

# CAF

CENTRAL ASIA FASHION

## SPRING-2024

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г. Алматы, Казахстан

33 МЕЖДУНАРОДНАЯ ВЫСТАВКА МОДЫ  
INTERNATIONAL FASHION EXHIBITION

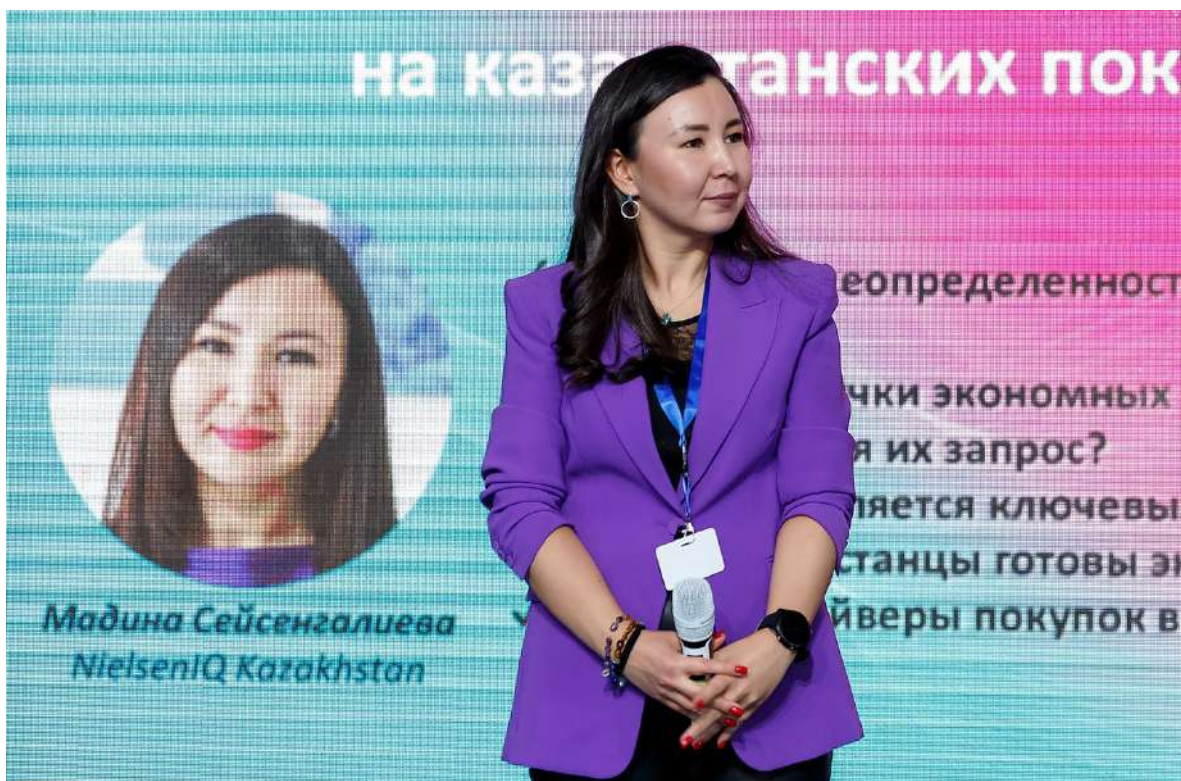
Создавая новые возможности

Spring-2024



### How does the «new norm» of rising prices affect Kazakhstani buyers?

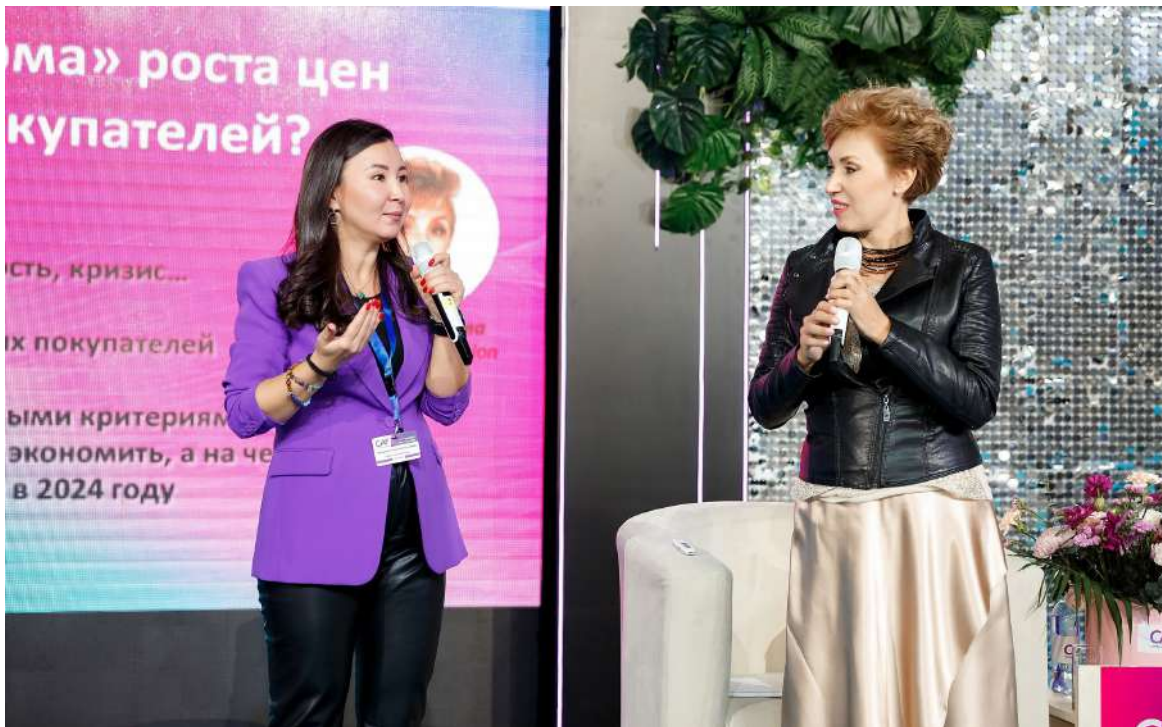
Unique analytical data on how the «new norm» of rising prices affects Kazakhstani buyers, what their wallets consist of, what they are willing to save on and what they are not, were presented at the business conference of the International Fashion Exhibition Central Asia Fashion Spring-2024 in Almaty.



Speaker of the Central Asia Fashion business conference: Commercial Director of NielsenIQ Kazakhstan – Madina Seisengalieva (Kazakhstan, Almaty)

Speaker of the Central Asia Fashion business conference, Commercial Director of the international analytical agency NielsenIQ Kazakhstan, Madina Seisengalieva, shared the results of a research on the impact of rising prices on Kazakhstani buyers. The expert talked about the new habits of thrifty buyers, how their needs have changed in the context of a protracted crisis and under the pressure of inflation, as well as what are the key selection criteria and what stimulates them to buy in the current living conditions.

In her speech, the speaker of the CAF business conference noted fundamental changes in the needs, and with them, in the values of buyers. The expert analyzed the consumer spending structure, identified the top-10 problems that concern Kazakhstani and global buyers, and also told how they changed their way of working and living in the proposed circumstances.



Commercial Director of NielsenIQ Kazakhstan - Madina Seisengalieva and fashion expert Milena Yershova during a speech at the CAF business conference

### Where do Kazakhstanis save more and what is their spending structure?

Analyzing the reasons for the deterioration of the financial situation among consumers, expert analyst Madina Seisengalieva noted that if you look at the buyer not only in Kazakhstan, but globally throughout the world, then the events of recent years have led to the fact that the cost of living has objectively become more expensive. Therefore, the main trend towards «increasing the cost of living» is inherent not only in Kazakhstan, but in the whole world. Thus, according to analytics, 77% of buyers say that they have significantly increased their daily spending. Another 41% of respondents note that they are affected by the economic slowdown and the current economic situation directly affects their purchasing behavior. At the same time, 32% of buyers note that they are uncertain as to whether they will have a job in the future or not.

#### Покупатели не могут избежать растущей стоимости жизни

Причины ухудшения финансового положения среди потребителей.



Source: NIQ Consumer Outlook Kazakhstan, Global



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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference. Reasons for the deterioration of the financial situation of consumers.

Speaking about the saving mode and the new habits of thrifty buyers, the expert introduced the audience to global research figures.

«According to analytics, 85% of buyers around the world note that they are now in saving mode», - Madina Seisengalieva, an expert at the CAF business conference, shares the results of the research. «They use at least one saving strategy in their daily lives and have recently taken at least one of the four potential saving actions. Thus, the

majority of buyers, 57%, spend less money on their everyday needs than they spent a year earlier. Another 48% of buyers deliberately postpone purchases until there is a discount on a certain product. Also, 35% of buyers switched from one brand to a less recognizable brand, or looked for a cheaper alternative, and another 27% of global consumers were forced to purchase second hand and second-used products instead of new ones».

**В 2023 году почти каждый потребитель предпринимал меры для экономии денег.**

**85% потребителей совершали хотя бы одно из четырех потенциально сберегательных действий в прошлом году.**



**57%**

Потребителей тратили меньше на повседневные потребности из-за роста цен.



**48%**

Потребителей откладывали покупку до тех пор, пока на товар не появилась скидка.



**35%**

Потребителей переходили с брендовых товаров на более дешевые альтернативы.



**27%**

Потребителей приобретали товары, бывшие в употреблении вместо новых.

Source: OIR Consumer Life 2024

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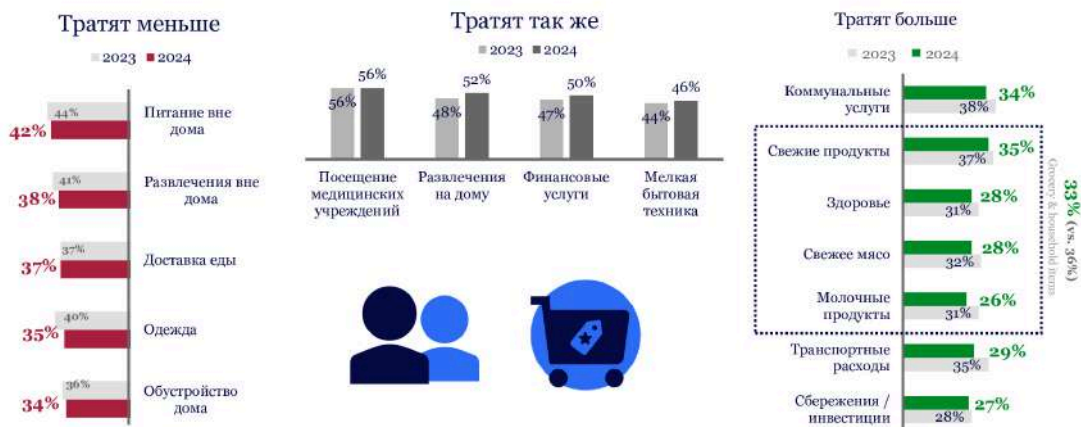
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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference.  
Popular saving strategies among buyers.

We are always interested in understanding how a buyer's wallet is composed, what does it consist of? Therefore, for several years now, we have been analyzing where buyers spend more and were less. As a result, if we look at the situation globally, we see that there is a part of expenses where the buyers are actively reducing their expenses: eating outside the home, entertaining outside the home, buying new clothes. But, at the same time, there are expenses' groups where the buyers spend the same amount as last year. And here are such mandatory expenses as visits to medical institutions, financial services, small household appliances, and entertainment at home. An interesting fact is that entertainment outside the home is gradually moving into the home and this is a steady trend that is only increasing.

**В структуре расходов растет важность товаров первой необходимости**

Инстинкты самосохранения берут верх, но в некоторых случаях потребители намерены сократить расходы на дискреционные категории меньше, чем в 2023 году (например на одежду)



\* - comparison data from mid-2022, instead of Jan 2023

Source: NIQ Consumer Outlook 2024, compared to metrics from 2023 study (w/ Mid-year 2023 where required). Global Interpretation: "33% of global respondents plan to spend less on Out-of-home (OOH) Dining in the next 12 months, compared to 44% who said the same back in 2023."

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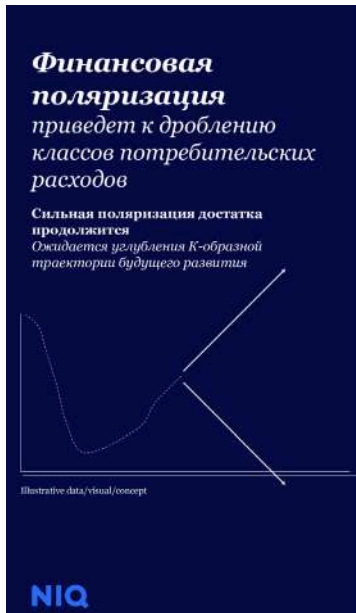
Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference.  
Buyers' spending structure.

In addition, there are expenses' items where the modern buyers now spend more than before: utilities, transport, the basic consumer basket of food. In general, we see that in the spending structure, the importance of essential goods

is primarily growing and self-preservation instincts prevail, but in some cases, such as with clothing, buyers are ready to save less than they did last year.

### Financial polarization and inflation in Kazakhstan

Discussing groups of buyers, their specifics and tactics of behavior in changing conditions, expert Madina Seisengalieva noted that «cautious consumers» still prevail, it is 40.8% of them, while the group of «vulnerable consumers» is not much less: 38%, and the most prosperous group of «successful» people who, in the face of market changes, have not changed their consumer habits at all, now is 21%. According to the expert, the differences or polarization between these groups of buyers is increasing. As a result, the wealthiest group continue to grow, while the most vulnerable categories of buyers show signs of a pullback. The expert analyst notes that globally, similar polarization of people by income continues to increase in different countries of the world.



### Чрезвычайная концентрация капитала среди богатых



Source: World Inequality Report 2022, Executive Summary - Pg. 4

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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference. Financial polarization.

«What we're seeing around the world is that there's an extreme concentration of wealth among the rich. Thus, in Eastern Europe, Russia, and Central Asia, almost 75 percent of the money belongs to 10 percent of the population. 25% of the money belongs to the so-called middle-income buyers. The remaining 50% of the population receives less than 5 percent of the country's total income. It is an undeniable fact that the financial polarization of consumers by income is growing and will become even stronger».

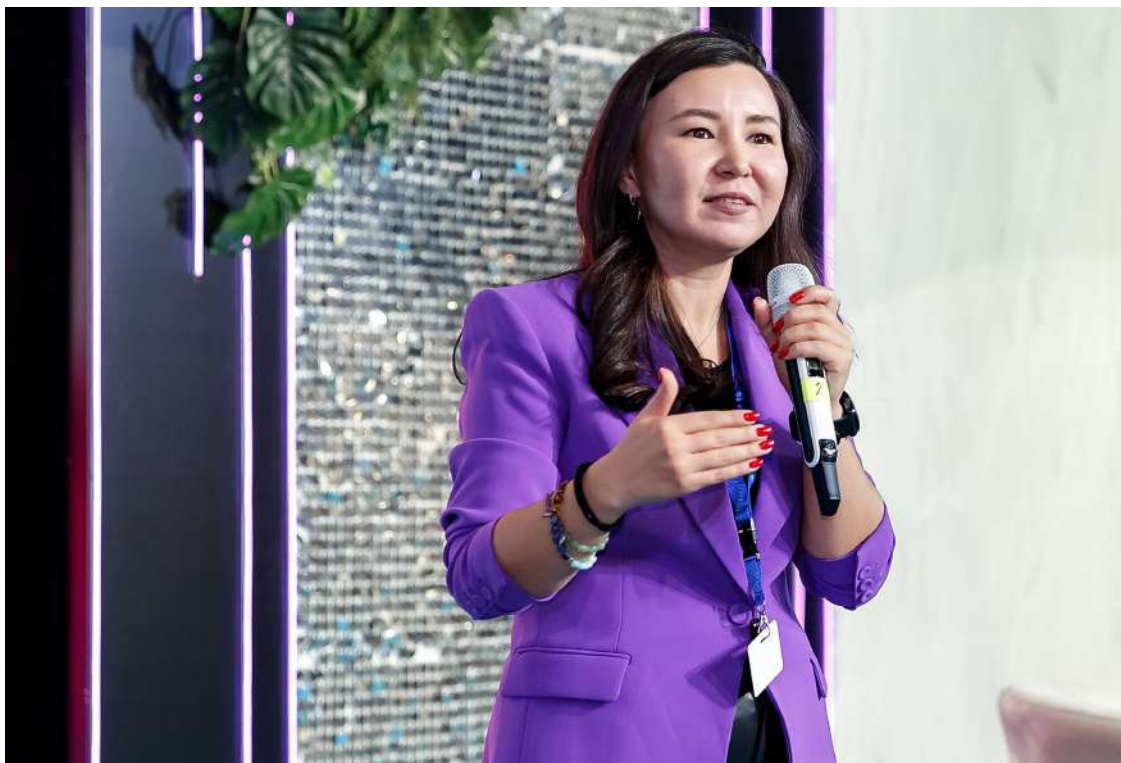


Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference. Forecast of inflation and economic growth in Kazakhstan.

Among the positive figures regarding Kazakhstan, the expert presented analytical data regarding the country's macroeconomic indicators.

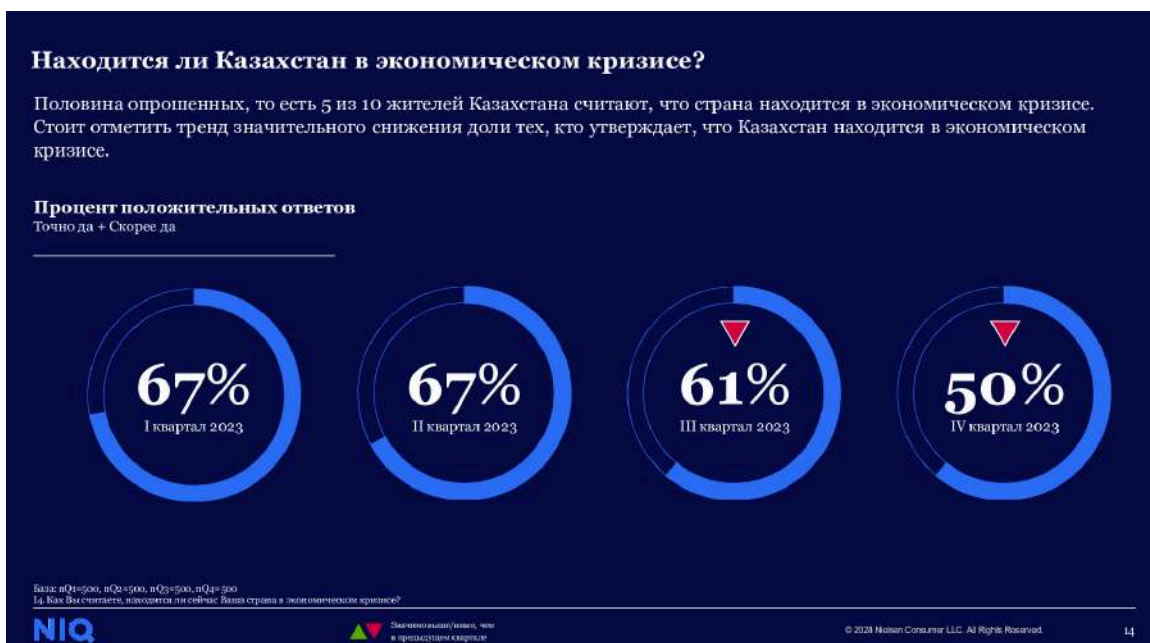
«If you look from the point of view of macroeconomics, then speaking in the language of numbers, economic indicators in Kazakhstan are much ahead of the economic indicators of Central Asia and the world average. Kazakhstan's GDP growth rate is ahead of the world average. Inflation was very high last year, but it tends to decrease, and already at the beginning of this year we see that inflation was less than 10 percent. In the future, in the coming year, it will decrease even more and Kazakhstanis will be able to breathe a sigh of relief».

The expert also noted a positive trend in relation to the general consumer sentiment of Kazakhstanis.



Commercial Director of NielsenIQ Kazakhstan - Madina Seisengalieva

«Every quarter we measure how customers feel, how optimistic or pessimistic they are across Kazakhstan. Our survey asks whether you think the country is in an economic crisis. And, if last year, 70 percent of Kazakhstanis believed that the country was in an economic crisis, and accordingly were saving, but now this is only 50% of the country's residents. The saving mode for Kazakhstanis is decreasing, consumer sentiment is improving, and positivity prevails».



Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference. Economic crisis in Kazakhstan.

In turn, CAF General Producer Milena Yershova recalled that a year ago, according to analytics, the same consumer sentiment was much more pessimistic. What has improved in the living standards of Kazakhstan? – asked the fashion expert.

«Buyers have adapted to new conditions and norms of price increasing», - analyst Madina Seisengalieva explained. «When prices start to rise, the environment changes, the buyers shrink and actively reduce their expenses. Then they come to the store with new prices, and eventually realize that they won't be the same as before. The buyers adapt to the current situation. In addition to this, we see that according to official data, inflation in the country is tending to slow down. These are no longer double-digit numbers, as they were last year. Prices have not become lower, but their growth rate has simply slowed down significantly compared to last year. Now this is the new norm that we have to live with. At the same time, I notice that many still live in the old world, where everything was different, and constantly compare. It's time to shift to the new normal! »

### Rethinking and new buyer values

Speaker of the CAF business conference, Madina Seisengalieva, notes that under the influence of various factors, buyer needs change and new values emerge along with them. Among the main ones, she highlights: home lifestyle, frugality, health care, stress management, budget planning and the desire for convenience. In general, the expert analyst notes a period of rethinking and the manifestation of new values.

«Firstly, the commitment to a home lifestyle is now actively growing. If previously we wanted to go out to eat or have fun outside the home, now most buyers want to spend time at home or work at home. The ability to work from home or in a hybrid format change purchasing behavior - for example, if we previously stopped at a store or restaurant after work, then when working from home, these consumption situations shift to home. This is why we are seeing a steady growth in various entertainment for the home: streaming services, social networks, hobbies.

Secondly, it is more thrifty, conscious consumption. This trend is especially noticeable in Europe, but it is also beginning to gain popularity in Kazakhstan. That is, we buy only what we will eat or only the clothes that we need now. Of course, this does not stop people from making emotional purchases, but there are noticeably fewer of them. Among the new buyer values is an emphasis on health. 40 percent of people around the world, including Kazakhstanis, are actively studying and looking towards a healthier lifestyle and taking care of their mental health. Buyers say they have never been as stressed as they are now. They are very concerned about their mental health and look for ways to cope with stress. You can also add here the buyer's desire for convenience, the importance of which for new buyers has recently increased greatly. Another inherent value for buyers is budget planning. More than 40% of buyers constantly write shopping lists and strictly adhere to their list. And another 42% say that they do not buy anything that is not on their shopping list», - says Madina Seisengalieva.

### Находящиеся под давлением потребители изменили свой образ работы и жизни



Source: NIQ Consumer Outlook 2024



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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference. Changes in the way consumers work and live.

Discussing the topic of rethinking consumer values, the chief moderator of the business conference, fashion expert Milena Yershova, asked how such fundamental changes in values could affect the future.

«All these numbers and processes need to be looked at much more broadly than it seems at first glance», - explained speaker Madina Seisengalieva. «Take for example the fact that one third of buyers now prefer a home-based lifestyle. What does it mean? In fact, when we go to work, we see billboards, advertisements, and listen to the radio. We can stop at a store along the way to buy essential goods. And also, if you like a sign or there is an interesting offer, go shopping. The same thing happens on the way home. But when buyers work and entertain at home, reaching them becomes more difficult. And this is about omnichannel and increasing touch points with the buyer. It may sound like something out of a book, but in reality, it is so. Think ahead that the trend for spending time at home will grow. And this will determine the development of your business processes in the future.



Speakers of the CAF business conference, Madina Seisengalieva and Milena Ershova discuss retail analytics data

Look at the teenage generation? Before it was impossible to make us go home, but now you can't make them go out. And this trend will only increase. For example, when we make youth cuts, and when I, as an employer, hire the younger generation, I see how important it is for them now to be able to work remotely. For me, this is very difficult to wrap my head around. However, this is the future, so you need to go towards the buyer! All these seemingly small facts actually have a significant impact on the entire purchasing path. And where and how you can integrate your communication, advertising message into the life of the buyer will further determine your future».

### Рост стоимости жизни остается на первом месте для потребителей

Опасения по поводу геополитического кризиса выходят на первый план в этом году

#### Топ-10 проблем, волнующих глобальных потребителей

	Изменение рейтинга по сравнению с серединой 2023 года
1 Рост цен на продукты питания	36% = тот же
2 Удорожание коммунальных услуг	19% = тот же
3 Экономический спад	17% = тот же
4 Глобальный конфликт / эскалация кризиса	13% ↑ был #11
5 Окружающая среда	12% = тот же
6 Увеличение стоимости жилья	11% ↓ был #4
7 Личное благополучие	10% ↑ был #10
8 Способность обеспечить семью	10% ↓ был #7
9 Гарантия занятости	10% ↓ был #6
10 Рост стоимости топлива	9% ↓ был #8

Source: IQV 2024 Consumer Outlook, © 2024 Survey, Global



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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference. Top-10 issues of concern to global consumers.

In her speech, expert Madina Seisengalieva spoke about the main concerns of the modern buyer. So, according to analytics, today most of them are related to safety and cost of living. Also, the following are among the concerns: rising prices for food, rising prices for utilities, economic recession, increasing costs of housing and fuel, the ability to provide for a family, job security. The expert notes that the rating of such issues of concern to consumers as global conflict, escalation of the crisis and personal well-being has increased significantly compared to last year. Changes in buyer behavior strategies did not go unnoticed by expert analyst.

«We see that 76% of buyers change their behavior strategies in one way or another in order to meet the budget», - Madina Seisengalieva shares the figures. «The most commonly used behavioral tactic is to buy the essentials and avoid excesses. In second place is searching and purchasing goods at a discount. This is when the buyers come to a store and are looking for products exclusively at a discount. Further, in decreasing order, the buyer behavior strategy

### Новые потребности – новые бренды % от казахстанских покупателей в 2023 году

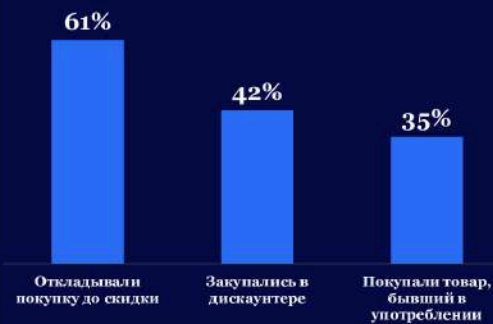


Source: NielsenIQ Shopper trends, Kazakhstan, Almaty, 2013-2023, n=300; QTC Omnimeter Life Global 2023, C1, B18 (global) = 45 minutes

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### Какие основные критерии выбора товаров?

% от мировых покупателей в 2023 году



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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference.  
New needs of Kazakhstanis.

looks like this: 24% buy in general less than they bought before, a little less percent of people buys in small wholesale and only as a last resort switch to cheaper brands. An interesting fact is that 76% of Kazakh buyers are actively looking for ways to save money, while 45% of respondents switched to a new brand over the past year. This suggests that the buyer's values and needs are completely changing. And those brands that were able to give them the right product at the right price at the right time are the winners.

### Рост на падающем рынке

- Достигайте доступных потребителей**  
Сейчас не то время, когда их можно упустить
- Принимайте решения, ориентированные на покупателя**  
Персонализируйте подход к предоставлению ценности
- Будьте проактивны и точны в вопросах здоровья**  
Откройте для себя рост, ориентированный на здоровый образ жизни

Потребители быстро перемещаются по каналам для удовлетворения своих потребностей, поэтому рост будет происходить за счет баланса стратегий как в интернете, так и в реальных магазинах.

Рост в напряженные времена требует поиска потребительских "компромиссов". Используйте мнение потребителя, чтобы направлять действия, необходимые для сокращения расходов.

Компаниям необходимо использовать силу правильных посылов и свойств продукта, чтобы конвертировать интерес потребителей к своему здоровью и долголетию. Выиграйте у современных взыскательных потребителей "велнеса".

#### Полная картина в ваших руках

Случшим в своем классе партнером по обработке данных вы сможете использовать самые надежные и полные данные, чтобы открыть новые пути для роста.

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Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference.  
Growth in a declining market.



Now there is a psychological bifurcation inside the buyers: there are desires, needs and what they can afford. Therefore, if an entrepreneur makes the buyer's life easier now, it will stay with them for a long time».

### Growth points in a declining market

Summing up her speech, expert Madina Seisengalieva gave several recommendations to buyers and retailers.

«How to find growth points in a declining market? We need to create significant moments, and not limit ourselves to typical occasions: New Year, Christmas, March 8th.

Create a holiday for the buyer, build an emotional connection with him during this difficult time for him. Create a holiday for the buyer. After all, when expenses are cut, the buyers travel abroad less or treat themselves less, so emotional purchases are very important for them.

What else a retailer can do? To reconsider consumer values, study trends. It is important to change as the buyer's values and needs change. Give them what they need now, in that exact moment. Otherwise, some other brand will give what they need to grow and on top of that it will be environmentally friendly and healthy.

Remember that innovation is the catalyst and the best way to combat slowdown. Create something new and give the buyers something they didn't have before. Don't be afraid to shift price levels and mix them up. Feel free to play with price segments, apply different pricing strategies in different sales channels, depending on the type of buyer in each channel.

Advice that should become the rule of a modern entrepreneur is to use all channels to work. Now, when buyers have a lot of information and choice, purchases are made by the same generation that grew up in abundance and without scarcity. They have a lot of information, advertising and messages trying to get through. Therefore, find available buyers in all channels.

And my last piece of advice is to keep your finger on the pulse and be active in those topics that concern the buyers. Buyers' requirements for brands are now changing quite quickly and it is important to meet them.



Slide from the presentation of Madina Seisengalieva's speech at the CAF business conference.  
Growth points in terms of visitors' attention.

Now is a unique time, and it is important to be in touch with reality at this time. What is reality? This is what happens in the market, including what happens with prices. These are changes that occur to the buyer.

I encourage everyone to change with their buyers and give them what they need. It may sound like a slogan, but meanwhile, I am sure that every brand and retailer has something to offer the buyer at this moment. As the experience of the previous crisis has shown, those brands that captured the heart of the buyers in a difficult time for them, the buyers remain with these brands for a long time», - summed up business conference speaker Madina Seisengalieva.



Commercial Director of NielsenIQ Kazakhstan - Madina Seisengalieva  
and General Producer of Central Asia Fashion - Milena Yershova

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