

## STATS WINDOW

The Pacific Business Review International has taken an initiative to start a section which will provide a snapshot of major Global & Indian economic indicators and industry review alternatively.

A snapshot of the section in upcoming issues is hereunder:

<b>Nov. 2015</b>	Economy at a Glance (Global & Indian)
<b>Dec. 2015</b>	Agriculture Sector: Global Scenario
<b>Jan. 2016</b>	Economy at a Glance (Global & Indian)
<b>Feb. 2016</b>	Pharmaceutical industry: Global Scenario
<b>Mar. 2015</b>	Economy at a Glance (Global & Indian)

### Retail industry

Retailing 2015 confirms that the retail industry is becoming more complex and changing at an ever-increasing speed. Shifting demographics, household downsizing, more educated consumers, new channel formats—among other trends—require that the industry quickly adjust and modify existent models, approaches and processes to satisfy the needs of future customers in order to be successful and profitable. Retailing will become an industry that realizes, more and more, that it must tailor its offerings to select customers, as opposed to the mass appeal approach of the 1980s, in order to win over customers and foster greater customer loyalty.

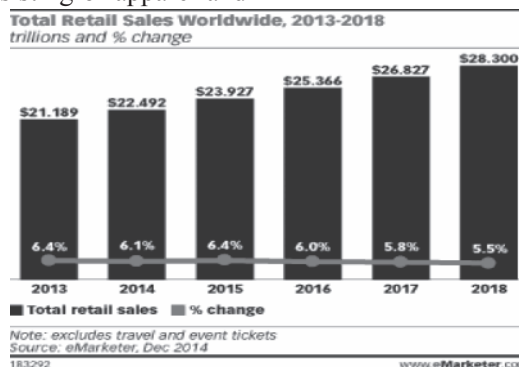
Rising GDP growth, burgeoning population, greater disposable income, and increasing consumer spending are combining to drive the Global Retail industry and opportunities for retail segment players. The market is forecast to reach an estimated \$20,002 billion in 2017 with a CAGR of 3.9% over the next six years (2012–2017).

The retail industry comprises of establishments engaged in selling merchandise or commodities for personal or household consumption, mainly consisting of apparel and

accessories, technology, food and beverages, home improvement, specialty, pharmaceuticals, and others. Recently, as developed nations begin to emerge from recession, their economies recover, and unemployment rates begin to fall, the market segments are experiencing some renewed growth. The retail industry is highly fragmented and is dependent on macroeconomic factors such as GDP, disposable income, and consumer spending. Asia Pacific (APAC) dominates the industry, representing 35% of the global market. The APAC retail industry is expected to drive the market and grow at the highest rate among all regions during the forecast

Period of 2012–2017.

Retail sales worldwide—including both in-store and internet purchases reached \$22.492 trillion this year, according to new figures from eMarketer. The global retail market will see steady growth over the next few years, and in 2018, worldwide retail sales will increase 5.5% to reach \$28.300 trillion



When it comes to retail products and services purchased on the internet, ecommerce accounts for 5.9% of the total retail market worldwide in 2014, or \$1.316 trillion. By 2018, that

share will increase significantly to 8.8%, yet retail ecommerce still account for just a fraction of in-store purchases even as it nears \$2.5 trillion by the end of 2018.



China and the US are by far the world's leading ecommerce markets, combining for more than 55% of global internet retail sales in 2014. China's growth over the next five years will widen the gap between the two countries, and China will exceed \$1 trillion in retail ecommerce sales by 2018,

accounting for more than 40% of the total worldwide. The US will maintain its position as the second-largest retail ecommerce market in 2018, totaling nearly \$500 billion that year, while the UK will account for about one-quarter of that figure, landing in a distant third place.

**Top 10 Countries, Ranked by Retail Ecommerce Sales Worldwide, 2013-2018**  
billions and % change

	2013	2014	2015	2016	2017	2018
<b>1. China*</b>	<b>\$315.75</b>	<b>\$426.26</b>	<b>\$562.66</b>	<b>\$714.58</b>	<b>\$871.79</b>	<b>\$1,011.28</b>
—% change	47.0%	35.0%	32.0%	27.0%	22.0%	16.0%
<b>2. US**</b>	<b>\$264.28</b>	<b>\$305.65</b>	<b>\$349.06</b>	<b>\$394.43</b>	<b>\$442.55</b>	<b>\$493.89</b>
—% change	16.5%	15.7%	14.2%	13.0%	12.2%	11.6%
<b>3. UK**</b>	<b>\$70.39</b>	<b>\$82.00</b>	<b>\$93.89</b>	<b>\$104.22</b>	<b>\$114.64</b>	<b>\$124.96</b>
—% change	17.0%	16.5%	14.5%	11.0%	10.0%	9.0%
<b>4. Japan</b>	<b>\$62.13</b>	<b>\$70.83</b>	<b>\$79.33</b>	<b>\$88.06</b>	<b>\$96.87</b>	<b>\$106.07</b>
—% change	17.9%	14.0%	12.0%	11.0%	10.0%	9.5%
<b>5. Germany</b>	<b>\$51.91</b>	<b>\$63.38</b>	<b>\$73.46</b>	<b>\$82.93</b>	<b>\$91.97</b>	<b>\$99.33</b>
—% change	21.7%	22.1%	15.9%	12.9%	10.9%	8.0%
<b>6. France</b>	<b>\$34.21</b>	<b>\$38.36</b>	<b>\$42.62</b>	<b>\$46.13</b>	<b>\$49.71</b>	<b>\$53.26</b>
—% change	13.2%	12.1%	11.1%	8.2%	7.8%	7.1%
<b>7. South Korea</b>	<b>\$29.30</b>	<b>\$33.11</b>	<b>\$36.76</b>	<b>\$40.43</b>	<b>\$44.07</b>	<b>\$47.82</b>
—% change	12.6%	13.0%	11.0%	10.0%	9.0%	8.5%
<b>8. Canada</b>	<b>\$20.98</b>	<b>\$24.63</b>	<b>\$28.77</b>	<b>\$33.05</b>	<b>\$37.61</b>	<b>\$42.67</b>
—% change	17.7%	17.4%	16.8%	14.9%	13.8%	13.5%
<b>9. Russia</b>	<b>\$15.06</b>	<b>\$17.47</b>	<b>\$20.30</b>	<b>\$23.40</b>	<b>\$26.88</b>	<b>\$30.91</b>
—% change	27.4%	16.0%	16.2%	15.3%	14.9%	15.0%
<b>10. Brazil</b>	<b>\$13.34</b>	<b>\$16.28</b>	<b>\$18.80</b>	<b>\$21.34</b>	<b>\$23.79</b>	<b>\$26.17</b>
—% change	28.0%	22.0%	15.5%	13.5%	11.5%	10.0%

Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets; \*excludes Hong Kong; \*\*forecast from Sep 2014  
Source: eMarketer, Dec 2014  
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Ecommerce share of total retail sales can mean different things in different markets. In the case of the US, this metric shows the continued strength of brick-and-mortar retail, as well as US consumers' appetite for purchasing in-store. Approximately 63% of the US population will make a digital purchase this year, yet only 6.5% of US retail sales are expected to come from internet transactions, increasing to 8.9% by 2018. In other words, a majority of US consumers are making purchases online, but more than \$10 out of every \$11 are still spent in stores.

The other two largest ecommerce markets, China and the UK, have much higher proportions of online-to-total retail sales than the US, and ecommerce trends in each market are unique. For example, digital buyers—consumers who purchase online at least once during the year—will represent only 27.5% of China's population in 2014, while more than 10% of all retail purchases occur via the internet. This points to the fact that consumers in China who buy online do so often.

**Retail Ecommerce Sales as a Percent of Total Retail Sales in Select Countries, 2013-2018**

	2013	2014	2015	2016	2017	2018
UK*	11.6%	13.0%	14.4%	15.6%	16.9%	18.0%
China**	8.3%	10.1%	12.0%	13.8%	15.5%	16.6%
Finland	9.2%	9.8%	10.4%	10.8%	11.2%	11.5%
Norway	8.8%	9.7%	10.7%	11.5%	12.1%	12.7%
South Korea	8.1%	9.0%	9.8%	10.5%	11.3%	12.0%
Denmark	7.7%	8.6%	9.3%	9.9%	10.4%	10.8%
Germany	6.1%	7.3%	8.4%	9.4%	10.4%	11.2%
US*	5.8%	6.5%	7.1%	7.7%	8.3%	8.9%
Canada	4.5%	5.2%	5.9%	6.6%	7.4%	8.2%
Japan	4.4%	4.9%	5.4%	5.8%	6.2%	6.7%
France	4.2%	4.6%	5.1%	5.4%	5.8%	6.2%
Netherlands	3.8%	4.3%	4.6%	4.9%	5.1%	5.3%
Australia	3.6%	4.1%	4.5%	4.9%	5.3%	5.6%
Spain	3.6%	4.1%	4.8%	5.4%	6.0%	6.5%
Brazil	3.4%	3.8%	4.1%	4.4%	4.6%	4.8%
Sweden	3.2%	3.5%	3.8%	4.1%	4.4%	4.6%
Russia	2.0%	2.2%	2.4%	2.6%	2.8%	3.0%
Italy	1.5%	1.7%	1.9%	2.1%	2.2%	2.3%
Argentina	1.3%	1.4%	1.6%	1.9%	2.2%	2.5%
Mexico	1.0%	1.2%	1.5%	1.9%	2.2%	2.6%
India	0.6%	0.7%	0.9%	1.1%	1.3%	1.4%
Indonesia	0.5%	0.6%	0.8%	1.0%	1.2%	1.4%

Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets; \*forecast from Sep 2014; \*\*excludes Hong Kong  
Source: eMarketer, Dec 2014

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www.eMarketer.com

On the other hand, more than 73% of the UK's population will make a purchase online this year. With ecommerce accounting for 13.0% of total retail sales in the UK—leading all countries by this metric—this high volume of digital

buyers who purchase online often positions the UK as the third-largest ecommerce market, despite being only eighth-largest in total retail sales.

Top 10 retailers worldwide, 2013

Top 250 rank	Name of company	Country of origin	2013 Retail revenue (US\$m)	2013 Retail revenue growth	2013 Net profit margin	2013 Return on assets	CAGR* Retail revenue 2008-2013	# countries of operation	% retail revenue from foreign operations
1	Wal-Mart Stores, Inc.	U.S.	476,294	1.5%	3.5%	8.2%	3.3%	28	28.9%
2	Costco Wholesale Corporation	U.S.	105,156	6.1%	2.0%	6.8%	7.7%	9	28.2%
3	Carrefour S.A.	France	98,688	-2.4%	1.8%	3.1%	-3.0%	33	52.7%
4	Schwarz Unternehmens Treuhand KG	Germany	98,662 <sup>e</sup>	9.5%	n/a	n/a	6.5%	26	58.2%
5	Tesco PLC	U.K.	98,631	-2.0%	1.5%	1.9%	2.9%	13	32.3%
6	The Kroger Co.	U.S.	98,375	1.7%	1.6%	5.2%	5.3%	1	0.0%
7	Metro Ag <sup>1</sup>	Germany	86,393 <sup>e</sup>	-2.5%	0.7%	1.4%	-0.9%	32	62.3%
8	Aldi Einkauf GmbH & Co. oHG	Germany	81,090 <sup>e</sup>	4.7%	n/a	n/a	5.5%	17	59.2%
9	The Home Depot, Inc.	U.S.	78,812	5.4%	6.8%	13.3%	2.0%	4	10.8%
10	Target Corporation	U.S.	72,596	0.9%	2.7%	4.4%	2.9%	2	1.8%
Top 10 <sup>2</sup>			\$1,294,698	2.0%	2.8%	6.0%	3.0%	16.5 <sup>3</sup>	32.5%
Top 250 <sup>2</sup>			\$4,354,562	4.1%	3.4%	5.3%	4.2%	10.2 <sup>3</sup>	24.2%
Top 10 share of Top 250 retail revenue			29.7%						

\*Compound annual growth rate

<sup>1</sup> Metro changed its fiscal year from end of December to end of September. Fiscal 2013 results reported here include the 9 months ended 30 September 2013 plus the quarter ended 31 December 2013 to create a 12-month period equivalent to prior years.

<sup>2</sup> Sales-weighted, currency-adjusted composites

<sup>3</sup> Average

e = estimate

n/a = not available

Sources: Published company data and Planet Retail

## Global powers of Retailing Geographical analysis

Region/country profiles, 2013

	# companies	Average retail revenue (US\$mil)	Share of Top 250 Companies	Share of Top 250 Revenue
Top 250	250	\$17,418	100.0%	100.0%
Africa/Middle East	7	\$6,384	2.8%	1.0%
Asia/Pacific	55	\$11,121	22.0%	14.0%
Japan	31	\$9,835	12.4%	7.0%
Other Asia/Pacific	24	\$12,782	9.6%	7.0%
Europe	90	\$18,840	36.0%	38.9%
France	14	\$29,279	5.6%	9.4%
Germany	17	\$27,060	6.8%	10.6%
U.K.	14	\$19,391	5.6%	6.2%
Other Europe	45	\$12,316	18.0%	12.7%
Latin America	10	\$7,757	4.0%	1.8%
North America	88	\$21,875	35.2%	44.2%
U.S.	79	\$23,108	31.6%	41.9%
Canada	9	\$11,052	3.6%	2.3%

Level of globalization by region/country, 2013

	% retail revenue from foreign operations	Average # of countries	% single-country operators
Top 250	24.2%	10.2	34.8%
Africa/Middle East	25.1%	12.1	0.0%
Asia/Pacific	14.0%	5.4	43.6%
Japan	9.4%	3.9	45.2%
Other Asia/Pacific	18.9%	7.4	41.7%
Europe	38.6%	16.2	22.2%
France	43.6%	28.6	7.1%
Germany	45.4%	15.4	5.9%
U.K.	21.5%	16.1	21.4%
Latin America	22.9%	2.3	40.0%
North America	14.7%	7.8	44.3%
U.S.	15.4%	8.5	40.5%

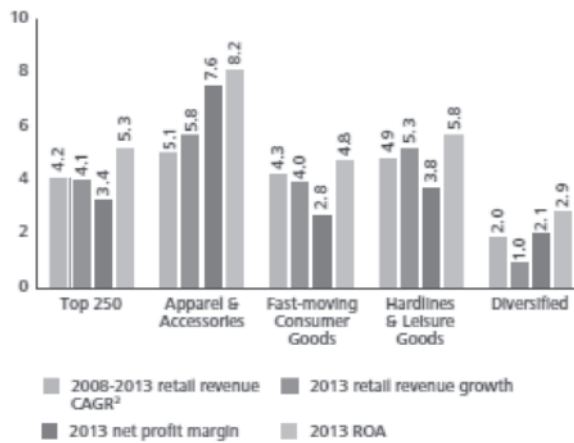
## Global powers of Retailing Product Sector analysis

Product sector profiles, 2013

	# companies	Average retail revenue (US\$mil)	Share of Top 250 Companies	Share of Top 250 Revenue
Top 250	250	\$17,418	100.0%	100.0%
Apparel & Accessories	44	\$9,145	17.6%	9.2%
Fast-Moving Consumer Goods	132	\$22,269	52.8%	67.5%
Hardlines & Leisure Goods	52	\$12,620	20.8%	15.1%
Diversified	22	\$16,200	8.8%	8.2%

Source: Published company data and Planet Retail

Sales growth and profitability by product sector<sup>1</sup> (%)



1 Sales-weighted, currency-adjusted composites  
2 Compound annual growth rate

Source: Published company data and Planet Retail

Level of globalization by product sector, 2013

Product Sector	% retail revenue from foreign operations	Average # countries	% single-country operators
Top 250	24.2%	10.2	34.8%
Apparel & Accessories	31.6%	27.3	15.9%
Fast-Moving Consumer Goods	23.2%	4.9	41.7%
Hardlines & Leisure Goods	25.2%	8.7	36.5%
Diversified	23.5%	11.2	27.3%

Source: Published company data and Planet Retail

Top ten retailers by product sector

Sector rank	Top 250 rank	Company	Country of origin	2013 retail revenue (US\$ mil)	2013 retail revenue growth
<b>Top 10 fast-moving consumer goods retailers, 2013</b>					
1	1	Wal-Mart Stores, Inc.	U.S.	\$476,294	1.5%
2	2	Costco Wholesale Corporation	U.S.	\$105,156	6.1%
3	3	Carrefour S.A.	France	\$98,688	-2.4%
4	4	Schwarz Unternehmens Treuhand KG	Germany	\$98,662*	9.5%
5	5	Tesco PLC	U.K.	\$98,631	-2.0%
6	6	The Kroger Co.	U.S.	\$98,375	1.7%
7	8	Aldi Einkauf GmbH & Co. oHG	Germany	\$81,090*	4.7%
8	11	Walgreen Co.	U.S.	\$72,217	0.8%
9	12	CVS Caremark Corporation	U.S.	\$65,618	3.1%
10	13	Casino Guichard-Perrachon S.A.	France	\$63,468**	15.1%

e = estimate  
\*\* Revenue includes wholesale and retail sales

Sector rank	Top 250 rank	Company	Country of origin	2013 retail revenue (US\$ mil)	2013 retail revenue growth
<b>Top 10 apparel &amp; accessories retailers, 2013</b>					
1	34	Macy's, Inc.	U.S.	\$27,931**	0.9%
2	36	The TJX Companies, Inc.	U.S.	\$27,423	6.0%
3	41	LVMH Moët Hennessy-Louis Vuitton S.A.	France	\$24,392*	3.7%
4	44	Inditex, S.A.	Spain	\$22,265**	4.9%
5	49	H & M Hennes & Mauritz AB	Sweden	\$19,729	6.4%
6	52	Kohl's Corporation	U.S.	\$19,031	-1.3%
7	61	The Gap, Inc.	U.S.	\$16,148	3.2%
8	74	Isetan Mitsukoshi Holdings Ltd.	Japan	\$12,856	6.7%
9	76	Fast Retailing Co., Ltd.	Japan	\$12,639**	23.2%
10	80	Nordstrom, Inc.	U.S.	\$12,166	3.4%

**Top 10 hardlines & leisure goods retailers, 2013**

1	9	The Home Depot, Inc.	U.S.	\$78,812	5.4%
2	15	Amazon.com, Inc.	U.S.	\$60,903	17.7%
3	20	Lowe's Companies, Inc.	U.S.	\$53,417	5.7%
4	25	Best Buy Co., Inc.	U.S.	\$42,410	-14.5%
5	28	The IKEA Group (INGKA Holding B.V.)	Netherlands	\$36,495	3.3%
6	46	Apple Inc./Apple Retail Stores	U.S.	\$20,228	7.4%
7	53	Yamada Denki Co., Ltd.	Japan	\$18,921**	11.3%
8	54	Groupe Adeo SA	France	\$18,197**	5.3%
9	57	Kingfisher plc	U.K.	\$17,454	5.2%
10	59	Suning Commerce Group Co., Ltd.	China	\$16,616	4.6%

**Top 10 diversified retailers, 2013**

1	7	Metro Ag <sup>1</sup>	Germany	\$86,393*	-2.5%
2	10	Target Corporation	U.S.	\$72,596	0.9%
3	29	Sears Holdings Corp.	U.S.	\$36,188	-9.2%
4	40	Lotte Shopping Co., Ltd.	S. Korea	\$24,601	13.4%
5	60	Marks and Spencer Group plc	U.K.	\$16,391	2.8%
6	66	El Corte Inglés, S.A.	Spain	\$14,789	-2.4%
7	70	Otto (GmbH & Co KG)	Germany	\$13,355	-0.4%
8	88	S.A.C.I. Falabella	Chile	\$11,377	13.0%
9	99	Liberty Interactive Corporation	U.S.	\$10,307	2.9%
10	121	Kesko Corporation	Finland	\$8,776**	-7.2%

<sup>1</sup> Metro changed its fiscal year from end of December to end of September. Fiscal 2013 revenue reported here includes the 9 months ended 30 September plus the 3 months ended 31 December.

e = estimate

\*\* Revenue includes wholesale and retail sales

Retail Industry in India

Geographic distribution of the retail sector

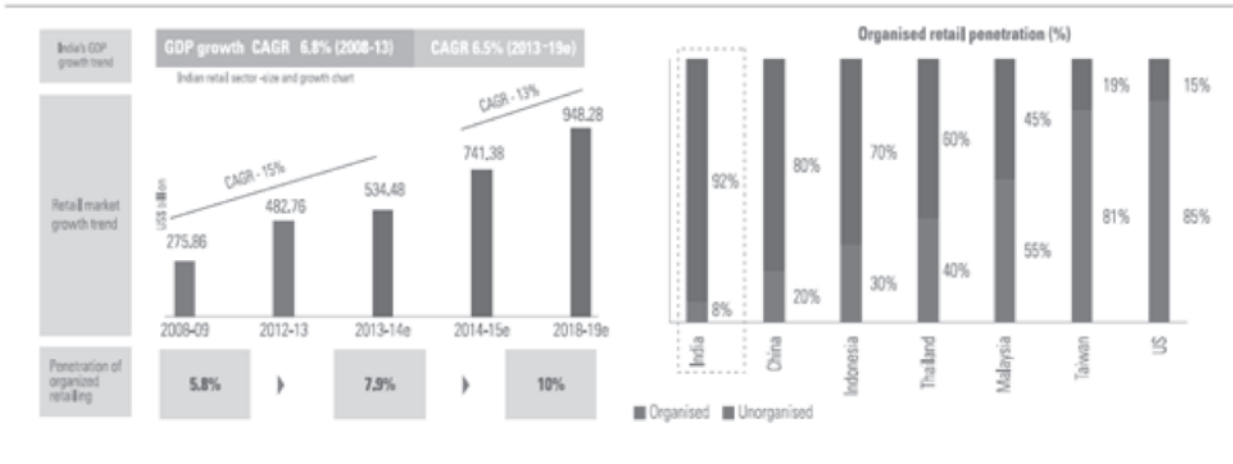


Source: India Retail Report 2013; Images publication, 2013

Key retail clusters		
City Cluster	Population (2011)	Population growth rate (2001–11) in per cent
Greater Mumbai	19,130,565	11.6
Delhi NCR	15,828,138	22.7
Bengaluru	8,425,970	54.9
Hyderabad	6,809,970	87.2
Kolkata	9,209,301	4.9
Chennai	5,751,981	12.9
Ahmedabad – Gandhinagar	5,778,884	55.5
Pune – Pimpri – Chinchwad	4,844,790	36.4
Surat	4,462,002	83.3
Jaipur	3,073,350	32.3

## Indian Retail Sector –Size & Growth

Indian retail sector - size and growth



### Market size of Indian retail industry

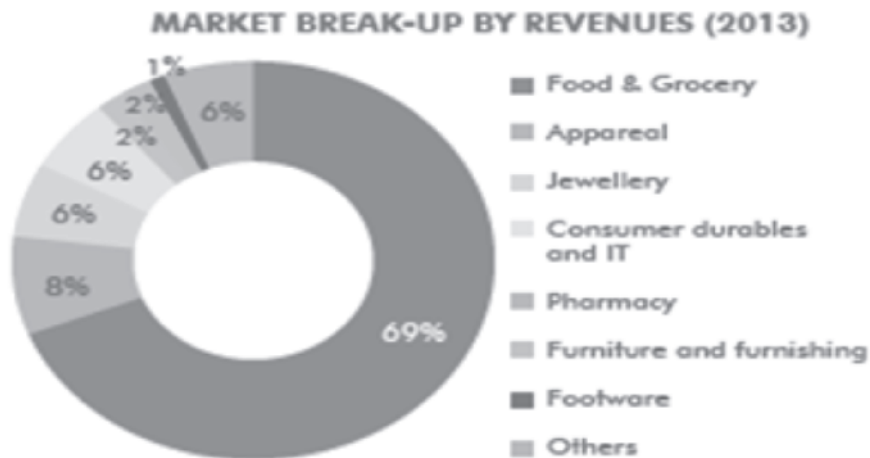
The total market size was US\$ 490 billion in 2013, registering a CAGR of 6.1 per cent since 1998.



### Indian retail industry break-up by revenues

In 2013, food & grocery accounted for nearly 69 per cent of

total revenues in the retail sector, followed by apparel (8 per cent).





The Indian retail industry has presently emerged as one of the most dynamic and fast paced industries as several players have started to enter the market. It accounts for over 10 per cent of the country's gross domestic product (GDP) and around eight per cent of the employment in India. The country is today the fifth largest global destination in the world for retail.

Several corporate have planned to exploit the opportunities in the Indian retail space, such as Reliance Industries Ltd (RIL), which has lined up capital expenditure of Rs 1.8 trillion (US\$ 28.94 billion) for the next three years for its petrochemicals, telecom and retail ventures.

With the growth in the retail industry, the corresponding demand for real estate is also being created. Further, with the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international.

### Market Size

India's retail market is expected to double to US\$ 1 trillion by 2020 from US\$ 600 billion in 2015 driven by income growth, urbanisation and attitudinal shifts, highlighted the Boston Consulting Group and Retailers Association of India's report titled, 'Retail 2020: Retrospect, Reinvent, Rewrite'.

While the overall retail market will grow at 12 per cent per annum, modern trade will grow twice as fast at 20 per cent per annum, and traditional trade at 10 per cent, according to a report titled Retail 2020: Retrospect, Reinvent, Rewrite by Boston Consulting Group and Retailers Association of India.

The retail spending in the top seven Indian cities of India currently amounts to Rs 3.58 trillion (US\$ 57.56 billion), with organised retail penetration at 19 per cent in 2014. It is expected that the online retail will be at par with the physical stores in five years

India is expected to become the world's fastest growing e-commerce market on the back of robust investment activity in the sector and the rapid increase in internet users. It is expected that India's e-commerce market will grow from US\$ 2.9 billion in 2013 to over US\$ 100 billion by 2020. E-tailers are betting on more Indians switching to shopping online, with a projection of 200 million new consumers by 2017, according to a report released last year by Accel India,

### Investments

The Indian retail industry in the single brand segment has received foreign direct investment (FDI) equity inflows to the tune of US\$ 275.38 million in the period April 2000—January 2015, according to the Department of Industrial Policies and Promotion (DIPP).

With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months. Some of them are:

- Paytm plans to set up 30,000 to 50,000 retail outlets where its customers can load cash on their digital wallets. The company is also looking to enrol retailers - mostly kirana stores - as merchants for accepting digital payments.
- Mobile wallet company MobiKwik has partnered with Jabong.com to provide mobile payment services to Jabong's customers.
- DataWind has partnered with HomeShop18 to expand its retail footprint in the country. Under the partnership, HomeShop18 and DataWind will jointly launch special sales programs across broadcast, mobile and internet media to create greater access of the latter's tablet range.
- Amazon Inc and Flipkart India will invest nearly Rs 2,300 crore (US\$ 369.87 million) in the near term as they plans to acquire more customers in the country's fast-growing online retail market.
- FashionAndYou has opened three distribution hubs in Surat, Mumbai and Bengaluru to hasten deliveries.
- Abu Dhabi-based Lulu Group plans to invest Rs 2,500 crore (US\$ 401.98 million) in a fruit and vegetable processing unit, an integrated meat processing unit and a modern shopping mall in Hyderabad, Telangana.

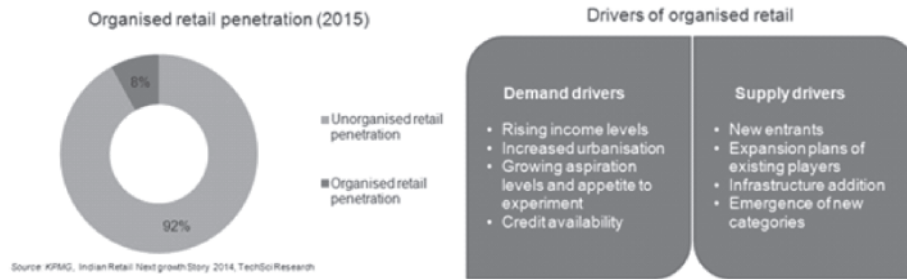
### Retail sector's high growth potential is attracting investors

India has occupied a remarkable position in global retail rankings; the country has high market potential, low economic risk, and moderate political risk

In market potential, India ranks eleventh (after United States, China, Canada, UK, Brazil, Germany, Austria and Mexico)

India's net retail sales are quite significant among emerging and developed nations; the country is ranked third (after China and Brazil

Overall, given its high growth potential, India compares favourably with global peers among foreign investors



India's retail market is expected to double to \$1 trillion by 2020 from \$600 billion in 2015 driven by income growth, urbanization and attitudinal shifts, a new report said. While the overall retail market will grow at 12% per annum, modern trade will grow twice as fast at 20% per annum, and traditional trade at 10%, said the Boston Consulting Group and Retailers Association of India report. Modern trade includes supermarkets, hypermarkets and other organized retail outlets, while much smaller grocery stores are classified under traditional channels.

Modern trade is expected to grow three times to \$180 billion in 2020 from \$60 billion in 2015 and e-commerce at an even

faster clip to quadruple in the same time to become a \$60-70 billion market, said the report.

By 2020, average household income will increase three times to \$18,448 from \$6,393 in 2010. Moreover, urbanisation will increase to 40% from 31% and over 200 million households will be nuclear, representing a 25-50% higher consumption per capita spend. Also, attitudinal shifts will be seen as 75% of the population will belong to generation I, that is they were below 14 years of age when the economy started opening and hence will have higher consumption levels, said the report.