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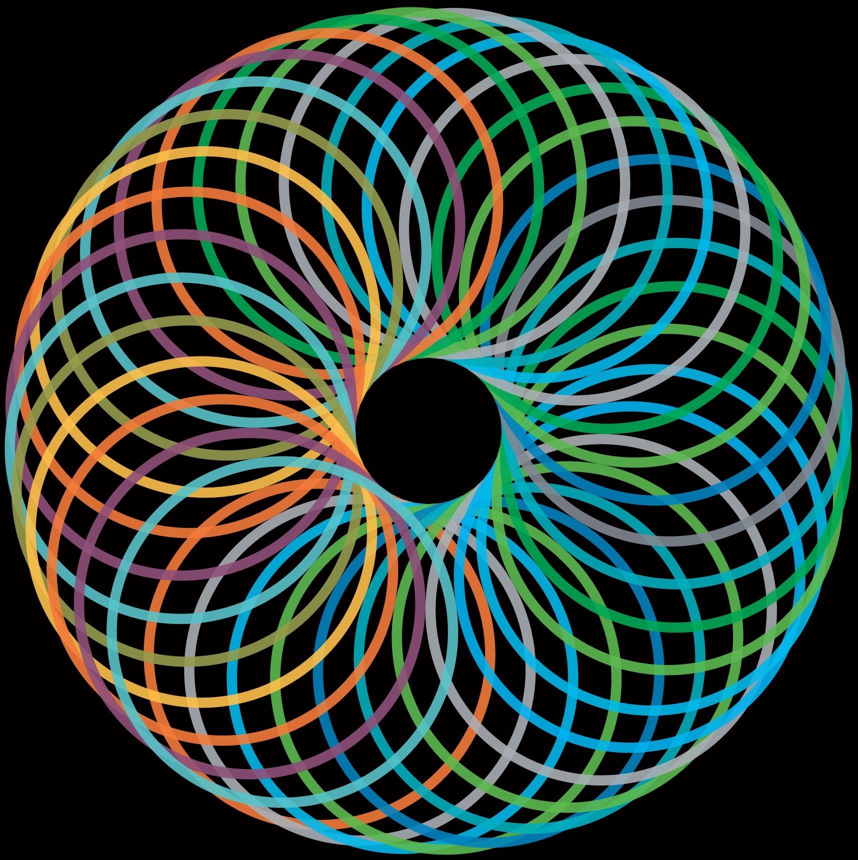

Global Powers of Retailing 2018
Transformative change, reinvigorated commerce

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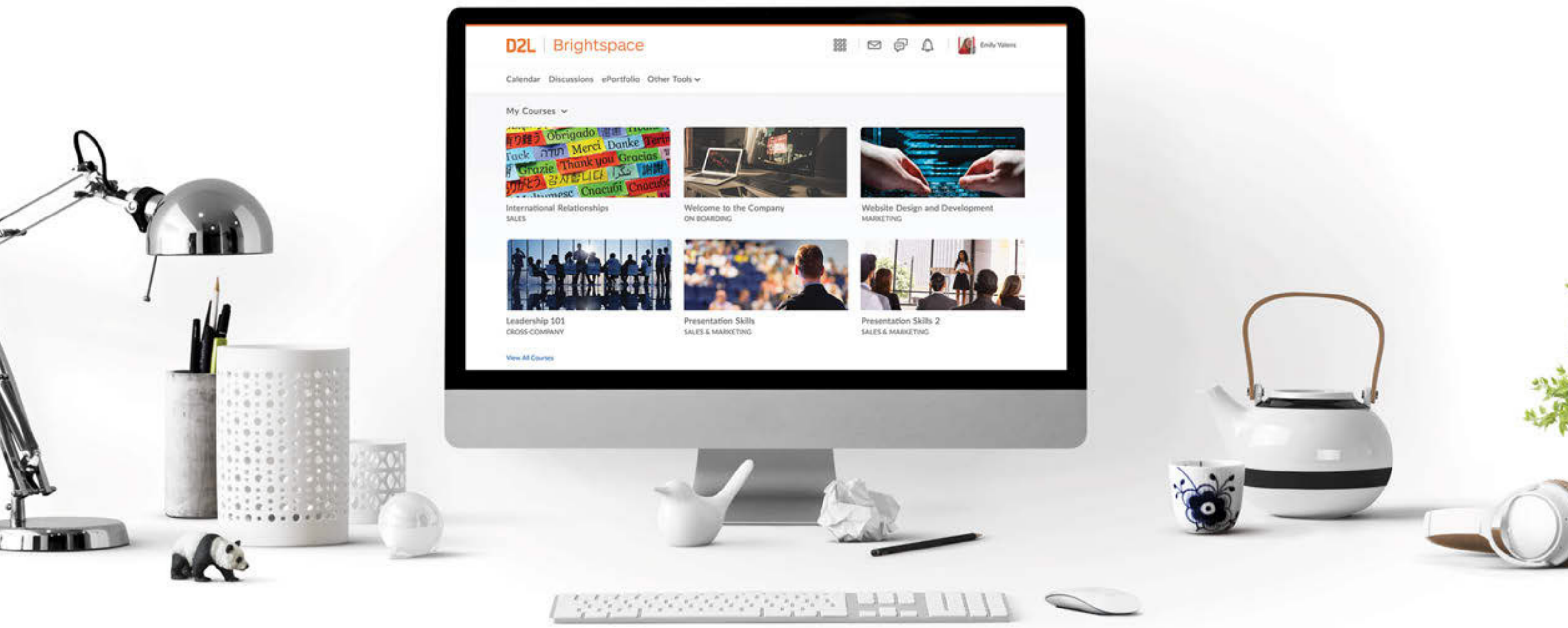

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Retail trends: Transformative change, reinvigorated commerce

It's a transformative time in retail. The shopper is clearly in the driver's seat, enabled by technology to remain constantly connected and more empowered than ever before to drive changes in shopping behavior. "Everywhere commerce" has taken root, allowing consumers to shop however, wherever, and whenever they want—whether in stores, online, by mobile, voice activation or click-and-collect.

Across the retail industry, disruption of traditional business models has given way to unprecedented and transformative change—change required online and offline to better serve more demanding shoppers. Innovations and transformations are happening faster and at a greater magnitude than ever, presenting challenges for retailers accustomed to balancing conventional performance metrics like growth, profitability, and space productivity.

The standards are shifting, however, as some of the world's nimblest and fastest-growing retailers—recognized industry disruptors like Amazon and JD.com—actively forego short-term profitability in their quest instead for customer acquisition, top-line expansion, and retail dominance. Established and entrenched retailers could be at risk of losing customers and market share to these retail disruptors who are able to exploit organizational and operational agility.

In the past year, retail bankruptcies have been all too common. Stores are closing as retail spending moves online at a meteoric pace, gets overturned by spending on services, and some retailers generally lose favor with consumers. In fact, the US saw a record number of store closings in 2017, with 6,885 stores already having shut their doors by 1 December.[1] Among those rationalizing their store bases are Macy's, J.C.Penney, Sears/Kmart and a host of mall-based apparel specialists. Stores across the globe face a similar fate as retailers close unprofitable stores to instead focus on their most productive and promising locations.

The rules of retailing indeed are being rewritten in this time of transformative change. Innovation, collaboration, consolidation, integration, and automation will be required to reinvigorate commerce, profoundly impacting the way retailers do business now, and in the future.

Building top-notch digital capabilities

Retailers across the globe are rapidly adapting to the fact that, from the consumer perspective, shopping is not about bricks versus clicks or one channel versus another. Instead, consumers are channel-agnostic. The shopping journey and pre-shopping research is a fluid process with consumers bouncing between online and offline along the path to purchase.

Just how much digital influences consumer spending is a real eye-opener. In the 2016 report The New Digital Divide, Deloitte found that digital interactions influence 56 cents of every dollar spent in bricks-and-mortar stores,[2] up from 36 cents just three years prior.[3] Furthermore, people who shop using different methods—including online, mobile and visits to a physical store—spend more than double those who only shop at bricks-and-mortar stores, according to Deloitte's The Omnichannel Opportunity study.[4]

This means retailers must adequately and holistically plan, strategize, and execute across all channels, regardless of whether the ultimate sale happens in-store or online. A seamless shopping experience is no longer a nice to have, but an imperative. And it's a key reason why retailers worldwide are heavily investing in online and digital.

More than ever, the retail industry is rife with examples of companies building, buying, or partnering to attain much-needed e-commerce and last-mile capabilities. Most notably is Amazon's rapid ascent up the Top 250 ranking from its debut at No. 186 in 2000 to No. 6 in this year's report. The retail giant is bigger and more powerful than ever. It continues to enter new markets, expand product categories, and test new technologies and concepts, leaving a path of disruption and destruction in its wake.

In what could be one of its biggest moves to date, Amazon gained an instant bricks-and-mortar presence when it bought natural supermarket Whole Foods Market last August. The deal gives Amazon access to more than 450 physical pickup points and fresh food "distribution centers" located throughout the US. The retailer also is preparing its internally developed checkout-free Amazon Go convenience concept for prime time. A single store has been in test mode by company associates since early 2017.

Combining bricks and clicks makes up for lost time

The rest of the retailing world is not about to sit idly by and watch Amazon shoot up the retail ranks and steal market share. Many players that may have initially been on the sidelines, failing to keep up with digital trends, are now making up for lost time in a big way.

A recent study finds that global grocery sales through e-commerce channels jumped 30 percent in the past year.[5] Countries leading the growth charge were China (+52%), South Korea (+41%), the UK (+8%), France (+7%), and Japan and the US (both +5%). China is the world's dominant e-commerce—and mobile—market.[6] Two of the top three fastest-growing retailers in 2016 are China-based e-commerce retailers Vipshop and JD.com.

The world's largest retailer Walmart has made it clear that e-commerce is one of the company's strategic pillars. Walmart is pumping billions in capital investment to introduce Grocery Online, ramp up click-and-collect capabilities, and leverage its vast network of stores to marry online and offline assets and gain an edge over Amazon.[7] The retail behemoth also has been on an acquisition spree of late, buying the likes of Jet.com, ShoeBuy, Moosejaw, ModCloth, and Bonobos to quickly attain e-commerce capabilities in lieu of building from the ground up.

Increasingly though, forging e-commerce partnerships, in which each party brings something unique to the table, is gaining traction. Walmart and JD.com formed a strategic alliance in June 2016, positioning the world's No. 1 retailer for growth in China. As part of the deal, Walmart sold its Yihaodian e-commerce business to JD.com and took a 5 percent stake in JD that has since grown to 10 percent.[8] More recently, JD.com partnered with leading Thai retailer Central Group too, with plans to launch an online shopping site in Thailand in 2018.

French grocer Auchan and Chinese e-commerce technology platform Alibaba are bringing together their respective offline and online expertise to explore new retail opportunities in China's food sector, leveraging the physical presence of Sun Art Retail Group, in which Auchan is a leading shareholder. French supermarket chain Casino has inked a deal with online retailer Ocado to leverage the latter's technology platform to launch an e-commerce business in France. In Spain, DIA is partnering with online discount retailer MeQuedoUno to expand its e-commerce offer in electronics and other household goods.

Meanwhile, since the Amazon/Whole Foods combination was announced, it seems not a day goes by in the US without another supermarket player aligning with third-party provider Instacart on grocery home delivery. Instacart's increasingly lengthy and impressive list of retail partners includes Kroger, Price Chopper, Publix, Stop & Shop, Wegmans, and even hard discounter Aldi. Instacart recently crossed north of the border, forging an e-commerce alliance with Canadian's top grocer Loblaw.

Interestingly, Amazon has been busy designing some partnerships of its own to try and solve the last-mile delivery conundrum. The retail giant broadened its collaboration with UK grocer Morrison's to bring one-hour grocery delivery to London-area shoppers. In the US, Amazon is pairing with several shoppable recipe sites, including Allrecipes, EatLove, and Serious Eats, to add buying and delivery services, typically through its Prime Now offer. The e-tailer also recently opened the "Amazon Smart Home Experience" inside select Kohl's department stores in Los Angeles and Chicago, including an area inside the store that accepts Amazon returns.

Creating unique and compelling in-store experiences

Physical retail stores are not going away; 90 percent of worldwide retail sales are still done in physical stores.[9] But to compete with the convenience and endless aisle assortment offered online, meaningful customer experiences and brand engagement is crucial. Apple Stores and Nike Retail are held as the gold standard in this regard.

Other bricks-and-mortar retailers are realizing the importance of creating unique and curated merchandise offers, an exciting and entertaining atmosphere, and concierge-like service levels beyond what consumers can find online. What's starting to happen inside grocery stores across the globe is a good example.

Grocers are transitioning from providers of goods to purveyors of services and solutions, with food, health, and wellness converging in a retail setting. A host of retailers already have added in-store health clinics and on-site nutritionists and dieticians. US supermarket chain Hy-Vee is now teaming with OrangeTheory fitness centers to open locations in some stores and integrate training and nutrition services. In the UK, Debenhams is trialing fitness centers in collaboration with gym specialist Sweat!

Lowe's home improvement chain is rolling out its "Smart Home powered by b8ta" connected-home store-within-a-store experience to more stores. The fast-growing b8ta electronics startup has a reputation for exceptional service and product knowledge provided by staff known as "b8ta testers." Now Lowe's offers a curated selection of smart home products that encourage hands-on play with shops staffed by none other than b8ta testers to support the shopping process. Macy's is adding b8ta outposts inside its flagship stores as well.

Sports Direct in the UK is working to transform itself into what it calls the "Selfridges of sport" by closing down a number of small locations and focusing on flagship units. The initiative involves elevating the shopping experience and aligning with the aspirations of third-party brand partners to provide a comprehensive offering of specialty sports and fashion brands.

It would be remiss not to mention how fast fashion retailers across the globe continue to disrupt the apparel sector. Spain's Inditex (Zara), Sweden's H&M, and Japan's Fast Retailing (Uniqlo) have each grown sales at a double-digit annual pace, on average, during the last five years. These retailers have reduced the fashion cycle to about five weeks compared with traditional retailers' six to nine months. Providing consumers immediate gratification of affordable fashion-forward merchandise differentiates these retailers in the marketplace.

Reinventing retail with the latest technologies

Few times in history have rapid advancements in technology and breakthrough innovations had the ability to disrupt retail business models in such fast and all-encompassing ways. If not already, the Internet of Things, artificial intelligence, augmented and virtual reality, and robots should be on every retailer's radar.

These kinds of enabling technologies and automation, among others, are staking a claim in retail as tools that both bricks-and-mortar and online retailers alike can use to further elevate their businesses and advance customer relationships.

Voice-controlled electronic devices powered by artificial intelligence technology, like Amazon Echo, Echo Dot, and Google Home, are disrupting the path to purchase.[10] Amazon's Echo and Dot, for example, have built-in capabilities that sync with Amazon.com for shopping purposes. With a simple voice command, shoppers order items for direct delivery through Alexa, the "voice" behind Amazon's AI technology, without going online or stepping foot in a store. Not too surprisingly, Amazon holds 68 percent of smart speaker market share.[11] Alexa moved into Canada in November 2017. Australia can likely expect the same when Amazon enters the region in 2018.

To challenge Amazon's Alexa, Walmart began partnering with Google in October 2017 to bring voice-assisted shopping to its customers using Google Home. Google also has recruited The Home Depot and Target as retail partners adopting Google Assistant for voice shopping.

Leading edge technology also is being deployed inside stores to enhance and personalize the shopping experience—and generally drive in-store traffic. IKEA has integrated an AR/VR experience in its new MENA pop-up concepts throughout the Middle East. German consumer electronics retailer Ceconomy, spun off from Metro in July 2017, has launched a VR application for its Saturn banner, enabling shoppers to browse for 100 selected products in two virtual environments. Spain's El Corte Ingles immerses shoppers on a wine journey with its VR app promoting its range of Rioja wines.

In-store robots are being trialed by several retailers to handle routine and often mundane tasks, and improve efficiency and service levels.[12] Walmart and Ahold Delhaize have deployed robots in US stores to support tasks such as scanning shelves and counting stock. LoweBot assists Lowe's home improvement chain customers navigate aisles where they can find and scan products and check store availability. Russian supermarket chain Lenta recently rolled out customer service "Promobots" in its stores.

Perhaps one of the most progressive uses of technology and automation is in the emergence of unmanned stores. "Grab and go" shopping, in every sense of the word, is now reality thanks to mobile pay technology. Although execution is still in the early stages, consumers can now visit a store, self-scan items with a smartphone app, then merely tap the phone to pay and walk out the door, as in the case of Amazon Go.[13]

If successful, stores that don't require workers could certainly alleviate labor shortage concerns across the industry. While the industry is buzzing about Amazon's physical store trial, retailers around the globe—like China's electronics retailer Suning in Shanghai and supermarket Coop Danmark in Denmark—are grabbing attention with their own unmanned store pilots as well. In what could be the biggest trial of automated stores to date, Auchan is readying the rollout of "hundreds" of unmanned Minute micro-convenience stores in China.

The future of retailing clearly has taken root.

Global economic outlook

The global economy is currently in the midst of a period of relatively strong growth and benign circumstances. Growth has accelerated in Europe and Japan, stabilized in China and the US, and revived in many other emerging markets. Inflation remains low in most places, asset prices have risen, and central banks have retained relatively easy monetary policies. Conditions are so good that one could be forgiven for worrying about hidden risks. Actually, there are a number of clearly visible risks. These include protectionist sentiment, potential asset price bubbles, an impending tightening of monetary policy in several locations, political dysfunction and fragmentation, and geopolitical tensions. For retailers, the stronger economic growth is most welcome. Yet they must also contend with the negative consequences of rising income inequality, protectionist actions, and the potential impact of monetary tightening. Moreover, consumer spending in some key markets (notably Japan and the UK) is currently weak. In what follows, we will look at the economic landscape that retailers are likely to face in the coming year.

Major economic trends

Slow growth in developed economies

Economic growth in the major advanced economies has been disappointing in the past decade, at least compared with the past. This largely reflects the impact of demographics. Working-age populations are rising more slowly, or not at all, in many countries. Moreover, productivity growth (increases in output per worker) has been disappointing. Yet economic growth has been sufficient to generate full employment in several countries including the US, Japan, and Germany. Plus, unemployment is coming down in many other countries. The good thing about modest growth is that it has not generated much inflation, thus it can probably be sustained for a good deal longer.

Low inflation despite tighter labor markets

As labor markets have tightened in many markets, wages have remained relatively dormant. This has been especially true in the US, Japan, and Germany, and is a source of concern for central bankers. Normally, a tight labor market would generate wage pressures due to a shortage of labor, leading businesses to invest in labor-saving technology that would generate productivity gains. This is not happening. Rather, the greater availability of jobs has caused labor force participation to rise in several markets, thus suppressing wage gains. Plus, an evident deflationary psychology has prevented workers from seeking large wage gains. This cannot go on forever and, eventually, wages will accelerate leading to higher inflation. It is the expectation of this that is leading central banks to either tighten monetary policy or signal an intention to tighten. The speed at which such tightening takes place will be important, and will depend on future information concerning inflation, employment, and government policies on taxes and spending.

Asset price bubbles and risk from monetary tightening

One side effect of the last several years of unusually loose monetary policy, which has entailed historically low interest rates, is that investors have been on the hunt for yield. That, in turn, has contributed to the sharp rise in asset prices including equities, bonds, and property. From a retail perspective, the rise in wealth has been good in that it stimulates consumer spending, especially at the upper end of the income spectrum. However, the risk is that, should interest rates rise quickly, asset prices could collapse, leading not only to a loss of wealth but to troubles in credit markets.

Major markets

United States

The economic situation in the US is so benign that one could be forgiven for worrying that something bad must be right around the corner. Growth is modest but sufficient to bring the US to full employment. Inflation remains low, borrowing costs are low, and asset prices have risen steadily with only modest volatility. What could possibly go wrong? The answer is that there are several potential risks. First, consumer spending has been growing significantly faster than household income. This has been enabled by reduced saving and increased borrowing, something that cannot be sustained indefinitely. Unless wages begin to accelerate, it is possible that the massive consumer sector will soon decelerate. Second, some analysts argue that asset prices are characteristic of a bubble, and that when the Federal Reserve increases interest rates sufficiently, asset prices will fall. The result will be a loss of wealth for consumers and increased stress on credit markets. Finally, the US Administration is threatening to take significant protectionist actions meant to save jobs. However, the end result would likely be an increase in consumer prices and a resulting drop in consumer purchasing power. In addition, protectionism would increase costs for businesses and compel many to redesign their supply chains. Protectionism aimed at China would likely invite retaliation, thus hurting trade and reducing economic growth on both sides of the Pacific.

United Kingdom

Following the Brexit referendum, there was a sharp and sustained decline in the value of the pound, leading to higher import prices. The result was an acceleration in inflation that was not matched by rising wages. Consequently, real (inflation-adjusted) consumer spending power declined. Thus it is no surprise that retail sales in the UK have faltered. And although the pound has recovered slightly, the damage remains. Moreover, uncertainty about the ultimate shape of Brexit is likely to have a chilling effect on inbound investment and is already leading many companies to shift jobs to the continent. Thus the growth outlook for the UK is modest at best.

Eurozone

The Eurozone economy is growing strongly. On a per capita basis, it is actually growing more rapidly than the US. The high growth countries include Germany, Spain, and the Netherlands. France is rebounding and Italy is starting to show signs of improvement. All of this reflects the positive impact of an aggressive monetary policy on the part of the European Central Bank (ECB). This has lowered borrowing costs, increased asset prices, and suppressed the value of the euro. The latter has contributed to a rebound in European exports. Moreover, with unemployment still relatively high in some countries, it is possible for the regional economy to grow rapidly simply by reemploying large numbers of unemployed. Meanwhile, inflation has remained low, in part due to limited wage pressures, a modest rebound in the euro, and continued deflationary psychology. Consequently, it appears likely that the ECB will retain a relatively easy monetary policy in 2018. Meanwhile, the biggest risk to the region is political. In recent elections in many countries, centrist parties have seen their share of the vote decline, while extremist parties on both the left and right have gained share. This makes it more difficult to form coalitions and to find common ground. Thus the prospects for structural reforms of the Eurozone are not good, boding poorly for the ability to react appropriately to the next crisis.

China

China's economy has been growing at what is, for China, a modest pace. This is because excess capacity has stymied private sector investment, and an overvalued currency and rising wages have hurt export competitiveness. In addition, deteriorating demographic conditions have hurt growth. China's working-age population is no longer expanding, leading to a shortage of labor and rising labor costs. The government has intermittently stimulated growth through the easing of credit market conditions. This has periodically led to a surge in investment in property and heavy industry. However, the government has also intermittently tightened such conditions when the pace of debt expansion has appeared worrisome. While China continues to benefit from an expanding consumer market, consumer spending remains a relatively small share of GDP compared with most other major economies. This reflects a weak social safety net that encourages a high level of saving. It also reflects policies that encourage growth of investment rather than consumer spending. Whether this will change through economic reforms remains uncertain.

Japan

The Japanese economy is rebounding after a period of stagnation. The economic policy known as "Abenomics," named for Prime Minister Shinzō Abe, has largely entailed an aggressive monetary policy that has suppressed the value of the euro, boosted inflation, boosted asset prices, and kept borrowing costs low. The biggest impact has been an improvement in the competitiveness of exports. On the other hand, despite an extremely tight labor market, wages have not yet accelerated. Consequently, consumer spending has grown only modestly. Going forward, growth should be moderately strong in the coming year as the Japanese economy benefits from a strong global economy. Longer term, the biggest problem for Japan is the aging population and rapidly declining working-age population.

Others

In the major emerging markets other than China, economic growth has rebounded in the past year. A confluence of events has significantly improved the outlook for these countries. After a perfect storm of declining commodity prices, declining local currencies, rising inflation, and tightening monetary policy which led to economic slowdown, things have reversed in a positive way. Commodity prices have stabilized as have currencies, inflation has receded, monetary policy has been loosened, and economic growth has rebounded. Russia and Brazil, both of which experienced deep and prolonged recessions, are both now growing modestly. A similar story of renewal is taking place in such disparate places as Turkey, Indonesia, Argentina, and Nigeria.

India, however, is a somewhat different story. There, growth was strong all along, in part due to the fact that the country is not dependent on commodity exports. Strong growth was also due to a combination of reform-oriented government that stimulated investment and favorable demographics. Lately, growth has decelerated owing to the temporary effect of structural reforms such as demonetization and implementation of a new goods and services tax. Yet the longer-term outlook remains strong, especially as those structural reforms are likely to have a positive long-term benefit.

Another exception is Mexico. There, growth could be impaired if the trading relationship with the US deteriorates. Already growth has decelerated. Longer term, the emerging markets with the most promise are those that have one or more of the following attributes: favorable demographics; strong institutional protection of property rights and a system for adjudicating disputes; good and improving infrastructure; a financial system that provides capital to entrepreneurs and innovators; and relatively open markets, especially openness to foreign capital.

Top 10 highlights

Top 10 retailers, FY2016

Top 250 rank	Change in rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	FY2016 Retail revenue growth	FY2016 Net profit margin	FY2016 Return on assets	FY2011-2016 Retail revenue CAGR*	# Countries of operation	% Retail revenue from foreign operations
1	↔	Wal-Mart Stores, Inc.	US	485,873	0.8%	2.9%	7.2%	1.7%	29	24.3%
2	↔	Costco Wholesale Corporation	US	118,719	2.2%	2.0%	7.2%	6.0%	10	27.1%
3	↔	The Kroger Co.	US	115,337	5.0%	1.7%	5.4%	5.0%	1	0.0%
4	↔	Schwarz Unternehmenstreuhand KG	Germany	99,256	5.3%	n/a	n/a	7.3%	27	61.7%
5	↔	Walgreens Boots Alliance, Inc.	US	97,058	8.3%	3.6%	5.8%	6.1%	10	13.7%
6	↑ +4	Amazon.com, Inc.	US	94,665	19.4%	1.7%	2.8%	17.6%	14	36.8%
7	↓ -1	The Home Depot, Inc.	US	94,595	6.9%	8.4%	18.5%	6.1%	4	8.5%
8	↔	Aldi Einkauf GmbH & Co. oHG	Germany	84,923 e	4.8%	n/a	n/a	7.7%	17	67.0%
9	↓ -2	Carrefour S.A.	France	84,131	-0.4%	1.1%	1.8%	-1.1%	34	53.2%
10	↑ +2	CVS Health Corporation	US	81,100	12.6%	3.0%	5.6%	6.4%	3	0.8%
Top 10[1]				**1,355,656**	**4.5%**	**3.0%**	**6.4%**	**4.5%**	**14.9[2]**	**27.3%**
Top 250[1]				**4,410,828**	**4.1%**	**3.2%**	**3.3%**	**4.8%**	**10.0[2]**	**22.5%**
Top 10 share of Top 250 retail revenue				**30.7%**						

*Compound annual growth rate
[1] Sales-weighted, currency-adjusted composites
[2] Average

e = estimate
n/a = not available

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Amazon leapfrogs four spots, CVS joins the fray

The world's Top 10 retailers continue to compose a bigger share of industry sales, capturing 31.7 percent of the overall Top 250's retail revenue in FY2016. The five largest retailers maintained their positions on the industry's leader board in FY2016, but a combination of organic growth, acquisitions, and exchange rate volatility shuffled the rest of the Top 10. Wal-Mart continued its long-held dominance as the world's largest retailer. Its revenue growth rebounded back into the positive column in FY2016 due to same-store sales growth for both Wal-Mart and Sam's Club and an acceleration of e-commerce initiatives across the globe, featuring an alliance with China's leading online retailer JD.com. As part of the June 2016 deal, Wal-Mart sold its Yihaodian e-commerce business to JD.com and took a five percent stake in JD.[14] Offsetting growth somewhat were foreign currency exchange rate fluctuations and lower gasoline prices at Sam's Club units. With improved organic growth and several small but key strategic e-commerce acquisitions under its belt—including Jet.com,[15] ShoeBuy,[16] Moosejaw[17], ModCloth,[18] and Bonobos[19]—Wal-Mart's growth momentum appears back on track.

Although Costco's same-store sales grew at a 4.0 percent clip on a constant currency basis, reported sales grew at a modest rate of 2.2 percent in FY2016, taking into account unfavorable currency exchange rates relative to the US dollar and negative effects of lower gasoline prices. It was enough, however, to keep the warehouse club operator in second place. Fuel prices also tempered Kroger's sales growth, but the full-year inclusion of newly acquired Roundy's[20] helped prop up retail revenues by 5.0 percent. Schwarz Group remained in fourth place with solid FY2016 growth despite the impact of a weak euro on its dollar-denominated sales. The company's push into the US market, with the opening of its first Lidl locations stateside in 2017, should give sales an additional lift.[21]

Following the 2015 merger of drug powerhouses—Walgreens, the largest drugstore chain in the US; Boots, the market leader in European retail pharmacy; and Alliance Healthcare, the leading international wholesaler and distributor—global company Walgreens Boots Alliance posted strong sales growth in FY2016 to remain the world's fifth-largest retailer. The company was on course to acquire fellow US drugstore chain Rite Aid outright, but talks ceased in June 2017 following scrutiny by the US Federal Trade Commission. Walgreens Boots Alliance instead opted to buy 2,186 Rite Aid stores,[22] not only solidifying its world ranking but potentially moving it even higher up the leader board next year.

Fueled by a constant stream of product and service innovations, Amazon has posted robust, double-digit growth since its inception in 1994 and FY2016 was no exception. Near 20 percent year-over-year retail revenue growth once again propelled the e-tailer up the leader board, this time leapfrogging four retailers along the way to take the No. 6 position, up from No. 10 on the previous list. Amazon's aggressive push into grocery, including the 2017 acquisition of natural bricks-and-mortar grocer Whole Foods Market,[23] should continue to propel the company forward. Ranking 186th in 2000 when it first entered the Top 250, Amazon is poised to ascend several more spots in the coming years.

The Home Depot's retail revenues were only slightly eclipsed by Amazon in FY2016, landing the US-based home improvement chain in the No. 7 spot. A favorable US housing environment drove increased traffic and a higher average ticket at The Home Depot, resulting in the retailer's strong 6.9 percent year-over-year sales gain. Aldi's ongoing aggressive expansion, particularly in the UK, Australia, and the US, drove solid sales growth of nearly 5 percent, which was enough to overtake Carrefour and keep the hard discounter in the No.8 position.

Carrefour's three-year string of sales growth was stanched as retail revenue fell 0.4 percent in FY2016 to push the company into the No. 9 spot. The acquisitions of Eroski group stores in Spain in February 2016,[24] non-food e-tailer Rue du Commerce in January 2016,[25] and supermarket chain Billa Romania in December 2015[26] didn't move the needle much at all for Carrefour. CVS, on the other hand, recorded growth of 12.6 percent, primarily due to the 2015 acquisition of Target in-store pharmacies and retail clinics,[27] propelling the drugstore chain into the Top 10 ranks and knocking Tesco down to No. 11.

Some transformational years for Tesco, which included the sale of several non-core operations, has helped the retailer turn around performance and restore profitability. The UK grocery giant slipped out of the Top 10 as it sold its Kipa retail business in Turkey, Giraffe restaurants,[28] Dobbies garden center chain,[29] Harris + Hoole coffee shops,[30] and Euphorium bakery operations.[31] Still, watch for Tesco to potentially reclaim a Top 10 spot in the coming years given its pending merger with food wholesaler Booker, which earned the approval of the UK Competition and Markets Authority in November 2017.[32]

Stacking up: Top 10 versus Top 250

The world's Top 10 retailers are generally much more globally focused with operations, on average, in 15 countries versus 10 for the overall Top 250. Three of the Top 10 retailers—Aldi, Schwarz Group, and Carrefour—derive more than half of their retail revenue from foreign operations. More than a third of Amazon's retail revenue comes from foreign operations; it's about a quarter for Wal-Mart and Costco. Kroger remains the only Top 10 retailer not operating globally at this point.

On a sales-weighted, currency-adjusted composite basis, revenue growth of these huge multi-national retailers at the top of the list outpaced that for the Top 250 retailers overall, but their net profit margin composite was slightly weaker than the Top 250. This is in large part because eight of the Top 10 retailers operate in the notoriously low-margin FMCG sector. The exceptions are Amazon and The Home Depot. In addition, grocery retailers are plagued by ongoing competitive price wars and, in the case of US retailers, food price deflation, which keeps a lid on the top line and places increasing pressure on the bottom line.

Return on assets, however, is an altogether different story. The Top 10 ROA composite is almost twice that of the Top 250 overall. This clearly indicates the extent of efficient operations and superb inventory control in place at the leading retailers.

Global Powers of Retailing Top 250

A more balanced approach to retailer growth and profitability characterized FY2016

The Global Powers of Retailing Top 250 companies achieved profitable growth in FY2016. Retail revenue increased for nearly three-quarters of the world's 250 largest retailers (181 companies), resulting in a currency-adjusted composite growth rate of 4.1 percent, moderating somewhat from the previous year's 5.2 percent growth. Ninety percent of the retailers that disclosed their bottom-line results (176 of 195 companies) operated profitably.

On a composite basis, the reporting companies posted a net profit margin of 3.2 percent in FY2016 and generated return on assets of 3.3 percent. In aggregate, retail revenue for the Global Powers of Retailing Top 250 companies topped US$4.4 trillion in FY2016, which roughly translates to an average size of US$17.6 billion per company. Still, fewer than a quarter of retailers (55 of 250 companies) posted FY2016 sales above this mark.

To join the ranks of the Top 250 in FY2016 required retail revenue of at least US$3.6 billion, up slightly from the prior year's Top 250 results due in part to a strengthening global economy, increased consumer spending, and some favorable foreign currency exchanges against the US dollar. Twenty Top 250 companies exceeded US$50 billion in retail revenue in FY2016, while 62 retailers fell below the US$5.0 billion threshold, which was five fewer than the previous year's ranking.

The level of retail globalization has stabilized somewhat in recent years as retailers have focused on improving existing operations and turned their attention to e-commerce initiatives. Two-thirds of the Top 250 retailers (167 of 250) operated outside their home country. On average, they had retail operations in 10 countries and derived 22.5 percent of their composite retail revenue from foreign operations.

Top 250 companies that do not derive the majority of their revenue from retail operations are excluded from the composite net profit margin and return on assets calculations. Because these companies are not primarily retailers, their consolidated profits and assets mostly reflect their non-retail activities.

The average number of countries with retail operations includes the location of franchised, licensed, and joint venture operations in addition to corporate-owned channels of distribution. Where information was available, the number of countries reflects non-store sales channels, such as localized, consumer-oriented e-commerce sites; catalogs and TV shopping programs; as well as store locations. However, for some retailers, specific information about non-store activity was not available.

Global Powers of Retailing Top 250, FY2016

FY2016 Retail revenue rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	FY2016 Parent company/ group revenue¹ (US$M)	FY2016 Parent company/ group net income¹ (US$M)	Dominant operational format	# Countries of operation	FY2011-2016 Retail revenue CAGR²
1	Wal-Mart Stores, Inc.	US	485,873	485,873	14,293	Hypermarket/Supercenter/Superstore	29	1.7%
2	Costco Wholesale Corporation	US	118,719	118,719	2,376	Cash & Carry/Warehouse Club	10	6.0%
3	The Kroger Co.	US	115,337	115,337	1,957	Supermarket	1	5.0%
4	Schwarz Group	Germany	99,256	99,256	n/a	Discount Store	27	7.3%
5	Walgreens Boots Alliance, Inc.	US	97,058	117,351**	4,191	Drug Store/Pharmacy	10	6.1%
6	Amazon.com, Inc.	US	94,665	135,987	2,371	Non-Store	14	17.6%
7	The Home Depot, Inc.	US	94,595	94,595	7,957	Home Improvement	4	6.1%
8	Aldi Einkauf GmbH & Co. oHG	Germany	84,923e	84,923e	n/a	Discount Store	17	7.7%
9	Carrefour S.A.	France	84,131	87,139	989	Hypermarket/Supercenter/Superstore	34	-1.1%
10	CVS Health Corporation	US	81,100	177,526	5,319	Drug Store/Pharmacy	3	6.4%
11	Tesco PLC	UK	72,390	73,724	668	Hypermarket/Supercenter/Superstore	8	-2.9%
12	Aeon Co., Ltd.	Japan	70,854	75,774**	699	Hypermarket/Supercenter/Superstore	11	10.1%
13	Target Corporation	US	69,495	69,495	2,737	Discount Department Store	1	0.3%
14	Ahold Delhaize (formerly Koninklijke Ahold N.V.)	Netherlands	68,950**	68,950**	1,192	Supermarket	11	15.5%
15	Lowe's Companies, Inc.	US	65,017	65,017	3,093	Home Improvement	3	5.3%
16	Metro Ag	Germany	64,863**	64,863**	729	Cash & Carry/Warehouse Club	30	-2.6%
17	Albertsons Companies, Inc.	US	59,678	59,678	-373	Supermarket	1	74.0%
18	Auchan Holding SA (formerly Groupe Auchan SA)	France	57,219**	58,429**	888	Hypermarket/Supercenter/Superstore	14	3.5%
19	Edeka Group	Germany	53,540**	54,867**	n/a	Supermarket	1	2.5%
20	Seven & i Holdings Co., Ltd.	Japan	51,385**	53,859**	1,023	Convenience/Forecourt Store	20	4.0%
21	Wesfarmers Limited	Australia	47,690	51,569	2,165	Supermarket	4	4.6%
22	Rewe Group	Germany	44,641**	50,482**	512	Supermarket	11	1.8%
23	Woolworths Limited	Australia	40,773	41,943	1,201	Supermarket	3	0.1%
24	Casino Guichard-Perrachon S.A.	France	39,856**	40,456**	2,429	Hypermarket/Supercenter/Superstore	27	1.3%
25	Centres Distributeurs E. Leclerc	France	39,646e**	n/a	n/a	Hypermarket/Supercenter/Superstore	7	1.9%
26	Best Buy Co., Inc.	US	39,403	39,403	1,228	Electronics Specialty	4	-4.9%
27	The IKEA Group (INGKA Holding B.V.)	Netherlands	37,982	38,953	4,676	Other Specialty	48	6.7%
28	JD.com, Inc	China	35,777	39,152**	-514	Non-Store	1	62.6%
29	Publix Super Markets, Inc.	US	34,274	34,274	2,026	Supermarket	1	4.7%
30	Loblaw Companies Limited	Canada	34,235**	34,990**	747	Hypermarket/Supercenter/Superstore	6	8.1%
31	J Sainsbury plc	UK	34,048	34,575	497	Hypermarket/Supercenter/Superstore	2	3.0%
32	The TJX Companies, Inc.	US	33,184	33,184	2,298	Apparel/Footwear Specialty	10	7.4%
33	ITM Développement International (Intermarché)	France	30,774e**	44,469g**	n/a	Supermarket	4	0.9%
34	Apple Inc. / Apple Retail Stores	US	28,600e	215,639	45,687	Electronics Specialty	22	15.1%
35	LVMH Moët Hennessy-Louis Vuitton S.A.	France	26,904	41,593**	4,826	Other Specialty	80	10.3%
36	Rite Aid Corporation	US	26,817	32,845	4	Drug Store/Pharmacy	1	0.5%
37	Macy's, Inc.	US	25,778**	25,778**	611	Department Store	4	-0.5%
38	Inditex, S.A.	Spain	25,734**	25,734**	3,490	Apparel/Footwear Specialty	93	11.1%
39	Migros-Genossenschafts Bund	Switzerland	24,152e**	28,151**	673	Hypermarket/Supercenter/Superstore	3	2.3%
40	Lotte Shopping Co., Ltd.	S. Korea	23,991	25,355	212	Hypermarket/Supercenter/Superstore	6	5.9%
41	H.E. Butt Grocery Company	US	23,000e	23,000e	n/a	Supermarket	2	5.5%
42	H & M Hennes & Mauritz AB	Sweden	22,602**	22,602**	2,191	Apparel/Footwear Specialty	64	11.8%
43	Coop Group	Switzerland	22,401e**	28,744**	609	Supermarket	7	-0.5%

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44	Suning Commerce Group Co., Ltd.	China	22,364	22,364	74	Electronics Specialty	2	9.6%
45	Sears Holdings Corporation	US	22,138	22,138	-2,221	Department Store	2	-11.8%
46	Dollar General Corporation	US	21,987	21,987	1,251	Discount Store	1	8.2%
47	Mercadona, S.A.	Spain	21,905	21,905	704	Supermarket	2	3.8%
48	Wm Morrison Supermarkets PLC	UK	21,744	21,744	406	Supermarket	1	-1.6%
49	Dollar Tree, Inc.	US	20,719	20,719	896	Discount Store	2	25.6%
50	Système U, Centrale Nationale	France	20,675e***	26,239g**	n/a	Supermarket	4	2.2%
51	A.S. Watson Group	Hong Kong SAR	19,517**	19,517**	n/a	Drug Store/Pharmacy	25	1.1%
52	Kohl's Corporation	US	18,686	18,686	556	Department Store	1	-0.1%
53	Empire Company Limited	Canada	18,065**	18,065**	131	Supermarket	1	8.2%
54	Groupe Adeo SA	France	17,959e***	21,072g**	n/a	Home Improvement	12	7.0%
55	Meijer, Inc.	US	17,900e	17,900e	n/a	Hypermarket/Supercenter/Superstore	1	4.4%
56	Jerónimo Martins, SGPS, S.A.	Portugal	16,174	16,174	679	Discount Store	3	8.7%
57	PJSC "Magnit"	Russia	15,957	16,041**	812	Convenience/Forecourt Store	1	26.1%
58	Fast Retailing Co., Ltd.	Japan	15,739**	15,763**	477	Apparel/Footwear Specialty	25	16.9%
59	Whole Foods Market, Inc.	US	15,724	15,724	507	Supermarket	3	9.2%
60	China Resources Vanguard Co., Ltd.	China	15,577	15,577	n/a	Hypermarket/Supercenter/Superstore	1	4.6%
61	The Gap, Inc.	US	15,516**	15,516**	676	Apparel/Footwear Specialty	53	1.3%
62	X5 Retail Group N.V.	Russia	15,427	15,427	333	Discount Store	1	17.9%
63	Kingfisher plc	UK	14,958	14,958	813	Home improvement	10	0.7%
64	Cencosud S.A.	Chile	14,525	15,147	568	Supermarket	5	6.6%
65	Nordstrom, Inc.	US	14,498	14,757	354	Department Store	3	6.7%
66	Yamada Denki Co., Ltd.	Japan	14,425**	14,425**	338	Electronics Specialty	7	-3.2%
67	Marks and Spencer Group plc	UK	13,837**	13,837**	151	Department Store	50	1.3%
68	Steinhoff International Holdings N.V.	S. Africa	13,596	14,909	1,364	Other Specialty	31	22.9%
69	Dixons Carphone plc	UK	13,379	13,653	381	Electronics Specialty	10	4.8%
70	John Lewis Partnership plc	UK	13,361**	13,361**	471	Supermarket	6	5.3%
71	El Corte Inglés, S.A.	Spain	13,306	17,061	178	Department Store	9	-0.5%
72	Coop Italia	Italy	13,042e	16,040g	n/a	Hypermarket/Supercenter/Superstore	1	0.3%
73	Ross Stores, Inc.	US	12,867	12,867	1,118	Apparel/Footwear Specialty	1	8.4%
74	BJ's Wholesale Club, Inc.	US	12,800e	12,800e	n/a	Cash & Carry/Warehouse Club	1	2.5%
75	CP ALL Plc.	Thailand	12,754**	12,780**	476	Convenience/Forecourt Store	1	23.2%
76	L Brands, Inc.	US	12,574**	12,574**	1,158	Apparel/Footwear Specialty	79	3.9%
77	J. C. Penney Company, Inc.	US	12,547	12,547	1	Department Store	2	-6.2%
78	Conad Consorzio Nazionale, Dettaglianti Soc. Coop. a.r.l.	Italy	12,345e***	13,717g**	n/a	Supermarket	2	3.1%
79	Bed Bath and Beyond Inc.	US	12,216	12,216	685	Other Specialty	4	5.2%
80	ICA Gruppen AB	Sweden	11,824**	12,099**	399	Supermarket	5	1.7%
81	Gome Home Appliance Group	China	11,544	11,544	-8	Electronics Specialty	1	-2.5%
82	Toys "R" Us, Inc.	US	11,540	11,540	-29	Other Specialty	39	-3.7%
83	Isetan Mitsukoshi Holdings Ltd.	Japan	11,489	11,568	136	Department Store	9	0.5%

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Global Powers of Retailing Top 250, FY2016

FY2016 Retail revenue rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	FY2016 Parent company/ group revenue¹ (US$M)	FY2016 Parent company/ group net income¹ (US$M)	Dominant operational format	# Countries of operation	FY2011-2016 Retail revenue CAGR²
84	E-MART Inc.	S. Korea	11,447	12,690	328	Hypermarket/Supercenter/Superstore	4	10.8%
85	Dairy Farm International Holdings Limited	Hong Kong SAR	11,201	11,201	470	Supermarket	11	4.2%
86	Décathlon S.A.	France	11,062	11,062	n/a	Other Specialty	29	9.0%
87	Hudson's Bay Company	Canada	10,970	10,970	-392	Department Store	9	30.3%
88	S Group	Finland	10,835	12,190	n/a	Supermarket	5	1.5%
89	Otto (GmbH & Co KG)	Germany	10,805	14,604	45	Non-Store	30	-0.4%
90	Liberty Interactive Corporation	US	10,647	10,647	1,274	Non-Store	9	2.1%
91	AutoZone, Inc.	US	10,636**	10,636**	1,241	Other Specialty	4	5.7%
92	Southeastern Grocers, LLC	US	10,500e	10,500e	n/a	Supermarket	1	31.7%
93	Spar Holding AG	Austria	10,447**	10,533**	283	Supermarket	8	1.9%
94	Shoprite Holdings Ltd.	S. Africa	10,340**	10,340**	399	Supermarket	15	11.3%
95	S.A.C.I. Falabella	Chile	10,288	11,578	994	Home Improvement	6	9.8%
96	Menard, Inc.	US	10,000e	10,000e	n/a	Home Improvement	1	2.6%
97	Tengelmann Warenhandelsgesellschaft KG	Germany	9,856e**	9,956**	n/a	Home Improvement	13	1.7%
98	Distribuidora Internacional de Alimentación, S.A. (Dia, S.A.)	Spain	9,809**	9,932**	193	Discount Store	6	-1.9%
99	Hy-Vee, Inc.	US	9,800	9,800	n/a	Supermarket	1	6.2%
100	FEMSA Comercio, S.A. de C.V.	Mexico	9,662	9,662	n/a	Convenience/Forecourt Store	4	19.5%
101	Metro Inc.	Canada	9,646**	9,646**	442	Supermarket	1	2.3%
102	Co-operative Group Ltd.	UK	9,631	12,792	-181	Convenience/Forecourt Store	1	-2.7%
103	dm-drogerie markt GmbH + Co. KG	Germany	9,616e	10,779g	n/a	Drug Store/Pharmacy	12	9.3%
104	Advance Auto Parts, Inc.	US	9,568**	9,568**	460	Other Specialty	3	9.2%
105	Giant Eagle, Inc.	US	9,300e**	9,300e**	n/a	Supermarket	1	-0.3%
106	Dirk Rossmann GmbH	Germany	9,292	9,292	n/a	Drug Store/Pharmacy	6	10.4%
107	J. Front Retailing Co., Ltd.	Japan	9,229	10,231**	280	Department Store	2	3.3%
108	Louis Delhaize S.A.	Belgium	9,181e	12,168eg	n/a	Hypermarket/Supercenter/Superstore	4	-3.7%
109	NIKE, Inc. / Direct to Consumer	US	9,082	34,350**	4,240	Apparel/Footwear Specialty	81	20.8%
110	NorgesGruppen ASA	Norway	9,081**	9,534**	293	Discount Store	1	6.2%
111	Canadian Tire Corporation, Limited	Canada	8,635**	9,566**	564	Other Specialty	1	4.1%
112	GameStop Corp.	US	8,608	8,608	353	Other Specialty	14	-2.1%
113	O'Reilly Automotive, Inc.	US	8,593**	8,593**	1,038	Other Specialty	1	8.2%
114	Dansk Supermarked A/S	Denmark	8,554	8,602	196	Discount Store	4	1.3%
115	Associated British Foods plc / Primark	UK	8,451	19,035	1,166	Apparel/Footwear Specialty	11	14.3%
116	Wegmans Food Markets, Inc.	US	8,300	8,300	n/a	Supermarket	1	5.6%
117	FNAC Darty (formerly Groupe FNAC S.A.)	France	8,206**	8,206**	0	Other Specialty	9	12.3%
118	Central Group	Thailand	8,062e	9,408	n/a	Department Store	6	19.8%
119	Colruyt Group	Belgium	8,027	10,412**	420	Supermarket	3	4.1%
120	Organización Soriana, S.A.B. de C.V.	Mexico	8,001**	8,001**	225	Hypermarket/Supercenter/Superstore	1	8.8%
121	Vipshop Holdings Limited	China	7,962	8,151	287	Non-Store	1	103.8%
122	Dick's Sporting Goods, Inc.	US	7,922	7,922	287	Other Specialty	1	8.7%
123	The Sherwin-Williams Company / Paint Stores Group	US	7,790	11,856**	1,133	Home Improvement	11	10.3%
124	FamilyMart UNY Holdings Co., Ltd. (formerly FamilyMart Co., Ltd.)	Japan	7,788	7,788	194	Convenience/Forecourt Store	8	20.7%
125	Foot Locker, Inc.	US	7,766	7,766	664	Apparel/Footwear Specialty	32	6.7%

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FY2016 Retail revenue rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	FY2016 Parent company/ group revenue¹ (US$M)	FY2016 Parent company/ group net income¹ (US$M)	Dominant operational format	# Countries of operation	FY2011-2016 Retail revenue CAGR²
126	Kesko Corporation	Finland	7,743e***	11,262**	126	Home Improvement	8	-1.5%
127	Dufry AG	Switzerland	7,736	7,946	46	Other Specialty	64	24.4%
128	Kering S.A.	France	7,727	13,700**	961	Apparel/Footwear Specialty	95	-2.9%
129	H2O Retailing Corporation	Japan	7,726	8,317	132	Department Store	2	12.4%
130	Takashimaya Company, Ltd.	Japan	7,673	8,524	199	Department Store	4	0.8%
131	Esselunga S.p.A.	Italy	7,644e	8,341g	290	Hypermarket/Supercenter/Superstore	1	2.6%
132	C&A Europe	Belgium/ Germany	7,373e	7,373e	n/a	Apparel/Footwear Specialty	18	-0.3%
133	Don Quijote Holdings Co., Ltd. (formerly Don Quijote Co., Ltd.)	Japan	7,349	7,596	358	Discount Department Store	2	9.1%
134	Reitan Group	Norway	7,312e**	7,407**	763	Discount Store	7	10.0%
135	Beisia Group Co., Ltd.	Japan	7,245e***	7,875e***	n/a	Home Improvement	1	1.3%
136	Shanghai Bailian Group Co., Ltd.	China	7,081**	7,081**	136	Hypermarket/Supercenter/Superstore	1	0.8%
137	Yonghui Superstores Co., Ltd.	China	7,031	7,410	90	Hypermarket/Supercenter/Superstore	1	22.2%
138	Compagnie Financière Richemont SA	Switzerland	7,007	11,677**	1,327	Other Specialty	60	6.5%
139	PetSmart, Inc.	US	7,000e	7,000e	n/a	Other Specialty	3	2.7%
140	Ascena Retail Group, Inc.	US	6,995	6,995	-12	Apparel/Footwear Specialty	3	19.1%
141	Emke Group / Lulu Group International	UAE	6,900e	6,900e	n/a	Hypermarket/Supercenter/Superstore	10	10.2%
142	Bic Camera Inc.	Japan	6,874	6,874	119	Electronics Specialty	1	4.9%
143	Homeplus Stores Co., Ltd.	S. Korea	6,858	6,858	143	Hypermarket/Supercenter/Superstore	1	ne
144	Tractor Supply Company	US	6,780	6,780	437	Other Specialty	1	9.9%
145	Globus Holding GmbH & Co. KG	Germany	6,764e	6,830e	n/a	Hypermarket/Supercenter/Superstore	4	3.2%
146	Yodobashi Camera Co., Ltd.	Japan	6,761e	6,761e	n/a	Electronics Specialty	1	1.8%
147	WinCo Foods LLC	US	6,700e	6,700e	n/a	Supermarket	1	5.2%
148	Staples, Inc.	US	6,662	18,247	-1,497	Other Specialty	5	-12.7%
149	BİM Birleşik Mağazalar A.Ş.	Turkey	6,635	6,635	222	Discount Store	3	19.6%
150	Chow Tai Fook Jewellery Group Limited	Hong Kong SAR	6,604**	6,604**	406	Other Specialty	8	-2.0%
151	Majid Al Futtaim Holding LLC	UAE	6,501	8,141	758	Hypermarket/Supercenter/Superstore	15	8.0%
152	Army and Air Force Exchange Service (AAFES)	US	6,462	6,462	292	Convenience/Forecourt Store	36	-6.8%
153	Signet Jewelers Limited	Bermuda	6,390	6,408	543	Other Specialty	5	11.3%
154	President Chain Store Corp.	Taiwan	6,294e	6,669**	345	Convenience/Forecourt Store	4	3.4%
155	Dillard's, Inc.	US	6,232	6,418	169	Department Store	1	-0.3%
156	The SPAR Group Limited	S. Africa	6,232**	6,232**	123	Supermarket	11	18.9%
157	Belle International Holdings Limited	Hong Kong SAR	6,227	6,227	361	Apparel/Footwear Specialty	2	7.6%
158	Edion Corporation	Japan	6,224**	6,224**	121	Electronics Specialty	1	-2.3%
159	Izumi Co., Ltd.	Japan	6,186**	6,186**	161	Hypermarket/Supercenter/Superstore	1	6.4%
160	K's Holdings Corporation	Japan	6,074**	6,074**	186	Electronics Specialty	1	-1.9%
161	GS Retail Co., Ltd.	S. Korea	6,034	6,356	235	Convenience/Forecourt Store	2	12.5%
162	Life Corporation	Japan	6,026	6,026	75	Supermarket	1	6.0%
163	Jumbo Groep Holding B.V.	Netherlands	6,021**	6,021**	121	Supermarket	1	15.2%
164	Axel Johnson AB / Axfood, Axstores	Sweden	6,000**	8,442**	360	Supermarket	4	31.6%
165	Bauhaus GmbH & Co. KG	Germany	5,946e	5,946e	n/a	Home Improvement	19	5.6%
166	SM Investments Corporation	Philippines	5,804	7,627	1,004	Hypermarket/Supercenter/Superstore	1	12.9%
167	Sonae, SGPS, SA	Portugal	5,669**	5,947**	246	Supermarket	24	2.3%

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168	Grupo Eroski	Spain	5,641e	6,092	-25	Supermarket	2	-4.5%
169	Coppel S.A. de C.V.	Mexico	5,617e	5,617e	n/a	Department Store	3	12.3%
170	Office Depot, Inc.	US	5,603	11,021	529	Other Specialty	2	-2.2%
171	Coop Danmark A/S	Denmark	5,602**	5,776**	8	Supermarket	2	-0.4%
172	Burlington Stores, Inc.	US	5,591	5,591	216	Department Store	2	7.5%
173	Agrokor d.d.	Croatia	5,461	6,759	-1,617	Supermarket	5	11.2%
174	Berkshire Hathaway Inc. / Retailing operations	US	5,460e	223,604	24,427	Other Specialty	9	12.2%
175	Next plc	UK	5,443**	5,460**	847	Apparel/Footwear Specialty	72	3.6%
176	Pick n Pay Stores Limited	S. Africa	5,418**	5,418**	87	Supermarket	7	7.0%
177	E.Land World Co., Ltd.	S. Korea	5,413**	6,329**	-2	Apparel/Footwear Specialty	3	5.7%
178	Tsuruha Holdings Inc.	Japan	5,325	5,325	234	Drug Store/Pharmacy	2	12.4%
179	Deichmann SE	Germany	5,310	6,195g	n/a	Apparel/Footwear Specialty	24	6.1%
180	Coop Norge, the Group	Norway	5,290**	5,585**	45	Supermarket	1	9.1%
181	Defense Commissary Agency (DeCA)	US	5,250	5,250	n/a	Supermarket	13	-2.5%
182	Shimamura Co., Ltd.	Japan	5,219	5,219	303	Apparel/Footwear Specialty	3	3.9%
183	Big Lots, Inc.	US	5,200	5,200	153	Discount Store	1	0.0%
184	The Michaels Companies, Inc.	US	5,197	5,197	378	Other Specialty	2	4.3%
185	Lojas Americanas S.A.	Brazil	5,184	5,184	61	Discount Department Store	1	12.2%
186	Lawson, Inc.	Japan	5,166**	5,826**	342	Convenience/Forecourt Store	6	6.2%
187	Gruppo Eurospin	Italy	5,144e**	5,144e**	n/a	Discount Store	2	8.6%
188	Williams-Sonoma, Inc.	US	5,084	5,084	305	Non-Store	13	6.4%
189	Reliance Industries Limited / Reliance Retail	India	4,981	50,558	4,442	Supermarket	1	34.5%
190	Neiman Marcus Group LTD LLC	US	4,949	4,949	-406	Department Store	2	4.3%
191	Woolworths Holdings Limited	S. Africa	4,944	4,944	400	Department Store	14	18.7%
192	MatsumotoKiyoshi Holdings Co., Ltd.	Japan	4,917**	4,939**	186	Drug Store/Pharmacy	2	4.3%
193	Sundrug Co., Ltd.	Japan	4,877**	4,877**	215	Drug Store/Pharmacy	1	6.4%
194	Demoulas Super Markets, Inc. (dba Market Basket)	US	4,800e	4,800e	n/a	Supermarket	1	6.5%
195	Arcs Co., Ltd.	Japan	4,721	4,731	97	Supermarket	1	8.1%
196	El Puerto de Liverpool, S.A.B. de C.V.	Mexico	4,704	5,375	545	Department Store	1	10.9%
197	Academy Ltd. (dba Academy Sports + Outdoors)	US	4,700e	4,700e	n/a	Other Specialty	1	9.4%
198	Save-A-Lot	US	4,700e	4,700e	n/a	Discount Store	2	ne
199	Grupo Comercial Chedraui, S.A.B. de C.V.	Mexico	4,696	4,737	108	Hypermarket/Supercenter/Superstore	2	9.0%
200	Nitori Holdings Co., Ltd.	Japan	4,629	4,734	554	Other Specialty	4	9.0%
201	Cosmos Pharmaceutical Corp.	Japan	4,626	4,626	168	Drug Store/Pharmacy	1	12.5%
202	OJSC Dixy Group	Russia	4,616	4,645**	-42	Supermarket	1	25.0%
203	Ulta Salon, Cosmetics & Fragrance, Inc.	US	4,614	4,855	410	Other Specialty	1	22.4%
204	Hermès International SCA	France	4,613e	5,754**	1,221	Apparel/Footwear Specialty	47	12.9%
205	XXXLutz Group	Austria	4,606e	4,606e	n/a	Other Specialty	11	8.4%
206	SuperValu Inc.	US	4,596**	12,480**	654	Supermarket	1	-30.3%
207	Lenta Group	Russia	4,572	4,572	167	Hypermarket/Supercenter/Superstore	1	27.8%
208	Valor Holdings Co., Ltd.	Japan	4,559	4,804	98	Supermarket	2	4.8%
209	Foodstuffs North Island Ltd.	New Zealand	4,527**	4,527**	12	Supermarket	1	ne

¹ Revenue and net income for the parent company or group may include results from non-retail operations
² Compound annual growth rate
e = estimate
g = gross turnover as reported by company

n/a = not available
ne = not in existence (created by merger or divestiture)
* Revenue reflects wholesale sales
** Revenue includes wholesale and retail sales

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Global Powers of Retailing Top 250, FY2016

FY2016 Retail revenue rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	FY2016 Parent company/ group revenue¹ (US$M)	FY2016 Parent company/ group net income¹ (US$M)	Dominant operational format	# Countries of operation	FY2011-2016 Retail revenue CAGR²
210	PETCO Animal Supplies, Inc.	US	4,495e	4,495e	n/a	Other Specialty	3	7.7%
211	Tokyu Corporation	Japan	4,471	10,312	635	Department Store	2	1.6%
212	PT Indomarco Prismatama (Indomaret)	Indonesia	4,435**	4,435**	55	Convenience/Forecourt Store	1	21.5%
213	Smart & Final Stores, Inc.	US	4,342**	4,342**	13	Cash & Carry/Warehouse Club	2	8.9%
214	Reinalt-Thomas Corporation (dba Discount Tire/ America's Tire)	US	4,340e	4,340e	n/a	Other Specialty	1	7.7%
215	BGFretail Co., Ltd.	S. Korea	4,339	4,339	159	Convenience/Forecourt Store	2	15.0%
216	Hobby Lobby Stores, Inc.	US	4,300e	4,300e	n/a	Other Specialty	1	7.5%
217	Müller Holding Ltd. & Co. KG	Germany	4,248e	4,248e	n/a	Drug Store/Pharmacy	7	5.8%
218	JB Hi-Fi Limited	Australia	4,240	4,240	130	Electronics Specialty	2	12.5%
219	Belk, Inc.	US	4,209e	4,209e	n/a	Department Store	1	2.6%
220	McKesson Europe AG (formerly Celesio AG)	Germany	4,208	22,641**	-1,057	Drug Store/Pharmacy	9	1.5%
221	PT Sumber Alfaria Trijaya Tbk (Alfamart)	Indonesia	4,205**	4,205**	42	Convenience/Forecourt Store	1	25.2%
222	Stater Bros. Holdings Inc.	US	4,200e	4,200e	n/a	Supermarket	1	2.6%
223	The Save Mart Companies (formerly Save Mart Supermarkets)	US	4,200e	4,200e	n/a	Supermarket	1	-1.8%
224	SHV Holdings N.V. / Makro	Netherlands	4,159e	20,608	775	Cash & Carry/Warehouse Club	5	-10.2%
225	HORNBACH Baumarkt AG Group	Germany	4,083	4,083	58	Home Improvement	9	4.3%
226	Sprouts Farmers Market, Inc.	US	4,046	4,046	124	Supermarket	1	29.6%
227	Zalando SE	Germany	4,025	4,025	133	Non-store	15	48.1%
228	Chongqing Department Store Co., Ltd.	China	4,012	5,094	66	Department Store	1	1.8%
229	Forever 21, Inc.	US	4,000e	4,000e	n/a	Apparel/Footwear Specialty	57	3.7%
230	Nojima Corporation	Japan	3,980	3,988	94	Electronics Specialty	1	n/a
231	Sugi Holdings Co., Ltd.	Japan	3,958**	3,976**	138	Drug Store/Pharmacy	1	5.6%
232	Tiffany & Co.	US	3,903**	4,002**	446	Other Specialty	29	2.3%
233	Barnes & Noble, Inc.	US	3,895	3,895	22	Other Specialty	1	-6.3%
234	Sports Direct International plc	UK	3,875	4,186**	415	Other Specialty	24	12.9%
235	Dashang Co., Ltd.	China	3,856	4,228	98	Department Store	1	-2.0%
236	Heiwado Co., Ltd.	Japan	3,843	4,039	87	Hypermarket/Supercenter/Superstore	2	2.4%
237	DCM Holdings Co., Ltd.	Japan	3,818	4,092	107	Home Improvement	1	-1.3%
238	Coach, Inc. (now Tapestry, Inc.)	US	3,810e	4,488**	591	Other Specialty	32	-2.1%
239	Nonggongshang Supermarket (Group) Co. Ltd.	China	3,793e	4,163g	n/a	Supermarket	1	-1.7%
240	Bass Pro Group, LLC	US	3,786e	4,580e**	n/a	Other Specialty	2	8.2%
241	East Japan Railway Company (JR East)	Japan	3,689	26,587	2,579	Convenience/Forecourt Store	1	0.2%
242	Coop Sverige AB	Sweden	3,683**	3,683**	40	Supermarket	1	ne
243	Ralph Lauren Corporation	US	3,682	6,653**	-99	Apparel/Footwear Specialty	49	1.4%
244	Savola Group / Panda Retail Company	Saudi Arabia	3,671	3,671	-206	Hypermarket/Supercenter/Superstore	3	8.5%
245	Grandvision N.V.	Netherlands	3,668**	3,668**	279	Other Specialty	45	6.7%
246	Ingles Markets, Inc.	US	3,657	3,795**	54	Supermarket	1	1.3%
247	Migros Ticaret A.Ş.	Turkey	3,656**	3,656**	-97	Supermarket	3	14.0%
248	Iceland Topco Limited	UK	3,637**	3,637**	-26	Supermarket	7	1.3%
249	Overwaitea Food Group	Canada	3,621e	3,621e	n/a	Supermarket	1	7.9%
250	Intersport Deutschland eG	Germany	3,617e**	3,894g**	n/a	Other Specialty	6	5.4%

¹ Revenue and net income for the parent company or group may include results from non-retail operations
² Compound annual growth rate
e = estimate
g = gross turnover as reported by company

n/a = not available
ne = not in existence (created by merger or divestiture)
* Revenue reflects wholesale sales
** Revenue includes wholesale and retail sales

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Geographic analysis

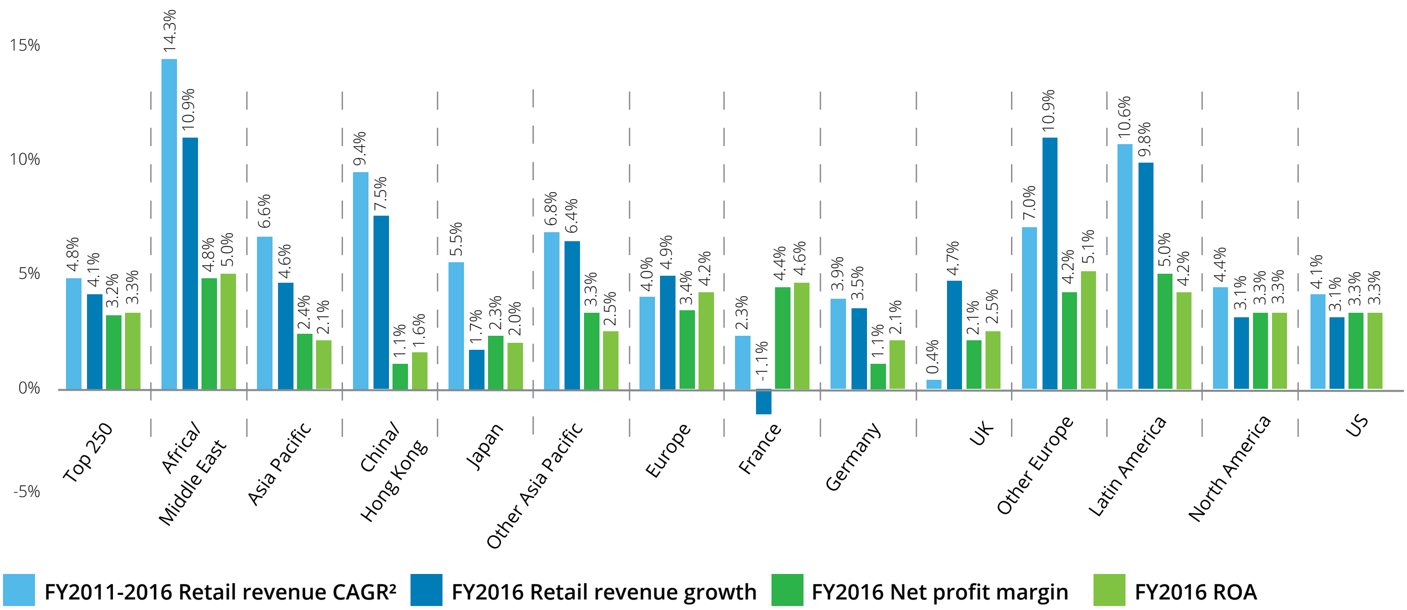
For the purposes of geographic analysis, companies are assigned to a region based on their headquarters location, which may not always coincide with where they derive the majority of their sales. Although many companies derive sales from outside their region, 100 percent of each company's sales are accounted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

	Region/country profiles, FY2016				Level of globalization by region/ country, FY2016		
	Number of companies	Average retail revenue (US$M)	Share of Top 250 companies	Share of Top 250 revenue	% Retail revenue from foreign operations	Average # countries	% Single-country operators
Top 250	250	$17,643	100.0%	100.0%	22.5%	10.0	33.2%
Africa/Middle East	10	$6,789	4.0%	1.5%	34.7%	11.2	0.0%
Asia Pacific	63	$10,813	25.2%	15.4%	9.4%	3.6	47.6%
China/Hong Kong[1]	14	$11,610	5.6%	3.7%	13.7%	4.1	64.3%
Japan	32	$9,901	12.8%	7.2%	8.9%	4.0	43.8%
Other Asia Pacific	17	$11,873	6.8%	4.6%	6.7%	2.5	41.2%
Europe	82	$18,185	32.8%	33.8%	40.6%	16.4	15.9%
France	12	$29,064	4.8%	7.9%	45.1%	30.2	0.0%
Germany	17	$25,000	6.8%	9.6%	47.2%	14.1	5.9%
UK	12	$17,896	4.8%	4.9%	16.9%	16.8	16.7%
Other Europe	41	$12,261	16.4%	11.4%	42.1%	13.3	24.4%
Latin America	8	$7,834	3.2%	1.4%	23.8%	2.9	37.5%
North America	87	$24,228	34.8%	47.8%	13.6%	9.0	42.5%
US	80	$25,203	32.0%	45.7%	13.7%	9.4	41.3%

Results reflect Top 250 retailers headquartered in each region/country
[1] China and Hong Kong are considered as a single country for this analysis

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Retail revenue growth and profitability by region/country[1], FY2016



Results reflect Top 250 companies headquartered in each region/country
[1] Sales-weighted, currency-adjusted composites
[2] Compound annual growth rate

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Europe's share of Top 250 drops again, gap widens versus North America

The number of Top 250 retailers based in Europe fell again in FY2016 to 82 from 85 in FY2015 and 93 the year before. Still, strengthening European economies and several key acquisitions—Ahold/Delhaize and FNAC/Darty, among them—resulted in solid overall composite growth for retailers in the region. Composite retail revenue rose 4.9 percent year-over-year and 4.0 percent compounded annually over the five-year period from 2011 to 2016. The composite net profit margin of 3.4 continued to improve compared with the two previous years' results.

Retailers from outside the large and mature markets of France, Germany, and the UK buoyed the region's growth, growing retail revenue by 10.9 percent on a composite basis in FY2016. Ahold Delhaize' 63.9 percent merger-related revenue jump substantially skewed the region's results.

Still, other retailers—including Swiss retailer Dufry's and Spain's Inditex (Zara)—grew sales above the region's average. Several Russian retailers—X5 Retail, Lenta, OJSC Dixy, and Magnit—benefitted from a combination of acquisitions and organic expansion, despite the Federation's continued struggling economy. Meanwhile, UK and German retailers held their own in the growth department in FY2016 with UK retailers recording 4.7 percent composite growth and Germany 3.5 percent.

But it was French retailers that were the biggest drag on Europe's growth. On a composite basis, the country's retailers recorded a year-over-year revenue decline of 1.1 percent. The three largest retailers—Carrefour, Auchan, and Casino—struggled to grow sales, pulling down the country's composite growth results. Despite the lack of top-line growth, French retailers outperformed their European counterparts on the bottom line, recording a net profit margin composite of 4.4 percent.

Despite dropping share in the Top 250, European retailers remain the most globally active as they search for growth outside their mature home markets. Nearly 41 percent of their combined revenue was generated from foreign operations in FY2016—almost twice as much as the Top 250 group as a whole. Almost 85 percent of the region's companies operated internationally, expanding well beyond their home country borders with a presence in 16 countries, on average. French retailers have by far the most global retail networks, with operations on average in 30 countries.

North America

Retailers based in North America represented more than a third of all Top 250 companies in FY2016, but with an average size of US$24.2 billion—the largest of all regions—they accounted for nearly half of all Top 250 revenue. North America, and more specifically the US, was the only region that lagged the growth level of the overall Top 250. Despite this more modest pace of growth in FY2016, the net profit margin and return on assets composites for retailers based in the region were on par with the Top 250 group's overall results.

Results for US retailers, which account for the vast majority of the region's Top 250 companies, generally mirror the regional results. Overall, the Top 250 North American retailers have a fairly low level of globalization. Although retail operations spanned 9.0 countries on average, only 13.6 percent of the region's FY2016 combined retail revenue came from foreign operations. More than 42 percent of the North American retailers remain single-country operators.

Asia Pacific

The Asia Pacific region gained four retailers in the FY2016 Top 250 ranking, and consequently now captures more than a quarter share of the Top 250's composite retail revenue. Retailers based in China and Hong Kong (considered as a single country for this analysis) and "other" Asia Pacific nations—including India, Indonesia, South Korea, and Thailand—were key growth drivers.

Retail revenue growth fell off from its strong 7.3 percent pace of the previous year, settling in at 4.6 percent in FY2016. The region's retailers, however, recorded a strong compound annual growth of 6.6 percent from FY2011 to FY2016. Despite some improvement in profit performance relative to the previous year, profitability remained weak compared with the overall Top 250 group's results.

Retailers in the Asia Pacific region, however, have been relatively slow to invest in international operations. On average, they operated in just 3.6 countries, compared with 10.0 countries for the entire Top 250 group. Nearly half of the companies operated only within their own borders. About 90 percent of the composite revenue for the region's 63 retailers in the Top 250 was generated domestically in FY2016.

On a composite basis, retailers based in China and Hong Kong generated the strongest growth in the region with combined revenue up 7.5 percent in FY2016, coming on top of 12.9 percent growth the previous year. Top-line focus came at the expense of profitability with the country's retailers recording a net profit margin composite of just 1.1 percent, well below the Top 250 group's overall results. China's largest retailer, JD.com, weighs heavily on the nation's overall results, however. If the fast-growing but unprofitable e-commerce giant is excluded from the analysis, China/Hong Kong's composite growth rate drops to just 0.5 percent while the net profit margin rises to 2.2 percent.

Compared with FY2015's strong composite retail revenue gain of 6.9 percent, growth among Japan-based retailers in the Top 250 dropped way off to just 1.7 percent in FY2016. Profitability was on par with the previous year's performance, though, with Japan's retailers recording a 2.3 percent composite net profit margin.

Africa/Middle East

Retailing in emerging markets in the Africa/Middle East region is on a high-growth path. The rising middle class in Africa has contributed to the modernization of the retailing sector, and many African economies continue to transition toward consumption-driven markets.

The Middle East also is an attractive destination for retailers. Together, the Africa/Middle East region's 10.9 percent growth rate and 4.8 percent net profit margin composite in FY2016 were among the highest of the five geographic regions. Top 250 retailers based in the region have a large geographic footprint. All 10 companies operated internationally in FY2016 in an average of 11.2 countries. Nearly 35 percent of their combined retail revenue was generated outside their home countries.

Latin America

The Latin American region has the fewest retailers—eight—represented in the FY2016 Top 250. These retailers continue to enjoy strong growth and above-average profitability. The region's 9.8 percent composite growth rate is second only to the Africa/Middle East region. The composite net profit margin of 5.0 percent was the best regional result.

Except for Grupo Comercial, which operates the Chedraui's supermarket chain in the southwest United States, and FEMSA Comercio, which owns an 80 percent stake in Specialty's Café and Bakery in the US, the other six Top 250 Latin American companies derived all of their retail revenue from within the region in FY2016. Nearly a quarter, however, came from outside retailers' domestic borders.

Product sector analysis

This report analyzes retail performance by primary retail product sector as well as by geography. Four sectors are used for analysis: apparel and accessories, fast-moving consumer goods, hardlines and leisure goods, and diversified. A company is assigned to one of three specific product sectors if at least half of its retail revenue is derived from that broadly defined product category. If none of the three specific product sectors accounts for at least 50 percent of a company's revenue, it is considered to be diversified.

Apparel and accessories retailers may be the most profitable, but hardlines and leisure drove growth in FY2016

	Product sector profiles, FY2016				**Level of globalization by product sector, FY2016**		
	Number of companies	Average retail revenue (US$M)	Share of Top 250 companies	Share of Top 250 revenue	% Retail revenue from foreign operations	Average # countries	% Single-country operators
Top 250	250	$17,643	100.0%	100.0%	22.5%	10.0	33.2%
Apparel and accessories	43	$10,055	17.2%	9.8%	35.1%	26.5	14.0%
Fast-moving consumer goods	135	$21,685	54.0%	66.4%	21.1%	5.9	38.5%
Hardlines and leisure goods	51	$14,698	20.4%	17.0%	22.4%	8.1	33.3%
Diversified	21	$14,354	8.4%	6.8%	20.4%	6.7	38.1%

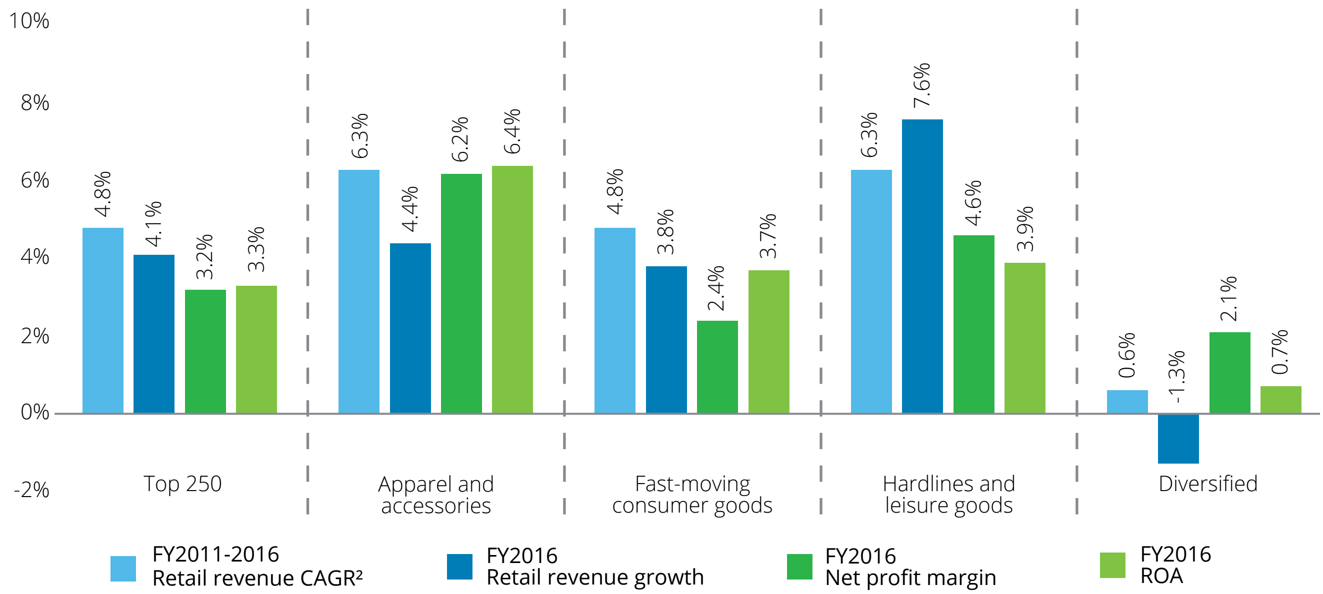
Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Hardlines and leisure

Retailers of hardlines and leisure goods have enjoyed fairly strong growth since 2010 when the economy emerged from the global economic crisis. The sector's exceptionally robust retail revenue growth composite of 7.6 percent in FY2016—vis-à-vis other product sectors—helped prop up the Top 250 group's 4.1 percent composite growth rate.

The equally good news is that it was profitable growth for the vast majority of these retailers, resulting in a solid net profit margin composite of 4.6 percent. (Note: Apple Inc. is excluded from the profitability ratios. See discussion of methodology on page G30). Nevertheless, individual company results were decidedly mixed. Tremendously strong growth of e-commerce giants Amazon.com and JD.com gave the group's top-line composite a big boost, which helped offset retail revenue declines among 13 of the sector's 51 companies. At the same time, the two e-retailers dragged down the sector's overall profitability.

Retail revenue growth and profitability by primary product sector[1], FY2016



[1] Sales-weighted, currency-adjusted composites
[2] Compound annual growth rate

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Some shakeup occurred among hardlines and leisure retailers, including the merger of Group FNAC and Darty plc to form France's largest electronics retailer.[33] In May 2016, Lowe's acquired Canadian home improvement retailer RONA.[34] Steinhoff International acquired US-based Mattress Firm, marking its first foray into the Americas in 2016.[35] Staples sold its UK retail store business to London-based Hilco Capital in November 2016[36] and its remaining European stores to private equity firm Cerberus Capital Management in February 2017,[37] classifying the international stores as discontinued operations in FY2016.

Apparel and accessories

While still a solid 4.4 percent, composite retail revenue growth for the 43 apparel and accessories retailers in the FY2016 Top 250 ranking fell off its intense FY2015 pace. The sector was not the clear growth leader for the first time in four years. Still, retailers of apparel and accessories remained the most profitable of the sectors represented in the Top 250. The sector posted a composite net profit margin of 6.2 percent and a return on assets composite of 6.4 percent, results almost twice that of the Top 250 overall.

Most of the world's largest apparel and accessories retailers have expanded internationally. In FY2016, foreign market operations accounted for 35.1 percent of the sector's composite retail revenue, compared with less than a quarter for the Top 250 overall. The average company had a presence in 26 countries—far more than retailers in the other product sectors. Although apparel and accessories retailers have the largest global footprint, they are relatively small in size, averaging just more than US$10.0 billion in retail revenue compared with the average Top 250 retailer size of US$17.6 billion.

Fast-moving consumer goods

Because of the number of retailers and their magnitude, the fast-moving consumer goods (FMCG) sector is a key driver of the Top 250 metrics. In FY2016, the sector was represented by 135 retailers, accounting for 54 percent of all Top 250 companies and two-thirds of Top 250 revenue. FMCG retailers are, by far, some of the largest companies among the Top 250, with average retail revenue of US$21.7 billion. Compared with the hardlines and apparel sectors, the group grew its top line more modestly, generating composite revenue growth of 3.8 percent in FY2016, down from 5.0 percent growth the previous year. On the bottom line, the composite net profit margin of 2.4 percent was typical of this historically low-margin sector.

Ongoing price wars, Aldi and Lidl expansion, continued growth in online grocery, including from the likes of Amazon, and food price deflation, particularly in the US, has created an ultra-competitive and highly volatile grocery landscape across the globe. Grocery consolidation continued in 2016 as retailers looked to build scale and efficiencies. In July 2016, the merger of Ahold and Delhaize Group created one of the world's largest food retailers, Ahold Delhaize, with revenue of $69.0 billion.[38] The newly combined company ascended to the No. 14 spot in the Top 250 ranking, placing it among other dominant European food retailers.

Japan-based convenience store retailers UNY Group Holdings and FamilyMart merged in September 2016, propelling the newly formed FamilyMart UNY Holdings Co. into the No. 124 position in the Top 250.[39] Also in September, Sainsbury's gained a sales boost when it acquired Home Retail Group, owner of Argos and Habitat.[40]

Headlining acquisition activity in 2017 was Amazon's purchase of natural supermarket Whole Foods, which gave the e-tail giant an instant bricks-and-mortar grocery presence to further build out its grocery offer.[41] The pending acquisition of US drugstore chain Rite Aid by Walgreens Boots Alliance was thwarted by the Federal Trade Commission, and in July 2017, Walgreens instead announced it was moving forward to buy 2,186 Rite Aid stores in lieu of acquiring the entire company.[42] Tesco received the green light in November 2017 to acquire UK food wholesaler Booker,[43] a deal that will result in the formation of a grocery powerhouse.

Diversified

As a whole, the diversified group persistently has experienced slow to no growth. A retailer is considered "diversified" when none of the three specific product-oriented sectors accounts for at least 50 percent of its retail revenue. Composite retail revenue for the 21 companies in this group remained fundamentally flat, nudging up just 0.6 percent on a compound annual basis from 2011 through 2016.

The group's composite revenue declined 1.3 percent year-over-year in FY2016, as three of the four largest diversified companies saw their top lines decline. Target's revenue was down 5.8 percent after selling off its in-store pharmacy business to US drugstore chain CVS. Germany's Metro Group saw sales drop 1.4 percent in FY2016—the fourth straight year of declining revenue—as the company continued its transformation process. Meanwhile, sales at Sears Holdings shrunk for the 10th year in a row, falling 12.0 percent in FY2016.

New entrants

New entrants, FY2016

Top 250 rank	Name of company	Country of origin	Dominant operational format	FY2016 Retail revenue growth
189	Reliance Industries Limited / Reliance Retail	India	Supermarket	59.2%
198	Save-A-Lot	US	Discount Store	ne
218	JB Hi-Fi Limited	Australia	Electronics Specialty	42.3%
227	Zalando SE	Germany	Non-store	23.0%
231	Sugi Holdings Co., Ltd.	Japan	Drug Store/Pharmacy	4.2%
236	Heiwado Co., Ltd.	Japan	Hypermarket/Supercenter/Superstore	0.1%
240	Bass Pro Group, LLC	US	Other Specialty	22.4%
241	East Japan Railway Company (JR East)	Japan	Convenience/Forecourt Store	-0.1%
247	Migros Ticaret A.Ş.	Turkey	Supermarket	17.8%
250	Intersport Deutschland eG	Germany	Other Specialty	4.5%

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Ten retailers joined or re-entered the ranks of the Top 250 in FY2016. India-based Reliance Retail, the retailing subsidiary of conglomerate Reliance Industries Limited, is the highest-ranked newcomer on the list at No. 189. While Reliance generates the bulk of its sales from its FMCG banners, the retailer also operates in the apparel and accessories space with its Reliance Trends and Reliance Footprint nameplates, and in hardlines through its Reliance Digital consumer electronics chain. The company recorded a robust 59.2 percent growth in retail revenue in FY2016.

US discount grocer Save-A-Lot, which was sold by food wholesaler and retailer Supervalu to private equity firm Onex Partners in late 2016,[44] is a first-timer on the list at No. 198. Based on previous years' sales reported by Supervalu and other industry sources, Save-A-Lot would have been big enough to rank in the Top 250 for at least the past decade had it always been a standalone company.

Six of the 10 retailers entering the Top 250 ranking in FY2016 were from the FMCG sector. In addition to the aforementioned Reliance Retail and Save-A-Lot, the other four include:

- Japan-based drugstore retailer Sugi Holdings, returning to the list at No. 231 after dropping from the ranking in FY2013.
- Hypermarket Heiwado Co., also of Japan, coming in at No. 236 following a one-year absence.
- JR East, the retail subsidiary of East Japan Railway Company, which predominantly operates convenience stores and retail kiosks at railway stations, returned at No. 241 after dropping off the previous two years.
- Turkish supermarket Migros Ticaret A.Ş. made the Top 250 list for the first time, coming in at No. 247.

Of note are the three retailers from Japan—Sugi, Heiwado, and JR East—that returned to the Top 250 list in FY2016 following some periods of absence. This is largely due to the Japanese yen's rally against the US dollar in 2016, which resulted in a favorable exchange rate.

Rounding out the new entrants for FY2016:

- Australia-based electronics specialty retailer JB Hi-Fi Limited is a first-timer in the rankings at No. 218. The retailer's November 2016 acquisition of The Good Guys electronics chain, also in Australia,[45] contributed to the company's 42.3 percent revenue gain in FY2016.
- High-growth Germany-based e-commerce fashion specialist Zalando SE, which went public in 2014, enters the list at No. 227. It grew revenue at a 23.0 percent pace in FY2016.
- US-based outdoor recreational products retailer, Bass Pro Group, is at No. 240 and should substantially move up the ranks next year after acquiring competitor Cabela's in September 2017.[46]
- Germany-based sporting goods retailer Intersport Deutschland crept back onto the list at No. 250 following a one-year absence.

Fastest 50

The Fastest 50 is based on compound annual revenue growth over the five-year period of 2010 to 2015. Fastest 50 companies that were also among the 50 fastest-growing retailers in FY2015 make up an even more elite group. These retailers are designated in bold italic type on the list.

E-commerce and acquisitions drive Fastest 50

The 50 fastest-growing retailers grew revenue, on average, four times faster than the Top 250 group as a whole, recording a 20.9 percent composite compound annual growth rate from 2011 through 2016. This robust pace was driven largely by rapidly expanding e-commerce sales and significant M&A activity. To rank among the Fastest 50 required compound annual revenue growth of at least 11.8 percent over the five-year period. Three-quarters of the Fastest 50 (38 companies) were also among the 50 fastest-growing retailers in FY2015.

The Fastest 50 list clearly demonstrates that expansion-minded retailers generally have a laser-like focus on growing the top line, sometimes at the expense of profitability. The Fastest 50 retailers generated a composite net profit margin of 2.5 percent in FY2016, compared with 3.2 percent for the Top 250. Six of the fastest-growing companies that disclosed their bottom-line results posted a net loss, including two of the three top retailers on the list.

Four of the largest companies on the Fastest 50 list (Albertsons Companies, JD.com, Amazon.com, and Ahold Delhaize) either lost money or recorded low profits in FY2016, which had a disproportionate effect on the overall results for the group. Note: Top 250 companies that did not derive the majority of their revenue from retail operations were excluded from the calculation of group profitability as their consolidated profits mostly reflect non-retail activities.

Three of the top four fastest-growing retailers are exclusively focused on e-commerce: Chinese e-retailers Vipshop and JD.com, and German apparel specialist Zalando.

- Vipshop pioneered the flash sales business model in China. Since its founding in 2008, the company has rapidly built a sizeable and growing base of customers and brand partners. It grew revenue by 30.9 percent in FY2016 primarily through an increase in its active customer base.

- JD.com, the largest online direct sales company in China, recorded rapid revenue growth of 41.7 percent, driven mainly by an increase in customer accounts that ballooned from 155 million in 2015 to more than 226 million in 2016. In June 2016, JD.com and Wal-Mart formed a strategic tie-up, with JD buying certain assets relating to Yihaodian, Wal-Mart's e-commerce operations in China.[47]

- Germany-based e-commerce fashion specialist Zalando's rapid growth not only earned it a spot in the Top 250 ranking for the first time in FY2016, but also as one of the Fastest 50. The company attributes growth to both new active customers and increased orders.

- Amazon.com, the other Top 250 retailer predominantly focused on e-commerce, has been included among the Fastest 50 since Deloitte first started tracking the group in 2004, and FY2016 is no exception. The company grew retail revenue by 19.4 percent in FY2016. The 2017 acquisition of Whole Foods now positions Amazon for continued growth through bricks as well as clicks.[48]

Merger and acquisition activity propelled a number of companies into the FY2016 Fastest 50 list.

Among the more significant deals:

- Japanese convenience store operator FamilyMart doubled its size merging with UNY Holdings in September 2016.[49]

- Ahold went from a US$42.4 billion to US$69.0 billion retailer when it joined forces with Delhaize Group to form Ahold Delhaize in July 2016.[50]

- Electronics retailer Groupe FNAC doubled its sales by acquiring fellow French retailer Darty plc in a deal that closed in September 2016.[51]

- Coming off its 2015 acquisition of GALERIA Kaufhof, Canada-based department store retailer Hudson's Bay completed the acquisition of Gilt Groupe Holdings in February 2016.[52] The company also focused on organic growth, expanding into the Netherlands and extending US banners Saks Fifth Avenue and Saks OFF 5TH into its home country.

- In addition to strong organic growth, in November 2016 Russian supermarket Lenta purchased the Kesko food retail business, also of Russia, operating under the K-Ruoka brand.[53]

- South Africa's hardlines retailer Steinhoff International went on a buying spree in late 2016, acquiring US-based Mattress Firm,[54] UK single-price value retailer Poundland,[55] Tekkie Town footwear retailer,[56] and Australian furniture retailer Fantastic Holdings Limited.[57] In all likelihood, this string of deals will impact the retailer's FY2017 ranking.

- New entrant into the Top 250 and Fastest 50 retailer JB Hi-Fi Limited acquired fellow Australian electronics and appliances chain The Good Guys in November 2016.[58]

50 Fastest-growing retailers, FY2011-2016

Growth rank	Top 250 rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	Dominant operational format	FY2011-2016 Retail revenue CAGR[1]	FY2016 Retail revenue growth	FY2016 Net profit margin
1	121	***Vipshop Holdings Limited***	China	7,962	Non-Store	103.8%	30.9%	3.5%
2	17	***Albertsons Companies, Inc.***	US	59,678	Supermarket	74.0%	1.6%	-0.6%
3	28	***JD.com, Inc***	China	35,777	Non-Store	62.6%	41.7%	-1.3%
4	227	Zalando SE	Germany	4,025	Non-store	48.1%	23.0%	3.3%
5	189	Reliance Industries Limited / Reliance Retail	India	4,981	Supermarket	34.5%	59.2%	8.8%
6	92	***Southeastern Grocers, LLC***	US	10,500e	Supermarket	31.7%	-5.8%	n/a
7	164	***Axel Johnson AB / Axfood, Axstores***	Sweden	6,000**	Supermarket	31.6%	4.3%	4.3%
8	87	Hudson's Bay Company	Canada	10,970	Department Store	30.3%	29.5%	-3.6%
9	226	***Sprouts Farmers Market, Inc.***	US	4,046	Supermarket	29.6%	12.6%	3.1%
10	207	***Lenta Group***	Russia	4,572	Hypermarket/Supercenter/ Superstore	27.8%	21.2%	3.7%
11	57	***PJSC "Magnit"***	Russia	15,957	Convenience/Forecourt Store	26.1%	12.8%	5.1%
12	49	***Dollar Tree, Inc.***	US	20,719	Discount Store	25.6%	33.7%	4.3%
13	221	***PT Sumber Alfaria Trijaya Tbk (Alfamart)***	Indonesia	4,205**	Convenience/Forecourt Store	25.2%	16.2%	1.0%
14	202	***OJSC Dixy Group***	Russia	4,616	Supermarket	25.0%	14.4%	-0.9%
15	127	***Dufry AG***	Switzerland	7,736	Other Specialty	24.4%	27.9%	0.6%
16	75	***CP ALL Plc.***	Thailand	12,754**	Convenience/Forecourt Store	23.2%	11.2%	3.7%
17	68	***Steinhoff International Holdings N.V.***	S. Africa	13,596	Other Specialty	22.9%	9.8%	9.1%
18	203	***Ulta Salon, Cosmetics & Fragrance, Inc.***	US	4,614	Other Specialty	22.4%	24.2%	8.4%
19	137	***Yonghui Superstores Co., Ltd.***	China	7,031	Hypermarket/Supercenter/ Superstore	22.2%	16.2%	1.2%
20	212	***PT Indomarco Prismatama (Indomaret)***	Indonesia	4,435**	Convenience/Forecourt Store	21.5%	19.7%	1.2%
21	109	***NIKE, Inc. / Direct to Consumer***	US	9,082	Apparel/Footwear Specialty	20.8%	15.6%	12.3%
22	124	FamilyMart UNY Holdings Co., Ltd. (formerly FamilyMart Co., Ltd.)	Japan	7,788	Convenience/Forecourt Store	20.7%	97.3%	2.5%
23	118	***Central Group***	Thailand	8,062e	Department Store	19.8%	18.9%	n/a
24	149	***BİM Birleşik Mağazalar A.Ş.***	Turkey	6,635	Discount Store	19.6%	15.2%	3.3%
25	100	***FEMSA Comercio, S.A. de C.V.***	Mexico	9,662	Convenience/Forecourt Store	19.5%	35.8%	n/a
26	140	***Ascena Retail Group, Inc.***	US	6,995	Apparel/Footwear Specialty	19.1%	45.6%	-0.2%
27	156	***The SPAR Group Limited***	S. Africa	6,232**	Supermarket	18.9%	24.5%	2.0%
28	191	***Woolworths Holdings Limited***	S. Africa	4,944	Department Store	18.7%	3.7%	8.1%
29	62	***X5 Retail Group N.V.***	Russia	15,427	Discount Store	17.9%	27.8%	2.2%
30	6	***Amazon.com, Inc.***	US	94,665	Non-Store	17.6%	19.4%	1.7%
31	58	***Fast Retailing Co., Ltd.***	Japan	15,739**	Apparel/Footwear Specialty	16.9%	6.2%	3.0%
32	14	Ahold Delhaize (formerly Koninklijke Ahold N.V.)	Netherlands	68,950**	Supermarket	15.5%	63.2%	1.7%
33	163	Jumbo Groep Holding B.V.	Netherlands	6,021**	Supermarket	15.2%	2.3%	2.0%
34	34	***Apple Inc. / Apple Retail Stores***	US	28,600e	Electronics Specialty	15.1%	2.1%	21.2%
35	215	***BGFretail Co., Ltd.***	S. Korea	4,339	Convenience/Forecourt Store	15.0%	16.6%	3.7%

Companies in bold italic type were also among the 50 fastest-growing retailers in FY2015.
Fastest 50 and Top 250 composite net profit margins exclude results for companies that are not primarily retailers.

[1] Compound annual growth rate
** Revenue includes wholesale and retail sales
e = estimate

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Growth rank	Top 250 rank	Name of company	Country of origin	FY2016 Retail revenue (US$M)	Dominant operational format	FY2011-2016 Retail revenue CAGR[1]	FY2016 Retail revenue growth	FY2016 Net profit margin
36	115	***Associated British Foods plc / Primark***	UK	8,451	Apparel/Footwear Specialty	14.3%	11.3%	6.1%
37	247	Migros Ticaret A.Ş.	Turkey	3,656**	Supermarket	14.0%	17.8%	-2.6%
38	204	***Hermès International SCA***	France	4,613e	Apparel/Footwear Specialty	12.9%	7.5%	21.2%
39	166	SM Investments Corporation	Philippines	5,804	Hypermarket/Supercenter/Superstore	12.9%	28.7%	13.2%
40	234	***Sports Direct International plc***	UK	3,875	Other Specialty	12.9%	12.4%	9.9%
41	201	***Cosmos Pharmaceutical Corp.***	Japan	4,626	Drug Store/Pharmacy	12.5%	12.4%	3.6%
42	161	***GS Retail Co., Ltd.***	S. Korea	6,034	Convenience/Forecourt Store	12.5%	16.3%	3.7%
43	218	JB Hi-Fi Limited	Australia	4,240	Electronics Specialty	12.5%	42.3%	3.1%
44	178	Tsuruha Holdings Inc.	Japan	5,325	Drug Store/Pharmacy	12.4%	9.4%	4.4%
45	129	***H2O Retailing Corporation***	Japan	7,726	Department Store	12.4%	-3.6%	1.6%
46	169	***Coppel S.A. de C.V.***	Mexico	5,617e	Department Store	12.3%	8.0%	n/a
47	117	FNAC Darty (formerly Groupe FNAC S.A.)	France	8,206**	Other Specialty	12.3%	91.4%	0.0%
48	185	***Lojas Americanas S.A.***	Brazil	5,184	Discount Department Store	12.2%	1.0%	1.2%
49	174	***Berkshire Hathaway Inc. / Retailing operations***	US	5,460e	Other Specialty	12.2%	4.3%	10.9%
50	42	H & M Hennes & Mauritz AB	Sweden	22,602**	Apparel/Footwear Specialty	11.8%	6.3%	9.7%
Fastest 50 sales-weighted, currency-adjusted composite						**20.9%**	**20.3%**	**2.5%**
Top 250 sales-weighted, currency-adjusted composite						**4.8%**	**4.1%**	**3.2%**

Companies in bold italic type were also among the 50 fastest-growing retailers in FY2015.
Fastest 50 and Top 250 composite net profit margins exclude results for companies that are not primarily retailers.

[1]Compound annual growth rate
** Revenue includes wholesale and retail sales
e = estimate

Source: Deloitte Touche Tohmatsu Limited. Global Powers of Retailing 2018. Analysis of financial performance and operations for fiscal years ended through June 2017 using company annual reports, Planet Retail database and other public sources.

Study methodology and data sources

Companies were included in the Global Powers of Retailing Top 250 based on their non-auto retail revenue for FY2016 (encompassing companies' fiscal years ended through June 2017). To be included on the list, a company does not have to derive the majority of its revenue from retailing so long as its retailing activity is large enough to qualify. Private equity and other investment firms are not considered as retail entities in this report—only their individual operating companies.

A number of sources are consulted to develop the Top 250 list. The principal data sources for financial and other company information are annual reports, SEC filings, and information found in company press releases and fact sheets or on company websites. If company-issued information is not available, other public-domain sources are used, including trade journal estimates, industry analyst reports, and various business information databases.

Much of the data for non-US retailers comes from PlanetRetail RNG, a global intelligence and advisory business exclusively focused on retail. They track over 2,000 leading retailers and have built a proprietary and globally comparable macro-economic model with over 4.5 million data points. PlanetRetail has analysts based in Boston, London, Frankfurt and Mumbai. For more information please visit www.planetretailrng.com.

Group revenue reflects the consolidated net revenue of a retailer's parent company, whether or not that company itself is primarily a retailer. Similarly, the income/loss and total assets figures also reflect the consolidated results of the parent organization. If a privately held company reports gross turnover only, this figure is reported as group revenue and footnoted as "g." Revenue figures do not include operations in which a company has only a minority interest.

The **retail revenue** figures in this report reflect only the retail portion of the company's consolidated net revenue. As a result, they may reflect adjustments to reported revenue figures to exclude non-retail operations. Retail revenue includes foodservice sales if foodservice is sold as one of the merchandise offerings inside the retail store or if restaurants are located within the company's stores, but excludes separate foodservice/restaurant operations where it is possible to break them out. Retail revenue also includes sales of services related to the company's retail activities, such as alterations, repair, maintenance, installation, etc.; fuel sales; and membership fees. However, retailers that derive the majority of their retail revenue from the sale of motor fuel are considered to be primarily gas stations and are excluded from Top 250 consideration. Retail revenue includes B2B sales made from retail stores, such as warehouse clubs, cash-and-carry operations, DIY warehouses, automotive parts stores, etc.

Revenue figures do not include the retail banner sales of franchised, licensed, or independent cooperative member stores; however, they do include royalties and franchising or licensing fees. Group revenue includes wholesale sales to such networked operations as well as to unaffiliated stores. Retail revenue includes wholesale sales to affiliated/member stores but excludes traditional wholesale or other business-to-business revenue (except where such revenue is derived from retail stores), where it is possible to break them out. For vertically integrated companies, the combination of retail sales, controlled wholesale space sales (i.e., sales to franchise stores, leased in-store shops/concessions), and other retail-related revenue (e.g., franchise/license fees, royalties, commissions) are included in the retail revenue figure.

For e-commerce companies, retail revenue includes only direct B2C sales where the company is the seller of record. It excludes the sales of third-party sellers as well as third-party seller fees and commissions.

In order to provide a common base from which to rank companies by their retail revenue results, revenues for non-US companies are converted to US 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 is used to convert that company's results to US dollars. Individual companies' FY2016 year-over-year growth rate and FY2011-2016 compound annual growth rate (CAGR), however, are calculated in each company's local currency.

Group financial results

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

Group financial results are based only on companies with data. Not all data elements are available for all companies. Top 250 companies that do not derive the majority of their revenue from retail operations are excluded from the calculation of group profitability ratios (net profit margin and return on assets) as their consolidated profits mostly reflect non-retail activities.

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

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

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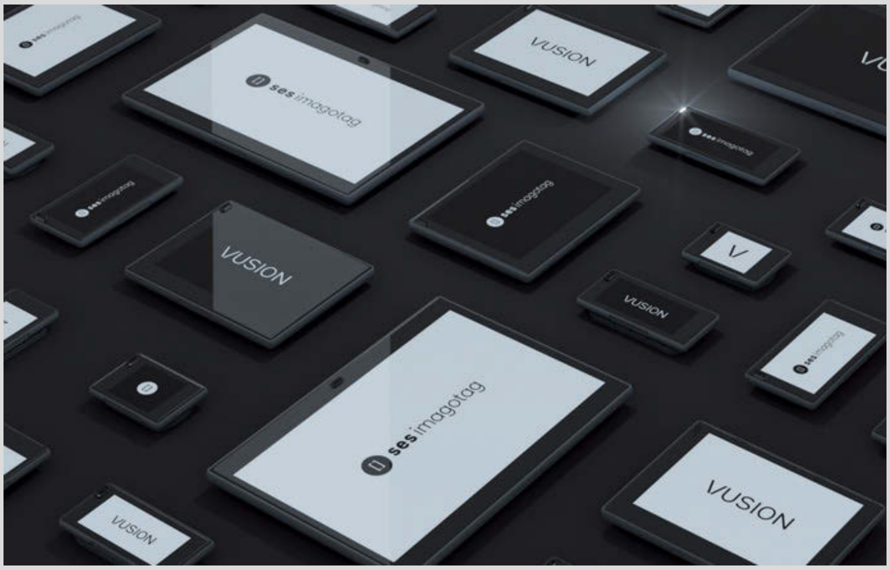
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