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Market Observations Europe

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Current business climate for Key Economies

● Germany

- Positive business climate for retail sector
- Expansion of domestic consumption

● France

- Moderate rise in business activity
- Subdued demand

● United Kingdom

- Slowly emerging from recession
- Retail sales surprisingly robust

● Italy

- Moderate upturn and outlook
- Consumer confidence weak

● Spain

- Moderate outlook
- Stagnation of consumption



Consumer behaviour

● Germany

➤ How

- Sector-dependent
- Price sensitive
- Willing to spend

➤ Where

- Use of multi-channel distribution
- E-commerce
- Discounters

➤ What

- Electronics and IT equipment
- Small domestic appliances
- Toys
- Green Products

Consumer behaviour

● France

➤ How

- Purchase wiser
- “Low-cost” bargain deals
- Pay more for well-being

➤ Where

- Factory Outlets
- Internet

➤ What

- Electronic household goods
- Toys and baby clothing
- Organic food
- Senior market products

Consumer behaviour

● United Kingdom

➤ How

- Polarization between luxury and discounter products

➤ Where

- Discounters
- “Non-food non-store sales”

➤ What

- Clothing and footwear
- Mobiles
- Top-end brands

Consumer behaviour

● Italy

➤ How

- Search for low cost products
- Willing to spend more in certain areas

➤ Where

- Outlet fashion centres
- Temporary stores

➤ What

- “Low-cost” products
- Children’s wear sector
- Pet products
- Organic food

Consumer behaviour

● Spain

➤ How

- Cost-conscious
- Preference of distributor brands
- Demanding in service

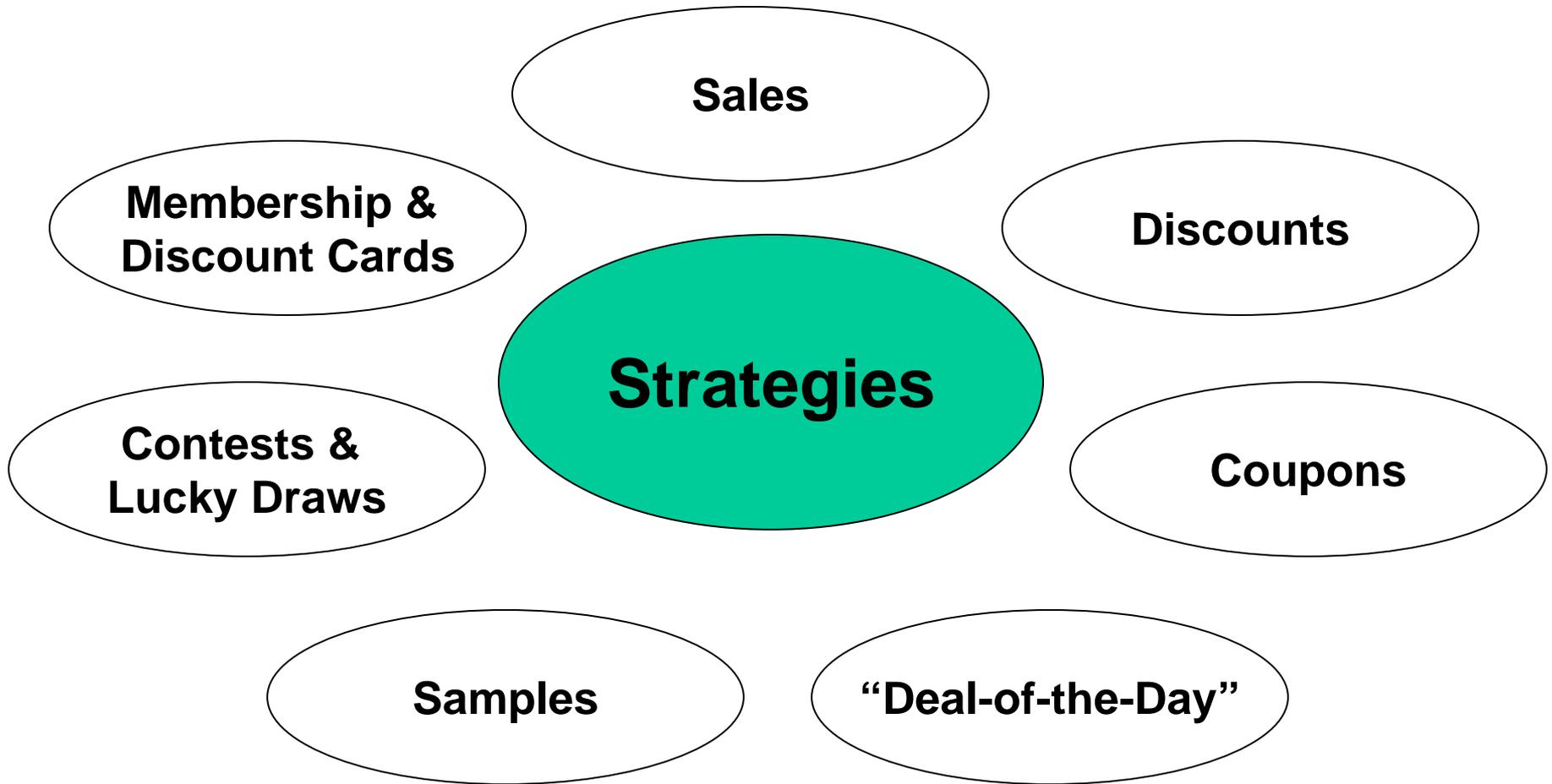
➤ Where

- Traditional shops
- Hypermarkets/Supermarkets
- Internet

➤ What

- Clothing
- Technology products
- Home products

Retailers' strategies



Expectations for the future

Consumers

Willing to spend
on good quality

Look for
brand products

Spend on
luxury items

Look for bargains &
good deals

Wait to get
good price

Retailers

Respond to consumers
preferences

Expand their
promotional tools

Remain cautious

Positive about
future sales

Opportunities for Hong Kong companies

- ➡ Capitalize in product sectors with potential
- ➡ Raise the value chain in high-end, branded products
- ➡ Deliver quality and safety in bargain products
- ➡ Explore internet shopping
- ➡ Emphasize eco-friendly production and ethical standards

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