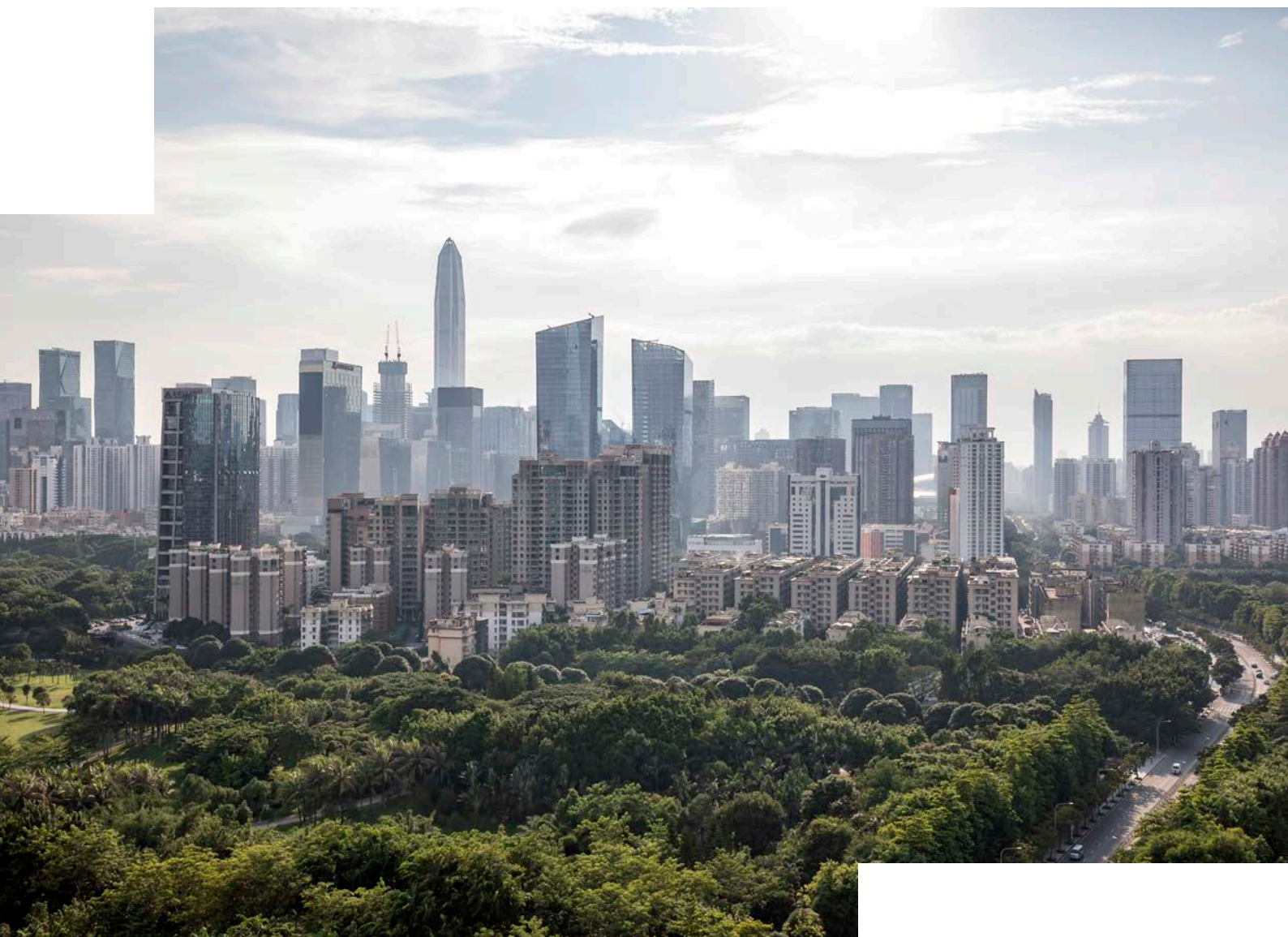


March 2021

Research Institute

Emerging Consumer Survey 2021:
A world beyond the pandemic



Thought leadership from Credit Suisse and the world's foremost experts

Editorial

We are delighted to publish the tenth edition of the Credit Suisse Research Institute's Emerging Consumer Survey. Over the last decade, our unique series of ground-level studies has tracked the rapid and multi-faceted growth in consumer culture across the emerging world. This year's edition is published against the backdrop of the era-defining COVID-19 global pandemic and analyzes the dramatic shifts we have seen in consumer behavior and considers how long-lasting they may prove.

As in previous years, this wholly proprietary survey is conducted by leading global consumer research firm Nielsen on behalf of the Research Institute. Our analysis draws on surveys of 14,000 consumers across the eight countries of Brazil, China, India, Indonesia, Mexico, Russia, Thailand and Turkey, which collectively make up USD 15 trillion of final consumption. The timing of this survey is ideal, being tailored both to capture the effect the pandemic has had, and to assess the impact of the world-wide rollout of vaccines. Encouragingly, we find consumers accepting the vaccines, with 70% of our respondents indicating they will take them if offered, with Russia the only source of skepticism.

The impact the pandemic has had on consumers is clear to see, with recorded declines in incomes in our study of a magnitude never seen before and the pain most keenly felt among the lowest on the income scale. However, just as investors are now contemplating a world beyond the pandemic, we find consumers showing signs of the same. The vaccine is proving to be an inflexion point for consumer confidence. With incomes now expected to recover and economies re-opening, a net third of our respondents see their personal finances improving in the first half of 2021, with the major Asian economies leading the way. There is a visible pent-up demand in some categories of spending following a period of "forced saving."

Credit Suisse's analysts examine the behavioral changes the pandemic has brought at a granular level. It has seen people living, working and consuming in new ways, and companies adopting new and disruptive business models. Digitalization is the unifying theme. The survey provides little reason to think these trends are set to reverse. By way of a simple illustration, at least 90% of respondents in every country we look at intend to purchase more groceries online in the year ahead, having become heavy users through 2020. The pandemic has accelerated long-lasting change rather than having simply created temporary phenomena.

Sustainability is another key theme of this year's study, which delves into attitudes to the environment, health and wellness. Is the growing role it increasingly plays in consumer culture in developed economies equally apparent in emerging markets? We find this to be very much the case and not just among the young. Even if sustainable consumption choices require a price premium, we find plenty of evidence for a willingness to pay it. The pandemic has perhaps shaped some perceptions here too.

Has the pandemic damaged the long-term structural growth of the emerging consumer? We believe not. Dynamic demographics, increasing urbanization and the growing emerging-consumer middle class should continue to support higher growth in emerging economies. Global rebalancing may have been delayed, but not derailed.

We hope you enjoy the 2021 edition of our study and wish you an insightful read.

Urs Rohner

Chairman of the Board of Directors
Credit Suisse Group AG



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For more information, contact:

Richard Kersley
Head of Global Research Product,
Credit Suisse Securities Research
richard.kersley@credit-suisse.com

Nannette Hechler-Fayd'herbe
CIO International Wealth Management and
Global Head of Economics & Research, Credit Suisse
nannette.hechler-fayd'herbe@credit-suisse.com

Credit Suisse Research Institute
research.institute@credit-suisse.com
credit-suisse.com/researchinstitute

Credit Suisse Emerging Consumer Survey 2021

Number of respondents:
14,098 across eight countries.
88% in urban areas; 12% in rural areas.

Mexico (11%*)

No. of respondents: 1,510
Locations: 32
Urban areas: 89%
Rural areas: 11%

Turkey (11%*)

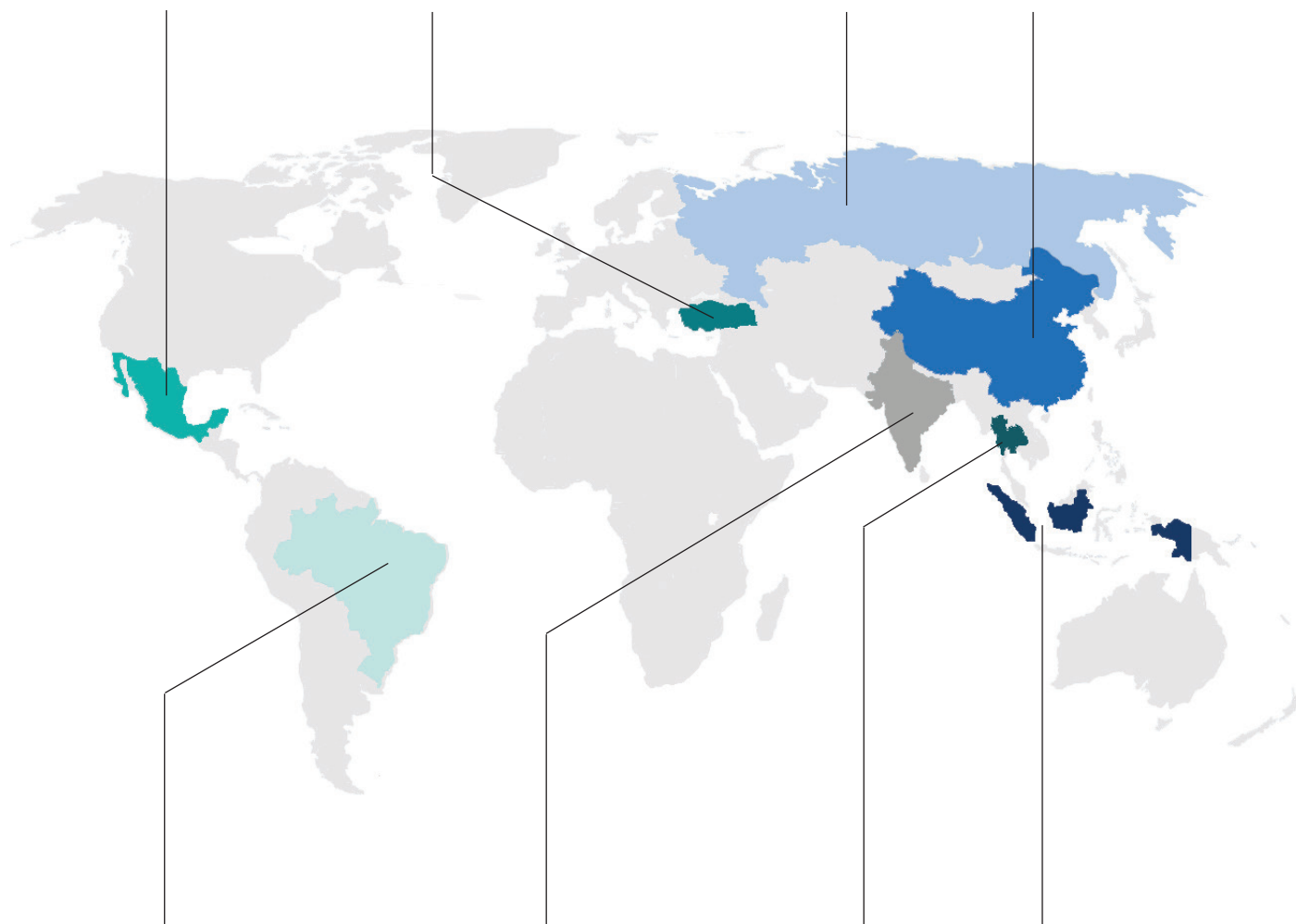
No. of respondents: 1,524
Locations: 12
Urban areas: 97%
Rural areas: 3%

Russia (11%*)

No. of respondents: 1,519
Locations: 7
Urban areas: 91%
Rural areas: 9%

China (18%*)

No. of respondents: 2,508
Locations: 31
Urban areas: 94%
Rural areas: 6%



Brazil (11%*)

No. of respondents: 1,505
Locations: 27
Urban areas: 95%
Rural areas: 5%

India (18%*)

No. of respondents: 2,526
Locations: 31
Urban areas: 90%
Rural areas: 10%

Thailand (11%*)

No. of respondents: 1,503
Locations: 5
Urban areas: 68%
Rural areas: 32%

Indonesia (11%*)

No. of respondents: 1,503
Locations: 33
Urban areas: 72%
Rural areas: 28%

*Note: Percentage of survey sampled from this country; total may exceed 100% due to rounding.

The emerging consumer in 2021

Richard Kersley, Bahar Sezer Longworth, Sam Burgess

This year, we publish the tenth edition of the Credit Suisse Emerging Consumer Survey. The themes emerging from it are of course heavily shaped by the COVID-19 global pandemic. The pandemic has exacted a painful human and economic price, while also prompting dramatic and likely long-lasting changes in consumption patterns. However, the vaccine rollout has investors and consumers now seeing light at the end of the tunnel. Indeed, in our survey, we find consumers are looking into 2021 with cautious optimism. A third of our survey respondents see H1 2021 delivering an improvement in their personal finances supported by rising incomes, particularly in Asia. While some pent-up demand exists, there are also many risks and not all consumers will return to big-ticket spending overnight. As we explore throughout the report, there is no simple return to “normal.”

Survey structure

As in previous years, the survey is conducted by leading global consumer research firm Nielsen on behalf of the Credit Suisse Research Institute. It extends across the eight countries of Brazil, China, India, Indonesia, Mexico, Russia, Thailand and Turkey, representing 3.7 billion people and USD 15.42 trillion of final consumption. Not only are these economies major sources of final demand and key end-markets to understand in their own right, but, with some of them emerging from the pandemic earlier than their developed market counterparts, they can also provide an early read on how behavioral trends and priorities may evolve elsewhere.

The findings we present are a reflection of responses from over 14,098 consumers to questionnaires extending up to 100 questions in length, assessing overall optimism, risks, spending intentions and their related drivers. In designing the questionnaire, we have set the agenda and reshaped this year's survey based

on current events. While the core of the survey retains continuity from previous years, we have highlighted the impact of the pandemic with a series of targeted questions touching on the themes of digitization, healthy living, environmental awareness, and also the attitude to vaccines.

We would flag one notable methodology change. As readers of past editions will be aware, the survey has traditionally been structured around face-to-face interviews. Since the practicalities of the pandemic and social distancing have made this impossible, we have moved to an online survey for this edition, which potentially affects comparability with our previous studies and, at a minimum, requires careful interpretation. Specifically, the survey has become more urban in nature, particularly in Brazil, China, India, Russia, and Turkey. A regional split that was on average 70/30 in its urban/rural mix is now closer to 90/10. The greater urban bias in turn leads to a sample skewed higher up the income scale than in previous editions. Hence the need for careful interpretation.

The final point to note is that this edition of the Emerging Consumer Survey 2021 is in fact two surveys! We ran an initial survey in October last year. However, as the news of a successful COVID-19 vaccine emerged in November, we felt it would be helpful to gauge consumer sentiment again given its significance. Hence, we ran another cut of the data in January, also adding vaccine-specific questions. We thus have data on sentiment and spending intentions pre and post the vaccine news. By way of default, the results presented will be from the most recent survey, although, where relevant, we have highlighted where the vaccine news has implicitly moved the needle materially. We note that our survey respondents have overwhelmingly indicated that they will take a COVID-19 vaccine if offered (see **Figure 1**).

The price of the pandemic

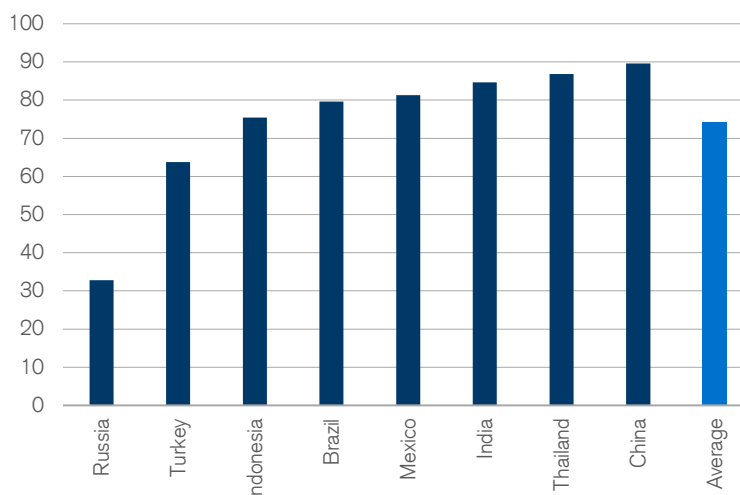
In this chapter, we focus on the headline readings of the survey and delve into consumer preferences and behaviors in the chapters that follow. In order to provide context to the survey analysis, we have summarized the details of the economic cost in GDP, consumption and employment terms for our survey countries in the spotlight section on page 11.

Income trends provide the clearest illustration of the pandemic's impact

In our survey, income trends provide the clearest illustration of the pandemic's impact. Despite the varied government measures implemented to alleviate the economic pain of the pandemic for consumers, these were not sufficient to offset a dramatic fall in income for many of our respondents over the last 12 months, whereby a net 27.4% of consumers across our survey reported declining incomes, with 19.6% registering declines in excess of 20%. It will come as no surprise that this is unparalleled in the history of our survey.

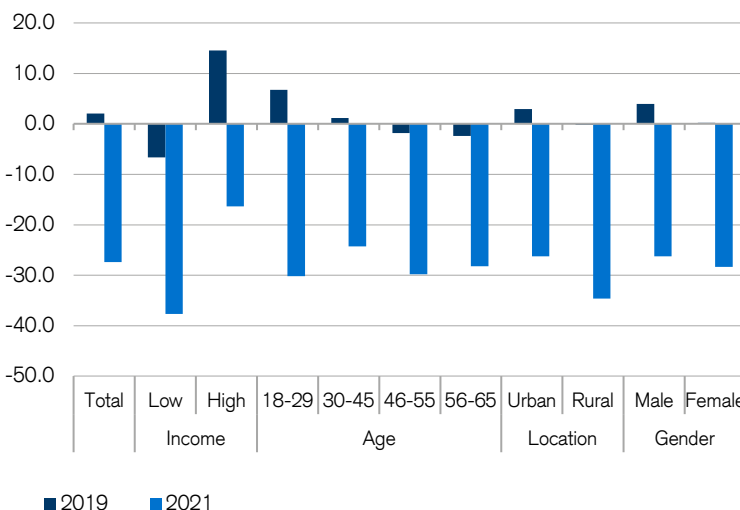
Appendix 3 details a full demographic analysis of all the key indicators across the survey. **Figure 2** contrasts the differential impact by income, age, location and gender. The lowest income earners have seemingly been hit the hardest. The age cohort most adversely affected has been the youngest group (18–29 years old). This is notable as, in prior years, the young consumer has enjoyed the most robust income growth across the age spectrum and been a driver of discretionary and branded consumption. In gender terms, we find that women have typically suffered most. In regional terms, and with the caveat of sample size, the pain has been greater in rural communities.

Figure 1: “Would you take the Covid-19 vaccine if made available?”



Base excludes those that have already been vaccinated

Figure 2: Change in income over the last 12 months by age, location and gender (per January 2021)



Source Figures 1 and 2: Credit Suisse Emerging Consumer Survey 2021

Figure 3: Changes in income over the last 12 months (per January 2021)

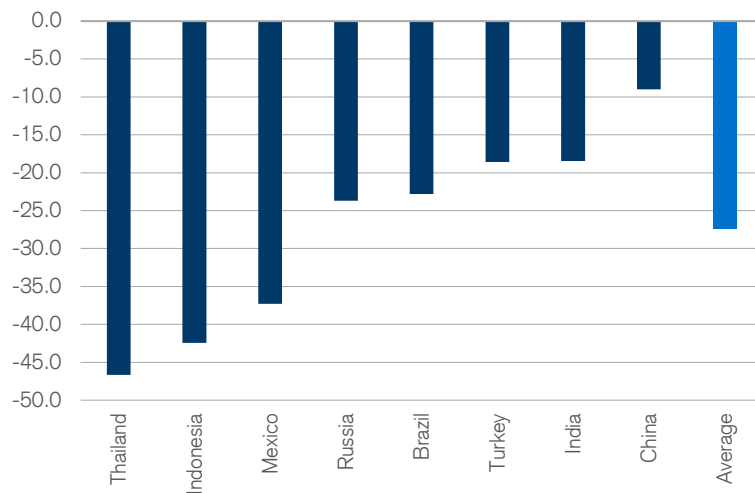
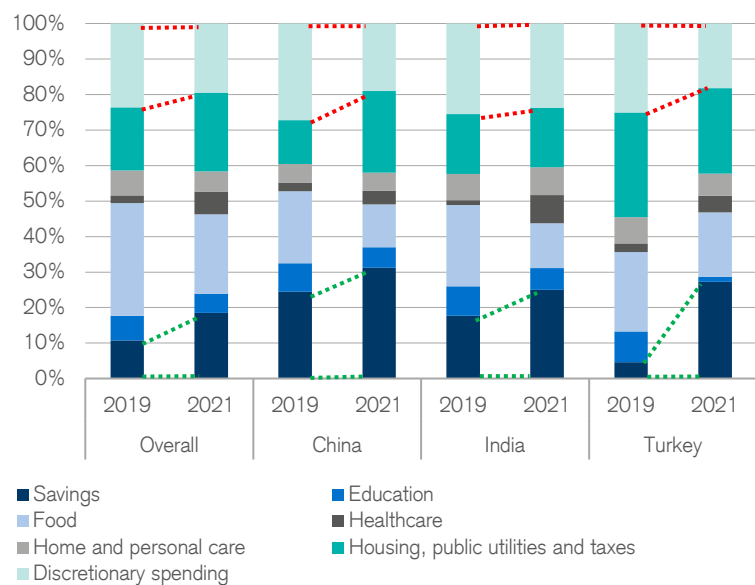


Figure 3 shows the data country by country. Here we would stress that inflation experiences differ markedly when we make comparisons across countries and the question is framed in nominal terms. Geographically, however, and with this caveat still in mind, the consumers who registered the greatest declines in income were in Latin America, but also in Thailand and Indonesia, despite their relative success at controlling mortality levels. The dependency on tourism would have played a role in Thailand, while Indonesia experienced one of the highest domestic infection rates in Asia. In contrast, Chinese consumer incomes proved to be the most insulated against income losses.

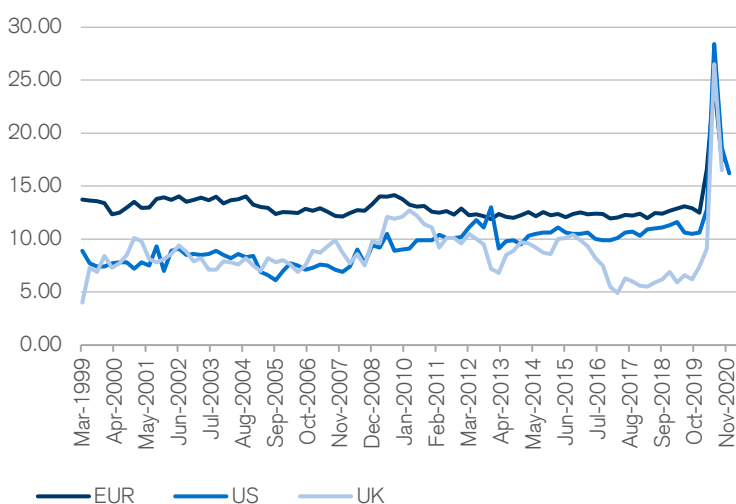
Figure 4: Share of spending across categories



As much as the impact on income itself, the way income has been spent during the pandemic by consumers also tells a story. While we reflect on spending patterns in more detail later in the report, Figure 4 shows the mix of spending by its main categories across the survey, and specifically China, India and Turkey as notable examples. Amid the pandemic, we have generally witnessed sharp falls in the shares of spending on discretionary goods and services such as travel, entertainment, clothing and also education, with school closures having an impact. These reductions have been balanced by increases in some measure on healthcare, but most materially in the share of money saved. This picture is amplified for those who have maintained income and employment, with the lockdown denying opportunities to spend. Rather than just an emerging-market phenomena, the pattern of rising savings ratios has been mirrored in developed markets as we show in Figure 5. In fact, in the West, we are now seeing them fall back sharply.

Source Figures 3 and 4: Credit Suisse Emerging Consumer Survey 2021

Figure 5: Savings ratios in the USA, UK and Europe



Source: Haver Analytics ©, Credit Suisse

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We may now be seeing some improvement where confidence is concerned

A brighter outlook is beginning to emerge

As grim as the backdrop has been, our forward-looking sentiment indicators suggest that we may now be seeing some improvement where confidence is concerned. According to the

survey, a net third of the respondents in January suggested they expect their personal finances to improve in the next six months. Just focusing on the urban cohorts to provide comparability, these readings are above those seen in our 2019 survey of 26.3% (Figure 6).

Income expectations for the next 12 months across the survey are also improving. While not necessarily sufficient to reverse the losses of 2020, a net 20% of consumers are expecting their incomes to improve in the year ahead (Figure 7). It is also notable that the readings we received after the vaccine news show a step up in both of these metrics, suggesting an incremental boost to sentiment from this scientific breakthrough. Demographically, we find that the young consumers who suffered the most in 2020 are displaying the greatest optimism going forward.

At a country level, this optimism is most apparent in the Asian economies of India, China and Indonesia, which have seen a marked boost after the vaccine news. Thailand is the exception to this positive story in Asia. Readings in Latin America are robust, with momentum building in Brazil. Russia is clearly the weakest country in terms of sentiment.

However, this optimism is not completely unbridled, given what the consumer has gone through. When we look at the question as to whether now is a good time to make a major purchase, the net balance is positive and encouraging at 4.4%, but is very mixed at the country level (see Figure 8). India and China are the economies where longer-term optimism chimes with a strong willingness to spend materially in the near term. In contrast, Indonesia and Brazil are countries where consumers' short-term convictions do not match their longer-term optimism.

Step change in savings behavior?

In keeping with a sense of cautiousness, it might not be right to expect an immediate unwinding of the rise in savings that we have seen across the board. Indeed when consumers were asked whether they planned to save more as a result of the pandemic, an average 79.1% of respondents suggested that this was the case (Figure 9). In fact, for younger people, the average was as high as 90%. Given the impact on incomes from the pandemic combined with the sudden and most likely unplanned increase in healthcare spending, it is not in itself surprising to see a more precautionary approach to savings.

We would still not see this as a major "red flag" for the spending outlook given that incomes are expected to rise and savings ratios have risen as outlined. However, it would suggest a potentially enduring wariness to spend on big-ticket items

Figure 6: Net percentage of respondents expecting an improvement in their personal finances in the next six months (October 2020 vs. January 2021)

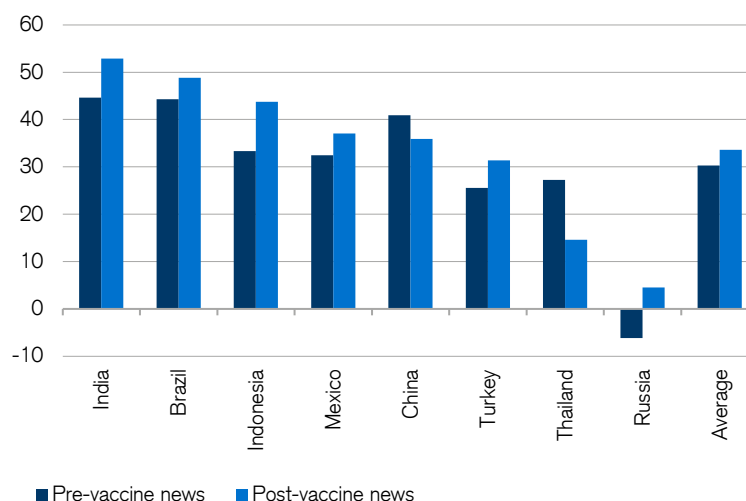


Figure 7: Net percentage of respondents who expect household income to increase over the next 12 months (October 2020 vs. January 2021)

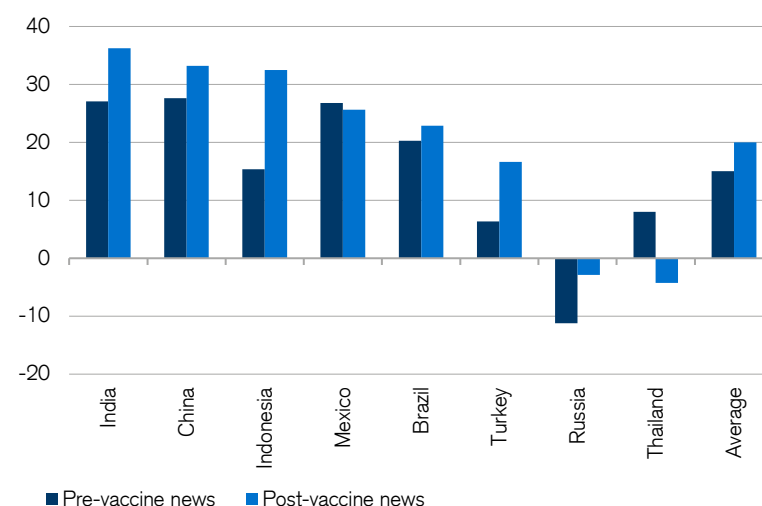
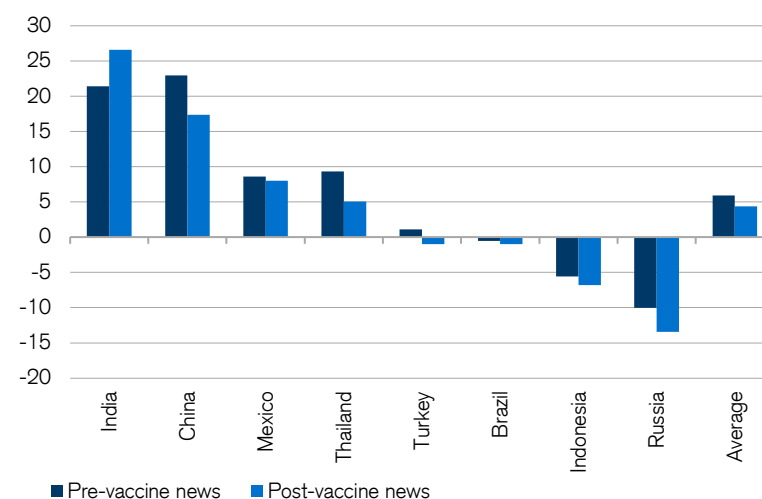


Figure 8: Net percentage of respondents replying "Yes" to "Is now a good time to make a major purchase?" (October 2020 vs. January 2021)



Source Figures 6–8: Credit Suisse Emerging Consumer Survey 2021

Figure 9: “As a result of COVID, are you planning to save more?” (October 2020 vs. January 2021)

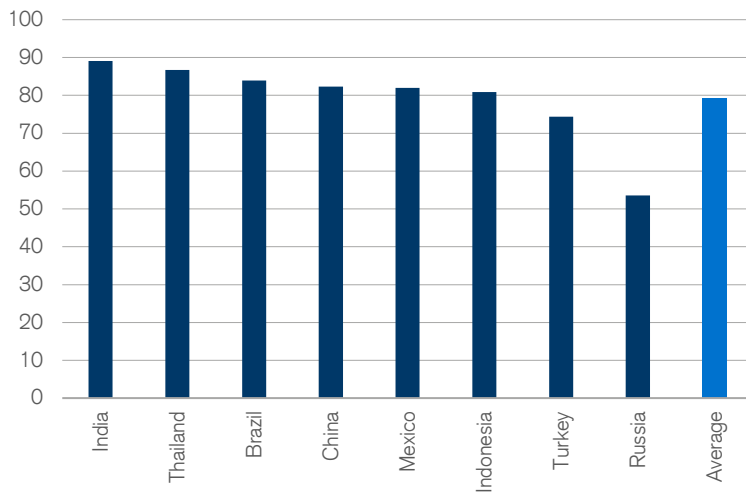
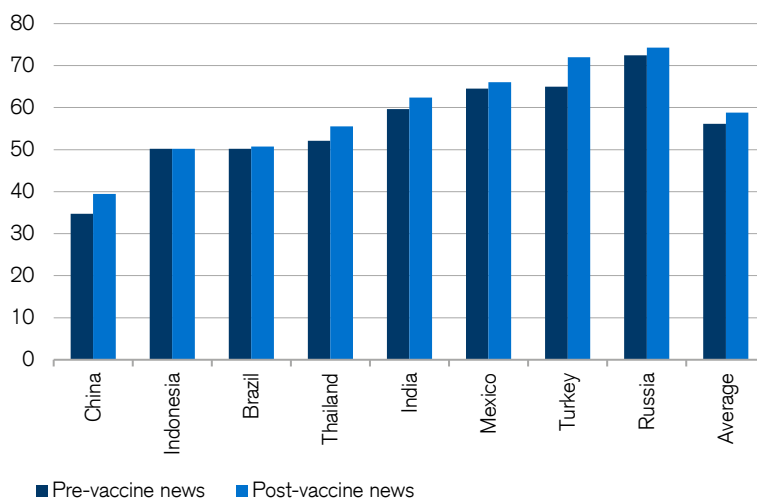
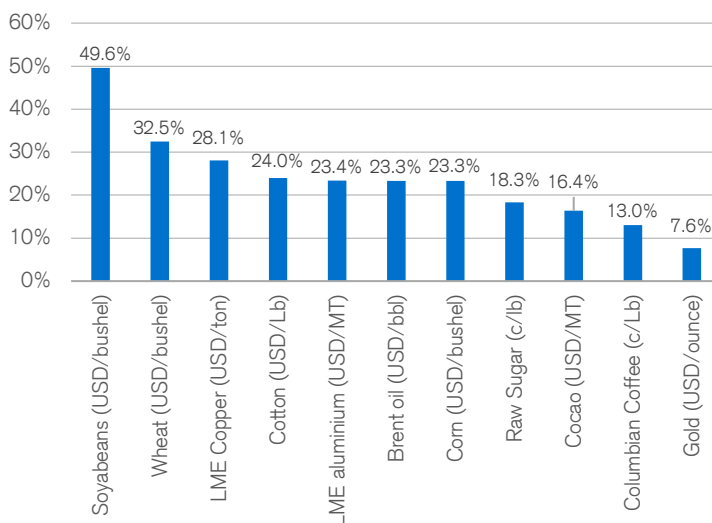


Figure 10: Net percentage of respondents expecting inflation to increase in the next 12 months (October 2020 vs. January 2021)



Source Figures 9 and 10: Credit Suisse Emerging Consumer Survey 2021

Figure 11: Change in commodities prices for H2 2020 (%)



Source: Thomson Reuters, Credit Suisse

relative to more service-sector spending geared to the opening up of economies. We reflect on this in following chapters.

Inflation risk to incomes?

One final risk to flag among the broader sentiment indicators is inflation – a key topic for investors at present. As **Figure 10** reveals, the majority of consumers in every country bar China expect inflation to be higher in a year’s time. While we have observed something of an upward bias in countries where inflation has been a more habitual problem over time, the readings are generally higher than in prior years and have risen pre and post the vaccine news in nearly every country in the survey.

If income growth is robust, this might not matter. However, with the backdrop of rising commodity prices at the macro level (**Figure 11**) and, until most recently, weaker currencies in a number of our survey countries, the risk of an erosion of income gains is real. Food price inflation and energy costs are typically the two variables of greatest relevance to emerging consumers, particularly when exacerbated by currency weakness. We would in fact note that consumers have tended to show the greatest concern over inflation where currencies have been weakest (e.g. Russia and Turkey).

“ The risk of an erosion of income gains is real

In the country themes later in the report, our analysts reflect on some of the local factors and government policies in play where inflation is concerned. Energy costs tend to be the common denominator, although there are signs of domestic demand-led inflation in Turkey and tightness in supply chains feeding into fast-moving consumer goods (FMCG) prices in India. Here we would note that the countries where food represents a high proportion of expenditure include Russia, Thailand, Indonesia and Turkey. Major energy importers include China, India and Thailand.

Emerging Consumer Scorecard

As in prior years, we have drawn on the major sentiment indicators above to provide a composite country ranking. There is as much art as science involved here. We have then taken each country's ranking for the five questions: (1) expectations with regard to personal finances in the next six months, (2) whether now is a good time to make a major purchase, (3) income experience in the next 12 months, (4) income expectations for the last 12 months, and (5) relative inflation expectations. **Table 1** displays the results, with India, China and Brazil occupying the top three positions. What strikes us most with India and China is how robust their readings on income are, as well as their optimism with regard to immediate spending plans. In contrast, Thailand and Russia prop up the league table. As we have implied, this simple country-level perspective naturally conceals much beneath the surface and our country analysts provide more details in the country spotlights later in the report.

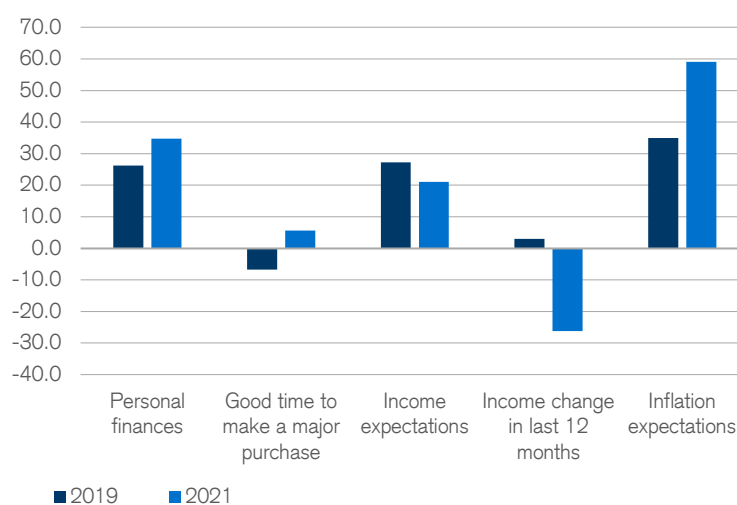
Concluding remarks

In our view, a turning point in sentiment is visible, with the vaccine seemingly playing a role to support an inflexion point in confidence, most notably in Asia. There is potentially a degree of pent-up demand given how the avenues for discretionary spending have been closed by the pandemic and the shares they have typically represented within spending declined. However, optimism is not uniform between or within

countries and regions. Moreover, the scars of the pandemic still encourage risk aversion and potentially some precautionary savings behavior as a safety net. Of course, it remains to be seen whether this continues as and when a world beyond the pandemic emerges.

In the following chapters, we focus on the behavioral changes behind the aggregate data outlined above and reflect on the goods and services consumers are focusing on. Equally important, we examine how consumers are choosing to pay for their transactions.

Figure 12: Survey sentiment indicators for the urban consumer



Source: Credit Suisse Emerging Consumer Survey 2021

Table 1: Emerging Consumer Scorecard 2021 (rankings in key sentiment indicators)

Rankings (6–12 month horizon)	Personal finances	Time for a major purchase	Household income expectations	Income history	Inflation expectations	2021 rank	2019 rank (Urban)
India	1	1	1	2	5	1	1
China	5	2	2	1	1	2	4
Brazil	2	6	5	4	3	3	3
Indonesia	3	7	3	7	2	4	5
Mexico	4	3	4	6	6	5	2
Turkey	6	5	6	3	7	6	7
Thailand	7	4	8	8	4	7	6
Russia	8	8	7	5	8	8	8

Source: Credit Suisse Emerging Consumer Survey 2021

Macro spotlight: The price of the pandemic

Figure 1: Daily confirmed deaths from COVID-19, countries*

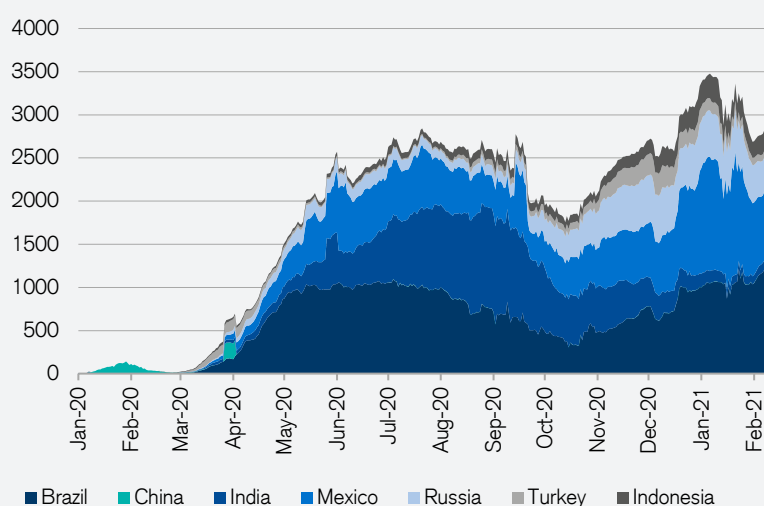
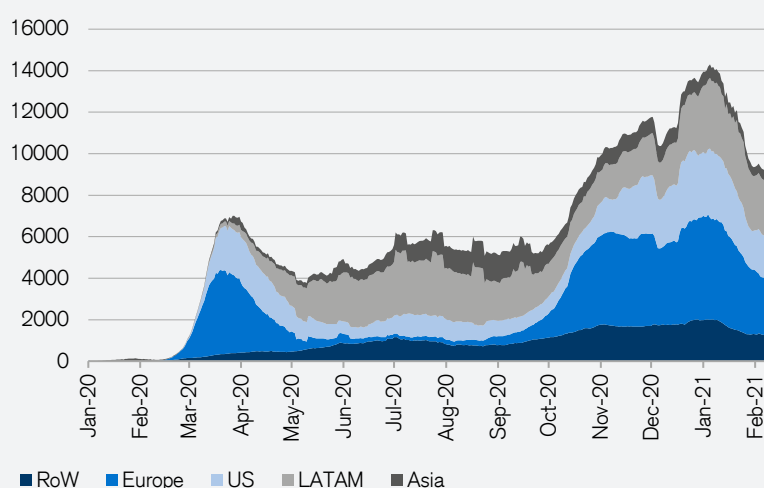


Figure 2: Daily confirmed deaths from COVID-19, regions*



* Note: 7-day average; Thailand excluded due to low case count. Source: Credit Suisse, JHU data.

Table 1: Country context summary

	GDP (2020F) in USD bn	Real GDP growth (2020F)	Real private consumption growth (2020F)	YoY change in unemployment (pp) 2019–2020(F)	Vaccines administered/100 people	Deaths /million
Brazil	1,404	-4.3%	-4.4%	2.5	4.0	1,199
China	14,716	2.2%	1.8%	0.2	2.8	3
India	2,530	-7.0%	-9.1%	2.3	1.0	113
Mexico	1,059	-8.8%	-10.3%	0.9	1.9	1,440
Russia	1,521	-3.6%	-5.9%	1.9	2.7	580
Turkey	707	1.5%	1.5%	-0.9	10.1	338
Thailand	508	-6.1%	-1.0%	0.9	n.a.	1
Indonesia	1,080	-2.0%	-2.7%	2.2	1.0	132

Sources: GDP: CS Economics. For India, Indonesia and Thailand: Oxford Economics
 Real GDP growth: CS Economics. For India, Indonesia and Thailand: Oxford Economics
 Real private consumption growth: CS Economics. For India, Indonesia and Thailand: Oxford Economics
 YoY change in unemployment: CS Economics. For India, Indonesia and Thailand: Oxford Economics
 Covid data: Our World in Data, Oxford Martin School, GCDL, as of 01/03/2021

Table 1 shows us that Latin America was the hardest-hit region both in terms of deaths per capita and economic impact. Brazil has seen the second-highest number of deaths per capita among our survey countries. There were significant regional disparities in Brazil's lockdown measures, with some states implementing more severe lockdowns than others. In spite of fiscal measures totaling 12% in GDP, jobs have been hit hard, with a 2.5 percentage-point increase in unemployment. The severity of the economic impact is reflected in Brazil's 4.3% decline in GDP growth. Similarly, Mexico has also experienced a heavy human and economic toll during the pandemic. The government's fiscal support package was more modest as a percentage of GDP than other developing nations, which may to some extent explain why Mexico saw such a precipitous fall in real GDP (-8.8%). Mexico has experienced the most severe decline in real private consumption of the countries surveyed (-10.3%).

The impact of the pandemic on Asian economies has been a mixed story. China has emerged with the strongest real GDP growth of 2.2%. Buttressed by weighty fiscal and monetary stimulus, China's strict implementation of lockdown measures ensured a rapid economic recovery, meaning that cases per million remained well below 100. This showed a significant disparity with other Asian nations. As a result, Chinese private consumption remained positive. India proves a point of contrast to China, with real GDP collapsing 7% year-on-year. With regional differences in lockdown measures preventing effective suppression of the virus, cases per million rose to over 8,000.

Across most metrics, Russia lay in the middle of the peer group, seeing a modest decline in real GDP (-3.6%) and real private consumption growth (-5.9%). Perhaps the most surprising story is the relative economic vitality of Turkey. Based on a number of metrics, the country appears to have weathered the storms of 2020 better than its peers. Apart from China, Turkey has been the only economy to see a rise in real GDP, a fall in unemployment, and growth in private consumption. Fiscal stimulus was significant in Turkey, amounting to around 13% of GDP, while banks were encouraged to significantly lower their interest rates.



Photo: GettyImages, MStudioImages

Beyond the pandemic – the digital consumer culture

Joelle Natzkoff

The global COVID-19 pandemic has the potential to become a powerful catalyst for cultural change. Amid the public health crisis and large-scale government restrictions on people's movements, consumers have had to adapt to a new virtual way of life. The scale and scope of these changes are resonating across different continents, different age groups and different socio-economic strata. People are living, working and, of course, buying differently than they were in a pre-COVID-19 society. Similarly, businesses are operating and selling differently. Our survey suggests these behavioral changes are unlikely to reverse swiftly.

Will the cultural shift continue?

The common question among sociologists, economists and analysts is whether the cultural shift toward online living will persist beyond the pandemic, or whether societies will "return to normal" as soon as the COVID-19 vaccine scales up, health risks recede, and lockdowns become a distant memory. Our survey suggests that, as economies re-open and "normalize," it is highly likely that several aspects of our lives that have become more digitalized will remain so, notably when it comes to communication, shopping, entertainment, healthcare and education (see **Table 1** overleaf).

Our survey reveals that, in most countries in our sample, the majority of emerging market (EM) consumers intend to either continue or further increase the propensity of online activity. Here we remind readers that the population of this online survey is mostly urban and skewed toward the upper end of the income scale. In each country in our sample, over 90% of respondents expect to maintain or increase the amount of their online grocery shopping, over 70% expect they will still be working from home and over 60% intend to maintain or increase their consumption of online education.

Travel: Consumers plan for foreign holidays in 2021

By April 2020, air travel was at a standstill and the number of air travel passengers was 90% below 2019 levels. Video-conferencing boomed, largely substituting business air travel. Tourism became mostly a domestic affair, with people also preferring the use of their own vehicles instead of planes and more comfortable avoiding public spaces such as airports whenever possible. As the threat of the COVID-19 pandemic recedes and travel restrictions ease, it appears that this trend could reverse. In fact, large group events such as trade exhibitions have been taking place in Asia since last year (China re-opened in June 2020) on the domestic front, but with limited international participation due to travel restrictions. Russia restarted in September and Turkey in October.

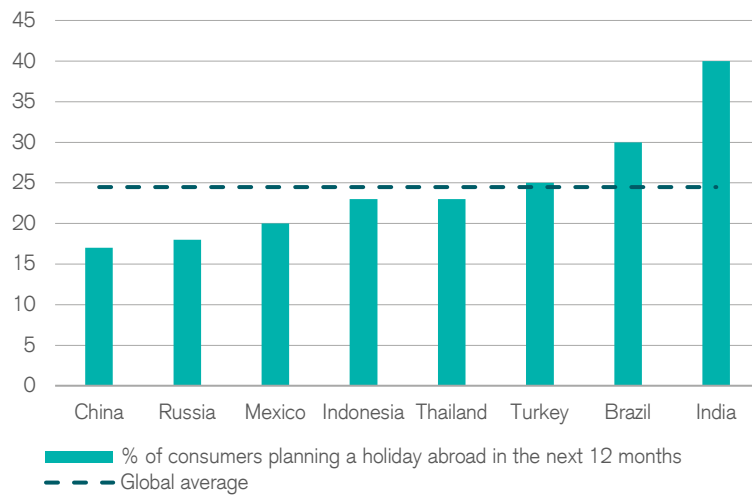
Our survey reveals that, on average, two-thirds of the respondents to our survey had been on holiday since the start of the pandemic (the proportion being as high as 90% in China), with most having traveled by car rather than by air. Looking ahead, most of the consumers surveyed suggested they were planning a holiday in 2021, but a minority intend to travel abroad for a holiday.

Table1: Beyond the pandemic – investment themes

	Brazil	China	India	Indonesia	Mexico	Russia	Thailand	Turkey
Travel (%)								
Consumers having been on holiday since the start of the COVID-19 pandemic	56	90	56	44	45	81	82	74
People planning to go on holiday abroad in the next 12 months	30	17	40	23	20	18	23	25
Shopping (%)								
Consumers who shopped online in the last six months	87	88	85	82	79	75	83	88
Consumers who increased online grocery shopping as a result of COVID-19	54	70	70	69	59	29	70	73
Consumers who plan to increase online grocery shopping in the next 12 months	90	94	96	90	93	95	96	95
Cocooning (%)								
People worried about eating out	64	30	42	66	72	53	55	68
People having increased food delivery since the pandemic	68	37	41	58	70	37	69	44
Consumers planning to increase use of online delivery platforms compared to pre-COVID	59	51	67	72	64	47	88	52
People currently working from home	62	55	79	75	69	27	66	49
People having increased time spent working from home since COVID-19	68	51	69	56	63	42	66	80
People who intend to maintain or increase time spent working from home over the next 12 months	78	81	74	74	74	93	77	77
Banking and payments (%)								
Consumers having used the internet for banking	83	64	80	62	76	81	87	85
Entertainment (%)								
People who have installed more games on the phone since the onset of COVID-19	69	57	82	65	80	21	73	75
People spending more time playing games on the phone since the onset of COVID-19	62	58	74	62	74	23	68	74
Healthcare (%)								
People who have used online medium for medical consultation	24	56	54	51	27	20	46	26
Education (%)								
Consumers who have used online education	61	42	74	51	61	31	49	62
Consumers planning to increase online education	61	63	70	62	61	51	72	62

Note: Gray = 50% and above, light turquoise = between 30% and 50%, and bright turquoise = below 30%.
Source: Credit Suisse Emerging Consumer Survey 2021

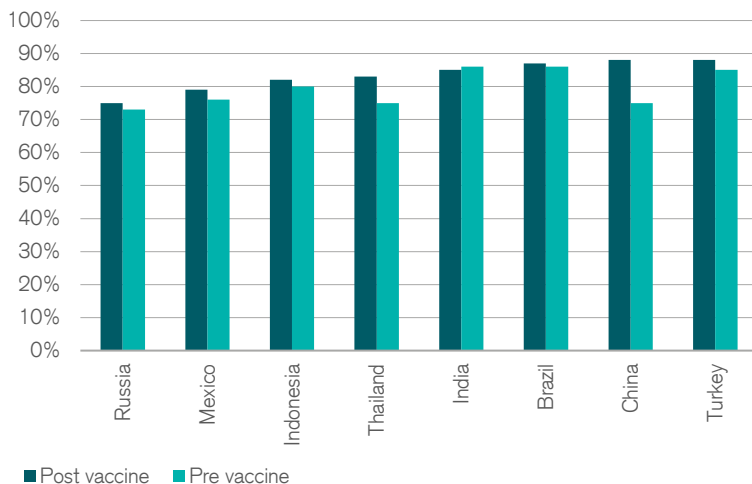
Figure 1: Most consumers are not planning a holiday abroad over the next 12 months



As **Figure 1** illustrates, the percentage was particularly low in China (17%), Russia (18%) and Mexico (20%). This could have significant repercussions for economies as well as industries dependent on international tourism.

“Improving technology, logistics and payment systems have allowed billions of consumers to “shop” anytime and from anywhere, rather than go shopping physically

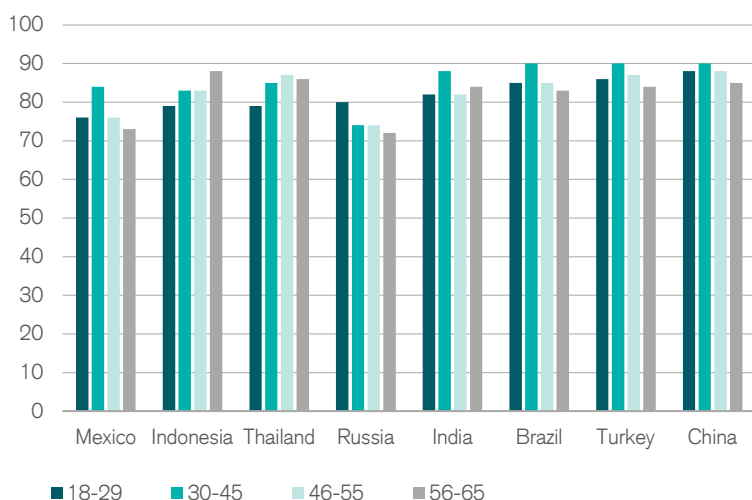
Figure 2: Most EM consumers in our sample have shopped online in 2020 than in the previous three years...
Percentage of respondents having shopped online in the last six months



Online shopping and cocooning: A new reality for most EM consumers across generations

One industry that experienced soaring growth in 2020 is e-commerce. Online retail sales have amounted close to USD 4 trillion globally, which is a growth rate of 80% compared to 2019. On the one hand, this trend was driven by lockdowns or concerns of consumers keen to avoid crowded public spaces. On the other hand, brick-and-mortar retail stores have been encouraged to enhance their online offering to survive the pandemic. Improving technology, logistics and payment systems have allowed billions of consumers to “shop” anytime and from anywhere, rather than go shopping physically. According to market research provider EuroMonitor, the amount of cross-border online sales rose by 27% globally in 2020.

Figure 3: ... this trend was observed across all age groups



Our survey suggests that this was also the case in emerging markets. In 2020, all countries in our sample experienced a significant increase in online shopping compared to the previous three years (**Figure 2**). Turkey stands out, with 88% of respondents stating they had shopped online in 2020, over four times the average of the previous three years. This trend was observed across all age groups (**Figure 3**), though it was most pronounced among the younger cohorts.

Source Figures 1–3: Credit Suisse Emerging Consumer Survey 2021

In Indonesia and Thailand, however, respondents from the older cohorts were more heavily represented among the online shoppers.

Online grocery shopping soared, as did the use of food delivery services

As consumers faced mobility restrictions or as they sought to avoid crowded indoor spaces, shopping for groceries online became very appealing. Most of our survey participants in all countries (except for Russia) increased the amount of grocery shopping online due to the pandemic (Figure 4). This trend was observed across all age groups. In Asia, older consumers were keener to shift to the internet to buy their groceries compared to other emerging economies (Figure 5).

“
In Asia, older consumers were keener to shift to the internet to buy their groceries compared to other emerging economies

With people uncomfortable dining out (over a third revealed this to be the case), especially older consumers, we find that many have increased the amount of food delivery. This was observed in Thailand, Brazil and Mexico, where the proportion of people having increased food delivery services is proportional to that of people concerned about eating out (Figures 6 and 7). Consumer behavior toward eating out in China was remarkably less negative than the rest of the EM countries and Chinese consumers had increased delivery services significantly less than other EM consumers.

Figure 4: Most consumers in all countries (except for Russia) increased the propensity of online grocery shopping

Percentage of respondents who have increased grocery shopping online since the beginning of the pandemic

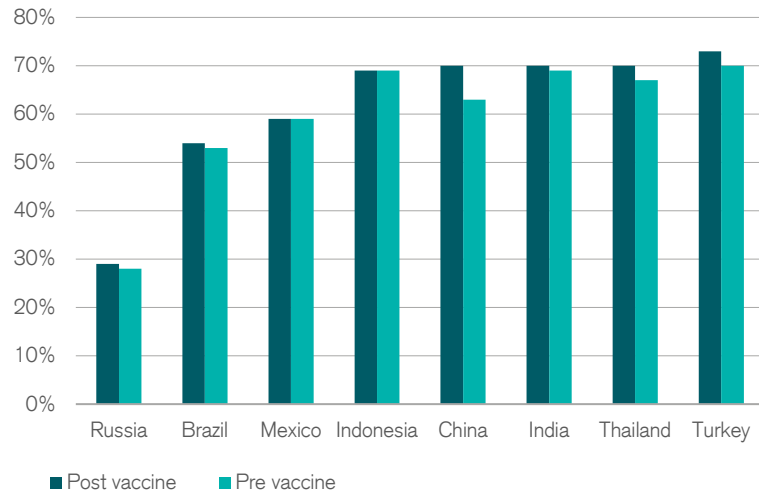


Figure 5: In Asia, the older cohorts have been more active in shifting to the internet for their grocery shopping

Percentage of respondents who have increased grocery shopping online since the beginning of the pandemic

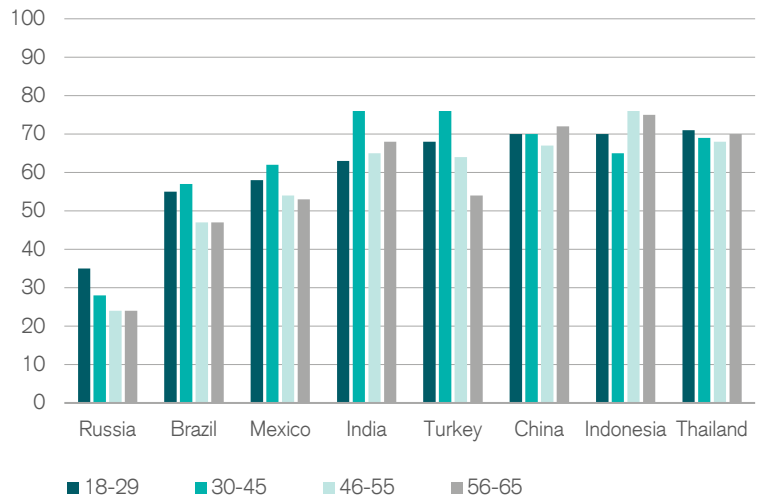
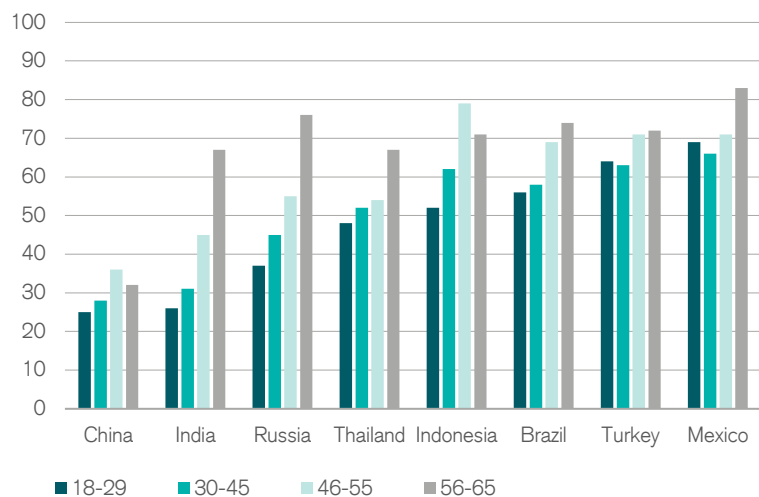


Figure 6: Proportion of consumers uncomfortable about dining out increases markedly with age across all countries...

Percentage of consumers uncomfortable about dining out at present



Source Figures 4–6: Credit Suisse Emerging Consumer Survey 2021

Figure 7: ... and correlates with an increase in the use of delivery services in Indonesia, Brazil and Mexico



Figure 8: EM consumers do not expect to reduce online grocery shopping

Post-pandemic plans for online grocery shopping

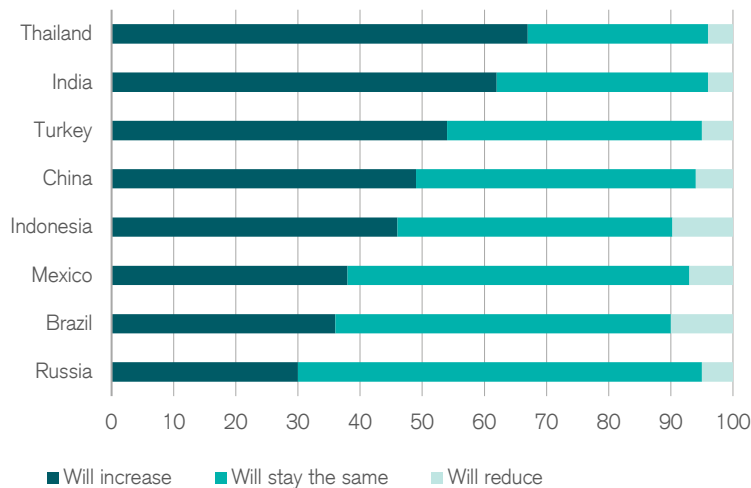
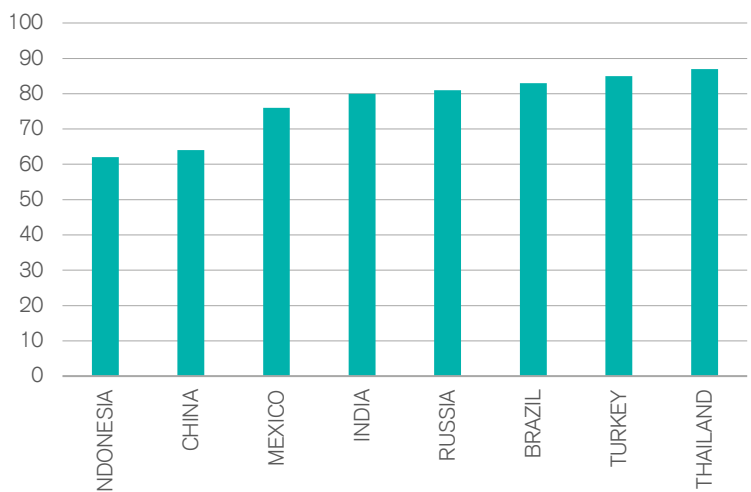


Figure 9: Most consumers have used internet banking in the past year

Percentage of consumers having used internet banking



Source Figures 7–9: Credit Suisse Emerging Consumer Survey 2021

Consumers expect to continue online grocery shopping

Our survey suggests that the shift to shopping for groceries online is likely to last after the pandemic. Across all countries in our sample, the vast majority (at least 90%) of respondents intend to either increase or maintain their amount of online grocery shopping (Figure 8). In Thailand and India, over 60% of survey participants suggested they would increase the amount. If so, this could have material repercussions for the “brick-and-mortar” retail outlets in emerging markets.

Banking and payments: Consumers comfortable with online banking

In 2020, digital finance came to the fore. Digital currencies grew in popularity, with Bitcoin up by more than 250% in US dollar terms. Given their contactless nature, digital payment systems have been encouraged by businesses around the world, notably as banknotes and coins were suspected to be carrying the virus. Similarly, online delivery services encouraged customers to make payments through digital payment systems. According to our survey, the majority of consumers (over 75% on average) had used internet banking in the past 12 months, the proportion being particularly high in Thailand (87%) and Turkey (85%, see Figure 9).

“
Digital payment systems have been encouraged by businesses around the world

Entertainment: Rise in online gaming due to the pandemic

The consumption of online entertainment has risen markedly. While already underway in many emerging countries, the trend toward digital entertainment accelerated during the pandemic. While media consumption may well re-adjust once people can meet up again and

entertainment venues re-open, it remains to be seen whether online entertainment will return to pre-pandemic levels.

The World Health Organization and the gaming industry's #PlayApartTogether campaign has played an important role during the pandemic in encouraging people to stay at home and limit the spread of the virus. Across most countries in our survey, consumers increased their level of engagement in online gaming. Most downloaded more games and spent more time playing games on their phones (**Figure 10**). This was more prominent among female consumers and within the younger and middle age groups (up to 45 years old), with India, Mexico and Turkey leading the way (see the shaded column in **Table 2**).

“ Physicians the world over have been expanding their telehealth services since the outbreak of the pandemic

Health: Telehealth more widespread in Asia than other EMs

Physicians the world over have been expanding their telehealth services since the outbreak of the pandemic, out of concerns about exposing patients to COVID-19. In our survey, over 50% of Asian consumers – with China leading the way – have been making use of telehealth services, even more so within the younger cohorts. One exception is Indonesia, where the biggest users of telehealth services were among the older cohort (56–65 years). Outside Asia, the uptake has averaged only 25% (**Figure 11**). The popularity of telehealth tends to drop with age (this is very obvious in the case of Brazil).

Telehealth is by no means a novel concept in emerging markets – it has acted as a conduit for the provision of healthcare to remote areas for years. It is also more cost-effective and has

Figure 10: Consumers in India and China were most likely to spend on livestreaming apps

Percentage of consumers who would spend money on live streaming (short video apps)

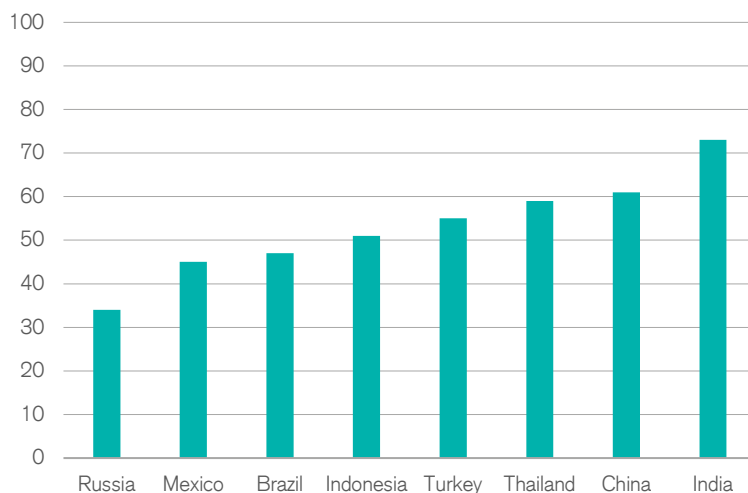
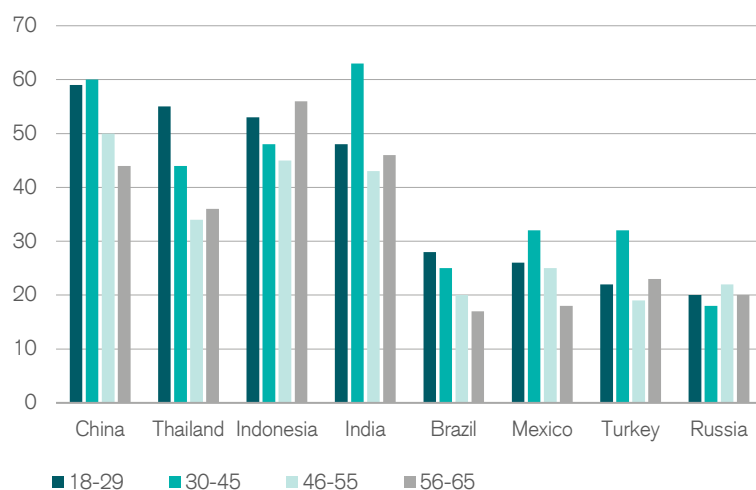


Table 2: Proportion of consumers (%) having spent more time online gaming since the COVID-19 pandemic

	Male	Female	18–29	30–45	46–55	56–65
Brazil	59	65	63	64	59	50
China	55	61	57	61	56	46
India	73	75	74	76	69	60
Indonesia	60	64	66	58	63	64
Mexico	70	78	80	73	69	44
Russia	21	25	29	25	13	13
Thailand	64	71	71	67	56	71
Turkey	69	78	72	78	68	67

Figure 11: Telehealth more popular in Asia, especially among younger consumers

Percentage of consumers who have used an online medium of consultation



Source Figure 10, Table 2 and Figure 11: Credit Suisse Emerging Consumer Survey 2021

the potential to significantly alter the trajectory of healthcare provision in countries where inadequate infrastructure might otherwise have limited access. Time will tell how this trend shapes up going forward.

Education: Ed-tech set to increase further

School closures will likely remain one of the most profound consequences of the pandemic, impacting over one billion children and young adults across 144 countries. The immediate response of ministries of education was to optimize technology to ensure continuity in learning, as students were homebound. Pre-COVID, only 20% of countries used digital resources as part of

their education. The pandemic changed this, and ed-tech has become a more prominent feature of education worldwide. Several developing countries have provided broadcasts of video lessons via television, radio and internet, and made teaching videos available on CDs or audio lessons through the medium of mobile phones.

Already a growing area prior to the pandemic, the use of ed-tech for tutoring and business training soared in 2020. According to our survey, the majority of consumers increased their use of online education as a result of the pandemic. In Indonesia, Mexico and Turkey, the proportion was over 80% (Figure 12). Looking ahead, the trend looks set to increase further (Figure 13), especially in Asia – China, India and Thailand. Most of the consumers surveyed expect to further increase their consumption of online education over the next 12 months, led by Thailand and India.

Figure 12: Most EM consumers have increased their use of online education since the outbreak of the pandemic...

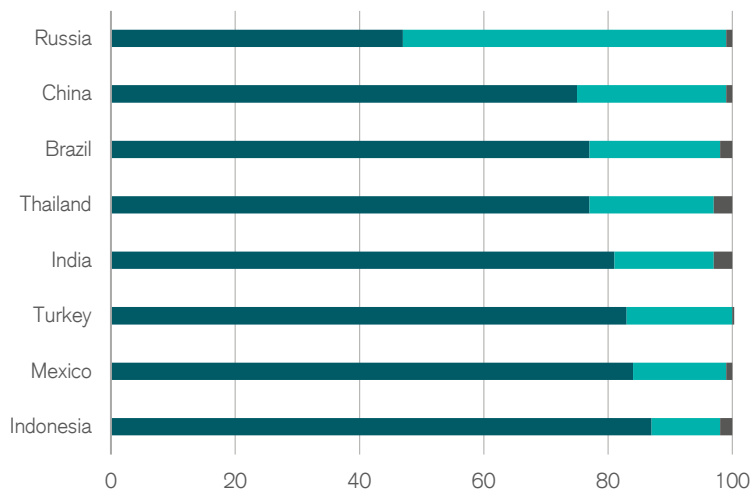
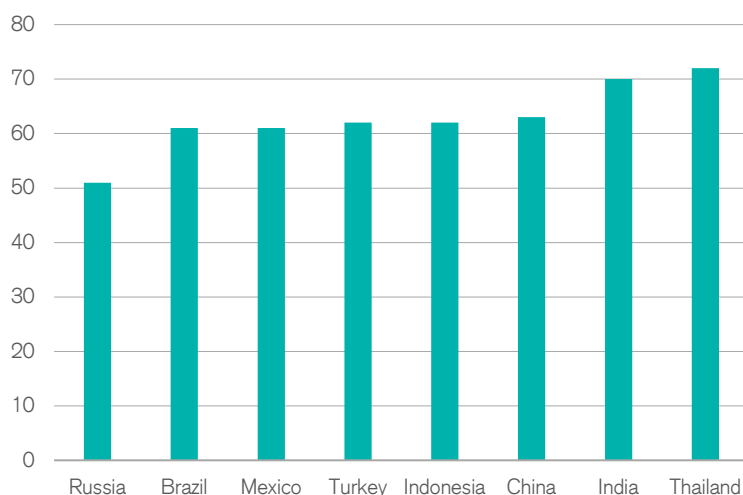


Figure 13: ... and intend to increase it further going forward, especially in Asia

Percentage of consumers planning to increase online education over the next 12 months



“
Ed-tech has become a more prominent feature of education worldwide

Conclusion

As the world prepares for a post-pandemic lifestyle amid the rollout of COVID-19 vaccines, our survey suggests that several aspects of life in emerging countries, which have become digitalized during the pandemic, are likely to continue. In each country in our sample, most consumers expect to maintain or increase the amount of online grocery shopping, continue working from home and to maintain or increase their consumption of online education post-pandemic. This trend is particularly pronounced in Asia. We believe this will likely have long-lasting repercussions for the consumer services industries in emerging markets.

Source Figures 12 and 13: Credit Suisse Emerging Consumer Survey 2021



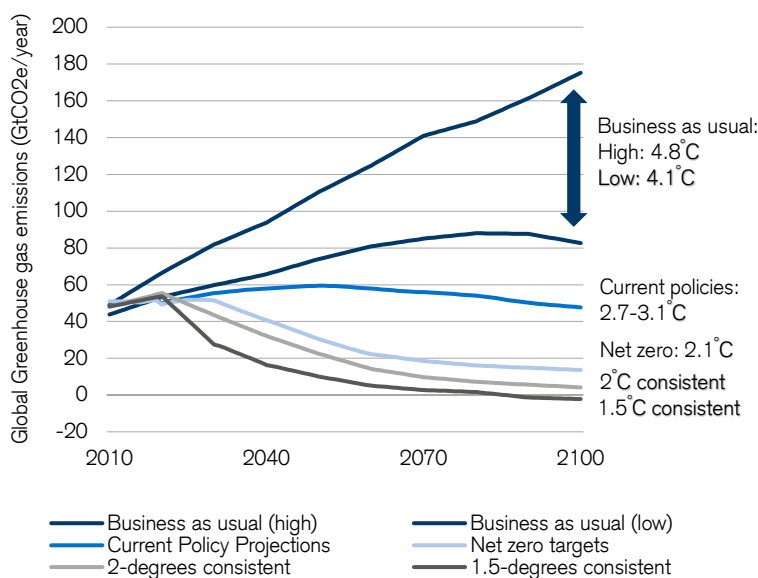
Photo: GettyImages, Maskot

Sustainable disruption and the EM consumer

Eugene Klerk

In the past few years, citizens around the world have started to become much more engaged in topics related to environmental, social, and (corporate) governance (ESG) such as the environment and moral values, e.g. pollution and labor standards. This drive to make the world more sustainable has the potential to disrupt corporate agendas if consumers believe that certain companies do not hold the same values when it comes to climate change or diversity. In this year's Emerging Consumer Survey, we asked a number of questions aimed at assessing whether consumers in developing countries are also taking some of the ESG issues to heart and, if so, what this means for certain industries. In other words, how conscious is the emerging market consumer?

Figure 1: Greenhouse gas emission profiles associated with climate change targets and plans



Source: Climate Action Tracker (CAT); Climate Analytics and NewClimate Institute ©

The EM consumer and the environment

Environmental concerns have been rising steadily among citizens globally over the past few years. The need to address climate change through lower emissions appears obvious to most as, without change, average temperatures look set to rise by close to five degrees Celsius by 2100 according to Climate Action Tracker (CAT). In our view, consumers in developing countries appear more at risk than those in developed regions because of the impact of extreme heat, flooding and droughts on their daily lives. For example, rising temperatures, flooding and drought put pressure on food supply. This is a problem for developing countries as more than 50% of citizens in the least-developed countries face moderate or severe food insecurity. In Latin America and Asia, more than 30% of consumers face the same challenge.

In this year's survey, we wanted to assess whether consumers in developing countries are indeed showing rising levels of concern about climate change or the environment. The answers to the

related questions point to a clear message, i.e. emerging market (EM) consumers are worried about the state of the environment and intend to change their behavior.

Does the environment matter?

Asking whether the environment matters is not a really meaningful question, in our view, given that probably very few people would say it does not. Instead, one aim of our survey was to see if environmental concerns have caused consumers to change their behavior.

On a global level, our survey provided strong evidence that environmental concerns do influence EM consumer spending behavior. Close to or more than 90% of consumers in all but one country suggested that their spending is moderately or significantly influenced by these concerns. Consumers in India, Thailand and China appear to be influenced most, whereas Russian consumers appear less affected by environmental issues with close to 50% saying that their spending is not influenced at all.

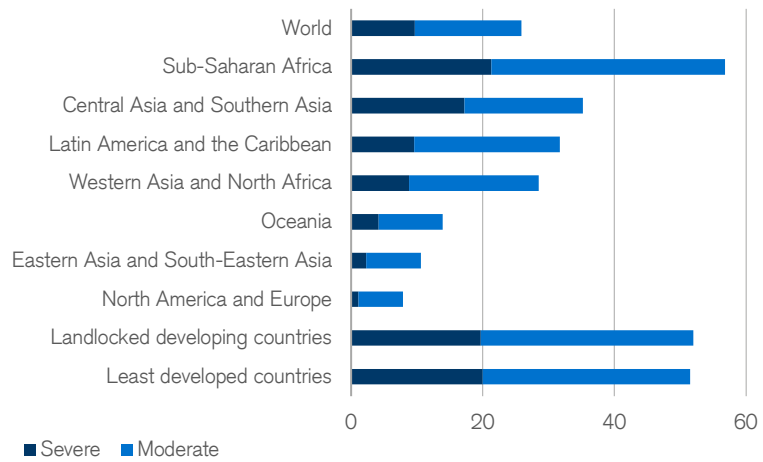
“ Environmental concerns do influence EM consumer spending behavior

The popular view is that the “environmental agenda” is driven more by younger consumers than by their parents. When we review our survey results by age group, however, we do not find significant evidence for this view as consumers aged 46 and older are influenced almost equally by environmental considerations as consumers aged 18–29.

Buying more environmentally friendly products can be more expensive. Given the income skew across emerging markets and generally lower spending levels overall, we also wanted to see whether the environment matters across the entire income spectrum or whether this pertains more to consumers who can afford to switch to more environmentally friendly products and services. The survey provides compelling evidence suggesting that income levels do not

Figure 2: Food insecurity by region

Prevalence of severe and moderate food insecurity by region in 2019 (%)



Source: FAO, Credit Suisse Research

Figure 3: “Do environmental concerns influence your spending decisions?” – most consumers surveyed claim they do

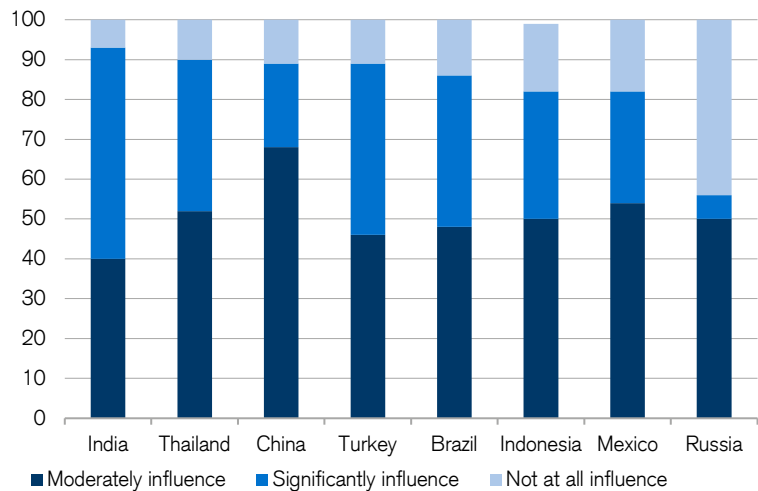
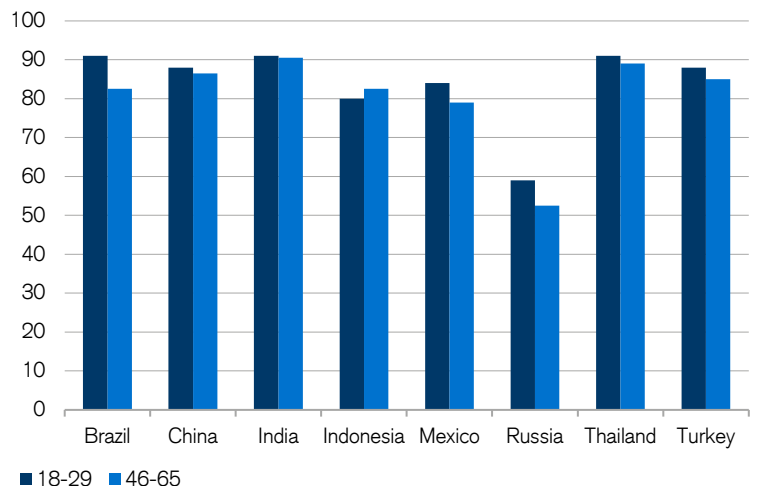


Figure 4: “Do environmental concerns influence your spending decisions?” – we see a minimal difference between younger and older consumers



Source Figures 3 and 4: Credit Suisse Emerging Consumer Survey 2021

Figure 5: “Do environmental concerns influence your spending decisions?” – both lower- and higher-income earners appear similarly engaged in environmental topics

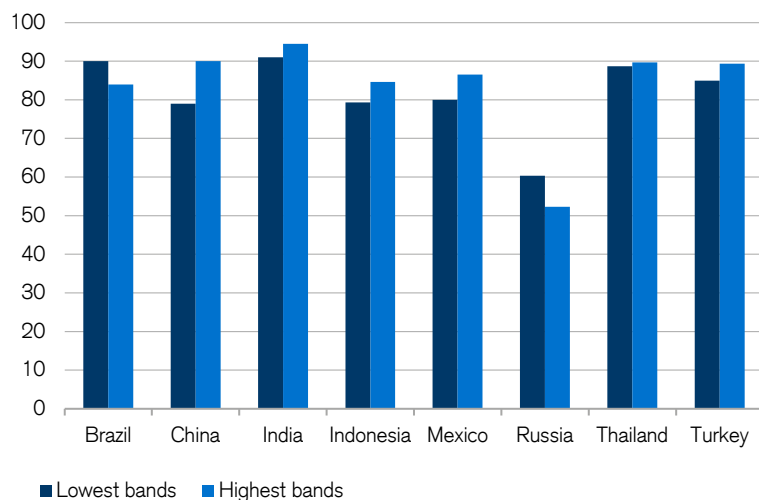


Figure 6: “Which activities or products are you becoming more worried about?”

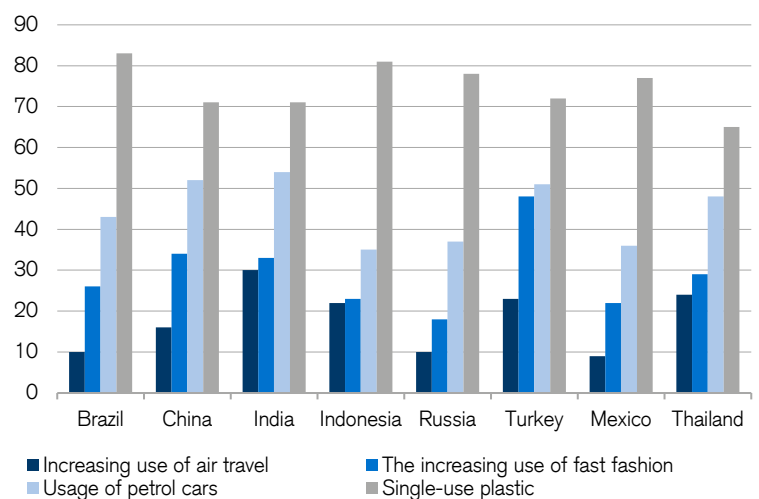
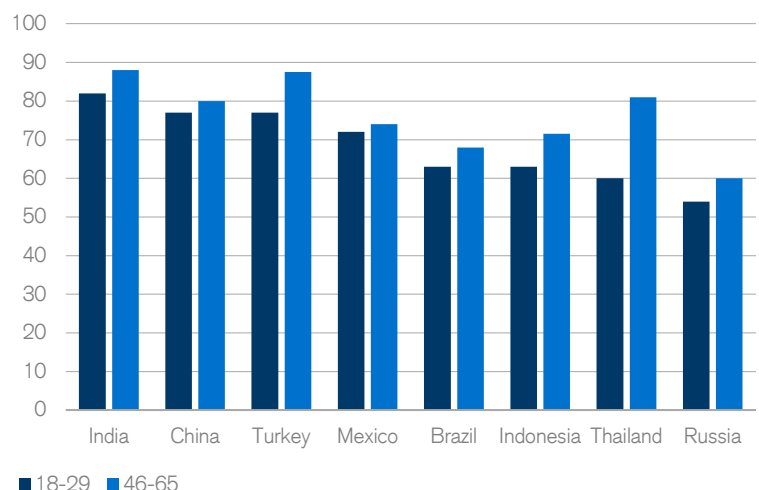


Figure 7: “Thinking of environmental issues, are you more likely to use EVs?”



Source Figures 5–7: Credit Suisse Emerging Consumer Survey 2021

matter significantly in relation to environmental concerns. There is a higher-income bias toward changed spending behavior due to environmental concerns in six of the eight countries surveyed; however, the difference with consumers at lower income levels is relatively small. In addition, in Brazil and Russia, we actually find that lower-income consumers are more likely to have changed their behavior.

Which areas could be impacted?

Having established that environmental concerns have an impact on the spending behavior of EM consumers, we also set out to understand what activities or products might be affected. For example, our survey shows that there is considerable support to address the issue of single-use plastics, i.e. disposable plastics. We also note that a significant share of consumers (around 40% or more in most countries) are becoming increasingly concerned about gasoline and diesel-powered cars. We believe this suggests that the overall demand outlook for sustainable alternatives to petroleum products could be very supportive going forward. One aspect worth flagging is that our survey also suggested a more general increase in car-buying appetite among consumers, perhaps due to COVID-19-related concerns in relation to using public transport. We do not believe that this counters our conclusions in relation to more sustainably conscious consumption because (1) we believe that these COVID-induced car buying intentions will fade once the pandemic eases, and (2) consumers are showing a marked increase in appetite for electric vehicles, as we show later.

Fast fashion was one of the products our consumers appeared to be less concerned about, even though it burdens the environment through chemical and water usage. When reviewing the answers by age, we found that the younger generation is only marginally more concerned about fast fashion than consumers aged 45 and older. This is interesting, in our view, given that we tend to associate fast fashion more with younger than older consumers. We do believe that if stricter regulation or supervision of the fast-fashion industry is introduced to address the related environmental concerns, this will have a greater impact on younger consumers and might then cause them to become more engaged in the topic too.

One possible reason for the general lack of concern about fast fashion could be the lack of focus on this issue by the broader media and/or governments, especially compared to the attention paid to petroleum products. If we are correct, this would suggest that consumer appetite for fast fashion could decline once governments become

more focused on the sector from an environmental perspective. Of course, one should bear in mind that the majority of employment related to fast fashion resides in emerging markets. A stricter focus on the industry in these countries might be politically more challenging if it were to result in declining employment prospects.

How might consumption change going forward?

To understand the degree to which emerging consumers are likely to shift to a more sustainable lifestyle going forward, we have also reviewed some more environmentally friendly products and services.

- Electric vehicles are likely to see strong growth: when asking our consumers whether they are likely to use electric vehicles more in the future, we find that a significant majority of respondents intend to do so. In fact, in countries such as China, India and Turkey, more than 80% of the consumers surveyed confirm they are likely to use electric vehicles more. Readers believing that this relates more to younger consumers are mistaken. Our survey indicates that the share of senior consumers who intend to use electric vehicles is higher than that of younger consumers.

“ Electric vehicles are likely to see strong growth

- Public transport may become more popular in the longer term: our survey results show that the COVID-19 pandemic has caused consumers to be more cautious about using public transport. The fear of catching the virus has clearly been the driver here. The question remains whether this is a structural or short-term phenomenon because a successful energy transition and the reduction of greenhouse gas emissions require a shift away from private car use to public transport among other things. This is particularly relevant in highly urbanized areas across developing countries considering that air quality levels can be very poor because of a mix of particle pollution, carbon monoxide, sulfur dioxide and nitrogen dioxide. When our

surveyed consumers were asked whether environmental concerns would cause them to use public transport more, we found that, in most countries, a majority of respondents indicated this would be the case. In other words, although COVID-19 caused them to become more cautious about public transport, this was offset by the prospect of worsening environmental conditions. The impact of COVID-19 is therefore likely to be only temporary, assuming that vaccination helps in defeating the pandemic.

- Bicycles as an alternative to cars and public transport? Given the environmental concerns about the use of gasoline and diesel-powered cars and the reluctance of some consumers to use public transport because of COVID-19,

Figure 8: A significant share of consumers intend to use public transport more because of environmental issues despite COVID-related concerns

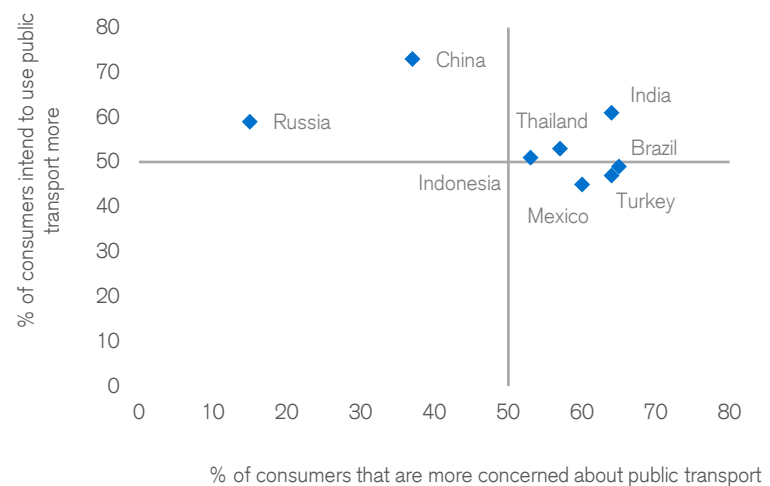
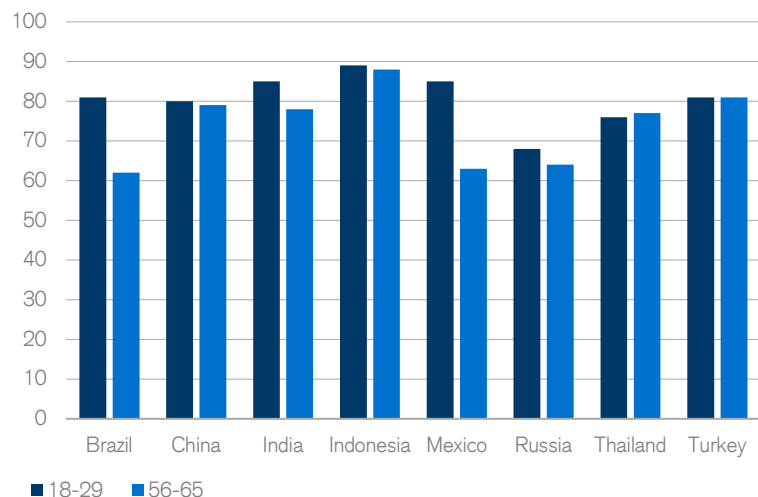


Figure 9: Percentage of consumers expecting to use bicycles more because of environmental concerns



Source Figures 8 and 9: Credit Suisse Emerging Consumer Survey 2021

we wanted to know whether other forms of environmentally and health-friendly modes of transport were considered by the consumers surveyed. The data suggest that this is indeed the case, especially in relation to bicycles.

- Given the increasingly urban world where consumers live in larger cities, we found that bicycles are likely to be the transport mode of choice as they are cheap and help to avoid parking or traffic jam issues, and they are a healthy form of exercise. Between 68% of consumers in our survey (Russia) and 88% (Indonesia) responded that they are likely to use bicycles more because of environmental concerns. Somewhat surprisingly, we also noted that senior consumers aged 56–65 did not show a significantly different

perception toward future bicycle use. Again, environmental considerations across emerging markets appear to be relevant and apply to all age groups.

“ Bicycles as an alternative to cars and public transport?”

Figure 10: Percentage of consumers (by income) who are willing to pay more for sustainable fashion brands

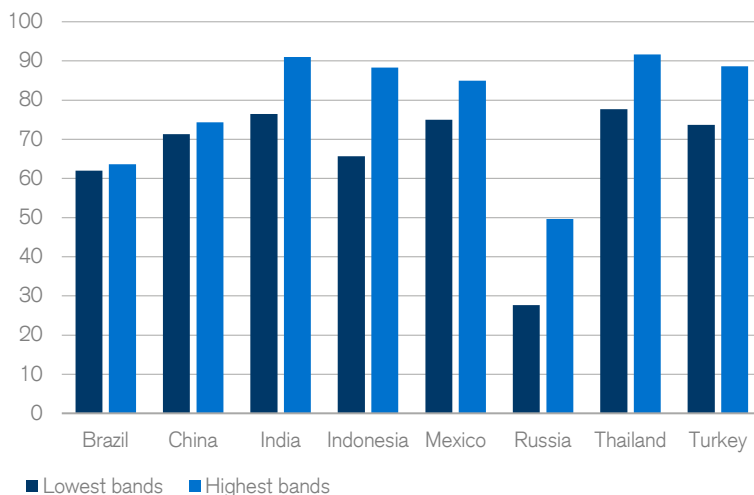
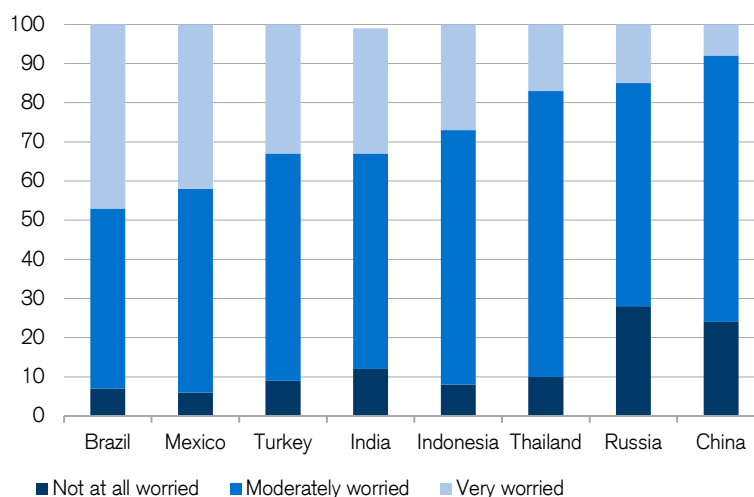


Figure 11: “How worried are you about your health because of COVID?”



- Walking as the clearest indication of a more sustainable lifestyle. The previous questions all involved transport modes that will cost consumers money if they intend to use them more due to environmental concerns. Given that a large share of people’s daily journeys are short-distance, we also asked whether walking will become more popular. In fact, over 80% of all consumers surveyed across all eight economies indicated they intended to walk more because of environmental concerns. The highest readings were recorded in Turkey (97%), Mexico (96%) and India (95%).

Consumers are actually willing to pay for sustainability

Our analysis so far suggests that EM consumers want to lead a more environmentally sustainable lifestyle. While this is admirable, some might argue that it will only happen if it does not cost consumers more money. We tested this argument by asking our consumers whether they are prepared to pay more for sustainable (environmentally friendly) fashion than for traditional garments. The answers very much suggest that the intention to become more sustainable is real and not just dependent on the price of products.

For example, we found that in all countries except Russia, more than 50% of consumers are prepared to pay more for sustainable fashion. Another positive feature, in our view, is that the readings for consumers with lower incomes are not significantly different from those in the top income brackets. More than 70% of low-income consumers in China, India and Mexico are prepared to pay more for sustainable fashion.

Source Figures 10 and 11: Credit Suisse Emerging Consumer Survey 2021

Health as indicator for sustainability

The COVID-19 pandemic has provided further strong support for the relevance of a healthy lifestyle. Good Health and Wellbeing is one of the 17 Sustainable Development Goals (SDG 3) established by the United Nations. Signs that EM consumers are adopting healthier lifestyles would suggest a greater likelihood that the targets associated with SDG 3 can be achieved. Our survey included a few questions that allow us to test whether such a trend is developing.

Consumers are worried about their health

We asked consumers whether the pandemic had made them worry about their health. Indicative of the perceived need for change is the fact that, in six out of the eight countries surveyed, just 6%–12% replied they were not worried. Even in the other two countries (China and Russia), the shares of "relaxed" consumers were 24% and 28%, respectively.

“
EM consumers want to lead a more environmentally sustainable lifestyle

In other words, a (very) high share of consumers surveyed indicated they were moderately or very worried about their health because of COVID-19, with consumers in Brazil and Mexico worrying most about their health. Brazil now has the most cases of coronavirus in South America. In the case of Mexico, we note that BMI levels for Mexican consumers are above average, suggesting that a higher-than-average share of its citizens are either overweight or obese. These conditions have been associated with a greater risk of extensive suffering when exposed to COVID-19.

Eating healthier is more popular than sport

Since EM consumers have become more worried about their health since the outbreak of the pandemic, the question is whether this has changed behavior at all. We asked consumers whether they had started eating healthier food and if they had started buying more sports equipment.

- Our survey results clearly show that consumers have started to eat healthier food since the start of the pandemic. We find that more than 50% of consumers in all the countries except Russia – both younger and older – have increased their consumption of healthy food. Countries that stand out here are India, Indonesia, Turkey and China.
- As far as sports equipment is concerned, we find that younger consumers on the whole have increased their spending on sports items, but not so much consumers aged 45–65. Countries with the greatest net positive share of young and old consumers saying that they have increased spending on sports equipment are China, Indonesia and Turkey.

Figure 12: “Has your spending on healthy food increased since the outbreak of the COVID-19 pandemic?”

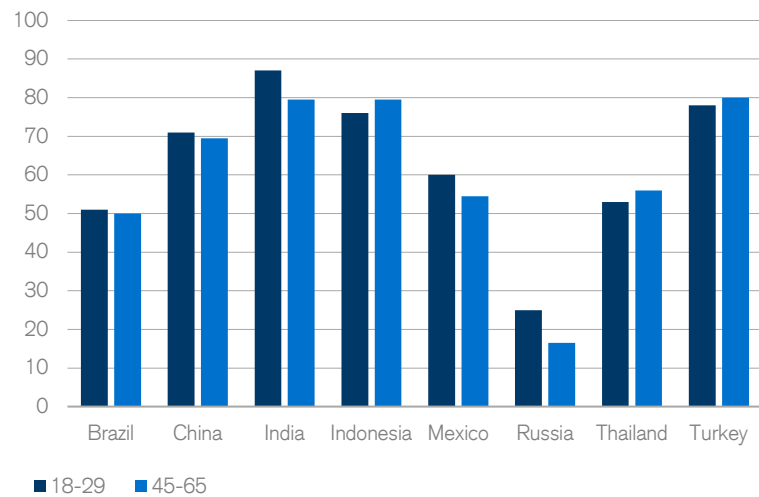
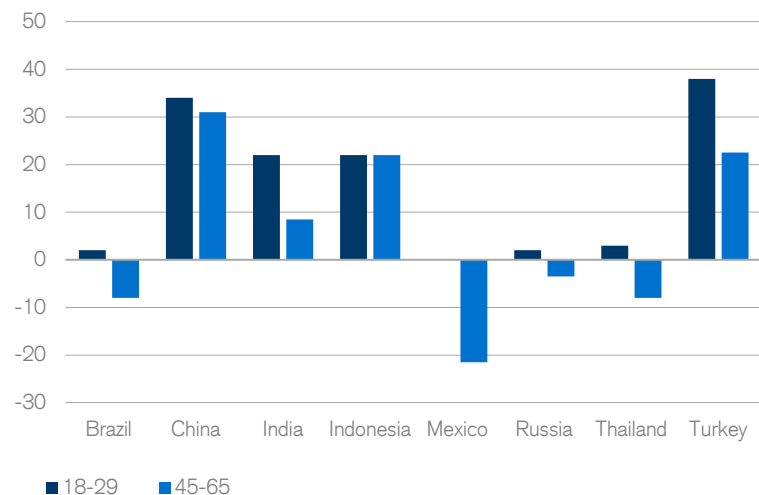
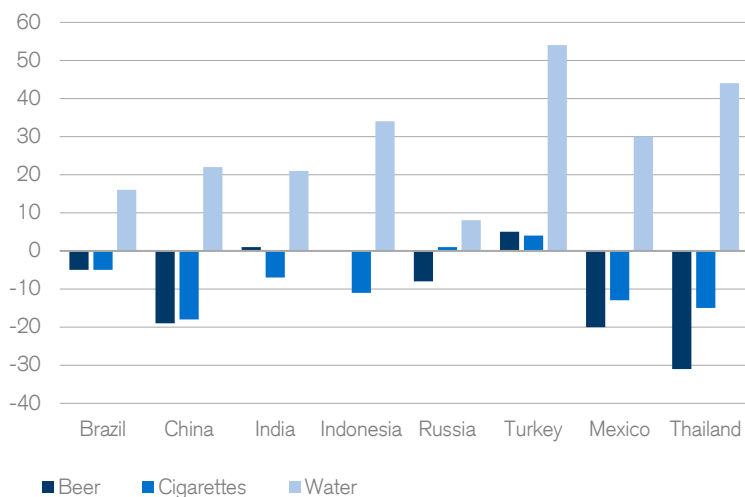


Figure 13: Net share of consumers who have increased their spending on sports equipment since the outbreak of the COVID-19 pandemic



Source Figures 12 and 13: Credit Suisse Emerging Consumer Survey 2021

Figure 14: Net percentage of consumers who will increase versus decrease spending



Source: Credit Suisse Emerging Consumer Survey 2021

The combination of eating healthier and spending more on sports equipment does suggest that EM consumers in most countries have adopted a greater focus on a more sustainable and healthy lifestyle. We believe this is also in line with the concerns these consumers have about environmental issues. Our survey allows us to perform a sanity check on the approach toward healthy living by reviewing the answers to questions related to future spending on products that are generally associated with a less healthy lifestyle, such as beer and cigarettes.

Figure 14 clearly shows that, across most countries, consumers are more likely to decrease their spending on beer and cigarettes and increase their spending on water. Turkey is the only country where we find a (small) net positive percentage of consumers who intend to increase spending on beer and cigarettes. Overall, however, these readings again confirm that EM consumers are on a path toward a more conscious lifestyle.

Table 1: Potential beneficial and disruptive influences

Theme	Potentially beneficial	Potentially disruptive
From petrol to EV	Electric vehicle manufacturers. Battery producers and their raw-material suppliers. EV infrastructure companies.	Traditional OEMs. Suppliers with a focus on internal combustion engines.
Alternative transport modes	Bicycle manufacturers. Transport infrastructure companies (rail/metro).	
Healthy living	<p>Companies exposed to healthy food:</p> <ul style="list-style-type: none"> Organic food Sugar free product producers Companies exposed to healthy drinks (water) <p>Exercise-related companies:</p> <ul style="list-style-type: none"> Sport and fitness equipment Gyms Sportswear manufacturers 	<p>Unhealthy food and beverage companies:</p> <ul style="list-style-type: none"> Processed food Food with high sugar, fat and salt content Alcohol exposed companies Cigarette manufacturers

Source: Credit Suisse Research

Sustainable disruption

We recognize that our survey has limitations with regard to drawing definitive conclusions about the outlook for consumer spending. Nevertheless, the readings suggest that a move toward a more sustainable, healthier and environmentally friendly lifestyle is taking place across our surveyed economies. These developments obviously benefit certain companies and sectors; however, it should be mentioned that they also carry disruptive influences for others. In the following table, we point to a few sectors that might be impacted if our survey is a fair reflection of future spending behavior across EMs. In future editions of our survey, we will revisit this topic to assess how disruptive the sustainably conscious EM consumer really is.

Sustainability spotlight: The Chinese consumer

David Murphy and Xiaoliang Wang

This year's Emerging Consumer Survey showed strong readings for consumers wanting to become more sustainable in what they buy and eat, and how they live. This section of the report draws on the insights of Credit Suisse's China Quantitative Insights (CQi) team, which specializes in conducting targeted surveys among Chinese consumers. Their analysis appears to corroborate our survey readings suggesting Chinese consumers are beginning to gravitate toward a more sustainable lifestyle.

Sustainability from the top down

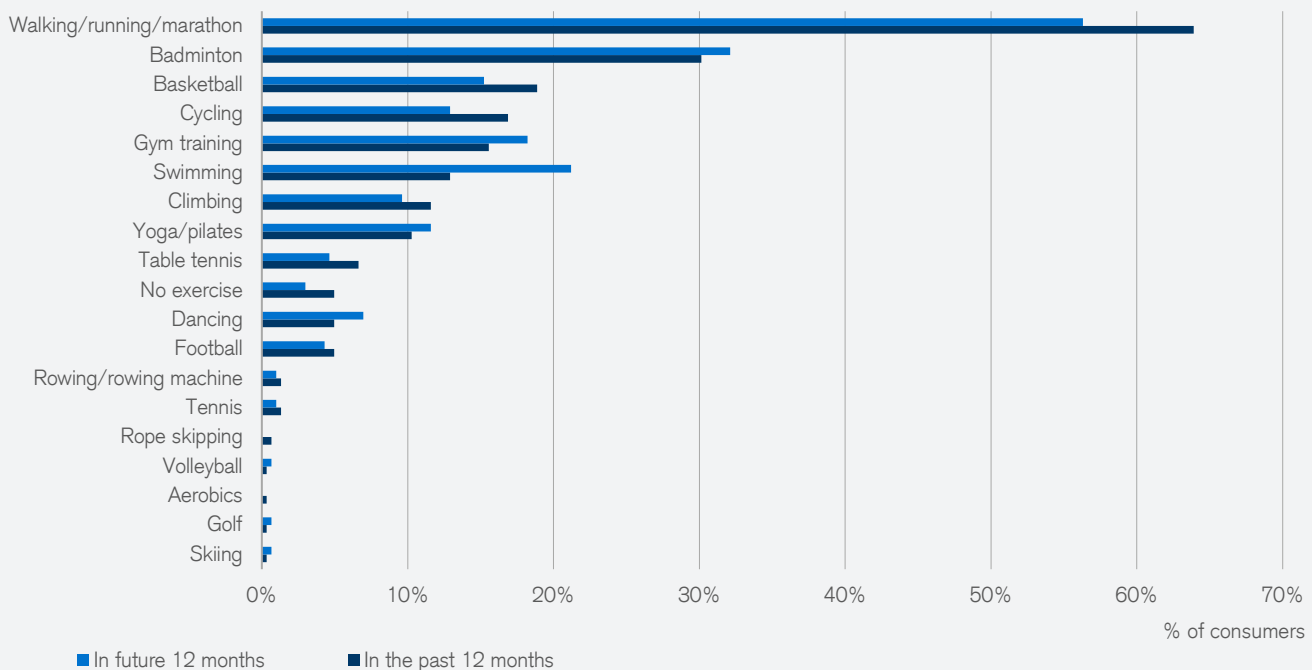
The need to address environmental issues in China is widely understood by the Chinese government. Environmental change in China is largely a top-down agenda driven by government policy that is now committed to reaching peak carbon emissions by 2030 and achieving net carbon neutrality by 2060. How this is to be achieved remains somewhat of an unknown. Furthermore, the implementation of new environmental policies often catches industry participants by surprise. For example, in January this year, none of the Chinese steel mills that CQi tracks believed a government goal of reducing national steel production year-on-year in 2021 was feasible. But then, within a few weeks, there

were several waves of enforcement in a key steel-producing region and the appointment of a new mayor in China's largest steel-producing city whose previous job was Head of the Provincial Ecology and Environment department. By early March, 60% of China's steel mills changed direction and now believe the government's targeted steel production cuts for this year are achievable.

A healthier, more active lifestyle

Away from the areas of industry and policy, Chinese consumers are taking matters into their own hands, beginning with personal health and fitness. In the CQi consumer monthly, healthcare is typically the second main concern after education.

Figure 1: "What kinds of physical exercise did you usually do in the past 12 months and what will you do in the next 12 months?"



Source: CQi

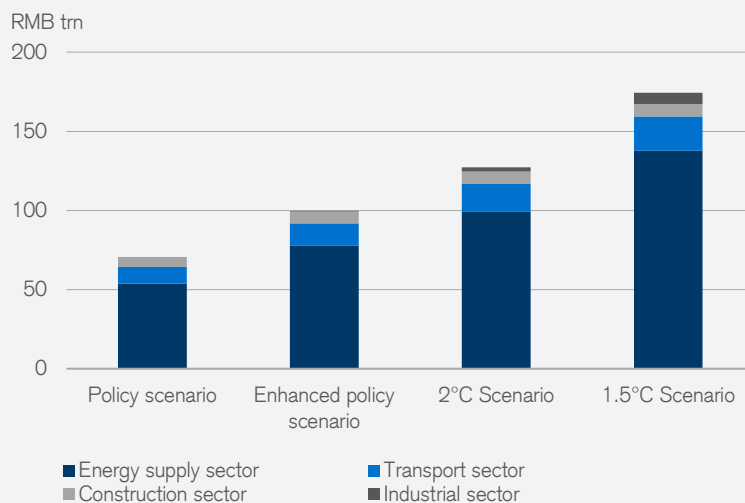
People are looking at ways to become fitter and healthier (see **Figure 1**). This resonates well with the results of our recent Emerging Consumer Surveys (both this year's and recent editions). Participation in outdoor fitness activities and events has mushroomed in recent years. Jogging is most popular, but fitness studio memberships and exercise classes have also become common for many young white-collar workers. With the Winter Olympics being held in Beijing next year, middle- and higher-income groups around northern China are trying out winter sports on the scores of newly created ski slopes in that part of the country.

Diet also matters. In a COi report on catering, over 30% of respondents said that cooking at home as a share of their total food spending will grow in the next three years, while only 16% expect a decrease in this ratio. One of the reasons behind this is that they believe cooking at home is cleaner and healthier. We also found that China's appetite for meat alternatives and substitutes is currently still low. While the relatively high cost is an issue, the main concern is that consumers think processed food is unhealthy. Meat eaters prefer fresh meat and vegetarians tend to choose fresh fruit and vegetables over artificially processed food.

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Chinese consumers
are taking matters
into their own hands

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New energy vehicle
sales have taken off
strongly this year
in China

Figure 2: Expected total investment needed under different scenarios between 2021 and 2050



Source Tsinghua University Institute for Climate Change and Sustainable Development

Chinese consumers are driving the sustainable transport agenda

In autos, new energy vehicle (NEV) sales have taken off strongly this year in China. According to COi surveys, the chief complaint of NEV makers is that demand is too strong. Despite the impact of COVID-19 on the economy, sales of NEVs rose 23% year-on-year in China in 2020, with industry participants expecting sales to grow an additional 38% year-on-year this year. According to the surveys, NEV buyers are typically several years younger than buyers of traditional internal combustion engine cars. NEV cars are seen as modern and tech-laden, which is the main attraction for buyers in China. This may seem counter-intuitive compared to some other markets where the move to green vehicles is in part propelled by concerns for the environment. But if the journey is different, at least the destination is the same and we believe environmentally friendly cars are set to dominate new sales in China by the end of this decade.



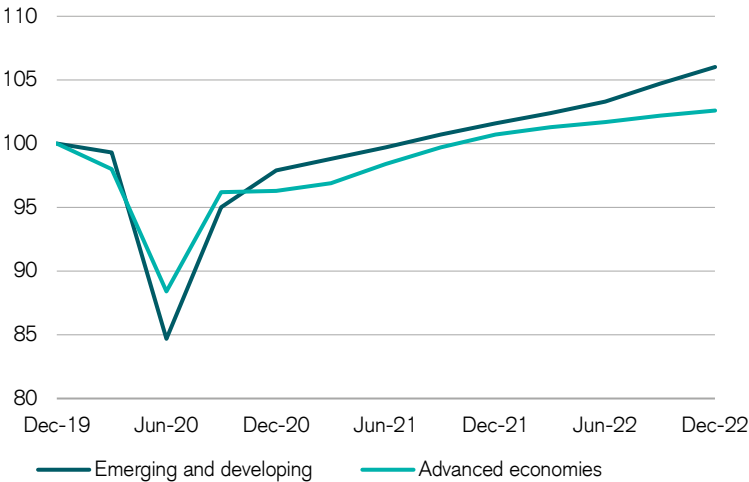
Photo: GettyImages, Thomas Barwick

Global consumption: Rebalancing delayed not derailed

Anais Boussie, Richard Kersley

Our Emerging Consumer Survey provides bottom-up grounds for optimism in 2021, but what damage has been done to structural growth in emerging economies? The COVID-19 crisis has been the biggest growth disruptor globally since World War II and its impact has been more acute on emerging economies than developed economies. We believe the emerging consumer is still on track to play a key role in tomorrow's world. In our view, the pandemic has delayed, but not derailed the growth-rebalancing act between developed and emerging markets. Key structural factors such as young and dynamic demographics, higher urbanization and the emergence of a growing emerging-consumer middle class should support higher growth in emerging economies. However, it will probably take a few years before emerging countries revert to their pre-pandemic growth trends.

Figure 1: Growth has suffered due to COVID-19
World Economic Outlook Forecast for advanced economies and emerging market and developing economies (Index, 2019: Q4 = 100)



Source: World Economic Outlook, 2021 Update, International Monetary Fund (IMF)

Key structural factors in emerging economies

We believe key structural factors will support higher growth in emerging economies in the coming years. **Figure 1** shows the actual and expected growth rates for emerging and developing countries versus advanced countries from end-2019 to end-2022 according to the International Monetary Fund, and how the impact of the global pandemic has been greater on emerging economies than developed economies

Figure 2 overleaf shows the consumption share of global GDP for the eight selected countries in our survey and for the Group of Six (G6) countries (France, Germany, Italy, Japan, the UK and the USA). Between 1990 and 2019, the consumption share of selected countries has more than doubled from 10% to 24%, while it has eased in developed countries (G6) from 64% to 47%. We believe these trends will continue in the years to come. In our view, good demographic dynamics and higher

urbanization rates, combined with the emergence of the middle class will continue to positively contribute to consumption growth in emerging countries. Meanwhile, stagnant demographics and low income growth are likely to reduce the consumption share of developed countries.

Strong demographic dynamics in emerging countries

Demographic dynamics are more favorable in emerging countries than in the developed world. **Figure 3** shows how the United Nations forecasts negative population growth for the more-developed economies in 2050–55, and positive population growth for less-developed regions.

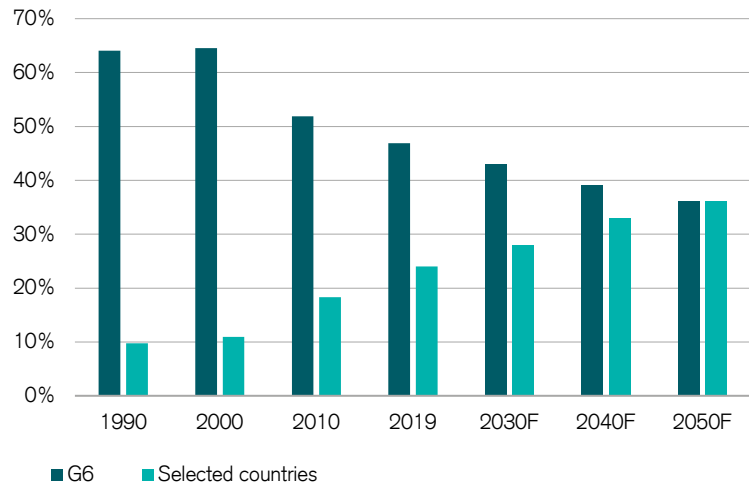
What drives these differences?

Population growth is a combination of natural population change (births minus deaths) and migration (number of people coming into a country). High population growth is achieved through high fertility rates and/or migration flows, which in turn increases the size of the working-age population and the number of consumers. In **Figure 4**, we have broken down population growth between natural population change and net migration for both developed and less-developed regions. Migration is currently the only contributor to population growth in developed countries.

Demographic dynamics are more favorable in emerging countries

Meanwhile, in developed regions, natural population change is the only positive contributor to population growth. **Figure 5** shows the fertility rate in less-developed countries is forecast at 2.5 in 2020–25, above the replacement rate (2.1) and positively contributing to population growth. In more-developed countries, the fertility rate (1.6) is already below the replacement rate, which explains the decline in natural population change. From the selected country list, the United Nations projects that Russia and Indonesia will have the highest fertility rates in 2050–55.

Figure 2: Consumption share (as a % of total consumption): G6 versus selected EM countries



Selected countries: Brazil, China, India, Indonesia, Mexico, Russia, Thailand and Turkey
 G6 countries: France, Germany, Italy, Japan, the UK and the USA
 Source: World Bank, Credit Suisse Research

Figure 3: Population growth (%)

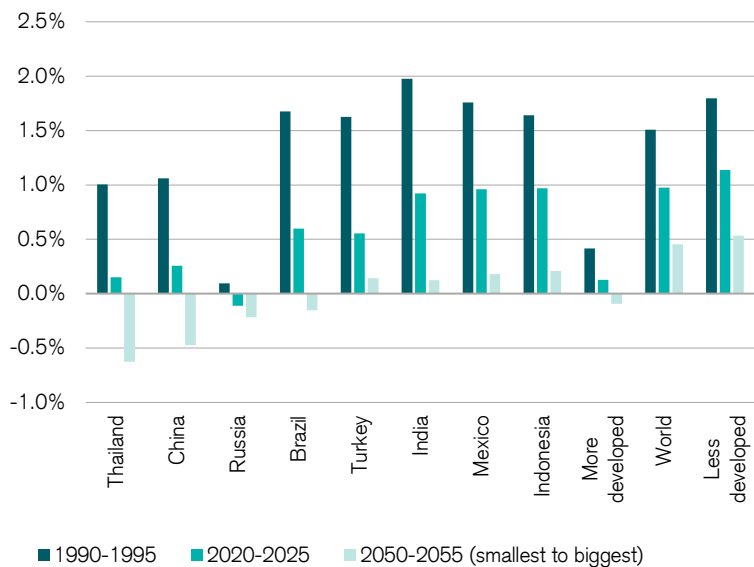
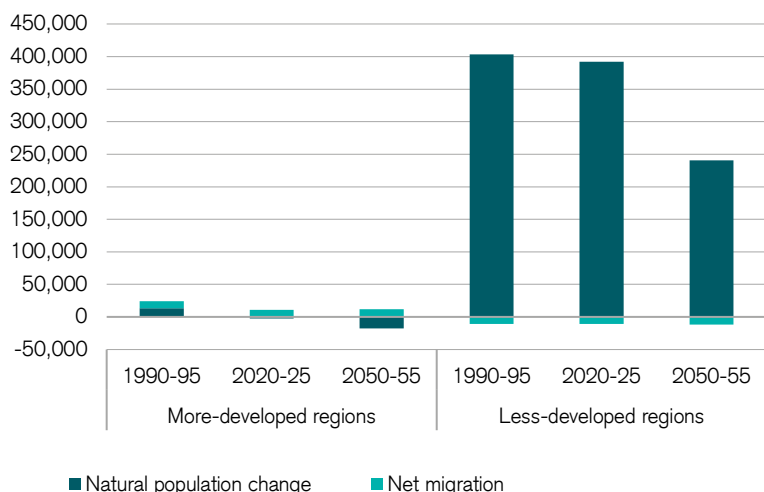


Figure 4: Population growth decomposition ('000)



Source Figures 3 and 4: Credit Suisse Emerging Consumer Survey 2021

Figure 5: Fertility rates (number of children per woman)

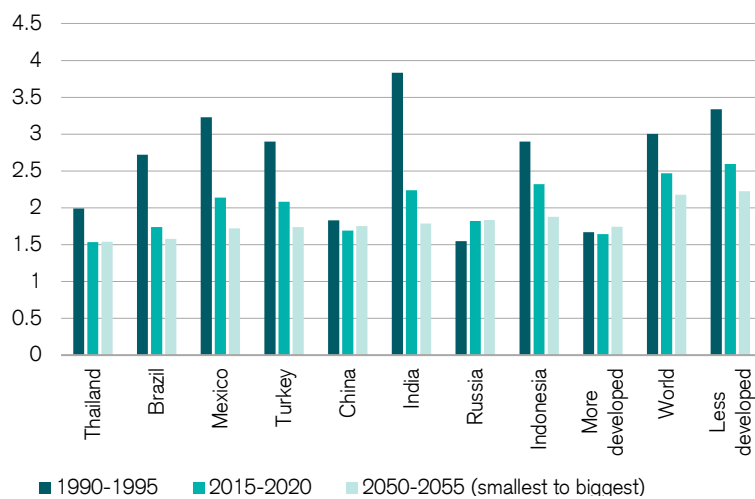


Figure 6: Life expectancy at birth

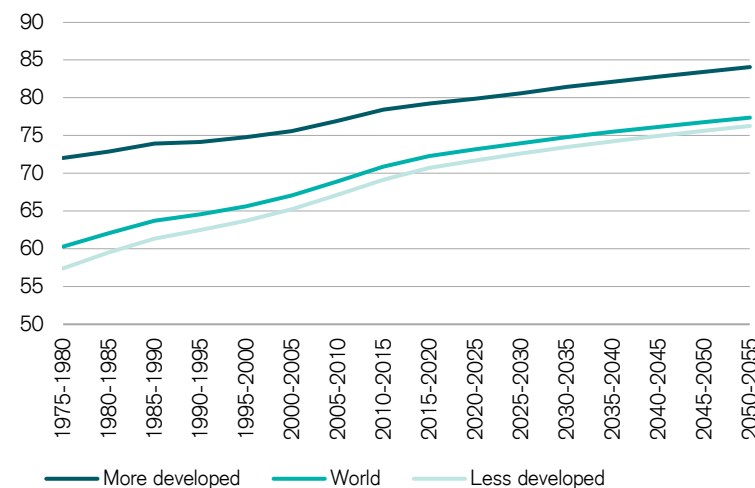
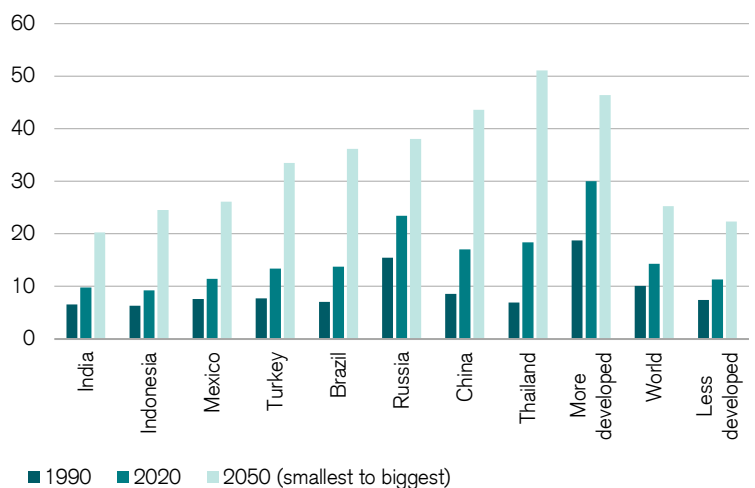


Figure 7: Old age dependency ratio (%)



Old-age dependency ratio is the number of persons 65 years and over per one hundred persons 15-64 years.
Source Figures 5-7: United Nations Population Prospects 2019

What does it mean for consumption?

Emerging countries have far more dynamic demographics than developed ones due to still-high fertility rates. Positive population growth should offer a solid underlying consumer base. Conversely, with fertility rates already below the replacement rate, population growth in developed countries now depends solely on migration. Unless developed countries conduct policies to promote migration, the consumer base in developed markets will likely shrink in the coming years.

Low old-age dependency ratio in emerging countries

Population around the world is growing older, especially in developed countries where life expectancy has increased significantly in the last few decades as shown in **Figure 6**. An aging population bears fiscal costs (pensions, healthcare, etc.), which can weigh on public expenditure and lead to a higher level of debt, especially if population growth stagnates/declines. In turn, this becomes negative for consumption as the costs of aging weigh on workers/consumers.

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Population around the world is growing older, especially in developed countries

Figure 7 shows the old-age dependency ratio (the ratio of those 65+ to those between 15 and 64 years of age). Aging in developed countries is already weighing on public spending and this trend should increase as the old-age dependency ratio continues to rise. In developed countries, this ratio is rising for two reasons: first, the population is aging, and second, fertility rates are low, which means the share of people aged 15-64 years is declining. So far, this is a much smaller problem for less-developed economies. However, in our selected country group, it will eventually become an issue, especially in countries like China, Russia and Brazil.

What does this mean for consumption?

A higher old-age dependency ratio will have greater negative consequences on consumption in developed countries given the large fiscal cost they will bear. Demographics dynamics will also affect the composition of consumption as an older population will have different needs and wants compared to a younger one.

Population and working-age population

In **Figure 8**, we show working-age population (15–64 years of age) as a share of total population. In developed countries, this ratio is expected to fall sharply in the coming years (68%–62% from 2020 to 2050). The main reason is that the developed countries' baby-boomers generation (born between the 1940s and 1960s) is leaving the working-age population cohort without being replaced by young workers (as fertility rates are so low in developed countries). In emerging countries, this ratio is also likely to decline but at a much slower pace, assuming fertility rates continue to remain above the replacement rate.

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A bigger working-age population cohort gives emerging markets a comparative advantage

What does this mean for consumption?

Workers are consumers. A bigger working-age population cohort gives emerging markets a comparative advantage in terms of consumption as there are more working-age individuals contributing to per capita income.

Urbanization trends in emerging markets

Urbanization has been and will remain one of the most important drivers of consumption growth. While there is still a gap between the urbanization rates of more- and less-developed countries, this gap is declining fast as less-developed countries are catching up (see **Figure 9**). More and more people in emerging countries have been moving from rural to urban

Figure 8: Working-age population as a share of total population (%)

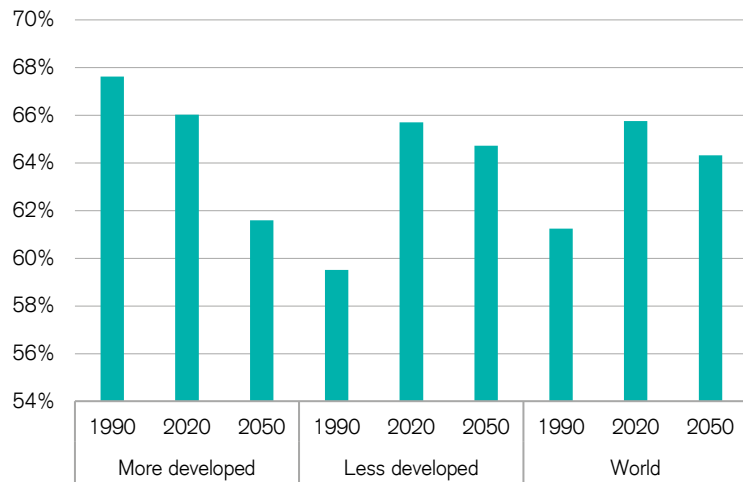
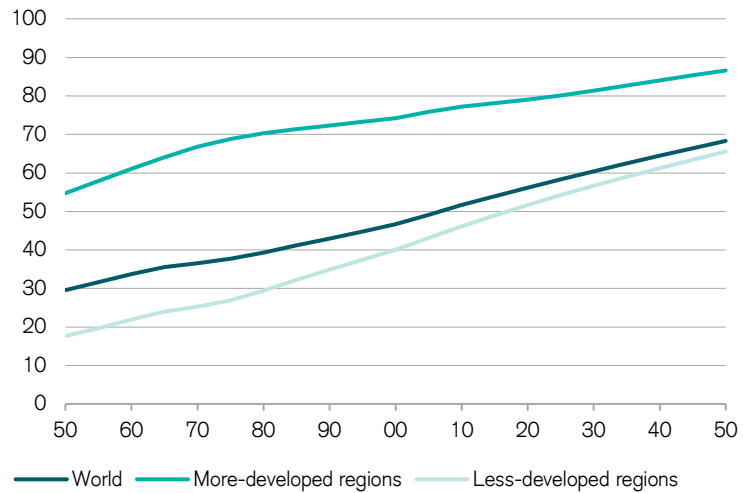


Figure 9: Urbanization rates



Source Figures 8 and 9: United Nations World Urbanization Prospects 2019

Figure 10: Infrastructure quality correlated positively with economic development



Source: WEF, IMF, Credit Suisse

Figure 11: Change in gross income (%)

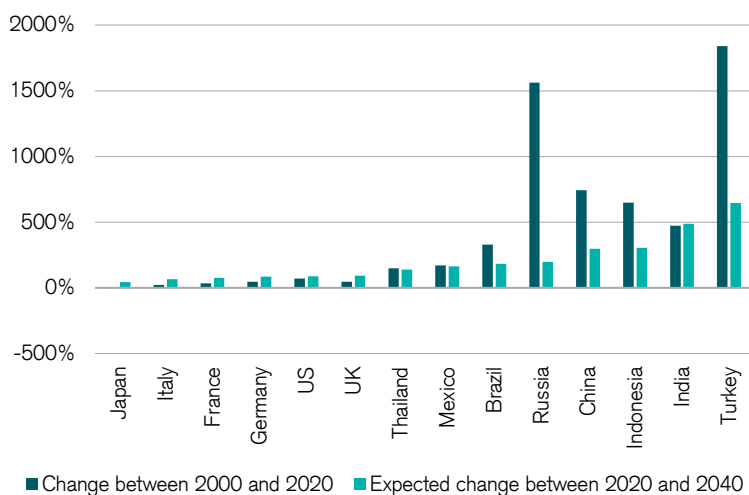
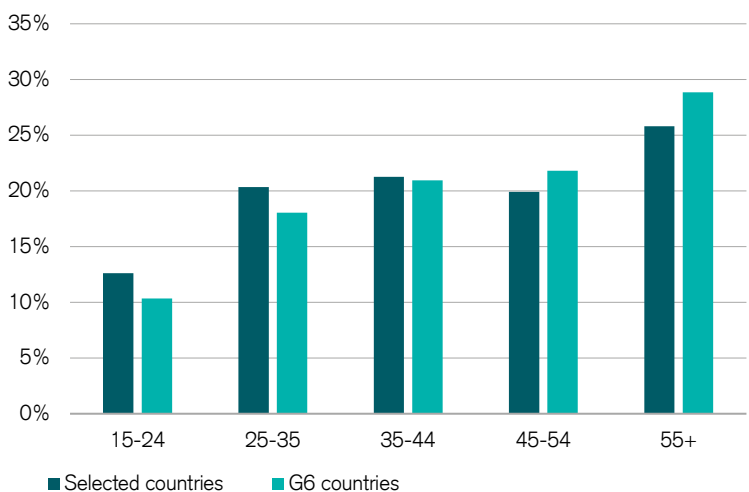
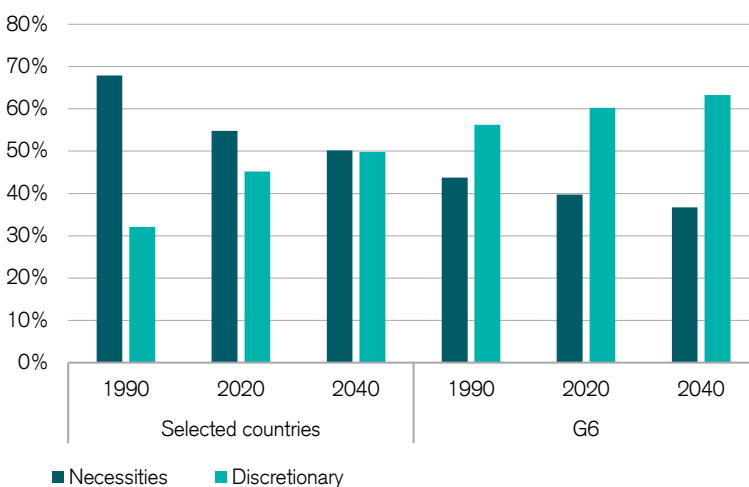


Figure 12: Share of gross income by age group (%) in 2021



Selected countries: Brazil, China, India, Indonesia, Mexico, Russia, Thailand and Turkey
 G6 countries: France, Germany, Italy, Japan, the UK and the USA

Figure 13: Consumer expenditure breakdown



Selected countries: Brazil, China, India, Indonesia, Mexico, Russia, Thailand and Turkey
 G6 countries: France, Germany, Italy, Japan, the UK and the USA
 Source Figures 11–13: Euromonitor, Credit Suisse

areas to seek better jobs, social services and a better quality of life overall. As such, the pace of urbanization is rapidly growing in emerging markets and, given that they have a greater urbanization potential, both GDP per capita and consumption should benefit as an increase in people living in urban areas creates positive externalities and innovation potential, which is likely to attract companies and businesses, and have a positive impact on labor markets. **Figure 10** shows how infrastructure quality correlates well with GDP per capita.

Rising income in emerging markets

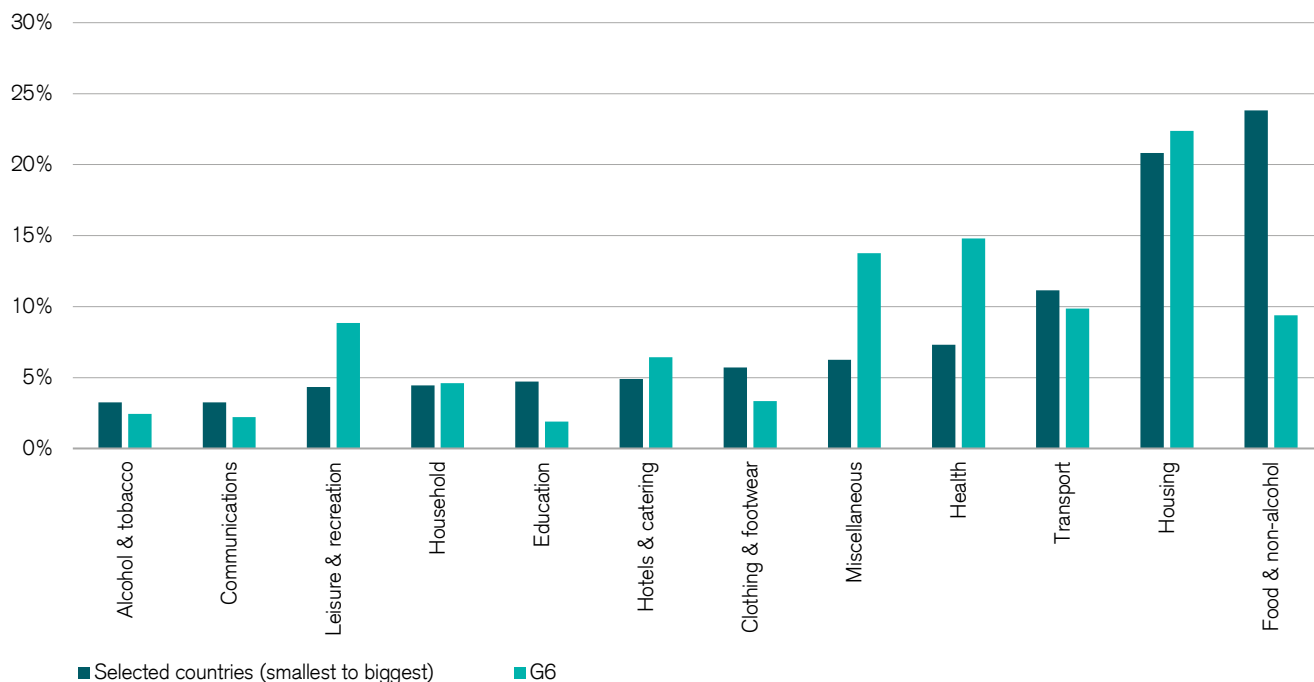
In the past decades, ultra-low-income earners have gradually become middle-class earners in emerging markets. **Figure 11** shows how gross income has grown at remarkable rates in the past 20 years, albeit starting at a much smaller base than in developed countries. In our list of selected countries, gross income has grown by more than 1500% in both Turkey and Russia.

Going forward, as emerging countries become wealthier, their consumption share should also increase and catch up with more developed countries. One key consideration is the distribution of income by age group. **Figure 12** shows that the income/age distribution varies among selected and G6 countries. In the latter, the bulk of the income is held by older people, who have the highest purchasing power, while the share of income held by younger adults in emerging countries is higher than in developed ones. This difference in income distribution has important implications for the composition of consumption.

Impact on consumption

The upward trajectory in income and the higher share of urbanized consumers in emerging countries has triggered a shift in the mix of spending. **Figure 13** shows how spending on necessities such as food and clothing has dropped 15% between 1990 and 2020, giving way to discretionary spending (recreation, health, etc.), which has increased by the same amount. We expect this trend to continue gathering pace in the coming years. A good proxy is the spending dynamic in developed countries. **Figure 13** also shows how the share of discretionary items has increased and is projected to gain more and more traction in the coming years. Hence, as emerging countries become wealthier, there should be ample scope for discretionary spending to catch up and converge toward the share of discretionary spending in developed countries. Indeed, it can be seen in this year's Emerging Consumer Survey that the discretionary

Figure 14: Consumption expenditure by categories (%) 2020



Selected countries: Brazil, China, India, Indonesia, Mexico, Russia, Thailand and Turkey
 G6 countries: France, Germany, Italy, Japan, the UK and the USA
 Source: Euromonitor, Credit Suisse

spending categories stand out with the strongest spending intentions versus the more staple items in keeping with this macro direction of travel, and despite the impact of the pandemic.

These trends carry important implications for consumption-producing goods and services, especially if companies assess consumer behavior correctly and position themselves accordingly. Age is another important factor for the structure of consumption. Young people are usually more inclined to spend on housing, communication, transport, and such, while older people are more likely to spend on health, high-end apparel, sports, entertainment, leisure activities, etc. Understanding demographic dynamics will thus help better forecast consumption behavior (see **Figure 14**).

Wealth accumulation

While we focus on income progression here and related dynamics, we would signal that considerable wealth accumulation is at the same time taking place and effectively reinforces the overall theme of rebalancing. As detailed in the 2020 Credit Suisse Global Wealth Report, China has now become the second single biggest pool of household wealth by country at close to USD 80 trillion, having risen more than 20-fold since the start of the century or 14-fold in terms of wealth per adult. Wealth per adult in India has seen compound growth rates of close to 10% over the

same period. As **Figure 15** highlights, wealth has also bounced back quickly and, according to the Global Wealth Report, wealth growth in emerging markets is projected to continue to outstrip that in the West. The authors project that, by the end of 2021, wealth in India and China should be 15%–10% above pre-pandemic levels. Hence there is wealth and income support for consumption.

Concluding remarks

While it may take a few years before emerging countries revert to their pre-pandemic growth trends, the pandemic has delayed, but not derailed the growth-rebalancing act between developed and emerging markets. Dynamic demographic trends, rising urbanization rates and rising income and wealth have the potential to both increase consumption in emerging markets and drive a shift in its mix to discretionary spending from more staple items.

However, these factors will need to be accompanied by efficient infrastructure, technology, healthcare and education advances to fully capitalize on their potential. Progress will likely be different from country to country and the countries themselves conceal considerable differences and inequalities. For investors, however, identifying opportunities and including emerging markets in portfolio asset allocations can offer significant rewards.

Figure 15: Relative change in wealth per adult by region, 2020–21 (USD, December 2019=100)

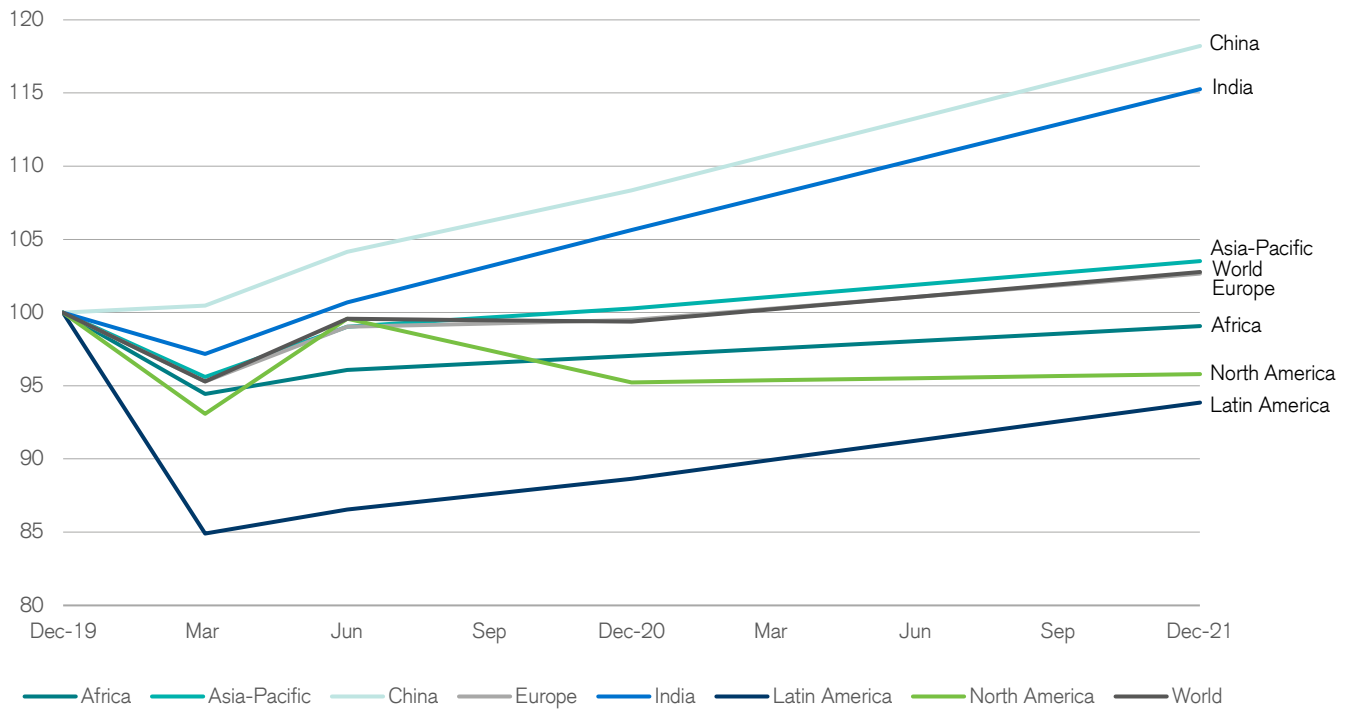
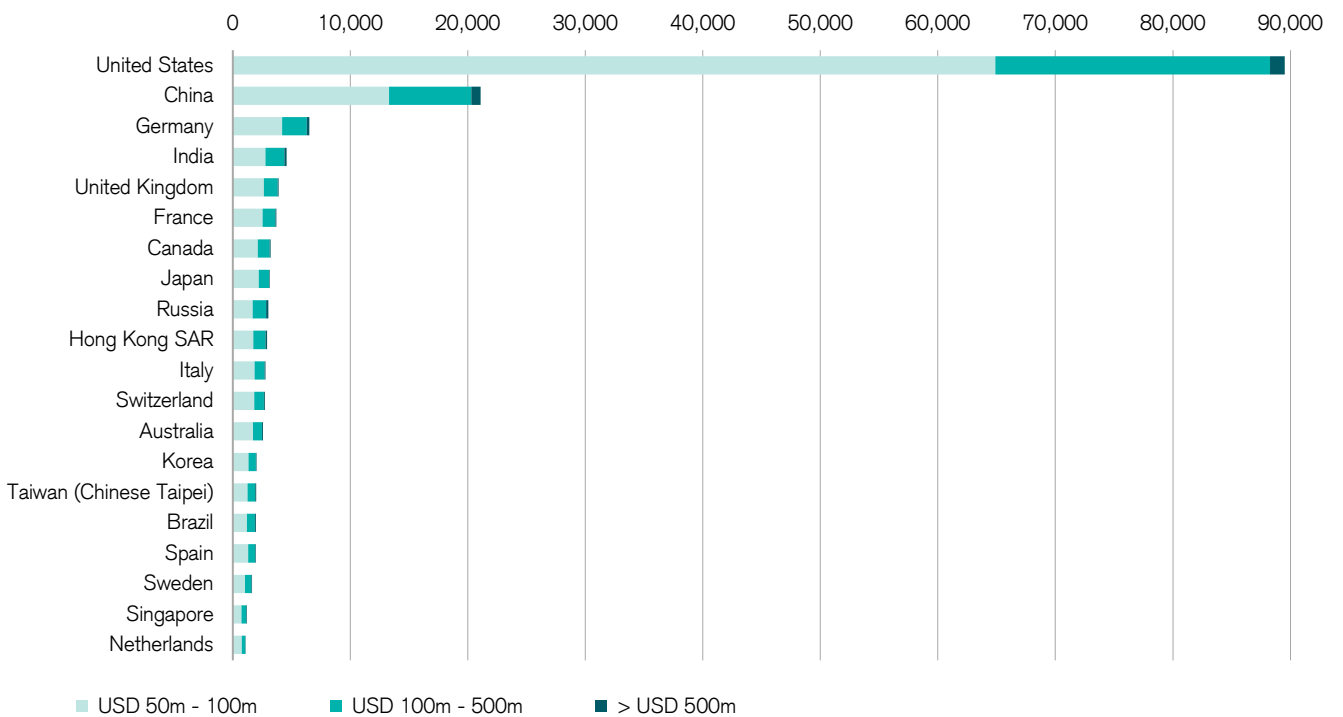


Figure 16: Ultra high net worth individuals end-2019, top 20 countries



Source Figures 15 and 16: Credit Suisse Global Wealth Report 2020



Photo: GettyImages, sarote pruksachat

Emerging consumer survey: Country themes

In the following chapter, our analysts illuminate some of the attitudes, anxieties and sources of optimism that have emerged from a truly unprecedented year. The dominant consumption theme spanning our survey countries has been growth in the digital economy, from online retail to an increase in online education. Global lockdowns appear to have expedited nascent structural trends, which seem unlikely to reverse with the decline of the virus. The second overarching theme is an increased cognizance of health issues. It is unsurprising that state messaging and drastic changes to social norms have instilled a heightened sense of personal hygiene. The final broad trend to note is the significant level of pent-up demand for discretionary purchases.

Summary of macro forecasts and key survey indicators by country

Statistics	Brazil	China	India	Indonesia	Mexico	Turkey	Thailand
GDP (2020E in USD bn)	1,404	14,716	2,530	1,080	1,059	707	508
GDP per capita (2020E, USD)	6,631	10,429	1,868	3,879	8,290	8,470	7,194
Population (2020E)	211.8 m	1,411 m	1,381.6 m	273.8 m	127.8m	83.5 m	69.8 m
CPI inflation (2020E)	4.3%	0.0%	6.6%	2.0%	3.2%	14.6%	-0.8%
CPI inflation (2021F)	4.0%	2.6%	4.5%	1.9%	3.8%	12.2%	3.5%
CPI inflation (2022F)	3.5%	1.1%	4.5%	2.6%	3.5%	10.3%	1.2%
Real GDP growth (2020E)	-4.3%	2.2%	-7.0%	-2.0%	-8.8%	1.5%	-6.1%
Real GDP growth (2021F)	4.0%	7.1%	10.0%	4.6%	3.0%	3.4%	4.1%
Real GDP growth (2022F)	2.9%	5.2%	6.0%	7.1%	2.7%	4.1%	5.9%
Real private consumption growth (2020E)	-4.4%	1.8%	-9.1%	-2.7%	-10.3%	1.5%	-1.0%
Real private consumption growth (2021F)	4.1%	8.2%	11.4%	3.4%	3.2%	0.7%	4.4%
Real private consumption growth (2022F)	3.3%	5.7%	6.3%	8.2%	2.7%	0.7%	4.0%

E = estimate; F = forecast

Sources: Brazil: IBGE, Central Bank of Brazil, Credit Suisse; China: National Bureau of Statistics, People's Bank of China, CEIC, Credit Suisse; India: Oxford Economics; Indonesia: Oxford Economics; Mexico: INEGI (government statistics agency), Banco de Mexico, Ministry of Finance, Credit Suisse; Turkey: Statistics Office, Central Bank, Treasury, IMF, Credit Suisse; Thailand: Oxford Economics

China

Kenneth Fong, Tony Wang and Jesalyn Wong

Consumer resilience, with growth in online consumption and health products

Despite the unprecedented challenges brought about by the pandemic, China's consumption has demonstrated resilience and seen a continued recovery since March 2020. The recovery has been underpinned by strong government support and the effective containment of the virus, which has led to a rapid recovery of the economy and a gradual normalization of consumer activities.

The unprecedented pandemic has not only triggered radical changes in consumer behavior (e.g. e-grocery and rising health consciousness), but also the strong pent-up demand for travel, leisure and dining out suggests most of the activity will eventually return to pre-virus levels. Finally, the widening wealth gap and increased income inequality suggest more measures are needed by the government to boost mass-market consumption, as part of China's new "dual circulation" economic strategy.

Structural changes to online consumption

In early 2020, the pandemic-led lockdowns fueled the growth of internet services across almost all categories, ranging from online grocery shopping, livestreaming and short videos to online education. Now, with COVID-19 more effectively suppressed in China and vaccines being rolled out, our survey suggests the increased adoption of these services will continue, indicating structural changes and the lasting effects that COVID-19 has brought to consumer behavior. The three key structural changes we have noted are the rise of e-grocery, the growing popularity of online games and increased acceptance of online education services.

First, on the e-grocery front, 70% of survey respondents have increased online grocery shopping since the beginning of the pandemic and nearly half of them will continue to do so over the next 12 months. Meanwhile, beyond traditional e-commerce apps, 85% of the lowest-earning respondents are using mini-programs to buy food, beverages and groceries. This coincides with the emergence of a community group purchase model in China, which provides a more economical and convenient grocery shopping experience, mainly via mini-programs, to price-sensitive consumers.

Second, 57% of consumers have installed more games on their phones and 58% are spending more time on games since the beginning of the pandemic. People in different cities who belong to a variety of income brackets are showing a similar trend, indicating mobile games are becoming a pastime across the board and attracting more players from previously underpenetrated or untapped consumer groups.

Figure 1: Respondents' online grocery shopping as a result of the pandemic

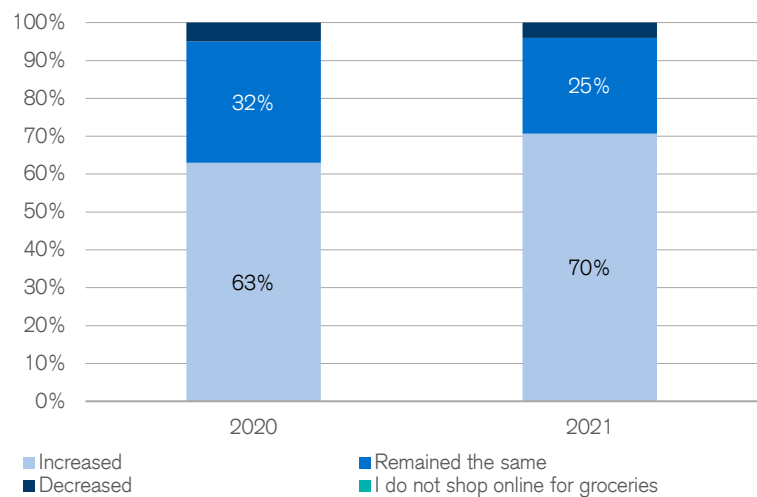
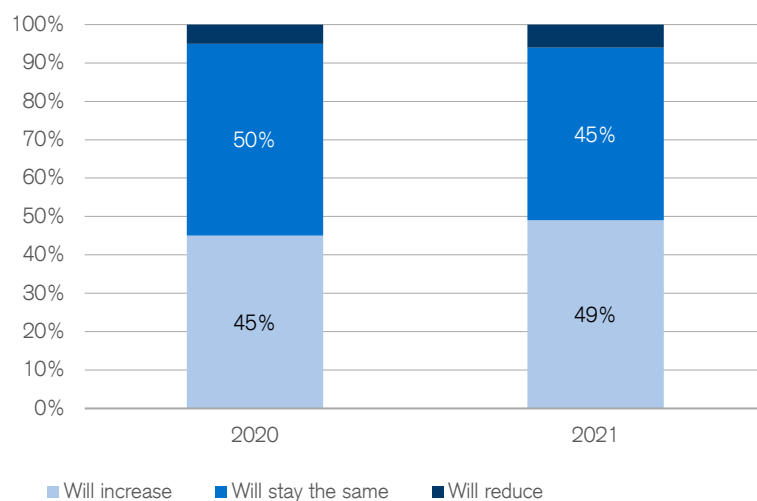


Figure 2: Intentions regarding online grocery shopping over the next 12 months



Source Figures 1 and 2: Credit Suisse Emerging Consumer Survey 2021

Figure 3: Respondents' usage of online education as a result of COVID-19

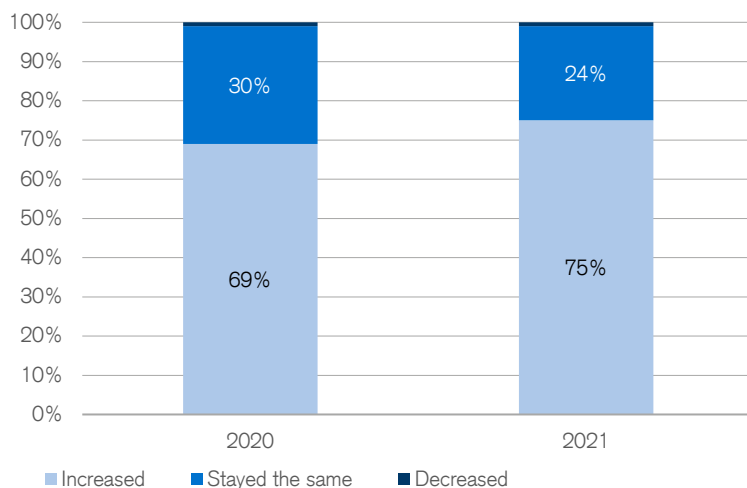


Figure 4: Intentions regarding online education over the next 12 months

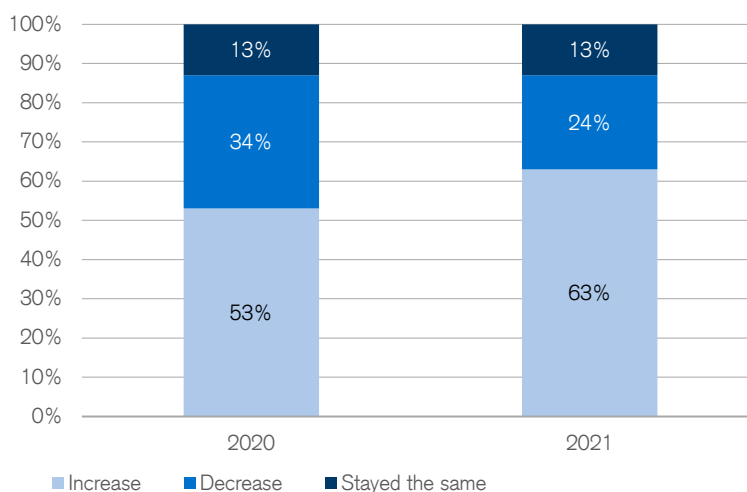
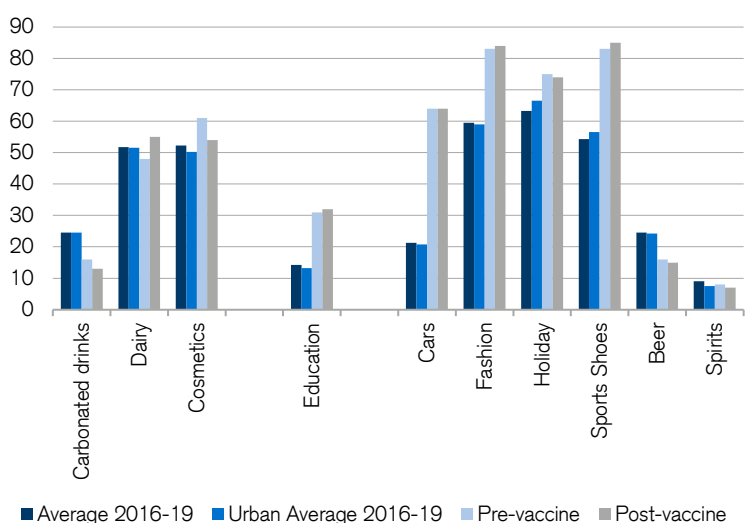


Figure 5: Purchase intentions for the next 3–12 months



Source Figures 3–5: Credit Suisse Emerging Consumer Survey 2021

Finally, taking education services as an example, we note a larger proportion of consumers are using online education services, implying a more receptive mindset toward online formats. Before the outbreak of the pandemic, the penetration of online education was much lower than other activities such as e-commerce or social networking, as consumers, especially parents, preferred physical classes. With COVID-19 sweeping the nation in the first half of 2020, the penetration of online education soared, driven by the closing of schools as well as significant efforts by online education companies to attract new customers. As such, our survey found 75% of respondents increased their usage of online education services due to the pandemic, while 63% expect the trend to continue in the next 12 months. Looking forward, as China gradually recovers from the impact of the pandemic, we expect the adoption of internet services to continue and a hybrid model of online/offline services to persist.

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We expect the adoption of internet services to continue and a hybrid model of online/offline services to persist

Increasing health-consciousness beyond COVID-19

Increasing health consciousness is another theme we have noticed during the pandemic that we expect to continue. According to the survey results, respondents' purchase intentions for dairy products and sports shoes saw a notable increase compared to pre-vaccine levels, while consumption sentiment in regard to carbonated drinks and liquor remained largely stable.

For sportswear, the proportion of consumers planning to purchase sportswear over the next 12 months has increased significantly from 59% in 2017 and 51% in 2018 in a pre-COVID environment to 83% in 2020 and 85% in 2021. By age group, 87% of post-1990s consumers are planning to buy sportswear over the next

12 months, higher than 81% for ages 46–55 and 78% for ages 56–65. Meanwhile, leading sportswear brands have been shifting sales toward direct-to-consumer (DTC) channels amid the rapid increase in online shopping. Our survey indicated that the proportion of respondents buying branded goods from online channels has increased from 42% in 2020 to 45% in 2021, suggesting a secular shift post-pandemic. While the online channel has been dominated by younger consumers, we are starting to see older consumers increase their online purchasing. For ages 56–65 and 46–55, there was a five-percentage-point increase year-on-year in the online adoption rate to 39% and 43%, respectively, in the 2021 survey.

Cosmetics demand has also seen a solid rebound, with 81% of the respondents having purchased cosmetics over the past three months, much higher than 62% in 2018 and 66% in 2017. Notably, the number of male respondents that have purchased skincare has increased meaningfully from 43% in 2018 to 71% in 2021, more than the increase in female respondents from 81% to 92% in the same period. When asked if consumers would purchase cosmetics over the next 12 months, 54% of the respondents answered yes, which is much lower than the rate for sportswear. By regions, 55% of urban consumers and 46% of rural consumers are planning to buy cosmetics over the next 12 months.

Strong domestic travel demand despite COVID-19

With the well-contained COVID-19 situation in China, our survey indicated that 90% of respondents have been on holiday since the start of the pandemic and 81% of the respondents are more likely to go on domestic holidays as a result of COVID-19. Domestic travel has continued to benefit from pent-up travel demand. For respondents who went on holiday, cars are increasingly the preferred choice of transport to reach their holiday destinations. Around 60% of respondents were found to be less likely to travel by airplane due to the pandemic. Given the strict controls and health concerns, the preference for short-distance travel is greater than for long-distance travel.

Looking ahead, we see continued strength in travel demand, with 74% of the survey respondents planning to go on holiday in the next 12 months, while 58% of them have at least one holiday planned. Interest in going on holiday has remained largely the same compared to 2020. Cross-border travel restrictions have been strict throughout the pandemic. Only 16% of respondents are planning to travel abroad in the next 12 months, with a decline in interest versus 2020.

Figure 6: Are you planning to purchase sportswear in next 12 months?

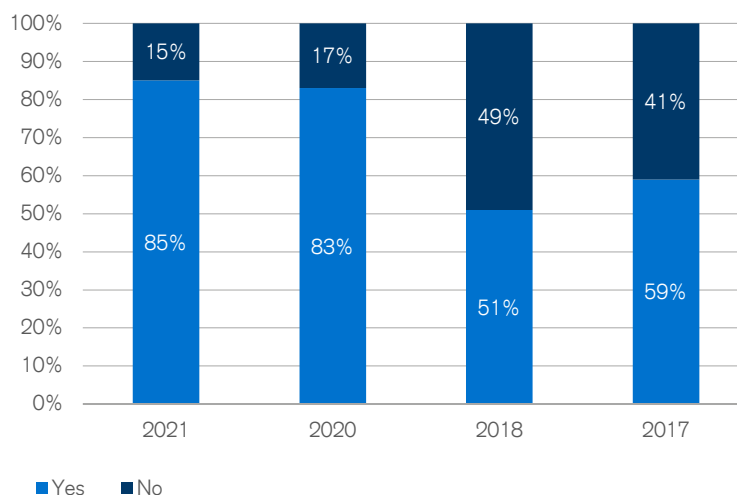


Figure 7: Consumers who will buy sportswear in next 12 months by age group

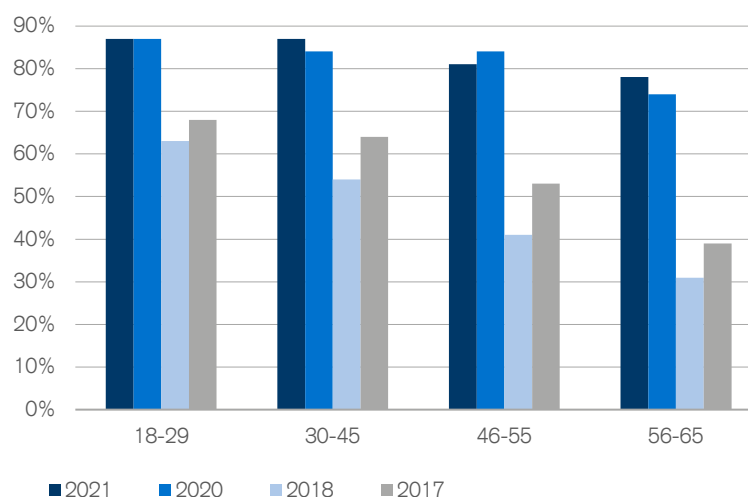
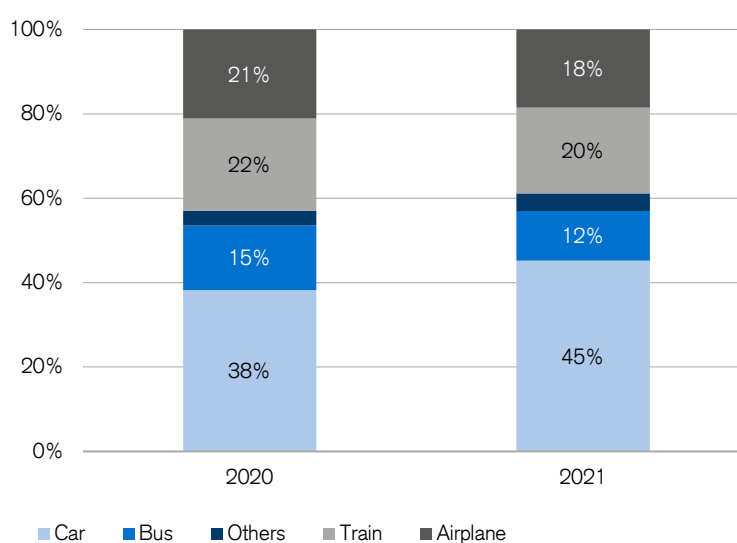


Figure 8: Forms of transport that respondents used to reach their holiday destinations



Source Figures 6–8: Credit Suisse Emerging Consumer Survey 2021

Figure 9: Respondents are less likely to travel on vacation by plane due to COVID

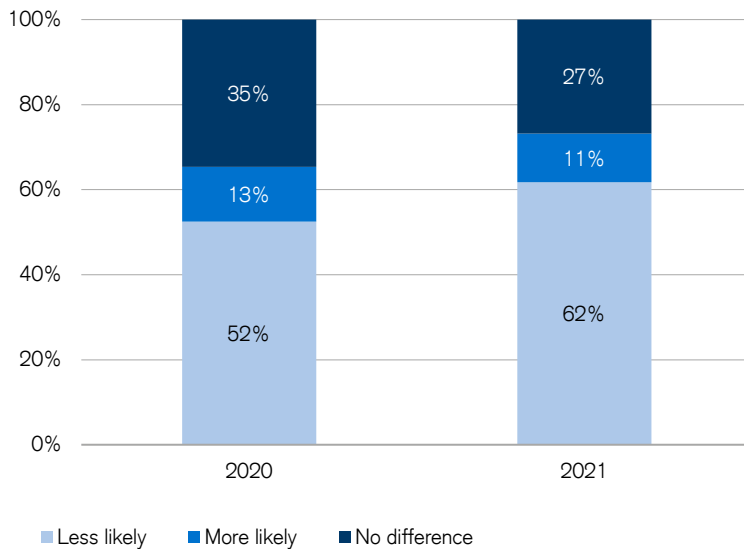
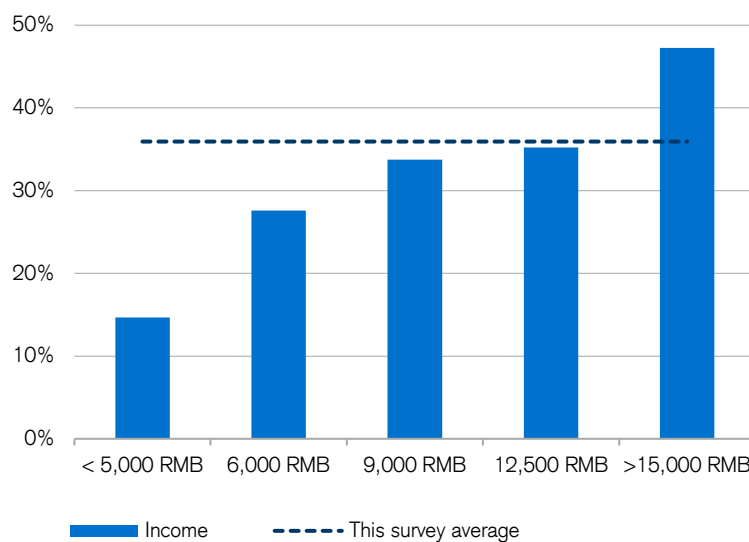


Figure 10: State of personal finances over the next six months

Balance better versus worse



Source Figures 9 and 10: Credit Suisse Emerging Consumer Survey 2021

Consumption divergence amid widening wealth gap

China’s rapid growth over the past four decades has lifted living standards, but coincided with a wider wealth gap amplified by the pandemic, as well as the booming stock/housing markets. As a result, global luxury brands have seen a swift recovery, supported by strong demand from China, while premium baijiu liquor brands have also witnessed an industry-wide price rally driven by robust investment/speculation demand.



China’s rapid growth over the past four decades has lifted living standards, but coincided with a wider wealth gap

Our survey indicated that high-income respondents are more confident about their personal finances over the next six months than the low-to-middle-income groups, suggesting a favorable fundamental backdrop for luxury spending and value-for-money brands. That said, the Chinese government will endeavor to narrow inequality in order to boost domestic consumption (especially mass-market consumption) as part of its new “dual circulation” economic strategy.

India

Arnab Mitra and Pratik Rangnekar

An optimistic mood, with a growing appetite for large discretionary purchases; digital adoption rising rapidly

Improved optimism on personal finances led by urban; inflation expectations rising

We are witnessing a clear acceleration in consumption growth across categories in India, marking a recovery from a significant slowdown in 2018 and 2019. The survey data corroborates this as it shows a significant turnaround in optimism about personal finances. In the 2021 survey, 60% of respondents expected personal finances to improve in the next six months, which is the highest proportion recorded since the survey started in 2011. The sentiment is stronger among urban consumers, where the improvement over 2018 (61% versus 49%), as well as the absolute proportion of consumers feeling optimistic, is larger than in rural areas. However, even rural demographics have seen an improvement over 2018 (51% versus 49%), albeit to a lesser extent, aided by government stimuli such as direct income transfers and free food distribution.

“ Inflation expectations are at their highest level in the history of the survey

There has been a marked improvement in sentiment even between the October 2020 and January 2021 surveys, potentially due to receding COVID-19 cases and expectations of a vaccine rollout in India. India has significant vaccine-manufacturing capacity and the pace of rollout has picked up rapidly in March (~1.5 million/day). By our estimates, a large proportion

Figure 1: Optimism about personal finances has improved versus 2018 led by urban consumers

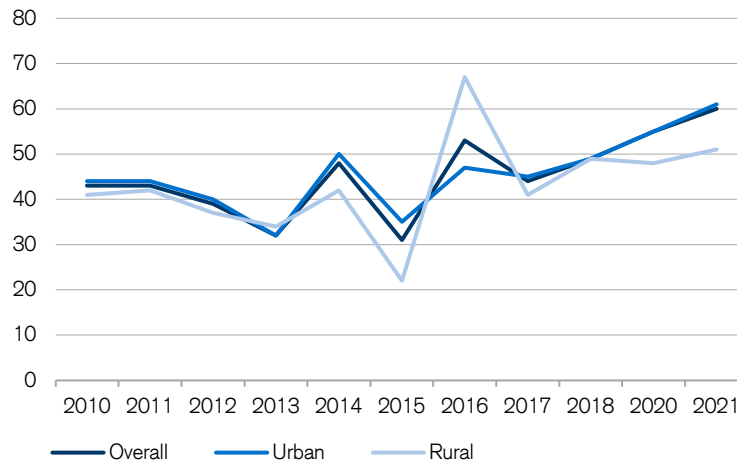


Figure 2: Inflation expectations have seen a sharp increase

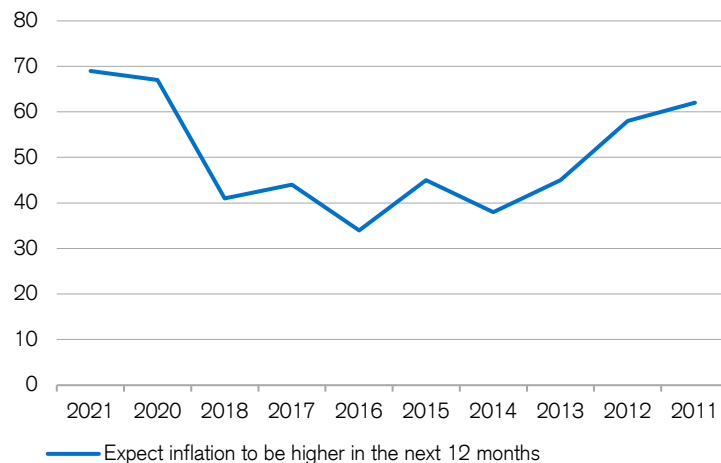
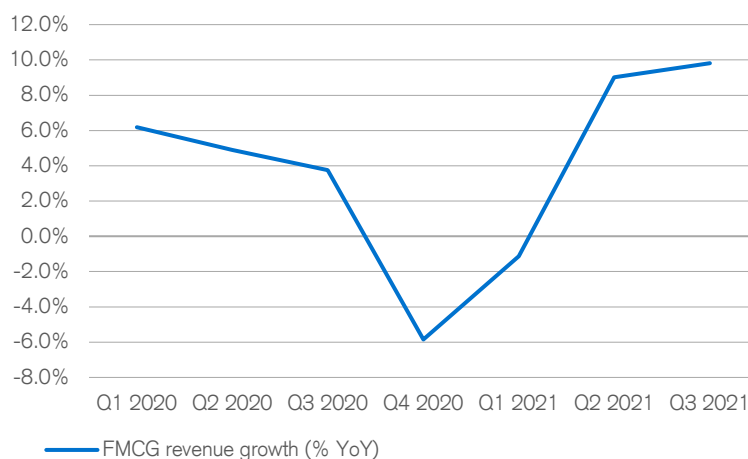


Figure 3: Our FMCG coverage universe has seen a sharp recovery in growth



Source Figures 1–3: Credit Suisse Emerging Consumer Survey 2021

Figure 4: Large increase in the likelihood of major purchases

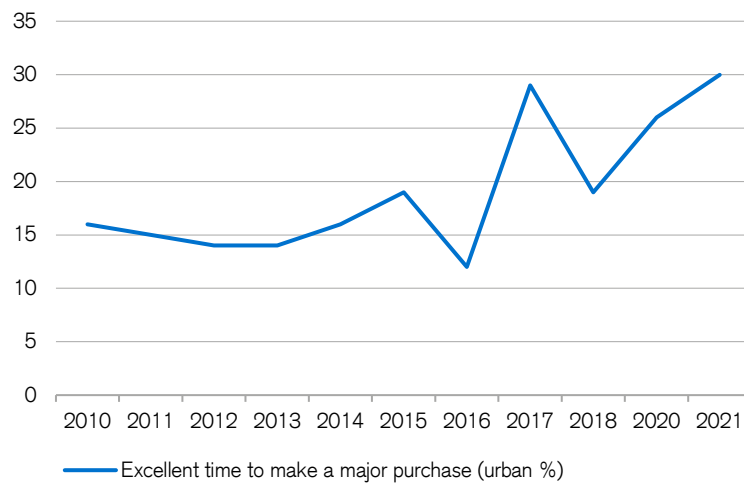


Figure 5: Sharp increase in the number of respondents likely to consider a car purchase

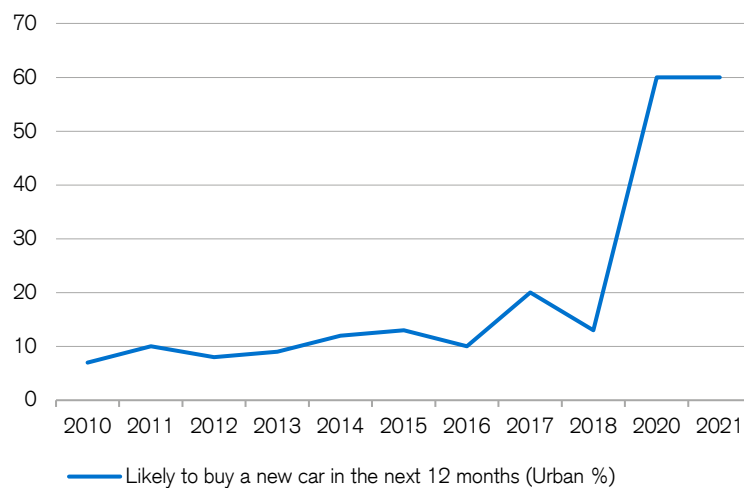
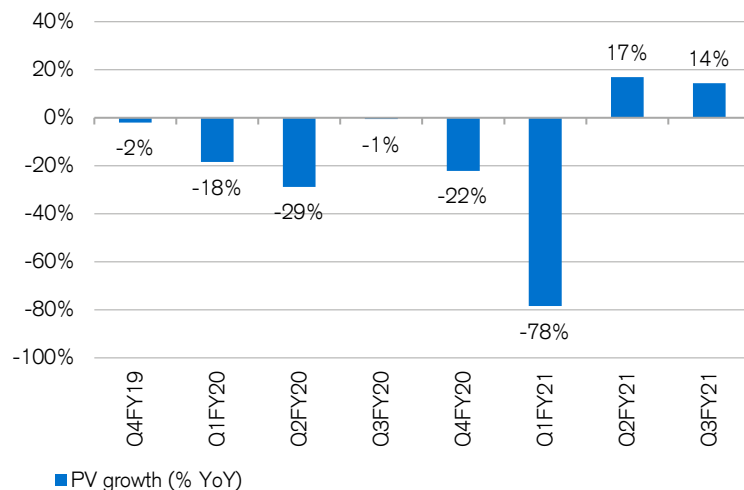


Figure 6: Passenger vehicle sales have seen a massive turnaround post-COVID from the pre-COVID trends



Source Figures 4–6: Credit Suisse Emerging Consumer Survey 2021

of urban consumers above the age of 60 will be vaccinated in the next three months. The other notable finding of the survey is that inflation expectations are at their highest level in the history of the survey, with 69% of respondents expecting inflation to be higher over the next 12 months compared to 41% a year ago.

Improvement in the likelihood of big ticket purchases bodes well for discretionary consumption

This optimism regarding personal finances has translated into higher consumption growth. Growth in fast-moving consumer goods (FMCG) has more than doubled from roughly 5% pre-COVID to around 10% in the last quarter of 2020, while growth for discretionary categories like paints, appliances and passenger vehicles has seen an even larger acceleration. Passenger vehicle volumes had seen a decline of 12% in 2019 just before the outbreak of the pandemic, but have now witnessed a turnaround to 15% growth in the second half of 2020 after the reopening of the economy. The survey clearly shows the reversal in consumer sentiment toward major purchases. In the 2018 survey, the proportion of respondents who felt that it was an excellent time to make a large-ticket purchase had fallen to 19% from 32% in 2017. However, in the 2021 survey, the proportion of respondents who feel it is a good time to make a large-ticket purchase has risen to 29%.

“ Optimism regarding personal finances has translated into higher consumption growth

The data specific to car purchases in the survey is even starker, with 60% of urban respondents likely to consider a car purchase over the next 12 months, which is the highest percentage in ten years and compares to 13% in 2018. These findings bode well for sustained strong growth in passenger vehicles and other discretionary categories like paints. In our view, these trends are driven by upper-income consumers who are major contributors to discretionary consumption and have accrued significant savings during the

pandemic. Their savings have risen as expenses such as travel have been curtailed, while their income has been largely protected.

COVID-19 has accelerated structural trends in digital adoption

India has been seeing a structural trend in consumer digital adoption in banking, shopping and entertainment over the past few years. Internet penetration rose sharply from 20% in 2014 to 56% in 2020 due to increased penetration of smartphones. These structural trends have accelerated during the pandemic. For example, the revenue share of e-commerce has doubled from around 3% to around 6% for FMCG companies. In addition, the survey clearly shows an acceleration in online adoption.

“ The survey clearly shows an acceleration in online adoption

Among urban consumers, usage has risen for online banking (82% in 2021 versus 38% in 2018), online shopping (87% in 2021 versus 41% in 2018), online videos and music (78% in 2021 versus 64% in 2018). Over 68% of urban respondents are likely to increase their online food orders. It is also worth noting that digital adoption did not weaken between the surveys in October 2020 and January 2021, at which point the fear of COVID-19 had declined in India and the country was reopening.

While some other COVID-related consumer behaviors such as in-home food consumption have reversed, there has been no such reversal for online adoption. This indicates that the gains in online adoption made during the pandemic are likely to be sustained. The survey findings imply continued headwinds for traditional brick-and-mortar retailers and traditional media, while internet businesses like online grocery retailers and food aggregators are set to grow strongly.

Figure 7: Adoption of online mediums has accelerated during the pandemic and is continuing even though fear of the virus has declined

Percentage of urban respondents using online media

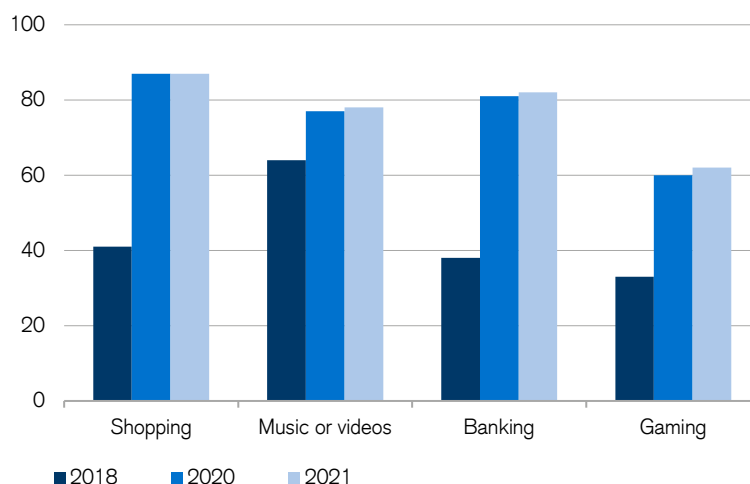
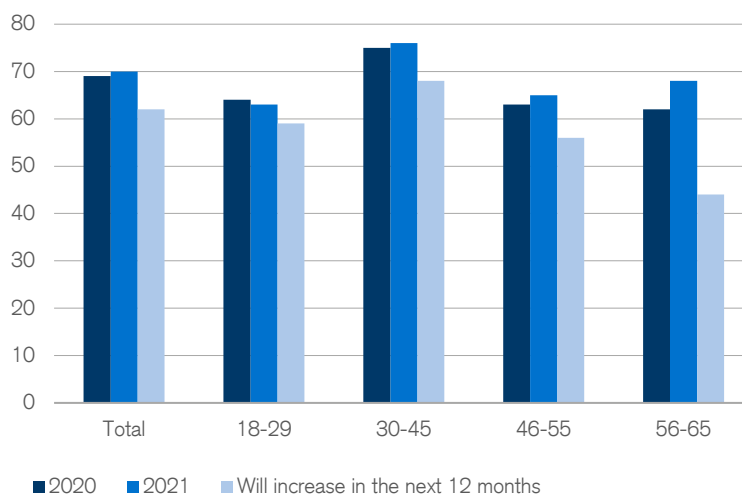


Figure 8: Sharp increase in online grocery shopping; high % of respondents across ages intend to increase further in the next 12 months

Percentage of respondents who increased online grocery shopping



Source Figures 7 and 8: Credit Suisse Emerging Consumer Survey 2021

Indonesia

Deidy Wijaya

Pent-up demand for fashion, but hesitancy toward larger discretionary purchases

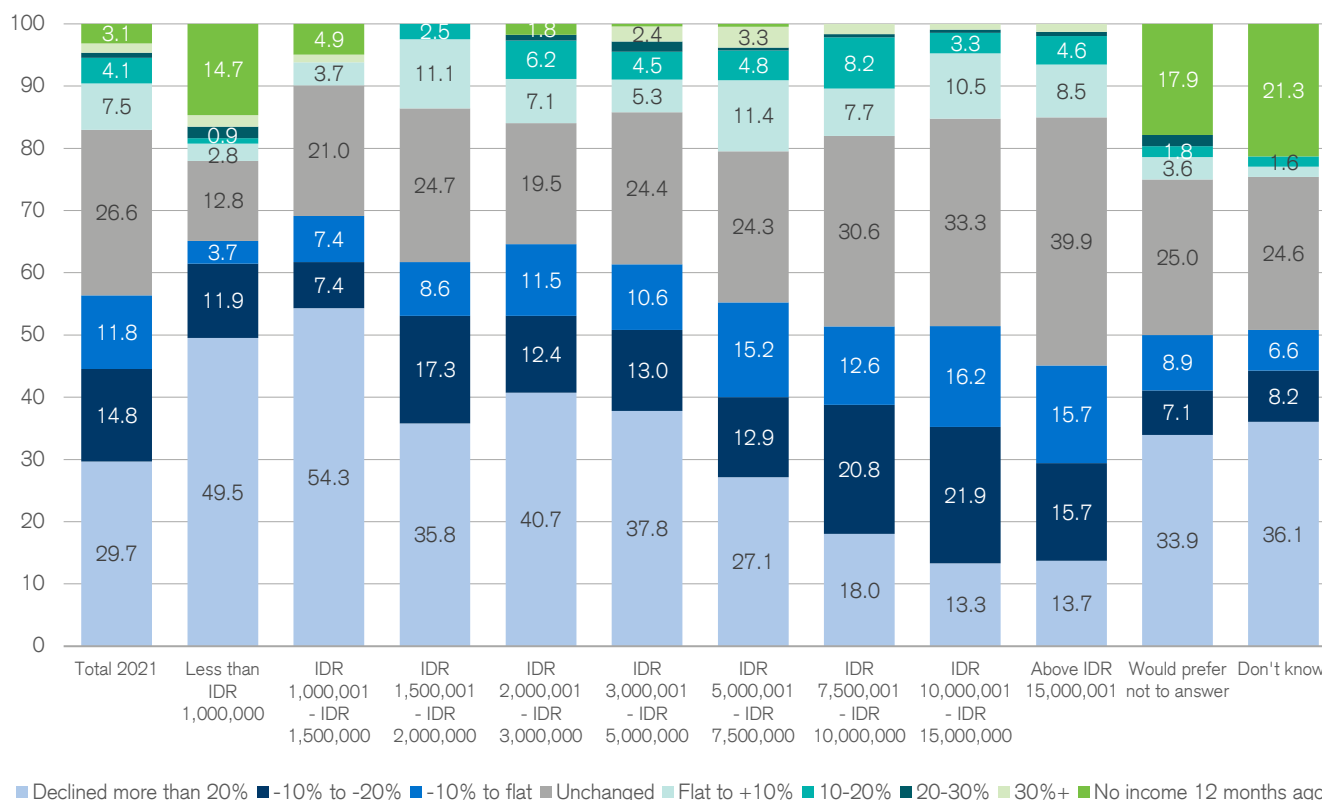
Indonesians generally believe the worst is over

Of those surveyed this year, 52% believe that the state of their personal finances will improve over the next six months. This represents an improvement over the results in 2020 (44%) when a survey was conducted prior to news of a vaccine. Expectations of higher income are partly driven by a low base as Indonesians have experienced significant damage to their incomes during the pandemic, with 30% and 15% of Indonesians seeing a >20% and 10%–20% reduction in their incomes, respectively, over the last 12 months. Dividend by income group is in line with the global trend. There is also greater optimism within the higher-income segment, whereby 62% of the respondents with monthly income over IDR 10 million are confident of

improvement in the state of their personal finances over the next six months, while only 23%–30% feel the same in the lowest income group. The optimism expressed by participants in our survey has been reflected in an increase in Indonesian retail sales in late February, as the vaccine rollout and a stable COVID-19 case count has further strengthened positive sentiment. We expect the economy to continue recovering, with a low risk of further restrictions, assuming that the vaccines are effective.

“
We expect the economy to continue recovering

Figure 1: Change in income over the last 12 months by income group (in %)



Source: Credit Suisse Emerging Consumer Survey 2021

Most respondents believe it is still not a good time to make a major purchase

While over 50% of respondents are expecting an improvement in their financial conditions, a large majority of Indonesians believe that it is still not a good time to make a major purchase, with 68% saying that now is not a good time or a bad time. Property pre-sales saw a surge in Q3 2020 and Q4 2020, driven by a high savings rate, lower mortgage rates and greater amounts of time spent at home.

“
A large majority of Indonesians believe that it is still not a good time to make a major purchase

Figure 2: Percentage of respondents who believe their personal finances will improve in the next six months

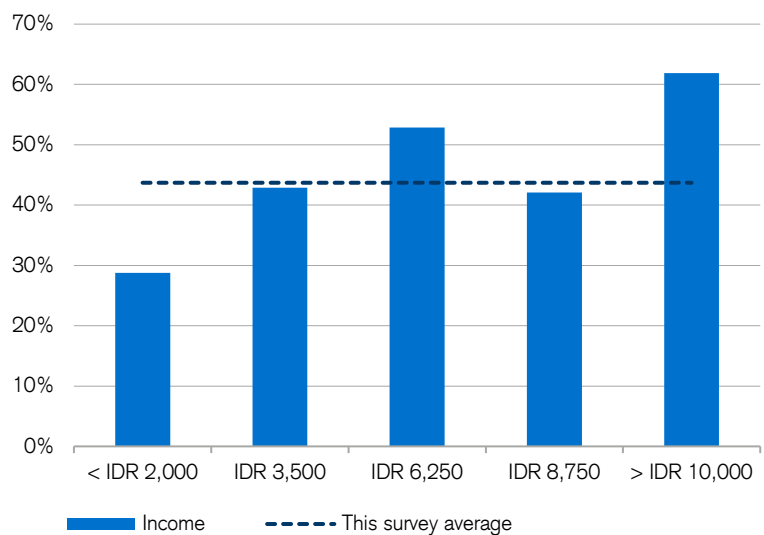
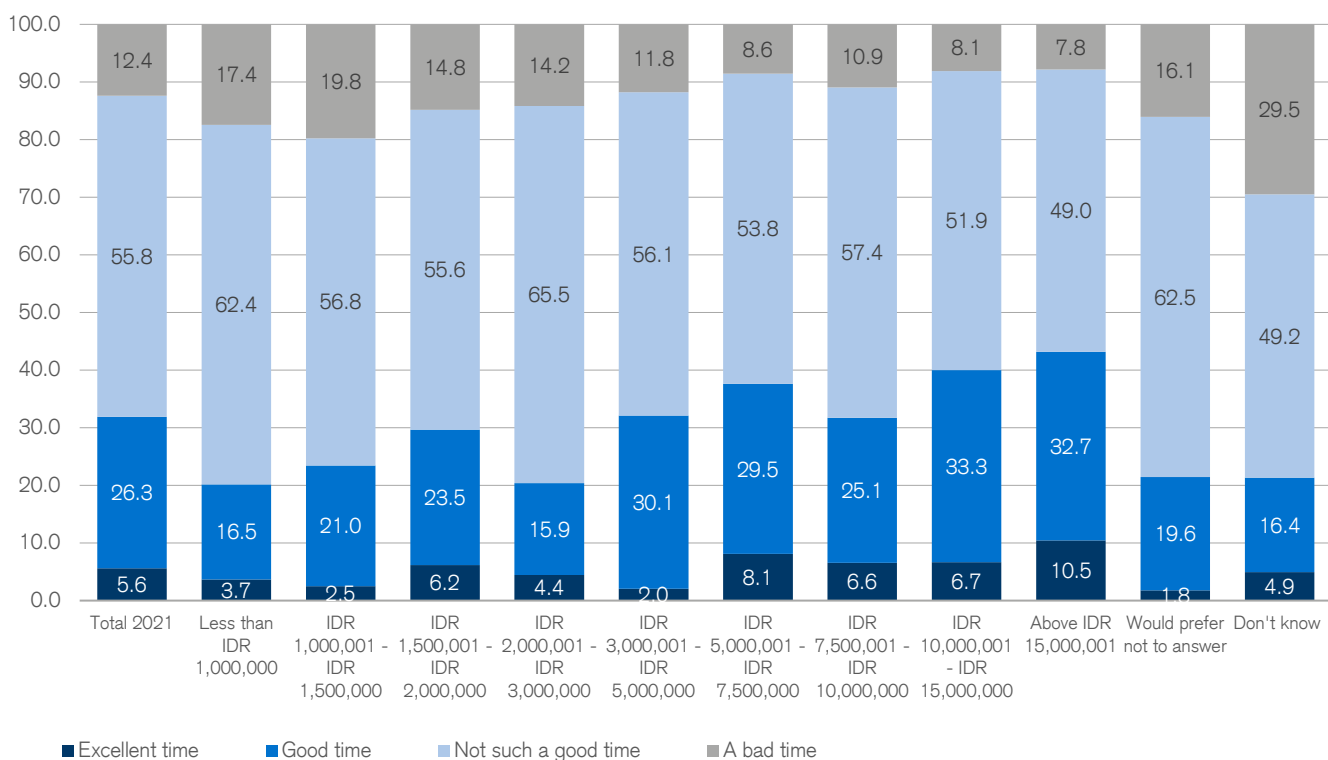
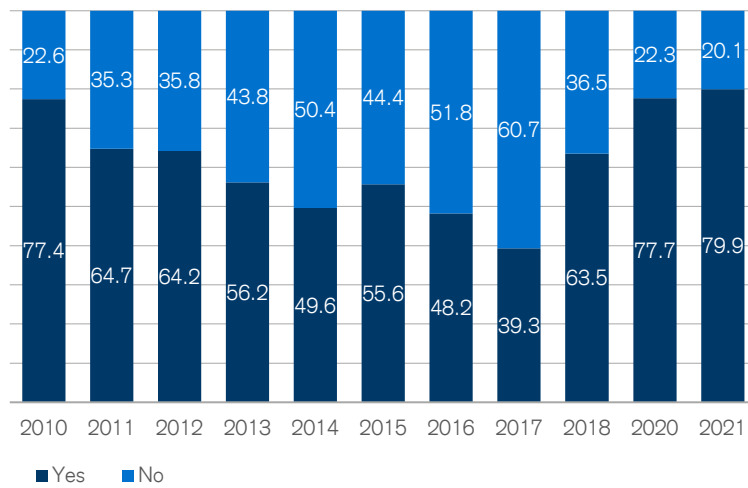


Figure 3: Is now a good time to make a major purchase by income level? (%)



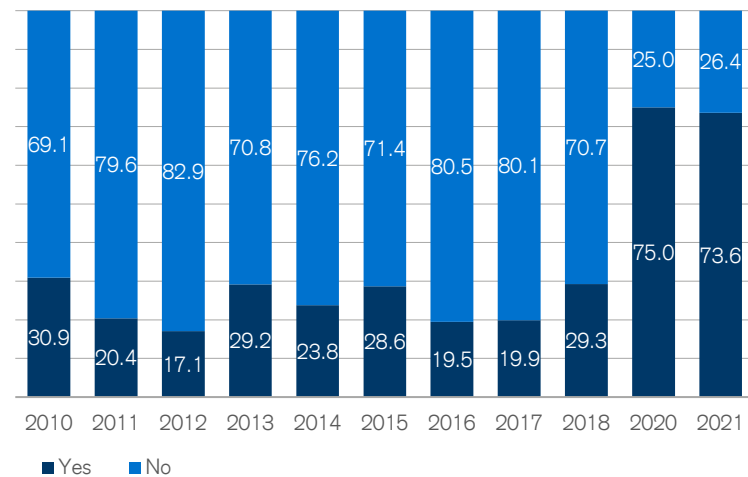
Source Figures 2 and 3: Credit Suisse Emerging Consumer Survey 2021

Figure 4: Plans to purchase clothing



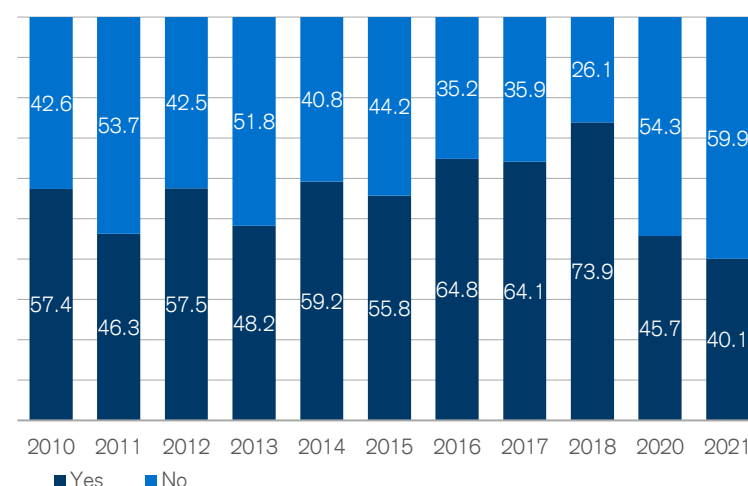
The strongest segment of the property market is landed housing, which actually saw positive growth last year, followed by land plots. We believe the discrepancy between property pre-sales and the survey results is because the property companies that we track are mostly targeting the middle/upper segment, with about 80% of their products priced above IDR 1 billion. The majority of Indonesians indicated a higher concern about using public transportation, although the survey results did not indicate whether most of them are planning to switch to private transportation. Over the last few months, 4-wheel retail volume still declined by 32% to 40% year-on-year, whereas 2-wheel wholesale volume improved to -15% year-on-year in January 2021 compared with -45% to -57% year-on-year in Q4 2020.

Figure 5: Plans to purchase sports shoes/sportswear



“
There is pent-up demand for fashion apparel and sports shoes

Figure 6: Plans to spend more on cosmetics and skincare



Changes in spending priorities, pent-up demand

The survey results indicate that there is pent-up demand for fashion apparel and sports shoes, with 80% of the survey participants indicating that they plan to purchase clothing, while 74% plan to purchase sports shoes and sportswear over the next 12 months. By contrast, consumers seem to have less appetite for cosmetic and skincare purchases, with 60% saying they are not expecting to spend more on cosmetic and skincare products over the next 12 months. Indonesians also seem to be planning for holidays when conditions improve, with 67% of respondents saying they are planning to take at least one holiday over the next 12 months.

Source Figures 4–6: Credit Suisse Emerging Consumer Survey 2021

Faster digital adoption due to COVID-19

The unprecedented events of 2020 led to major disruptions in day-to-day activities in Indonesia (including temporary closures of malls, retail shops, etc.). This has accelerated digital adoption in Indonesia. As people have opted for safer ways to purchase groceries, online groceries have become more popular and 69% of survey participants said they have increased their amount of online grocery shopping, while 45% said they expect to increase

their online grocery shopping over the next 12 months. Also, 50% mentioned that they expect the number of e-commerce apps that they are using to increase over the next 12 months. Based on the survey results, the top two most-used e-commerce apps are Shopee and Tokopedia.

Figure 7: Percentage of respondents who have increased online groceries (by income)

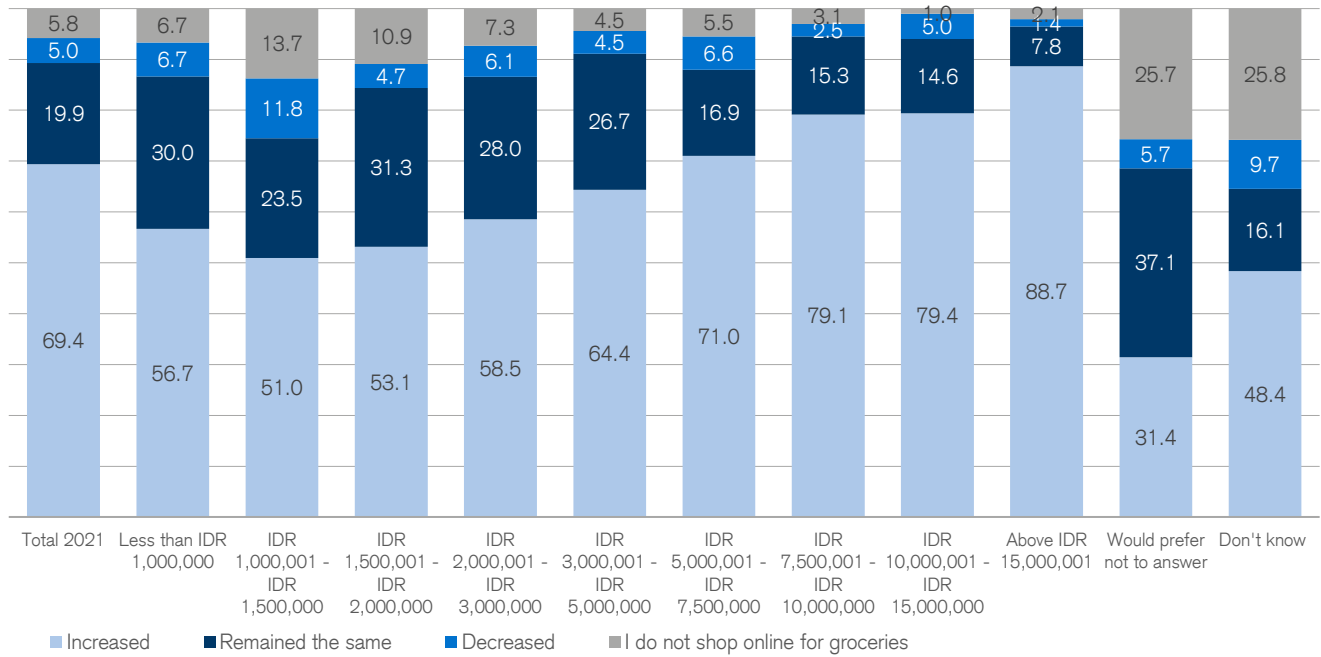
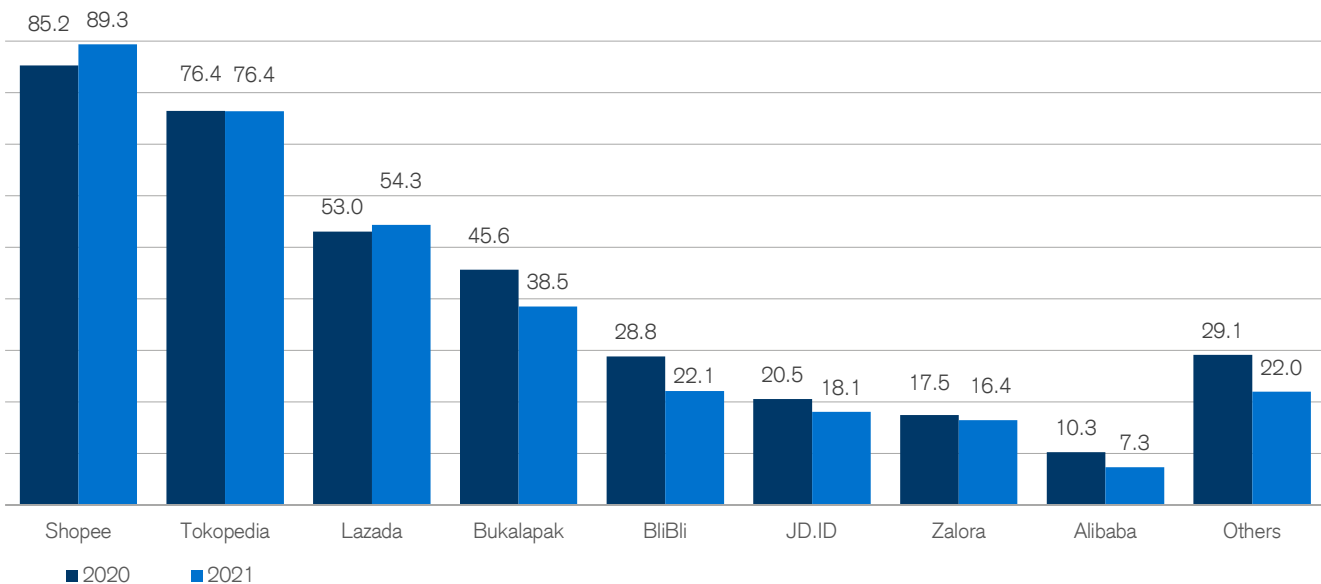


Figure 8: Most popular e-commerce sites (% of respondents who have used the following e-commerce sites)



Source Figures 7 and 8: Credit Suisse Emerging Consumer Survey 2021

Thailand

Warayut Luangmettakul

Cautious consumer outlook, with a gradual return to normality bolstered by pent-up demand

Consumer sentiment

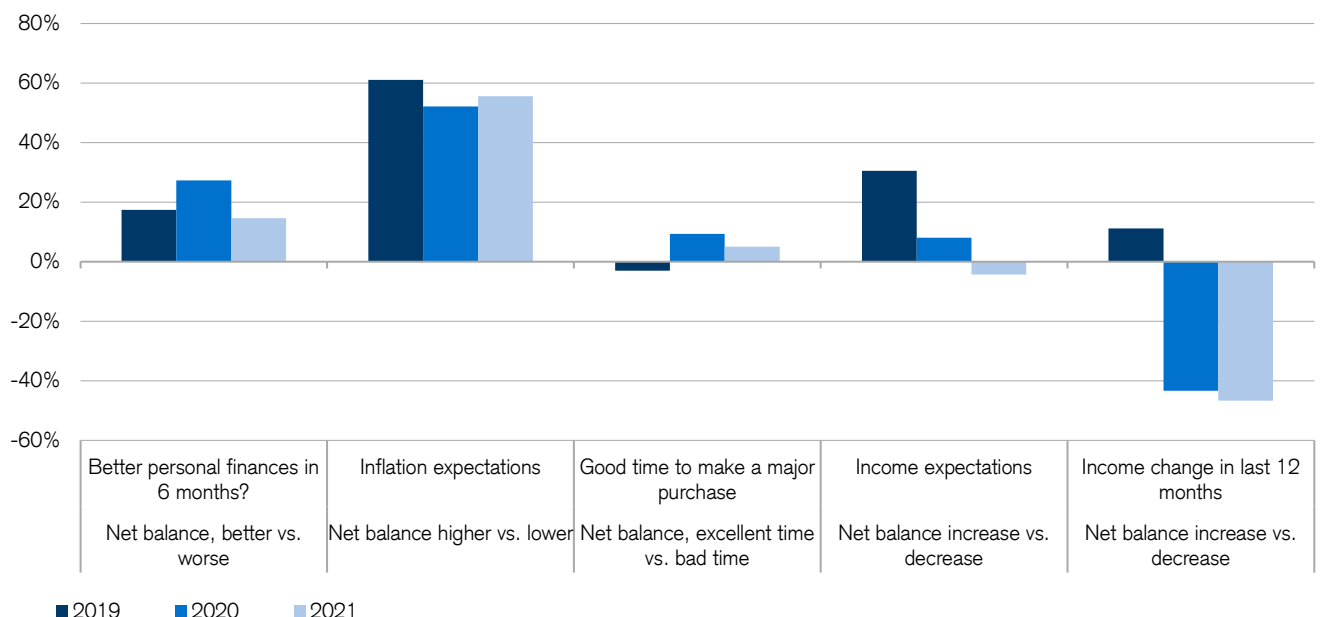
Thailand's consumer sentiment is among the weakest in our survey. While Thailand has done well containing the spread of COVID-19, it has been hard hit by restrictions on global travel due to the fact that international tourism constitutes a significant percentage of GDP (low teens). Among the sentiment indicators, income changes in the last 12 months and income expectations were the most striking. A net balance of survey participants reported lower past incomes and did not expect to see any improvement in the next 12 months. While our 2020 and 2021 surveys were conducted before and after the vaccine news, Thailand suffered from the second wave of the pandemic between the two surveys, which likely explains why consumer sentiment has not improved in 2021. Interestingly, optimism appears to be higher than in 2019, with a net balance of respondents believing now is a good time to make a major purchase.

Normalization likely to be gradual

We think spending sentiment is likely to normalize, but at a gradual pace. The return of international tourists will be the key to Thailand's economic recovery. Our survey shows a higher willingness to travel, with 71% of respondents planning holidays in the next 12 months, up from 57% in our 2019 survey. However, only 25% of respondents in the peer group and 17% of respondents from China (whose travel is crucial for Thailand's tourism industry) are planning to travel abroad in the next 12 months.

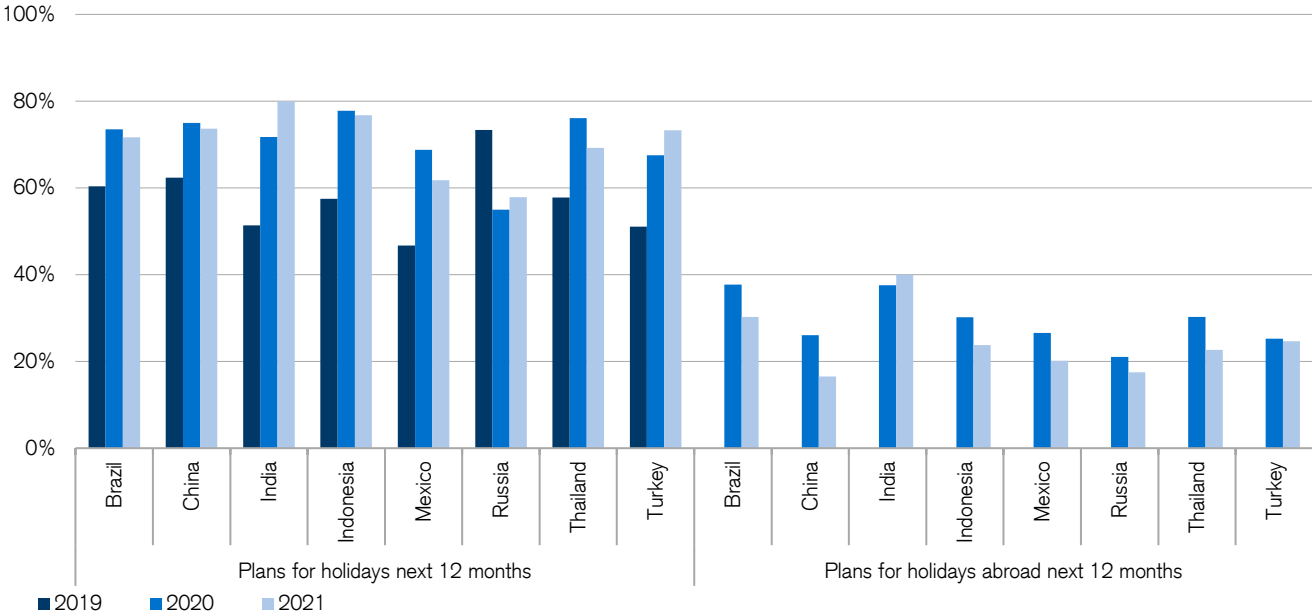
“
We think spending sentiment is likely to normalize, but at a gradual pace

Figure 1: Cautious consumption outlook



Source: Credit Suisse Emerging Consumer Survey 2021

Figure 2: Return of international tourism likely to take time



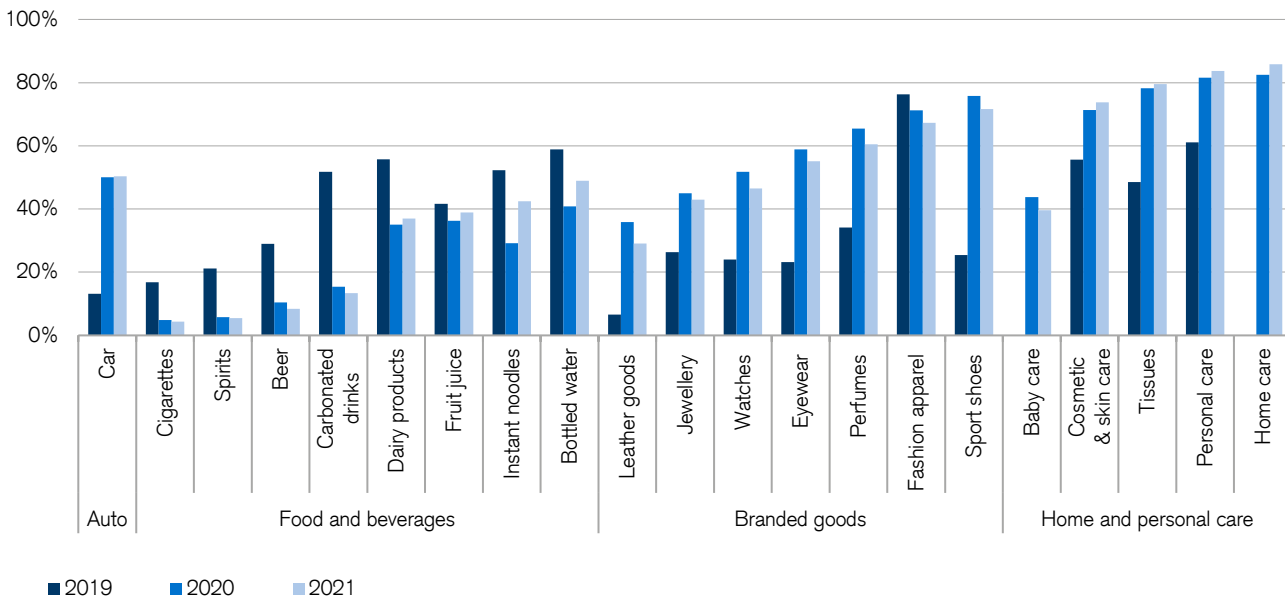
At the time of our survey, less than 1% of respondents had taken the vaccine, which may help explain the caution with regard to international travel. On the positive side, 76% of those surveyed say they are willing to take COVID-19 vaccines once they become available. Hence the pace of the vaccination rollout will be an important factor to monitor.

Pent-up demand for discretionary items

To our surprise, we have observed an increase in Thai consumer purchase intentions for a number of discretionary items. Given a seemingly weak consumption environment, we believe these

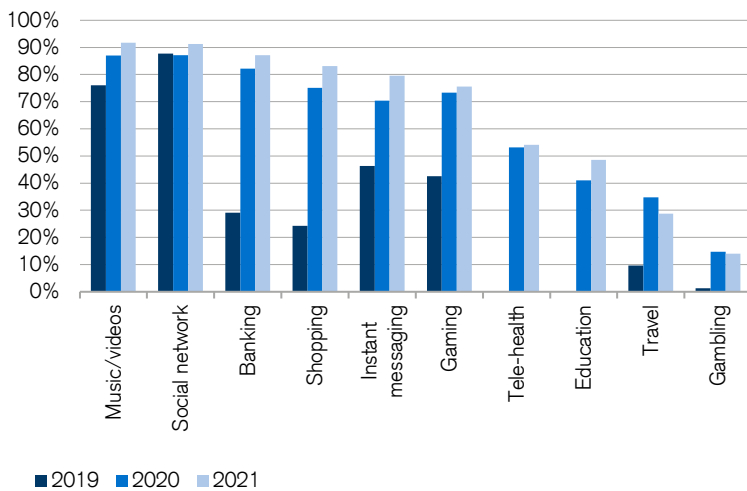
purchase intentions are likely a reflection of pent-up demand accumulated throughout the pandemic. Most interesting is a hike in the purchase intentions for cars and a plunge in those for alcoholic and carbonated drinks, which we believe could be influenced by more health concerns and social-distancing measures caused by the pandemic. The purchase intentions to spend more are highest in home and personal care products (73%), followed by branded goods (53%), cars (50%) and food and beverages (25%).

Figure 3: Higher purchase intentions for discretionary items in the next 12 months



Source Figures 2 and 3: Credit Suisse Emerging Consumer Survey 2021

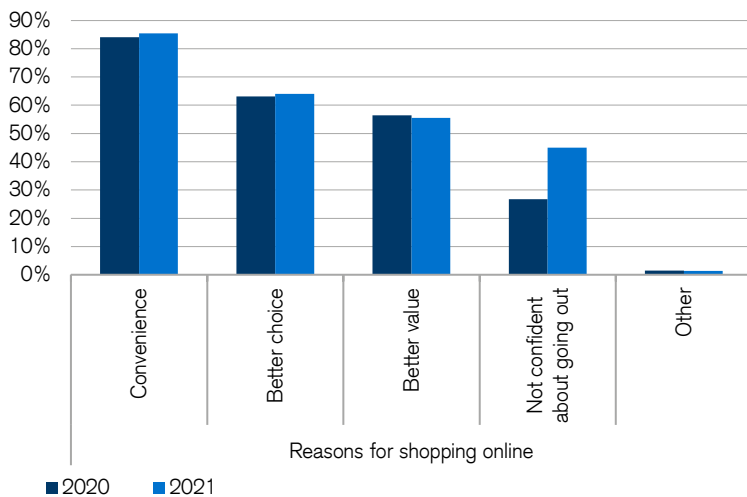
Figure 4: Hike in online banking and shopping activities



Acceleration of digital shift in online banking and shopping

As in other countries, COVID-19 has affected consumer attitudes and behaviors in various segments, with many of these changes likely to remain beyond the pandemic. For Thailand, the most significant acceleration has been in the growth of online activities, with online banking and shopping climbing to the third- and fourth-ranked activities among Thai respondents. Interestingly, “not confident about going out” is not among the top three reasons for online shopping, suggesting that some of these new shopping behaviors are likely to continue. Our survey also shows that other behaviors observed during the pandemic, including the increased use of food-delivery services, working from home, greater health concerns, a decline in the use of public transport and the increased use of private cars are likely to persist in the next 12 months.

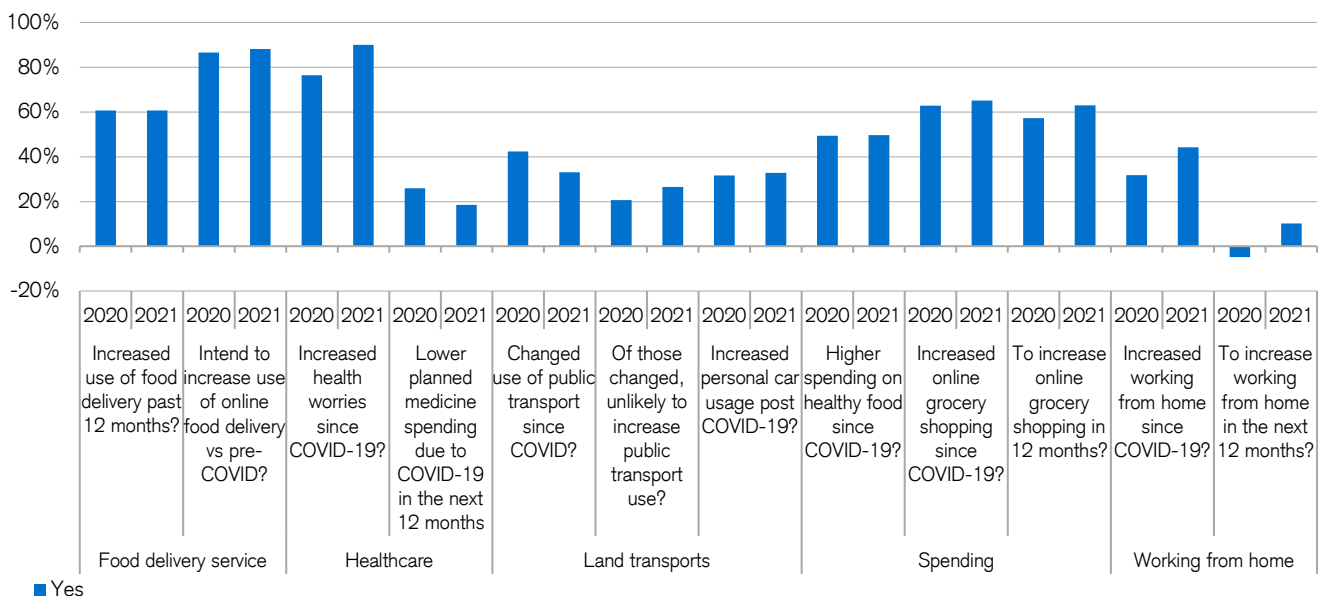
Figure 5: “Not confident about going out” not one of the main reasons for online shopping



Well ranked on environmental issues

Thailand is ranked second in our 2021 survey with regard to the influence of environmental issues on spending decisions, with nearly 90% of respondents saying that the environment does indeed have an influence on their spending decisions. Our survey highlighted single-use plastics and gasoline-powered cars as the top two environmental issues for Thai consumers.

Figure 6: Various behaviors during the pandemic are likely to persist at least in the next 12 months



Source Figures 4–6: Credit Suisse Emerging Consumer Survey 2021

Turkey

Onur Muminoglu

Increased consumer confidence with strong prospects for wellbeing, hygiene and e-commerce

Confidence recovering from a low base

In our confidence indicator, Turkey's position has improved relative to past years, with the country now in sixth position, up from eighth two years ago. While its personal finance score remains in the mid-range compared to our peer group, Turkey has hit all-time highs relative to its own historical average (since 2011) in both the urban and rural regions surveyed. While a high proportion of respondents have suggested that their income was negatively affected by the 2020 pandemic, the percentage expecting an improvement in their income has never been higher. A fair proportion of Turkish respondents believe it is the right time to make a major purchase, hinting at visible progress compared to previous years.

“
The new more transparent monetary policy has been received positively by investors

The previous central bank's TRY-supportive policies might have been impactful

A more positive tone shared by Turkish respondents in this year's survey overlaps with the reshuffle in Turkey's economic administration back in November 2020. The monetary-tightening policies of the previous team, including a transparent monetary agenda, apparently helped to restore consumer confidence from a very low base. A more confident stance by the respon-

Figure 1: Consumer scorecard indicators for Turkey (%)

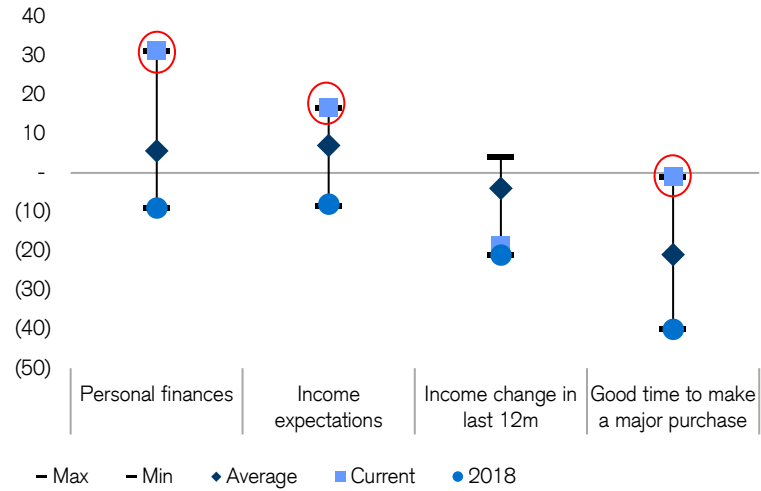
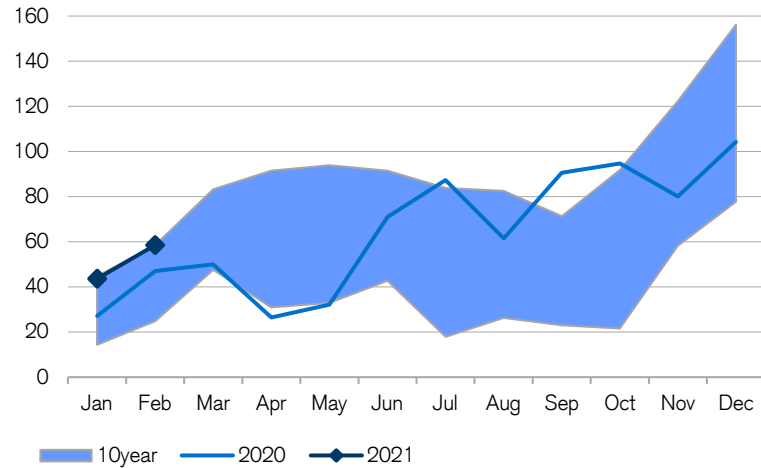


Figure 2: Higher demand for vehicles

Higher vehicle demand despite significant price hikes reflects an increase in consumer confidence and a shift away from public transport to more hygienic means.

Monthly light vehicle sales ('000)



Source Figures 1 and 2: Credit Suisse Emerging Consumer Survey 2021

Figure 3: Purchase intentions for the next 3–12 months

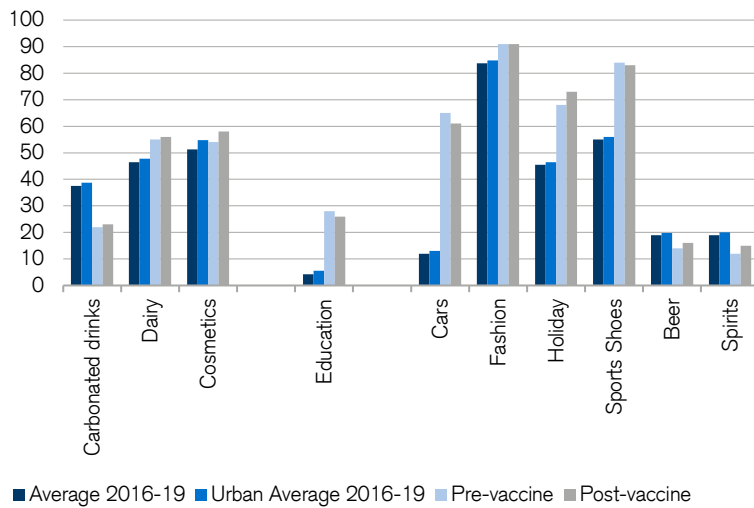


Figure 4: Plans to spend more on tissues

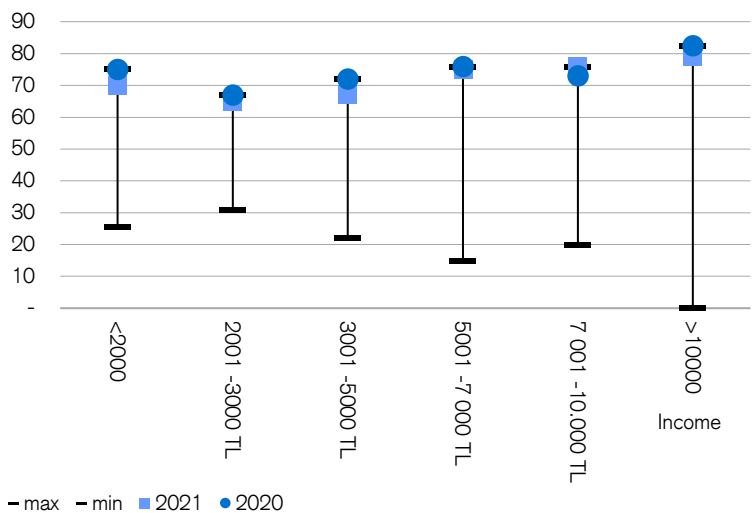
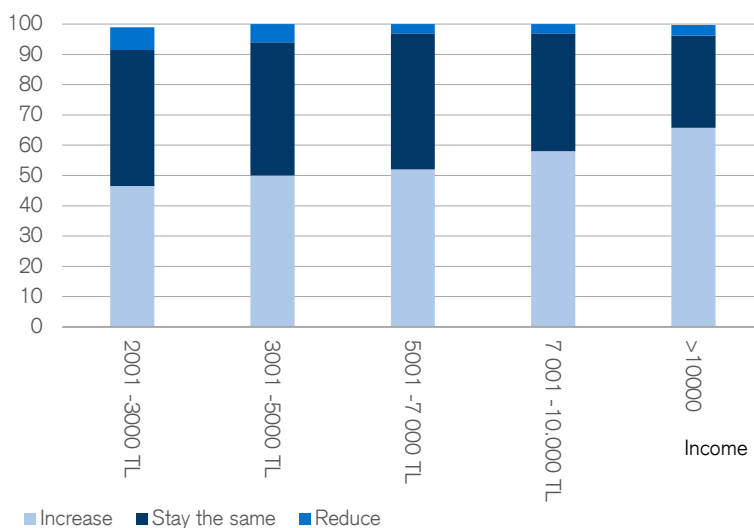


Figure 5: Online e-groceries in Turkey in the next 12 months



Source Figures 3–5: Credit Suisse Emerging Consumer Survey 2021

dents is verified by the strong momentum in durable sales. Both vehicle sales and household durable shipments reached close to their 10-year highs in January/February 2021 despite the FX-led price increases in 2020. The macro impact of the unexpected reshuffle of Turkey’s central bank governor on 20 March remains to be seen; however, our survey results confirm the Turkish lira’s strength has a strong influence on consumer confidence and spending habits.

Wellbeing and the desire to socialize are strong themes

Turkish respondents have expressed an intention to consume more dairy products, instead of carbonated and alcoholic drinks, both before and after the positive developments in vaccines (November 2020). They also intend to spend more on holidays. Physical appearances appear to be more important, with a greater proportion of personal budgets reserved for fashion, sports shoes, cosmetics, eyewear and perfumes.

“
A more confident stance by respondents is verified by the strong momentum in durable sales

The focus on hygiene is set to endure beyond the pandemic

Our survey showed a notable increase in the share of respondents planning to spend more on tissues and personal care (bath/shower, deodorants), which is understandable given the measures to reduce the spread of the virus. A higher consumption preference has been observed across all income groups and did not change between the pre-vaccine (2020) and post-vaccine (2021) surveys. This suggests that hygiene could remain a consumer staple in low-income emerging market regions, as opposed to being more discretionary in nature. Likewise, we attribute part of the surging interest in car ownership – despite the 30%–40% price hikes in Turkey year-on-year – to the overall hygiene concerns as the urban population transitions away from public transport toward using private vehicles.

E-commerce intentions remain solid even after positive vaccine news

A higher share of respondents in Turkey stated that their online shopping will increase, compared to those who intend to maintain their current level. This trend was even observed in our 2021 survey, which was carried out after the positive vaccine developments. Equally important, a higher proportion of respondents said they shop online because of structural reasons (convenience (around 69%), better value/choice (95%)) rather than because they were avoiding going out during the pandemic (around 63%). The e-commerce tendency is more popular among younger age groups, which fits well with the very young population in Turkey who are set to enter the working demographic in the next 5–10 years.

“
Most of the “new normal” intentions appear to remain

Opportunity for lifestyle sectors

Overall, the results of our survey have shown that Turkish consumers have been inclined to spend more for a better quality of life since the pandemic and most of the “new normal” intentions appear to remain even after the positive vaccine news. In our view, this offers significant opportunities for the leading operators in the lifestyle sectors, such as travel, food and hospitality, social activities, fashion, personal care and cosmetics, and even vehicles and home appliances. Some of these trends have already been a tendency for the mid-to-higher income segments, yet this year’s results have suggested the move is now widespread across broader income groups, despite the challenging macro conditions in Turkey since the start of the pandemic.

Figure 6: Key reason for shopping online

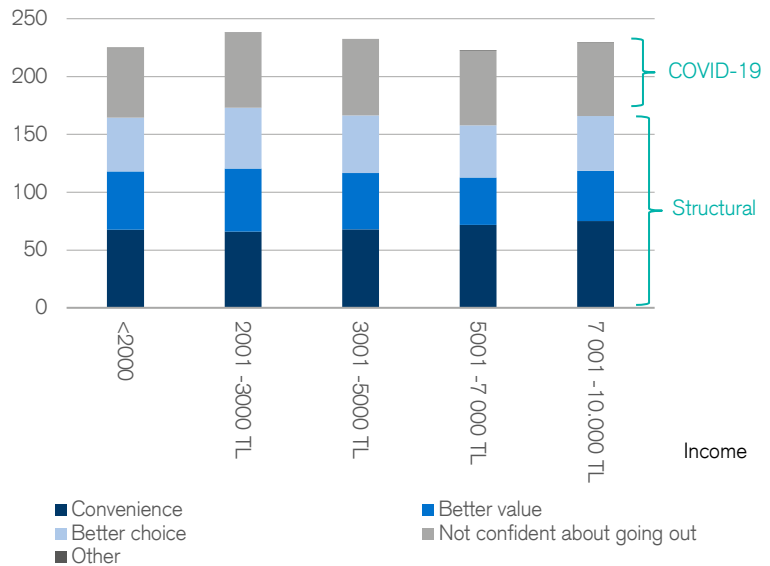


Figure 7: Plans to purchase eyewear/perfumes

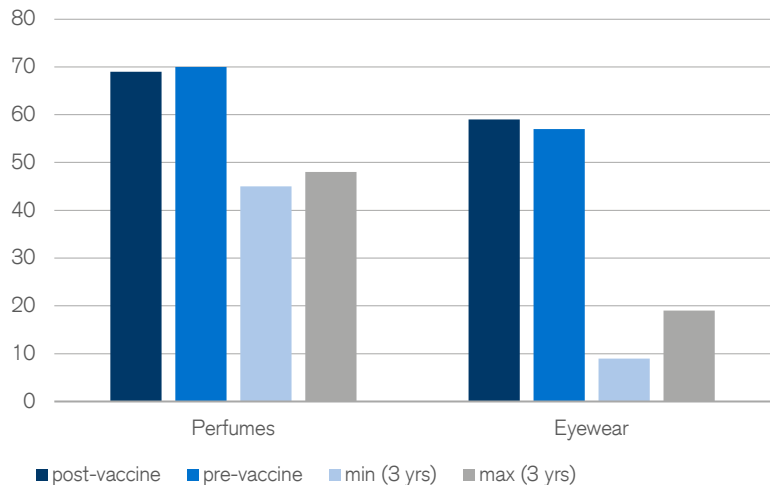
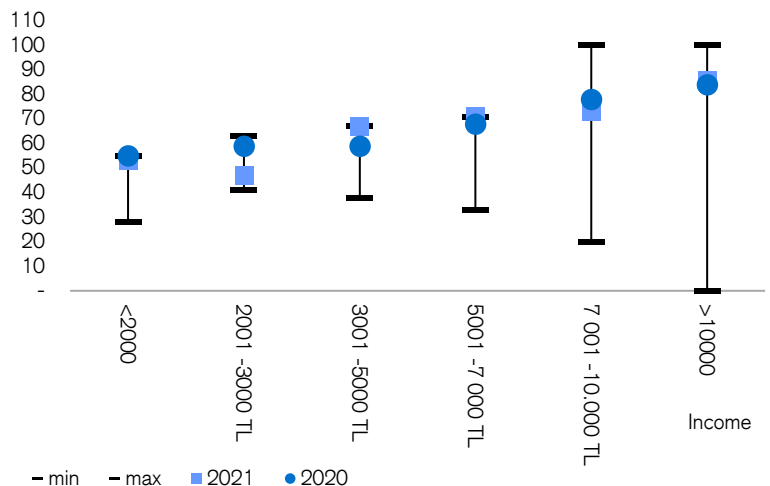


Figure 8: Plans to purchase perfumes (12 months)



Source Figures 6–8: Credit Suisse Emerging Consumer Survey 2021

Brazil

Marcella Recchia

Scope for structural shift in food consumption patterns

Brazil's precarious macroeconomic conditions represent an uncertain outlook for the Brazilian consumer, in our view. Following an estimated 4.3% contraction in real GDP in 2020, the economy should post a recovery of 4% in 2021. In 2020, consumer spending was propped up by temporary emergency aid from the government. The fiscal measures included increased health

spending, temporary income support to vulnerable households and employment support. At the end of 2020, most measures had expired, but a renewal of the cash transfer program is under discussion in Congress. A recovery of consumer spending in 2021 may be at risk failing any further fiscal measures.

Against this backdrop, our overall survey (skewed toward an affluent urban demographic) reveals that just over 40% of respondents expect an improvement in their income over the next six months. It is also notable that the readings we received after the vaccine news are even more optimistic, suggesting an incremental boost to sentiment. When asked whether they planned to save more as a result of the pandemic, 65% of respondents said this was the case. Finally, on inflation, half of the respondents expect higher inflation in one year's time.

Figure 1: Income and inflation expectations for Brazil

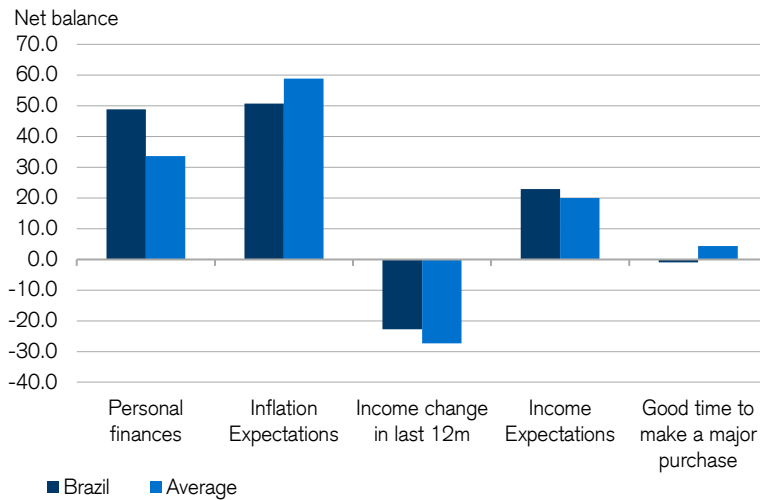
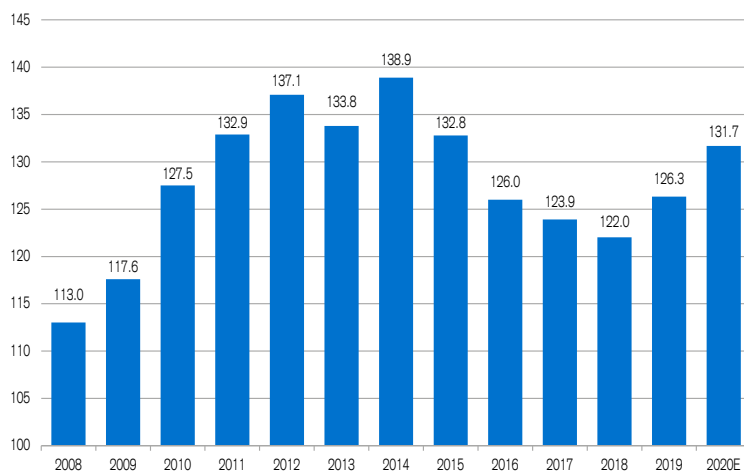


Figure 2: Brazilian beer volumes up to their highest level in recent years due to higher beer consumption at home

In million hectoliters



Source Figures 1 and 2: Credit Suisse Emerging Consumer Survey 2021

“
Readings we received after the vaccine news are even more optimistic

Brazil beer volumes up again, supported by government emergency aid

Among the low-income earners, 34% expected to reduce spending on beer by end-2020 (pre-vaccine). However, positive news about the vaccines and a potential reinstatement of government subsidies may explain why our most recent reading suggests that a smaller proportion (27%) of low-income consumers expect to reduce beer spending over the next 12 months. If domestic beer consumption remains at 2020 levels, we expect this to support the recovery of the Brazilian beer industry.

Changed patterns in the consumption of beverages

The pandemic has caused changes to consumer behavior and preferences in Brazil. We expect these changes to persist in 2021, particularly in the food and beverages sector. For five years prior to the COVID-19 outbreak, Brazilian beer consumption declined by 13%, reaching 60 liters per capita in 2019. Since the onset of the pandemic, however, industry volumes have accelerated to their highest level in recent years, supported by government subsidies to lower-income consumers and increased consumption at home.

“
The timing and scope of the economy’s re-opening are highly uncertain

The food service industry has adapted its business model

Around the world, the food service industry has suffered as a result of government-led lockdowns throughout the pandemic. In order to survive, the industry has had to adapt its business model (e.g. by expanding off-premise offerings). Our survey reveals that over 55% of consumers have reported an increase in food delivery orders, up from less than 30% prior to the pandemic. This increase is more pronounced for consumers between 30 and 45 years of age who are usually more affluent. A vaccination program is being rolled out nationwide, but the timing and scope of the economy’s re-opening are highly uncertain. Consumers remain hesitant about dining out, especially those in the higher age groups. While demand remains uncertain, it is quite feasible that off-premise models, utilizing digital technology, may continue for longer.

Figure 3: Fewer low-income consumers expect to reduce spending on beer post-vaccine

Spending expectations on beer in the next 12 months of low-income consumers in Brazil (< USD300/month)

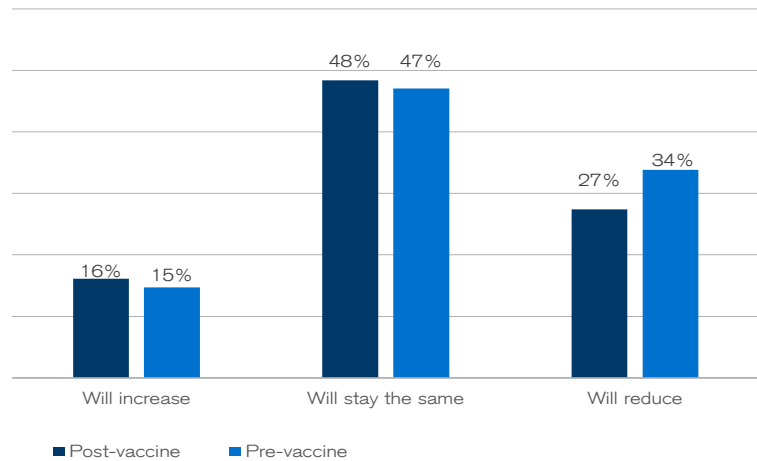


Figure 4: Consumers of all ages expect to see an increase in food delivery orders

Percentage of consumers who claim to see an increase in food delivery orders

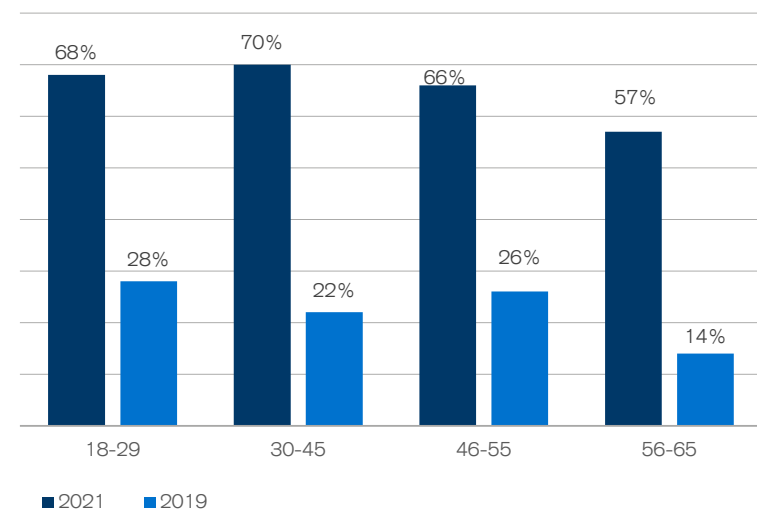
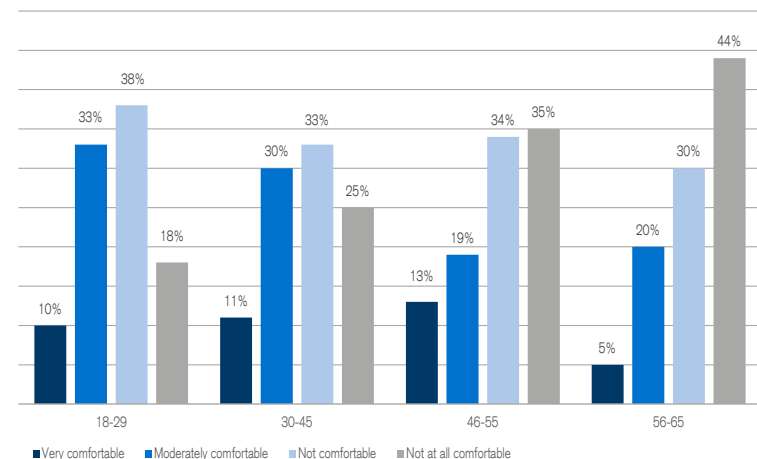


Figure 5: The elderly population remains uncomfortable with the prospect of dining out

Percentage of consumers by age group



Source Figures 3–5: Credit Suisse Emerging Consumer Survey 2021

Mexico

Vanessa Quiroga, Andres Ortiz

Mexico's e-commerce gaining traction and becoming more mobile

The Mexican economy is becoming increasingly digital with internet penetration of 70% according to the National Institute of Statistics and Geography (INEGI), and an even larger penetration of smartphones of 90.5% as per data from The Competitive Intelligence Unit (CIU). Our survey showed that 79% of respondents had used the internet for shopping in the last six months, up from 14% in 2018, and that 76% of them utilize online banking services, up from 17% in 2018. Hence internet connectivity is being utilized more intensively in Mexico today to acquire goods and services, while digital apps have become the most important interaction point between consumers and e-players, given the level of penetration of smartphones.

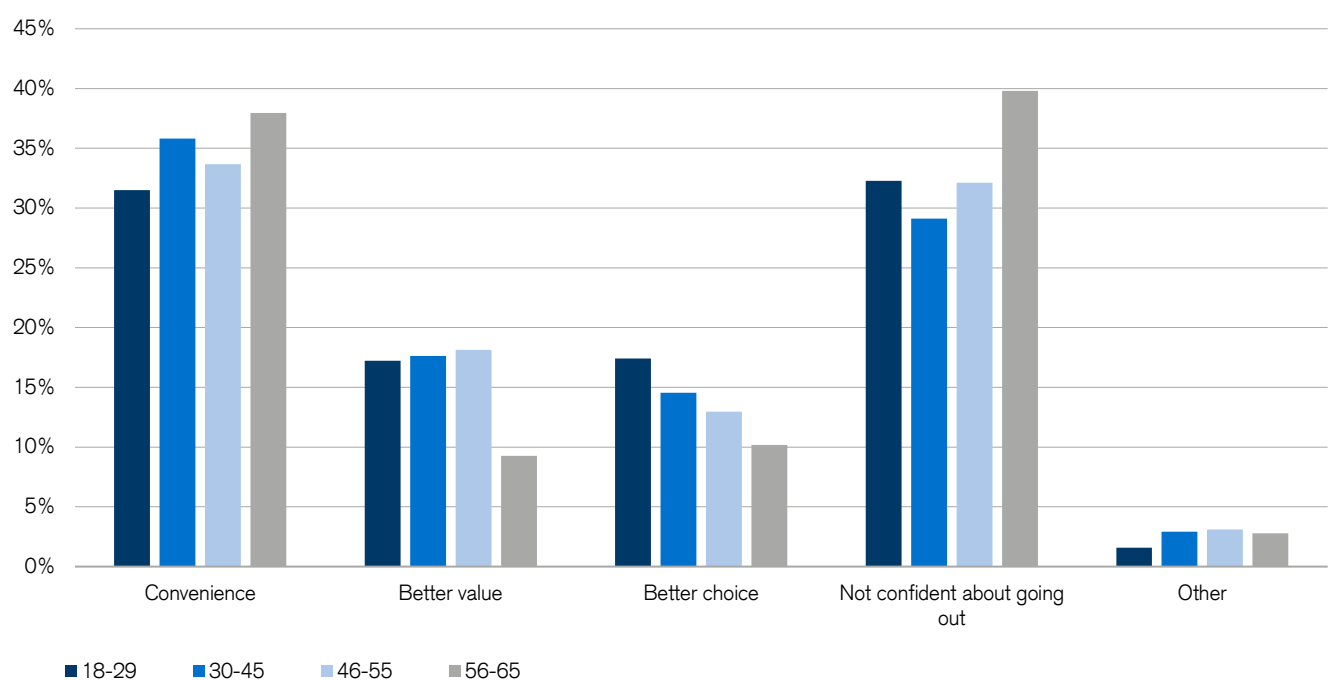


Internet connectivity is being utilized more intensively in Mexico today

In fact, based on our survey, 51% of consumers expect to increase the number of e-commerce apps they are using in the next 12 months. Moreover, in the past year, 46% of participants said they downloaded between one and two new e-commerce apps to their mobile phones and an additional 46% of them downloaded three or more apps. In this environment, online retailers

Figure 1: Reasons for online shopping

Regardless of the age group, our 2021 survey indicates that convenience and lack of confidence to go out are the main reasons to shop online... however, on aggregate, convenience remains the top structural reason behind online purchases.



Source: Credit Suisse Emerging Consumer Survey 2021

Mercado Libre and Amazon saw the highest share of downloads in the past year according to our survey, with 43% and 42% of respondents saying they had downloaded apps from Mercado Libre and Amazon, respectively. Fashion apparel retailer Shein had 21% of downloads and discount store Walmex had 13% of downloads, followed by fashion and souvenir store Liverpool with 11%.

in close proximity by Amazon with 48%, and Liverpool with 45%. Our analysis suggests that Mercado Libre holds top place in the minds of Mexican e-consumers, while omnichannel players like Walmart and Liverpool are well positioned in the e-commerce segment. Looking forward, we expect that competition in digital apps will intensify.

According to our survey, Mercado Libre was the most visited e-commerce website in the last 12 months, with 80% of respondents saying they had used its website. In second place came Walmex, with 59% of participants saying they had used its website in the past year, followed

E-groceries adoption set to continue

According to our survey, 59% of respondents have increased the amount of online grocery shopping since the beginning of the pandemic, with only around 26% stating their levels of consumption from this channel have stayed the same

Figure 2: Increase in shopping apps

According to our survey, users have been increasingly installing shopping apps on their phones in the past year, with >90% of respondents saying that they had downloaded at least one shopping app.

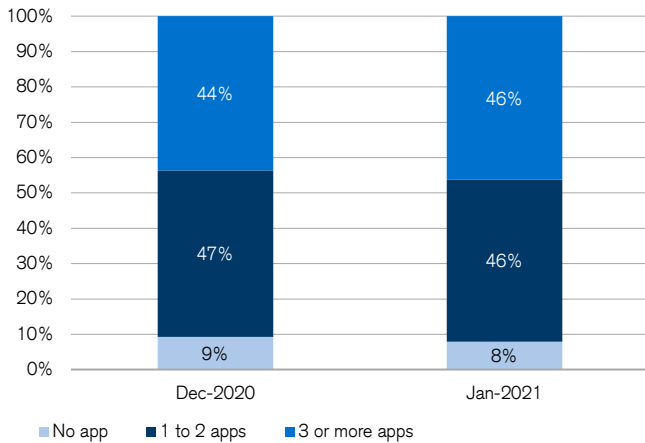


Figure 3: Trend in adoption of e-commerce apps

We believe this trend of accelerated adoption of e-commerce apps will continue as 51% of respondents expect to increase the number of e-commerce apps they are using in the next 12 months.

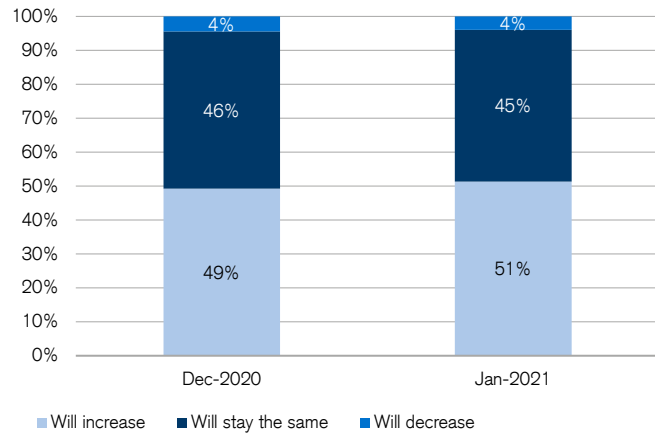


Figure 4: Respondents' online grocery shopping as a result of the pandemic

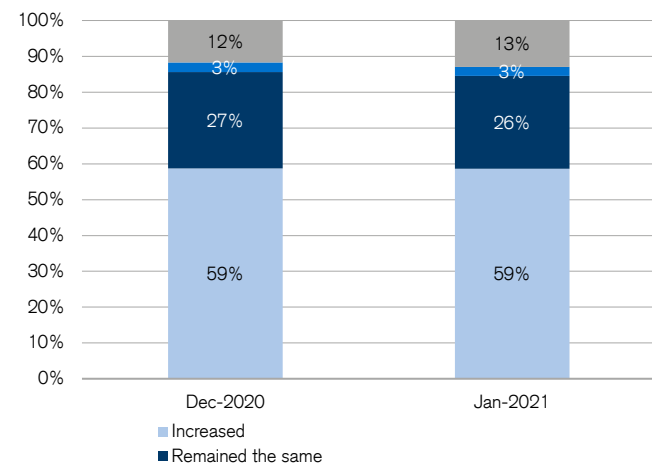
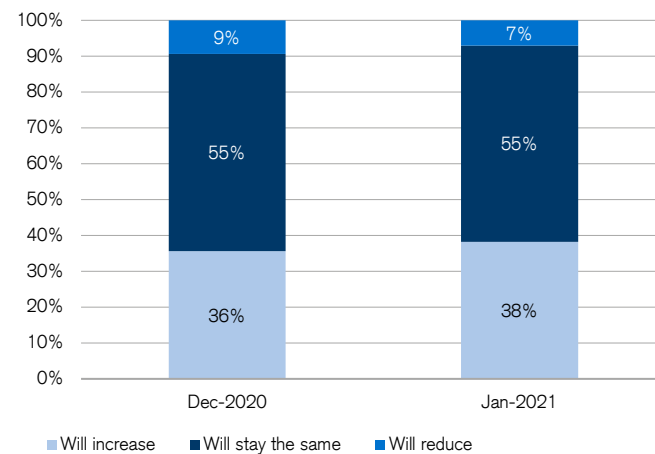


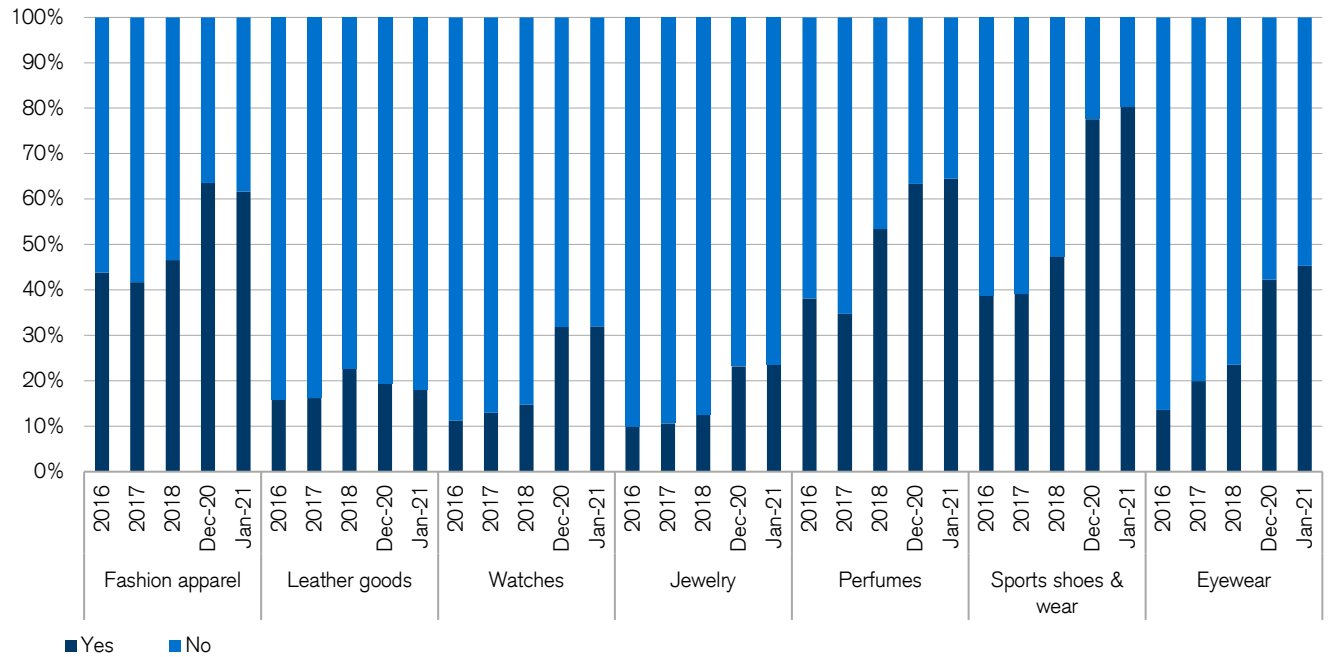
Figure 5: Intentions to shop online for groceries in the next 12 months have not changed before and after the vaccines



Source Figures 2-5: Credit Suisse Emerging Consumer Survey 2021

Figure 6: Intentions to purchase consumer discretionary goods

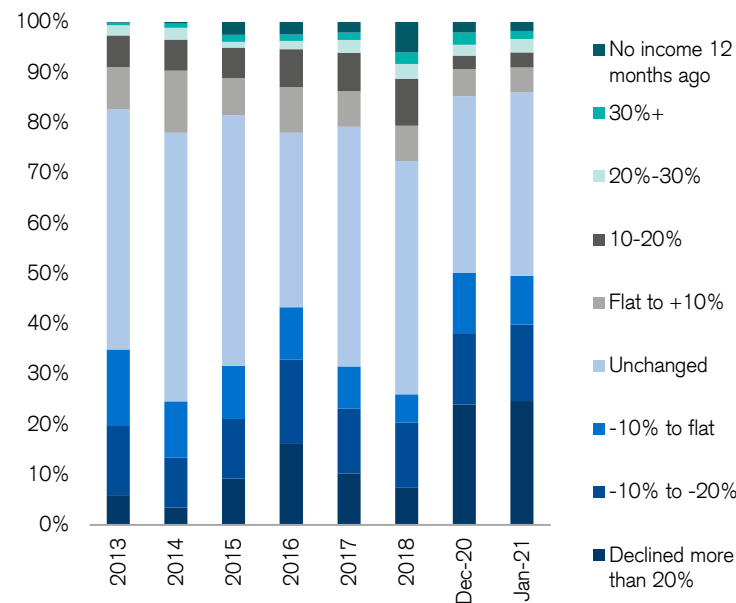
Our survey shows that today Mexicans are more willing to purchase consumer discretionary goods in the next 12 months versus the pre-COVID years across most categories.



Source: Credit Suisse Emerging Consumer Survey 2021

Figure 7: Trend in incomes for the past 12 months

In the last 12 months, ~50% of respondents in our survey suffered some level of reduction in their household income, and ~25% of them saw a >20% drop in their salary.



Source: Credit Suisse Emerging Consumer Survey 2021

same. Looking forward for the next 12 months, 38% of participants expect to increase e-groceries shopping, with 55% of them saying that their level of consumption will remain the same. Notably, only 7% of the people in our survey responded that they plan to reduce their online grocery shopping activity. In our view, this shows that the fast-paced adoption of e-groceries during the pandemic is lasting and should increase even further as mobility and operating restrictions are lifted.

Consumer discretionary making a comeback, but to what extent?

Our survey shows that the intention to buy consumer discretionary items in the next 12 months increased across most categories in 2020 and 2021 versus 2018 and 2017, with increases in intentions to buy fashion apparel, watches, jewelry, perfume, sports shoes and sportswear, and eyewear. In our view, this could partly be explained by pent-up demand as department stores and shopping malls were closed for several months in 2020. Nonetheless, the survey shows a clear intention of respondents to acquire such goods, which bodes well for department stores and e-players. On the other hand, the extent of the recovery in these categories remains questionable due to the economic uncertainty generated by the pandemic.

In both 2020 and 2021, around 25% of our survey respondents saw a drop of over 20% in their household income, around 15% saw a 10%–20% reduction, and another 10% saw their household income fall by up to 10%. This means that 50% of respondents saw some level of reduction in their incomes due to the pandemic. Looking forward, 34% of the same respondents expect their incomes to remain unchanged in the next 12 months. While roughly 45% of the participants expect a year-on-year increase in their incomes, most expect the increase to be lower than 20%. In our view, this implies that the damage to household incomes has already been done and, even if consumption of discretionary goods increases from here, Mexican families have an overall lower income.

As a result, we believe the magnitude of the recovery in discretionary consumption could be somewhat limited, as households do not expect their income to return to pre-pandemic levels in the next 12 months.

“ The magnitude of the recovery in discretionary consumption could be somewhat limited

Usage of food-delivery aggregators like Uber Eats/Rappi is likely to accelerate
 COVID-19 also became a catalyst for the accelerated adoption of food-delivery apps. For both customers and restaurant operators, delivery apps became a key sales channel during the worst parts of the confinement policies in 2020 and even during the partial reopening. In fact, our 2018 survey revealed that, at that time, only 15% of participants had used delivery services in the past three years, thus pointing to a large growth potential.

In our 2020 and 2021 surveys, the share of respondents stating that their food-delivery orders had increased in the last 12 months reached 70% and 68% respectively, while, in 2018 (when penetration of this service was fairly low), only 32% of participants stated that their delivery orders had increased.

Figure 8: Income outlook for the next 12 months

For the next 12 months, 34% of respondents expect their incomes to remain unchanged, which implies that the effects of 2020 will take time to revert, thus limiting consumption.

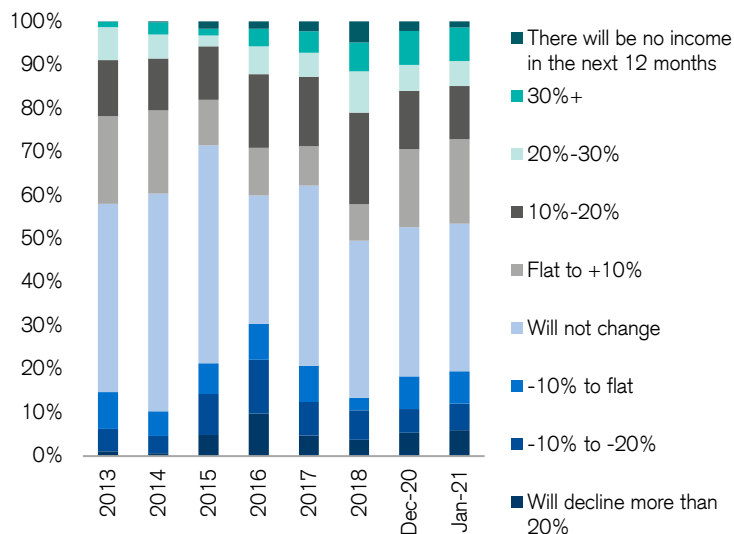


Figure 9: Online food-delivery orders

Around 70% of our survey respondents increased their food-delivery orders, up from 32% in 2018.

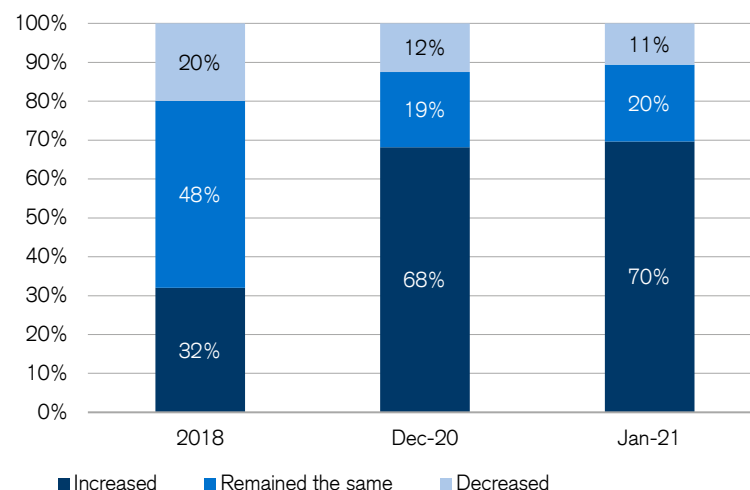
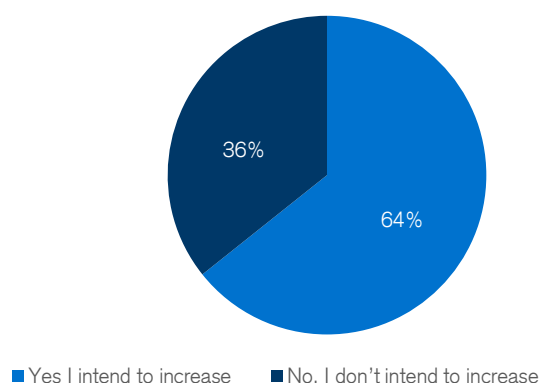


Figure 10: Intention to increase food-delivery services

Looking forward, 64% of respondents intend to increase the use of food delivery platforms compared to pre-COVID levels



Source Figures 8–10: Credit Suisse Emerging Consumer Survey 2021

Figure 11: Trend in dining out

Even as the vaccination roll-out in Mexico has already started, most respondents (69%) still feel uncomfortable dining out.

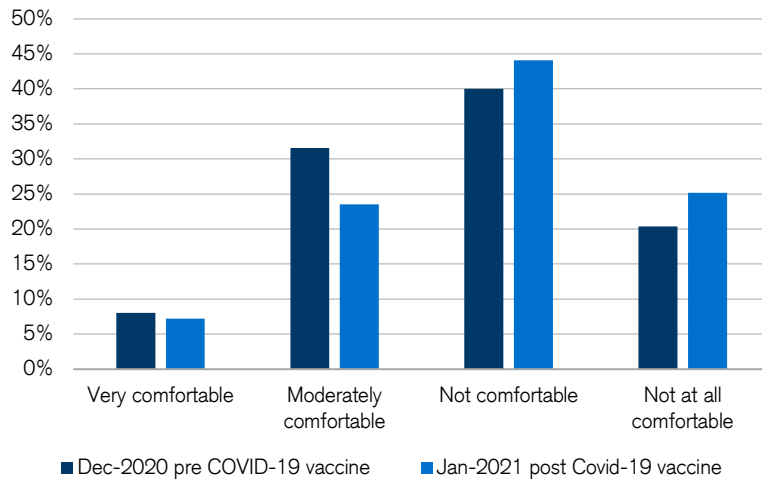
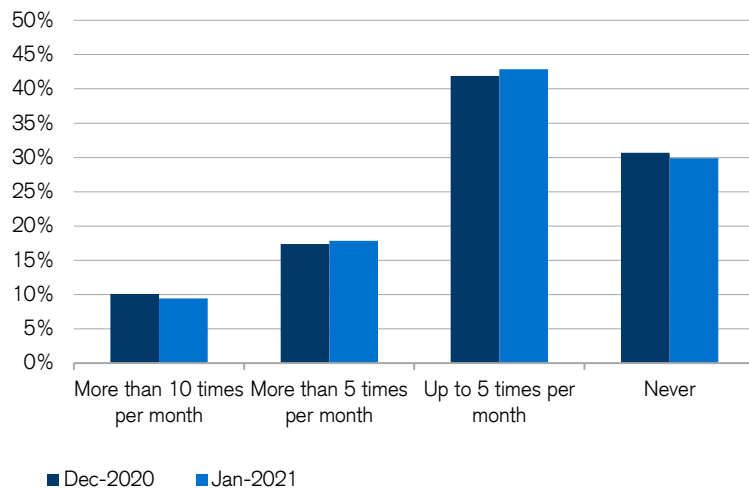


Figure 12: Food delivery during the pandemic

According to our survey, the large majority of consumers (43%) used food-delivery services up to five times per month.



COVID-19 also became a catalyst for the accelerated adoption of food-delivery apps

While this behavior could be explained by the confinement policies, 64% of the participants in our 2021 survey stated that they intend to increase their use of online food-delivery platforms compared to pre-pandemic levels. Notably, one of the drivers of this expected increase in usage is that 44% of respondents do not feel comfortable with dining out, even with a decrease in restrictions, infections and hospitalizations, while another 25% do not feel comfortable at all dining out. In our view, the risk-averse sentiment of dining out, increased acceptance of payment methods and the sheer convenience of food-delivery services will increase their usage. In this case, restaurant operators may also rethink their operations toward adopting a more omnichannel approach.

Source Figures 11 and 12: Credit Suisse Emerging Consumer Survey 2021



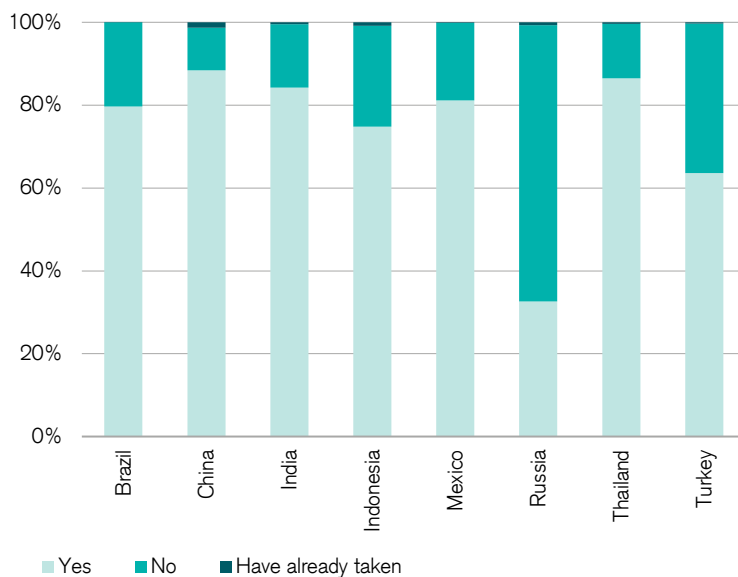
Photo: GettyImages, recep-bg

Healthcare, the emerging consumer and COVID-19

European Pharma team

In this year's survey, we have gone beyond our traditional healthcare topics of access to government-sponsored healthcare, attitudes to local brands and the corresponding pricing power of international brands. Given the central role played by the pandemic, we have introduced a series of questions specifically relating to COVID-19, including attitudes toward vaccines and the potential impact on overall healthcare spending. We have supplemented the survey results with some of our broader work on the vaccine rollout. More generally, the pandemic has exposed weaknesses in healthcare systems. More infrastructure spending will be forthcoming in its wake and will support higher spending on pharmaceuticals. The question is how much of this will benefit local companies versus the multinationals?

Figure 1: "Would you take a COVID-19 vaccine if made available?" (Jan 2021)



Source: Credit Suisse Emerging Consumer Survey 2021

Key survey findings

The time period spanning our October 2020 and January 2021 surveys captures a substantial amount of COVID-19 vaccine newsflow where we saw the first sets of phase 3 data as well as the resulting initial vaccine approvals. As shown earlier in the report, the newsflow surrounding vaccines appears to be supporting improved consumer sentiment.

Vaccine acceptance high and trust in local brands strong outside of Russia

Respondents' acceptance of a vaccine in most emerging market (EM) countries is high and matches that reported in surveys done for consumers across developed markets (**Figure 2**). Russia is the exception here with only around a 30% vaccine acceptance level. The survey results for October 2020 and January 2021 show an improvement in vaccine acceptance, which we believe is likely driven by (1) increased data on COVID-19 vaccine efficacy (above 90%,

which was higher than generally expected), and (2) the first major regulatory approvals for vaccine use in December. Of those people not willing to take a COVID vaccine, around 50% had concerns about side effects, while a lack of overall trust in any vaccines and a lack of perceived need to use the vaccine at all were highlighted 15%–20% of the time (Figure 3).

the Emerging Consumer Survey have shown that Russian consumers tend to have low average acceptance for any locally sourced pharmaceuticals, suggesting that the low COVID-19 vaccine acceptance is not necessarily related to the Sputnik V vaccine alone.

“ The newsflow surrounding vaccines appears to be supporting improved consumer sentiment

Some might argue that the low Russian acceptance rate for the vaccine may reflect the fact that approval of the Russian Sputnik V vaccine was received before results had been released for its full phase 3 trial. However, our prior versions of

Figure 2: Proportion of respondents that would trust local COVID-19 vaccines

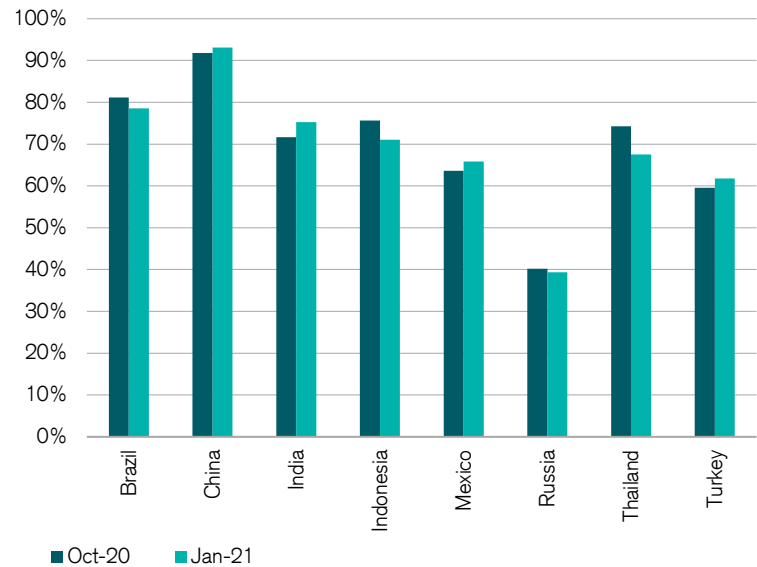
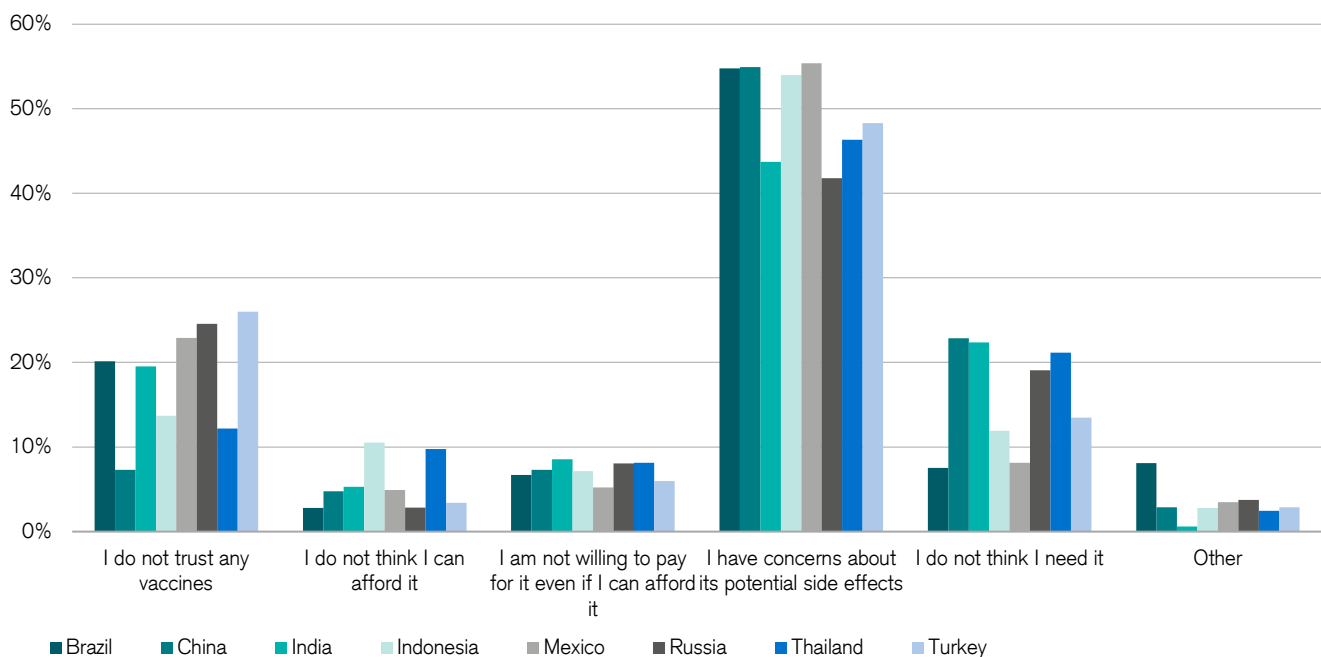


Figure 3: “What is the main reason why you would not take the COVID-19 vaccine?”



Source Figures 2 and 3: Credit Suisse Emerging Consumer Survey 2021

Figure 4: “At a household level, how do you anticipate COVID-19 will impact your planned medicine spending for the next 12 months?”

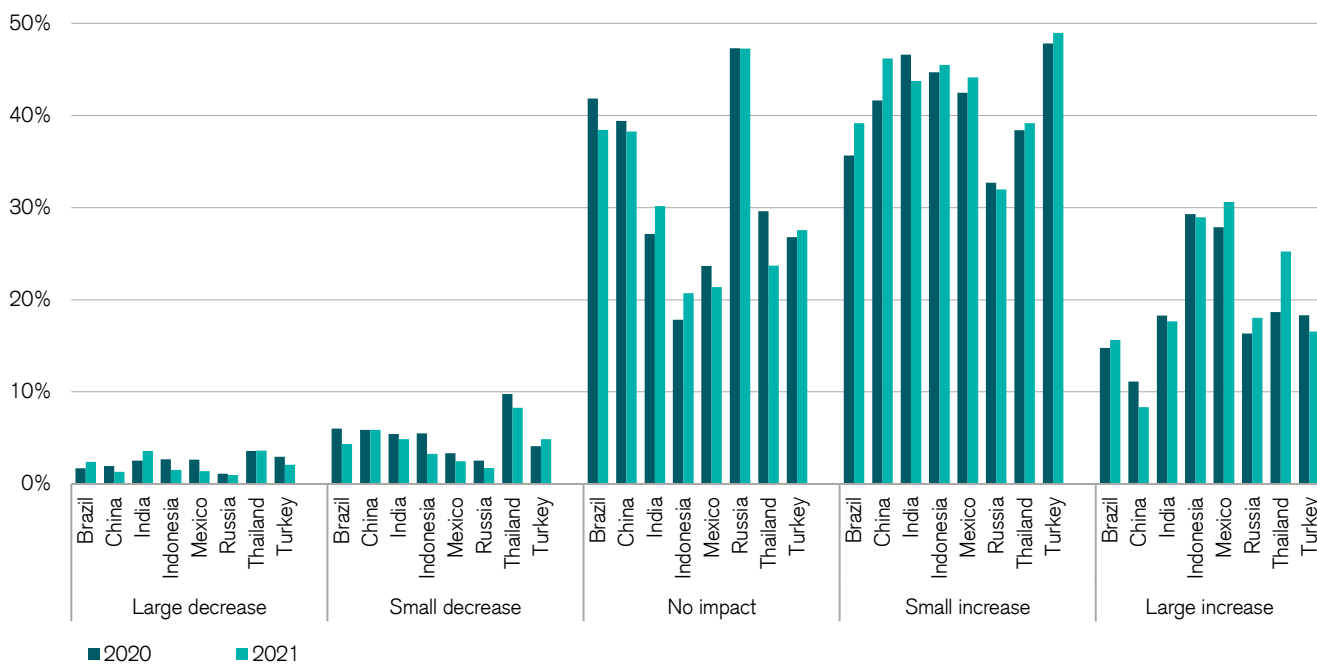
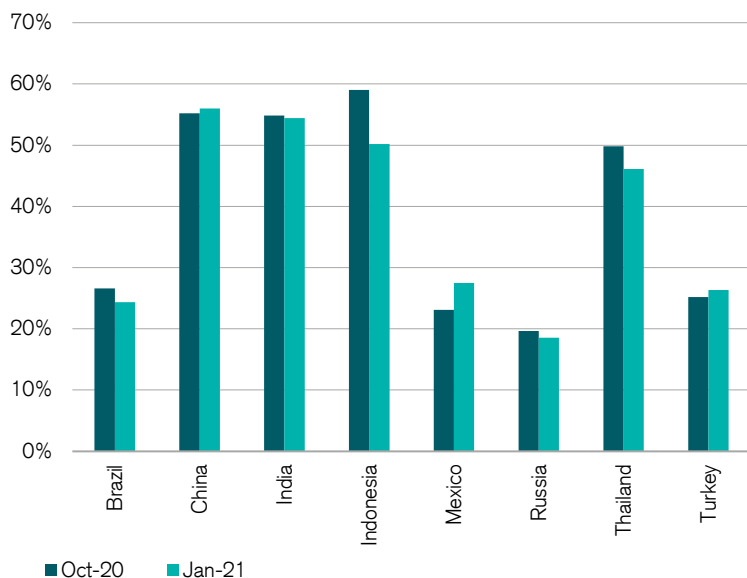


Figure 5: Respondents who have used online medical consultation



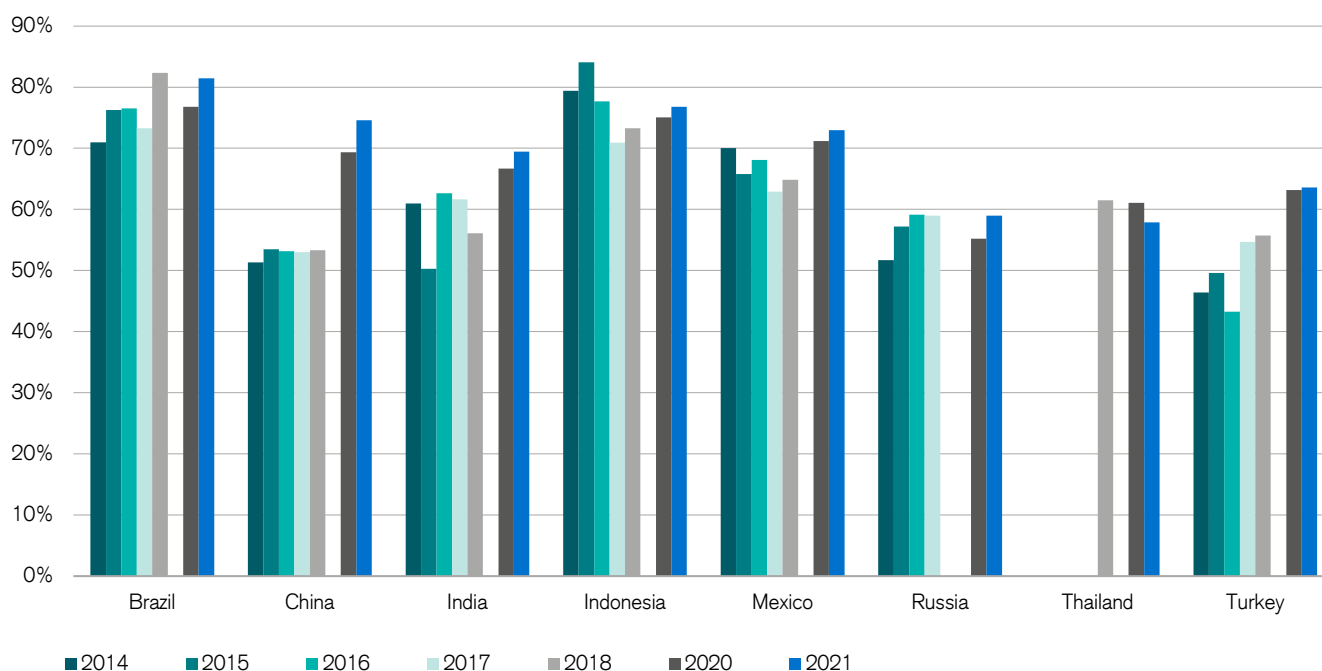
Source Figures 4 and 5: Credit Suisse Emerging Consumer Survey 2021

COVID-19 driving expected higher spending on medicine in the next 12 months

The impact of COVID-19 on healthcare spending appears substantial. Our survey suggests that approximately 20% of respondents expect a large increase in healthcare spending, with 40% predicting a small increase, and 30% predicting no impact (Figure 4). The source of increased spending could be linked to the higher reported levels of healthcare “worries” reported by those surveyed. Around 58% of respondents reported “moderate healthcare” worries because of COVID-19 in both the October 2020 and January 2021 survey. In addition, over the four months since October 2020, the proportion reporting they were “very worried” rose from 25% to 28%, while the share of consumers indicating that they were “not worried” fell from 18% to 13%.

Of note, we now see a relatively well-developed online medical consultation option in many markets as shown in Figure 5. It will be interesting to see how this reflects on spending on medicines over time, with the US experience suggesting that online consultations result in lower numbers of prescriptions written per consultation than face-to-face meetings between doctors and patients, and a lower use of new drugs. This is likely linked to the inability to perform diagnostics tests remotely, which may be needed before starting new treatments.

Figure 6: Proportion of respondents confident about the safety and efficacy of local brands

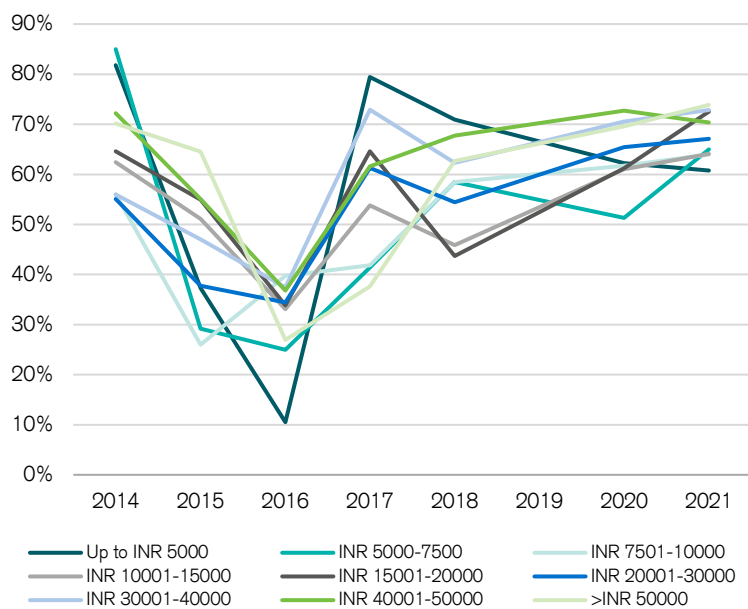


Confidence in local brands increasing

Confidence in local brands is increasing, but at the same time we see an increase in the percentage of respondents willing to pay a premium for international brands. Over the period from 2014 to 2018, we saw a progressive increase in confidence in the safety and efficacy of local brands in Russia, Turkey and Brazil, with waning confidence only in Indonesia and Mexico. The latest survey shows higher levels of trust in local brands reported in all markets apart from Thailand and Russia. In all other markets, we see some improvement with a substantial improvement reported in China and also to a lesser extent in India, Mexico and Turkey.

We expect some of this increased confidence may have to come from a change in the mix of survey respondents with a higher proportion of higher income, and urban versus rural respondents. However, we expect some of the increased confidence is also coming from the increased availability of subsidized medicines, where governments typically seek to favor domestic production, as well as high-profile regulatory action to enforce quality standards (Figure 6). The increase in confidence seen in China was broadly consistent among all levels of income and regions. In India, however, the increase in confidence compared to 2018 was mainly seen in higher earners (Figure 7).

Figure 7: India – confidence in local brands by income



Source Figures 6 and 7: Credit Suisse Emerging Consumer Survey 2021

Premium for international medicine

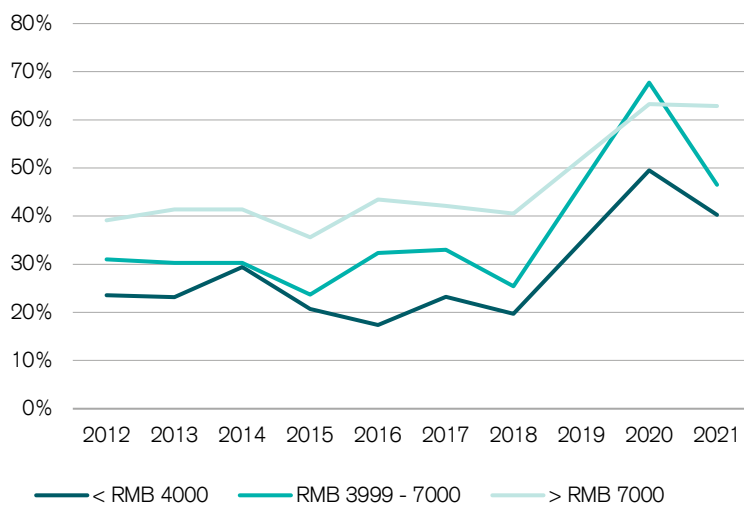
The survey results this year indicate an increase in willingness to pay a premium for international medicine. This could reflect the changed mix of survey respondents, a greater knowledge of international brands, or be a temporary phenomenon driven by willingness to pay for international COVID-19 vaccines. A notable exception here is Russia. The decrease in Russia could reflect increased access/acceptability of local drugs, and a steady increase in confidence up to 2018 levels.

We note that the vast majority of people willing to pay extra were prepared to pay only 1%–10% extra, a smaller proportion 11%–20% extra, and almost no one was prepared to pay more than 20% extra. It remains to be seen whether the increased willingness to pay this premium for international brands persists once the COVID-19 pandemic subsides.



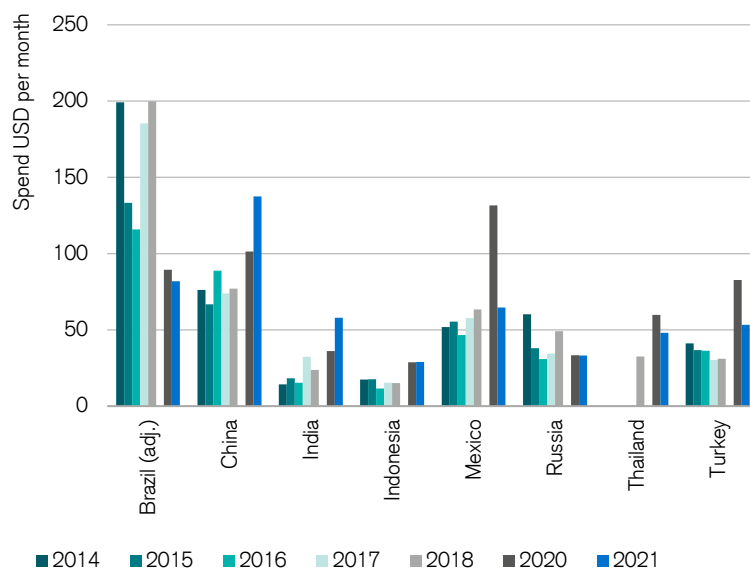
It remains to be seen whether the increased willingness to pay a premium for international brands persists

Figure 8: China – proportion of people willing to pay extra for international medicine by level of income



Source: Credit Suisse Emerging Consumer Survey 2021

Figure 9: Average monthly spending on healthcare



Source: Credit Suisse Emerging Markets Surveys, note Brazil adjusted for outliers of >USD 300K claimed spending

Chinese willingness to pay extra for international brands by income and region

We look in more detail at China given the recent strong recent sales growth reported by many multinationals. In general, those people with higher income in China are willing to pay a greater premium than those on a lower income, as might be expected (Figure 8). Between the October and January surveys, there was a decrease in willingness to pay a premium for international brands for people with lower income, presumably reflecting lower disposable income, whereas the proportion of people with higher incomes who were willing to pay a premium stayed the same. We see a similar trend for rural versus urban regions where urban populations tend to be correlated with higher income.

Spending patterns across EM countries

As can be seen in Figures 9 and 10, we see an increase in absolute healthcare spending in all countries except Russia over the past six years as well as in October 2020 and January 2021. This latter point might reflect the higher income of recent survey respondents. The increase in absolute spending appears to be further accentuated when examined on a relative basis to other categories of spending. This may be temporary and related to COVID-19 restric-

tions on other spending and higher savings, but, if sustained, could place a greater political focus on healthcare-related costs, which would then become a more significant long-term burden to the population.

Vaccine rollout

In **Figure 11**, we move beyond the consumer survey and look at likely vaccine availability by region based on announced and forecast orders. From this data, it is clear that western markets are expected to take delivery of vaccines to satisfy the majority of demand by Q3 2021. From that time, we would see the availability in emerging markets likely to surge with substantial “over-ordering” in many developed markets redirected to emerging markets.

“ Higher infrastructure spending should prompt higher spending on pharmaceuticals

Healthcare beyond the pandemic

Emerging markets remain a structurally growing element of major pharma sales, accounting for around 20% of reported prescription sales in 2020. Over the past ten years, EM growth has outpaced all other regions with an average of 7.4% growth in constant exchange rates (CER), versus 3.4% for our universe as shown in **Figure 12**. In 2020, EM growth weakened due to the impact of the pandemic (with hospital capacity diverted to COVID treatment) and underperformed markets in developed countries. We believe this was in part due to the implementation of the latest round of price cuts in China associated with the government’s value-based pricing (lowering prices to expand access).

Figure 10: Healthcare as a percentage of total spending on other categories

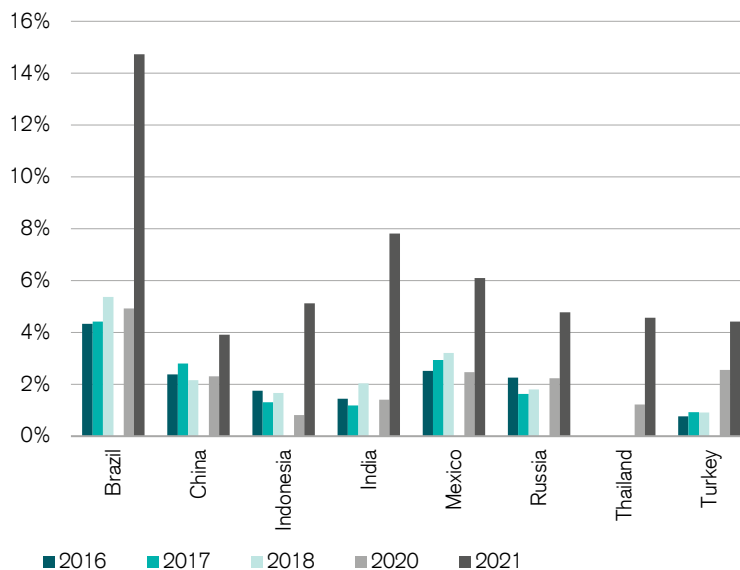
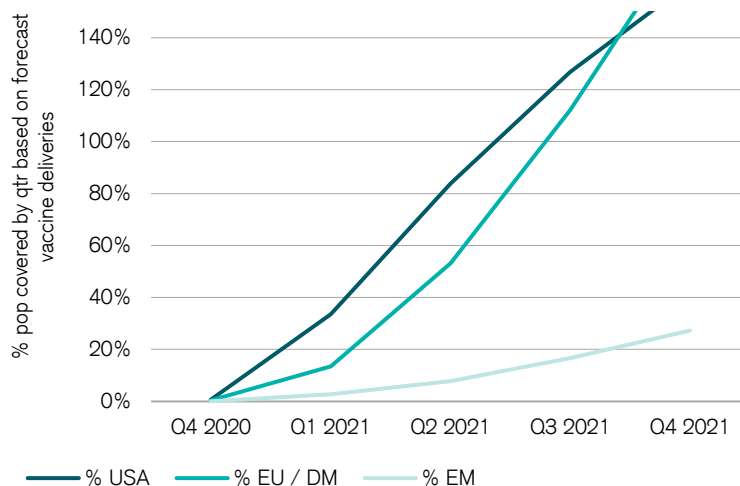
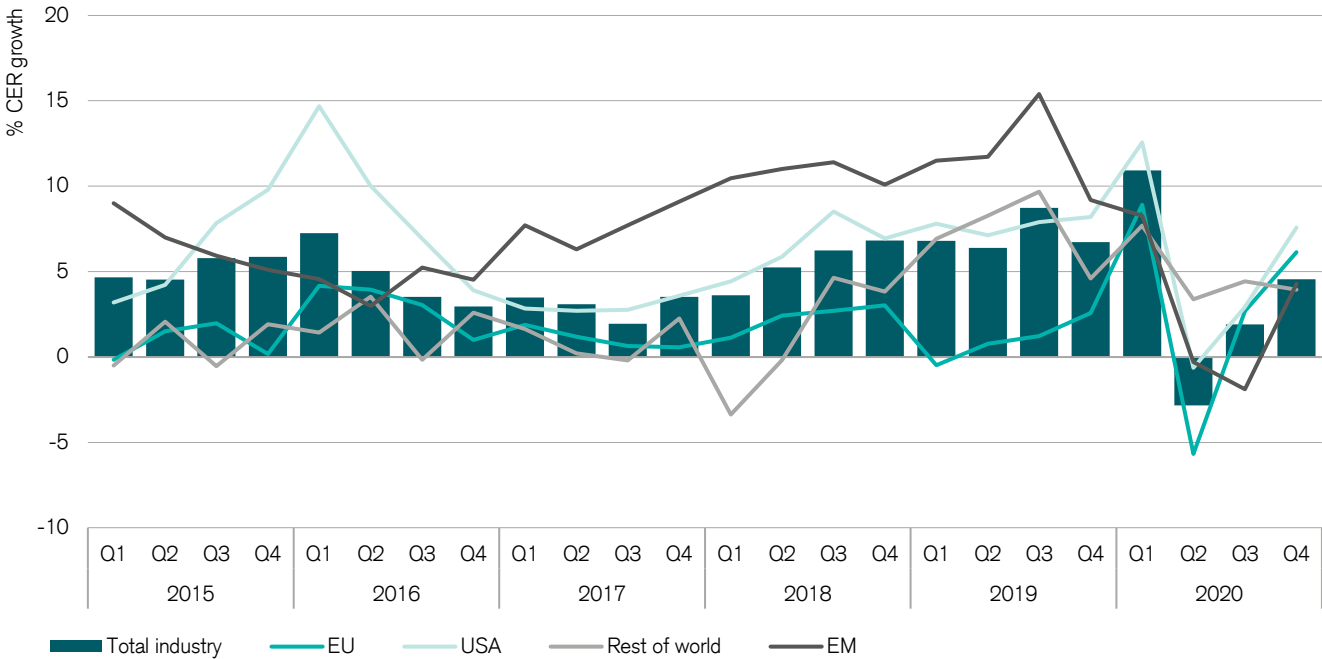


Figure 11: Theoretical percentage of population to be vaccinated based on orders announced/forecast by region



Source Figures 10 and 11: Credit Suisse Emerging Consumer Survey 2021

Figure 12: Multinational CER* regional growth. Strong EM growth up to 1Q2020 faltered in 2020, in part due to VBP in China**



*CER = constant exchange rates; **VBP = value based procurement (the Chinese drug tendering process to purchase drugs in bulk from manufacturers at a lower price). Source: Credit Suisse Emerging Consumer Survey 2021

With strong local patent protection, major pharma companies have been prepared to trade lower reimbursement prices for increased volumes early in the lifecycle of drugs to gain access to the market, with success favoring larger companies with a sufficient EM footprint to convert theoretical access to actual demand. However, higher government funding that has boosted sales of multinational corporations has also helped drive the development of more research and development (R&D)-intensive local pharma companies and we perceive a growing risk in China, particularly one of locally developed therapeutic alternatives ultimately gaining favorable reimbursement status locally.

The pandemic may have exposed weaknesses in many healthcare systems in both developed and emerging markets, but we believe (despite weakened economic activity) that higher infrastructure spending should prompt higher spending on pharmaceuticals too. We expect much of this spending to be directed at supporting locally sourced products, and will continue to monitor the level of trust in local pharmaceutical brands and the willingness to pay a premium for international brands. If this willingness is sustained, we believe multinational corporations will be able to sustain their premium long-term growth rates in emerging markets.

Appendices

In the appendices that follow, we summarize spending intentions for consumers across age and area among discretionary categories of spending. We color code the tables to illustrate the areas of relative strength. In addition to the absolute spending intentions, we also review the momentum in these readings from a year ago. In most categories, it is again the young, urban and wealthy demographic that is driving consumer growth and preferences in emerging markets. The full categories and additional data are not included in this appendix, but are available upon request.

Appendix 1

Purchase intentions for young versus old

Table 1 summarizes spending intentions for younger and older consumers. As in 2019, the absolute readings indicate that spending intentions are generally strongest in the younger age bracket, which reflects the fact that income is typically skewed to young consumers. Fashion, sports shoes and holidays are the categories that show the strongest spending intentions across both age brackets and across most of our survey countries. These spending intentions were most pronounced in China and India, with particularly strong readings in the 18–29 age bracket. We note weaker readings for beer, spirits and education. This trend was particularly notable in Brazil, Russia and Mexico. The most notable divergence between young and old is in spending intentions for education, with particularly stark disparities in China, Brazil and India.

Table 2 shows how these spending intentions have changed since 2019. The most significant momentum is found in spending intentions for sports shoes and cars. In China, both the 18–29 and 56–65 age brackets have seen a strong increase in spending intentions for fashion and cars. In India, both age brackets saw a steep rise in spending intentions for sports shoes and cars. The most striking decline in spending intentions is in beer and spirits, particularly in Brazil and Thailand. Spending intentions for education have generally risen for younger demographics, but there have been particularly sharp rises in the 18–29 bracket in India and Thailand, as well as the 56–65 bracket in Turkey.

Table 1: Percentage of consumers that expect to buy or increase spending on certain categories in 2021 by age

The categories identified in "blue" are those that are the top three highest categories of future spending within that age bracket and country. The categories identified in "light blue" are those that sit in the bottom three categories of future spending within that age bracket and country.

2021		Fashion	Sports shoes	Watches	Jewelry	Holiday	Cosmetics	Cars	Beer	Spirits	Education
All	Brazil	88	73	33	27	72	45	37	11	5	33
18-29	Brazil	90	69	45	40	64	60	36	10	6	42
56-65	Brazil	81	64	9	9	66	24	26	7	5	12
All	China	84	85	35	38	74	54	64	15	7	32
18-29	China	92	87	40	37	72	65	63	15	8	36
56-65	China	67	78	29	30	69	40	58	10	5	14
All	India	83	77	60	60	80	68	57	16	13	55
18-29	India	82	77	68	54	77	70	47	14	12	59
56-65	India	61	54	24	34	68	37	43	11	3	25
All	Indonesia	80	74	32	44	76	42	44	n.a.	n.a.	24
18-29	Indonesia	85	78	40	49	80	41	40	n.a.	n.a.	26
56-65	Indonesia	80	76	29	44	77	30	50	n.a.	n.a.	17
All	Russia	87	64	14	25	58	21	24	8	9	14
18-29	Russia	90	63	16	28	59	29	22	8	9	21
56-65	Russia	78	55	8	13	49	19	22	6	7	6
All	Thailand	67	72	46	43	69	74	50	8	5	26
18-29	Thailand	76	75	55	52	71	79	44	11	7	29
56-65	Thailand	54	65	28	30	60	58	58	9	9	19
All	Turkey	59	83	45	33	73	58	61	16	15	26
18-29	Turkey	56	81	48	28	71	55	51	16	16	22
56-65	Turkey	53	74	30	26	68	50	51	7	7	27
All	Mexico	62	80	32	24	62	43	45	10	3	26
18-29	Mexico	66	79	40	32	60	55	44	13	3	29
56-65	Mexico	39	63	14	6	53	30	28	3	2	14

Table 2: Year-on-year change in spending intentions by age

The categories identified in "blue" are those that are the top three highest categories of future spending within that age bracket and country. The categories identified in "light blue" are those that sit in the bottom three categories of future spending within that age bracket and country.

Momentum		Fashion	Sports shoes	Watches	Jewelry	Holiday	Cosmetics	Cars	Beer	Spirits	Education
All	Brazil	33	15	12	12	12	14	16	-6	-5	2
18-29	Brazil	26	4	14	20	1	21	17	-13	-8	-3
56-65	Brazil	42	22	1	3	15	3	7	-8	-3	1
All	China	28	34	25	26	12	9	48	-2	0	22
18-29	China	27	24	25	23	3	11	41	1	3	14
56-65	China	26	47	24	22	17	-1	49	-11	-5	10
All	India	17	47	33	25	29	-7	43	7	5	39
18-29	India	14	42	37	22	24	-9	32	4	4	40
56-65	India	3	33	3	11	29	-28	31	4	-1	13
All	Indonesia	16	45	8	18	18	-32	28	n.a.	n.a.	20
18-29	Indonesia	16	40	8	23	18	-34	23	n.a.	n.a.	21
56-65	Indonesia	34	63	18	23	40	-41	40	n.a.	n.a.	14
All	Russia	n.a.	n.a.	n.a.	n.a.	-15	na	14	n.a.	n.a.	n.a.
18-29	Russia	n.a.	n.a.	n.a.	n.a.	-14	na	9	n.a.	n.a.	n.a.
56-65	Russia	n.a.	n.a.	n.a.	n.a.	3	na	20	n.a.	n.a.	n.a.
All	Thailand	-9	47	22	17	11	18	37	-21	-16	20
18-29	Thailand	-9	45	20	21	9	20	28	-19	-15	23
56-65	Thailand	4	50	22	20	13	17	52	-16	-10	19
All	Turkey	-15	31	25	23	22	6	48	1	1	21
18-29	Turkey	-18	20	20	18	13	-4	36	-4	-3	15
56-65	Turkey	-20	43	19	22	34	4	44	0	-1	23
All	Mexico	15	33	17	12	15	-5	30	-9	-8	4
18-29	Mexico	8	24	20	17	7	5	26	-8	-10	2
56-65	Mexico	8	42	6	3	12	-24	14	-9	-5	-1

n.a. = not available

Source Tables 1 and 2: Credit Suisse Emerging Consumer Survey 2021

Appendix 2

Urban versus rural spending intentions

Table 1 below summarizes spending intentions by area and country. As we would expect, the strongest readings for spending intentions are observed in urban areas. As in 2019, fashion and holidays show some of the strongest spending intentions. However, in 2021, spending intentions for sports shoes are also very strong. For all three categories the urban reading is generally higher than the rural.

Cosmetics remain popular in urban and rural populations of China, India and Thailand. By contrast, spending intentions for beer and spirits are notably weak across rural and urban demographics in all countries. Education has languished relative to the top three spending intention preferences, particularly in rural populations.

Table 1: Percentage of consumers that expect to buy or increase spending on certain categories in 2021 by area

The categories identified in "blue" are those that are the top three highest categories of future spending within that age bracket and country.

The categories identified in "light blue" are those that sit in the bottom three categories of future spending within that area and country.

2021		Fashion	Sports shoes	Watches	Jewelry	Holiday	Cosmetics	Cars	Beer	Spirits	Education
All	Brazil	88	73	33	27	72	45	37	11	5	33
Urban	Brazil	87	73	33	27	73	45	38	11	5	33
Rural	Brazil	90	63	24	16	52	48	26	8	5	34
All	China	84	85	35	38	74	81	64	15	7	32
Urban	China	84	85	36	38	75	82	66	16	7	32
Rural	China	73	83	24	23	53	66	40	9	4	22
All	India	83	77	60	60	80	68	57	16	13	55
Urban	India	85	78	60	61	81	68	60	17	14	55
Rural	India	67	67	56	48	70	70	34	7	9	49
All	Indonesia	80	74	32	44	77	40	44	n.a.	n.a.	24
Urban	Indonesia	81	76	33	44	79	43	47	n.a.	n.a.	24
Rural	Indonesia	76	66	29	44	72	33	35	n.a.	n.a.	22
All	Russia	87	64	14	25	58	21	24	8	9	14
Urban	Russia	87	65	15	26	60	21	25	8	9	14
Rural	Russia	83	57	9	16	40	23	22	8	9	15
All	Thailand	67	72	46	43	69	74	50	8	5	26
Urban	Thailand	69	74	47	44	73	75	57	10	7	29
Rural	Thailand	63	67	46	41	61	71	36	5	3	21
All	Turkey	91	83	45	33	73	58	61	16	15	26
Urban	Turkey	91	83	45	33	74	57	62	16	15	26
Rural	Turkey	80	73	41	22	42	67	43	9	11	14
All	Mexico	62	80	32	24	62	43	45	10	3	26
Urban	Mexico	63	81	33	24	63	43	47	11	3	26
Rural	Mexico	47	72	23	20	52	40	31	7	5	26

n.a. = not available

Source: Credit Suisse Emerging Consumer Survey 2021

Appendix 2

Urban versus rural spending intentions

Table 2 below summarizes spending intentions by area and country. The most notable trend is the momentum behind cars, particularly in urban demographics. This trend is most pronounced in China, India, Thailand and Turkey, all of which have seen soaring spending intentions for cars in their urban populations. This could be due to fears about public transport or an increase in urban savings during the pandemic.

The momentum of sports shoes has significantly increased in India, China, Indonesia and Thailand, with a particular rise in the urban population. The momentum for spending on holidays is notably weak in China and Russia. In general, holidays have more momentum in urban areas.

Table 2: Year-on-year change in spending intentions by area

The categories identified in "blue" are those that are the top three highest categories of future spending within that age bracket and country.

The categories identified in "light blue" are those that sit in the bottom three categories of future spending within that area and country.

Momentum		Fashion	Sports shoes	Watches	Jewelry	Holiday	Cosmetics	Cars	Beer	Spirits	Education
All	Brazil	33	15	12	12	12	14	16	-6	-5	2
Urban	Brazil	31	14	11	11	11	12	17	-7	-5	4
Rural	Brazil	39	7	4	2	-4	21	7	-8	-4	-2
All	China	28	34	25	26	12	36	48	-2	0	18
Urban	China	30	33	28	27	8	43	51	1	2	19
Rural	China	11	34	7	10	2	7	18	-14	-7	4
All	India	17	47	33	25	29	-7	43	7	5	39
Urban	India	15	48	32	23	29	-8	47	7	5	38
Rural	India	8	37	32	19	20	-3	18	-1	1	35
All	Indonesia	16	45	8	18	19	-34	28	n.a.	n.a.	20
Urban	Indonesia	18	46	7	21	20	-29	31	n.a.	n.a.	19
Rural	Indonesia	11	38	8	15	18	-45	18	n.a.	n.a.	21
All	Russia	n.a.	n.a.	n.a.	n.a.	-15	n.a.	14	n.a.	n.a.	n.a.
Urban	Russia	n.a.	n.a.	n.a.	n.a.	-19	n.a.	16	n.a.	n.a.	n.a.
Rural	Russia	n.a.	n.a.	n.a.	n.a.	-21	n.a.	9	n.a.	n.a.	n.a.
All	Thailand	-9	47	22	17	11	18	37	-21	-16	20
Urban	Thailand	-9	46	21	17	10	19	43	-18	-12	24
Rural	Thailand	-8	49	27	17	20	16	24	-26	-24	14
All	Turkey	17	31	25	23	22	6	48	1	1	21
Urban	Turkey	15	29	23	22	23	0	48	-3	-3	19
Rural	Turkey	10	26	27	16	-10	30	32	2	5	12
All	Mexico	15	33	17	12	15	-5	30	-9	-8	4
Urban	Mexico	15	33	17	11	15	-5	30	-9	-9	3
Rural	Mexico	4	27	10	10	9	-7	20	-9	-4	8

n.a. = not available

Source: Credit Suisse Emerging Consumer Survey 2021

Appendix 3

The consumer by area, age and income

Our survey allows us to contrast influences on spending by various demographic considerations. Below we show for each of our countries the net balances for the barometers of (1) income expectations, (2) whether now is a good time to make a major purchase, and (3) the consumers' view of their personal finances looking forward. We have contrasted the responses to those questions by area (urban/rural), age and level of income.

The readings highlighted in color are the strongest for the given question. Themes that emerge include a strong bias toward optimism among young, urban and wealthy consumers. We also note that the 30–45 year old consumers are the most optimistic in their outlook in China, India and Turkey.

Table 1: Percentage of income, purchase and finance expectations in the next 12 months

	Brazil			China			India			Indonesia		
	Income	Purchase	Finances	Income	Purchase	Finances	Income	Purchase	Finances	Income	Purchase	Finances
Total 2021	22.9	-1.0	48.8	33.2	17.4	35.9	36.2	26.6	52.9	32.5	-6.8	43.7
Area												
Urban	23.3	-0.8	49.0	34.1	18.2	37.1	37.5	27.9	54.6	36.3	-4.5	47.0
Rural	14.1	-5.6	45.1	19.3	3.4	16.6	25.7	15.5	38.1	22.7	-12.6	35.1
Age												
18–29	32.8	4.0	61.5	31.3	23.8	38.2	33.7	23.0	49.1	36.4	-2.0	47.9
30–45	23.4	0.6	47.7	35.7	16.0	39.4	41.4	34.9	60.2	30.9	-7.0	44.4
46–55	15.2	-7.8	40.1	28.2	11.3	28.9	28.2	18.8	45.3	23.6	-16.0	34.7
56–65	2.0	-11.9	27.8	35.5	16.1	28.5	25.6	0.6	33.5	38.7	-10.5	37.9
Income												
Low	1.3	-10.4	53.2	0.2	15.1	27.8	-0.8	24.9	42.7	1.8	-12.2	31.8
Medium	13.0	2.4	52.0	30.0	18.7	35.2	10.1	32.3	58.9	17.1	-5.5	48.5
High	5.8	5.8	45.8	47.4	19.3	47.2	49.6	26.8	59.2	14.1	-1.3	52.7
	Mexico			Russia			Turkey			Thailand		
	Income	Purchase	Finances	Income	Purchase	Finances	Income	Purchase	Finances	Income	Purchase	Finances
Total 2021	25.6	8.0	37.0	-2.9	-13.4	4.5	16.6	-1.0	31.4	-4.3	5.1	14.6
Area												
Urban	26.4	8.5	37.8	-3.1	-12.8	4.7	16.9	-0.3	31.7	-2.8	8.7	15.9
Rural	19.4	4.1	31.2	-1.4	-19.6	2.8	7.7	-19.2	23.1	-7.3	-2.7	11.7
Age												
18–29	29.4	11.5	45.5	9.0	-9.2	21.7	8.9	-8.0	31.2	-3.1	8.3	16.2
30–45	29.2	11.0	40.2	-1.7	-13.7	10.5	25.4	4.9	40.9	-2.8	5.3	15.1
46–55	17.6	-0.4	24.7	-14.9	-14.7	-12.6	9.3	-2.7	15.8	-9.6	-0.4	14.8
56–65	7.5	-5.2	9.7	-9.8	-19.2	-16.4	10.8	-2.7	6.8	-8.5	-4.9	-1.2
Income												
Low	1.3	5.2	34.0	-2.8	-20.2	-0.7	-2.0	-13.9	18.0	-4.3	-3.7	4.3
Medium	7.9	10.5	38.2	0.0	-14.6	5.1	10.2	0.4	31.1	-3.1	5.5	12.1
High	29.2	16.4	49.1	2.0	1.6	15.0	15.8	16.7	54.4	2.5	15.6	28.0

Source: Credit Suisse Emerging Consumer Survey 2021

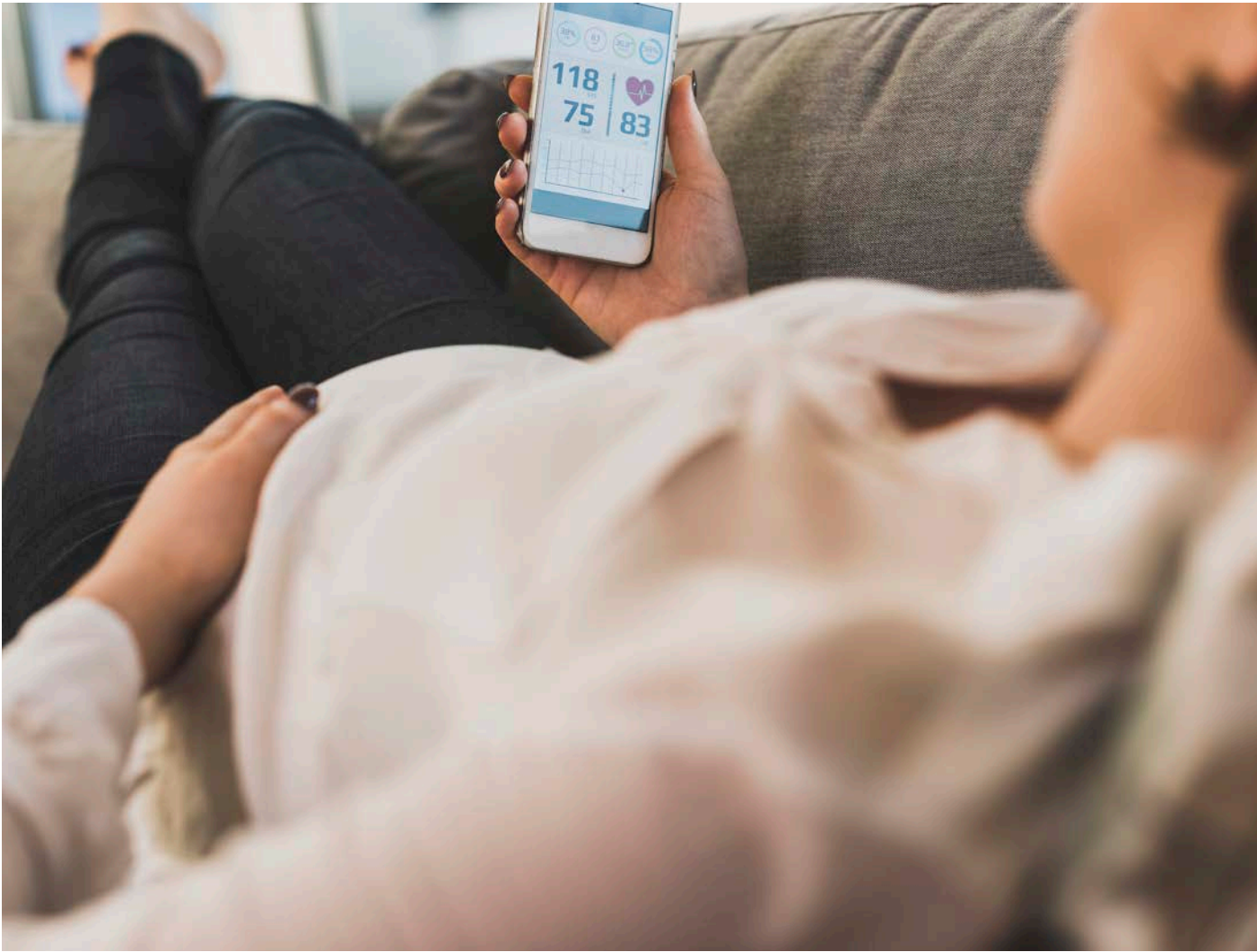


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About the survey

This report has been produced using market research gathered by The Nielsen Company. This has given the Credit Suisse Research Institute the ability to conduct a consistent multi-region survey while also incorporating questions specific to the countries surveyed in the report.

Nielsen are a leader in data measurement and information across a wide range of industries and regions. Their expertise has complemented the analysis the Research Institute has conducted in this report. Nielsen's input has helped develop a more complete view of the competitive consumer landscape across emerging markets.

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Authors

Arnab Mitra
Anais Boussie
Andres Ortiz
Bahar Sezer Longworth
Deidy Wijaya
Eugene Klerk
Jesalyn Wong
Joelle Natzkoff
Kenneth Fong
Marcella Recchia
Onur Muminoglu
Pratik Rangnekar
Richard Kersley
Sam Burgess
Tony Wang
Vanessa Quiroga
Warayut Luangmettakul
European Pharma team

Contributors

Swati Ramachandran
Astha Funda

Publisher

Credit Suisse Research Institute
research.institute@credit-suisse.com
credit-suisse.com/researchinstitute

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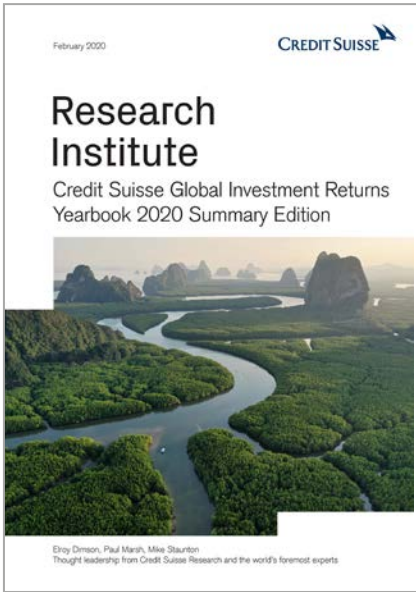
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