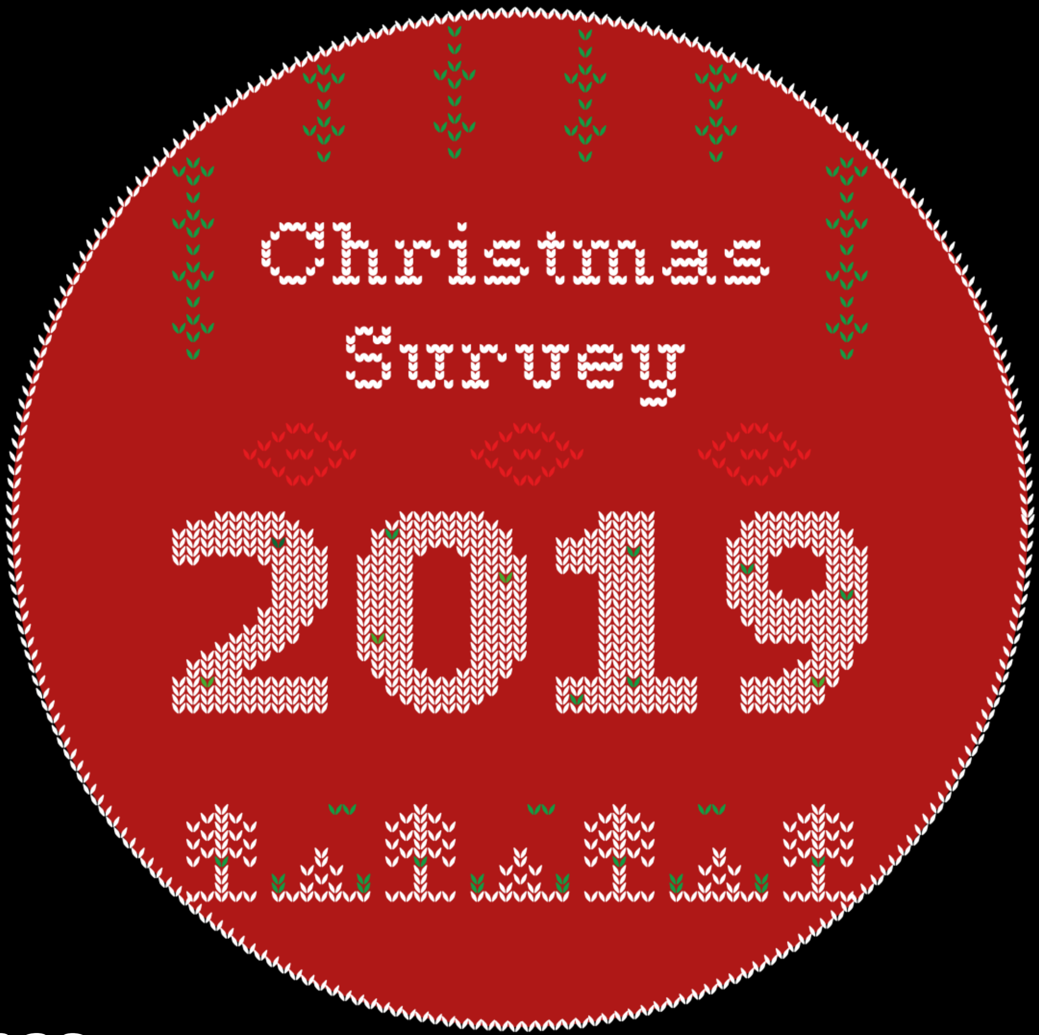
Deloitte.



The magic of Christmas

Christmas Survey 2019 - Portuguese results

November 2019

Contents

Contents

Key Trends

ECONOMIC OVERVIEW

The economic perception of European consumers has suffered **some cooling** compared with last year, falling 2 points.

Nevertheless, most of the European consumers continue to maintain an optimistic perception regarding the **household economy.**

OFFLINE VS ONLINE

European consumers will spend 32,7% of their total budget on the **online channel,** increasing 5% from last year.

However, European consumers still prefer **offline channels** (physical stores) when they go for their Christmas purchases.

DESIRES

Books, money and chocolates remain at the top positions in the list of the most desired gifts.

Sportswear is the gift that has grown the most among teenagers, and where books continue to reign.

Model construction games slip into the most desired by the little ones.

Chocolates are expected to be the best Christmas gift for this year.

WHERE, WHEN, WHAT

Black Friday does not have a high impact on the Christmas campaign in Europe.

November is continually growing as a considerable option for European consumers to buy their Christmas purchases.

Specially chains remain the first option for the purchase of gifts.

Contents

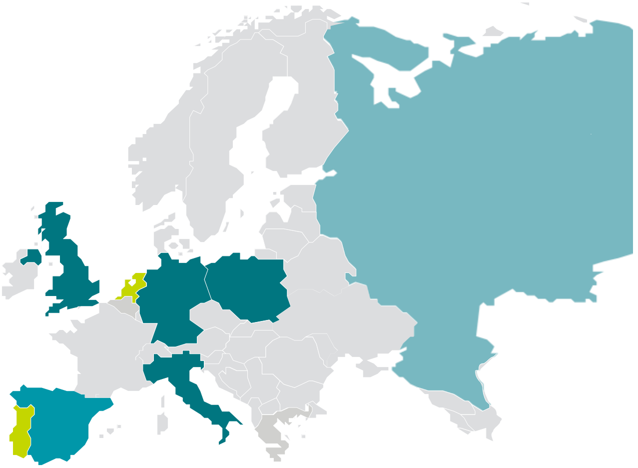
Current state of the Portuguese economy

72% of the consumers think the country economic situation is stable or growing.

European average: 64%

67% of the consumers think the country economic situation will be stable or growing in 2020.

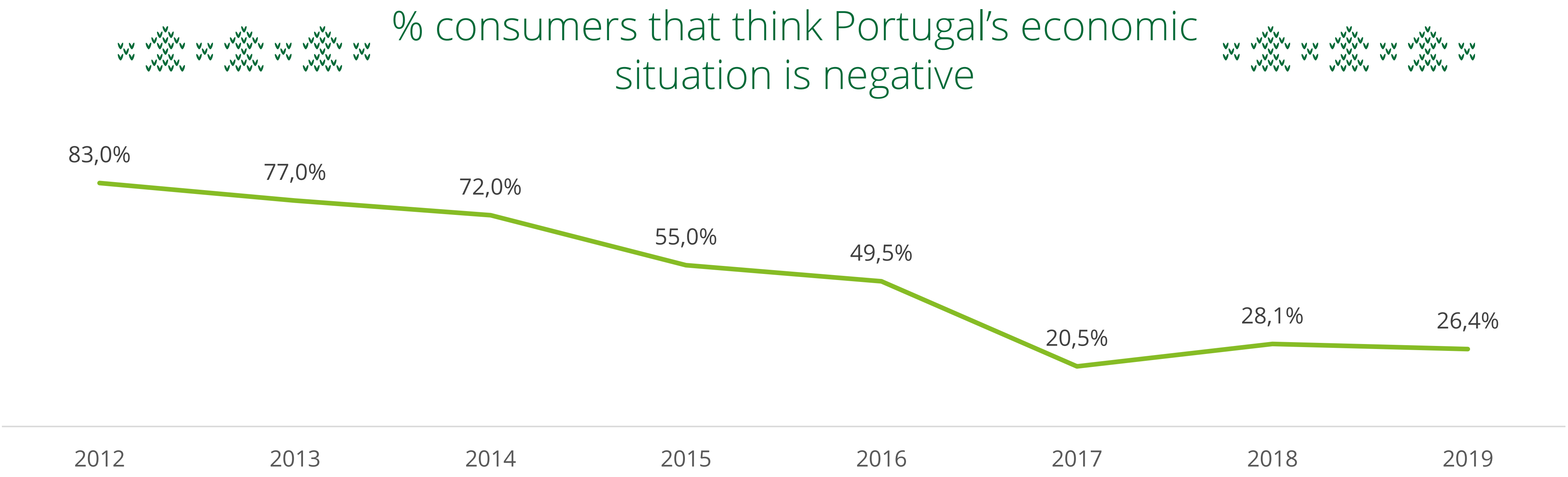
European average: 53%



Europeans are still cautious regarding the perception of the economic situation on the continent. Only **four of the eight** participants in the study are above the European average in terms of the perception of the economic situation in their countries (**The Netherlands, Germany, Portugal and Poland**).

The study also reveals a more moderate optimism regarding the stability forecasts for 2020 that **fall 11 points** compared with the results of this year. Brexit negotiations and geopolitical factors in Europe are the main reasons that cause instability and uncertainty in the continent.

Current state of the Portuguese economy



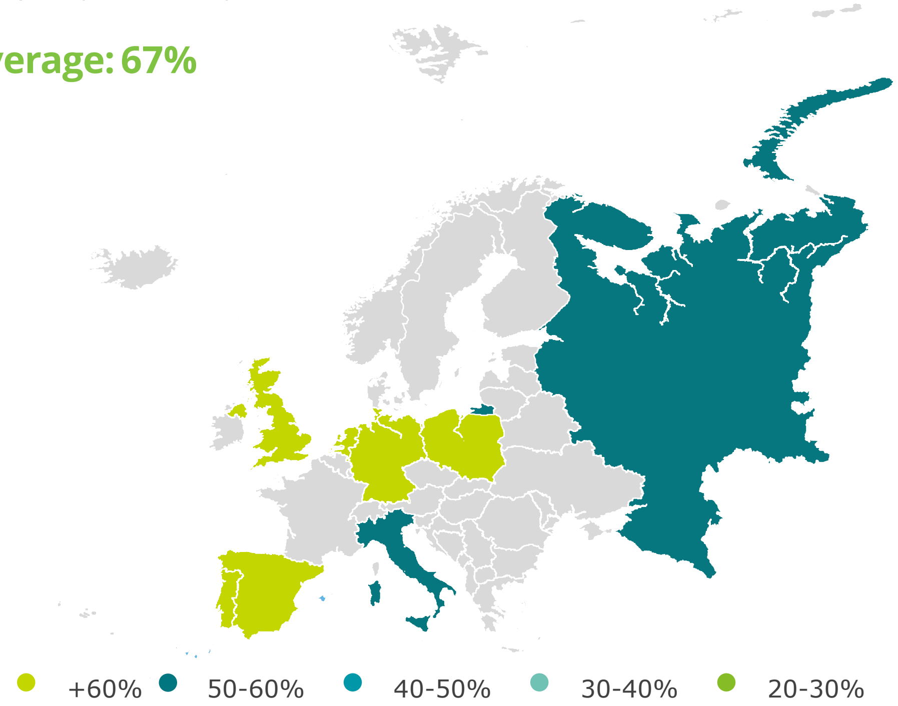
Portugal remains one of the most optimistic of the countries surveyed. Only 26,4% of the consumers believe the country's economic situation is "negative", a small decrease from last year's results.

Portuguese consumers' perception of its economy has remained fairly stable since 2017, when it reached its most favorable result. **This is in stark contrast with mid-crisis years like 2012**, when more than 8 of each 10 surveyed consumers felt the Portuguese economic situation was negative.

Current state of the Portuguese household economy

77%
Consumers who believe they have equal or more spending capacity than last year

European average: 67%



European consumers continue to maintain an **optimistic perception** regarding the household economy, concerning last year (2 points above).

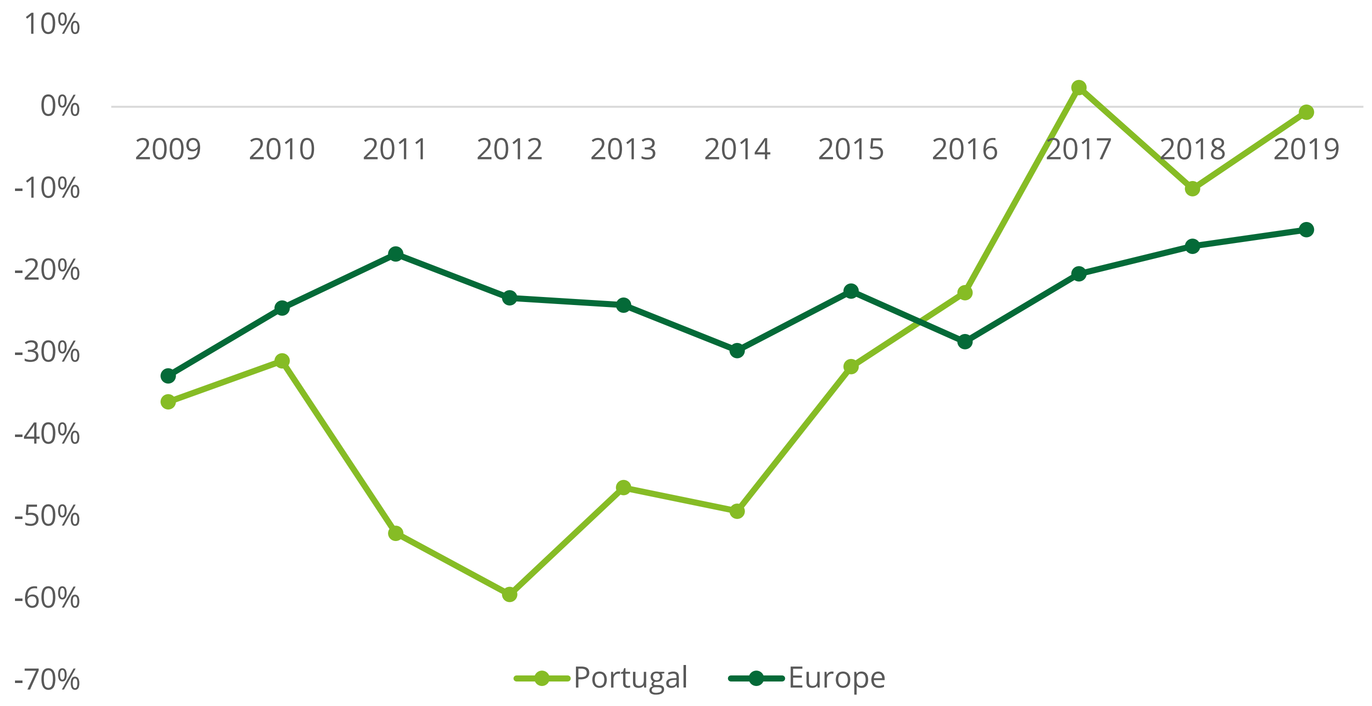
The consumer perception is **less extreme** when analyzing their personal situation against the national one.

Portugal is the most optimistic country talking about the domestic economy: 77% of Portuguese participants in the study think positively about their household economies.

Italy and Russia, the countries that have the worst perception of their domestic economies.

Current state of the Portuguese household economy

Net difference of positive and negative views

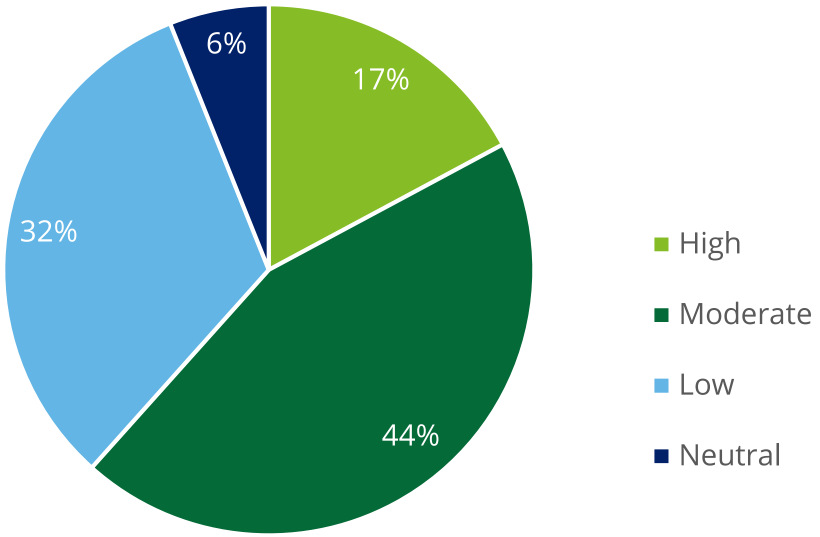


The overall perception of the European countries in this study regarding their purchasing power developments has been relatively stable since 2009, with a balance of responses ranging from 20 to 30 negative points. The -15% balance observed this year is the highest for the European average since this study was conducted.

By 2015, Portugal had consistently lower levels than the European average and in 2012 reached the lowest level ever (-60%). Since then, the evolution of purchasing power has been more favorable, having in 2016 surpassed for the first time the European average. In 2019 we observed a marginally negative balance (-1%) between responses, which still keeps us above the European average.

Influence of Government Budget on Portuguese buying behavior

To what extent does the Government Budget influence your buying behavior?

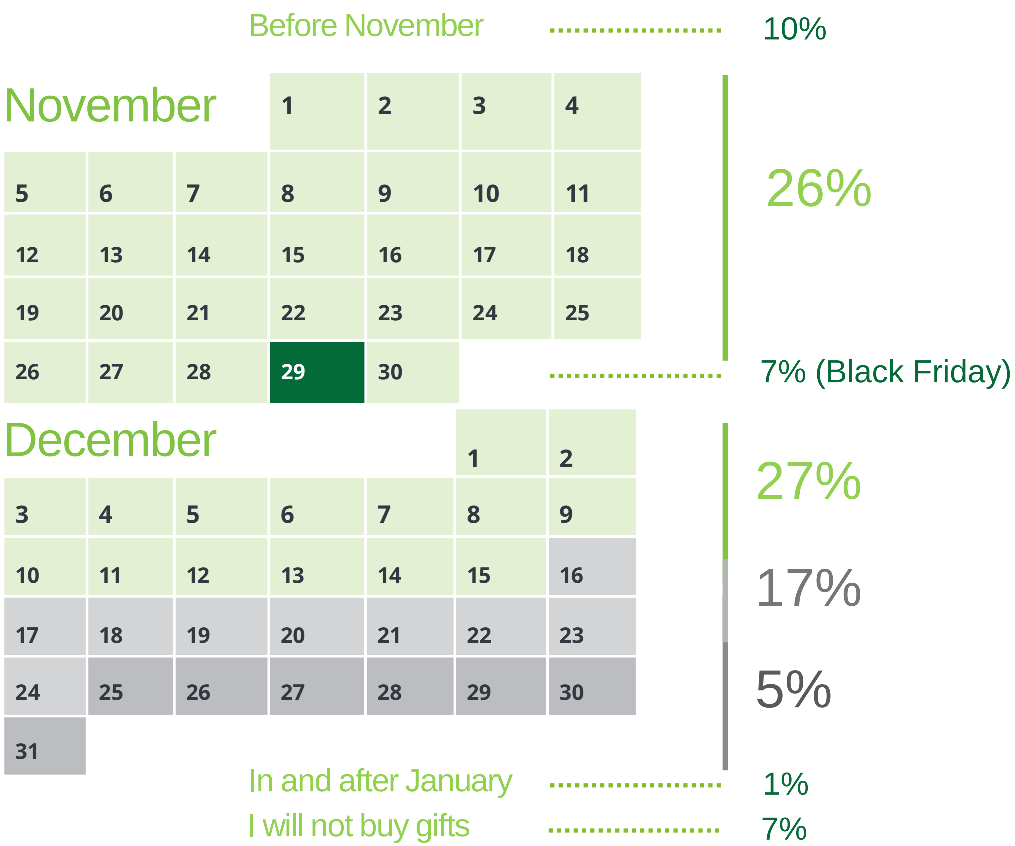


Overall, the Portuguese population recognizes that the Government Budget has a moderate or high influence on its behaviors and spending habits. Only 6% of Portuguese respondents say that the Budget of the State is indifferent to their buying behavior.

This year there is a reduction in the reported influence of the Government Budget on consumer behavior, with an increase in the proportion of responses “Low” from 20 to 32%.

Contents

Shopping calendar in Europe

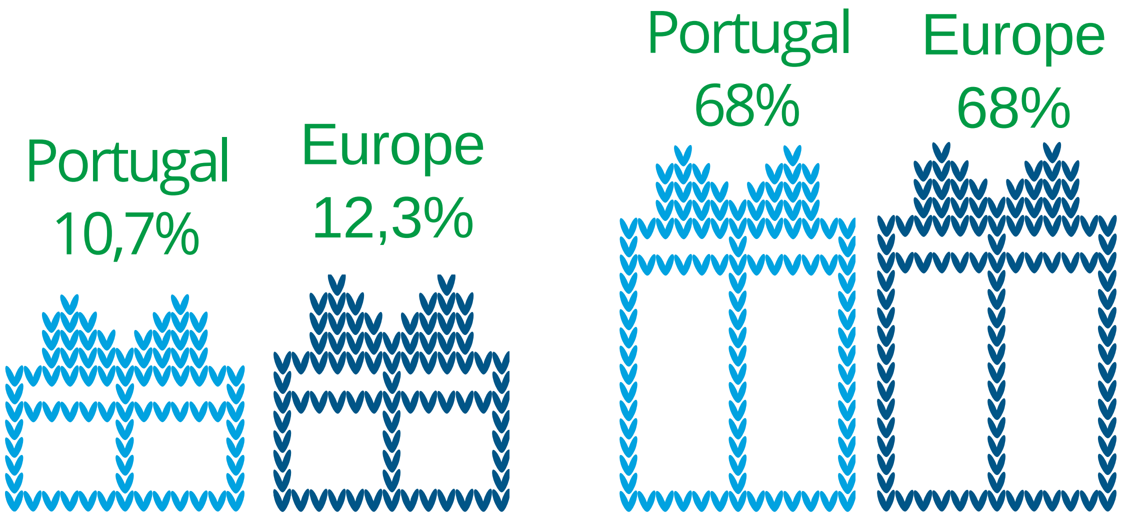


Although December remains as the favorite month to go for Christmas shopping for the majority of respondents, **November is becoming a considerable option** for European consumers to purchase their gifts.

The biggest decrease among consumer preferences is experienced in the **last week of December,** which is chosen by 5% of European consumers.

BLACK FRIDAY IMPACT

- 12,3% of respondents will spend **more than half of their Christmas budget** on Black Friday, compared to 16,6% who did it last year. At 10,7%, Portugal is slightly below the European average.
- **Poland, Russia and Spain** are above the European average (68%) of consumers that will make some Christmas purchase on this date.



+50% of Christmas budget is spent on Black Friday

Consumers that make some Christmas purchase on the Black Friday

Estimated Christmas spending (by country) (€)

	Germany	Italy*	Netherlands	Poland
Gifts	217		122	127
Food	116		109	121
Socialize	51		32	29
Traveling	103		78	75
Total	**487**		**341**	**352**

	Portugal	Russia	Spain	United Kingdom
Gifts	159	123	237	336
Food	107	115	173	162
Socialize	40	31	79	71
Traveling	81	98	65	70
Total	**387**	**367**	**554**	**639**

* Italy results will be available in the last week of November

	Gifts	Food	Socialize	Travel	Total
European average	193	131	51	86	461

Estimated Christmas spending by concept

2018 vs 2019 (Portugal)

	Actual spending 2018	Estimated spending 2019	
Gifts	156	159	1,7% ↑
Food	101	107	5,9% ↑
Socialize	39	40	3,5% ↑
Traveling	89	81	-2,1% ↓
Total	**378**	**387**	**2,2%** ↑

2018 vs 2019 (European average)

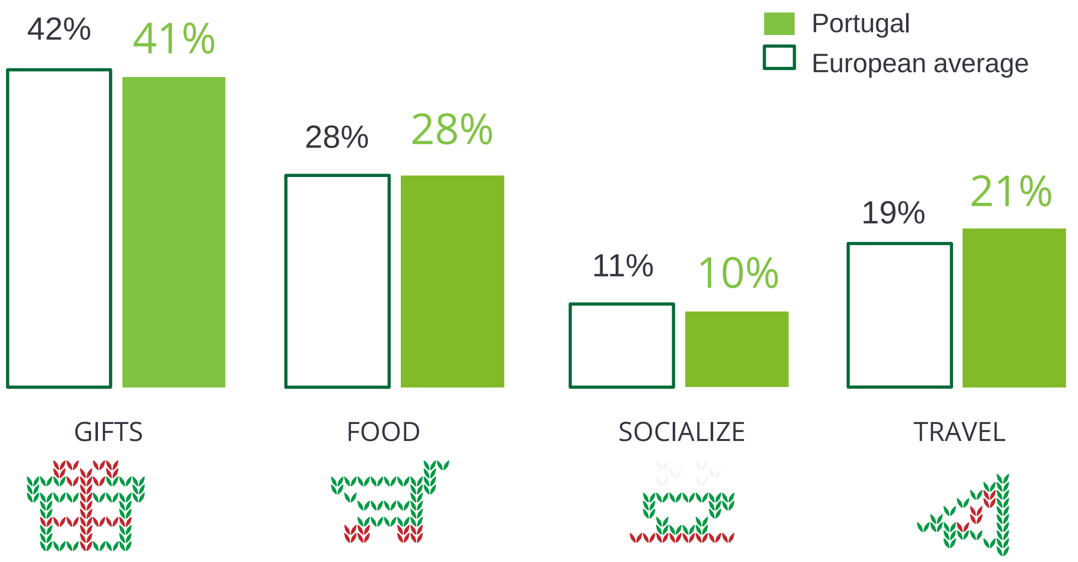
	Actual spending 2018	Estimated spending 2019	
Gifts	189	193	2,1% ↑
Food	127	131	3,1% ↑
Socialize	49	51	4% ↑
Traveling	81	86	6,1% ↑
Total	**446**	**461**	**3,3%** ↑

↑ **5,9%**

Spending in **Food** has increased the most this year, followed by Socialize. European consumers will spend 461€ average this year (+3% compared with 2018)

Estimated Christmas spending

CHRISTMAS BUDGET COMPOSITION 2019



People from the **United Kingdom** will spend the most this Christmas (639€ expected budget per consumer). On the other side of the scale, **The Netherlands** is the country that will spend less this year (341€ expected budget per consumer).

Regarding the budget composition, **Gifts** remain at the top of the list for this year, whereas **Socialize** reflects the lowest results.

TOP 5

- United Kingdom
- Spain
- Germany
- Portugal
- Russia

Estimated Christmas spending by channel

ESTIMATED BUDGET (PORTUGAL)

	Actual spending 2018	Estimated spending 2019		
Online	90	95	5,7%	↑
Offline	288	291	1,1%	↑
Total	**378**	**387**	**2,2%**	↑

ESTIMATED BUDGET (EUROPEAN AVERAGE)

	Actual spending 2018	Estimated spending 2019		
Online	144	151	4,8%	↑
Offline	302	310	2,6%	↑
Total	**446**	**461**	**3,3%**	↑

CONCLUSIONS

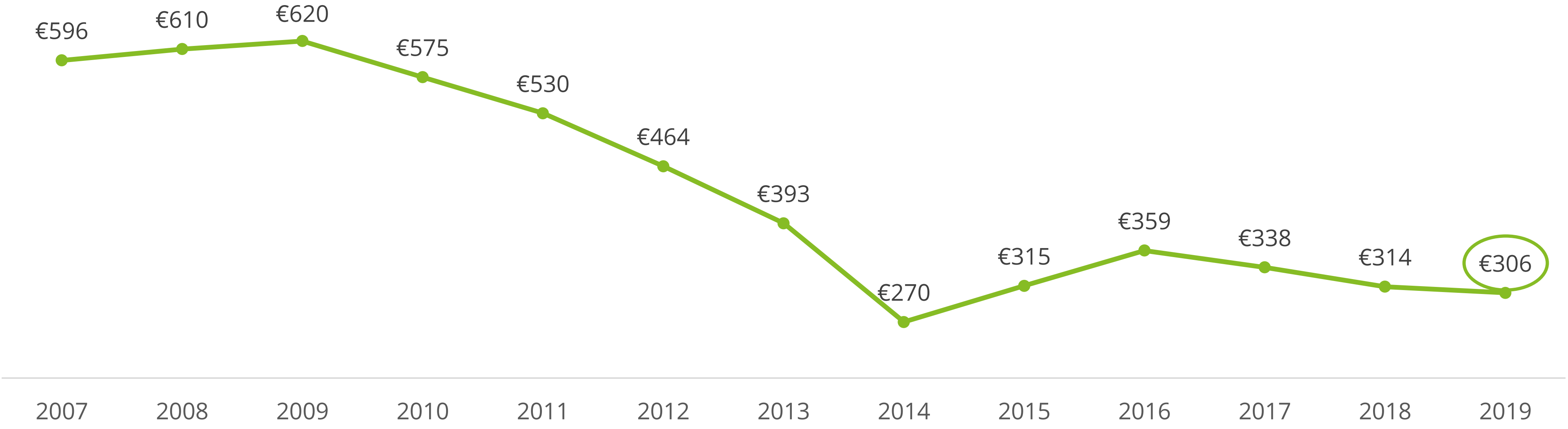
1

Online Christmas spending is expected to **grow in Portugal 5,7% over last year's** and above the European average.

2

The online channel represents **32,7% of the total Christmas spending in Europe and 25% in Portugal**.

Estimated Christmas spending in Portugal (excluding travel)



Portuguese consumers are more cautious than last year when they had higher estimated spending on gift, food and social. Spend on travel has been excluded from this analysis to ensure comparability to historical data.

There seems to be a **low chance of Portugal going back to pre-crisis levels of target spend**, where surveyed consumers estimated spending 620 Euros in its Christmas shopping in 2009.

Reasons driving spending changes

WHY WILL YOU SPEND MORE?

I **want to enjoy** and avoid thinking about the bad economic situation

I have **more disposable income**

There are many **innovations** that make me spend more money

I want to take advantage of the **Promotions**

I am not worried about **external factors**

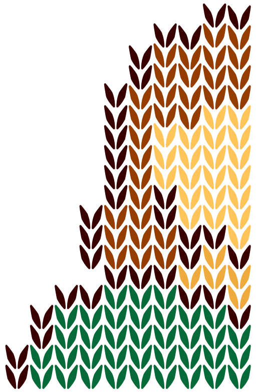
Most desired gifts in Europe

1	**Books**	→
2	**Money**	→
3	**Chocolates**	→
4	**Cosmetics/Perfumes**	→
5	**Clothes**	→
6	Food &Drinks	↑ +1
7	Beauty care, massage, spa…	↑ +1
8	Gift vouchers	↓ -2
9	Travel	→
10	Jewellery	→

Books are the most desired gift in Europe, according to the results of the eight countries participating in the study this year. Money, Chocolates, Cosmetics and Clothes complete the **top 5** of this list.

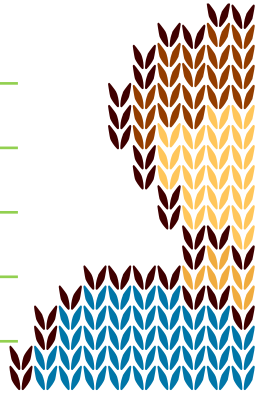
There is only one change concerning the results of last year: Beauty care treatments and Food&Drinks overtake Gift vouchers at the seventh place of the desired gifts list in 2019.

MOST DESIRED GIFTS (PORTUGAL)



By women

1. Chocolates
2. Cosmetics/ Perfumes
3. Books
4. Clothes
5. Money



By men

1. Chocolates
2. Clothes
3. Books
4. Money
5. Cosmetics/ Perfumes

Expected best sellers

1	**Chocolates**	↑ +1
2	**Books**	↓ -1
3	**Cosmetics/ Perfumes**	→
4	**Clothes**	↑ +1
5	**Money**	↓ -1
6	Food & Drinks	↑ +1
7	Gift vouchers	↓ -1
8	Beauty care, massage, spa	→
9	Videogames	↑ +1
10	Accessories (bags)	↓ -1

Chocolates will be the most purchased gift this year by European consumers. Books, Cosmetics and perfumes, Clothes and Money close the **top 5 of best sellers.**

Money, although it is still considered an impersonal gift, continues in the top positions of the ranking.

BEST SELLERS (PORTUGAL)

By women

1. Chocolates
2. Clothes
3. Books
4. Cosmetics/ Perfumes
5. Accessories (bags)

By men

1. Chocolates
2. Books
3. Clothes
4. Cosmetics/ Perfumes
5. Food & Drinks

Expected best sellers (kids and teens)

Model construction games will be the favorite option for kids this year. For teenagers, **Books** remain at the top of the list.

Sportswear is the fastest-growing article for teenagers, and **Dolls & Plush** moved up two positions in the gift list for kids.

Educational games have descended to the last place on the list of gifts for kids. **CD´s** remain at the tenth position of expected best sellers for teenagers this year.

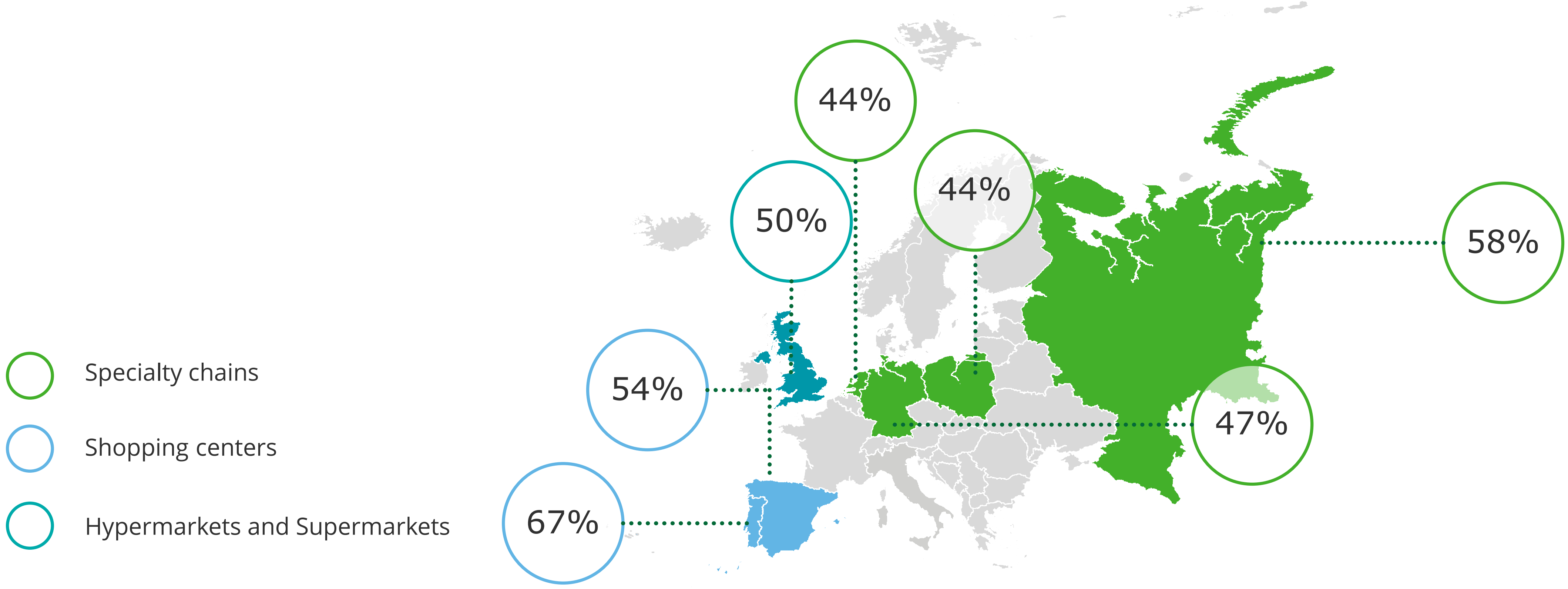
KIDS

1	**Model construction games**	↑	+1
2	**Books**	↓	-1
3	**Educational Toys**	→	
4	**Clothes**	→	
5	**Dolls & Plush**	↑	+2
6	Baby articles and toys	↓	-1
7	Board games	↓	-1
8	Arts & Crafts	→	
9	Technical toys	↑	+1
10	Educational games	↓	-1

TEENS

1	**Books**	→	
2	**Videogames**	→	
3	**Money**	→	
4	**Chocolates**	→	
5	**Clothes**	→	
6	Sportswear	↑	+3
7	Cosmetics/Perfumes	→	
8	Gift vouchers	↓	-2
9	Board games	↓	-1
10	CD´s	→	

Where to buy gifts (physical stores)



Specialty chains still the favorite option for Europeans to buy their Christmas gifts (43% average), followed by Hypermarkets and Supermarkets (40% average) and shopping centers (38%).

Shopping centers are the first choice for Portuguese and Spanish consumers, whereas **Hypermarkets and Supermarkets** are the favorite options for UK consumers (50%).

Contents

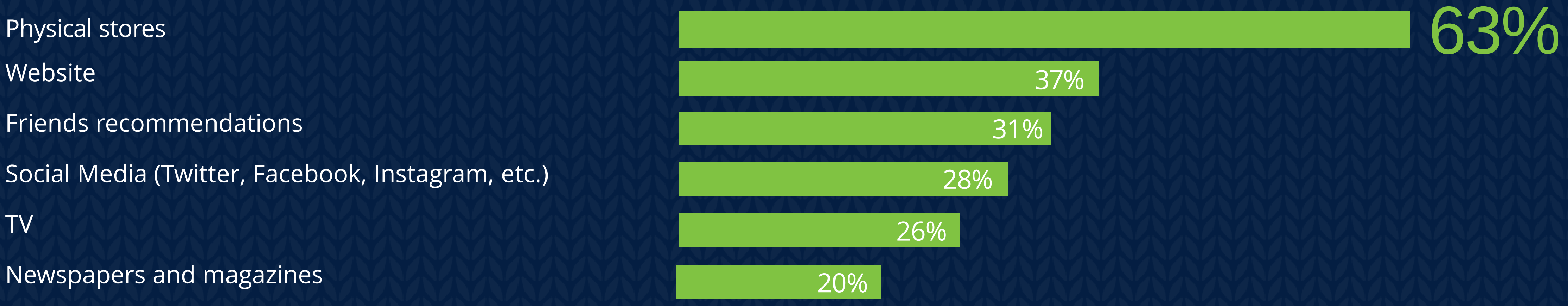
Where to search ideas and advice - Europe

TOP 5 OF THE CATEGORY

People increasingly use more different sources of information to make the purchase decision. The **offline channel** is the favorite option for most Europeans to be advised for their Christmas purchases. **Social media** has increased as a source for advice compared to last year's results (17,9%).

Where to search ideas and advice - Portugal

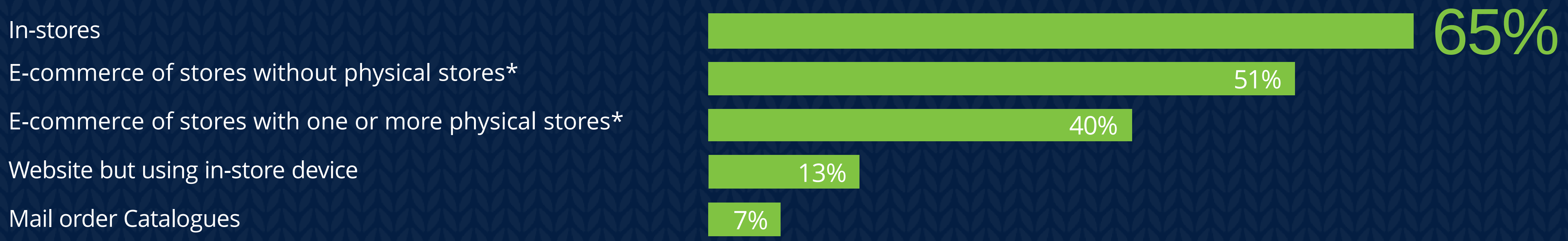
TOP 5 OF THE CATEGORY



Portuguese consumers still display a **clear preference for getting ideas from physical stores (63%)**, followed by websites (37%) and friends & family recommendations (31%).

Where to buy - Europe

TOP 5 OF THE CATEGORY



*Ecommerce= shopping using computer + shopping using smartphones or tablets

Europeans still prefer buying their Christmas gifts in **physical stores**.

E-commerce is increasing in Europe. Last year 42% of the Europeans bought their Christmas purchases in websites like Amazon, 9% less than 2019’s predictions.

Where to buy - Portugal

TOP 5 OF THE CATEGORY

In-stores	80%
E-commerce of stores with one or more physical stores*	41%
E-commerce of stores without physical stores*	40%
Website but using in-store device	13%
Mail order Catalogues	10%

*Ecommerce= shopping using computer + shopping using smartphones or tablets

Spanish, Dutch and Portuguese consumers are above the European average in purchases made in physical stores, with **Portuguese consumers' preference for physical stores rising to 80%**.

Information and advice on social media

To **browse products**

To research **gift ideas**

To **check prices**

To obtain **trusted comments and recommendations**

To find **discounts, coupons, sales information**

Online Shopping vs Physical Stores: Advantages

The possibility of receiving **personalized advice** remains the main reason to make purchases in physical stores.

On the other side, having access to **reviews and opinions** from others is the main advantage for European consumers when they buy online (60%)

Portuguese consumers still have a significantly **above-average preference for physical stores** mainly due to exchange and return policies (86%), competent and professional advice (85%), after-sale services (84%) and protection of personal data (80%).

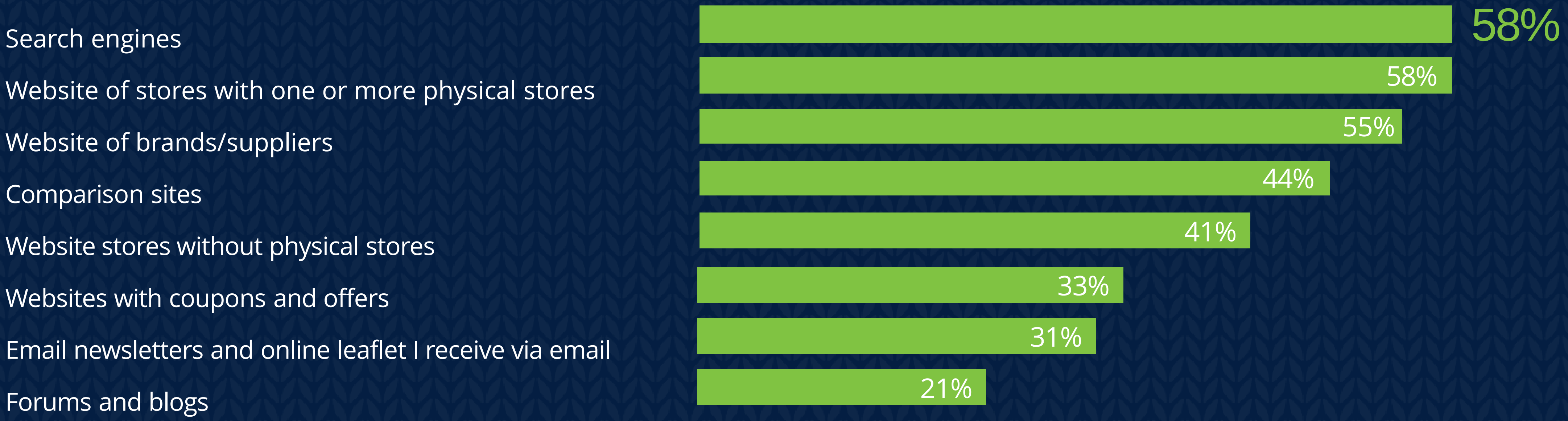
TOP 5 OF EACH CATEGORY

ONLINE	OFFLINE
Access to other consumer reviews	Competent and professional advice
Prices can be compared easily	Exchange and return policies
Home delivery	Protection of my personal data
Broad assortment	After sales services
It's easy to search for and choose what I need	Trusted payment method

Internet sources to get ideas - Europe

Online stores without physical stores, like Amazon or Aliexpress, consolidated as the main source of information on the Internet, followed by search engines (Google, Yahoo…).

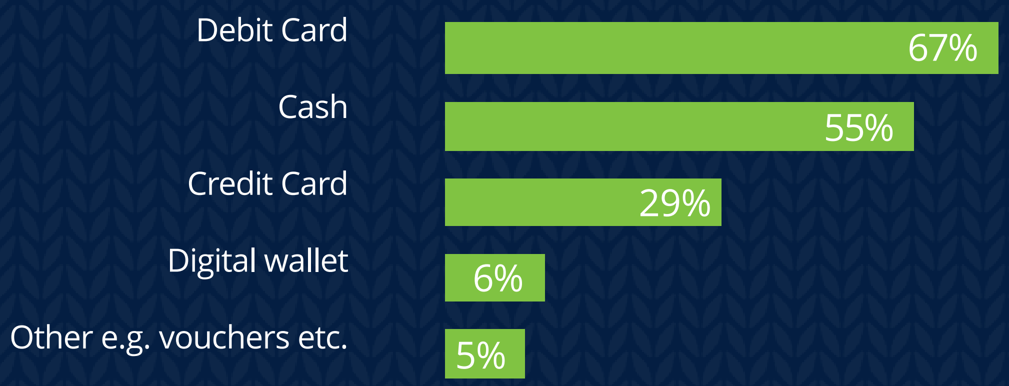
Internet sources to get ideas - Portugal



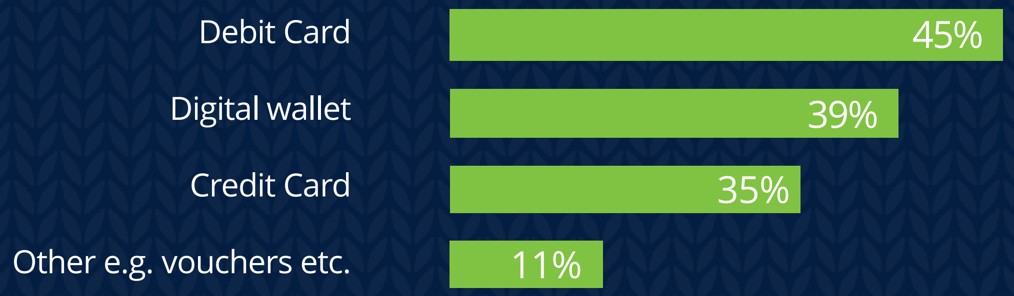
In Portugal online stores without physical stores rank only 5th in consumer preferences, at 41%. The preferred Internet data sources are the **website of stores with one or more physical stores** (58%), **search engines** (58%), **websites of brands/suppliers** (55%) and **comparison sites** (44%).

Payment methods - Europe

IN STORE



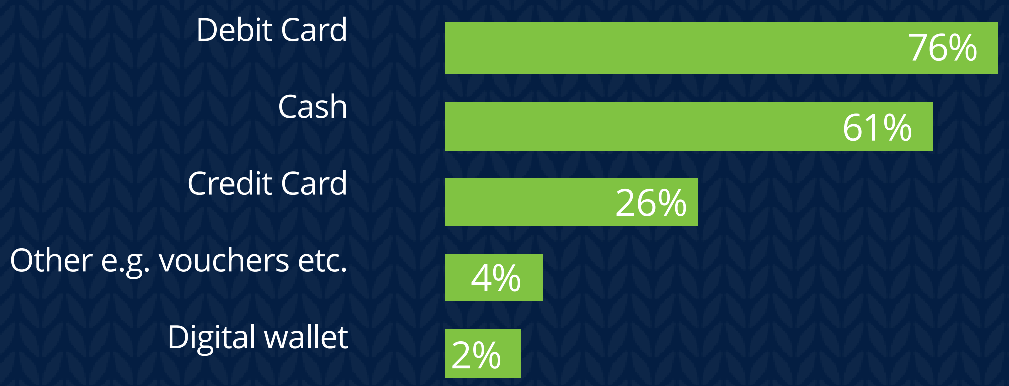
ONLINE



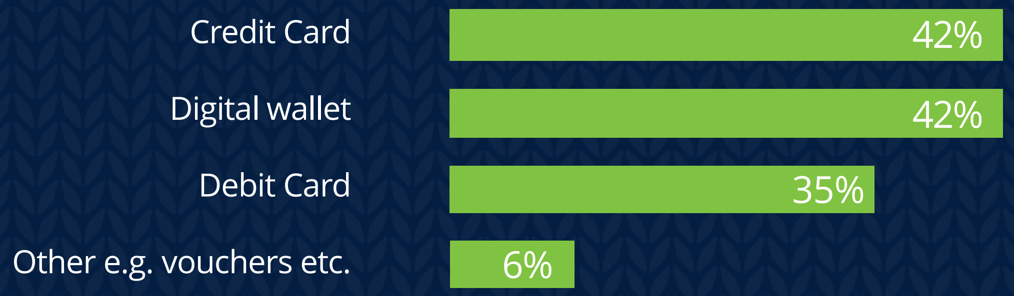
The **debit card** is the preferred payment method for European consumers for all their transactions, both face-to-face and online purchases. For the first time, **Digital wallet payments** moved up into the second online payment method, overtaking credit cards.

Payment methods - Portugal

IN STORE



ONLINE



Payment methods used in Portugal are overall aligned with the European average but for an **above-average use of cash and debit cards** and a **below-average use of credit cards**.

Contents

Christmas Survey 2019

CONCLUSIONS

CHRISTMAS SPIRIT RULES

Even the **political uncertainty** has again an impact on the economy of Europeans, our household economies have moderated increased and we will not have problems to go for our Christmas shopping.

WE STILL LOVE THE OFFLINE WORLD

The **shopping experience** continues to be important when we go to physical stores. We appreciate the professional advice we receive from the sellers and the exchange and return policies. In the **online world,** opinions from other consumers are decisive for the buying process.

BACK TO BASICS

Chocolates will be the Christmas best seller this year. We also still love books and cosmetics or perfumes.

Traditional gifts like board games, books and videogames, star gifts for young people and children.

THE CHANNEL MATTERS

E-commerce is increasing as a powerful shopping channel. However, we prefer go in-stores in Christmas.

WHICH ONE WOULD YOU RECOMMEND?

When we look for **ideas and recommendations** for gifts, our friends opinions or asking directly to sellers in physical stores are important for us.

DEBIT CAR REIGNS

Debit cards stands as the main option for Christmas shopping, reinforcing the perception that consumers prefer to escape debt on these dates

Christmas Survey 2019

Methodology

22th edition of the Deloitte Christmas Survey

This year, **8 countries had participated**, all of them with a similar consumer behavior

Sociodemographic characteristics, personal interests, income level and consumer behaviour were taken on account when selecting the survey population

Data was collected between **Sept. 16th and Oct. 11th 2019**

The data was obtained using online surveys to a sample of **7.190 people**

The data have been obtained through a structured questionnaire on a **sample of the population aged 18 to 65 years** within a controlled panel.

	Germany	The Netherlands	Spain	Italy	Poland	Portugal	UK	Russia	**TOTAL**
Sample	978	937	1.107	Results available in the last week of November	814	786	803	789	**7.190**

Contacts

Duarte Galhardas

Partner, Consumer Leader

Tel: +351 210 427 694

Email: dgalhardas@deloitte.pt

Pedro Miguel Silva

Associate Partner

Tel: +351 210 422 586

Email: pmsilva@deloitte.pt