

2023 Risk Radar: Consumer Markets Sector



May 2023

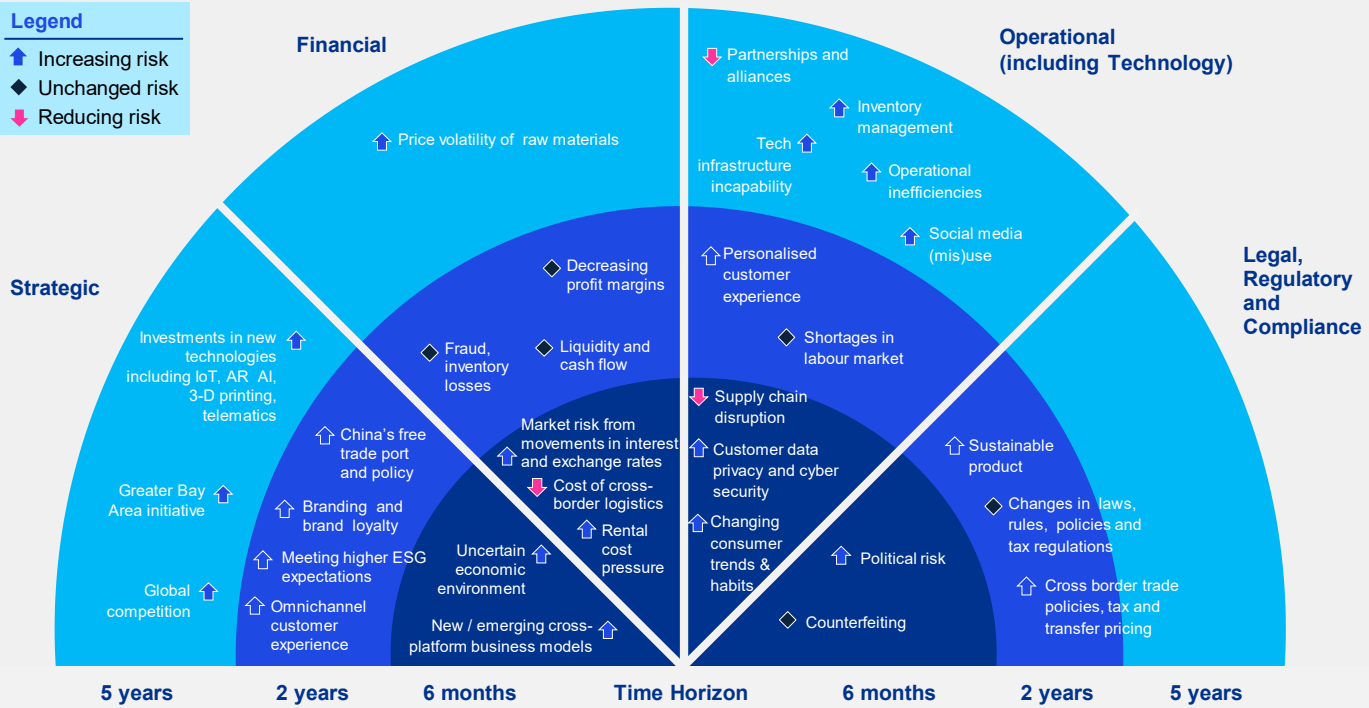
With COVID-19 prevention measures mostly lifted in greater China, the retail and tourism market has been rapidly recovering and is hopeful to resume the pre-COVID level. Market players shall stay vigilant on how consumer habits built over the pandemic will affect the consumer market landscape. The global supply chain is facing less disruption from COVID-19 but remains exposed to vulnerable to emerging risks. Firms that will achieve the most success in the current landscape will be those able to capture new opportunities that arise from consumer changes in demand, while effectively managing emerging risks.

Key trends observed in the market impacting the industry in the Greater China region:

- With the ease of the pandemic and relaxation of relevant restrictions, there is a surge in pent-up demand for in-person experiences such as dining out, travel and entertainment, while shopping centre vacancy rates are expected to decrease.
- The pandemic has further increased the penetration of online shopping and this is expected to continue to grow, brick-and-mortar stores are developing towards experiential retail focusing on immersive and interactive shopping experiences to stay competitive.
- FX and interest rates remain volatile as countries are implementing aggressive monetary policies to combat inflation, creating uncertainties for consumption and production.
- Chinese consumers are driven to become more pragmatic and rational in purchasing decisions, prioritising product quality and value. This has driven growth for domestic brands, which are seen as more cost-effective compared with their foreign counterparts.

Legend

- ↑ Increasing risk
- ◆ Unchanged risk
- ↓ Reducing risk



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