

GLOBAL SHOPPER BEHAVIOUR

NOTHING SO CERTAIN

AS CHANGE

David Roth
CEO, The Store WPP
EMEA and Asia

NRF New York, 2016

**No one-sized
global retail
strategy for
growth**

**Global
insights
impacting
country
strategy**

**New models
for country
opportunity
segmentation**

**Changing
consumer
preferences
for channels
& platforms**

THE ONLY CONSTANT IS CHANGE

BRANDZ
Top

1



10th Anniversary
Edition



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Most Valuable
Global Brands
2015

Methodology and valuation by
Millward Brown

taxi
7am - 7pm

METEORIC SPEED_{OF} CHANGE





IT WAS THE

BEST OF TIMES

IT WAS THE

WORST OF TIMES

WPP



Data Sources



KANTAR RETAIL

KANTAR WORLDPANEL



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DIFFICULT

TO ISOLATE CONSISTENT

GLOBAL PATTERNS

CHRISTIE'S

LEHMAN BROTHERS



CONSUMERS

LESS OVERTLY

ANGRY

...NOT HAPPIER

the
futures
company

Cultural
STREETSCRAPERS

SENSE OF

LIMBO

IT FEELS LIKE there is a lot of tension in the country, and this will be heightened soon under the intense scrutiny of the Presidential election cycle.

Amy, U.S

MIXED FEELINGS ARISE these days in Argentina, with a peculiar and turbulent year going on.

Julia, Argentina

THERE IS MORE perceived volatility and less certainty than there was 12 months ago.

Charlie, China

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Insights that will drive Retail Growth across the world

Population

Households

Shopping missions

Private label

Promotions

FMCG growth

Population Growth Slowing

1%

2015

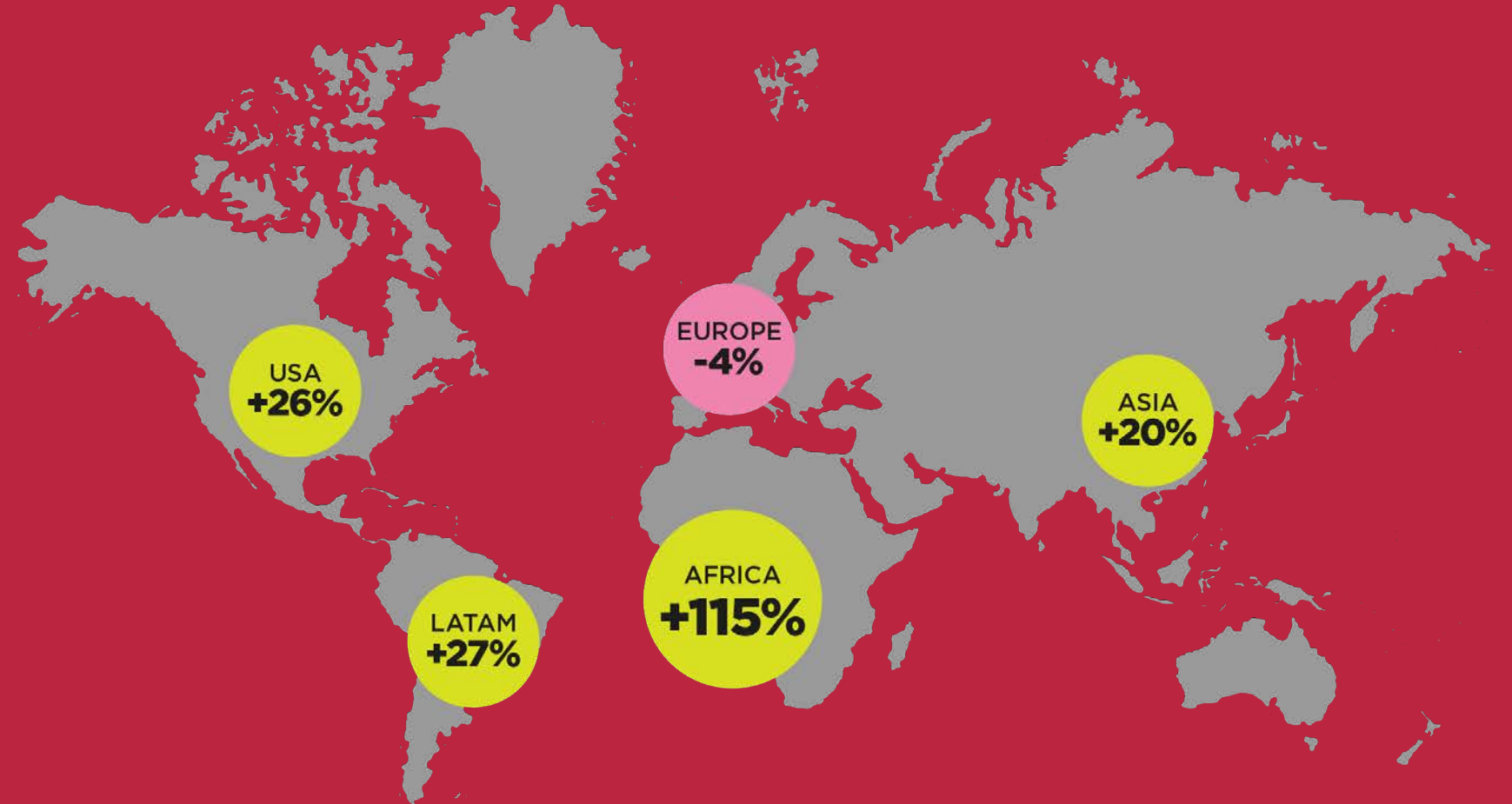


0.6%

2040

Population Growth

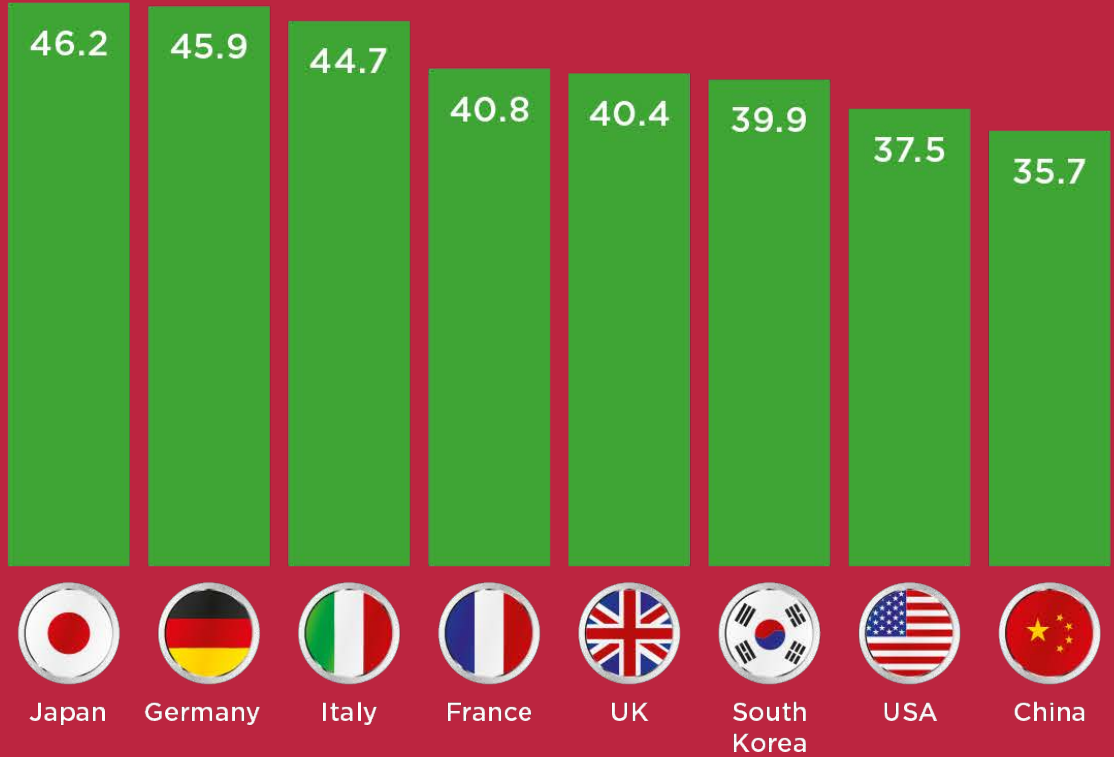
% increase 2015 - 2050



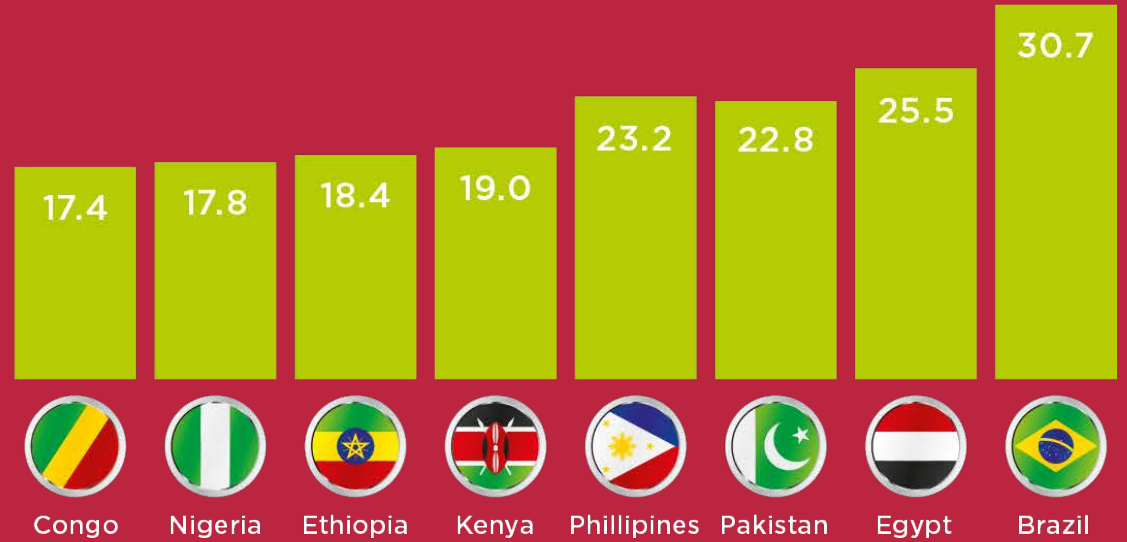
Polorisation of Older and Younger countries

Median Age 2015

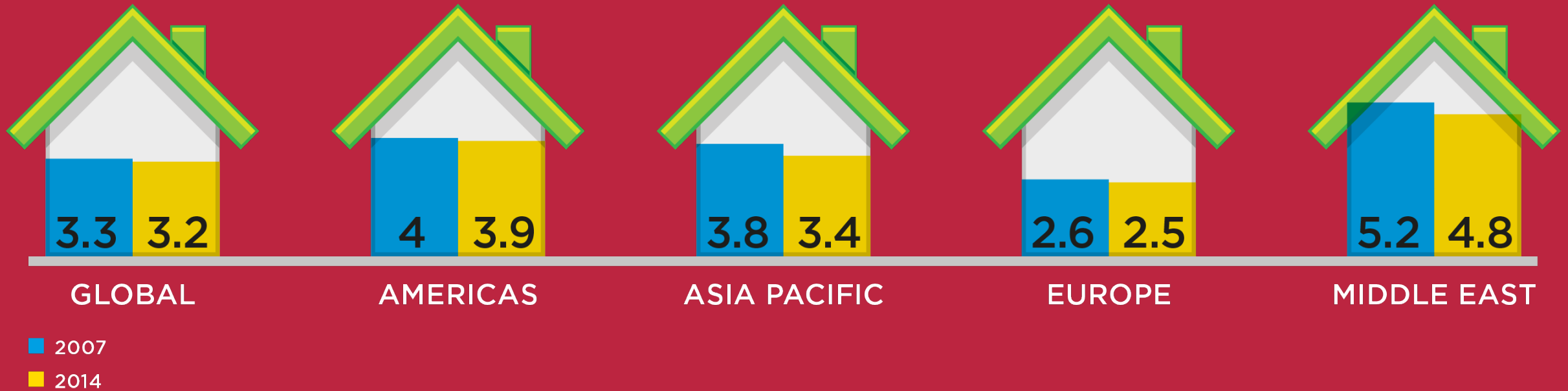
OLDER



YOUNGER



Changing household structures mean new routines and consumer needs



Shopping less frequently

**-2.8
TRIPS**

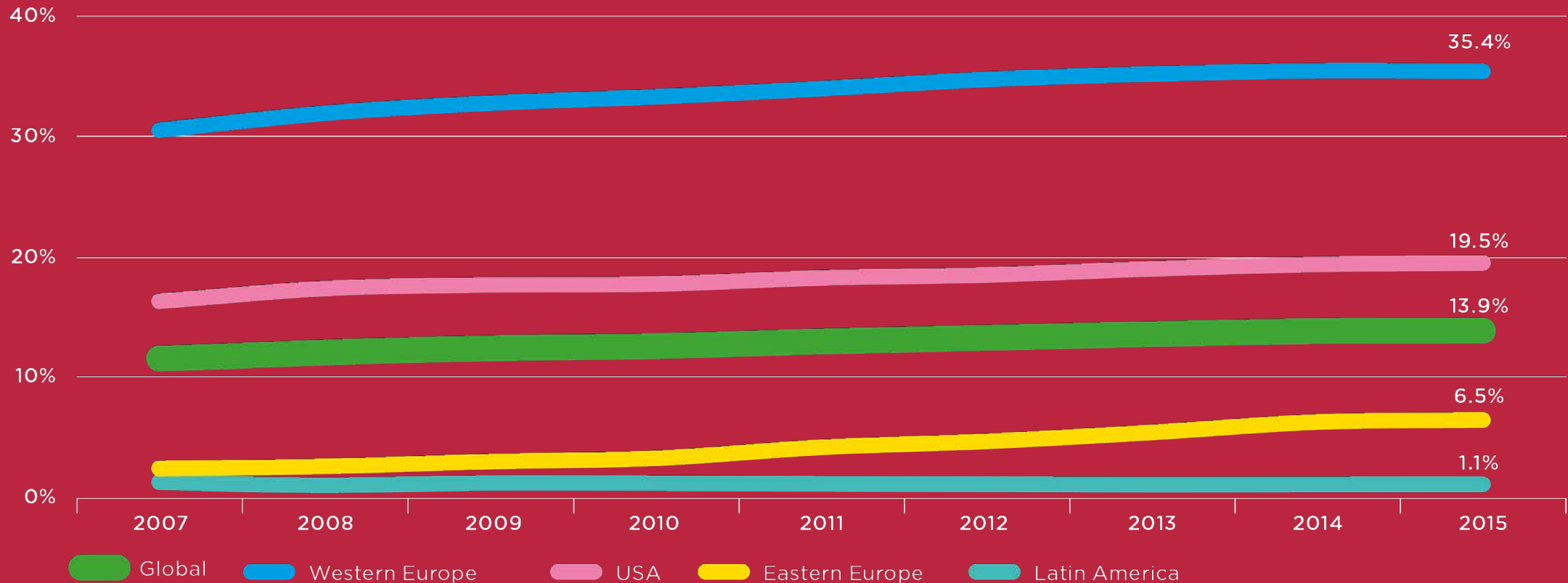
**-1.9
TRIPS**

**-3
TRIPS**

**-3.8
TRIPS**

Trading down has been a coping mechanism during the recession - signs of stabilisation

OWN BRANDS - VALUE % SHARE



CONSUMERS

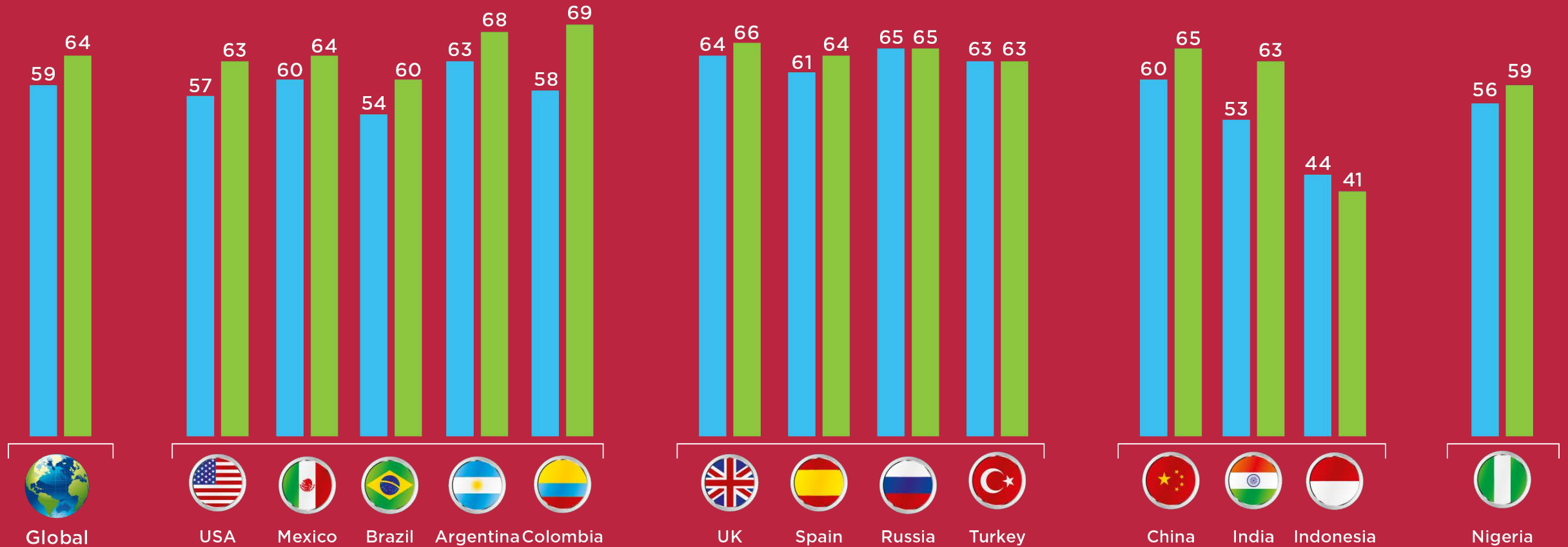
SUBJECTING BRANDS TO

MORE SCRUTINY

“I am increasingly sceptical of the claims made by brands on packaging and in advertisements”

% AGREE/STRONGLY AGREE

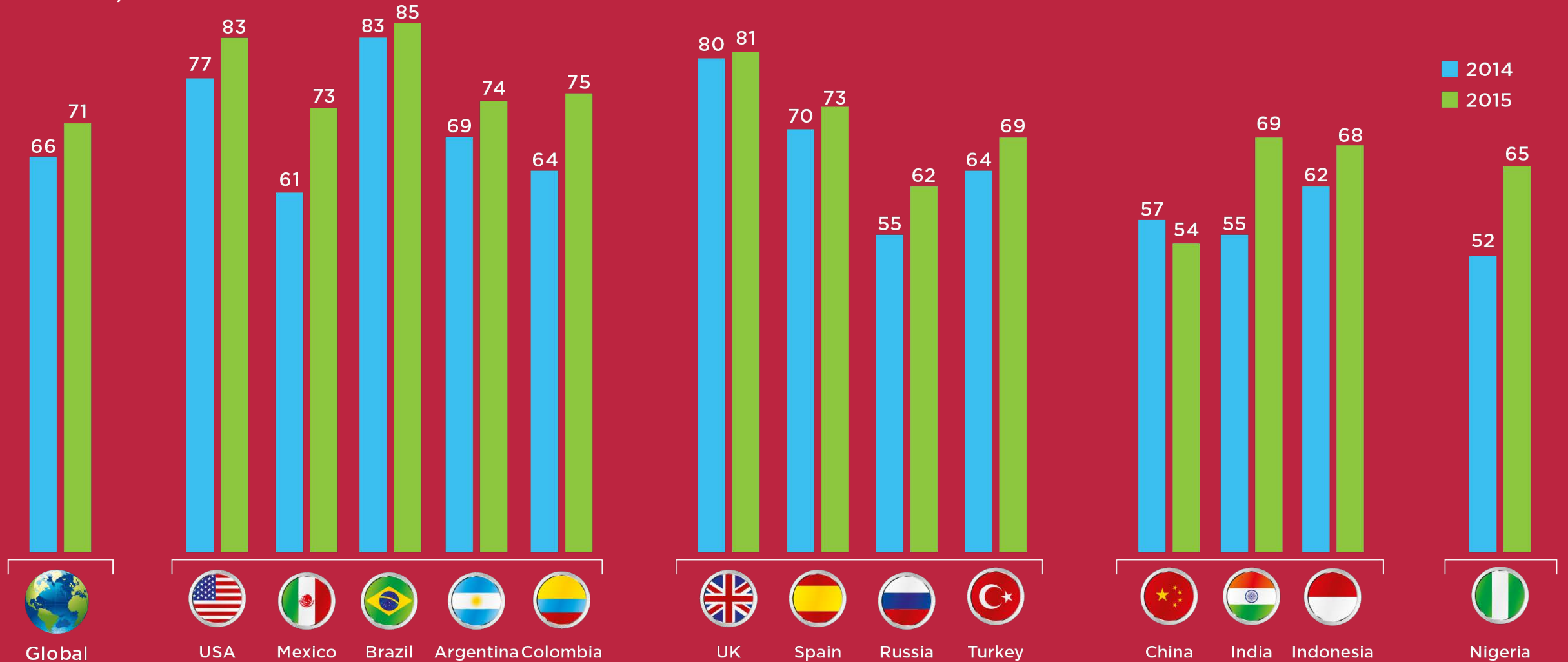
2011
2015



CONSUMERS
MORE VALUE
CONSCIOUS

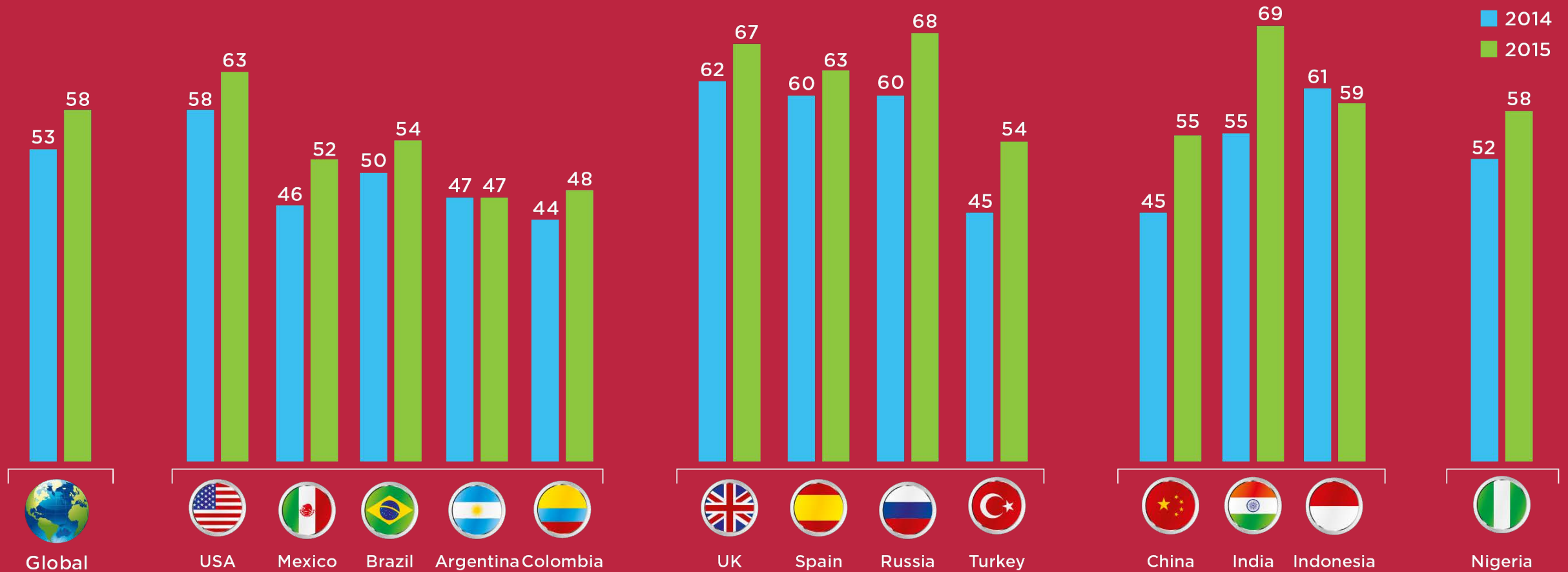
“I always look out for sales and special offers”

% AGREE/STRONGLY AGREE



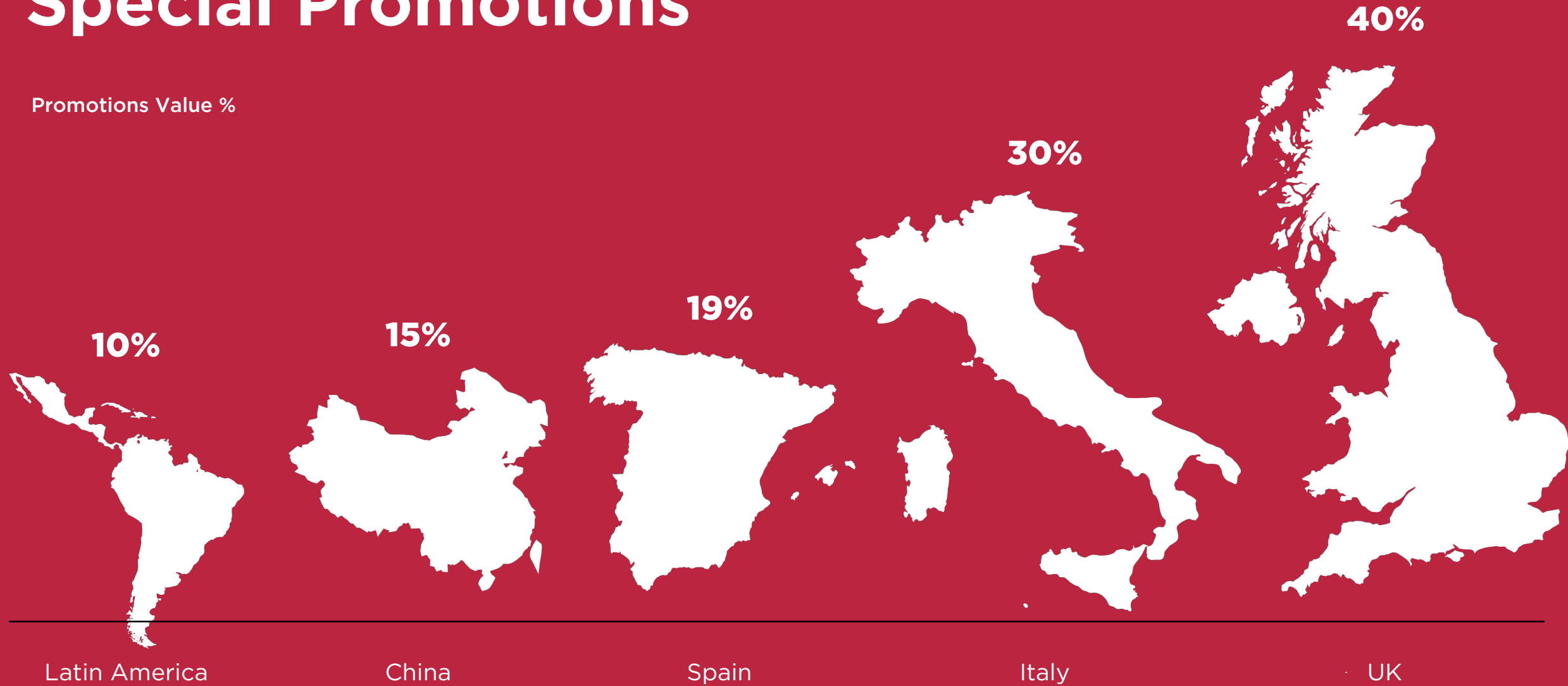
“Price is more important to me than brand names”

% AGREE/STRONGLY AGREE

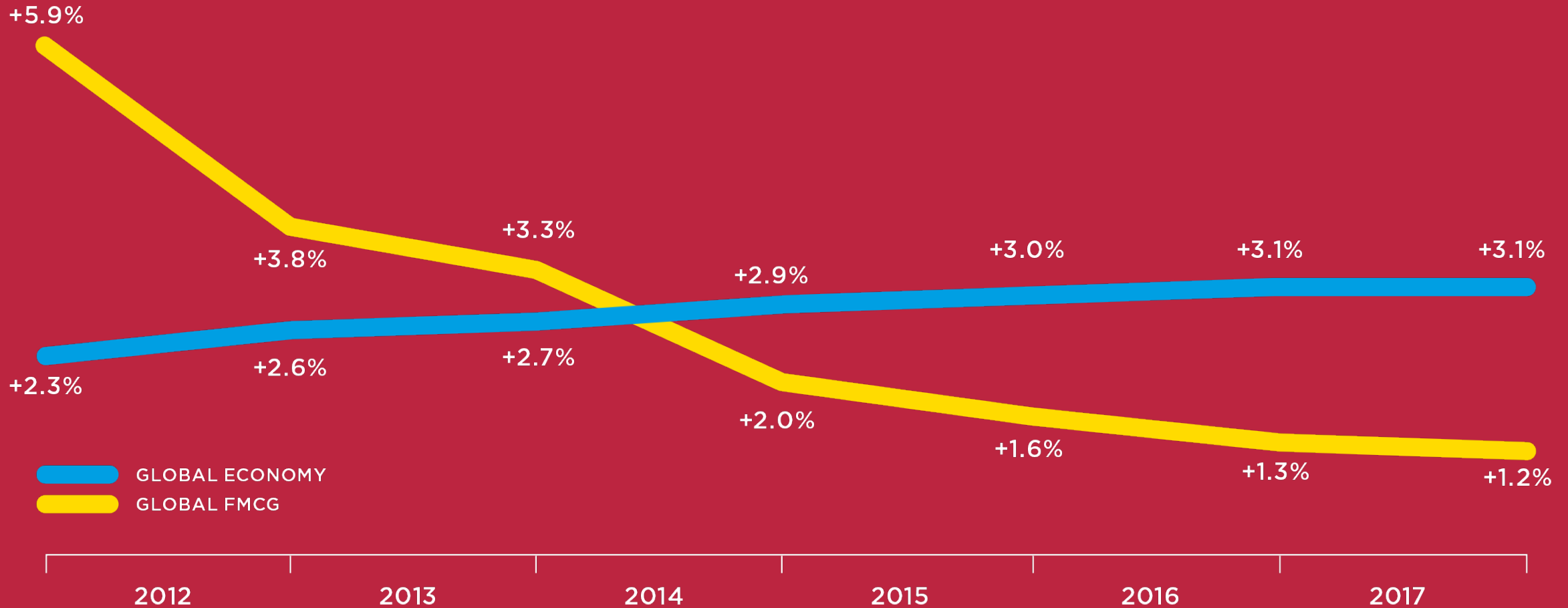


Special Promotions

Promotions Value %



For the first time Global FMCG growth slower than Global GDP growth



RISE IN FMCG CONSUMPTION
ACROSS ASIAN MARKETS
IS SLOWING



70%

of local FMCG players
sales are growing

VS.

50%

of the global
brands in China



Local brands account for

70%

of FMCG value...

&

82%

of its growth

HELP CONSUMERS MANAGE
THREE CORE AREAS OF THEIR LIVES

BUDGET

HEALTH

TIME

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Country segmentation for consumer retail growth and country strategy

Can't rely on historical frameworks to cluster countries...

BRIC's

**East
vs.
West**

**Developed
vs.
Developing**

APAC

NEW² FRAMEWORKS

Framework 1

**FINANCIAL
PRESSURES**

**SPENDING
INTENTIONS**

the
futures
company



ABLE NOT WILLING

Low financial pressure
Low spending intentions



WILLING & ABLE

Low financial pressure
High spending intentions

Less willing to spend

More willing to spend



NOT WILLING OR ABLE

High financial pressure
Low spending intentions



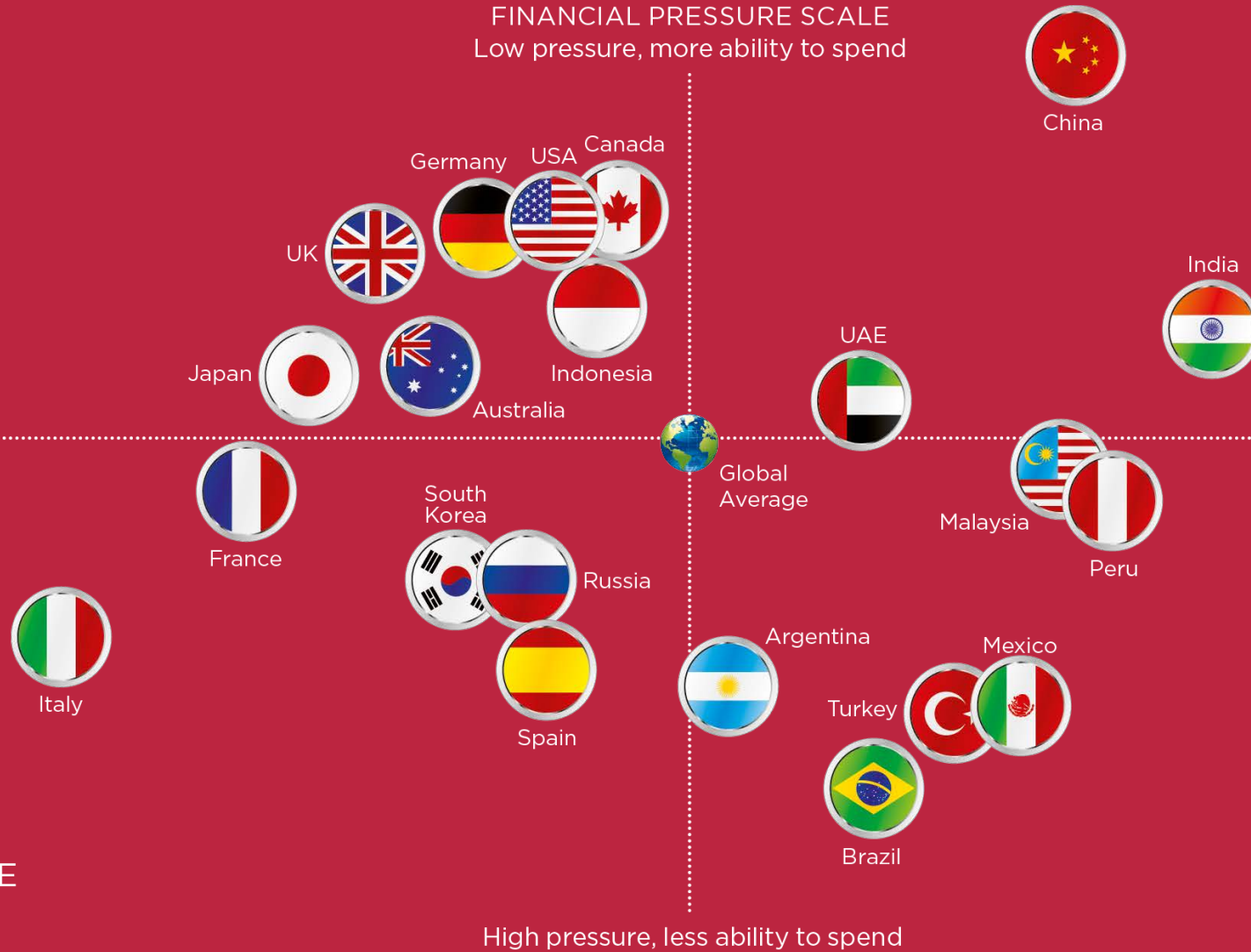
WILLING NOT ABLE

High financial pressure
High spending intentions

FINANCIAL PRESSURE SCALE
Low pressure, more ability to spend

SPENDING INTENTIONS SCALE

High pressure, less ability to spend





ABLE NOT WILLING
 Low financial pressure
 Low spending intentions



WILLING & ABLE
 Low financial pressure
 High spending intentions

Less willing to spend

SPENDING INTENTIONS SCALE

More willing to spend

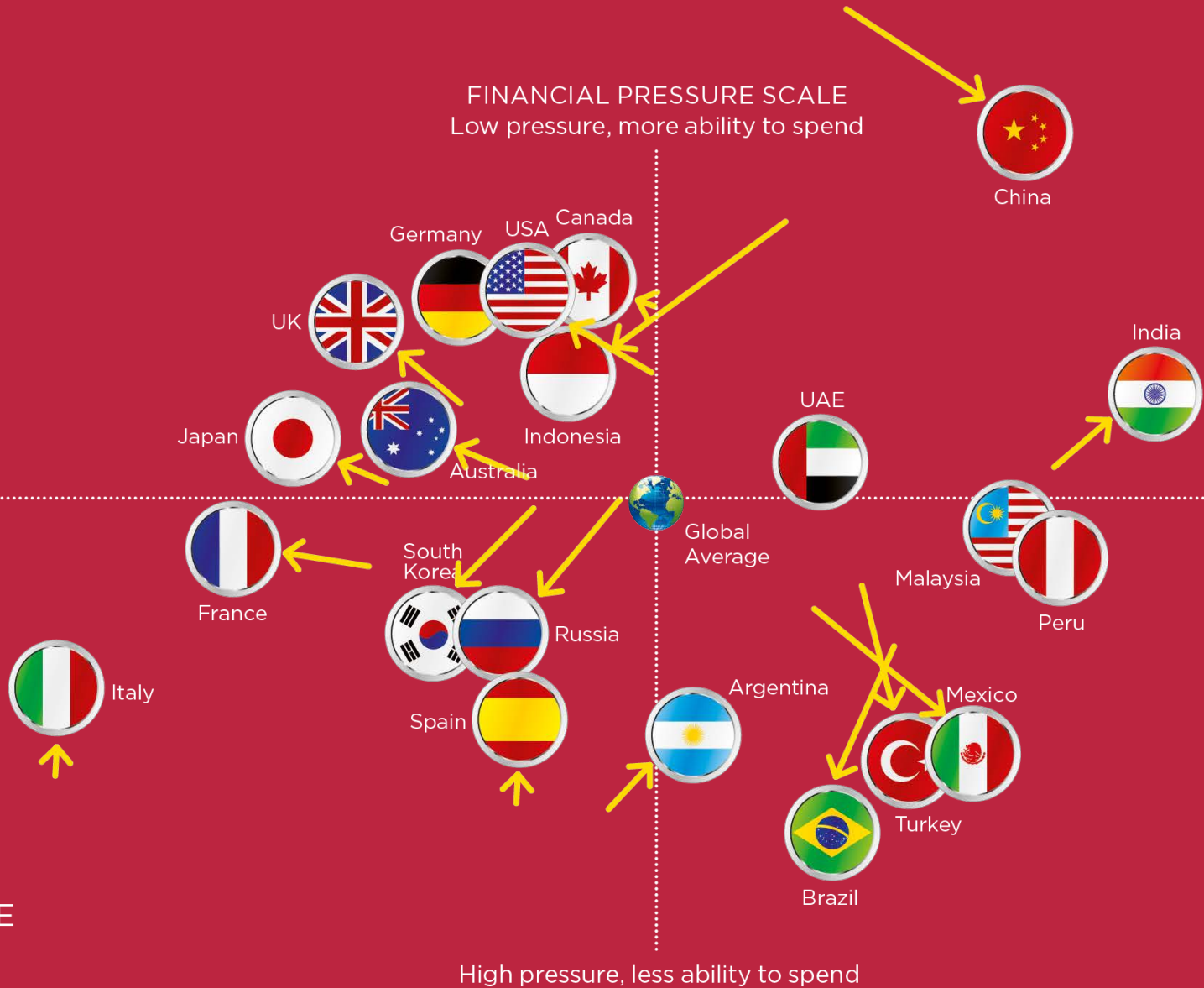


NOT WILLING OR ABLE
 High financial pressure
 Low spending intentions



WILLING NOT ABLE
 High financial pressure
 High spending intentions

FINANCIAL PRESSURE SCALE
 Low pressure, more ability to spend



High pressure, less ability to spend

Arrow represents movement from 2014 to 2015



ABLE NOT WILLING

Economic gains not translating into consumer purchases
Understand consume re-prioritisation
Waiting for consumer to re-engage on their own will miss opportunity
Consumers playing watch & wait. Need to spark action

WILLING & ABLE



Priority growth markets.
Test markets
Fast agility
Premiumisation opportunity
Treat as home market

Strong value proposition

Innovative financial incentives and payment terms

Resource realignment

LatAm success requires moving beyond Pan-Regional strategies

Consumers wanting more for less



NOT WILLING OR ABLE

WILLING NOT ABLE

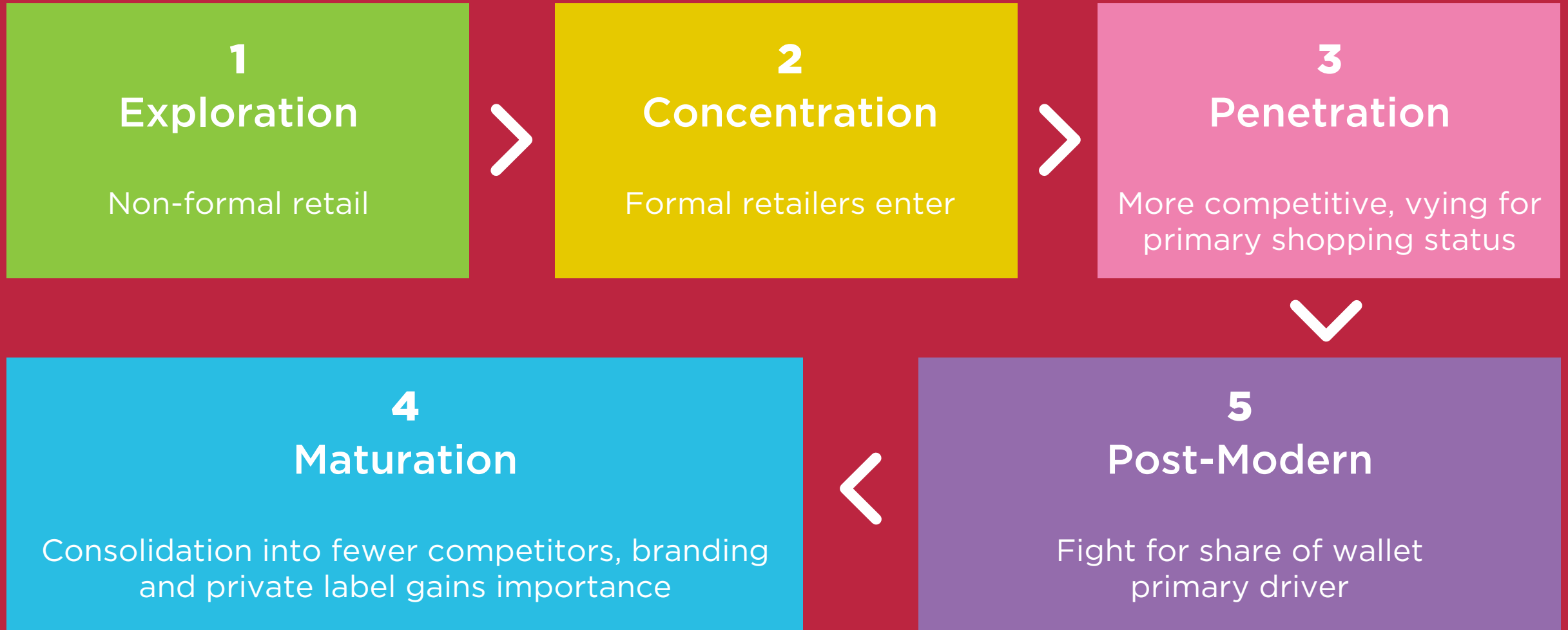


Framework 2

**NEW
MODEL FOR
IN-COUNTRY
RETAIL
MARKET
EVOLUTION**

**KANTAR
RETAIL
MARKET
EVOLUTION
MODEL**

Five phases for in-country market evolution



New model for in-country market evolution



<p>Pioneers</p> <p>Category Specialists, Hypermarkets, Cash & Carry, and Local Food Chains</p>	<p>Adjacent Nation, Primary Formats</p> <p>Discounters & C-Stores = new growth formats; Hypers and C&C largest growth formats</p>	<p>Adjacent Nation, Pioneers, and Secondary Formats</p> <p>Traditional Trade now impacted</p>	<p>Pure Secondary Formats, Multi-formats</p> <p>Drug, Supermarket, Category Specialists</p>	<p>Multi-Format Dominant</p> <p>High-capability Drug, Supermarkets & Category Specialists. Regrowth of Specialty Chains, Mom 'n' Pops with Demographic Focus</p>
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Market evolution model

(2007)

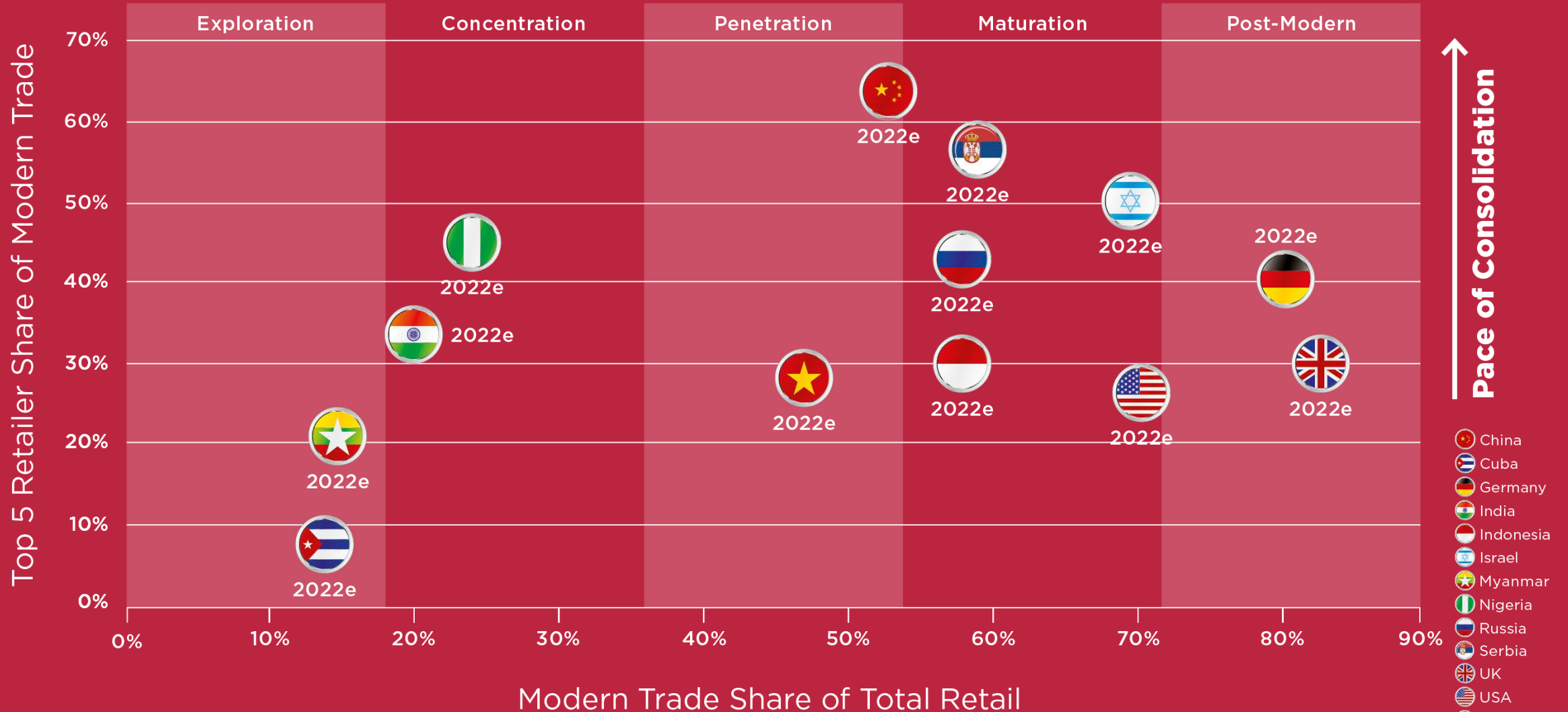
Pace of Modernization →



Market evolution model

(2022E)

Pace of Modernization →



FINDING MARKETS AT
**SIMILAR STAGES
OF EVOLUTION**

ALIGNING STRATEGIES, FORGES
SUCCESS FOR GLOBAL RETAILERS

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growth

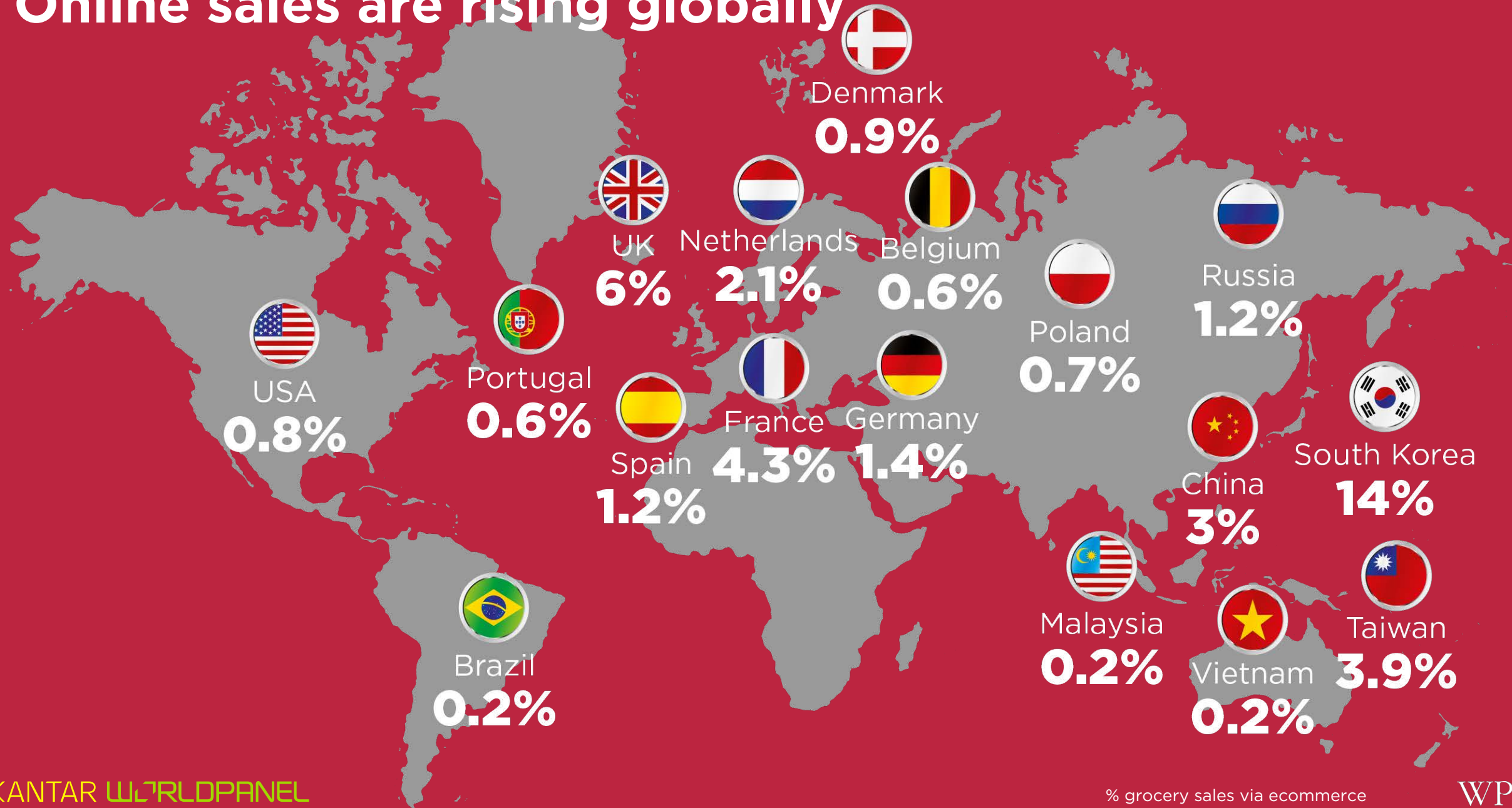
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Online sales are rising globally



Rise of e-commerce



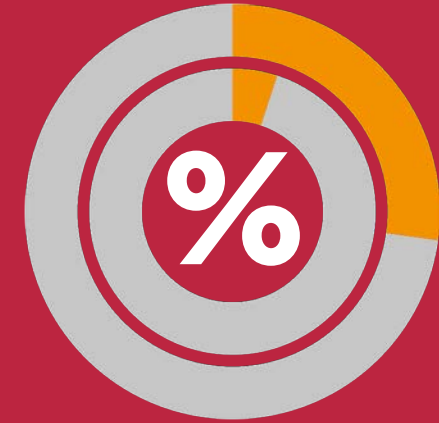
**\$40
Billion**

FMCG Value generated by
E-commerce channel



+26%

2015 value growth



3.9%

% Value share
of e-commerce
In FMCG Market

IF YOU DON'T HAVE A DIGITAL
RETAIL STRATEGY PER MARKET

**YOU DON'T HAVE
A STRATEGY...**



China



India

The World's largest e-commerce market



China accounts for

35%

of all global
e-Commerce

B.A.T.

Baidu 百度

Alibaba.com™

Tencent 腾讯

BRANDZ™

TOP 100

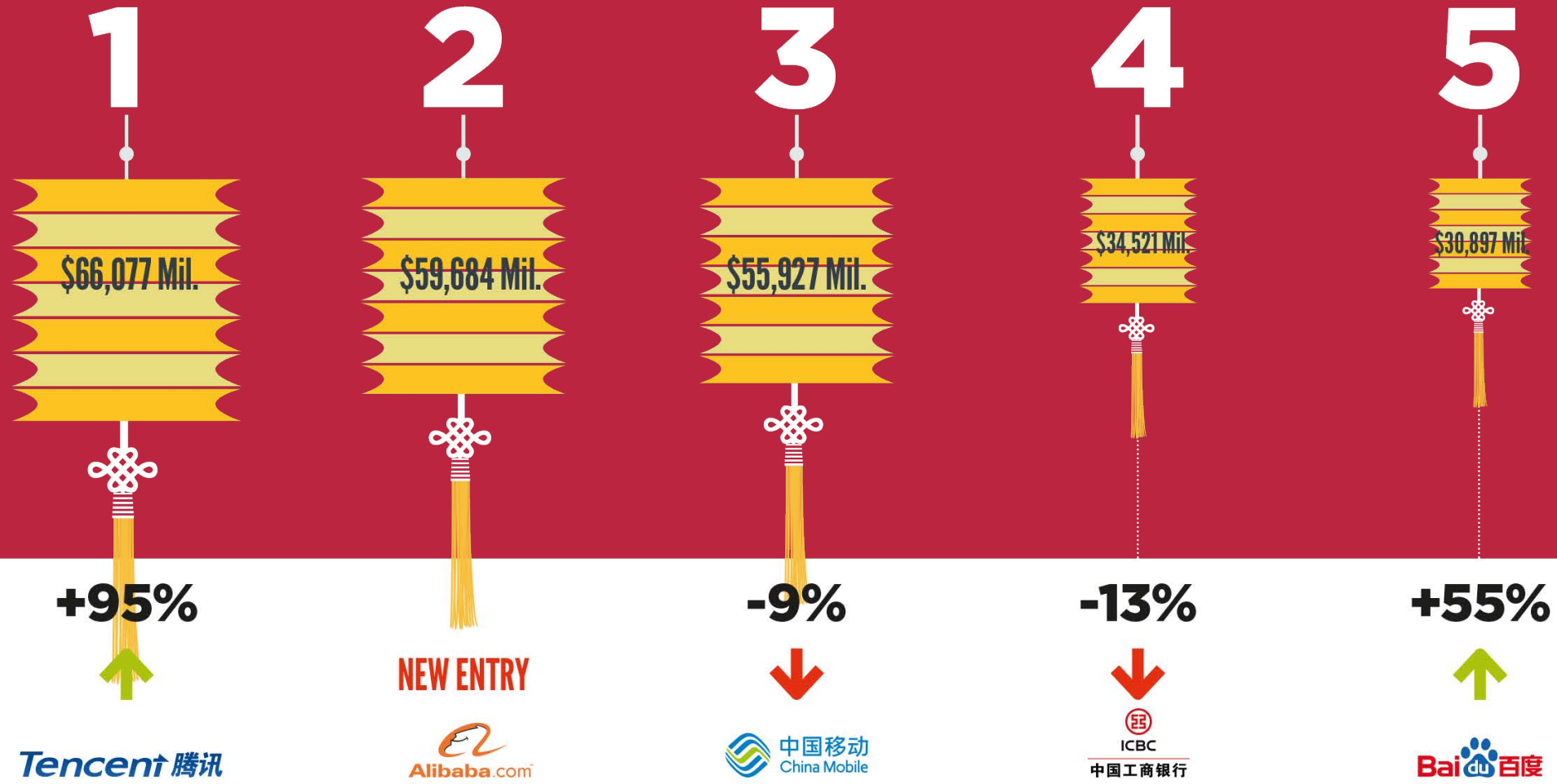
Most **Valuable**
Chinese Brands

最具价值中国品牌100强

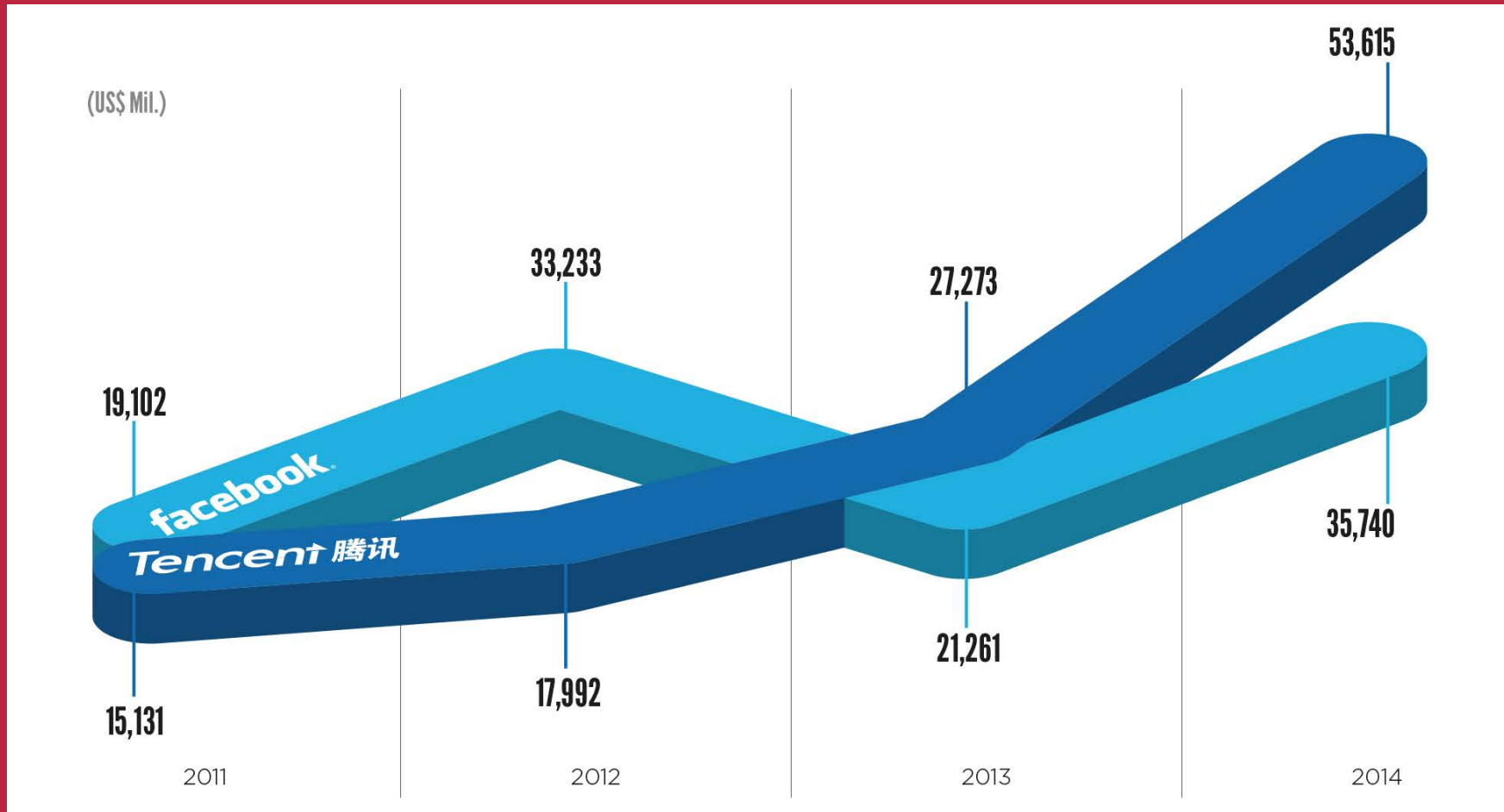
2015 二零壹伍年

Tencent becomes the Most Valuable Chinese Brand with Alibaba second

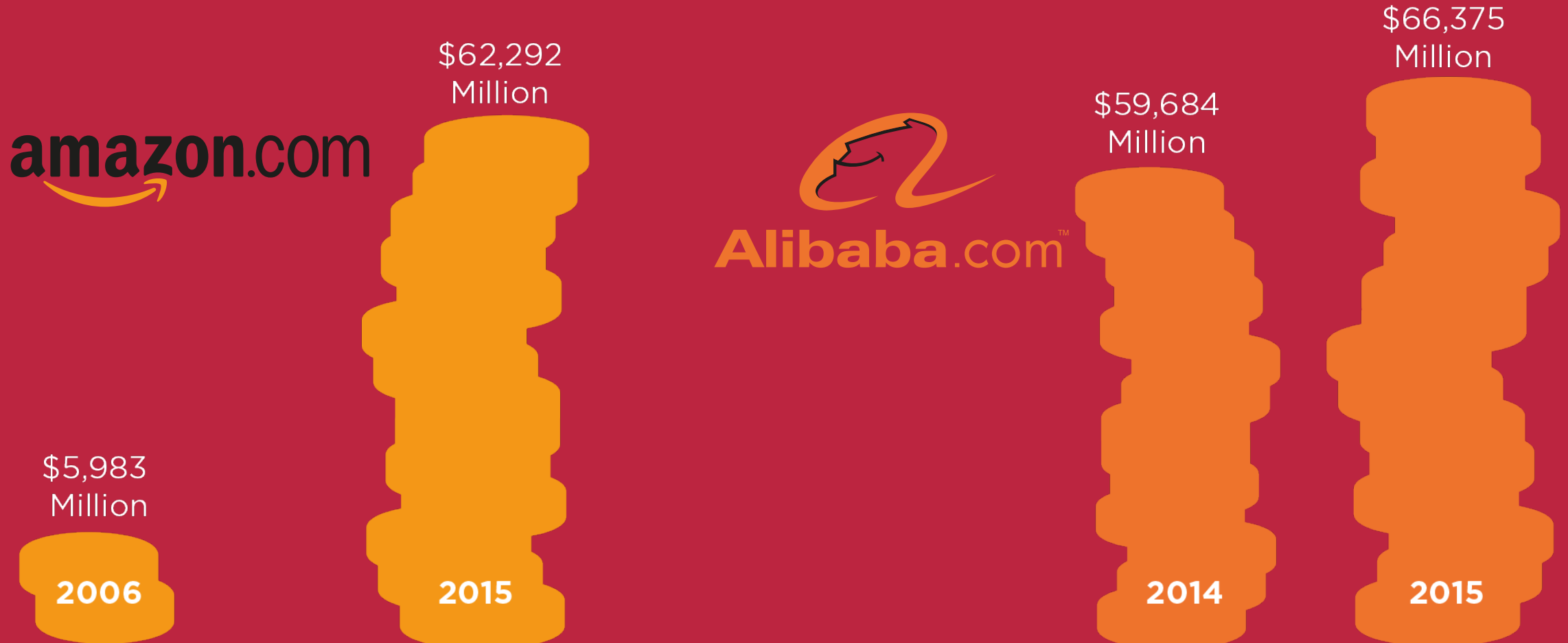
BRANDZ™
TOP 100
Most Valuable
Chinese Brands
最具价值中国品牌100强
2015 二零壹伍年



Tencent surpassed Facebook in Brand Value



Alibaba surpasses Amazon in Brand Value



11.11

光棍节

SINGLES DAY



Alibaba.comTM

\$14.3 Billion

11.11
光棍节

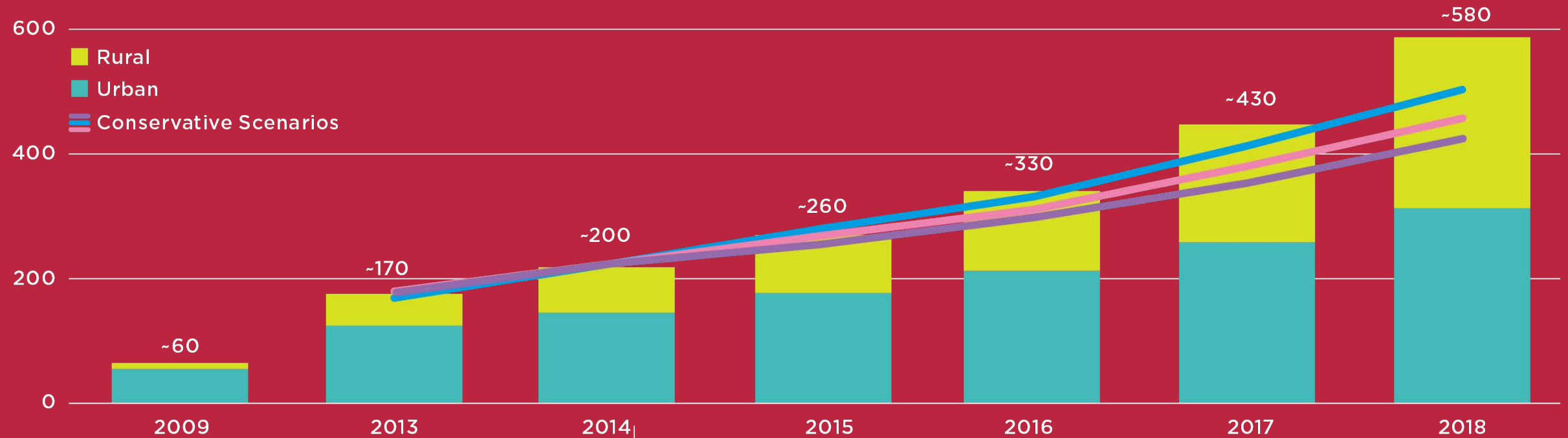


Video of Singles Day



India internet population to reach Half a billion by 2018

Changes in affordability and reach variables disproportionately affect rural growth



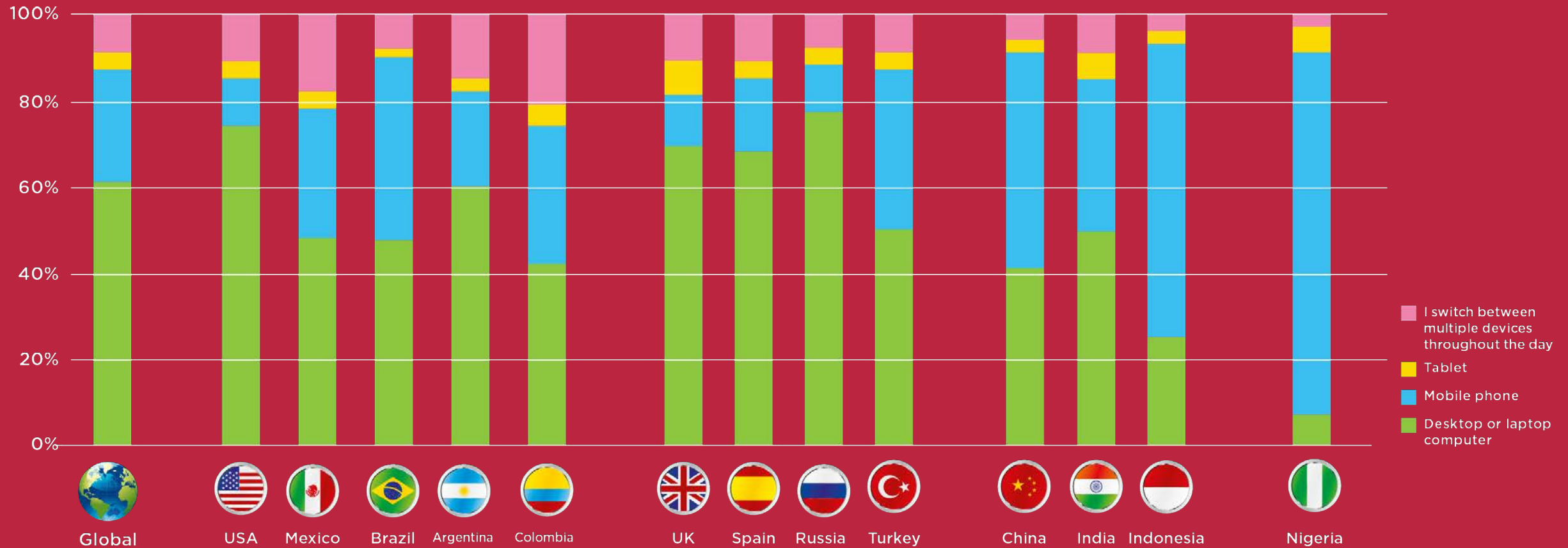
India will be worlds 2nd largest internet population internet growth

**20 YEARS
TO REACH
100 MILLION
USERS**

**2nd 100
MILLION
IN
3 YEARS**

**3rd 100
MILLION
IN
LESS THAN
A YEAR**

Mobile-first strategy for fast-growing markets



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Special resources for this presentation



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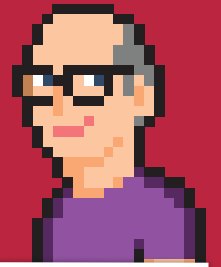
Tencent 腾讯



And a lot more...

www.davidroth.com/nrf2016

Thank you



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www.davidroth.com



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