

August 2021

Kuwait Luxury Retail

In the lap of luxury



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.

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

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.

Impact due to COVID-19

Decline in Sales

COVID-19 has forced the government to enforce strict social distancing measures. These measures have not only affected the current state of things but also have deeper implications for the future. Lockdown has affected all retail operations except grocery and pharmacy. All malls and outlets have been shut down. Luxury and Franchise based retailers like Alshaya have seen sales decrease by 95% overnight. Even once re-opened Luxury and Franchise based retailers are unlikely to return to original sales, as customers would be reluctant to spend as before due to the economic slowdown. In addition, the enforced shift in customer preference towards online purchases is expected to familiarize new customers, who are likely to stick to online modes of purchases.

Table 2.1: Impact on Luxury Retail Product Segments

	Very High Impact (<-30%)	High Impact (-30% to -22.5%)	Moderate Impact (-22.5% to -15%)	Moderate Impact (-22.5% to -15%)
Retail Products	Photographic equipment, Cars	Television and Audio devices	Clothing and clothing accessories, Sports Gear, Furniture, Beddings and mattresses, Articles of Leather and travel goods	Carpets and Floor coverings, Footwear items, Precious stones and pearls

Source: Marmore Analysis

Footfalls in these large-scale retail centres will take a hit due to a fall in tourism, increasing preference of customers to purchase online, lower income levels and the outward movement of expats. Due to the pandemic's effects, the reopening of stores has been cautious. Kuwait government released a strategy for reopening malls in 2020 that includes strict checking and social distancing norms. With the second phase of re-opening the economy after the pandemic hit, Kuwait has eased its restrictions with regard to the reopening of retail outlets and malls. Thirty percent of the workforce, both private and public are now allowed to return to work. Malls are allowed to operate with new curfew to operate from 8pm to 5am. Considering these factors, recovery to pre-COVID-19 levels seem unlikely in the near future.

Reduced Consumer Spending

Kuwait's per capita household expenditure is expected to fall by 34% in 2020CY compared to the previous year¹. Even after normalcy resumes, customers would be unwilling to spend as they did pre-crisis once things come back to normal due to the economic impact of the pandemic. The general slowdown of luxury and discretionary spending will be a pain point for retailers to contend with for the next few years. However, the real household expenditure in Kuwait is expected to improve in 2021 growing by 4.1% year on year after the contraction faced in consumer spending in 2020².

Labour Availability

Due to COVID-19, labour availability has also become a key challenge for the retail sector as many migrants have moved back to their home countries. Kuwait heavily relies on expats for labour and many of them could be retrenched to cut employee costs. However, hiring them back when malls reopen again would be a difficult task if the expats do not return from their home countries. Additionally, Kuwait's cabinet has approved the bill to add quotas to limit the maximum number of expats from a single country. As certain nationalities as Indians are much more prevalent than others, dislocation of labour will cause near term disruptions that will extend the pain for the retail sector.

New Retail Projects

One of the major repercussions of the crisis is expected to be seen in the projects space. New project award might slump and might take a few more quarters to recover. Existing retail projects also run the risk of being cancelled or delayed.

Fillip to E-Commerce

Retailers with robust infrastructure to fulfil online orders and pure e-commerce players could be long-term beneficiaries, placing a greater emphasis on the shift towards a flexible multi-channel retail model.

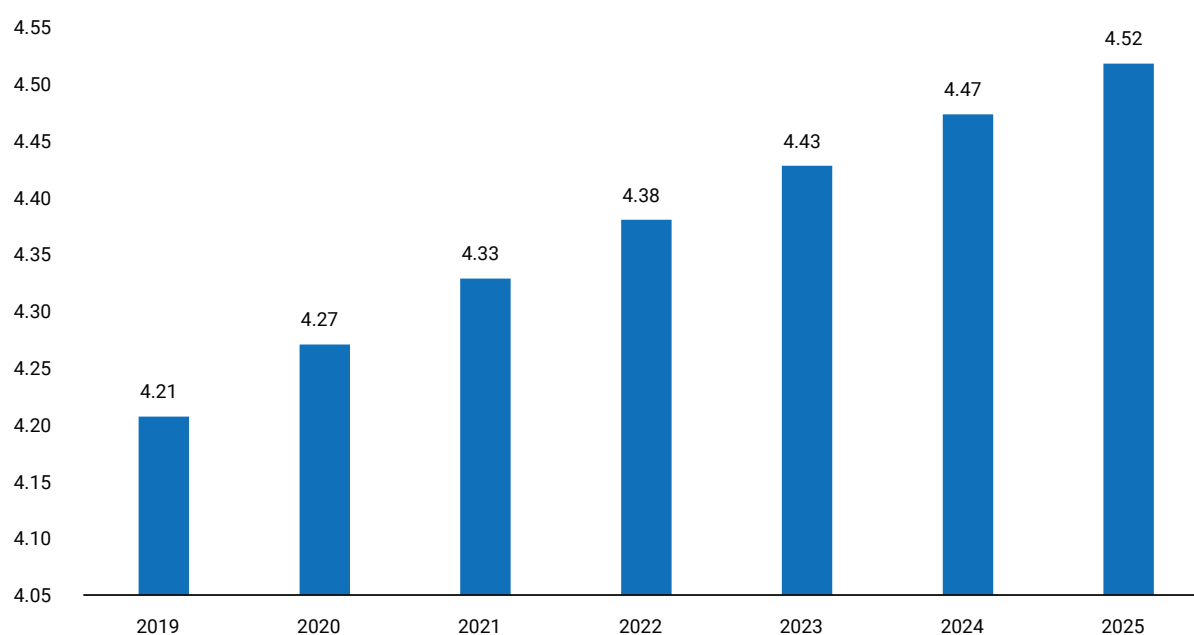
¹ Marmore Research

² Fitch Solutions

Overview of Luxury retail in Kuwait

Kuwait is the thirteenth richest country in the world in terms of per capita income, based on recent data³. With reasonably high GDP⁴, increasing population and high per capita income makes Kuwait a popular destination for the luxury retailers. The personal luxury goods segment in the Middle East is valued at USD 13billion in 2018⁵. Kuwait contributes significantly to this amount despite its smaller size. The Middle Eastern tourists have been said to have the world's highest per capita luxury spending. While travelling abroad, consumers from GCC spend six times more than the global average⁶. This spending behavior and the presence of large number of local high-end consumers explain the presence of such wide-ranging international luxury market in Kuwait. International retailers are trying to expand and capitalize on these promising markets, rather than their comparatively less favorable and fast-saturating domestic markets.

Figure 3.1: Population of Kuwait (in millions)



Source: IMF database

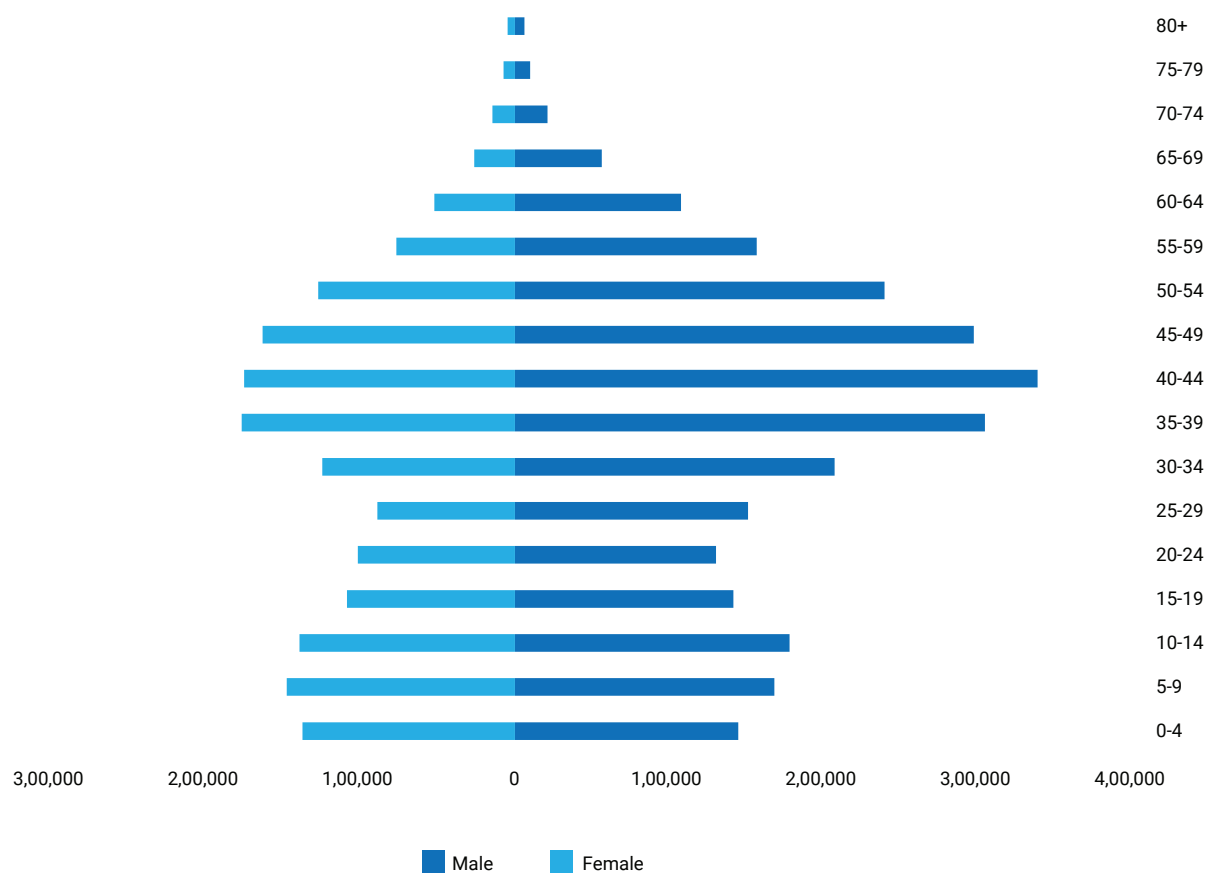
³ IMF GDP PER CAPITA – Average Past 10 years

⁴ World Bank

⁵ Bain & Company

⁶ United Nations World Tourism Organization

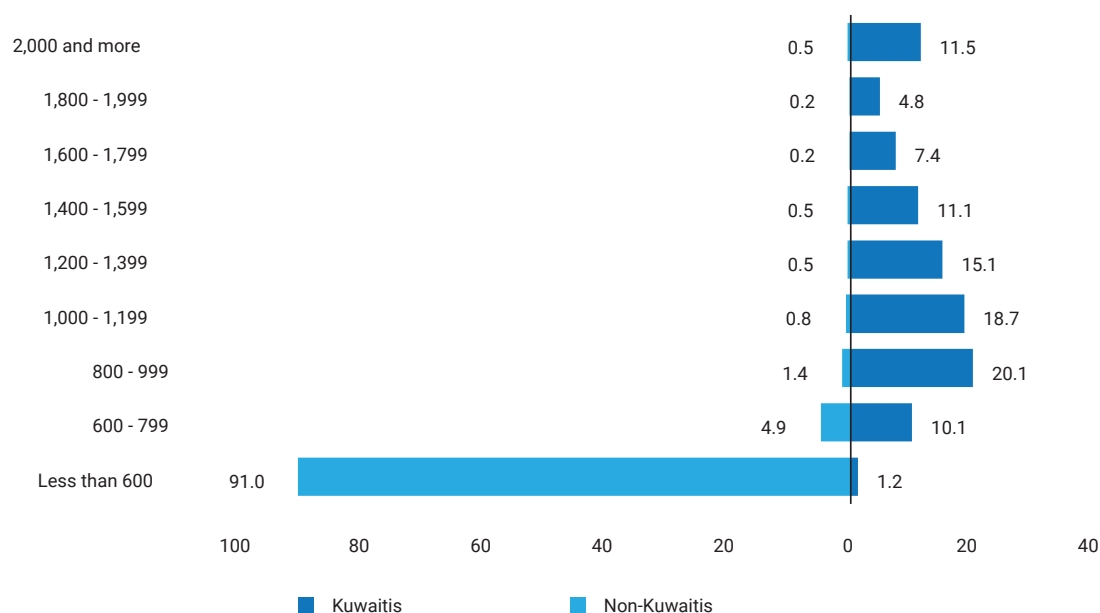
Figure 3.2: Kuwait Population Pyramid, 2021



Source: UN World Population Prospects

The population is largely young and wealthy. They are open to experiment brands, seek experiences, travel to exotic places and enjoy high-end cuisines.

Figure 3.3: Distribution of Monthly Wages by Nationality (in KD), 2018

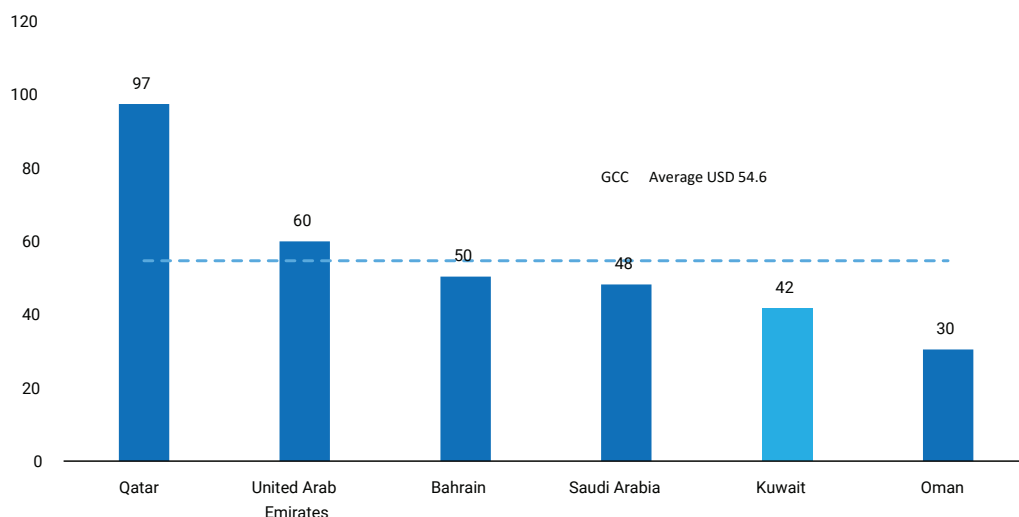


Source: PACI

With average monthly salary for Kuwaitis around 1,260 KD, and with salaries ranging from 320 KD (lowest average) to 5,640 KD (being the highest average)⁷, about 35% Kuwaitis earn above the average, while only 1.4% of expats earn above average, indicating nationals are the wealthier income group.

Favorable demography, high disposable income, urbanized population profile has made Kuwait favorable luxury retail destination in the GCC. Additionally, a young, affluent, and multi-ethnic population is an ideal target market for global brands, which enter the country by collaborating with local companies. Kuwait is the thirteenth richest country in the world, based on GDP per capita⁸, and Kuwait nationals have both the ability and inclination to spend on luxury brands. Although a large section of the people continues to wear traditional clothing, western attire is increasingly accepted as casual wear for both men and women. High-end beauty and perfume products are also popular among the local and expatriate population in Kuwait.

Figure 3.4: GDP per capita of GCC countries on a PPP basis, 2021 (in International Dollars 000's)



Source: IMF

The local population in Kuwait splurges on luxury items because of very high disposable income and brand-conscious population, which is the most important driver for the fashion sales. An increasing number of young and affluent local consumers prefer to spend on premium clothing and fashion accessories, have high brand awareness and aspire to match western lifestyles.

In the luxury segment, generally high-end fashion and accessories segment occupy the largest composition in the overall market. Hard luxury products segment and beauty products (mainly fragrances) follow it. The revenue from the fashion segment of Kuwait is projected to reach USD 358 million in 2021 and is expected to grow at an annual rate of 6.8% that will result in projected market volume of USD 468 million by 2025⁹.

⁷ Salary Explorer

⁸ IMF

⁹ Statista

Segments in Luxury retail

Automobiles

High incomes and subsidized fuel prices make it easier for consumers in Kuwait to choose top brands and large sports utility vehicles, compared to Europe and many Asian markets. Most of this demand is met through imports. Cars constitute a significant portion of the total imports of the country with an import value of USD 2.62billion and a share of 7.8 percent¹⁰.

In Q1 2019, Lincoln Motor Company's sales in Kuwait was up by 82% year on year. For Rolls Royce, Kuwait is the fourth largest market in the Middle East. The region contributes 10% of the total sales for the company. With the pandemic hitting, the automobiles market has seen a huge sink in sales. There was a 50.5% decrease in sales that was recorded in the Kuwait vehicles market during March 2020. However, though there has been a decline in sales, the automobiles market is slowly picking pace in sales during the second recovery stage from the pandemic. There was a 19.3% increase in sales in Q1 2021 in the vehicle market, compared to Q1 2020.

The Chinese luxury car marque, Hongqui, by the FAW Group has launched its three models H9, H5, HS5 via an online launch ceremony organized in the Honqui Exhibition Hall in Kuwait.

Table 4.1 : Major Automobile brands in Kuwait

Luxury Brand	Product/Service
Bugatti Chiron	Motor Cars
Porsche	Motor Cars
BMW	Motor Cars
Rolls Royce	Motor Cars
Maserati	Sports car
Ferrari	Sports car
Land Rover	Motor Cars
Jaguar	Motor Cars
Lincoln	Motor Cars
Ducati	Motorcycle
Harley Davidson	Motorcycle

Source: Marmore Research

Apparels / Textiles

The most posh international apparel brands like Burberry, Prada, Gucci, Armani, etc. have made substantial inroads riding on the youthful population base in Kuwait who are extremely fashion and brand conscious. They have the willingness to buy and ability to pay the premium for better quality branded clothes.

¹⁰ The Observatory of Economic Complexity - MIT

Table 4.2: Major Apparel brands in Kuwait

Luxury Brand	Product/Service
Chanel	Apparels/Perfumes/ Skincare
Armani	Apparels/Shoes
Ralph Lauren	Apparels
Hugo Boss	Apparels/Shoes
Lavin	Apparels/Perfumes
Coach	Apparels/Leather goods
Burberry	Apparels/Shoes/Perfumes/Watches

Source: Marmore Research

Watches & Jewellery – (Hard luxury products)

Watches and jewellery segment is one of the largest and fastest growing segments within the luxury retail space. Stellar jewellery and ultra-exclusive timepiece are causing this segment to be seen as investment for a longer term than seasonal accessories. People in Kuwait are big fans of exclusive hard luxury products as a sign to show their status. They tend to like larger models, higher complications and audacious designs. In 2020, Richard Mille, a high end watchmaker opened its boutique in Kuwait. Jewellery industry is one of the most well-developed in the country, where premium pieces are sought after by men and women alike. De Beers, a diamond jewellery brand, has opened new store at The Avenues Mall, Kuwait. Kuwait ranks third among the GCC nations in highest female workforce participation¹¹, which allows women more independence to make their purchases. Apart from well-known international brands, family-run businesses like Al Fares Jewellery and Ali Al Arbash & Sons Jewellery have been thriving in the country from a very long time.

Table 4.3 : Major Consumer Watches/Jewelry brands in Kuwait

Luxury Brand	Product/Service
Rolex	Watches
Tiffany and Co.	Jewellery and watches
Patek Philippe	Watches
Breguet	Watches
Panerai	Watches
Cartier	Watches
Jaeger-LeCoultre	Watches
Hublot	Watches

¹¹ International Labor Organization estimates

Luxury Brand	Product/Service
Audemars Piquet	Watches
Blancpain	Watches
Tag Heuer	Watches
Rado	Watches
Omega	Watches
Porsche Design	Watches
Bell & Ross	Watches
Forevermark	Jewellery
Parmigiani	Watches

Source: Marmore Research

Accessories (Footwear & Handbags)

Fashion accessories are very important in Kuwait, especially among women. They represent more than personal decoration, symbolizing social and economic status. Accessories are one of the few items that men and women use to show their own identity and style. Increase in the e-commerce websites in Kuwait like LuxuryCloset, Ounass that concentrate on luxury brand sales are also a cause for increase in demand for accessories, as the touch and feel aspect for such products is lesser compared to apparels.

Table 4.4: Major Accessory brands in Kuwait

Luxury Brand	Product/Service
Jimmy Choo	Footwear
Maui Jim	Sunglasses
Dior	Leather goods/ Footwear
Louis Vuitton	Handbags/Footwear/ Sunglasses
Ted Baker	Handbags
Gucci	Leather goods/ Footwear /Watches
Barbara Bui	Handbags/ Footwear / Sunglasses
Marzook	Accessories

Source: Marmore Research

Cosmetics & Fragrance

Wearing strong perfume is part of Kuwaiti culture. Kuwait's consumers that are more experimental prefer homegrown brands that mix heritage and western influences. Middle East customers also tend to buy perfumes in bulk¹². Fragrance sales are expected to reach USD 8.5billion in MENA by 2021¹³.

Cosmetics and Fragrance categories also require more personal attention than others and hence the shopping experience is what matters most. The colossal boutiques that these brands maintain create the ultimate experience for their loyal customers. Companies like Apotheca Beauty provide combined offering of luxury products and luxury experience through their boutiques.

Though cosmetics and fragrance market is projected to grow in MENA as a whole, many top beauty brands already have an online or offline presence in Kuwait. This could be an entry barrier for new brands. That said, the experimental consumer behavior would help truly great brands stand apart. Brands also go by different focal points. While some brands focus on volume like Christian Dior and Marc Jacobs in the fragrance industry, some focus on penetration in luxury-status publications (by advertisement rate), such as Givenchy. While some focus on a great volume of advertorials, others have a few yet powerful celebrity endorsements and product placements.

Table 4.5: Major Cosmetic & Fragrance brands in Kuwait

Luxury Brand	Product/Service
Chanel	Beauty
Givenchy	Beauty
Burberry	Beauty
Dior	Beauty
Lancôme	Beauty
Sisley	Beauty
Marc Jacobs	Beauty
Shiseido	Beauty
MAC	Beauty

Source: Marmore Research

¹² Vogue Business

¹³ Euromonitor

Consumer Electronics

Consumer electronics market is driven by products such as LCD/LED television sets, smart phones, feature-rich notebooks, handheld tablets, digital audio players, high end gaming consoles, Blu-ray DVD players and home theatre systems. Bulk of the market demand is met through imports.

High disposable income has increased the propensity to spend on luxury items in the consumer electronics market. Products that are fashionable and prestigious are preferred in the region. While these factors support positive outlook in the long term, medium term growth is expected to be modest owing to saturation across categories¹⁴.

Table 4.6: Major Consumer Electronics brands in Kuwait

Luxury Brand	Product/Service	Location
Bang & Olufsen	TV/Audio systems	Symphony Style Mall
Porsche Design	Mobiles	Al Hamra Mall

Source: Marmore Research

Others

Higher disposable income and greater brand consciousness, especially young adults in the Kuwait, has increased demand for global brands and goods and services like spa, fine dining, writing instruments, smoking accessories, handicrafts etc.

One of the favorite traditional pastimes in the Middle East has been smoking shisha. With people's desire to possess branded quality products and their high ability to pay in Kuwait, Porsche Design has launched a premium-smoking accessory named as Shisha 2.1, successor to its Shisha 2.0. Shisha 2.1 is priced at USD 1,950.

Though swipe of a touch screen is quickly replacing other modes of communication, not all of the past has been erased. Pen enthusiasts are alive and well – the new age iPad does not seem to have smudged their passion. In fact, some people actively buy, sell and trade expensive pens of any kind.

¹⁴ BMI Research

Table 4.7 : Other major brands and their presence

Luxury Brand	Product/Service
Porsche Design	Shisha
Talise Spa	Spa
Second cup	Café chain
Caffe Vergnano 1882	Café chain
Montblanc	Writing Instrument
Waterman	Pens
S.T. Dupont	Lighters/Pens/Cuff links
Christofle	Flatware/Tabletop/Desk accessories
Bernardaud	Cutlery/Scented candles
Davidoff	Cigars/Pipes

Source: Marmore Research

Entry form in Luxury retail and Legal framework

Franchise

According to latest available data, the franchise sector in the MENA region is worth over USD 30billion, with annual growth registered at 27 per cent¹⁵. The GCC nations, with a collective population of 65.5 million¹⁶ and a combined GDP of USD 1.40billion¹⁷, are responsible for major share of the above. Despite being a small economy, Kuwait's franchise business contributes greatly to the GCC region business. With an affluent customer base and high growth potential, Kuwait presents one of the biggest opportunities for existing and potential franchisors and franchisees to expand their businesses.

The country is most receptive to the franchising business models. Food franchises dominant the Kuwait market the most. With more upcoming malls and new one opening, it leads to ample space for retail franchises as well. Most franchisees in Kuwait prefer to opt for the master franchising (also called as sub-franchising or multi franchising) format where the master franchisee has the power to extend the franchisee or licenses to others within a specified region.

Table 5.1: Maximum percentage of ownership in a corporate franchise

Country	% of GCC Ownership of Franchisee	% of Foreign Ownership of Franchisee
Kuwait	100	49
Saudi Arabia	100	100
UAE	100	49
Oman	100	70
Bahrain	100	100
Qatar	100	100

Source: MENA Franchise Association; Gulf Business, Bloomberg; Latest available data

The maximum percent of ownership in the share capital of a corporate franchisee by Kuwait nationals is 100 per cent whereas foreigners are not allowed to hold more than 49 per cent of the share capital preventing them from having the majority stake in any business in the country.

Legal Framework

International brands looking to expand rapidly in Kuwait must take into account the legal, regulatory, cultural, religious and social norms that define the preferences of the governments and consumers.

¹⁵ MENAFA- Middle East and North Africa franchise association

¹⁶ US census estimates

¹⁷ IMF

Applicable laws include Agency laws, Commercial codes, Companies law, Civil Codes, Judicial Procedural Code, Trade Mark law, Trade secrets/unfair competition law, Employment law and other laws that regulate import of goods and labeling of goods¹⁸.

Franchise, supply and distribution agreements are often construed as a commercial agency in Kuwait.

Kuwait became a party to the New York Convention on foreign arbitral awards on 27th July 1978¹⁹. It deals with the enforcement of foreign arbitral awards in case of franchise disputes by providing a multilateral framework that recognizes the validity of commercial arbitration agreements and enables expedited enforcement of arbitral awards in participating States. This convention has made arbitration the leading form of dispute resolution for cross-border disputes²⁰.

Table 5.2: Some successful franchisees in Kuwait

Franchise	Partner	Industry
Escada	Armada Group	Apparel
Sixt (Germany)	NA	Premium Mobility Services
Miss Selfridge	M.H. Alshaya	Apparel
Estee Lauder	M.H. Alshaya	Beauty/Skin Care
Omega	Behbehani Group	Watches

Source: Marmore Research

Joint Venture

Joint venture activity has been on the rise in Kuwait over the last few years, and there is every sign that this will continue as businesses seek to minimize the inherent risks associated with entering new markets.

The benefits of a successful joint venture include the sharing of risk, the pooling of complementary skills and capabilities, as well as providing access to new markets. Being largely dependent on oil for the growth of its economy, Kuwait government wants to diversify its economy away from oil. With the result, it is an attractive proposition for businesses that are looking to expand, and joint ventures are a common means of doing so. A shared common objective can lead to a good fit for many businesses that choose this option.

Structure

There are a number of different structures that a joint venture can take. Typically, in the Kuwait, the structure is likely to take the form of a contractual alliance, or limited liability company into which the venturing parties will invest.

¹⁸ MENA Franchise Association

¹⁹ MENA Franchise Association

²⁰ InsideCounsel

Cultural Challenges

There is a strong relationship culture in Kuwait, with a great deal of emphasis placed upon trust. Therefore, negotiations should be approached with this in mind. The level of sophistication of transactions is generally increasing in the region, as local parties gain more international experience, but long and complex joint venture agreements can be a surprise to local venturing parties who see the transaction as more straightforward; the inference from a long and complex document can be that you are not prepared to take your partner at his word.

From a practical perspective, foreign parties to a joint venture will usually need to accommodate a different working week; the usual working week in Kuwait is Sunday to Thursday.

Legal Framework

According to Government of Kuwait, joint venture companies do not have legal personalities of their own. Such companies have to conduct business in the name of their JV partners, and cannot conduct business in their own name with third parties. The partner is personally liable for the transactions he enters into with the third parties. The liability of the transacting partner to the third parties is unlimited. Meanwhile, the liability of the non-transacting partner is confined to his share in the joint venture. It is also mandatory that Kuwaiti partner guarantee the transacting partner, if the latter is a non-Kuwaiti citizen as a foreign partner is not permitted to hold more than 49 per cent of the share of the company. All parties privy to the agreement are exposed to jointly and severally liable if the joint venture company deals with third parties in its own name. It would not make any difference whether the joint partners were personally involved in the transaction or not. In addition, it is appropriate for joint ventures structured as a corporate entity operating in Kuwait to consider an offshore holding structure through which investment could be made.

Luxury Retail formats

Malls

Malls offer a unique proposition of entertainment plus shopping and continue to be the choice destination for shoppers as it offers a wholesome experience. Upscale malls in Kuwait like Avenue mall provide luxury retailers with quality space to set up their operations. Lot of retailers have difficulty in finding space for their extravagant showrooms as the real estate prices in Kuwait are very high. For them, retail space in high-end malls are a good bet. The average mall occupancy levels in Kuwait are at 93% and leasing rates are stable²¹.

Table 6.1: Characteristics of Various Mall Type

Mall Category	Features	Catchment Area
Theme based Mall	Based on a theme. Ex: Space travel, Jurassic park	Global Audience across countries
Upscale Mall	Provides Shopping as well as entertainment options.	Global Audience across countries
Secondary/ Mid-Tier Malls	Leisure Shopping	Nearby Regions
Community Malls	Caters to the primary needs of consumer.	Adjacent Neighbourhoods

Source: Marmore Research

Avenues Mall

It is the largest mall in Kuwait. It started operations in 2007, and with the inauguration of its fourth phase in 2018, it is giving a close competition to the world-famous Dubai Mall. Shopping in Kuwait is largely viewed as a form of entertainment and Avenues has rightly captured that spirit by adopting a model of combining retail outlets with family entertainment options. The third phase of the mall include the Grand Avenue, which has caught the fancy of many due to its unusual architectural design. It sets out to conjure up an outdoor, "European" shopping experience, with retailers located on a 500-metre-long, 20-metre-wide, tree-lined boulevard²². The largest luxury shopping destination in Kuwait is the Prestige district in the Avenues mall. It spreads across Phase 3 and Phase 4 of the mall. The Avenues mall received a total footfall of 42 million visitors in 2013 and has been growing at the rate of 8%-9%. The Avenues mall is a home for over 1100 stores, restaurants etc. Most of the international brands operating in the retail segment are present in the Avenues mall.

²¹ CBRE

²² Oxford Business Group

Table 6.2: Retailers present in Avenues Mall

Retailer	Industry	Country
Gucci	Fashion	Italy
Louis Vuitton	Fashion	France
Burberry	Fashion	U.K
RALPH Lauren	Apparels	USA
Marks and Spencers	Multiline Retail	USA

Source: Marmore Research

Hyper Markets

Hypermarket is a superstore, which can be considered as a combination of both Department store and Supermarket. Hypermarkets typically serve as the anchor tenant in shopping malls attracting significant footfalls and subsequently enjoy lower rents. They offer superior shopping experience and provide a one stop shopping destination as they are well stocked with a wide variety of products at competitive prices. Hypermarkets are majorly located within malls, as a way to increase footfalls, while convenience stores have been the preferred way to increase local footprints in community malls due to size constraints. Key hypermarkets in Kuwait are EMKE Group (Lulu Hypermarkets), City Centre, Al Majid Futtiam (Carrefour), Geant and Spinneys.

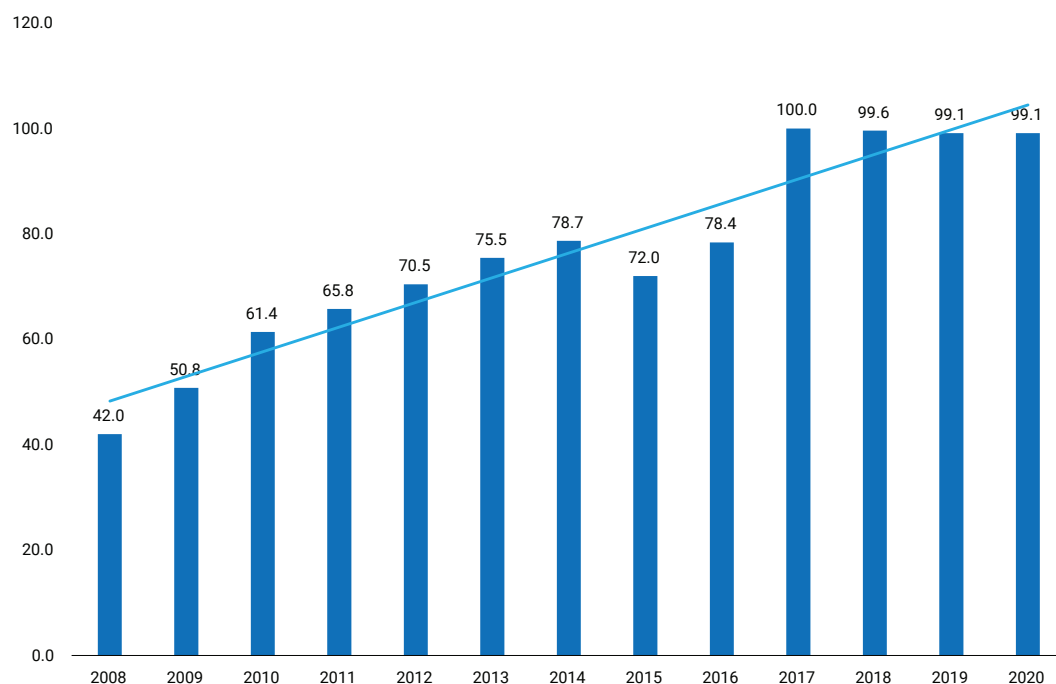
Hypermarkets are still not an established form for selling luxury products in Kuwait and the whole of middle east region unlike China. Lianhua Supermarket, China's largest domestic retailer, now sells seven brands of luxury products in its outlets, including international brands like Gucci, Prada and Armani. The concept still remains unfavourable to Kuwaitis as they relate luxury shopping with the ambience and experience of the shop or boutique.

Online shopping

The popularity of e-commerce is increasing among consumers and retailers, and an increasing number of shoppers are turning to the internet to purchase goods ranging from apparel, electronics, groceries, books, airline tickets, event tickets etc. as they hunt for attractive deals without having to step out of their homes. Retailers find this medium attractive as it reduces overheads, and enables them to offer products at competitive prices. Large number of internet users in Kuwait could enable growth in the online retail segment.

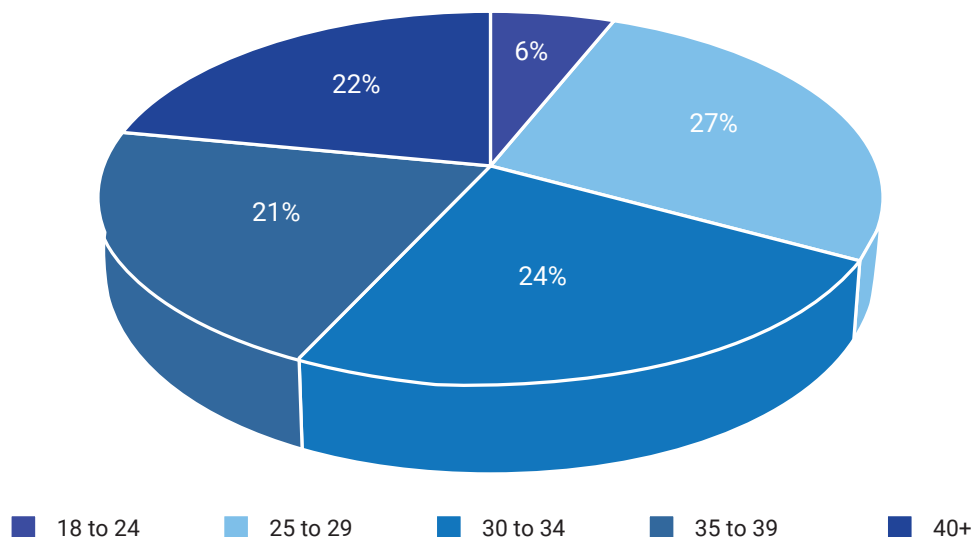
In addition to e-commerce websites like Beidoun which cater to multiple market segments, players like Chic Kuwait, Luxury Closet, Al Ounass cater specifically to the luxury segment.

Figure 6.1: Percentage of Individuals using the Internet in Kuwait



Source: ITU

Figure 6.2: Kuwait- Age grouping of online shoppers, 2016



Source: Payfort

There are approximately 2.4mn people actively shopping online in Kuwait, 65% of whom are adults below the age of 40²³.

Shopping is an important past time for the Kuwaitis. Due to lack of too many social activities, people indulge more in shopping. Luxury retail being closely knit with good customer experience is all the more difficult to sell online, as it is not possible to recreate the desired experience through Internet websites.

²³ Marmore Estimates

While the youthful population of Kuwait have taken to online shopping in a big way, elder generations still prefer the old brick and mortar stores, and view shopping as a form of entertainment. While cash on delivery (COD) is the most popular payment option in the Middle East, the high value of purchase in luxury retail does not always allow the option of COD, and consumers still prefer cash to online transactions. Both e-commerce and m-commerce are still in their infancy in Kuwait, due to growing but limited presence of online retailers and lack of specific legislation governing e-businesses.

There are factors that point to the growth of online shopping in luxury retail. Kuwait has secured maximum scores in smartphone and internet penetration in the Global Connectivity Index 2019. The e-commerce market size in Kuwait was estimated to be about USD 0.68billion in 2016. The revenue from the e-commerce market is projected to grow at a CAGR of 6.12% and set to reach USD 1,562million by 2025. Projections show that the revenue is likely to reach USD 1,231 million by 2021²⁴. Kuwait's largest segment that contributed more to the economy in terms of sales is the Fashion segment, which is projected to reach a market volume of USD 358 million in 2021. The e-commerce market for luxury fashion in MENA is valued at USD 200million and is growing faster than high street fashion²⁵.

Given the pain points, and positive projections, and the youth reportedly valuing luxury experiences more, it remains to be seen how online shopping takes off in luxury retail.

²⁴ Statista

²⁵ NBK Reports

Retail Infrastructure & Spending

While megamalls still feature strongly – driven by the concept of shopping-as-entertainment, they were the key to the original retail boom but patterns are beginning to change. Given the danger of saturation (in Dubai, for example, there has been definite cannibalization of older malls); new concepts are being developed, such as district or neighborhood malls, which target specific group of residents. Nevertheless, super-sized destination malls continue to be developed in some markets. Built quickly, these new cities are also prone to move their center of gravity quickly, wrong-footing luxury retailers who may not understand the signs. This increasingly varied picture makes the question of location more complex and more crucial for luxury brands.

Kuwait

The real estate sales was deteriorating in number because of the weakness in the commercial and investment sectors caused largely due to slack in business activity and poor labour market conditions with expats job losses, under the pandemic's impact. However, despite the fall in sales in the year 2020, the real estate market has been recovering from the pandemic with sales reaching USD 830 million in April 2021. Though there has been a drop in the commercial and retail real estate sales, the real estate sales has averaged at USD 930 million in Q1 2021²⁶. Commercial real estate is expected to recover as the economy continues to pick up. In 2018, the country's largest mall, The Avenues opened its phase 4 extension spanning 80,000 sq.m and adding 300 units. Al Kout mall also opened in 2018 with 360 shops and a retail space of 83,300 sq m. Urban and suburban population in Kuwait possess high disposable incomes, which they spend on luxury goods. Prestige, the luxury retail district in Avenues Mall phase III was extended into its phase IV. Kuwait is the favourite location for international retailers after UAE.

Premium brands in Kuwait are looking at expanding with unique store offerings. Bottega Venneta recently opened its flagship store in Kuwait. Maria Tash, the luxury jeweller and piercer has announced plans of opening its boutique in the Avenues Mall. Although the luxury market is attractive, it is difficult for foreign brands to enter because of expensive real estate, limited space for expansion and a lot of competition from well-established local retailers such as Sultan Center, City Center. Zoning laws in the country are also strict, something which further squeezes the accessibility of retail space. This often impacts smaller firms the most, making it harder for them to increase market share.

By mid-2019, the gross leasable area (GLA) stood at 702,000 sq m²⁷. The nation's largest mall, The Avenue with its construction spanning over four phases at a cost of USD 2 billion, to a Gross Leasing Area (GLA) of 360,000 sq m. Malls like 360 Kuwait & Al Kout are other notable malls offering quality retail space, contributing 130,000 sq m and 83,300 sq m of retail space respectively.

²⁶ CBRE

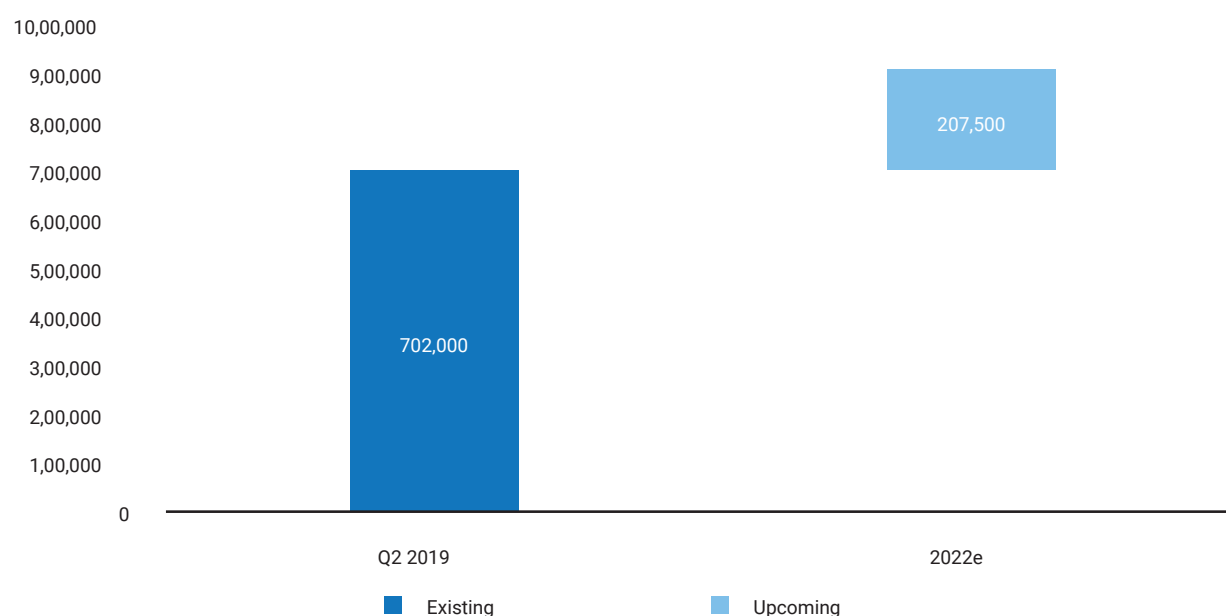
²⁷ CBRE

Table 7.1: Upcoming Malls in Kuwait

Project	Retail Space(in sq m)
Assima Mall	72,000
Al Khiran	70,000
Upcoming Project	65,500

Source: CBRE

Figure 7.1: Existing and Future Retail Space (in sq. m) in Kuwait



Source: CBRE

Table 7.2: Prominent Malls Existing in Kuwait

Project	Retail Space (in sq. m.)	Anchor
Avenue Mall	360,000	Carrefour, IKEA
360 Kuwait	130,000	Marks & Spencer
Al Kout	83,300	H&M, Sephora, Massimo Dutti etc
Gate Mall	65,250	-
Marina Mall	35,472	Virgin Mega Store, The ONE (Home furnishing)
Al Hamra Luxury Centre	24,000	Samsung, Korloff Marriage

Source: Marmore Research, Company Data

Table 7.3: Average Rental Value Trading of Commercial Properties (KD per sq. meter)

Location	2019	2020
Kuwait City	12-35	12-40
Outside Kuwait City	5-55	5-48

Source: KFH; 2020 – As of Q3 2020

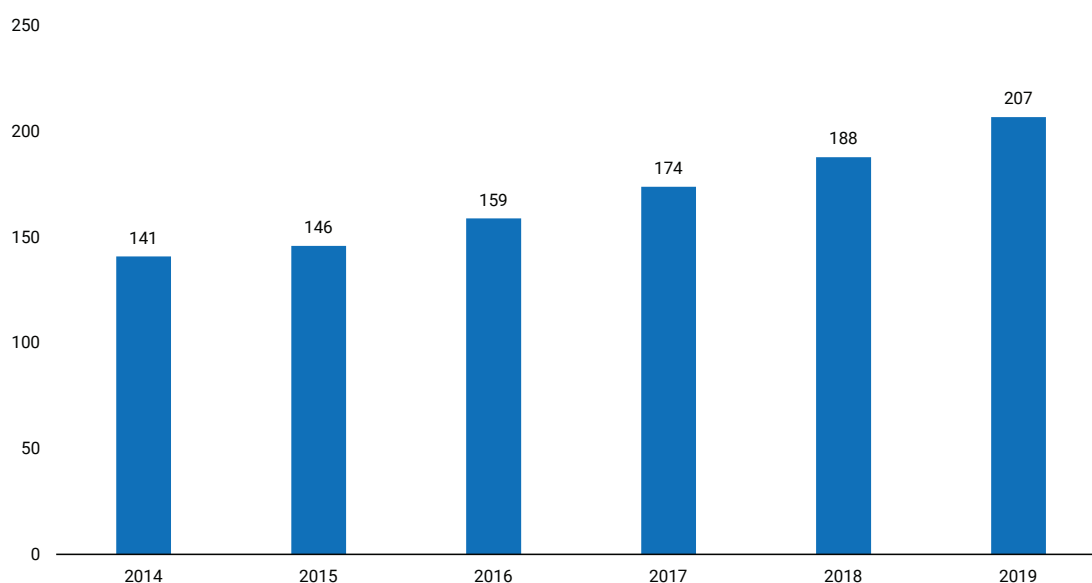
Average rents for commercial properties in Kuwait city remained stable over the period 2019-2020 except for some changes in the upper band.

Growth Drivers

Affluent population

Kuwait has been ranked as the 16th wealthiest nation in the world and as 1st wealthiest among GCC countries in the wealthiest countries index 2019²⁸. Low fuel expenses, increased government spending on healthcare, education and infrastructure, increased the disposable income of the individuals in this country. Number of high net worth individuals in Kuwait in 2019 was 207000, an increase of 10% year-on-year²⁹. HNWI wealth in the Middle East, reported at USD 2.9 trillion in 2019 increased by 1.7% from the previous year. The Middle East region has recorded the highest HNWI population and wealth growth that was reported to be higher than the global average in 2019³⁰. The HNWI Wealth of the Middle East regions is expected to grow by 92.0% by 2025³¹. Millennials in the Middle East, an important target group for luxury retail, are reported to be richer than global average.

Figure 8.1: HNWI population in Kuwait (in '000s)



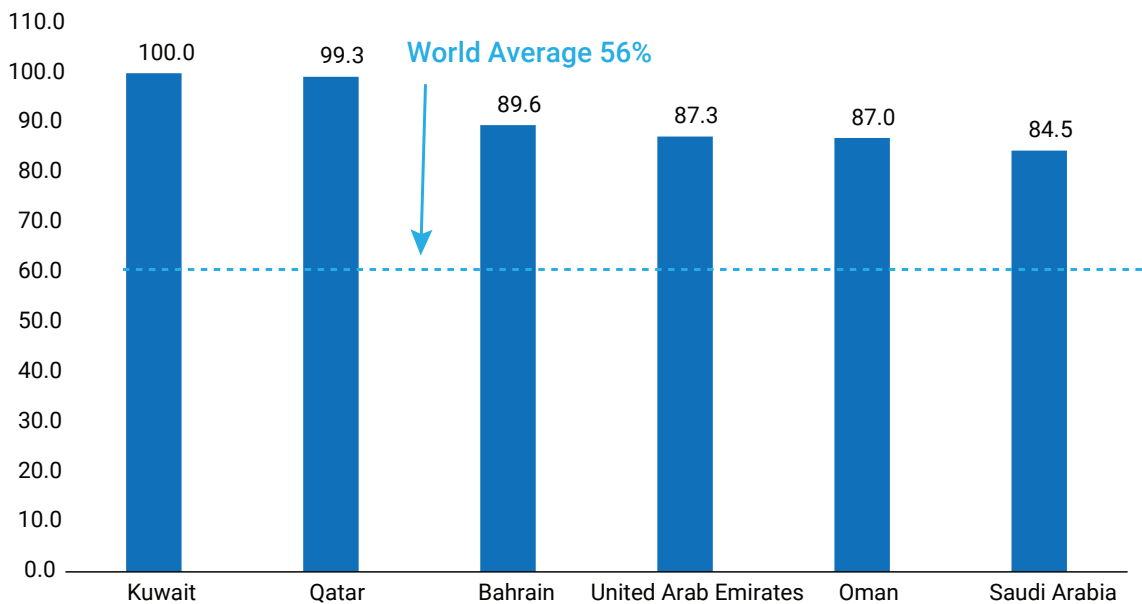
Source: *The World Wealth Report 2020 Capgemini*

In addition, most of the citizens of Kuwait reside in the city, resulting in a very high urbanization rate of 100 per cent when compared to the world average of only 56 per cent. This allows people to have an easy access to shop for luxury goods, and be more aware of the international brands entering the market.

²⁸ ²⁹ ³⁰ World Wealth Report 2020, Capgemini

³¹ World Wealth Report 2016, Capgemini

Figure 8.2: Urbanization levels in 2021e



Source: CIA World Factbook

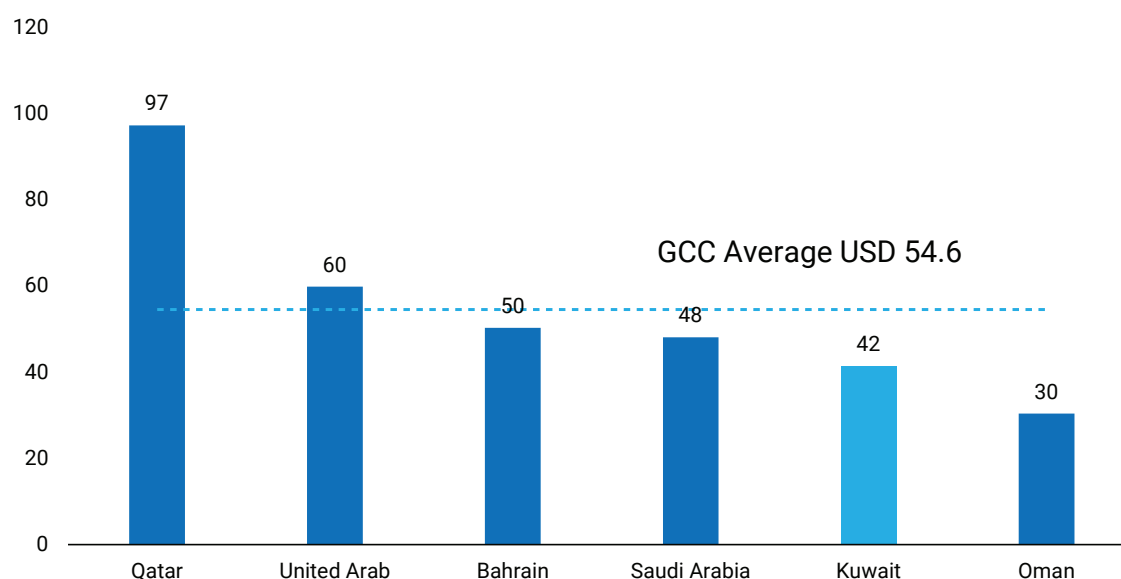
According to the CIA World Factbook, the estimates show that the rate of urbanization levels are expected to reach 1.35% for the forecasted period of 2021-2025.

Higher per capita income

Kuwait occupies thirteenth position in the world based on average GDP per capita over the last decade. Consumption power as evidenced by the level of per capita income for Kuwait is only slightly lower than the GCC average, and is higher than that of US. Though the level of per capita income has decreased over the last five years mainly due to lower oil price levels, and is estimated to drop in 2020 due to COVID-19, it is expected to grow from 2021. As per Trading Economics, the estimates show that Kuwait's GDP per capita is forecasted to reach USD 33,000 in 2022.

Youthful demographic profile with deep pockets indicate the increasing luxury retail demand, particularly in apparel, consumer electronics and food industries; as they are inclined to buy branded wear, stay on top of technological trends with latest gadgets and gaming consoles, and would prefer trying out varied cuisines.

Figure 8.3: Kuwait Per Capita Income Level in comparison with other countries at current prices (in International Dollars '000), 2021



Source: IMF

The high level of per capita income and the generous state grants in the form of subsidies/monetary transfer for its citizens' aid in strong retail demand.

Table 8.1: Growth in per Capita Income Levels

Country	CAGR (2014-19)	CAGR (2020-24)
United States	2.2%	3.5%
United Kingdom	0.7%	4.1%
Bahrain	1.3%	3.2%
United Arab Emirates	-1.3%	1.6%
Oman	-1.3%	2.1%
Saudi Arabia	-1.2%	3.1%
Qatar	-0.9%	4.2%
Kuwait	-0.8%	1.9%

Source: IMF, Marmore Research

Grand malls and shopping complexes

Over the past few years, retail spaces have become more and more sophisticated. Number of people visiting traditional souks and standalone retail outlets has constantly reduced. Luxurious malls, shopping complexes and huge hypermarkets have become the preferred choice of the shoppers.

The Avenues Mall, 360 Kuwait, Gate mall and Marina mall are few of the famous malls located in the Kuwait. Lot of innovations and improvements are made to these shopping malls to engage the customers better as they are meant to be means of entertainment for them. Apart from having a group of shops, these shopping malls have several other advantages like restaurants, cafes, crèche for kids and other entertaining activities. For instance, 360 MALL in Kuwait is home to six different avenues of fun engaging activities. It has a 1500 sq. m of entertainment space designed specifically to host entertainment events (arcades, video games, all kind of simulators, etc.) for teenage age groups. Another avenue includes The Bowl Room – which covers an area of more than 2500 sq. m, and the facility includes a VIP bowling alley that can help add exclusivity to an event to make it extra special.

The trend of mall shopping is now embedded in local popular culture and offers a feasible form of entertainment with family and friends, particularly in the smoldering summer months. Further investment in mall infrastructure will add more leasable areas to retailers. As more space is added, the culture of shopping and the enthusiasm for international brand names from foreign nations is likely to attract more international chains to set up shop in the country and occupy this new space.

Retail Rental costs

Rental cost is one of the major costs for a retailer. The rents are currently stable³². Downside risk is the E-commerce growth, which might cause lower demand and hence decline in rents. Upside risk is that supply of organized retail space remains constrained and that demand for retail space is recovering and is expected to be bullish and this might cause rents to move up.

Franchise Businesses

Kuwait provides a great opportunity for businesses looking forward to expand in the Global market. Franchising is gaining popularity in Kuwait, with an affluent customer base, relatively faster government approvals and short lead times that make it an attractive destination for global players. Global retailers can also leverage on the experience and local knowledge of their franchise partners. It is effective for a franchisor to build its brand in a new market without significant investment; and it is risk free for a franchisee to join a successful and established franchise network compared to the risks of starting a business from scratch. Moreover, the parties involved in the franchise will be financially and legally separate and independent.

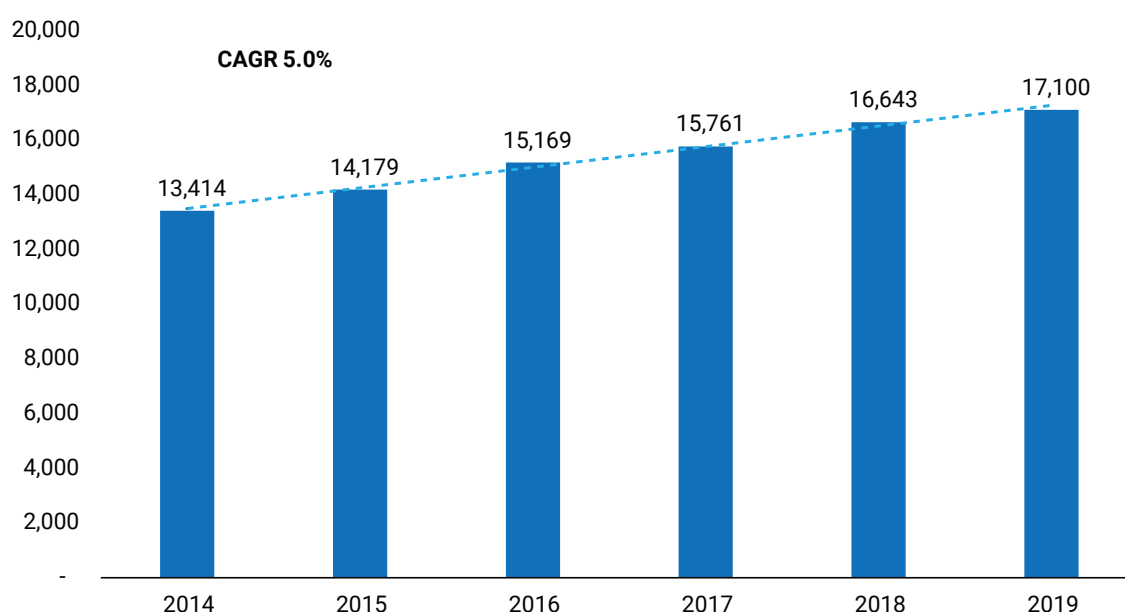
³² CBRE

In Kuwait, franchising is not developed as a legal concept with proper laws and regulations. Both franchiser and franchisee seek advice and conduct a due diligence before entering into agreement and prepare a comprehensive franchise agreement that defines the rights and obligations of both the parties, thereby protecting them and facilitating a good business.

At present, business groups such as Al Sayer Group, M.H. Alshaya and Behbehani Trading Co. control the retail franchising business in the Kuwait. These groups commonly have franchise rights in the region for a number of brands ranging from 30-90. The availability of such strong and experienced franchise partners will benefit the international brands entering the Kuwait market.

Growth in Consumer spending

Figure 8.4: Growth in Consumer Spending in Kuwait (KD millions)



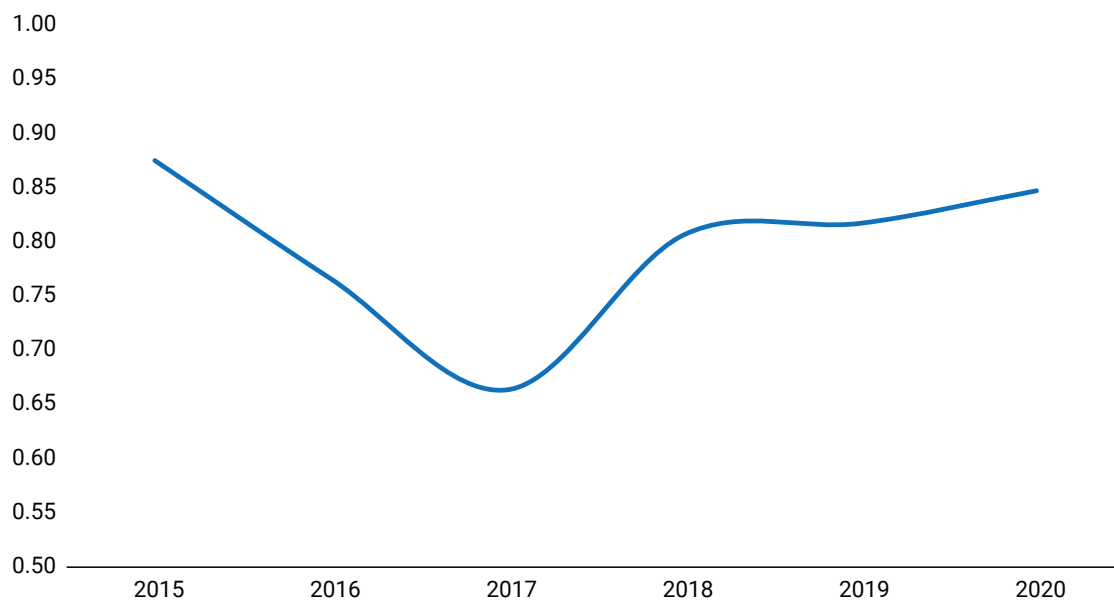
Source: *tradingeconomics.com*

The consumer spending in Kuwait has increased at a CAGR of 5.0 per cent from 2014-2019. The continuous increase in consumer spending is a good indicator for the luxury goods retailers and international brands looking to enter the market as it indicates higher disposable income in the hands of the consumer.

Between 205,000 and 230,000 Kuwaiti women spend KD 350 to 400 per month on beauty which adds up their total spending to KD 980 million a year³³. These statistics also point to the Kuwaiti consumers' inclination to spend.

³³ Study by Al Qabas Daily

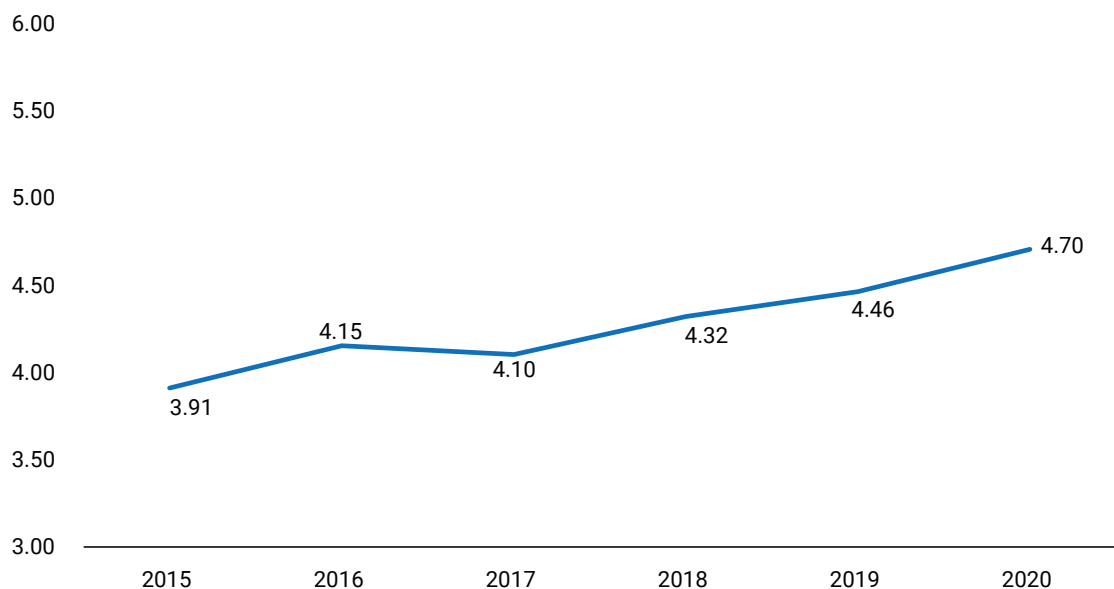
Figure 8.5: Visitor Exports (Foreign spending in Kuwait) (in USD billion)



Source: World Travel & Tourism Council

According to World Travel and Tourism Council, the visitor exports are expected to increase in the future and reach 1.25 billion by 2028 with a projected CAGR of 4% for the forecasted period of 2021 to 2028.

Figure 8.6: Leisure Tourism & Spend in Kuwait (in USD billion - real prices)

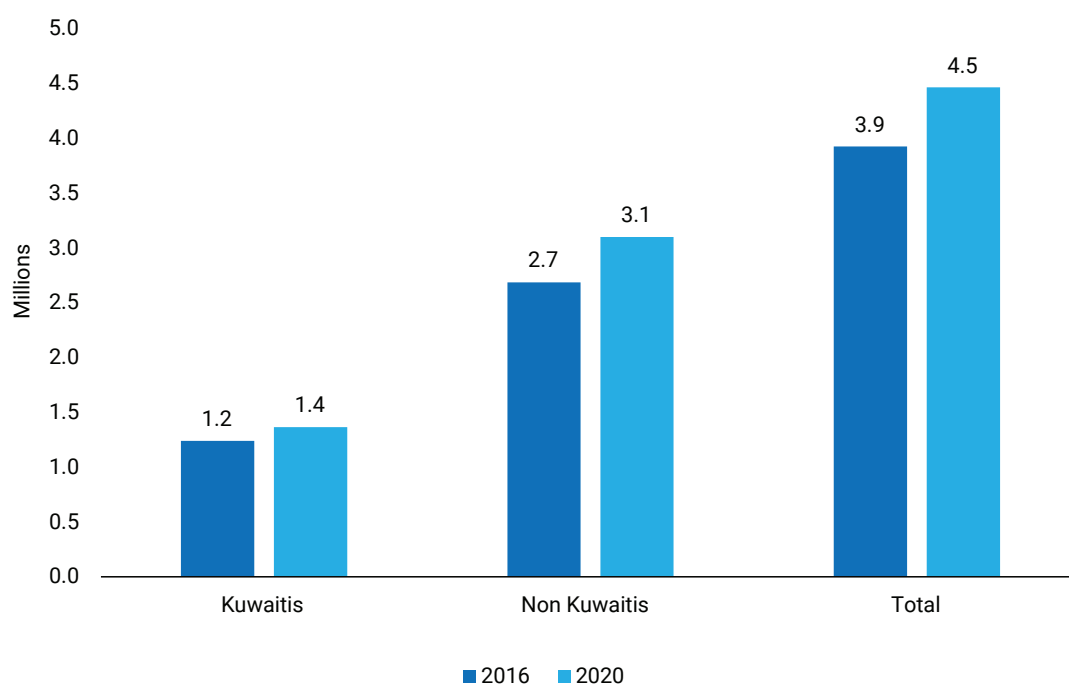


Source: World Travel & Tourism Council

The tourism sector in Kuwait is not as attractive as the other GCC nations, such as the UAE, where the number of international arrivals is about 20 million in 2018. International arrivals in Kuwait was about 8.5 million in 2018³⁴. However, growth in travel and tourism GDP was at 11.6% in 2019³⁵. It has also been one of the fastest growing country in travel and tourism GDP 2019. The spending within the country by international tourists for both business and leisure trips, including transport expenses, has increased from USD 0.82 billion in 2018 to USD 1.13 billion in 2019. The government plans to spend about USD 1 billion in the tourism sector over the next few years to increase visitors. World Travel and Tourism Council had estimated that spending within the country by international tourists would increase at a CAGR of 5% from 2019-2028 before COVID-19.

Kuwait relies more on its local population including expatriates to lead the growth of its luxury retail segment than tourism. The majority of the population of Kuwait consists of expatriates. The people in Kuwait are well off, brand-conscious and they are the key growth driver.

Figure 8.7: Expatriates in Kuwait



Source – Government of Kuwait

Preference of international retailers

Kuwait is typically the second preferred country in GCC after the UAE, for international brands. Bottega Veneta, a luxury fashion brand has opened its first flagship store in Avenues Mall in 2019. This is in addition to its existing primary boutique in 360 Mall. Chaumet, a luxury jewellery and watch brand has three boutiques in Kuwait. Galeries Lafayette, Bloomingdale are a few other major retailers who have presence in Kuwait.

³⁴ World Tourism Organisation

³⁵ World Travel and Tourism Council

Growing brand conscious population

High end apparel brands such as Prada, Gucci, Louis Vuitton and Armani have made significant inroads riding on the youthful population base that are known to be fashion conscious and are inclined to display the logo/brand in their apparel. Young people express their individuality through a unique sense of style, and purchase limited edition products.

Kuwaiti nationals are assertive consumers, with 92 per cent choosing a brand simply because they 'like it' (versus a GCC average of 60 per cent). Versatile in brand knowledge and consumption, they are well-informed shoppers who expect a sophisticated shopping experience. Young Kuwaiti women are very socially active and associate luxury with exclusivity – only for those of a certain class. Young Kuwaiti men are mature Internet users, price-aware and knowledgeable³⁶. According to Chalhoub Group Consumer Research, 70 per cent of the shoppers in Kuwait want the brand they buy to be highly visible and recognizable.

Improving Business Environment

Kuwait was ranked 46th out of 141 countries in the latest report 'Global Competitiveness Report 2020' by World Economic Forum, improving from 54th rank out of 140 countries in the previous year. Kuwait has improved across multiple parameters like labour market, financial system etc. It continued to maintain the top rank in the macroeconomic stability pillar. Kuwait was ranked 83rd among 190 economies on ease of starting a new business by World Bank in its latest report titled 'Doing Business 2020' improving from 97th rank in the previous year. The country has made it easier in commencing business by merging procedures in obtaining commercial license providing for online company registration.

³⁶ Chalhoub Group, Youth & Luxury, 2010

Challenges

Volatile oil prices

Kuwait's national budget relies excessively on petroleum revenues (approximately 40 per cent of GDP and 87 per cent of the government's revenues come from oil revenues). Though oil prices have recovered from the crash of 2014, prices have been volatile. The outlook seems to be modest against increasing supply, slower demand, a move towards electric vehicles. With its demand-supply dependent on multiple factors, the commodity is quite vulnerable.

Kuwait government spends a huge amount on subsidies every year. In the fiscal year 2019, it spent up to KD 4.9billion compared to KD 864 million spent in 2004. In its budget for FY2021-22, the country has estimated a deficit of USD 40bn, with an oil price assumption of USD 45/bbl. The breakeven crude price is USD 90/bbl, which is higher than the current oil price levels³⁷. There is a call for decreasing subsidies and imposing taxes on goods. These measures, if implemented, will affect the consumers a lot as the costs rise, resulting in an increase in prices in the market. This might lead to a decrease in the disposable income of the people, which might affect the luxury retail segment.

Increased competition

Stagnant sales in developed markets and widespread competition in emerging markets have led International players to GCC markets like Kuwait. Attractiveness of the market has led to widespread competition across all segments of retail. Construction of newer and classier malls, pull crowds away from existing malls. Polarization of rentals and vacancy levels are seen. Newer malls command sky high rentals and eat away profit margins, while the older malls fail to attract sufficient footfalls to sustain business. For example, after the opening of Avenues Mall, other smaller shopping centres have lost business considerably.

Local luxury brands like K7L and retailers like Chic Kuwait Luxury Outlet increase competition in the sector. Additionally, with e-commerce presence increasingly becoming more existential than an option, it further increases competition and risk of cannibalisation.

Stagnating sales and Shifting Trends

Luxury retail sales has remained flat in the MENA for the past 2 years³⁸. In the Middle East, luxury retailers' sales declined by 3 percent on average³⁹. Chalhoub Group, a leading luxury player, has closed nearly 60 physical stores across the Middle East in 2019.

³⁷ Average oil price during Jan-May 2021 had been USD 63.5/bbl

³⁸ Bain and Company

³⁹ McKinsey

In general, young customers are reportedly valuing luxury experiences more than luxury goods.

That said, luxury retailers are also upping the game by including personalization and hospitality as part of their in-store experience. An example is Bloomingdale's Kuwait store, which has a personalization lounge that combines hospitality, retail and service. Chalhoub Group has also expressed intent of opening tech-enabled stores in community malls and is looking to expand in e-commerce.

Counterfeiting

Counterfeit product is an imitation of a product or brand, and is usually made with the intent to deliberately deceive the customers. Counterfeits are cheap, low priced and lack the functionality of the original product. However consumers get enticed by the appearance of a brand or the presence of logo and fall for the product, especially the low paid expatriates. Counterfeit market has grown over the years, that it has become hard to distinguish between the genuine and the fake product. Sale of counterfeit product results in loss of revenue, and disincentivize innovations. It ruins the image of the genuine luxury brands and also contributes to the loss of exclusivity of these brands. GCC Standardization Organization (GSO) estimates the loss as a result of counterfeited goods sales in the GCC, at over USD 200 million a year⁴⁰.

No product is left untouched in counterfeiting market, right from gaming CDs, mobiles, electronic accessories, to luxury hand bags, apparels, pharmaceuticals, chocolates, and cigarettes are being counterfeited, posing enormous danger to its users.

The Ministry of Commerce and Industry is taking measures to purge the market of counterfeit goods. In 2019, the ministry gave 3 weeks notice for removal of counterfeit goods from the market and also cracked down on many counterfeiting cases. Commercial Control Department (CCD) under the the Ministry of Commerce and Industry in Kuwait is responsible for protecting intellectual property rights within the market.

Limited workforce

Kuwait is dependent on migrant workforce and luxury retail sector is no different. It becomes difficult for retailers to preserve talented and capable employees as many expatriates might return to their own country after making significant savings.

Nationals show less interest in this sector as most of the jobs are low paid customer facing jobs. They prefer employment in public sector to private sector. According to a report by Central Statistical Bureau (CSB), the public sector employs more than 311, 000 Kuwaitis, which accounts for about 81 per cent of the Kuwaiti workforce. The public sector spends almost 70 per cent of the budget expenses on the employee wages and other benefits. Expenses on salaries and wages in the public sector equals 18 per cent of Kuwait's GDP. This amount is one of the highest spending allocation amongst any developed or developing nations outside the Gulf. The private sector is incapable of matching these levels of spending, making them a less attractive employer.

⁴⁰ Nabeel Mulla, Secretary General of GSO

Expatriate Exodus

In a move towards offering more employment opportunities to Kuwaitis, many expats are being replaced by Kuwaitis in the public sector. Though overall expat population has increased, this would mostly be in the private sector, where pay scales are lesser than that of the public sector. Further, Kuwaitization has led to lower population growth rate of 2.7 per cent year on year in 2018 (end-year) at 4.6 million. The growth rate was higher than the 2.0 per cent witnessed in 2017, although much lower than the 4.1 percent multi-year high seen in 2016.

Room for improvement in Business Environment

Though Kuwait secured 46th rank, improving from 54th rank on the World Competitiveness Index in 2019, it has dropped by a few ranks in parameters like infrastructure and institutions. Though, Kuwait ranked 83rd among 190 economies on ease of starting a new business, among the GCC nations, Kuwait ranks the lowest in both Doing Business and Starting a Business. It is also the least favorite of the investors among the GCC peers due to high bureaucracy in the region. Process reforms for business in Kuwait might come at the cost of affecting its workforce⁴¹.

Table 9.1: Kuwait Ease of Doing Business and Starting a Business, 2019-20 Rankings

Year	Ease of Doing Business Rank	Score	Starting a Business					
			Rank	Score	Procedures (number)	Time (days)	Cost (% of income per capita)	Paid-in min. capital (% of income per capita)
2019	97	62.6	133	81.4	7.5	35.5	2.0	0.0
2020	83	67.4	82	88.4	5.5	19.5	1.7	0.0

Source: World Bank doingbusiness.org, Marmore Research

Table 9.2: GCC Ease of Doing Business and components, 2020 Rankings

Economy	UAE	Bahrain	Oman	KSA	Qatar	Kuwait
Ease of Doing Business Rank	16	43	68	62	77	83
Starting a Business	17	67	32	38	108	82
Dealing with Construction Permits	3	17	47	28	13	68

⁴¹ Marmore Research – Kuwait – Starting a business

Economy	UAE	Bahrain	Oman	KSA	Qatar	Kuwait
Getting Electricity	1	72	35	18	49	66
Registering Property	10	17	52	19	1	45
Getting Credit	48	94	144	80	119	119
Protecting Minority Investors	13	51	88	3	157	51
Paying Taxes	30	1	11	57	3	6
Trading Across Borders	92	77	64	86	101	162
Enforcing Contracts	9	59	69	51	115	74
Resolving Insolvency	80	60	97	168	123	115

Source: World Bank doingbusiness.org, Marmore Research

Outlook

Recovery in luxury retail could be slow due to lesser consumer spending and cautious re-opening. Large-scale retailers who have the necessary infrastructure and delivery channels to sell and deliver products online are likely to be less affected than the smaller players who do not have such facilities. Support provided to SMEs by Banks and the government will provide relief to retailers. In the long-term, further measures are expected to support recovery. A delay in introduction of a 5% value-added tax (VAT) will be a welcome relief for retailers and consumers as it could potentially be a deterrent for consumer spending.

Favorable demographics, rise in population and a strong growth trajectory in tourism, and high per capita income are expected to favor Kuwait's luxury retail sector in the long-term. However, the landscape will witness a material shift in the near term due to COVID-19. Retailers need to absorb the short-term pain and modify their business models to reach out to online customers as well. Brick and mortar retailers still have scope as several customers in selective segments like apparel, furniture still give preference to factors like look and feel. However, they will also have to diversify their distribution channels to support e-commerce. Competition from hypermarkets is expected to increase over the years to come as consumers increase demand for foreign brands and lifestyle alternatives. As more and more consumers turn towards online shopping, retailers will need to focus more towards these platforms with increased efforts to integrate them into their customer experience models to avoid missing a wide customer base.

Appendix

Kuwait's Luxury Players Profile

Table 11.1: Leading Luxury Players in Kuwait

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
Chalhoub Group	Beauty, Fashion & Accessories	Puig, L'Occitane, Make Up for Ever, Smashbox and Molton Brown, Estée Lauder, Christian Dior Parfums, Louis Vuitton, Dior, Celine, Tory Burch, Lanvin, Swarovski and Lacoste., Christofle, Wow by Wojoo
Alshaya Retail	Fashion & Footwear, Food, Health & Beauty, Pharmacy, Optics, Home Furnishings and Leisure & Entertainment	Starbucks, H&M, Mothercare, Debenhams, American Eagle Outfitters
Abu Issa Holding	Fashion, watches, jewelry, perfumes, cosmetics, beverage, electronics, home decoration and luggage	Zilli, Zenith, Yves Delorme, Yamamay, The Face Shop, Nespresso,
Damas Jewelry	Jewellery and watch	Forevermark, Fope, Givori, Marco Bicego, Mikimoto, Pasquale Bruni, Roberto Coin, Utopia, Fabergé, Garrard

Source: Company Websites

*Note: Product list is not extensive and only includes some of the major brands

Al Tayer Group (also present in UAE, KSA, Qatar)

Al Tayer group established in 1979 started its business in automobile and diversified into luxury retailing, perfumes and cosmetics, distribution, engineering as well as interiors contracting. The company has introduced over 80 brands to the Middle East in the areas of automotive and retail.

Al Tayer motors is mostly known for its automobile business and it brought famous brand names into the gulf region, such as Ferrari, Maserati, Land Rover and Jaguar.

Since opening the first store in 1981, Al Tayer Insignia, the luxury retail arm, is the pioneer of luxury retailing in GCC. Portfolio includes some of the world's best luxury brands in the fashion, jewellery and home categories. 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.

Among the 48 brands currently in its portfolio are Bvlgari, Boucheron, Bottega Veneta, Dolce & Gabbana, Emilio Pucci, Giorgio Armani, Gucci, Ligne Roset, and Yves Saint Laurent. Al Tayer Insignia is the licensee for the largest Harvey Nichols store outside the United Kingdom and the first Bloomingdale's stores outside the United States.

The company currently employs over 9,000 people and has continued to experience healthy growth over the past few years.

In September of 2018, Mexican cinema operator Cinepolis, the fourth largest cinema exhibitor in the world, has partnered with Al Tayer Group to build and operate cinemas across the GCC region. This venture will introduce high-touch theatre concepts, including Luxury, Premium, Macro XE, 4D Emotion technology and children friendly Cinépolis Junior auditoriums to Gulf audiences for the first time. In Saudi Arabia, Cinépolis and Al Tayer Group have partnered with Al Hokair Group, a leading hospitality and entertainment operator. The Joint Venture has been granted a Cinema Operating License by the Saudi General Commission for Audiovisual Media and plans to develop movie theatres in 15 major cities across Saudi Arabia⁴².

Chalhoub Group (also present in other GCC nations)

Created by Mr and Mrs Michel Chalhoub in 1955, the Chalhoub Group is recognized as one of the leading forces in the luxury business in the Middle East. Maintaining its family owned heritage, today the group employs more than 12,000 people, in 14 countries, as well as operating over 600 retail stores and distribution of renowned brands within the sectors of Beauty, Fashion and Gifts. Within the retail sector, the group functions through three types of business models: joint ventures, franchises and 'own concepts'. The joint venture, a regional agreement between the brand and the group, allows a co-management with the brand. Some of Chalhoub's joint ventures include Louis Vuitton, Dior Couture, Sephora, Fendi, Louboutin and Berlutti. Some of the group's

⁴² Digitalstudiome.com

franchises include Saks Fifth Avenue, Loewe, Carolina Herrera, Swarovski, Lacoste and Michael Kors. 'Own Concepts', a specific Chalhoub model, fills a gap in the market.

Three main activities exist at a group level: distribution, retail and marketing services. The group facilitates direct access to regional markets through its distribution companies and strategic alliances with major international groups.

It partners with prestigious houses such as Baccarat, Christofle, Christian Dior, Louis Vuitton and Nina Ricci, to name only a few.

In 2018, Farfetch, a global powerhouse in luxury e-commerce, joined forces with Chalhoub Group, with the aim to capitalize on the online market in the Middle East, which remains a largely untapped source of potential sales for luxury fashion. Moreover, in November of 2019, Chalhoub Group announced its partnership with US based b8ta, retail-as-a-service company with a chain of retail stores that serve as presentation centers for consumer electronics and other innovative products⁴³.

Alshaya Retail (also present in other GCC nations)

Alshaya Retail is part of the wider group of businesses owned by the Alshaya Group, a family-owned business that was founded in 1890 in Kuwait. Alshaya Retail, trading as M.H. Alshaya Co., started its first international franchise relationship in 1983 with the opening of first Mothercare store. They have employed a team of 60,000 people from over 120 nationalities to support more than 4,300 stores, cafes, restaurants and leisure destinations, which occupy 1.2 million sq m of retail space, across the Middle East & North Africa, Russia, Turkey, and Europe.

Alshaya operates across a wide range of sectors, offering consumers the latest and best-recognized names in Fashion & Footwear, Food, Health & Beauty, Pharmacy, Optics, Home Furnishings and Leisure & Entertainment. With brands such as Starbucks, H&M, Mothercare, Debenhams, American Eagle Outfitters, P.F. Chang's, The Cheesecake Factory, Victoria's Secret, Boots, Pottery Barn and KidZania, their multi-brand, multi-market franchise portfolio brings leading retail concepts to local malls and high streets and ensures an international shopping experience.

In July of 2019, Alshaya Group announced a significant partnership with US based leading global hospitality brand Hampton by Hilton, with the exclusive signing of a master development agreement to launch and develop 70 Hampton by Hilton hotels in nine countries, with the majority being in the Middle East, North Africa, Turkey and Russia. Alshaya Group has agreed to deliver 50 hotels in the next eight years, with another 20 in the development pipeline, significantly expanding Hampton by Hilton's presence in the region⁴⁴. In December of 2019, US fitness brand Equinox Group announced its first move into the Middle East market through a multi-market partnership with Alshaya Group, to bring three fitness brands to the region namely Equinox Fitness Clubs, SoulCycle and Blink Fitness, starting with Dubai in late 2020⁴⁵.

⁴³ Albawaba.com

⁴⁴ Hospitalitynet

⁴⁵ Thenational

Abu Issa Holding (also present in other GCC nations)

Abu Issa Holding (AIH) is one of the leading business groups in the Middle East based in Doha, Qatar. Al Shaya Perfumes started in 1981 as a partnership between Al Shaya (Kuwait) & Abu Issa Holding (Qatar). The company is built over a span of three decades and represents the region's most diversified and progressive groups. Luxury retail is one among the many business sectors it operates. It currently operates with retail outlets in more than 8 countries across 352 stores and over 4,000 employees. In addition to representing leading international brands, they also have over 20 successful, own-concept retail businesses developed and executed in-house.

The foundations of Abu Issa Holding began with the development of Blue Salon, the high-end Luxury Department store was founded in 1981 by the late Mr. Abdul Rahim Abu Issa. as an initial concept of Abu Issa Holding in order to represent and develop International Brands in the local Qatari Market. Today, Blue Salon has become a national leader in high-end fashion, watches, jewelry, perfumes, cosmetics, home decoration, luggage, and owns over 100 retail outlets, in addition to several unique concept stores .

Abu Issa Holding has seven major Brands Distribution & FMCG companies namely: Abu Issa Marketing and Distribution, Gulf Beauty International, Palais Royal, Pari Gallery, Presto Qatar, Unipharm Trading, High Trading International Company.

In October of 2019, Blue Salon announced a collaboration with Italian brand for men's shoe wear, DIS for the first time in Qatar. Moreover, Flormar, a cosmetics, one of the world's leading make-up brands, hailing from Italy, opened its second location in Qatar at Doha Festival City under the management of Abulssa Holding in December 2019.

Damas Jewelry (also present in other GCC nations)

Headquartered in Dubai, United Arab Emirates, Damas is the Middle East's leading international jewellery and watch retailer. Founded in 1907, the company today operates across all 6 countries of GCC through fully owned subsidiaries with more than 300 stores. With over 100 years of history, Damas has developed its portfolio of international brands, and has built a strong reputation, becoming a global trademark. Damas International was acquired in April 2012 by a consortium comprising of Mannai Corporation QSC & EFG Capital Partners Management Limited, and has continued its expansion since, with plans to further develop its network in the coming years.

Its portfolio includes international jewelry brands such as Baraka, Forevermark, Fope, Givori, Marco Bicego, Mikimoto, Pasquale Bruni, Roberto Coin, Utopia, Fabergé, Garrard.

They are also the exclusive retailer of several renowned Swiss watch brands within the region including Parmigiani, Eberhard, Arminstrom, Chronoswiss, Perrelet, Sarcar and Louis Moinet.

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