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Deloitte presents its 21st annual global survey of consumer spending ahead of the New Year and Christmas holiday season.
**Key survey observations**

This year, the holiday budget of an average Russian will be RUB 16,900, which is 4% lower than last year’s budget (RUB 17,600).

Control over the holiday budget:
actual spending in the last holiday season (RUB 16,000) happened to be 9.1% lower than was originally planned (RUB 17,600).

Almost one third of respondents (29%) will spend over 30% of their holiday budget during Black Friday. The share of Russians who plan to benefit from Black Friday discounts and promotions has increased from 53% in 2017 to 66% in 2018.

The share of Russians who believe that the economy is in a recession has increased significantly from 51% to 61% this year, and is the highest in Europe.

The percentage of respondents who doubt that their purchasing power could increase has increased from 22% to 30%.

Forecast for 2019:
the economy to grow — 9%, anticipate a recession — 47%, 20% — have no idea

One in five people has no idea of what to expect from the economy.

New Year shopping period:
32% — before the 15th of December
68% — after the 15th of December
Similarly to last year, money is by far the most desired gift (men: 58%, women: 66%). Second place is occupied by laptops for men (39%) and perfume for women (49%). However, traditionally they are likely to receive chocolates (48%) and cosmetics (38%).

74% of men and 80% of women are going to buy holiday gifts for themselves: smartphones and mobile phones for men (16%), and cosmetics and perfume for women (36%).

Preferences for brands: split almost in half.

Factors restraining sales of fashion goods on the Internet:

68% of Russians have difficulty checking a product’s quality and do not have the same pleasant sensations when shopping online, 5% of Russians feel that there is a lack of goods in online stores.

New Year shopping season

Almost one third of respondents (29%) will spend over 30% of their holiday budget during Black Friday. The share of Russians who plan to benefit from Black Friday discounts and promotions has increased from 53% in 2017 to 66% in 2018.

Women generally do their holiday shopping much earlier than men: 42% of women and 21% of men intend to buy their gifts before the 15th of December.
The Russian retail market regained growth in USD terms

Size of the retail market (USD bn)

Russia
- In 2017 the Russian retail market has grown in dollar terms for the first time in recent years on the backdrop of the ruble's appreciation in 2017 and persistent growth in ruble terms. The growth amounted to 25%, which was higher than anticipated (23%).

Europe
- In 2017 the Russian retail market accounted for 12% of the entire European market due to a decline in the UK retail market following Brexit in 2016 and thanks to the Russian retail market's growth in 2017. This put Russia ahead of the UK, in third place after Germany and France. However, the UK is expected to recover lost ground and regain its status as the third largest retail market based on 2018 actual results.

The Russian retail market: ruble sales continue to grow steadily

Size of the Russian retail market

- The market is expected to continue its growth in dollar terms in 2019–2021. However, this growth will be rather moderate, and 2020 retail sales in Russia are expected to only come close to 2011 levels.

- Retail sales in Russia continue their strong growth in ruble terms: ruble sales are forecasted to increase by 9% in 2018 and continue to grow throughout 2019-2021.
Economy and wealth
Consumer perceptions and purchasing power
Russians do not expect a miracle in 2019

Current perception of the economy

• The share of Russians who believe that the economy is in a recession has increased from 51% to 61% during 2018.

• Overall, current perceptions of the Russian economy are closer to 2016 levels when over 65% of respondents expressed negative sentiments.

• This year, women are more pessimistic than men, with 64% and 57% respectively citing an economic recession in 2018.

• As compared to 2017, the highest level of pessimism regarding the economy was recorded for elderly Russians. Negative sentiments are expressed by 62% of the respondents in this category as compared with 46% a year earlier.
Russians are once again increasingly pessimistic about the future

Expectations of the economy in 2019

- Only 9% of Russians expect the economy to grow in the next year, and 47% anticipate a recession. One in five Russians have no idea of what to expect from the economy, which is twice as high when compared with the European average.
- The most optimistic expectations of the European economy were cited by respondents in Portugal: 37% anticipate economic growth in 2019 due to recovery from a long crisis and an increase in domestic demand.

Russian level of pessimism regarding the economy

- Russia demonstrated the highest levels of pessimism, followed by Belgium and the UK (43% each).

% - Share of Russians who are perceiving a recession/expecting a deterioration
Purchasing power is declining gradually

- Pessimistic expectations about the economy did not significantly affect the purchasing power of Russians in 2018. The number of Russians who feel that their purchasing power has deteriorated remained at 45%, the same as last year.
- Young Russians (aged 18-34) are still optimistic; the share of those who feel that their purchasing power improved has increased from 20% in 2017 to 22% in 2018.
- 30% of respondents expect their purchasing power to decline in the next year (22% in 2017). The share of Russians who believe that their purchasing power will improve in the next year has fallen to 18.6% (23% in 2017).
- People with higher incomes are traditionally more optimistic about their purchasing power. The share of Russians who believe that their purchasing power will improve in the next year decreased by only 2% to 23.5% (25.5% in 2017).
Russians’ New Year budget structure
Presents people want, and presents people get
The average Russian’s holiday budget is expected to be 4% lower than last year’s spending

• This year, the average Russian’s planned holiday budget amounts to RUB 16,900, which is 4% lower than last year’s budget of RUB 17,600.

• Economic instability has taught Russians to balance their checkbooks over the holidays: actual spending in the last holiday season (RUB 16,000) happened to be 9.1% lower than was originally planned.

• Men began to plan their holiday budgets more thoroughly: 47% stated that their actual spending was in line with their budget (versus 41% in 2017). The share of women who gave this response remained at 40%.

• The average Russian’s holiday budget structure is expected to remain unchanged: gifts (42%), food and drinks (47%), and entertainment (11%).

• Gifts account for 53% of Europeans’ budgets, which is 11% higher than those of Russians.

Exchange rate used this year — RUB/EUR 75.75
Prior year — RUB/EUR 67.1
Most Russians want to receive money as a gift

### Most desired gifts

<table>
<thead>
<tr>
<th>Item</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money</td>
<td>62%</td>
<td>66%</td>
</tr>
<tr>
<td>Travel</td>
<td>39%</td>
<td>47%</td>
</tr>
<tr>
<td>Smartphone/mobile phone</td>
<td>37%</td>
<td>49%</td>
</tr>
<tr>
<td>Laptop/PC computer</td>
<td>36%</td>
<td>49%</td>
</tr>
<tr>
<td>Cosmetics/perfume</td>
<td>33%</td>
<td>33%</td>
</tr>
<tr>
<td>Chocolates</td>
<td>31%</td>
<td>31%</td>
</tr>
<tr>
<td>Jewelry/watches</td>
<td>29%</td>
<td>29%</td>
</tr>
<tr>
<td>Event tickets</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Books</td>
<td>27%</td>
<td>27%</td>
</tr>
<tr>
<td>Clothes/shoes</td>
<td>27%</td>
<td>27%</td>
</tr>
</tbody>
</table>

- The top 10 most desired gifts remained almost the same. Money traditionally ranks well ahead of all other most desired gifts.
- Books remain the most desired gift in Europe (43%), followed closely by money (42%). Travel did not reach higher than ninth place (22%).
- Men’s gift preferences did not change much in 2018. They still prefer to receive cash or a laptop as a gift.
- Books, however, lost their position as a desired gift to food and beverages.
- The list of the most desired gifts for women did not change in 2018.
- In addition to the last year’s preferences, women cited health goods (organic products, food supplements) (+ 5%) and kitchen appliances (+ 3%).
Chocolates, cosmetics and perfume remain the most popular gifts

Most popular gifts

- Chocolates: 48%
- Cosmetics/perfume: 38%
- Money: 31%
- Food and beverages: 18%
- Books: 17%
- Gift vouchers: 17%
- Cooking accessories: 16%
- Gift sets: 14%
- Smartphones/mobile phones: 13%
- Event tickets: 12%

- Russians’ patterns of selecting gifts for men are relatively stable: the top 5 most popular gifts for men remain virtually unchanged year-in and year-out.
- At the same time, gifts choices of Russians are still very different from those of Central Europeans who tend to buy books, clothes and games (41%, 25% and 14% respectively).

• The higher demand for chocolates and money is accompanied by a weaker demand for cosmetics and gift vouchers (5%). These shifts, however, did not affect the overall ranking of the top gift choices.
• Though travel is the most desired gift for women, they are most likely to receive something else (it is ranked only 27th).
Russians plan to buy gifts for themselves

### Most popular gifts

<table>
<thead>
<tr>
<th>Item</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cosmetics/perfume</td>
<td>22%</td>
<td>36%</td>
</tr>
<tr>
<td>Clothes</td>
<td>19%</td>
<td>24%</td>
</tr>
<tr>
<td>Chocolates</td>
<td>18%</td>
<td>22%</td>
</tr>
<tr>
<td>Food and beverages</td>
<td>17%</td>
<td>17%</td>
</tr>
<tr>
<td>Smartphones/mobile phones</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Books</td>
<td>14%</td>
<td>13%</td>
</tr>
<tr>
<td>Travel</td>
<td>12%</td>
<td></td>
</tr>
<tr>
<td>Event tickets</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Computer</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Health goods (vitamins, food supplements, etc.)</td>
<td>10%</td>
<td></td>
</tr>
</tbody>
</table>

- In 2018, 74% of men and 80% of women plan to buy holiday gifts for themselves. The most popular gifts are smartphones and mobile phones for men (16%) and cosmetics and perfume for women (36%).
Construction kits and learning games are losing popularity as gift choices for teenagers

<table>
<thead>
<tr>
<th>Gift choices for teenagers (12 to 18 years of age)</th>
<th>Gift choices for children under 12 years of age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chocolates</td>
<td>Construction kits</td>
</tr>
<tr>
<td>Money</td>
<td>Dolls</td>
</tr>
<tr>
<td>Smartphones/mobile phones</td>
<td>Learning toys</td>
</tr>
<tr>
<td>Games</td>
<td>Learning games</td>
</tr>
<tr>
<td>Books</td>
<td>Games</td>
</tr>
<tr>
<td>Consoles</td>
<td>Baby goods (toys and clothes)</td>
</tr>
<tr>
<td>Learning toys</td>
<td>Books</td>
</tr>
<tr>
<td>Cosmetics/perfume</td>
<td>Clothes and shoes</td>
</tr>
<tr>
<td>Construction kits</td>
<td>Electronic toys</td>
</tr>
<tr>
<td>Tabletop games</td>
<td>Sports and leisure equipment</td>
</tr>
</tbody>
</table>

- In 2018, smartphones/mobile phones are gaining popularity as gifts for teenagers, while gaming consoles and construction kits are losing ground.
- Cash is still a popular gift for teenagers.
- Children under the age of 12 are more likely to receive learning games, construction kits and dolls.
Omni-channel retailing
The Internet is an integral part of the shopping process
The share of online gift purchases in Russia is growing steadily

Where do people buy gifts?

Share of gifts to be purchased online

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>Russia</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22%</td>
<td>29%</td>
</tr>
<tr>
<td>2012</td>
<td>25%</td>
<td>26%</td>
</tr>
<tr>
<td>2013</td>
<td>27%</td>
<td>26%</td>
</tr>
<tr>
<td>2014</td>
<td>26%</td>
<td>25%</td>
</tr>
<tr>
<td>2015</td>
<td>35%</td>
<td>24%</td>
</tr>
<tr>
<td>2016</td>
<td>37%</td>
<td>23%</td>
</tr>
<tr>
<td>2017</td>
<td>40%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Where do people search for/compare desired products?

- **Search engines (Google, Yahoo)**
- **Online stores with one or more physical stores**
- **Comparison sites (pricing)**
- **Online stores without physical stores**
- **Websites of brands/suppliers**
- **Websites with coupons and offers**
- **Email newsletters and online leaflets I receive via email**
- **Forums and blogs**
- **None of these**

### Russia

- **2011**: 22%
- **2012**: 25%
- **2013**: 27%
- **2014**: 26%
- **2015**: 35%
- **2016**: 37%
- **2017**: 40%

### Europe

- **2011**: 22%
- **2012**: 25%
- **2013**: 27%
- **2014**: 26%
- **2015**: 35%
- **2016**: 37%
- **2017**: 40%

When shopping for **home appliances**, Russians tend to use price comparison sites (63%) and websites of manufacturers for one or more stores (57%).

Manufacturers’ websites and search engines are also the most popular options for **fashion clothing** shopping (54% and 51% respectively).

**Food and beverages** are most often searched for on price comparison sites and in search engines, as indicated by approximately 41% of respondents.

- The share of online gift purchases in Russia is at approximately 30% and is likely to continue growing. However, Russia is still behind Europe where 40% of gifts are purchased online.
- Compared to Europeans, Russians tend to be more thorough when buying gifts. People use special websites to compare prices.
- The most common and popular way to find desired gifts in Russia as well as in Europe in 2018 is through search engines with contextual advertising, followed by online shops of offline retail chains.
Russians particularly like online stores because of the opportunity to learn about other peoples’ opinions on products as well as the ease of finding and selecting products.

**Online stores**

01 I can get other consumers’ opinions on products
02 It’s easy to search for and choose what I need
03 I can compare prices easily
04 Broad assortment
05 I can make purchases at any time convenient for me

**Offline stores**

01 I immediately receive the products I purchase
02 It is easy to exchange or return goods
03 After sale services (repair)
04 Good protection of my personal data
05 Safe payment services

- Physical stores are still above the competition in terms of the ease of product exchange or return, after-sale service and protection of personal data.

- Online shopping is particularly attractive to Russians because it provides easy access to other customers’ reviews as well as the possibility of finding goods more quickly and easily than in a physical store.

- The opportunity to make purchases at any convenient time has also emerged as one of the key drivers for online shopping, pushing ‘acceptable prices’ out of the top 5 advantages of online stores.

- Four out of five people in Russia are concerned about personal data security when shopping online, which hinders the development of the Internet as a sales channel.
Specialty chains and hypermarkets outscore traditional department stores

Retail formats used to purchase gifts

- Most people in Russia will buy gifts in specialty chains (27%), as well as hyper- and supermarkets (24%).
- Specialty stores have been gradually losing ground (1–2% annually), while hypermarkets and traditional local stores have seen a rise in demand for gifts.
- In contrast to Russians, Europeans are loyal to traditional local shops, which came in second for gift shopping after specialty chains.
The difficulty of checking an item’s quality is the key constraint for online fashion shopping (clothing, jewelry, accessories).

**Constraints for online fashion shopping**
- 44% Payment security
- 25% Quality of product information
- 13% Pleasant sensations of shopping offline
- 12% Difficulty of checking an item’s quality
- 6% Lack of online stores selling fashion goods

**Russians’ brand preferences when shopping for fashion goods**

- Over 60% of Russians still prefer to do their fashion shopping in physical stores.
- For 68% of Russians, the pleasant sensations from shopping in physical stores and the difficulty of checking an item’s quality when shopping online are the key factors preventing them from buying more fashion goods on the Internet. Only 6% of Russians feel that there is a lack of online stores for goods in this category.

- Young Russians aged 18-34 prefer foreign brands to local ones, while elderly people tend to buy domestic products.
Consumer behavior
Decision making and timing of purchases
The shopping season in Russia has started earlier than last year

Share of gift purchases by time intervals

<table>
<thead>
<tr>
<th>Time Interval</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before November</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>November</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>1–15 December</td>
<td>20%</td>
<td>18%</td>
</tr>
<tr>
<td>16–24 December</td>
<td>33%</td>
<td>34%</td>
</tr>
<tr>
<td>25–31 December</td>
<td>27%</td>
<td>31%</td>
</tr>
<tr>
<td>January</td>
<td>1%</td>
<td>1%</td>
</tr>
<tr>
<td>* Black Friday</td>
<td>7%</td>
<td>5%</td>
</tr>
</tbody>
</table>

- Russians traditionally do their holiday shopping after the 15th of December. However, the share of Russians intending to buy their gifts before the 15th of December has increased to 32% this year as compared to 29% last year.
- Women generally do their holiday shopping much earlier than men: 42% of women and only 21% of men intend to buy their gifts before the 15th of December.

The Black Friday appeal for holiday shopping is growing, with more Russians believing they will benefit from the deals offered

To what extent are you going to leverage offers during Black Friday as part of your holiday shopping?

<table>
<thead>
<tr>
<th>Option</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>I will try to use the maximum of Black Friday opportunities relevant to my shopping needs</td>
<td>28%</td>
<td>27%</td>
</tr>
<tr>
<td>I will consider some of the deals on offer to save my holiday budget</td>
<td>38%</td>
<td>26%</td>
</tr>
<tr>
<td>I will avoid Black Friday shopping because I expect no significant discounts to normal prices</td>
<td>12%</td>
<td>15%</td>
</tr>
<tr>
<td>I will avoid Black Friday shopping because the exact products I need are usually not on offer</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>The Black Friday period is too early for my holiday shopping, I usually do it closer to the New Year</td>
<td>8%</td>
<td>10%</td>
</tr>
<tr>
<td>I do not know what Black Friday means</td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>

- Almost one third of respondents (28.9%) will spend over 30% of their holiday budget during Black Friday. The share of Russians who plan to leverage offers during Black Friday has increased from 53% in 2017 to 66% in 2018.
- In 2018, the share of Russians who are not aware of Black Friday decreased to 6% from 9% in 2017.
- Ninety-nine percent of respondents with above-average incomes are aware of Black Friday and make use of it. People with lower incomes are the least eager to leverage Black Friday offers, which is most likely due to their lack of trust in sellers and promotions.
Main drivers of holiday spending

- **Growing personal incomes**: 47%
- **Not wanting to think about economic instability**: 40%
- **Promotions**: 27%
- **Growing economic stability**: 22%
- **Offers and advice**: 16%
- **Multiple product innovations**: 15%
- **Consumer reviews and ratings**: 10%
- **Acceptable borrowing terms**: 3%

The influence of promotions on holiday spending decreased from 32% in 2017 to 27% in 2018. People with the lowest incomes are the least susceptible to promotions.

Income growth remains the main driver encouraging 47% of Russians to spend more during the holiday season. This figure is nearly twice that for Europe (22%).

Information channels consumers use to get ideas and advice on gifts

- **Physical stores**: 22%
- **Websites**: 21%
- **I was directly asked for it**: 18%
- **Word of mouth: friends/neighbors/family**: 16%
- **Social media**: 9%
- **TV**: 7%
- **Newspapers and magazines**: 4%
- **None of these**: 3%

Russians as well as Europeans are the most influenced by the Internet and in-store advertisements and promotions.

Russians use word of mouth more actively than Europeans (18% versus 14%), asking their relatives and friends to buy them pre-selected gifts.

Newspapers and magazines are traditionally much less popular in Russia for gift ideas than they are in Europe (4% and 11% respectively).

Stores are the most popular channels for getting advice and making decisions when shopping for home appliances and portable electronic devices (32% and 33% respectively). The Internet is used as a source of information on home goods (23%) and books (22%).
Russians prefer non-cash payments when shopping for gifts

What payment methods are you planning to use for your offline and online holiday shopping?

### Offline purchases
- Debit card: 43%
- Cash: 42%
- Credit card: 14%
- Other (checks, etc.): 1%

### Online purchases
- Debit card: 52%
- Qiwi Wallet, Yandex.Money, etc.: 32%
- Credit card: 13%
- Other (checks, etc.): 3%

- Over half of Russians (57%) prefer using bank cards for their holiday shopping, which is in line with the European average.
- Using debit cards is the most popular payment method both in offline and online stores. In Russia, they are used by 43% of respondents versus 38% in Europe. On the other hand, more Europeans (30%) than Russians (14%) prefer shopping with a credit card.
- Despite their concerns over personal data safety, the majority of Russians (52%) prefer to pay for their online holiday purchases with a debit card.
- The share of Russians making online purchases using Qiwi Wallet, Yandex.Money and other payment systems is about 30%.
Research methodology
Details and approach

The survey was conducted in ten countries in Eastern and Western Europe from 5 to 9 October 2018.

The respondents are 18 to 65 years old. Information was collected via the Internet with a structured questionnaire distributed to a sample of individuals selected from a controlled group.

In order to adjust the Internet sample to the population of each country, we used ex-post statistical weighting based on gender and age in each country.

The Russian sample is more representative of the middle and upper social classes in large cities since the survey was carried out via the Internet.

This survey has been conducted since 1998.
Russia has been covered for more than ten years in a row.
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