



**BUSINESS
FINLAND**



NAVIGATING NEW DIGITAL LANDSCAPE

**A custom report compiled by Euromonitor International
for Business Finland**

February 2021

ABOUT FUTURE WATCH

At Business Finland, we create new growth by supporting companies to go global, as well as funding innovations and building business ecosystems. Our top experts speed up the identification of business opportunities around the world and help transform them into global success stories.

Future Watch supports in formulating emerging disruptions to concrete opportunities. With the help of global expertise, Future Watch provides actionable insights for Finnish businesses and stakeholders.

Future Watch is part of Team Finland Market Opportunities service.

Insights for Finnish companies at www.marketopportunities.fi → Future Watch

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INTRODUCTION

EXECUTIVE SUMMARY

DIGITAL LANDSCAPE

- Consumer Finance
- Entertainment
- Travel
- Foodservice
- E-commerce

E-COMMERCE

- Apparel and Footwear
- Consumer Electronics
- Food and Drink
- Homewares and Furnishings
- Beauty and Personal Care

APPENDIX



INTRODUCTION

Leveraging in-house knowledge

Background:

COVID-19 has been a major disruptor, with an immense impact on consumers' behaviour and on digital commerce. Based on Business Finland's sources, digital commerce was growing at a 15% annual growth rate pre-COVID-19; however, the pandemic has significantly accelerated this growth. While the short-term impact of the COVID-19 pandemic on the digital landscape is unquestionable, Business Finland would like to understand its mid- and long-term impact, and whether the impressive growth in digital commerce will continue.

Priority Markets:

- Europe and North America for the global view;
- Canada, Finland, France, Germany, the UK, the US and Sweden for detailed e-commerce analysis and case examples.

The research includes the analysis of trends, Euromonitor surveys, interviews with Euromonitor International's industry experts. The data is sourced from Euromonitor International database. For more detail notes on methodology, please refer to Appendix.

Key questions

- What are the trends in the key segments of digital commerce?
- Which consumer trends are emerging or accelerating in light of the COVID-19 pandemic?
- Which key categories of online spending are growing?
- Which consumer spending categories have the highest growth potential?
- Are there any indications of continued growth or saturation in the future?
- What are the key possible scenarios for the development of the global economy and digital commerce?

Approach

- Euromonitor International's internal reports and data;
- In-house surveys with industry professionals and consumers;
- Interviews with Euromonitor International's industry experts;
- Overview of related secondary sources, including relevant industry analysis, official government and trade data, trade associations and academic research.

Industry coverage/definitions



Consumer Finance

The category includes consumer payment transactions, covering card payments, cash transactions and electronic transactions. Card networks and companies that provide financial services through software or other technology are also included.



Entertainment

The category refers to purchases of digital entertainment, including digital music, books, journals and magazines, films, apps and games. Subscription to music streaming services and video games played online are included as well.



Travel

The category includes consumer spending on lodging, modes of transport used by tourists going to their destination, as well as activities undertaken by domestic and international tourists at the destination.



Foodservice

The category includes consumer spending on cafés/bars, full-service restaurants, limited-service restaurants, self-service cafeterias and street stalls/kiosks.



E-commerce

The category includes sales of consumer goods to the general public via the internet, including sales through mobile phones and tablets. It includes sales generated through pure e-commerce web sites and through sites operated by store-based retailers.



Apparel and Footwear

The category includes clothing for men, women and children including outerwear, underwear, nightwear, swimwear, hosiery, clothing accessories, outdoor and indoor shoes. Vintage clothing is excluded.



Consumer Electronics

The category includes sales of electronics such as TVs, projectors, home audio and cinema, personal and portable computers, cameras, portable media players, mobile phones, and in-car media and navigation systems.



Food and Drink

The category covers all food and drink retail categories, including all packaged food, fresh food and drink (hot drinks, soft drinks and alcoholic drinks). Foodservice is excluded.



Homewares and Furnishings

This product category covers cookware, kitchenware, dinnerware, etc. Home furnishings includes household textiles, lighting, furniture and other moveable articles in a home that are necessary or useful for comfort and convenience.



Beauty and Personal Care

This product category covers baby care, bath and shower, colour cosmetics, depilatories, deodorants, fragrances, hair care, men's grooming, oral care, skin care and sun care.



Consumer
Finance

Entertainment

Travel

Foodservice

E-commerce



Apparel and
Footwear

Consumer
Electronics

Food and Drink

Homewares and
Furnishings

Beauty and
Personal Care

Executive Summary

COVID-19 has transformed the economic and consumer landscape, and has changed the way consumers live, work and shop. For many businesses, digitalisation and employing technological advances has become essential, rather than optional. Tech-driven solutions are needed to address the shift in daily consumer routines and lifestyles.

EXECUTIVE SUMMARY

Digital transformation to accelerate



CONSUMER FINANCE

The pandemic has accelerated the demand for digital payments and services that help to transition merchants online and provide greater convenience and security to payments. The share of paper payments is set to decline from 19% in 2020 to 16% in 2024.



ENTERTAINMENT

With more people at home, the demand for digital entertainment increased dramatically. Going forward, new entertainment sectors are expected to continue joining digital landscape. The value of digital streaming services is anticipated to grow at a CAGR of 8% over 2020-2024.



TRAVEL

Travel companies turn to technology to address rising consumer concerns, such as safe travel experiences and the need for real time accurate information about COVID-19. Travel online sales will account for 57% of total travel sales in 2024, up from 53% in 2020.



FOODSERVICE

Foodservice takeaway and delivery posted significant increases during lockdowns, due to dine-in closures around the world, which forced operators and consumers to migrate online. Foodservice online sales will account for 30% of total sales in 2024, up from 16% in 2020.



E-COMMERCE

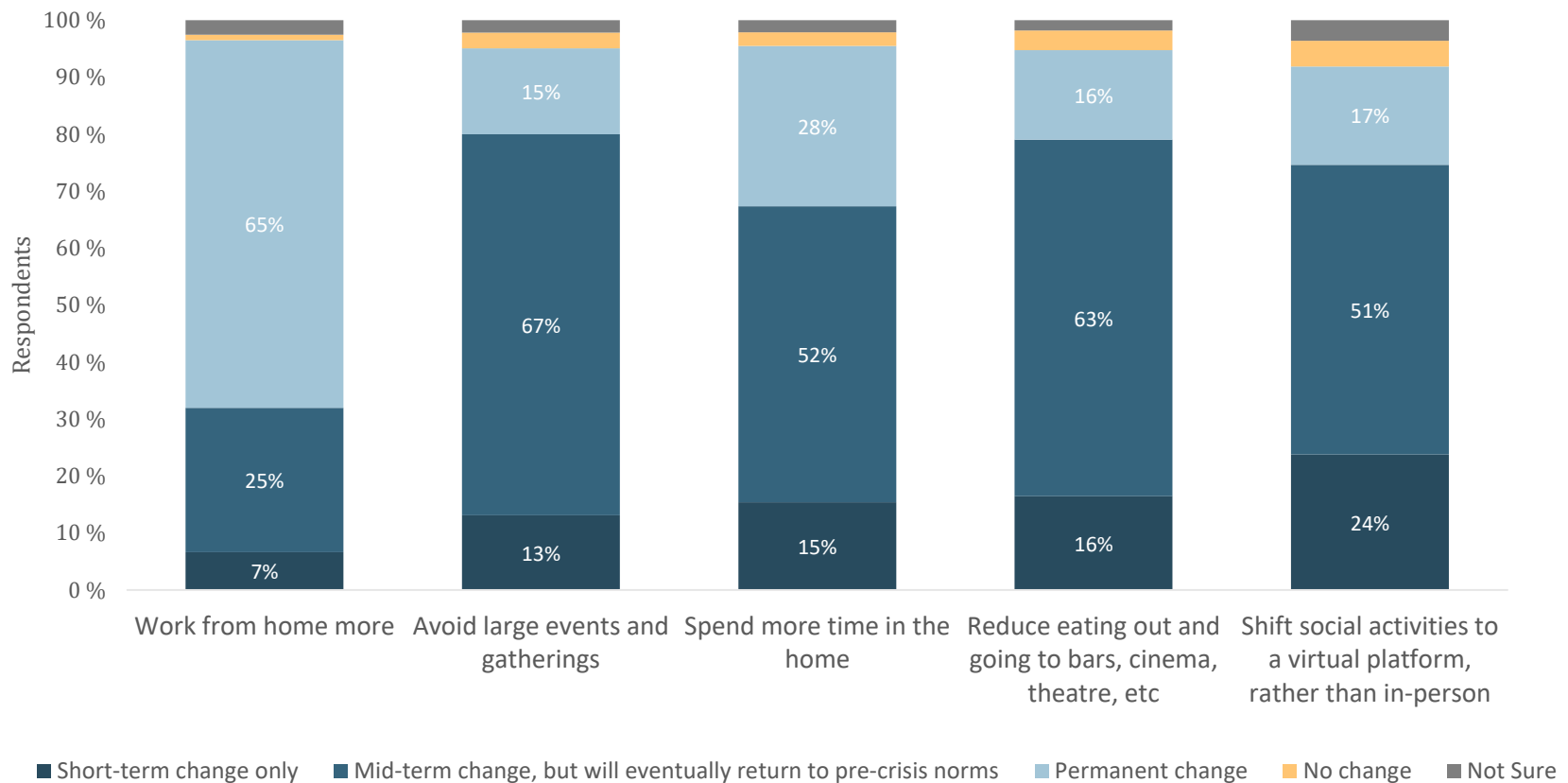
Consumer goods online retail has registered a double-digit growth. Although the E-commerce increase is expected to moderate, online sales are set to outperform overall retail development. Online retail sales will account for 19% of total sales in 2024, up from 16% in 2020.

EXECUTIVE SUMMARY

Consumer lifestyles change significantly

Social outings plummet in the short-to-medium term, while increased working from home is likely to persist long-term

Anticipated Changes to Global Consumer Social and Community Behaviour*, July 2020



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think consumers will change their social and community-related behaviours as a result of the COVID-19 pandemic? N=1,447

EXECUTIVE SUMMARY

New consumer behaviours will affect E-commerce going forward



Spending more time at home



Higher spending consciousness, falling discretionary spending



Higher health and wellness awareness



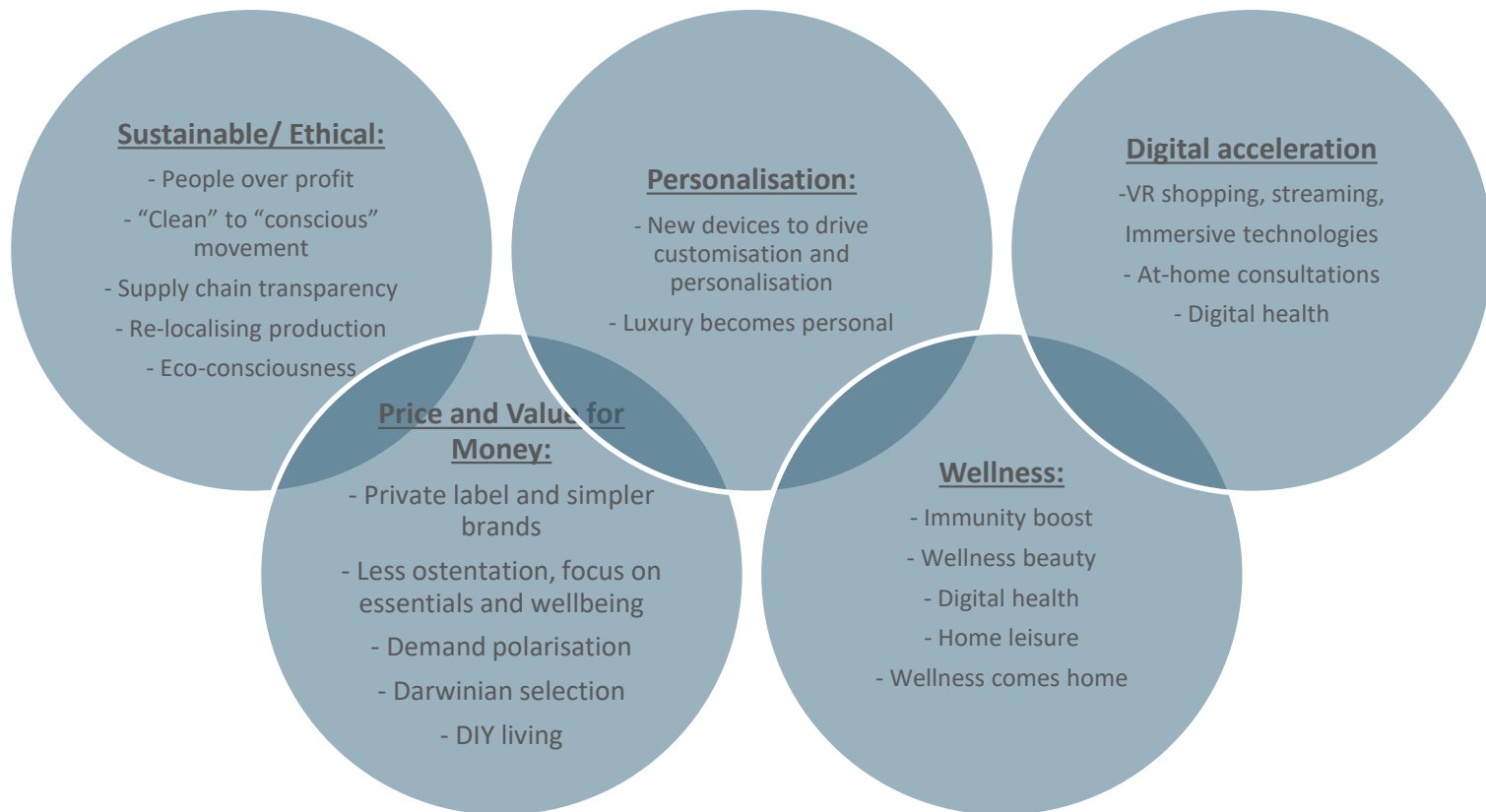
Adoption of digital in all spheres



Changing mobility patterns

EXECUTIVE SUMMARY

New requirements for consumer goods emerge



Source: Euromonitor International, Strategic Themes in Health, Beauty and Fashion: Coronavirus Update

EXECUTIVE SUMMARY

Businesses will adapt to new consumer demands

**E-COMMERCE AS THE DEFAULT SETTING**

- Some of the e-commerce shift is likely to be permanent.
- Consumers are being more careful in their purchases and, as such, are limiting visits to physical outlets and turning instead to digital channels.
- Mobile is establishing itself as the default commerce device.

**BUSINESSES RETHINK ENGAGEMENT**

- Crisis and e-commerce expansion has pushed businesses to pivot consumer engagement to digital channels.
- Social media engagement, livestreaming product demos, virtual malls, classes and consultations have become important to maintain consumer engagement.

**NEW ERA OF CONTACTLESS**

- The COVID-19 pandemic facilitates the emergence of touch-free shopping.
- This manifests in many ways, including virtual try-out of products and services, QR codes for more information, checkout-free options, contactless payments/digital wallets as well as contactless delivery.

**REINVENTION OF LAST MILE**

- Last mile (last stage of product/service delivery in the supply chain) has emerged as an area in need of reinvention.
- New delivery methods are gaining traction (eg low-tech click-and-collect services or high-tech delivery robots). Getting closer to the consumer is growing in importance.

Source: Euromonitor International, *Top Five Digital Consumer Trends in 2020*

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EXECUTIVE SUMMARY

Businesses shift to online platforms

In 2019, in-store sales dominated retailing, and online sales were considered as a “nice to have”.

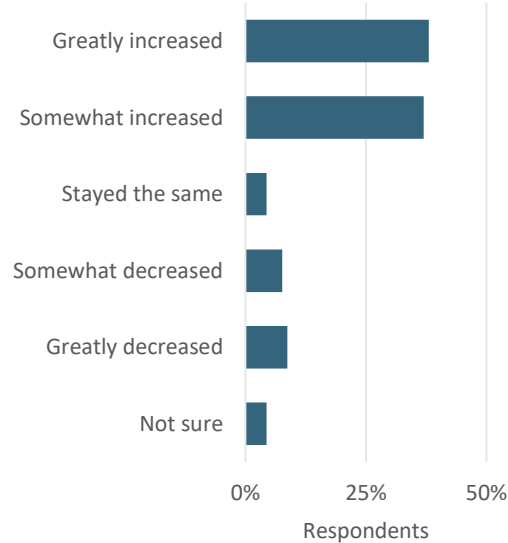
Retailers reported a substantial increase in online sales in the first half of 2020.

The shift to online channels is expected to continue, even as countries enter recovery.

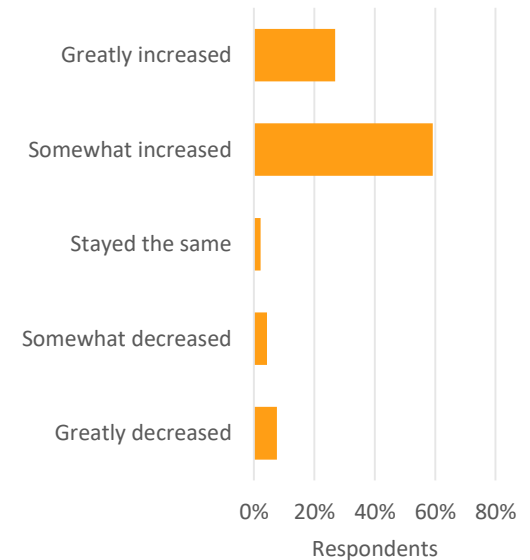
As of December 2019: What portion of sales were in-store vs online?



Perceived change in online sales in the first half of 2020 vs 2019



Expected change in online sales in the second half of 2020 vs 2019



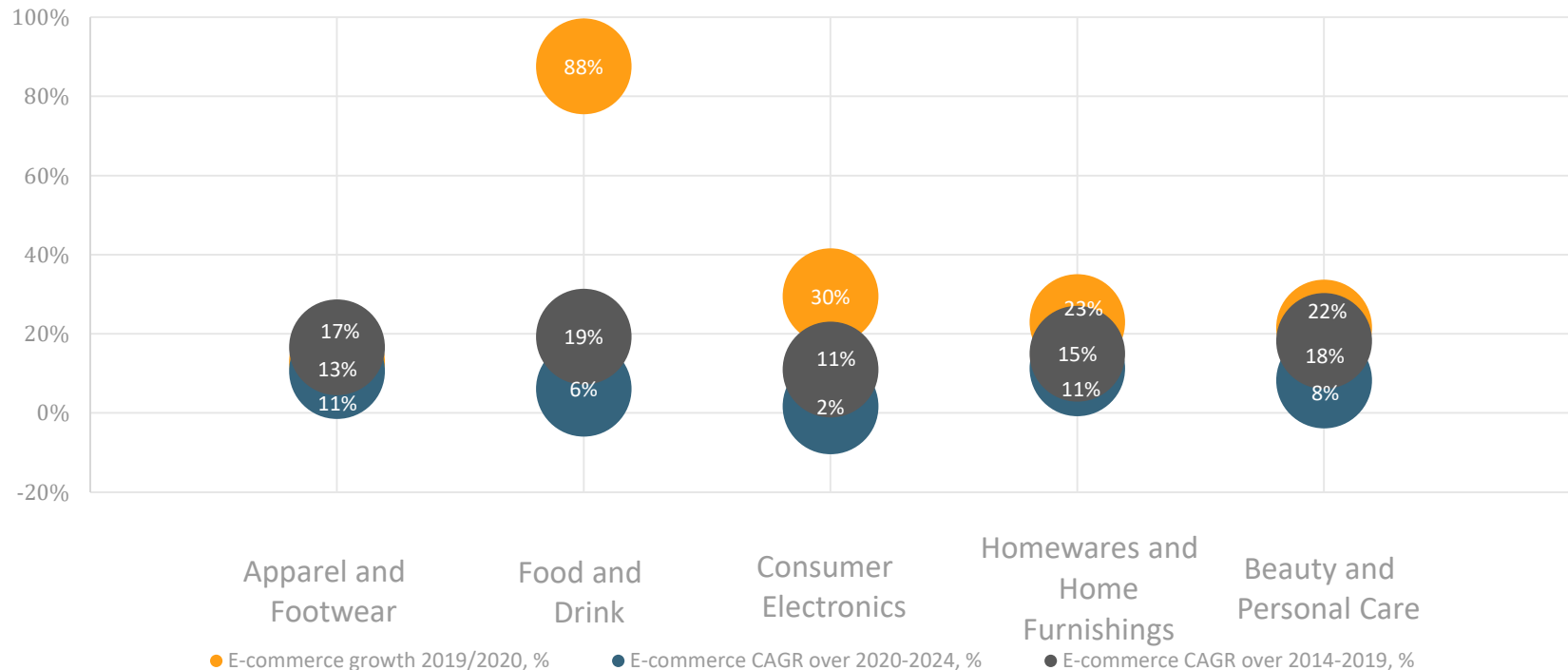
Source: Euromonitor International's Voice of the Industry – Retailing Survey, July 2020, N=1,321

EXECUTIVE SUMMARY

After a peak year in 2020, E-commerce growth is set to decelerate

The future growth of E-commerce is anticipated to decelerate from the peak growth in 2020 and the % CAGR of 2020-2024 is anticipated to be lower than the CAGR over 2014-2019.

E-commerce by product category in Western Europe and North America

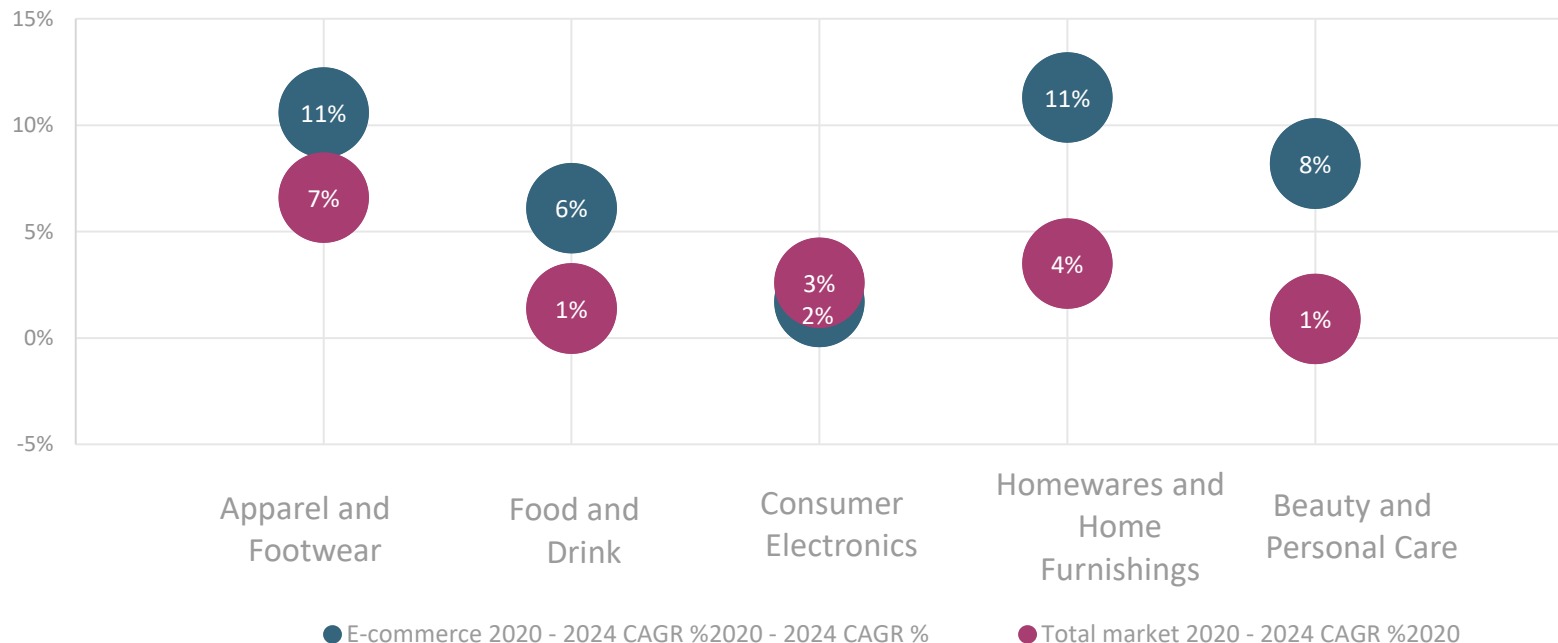


EXECUTIVE SUMMARY

E-commerce is expected to outperform the total market sales

Sales through E-commerce are expected to outperform the total market value growth over 2020-2024 in nearly all product categories except consumer electronics. Retail of consumer electronics through online is approaching saturation, with E-commerce to account for more than half of consumer electronics sales in 2024 in major North America's and Western Europe's markets.

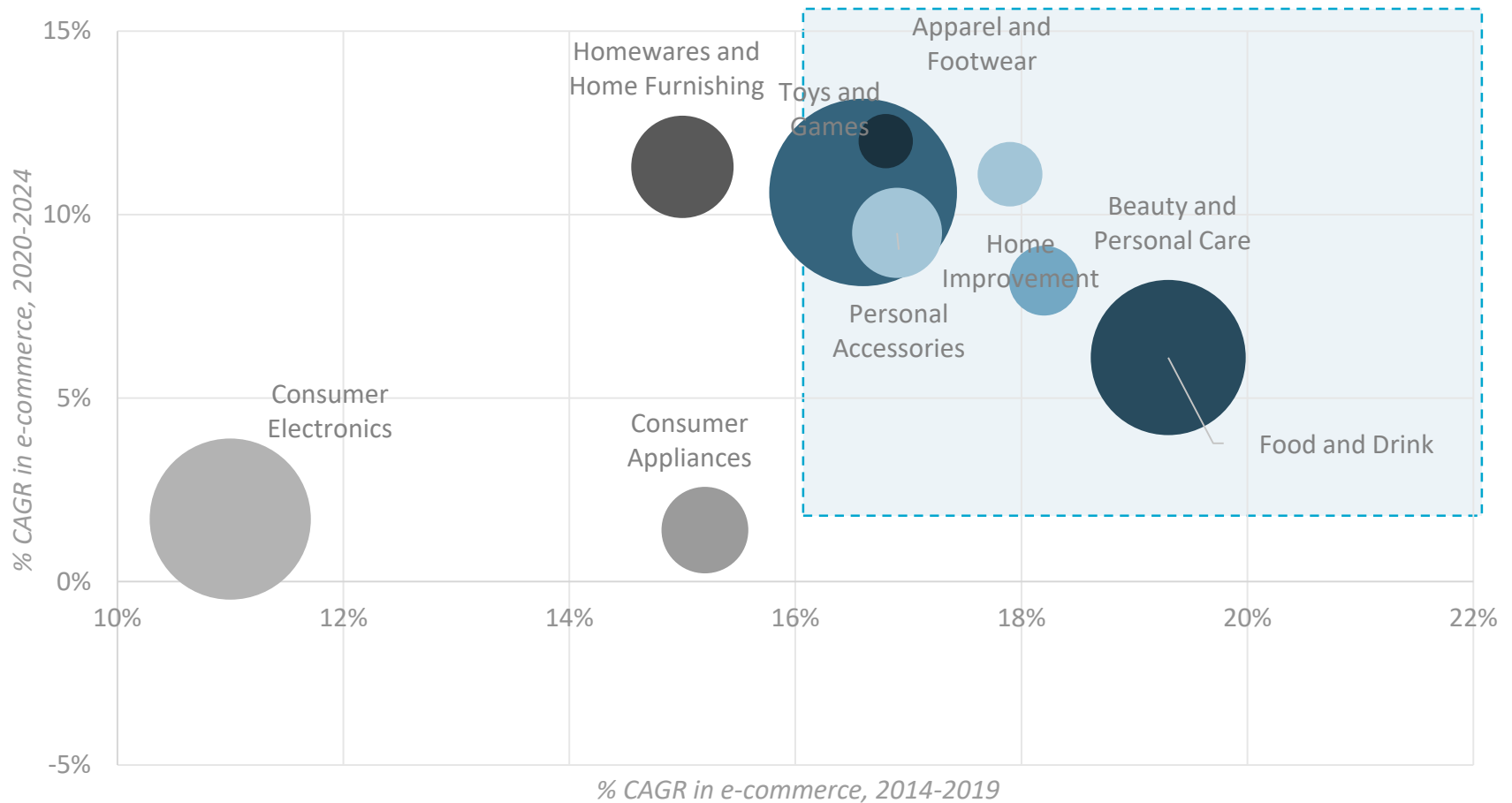
Retail sales product category in Western Europe and North America



EXECUTIVE SUMMARY

Not all industries to benefit equally from the surge in e-commerce

E-COMMERCE VALUE GROWTH ACROSS PRODUCT CATEGORIES:



Note: Bubble size represents the e-commerce size value in 2020

Note: The data refers to cumulative values for Western Europe and North America

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EXECUTIVE SUMMARY

Underdeveloped categories to experience stronger growth

E-commerce by product category in 2020, EUR billion, % CAGR 2020-2024:

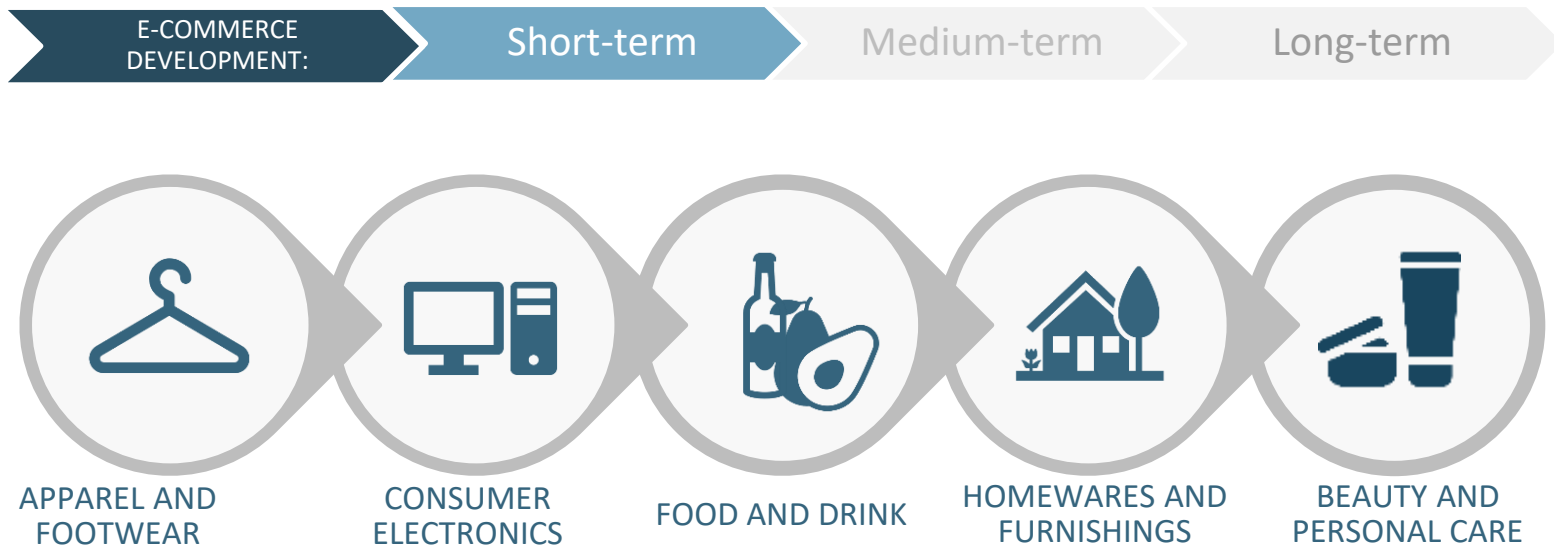


| | | | | | | | | | | |
|--------------|-------|-------|-------|-------|-------|-------|------|-------|------|-------|
| WORLD | 352.6 | 7.8% | 247.8 | 5.3% | 240.3 | 9.8% | 83.2 | 12.1% | 62.3 | 10.1% |
| USA | 94.9 | 12.6% | 85.8 | -1.6% | 67.4 | 4.3% | 27.2 | 12.9% | 15.3 | 9.2% |
| GERMANY | 18.9 | 8.0% | 9.9 | 0.1% | 2.8 | 7.9% | 3.4 | 7.5% | 1.5 | 2.7% |
| UK | 18.0 | 7.1% | 9.3 | 2.2% | 18.5 | 4.5% | 6.5 | 10.1% | 2.5 | 4.7% |
| FRANCE | 7.8 | 6.6% | 4.8 | 6.0% | 11.9 | 7.7% | 2.3 | 8.4% | 1.5 | 7.7% |
| CANADA | 6.9 | 9.2% | 1.6 | 6.7% | 1.7 | 26.6% | 1.7 | 18.1% | 0.4 | 18.0% |
| SWEDEN | 1.7 | 8.3% | 1.1 | 4.5% | 1.6 | 7.3% | 0.6 | 11.0% | 0.3 | 11.0% |
| FINLAND | 0.7 | 4.3% | 0.9 | 4.2% | 0.5 | 27.1% | - | - | 0.2 | 6.1% |

*The largest E-commerce product categories are coloured

EXECUTIVE SUMMARY

E-commerce surge is witnessed across all industries in the short term



Prior to the pandemic, the industry had a comparatively highly developed e-commerce channel. As consumer spending on apparel and footwear diminished strongly in 2020, focusing on e-commerce and online discounts became the only way for businesses to stay afloat.

In terms of penetration, consumer electronics has the most developed e-commerce channel across industries. Online sales continued to grow, during the COVID-19 pandemic, amidst overall market decline.

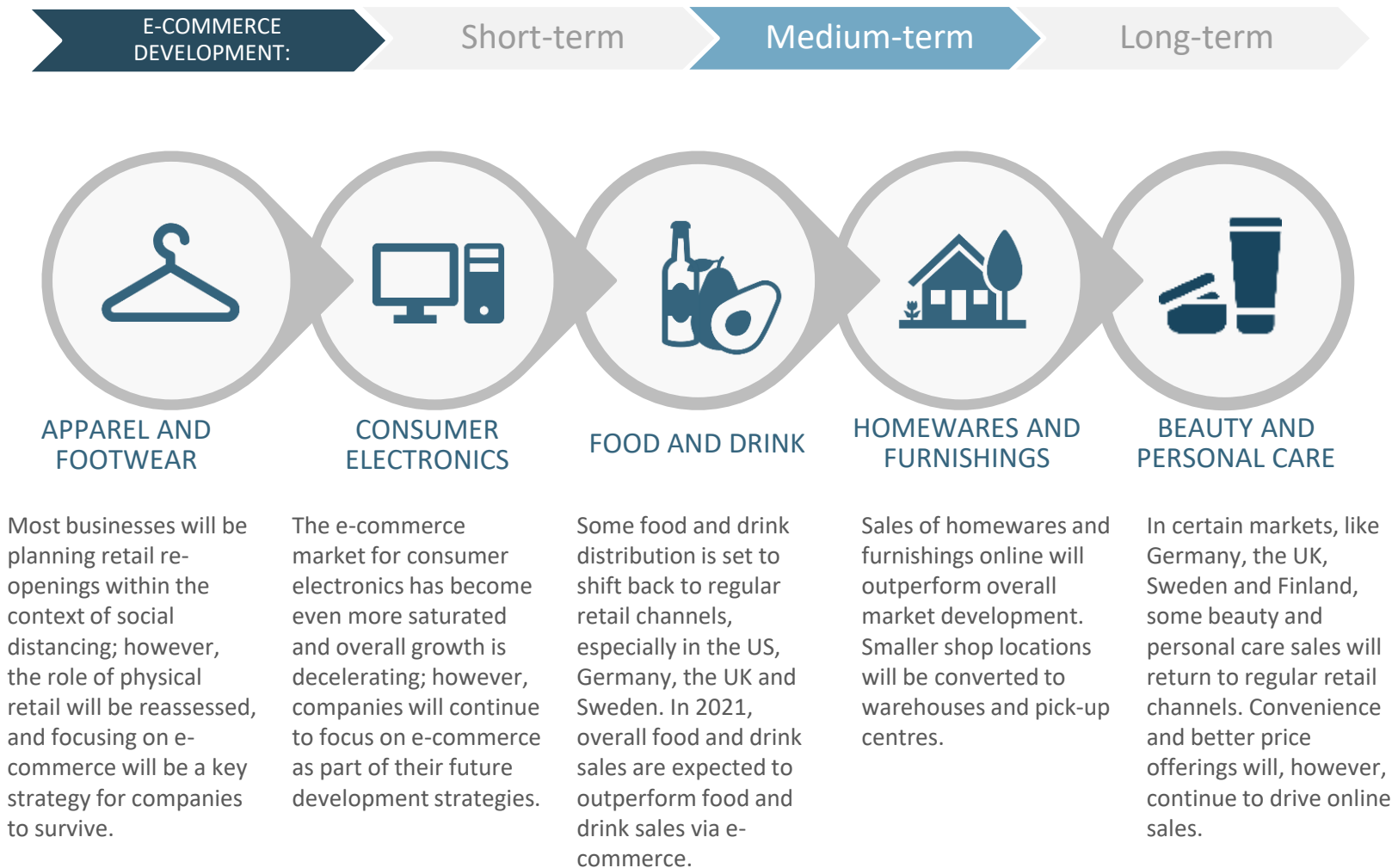
The food and drink industry's physical retail operations were among the least restricted during the pandemic, which weakened the push towards e-commerce to some extent. E-commerce nevertheless grew significantly, contributing to overall market growth.

E-commerce registered solid growth in homewares and furnishings, despite the overall market decline. Discounts became a common strategy to drive sales.

Online sales of personal care products grew strongly at the expense of sales through bricks-and-mortar channels. Beauty and personal care sales through pharmacies and drugstores remain primarily offline.

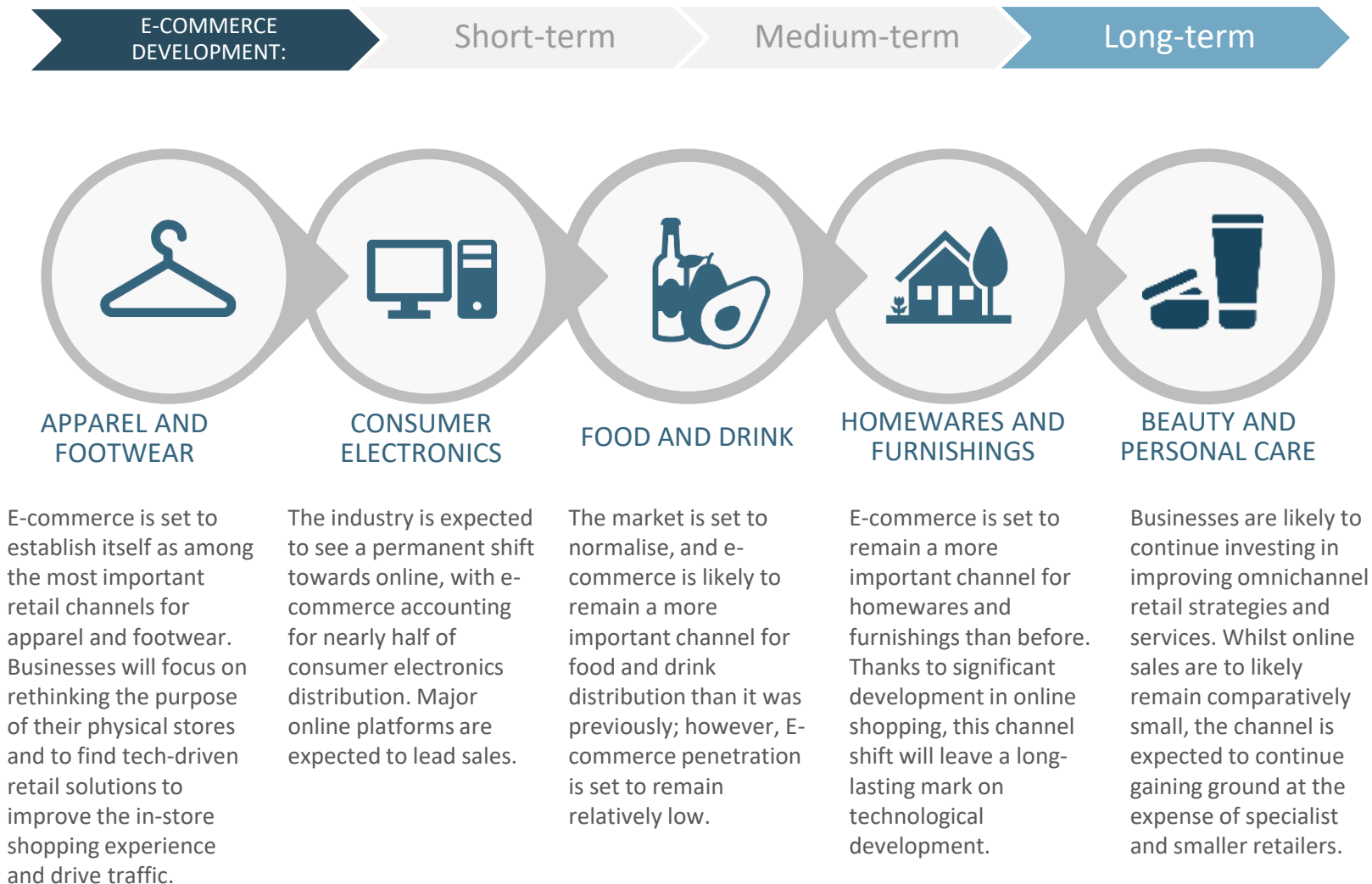
EXECUTIVE SUMMARY

Online sales where e-commerce is well developed are set to moderate



EXECUTIVE SUMMARY

The retail channel realignment is likely to be permanent



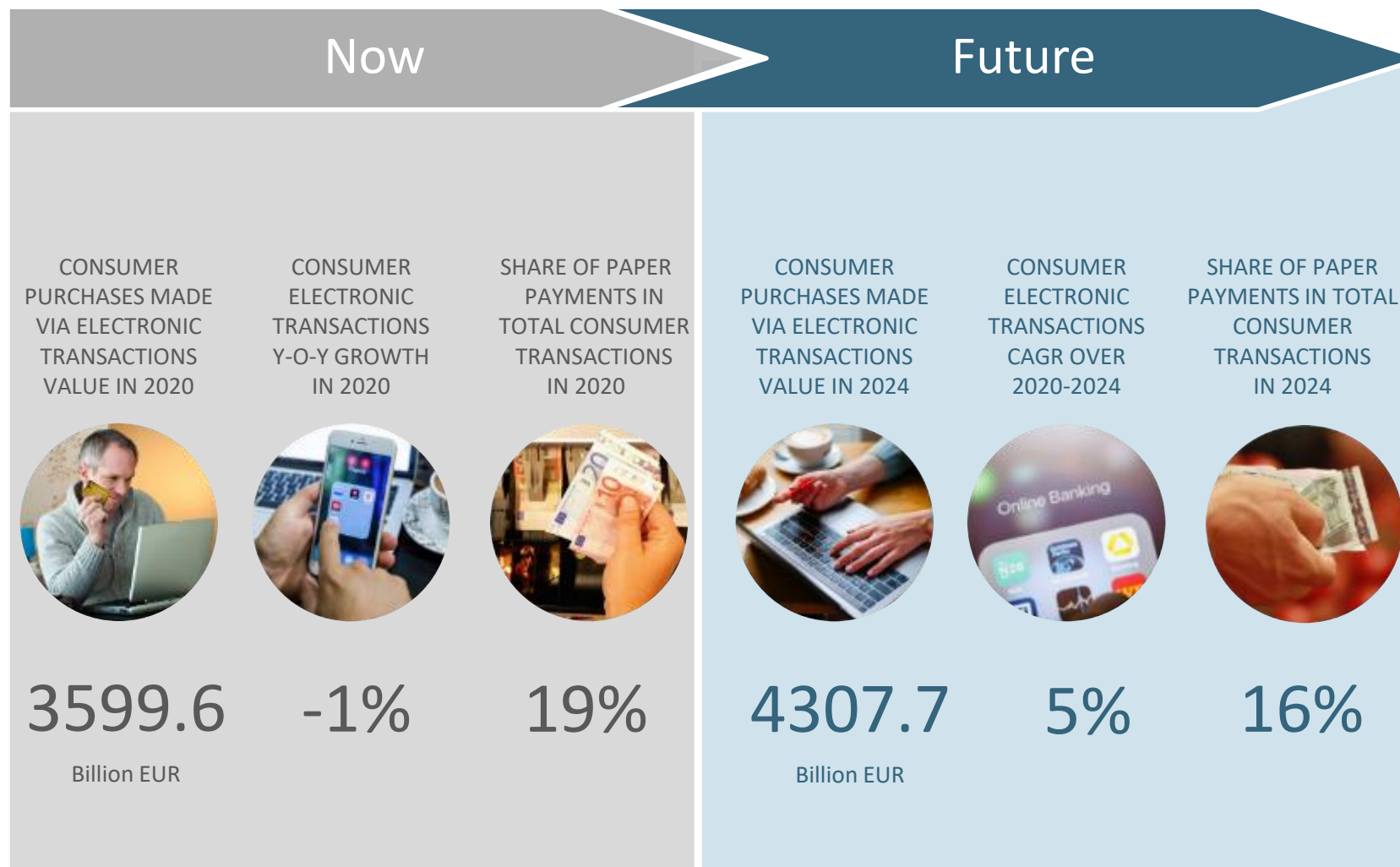


Consumer Finance

In the light of COVID-19 pandemic, card networks, issuers and fintech have facilitated the transition of merchants online and focused on providing greater convenience and security to payments. Loyalty programmes have shifted from cross-border payments to other categories, on the back of plummeting travel worldwide. Also, contactless payments are expected to increase in demand due to widespread social distancing measures. Overall, although the decline in consumer paper payments was well underway before the pandemic, is likely to accelerate further going forward.

CONSUMER FINANCE**Digital transformation to affect consumer finance**

COVID-19 IMPACT ON INDUSTRY



Source: Euromonitor International

Note: The data refers to cumulative values for Western Europe and North America

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CONSUMER FINANCE

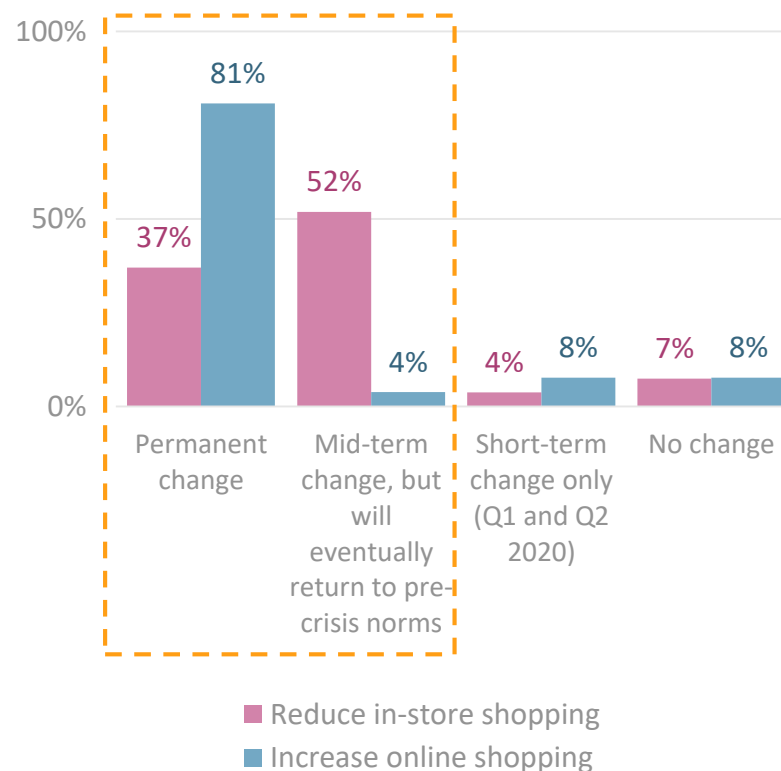
Finance service providers brace for shift towards E-commerce



Pandemic accelerates cash alternatives

- More and more consumers are unemployed or are struggling to find full-time employment. This has resulted in rising write-offs, declining credit card usage and consumer defaults on loans across the world.
- Consumer payments have been moving away from cash over the last decade, but the rate and degree of migration will likely be strongly pushed by COVID-19 pandemic.
- With consumers adapting to restrictions on behaviour in the mid- and long term, card payment value will increase and take share from paper payments.
- But more than moving away from cash, consumer finance digital transformation will be facilitated by surge in e-commerce and thus rise in related products and services.
- Card networks are in a unique position as partners with merchants, fintech companies and card issuers to assist in the transition from in-store shopping to online.

COVID-19 impact on consumer behaviour according to financial services businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: "How do you think consumers will change their shopping and spending behaviour as a result of the COVID-19 pandemic?"; N=30

CONSUMER FINANCE

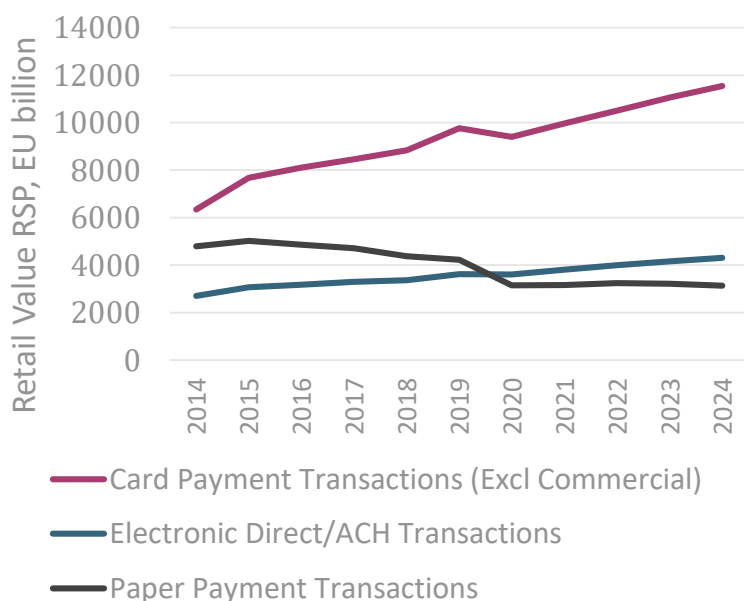
New services emerge due to rise in electronic and card payments



As the value of electronic and card transactions increased, a number of companies have emerged or expanded rapidly to move store-based merchants online, provide financial products and services to SMEs and consumers, enhance security and provide analytics for merchants to optimise operations.

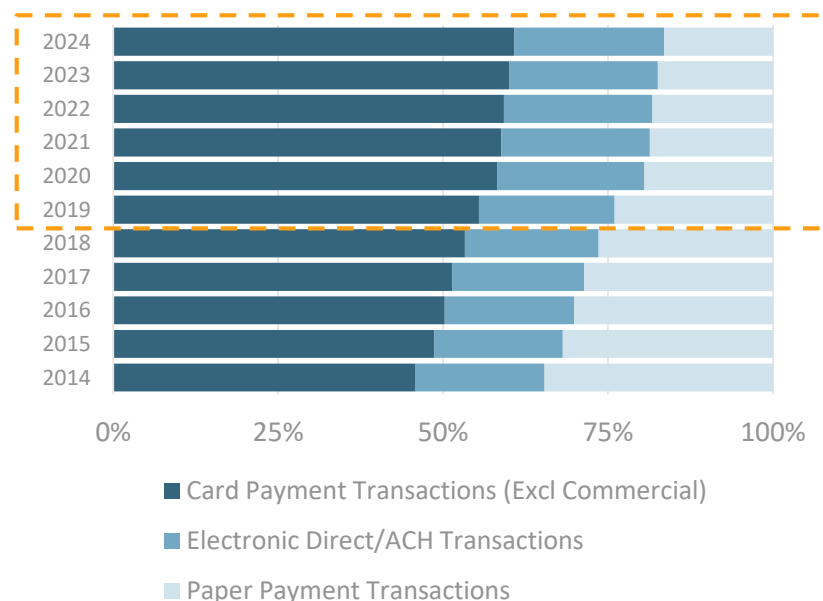
Electronic and card payments gain momentum

Consumer Payment Value in North America and Western Europe, 2014-2024



Paper payments to become increasingly less important

Consumer Payment Value in North America and Western Europe, 2014-2024



Source: Euromonitor International

Note: The data refers to cumulative values for Western Europe and North America

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CONSUMER FINANCE

Opportunities and challenges for card networks and fintech arise



Short-term



Medium-term



Long-term

- A significant decline in all types of payment value
- Increase in demand for contactless cards and terminals
- The pool for people in need of financial products and services is set to rise
- Transaction value lost to fraud is set to increase

- Consumers are to switch from credit cards to debit cards in the light of economic uncertainty
- Card networks, issuers and fintech to facilitate the transition of merchants online and help businesses with the acceptance of digital payments, providing convenience to payments

- The demand for data and analytics about consumers in their market from payment networks is set to increase
- Rising demand for comprehensive payment security solutions from fintech

CONSUMER FINANCE**New online services emerge as a result of COVID-2019**
Fintech focuses on services helping to move merchants online

- Retailers faced an immediate challenge to develop an online presence. As a result, many fintech companies focused on helping to move merchants online. For instance, Canadian company Shopify provides tools to move merchants online, and in the six weeks from 1 April 2020, store creation for the company increased by 62%.


Making security a priority – an opportunity for Fintech

- Security is likely to become a key priority for payment players and will require more comprehensive solutions to be adopted. Fintech is uniquely positioned to provide additional layers of security to merchants, to consumers and to the existing digital payment companies.


Fintech focuses on purchase experience

- Fintechs are enhancing both the online and in-store payment experience by providing greater convenience, safety and speed. Along with POS terminals allowing for contactless payment and online ordering in advance, there are a number of innovative solutions to encourage social distancing.


Card networks provide new tool to aid merchants

- The card networks provide new tools for merchants that now accept cards in the light of the pandemic, including tools for data analysis and to achieve greater security. For instance, Mastercard started offering free risk assessment tools for merchants.


Contactless becomes more important

- Greater social distancing requirements accelerated card network transition to contactless payments. Where contactless has already been adopted, the card networks have raised the maximum purchase value to allow for a wider range of payments. Mobile proximity payments are also on the rise.

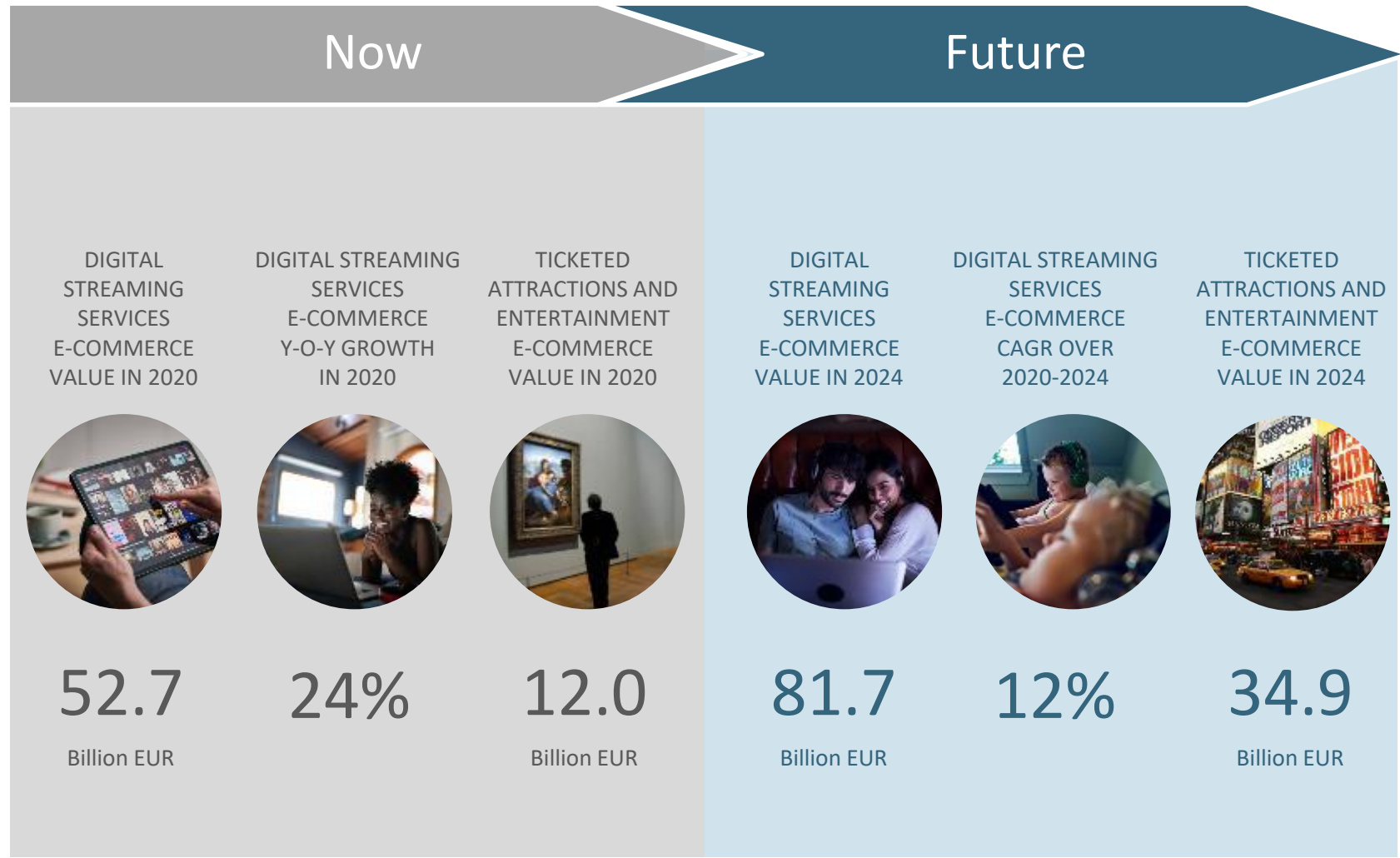


Entertainment

While the COVID-19 impact has created a set of immediate short-term challenges for the entertainment industry, it has also sharpened a number of trends that were shaping up prior to the pandemic and will continue to impact the industry post-COVID-19. Films, television, music and online gaming subscriptions are currently some of the most popular entertainment types available from digital streaming services; however, in the years ahead, new media types are likely to be increasingly available from digital streaming service providers such as podcasts, fitness classes, cooking classes, live sports and virtual reality.

ENTERTAINMENT

Digital entertainment gains ground



Source: Euromonitor International

Note: The data refers to cumulative values for Western Europe and North America

© Euromonitor International



ENTERTAINMENT

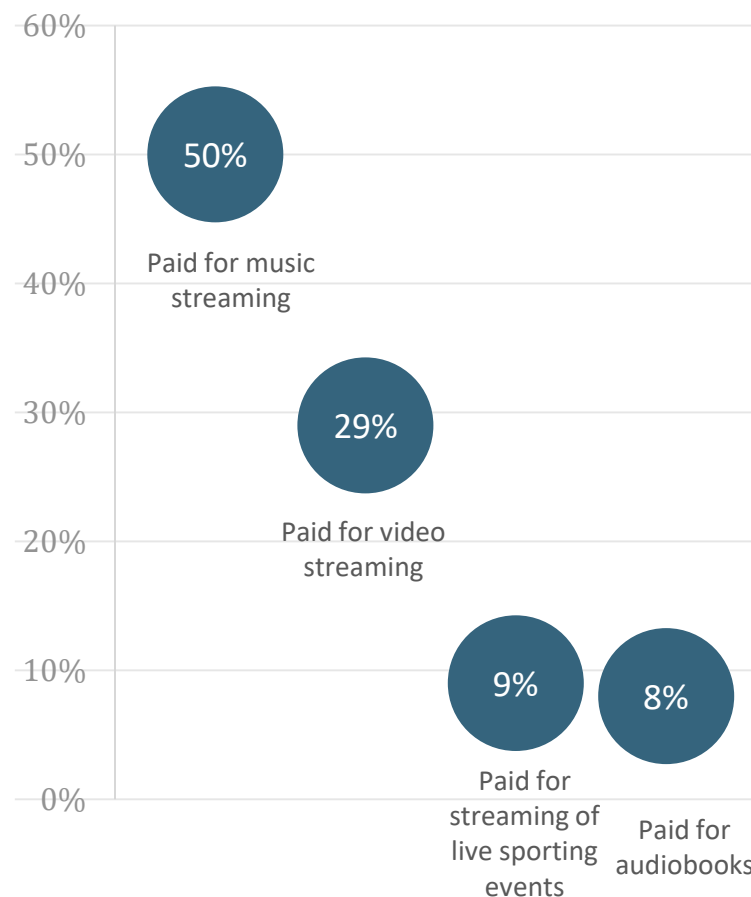
Stay-in home entertainment is on the rise



COVID-19 facilitates the demand for streaming services

- Stay-at-home entertainment and the further digitalisation of play and education activities during COVID-19 have been building on pre-existing trends towards the digital transformation of pastimes seen prior to COVID-19, with video games surging ahead again in early 2020.
- Consumers have turned to digital streaming services for entertainment, education, fitness and other purposes. As a result, streaming services have benefited from greater than projected new member sign-ups and greater usage by existing customers.
- As the COVID-19 response sees digitalisation energised further, with consumers operating on multiple mobile and online platforms in addition to a physical universe. In response, traditional toy players are also ramping up their investments in digital games, but also seeking to reposition themselves as entertainment providers.

Consumers in North America and Western Europe in 2020*:



Source: Euromonitor International's Global Digital Consumer Survey March/April 2020, % of respondents, N=8,045

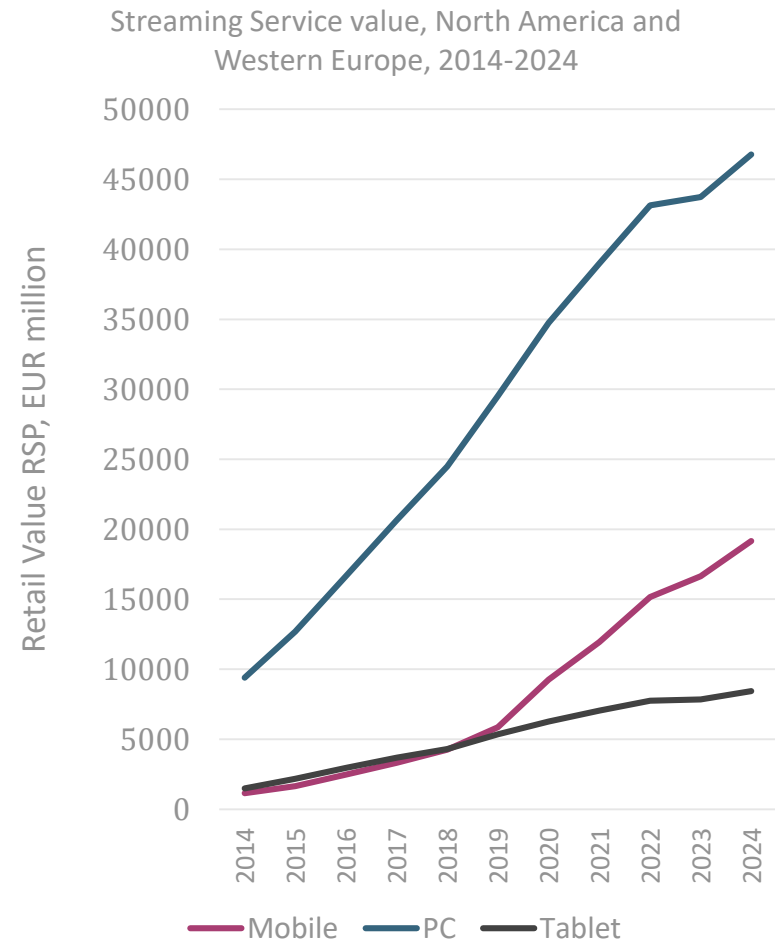
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ENTERTAINMENT

Digital Entertainment is anticipated to continue growing



- Digital Entertainment is anticipated to continue growing. New media types and genres increasingly available for digital streaming, including sports, e-sports, podcasts, education and virtual reality, create the potential for new revenue streams and new, specialised streaming services.
- Partnerships between streaming companies yielding more original, localised content, as well as localised subtitle and language options, will help attract new consumers to streaming services.
- However, there are a growing number of competitors, both local players as well as companies offering new types of streaming service content, including video games.
- Ultimately, there is likely to be a practical limit as to how many streaming service subscriptions a consumer will maintain simultaneously, thus favouring services with the best value propositions.



Source: Euromonitor International

Note: The data refers to cumulative values for Western Europe and North AmericaD

© Euromonitor International

ENTERTAINMENT

Opportunities and challenges for card networks and fintech



Short-term

- Digital entertainment becomes very important as people turn from ticketed attractions and social outings to films, television, music and online gaming



Medium-term

- As consumers spend increasingly more time at home, more entertainment sectors join digital landscape, including fitness, sports and education players
- Non-digital companies (such as toy makers) join digital landscape and have a more holistic approach to entertainment



Long-term

- Digital streaming services will offer new media services such as podcasts, fitness classes, cooking classes, live sports and virtual reality
- Digital streaming services approach saturation

ENTERTAINMENT**New online services emerge as a result of COVID-2019**

EMERGING TRENDS


New entertainment sectors join digital landscape

- Start-ups and established education entities like have been exploring educational streaming services for a while. However, as COVID-19 disrupted traditional education systems, demand for education platforms jumped sharply. Fitness is another sector that saw a sharp increase in consumer interest and company investment. Many large gym chains launched their own online streaming services.


Streaming alternatives for sports emerge

- Over the past five years, sports leagues and start-ups (such as Hulu, Willow.tv, DAZN) alike developed streaming alternatives for sports. The temporary suspension of most live sports due to COVID-19 may dampen demand for these in the short term, but interest will return once sports do as traditional cable subscription declines.


Live streaming becomes more important

- While it generally lives on different platforms, user-submitted content increasingly competes against corporate content for consumers' attention. Within user-submitted content, live streaming has become a major force. In live streaming, a content creator creates and publishes content at the same time.


Streaming services experiment with AR

- Augmented reality refers to incorporating digital elements on top of physical items (eg sampling lipstick). Streaming services are beginning to experiment with AR as a way for consumers to engage with their content (virtual mirrors, recording studios etc.).


Virtual reality peaks consumer interest

- Virtual reality is still in its early days, but its potential for use by streaming services is substantial. Players such as Netflix, Prime and YouTube already offer apps for VR hardware such as Oculus, so that users can watch their preferred shows on the device. Hulu, for example, offered nearly 100 "premium virtual reality" titles as of early 2020, including a VR-native comedy called "Door No 1".

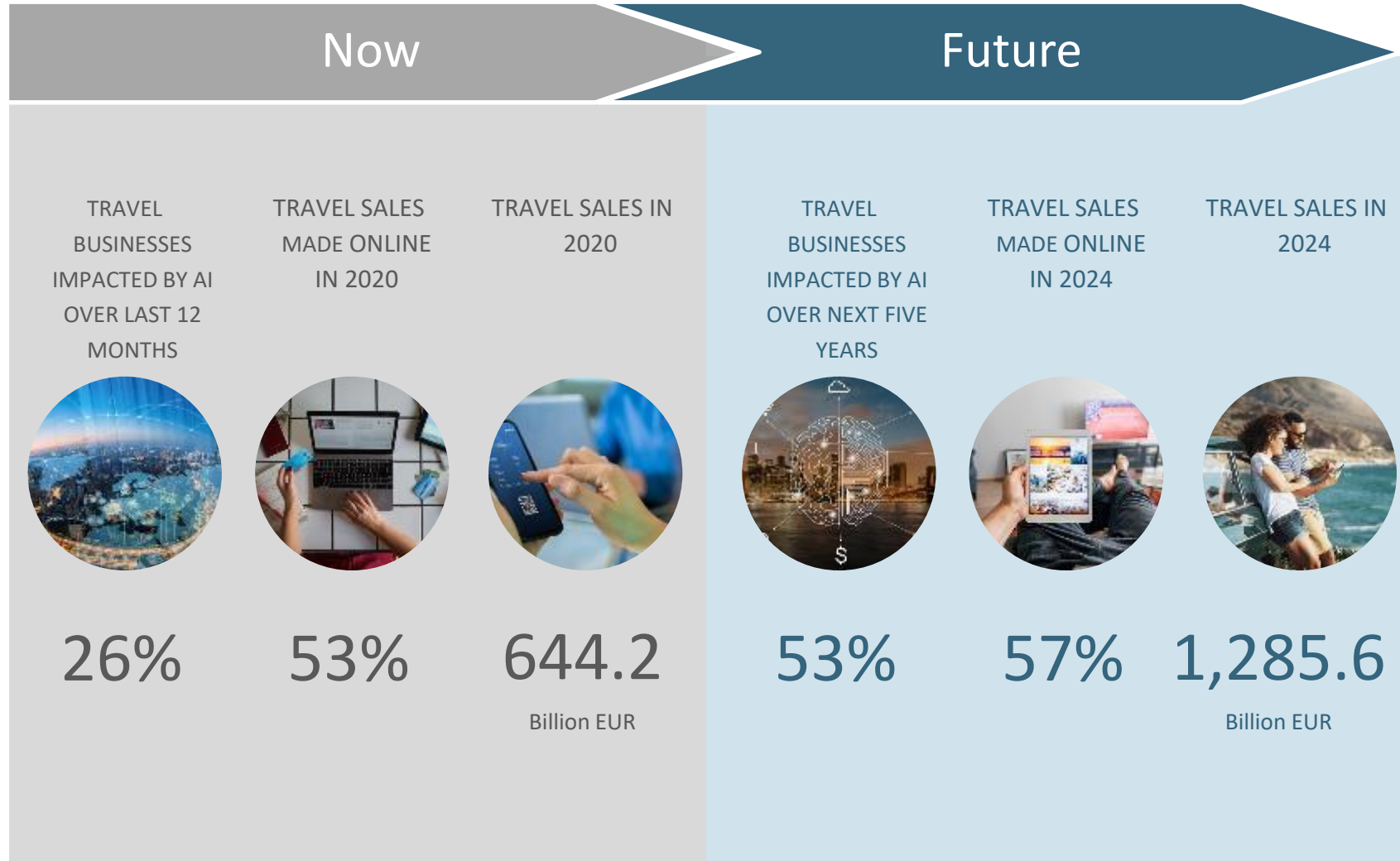


Travel

The pandemic has had a significant impact on international travel, with most consumers cancelling or restricting both business and leisure travel. Certain travel sectors may well never see recovery to the pre-crisis levels that they once enjoyed. This period is likely to accelerate the digital transformation that was already underway. Technology can help companies to address rising consumer concerns, such as safe travel experiences and the need for real time accurate information about COVID-19. The pandemic is also expected to expedite the shift to purchasing travel via mobile, including mobile web and apps.

TRAVEL**Digital transformation to accelerate**

COVID-19 IMPACT ON INDUSTRY



Source: Euromonitor International

Note: The data refers to cumulative values for Western Europe and North AmericaD

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TRAVEL

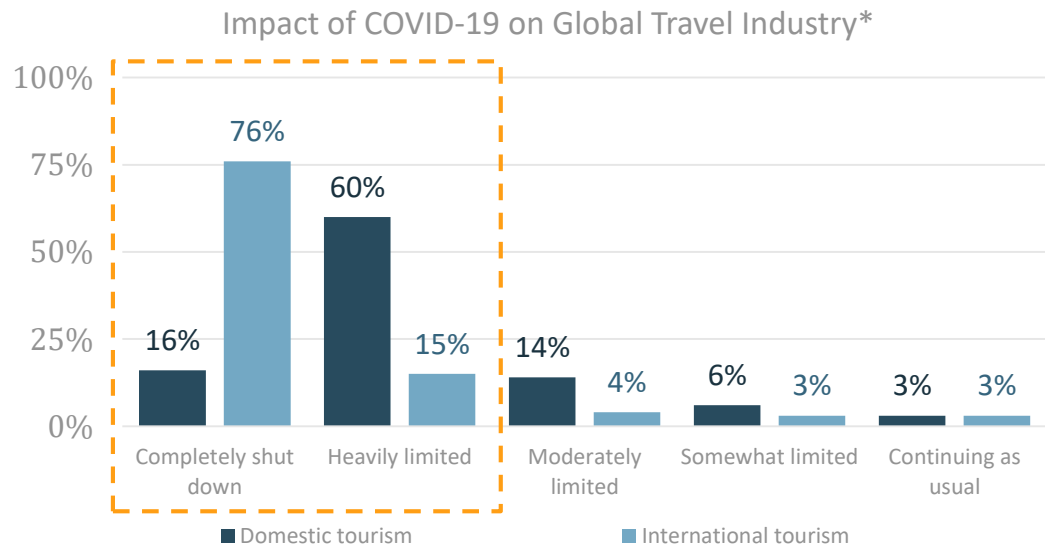
Tourism among the industries most affected by the pandemic



Travel industry is facing crisis

- International travel has been by far the most negatively impacted industry by the global pandemic, with many companies within the travel industry reporting a complete shutdown in tourism flows and business operations as a result of government policies to help stem the spread of the virus.
- The impact on domestic tourism has been marginally less severe, with tourism and travel companies reporting fewer restrictions.
- Economic performance is a key driver of tourism demand, thus the return to pre-crisis levels is likely to take some time. Travel players are, however, more optimistic about the medium- to long-term performance, according to Euromonitor International's COVID-19 Voice of the Industry Survey.

Tourism and travel companies were forced to shut down or heavily restrict their operations amidst COVID-19



"The majority of the travel industry is feeling pessimistic, with a share of 64.6%, illustrating the devastating impact of COVID-19 on the confidence level among travel professionals. The industry has been decimated by the global shutdown of economies and consumers confined due to their homes during lockdown, with mass travel restrictions and bans imposed to curb the spread of disease."

Caroline Bremner; Head of Travel Research

Source: * Euromonitor International COVID-19 Voice of the Industry Survey, April 2020

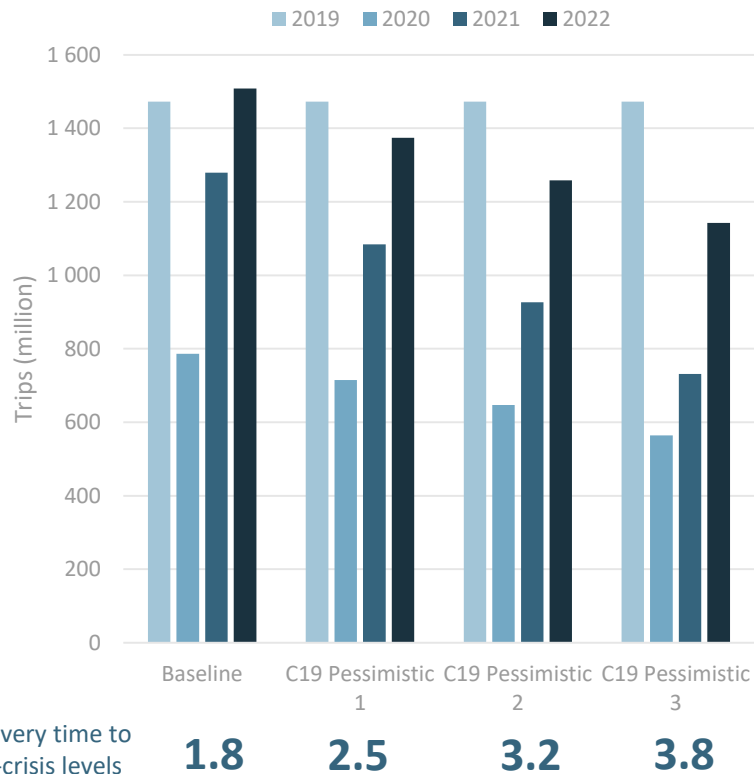
Q: Which of the following best describes the current state of the travel industry in your market?; N=1,351

TRAVEL

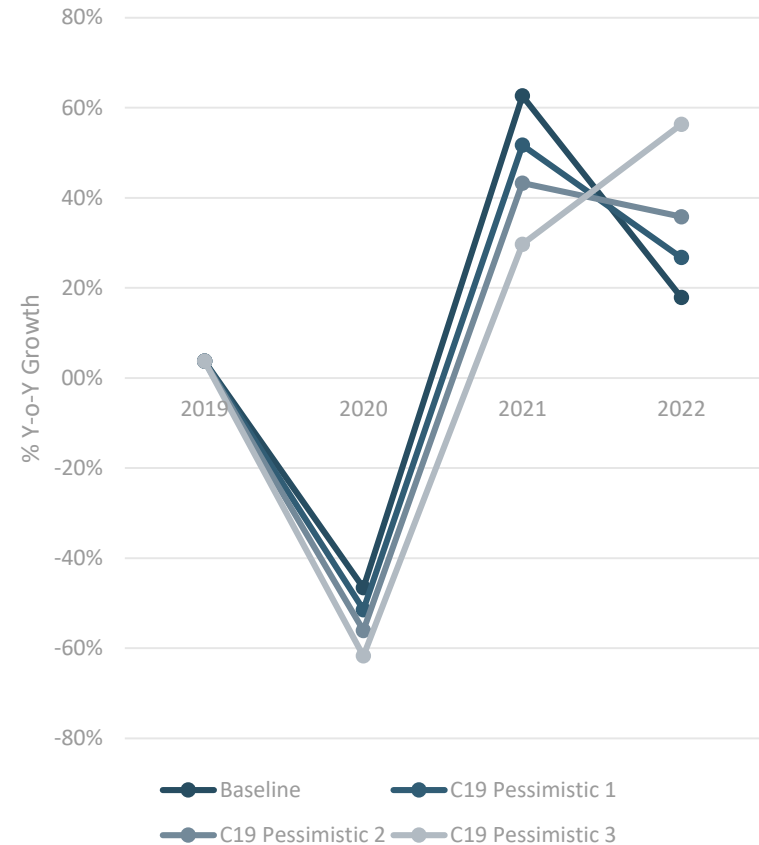
The return to pre-crisis levels is likely to take some time



World Inbound Arrivals Baseline and
COVID-19 Scenarios 2019-2022



World Inbound Arrivals % Y-o-Y Growth
by COVID-19 Scenarios 2019-2022



TRAVEL

Big data and artificial intelligence will be key investment areas

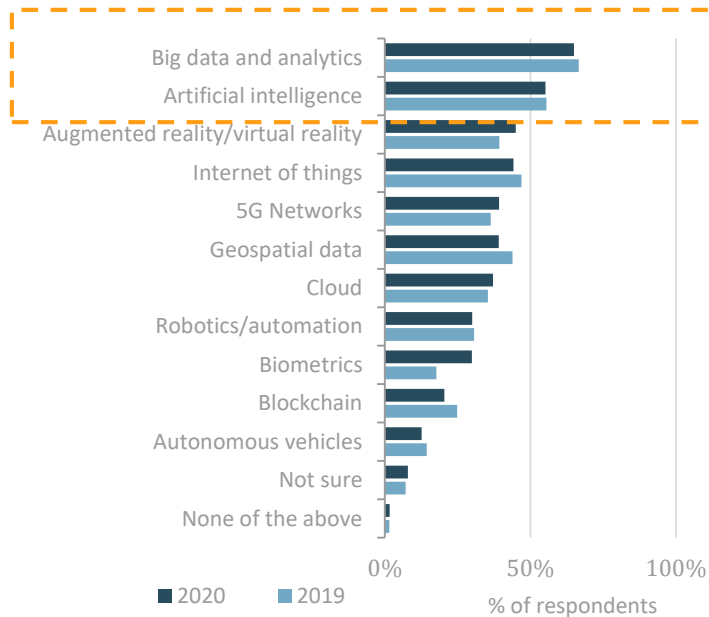


In the light of COVID-19, ensuring safe travel experiences, providing information about COVID-19, shifting from physical to online platforms and building a mobile presence are expected to become the key priorities for companies engaged in consumer travel. As result, big data and analytics, along with artificial intelligence, will be key investment areas for the travel industry's digital transformation, with 65% and 55%, respectively, of respondents in 2020 expecting these technologies to have an impact over the next five years.

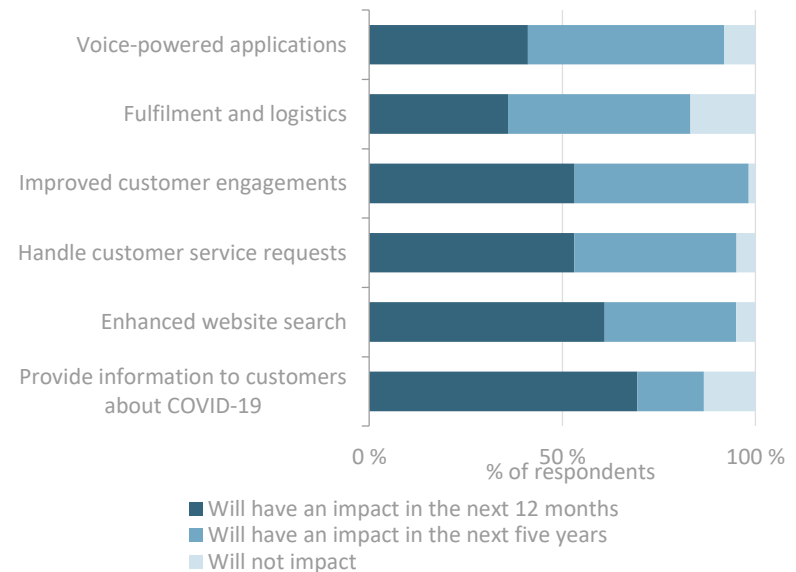
Big data and analytics remain key investment priorities

Provide key COVID-19 information – an important short-term goal

Comparison of Technologies to Impact Travel over the Next Five Years 2019/2020



Impact of Artificial Intelligence on Travel Businesses in the Short vs Long Term



Source: Euromonitor International Voice of the Industry – Travel and Tourism, April 2020

TRAVEL**Technology to be used in pushing a value-driven industry model****Short-term****Medium-term****Long-term**

- Amid global travel restrictions, demand for travel services declined significantly.
- Financial support is vital for the travel sector to stay afloat.
- The travel industry has witnessed a temporary shift towards domestic travel.

- Last-minute reservations and mobile bookings are increasingly favoured by consumers.
- Companies will continue with digital developments so that they can deliver real time information and customer service in destination via mobile.

- Recovery is likely to involve a shift from commoditisation to a value-driven industry model in order to drive recovery.
- Technological transformation is expected to accelerate.

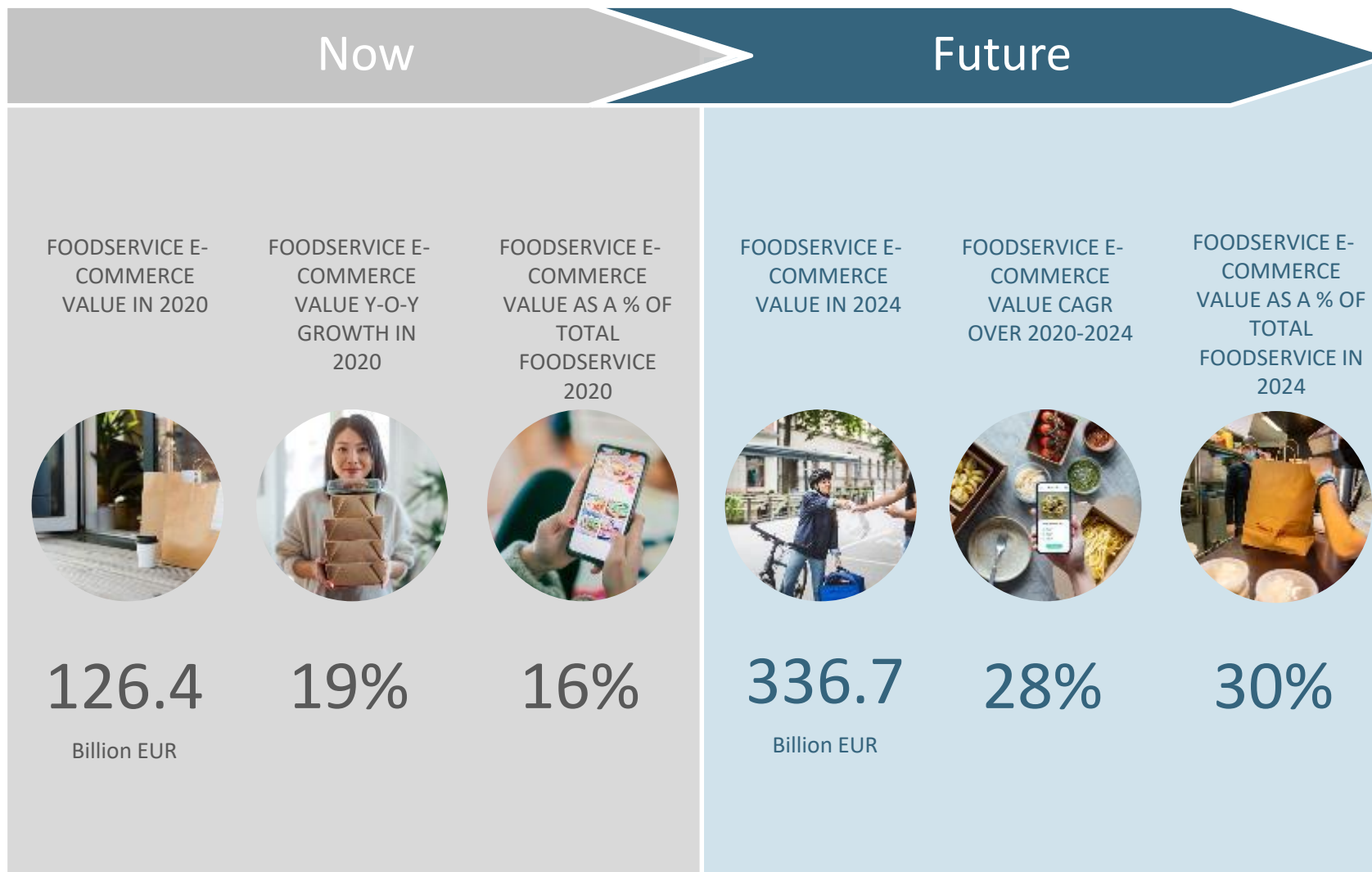


Foodservice

Foodservice spend fell dramatically when mandated lockdowns forced restaurants to close to eat-in traffic, spurring consumers to order meals for takeaway and to cook at home more often. Some restaurants pivoted to retail, or meal or beverage kits to offset the decline, but delivery and takeaway services emerged as the main revenue source for foodservice operators.

FOODSERVICE

Increasingly more orders will be done online



Source: Euromonitor International

Note: The data refers to cumulative values for Western Europe and North AmericaD

© Euromonitor International

FOODSERVICE

Going online – a way to mitigate the negative effects of the crisis



Foodservice – among the most affected economic sectors

The combination of officially mandated shutdowns and radical cutbacks in consumer demand is unprecedented and had a significant impact in 2020. While certain categories, such as limited-service, drive-through and delivery, are better positioned than others, ultimately, the players which will do well are the largest, best-known brands with the strongest balance sheets, which are able to weather catastrophic same-store sales declines whilst supporting franchisees.

The impact to be long lasting

Unlike recent economic contractions, there is no market or category which will not be severely impacted (at least in the short term) by the current crisis. Even countries that appear to have brought COVID-19 under control face a long period of economic uncertainty and depressed demand, to say nothing of continuing flare-ups of illness as restrictions on movement are lifted.

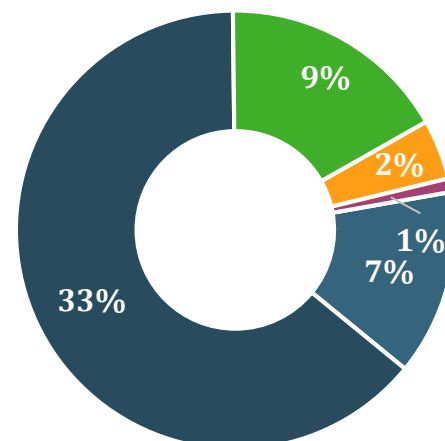
Online delivery – and increasingly crowded market

Although delivery and takeaway services for consumers on lockdown will prove a lifeline for many operators, every operator in an impacted market (which is everywhere, or soon will be) is doing the same, making for a more crowded market at a time when consumer spending on all foodservice is being reduced dramatically.

Source: *Euromonitor International COVID-19 Voice of the Industry Survey, April 2020, N=1,347

Anticipated Changes in Consumer Behaviour*:

Industry players' beliefs about reduced eating out and going to bars, cinema, theatre, etc.



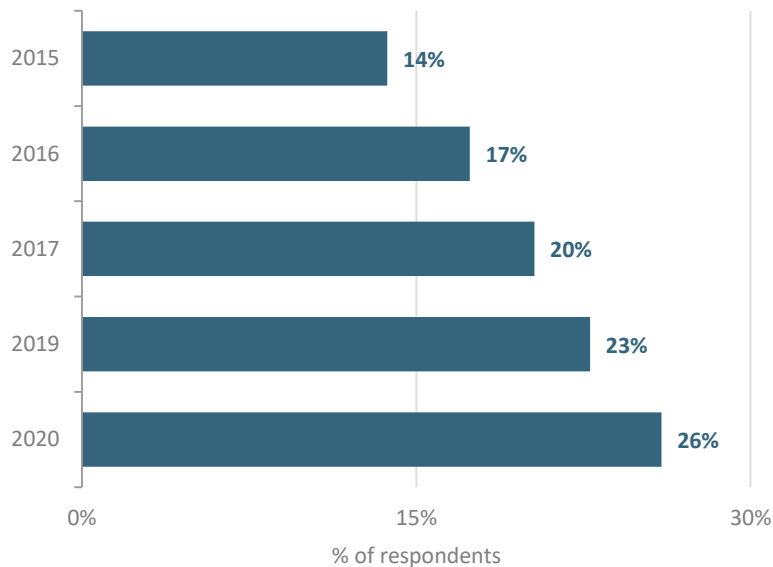
- Permanent change
- Mid-term change, but will eventually return to pre-crisis norms
- Short-term change only (Q1 and Q2 2020)
- No change
- Not sure

FOODSERVICE**Foodservice takeaway and delivery demand surges**

Foodservice takeaway and delivery posted significant increases during lockdowns, due to dine-in closures around the world, which forced operators and consumers to migrate online.

Foodservice takeaway and delivery posted a strong growth

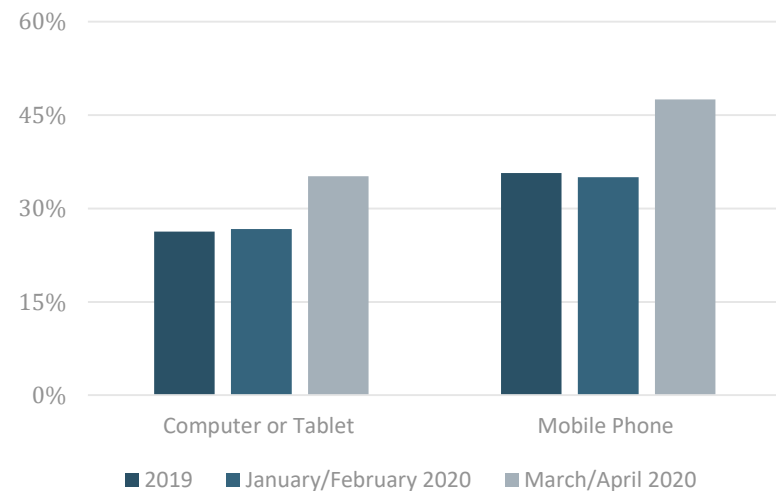
Consumers ordering food for home delivery at least once per week 2015-2020



Source: Euromonitor International Lifestyles Survey, 2015-2020
 Q: On average, how often do you do the following for consumption away from home: Order food for delivery away from home
 N=16,353

Consumers turn to mobile phones for purchases

Foodservice takeaway and delivery purchases, % of respondents



Source: Euromonitor International's Lifestyles Survey, 2019 and January/February 2020 and Euromonitor International's Digital Consumer Survey March/April 2020

FOODSERVICE

New online services emerge as a result of COVID-2019



EMERGING TRENDS

**Push for Contactless**

- The crisis will drive a renewed push towards contactless options in payment, ordering and delivery. Smartphone ordering options will become a necessity, whilst more restaurants will begin offering pick-up with minimal human contact. As restaurants become more like vending machines, actual vending machines will proliferate, particularly advanced, automated models for products such as coffee.

**Merging of Retail and Foodservice**

- The push into prepared food occasions, which has been a cornerstone of many grocery and convenience store players' expansion strategies, will accelerate following the crisis. Whilst the early days of the crisis pushed prepared foods aside in many ways, the longer enforced lockdowns last, the more demand will grow for convenient meal solutions that address multiple new home meal occasions consumers must solve.

**Potential in Home Cooking**

- The need to prepare (or purchase) more meals each day for home consumption will drive a new relationship with cooking, with consumers continuing to experiment with new methods and new paths to convenience. Foodservice operators have a role to play in curating ingredients and potentially offering guidance in effective cooking, as consumer desire to try new things slowly returns.

**Online services to become a must**

- The sudden disappearance of eat-in traffic, an uncertain timetable for its return and the near certainty of continued restrictions on eat-in occasions long-term mean every restaurant will have to offer "quicker" service over the next year and beyond. More restaurants are expected to permanently offer delivery services and smartphone ordering, with some expanding into grocery sales, meal kit preparation and beyond.



E-commerce

COVID-19 radically shifted consumer shopping behaviours. Besides shopping more in already-familiar categories, consumers turned to e-commerce across a broader range of categories during the pandemic. Many consumers were motivated to shop online for the first time due to the pandemic, permanently widening the pool of e-commerce shoppers. The growth of sales of goods sold online will outpace those sold in store not only in 2020, but in the foreseeable future, underscoring the importance of well-formulated e-commerce strategy.

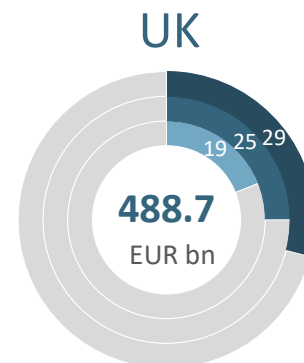
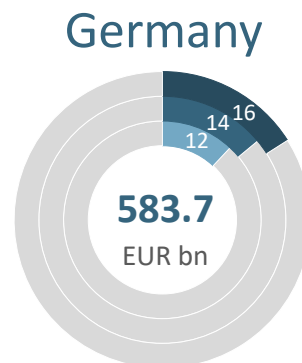
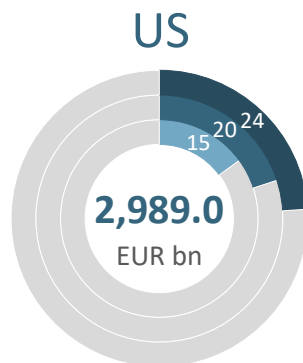
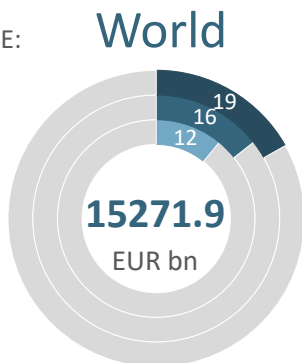
E-COMMERCE**E-commerce witnessed a strong rise in 2020, while overall retail declined****TOTAL RETAIL VALUE IN 2020**

E-COMMERCE % SHARE:

2019

2020

2024

2019/2020 %
GROWTH TOTAL
RETAILING:

TOTAL MARKET

-3.0%

-0.2%

-1.6%

-2.0%

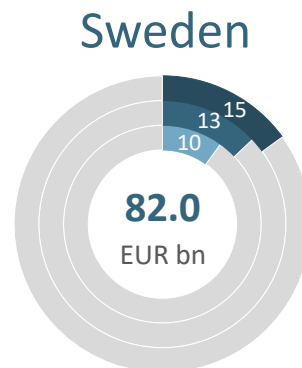
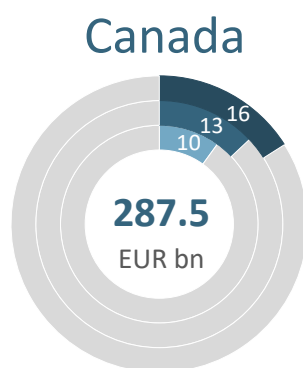
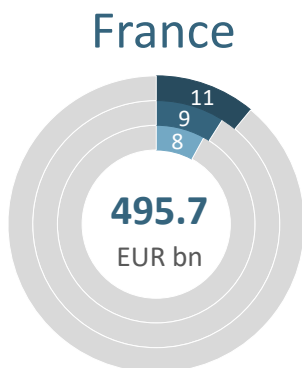
E-COMMERCE

23.9%

29.4%

13.5%

28.6%

2019/2020 %
GROWTH TOTAL
RETAILING:

TOTAL MARKET

-3.3%

-3.3%

0.6%

3.6%

E-COMMERCE

11.3%

28.2%

32.1%

15.3%

Note: Some product categories for Finland are modelled

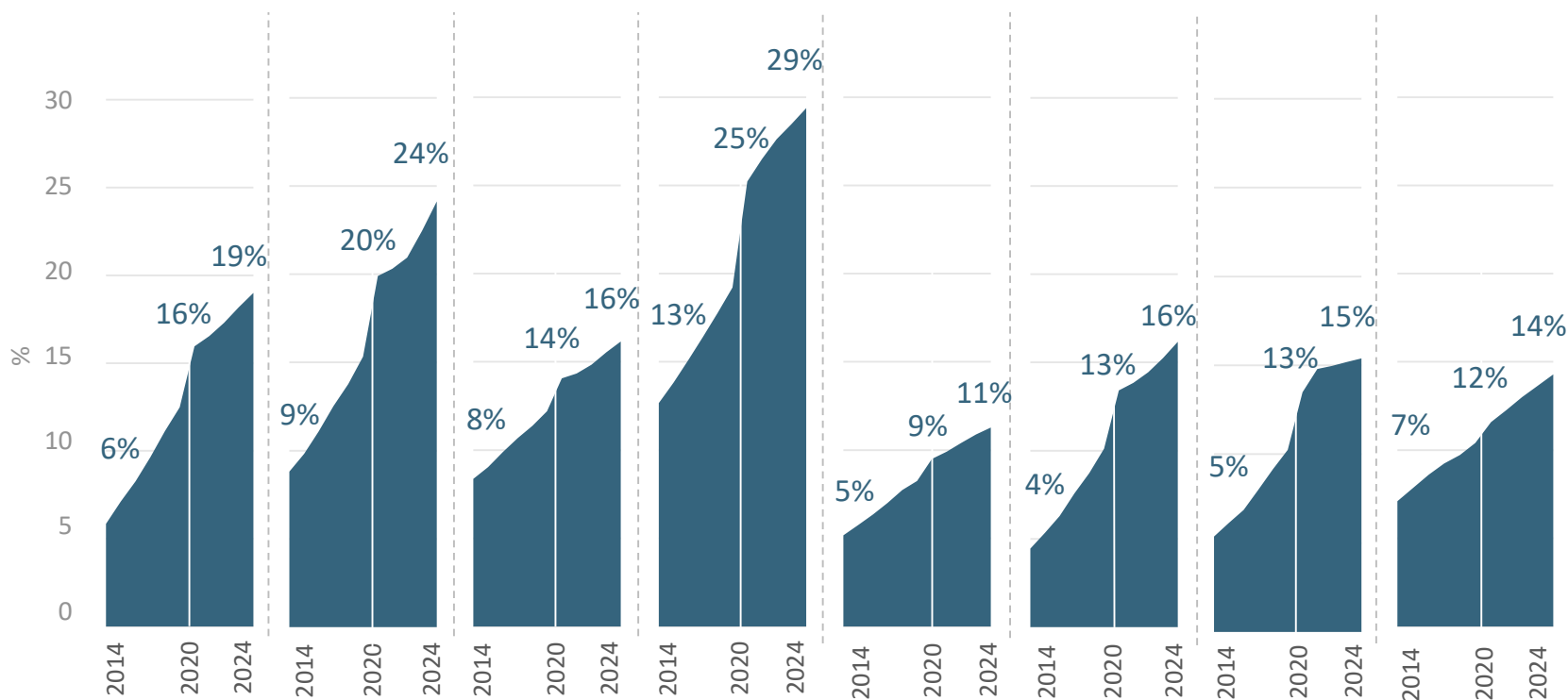
E-COMMERCE

A significant shift in retail channels ahead

TOTAL RETAIL AND E-COMMERCE VALUE IN 2020, EUR BN

| | WORLD | US | GERMANY | UK | FRANCE | CANADA | SWEDEN | FINLAND |
|---------------|---------|---------|---------|-------|--------|--------|--------|---------|
| TOTAL MARKET: | 15271.9 | 2,989.0 | 583.7 | 488.7 | 495.7 | 287.5 | 82.0 | 46.6 |
| E-COMMERCE: | 2435.9 | 594.6 | 82.1 | 123.3 | 47.0 | 38.6 | 11.1 | 5.4 |

E-COMMERCE IN TOTAL RETAIL – % SHARE 2014-2024



E-COMMERCE

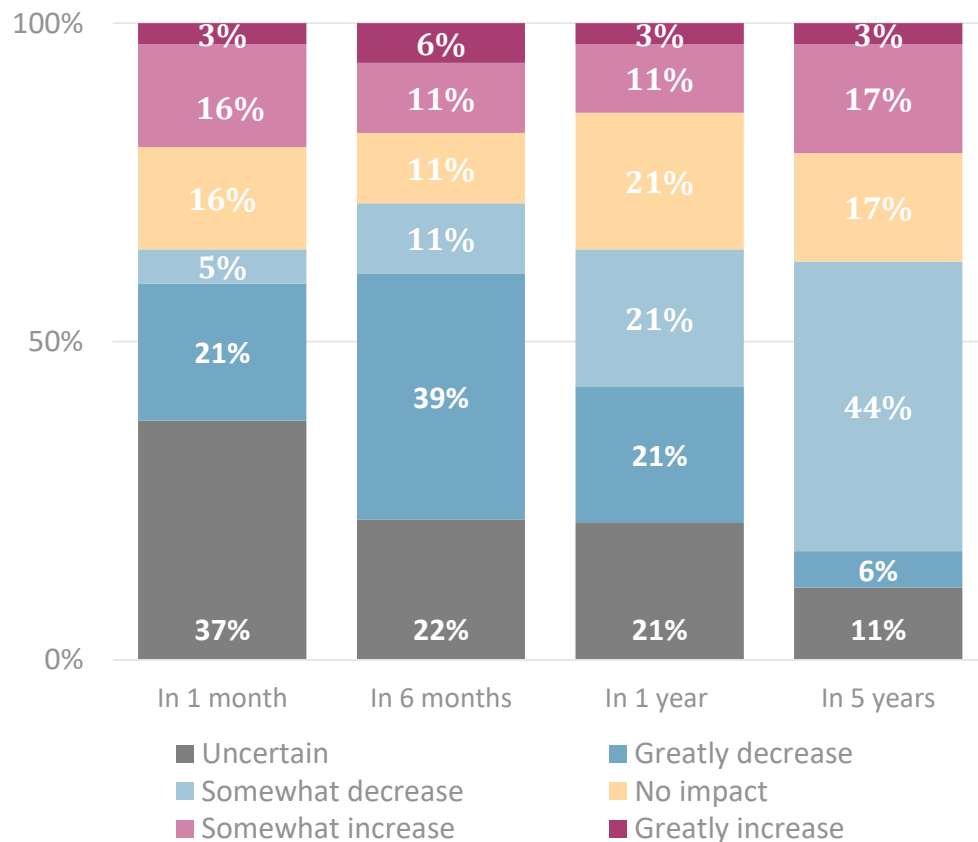
Businesses turn to E-commerce to balance declining sales



Online retail gains ground

- Retail commerce has shifted from physical to digital channels, driven by mandated restrictions.
- While large players with well-established digital channels have proved to be more resilient to the crisis, the majority of smaller businesses had to accelerate digital transformation as an immediate priority.
- Despite the spike in e-commerce, online growth was not sufficient to compensate for the decline in physical sales.
- Online retailers have employed discounting and promotions, subscription models and loyalty programs to tackle intensifying competition.

COVID-19 impact on the revenue of retail businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?;
N=19

E-COMMERCE

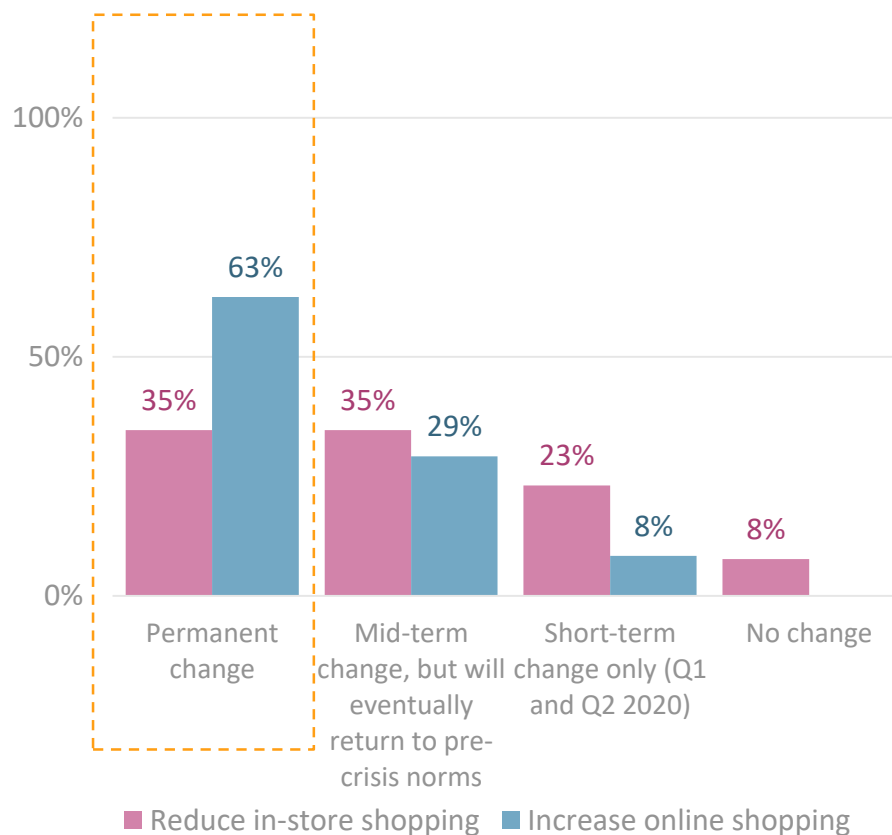
Market experiences a long-term shift towards e-commerce



Although E-commerce is set to continue rising, regular retail to remain important

- Digital acceleration is here to stay, with many companies reporting continuously growing e-commerce, even as stores started to reopen. E-commerce expansion in new product categories (e.g. groceries) and demographic segments (e.g. elderly) to support the post-pandemic digital transformation.
- Digital marketplaces gain popularity, as small businesses join E-commerce. Moreover, customers turn to marketplaces, due to their convenient purchase process, competitive prices and logistics capabilities.
- While digital acceleration will continue post-pandemic, physical stores are set to remain an important part of the omni-channel retailing strategy, especially in such industries, where in-store physical experience is still much-preferred, including fashion, beauty and furnishings.

COVID-19 impact on consumer behaviour according to retail businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020
Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?; N=26

E-COMMERCE

Technology to be used in pushing a value-driven industry model



Short-term



Medium-term



Long-term

- E-commerce records double digit growth across many product categories,
- Online retailers have employed discounting and promotions to stay afloat
- Online shopping for essential products, such as groceries and pharmacy products, has seen the strongest growth

- Retail businesses to prepare for permanent E-commerce expansion
- Smaller retailers to join digital marketplaces
- Online retail to become more popular across new product categories and consumer groups
- E-commerce growth is set to moderate, as growth in physical stores recovers

- Improving personalisation, product discovery, payment and delivery/collection processes are likely to remain key convenience drivers that will attract new online buyers in the future.
- Omnichannel strategy to remain important post-pandemic
- E-commerce to become an overall more important distribution channel



New online services emerge as a result of COVID-2019



Public authorities help businesses to leverage E-commerce

- Local authorities and private players have offered support to local retailers and small businesses to speed up digital transformation. These initiatives include financial support, trainings and special solutions, such as free marketplace subscriptions and tools, help with website launch, delivery and click-and-collect services at favourable conditions, and more.
- Consumers have become increasingly supportive of local businesses, choosing local retailers and producers over international stores.



Companies prepare for the permanent shift to e-commerce

- The onset of COVID-19 has accelerated the ongoing capex in supply chain and prompted new investments to scale up capacities in e-commerce operations.
- Companies have been focused on modernisation, automation and robotisation of warehouses and fulfilment centres.
- Many retailers have been increasingly transforming shop floor space into online order fulfilment areas, some grocery chains opened online-only dark stores.



Safe, cost- and time-efficient delivery options

- Consumers show higher interest in safer shopping methods like home delivery and curbside pickup options, with free and quick deliveries remaining key.
- Retailers have been investing in click-and-collect expansion, as well as micro-fulfilment centres.
- By introducing micro-fulfilment centres closer to consumers, companies can offer quicker and more efficient home deliveries, reducing transportation costs.



Mobile commerce on the rise

- Brands and retailers have been increasingly using mobile apps to attract new customers and adapting their strategies to maintain customer engagement through a number of mobile application tools, including virtual consultations and livestreaming, shoppable posts, augmented reality tools and other.
- Euromonitor estimates that the mobile e-commerce has surged 34.7% over 2020 y-o-y and is expected to continue rising at a CAGR of 17.1% between 2020 and 2024.



Apparel and Footwear

In the light of widespread closure of stores during the height of lockdowns, COVID-19 has resulted in several high-profile bankruptcies within the apparel and footwear industry. Players with a highly developed digital presence or a direct-to-consumer model navigated the crisis best. Shifting operations to the digital channel, however, proved to be challenging for smaller apparel and footwear players.

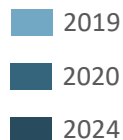
APPAREL AND FOOTWEAR

E-commerce likely to remain among important retail channels

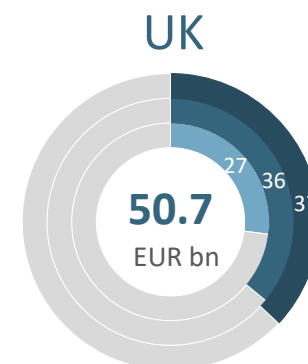
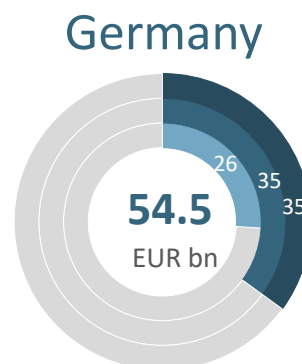
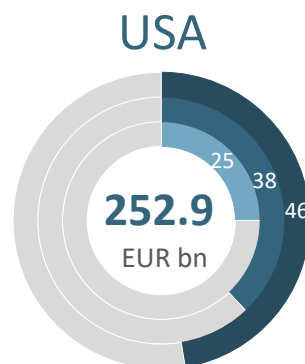
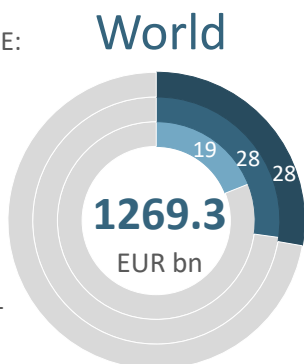


APPAREL AND FOOTWEAR RETAIL EUR BN VALUE IN 2020

E-COMMERCE % SHARE:



2019/2020 %
GROWTH APPAREL
AND FOOTWEAR:



TOTAL MARKET

-19.7%

-23.4%

-19.9%

-18.9%

E-COMMERCE

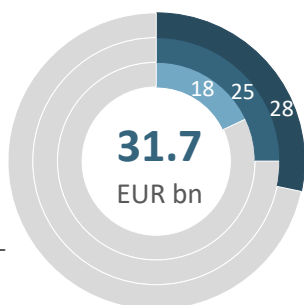
19.1%

13.0%

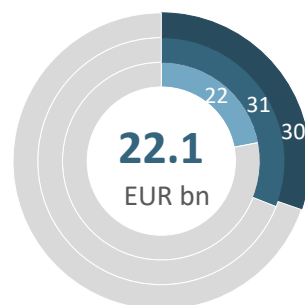
5.7%

7.4%

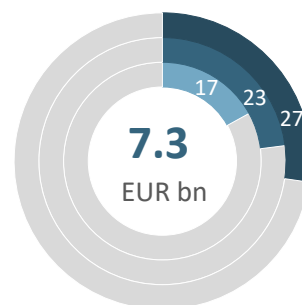
France



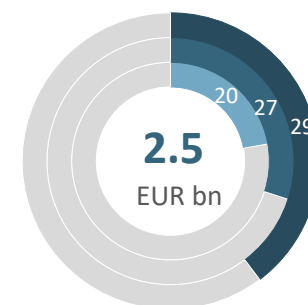
Canada



Sweden



Finland



TOTAL MARKET

-19.0%

-25.9%

-14.5%

-14.8%

E-COMMERCE

10.7%

6.6%

14.2%

16.8%

APPAREL AND FOOTWEAR

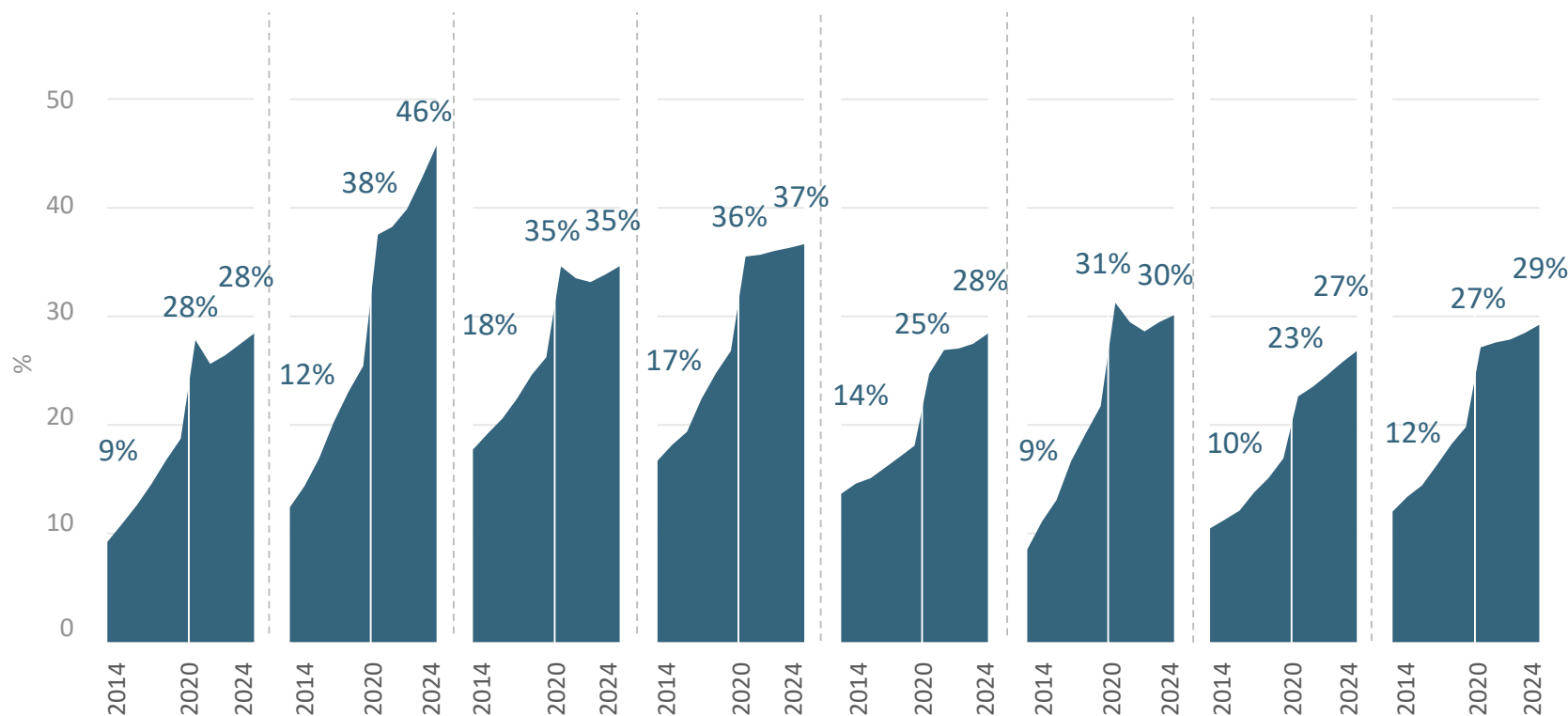
Portion of sales are to shift back to regular retail channels



E-COMMERCE IN APPAREL AND FOOTWEAR, EUR BN:

| | WORLD | USA | GERMANY | UK | FRANCE | CANADA | SWEDEN | FINLAND |
|---------------|--------|-------|---------|------|--------|--------|--------|---------|
| TOTAL MARKET: | 1269.3 | 252.9 | 54.5 | 50.7 | 31.7 | 22.1 | 7.3 | 2.5 |
| E-COMMERCE: | 352.8 | 94.9 | 18.9 | 18.0 | 7.8 | 6.9 | 1.7 | 0.7 |

E-COMMERCE IN APPAREL AND FOOTWEAR RETAIL – % SHARE IN 2014-2024



APPAREL AND FOOTWEAR

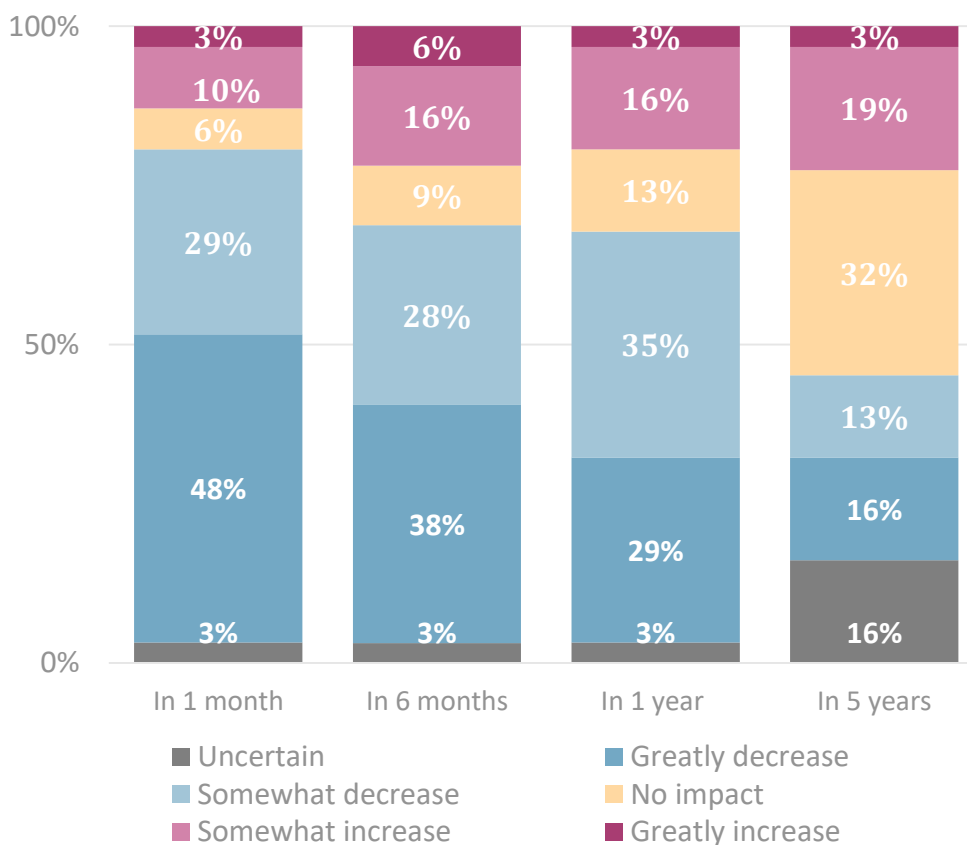
Apparel and footwear companies braced for revenue losses



Apparel and footwear companies do not expect a rapid recovery

- The apparel and footwear market was among the most affected by COVID-19. Compared with other consumer goods, apparel and footwear was behind only the personal accessories market in terms of retail sales declines in 2020.
- In the short term, clothing companies have primarily prioritised contingency/scenario planning and do not expect a rapid recovery. Online discounts have become a leading short-term strategy to survive.
- In the medium to long term, most operators are focusing on preparing retail re-openings within the context of social distancing, and on deploying digital capabilities.

COVID-19 impact on the revenue of apparel and footwear businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?; N=47

APPAREL AND FOOTWEAR

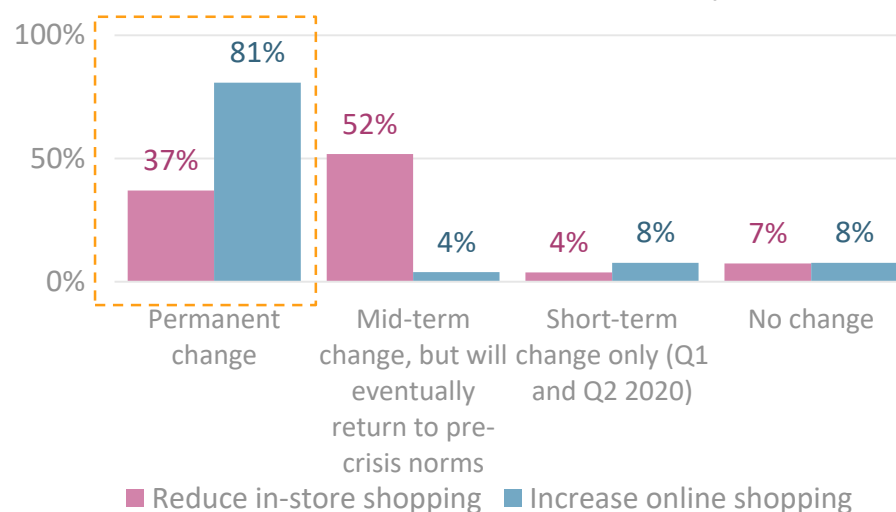
Market experiences a long-term shift towards e-commerce



Despite strong penetration, e-commerce is set to continue rising

- Among product-based industries, apparel and footwear had the second most developed e-commerce channel (following consumer electronics) prior to the pandemic, with over 21% of sales made online in 2019. Even with this already large presence, e-commerce registered substantial growth in 2020, as infrastructure improvements were made to meet the increasing demand from online shoppers.
- It is anticipated that consumers will continue shopping for clothing and footwear online in the long term. According to Euromonitor International's COVID-19 Voice of the Industry Survey (July 2020), 81% of the clothing industry professionals surveyed believe the pandemic will result in a permanent increase in online shopping.
- Moving forward, the industry is anticipated to focus on the consumer experience, especially regarding internet platforms.

COVID-19 impact on consumer behaviour according to apparel and footwear businesses operating in North America and Western Europe*



"Our new post-COVID ambition for the group will therefore be to drive at least one third of sales online and our priorities will be to: reorganise M&S.com under new leadership to drive improvements; fracture the old 'stores first' mindset; and treat M&S.com as our biggest and best store; roll out well-known brands across our M&S.com and large store platforms as a start in broadening our appeal; unlock the potential of our colleagues by accelerating our Digital First behaviour changes across the business."

Marks and Spencer Group plc; Annual Report & Financial Statements; 2020

Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020
Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?; N=48

APPAREL AND FOOTWEAR

Technology to be used in pushing value-driven industry model



Short-term

- As consumer spending on apparel and footwear diminished strongly in 2020, focusing on e-commerce and online discounts became the only way for businesses to stay afloat.
- With COVID-19 constraints on physical operations, many in-person experiences have suddenly lost their impact, putting emphasis on digital.
- With more time on their hands, consumers are turning to social. Brands are responding with a variety of #stayathome campaigns.



Medium-term

- Most businesses will be planning retail re-openings within the context of social distancing.
- The role of physical retail will be reassessed, and focusing on e-commerce will be a key strategy for companies to survive.
- Social media engagement, livestreaming product demos, virtual malls, classes and consultations have become important to maintain consumer engagement



Long-term

- E-commerce is set to establish itself as among the most important retail channels for apparel and footwear. Businesses will focus on rethinking the purpose of their physical stores and to find tech-driven retail solutions to improve the in-store shopping experience and drive traffic.
- Apparel businesses to pivot consumer engagement to digital channels and invest into virtual try-on tools, digital consultations.



Consumer Electronics

Although disposable income levels have been falling, consumers are still spending money on items like smartphones that they consider to be important. Wireless speakers, which consumers consider as good value and convenient, are also still seeing strong demand. Following the closure of schools and offices, sale of laptops, tablets, printers and monitors grew sharply, as consumers had to set up home offices and study spaces. Consumers have turned to online purchase and delivery for such goods at a time of store closures.

CONSUMER ELECTRONICS

Industry has among the highest E-commerce penetration



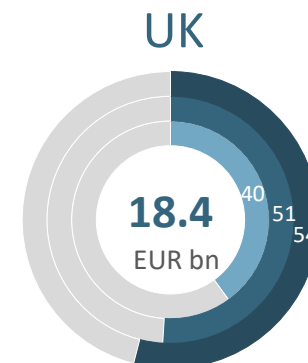
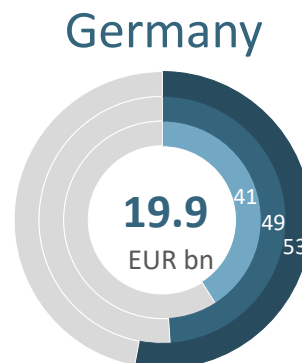
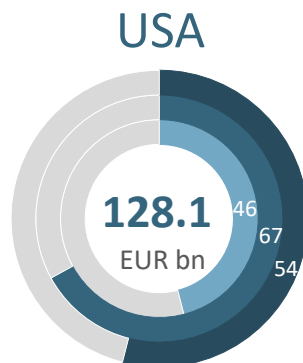
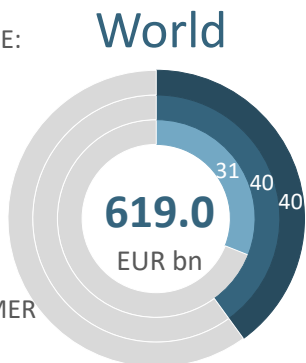
CONSUMER ELECTRONICS RETAIL EUR BN VALUE IN 2020

E-COMMERCE % SHARE:

2019

2020

2024

2019/2020 %
GROWTH CONSUMER
ELECTRONICS:

TOTAL MARKET

-6.3%

-8.3%

-2.1%

-0.8%

E-COMMERCE

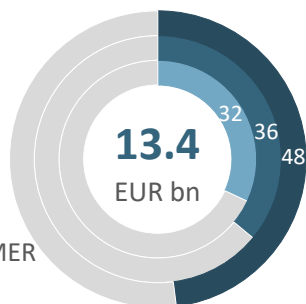
21.2%

34.0%

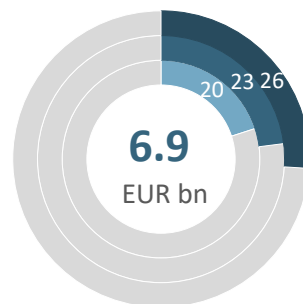
18.2%

26.9%

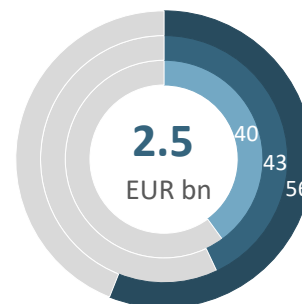
France



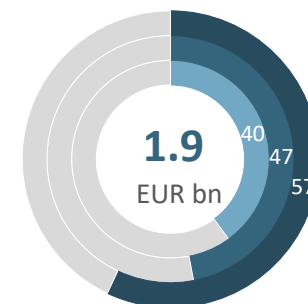
Canada



Sweden



Finland

2019/2020 %
GROWTH CONSUMER
ELECTRONICS:

TOTAL MARKET

-3.2%

-7.7%

3.4%

-3.3%

E-COMMERCE

8.2%

3.0%

12.0%

14.3%

Note: data for Finland is modelled

© Euromonitor International

CONSUMER ELECTRONICS

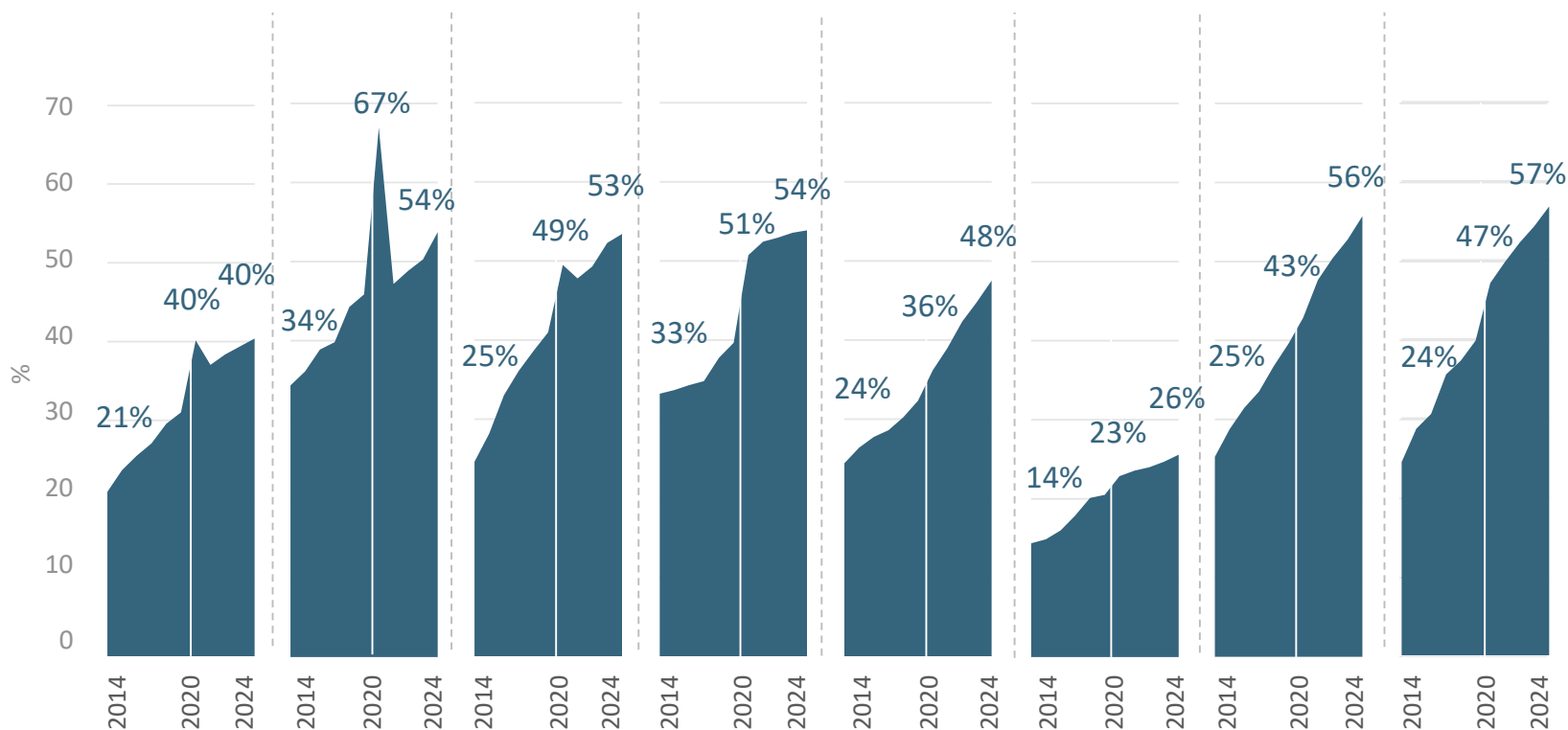
E-commerce to remain key distribution channels post pandemic



CONSUMER ELECTRONICS TOTAL RETAIL AND E-COMMERCE VALUE IN 2020, EUR BN VALUE

| | WORLD | USA | GERMANY | UK | FRANCE | CANADA | SWEDEN | FINLAND |
|---------------|-------|-------|---------|------|--------|--------|--------|---------|
| TOTAL MARKET: | 619.0 | 128.1 | 19.9 | 18.4 | 13.4 | 6.9 | 2.5 | 1.9 |
| E-COMMERCE: | 248.4 | 85.8 | 9.9 | 9.3 | 4.8 | 1.6 | 1.1 | 0.9 |

E-COMMERCE IN CONSUMER ELECTRONICS RETAIL – % SHARE IN 2014-2024



CONSUMER ELECTRONICS

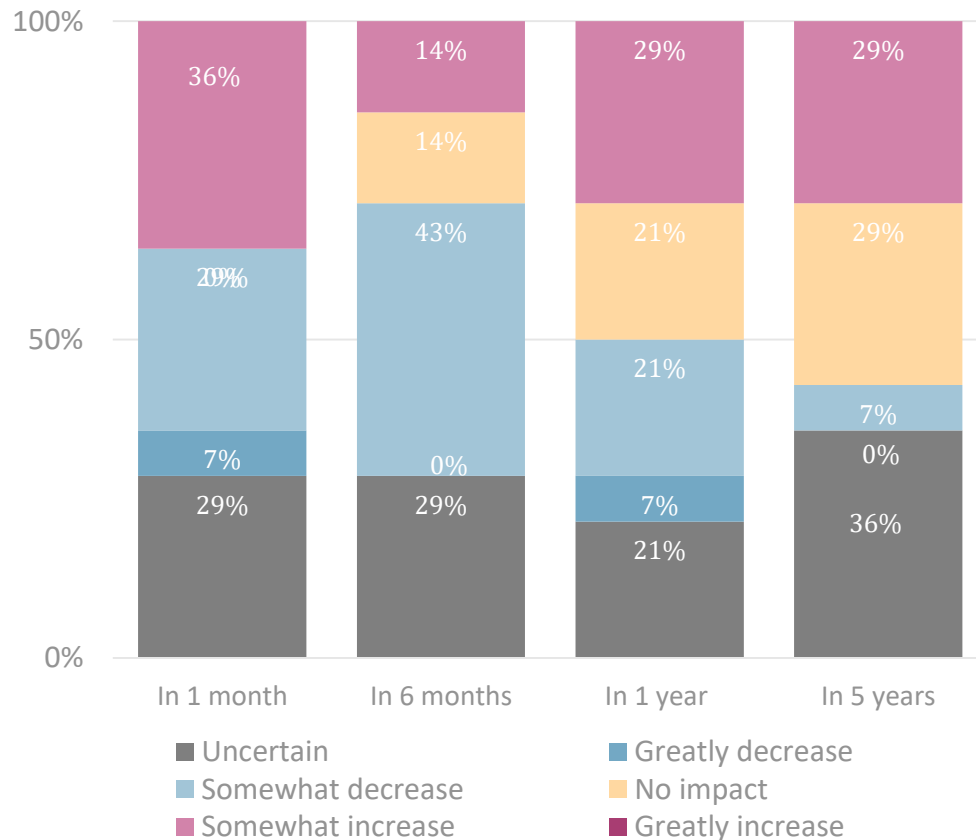
Office, home entertainment and health technologies drive growth



Purchase of technology for necessities takes priority

- Due to e-learning and more people working from home, there has been a sharp spike in demand for computers and peripherals.
- Nevertheless, the economic impact of the pandemic means consumers are putting off big-ticket purchases as they cut down on discretionary spending.
- The industry is seeing a significant shift towards longer replacement cycles, which is being exacerbated by the economic uncertainty caused by the pandemic.
- The category will, however, continue to do well, as consumers are expected to place importance on essential technology (eg for home offices), home entertainment (headphones and speakers) and health-driven electronics (such as wearables).

COVID-19 impact on the revenue of businesses operating in consumer electronics and appliances in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?;
N=14

CONSUMER ELECTRONICS

Consumers focusing on high quality essential technologies



HOME OFFICE TECH AND AT-HOME ENTERTAINMENT LEADING MARKET GROWTH

With working from home and home-schooling continuing, consumers are investing in creating a comfortable and effective office space at home. Isolation has also driven the purchase of at-home entertainment, such as online gaming technologies and sound systems.



BETTER QUALITY PURCHASES THAT LAST

The corona pandemic has reinforced the already existing trend of longer replacement cycles. This, as well as the continued reliance on personal electronics items, is pushing buyers to look for higher quality and more reliable products.



FOCUSING ON ESSENTIALS

The economic uncertainty most consumers are faced with during the pandemic is driving them to focus on essentials only. Big purchases and discretionary spending are thus currently being avoided. This is expected to continue throughout the pandemic.



PLACING IMPORTANCE ON ONLINE PURCHASING

Tech companies are placing importance on improving their customer service and shortening home delivery times. This solidifies consumers' trust in ordering expensive products online. Electronic products, which consumers typically prefer to test before buying, like TVs, are also increasingly being bought online.



CONSUMER ELECTRONICS

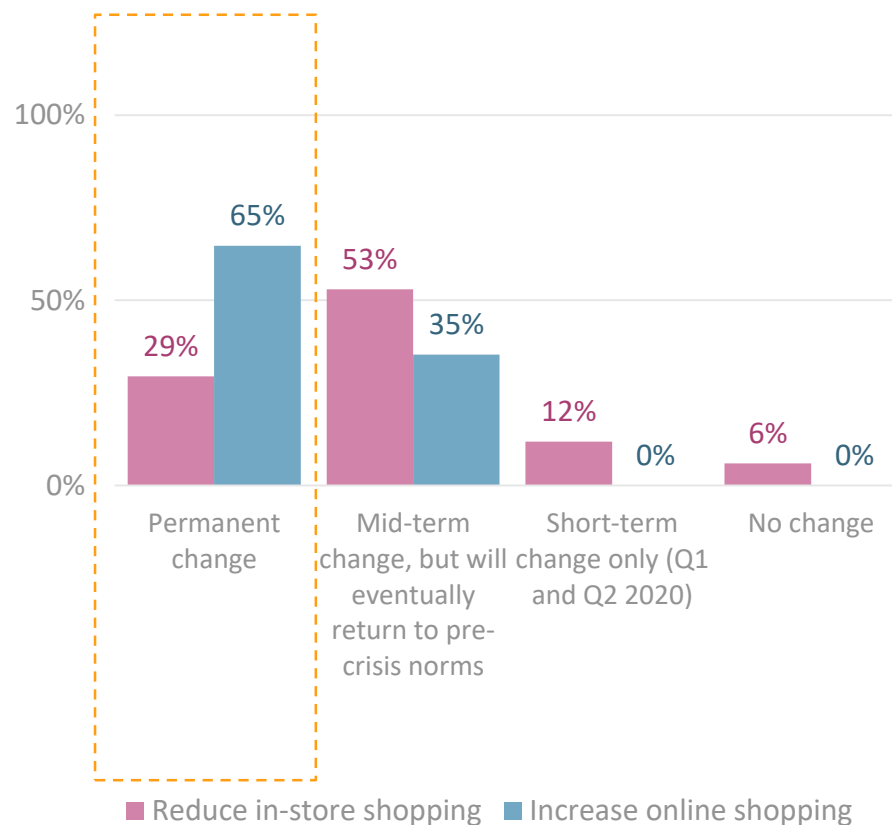
The pandemic benefits consumer electronics in the short term



Electronics companies reshaping online orders

- With movement restrictions and stores being forced to close, companies have been forced to move online as part of their continuity plans and resiliency efforts.
- Smaller companies, in particular, are moving sales to e-commerce by growing their online presence. This includes improving the user experience and offering easier payment methods.
- Lenovo is adopting a 3-pronged strategy by aggressively pushing its own e-commerce store, reducing the number of SKUs to better manage inventories, and diverting key components to higher margin models.
- The industry is expected to see a permanent shift towards online sales in the future.

COVID-19 impact on consumer behaviour according to consumer electronics and appliances businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020
Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?; N=17

CONSUMER ELECTRONICS

Technology to be used in pushing value-driven industry model



- Online sales are seeing sharp growth, fuelled by the expansion of companies' online activities.
 - With the need for better connectivity, demand for 5G-compatible devices is increasing, boosting consumer electronics sales.
 - As working from home continues, consumers are putting emphasis on better quality and longer lasting equipment.
 - Governments are supporting local companies by funding or guaranteeing loans in an effort to help companies recover from COVID-19-related losses.
- New online marketplaces will be introduced in order to focus on digital growth and improve the omnichannel experience. E-commerce will remain a key growth and investment opportunity for brands and retailers.
 - Companies will have their own infrastructures for delivery of online purchase, including delivery networks, installation services, customer services, bicycle couriers and online stores.
 - Companies will reduce their SKUs and focus on selling more profitable models.
- The high share of sales via online channels will stabilise. This will be solidified by consumers' trust in online services.
 - Some retailers are expected to turn their physical stores into hubs as they shift towards permanent online store formats.
 - Sales will be led by major online retailers, such as Amazon.
 - Lower purchasing power will persist among some socioeconomic groups. This will be reflected in sales of the most essential products

CONSUMER ELECTRONICS

Convenience, health and sustainability continue to take priority

**Pre-ordering electronics**

- The sudden spike in demand for electronics caught retailers off guard. Companies are aggressively pushing their own e-commerce sales models and adopting strategies to better manage inventories. An increasing number of players are using pre-orders to better plan their production capacity, especially with supplies limited. Confirmed orders prior to production helps generate cashflow and reduce inventories.

**Wearable technology**

- The pandemic highlighted the importance of good health and has spurred an increase in sales of wearable technology. As consumers become more accustomed to wearables sales are projected to continue growing in the forecast period.
- The major Chinese manufacturer Huawei is already looking for opportunities in this sector and using wearable technology as a way of penetrating the Western market.

**Online gaming community**

- Isolation experienced during the pandemic has driven growth in the online gaming community. This trend is strengthened by the fact that online gaming is considered a low-cost entertainment.
- As a result, gaming-related products, such as gaming headphones and mice, have grown at a record pace.

**Sustainability**

- There has been growth in eco-responsible online buyers, whereby consumers favour sites that promote a more responsible approach.
- Online shoppers increasingly look for products promoting a circular economy, such as reconditioned, recycled or second-hand.
- The COVID-19 pandemic is expected to accelerate this trend.



Food and Drink

In the light of COVID-19, there has been a mass shift away from experience-driven eating out and towards retail grocery purchases for cooking/eating at home. Therefore, food and drink retailing was one of the most resilient retail categories in 2020, registering strong year-on-year growth. Demand for online grocery delivery skyrocketed over the year; however, e-commerce in food and drinks sector is highly underdeveloped and is expected to remain so by 2024, representing less than 10% of sales in many developed markets.

FOOD AND DRINK

Food and drink – among few industries that grew in 2020



FOOD AND DRINK RETAIL EUR BN VALUE IN 2020

E-COMMERCE % SHARE:

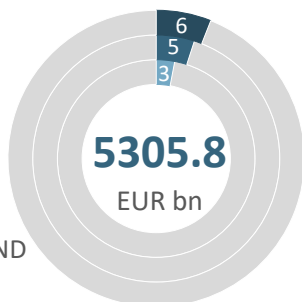
2019

2020

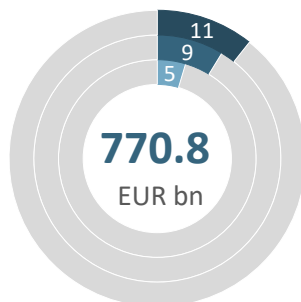
2024

2019/2020 %
GROWTH FOOD AND
DRINK:

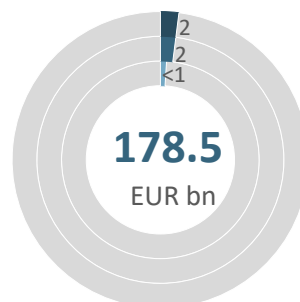
World



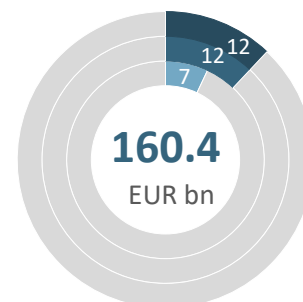
USA



Germany



UK



TOTAL MARKET

3.8%

14.7%

4.4%

7.8%

E-COMMERCE

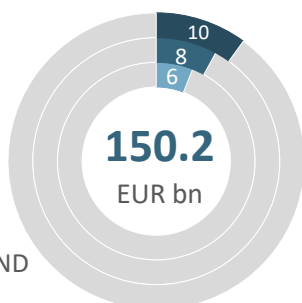
49.2%

117.0%

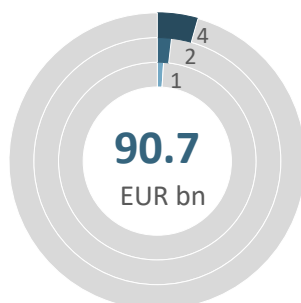
29.6%

76.9%

France



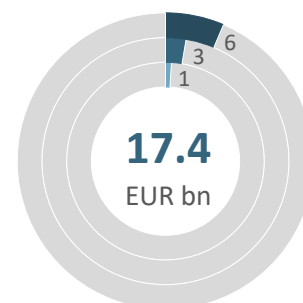
Canada



Sweden



Finland



TOTAL MARKET

3.5%

10.1%

7.7%

4.7%

E-COMMERCE

35.2%

99.3%

53.6%

189.0%

FOOD AND DRINK

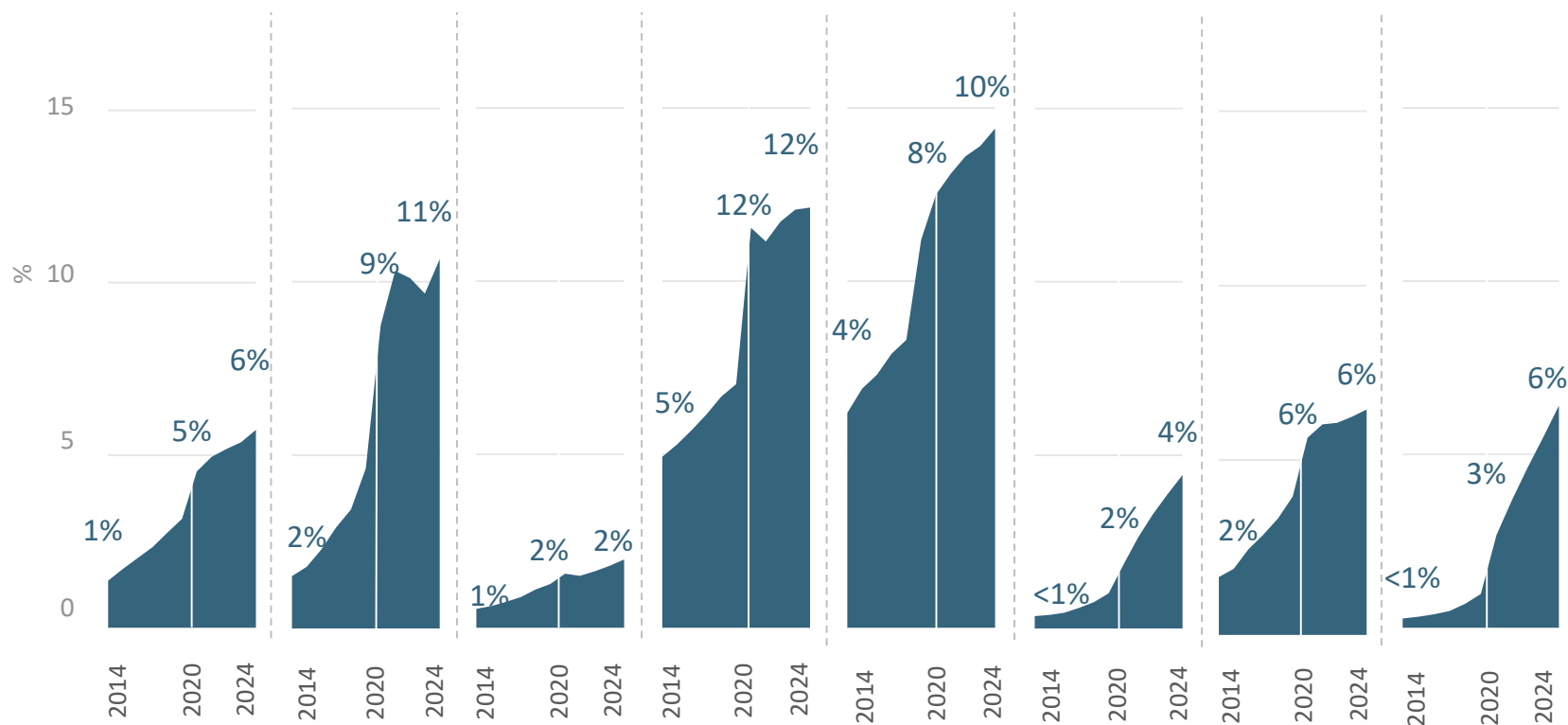
Despite low penetration, E-commerce to continue growing



FOOD AND DRINK TOTAL RETAIL AND E-COMMERCE VALUE IN 2020, EUR BN

| | WORLD | USA | GERMANY | UK | FRANCE | CANADA | SWEDEN | FINLAND |
|---------------|--------|-------|---------|-------|--------|--------|--------|---------|
| TOTAL MARKET: | 5305.8 | 770.8 | 178.5 | 160.4 | 150.2 | 90.7 | 28.7 | 17.4 |
| E-COMMERCE: | 240.3 | 67.4 | 2.8 | 18.5 | 11.9 | 1.7 | 1.6 | 0.5 |

E-COMMERCE IN FOOD AND DRINK RETAIL – % SHARE IN 2014-2024



FOOD AND DRINK

Eating out replaced with high-quality retail purchases

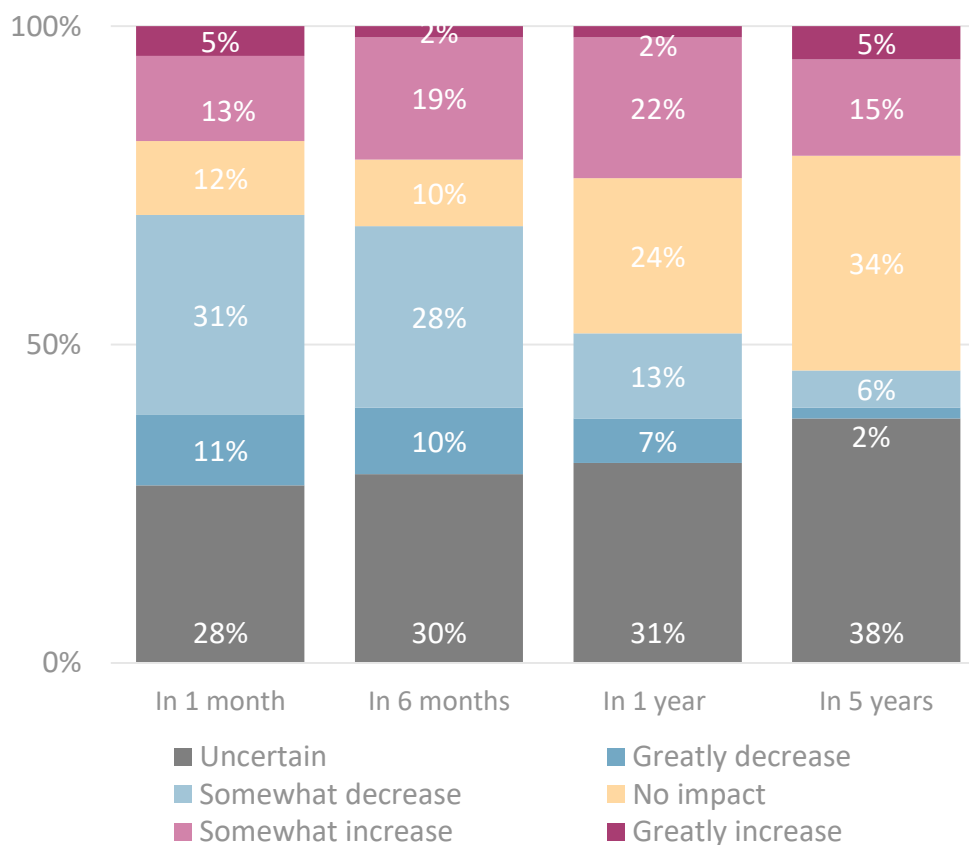


66

Food and drink retail sales projected to continue with a strong growth

- Widespread foodservice location closures have left consumers with no option but to dine at home, which is benefiting grocery retail channels. As a result, the food and drinks categories have been among the best performing during the pandemic.
- Attributes such as health and wellbeing, environmental responsibility, trust and authenticity are continuing to be important when choosing brands.
- Both the rise in unemployment and more people working from home grant consumers more time. With that, there is less need for convenient food formats, such as on-the-go snack foods.
- In light of the continuing pandemic and economic crisis, food and drink retail sales will continue to see strong growth, especially online.

COVID-19 impact on the revenue of food and beverages businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?;
N=172

FOOD AND DRINK**Consumers focusing on high-quality essential technologies****PANDEMIC ACCELERATES ACCEPTANCE OF NEW TECHNOLOGIES**

Technology is developing at a rapid speed in all areas of the food production system. In tandem, demand for convenience is increasing further. This extends to payment methods, the online shopping experience, delivery/pick-up systems as well as in-store shelving arrangements.

**DEMAND FOR LOCAL FOOD PRODUCTS INCREASING**

Demand for local products is growing, on the back of the sustainability trend. An increasing number of consumers claim they are happy to pay more for food if it is grown/raised locally. This comes from a demand for transparency in food production and a desire to support local economies. The current economic crisis is driving this further.

**SUSTAINABILITY BECOMES A MAJOR CONSUMER CONCERN**

Sustainability is a priority for consumers more than ever before. This trend extends to food waste, delivery methods, packaging as well as production methods. In response to this demand, Mat.se in Sweden is launching climate smart alternatives as part of its carbon labelling initiative on food items.

**ONLINE SALES ARE ON THE RISE FROM A LOW BASE**

Fuelled by demand for convenience and an increasingly high-quality online product offer, grocery e-commerce continues to grow. Through the expansion of warehouses and increasing use of robotics and AI technologies, facilities for food packaging and delivery are becoming more sophisticated.

FOOD AND DRINK

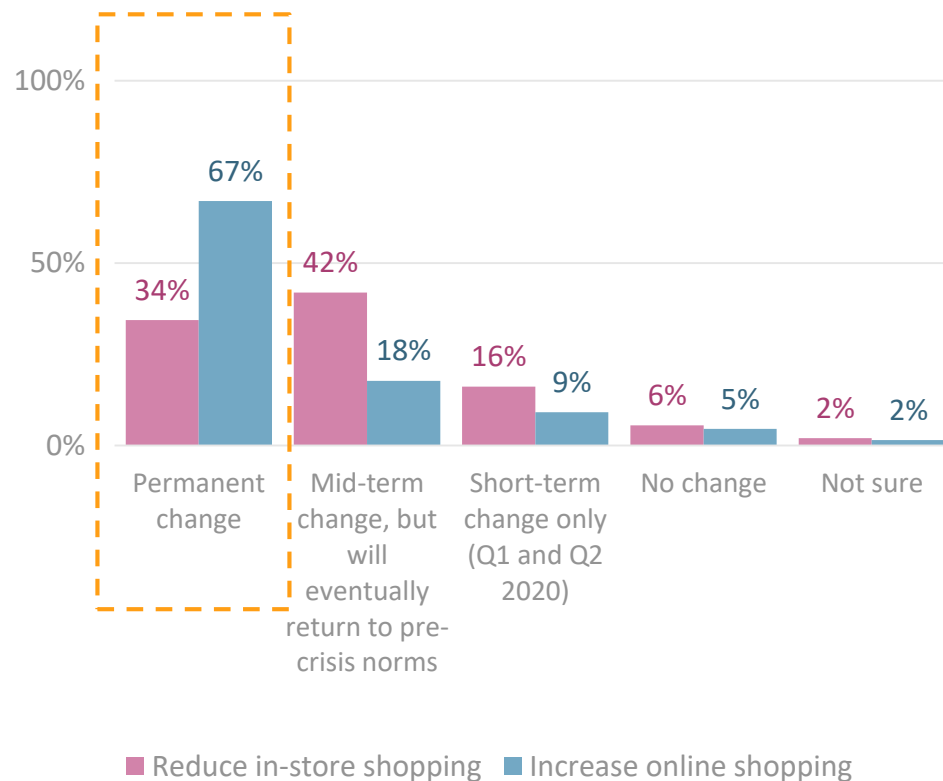
Permanent shifts in consumer habits and consequently online sales



Health and safety takes precedence in food shopping habits

- Safety concerns during the pandemic have helped overcome the reservations previously observed in some consumer groups regarding buying food online. These reservations tended to concern the freshness and quality of products.
- As more shoppers work from home, deliveries can now be more easily received during working hours. As the shift towards working from home is likely to persist to some extent post-pandemic, this will also underpin a permanent shift towards online shopping, even when social distancing is no longer required. This will facilitate a higher rate of repeat purchases in the future.
- Frozen food delivery providers have seen considerable success since the start of the pandemic.

COVID-19 impact on consumer behaviour according to food and beverages businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?; N=198

FOOD AND DRINK



Technology to be used in pushing value-driven industry model



Short-term

- From a low base, sales of groceries via online channels register double-digit growth.
- Food retailers offer wider product ranges online.
- Partnerships between retailers and foodservice delivery companies offer solutions to meet higher product demand and reduce delivery times.
- Food retailers partner with AI software providers, like Google, to ensure ease and greater accuracy in online orders.
- Retailers set up collection points outside stores to increase their capacity for online orders.



Medium-term

- Supermarkets will increasingly convert store floor space into areas for online order fulfilment, which hold larger product volumes.
- Warehouse spaces will be increased to meet the continually growing demand through online channels.
- Capacity for home delivery will continue growing through partnerships with food delivery companies and retailers' investment in their own grocery delivery infrastructure.
- Large and established players will penetrate foreign markets with their high-quality services.



Long-term

- As food and drink retail has been among the least affected by the pandemic, with the majority of outlets remaining open, there has been no permanent channel shift in grocery retailing. Despite strong growth, food and drink e-commerce is likely to maintain only a low share of total sales.
- Consumers will, however, continue buying online, with merchants managing to retain them through loyalty or subscription programmes. Some food retailers will move their sales model to online-only.
- A high proportion of retailers will offer smart food ordering systems.

FOOD AND DRINK

Sustainable and efficient food delivery methods underlie trends

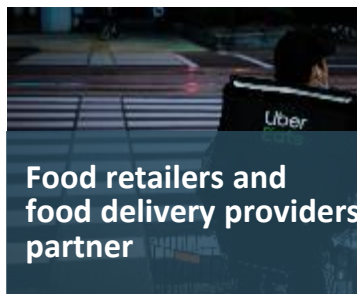


EMERGING TRENDS



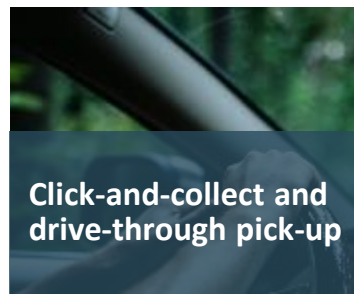
Sustainability from farm to fork

- Sustainability is a pivotal trend in the grocery market. Now, with greater reliance on e-commerce, consumers not only demand more eco-friendly food production systems but also more eco-friendly delivery systems. As a result, many players are working on new transport management systems in order to ensure more efficient and sustainable food deliveries.



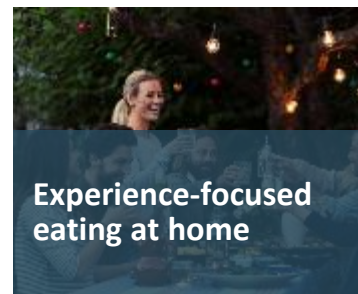
Food retailers and food delivery providers partner

- In order to keep up with the fast growing demand for grocery deliveries and cope with the lack of logistics infrastructure, food retailers have started partnering with foodservice providers to deliver their products to customers. As provision of online shopping services became a must during the COVID-19 pandemic, this trend accelerated in 2020.



Click-and-collect and drive-through pick-up

- An increasing number of online grocery players have started offering click-and-collect and drive-through options. Driven by convenience and now accelerated by health concerns during the pandemic, click-and-collect and drive-through pick-up are increasingly popular. Whilst some markets have seen equal growth in click-and-collect and drive-through pick-up (up to a doubling of sales), others report that drive-throughs are the more popular among consumers.



Experience-focused eating at home

- COVID-19 has put limits on travel and foodservice. Consequently, much experience-focused eating is being satisfied through retail instead, including online retail. Spending on eating out has collapsed and consumers are more willing to splash out on luxury or special occasion foods in retail. As an example, online sales of cakes have seen a rise. As consumers are still afraid of food getting damaged in transit, sliced cakes and transport-friendly cakes, like panettone, are particularly popular.



Homewares and Furnishings

In 2020, the financial insecurities and uncertainties brought on by the COVID-19 crisis had a negative impact on the housing market. As with many other industries, any non-essential investments are temporarily on hold. As such, many major renovation or construction projects are likely to be delayed until a time of more clarity. This is having a dampening effect on the purchasing of homewares and home furnishings. Meanwhile, as a result of more time being spent at home for both work and leisure, office furniture purchases, smaller home decoration and DIY projects provide a much-needed opportunity for the industry in the short term.

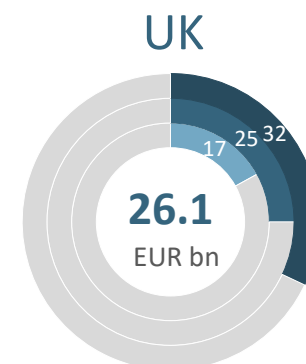
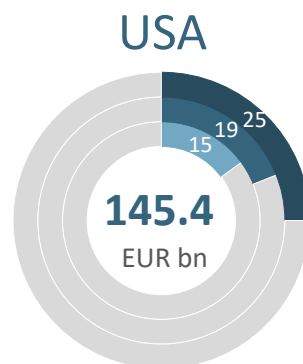
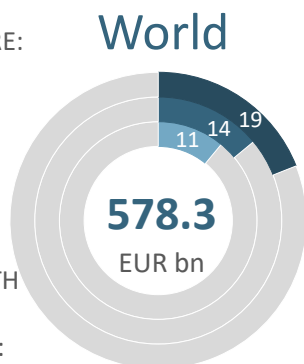
HOMEWARES AND FURNISHINGS

Double digit E-commerce growth in 2020 despite market decline



HOMEWARES AND HOME FURNISHINGS RETAIL EUR BN VALUE IN 2020

E-COMMERCE % SHARE:



2019/2020 % GROWTH
HOMEWARES AND
HOME FURNISHINGS :

TOTAL MARKET

-5.1%

-3.5%

-4.0%

-5.0%

E-COMMERCE

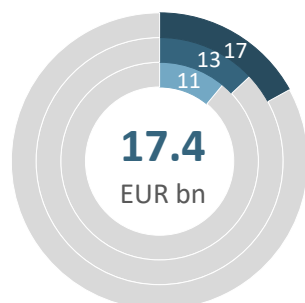
21.1%

18.9%

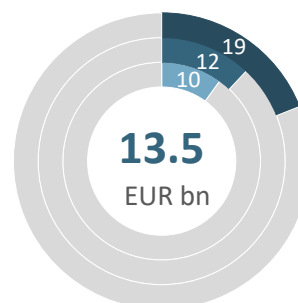
11.6%

41.5%

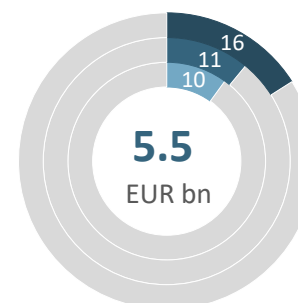
France



Canada



Sweden



2019/2020 % GROWTH
HOMEWARES AND
HOME FURNISHINGS :

TOTAL MARKET

-3.3%

-2.7%

-0.7%

E-COMMERCE

17.3%

18.9%

11.3%

HOMEWARES AND FURNISHINGS

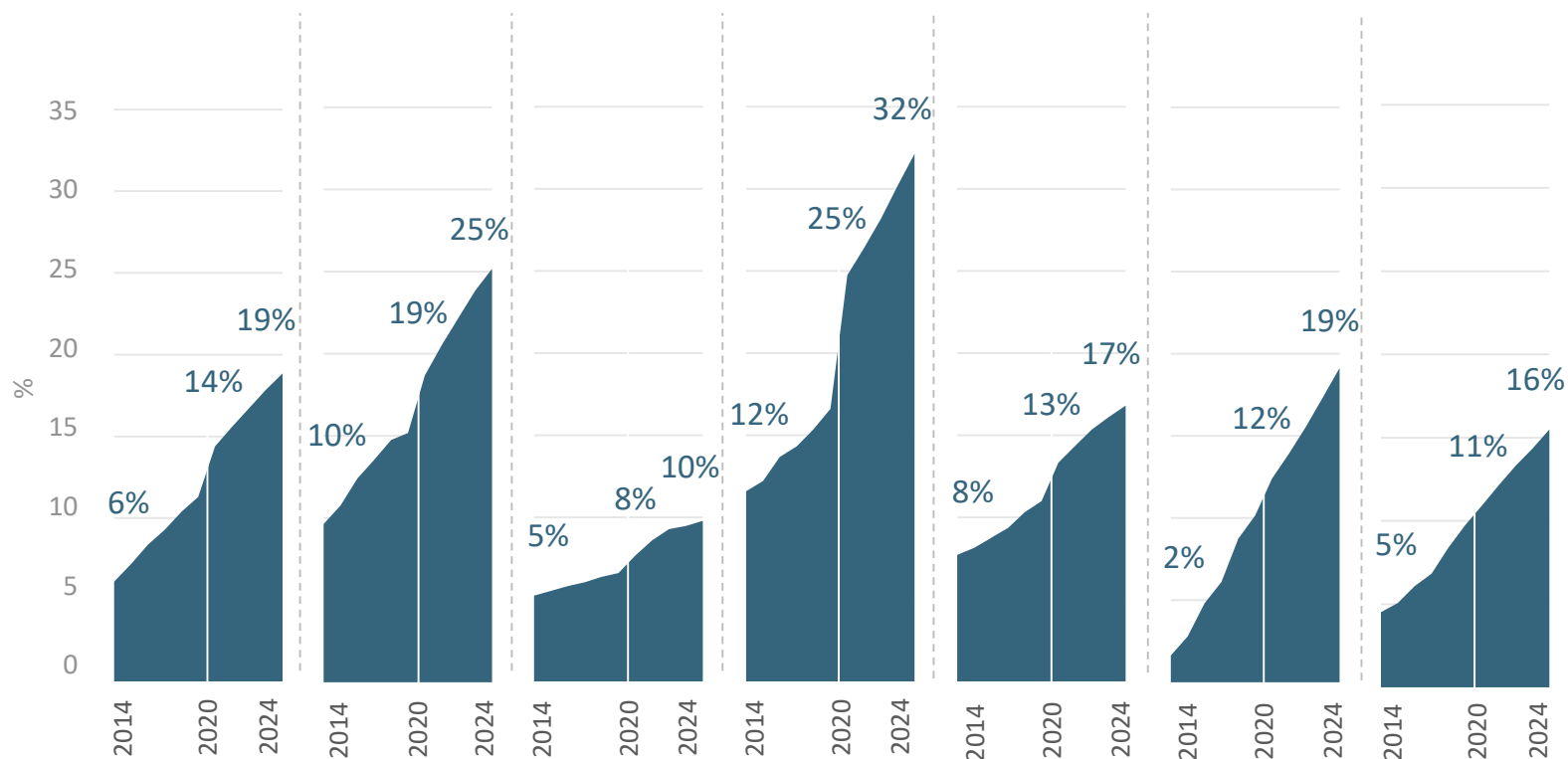
E-commerce to register strong growth post COVID



HOMEWARES AND HOME FURNISHINGS TOTAL RETAIL AND E-COMMERCE VALUE IN 2020, EUR BN

| | WORLD | USA | GERMANY | UK | FRANCE | CANADA | SWEDEN |
|---------------|-------|-------|---------|------|--------|--------|--------|
| TOTAL MARKET: | 578.3 | 145.4 | 43.7 | 26.1 | 17.4 | 13.5 | 5.5 |
| E-COMMERCE: | 83.2 | 27.2 | 3.4 | 6.5 | 2.3 | 1.7 | 0.6 |

E-COMMERCE IN HOMEWARES AND HOME FURNISHINGS RETAIL – % SHARE IN 2014-2024



HOMEWARES AND FURNISHINGS

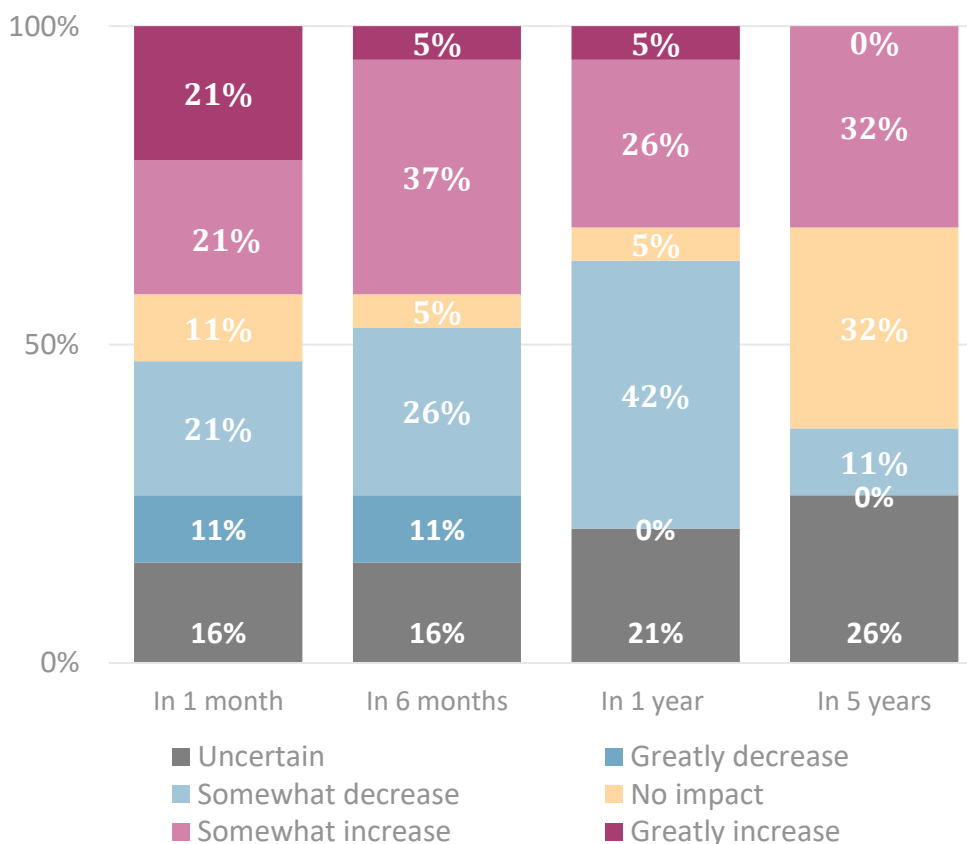
Spending shifts from travel and experiences to the home



Home office furniture saw a spike in the first months of the pandemic

- Despite overall economic slowdown and depressed incomes due to COVID-19, the homewares and home furnishings market saw strong positive growth E-commerce in 2020. This was largely driven by the shift of disposable income from travel and dining towards durables like furniture.
- The first months under lockdown drove strong demand for home office and outdoor furniture.
- As the economic crisis continues, the purchasing of big-ticket items, like furniture is expected to slow down.
- The forecast period will see a sharp decline in purchasing of furniture, as replacement cycles lengthen and people shift their discretionary spending back to travel and experiences.

COVID-19 impact on the revenue of household essentials businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?;
N=19

HOMEWARES AND FURNISHINGS

Home-focused living and sustainability are new consumer priorities



SUSTAINABILITY BECOMES MAJOR CONSUMER CONCERN

As sustainability is also a major concern within homeware and furnishings. In hopes of fighting climate change established players are moving towards refurbished furniture, renewable energy and emission-free home deliveries. As part of this movement consumers are also increasingly looking for locally produced furniture.



PAUSE IN HOUSING MARKET HAS A NEGATIVE EFFECT

Most markets are seeing a significant slowdown in the housing market. With that consumers are buying less new-home furnishings, such as beds or kitchen cabinets. People are also refraining from major home renovations and therefore any large spending during the economic crisis, which further drives the slowdown.



HOME-FOCUSED LIVING DRIVES GROWTH

The expansion of WFH and homeschooling, across markets, has led to a spike in demand for office furniture and related products. With further closures of entertainment people spending more time at home in general is expected to support demand for more sophisticated homewares, storage, and leisure-related furnishings.



COOKWARE ON THE RISE

As COVID-19 forced many people to stay at home, the food and drinks retail segment boomed. This is driven by the fact that consumers increasingly spend more time cooking at home and experimenting with new techniques. This drives growth in the cookware segment.



HOMEWARES AND FURNISHINGS

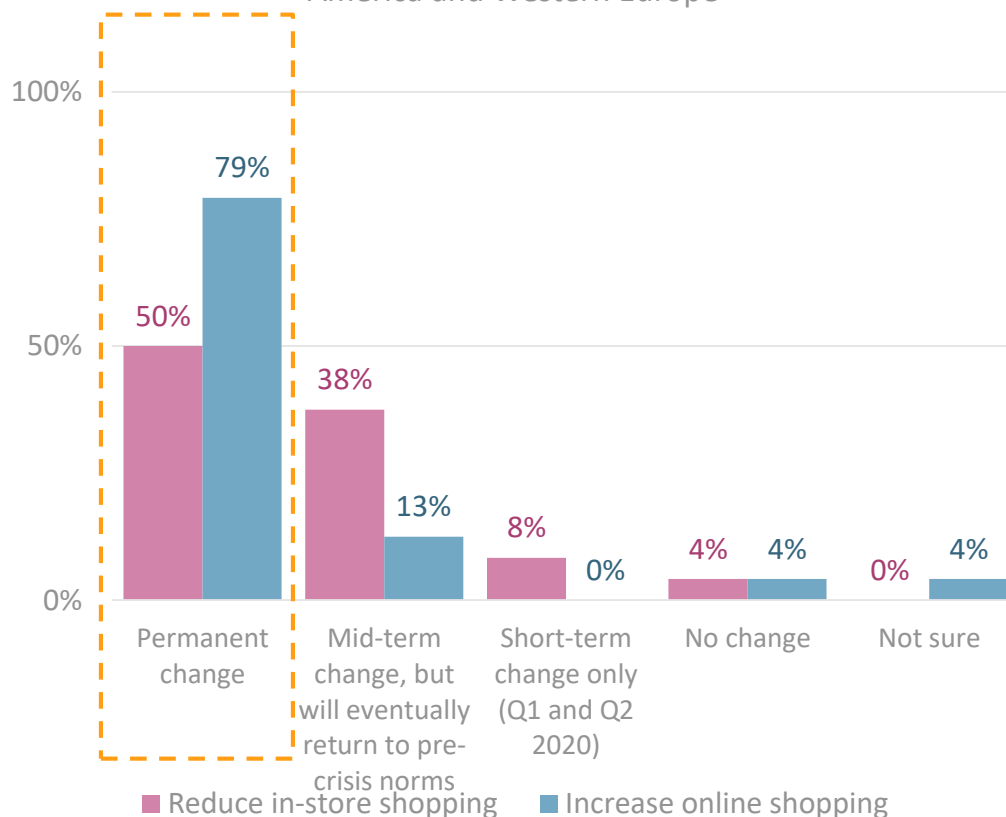
H&F behind the curve in e-commerce share of sales



E-commerce in H&F picking up speed during the pandemic

- In 2019 e-commerce accounted for an 11% share of homewares and home furnishings sales.
- Furnishings have been slow to tap into online retail, although the same cannot be said for homewares.
- Despite COVID-19 having further demonstrated a gap in e-commerce, online sales of homewares and furnishings have shown very strong double-digit growth across markets.
- Whilst there has been significant growth in online sales of furniture during the COVID-19 pandemic, physical stores will continue to take precedence when purchasing products in the home furnishings and furniture categories.

COVID-19 impact on consumer behaviour according to household essentials businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020
 Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?; N=24

HOMEWARES AND FURNISHINGS

Technology to be used in pushing value-driven industry model



- The industry has been slow to shift to online and omnichannel sales, but COVID-19 pushes retail companies to reassess their strategies.
 - Consumers shift their discretionary spending from travel and dining to durables like furniture and home decorations.
 - The pandemic has driven people to spend more time cooking and experimenting with new cooking techniques, pushing growth in cookware sales.
 - Demand is rising for locally and regionally made products.
- As online channels continue to see moderate growth, smaller shop locations will be converted to warehouses and pick-up centres. This also allows more guaranteed same/next-day deliveries.
 - New fulfilment, distribution and storage spaces are anticipated to be launched to absorb higher demand for online purchases.
 - Should business return to normal, production centres are likely to shift back to non-local markets.
 - Companies secure online sales through own websites as well as third party providers. Purchasing of large items, such as furniture, online will become normalised.
- Thanks to significant development in online shopping, channels will leave a long-lasting mark on technological developments.
 - As virtual reality showrooms become mainstream, companies will invest in larger warehouse spaces, home delivery and drive-through pick-up locations.
 - As the travel industry recovers, the appetite for home and garden purchases will diminish significantly.
 - Growth in office furniture sales will plateau, due to long replacement cycles.



HOMEWARES AND FURNISHINGS

Easier purchase and pick-up methods for H&F

EMERGING TRENDS



Click-and-collect

- Due to non-essential stores being closed, consumers are now purchasing homewares and furnishings products almost entirely online. Companies have had to rethink their distribution strategies by investing in e-commerce or omnichannel platforms. Several different delivery methods are now on offer, including click-and-collect and drive-through services, where customers can pick up the goods by car outside the store.



Direct to consumer sales

- Unlike companies in most other fmcg industries, homeware and furnishings companies have not fully tapped into the e-commerce space. This has created opportunities for direct-to-consumer (DTC) sales, as used by brands like Wayfair and Casper. Other players which have been more responsive to the changing shopping patterns have also gained new customers.



Remote corporate technology

- COVID-19 has proven to be a challenge for the digital infrastructure that supports working from home and home schooling. If the technology keeps up the pace, there will be further growth in people and businesses adopting the working from home trend. This is likely to lead to further advances and modernisation in remote corporate technology. This includes products such as ergonomic chairs suitable for small home living spaces.



Third party sellers

- As there is a lack of e-commerce infrastructure within the furnishing space to support online sales and deliveries, third party platforms have been formed. Third party providers benefit from the gaps in the market and can support businesses that have been unable to respond themselves to demand for more online offerings.



Beauty and Personal Care

Most countries around the world saw beauty and personal care retail value sales slump in 2020 as a direct consequence of the COVID-19 pandemic. This was despite an initial rise in demand for personal hygiene products and toiletries. Social distancing rules, time spent at home and mandatory mask wearing regulations have reduced demand for several product categories within beauty and personal care, like fragrances and colour cosmetics. At the same time, store closures, rising unemployment and weaker economic activity in general are pushing many consumers to downgrade from premium to lower price point items.

BEAUTY AND PERSONAL CARE

E-commerce maintained growth, while total market declined



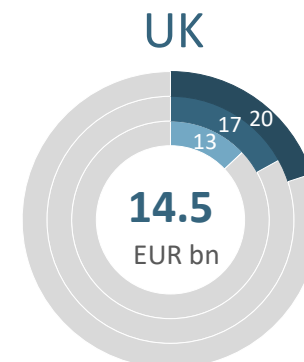
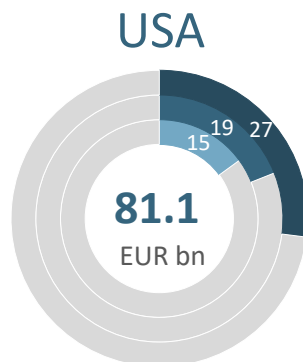
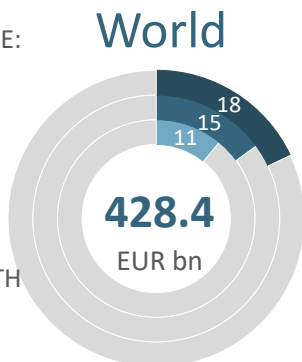
BEAUTY AND PERSONAL CARE RETAIL EUR BN VALUE IN 2020

E-COMMERCE % SHARE:

2019

2020

2024

2019/2020 % GROWTH
BEAUTY AND
PERSONAL CARE:

TOTAL MARKET

-4.0%

-2.2%

-0.3%

-3.9%

E-COMMERCE

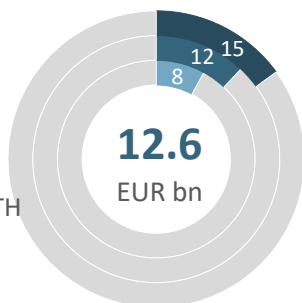
22.9%

19.1%

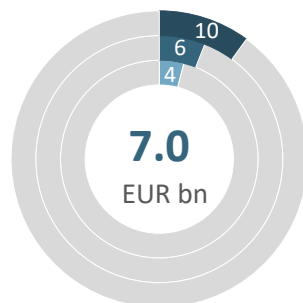
20.3%

28.4%

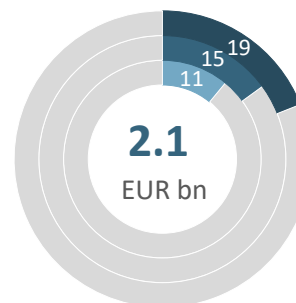
France



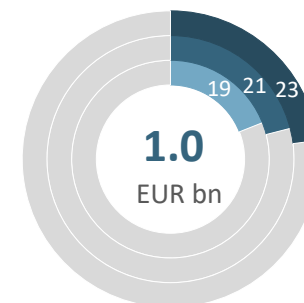
Canada



Sweden



Finland

2019/2020 % GROWTH
BEAUTY AND
PERSONAL CARE:

TOTAL MARKET

-3.9%

-4.1%

-5.6%

-2.5%

E-COMMERCE

36.2%

24.7%

25.4%

10.7%

Note: data for Finland is modelled

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BEAUTY AND PERSONAL CARE

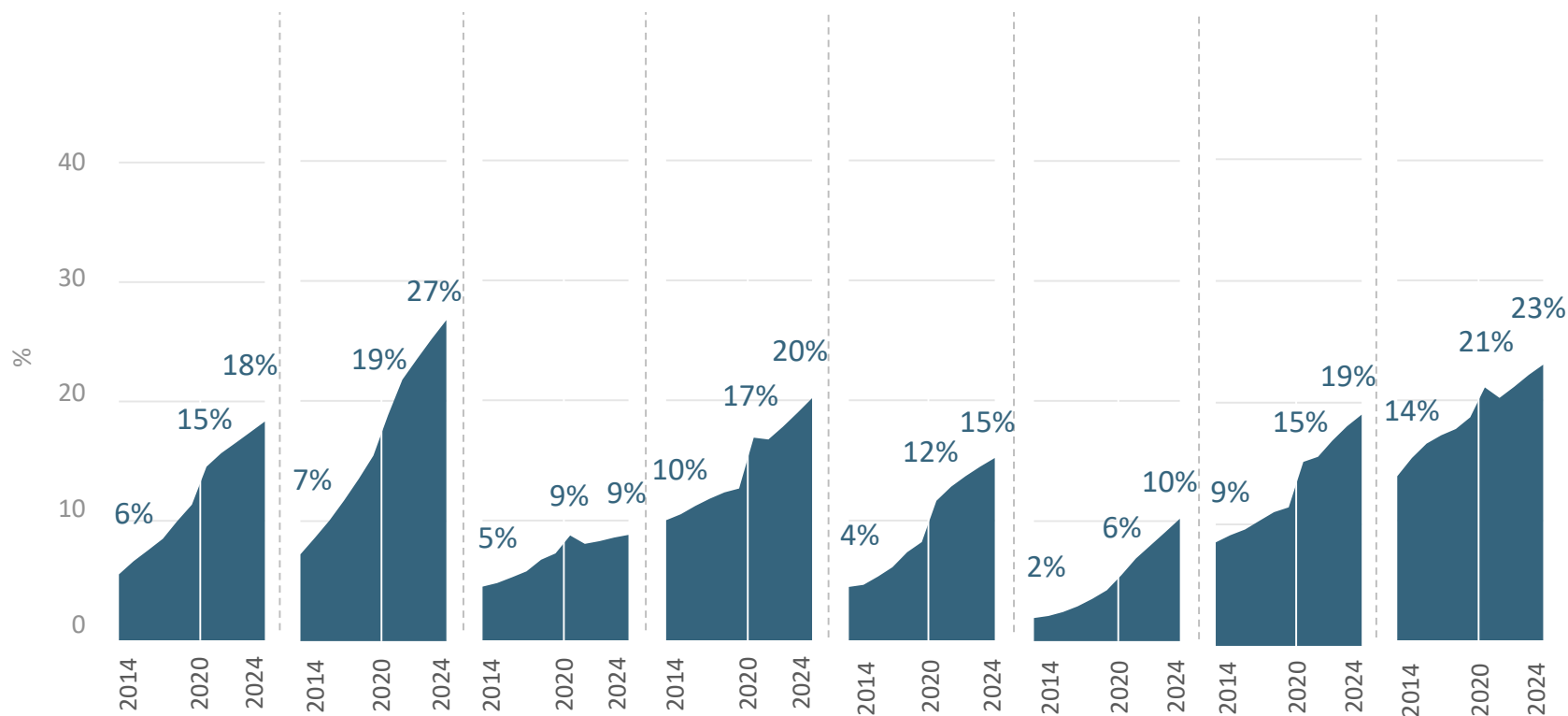
Portion of sales are to shift back to regular retail channels



BEAUTY AND PERSONAL CARE TOTAL RETAIL AND E-COMMERCE VALUE IN 2020, EUR BN

| | WORLD | USA | GERMANY | UK | FRANCE | CANADA | SWEDEN | FINLAND |
|---------------|-------|------|---------|------|--------|--------|--------|---------|
| TOTAL MARKET: | 428.4 | 81.1 | 17.2 | 14.5 | 12.6 | 7.0 | 2.1 | 1.0 |
| E-COMMERCE: | 62.4 | 15.3 | 1.5 | 2.5 | 1.5 | 0.4 | 0.3 | 0.2 |

E-COMMERCE IN BEAUTY AND PERSONAL CARE RETAIL – % SHARE IN 2014-2024



BEAUTY AND PERSONAL CARE

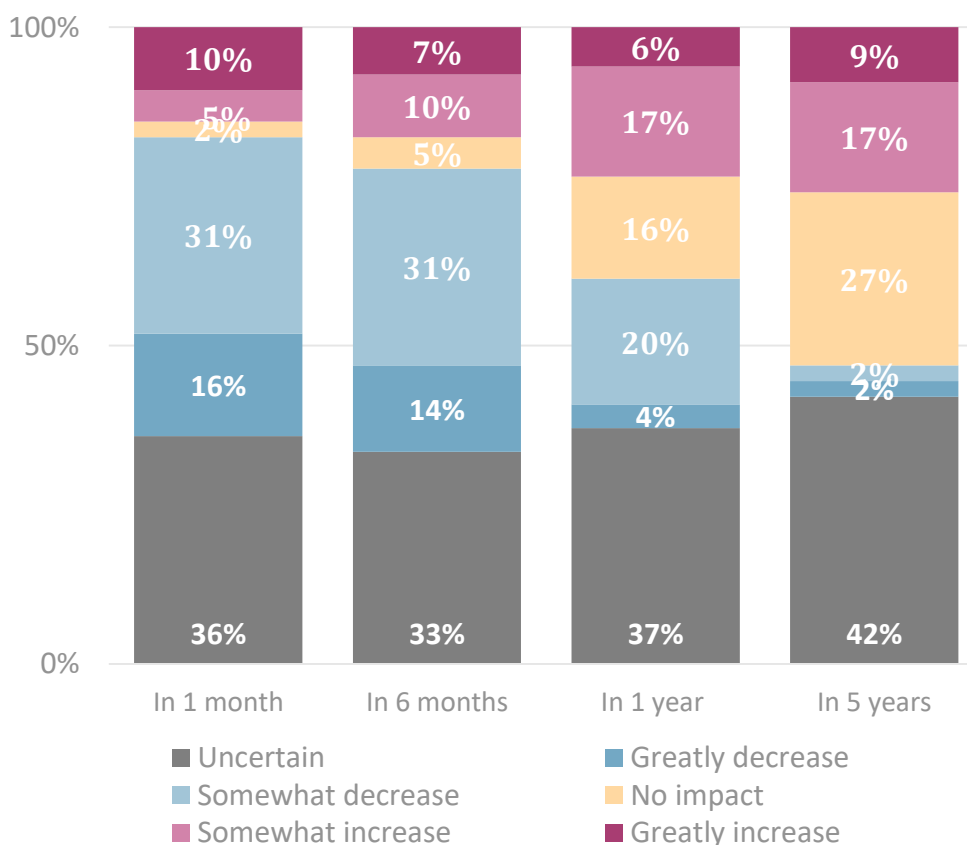
Personal care makes up for losses in beauty categories



Essential products support sales while discretionary items decline

- The COVID-19 pandemic significantly affected employment and led to pay cuts for many, with a consequent impact on disposable incomes. With discretionary spending having contracted, consumers' shopping trends have clearly shifted from indulgence to necessities.
- Consequently, essential products, like bath and shower, and oral hygiene, have taken precedence over discretionary spending categories, like fragrances and colour cosmetics.
- While beauty products saw declines due to the pandemic, the strong growth seen in personal care products, especially via online channels, helped the beauty and personal care industry in many markets to almost fully recover by the end of 2020.

COVID-19 impact on the revenue of beauty and personal care businesses operating in North America and Western Europe*



Source: * Euromonitor International COVID-19 Voice of the Industry Survey, July 2020

Q: How do you think the effects of the COVID-19 pandemic will impact the overall revenue of your company?;
N=81

BEAUTY AND PERSONAL CARE

Home-focused living and sustainability – new consumer priorities



HIGHER HYGIENE STANDARDS

The pandemic has resulted in consumers being more concerned with personal hygiene standards, leading to a surge in demand for products that clean and have antibacterial/antiseptic properties, like liquid soap and sanitisers. To meet this demand, companies operating in connected categories or industries are placing importance on the production of such goods. This has led to increased demand for materials such as ethanol and isopropyl alcohol.



SHIFT TOWARDS THE BASIC PRINCIPLES OF HEALTH

Holistic beauty and self-care continue to be a major trend in the wellness industry; however, there is a clear shift towards the basic principles of health and staying clear of the virus. Ingredient safety and supply are paramount, driving a new higher standard in clean beauty. Beauty products that affect sleep, energy, or mood (which are perceived to be strongly connected to wellness) will see growth in the upcoming years.



EYE AND EYEBROW MAKE-UP POPULAR

The use of colour cosmetics saw a significant decline during lockdown; however, consumers are still putting a focus on eye and eyebrow make-up. As a result, sales of such categories climbed in 2020. Meanwhile lip care and lipstick products saw the opposite trajectory. This has largely been driven by the use of facemasks and mouth coverings during the pandemic.



FROM SUSTAINABILITY TO PURPOSE

Environmental pressures continue to drive sustainability initiatives; however, the pandemic is spotlighting "purpose", which places people over profit, amid emerging conscious beauty trends. Empowered, knowledgeable beauty consumers will continue to demand transparency from the industry, ranging from packaging innovation to the betterment of society.



BEAUTY AND PERSONAL CARE

Technology to be used in pushing value-driven industry model



Short-term

- Online sales of personal care products grow strongly at the expense of sales through bricks-and-mortar channels.
- Private label brands widen their ranges in their online channels and see strong growth in light of the shift towards essential and cheaper products.
- Discounting/promotions are introduced to tackle excess inventory.
- Pharmacy and drugstore sales remain primarily offline.
- Bricks-and-mortar store and service/salon closures drive consumers to more DIY routines.



Medium-term

- Driven by convenience and better price offerings, online sales of personal care products take precedence.
- Beauty products, like colour cosmetics revive sales, as mandates to wear masks are relaxed.
- Higher hygiene standards persist post COVID-19, driving further growth and innovation in personal care.
- Virtual reality store experiences assist in online sales of beauty products, although in-store purchases remain paramount, especially for key luxury brands.



Long-term

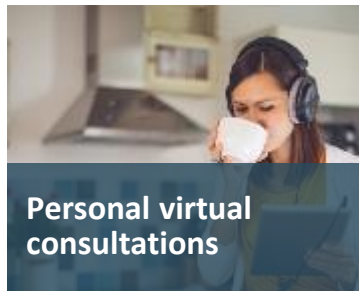
- Focus on ingredient transparency and safety drives further growth online, as consumers can find product information more easily.
- A wide variety of online inventory will be seen, including new and established premium brands.
- Established online beauty consultation services render many bricks-and-mortar stores redundant.
- Trial through digital tools (like augmented/virtual reality) and at-home sampling/subscription models may be the new default to engage and entertain beauty consumers at home.

BEAUTY AND PERSONAL CARE

Home beauty routines driven by VR/AR and virtual consultations

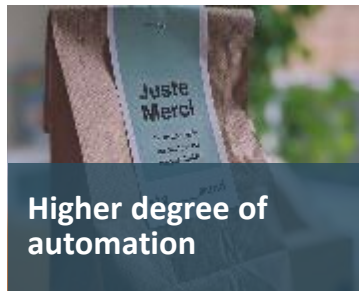


EMERGING TRENDS



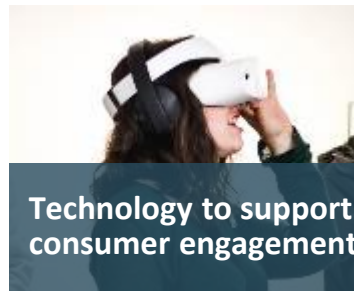
Personal virtual consultations

- Consumers are moving towards a more digital future, driving the popularity of one-on-one consultations with beauty consultants and specialists. Tapping into this trend is important for companies to maintain sales (especially in vulnerable categories, such as colour cosmetics) by safeguarding long-term relationships with their customers. Kiehl's and Deciem have been among the companies to have already adopted virtual engagement.



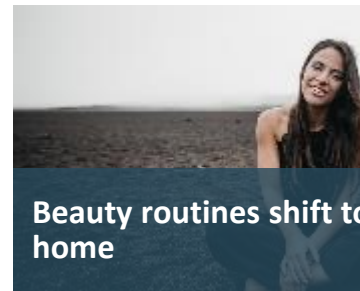
Higher degree of automation

- The growth of an online presence for retailers like Lyko in Sweden and Douglas across Europe has pushed investment in smart delivery infrastructures. Beauty and personal care companies have had to invest heavily in warehousing and automation systems to support this transition, and do so in a manner which supports social distancing, offering services like contact-free package deliveries.



Technology to support consumer engagement

- More time being spent at home is resulting in a shift towards more DIY or "spa at home" routines. This means companies are looking for new and strong distribution and marketing strategies that maintain engagement with customers or cater to the home indulgence trend. The roll out of VR (virtual reality) and AR (augmented reality) services is expected in the upcoming years.



Beauty routines shift to home

- Major closures during the pandemic, especially affecting non-essential locations, such as hair and beauty salons, as well as the imposition of social distancing measures, forced beauty consumers to shift their consumption occasions into their own homes. The new mindset focused on time spent at home, combined with a larger concern for overall health, has accelerated the growth of wellness-focused products, enhancing digital beauty trends and initiating a new preference for more modest beauty aesthetics.

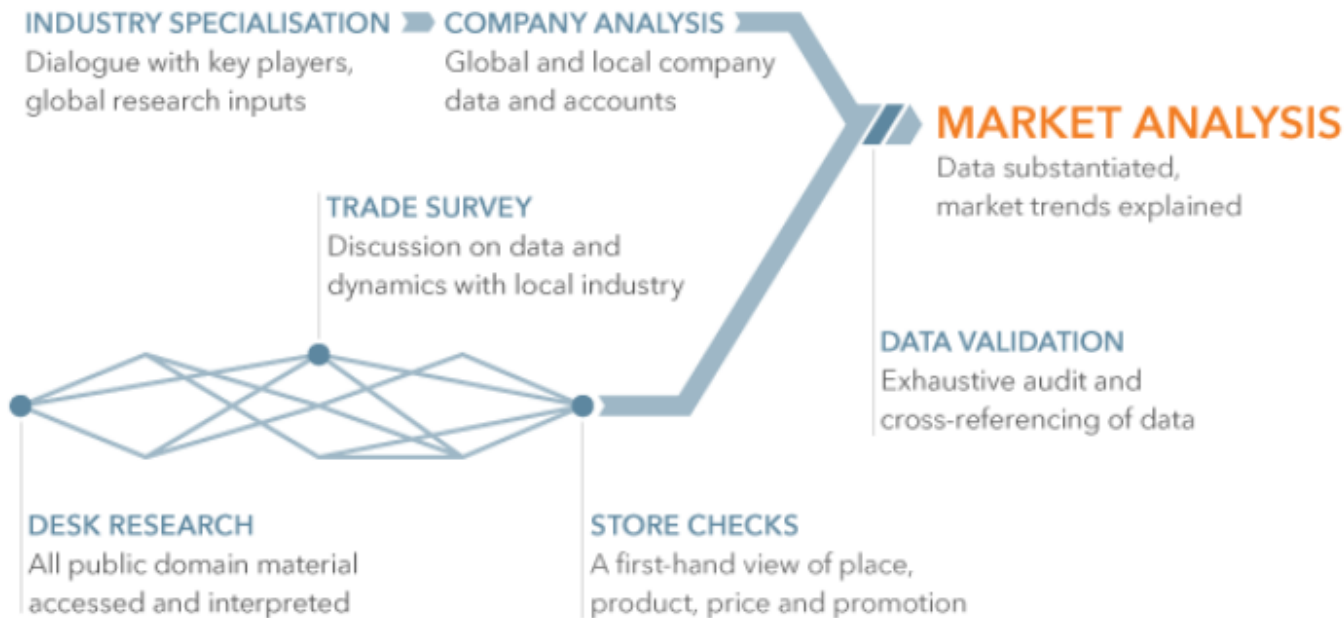


APPENDIX

Methodology 1

METHODOLOGY FOR E-COMMERCE AND RETAIL VALUE CALCULATION

GLOBAL INSIGHT



LOCAL KNOWLEDGE

Methodology 2

METHODOLOGY FOR E-COMMERCE AND RETAIL VALUE CALCULATION

Industry specialists

- Each industry covered under report is managed by an Industry Manager and team of Industry Analysts who research and report on their specialist categories all year round.
Our collaborative approach to research means that these industry teams are in constant dialogue with industry players and opinion formers. The planning of our research programmes reflects latest market trends and industry events. In completing each update project, this provides invaluable input to the testing, review and finalisation of our data. The specialist in-house teams bring together findings from all stages of the annual research process. They work closely with in-country analysts, assess and challenge data and exercise final editorial control over the publication of new data and analysis.

Country and regional analysts

- Our in-country analyst network is managed by country and regional analysts in our offices around the world. Working closely with each in-country team, the regional research management team ensures that all country researchers are well schooled in best practices, from the information collected in store checks, to the dialogue we build in trade surveys. Our country analysts ensure that national reports explain the data trends and provide clear insights into the local market's dynamics.

In-country research network

- To deliver fresh insights every year in countries all around the world, we believe the strongest approach is to use analysts on the ground. They bring fluency in local language, physical proximity to the best sources, an ability to engage directly with local industry contacts, and an awareness of how the products and services we study are advertised, sold and consumed. These are essential parts of our ability to report incisively on these markets.

Methodology 3

METHODOLOGY FOR E-COMMERCE AND RETAIL VALUE CALCULATION

Our research methods

- Each Euromonitor International industry report is based on a core set of research techniques:

Desk research

- With industry events, corporate activity, trends and new product introductions tracked year round by our industry team, desk research provides a starting point for the in-country research programme. Our in-country researchers will access the following sources:
- National statistics offices governmental and official sources
- National and international trade press
- National and international trade associations
- Industry study groups and other semi-official sources
- Company financials and annual reports
- Broker reports
- Online databases
- The financial, business and mainstream press
- Accessing sources is only the first step. The ability to interpret and reconcile often conflicting information across multiple sources is a key aspect of the added value we provide.

Store checks

- Store checks are an integral part of our methods for product industries. Carried out on the ground across a relevant mix of channels, the information gained provides first-hand insights into the products we are researching, specifically:
- Place: We track products in all relevant channels, selective and mass, store and non-store
- Product: What are innovations in products, pack sizes and formats?
- Price: What are brand price variations across channels, how do private label's prices compare to those of branded goods?
- Promotion: What are marketing and merchandising trends, offers, discounts and tie-ins?
- Findings are cross-referenced with brand share data analysis. The results, combined with the findings of desk research, provide a strong basis for identifying key areas of questioning to take forward into our trade survey.

Methodology 4

METHODOLOGY FOR E-COMMERCE AND RETAIL VALUE CALCULATION

Trade survey

- Interaction with global players at corporate HQ and regional levels is complemented by unique local data and insights from our in-country trade surveys around the world. Through the high profile of the Euromonitor International brand, we are able to talk directly to a wide range of sources and therefore inform our analysis with the knowledge and opinions of the leading operators in the market.
- Trade surveys allow us to:
 - Fill gaps in available published data per company
 - Generate a consensus view of the size, structure and strategic direction of the category
 - Access year-in-progress data where published sources are out of date
 - Evaluate the experts' views on current trends and market developments
- In building our composite industry view, we engage with a variety of personnel in key players at all points of the supply chain: materials suppliers, manufacturers, distributors, retailers and service operators. We also interview desk research sources: industry associations; study groups; and third party observers from the trade and financial press.
- Our objective is to engage in conversation with trade sources in which we exchange ideas and views on the industry, sharing our work-in-progress findings on supply/demand dynamics and potential. This dialogue enhances both parties' understanding of the local market. The scope and reach of our trade survey also serves to eliminate bias (intentional and unintentional) from any single source.

Company analysis

- At a global level, our company research combines our mix of industry interaction and use of secondary sources such as annual accounts, broker reports, financial press and databases. From a data perspective, the aim is to build “top-down” estimates of major players' total global and regional sales.
- At a country level, in line with local reporting requirements, we access annual accounts, national-specific company databases and local company websites. These are all invaluable sources as we build a view of each domestic player's size and position within very specific categories of the industry.

Methodology 5

METHODOLOGY FOR E-COMMERCE AND RETAIL VALUE CALCULATION

Forecasts

- Data projections and future performance analysis are key elements of Euromonitor International's market intelligence. Working with historic trends of 15 years or more, a key aspect of our trade survey is to engage industry insider views of the next five years. Will volumes maintain their historic trend? Will price increases or falls of recent years continue, accelerate or slow down? Will increasing demand for one product cannibalise sales of another?
- Forecasts represent many of the essential conclusions we have reached about the current state of the market, how it works and how it behaves under different macro and micro conditions. Our written analysis will state the assumptions and the trade opinion behind whether our predictions are optimistic or pessimistic, so that clients can use our statistical forecasts with confidence.

Data validation

- All data is subjected to an exhaustive review process, at country, regional and global levels.
- The interpretation and review of sources and data inputs forms a central part of the collaboration between industry teams and country researchers. Numbers are delivered to regional and global offices with an audit trail of sources and calculations to allow for a thorough evaluation of data sense and integrity.
- Upon completion of the country review phase, data is then reviewed on a comparative basis at regional and then at a global level. Comparative checks are carried out on per capita consumption and spending levels, growth rates, patterns of category and subcategory breakdowns and distribution of sales by channel. Top-down estimates are reviewed against bottom-up regional and global market and company sales totals.
- Where marked differences are seen between proximate country markets or ones at similar developmental levels, supplementary research is conducted in the relevant countries to confirm and/or amend those findings. This process ensures international comparability across the database, that consistent category and subcategory definitions have been used and that all data has been correctly tested. We make sure that possible discrepancies between different published sources have been reconciled and that our interpretation of opinion and expectation from each country's trade sources has been applied to form a coherent international pattern.

Market analysis

- Another integral part of all our research programmes is that all Euromonitor International data is accompanied by clear written analysis. From a research perspective, this explains and substantiates data findings. From a client perspective, this offers unique insights into local consumption trends, routes to market, brand preferences, channel dynamics and future trends.
- Our country level analysis also provides invaluable input into the ability of our central industry specialist teams to marry local insights with strategic conclusions on the direction of the market regionally and globally.

Surveys used in the analysis

Digital Consumer Survey

Focus and Design

- The Digital Consumer Survey tracks consumer behaviour and attitudes with regard to tech-led commerce. The annual survey began in 2020.
- Survey, design, execution and analysis were developed collaboratively across teams within Euromonitor International, in conjunction with outside sample partners.

Fielding

- A diverse set of online panellists in 20 countries were invited to participate from 12 March to 8 April 2020. 1,000 responses were captured per market.
- Panellists were pre-screened to ensure the sample matched each country's population according to nested quotas for age (15-74 years) and gender.

Data Cleaning

- Only unique, complete responses to the Digital Consumer Survey questionnaire were used in analysis. Data cleaning included removing illogical responses and responses with fast completion times.

Voice of the Industry: Digital Consumer Survey

Focus and Design

- The Voice of the Industry: Digital Consumer Survey asks industry professionals about topics including digital transformation, planned investments in technology and its potential impact to commerce. The survey began in 2018 and is tracked annually.
- Survey, design, execution and analysis were developed collaboratively across teams within Euromonitor International.

Fielding

- Professionals with an interest in topics related to the Digital Consumer were invited to participate. This survey has been fielded in February 2018, September 2018 and November 2019.
- Past sample sizes of professionals taking the Digital Consumer Survey have ranged from 600 to 1,445.

Results Publication

- Results of past surveys can be found in reports called "Voice of the Industry: Digital Consumer", which are published on Passport: Digital Consumer.



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