Retail in China

A panel discussion of the potential within the Chinese retail industry

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Retail in China: A panel discussion of the potential within the Chinese retail industry

This paper is a transcript of a discussion that took place in Beijing to an audience of Chinese business executives in 2013.

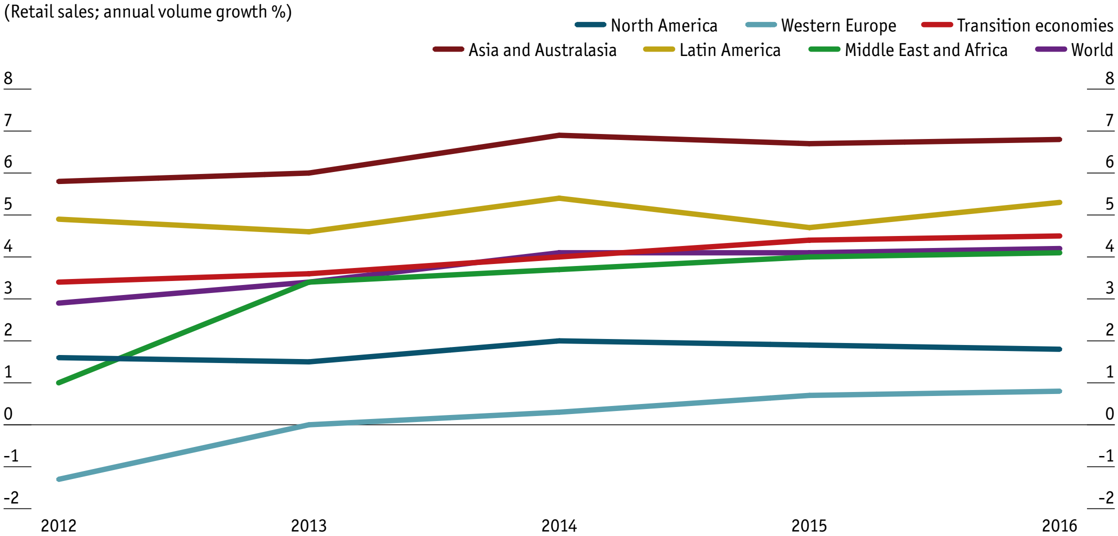
The panel discussion was co-chaired by Dr Liu Qian, Deputy Director of our China Forecasting Service, and Jon Copestake, our Chief Retail and Consumer Goods Analyst.

Panelists are Tino Zeiske, Vice-President of International Affairs, Asia Pacific at Metro Group; and Bernie Stefan, Head of Strategy & Business Development in the China region for Nestlé.

Jon Copestake: This is a panel discussion on the potential within the Chinese retail and consumer goods sector. We will begin with a quick presentation from myself and from Liu Qian on some of the key global and Chinese trends. Then Tino Zeiske and Bernie Stefan will share their thoughts.

From a retail perspective, as with many other sectors, the economic crisis of 2008 marked a turning point in geoeconomics. Not only did it expose weaknesses in the European and American financial markets, but it also highlighted a shift in power away from mature retail markets towards much more dynamic growth opportunities in the emerging world. As a result, for the next 10 years, Latin America, Asia, and emerging markets in Africa and the Middle East will drive global retail growth while the influence of North American and Western European markets declines.

The shift in buying power: regional retail markets
(Retail sales; annual volume growth %)

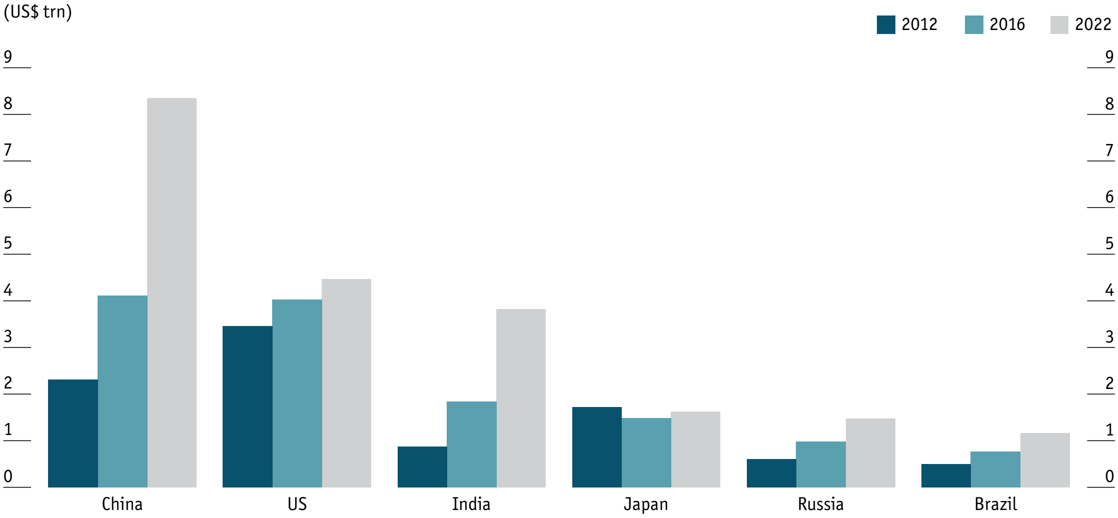


Source: The Economist Intelligence Unit.

Geographically, people are looking at some specific areas. BRIC increasingly seen as yesterday's opportunity, even though it is still home to some key growth markets. Sales volumes in Brazil and in Russia have slowed, and firms have been looking to India to take up the slack. India is interesting, largely because of the opening up of the retail sector to single-brand and multi-brand

Size of retail markets

(US$ trn)



Source: The Economist Intelligence Unit.

retail for foreign investors. The retail reforms are unpopular and come with a number of clauses that will make growth difficult for global retailers. But with specialists like H&M and IKEA are also investing in single-brand operations the multibrand prize could be too tempting to ignore for global retailers. Within a decade the Indian retail market could rival that of the EU in terms of size. But this is not a great surprise China will be covered later. The really big question for many is "where next?"

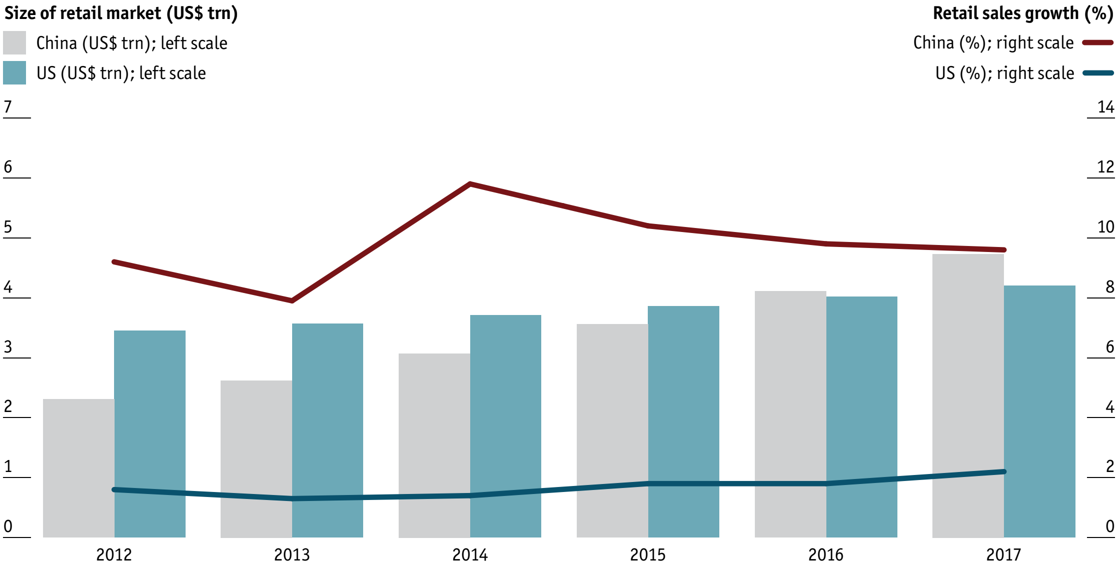
As others have pointed out, Africa is seen as offering the greatest opportunity for longer-term growth in the retail and consumer goods sectors. This could be the powerhouse of the future, despite the continent's problems with stability, crime, infrastructure and corruption. In spite of all these challenges, fragmented African markets with a thirst for Western brands highlight long-term potential for retailers to tap into. A UK survey earlier this year found that a quarter of retailers interviewed see Africa as the fastest growing retail market over the next decade; over half of these respondents saw South Africa as a key market. Consumer goods firms such as Unilever, Nestlé, Danone have already led the way by investing heavily in their African operations.

By 2030, The EIU is forecasting that the top 18 cities in Africa could have a combined spending power of US$1.3trn. Africa has already been the focus of some M&A activity. Massmart was acquired by Wal-Mart recently. This could provide a blueprint for retailers who are moving into the region in a bite-and-hold fashion. 90% of Massmart revenue does come from South Africa, but it has a presence in 11 other Sub-Saharan African countries and that's the area that Wal-Mart and other retailers are going to be looking to tap into by using South Africa as a springboard for the continent.

But we are here to talk specifically about China. The Chinese retail sector this year is expected to complete a hat trick. It's going to become the world's largest grocery market and the world's largest luxury market, and also the world's largest e-commerce market. We can add a fourth indicator: China is also expected to spend more on retail abroad than any other country this year.

It was second to the US in 2012. We're also forecasting that growth in the market, combined with stagnation or relative stagnation in the US, means that China will overtake the US as the world's largest retail market by 2016—four years before China also becomes the world's largest economy, in 2020. By 2022, in nearly 10 years, we expect that China will account for a quarter of global retail sales in the 60 markets that The EIU's industry product covers. This has obviously attracted plenty of attention from foreign retailers. The big four—Wal-Mart, Carrefour, Metro, and Tesco—have all invested heavily in the Chinese market. These four have been joined by specialists in the luxury brand sector such as Burberry, PPR and LVMH

A tale of two countries: How China will overtake the US as the world's largest retail market



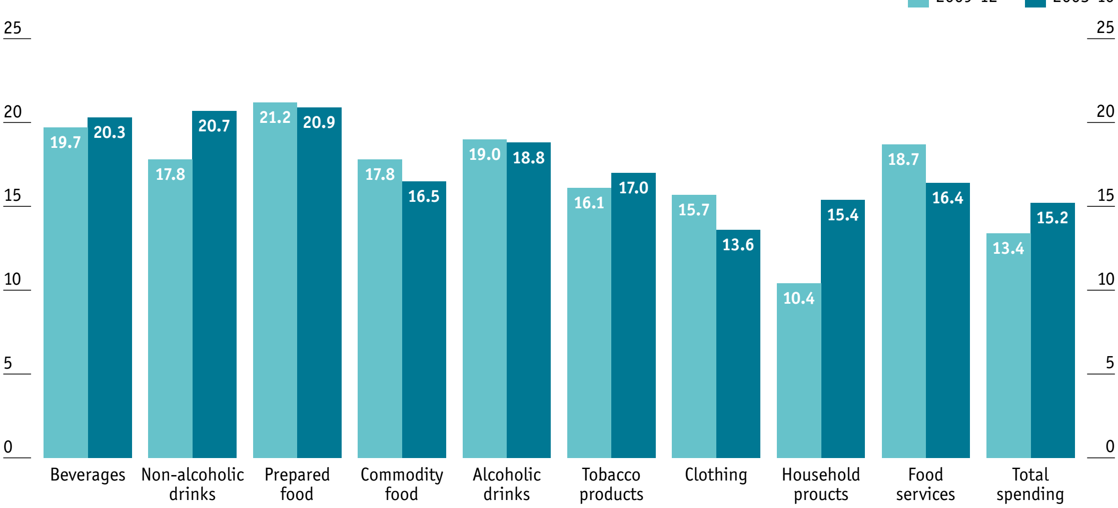
Source: The Economist Intelligence Unit.

However, in my view, the real Chinese opportunity lies in the domestic e-commerce sector. Online sales last year in China jumped by almost 65% to US$200bn, accounting for 6.3% of total retail sales, a comparable proportion to many Western markets. Online is expected to be the most dynamic area of investment for China. Wal-Mart and eBay have both entered the market by buying into local firms but domestic giants such as Alibaba and 360buy, are also expanding aggressively—not just in China, but also abroad. Alibaba recently bought a huge stake in the Chinese social media website Sina Weibo, which shows that they are looking at opportunities in channels such as s-commerce.

Looking at the consumer goods sector shows that China is transitioning from its previous role as a global manufacturer to a demand-led consumer economy. As a result China is expected to drive global demand growth for a range of fast-moving consumer goods (FMCG) categories. We teamed up with Mintel earlier this year to look at nominal expenditure growth across a number of markets, including China. We covered seven markets, and China led the way for all of categories surveyed except one. Drinks and prepared foods are expected to be particularly strong performers in China

over the next five years. Rising wages in China will drive up disposable income, particularly among rural consumers, and in third- and fourth-tier cities on the interior, which will drive growth.

China: annual average growth
(nominal %)



Sources: The Economist Intelligence Unit; Mintel.

However, despite all this positivity, it's probably best to also hedge my bets. There are some pitfalls associated with China despite the number of companies that are investing very heavily there. Expectation seems to be that investment in China is a guarantee of growth. This is not always the case. Retail growth in china this year is expected to slow and we're seeing some mixed reporting from luxury goods firms in particular. Some key Chinese markets have experienced a slowdown, and government scrutiny over corruption and displays of wealth is putting pressure on luxury purchases. Best Buy and Home Depot have exited the Chinese market. It's worth remembering that it's not just international companies that fall foul here. The experience of Gome Electrical Appliance Holdings, which recently announced losses, shows that even domestic firms can struggle in the current market. Gome launched an online store in the Tmall Electronics Mall in June to gain exposure to a wider online market.

Liu Qian: I will now take a closer look at China and its different regions. When people think about China, usually phrases like "cheap labour", "made in China" and "sweatshops" come to mind. But I'm going to argue that China has changed considerably, and the way you should be looking at China right now is portrayed, buying up the rest of the world. One of the key themes for today's conference is China's overseas investment, but I would like to add that China is not just exhibiting its huge consumer power to the rest of the world but also, and very importantly, China has a huge domestic consumption power. If anything, a lot of the foreign direct investment coming into China nowadays is not really coming for the cheap labour per se but rather for the huge potential domestic consumer power. One of the best examples would be Unilever. Unilever set up one of their largest global manufacturing hubs in the inland province of Anhui in the year 2003. And guess what? Out of their entire output, only

10-15% of that is for export and all of the rest, close to 90% of their total production, is actually for domestic Chinese consumption. China is changing. Retail sales, the domestic private consumption story, is the new key theme for China.

Why are we so confident? I'm going to argue that there are two main reasons for this. One is the urbanisation story. The other one is fast-rising income.

We start by looking at urbanisation. Already in 2011 the urbanisation rate passed 50%. That is huge when you consider how many people are in China. The EIU is doing a very detailed analysis on urbanisation and on interprovincial migration as well, and we believe that in the next 10 years more than 100m people will be moving from rural to urban areas. One of our studies, which we call "the megalopolises", is shown in the table below. A megalopolis is defined as a metro area that has at least 10m people. To put this into perspective, London and New York now each have fewer than 10m people. We believe that by 2020 there will be 13 megalopolises—big cities or city clusters with a metropolitan population of more than 10m people. The population of the urban or metropolitan areas of some of these regions has been growing extremely fast, at close to double digit rates. We believe that, although it will be slower than before, this growth will continue to be a strong push for urbanisation. This is becoming even more important now that the Chinese premier is calling for fast urbanisation.

Population forecasts for megalopolises

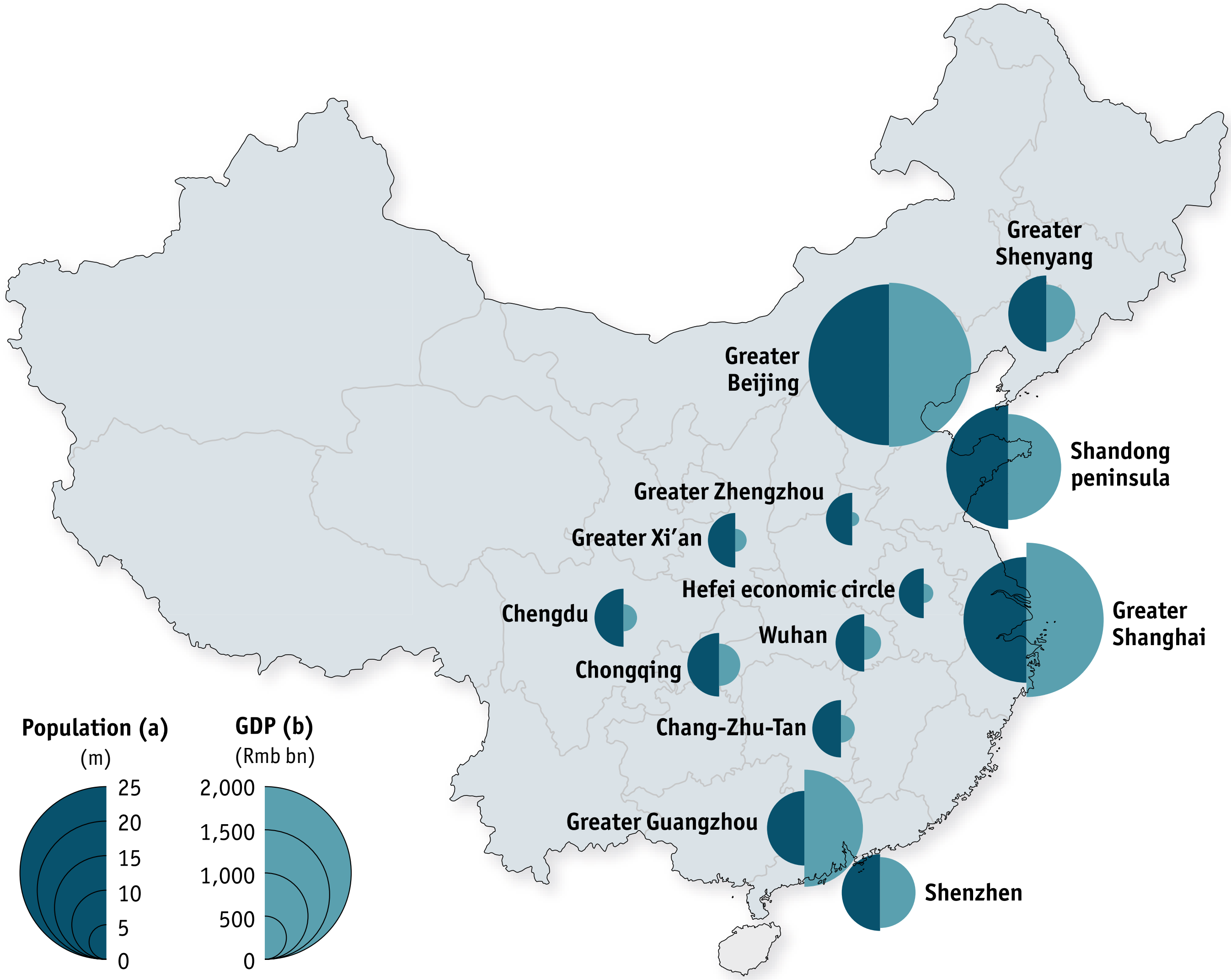
	Total (m)			Annual growth (av, %)	
	2000	2020	Comparable in size with*	2000-10	2010-20
Chang-Zhu-Tan	3.7	11.2	Cuba	8.5	3.1
Chengdu	4.0	11.7	UAE	7.8	3.4
Chonqing	6.2	10.9	Portugal	4.1	1.7
Greater Beijing	16.6	28.7	Australia	3.4	2.1
Greaater Shanghai	14.8	20.5	2x Sweden	2.1	1.2
Greater Xi'an	4.6	10.7	Portugal	5.7	3.1
Greater Zhengzhou	3.1	11.1	Cuba	9.4	3.9
Greater Guanghzou	8.8	11.9	UAE	2.1	1.0
Hefei economic circle	3.3	9.6	Hungary	8.0	3.0
Shandong peninsula	11.9	21.6	Sri Lanka	4.2	1.9
Greater Shenyang	9.9	11.6	Greece	1.1	0.5
Shenzhen	6.5	14.2	2x Hong Kong	5.5	2.5
Wuhan	6.8	9.8	Hungary	2.1	1.6

Source: Economist Intelligence Unit

*2020 forecast population

Right now, there are only three megalopolises in China, and these are all well-known: Beijing, the Shandong Peninsula, and Greater Shanghai. But by 2020—in less than seven years—you will see all the inland regions around Hefei, Wuhan, Chang-Zhu-Tan, and the triangle cities: Greater Xi'an; Chengdu, which is in Sichuan; and then Chongqing. These cities form a perfect triangle in the heart of China, in the inland and western regions of China where urbanisation and GDP growth are fast-paced. This

China's 13 megalopolises: A snapshot



(a) 2010 estimates, metropolitan area.
(b) 2009 figures, metropolitan area.
Source: Economist Intelligence Unit, National Bureau of Statistics.

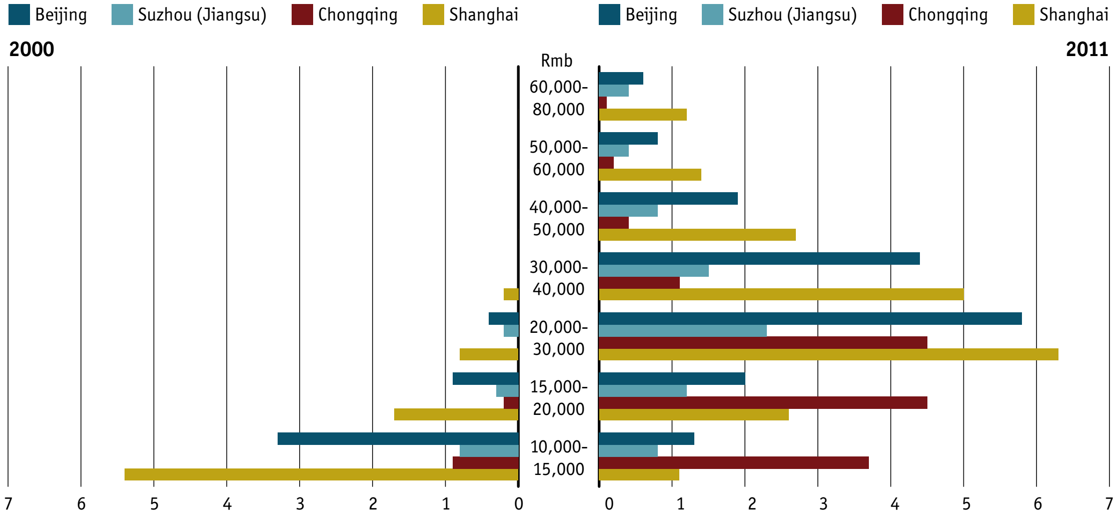
triangle is where the future of China's consumer power lies—apart from just Beijing, Shanghai and Shandong, which are all the coastal regions really.

Another reason why we're so confident about the retail sectors is fast income growth. We've seen that wages, for instance, have been growing on average 15% a year in the past several years. The new government target—to double GDP and people's income by 2020—is not going to be difficult at all. But I'm going to argue that, instead of looking only at average disposable income, we need to be talking about income inequalities and detailed income distributions as well.

The tables below highlight four different cities that are at completely different development stages and different locations in China. In 2010 their average disposable incomes were almost identical—differences of roughly US$5. But if you break these data down and look at them more carefully, if you

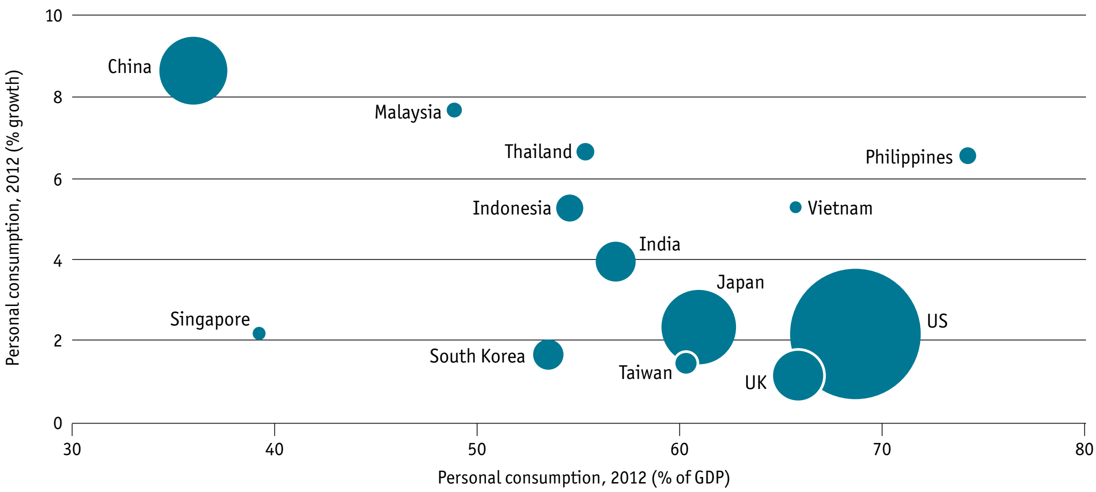
Number of individuals by income bracket

(m)



look at the comparison ratio of these four cities, even though their *average* disposable incomes were identical, the actual rich people and poor people in these different regions are quite different, as seen in the lowest 20% versus the top-most 20% shown in the table. So that's where we want to talk about retail sales. Overall, yes, this is all a great picture. But if you really want to drill it down, you have to look at different target audiences, people with different kinds of incomes and people in different age groups. The second-tier cities are catching up with the first-tier cities very quickly: Suzhou and Chongqing are quickly catching up with Beijing and Shanghai. Ten years ago it was almost minimal and right now, they're almost the same size especially for the mid-income story. So as China becomes more and more of mid-income country, the income story, the private consumption story will start to be more and more critical.

Let's go shopping



Note: Size of bubbles reflects private consumption in US$ bn, 2012.
Source: The Economist Intelligence Unit.

The graph "Let's go shopping", on the previous page, compares China with many different developed and developing countries. As a country develops faster and people become richer, you're moving from the left-hand side to the right-hand side of the graph. It's easy to see that the retail story, the private consumption story, will be more and more important. China is still very much at the beginning of its journey, so China has quite a long way to go when it comes to private consumption and retail.

Tino Zeiske: I will now discuss crucial points for a retailer operating in China.

The retail industry in China has come a long way. When I first came to live in China in 1987, it was about the wet market. It was also a bit about specialised small retailers which, of course, were state owned and, of course, there was the shop where only the foreigners could buy with foreign exchange certificates. That was the landscape of China 25 years ago. Today, all of us are consumers in China. We know that everything that retail worldwide has to offer exists in China. But I agree with the statement that "the best is yet to come" because the political and macroeconomic setup in China justifies such a statement.

Of course, the two major drivers doubling the income in major areas of first- and second-tier cities is one thing; another is the government move to support urbanisation and to bring in infrastructure not only in terms of roads and transportation but also in terms of capabilities for, for example, maintaining food safety and food security. All of this is giving retailers a perfect platform on which to perform in China. But of course, as is also the Metro experience, there are a lot of things to consider. It is not an easy market. It brings a lot of challenges to retailers.

We started here as Metro Cash and Carry in 1996; today, we operate 64 "wholesale centres". More than half of our business is pure B2B professional business, and we are closely linked to the catering industry and to the small resellers. By saying this, I want to emphasise that it is not only private consumption patterns that are impacting our business but also the general quality and safety of products, and the infrastructure of the retail landscape in this country.

Metro with 64 centres is not the biggest player, and some of our competitors have a much larger network. But we have learned, for example, to focus on certain areas where the money is and where the customers are ready to accept our offers. This is something we learned over time, and I believe going forward—with the view that the best is yet to come—the platform for retailers will also be able to take advantage of what I called the "network densification"—that is, not to spread around randomly but to be clear where the development and the income distribution will take place and position yourself in this kind of set up.

China is a very complex place. But from a retail perspective, no matter what we can expect in Africa or in other parts of the world, at this moment, China is the place to be.

Bernie Stefan: This is one of the rare cases when the retailer and the supplier are 100% aligned and absolutely share the same opinion. I too truly believe the best is yet to come for this market. Nestlé, like Metro, has been in China for many, many years. We entered at the beginning of the 20th century and moved our head office here in the 1990s. But what's really important for us to say here is that, for us, China is a local business; 98% of the products we sell in China are produced in China and they're produced for China.

Hearing that income levels will double by 2020 and that we're going to see more urbanisation and more megacities is very good news, very positive news for us. The overall macroeconomic trends look great, but importantly there are also a lot of challenges for companies in China. You could also argue maybe that too many Westerners are speaking here today because if you look at the retail landscape and, importantly, the manufacturing landscape, the big companies very often are Chinese companies. They are very successful. They absolutely know what to do and very often they have one huge advantage that we as a Western company, even as the largest food company in the world, will never be able to overcome: they have local insights.

Until a few years ago, Nestlé was a big food company in China but really we were an international big food company. Only about two years ago we entered into two big joint ventures with local companies. One of the products distributed at this conference is sweet candies from a confectionary company called Hsu Fu Chi. You will not find any Nestlé mention on that, and you will find products that we as Nestlé would never ever launch in any other country because we are maybe not smart enough—that might be too harsh, but we just wouldn't think in creative ways like that but also we don't understand the Chinese consumer, we don't have the necessary insights, and so we became a much more Chinese business today. More than two-thirds of our sales in the China region come from local companies. Yes, we're the majority shareholder but, really importantly, these are local businesses, local brands, importantly local management, and very important is local innovation as well. These are things that we as foreigners couldn't do. That is why when you see China as a market in itself and not as a production platform, you will see that it's going to have some fantastic years ahead.

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Jon Copestake: You talk about the fact that China is becoming more investor friendly in terms of regulation and food safety, but some firms have also fallen foul of that. The degree of regulation and scrutiny that Western firms can sometimes come under has been a worry. Do you see China's growing regulatory environment as being a big plus or a challenge for your company to operate in China?

Tino Zeiske: Indeed, the regulations themselves seem to fit. The problem in China is mostly about execution and enforcement, and here we do still see very many challenges. We all know about the latest scandals, the fake products and the challenges that retailers and suppliers face in this country. What is important for retailers is to understand is that, unlike in their home market, in China, they might want to or need to go one step back in engaging with their supply chain in order to get greater control. Metro has, in 2007, invested in a small company called Star Farm in order to help the producers in the agricultural field to live up to standards of European food products in China. Metro, I think, was the first company to introduce their own exclusive brands in the food business. We have our own brand of water. We produce our own brand of rice and other grocery products, which is, of course, a very big risk in itself when you produce and sell in a market like China. So we had to take control of the whole supply chain, make sure that those products come with the same international food standards that we sell in Europe. It has been a success so far. Data show that customers are accepting it, and actually the failure rate, which we monitor very closely, is extremely small but it remains a daily challenge. This is just an example for retailers in China possibly doing things slightly differently than they have been doing in their home markets.

Bernie Stefan: I can only support that. For Nestlé also I would argue that food safety is and remains the number one priority, the number one challenge. For Nestlé (as for Metro), it's really controlling the supply chain. We have been collecting milk for a long time, and you all know about the issues with milk, the scandals in the last 5-10 years. So we created what we call the Nestlé Dairy Farming Institute, which is an institute where we train over 10,000 farmers every year to make dairy farming more efficient because we also need to remember that this is about creating shared value, and we need to ensure that farmers locally make enough money to remain in dairy farming. I think that will be done in more areas. Milk is an obvious one for Nestlé. We do something with coffee in Yunnan Province, but we only realise now as we're having these big joint ventures that there are other products for which we need to ensure supply chain quality. For example, in one of the factories, we use 1m fresh eggs every day and suddenly, we started to realise—well, actually, we know very little about eggs. So how can we get knowledge? How can we ensure that we really control our supply chain upstream to do the right thing? That's maybe the best way to ensure food safety. In terms of food safety, regulation is in place. Enforcement is the big issue.

One other big issue we see for the Chinese consumer is trust. Many Chinese consumers don't trust local brands. A good example of how that impacts retail that has recently been in the news is the experience with infant formula products. Hong Kong introduced a ban on exporting more than two tins of infant formula to mainland China. In Europe—in the UK and in Germany—shopping shelves are empty. I hope they all buy at Metro but shelves are empty because people buy infant formula and ship it to China. That's not because the manufacturers or the retailers want to do it. It is because the local consumers don't trust products manufactured in China. That's an issue for all of us: for the retailers, for the manufacturers, for the suppliers of raw materials. We need to work to re-establish trust because otherwise there will be long-term issues for all the industries in the food business.

Liu Qian: Apart from food safety and the regulatory environment, what other challenges do you see? We keep hearing the phrase "the best is yet to come", but it can't all be a rosy picture.

Tino Zeiske: The most important element is the customer. The behaviour of customers and the increasing sophistication of local demand is another challenge in China. We call it a "multichannel approach" for China, which I think is one of the recipes for success. No one can rely only on brick-and-mortar stores anymore. We all know about the growing e-commerce. We know about m-commerce—basically customers willing and able to access merchandise and services from any place and at any time. That poses a big challenge to retailers, who soon begin to understand that they are not store operators anymore. They are customer specialists who need to understand what the customer wants and then tweak (or customize) both their offering and the way they make that offering towards customer demand. That's a big story. We could fill a whole evening discussing online solutions, deliveries and so on.

Bernie Stefan: From our side, one of the important points to understand about China concerns innovation. What is a bit of a challenge for Western companies is the speed of innovation in China, because the West works a bit more slowly. When we want to launch a new product in the West, we go

through research, we do things that take forever. In China, many things happen very quickly. That's something that a Western company needs to adapt to, but for big Chinese companies that is also going to be one of the big challenges. You see so many little companies coming up, new company startups that begin to develop new products, new ideas. That's the amazing thing about China: you have one great idea and you can fill an entire factory, or actually a few factories, with one successful product. And that's something to really know, the best is yet to come. But I think every player in the industry needs to be aware of that because things can change very quickly here.

Liu Qian: The competition is very fierce.

Male Participant: Can the panellists explain a little bit about the risk, the challenge brought by e-commerce? While both panellists are in the food sector, in terms of the challenges we see, for example, in the household appliance sector, companies like Gome and Suning are now struggling to survive the traditional business model. I was wondering whether you can clarify a little bit how you view the challenges, the risks of e-commerce posed on your respective businesses.

Tino Zeiske: This is a challenge we take from the customer's perspective. I think you need to be balanced in your approach. Neither e-commerce implementation nor optimisation of the brick-and-mortar model will be a pure success and an easy way to meet this challenge. In China, for example, you need to look at the logistics, the back office of the retail operation. I think it's going to be more important in the years to come. Those companies able to increase productivity and able to master the supply chain back office in a state of the art manner will also succeed with e-commerce solutions. But from a food company perspective, I mean 70% of our business is still food, we believe that there is room in China not only for the e-commerce or the delivery part but also for the brick-and-mortar. We all know the wet markets as a very good platform for Chinese consumers to satisfy their needs in terms of fresh food. I do see an evolution on the government side to impose more regulations and also giving a more level playing field to modern retailers in that space. So I believe that a balanced approach would do the trick in the long run.

Jon Copestake: Just to add to that, yes, the key here is diversification and the term "multichannel" does mean approaching the audience from a number of different angles and going from online, m-commerce, s-commerce, and traditional brick-and-mortar formats. But also the reason why companies like Gome have struggled as well is because they're specialists, and the firms that are diversifying their product offerings tend to also succeed best across all channels. That's one of the reasons why specific companies are failing and others are succeeding. It's generally more about an integrated broader product offering across a range of channels. That's the ideal mix for a retailer to target.

Male Participant: Dr Liu mentioned the stark income inequality in China. Luxury groups can focus on the wealthy people in China, but for a company like Nestlé, which has a broad portfolio of products, it's hard to find a focus. So I'm just wondering, is there any suggestion you can give for multinationals that have a broad portfolio of goods?

Liu Qian: I would first note that when you track the retail sales figure in China against disposable income, against average private consumption figures, against the actual GDP per head figures, you can see almost perfect correlations. So one of the ways to be looking at this is to actually start a step back and start to look at what I was talking about earlier: population growth and income growth. Now, obviously, different companies operate with different target audiences. For the mass market ones, you do want to be looking at the average disposable income but for the luxury goods companies, you want to start looking at the very high end. It doesn't have to be just the top 20%, it can be the top 10% or even higher than that. But that said, it's also important how you choose your location. We worked with one of the leading luxury jewellery and watch designers in the world and they were trying to look at locations. They were not looking just at the macro indicators but rather they were also looking at other factors. For instance, rich people in the north part of China, in Inner Mongolia, where there are a lot of mines, are very rich. Even though the average macro data is very good, the truth is these people will come to Beijing and shop. So in this instance, you sometimes want to be looking at the city clusters and want to pick the city cluster, sort of the core of that city cluster rather than certain cities within that cluster. So I would be arguing a combination of both these.

Bernie Stefan: I think for us in addressing such inequality it's important to have a portfolio that really reaches all types of consumers. For super-premium, affluent consumers, a typical example is Nespresso, which is a global very niche high-end coffee system. But then we also go down the pyramid to having products that we position in price points that are affordable to lowed income groups in the lower-tier cities. So it's really having a pyramid of products from very affordable to premiumising small products. I think that's important. You also can premiumise a basic product like water where you can buy San Pellegrino or Perrier but that in our industry will always be only, let's say, the top of the pyramid. It's really a very big difference in price points.

Male Participant: Why is e-commerce in the food market lagging so far behind other products?

Tino Zeiske: There are a couple of reasons that e-commerce of food is far behind e-commerce of other goods. Most of our customers still like to touch and feel perishable products for themselves, as they're used to shopping at the wet market, or, as chefs, choosing for themselves. I think this is one of the major reasons. Of course, another is that we have a lot of postharvest losses in China. Part of it is also derived from the, let's say, e-commerce logistics chain, which is also posing a challenge. But the forecast would be positive but not that overwhelming. I think still we will deal with the grocery items, with those products which are less critical in the supply chain, and I believe a country especially like China, like many other Asian places, people like to be close to the product. They like to touch and feel. So grocery and also nonfood would grow faster than the perishable, in my view.

This panel has considered the vast potential of the retail sector in China, a market in which "the best is yet to come". China has recently turned a corner in terms of urbanisation and disposable income growth—together these present some challenges but they also create an intriguing platform for companies that want to take advantage of the next big opportunity in retail

Biographies

Tino Zeiske

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Born 1961 in Germany Diploma from Berlin Humboldt University, major in Sinology and Economics. Post Graduate Level Studies at Shanghai Fudan University

- January 1st, 2012 Vice President International Affairs Asia Pacific METRO GROUP
- 2008 - 2011 President METRO Jinjiang Cash & Carry Co. Ltd. (China)
- 2005 - 2008 Vice President Finance & Administration METRO Jinjiang Cash & Carry Co. Ltd. (China)
- 2000 - 2004 Vice President Finance & Administration METRO Cash & Carry Japan K.K.
- 1998 - 1999 Director & Chief Representative HypoVereinsbank AG, Shanghai
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Bernie Stefan

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- 2007 Country Business Manager, Nestlé Waters Direct Germany
- 2005 Operations Director, Nestlé Waters Direct Germany
- 2004 Commercial Director, Nestlé Waters Direct Switzerland
- 2003 European Integration Manager, Nestlé Waters Powwow
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Deputy Director, China Forecasting Service
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Liu Qian is an expert on economic analysis and econometric forecasting on China's provinces and 287 key prefectures. Louise is responsible for adopting econometric models, a combination of economic and statistical techniques, to analyse economic data and produce short- and long-term macroeconomic forecasts. She also leads key industry forecasts in China. Louise is also responsible for generating bespoke research and forecasts for clients in China. She has been heavily involved with and led modeling and scenario analysis in China working on various projects including education, the consumer goods market and construction, for multi-national companies as well as government agencies to cast insight on regional economic disparities and market growth forecasts. She is currently also a part-time visiting research fellow at Fudan University, China. Her research focuses on Labor Economic, and her fields of interest include education, gender and employment. Louise's research articles appear in regarded publications as the Oxford Economic Papers, and the B.E. Journal of Economic Analysis & Policy (produced by Berkeley Electronic Press). Before joining The EIU, Louise obtained her Ph.D. in Economics from Uppsala University, in Sweden, and spent one year as a visiting student researcher at the University of California, Berkeley. Dr. Liu is based in Beijing. She speaks English, Mandarin and Swedish and her country expertise is China.

Jon Copestake

Chief Retail Analyst,
The Economist Intelligence Unit

Jon Copestake is The Economist Intelligence Unit's Chief Retail & Consumer Goods analyst and is also the Editor of the Worldwide Cost of Living and Liveability surveys. As Chief Retail & Consumer Goods analyst Jon guides the global the retail and consumer goods products by writing a regular global outlook, checking individual country output and writing or contributing to special reports that affect the sectors. Jon also acts as a spokesperson for The Economist Intelligence Unit at trade speaking events and produces regular byline articles for the trade press as well as analysis for the media on breaking news in the retail and consumer goods industry. Jon has worked on the Worldwide Cost of Living Survey since 1999 and manages the biannual city-to-city tool as well as an annual ranking on which cities in the world are the most expensive, or the cheapest. Jon also manages the biannual liveability ranking which benchmarks 140 cities globally to assess which are the best, and worst, places to live. He also oversees a number of custom projects related to his industrial sectors as well as liveability and pricing. The high visibility of the liveability and cost of living rankings mean that Jon is frequently interviewed by the media when the latest rankings are released. He is also regularly quoted on events affecting the retail and consumer goods sectors.

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