

THE GLOBAL CONSUMER

2  19

SHAPING THE FUTURE OF RETAIL

RetailWeek
CONNECT



**WORLD RETAIL
CONGRESS**

In partnership with



RETAIL WEEK FOREWORD



JAMES KNOWLES
HEAD OF COMMERCIAL PROJECTS, RETAIL WEEK

With an increasingly borderless and rapidly changing global retail economy where businesses have to fight for market share, it is imperative that retailers understand the macro trends driving consumer behaviour across the world.

Whether it be President Trump's tax cuts and protectionist trade wars with the EU and China; the continued, albeit slowing, growth of the Chinese economy; or Brexit dominating headlines across Europe, these are era-defining times for the global economy and the retail sector across borders.

In addition, the digital transformation of society at large means a consumer who is now always connected via the internet and social media, not just to their friends, families and colleagues, but

to other consumers, retailers and brands across the world.

This inter-connectivity has led to the rise of remarkably global consumer trends, from how consumers feel about politics, economics and their own financial prospects, through to whether they are likely to spend in the coming year, how they want to shop and what they plan to buy.

The Retail Week and DWF *Global Consumer 2019* report provides a comprehensive guide for retail decision-makers looking to understand all of the factors at play.

We surveyed 10,000 consumers across 10 key retail markets and the findings provide compelling insight into how those customers are behaving and what retailers need to do to win their spend and thrive in the digital economy.



These are era-defining times for the global economy and the retail sector across borders



RETAIL WEEK CONNECT: GLOBAL CONSUMER 2019

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DWF

VIEWPOINT



HILARY ROSS

GLOBAL HEAD OF RETAIL, FOOD & HOSPITALITY, DWF

The technological revolution shows no sign of slowing in the retail sector and, if anything, the pace of change continues to increase.

Despite this, the past few years have shown retailers that embracing technology in isolation does not deliver a successful business model and often creates as many problems as it solves.

Whileetailing allows access to new markets as well as new consumers, it does not remove the need to have a clear retail concept that identifies and connects with a retailer's core consumer group.

Consumers remain at the heart of a

successful retail strategy. This report is designed to provide a clear understanding of the global consumer by identifying their increasingly complex needs and how their buying patterns are driven by personalised experiences and the retailer's ethics.

Importantly, it also provides insights into the consumers' own predictions about their disposable income and their intended spending patterns.

We believe this report provides international retailers with essential insights designed to support them in creating a global consumer strategy that can be delivered locally.



Embracing technology in isolation often creates as many problems as it solves



DWF

DWF is a global legal business with expert retail and food sector teams. Whether it is from factory to front door or farm to fork we enable retailers to manage the transformational change demanded by consumers and needed to create sustainable growth.

Our experts support clients in reducing risks, creating opportunities and building innovative strategies for success. We anticipate, understand and

challenge the legal framework whilst staying focused on business growth and your commercial needs.

Operating in 27 locations, we support the development of your global strategy and guide implementation with our local knowledge.

SURVEY SNAPSHOT: GLOBAL THEMES

CONSUMERS ARE LESS CONFIDENT ABOUT THE 2019 POLITICAL AND ECONOMIC OUTLOOK. CHINA AND THE UAE ARE THE ONLY EXCEPTIONS



CONSUMERS ARE EXPECTING THEIR PERSONAL FINANCES AND ABILITY TO MAKE MAJOR PURCHASES TO FALL IN 2019



ONLINE WILL CONTINUE TO BE THE BIGGEST GROWTH CHANNEL



THE EU IS MORE POSITIVE THAN THE UK ABOUT BREXIT, BUT LESS POSITIVE ABOUT ITS FUTURE



FOOD WILL EXPERIENCE THE BIGGEST SPEND INCREASE AND ETHICAL PRODUCTS WILL BECOME MORE POPULAR



SURVEY SNAPSHOT

68% OF AMERICAN CONSUMERS FEEL THE SAME OR LESS CONFIDENT ABOUT THE ECONOMIC OUTLOOK FOR 2019



JUST 15% OF IRISH CONSUMERS ARE MORE POSITIVE ABOUT THE POLITICAL OUTLOOK FOR 2019



47% OF GERMAN AND 51% OF FRENCH CONSUMERS ARE 'NOT SURE' ABOUT THE FUTURE OF THE EU POST BREXIT

38% OF AUSTRALIANS FEEL LESS CONFIDENT ABOUT THEIR ABILITY TO MAKE MAJOR PURCHASES, COMPARED WITH JUST 17% WHO FEEL MORE CONFIDENT AND 44% WHO FEEL THE SAME



JUST 23% OF UK CONSUMERS FEEL POSITIVE ABOUT THE GOVERNMENT'S HANDLING OF BREXIT NEGOTIATIONS



18% OF ITALIAN CONSUMERS AGED 18 TO 24 HAVE A MONTHLY BUDGET OF BETWEEN €560 (£499) AND €1,125 (£1,003), COMPARED WITH 8% OF 45- TO 54-YEAR-OLDS



55% OF UAE CONSUMERS ARE POSITIVE ABOUT THE COST OF LIVING AND 45% THEIR PERSONAL HAPPINESS FOR 2019, RANKING ALONGSIDE CHINA AND KENYA AS THE MOST POSITIVE



76% OF CHINESE CONSUMERS ARE BECOMING MORE CONCERNED ABOUT THE ENVIRONMENT AND 82% ARE SHOPPING WITH NEW RETAILERS AND BRANDS AS A RESULT

AT A GLANCE

WHAT YOU NEED TO KNOW ABOUT THE 10 MARKETS WE SURVEYED



AUSTRALIA

CHALLENGES

- Respondents feel more negative than positive about the political (46% versus 12%) and economic situation (45% versus 13%).
- Product quality (59%) and discounts (57%) are driving decision making for consumers, creating a balancing act for retailers.

OPPORTUNITIES

- + In line with other markets, 18- to 24-year-olds are most optimistic, with 44% expecting to see an increase in disposable income.
- + Online will experience the biggest growth, but the youngest consumers will drive store sales, with 34% planning to increase their spend.



CHINA

CHALLENGES

- Despite the wide expanses of the country, 50% want same-day delivery and 36% want click and collect, whether to a store, locker or third party.
- Customer reviews matter: 10% of 18- to 24-year-olds consider reviews important, while this increases to 34% for those aged over 55.

OPPORTUNITIES

- + China bucks the international trend – consumers are more positive across all confidence measures for 2019.
- + More than half feel more confident about their personal finances, ability to save, personal happiness and cost of living for 2019 versus 2018.



FRANCE

CHALLENGES

- French consumers are negative around every confidence measure, except personal happiness. There is significant uncertainty around Brexit negotiations and the future of the EU.
- French consumers will spend less across all channels in 2019.

OPPORTUNITIES

- + Younger consumers are expecting an increase in their disposable incomes in 2019.
- + French consumers value quality, but they also want low prices. So retailers may either have to offer both, or excel in one of those areas.



GERMANY

CHALLENGES

- Some 60% of German consumers are less confident about politics and 43% about the economy for 2019. There is uncertainty over the prospects of the EU following Brexit.
- General merchandise sales will suffer in 2019, while food sales will increase.

OPPORTUNITIES

- + Younger consumers are the most positive, with 50% of 18- to 24-year-olds expecting an increase in disposable incomes.
- + Online represents the biggest growth opportunity, while mobile sales will be flat and store sales will fall.



ITALY

CHALLENGES

- Italians feel negative about the economic and political outlook, with a significant divide about the prospects of the EU following Brexit.
- Higher than other regions, just under 20% of Italian consumers expect to be able to pay by cash on delivery.

OPPORTUNITIES

- + Similar to Germany, discounts at 67%, product quality at 65% and a low price at 64% guide consumers to buy.
- + Online is expected to be the fastest growth channel, particularly compared with in store.



KENYA

CHALLENGES

- Kenyans are also feeling less confident about the political and economic outlook for 2019, at 48% and 52%.
- Unlike Western countries, mobile money platforms such as M-Pesa are the preferred payment method for online/mobile, so retailers need to be set up for this.

OPPORTUNITIES

- + Kenya is one of the most confident markets with regards to finances, cost of living and happiness in 2019.
- + Unlike other markets, stores are expected to be the biggest growth channel at 56%. Around half of consumers expect to spend more online and via mobile.



ROI

CHALLENGES

- Some 24% feel negatively about the handling of Brexit negotiations, while 31% feel positive and 45% are not sure. They are equally divided about the future of the EU following Brexit.
- Food is expected to be the strongest product category for growth.

OPPORTUNITIES

- + Similar to elsewhere in the world, younger generations are expecting to see an increase in their disposable incomes in 2019.
- + Online will be the biggest growth channel at 39%, followed by in store at 27%.



UAE

CHALLENGES

- The introduction of a sugar tax on soft drinks has impacted sales in the region, with 60% of consumers buying fewer of those types of beverages.
- The ability to save and make big purchases is weighing on confidence in 2019.

OPPORTUNITIES

- + UAE consumers are relatively confident about the cost of living at 55% and personal happiness at 45%, although they are split when it comes to the political and economic outlook for 2019.
- + Growth is expected across all channels, with the biggest increase in stores.



UK

CHALLENGES

- The British public are feeling negative about the Government's handling of Brexit negotiations, which is driving down confidence.
- Younger consumers have high delivery expectations – 56% of 18- to 24-year-olds want same-day delivery, compared with 19% of 45-54.

OPPORTUNITIES

- + Nearly half (44%) of consumers in London and the Southeast are positive about the post-Brexit outlook, compared with 33% of those outside of these areas.
- + Younger generations are more likely to spend their discretionary income, while older shoppers will cut back.



USA

CHALLENGES

- Americans are feeling negative about their economic and political situation, with 34% and 42% less confident for 2019.
- Recent tax cuts have done little to boost sentiment and the oldest consumers feel the most hard done by.

OPPORTUNITIES

- + Online will be the biggest growth channel at 36%, versus 32% in store and 28% on mobile.
- + Attitudes towards cost of living and personal finances in 2019 are divisive, but a greater share feel more confident than less confident.

EXECUTIVE SUMMARY

Today's global economy has given rise to increasingly global trends, consumers shopping across borders both on- and offline, and a requirement for retailers to deliver a truly global supply chain. Understanding the global consumer and what they want from retail is imperative in a rapidly internationalising sector.

Retail Week and DWF surveyed 10,000 consumers across 10 markets (see methodology, below) to produce this flagship report, *The Global Consumer 2019*. It will provide retail decision-makers with a go-to guide to understand global consumer sentiment, international customers' appetite for retail, how they want to shop and what they want to buy.

We begin by exploring how the choppy political and economic climates and resulting uncertainty have weighed heavily on consumer confidence (page 9). In every market we surveyed – with the exception of China and the UAE – more people feel less confident about 2019 compared with 2018 for both the political and economic outlook. The picture is especially gloomy in Europe. When it comes to the political situation, 60% of consumers in Germany, the powerhouse of the EU, feel less confident, which is likely to impact spending.

We took a temperature check of consumer sentiment in Chapter 2 (page 19) and found this uncertain picture continues. We focus on six measures of confidence to determine consumers' appetite to spend. In most markets customers feel less confident around areas such as their personal finances, ability to save and make major purchases, but responses are more mixed when it comes to job security, personal happiness and the cost of living. China is the notable exception with consumers feeling more confident across every measure.

In Chapter 3 (page 24) we find out how consumers want to buy. Online continues to be the biggest growth channel for 2019 in terms of spend, while next day has become the de-facto global preference for delivery, with younger generations demanding even speedier options such as same day.

We conclude on page 34 and find out the most bankable consumer trends for 2019, from a spike in spending on food to an increased appetite for environmentally friendly products.



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FOUR GLOBAL CONSUMER TRENDS THAT WILL DEFINE 2019

METHODOLOGY

In October 2018, Retail Week and DWF surveyed 10,000 consumers across 10 international markets, including Australia, China, France, Germany, Italy, Kenya, the United Arab Emirates, the Republic of Ireland, the UK and the USA – some of the world's leading retail markets.

CHAPTER I

READING THE POLITICAL AND ECONOMIC CLIMATE

A booming US economy, Trump's trade wars with the EU and China and the Brexit process will shape how consumers behave in 2019

The past two years have been fraught with political upheaval in the Western world, which has led to a great deal of uncertainty among consumers in those markets.

Following the global financial crash in 2008, the UK economy bounced back and was, for a time, the fastest growing in the G7. However, all that changed when the British public voted to leave the EU on June 23, 2016.

Later that year, the wave of populism washed across to US shores when celebrity and businessman Donald Trump was elected 45th President of the United States in November. In 2017, Trump signed the Tax Cuts and Jobs Act, which cut individual income tax rates, doubled the standard deduction and eliminated personal exemptions. For those in the top tax bracket, individual tax fell to 37%, while the corporate tax rate was slashed from 35% to 21% at the beginning of 2018. Facilitating business and putting more money in consumers' pockets, particularly higher income families, was designed to stimulate the economy.

Brexit in focus

The Brexit process has since dominated headlines across Europe, alongside the 'yellow vest' fuel riots in France and the Ukraine-Russia conflict. UK Prime Minister Theresa May has been walking a diplomatic tightrope to negotiate a deal with the EU, while satisfying a very divided Conservative party, Parliament and country at home.

The border between Northern Ireland and the Republic of Ireland (ROI) has added to the turbulent process and to say it has caused ripples in consumer confidence across Europe would be an understatement.

According to our research, in the UK 49% of consumers feel negative about the Government's handling of the Brexit negotiations. They are divided about what the future holds, with 36% positive, 34% negative and 30% not sure about the country's prospects once we leave the EU in 2019. The youngest demographic we surveyed, 18- to 24-year-olds, known to be the most pro-EU age group, feel more negatively about the UK's prospects post Brexit at 40%.

Most British consumers believe prices will go up following Brexit, with 61% believing this will be the case. Half say that if this is the case Brexit will not have been a success.

The feelings appear to be mutual both

across the Irish Sea in the ROI and on the other side of the English Channel.

As shown in Brexit by numbers (page 11), UK consumers are more polarised in their opinions on the Brexit negotiations. In France and Germany uncertainty reigns with greater numbers who are unsure and marginally greater numbers who are more negative than positive.

And this extends beyond the negotiations to paint a worrying picture about the future of the EU. While in the UK consumers appear more confident about the future prospects of the country, in France, Germany, Italy and ROI, all of them are 'not sure' about the future prospects of the EU. France is the most negative market.

This is likely to have direct implications for retail spend across the Continent and for retailers with operations in those markets. When consumers are uncertain they tend to rein in spending, particularly on non-essentials such as fashion. In turn, this will put pressure on retailers to either

drop prices or increase promotions to win spend, or focus on delivering the best quality and experience to give consumers reason to spend.

The US: a divided nation

Despite President Trump's naysayers, the American economy is performing well (see country snapshot on page 18). However, the deep divisions within the electorate over which he presides are borne out in our results.

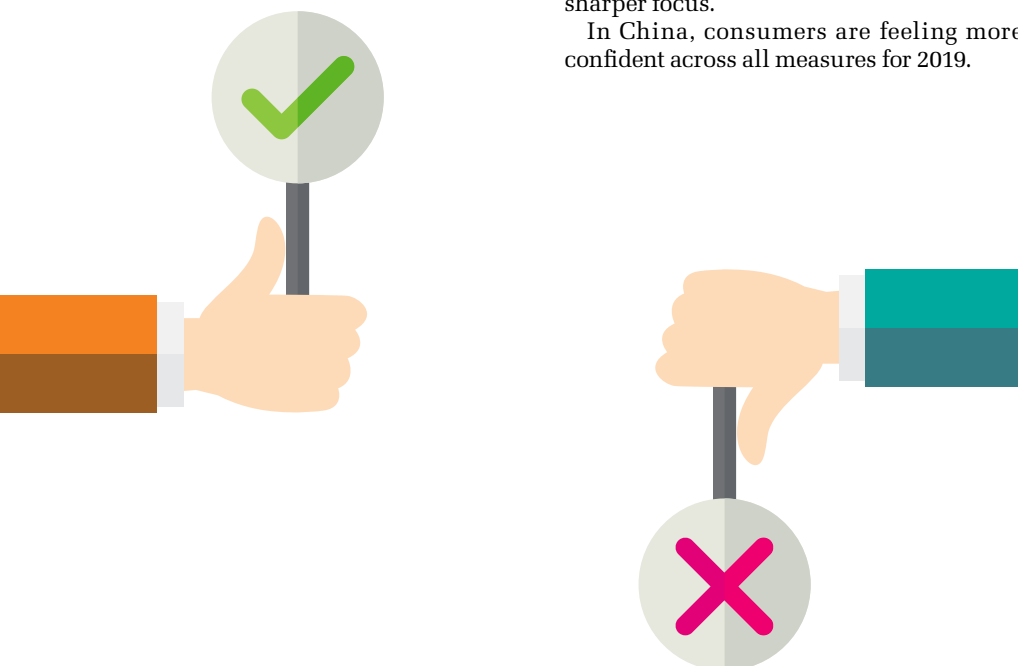
More Americans are less confident than confident about the political and economic outlook and they also do not feel better off as a result of President Trump's tax cuts.

Some 48% say they do not have a greater disposable income, with this inflating to 56% of consumers aged over 55.

Sentiment in Australia is similar; there consumers feel decidedly negative about the political and economic outlook.

Contrast the situation in the West with that in the East, and the uncertainty plaguing the US and Europe is in even sharper focus.

In China, consumers are feeling more confident across all measures for 2019.



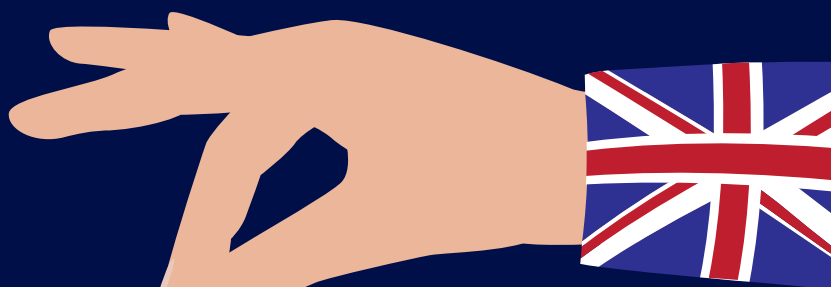
DWF INSIGHTS



In turbulent times it is vital to get the basics right. We know how important it is to manage risk and protect margin when the future looks unsettled. It is essential to assess your supply chain to ensure it is effective and resilient as this could mean the difference between success and failure in the potentially turbulent year ahead.

Whether it be US tariffs on China or strengthened borders due to Brexit, we are seeing retailers striving to ensure they have confidence in the sourcing and delivery of their products.

From back-up plans for potential delays at borders to the assessment of domestic alternatives for sourcing and selling of products, retailers need to ensure that change is managed carefully, it has never more important to have robust contracts and MI.



BREXIT BY NUMBERS

While the UK feels mostly negative about the Brexit process, there is even greater uncertainty among EU countries about the future of the EU

How do you feel about the handling of Brexit negotiations?

	Positive	Negative	Not sure
UK	23%	49%	28%
Republic of Ireland	31%	24%	45%
France	19%	21%	60%
Germany	21%	26%	53%
Italy	28%	21%	51%

How do you feel about the future prospects of Britain following Brexit?

	Positive	Negative	Not sure
UK	36%	34%	30%

How do you feel about the future prospects of the EU following Brexit?

	Positive	Negative	Not sure
Republic of Ireland	33%	25%	42%
France	22%	27%	51%
Germany	27%	26%	47%
Italy	30%	26%	44%

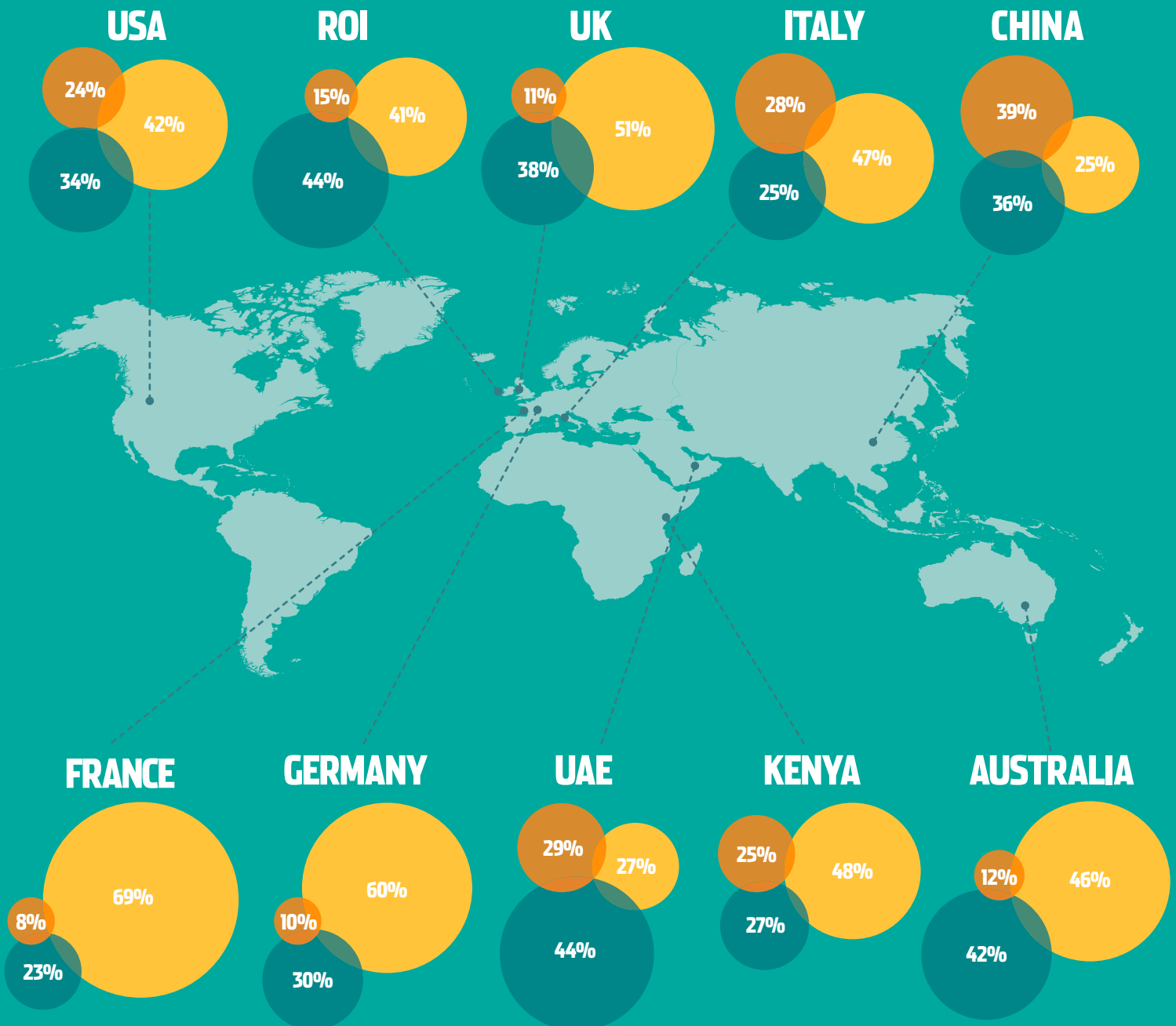
QUICK VIEW: HOW CONSUMERS FEEL ABOUT THE POLITICAL AND ECONOMIC SITUATION



Q1

Compared with 2018, do you feel more/less/the same level of confidence for 2019 when it comes to:

THE POLITICAL SITUATION



What does this mean?

■ In all markets globally except China and the UAE, consumer sentiment about the political and economic forecast for 2019 is depressed.

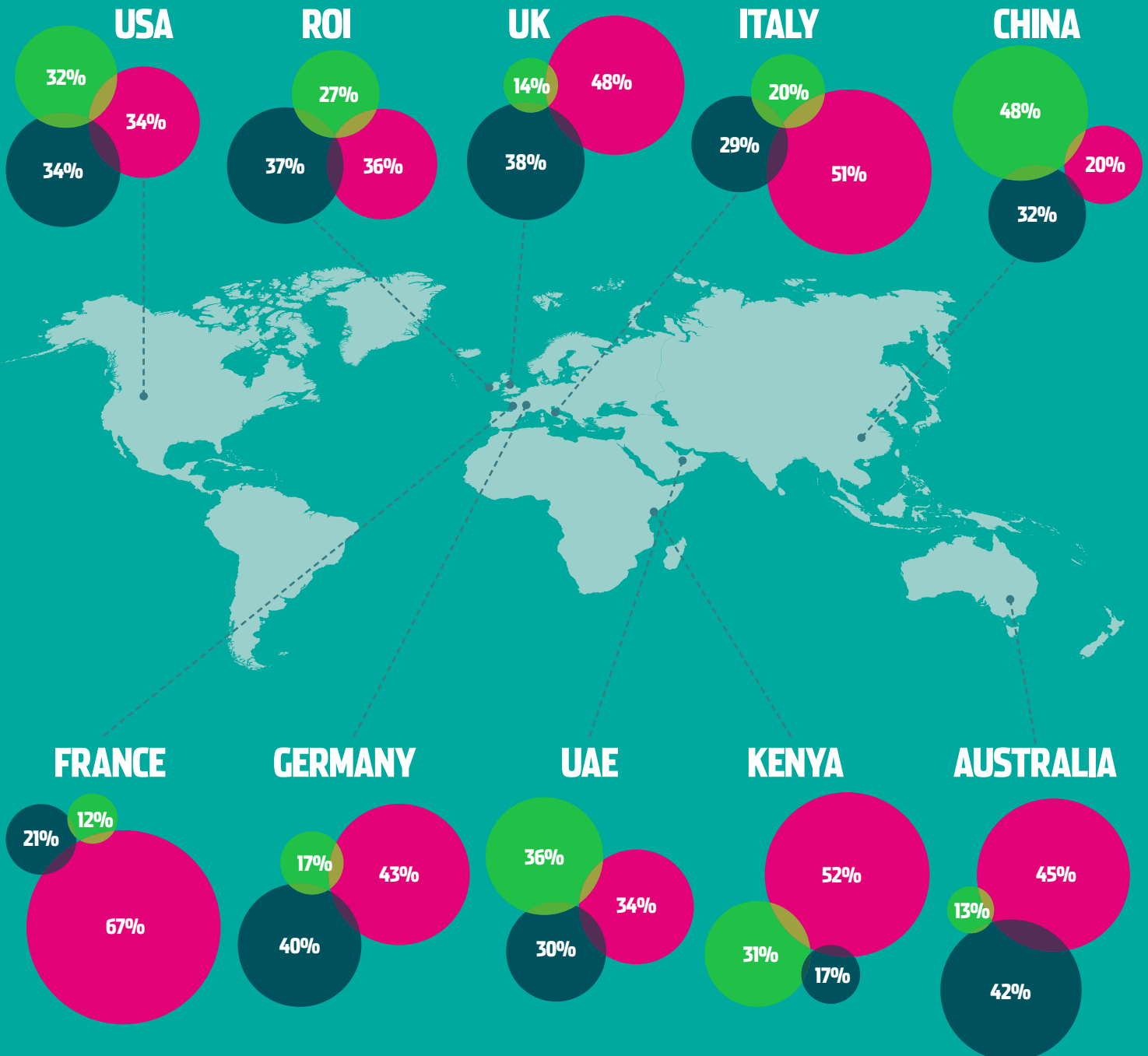
■ Brexit impacting the UK and Europe, political upheaval in the USA, rising household debt and slowing growth in employment in Australia, and corruption, debt and poverty in Kenya are no doubt to blame.



Q2

Compared with 2018, do you feel more/less/the same level of confidence for 2019 when it comes to:

THE GENERAL ECONOMY



DEEP-DIVE: COUNTRIES IN FOCUS



AUSTRALIA

Population 24.8 million



GDP 2017
(£934bn)

Australian Bureau of Statistics



Average income
(2017)

OECD



Projected GDP
growth 2018

IMF

UNEMPLOYMENT: 5% Australian Bureau of Statistics

AU\$310bn (£171bn) Retail sales in 2017
Australian Bureau of Statistics

While Australia's economy continues to tick along – with GDP growth of 2.9% in 2017 and an improved performance of 3.2% forecast for 2018 – the country faces a cocktail of headwinds including rising household debt and a slowdown in employment growth.

Australians have also been warned to prepare for a major housing downturn after prices fell across the country for the 12th consecutive month in September. Analysts project that prices could drop as much as 15% by 2020.

Wage growth is subdued and is not expected to improve much in 2019. As a result, consumers will continue to tighten their purse strings – not good news for retailers.

Some analysts argue that Australia is at risk following the trade war between the US and China, with KPMG believing it could cost the economy at least AU\$36bn (£20bn) over the next decade.

Australia saw a new Prime Minister come to power this autumn, with Australian Treasurer Scott Morrison winning the liberal party leadership challenge after Malcolm Turnbull lost the support of his party members and was ousted.

The retail outlook

The retail market remains under pressure thanks to mounting headwinds of weak wage growth, rising costs including energy charges and a declining housing market.

Still, this has not deterred overseas retailers from expanding there. In the past year French chain Decathlon opened its first store in the country, while Amazon launched there in late 2017. However, it will face stiff competition from Alibaba after the Chinese ecommerce giant opened headquarters in Melbourne in 2017.



CHINA

Population 1.4 billion



GDP 2017
(£9.3trn)

The World Bank



Average income
(2016)

Statista



Projected GDP
growth 2018

IMF

UNEMPLOYMENT: 4.68% The World Bank

CNY36.6trn (£4trn) Retail sales in 2017
China's National Bureau of Statistics

China's economy continues to dazzle, with a stellar GDP growth of 6.9%. According to the International Monetary Fund (IMF), four decades of reform has catapulted China from one of the poorest nations in the world to the second largest economy. In fact, China could become the world's largest economy by 2030.

However, that's not to say it will be an easy task. Critics claim its GDP figures are overinflated and the country is projected for more moderate growth of 6.6% in 2018 and an average of 6.3% the following two years.

The country is laden with debt, which the IMF estimates is equivalent to 234% of its total output. Its anti-pollution policies such as shutting down factories producing cement and steel are expected to impact economic growth. The trade dispute with the US, which has led to continued rounds of tariffs on one another, also remains a huge challenge.

Politically the Communist-led country continues to make headlines for its brutalist control. In the past year the one-party state has reportedly detained high-profile figures including former Interpol chief Meng Hongwei and actress Fan Bingbing as it looks to crack down on perceived disloyalty to the regime.

The retail outlook

China has transformed itself from a manufacturing-based and export-driven economy into a consumer-led society. Headlined by online giants Alibaba and JD.com, which are said to account for three quarters of the retail market, China has turned into a global leader in ecommerce with the largest online market in the world.

Last year online sales in China soared 32% to CNY7.18trn (£789bn). While more retailers are diving into the market, in recent years brands including Coach and Macy's have pulled the plug on their Chinese operations.



FRANCE

Population  **67.2 million**



GDP 2017
 (£2trn)

INSEE



Average income
 (2017)

OECD



Projected GDP
 growth 2018

INSEE

UNEMPLOYMENT: 9.1%

OECD Data

€506bn (£442bn) Retail sales in 2017

INSEE

Led by Emmanuel Macron, founder of the centre-left En Marche (Forward) party, France boasts the third largest economy in the EU after Germany and the UK.

Although France emerged from the financial crisis more intact than many of its neighbours, it continues to report a high unemployment rate of just under 10% and its debt levels continue to increase.

Macron's star is thought to be waning, with thousands recently protesting against his reforms, which included giving businesses more flexibility in negotiating wages and conditions with workers, and limiting damages paid out to employees for unfair dismissal.

In recent years, France has been blighted by horrific terrorist attacks in Nice, Saint-Étienne-du-Rouvray and Paris. This has led to growing support for far-right parties such as the National Rally, formerly known as the Front National (National Front).

While the attacks had an immediate impact on consumer confidence and tourism, France remains the most popular holiday destination in the world, attracting more than 80 million tourists each year.

The retail outlook

Retail sales continue to rise – increasing 2% in value to €506bn (£442bn) in 2017 – and ecommerce growth, like many other nations, continues to outpace physical sales, with online sales up 14% to €81.7bn (£71bn) in 2017. This is expected to surpass the €100bn (£87bn) threshold in 2020.

The country has a strong department store sector. According to Kantar Group, department store sales in France increased 4.1%, compared with 0.4% for the wider clothing market. There are concerns over the imbalance of taxes paid by pureplays compared with bricks-and-mortar retailers and French lawmakers are considering proposals to counteract this.



GERMANY

Population  **82.4 million**



GDP 2017
 (£2.85trn)

Destatis



Average income
 (2017)

OECD



Projected GDP
 growth 2018

IMF

UNEMPLOYMENT: 3.4%

Destatis

€513bn (£448bn) Retail sales in 2017

HDE Handelsverband Deutschland

With the largest economy in Europe, Germany is seen as the most robust member of the EU. Its economy is dominated by its manufacturing industry, which employs around 8 million workers.

It boasts one of the world's largest export economies, known all over the globe for products such as BMW cars and Adidas trainers.

However, the escalating trade dispute between the US and the EU has led to fears over its export growth. Similarly, there are concerns a large-scale dispute between the US and China could also impact Germany, whose manufacturers are dependent on growth from both markets.

Wage growth has been sluggish over the past decade. However, in 2018 there were wage deals for millions of public sector workers, while plans to increase the minimum wage were also revealed.

While it is unclear exactly how Brexit will impact Germany, the country has already started to see some positive wins with a number of financial institutions such as Deutsche Bank, Citigroup and Barclays choosing to relocate some London-based operations to Frankfurt.

The retail outlook

Dominated by Amazon as well as home-grown players Zalando and Otto, retail continues to be a prominent industry.

Ecommerce growth had been lagging behind other European countries, but online represents a significant opportunity; retail sales increased by 10.9% to €58.46bn (£51bn) in 2017, according to German ecommerce association BVEH.

It's worth noting, though, that Amazon currently holds a 25% market share of online sales. However, Chinese ecommerce giant JD.com has set its sights on the market, opening an office there recently, and chief executive Richard Liu says it plans to establish its business there.

DEEP-DIVE: COUNTRIES IN FOCUS



ITALY

Population **60.5 million**



GDP 2017
(€1.5trn)

The Italian National Institute of Statistics



Average income
(2017)

OECD



Projected GDP
growth 2018

OECD

UNEMPLOYMENT: 9.7%

The Italian National Institute of Statistics

€289bn (£252bn) Retail sales in 2017

Euromonitor

Italy has had a tough time since the financial crisis. While the country has returned to growth after taking a battering through the recession, it has been sluggish to say the least and there remain questions over whether it is on the brink of another downturn.

Its GDP edged up just 1.6% in 2017, while for 2018 the OECD has forecast growth will drop to 1.4%. Unemployment is high, at 9.7% in August 2018. While this is an improvement on previous months, a third of 15- to 24-year-olds are out of a job. Many young people are now leaving the country to work overseas.

Organised crime remains an issue – in 2012 Italy's employer organisation Confesercenti said that it accounted for about the equivalent of 7% of the country's GDP. The country's debt – which is equivalent to more than 130% of its domestic output – remains another challenge.

There are stark regional inequalities: the north is highly industrialised and produces the majority of the nation's wealth, while the agricultural-focused south is poorer and has high unemployment.

After much uncertainty, in 2018 the anti-establishment Five Star Movement and right-wing League party set up a coalition government.

Looking ahead, the pace of recovery in Italy is expected to be sluggish.

The retail outlook

Despite the backdrop, overseas retailers are still looking to Italy for expansion. Japanese retailer Uniqlo is set to enter the market in 2019, while in the past few years Lego and Under Armour have opened there.

In a bid to preserve family traditions, the government is plotting to axe Sunday trading across large shopping centres. There are concerns that the move could cost thousands of jobs.



KENYA

Population **49.7 million**



GDP 2017
(£57bn)

IMF



Average income
(2016)

Ceicdata



Projected GDP
growth 2018

World Bank Group

UNEMPLOYMENT: 7.4%

Kenya National Bureau of Statistics

KES1.35trn (£10bn) Retail sales in 2017

Euromonitor

While Kenya remains one of the strongest economies in Africa, corruption continues to hold the country back. The East African nation reportedly loses a third of its annual state budget to corruption, impacting public funds and deterring foreign investment.

Other key challenges facing Kenya include rising debt, inequality and poverty, with 42% of its population living below the poverty line, according to UNICEF.

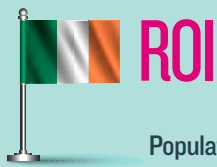
In late 2017 President Uhuru Kenyatta launched Vision 2030, his Big Four economic policy, centred on four key priorities: manufacturing, universal healthcare, food security and affordable housing.

Kenyatta's vision to transform Kenya came several months after he was re-elected for his second and final term. He has pledged that by the end of his term in 2022 every Kenyan will have healthcare coverage and that 500,000 "affordable" homes will be built.

The retail outlook

Kenya has one of the most advanced retail sectors in Africa and has been dominated by family owned retailers such as supermarket chains Nakumatt, Tuskys and Naivas. However, at the end of 2017 Nakumatt fell into administration following cash-flow issues, while Tuskys is also reportedly struggling.

Not that this has thwarted foreign chains. Armed with more spending power, the country's expanding middle class has caught the attention of international retailers. In 2016, French supermarket Carrefour launched a string of stores in Kenya, while South African supermarkets Game and Shoprite, as well as Zimbabwean Choppies, have also swooped in on the lucrative market.



Population 4.8 million



GDP 2017
(€257bn)
Central Statistics Office



Average income
(2017)
OECD



Projected GDP
growth 2018
European Commission

UNEMPLOYMENT: 5.4%

Central Statistics Office

€40bn (**£35bn**) Retail sales in 2017
The Marketing Institute of Ireland

With GDP surging 7.2% in 2017 – making the Republic of Ireland (ROI) the fastest-growing economy in the EU for the fourth year in a row, albeit from a comparatively low base – the country's output continues to outshine the rest of the Continent.

This is a very different picture to a decade ago when the housing bubble burst and a catastrophic financial crash resulted in an international bailout of €67.5bn (£59bn) in 2010.

However, there are questions over whether the GDP figure is an accurate measure, given that much of the growth in output is due to the increasing numbers of multinational firms such as Google, Facebook and Apple domiciling some of their offices in Ireland in order to take advantage of its low corporation tax.

Ireland is on a hiring spree with sectors such as finance, construction and hospitality increasing employee numbers, which is helping drive household expenditure. However, property prices continue to rise and the nation is reporting a chronic shortage of housing.

The retail outlook

Retail is Ireland's largest industry, contributing 23% of total tax receipts to the Irish exchequer, more than twice that of the country's second largest sector, the financial services, at 11%. It is also the largest private-sector employer, with 285,000 working in retail.

Thanks to higher employment leading to more disposable income, retail sales rose 7% to €40bn (£35bn) in 2017. However, it was widely reported that 60% of online spending in 2017 went to non-Irish companies.

The grocery sector is notoriously competitive, with SuperValu, Tesco and Dunnes dominating; the first two hold 22% market share and the last 21.9%.



Population 9.5 million



GDP 2017
(£291bn)
IMF



GDP growth 2017
IMF



Projected GDP
growth 2018
IMF

UNEMPLOYMENT: 3.7%

The United Arab Emirates' Government Portal

AED128bn (**£27bn**) Retail sales in 2017
Euromonitor

The economic environment in the United Arab Emirates (UAE), a federation of seven territories that is now one of the most important financial centres in the Middle East, remains challenging.

Property prices in many locations have dropped, oil prices have slumped and the implementation of a 5% VAT tax on goods and services in January is said to have impacted spending.

However, while the economy has been sluggish, the UAE received a boost in September when the International Monetary Fund (IMF) increased its 2018 GDP forecast for the region from 2% to 2.9% following rebounding oil prices and increased government spending. It came after the government revealed a plan to implement an economic package of AED50bn (£10.5bn) to boost Abu Dhabi's growth and create new jobs. This was followed by news that Dubai was devising a tourism plan to attract 21-23 million tourists by 2022 and 23-25 million by 2025.

There remain restrictions on political activity in the traditionally conservative region and the government presides over strong control of media output. However, the World Economic Forum ranks the UAE as the most competitive country in the Middle East and 17th globally, ahead of Saudi Arabia, which it ranks as 30th.

The retail outlook

Given the fall in oil prices, impact of online spending and the implementation of the 5% VAT tax, the retail industry has experienced tough trading conditions.

However, there continues to be strong demand from foreign retailers to open stores across the UAE. In fact, Dubai was recently named the most important shopping destination worldwide, according to a report by CBRE. It said that over the next three years more than 16 million sq ft of new retail space could be launched in Dubai.

DEEP-DIVE: COUNTRIES IN FOCUS



UK

Population 66 million



GDP 2017

ONS



Average income (2017)

OECD



Projected GDP growth 2018

National Institute for Economic and Social Research

UNEMPLOYMENT: 4%

£366bn

Retail sales in 2017
ONS

Since the country voted to leave the EU in June 2016, Brexit has continued to have a significant impact on the UK's economic activity. GDP forecasts are frequently downgraded, while a growing number of firms such as Goldman Sachs and Unilever are considering, or have begun, shifting operations out of the UK, and the nation has lost its appeal among many EU workers.

Looking ahead, GDP predictions for 2019 vary, with most expecting growth to be modest at around 1.4%, but analysts say this is on the strength of the global economy. The government, which has run a controversial austerity programme since 2010, has pledged to cut corporation tax from 20% to 17% by 2020.

Brexit continues to dominate the agenda and uncertainty around its impact on the sector lingers in the air as the UK prepares to leave the EU in March 2019.

The retail outlook

Consumers are being squeezed by rising inflation – which hit a six-month high of 2.7% in August – while wage growth remains sluggish.

This has had a knock-on effect on the retail industry, which has suffered a tough year. Despite consumers spending £366bn in shops and online in 2017, a rise of 4.6% on the previous year, the country has witnessed a huge number of casualties on the high street with Maplin, Toys R Us and Poundworld among those falling into administration.

The UK recorded 5,855 store closures in 2017, according to the Local Data Company.

Shopping budgets remain tight and, given the headwinds of business rates, changes in consumer spending and the uncertainty around Brexit, high levels of pessimism surround the retail industry.



USA

Population 329 million



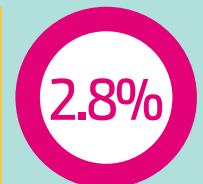
GDP 2017 (£15trn)

US Bureau of Economic Analysis



Average income (2017)

OECD



Projected GDP growth 2018

The Federal Reserve

UNEMPLOYMENT: 3.7% September 2018

Bureau of Labor Statistics

US\$3.5trn (£2.7trn) Retail sales in 2017
US Census

Accounting for a quarter of the world's GDP, the US remains a global powerhouse with only China within its reach.

The economy has recovered slowly after the recession in 2008-09, and in recent years has grown impressively, with GDP rising 4.2% in the second quarter of 2018. The most recent reports suggest that consumer spending is strong, with economists estimating annualised consumer spending rose by 3.5% in the third quarter of 2018.

The US unemployment rate dropped to 3.7% in September – its lowest level since 1969, according to the Bureau of Labor Statistics. And, thanks to the more buoyant economy, some employers have increased wages. Amazon said it would boost its hourly rate for full-time and temporary staff to US\$15 (£11.50) from November.

US foreign policy is focused on strengthening the border and fighting terrorism. Under Trump's leadership, the US has become fixated on immigration and creating policies to restrict the number of people entering the country as well as those of certain nationalities.

Since Trump's inauguration in January 2017, US domestic and foreign policy has continued to generate headlines, with his trade wars with both China and the EU being felt across the globe.

The retail outlook

Thanks to tax cuts, low unemployment and rising incomes, consumer spending continues to grow, with retail sales up 4.7% in September 2018 compared with the previous year, according to the US Department of Commerce. US retail ecommerce sales rose 3.9% to \$127.3bn (£97.4bn) for the second quarter of 2018. However, US online sales account for just 9% of total sales – compared with 16% in the UK and 28% in China, according to Statista.

CHAPTER 2

MAPPING THE MOOD: WILL THEY SPEND?

Charting consumer sentiment and the key drivers behind it paints a picture of the challenges that lie ahead for retail

The fragile political and economic climate will no doubt continue to weigh heavily on consumers globally. But, crucially, how will it affect their appetite for spending?

We asked consumers how confident they feel about 2019 across six measures (see our confidence barometer on page 22), in addition to the political and economic climate measures explored in Chapter 1. The results reveal that retail is in for another challenging year, with consumers remaining cautious and reluctant to spend on non-essentials. However, there are reasons to be cheerful in some parts of the globe.

For example, in the US, despite the stormy political climate, 44% feel more confident about their personal happiness and 38% about their cost of living and personal finances. Kenyan consumers also feel positive about their personal happiness in 2019. However, compare that with the UK and an altogether bleaker picture emerges – across every variable less than a quarter of consumers feel more confident about 2019.

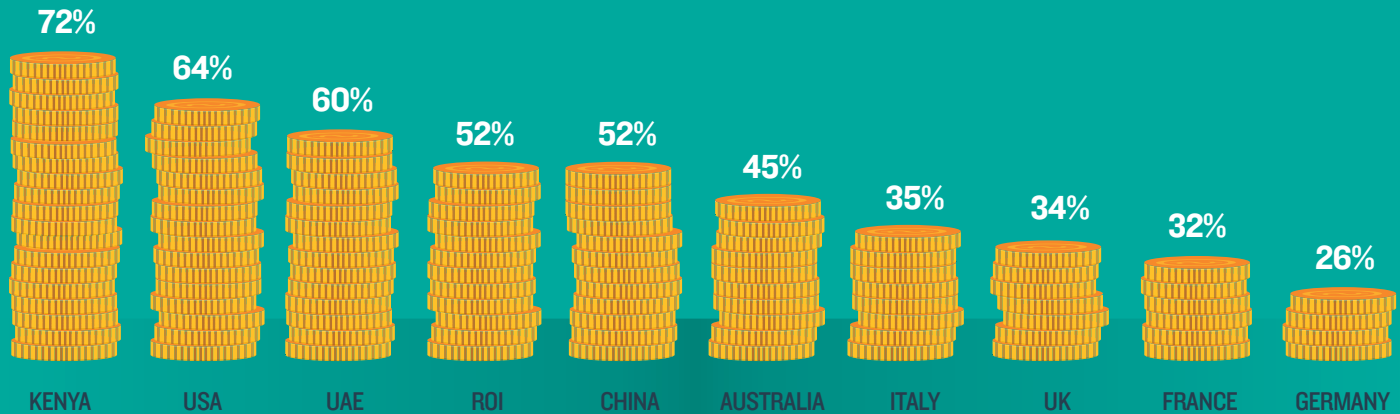
And in France, confidence around personal finances for 2019 has plummeted with 56% less confident, meaning consumers are likely to rein in spending. This is particularly evident among those aged over 55, with 68% less confident about their personal finances in the year ahead.

The trend repeats itself in Italy where confidence around the ability to make big purchases and to save in 2019 is subdued.



THE DEBT CALCULATOR

Percentage of consumers reliant on debt (such as credit cards, personal loans etc, not mortgages) to pay their monthly bills:



Australian consumers, meanwhile, are even less optimistic about their ability to save and make major purchases in 2019, suggesting price will be a big factor in that market.

Consumers in the UAE are feeling positive when it comes to their cost of living in 2019 (55%) and their personal happiness (45%), while 46% expect to be able to save less in 2019 and 42% think they will be less able to make major purchases. Other discretionary purchases have also been hit: for example, a sugar tax in the UAE on soft drinks and energy beverages imposed in 2017 has resulted in 60% of consumers buying these items less often, according to our research.

Testament to its healthy economy – slowing by its own standards, but still booming when compared with its Western counterparts – China is the only country where we recorded a positive sentiment across all confidence measures. This is particularly the case among 25- to 34-year-olds, where 69% are more confident about their personal happiness, 65% about their personal finances, and 63% about their ability to save and the cost of living.

Disposable income vs debt

The key determinant of whether consumers spend or not is of course how much disposable income they have and how reliant they are on debt (see above and page 21).

One global trend that emerges quite clearly here is that – contrary to the current market focus on Generation Z – consumers aged between 35 and 54 have the greatest spending power. Interestingly, those aged over 55, who often tend to be asset-rich but cash-flow poor, are feeling the pinch.

DWF INSIGHTS



With limited disposable income, targeting of ads and promotional activity takes on even more significance. Behavioural or differential pricing based on personal circumstances is becoming the norm for insurance and to an extent travel purchases, and we are used to ads being based on browsing habits, but what is next?

We believe a totally personalised shopping experience is the next big step in advertising, but the opportunity brings risk and retailers will have to take care to ensure they have got necessary permissions and data in place.

With consumer, media and government scrutiny at an all-time high, no retailer can afford to cut corners. While it is right to consider how to deliver your business strategy as efficiently as possible, this should not come at the cost of regulatory or reputational risk, particularly when in many countries regulatory penalties are at an all-time high.

DISPOSABLE INCOME ACROSS THE WORLD



FRANCE

More than half (57%) of French consumers have less than €280 (£250) of their monthly disposable income left after essentials. Here, 18- to 24-year-olds are the most squeezed, with 41% having less than €110 (£98) to spend. Meanwhile, 10% of 45- to 54-year-olds have more than €1,125 (£1,003).

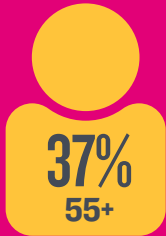
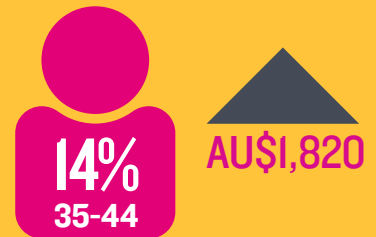


UAE

Some 54% of UAE shoppers have less than AED1,190 (£252) of disposable income after essentials. Here, consumers aged between 35 and 54 have the greatest spending power, with 20% in this age bracket having more than AED4,770 (£1,009).

AUSTRALIA

Two thirds (65%) of Australians have less than AU\$450 (£251) per month of disposable income after essentials. Shoppers aged over 55 are the least well off, with 48% having less than AU\$180 (£100) to spend per month, while those aged 35 to 44 have the greatest spread – 14% have an impressive AU\$1,820 (£1,015) or more.



REPUBLIC OF IRELAND

Some 58% of shoppers in the ROI have less than €280 (£247) of disposable income after essentials each month. Those aged over 55 have the tightest budgets, with 37% having less than €110 (£97) per month, while those aged between 25 and 44 have the greatest spending power.



GERMANY

Germans have the biggest spending power in Europe, with 38% having a monthly disposable income after essentials of €560 (£495) or more. Disposable incomes are fairly similar across age groups, until you reach the highest earners, where 21% of 35- to 44-year-olds have a monthly budget of €1,125 (£994) or more, versus just 10% of 18- to 24-year-olds.



CHINA

Half of Chinese consumers have less than CNY2,500 (£281) of disposable income to spend per month. The tightest budgets are found in the 18 to 25 age bracket, with 30% having less than CNY250 (£28), while 35- to 44-year-olds have the greatest spending power, with 26% having more than CNY5,000 (£562) to spend.



KENYA

Some 82% of Kenyans have less than KES10,000 (£77) of disposable income after essentials.



USA

More than half (59%) of respondents have less than US\$325 (£252) per month of disposable income after essentials. While 18- to 24-year-olds and the over-55s are the most squeezed – with 39% having less than US\$130 (£101) per month to spend – 35- to 44-year-olds have the most disposable income, with 27% having at least US\$650 (£505).



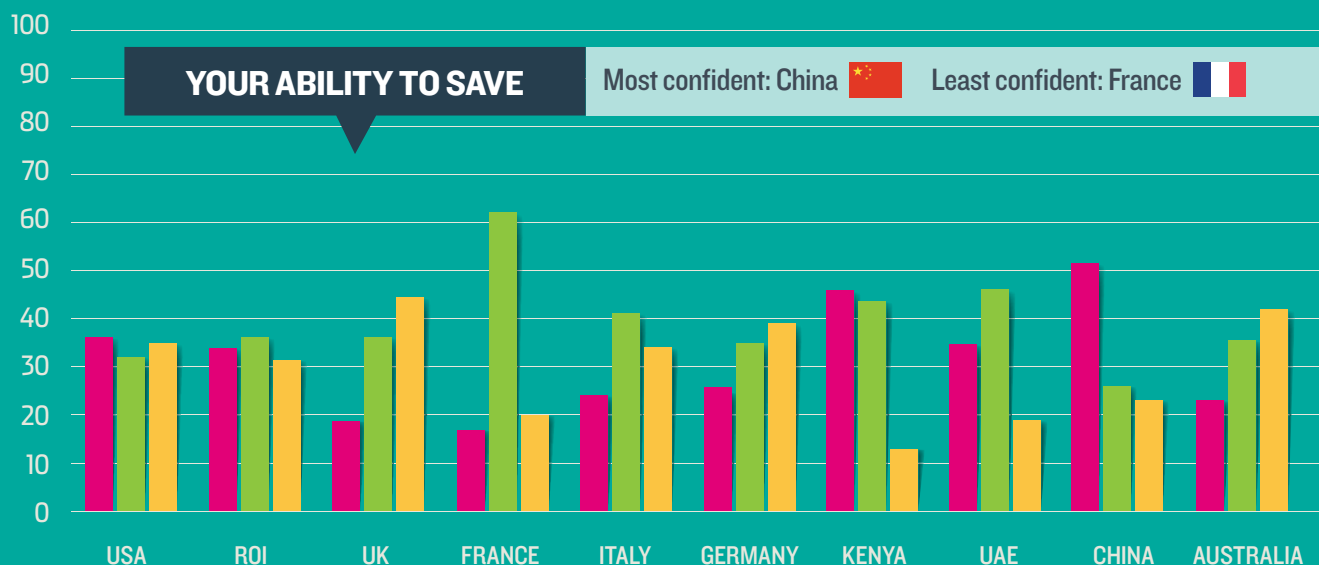
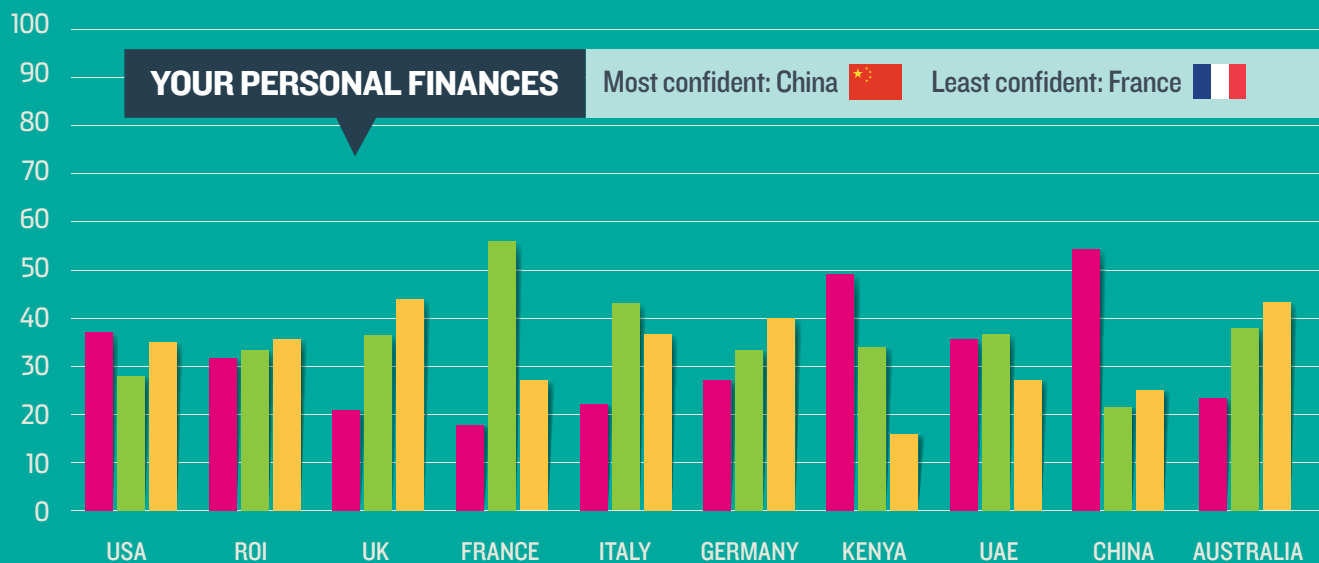
UK

Some 61% of respondents have less than £250 per month of disposable income after essentials. Those aged over 55 are the most polarised, with 43% having less than £100 per month and 20% having at least £250-£500 after essentials. Those aged 35 to 44 have the greatest spending power, with 31% having £250-£500 after essentials.

THE CONFIDENCE BAROMETER

■ MORE
 ■ LESS
 ■ SAME

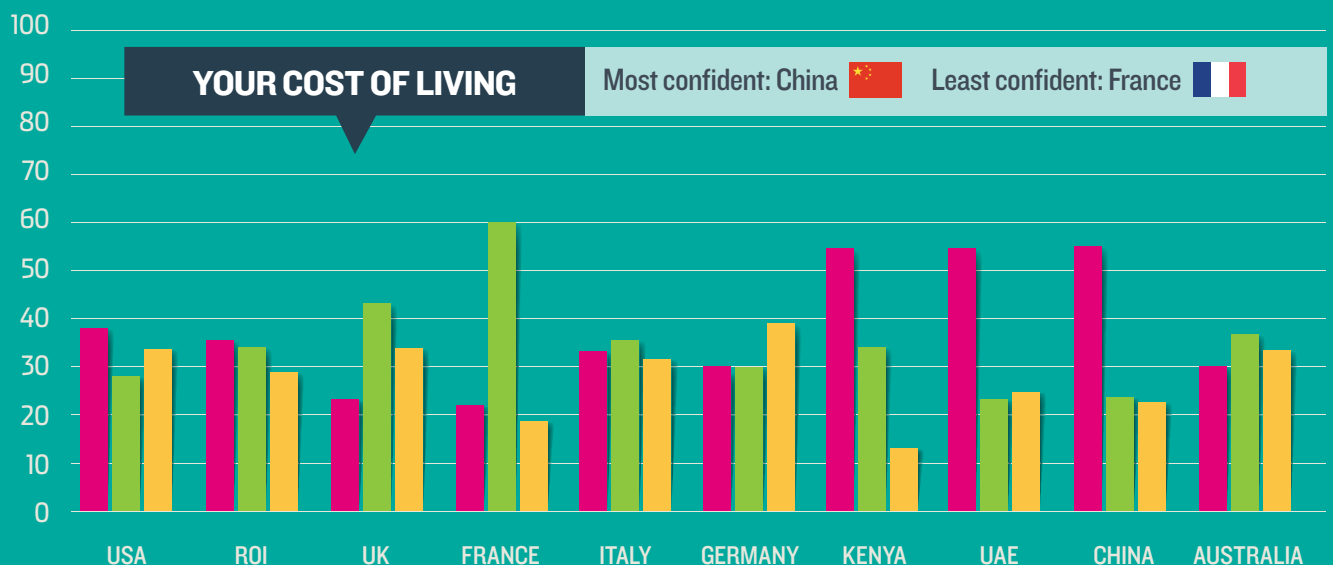
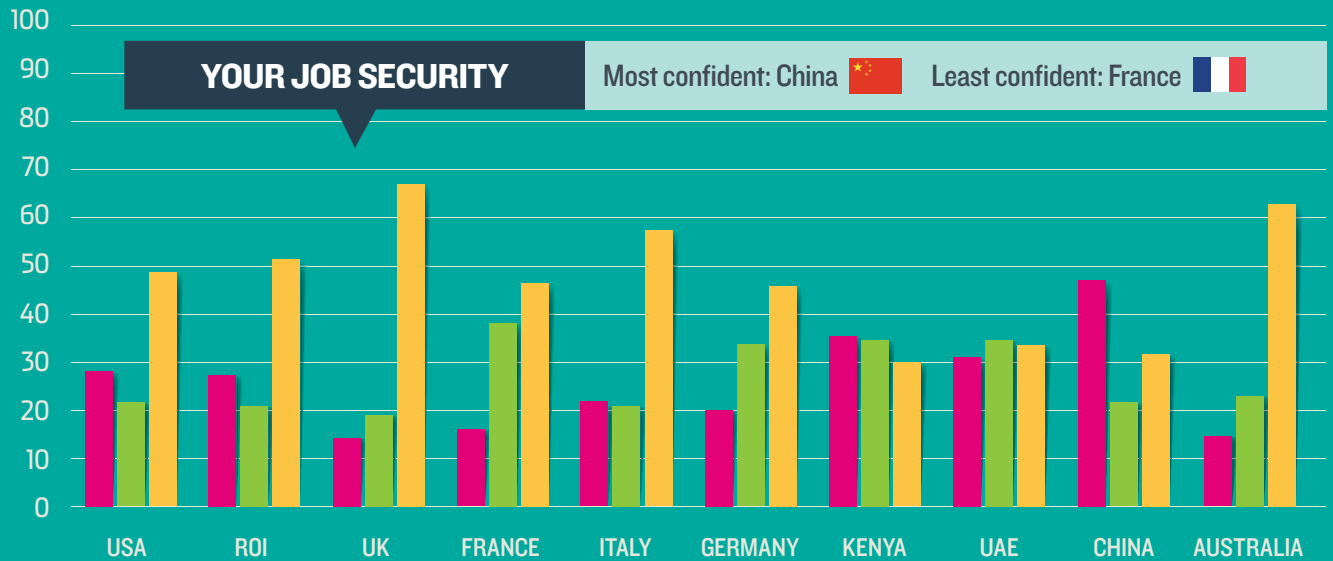
Measuring consumer confidence across the global markets from West to East, survey respondents were asked if they feel more/less/the same level of confidence for 2019 compared with 2018 when it comes to:



Key take-aways

- US consumers are divided, being slightly more positive or negative across most measures.
- Negative European markets are clearly feeling the impact of Brexit.

- Despite a slowdown in growth, positive Chinese consumers present an opportunity.
- In particular, consumer sentiment in France is depressed.
- Kenyan consumers are positive across nearly every measure.



CHAPTER 3

BUYING BEHAVIOUR: HOW WILL THEY SPEND?



The factors driving purchases globally and where consumers plan to spend the most

Understanding consumers' propensity to buy is one thing, but knowing how they are going to spend their money is crucial if retailers stand a chance of winning their custom. This means understanding which channels factor into their purchasing journey, how they like to pay, the fulfilment options they want and what encourages them to spend.

Across a few key areas, global trends emerge that span markets.

BUYING BEHAVIOUR

WHICH CHANNELS WILL THEY USE TO SHOP?

We asked consumers across which channels they plan to increase, decrease or maintain their current levels of spending.

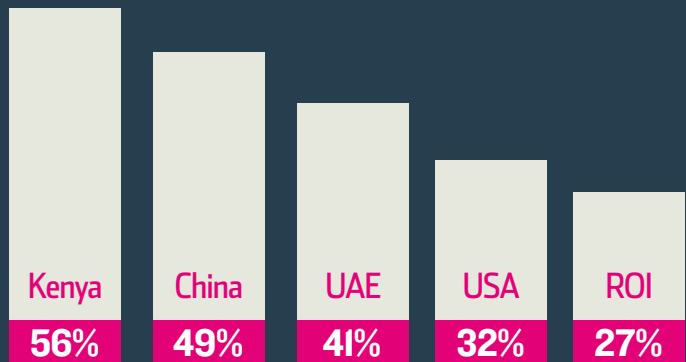
The research shows that on a global level, online will enjoy the greatest spending increase, with 58% of consumers in China saying they plan to up their digital spend, along with 55% in Kenya, 40% in the UAE, 36% in the US, 34% in Italy and 23% in Germany.

While store sales generally sit some way behind, in both Australia and the US, 18- to 24-year-olds plan to spend more in bricks-and-mortar shops, proving that physical retail will continue to play a pivotal role in the multichannel journey.

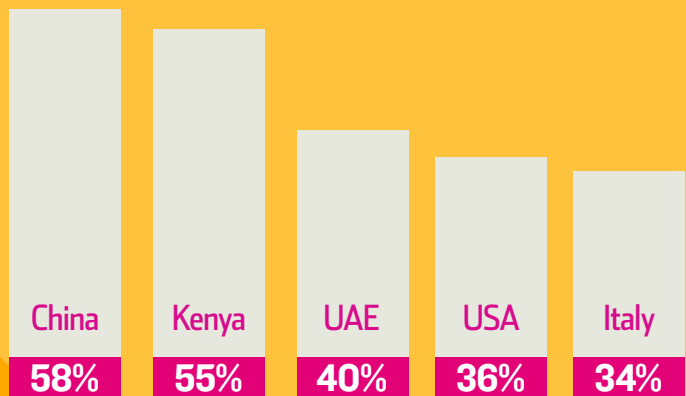
Because of their developing nature, the top three markets for channel growth are China, Kenya and UAE.

PERCENTAGE OF CONSUMERS WHO WILL SPEND MORE...

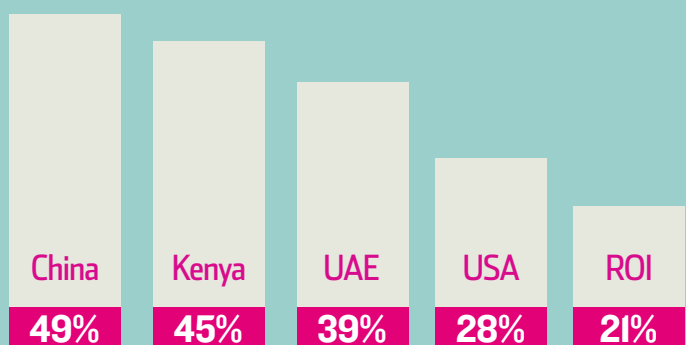
IN STORE



ONLINE



MOBILE



BUYING BEHAVIOUR

HOW DO THEY WANT TO PAY?

A mixed picture emerges when consumers are asked how they prefer to pay. Online, PayPal dominates in Germany (75%) and Australia (62%), while in the US consumers are more likely to use a debit card online at 64% and in the UAE credit card is the most popular payment method at 56%. Cash on delivery is still an important payment method in the UAE at 49% and Kenya at 47%.

Newer payment methods, such as Apple Pay, are coming to the fore in certain countries. This is preferred by 22% of 18- to 24-year-olds in the UK, for example. Meanwhile, mobile payment platforms such as M-Pesa – a mobile-based money-transfer and financing service – are preferred in Kenya, with 71% selecting this option.

In store, cash is still king for many. It's the payment method of choice in Australia (62%), Kenya (91%), Italy (68%), China (72%) and Germany (82%), while debit card is the most popular choice in the US (67%), France (68%) and the UK (64%).

IN-STORE PAYMENTS: FIVE KEY FACTS

78%

OF 18- TO 24-YEAR-OLDS IN **AUSTRALIA** LIKE TO PAY WITH CASH



77%

OF 18- TO 24-YEAR-OLDS IN **ITALY** ALSO PREFER TO PAY WITH CASH

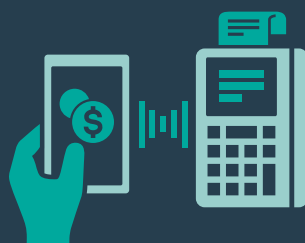


51%

OF CONSUMERS IN THE **UAE** PREFER TO PAY VIA CREDIT CARD

19%

OF 35- TO 44-YEAR-OLD **US** CONSUMERS LIKE TO USE AMAZON PAY IN STORE



82%

OF **GERMAN** CONSUMERS PREFER TO PAY IN STORE WITH CASH

ONLINE PAYMENTS: FIVE KEY FACTS

71%



OF CONSUMERS IN **KENYA** USE
MOBILE PLATFORM M-PESA



49%



OF CONSUMERS IN THE **UAE**
PREFER TO PAY CASH ON DELIVERY



64%

OF **US** CONSUMERS LIKE
TO PAY WITH DEBIT CARD

75%

OF **GERMAN** CONSUMERS LIKE
TO PAY VIA PAYPAL



Apple Pay

22%
















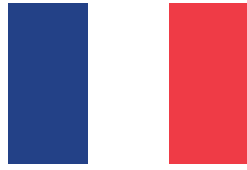













OF 18- TO 24-YEAR-OLDS
IN THE **UK** LIKE TO PAY
USING APPLE PAY

SOCIAL SHOPPING

FACEBOOK STILL DOMINATES

Despite Facebook's much publicised woes – it lost 2.8 million users in the US in 2017, according to research from eMarketer – it still remains the most dominant social platform and this was illustrated by our global research. When asked which platforms they use to browse and buy retail goods, consumers in almost every market cite Facebook as the number one social platform, with the exception of China, where WeChat comes out on top and Weibo second.

Instagram is, however, not far behind. In the UAE, for example, 53% of consumers use the platform to browse and buy, versus the 66% who use Facebook, while in Italy it factors into the purchasing journey of 59% of consumers aged 18 to 24. In the US, Germany and France, however, YouTube is the second most popular social media platform for retail.

COUNTRY	ALL DEMOGRAPHICS		18-24 	
AUSTRALIA 		43%		62%
		18%		51%
		14%		29%
CHINA 		72%		77%
		25%		36%
		15%		21%
FRANCE 		45%		52%
		20%		47%
		20%		29%
GERMANY 		39%		51%
		21%		45%
		17%		37%



FACEBOOK



INSTAGRAM



SNAPCHAT



WECHAT



YOUTUBE



GOOGLE PLUS














































QZONE



TWITTER



WEIBO

COUNTRY	ALL DEMOGRAPHICS		18-24 	
ITALY 		46%		59%
		31%		49%
		22%		29%
KENYA 		82%		80%
		41%		38%
		33%		37%
ROI 		45%		54%
		23%		52%
		19%		29%
UAE 		66%		64%
		53%		41%
		28%		23%
UK 		34%		46%
		16%		46%
		12%		23%
USA 		59%		55%
		28%		49%
		27%		32%

BUYING BEHAVIOUR

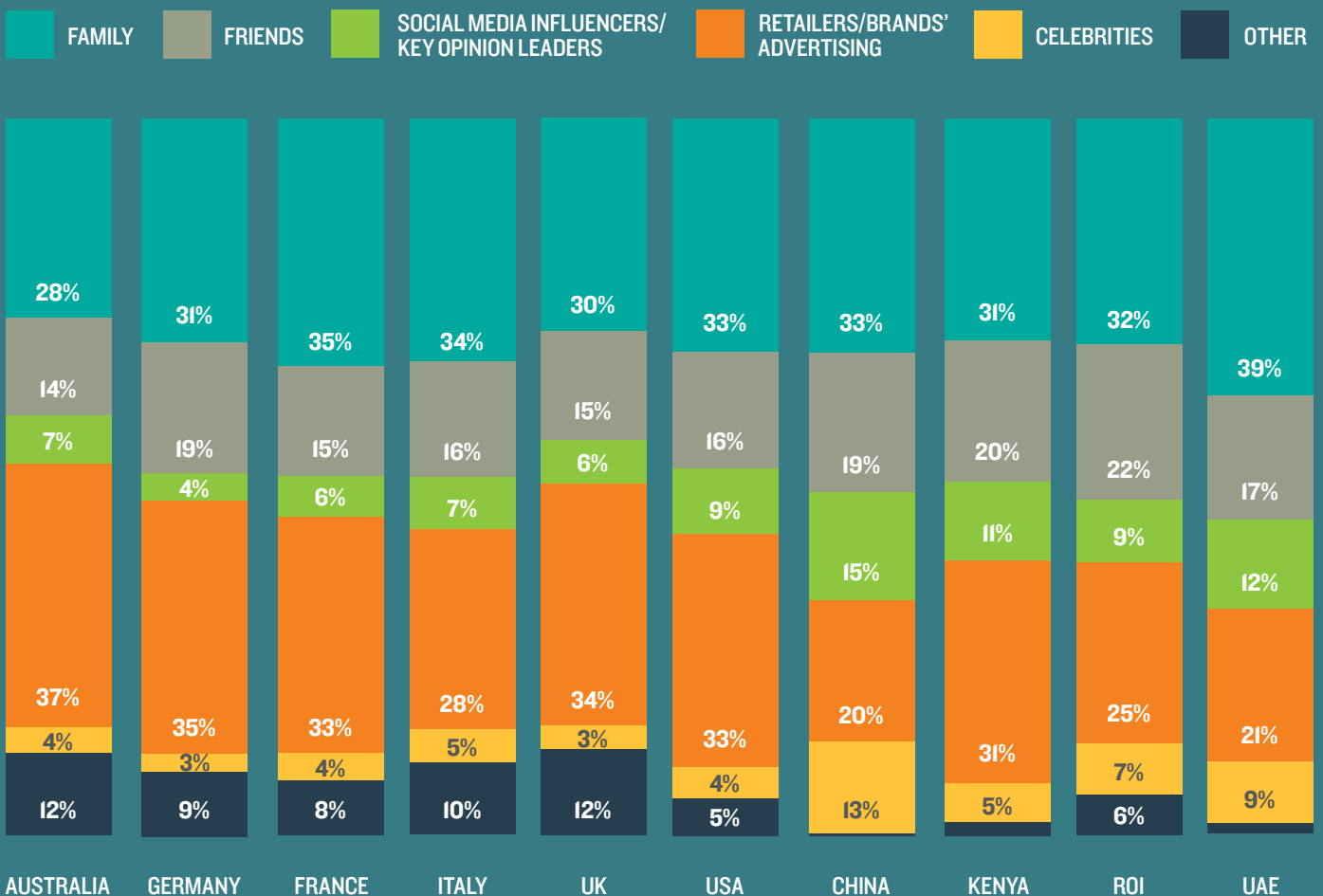
HOW SHOULD RETAILERS BE MARKETING TO CONSUMERS?

Across the world, consumer purchasing decisions are most likely to be influenced by family or retailer advertising. However, younger audiences' purchasing decisions are also impacted by social media influencers, with significant numbers of 18- to 24-year-olds' purchasing decisions swayed by these personalities in Italy (16%), Australia (15%), China (15%), the US (15%), ROI (13%) and Kenya (11%).

When it comes to social media, younger consumers are more open to hearing from retailers and brands, and are most interested in information about new products, promotions and Sales.

Interestingly, despite stories of data hacks and privacy breaches dominating the news, in nearly every market more than 70% of consumers are willing to provide their personal data to receive a more personalised service.

INFLUENCER DATA



WHICH AGE GROUPS ARE MOST HAPPY TO SHARE THEIR DATA IN ORDER TO RECEIVE A PERSONALISED SERVICE?

77% **FRANCE**



72% **ITALY**



74% **GERMANY**



72% **UAE**




18- TO 24-YEAR-OLDS



76% **UK**



71% **AUSTRALIA**



74% **KENYA**



25- TO 34-YEAR-OLDS

80% **USA**



80% **CHINA**




35- TO 44-YEAR-OLDS



74% **UAE**



45- TO 54-YEAR-OLDS

DELIVERING ON EXPECTATIONS

PREFERRED DELIVERY: NEXT DAY



When it comes to delivery, consumer expectations seem to revolve around next-day delivery – chosen as the preferred method consistently in the US (78%), ROI (70%), the UK (68%), Germany (65%), Australia (65%) and France (62%). However, next day is arguably already considered the standard delivery method in most developed retail markets.

Perhaps more interesting is to look at speedier options. In particular, same day has generated a lot of noise in the market but many have argued the method is not profitable unless a retailer has a large store estate to fulfil orders from, or has signed a deal with a retailer that does.

Same-day delivery is important in the UAE and Kenya, where it surpasses next day as the preferred delivery method. Interestingly, the US, China and Australia round out the top five for same day, despite the wide expanses of these countries. This shows that internationally consumers are beginning to expect speedier fulfilment, and retailers will need to be set up to be able to deliver this.

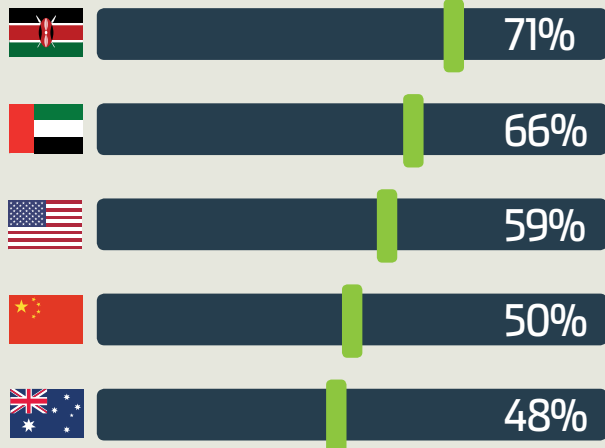
The other big emergent trend is certainty. Consumers want to know exactly when they will receive their goods. The next most popular delivery choices internationally were named day, collect in store and time slot.

FIVE KEY TAKEAWAYS

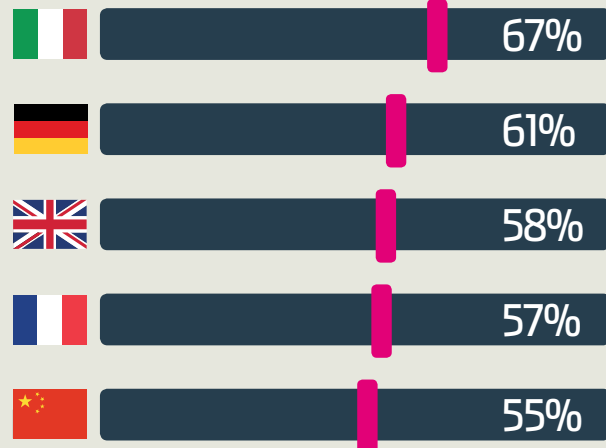
- Next day is by far the most popular delivery method.
- Same day is increasing in popularity, even in large geographical markets.
- Internationally, consumers want certainty.
- Specific options such as time slot will increase in importance.
- Retailers must offer a broad set of delivery options.

PREFERRED DELIVERY (TOP FIVE COUNTRIES)

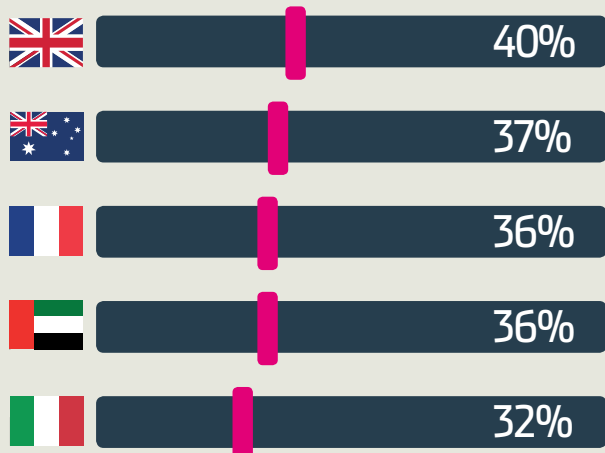
SAME DAY



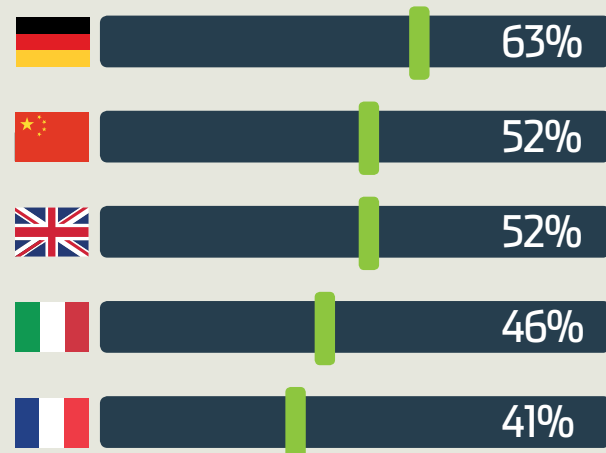
NAMED DAY



COLLECT IN STORE



TIME SLOT



DWF INSIGHTS



It was hard to miss the change in the data protection legislation across the EU in May 2018 and global businesses are still adapting as they look to trade in, and with, Europe. In the digital age, targeted advertising is opening up huge opportunities for retailers, but it is more important than ever that businesses ensure their data systems are secure and crisis management is in place as any business can suffer a breach.

In terms of supply chain, it is clear efficient forward logistics are vital to meet consumer demand but, in a world where customers want to 'try' goods at home before returning them, it is equally important to ensure reverse supply chain and reverse payments systems work smoothly. Do your logistics contracts and supply chain arrangements address this and are your teams dealing with returns able to spot if the items being returned are fake?

CONCLUSION

FOUR GLOBAL CONSUMER TRENDS THAT WILL DEFINE 2019

Looking ahead to the coming year, major trends emerge from our research that indicate where consumers are likely to spend and the areas in which they will cut back. Here we take a look at four areas that will experience the biggest traction

1



Consumers will spend more on non-grocery and travel

Non-grocery retail will experience substantial growth, with 42% of consumers in the UAE expecting to spend more on the category in 2019, along with 45% in China and 60% in Kenya.

Travel will also perform well, with 43% in the UAE planning to spend more in this area, 46% in Kenya and 56% in China.

Spending on home entertainment will be less or the same in most markets. For example, 59% of German consumers expect to spend the same, 29% are likely to spend less and just 12% predict they will spend more.

2



Food sales will grow as general merchandise suffers

Across nearly every market, food is the area where consumers are planning to increase spending, with the greatest increases in the UAE (53%), China (54%), ROI (40%), the US (43%) and Kenya (75%).

However, sales of general merchandise – such as greeting cards and stationery – will suffer in some markets. In Kenya 48% will reduce spending here, along with 35% in Germany, 42% in Italy, 40% in the UAE and 55% in France.

China, however, bucks this trend. There, consumers are expecting to spend more across all product categories.



3



Ethical considerations will continue to rise

With so much international focus on the state of the environment, it is unsurprising large numbers of consumers in each market are more concerned about the impact we are having on the planet – and that this is feeding into their shopping habits.

For example, in the UK 45% of consumers are more worried about the environment than they were in 2017 and this has changed the way 29% shop. In Germany, 46% of consumers are more concerned and 32% have started shopping with retailers with more ethical practices.

In the UAE 60% of consumers are more concerned and 55% have changed the retailers they shop with; in the US 45% are more concerned and 41% have adjusted their retailer loyalties; and in China 76% are more concerned and 82% have started shopping with retailers with more ethical and sustainable practices.

4



Price will remain a key battleground

Price appears to be a universal language, with deals and promotions resonating across markets in both grocery and non-grocery. In the UK, for example, a low price is the most important consideration among 64% and 61% in non-grocery and grocery stores, respectively.

Similarly, in Germany, China and Australia consumers say a low price motivates them to buy.

In line with muted global consumer confidence, it is little surprise to see price is a significant consideration for consumers. Product quality ranks highly across a number of markets too, indicating that value retailers and those at the higher end are likely to do well, while mid-priced retailers will feel the pinch.



Global Strategy Local Knowledge

The pace of change of technology has given retailers freedom and greater opportunity to trade beyond borders. We are the legal business enabling clients to make the most of this change.

DWF's understanding of the retail market, global reach and innovative approach to legal services means we are uniquely placed to help you to deliver your multinational retail strategy. We support you in meeting your commercial objectives and creating deep connections with your customers.

www.dwf.law/retail



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