

## STATS WINDOW

The Pacific Business Review International has taken an initiative to start a section which will provide a snapshot of major Global & Indian economic indicators and industry review alternatively.

A snapshot of the section in upcoming issues is hereunder:

<b>July 2014</b>	Economy at a Glance (Global & Indian)
<b>August 2014</b>	Hospitality Sector: Global Scenario
<b>Sept. 2014</b>	Economy at a Glance (Global & Indian)
<b>Oct 2014</b>	Agriculture Sector: Global Scenario
<b>Nov 2014</b>	Economy at a Glance (Global & Indian)

### Industry Review at A Glance Retail Sector: Stats Overview

#### Retail – Future Lies in the Hands of Customers:

Recent trends in the retailing demonstrate the power shift away from retailers to customers. In the early days of retail, producers had the most say about pricing and distribution. Overtime though, the web brought about more information and transparency in the form of review websites, price check apps, and social media. IT industry changes the whole scenario of retail industry by not only enlarging the choice of products but also with saving time. You can buy a product anytime anywhere which you cannot even imagine few years back. Market is changing fast and so the choice of Consumers

As a result, shoppers now have more control over what to purchase and where to buy it from, leaving retailers with the challenge of vying for consumer attention. And that's why the emerging trends of 2014 are all about grabbing and keeping the interests of shoppers. Retailers are learning that their survival depends on how well they adapt to this customer-centric reality.

#### Retail in 2014

Retailers will continue to realize that they need to connect with users on multiple channels and touch points simultaneously or even interchangeably. In 2014, more retailers will give customers the ability to interact and complete transactions on their own terms. In other words, if a customer wants to view an item online, purchase it using their phone, and return it by dropping by the store, they can do so in a smooth and seamless way.

Cash and credit cards won't be things of the past any time

soon, but mobile will definitely get a huge chunk of the payments pie in the coming year. According to Forrester Research, mobile payments will amount to \$90 billion in the coming years. And we anticipate that in 2014, retailers will be taking big strides towards that number by adopting solutions such as PayPal, Google Wallet, Square Wallet, Dwolla, and more.

One-size-fits all marketing just won't cut it anymore, which is why retailers will start implementing solutions to personalize each customer's experience.

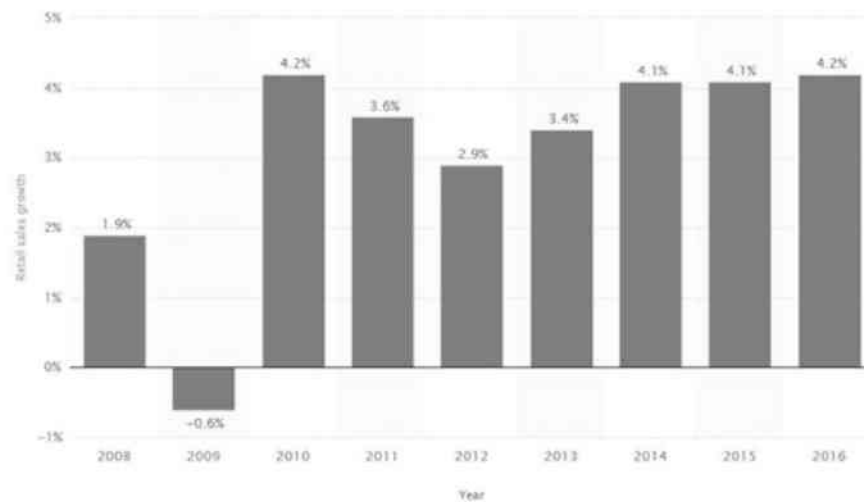
While ecommerce sites have been doing it for years through tailored landing pages, offers, and recommendations, a lot of brick and mortar stores will also get in on the fun next year. Thanks to Bluetooth Low Energy (BLE), a technology that lets Bluetooth 4.0 devices such as PayPal Beacon, Estimote, and iBeacon communicate with smartphones, retailers will be able to send tailored notifications to each shopper's device, depending on where they are in the store.

2014 will be the year when stores say goodbye to boring, antiquated layouts. It has started to dawn on retailers that if they want to keep people in their stores, they need to make their locations interactive and engaging.

This can be done in a number of ways, the most basic of which is by using in-store mobile devices. Tablets and smartphones are versatile and can be used in several ways, including taking payments, demonstrating products, offering more information, and encouraging social sharing.

## Change in retail Industry growth over time

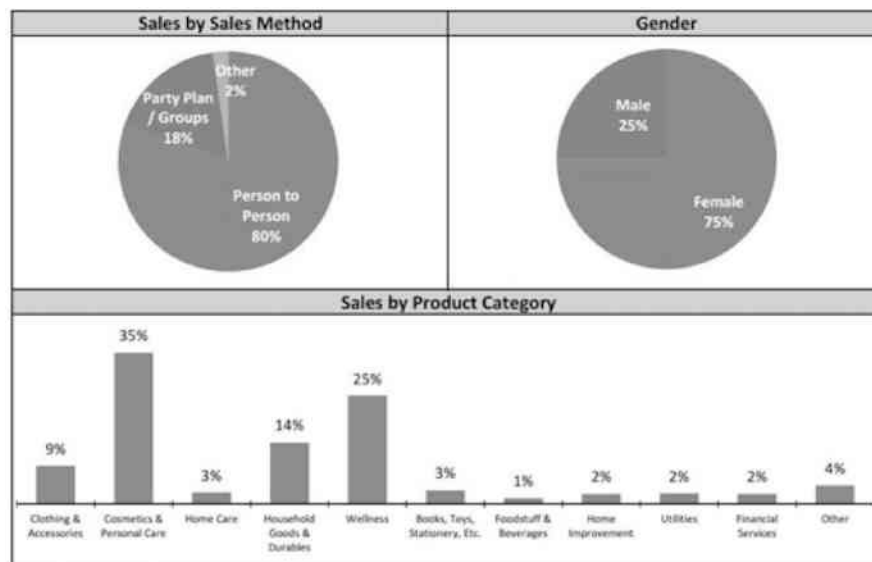
Forecast for global retail sales growth from 2008 to 2016



## Global Retail Facts and Major Economies of World:

2012 Global Retail Sales: USD \$166,876 million ▲ 5.4%

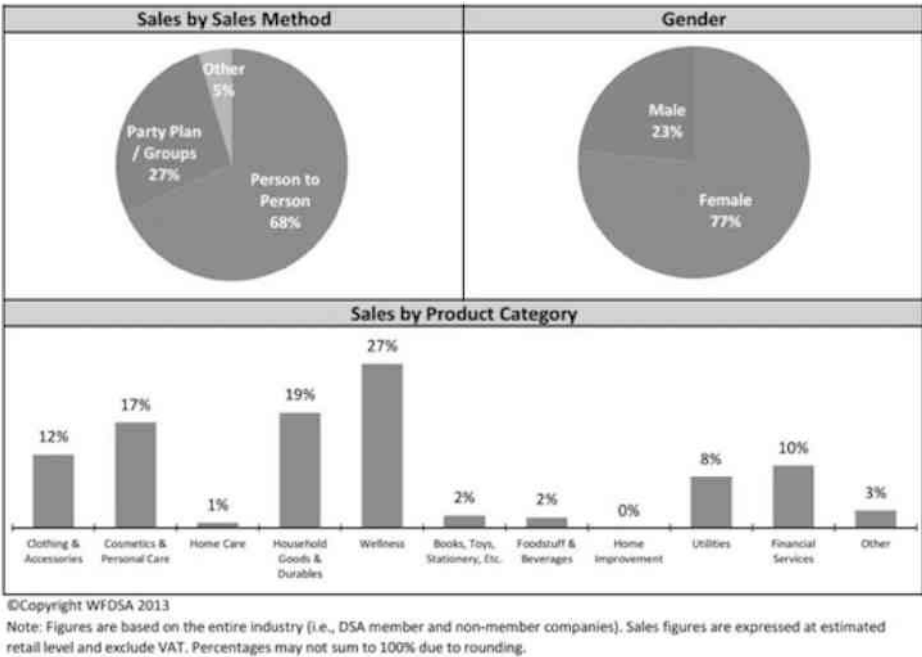
### FACT SHEET - Global Direct Selling



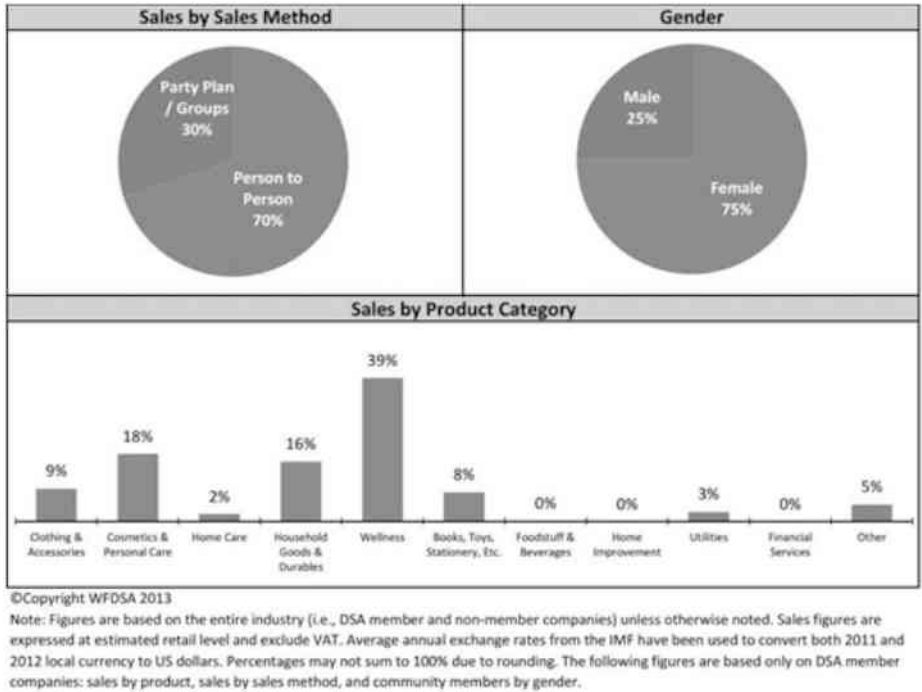
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Note: Sales figures are expressed at estimated retail level and exclude VAT. Average annual exchange rates from the IMF have been used to convert both 2011 and 2012 local currency to US dollars. Percentages may not sum to 100% due to rounding.

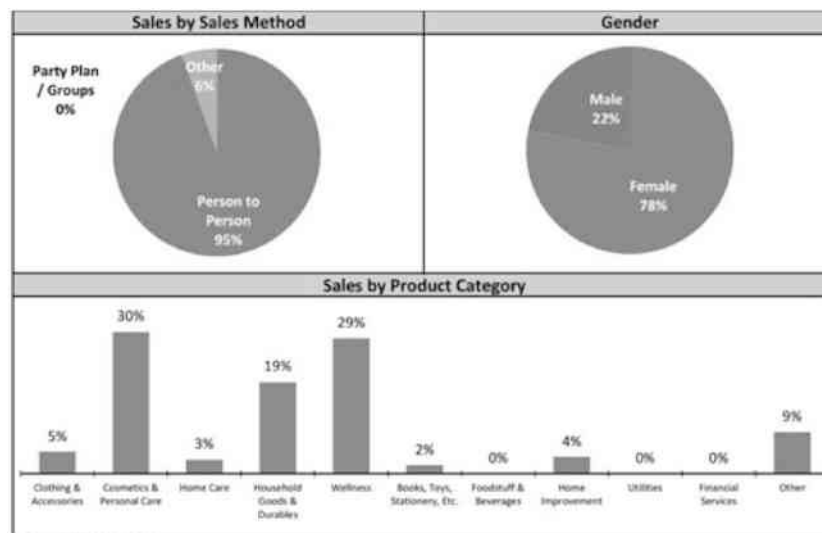
2012 United States Retail Sales: USD \$31,630 million ▲5.9%  
FACT SHEET – United States Direct Selling



2012 United Kingdom Retail Sales: LC 2,000 / USD \$3,160 million ▲7.2%  
FACT SHEET – United Kingdom Direct Selling



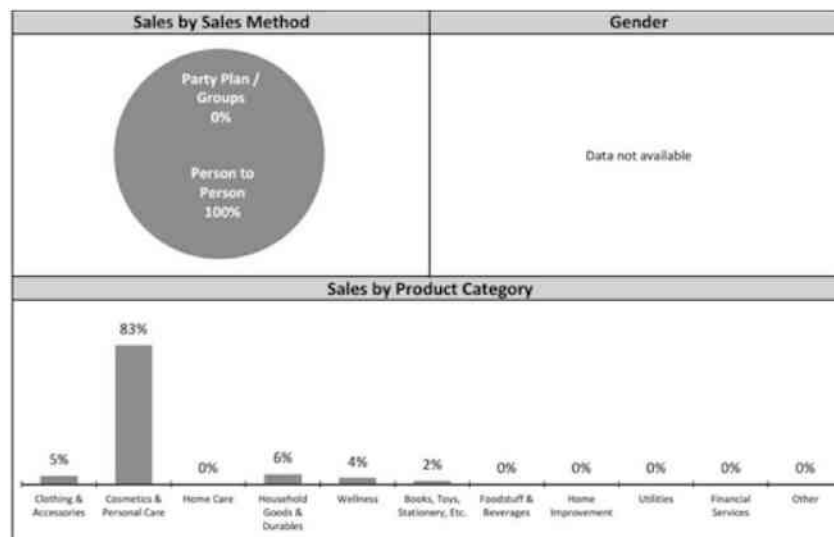
**2012 Japan Retail Sales: LC 1,812,000 / USD \$22,710 million ▼4.8%**  
**FACT SHEET - Japan Direct Selling**



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Note: Figures are based on the entire industry (i.e., DSA member and non-member companies) unless otherwise noted. Sales figures are expressed at estimated retail level and exclude VAT. Average annual exchange rates from the IMF have been used to convert both 2011 and 2012 local currency to US dollars. Percentages may not sum to 100% due to rounding. The following figures are based only on DSA member companies: sales by product, sales by sales method, and community members by gender.

**2012 Brazil Retail Sales: LC 28,537 / USD \$14,604 million 13.1%**  
**FACT SHEET - Brazil Direct Selling**

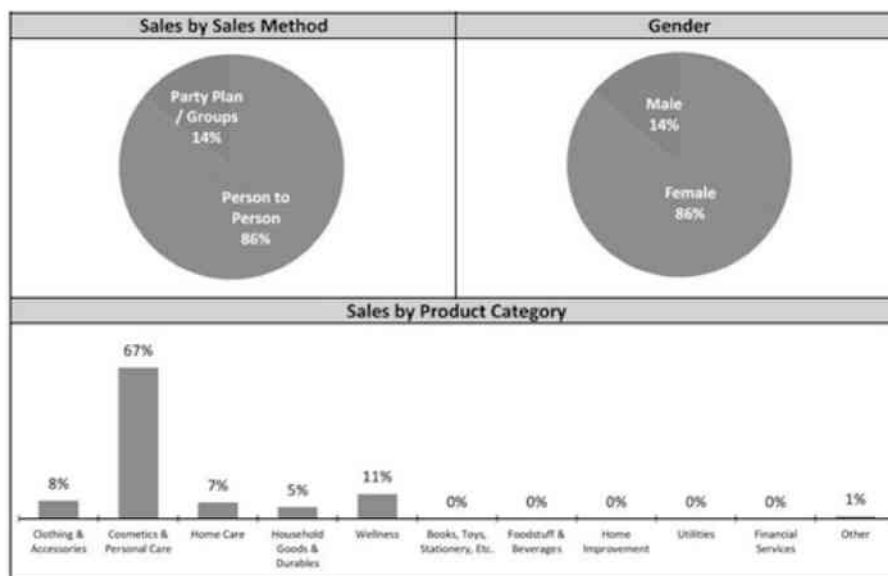


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**2012 Russia Retail Sales: LC 131,516 / USD \$4,264 million 4.1%**

**FACT SHEET – Russia Direct Selling**

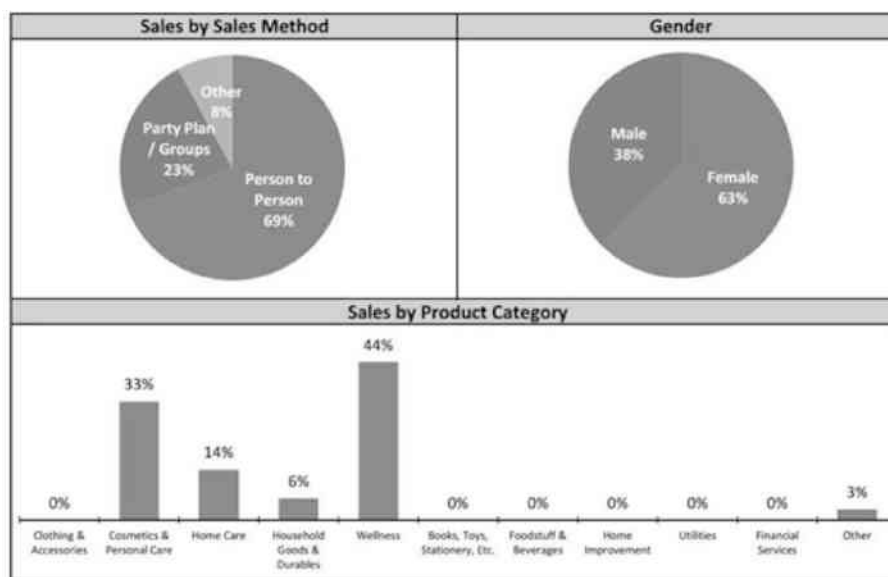


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**2012 India Retail Sales: LC 56,189 / USD \$1,051 million 22.6%**

**FACT SHEET - India Direct Selling**



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## Revenue Spent on Retailing – Region Wise



The Picture Clearly Shows that the future for retail lies in Emerging markets of third world countries of Africa and Middle East. Although many countries of Asia and Latin America are also untouched and may prove as a big market for Retail Industry.

### Global Top Five Retailers

Worldwide Top Five Retailers			
Retail Sales Rank	Company	Country of Origin	2013 group revenue (US \$mil)
1	<u>Walmart</u>	US	▼ \$464,162
2	<u>Tesco</u>	UK	▲ \$119,052
3	<u>Costco</u>	US	▲ \$105,156
4	<u>Carrefour</u>	France	▲ \$103,555
5	<u>Kroger</u>	US	▼ \$96,751

## Retail Industry: Indian Scenario

India is the fifth largest retail destination globally. The Indian retail industry has experienced tremendous growth over the last decade with a significant shift towards organised retailing format and development taking place not just in major cities and metros, but also in Tier II and Tier III cities. The overall retail market in India is likely to reach Rs 47 trillion (US\$ 792.84 billion) by FY 17.

As India's retail industry aggressively expands itself, great demand for real estate is being created. Further, with the online medium of retail gaining more and more acceptance, there is a tremendous growth opportunity for retail companies, both domestic and international. Favourable demographics, increasing urbanisation, nuclear families, rising affluence amid consumers, growing preference for branded products and higher aspirations are other factors which will drive retail consumption in India. Both organised and unorganised retail are bound not only to coexist but also achieve rapid and sustained growth in the coming years.

### Market Size

The Indian retail market, currently estimated at around US\$ 490 billion, is project to grow at a compound annual growth rate (CAGR) of 6 per cent to reach US\$ 865 billion by 2023. Food and grocery is the largest category within the retail sector with 60 per cent share followed by the apparel and mobile segment.

Organised retail, which constituted seven per cent of total retail in 2011–12 is estimated to grow at a CAGR of 24 per cent and attain 10.2 per cent share of total retail by 2016–17, according to a study titled 'FDI in Retail: Advantage Farmers' conducted by an industrial body.

India has about one million online retailers – small and large – which sell their products through various e-commerce portals. The online retail industry in the country touched US\$ 12.6 billion in 2013, according to a recent report by the Internet and Mobile Association of India (IAMAI).

### Investments

The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000 – March 2014 stood at US\$ 106.66 million, as per data released by Department of Industrial Policy and Promotion (DIPP).

The Indian online retail industry is on the rise and has attracted a cumulative funding of US\$ 1,650.5 million since 2009. Out of the total funding, 65 per cent has gone to horizontals and 25 per cent to fashion & apparels including jewellery. Flipkart & Myntra, who are now a single entity (though they will operate differently), have together garnered 40 per cent of the total funding invested in Indian e-commerce so far, according to Juxt Data.

## Government Initiatives

The Government of India has allowed 100 per cent FDI in Single-Brand Retail Trading (SBRT) and has allowed 51 per cent FDI in Multi-Brand Retail Trading (MBRT). Just recently, the Competition Commission of India (CCI) approved the proposal of Tesco buying 50 per cent equity in Trent, which is the first-ever FDI proposal in multi-brand retail trade.

According to the extant policy, foreign retailers investing more than 51 per cent can open outlets across the country on the condition that 30 per cent of their sourced sales would come from small to medium-sized domestic enterprises. Further, global chains will now need to invest only 50 per cent of the initial compulsory investment of US\$ 100 million in setting up cold storages and warehouses in India.

The Confederation of All India Traders (CAIT) has signed a Memorandum of Understanding (MoU) with eBay to train domestic retailers to use the online market space as an additional tool for expanding their business. The agreement will enable Indian traders to export via eBay to 201 countries and sell at 4,306 Indian locations.

### Road Ahead

India remains a largely untapped and unorganised retail market, with several international retail companies yet to commence operations in the country. India holds a substantial advantage over other emerging retail destinations owing to its strong domestic consumption and low rate of market penetration by overseas retailers.

"India's new middle class is increasingly becoming brand conscious and willing to spend on quality goods, a trend which is creating numerous business opportunities for mid-range international brands. With political and economic sentiments already showing signs of improvement, we believe this is the right time for international retailers to look at India for expansion into the region," as per Mr Anshuman Magazine, Chairman and Managing Director, CB Richard Ellis (CBRE), South Asia.

E-commerce is also expected to be the next major area for retail growth in India. E-commerce companies are increasingly going beyond digital marketing and targeting offline customers as well. With this growth in the e-commerce industry, online retail is estimated to reach US\$ 70 billion by 2020 from US\$ 0.6 billion in 2011.

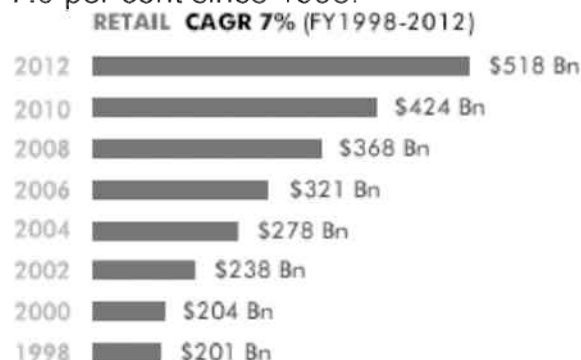
The opportunities in food and grocery retail are immense, given that it constitutes about 69 per cent of the country's total retail market, according to panel members at the seventh Food and Grocery Forum India.

Exchange Rate Used: INR 1 = US\$ 0.01687 as on June 04, 2014



## Market size of Indian retail industry

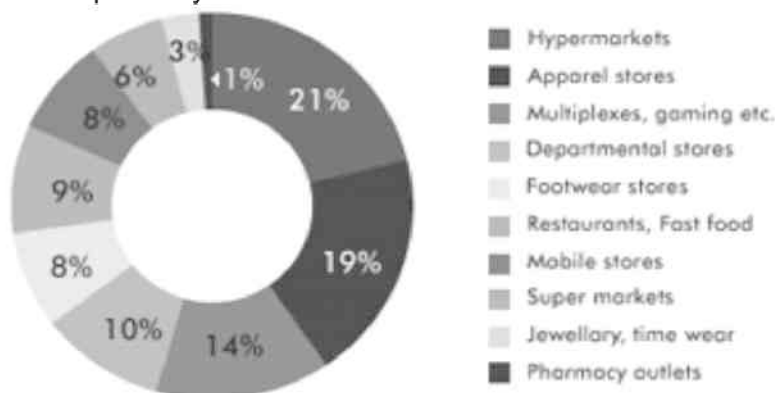
By 2012, the total market size reached USD518 billion, thereby registering a CAGR of 7.0 per cent since 1998.



Source: [www.ibef.org](http://www.ibef.org)

## Break-up of all mall space by format in India

Hypermarkets would be the largest retail segment, accounting for 21 per cent of total retail space by 2013–14.



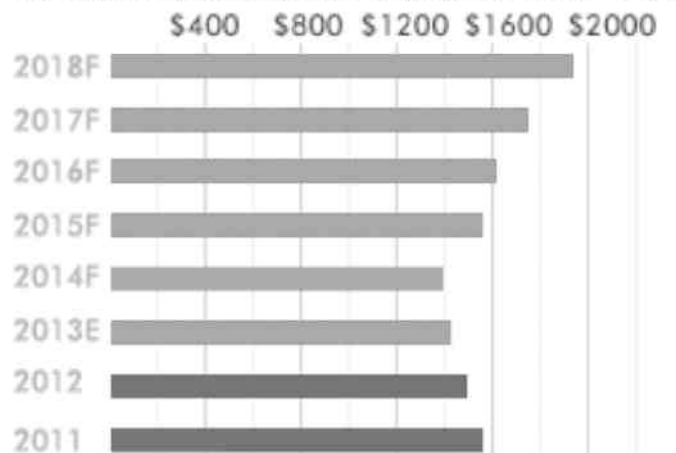
Source: [www.ibef.org](http://www.ibef.org)



Latest update: June, 2014

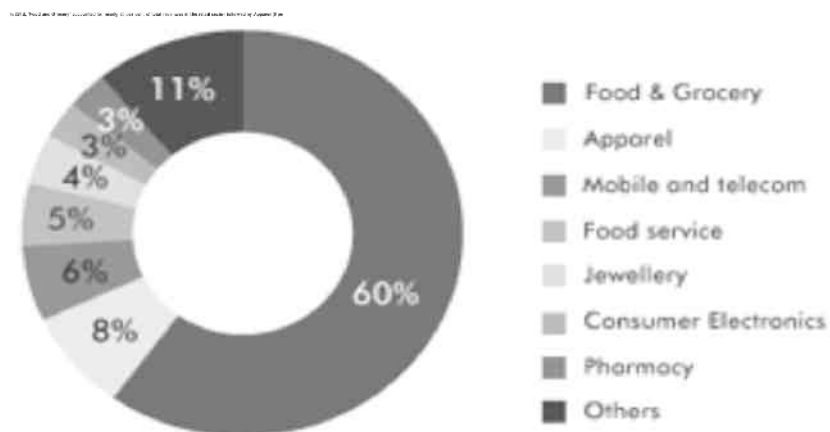
## Per capita income in India

Per capita income in India is expected to cross US\$ 1,600 mark by 2018.



Source: [www.ibef.org](http://www.ibef.org)

## Market break-up of retail industry in India by revenues



Source: [www.ibef.org](http://www.ibef.org)