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# Global Powers of Retailing 2022

2022 has presented challenging circumstances for the global retail industry: high inflation rates in various parts of the world; the prevailing disruption in global supply chains; labor shortages in key markets; among other.

In the midst of this panorama, which undoubtedly presents great challenges, Deloitte presents the new edition of its study The global powers of retail trade, in which, in addition to identifying the 250 largest retailers in the world, based on public data available for FY2020 (ending June 30, 2021), we provide a global economic outlook, and analyze the fastest-growing retailers, highlighting the cases of new entrants to the Top 250.

This year's report presents the efforts that retailers are making to achieve sustainability in each of their processes, due to the presence of a consumer who is increasingly concerned about influencing the environment with their purchasing decisions.

Here are some of the key findings from this year's report:

## 1. Revenue for the top 250 retailers increased 5.2%.

Despite major economic headwinds from the coronavirus pandemic and its subse-

quent variants last year, retailers managed to post growth.

However, 2022 will not be easy, as there are several factors that will continue to impact the market, such as: high inflation rates, labor shortages, supply chain disruption and a virus that does not subside, with the emergence, ago a few months, of the omicron variant.

As for who makes up this year's Top 250, Walmart still holds the top spot, but Amazon is fast approaching.

## 2. Retailers increasingly focused on sustainability.

The pandemic has significantly changed consumer sentiment and buying behavior. One of the biggest changes behind the focus on environmental and social issues is the rise of the "responsible consumer." Consumers, particularly millennials and Gen Z, are showing a strong interest in sustainability and expect the same from the companies they interact with.



In the report, we identify some of the strategies retailers are pursuing to drive and prioritize a sustainable agenda, such as reducing emissions and waste; the implementation of a circular economy; and making investments in programs and initiatives related to diversity, equality and inclusion.

## 3. Highlights of the 5 Mexican retailers in the Top 250.

The five Mexican retail companies that appear in the Top 250 dropped in position: FEMSA Comercio obtained 81st place (63rd, in 2021); Coppel Group, 128th place (113, in 2021); Soriana Organization, place 151 (133, in 2021); The Port of Liverpool, 220th place (162nd, in 2021); and Grupo Comercial Chedraui, place 163 (161 in 2021). However, Chedraui achieved double-digit growth in FY2020.

The Port of Liverpool saw the biggest impact from store closures, as a result of the pandemic, and reduced consumer demand, with retail revenue falling 20.7%, despite online sales.

There were no new Mexican retailers in the Top 250.

## 4. Retail sector trends.

From the incursion of Generation Z as consumers to the transformation of the modern retailer towards digital are some of the trends that will mark the development of the sector during this year. Convenience, business diversification, the demand for circularity and traceability, and progressive and distinctive collaboration between retailers are other topics that will mark your agenda in the coming years.

## Sources

The sources of information for this report are the company's published communications, including annual reports, documents filed with the SEC, and information found in press releases, fact sheets, filings, or on company websites.

When the above information is not available, other publicly available sources are used, including estimates from trade publications, industry analyst reports and press interviews.

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# Treasury Operating Models

We analyze the different operating models that exist for treasuries, the main characteristics of each of these options, and we even detail in which cases the adoption of a hybrid strategy, incorporating elements of centralization and decentralization, has been favorable.

In recent years, one of the main objectives of multinational companies has been to achieve their strategic and operational decentralization, since, in most cases, this has allowed an organization to better respond to the changing needs of consumers in different markets; however, while a large number of core business activities are increasingly being carried out in a decentralized manner, the exception has been treasury management, which has gone in the opposite direction.

In this aspect, centralization usually offers some advantages to companies; however, events of sociopolitical uncertainty, regulatory changes, the increase in protectionist legislative policies, current market conditions and even the very nature of each business reduce, as a

whole, the viability of this treasury management model in certain industries and regions.

How can we choose the right model for our business? In this Deloitte study, we analyze the main characteristics of each of these options, and we even detail in which cases the adoption of a hybrid strategy, incorporating elements of centralization and decentralization, has been favorable.

## Main characteristics of decentralization and centralization

**Decentralized treasury:** this model, historically, has been the most common among organizations, thanks to the fact that it allows treasury operations to be managed locally, while corporate control is carried out in another location, offering, as



its main advantage, the rapid taking of decisions of teams with local knowledge, without the suffering of delays caused by corporate processes.

**Centralized treasury:** Recently, thanks to globalization, this option has become popular among multinational companies, since it allows them to isolate themselves from certain stagnation present in local economies. It contemplates several applicable models in an organization, using structures with regional headquarters, which can be supervised by the same companies.

**Considerations for establishing a treasury strategy**

In addition to understanding the main characteristics of decentralized and centralized models, it is recommended that organizations, before choosing one or the other option, carry out an evaluation of their global business strategies and models, because knowledge of their situation will inherently determine your specific treasury management needs, as well as the main challenges and issues you will need to address, such as target market, competition, vendors, geography, regulations, taxes, and more.

This means that establishing the right strategy for a business is a complex process, since it not only includes the elements listed above, but also requires companies to have a firm understanding of the model they have chosen -the centralized or decentralized -, in order to guarantee the optimal efficiency of the treasury of your business (for example, some companies will need to have local knowledge that enables quick decision-making, while others will have to establish, in an appropriate way, economies of scale to reduce their costs).

**Centralization of the treasury: possibilities and specific benefits**

Previously, centralized treasuries used to be a model used only by large multinationals or companies with significant intercompany trade; but, at present, this scheme has become common among companies of smaller size and presence. What are the most common centralization options among organizations and under what circumstances do they present the greatest benefits?

When the objective of a centralization is to improve the efficiency of the processes, companies usually resort to Shared Services Centers, which group in a single structure the activities that used to be distributed locally, for each entity or line of business, with the objective that they are not duplicated (such as accounts receivable, accounts payable, payroll, etc.)

**Challenges present in centralization strategies**

Although the centralization of a company's treasury offers multiple benefits, in its different forms, it also frequently brings with it the following challenges, which are important to consider:

- **Of cultural diversity:** such as market fragmentation, unique regulatory measures, language diversity, and lack of cultural awareness.
- **Of unit:** Because organizations' business models differ in structure, culture, and strategy, adopting a one-size-fits-all centralized treasury strategy is sometimes impractical or the least viable option.
- **From local experience:** treasury functions activities are more efficient through local knowledge of the market, as it can improve the accuracy of cash forecasting.

**Conclusions**

Choosing a treasury management model for your organization, as we have seen, implies fully understanding the strategies that are best suited to the needs of your business. In this sense, due to the passage of time and the changes that naturally occur in a growing company, even the

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Corporate control is carried out in another location, offering, as its main advantage, quick decision-making



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