



cutting through complexity

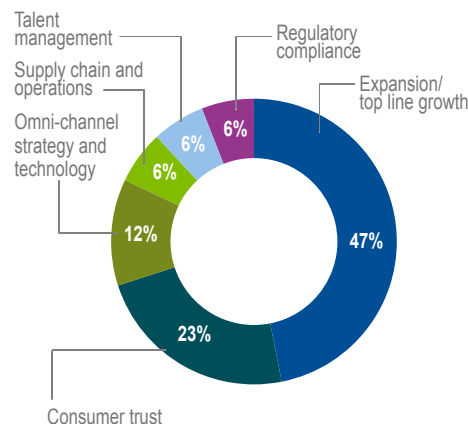
A summary of KPMG's 2015 global consumer executive top of mind survey - including key UAE trends

Highlights of our 2015 global consumer executive top of mind survey

KPMG and the Consumer Goods Forum (CGF) surveyed 539 senior consumer, manufacturing and retail executives around the globe to gain their insights regarding the impact of competition, the economy, and critical disruptors on the consumer industry worldwide.

For the first time, respondents to the survey included key decision makers from consumer businesses based in the UAE.

Priority #1: Growth and top-line expansion



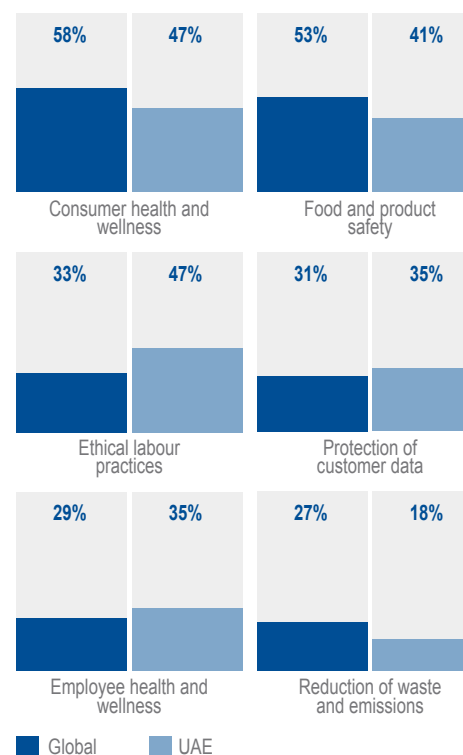
- While growth and expansion has traditionally been a top 3 issue, in 2015 executives globally – and in the UAE – have identified this as their top area of focus.
- 47% of UAE consumer companies reported that income had increased by more than 10% in 2014 - far outstripping the global trend where only 15% had seen growth exceeding 10%
- Globally, approximately three quarters rate growth as very to critically important to success over the next 1-2 years.

KPMG insight – While companies feel some confidence, given the global economy is looking more favourable, economic outlook is never a clear-cut prediction and can vary considerably from one observer to another. Emerging markets have offered opportunities for growth, but the economies of several of these have begun to slow. While the US appears to have emerged from recession, the EU, a significant economic force for global companies, is still struggling to grow.

Priority #2: Consumer trust

- Consumer trust is not a direct path to growth, but executives clearly see it as worthy of investment.
- Building trust and brand reputation is critical in a world powered by consumers with access to information through technology, who continue to demand ever more transparency about the products and services they choose to buy.

Trust drivers

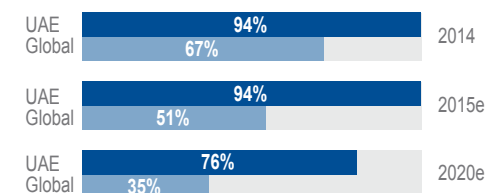


KPMG insight – Consumer trust – like omni-channel growth – is both fragile and hard to grasp. According to the CGF, simple communication, value exchange and transparency are the top three consumer engagement principles.

Priority #3: Omni-channel strategy and technology

- The focus on omni-channel echoes the exceptionally strong annual growth in e-commerce globally, as well as the increased role of the internet throughout the customer's path to purchase and the supply chain. However, delivering on omni-channel potential is recognized as a challenge by 25% of executives surveyed globally.

<10% sales online



KPMG insight – All indicators show a continued trend toward increased online purchasing. While it can be a challenge to keep up, online usage is a critical growth opportunity. Businesses which strategically organize and coordinate their operations to keep up with omni-channel evolution can move from coping with to competing for and capitalizing on these opportunistic disruptions. More than half of global – and UAE – retailers stress the importance of online sales and in person pickups, developing the sales experience across channels and shopping from mobile devices. Supply chains therefore need to be a key part of any expansion strategy.

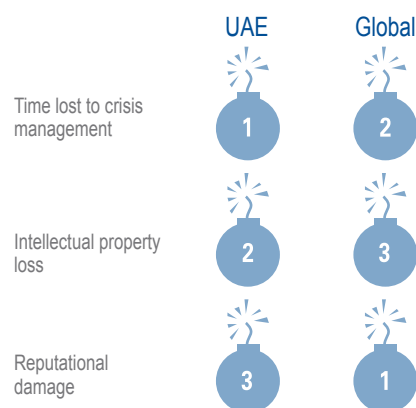
So.... what's NOT a priority for consumer executives?

Data security and privacy

- Surprisingly, data security and privacy were not listed as top issues globally with only 38% of companies saying they consider cyber risk to be a growing concern, compared to 70% in the UAE.
- Over half of companies globally and in the UAE feel they have sufficient skills and resources to manage cyber security risk.

KPMG insight – As end consumers' mobile needs continue to evolve with technology, mobile data becomes increasingly susceptible to breaches. As businesses continue to innovate, and technologies change, security needs to evolve – in conjunction with their business strategy to protect against attack.

Top threats from a significant data breach



What should be growth enablers for consumer companies?

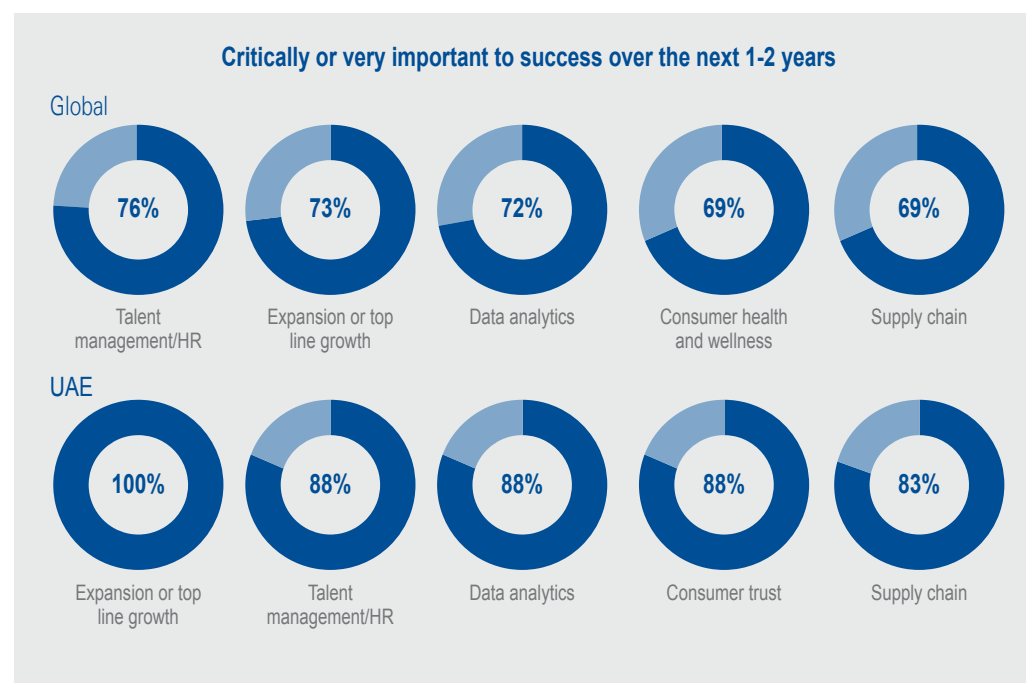
Consumer knowledge can be an important growth enabler – but often is not.

Executives globally, as well as from the UAE, identified exceeding customer expectations – going above and beyond, social media engagements and value-adding loyalty programmes - as their top 3 strategies to nurture customer loyalty.

KPMG insight – The possibilities of data analytics have not yet been fully absorbed and integrated by most companies. Traditional market research has not yet caught up with sampling in an age of digital devices. Without deep insight into your consumers' preferences and behaviors, success is far from guaranteed — creating a key competitive advantage for those able to grasp it first.

Supply chain was highlighted as an area of importance by many, but as top impact for only a few. Those who did noted that they struggle with “speed and agility” in their supply chain, placing them at a disadvantage to their competitors.

KPMG insight – Given the emphasis on omni-channel, it seems surprising that supply chain was not also front and centre in this year's survey. If omni-channel offers the promise to purchase whatever, whenever and wherever consumers want, then the supply chain needs to be ready to effectively and seamlessly produce it. Organizations require a cross-functional, well-constructed supply chain strategy that leverages and manipulates vast data in a meaningful way.



Talent is at the heart of any strategy

Other areas can be vital to a specific growth strategy. Ilaria Gregotti, KPMG's Global Lead for Talent Management notes: “It's time for a mindset shift at board level. Talent needs to be discussed and owned as a strategic business issue that is facilitated by HR, which needs to focus on helping companies realise their strategic growth objectives through better people practices.”

Corporate responsibility and sustainability can enable - or impede - growth

Once an option, CRS issues are increasingly fundamental, encompassing companies' compliance policies and efforts to exercise socially and environmentally ethical behaviour.

Food and product safety, consumer health and wellness and ethical labour practices were the top areas of focus in the UAE and globally. These were also most likely to impact consumer trust, to attract increased investment this year, and the top challenges. Consumer companies are increasingly aware of the need to respect compliance in these areas, with a third of respondents saying that they are trying to exceed or set leading practice.

KPMG insight - Consumers are rarely willing to pay more for environmentally sustainable products, whereas they may be willing to spend more on healthier products. There is also a growing awareness across the region of social human rights issues - for example, how workers are treated in upstream supply chains.

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Anurag is recognized as a subject matter expert in the consumer market sector, having advised many family businesses and UAE-based multinationals at the board and 'C' levels. He has also worked on engagements for international franchises - franchisees and franchisers - and principals.

A prolific developer of retail-focused thought leadership, Anurag authored the 2015 UAE Food & Beverage Report and recently contributed to 'Consumer currents', KPMG's global publication which focuses on the retail industry, providing insights on retail in the GCC region and prospects for growth.



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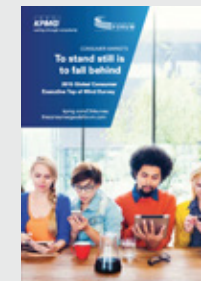


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