



The next consumer recession

Preparing now

Some say that we're in a charmed, "Goldilocks" moment in the economic cycle: growth that's neither too hot, nor too cold. But will this fairy tale end in the arms of a handsome prince—or in the jaws of a wolf in sheep's clothing?



Hard to believe, but it's been 10 years since the collapse of Lehman Brothers, an event that helped trigger the 2008 economic meltdown. That recession, commonly referred to as the "Great Recession," has become a defining moment for an entire generation. And the recovery that followed has proved equally unique, characterized by a measured pace of growth, stubbornly high unemployment figures, and slow wage growth.

Many consumer companies struggled along with the economy, experiencing weak growth and strained profitability. This was compounded by industry-wide structural changes, allowing consumers greater access and choice. For some companies, this period of accelerating competition ushered in a boom, for others gloom, and for still others doom.

Recently, however, the business environment has improved markedly: consumer confidence and spending are up, unemployment is at historic lows, and inflation appears to be relatively tame.¹ After years of disappointing financials, some retailers are releasing increasingly upbeat results. Some economists are beginning to refer to the current stage of the recovery as a "Goldilocks economy": not too hot, not too cold—just right. So what's the data saying: Is that really Grandma standing there before our eyes—or are we about to find ourselves face-to-face with the Big Bad Wolf of recession?



Once upon a time...

Since World War II, the US economy has faced 12 recessions, or one every 6.1 years on average, with the longest interval between downturns clocking in at 10 years (1991–2001).² We currently find ourselves nearly 10 years since the end of the last downturn.

Recessions don't ring the doorbell and announce themselves. But there are signs that the Evil Witch may be trying to poison the recovery:

- **Flattening yield curve.** An inverted yield curve (where yields on short-term T-bills exceed the yields on long-term Treasuries) has historically been a leading indicator of recessions. The current yield curve has been flattening, and in turn the probability of a recession is on the rise.³
- **Tightening monetary policy.** After a long period of accommodative policy, the Fed has been hiking the fed funds rate, which usually leads to restrictive credit conditions. In fact, every recession since 1955 has been preceded by a period of tightening monetary policy and an increase in the fed funds rate.⁴
- **Ultra-low unemployment.** Low unemployment (the lowest since the months directly preceding the 2001 and 1970 recessions⁵) and rising wages are introducing inflationary pressures. That could spur the Fed to raise rates more aggressively, slowing economic growth.
- **Rising asset prices.** Price-to-earnings (P/E) ratios of equities are 55 percent higher than their long-term average.⁶ If the stock market corrects, it will likely push down consumer confidence and consumer spending, which could trigger a recession.

Individually, any one of these indicators is reason for caution; in concert, they could push a vulnerable economy over the edge. History tells us that when the economy is strongest is when we have to increase our sensitivity to a downturn.

"I can predict with 100% accuracy that the US economy will face another recession, I just can't predict when."

—Danny Bachman, Deloitte's US Economic Forecaster

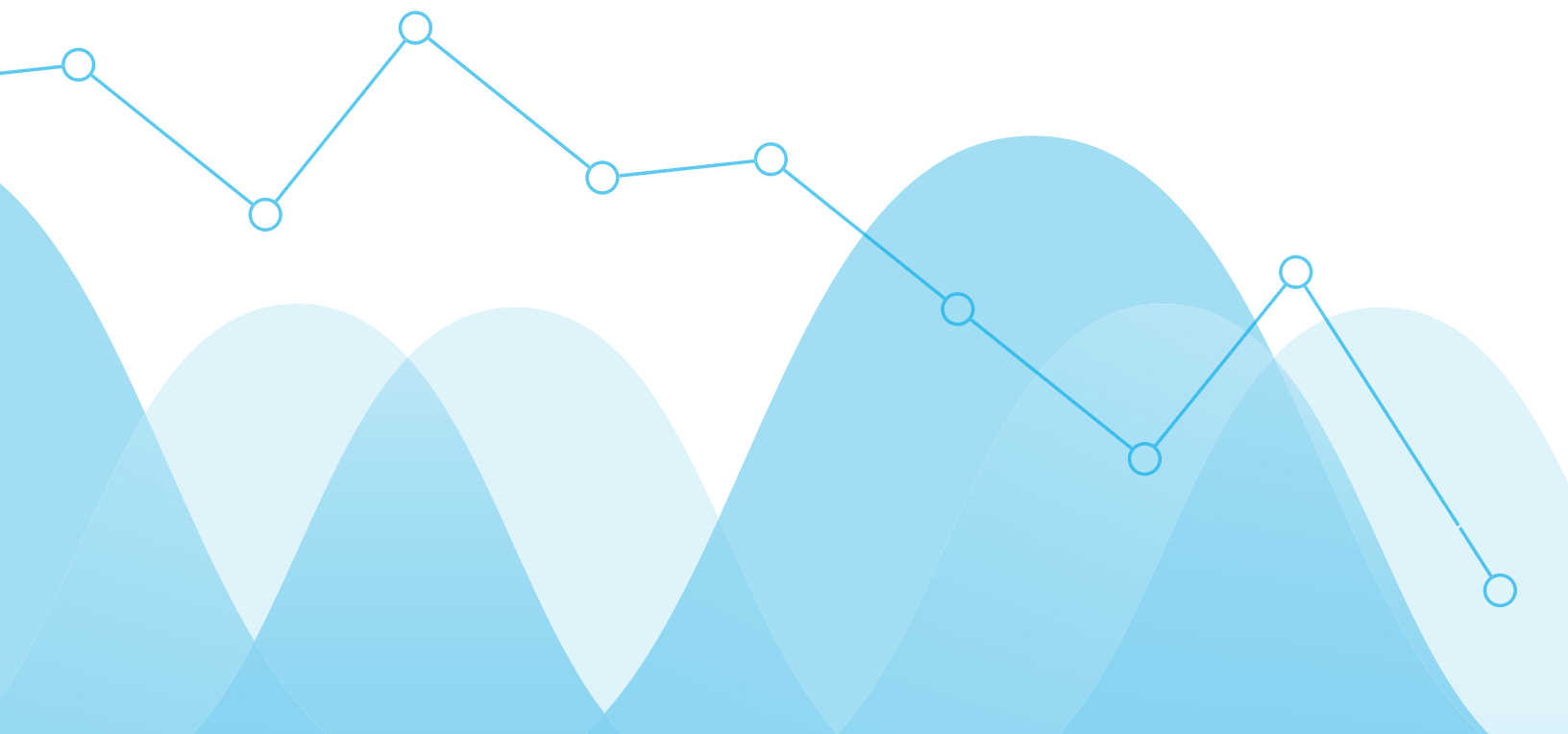
Watch out for the Big Bad Wolf

The question facing consumer companies is simple: **Are we entering into an extended growth period or should we be preparing for a coming recession?** The answer to this question can be paramount in setting strategy.

To explore the options that lie before the sector, we think it's helpful to use a tale of two recessions as our looking glass: the dot-com bust (2001) and the Great Recession (2008–2009).

“The four most expensive words in the English language are, ‘This time it’s different.’”

—Sir John Templeton



Mirror, mirror

Each recession has its own triggers, characteristics, and paths to recovery. To grasp what the 2001 and 2008 recessions can teach us, we need to look into the mirror of time (see table 1).

Table 1. Twenty-first-century recessions⁷

	Dot-com bust	Great Recession
Cause	Reaction to overvalued tech stocks.	Housing market crash and interconnectedness of underlying investments.
Reach	Relatively shallow, with impact concentrated in business investment.	Global in reach and strongly affected all sectors of the economy.
Corporate profits	Down 0.2% peak to trough.	Down 13.5% peak to trough.
Wages and salaries	Down 0.9% peak to trough.	Down 4.5% peak to trough.
Business investment	Spending on nonresidential investment fell 6.4% peak to trough.	Spending on nonresidential investment fell 15.6% peak to trough.
Consumer spending	Spending on consumer goods grew slowly through the downturn (up 0.6% peak to trough).	Spending on consumer goods contracted 8.6% peak to trough.
Labor market	Unemployment reached 6.3%.	Unemployment reached 10.0%.

The 2001 (dot-com) recession began in March 2001 in reaction to excessive investing in technology by businesses and an overvaluation of dot-com stocks. As a result, the 2001 recession reverberated more deeply on Wall Street and in the business world than on Main Street and in the consumer sector. That's not to say households were unaffected: unemployment rose from a low of 3.8 percent in spring 2000 to 6.3 percent in June 2003. But while consumer income growth took a hit, it soon bounced back, though not equally for everyone.

The 2008 recession (Great Recession) was different. The soaring housing market triggered the Great Recession in 2008. But unlike the crash in dot-com stocks in 2001, the complex financial instruments used to fuel the real estate boom, and the interconnectedness of the US and global financial systems, did the most damage. The complex interplay between physical assets, synthetic derivatives, and global financial markets followed by a severe credit crunch made the Great Recession ubiquitous. Consumers were rocked to their very core: Unemployment shot up to 10 percent, labor force participation fell off a cliff, and consumer confidence plummeted.⁸

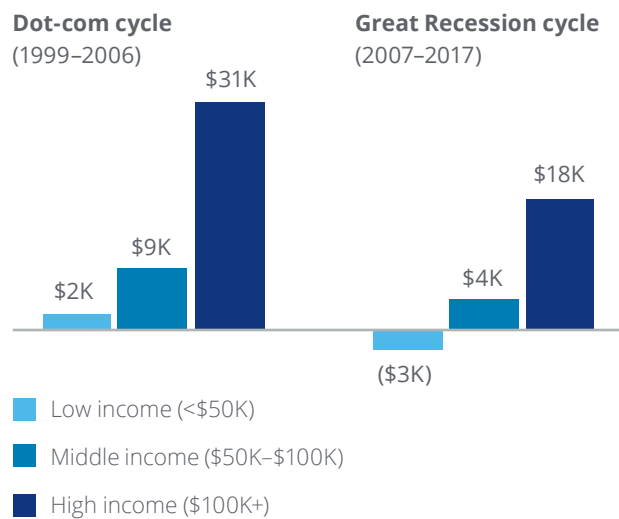
Who's the fairest of them all?

The two recessions of the twenty-first century were quite different in cause, effect, and magnitude of impact. We tend to gloss over the granular details of the recovery and discuss the rebound in terms of averages—but those numbers may not tell the full story of a recovery.

To look at the process of consumer recovery in a more granular way, we broke down the averages. We used the US Census department's definition of low-, middle-, and high-income households (less than \$50,000; \$50,000 to \$100,000; more than \$100,000) to see how different groups benefited from the business cycle upswing. While the change in income across the three groups was telling, we dug deeper and looked at discretionary income to understand what consumers really have available to spend on retail and other consumer categories (see figure 1).

What emerged was an alarming pattern for consumers: The vast majority of the US population has not materially participated in either of the two most recent recovery periods. After both twenty-first-century recessions, the upper-income bracket showed significant discretionary income growth. The same pattern held true after the Great Recession. However, a substantial portion of the US consumer base—consisting of the low- and middle-income groups—is not materially better off today than they were nearly two decades ago. This income bifurcation—more than region, gender, or generation—has impacted spending patterns.⁹

Figure 1. Change in discretionary income



Source: US Census Bureau and US Bureau of Labor Statistics.

The result was a very different consumer in the wake of the downturns.

A majority of the US consumer base failed to participate fully in the recoveries that followed, leaving a very different consumer in the wake of the two most recent downturns.

Into the woods

As we studied the two most recent downturns and tried to determine the true impact on the consumer sector, we were surprised by what the data told us. Of course we found the normal downturn in revenues, pressure on margins, and increase in bankruptcies and store closings. But what was more surprising was the degree to which the structural change of the industry not only continued unabated during the periods of downturn, but actually appeared to accelerate, leaving many of those that failed to reposition during the downturn even more exposed when the market returned.

Looking deeper at the structural change, we found the most pronounced elements to be (1) growth in e-commerce and digital channel, (2) introduction of a broad set of new competitors, and (3) growth in discount formats and offerings. Though separate concepts, when studied more closely, these changes are in fact related and appear to be reinforcing factors for each other.

Surprisingly, structural changes in the industry only accelerated during the periods of economic downturn.

Growth in e-commerce and digital business

The hype around dot-com companies and e-commerce was a major theme in the early 2000s. E-commerce continued its steady ascent despite the dot-com bubble bursting, which some took as a sign of the death of the e-commerce promise. Many industry experts struggled to forecast e-commerce growth at this time, with the commonly held belief that e-commerce growth would flatten, sales would eventually hit a ceiling, and a new normal would then be established.

Interestingly though, the contribution of e-commerce to total retail growth actually accelerated during the Great Recession.¹⁰ Between the two twenty-first-century recessions, e-commerce contributed just over 10 percent of total retail growth. During the Great Recession, however, e-commerce continued to grow.

But perhaps more interesting, the relative importance of e-commerce skyrocketed as it accounted for nearly all of retail growth during this period. Since the end of the Great Recession, e-commerce sales have averaged a 15 percent growth rate, and now e-commerce growth accounts for more than 20 percent of total retail sales growth, twice the pre-2008 recession level.¹¹

New competitive entrants

Starting in 2009, the retail market experienced acceleration of smaller, nimbler players stealing share from more traditional, at-scale retailers.¹² New entrants took a number of different forms: digitally native, vertically integrated startups, European companies entering the United States, and consumer products (CP) companies increasing direct-to-consumer (DTC) efforts. The Great Recession marked a coalescing point for newer entrants.¹³ Many legacy retailers were weak and were not able to invest to resist new competitors; as a result, many consumer preferences shifted.

During the Great Recession, the top European retailers in the United States experienced an accelerating store growth rate of 10–13 percent, over 1.5 times the growth rate prior to the recession.¹⁴ CP companies similarly made a big move to DTC sales at this time to better attract and engage consumers. Industry analysts note that CP companies improved product margins by 10–20 percentage points through DTC.¹⁵ Some of those same companies now are seeing between 25 percent and 50 percent of their sales through DTC channels, a significant change in the market as these sales would likely have been through traditional retail channels.¹⁶

The rise of discount players

The rise of discount as a channel can be closely tied to the economic bifurcation that took place after the recent recessions. With 80 percent of US households seeing little gain in discretionary income, significant market share shifted to retailers with a stronger value-based proposition. Discount retailers at this time benefited from consumers flocking to lower-priced and off-price offerings, as well as vendors and retailers unloading unsold inventory at a huge discount.

This resulted in a trend that bolstered the off-price and discount models tremendously, a trend that continues to this day. When we looked at a bundle of off-price and low-price retailers, the results were clear. Before the Great Recession, the shift to discount was just beginning. During the Great Recession, the relative strength of discount players accelerated, growing at an annual rate of 6 percent while the overall retail industry declined by 5 percent, a net difference of 11 percentage points. After the Great Recession, the spread between discount and the rest of retail declined to 5.6 percentage points, though discount retailers continue their advantage today.¹⁷

What we learned is that you can't lose sight of the forest through the trees. While the recessions had significant implications on all consumer businesses, the parallel structural changes, and perhaps more importantly, the acceleration of the structural change, was critical to the strength or weakness of consumer companies when the economy returned to a cycle of expansion.

If there is an impending downturn, consumer companies should be asking:

1. Will relative digital and e-commerce sales growth surge again?
2. Will market competition increase and share fragment?
3. Will discount formats accelerate and outperform the market?

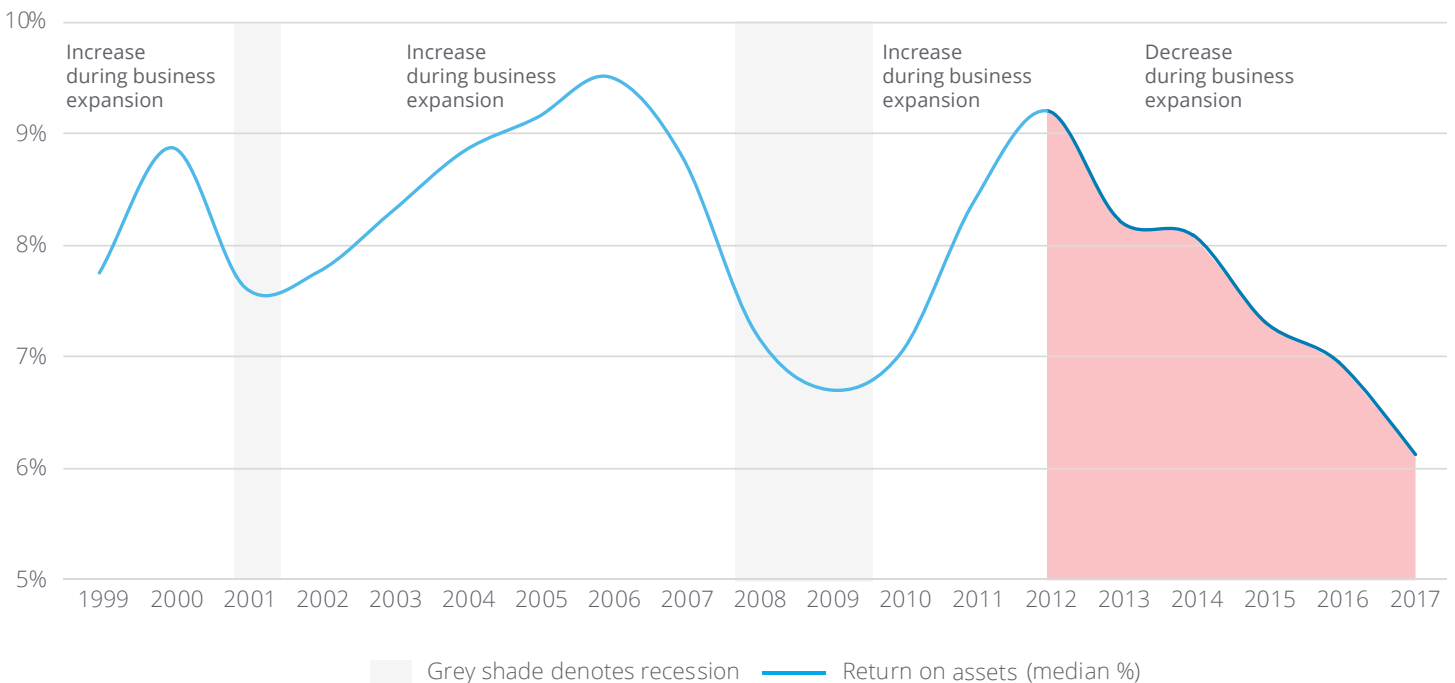


Straw, sticks, or bricks

To better understand the consumer sector, and how in particular retailers fared during times of economic downturns, we analyzed retail industry performance over the past 20 years.¹⁸ We tracked return on assets (ROA), an indicator that considers sales, profitability,

and efficiency, to assess the health of the industry. Our goal was to find out what factors drove success or failure and what we can learn from recent consumer-facing performance that we can extrapolate to today (see figure 2).

Figure 2. Return on assets (median value of more than 100 US retailers)



Source: Capital IQ, Deloitte analysis of more than 100 US retailers using retailer fiscal year performance.

The pattern from 1999 to 2012 was generally what one would have expected. Retail performance as measured by return on assets (ROA) rose in bull markets and declined during bear markets. Normally at this point in a long economic recovery, one would expect strong retail performance and healthy, improving ROAs, as was the case in the years following previous recessions. Instead, ROA fell from a high of 9.3 percent in FY 2012 to 6.1 percent in FY 2017. The inflection point, which began in 2012 and has continued unabated, has been staggering, placing the industry in a precarious place today, showing significant weakness during a time you'd expect strength in industry-wide ROA performance.

The decline in ROA seems to be due to a confluence of factors across the financial statements: slower revenue growth, compressing margins, increasing SG&A, and slower turnover of total assets inventory levels. Many industry analysts have referred to this as the retail apocalypse, but we think it is more structural in nature, with clear winners and losers.

This trend raises an important question: Are consumer companies healthy enough to withstand a potential downturn? If a recession comes, will they be able to endure the financial pressures while at the same time repositioning for the potential of accelerating structural change?

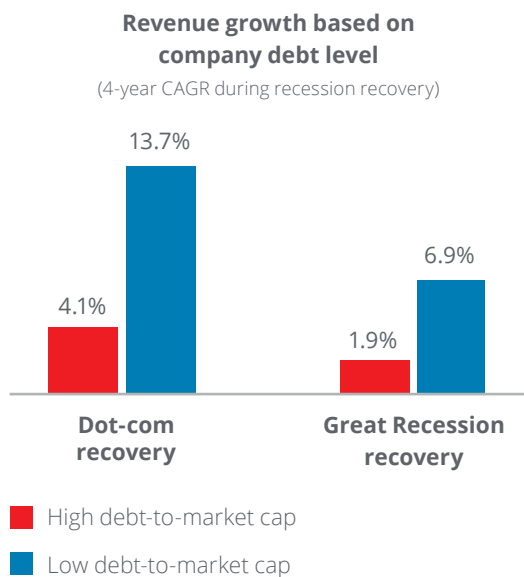
The decline in industry-wide ROA has been staggering, showing significant weakness during a period in the business cycle when you'd expect strength.

We then looked deeper at performance across individual retailers to see if there were telltale signs for success. We investigated profitability, growth, debt, inventory, fixed assets, reinvestment, value proposition, cash flow, and a host of other financial metrics. What emerged from the analysis was that two things seemed to stand out: debt (see figure 3) levels and reinvestment rates (see figure 4).

“It's only when the tide goes out that you learn who has been swimming naked.”

—Warren Buffett

Figure 3. Companies with lower debt-to-market cap experienced high growth during recoveries



Source: Capital IQ, Deloitte analysis of more than 100 US retailers using retailer fiscal year performance.

The challenges of debt

Not surprisingly, over the past two decades, recession periods have resulted in the most bankruptcies. Our analysis of active retailers and bankrupt retailers showed that failing retailers tend to be highly indebted, struggling with weak cash flows and declining profitability. Highly leveraged companies experienced much slower revenue growth during recession recoveries. They were burdened with high debt-servicing costs that increased with rising interest rates, which hampered their ability to focus on their core operations and strategic direction. As a result, cash flow for investing in strategies to align with structural changes in the industry was simply not sufficient. They were left behind as their focus was directed internally rather than externally.¹⁹

The companies we studied that experienced this tended to be reactionary—they cut, looked inward, and were not able to position well for a future recovery. Some went bankrupt, and many others saw their market share impacted by competitors.

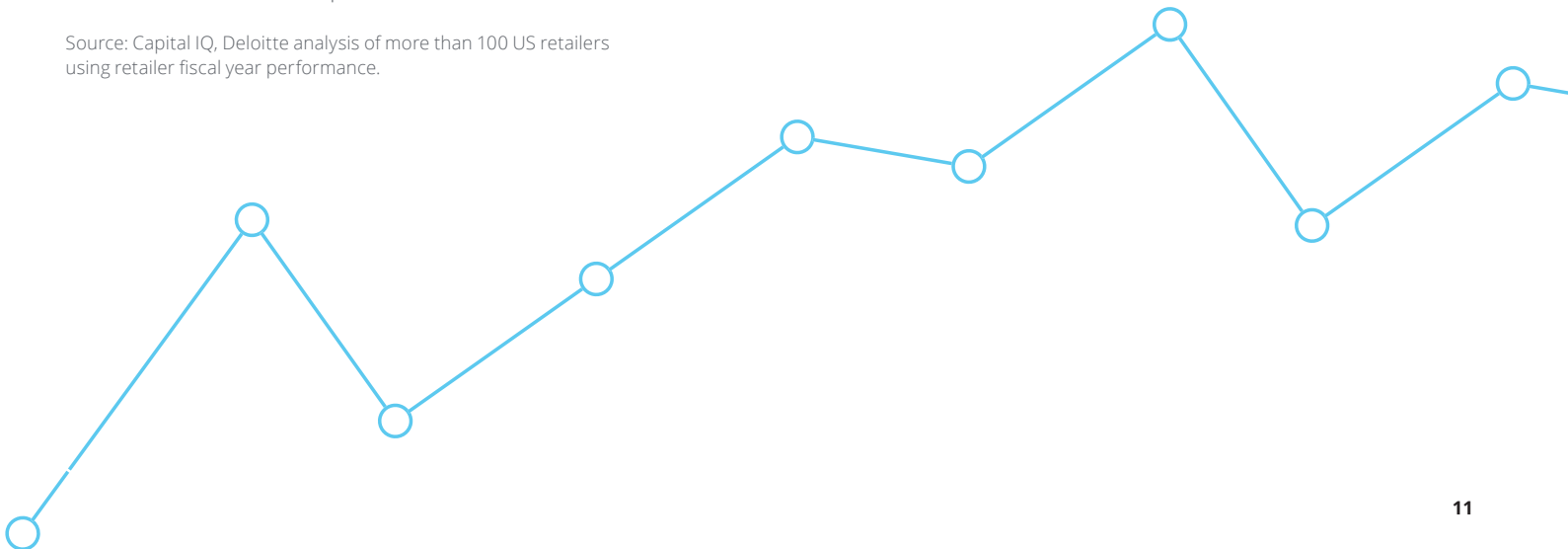
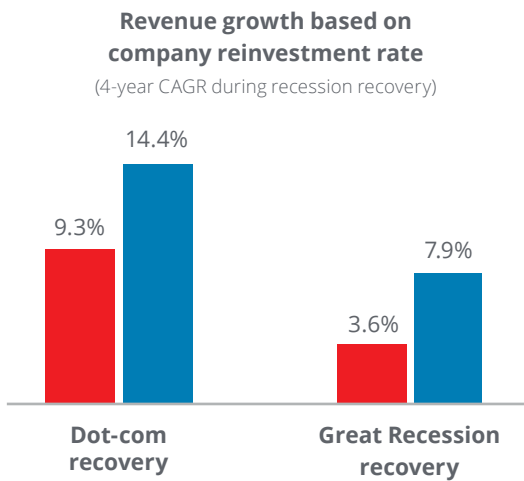


Figure 4. Companies that reinvested during the recession earned higher growth during the recovery



- Low reinvestment rate
- High reinvestment rate

Source: Capital IQ, Deloitte analysis of more than 100 US retailers using retailer fiscal year performance.

Reinvestment into change

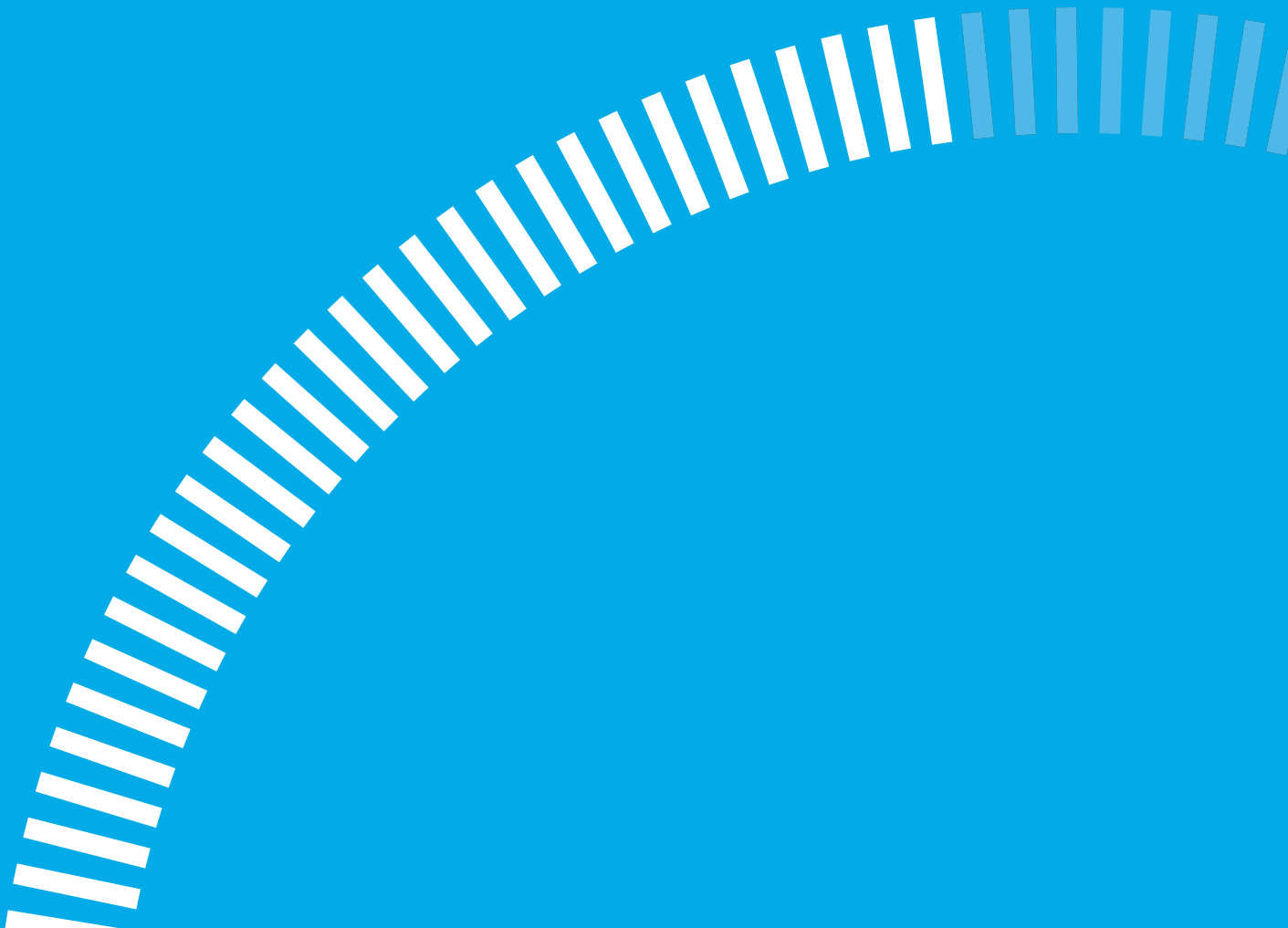
In looking at what distinguished the top performers coming out of a recession, we found that an interesting indicator was the reinvestment rate (ratio of capex to depreciation). This is a gauge of how much a company continues to replace its assets with an eye toward the future.

Retailers with higher reinvestment rates grew significantly faster than those with a lower reinvestment rate. This measure was even further enhanced when companies funded their investment internally through cash flow from their operations (see figure 4).²⁰

Companies that succeeded seemed to understand the structural change that was taking place in the market and developed a value proposition and investment strategy that aligned with the change.

Retailers with higher reinvestment rates grew significantly faster than those with a lower reinvestment rate.

With entire segments of consumers still not fully recovered from the Great Recession and the industry showing signs of weakness, what will happen when the industry faces the next recession?



Out in the world to seek their fortunes

Today, nearly 10 years after the start of the Great Recession, we find ourselves with a weaker retail industry and a potentially weakened consumer base. The consumer industry is not as strong as we would normally expect it to be at this place in the business cycle. Similarly, many consumers are still showing the aftereffects of the Great Recession.

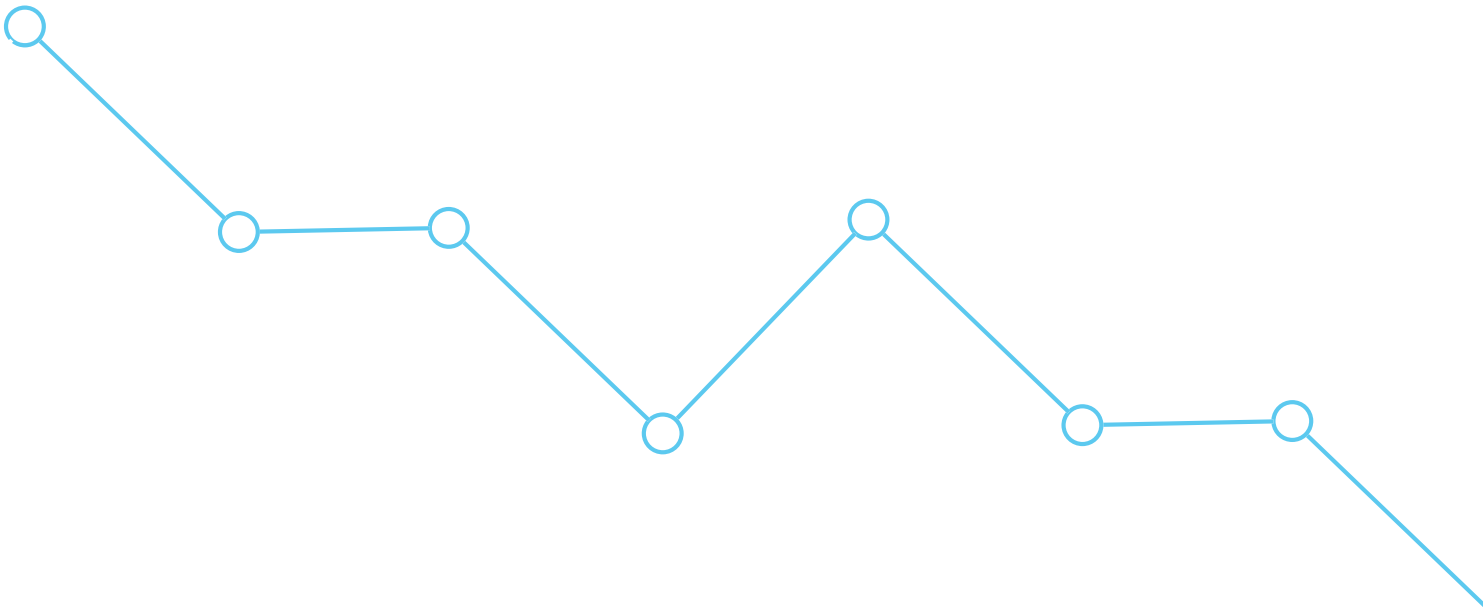
That's why, with all the many structural changes upending the consumer industry and profitability in a precarious position, **it's critical that consumer companies develop a recession plan now.**

When faced with economic headwinds and structural changes, companies typically dust off the legacy cost-cutting playbook: they compress vendors, cut SG&A, reduce headcount, and more.²¹ That approach, however, has been run, and run again. Revisiting these tactics runs the risk of causing retrenchment at the exact moment when they need to be looking ahead.

Consumer companies cannot rely on the old cost-reduction playbook anymore; they should invest into the reality of accelerating structural change.

"In a recession, you must be able to call into question everything you've done before."

—François-Henri Pinault



It is precisely in anticipation of challenging times that consumer companies should be most aware of the structural changes surrounding them. Organizations should be bold enough to recognize those changes—and brave enough to invest into those changes. This requires strategic planning that’s focused on addressing the future health of the organization. There’s no single formula for success, as companies should consider their future position, consumers, sector, and competitive market.

Companies should bring scenario planning, which involves planning for multiple futures, into their forward-looking process. Executive committees can benefit from considering the evolving talent landscape, continued technological advancement, consumer financial health, and macroeconomic possibilities in robust scenario planning.²² Leaders can benefit from an added economic focus to understand different possibilities of how a recession can unfold.

Resource

At Deloitte, we have economists and economic forecasters that support our planning cycles and strategic direction. We publish quarterly economic forecasts (including recessionary probabilities) to support our views on macro- and sector-specific strategies. The Deloitte US Economic Forecast, updated quarterly, can be found at [Deloitte Insights: US Economic Forecast](#).

By understanding the scope of possibility, companies can then determine why and where to place their investments. And by developing a coherent investment strategy, organizations can plan and commit to the changes needed to address the structural changes that can accelerate and allow them to be part of the upswing after the next recession.

Over the two past recessions, the companies that performed best placed an emphasis on reinvestment. In the face of rising economic uncertainty, we believe consumer companies should start with these four actions now.

1. Determine why you matter.

With so many retailers not surviving the most recent recession and even the subsequent recovery, it is clear you should stay relevant to survive and thrive. As we have seen in other research, the companies that are winning are doing so with a focus on either a price-base or premier products and services value proposition. Many of those that have been commoditized have shown little growth and have lost a decade to the market. So, you should be crystal clear on who you serve, how you serve them, and why the customer should care. Ask yourself: “If we went away, can the customer’s need be met by others at the same or better price with the same or better service?” If the answer is yes, we would suggest you redefine your customer value proposition immediately and perhaps narrow your focus.

2. Build a war chest to invest into growth.

During the last two recessions, the companies that reinvested into the downturn grew significantly faster than those with a lower reinvestment rate. Consumer companies should build a war chest now so that they can invest into the next downturn. This means making challenging decisions now. Consider the following avenues:

- Jettison underperforming assets while the market is strong to prepare for what comes next.
- Revisit financial fundamentals like debt levels.
- Reassess cash usage, dividend policy, and share repurchase programs so available cash is used for the best returns.
- Prioritize only highly strategic capital investment now.

Investment dollars should be funneled toward growth vehicles aligned with the direction of structural changes and consumer preferences. We’d suggest companies think about what big plays they can make: acquisitions for new customers or capabilities, adjusting store and fulfillment formats, leapfrogging their current generation of digital technologies.

3. Embrace technology and automation to better leverage growth.

Aggressively look to invest in emerging technologies like RPA now to provide a labor cost gap that can be redeployed or eliminated. The cost curves for labor and technology are going in opposite directions; while labor cost is going up, technology costs are rapidly decreasing. Rather than focusing on incremental change, focus on step-changes that can fundamentally change the structure of your organization. Seek opportunities to apply this across the organization, within corporate offices, supply chain, and consumer touchpoints. By changing the transactional nature of some activities, the door can open to elevate talent to focus on the integration across the organization.

These efforts take time, and you can't do it all at once. To the extent you can start that journey now, there can be more effective levers to pull when times are more challenging. Align human capital with advancing digital capabilities; co-investing in talent and technology can be a powerful partnership.

“By failing to prepare, you are preparing to fail.”

—Benjamin Franklin

4. Look outside your four walls to embrace partnerships and joint business planning.

The cost-reduction playbook for the industry has not been significantly rewritten in 20 years. There is a constant desire to reduce labor costs, squeeze suppliers, and cut capital investment. After many rounds of cost cutting, these opportunities no longer exist. They tend to be reactive and cause you to retrench, not to move forward. Often, there are duplicative costs between suppliers and retailers that are never addressed. Eliminating this duplication can unlock profits that are currently sitting in markup between companies and the consumer. Addressing this overlap can make doing business easier, more affordable, and more effective. Consider the following:

- Siloed consumer data sets
- Overlapping supply chains and inventory management efforts
- Independent product development
- Co-marketing but not collaborative marketing
- Unconnected pricing analysis and markdown planning

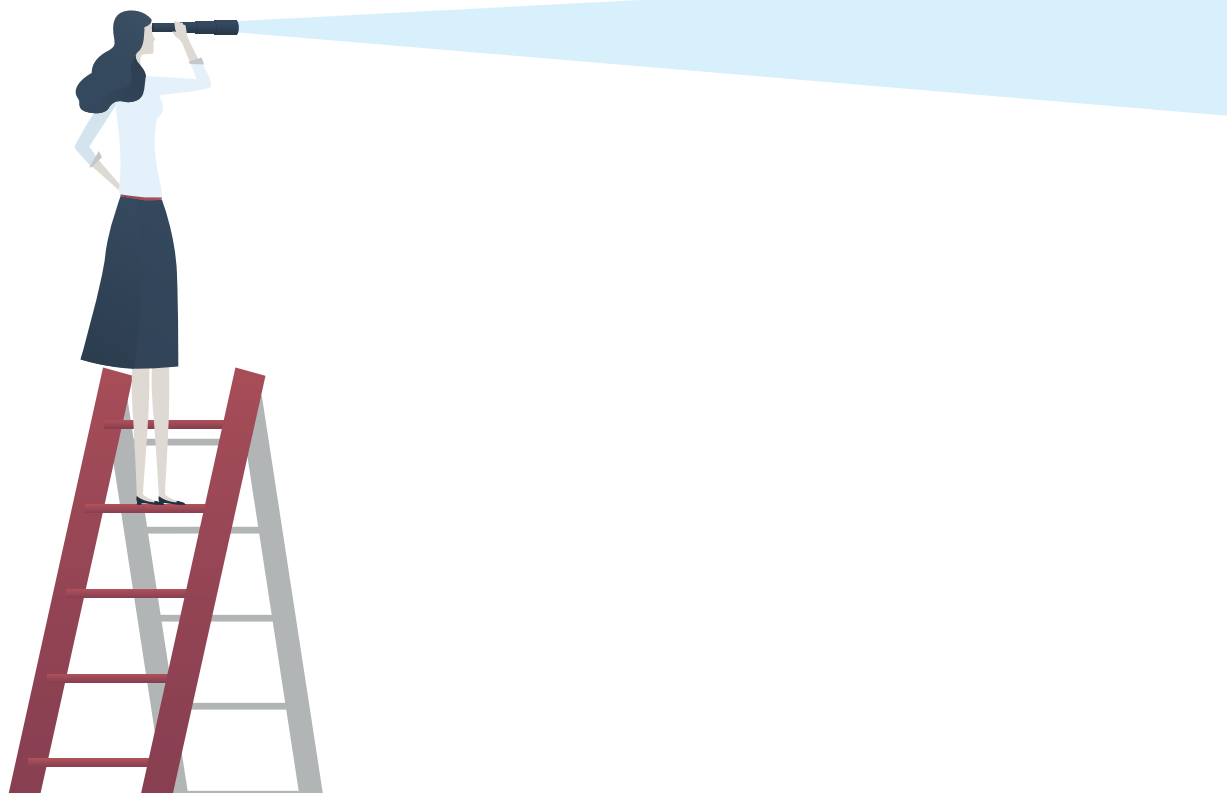
By aggressively pursuing joint business planning with suppliers and partners, consumer companies can experience strategic and financial gain by leveraging the expertise of others.

Happily ever after?

As we look out over the horizon, we are skeptical of the rose-colored glasses many others seem to be wearing. An increasing set of indicators point to a more challenged macro situation, which could ripple through the economy to the consumer: a future recession is nearly certain to occur. Coupled with the moderate growth and declining returns, companies are likely in a precarious position if they have not developed solid strategies to plan and invest through the recession. Structural changes, which are likely to accelerate through a downturn, provide yet another layer of complexity to an already complicated environment.

There are big decisions at stake. Rather than just act, the moral of the story is to slow down for just a bit and plan for what the future might look like. With the Big Bad Wolf knocking at the door, we'd all rather have a house made of bricks, a house that is poised to take on the consumer industry of tomorrow.

We are fascinated by how the industry will continue to unfold and accelerate over the upcoming years: a connected industry, a technology-enabled workforce. **The question then is, which future will unfold, and how should we invest into it?**



Endnotes

1. Unless otherwise noted, all data were supplied by Haver Analytics, which compiles statistics from the US Bureau of Labor Statistics, the Bureau of Economic Analysis, and other databases.
2. James Hamilton, "Dates of U.S. recessions as inferred by GDP-based recession indicator [JHDUSRGDPBR]," retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/JHDUSRGDPBR>, September 25, 2018.
3. "Yield Curve and Predicted GDP Growth, August 2018: Probability of Recession Predicted from Yield Curve," Federal Reserve Bank of Cleveland, <https://www.clevelandfed.org/our-research/indicators-and-data/yield-curve-and-gdp-growth.aspx>.
4. Board of Governors of the Federal Reserve System (US), Effective Federal Funds Rate [FEDFUNDS], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/FEDFUNDS>, September 25, 2018.
5. Bureau of Labor Statistics, <https://data.bls.gov/pdq/SurveyOutputServlet>.
6. S&P 500 PE Ratio, <http://www.multpl.com/>, accessed September 27, 2018.
7. US Census Bureau/Haver Analytics.
8. Ibid.
9. Bureau of Labor Statistics.
10. US Bureau of the Census, E-Commerce Retail Sales [ECOMSA], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/ECOMSA>, September 27, 2018; US Bureau of the Census, Advance Retail Sales: Retail (Excluding Food Services) [RSXFS], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/RSXFS>, September 27, 2018.
11. Ibid.
12. Deloitte, Retail Volatility Index, 2016.
13. Deloitte analysis of select European retailer 10Ks; Coresite Research, *Deep dive: Is going direct-to-consumer the way forward for retail?*, <https://www.funnglobalretailtech.com/research/deep-dive-going-direct-consumer-way-forward-retail/>, accessed September 27, 2018.
14. Deloitte analysis of select European retailer 10Ks.
15. Consumer Products Analyst Reports by Wells Fargo, Deutsche Bank, Barclays, UBS, and Buckingham.
16. Coresite Research, *Deep dive: Is going direct-to-consumer the way forward for retail?*
17. Capital IQ, Deloitte analysis of bundle of low- and off-price retailers; US Bureau of the Census, Advance Retail Sales: Retail (Excluding Food Services) [RSXFS], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/RSXFS>, September 27, 2018.
18. Capital IQ, Deloitte analysis of more than 100 US retailers using retailer fiscal years; unless otherwise noted.
19. Ibid.
20. Ibid.
21. Deloitte analysis of retailer 10Ks, earnings reports, analyst reports, and client engagements.
22. Cathy Engelbert, "Predicting unpredictable early business expectations 2019," <https://www.linkedin.com/pulse/predicting-unpredictable-early-business-expectations-2019-engelbert/>.

Contacts

Rodney R. Sides

Vice Chairman
US Retail & Distribution leader
Deloitte LLP
rsides@deloitte.com

Kasey Lobaugh

Chief Innovation Officer for
Retail & Wholesale Distribution
Deloitte Consulting LLP
klobaugh@deloitte.com

Dr. Daniel Bachman

US Economic Forecaster
Deloitte Services LP
dbachman@deloitte.com

Deloitte.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States, and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.