

**Deloitte.**

Global Powers of  
Retailing 2016

Navigating the new  
digital divide





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Welcome to Deloitte Touche Tohmatsu Limited's ("Deloitte Global") 19th Global Powers of Retailing report. This report identifies the 250 largest retailers around the world based on publicly available data for fiscal 2014 (encompassing companies' fiscal years ended through June 2015) and analyzes their performance based on geographic region, primary product sector, e-commerce activity and other factors.

The report also provides a look at the world's 50 largest e-retailers, an outlook for the global economy and an analysis of market capitalization in the retail industry, as well as an introduction to and executive summary of findings from the forthcoming Deloitte Global publication *Navigating the new digital divide: A global summary of findings from nine countries on digital influence in retail*.

# Global economic outlook

In the world of retailing, much attention has lately been focused on the competitive threat to stores coming from online retailing, the challenge of cybersecurity, and the difficulty in deciphering the tastes and price sensitivities of an increasingly fragmented consumer market. Yet through all of these and other issues, one thing remains constant. That is the considerable impact on retailers of economic strength and weakness, of inflation and deflation, and of currency and asset price movements. This section examines the current and anticipated economic environment, with the goal of distilling what it means for the world's leading retailers and their suppliers.

## Key economic issues that influence retailers



### Currency movements

In the past year, the value of the US dollar has risen strongly against most major currencies.

This was driven by low oil prices, the relative strength of the US economy, expectations of tighter US monetary policy, and the easing of monetary policy in Europe and Japan. The result has been disinflationary pressure in the US, weakness in the US manufacturing sector, weakness of US corporate profits, stronger export growth in Europe and Japan, and serious challenges for emerging markets. As for the latter, the downward pressure on emerging market currencies has compelled local central banks to tighten monetary policy, the result being slower economic growth. Moreover, the rapid accumulation of dollar-denominated debt in emerging countries means that dollar appreciation boosts the risk of default. This could potentially hurt the financial sector in emerging markets. For retailers, the strength of the US dollar has meant increased purchasing power for US consumers and rising import prices for consumers in other locations – especially those in emerging markets.



### Oil prices

In the past year, oil prices have plummeted. This resulted from a sharp increase in US shale oil production, a decision by Saudi Arabia to boost output, and relatively weak demand in a variety of markets including Europe, Japan, and major emerging markets. The result has been disinflationary pressure in most countries, a sharp rise in the value of the dollar, and a boost to consumer spending power in major markets. Going forward, it seems likely that prices will stay in a relatively narrow band. Although capital spending by the energy sector has been dramatically cut, a sharp drop in output is unlikely. Moreover, even if production declines lead to a spike in prices, this would rapidly

lead to increased investment in shale production, thereby causing an increase in output fairly quickly. Thus, there might effectively be a ceiling on global oil prices. For the world's leading retailers, the weakness of oil prices has mostly been good news. Lower fuel costs have translated into increased purchasing power for consumers as well as reduced inflationary pressures. Indeed this has resulted in increased real (inflation-adjusted) wages in most major markets. On the other hand, the sharp decline in capital spending by energy companies has had a negative impact on business investment in the US, Canada, and other major oil producers. The result of low oil prices has been weak economic growth in a diverse range of oil-exporting countries including Canada, Russia, Venezuela, and Malaysia, to name a few.

### Low inflation



In the developed world, as well as in China, inflation has been at historically low levels and this has persisted longer than many analysts had expected. Despite aggressive monetary policies aimed at boosting inflation, a disinflationary psychology has been established. Thus, monetary expansion tends to boost asset prices rather than the prices of goods and services. Why is inflation so low? There are several explanations. These include global excess capacity, declining commodity prices due to the Chinese slowdown, and financial market weakness. The latter means that monetary expansion does not necessarily lead to increased credit market activity. One problem with very low inflation is that there is a persistent risk of deflation. The latter has the danger of elevating real borrowing costs, and thereby hurting investment. Expectations of low inflation have rendered government bond yields exceptionally low. While this is good for government finances, it tends to relieve governments of the necessity of implementing painful reforms. Finally, very low inflation appears to have discouraged business investment. The result is a massive accumulation of cash by businesses in developed economies.

## Major markets



### United States

How one views the health of the US economy depends on where one

sits. For observers from outside the US, the view is impressive. The US economy continues to grow faster than most other developed economies. Its strong domestic demand continues to fuel exports from the rest of the world. Moreover, the strength of its currency reflects confidence in its economic future. The relatively high yields on government bonds reflect expectations that a tight labor market will generate higher inflation. For those observing from within the US, however, the view is less optimistic. The economy has been growing far more slowly following the last recession than has historically been the case. That weakness has reflected several factors. First, it took a long time for the housing market to recover. Second, credit market activity was stymied for a long time following the financial crisis. Third, the US has been hit by waves of negative events. These included the European recession in 2012, a fiscal contraction in 2013, and the rise of the dollar this past year.

Still, it now appears that the US economy has hit its stride. Consumer spending and housing continue to grow at a healthy pace. The consumer has been helped by strong job growth, declining debt and debt service payments, rising wealth, an increasing willingness to take on new debt, nascent acceleration in wages, and lower energy prices. Housing has been helped by low interest rates, the anticipation of higher rates, and strong job growth. This, in turn, has contributed to strong demand for durable home goods. In addition, the rebound in housing has contributed to a rise in house prices which, in turn, has benefited the financial strength of banks. This has boosted the banks to extend credit, and has played a role in the economic recovery. The only negative factors in the US economy are export weakness, the result of the strong dollar, and weak business investment, largely due to a sharp cutback in capital spending by energy companies.

Going forward, US economic growth is likely to be around 3.0 percent in the coming year with continued low inflation. Growth will be disproportionately fueled by consumer spending. Although the Federal Reserve has begun a gradual tightening of monetary policy, this should not have significant negative consequences for the US economy. Moreover, global markets now expect a further gradual tightening of monetary policy by the Federal Reserve. This has led to capital outflows from emerging markets.



### China

The Chinese economy has slowed substantially in the past two years. After a period of growing at near double digit rates, the official figures suggest growth of only 7.0 percent. However,

many private sector analysts believe that the economy has actually slowed much more. The slowdown has been due to two principal factors. First, a rise in the value of the renminbi against non-dollar currencies has hurt exports to Europe, Japan, and elsewhere. Second, excess capacity in industry and property have suppressed prices and margins and caused a slowdown in investment.

The Chinese slowdown has global implications, but they are unevenly distributed across the world. The slowdown in investment has caused a drop in commodity prices, thus hurting exporters such as Australia, Brazil, and South Africa. The drop in manufacturing activity and trade has hurt East Asian countries that are part of China's manufacturing supply chain. This includes South Korea, Taiwan, and several countries in Southeast Asia. The impact of China's slowdown on the US and Europe, however, is likely to be more muted. Although China is the third largest export market for both the US and Europe, even a sizable drop in exports to China would only cut US and European GDP growth by a few tenths of a percentage point.

China is unlikely to go into recession, especially given the relative strength of its domestic services sector. Rather, a significant slowdown in growth is likely. The duration will depend, in part, on the policy response. So far, the central bank has responded by easing monetary policy, with the goal of fueling more credit market activity. Yet this has mainly resulted in more borrowing by consumers to purchase equities and more borrowing by businesses to roll over existing debts. It has not fueled a significant increase in economic activity. Slower growth is the new normal for China. Going forward, the official rate of growth is likely to be under 7.0 percent, perhaps as low as 6.0 percent. Plus, the preponderance of growth is already shifting away from exports and investment toward consumer demand. The speed at which this transition takes place will depend on the degree to which the government implements reforms aimed at boosting the consumer sector.



## Europe

The European economy has recovered from the doldrums of 2012-2014, largely due to the aggressive monetary policy of the European Central Bank (ECB), which involves massive purchases

of government bonds, combined with the positive effect of low oil prices. The ECB policy has suppressed the value of the euro, thereby boosting export competitiveness; created inflation when there otherwise would have been deflation, thereby lowering real borrowing costs; boosted asset prices, thereby increasing wealth and stimulating consumer spending; and improved credit market conditions, thereby enabling small and medium-sized companies to regain access to capital. The result has been modest yet somewhat disappointing growth. Inflation remains extremely low, leading to increasing expectations that the ECB will boost the size of its asset purchasing program. This would have the effect of further lowering the value of the euro.

The ECB policy, combined with the low price of oil, has led to a revival in the growth of consumer spending, an improvement in credit market conditions, and renewed growth of employment as well as a decline in unemployment. It has also had a positive impact on export growth. Yet it has failed to significantly increase business investment. Within Europe, some countries are performing better than others. The star performers are Spain and Ireland, while Italy has (as of this writing) begun to show signs of revival. German domestic demand has been steady, but export growth has been stymied by troubles in emerging markets. Outside of the Eurozone, the British economy has been growing at an admirable pace, with a strong labor market helping to fuel steady growth of retail spending.

Despite Europe's evident revival, risks remain. With ruinously high unemployment in many countries, Europe has seen the rise of many anti-euro and anti-EU parties, of both the left and right. As this process unfolds, it could create greater difficulties for Europe's governments when they attempt to resolve imbalances and crises, and if they choose to attempt greater fiscal and financial integration. Indeed, the latter are probably necessary in order to create an architecture that would make the euro more sustainable.

Another risk concerns demographics. The population of Europe is aging and, in many countries, the working age population is in decline. This threatens growth and also makes it more difficult to provide adequate services to the elderly population. One solution is to allow more immigration. Yet this is fraught with political controversy and threatens social tension, as evidenced by the recent debate about welcoming Syrian refugees.



## Japan

Japan's economic activity declined in the second but bounced back in the third quarter of 2015. Although economic performance in the third quarter was good, there continue to be headwinds that raise questions about the health of the Japanese economy.

Over the past two years, Japan has been engaged in a policy experiment that has yet to produce the desired results – in part because not all of the components of the planned experiment have been implemented. The experiment, known as “Abenomics,” which is named for Prime Minister Abe, was meant to involve monetary expansion, fiscal expansion, and structural reform. Only the monetary expansion, involving massive purchases of government bonds, has been undertaken. Fiscal policy has involved a tax increase rather than fiscal expansion, and the structural reform program has not gone very far. As for monetary policy, the aggressive policy of the Bank of Japan did lead to a sizable drop in the value of the yen, thus helping exports. It has also led to a 44 percent jump in tourist traffic in the past year as foreigners take advantage of low Japanese prices. The monetary policy also caused a modest rebound in inflation, but wages have lagged – thereby lowering real consumer spending power. And business investment has simply failed to respond to historically low borrowing costs, as business leaders evidently remain unconvinced that growth in demand is here to stay. Finally, as for structural reform, the completion of the Trans-Pacific Partnership, the free trade agreement between the US, Japan, and ten other Pacific Rim nations, ought to compel Japan to implement 10 reforms that will lead to more open markets.

It should be kept in mind that, with a declining population and a sharply declining working age population, it is not entirely surprising that Japanese economic growth continues to skirt negative territory. Yet if one looks at Japanese per capita GDP, it has actually been growing at a healthy albeit modest rate. Thus it may simply be the case that the size of the economy will not move much in the years to come. Nevertheless, Japan's consumers remain relatively affluent.



## Emerging markets

Following the global economic crisis in 1998, emerging markets did much to immunize their economies from global contagion. Governments reduced deficits and debt/GDP levels, accumulated vast foreign currency reserves, allowed their currency values to reflect market conditions, and improved the solvency and transparency of their banks. Still, they are not immune to global issues. That is evident by the massive accumulation of external debt by corporations in emerging countries. The problem is that much of this debt is denominated in US dollars. The appreciation of the dollar and the slowdown in growth in emerging countries have conspired to hurt the ability of debtors to service their debts. This poses a risk to the health of financial institutions in emerging markets which, in turn, poses a risk to economic growth.

Meanwhile, many emerging markets have experienced capital outflows in anticipation of tightening US monetary policy. This has put downward pressure on their currencies, compelling their central banks to raise interest rates in order to stabilize currency values. The end result has been a substantial slowdown in growth in many countries, with some dipping into recession. Brazil and Russia are now in recession. Slower growth is evident in such diverse emerging markets as Turkey, South Africa, Mexico, and Indonesia. The one bright spot appears to be India, where lower oil prices have allowed the central bank to ease policy, thus boosting growth.



### Brazil

Brazil fell into recession in 2015 and will likely remain in recession well into 2016. The country suffers from a perfect storm of problematic events. A sharp drop in commodity prices hurt Brazilian export revenue and also led to a decline in the value of the currency. This, in turn, fueled excessive inflation and compelled the central bank to tighten monetary policy. The result has been a sharp drop in investment. Moreover, in order to convince financial markets of its fiscal probity, the government has cut fuel subsidies. The result was a temporary surge of inflation, thereby limiting room for the central bank to ease monetary policy, even though the economy remains in recession. The outlook will depend critically on what the government does to improve fiscal discipline and to ease obstacles to the market economy. Yet political conflict has stymied reform and led to uncertainty. For the retail market, the weak economy has meant rising unemployment and declining real purchasing power.



### India

India's economy is now growing faster than that of China. It is one of the few major emerging markets that have not suffered the consequences of declining commodity prices and a rising US dollar. Rather, the drop in oil prices has reduced inflation, thereby boosting consumer spending power and allowing the central bank to ease monetary policy. Thus, India's economy is in moderately good shape, despite considerable long-term problems. The outlook will depend on the degree to which the government can implement market opening reforms, many of which face significant obstacles in the Parliament.



### Russia

Russia suffered recession in 2015 due to the combination of a sharp drop in oil prices and the continuing Western sanctions on Russia due to the country's policy in Ukraine. After initially easing monetary policy, the central bank has held interest rates high lest weak oil prices cause yet another sharp drop in the value of the currency. With inflation high, real consumer spending power has fallen, thus severely hurting the consumer sector. In addition, business investment has fallen sharply due to high capital costs and limited profitable opportunities. If oil prices bounce back in 2016, the economy should experience a modest recovery and an increase in the value of the currency. Yet the existence of sanctions will probably limit economic growth to a very modest level. Moreover, until inflation eases further, the central bank will likely keep policy relatively tight.





# Navigating the new digital divide

Over three years ago, Deloitte Global set out to explore consumers' digital preferences – how the use of digital devices impacts in-store shopping behavior. What began as a simple exercise has led to the view that digital technology and easy access to digital information not only affects sales within digital channels, but also has a much broader impact on in-store sales and in-store consumer behavior – a concept we refer to as “digital influence.”

Year after year, the data collected within the US market points to the growing importance of digital and a rapidly evolving retail landscape. The day that shoppers are connected 100 percent of the time is increasingly evident and a development that may prove to be transformative for the retail industry.

Beyond this, the study reveals that the digital behaviors and expectations of consumers are evolving faster than retailers are delivering on those expectations, a gap Deloitte Global refers to as the “new digital divide.” The initial study debunked the idea of “showrooming,” a popular belief at the time that consumers using digital devices in the store were overwhelmingly shopping or “window-shopping” in a physical store only to make their purchases from cheaper, online competitors. In fact, customers using digital devices in-store were actually more likely to make a purchase in the store, not less.

Over the past several months, the study into the digital divide has expanded to include key retail markets globally. Deloitte member firms surveyed thousands of consumers in nine countries. The analysis included a look at both mature markets and markets emerging technologically. Despite the natural cultural and economic differences across the markets analyzed, the digital influence on in-store behavior are relatively common and retailers may be underestimating the real impact and opportunity that this may have for their business.

Digital influence is a universal trend regardless of geography, influencing in-store customer behavior across the board, but at different levels of impact and through various mechanisms depending on the country. For example, in some markets, consumers are already using digital devices to help them to shop - a trend that is expected to grow in the future.

The global analysis suggests a gap already exists between consumer's digital behaviors and expectations and their local retailers' ability to deliver the desired expectations – a gap referred to as “the new digital divide.” This poses a critical challenge to retailers. In order to stay relevant in today's marketplace, retailers must understand the evolving digital needs of their customers and improve their ability to anticipate and shape the needs of tomorrow. With more shoppers – both in the developed and developing worlds – embracing cultural trends and gaining access to technology that will allow them to be “connected” 100 percent of the time, retailers worldwide need to advance their own offerings to fit the behaviors of this new consumer.



## The new digital divide

*The gap between consumers' digital behaviors and expectations and retailers' ability to deliver the desired experiences.*

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## Executive summary of key findings

Overall, digital is influencing consumer behavior across all countries evaluated, but the detail behind this influence varies based on country and by micro-characteristics within the market. Customers around the world are using digital access to tailor the way that they shop. As such, comparisons at all levels – across countries, age groups, and product categories – prove to be insightful in understanding the true digital needs of today’s consumer and ultimately, the investment opportunities for retailers.

The data also reinforces the reality that retailers are underestimating – or at least under-delivering on – the consumer’s evolving desire and ability to incorporate digital into their in-store shopping journeys. The trends identified related to the impact digital is having on in-store shopping around the globe coalesced into three core hypotheses:

### **There is no single path toward digital adoption or optimization.**

While all countries studied are heading in the direction of increased digital adoption and usage, the progression is taking place at a considerably different pace depending on the starting point. The developing world will not necessarily follow in the footsteps of the most digitally developed countries today. In some cases, emerging markets digitally developed appear to skip adoption stages experienced previously by developed markets, and therefore may come up the adoption curve more quickly. **Therefore, the “lift and shift” playbook is likely not appropriate for global expansion.**

### Definition



#### Digital influence factor

The percentage of in-store retail sales influenced by the shopper’s use of any digital device, including: desktop computers, laptop computers or netbooks, tablets, smartphones, wearable devices, in-store devices (i.e., kiosk, mobile payment device.)



#### Mobile influence factor

The percentage of in-store retail sales influenced by the shopper’s use of a web-enabled mobile device, including smartphones.

### **One digital “size” does not fit all customers within a given market.**

Even within the context of a market, digital behavior varies based on personal context – who the consumer is, what stage in the process he or she is in and what he or she is looking to buy. Demographic factors like age he or she is in and income play a role in shaping shopping habits within each market. In addition, categories matter – consumers clearly use digital tools very differently based on the product type for which they are shopping.

### **Across the world, consumers are demanding digital tools and features to execute their own shopping journeys.**

Irrespective of culture, digital has a significant impact on in-store retail, and in fact is dramatically more valuable than viewing digital through the lens of online revenue. Ultimately, these tools and channels can help extend the retailer’s reach beyond the traditional shopping trip, and generate incremental revenue and profit in the store and across all channels. However, customers are still left unsatisfied and underserved by retailers’ current digital offerings, minimizing retailers’ own potential for capturing sales.

For more information, including results from individual markets, please see the forthcoming Deloitte Global publication *Navigating the new digital divide: A global summary of findings from nine countries on digital influence in retail*, to be published in February 2016.

# Top 250 Global Powers of Retailing

## Top 250 retailers

Retail revenue rank FY2014	Name of company	Country of origin	FY2014 retail revenue (US\$M)	FY2014 parent company/group revenue <sup>1</sup> (US\$M)	FY2014 parent company/group net income <sup>1</sup> (US\$M)	Dominant operational format FY2014	# countries of operation FY2014	FY2009-2014 retail revenue CAGR <sup>2</sup>
1	Wal-Mart Stores Inc.	US	485,651	485,651	17,099	Hypermarket/Supercenter/Superstore	28	3.5%
2	Costco Wholesale Corporation	US	112,640	112,640	2,088	Cash & Carry/Warehouse Club	10	9.5%
3	The Kroger Co.	US	108,465	108,465	1,747	Supermarket	1	7.2%
4	Schwarz Unternehmenstreuhand KG	Germany	102,694 <sup>e</sup>	102,694 <sup>e</sup>	n/a	Discount Store	26	7.7%
5	Tesco PLC	UK	99,713	101,380	-9,385	Hypermarket/Supercenter/Superstore	13	1.8%
6	Carrefour S.A.	France	98,497	101,450	1,817	Hypermarket/Supercenter/Superstore	34	-2.8%
7	Aldi Einkauf GmbH & Co. oHG	Germany	86,470 <sup>e</sup>	86,470 <sup>e</sup>	n/a	Discount Store	17	6.8%
8	Metro Ag	Germany	85,570	85,570	247	Cash & Carry/Warehouse Club	32	-0.8%
9	The Home Depot Inc.	US	83,176	83,176	6,345	Home Improvement	4	4.7%
10	Walgreen Co. (now Walgreens Boots Alliance Inc.)	US	76,392	76,392	2,031	Drug Store/Pharmacy	2	3.8%
11	Target Corporation	US	72,618	72,618	-1,636	Discount Department Store	1	2.7%
12	Amazon.com Inc.	US	70,080	88,988	-241	Non-store	14	25.8%
13	Groupe Auchan SA	France	69,622	71,056	1,046	Hypermarket/Supercenter/Superstore	13	6.2%
14	CVS Health Corporation (formerly CVS Caremark Corporation)	US	67,798	139,367	4,644	Drug Store/Pharmacy	3	4.1%
15	Casino Guichard-Perrachon S.A.	France	64,462 <sup>**</sup>	64,462 <sup>**</sup>	1,095	Hypermarket/Supercenter/Superstore	29	13.1%
16	Aeon Co. Ltd.	Japan	61,436	65,831 <sup>**</sup>	738	Hypermarket/Supercenter/Superstore	11	7.6%
17	Edeka Group	Germany	60,960 <sup>**</sup>	62,689 <sup>**</sup>	n/a	Supermarket	1	2.9%
18	Lowe's Companies Inc.	US	56,223	56,223	2,698	Home Improvement	4	3.6%
19	Seven & i Holdings Co. Ltd.	Japan	53,839 <sup>**</sup>	56,162 <sup>**</sup>	1,698	Convenience/Forecourt Store	18	3.4%
20	Rewe Combine	Germany	51,168 <sup>**</sup>	56,555 <sup>**</sup>	419	Supermarket	11	2.4%
21	Woolworths Limited	Australia	49,572	50,965	1,790	Supermarket	2	3.3%
22	Centres Distributeurs E. Leclerc	France	48,573 <sup>**</sup>	60,749 <sup>**</sup>	n/a	Hypermarket/Supercenter/Superstore	7	5.5%
23	Wesfarmers Limited	Australia	48,095	52,287	2,043	Supermarket	2	4.7%
24	Koninklijke Ahold N.V.	Netherlands	43,566 <sup>**</sup>	43,566 <sup>**</sup>	790	Supermarket	6	3.3%
25	Best Buy Co. Inc.	US	40,339	40,339	1,235	Electronics Specialty	4	-4.1%
26	The IKEA Group (INGKA Holding B.V.)	Netherlands	39,064	39,871	4,531	Other Specialty	42	6.0%
27	ITM Développement International (Intermarché)	France	38,164 <sup>**</sup>	53,305 <sup>**</sup>	n/a	Supermarket	5	3.1%
28	J Sainsbury plc	UK	37,832	38,368	268	Supermarket	1	3.3%
29	Loblaw Companies Limited	Canada	37,812 <sup>**</sup>	38,610 <sup>**</sup>	48	Hypermarket/Supercenter/Superstore	2	6.3%
30	Safeway Inc.	US	36,330	36,330	113	Supermarket	2	-1.9%
31	Sears Holdings Corporation	US	31,198	31,198	-1,810	Department Store	3	-6.7%
32	Publix Super Markets Inc.	US	30,802	30,802	1,735	Supermarket	1	4.7%
33	The TJX Companies Inc.	US	29,078	29,078	2,215	Apparel/Footwear Specialty	7	7.5%
34	Delhaize Group SA	Belgium	28,395 <sup>**</sup>	28,395 <sup>**</sup>	120	Supermarket	7	1.4%
35	Macy's Inc.	US	28,105 <sup>**</sup>	28,105 <sup>**</sup>	1,526	Department Store	3	3.7%
36	Wm Morrison Supermarkets PLC	UK	27,531	27,531	-1,246	Supermarket	1	1.8%
37	AB Acquisition LLC (now Albertsons Companies Inc.)	US	27,199	27,199	-1,225	Supermarket	1	45.3%
38	Rite Aid Corporation	US	26,528	26,528	2,109	Drug Store/Pharmacy	1	0.7%
39	LVMH Moët Hennessy-Louis Vuitton S.A.	France	26,006 <sup>e</sup>	40,727 <sup>**</sup>	8,115	Other Specialty	80	14.6%

<sup>1</sup> Revenue and net income for the parent company or group may include results from non-retail operations  
<sup>2</sup> Compound annual growth rate

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  
\*\* Revenue includes wholesale and retail sales

Source: Published company data and Planet Retail

Top 250 retailers

Retail revenue rank FY2014	Name of company	Country of origin	FY2014 retail revenue (US\$M)	FY2014 parent company/group revenue <sup>1</sup> (US\$M)	FY2014 parent company/group net income <sup>1</sup> (US\$M)	Dominant operational format FY2014	# countries of operation FY2014	FY2009-2014 retail revenue CAGR <sup>2</sup>
40	Migros-Genossenschafts Bund	Switzerland	25,609 <sup>***</sup>	29,866 <sup>**</sup>	973	Hypermarket/Supercenter/Superstore	3	1.6%
41	Lotte Shopping Co., Ltd.	S. Korea	25,384	26,695	585	Hypermarket/Supercenter/Superstore	6	14.6%
42	Système U, Centrale Nationale	France	25,004 <sup>***</sup>	31,252 <sup>***</sup>	n/a	Supermarket	4	5.8%
43	Coop Group	Switzerland	24,696 <sup>***</sup>	30,831 <sup>**</sup>	619	Supermarket	1	4.5%
44	Mercadona S.A.	Spain	24,515	24,515	722	Supermarket	1	5.1%
45	Inditex S.A.	Spain	23,780 <sup>**</sup>	23,780 <sup>**</sup>	3,295	Apparel/Footwear Specialty	90	10.3%
46	H.E. Butt Grocery Company	US	22,600 <sup>e</sup>	22,600 <sup>e</sup>	n/a	Supermarket	2	8.9%
47	H & M Hennes & Mauritz AB	Sweden	22,425	22,425	2,958	Apparel/Footwear Specialty	56	8.4%
48	Apple Inc. / Apple Retail Stores	US	21,462	182,795	39,510	Electronics Specialty	16	26.4%
49	Empire Company Limited	Canada	20,897 <sup>**</sup>	21,059 <sup>**</sup>	382	Supermarket	1	9.4%
50	A.S. Watson Group	Hong Kong	20,304 <sup>**</sup>	20,304 <sup>**</sup>	n/a	Drug Store/Pharmacy	25	6.3%
51	PJSC "Magnit" (formerly OJSC "Magnit")	Russia	19,851	19,872 <sup>**</sup>	1,241	Convenience/Forecourt Store	1	30.0%
52	Groupe Adeo SA	France	19,541 <sup>**</sup>	19,541 <sup>**</sup>	n/a	Home Improvement	12	9.4%
53	Kohl's Corporation	US	19,023	19,023	867	Department Store	1	2.1%
54	Dollar General Corporation	US	18,910	18,910	1,065	Discount Store	1	9.9%
55	Cencosud S.A.	Chile	18,221	18,809	335	Supermarket	5	15.7%
56	Kingfisher plc	UK	17,954	17,954	822	Home improvement	10	0.9%
57	Suning Commerce Group Co. Ltd.	China	17,733	17,733	134	Electronics Specialty	3	13.3%
58	JD.com Inc.	China	17,672	18,722	-813	Non-store	78	106.3%
59	Jerónimo Martins, SGPS, S.A.	Portugal	16,856	16,856	435	Discount Store	3	12.2%
60	X5 Retail Group N.V.	Russia	16,853	16,861	338	Discount Store	2	14.1%
61	Marks and Spencer Group plc	UK	16,641	16,641	777	Department Store	53	1.6%
62	The Gap Inc.	US	16,435	16,435	1,262	Apparel/Footwear Specialty	53	3.0%
63	John Lewis Partnership plc	UK	15,882 <sup>**</sup>	15,882 <sup>**</sup>	235	Supermarket	3	7.6%
64	Meijer Inc.	US	15,700 <sup>e</sup>	15,700 <sup>e</sup>	n/a	Hypermarket/Supercenter/Superstore	1	2.2%
65	Yamada Denki Co. Ltd.	Japan	15,146 <sup>**</sup>	15,146 <sup>**</sup>	85	Electronics Specialty	7	-3.8%
66	Coop Italia	Italy	14,860 <sup>e</sup>	16,511 <sup>g</sup>	n/a	Hypermarket/Supercenter/Superstore	1	-1.1%
67	Gome Home Appliance Group	China	14,652 <sup>e</sup>	15,034 <sup>ge</sup>	n/a	Electronics Specialty	1	6.0%
68	El Corte Inglés S.A.	Spain	14,639	18,897	153	Department Store	7	-3.2%
69	Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	Italy	14,569 <sup>***</sup>	15,553 <sup>***</sup>	n/a	Supermarket	2	4.7%
70	Whole Foods Market Inc.	US	14,194	14,194	579	Supermarket	3	12.1%
71	China Resources Enterprise Limited	Hong Kong	14,110	21,783 <sup>**</sup>	38	Hypermarket/Supercenter/Superstore	2	24.6%
72	Fast Retailing Co. Ltd.	Japan	13,529 <sup>**</sup>	13,553 <sup>**</sup>	778	Apparel/Footwear Specialty	30	15.0%
73	S Group	Finland	13,188	14,864	364	Supermarket	5	5.3%
74	Nordstrom Inc.	US	13,110	13,506	720	Department Store	2	9.7%
75	Dixons Carphone plc (formerly Dixons Retail plc)	UK	12,991	13,199	155	Electronics Specialty	10	-1.0%
76	Otto (GmbH & Co KG)	Germany	12,843	16,662	-254	Non-store	54	2.1%
77	ICA Gruppen AB	Sweden	12,454 <sup>**</sup>	12,754 <sup>**</sup>	390	Supermarket	5	-1.7%
78	Toys "R" Us Inc.	US	12,361	12,361	-288	Other Specialty	40	-1.8%
79	J. C. Penney Company Inc.	US	12,257 <sup>e</sup>	12,257 <sup>e</sup>	-771	Department Store	2	-6.9%
80	BJ's Wholesale Club Inc.	US	12,000 <sup>e</sup>	12,000 <sup>e</sup>	n/a	Cash & Carry/Warehouse Club	1	3.3%
81	Bed Bath and Beyond Inc.	US	11,881	11,881	957	Other Specialty	4	8.7%
82	Co-operative Group Ltd.	UK	11,815	15,547	356	Supermarket	1	-3.0%

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83	Louis Delhaize S.A.	Belgium	11,685 <sup>a</sup>	14,755 <sup>ae</sup>	n/a	Hypermarket/Supercenter/Superstore	5	-3.4%
84	Spar Holding AG	Austria	11,591 <sup>tt</sup>	11,686 <sup>tt</sup>	224	Supermarket	8	1.8%
85	Staples Inc.	US	11,585 <sup>a</sup>	22,492	135	Other Specialty	12	-1.8%
86	E-MART Inc.	S. Korea	11,576	12,496	277	Hypermarket/Supercenter/Superstore	2	ne
87	Isetan Mitsukoshi Holdings Ltd.	Japan	11,513	11,576	272	Department Store	8	0.1%
88	Southeastern Grocers, LLC (formerly BI-LO Holding LLC)	US	11,500 <sup>a</sup>	11,500 <sup>a</sup>	n/a	Supermarket	1	36.0%
89	L Brands Inc.	US	11,454 <sup>tt</sup>	11,454 <sup>tt</sup>	1,042	Apparel/Footwear Specialty	60	5.8%
90	CP ALL Public Company Limited	Thailand	11,436 <sup>tt</sup>	11,436 <sup>tt</sup>	316	Convenience/Forecourt Store	1	26.4%
91	Ross Stores Inc.	US	11,042	11,042	925	Apparel/Footwear Specialty	1	9.0%
92	Dairy Farm International Holdings Limited	Hong Kong	11,008	11,008	508	Supermarket	11	9.4%
93	NorgesGruppen ASA	Norway	10,996 <sup>tt</sup>	11,373 <sup>tt</sup>	307	Discount Store	1	6.2%
94	Déathlon S.A. (formerly Oxyane Groupe)	France	10,900	10,900	n/a	Other Specialty	22	8.6%
95	Metro Inc.	Canada	10,715 <sup>tt</sup>	10,715 <sup>tt</sup>	422	Supermarket	1	0.7%
96	Distribuidora Internacional de Alimentación S.A. (Dia, S.A.)	Spain	10,649 <sup>tt</sup>	10,789 <sup>tt</sup>	438	Discount Store	5	ne
97	Liberty Interactive Corporation	US	10,499	10,499	626	Non-store	9	4.8%
98	Family Dollar Stores Inc.	US	10,489	10,489	285	Discount Store	1	7.2%
99	S.A.C.I. Falabella	Chile	10,461	12,309	771	Department Store	5	14.1%
100	Tengelmann Warenhandelsgesellschaft KG	Germany	10,423 <sup>ttt</sup>	10,767 <sup>tt</sup>	n/a	Home Improvement	13	0.1%
101	Steinhoff International Holdings Ltd.	S. Africa	10,240	11,814	1,152	Other Specialty	29	41.6%
102	Canadian Tire Corporation Limited	Canada	10,238 <sup>tt</sup>	11,293 <sup>tt</sup>	579	Other Specialty	1	7.4%
103	dm-drogerie markt GmbH + Co. KG	Germany	10,086 <sup>a</sup>	11,294 <sup>g</sup>	n/a	Drug Store/Pharmacy	12	9.6%
104	Dansk Supermarked A/S	Denmark	9,968	10,038	311	Discount Store	4	0.0%
105	Shoprite Holdings Ltd.	S. Africa	9,960 <sup>tt</sup>	9,960 <sup>tt</sup>	362	Supermarket	15	11.0%
106	Menard Inc.	US	9,900 <sup>a</sup>	9,900 <sup>a</sup>	n/a	Home Improvement	1	3.6%
107	Advance Auto Parts Inc.	US	9,844 <sup>tt</sup>	9,844 <sup>tt</sup>	494	Other Specialty	3	12.7%
108	Kesko Corporation	Finland	9,665 <sup>ttt</sup>	12,058 <sup>tt</sup>	144	Supermarket	8	1.3%
109	J. Front Retailing Co. Ltd.	Japan	9,606	10,691	214	Department Store	2	3.3%
110	Giant Eagle Inc.	US	9,600 <sup>ttt</sup>	9,600 <sup>ttt</sup>	n/a	Supermarket	1	2.2%
111	Dirk Rossmann GmbH	Germany	9,571	9,571	n/a	Drug Store/Pharmacy	6	11.8%
112	SuperValu Inc.	US	9,492 <sup>tt</sup>	17,820 <sup>tt</sup>	199	Supermarket	1	-21.4%
113	AutoZone Inc.	US	9,475 <sup>tt</sup>	9,475 <sup>tt</sup>	1,070	Other Specialty	4	6.8%
114	GameStop Corp.	US	9,296	9,296	393	Other Specialty	15	0.5%
115	Home Retail Group plc	UK	9,295	9,295	117	Other Specialty	2	-1.1%
116	C&A Europe	Belgium/Germany	9,195 <sup>a</sup>	9,195 <sup>a</sup>	n/a	Apparel/Footwear Specialty	21	2.4%
117	Uny Group Holdings Co. Ltd.	Japan	9,127 <sup>tt</sup>	9,476 <sup>tt</sup>	-22	Convenience/Forecourt Store	3	-2.4%
118	Hy-Vee Inc.	US	8,700 <sup>a</sup>	8,700 <sup>a</sup>	n/a	Supermarket	1	6.3%
119	Dollar Tree Inc.	US	8,602	8,602	599	Discount Store	2	10.5%
120	Colruyt Group	Belgium	8,596	11,321 <sup>tt</sup>	460	Supermarket	3	5.4%
121	Esselunga S.p.A.	Italy	8,549 <sup>a</sup>	9,322 <sup>g</sup>	282	Supermarket	1	3.0%
122	Reitan Group	Norway	8,486 <sup>ttt</sup>	9,579 <sup>tt</sup>	291	Discount Store	7	10.1%
123	Globus Holding GmbH & Co. KG	Germany	8,400 <sup>g</sup>	8,400 <sup>g</sup>	n/a	Hypermarket/Supercenter/Superstore	4	3.4%
124	Chow Tai Fook Jewellery Group Limited	Hong Kong	8,285 <sup>tt</sup>	8,285 <sup>tt</sup>	714	Other Specialty	8	22.9%
125	FEMSA Comercio, S.A. de C.V.	Mexico	8,255	8,255	n/a	Convenience/Forecourt Store	2	15.4%

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126	Associated British Foods plc / Primark	UK	8,202	21,447	1,297	Apparel/Footwear Specialty	9	16.4%
127	Bic Camera Inc.	Japan	8,132	8,132	114	Electronics Specialty	1	7.1%
128	Shanghai Bailian Group Co. Ltd. (formerly Shanghai Friendship Group Incorporated Co.)	China	8,078**	8,330**	201	Supermarket	1	11.4%
129	Office Depot Inc.	US	8,050 <sup>e</sup>	16,096	-352	Other Specialty	11	4.1%
130	Army & Air Force Exchange Service (AAFES)	US	7,834	7,834	259	Convenience/Forecourt Store	33	-1.9%
131	Takashimaya Co. Ltd.	Japan	7,788	8,486	218	Department Store	4	0.4%
132	Beisia Group Co. Ltd.	Japan	7,700 <sup>e</sup>	8,370 <sup>e</sup>	n/a	Home Improvement	1	2.5%
133	Organización Soriana S.A.B. de C.V.	Mexico	7,668**	7,668**	279	Hypermarket/Supercenter/Superstore	1	2.8%
134	Wegmans Food Markets Inc.	US	7,560	7,560	115	Supermarket	1	7.8%
135	Hudson's Bay Company	Canada	7,342	7,342	214	Department Store	7	2.2%
136	H2O Retailing Corporation	Japan	7,284	7,688	105	Department Store	2	12.4%
137	Jumbo Groep Holding B.V.	Netherlands	7,269**	7,269**	36	Supermarket	1	30.1%
138	O'Reilly Automotive Inc.	US	7,216**	7,216**	778	Other Specialty	1	8.3%
139	Foot Locker, Inc.	US	7,151	7,151	520	Apparel/Footwear Specialty	30	8.1%
140	PetSmart Inc.	US	7,112	7,112	426	Other Specialty	3	5.9%
141	Kering S.A.	France	7,078	13,343**	730	Apparel/Footwear Specialty	91	-16.9%
142	Compagnie Financière Richemont SA	Switzerland	6,902	13,217**	1,694	Other Specialty	56	17.9%
143	Lojas Americanas S.A.	Brazil	6,899	6,899	183	Discount Department Store	1	14.1%
144	Coop Danmark A/S	Denmark	6,870**	7,063**	35	Supermarket	2	1.4%
145	The Sherwin-Williams Company / Paint Stores Group	US	6,852	11,130**	866	Home Improvement	9	10.2%
146	Grupo Eroski	Spain	6,847 <sup>e</sup>	6,999	-368	Supermarket	2	-6.7%
147	Dick's Sporting Goods Inc.	US	6,814	6,814	344	Other Specialty	1	9.1%
148	Central Group (formerly Central Retail Corporation Ltd.)	Thailand	6,800 <sup>e</sup>	8,050	n/a	Department Store	6	20.3%
149	Coppel S.A. de C.V.	Mexico	6,794 <sup>e</sup>	6,794 <sup>e</sup>	n/a	Department Store	3	19.2%
150	Axel Johnson AB / Axfood, Axstores	Sweden	6,734**	9,733**	271	Hypermarket/Supercenter/Superstore	4	49.3%
151	Dillard's Inc.	US	6,649	6,780	332	Department Store	1	2.0%
152	Nike Inc. / Direct to Consumer	US	6,634	30,601**	3,273	Apparel/Footwear Specialty	63	21.8%
153	BİM Birleşik Mağazalar A.Ş.	Turkey	6,621	6,621	181	Discount Store	3	22.1%
154	Bauhaus GmbH & Co. KG	Germany	6,589 <sup>e</sup>	6,589 <sup>e</sup>	n/a	Home Improvement	17	6.9%
155	Next plc	UK	6,527	6,548**	1,039	Apparel/Footwear Specialty	74	4.2%
156	Belle International Holdings Limited	Hong Kong	6,505	6,505	772	Apparel/Footwear Specialty	3	15.2%
157	Sonae, SGPS, SA	Portugal	6,315	6,375	193	Supermarket	17	1.7%
158	Edion Corporation	Japan	6,290**	6,290**	45	Electronics Specialty	1	-3.4%
159	Yodobashi Camera Co. Ltd.	Japan	6,223 <sup>e</sup>	6,223 <sup>e</sup>	n/a	Electronics Specialty	1	0.0%
160	President Chain Store Corp.	Taiwan	6,179 <sup>e</sup>	6,839**	337	Convenience/Forecourt Store	4	7.6%
161	Pick n Pay Stores Limited	S. Africa	6,125	6,125	79	Supermarket	7	4.1%
162	OJSC Dixy Group	Russia	6,043	6,091	119	Supermarket	1	33.3%
163	WinCo Foods LLC	US	6,000 <sup>e</sup>	6,000 <sup>e</sup>	n/a	Supermarket	1	6.9%
164	Don Quijote Holdings Co. Ltd. (formerly Don Quijote Co., Ltd.)	Japan	5,807	6,019	237	Discount Department Store	2	7.0%
165	Emke Group / Lulu Group International	UAE	5,800 <sup>e</sup>	5,800 <sup>e</sup>	n/a	Hypermarket/Supercenter/Superstore	9	19.5%

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166	The Great Atlantic & Pacific Tea Company Inc.	US	5,800 <sup>e</sup>	5,800 <sup>e</sup>	n/a	Supermarket	1	-8.0%
167	K's Holdings Corporation	Japan	5,798 <sup>**</sup>	5,798 <sup>**</sup>	137	Electronics Specialty	1	-0.4%
168	Signet Jewelers Limited	Bermuda	5,724	5,736	381	Other Specialty	5	11.7%
169	Yonghui Superstores Co. Ltd.	China	5,719	5,979	139	Hypermarket/Supercenter/Superstore	1	33.7%
170	Tractor Supply Company	US	5,712	5,712	371	Other Specialty	1	12.2%
171	SHV Holdings N.V. / Makro	Netherlands	5,663 <sup>a</sup>	19,815	695	Cash & Carry/Warehouse Club	5	-1.4%
172	Majid Al Futtaim Holding LLC	UAE	5,603	6,868	699	Hypermarket/Supercenter/Superstore	12	8.8%
173	Defense Commissary Agency (DeCA)	US	5,600	5,600	n/a	Supermarket	13	-1.3%
174	E.Land World Ltd.	S. Korea	5,588 <sup>**</sup>	6,382 <sup>**</sup>	158	Apparel/Footwear Specialty	3	12.8%
175	El Puerto de Liverpool, S.A.B. de C.V.	Mexico	5,431	6,101	585	Department Store	1	10.7%
176	Grupo Comercial Chedraui, S.A.B. de C.V.	Mexico	5,374	5,374	133	Hypermarket/Supercenter/Superstore	2	8.5%
177	Izumi Co. Ltd.	Japan	5,361	5,392	163	Hypermarket/Supercenter/Superstore	1	3.6%
178	Deichmann SE	Germany	5,317	6,115 <sup>a</sup>	n/a	Apparel/Footwear Specialty	24	6.6%
179	Life Corporation	Japan	5,289	5,440	48	Supermarket	1	4.5%
180	The SPAR Group Limited	S. Africa	5,210 <sup>**</sup>	5,210 <sup>**</sup>	127	Supermarket	10	11.3%
181	Groupe FNAC S.A.	France	5,178 <sup>**</sup>	5,178 <sup>**</sup>	55	Other Specialty	7	ne
182	Big Lots Inc.	US	5,177	5,177	114	Discount Store	1	1.8%
183	Lenta Group	Russia	5,160	5,160	241	Hypermarket/Supercenter/Superstore	1	28.4%
184	Foodstuffs North Island Ltd.	New Zealand	5,056 <sup>**</sup>	5,056 <sup>**</sup>	15	Hypermarket/Supercenter/Superstore	1	ne
185	Coop Sverige AB	Sweden	5,001 <sup>**</sup>	5,001 <sup>**</sup>	-7	Supermarket	1	ne
186	Coop Norge, the Group	Norway	4,977 <sup>**</sup>	5,270 <sup>**</sup>	58	Supermarket	1	2.6%
187	Woolworths Holdings Limited	S. Africa	4,950	4,950	273	Department Store	14	19.3%
188	Celesio AG	Germany	4,889	29,678 <sup>**</sup>	70	Drug Store/Pharmacy	7	1.3%
189	Burlington Stores Inc. (formerly Burlington Coat Factory Investments Holdings Inc.)	US	4,850	4,850	66	Department Store	2	6.4%
190	Neiman Marcus Group LTD LLC	US	4,839	4,839	-147	Department Store	1	5.8%
191	Dashang Co. Ltd.	China	4,819	5,243	216	Department Store	1	8.3%
192	Agrokor d.d.	Croatia	4,809 <sup>**</sup>	6,095 <sup>**</sup>	-39	Supermarket	5	7.1%
193	Ascena Retail Group Inc.	US	4,791	4,791	133	Apparel/Footwear Specialty	2	26.2%
194	Shimamura Co. Ltd.	Japan	4,761	4,761	217	Apparel/Footwear Specialty	3	3.6%
195	The Michaels Companies Inc. (formerly Michaels Stores Inc.)	US	4,738	4,738	217	Other Specialty	2	4.0%
196	Chongqing Department Store Co. Ltd.	China	4,712	4,907	80	Department Store	1	32.5%
197	Williams-Sonoma Inc.	US	4,699	4,699	309	Non-store	10	8.7%
198	GS Retail Co. Ltd.	S. Korea	4,592	4,714	106	Convenience/Forecourt Store	1	5.7%
199	OJSC "Company M.video"	Russia	4,580	4,580	213	Electronics Specialty	1	19.6%
200	Forever 21 Inc.	US	4,500 <sup>e</sup>	4,500 <sup>e</sup>	n/a	Apparel/Footwear Specialty	47	14.3%
201	Arcadia Group Limited	UK	4,474 <sup>**</sup>	4,474 <sup>**</sup>	142	Apparel/Footwear Specialty	48	7.4%
202	SM Investments Corporation	Philippines	4,454	6,231	879	Hypermarket/Supercenter/Superstore	1	8.7%
203	Dufry AG	Switzerland	4,446	4,592	93	Other Specialty	60	12.0%
204	Berkshire Hathaway Inc. / Retail operations	US	4,422	194,673	20,170	Other Specialty	9	9.0%
205	Save Mart Supermarkets	US	4,421 <sup>e</sup>	4,421 <sup>e</sup>	n/a	Supermarket	1	-2.0%
206	MatsumotoKiyoshi Holdings Co. Ltd.	Japan	4,393 <sup>**</sup>	4,418 <sup>**</sup>	107	Drug Store/Pharmacy	1	4.4%

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207	Hermès International SCA	France	4,387 <sup>e</sup>	5,475 <sup>**</sup>	1,062	Apparel/Footwear Specialty	48	17.6%
208	Darty plc	UK	4,372	4,372	17	Electronics Specialty	3	-9.5%
209	XXXLutz Group	Austria	4,367 <sup>e</sup>	4,367 <sup>e</sup>	n/a	Other Specialty	8	7.9%
210	Arcs Co. Ltd.	Japan	4,361	4,374	89	Supermarket	1	11.9%
211	Iceland Topco Limited	UK	4,352 <sup>**</sup>	4,352 <sup>**</sup>	-107	Supermarket	7	3.6%
212	Nonggongshang Supermarket (Group) Co. Ltd.	China	4,347 <sup>e</sup>	4,783 <sup>g</sup>	n/a	Supermarket	1	1.9%
213	HORNBAACH-Baumarkt-AG Group	Germany	4,347	4,347	90	Home Improvement	9	4.6%
214	Gruppo Eurospin	Italy	4,254 <sup>e**</sup>	4,575 <sup>ge**</sup>	n/a	Discount Store	2	7.5%
215	Intersport Deutschland eG	Germany	4,187 <sup>e**</sup>	4,506 <sup>g**</sup>	n/a	Other Specialty	6	6.2%
216	Sports Direct International plc	UK	4,167	4,529	386	Other Specialty	21	15.6%
217	Magazine Luiza SA	Brazil	4,165	4,179	55	Electronics Specialty	1	26.1%
218	Belk Inc.	US	4,110	4,110	146	Department Store	1	4.2%
219	Barnes & Noble Inc.	US	4,108	6,069 <sup>**</sup>	37	Other Specialty	1	-3.8%
220	Demoulas Super Markets Inc. (dba Market Basket)	US	4,100 <sup>e</sup>	4,100 <sup>e</sup>	n/a	Supermarket	1	5.1%
221	Overwaitea Food Group	Canada	4,100 <sup>e</sup>	4,100 <sup>e</sup>	n/a	Supermarket	1	9.5%
222	Valor Co. Ltd.	Japan	4,081	4,282	84	Supermarket	2	6.0%
223	Norma Lebensmittelfilialbetrieb Stiftung & Co. KG	Germany	4,081 <sup>e</sup>	4,081 <sup>e</sup>	n/a	Discount Store	4	3.9%
224	Sundrug Co. Ltd.	Japan	4,057 <sup>**</sup>	4,057 <sup>**</sup>	149	Drug Store/Pharmacy	1	9.6%
225	Tiffany & Co.	US	4,015 <sup>e</sup>	4,250 <sup>**</sup>	484	Other Specialty	26	9.0%
226	DCM Holdings Co. Ltd.	Japan	4,001	4,006	84	Home Improvement	1	0.7%
227	Academy Ltd. (dba Academy Sports + Outdoors)	US	4,000 <sup>e</sup>	4,000 <sup>e</sup>	n/a	Other Specialty	1	10.8%
228	Stater Bros. Holdings Inc.	US	4,000 <sup>e</sup>	4,000 <sup>e</sup>	n/a	Supermarket	1	1.7%
229	O'Key Group S.A.	Russia	3,989	4,043	139	Hypermarket/Supercenter/Superstore	1	17.5%
230	Reinalt-Thomas Corporation (dba Discount Tire/America's Tire)	US	3,980 <sup>e</sup>	3,980 <sup>e</sup>	n/a	Other Specialty	1	8.4%
231	Tokyu Corporation	Japan	3,960	9,711	380	Department Store	4	-4.8%
232	Ralph Lauren Corporation	US	3,956	7,620 <sup>**</sup>	702	Apparel/Footwear Specialty	49	11.8%
233	Lagardère Travel Retail SAS (formerly Lagardère Services SA)	France	3,944	5,070	n/a	Other Specialty	33	5.1%
234	Lawson Inc.	Japan	3,922 <sup>**</sup>	4,631 <sup>**</sup>	308	Convenience/Forecourt Store	5	0.1%
235	Tsuruha Holdings Inc.	Japan	3,920	3,920	153	Drug Store/Pharmacy	2	9.5%
236	PRADA Group	Italy	3,913	4,662	603	Apparel/Footwear Specialty	42	24.6%
237	Roundy's Inc.	US	3,855	3,855	-310	Supermarket	1	0.6%
238	Debenhams plc	UK	3,823	3,823	144	Department Store	28	3.8%
239	Nitori Holdings Co. Ltd.	Japan	3,813	3,881	386	Other Specialty	3	7.6%
240	JYSK Group	Denmark	3,811 <sup>**</sup>	3,811 <sup>**</sup>	n/a	Other Specialty	34	4.9%
241	Grandvision N.V.	Netherlands	3,745 <sup>**</sup>	3,745 <sup>**</sup>	232	Other Specialty	43	n/a
242	Abercrombie & Fitch Co.	US	3,744	3,744	52	Apparel/Footwear Specialty	23	5.0%
243	HTM-Group	France	3,714	3,714	n/a	Electronics Specialty	1	13.1%
244	RONA Inc.	Canada	3,712 <sup>**</sup>	3,712 <sup>**</sup>	71	Home Improvement	1	-2.6%
245	Heiwado Co. Ltd.	Japan	3,707	3,899	81	Hypermarket/Supercenter/Superstore	2	1.7%
246	Vipshop Holdings Limited	China	3,701	3,774	123	Non-store	1	320.8%
247	Liquor Control Board of Ontario	Canada	3,691 <sup>e</sup>	4,597 <sup>**</sup>	1,603	Other Specialty	1	4.2%
248	Coach Inc.	US	3,686 <sup>e</sup>	4,192 <sup>**</sup>	402	Other Specialty	19	3.2%
249	Ingles Markets Inc.	US	3,683	3,836	51	Supermarket	1	3.2%
250	Groupe Vivarte	France	3,653	3,653	n/a	Apparel/Footwear Specialty	64	-2.0%

<sup>1</sup> Revenue and net income for the parent company or group may include results from non-retail operations  
<sup>2</sup> Compound annual growth rate

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  
\*\* Revenue includes wholesale and retail sales

Source: Published company data and Planet Retail

## Top 250 global retailers in alphabetical order

A.S. Watson Group	50	Deichmann SE	178
AB Acquisition LLC (now Albertsons Companies Inc.)	37	Delhaize Group SA	34
Abercrombie & Fitch Co.	242	Demoulas Super Markets Inc. (dba Market Basket)	220
Academy Ltd. (dba Academy Sports + Outdoors)	227	Dick's Sporting Goods Inc.	147
Advance Auto Parts Inc.	107	Dillard's Inc.	151
Aeon Co. Ltd.	16	Dirk Rossmann GmbH	111
Agrokor d.d.	192	Distribuidora Internacional de Alimentación S.A. (Dia, S.A.)	96
Aldi Einkauf GmbH & Co. oHG	7	Dixons Carphone plc (formerly Dixons Retail plc)	75
Amazon.com Inc.	12	dm-drogerie markt GmbH + Co. KG	103
Apple Inc. / Apple Retail Stores	48	Dollar General Corporation	54
Arcadia Group Limited	201	Dollar Tree Inc.	119
Arcs Co. Ltd.	210	Don Quijote Holdings Co. Ltd. (formerly Don Quijote Co., Ltd.)	164
Army & Air Force Exchange Service (AAFES)	130	Dufry AG	203
Ascena Retail Group Inc.	193	E.Land World Ltd.	174
Associated British Foods plc / Primark	126	Edeka Group	17
AutoZone Inc.	113	Edion Corporation	158
Axel Johnson AB / Axfood, Axstores	150	El Corte Inglés S.A.	68
Barnes & Noble Inc.	219	El Puerto de Liverpool, S.A.B. de C.V.	175
Bauhaus GmbH & Co. KG	154	E-MART Inc.	86
Bed Bath and Beyond Inc.	81	Emke Group / Lulu Group International	165
Beisia Group Co. Ltd.	132	Empire Company Limited	49
Belk Inc.	218	Esselunga S.p.A.	121
Belle International Holdings Limited	156	Family Dollar Stores Inc.	98
Berkshire Hathaway Inc. / Retail operations	204	Fast Retailing Co. Ltd.	72
Best Buy Co. Inc.	25	FEMSA Comercio, S.A. de C.V.	125
Bic Camera Inc.	127	Foodstuffs North Island Ltd.	184
Big Lots Inc.	182	Foot Locker, Inc.	139
BİM Birleşik Mağazalar A.Ş.	153	Forever 21 Inc.	200
BJ's Wholesale Club Inc.	80	GameStop Corp.	114
Burlington Stores Inc. (formerly Burlington Coat Factory Investments Holdings Inc.)	189	Gap Inc., The	62
C&A Europe	116	Giant Eagle Inc.	110
Canadian Tire Corporation Limited	102	Globus Holding GmbH & Co. KG	123
Carrefour S.A.	6	Gome Home Appliance Group	67
Casino Guichard-Perrachon S.A.	15	Grandvision N.V.	241
Celesio AG	188	Great Atlantic & Pacific Tea Company Inc., The	166
Cencosud S.A.	55	Groupe Adeo SA	52
Central Group (formerly Central Retail Corporation Ltd.)	148	Groupe Auchan SA	13
Centres Distributeurs E. Leclerc	22	Groupe FNAC S.A.	181
China Resources Enterprise Limited	71	Groupe Vivarte	250
Chongqing Department Store Co. Ltd.	196	Grupo Comercial Chedraui, S.A.B. de C.V.	176
Chow Tai Fook Jewellery Group Limited	124	Grupo Eroski	146
Coach Inc.	248	Gruppo Eurospin	214
Colruyt Group	120	GS Retail Co. Ltd.	198
Compagnie Financière Richemont SA	142	H & M Hennes & Mauritz AB	47
Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	69	H.E. Butt Grocery Company	46
Coop Danmark A/S	144	H2O Retailing Corporation	136
Coop Group	43	Heiwado Co. Ltd.	245
Coop Italia	66	Hermès International SCA	207
Coop Norge, the Group	186	Home Depot Inc., The	9
Coop Sverige AB	185	Home Retail Group plc	115
Co-operative Group Ltd.	82	HORNBACH-Baumarkt-AG Group	213
Coppel S.A. de C.V.	149	HTM-Group	243
Costco Wholesale Corporation	2	Hudson's Bay Company	135
CP ALL Public Company Limited	90	Hy-Vee Inc.	118
CVS Health Corporation (formerly CVS Caremark Corporation)	14	ICA Gruppen AB	77
Dairy Farm International Holdings Limited	92	Iceland Topco Limited	211
Dansk Supermarked A/S	104	IKEA Group (INGKA Holding B.V.), The	26
Darty plc	208	Inditex S.A.	45
Dashang Co. Ltd.	191	Ingles Markets Inc.	249
DCM Holdings Co. Ltd.	226	Intersport Deutschland eG	215
Debenhams plc	238	Isetan Mitsukoshi Holdings Ltd.	87
Décathlon S.A. (formerly Oxlane Groupe)	94	ITM Développement International (Intermarché)	27
Defense Commissary Agency (DeCA)	173	Izumi Co. Ltd.	177
		J Sainsbury plc	28

J. C. Penney Company Inc.	79	Rite Aid Corporation	38
J. Front Retailing Co. Ltd.	109	RONA Inc.	244
JD.com Inc.	58	Ross Stores Inc.	91
Jerónimo Martins, SGPS, S.A.	59	Roundy's Inc.	237
John Lewis Partnership plc	63	S Group	73
Jumbo Groep Holding B.V.	137	S.A.C.I. Falabella	99
JYSK Group	240	Safeway Inc.	30
Kering S.A.	141	Save Mart Supermarkets	205
Kesko Corporation	108	Schwarz Unternehmenstreuhand KG	4
Kingfisher plc	56	Sears Holdings Corporation	31
Kohl's Corporation	53	Seven & i Holdings Co. Ltd.	19
Koninklijke Ahold N.V.	24	Shanghai Bailian Group Co. Ltd. (formerly Shanghai Friendship Group Incorporated Co.)	128
Kroger Co., The	3	Sherwin-Williams Company / Paint Stores Group, The	145
K's Holdings Corporation	167	Shimamura Co. Ltd.	194
L Brands Inc.	89	Shoprite Holdings Ltd.	105
Lagardère Travel Retail SAS (formerly Lagardère Services SA)	233	SHV Holdings N.V. / Makro	171
Lawson Inc.	234	Signet Jewelers Limited	168
Lenta Group	183	SM Investments Corporation	202
Liberty Interactive Corporation	97	Sonae, SGPS, SA	157
Life Corporation	179	Southeastern Grocers, LLC (formerly BI-LO Holding LLC)	88
Liquor Control Board of Ontario	247	SPAR Group Limited, The	180
Loblaw Companies Limited	29	Spar Holding AG	84
Lojas Americanas S.A.	143	Sports Direct International plc	216
Lotte Shopping Co. Ltd.	41	Staples Inc.	85
Louis Delhaize S.A.	83	Stater Bros. Holdings Inc.	228
Lowe's Companies Inc.	18	Steinhoff International Holdings Ltd.	101
LVMH Moët Hennessy-Louis Vuitton S.A.	39	Sundrug Co. Ltd.	224
Macy's Inc.	35	Suning Commerce Group Co. Ltd.	57
Magazine Luiza SA	217	SuperValu Inc.	112
Majid Al Futtaim Holding LLC	172	Système U, Centrale Nationale	42
Marks and Spencer Group plc	61	Takashimaya Co. Ltd.	131
MatsumotoKiyoshi Holdings Co. Ltd.	206	Target Corporation	11
Meijer Inc.	64	Tengelmann Warenhandelsgesellschaft KG	100
Menard Inc.	106	Tesco PLC	5
Mercadona S.A.	44	Tiffany & Co.	225
Metro Ag	8	TJX Companies Inc., The	33
Metro Inc.	95	Tokyu Corporation	231
Michaels Companies Inc. (formerly Michaels Stores Inc.), The	195	Toys "R" Us Inc.	78
Migros-Genossenschafts Bund	40	Tractor Supply Company	170
Neiman Marcus Group LTD LLC	190	Tsuruha Holdings Inc.	235
Next plc	155	Uny Group Holdings Co. Ltd.	117
Nike Inc. / Direct to Consumer	152	Valor Co. Ltd.	222
Nitori Holdings Co. Ltd.	239	Vipshop Holdings Limited	246
Nonggongshang Supermarket (Group) Co. Ltd.	212	Walgreen Co. (now Walgreens Boots Alliance Inc.)	10
Nordstrom Inc.	74	Wal-Mart Stores Inc.	1
NorgesGruppen ASA	93	Wegmans Food Markets Inc.	134
Norma Lebensmittelfilialbetrieb Stiftung & Co. KG	223	Wesfarmers Limited	23
O'Key Group S.A.	229	Whole Foods Market Inc.	70
Office Depot Inc.	129	Williams-Sonoma Inc.	197
OJSC "Company M.video"	199	WinCo Foods LLC	163
OJSC Dixy Group	162	Wm Morrison Supermarkets PLC	36
O'Reilly Automotive Inc.	138	Woolworths Holdings Limited	187
Organización Soriana S.A.B. de C.V.	133	Woolworths Limited	21
Otto (GmbH & Co KG)	76	X5 Retail Group N.V.	60
Overwaitea Food Group	221	XXXLutz Group	209
PetSmart Inc.	140	Yamada Denki Co. Ltd.	65
Pick n Pay Stores Limited	161	Yodobashi Camera Co. Ltd.	159
PJSC "Magnit" (formerly OJSC "Magnit")	51	Yonghui Superstores Co. Ltd.	169
PRADA Group	236		
President Chain Store Corp.	160		
Publix Super Markets Inc.	32		
Ralph Lauren Corporation	232		
Reinart-Thomas Corporation (dba Discount Tire/America's Tire)	230		
Reitan Group	122		
Rewe Combine	20		

# Top 250 highlights

## Global economy a mixed bag for retailers in 2014

Plummeting oil prices created economic winners and losers in 2014. In many oil importing countries, including the United States, members of the European Union, Japan, India, and China, the result was a boost to consumer purchasing power. The drop in oil prices also had a deflationary impact and helped to offset the inflation in emerging markets that stemmed from declining currency values. Meanwhile, in energy exporting nations, falling prices led to significant revenue shortfalls.

The US dollar soared during this fiscal period, which led to lower import prices and increased consumer spending power in the United States. However, the strong dollar hurt US exports, becoming a drag on US economic growth. In Europe and Japan, the dollar's surge boosted exports, while in emerging countries it added to the cost of servicing dollar-denominated debts, thus creating financial market stress. Also, the rise in the dollar suppressed the dollar value of non-US retail sales.

The US economy generally performed well during fiscal 2014, with consumer spending growing at a healthy pace, driven by rising employment and lower energy prices. The European economy revived but grew slowly. The aggressive monetary policy of the European Central Bank was effective in suppressing the euro, thereby leading to a surge in exports. Consumer spending grew modestly as unemployment remained high. Still, lower energy prices had a positive impact.

The Chinese economy slowed considerably during this time, mainly due to weak exports and weakening investment. Nevertheless, consumer spending held up fairly well, although the luxury sector faltered. The Japanese economy sputtered, failing to respond adequately to aggressive monetary policy. This was largely due to the decision by the government to impose a consumption tax increase early in 2014. Japanese retailers are still feeling the negative consequences in terms of consumer willingness to spend.

Most emerging markets suffered as capital outflows put downward pressure on currencies. This led central banks to raise interest rates, thereby dampening growth. During this period, Brazil and Russia fell into recession, but India's economy accelerated, helped by lower energy prices and an easing of monetary policy.

Against this bumpy economic backdrop, sales-weighted, currency-adjusted retail revenue grew 4.3 percent in 2014 for the Top 250 Global Powers of Retailing. This is on par with the prior year's 4.1 percent growth but down from the gains posted in 2010 through 2012. Retailers based in North America and the Africa/Middle East region enjoyed accelerating growth on a composite basis. In Asia Pacific, Europe, and Latin America, composite growth decelerated. More than half of the Top 250 retailers struggled with top-line

Net profits and total assets 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 and assets mostly reflect non-retail activities. Eight such companies were excluded in fiscal 2014: CVS, Apple, Associated British Foods, Nike, SHV Holdings, Celesio, Berkshire Hathaway, and Tokyu Corp.

performance; revenue declined in 2014 for a quarter of these companies, and the rate of growth slowed but remained positive for nearly a third.

Bottom-line performance was also uneven across the geographic regions, but the overall direction was down. The Top 250 as a whole posted a composite net profit margin of 2.8 percent in 2014, compared with 3.4 percent the year before. As a result, composite return on assets fell to 4.3 percent from 5.3 percent in 2013. 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 income/loss figures were available for 198 of the Top 250 companies in 2014. More than 90 percent of these reporting companies were profitable. However, almost half (93 companies) generated a lower, albeit still positive, level of profitability.

Retail revenue for the Top 250 Global Powers of Retailing totaled almost US\$4.5 trillion in fiscal 2014, an average size of nearly US\$18 billion per company. Four retailers generated retail revenue of more than US\$100 billion (see Top 10 retailers chart below). Including the top four, 20 companies exceeded US\$50 billion in retail revenue. On the other hand, retail revenue for more than one-quarter of the Top 250 (65 companies) was less than US\$5 billion. To be included among the Top 250 in 2014 required retail revenue of at least US\$3.65 billion.

## Top 250 quick statistics, FY2014

FY2009-2014  
composite compound  
annual growth rate in  
retail revenue

**4.9%**

**US\$4.48  
trillion**

aggregate  
retail revenue  
of Top 250

Composite  
net profit margin

**2.8%**

**US\$17.91  
billion**

average size  
of Top 250  
(retail revenue)

Top 250 retailers  
with foreign  
operations

**66.0%**

minimum retail  
revenue required to  
be among Top 250

**US\$3.65  
billion**

composite  
year-over-year retail  
revenue growth

**4.3%**

average number of  
countries in which  
Top 250 companies have  
retail operations

**10.4**

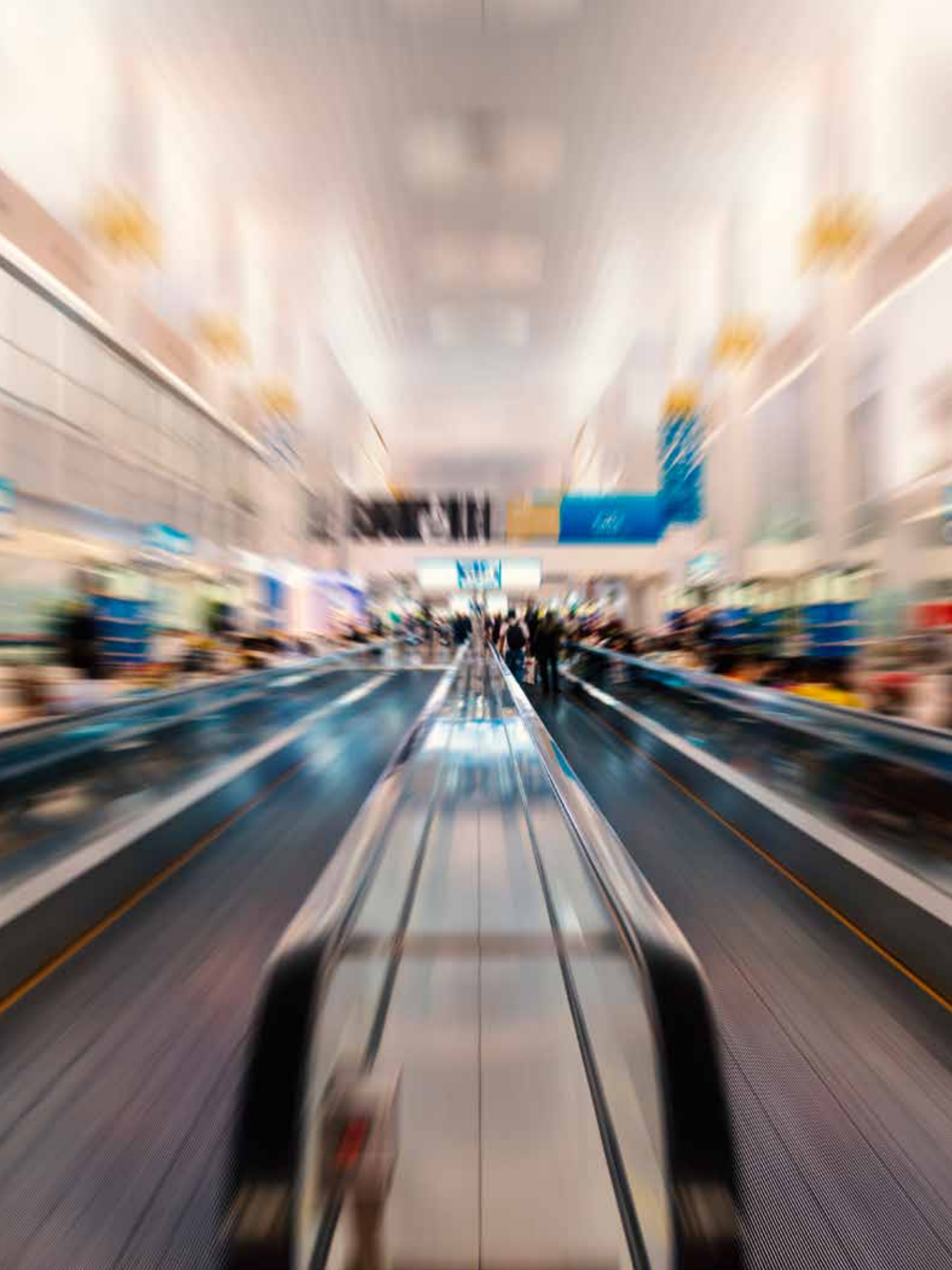
**4.3%**

composite  
return on assets

**23.4%**

percent of Top 250  
retail revenue from  
foreign operations







# Top 10 highlights

## Top 10 retailers worldwide

Top 250 rank	Name of company	Country of origin	FY2014 retail revenue (US\$M)	FY2014 retail revenue growth	FY2014 net profit margin	FY2014 return on assets	FY2009-2014 retail revenue CAGR*	# countries of operation	% retail revenue from foreign operations
1	Wal-Mart Stores Inc.	US	485,651	2.0%	3.5%	8.4%	3.5%	28	28.3%
2	Costco Wholesale Corporation	US	112,640	7.1%	1.9%	6.3%	9.5%	10	28.6%
3	The Kroger Co.	US	108,465	10.3%	1.6%	5.7%	7.2%	1	0.0%
4	Schwarz Unternehmenstreuhand KG	Germany	102,694 <sup>e</sup>	7.2%	n/a	n/a	7.7%	26	59.2%
5	Tesco PLC	UK	99,713	-2.1%	-9.3%	-13.0%	1.8%	13	30.0%
6	Carrefour S.A.	France	98,497	-0.3%	1.8%	3.0%	-2.8%	34	52.7%
7	Aldi Einkauf GmbH & Co. oHG	Germany	86,470 <sup>e</sup>	6.6%	n/a	n/a	6.8%	17	57.1%
8	Metro Ag	Germany	85,570	-4.0%	0.3%	0.6%	-0.8%	32	59.3%
9	The Home Depot Inc.	US	83,176	5.5%	7.6%	15.9%	4.7%	4	10.2%
10	Walgreen Co.	US	76,392	5.8%	2.7%	5.5%	3.8%	2	1.5%
<b>Top 10<sup>1</sup></b>			<b>1,339,267</b>	<b>3.2%</b>	<b>1.9%</b>	<b>4.3%</b>	<b>3.8%</b>	<b>16.7<sup>2</sup></b>	<b>31.5%</b>
<b>Top 250<sup>1</sup></b>			<b>4,478,205</b>	<b>4.3%</b>	<b>2.8%</b>	<b>4.3%</b>	<b>4.9%</b>	<b>10.4<sup>2</sup></b>	<b>23.4%</b>
<b>Top 10 share of Top 250 retail revenue</b>			<b>29.9%</b>						

\*Compound annual growth rate

<sup>1</sup> Sales-weighted, currency-adjusted composites

<sup>2</sup> Average

Source: Published company data and Planet Retail

e = estimate

n/a = not available

## Kroger, Walgreens on the move

Kroger's January 2014 acquisition of rival Harris Teeter Supermarkets,<sup>a</sup> followed by the purchase of online vitamin and supplement retailer Vitacost.com in August 2014,<sup>b</sup> propelled the supermarket chain from sixth place to third among the world's largest retailers in 2014. In November 2015, Kroger announced plans to add to its supermarket roster, having reached an agreement to acquire Wisconsin-based Roundy's.<sup>c</sup> The transaction was completed in December 2015. Despite another difficult year, Tesco moved ahead of Carrefour in the ranking purely on the basis of a slightly stronger British pound in 2014 compared with the euro in the dollar-denominated ranking. Along with Kroger, Schwarz surpassed US\$100 billion in retail revenue in 2014, maintaining its fourth-place position.

Aging Baby Boomers and newly insured customers helped boost Walgreens' sales in 2014, moving the world's largest drug store retailer into 10th place ahead of Target (number 10 in 2013). Walgreens, which has held a 45 percent investment interest in health and beauty group Alliance Boots since 2012, acquired the

remaining 55 percent in December 2014,<sup>d</sup> creating another US\$100+ billion behemoth in 2015. In October 2015, Walgreens Boots Alliance, as the company is now called, agreed to buy rival Rite Aid,<sup>e</sup> a move that would combine two of the United States' three biggest drug store chains. If the deal receives regulatory approval, the drug store giant would likely vie for a spot near the top of the leader board – exactly where would depend on the number of stores to be closed or sold off for antitrust reasons or because they are located too close together.

As would be expected due to sheer size, the world's 10 largest retailers – five US-based and five headquartered in Europe – have much bigger global footprints than the Top 250 overall. On average, the top 10 had retail operations in 16.7 countries compared with 10.4 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 countries. Schwarz, Carrefour, Aldi, and Metro depended on foreign markets for the majority of their sales. Kroger was the only single-country operator among the top 10 in 2014.

# 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 retail revenue. Although many companies derive revenue from outside their region, 100 percent of each company's revenue is accounted for within that company's region.

## Growth falls to 5-year low for European retailers in 2014; slows in Asia Pacific and Latin America

Retail revenue growth fell to a five-year low for **European** retailers in 2014 as 30 percent of the region's Top 250 retailers (28 companies) experienced negative sales growth and another third saw their rate of growth decline but remain positive. The composite 2.1 percent year-over-year growth rate – as contrasted with a five-year compound annual growth rate of 4.1 percent – was the slowest since 2009 and the lowest of the five geographic regions. As competition remained fierce both offline and online, many European retailers continued to downsize – closing stores, retreating from difficult foreign markets, divesting non-core

operations and building smaller-footprint stores. Not surprisingly, these companies were the most exposed to margin erosion from falling revenues. Europe's composite net profit margin (2.4 percent) was also the lowest among the regions. While only 10 percent of the companies that reported their profitability generated a net loss, an additional 43 percent of European Top 250 retailers posted a smaller net profit margin in 2014 compared with the prior year.

UK companies were largely responsible for dragging down the region's overall results as Britain's food retailers continued to be hit by falling prices. Sales fell for half of the UK retailers in 2014, with nearly another third witnessing slower growth, resulting in

	Region/country profiles, FY2014				Level of globalization by region/country, FY2014		
	 Number of companies	 Average retail revenue (US\$M)	 Share of top 250 companies	 Share of top 250 revenue	 % of retail revenue from foreign operations	 Average # of countries	 % single-country operators
<b>Top 250</b>	250	US\$17,913	100.0%	100.0%	23.4%	10.4	34.0%
<b>Africa/Middle East</b>	8	US\$6,814	3.2%	1.2%	32.3%	12.4	0.0%
<b>Asia Pacific<sup>1,2</sup></b>	53	US\$11,419	21.2%	13.5%	10.7%	3.9	43.4%
 <b>Japan</b>	28	US\$10,173	11.2%	6.4%	10.3%	4.3	39.3%
 <b>Other Asia Pacific<sup>1,2,3</sup></b>	25	US\$12,815	10.0%	7.1%	11.1%	3.4	48.0%
 <b>China/Hong Kong<sup>1,2</sup></b>	14	US\$10,118	5.6%	3.2%	17.9%	4.1	57.1%
<b>Europe</b>	93	US\$18,734	37.2%	38.9%	38.1%	16.8	19.4%
 <b>France</b>	15	US\$28,582	6.0%	9.6%	45.1%	30.0	6.7%
 <b>Germany</b>	16	US\$29,225	6.4%	10.4%	43.8%	15.2	6.3%
 <b>UK</b>	16	US\$17,848	6.4%	6.4%	20.6%	17.8	18.8%
<b>Other Europe</b>	46	US\$12,182	18.4%	12.5%	37.0%	12.7	28.3%
<b>Latin America</b>	9	US\$8,141	3.6%	1.6%	25.2%	2.3	44.4%
<b>North America</b>	87	US\$23,022	34.8%	44.7%	14.1%	8.2	46.0%
 <b>US</b>	79	US\$24,107	31.6%	42.5%	14.6%	8.9	43.0%

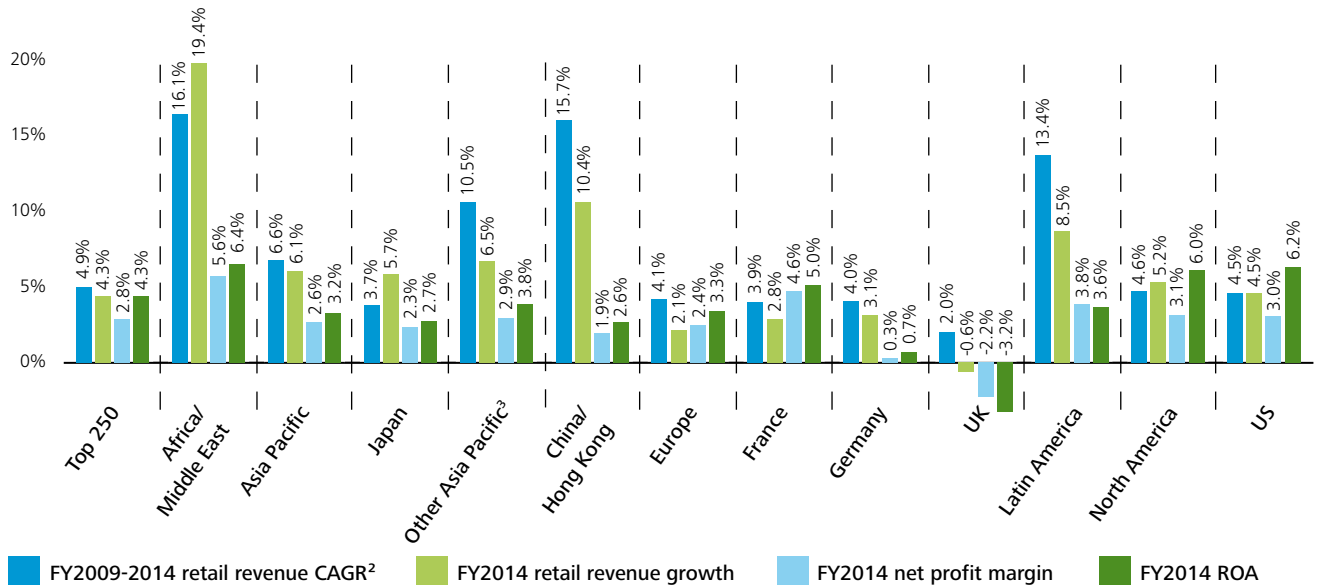
Results reflect Top 250 retailers headquartered in each region/country

<sup>1</sup> Average # countries excludes JD.com, which ships to 78 countries/regions

<sup>2</sup> China and Hong Kong are considered as a single country for this analysis

<sup>3</sup> Results for Other Asia Pacific include China/Hong Kong

## Retail revenue growth and profitability by region/country<sup>1</sup>



Results reflect Top 250 companies headquartered in each region/country

<sup>1</sup> Sales-weighted, currency-adjusted composites

<sup>2</sup> Compound annual growth rate

<sup>3</sup> Results for Other Asia Pacific include China/Hong Kong

a composite growth rate for the country's 16 Top 250 companies of -0.6 percent. Profits fell along with sales – the group posted a composite net profit margin of -2.2 percent. Tesco suffered a record annual loss, much of which was due to a significant downward revaluation of its property portfolio. Of Europe's big three economies, Germany posted the strongest top-line growth – though still modest at 3.1 percent – but retailing remains a low-margin industry in this country. The five German retailers that reported their profits in 2014 (the other 11 companies are private and do not disclose their bottom line) eked out a meager 0.3 percent composite net profit margin. On the bottom line, French retailers remained the most profitable, posting a net profit margin of 4.6 percent.

European retailers are the most international in scope. The average Top 250 European retailer had a presence in 16.8 countries in 2014. More than 38 percent of their combined retail revenue came from foreign operations. French and German retailers, by far the largest companies on average, generated more than 40 percent of their sales from foreign operations.

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.

In **North America**, while profitability softened, growth strengthened as the broader economy gained some momentum. North American retailers reported a composite net profit margin of 3.1 percent in 2014 as revenue advanced 5.2 percent. Nevertheless, almost half of the companies in this region reported either negative or declining year-over-year revenue growth, while more than half posted either a negative net profit margin or lower profitability than the year before.

Although the European region, with 93 companies, continued to account for the largest share of the world's Top 250 retailers in 2014, North America's 87 companies averaged US\$23 billion in retail revenue to maintain the largest share of Top 250 revenue. Despite their large size, most North American retailers do not have significant foreign operations, lagging well behind their European counterparts. Nearly half the North American retailers (40 companies) operated only within their domestic borders, compared with about 20 percent of the European companies and one-third for the Top 250 overall.

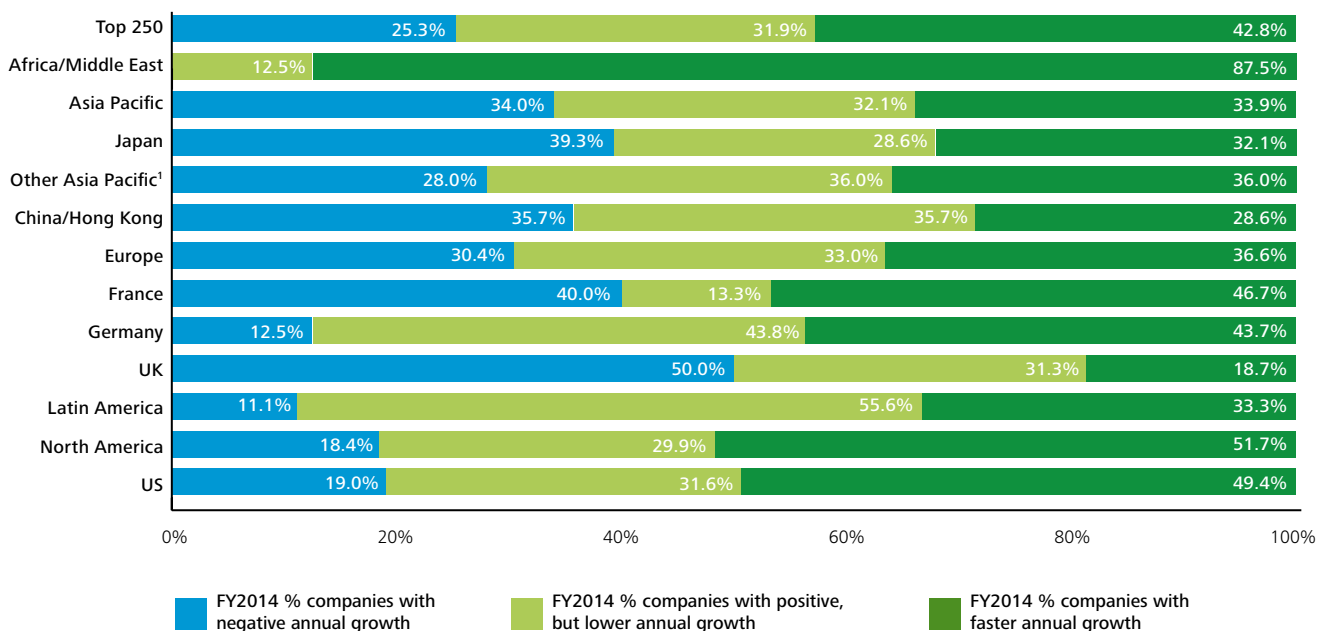
In the **Asia Pacific** region, retail revenue growth slowed dramatically as Japan's growth cooled following the national sales tax hike that took effect on 1 April 2014. Sales declined for 11 of the 28 Top 250 Japanese retailers (39 percent), while another eight companies experienced slower growth in 2014. Combined revenues grew 6.1 percent for the Asia Pacific region, slightly above Japan's 5.7 percent growth rate. Although the growth rate for the 14 retailers based in China or Hong Kong remained considerably higher than for the region as a whole, the majority posted slower or negative growth in 2014. The composite net profit margin weakened to 2.6 percent for the Asia Pacific group. Relatively few of the region's retailers operated at a loss in 2014, but more than half saw their net profit margin decline from the prior year.

The continued depreciation of the Japanese yen has taken a toll on the number of Japanese companies in the ranks of the Top 250. In 2014, there were 28 Japanese retailers, down from 31 in 2013 and 39 in 2012. Although a weak currency vis-à-vis the US dollar is not the only factor in the declining number of Japanese companies, it accounts for most of the fallout over the past two years.

In the Asia Pacific region, foreign operations generated 10.7 percent of overall retail revenue – a relatively small share, as more than 40 percent of the region's Top 250 retailers (23 of 53 companies) had only domestic retail operations. More than half of the retailers based in China or Hong Kong (eight of 14 companies) operated only within the country (for this analysis, China and Hong Kong are considered as one country).

Retail revenue growth continued to slow for **Latin America's** Top 250 retailers in 2014. Still, the 8.5 percent growth rate was the second-best result among the five regions; only Africa/Middle East grew faster. The pace of growth slowed for six of the nine Top 250 companies based in the region, leading to the overall softer result. A difficult year marked by strong reduction in consumption in a highly competitive Mexican market, Soriana plans to bolster its position as Mexico's leading food and general merchandise retailer in a pending deal to acquire 143 stores from Controladora Comercial Mexicana (Comerci).<sup>f</sup> The region's composite net profit margin of 3.8 percent also outperformed all but the Africa/Middle East region.

#### Retail revenue growth analysis by region/country



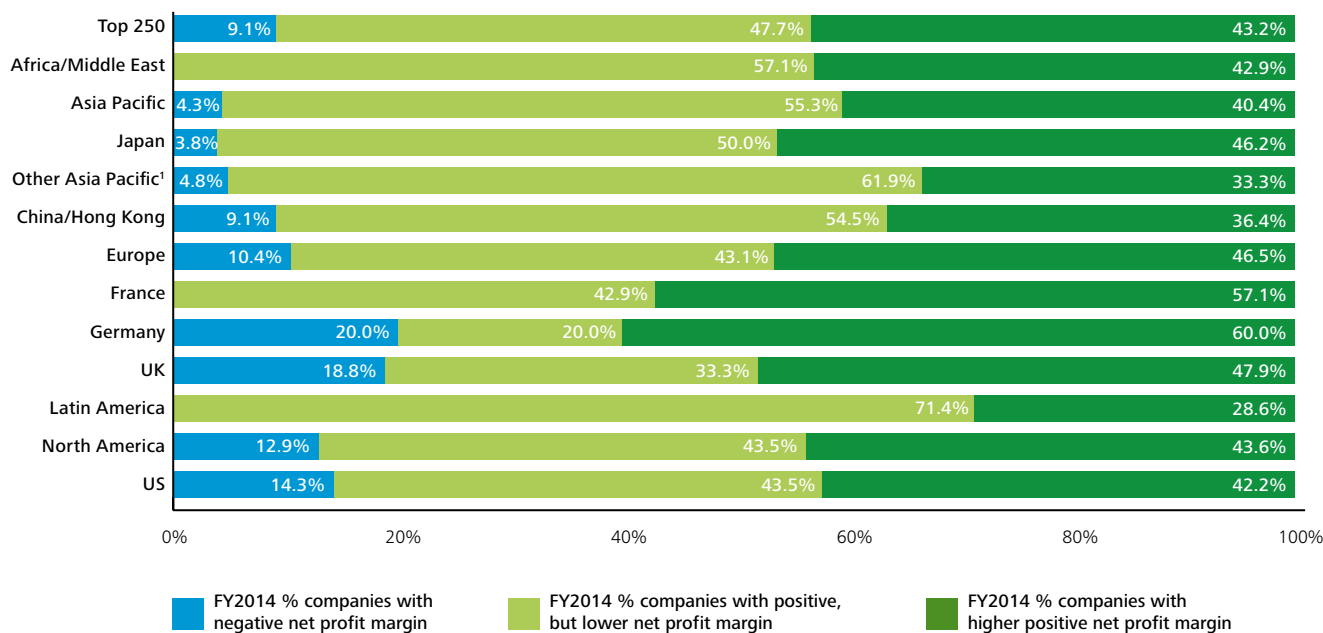
<sup>1</sup> Results for Other Asia Pacific include China/Hong Kong

All of the retailers that disclosed their bottom line results (seven of nine companies) generated a profit in 2014, although profit margins shrunk for most.

Latin American retailers continue to have the smallest global presence in terms of the average number of countries in which they operate (just 2.3 in 2014). However, five of the region's nine Top 250 retailers operated outside their home country – though only within Latin America – and foreign operations accounted for a sizeable 25 percent of the region's combined retail revenue.

The eight retailers representing the **Africa/Middle East** region generated composite growth of 19.4 percent, 4.5 times greater than the Top 250 as a whole. Strong growth yielded a robust profit margin of 5.6 percent, double that of the Top 250. Acquisitions boosted revenue for two South African retailers. In August 2014, Woolworths acquired Australian department store chain David Jones. In March 2015,<sup>9</sup> Steinhoff International bought South African value-oriented clothing and footwear retailer Pepkor.<sup>10</sup> Retailers based in Africa and the Middle East have expanded well outside their home countries – although mainly within the region, with the exception of Steinhoff – operating in an average 12.4 countries. Nearly one-third of their retail revenue came from foreign operations in 2014.

#### Net profit margin analysis by region/country



<sup>1</sup> Results for Other Asia Pacific include China/Hong Kong

# 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 and accessories, fast-moving consumer goods, hardlines and leisure goods, and diversified. A company is assigned to one of three specific product sectors if at least half of its retail revenue is derived from that broadly defined product category. If none of the three specific product sectors accounts for at least 50 percent of a company's retail revenue, it is considered to be diversified.

## Expanding international presence boosts performance of specialty apparel and footwear retailers












International expansion – including stand-alone stores, department store concessions and e-commerce – continued to be an important driver of sales and profits for many apparel, footwear and accessories retailers in 2014. Specialty retailers, including Primark, H&M, Fast Retailing, and Inditex, are rapidly expanding their fashion empires abroad. In addition, acquisitions boosted the sector's top-line performance. In May 2014, Signet Jewelers, the largest specialty retail jeweler in the United States and the United Kingdom, acquired North American jeweler Zale Corp.,<sup>1</sup> creating one of the world's largest specialty jewelry retailers. Acquisitions have helped make Canada's Hudson's Bay Company one of the fastest-growing department store retailers in the world. HBC acquired Saks in November 2013.<sup>1</sup> In September 2015, the Canadian retailer purchased Germany's Galeria Kaufhof and its Belgian subsidiary Galeria Inno,<sup>k</sup> marking its first foray into Europe.



As a group, **apparel and accessories** retailers were the fastest-growing and most profitable product sector in 2014 – as they were in 2013. Composite retail revenue growth increased 6.7 percent while the group's composite net profit margin reached 8.1 percent. Although these companies are relatively small in size, with average retail revenue of US\$9.1 billion, they are nevertheless the most global. Eighty-five percent (41 of the 48 Top 250 apparel and accessories retailers) operated internationally in 2014. On average, retailers in this product sector have expanded their operations to almost 26 countries around the globe and generated nearly one-third of their revenue outside their home countries.




Retailers of **fast-moving consumer goods (FMCG)** continue to represent the largest product sector, accounting for half of all Top 250 retailers and two-thirds of Top 250 retail revenue in 2014. Although the companies in this sector are the largest in size as well as number, averaging

	Product sector profiles, FY2014				Level of globalization by product sector, FY2014		
	 Number of companies	 Average retail revenue (US\$M)	 Share of top 250 companies	 Share of top 250 revenue	 % of retail revenue from foreign operations	 Average # of countries	 % single-country operators
<b>Top 250</b>	250	US\$17,913	100.0%	100.0%	23.4%	10.4	34.0%
 <b>Apparel and accessories</b>	48	US\$9,082	19.2%	9.7%	31.6%	25.9	14.6%
 <b>Fast-moving consumer goods</b>	126	US\$23,712	50.4%	66.7%	22.2%	5.3	41.3%
 <b>Hardlines and leisure goods</b>	54	US\$12,998	21.6%	15.7%	24.5%	8.1	33.3%
 <b>Diversified</b>	22	US\$16,033	8.8%	7.9%	22.2%	11.4	36.4%

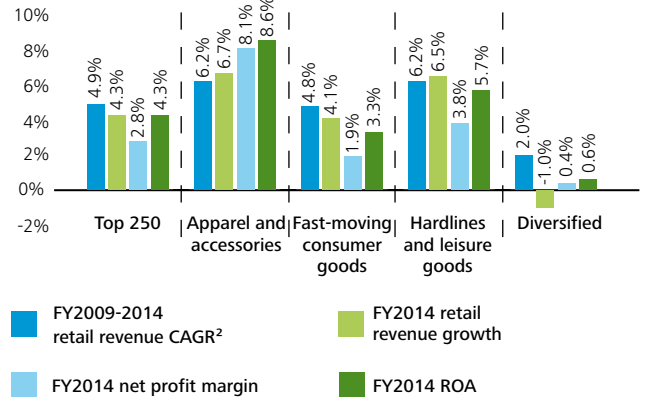
almost US\$24 billion in retail revenue, they remain the least global. In 2014, more than 40 percent operated only within their domestic borders. As a group, they operated in an average of 5.3 countries compared with 10.4 countries for the Top 250 as a whole. Nevertheless, the sector generated more than 22 percent of its total retail revenue from operations in foreign countries, the result of several large, truly global operators like Walmart, Carrefour, Casino, AS Watson and hard discounters Schwarz and Aldi.

This sector's revenue growth, which outpaced the softgoods and hardgoods sectors in 2011 and 2012, has since cooled somewhat. In 2014, composite retail revenue grew 4.1 percent, on par with the prior year. Of the 95 FMCG companies that reported their profits, only nine operated at a loss. However, more than half saw their net profit margin shrink in 2014. As a result, the sector's composite net profit margin fell to 1.9 percent. The number of companies representing the FMCG sector continued to drop, to 126 from 132 the year before. In addition to fallout from slower sales relative to the specialty retailers, several former Top 250 FMCG companies were swallowed up through acquisition in fiscal 2014, including Alliance Boots (acquired by Walgreen),<sup>1</sup> Harris Teeter Supermarkets (acquired by Kroger),<sup>m</sup> Shoppers Drug Mart (acquired by Loblaw),<sup>n</sup> Poslovni sistem Mercator (acquired by Agrokor),<sup>o</sup> and Welcia Holdings (acquired by Aeon).<sup>p</sup>

 On a composite basis, the **hardlines and leisure goods** sector posted another solid performance in 2014. Top-line sales for the group as a whole grew 6.5 percent on a composite basis, and profitability remained healthy with a 3.8 percent composite net profit margin. This sector's top-line growth got a boost from e-commerce giants Amazon.com and JD.com, although neither was profitable in 2014.

Acquisitions also helped sustain growth for some companies. Office Depot and OfficeMax completed their merger in November 2013<sup>q</sup> in an effort to create a stronger, more competitive and more efficient global provider of office products, services and solutions. Advance Auto Parts acquired General Parts International, parent company of the Carquest Auto Parts chain, in January 2014.<sup>r</sup> The transaction created the largest automotive aftermarket parts provider in North America. Sharing a vision of where the world is headed, Dixons and Car Phone Warehouse merged in August 2014.<sup>s</sup> The deal was designed to enable both companies to capitalize on the Internet of Things – that is, the growth of Internet-enabled devices, such as appliances controlled from smartphones. Seeking to become one of the world's biggest value-oriented retailers, furniture and homegoods retailer Steinhoff extended its discount position into the clothing sector with the March 2015 acquisition of South Africa's Pepkor group.<sup>t</sup>

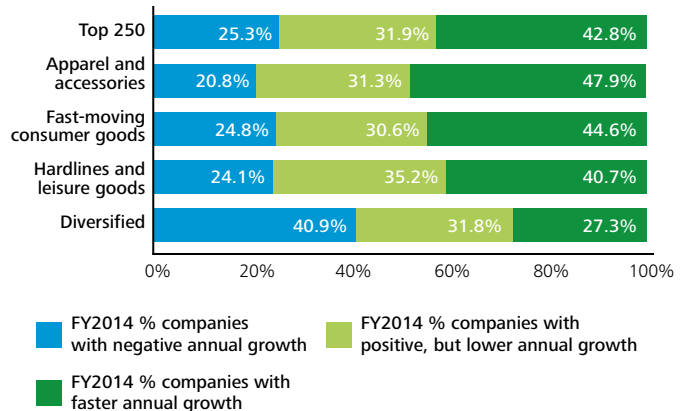
### Retail revenue growth and profitability by primary product sector<sup>1</sup>



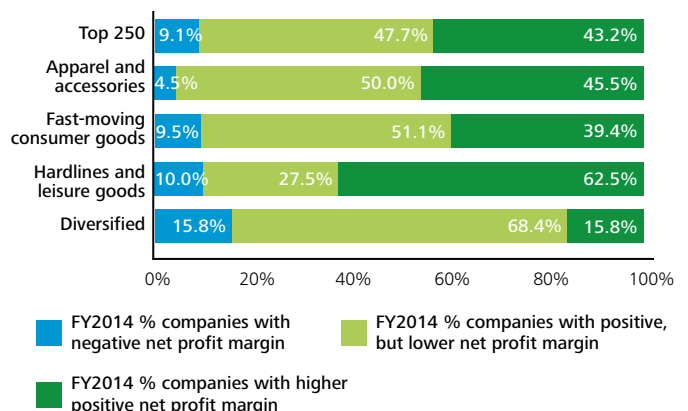
<sup>1</sup> Sales-weighted, currency-adjusted composites

<sup>2</sup> Compound annual growth rate

### Retail revenue growth analysis by primary product sector



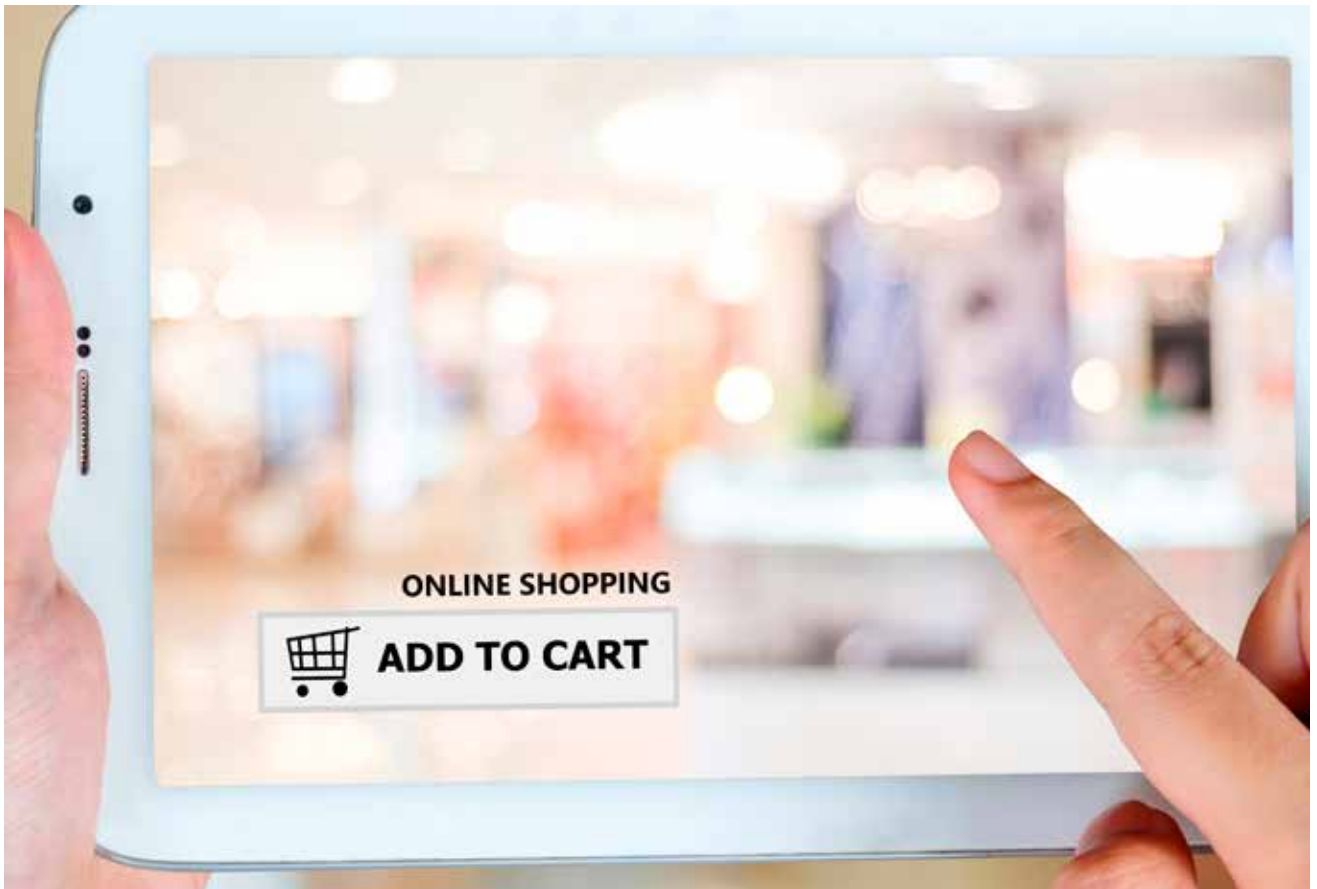
### Net profit margin analysis by primary product sector





Composite performance aside, individual company fortunes were decidedly mixed within the hardlines and leisure sector. Most notably, many of the Japanese retailers suffered a downturn in sales and profitability during 2014. Rising prices caused by the April sales tax hike and the yen's fall continued to outpace the slow pickup in wages, eroding the purchasing power of many households and leading to declining consumer confidence.

 **Diversified** retailers – those selling a broad product offering and often operating a range of formats – continued to struggle in 2014. Composite retail revenue growth declined 1.0 percent, while the group's composite net profit margin was a meager 0.4 percent. This group was represented by 22 companies in 2014, including some of the world's largest retailers: Germany's Metro group, Target and Sears Holdings in the United States, Lotte Shopping Co. in South Korea and British retailer Marks & Spencer. The average size of the companies in this group was more than US\$16 billion – second only to retailers of fast-moving consumer goods.



# Fastest 50

The Fastest 50 is based on compound annual revenue growth over the five-year period 2009 to 2014. Fastest 50 companies that were also among the 50 fastest-growing retailers in 2014 make up an even more elite group. These retailers are designated in italicized bold type on the list.

## Chinese e-retailers top the Fastest 50

From 2009 through 2014, composite retail revenue for the 50 fastest-growing retailers grew at a compound annual rate of 20.6 percent, more than four times faster than the growth rate for the Top 250 as a whole. While the Fastest 50 is based on revenue growth over a five-year period, most retailers on the list maintained their aggressive growth in fiscal 2014. More than half of the Fastest 50 (27 companies) were also among the 50 fastest-growing retailers in 2014. This contributed to composite year-over-year retail revenue growth of 12.4 percent, nearly three times faster than that of the Top 250. For the 43 companies that disclosed their 2014 bottom-line results, strong sales also translated into better profitability. The composite net profit margin for the Fastest 50 retailers was 3.7 percent in 2014 versus 2.8 percent for the Top 250. Only three Fastest 50 companies operated at a net loss.

A review of the Fastest 50 reveals three primary pathways to growth. Mergers and acquisitions played a big part in boosting sales for many companies. E-commerce, which drives much of the retail industry's growth today, is a major focus, if not the exclusive focus, of several companies. Strong organic growth is also a factor and is particularly apparent in the number of emerging market retailers among the Fastest 50.

Two of China's largest e-retailers, Vipshop – a 2014 Top 250 newcomer – and JD.com – a Top 250 newcomer in 2012 – topped the list of the 50 fastest-growing retailers. Sales soared more than 300 percent on a compound annual basis between 2009 and 2014 for Vipshop. The company, which began operations in 2008 and went public in 2012, is an online discount retailer for popular domestic and international brands utilizing a flash sales model. JD.com, China's largest e-retailer, sells primarily electronics and home appliance products directly and through a third-party e-marketplace.

Although growth has slowed in China, eight of the 14 Top 250 Chinese retailers (including those based in Hong Kong) ranked among the Fastest 50 in 2014.

In addition, all six of the Russian Top 250 retailers are represented. Dixy Group, Russia's fourth-largest retailer, opened its first neighborhood store in Moscow in 1999 and has pursued rapid organic growth ever since. The company also increased its store count by 50 percent in 2011 with the acquisition of Victoria Group, one of Russia's largest supermarket retailers.<sup>v</sup> In 2014, Dixy opened 396 net new stores for a total of 2,195, while comp store sales rose 11.4 percent.<sup>v</sup> Lenta, Russia's second-largest hypermarket chain, has continued the rapid roll-out of Lenta hypermarkets nationally in order to tap the enormous potential in cities with no federal hypermarket. The company has also created compact and supercompact formats for smaller catchment areas and to locate closer to customers in big cities. In 2014, selling space increased 38.7 percent through the opening of 31 new hypermarkets for a total of 108.<sup>w</sup>

Growth through acquisition, as noted throughout this report, earned a number of companies a spot in the Fastest 50. AB Acquisition LLC (now Albertsons Companies) brought all of the Albertsons stores back together again in 2013 by purchasing from SUPERVALU the assets that it had acquired in 2006 from the former Albertson's Inc.<sup>x</sup> Albertsons then bought Safeway in January 2015, creating the second-largest supermarket retailer in the United States.<sup>y</sup> CP All, owner of Thailand's 7-Eleven chain, acquired Siam Makro from SHV in August 2013.<sup>z</sup> Full-year consolidation of the cash and carry operator's results helped boost CP All's revenues 30.6 percent in 2014.

## 50 fastest-growing retailers

Growth rank	Top 250 rank	Name of company	Country of origin	FY2014 retail revenue (US\$M)	Dominant operational format	FY2009-2014 retail revenue CAGR <sup>1</sup>	FY2014 retail revenue growth	FY2014 net profit margin
1	246	<b>Vipshop Holdings Limited</b>	China	3,701	Non-store	320.8%	120.2%	3.3%
2	58	<b>JD.com Inc.</b>	China	17,672	Non-store	106.3%	62.0%	-4.3%
3	150	Axel Johnson AB/ Axfood, Axstores	Sweden	6,734**	Hypermarket/Supercenter/Superstore	49.3%	2.4%	2.8%
4	37	<b>AB Acquisition LLC (now Albertsons Companies Inc.)</b>	US	27,199	Supermarket	45.3%	35.6%	-4.5%
5	101	<b>Steinhoff International Holdings Ltd.</b>	S. Africa	10,240	Other Specialty	41.6%	37.4%	9.8%
6	88	<b>Southeastern Grocers LLC (formerly BI-LO Holding LLC)</b>	US	11,500 <sup>e</sup>	Supermarket	36.0%	13.6%	n/a
7	169	<b>Yonghui Superstores Co. Ltd.</b>	China	5,719	Hypermarket/Supercenter/Superstore	33.7%	19.9%	2.3%
8	162	<b>OJSC Dixy Group</b>	Russia	6,043	Supermarket	33.3%	27.0%	2.0%
9	196	Chongqing Department Store Co. Ltd.	China	4,712	Department Store	32.5%	-1.2%	1.6%
10	137	Jumbo Groep Holding B.V.	Netherlands	7,269**	Supermarket	30.1%	-4.4%	0.5%
11	51	PJSC "Magnit" (formerly OJSC "Magnit")	Russia	19,851	Convenience/Forecourt Store	30.0%	9.1%	6.2%
12	183	<b>Lenta Group</b>	Russia	5,160	Hypermarket/Supercenter/Superstore	28.4%	34.5%	4.7%
13	48	Apple Inc. / Apple Retail Stores	US	21,462	Electronics Specialty	26.4%	6.1%	21.6%
14	90	<b>CP ALL Public Company Limited</b>	Thailand	11,436**	Convenience/Forecourt Store	26.4%	30.6%	2.8%
15	193	Ascena Retail Group Inc.	US	4,791	Apparel/Footwear Specialty	26.2%	1.6%	2.8%
16	217	<b>Magazine Luiza SA</b>	Brazil	4,165	Electronics Specialty	26.1%	20.9%	1.3%
17	12	<b>Amazon.com Inc.</b>	US	70,080	Non-store	25.8%	15.1%	-0.3%
18	71	<b>China Resources Enterprise Limited</b>	Hong Kong SAR	14,110	Hypermarket/Supercenter/Superstore	24.6%	15.1%	0.2%
19	236	PRADA Group	Italy	3,913	Apparel/Footwear Specialty	24.6%	-0.5%	12.9%
20	124	Chow Tai Fook Jewellery Group Limited	Hong Kong SAR	8,285**	Other Specialty	22.9%	-17.0%	8.6%
21	153	BİM Birleşik Mağazalar A.Ş.	Turkey	6,621	Discount Store	22.1%	22.1%	2.7%
22	152	<b>Nike Inc. / Direct to Consumer</b>	US	6,634	Apparel/Footwear Specialty	21.8%	25.1%	10.7%
23	148	Central Group (formerly Central Retail Corporation Ltd. (subsidiary))	Thailand	6,800 <sup>e</sup>	Department Store	20.3%	7.9%	n/a
24	199	<b>OJSC "Company M.video"</b>	Russia	4,580	Electronics Specialty	19.6%	16.3%	4.6%
25	165	<b>Emke Group / Lulu Group International</b>	UAE	5,800 <sup>e</sup>	Hypermarket/Supercenter/Superstore	19.5%	16.0%	n/a
26	187	<b>Woolworths Holdings Limited</b>	S. Africa	4,950	Department Store	19.3%	42.3%	5.5%
27	149	<b>Coppel S.A. de C.V.</b>	Mexico	6,794 <sup>e</sup>	Department Store	19.2%	12.3%	n/a
28	142	Compagnie Financière Richemont SA	Switzerland	6,902	Other Specialty	17.9%	-7.1%	12.8%
29	207	Hermès International SCA	France	4,387 <sup>e</sup>	Apparel/Footwear Specialty	17.6%	10.0%	19.4%
30	229	O'Key Group S.A.	Russia	3,989	Hypermarket/Supercenter/Superstore	17.5%	8.9%	3.4%
31	126	<b>Associated British Foods plc / Primark</b>	UK	8,202	Apparel/Footwear Specialty	16.4%	15.8%	6.0%
32	55	Cencosud S.A.	Chile	18,221	Supermarket	15.7%	5.6%	1.8%
33	216	Sports Direct International plc	UK	4,167	Other Specialty	15.6%	4.7%	8.5%

Companies in bold italic type were also among the 50 fastest-growing retailers in 2014.

Fastest 50 and Top 250 composite net profit margins exclude results for companies that are not primarily retailers.

<sup>1</sup>Compound annual growth rate

e = estimate

\*\* Revenue includes wholesale and retail sales

g = gross turnover as reported by company

## 50 fastest-growing retailers

Growth rank	Top 250 rank	Name of company	Country of origin	FY2014 retail revenue (US\$M)	Dominant operational format	FY2009-2014 retail revenue CAGR <sup>1</sup>	FY2014 retail revenue growth	FY2014 net profit margin
34	125	<b>FEMSA Comercio, S.A. de C.V.</b>	Mexico	8,255	Convenience/Forecourt Store	15.4%	12.4%	n/a
35	156	<b>Belle International Holdings Limited</b>	Hong Kong SAR	6,505	Apparel/Footwear Specialty	15.2%	10.4%	11.9%
36	72	<b>Fast Retailing Co. Ltd.</b>	Japan	13,529**	Apparel/Footwear Specialty	15.0%	21.0%	5.7%
37	41	Lotte Shopping Co. Ltd.	S. Korea	25,384	Hypermarket/Supercenter/Superstore	14.6%	-0.1%	2.2%
38	39	LVMH Moët Hennessy-Louis Vuitton S.A.	France	26,006 <sup>e</sup>	Other Specialty	14.6%	6.5%	19.9%
39	200	<b>Forever 21 Inc.</b>	US	4,500 <sup>e</sup>	Apparel/Footwear Specialty	14.3%	15.4%	n/a
40	143	<b>Lojas Americanas S.A.</b>	Brazil	6,899	Discount Department Store	14.1%	20.5%	2.6%
41	60	X5 Retail Group N.V.	Russia	16,853	Discount Store	14.1%	0.4%	2.0%
42	99	S.A.C.I. Falabella	Chile	10,461	Department Store	14.1%	5.8%	6.3%
43	57	Suning Commerce Group Co. Ltd.	China	17,733	Electronics Specialty	13.3%	3.5%	0.8%
44	15	Casino Guichard-Perrachon S.A.	France	64,462**	Hypermarket/Supercenter/Superstore	13.1%	1.5%	1.7%
45	243	HTM-Group	France	3,714	Electronics Specialty	13.1%	0.1%	n/a
46	174	E.Land World Ltd.	S. Korea	5,588 <sup>e**</sup>	Apparel/Footwear Specialty	12.8%	10.1%	2.5%
47	107	<b>Advance Auto Parts Inc.</b>	US	9,844**	Other Specialty	12.7%	51.6%	5.0%
48	136	<b>H2O Retailing Corporation</b>	Japan	7,284	Department Store	12.4%	51.7%	1.4%
49	170	<b>Tractor Supply Company</b>	US	5,712	Other Specialty	12.2%	10.6%	6.5%
50	59	Jerónimo Martins, SGPS, S.A.	Portugal	16,856	Discount Store	12.2%	7.2%	2.6%
<b>Fastest 50 sales-weighted, currency-adjusted composite</b>						<b>20.6%</b>	<b>12.4%</b>	<b>3.7%</b>
<b>Top 250 sales-weighted, currency-adjusted composite</b>						<b>4.9%</b>	<b>4.3%</b>	<b>2.8%</b>

Companies in bold italic type were also among the 50 fastest-growing retailers in 2014.

Fastest 50 and Top 250 composite net profit margins exclude results for companies that are not primarily retailers.

<sup>1</sup>Compound annual growth rate

e = estimate

\*\* Revenue includes wholesale and retail sales

g = gross turnover as reported by company

# Top 50 e-retailers

E-retailing, as defined in this analysis, includes business to consumer (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.

## E-commerce primary driver of retail revenue growth

E-commerce accounts for the majority, if not all, of the sales growth for many retailers today – especially mature, traditional retailers who, at best, are eking out low-single-digit gains in same store sales. And for a number of companies, online sales are helping to offset declining sales in the physical store base. An analysis of the e-commerce activity for the Top 250 Global Powers of Retailing illustrates this trend. For 2014, e-commerce sales information was available for 173 of the Top 250 companies (either as reported by the company or estimated by Planet Retail or Internet Retailer). Of these 173 companies:

- About one-fifth (33 companies) did not have a transactional website in 2014. This is similar to the 2013 result but down from more than one-quarter in 2012 as more retailers have launched an e-commerce business. Most of the companies that did not engage in e-commerce are retailers of food and other fast-moving consumer goods (i.e., supermarket, hypermarket, hard discount, and convenience stores operators).
- The 140 Top 250 companies with B2C e-commerce operations generated 7.6 percent of their combined retail revenue online in 2014, up substantially from 6.5 percent for this group of companies in 2013. If Amazon.com, JD.com, and Vipshop – the three web-only retailers among the Top 250 – are factored out of the equation, e-commerce as a share of total retail revenue drops to 5.0 percent in 2014 versus 4.4 percent the year before. While this overall level of online sales penetration may seem fairly modest, it varies greatly by type of retailer. Food retailers that sell online – which accounted for 52 of the 140 retailers studied – tended to drag down the composite result as e-commerce typically accounted for a small share of their total revenue – generally 2-4 percent or less.
- Although e-commerce accounted for 7.6 percent of these companies' total retail revenue in 2014, it represented 36 percent of their combined retail revenue growth in 2014. Excluding Amazon.com, JD.com, and Vipshop, e-commerce generated 24.6 percent of the group's total growth. For 62 of these retailers, online sales accounted for the majority of their growth, if not their only growth.

- Of the 140 companies with e-commerce-enabled websites, more than one-quarter (39 retailers) reported negative retail revenue growth in 2014. For the vast majority of those companies (34 retailers), e-commerce sales helped to offset contracting sales. For another 10 retailers, growth would have been negative without the contribution made by their e-commerce operations.
- Online sales grew at a composite rate of 20.3 percent in 2014 for the 140 Top 250 retailers with e-commerce operations. This compares with total composite retail revenue growth of just 3.5 percent for this group of companies. Excluding the three pure-play e-retailers, online sales grew 18.2 percent versus total growth of 3.1 percent.

## Omnichannel retailers dominate world of e-retailing

In addition to analyzing the e-commerce activity of the world's 250 largest retailers, Deloitte Global also compiled a list of the 50 largest e-retailers around the globe. Analysis of the "e-50" shows:

- The majority of the e-50 (39 companies) are omnichannel retailers with bricks-and-mortar stores as well as online and other non-store operations. Eleven companies are non-store or web-only retailers, including Amazon, the world's largest e-retailer with 2014 net product sales (i.e., sales where Amazon is the seller of record) of more than US\$70 billion. Apple's estimated e-commerce sales of US\$20.6 billion ranked the company in second place. Online direct sales for JD.com, China's largest e-retailer, jumped 62 percent in 2014 to nearly US\$17.7 billion. Wal-Mart, with online sales estimated at US\$12.2 billion, was the only other company to generate more than US\$10 billion in e-retail sales in 2014, making the world's largest retailer the fourth-largest e-retailer.
- The Top 250 Global Powers of Retailing dominate the list, accounting for more than three-quarters of the e-50 (38 companies). China's Vipshop Holdings, the world's 12th largest e-retailer, became a Top 250 newcomer in 2014, more than doubling its sales during the year.
- All but six e-50 retailers are based in the United States (26 companies) or Europe (18) – especially the UK (9), France (5),

and Germany (3). The other six are emerging market companies (4 China, 1 Brazil, 1 Russia). A 50 percent jump in sales boosted Russian e-retail leader Ulmart into the e-50 in 2014. E-Commerce China Dangdang, an online bookstore and general merchandise retailer, also joined the e-50 for the first time in 2014.

- E-50 retailers grew their digital sales 19.7 percent, on a composite basis, in 2014, very similar to the 20.3 percent pace of online sales growth for the Top 250 e-commerce group discussed above. For both groups, online sales grew more than four times as fast as the 4.3 percent composite retail revenue growth for the Top 250 Global Powers of Retailing as a whole. The pace of growth decelerated slightly from the e-50 group's composite 22.0 percent compound annual growth rate over the 2011 to 2014 period.
- E-commerce sales accounted for 13.2 percent of e-50 retailers' total retail revenue on a composite basis. This compares with 7.6 percent for the Top 250 e-commerce group.
- To join the ranks of the e-50 in 2014 required e-retail sales of more than US\$1.2 billion. Competition was fierce at the bottom of the list as an additional 26 companies with B2C e-commerce sales between US\$750 million and US\$1.2 billion were also vying for position. This up-and-coming group includes several rapidly growing pure-play e-retailers: zulily, an American e-commerce company targeting young mothers with clothing, toys, and home products (acquired by Liberty Interactive, parent company of QVC, in October 2015); US-based Wayfair, one of the world's largest online destinations for furniture and home furnishings; Norway's Komplet Group, an Internet retailer of computers and other consumer electronics; RFS Holland, the holding company for Wehkamp, a pioneer in the Dutch Internet e-commerce sphere, as well as several other online retailers (company agreed to be acquired by investment group Apax Partners in July 2015);<sup>aa</sup> Global Fashion Group, a combination of five leading e-commerce companies in emerging markets created by Swedish investment fund Kinnevik and German internet incubator Rocket Internet in September 2014;<sup>bb</sup> and Tencent Holdings, a leading provider of comprehensive internet services in China. Tencent, an e-50 retailer in 2013, fell out of contention in 2014 following a decline of more than 50 percent in e-commerce transactions. This mainly reflected a traffic shift to JD.com following the formation of a strategic partnership between the two companies in March 2014<sup>cc</sup> and the repositioning of Tencent's Yixun e-commerce business from principal to marketplace operations.

## From clicks to bricks: accelerating the omnichannel environment

As consumers buy more and more goods online, traditional store-based retailers are under massive pressure to find new ways to grow. Rapid shifts in consumer shopping behavior, driven by technological advances and changing preferences, are forcing companies to accelerate an omnichannel approach to the business – creating a more innovative retail environment where online and in-store shopping are a seamless experience for consumers. As a result, many store-based retailers are seeking to bolster their online reach and expand their e-commerce capabilities by acquiring web-only merchants and other e-commerce technologies.

Despite the difficulties faced by many traditional retailers, however, it appears that the death of bricks-and-mortar retailing has been greatly exaggerated as more and more online players begin to establish a physical presence. This growing trend to find a balance between e-commerce and physical retail stores, to integrate online and offline into a seamless process, to view them as enhancements to each other, not as threats, will be key to maximizing both customer satisfaction and retail performance in the years ahead.

As this clicks and mortar trend unfolds, the digital channel is reshaping the retail store – from location and space configuration to inventory management to marketing and customer relationship management. Companies are mining data from their online operations to determine where to open stores. Backroom space and inventory storage is being reduced in favor of roomier and less cluttered public space where customers can interact with the products and the staff, using electronic devices to get in-depth information or place an order. Increased capabilities to perform in-store analytics by linking customers' online purchase history allow retailers to know more about their customers, optimize the product mix, and better understand promotional effectiveness.

By giving them a touchpoint, online retailers can leverage physical space to engage and educate potential customers, communicate brand value, and create a destination experience that encourages customers to spend – both offline and online. When consumers are unfamiliar with an online brand, value the tangible elements of the shopping experience, seek instant gratification, or are simply uncomfortable with e-commerce, the physical store provides e-retailers an opportunity to gain exposure, legitimize the brand, and grow the customer base.

## Top 50 e-retailers

e-50 sales rank FY2014	Top 250 retail revenue rank FY14	Name of company	Country of origin	FY2014 e-commerce retail sales (US\$M)	FY2014 e-commerce retail sales % of total retail revenue	FY2014 e-commerce growth rate	FY2011-2014 e-commerce CAGR <sup>1</sup>	Comments
1	12	Amazon.com Inc.	US	70,080	100.0%	15.1%	18.6%	Net Product Sales figure from income statement (where Amazon is seller of record - excludes third party sales)
2	48	Apple Inc.	US	20,600 <sup>e</sup>	49.0%	12.6%	29.9%	
3	58	JD.com, Inc.	China	17,672	100.0%	62.0%	73.2%	Online direct sales
4	1	Wal-Mart Stores Inc.	US	12,200 <sup>e</sup>	2.5%	22.0%	24.0%	
5	76	Otto (GmbH & Co KG)	Germany	8,397	65.4%	5.6%	6.7%	
6	5	Tesco PLC	UK	6,504 <sup>e</sup>	6.5%	20.0%	14.6%	
7	35	Macy's Inc.	US	5,400 <sup>e</sup>	19.2%	30.1%	34.9%	
8	97	Liberty Interactive Corporation	US	5,198	49.5%	6.4%	9.9%	Includes QVC.com plus company's other e-retail subsidiaries
9	15	Casino Guichard-Perrachon S.A.	France	4,606	7.1%	20.1%	15.8%	Cnova operating segment
10	57	Suning Commerce Group Co., Ltd.	China	4,199 <sup>e</sup>	23.7%	17.8%	63.5%	The value of physical goods transacted on Suning.com
11	9	The Home Depot Inc.	US	3,765 <sup>e</sup>	4.5%	36.9%	42.9%	
12	246	Vipshop Holdings Limited	China	3,701	100.0%	120.2%	153.8%	Product revenue from income statement
13	25	Best Buy Co., Inc.	US	3,500	8.7%	16.7%	15.3%	
14	143	Lojas Americanas S.A./B2W - Companhia Digital	Brazil	3,403	49.3%	30.8%	23.5%	
15	115	Home Retail Group plc	UK	3,241 <sup>e</sup>	34.9%	8.0%	8.4%	
16	2	Costco Wholesale Corporation	US	3,000 <sup>e</sup>	2.7%	18.0%	15.9%	
17	n/a	Zalando AG	Germany	2,943	100.0%	25.7%	63.1%	
18	63	John Lewis Partnership plc	UK	2,854 <sup>g</sup>	18.0%	24.1%	29.4%	
19	31	Sears Holdings Corp.	US	2,850 <sup>e</sup>	9.1%	10.0%	12.3%	Estimate includes traditional online sales plus cross-channel sales (order online, pickup in store; order from store, ship to home) for Sears.com and Kmart.com sites.
20	n/a	Newegg Inc.	US	2,800 <sup>e</sup>	100.0%	3.7%	1.6%	Includes Newegg Marketplace revenue as well as company's direct-to-consumer sales
21	22	Centres Distributeurs E. Leclerc	France	2,605 <sup>g</sup>	5.4%	33.3%	69.1%	Sales through E.Leclerc Drive (order online and pick up from Drive) + non-grocery specialty store e-commerce
22	62	The Gap Inc.	US	2,500	15.2%	10.6%	17.0%	
23	85	Staples Inc.	US	2,500 <sup>e</sup>	21.6%	0.8%	2.4%	Estimated B2C e-commerce sales
24	155	Next plc	UK	2,488 <sup>NS</sup>	38.1%	13.3%	11.8%	Includes results for NEXT Directory, which includes some catalog sales but is primarily online sales
25	197	Williams-Sonoma, Inc.	US	2,371 <sup>NS</sup>	50.5%	12.1%	13.2%	Includes some catalog sales not broken out

<sup>1</sup> Compound annual growth rate

e = estimated

g = gross transaction volume

NS = total non-store sales

n/a = not among the Top 250 in 2014



## Top 50 e-retailers

e-50 sales rank FY2014	Top 250 retail revenue rank FY14	Name of company	Country of origin	FY2014 e-commerce retail sales (US\$M)	FY2014 e-commerce retail sales % of total retail revenue	FY2014 e-commerce growth rate	FY2011-2014 e-commerce CAGR <sup>1</sup>	Comments
26	74	Nordstrom Inc.	US	2,356	18.0%	22.9%	29.0%	Includes Nordstrom.com, Nordstromrack.com, and HauteLook
27	n/a	Shop Direct Group	UK	2,331 <sup>e</sup>	86.0%	3.6%	5.7%	
28	n/a	Vente.privee.com	France	2,311 <sup>g</sup>	100.0%	8.0%	17.5%	
29	53	Kohl's Corp.	US	2,168 <sup>e</sup>	11.4%	26.2%	29.4%	
30	75	Dixons Carphone plc	UK	2,081 <sup>e</sup>	16.0%	19.4%	29.7%	
31	8	Metro Ag	Germany	2,036	2.4%	20.2%	56.9%	
32	129	Office Depot Inc.	US	1,980 <sup>e</sup>	24.6%	120.5%	29.4%	Estimated B2C e-commerce sales
33	11	Target Corp.	US	1,815 <sup>e</sup>	2.5%	30.0%	19.3%	
34	89	L Brands Inc.	US	1,809 <sup>NS</sup>	15.8%	2.4%	1.3%	Includes catalog sales as well as e-commerce
35	28	J Sainsbury plc	UK	1,775 <sup>e</sup>	4.7%	7.0%	12.9%	
36	6	Carrefour S.A.	France	1,728 <sup>e</sup>	1.8%	n/a	n/a	
37	n/a	HSN Inc.	US	1,722 <sup>e</sup>	48.0%	8.8%	10.3%	
38	24	Koninklijke Ahold N.V.	Netherlands	1,684	3.9%	16.7%	40.6%	
39	n/a	ASOS Plc	UK	1,579	100.0%	26.7%	25.6%	Retail sales only (excludes third party revenues and delivery receipts)
40	n/a	Ocado Group plc	UK	1,570	100.0%	19.8%	16.6%	
41	13	Groupe Auchan SA	France	1,534 <sup>e</sup>	2.2%	1.7%	11.3%	Other Activities segment, which reflects mostly e-commerce (Auchandirect, Grossbill and Auchan.fr), and E-drive (essentially Chronodrive) but also includes Alinea furniture and interior design chain and Little Extra household products chain.
42	n/a	Overstock.com Inc.	US	1,497	100.0%	14.8%	12.4%	
43	18	Lowe's Companies Inc.	US	1,405 <sup>e</sup>	2.5%	31.6%	40.6%	
44	n/a	Lands' End Inc.	US	1,321 <sup>NS</sup>	84.9%	1.3%	-2.6%	Sales for Direct segment, which sells products through e-commerce websites and direct mail catalogs although the vast majority are online.
45	n/a	Ulmart, CJSC	Russia	1,300 <sup>e</sup>	100.0%	50.0%	63.2%	
46	n/a	L.L. Bean Inc.	US	1,285 <sup>e</sup>	79.8%	7.0%	6.6%	
47	n/a	E-Commerce China Dangdang Inc.	China	1,243	100.0%	26.3%	29.1%	Product revenue from income statement
48	78	Toys "R" Us Inc.	US	1,229 <sup>e</sup>	9.9%	6.8%	7.1%	
49	79	J. C. Penney Company Inc.	US	1,225	10.0%	13.4%	-7.0%	
50	152	Nike Inc.	US	1,219 <sup>e</sup>	18.4%	59.0%	43.9%	
e-50 composite						13.2%	19.7%	22.0%

<sup>1</sup> Compound annual growth rate

e = estimated

g = gross transaction volume

NS = total non-store sales

n/a = not among the Top 250 in 2014

Source: Published company data, trade press, Internet Retailer, and Planet Retail



For these reasons, a growing number of online retailers have begun to develop an offline presence through partnerships with traditional retail chains and by opening pop-up shops, showrooms, or even full-fledged bricks-and-mortar stores. Both online and offline brands have realized that to build volume and scale, they need multiple channels of distribution.

Among the growing number of online brands making a move from clicks to bricks is the world's largest e-retailer – Amazon. In November 2015, the online giant launched Amazon Books, a new bricks-and-mortar bookstore in Seattle, as a physical extension of Amazon.com.<sup>dd</sup> The company reportedly has used the knowledge it's gained over the last two decades about consumer tastes to create a more targeted in-store shopping experience. For example, books are selected based on Amazon.com customer ratings, pre-orders, sales, popularity on Goodreads, and curators' assessments. Beyond selling books, Amazon stores could also serve as order pick-up locations to accompany the company's accelerated delivery options.

Fashion eyewear e-commerce pioneer Warby Parker launched as an online-only retailer in 2010. By November 2015, it operated 20 standalone stores and five showrooms inside other retailers' boutiques, having opened the first as an experiment in April 2013 in Manhattan's SoHo district, where the company is based.<sup>ee</sup> According to the company, each store opening dramatically increases the growth rate in the city in which it's located. Rather than cannibalize e-commerce sales, the physical stores have only seemed to help them.

Women's activewear brand Athleta launched e-commerce operations in 1999. Acquired by The Gap, Inc. in 2008, physical stores followed three years later when the first location opened in San Francisco in 2011. At fiscal year-end 2014, Gap operated 101 Athleta brand stores with plans to add 20 more in fiscal 2015.<sup>ff</sup>

In response to customers who want to try on items before buying, Bonobos, an upscale menswear e-retailer, has launched a new kind of shopping destination called a "Guideshop." The first of these showrooms opened in June 2015 on Fifth Avenue in New York and grew to 20 locations around the United States as of November 2015.<sup>gg</sup> Guideshops give customers the opportunity to try on and order any of the clothing available on the company's website for shipment to their home or office with one of each item variation (size, color, fit, fabric) on the showroom floor. Customers can book an appointment with a guide who will explain the shopping process and provide personalized service to make sure they receive all the assistance they need. Prior to the Guideshop launch, the clothier had already expanded into bricks-and-mortar retailing. In 2012, after five years as an online-only retailer, Bonobos partnered with Nordstrom, which made an investment in the company,<sup>hh</sup> to bring its assortment into the stores. In another offline retail partnership, Bonobos opened brand departments in a handful of Belk department stores in February 2014.<sup>ii</sup>

Fast fashion jewelry retailer BaubleBar started out online in 2011 but always believed that a physical presence was key to building the brand. The company began testing offline sales almost since its inception with both pop-up shops and through retail partnerships with Nordstrom, Anthropologie, and Bloomingdale's. While it maintains a presence inside these stores, BaubleBar also plans a very deliberate, data-driven rollout of its own store network. The first location opened in July 2015 in Long Island's Roosevelt Field Mall.<sup>jj</sup>

Rent the Runway, the online company that rents designer dresses for special occasions, first opened a showroom for shoppers to try on dresses at its SoHo headquarters. Next came a Henri Bendel shop-in-shop. In September 2014, the company opened its first freestanding store in New York City's Flatiron district. The location has proven to be a positive step forward in converting browsers into buyers, as it eased shoppers' fears that an item wouldn't fit or show up on time. At the store, visitors are able to reserve rentals for future events, or take items with them that day. The location also offers tailoring services. Rent the Runway has since opened three other locations in Las Vegas, Washington D.C. and Chicago.<sup>kk</sup>

L.L. Bean, the century-old, Maine-based catalog and online retailer, which operated 30 full retail stores and 11 outlets as of November 2015, is planning to more than double the number of its bricks-and-mortar locations to at least 100 by 2020.<sup>ll</sup> The company believes that physical stores, rather than being obsolete, have become a critical part of its omnichannel retail strategy. Customers who venture into the new stores will not see quite as many products on the shelves as they might in the company's bigger, older locations. However, they will be able to order the entire line through an app that they can install on their smartphones, or they can order through iPads located throughout the WiFi-enabled premises.

Zalora, Southeast Asia's number one online fashion destination, launched in 2012 and is now part of the Global Fashion Group backed by German venture fund and tech incubator Rocket Internet. Over the past two years, the company has been experimenting with pop-up locations in the Philippines, Singapore, Hong Kong, and Malaysia. In an effort to reach more customers and encourage them to try online shopping, these temporary locations are open from several days to several months, at which point they may extend, close, or reopen elsewhere.<sup>mmm</sup>

On a larger scale, e-commerce marketplace giant Alibaba announced in August 2015 that it would invest US\$4.5 billion to acquire a 20 percent stake in Suning, a Chinese electronics chain that once struggled to cope with consumers shifting to the Internet.<sup>99</sup> The investment in offline infrastructure aims to connect internet shoppers with stores to expand and speed up the delivery network. Under the partnership, Suning will open a flagship store selling consumer electronics, home appliances and baby products on Alibaba's brand-focused Tmall.com platform, the companies said.

Alibaba's deal came less than a week after e-commerce rival JD.com said it would invest US\$700 million for a 10 percent stake in Chinese supermarket chain Yonghui Superstores.<sup>99</sup> Yonghui, which operates more than 350 stores, is known for its live seafood and fresh produce. The partnership will enable JD.com to connect online shoppers with offline supermarkets in their neighborhoods. Shoppers will be able to order groceries and fresh food and have them delivered to their home within two hours.



# Q ratio analysis

Over the last 10 years, this report has offered an analysis of the Q ratios of publicly traded retailers from our Top 10 list. Before explaining the inferences to be drawn from this analysis, let us consider the meaning and importance of the Q ratio.

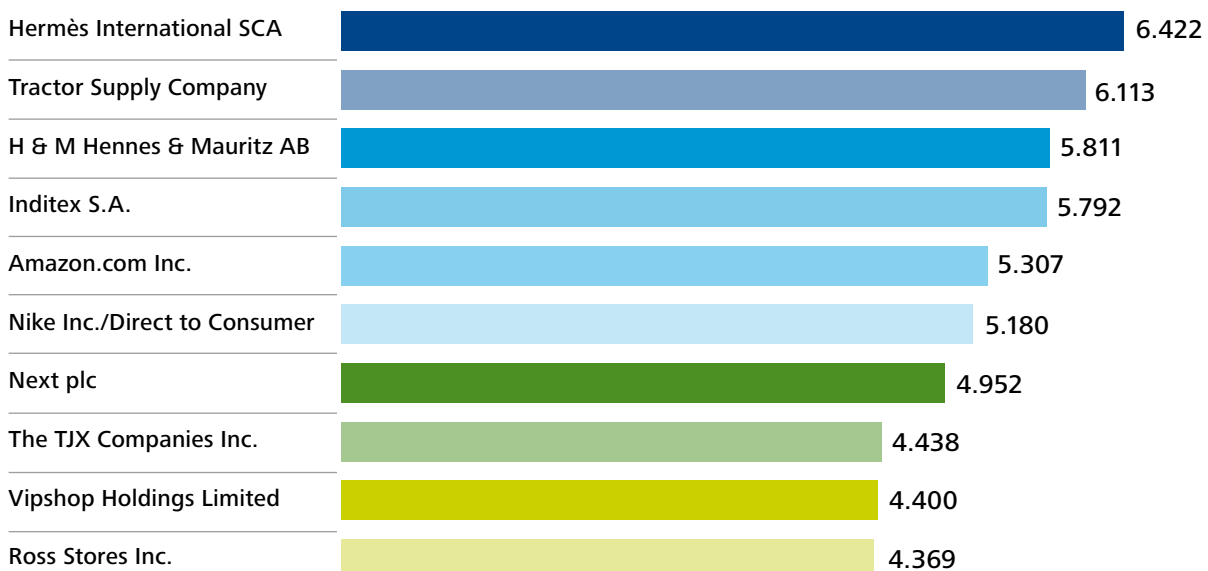
## What is the Q ratio, and why is it important?

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 this analysis, we have calculated the Q ratio for all 157 publicly traded retailers on the 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 2015.

## Top 10 retailers by Q ratio



## Composite Q ratios by dominant retail format



**Apparel and footwear specialty**  
3.363



**Discount store**  
1.614



**Non-store**  
4.117



**Cash and carry/warehouse club**  
1.115



**Drug store/pharmacy**  
1.698



**Other specialty**  
0.909



**Convenience/forecourt store**  
1.105



**Electronic specialty**  
1.105



**Supermarket**  
0.850



**Department store**  
0.740



**Home improvement**  
2.398



**Discount department store**  
1.105



**Hypermarket/Supercenter/Superstore**  
0.081

### Which companies have notable Q ratios?

This year the top spot on the Q ratio list goes to French luxury brand Hermes, followed by Tractor Supply Company of the US. Next on the list is H&M Hennes & Mauritz, the legendary Swedish apparel retailer that has been at or near the top of the list since we began doing these calculations. H&M is closely followed by Inditex, the Spanish apparel retailer that is known for differentiating through fast changes in merchandise selection. Interestingly, many of the retailers at the top of our list are engaged in both retailing and wholesaling. What distinguishes them is the strength of their brands regardless of the channels by which they distribute to consumers. Of the top 10 retailers ranked by Q ratio, four are European, five are from the US, and one is from China. Two are principally in the online retailing business.

### Highlights

This year, the financial results of 157 publicly traded companies on the list of the Top 250 retailers of the world was analyzed. This is up from 156 companies analyzed last year. The composite Q ratio for all companies was 0.604, down from 1.130 last year. The sharp drop might be explained by the sharp increase in the value of the dollar in the past year. The Q ratio is calculated using the market capitalization in October 2015 and the assets reported in the latest fiscal year. Those assets were mostly reported before the rise in the value of the dollar. Thus, for retailers located outside the US, the Q ratio might have been considerably suppressed simply due to exchange rate movements. This year's composite Q ratio is, of course, well below the 1.57 recorded in 2008 just before the start of the global financial crisis. Of the 156 companies on the list, 76 have Q ratios above one and 80 have Q ratios below one. Composite Q ratios were also examined by country, region, retail format, and dominant product category. A composite ratio was only calculated when there were three or more companies in a particular country or category.

The retail formats with the highest composite Q ratios are non-store, apparel/footwear, home improvement, and electronic specialty. The latter category is dominated by Apple Inc., which accounts for most of the market capitalization of the electronics specialty companies on our list. If Apple is excluded from the list, the composite Q ratio drops dramatically. Thus, the elevated status of this category is mainly due to one company. 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. Their high composite Q ratio (3.363) is due to the fact that most companies in this category are either vertically integrated with strong brands, or are fiercely price competitive and generate considerable volume. The department store category, on the other hand, has a low Q ratio of 0.74 reflecting difficulty in differentiating from other sellers of fashion and home goods. The lowest composite Q ratio belongs to the hypermarket category. This is an industry that has faced considerable competitive challenges in recent years especially from discount stores and online sellers. Plus, it is a format where clear differentiation is difficult and where price competition is brutal. Interestingly, the composite Q ratio for discounters is considerably higher than that of hypermarkets.

Of the four merchandise categories, the two with the highest composite Q ratios are hardlines/leisure (2.539) and apparel and accessories (2.113). 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. The category of diversified retailers has, once again, a low composite Q ratio. Retailers specializing in fast-moving consumer goods have, by far, the lowest composite Q ratio.

The composite Q ratios of countries was also analyzed, provided that there are three or more companies from a given country. The analysis excluded countries with only one or two retailers from this analysis. The weakest composite Q ratios are those of Mexico, South Korea, and Germany in that order. The highest composite Q ratios are found in the US, China, and South Africa. By region, there is once again a stark divide between North America (1.590) and the Africa/Middle East region (1.478) and every other region (ranging from 0.015 for Latin America to 1.081 for Europe). Moreover, the higher Q ratio for North America is due to the higher Q ratio for the US. 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. As for Europe, its composite Q ratio, while low, has improved substantially from last year. This likely reflects the impact of a rising equity market, in part driven by an aggressive monetary policy on the part of the European Central Bank.

## Composite Q ratios by primary retail product sector



**Apparel and accessories**  
2.113



**Hardlines and leisure goods**  
2.539

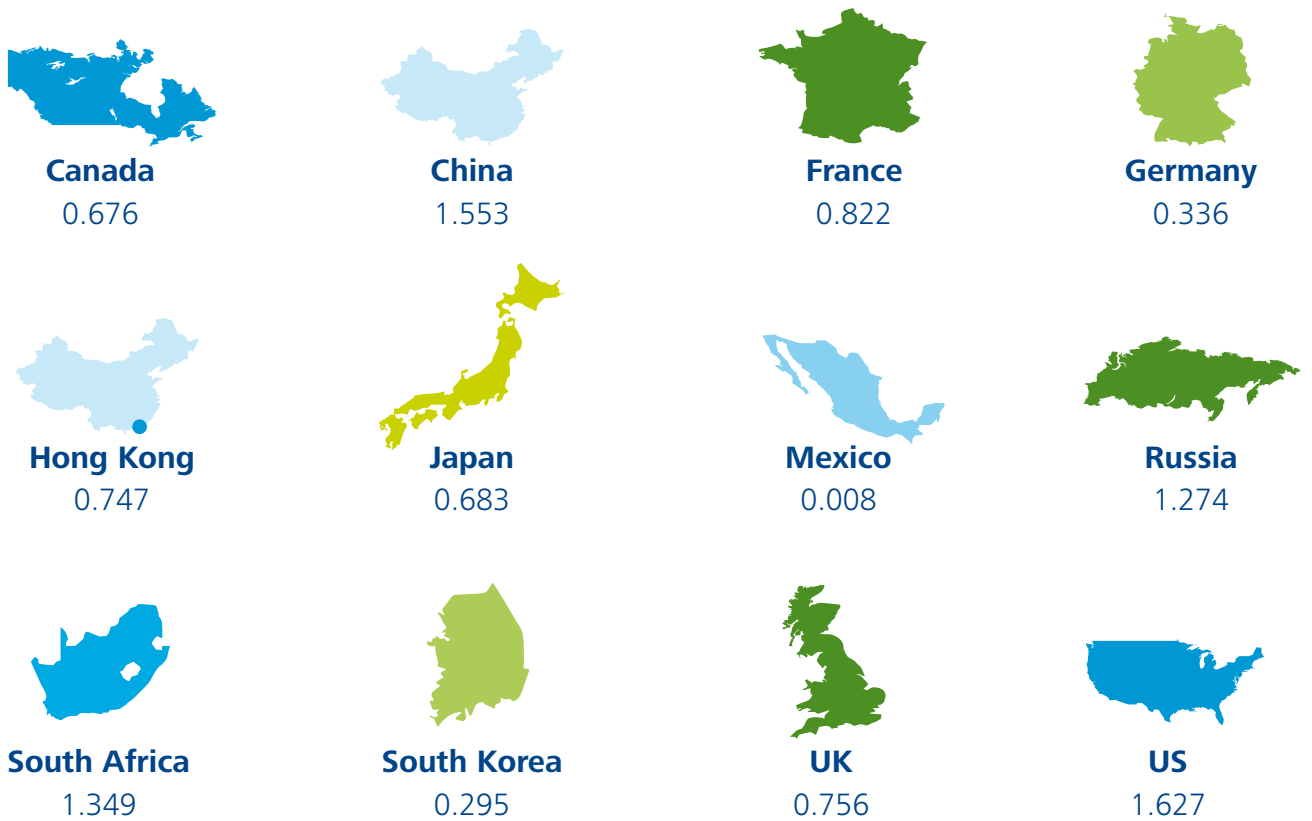


**Fast-moving consumer goods**  
0.218

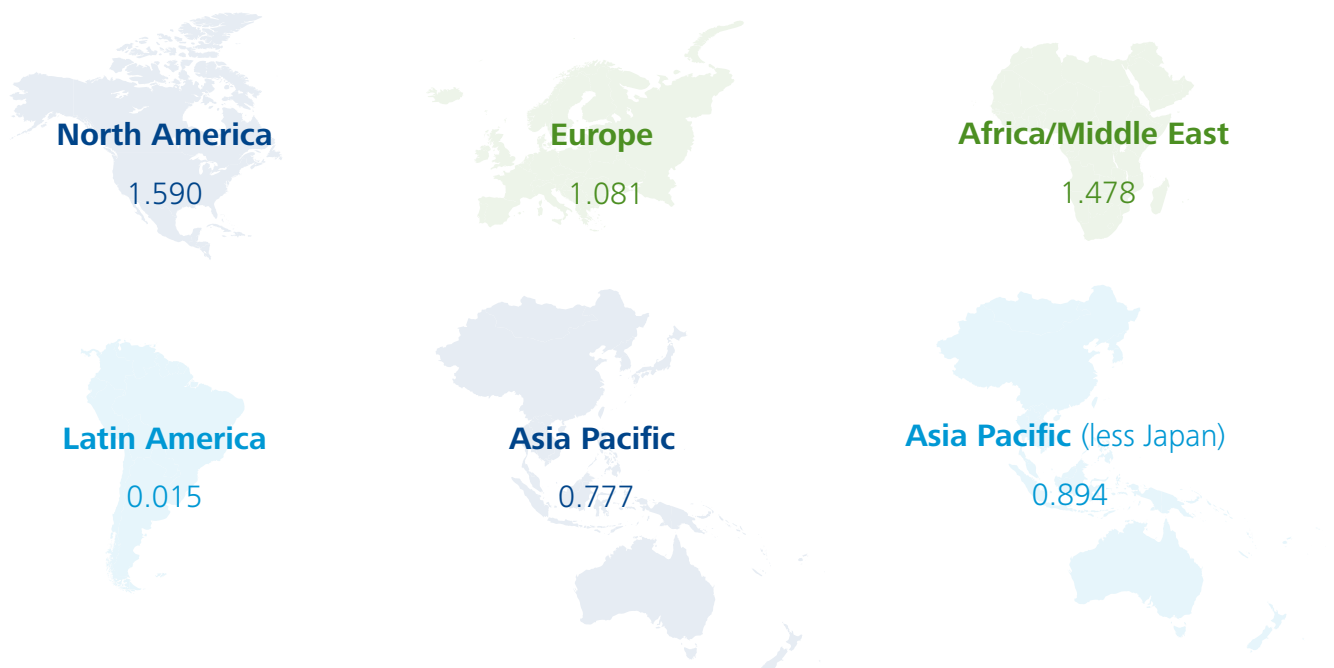


**Diversified**  
0.650

## Q ratios by country



## Q ratios by region



# 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 2014 (encompasses fiscal years ended through June 2015). 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.

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-US retailers came from Planet Retail, a leading provider of global intelligence, analysis, news, and data covering more than 9,000 retail and foodservice operations across 211 markets around the world. Planet Retail has offices in London, Frankfurt, Hong Kong and New York. For more information please visit [www.planetretail.net](http://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, 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. Retail Revenue includes business-to-business sales made from retail stores, such as warehouse clubs, cash and carry operations, DIY warehouses, automotive parts stores, etc.

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 as well as to unaffiliated stores. Retail Revenue includes wholesale sales to affiliated/member stores but excludes traditional wholesale sales or other business-to-business revenue (except where such revenue is derived from retail stores) where it is possible to break them out. For vertically integrated companies, the combination of retail sales, controlled wholesale space sales (i.e., sales to franchise stores, leased in-store shops/concessions) and other retail-related revenue (e.g., franchise/license fees, royalties, commissions) are used to calculate the Retail Revenue figure.

For e-commerce companies, Retail Revenue includes only direct business-to-consumer 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, revenues for non-US companies were converted to US 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 US dollars. Individual companies' 2014 year-over-year growth rate and 2009-2014 compound annual growth rate (CAGR), 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 US 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, and 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 (net profit margin and return on assets) 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 a 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.

### **Impact of exchange rates on ranking**

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 2014 means that companies reporting in that currency may rank higher in 2014 than they did in 2013, all other things being equal. Conversely, companies reporting in a weaker currency may rank lower.

Among the major currencies in 2014, the euro strengthened against the dollar early in the year before falling through the end of the year and into 2015. For calendar year 2014 as a whole, the average euro exchange rate saw little change from 2013. The British pound was generally stronger against the dollar in 2014, continuing to gain strength in the first half of the year before falling off in the second half and through the first quarter of 2015. The Japanese yen continued to fall throughout 2014 and into 2015, as did the Canadian dollar, South African rand and Russian ruble. The Australian dollar, Brazilian real and Indian rupee, along with a number of other currencies, also depreciated against the US dollar during fiscal 2014.

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