



7 FORCES DRIVING THE FUTURE OF EUROPE'S FMCG MARKET

TOP 7 FORCES THAT WILL DRIVE THE MARKET OVER THE NEXT DECADE

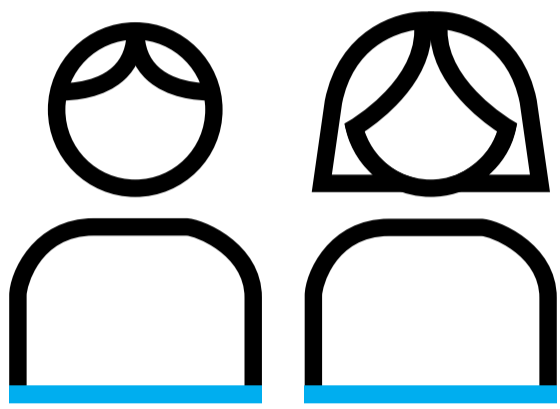
1

THE GLOBAL ROLL OUT OF 5G WILL PRESENT CHALLENGES AND OPPORTUNITIES FOR OUR RETAIL MARKET

The high speed connectivity of 5G will transform the way people shop, and revolutionize the Internet of Things for retail. With 5G, the Internet of Things finally becomes a mainstream reality, providing end consumers with access to more data at their fingertips with virtually no response delay.



2



EUROPE'S GROWING INCOME DIVIDE WILL FUEL BOOKEND GROWTH IN PREMIUM AND VALUE

Nielsen data shows that 37% of Europeans are better off than they were five years ago, while 32% are the same and 31% are reportedly worse off versus five years ago. Over the next decade, FMCG growth will increasingly be double edged as wealth fragmentation drives both the premium and value ends of categories and markets.

3

E-COMMERCE WILL BRING A SECOND WIND FOR EUROPEAN PRIVATE LABEL

As the e-commerce landscape continues to mature within the European market, we foresee private label gaining a second wind of growth. Gleaning insights from the U.S. market, online retailers are making a move towards prioritizing their own labels over branded items. In fact, Nielsen data, powered by Rakuten Intelligence, shows that dollar share of U.S. FMCG e-commerce sales have doubled for private labels in the last two years.



4



EUROPEAN CONSUMERS WILL SHIFT FROM PASSIVE CONSUMPTION TO INTERACTIVE PARTICIPATION

The next decade of consumption will be one where consumer's desires for things like increased sustainability will turn to action. Sustainability credentials are becoming increasingly important to European consumers. Nielsen data shows that 58% of European consumers are willing to change their consumption habits to support sustainability.

5

HEALTH AND WELLNESS WILL BE A STRONG SOURCE OF EUROPEAN GROWTH

Health and wellness sales will soar as Europeans become an increasingly aged population, challenged by weight issues and air pollution, and sensitive to processed products and unhealthy ingredients. Over the next decade, Europeans will demand "better for you" products.



6



EUROPEAN CONSUMERS WILL EXPECT PERSONALIZED RETAIL EXPERIENCES

Personalization will continue to be one of the most important drivers in retail through the 2020s. Brands and retailers on the leading edge will get it right by delivering better offers, in the right channel at the appropriate moment. Companies will need to continue to invest in analytics and AI tools to unlock new ways to reach and stimulate shopper purchases.

7

TIME WILL BE THE NEW CURRENCY OF CHOICE

Increasingly frictionless commerce in both a click and brick world will change the game for retail. From pop-up shops with cashier-less payment to automated warehouses in urban centers, fusing the overall consumer experience with smarter, intuitive tech is the future.

