

August 2021

Kuwait Luxury Retail

Research Highlights:

Analyzing the major segments of luxury retail in Kuwait, their different formats and retail infrastructure. The report also highlights the fundamental growth drivers and challenges for luxury retail in the region.



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Executive Summary

Kuwait is the thirteenth richest country in the world, in terms of average per capita income. High GDP, increasing population and high per capita income makes Kuwait a popular destination for the luxury retailers.

The major segments of luxury retail in Kuwait are Consumer Electronics, Automobiles, Apparels, Watches & Jewellery, Footwear & Handbags and Cosmetics. Luxury brands like Chanel, Gucci, Dior and Louis Vuitton operate in multiple segments such as Apparels, Footwear, Handbags, Cosmetics and Fragrances and have their presence here. Higher average incomes and various subsidies make it easier for consumers to choose top brands and large sports utility vehicles, compared to Europe and many Asian markets. In Kuwait luxury segment, high-end fashion and accessories enjoy a bigger share of the overall market.

Luxury retail operates through malls, hypermarkets and online shopping. Malls offer a unique proposition of entertainment plus shopping, and continue to be the choice destination for shoppers as it offers a wholesome experience. Demand for retail space is increasing and occupancy rates in prime malls reached to about 93 per cent, with average lease rate estimated around USD 49.55 per sq. m per month. Estater reports state that by the end of 2019, Kuwait had around 5.14 million sq. m retail space, of which 16% is of the luxury retail malls and the remaining 84% includes other retail properties, coops, souks., etc. Kuwait currently has about 702,000 sq. m retail space, and is expected to have an additional 207,500 sq. m retail space by 2022.

Growth in the online retail segment is supported by a high penetration of Internet among the population, with around 99.5 per cent of the population using internet stated according to World Bank sources. The e-commerce market size in Kuwait is expected to be about USD 1.9 billion by 2020. The user penetration in the Kuwait e-commerce market is expected to be 58.3% in 2021 and expected to grow to hit 61.1% with the expected amounted of 2.8 million users by 2025.

Executive Summary

Table 1.1: Prominent malls in Kuwait

Project	Retail Space (in Sq m)
Avenue Mall	360,000
360 Kuwait	130,000
Al Kout	83,300
Gate Mall	65,250
Marina Mall	35,472
Al Hamra Luxury Centre	24,000

Source: Company Websites, Marmore Research

Executive Summary

Lockdowns and social distancing to contain the spread of COVID-19 have affected luxury retail sector in terms of decline in sales and consumer spending, labor availability, thrust to e-commerce etc.

Affluent population, higher disposable income, grand malls, growing population and rising number of tourists act as growth drivers for luxury retail. However volatile oil prices, counterfeiting, changing trends, increasing competition and room for improvement in the business environment are few challenges the sector is facing.

Did you know?

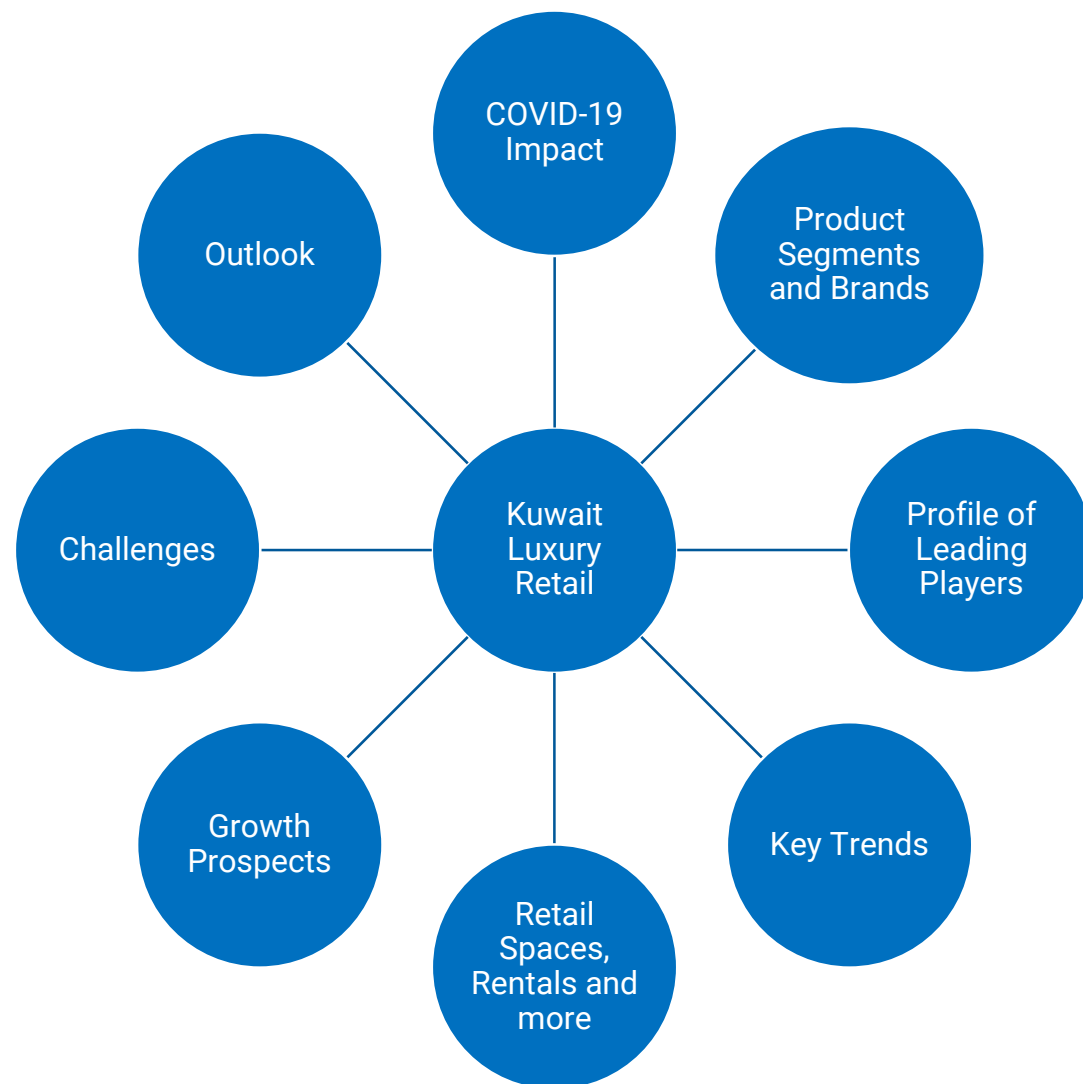
- Kuwait is the thirteenth richest country in the world, in terms of average per capita income.
- User penetration in Kuwait's e-commerce market is expected to reach 61.1% by 2025.
- Kuwait's urbanization levels are far above the world average.
- Kuwait hosts a wide-variety of luxury brands from BMW to Louis Vuitton, across product segments.
- Luxury Retailers in Kuwait are re-orienting their offerings to cater to the preferences of millennials and Gen Z.
- A highly popular mall in Kuwait has a dedicated luxury retail district. It was part phase III of the mall and was extended into phase IV of its development.

Is it all rosy with the luxury retail sector in Kuwait? Find out more in our exclusive report on Kuwait's Luxury Retail.

Why purchase the report

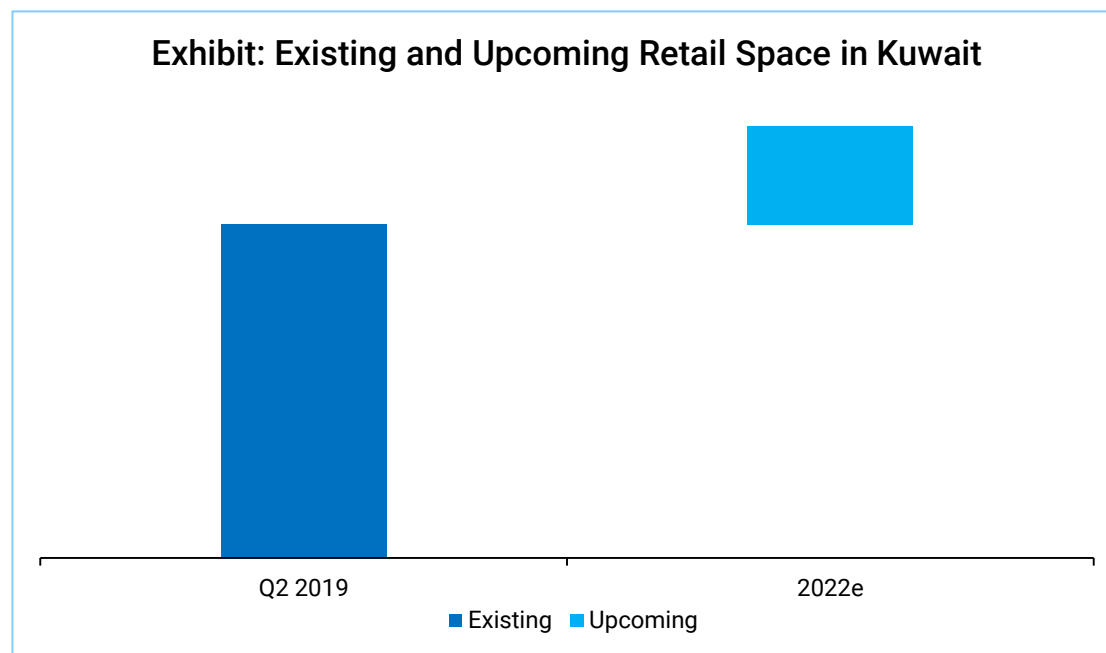
- **Incorporates COVID-19 Impact:** Discusses the impact of COVID-19 on luxury retail in Kuwait and the outlook for the sector post COVID-19
- **Extensive Coverage:** The report examines the current state of luxury retail in Kuwait, the growth prospects and challenges. The impact of topical issues such as repatriation of expats from Kuwait have been analysed.
- **Key Data Points:** The report presents data on important parameters that shed light on the sector's prospects in Kuwait such as,
 - Luxury Brands Presence
 - Details of Luxury Retail Players
 - Income Levels and Consumer Spending Pattern
 - Commercial Real Estate Trends

A 360. View



Key Discussion Points

- Impact of COVID-19 on the luxury retail sector with classification of luxury product segments by impact, inputs on estimated drop in household expenditure etc.
- Retail Infrastructure with details on retail formats, popular retail venues, existing and upcoming retail space, the uptake of ecommerce etc.



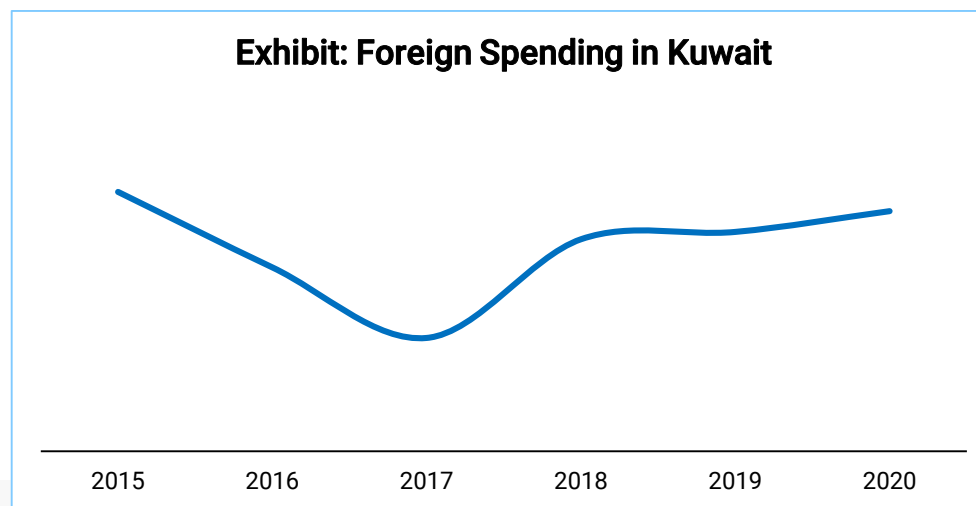
- Overview of structure and legal framework of different forms of entry into Kuwait's luxury retail

Key Discussion Points

- Enumeration of luxury product segments, players and brands in Kuwait



- Determinants of the sector's prospects such as income and spending levels, availability of infrastructure, tourism, labour force etc.



Excerpt: Profile of a Luxury Retail player

- Al Tayer Group
 - Pioneered luxury retailing in GCC through its luxury retail arm, Al Tayer Insignia
 - Headquartered in the UAE, Al Tayer Insignia has successfully expanded operations to the Kingdom of Saudi Arabia, Kuwait, Bahrain, Qatar and Oman, and currently operates nearly 200 stores across the region.
 - Portfolio consists of 48 brands
 - Insignia is the licensee for the largest Harvey Nichols store outside the United Kingdom and the first Bloomingdale's stores outside the United States.

Exhibit: Segments and Products of Operation

Player	Segment	Products
Al Tayer Group	Automobile, Retail, Real Estate	Auto: Ford, Ferrari, Maserati, Land Rover and Jaguar, Lincoln
		Retail: Bvlgari, Boucheron, Bottega Veneta, Dolce & Gabbana, Emilio Pucci, Giorgio Armani, Gucci, Ligne Roset, and Yves Saint Laurent

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About Marmore

Marmore MENA Intelligence is a fully-owned research subsidiary of Kuwait Financial Center 'Markaz'. Since 2006, Markaz Research has been at the forefront in disseminating thought-provoking, hard-data backed research reports. Marmore continues that legacy with a focused approach to providing actionable solutions for business leaders and policymakers.

Since its inception, Marmore has published over 700 research reports and covered more than 25 varied industries and infrastructure segments; all focused primarily on the GCC economies. (To view our Research Library, please [click here](#))

With over 30 policy and regulatory research studies published, Marmore has partnered with renowned regional think-tanks and opinion-leaders to publish some of these intellectually provoking policy research papers. These research studies aim to initiate dialogue and propose better solutions to existing economic conundrums. (To view our Policy & Regulatory research report, [click here](#))

Marmore provides research-based consulting solutions to help understand current market conditions, identify growth opportunities, assess supply/demand dynamics, and make informed business decisions.

Almost on a weekly basis, Marmore publishes thematic economic, industry, policy and capital market reports. Marmore has been recently conferred "Research Provider of the Year - 2018" award by Global Investor, a Euromoney Group company. To learn more, visit www.marmoremna.com

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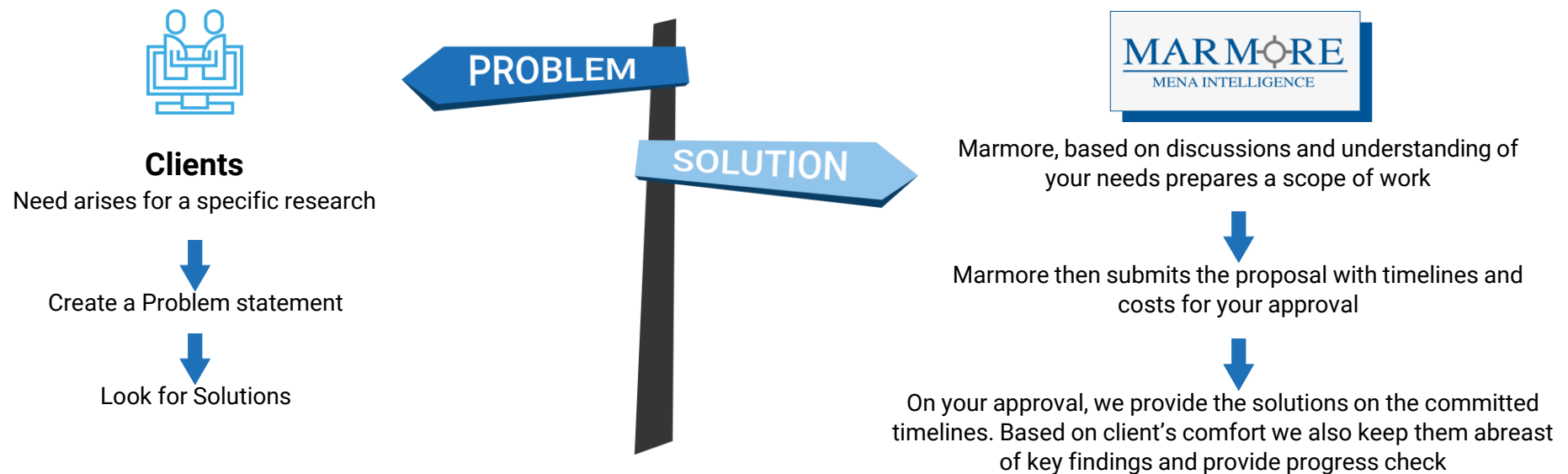
Our GCC focus enables us to provide bespoke consulting services based on clients requirements



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MARMORE CREDENTIALS

Case 1:

Problem: A leading Venture Capital firm wanted to establish itself as a thought leader in the VC space in Saudi Arabia for which it needed a customized research on Venture Capital industry

Solution: Marmore prepared a very comprehensive report for the client and also supported in popularizing the report on Digital platforms

Impact: The client received very positive response for the report and would be engaging with Marmore for more reports subsequently

Case 2:

Problem: A leading Kuwaiti Bank, set up its economic research desk, for which it needed support for creating very insightful reports in the Economic domain.

Solution: Once the topic was finalized and approved by the client Marmore prepared a very insightful report in the committed timeline.

Impact: The report was very well received by stakeholders. Marmore's effort in the creation of the first report resulted in subsequent report awards by the client. Marmore got into a long term agreement with the client to provide research support on a continuous basis.

Consulting - GCC region imposes a unique set of challenges



The GCC governments are increasingly recognizing that the global outlook and economy are swiftly changing, and this poses



Demographic challenges



Shift in economic powers



Energy markets

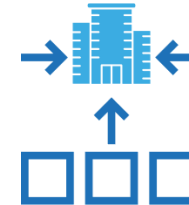


Investment



Employment opportunities

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Unique challenges companies face in GCC



Challenges faced by foreign consultants

- ✓ Understand the Cultural fit
- ✓ In-depth regional awareness and capacity to provide real time solutions
- ✓ Ability to validate and overcome the information gap
- ✓ Ability to deal with data paucity



Challenges faced by local companies

- ✓ Ability to analyze the big picture and find opportunities
- ✓ Ability to connect findings with global developments

Consulting - We only win when our clients win

We at Marmore thrive on overcoming all the challenges and create value for our clients



Our breadth of coverage and deep dive research capabilities enables us to be preferred partners



Our experienced team is adept in data validation



We conduct channel checks to authenticate information



Having our Parent in Kuwait, we are well verse with cultural aspects of the region and attune our findings in accordance



We have the ability to come up with a solution which actually works for the region

Why partner with us?



Dealing with GCC region requires immense experience to understand the nuances and deliver:

Marmore's experienced and qualified Team is an asset to have



What differentiates us with others is the ability to provide solutions on a spectrum of topics like Industries, Economies, Policy and Technology - *We take pride in our breadth of research*



In a region with lack of appropriate data, ability to collaborate with relevant stakeholders is a key strength – *Our presence in Kuwait and connection with relevant stakeholders across GCC region gives us advantage over competition*



We believe in good actionable work and serve our clients to the best of our ability – *Our work speaks for our clients and our clients speak for us*

Consulting Experience:

Case Study 1: Study on Fintech Adoption in Kuwait (2019)



BACKGROUND

Advent of modern and disruptive technologies means that the world of finance and money is undergoing several momentous changes. This presents both opportunities and threats to the existing financial order. In this context, a quasi government institution in Kuwait engaged us to understand the state of FinTech adoption in Kuwait.



KEY CHALLENGES

Coordinating the interview schedules of over two dozen key personnel in Kuwait within a short span of time. Synthesizing the information collected into useful insights that could help in the development of FinTech related policy within the set deadline was a challenge.



MARMORE APPROACH

Marmore conducted extensive meetings and interviews ranging from government entities, corporate professionals, entrepreneurs and start-ups in Kuwait to understand the developments in FinTech space. In the Kuwait banking sector, Chief Executive Officer (CEO) and Chief Information Officer (CIO), or equivalents, were personally met and discussions were held to gain insights into their strategies and their work related to FinTech.

By factor analysis, self-constructed indices and analytical efforts the collected data was used to identify the ability of FinTech to impact Kuwait bank profits



KEY PROJECT BENEFITS / SUCCESSES

Recommendations for Government agencies, private sector (banks and other financial institutions) and the FinTech sector to help cement Kuwait as a serious FinTech player were provided. The recommendations covers a mix of long- and short-time line actions that will help shape the Kuwaiti ecosystem in terms of skills or talent, critical investments and infrastructure that will help better balance risk and innovation

The report findings were also presented by Marmore to a wide member of distinguished audience at the FinTech Forum held in Kuwait.

Consulting Experience:

Case Study 2: To conduct a valuation study (2019)



BACKGROUND

An Egypt-based asset management company approached Marmore to conduct a independent valuation study on one of the largest Egyptian consumer utility companies in the energy sector. The project required us to value the company by also ascertaining the fair valuation of all the non-listed investments of the company.



KEY CHALLENGES

The energy sector company had investments in many private companies which were reported on a historical book value basis and didn't represent the fair value of these investments. Diverse nature of these investments, cross ownerships and limited availability of data were key challenges in ascertaining their fair value.



MARMORE APPROACH

Marmore developed the valuation report by performing an in-depth financial analysis of the company while relying on the information provided by the client and publicly available data. Extensive research was carried to find out greater details for all the non-listed investment companies, and reasonable assumptions were taken to arrive at the fair value. A detailed valuation model was prepared with three scenarios. Two prominent methodologies in the form of discounted cash flow and trading comparable (using local and foreign peers) methods were used to conduct the sum of the parts valuation of the company



KEY PROJECT BENEFITS / SUCCESSES

The valuation report provided actionable insights to the client and also helped them to understand the fair value of all the non-listed investments of the company.

Marmore received very encouraging feedback from the client, as our report was also presented to the board of the company for consideration to re-classify its investments as 'available for sale' using fair value approach instead of cost approach.

Client testimonial

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future

Consulting Experience:

Case Study 3: To develop market penetration strategy (2020)



BACKGROUND

One of the leading regional bank in the GCC region aspiring to expand its market beyond its home country required to develop market penetration strategies for a specific target market. Marmore was engaged by the Bank to conduct the study and provide optimum solutions.



KEY CHALLENGES

The Bank was looking to enter the market by establishing a digital presence in the target market. As the concept is still relatively new for the GCC region, we had to rely on trends and patterns that existed in the developed markets. The problem was confounded due to paucity of data in both regional and international markets.



MARMORE APPROACH

In order to build effective strategies we created a lot of case studies to better understand the pain points in entering the market with digital only presence and also prepared competitive landscape for GCC region. We evaluated the potential target market with the help of third party surveys and segmented the market into different categories. For each of the customer category, strategies were proposed in terms of preferred product, features that they must sport and relevant marketing activities to capture that segment. Marmore also helped the bank with a detailed financial break-even model for the proposed digital presence.



KEY PROJECT BENEFITS / SUCCESSES

Marmore compiled all the findings in an effective manner and prepared a detailed report with multiple market penetration strategies for the client. The client has presented the findings to their Board to pursue the path with greater conviction.

Select Client Testimonials

We were fortunate to work with Marmore on our project recently. The team was always professional, efficient and attentive to all our requests. They were prompt in addressing any concerns raised and we felt at ease approaching the team with our needs. We were pleased with the end result and would not hesitate to highly recommend Marmore for their business intelligent services.

Dr. Fatima Al Awadhi
Founder of Kuwait-based Aesthetic Clinic

Marmore team is very professional, from day one I saw that when they replied to my first email. We had our first project and they did a great. Many changes have been done and they were very flexible with us. It will not be our last project for sure, thanks Marmore team.

Abdullah Molla
Head of Communication & Business Development, Riyadh Valley Company

Marmore has provided both timely and reliable services in the provision of market data. This service has proven valuable in supporting the research activities of Acreditus across all our client focus areas of credit, rating and Islamic finance advisory. I sincerely hope to continue to engage them on more advanced projects soon.

Khalid F Howladar
Managing Director and Founder of Acreditus

The experience of working with Marmore has been very positive. A precise understanding of our requirements and high quality deliverables were the key takeaways. The turnaround time for the tasks was excellent, without any delays and the tasks were handled in a professional manner.

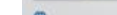
Nigel Sillitoe
CEO, Insight Discovery - UAE

We have worked with Marmore in many occasions and are impressed with their in-depth research approach, quality analysis, and best of all, timely delivery. The team at Marmore also understands the regional business dynamics and provides exact, tailored solutions.

Ahmad Khamis
CEO, Bloovo.com

Marmore services were very useful and their team have provided a timely and reliable service in a challenging task. We are definitely looking for more cooperation in the future.

Mrs. Rana Adawi
Chairperson and Managing Director of Acumen Asset Management



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