

## Press release

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### **Deloitte report finds the world's top retailers growing strong**

The report indicates a strong internationalisation of the Belgian retail landscape.

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**The Top 250 global retailers generated aggregated revenues of US\$4.53 trillion in fiscal year 2017, representing composite growth of 5.7 percent, according to the Deloitte report Global Powers of Retailing 2019. Three top Belgian players are again in the Global Powers of Retailing top 250: Louis Delhaize (106), Colruyt Group (117) which gained two spots in the ranking this year, and C&A Europe (no. 137) which dropped five spots.**

"The total retail revenue of the Top 250 retailers has grown with a compound annual growth rate (CAGR) - the rate of return of an investment over a certain period of time - of 3.3 percent over the last five years (FY2012-2017 - fiscal years started June 2011 and ended through June 2018)", said **Joris Van Malderen, Consumer Products and Retail Sector lead at Deloitte Belgium.**

The global economy is currently at a turning point, indicates the Deloitte report. Until early 2018, the global economy displayed strong growth. With inflation accelerating in major markets, governments making shifts in monetary and fiscal policies, and most of the emerging markets experiencing significant currency depreciation the global economy will slow down in the near future. For retailers, this change will mean slower consumer spending growth, higher consumer prices, and disrupted global supply chains.

**Jo Willemys, marketing director at Colruyt Group:** "Having the right balance between clicks & bricks in food retail is important in our Belgian context. Our success as market leader in food retail in Belgium is the unique, relevant, and consistent 'lowest price' positioning of our Colruyt retail brand. The Belgian retail market is quite unique in Europe in that our population is less concentrated in metropolises and is overall relatively prosperous."

#### **Retailers with a presence in Belgium**

Of the 250 top global retailers, 34 are active in Belgium and out of these 34, only three carry a Belgian passport. Eighteen are coming from neighbouring countries (France, the Netherlands and Germany); the Belgian retailers have the lowest average revenue size (\$5.7B) compared to other countries' retailers average revenue size: Germany (\$47B), the Netherlands (\$29B) and France (\$18B). Of the 34 retailers active in Belgium, Aldi and Lidl – both 'discount' retailers – represent the largest companies in terms of revenue.

## **New entrants on the retailer market in Belgium**

This year's study finds that, out of the 34 top global retailers active in Belgium today, only 26 were already present on list four years ago. This growth indicates a strong internationalisation of the Belgian retail landscape. Of the seven retailers present in the 2019 report who entered the top 250 list between FY2013 and FY2017 and are active in Belgium, three are active in sports retail, which highlights that Belgium is in line with the existing global trend towards health and wellness. Only one of the 7 retailers, Zalando SE, is not a brick-and-mortar shop, which indicates that physical stores are still dominant in Belgium.

## **Global Powers of Retailing Top 250**

The world's Top 10 retailers contributed 31.6 percent share to the Top 250's total retail revenue in FY2017 (fiscal years ended through June 2018). The top three retailers maintained their leading positions in the Top 10. The growth of the Top 10 outpaced that for the Top 250 retailers, at 6.1 percent and 5.7 percent respectively.

"The combination of both digital and physical stores seems to be the main trend among big retailers," said **Agné Vezbergiené Director in Consumer Products and Retail Sector**. "On one hand, we see the e-commerce giant Amazon acquiring Whole Foods' physical stores, and on the other hand, there's Walmart entering the digital space with the acquisition of websites such as Jet.com, ModCloth, Shoes.Com and Moosejaw, among others".

However, the net profit margin composite for the Top 10 was weaker than the previous year and when compared to the Top 250. This is in large part because eight of the Top 10 retailers operate in the low-margin Fast Moving Consumer Goods (FMCG) sector where margins are increasingly under pressure from rising costs, lower pricing power due to increased competition and transparency, and the need to invest in digital transformation of the businesses. Europe has the highest number of Top 250 retailers, with 87 companies based in the region (34.8 percent), up from 82 in FY2016. Germany has the largest companies with an average size of US\$24.7 billion, which is much higher than the average Top 250 size of US\$18.1 billion.

"The world's Top 10 retailers are more globally focused, with operations on average in 13 countries versus 10 for the overall Top 250," says **Joris Van Malderen**. "European retailers remain the most globally active as they search for growth outside their mature home markets."

## **About the 2019 Global Powers of Retailing report**

Companies were included in the Global Powers of Retailing Top 250 based on their non-auto retail revenue for FY2017 (encompassing companies' fiscal years ended through June 2018). 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 their individual operating companies.

## **Deloitte in Belgium**

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