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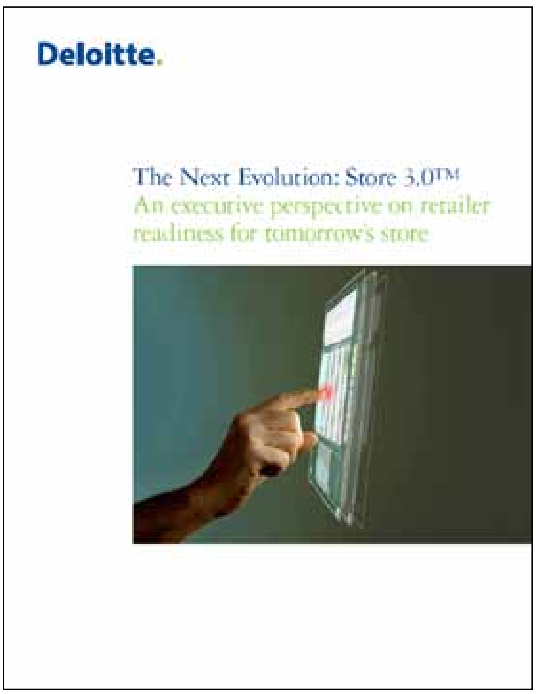
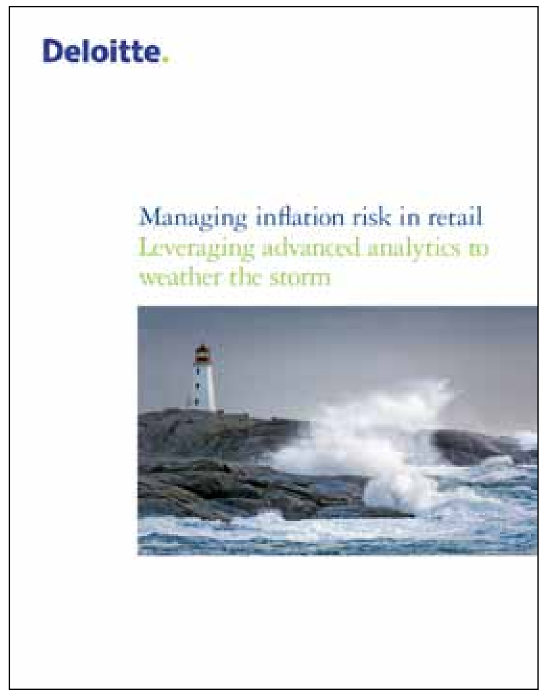
Switching channels
Global Powers of Retailing 2012

Retail perspectives from Deloitte.



The next evolution: Store 3.0™
Are retailers ready for the next generation?



Managing inflation risk in retail
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Global economic outlook
The economic situation for retailers

Deloitte Touche Tohmatsu Limited (DTTL), in conjunction with STORES Media, is pleased to present the 15th annual Global Powers of Retailing. This report identifies the 250 largest retailers around the world based on publicly available data for fiscal 2010 (encompassing companies' fiscal years ended through June 2010). The report also provides an outlook for the global economy, trends for retailers to consider in the coming months, and an analysis of market capitalization in the retail industry.

The global economy is decelerating, with growth in 2012 likely to be slower than was experienced in 2011 in many of the world's leading markets.

In Europe, the crisis of the euro has led to the tightening of credit markets. In an effort to rebuild investor confidence, governments across the continent are cutting spending and raising taxes, the net effect of which is to weaken economies and, in the process, further undermine confidence. Meanwhile, the European Central Bank engages in a relatively neutral monetary policy aimed at suppressing inflation. As of this writing, the risk remains that the Eurozone will crumble, leading to an even worse economic downturn.

In the United States there are signs of accelerating economic activity, yet the failure of the government to agree on a path toward fiscal rectitude has wreaked havoc with investor confidence, hurting equity prices and employment creation. While the U.S. economy may accelerate in 2012, it will probably not grow at a pace sufficient to significantly reduce unemployment.

The world's second-largest economy, China, is slowing following a tightening of monetary policy combined with the negative effects of slow growth in Europe and the United States. In addition, the remaining BRICs face slower growth resulting from the lagged effects of tight monetary policy and weak global growth.

Only in Japan is economic growth in 2012 widely expected to exceed that of 2011. The reason is that 2011 was so awful following the devastating earthquake and tsunami, and reconstruction expenditures are likely to provide a temporary jolt to the Japanese economy.

Retailers may find some silver linings in this otherwise cloudy environment, however. One positive effect of slower global growth will be continued dampening of commodity prices. For retailers, this means some improvement on the cost side of the ledger. Meanwhile, a number of countries, including the United States, Japan, several in Western Europe and many leading emerging markets, are seeing higher retail price inflation. Combined with stagnant input prices, this suggests the possibility of improved profit margins, even in the context of slow top line growth.

In many of the slowing markets, a disproportionate share of the growth of consumer income is accruing to the relatively affluent. This is especially true in the United States and China. Hence, for retailers targeting upscale consumers, the environment might not be so bad. As for retailers targeting everyone else, the ability to offer low prices to uncertain consumers will be a clear competitive advantage.

The most significant silver lining can be found on the long-term horizon. Even though the economic environment in 2012 will be difficult, the long-term outlook for the global economy remains good. Global growth in the coming decade is expected to be strong, with particular strength coming from leading emerging markets other than China. Of course China will grow, but it faces some headwinds, both demographic and structural. Other emerging markets like India, Brazil, Turkey, Indonesia, the Andean region of South America and much of sub-Saharan Africa offer the possibility of stronger growth and new opportunities for the world's leading retailers.

Let us now consider the outlook for the world's leading retail markets:

Western Europe

It is difficult to provide a helpful roadmap to a situation that, as of Q4 2011, still seemed to be changing daily. So perhaps it is best to look back at how it came to this.

The Eurozone project was intended to bind the economic and political fortunes of Europe's economies in perpetuity, yet the architecture of this union was always lacking. Countries were required to maintain fiscal discipline, but there was never a credible vehicle for ensuring it. The first countries to violate the rules were Germany and France, and it is not surprising that others soon followed. Indeed, the existence of the euro enabled the countries of Southern Europe to borrow with abandon. Investors were happy to extend credit at low interest rates with the expectation that bonds denominated in euros were a safe asset.

Still, the absence of fiscal rectitude alone was not the biggest problem. The biggest problem was that several Mediterranean economies lost their competitiveness. Over the past decade, their wages rose far faster than their productivity, with the result that it became less feasible for them to generate the strong export revenues needed to service their external debts. Normally, a country with a competitiveness problem will devalue its currency.

However, because these countries no longer have their own currencies, they cannot restore competitiveness unless they dramatically accelerate productivity growth and/or cut wages – both tall orders.

When Greece was unable to roll over its considerable debts and the EU bailout was deemed insufficient to correct Europe's ailments, investors became fearful. Governments faced difficulty in rolling over debts, and banks that held such debts faced problems raising funds. Risk spreads increased, credit market activity declined and Europe faced a new recession. There are three possible scenarios as to what might happen next.

In the first, Europe agrees to engage in greater integration in order to avoid disintegration. This could entail using the European Central Bank (ECB) to backstop sovereign debtors and create a fiscal union with large transfers of resources from richer to poorer nations within the union. This would enable the Eurozone to succeed and ultimately prosper. The problem with this scenario is that it requires individual countries to give up sovereignty and abide by conditions set by the richer countries in the EU.

The second scenario is that the Eurozone fails. While this could happen, the short-term costs of disintegration would be catastrophic. It can be argued that, in the long run, some of the troubled countries would be better off outside the Eurozone, but much of Europe would suffer grievously during the transition. The Mediterranean countries would face problems in gaining access to global credit markets, while the northern economies would see their currencies rise rapidly, thereby hurting exports.

The third scenario, then, seems to be the most likely: Europe manages to hold the Eurozone together but fails to take action that would guarantee its success. This could be called the "muddling along scenario" and would likely involve a prolonged period of slow economic growth, political turmoil and periodic crises.

What does this scenario mean for retailers? It means continued fiscal contraction across Europe, in part through higher taxes, and tight credit market conditions. Consumer spending would grow slowly, if at all. Consumers would be highly price sensitive and uncertain about the future. For retailers, it would mean a severe market share battle. It would also means that, for retailers that are financially healthy, there would be good reason to accelerate the process of globalization in order to find growth outside of Europe.

China

China's economy is decelerating, the result of tighter monetary policy in 2011 and declining export growth. In response, China's central bank has stopped tightening policy. Therefore, although China's economy will slow in 2012, it will not necessarily slow dramatically. On the other hand, it is notable that a senior Chinese official recently predicted that growth in 2012 would be below 9 percent -- the first year since 2001 that it has done so. Interestingly, there is evidence that the economic slowdown is being experienced principally by small to medium-sized private businesses (especially those that export) and not by the large state-run enterprises that retain favorable access to credit.

China's officials have complained about the rapid expansion of U.S. government debt. This reflects fear that the massive stock of foreign currency reserves held by China's government could lose value. Less attention, however, has been paid to the big increase in overall debt in China itself. That is likely to change soon, given the fact that overall debt has nearly tripled in the past five years. Notably, a top Chinese official recently said that the debt of China's local governments is "our version of the U.S. subprime crisis." The $1.7 trillion in debts issued by local governments to fund infrastructure has been a concern for some time, but officials have downplayed the danger until now. The fear is that multiple defaults without a bailout from the central government could damage the health of China's banks. How did this come about?

When the global economic crisis began in 2008 and China's exports suddenly dropped, the government implemented a vast stimulus program to boost domestic demand and offset the decline in exports. Part of this involved extending credit to provincial and local governments to engage in infrastructure development. In the short run, this policy was successful in boosting growth and preventing a general recession. The problem, however, is that many such investments have failed to generate adequate returns. The Chinese government estimates that little more than one-quarter of local government investment has produced a return adequate to service the debts.

Local government borrowing is not the entire problem. During the global crisis, the government injected capital into state-run banks so that they could lend to state-run companies. The result was an investment boom, but too many of those investments are not producing an adequate return. As a result, investment in fixed assets surged, reaching almost 50 percent of GDP last year. Meanwhile, consumer spending declined to about 35 percent of GDP. Now that the Chinese economy is slowing, the risk exists that China's debtors will soon face greater difficulties in servicing their debts.

So is China at risk of its own financial crisis? The answer is yes and no. There is a danger that a new round of defaults will damage the solvency of China's state-run banking system, but it is likely that the government would bail out such banks and, thereby, prevent a larger financial crisis.

China does face a risk, however. Specifically, if the government were compelled to bail out troubled financial institutions, it would probably not support continued lending for the purpose of poorly conceived investments. Consequently, investment would likely fall considerably. Given that investment is now close to 50 percent of GDP, such a fall could have serious consequences for GDP, absent an offsetting increase in something else. What could that something else be?

Exports are not likely to take up the slack. Instead, China will look toward a boost in consumer spending to offset a decline in investment. Given that consumer spending is now only 35 percent of GDP, it would have to grow very rapidly to make a difference and avoid a significant economic slowdown.

There are, however, some positive signs concerning the prospect for consumer spending. First, wages have been rising, adding to real disposable incomes. This reflects a shortage of labor, as demographic trends limit labor force growth and internal migration slows. In addition, provincial and local governments have been increasing their minimum wage.

Second, the government intends to have state-run companies pay higher dividends to shareholders (mainly the government). This money could be used to boost overall spending. Third, high inflation might spur more spending by consumers. Fourth, the currency is gradually being allowed to rise in value. This reduces import prices and helps to stimulate consumer spending.

On the other hand, the biggest negative for consumer spending is simple demographics. Due to the lagged effect of China's one child policy, the labor force is expected to grow much more slowly in the coming decade than it did during the past 10 years. As such, the prime consuming age cohort will barely grow while the elderly population will grow rapidly.

Finally, one side effect of China's unbalanced economy is a sharp increase in income inequality. While incomes have increased overall, lower income cohorts have not seen significant increases in purchasing power, especially as home prices have increased dramatically.

There are reasons to expect that China's economy will grow more slowly in the coming decade. Although consumer spending is likely to increase as a share of GDP, it is not clear that it will be sufficient to create a consumer spending boom.

United States

As of this writing, the U.S. economy is showing signs of modest strength. There is growth, but not the kind that has followed past recessions, when housing made a sizable contribution to the recovery. Instead, growth has been relatively anemic. The housing market remains troubled. Partly as a consequence of this, credit markets have not been strong and bank lending has been continually declining since the start of the economic crisis in 2008. Moreover, the troubles in Europe could have a negative impact on credit activity in the United States.

Despite these headwinds, American consumers continue to spend. This is a bit surprising given the various negative influences faced by U.S. consumers. Unemployment is uncomfortably high (above 8.5 percent), real disposable incomes have been declining over the past year and various measures of consumer confidence have recently been at near-historic lows. Yet consumer spending has been rising. There are various explanations. First, consumers have substantially paid down debt: debt service payments as a share of income are at the lowest levels since 1993, so consumer cash flow has improved. In addition, the increase in spending lately has been at the expense of saving. The saving rate has declined, suggesting a higher degree of confidence on the part of consumers despite what they tell survey takers.

Finally, it is likely that there is considerable pent-up demand following a long dry period.

Consumers may feel a bit more confident because the overall economy is showing signs of renewed (albeit modest) strength. In the first half of 2011, economic growth was so anemic that many pundits worried that the United States was heading into a new recession. Today, fears of a double dip have abated somewhat as growth has accelerated. Industrial activity has been rising moderately, with particular focus on production of capital goods. In fact, business investment, especially in equipment and software, has been quite strong during the latter half of 2011.

In addition, exports have been strong. Although export growth has decelerated somewhat as the global economy has slowed, it remains strong and contributes substantially to overall GDP growth. This reflects the effects of a relatively weak dollar and the impact of a decade of sizable productivity gains for the manufacturing sector.

Finally, recent growth has been almost entirely due to increased demand for goods and services. There has been little inventory accumulation, and inventories remain historically lean. This is good news, as it means that the increased output was entirely due to increased demand. It also bodes well for the future, as further increases in demand will require more production rather than dipping into existing inventories.

The impact of economic policy has been mixed. On the one hand, monetary policy remains supportive of growth. Although the Federal Reserve is no longer engaged in "quantitative easing," it is engaged in a policy designed to reduce long-term interest rates and, therefore, stimulate more credit demand. While it is too early to say whether this has been effective, the decline in bank lending has eased and consumer willingness to take on new debt has increased. The Fed has indicated that it is open to another round of quantitative easing should the economy generate disappointing growth.

Fiscal policy is a different story. During 2011, the President and the Congress failed to reach an agreement on dealing with long-term budgetary issues. This resulted in the first-ever downgrade of the U.S. government's credit worthiness. Although the bond market yawned at this news, it probably had a negative impact on business confidence, and it certainly had a negative impact on equity prices. If Congress does absolutely nothing, the budget deficit will decline considerably. That is because, under current law, taxes are scheduled to rise considerably at the end of 2012, yielding nearly $3 trillion over 10 years. In addition, there have already been $2.2 trillion in spending cuts built into future budgets. Thus, the real issue facing Congress is how to eliminate those tax increases and find offsetting reductions in future budget deficits.

For retailers, the U.S. economic environment is lukewarm. A reasonable expectation for the coming year is that consumer spending growth will be positive but modest, that inflation will be low, that consumers will remain relatively price sensitive and that commodity prices will be soft. It is also a reasonable assumption that, to the extent there are income gains, a disproportionate share will accrue to upper-income households. Thus, spending growth will be bifurcated.

Japan

Japan suffered grievously in 2011 due to the terrible earthquake and tsunami. Aside from the unspeakable human cost, there was a huge economic cost as well. The sharp drop in electricity production and the damage to the transport infrastructure led to a big decline in industrial output. Not only did this lead to a drop in Japan's GDP, it had a global impact as well, as much of the global automotive and electronics industry supply chains are dependent on Japan's participation.

The outlook for 2012, however, is better. Industrial production has bounced back and, in the third quarter of 2011, the economy grew rapidly – especially due to the resumption of exports. In addition, the Parliament has allocated the equivalent of $240 billion to reconstruction, most of which will be spent in the next 18 months. Thus, this should have a positive impact on growth in 2012.

Still, Japan faces some negative influences. First, it is likely that the reconstruction spending will be financed in part by higher taxes on consumers, and this will probably have a negative impact on retailing. Second, Japan remains highly dependent on exports, yet the value of the yen is at an historic high and is not expected to come down. Moreover, as the global economy slows, export growth is likely to decelerate.

Finally, although Japan's central bank has engaged in a more aggressive monetary policy, this alone may not be sufficient. The goal of such a policy is to increase inflation, reduce real interest rates and stimulate more spending and credit market activity. Yet as of this writing, inflation remains very low, consumer spending is anemic and credit market activity is poor. Absent a more aggressive policy, it is likely that Japan's economy will grow slowly following the end of reconstruction spending.

India

Indian retailing briefly made global headlines when the government announced it had changed the rules regarding foreign investment so that multi-brand foreign retailers would be permitted to own up to 51 percent of an Indian retail enterprise. In the long-term, this would have a positive impact on economic growth and could lead to a rationalization of the supply chain, greater supply chain efficiency and greater effective spending power for consumers. It would also be beneficial to the world's leading retailers as they continue to seek global opportunities beyond the Chinese market. Facing serious opposition, however, the government backed down and withdrew the planned liberalization. At this writing, it is not clear whether and when this proposal will be offered again.

In the short term, the outlook for India is a bit cloudy. The Indian economy is clearly slowing following a period in which monetary policy was tightened to fight inflation. The problem is that, although the monetary tightening resulted in slower economic growth, it did not bring inflation down. Now policymakers are faced with the conundrum of slow growth with persistent inflation.

That said, because trade is a modest share of GDP, India is relatively immune to the problems in the global economy.

In addition, India's financial sector is not highly exposed to the troubles in European credit markets. Thus, even a worsening of the situation in Europe is not likely to have a big negative impact on India.

Longer term, India's prospects are good. The country has a youthful population, which bodes well for growth and consumer spending. Economic policy has been supportive of growth through deregulation. In addition, India's capital markets have funneled credit to entrepreneurs, contributing to growth. India does have obstacles, however. These include a high degree of trade protection, continuing regulation of labor markets and uncertainty regarding the future of policy.

Brazil

As in much of the emerging world, Brazil's policymakers have quickly shifted from a focus on excessive inflation toward a focus on growth. In the first half of 2011, Brazil was growing rapidly and experiencing uncomfortably high inflation. The central bank raised interest rates, which resulted in a sharp rise in the value of the currency and harmed export competitiveness. Yet by the second half of the year, with domestic demand decelerating and exports being harmed by slower global growth, the central bank shifted and cut interest rates.

Brazil is likely to have modest growth and declining inflation in 2012. Interestingly, consumer spending has held up well despite the economic slowdown. This was due in part to continuing growth of consumer credit. While positive for spending, this credit expansion does pose a risk to the economy and especially to the banking system.

Longer term, the prospects for Brazil's economy and consumer sector are very good. With a youthful population, favorable economic policies and sizable foreign direct investment, growth should be strong. In addition, roughly half of Brazil's exports are now manufactured goods. This is a big change from the past, when Brazil was largely a commodity exporter, and it suggests a less volatile future. Improving income distribution and the rapid rise of the middle class also bode well for continued growth of modern retailing.

Russia

Russia's growth has been moderately strong lately owing to the strength of commodity prices. In addition, there are indications of greater openness to foreign investment in the commodity sector, thereby offering the possibility of increased commodity production. Yet Russia's continued dependence on commodities makes it vulnerable to volatile prices. Russia is also highly dependent on Western Europe, and a deepening crisis there would have a strong negative impact on Russia.

As long as the economy grows, Russia's retail industry has good prospects, at least in the largest cities where a disproportionate share of spending power exists. On the other hand, a declining and aging population means that longer term prospects are not great. And a failure to diversify away from commodities puts the retail sector at the mercy of forces beyond the control of Russia's authorities.

2012 global retail industry trends

Away from home

Globalization is not a new trend for retailers: in fact, it was the theme of last year's Global Powers of Retailing report. In 2012, retailers will continue to look to enter new markets like Asia Pacific, Africa and South America as higher growth in these regions continues, and they will look to improve their existing operational performance in these markets to achieve sustained growth.

Along the way, retailers have learned that to succeed in emerging markets they must significantly customize both their market models and product offerings to meet local needs and preferences. In addition, expect retailers to more fully empower store and regional managers when developing marketing and sales plans, given the managers' better understanding of local consumer and community needs. Finally, real estate will continue to be of great importance when entering new markets, given the difficulties of gaining a foothold when local operators already own the best locations.

Retailers will not only be looking for growth in emerging markets; they will also look to innovate in multi-channel strategies, mobile and data analytics to maintain or grow their market shares in developed markets.

Across channels

Retailers are entering new markets, both developed and developing, through various channels. For example, one may open an online store overseas to test the market before committing to a physical presence. Most retailers have a presence across multiple channels (e.g., stores, catalogs, online, call centers, social networking, digital displays, mobile). Few, however, truly understand how consumers are using and shopping across each of their channels (e.g., using social media sites to get discounts, going to the store to test the product and then purchasing the product online), and even fewer have a seamless, consistent and comprehensive multi-channel strategy. However, having a comprehensive multi-channel strategy will become more important than ever.

As consumers become savvier, they are increasingly taking charge of their shopping experience, identifying and leveraging many different sources of information and channels to optimize the different elements of their shopping journey. As of this writing, 71 percent of respondents to the Deloitte U.S. 2011 Annual Holiday Survey were planning on shopping multiple channels in some manner – viewing or researching products in one channel and purchasing in another, for example.

Since customers do not distinguish between channels, retailers will have to support seamless integration among and between each of them, including access to assortment, customer information and order information. Within the next few years, it is likely that consumers will expect to use a mobile device to get real-time inventory information about the closest stores or to order a product while in a store and have it delivered to their home. Therefore, in 2012 it is likely that retailers will continue to develop and launch innovative multi-channel solutions.

Retailers will need to have a clear understanding of the shopping journey and how consumers move across channels, from mobile to social networking, the web and in-store. Understanding how they go through the pre-purchase, purchase, and post-purchase process will be key to retailers identifying opportunities that both enhance their bottom line and actually make sense to consumers. For example, most large retailers in developed multi-channel markets like the United States and the U.K. no longer operate in silos but have become "brand and product showrooms" that drive revenues across all channels and are "destinations" for consumers to do more than just simply browse and transact. To support similar integrated, seamless and consistent multi-channel experiences, many retailers will need to re-evaluate their business and make fundamental changes across their organizations in all functions

Mobile

With the incredible speed at which the iPhone 4S sold – one million units in 24 hours,[1] four million the weekend it was launched[2] – and smartphones emerging as the most dominant consumer technology platform, one cannot mention multi-channel without also discussing mobile. Moreover, since a significant population of mobile users has not even reached shopping age, one can anticipate that mobile, and all the capabilities and opportunities it offers, will be top of mind among retailers in 2012.

Mobile consumers are no longer just early adopters: They represent a broad range of consumer segments and have become part of the mainstream population. For retailers looking to remain relevant in this connected consumer environment, the ability to leverage mobile to deliver an improved customer experience will be a critical success factor. To be sure, there is a great deal of activity in launching mobile solutions focused on the pre-shopping experience. However, many retailers are diving in without a clear strategy, and few have launched an integrated multi-channel experience. Retailers that can deliver an integrated customer experience demonstrating a clear understanding of consumer preferences and behaviors across the purchase process will have an advantage over the competition.

1 Apple press release, October 10, 2011
2 Apple press release, October 17, 2011

In the race to put out a “cool” app, retailers must not neglect three important factors:

- Usability and the user experience, including integration points between mobile and other channels. A poor customer experience is worse than no app at all.

- Security and privacy. A mobile-related security or privacy breach could severely damage a retailer’s reputation and hamper adoption of mobile capabilities.

- Access for employees and business partners. Sales associates need access to the same information as the connected “super user” consumers who walk through the door. Providing suppliers real-time visibility into the location and estimated arrival time of shipments can ultimately benefit consumers as well.

From data to personalization

Data analytics and personalization will continue to be critical success factors in 2012 and beyond. Indeed, personalization has become the norm for growing numbers of consumers. Given all the new channels through which retailers are interacting with consumers, from point-of-sale to mobile to social media sites, the sheer volume of data that can be collected about consumers and their shopping behaviors continues to grow. The industry is evolving quickly in its data analytics capabilities and in its ability to develop personalized marketing campaigns and customer experiences. Still, the ongoing challenge for retailers will be how to best analyze all this rich data and derive from it valuable insights about what consumers want and need.

What about the store?

While technology is bringing radical changes to how people shop, the bricks-and-mortar store remains *the* core of retail. The physical store, however, is no longer the final shopping destination; increasingly, it is becoming a piece in a larger, more connected customer experience. This transition will require retailers to innovate and re-think their operating models in ways many couldn’t even conceive of five years ago.

Global Powers of Retailing Top 250 highlights

Deloitte Touche Tohmatsu Limited (DTTL), in conjunction with STORES Media, is pleased to present the 15th annual Global Powers of Retailing. This report identifies the 250 largest retailers around the world based on publicly available data for fiscal 2010 (encompassing companies' fiscal years ended through June 2010). The report also provides an outlook for the global economy, trends for retailers to consider in the coming months, and an analysis of market capitalization in the retail industry.

Retail industry rebounds in 2010 as global economy stages fragile comeback

2010 started off on a positive note, but as it progressed the global economy began to face headwinds. In the United States, the end of fiscal stimulus, combined with continuing problems in the housing and credit markets, caused a deceleration in growth that led to fears of a double-dip recession. Europe saw the start of the Eurozone crisis when Greece required a massive bailout to avoid default on its sovereign debts.

In emerging markets, on the other hand, growth in fiscal 2010 was unusually strong, resulting in accelerating inflation. Governments in such disparate places as China, India and Brazil responded by tightening monetary policy. Rising interest rates led to severe upward pressure on currency values. Consumer spending in emerging markets rose at a healthy rate, although the monetary tightening in some countries caused deceleration.

Nevertheless, the global retail industry rebounded in 2010. Sales-weighted, currency-adjusted retail sales rose a solid 5.3 percent for the world's Top 250 retailers, up from anemic 1.2 percent growth for 2009's Top 250. As consumers emerged from the doldrums, more than 80 percent of the Top 250 retailers (205 companies) saw their 2010 retail sales increase, compared with less than two-thirds (159 companies) in 2009.

Profitability continued to improve as well. The Top 250 composite net profit margin rose to 3.8 percent in 2010, up from 3.1 percent in 2009 and 2.4 percent in 2008. Nearly all of the companies that disclosed their bottom-line results (183 of 195) operated at a profit in 2010, and more than two-thirds of the reporting companies saw an improvement in their net profit margin.

Stronger profitability also led to an improvement in return on assets. Composite ROA increased to 5.8 percent in 2010. While this is up from 4.9 percent in 2009, asset turnover declined slightly to 1.5 times from 1.6 times the prior year. This suggests that retailers may have increased their inventories and invested in new property and equipment in 2010 in anticipation of an economic recovery.

Top 250 quick stats, 2010

- $3.94 trillion – aggregate sales of Top 250
- $15.763 billion – average size of Top 250 retailers
- $3.292 billion – minimum sales required to be on Top 250 list in 2010
- 5.3% – composite year-over-year retail sales growth
- 5.7% – 2005-2010 composite compound annual growth rate in retail sales
- 3.8% – composite net profit margin
- 5.8% – composite return on assets
- 1.5 times – composite asset turnover
- 23.4% – percent of Top 250 retail sales from foreign operations

Top 250 global retailers 2010

Retail sales rank (FY10)	Name of company	Country of origin	2010 retail sales (US$m)	2010 group revenue* (US$m)	2010 group net income* (US$m)	Dominant operational format 2010	#countries of operation 2010	2005-2010 retail sales CAGR**
1	Wal-Mart Stores, Inc.	U.S.	418,952	421,849	16,993	Hypermarket/Supercenter/ Superstore	16	6.0%
2	Carrefour S.A.	France	119,642	121,519	754	Hypermarket/Supercenter/ Superstore	33	3.9%
3	Tesco PLC	U.K.	92,171[e]	94,244	4,131	Hypermarket/Supercenter/ Superstore	13	9.3%
4	Metro AG	Germany	88,931	89,311	1,243	Cash & Carry/Warehouse Club	33	3.8%
5	The Kroger Co.	U.S.	82,189	82,189	1,133	Supermarket	1	6.3%
6	Schwarz Unternehmens Treuhand KG	Germany	79,119[e]	79,119[e]	n/a	Discount Store	26	9.8%
7	Costco Wholesale Corporation	U.S.	76,255	77,946	1,323	Cash & Carry/Warehouse Club	9	8.0%
8	The Home Depot, Inc.	U.S.	67,997	67,997	3,338	Home Improvement	5	-2.5%
9	Walgreen Co.	U.S.	67,420	67,420	2,091	Drug Store/Pharmacy	2	9.8%
10	Aldi Einkauf GmbH & Co. oHG	Germany	67,112[e]	67,112[e]	n/a	Discount Store	18	5.9%
11	Target Corp.	U.S.	65,786	67,390	2,920	DDS	1	5.1%
12	Rewe Group	Germany	61,134[e]	70,431	n/a	Supermarket	13	5.4%
13	CVS Caremark Corp.	U.S.	57,345	96,413	3,424	Drug Store/Pharmacy	1	11.0%
14	Seven & i Holdings Co., Ltd.	Japan	57,055	59,338	1,402	Convenience/Forecourt Store	18	5.9%
15	Groupe Auchan SA	France	55,212	56,425	985	Hypermarket/Supercenter/ Superstore	13	4.7%
16	Edeka Zentrale AG & Co. KG	Germany	54,072	57,763	n/a	Supermarket	1	5.5%
17	Aeon Co., Ltd.	Japan	53,458	59,069	1,064	Hypermarket/Supercenter/ Superstore	8	2.2%
18	Woolworths Limited	Australia	51,771	53,704	2,118	Supermarket	2	7.3%
19	Best Buy Co., Inc.	U.S.	50,272	50,272	1,366	Electronics Specialty	15	10.3%
20	Lowe's Companies, Inc.	U.S.	48,815	48,815	2,010	Home Improvement	3	2.5%
21	Wesfarmers Limited	Australia	47,631	52,330	1,902	Supermarket	2	62.3%
22	Sears Holdings Corp.	U.S.	43,326	43,326	150	Department Store	3	-2.4%
23	Centres Distributeurs E. Leclerc	France	41,165[e]	41,165[e]	n/a	Hypermarket/Supercenter/ Superstore	7	3.2%
24	Safeway Inc.	U.S.	40,229[e]	41,050	591	Supermarket	3	1.3%
25	Koninklijke Ahold N.V	Netherlands	39,213	39,213	1,133	Supermarket	10	-0.1%
26	Casino Guichard-Perrachon S.A.	France	37,875[e]	38,612	987	Hypermarket/Supercenter/ Superstore	27	5.0%
27	ITM Développement International (Intermarché)	France	33,994[e]	37,978[e]	n/a	Supermarket	8	5.1%
28	Amazon.com, Inc.	U.S.	33,251	34,204	1,152	Non-Store	8	32.1%
29	J Sainsbury plc	U.K.	32,837	32,837	996	Supermarket	1	6.1%
30	The IKEA Group (INGKA Holding B.V.)	Sweden	31,642	32,243	3,693	Other Specialty	39	9.3%
31	SuperValu Inc.	U.S.	28,911	37,534	-1,510	Supermarket	1	22.1%
32	WM Morrison Supermarkets PLC	U.K.	25,248	25,427	975	Supermarket	1	6.3%
33	Rite Aid Corporation	U.S.	25,215	25,215	-555	Drug Store/Pharmacy	1	7.9%
34	Yamada Denki Co., Ltd.	Japan	25,193	25,193	831	Electronics Specialty	2	10.9%
35	Publix Super Markets, Inc.	U.S.	25,134	25,328	1,338	Supermarket	1	4.1%
36	Macy's, Inc.	U.S.	25,003	25,003	847	Department Store	3	2.2%

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37	Delhaize Group SA	Belgium	24,918[e]	27,687	764	Supermarket	7	1.8%
38	The TJX Companies, Inc.	U.S.	21,942	21,942	1,343	Apparel/Footwear Specialty	7	6.4%
39	Loblaw Companies Limited	Canada	21,782[e]	30,099	679	Hypermarket/Supercenter/ Superstore	1	1.2%
40	Migros-Genossenschafts Bund	Switzerland	20,937[e]	24,075	857	Supermarket	3	8.8%
41	Système U, Centrale Nationale	France	20,423	20,423	n/a	Supermarket	3	5.1%
42	Mercadona, S.A.	Spain	20,241	20,241	528	Supermarket	1	9.7%
43	Alimentation Couche-Tard Inc.	Canada	18,966	18,966	370	Convenience/Forecourt Store	9	13.3%
44	Kohl's Corporation	U.S.	18,391	18,391	1,114	Department Store	1	6.5%
45	Grupo Pão de Açúcar	Brazil	18,318	18,318	412	Electronics Specialty	1	19.1%
46	J. C. Penney Company, Inc.	U.S.	17,759	17,759	389	Department Store	2	-1.1%
47	El Corte Inglés, S.A.	Spain	17,336	21,662	422	Department Store	5	0.4%
48	Coop Group	Switzerland	16,684[e]	18,234	512	Supermarket	5	6.1%
49	Inditex S.A.	Spain	16,343	16,535	2,298	Apparel/Footwear Specialty	79	13.2%
50	H.E. Butt Grocery Company	U.S.	16,100[e]	16,100[e]	n/a	Supermarket	2	5.2%
51	AS Watson & Company, Ltd.	Hong Kong SAR	15,857	15,857	n/a	Drug Store/Pharmacy	37	6.8%
52	Coop Italia	Italy	15,845[e]	15,845[e]	n/a	Supermarket	1	2.4%
53	Empire Company Limited/ Sobeys	Canada	15,575	15,839	374	Supermarket	1	4.2%
54	Meijer, Inc.	U.S.	15,323[e]	15,323[e]	n/a	Hypermarket/Supercenter/ Superstore	1	3.6%
55	Marks & Spencer Group Plc	U.K.	15,157	15,157	931	Department Store	39	4.5%
56	"LVMH Moët Hennessy-Louis	France	15,085[e]	26,983	4,407	Other Specialty	84	7.5%
57	H & M Hennes & Mauritz AB	Sweden	15,051	15,051	2,592	Apparel/Footwear Specialty	38	12.1%
58	Groupe Adeo SA	France	15,005[e]	15,005[e]	722	Home Improvement	11	11.4%
59	Kingfisher plc	U.K.	14,846	16,124	762	Home Improvement	8	4.5%
60	PPR S.A.	France	14,803	19,394	1,348	Other Specialty	91	-4.9%
61	Staples, Inc.	U.S.	14,696[e]	24,545	889	Other Specialty	14	5.7%
62	The Gap, Inc.	U.S.	14,664	14,664	1,204	Apparel/Footwear Specialty	32	-1.8%
63	Louis Delhaize S.A.	Belgium	14,100[e]	14,100[e]	n/a	Hypermarket/Supercenter/ Superstore	8	1.7%
64	Isetan Mitsukoshi Holdings Ltd.	Japan	13,933	14,283	40	Department Store	11	ne
65	Toys "R" Us, Inc.	U.S.	13,864	13,864	167	Other Specialty	35	4.2%
66	Bailian (Brilliance) Group	China	13,344[e]	15,341[e]	n/a	Supermarket	1	7.5%
67	Otto (GmbH & Co KG)	Germany	13,203	15,050	239	Non-Store	32	1.4%
68	Dollar General Corp.	U.S.	13,035	13,035	628	Discount Store	1	8.7%
69	Co-operative Group Ltd.	U.K.	12,957	19,926	340	Supermarket	1	20.1%
70	ICA AB	Sweden	12,818	13,067	76	Supermarket	5	7.1%
71	Dixons Retail plc (formerly DSG International plc)	U.K.	12,738[e]	13,051	-384	Electronics Specialty	28	4.3%
72	UNY Co., Ltd.	Japan	12,635	12,897	113	Hypermarket/Supercenter/ Superstore	2	-1.7%
73	Dell Inc.	U.S.	12,357	61,494	2,635	Non-Store	180	0.3%

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74	Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	Italy	12,170	12,170	n/a	Supermarket	2	5.8%
75	Gome Home Appliance Group	China	12,042e	12,042e	n/a	Electronics Specialty	2	21.8%
76	SPAR Österreichische Warenhandels-AG	Austria	12,011e	12,011e	n/a	Supermarket	7	6.7%
77	Alliance Boots GmbH	Switzerland	11,859	31,462	957	Drug Store/Pharmacy	17	9.0%
78	Cencosud S.A.	Chile	11,791	12,389	613	Supermarket	5	20.2%
79	Lotte Shopping Co., Ltd.	S. Korea	11,487e	11,760	879	Department Store	5	9.2%
80	John Lewis Partnership plc	U.K.	11,359	11,359	197	Supermarket	2	7.4%
81	Jerónimo Martins, SGPS, S.A.	Portugal	11,317	11,541	398	Discount Store	2	19.0%
82	Shinsegae Co., Ltd.	S. Korea	11,314	11,314	962	Hypermarket/Supercenter/ Superstore	2	9.8%
83	X5 Retail Group N.V.	Russia	11,264	11,280	271	Discount Store	2	ne
84	Suning Appliance Co. Ltd.	China	11,170	11,170	607	Electronics Specialty	3	36.5%
85	S Group	Finland	11,007	13,896	393	Supermarket	5	9.9%
86	Metro Inc.	Canada	10,896	10,896	376	Supermarket	1	11.1%
87	BJ's Wholesale Club, Inc.	U.S.	10,633	10,877	95	Cash & Carry/Warehouse Club	1	6.4%
88	Tengelmann Warenhandel-sgesellschaft KG	Germany	10,599e	11,347e	n/a	Home Improvement	14	-18.1%
89	Dansk Supermarked A/S	Denmark	10,563	10,563	395	Discount Store	5	3.2%
90	The Daiei, Inc.	Japan	10,415	10,568	-62	Hypermarket/Supercenter/ Superstore	1	-7.9%
91	Kesko Corporation	Finland	10,356	11,655	286	Supermarket	8	4.0%
92	Shoprite Holdings Ltd.	S. Africa	10,279e	10,362	363	Supermarket	16	16.7%
93	Shoppers Drug Mart Corporation	Canada	10,075	10,075	574	Drug Store/Pharmacy	1	7.7%
94	J. Front Retailing Co., Ltd.	Japan	9,866	11,012	106	Department Store	1	ne
95	Apple Inc./Retail (Apple Stores)	U.S.	9,798	65,225	14,013	Electronics Specialty	11	33.0%
96	Limited Brands, Inc.	U.S.	9,613	9,613	805	Apparel/Footwear Specialty	45	-0.2%
97	GameStop Corp.	U.S.	9,474	9,474	407	Other Specialty	18	25.1%
98	Grupo Eroski	Spain	9,437e	9,739e	-86	Supermarket	3	6.6%
99	Reitan Group	Norway	9,420e	9,721	n/a	Discount	4	16.2%
100	Takashimaya Company, Limited	Japan	9,398	10,077	165	Department Store	3	-3.6%
101	Nordstrom, Inc.	U.S.	9,310	9,700	613	Department Store	1	3.8%
102	Fast Retailing Co., Ltd.	Japan	9,027	9,044	695	Apparel/Footwear Specialty	20	16.2%
103	K's Holdings Corporation	Japan	9,020	9,020	274	Electronics Specialty	1	14.0%
104	Whole Foods Market, Inc.	U.S.	9,006	9,006	246	Supermarket	3	13.9%
105	Giant Eagle, Inc.	U.S.	8,900e	8,900e	n/a	Supermarket	1	8.0%
106	Home Retail Group plc	U.K.	8,886	9,051	295	Other Specialty	3	1.0%
107	Bed Bath and Beyond Inc.	U.S.	8,759	8,759	791	Other Specialty	4	8.6%
108	C&A Europe	Belgium/ Germany	8,697	8,697	n/a	Apparel/Footwear Specialty	20	4.8%
109	Edion Corporation	Japan	8,647e	10,542	208	Electronics Specialty	1	1.5%
110	Beisia Group Co., Ltd.	Japan	8,511e	9,156e	n/a	Home Improvement	1	4.5%
111	Office Depot, Inc.	U.S.	8,343e	11,633	33	Other Specialty	21	-3.5%

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112	Menard, Inc.	U.S.	8,300[e]	8,300[e]	n/a	Home Improvement	1	2.0%
113	Army and Air Force Exchange Service (AAFES)	U.S.	8,244	8,748	391	Hypermarket/Supercenter/ Superstore	35	0.0%
114	Yodobashi Camera Co., Ltd.	Japan	8,196	8,196	n/a	Electronics Specialty	1	3.1%
115	The Great Atlantic & Pacific Tea Company, Inc.	U.S.	8,078	8,078	-599	Supermarket	1	-1.6%
116	Dairy Farm International Holdings Limited	Hong Kong SAR	7,971	7,971	410	Supermarket	10	10.9%
117	Oxylane Groupe	France	7,938	7,938	n/a	Other Specialty	17	9.8%
118	Canadian Tire Corporation, Limited	Canada	7,921	8,721	440	Other Specialty	1	2.8%
119	Kesa Electricals plc	U.K.	7,879	7,879	41	Electronics Specialty	11	5.0%
120	SHV Holdings N.V. / Makro	Netherlands	7,870	21,257	898	Cash & Carry/Warehouse Club	6	7.4%
121	Family Dollar Stores, Inc.	U.S.	7,867	7,867	358	Discount Store	1	6.2%
122	Ross Stores, Inc.	U.S.	7,866	7,866	555	Apparel/Footwear Specialty	1	9.7%
123	Liberty Media Corp. / QVC, Inc.	U.S.	7,807	10,982	1,937	Non-Store	8	3.7%
124	Open Joint Stock Company "Magnit"	Russia	7,776	7,777	334	Convenience/Forecourt Store	1	38.0%
125	Esselunga S.p.A.	Italy	7,741[e]	7,741[e]	283	Hypermarket/Supercenter/ Superstore	1	7.6%
126	Massmart Holdings Limited	S. Africa	7,589	7,589	132	Cash & Carry/Warehouse Club	14	12.1%
127	S.A.C.I. Falabella	Chile	7,473[e]	8,359	907	Home Improvement	4	14.8%
128	Etn. Fr. Colruyt N.V.	Belgium	7,428	9,634	447	Supermarket	3	8.6%
129	Organización Soriana, S.A.B. de C.V.	Mexico	7,425	7,425	260	Hypermarket/Supercenter/ Superstore	1	14.1%
130	Hudson's Bay Trading Company, L.P.	U.S.	7,400[e]	7,400[e]	n/a	Discount Department Store	2	ne
131	Globus Holding GmbH & Co. KG	Germany	7,270[e]	7,270[e]	n/a	Hypermarket/Supercenter/ Superstore	3	7.6%
132	The Pantry, Inc.	U.S.	7,265	7,265	-166	Convenience/Forecourt Store	1	10.4%
133	Pick n Pay Stores Limited	S. Africa	7,140[e]	7,212	109	Supermarket	8	8.2%
134	China Resources Enterprise, Limited	Hong Kong SAR	7,089	11,164	855	Hypermarket/Supercenter/ Superstore	2	27.9%
135	Barnes & Noble, Inc.	U.S.	6,999	6,999	-74	Other Specialty	1	7.0%
136	dm-drogerie markt GmbH + Co. KG	Germany	6,922[e]	6,922[e]	n/a	Drug Store/Pharmacy	11	9.9%
137	Hy-Vee, Inc.	U.S.	6,900	6,900	n/a	Supermarket	1	6.9%
138	Winn-Dixie Stores, Inc.	U.S.	6,881	6,881	-70	Supermarket	1	-0.9%
139	FDB (Coop Danmark A/S)	Denmark	6,822	6,850	52	Supermarket	1	ne
140	Bic Camera Inc.	Japan	6,702	6,752	67	Electronics Specialty	1	7.1%
141	Dalian Dashang Group	China	6,613[e]	n/a[e]	n/a	Department Store	1	13.2%
142	Fa. Anton Schlecker	Germany	6,580[e]	6,580[e]	n/a	Drug Store/Pharmacy	12	-2.2%
143	AutoZone, Inc.	U.S.	6,483	7,363	738	Other Specialty	3	5.4%
144	Dirk Rossmann GmbH	Germany	6,148	6,148	n/a	Drug Store/Pharmacy	6	14.0%
145	Sonae, SGPS, SA	Portugal	6,144	7,853	265	Hypermarket/Supercenter/ Superstore	3	3.6%
146	Tokyu Corporation	Japan	6,031	13,480	483	Department Store	1	-5.3%
147	Katz Group Inc.	Canada	6,020[e]	6,020[e]	n/a	Drug Store/Pharmacy	1	0.0%

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148	Dillard's, Inc.	U.S.	6,020	6,254	180	Department Store	1	-4.5%
149	Dollar Tree, Inc.	U.S.	5,882	5,882	397	Discount Store	2	11.6%
150	Don Quijote Co., Ltd.	Japan	5,879	6,117	159	Discount Store	2	13.8%
151	Defense Commissary Agency (DeCA)	U.S.	5,844	5,844	n/a	Supermarket	14	1.7%
152	PetSmart, Inc.	U.S.	5,660	5,694	240	Other Specialty	2	8.5%
153	Casey's General Stores, Inc.	U.S.	5,635	5,635	95	Convenience/Forecourt Store	1	9.9%
154	Wegmans Food Markets, Inc.	U.S.	5,600	5,600	n/a	Supermarket	1	8.2%
155	Groupe Galeries Lafayette SA	France	5,444[e]	6,507	n/a	Department Store	4	2.5%
156	Life Corporation	Japan	5,411	5,573	39	Supermarket	1	3.8%
157	O'Reilly Automotive, Inc.	U.S.	5,398	5,398	419	Other Specialty	1	21.4%
158	Lojas Americanas S.A.	Brazil	5,359	5,359	195	Discount Department Store	1	27.7%
159	Kojima Co., Ltd.	Japan	5,236[e]	5,259	24	Electronics Specialty	1	-2.0%
160	H2O Retailing Corporation	Japan	5,163	5,441	36	Department Store	1	ne
161	Shimamura Co., Ltd.	Japan	5,101	5,101	272	Apparel/Footwear Specialty	2	4.0%
162	NorgesGruppen ASA	Norway	5,062	9,231	234	Supermarket	1	13.6%
163	Foot Locker, Inc.	U.S.	5,049	5,049	169	Apparel/Footwear Specialty	29	-2.2%
164	QuikTrip Corporation	U.S.	5,000[e]	8,770[e]	n/a	Convenience/Forecourt Store	1	4.0%
165	WinCo Foods LLC	U.S.	5,000[e]	5,000[e]	n/a	Supermarket	1	14.9%
166	Save Mart Supermarkets	U.S.	4,985[e]	4,985[e]	n/a	Supermarket	1	15.5%
167	Next plc	U.K.	4,976	5,329	619	Apparel/Footwear Specialty	64	1.9%
168	Big Lots, Inc.	U.S.	4,952	4,952	223	Discount Store	1	2.3%
169	Joshin Denki Co., Ltd.	Japan	4,940[e]	5,092	72	Electronics Specialty	1	7.9%
170	FEMSA Comercio, S.A. de C.V.	Mexico	4,933	4,933	n/a	Convenience/Forecourt Store	2	16.7%
171	Bauhaus GmbH & Co. KG	Germany	4,905[e]	4,905[e]	n/a	Home Improvement	15	7.7%
172	Dick's Sporting Goods, Inc.	U.S.	4,871	4,871	182	Other Specialty	1	13.2%
173	Celesio AG	Germany	4,804	30,910	352	Drug Store/Pharmacy	9	4.2%
174	DCM Japan Holdings Co., Ltd.	Japan	4,790	4,895	81	Home Improvement	1	ne
175	President Chain Store Corp.	Taiwan	4,745	5,395	202	Convenience/Forecourt Store	4	7.4%
176	Luxottica Group S.p.A.	Italy	4,729	7,699	541	Other Specialty	25	1.5%
177	MatsumotoKiyoshi Holdings Co., Ltd.	Japan	4,727	5,010	87	Drug Store/Pharmacy	1	5.8%
178	KF Gruppen	Sweden	4,723	5,104	15	Hypermarket/Supercenter/ Superstore	1	ne
179	The SPAR Group Limited	S. Africa	4,722	4,722	123	Supermarket	3	20.7%
180	Karstadt Warenhaus GmbH	Germany	4,703[e]	4,703[e]	n/a	Department Store	1	-6.1%
181	Bass Pro Shops, Inc.	U.S.	4,700[e]	4,700[e]	n/a	Other Specialty	2	12.2%
182	OfficeMax Inc.	U.S.	4,668[e]	7,150	74	Other Specialty	6	-3.7%
183	Jumbo Supermarkten B.V.	Netherlands	4,665	4,665	n/a	Supermarket	1	34.1%
184	Wawa Inc.	U.S.	4,630[e]	6,990[e]	n/a	Convenience/Forecourt Store	1	9.8%
185	Compagnie Financière Richemont SA	Switzerland	4,591	9,120	1,428	Other Specialty	55	14.5%
186	Coop Norge, the Group	Norway	4,581[e]	4,653	35	Supermarket	1	ne
187	Praktiker Bau- und Heimwerkermärkte Holding AG	Germany	4,579	4,579	-45	Home Improvement	10	2.6%
188	East Japan Railway Company	Japan	4,515	29,687	908	Convenience/Forecourt Store	1	0.1%

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189	Deichmann SE	Germany	4,515[e]	4,515[e]	n/a	Apparel/Footwear Specialty	20	9.5%
190	Douglas Holding AG	Germany	4,504	4,507	103	Other Specialty	21	6.6%
191	Sheetz, Inc.	U.S.	4,500[e]	4,500[e]	n/a	Convenience/Forecourt Store	1	6.4%
192	RadioShack Corporation	U.S.	4,473	4,473	206	Electronics Specialty	3	-2.5%
193	The Sherwin-Williams Company	U.S.	4,381	7,776	462	Home Improvement	6	-2.0%
194	BİM Birleşik Mağazalar A.Ş.	Turkey	4,371	4,371	163	Discount Store	2	31.2%
195	Arcadia Group Limited	U.K.	4,349	4,349	223	Apparel/Footwear Specialty	42	9.4%
196	Controladora Comercial Mexicana S.A.B. de C.V.	Mexico	4,348	4,415	83	Hypermarket/Supercenter/ Superstore	1	6.8%
197	Associated British Foods plc/ Primark	U.K.	4,257	15,852	887	Apparel/Footwear Specialty	7	22.1%
198	Groupe Vivarte	France	4,234	4,234	n/a	Apparel/Footwear Specialty	66	8.3%
199	Migros Ticaret A.Ş.	Turkey	4,232	4,232	28	Supermarket	4	20.1%
200	SUNDRUG Co., Ltd.	Japan	4,220	4,220	127	Drug Store/Pharmacy	1	15.5%
201	Heiwado Co., Ltd.	Japan	4,214	4,438	55	Hypermarket/Supercenter/ Superstore	2	-0.4%
202	Valor Co., Ltd.	Japan	4,206	4,436	50	Supermarket	1	7.8%
203	CP ALL Public Company Limited	Thailand	4,184	4,484	212	Convenience/Forecourt Store	1	10.7%
204	Grupo Comercial Chedraui, S.A.B. de C.V.	Mexico	4,142	4,183	115	Hypermarket/Supercenter/ Superstore	2	14.0%
205	Jim Pattison Group	Canada	4,123[e]	6,991	n/a	Supermarket	1	3.8%
206	RaceTrac Petroleum Inc.	U.S.	4,100[e]	5,750[e]	n/a	Convenience/Forecourt Store	1	14.3%
207	Ruddick Corporation / Harris Teeter	U.S.	4,099	4,400	113	Supermarket	1	9.2%
208	Advance Auto Parts, Inc.	U.S.	4,088[e]	5,925	346	Other Specialty	2	4.4%
209	Michaels Stores, Inc.	U.S.	4,031	4,031	98	Other Specialty	2	1.9%
210	Albertsons, LLC	U.S.	4,000[e]	4,000[e]	n/a	Supermarket	1	-37.0%
211	Izumiya Co., Ltd.	Japan	3,995	4,027	9	Hypermarket/Supercenter/ Superstore	1	-0.4%
212	El Puerto de Liverpool, SAB de CV	Mexico	3,845	4,150	408	Department Store	1	10.6%
213	The Maruetsu, Inc.	Japan	3,806	3,851	32	Supermarket	1	0.2%
214	Marui Group Co. Ltd.	Japan	3,793	4,756	-276	Department Store	2	-5.8%
215	HORNBACH-Baumarkt-AG Group	Germany	3,742	3,743	100	Home Improvement	9	4.9%
216	XXXLutz Group	Austria	3,718	3,718	n/a	Other Specialty	9	5.4%
217	Iceland Foods Group Limited	U.K.	3,716	3,716	242	Supermarket	3	9.7%
218	Steinhoff International Holdings Ltd.	S. Africa	3,701	6,168	766	Other Specialty	15	n/a
219	Neiman Marcus, Inc.	U.S.	3,693	3,693	-2	Department Store	1	0.0%
220	Nonggongshang Supermarket Group Co. Ltd.	China	3,684[e]	3,684[e]	n/a	Hypermarket/Supercenter/ Superstore	1	12.5%
221	Burlington Coat Factory Investments Holdings, Inc.	U.S.	3,670	3,701	31	Department Store	2	1.3%
222	Woolworths Holdings Limited	S. Africa	3,666	3,704	236	Department Store	16	12.4%
223	Poslovni sistem Mercator, d.d.	Slovenia	3,665	3,694	40	Supermarket	7	10.0%
224	Blokker Holding N.V.	Netherlands	3,656	3,656	209	Other Specialty	11	4.0%
225	Agrokor d.d.	Croatia	3,654	4,838	29	Supermarket	3	17.3%

*Group revenue and net income may include results from non-retail operations
**CAGR = Compound annual growth rate

n/a = not available
ne = not in existence (created by merger or divestiture)
e = estimate

Top 250 global retailers 2010

Retail sales rank (FY10)	Name of company	Country of origin	2010 retail sales (US$m)	2010 group revenue* (US$m)	2010 group net income* (US$m)	Dominant operational format 2010	#countries of operation 2010	2005-2010 retail sales CAGR**
226	Tractor Supply Company	U.S.	3,638	3,638	168	Other Specialty	1	12.0%
227	Coach, Inc.	U.S.	3,622	4,159	881	Other Specialty	6	17.6%
228	GS Holdings Corp./GS Retail	S. Korea	3,614	36,775	1,304	Convenience/Forecourt Store	1	7.8%
229	Roundy's Supermarkets, Inc.	U.S.	3,610[e]	3,800[e]	n/a	Supermarket	1	2.2%
230	Stater Bros. Holdings Inc.	U.S.	3,607	3,607	25	Supermarket	1	2.0%
231	Nitori Holdings Co., Ltd.	Japan	3,602	3,643	357	Other Specialty	2	15.1%
232	Liquor Control Board of Ontario	Canada	3,569[e]	4,478	1,525	Other Specialty	1	4.4%
233	Norma Lebensmittelfilialbetrieb GmbH & Co. KG	Germany	3,561[e]	3,561[e]	n/a	Discount Store	4	3.7%
234	TSURUHA Holdings, Inc.	Japan	3,520	3,535	93	Drug Store/Pharmacy	1	13.8%
235	RONA Inc.	Canada	3,519	4,661	144	Home Improvement	1	4.5%
236	Belk, Inc.	U.S.	3,513	3,513	128	Department Store	1	3.4%
237	Williams-Sonoma, Inc.	U.S.	3,504	3,504	200	Other Specialty	5	-0.2%
238	Sugi Holdings Co., Ltd.	Japan	3,502[e]	3,532	104	Drug Store/Pharmacy	1	19.7%
239	The Golub Corporation/Price Chopper Supermarkets	U.S.	3,500[e]	3,500[e]	n/a	Supermarket	1	3.8%
240	Arcs Co., Ltd.	Japan	3,469	3,519	63	Supermarket	1	6.4%
241	Abercrombie & Fitch Co.	U.S.	3,469	3,469	150	Apparel/Footwear Specialty	9	4.5%
242	Signet Jewelers Limited	Bermuda	3,437	3,437	200	Other Specialty	3	1.7%
243	Axfood AB	Sweden	3,373	4,770	120	Supermarket	1	3.8%
244	Systembolaget AB	Sweden	3,357	3,357	42	Other Specialty	1	5.9%
245	Lagardère Services SA	France	3,355	4,753	100	Other Specialty	30	1.3%
246	Fuji Co. Ltd.	Japan	3,329	3,329	9	Hypermarket/Supercenter/Superstore	1	-1.3%
247	Komeri Co., Ltd.	Japan	3,320	3,494	67	Home Improvement	1	4.3%
248	Debenhams plc	U.K.	3,319	3,319	152	Department Store	26	5.7%
249	Kintetsu Department Store Co., Ltd.	Japan	3,292	3,428	21	Department Store	1	-1.7%
250	Izumi Co., Ltd.	Japan	3,292[e]	5,823	153	Hypermarket/Supercenter/Superstore	1	-0.5%

*Group revenue and net income may include results from non-retail operations
**CAGR = Compound annual growth rate

n/a = not available
ne = not in existence (created by merger or divestiture)
e = estimate

Top 250 global retailers 2010 alphabetical listing

Abercrombie & Fitch Co.	241
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Economic concentration of top 10 retailers, 2010

Top 250 rank	Name of company	Country of origin	2010 retail sales (US $mil)	2010 retail sales growth	2010 net profit margin	2010 return on assets	2010 asset turnover
1	Wal-Mart	U.S.	418,952	3.4%	4.0%	9.4%	2.3
2	Carrefour	France	119,642	4.8%	0.6%	1.1%	1.7
3	Tesco	U.K.	92,171[e]	6.7%	4.4%	5.7%	1.3
4	Metro	Germany	88,931	2.8%	1.4%	2.7%	1.9
5	Kroger	U.S.	82,189	7.1%	1.4%	4.8%	3.5
6	Schwarz	Germany	79,119[e]	9.4%	n/a	n/a	n/a
7	Costco	U.S.	76,255	9.1%	1.7%	5.6%	3.3
8	The Home Depot	U.S.	67,997	2.8%	4.9%	8.3%	1.7
9	Walgreen Co.	U.S.	67,420	6.4%	3.1%	8.0%	2.6
10	Aldi	Germany	67,112[e]	5.2%	n/a	n/a	n/a
Top 10*			$1,159,788	5.0%	3.0%	6.4%	2.1
Top 250*			$3,940,747	5.3%	3.8%	5.8%	1.5
Top 10 share of total			29.4%				

*Sales-weighted, currency-adjusted composite growth rate
Source: Published company data and Planet Retail

Walgreen joins Top 10 leader board

The share of total Top 250 retail sales accounted for by the Top 10 retailers slipped again in 2010 to 29.4 percent, down from 30 percent in 2009 and a high of 30.2 percent in fiscal 2008. The Top 10's 5 percent composite year-over-year sales growth, while a significant improvement over 2009's meager 0.2 percent increase, lagged the 5.3 percent sales gain for the Top 250 as a whole.

The leader group's top-line performance in 2010 was dragged down by Wal-Mart's 3.4 percent sales increase. Despite strong growth in international sales, stagnant sales in the U.S. division, which accounted for more than 60 percent of Wal-Mart's total sales, led to overall inferior growth.

All 10 companies on the leader board saw an increase in retail sales in 2010, led by Schwarz and Costco. Tesco, Walgreens and Kroger also outpaced the Top 250's composite growth rate.

The makeup of the Top 10 changed slightly for the first time since 2007. Walgreens continued its steady climb up the Top 250 ranking to become one of the world's 10 largest retailers in 2010, displacing Target, which fell to 11th place. A weaker euro against the U.S. dollar had an impact on the European retailers, causing some to drop in the dollar-denominated rankings despite solid growth.

Profitability for the world's Top 10 retailers also underperformed the Top 250 group as a whole. The eight Top 10 companies that disclosed their bottom-line profits generated a composite net profit margin of 3 percent, compared with 3.8 percent for the Top 250. Although Top 10 sales growth and profitability lagged the larger group, the retail leaders were more productive than the group as a whole, as reflected by the Top 10's superior return on assets and asset turnover ratio.

Global Powers of Retailing geographical analysis

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

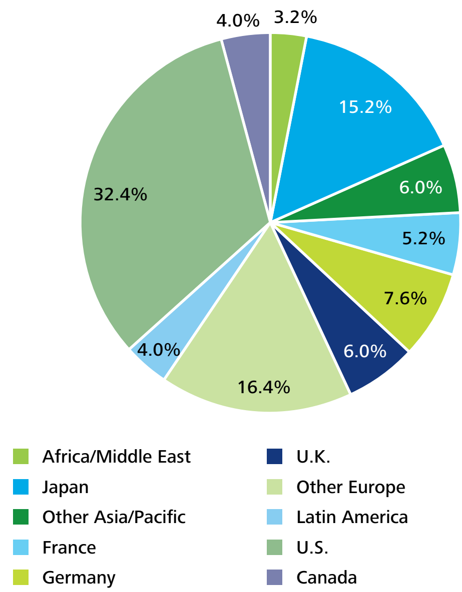
Europe, U.S. shares of Top 250 fall

Composite sales growth for the European retailers outpaced the Top 250 retailers as a whole in 2010. Nevertheless, for the second year in a row, the number of European companies among the Top 250 declined, from 92 in 2009 to 88 in 2010. That is partly due to the exchange rate effects of a weaker euro relative to the U.S. dollar in 2010; it is also the result of several significant divestments by European retailers, which resulted in fewer European companies meeting the 2010 sales threshold for inclusion in the Top 250. Among the "Big 3" European economies, sales growth and profitability of the German companies lagged their counterparts in France and the U.K.

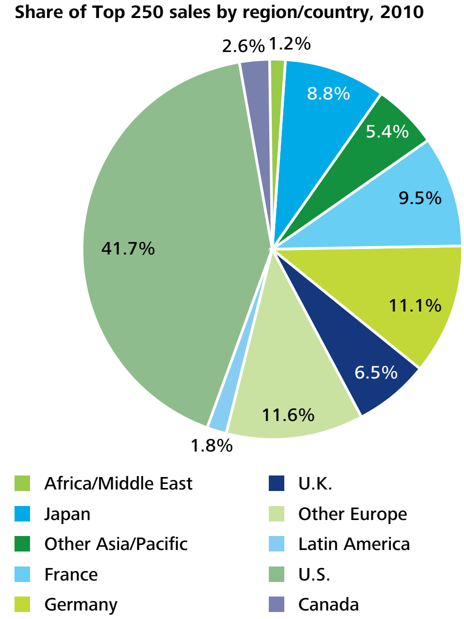
Since 2007, the Asia/Pacific region has gained as a share of the Top 250. In 2010, as in prior years, however, the region's statistical gains are mostly the result of the growing strength of the Japanese yen against the U.S. dollar, allowing more Japanese retailers to move into the Top 250. Composite sales growth among the Japanese companies was a sluggish 1.5 percent in 2010, far below the region's overall 4.7 percent growth rate and, by far, the lowest of all regions and countries analyzed. Excluding Japan, composite sales for the 15 other Asia/Pacific retailers grew a robust 10.3 percent, and this group's 4.6 percent composite net profit margin was more than double that of the Japanese retailers.

Below-average composite retail sales growth for the North American retailers led to a decline in the region's share of Top 250 companies and sales in 2010. This was especially true for U.S retailers, as consumer pessimism returned amid continued high unemployment and growing fears of a double-dip recession. The region's profitability was strong, however: With a composite net profit margin of 4.1 percent, North American retailers outperformed the Top 250 as a whole. Productivity, as measured by return on assets and asset turnover, was also well above average.

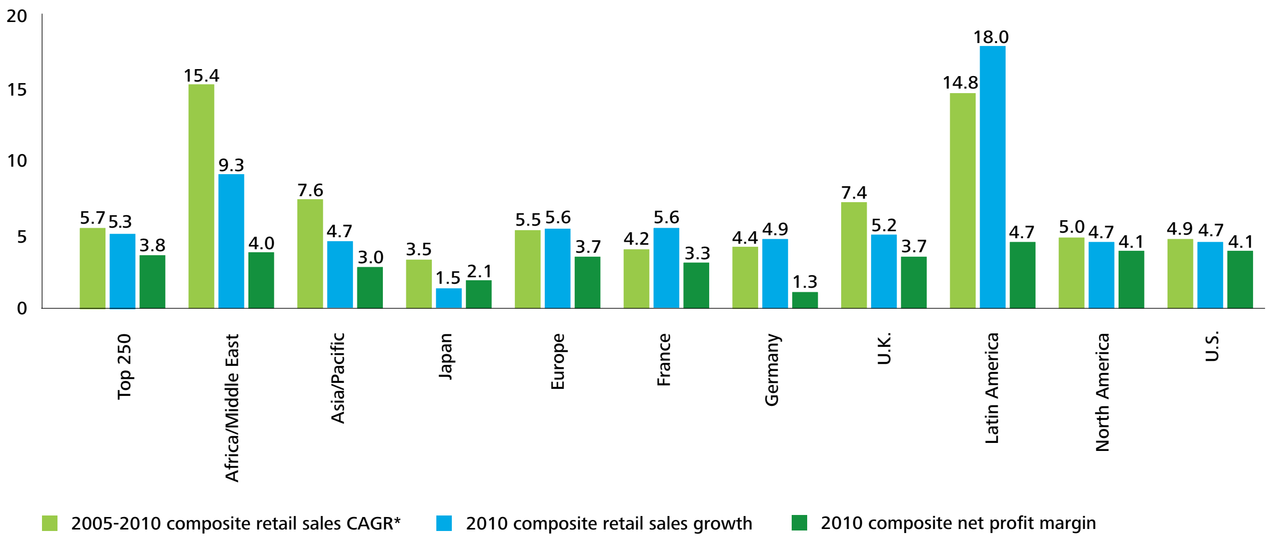
Share of Top 250 retailers by region/country, 2010



Share of Top 250 sales by region/country, 2010



Sales growth and profitability by region/country (%)



Results reflect Top 250 retailers headquartered in each region/country
*Compound Annual Growth Rate
Source: Published company data and Planet Retail

Strong growth and profitability continued in the Latin America and Africa/Middle East regions. Latin American retailers, in particular, outperformed their counterparts around the globe. Seven of the 10 Top 250 Latin American retailers posted double-digit sales increases, resulting in a composite regional growth rate of 18 percent, and the region's composite net profit margin of 4.7 percent led the industry. Top 250 retailers based in Africa and the Middle East also enjoyed robust growth in 2010, and they generated the highest compound annual growth rate over the 2005-2010 period of all regions.

Top 10 retailers by region

Europe's top 10 retailers in 2010 remained the same as in 2009 except for two changes in the order. Tesco overtook Metro to once again secure second place in the region by virtue of consistently solid sales growth over the past few years. Auchan and Edeka also traded places.

In North America, Walgreens, which has outperformed Target on the top line for several consecutive years, finally moved past the discounter into fifth place. Home Depot and Lowe's, both of which fell in the ranking in 2009 as home improvement sales declined in the United States, maintained their positions in 2010 with modest sales gains.

The only change to the top 10 Asia/Pacific retailers occurred at the bottom of the list. Double-digit growth propelled China's Gome Home Appliance Group to the number 10 spot, displacing Daiei, as sales continued to decline for the struggling Japanese retailer.

Asset turnover and ROA by region/country

	2010 composite asset turnover	2010 composite return on assets
Top 250	1.5	5.8%
Africa/Middle East	1.7	6.8%
Asia/Pacific	1.2	3.7%
Japan	1.2	2.4%
Europe	1.3	5.0%
France	1.2	3.8%
Germany	2.0	2.7%
U.K.	1.5	5.4%
Latin America	1.0	4.7%
North America	1.9	7.6%
U.S.	1.9	7.7%

Results reflect Top 250 companies headquartered in each region/country
Source: Published company data and Planet Retail

In Latin America, a region represented by 10 Top 250 companies, Brazil's Grupo Pão de Açúcar, the largest retailer, acquired a majority share in Casas Bahia, the number three retailer in 2009, removing the latter from the list as a separate entity. Other changes include Chile's Falabella, which surpassed Mexican hypermarket chain Soriana, and Mexico's FEMSA Comercio, operator of the OXXO convenience store chain, which overtook Comercial Mexicana. Falabella and FEMSA both were propelled up the ranking by strong, double-digit growth.

The most changes in the regional rankings occurred in Africa/Middle East. South Africa's Pick n Pay was the only retailer in the region to experience a sales decline in 2010, which dropped it from second place to third. Despite strong growth, Migros fell behind another prominent Turkish retailer, BİM, which reported even stronger growth. SPAR moved from number five to number four on the strength of the South African rand in addition to solid growth. Metcash, which has been undergoing a restructuring process to refocus the company's core business, fell out of the Top 250 in 2010. Joining the Top 250 for the first time is another South African company, Steinhoff International, a vertically integrated retailer of furniture and household goods. Shoprite Holdings, Africa's largest food retailer, remained solidly in first place.

Top 10 retailers by region, 2010

Region rank	Top 250 rank	Company	Retail sales (US$ mil)	Country of origin
Top 10 European Retailers				
1	2	Carrefour	$119,642	France
2	3	Tesco	$92,171[e]	UK
3	4	Metro	$88,931	Germany
4	6	Schwarz	$79,119[e]	Germany
5	10	Aldi	$67,112[e]	Germany
6	12	Rewe	$61,134[e]	Germany
7	15	Auchan	$55,212	France
8	16	Edeka	$54,072	Germany
9	23	E. Leclerc	$41,165[e]	France
10	25	Ahold	$39,213	Netherlands
Top 10 North America Retailers				
1	1	Wal-Mart	$418,952	U.S.
2	5	Kroger	$82,189	U.S.
3	7	Costco	$76,255	U.S.
4	8	Home Depot	$67,997	U.S.
5	9	Walgreen	$67,420	U.S.
6	11	Target	$65,786	U.S.
7	13	CVS Caremark	$57,345	U.S.
8	19	Best Buy	$50,272	U.S.
9	20	Lowe's	$48,815	U.S.
10	22	Sears Holdings	$43,326	U.S.
Top 10 Asia/Pacific Retailers				
1	14	Seven & i Holdings	$57,055	Japan
2	17	Aeon	$53,458	Japan
3	18	Woolworths	$51,771	Australia
4	21	Wesfarmers	$47,631	Australia
5	34	Yamada Denki	$25,193	Japan
6	51	AS Watson	$15,857	Hong Kong SAR
7	64	Isetan Mitsukoshi Holdings	$13,933	Japan
8	66	Bailian	$13,344[e]	China
9	72	UNY	$12,635	Japan
10	75	Gome Home Appliance	$12,042[e]	China
Top 10 Latin America Retailers				
1	45	Grupo Pão de Açúcar	$18,318	Brazil
2	78	Cencosud	$11,791	Chile
3	127	Falabella	$7,473[e]	Chile
4	129	Soriana	$7,425	Mexico
5	158	Lojas Americanas	$5,359	Brazil
6	170	FEMSA Comercio	$4,933	Mexico
7	196	Comercial Mexicana	$4,348	Mexico
8	204	Comercial Chedraui	$4,142	Mexico
9	212	El Puerto de Liverpool	$3,845	Mexico
10	242	Signet Jewelers	$3,437	Bermuda
Top Africa/Middle East Retailers				
1	92	Shoprite Holdings	$10,279[e]	S. Africa
2	126	Massmart	$7,589	S. Africa
3	133	Pick n Pay	$7,140[e]	S. Africa
4	179	SPAR	$4,722	S. Africa
5	194	BİM	$4,371	Turkey
6	199	Migros Ticaret	$4,232	Turkey
7	218	Steinhoff	$3,701	S. Africa
8	222	Woolworths Holdings	$3,666	S. Africa

	# companies	Average 2010 retail sales (US$mil)	% retail sales from foreign operations 2010	Average # countries 2010	% single-country operators 2010
Top 250*	250	$15,763	23.4%	8.2	40.4%
Africa/Middle East	8	$5,713	15.0%	9.8	0.0%
Asia/Pacific	53	$10,527	10.4%	3.3	58.5%
Japan	38	$9,090	6.7%	2.6	68.4%
Europe	88	$17,296	38.9%	14.9	18.2%
France	13	$28,783	44.6%	30.3	0.0%
Germany	19	$22,969	42.6%	13.6	10.5%
U.K.	15	$16,980	24.1%	16.6	20.0%
Latin America	10	$7,107	19.3%	2.1	50.0%
North America*	91	$19,165	14.3%	7.0	53.8%
U.S.*	81	$20,266	14.3%	7.6	49.4%

Results reflect Top 250 retailers headquartered in each region/country
* Average number of countries excludes Dell (U.S.), whose near-global coverage would skew the average
Source: Published company data and Planet Retail

France, Germany most globally active; Japan least active

The level of globalization among the Global Powers of Retailing, as measured by foreign operations as a share of total Top 250 retail sales, rebounded to 23.4 percent in 2010 from 22.2 percent in 2009.

European retailers remain, by far, the most globally active. They have reduced their dependence on their home markets, where sales have stagnated in recent years, and made expansion into more attractive foreign markets a priority growth strategy. Nearly 40 percent of their 2010 sales were generated by operations outside their home countries. For Top 250 retailers based in France and Germany, foreign operations generated more than 40 percent of overall sales. This high level of globalization accounts for the significantly larger average size of the French and German retailers.

Among all Top 250 retailers, 40 percent were single-country operators in 2010. By contrast, less than 20 percent of European Top 250 retailers operated exclusively within their national borders. All 13 French companies operated internationally, most expanding well beyond their home country as evidenced by an average 30.3 countries with retail operations. As a group, the European retailers averaged 14.9 countries, the most of any region. Their large and expanding global presence is being driven, in part, by a growing number of franchised and licensed stores being opened around the world by top European fashion and luxury goods retailers.

With a vast domestic market to serve, North American retailers remain the largest, with an average size in excess of $19 billion. In 2010, more than half of the region's Top 250 retailers continued to operate only within their domestic borders; nine of the 10 Canadian companies did business only in Canada. Just 14.3 percent of Top 250 North American retail sales came from foreign operations in 2010. Still, this was an increase of 1 percentage point from the prior year. This trend is expected to continue, especially as more U.S. retailers move into Canada or Mexico.

Within the Asia/Pacific region, Japanese retailers remained quite insular: they did business in an average of only 2.6 countries, with just 6.7 percent of sales coming from foreign operations. More than two-thirds were single-country operators in 2010. Excluding Japan from the analysis, the other Asia/Pacific retailers were much larger, averaging $14.2 billion in 2010 retail sales, and much more likely to operate internationally. This group operated in an average 4.9 countries and derived 16.6 percent of combined retail sales from foreign operations. Only one-third had yet to expand beyond their home country.

All eight of the Top 250 retailers based in Africa or the Middle East operated outside their home country in 2010, doing business in an average of 9.8 countries, but 85 percent of their combined sales still came from domestic operations.

Five of the 10 Latin American companies in the Top 250 operated only within their domestic borders in 2010. While this region had the smallest global presence, operating in just 2.1 countries, on average, foreign operations accounted for nearly 20 percent of total sales. This is largely due to rapid expansion within South America by two multi-format Chilean retailers: Cencosud and Falabella.

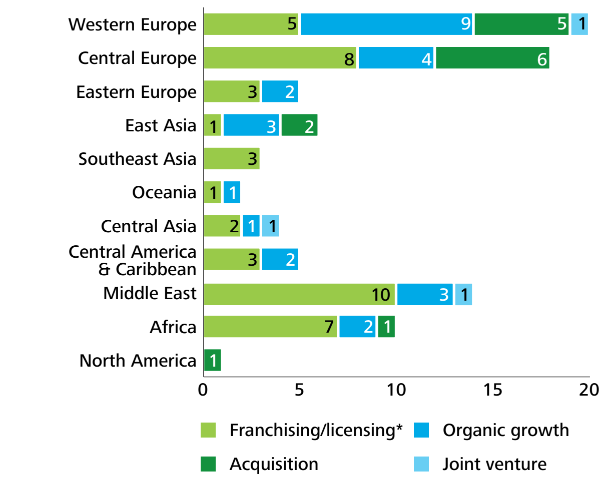
It should be noted that the average number of countries with retail operations includes the location of franchised, licensed and joint venture operations in addition to corporate-owned channels of distribution. Where information was available, the number of countries reflects non-store sales channels, such as consumer-oriented e-commerce sites, catalogs and TV shopping programs, as well as store locations. For the Top 250 as a whole, retailers operated in an average of 8.2 countries in 2010, up from 7.7 countries in 2009. This does not include Dell, which is truly global in scope, doing business with consumers in 180 countries.

Top 250 raise exposure in foreign markets

To get a better picture of the geographic distribution and global expansion of the Top 250, companies also were assigned to one of 12 sub-regions based on their headquarters location, and their retail activity in each sub-region was tracked.

Following a slowdown in international expansion in 2009, the world's largest retailers raised their exposure in foreign markets in 2010. Sixty percent (149) of the Top 250 retailers operated in more than one country in fiscal 2010, and nearly 80 percent of them (118 of 149) operated in more than one sub-region.

Top 250 new market entries by sub-region, 2010



*Includes franchised, licensed, and other partnership or distribution arrangements
Excludes companies entering a new country through e-commerce or other non-store methods
Source: Published company data

Forty retailers began operations in a new country in 2010, with a combined total of 88 new market entries involving 57 countries located in 11 of the 12 sub-regions. It should be noted that these numbers reflect new "bricks-and-mortar" retail activity only.

Nearly half the time, in 43 of the 88 international market entries recorded, the new country was located in Europe, primarily in Western Europe (20 times – particularly in southern Europe and Scandinavia) and in Central Europe (18 times – mostly countries on the Balkan Peninsula or in the Baltic region). A disproportionate share of new market activity also took place in the Middle East (14 times – primarily Turkey, the UAE and Syria) and in Africa (10 times – especially Egypt and other countries in northern Africa).

Four methods of market entry were tracked for this analysis: organic growth, franchising/licensing, joint ventures and acquisitions. The predominant method employed in 2010 was franchising, licensing or some other form of partnership, which was used for almost half (43 of 88) of the new international market entries recorded. About one-third of new market activity involved organic growth (27 times). Acquisition activity heated up in 2010, with 15 of the 88 new market entries resulting from Top 250 companies acquiring an existing retailer. Joint ventures were established as the market entry method on only three occasions.

Retailers that entered Western European countries in 2010 did so mostly through organic growth (nine of 20 times). In Central Europe, the predominant market entry method was franchising/licensing (eight of 18 times). For expansion into Middle Eastern (10 of 14) and African (seven of 10) countries, the primary mode of market entry also was franchising/licensing.

These data indicate that in smaller or culturally different markets, retailers are more likely to enter with a partner – at least initially. In some countries, retail businesses cannot be foreign-owned. Compared with a wholly owned venture, combining capabilities and resources with a local franchise or joint venture partner can substantially reduce risk and time to market given the cultural, political, economic, legal, regulatory and labor considerations of doing business in a foreign market.

As a result, owned expansion is sometimes used as the second phase of a company's market entry strategy. Once a retailer has had time to prove the concept in the new market and gain market knowledge, it may prefer to consolidate its interests and operate the business independently. This provides more control, greater flexibility and the ability to ensure a global image in the eyes of its customers around the world.

Global Powers of Retailing product sector analysis

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

Specialty retailers advance as global economy emerges from recession

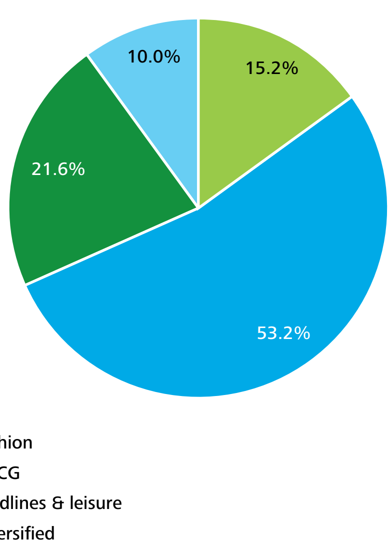
Retailers of Fast-Moving Consumer Goods (FMCG) represent the largest product sector, accounting for more than half of all Top 250 retailers and two-thirds of Top 250 sales in 2010. This sector continued to gain ground among the Top 250 in 2008 and 2009, during the height of the global recession. In 2010, however, as the global economy emerged from recession and began to stage a sporadic recovery, specialty retailers – both Fashion Goods retailers and Hardlines & Leisure Goods retailers – outperformed the food, drug and mass merchandise sector.

Nevertheless, both sales and profits were up for FMCG retailers compared with 2009, even as the number of companies representing the sector fell to 133 in 2010 from 139 the year before. In addition to fallout from slower sales relative to the specialty retailers, four former FMCG retailers were reassigned to the Diversified group, as none of the other three primary product sectors accounted for at least 50 percent of total company sales in 2010. As a result of both of these factors, the sector's share of the Top 250 eroded.

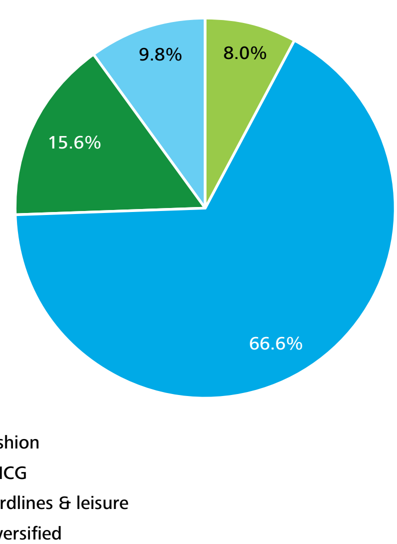
Fashion Goods retailers saw sales rebound from a dismal 2009 to lead the Top 250 in 2010 with composite retail sales growth of 7.4 percent. Healthy sales also boosted the ranks of Top 250 fashion retailers to 38 companies from 35 in 2009, which allowed the sector to increase its share of both Top 250 companies and Top 250 sales. Profitability remained strong, and the fashion sector enjoyed an industry-leading 7.7 percent net profit margin. This contributed to the highest return on assets among the four product groups.

The Hardlines & Leisure Goods sector also staged a comeback in 2010 following two years of depressed sales. Composite sales growth of 6 percent was almost a return to 2007 pre-recession levels, when sales increased 6.7 percent. The sector's net profit margin rose more than two percentage points to 5.9 percent from 3.8 percent in 2009. The group's share of Top 250 companies and sales were both up slightly from 2009.

Share of Top 250 retailers by product sector, 2010

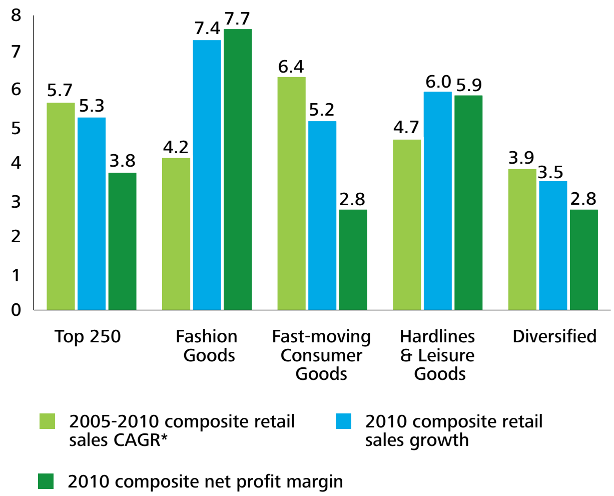


Share of Top 250 sales by product sector, 2010



In 2010, a rising tide lifted all boats. The Diversified group, the only sector to experience declining sales in 2009, posted a sales gain of 3.5 percent as well as improved profitability. Nevertheless, it remained as the poorest performing of the four product sectors. Although diversification can be key to spreading risk and helping to maintain an aggressive growth trajectory, there are dangers associated with excessive diversification. Retailers operating too many concepts or formats can experience diseconomies of scale resulting from increased marketing and operational complexity.

Sales growth and profitability by product sector (%)



*Compound annual growth rate
Source: Published company data and Planet Retail

Asset turnover and ROA by product sector

	2010 composite asset turnover	2010 composite return on assets
Top 250	1.5%	5.8%
Fashion Goods	1.1%	8.4%
Fast-Moving Consumer Goods	1.8%	4.8%
Hardlines & Leisure Goods	1.4%	8.0%
Diversified	1.2%	3.6%

Source: Published company data and Planet Retail

Product sector profiles

	Number of companies	Average 2010 retail sales (US $mil)	% retail sales from foreign operations 2010	Average number of countries 2010	% single-country operators 2010
Top 250*	250	$15,763	23.4%	8.2	40.4%
Fashion Goods	38	$8,253	27.7%	19.3	23.7%
Fast-Moving Consumer Goods	133	$19,737	22.7%	4.7	51.1%
Hardlines & Leisure Goods*	54	$11,382	25.1%	9.0	29.6%
Diversified	25	$15,499	21.9%	8.1	32.0%

* Average number of countries excludes Dell (Hardlines), whose near-global coverage would skew the average
Source: Published company data and Planet Retail

Fashion retailers bank on global consumer

Fashion Goods retailers are the most global of the product groups analyzed. In 2010, more than three-quarters operated outside their home country, engaging consumers in an average of 19.3 countries. Not surprisingly, they derived a larger share of sales from foreign operations (27.7 percent) than the other product sectors. Yet, it might be expected that foreign operations would account for an even larger share of the sector's combined sales given this group's wide geographic reach. Although retailers of fashion goods see the opportunity, they are being very deliberate in their approach to foreign markets, testing the water with a small number of stores or a single flagship location.

On average, retailers of Fast-Moving Consumer Goods remain the least global, operating in the fewest countries (4.7). More than half were single-country operators. In particular, FMCG retailers based in North America have not ventured outside their home country. For many retailers that have ventured globally, however – especially the Western European hypermarket, supermarket and discount store retailers – sales from foreign operations have become the lifeblood of their business, accounting for 50 percent or more of total company sales.

More retailers in the Hardlines & Leisure Goods sector expanded beyond their domestic borders in 2010. Among the 54 companies in this product sector, only 30 percent did not operate internationally. Bucking this trend were the 11 Japanese retailers in this group; only two had retail operations outside Japan.

Diversified retailers were among the least geographically diverse, perhaps because their multiple formats allow them to continue to find growth at home.

Top 10 retailers by product sector, 2010

Sector rank	Top 250 rank	Company	Retail sales (US$ mil)	Country of origin
Top 10 fast-moving consumer goods retailers				
1	1	Wal-Mart	$418,952	U.S.
2	2	Carrefour	$119,642	France
3	3	Tesco	$92,171[e]	UK
4	5	Kroger	$82,189	U.S.
5	6	Schwarz	$79,119[e]	Germany
6	7	Costco	$76,255	U.S.
7	9	Walgreens	$67,420	U.S.
8	10	Aldi	$67,112[e]	Germany
9	12	Rewe	$61,134[e]	Germany
10	13	CVS Caremark	$57,345	U.S.
Top 10 fashion goods retailers				
1	36	Macy's	$25,003	U.S.
2	38	TJX	$21,942	U.S.
3	44	Kohl's	$18,391	U.S.
4	46	J. C. Penney	$17,759	U.S.
5	49	Inditex	$16,343	Spain
6	56	LVMH	$15,085[e]	France
7	57	H&M	$15,051	Sweden
8	62	Gap	$14,664	U.S.
9	64	Isetan Mitsukoshi Holdings	$13,933	Japan
10	96	Limited Brands	$9,613	U.S.
Top 10 hardlines and leisure goods retailers				
1	8	Home Depot	$67,997	U.S.
2	19	Best Buy	$50,272	U.S.
3	20	Lowe's	$48,815	U.S.
4	28	Amazon.com	$33,251	U.S.
5	30	IKEA	$31,642	Sweden
6	34	Yamada Denki	$25,193	Japan
7	58	Groupe Adeo	$15,005[e]	France
8	59	Kingfisher	$14,846	UK
9	60	PPR	$14,803	France
10	61	Staples	$14,696[e]	U.S.
Top 10 diversified retailers				
1	4	Metro	$88,931	Germany
2	11	Target	$65,786	U.S.
3	22	Sears Holdings	$43,326	U.S.
4	40	Migros	$20,937[e]	Switzerland
5	47	El Corte Inglés	$17,336	Spain
6	55	Marks & Spencer	$15,157	UK
7	67	Otto Group	$13,203	Germany
8	79	Lotte Shopping	$11,487[e]	S. Korea
9	85	S Group	$11,007	Finland
10	91	Kesko	$10,356	Finland

The top 10 Fast-Moving Consumer Goods retailers remained the same in 2010 as the year before but with a slight change in the order. Kroger pulled ahead of Schwarz strictly on the basis of a weaker euro against the dollar. Better sales performance in addition to a stronger dollar helped Walgreens surpass Aldi.

In the Fashion Goods sector, U.S. mid-market department store retailers Kohl's and J.C. Penney traded places as Kohl's continued to move up the overall Top 250 ranking while Penney continued to drop. The Gap and Isetan Mitsukoshi Holdings both lost ground in 2010, outperformed by LVMH and H&M. Double-digit sales growth put Limited Brands in the sector's top 10 for the first time, displacing C&A Europe.

Home Depot, Best Buy, and Lowe's remained secure in the top three spots in the Hardlines & Leisure Goods sector due to their sheer size, although 2010 sales growth for all three companies was in the low single digits. Amazon.com jumped seven places to 28th overall in the Top 250 ranking, taking the number four spot among the sector's top 10. France's Groupe Adeo, another up-and-coming retailer, continued to expand its presence around the globe as a major player in the DIY market, boosting the retailer into 7th position from 10th in 2009. PPR sold a controlling stake in furniture chain Conforama to South Africa's Steinhoff International, dropping the French retailer to 9th position.

Changes among the top 10 Diversified retailers primarily have to do with two retailers – Migros of Switzerland and Finland's S Group – that were reclassified from the FMCG sector to the Diversified sector in 2010. The addition of these companies knocked J. Front Retailing of Japan and Hudson's Bay Trading Company, based in the United States, off the top 10 Diversified retailer list. Sales soared 18 percent for South Korea's Lotte Shopping Company in 2010, moving it ahead of Finland's Kesko.

Top 250 newcomers

Fourteen retailers joined the ranks of the Top 250 in 2010, nine for the first time. Most debuted near the bottom of the list, but there were three notable exceptions. Karstadt Warenhaus (180), the German department store retailer, was sold by insolvent Arcandor to private investor Nicolas Berggruen in April 2010. Ranking 183rd, Netherlands-based Jumbo Supermarkten launched itself into the Top 250 with the December 2009 acquisition of rival Dutch chain Super de Boer. British apparel retailer Arcadia Group (195) returned to the Top 250 following a big jump in fiscal 2010 sales as a result of the integration of Bhs (British Home Stores) in July 2009.

Perhaps the most striking feature of the 2010 "newcomers" list is that six of the retailers are Japanese. Strong sales lifted most of these companies, assisted by a favorable exchange rate.

Composite sales for the newcomers grew more than three times as fast (16.6 percent) as the Top 250 overall in 2010, which allowed them to displace slower-growing companies that were near the bottom of last year's list. Nevertheless, only five of the newcomers were also among the 50 fastest-growing retailers on the Top 250 list, which is ranked on the basis of sustained growth over a five-year period.

Top 250 newcomers, 2010

Top 250 rank	Name of company	Country of origin	Dominant format
180	Karstadt Warenhaus GmbH	Germany	Department Store
183	Jumbo Supermarkten B.V.	Netherlands	Supermarket
195	Arcadia Group Limited	U.K.	Apparel/Footwear Specialty
200	SUNDRUG Co., Ltd.	Japan	Drug Store/Pharmacy
218	Steinhoff International Holdings Ltd.	South Africa	Other Specialty
225	Agrokor d.d.	Croatia	Supermarket
228	GS Holdings Corp./GS Retail	South Korea	Convenience/ Forecourt Store
231	Nitori Holdings Co., Ltd.	Japan	Other Specialty
234	TSURUHA Holdings, Inc.	Japan	Drug Store/Pharmacy
240	Arcs Co., Ltd.	Japan	Supermarket
241	Abercrombie & Fitch Co.	U.S.	Apparel/Footwear Specialty
247	Komeri Co., Ltd.	Japan	Home Improvement
248	Debenhams plc	U.K.	Department Store
250	Izumi Co., Ltd.	Japan	Hypermarket/ Supercenter/ Superstore

Accelerated organic growth, acquisitions fuel Fastest 50

Retailers made the most of a fragile and uneven economic recovery in 2010. Despite the uncertainty, expansion plans accelerated and acquisitions heated up. Both growth strategies yielded results, particularly for the 50 fastest-growing retailers. In 2010, composite retail sales for the group rose 14.6 percent, more than double the growth rate for the Fastest 50 in 2009. From 2005 through 2010, sales increased at a compound annual rate of 20.6 percent. These retailers also stand out for their bottom-line performance: the composite net profit margin of 6.7 percent beat the Top 250 by nearly three percentage points.

Of the seven retailers that joined the ranks of the Fastest 50 in 2010, five were also new to the Top 250: Jumbo Supermarkten (primarily on the basis of an acquisition); Agrokor, Croatia's leading retailer (acquisition); SUNDRUG (acquisition) and TSURUHA (acquisition), both Japanese drug store retailers; and Nitori Holdings, a Japanese home furnishings retailer (organic growth). The other two are Swiss luxury goods company Richemont (organic growth and acquisition), and RaceTrac Petroleum, a U.S. operator of convenience stores (organic growth).

Not surprisingly, retailers from fast-growing emerging markets are well represented, accounting for 19 of the Fastest 50. Included are five Chinese companies, four from South America, three each from South Africa and Mexico, two from Turkey and one each from Russia and Croatia.

50 fastest-growing retailers 2005-2010

Growth rank	Top 250 rank	Name of company	Country of origin	2010 retail sales (US $m)	Operational formats	2005–2010 retail sales CAGR*	2010 retail sales growth	2010 net profit margin
1	21	Wesfarmers Limited	Australia	47,631	Convenience/Forecourt Store, Discount Department Store, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	62.3%	5.4%	3.6%
2	124	Open Joint Stock Company "Magnit"	Russia	7,776	Convenience/Forecourt Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore	38.0%	45.4%	4.3%
3	84	Suning Appliance Co. Ltd.	China	11,170	Electronics Specialty, Other Specialty	36.5%	29.5%	5.4%
4	183	Jumbo Supermarkten B.V.	Netherlands	4,665	Hypermarket/Supercenter/Superstore, Supermarket	34.1%	123.8%	n/a
5	95	Apple Inc./Retail (Apple Stores)	U.S.	9,798	Electronics Specialty	33.0%	47.2%	21.5%
6	28	Amazon.com, Inc.	U.S.	33,251	Non-Store	32.1%	39.4%	3.4%
7	194	BİM Birleşik Mağazalar A.Ş.	Turkey	4,371	Discount Store	31.2%	23.5%	3.7%
8	134	China Resources Enterprise, Limited	Hong Kong SAR	7,089	Convenience/Forecourt Store, Department Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	27.9%	51.4%	7.7%
9	158	Lojas Americanas S.A.	Brazil	5,359	Discount Department Store, Non-Store	27.7%	12.6%	3.6%
10	97	GameStop Corp.	U.S.	9,474	Other Specialty	25.1%	4.4%	4.3%
11	31	SuperValu Inc.	U.S.	28,911	Discount Store, Supermarket	22.1%	-8.6%	-4.0%
12	197	Associated British Foods plc/Primark	U.K.	4,257	Apparel/Footwear Specialty	22.1%	18.0%	5.6%
13	75	Gome Home Appliance Group	China	12,042[e]	Electronics Specialty, Other Specialty	21.8%	21.5%	n/a
14	157	O'Reilly Automotive, Inc.	U.S.	5,398	Other Specialty	21.4%	11.4%	7.8%

Growth rank	Top 250 rank	Name of company	Country of origin	2010 retail sales (US $m)	Operational formats	2005–2010 retail sales CAGR*	2010 retail sales growth	2010 net profit margin
15	179	The SPAR Group Limited	S. Africa	4,722	Convenience/Forecourt Store, Drug Store/Pharmacy, Home Improvement, Other Specialty, Supermarket	20.7%	9.0%	2.6%
16	78	Cencosud S.A.	Chile	11,791	Cash & Carry/Warehouse Club, Department Store, Drug Store/Pharmacy, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/ Superstore, Supermarket	20.2%	18.0%	4.9%
17	199	Migros Ticaret A.Ş.	Turkey	4,232	Discount Store, Hypermarket/ Supercenter/Superstore, Supermarket	20.1%	11.4%	0.7%
18	69	Co-operative Group Ltd.	U.K.	12,957	Convenience/Forecourt Store, Drug Store/Pharmacy, Supermarket	20.1%	0.4%	1.7%
19	238	Sugi Holdings Co., Ltd.	Japan	3,502[e]	Discount Store, Drug Store/ Pharmacy	19.7%	3.7%	3.0%
20	45	Grupo Pão de Açúcar	Brazil	18,318	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Electronics Specialty, Non-Store, Hypermarket/Supercenter/ Superstore, Supermarket	19.1%	38.0%	2.3%
21	81	Jerónimo Martins, SGPS, S.A.	Portugal	11,317	Cash & Carry/Warehouse Club, Discount Store, Drug Store/ Pharmacy, Hypermarket/ Supercenter/Superstore, Other Specialty, Supermarket	19.0%	19.7%	3.4%
22	227	Coach, Inc.	U.S.	3,622	Other Specialty	17.6%	14.8%	21.2%
23	225	Agrokor d.d.	Croatia	3,654	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Hypermarket/Supercenter/ Superstore, Other Specialty, Supermarket	17.3%	2.2%	0.6%
24	170	FEMSA Comercio, S.A. de C.V.	Mexico	4,933	Convenience/Forecourt Store, Discount Store	16.7%	16.3%	n/a
25	92	Shoprite Holdings Ltd.	S. Africa	10,279[e]	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Discount Store, Electronics Specialty, Hypermarket/ Supercenter/Superstore, Other Specialty, Supermarket	16.7%	7.3%	3.5%
26	102	Fast Retailing Co., Ltd.	Japan	9,027	Apparel/Footwear Specialty	16.2%	18.7%	7.7%
27	99	Reitan Group	Norway	9,420[e]	Convenience/Forecourt Store, Discount Store, Electronics Specialty	16.2%	2.5%	n/a
28	200	SUNDRUG Co., Ltd.	Japan	4,220	Drug Store/Pharmacy, Discount Department Store	15.5%	27.9%	3.0%
29	166	Save Mart Supermarkets	U.S.	4,985[e]	Supermarket	15.5%	1.7%	n/a
30	231	Nitori Holdings Co., Ltd.	Japan	3,602	Other Specialty	15.1%	9.3%	9.8%
31	165	WinCo Foods LLC	U.S.	5,000[e]	Supermarket	14.9%	16.3%	n/a
32	127	S.A.C.I. Falabella	Chile	7,473[e]	Department Store, Home Improvement, Hypermarket/ Supercenter/Superstore, Supermarket	14.8%	21.2%	10.8%
33	185	Compagnie Financière Richemont SA	Switzer-land	4,591	Apparel/Footwear Specialty, Non-Store, Other Specialty	14.5%	45.5%	15.7%
34	206	RaceTrac Petroleum Inc.	U.S.	4,100[e]	Convenience/Forecourt Store	14.3%	13.9%	n/a

Growth rank	Top 250 rank	Name of company	Country of origin	2010 retail sales (US $m)	Operational formats	2005–2010 retail sales CAGR*	2010 retail sales growth	2010 net profit margin
35	129	Organización Soriana, S.A.B. de C.V.	Mexico	7,425	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Hypermarket/Supercenter/ Superstore, Supermarket	14.1%	5.7%	3.5%
36	103	K's Holdings Corporation	Japan	9,020	Electronics Specialty, Other Specialty	14.0%	18.9%	3.0%
37	144	Dirk Rossmann GmbH	Germany	6,148	Drug Store/Pharmacy	14.0%	12.5%	n/a
38	204	Grupo Comercial Chedraui, S.A.B. de C.V.	Mexico	4,142	Hypermarket/Supercenter/ Superstore, Supermarket	14.0%	10.3%	2.7%
39	104	Whole Foods Market, Inc.	U.S.	9,006	Supermarket	13.9%	12.1%	2.7%
40	150	Don Quijote Co., Ltd.	Japan	5,879	Discount Department Store, Discount Store, Home Improvement, Hypermarket/ Supercenter/Superstore, Supermarket	13.8%	3.8%	2.6%
41	234	TSURUHA Holdings, Inc.	Japan	3,520	Drug Store/Pharmacy	13.8%	7.2%	2.6%
42	162	NorgesGruppen ASA	Norway	5,062	Convenience/Forecourt Store, Discount Store, Other Specialty, Supermarket	13.6%	6.4%	2.5%
43	43	Alimentation Couche-Tard Inc.	Canada	18,966	Convenience/Forecourt Store	13.3%	15.4%	2.0%
44	172	Dick's Sporting Goods, Inc.	U.S.	4,871	Other Specialty	13.2%	10.4%	3.7%
45	49	Inditex S.A.	Spain	16,343	Apparel/Footwear Specialty, Other Specialty	13.2%	12.6%	13.9%
46	141	Dalian Dashang Group	China	6,613[e]	Department Store, Electronics Specialty, Other Specialty, Supermarket	13.2%	11.8%	n/a
47	220	Nonggongshang Supermarket Group Co. Ltd.	China	3,684[e]	Convenience/Forecourt Store, Discount Store, Hypermarket/ Supercenter/Superstore, Supermarket	12.5%	6.2%	n/a
48	222	Woolworths Holdings Limited	S. Africa	3,666	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store	12.4%	9.4%	6.4%
49	181	Bass Pro Shops, Inc.	U.S.	4,700[e]	Non-Store, Other Specialty	12.2%	5.9%	n/a
50	57	H & M Hennes & Mauritz AB	Sweden	15,051	Apparel/Footwear Specialty, Other Specialty	12.1%	7.0%	17.2%
Fastest 50 sales-weighted, currency-adjusted composite						**20.6%**	**14.6%**	**6.7%**
Top 250 sales-weighted, currency-adjusted composite						**5.7%**	**5.3%**	**3.8%**

* Compound annual growth rate
Source: Published company data and Planet Retail

Q ratio analysis of the Top 250

For the last seven years, this report has offered an analysis of the Q ratios of publicly traded retailers from the Top 250 list. The Q ratios for this year are a bit lower than last year owing to the weakness in the global economy in 2011 and the consequent impact on equity prices. Once again, the star performers were some of the major emerging markets where Q ratios tended to be better than those in more affluent markets.

Before examining the results of our analysis, it is worth taking a moment to understand what the Q ratio is intended to measure.

In the current and anticipated business environment, the world's leading retailers will face intense competition, slow growth in major developed markets, rising input prices yet consumer resistance to higher retail prices, and excess retail capacity in many developed markets. All of this implies that, in order for retailers to succeed, they will have to find ways to distinguish themselves from competitors. That 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 unusual customer experiences. The goal is to have a sufficiently unique position in the market to generate pricing power and, consequently, strong profitability. 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.

Which companies have high Qs?

This year we analyzed the financial results of 157 publicly traded companies on the Top 250 list of retailers. This is up from the 144 analyzed last year. The composite Q ratio for all companies was 1.06. This was slightly off from 2011 when the composite Q was 1.144 yet far better than the very low 0.75 recorded in 2009, a tough year for the global economy and for retailers. Yet this year's composite Q remains far below the 1.57 recorded in 2008 just before the start of the global economic crisis.

The company with the highest Q ratio was Coach, the U.S.– based luxury fashion retailer. For the second year in a row the second company on the list was BIM, the Turkish hard discount retailer. Number three on the list was Hennes & Mauritz, which has been either first or second on the list in all previous years that this analysis was conducted.

Top 30 retailers by Q ratio

Name of Company	Country	Q ratio
Coach, Inc.	U.S.	7.15
BİM Birleşik Mağazalar A.Ş.	Turkey	5.81
H & M Hennes & Mauritz AB	Sweden	5.67
Amazon.com, Inc.	U.S.	5.30
Apple Inc. / Retail (Apple Stores)	U.S.	4.69
CP ALL Public Company Limited	Thailand	4.50
Inditex S.A.	Spain	4.15
Dollar Tree, Inc.	U.S.	4.05
Woolworths Holdings Limited	South Africa	3.69
Tractor Supply Company	U.S.	3.61
Dairy Farm International Holdings Limited	Hong Kong AR	3.35
Ross Stores, Inc.	U.S.	3.30
Shoprite Holdings Ltd.	South Africa	3.22
Whole Foods Market, Inc.	U.S.	3.00
The TJX Companies, Inc.	U.S.	2.89
Fast Retailing Co., Ltd.	Japan	2.85
Next plc	U.K.	2.69
Bed Bath and Beyond Inc.	U.S.	2.65
President Chain Store Corp.	Taiwan	2.53
Open Joint Stock Company "Magnit"	Russia	2.42
AutoZone, Inc.	U.S.	2.41
Compagnie Financière Richemont SA	Switzerland	2.39
The SPAR Group Limited	South Africa	2.36
Family Dollar Stores, Inc.	U.S.	2.29
PetSmart, Inc.	U.S.	2.18
Limited Brands, Inc.	U.S.	2.02
O'Reilly Automotive, Inc.	U.S.	1.98
Massmart Holdings Limited	South Africa	1.93
Jerónimo Martins, SGPS, S.A.	Portugal	1.91
Williams-Sonoma, Inc.	U.S.	1.86

Highlights

As mentioned, emerging market retailers did particularly well for the year covered in this report. The composite Q ratio for emerging retailers was 1.22, far lower than last year's 1.932. The emerging retailers compared quite favorably to Western European retailers (0.85), but fared poorly in comparison to U.S.-based retailers (1.47). Among countries with two or more retailers on the list, Sweden performed best - its two retailers had a composite Q ratio of 5.21. The countries with the lowest composite Q ratios were Japan and Germany.

When measured according to dominant format, the retailers with the highest composite Q ratio were electronics stores and apparel specialty stores, while the lowest were convenience and department stores. When measured according to dominant merchandise category, the top retailers were those selling hardline and leisure goods, while the lowest were those for which there was no dominant category, diversified retailers.

Composite Q ratios

By Format	
Electronics	2.86
Apparel	2.66
Discount	1.59
Other specialty	1.45
Home Improvement	1.05
Supermarket	0.84
Drug	0.80
Hyperstore	0.77
Department	0.60
Diversified	0.53
C-store	0.47
By Product	
Hardlines	1.74
Fashion	1.62
FMCG	0.76
Diversified	0.57
By Country	
Sweden	5.21
Turkey	1.54
U.S.	1.47
Chile	1.42
South Africa	1.26
Russia	1.26
Australia	1.11
Mexico	1.04
Canada	0.82
Portugal	0.76
Brazil	0.73
U.K.	0.68
France	0.67
Japan	0.38
Germany	0.32
By Region	
Western Europe	0.85
Latin America	1.10
Emerging	1.22

Study methodology and data sources

Companies are included in the Top 250 Global Powers of Retailing list based on their non-auto retail sales for fiscal year 2010 (encompasses fiscal years ended through June 2011).

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 companies' press releases and fact sheets or on their websites. If company-issued information was not available, other public-domain sources were used, including trade journal estimates, industry analyst reports and various business information databases.

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

Group Revenue reflects the consolidated net revenues of a retailer's parent company, whether or not that company itself is primarily a retailer. Similarly, the income/loss figure also reflects the results of the parent organization.

The Retail Sales figures in this report reflect only the retail portion of the company's consolidated net sales. As a result, they may reflect adjustments to reported sales figures to exclude non-retail operations. Retail Sales exclude separate food service/restaurant operations and wholesale or other business-to-business revenue (except where such sales are made from retail stores) where it was possible to break them out.

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

In order to provide a common base from which to rank companies by their Retail Sales results, fiscal year 2010 sales (and profits) for non-U.S. companies were converted to U.S. dollars. Exchange rates, therefore, have an impact on the results. OANDA.com is the source for the exchange rates. The average daily exchange rate corresponding to each company's fiscal year was used to convert that company's results to U.S. dollars. The 2010 year-over-year growth rate and the 2005-2010 compound annual growth rate (CAGR) for Retail Sales, however, were calculated in each company's local currency.

Group financial results

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

Group financial results are based only on companies with data. Not all data elements were available for all companies.

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

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

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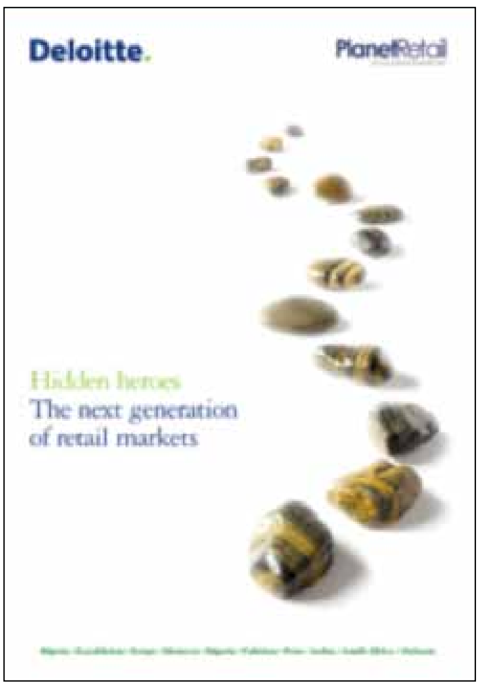
Ten retail markets poised for growth.



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