried about cyber threats from AI compared to the rest of the world

Technology-related risks

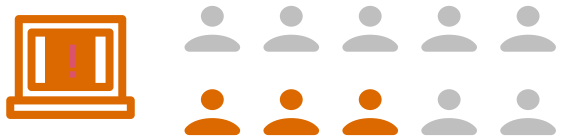
Most common concerns regarding further developments and capabilities of AI

	World	CEE	Concerned	Not concerned	CEE	World
Increased risk of being hacked / scammed cyber threats when using AI	77%	86%	91%	9%	15%	13%
Potential job loss due to AI capabilities	81%	76%	73%	27%	24%	19%
How AI development could infringe on my personal privacy and data privacy	85%	80%	85%	15%	20%	15%
Lack of regulation/governance for AI	85%	79%	79%	21%	21%	15%
Inaccurate information	84%	72%	87%	13%	18%	16%
Less human interaction in daily life	79%	75%	70%	30%	25%	21%
AI's inability to apply human judgment and wisdom	81%	78%	81%	19%	22%	19%
A lack of transparency about who or which organisations are driving AI development	83%	82%	84%	16%	18%	17%

Thinking about your spending over the next 6 months, please choose your expectations on spending in the following categories

Comments

- Distrust of AI and its adoption is influenced by respondents' uncertainty about the technology. The primary concerns related to AI are cybersecurity risks, the potential spread of misinformation, and online privacy issues.
- Compared to global results, Ukrainian respondents are less afraid about potential job loss due to AI. This may result from Ukraine's economy having a diverse mix of sectors, which might include jobs less likely to be replaced by AI technologies.
- In Ukraine, younger generations are less concerned about AI. 61% of consumers aged 25-34 worry about AI negatively affecting daily human interactions, compared to 73% of those aged 45-54.



In the last six months, about 35% (3 in 10) of respondents have frequently encountered suspicious online activities, while 15% (1 in 7) have not experienced these issues.

While 87% of respondents acknowledge the importance of data privacy and security, only about 52% feel they have a clear understanding of how their data is stored and shared

Personal data sharing

It is important for me to know that my devices are keeping my information private	87%
I typically opt out of receiving marketing from a company when browsing/ buying something on their website	52%
When using apps or services, I'm confident I understand how data is being shared	52%
I trust my technology devices to keep my information private and secure	48%
I am happy for technology brands and platforms to use my data to deliver useful features and services	36%

Key insights

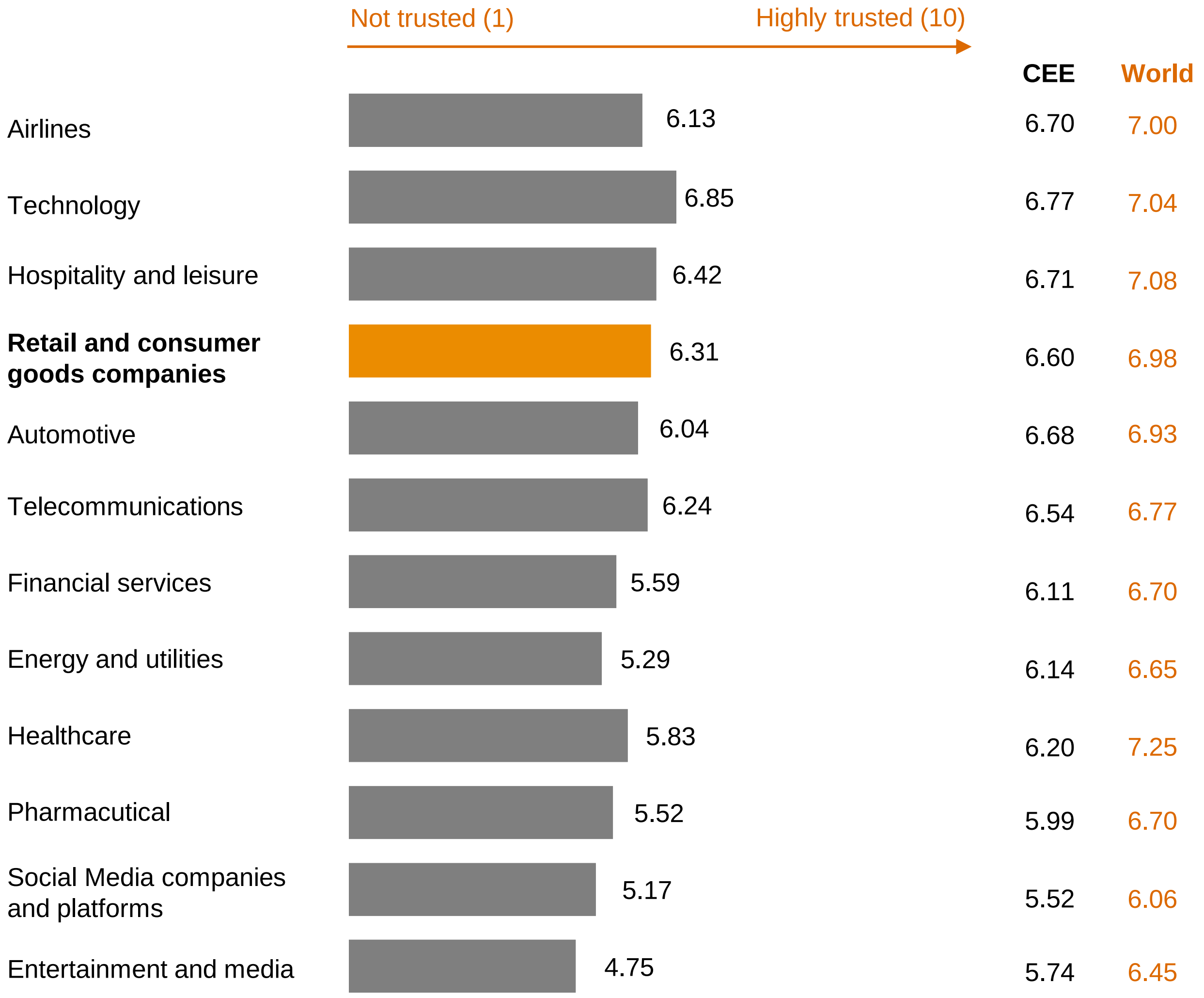
- Given the threats undermining trust in AI, protecting personal data is crucial for building confidence. While most respondents are concerned about privacy and data security, many lack clarity on how their data is stored and protected. Additionally, those who believe they understand data security may be overestimating their knowledge. Recent cybersecurity reports indicate that many individuals still use weak passwords.
- This situation is expected to improve with increasing awareness of privacy issues, stronger encryption regulations and public campaigns promoting practices like using strong passwords and password managers. Most consumers choose not to share their app or website usage data for personalisation or analytics, driven not only by privacy concerns but also by the risk of unwanted marketing communications.
- Compared to the global average, Ukrainian respondents are significantly less willing to share their data for personalised experiences (41% vs 49%) and for analytics purposes (36% vs 49%).

Which of the following potential threats/risks do you feel could impact your country most in the next 12 months? (Ranked in top three)

4

Market/ Manufacturer

Consumers trust by selected industry



On a scale of 0 to 10, to what extent do you think companies in each of the following industries are generally trustworthy?
PwC

Retail and consumer goods rank among the top industries for consumer trust in Ukraine

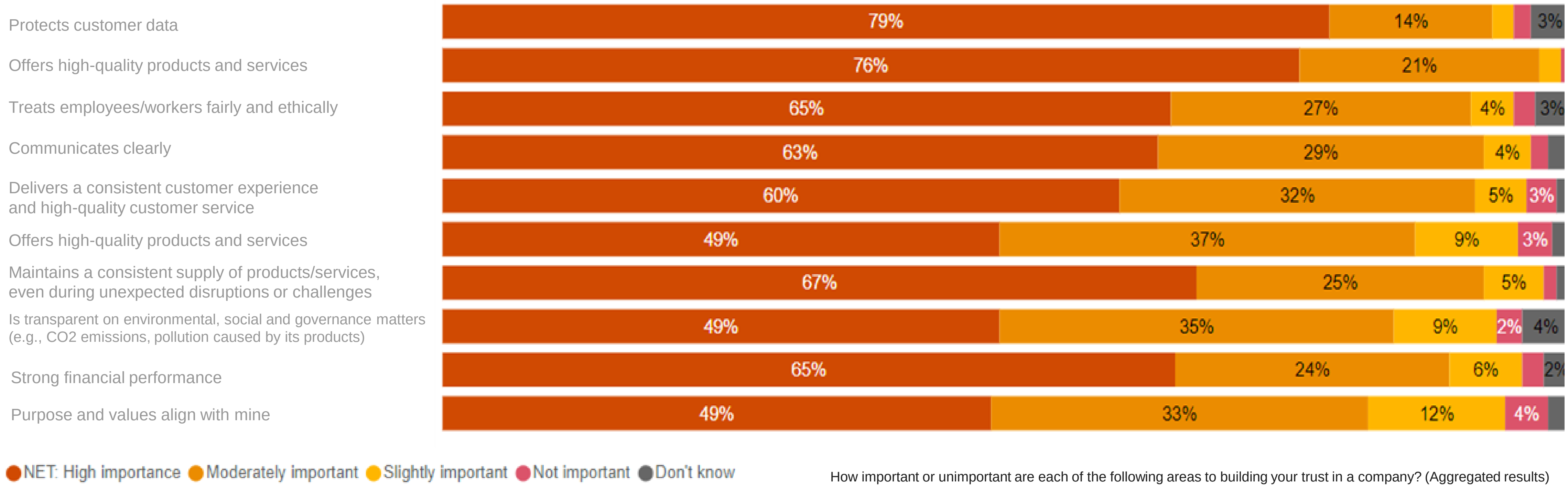
According to **Boris Markov, the Chairman of the Board and General Director** of one of Ukraine's leading retail group, **ATB Corporation,** customer engagement is driven by several key factors. Convenient store locations make it easy for customers to access stores, while effective shop floor ergonomics ensure a seamless shopping experience. Quick checkouts reduce wait times and improve satisfaction. Modern services keep the shopping experience relevant, and a curated product range meets diverse preferences. Competitive pricing provides good value, and social responsibility programmes enhance brand loyalty. These strategies contribute to high consumer trust and engagement, placing the retail and consumer goods industry among the top sectors for consumer trust in Ukraine.

Protecting customer data stands out as the most important factor in building consumers' trust in a company

Factors which most influence consumers' trust in companies

Comments

- Importance of specific factors are often dependent on the image of the company and specifics of the whole industry.
- Grocery retailers are often large employers and how they treat their employees has a big impact on consumers' trust. On the other hand, the customers' data protection is less important in this industry as the producers don't have access to a lot of data about the customer.



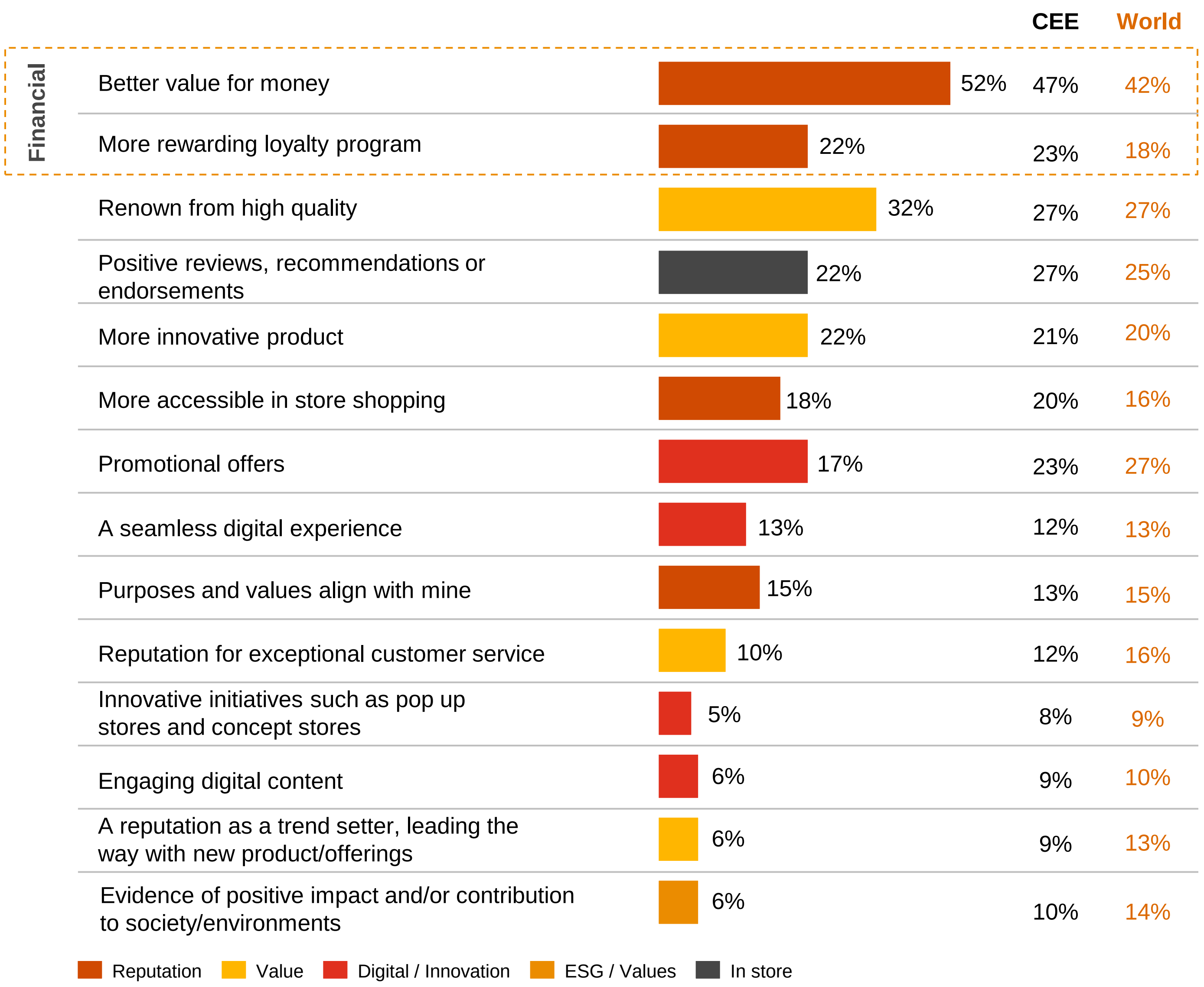
How important or unimportant are each of the following areas to building your trust in a company? (Aggregated results)

Financial incentives are the main drivers of brand switching, as over 50% of respondents are looking for better value for their money. Nevertheless, a strong reputation for high quality also significantly influences consumer decisions

According to Boris Markov, the Chairman of the Board and General Director of one of Ukraine's leading retail group, ATB Corporation, Ukrainian consumers demonstrate high price sensitivity, which has led to a significant rise in special offer sales. Despite this trend, there has been no substantial move towards more budget-friendly products; in fact, the share of economy range items has decreased. In response, ATB offers a diverse array of high-quality own-label products across multiple pricing segments, maintaining a consistent 20% share of total sales. The company's approach of delivering excellent value for money helps retain customers and counteract price-driven brand switching, reflecting the broader influence of factors like price, quality, and innovation on consumer brand choices.

Thinking of one of your favorite brands that you are loyal to, which of the following would entice you to try out a new brand that offers the same type of product(s)? (Ranked top 3)

Factors which can entice consumers away from their established favourite brands



Ukrainian respondents are less open to digital conveniences compared to the global average, showing a continued preference for traditional, human-centered interactions

In-store shopping infrastructure

Technology that encourages in-store shopping

		World	CEE
Mobile payment/contactless payment solution	33%	38%	43%
Self checkout technology	34%	35%	34%
Digitally enabled product tags to access further product details	41%	36%	37%
Real-time, personalized offers sent to my smartphone when I enter store	25%	32%	28%
Customized/personalized items created in-store	32%	29%	29%
Virtual experience and services through augmented reality technology	22%	26%	24%
An in-store navigation app	33%	23%	25%
A fully automated store experience	20%	23%	21%
QR code to obtain details about the products supply chain	21%	23%	23%
None of above	2%	7%	5%

Thinking about the in-store experience, which of the following technologies, if any, would encourage you to shop in-store? (Ranked top 3)

Mobile payment/contactless payment solutions

In Ukraine, the market for mobile and contactless payment solutions is less developed, with only 33% adoption compared to 43% globally. Also, new technologies are used more among younger individuals.

Self-checkout technology

This solution is most effective when combined with advanced contactless payments. Self-checkouts reduce wait times, but only 34% of Ukrainian respondents, similar to the global average, use them due to the preference for cash among many, particularly the Greatest Generation.

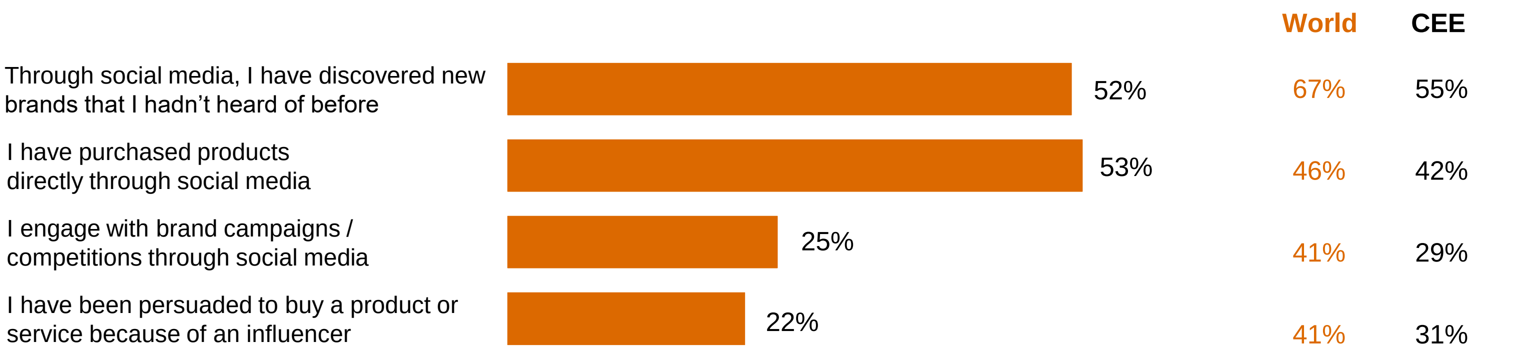
Digitally enabled product tags to access further product details

Digitally enabled product tags serve as an alternative to inquiring with staff and are notably more valued by Ukrainian respondents, who place greater importance on human input (41% vs 37% globally).

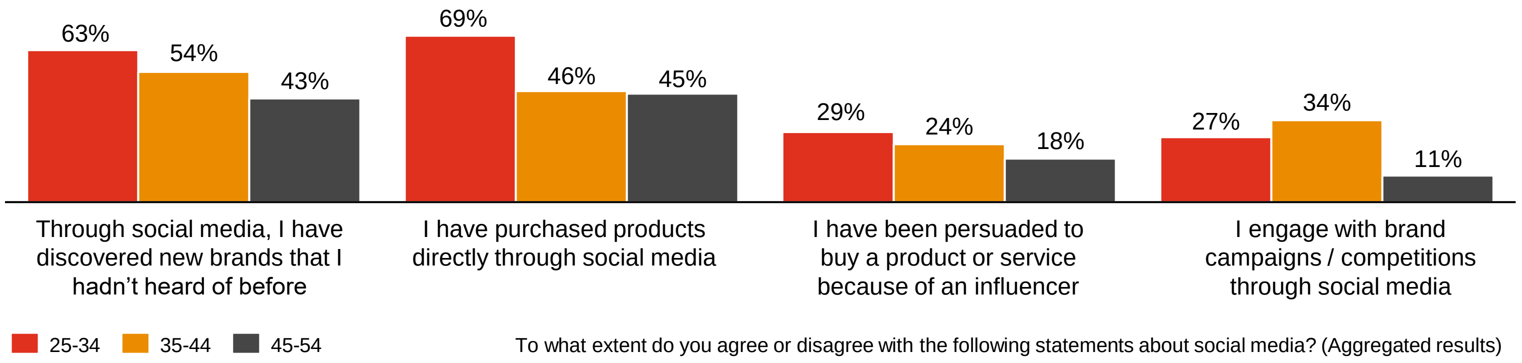
Social media allows new brands to connect with consumers, with 52% of respondents discovering new brands through this platform

Social media as sales marketing leverage and sales channel

Attitude towards marketing on social media in Ukraine, World and CEE region



Attitude towards marketing in social media in Ukraine across different age groups



To what extent do you agree or disagree with the following statements about social media? (Aggregated results)

General trends in social media marketing

Social media is increasingly popular as an advertising tool, primarily due to its ability to create highly personalised ads based on user activity. It also enables targeting specific interests and demographics through groups, communities, influencers and content creators. However, social media still remains more of a marketing lever than a direct sales channel.

Ukraine vs CEE and rest of the world

Compared to global results, Ukrainian respondents are less engaged in social media campaigns. This is partly due to lower online sales in Ukraine. However, this gap is expected to narrow as younger generations increasingly spend more time on social media and are more influenced by content creators and influencers.

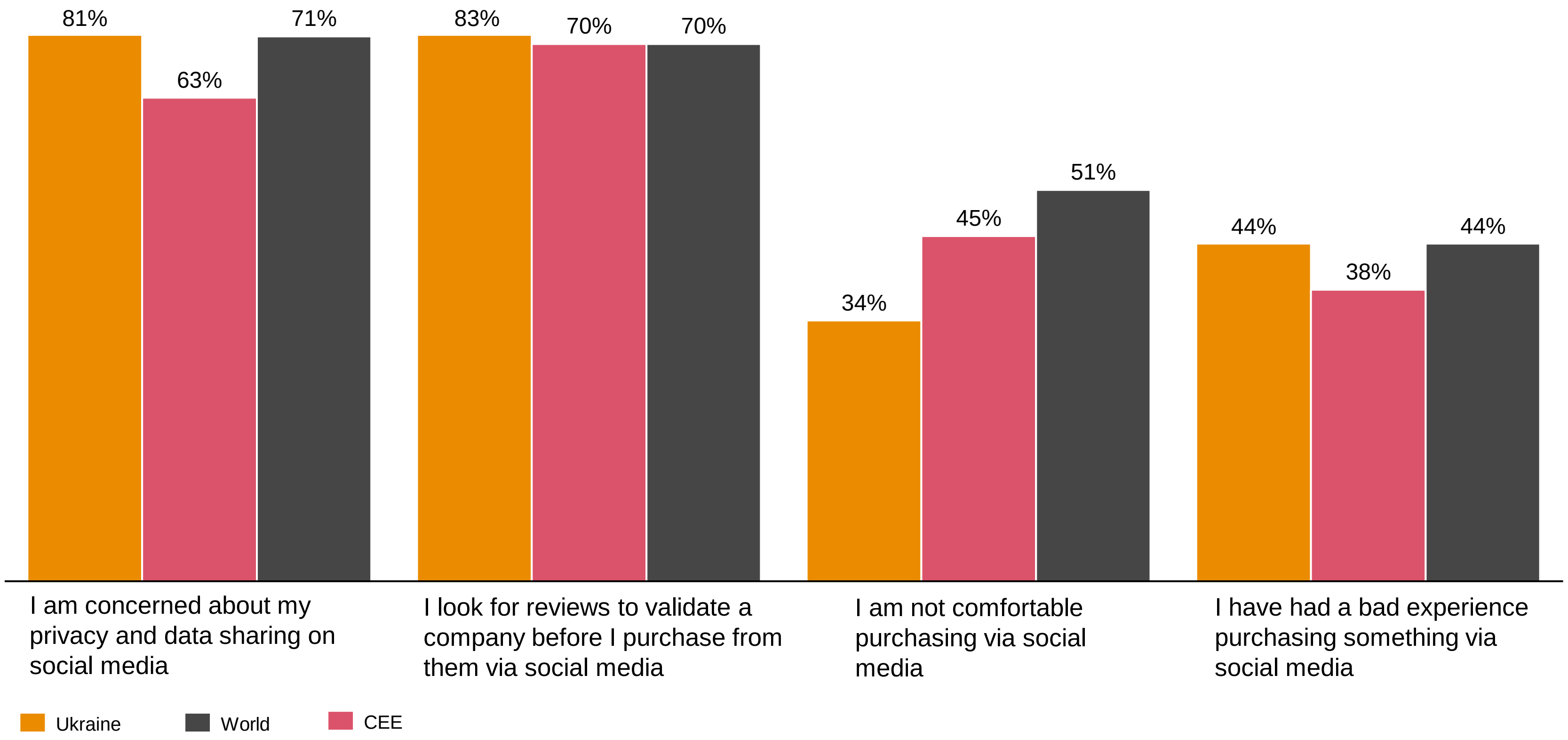
Differences between age groups

Engagement and persuasion to buy based on influencers are noticeably lower across all age groups, likely due to greater skepticism and lower participation in brand campaigns on social media

Social media is the most effective channel for personalised advertising but also raises significant concerns about potential privacy breaches

Social media threats

Threats related to social media



To what extent do you agree or disagree with the following statements about social media? (Aggregated results)

Comments

- Ukrainian respondents are more concerned with all analysed potential threats related to social media and purchases made through them. This, however, may be a result of heightened awareness of potential risks and privacy issues. Additionally, Ukrainian respondents may be more comfortable with purchasing via social media than those in CEE or the rest of the world due to a growing familiarity with digital platforms and an increasing trust in their security measures.
- When analysing concerns about social media use, it is important to consider the threats posed by increasingly prevalent AI. In fact, 92% of Ukrainian respondents fear an increased risk of scams, hacks and cyber threats due to AI. As AI-enabled marketing continues to develop and become more widespread, trust in social media advertisements and sales may decline further in the coming years.

Social media advertisements influence purchases for over 7 in 10 consumers globally, and their strength continues to grow

Different forms of personalized digital advertisement

Effectiveness of personalised advertisement in different sales channels

Social media	Retailer website	Email	Text message
74%	46%	33%	29%

Key insights

- Personalised advertising is becoming increasingly effective in building relationships between brands and customers. With the vast amount of data collected and the ability to process it using the latest AI tools, creating advertisements tailored to individual users is becoming a dominant communication channel and a powerful form of marketing.
- 83% of Ukrainian respondents aged 25 to 34 report that social media advertisements influence their purchasing decisions, while only 21% are influenced by text messages.
- Among customers aged 55 to 64, social media, retailer websites and email advertisements are equally effective, with 43% stating these channels influence their purchasing decisions.
- As more companies adopt multichannel advertising, quantifying the specific impact of each marketing medium on purchasing decisions becomes increasingly challenging.

Which type of personalized digital advertising is most likely to influence you to purchase? (Ranked top 3)

Factors that consumers value most when shopping online

	Ukraine	CEE
Availability of verified, trusted opinions about the product	51%	37%
User friendly website/interface	38%	25%
Faster delivery time	34%	43%
Verified suppliers	32%	27%
Promotions	27%	31%
Transaction security	26%	31%
Financing options	25%	23%
Transaction convenience	24%	30%
Uniqueness of the product	14%	20%
Environmental aspects	4%	12%

When shopping online, what do you value the most? (Rank Top 3)

Availability of verified, trusted opinions about the product attracts Ukrainian online consumers, while convenience matters most for CEE region consumers

- According to the **Tetyana Moiseenko, Chief Commercial Officer of Rozetka.ua** a Ukrainian marketplace, key factors influencing a customer's decision to visit a website and make a purchase include website usability with intuitive interfaces and fast loading speeds, verified client reviews and product ratings, competitive prices, attractive promotions, comprehensive loyalty programs and accessible content with detailed product descriptions and videos. Efficient customer service, including chatbots and timely delivery with tracking options, mobile and app usability, strong brand reputation, and personalised advertising based on user activity are also crucial.
- As stated by **Tetyana Moiseenko**, online shopping has undergone significant changes since the end of the pandemic and amidst the ongoing war. Companies are increasingly broadening their product ranges beyond their core items to address the fluctuating demand and mitigate risks. Despite these external challenges, online market continues to expand. Consumers have become more price-sensitive and selective, with a store's commitment to corporate social responsibility and support for national initiatives now playing a crucial role in their purchasing decisions.

To reduce online returns, retailers should invest in improving product descriptions and ensuring customers can easily access and read reviews

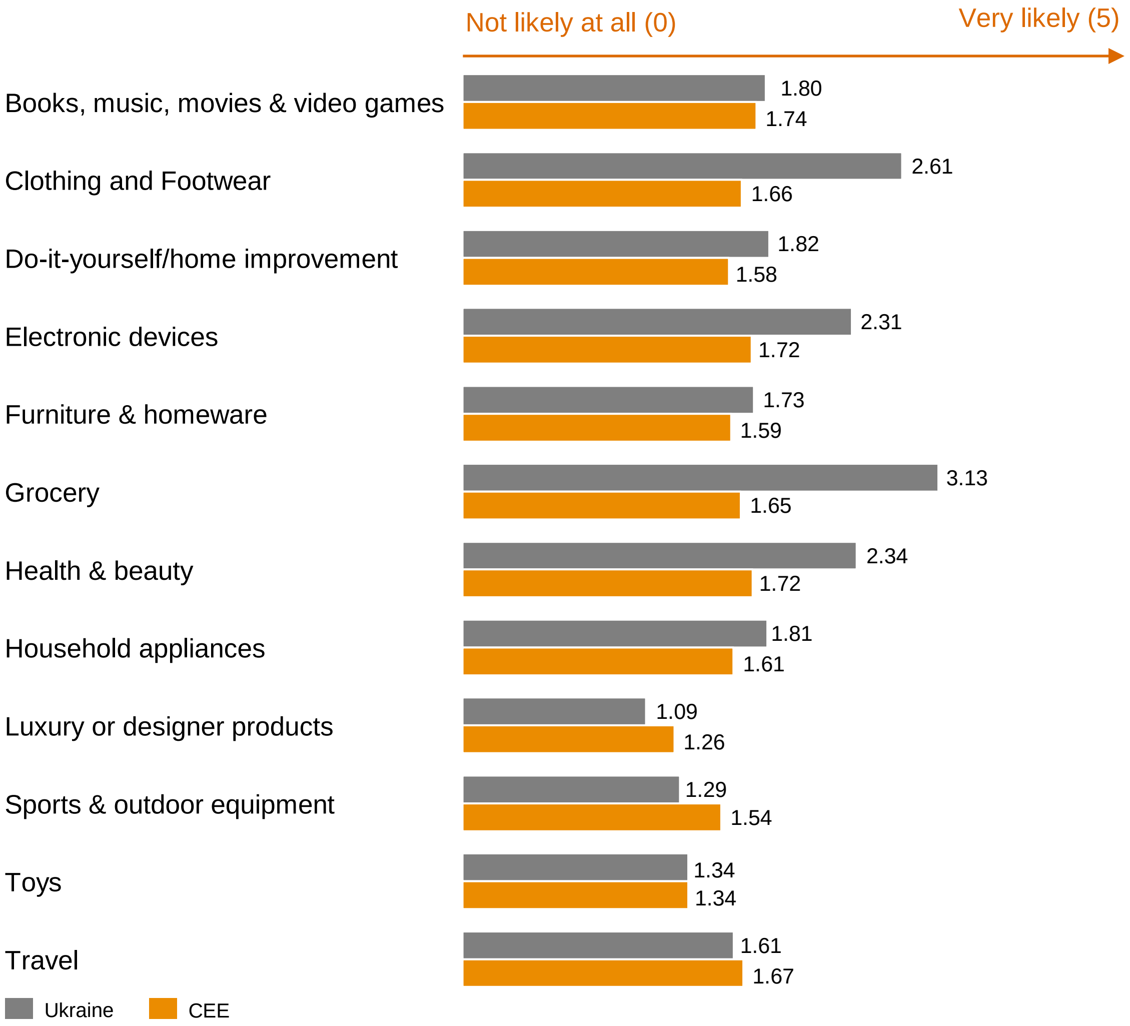
Comments

- Offering more accurate product information for online purchases is the most effective way to reduce returns. Additionally, enhancing the virtual product experience for consumers will lessen the reliance on traditional shopping channels.
- The climate aspect of returns, like other elements of the consumer's shopping journey, is rarely selected as a method to reduce returns, with only 6% of consumers choosing this approach.
- The hierarchy of factors influencing returns is quite similar between Ukraine and global results, though there are differences in percentage levels. In Ukraine, fewer consumers consider sizing recommendations based on previous purchases (21% vs 32%), fees for returns (20% vs 30%), and knowledge of the environmental impact of returns (6% vs 21%) compared to the global average.

Factors that reduced the number of returns based on personal experience according to surveyed consumers

49%	More accurate and detailed product description
43%	Ability to read customer reviews
38%	More detailed size information
34%	Items being packed appropriately to avoid damage
29%	More immersive and/or interactive images of products to clearly see what i am buying
21%	Sizing recommendations based on my previous purchases
20%	Having to pay a fee to make a return
6%	Knowledge around the environmental impact of returns

How likely customers are to move to subscription-based payment method across categories



% of respondents who are willing to switch to subscription [1)]

	Ukraine	CEE
Books, music, movies & video games	15.6%	24.9%
Clothing and Footwear	31.2%	26.0%
Do-it-yourself/home improvement	19.4%	21.4%
Electronic devices	26.2%	25.9%
Furniture & homeware	13.3%	200%
Grocery	47.1%	35.3%
Health & beauty	28.1%	26.4%
Household appliances	15.2%	21.8%
Luxury or designer products	8.74%	15.3%
Sports & outdoor equipment	10.2%	17.9%
Toys	11.4%	16.8%
Travel	16%	26.0%

1) Percentage of consumers who answered 4 or 5

Ukrainian respondents are less open to innovative subscription-based payment method across almost all categories

According to ATB Corporation, digital innovation is a key driver of long-term growth, new customer acquisition and customer value. The Company has set ambitious targets for 2024, aiming for 100% growth in ATB payment card sales, active cards, e-commerce sales, ATB Mobile App users (especially the E-receipt service) and B2B business.

Progress toward these targets is positive. The company is exploring new customer acquisition and motivation techniques, such as personalised vouchers and gamification-based projects, which have been well received by customers this year.

***6% of Ukrainian respondents** plan not to own a car, instead preferring to use various methods of renting or leasing (CEE 9%; World: 15%)*

Reach out if you want to learn more

www.pwc.com.ua