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Global Powers of Retailing 2015

Embracing innovation

Australian edition

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Australian Edition

Global Report 2015

Welcome to Deloitte's 18th annual Global Powers of Retailing report. This report identifies the 250 largest retailers around the world based on publicly available data for fiscal 2013 (encompassing companies' fiscal years ended through June 2014) and analyses their performance based on geographic region, product sector, e-commerce activity, and other factors.

This year's report focuses on the theme of "embracing innovation," and looks at the retail trends for 2015 as well as retailers creatively utilising innovations to address the disruptive changes currently impacting the marketplace. It also provides a look at the world's 50 largest e-retailers, an outlook for the global economy, and an analysis of market capitalisation in the retail industry.

Australian Edition

In the first section of this report, The Deloitte Australia Retail, Wholesale & Distribution Group analyses the performance of the Top 250 retailers in the Australian marketplace and considers the impact of global trends on the Australian retail landscape.

This year, we focus on the continued globalisation of the Australian retail market, provide an Australian macro-economic outlook and highlight one of the major emerging risks for retail organisations both globally and in Australia—cyber security.

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Introduction

Highlights

The Top 250 Global Powers of Retailing continued to grow in the face of difficult global economic conditions, albeit at a lower growth trajectory than previous years. Sales-weighted, currency-adjusted retail revenue increased 4.1 percent in 2013 for the Top 250, following a 4.9 percent gain in 2012, 5.1 percent growth in 2011, and an increase of 5.3 percent in 2010. Although growth continued to decelerate, nearly 80 percent of the Top 250 (199 companies) posted an increase in retail revenue in 2013.

The Top 250 Global Powers of Retailing generated retail revenue approaching $4.4 trillion in 2013, with an average size of more than $17.4 billion (all monetary amounts shown in U.S. dollars). The threshold to join the Top 250 in 2013 was $3.7 billion.

The composition of the Top 10 remains the same as last year, with Wal-Mart continuing to be the world's largest retailer by some margin.

However, there has been some movement in the rankings within the Top 10. Costco has leapfrogged Tesco into 2nd place, driven both by its impressive ongoing sales growth as well as a strengthening in the Euro compared to the US dollar. Tesco dropped from 2nd place in 2012 to 5th in 2013 as a result of both declining sales and a weaker British pound against the U.S. dollar.

From an Australian perspective, Woolworths and Wesfarmers continue to represent Australia in the Top 25, at 18th and 22nd respectively (2012: 15th and 19th respectively). Whilst this is lower than last year's rankings, it is largely driven by a circa 11 percent devaluation in the Australian dollar against the U.S. dollar. Excluding this exchange rate movement, Woolworths and Wesfarmers would have remained in the Top 20, with both Woolworths and Wesfarmers growing its retail revenue in excess of 4 percent excluding exchange rate fluctuations.

Prospects

From a global perspective, there are undoubtedly threats but also considerable opportunities. Whilst there are certainly challenges facing the economies of China, the Eurozone and a number of important emerging markets, other markets such as the US and UK appear to be once again on the growth path. As domestic markets stagnate, we can again expect global retailers to continue expanding into new markets. In Australia, retailers remain cautious around prospects for 2015. In a recent Deloitte survey[1], two thirds of respondents expect consumer confidence to remain the same in 2015, whilst nearly half of all respondents see falling consumer demand as the largest impediment to future growth. However, in the same survey, 70 percent of respondents stated that their key strategic focus is growth through omni-channel and organic means rather than on cost savings. Innovation will be the key differentiator in ensuring such strategies are successful as we enter 2015.

David White
National Leader—Australia
Retail, Wholesale & Distribution Group

1 Deloitte Retail Review—Making Sense of the Silly Season, November 2014

Global retailers in the Australian market

The continued globalisation of the Australian retail market is a familiar trend which shows no signs of slowing down. We are now operating in an environment where change and greater competition have become the norm. The table below illustrates the Top 250 global retailers currently operating in Australia:

Name	Global ranking 2013	Global ranking 2012	Country of origin	2013 retail revenue (US$m)	2013 group revenue (US$m)	2013 group net income (US$m)	# Countries of operation 2013
Costco Wholesale Corporation	2	3	U.S.	105,156	105,156	2,061	9
Aldi Einkauf GmbH & Co. oHG	8	9	Germany	81,090	81,090	n/a	17
Amazon.com, Inc.	15	16	U.S.	60,903	74,452	274	14
Woolworths Limited	18	15	Australia	54,457	55,974	2,258	2
Seven & i Holdings Co., Ltd.	19	17	Japan	54,258	56,600	1,890	18
Lowe's Companies, Inc.	20	21	U.S.	53,417	53,417	2,286	4
Wesfarmers Limited	22	19	Australia	50,711	55,265	2,076	2
The IKEA Group (INGKA Holding B.V.)	28	30	Netherlands	36,495	37,288	4,339	43
LVMH Moët Hennessy—Louis Vuitton S.A.	41	41	France	24,392	38,717	5,243	76
Inditex, S.A.	44	45	Spain	22,265	22,265	3,171	89
Apple Inc. / Apple Retail Stores	46	50	U.S.	20,228	170,910	37,037	14
H & M Hennes & Mauritz AB	49	52	Sweden	19,729	19,729	2,632	54
The Gap, Inc.	61	59	U.S.	16,148	16,148	1,280	54
Otto (GmbH & Co KG)	70	75	Germany	13,355	17,100	239	54
Fast Retailing Co., Ltd.	76	85	Japan	12,639	12,664	1,033	30
Toys "R" Us, Inc.	77	68	U.S.	12,543	12,543	(1,036)	38
Staples, Inc.	81	76	U.S.	12,160	23,114	620	13
L Brands, Inc.	93	95	U.S.	10,773	10,773	903	58
GameStop Corp.	115	117	U.S.	9,040	9,040	354	16
Steinhoff International Holdings Ltd.	128	125	S. Africa	8,217	11,333	952	26
Compagnie Financière Richemont SA	132	138	Switzerland	7,841	14,275	2,771	170
Kering S.A.	143	152	France	6,732	12,948	53	90
Foot Locker, Inc.	147	155	U.S.	6,505	6,505	429	30
Office Depot, Inc.	158	158	U.S.	6,015	11,242	(20)	21
Next plc	163	168	U.K.	5,843	5,868	868	74
Nike, Inc.	170	210	U.S.	5,304	27,799	2,693	49
Williams-Sonoma, Inc.	204	227	U.S.	4,388	4,388	279	10
Coach, Inc.	209	200	U.S.	4,303	4,806	781	17
Arcadia Group Limited	213	215	U.K.	4,277	4,277	693	46
Abercrombie & Fitch Co.	219	199	U.S.	4,117	4,117	55	22
Forever 21, Inc.	224	n/a	U.S.	4,000	4,000	n/a	39
PRADA Group	225	n/a	Italy	3,989	4,776	849	42
Groupe Vivarte	228	229	France	3,977	3,977	n/a	64
Woolworths Holdings Limited	239	234	S. Africa	3,834	3,834	289	17
Lagardère Services SA	242	n/a	France	3,810	4,974	n/a	34
Tiffany & Co.	244	n/a	U.S.	3,800	4,031	181	25
Ralph Lauren Corporation	245	n/a	U.S.	3,798	7,450	776	47

As shown in the table above, 37 or 15 percent of the Top 250 companies in the report are currently operating in Australia. In 2013 we saw the likes of Williams-Sonoma and Abercrombie & Fitch open their first bricks and mortar stores in Australia. This wave has continued in 2014, with a number of major global retailers entering the Australian market.

New entrants

In April 2014, H&M opened its first store in Melbourne with a second store opening in Sydney six months later at the newly refurbished Macquarie Centre in North Ryde. Also in April, the Japanese company Fast Retailing opened its first store in Australia through its Uniqlo brand, and by the end of 2014 it had opened another three stores in Australia. In October 2014 we saw Forever 21 open its first Australian store in Brisbane's Queen Street Mall, quickly followed by a second store in Sydney in November, whilst it has also secured a 1,740 square meter lease for a new store at Sydney's Pitt Street Mall.

Existing global retailers have also sought to introduce new brands into Australia in 2014. The most notable has been the establishment of Sephora. Ultimately owned by the French based LVMH group and hugely successful globally, Sephora looks set to bring major disruption to the perfumes and cosmetics market. In particular the large Australian department stores such as David Jones and Myer and the large pharmaceutical chains will be extremely wary of the impact this may have on the lucrative cosmetics sector.

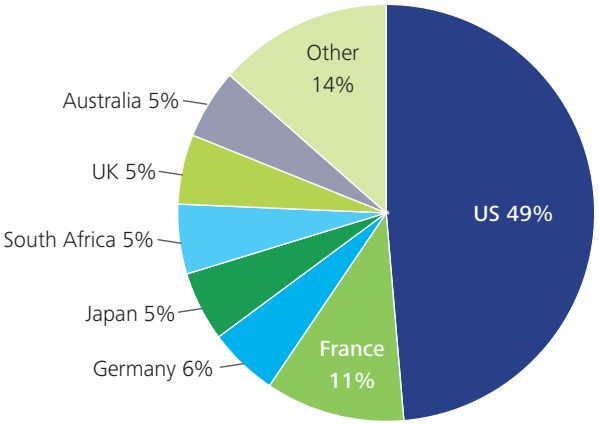
Whilst not large enough to make the Top 250, the major Japanese retailer Muji has also recently taken its unique style of retailing to Australia. The "Ikea of Japan" has opened two stores in Melbourne, with further store expansion expected across other cities in Australia.

In 2014 acquisitions by major global retailers are set to have a significant impact on the Australian retail market. Through its acquisition of David Jones, South African based retailer Woolworths SA has significantly increased its footprint in Australia. With its ownership of Country Road and now David Jones, it has become a major player in the Australian retail market. Having been hugely successful in South Africa, we wait with anticipation to see how they will set about transforming David Jones. Similarly the $6.7 billion global acquisition of Pepkor by Steinhoff Holdings will help further expand its retail footprint in Australia. Steinhoff already has significant operations in Australia in the form of retail brands Freedom, Snooze and Poco. Following the acquisition of Pepkor, Steinhoff will take ownership in Australia of the discount department store chains Harris Scarfe and Best & Less. With a weakening Australian dollar and ever increasing competitive pressures, we are likely to see further interest by overseas retailers in underperforming Australian retail companies. If nothing else, 2014 has shown us that international retailers continue to see value in both the Australian retail market and Australian retailers themselves.

Source of global competition

The table below analyses the 37 Top 250 retailers currently operating in Australia by country of origin. It is dominated by US retailers, with nearly half of the Top 250 retailers operating in Australia originating from the US. What should be of concern to Australian retailers is that 85 percent of the Top 250 retailers currently aren't operating in Australia, meaning that competition is only likely to increase. Also it's important to note that there are only 8 Chinese companies in the Top 250, none of which are currently operating in Australia. With the growth in the middle classes in China and a rapidly growing domestic retail market, it's only a matter of time before we see more Chinese retailers appear in the Top 250—and, of course, their entrance into the Australian market.

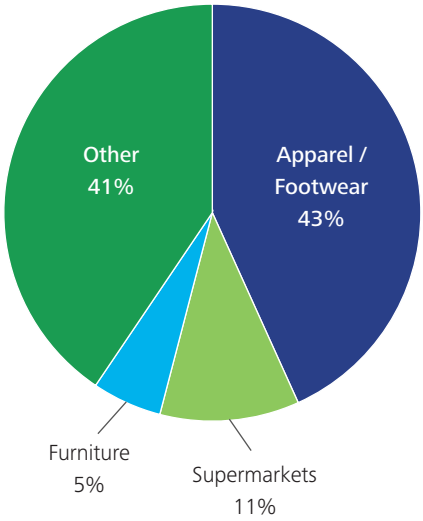
Country of Origin for Top 250 Retailers Operating in Australia



The largest single category of the Top 250 companies operating in Australia is Apparel/Footwear, as illustrated in the graph on the following page. Given that it has been the demand by Australian consumers for well-known international brands and the relatively low barriers to entry in this segment that has partly driven their move to Australian shores, it's not a major surprise.

Supermarkets is the next single largest category, with the likes of Woolworths, Wesfarmers, Aldi and Costco all vying for market share. There continues to be speculation that the world's 4th largest retailer, Schwarz Unternehmens Treuhand KG, is considering entering the Australian market. The company, through its Lidl brand, has been hugely successful in Europe and has taken significant market share from the likes of Tesco, Sainsbury's and Carrefour with its low price model. Aldi has proven that this model can be effective in Australia, but it has taken a number of years for it to build up its store network. Therefore a move into Australia by Lidl would inevitably take a number of years before its full impact was felt by its competitors and, of course, consumers.

Categories of Top 250 Retailers Operating in Australia



Expectations for 2015

Globalisation of the Australian retail market looks set to continue into 2015 with a number of major international retailers either expected to, or having formally announced, their intentions to set up shop in Australia. British retail giants Marks & Spencer are rumoured to be interested in the Australian market, whilst the likes of Ashley Furniture, one of the US's largest furniture retailers, has already announced that they are setting up operations here.

With major global players continuing to enter the market, and existing global retailers expanding their store footprint, Australian retailers across all segments will continue to face significant challenges and increased competition. The ability to innovate, drive improved processes and to connect with the consumer will be critical in order to remain competitive in both the existing and future Australian retail market.

Australian economic outlook

Overall, 2014 delivered retail sales growth in Australia that was reminiscent of the sort of sales growth seen regularly pre-GFC, but which has been absent since. The improvement will have been welcomed by retailers and comes despite weak national income growth which has been a notable feature of 2014. **Low interest rates have provided considerable relief for households**, and they have also encouraged consumers to save less of their income and increase the rate of consumer borrowing once more. The end outcome is **that retail sales growth through 2014 was the best it has been for several years.**

In contrast, the Australian economy as a whole continues to grow at a below trend pace as it transitions away from growth led by major resources project construction. Falling commodity prices—the iron ore price has almost halved over the year to December—have been bad news for an economy which relies so heavily on commodity exports.

Employment and wage growth has been weak, and unemployment has slowly ticked up to its highest rate in over a decade. The resulting weakness in labour income is being further compounded by budget cutbacks by the Federal Government. In turn, it is not surprising that consumer confidence is below average.

Across the retail sectors, the stimulus provided by low interest rates has supported an outperformance by household goods retailers. Food retailers, including cafes, restaurants and takeaway food have also held their own against the broader retail benchmark. Clothing retailers dealt with some unfavourable seasonal conditions mid-year, while department stores continued to lose market share in 2014. **A sharp fall in the value of the $A in recent months will place upward price pressure on a range of imported items** but may have the upside of making international online purchases seem somewhat less attractive than domestic offerings.

By state, **New South Wales is now dominating the retail growth race among the States**, followed by Victoria a bit further behind. This highlights the role of low interest rates and rising house prices (with the latter very much led by Sydney in this cycle) in stimulating retail spending. Those drivers won't last and New South Wales will likely come back to the pack in 2015. Despite current woes with weak commodity prices and falling resources investment, Western Australia and Queensland are still expected to deliver the strongest retail growth over the medium term, with stronger trade linkages to the world's key growth economies—China and India.

Looking ahead, national income growth remains weak and this presents the primary headwind to retail spending. While low interest rates have provided considerable relief to the household budget, this stimulus may soon run out of steam with asset prices getting stretched and with consumer confidence still shaky. In turn, that may limit the degree to which consumers may be comfortable in running down savings. **That said, there is the potential for further interest rate cuts in 2015 and employment growth is expected to improve over the next two years to provide some offset for retailers.** Nevertheless, with the Federal Government still looking for budget savings and the global economy struggling to find momentum, **it may not be enough to sustain retail growth at its current rates.**

Overall, the healthy retail environment may extend into 2015 but then gradually fade. Too much support at the moment is coming via low interest rates, and that support will dissipate over time, although labour income growth should improve over time and provide some offset.

Cyber security

Protecting and enabling Australian retail

Cyber-crime is on the increase, and with most of the major cyber-breaches of 2013-14 in retail organisations, is a growing concern for our industry. Given the potential cost and reputation impact, no Australian retailer wants to be the first with a major publicised breach. With retailers transforming to embrace the digital world, the risk of successful attacks is growing. Security is a business issue, and security solutions must not only protect the business assets, they must enable the business to move faster, with more assurance, in the new world of digital retail.

Beyond the direct cost of remediation, the consequences to a retail business of a successful cyber-criminal attack can be severe, and most important to a retailer is the possible damage to its brand and reputation. While brand equity may take years to establish, it can be destroyed in days with a public cyber-attack.

As retailers are rushing to adopt digital business models in order to increase customer reach and build new revenue streams, Boards and senior executives are increasingly concerned by the rising cyber-crime threats and unsure if their organisation is sufficiently protected. Despite this concern, many organisations continue to view security as a technical IT issue, and lack a clear understanding of the business impacts and the right level of cyber-security maturity for the businesses.

Retailers need to understand if their security capabilities are sufficient for their risk appetite, while at the same time making sure security enables, rather than inhibits, the business.

Cyber-crime can be scary stuff

News of mega-breaches in the retail industry is now commonplace; but, it isn't just the major breaches which are disturbing. The average number of records breached across all Australian businesses was over 20,000, with the total average cost to affected companies of US$2.8 million.

It just takes days from initial cyber-compromise to the stolen data being taken out of the company for 85% of breaches. Unfortunately, the average length of time from initial cyber-compromise to discovery of the breach is, for 66% of breaches months or years . It seems that businesses are giving the cyber-criminals plenty of time after a break-in to take what they want.

Unfortunately, fear is a poor driver of strategy, and many businesses across Australia have invested in security without a complete picture of their business needs.

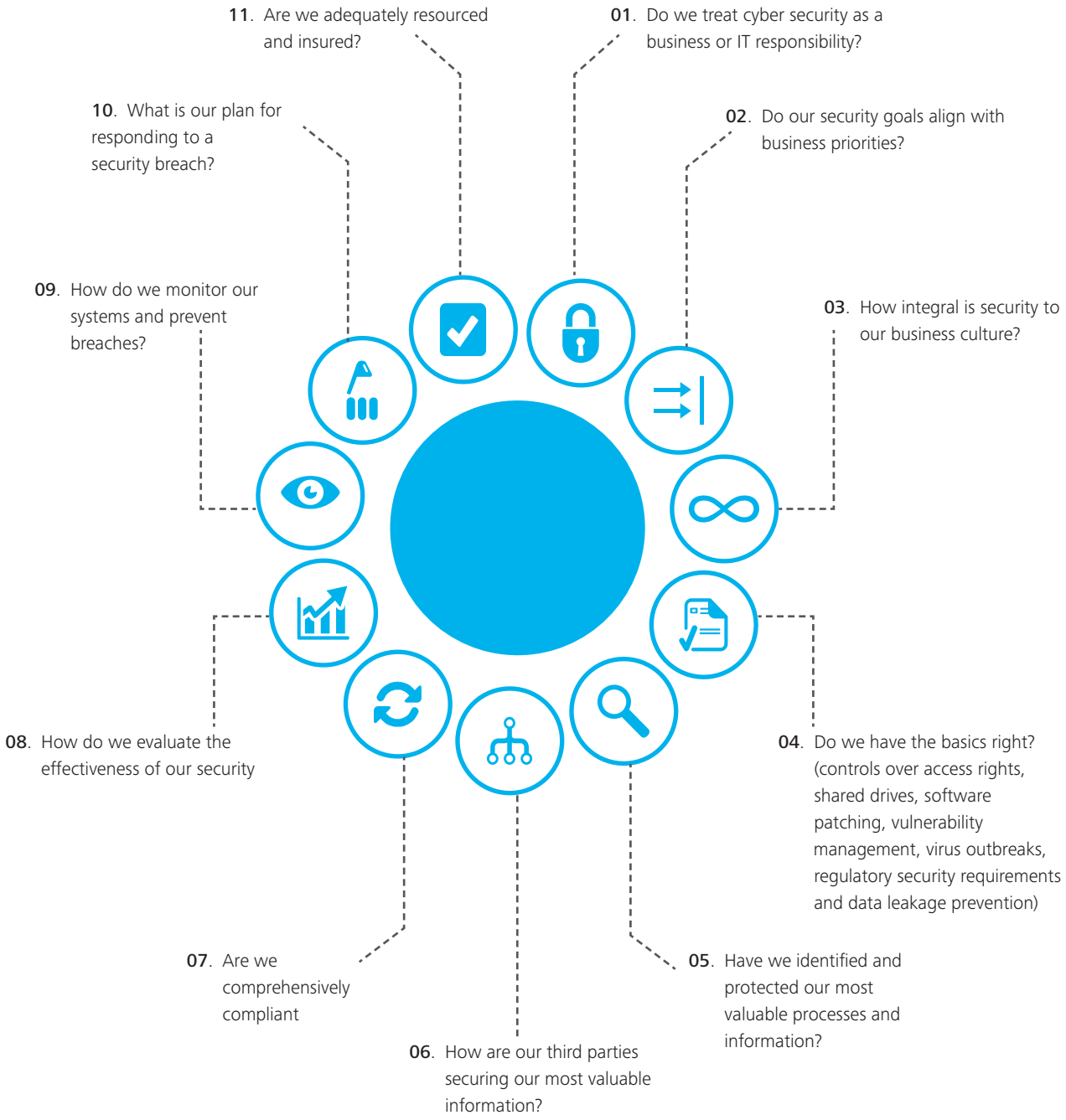
Protecting your business

Boards and senior executives are now broadening the discussion of IT risk beyond financial controls to include a focus on cyber-security and protection of critical information assets. Business leaders increasingly view cyber-security as a business issue. This change in focus is forcing businesses to rethink cyber-security and to question their capabilities. Managing the risk of destructive cyber-attacks requires the right people, processes, and technology solutions to be in place and properly integrated. It further requires active senior executive oversight and well-executed governance.

In building and operating adequate cyber-security capabilities, retailers must first understand what they currently have and whether it fits their business.

2 Ponemon Institute 2014 Cost of a Data Breach
3 Verizon 2013 DBIR Report

Cyber-security checklist: Can you answer these questions about your organisation?



Enabling the business

Doing the right things in cyber-security is not just about protecting the critical assets of the business, it's also very much about enabling business growth.

Retailers are adopting digital channels as a way to build new revenue streams, and increasingly interactions with customers and suppliers are now taking place online through web or mobile applications. The digital world is driven by applications, which have become key business differentiators, and as a result a majority of online transactions are now conducted through apps rather than static websites.

As retailers expose their internal data through their own and third party apps, they need to build flexible and secure ways to access the data, encourage app development, and govern the use of their systems and data. How a business grows and manages application access to its data is critical to enhancing its digital revenue streams, and also to protecting its digital reputation.

This is just as true with the growing adoption of cloud services. As retailers become increasingly dependent on cloud service, the risk of data loss or reputation impact grows. Cloud adoption is now seen as an imperative to drive down costs and secure world class capabilities, and retailers need to ensure an appropriate level of provider access to data, adherence to corporate policies, and robust security controls at the provider. Strong governance and management of cloud provider interactions, within a cloud risk management framework, will ensure appropriate levels of security while also enabling rapid adoption of cloud services.

Cyber-security readiness is about building and evolving a security program which is integrated into the business, is capability, rather than compliance focused,and is a true enabler of the business in the digital world.

Global Retail Trends 2015

Retail trends for 2015 are shaped by the disruptive changes currently impacting the marketplace. Here we focus on five main retail trends:

1. Travel

2. Mobile

3. Faster retailing

4. Experience

5. Innovation

The first is **travel retailing**, which is redefining notions of customer base and transforming the role airport retail plays in a company's strategy. The second is **mobile retailing**, a rapidly growing business that is expected to approach US$640 billion in annual global sales within just a few years. The third is **faster retailing**, which is just what the name implies: speed to market, speed to response, speed to deliver. The fourth is **experience retailing**, which takes shopping and adds entertainment, emotion, deeper engagement, and sometimes even an entire environment. And finally there is **innovative retailing**, which responds to market disruption with disruptive creativity of its own.

While these trends are not new, what is interesting for 2015 is that even though the advances in technologies available to consumers and retailers have been exponential, consumers and retailers are more and more willing and quicker to experiment, adopt and move on to the latest technologies in more creative and innovative ways. Some retailers are even keeping up with the neck-breaking speed of change, leveraging innovation and big data to their advantage; rethinking their business model and adapting every aspect of their operations; executing marketing, product and service on every channel necessary; and responding 24/7 to 24/7 consumers with increasing expectations.

With market disruption comes opportunities, and obviously, the retailers who can be nimble, adapt, and innovate in the face of these changes will be in a better position for success than those who cannot.

Travel retailing

Over a billion people travel internationally each year—approximately 15 percent of the global population—and they spend the equivalent of more than a trillion US dollars in the process.1 As a result, companies such as Pernod Ricard and L'Oréal refer to travel retail as their "sixth continent," and Luxottica describes airport sales as "the Formula One of retail."

International tourism continues to rise above expectations despite continuing global geopolitical and economic challenges, and sales have grown by more than 12 percent a year since 2009.2 Half of that growth has come from an increase in travellers, especially from emerging countries like China. Much of the rest is due to the willingness of travellers to shop en route and abroad (and retailers' improved capability to serve them).

The expanding middle classes of emerging markets are traveling to the world's capitals and boosting sales, especially of luxury products, and this is benefiting the developed economies of the U.S. and Europe. Over half of France's 16 billion Euros luxury industry depends on tourists.3 Therefore, in 2015, expect retailers to continue catering to high-spending travellers, especially emerging market tourists, to drive growth.

Travel retail provides new opportunities to engage with consumers. Travellers often have time for leisurely shopping due to lengthy wait times at airports, and international travel often promotes a sense of personal achievement, both conditions providing a good atmosphere for experimentation and indulgence.

In response to these opportunities many companies are investing in building brand awareness in emerging countries, even when the targeted consumers may not purchase those brands at home. This is because these consumers are keen to acquire foreign and luxury brands while travelling, especially in developed markets which offer superior product selection and availability as well as advantageous price comparisons due to high import taxes in home countries.

As a result, airports have become retail destinations and airport retail design has evolved, now dominated by luxury fashion trends rather than the duty free shops of the past. Airports have also become laboratories and an important source of data, allowing companies to experiment. For example, World Duty Free Group (WDFG), Heathrow Airport's "anchor" retailer, uses airport data to better prepare for international arrivals, such as ensuring that speakers of the right languages and cultural sensitivities will be on

hand. They can even reconfigure shop displays to suit the national tastes of travellers passing through. Here in Australia we are also seeing airport retail embracing innovation. At Sydney Airport, Dick Smith in partnership with the duty free operator Gebr. Heinemann, will shortly operate the electronics section under the Dick Smith Move concept—an award winning approach to store design and customer engagement.

Mobile retailing

A projected 65 percent of the global population will be using a mobile phone by 2015 and an estimated 83 percent of internet usage will be through handheld devices.4 It is no surprise then that mobile retailing is expected to continue to grow aggressively. In the next three years, global e-commerce sales made via mobile devices are expected to top US$638 billion, which is about the size of the world's entire e-commerce market just a year ago.5

The introduction of wearables, such as Google Glass and Apple Watch, opens new opportunities for reaching consumers, and retailers will keep an eye on developments in this arena. The smart watch sector is currently estimated at US$1.4 billion to US$1.8 billion but is expected to surge to US$10 billion by 2018.6 The full range of the wearable technology market is projected to hit US$30 billion in sales during the same period. Some predictions have shoppers purchasing via wearable devices as early as 2015.

Retailers will need to respond by offering free in-store Wi-Fi and mobile-friendly retail websites optimized for different kinds of personal devices. Mobile payments will play a large role—Forrester expects mobile payments to amount to US$90 billion by 2017—as will location-based marketing. Wal-Mart, eBay and Amazon have already created convenient mobile customer experiences and others will follow. However, while shoppers want real-time, relevant, and personalized information and offers, retailers will need to surround this service with very strong privacy and security. Trust, transparency, and protecting customer information will be critical in retaining loyalty as mobile retailing becomes the norm.

Faster retailing

Speed has been an important trend in retail for over a decade. This includes: "fast fashion" (getting runway styles to the stores as soon as possible); limited-time-only products and flash sales to drive urgency and immediate purchase; pop-up establishments to quickly get products and services to market and build buzz; and self-service check-out and kiosks to reduce or eliminate waiting.

In 2015, expect retailing to get even faster to meet consumers' desires. Millennials will be driving much of this as they are the largest generation, with a lot of spending power, and carry a lot of influence. They prefer fast response and immediate gratification, and retailers will cater to that. With Amazon and Google offering same day delivery in certain areas, expect other companies to follow; the delivery window will become more narrow and specific.

This won't happen overnight, of course, but the first-movers in this area are aggressively testing possibilities. Amazon expanded its same-day delivery service in parts of the U.S. to certain cities in the UK, Germany, and Canada. It recently tested delivery by taxi, and is waiting for FAA permission to begin their Prime Air service in which drones will deliver packages within 30 minutes. The ability to meet the consumer's need for speed makes an efficient end-to-end supply chain more important than ever.

While same-day product delivery will not likely be the norm for everyone, instant availability of information will be. More and more consumers are expecting it and retailers will need to deliver. Retailers will need to optimize their information to provide as much content as shoppers need without the load time, especially over Wi-Fi and cell networks on mobile devices, so shoppers can easily and quickly find the information or product they need.

Experience retailing

Retailing is no longer just about the product, but the experience. Consumers want shopping to include entertainment, education, emotion, engagement, and enlightenment. Retailers are exploring innovative ways to enhance the buying experience for their customers: fashion shows, music festivals, tablet and interactive displays, social media campaigns, and product and marketing co creation. The Legaspi Company has even rebuilt failing shopping malls into Hispanic cultural centres serving all the needs of a family: grocery stores, dental and medical care, clothes, entertainment, banking, a department of motor vehicles, and spaces for religious activities; and seen income and foot traffic increase at these locations, typically by 30 percent.

It should be noted that with all these new forms of engagement, regardless of in-store, online, at home, or on the street, consumers still want a seamless and consistent experience. They expect to be able to view online information, access coupons, learn about promotions, and review inventory at any time on any device. They expect messaging and product and pricing information to be consistent across all channels: advertising and social media; in-store and online; pushed or pulled; the sales people on the floor as well as the customer service representative on the phone. They want

to order, pick up, ship, receive, and return anywhere. To become nimble enough to respond to these consumer expectations, some retailers may have to change their internal operations, removing silos and improving cross-functional collaboration.

Personalized websites and emails have become the norm, and consumers are looking for this personalization to extend into their in-store experiences. Retailers can now send customized text messages to shoppers in-store, and adapt interactions to each individual. Retailers will therefore be investing in analysis of big data to enable personalization. However, trust will be critical since violation of privacy will be a concern for consumers. Retailers will need to be transparent in their collection and use of data, and educate shoppers about the value they are delivering with personalized shopping experience.

Innovative retailing

In 2015, the retail industry will continue to be disrupted by new technologies and innovative competition. There will be no single formula for success, which will come in all shapes and sizes, formats and channels. We will continue to see the blurring of sectors as well as single product retailing, such as Warby Parker. There will continue to be non-traditional retailers innovating in the retail space, such as Verizon with its Mall of America destination store. Mobile POS systems will continue to enable inventive pop-up stores, trucks, and kiosks. Retailers will be vertically integrated and vertically transparent, such as Zady. In some cases the middleman will be cut out completely, with no physical stores, no inventory, no warehouses, but rather made-to-order direct from manufacturer, such as Awl & Sundry and Made.com. The line between retailer and producer will begin to blur in new ways, such as Amazon's Creative Expressions, part of their 3-D Printing Store.

Expect more retailers to be innovators. Numerous retailers have invested heavily in their own innovation labs, including Nordstrom, Wal-Mart, Staples, Amazon, and The Home Depot. Retailers are embracing technology and using it in creative ways. For example, Lowe's has introduced a multi-lingual robot that can scan a part a shopper brings in, identify it, instantly access information about it, and help the customer find it in the store. With the internet of things, we can soon expect retail innovations like automatic purchasing and delivery with connected homes and refrigerators.

The near future of the retail industry is about adaptation and embracing change. The speed of innovation and the disruption it causes won't cease, and the demands of customers will continue to escalate. To thrive in this environment retailers will respond quickly to threats and opportunities with innovations of their own. This requires connecting strategy, capabilities, and specific initiatives, guided by the insights provided by market data.

The right talent with the right skill set is key to successful execution, of course. Retailers will need to focus on finding, recruiting, and retaining the best people. But the reality is that no retailer will have all the appropriate talent in-house, making it essential that they develop an arrangement of partnerships and specialised resources. So when needed, they can quickly call upon the right expertise to drive the kind of innovation in product offerings, business models, and customer engagement that will enable them to stay ahead of the competition.

Global Report 2015

Global economic outlook

The global economy appears to be decelerating as several large economies face increasing trouble. The main ones of concern are China and the Eurozone as well as a few key emerging markets such as Brazil and Russia. China has experienced decelerating growth as it struggles to balance the need to avoid excessive credit growth with a desire to keep the economy moving. In Europe, weakness in credit markets is preventing economic growth from resuming at a normal pace.

On the other hand, the brightest spots in the global panorama are the US and British economies. The US appears to be on a self-sustaining path of faster growth combined with low inflation. One factor driving that growth is the huge increase in oil production which, in turn, has led to lower energy prices globally. The low energy prices are a problem for oil exporters such as Russia and Venezuela, while this is benefitting oil consumers such as India and Japan.

Among the big issues having a global impact are the following:

The shift in US monetary policy

The Federal Reserve has ended its program of asset purchases and is now assessing when to raise short term interest rates for the first time in eight years. This transition, and the expectation of higher rates, is driving up the value of the US dollar and putting downward pressure on other currencies. That, in turn, has forced emerging market central banks to raise interest rates, thus slowing the growth of these economies. That slower growth is evident in such diverse places as Brazil, Turkey, Indonesia, South Africa, Russia, and Argentina. Once US monetary policy returns to normal, emerging countries will be better able to shift toward stable interest rates.

Energy production in the US

This has risen precipitously due to the new technology of horizontal hydraulic fracturing of shale rock – better known simply as fracking. The rise in US energy output has lowered global energy prices, reduced the US trade deficit, boosted US economic growth, improved the competitiveness of energy-intensive US manufacturers, and suppressed global inflation – especially in developed economies. It has also hurt competing energy producers such as Russia, Venezuela, and Nigeria. From a retail perspective, lower energy prices have added to the purchasing power of consumers in energy consuming countries – thus providing a boost for retailers.

The crisis in Ukraine

The conflict between Russia and the West over Ukraine, which has resulted in punitive sanctions imposed on Russia by the EU and the US, is hurting the Russian economy and, by extension, the Eurozone economy. Fear of further sanctions is having a chilling effect on investment in Russia as well as in Germany. The German economy has slowed significantly, in part, due to problems in Russia. About 6,000 German companies have investments in Russia and are dependent on sales of their products and services in Russia. Each time the crisis worsens there is a flight to safety which results in a stronger US dollar and lower US bond yields.

A slowdown in Chinese investment

The deceleration of the Chinese economy, which has involved a slowdown in the growth of fixed asset investment, has led to a sharp drop in global commodity prices. This has hurt such countries as Australia, Brazil, Indonesia, and Chile. Plus, China's financial system is at risk due to a sharp rise in shadow banking debt, thus boding poorly for growth if a financial crisis emerges. For the world's leading commodity producers, this suggests a need to focus on other sources of growth in the future.

Demographics

A slowing of labour force growth and an increase in the retired populations of the US, Japan, Europe, and China are all playing a role in reducing growth prospects. In addition, these demographic trends are putting pressure on governments which must spend more on pensions and healthcare. Different countries are approaching the problem in different ways. In China, the government is gradually lifting the restrictions on numbers of children and, in the process, promoting a higher birth rate. In Japan, the government is encouraging greater female participation in the labour force. In Europe and the US, a debate rages as to the degree to which immigration should be allowed and encouraged. Supporters of immigration see it as a vehicle for boosting the ratio of workers to retirees and, in the process, alleviating pressure on pensions. In addition, immigration is a tool for boosting the rate of economic growth. Meanwhile, those countries with youthful demographics are poised for relatively strong economic growth. These include India, much of Latin America, and much of the Middle East and Africa.

The ubiquity of the internet

This has already significantly altered countless industries such as bookselling, music, travel, insurance, banking, entertainment, and even tax preparation and consulting. The effect is to put downward pressure on the prices of everything, eliminate countless mid-level jobs, increase demand for highly skilled workers, and exacerbate income inequality. Also, the internet is leading more people to work and shop from home, thus reducing demand for cars, energy, and commercial property.

What follows is a closer look at the world's major economies and the implications for the retailing industry:

United States

The US economy has been doing very well. Most indicators now point to the likelihood of strong growth in 2015 and possibly beyond. Industrial output, employment, and retail sales have been performing well. Even housing, which had shown signs of trouble earlier in 2014, has lately staged a modest comeback. The end of aggressive monetary policy (QE) is being absorbed well by the economy. The only uncertainty concerns when the Federal Reserve will eventually raise short term interest rates – something it hasn't done in eight years. As of late 2014, inflation remains very low and the labour market continues to exhibit slack as evidenced by weak wage growth, thus possibly extending the period of low interest rates. The Federal Reserve is tasked with balancing two goals: low inflation and low unemployment. A decision about the timing of an increase in short term interest rates will depend on where these indicators stand and, perhaps more importantly, where expectations of inflation stand.

Consumers, having substantially paid off debts, are spending at a brisk pace – even though wages have been relatively dormant. Businesses have hoarded cash and engaged in a flurry of stock buybacks. Yet there is reason to expect a boost to investment in the coming year given rising demand. Despite weak overseas growth, exports are performing reasonably well due to increased competiveness, especially on the back of low domestic gas prices. Fiscal policy is essentially neutral and is not likely to change much for the remainder of the current presidency.

On the other hand, income inequality continues to increase, thus hurting consumer spending because only a small share of consumers are experiencing significant income gains. The failure of the government to enact immigration reform means that the country continues to face a shortage of skilled workers, especially in the realm of information technology. Finally, there is a risk that some members of Congress will, once again, make raising the debt ceiling a contentious issue. If this happens, it could have a temporary negative impact on asset prices, business investment, and hiring.

Europe

The Eurozone is in trouble. After a promising start to the year, the region's economy has decelerated quickly, led by Germany – traditionally the engine of European growth. Also France is weak and Italy is back in recession. Among major Eurozone economies, only Spain is experiencing a significant rebound in growth – although unemployment remains ruinously high. The region suffers from several problems:

- First, credit markets continue to fail. Despite an increasing money supply, bank lending is declining. This reflects the fact that many banks in the region remain laden with bad debts and are attempting to recapitalise by cutting lending and selling risky assets. This is especially problematic in southern Europe where, as a result of perceived banking problems, risk spreads remain high. This discourages borrowing. Plus, the fear of deflation is discouraging businesses from borrowing for the purpose of investment.
- Second, fiscal austerity has had a negative impact on growth. In Germany, where there is now a balanced budget, the government insists on further cuts in spending in order to produce a surplus. Some critics, including the IMF, US government, ECB, and many countries within the Eurozone, have called on Germany to borrow cheaply in order to boost spending on infrastructure. The idea is that such spending would boost domestic demand in both Germany and the rest of Europe. Yet Germany insists that it will not revert to fiscal stimulus.
- Third, many countries, such as France and Italy, remain mired in onerous regulations – especially of their labour markets. This depresses productivity, elevates unemployment, and hurts exports. While both governments intend to reform their labour laws, the pace of reform has been modest.
- Fourth, the Russian/Ukraine crisis has had a negative impact on Europe's economies, especially those of Germany, Finland, Poland, and the Baltics – all of which have significant economic relations with Russia.

The only major effort to reverse Europe's dilemma comes from the European Central Bank (ECB), which has implemented a more aggressive monetary policy involving low interest rates, direct loans to banks, and purchases of securitised assets. Some critics fear that the program will not be sufficient. Moreover, it is not clear that the ECB will be willing to go further and purchase government bonds given substantial German opposition. Initially, the take-up on the lending program was weak given that banks are not confident that there would be sufficient demand for cheap loans. Hence, the outlook for the Eurozone is modest at best. There remains a significant risk of a regional recession.

There are a few bright spots in Europe: Britain, Ireland, and Spain. The British economy is growing rapidly following an aggressive monetary policy and government subsidies for housing. On the other hand, there is increasing concern that Britain may ultimately exit the EU. In Ireland, growth has resumed at a strong pace as the economy recovers from a very deep recession. The Spanish economy is rebounding nicely following productivity gains and wage restraint, both of which have buttressed export competitiveness. Yet Spain faces very high unemployment as well as a separatist movement in Catalonia.

China

China's economy has slowed down and continues to show signs of weakness despite government efforts to reverse the slowdown. Growth is now slightly above 7.0 percent which, if sustained, would be the slowest pace of growth in nearly two decades. While this seems high in comparison to developed economies, it is low by recent historical standards in China. Moreover, growth below this level would mean an inability to absorb workers migrating from rural to urban areas. The result would be high unemployment and social unrest. And, if the workers didn't migrate, China wouldn't grow since there would be zero productivity gains that come from switching workers from farms to factories. Thus, China cannot afford to grow any slower. Why is China decelerating?

- First, export markets such as Europe have been dormant. Even the US market isn't what it used to be for China. Plus, China's wages and currency have increased, thereby reducing the competitiveness of Chinese exports. The result has been that some manufacturing capacity has moved outside of China. Companies are looking elsewhere to produce goods for export. Basic assembly is moving from China to Vietnam, Indonesia, and elsewhere.
- Second, the government has attempted to limit the growth of the shadow banking system. Lending outside traditional banking channels has resulted in excess investment in property, infrastructure, and heavy industry. The result is a growing volume of non-performing assets which threatens the stability of the financial system. Yet efforts to limit this activity have contributed to the slowdown in growth. The government is torn between a desire to limit financial risk and a desire to avoid a sharp slowdown. It has taken measures to limit the growth of shadow banking while, at the same time, attempted to stimulate more traditional forms of credit. Yet it has so far failed to liberalize the financial system.
- Third, a modest fiscal stimulus implemented in 2014 appears to be unwinding, thus removing stimulation for the economy.
- Fourth, a government crackdown on corruption has had a chilling effect on high end retail spending as well as on some areas of business investment.

Going forward, China will require significant reforms if it is to retain strong growth. The government has proposed such reforms, but has not acted. These would entail liberalizing financial services, improving management of state-run companies, creating a level playing field for private companies, protecting property rights, boosting the social safety net for consumers in order to stimulate more spending, and investing more in education and public health. For now, the outlook for reform is murky as the leadership struggles to choose between short term and long term goals.

Japan

Under Prime Minister Shinzo Abe, Japan has engaged in a very aggressive monetary policy involving massive purchases of assets – similar to the quantitative easing undertaken by the US Federal Reserve. In late 2014, the Bank of Japan increased the pace of asset purchases in an effort to boost expectations for higher inflation. The policy boosted inflation, suppressed the value of the yen, increased equity prices, and reduced real borrowing costs. Yet although the policy initially boosted economic activity in early 2013, it has since abated. Moreover, a major tax increase in April 2014 caused a rapid drop in economic activity from which Japan is still reeling. Another scheduled tax increase in 2015 threatens to undermine recovery and, as of this writing, it is not clear if the government will go through with the second tax increase. Wages are not rising in line with inflation, which means that real consumer purchasing power is declining. And businesses are reluctant to invest until it is clear that inflation is here to stay. They fear that a return to deflation will reduce the return on any investment. Thus, the growth outlook is uncertain. Many businesses are hoping that Prime Minister Abe will implement the deregulatory component of "Abenomics." But Abe has been reluctant to act on issues that are politically difficult.

The one issue on which the Prime Minister has been quite aggressive is his effort to boost female participation in the labour force. In Japan, female participation is considerably lower than in other developed economies. Abe believes that, if participation increases, economic growth will accelerate during the period that participation increases. In addition, increased participation would alleviate pension difficulties. From a retail perspective, increased female participation would probably lead to increased modernization and consolidation of retailing.

Other emerging markets

Brazil

Brazil's economy is in recession. This is due to a sharp drop in commodity prices (due to China's slowdown); a central bank policy of high interest rates to fight inflation and to stabilize the currency; and business lack of confidence due to a government policy of high regulation and protectionism. The election in late 2014 resulted in a second term for President Dilma Rousseff. As of this writing, it is not clear if she will shift toward the center and endorse more market oriented policies that the business community has urged. Her major platform has been an effort to boost the spending power of the poor through government transfers.

The economic outlook is poor as there is likely to be continued downward pressure on the currency due to the impending shift in US monetary policy. Thus, the central bank will likely be compelled to keep interest rates high. In addition, Brazilian domestic demand is likely to be constrained by the very high level of consumer debt relative to disposable income. Exports of commodities are likely to be restrained due the slowdown in China and manufactured exports lack competitiveness.

India

India had a highly significant election in 2014, resulting in the election of Narendra Modi as Prime Minister. For the first time in more than 30 years, a Prime Minister's party has a majority in the Parliament, thus boosting prospects for enacting reform legislation. Yet in his first six months in office, not much reform legislation was proposed, thus disappointing supporters who were euphoric following Modi's victory. They are hoping he will deregulate industry and labour markets, reduce costly subsidies, boost infrastructure investment, negotiate freer trade, and ease restrictions on foreign investment. If he does these things, India's growth outlook will likely improve dramatically. Meanwhile, growth is recovering from its doldrums but remains below potential. The central bank has managed to reduce inflationary expectations, which should have a positive impact on growth.

Russia

Russia's economy is in bad shape. Following the crisis in Ukraine and the implementation of sanctions, there was massive capital flight from Russia resulting in a sharp drop in the currency. This, in turn, led the central bank to severely raise interest rates several times. The result has been that investment dried up, including foreign investment. Moreover, the declining global price of oil has also contributed to downward pressure on the currency and concerns about the ability of Russian debtors to service their external debts. The sanctions that have been imposed mean that some big Russian companies will have trouble rolling over foreign debts due to limited access to foreign financial markets. Some energy companies will lack access to technologies that are needed to tap into Arctic reserves. This means that oil production is likely to decline absent an end to sanctions. To deal with the deteriorating economic relations between Russia and the West, the Russian government is attempting to pivot toward China as a source of capital and as an export market. Yet this is unlikely to be an adequate replacement to Europe. Longer term, Russia faces competition as the US is likely to export more oil and liquid natural gas to Europe. Thus, the outlook for Russia is uncertain.

Mexico

Mexico's economy is not currently growing strongly. Yet that hasn't stopped investors from bursting with enthusiasm. There are two major reasons. First, Mexico's reformist government has liberalized foreign investment in energy, deregulated telecoms and media, and attempted to end public corruption. Second, Mexico is experiencing a renaissance in manufacturing due to higher wages in China (and therefore more competitive labour costs in Mexico), lower energy prices in North America, and a rebound in US demand. Thus, the outlook for Mexico is quite good.

Africa

Sub-saharan Africa is the second fastest growing economic region of the world after East Asia. This is due to a confluence of positive factors including substantial inbound investment in commodity production, strong commodity exports, better governance in several countries, an end to civil conflict in a number of countries, youthful demographics that have boosted the labour force, and increased domestic demand in Africa's largest economies. Although commodity prices have come down, Africa's growth prospects still remain positive. The rising middle class is contributing to the modernization of retailing and greater consumer market opportunities. Moreover, Africa has become a surprising laboratory for experimentation in mobile commerce.

Top 250 global retailers 2013

Top 250 global retailers, 2013

Retail revenue rank (FY13)	Name of company	Country of origin	2013 net retail revenue (US$m)	2013 parent company/ group revenue[1] (US$m)	2013 parent company/ group net income[1] (US$m)	Dominant operational format 2013	# countries of operation 2013	2008-2013 retail revenue CAGR[2]
1	Wal-Mart Stores, Inc.	U.S.	476,294	476,294	16,695	Hypermarket/Supercenter/Superstore	28	3.3%
2	Costco Wholesale Corporation	U.S.	105,156	105,156	2,061	Cash & Carry/Warehouse Club	9	7.7%
3	Carrefour S.A.	France	98,688	101,844	1,812	Hypermarket/Supercenter/Superstore	33	-3.0%
4	Schwarz Unternehmens Treuhand KG	Germany	98,662[e]	98,662[e]	n/a	Discount Store	26	6.5%
5	Tesco PLC	U.K.	98,631	100,213	1,529	Hypermarket/Supercenter/Superstore	13	2.9%
6	The Kroger Co.	U.S.	98,375	98,375	1,531	Supermarket	1	5.3%
7	Metro Ag[3]	Germany	86,393[e]	86,393[e]	588[e]	Cash & Carry/Warehouse Club	32	-0.9%
8	Aldi Einkauf GmbH & Co. oHG	Germany	81,090[e]	81,090[e]	n/a	Discount Store	17	5.5%
9	The Home Depot, Inc.	U.S.	78,812	78,812	5,385	Home Improvement	4	2.0%
10	Target Corporation	U.S.	72,596	72,596	1,971	Discount Department Store	2	2.9%
11	Walgreen Co.	U.S.	72,217	72,217	2,450	Drug Store/Pharmacy	2	4.1%
12	CVS Caremark Corporation	U.S.	65,618	126,761	4,592	Drug Store/Pharmacy	3	6.0%
13	Casino Guichard-Perrachon S.A.	France	63,468**	64,613**	2,023	Hypermarket/Supercenter/Superstore	29	11.1%
14	Groupe Auchan SA	France	62,444	63,859	1,109	Hypermarket/Supercenter/Superstore	13	4.0%
15	Amazon.com, Inc.	U.S.	60,903	74,452	274	Non-Store	14	26.7%
16	Edeka Zentrale AG & Co. KG	Germany	59,704**	61,399**	n/a	Supermarket	1	5.9%
17	Aeon Co., Ltd.	Japan	57,986**	64,271**	835	Hypermarket/Supercenter/Superstore	10	3.9%
18	Woolworths Limited	Australia	54,457	55,974	2,258	Supermarket	2	4.3%
19	Seven & i Holdings Co., Ltd.	Japan	54,258**	56,600**	1,890	Convenience/Forecourt Store	18	-0.1%
20	Lowe's Companies, Inc.	U.S.	53,417	53,417	2,286	Home Improvement	4	2.1%
21	Rewe Combine	Germany	51,109**	55,745**	266	Supermarket	11	3.5%
22	Wesfarmers Limited	Australia	50,711	55,265	2,076	Supermarket	2	4.8%
23	Centres Distributeurs E. Leclerc	France	47,671[e]**	60,569[g]**	n/a	Hypermarket/Supercenter/Superstore	7	5.4%
24	Koninklijke Ahold N.V.	Netherlands	43,321**	43,321**	3,370	Supermarket	7	4.9%
25	Best Buy Co., Inc.	U.S.	42,410	42,410	523	Electronics Specialty	5	-1.2%
26	J Sainsbury plc	U.K.	38,031	38,076	1,138	Supermarket	1	4.8%
27	ITM Développement International (Intermarché)	France	37,351[e]**	52,998[g]**	n/a	Supermarket	6	2.0%
28	The IKEA Group (INGKA Holding B.V.)	Netherlands	36,495	37,288	4,339	Other Specialty	43	5.6%
29	Sears Holdings Corp.	U.S.	36,188	36,188	-1,116	Department Store	3	-5.0%
30	Safeway Inc.	U.S.	35,011	36,139	3,522	Supermarket	3	-4.1%
31	Loblaw Companies Limited	Canada	30,697**	31,446**	612	Hypermarket/Supercenter/Superstore	2	0.5%
32	Publix Super Markets, Inc.	U.S.	29,148	29,148	1,654	Supermarket	1	3.9%
33	Delhaize Group SA	Belgium	28,037**	28,037**	243	Supermarket	9	2.1%
34	Macy's, Inc.	U.S.	27,931**	27,931**	1,486	Department Store	3	2.3%
35	Wm Morrison Supermarkets PLC	U.K.	27,739	27,739	-373	Supermarket	1	4.0%
36	The TJX Companies, Inc.	U.S.	27,423	27,423	2,137	Apparel/Footwear Specialty	7	7.6%
37	Rite Aid Corporation	U.S.	25,526	25,526	249	Drug Store/Pharmacy	1	-0.6%

[1] Revenue and net income for the parent company or group may include results from non-retail operations
[2] Compound annual growth rate
[3] 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.

e = estimate
g = gross turnover as reported by company
n/a = not available
ne = not in existence (created by merger or divestiture)
* Revenue reflects wholesale sales
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38	Migros-Genossenschafts Bund	Switzerland	25,010e**	28,863**	847	Hypermarket/Supercenter/Superstore	3	1.4%
39	Système U, Centrale Nationale	France	24,706e**	31,413g**	n/a	Supermarket	5	5.4%
40	Lotte Shopping Co., Ltd.	S. Korea	24,601	25,955	810	Hypermarket/Supercenter/Superstore	6	17.5%
41	LVMH Moët Hennessy-Louis Vuitton S.A.	France	24,392e	38,717**	5,243	Other Specialty	76	14.6%
42	Mercadona, S.A.	Spain	23,954	23,954	684	Supermarket	1	4.8%
43	Albertson's LLC	U.S.	23,000e	23,000e	n/a	Supermarket	1	38.6%
44	Inditex, S.A.	Spain	22,265**	22,265**	3,171	Apparel/Footwear Specialty	89	10.0%
45	H.E. Butt Grocery Company	U.S.	20,330e	20,330e	n/a	Supermarket	2	6.3%
46	Apple Inc./Apple Retail Stores	U.S.	20,228	170,910	37,037	Electronics Specialty	14	22.6%
47	Cencosud S.A.	Chile	19,855	20,889	505	Supermarket	5	11.3%
48	Empire Company Limited	Canada	19,829**	19,890**	230	Supermarket	1	7.3%
49	H & M Hennes & Mauritz AB	Sweden	19,729	19,729	2,632	Apparel/Footwear Specialty	54	7.7%
50	Coop Group	Switzerland	19,529	29,111**	592	Supermarket	1	1.1%
51	A.S. Watson Group	Hong Kong SAR	19,230**	19,230**	n/a	Drug Store/Pharmacy	25	4.7%
52	Kohl's Corporation	U.S.	19,031	19,031	889	Department Store	1	3.0%
53	Yamada Denki Co., Ltd.	Japan	18,921**	18,921**	199	Electronics Specialty	7	0.2%
54	Groupe Adeo SA	France	18,197e**	18,197e**	n/a	Home Improvement	13	10.0%
55	OJSC "Magnit"	Russia	18,197	18,202**	1,118	Convenience/Forecourt Store	1	27.9%
56	Dollar General Corporation	U.S.	17,504	17,504	1,025	Discount Store	1	10.9%
57	Kingfisher plc	U.K.	17,454	17,454	1,114	Home Improvement	9	2.1%
58	X5 Retail Group N.V.	Russia	16,785	16,785	345	Discount Store	2	15.0%
59	Suning Commerce Group Co., Ltd.	China	16,616	17,010	60	Electronics Specialty	3	16.3%
60	Marks and Spencer Group plc	U.K.	16,391	16,391	804	Department Store	48	2.6%
61	The Gap, Inc.	U.S.	16,148	16,148	1,280	Apparel/Footwear Specialty	54	2.1%
62	Jerónimo Martins, SGPS, S.A.	Portugal	15,712	15,712	521	Discount Store	3	12.3%
63	Coop Italia	Italy	15,211e	16,901g	n/a	Hypermarket/Supercenter/Superstore	1	-0.2%
64	Meijer, Inc.	U.S.	15,000e	15,000e	n/a	Hypermarket/Supercenter/Superstore	1	1.8%
65	ICA Gruppen AB	Sweden	14,952**	15,274**	219	Supermarket	6	1.7%
66	El Corte Inglés, S.A.	Spain	14,789	19,055	232	Department Store	5	-4.4%
67	Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	Italy	14,438e**	15,408g**	n/a	Supermarket	2	5.8%
68	John Lewis Partnership plc	U.K.	14,164**	14,164**	159	Supermarket	3	7.6%
69	Gome Home Appliance Group	China	13,441e	13,782ge	n/a	Electronics Specialty	1	3.2%
70	Otto (GmbH & Co KG)	Germany	13,355	17,100	239	Non-Store	54	2.5%
71	S Group	Finland	13,233	15,080	300	Supermarket	5	6.2%
72	Distribuidora Internacional de Alimentación, S.A. (Dia, S.A.)	Spain	13,076**	13,076**	260	Discount Store	6	ne
73	Whole Foods Market, Inc.	U.S.	12,917	12,917	551	Supermarket	3	10.2%
74	Isetan Mitsukoshi Holdings Ltd.	Japan	12,856	13,202	217	Department Store	9	-1.5%
75	Co-operative Group Ltd.	U.K.	12,652	16,484	-3,601	Supermarket	1	8.7%
76	Fast Retailing Co., Ltd.	Japan	12,639**	12,664**	1,033	Apparel/Footwear Specialty	30	14.3%
77	Toys "R" Us, Inc.	U.S.	12,543	12,543	-1,036	Other Specialty	38	-1.8%
78	China Resources Enterprise, Limited	Hong Kong SAR	12,258	18,877**	406	Hypermarket/Supercenter/Superstore	5	22.4%
79	Alliance Boots GmbH	Switzerland	12,170	37,150**	1,544	Drug Store/Pharmacy	14	1.4%

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80	Nordstrom, Inc.	U.S.	12,166	12,540	734	Department Store	1	8.0%
81	Staples, Inc.	U.S.	12,160[e]	23,114	620	Other Specialty	13	-1.0%
82	J. C. Penney Company, Inc.	U.S.	11,859	11,859	-1,388	Department Store	2	-8.5%
83	BJ's Wholesale Club, Inc.	U.S.	11,800[e]	11,800[e]	n/a	Cash & Carry/Warehouse Club	1	3.3%
84	Louis Delhaize S.A.	Belgium	11,689[e]	11,689[e]	n/a	Hypermarket/Supercenter/Superstore	6	-4.4%
85	Dixons Retail plc	U.K.	11,560	11,560	-113	Electronics Specialty	7	-2.9%
86	Bed Bath and Beyond Inc.	U.S.	11,504**	11,504**	1,022	Other Specialty	4	9.8%
87	Spar Holding AG (formerly SPAR Österreichische Warenhandels-AG)	Austria	11,411**	11,518**	251	Supermarket	8	2.2%
88	S.A.C.I. Falabella	Chile	11,377	12,523	1,004	Department Store	5	11.4%
89	Metro Inc.	Canada	11,236**	11,236**	711	Supermarket	1	1.2%
90	E-MART Co., Ltd.	S. Korea	11,164	11,992	438	Hypermarket/Supercenter/Superstore	2	ne
91	NorgesGruppen ASA	Norway	11,054**	11,483**	306	Discount Store	1	6.6%
92	JD.com, Inc. (formerly Beijing Jingdong Century Trade Co., Ltd. and 360buy Jingdong Inc.)	China	10,827	11,202	-8	Non-Store	78	123.6%
93	L Brands, Inc.	U.S.	10,773**	10,773**	903	Apparel/Footwear Specialty	58	3.6%
94	Shoppers Drug Mart Corporation	Canada	10,742	10,742	584	Drug Store/Pharmacy	1	3.3%
95	J. Front Retailing Co., Ltd.	Japan	10,411	11,521	348	Department Store	2	1.5%
96	Family Dollar Stores, Inc.	U.S.	10,391	10,391	444	Discount Store	1	8.3%
97	Canadian Tire Corporation, Limited	Canada	10,385**	11,449**	548	Other Specialty	1	4.9%
98	Dairy Farm International Holdings Limited	Hong Kong SAR	10,357	10,357	513	Supermarket	12	9.0%
99	Liberty Interactive Corporation	U.S.	10,307	11,252	580	Non-Store	9	5.0%
100	Ross Stores, Inc.	U.S.	10,230	10,230	837	Apparel/Footwear Specialty	1	9.5%
101	Uny Group Holdings Co., Ltd.	Japan	10,156**	10,373**	66	Convenience/Forecourt Store	3	-2.8%
102	Southeastern Grocers, LLC (formerly BI-LO Holding, LLC)	U.S.	10,126[e]	10,126[e]	n/a	Supermarket	1	32.2%
103	Tengelmann Warenhandelsgesellschaft KG	Germany	10,072[e]**	10,390**	n/a	Home Improvement	13	-12.0%
104	Chow Tai Fook Jewellery Group Limited	Hong Kong SAR	9,979**	9,979**	960	Other Specialty	6	33.3%
105	Dansk Supermarked A/S	Denmark	9,921	9,974	315	Discount Store	4	-0.5%
106	Giant Eagle, Inc.	U.S.	9,900[e]**	9,900[e]**	n/a	Supermarket	1	3.8%
107	Shoprite Holdings Ltd.	S. Africa	9,869**	9,869**	361	Supermarket	15	11.5%
108	Oxylane Groupe	France	9,829	9,829	n/a	Other Specialty	22	8.3%
109	C&A Europe	Belgium/ Germany	9,733[e]	9,733[e]	n/a	Apparel/Footwear Specialty	21	3.0%
110	Menard, Inc.	U.S.	9,500[e]	9,500[e]	n/a	Home Improvement	1	3.2%
111	Jumbo Groep Holding B.V.	Netherlands	9,420[g]	9,420[g]	n/a	Supermarket	1	36.9%
112	Globus Holding GmbH & Co. KG	Germany	9,349[g]	9,349[g]	n/a	Hypermarket/Supercenter/Superstore	4	4.0%
113	CP ALL Public Company Limited	Thailand	9,286	9,300**	347	Convenience/Forecourt Store	1	17.5%
114	AutoZone, Inc.	U.S.	9,148	9,148	1,016	Other Specialty	4	7.0%
115	GameStop Corp.	U.S.	9,040	9,040	354	Other Specialty	16	0.5%
116	dm-drogerie markt GmbH + Co. KG	Germany	9,009[e]	10,090[g]	n/a	Drug Store/Pharmacy	12	10.1%
117	Home Retail Group plc	U.K.	8,929	8,929	85	Other Specialty	3	-0.8%
118	SuperValu Inc.	U.S.	8,879**	17,155**	182	Supermarket	1	-23.8%
119	Bic Camera Inc.	Japan	8,827	8,924	40	Electronics Specialty	1	5.8%
120	Dirk Rossmann GmbH	Germany	8,820	8,820	n/a	Drug Store/Pharmacy	6	11.5%
121	"Kesko Corporation "	Finland	8,776[e]**	12,373**	245	Supermarket	8	1.5%

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Top 250 global retailers, 2013

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122	Colruyt Group	Belgium	8,760	11,598**	469	Supermarket	3	6.2%
123	Reitan Group	Norway	8,512	9,754	341	Discount Store	7	11.2%
124	Esselunga S.p.A.	Italy	8,474e	9,241g	279	Hypermarket/Supercenter/Superstore	1	3.8%
125	Takashimaya Co., Ltd.	Japan	8,390	9,087	196	Department Store	4	-1.8%
126	Army & Air Force Exchange Service (AAFES)	U.S.	8,308	8,308	167	Hypermarket/Supercenter/Superstore	26	-1.3%
127	Organización Soriana, S.A.B. de C.V.	Mexico	8,240**	8,240**	245	Hypermarket/Supercenter/Superstore	1	1.9%
128	Steinhoff International Holdings Ltd.	S. Africa	8,217	11,333	952	Other Specialty	26	31.5%
129	Shanghai Friendship Group Incorporated Co.	China	8,166**	8,389**	202	Supermarket	1	14.8%
130	Hy-Vee, Inc.	U.S.	8,014	8,014	n/a	Supermarket	1	5.3%
131	Beisia Group Co., Ltd.	Japan	7,885e	8,524e	n/a	Home Improvement	1	1.7%
132	Compagnie Financière Richemont SA	Switzerland	7,841	14,275**	2,771	Other Specialty	170	20.5%
133	Dollar Tree, Inc.	U.S.	7,840	7,840	597	Discount Store	2	11.0%
134	FEMSA Comercio, S.A. de C.V.	Mexico	7,655	7,655	n/a	Convenience/Forecourt Store	2	15.7%
135	SHV Holdings N.V./Makro	Netherlands	7,621	23,377	4,727	Cash & Carry/Warehouse Club	6	6.5%
136	Grupo Eroski	Spain	7,585e	7,829	-136	Supermarket	2	-6.2%
137	Edion Corporation	Japan	7,277e**	7,659**	52	Electronics Specialty	1	-0.9%
138	K's Holdings Corporation	Japan	7,005**	7,005**	175	Electronics Specialty	1	4.1%
139	Wegmans Food Markets, Inc.	U.S.	7,000e	7,000e	n/a	Supermarket	1	7.8%
140	PetSmart, Inc.	U.S.	6,917	6,917	420	Other Specialty	3	6.4%
141	Yodobashi Camera Co., Ltd.	Japan	6,901e	6,901e	n/a	Electronics Specialty	1	-0.3%
142	Coop Danmark A/S	Denmark	6,859**	7,071**	10	Supermarket	2	1.3%
143	Kering S.A.	France	6,732	12,948**	53	Apparel/Footwear Specialty	90	-18.5%
144	Associated British Foods plc/ Primark	U.K.	6,673	20,792	990	Apparel/Footwear Specialty	8	17.2%
145	O'Reilly Automotive, Inc.	U.S.	6,649**	6,649**	670	Other Specialty	1	13.2%
146	Dillard's, Inc.	U.S.	6,599e	6,692	324	Department Store	1	-0.9%
147	Foot Locker, Inc.	U.S.	6,505	6,505	429	Apparel/Footwear Specialty	30	4.4%
148	Pick n Pay Stores Limited	S. Africa	6,351	6,351	59	Supermarket	7	4.8%
149	Coppel S.A. de C.V.	Mexico	6,304	6,304	850	Department Store	3	17.1%
150	Lojas Americanas S.A.	Brazil	6,247	6,247	188	Discount Department Store	1	14.0%
151	BİM Birleşik Mağazalar A.Ş.	Turkey	6,242	6,242	218	Discount Store	3	22.8%
152	Dick's Sporting Goods, Inc.	U.S.	6,213	6,213	338	Other Specialty	1	8.5%
153	Central Retail Corporation Ltd.	Thailand	6,207e	6,207e	n/a	Department Store	4	17.2%
154	Advance Auto Parts, Inc.	U.S.	6,171**	6,494**	392	Other Specialty	2	4.4%
155	Sonae, SGPS, SA	Portugal	6,144	6,404	616	Supermarket	16	1.9%
156	President Chain Store Corp.	Taiwan	6,136e	6,771**	312	Convenience/Forecourt Store	4	8.1%
157	Bauhaus GmbH & Co. KG	Germany	6,073e	6,073e	n/a	Home Improvement	17	8.8%
158	Office Depot, Inc.	U.S.	6,015e	11,242	-20	Other Specialty	21	-4.7%
159	The Sherwin-Williams Company/ Paint Stores Group	U.S.	6,002	10,186**	753	Home Improvement	8	4.4%
160	Defense Commissary Agency (DeCA)	U.S.	5,900	5,900	n/a	Supermarket	13	0.3%
161	The Great Atlantic & Pacific Tea Company, Inc.	U.S.	5,900e	5,900e	n/a	Supermarket	1	-9.1%
162	Belle International Holdings Limited	Hong Kong SAR	5,856	5,856	726	Apparel/Footwear Specialty	3	15.2%

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163	Next plc	U.K.	5,843	5,868**	868	Apparel/Footwear Specialty	74	3.8%
164	Don Quijote Co., Ltd.	Japan	5,842	6,063	238	Discount Department Store	2	5.0%
165	WinCo Foods LLC	U.S.	5,700e	5,700e	n/a	Supermarket	1	7.3%
166	OJSC Dixy Group	Russia	5,628	5,679	96	Supermarket	1	30.2%
167	Izumi Co., Ltd.	Japan	5,564	5,596	176	Hypermarket/Supercenter/Superstore	1	3.0%
168	KF Gruppen	Sweden	5,449e**	5,854**	-8	Supermarket	1	1.3%
169	Deichmann SE	Germany	5,313	6,110g	n/a	Apparel/Footwear Specialty	23	8.3%
170	Nike, Inc.	U.S.	5,304	27,799**	2,693	Apparel/Footwear Specialty	49	19.5%
171	Big Lots, Inc.	U.S.	5,302	5,302	125	Discount Store	2	2.7%
172	H2O Retailing Corporation	Japan	5,270	5,763	3	Department Store	1	2.0%
173	Life Corporation	Japan	5,226	5,376	38	Supermarket	1	2.9%
174	The SPAR Group Limited	S. Africa	5,175**	5,175**	129	Supermarket	7	12.1%
175	Tractor Supply Company	U.S.	5,165	5,165	328	Other Specialty	1	11.4%
176	Grupo Comercial Chedraui, S.A.B. de C.V.	Mexico	5,157	5,207	134	Hypermarket/Supercenter/Superstore	2	10.4%
177	El Puerto de Liverpool, S.A.B. de C.V.	Mexico	5,156	5,814	604	Department Store	1	9.7%
178	Coop Norge, the Group	Norway	5,133**	5,362**	-7	Supermarket	1	3.2%
179	Dashang Co., Ltd.	China	5,047	5,452	203	Department Store	1	12.2%
180	Shimamura Co., Ltd.	Japan	5,044	5,044	267	Apparel/Footwear Specialty	3	4.1%
181	Hudson's Bay Company	Canada	5,034	5,034	-249	Department Store	2	n/a
182	Foodstuffs North Island Ltd.	New Zealand	5,021e**	5,021e**	127	Hypermarket/Supercenter/Superstore	1	ne
183	Emke Group/Lulu Group International	UAE	5,000e	5,000e	n/a	Hypermarket/Supercenter/Superstore	10	18.7%
184	Groupe FNAC S.A.	France	4,932**	5,187**	20	Other Specialty	7	ne
185	MatsumotoKiyoshi Holdings Co., Ltd.	Japan	4,919**	4,949**	134	Drug Store/Pharmacy	1	4.8%
186	E.Land World Ltd.	S. Korea	4,914e**	5,683**	111	Apparel/Footwear Specialty	15	11.4%
187	Darty plc	U.K.	4,821	4,821	-9	Electronics Specialty	5	-9.5%
188	Chongqing Department Store Co., Ltd.	China	4,733	4,886	126	Department Store	1	36.0%
189	Yonghui Superstores Co., Ltd.	China	4,733	4,934	117	Hypermarket/Supercenter/Superstore	1	38.8%
190	Ascena Retail Group, Inc.	U.S.	4,715	4,715	151	Apparel/Footwear Specialty	3	26.7%
191	Harris Teeter Supermarkets, Inc.	U.S.	4,710	4,710	108	Supermarket	1	5.1%
192	OJSC "Company M.video"	Russia	4,657	4,657	180	Electronics Specialty	1	16.8%
193	Neiman Marcus Group LTD Inc.	U.S.	4,648	4,648	164	Department Store	2	0.2%
194	Michaels Stores, Inc.	U.S.	4,570	4,570	264	Other Specialty	2	3.7%
195	Arcs Co., Ltd.	Japan	4,554	4,567	64	Supermarket	1	13.8%
196	Lenta Group	Russia	4,539	4,539	223	Hypermarket/Supercenter/Superstore	1	23.2%
197	Nonggongshang Supermarket (Group) Co. Ltd.	China	4,538e	4,538g	n/a	Supermarket	1	5.2%
198	Douglas Holding AG	Germany	4,532e	4,532e	n/a	Other Specialty	18	1.9%
199	Celesio AG	Germany	4,532	28,435**	221	Drug Store/Pharmacy	7	-0.8%
200	Sundrug Co., Ltd.	Japan	4,474**	4,474**	157	Drug Store/Pharmacy	1	14.2%
201	Burlington Coat Factory Investments Holdings, Inc.	U.S.	4,462	4,462	44	Department Store	2	4.6%
202	Tokyu Corporation	Japan	4,432	10,820	574	Department Store	3	-5.2%
203	Save Mart Supermarkets	U.S.	4,390e	4,390e	n/a	Supermarket	1	-3.0%
204	Williams-Sonoma, Inc.	U.S.	4,388	4,388	279	Other Specialty	10	5.5%
205	DCM Holdings Co., Ltd.	Japan	4,361	4,364	103	Home Improvement	1	0.7%

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206	O'Key Group S.A.	Russia	4,330	4,387	157	Hypermarket/Supercenter/Superstore	1	22.3%
207	Valor Co., Ltd.	Japan	4,324	4,537	92	Supermarket	2	5.8%
208	Iceland Topco Limited	U.K.	4,309**	4,309**	n/a	Supermarket	7	5.4%
209	Coach, Inc.	U.S.	4,303e	4,806**	781	Other Specialty	17	9.6%
210	Demoulas Super Markets, Inc.	U.S.	4,300e	4,300e	n/a	Supermarket	1	9.0%
211	Barnes & Noble, Inc.	U.S.	4,295	6,381**	-47	Other Specialty	1	-3.5%
212	Berkshire Hathaway Inc./Retail operations	U.S.	4,288	182,150	19,845	Other Specialty	8	6.7%
213	Arcadia Group Limited	U.K.	4,277**	4,277**	693	Apparel/Footwear Specialty	46	8.2%
214	SM Investments Corporation	Philippines	4,276	5,988	904	Department Store	1	9.5%
215	Lawson, Inc.	Japan	4,229**	4,877**	384	Convenience/Forecourt Store	4	6.6%
216	GS Retail Co., Ltd.	S. Korea	4,223	4,332	110	Convenience/Forecourt Store	1	7.4%
217	Signet Jewelers Limited	Bermuda	4,209	4,209	368	Other Specialty	3	4.7%
218	HORNBACH-Baumarkt-AG Group	Germany	4,202	4,202	75	Home Improvement	9	3.9%
219	Abercrombie & Fitch Co.	U.S.	4,117	4,117	55	Apparel/Footwear Specialty	22	3.1%
220	RONA Inc.	Canada	4,072**	4,072**	-149	Home Improvement	1	-3.0%
221	Belk, Inc.	U.S.	4,038	4,038	159	Department Store	1	2.9%
222	Agrokor d.d.	Croatia	4,011**	5,291**	6	Supermarket	3	n/a
223	East Japan Railway Company (JR East)	Japan	4,005	27,002	2,008	Convenience/Forecourt Store	1	-0.7%
224	Forever 21, Inc.	U.S.	4,000e	4,000e	n/a	Apparel/Footwear Specialty	39	18.7%
225	PRADA Group	Italy	3,989	4,776	849	Apparel/Footwear Specialty	42	28.0%
226	Axfood AB	Sweden	3,989	5,763**	153	Supermarket	1	2.4%
227	Gruppo Eurospin	Italy	3,985e**	4,317g**	n/a	Discount Store	2	7.8%
228	Groupe Vivarte	France	3,977	3,977	n/a	Apparel/Footwear Specialty	64	0.9%
229	Norma Lebensmittelfilialbetrieb Stiftung & Co. KG	Germany	3,958e	3,958e	n/a	Discount Store	4	3.2%
230	Roundy's, Inc.	U.S.	3,950	3,950	35	Supermarket	1	0.4%
231	Systembolaget AB	Sweden	3,948	3,948	44	Other Specialty	1	3.9%
232	Academy Sports + Outdoors	U.S.	3,900e	3,900e	n/a	Other Specialty	1	11.5%
233	Tsuruha Holdings Inc.	Japan	3,864	3,865	148	Drug Store/Pharmacy	2	9.1%
234	Heiwado Co., Ltd.	Japan	3,863	4,066	81	Hypermarket/Supercenter/Superstore	2	-0.4%
235	Joshin Denki Co., Ltd.	Japan	3,863**	4,014**	30	Electronics Specialty	1	2.1%
236	Stater Bros. Holdings Inc.	U.S.	3,860	3,860	30	Supermarket	1	1.2%
237	Müller Ltd. & Co. KG	Germany	3,854e	4,582ge	n/a	Drug Store/Pharmacy	7	6.5%
238	XXXLutz Group	Austria	3,852e	3,852e	n/a	Other Specialty	8	4.7%
239	Woolworths Holdings Limited	S. Africa	3,834	3,834	289	Department Store	17	13.4%
240	Nitori Holdings Co., Ltd.	Japan	3,831	3,895	386	Other Specialty	3	9.5%
241	SMU S.A.	Chile	3,823**	3,857**	-1,073	Supermarket	2	29.8%
242	Lagardère Services SA	France	3,810	4,974	n/a	Other Specialty	34	4.3%
243	Reinalt-Thomas Corporation (dba Discount Tire/America's Tire)	U.S.	3,800e	3,800e	n/a	Other Specialty	1	9.5%
244	Tiffany & Co.	U.S.	3,800e	4,031**	181	Other Specialty	25	7.1%
245	Ralph Lauren Corporation	U.S.	3,798	7,450**	776	Apparel/Footwear Specialty	47	14.4%
246	Liquor Control Board of Ontario	Canada	3,773e	4,750**	1,659	Other Specialty	1	3.1%
247	Magazine Luiza SA	Brazil	3,758	4,063	53	Electronics Specialty	1	27.5%
248	HTM-Group	France	3,706e	3,706e	n/a	Electronics Specialty	1	19.1%
249	Welcia Holdings Co., Ltd.	Japan	3,705	3,705	89	Drug Store/Pharmacy	2	ne
250	Overwaitea Food Group	Canada	3,700e	3,700e	n/a	Supermarket	1	6.5%

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JD.com, Inc. (formerly Beijing Jingdong Century Trade Co., Ltd. and 360buy Jingdong Inc.)	92
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Global Powers of Retailing Top 250 highlights

2013 a challenging year for retailers as global economy decelerates

As a whole, 2013 was another challenging year for retailers. Europe remained in recession during most of 2013, although it began to recover modestly by the end of the year and heading into 2014 – but growth remained poor. The economy continued to be afflicted by weak credit markets, fiscal austerity, and weak export markets. The U.S. economy grew slowly in 2013 largely due to a tightening of fiscal policy. Wages were relatively stagnant except for households at the upper end. In Japan, there were signs of an economic recovery owing mainly to the government's economic stimulus measures, but the economy slowed in the second half of the year. Efforts to create some inflation did not yield wage gains, and real purchasing power for consumers continued to decline.

The Chinese economy decelerated sharply in 2013, and similar slow growth continued into 2014. Inflation decelerated and producer prices declined, indicating lots of excess capacity in the economy. The government cracked down on lavish spending by officials and luxury gift giving, creating problems for high-end retailing. On the positive side, a shortage of labour boosted wages.

Many emerging countries saw their economies decelerate during this period as capital flowed back to the United States following talks of a change in U.S. monetary policy. Emerging market central banks tightened monetary policy in order to stabilize their currencies. This had a chilling effect on investment and slowed growth.

The continued weak global economy left many consumers financially constrained and retail sales under pressure. Revenue growth for the Top 250 Global Powers of Retailing, which began decelerating in 2011, continued to slow in 2013. Sales-weighted, currency-adjusted retail revenue increased 4.1 percent in 2013 for the Top 250, following a 4.9 percent gain in 2012, 5.1 percent growth in 2011, and an increase of 5.3 percent in 2010. Although growth continued to decelerate, nearly 80 percent of the Top 250 (199 companies) posted an increase in retail revenue in 2013.

Despite softer growth, profitability for the Top 250 improved. Net income/loss figures were available for 195 of the Top 250 companies in 2013. More than 90 percent of the reporting companies (179) were profitable, a slight increase over 2012 results. The composite net profit margin advanced to 3.4 percent from 3.1 percent the year before. A higher profit margin boosted composite return on assets to 5.3 percent from 5.0 percent in 2012. (Note: Comparisons with prior year Top 250 results should be interpreted with caution due to changes in the composition of the Top 250 group over time).

Net profits for Top 250 companies that are not primarily retailers are excluded from the composite net profit margin and return on assets calculations. Because these companies do not derive the majority of their revenue from retail operations, their consolidated profits mostly reflect their non-retail activities. Nine such companies were excluded in 2013: Alliance Boots, Apple, Associated British Foods, Berkshire Hathaway, Celesio, East Japan Railway, Nike, SHV Holdings, and Tokyu Corp.

The Top 250 Global Powers of Retailing generated retail revenue approaching $4.4 trillion in 2013, with an average size of more than $17.4 billion (all monetary amounts shown in U.S. dollars). To earn a spot on the list required fiscal 2013 retail revenue of $3.7 billion, down from 2012's $3.8 billion. The lower threshold is the result of a decision to exclude convenience store companies from consideration if the majority of their retail revenue is derived from the sale of motor fuel. This resulted in the elimination of seven former Top 250 companies, which made room at the bottom of the list for newcomers.

Competition to be among the Top 250 is keen at the bottom of the list as most retailers are not mega-sized companies. More than one quarter of the Top 250 (68 companies) had retail revenue of less than $5 billion in 2013. Only 46 companies, or less than 20 percent, had retail sales of $20 billion or greater. Knocking on the door were 39 companies between $3.0 billion and $3.7 billion in 2013 retail revenue.

Top 250 quick stats 2013

- $4.35 trillion – aggregate retail revenue of Top 250
- $17.42 billion – average size of Top 250 (retail revenue)
- $3.7 billion – minimum retail revenue required to be among Top 250
- 4.1% – composite year-over-year retail revenue growth
- 4.2% – 2008-2013 composite compound annual growth rate in retail revenue
- 3.4% – composite net profit margin
- 5.3% – composite return on assets
- 24.2% – percent of Top 250 retail revenue from foreign operations
- 10.2 – average # of countries with retail operations per Top 250 company
- 65.2% – Top 250 retailers with foreign operations

Top 10 retailers worldwide, 2013

Top 250 rank	Name of company	Country of origin	2013 Retail revenue (US$mil)	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[e]	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[1]	Germany	86,393[e]	-2.5%	0.7%	1.4%	-0.9%	32	62.3%
8	Aldi Einkauf GmbH & Co. oHG	Germany	81,090[e]	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[2]			**$1,294,698**	**2.0%**	**2.8%**	**6.0%**	**3.0%**	**16.5[3]**	**32.5%**
Top 250[2]			**$4,354,562**	**4.1%**	**3.4%**	**5.3%**	**4.2%**	**10.2[3]**	**24.2%**
Top 10 share of Top 250 retail revenue			29.7%						

*Compound annual growth rate
[1] 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 equilvalent to prior years.

[2] Sales-weighted, currency-adjusted composites
[3] Average
e = estimate
n/a = not available

Sources: Published company data and Planet Retail

Revenue declines for three top 10 retailers; Costco moves into second place

Costco's steady sales growth boosted the company into second place in 2013 from third in 2012, continuing its ascent up the top 10 leader board. Carrefour, Schwarz Group, Tesco, and Kroger – ranked in marginal descending order – all achieved 2013 retail revenue of $98+ billion. Despite lower sales in 2013, Carrefour, which ranked fourth in 2012, assumed third place, while Schwarz Group moved up two spots into fourth place. Tesco dropped from second place in 2012 to fifth in 2013 as a result of both declining sales and a weaker British pound against the U.S. dollar. Sixth-ranked Kroger may overtake all three of these companies in the future as a result of its January 2014 acquisition of Harris Teeter Supermarkets, which had revenues of $4.7 billion in fiscal year 2013.

Further down the league table, Metro – despite a 2.5 percent sales decline – maintained its ranking as the world's seventh largest retailer based on 2013 annualised sales. (Metro changed its fiscal year from the end of December to the end of September. The company's 2013 results reported here include the 9 months ended 30 September – its shortened fiscal year – plus the three months ended 31 December to create a 12-month period equivalent to prior years.) Aldi overtook Home Depot on the back of a stronger euro, moving into eighth place. Tenth-ranked Target, which joined the top 10 for the first time in 2012, retained its position. However, it will likely be surpassed in 2014 by eleventh-ranked Walgreen, which acquired the remaining 55 percent of Alliance Boots in August 2014.

Compared with the Top 250 overall, the 10 largest retailers have a much bigger global footprint. On average, the top 10 had retail operations in 16.5 countries compared with 10.2 countries for the Top 250. Nearly one-third of the top 10's total retail revenue came from foreign operations, while the entire group derived about one-quarter of its collective business outside the retailers' home country. Four of the world's largest retailers – Carrefour, Schwarz, Metro, and Aldi – depended on foreign markets for the majority of their sales. Target's expansion into Canada in 2013 left Kroger as the lone single-country operator among the world's 10 largest retailers.

Changes in the overall ranking from year-to-year are generally driven by increases or decreases in companies' sales. However, a stronger currency vis-à-vis the dollar in 2013 means that companies reporting in that currency may rank higher in 2013 than they did in 2012, all other things being equal. Conversely, companies reporting in a weaker currency may rank lower. Among the major currencies in 2013, the euro strengthened against the dollar, as did China's yuan renminbi to a lesser degree. The Japanese yen, South African rand, Brazilian real, and Indian rupee all depreciated sharply while the British pound was slightly weaker.

Global Powers of Retailing geographical analysis

For purposes of geographical analysis, companies are assigned to a region based on their headquarters location, which may not always coincide with where they derive the majority of their sales. Although many companies derive sales from outside their region, 100 percent of each company's sales are accounted for within that company's region.

Growth falls to four-year low for European and North American retailers in 2013

The European region, with 90 companies, accounted for the largest share of the world's Top 250 retailers in 2013. However, North America, with 88 companies averaging nearly $22 billion in retail sales, maintained the largest share of Top 250 revenue. Despite their number and size, the European and North American retailers posted the lowest composite growth rates in 2013 at 2.6 percent and 3.1 percent, respectively. For both regions, top-line revenue grew at the slowest pace since 2009.

Nearly one-quarter of the Top 250's European retailers (22 of 90 companies) and North American retailers (20 of 88 companies) experienced declining retail revenue in 2013. Many of these companies continue to rationalize their portfolios and disengage from difficult markets with the effect of reducing the overall size of their businesses.

Tesco's operations in China, the United States, and Japan were all treated as discontinued in 2013. Tesco has teamed up with China Resources Enterprise to combine its 134 Chinese stores with CRE's Vanguard unit, which operates almost 3,000 hypermarkets and supermarkets across China and Hong Kong. Tesco will be a minority partner in the joint venture. This move follows decisions to abandon the United States and Japan and focus on investing in its home market.

In line with Carrefour's turnaround plan that includes reducing its presence in Asia and refocusing on core activities, the French retailer sold its 60 percent stake in Carrefour Indonesia to its local partner CT Corp in January 2013. This came shortly after the sale of its Malaysian business to Aeon in November 2012. Carrefour also reorganized its partnership in Turkey, with its Turkish partner becoming the majority shareholder of the joint venture. Metro, Dixons, Delhaize, Makro, Darty, and Dia also disposed of non-core operations in 2013.

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%

Results reflect Top 250 retailers headquartered in each region/country

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%

Results reflect Top 250 retailers headquartered in each region/country

In North America, Safeway completed the sale of Canada Safeway to Sobeys, a wholly-owned subsidiary of Empire Company, in November 2013. With Canada Safeway considered a discontinued operation, the company's revenue dropped 19.2 percent. (Note: In March 2014, Safeway announced it had entered into a definitive merger agreement with Albertsons.) Best Buy divested its Best Buy Europe joint venture in June 2013, resulting in a 14.5 percent revenue reduction.

While growth moderated, profitability improved for both regions in 2013. North American retailers reported a 3.5 percent composite net profit margin. For the European region, the composite net profit margin was 3.2 percent. North American retailers made more profitable use of their resources compared with European retailers, generating a 6.8 percent return on assets versus Europe's 4.5 percent.

Among the big three European economies, German retailers saw the strongest top-line growth, albeit a modest 3.5 percent. This compares with 3.3 percent for the French retailers and no growth for the U.K.-based companies on a composite basis. More than one-third (5 of 14 U.K. companies) witnessed declining sales in 2013. On the bottom line, French retailers were the most profitable, posting a composite net profit margin of 3.6 percent.

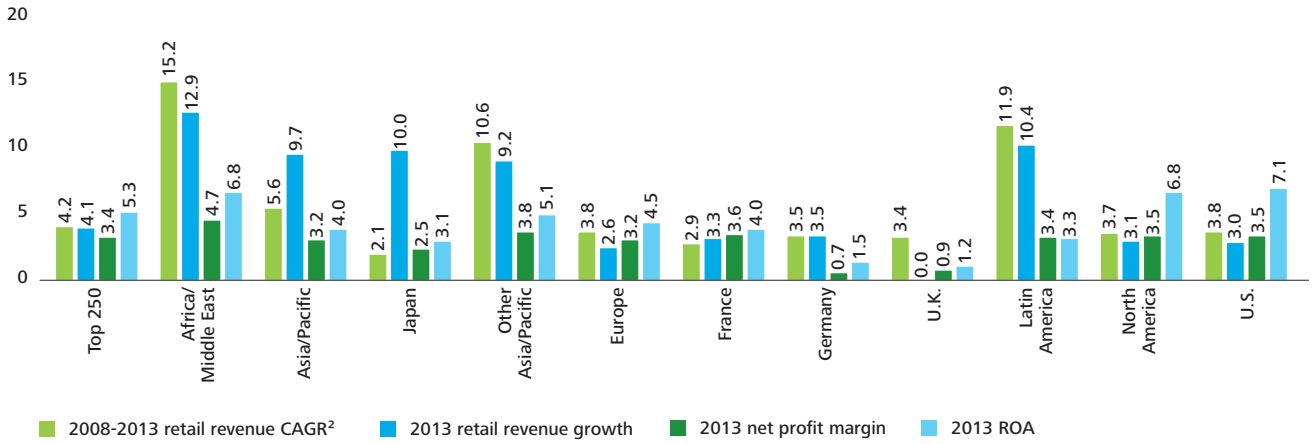
European retailers are, by far, the most globally active – especially those based in Germany and France where revenue from foreign operations exceeds 40 percent. On average, Europe's Top 250 retailers operated in 16.2 countries in 2013 compared with 10.2 for the Top 250 as a whole and more than twice the North American average of 7.8 countries. While the share of Top 250 retailers that operate outside their home country continues to grow, the North American region maintained the highest percentage of single-country operators (44.3 percent in 2013).

In the Asia/Pacific region, retail revenue grew a robust 9.7 percent in 2013, fueled by Japanese retailers' 10 percent increase in sales. Nearly one-third of Japan's Top 250 retailers (10 companies) enjoyed double-digit sales growth in 2013. Part of the increase – especially late in the fiscal year – was the result of a consumer spending spree that occurred prior to the national sales tax hike that took effect on April 1, 2014.

Acquisitions also played a significant role. Japan's leading electronics and appliance specialty retailer Yamada Denki increased its shareholding to a majority stake in Best Denki in December 2012, making it a consolidated subsidiary and boosting the company's revenue 11.3 percent in 2013. Aeon undertook a series of acquisitions that helped grow the retail giant's 2013 retail revenue by 11.9 percent. Revenue for Bic Camera soared 56.2 percent in 2013 following the acquisition of a controlling stake in its smaller rival Kojima, creating the second-biggest group in Japan's electronics retail industry. Japanese drug store retailers Tsuruha Holdings and Welcia Holdings also made acquisitions during the fiscal year, driving further consolidation in that industry.

The average number of countries with retail operations includes the location of franchised, licensed and joint venture operations in addition to corporate-owned channels of distribution. Where information was available, the number of countries reflects non-store sales channels, such as consumer-oriented e-commerce sites, catalogs and TV shopping programs, as well as store locations. However, for many retailers, specific information about non-store activity was not available.

Sales growth and profitability by region/country[1] (%)



Results reflect Top 250 companies headquartered in each region/country
1 Sales-weighted, currency-adjusted composites 2 Compound annual growth rate

Source: Published company data and Planet Retail

It should be noted that the continued depreciation of the Japanese yen in 2013 eliminated a number of Japanese retailers who, except for the currency headwinds, would have remained among the Top 250. In 2013, there were 31 Japanese retailers in the Top 250 down from 39 in 2012.

All but one of the 10 Latin American retailers in the Top 250 saw their top-line sales increase in 2013 – seven at a double-digit pace. As a result, composite revenue growth was up 10.4 percent, second only to the Africa/Middle East region. Nevertheless, both sales growth and profitability for the region declined from their 2012 levels, dragged down by Chilean retailer SMU's results as the company implemented a plan to strengthen its financing, including the sale of assets.

Strong growth continued to yield above-average profitability in the Africa/Middle East region in 2013. All seven of the region's Top 250 retailers posted revenue increases, which ranged from 6.5 percent (Pick n Pay Stores) to 21.6 percent (Steinhoff International) and resulted in composite retail revenue growth of 12.9 percent – the highest of any region. The group's composite net profit margin of 4.7 percent also led the industry. The region's six publicly held retailers all operated profitably during the year.

Top 10 retailers by region

Carrefour slipped into the top spot as Europe's largest retailer in 2013, marginally ahead of Schwarz and Tesco. Schwarz moved into second place from third in 2012, the only retailer of the three to post an increase in retail revenue in 2013. Tesco, which had been the top-ranked retailer in 2012, fell to number three as the U.K. retailer offloaded its operations in the United States and Japan and scaled back its ambitions for China. After taking control of Pão de Açúcar in July 2012, Casino rose from eighth place in 2012 to sixth in 2013. Despite these changes to the order, these 10 companies have constituted the region's leader board since 2011.

The top 10 North American retailers, all U.S.-based, did not change in name or ranking in 2013, with Wal-Mart the undisputed leader both regionally and globally. Costco widened its lead over third-ranked Kroger in 2013, having surpassed the region's largest supermarket operator for the first time in 2012. However, Costco may face a challenge in 2014 following Kroger's January 2014 acquisition of Harris Teeter. Best Buy maintained its position as the region's tenth-ranked retailer despite a double-digit sales decline. The U.S. electronics giant sold its 50% ownership interest in Best Buy Europe to Carphone Warehouse, its former partner, in June 2013.

Region rank	Top 250 rank	Company	Country of origin	2013 retail revenue (US$ mil)	2013 retail revenue growth
Top 10 European retailers, 2013					
1	3	Carrefour S.A.	France	$98,688	-2.4%
2	4	Schwarz Unternehmens Treuhand KG	Germany	$98,662[e]	9.5%
3	5	Tesco PLC	U.K.	$98,631	-2.0%
4	7	Metro Ag[1]	Germany	$86,393[e]	-2.5%
5	8	Aldi Einkauf GmbH & Co. oHG	Germany	$81,090[e]	4.7%
6	13	Casino Guichard-Perrachon S.A.	France	$63,468**	15.1%
7	14	Groupe Auchan SA	France	$62,444	2.4%
8	16	Edeka Zentrale AG & Co. KG	Germany	$59,704**	3.3%
9	21	Rewe Combine	Germany	$51,109**	1.0%
10	23	Centres Distributeurs E. Leclerc	France	$47,671e**	4.1%
Top 10 North American retailers, 2013					
1	1	Wal-Mart Stores, Inc.	U.S.	$476,294	1.5%
2	2	Costco Wholesale Corporation	U.S.	$105,156	6.1%
3	6	The Kroger Co.	U.S.	$98,375	1.7%
4	9	The Home Depot, Inc.	U.S.	$78,812	5.4%
5	10	Target Corporation	U.S.	$72,596	0.9%
6	11	Walgreen Co.	U.S.	$72,217	0.8%
7	12	CVS Caremark Corporation	U.S.	$65,618	3.1%
8	15	Amazon.com, Inc.	U.S.	$60,903	17.7%
9	20	Lowe's Companies, Inc.	U.S.	$53,417	5.7%
10	25	Best Buy Co., Inc.	U.S.	$42,410	-14.5%

[1] 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

A recent series of acquisitions kept Japan's Aeon in the lead as the largest retailer in the Asia/Pacific region. Following the November 2012 acquisition of Carrefour Malaysia, Aeon bought a 50 percent stake in Tesco Japan in January 2013. In March, the company acquired Peacock Stores, a Japanese supermarket chain, from J. Front Retailing. In September 2014, Aeon agreed to acquire the remaining shares in struggling supermarket operator Daiei that it does not already own, making it a wholly owned subsidiary in 2015. In October 2014, it made an offer to acquire the remaining stake in supermarket operator Maruetsu. Also in October, the company offered to acquire an additional stake in Welcia Holdings, a Japanese drug store chain that just made its debut among the Top 250 (see Top 250 newcomers, p.29. The transaction will increase Aeon's shareholding to 50.01 percent and is expected to create the largest drug store retailer in Japan.

There were only two minor changes to the Asia/Pacific region's top 10 in 2013. A.S. Watson ranked ahead of Yamada Denki due to the relative strength of the Hong Kong dollar versus the yen in the dollar-denominated ranking. Gome Home Appliance Group rejoined the leader board following a one-year absence. The retailer fell out of the top 10 in 2012 when its revenue and store count both dropped significantly, the result of slower economic growth in China and competition from online channels.

In 2013, the Latin American region included 10 Top 250 companies compared with nine in 2012. Magazine Luiza, occupying tenth place, is Brazil's second-largest retailer. Except for this newcomer, the list is virtually unchanged from the prior year. Mexico's Coppel, a retailer of electronics and household goods to low-income consumers, moved ahead of Brazil's Lojas Americanas, although both retailers reported strong, double-digit sales growth in 2013. The depreciation of the Brazilian real in 2013 was responsible for the change in the companies' relative ranking.

The Africa/Middle East region continued to be represented by seven retailers in 2013. Five are based in South Africa, including top-ranked Shoprite Holdings. The country's largest food retailer, Shoprite operates in 15 markets across sub-Saharan Africa. Expansion continues mainly organically at home and abroad. Fast-growing furniture retailer Steinhoff International was the region's second-largest retailer in 2013. Also based in South Africa, the company operates in 26 markets, primarily in Africa and Europe. In November 2013, Steinhoff acquired the kika-Leiner Group, a furniture retailer with 73 shops in Austria, Central and Eastern Europe. With annual sales of approximately 1.2 billion euros, the acquisition will enable Steinhoff to challenge Shoprite for the top spot in the future.

Region rank	Top 250 rank	Company	Country of origin	2013 retail revenue (US$ mil)	2013 retail revenue growth
Top 10 Asia/Pacific retailers, 2013					
1	17	Aeon Co., Ltd.	Japan	$57,986**	11.9%
2	18	Woolworths Limited	Australia	$54,457	3.9%
3	19	Seven & i Holdings Co., Ltd.	Japan	$54,258**	13.3%
4	22	Wesfarmers Limited	Australia	$50,711	4.6%
5	40	Lotte Shopping Co., Ltd.	S. Korea	$24,601	13.4%
6	51	A.S. Watson Group	Hong Kong SAR	$19,230**	0.4%
7	53	Yamada Denki Co., Ltd.	Japan	$18,921**	11.3%
8	59	Suning Commerce Group Co., Ltd.	China	$16,616	4.6%
9	69	Gome Home Appliance Group	China	$13,441e	9.6%
10	74	Isetan Mitsukoshi Holdings Ltd.	Japan	$12,856	6.7%
Top 10 Latin American retailers, 2013					
1	47	Cencosud S.A.	Chile	$19,855	13.1%
2	88	S.A.C.I. Falabella	Chile	$11,377	13.0%
3	127	Organización Soriana, S.A.B. de C.V.	Mexico	$8,240**	0.4%
4	134	FEMSA Comercio, S.A. de C.V.	Mexico	$7,655	12.9%
5	149	Coppel S.A. de C.V.	Mexico	$6,304	17.0%
6	150	Lojas Americanas S.A.	Brazil	$6,247	18.2%
7	176	Grupo Comercial Chedraui, S.A.B. de C.V.	Mexico	$5,157	3.8%
8	177	El Puerto de Liverpool, S.A.B. de C.V.	Mexico	$5,156	11.8%
9	241	SMU S.A.	Chile	$3,823**	-9.2%
10	247	Magazine Luiza SA	Brazil	$3,758	14.5%
Top Africa/Middle East retailers, 2013					
1	107	Shoprite Holdings Ltd.	S. Africa	$9,869**	10.2%
2	128	Steinhoff International Holdings Ltd.	S. Africa	$8,217	21.6%
3	148	Pick n Pay Stores Limited	S. Africa	$6,351	6.5%
4	151	BİM Birleşik Mağazalar A.Ş.	Turkey	$6,242	19.6%
5	174	The SPAR Group Limited	S. Africa	$5,175**	9.7%
6	183	Emke Group/Lulu Group International	UAE	$5,000e	9.6%
7	239	Woolworths Holdings Limited	S. Africa	$3,834	12.7%

e = estimate
** Revenue includes wholesale and retail sales

Global Powers of Retailing product sector analysis

The Global Powers of Retailing analyzes retail performance by primary retail product sector as well as by geography. Four sectors are used for analysis: Apparel & Accessories, Fast-Moving Consumer Goods, Hardlines & Leisure Goods, and Diversified. A company is assigned to one of three specific product sectors if at least half of its sales are derived from that broadly defined product category. If none of the three specific product sectors account for at least 50 percent of a company's sales, it is considered to be diversified.

Softlines and hardlines retailers outpace fast-moving consumer goods in 2013

Retailers of food and other fast-moving consumer goods (FMCG) continue to dominate the Top 250 in number and size of companies. However, unlike in 2011 and 2012 when this sector enjoyed stronger growth than the other product groups, in 2013, it took a back seat to both softlines and hardlines retailers. Still, composite retail revenue grew 4.0 percent, and profitability remained solid at 2.8 percent. In the aggregate, the 132 FMCG retailers accounted for over half of Top 250 companies and more than two-thirds of Top 250 retail revenue.

Despite their large size – retailers of fast-moving consumer goods generated average 2013 retail revenue of more than $22 billion – companies in this sector are the least geographically dispersed, concentrating their operations in an average of 4.9 countries. More than 40 percent continue to operate only within their domestic borders. Nevertheless, foreign operations generated a sizeable 23.2% share of FMCG retailers' combined sales. And, it should be noted, the overall sector results disguise the global expansion activity of several of the largest companies that operate in dozens of countries and derive the majority of their sales from foreign operations.

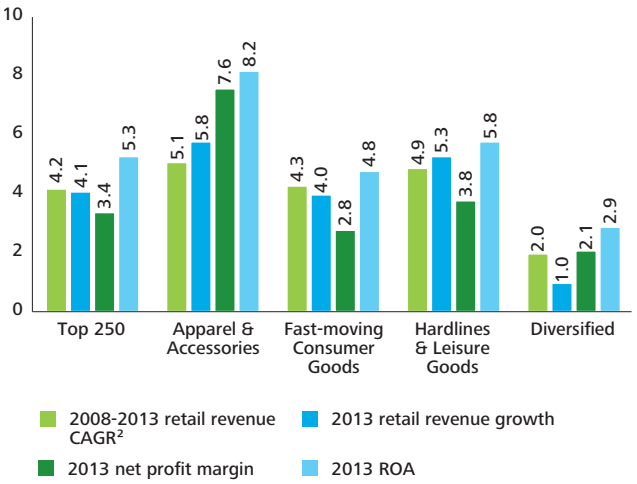
The high-margin apparel & accessories sector was the fastest-growing product group in 2013 with 5.8 percent composite revenue growth.

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[1] (%)



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

Source: Published company data and Planet Retail

This group of companies – although relatively small in size with average retail revenue of $9.1 billion – has the distinction of being the most global. Thirty-seven of the 44 Top 250 apparel & accessories retailers operated internationally in 2013. On average, retailers in this product sector have expanded their operations to more than 27 countries around the globe and generated nearly one-third of their revenues outside their home country.

International expansion also continues to be an important growth strategy for many retailers of hardlines & leisure goods, particularly for European companies, many of which have expanded into a number of neighboring countries within their region. In 2013, the 52 companies in this sector operated in 8.7 countries, on average. As a group, they generated one-quarter of their total retail revenue from foreign operations. In 2013, this sector saw an improvement in both top-line sales and bottom-line profits. Composite retail revenue grew a healthy 5.3 percent. The group produced a composite net profit margin of 3.8 percent.

Diversified retailers sell a broad product offering and often operate a range of formats including department stores, hypermarkets, general merchandise discount stores, specialty stores, and non-store channels. This group was represented by 22 companies in 2013. Including the likes of Germany's Metro group, Target and Sears Holdings in the United States, and British retailer Marks & Spencer, the average size of the companies in this group was more than $16 billion.

Historically, the diversified group has underperformed compared with the three specific product sectors, and 2013 was no exception. Composite revenue growth was an anemic 1.0%. The group's composite net profit margin, at 2.1%, was also subpar. However, diversified companies from emerging growth markets – South Korea's Lotte Shopping Co., Chile's Falabella, Brazil's Lojas Americanas, Thailand's Central Retail Corp., Philippines' SM Investments Corp., and South Africa's Woolworths Holdings – greatly outperformed the group's composite results.

Level of globalization by product sector, 2013

	% 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 10 retailers by product sector

The eight largest fast-moving consumer goods retailers have been ranked among the sector's top 10 since 2006 when Walgreen first joined the leader board. CVS moved into the FMCG top 10 in 2009 following the acquisition of Longs Drug Stores in October 2008. In 2013, the sector's tenth-ranked company, Casino, rose to 13th place overall among the Top 250 from 20th place in 2012, mainly reflecting the full consolidation of Pão de Açúcar (now called GPA) from July 2012 and Monoprix from April 2013. Japan's Aeon was bumped from the FMCG top 10 by Casino despite a double-digit sales increase, a result of the weak yen. Other noteworthy changes are Costco's continued ascent into second place behind Wal-Mart and the battle for third place among Carrefour, Schwarz, Tesco, and Kroger – all with 2013 retail revenue of $98+ billion.

Sector rank	Top 250 rank	Company	Country of origin	2013 retail revenue (US$ mil)	2013 retail revenue growth
Top 10 fast-moving consumer goods retailers, 2013					
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[e]	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[e]	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

Macy's held onto its lead as the top apparel & accessories retailer – but not by much, with TJX right on its heels. H&M moved into fifth place ahead of Kohl's whose sales declined in 2013. The biggest changes, however, took place at the bottom of the list. Sales soared in 2013 for Japan's Fast Retailing, best known for its UNIQLO casualwear brand, boosting the fashion retailer into the sector's top 10 for the first time. Sustained growth also propelled Nordstrom back into the top 10, while J.C. Penney, once one of the sector's largest players, fell out of contention altogether in 2013 as sales declined for the third consecutive year. Japanese department store retailer J. Front Retailing dropped out of the top 10 in 2013, another victim of the depreciating yen.

The five largest retailers on the 2013 hardlines & leisure goods top 10 were the same as the year before with Home Depot as the frontrunner. Amazon remained as the sector's second biggest retailer despite a change in how its retail revenue was calculated for purposes of the Top 250 ranking. For the first time in 2013, retail revenue was defined as the company's net product sales where Amazon is the seller of record. It now excludes the sale of "services," which represent third-party seller fees and digital content subscriptions, as well as non-retail activities such as Amazon Web Services, advertising services, and its co-branded credit card agreements. Fourth-ranked Best Buy's lead over fifth-ranked IKEA continued to narrow following back-to-back years of declining sales for Best Buy. As already noted, Best Buy sold its 50% ownership interest in Best Buy Europe to Carphone Warehouse in June 2103. In August 2014, Carphone Warehouse and Dixons Retail merged to create Dixons Carphone, a contender for top 10 status in the future. On the bottom half of the list, the companies remained the same as in 2012 although in slightly different order.

The top 10 diversified retailers did not change in 2013 except at the very bottom of the list where Finland's Kesko – a multi-format food and general merchandise retailer – ranked tenth, displacing Beisia Group, which fell out of contention due to the yen's unfavorable currency exchange rate.

Metro maintained its lead as the largest diversified retailer even though sales declined as the company continued to reshape the group for the future. It should be noted that the ranking is based on annualized revenue for Metro Group, which changed its fiscal year from the end of December to the end of September in 2013.

Sector rank	Top 250 rank	Company	Country of origin	2013 retail revenue (US$ mil)	2013 retail revenue growth
Top 10 apparel & accessories retailers, 2013					
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	$24,392e	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	$18,197e**	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[1]	Germany	$86,393e	-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	$8,776e**	-7.2%

[1] 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

Top 250 newcomers

Top 250 newcomers, 2013

Top 250 rank	Name of company	Country of origin	Dominant format	2013 retail revenue growth
104	Chow Tai Fook Jewellery Group Limited	Hong Kong SAR	Other Specialty	9,979.3**
182	Foodstuffs North Island Ltd	New Zealand	Hypermarket/Supercenter/Superstore	5,021.2e**
189	Yonghui Superstores Co., Ltd.	China	Hypermarket/Supercenter/Superstore	4,733.1
190	Ascena Retail Group, Inc.	U.S.	Apparel/Footwear Specialty	4,714.9
196	Lenta Group	Russia	Hypermarket/Supercenter/Superstore	4,538.6
206	O'Key Group S.A.	Russia	Hypermarket/Supercenter/Superstore	4,330.1
214	SM Investments Corporation	Philippines	Department Store	4,275.8
224	Forever 21, Inc.	U.S.	Apparel/Footwear Specialty	4,000.0e
225	PRADA Group	Italy	Apparel/Footwear Specialty	3,989.3
227	Gruppo Eurospin	Italy	Discount Store	3,984.8e**
232	Academy Sports + Outdoors	U.S.	Other Specialty	3,900.0e
243	Reinalt-Thomas Corporation (dba Discount Tire/America's Tire)	U.S.	Other Specialty	3,800.0e
244	Tiffany & Co.	U.S.	Other Specialty	3,800.0e
245	Ralph Lauren Corporation	U.S.	Apparel/Footwear Specialty	3,798.0
247	Magazine Luiza SA	Brazil	Electronics Specialty	3,757.6
248	HTM-Group	France	Electronics Specialty	3,705.8e
249	Welcia Holdings Co., Ltd.	Japan	Drug Store/Pharmacy	3,705.1

e = estimate ** Revenue includes wholesale and retail sales

Source: Published company data and Planet Retail

Seventeen retailers joined the ranks of the Top 250 for the first time in 2013. The exclusion of seven gasoline station/convenience store companies in 2013 made way for many of the newcomers on the list.

Chow Tai Fook Jewellery Group, ranked 104th, is a leading jeweler in Mainland China, Hong Kong, and Macau. The company has an extensive retail network with over 2,100 points of sale spanning more than 480 cities in Greater China, Singapore, Malaysia, and South Korea as well as a strong presence on various e-tail platforms.

Four of the newcomers operate hypermarkets and supermarkets. Foodstuffs North Island Ltd. was created on 1 September 2013 through the merger of Foodstuffs Wellington and Foodstuffs Auckland, two of New Zealand's leading grocery retailer and wholesaler cooperatives. Yonghui Superstores, the second-fastest-growing retailer over the past five years (see Fastest 50, p. G31), is aggressively expanding across China. Lenta Group and O'Key Group are leading hypermarket operators in Russia.

Six U.S. retailers moved into the Top 250 for the first time in 2013. Ascena Retail Group, formerly The Dress Barn, acquired Charming Shoppes – a retailer specializing in women's plus-size apparel – in June 2012, which boosted the company into the Top 250 in 2013 following a full year of consolidation.

Successive years of solid growth propelled fashion retailer Forever 21; full-line sporting goods chain Academy Sports; tire and wheel retailer Discount Tire; Tiffany, a retailer of fine jewelry and other luxury items; and Ralph Lauren, designer and marketer of apparel and other premium lifestyle products, into the Top 250 for the first time in 2013.

Two Italian retailers targeting opposite ends of the socioeconomic spectrum made their Top 250 debut: Prada Group, a brand synonymous with luxury, and economy chain Gruppo Eurospin, the leading discount store banner in Italy. Two consumer electronics retailers are also new to the list. Magazine Luiza is one of Brazil's largest electronics and furniture retailers. France's HTM-Group operates a network of consumer electronics retail chains.

Other Top 250 newcomers in 2013 include SM Investments, a dominant retail player in its home market of the Philippines. The company has a strong presence with its multi-format operations consisting of department stores, supermarkets, and hypermarkets. Welcia Holdings is Japan's only newcomer in 2013. However, its tenure as a Top 250 retailer will likely be short lived. In April 2014, Aeon announced that, by February 2015, it plans to make the drug store operator its consolidated subsidiary, increasing its stake to more than 50 percent from its current 29.4 percent.

Global Powers of Retailing Fastest 50

The Fastest 50 is based on compound annual revenue growth over a five-year period. Fastest 50 companies that were also among the 50 fastest-growing retailers in 2013 make up an even more elite group. These retailers are designated in italicized bold type on the list.

Chinese online retailer JD.com heads Fastest 50

Retailers headquartered in emerging markets accounted for the majority of the Fastest 50 in 2013 (29 companies). In particular, Chinese retailers (including Hong-Kong-based companies) and Russian retailers are well represented among the 50 fastest-growing retailers over the 2008 through 2013 period, with nine and six companies, respectively.

Thirty-three Fastest 50 companies in 2013 were also among the Fastest 50 in 2012, as they continued to be propelled by acquisitions made over the five-year period and/or robust organic growth. Eleven companies on the list are 2013 Top 250 newcomers.

JD.com, the largest online direct sales company in China was the fastest-growing Top 250 retailer with compound annual growth of 123.6 percent. The company was founded in 2004 and went public in May 2014. In March 2013, Albertson's LLC – third on the list – acquired 870 Albertsons, Acme, Jewel-Osco, Shaw's and Star Market sites from Supervalu Inc., which had owned them since 2006 when Albertsons Inc. was broken up and sold. As a result, Albertson's generated the fastest year-over-year growth in 2013 – 489.7 percent.

Chilean supermarket operator SMU has the dubious distinction of being the only company in the Fastest 50 to report a decline in revenue in 2013. Although the company's compound annual growth rate ranked among the Fastest 50 due to a flurry of acquisitions over the five-year period, 2013 saw major financial restructuring as SMU closed a number of outlets and put three chains up for sale.

As a group, the 50 fastest-growing retailers increased retail revenue at a compound annual rate of 20.6 percent between 2008 and 2013, nearly five times the rate of the Top 250 overall. Fastest 50 retailers also significantly outperformed the Top 250 on the bottom line with a composite net profit margin of 4.9 percent, 1.5 percentage points higher than that of the Top 250. Twenty-nine Fastest 50 retailers were also among the 50 fastest-growing retailers in 2013.

50 fastest-growing retailers, 2008-2013

Growth rank	Top 250 rank	Name of company	Country of origin	2013 retail revenue (US $mil)	Dominant operational format	2008-2013 retail revenue CAGR[1]	2013 retail revenue growth	2013 net profit margin
1	92	***JD.com, Inc.***	China	10,827	Non-Store	123.6%	66.2%	-0.1%
2	189	***Yonghui Superstores Co., Ltd.***	China	4,733	Hypermarket/Supercenter/Superstore	38.8%	23.4%	2.4%
3	43	***Albertson's LLC***	U.S.	23,000[e]	Supermarket	38.6%	489.7%	n/a
4	111	Jumbo Groep Holding B.V.	Netherlands	9,420[g]	Supermarket	36.9%	1.9%	n/a
5	188	Chongqing Department Store Co., Ltd.	China	4,733	Department Store	36.0%	7.1%	2.6%
6	104	***Chow Tai Fook Jewellery Group Limited***	Hong Kong SAR	9,979**	Other Specialty	33.3%	34.8%	9.6%
7	102	***Southeastern Grocers, LLC***	U.S.	10,126[e]	Supermarket	32.2%	19.2%	n/a
8	128	***Steinhoff International Holdings Ltd.***	S. Africa	8,217	Other Specialty	31.5%	21.6%	8.4%
9	166	***OJSC Dixy Group***	Russia	5,628	Supermarket	30.2%	22.8%	1.7%
10	241	SMU S.A.	Chile	3,823**	Supermarket	29.8%	-9.2%	-27.8%
11	225	***PRADA Group***	Italy	3,989	Apparel/Footwear Specialty	28.0%	12.5%	17.8%
12	55	***OJSC "Magnit"***	Russia	18,197	Convenience/Forecourt Store	27.9%	26.2%	6.1%
13	247	***Magazine Luiza SA***	Brazil	3,758	Electronics Specialty	27.5%	14.5%	1.3%
14	15	***Amazon.com, Inc.***	U.S.	60,903	Non-Store	26.7%	17.7%	0.4%
15	190	***Ascena Retail Group, Inc.***	U.S.	4,715	Apparel/Footwear Specialty	26.7%	40.6%	3.2%
16	196	***Lenta Group***	Russia	4,539	Hypermarket/Supercenter/Superstore	23.2%	31.3%	4.9%
17	151	***BİM Birleşik Mağazalar A.Ş.***	Turkey	6,242	Discount Store	22.8%	19.6%	3.5%
18	46	Apple Inc./Apple Retail Stores	U.S.	20,228	Electronics Specialty	22.6%	7.4%	21.7%
19	78	***China Resources Enterprise, Limited***	Hong Kong SAR	12,258	Hypermarket/Supercenter/Superstore	22.4%	14.0%	2.2%
20	206	***O'Key Group S.A.***	Russia	4,330	Hypermarket/Supercenter/Superstore	22.3%	18.8%	3.6%
21	132	Compagnie Financière Richemont SA	Switzerland	7,841	Other Specialty	20.5%	7.5%	19.4%
22	170	***Nike, Inc.***	U.S.	5,304	Apparel/Footwear Specialty	19.5%	22.6%	9.7%
23	248	HTM-Group	France	3,706[e]	Electronics Specialty	19.1%	1.5%	n/a
24	183	Emke Group/Lulu Group International	UAE	5,000[e]	Hypermarket/Supercenter/Superstore	18.7%	9.6%	n/a
25	224	Forever 21, Inc.	U.S.	4,000[e]	Apparel/Footwear Specialty	18.7%	8.1%	n/a
26	40	***Lotte Shopping Co., Ltd.***	S. Korea	24,601	Hypermarket/Supercenter/Superstore	17.5%	13.4%	3.1%
27	113	***CP ALL Public Company Limited***	Thailand	9,286	Convenience/Forecourt Store	17.5%	46.0%	3.7%
28	144	***Associated British Foods plc/Primark***	U.K.	6,673	Apparel/Footwear Specialty	17.2%	22.0%	4.8%
29	153	***Central Retail Corporation Ltd.***	Thailand	6,207[e]	Department Store	17.2%	25.8%	n/a
30	149	***Coppel S.A. de C.V.***	Mexico	6,304	Department Store	17.1%	17.0%	13.5%
31	192	***OJSC "Company M.video"***	Russia	4,657	Electronics Specialty	16.8%	10.8%	3.9%
32	59	Suning Commerce Group Co., Ltd.	China	16,616	Electronics Specialty	16.3%	4.6%	0.4%
33	134	***FEMSA Comercio, S.A. de C.V.***	Mexico	7,655	Convenience/Forecourt Store	15.7%	12.9%	n/a

Companies in ***bold italic*** type were also among the 50 fastest-growing retailers in 2013.
Fastest 50 and Top 250 composite net profit margins exclude results for companies that are not primarily retailers.

[1]Compound annual growth rate
** Revenue includes wholesale and retail sales
e = estimate
g = gross turnover as reported by company

Source: Published company data and Planet Retail

50 fastest-growing retailers, 2008-2013

Growth rank	Top 250 rank	Name of company	Country of origin	2013 retail revenue (US $mil)	Dominant operational format	2008-2013 retail revenue CAGR[1]	2013 retail revenue growth	2013 net profit margin
34	162	Belle International Holdings Limited	Hong Kong SAR	5,856	Apparel/Footwear Specialty	15.2%	10.3%	12.4%
35	58	X5 Retail Group N.V.	Russia	16,785	Discount Store	15.0%	6.3%	2.1%
36	129	Shanghai Friendship Group Incorporated Co.	China	8,166**	Supermarket	14.8%	6.2%	2.4%
37	41	LVMH Moët Hennessy-Louis Vuitton S.A.	France	24,392e	Other Specialty	14.6%	3.7%	13.5%
38	245	Ralph Lauren Corporation	U.S.	3,798	Apparel/Footwear Specialty	14.4%	4.8%	10.4%
39	76	***Fast Retailing Co., Ltd.***	Japan	12,639**	Apparel/Footwear Specialty	14.3%	23.2%	8.2%
40	200	Sundrug Co., Ltd.	Japan	4,474**	Drug Store/Pharmacy	14.2%	9.9%	3.5%
41	150	***Lojas Americanas S.A.***	Brazil	6,247	Discount Department Store	14.0%	18.2%	3.0%
42	195	Arcs Co., Ltd.	Japan	4,554	Supermarket	13.8%	4.8%	1.4%
43	239	***Woolworths Holdings Limited***	S. Africa	3,834	Department Store	13.4%	12.7%	7.5%
44	145	O'Reilly Automotive, Inc.	U.S.	6,649**	Other Specialty	13.2%	7.6%	10.1%
45	62	Jerónimo Martins, SGPS, S.A.	Portugal	15,712	Discount Store	12.3%	10.7%	3.3%
46	179	Dashang Co., Ltd.	China	5,047	Department Store	12.2%	5.8%	3.7%
47	174	The SPAR Group Limited	S. Africa	5,175**	Supermarket	12.1%	9.7%	2.5%
48	232	***Academy Sports + Outdoors***	U.S.	3,900e	Other Specialty	11.5%	11.4%	n/a
49	120	***Dirk Rossmann GmbH***	Germany	8,820	Drug Store/Pharmacy	11.5%	11.6%	n/a
50	107	Shoprite Holdings Ltd.	S. Africa	9,869**	Supermarket	11.5%	10.2%	3.7%
Fastest 50 sales-weighted, currency-adjusted composite						**20.6%**	**19.2%**	**4.9%**
Top 250 sales-weighted, currency-adjusted composite						**4.2%**	**4.1%**	**3.4%**

Companies in ***bold italic*** type were also among the 50 fastest-growing retailers in 2013.
Fastest 50 and Top 250 composite net profit margins exclude results for companies that are not primarily retailers.

[1]Compound annual growth rate
** Revenue includes wholesale and retail sales
e = estimate
g = gross turnover as reported by company

Source: Published company data and Planet Retail

Top 50 e-retailers

E-retailing, as defined in this analysis, includes B2C e-commerce only, where the business owns the inventory and sales are made directly to the consumer. Companies that primarily operate as e-marketplaces, or facilitators, that aggregate many sellers are excluded from the Top 50 e-retailer analysis as their revenues are largely derived from fees and commissions on sales from third-parties – consumers or other businesses that own the inventory – rather than directly from the sale of goods.

Retailers extend online presence with multiple e-commerce models

Global Internet penetration continues to rise – particularly in Africa, the Middle East, Southeast Asia, and Central Asia. Along with a greater number of Internet users is a dramatic increase in the number of mobile internet-enabled devices, such as smartphones and tablets. The embrace of these technologies is having a dramatic impact on media usage, marketing, and e-commerce, as well as enabling new consumer shopping behaviors.

As e-commerce competition heats up, retailers pursuing greater online sales face an increasingly crowded, complex, and fragmented market. In order to grab consumers' attention and extend their online presence, many sellers are utilizing multiple online models including:

- Directly operated online storefront
- Online storefront on third-party marketplace
- Incorporating third-party marketplace into retailer's own online storefront
- Expansion of click and collect services
- Selling products to other e-retailers on a wholesale or consignment basis
- Social networking and commerce applications
- Affiliate marketing programs, where one business sells the products of another in return for a commission
- Paid search and comparison shopping sites as key influencers of consumer purchase decisions

As online sales accelerate, especially in developing markets, retailers are increasingly viewing e-commerce as a key element of their global expansion strategies. The opportunity to engage in international e-commerce is helping drive the growth of e-marketplaces and alternative online channels. This rapidly evolving e-commerce world is evident in the composition of e-50, the world's 50 largest e-retailers, which collectively employ all of the e-retailing channels and online consumer touch points outlined above.

Amazon continues to dominate world of e-retailing

Analysis of the e-50 retailers shows:

- Amazon continued to dominate the world of e-retailing with 2013 net product sales (i.e., sales where Amazon is the seller of record) of nearly US$61 billion. JD.com, formerly known as Beijing Jingdong Century Trade Co., Ltd. and 360buy Jingdong Inc., ran a distant second with e-retail sales of US$10.8 billion, followed by Wal-Mart with approximately US$10 billion in e-commerce sales.
- The Top 250 Global Powers of Retailing accounted for nearly three-quarters of the e-50 in 2013 (37 companies). Although the world's 250 largest retailers continued to dominate the list, they accounted for two fewer top 50 e-retailers compared with 2012.
- The majority of the e-50 (39 companies) are multi-channel retailers with bricks-and-mortar stores as well as online or other non-store operations. However this is down from 42 such companies in 2012. While many pure-play e-retailers are growing rapidly, with more likely to join the e-50 in the near future, only two of the 11 non-store or web-only e-50 retailers in 2013 were large enough to rank among the Top 250 – Amazon.com and JD.com.
- Half of the e-50 are based in the United States (down from 28 in 2012), followed by Europe (19 companies, up two from 2012) – especially the U.K. (10) and France (5); only five are emerging market companies (4 China, 1 Brazil). Online marketplaces rather than e-retailers tend to serve as the primary e-commerce model in Asia and Latin America (see "The growing power of the e-marketplace" below).
- E-50 retailers grew their digital sales at a rapid pace in 2013, averaging 26.6 percent.
- Among the e-50, e-commerce still accounts for a small share of mass merchants' and food retailers' revenue – typically just 2-4 percent. For department stores and specialty apparel retailers, online sales accounted for a larger 8-16 percent share, and reached 20+ percent for several consumer electronics retailers.

Top 50 e-retailers, 2013

Top e-retailer sales rank FY13	Top 250 sales rank FY13	Name of company	Country of origin	FY13 e-commerce retail sales (US$ mil)	FY13 e-commerce retail sales % of total retail revenue	FY13 e-commerce growth rate	Comments
1	15	Amazon.com Inc.	U.S.	60,903.0	100.0%	17.7%	Online direct sales; excludes third party sales
2	92	JD.com, Inc.	China	10,826.8	100.0%	66.2%	Online direct sales; formerly known as Beijing Jingdong Century Trade Co., Ltd. and 360buy Jingdong Inc.
3	1	Wal-Mart Stores, Inc.	U.S.	10,000.0[e]	2.1%	29.9%	
4	46	Apple Inc.	U.S.	9,000.0[e]	30.8%	n/a	Estimated sales of Store.Apple.com; excludes iTunes store, App store, iBooks store
5	70	Otto (GmbH & Co KG)	Germany	8,188.9[e]	61.3%	7.0%	
6	5	Tesco PLC	U.K.	5,250.5[e]	5.3%	11.0%	
7	99	Liberty Interactive Corporation	U.S.	4,884.0	47.4%	10.9%	Includes QVC.com plus company's other e-retail subsidiaries
8	13	Casino Guichard-Perrachon S.A.	France	3,952.8	6.2%	19.4%	Includes e-commerce sales for Cdiscount, Nova Pontocom, and exito.com
9	59	Suning Commerce Group Co., Ltd.	China	3,536.3	21.3%	43.9%	
10	34	Macy's, Inc.	U.S.	3,100.0[e]	11.1%	37.8%	
11	2	Costco Wholesale Corporation	U.S.	3,086.1[e]	2.9%	47.0%	
12	25	Best Buy Co., Inc.	U.S.	3,044.0[e]	7.2%	19.8%	Estimate for domestic online sales only
13	117	Home Retail Group plc	U.K.	2,906.8[e]	32.6%	7.0%	
14	150	Lojas Americanas S.A.	Brazil	2,838.1	45.4%	26.5%	B2W – Companhia Digital portfolio comprises retailer brands Americanas.com, Submarino, Shoptime, and SouBarato plus Ingresso.com (ticket sales), Submarino Finance (credit card), and B2W Viagens (travel agency), which operate through the Internet, telesales, catalogs, TV and kiosks.
15	9	The Home Depot, Inc.	U.S.	2,750.0[e]	3.5%	52.8%	
16	n/a	Newegg Inc.	U.S.	2,700.0[e]	100.0%	-3.6%	Includes Newegg Marketplace revenue that could not be broken out
17	81	Staples, Inc.	U.S.	2,500.0[e]	20.6%	0.0%	Estimated B2C e-commerce sales; excludes B2B e-commerce sales
18	n/a	Zalando AG	Germany	2,340.4	100.0%	52.1%	
19	n/a	Shop Direct Group	U.K.	2,322.6[e]	84.0%	8.3%	
20	61	The Gap, Inc.	U.S.	2,260.0	14.0%	21.5%	
21	68	John Lewis Partnership plc	U.K.	2,204.3[g]	15.6%	22.8%	
22	n/a	Vente.privee.com	France	2,125.2	100.0%	23.0%	
23	163	Next plc	U.K.	2,103.9[NS]	36.0%	12.4%	Includes catalog sales
24	23	Centres Distributeurs E. Leclerc	France	1,952.5[g]	4.1%	63.0%	Gross sales through E.Leclerc Drive
25	204	Williams-Sonoma, Inc.	U.S.	1,950.0	44.4%	18.2%	
26	93	L Brands, Inc.	U.S.	1,766.0[NS]	16.4%	-2.4%	Includes catalog sales
27	52	Kohl's Corp.	U.S.	1,700.0	8.9%	20.4%	
28	10	Target Corp.	U.S.	1,700.0[e]	2.3%	n/a	
29	n/a	Vipshop Holdings Limited	China	1,680.6	100.0%	143.5%	
30	7	Metro Ag	Germany	1,657.7	1.9%	54.5%	

e = estimated g = gross transaction volume NS = total non-store sales n/a = not among the Top 250 in 2013

Top 50 e-retailers, 2013

Top e-retailer sales rank FY13	Top 250 sales rank FY13	Name of company	Country of origin	FY13 e-commerce retail sales (US$ mil)	FY13 e-commerce retail sales % of total retail revenue	FY13 e-commerce growth rate	Comments
31	80	Nordstrom, Inc.	U.S.	1,622.0	13.3%	27.8%	
32	85	Dixons Retail plc	U.K.	1,601.6	13.9%	16.0%	
33	26	J Sainsbury plc	U.K.	1,589.9[e]	4.2%	12.4%	
34	n/a	HSN, Inc.	U.S.	1,582.9[e]	46.5%	9.0%	
35	n/a	Tencent Holdings Limited	China	1,582.5	100.0%	121.2%	Mostly 51Buy.com (Yixun in Chinese). Includes some marketplace revenue that could not be broken out.
36	14	Groupe Auchan SA	France	1,507.6	2.4%	11.9%	
37	24	Koninklijke Ahold N.V.	Netherlands	1,442.5	3.3%	30.8%	
38	3	Carrefour S.A.	France	1,395.6[e]	1.4%	5.0%	
39	n/a	Overstock.com, Inc.	U.S.	1,304.2	100.0%	18.6%	
40	n/a	Lands' End, Inc.	U.S.	1,303.9[NS]	83.4%	0.0%	Includes catalog sales
41	60	Marks & Spencer Group plc	U.K.	1,272.0	7.8%	22.8%	
42	n/a	Ocado Group plc	U.K.	1,239.5	100.0%	16.7%	
43	n/a	L.L. Bean, Inc.	U.S.	1,200.0[e]	76.9%	5.3%	
44	29	Sears Holdings Corp.	U.S.	1,200.0[e]	3.3%	n/a	Estimate excludes sales on Sears Marketplace
45	n/a	Systemax Inc.	U.S.	1,193.9[NS]	100.0%	-18.2%	Includes catalog sales
46	n/a	ASOS Plc	U.K.	1,178.7	100.0%	40.0%	Online direct sales; excludes third party revenues and delivery receipts
47	77	Toys "R" Us, Inc.	U.S.	1,157.0[e]	9.2%	2.5%	
48	18	Woolworths Limited	Australia	1,102.0[e]	2.0%	50.0%	
49	82	J. C. Penney Company, Inc.	U.S.	1,079.0	9.1%	5.8%	
50	20	Lowe's Companies, Inc.	U.S.	1,068.0[e]	2.0%	40.9%	

e = estimated g = gross transaction volume NS = total non-store sales n/a = not among the Top 250 in 2013

E-commerce activity among the Top 250, 2013

	# companies with e-commerce sales	E-commerce sales as share of retail revenue*	E-commerce year-over-year sales growth*
Top 250	145	6.2%	21.1%
Excluding Amazon.com and JD.com**	143	4.2%	20.1%
Asia/Pacific	28	4.7%	42.5%
Excluding JD.com**	27	2.4%	23.8%
Europe	57	3.6%	16.0%
Latin America	8	7.1%	27.3%
North America	51	8.9%	20.0%
Excluding Amazon.com**	50	5.1%	21.8%
Apparel & Accessories	35	7.0%	21.0%
Fast-Moving Consumer Goods	61	1.9%	21.6%
Hardlines/Leisure Goods	37	20.8%	22.4%
Excluding Amazon.com and JD.com**	35	9.5%	21.4%
Diversified	12	7.8%	14.2%

Africa/Middle East region excluded as e-commerce sales available for only one retailer
* Sales-weighted composites
** Amazon.com and JD.com are the only two online-only retailers in the Top 250

In addition to identifying the world's 50 largest e-retailers, e-commerce activity for all Top 250 retailers was analysed. For 2013, information was available for 185 companies (either as reported by the company or estimated by Planet Retail or Internet Retailer). Of these 185 companies:

- About one-fifth (40) did not have a transactional e-commerce website in 2013. This is down from more than one-quarter in 2012 as more retailers got in the game. Most of the companies without e-commerce were supermarket operators and hard discount retailers.
- The 145 Top 250 companies with e-commerce operations generated 6.2 percent of their combined retail revenue online in 2013. Without Amazon.com and JD.com – the two online-only retailers among the Top 250 – e-commerce as a share of total retail revenue falls by one-third to 4.2 percent. On a geographic basis, e-commerce accounted for the largest share of retail revenue for the North American retailers – 8.9 percent. However, if Amazon is factored out of the North American calculation, online sales as a share of total sales was highest for the Latin American retailers at 7.1 percent. E-commerce produced the smallest share of sales, 3.6 percent, for the European retailers – a reflection of the relatively low level of online sales penetration among some of the region's biggest companies, many of which are primarily food retailers. E-commerce accounted for 4.7 percent of sales for the Asia/Pacific retailers. Excluding JD.com, this region's online share drops to just 2.4 percent.
- From a product perspective, hardlines and leisure goods retailers derived a larger share of revenue from e-commerce operations than did the other sectors – 20.8 percent on a composite basis. Excluding Amazon.com and JD.com, this sector still had the highest e-commerce penetration, although it drops by more than half. Not surprisingly, e-commerce penetration was lowest among retailers of fast-moving consumer goods at just 1.9 percent of sales.
- Online sales grew at a composite rate of 21.1 percent for the 145 Top 250 retailers with e-commerce operations. From a regional perspective, e-commerce sales growth ranged from 16.0 percent for the European retailers to 42.5 percent for the Asia/Pacific retailers. However, Asia/Pacific drops to 23.8 percent without the region's largest e-commerce retailer JD.com, which grew its direct sales 66.2 percent in 2013. If JD.com is excluded from the Asia/Pacific result, the Latin American retailers have the highest online sales growth – 27.3 percent. On a product basis, composite e-commerce growth was fairly consistent across the three primary product sectors, ranging between 21 and 22.4 percent. The diversified group reported the lowest composite growth rate in e-commerce sales.

Top e-marketplace sites, 2013

Company	Country of origin	Year founded	IPO date	2013 parent company net revenue (US $mil)	2013 parent company net profit margin	2013 retail GMV* (US $mil)
Alibaba Group Holding Limited	China	1999	2014	8,537	44.6%	272,826
Taobao C2C marketplace		2003				190,718
Tmall B2C marketplace		2008				82,108
Amazon.com, Inc.	U.S.	1995	1997	74,452	0.4%	140,610[e]
Amazon Marketplace		2000				73,500[e]
eBay, Inc.	U.S.	1995	1998	16,047	17.8%	76,431
Rakuten, Inc.	Japan	1997	2000	5,321	8.4%	18,112
Rakuten Ichiba marketplace		1997				17,442
Rakuten Overseas marketplace		2008				670
MercadoLibre, Inc.	Argentina	1999	2007	473	24.9%	7,300

* Gross Merchandise Value, or the value of all merchandise sold

The growing power of the e-marketplace

As many globally minded retailers have already learned on the ground, competing against well-entrenched domestic players is difficult. To gain acceptance with foreign consumers online is no different than through bricks and mortar expansion – you need to localize your offer and your operations.

Capitalizing on that reality, third-party marketplaces have become an increasingly important driver of growth for online retailers. This is especially evident in developing markets where consumers often navigate directly to these marketplaces, many of which have become well-recognized and trusted brands. Their selection and convenience provide value for consumers, while their scale and reach provide merchants access to a large base of potential customers.

In addition to cost-effective customer acquisition in often unfamiliar territory, the marketplace infrastructure offers sellers a range of essential support services--including payment, fulfillment, customer service, marketing, and promotion – necessary to operate their businesses. Without the capital investment, time, and risk required to launch their own country- or region-specific e-commerce operations, many retailers are finding that e-marketplaces can be a quicker, easier, and more efficient way to tap into growth markets around the world.

Alibaba Group, China's most-popular e-commerce destination, is the world's largest e-marketplace company with gross merchandise value (GMV) – the value of all merchandise sold – of US$272.8 billion in 2013, nearly twice that of Amazon. Alibaba operates exclusively a third-party platform business model consisting of two main e-commerce sites: Taobao, where consumers sell to other consumers, and Tmall, where retailers sell directly to consumers.

Amazon, the world's largest e-retailer, offers products from its own inventory as well as products sold by others on Amazon Marketplace. The company's total GMV in 2013 is estimated at more than US$140 billion, with US$73.5 billion generated by third-party sellers.

Amazon continues to disrupt markets whenever it enters a new category. The company is expanding AmazonFresh, an online grocery service it first began testing in Seattle in 2007. Amazon Fashion is another emerging business. While Amazon has sold apparel, shoes and accessories for years, the company has intensified its focus on the fashion category in the past few years, targeting contemporary, high-end brands.

eBay ranks as the third-largest e-marketplace with total GMV of US$76.4 billion. While it offers only third-party products, the company's reported GMV does not distinguish its B2C business from its C2C business.

Japan's Rakuten operates the world's fourth-largest e-marketplace. Total GMV of US$18.1 billion is derived primarily from its domestic online shopping mall, Rakuten Ichiba. The company launched its first e-commerce operation overseas in Taiwan in 2008. In 2010, Rakuten acquired Buy.com, one of the leading U.S. e-marketplace companies (now Rakuten.com).

MercadoLibre (literally "free market" in Spanish) hosts the largest online commerce platform in Latin America. It began operations in Argentina in 1999 and rapidly expanded to Brazil, other South American countries, and Mexico. In 2001, MercadoLibre entered into a strategic alliance with eBay, gaining proprietary market information and acquiring eBay's Brazilian unit, which helped to consolidate the company's leadership position in the region. The strategic alliance ended in 2006, just prior to MercadoLibre's IPO in 2007. The company's GMV in 2013 was US$7.3 billion.

In addition, a growing list of retailers including Sears, Wal-Mart, Best Buy, and Tesco are incorporating third-party marketplaces into their own online storefronts. This provides their customers with much greater choice without having to look elsewhere and allows the retailer to capture a greater share of e-commerce revenue.

Q ratio analysis for Global Powers

Over the last ten years, this report has offered an analysis of the Q ratios of publicly traded retailers from our Top 250 list. Before explaining the inferences to be drawn from this analysis, let us consider the meaning and importance of the Q ratio.

What is the Q ratio, and why is it important?

In today's world, the global business environment is characterized by intense competition combined with downward pressure on retail prices, slow growth in major developed markets such as Europe, slower growth in emerging markets than in recent years, volatile input prices combined with consumer resistance to higher retail prices, excess store capacity in many developed markets, and a continued shift toward online retailing in which consumers often perceive everything to be a commodity. What this means is that, in order for retailers to prosper, they must distinguish themselves from competitors in order to have pricing power that leads to higher margins. This means having strong brand identity, offering consumers a superior shopping experience, and being clearly differentiated from competitors. The latter can entail unique merchandise offerings including private brands, unique store formats and designs, and superior customer experience. If a publicly traded retailer has these characteristics, the financial markets are likely to reward such a retailer. That is where the Q ratio comes in.

The Q ratio is the ratio of a publicly traded company's market capitalization to the value of its tangible assets. If this ratio is greater than one, it means that financial market participants believe that part of a company's value comes from its non-tangible assets. These can include such things as brand equity, differentiation, innovation, customer experience, market dominance, customer loyalty, and skillful execution. The higher the Q ratio, the greater share of a company's value that stems from such non-tangibles. A Q ratio of less than one, on the other hand, indicates failure to generate value on the basis of non-tangible assets. It indicates that the financial markets view a retailer's strategy as unable to generate a sufficient return on physical assets. Indeed it suggests an arbitrage opportunity. That is, if a company's Q ratio is less than one, theoretically a company could be purchased through equity markets and the tangible assets could then be sold at a profit.

In our analysis, we have calculated the Q ratio for all 156 publicly traded retailers on our top 250 list. The calculation is based on companies' assets at the end of the latest fiscal year as well as the market capitalization as calculated in late October 2014.

Which companies have notable Q ratios?

Once again, the top spot on our Q ratio list goes to H&M, the legendary Swedish apparel retailer. H&M has been at or near the top of this list since we started compiling this information. It is clear that H&M has been successful in differentiating from competitors and building strong brand equity around the world. Thus, its position on the list is no surprise. This, however, is not a skill possessed by H&M alone. Indeed seven of the top ten retailers on our Q ratio list are in the apparel/footwear specialty category. Four are European, two are from the U.S., and one is from Japan. In addition, the top ten includes two discount stores. Plus, two of the seven apparel/footwear specialty retailers (TJX and Ross) are principally discount oriented. Thus, four of the top ten are focused on offering consumers low prices.

Also, of the top 20 retailers on our Q ratio list, eleven are in the United States and three are based in emerging markets, down from four last year. On the other hand, of the bottom 20 retailers on our list, nine are based in Japan, down from 11 last year. Evidently, U.S.-based retailers account for a disproportionate share of those that have generated considerable value through their non-tangible assets. Japanese retailers disproportionately represent those that have not – although the situation for Japanese retailers has evidently improved – possibly due to greater optimism about the future of the Japanese economy.

Highlights

This year we analysed the financial results of 156 publicly traded companies on our list of the top 250 retailers in the world. This is down from 159 companies analysed last year. The composite Q ratio for all companies was 1.130, down from 1.297 last year. Yet this year's composite Q remains well below the 1.57 recorded in 2008 just before the start of the global financial crisis. Of the 156 companies on the list, 73 have Q ratios above one and 83 have Q ratios below one. We also examined the composite Q ratio by country, region, retail format, and dominant product category. We only calculated a composite ratio when there were three or more companies in a particular category.

The retail formats with the highest composite Q ratios are electronics, apparel/footwear, home improvement, and other specialty. The electronics specialty category is dominated by Apple, Inc. which accounts for more than 94 percent of the market capitalization of the electronics specialty companies on our list. If Apple is excluded from the list, the composite Q ratio for the electronics category drops from 2.392 to 0.512. This is not entirely surprising. Most electronics retailers now face considerable competition from online sellers, online sites of manufacturers, and discounters. It is difficult to differentiate when selling products that are often perceived as commodities. Apparel retailers have become extremely important global players, with a combined market capitalization more than three times higher than the department store industry. The Q ratio of apparel retailers (1.727) is nearly three times higher than that of the department store industry (0.599). Yet this is down from last year when apparel retailers beat department store retailers by nearly four to one. The lowest composite Q ratio belongs to the electronics industry less Apple. After that, the lowest ratios are for convenience retailers and hypermarkets. The latter is an industry that has faced considerable competitive challenges in recent years. Moreover, it is a format where clear differentiation is difficult and where price competition is brutal. Hence, the low Q ratio is not entirely surprising. Notably, the composite Q ratio for discounters is considerably higher than that of hypermarkets. This is not surprising given that two discounters are among the top ten retailers ranked by Q ratio.

Of the four merchandise categories, the two with the highest composite Q ratios are hardlines/leisure (2.085) and apparel and accessories (1.230). Yet given the dominance of Apple in the hardlines category (accounting for more than half the market capitalization of the category), it is notable that the apparel and accessories category has the highest composite Q ratio when Apple is excluded from this analysis. As usual, the category of diversified retailers has the lowest composite Q ratio. Of the 15 retailers in the category, only three have Q ratios above one. Retailers specialising in fast moving consumer goods (FMCG), once again, have a composite Q ratio lower than one.

We also analysed the composite Q ratios of countries, provided that there are three or more companies from a given country. We excluded countries with only one or two retailers from this analysis. The weakest composite Q ratios are those of China, Germany, and South Korea in that order. The highest composite Q ratios are found in Sweden, the U.S., and Russia. By region, there is a stark divide between North America (1.760) and the Africa/Middle East region (1.315) and every other region (ranging from 0.469 for Asia Pacific to 0.847 for Europe). Moreover, the higher Q ratio for North America is due to the higher Q ratio for the U.S. The other North American country, Canada, has a relatively low Q ratio. There are many possible explanations for the relatively high Q ratio for the United States. Some observers will say that it reflects strong brand equity, clear differentiation, and a successful transition to online retailing in the United States. Others will note that these trends are often absent in other regions. Still others, however, might argue that the higher ratio for the U.S. simply reflects the inflated values of U.S. equities in general, itself the result of aggressive U.S. monetary policy. Of course Japan has had an aggressive monetary policy and its equity market has soared. Still, the composite Q ratio for Japan is relatively low. As for Europe, its economy has been weak and this has been reflected in poorer performance of its equity market in general.

Top retailers by Q ratio

Name of Company	Country	Q ratio
H & M Hennes & Mauritz AB	Sweden	6.465
Tractor Supply Company	U.S.	5.176
BİM Birleşik Mağazalar A.Ş.	Turkey	4.759
Next plc	U.K.	4.679
Inditex, S.A.	Spain	4.570
Dollar Tree, Inc.	U.S.	4.514
Nike, Inc.	U.S.	4.353
The TJX Companies, Inc.	U.S.	4.338
Ross Stores, Inc.	U.S.	4.331
Fast Retailing Co., Ltd.	Japan	3.951

Q ratio by country	
Canada	0.520
China	0.252
France	0.502
Germany	0.282
Hong Kong	0.838
Japan	0.427
Mexico	1.023
Russia	1.086
South Africa	0.568
South Korea	0.295
Sweden	3.473
UK	0.634
US	1.819
Q ratio by region	
Africa/Middle East	1.315
Asia Pacific	0.469
Asia Pacfic less Japan	0.510
Europe	0.847
Latin America	0.837
North America	1.760
Q ratio by retail segment	
Apparel/Footwear specialty	1.727
Convenience	0.533
Department stores	0.599
Discount department stores	0.601
Discount stores	0.997
Drug stores	1.250
Electronics	2.392
Electronics less Apple	0.512
Home improvement	1.696
Hypermarkets	0.657
Other specialty	1.212
Supermarkets	0.804
Q ratio by product sector	
Apparel and accessories	1.238
Diversified	0.468
FMCG	0.817
Hardlines/leisure	2.085
Composite Q for all retailers	1.130
Average Q for all retailers	1.410

Study methodology and data sources

Companies were included in the Top 250 Global Powers of Retailing based on their non-auto retail revenue for fiscal year 2013 (encompasses fiscal years ended through June 2014). To be included on the list, a company does not have to derive the majority of its revenue from retailing so long as its retailing activity is large enough to qualify. Private equity and other investment firms are not considered as retail entities in this report – only the individual operating companies.

A number of sources were consulted to develop the Top 250 list. The principal data sources for financial and other company information were annual reports, SEC filings, and information found in company press releases and fact sheets or on company websites. If company-issued information was not available, other public-domain sources were used, including trade journal estimates, industry analyst reports, and various business information databases.

Much of the data for non-U.S. retailers came from Planet Retail, a leading provider of global intelligence, analysis, news, and data covering more than 9,000 retail operations across 211 markets around the world. Planet Retail has offices in London, Frankfurt, New York, Tokyo, Hong Kong, and Qingdao, China. For more information please visit www.planetretail.net.

Group Revenue reflects the consolidated net revenue of a retailer's parent company, whether or not that company itself is primarily a retailer. Similarly, the income/loss and total assets figures also reflect the consolidated results of the parent organization. If a privately held company reports gross turnover only, this figure is reported as Group Revenue and footnoted as "g." Revenue figures do not include operations in which a company has only a minority interest.

The **Retail Revenue** figures in this report reflect only the retail portion of the company's consolidated net revenue. As a result, they may reflect adjustments to reported revenue figures to exclude non-retail operations. Retail Revenue includes foodservice sales if foodservice is sold as one of the merchandise offerings inside the retail store or if restaurants are located within the company's stores, but excludes separate foodservice/restaurant operations where it is possible to break them out. Retail Revenue also includes sales of services related to the company's retail activities, such as alterations, repair, maintenance, installation, etc.; fuel sales; and membership fees. However, retailers that derive the majority of their retail revenue from the sale of motor fuel are considered to be primarily gas stations and are excluded from Top 250 consideration.

Revenue figures do not include the retail banner sales of franchised, licensed, or independent cooperative member stores; they do include royalties and franchising or licensing fees. Group Revenue includes wholesale sales to such networked operations – both member stores and other supplied stores.

Retail Revenue includes wholesale sales to affiliated/member stores but excludes traditional wholesale or other business-to-business revenue (except where such revenue is derived from retail stores), where it is possible to break them out.

For e-commerce companies, retail revenue includes only direct B2C sales where the company is the seller of record. It excludes the sales of third-party sellers as well as third-party seller fees and commissions.

In order to provide a common base from which to rank companies by their Retail Revenue results, fiscal year 2013 revenues for non-U.S. companies were converted to U.S. dollars. Exchange rates, therefore, have an impact on the results. OANDA.com is the source for the exchange rates. The average daily exchange rate corresponding to each company's fiscal year was used to convert that company's results to U.S. dollars. Individual companies' 2013 year-over-year growth rate and 2008-2013 compound annual growth rate (CAGR) for Retail Revenue, however, were calculated in each company's local currency.

Group financial results

This report uses sales-weighted composites rather than simple arithmetic averages as the primary measure for understanding group financial results. Therefore, results of larger companies contribute more to the composite than do results of smaller companies. Because the data has been converted to U.S. dollars for ranking purposes and to facilitate comparison among groups, composite growth rates also have been adjusted to correct for currency movement. While these composite results generally behave in a similar fashion to arithmetic averages, they provide better representative values for benchmarking purposes.

Group financial results are based only on companies with data. Not all data elements were available for all companies. Top 250 companies that did not derive the majority of their revenue from retail operations were excluded from the calculation of group profitability ratios as their consolidated profits mostly reflect non-retail activities.

It should also be noted that the financial information used for each company in a given year is accurate as of the date the financial report was originally issued. Although a company may have restated prior-year results to reflect a change in its operations or as a result of an accounting change, such restatements are not reflected in this data.

This study is not an accounting report. It is intended to provide an accurate reflection of market dynamics and their impact on the structure of the retailing industry over a period of time. As a result of these factors, growth rates for individual companies may not correspond to other published results.

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