

August 2021

# Kuwait Luxury Retail

## Research Highlights:

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



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# Executive Summary

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

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

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

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

# Executive Summary

**Table 1.1: Prominent malls in Kuwait**

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

*Source: Company Websites, Marmore Research*

# Executive Summary

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

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

## Did you know?

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

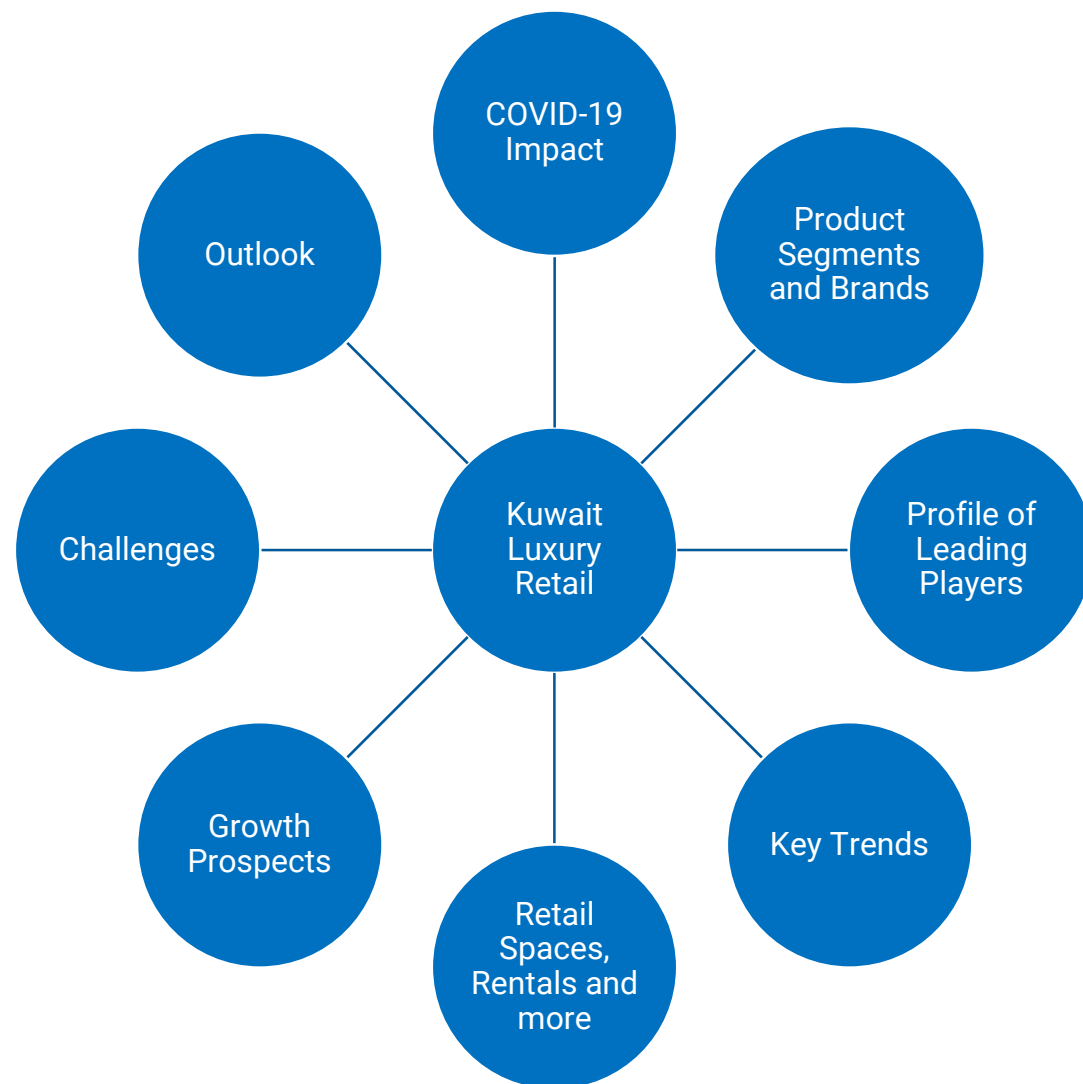
Is it all rosy with the luxury retail sector in Kuwait? Find out more in our exclusive report on Kuwait's Luxury Retail.



# Why purchase the report

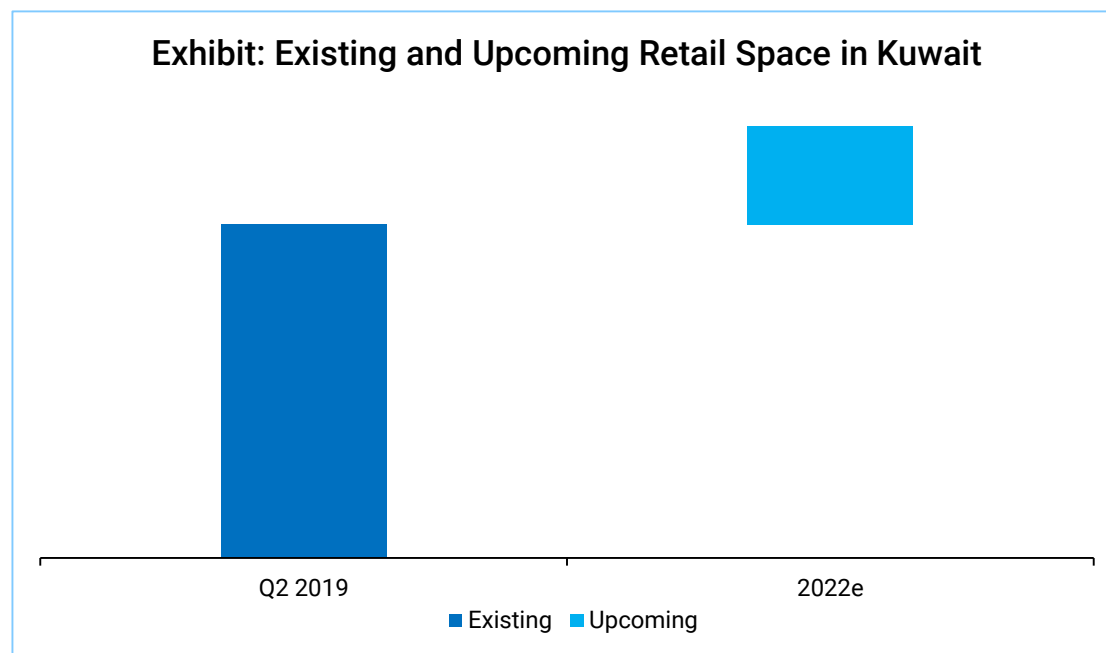
- **Incorporates COVID-19 Impact:** Discusses the impact of COVID-19 on luxury retail in Kuwait and the outlook for the sector post COVID-19
- **Extensive Coverage:** The report examines the current state of luxury retail in Kuwait, the growth prospects and challenges. The impact of topical issues such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

# A 360. View



## Key Discussion Points

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



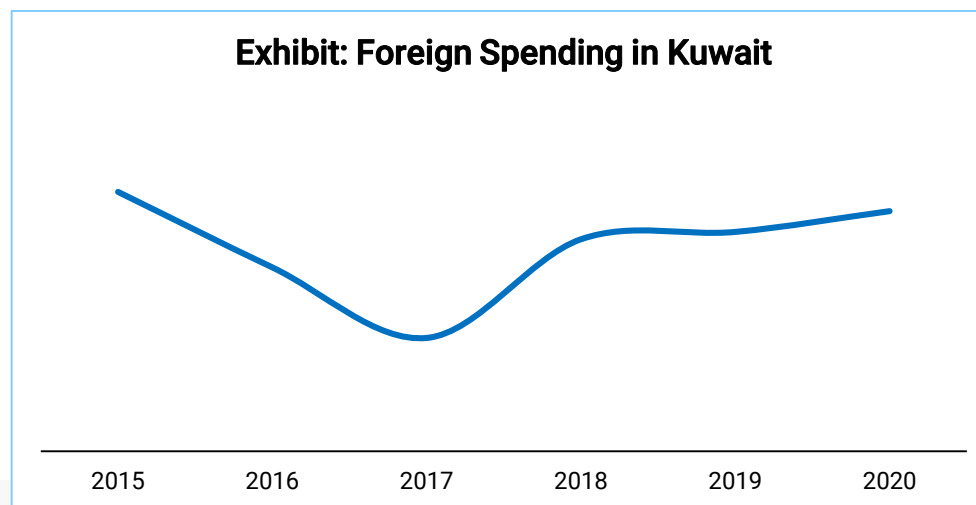
- Overview of structure and legal framework of different forms of entry into Kuwait's luxury retail

# Key Discussion Points

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



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



## Excerpt: Profile of a Luxury Retail player

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

### Exhibit: Segments and Products of Operation

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

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