

Deloitte Global report finds the world's top retailers achieved strong growth



US\$4.53 trillion in revenues generated by Top 250 global retailers
The global economy is at a turning point

The Top 250 global retailers generated aggregated revenues of US\$4.53 trillion in fiscal year 2017, representing composite growth of 5.7 percent, according to Global Powers of Retailing 2019, a new report from Deloitte Global.

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

In Southeast Asia, retail growth is likely to continue to be driven by the consumer's ever-growing demand for convenience. "Within the Top 50 fastest-growing retailers, convenience store operators accounted for the top three Southeast Asian players," comments Eugene Ho, Deloitte Southeast Asia Consumer Industry Leader. "Across markets such as Indonesia and Thailand, we are witnessing the aggressive expansion of convenience store chains. With their closer proximity to consumers and longer operating hours, convenience store chains are driving a marked shift in the overall consumer preference towards modern trade channels – and away from traditional trade channels, such as mom and pop stores, street hawkers, and wet markets, that were previously the dominant channels."

Global Powers of Retailing Top 250

The world's Top 10 retailers contributed 31.6 percent share to the Top 250's total retail revenue in FY2017. The top three retailers maintained their positions in the Top 10. Growth of the Top 10 outpaced that for the Top 250 retailers, at 6.1 percent and 5.7 percent respectively. However, the net profit margin composite for the Top 10 was weaker than the previous year and when compared to the Top 250. This is in large part because eight of the Top 10 retailers operate in the low-margin Fast Moving Consumer Goods¹ (FMCG) sector where margins are increasingly under pressure from rising costs, lower pricing power due to increased competition and transparency, and the need to invest in digital transformation of the businesses.

Europe has the highest number of Top 250 retailers, with 87 companies based in the region (34.8 percent), up from 82 in FY2016. Germany has the largest companies with an average size of US\$24.7 billion, which is much higher than the average Top 250 size of US\$18.1 billion.

"The world's Top 10 retailers are more globally focused, with operations on average in 13 countries versus 10 for the overall Top 250," says Vicky Eng, Deloitte Global Consumer Industry leader. "European retailers remain the most globally active as they search for growth outside their mature home markets."

The FMCG sector is the key driver of the Top 250 metrics. The 138 companies (55.2 percent of Top

250 retailers) generated 66.2 percent of the retail revenue in FY2017. In comparison to other sectors, retailers in this sector have the largest average retail revenue (US\$21.7 billion in FY2017). Although being the largest contributor to the total retail revenue of the Top 250 companies, this is a low-margin sector with the lowest net profit margin of all the sectors (1.6 percent in FY2017).

¹Fast-moving consumer goods: Products that are sold quickly and at relatively low cost.

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