




Understanding the New Consumer

Anson Bailey
Head of Consumer & Retail, ASPAC
Head of Technology, Media & Telecoms, Hong Kong
KPMG China

IOD Briefing, Thailand
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Impact of
demographics
+geopolitics
+coronavirus

Retail
Apocalypse?
Have we got
to rethink our
strategies?


RETAIL DISMISSED **AMAZON**

4 phases of response should be considered

Given the way that consumers and markets are likely to develop it is important to consider a phased approach in your businesses...




Reaction
(first 4-8 weeks)



Resilience
(now)

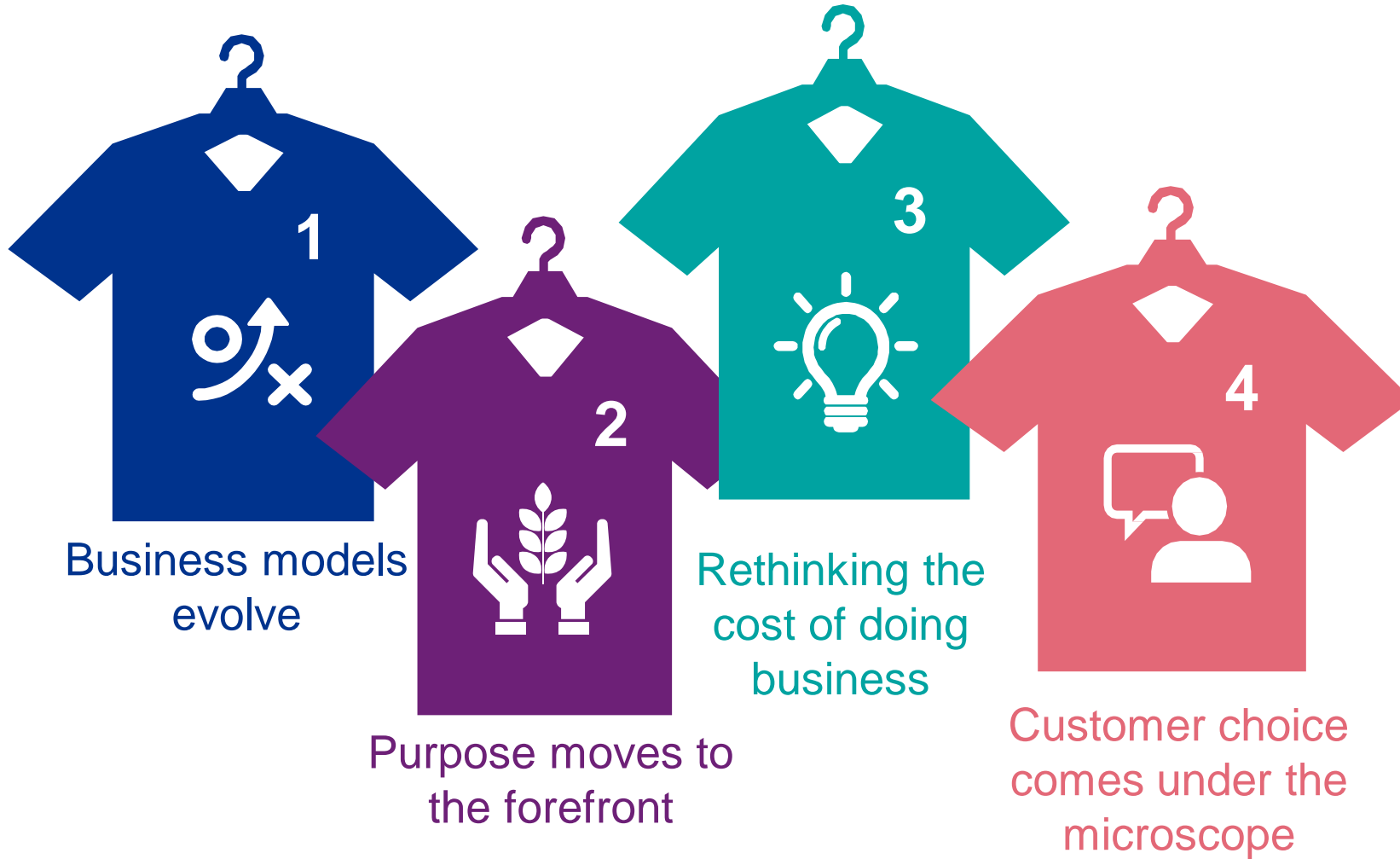


Recovery
(6-12 months)



New Reality
(12-24 months)

Global retail trends 2020: Preparing for the new reality



Source: KPMG Global Publication, *Global retail trends 2020*



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COVID-19 has accelerated key fundamental trends



1 Business models evolve

The rise of platforms is changing the landscape



2 Purpose moves to the forefront

Customers want to buy from companies that stand for something bigger than profits



3 Rethinking the cost of doing business

Retailers are finding ways to cut costs and drive profits



4 Customer choice comes under the microscope

As customers focus on availability over selection, all signs suggest discounters and platforms will thrive.



Source: KPMG Global Publication, *Global retail trends 2020*



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New Global Publication - Consumers and the new reality



3 call-outs for Consumer and Retail sector

Economic impact of Covid-19 will influence behaviours for some time to come – the new normal!

The convenience that is afforded by shopping online is a key driver of increased use of digital channels, both for grocery and non-grocery purchases.

The new consumer is digitally savvy +embraces the ease of interaction via digital

Consumer perceptions of retail brands are changing, and many claim to be more willing to use their local suppliers compared with well-known global brands in the future.

Consumers increasingly purchase from organisations they trust



This executive summary examines the evolution of consumer behaviours across **12 countries** and territories - Australia, Brazil, Canada, **China, both mainland and Hong Kong (SAR)**, France, Germany, Italy, Japan, Spain, UK and the US. It is the first of three reports and is based on a consumer pulse survey data collected from 29 May to 8 June 2020 from more than **12,500 consumers** and looked at their interactions with Consumer & Retail, Banking and Insurance organizations.

We will be tracking consumer trends over six waves of interviewing during June, July and August 2020.

Additional reports will be released at the end of July +end of Sept.

<https://home.kpmg/xx/en/home/insights/2020/06/consumers-and-the-new-reality.html>

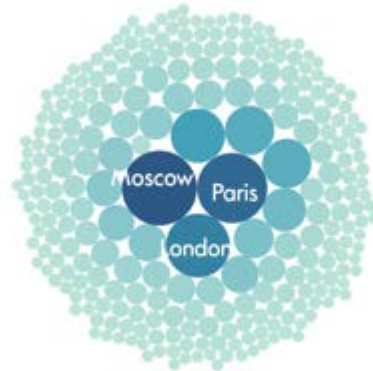


KEEP CALM...growing urbanization with more major cities connected in Asia from 48% to 57% by 2030 (300k+ pop)

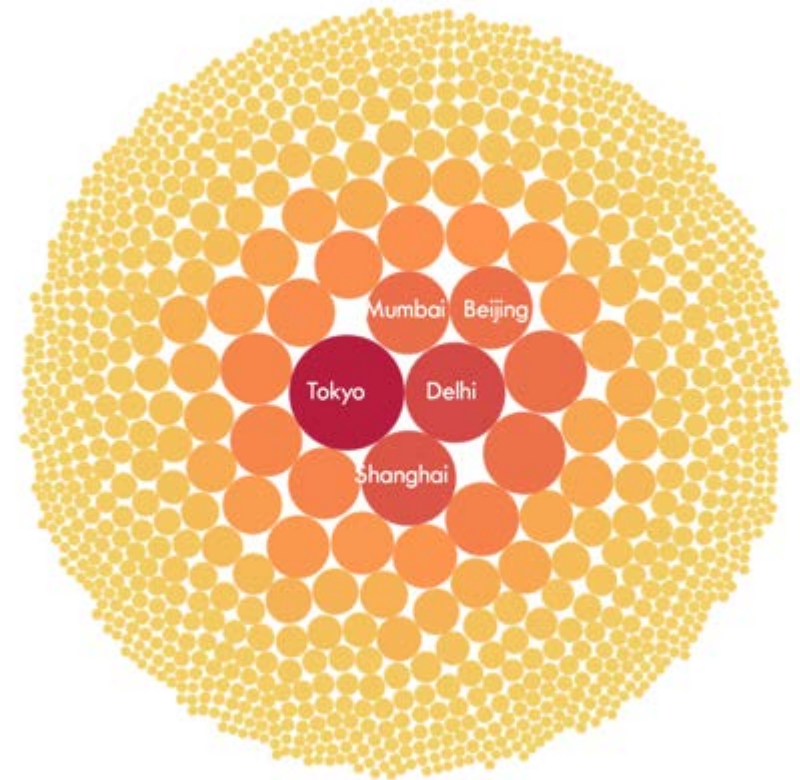
North America
160



Europe
260



Asia
989



Source:
Silk Road Associates



2T

ASEAN total
Retail sales
by 2021

ASEAN region is one of the fastest
growing in the world and is a top
5 global economy

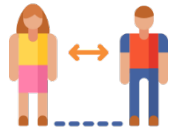
\$149bn+
ecommerce sales
in ASEAN
by 2025

30%

Growing
middle class
in ASEAN
today

Thai consumer behavior is also changing

From...



Close proximity for human interaction

... To

Persistent physical distancing to home activities



Brand loyalty dictates sales

Consumers' trial on new products makes brand loyalty more obsolete



"Living closer feels like a family"

"I need my own personal space"



Price-to-quality

Lower price sensitivity. Quality and efficacy rule

Examples

Home Workout



Picture from: Shutterstock

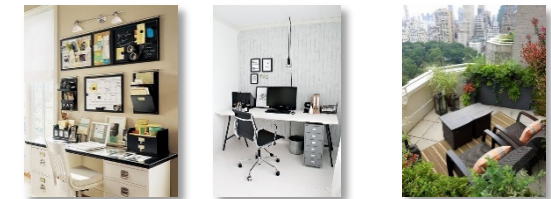
Home cooking



Picture from: Harvard Health Blog



Picture extracted from: Shopee



Pictures from: Pinterest



Picture from: Nielsen

Source: Nielsen, Positioningmag, The Standard



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Thai consumer behavior is also changing

From...

... To



Traditional Brick-and-Mortar and online channel as a supplement



Digital and online as the main channels



International brands for trustworthiness



Local brand for traceability



Shopping at grocery stores for everyday items



Subscription plans instead of day-to-day purchase



News and information: Social Media as incremental to TV

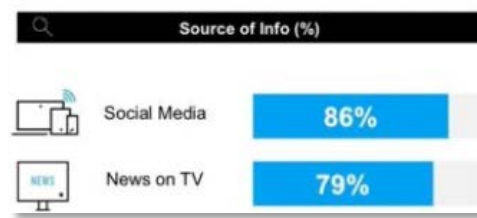
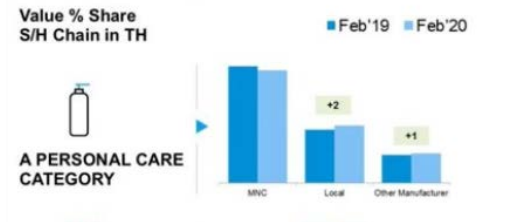


Social Media becomes main stream for news

Examples



Picture from: techsauce



Pictures from: Nielsen

Note: Some topics are extracted from The Standard Economic Forum, a virtual conference which is not accessible publicly
Source: Nielsen, Positioningmag, The Standard

Questions for the board - Why?

- Why is consumer behavior changing so quickly?
- Why should we be thinking about changing our business models and do we need to use these platforms? What social media platform do your customers use? Are you there?
- Is your mgmt. team talking the same language as your marketing department and do they have the relevant skill-sets?
- Are the data linked across front, middle, back office? What are your plans to digitize the organization?
- What informed decision have you made with the data analytics performed through the data collected from customers?

How can you compete in a "Mobile First" World?

1.2bn/1bn
Alipay / WeChat
users

2.3bn
Internet users
In Asia

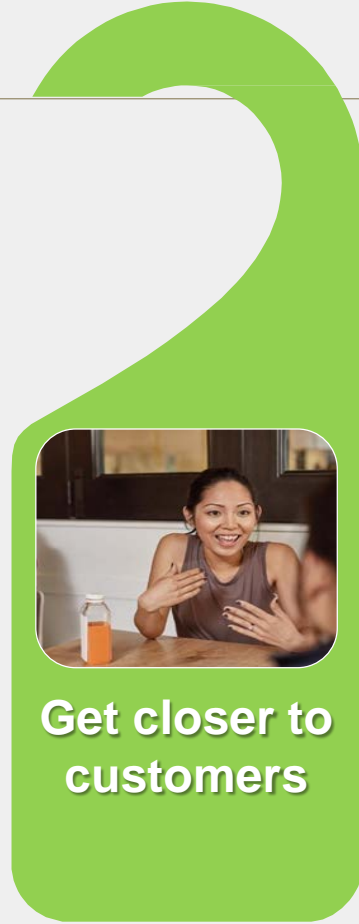
3.5bn
Smartphone
users in the
world

765m
Mobile payment
Users in
China

Pleasing customers during a pandemic



Think 'safe retailing'




Get closer to customers



Close that last mile



Improve digital channels



Follow your customers on their journey



Deliver on your values

Source: Rene Vader, Global Head of Consumer & Retail <https://www.linkedin.com/pulse/pleasing-customers-during-pandemic-rene-vader/?trackingId=ILPLA2VsTWCbAokhuJ4c3g%3D%3D>



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Online has Inflated Customers' Expectations





Platform Business Models changing ownership of **assets** vs **access**

The New Normal.....Different Speeds

Rise of
livestreaming
with TikTok
attracting
800M MAUs

115M
Domestic tourist
trips in China
During Golden week!
(from May 1-5)

NZ – AUS
Governments
discussing
set up of “safe
travel zones
+Bubbles”

Retailers
driving new
tech +innovation -
focus on Customer
AI / Data / VR
+5G

The Chinese Consumers.....different speeds



**Online sales rose
36.3%
YOY**



**China Wholesale
and Retail Q1*
↓ 17.8%**



**Ended lockdown but
not travelling abroad**



**618 online festival -
26bn transaction
\$2.38trillion**

**SOCIAL
RETAILING**

**LIVE
STREAMING**

**CONTACT-
LESS**

*Source: National Bureau of Statistics of China

What is your Purpose?

What is your purpose and are you aligned with your organisation?

What are you passionate about?

How are we making a difference in our society?

How can we become more resilient?



Questions for the board - How?

- How can we better understand the current market trends? Do we really have a single view of our customer?
- How can we improve transparency across our businesses?
- How can we help society respond and recover to the current health troubles?
- How can we support our customers and employees through this challenge? (you should enjoy greater brand loyalty)
- How can you make better use of the data that resides in your company?

Age of Accelerators focused on the Consumer

INNOVATION

TECHNOLOGY

COLLABORATION

CO-CREATION

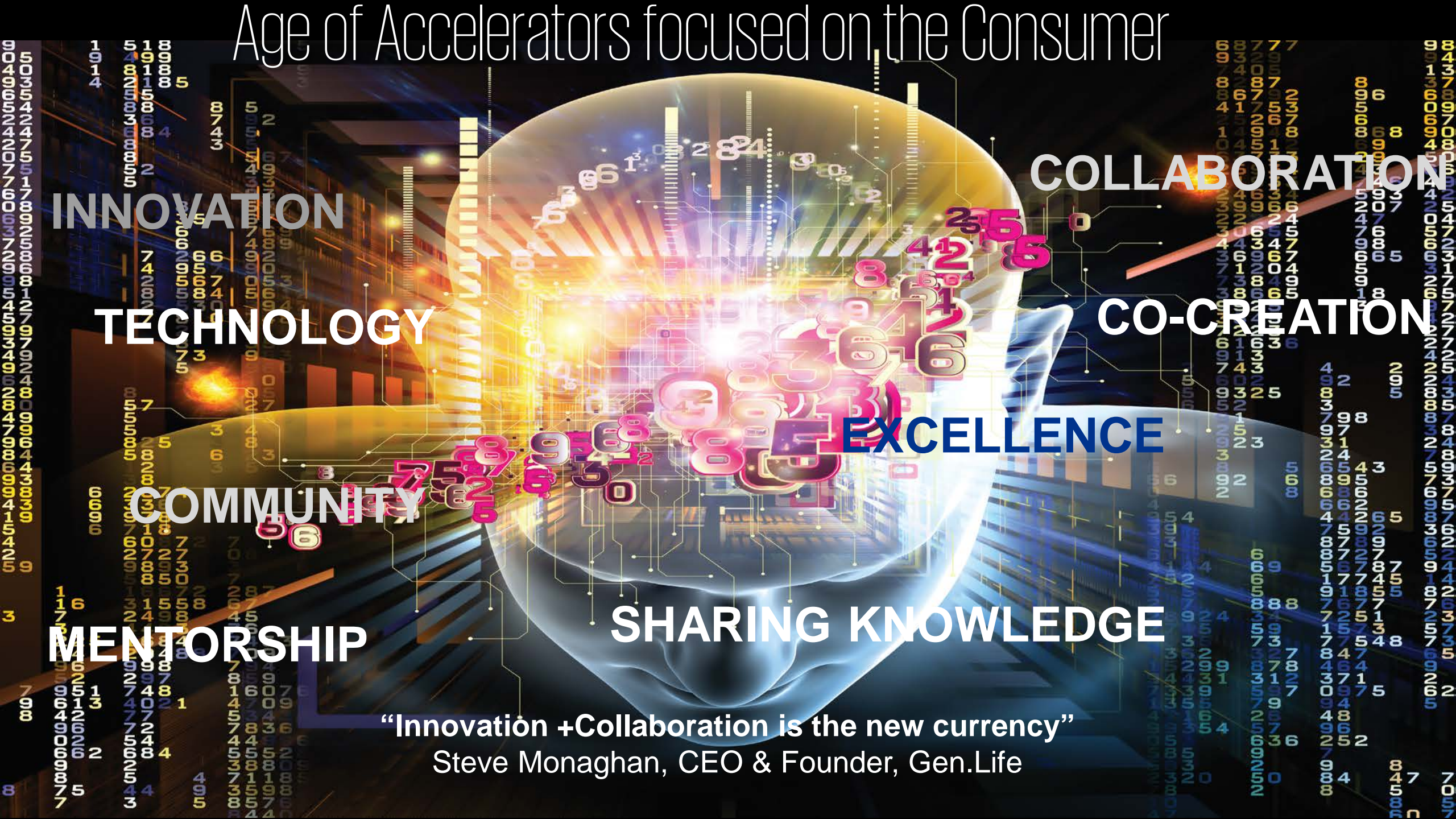
EXCELLENCE

COMMUNITY

MENTORSHIP

SHARING KNOWLEDGE

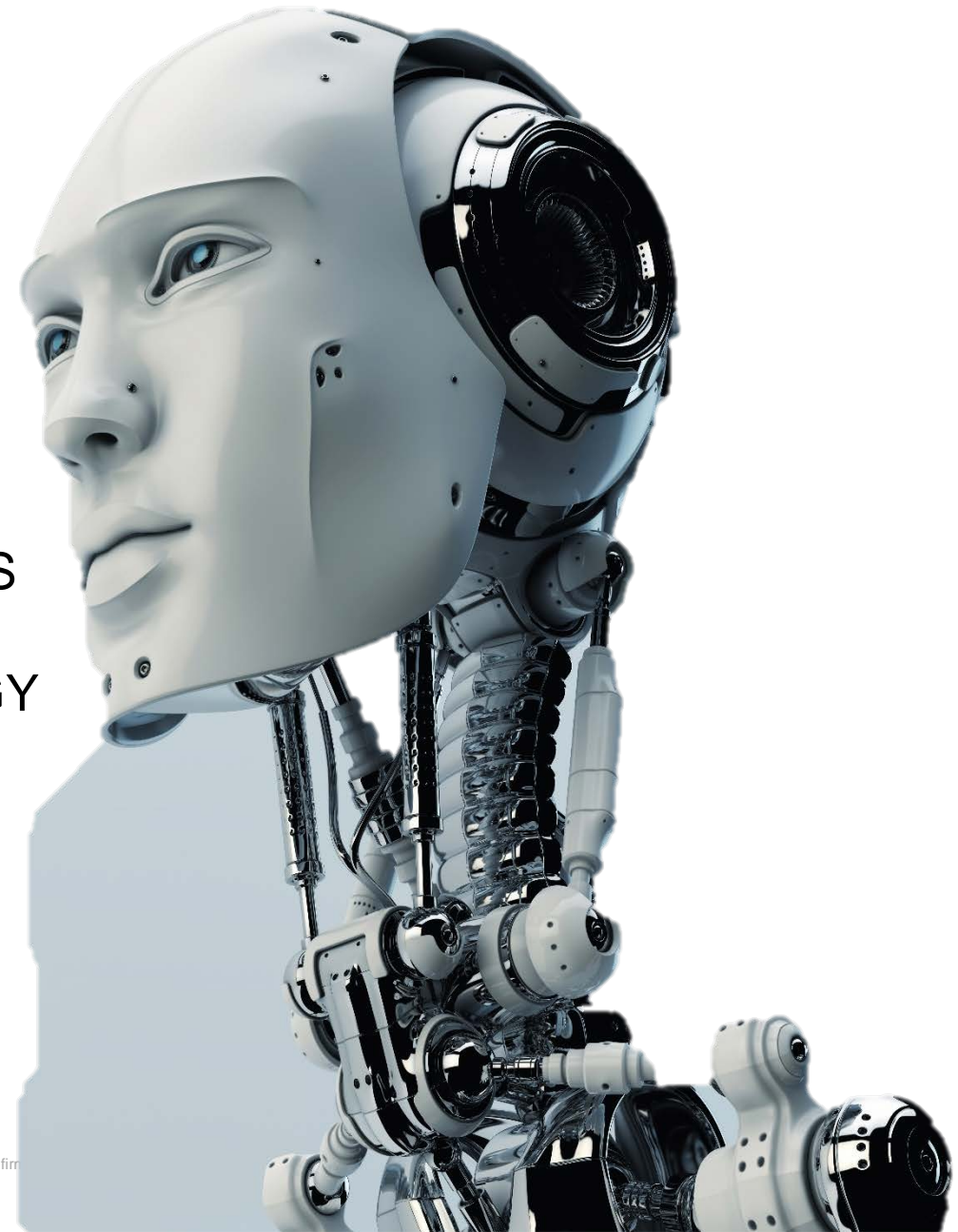
“Innovation + Collaboration is the new currency”
Steve Monaghan, CEO & Founder, Gen.Life



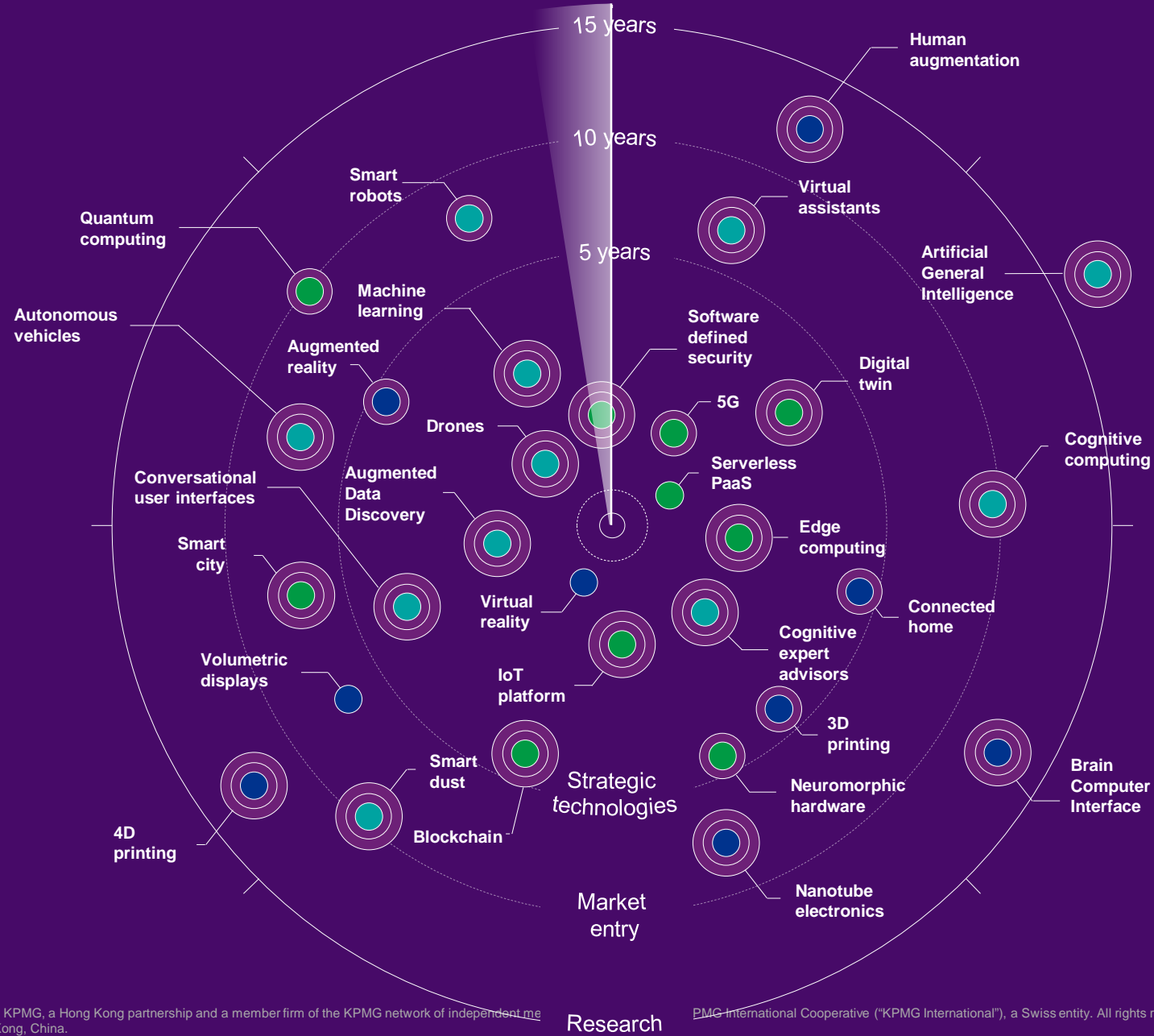
Future Market Trends - AI & Robotics

WE ARE GOING TO SEE A RAPIDLY
CHANGING LANDSCAPE IN SALES
+SERVICES TODAY AND IT'S
RELATIONSHIP WITH TECHNOLOGY
BEING THE KEY DRIVER!

**ARE YOU READY FOR THE
SPEED OF CHANGE.....REALLY?**



Emerging Technology Radar



- Immersive experience
- Artificial intelligence
- Digital platforms

Impact

- Transformational
- High
- Moderate



300M
MAUs

zoom



Are you ready for the new normal?

800M
MAUs

TikTok

Emerging Technologies
like AI
+Blockchain will
profoundly
impact
supply chains

You also need to
ensure you have a
more **purpose**
driven agenda
+deliver on your
values

You need to get
ready for the
speed of
change in this
'new normal' era

Data
+Innovation
is critical
to maintain
long-term
competitiveness

Listen to your
customers and follow
them on their journey!
They are demanding
more +more
transparency
from the brands they
buy



Questions for the board - What?

- What are the technologies on the horizon that can enable your business in achieving its goal in the long run?
- What are your plans in rolling out online fulfilment, home delivery, data analytics, AI, machine learning and process automation?
- What are your investment plans into new mgmt. systems including customer loyalty programs and customer data?
- What are your future plans to look at new technologies +innovations in your business?
- What are your plans to develop talent within your company?

On the board agenda 2020



On the board
agenda



Link boardroom discussions on strategy, risk and global disruption



Engage in business continuity management. Be ready with a crisis response plan



Understand how the company aligns profit and purpose



Be proactive in engaging with shareholders



Help set the tone. Monitor organisational culture



Manage the risks and opportunities from emerging technology



Data governance. Holistic approach to cyber security and data privacy



Make CEO succession and talent development a priority



Build talent in the boardroom around the company's strategy and future needs

Board leadership centre: <https://home.kpmg/cn/en/home/misc/board-leadership.html>



Thank you



Anson Bailey

Head of Consumer & Retail, ASPAC
Head of Technology, Media &
Telecoms, Hong Kong
KPMG China

anson.bailey@kpmg.com
+852 2978 8969

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