



Changing consumer behaviors in a post COVID-19 world: Lessons learnt from China

Tuesday, 16 June 2020



Housekeeping rules

- **Please note all the lines will be muted throughout the webinar duration**
- **If you have questions for the speakers, please submit them via the chatbox panel  Your questions will be raised during the Q&A session, subject to available time**
- **A Feedback survey will be available at the end of the webinar on Webex. Please complete the survey, your feedback is important to us**
- **If you are not able to connect audio from your computer or your headset, you may dial in using the toll-free Hong Kong number +852 3071 0029 (access code: 915 350 474)**
- **Please contact Tracy Leung at +852 2685 7381 / tracy.leung@kpmg.com or Boonlua Kan at +66 818352322 / kan1@kpmg.com.th if you have any queries, or type your questions in the Chatbox for immediate assistance.**

With you today



Anson Bailey

Head of Consumer & Retail, ASPAC
Head of Technology, Media &
Telecoms, Hong Kong
KPMG China
anson.bailey@kpmg.com
+852 2978 8969



Yang Yiran

Head of China Practice
KPMG Thailand
yyang@kpmg.co.th
+66 2677 2216

Key Trends - from NRF 2020



People-Centric
Empowerment & Diversity

Customer Experience
Experience is everything

Intelligent & Responsive Supply Chain
Available wherever, whenever, however the customer wants.

Use and Not Just Retain Data
Responsibly & Ethically

Trust
Business reputation & purpose, sustainability

Platforms & New business models
Commerce everywhere / anytime

Cooperation & Collaboration
Even competitors complement one another

Technological Intensity
Retail needs to be “Tech” to serve the “new customer”



Impact of
demographics
+geopolitics
+coronavirus

Retail
Apocalypse?
Have we got
to rethink our
strategies?

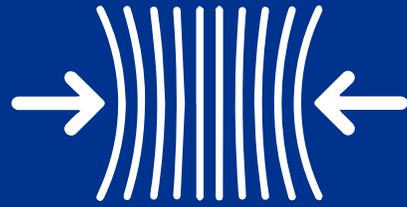
RETAIL DISMISSED **AMAZON**

4 phases of response should be considered

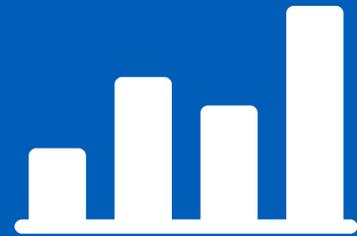
Given the way that consumers and markets are likely to develop it is important to consider a phased approach in your businesses...



Reaction
(first 4-8 weeks)



Resilience
(now)



Recovery
(6-12 months)



New Reality
(12-24 months)

Current state of the market

The pandemic is impacting the retail landscape in different ways

Key retail trends in Asia



Accelerated the move towards a **cashless society** through contactless mobile payments



Increased demand for home and personal hygiene products – likely to sustain



Shift in consumer buying behavior as they may move more of their shopping to **the ecommerce channel**



Increased demand for food products with **longer shelf life**



Demand for delivery has significantly increased; food delivery affected by hygiene concerns



Pricing of consumer goods in Asia are holding steady

Current state of the market

In the wake of the current situation, retail businesses are faced with several challenges



Business continuity

Segments affected: Non-food retailers, F&B Restaurants



Changing consumer behavior

Segments affected: All retailers



Cash flow management

Segments affected: Non-food retailers, F&B Restaurants



Last mile delivery

Segments affected: Online retailers, Online marketplace



Supply chain issues

Segments affected: All retail segments



Health, safety, wellness + hygiene standards

Segments affected: All retail segments

What does it mean for Thai retail business landscape

Industry	Adaptive Company	Responsive Strategy	Value Proposition	New Product/service
 Apparel	NaRaYa, GQ, Sabina	Launched new product	Mask (selling through vending machine)	
 Indoor gym	Absolute Cycle	New business model	Workout from home through rental bike with online training program	
 Dine-in restaurant	Penguin Eat Shabu	New business model/ leverage existing assets	Pre-order shabu with free shabu pot	
 Hotel	Swissotel Bangkok	Leverage current service/resources	Housekeeping service, laundry service to your home	SWISSOTEL HOUSEKEEPING SERVICE

Pleasing customers during a pandemic



Think 'safe retailing'



Get closer to customers



Close that last mile



Improve digital channels



Follow your customers on their journey



Deliver on your values

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

Online has Inflated Customers' Expectations





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

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

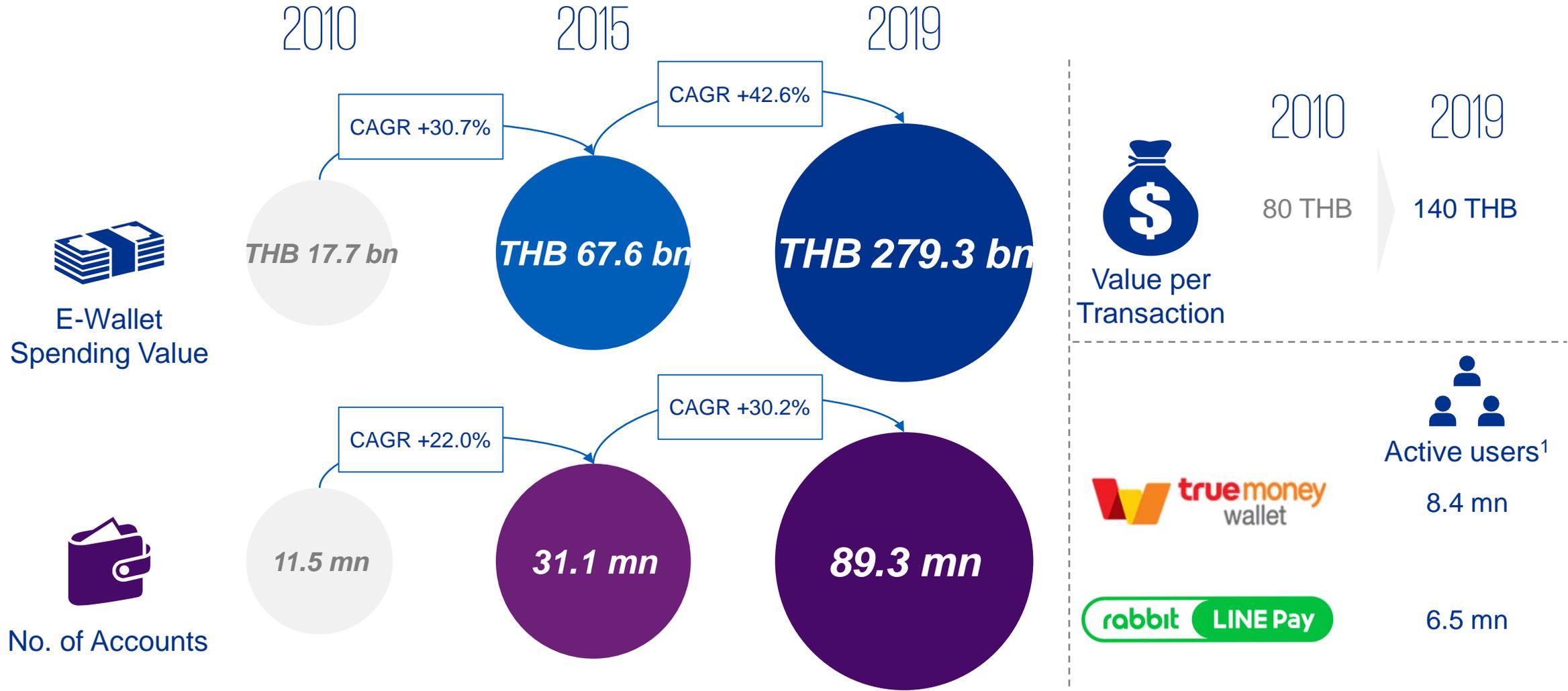
1.2bn/1bn
Alipay / WeChat
users

2.3bn
Internet users
In Asia

3.5bn
Smartphone
users in the
world

765m
Mobile payment
Users in
China

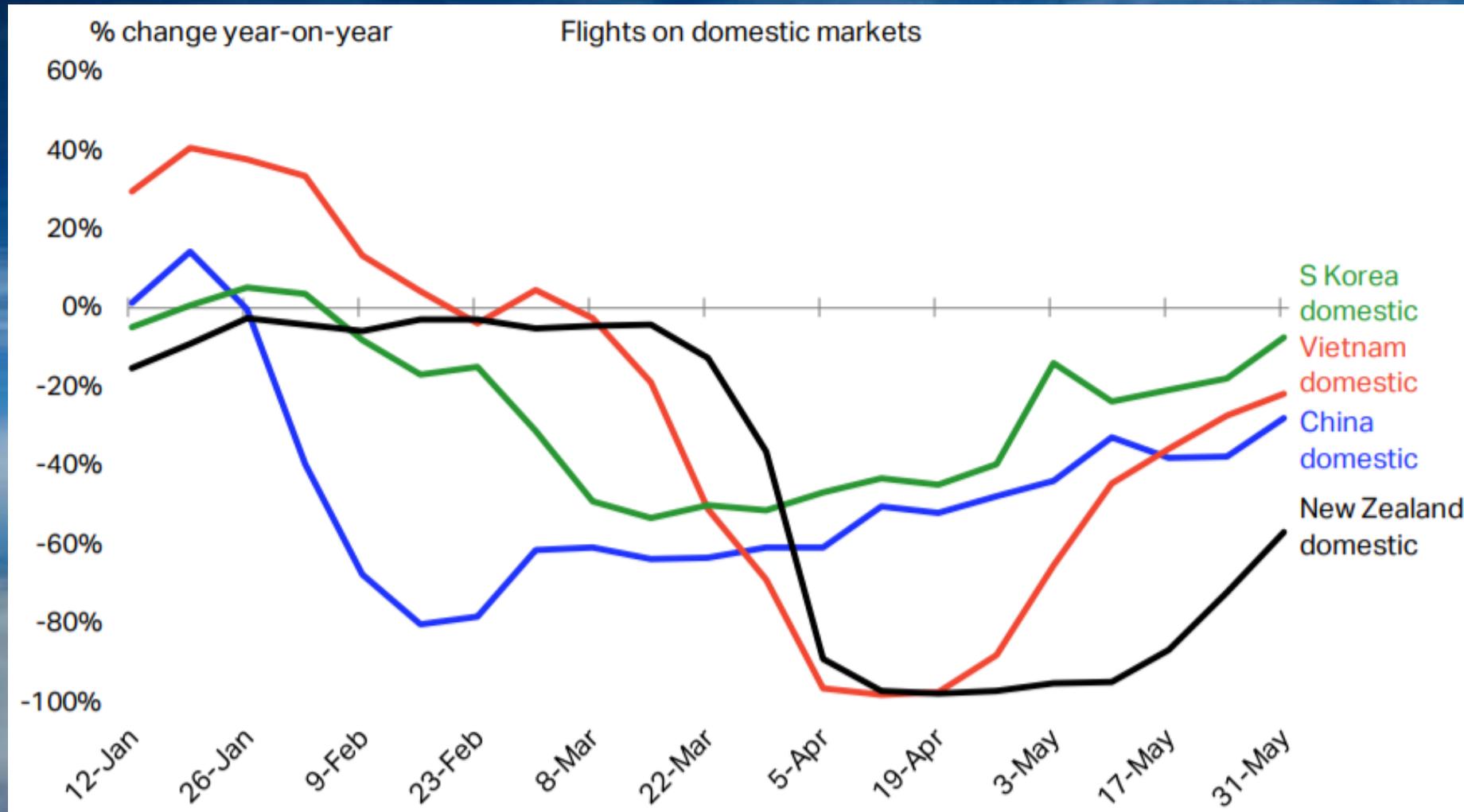
E-wallet gains traction like never before in Thailand



Note: (1) Numbers as of September 2019
 Source: BOT, Marketeer, KPMG Analysis



Air travel may recover more slowly than others



Source: IATA Economics analysis based on data provided under license by FlightRadar24.

The New Normal.....Different Speeds

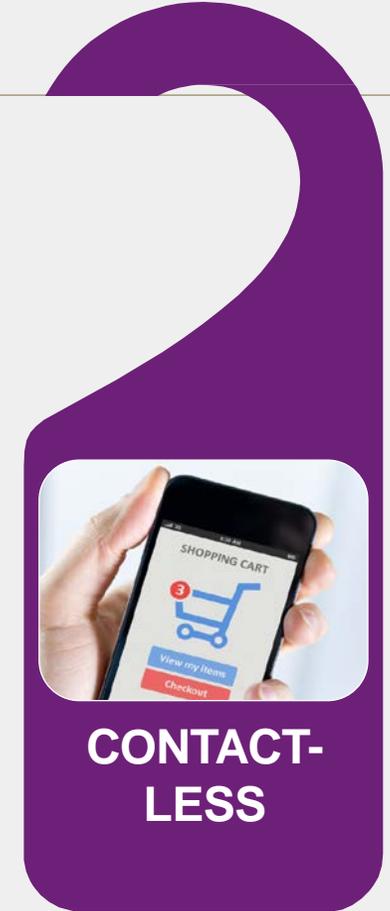
Rise of
livestreaming
with TikTok
attracting
800M MAUs

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

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

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

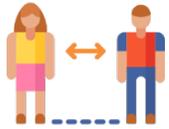
Chinese Consumers slowly returning... new normal



*Source: National Bureau of Statistics of China

Thai consumer behavior is also changing

From...



Close proximity for human interaction



... To

Persistent physical distancing to home activities



Brand loyalty dictates sales



Consumers' trial on new products makes brand loyalty more obsolete



"Living closer feels like a family"



"I need my own personal space"



Price-to-quality



Lower price sensitivity. Quality and efficacy rule

Examples

Home Workout



Picture from: Shutterstock

Home cooking



Picture from: Harvard Health Blog



Picture extracted from: Shopee



Pictures from: Pinterest



Picture from: Nielsen

Source: Nielsen, Positioningmag, The Standard

Thai consumer behavior is also changing

From...

... To



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



Digital and online as the main channels



International brands for trustworthiness



Local brand for traceability



Shopping at grocery stores for everyday items



Subscription plans instead of day-to-day purchase



News and information: Social Media as incremental to TV

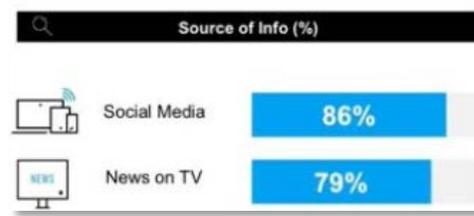
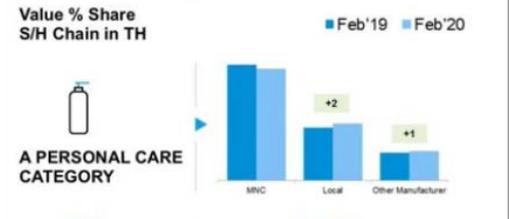


Social Media becomes main stream for news

Examples



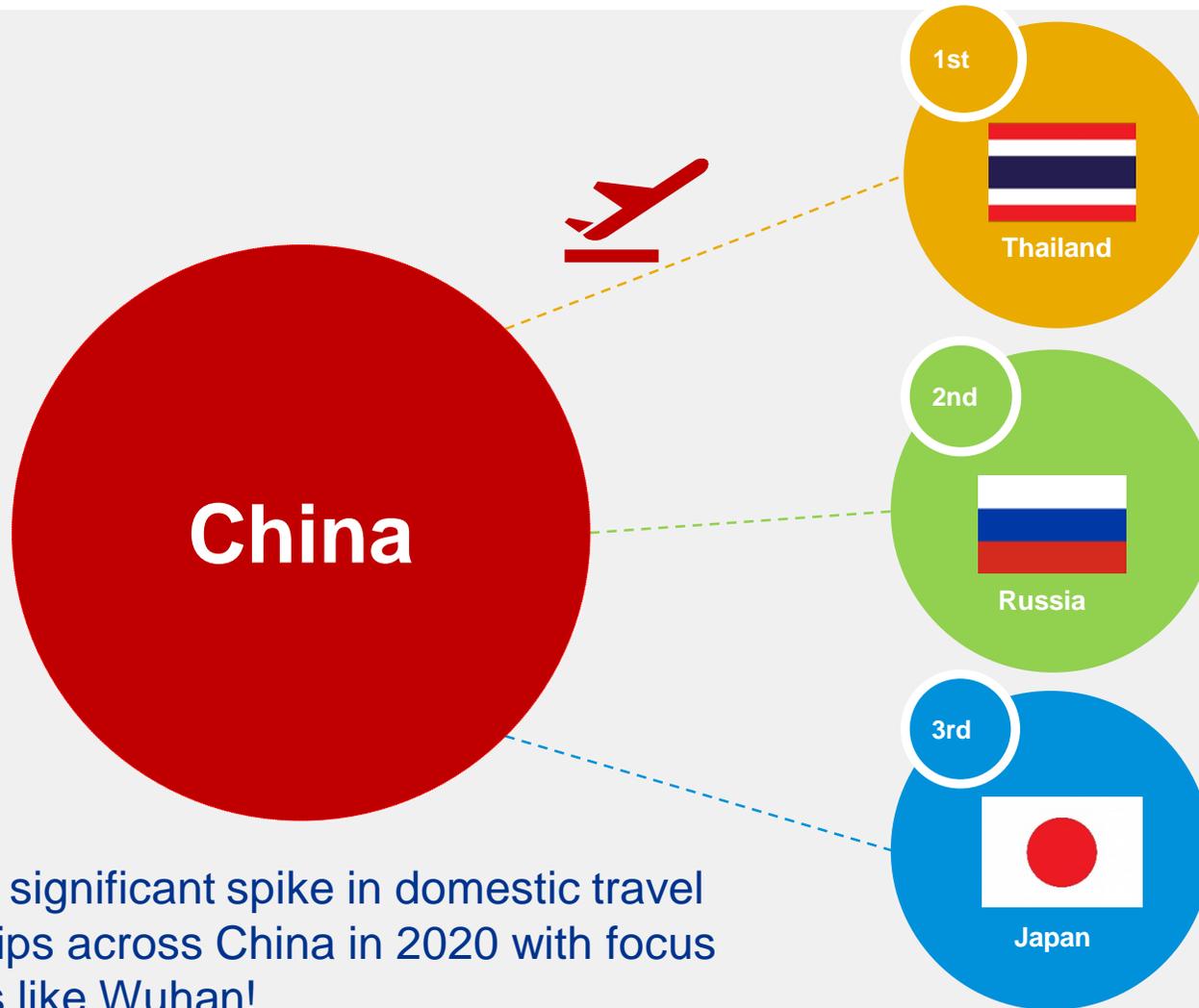
Picture from: techsauce



Pictures from: Nielsen

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

Future Destinations in 2020



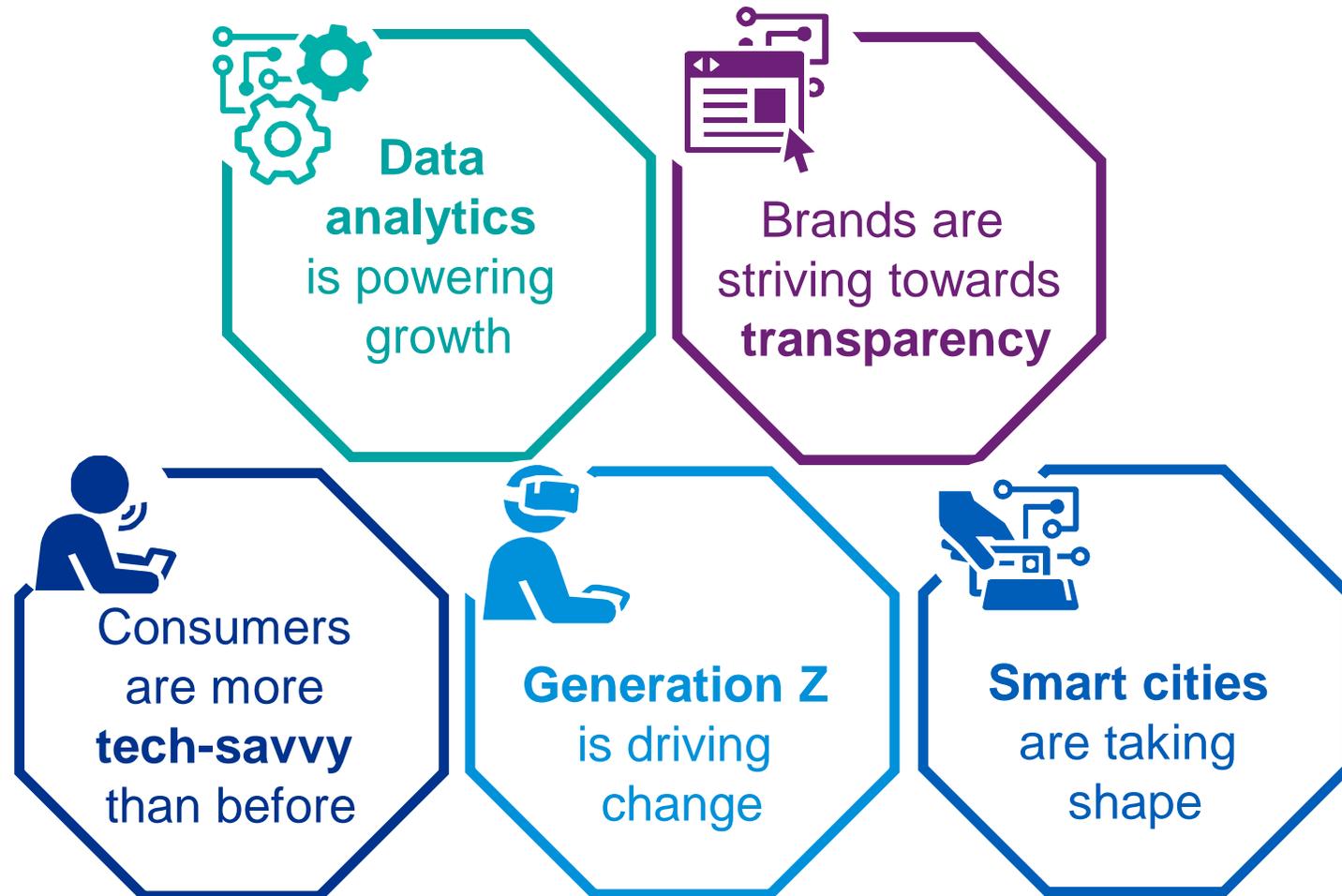
International locations - Thailand was the destination Chinese travelers wanted to visit the most in 2020, followed by Russia and Japan



The United States, which had been top of the list, has dropped out of the top ten entirely, following trade tensions +Covid-19 outbreak!

Will see significant spike in domestic travel +road trips across China in 2020 with focus on cities like Wuhan!

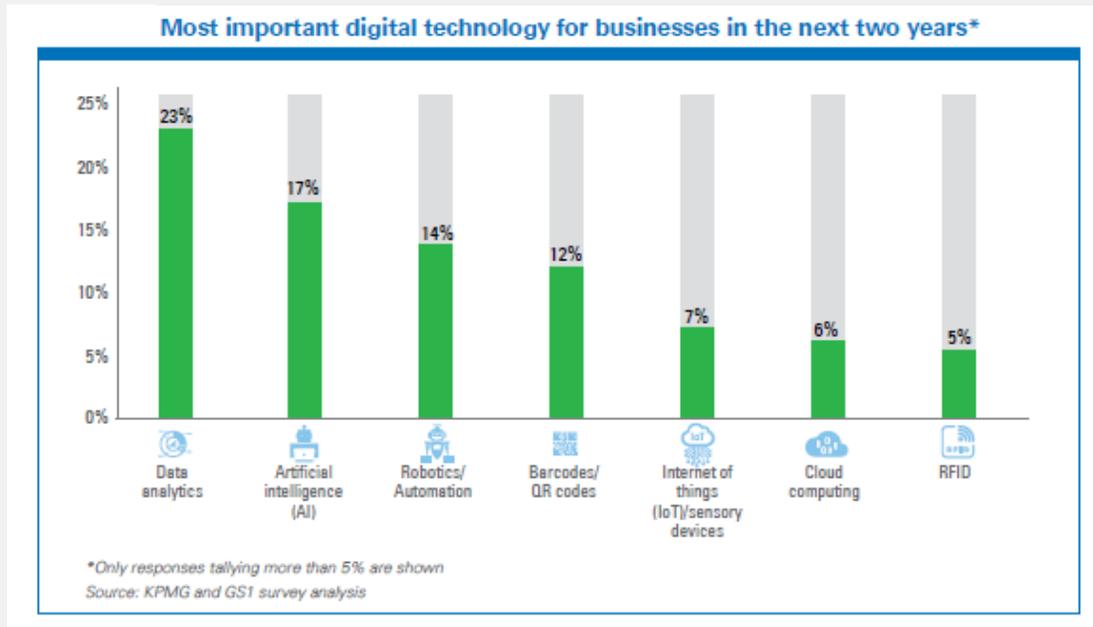
Digital Retail on the Rise



Source: KPMG Publication, *Digital Retail on the Rise*, 2019



Data, data, data ... again?!

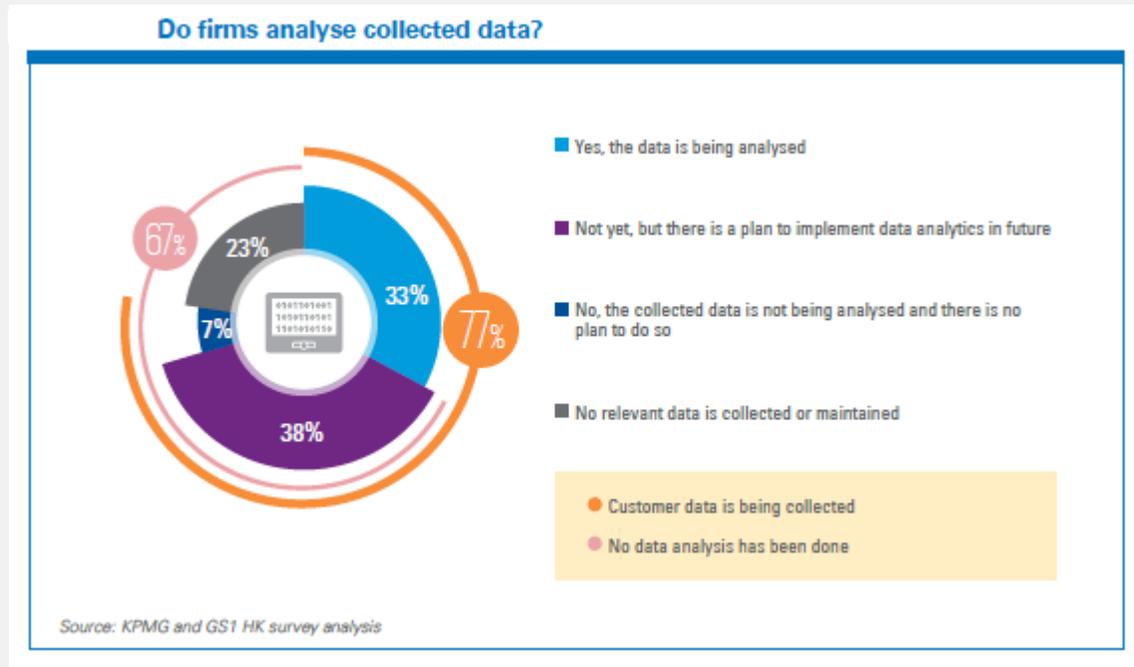


1st
Data
analytics

2nd
AI

3rd
Robotics

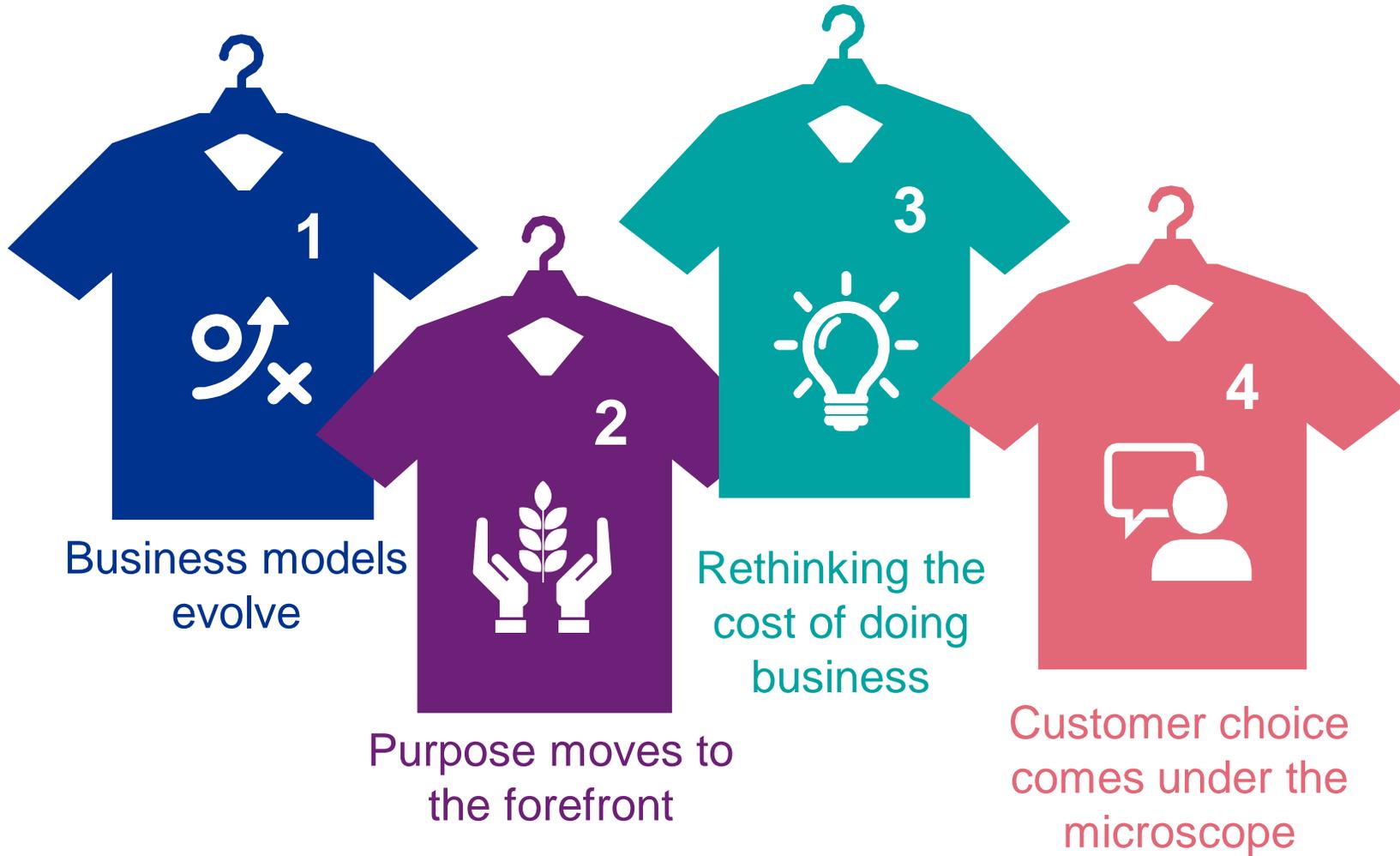
Are we analysing customer data?



77%
are already
collecting data

33%
analyse
data

Global retail trends 2020: Preparing for the new reality

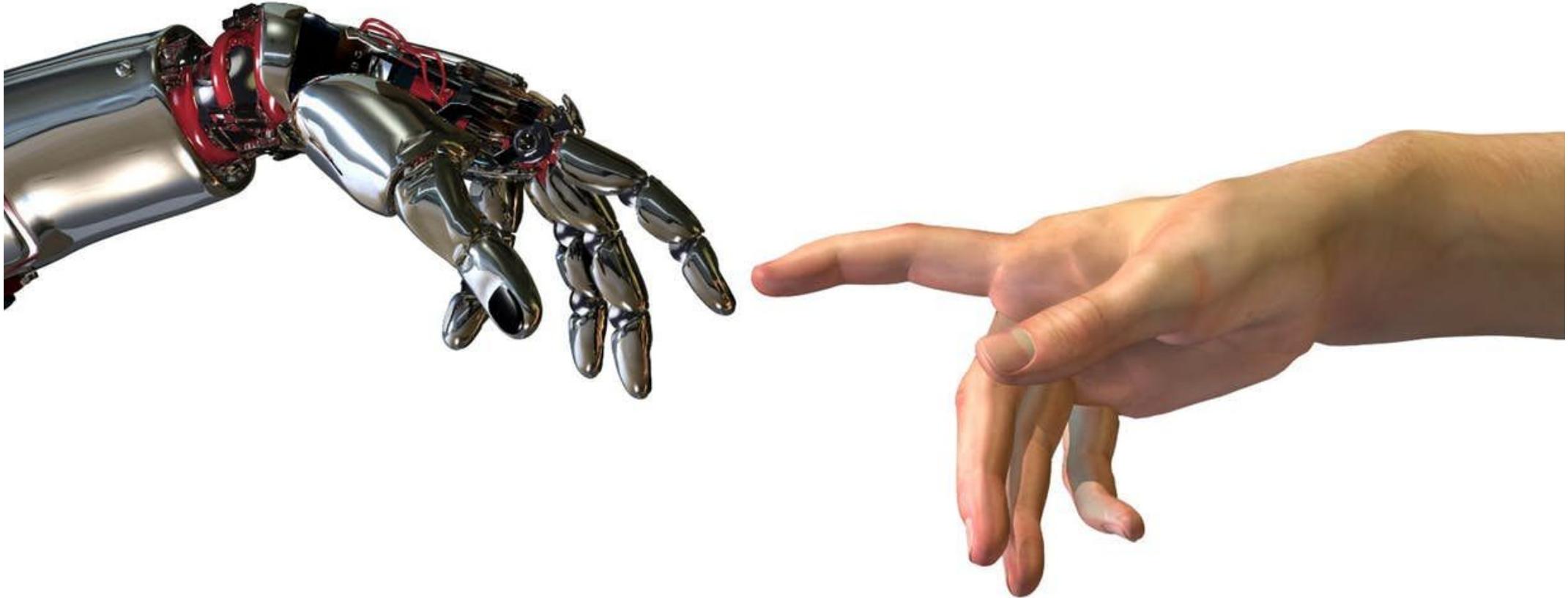


Source: KPMG Global Publication, *Global retail trends 2020*



© 2020 KPMG, a Hong Kong partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Hong Kong, China.

People vs Tech



Investment in those new economy companies continues to rise.....

Rapid adoption of digital technologies
+social media
+tribe marketing

Leap directly from cash to digital payments but need to find an answer to cross-border payments

Data...data...data
low data costs helping to support on demand service in ASPAC

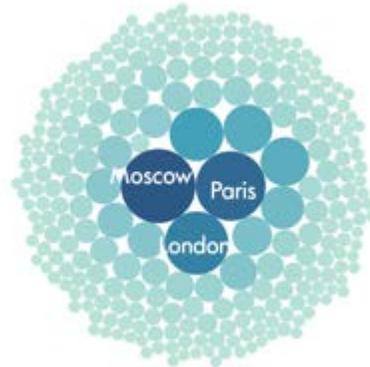
Need for Regional e-fulfilment hubs
+logistics infra!
Major issue in ASEAN

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

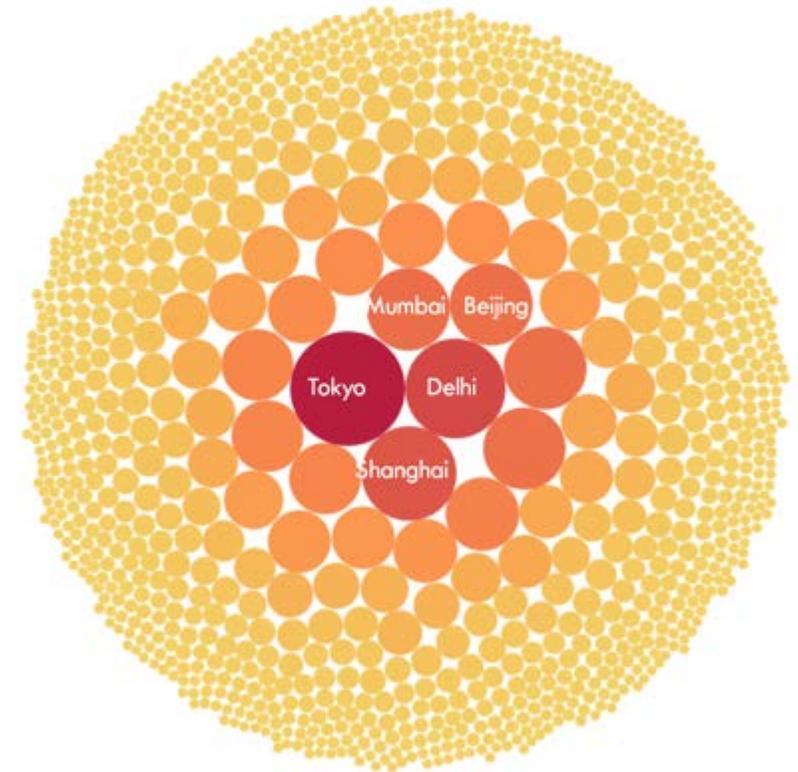
North America
160



Europe
260

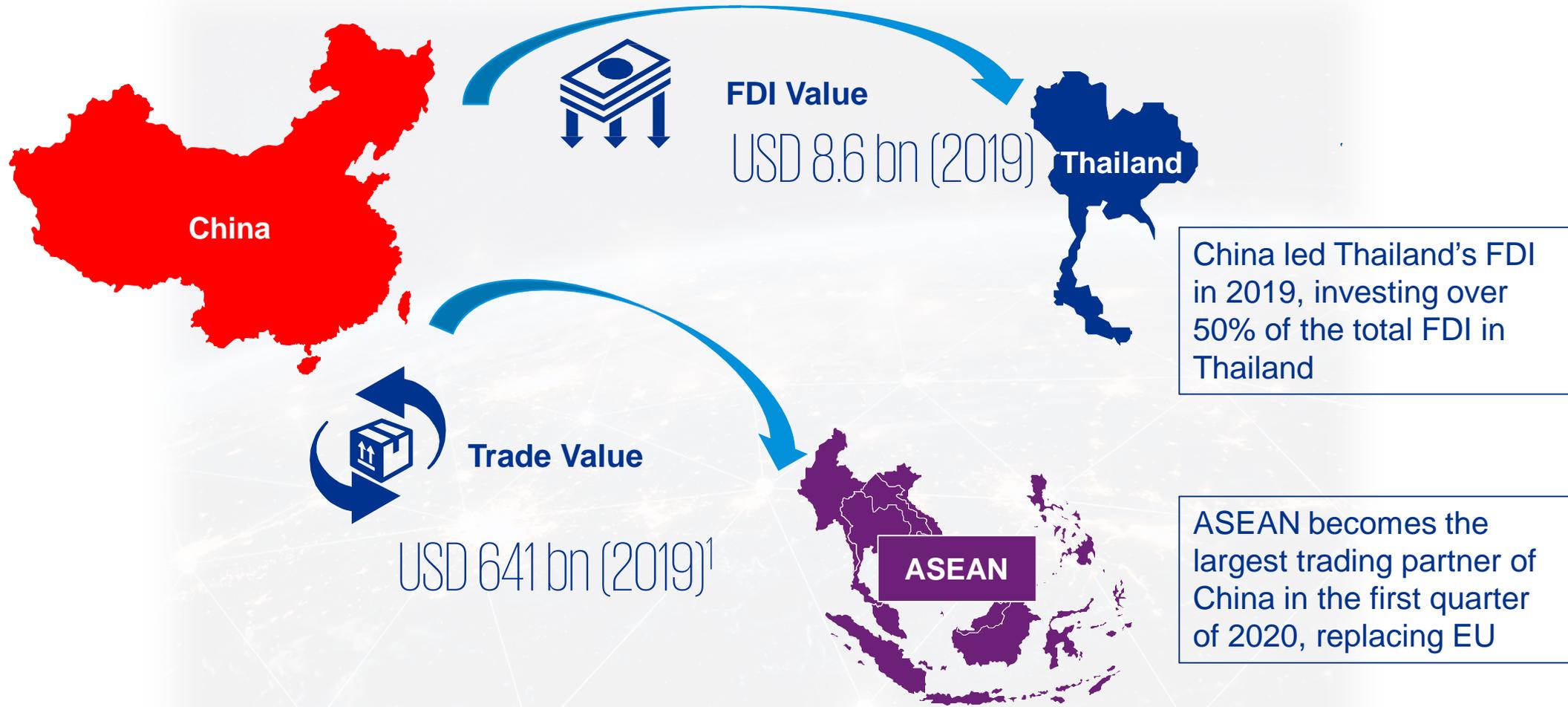


Asia
989



Source:
Silk Road Associates

Thai-China-ASEAN



Note: The value includes imports and exports of goods and services (ASEAN reporter)

Source: BOI, ASEAN



2T

ASEAN total
Retail sales
by 2020

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

\$149bn+
ecommerce sales
in ASEAN
by 2025

30%

Growing
middle class
in ASEAN
today

Emerging Technologies
like AI
+Blockchain will
profoundly
impact
supply chains

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

Data
+**Innovation**
is critical
to maintain
long-term
competitiveness

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

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





As we see changing consumer behaviours....we are going to see business models evolve with the rise of platforms here in Hong Kong and retailers need to move quickly as the technology is accelerating and the speed of change is relentless!

Consumers are not going back to the old normal with greater expectations from those online experiences with unlimited selections, instant delivery, transparent pricing, greater level of personalisation and more flexible payments now etched in their minds....we are going to see a greater focus and investment dollars on those ecommerce platforms.

With the rapid adoption of digital technologies and the emergence of social commerce....businesses do need to harness the power of data analytics in order to follow their customers and access new ones!

Anson Bailey

Thank you

Anson Bailey

Head of Consumer & Retail, ASPAC

Head of Technology, Media &
Telecoms, Hong Kong

KPMG China

anson.bailey@kpmg.com

+852 2978 8969

Yang Yiran

Head of China Practice

KPMG Thailand

yyang@kpmg.co.th

+66 2677 2216

Download these reports



Moderated by:



Sean Severn

Head of Markets
KPMG Thailand

ssevern@kpmg.co.th
+66 2677 2464



Anson Bailey

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

anson.bailey@kpmg.com
+852 2978 8969



Yang Yiran

Head of China Practice
KPMG Thailand

yyang@kpmg.co.th
+66 2677 2216