



Feeling the squeeze
Global Powers
of Retailing 2009

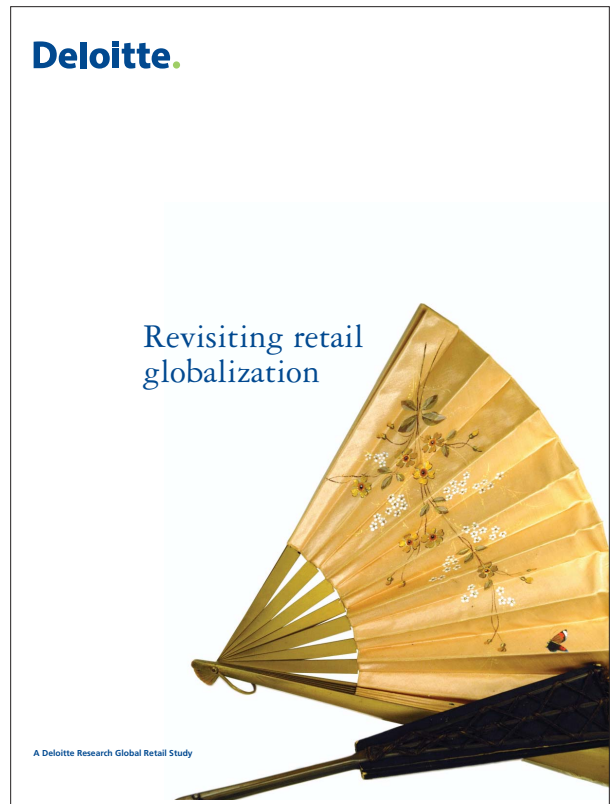
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The question isn't whether retail globalization will happen – it's when and how



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Feeling the squeeze

Deloitte Touche Tohmatsu (“Deloitte”), in conjunction with STORES Magazine, is pleased to present the 12th annual Global Powers of Retailing. This report identifies the 250 largest retailers around the world based on publicly available data for the companies’ fiscal year 2007 (encompasses fiscal years ended through June 2008). The report also provides an outlook for the global economy; an analysis of market capitalization in the retail industry; and a discussion of 10 major trends affecting retailers.

Global powers of retailing top 250 highlights

Retail industry still riding high in 2007, but trouble brewing

During the 2007 fiscal period, there was a shift underway in the U.S. economy. It went from relatively strong growth, to deceleration, to a modest recession by early 2008. The proximate cause of this slowdown was the peak and then collapse of the U.S. housing market. Housing prices started to fall in late 2006. By the summer of 2007, the number of defaults and foreclosures on sub-prime mortgages had reached the point where they were having an impact on the value of mortgage-backed securities. The result was the beginning of the credit crunch in August 2007. The slowdown in housing market activity, followed by slower growth of consumer spending, led employment to stop growing by January 2008.

On a global level, the economy was still growing nicely in 2007. Only in early 2008 did the U.S. financial crisis begin to spill over into Western Europe. The impact was not felt in the Asia/Pacific region until mid-2008. As a result, consumer spending remained fairly robust in most of the world throughout fiscal 2007, the financial period covered in this report.

Total retail sales for the Top 250 Global Powers of Retailing climbed to \$3.62 trillion in 2007, up 11.4 percent from the prior year’s Top 250 total of \$3.25 trillion. Much of the increase reflected nominal sales growth. But part of the gain in the aggregate U.S. dollar-denominated sales figure reflected the impact of a weaker dollar against many major currencies during 2007. And part is simply due to a change in the composition of the Top 250 group itself. Looking only at this year’s list of companies and factoring out currency movement, retail sales still increased at a healthy composite rate of 7.6 percent in 2007.

Note: This is the first year that the Global Powers of Retailing has used sales-weighted, currency-adjusted composite growth rates rather than simple arithmetic averages as the primary measure for understanding group results. (See methodology in box on page G36.)

However, arithmetic averages also have been presented in some cases to facilitate comparisons with prior year results. In 2007, for example, the average increase in nominal retail sales for the Top 250 was 10.7 percent. This compares favorably with 9.2 percent in 2006 and 10.1 percent in 2005.

But not every retailer enjoyed strong growth. While 36 of the Top 250 retailers saw sales drop in 2006, 44 experienced declining sales in 2007—a likely harbinger of things to come. In some cases, sales declines correlated to those companies that successfully divested parts of their business in order to focus on core operations. However, a disproportionate share included companies in the department store, apparel/footwear, and consumer electronics sectors.

A wave of privatization in the retailing industry continued in 2007. As a result, net income/loss figures were available for only 178 of the Top 250 companies. Fourteen of those companies reported a net loss in 2007, double the number of unprofitable companies on the 2006 Top 250 list. Nevertheless, the composite net profit margin for all reporting companies was a healthy 3.7%, while the average for the group was an even more robust 4.0%. This reflects a trend of continuing improvement in retail profitability in recent years from an average 3.6% in 2006, 3.5% in 2005, and 2.7% in 2004.

The average Top 250 company generated \$14.5 billion in retail sales in 2007, up from \$13 billion for the 2006 group. To become a member of this elite list required fiscal 2007 retail sales of approximately \$3 billion, up from \$2.7 billion in 2006.

Competition to be among the Top 250 is keen at the bottom of the list as most retailers are not mega-sized companies. Of the 250 largest, nearly two-thirds, or 163 companies, had retail sales of less than \$10 billion in 2007. More than one-third (93 companies) had sales of less than \$5 billion. Only 40 companies, or about one in six, had retail sales of \$20 billion or greater.

Top 250 global retailers

Retail sales rank (FY 07)	Name of company	Country of origin	2007 group revenue* (U.S.\$mil)	2007 retail sales (U.S.\$mil)	2007 group net income* (U.S.\$mil)	Operational Formats	Countries of operation	2002-2007 retail sales CAGR**
1	Wal-Mart Stores, Inc.	U.S.	378,799	374,526	13,137	Cash & Carry/Warehouse Club, Discount Department Store, Hypermarket/Supercenter/Superstore, Supermarket	Argentina, Brazil, Canada, China, Costa Rica, El Salvador, Guatemala, Honduras, Japan, Mexico, Nicaragua, Puerto Rico, UK, U.S.	10.3%
2	Carrefour S.A.	France	114,177	112,604	3,398	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Algeria, Argentina, Belgium, Brazil, China, Colombia, Dominican Republic, Egypt, France, French Polynesia, Greece, Guadeloupe, Indonesia, Italy, Japan, Kuwait, Malaysia, Martinique, Oman, Poland, Portugal, Qatar, Reunion, Romania, Saudi Arabia, Singapore, Spain, Taiwan, Thailand, Tunisia, Turkey, Tunisia, UAE	3.6%
3	Tesco plc	UK	94,740	94,740	4,266	Convenience/Forecourt Store, Department Store, Discount Department Store, Hypermarket/Supercenter/Superstore, Supermarket	China, Czech Rep., Hungary, Japan, Rep. of Ireland, Malaysia, Poland, Slovakia, S. Korea, Thailand, Turkey, UK, U.S.	12.4%
4	Metro AG	Germany	88,189	87,586	1,347	Apparel/Footwear Specialty, Cash & Carry/Warehouse Club, Department Store, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Austria, Belgium, Bulgaria, China, Croatia, Czech Rep., Denmark, France, Germany, Greece, Hungary, India, Italy, Japan, Luxembourg, Moldova, Morocco, Netherlands, Pakistan, Poland, Portugal, Romania, Russia, Serbia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine, UK, Vietnam	4.6%
5	The Home Depot, Inc.	U.S.	77,349	77,349	4,395	Home Improvement	Canada, China, Guam, Mexico, Puerto Rico, U.S., Virgin Islands	5.8%
6	The Kroger Co.	U.S.	70,235	70,235	1,181	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	U.S.	6.3%
7	Schwarz Unternehmens Treuhand KG	Germany	69,346 ^e	69,346 ^e	n/a	Discount Store, Hypermarket/Supercenter/Superstore	Austria, Belgium, Bulgaria, Croatia, Czech Rep., Denmark, Finland, France, Germany, Greece, Hungary, Rep. of Ireland, Italy, Luxembourg, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, UK	12.6%
8	Target Corp.	U.S.	63,367	63,367	2,849	Discount Department Store, Hypermarket/Supercenter/Superstore	U.S.	7.6%
9	Costco Wholesale Corp.	U.S.	64,400	63,088	1,083	Cash & Carry/Warehouse Club	Canada, Japan, Mexico, Puerto Rico, S. Korea, Taiwan, UK, U.S.	10.7%

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10	Aldi GmbH & Co. oHG	Germany	58,487 ^e	58,487 ^e	n/a	Discount Store, Supermarket	Australia, Austria, Belgium, Denmark, France, Germany, Rep. of Ireland, Luxembourg, Netherlands, Portugal, Slovenia, Spain, Switzerland, UK, U.S.	4.3%
11	Walgreen Co.	U.S.	53,762	53,762	2,041	Drug Store/Pharmacy	Puerto Rico, U.S.	13.4%
12	Rewe-Zentral AG	Germany	61,820	51,929 ^e	n/a	Cash & Carry/Warehouse Club, Discount Store, Drug Store/Pharmacy, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Austria, Bulgaria, Croatia, Czech Rep., France, Germany, Hungary, Italy, Poland, Romania, Russia, Slovakia, Switzerland, Ukraine	2.8%
13	Sears Holdings Corp.	U.S.	50,703	50,703	902	Apparel/Footwear Specialty, Department Store, Discount Department Store, Home Improvement, Hypermarket/Supercenter/Superstore, Non-Store, Other Specialty	Canada, Guam, Puerto Rico, U.S., Virgin Islands	10.5%
14	Groupe Auchan SA	France	50,327	49,295	1,339	Discount Store, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	China, France, Hungary, Italy, Luxembourg, Poland, Portugal, Romania, Russia, Spain, Taiwan	5.5%
15	Lowe's Companies, Inc.	U.S.	48,283	48,283	2,809	Home Improvement	Canada, U.S.	12.8%
16	Seven & I Holdings Co., Ltd.	Japan	49,816	47,891	1,205	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Canada, China, Japan, U.S.	ne
17	CVS Caremark Corp.	U.S.	76,330	45,087	2,637	Drug Store/Pharmacy	U.S.	14.4%
18	Centres Distributeurs E. Leclerc	France	44,686	44,686	n/a	Convenience/Forecourt Store, Discount Store, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	France, Italy, Poland, Portugal, Slovenia, Spain	4.5%
19	Edeka Zentrale AG & Co. KG	Germany	46,468 ^e	44,609 ^e	n/a	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Discount Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Austria, Denmark, Germany	5.6%
20	Safeway, Inc.	U.S.	42,286	42,286	888	Supermarket	Canada, U.S.	5.5%

*Group sales and income/loss may include results from non-retail operations.

**CAGR = Compound Annual Growth Rate

Name after forward slash is retail segment of parent company.

n/a = not available

ne = not in existence (created by merger or divestiture)

e= estimate

Top 250 global retailers

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21	AEON Company Limited	Japan	44,749	41,339	589	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Discount Store, Drug Store/Pharmacy, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Canada, China, Hong Kong SAR, Japan, Malaysia, S. Korea, Taiwan, Thailand, UK, U.S.	11.2%
22	Woolworths Ltd.	Australia	42,275	41,021	1,481	Convenience/Forecourt Store, Discount Department Store, Electronics Specialty, Other Specialty, Supermarket	Australia, India, New Zealand	11.9%
23	ITM Développement International (Intermarché)	France	41,103 ^e	40,692 ^e	n/a	Apparel/Footwear Specialty, Convenience/Forecourt Store, Discount Store, Home Improvement, Other Specialty, Supermarket	Belgium, Bosnia-Herzegovina, France, Poland, Portugal, Romania, Serbia, Spain	-1.7%
24	Best Buy Co., Inc.	U.S.	40,023	40,023	1,410	Electronics Specialty	Canada, China, Puerto Rico, U.S.	13.8%
25	Koninklijke Ahold N.V	Netherlands	38,589	38,589	4,037	Convenience/Forecourt Store, Discount Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Czech Rep., Estonia, Latvia, Lithuania, Netherlands, Norway, Slovakia, Sweden, U.S.	-8.9%
26	J Sainsbury Plc	UK	35,809	35,809	660	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore, Supermarket	UK	0.8%
27	SuperValu Inc.	U.S.	44,048	34,341	593	Discount Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Supermarket	U.S.	28.4%
28	Casino Guichard-Perrachon S.A.	France	34,622	32,159	1,261	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Discount Department Store, Discount Store, Electronics Specialty, Hypermarket/Supercenter/Superstore, Non-Store, Other Specialty, Supermarket	Argentina, Brazil, Colombia, France, Madagascar, Mauritius, Netherlands, Thailand, Uruguay, Venezuela, Vietnam	1.0%
29	Coles Group Ltd.	Australia	27,700	27,599	595	Convenience/Forecourt Store, Discount Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Australia, New Zealand	6.4%
30	The Tengelmann Group	Germany	27,135	27,135	n/a	Apparel/Footwear Specialty, Discount Store, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Austria, Bosnia-Herzegovina, Czech Rep., Germany, Greece, Hungary, Italy, Poland, Romania, Russia, Slovenia, Switzerland, U.S.	-4.5%

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31	Macy's, Inc. (Formerly Federated Department Stores, Inc.)	U.S.	26,313	26,313	893	Department Store	District of Columbia, Guam, Puerto Rico, U.S.	11.3%
32	The IKEA Group	Sweden	26,161	26,161	n/a	Other Specialty	Australia, Austria, Belgium, Canada, China, Czech Rep., Denmark, Finland, France, Germany, Greece, Hong Kong SAR, Hungary, Iceland, Israel, Italy, Japan, Kuwait, Malaysia, Netherlands, Norway, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, Slovakia, Spain, Sweden, Switzerland, Taiwan, Turkey, UAE, UK, U.S.	12.5%
33	Delhaize Group	Belgium	25,985	25,985	582	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Belgium, Germany, Greece, Indonesia, Luxembourg, Romania, U.S.	-1.7%
34	WM Morrison Supermarkets Plc	UK	25,974	25,800	1,110	Supermarket	UK	24.6%
35	Rite Aid Corporation	U.S.	24,327	24,229	(1,079)	Drug Store/Pharmacy	U.S.	9.0%
36	Wesfarmers Limited	Australia	30,107	24,007	941	Convenience/Forecourt Store, Discount Department Store, Drug Store/Pharmacy, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Australia, New Zealand	50.4%
37	Publix Super Markets, Inc.	U.S.	23,194	23,017	1,184	Convenience/Forecourt Store, Supermarket	U.S.	7.6%
38	Loblaw Companies Limited	Canada	27,493	21,114 ^e	313	Cash & Carry/Warehouse Club, Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Canada	5.7%
39	Système U, Centrale Nationale	France	21,068 ^e	21,068 ^e	n/a	Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	France, Martinique, Mauritius, New Caledonia, Reunion, Tahiti	5.6%
40	El Corte Inglés, S.A.	Spain	25,023	20,339	1,041	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Belgium, Greece, Mexico, Portugal, Spain	6.7%
41	J.C. Penney Co., Inc.	U.S.	19,860	19,860	1,111	Department Store, Non-Store	Puerto Rico, U.S.	-9.3%

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42	PPR S.A.	France	27,087	19,351 ^e	1,427	Apparel/Footwear Specialty, Non-Store, Other Specialty	Australia, Austria, Belgium, Brazil, Canada, China, Cyprus, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong SAR, Iceland, India, Indonesia, Italy, Japan, Jordan, Lebanon, Luxembourg, Malaysia, Malta, Mexico, Norway, Netherlands, Philippines, Poland, Portugal, Qatar, Russia, Saudi Arabia, Slovenia, S. Africa, S. Korea, Singapore, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, Ukraine, UAE, UK, U.S.	1.0%
43	Kingfisher plc	UK	18,754	18,754	545	Home Improvement	China, France, Rep. of Ireland, Italy, Poland, Russia, Spain, Turkey, UK	-2.6%
44	The TJX Companies, Inc.	U.S.	18,647	18,647	772	Apparel/Footwear Specialty, Other Specialty	Canada, Germany, Rep. of Ireland, Puerto Rico, UK, U.S.	9.3%
45	Marks & Spencer Plc	UK	18,112	18,112	1,648	Convenience/Forecourt Store, Department Store, Supermarket	Bahrain, Bermuda, Bulgaria, Croatia, Cyprus, Czech Rep., Greece, Hong Kong SAR, Hungary, India, Indonesia, Rep. of Ireland, Kuwait, Latvia, Lithuania, Malaysia, Malta, Oman, Philippines, Poland, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, S. Korea, Spain, Switzerland, Taiwan, Thailand, Turkey, UAE, Ukraine, UK	2.2%
46	Mercadona, S.A.	Spain	17,799	17,799	461	Supermarket	Spain	19.3%
47	Baugur Group hf.	Iceland	18,027 ^e	17,487 ^e	n/a	Apparel/Footwear Specialty, Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Department Store, Discount Store, Electronics Specialty, Other Specialty, Supermarket	Bahrain, Belgium, China, Cyprus, Denmark, France, Germany, Greece, Iceland, Rep. of Ireland, Kuwait, Lebanon, Monaco, Netherlands, Norway, Qatar, Russia, Saudi Arabia, Singapore, Spain, Sweden, Switzerland, Taiwan, UAE, UK, U.S.	86.5%
48	Kohl's Corporation	U.S.	16,474	16,474	1,084	Department Store	U.S.	12.6%
49	DSG International plc	UK	17,155	16,358	(521)	Electronics Specialty, Non-Store	Austria, Belgium, Czech Rep., Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Rep. of Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Norway, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK	7.3%

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50	The Gap, Inc.	U.S.	15,763	15,763	833	Apparel/Footwear Specialty, Non-Store	Canada, France, Ireland, Japan, Puerto Rico, UK, U.S.	1.7%
51	Yamada Denki Co., Ltd.	Japan	15,521	15,521	434	Discount Department Store, Electronics Specialty	Japan	17.4%
52	Coop Italia	Italy	15,410 ^e	15,410 ^e	n/a	Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Croatia, Italy	4.2%
53	Alimentation Couche-Tard Inc.	Canada	15,370	15,370	189	Convenience/Forecourt Store	Canada, U.S.	48.2%
54	Louis Delhaize S.A.	Belgium	14,653 ^e	14,653 ^e	n/a	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Discount Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Belgium, France, French Guiana, Guadeloupe, Hungary, Luxembourg, Martinique, Romania, UK	4.4%
55	Amazon.com, Inc.	U.S.	14,835	14,452	476	Non-Store	Canada, China, France, Germany, Japan, UK, U.S.	29.7%
56	AS Watson & Company, Ltd.	Hong Kong SAR	14,101	14,101	n/a	Discount Store, Drug Store/Pharmacy, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Austria, Belgium, China, Czech Rep., Estonia, France, Germany, Hong Kong SAR, Hungary, Indonesia, Rep. of Ireland, Israel, Italy, Latvia, Lithuania, Luxembourg, Macau, Malaysia, Morocco, Netherlands, Philippines, Poland, Portugal, Romania, Russia, Singapore, Slovakia, Slovenia, S. Korea, Spain, Switzerland, Taiwan, Thailand, Turkey, UK, Ukraine	29.7%
57	Meijer, Inc.	U.S.	13,877 ^e	13,877 ^e	n/a	Hypermarket/Supercenter/Superstore	U.S.	4.0%
58	Migros-Genossenschafts Bund	Switzerland	18,934	13,816 ^e	668	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Discount Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	France, Germany, Switzerland	2.7%
59	Toys "R" Us, Inc.	U.S.	13,794	13,794	155	Other Specialty	Australia, Austria, Bahrain, Canada, China, Denmark, Egypt, Finland, France, Germany, Hong Kong, Iceland, Israel, Japan, Korea, Macau, Malaysia, Netherlands, Norway, Oman, Philippines, Portugal, Puerto Rico, Qatar, Saudi Arabia, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UAE, UK, U.S.	4.1%

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60	Alliance Boots	UK	30,724	13,748	n/a	Drug Store/Pharmacy	Rep. of Ireland, Italy, Netherlands, Norway, Russia, Thailand, UK	8.4%
61	H.E. Butt Grocery Company	U.S.	13,500 ^e	13,500 ^e	n/a	Hypermarket/Supercenter/Superstore, Supermarket	Mexico, U.S.	4.8%
62	Empire Company Ltd.	Canada	13,778	13,487	322	Convenience/Forecourt Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Canada	5.7%
63	Gome Home Appliance Group	China	13,476	13,476	n/a	Electronics Specialty	China, Hong Kong SAR	56.5%
64	Coop Norden AB	Sweden	13,389 ^e	13,389 ^e	n/a	Convenience/Forecourt Store, Discount Store, Home Improvement, Hypermarket/Supercenter/Superstore, Supermarket	Denmark, Norway, Sweden	1.5%
65	Inditex S.A.	Spain	13,069	12,929	1,742	Apparel/Footwear Specialty, Other Specialty	Andorra, Argentina, Austria, Bahrain, Belgium, Brazil, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Rep., Denmark, Dominican Rep., El Salvador, Estonia, Finland, France, Germany, Greece, Guatemala, Hong Kong SAR, Hungary, Iceland, Indonesia, Rep. of Ireland, Israel, Italy, Japan, Jordan, Kuwait, Latvia, Lebanon, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Monaco, Morocco, Netherlands, Norway, Oman, Panama, Philippines, Poland, Portugal, Qatar, Romania, Russia, Saudi Arabia, Serbia, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand, Turkey, UAE, UK, U.S., Uruguay, Venezuela	20.1%
66	Otto Group	Germany	16,097	12,763	387	Apparel/Footwear Specialty, Cash & Carry/Warehouse Club, Non-Store, Other Specialty	Australia, Austria, Belgium, China (JV), Czech Rep., Denmark, France, Germany, Hungary, Italy, Japan, Korea, Luxembourg, Netherlands, New Zealand, Poland, Portugal, Romania, Russia, Slovakia, Spain, Switzerland, Taiwan, Tunisia, UAE, UK, U.S.	-10.2%

Top 250 global retailers

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67	Staples, Inc.	U.S.	19,373	12,758 ^e	996	Non-Store, Other Specialty	Argentina, Austria, Belgium, Brazil, Canada, China, Czech Rep., Denmark, France, Germany, Hungary, India, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, UK, U.S.	9.2%
68	LVMH	France	22,591	12,651 ^e	3,195	Apparel/Footwear Specialty, Department Store, Other Specialty	Global	n/a
69	Coop	Switzerland	13,191	12,136 ^e	292	Convenience/Forecourt Store, Department Store, Drug Store/Pharmacy, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Switzerland	3.3%
70	John Lewis Partnership Plc	UK	12,121	12,121	261	Department Store, Hypermarket/Supercenter/Superstore, Non-Store, Supermarket	UK	7.3%
71	ICA AB	Sweden	12,205	12,019 ^e	321	Convenience/Forecourt Store, Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Estonia, Latvia, Lithuania, Norway, Sweden	3.8%
72	Home Retail Group plc	UK	11,988	11,988	590	Home Improvement, Non-Store, Other Specialty	Rep. of Ireland, UK	ne
73	Circuit City Stores, Inc.	U.S.	11,744	11,744	(320)	Electronics Specialty, Non-Store	Canada, Puerto Rico, U.S.	3.4%
74	Groupe Adeo (formerly Leroy Merlin Groupe)	France	11,651 ^e	11,651 ^e	n/a	Home Improvement	Brazil, China, France, Greece, Italy, Poland, Portugal, Russia, Spain	15.7%
75	H & M Hennes & Mauritz AB	Sweden	11,559	11,559	2,005	Apparel/Footwear Specialty	Austria, Belgium, Canada, China, Czech Rep., Denmark, Finland, France, Germany, Greece, Hong Kong SAR, Hungary, Rep. of Ireland, Italy, Kuwait, Luxembourg, Netherlands, Norway, Poland, Portugal, Qatar, Slovakia, Slovenia, Spain, Sweden, Switzerland, UAE, UK, U.S.	11.5%
76	Arcandor AG (formerly KarstadtQuelle AG)	Germany	25,009	11,545	n/a	Department Store, Non-Store, Other Specialty	Austria, Belgium, Bosnia-Herzegovina, Croatia, Czech Rep., Denmark, Estonia, Finland, France, Germany, Hungary, Italy, Latvia, Netherlands, Poland, Romania, Russia, Serbia-Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Ukraine, UK	-11.0%
77	Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	Italy	11,246	11,246	n/a	Hypermarket/Supercenter/Superstore, Supermarket	Albania, Italy	12.9%
78	Shinsegae Co., Ltd.	S. Korea	11,213	11,213	563	Department Store, Hypermarket/Supercenter/Superstore	China, S. Korea	10.7%

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Top 250 global retailers

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79	Office Depot, Inc.	U.S.	15,528	11,009 ^e	396	Non-Store, Other Specialty	Canada, France, Hungary, Israel, Japan, South Korea, Puerto Rico, U.S.	8.1%
80	Kesko Corporation	Finland	13,069	10,992	421	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Belarus, Estonia, Finland, Latvia, Lithuania, Norway, Russia, Sweden	9.7%
81	S Group	Finland	14,453	10,630	436	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Discount Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Estonia, Finland, Latvia	10.5%
82	SPAR Österreichische Warenhandels-AG	Austria	10,570 ^e	10,570 ^e	n/a	Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Austria, Croatia, Czech Rep., Hungary, Italy, Romania, Slovenia	6.7%
83	Dansk Supermarked A/S	Denmark	10,374 ^e	10,374 ^e	n/a	Apparel/Footwear Specialty, Department Store, Discount Store, Hypermarket/Supercenter/Superstore	Denmark, Germany, Poland, Sweden, UK	6.3%
84	Lotte Shopping Co., Ltd.	S. Korea	10,550	10,339 ^e	745	Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Russia, S. Korea	23.1%
85	Uny Co., Ltd.	Japan	10,533	10,217 ^e	(15)	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Discount Store, Home Improvement, Hypermarket/Supercenter/Superstore, Supermarket	Hong Kong SAR, Japan	0.4%
86	Dell Inc.	U.S.	61,133	10,182 ^e	2,947	Non-Store	Global	5.0%
87	Limited Brands, Inc.	U.S.	10,134	10,134	740	Apparel/Footwear Specialty, Non-Store, Other Specialty	Canada, U.S.	3.7%
88	Metro Inc.	Canada	9,578	9,578	246	Convenience/Forecourt Store, Discount Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Supermarket	Canada	15.6%
89	Dollar General Corporation	U.S.	9,495	9,495	(13)	Discount Store	U.S.	9.3%
90	Grupo Eroski	Spain	9,473 ^e	9,166 ^e	302	Cash & Carry/Warehouse Club, Discount Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Andorra, France, Spain	8.0%

Top 250 global retailers

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91	Bailian Group	China	11,474	8,926 ^e	n/a	Convenience/Forecourt Store, Department Store, Home Improvement, Hypermarket/Supercenter/Superstore, Supermarket	China	ne
92	Nordstrom, Inc.	U.S.	8,828	8,828	715	Apparel/Footwear Specialty, Department Store, Non-Store	Belgium, France, Portugal, U.S.	8.1%
93	BJ's Wholesale Club, Inc.	U.S.	9,005	8,815	123	Cash & Carry/Warehouse Club	U.S.	9.0%
94	Co-operative Group Ltd.	UK	12,919	8,789	227	Apparel/Footwear Specialty, Convenience/Forecourt Store, Drug Store/Pharmacy, Supermarket	UK	6.2%
95	Fa. Anton Schlecker	Germany	8,704 ^e	8,704 ^e	n/a	Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore	Austria, Belgium, Czech Rep., Denmark, France, Germany, Hungary, Italy, Luxembourg, Netherlands, Poland, Portugal, Spain	3.4%
96	Kesa Electricals plc	UK	8,641	8,641	160	Electronics Specialty, Non-Store	Belgium, Czech Rep., France, Italy, Netherlands, Portugal, Slovakia, Spain, Switzerland, Turkey, UK	ne
97	C&A Europe	Belgium	8,528	8,528	n/a	Apparel/Footwear Specialty	Austria, Belgium, Czech Rep., France, Germany, Hungary, Luxembourg, Netherlands, Poland, Portugal, Russia, Slovakia, Slovenia, Spain, Switzerland, Turkey	4.1%
98	Takashimaya Company, Limited	Japan	9,030	8,479	164	Department Store	Japan, Singapore, Taiwan, U.S.	0.1%
99	Somerfield Group	UK	8,431	8,431	n/a	Convenience/Forecourt Store, Supermarket	UK	-1.3%
100	The Daiei, Inc.	Japan	10,357	8,420 ^e	271	Apparel/Footwear Specialty, Department Store, Discount Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Japan	-9.0%
101	QuikTrip Corporation	U.S.	8,300	8,300	n/a	Convenience/Forecourt Store	U.S.	18.7%
102	Army & Air Force Exchange Service (aka AAFES)	U.S.	8,704	8,257	442	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore, Non-Store, Other Specialty	Global	3.2%
103	Menard, Inc.	U.S.	8,000 ^e	8,000 ^e	n/a	Home Improvement	U.S.	7.4%
104	Shoppers Drug Mart Corp.	Canada	7,933	7,933	462	Drug Store/Pharmacy	Canada	9.3%
105	Reitangruppen AS	Norway	7,849	7,771 ^e	273 ^e	Convenience/Forecourt Store, Discount Store, Electronics Specialty, Other Specialty	Denmark, Norway, Sweden	12.5%

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Top 250 global retailers

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106	Companhia Brasileira de Distribuição SA Grupo Pão de Açúcar	Brazil	7,694	7,694	109	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Electronics Specialty, Hypermarket/Supercenter/Superstore, Supermarket	Brazil	9.5%
107	J. Front Retailing Co., Ltd.	Japan	8,802	7,526	185	Department Store, Supermarket	Japan	ne
108	Liberty Media Corp. / QVC, Inc.	U.S.	9,423	7,397	2,147	Non-Store	Austria, Australia, Canada, Germany, Rep. of Ireland, Japan, UK, U.S.	11.1%
109	Winn-Dixie Stores, Inc.	U.S.	7,281	7,281	13	Supermarket	U.S.	-9.8%
110	Dillard's, Inc.	U.S.	7,207	7,207	54	Department Store	U.S.	-1.8%
111	Edion Corporation	Japan	7,474	7,175	62	Electronics Specialty, Home Improvement	Japan	13.7%
112	Cencosud S.A.	Chile	7,257	7,112 ^e	417	Department Store, Home Improvement, Hypermarket/Supercenter/Superstore, Supermarket	Argentina, Brazil, Chile	41.6%
113	GameStop Corp.	U.S.	7,094	7,094	288	Other Specialty	Australia, Austria, Canada, Denmark, Finland, Germany, Ireland, Italy, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK, U.S.	39.3%
114	Canadian Tire Corporation, Limited	Canada	7,786	7,066	391	Apparel/Footwear Specialty, Convenience/Forecourt Store, Other Specialty	Canada	6.4%
115	Bed Bath and Beyond, Inc.	U.S.	7,049	7,049	563	Other Specialty	Canada, Puerto Rico, U.S.	14.0%
116	Jerónimo Martins, SGPS SA	Portugal	7,333	6,968	207	Cash & Carry/Warehouse Club, Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Poland, Portugal	7.2%
117	Alticor Inc. / Amway, Quixtar	U.S.	7,100	6,957 ^e	n/a	Non-Store	Global	9.1%
118	The Pantry, Inc.	U.S.	6,911	6,911	27	Convenience/Forecourt Store	U.S.	22.6%
119	Isetan Co., Ltd.	Japan	6,900	6,862	134	Apparel/Footwear Specialty, Department Store, Supermarket	China, Japan, Malaysia, Singapore, Thailand	5.8%
120	Family Dollar Stores, Inc.	U.S.	6,834	6,834	243	Discount Store	U.S.	10.4%
121	Esselunga S.p.A.	Italy	6,800 ^e	6,800 ^e	215	Hypermarket/Supercenter/Superstore, Supermarket	Italy	9.7%
122	Giant Eagle, Inc.	U.S.	6,676 ^e	6,676 ^e	n/a	Convenience/Forecourt Store, Supermarket	U.S.	7.2%
123	Ets Franz Colruyt S.A.	Belgium	8,041	6,656 ^e	408	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Non-Store, Other Specialty, Supermarket	Belgium, France, Netherlands	11.8%

Top 250 global retailers

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124	Whole Foods Market, Inc.	U.S.	6,592	6,592	183	Supermarket	Canada, UK, U.S.	19.6%
125	Hudson's Bay Company	Canada	6,542 ^e	6,542 ^e	n/a	Apparel/Footwear Specialty, Department Store, Discount Department Store, Discount Store, Other Specialty	Canada	-0.9%
126	Globus Holding GmbH & Co. KG	Germany	6,521 ^e	6,521 ^e	n/a	Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore	Czech Rep., Germany, Russia	4.9%
127	Shoprite Holdings Ltd.	S. Africa	6,579	6,513 ^e	219	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Discount Store, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Angola, Botswana, Ghana, India, Lesotho, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, S. Africa, Swaziland, Tanzania, Uganda, Zambia, Zimbabwe	13.9%
128	Mitsukoshi, Ltd.	Japan	6,703	6,390	39	Department Store	China, France, Germany, Hong Kong SAR, Italy, Japan, Spain, Taiwan, UK, U.S.	-3.8%
129	Pick 'n Pay Stores Ltd.	S. Africa	6,447	6,382 ^e	133	Apparel/Footwear Specialty, Convenience/Forecourt Store, Drug Store/Pharmacy, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Australia, Botswana, Namibia, S. Africa, Swaziland, Zimbabwe	11.8%
130	Yodobashi Camera Co., Ltd.	Japan	6,253	6,253	n/a	Electronics Specialty	Japan	6.7%
131	Next plc	UK	6,667	6,227	709	Apparel/Footwear Specialty, Non-Store, Other Specialty	Bahrain, China, Cyprus, Czech Rep., Denmark, Hungary, Iceland, India, Indonesia, Rep. of Ireland, Japan, Kuwait, Lebanon, Malta, Oman, Qatar, Russia, Slovakia, Saudi Arabia, Thailand, Turkey, UAE, UK	8.4%
132	Décathlon Group (now known as Oxylane Groupe)	France	6,135	6,135	n/a	Other Specialty	Belgium, Brazil, China, France, Germany, Hungary, Italy, Netherlands, Poland, Portugal, Russia, Spain, UK	9.7%
133	Katz Group Inc.	Canada	6,082 ^e	6,082 ^e	n/a	Drug Store/Pharmacy	Canada, U.S.	9.8%
134	Eldorado	Russia	6,006 ^e	6,006 ^e	n/a	Electronics Specialty	Kazakhstan, Russia, Ukraine	12.2%
135	Beisia Group	Japan	6,668 ^e	5,975 ^e	n/a	Convenience/Forecourt Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty	Japan	14.2%
136	Ross Stores, Inc.	U.S.	5,975	5,975	261	Apparel/Footwear Specialty	Guam, U.S.	11.1%
137	Organizacion Soriana S.A. de C.V.	Mexico	5,971	5,971	287	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore, Supermarket	Mexico	15.2%

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138	Albertson's LLC	U.S.	5,879 ^e	5,879 ^e	n/a	Convenience/Forecourt Store, Supermarket	U.S.	-30.3%
139	Tokyu Corporation	Japan	12,055	5,674	395	Convenience/Forecourt Store, Department Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Japan	11.7%
140	SHV Holdings N.V. / Makro	Netherlands	20,897	5,667	780	Cash & Carry/Warehouse Club, Discount Store, Other Specialty	Argentina, Brazil, China, Colombia, Indonesia, Pakistan, Philippines, Thailand, Venezuela	6.7%
141	Euroset Group	Russia	5,615	5,615	n/a	Electronics Specialty	Armenia, Belarus, Estonia, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Russia, Ukraine, Uzbekistan	108.5%
142	Hy-Vee, Inc.	U.S.	5,600 ^e	5,600 ^e	n/a	Convenience/Forecourt Store, Drug Store/Pharmacy, Supermarket	U.S.	7.0%
143	OfficeMax Incorporated	U.S.	9,082	5,563 ^e	212	Non-Store, Other Specialty	Australia, Canada, Mexico, New Zealand, Puerto Rico, U.S., Virgin Islands	3.1%
144	Defense Commissary Agency (aka DeCA)	U.S.	5,540	5,540	n/a	Supermarket	The Azores, Belgium, Egypt, Germany, Guam, Italy, Japan, Netherlands, Puerto Rico, Saudi Arabia, S. Korea, Spain, Turkey, UK, U.S.	2.2%
145	Groupe Galeries Lafayette SA	France	6,794	5,537 ^e	n/a	Convenience/Forecourt Store, Department Store, Hypermarket/Supercenter/Superstore, Other Specialty	France, Germany	-5.9%
146	Blockbuster, Inc.	U.S.	5,542	5,483	(74)	Other Specialty	Argentina, Australia, Brazil, Canada, Chile, Colombia, Denmark, El Salvador, Guatemala, Rep. of Ireland, Israel, Italy, Mexico, New Zealand, Panama, Portugal, Taiwan, Thailand, UK, Uruguay, U.S., Venezuela.	2.4%
147	Casas Bahia SA	Brazil	5,469 ^e	5,469 ^e	n/a	Electronics Specialty	Brazil	24.2%
148	AutoZone, Inc.	U.S.	6,170	5,464	596	Other Specialty	Mexico, Puerto Rico, U.S.	2.7%
149	Massmart Holdings Limited	S. Africa	5,493	5,438 ^e	187	Cash & Carry/Warehouse Club, Discount Department Store, Electronics Specialty, Home Improvement	Botswana, Ghana, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Nigeria, S. Africa, Tanzania, Uganda, Zambia, Zimbabwe	17.4%
150	Foot Locker, Inc.	U.S.	5,437	5,437	51	Apparel/Footwear Specialty, Non-Store	Austria, Australia, Belgium, Canada, Denmark, France, Germany, Guam, Rep. of Ireland, Italy, Luxembourg, Netherlands, New Zealand, Puerto Rico, Spain, Sweden, Turkey, UK, U.S., Virgin Islands	3.8%

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151	Praktiker Bau- und Heimwerkermärkte Holding AG	Germany	5,408	5,408	32	Home Improvement	Bulgaria, Germany, Greece, Hungary, Luxembourg, Poland, Romania, Turkey, Ukraine	ne
152	X5 Retail Group N.V.	Russia	5,320	5,295	144	Convenience/Forecourt Store, Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Kazakhstan, Russia, Ukraine	ne
153	Suning Appliance Co. Ltd.	China	11,255	5,287	201	Electronics Specialty	China	48.2%
154	S.A.C.I. Falabella	Chile	5,444	5,226 ^e	455	Department Store, Home Improvement, Hypermarket/Supercenter/Superstore	Argentina, Chile, Colombia, Peru	28.4%
155	Barnes & Noble, Inc.	U.S.	5,411	5,210	138	Non-Store, Other Specialty	U.S.	-0.2%
156	Dairy Farm International Holdings Limited	Hong Kong SAR	5,887	5,181 ^e	257	Convenience/Forecourt Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Brunei, China, Hong Kong SAR, India, Indonesia, S. Korea, Macau, Malaysia, Singapore, Taiwan, Thailand, Vietnam	13.2%
157	RaceTrac Petroleum Inc.	U.S.	5,000 ^e	5,000 ^e	n/a ^e	Convenience/Forecourt Store	U.S.	17.3%
158	K's Holdings Corporation (formerly Gigas K's Denki Corporation)	Japan	4,985	4,985	77	Electronics Specialty, Other Specialty	Japan	23.8%
159	dm-drogerie markt GmbH + Co. KG	Germany	4,963 ^e	4,963 ^e	77 ^e	Drug Store/Pharmacy	Austria, Bosnia & Herzegovina, Croatia, Czech Rep., Germany, Hungary, Serbia & Montenegro, Slovakia, Slovenia	9.2%
160	Celesio AG	Germany	30,635	4,960	597	Drug Store/Pharmacy	Belgium, Czech Rep., Germany, Rep. of Ireland, Italy, Netherlands, Norway, UK	7.2%
161	The Sherwin-Williams Company	U.S.	8,005	4,955	616	Home Improvement	Canada, Jamaica, Puerto Rico, U.S., Virgin Islands	8.5%
162	Longs Drug Stores Corporation	U.S.	5,263	4,883	96	Drug Store/Pharmacy	U.S.	2.1%
163	Casey's General Stores, Inc.	U.S.	4,827	4,802	85	Convenience/Forecourt Store	U.S.	17.4%
164	Advance Auto Parts, Inc.	U.S.	4,844	4,709	238	Other Specialty	Puerto Rico, U.S., Virgin Islands	8.0%
165	PetSmart, Inc.	U.S.	4,673	4,673	259	Non-Store, Other Specialty	Canada, U.S.	11.6%
166	Big Lots, Inc.	U.S.	4,656	4,656	158	Discount Store	U.S.	3.8%
167	Dalian Dashang Group	China	6,612 ^e	4,629 ^e	n/a	Department Store, Electronics Specialty, Other Specialty, Supermarket	China	32.4%
168	Controladora Comercial Mexicana S.A. de C.V.	Mexico	4,617	4,539 ^e	235	Cash & Carry/Warehouse Club, Hypermarket/Supercenter/Superstore, Supermarket	Mexico	9.5%

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169	Save Mart Supermarkets	U.S.	4,529 ^e	4,529 ^e	n/a	Supermarket	U.S.	23.1%
170	Apoteket AB	Sweden	5,855	4,521	64	Drug Store/Pharmacy	Sweden	1.9%
171	Bic Camera Inc.	Japan	4,555	4,510	68	Electronics Specialty	Japan	22.8%
172	Wawa Inc.	U.S.	4,500 ^e	4,500 ^e	n/a	Convenience/Forecourt Store	U.S.	14.6%
173	Wegmans Food Markets, Inc.	U.S.	4,500 ^e	4,500 ^e	n/a	Supermarket	U.S.	8.4%
174	Luxottica Group S.p.A.	Italy	6,807	4,472	695	Other Specialty	Australia, Austria, Belgium, Canada, China, Czech Rep., France, Hong Kong SAR, Rep. of Ireland, Netherlands, New Zealand, Portugal, Puerto Rico, Saudi Arabia, S. Africa, Singapore, Spain, UAE, UK, U.S.	8.6%
175	"Sonae Distribuição SGPS S.A. (formerly Modelo Continente)"	Portugal	5,075	4,440	231	Apparel/Footwear Specialty, Convenience/Forecourt Store, Electronics Specialty, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Portugal	-1.7%
176	Fast Retailing Co., Ltd.	Japan	4,412	4,412	268	Apparel/Footwear Specialty	Belgium, China, France, Germany, Hong Kong SAR, Luxembourg, Italy, Japan, Portugal, S. Korea, Spain, UK, U.S.	8.8%
177	Maxeda (formerly Royal Vendex KBB)	Netherlands	4,406	4,406	n/a	Apparel/Footwear Specialty, Department Store, Home Improvement, Other Specialty	Aruba, Belgium, Curaçao, Denmark, Egypt, France, Germany, Luxembourg, Netherlands, Saudi Arabia, Spain	-7.4%
178	Neiman Marcus, Inc.	U.S.	4,390	4,390	112	Apparel/Footwear Specialty, Department Store, Non-Store	U.S.	8.8%
179	Kojima Co., Ltd.	Japan	4,392	4,375 ^e	(21)	Electronics Specialty	Japan	-0.2%
180	Dirk Rossmann GmbH	Germany	4,332	4,332	n/a	Drug Store/Pharmacy	Czech Rep., Germany, Hungary, Poland	25.0%
181	The Carphone Warehouse Group plc	UK	8,983	4,259	236	Electronics Specialty, Non-Store	Belgium, France, Germany, Rep. of Ireland, Netherlands, Portugal, Spain, Sweden, UK, U.S.	22.1%
182	RadioShack Corporation	U.S.	4,252	4,252	237	Electronics Specialty, Non-Store	Puerto Rico, U.S., Virgin Islands	-1.5%
183	Dollar Tree Stores, Inc.	U.S.	4,243	4,243	201	Discount Store	U.S.	12.7%
184	Norma Lebensmittelfilialbetrieb, GmbH & Co. KG	Germany	4,241 ^e	4,241 ^e	n/a	Discount Store, Drug Store/Pharmacy	Austria, Czech Rep., France, Germany	5.3%

Top 250 global retailers

Retail sales rank (FY 07)	Name of company	Country of origin	2007 group revenue* (U.S.\$mil)	2007 retail sales (U.S.\$mil)	2007 group net income* (U.S.\$mil)	Operational Formats	Countries of operation	2002-2007 retail sales CAGR**
185	Bauhaus GmbH & Co. KG	Germany	4,182 ^e	4,182 ^e	n/a	Home Improvement	Austria, Croatia, Czech Rep., Denmark, Finland, Germany, Hungary, Norway, Slovenia, Spain, Sweden, Switzerland, Turkey	6.8%
186	Apple Inc. / Apple Stores	U.S.	24,006	4,115	3,496	Electronics Specialty	Canada, Italy, Japan, UK, U.S.	70.8%
187	President Chain Store Corp.	Taiwan	4,322	4,080	116	Convenience/Forecourt Store, Department Store, Drug Store/Pharmacy, Other Specialty, Supermarket	Canada, China, Philippines, Taiwan, Vietnam	13.7%
188	Deichmann Group	Germany	4,031	4,031	n/a	Apparel/Footwear Specialty	Austria, Croatia, Czech Rep., Denmark, Germany, Hungary, Netherlands, Poland, Romania, Slovakia, Slovenia, Sweden, Switzerland, Turkey, UK, U.S.	6.0%
189	Douglas Holding AG	Germany	3,993	3,989	118	Apparel/Footwear Specialty, Other Specialty	Austria, France, Czech Rep., Denmark, Estonia, Germany, Italy, Hungary, Latvia, Lithuania, Monaco, Netherlands, Poland, Portugal, Russia, Slovakia, Slovenia, Spain, Switzerland, Turkey, U.S.	6.1%
190	Migros Türk T.A.S.	Turkey	4,116	3,959	475	Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Azerbaijan, Bulgaria, Kazakhstan, Kyrgyzstan, Macedonia, Russia, Turkey	37.5%
191	Williams-Sonoma, Inc.	U.S.	3,945	3,945	196	Non-Store, Other Specialty	Canada, U.S.	10.8%
192	Sheetz, Inc.	U.S.	3,900 ^e	3,900 ^e	n/a	Convenience/Forecourt Store	U.S.	15.2%
193	Dick's Sporting Goods, Inc.	U.S.	3,888	3,888	155	Other Specialty	U.S.	25.0%
194	H2O Retailing Corporation	Japan	4,141	3,874	83	Department Store, Supermarket	Japan	ne
195	Michaels Stores, Inc.	U.S.	3,862	3,862	(32)	Other Specialty	Canada, U.S.	6.2%
196	FEMSA Comercio, S.A. de C.V.	Mexico	3,857	3,857	n/a	Convenience/Forecourt Store, Discount Store	Mexico	28.3%
197	Belk, Inc.	U.S.	3,825	3,825	96	Department Store	U.S.	11.3%
198	Borders Group, Inc.	U.S.	3,821	3,775	(157)	Other Specialty	Australia, New Zealand, Puerto Rico, Singapore, U.S.	1.6%
199	HMV Group plc	UK	3,764	3,764	179	Non-Store, Other Specialty	Belgium, Canada, Hong Kong SAR, Rep. of Ireland, Netherlands, Singapore, UK	1.9%
200	Abercrombie & Fitch Co.	U.S.	3,750	3,750	476	Apparel/Footwear Specialty, Non-Store	Canada, U.S., UK	18.6%
201	NorgesGruppen ASA	Norway	7,308	3,735	205	Convenience/Forecourt Store, Discount Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Norway	16.2%
202	Life Corporation	Japan	3,807	3,731 ^e	37	Supermarket	Japan	3.2%

*Group sales and income/loss may include results from non-retail operations.

**CAGR = Compound Annual Growth Rate

Name after forward slash is retail segment of parent company.

n/a = not available

ne = not in existence (created by merger or divestiture)

e= estimate

Top 250 global retailers

Retail sales rank (FY 07)	Name of company	Country of origin	2007 group revenue* (U.S.\$mil)	2007 retail sales (U.S.\$mil)	2007 group net income* (U.S.\$mil)	Operational Formats	Countries of operation	2002-2007 retail sales CAGR**
203	Jim Pattison Group	Canada	5,988	3,728 ^e	n/a	Cash & Carry/Warehouse Club, Discount Store, Supermarket	Canada	4.1%
204	Blokker Holding N.V.	Netherlands	3,701 ^e	3,701 ^e	n/a	Discount Department Store, Other Specialty	Belgium, Croatia, France, Germany, Luxembourg, Morocco, Netherlands, Portugal, Spain, Switzerland, Turkey	8.7%
205	Stater Bros. Holdings Inc.	U.S.	3,674	3,674	49	Supermarket	U.S.	6.6%
206	Signet Group plc	UK	3,665	3,665	215	Other Specialty	UK, U.S.	8.5%
207	Magnit OJSC	Russia	3,677	3,648	97	Convenience/Forecourt Store, Hypermarket/ Supercenter/Superstore, Supermarket	Russia	78.9%
208	Arcadia Group Limited	UK	3,641	3,640	232	Apparel/Footwear Specialty	Austria, Bahrain, Bosnia & Herzegovina, Chile, Croatia, Cyprus, Denmark, Iceland, Indonesia, Rep. of Ireland, Israel, Kuwait, Lebanon, Malaysia, Malta, Philippines, Poland, Portugal, Qatar, Russia, Saudi Arabia, Serbia & Montenegro, Singapore, Slovenia, Spain, Sweden, Turkey, UAE, UK, U.S.	-1.3%
209	Shimamura Co., Ltd.	Japan	3,559	3,559	172	Apparel/Footwear Specialty	Japan, Taiwan	8.3%
210	East Japan Railway Company	Japan	23,737	3,547	1,681	Convenience/Forecourt Store	Japan	1.8%
211	Marui Co. Ltd.	Japan	4,333	3,517	67	Apparel/Footwear Specialty, Department Store, Other Specialty	China, Japan	-2.0%
212	Roundy's Supermarkets, Inc.	U.S.	3,900 ^e	3,510 ^e	n/a	Supermarket	U.S.	17.2%
213	El Puerto de Liverpool, SAB de CV	Mexico	3,950	3,505	351	Department Store	Mexico	13.0%
214	Lagardère Services SA (formerly Hachette Distribution Services)	France	5,101	3,504	(20)	Convenience/Forecourt Store, Other Specialty	Australia, Bahrain, Belgium, Canada, China, Czech Rep., Egypt, Fiji, France, Germany, Greece, Hong Kong SAR, Hungary, Jordan, Kuwait, Lebanon, Poland, Portugal, Qatar, Romania, Russia, Serbia, Singapore, Spain, Switzerland, Taiwan, Turkey, UAE, UK, U.S.	2.7%
215	Bertelsmann AG	Germany	25,301	3,502	555	Non-Store, Other Specialty	Australia, Austria, Belgium, Canada, China, Czech Rep., France, Germany, Italy, Netherlands, New Zealand, Poland, Portugal, Russia, Slovakia, S. Korea, Spain, Switzerland, Ukraine, UK, U.S.	-1.1%
216	RONA Inc.	Canada	4,477	3,481	177	Home Improvement	Canada	21.8%

Top 250 global retailers

Retail sales rank (FY 07)	Name of company	Country of origin	2007 group revenue* (U.S.\$mil)	2007 retail sales (U.S.\$mil)	2007 group net income* (U.S.\$mil)	Operational Formats	Countries of operation	2002-2007 retail sales CAGR**
217	Debenhams plc	UK	3,475	3,475	155	Apparel/Footwear Specialty, Department Store	Bahrain, Cyprus, Czech Rep., Iceland, Indonesia, Rep. of Ireland, Kuwait, Philippines, Qatar, Romania, Russia, Saudi Arabia, Turkey, UAE, UK	1.0%
218	HORNBAACH-Baumarkt AG	Germany	3,452	3,451	65	Home Improvement	Austria, Czech Rep., Germany, Luxembourg, Netherlands, Romania, Slovakia, Sweden, Switzerland	7.7%
219	Woolworths Group plc	UK	5,947	3,440	15	Department Store	Australia, China, Hong Kong SAR, India, Rep. Of Ireland, Malaysia, Saudi Arabia, UAE, UK	-4.5%
220	Heiwado Co. Ltd.	Japan	3,646	3,418 ^e	58	Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	China, Japan	4.6%
221	Littlewoods Shop Direct Home Shopping Limited	UK	3,412 ^e	3,412 ^e	n/a	Non-Store	Rep. of Ireland, UK	-2.3%
222	Raley's Inc.	U.S.	3,400 ^e	3,400 ^e	n/a	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore	U.S.	0.6%
223	Berkshire Hathaway Inc. / Retail	U.S.	n/a	3,397	n/a	Other Specialty	U.S.	10.1%
224	Burlington Coat Factory Investments Holdings, Inc.	U.S.	3,424	3,393	(49)	Apparel/Footwear Specialty, Department Store, Other Specialty	U.S.	4.7%
225	E.Land Group	S. Korea	4,145 ^e	3,385 ^a	n/a	Department Store, Hypermarket/Supercenter/Superstore, Supermarket	China, S. Korea, U.S.	65.4%
226	The Bon-Ton Stores, Inc.	U.S.	3,468	3,366	12	Department Store, Other Specialty	U.S.	36.4%
227	Gruppo PAM S.p.A., Gecos S.p.A.	Italy	3,428 ^e	3,360 ^e	n/a	Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Italy	3.8%
228	CP All (formerly C.P. Seven Eleven Public Co., Ltd.)	Thailand	3,458	3,357	(43)	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore	China, Thailand	21.6%
229	China Resources Enterprise, Ltd.	Hong Kong SAR	6,603	3,334	701	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	China, Hong Kong SAR	32.6%
230	Poslovni sistem Mercator, d.d.	Slovenia	3,352	3,308	60	Apparel/Footwear Specialty, Cash & Carry/Warehouse Club, Discount Store, Drug Store/Pharmacy, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Bosnia-Herzegovina, Croatia, Montenegro, Serbia, Slovenia	21.1%
231	Groupe Vivarte	France	3,303	3,303	n/a	Apparel/Footwear Specialty	France, Spain, Switzerland	5.0%

*Group sales and income/loss may include results from non-retail operations.

**CAGR = Compound Annual Growth Rate

Name after forward slash is retail segment of parent company.

n/a = not available

ne = not in existence (created by merger or divestiture)

e= estimate

Top 250 global retailers

Retail sales rank (FY 07)	Name of company	Country of origin	2007 group revenue* (U.S.\$mil)	2007 retail sales (U.S.\$mil)	2007 group net income* (U.S.\$mil)	Operational Formats	Countries of operation	2002-2007 retail sales CAGR**
232	Ruddick Corporation / Harris Teeter	U.S.	3,639	3,299	81	Supermarket	U.S.	7.0%
233	Saks Incorporated	U.S.	3,283	3,283	47	Apparel/Footwear Specialty, Department Store	U.S.	-11.1%
234	MatsumotoKiyoshi Co. Ltd.	Japan	3,432	3,261 ^e	61	Drug Store/Pharmacy, Home Improvement	Japan	7.2%
235	Finiper S.p.a.	Italy	3,293 ^e	3,260	n/a	Hypermarket/Supercenter/Superstore, Other Specialty	Italy	6.4%
236	Dunnes Stores Ltd.	Rep. of Ireland	3,223 ^e	3,223 ^e	n/a	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore	Rep. of Ireland, Spain, UK	2.7%
237	Müller Ltd. & Co. KG	Germany	3,181 ^e	3,181 ^e	n/a	Drug Store/Pharmacy	Austria, Croatia, Germany, Hungary, Slovenia, Spain, Switzerland	7.2%
238	Liquor Control Board of Ontario	Canada	4,008	3,170 ^e	1,306	Other Specialty	Canada	3.4%
239	Associated British Foods plc / Primark	UK	13,391	3,155	788	Apparel/Footwear Specialty	Rep. of Ireland, Spain, UK	19.6%
240	XXXLutz Group	Austria	3,153 ^e	3,153 ^e	n/a	Other Specialty	Austria, Czech Rep., Germany	13.2%
241	Compagnie Financière Richemont SA	Switzerland	7,514	3,138	2,225	Apparel/Footwear Specialty, Other Specialty	Global	8.2%
242	Axfood AB	Sweden	4,327	3,122	116	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Department Store, Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	Sweden	-0.3%
243	WinCo Foods LLC	U.S.	3,102 ^e	3,102 ^e	n/a	Supermarket	U.S.	12.8%
244	Spar Group Ltd.	S. Africa	3,057	3,057	73	Convenience/Forecourt Store, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	Botswana, Namibia, S Africa	21.3%
245	American Eagle Outfitters, Inc.	U.S.	3,055	3,055	400	Apparel/Footwear Specialty, Non-Store	Canada, Puerto Rico, U.S.	15.9%
246	Charming Shoppes, Inc.	U.S.	3,010	3,007	(83)	Apparel/Footwear Specialty, Non-Store	U.S.	4.5%
247	The Sports Authority, Inc.	U.S.	2,999 ^e	2,999 ^e	n/a	Other Specialty	U.S.	23.3%
248	Systembolaget	Sweden	2,996	2,996	44	Other Specialty	Sweden	1.1%
249	Metcash Trading Africa (Pty) Ltd.	S. Africa	3,186 ^e	2,995 ^e	n/a	Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Electronics Specialty, Other Specialty, Supermarket	Angola, Lesotho, Malawi, Namibia, S. Africa, Swaziland, Uganda, Zimbabwe	0.0%
250	IAC/InteractiveCorp	U.S.	6,373	2,992	(149)	Non-Store	U.S.	9.0%

Top 250 global retailers alphabetical listing

Abercrombie & Fitch Co.	200	Daiei, Inc.	100	J. Front Retailing Co., Ltd.	107	QuikTrip Corporation	101
Advance Auto Parts, Inc.	164	Dairy Farm International Holdings Limited	156	J.C. Penney Co., Inc.	41	RaceTrac Petroleum Inc.	157
AEON Company Limited	21	Dalian Dashang Group	167	Jerónimo Martins, SGPS SA	116	RadioShack Corporation	182
Albertson's LLC	138	Dansk Supermarked A/S	83	Jim Pattison Group	203	Raley's Inc.	222
Aldi GmbH & Co. oHG	10	Debenhams plc	217	John Lewis Partnership Plc	70	Reitangruppen AS	105
Alimentation Couche-Tard Inc.	53	Déathlon Group (now known as Oxyflane Groupe)	132	Katz Group Inc.	133	Rewe-Zentral AG	12
Alliance Boots	60	Defense Commissary Agency (aka DeCA)	144	Kesa Electricals plc	96	Rite Aid Corporation	35
Alticor Inc. / Amway, Quixtar	117	Deichmann Group	188	Kesko Corporation	80	RONA Inc.	216
Amazon.com, Inc.	55	Delhaize Group	33	Kingfisher plc	43	Ross Stores, Inc.	136
American Eagle Outfitters, Inc.	245	Dell Inc.	86	Kohl's Corporation	48	Roundy's Supermarkets, Inc.	212
Apoteket AB	170	Dick's Sporting Goods, Inc.	193	Kojima Co., Ltd.	179	Ruddick Corporation / Harris Teeter	232
Apple Inc. / Apple Stores	186	Dillard's, Inc.	110	Koninklijke Ahold N.V.	25	S Group	81
Arcadia Group Limited	208	Dirk Rossmann GmbH	180	Kroger Co.	6	S.A.C.I. Falabella	154
Arcandor AG (formerly KarstadtQuelle AG)	76	dm-drogerie markt GmbH + Co. KG	159	K's Holdings Corporation (formerly Gigas K's Denki Corporation)	158	Safeway, Inc.	20
Army & Air Force Exchange Service (aka AAFES)	102	Dollar General Corporation	89	Lagardère Services SA (formerly Hachette Distribution Services)	214	Saks Incorporated	233
AS Watson & Company, Ltd.	56	Dollar Tree Stores, Inc.	183	Liberty Media Corp. / QVC, Inc.	108	Save Mart Supermarkets	169
Associated British Foods plc / Primark	239	Douglas Holding AG	189	Life Corporation	202	Schwarz Unternehmens Treuhand KG	7
AutoZone, Inc.	148	DSG International plc	49	Limited Brands, Inc.	87	Sears Holdings Corp.	13
Axfood AB	242	Dunnes Stores Ltd.	236	Liquor Control Board of Ontario	238	Seven & I Holdings Co., Ltd.	16
Bailian Group	91	E.Land Group	225	Littlewoods Shop Direct Home Shopping Limited	221	Sheetz, Inc.	192
Barnes & Noble, Inc.	155	East Japan Railway Company	210	Loblaw Companies Limited	38	Sherwin-Williams Company	161
Baugur Group hf.	47	Edeka Zentrale AG & Co. KG	19	Longs Drug Stores Corporation	162	Shimamura Co., Ltd.	209
Bauhaus GmbH & Co. KG	185	Edion Corporation	111	Lotte Shopping Co., Ltd.	84	Shinsegae Co., Ltd.	78
Bed Bath and Beyond, Inc.	115	El Corte Inglés, S.A.	40	Louis Delhaize S.A.	54	Shoppers Drug Mart Corp.	104
Beisia Group	135	El Puerto de Liverpool, SAB de CV	213	Lowe's Companies, Inc.	15	Shoprite Holdings Ltd.	127
Belk, Inc.	197	Eldorado	134	Luxottica Group S.p.A.	174	SHV Holdings N.V. / Makro	140
Berkshire Hathaway Inc. / Retail	223	Empire Company Ltd.	62	LVMH	68	Signet Group plc	206
Bertelsmann AG	215	Esselunga S.p.A.	121	Macy's, Inc. (formerly Federated Department Stores, Inc.)	31	Somerfield Group	99
Best Buy Co., Inc.	24	Ets Franz Colruyt S.A.	123	Magnit OJSC	207	"Sonae Distribuição SGPS S.A. (formerly Modelo Continente)"	175
Bic Camera Inc.	171	Euroset Group	141	Marks & Spencer Plc	45	Spar Group Ltd.	244
Big Lots, Inc.	166	Fa. Anton Schlecker	95	Marui Co. Ltd.	211	SPAR Österreichische Warenhandels-AG	82
BJ's Wholesale Club, Inc.	93	Family Dollar Stores, Inc.	120	Massmart Holdings Limited	149	Sports Authority, Inc.	247
Blockbuster, Inc.	146	Fast Retailing Co., Ltd.	176	MatsumotoKiyoshi Co. Ltd.	234	Staples, Inc.	67
Blokker Holding N.V.	204	FEMSA Comercio, S.A. de C.V.	196	Maxeda (formerly Royal Vendex KBB)	177	Stater Bros. Holdings Inc.	205
Bon-Ton Stores, Inc.	226	Finiper S.p.a.	235	Meijer, Inc.	57	Suning Appliance Co. Ltd.	153
Borders Group, Inc.	198	Foot Locker, Inc.	150	Menard, Inc.	103	SuperValu Inc.	27
Burlington Coat Factory Investments Holdings, Inc.	224	GameStop Corp.	113	Mercadona, S.A.	46	Systembolaget	248
C&A Europe	97	Gap, Inc.	50	Metcash Trading Africa (Pty) Ltd.	249	Système U, Centrale Nationale	39
Canadian Tire Corporation, Limited	114	Giant Eagle, Inc.	122	Metro AG	4	Takashimaya Company, Limited	98
Carphone Warehouse Group plc	181	Globus Holding GmbH & Co. KG	126	Metro Inc.	88	Target Corp.	8
Carrefour S.A.	2	Gome Home Appliance Group	63	Michaels Stores, Inc.	195	Tengelmann Group	30
Casas Bahia SA	147	Groupe Adeo (formerly Leroy Merlin Groupe)	74	Migros Türk T.A.S.	190	Tesco plc	3
Casey's General Stores, Inc.	163	Groupe Auchan SA	14	Migros-Genossenschafts Bund	58	TJX Companies, Inc.	44
Casino Guichard-Perrachon S.A.	28	Groupe Galeries Lafayette SA	145	Mitsukoshi, Ltd.	128	Tokyu Corporation	139
Celesio AG	160	Groupe Vivarte	231	Müller Ltd. & Co. KG	237	Toys "R" Us, Inc.	59
Cencosud S.A.	112	Grupo Eroski	90	Neiman Marcus, Inc.	178	Uny Co., Ltd.	85
Centres Distributeurs E. Leclerc	18	Gruppo PAM S.p.A., Gecos S.p.A.	227	Next plc	131	Walgreen Co.	11
Charming Shoppes, Inc.	246	H & M Hennes & Mauritz AB	75	Nordstrom, Inc.	92	Wal-Mart Stores, Inc.	1
China Resources Enterprise, Ltd.	229	H.E. Butt Grocery Company	61	NorgesGruppen ASA	201	Wawa Inc.	172
Circuit City Stores, Inc.	73	H2O Retailing Corporation	194	Norma Lebensmittelfilialbetriebe, GmbH & Co. KG	184	Wegmans Food Markets, Inc.	173
Coles Group Ltd.	29	Heiwado Co. Ltd.	220	Office Depot, Inc.	79	Wesfarmers Limited	36
Compagnie Financière Richemont SA	241	HMV Group plc	199	OfficeMax Incorporated	143	Whole Foods Market, Inc.	124
Companhia Brasileira de Distribuição SA Grupo Pão de Açúcar	106	Home Depot, Inc.	5	Organizacion Soriana S.A. de C.V.	137	Williams-Sonoma, Inc.	191
Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	77	Home Retail Group plc	72	Otto Group	66	WinCo Foods LLC	243
Controladora Comercial Mexicana S.A. de C.V.	168	HORNBACK-Baumarkt AG	218	Pantry, Inc.	118	Winn-Dixie Stores, Inc.	109
Coop	69	Hudson's Bay Company	125	PetSmart, Inc.	165	WM Morrison Supermarkets Plc	34
Coop Italia	52	Hy-Vee, Inc.	142	Pick 'n Pay Stores Ltd.	129	Woolworths Group plc	219
Coop Norden AB	64	IAC/InteractiveCorp	250	Poslovni sistem Mercator, d.d.	230	Woolworths Ltd.	22
Co-operative Group Ltd.	94	ICA AB	71	PPR S.A.	42	X5 Retail Group N.V.	152
Costco Wholesale Corp.	9	IKEA Group	32	Praktiker Bau- und Heimwerkermärkte Holding AG	151	XXXLutz Group	240
CP All (formerly C.P. Seven Eleven Public Co., Ltd.)	228	Inditex S.A.	65	President Chain Store Corp.	187	Yamada Denki Co., Ltd.	51
CVS Caremark Corp.	17	Isetan Co., Ltd.	119	Publix Super Markets, Inc.	37	Yodobashi Camera Co., Ltd.	130
		ITM Développement International (Intermarché)	23				
		J Sainsbury Plc	26				

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 have 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.

Composites and averages for each group 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.

For many companies, the retail sales figures in this report may reflect adjustments to reported sales figures to exclude non-retail operations. (See "Study methodology and data sources" on G36 for more information.)

As a result of the above factors, growth rates for individual companies may not correspond to other published results.

Economic concentration of the top 10 slips

In a reversal of a long-term trend, economic concentration of the leading companies fell in 2007, although retail sales for the Top 10 did exceed \$1 trillion for the first time. Unlike in prior years, where the big got very much bigger, the world's 10 largest retailers saw their share of Top 250 sales decline slightly to 29.6 percent from 30.1 percent in 2006.

Combined sales for the Top 10 increased 7.2 percent in 2007, compared with 7.6 percent for the Top 250 overall. While most of these retailers registered solid increases over their prior year results, nine of the Top 10 saw their rate of growth slow, in some cases substantially, compared with their 2006 sales gains. Only two companies posted double-digit increases in 2007, compared with six of the Top 10 in 2006. The Home Depot suffered its first-ever annual sales decline in 2007. Retail sales dropped 2.1 percent as comp store sales fell 6.7 percent. The company's total sales declined nearly 15 percent, having sold its wholesale distributor HD Supply in August 2007.

Economic concentration of top 10 retailers, 2007

Top 250 rank	Name of company	Country of origin	2007 retail sales (U.S.\$mil)	2007 Retail sales growth
1	Wal-Mart	U.S.	374,526	8.6%
2	Carrefour	France	112,604	5.5
3	Tesco	UK	94,740	10.9
4	Metro	Germany	87,586	7.2
5	Home Depot	U.S.	77,349	-2.1
6	Kroger	U.S.	70,235	6.2
7	Schwarz	Germany	69,346	12.7
8	Target	U.S.	63,367	6.5
9	Costco	U.S.	63,088	7.0
10	Aldi	Germany	58,487	5.7
Top 10*			1,071,328	7.2%
Top 250*			3,619,257	7.6%
Top 10 Share of Total			29.6%	

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

As a result of these uneven growth patterns, the Top 10 leader board got a bit of a shakeup in 2007. Wal-Mart and Carrefour remained secure in the top two spots, with Wal-Mart alone representing just over 10 percent of Top 250 sales. But the Home Depot dropped from third place to fifth.

Hard discounter Schwarz Group moved up considerably from tenth place to claim the number seven spot, overtaking Target and Costco. The company reportedly opened over 400 net new stores in 2007, generating double-digit sales growth in both its Lidl discount store and Kaufland hypermarket divisions. Schwarz's chief rival, Aldi, was the only new entrant to the Top 10. A 4.4 percent decline in sales for Sears Holdings, number 10 in 2006, dropped the retailer well out of contention at thirteenth place.

Foreign operations top 20 percent of sales

Globalization continues apace throughout the retail world. On average, the Top 250 retailers operated in 6.8 countries in 2007, up from 6.2 countries in 2006 and 5.9 in 2005. In total, 21.3% of sales came from outside retailers' home countries.

International expansion has been an important aspect of many large retailers' growth strategies. Indeed, the larger the company, the more likely it is to operate beyond its domestic borders and to generate a higher percentage of its sales from foreign operations.

Region/country profiles

	No. of Companies	Average 2007 retail sales (U.S.\$mil)	Average no. of countries, 2007	% Retail Sales from Foreign Operations 2007
Top 250*	250	\$14,474	6.8	21.3%
Africa/Middle East	6	4,724	9.0	12.5
Asia/Pacific	39	10,278	3.7	12.3
Japan	24	9,205	2.8	10.0
Europe*	99	15,403	11.1	35.1
France	13	27,895	18.9	35.3
Germany	21	20,232	13.8	41.8
UK	21	14,682	10.0	19.0
Latin America	8	5,422	1.6	9.9%
North America*	98	16,549	3.9	11.8
U.S.*	87	17,520	5.1	11.7

Results reflect Top 250 retailers headquartered in each region/country

* Average number of countries excludes Richemont (Switzerland) and Dell & Alticor/Amway (U.S.), whose near-global coverage would skew the average

Source: published company data and Planet Retail

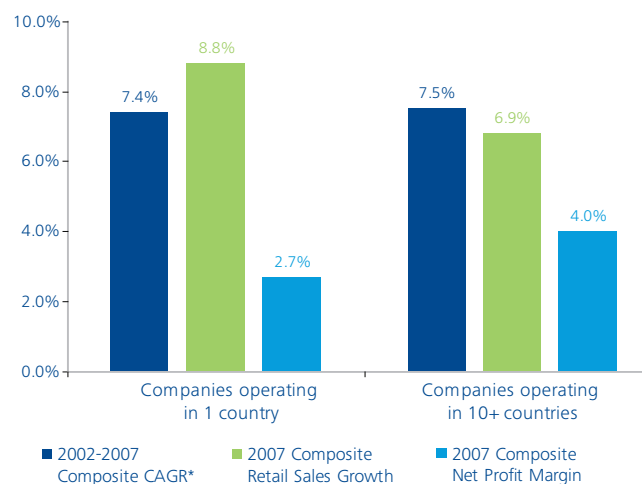
However, in recent years, the sales boost from international expansion activities has become less clear. There is very little difference in the 5-year composite growth rates between those retailers with a presence in 10 or more countries and single-country operators (7.5% vs. 7.4%). Retailers that stayed close to home actually outpaced their international peers by nearly two percentage points in 2007. Their stronger sales growth, however, did not translate as well into corresponding profitability. Companies operating exclusively in their home country had a composite net profit margin of 2.7% in 2007, while the more globally minded retailers enjoyed a 4.0% return. These findings are consistent with 2006 results.

In part, these findings can be explained by the fact that many Top 250 retailers expanded their international operations significantly over the last decade. Room for continued expansion has become more limited, and global markets have become more competitive. For many, profitability rather than growth has become the priority in foreign investment.

Looking at the level of globalization by broad geographic region, European and Africa/Middle East retailers dominate in terms of the degree to which they operate internationally. The average Top 250 European retailer had a presence in 11.1 countries in 2007. Over one-third, or 35.1%, of their total retail sales were from foreign

operations. French and German retailers are the most international in scope. The 13 French retailers on the Top 250 list operated in an average 18.9 countries in 2007 and generated 35.3% of their sales from outside their domestic borders. The 21 German retailers did business in an average 13.8 countries and generated the highest share of sales from foreign operations, 41.8%.

Sales growth and profitability by level of globalization



* Compound annual growth rate in retail sales.

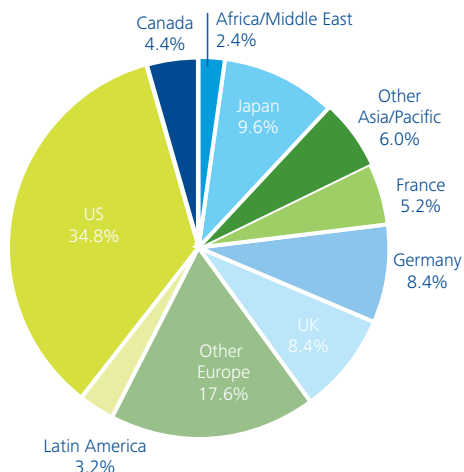
Source: published company data and Planet Retail

Most U.S. retailers still are not major players in international markets. Of the 87 U.S.-based companies among the Top 250, 49 have no international operations. On average, U.S. retailers operated in 4.2 countries in 2007. The vast majority of their sales, 88.3%, still come from domestic operations.

Asia/Pacific (Japan, in particular) and Latin American retailers have been the laggards in going global. The 24 Japanese retailers on the Top 250 list operated in an average of just 2.8 countries in 2007. Only 10% of their retail sales took place outside Japan. Latin American retailers operated in the fewest number of countries, just 1.6. Their international operations comprised 9.9% of sales.

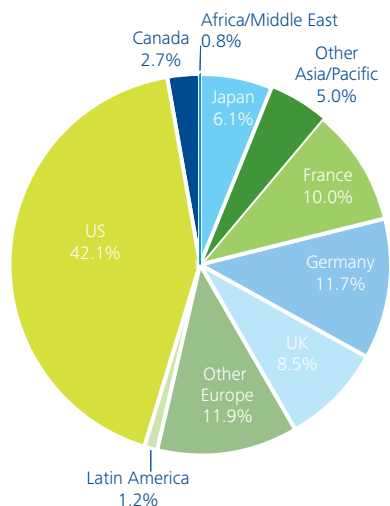
U.S. share of Top 250 shrinks

Share of top 250 retailers by region/country, 2007



Source: published company data and Planet Retail

Share of top 250 sales by region/country, 2007



Source: published company data and Planet Retail

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 in that company's region.

The U.S. lost ground in 2007 as a share of the Top 250. The number of U.S. companies dropped from 93 in both 2006 and 2005 to 87 in 2007. As a result, its share of Top 250 companies declined to 34.8% from 37.2%. U.S. companies accounted for 42.1% of Top 250 sales in 2007, down from 45.5% the year before. While some of this was due to the continuing decline of the U.S. dollar relative to many other currencies, U.S. retailers also experienced weaker growth in 2007 relative to their counterparts around the globe, particularly in the closing months of the year. Aggregate retail sales for the U.S. companies were up 6.6% for the year, compared with 7.6% for the Top 250 as a whole.

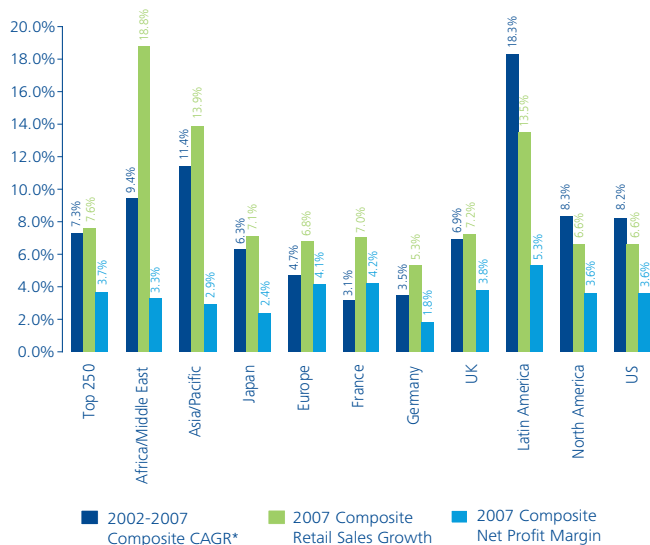
The 24 companies based in Japan are the second largest group by country of origin. Although Japanese retailers remain major global players, Japan continued to lose ground in 2007. The country represented 9.6% of Top 250 companies and 6.1% of sales. This is down from 16% of companies and 8.5% of sales just four years ago. This trend will likely persist as major Japanese retailers continue to merge operations in a bid to survive an increasingly tough business environment, especially in the department store sector. Merger activity has already removed several Japanese companies from the Top 250 as separate entities. Despite this, however, the country's decline in the rankings can be attributed primarily to weak (or negative) growth for a number of the Japanese retailers.

As the U.S. and Japan's share of the Top 250 declined, retailers from other Asia/Pacific countries and Europe made up the difference. The 99 European retailers (up eight from 2006) represent 39.6% of the total, passing the U.S. companies' share for the first time since the Global Powers of Retailing began tracking this information. A combined Europe captured 42.1% of total sales, the same as the U.S. companies. The major European economic powers – Germany, UK and France – accounted for just over half of Europe's Top 250 country count, but more than three-quarters of its aggregate sales volume, attesting to the large size of these retailers.

Strong domestic retailers in emerging markets expand

The emerging markets of Latin America, Asia/Pacific and Africa continue to experience sales growth well above the Top 250 average. Stronger domestic retailers in these markets are expanding rapidly in an effort to impede foreign competition. The high composite growth rate for retailers in the Asia/Pacific region reflects rapid growth of Chinese, Korean and Taiwanese companies. In Australia, Wesfarmers' sales soared with the acquisition of Coles in November 2007. Particularly robust growth was enjoyed by five of the six retailers that comprise the Africa/Middle East region, resulting in the highest composite growth rate among all regions. In addition to rapid sales growth, Latin American retailers were the most profitable, led by department store retailers Falabella and Liverpool.

Sales growth and profitability by region/country



Results reflect Top 250 companies headquartered in each region/country

* Compound annual growth rate in retail sales.

Source: published company data and Planet Retail

Although the European retailers did not enjoy above-average growth in 2007 compared with the Top 250 as a whole, they edged out their American counterparts with composite sales growth of 6.8% compared with 6.6% for the U.S. retailers. Over the longer period, however, they have fared considerably worse, with composite compound annual sales growth of just 4.7% from 2002 to 2007. This compares unfavorably with the U.S. companies at 8.2%, as well as the entire group at 7.3%. Profitability, however, was above

Top 10 North American retailers, 2007

N. America rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	1	Wal-Mart	\$374.6	U.S.
2	5	Home Depot	77.3	U.S.
3	6	Kroger	70.2	U.S.
4	8	Target	63.4	U.S.
5	9	Costco	63.1	U.S.
6	11	Walgreens	53.8	U.S.
7	13	Sears Holdings	50.7	U.S.
8	15	Lowe's	48.3	U.S.
9	17	CVS Caremark	45.1	U.S.
10	20	Safeway	42.3	U.S.

Source: published company data and Planet Retail

the average for the Top 250 as a whole, with the exception of the traditionally low-margin German retailers. Sales growth of the German retailers also was sub-par, hurt in part by the hefty three percentage point increase in the VAT that took effect on January 1, 2007 and hammered consumer spending.

With economic troubles piling up, North American retailers began to feel the pinch in 2007. Sales growth slowed compared with the longer-term trend. As a group, profitability was on a par with the Top 250 composite net profit margin.

Top 10 Retailers by Region

Nine of the top 10 European retailers remained the same as in 2006. ITM (Intermarché) seized the #10 spot, replacing Ahold, which has been falling in the ranks since 2002. Continued divestments by Ahold, including the sale of Tops Markets in the U.S., dropped the company to 11th place. While the top seven European companies remained in the same order as in 2006, Leclerc climbed to the #8 spot ahead of Edeka.

As in the past, all of the top 10 North American retailers are U.S. companies. The only change from 2006 is the decline of Sears Holdings, which fell from 6th to 7th. The beleaguered chain changed positions with Walgreens, one of the fastest growing retailers in the U.S. with 2007 sales growth of 13.4%. Despite the Home Depot's sales decline in 2007, the company remained the second largest North American retailer. However, its lead over #3 ranked Kroger has been cut almost in half. CVS, renamed CVS Caremark following the March 2007 merger with Caremark Rx, a leading pharmaceutical services company, remained in ninth place. However, the company's August 2008 acquisition of Longs Drug Stores will propel it up the chart in fiscal 2008.

Japan is losing its dominance in the Asia/Pacific region. Seven & I Holdings remains in first place among the Asia/Pacific region's top 10 retailers. However, it is one of only three companies representing Japan, down from five in 2006 and seven in 2005. Despite Wesfarmers'

Top 10 European retailers, 2007

Europe rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	2	Carrefour	\$112.6	France
2	3	Tesco	94.7	UK
3	4	Metro	87.6	Germany
4	7	Schwarz	69.3	Germany
5	10	Aldi	58.5	Germany
6	12	Rewe	51.9	Germany
7	14	Auchan	49.3	France
8	18	E. Leclerc	44.7	France
9	19	Edeka Zentrale	44.6	Germany
10	23	ITM (Intermarché)	40.7	France

Source: published company data and Planet Retail

Top 10 Asia/Pacific retailers, 2007

Asia/Pac rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	16	Seven & I Holdings	\$47.9	Japan
2	21	AEON	41.3	Japan
3	22	Woolworths	41.0	Australia
4	29	Coles Group	27.6	Australia
5	36	Wesfarmers	24.0	Australia
6	51	Yamada Denki	15.5	Japan
7	56	AS Watson	14.1	Hong Kong SAR
8	63	Gome Group	13.5	China
9	78	Shinsegae	11.2	S. Korea
10	84	Lotte Shopping	10.4	S. Korea

Source: published company data and Planet Retail

Top Latin American retailers, 2007

Lat. America rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	106	CBD/Grupo Pão de Açúcar	\$7.7	Brazil
2	112	Cencosud	7.1	Chile
3	137	Soriana	6.0	Mexico
4	147	Casas Bahia	5.4	Brazil
5	154	Falabella	5.2	Chile
6	168	Comercial Mexicana	4.5	Mexico
7	196	FEMSA Comercio	3.9	Mexico
8	213	El Puerto de Liverpool	3.5	Mexico

Source: published company data and Planet Retail

Top Africa/Middle East retailers, 2007

Africa/ME rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	127	Shoprite Holdings	\$6.5	S. Africa
2	129	Pick 'n Pay	6.4	S. Africa
3	149	Massmart	5.4	S. Africa
4	190	Migros Türk T.A.S.	4.0	Turkey
5	244	Spar Group	3.1	S. Africa
6	249	Metcash Africa	3.0	S. Africa

Source: published company data and Planet Retail

acquisition of Coles, both companies appear on this region's top 10 list due to a technicality. Wesfarmers acquired Coles in November 2007, after Coles' July 31, 2007 fiscal year end. Wesfarmers' 2007 fiscal year, as defined in this report, ended June 30, 2008. Therefore, both companies were included on the 2007 Top 250 list. Wesfarmers includes Coles' results only since the date of the acquisition.

AS Watson overtook Yamada Denki as the #6 retailer in the Asia/Pacific region. China's Gome Home Appliance Group appeared at #8. This year, total sales for the parent company were recorded rather than only the listed company Gome Electrical Appliances Holding Limited, as was the case in 2006. The change in how this company was accounted for boosted Gome into the region's top 10. South Korea's Shinsegae moved up one place to #9, while that country's Lotte Shopping Co. dropped to the #10 spot. Uny Co. and The Daiei, both from Japan, fell out of the Asia/Pacific top 10 in 2007.

Many of the top Latin American retailers moved up the rankings in 2007. But, the region lost one company altogether from the Top 250 list. Grupo Gigante, the 9th Latin American retailer in 2006, sold its supermarket operations to Soriana in Dec. 2007. Its remaining retail operations were not large enough to keep the company among the world's largest 250.

The Africa/Middle East region gained two retailers in 2007 for a total of six Top 250 companies. Spar Group from South Africa is a Top 250 newcomer. Turkey's Migros Türk (retailer #236 last year) has been reclassified for regional analysis purposes from Europe to the Middle East. The other five companies on the list are headquartered in South Africa. Pick 'n Pay lost its leading position to Shoprite in 2007.

Food is focus for most Top 250 retailers

Product sector profiles

	No. of Companies	Average 2007 retail sales (U.S.\$mil)	Average No. of countries, 2007	% Retail Sales from Foreign Operations 2007
Top 250*	250	\$14,474	6.8	21.3%
Fashion Goods	46	7,128	10.1	15.2
Fast-Moving Consumer Goods*	130	19,122	4.9	23.4
Hardlines & Leisure Goods*	55	10,219	8.5	21.0
Diversified	19	12,816	7.1	6.1

* Average number of countries excludes Richemont, Dell, and Alticor (Amway), whose near-global coverage would skew the average

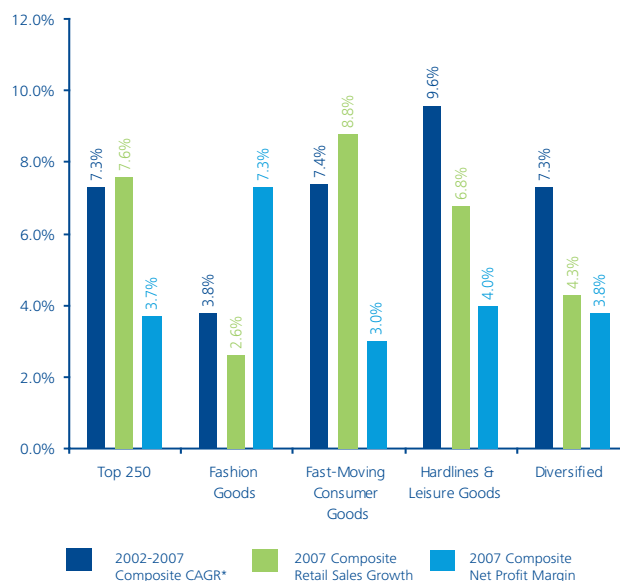
Source: Published company data and Planet Retail

The Global Powers of Retailing analyzes retail performance by dominant 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

a specific product sector if more than 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% of sales, the company is considered to be diversified.

Food and other fast-moving consumer goods dominated the Top 250, representing just over half of the retailers. These huge companies, with average retail sales of \$19.1 billion in 2007, have made a strong push to globalize. On average, FMCG retailers had a presence in 4.9 countries in 2007, making this the least geographically dispersed sector. But when these companies enter a new market, they make their presence known. The Top 250 retailers of fast-moving consumer goods generated 23.4% of sales from foreign operations, the highest of the four product sectors. International expansion has helped this sector enjoy above average sales growth. However, as the composite net profit margin of 3.0% illustrates, it is historically a lower-margin business, especially on the food side.

Sales growth and profitability by product sector



* Compound annual growth rate in retail sales.

Source: published company data and Planet Retail

The fashion retailers (apparel, footwear, jewelry, accessories and home textiles) are the smallest companies, with average sales of \$7.1 billion, less than half the size of the typical Top 250 retailer. But they have extensive global retail networks. In 2007, the fashion goods retailers could be found in an average 10.1 countries. As a group, 15.2% of their sales came from outside their home country borders. Growth in this sector continues to be dragged down by the slow or negative sales growth of department store retailers in the world's

mature retail markets. However, profitability remains strong. At 7.3%, the group’s composite net profit margin was nearly double that of the Top 250 overall.

The hardlines & leisure goods retailers continue to become more international in scope. The average company in this product sector operated in 8.4 countries in 2007, second only to the fashion group. Twenty-one percent of these companies’ retail sales were from operations outside their home country. This sector has experienced the fastest growth over the 2002-2007 period – a composite compound annual growth rate of 9.6%. The pace slowed to 6.8% in 2007. The composite profit margin was a respectable 4.0%.

The diversified retailers, selling a broad product offering and often operating a range of formats, tend to be large almost by definition. These 19 companies had average 2007 sales of \$12.8 billion. While

the retailers in this group operated in an average 7.1 countries, most of their business was done close to home. Only 6.1% of the sales of this group came from foreign operations. Sales growth for the diversified companies mirrored the Top 250 as a whole over the 2002-2007 period, at 7.3% compounded annually. In 2007, growth slowed considerably to 4.3%. Profitability was also on a par with the total group.

Although there was some movement in the rankings, there were relatively few significant changes to the lists of the ten largest retailers by major product sector in 2007. The only change among the top 10 fast-moving consumer goods retailers was that Schwarz Group overtook Costco at #6.

Multi-national specialty apparel retailer H&M joined the ranks of the top 10 fashion goods retailers at #8. Kohl’s and LVMH each moved up

Top 10 Retailers by Product Sector

Top 10 fast-moving consumer goods retailers, 2007

Sector rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	1	Wal-Mart	\$374.5	U.S.
2	2	Carrefour	112.6	France
3	3	Tesco	94.7	UK
4	4	Metro	87.6	Germany
5	6	Kroger	70.2	U.S.
6	7	Schwarz	69.3	Germany
7	9	Costco	63.1	U.S.
8	10	Aldi	58.5	Germany
9	11	Walgreens	53.8	U.S.
10	12	Rewe	51.9	Germany

Source: published company data and Planet Retail

Top 10 fashion goods retailers, 2007

Sector rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	31	Macy’s	\$26.3	U.S.
2	41	J.C. Penney	19.9	U.S.
3	43	TJX	18.6	U.S.
4	48	Kohl’s	16.5	U.S.
5	50	Gap	15.8	U.S.
6	65	Inditex	12.9	Spain
7	68	LVMH	12.7	France
8	75	H&M	11.6	Sweden
9	76	Arcandor	11.5	Germany
10	87	Limited Brands	10.1	U.S.

Source: published company data and Planet Retail

Top 10 hardlines & leisure goods retailers, 2007

Sector rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	5	Home Depot	\$77.3	U.S.
2	15	Lowe’s	48.3	U.S.
3	24	Best Buy	40.0	U.S.
4	32	IKEA	26.2	Sweden
5	42	Kingfisher	18.8	UK
6	44	PPR	18.6	France
7	49	DSG	16.4	UK
8	51	Yamada Denki Co.	15.5	Japan
9	55	Amazon.com	14.5	U.S.
10	59	Toys “R” Us	13.8	U.S.

Source: published company data and Planet Retail

Top 10 diversified retailers, 2007

Sector rank	Top 250 rank	Company	Retail sales (U.S.\$ billions)	Country of origin
1	8	Target	\$63.4	U.S.
2	13	Sears Holdings	50.7	U.S.
3	40	El Corte Inglés	20.3	Spain
4	45	Marks & Spencer	18.1	UK
5	66	Otto Group	12.8	Germany
6	80	Kesko	11.0	Finland
7	84	Lotte Shopping	10.3	S. Korea
8	107	J. Front Retailing	7.5	Japan
9	139	Tokyu	5.7	Japan
10	145	Gr. Galeries Lafayette	5.5	France

Source: published company data and Planet Retail

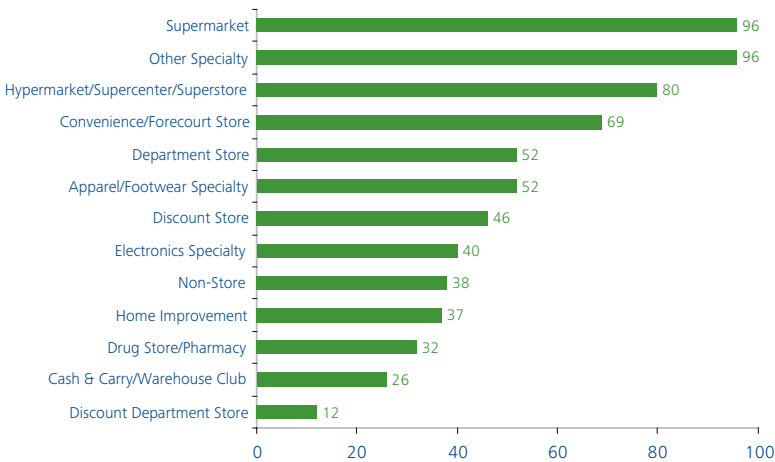
one place, while Inditex jumped four places. After streamlining its retail portfolio, Arcandor (formerly KarstadtQuelle) moved down, as did Limited Brands. Otto Group, the #6 fashion goods retailer in 2006, was reclassified as a diversified retailer in 2007 to better reflect the breadth of its merchandise offerings, which include sporting goods, toys, electronics and furniture as well as fashion apparel and footwear.

Two retailers appeared among the hardlines & leisure goods top 10 for the first time – Yamada Denki, a Japanese electronics retailer, and Amazon.com. These two companies displaced Staples and Office Depot, whose retail sales were redefined in 2007 to exclude their contractor businesses.

In addition to Otto Group, previously classified in the fashion goods sector, the top 10 diversified retailers include a new company, J. Front Retailing. This company is new primarily in name only. It was formed in September 2007 from the merger of Japanese department store and supermarket retailers Daimaru and Matsuzakaya. In 2007, U.S.-based closeout retailer Big Lots and Chile’s Falabella dropped out of the diversified group’s top 10.

Specialty Retailing on the Rise

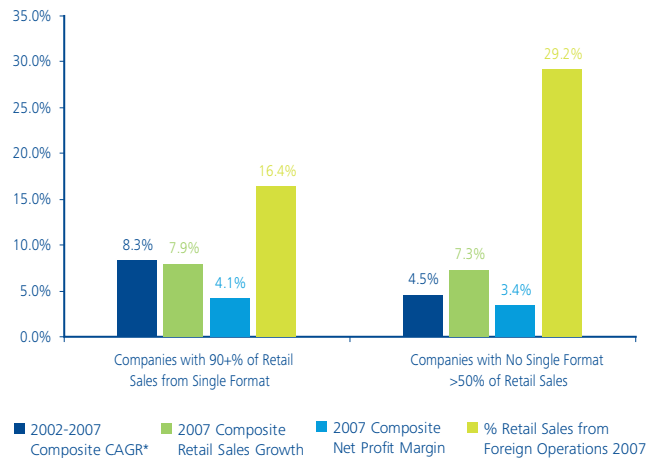
Retail formats operated by top 250 retailers in 2007



Source: published company data and Planet Retail

As noted in last year’s Global Powers of Retailing report, specialty stores of all kinds, from small boutiques to big-box superstores, are becoming more popular around the world. Over the last two years, more Top 250 retailers are operating apparel & footwear stores, consumer electronics stores, and home improvement stores. The broadly defined category of “other specialty” stores (including those specializing in furniture and home décor, office supplies, auto parts, hobby supplies, toys or sporting goods) is now tied with supermarkets as the most frequent format type.

Sales growth and profitability by level of format diversification



* Compound annual growth rate in retail sales.

Source: published company data and Planet Retail

The majority of the Top 250 retailers are involved in the food sector, as has been the case since the inception of the Global Powers of Retailing report. In 2007, 134 companies, or better than half, operated supermarkets, hypermarkets, cash & carries, warehouse clubs, hard discount stores, convenience stores, or some combination of these. And that doesn’t even take into account the food sold by many department stores, discount department stores and drug stores.

Although the supermarket remains the most common food store format, fewer Top 250 retailers operate this format than did so in the past. It is being displaced to some extent by larger hypermarkets on one hand and smaller convenience stores on the other.

Format diversification has been a key growth strategy for many of the world’s largest retailers, particularly food retailers, over the past decade. With a diverse portfolio of store and non-store formats and channels, retailers can fine-tune their expansion strategies – both at home and across the globe – to specific market characteristics, demographics, and real estate opportunities.

At the same time, however, a significant number of successful retailers have continued to focus on a single format. In 2007, 140 of the Top 250 retailers derived 90+% of their sales from just one format. Only 36 companies did not have a single format that accounted for more than 50% of their sales.

Interestingly, the more focused group of retailers demonstrated better sales growth and profitability performance than the diversified group. Also worth noting, the retailers that relied primarily on a single format were less global in their operations than those operating a more diverse format portfolio.

Newcomers a diverse group

Top 250 newcomers, 2007

Top 250 rank	Name of company	Country of origin	Dominant Format
107	J. Front Retailing Co., Ltd.	Japan	Department Store
134	Eldorado	Russia	Electronics
169	Save Mart Supermarkets	U.S.	Supermarket
185	Bauhaus GmbH & Co. KG	Germany	Home Improvement
186	Apple Inc. / Apple Stores	U.S.	Electronics
188	Deichmann Group	Germany	Apparel/Footwear Specialty
201	NorgesGruppen ASA	Norway	Diversified
207	Magnit OJSC	Russia	C-Store
225	E.Land Group	S. Korea	Diversified
228	CP All (formerly C.P. Seven Eleven Public Co., Ltd.)	Thailand	C-Store
229	China Resources Enterprise, Ltd.	Hong Kong SAR	Supermarket
230	Poslovni sistem Mercator, d.d.	Slovenia	Diversified

Top 250 rank	Name of company	Country of origin	Dominant Format
236	Dunnes Stores Ltd.	Rep. of Ireland	H/S/S
237	Müller Ltd. & Co. KG	Germany	Drug
239	Associated British Foods plc / Primark	UK	Apparel/Footwear Specialty
240	XXXLutz Group	Austria	Other Specialty
241	Compagnie Financière Richemont SA	Switzerland	Other Specialty
243	WinCo Foods LLC	U.S.	Supermarket
244	Spar Group Ltd.	S. Africa	Diversified
248	Systembolaget	Sweden	Other Specialty

Source: published company data and Planet Retail

A geographically and operationally diverse group of 20 newcomers joined the ranks of the Top 250 in 2007. The largest, J. Front Retailing Co., represents the merger of two former Japanese Top 250 players, Daimaru and Matsuzakaya. Two additional Russian retailers, Eldorado and Magnit, join the two Russian newcomers from last year. Eldorado's appearance on the list will be brief. A 50% share of the electronics company's retail division was sold in September 2008, and its wholesale division declared bankruptcy. Magnit, an operator of low-price food stores, issued an IPO in 2006. Half of the newcomers also have the distinction of being among the 50 fastest-growing retailers on the Top 250 list.

Emerging market retailers well-represented among fastest 50

50 fastest-growing retailers 2002-2007

Growth rank	Top 250 rank	Name of company	Country of origin	Formats	2007 retail sales (U.S.\$mil)	2002-2007 CAGR*
1	141	Euroset Group	Russia	Electronics Specialty	5,615	108.5%
2	47	Baugur Group hf.	Iceland	Apparel/Footwear Specialty, Cash & Carry/Warehouse Club, Convenience/Forecourt Store, Department Store, Discount Store, Electronics Specialty, Other Specialty, Supermarket	17,487 ^e	86.5%
3	207	Magnit OJSC	Russia	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore, Supermarket	3,648	78.9%
4	186	Apple Inc. / Apple Stores	U.S.	Electronics Specialty	4,115	70.8%
5	225	E.Land Group	S. Korea	Department Store, Hypermarket/Supercenter/Superstore, Supermarket	3,385 ^e	65.4%
6	63	Gome Home Appliance Group	China	Electronics Specialty	13,476	56.5%
7	36	Wesfarmers Limited	Australia	Convenience/Forecourt Store, Discount Department Store, Drug Store/Pharmacy, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	24,007	50.4%
8	53	Alimentation Couche-Tard Inc.	Canada	Convenience/Forecourt Store	15,370	48.2%
9	153	Suning Appliance Co. Ltd.	China	Electronics Specialty	5,287	48.2%
10	112	Cencosud S.A.	Chile	Department Store, Home Improvement, Hypermarket/Supercenter/Superstore, Supermarket	7,112 ^e	41.6%
11	113	GameStop Corp.	U.S.	Other Specialty	7,094	39.3%
12	190	Migros Türk T.A.S.	Turkey	Discount Store, Hypermarket/Supercenter/Superstore, Supermarket	3,959	37.5%
13	226	The Bon-Ton Stores, Inc.	U.S.	Department Store, Other Specialty	3,366	36.4%

^e= estimate

Growth rank	Top 250 rank	Name of company	Country of origin	Formats	2007 retail sales (U.S.\$mil)	2002-2007 CAGR*
14	229	China Resources Enterprise, Ltd.	Hong Kong SAR	Apparel/Footwear Specialty, Convenience/Forecourt Store, Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	3,334	32.6%
15	167	Dalian Dashang Group	China	Department Store, Electronics Specialty, Other Specialty, Supermarket	4,629 ^e	32.4%
16	55	Amazon.com, Inc.	U.S.	Non-Store	14,452	29.7%
17	56	AS Watson & Company, Ltd.	Hong Kong SAR	Discount Store, Drug Store/Pharmacy, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	14,101	29.7%
18	27	SuperValu Inc.	U.S.	Discount Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Supermarket	34,341	28.4%
19	154	S.A.C.I. Falabella	Chile	Department Store, Home Improvement, Hypermarket/Supercenter/Superstore	5,226 ^e	28.4%
20	196	FEMSA Comercio, S.A. de C.V.	Mexico	Convenience/Forecourt Store, Discount Store	3,857	28.3%
21	193	Dick's Sporting Goods, Inc.	U.S.	Other Specialty	3,888	25.0%
22	180	Dirk Rossmann GmbH	Germany	Drug Store/Pharmacy	4,332	25.0%
23	34	WM Morrison Supermarkets Plc	UK	Supermarket	25,800	24.6%
24	147	Casas Bahia SA	Brazil	Electronics Specialty	5,469 ^e	24.2%
25	158	K's Holdings Corporation (formerly Gigas K's Denki Corporation)	Japan	Electronics Specialty, Other Specialty	4,985	23.8%
26	247	The Sports Authority, Inc.	U.S.	Other Specialty	2,999 ^e	23.3%
27	169	Save Mart Supermarkets	U.S.	Supermarket	4,529 ^e	23.1%
28	84	Lotte Shopping Co., Ltd.	S. Korea	Department Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	10,339 ^e	23.1%
29	171	Bic Camera Inc.	Japan	Electronics Specialty	4,510	22.8%
30	118	The Pantry, Inc.	U.S.	Convenience/Forecourt Store	6,911	22.6%
31	181	The Carphone Warehouse Group plc	UK	Electronics Specialty, Non-Store	4,259	22.1%
32	216	RONA Inc.	Canada	Home Improvement	3,481	21.8%
33	228	CP All (formerly C.P. Seven Eleven Public Co., Ltd.)	Thailand	Convenience/Forecourt Store, Hypermarket/Supercenter/Superstore	3,357	21.6%
34	244	Spar Group Ltd.	S. Africa	Convenience/Forecourt Store, Home Improvement, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	3,057	21.3%
35	230	Poslovni sistem Mercator, d.d.	Slovenia	Apparel/Footwear Specialty, Cash & Carry/Warehouse Club, Discount Store, Drug Store/Pharmacy, Electronics Specialty, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	3,308	21.1%
36	65	Inditex S.A.	Spain	Apparel/Footwear Specialty, Other Specialty	12,929	20.1%
37	124	Whole Foods Market, Inc.	U.S.	Supermarket	6,592	19.6%
38	239	Associated British Foods plc / Primark	UK	Apparel/Footwear Specialty	3,155	19.6%
39	46	Mercadona, S.A.	Spain	Supermarket	17,799	19.3%
40	101	QuikTrip Corporation	U.S.	Convenience/Forecourt Store	8,300	18.7%
41	200	Abercrombie & Fitch Co.	U.S.	Apparel/Footwear Specialty, Non-Store	3,750	18.6%
42	149	Massmart Holdings Limited	S. Africa	Cash & Carry/Warehouse Club, Discount Department Store, Electronics Specialty, Home Improvement	5,438 ^e	17.4%
43	163	Casey's General Stores, Inc.	U.S.	Convenience/Forecourt Store	4,802	17.4%
44	51	Yamada Denki Co., Ltd.	Japan	Discount Department Store, Electronics Specialty	15,521	17.4%
45	157	RaceTrac Petroleum Inc.	U.S.	Convenience/Forecourt Store	5,000 ^e	17.3%
46	212	Roundy's Supermarkets, Inc.	U.S.	Supermarket	3,510 ^e	17.2%
47	201	NorgesGruppen ASA	Norway	Convenience/Forecourt Store, Discount Store, Hypermarket/Supercenter/Superstore, Other Specialty, Supermarket	3,735	16.2%
48	245	American Eagle Outfitters, Inc.	U.S.	Apparel/Footwear Specialty, Non-Store	3,055	15.9%
49	74	Groupe Adeo (formerly Leroy Merlin Groupe)	France	Home Improvement	11,651 ^e	15.7%
50	88	Metro Inc.	Canada	Convenience/Forecourt Store, Discount Store, Drug Store/Pharmacy, Hypermarket/Supercenter/Superstore, Supermarket	9,578	15.6%

*CAGR = Compound Annual Growth Rate in Retail Sales
Source: published company data and Planet Retail
www.deloitte.com/consumerbusiness

^e= estimate

Over the 2002-2007 period, the 50 fastest-growing retailers among the Top 250 saw their sales climb at a composite compound annual rate of 28.7%, 3.8 times faster than the rate for the entire group. Sales turned into profits at a higher rate as well. The composite net profit margin for the Fastest 50 was 4.5% in 2007, versus 3.7% for the Top 250.

Companies from all five regions and 21 countries are among the 50 fastest-growing retailers. Not surprisingly, developing countries, including China, Russia, South Korea and Brazil, are well represented on this list. As would also be expected, particularly in emerging markets, the majority of these companies are involved in the food sector, with many operating supermarkets and convenience stores.

Corporate Social Responsibility in Retailing

This year, for the first time, Global Powers of Retailing reports on the extent to which Corporate Social Responsibility (CSR) is being addressed by the world’s largest retailers/in the retailing industry. Each company’s corporate website was examined to see if it contained a CSR or similarly named section, or if the retailer had published a 2007 CSR report or sustainability audit. If not, the company’s annual report (if available) was reviewed to determine if CSR issues were prominently addressed.

Corporate Social Responsibility in Retailing by Region and Sector

Sector	% of Companies Reporting on CSR Issues
Top 250	66.1%
Africa/Middle East	83.3
Asia/Pacific	66.7
Europe	77.8
Latin America	50.0
North America	53.1
Fashion Goods	63.0
Fast-Moving Consumer Goods	72.3
Hardlines & Leisure Goods	52.7
Diversified	63.2

Source: Company websites and annual reports

Overall, two-thirds of the Top 250 addressed CSR issues in one or more of these ways. By region, Africa/Middle East led with five of its six Top 250 representatives reporting on CSR issues. Over three-quarters of the European retailers had a CSR agenda. Only half of Latin American and North American retailers addressed this important topic.

Looking at the results by major product sector reveals that retailers of food and other fast-moving consumer goods are the most focused on social responsibility and sustainability. This is not surprising given

the importance of food safety in the global supply chain. Diversified retailers, which are also heavily involved in the food business, show the second-highest level of CSR reporting, followed very closely by the fashion retailers.

Retailers CSR information was then studied to determine if three specific areas of interest were addressed. The environment/sustainability was the most widely covered issue, with 88.4% of the CSR retailers reporting on their efforts in this area. Next were social/economic issues such as fair trade, working conditions and other human rights issues. Two-thirds (66.5%) of retailers covered one or more of these topics. Product safety/quality issues were discussed by 55.5% of the retailers.

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 2007 (encompasses fiscal years ended through June 2008).

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, fact sheets, or 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 were provided by Planet Retail. Planet Retail, a leading provider of online retail intelligence, offers industry news, analysis, and digital media to decision-makers across all sectors. Covering over 1,800 grocery retailers and 4,000 banner operations in over 130 countries, Planet Retail has offices in London, Frankfurt and Tokyo. For more information please visit www.planetretail.net.

Group Sales reflect the consolidated net sales 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 company organization.

For retailers that are part of a larger conglomerate, Retail Sales reflect only the retail portion of the company’s consolidated net sales. 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 Sales include 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 2007 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 2002-2007 compound annual growth rate (CAGR) for Retail Sales, however, was calculated in each company's local currency.

Q ratio and future prospects

This report focuses on ranking the world's largest retailers by retail sales. Yet the size of a retailer, useful information that it is, doesn't tell us anything about future prospects. Large size merely demonstrates that a retailer has performed well in the past and has achieved critical scale. The market capitalization of a publicly traded retailer, examined alone, also says something about past performance – even if quite recent – but not necessarily about the future.

Q Ratio Composites

By country

	Q ratio	Assets in U.S. dollars	Market cap
Australia	0.591	\$47,493	28,064
Canada	0.834	39,152	32,671
France	0.419	151,995	63,611
Germany	0.206	84,517	17,386
Japan	0.542	191,529	103,842
Mexico	0.578	13,900	8,030
South Africa	1.225	5,739	7,029
UK	0.426	191,388	81,522
U.S.	0.952	806,068	767,457

By region

	Q ratio	Assets in U.S. dollars	Market cap
Africa/Middle East	1.225	\$5,739	7,029
Asia/Pacific	0.579	274,953	159,126
Europe	0.503	502,561	252,782
Latin America	0.595	34,642	20,629
North America	0.947	845,220	800,128

Yet it would be useful to use financial information to draw inferences about future performance. To a limited extent we can – although there are limitations to such analysis. Past readers of this report will recall that, each year, we analyze the Q ratio of retail companies in order to understand how financial markets are evaluating the future prospects of the world's biggest publicly traded retailers. In particular, the Q ratio enables us to infer whether retailers are strong in such areas as brand, differentiation, innovation, and customer experience.

What is the Q ratio?

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 the financial markets are valuing a company's non-tangible assets such as brand equity, differentiation, innovation, customer experience, market dominance, customer loyalty, and skillful execution. The higher the Q ratio, the greater the 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.

By merchandise category

	Q ratio	Assets in U.S. dollars	Market cap
Diversified	0.207	\$173,203	35,870
Fashion	0.643	319,719	205,453
FDM	0.830	880,716	730,889
Hardlines	0.924	289,476	267,483

By format

	Q ratio	Assets in U.S. dollars	Market cap
Apparel specialty	0.930	\$162,286	150,920
Cash & carry	1.104	21,653	23,905
Convenience	0.486	71,794	34,862
Department	0.317	168,823	53,572
Discount	1.133	222,586	252,252
Diversified	0.341	271,389	92,632
Drugstore	0.741	107,716	79,800
Electronics	1.181	107,790	127,315
Home improvement	0.721	115,410	83,254
Hypermarket	0.396	83,894	33,214
Non-store	1.073	19,010	20,392
Other specialty	0.639	75,660	48,339
Supermarket	1.018	235,103	239,238

Why is the Q ratio useful?

Why should we care about the Q ratio? In recent years, one of the biggest challenges facing any retailer has been commoditization, as consumers increasingly view price as the only differentiator among retailers. This attitude causes intense price competition and tends to drive down margins. Only the lowest-cost leaders in any retail segment can compete primarily on the basis of price - all others must do something else. The antidote to commoditization, therefore, is clear differentiation through better customer experience and innovation. In addition, such differentiation must be well communicated to consumers through strong branding. Consequently, a high Q ratio indicates that the financial markets believe a retailer is doing the right things to succeed in the current business environment. A Q ratio below one may indicate that the financial markets believe a retailer is failing to use its physical assets in a profitable manner.

There are, however, two caveats. First, some retailers are more asset intensive than others, with some leasing rather than owning stores, a fact that can distort a Q ratio. The Q ratio should therefore be taken with a grain of salt. Second, the recent steep drop in equity prices around the world stemming from the global financial crisis means that Q ratios are unusually low. Indeed, as indicated in our charts, many companies now have Q ratios below one - a far cry from last year's numbers. Still, the value of the Q ratio is not simply the absolute number but the difference between companies or groups of companies.

What the numbers show

This year we have calculated the Q ratio for 144 companies (last year we had 146 companies on the list). The arithmetic average Q ratio is 0.846 and the composite Q ratio (which is calculated by taking the sum of all company's market capitalization and dividing by the sum of all company's asset values) is 0.745. Last year these figures were 1.332 and 1.571 respectively. This reflects the steep decline in equity prices globally. Calculations for each company were based on asset data from the most recent financial statements and market capitalization (share price times number of shares) as of November 2008.

Here are some highlights from our analysis:

- Not surprisingly, the companies with the highest Q ratios include retailers well known for their strong brands. These include specialty apparel retailers such as Hennes & Mauritz, Fast Retailing (better known for the Uniqlo chain in Japan), and Inditex (best known for Zara), as well as such names as Apple and Amazon. In addition, near the top of the list are several food and general merchandise retailers, including discounters such as Dollar Tree and Family Dollar.
- Interestingly, while four retailers from the Asia Pacific region are among the top 10 retailers on the Q ratio list, the composite Q ratio for Asia Pacific retailers is relatively low. The highest composite is instead held by retailers from Africa/Middle East, followed closely by those from North America. Retailers from Asia, Latin America, and Europe are clustered with low Q ratios.
- If Q ratio is examined for countries with three or more retailers on the list, South Africa comes out on top, followed by the U.S. and then Canada. The lowest composite Q ratio belongs to Germany.
- We also evaluated composite Q ratios for retailers based on both their dominant merchandise category and dominant retail format. On this basis the category with the highest Q ratio is hardlines, or retailers specializing in durable consumer products such as electronics and furniture. This is surprising, given that in previous years fashion retailers have traditionally had the highest Q ratio, and it likely reflects the fact that fashion-oriented department stores have been particularly hard hit by the economic crisis. It is perhaps not so surprising that the diversified category, or retailers with no dominant category, have the lowest Q ratio.
- As for dominant format, the highest Q ratio belongs to electronics, cash & carry, and non-store retailers. Unlike in past years, apparel specialty chains performed poorly in this measure. Clearly, the troubling economic environment has wreaked havoc on the expected order of things.

Top companies by Q ratio

	Q ratio	Assets in U.S. dollars	Market cap	Country	Retail sales	Format	Sector
Publix Super Markets, Inc.	12.486	8,053	100,549.25	U.S.	8,053	Supermarket	FDM
H & M Hennes & Mauritz AB	5.046	6,187	31,221.65	Sweden	41,734	Apparel specialty	Fashion
Fast Retailing Co., Ltd.	3.693	3,116	11,505.99	Japan	359,770	Apparel specialty	Fashion
Suning Appliance Co. Ltd.	3.198	2,137	6,834.37	China	16,230	Electronics	Hardlines
Apple Inc. / Apple Stores	3.184	25,347	80,715.31	U.S.	25,347	Electronics	Hardlines
Amazon.com, Inc.	2.790	6,485	18,092.44	U.S.	6,485	Non-store	Hardlines
Metro Inc.	2.446	3,999	9,782.77	Canada	4,274	Diversified	FDM
Dairy Farm International Holdings Limited	2.381	2,303	5,482.25	Hong Kong SAR	2,303	Supermarket	FDM
Inditex S.A.	2.185	9,740	21,278.98	Spain	7,106	Apparel specialty	Fashion
Dollar Tree Stores, Inc.	2.113	1,788	3,778.01	U.S.	1,788	Discount	FDM
Shimamura Co., Ltd.	1.575	1,826	2,874.96	Japan	210,831	Apparel specialty	Fashion
Family Dollar Stores, Inc.	1.515	2,624	3,975.03	U.S.	2,624	Discount	FDM
Shoppers Drug Mart Corp.	1.494	5,281	7,888.87	Canada	5,644	Drugstore	FDM
Ross Stores, Inc.	1.426	2,371	3,380.35	U.S.	2,371	Apparel specialty	Fashion
Woolworths Ltd.	1.404	14,050	19,729.36	Australia	15,673	Supermarket	FDM
The Sherwin-Williams Company	1.378	4,855	6,692.66	U.S.	4,855	Home improvement	Hardlines
Staples, Inc.	1.348	9,036	12,180.11	U.S.	9,036	Other specialty	Hardlines
The TJX Companies, Inc.	1.341	6,600	8,847.23	U.S.	6,600	Apparel specialty	Fashion
Pick 'n Pay Stores Ltd.	1.333	1,299	1,730.51	S. Africa	9,304	Supermarket	FDM
Shoprite Holdings Ltd.	1.324	2,073	2,744.47	S. Africa	14,854	Supermarket	FDM
Wal-Mart Stores, Inc.	1.316	163,514	215,109.83	U.S.	163,514	Discount	FDM
Spar Group Ltd.	1.313	706	927.10	S. Africa	5,058	Diversified	FDM
Bed Bath and Beyond, Inc.	1.309	3,844	5,030.35	U.S.	3,844	Other specialty	Hardlines
AutoZone, Inc.	1.245	4,805	5,980.61	U.S.	4,805	Other specialty	Hardlines
Walgreen Co.	1.220	19,314	23,556.76	U.S.	19,314	Drugstore	FDM
President Chain Store Corp.	1.220	1,744	2,126.37	Taiwan	57,280	Diversified	FDM
Compagnie Financière Richemont SA	1.202	8,124	9,764.81	Switzerland	9,738	Apparel specialty	Fashion
Casey's General Stores, Inc.	1.199	1,219	1,462.34	U.S.	1,219	Convenience	FDM
Axfood AB	1.134	980	1,110.79	Sweden	6,608	Diversified	FDM
Costco Wholesale Corp.	1.116	19,607	21,872.99	U.S.	19,607	Cash & carry	FDM
The Gap, Inc.	1.094	7,838	8,572.58	U.S.	7,838	Apparel specialty	Fashion
American Eagle Outfitters, Inc.	0.999	1,868	1,865.37	U.S.	1,868	Apparel specialty	Fashion
BJ's Wholesale Club, Inc.	0.993	2,047	2,031.84	U.S.	2,047	Cash & carry	FDM
Advance Auto Parts, Inc.	0.985	2,806	2,763.09	U.S.	2,806	Other specialty	Hardlines
Massmart Holdings Limited	0.979	1,661	1,626.87	S. Africa	11,901	Diversified	Diversified
El Puerto de Liverpool, SAB de CV	0.977	4,559	4,456.19	Mexico	49,773	Department	Fashion
Lowe's Companies, Inc.	0.975	30,869	30,088.17	U.S.	30,869	Home improvement	Hardlines
CP All (formerly C.P. Seven Eleven Public Co., Ltd.)	0.958	1,414	1,354.40	Thailand	45,220	Diversified	FDM
PetSmart, Inc.	0.952	2,167	2,062.83	U.S.	2,167	Other specialty	Hardlines
Big Lots, Inc.	0.912	1,444	1,317.33	U.S.	1,444	Discount	FDM
GameStop Corp.	0.897	3,776	3,385.25	U.S.	3,776	Other specialty	Hardlines
Luxottica Group S.p.A.	0.896	9,811	8,793.68	Italy	7,157	Other specialty	Fashion
Kohl's Corporation	0.866	10,560	9,145.85	U.S.	10,560	Department	Fashion
The Home Depot, Inc.	0.853	44,324	37,790.86	U.S.	44,324	Home improvement	Hardlines
Ruddick Corporation / Harris Teeter	0.850	1,530	1,300.15	U.S.	1,530	Supermarket	FDM
S.A.C.I. Falabella	0.834	6,713	5,598.44	Chile	3,496,372	Department	Fashion
Yamada Denki Co., Ltd.	0.825	6,501	5,362.78	Japan	750,700	Electronics	Hardlines
The Kroger Co.	0.806	22,299	17,962.69	U.S.	22,299	Supermarket	FDM

Global Economic Outlook, November 2008

As recently as early September, most analyses of the economy focused on whether the Federal Reserve might have to increase interest rates due to concern over inflation. Rising commodity prices and a perception that the worst of the credit crunch was behind us was the impetus for such discussion. How quickly things have changed. The world now faces a seriously frozen credit market, the prospect of a significant recession, massive government intervention in the financial markets, and a business environment for retailers far weaker and uncertain than recently expected.

What on earth went wrong?

In recent years, high levels of borrowing by government and consumers, combined with massive purchases of dollar-denominated assets by the government of China, created a mix of low interest rates, high liquidity, and readily available credit. This was a favorable environment for investment in residential property and property prices increased rapidly. Meanwhile, banks were eager to initiate mortgages that could be bundled, securitized, and sold off to investors hungry for high returns. Sub-prime mortgages, in particular, were of great interest to investors.

Ultimately, however, the housing bubble burst when interest rates rose. House prices fell. No longer could homeowners simply sell their homes at a profit if they couldn't service their sub-prime mortgages. Instead, defaults increased, causing the assets backed by sub-prime mortgages to decline in value. Banks holding these assets took write-downs and experienced a loss of capital. This, in turn, caused a contraction in the volume of credit.

As banks and other financial institutions were caught holding toxic assets, other banks became wary of their credit worthiness. An increased perception of risk led to increased credit spreads so that, starting in August 2007, credit activity seized up. To remedy this, the Federal Reserve cut interest rates and flooded the market with liquidity.

By the end of the summer of 2008, the credit crunch appeared to be under control. Yet as U.S. home prices continued to fall in the wake of poor credit conditions, an excess inventory of unsold homes began to build. With the volume of toxic assets increasing, some large financial institutions found themselves in an untenable position.

The government facilitated the rescue of several, but did allow one large institution to fail. This single act, which at the time seemed appropriate to many analysts, sparked panic. Credit spreads increased dramatically, credit market activity nearly ceased, and economic policymakers were forced to look into the abyss.

In the autumn of 2008, the U.S. Federal Reserve and the U.S. Treasury undertook extraordinary measures aimed at restoring credit market activity. They acquired several large institutions, guaranteed the entire U.S. money market, and promised to purchase commercial paper in order to restore activity to this critical market. In addition, the U.S. Congress allocated \$700 billion to the Treasury to acquire toxic assets and/or recapitalize banks.

At the same time, as the crisis of confidence spread globally, governments in Europe and Asia chose to spend hundreds of billions of euros, pounds, and other currencies in order to recapitalize their banks. The UK government, in particular, started this process by spending money to acquire shares in publicly traded banks rather than merely purchase toxic assets. This act was soon followed by other governments, notably that of the United States.

Will government action work?

Governments have the unique advantage of being able to print money. There is no limit to how much money they can spend or how many assets they can acquire as long as they control the supply of their own currency. In the case of the Eurozone, however, governments theoretically lack this power as they do not control their own supply of money. There is no doubt that, ultimately, the banks can be recapitalized and that capital markets can be made to function. Moreover, if confidence is not restored and banks refuse to lend, ultimately they can be nationalized and ordered to lend. Indeed, the British plan enables the UK government to do just that. In addition, if credit markets are restored, governments can eventually sell the assets they acquire. In the long-run, taxpayer liability might be far less than the notional amounts that have been spent.

Past experience provides a mixed bag of successes and failures in terms of government intervention. In Japan in the early 1990s, the collapse of an enormous property bubble rendered many large banks insolvent. Yet it took seven years before the Japanese government intervened and assisted banks in cleaning up their balance sheets. At least the United States and European governments are acting more quickly today. A good model for success is what happened in Sweden in the 1990s, where a bank crisis was followed by massive government intervention that included some bank nationalization. The credit markets were restored quickly and the government ultimately sold most of the assets they had acquired. The liability of the Swedish taxpayer was actually minimal.

What does this mean for economic activity—and especially for retailers?

Even before the current total credit freeze, things were not looking good for the global economy. The collapse of housing prices in the United States as well as the end of housing bubbles in the United Kingdom, Spain, and several other countries meant that the positive wealth effect of increased housing prices would no longer spur retailing. Thus, the growth of consumer spending was constrained. In addition, the collapse of housing market activity hurt home-related retail spending. Thus, it is no surprise that overall retail sales growth has been weak in the United States and Europe.

Now, with the credit freeze having intensified, there is a strong likelihood of a deeper economic downturn in the United States and Europe, which is already having a spillover effect on the rest of the world. The almost complete collapse of the commercial paper market in the United States means that businesses, both large and small, are having trouble with short-term financing. Although government intervention in this market is designed to stimulate lending, it may take a while to kick start activity. In the interim, some weak businesses may fail rather than be acquired given the inability to finance new acquisitions. Employment is likely to suffer substantially.

The ultimate impact on the global economy will depend on how quickly governments restore credit market credibility. Yet recent volatility in equity prices indicates that market participants have reevaluated the future profitability of large corporations. They have determined that the current problems will cause a slowdown in economic activity that will suppress profits. The implied drop in wealth will certainly have a negative impact on spending by consumers. As such, the outlook for retailers in developed economies is quite poor.

A reasonable forecast is that the U.S. economy ultimately recovers by the end of 2009. Even then, however, consumer spending growth will be limited. The U.S. housing market will take much longer to recover. The destruction of housing wealth will weaken consumer spending growth. Indeed, the structure of the U.S. economy is likely to shift so that more growth will come from exports (something that is already happening) and that retail spending will grow more slowly than the overall economy.

As this happens, the U.S. consumer will no longer be the engine of global growth that it represented in the past. Instead, the rest of the world will have to rely on other sources of growth. In East Asia, which has been highly dependent on exports to the United States, more future growth will come from consumer spending. For global retailers and their suppliers, this means that there will be a shift in focus away from North America and more toward East Asia and some other emerging economies.

What should retailers do?

In the short run, retailers will have to focus on market share. It was relatively easy to do well when the market was growing rapidly. This new environment will determine which retailers have the right strategies.

Consumers will be intensely value-oriented, even more so than in the recent past. We are seeing this already with consumers shifting to more price-focused retailers. And for all retailers, this environment will require added attention to keeping costs under control.

Top-line growth, however, will require something altogether different. Retailers will gain market share only if they are clearly differentiated from competitors, possess strong brand equity, have the ability to innovate in order to maintain differentiation, and offer a customer experience that excites consumers. These are the factors that will provide retailers with pricing power.

Whatever happened to commodity prices?

Until the recent credit crisis, many analysts were more focused on concerns about high and rising commodity prices. No longer. Since September, commodity prices have dropped precipitously including energy and food prices. Have the causes of high-priced commodities gone away? No. In the long-run, there are good reasons to expect oil and food prices to be relatively elevated compared to recent history.

Yet in the short-run, a decline in prices is warranted as is an increase in volatility.

As of this writing, the global economy is on a downward path. The U.S., already in a mild recession, may be entering a deeper and more prolonged downturn. Western Europe is also likely to see a downturn in economic activity. Emerging markets are not immune and are likely to experience at least a slowdown in growth. Thus, global demand for commodities is quickly weakening. Markets are responding by driving down prices. These will remain weak until economic recovery is clearly on the horizon. In the interim, lower commodity prices, especially for oil, will offset some of the negative impact of the credit crunch in oil-importing countries. For commodity exporters, however, the current drop in prices will hurt economic growth.

In the longer term, the same forces that drove prices up through most of this decade have not disappeared. As large emerging markets such as China and India continue to grow rapidly, demand for energy will rise accordingly—especially as energy costs are subsidized in these countries, which will discourage efficient usage. At the same time, supply of energy will be constrained by a failure to invest in new capacity in many emerging markets. Discrimination against foreign investment, political instability, and international conflicts over pipelines will be among the factors that limit investment and, therefore, output.

The result will be high prices for a prolonged period—at least until high prices motivate energy consumers to radically change their demand patterns. This will happen—but not for several years.

What does this mean for retailers? High energy costs influence retailers at both the demand and the supply end of the equation. On the demand side, relatively high energy prices mean a shift in consumer behavior. In the United States and Canada, it will likely mean the purchase of smaller more fuel efficient vehicles. Globally, it will mean greater consumer sensitivity to distance when planning shopping and leisure trips. It will also mean more expenditure on products that improve energy efficiency in the home.

On the supply side, higher energy prices could change the nature of retail supply chains. In the past two decades, global supply chains were designed to take advantage of low transport costs and low wages in emerging countries such as China. Now that transport costs are growing, and as wages rise in China, it will make sense for retailers and their suppliers to diversify their supply chains. Some production will shift out of China and toward locations closer to end consumers.

What follows is a detailed look at how the current economic outlook is affecting various regions and countries and what it means to retailers.

Europe

There was a point in time not long ago when Europeans reasonably thought that they would avoid any serious consequences from the economic troubles in the United States. That time has passed. Today, Europe's financial system is reeling from the same troubles that began in the United States with a bursting housing bubble. Although the word bubble cannot be used to describe the housing markets in many European countries, the U.S. bubble nevertheless had a contagious impact on Europe's financial institutions.

First, many European banks were caught holding the troubled assets at the core of the crisis. This necessitated write-offs that reduced capital and caused a decline in the availability of credit. Second, the credit crisis in the United States, which entailed a dramatically increased cost of capital as banks re-evaluated risk, spread to Europe. Bank lending to other banks declined dramatically leading to a near collapse of the financial system. As the U.S. government undertook massive economic intervention, so did the governments of Europe. Most significant was the initial decision of the United Kingdom to inject capital into banks in order to recapitalize them and make them capable of lending. Other European governments followed suit.

As of this writing, the crisis is still in effect and it is unclear how quickly normal credit conditions will be restored, how much more government intervention will be necessary, and to what extent the crisis will have a serious impact on overall economic activity. What we do know, however, is that Europe's retailers will feel some negative impact, possibly severe.

Asia Pacific

There is a saying in international economics: "If the United States sneezes, the world catches a cold." That is, if the U.S. economy slows down, a number of economies around the world feel the effects. Nowhere is this more relevant than in Asia, a region that has become one of the biggest suppliers of manufactured goods to the United States. However, over the past few years, many experts postulated that the old adage no longer applied, that Asia had "decoupled" from the U.S. economy. Asian economies, they asserted, were growing on their own steam and did not rely on the United States. With the current financial crisis, this thinking has been shown to be wanting. The Asia Pacific region is now obviously suffering from contagion brought on by the U.S. fiscal crisis. That is, modern economies seem to be not only connected by trade, but also through complex financial pathways.

The contagion has hit Asia Pacific equity markets especially hard, causing significant volatility. Some central banks in the region have sharply cut interest rates and lowered bank reserve ratios. But these actions seem to have had no effect. Risk spreads, an indicator of how risky countries or companies are perceived to be, are reaching new peaks. The malaise has started to extend into the real economy with industrial production numbers falling in recent months.

So what is next? Asia will continue to suffer as the slowdown in the United States and Europe deepens and GDP growth will likely be subdued for the next couple of years. Australia, as an exporter of commodities, will take a particular hit because of falling commodity prices. Central banks will most certainly continue to reduce interest rates as well as cut reserve ratios; they have been lucky because inflation has started to show signs of tapering off as commodity prices cool. Governments will also chip in with some amount of fiscal priming. However, there is a limit to what can be done - although the Chinese government has a huge amount of money at its disposal, governments in emerging economies generally don't have unlimited budgets. It is likely that neither central banks nor governments will be fully effective as this is a crisis of confidence more than anything else. The Japanese situation in the 1990s is a prime example of this scenario, where neither fiscal nor monetary measures worked because consumers had lost their faith and refused to spend.

There is little doubt that China's economy is now slowing. Export growth has diminished in real terms due to the slowing U.S. economy and the rising value of Chinese currency. As a consequence, industrial production is decelerating. On the other hand, inflation seems to be under control, providing room for the Central Bank to continue easing monetary policy. The government is also using fiscal policy to stimulate demand. The end result will be slower growth but not a recession. In addition, while exports will suffer, consumer spending should be relatively stable, helping to keep retailers in a strong position.

India, having tightened monetary policy last year in order to quell inflation, now faces a slowdown in growth. This has led to a drop in equity prices, a drop in confidence, and a substantial decline in foreign investment, causing downward pressure on the currency. The central bank has lately loosened monetary policy in order to deal with the economic slowdown. The result will be economic slowdown but not recession. In the longer term, however, a number of problems will stifle strong growth. These include excessive regulation, poor infrastructure, and limits on the supply of high quality human capital. Still, India will likely grow more rapidly than its historical pattern, thereby fueling a rise in the number of middle class shoppers. Retailers will continue to benefit from this growth.

Finally, Japan is again entering into a recession, spurred by the global slowdown as well as the lagged effects of tight monetary policy. The Bank of Japan is caught between a desire to ease the slowdown but, at the same time, avoid weakening the yen, which could lead to increased activity in the so-called carry trade. The latter could cause increased financial market volatility. For now, it appears unlikely that there will be acceleration in consumer spending in Japan, something needed to fuel stronger growth.

Russia

Russia has been riding high until recently. The soaring price of oil helped stimulate strong economic growth which, in turn, created a consumer spending boom. Retailers in Russia have seen rapid growth in the midst of a relatively benign regulatory environment. Foreign retailers, especially, have enjoyed the Russian market due to limited regulation, strong consumer demand, and relatively weak local competition.

But lately the business environment has changed dramatically. First, the price of oil has dropped precipitously. And, although the price of oil is expected to be relatively high in the longer term, it could remain quite low for the next year or two given the weakness of the global economy. This will harm Russia's export revenue and, therefore, its economic growth.

Second, and simultaneously with the drop in oil, the global financial crisis emerged in late 2008. The result was that financial market participants began to anticipate a decline in Russia's growth, causing a rapid decline in Russian equity prices. Unfortunately, some Russian businesses had secured loans using their equity as collateral. As equity prices declined, Russian banks faced serious capital losses. In the end, as in the United States and Europe, the Russian government had to intervene.

Despite uncertainties, a general view of Russia's outlook is emerging. With declining oil prices, rising inflation, and weak investment, it is reasonably safe to say that Russia's economy will slow down in the near

future. In addition, monetary policymakers are caught between a rock and a hard place. On the one hand, rising inflation suggests a need to tighten monetary policy, especially as there is now downward pressure on the ruble. On the other hand, the recent crisis in credit conditions suggests the need to loosen monetary policy in order to maintain liquidity in the economy. The latter will prevail for now. Russia's recovery, however, will depend on restoring investor confidence and a stabilization of oil prices. In the longer term, failure to invest in non-energy industries could stifle or even de-stabilize Russia's economy.

Brazil

Until recently, Brazil experienced relatively strong economic growth paired with single-digit inflation—a rare combination considering Brazil's difficult history. The country benefited from sensible monetary and fiscal policies, a competitively valued currency, rising prices for commodity exports, and strong interest in BRIC countries from global investors. However, strong growth of commodity exports pushed up the value of the Brazilian currency and thereby hurt the competitiveness of exports.

Lately, Brazil has seen an increase in inflation. At the same time, global commodity prices have started to decline, reducing export earnings. This decline has also pushed the currency down. While this might be beneficial to exporters of manufactured goods, a weak currency has the negative effect of increasing import prices and adding to inflation.

Brazil's policymakers are thus faced with an unfortunate combination of slowing growth and rising inflation. Brazil's central bank recently responded by tightening monetary policy, opting to fight inflation early even at the cost of slower economic growth. For the near term, it appears that Brazil's economic growth will indeed slow. Declining overseas demand and commodity prices as well as tightening monetary policy will see to that. Once the global economy eventually recovers, Brazil will probably resume moderate growth.

Top trends for retailers 2009

Cut costs

As the global economy struggles, the world's leading retailers are finding that profitability is far more challenging than in the recent past. Top-line growth is likely to be problematic for some time to come. Indeed, even after the global economy recovers, some retailers—especially those in the United States—will find that retail spending growth will be constrained by consumer balance sheets.

Thus, profitability will more likely arise from the ability to limit a variety of costs.

Retailers are likely to take a knife to operating costs by consolidating support functions and slashing payroll. In addition, they will examine their cost of goods more carefully. They will attempt to negotiate better deals with suppliers, taking advantage of the fact that a recessionary environment creates more of a buyer's market. They may even find that they now have more leverage with suppliers.

Retailers will also more closely examine the mix of businesses they operate and may choose to eliminate formats, fascias, and merchandise categories that are underperforming. This is an excellent time to become more focused on core businesses—and define what core business a company should operate. It is also an excellent time to figure out the appropriate mix of formats and fascias, as well as to re-negotiate leases.

In so doing, smart retailers will be better positioned to take advantage of the ultimate economic recovery.

Finally, retailers will take a hard look at their locations, choosing to exit some markets and shut down stores that are probably cannibalizing others.

Think risk management

Having been burned by an abrupt shift in the business landscape, retailers will be wise to focus more attention on the issue of risk mitigation. And given that financial markets want retailers to be prepared for changes in the environment, more attention will be paid to this critical issue. Among the risks that will keep retailers awake will be disruptions to supply chains, currency volatility, natural disasters, man-made disasters, legal liability, and financial market disruption. The latter is probably of most immediate concern. The recent meltdown in credit markets demonstrated the importance of having sufficient cash on hand and having strong financial service and supplier relationships.

It is likely that more retailers will have a chief risk officer and maintain more substantive plans for dealing with business disruption. In addition, an important part of risk mitigation will involve diversifying risk. Those retailers with supply chains concentrated in one location or with one major supplier may choose to re-think such business design. Diversification of sourcing will be critical.

Think customer experience

In a slow growth environment, retailers will look for ways to differentiate from competitors in order to build brand equity and generate interest in store visits. One important way to do this will be to focus on the quality of the customer experience in the store. This can entail many aspects of

retailing, including customer service, store layout and design, product information, ease of finding merchandise, speed and efficiency of checkout, visual merchandising, and after sales service.

Retailers will also focus on two things: designing an appropriate customer experience that is synchronized with the overall strategy and brand message of the store, and properly executing that experience.

Evidence abounds that customer experience can make a large difference in the performance of a retailer. There are countless examples of retailers who have re-designed their customer experience with positive results. The largest challenge, however, is not so much to design the correct experience but to execute that experience. The challenge is especially difficult when it entails using employees to execute a personal experience. That is where the next trend comes in.

Think human capital management

Perhaps the greatest challenge for retailers, other than the economic climate, will be managing human capital in a way that generates strong results. Like other service industries, retailing is an intensely personal business, much different from the manufacture of products. Yet it is even more challenging than some other service businesses such as financial services or transportation because retailing involves meeting the needs of people at many different levels. It involves meeting their simple material requirements and dealing with their financial and time constraints, while at the same time providing them a degree of entertainment and diversion.

All of this, of course, must be done while flawlessly managing complex supply chains, logistics, and cash management. While it all requires good people, the overall complexity requires a very large number of people. Often these people are the only connection between a retailer and its customers. And yet such people often receive modest compensation, have limited experience, and are not properly trained. The challenge going forward will be to spend more time and money on training, do more to engender employee loyalty to mitigate turnover, and improve employee productivity in order to justify higher compensation—the latter being critical to attracting the best people.

Given the demographics of developed nations (slow population growth, aging workforce), it will be important to off-shore some processes to lower wage countries. In addition, it will be useful to attract and retain older employees.

Think multi-channel

The Internet is now one of the most powerful tools for interacting with consumers. Not only is it a valuable selling tool, it is also a great tool for learning about consumers, telling stories to consumers, and

enabling consumers to find the information they need for successful shopping. Indeed, millions today use the Internet for research before visiting stores. For retailers, the challenge is to intercept consumers online before they go elsewhere to get their information or purchase their goods.

Retailers have not always done this well. Many websites today offer consumers unique opportunities for purchasing, research, interaction, and entertainment—often bypassing the retailers who have the most to offer. Part of the problem is that many retailers were not quick to exploit this opportunity, or struggled when they tried to do so. Yet all is not lost. Consumers can be convinced to visit new sites if the value proposition is strong.

Going forward, the best retailers will be those that successfully use the Internet to seamlessly deliver information and products to consumers in conjunction with store experiences. As Internet shopping grows as a share of total shopping, failure to execute this strategy could spell trouble for retailers.

Think smaller stores

In recent years, much emphasis has been placed on operational efficiency and on providing consumers with a one-stop shopping experience. Hence, very large stores were the order of the day. Although they will not soon disappear, big stores will not play as significant a role in retail growth as they have in the recent past. Instead, retailers will increasingly focus on opening smaller stores.

There are several reasons for this. First, regulatory restrictions on store development will mean that retailers will face fewer obstacles to opening smaller stores. Second, the fragmentation of the consumer market means that it will be more difficult to satisfy the needs of a mass market. Smaller stores will do a better job of appealing to niche consumer segments.

Third, consumers do not always engage in massive shopping expeditions and often shop for only small quantities of goods. In this case, the large store experience does not necessarily match the needs of consumers. Finally, large stores require large populations in order to be profitable. This means longer trips to stores for many consumers. Yet long trips do not make sense when shopping for modest quantities. Thus, there remains a strong *raison d'être* for smaller stores.

In the future, large retail chains will likely develop a combination of large and small stores, enabling them to satisfy different consumers on different occasions. This, combined with online selling, will offer consumers a variety of venues for interacting with a favored retailer.

Think market segmentation

In major developed nations, the mass market is rapidly disappearing. There has been a relative increase in the number of lower- and upper-income households with the middle class becoming a smaller share of the total. The consumer market has also become fragmented in terms of lifestyles. The result is that, for retailers as well as their suppliers, marketing to the masses, or appealing to the needs of a mass market, is increasingly problematic. Indeed, we have seen the rise of niche players as well as the rise of discount and luxury retail formats at the expense of traditionally mass-market formats.

Consequently, retailers will increasingly focus on appealing to niche household segments. This will take two forms. First, marketing efforts will increasingly shift away from mass-market advertising toward interacting with individual consumers—either online or in-store. The use of retailer websites will play a critical role not only in directly selling to consumers but also in developing relationships with consumers that drive them into stores. As such, multi-channel activity will be a critical element in developing segmented markets.

Second, large retailers will grow, in part, by developing new niche-oriented formats and fascias rather than simply rolling out cookie-cutter stores on a mass basis. Alternatively, retailers will maintain existing formats and fascias yet do a better job of customizing them to the needs of specific consumer cohorts. This will require more sophisticated knowledge of consumer lifestyles and needs as well as more complex organizations capable of managing on a more granular basis.

Think global

For the better part of two decades, the push toward retail globalization has been deemed imminent. And while many retailers have gone global, many haven't. Moreover, many that have done so have found the terrain far more challenging and not quite as lucrative as originally anticipated.

That said, the reasons to globalize have not disappeared. Indeed, they have been reinforced by recent events. In developed countries, the United States in particular, retail spending growth is weak and, due to a combination of demographics and shifting economic structure, it is likely to remain so. Apart from gaining market share at home, the world's leading retailers will only find strong growth by moving into new markets—especially fast-growing emerging markets.

The world's biggest retailers, particularly those that focus on food, have already made substantial investments outside their home markets. In the coming years, we're likely to see second-tier retailers as well as more non-food retailers take the plunge. In addition, we are also likely to see retailers based in emerging markets continue the path

of investing in other emerging markets and even in some developed markets. As more and more retailers undertake globalization, the factors that enable success will become more evident.

Re-think supply chains

Over the past two decades, the world's largest retailers have developed highly efficient supply chains that span the globe. The design of these supply chains was predicated mainly on the low price of energy, which made transport costs low and relatively negligible. In addition, the low wages in China's big coastal cities and their modern port facilities rendered the country an excellent location from which to source goods.

But today, things are changing. Energy prices, despite recent declines, are likely to be relatively high in the next few years and transport much more expensive than in the recent past. Wages in China's large coastal cities are also rising, as is China's currency, which will likely rise further. Overall, the cost of sourcing in China is going to increase.

Many companies are already starting to re-think their supply chains. While radical action is not likely, companies will likely shift the emphasis of their supply chains at the margin, similar to what is happening now with suppliers. Specifically, companies will seek to diversify supply chains, especially to take advantage of lower cost in locations other than China, and shift some sourcing closer to final markets to reduce transport costs. There will also be a growing focus on producing in China for the Chinese market itself, assuming investment in stores in China

You are a brand

In an era of slow growth, tight margins, and fickle consumers, the key to success is to differentiate. One critical element in successfully differentiating is communicating that difference to consumers. Hence, branding will require special attention from retailers who want to stand out from the crowd.

Traditionally, branding has been seen as the special skill of product manufacturers, hotels, restaurants, entertainment companies, and others with direct connection to consumers. Aside from specialty apparel and luxury retailers, branding has not always been seen as important for retailers—especially those that sell food and other mass products. Yet for these retailers, branding has never been more important.

Today's most successful retailers typically have one of two attributes. First, there are those with the most efficient supply chains, which translates into lowest costs and prices. However, there are those retailers that do not attempt to match low-price leaders and have succeeded by managing their brands and demonstrating to consumers why they are different. Retailers that do not compete on low prices must successfully manage brands or ultimately fail. Indeed, the least successful retailers in recent years have been those with uncompetitive prices and undifferentiated shopping experiences.

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