The Value of European Retail - A Factbook -

MAY 2021

Any use of this material should mention "EuroCommerce 'Value of European Retail' factbook" as the source

Foreword

Facts matter!

Facts and figures are essential to provide evidence and show scale and dimension of the retail sector. As proof points, they also form a solid basis for underpinning policy arguments. Compared with its European peers, EuroCommerce has lacked a proper factbase. Most of our national associations, on the other hand, have for some time compiled and updated on a regular basis solid and excellent data to support their work. A great deal of information also exists in official statistics and at research organisations and consultancies.

By bringing together relevant data from those sources, and compiling them in a structured way, we have sought to fill an important gap for our European organisation.

We hope that this first "Value of European Retail" factbook will provide a valuable source of information and knowledge for anyone wishing to know more of the facts about European retail.

Christian Verschueren
Director-General

Jean-Albert Nyssens
Chief Economist

We would like to thank the many people and organisations who actively contributed to this factbook.

First and foremost, we express our gratitude to Chris Smith, independent market researcher and analyst, who carried out most of the research and analysis and developed the slide deck, under our guidance and with the support of the EuroCommerce staff.

EuroCommerce Member Associations

fcd Fédération du Commerce et de la Distribution	• Isabelle Senand
FederDistribuzione	• Hélène Hotellier • Annalisa Capitanio
comeos	• Wim Van Edom
HDE Handelsverband Deutschland	• Olaf Roik • Antje Gerstein
BRC	• Graham Wynn
Detailhandel Nederland*	• Hester Duursema • Patricia Hoogstraaten
VIRKE	• Lars Eivind Haartveit
ANGED	• María Cruz Vaca • David Gracia

*was disbanded at end 2020

Insight Partners

nielsen	• Nick de Ujfalussy • Sergey Sivaev
McKinsey & Company	• Tobias Wachinger • Daniel Läubli
EDGE	• Xian Wang
EHI Retail Institute	• Michael Gerling • Nathalie Roux
statista	• Wouter Terlien
Euromonitor International	• Rafael Tselikas
GlobalData.	• Sandeep Andhrutkar
RETAIL X	• Sara Lone (now at University of Amsterdam)

Contents

What is retail ?

A few basic definitions

- **RETAIL**: The sale of goods to the public in relatively small quantities for final use or consumption rather than for resale. Etymologically, the word retail stems from the French word “retailler” which means “cut back, cut off, into smaller pieces”. Today, the word is used for a large diversity of players selling a wide array of products and services to consumers, i.e. B2C, through many store formats and channels, including online. Retailers operate through various business models, such as large integrated chains of stock-listed or private companies, groups of small independent retailers or franchisees, or consumer cooperatives.

- **DISTRIBUTIVE TRADE:** The technical and statistical definition of the business sector involved in commerce and trade, and covering retail, wholesale, and distributive trade, grouped under statistical NACE codes G45-47; for the purpose of this factbook, only G47 (retail trade) is taken into account, at the exclusion of G45 (car sales and repair) and G46 (wholesale, B2B trade).

- **COMMERCE**: a broad term describing the activity of trading, buying and selling, and including both retail and wholesale activities. Sometimes also used to define the distributive trade sector. Often used with the prefix “e-” to describe online retail (“e-commerce”).

- **SHOP/STORE**: a building or part of a building where goods or services are sold to final customers. The word is evolving to describe e-commerce operations as well (“e-shop”, “webshop”). The words “shop” and “store” are used in interchangeably in this report, even though the word “store” is more frequently in use in the US than in Europe.

Scope of this factbook – formats and categories

CATEGORIES	
Grocery (Food and near-food) +/- 40 % of sales	General (e.g. supermarket, hypermarket, convenience store)
	Specialist (e.g. butcher, baker, alcohol shop)
General Merchandise (Non-food) +/- 60 % of sales	Apparel (including footwear, clothing, accessories)
	DIY, hardware, garden centres
	Furniture, home decoration
	Consumer electronics, home appliances
	Health & wellness, beauty, drugstores
	Sports, outdoor, hobbies
	Books, stationery, arts & crafts
	Department stores
	Other

European retail in numbers[1] – Key figures

- Retail annual turnover is **€3.2tn**;
  - this represents almost one fifth of European GDP,
  - and about a third of total household consumption
- There are **3.5 million retail businesses** in Europe;
  - 99% of these are SMEs,
  - These SME retailers employ 6 in 10 retail workers and account for half of the sector turnover and its added value
- Retail employs close to **20 million people**, more than any other business sector
  - These jobs are geographically spread: retail is one of the top three employers in 95% of all European regions
  - Women make up 62% of the retail workforce, contrasting with a European average of 46%
  - 15% of retail workers are under 25 compared with a European average of 9%
- **Europe is a global leader** in retail
  - 24 European retailers among the top 50 global leaders,
  - but Europe is losing ground in the top 10 global retail league

1. Europe here refers to EU27 plus UK, Norway, Switzerland, and Iceland; 2018 figures

Source: Eurostat, Eurofound, Deloitte Global Power of Retailing, EuroCommerce analysis

If retail did not exist, what would we miss? (1/2)

- **MANY PRODUCTS IN ONE PLACE**: Shoppers would need to go through many more places to find the products they were looking for, be it in food and groceries or non-food
- **CHOICE - A BROAD RANGE OF PRODUCTS AND SERVICES:** retailers, through the different segments that they cater for allow shoppers to access a broad range of products and services and define themselves where to buy on the quality vs price scale. There is also a broad range of shop formats
- **IMMEDIATE AVAILABILITY**: In stores and warehouses, retailers maintain stock of products and make products readily available. Only when products are sold-out, or out-of-stock, does the shopper realize that value. In e-commerce, this translates into delivery times
- **REACH & DENSITY**: the possibility to go in a store at short distance from my home or office, or better, the ability to have the goods delivered at my place
- **EFFICIENCY AND SPEED OF MOVING GOODS**: Retailers have developed very strong and dense networks of warehouses, transport and stores, allowing goods to move efficiently and fast from all over the world. Without these, we would have a combination of less variety, more traffic congestion, increased time to identify and access products
- **TIME SAVER**: Retail is a significant time and energy saver by providing a wide range of products “under one roof” in stores and / or in combination with a broad e-commerce catalogue that can be rapidly delivered / picked up
- **AFFORDABLE PRICES**: Through the consolidation of volumes, retailers place mass-orders on behalf of customers, hence reducing production costs and prices. While they perform bulk-purchases, their stores allow thousands of shoppers to make individual purchases and benefit from better conditions
- **TRANSPARENCY & COMPARISON**: increasingly, through barcodes, price-indicators, labeling, certification of origins, shoppers know better what they buy and can compare products offered and prices

If retail did not exist, what would we miss? (2/2)

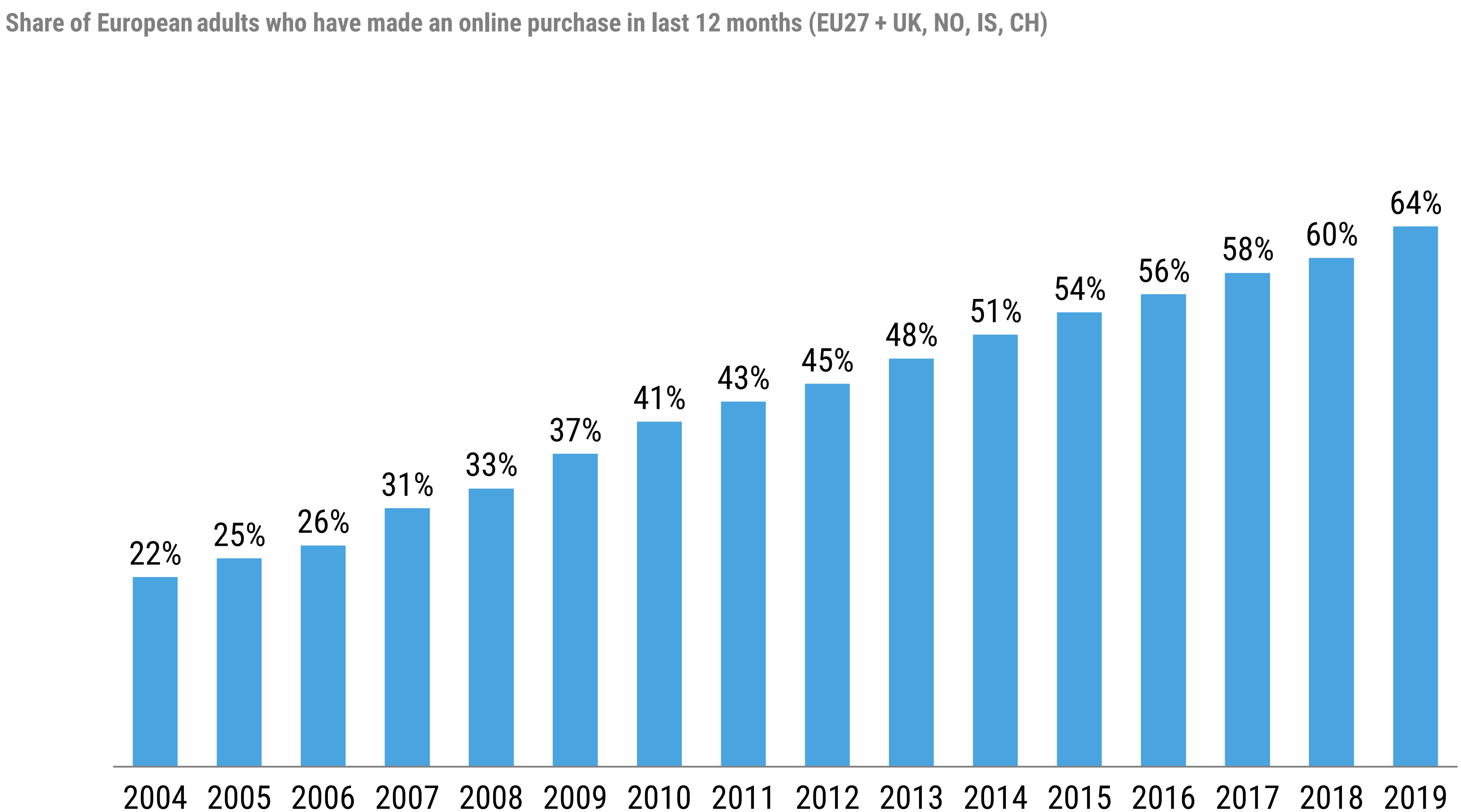
- **INSPIRATION**: Through the buying, producing, curating and displaying of products, retailers inspire shoppers with new food & recipes, trendy ways to dress, new ways to improve their home or better ways to practice their hobby or sport
- **PLEASURE**: Shopping can be a real pleasure when stores provide a fun / pleasant experience and are staffed with friendly and welcoming sales associates. Shopping hence becomes a leisure activity
- **SOCIAL INTERACTION**: Shops and malls continue the tradition of markets set up centuries ago where people trade goods in a common place. For many people, the local store or supermarket is the main place where they interact with other people
- **VIBRANT CITIES, TOWNS, AND VILLAGES**: Thanks to the many retail outlets of large and small companies, and together with cafes, restaurants, (movie) theaters, museas, cultural centres, and art galleries, town centres are vibrant communities and places of destinations
- **IDENTIFICATION**: Many people identify with the brands where they shop. These shops are part of their identity
- **TRUST - ASSURANCE** : The shopper trusts that the retailer selects and curates quality and safe products for her at the best conditions, from reliable suppliers. Otherwise, the shopper would spend much more time comparing different suppliers and products
- **QUALITY, SAFETY & FRESHNESS:** In food, this also translates into freshness, safety, respect of cold chain, end-of-use dates
- **JOBS**: Retail provides close to 20 million jobs in Europe to many women, young, sometimes people with lower levels of education, giving them opportunities and training

The key disruptions, challenges, and opportunities facing retail in Europe

B1 Digital Transformation – Key messages

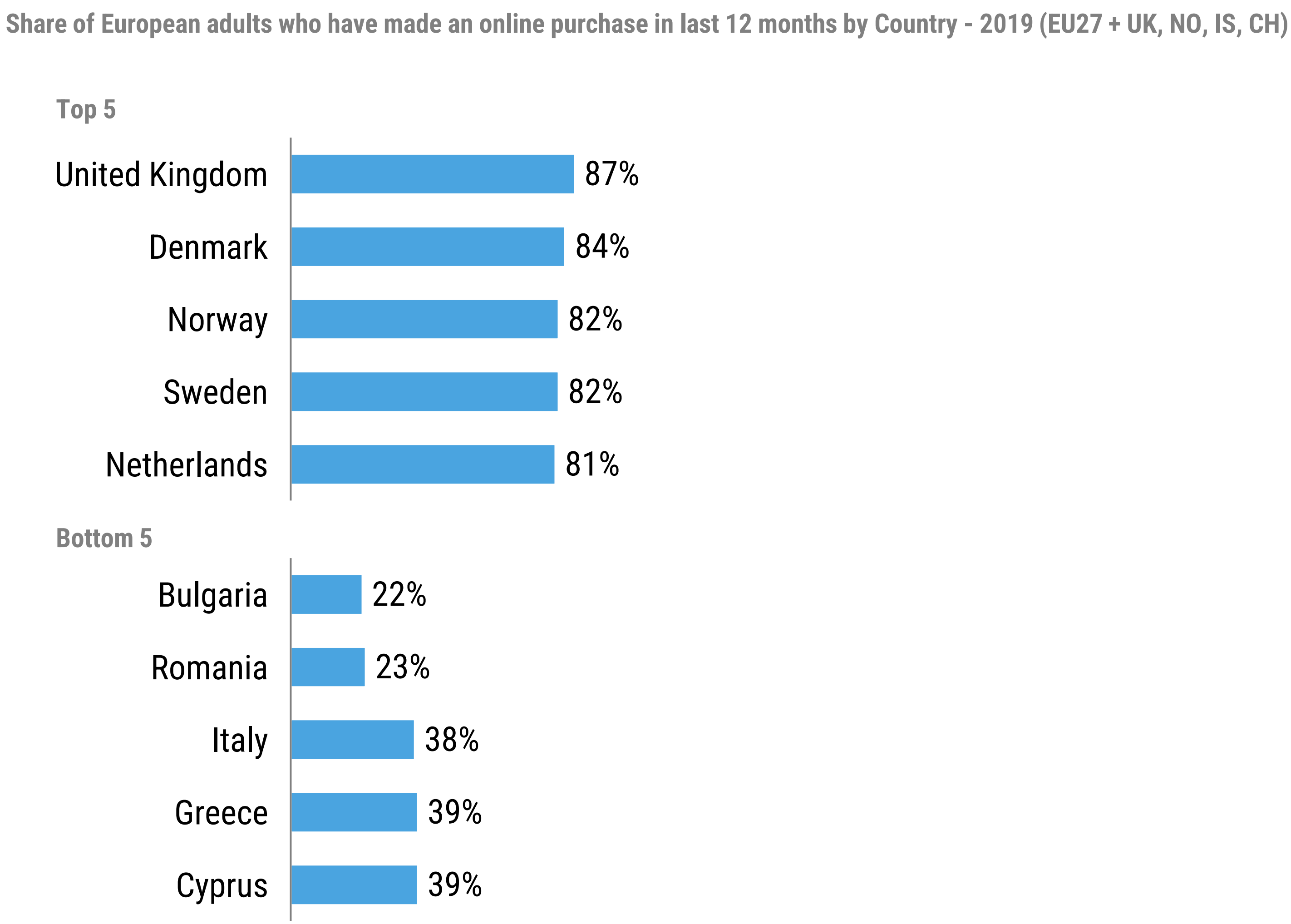
- Consumers are increasingly engaging with e-commerce: 2 in 3 European adults have made an online purchase in the last year, up from only 1 in 3 in 2008 and less than 1 in 4 in 2004, showing how quickly the digital transformation is taking place
- However, this masks huge differences between countries, with Northern and Western parts of Europe generally much more developed e-commerce markets:
  - While more than 8 in 10 adults have made an online purchase in the UK, Netherlands, Denmark, Norway and Sweden…
  - …fewer than 1 in 4 adults have done so in Romania or Bulgaria
- With shopper journeys going omnichannel, the largest European retailers have responded. They are overwhelmingly omnichannel retailers: 84% of the top 50 largest European retailers sell online and offline, with these retailers accounting for 90% of the total sales of the top 50
- 14 of the top 20 retailers by estimated online sales in Europe are omnichannel
- Europe is home to some of the largest e-commerce markets, but growth is slower than elsewhere in the world
- There is substantial category variation: apparel and consumer electronics are more likely to be sold online than other categories; food retail remains mostly through stores as a share of value
- Digital processes and automation provides an opportunity to help employees focus on higher value, customer facing tasks
- European retailers are forming partnerships with innovative delivery businesses to increase convenience and reduce the costs of the last mile
- The digital transformation massively increases the amount of data and information available
- Most European consumer payments are still made using cash, but there is regional variation, with some countries (notably Sweden, Denmark, and the UK) having much lower use of cash

European consumers are increasingly buying online…



Source: Eurostat, EuroCommerce analysis

…but there is substantial variation between countries



Source: Eurostat

Customer journeys are increasingly diverse and omnichannel

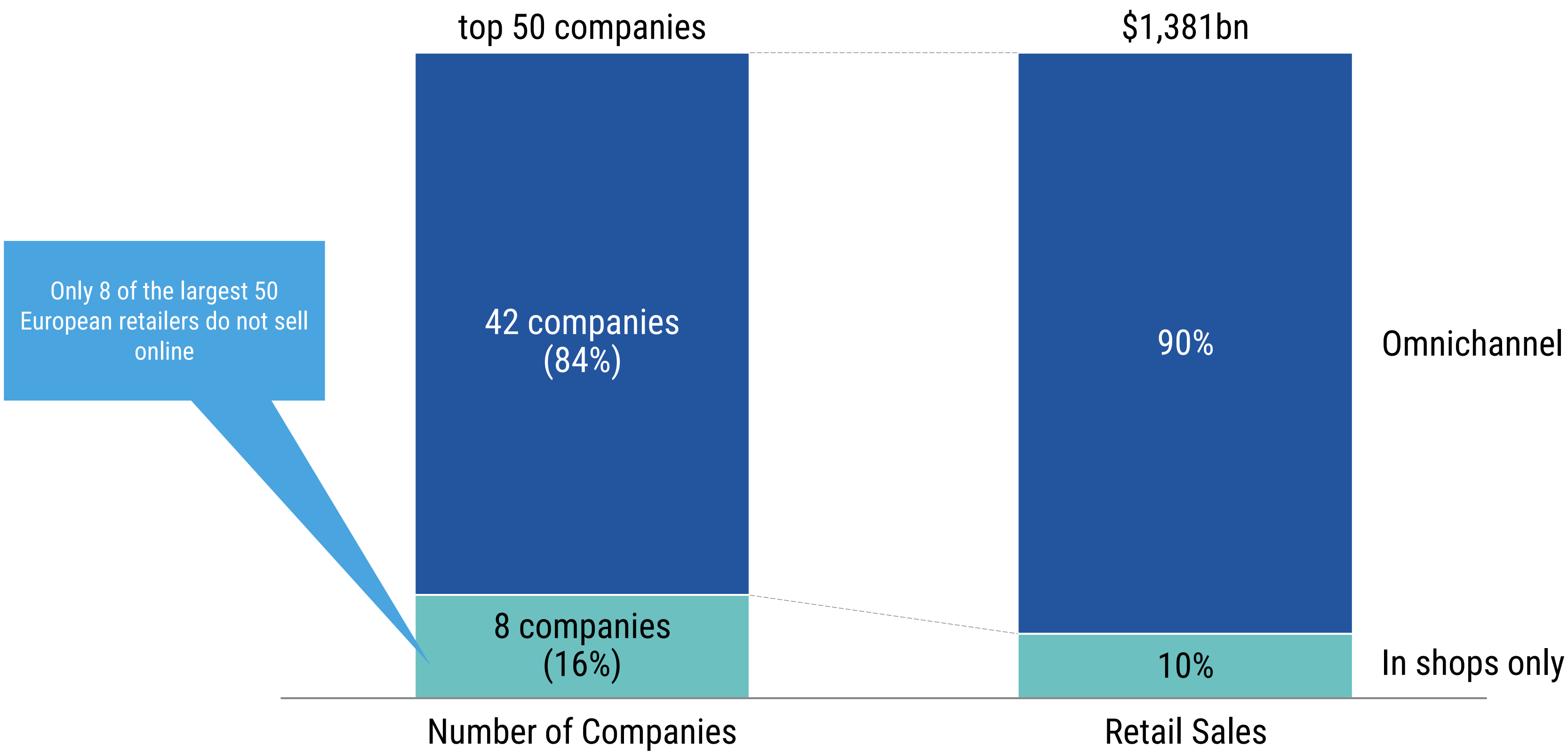
Examples of multichannel customer journeys

	Pre-purchase		Purchase	Post-purchase	
	Inspiration & Information	**Evaluation**	**Transaction & Acquisition**	**Returns & Customer Service**	**Advocacy & Retention**
A	Email marketing	Price comparison website	Pay in store, collect in store	Web chat	In person word of mouth
B	Store browsing	Family / friend recommendation	Click and collect	Phone helpline	Social marketing
C	Social media	Physical store visit	Pay in store for home delivery	Return in store	Direct mail
D	Direct mail	Web search	Social media commerce platform	Return by mail	Online customer review
E	Web search	Online visualizer	Online store purchase for delivery	In store support	Direct mail

Source: Criteo, VVA

Most of the largest European retailers are omnichannel, selling both online and offline

Largest 50 European[1] Retailers by Sales Channel (2018)
# of companies, $bn

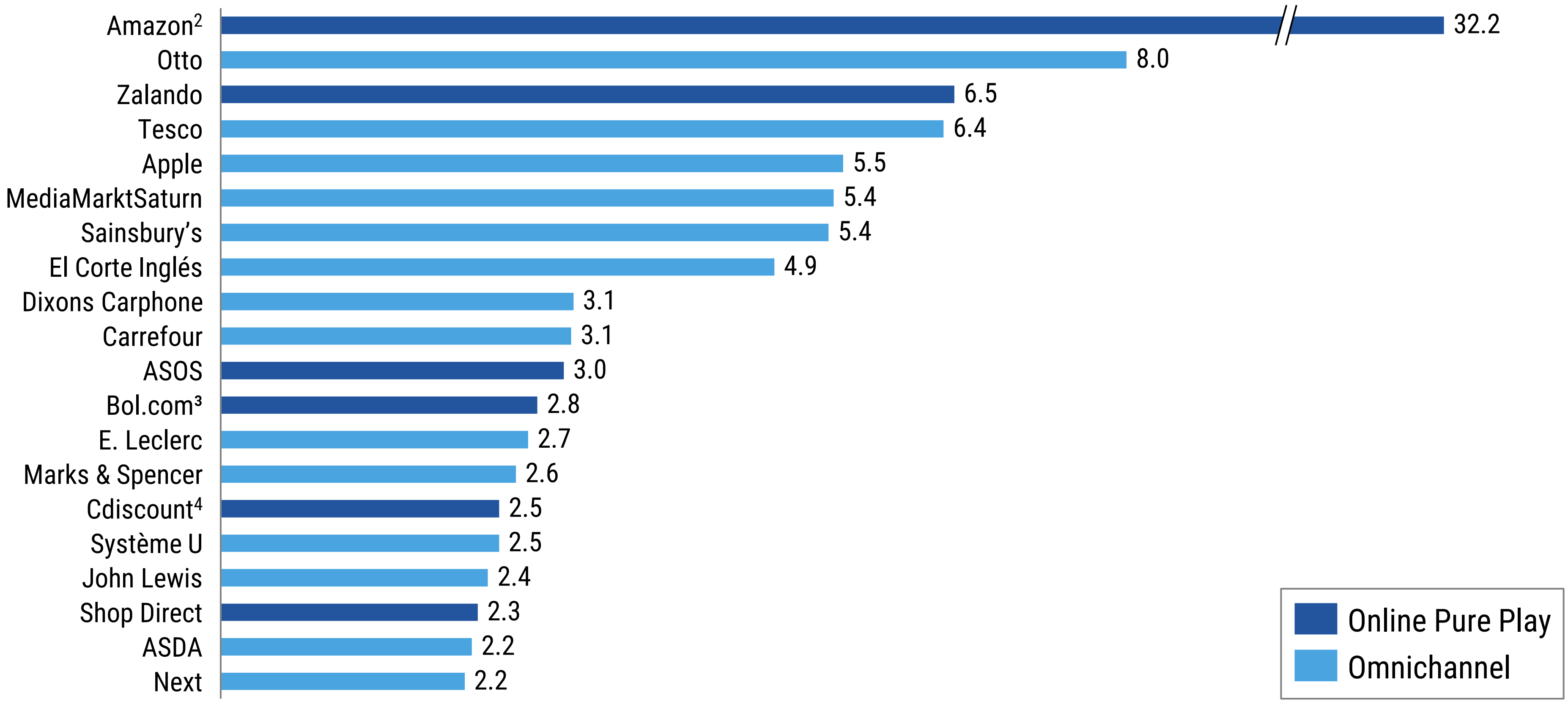


1. For this exhibit, retailers are defined as European if they have their headquarters in the EU27, Norway, Switzerland, Iceland or the UK

Source: Deloitte, EuroCommerce analysis

14 of the top 20 online retailers in Europe are not online pure players, but omnichannel

Largest retailers by estimated online sales in Europe (2019[1])
€bn

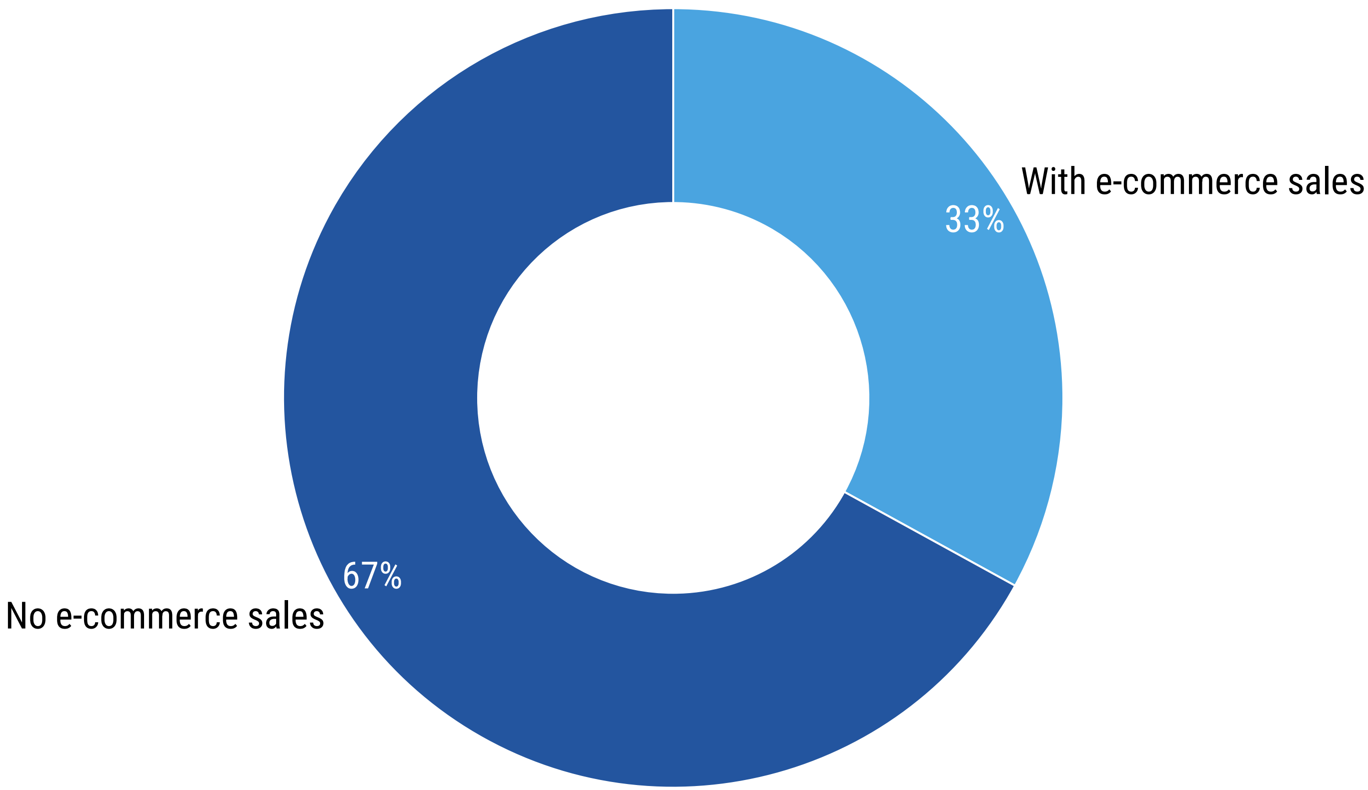


1. 2018 estimates for Tesco, Asda, and El Corte Inglés
2. Amazon owns and operates 7 Whole Foods stores in London, which have some store-based revenue accounting for <1% of Amazon retail revenue in Europe
3. Part of Ahold Delhaize
4. Part of Casino Group

Source: Retail Index

However, 2 in 3 European retail businesses with at least 10 employees have zero e-commerce sales

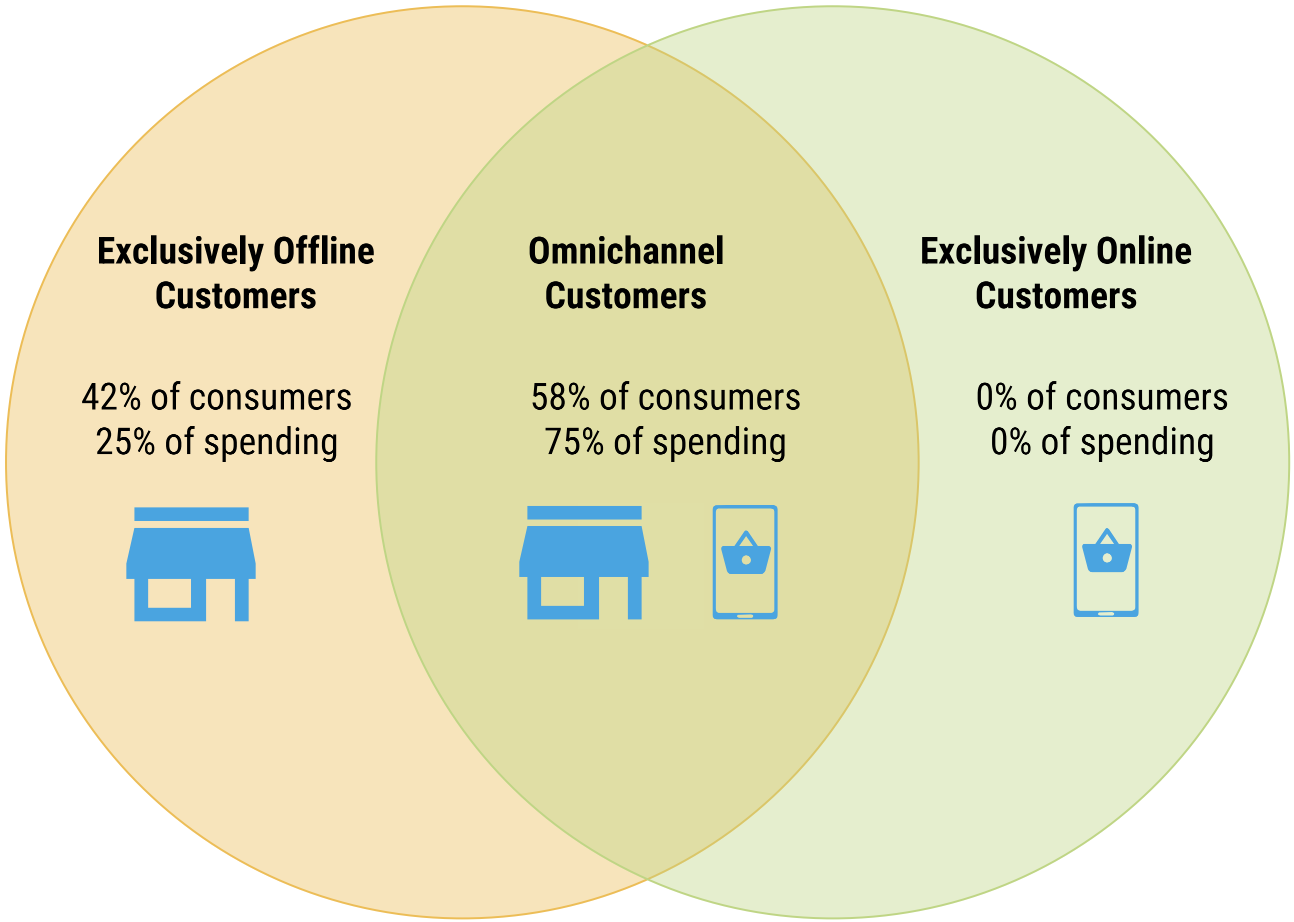
Retail businesses with / without e-commerce sales – 2019 (EU27 + UK, NO, IS)[1]
%



1. NACE G47 Retail trade, except of motor vehicles and motorcycles. Weighted by number of G47 businesses in 2017 with at least 10 employees (latest available data)
Source: Eurostat

Although most consumers buy online, no consumer buys exclusively online

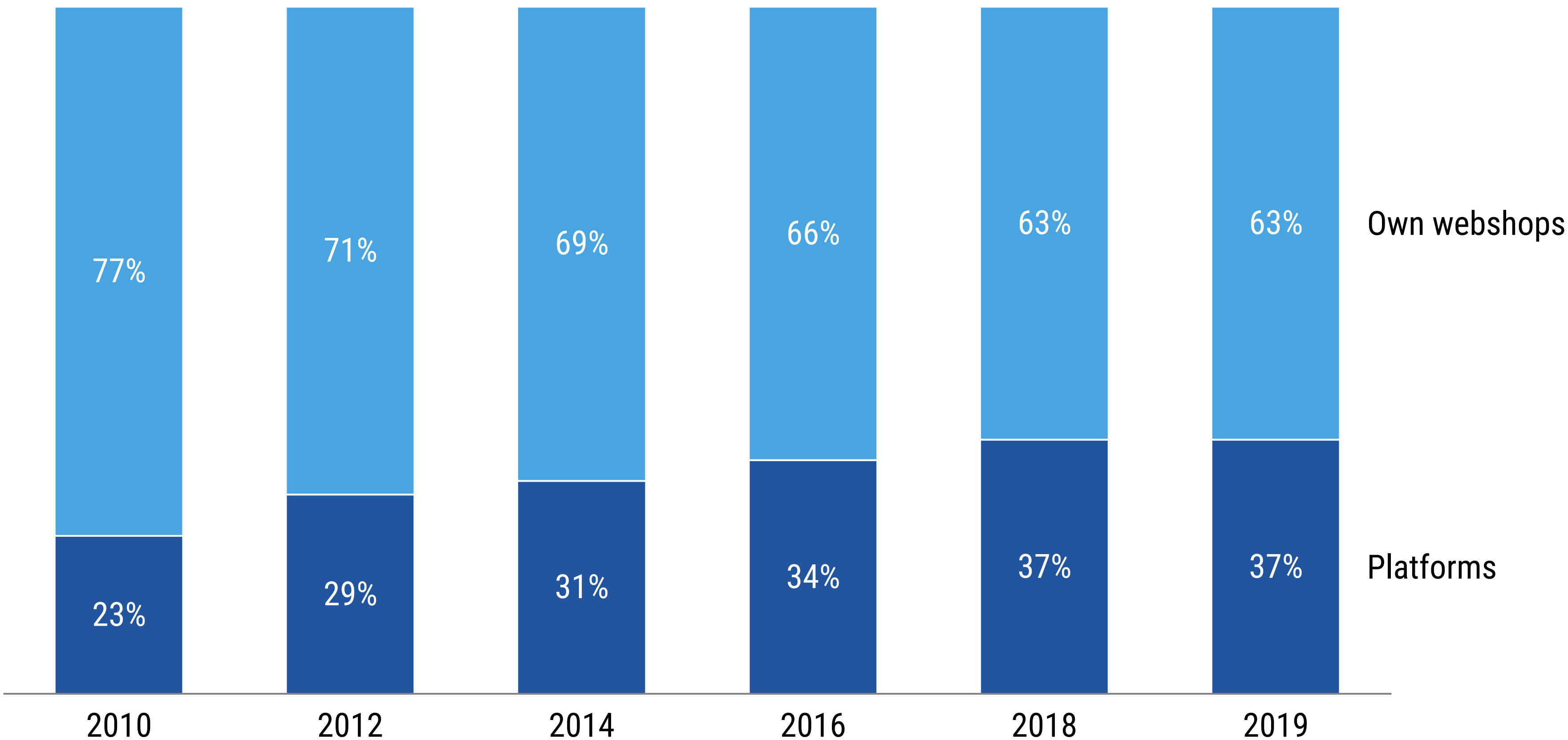
Customer and spending distribution by channel - Germany
Non-food spending, 2019 H1



Source: HDE / GFK

Online sales are shifting from direct sales to sales via aggregating platforms

E-commerce sales by channel[1] - Germany
% of e-commerce



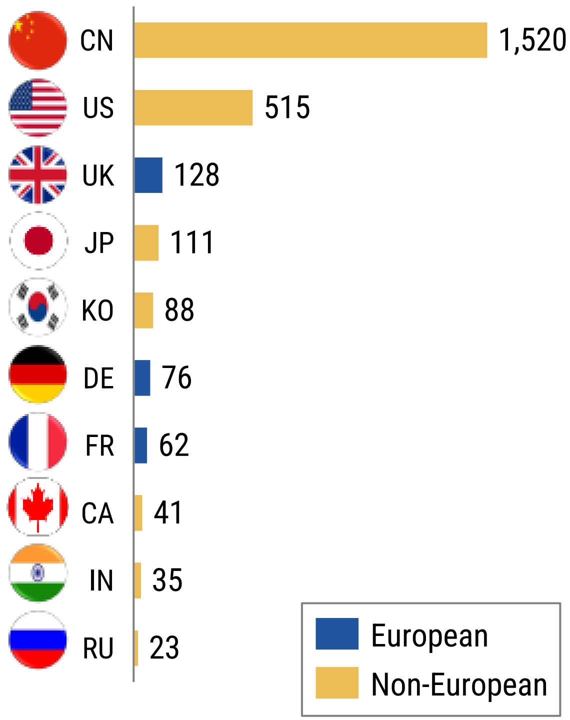
Note: This ratio depends strongly on the presence in the country of large international platforms. Amazon was created in Germany in 1998

1. Platform sales are those not via own webshop (e.g. via Amazon Marketplace, eBay, Real, Zalando, Wish, Rakuten)

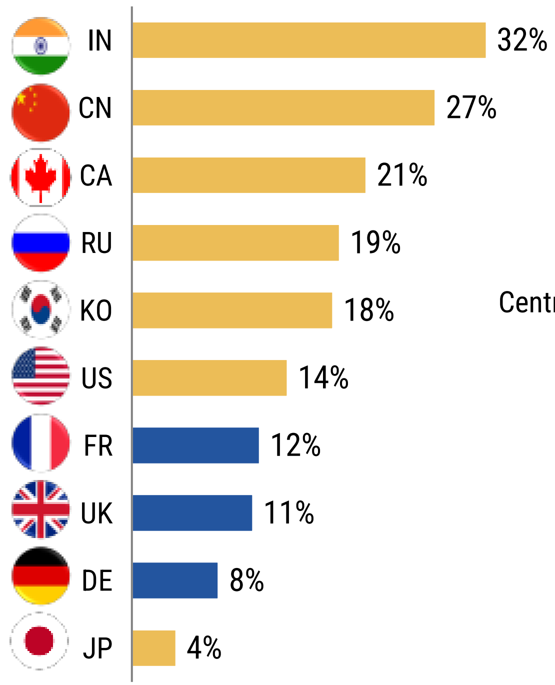
Source: HDE / IFH Köln

Europe is home to three of the largest 10 e-commerce markets, but these are some of the slowest growing markets

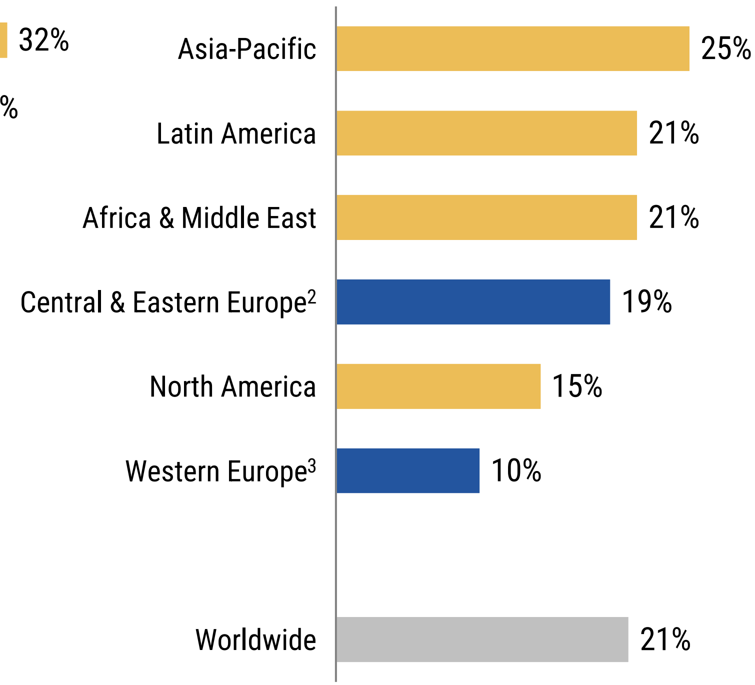
E-commerce sales[1] 2018
$bn



E-commerce growth rate 2018-19, (fcst)
%



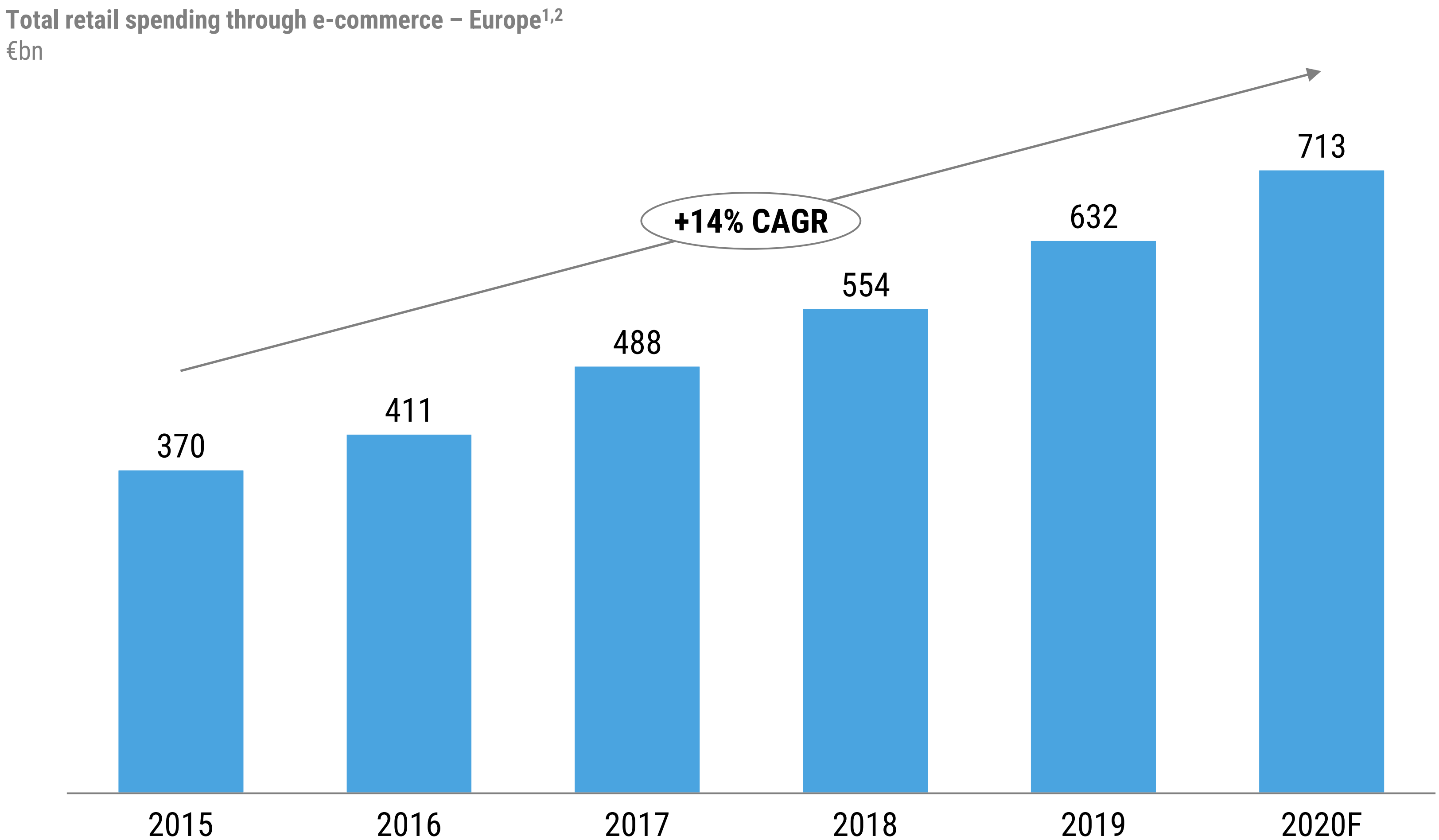
E-commerce growth rate 2018-19 (fcst)
%



1. E-commerce defined to include products or services ordered using the internet via any device, regardless of the method of payment or fulfilment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling or other vice good sales
2. Central and Eastern Europe defined as CZ, EE, HU, LV, PO, RO, RU, SK, TR, UA
3. Western Europe defined as AT, BE, DK, FI, FR, DE, EL, IE, IT, NL, NO, PT, ES, SE, CH, UK

Source: eMarketer

E-commerce accounts for an increasing share of retail spending…

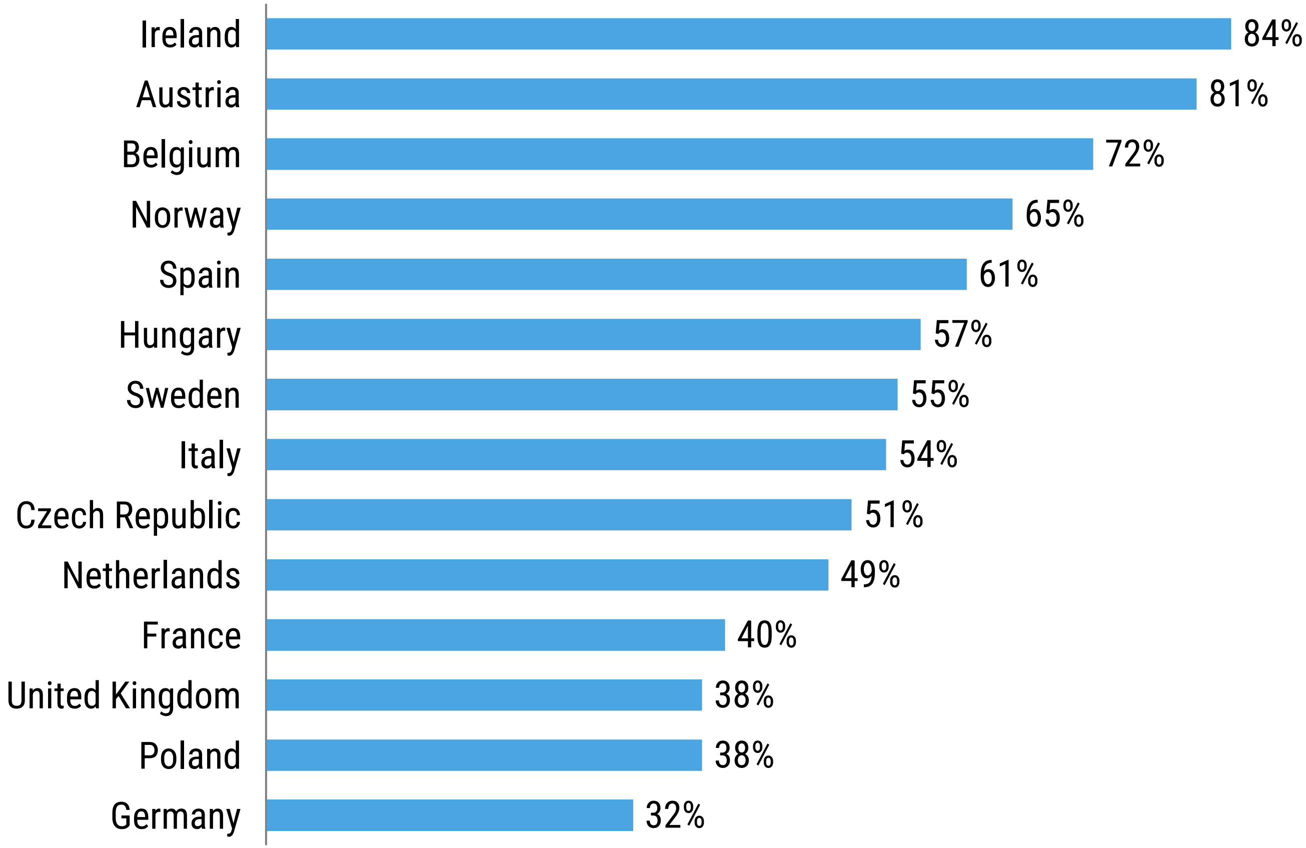


1. EU27 excluding Cyprus (no data) plus UK, Norway, Iceland, and Switzerland
2. Exact definitions of e-commerce differ between national associations (from who the estimates come)

Source: RetailX, Ecommerce Europe, Eurostat, EuroCommerce analysis

E-commerce increases retail competition by making international retailers accessible to consumers – most European online shoppers have purchased abroad

Share of internet shoppers who have purchased from an online retailer not based in their home country - 2018[1]

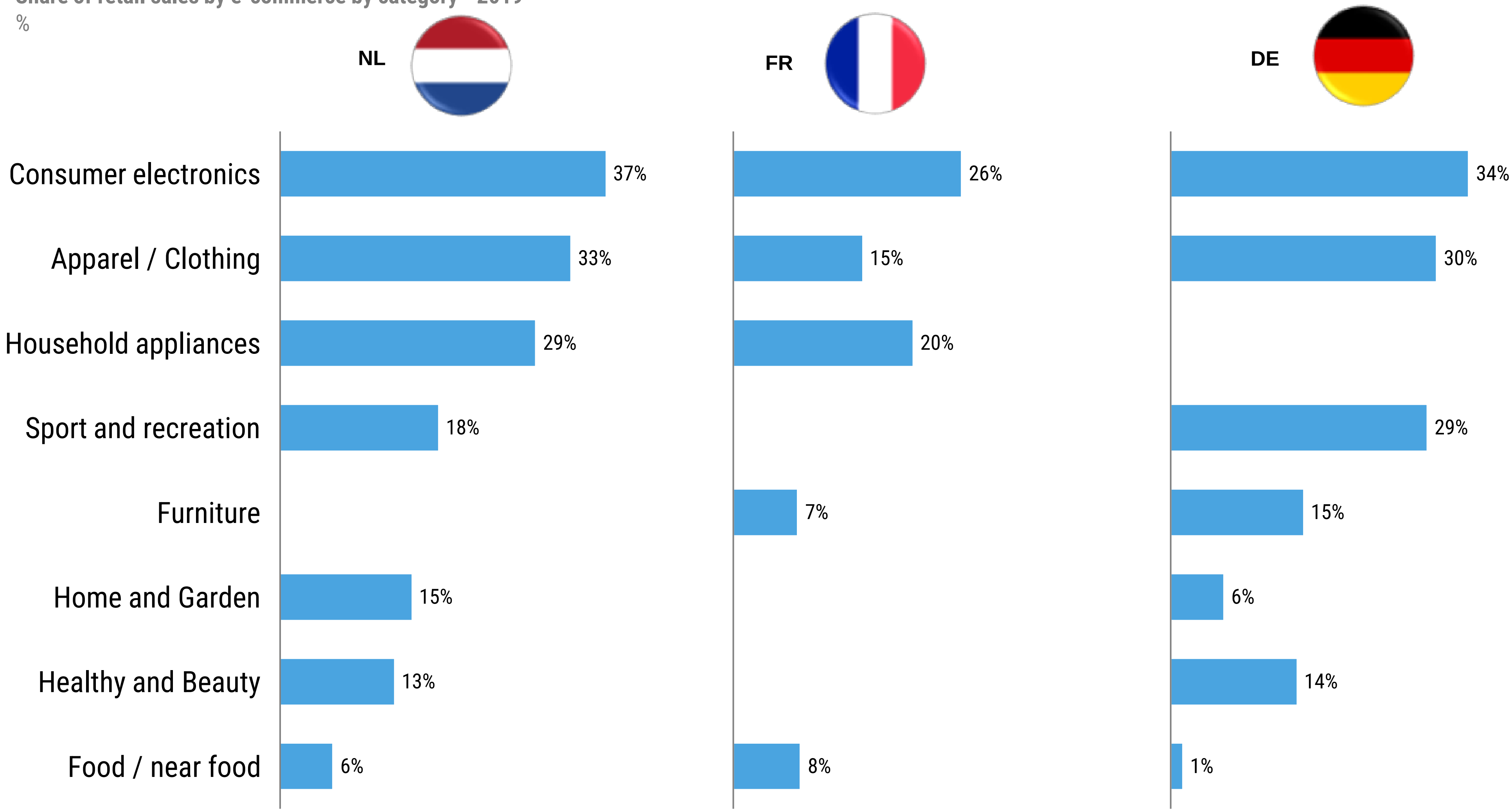


1. Sample approximately 2,000 in United Kingdom and Poland; approximately 1,000 in other countries. Research conducted in 2018, asking about behaviour in previous 12 months

Source: PayPal Cross-Border Consumer Research 2018

…but there is huge variation between categories and countries

Share of retail sales by e-commerce by category - 2019[1]
%

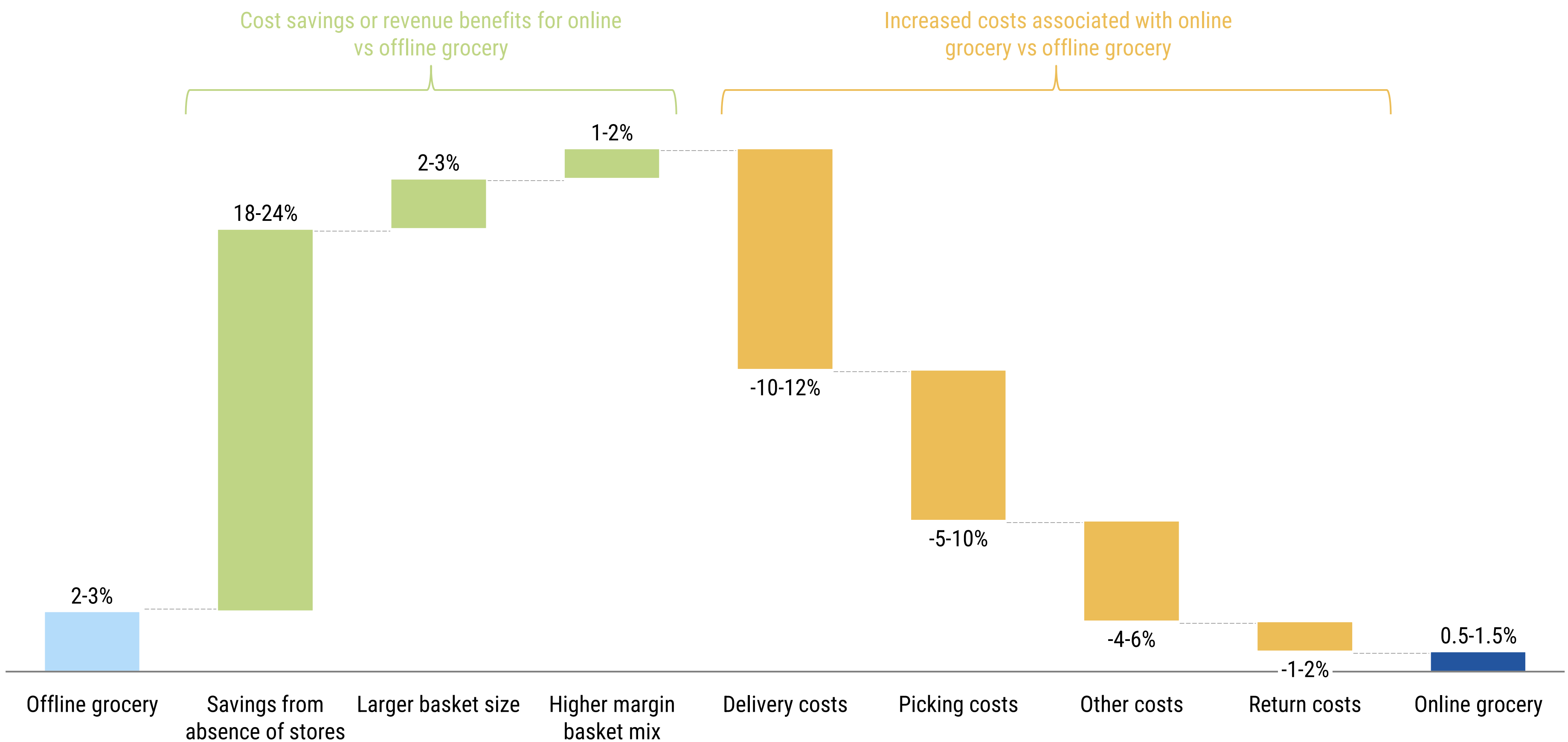


1. Netherlands estimate based on January to June 2019 only

Source: Thuiswinkel, HDE, FEVAD, EuroCommerce analysis

Although e-commerce eliminates several in-store costs for grocers, the additional costs it incurs means it is often less profitable than traditional bricks and mortar retail

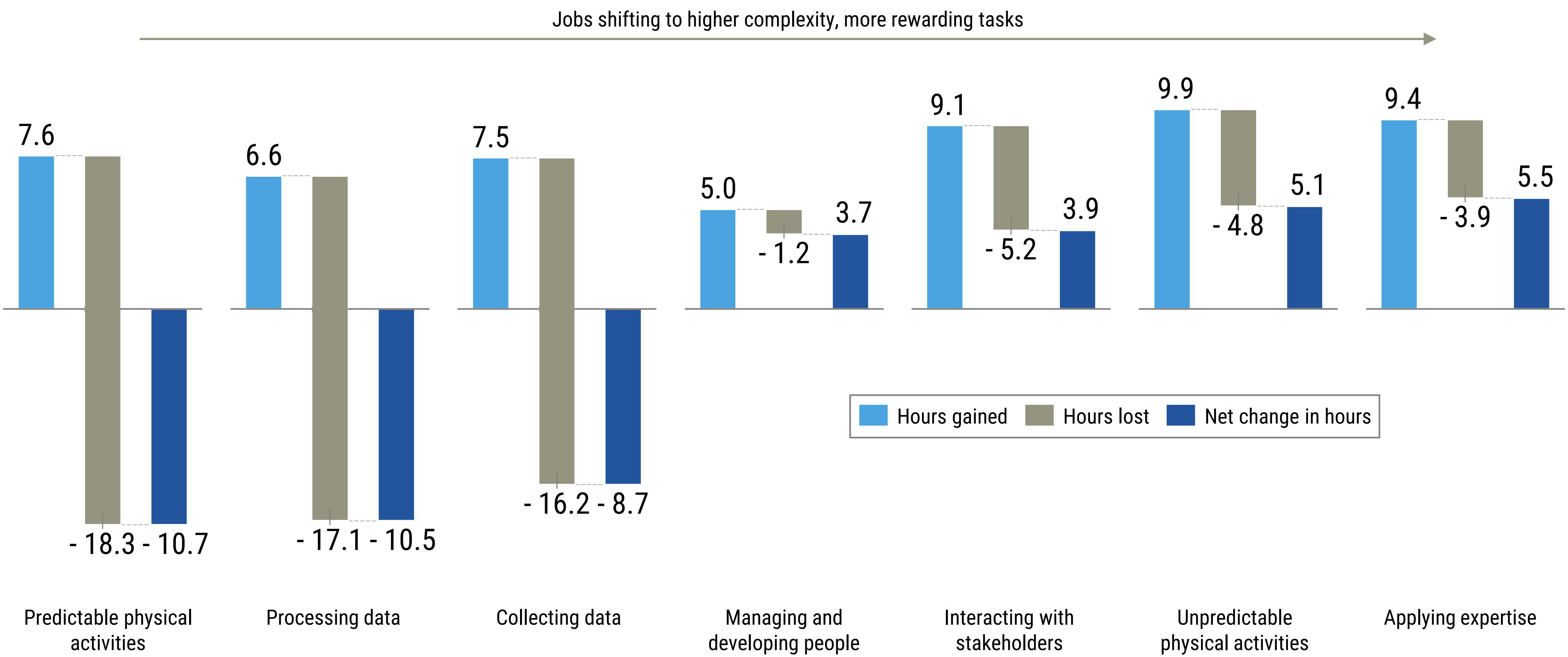
Typical cost drivers & resulting profitability: offline vs online grocery
EBIT margin as % of sales
Illustrative



Adapted from McKinsey's Perspectives on Retail and Consumer Goods Issue 7 and EuroCommerce's own estimates and analysis

The digital transformation will reduce the routine elements of work whilst increasing demand for more complex and rewarding tasks

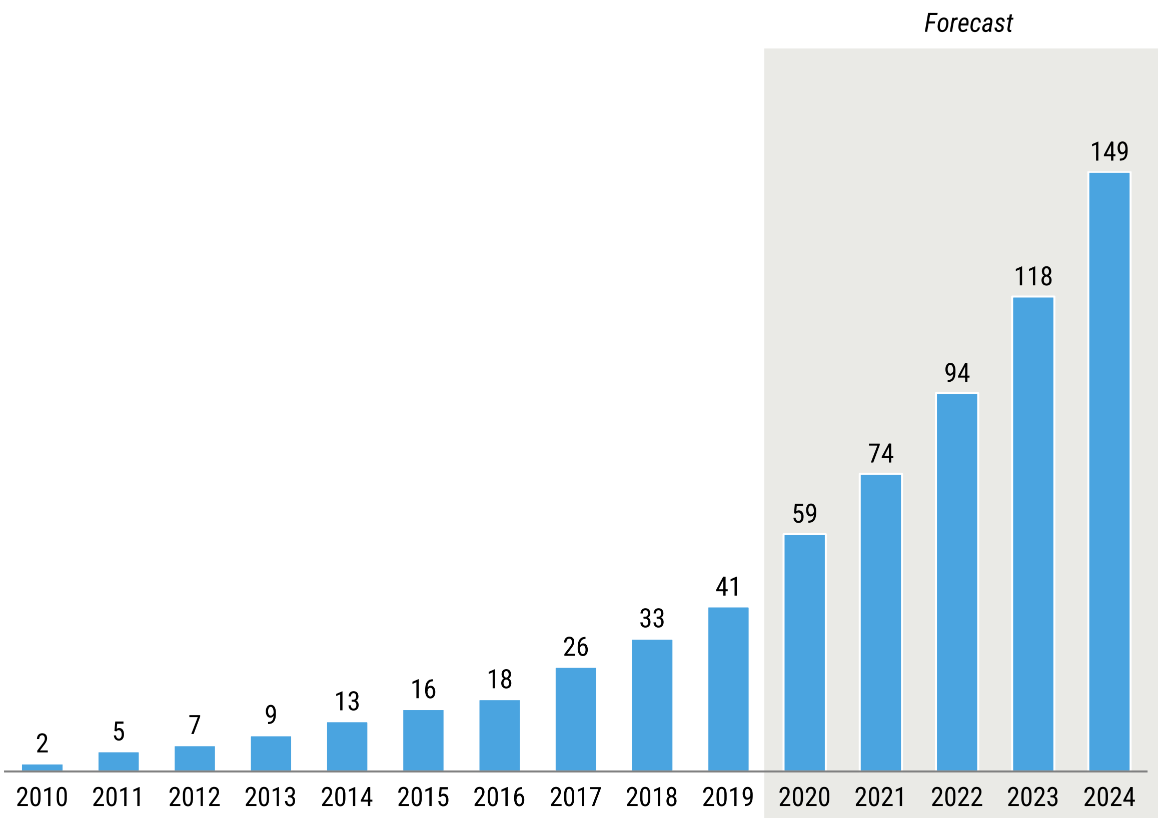
Total change in US work hours 2016-2030 by activity type, trillions



Source: McKinsey Global Institute, US Bureau of Labor Statistics

The digital transformation significantly increases the amount of data and information available, with profound implications for retailers

Volume of data / information worldwide 2010-24F, zettabytes[1]



Key uses of big data in retail

- Personalising customer experience, improving customer experience and satisfaction
- Forecasting demand, helping reduce stock outs and wastage
- Testing of products, pricing and promotions
- Operational monitoring for efficiency

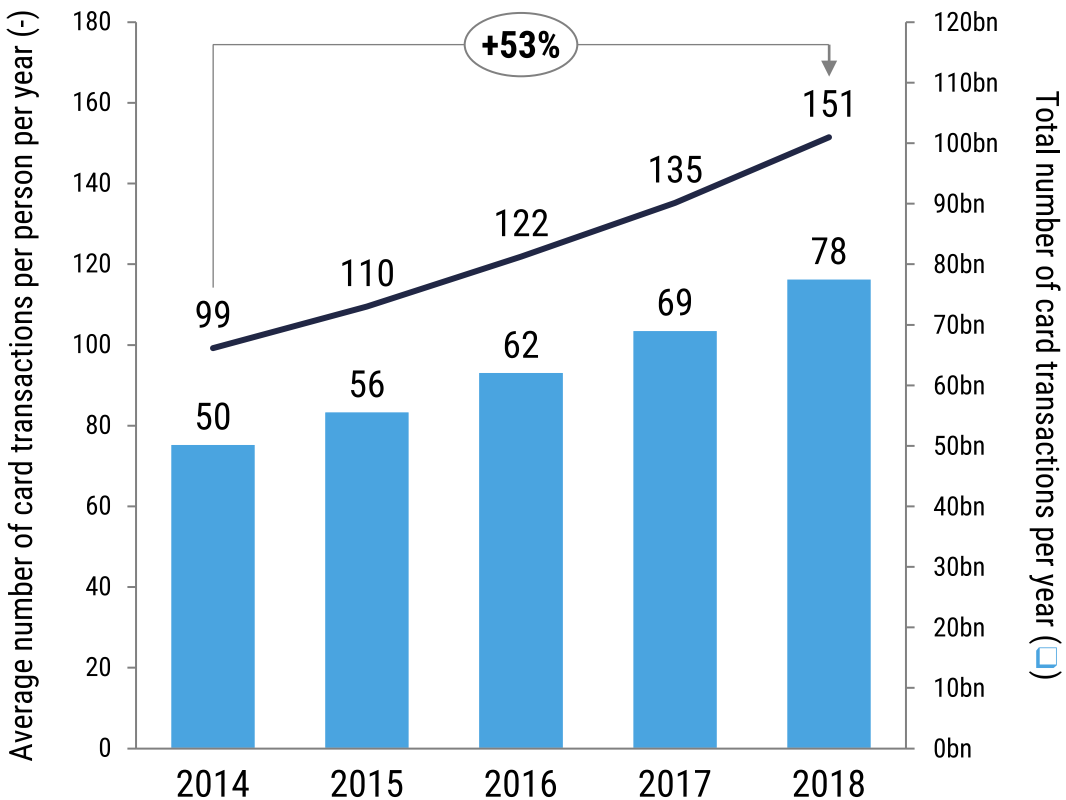
Note: Further acceleration observed with Covid19 pandemic

1. A zettabyte is one billion terrabytes

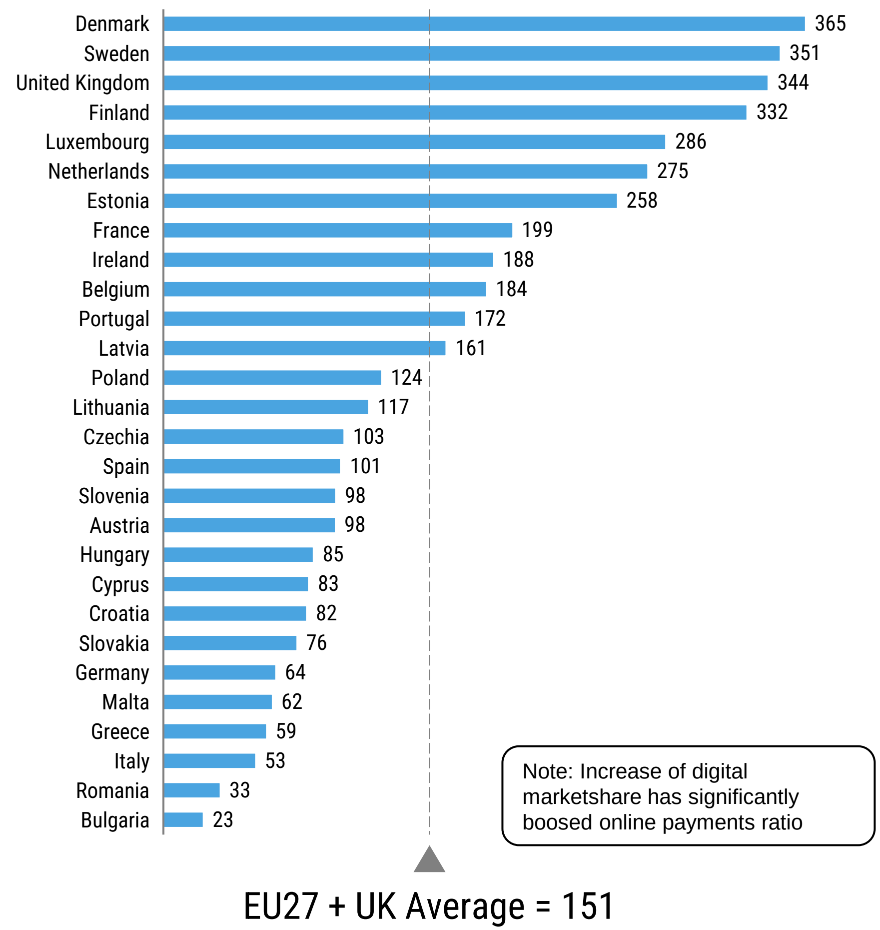
Source: IDC; Seagate; Statista

Consumers increasingly pay digitally – card transactions have grown over 50% in four years

Card transaction total and average number per person: EU27 + UK



Average number of card transactions per person - 2018[1]
#

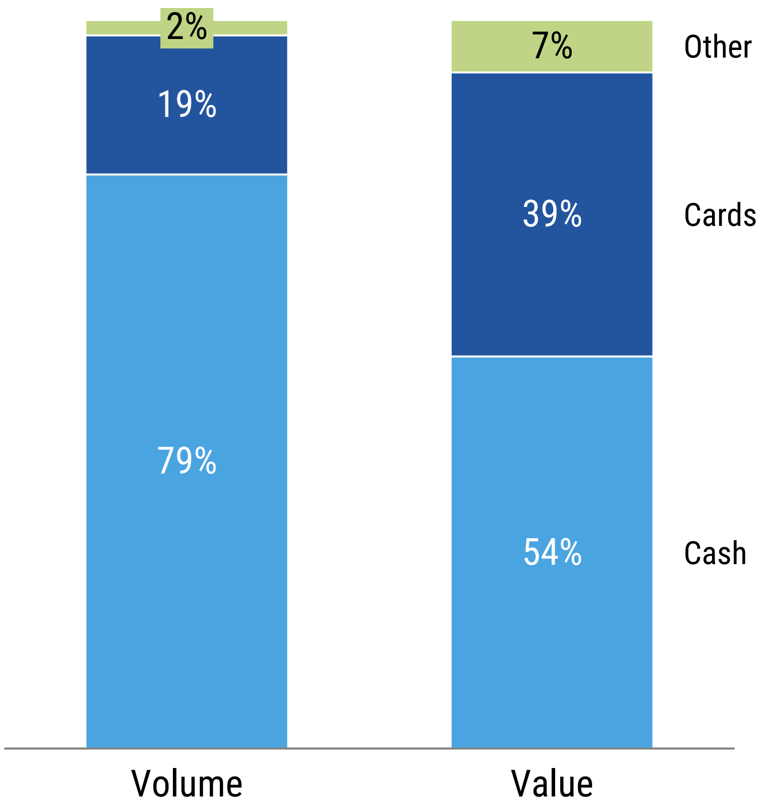


1. Data for Ireland, Malta, and Slovakia is taken from 2017 (latest available year with ECB data on card payment volumes)

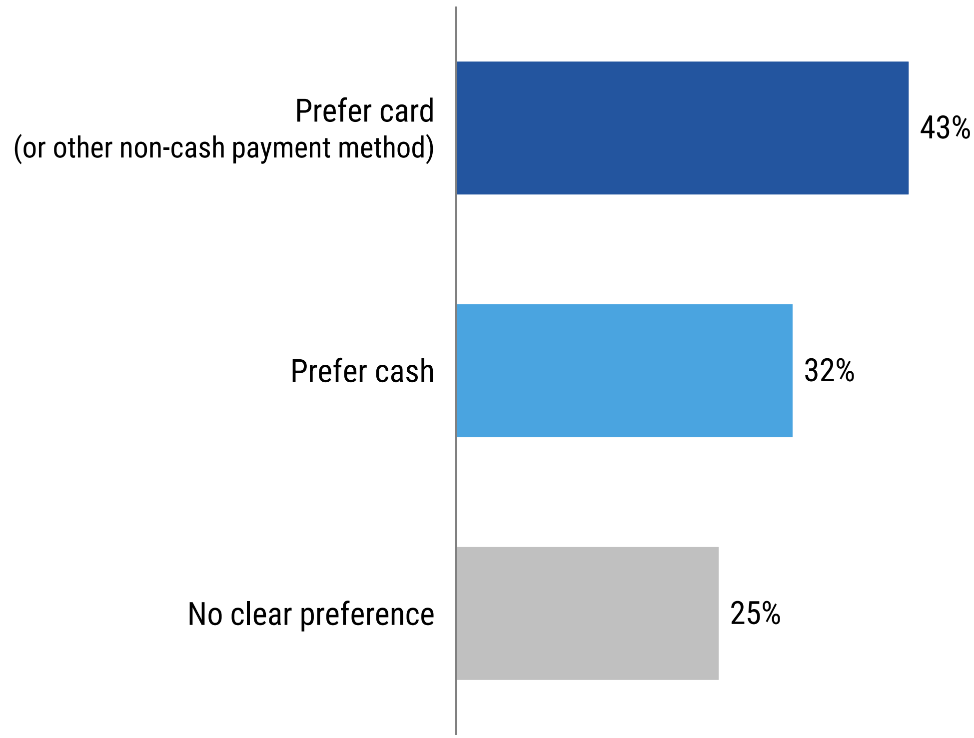
Source: European Central Bank; Eurostat; EuroCommerce analysis

But cash remains important: 8 in 10 payments are made in cash – and 1 in 3 consumers prefers cash

Euro Area Point Of Sale Transaction Volume and Value Breakdown (2016)
%



Payment preference in a shop[1]
%

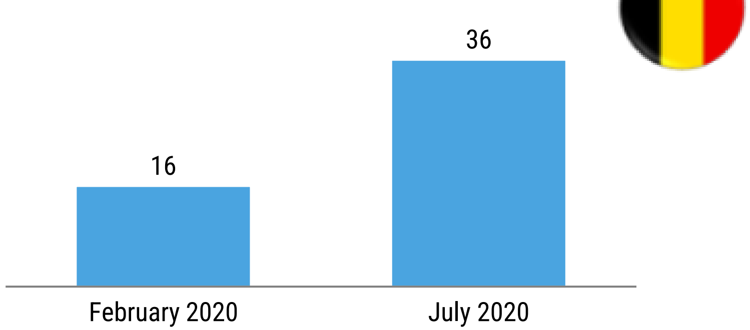


1. "Assuming you were offered various payment methods in a shop, what would be your preferred payment method?"

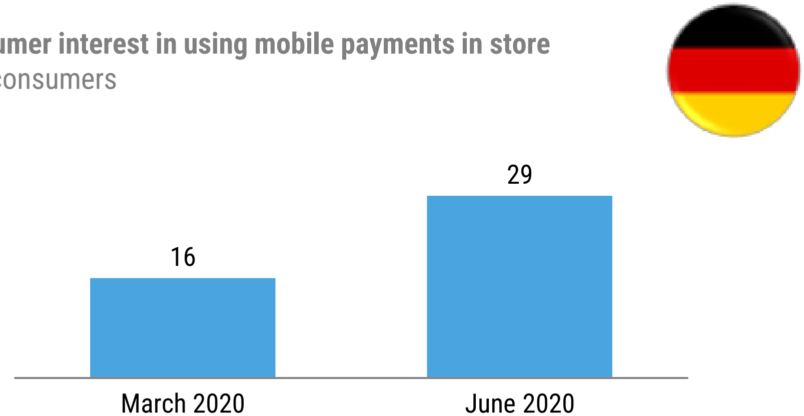
Source: European Central Bank

The Covid-19 pandemic is likely to accelerate the transition to digital forms of payment; this is seen already in consumer attitudes and behaviour in 2020

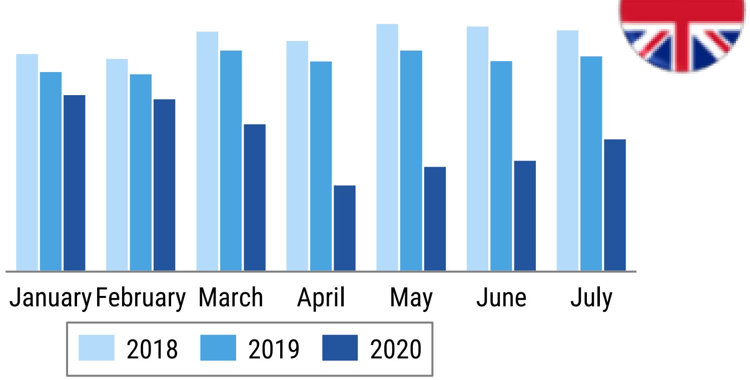
Contactless share of card payments – Belgium
%

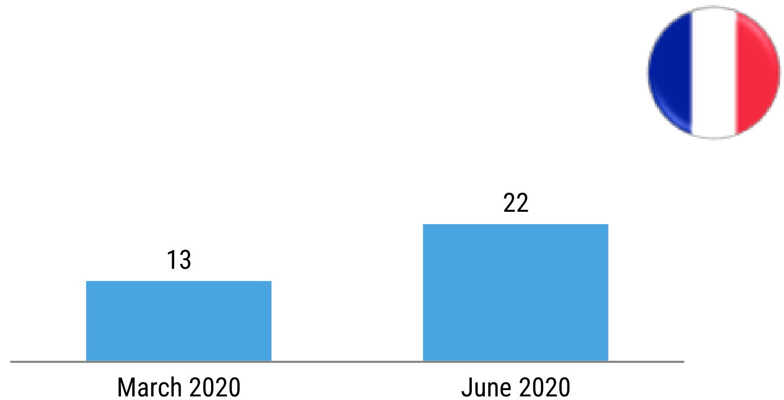


Consumer interest in using mobile payments in store
% of consumers



Cash withdrawals – UK[1]
Transaction volume



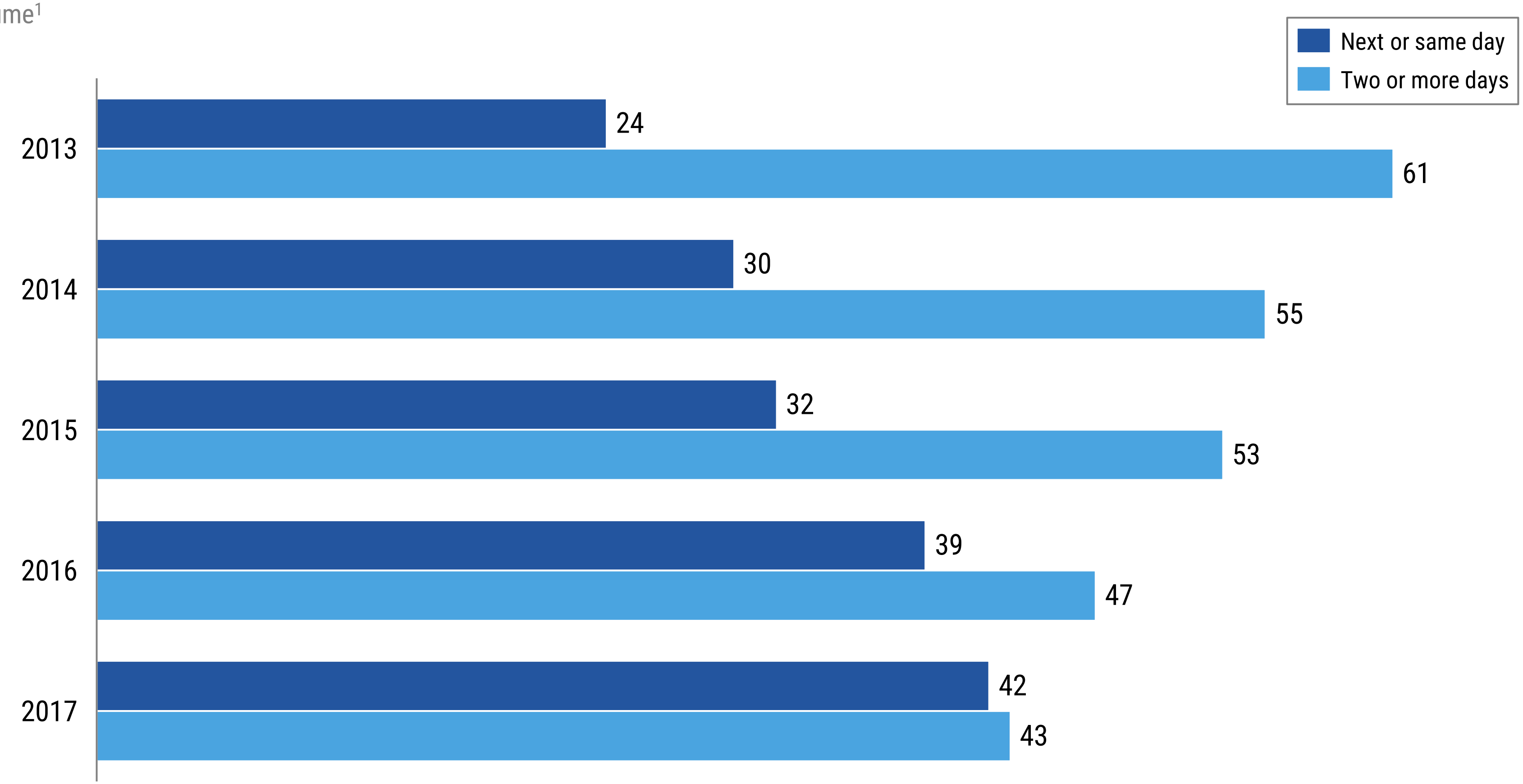


1. LINK network only (excludes customers using debit cards at own bank ATMs)

Source: Febelfin, McKinsey, LINK

Delivery has been accelerating; consumers expect and get faster delivery

E-commerce Home Delivery Volume by Actual Delivery Speed - UK
% of volume[1]



1. Excludes deliveries made with a specific time slot (mostly grocery deliveries)

Source: OC&C, GlobalData, Barclays, IMRG

Retailers are entering into partnerships and agreements with third party delivery platforms to accelerate last mile delivery

Examples – Not Exhaustive

Users of Amazon Prime Now service in Paris can order products from Monoprix supermarkets; a service the two partners are now expanding to new cities

Carrefour groceries available on Uber Eats (delivered within 30 minutes) in Brussels, Liège, and over 100 French cities

Retailer Partnerships with Delivery Platforms

Carrefour products can be ordered through Glovo in France, Spain, and Italy. Products picked in store by Carrefour employees and then delivered by Glovo

Jumbo has started a collaboration with delivery service ThuisBezorgd. PicNic is one of the fastest growing retailers in the Netherlands.

Amazon took a 16% stake in Deliveroo as part of a $575m funding round in May 2019

After an initial trial with M&S / BP petrol forecourts, M&S is now rolling out a Deliveroo-delivered grocery service to more than 200 of its stores

Source: Company Websites, Press

The global pandemic has shifted consumer behaviour in several ways

1	Flight to digital	**10-25%** net increase in intent to spend online post COVID
2	Shift to value	**20-50%** net decrease in intent to spend on discretionary categories
3	Shock to loyalty	**61%** of European consumers have changed stores, brands or the way they shop
4	Homebody economy	**63%** of European consumers are not yet resuming “normal” out-of-home activities
5	New holiday outlook	**38%** net decrease in seasonal holiday spend intent

Source: McKinsey & Co, “The Great Consumer Disruption” October 2020

Digital adoption has covered decades in days since Covid 19

E-commerce	Telemedicine	Online entertainment	Remote working	Remote learning
10 years in 8 weeks	**10x in 15 days**	**7 years in 5 months**	**20x in 3 months**	**250MM in 2 weeks**
Increase in e-commerce deliveries	Increase in virtual appointments	Disney+ achieved in five months what took Netflix 7 years	# of participants on Zoom calls	Students who went online in China

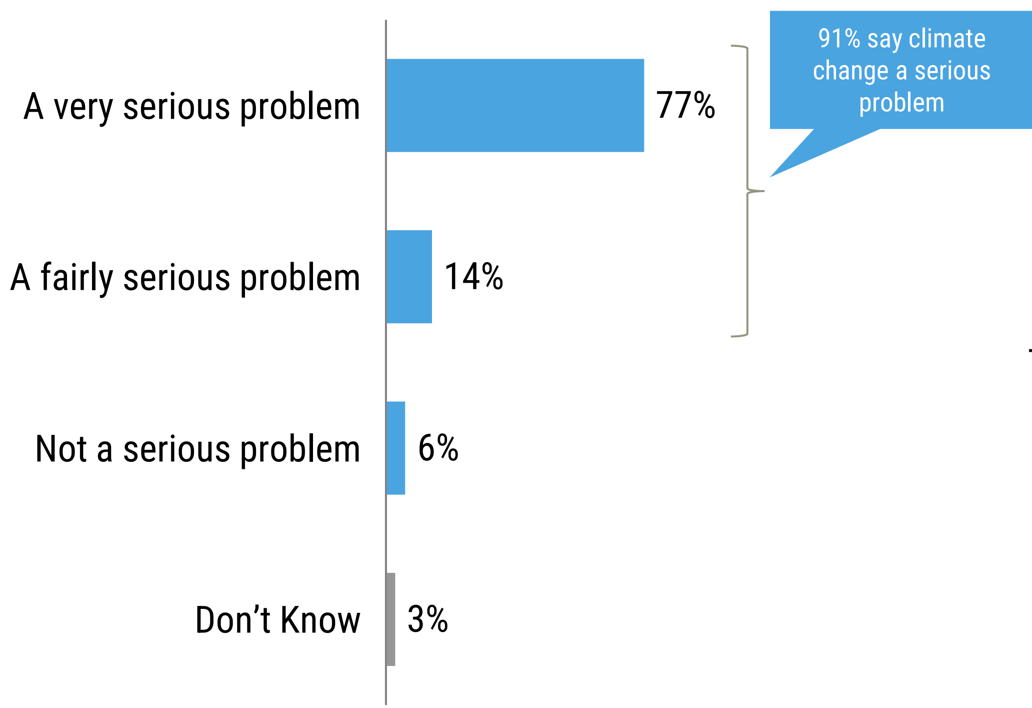
Source: McKinsey & Co, "The Great Consumer Disruption" October 2020

B2 Health and Sustainability – Key messages

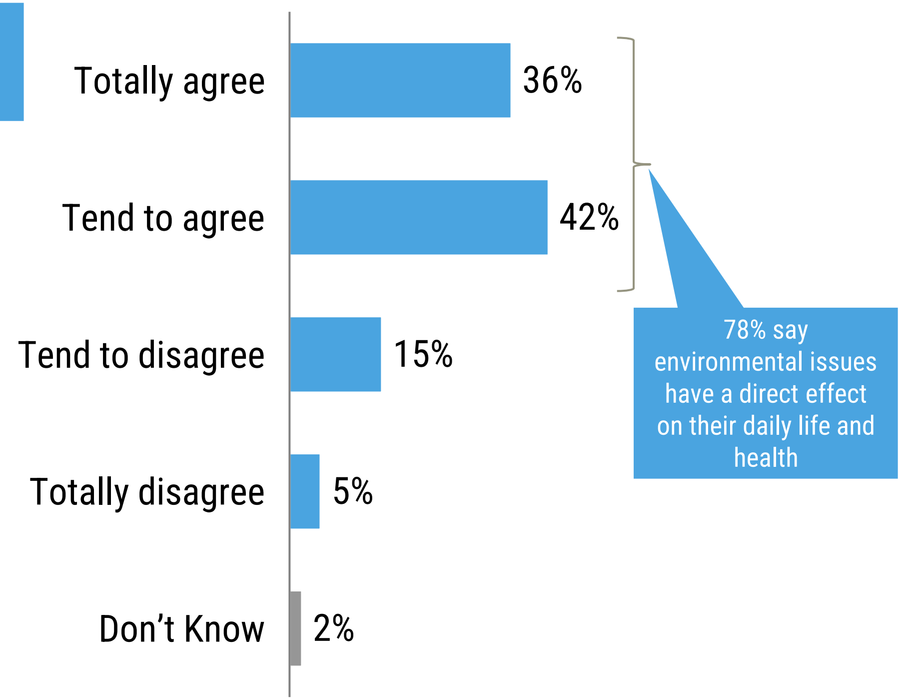
- Concerns about health and sustainability are changing the way consumers live and shop
- In the footwear, apparel and fashion sector, several brands are starting to change their focus and positioning towards more sustainable, traceable and organic practices
- Organic food sales are growing 12% per annum across Europe, with growth driven particularly by larger, mainstream retailers who make up more than half of the total organic market
- There is growing interest in reducing meat consumption: 27% of European consumers indicate they expect to eat less meat in the next five years, primarily driven by health reasons (40%), but also animal welfare concerns (17%), cost considerations (14%) and environmental concerns (12%) with animal agriculture
- Retailers have responded to this: in 2017 plant-based “milks” were the largest category of new “milk” products in Western Europe…
- … and the markets for meat substitutes and plant-based “milks” is growing fast, with further growth expected

Europeans: "climate change is a serious problem", "environmental issues have a direct effect on [their] daily life and health"

"Climate change is a serious problem"[1,3]



"Environmental issues have a direct effect on your daily life and health"[2,3]

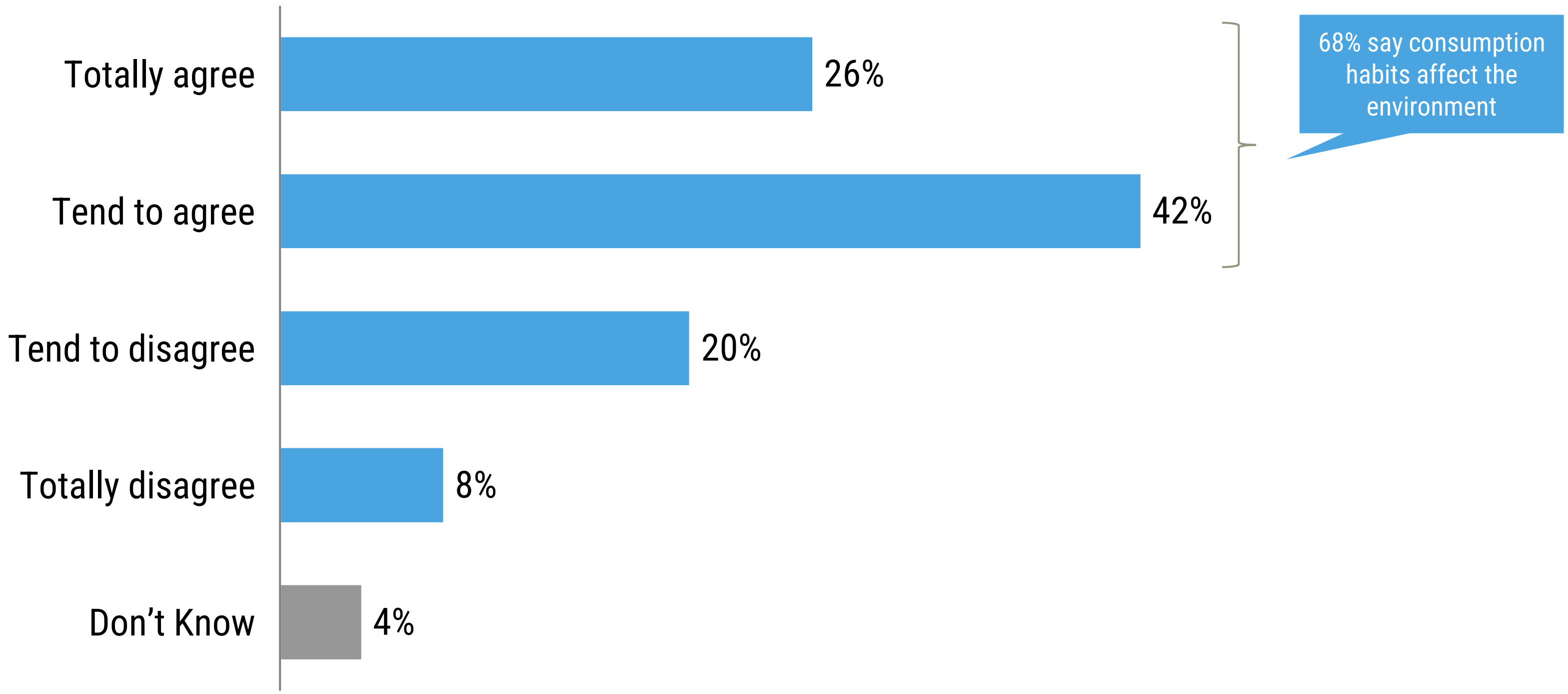


1. "How serious a problem do you think climate change is at this moment? Please use a scale from 1 to 10, with '1' meaning "not at all a serious problem" and "10" meaning it is "an extremely serious problem"" (7-10 classified as very serious problem; 5-6 classified as a fairly serious problem; 1-4 as not a serious problem)
2. "Please tell me to what extent you agree or disagree with each of the following statements"
3. n=27,498; EU27; fieldwork December 2019

Source Eurobarometer

Most Europeans believe their consumption habits adversely affect the environment in Europe and the rest of the world

"Your consumption habits adversely affect the environment in Europe and the rest of the world"[1]

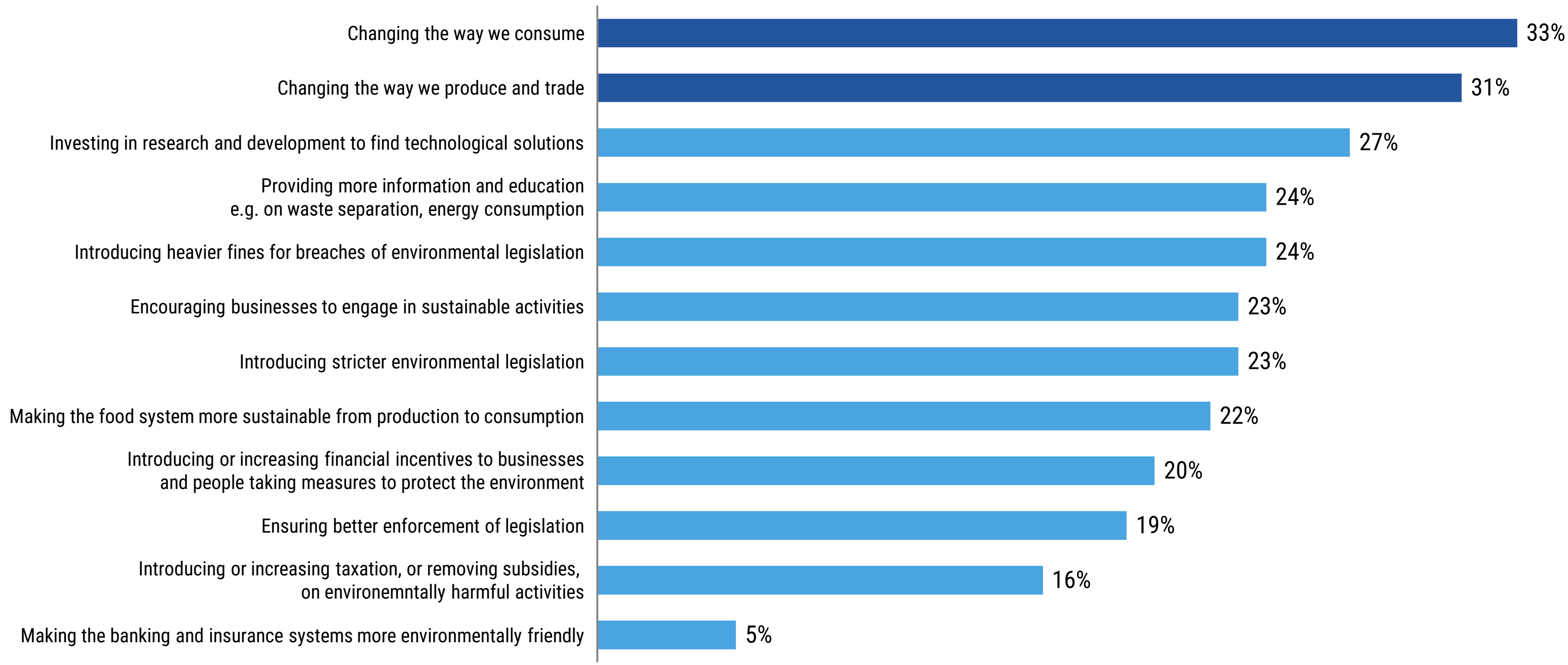


1. "Please tell me to what extent you agree or disagree with each of the following statements"
2. n=27,498; EU27; fieldwork December 2019

Source Eurobarometer

Europeans believe that changing the way they consume, produce, and trade are the most effective ways to tackle environmental problems

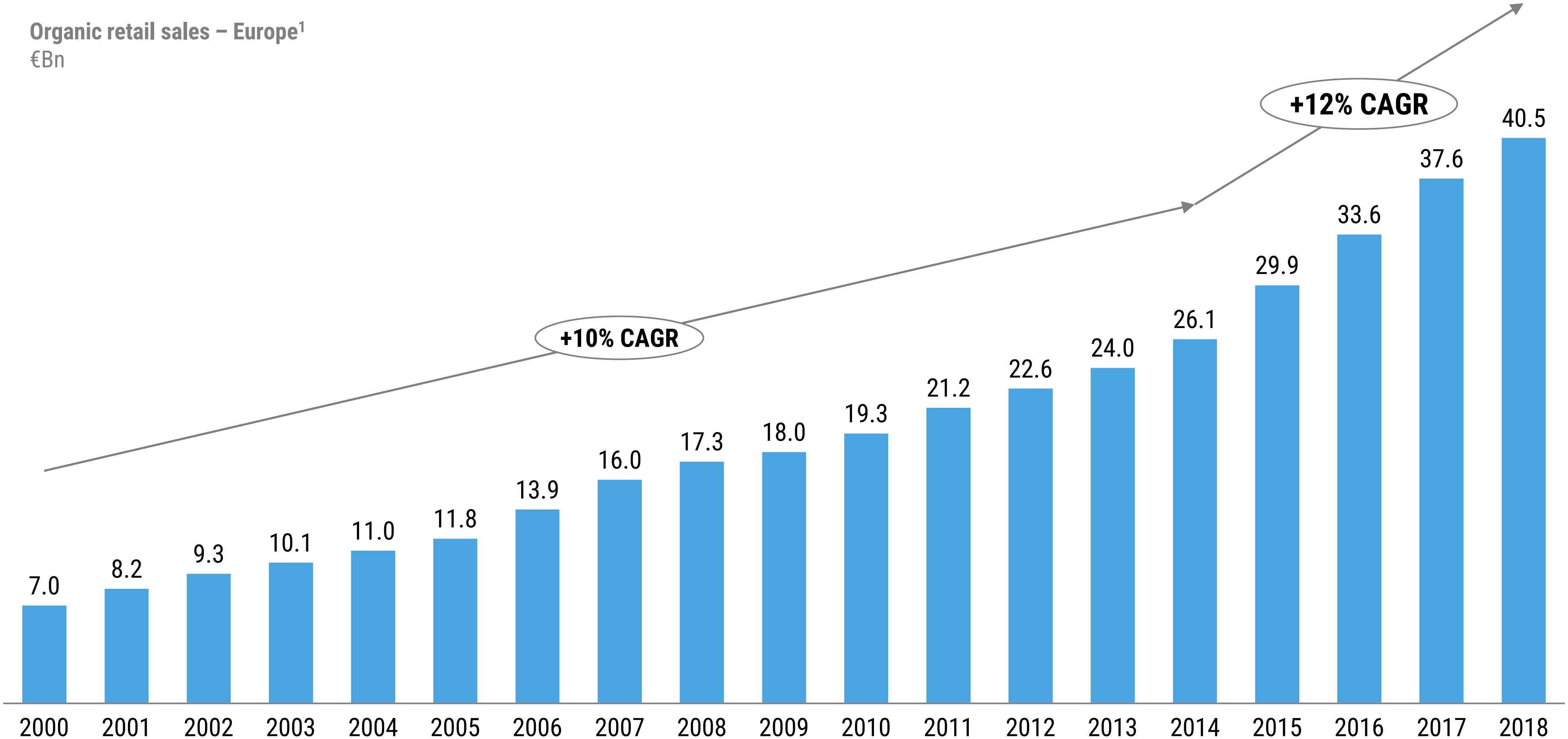
"In your opinion, which of the following would be the most effective ways of tackling environmental problems"[1,2]
% of respondents



1. "Please tell me to what extent you agree or disagree with each of the following statements"
2. n=27,498; EU27; fieldwork December 2019

Source Eurobarometer

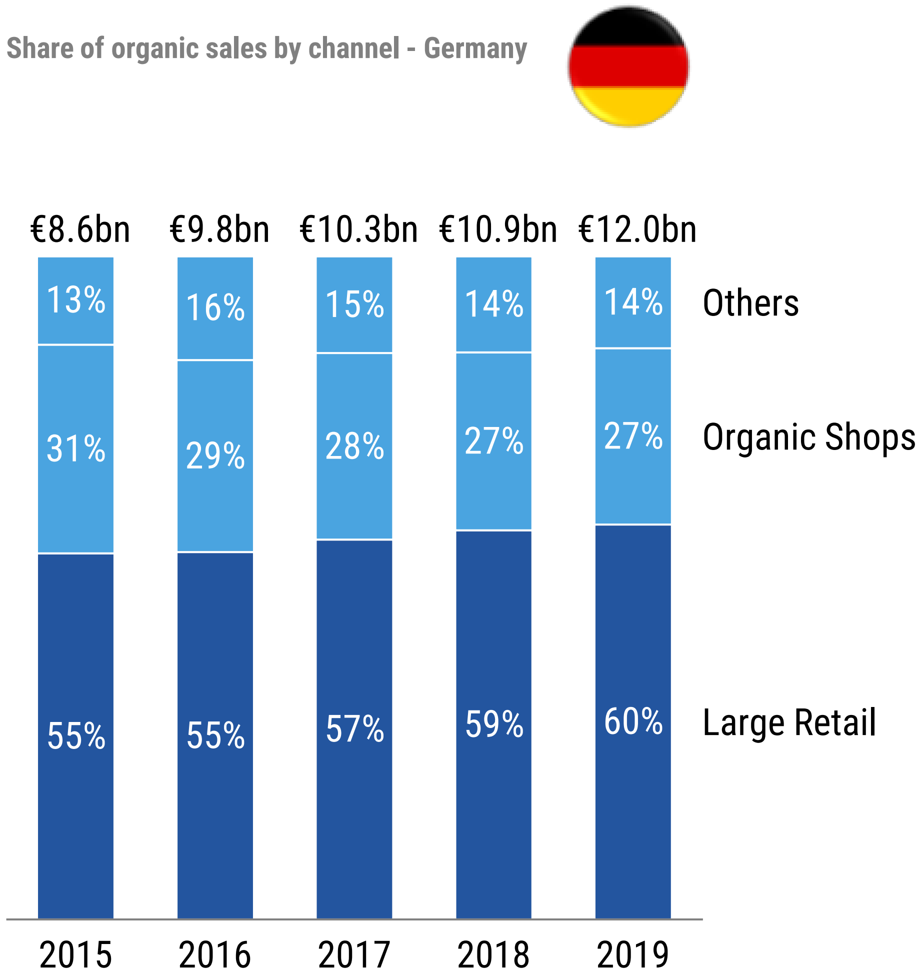
There has been extended growth in organic sales in Europe

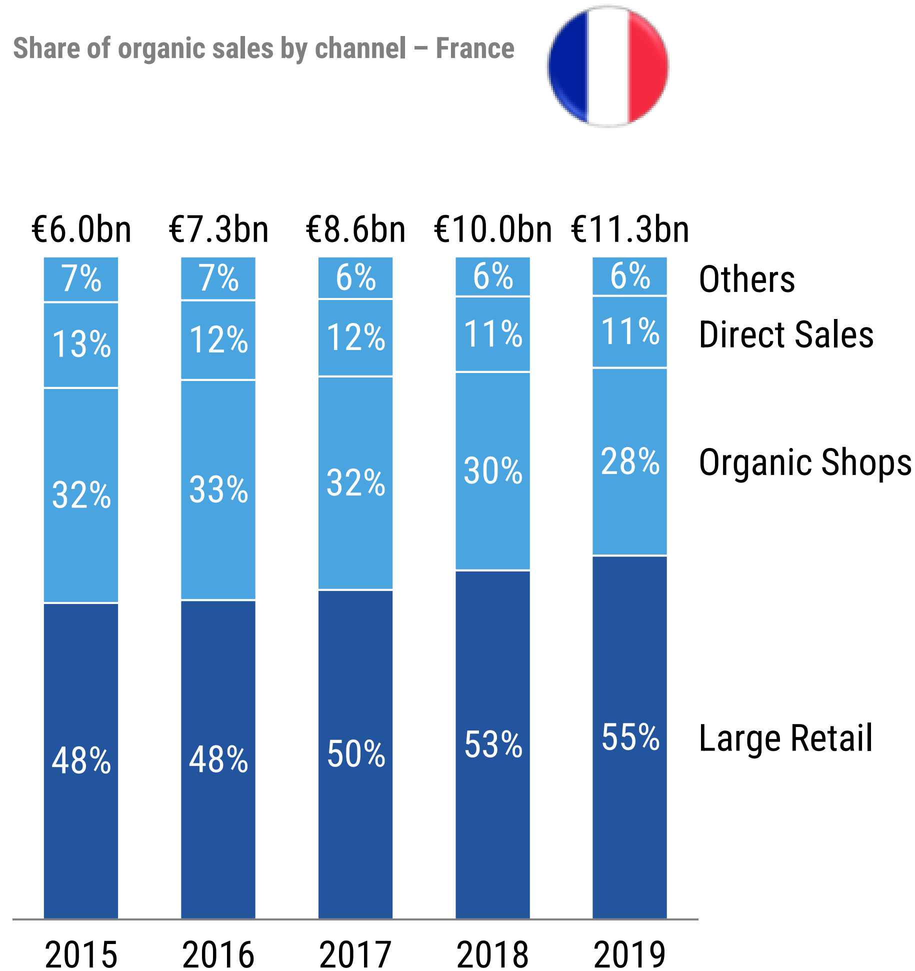


1. Europe is defined here as the EU27 plus Norway, Switzerland and the UK; there is no data available on Portugal or Malta

Source FIBL

Large retailers have driven the growth of organic sales in France and Germany, the two largest European organic markets

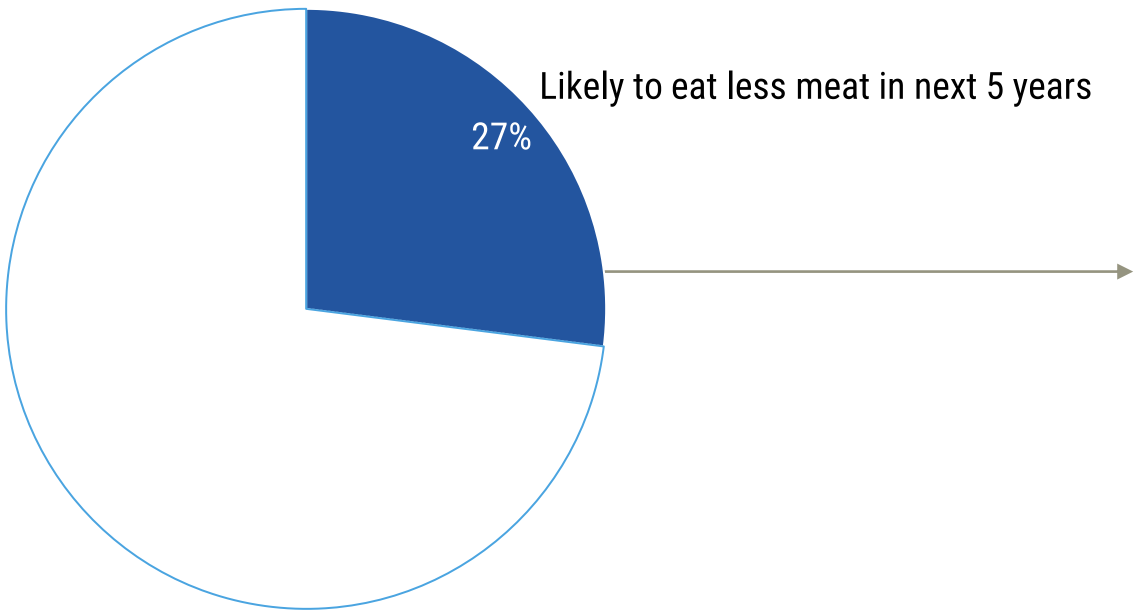




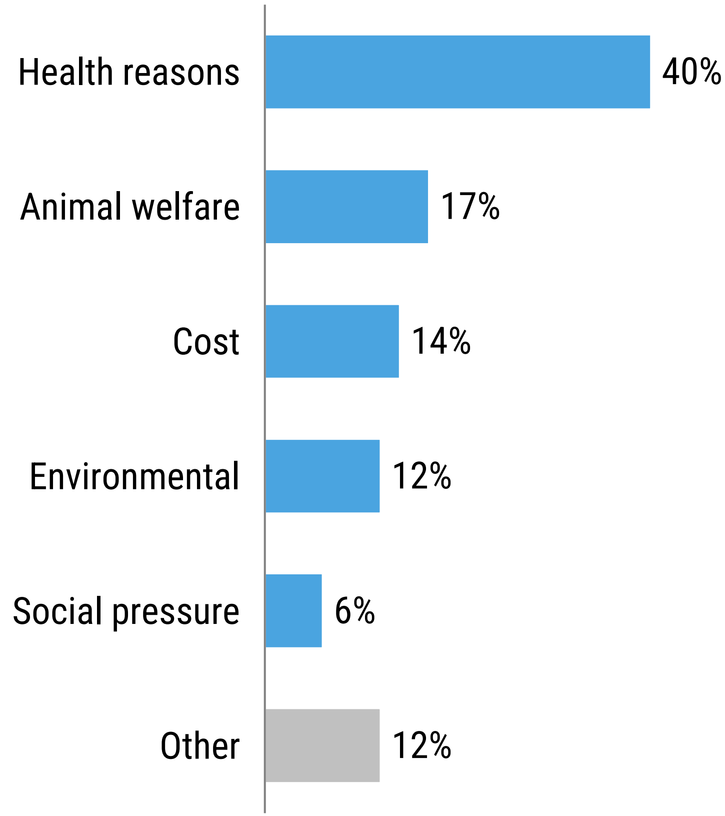
Source: Agence Bio, BOELW

1 in 4 European consumers expects to eat less meat for a variety of reasons: health, animal welfare, cost, and environmental benefit

Future meat expectations – EU27 + UK (2017)
%



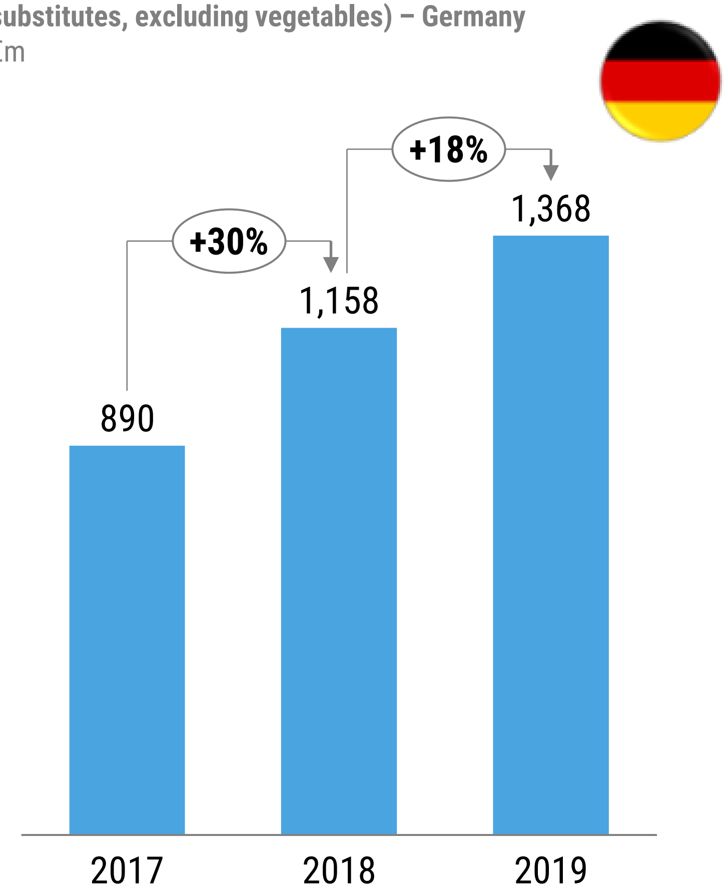
Reasons for eating less meat in the future, EU27 + UK respondents (2017)
%



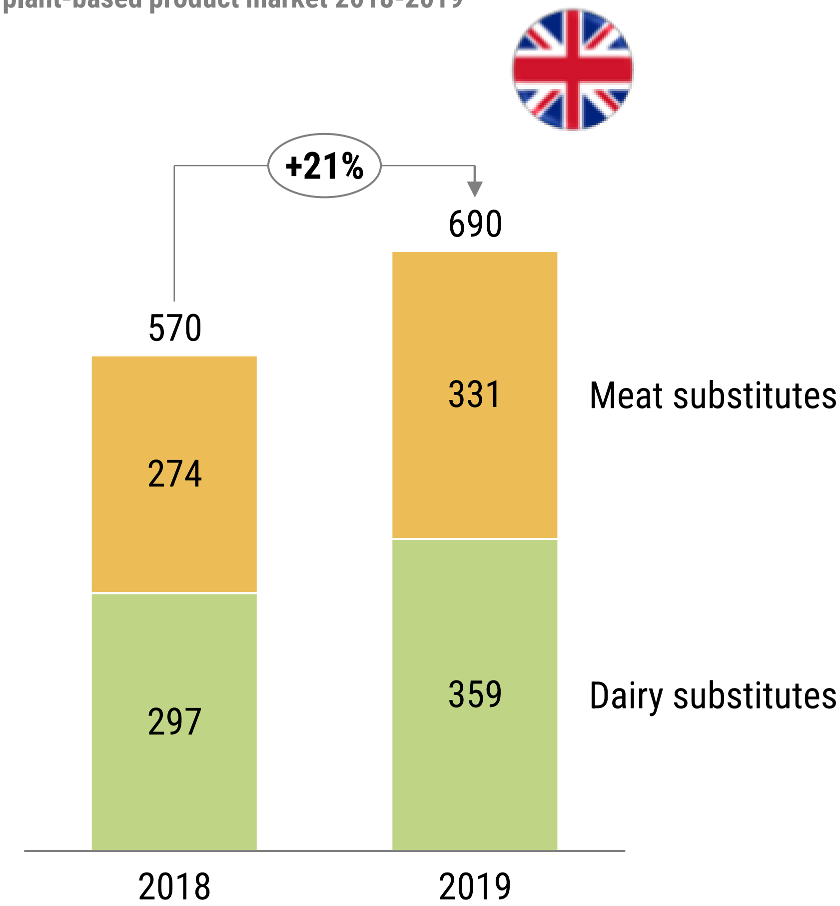
Source: ING

There is rapid growth in sales of plant-based meat and dairy substitutes in Germany and the United Kingdom

Total 'veggy' sales value (including plant-based dairy and meat substitutes, excluding vegetables) – Germany
€m



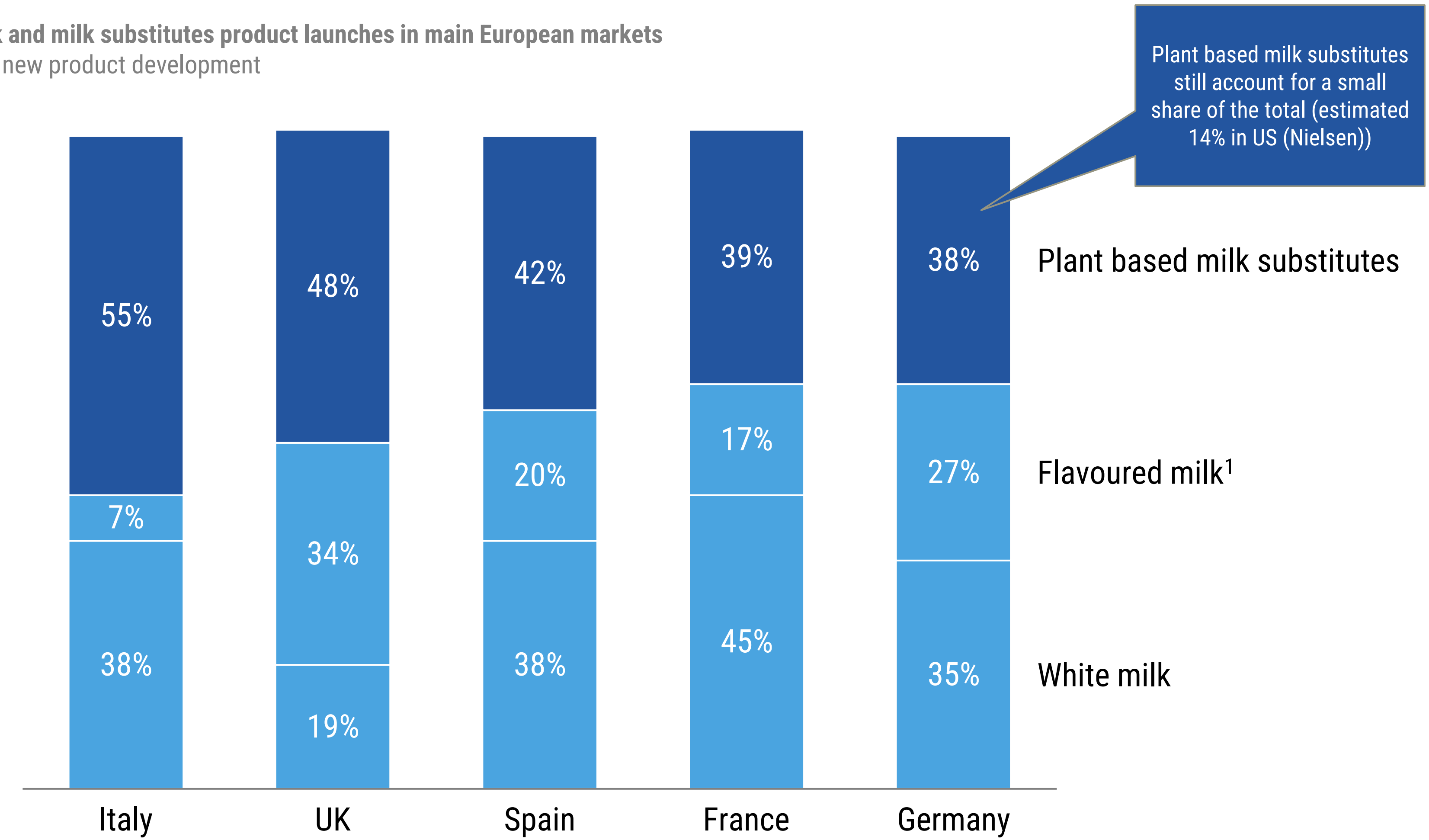
UK plant-based product market 2018-2019
£m



Source: Nielsen. Veggy. MAT to Week 39 of 2019 and two previous annual periods (Germany). Years 2019 and 2018 (UK). Nielsen is not responsible for inaccuracies in this information

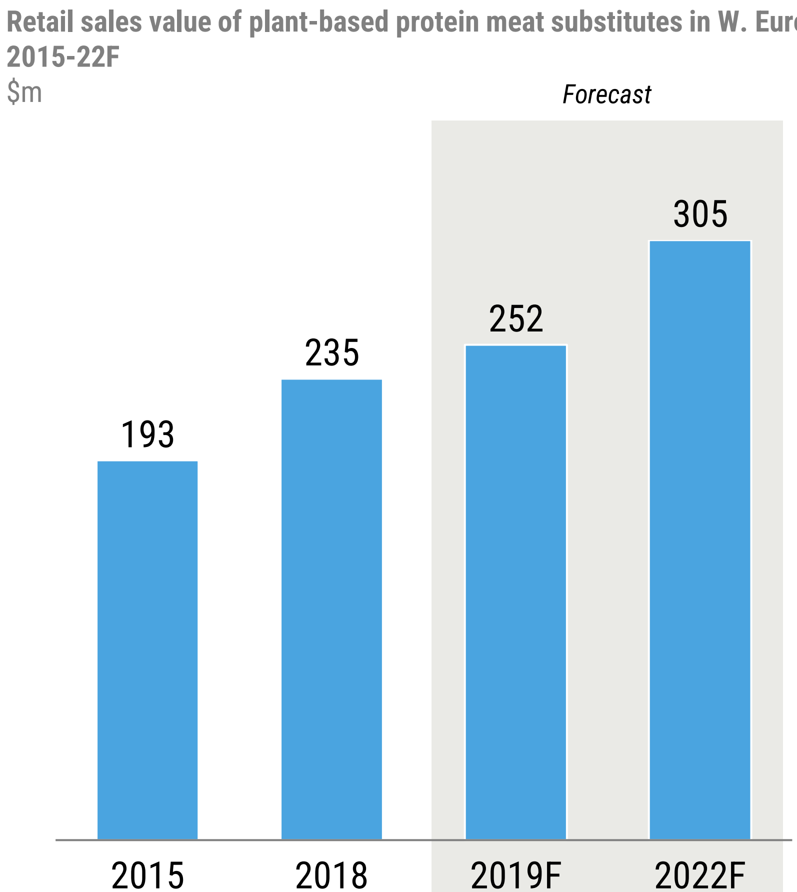
Retailers have responded; plant-based product launches are now the largest sub-category of new milk and milk substitutes products

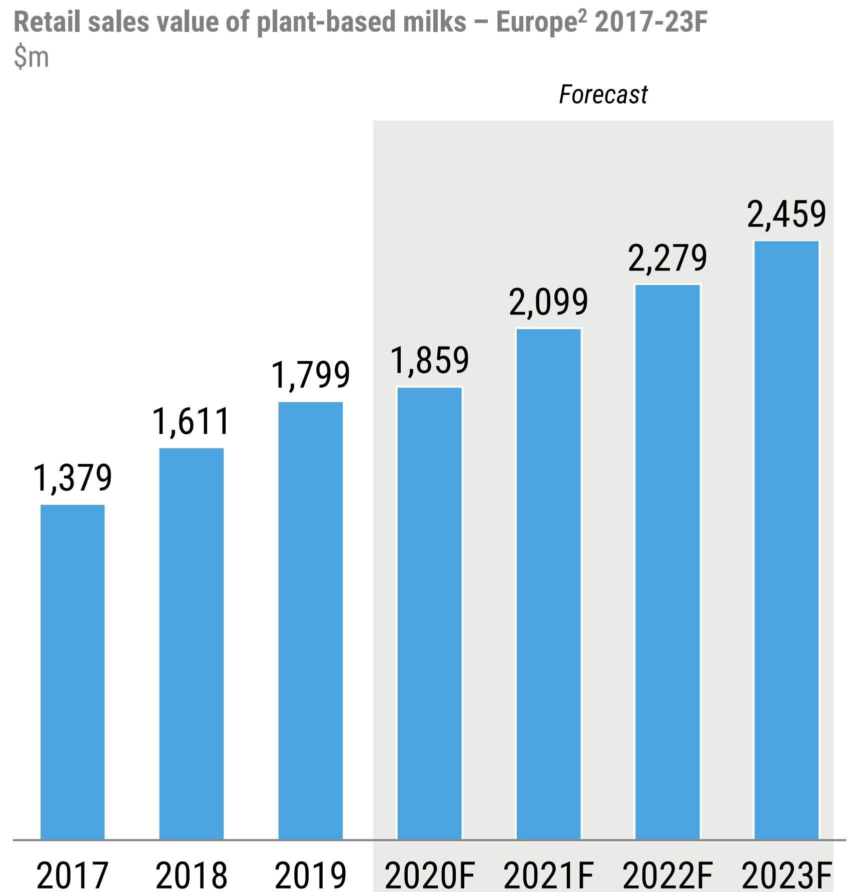
2017 milk and milk substitutes product launches in main European markets
% of total new product development



1. Flavoured milks are milk based drinks or products where animal milk is the largest single ingredient (e.g. chocolate flavoured milk)
Source: Agriculture and Agri-food Canada, Good Food Institute

Retailers have responded; protein substitutes and plant-based milks are both growing fast in Europe

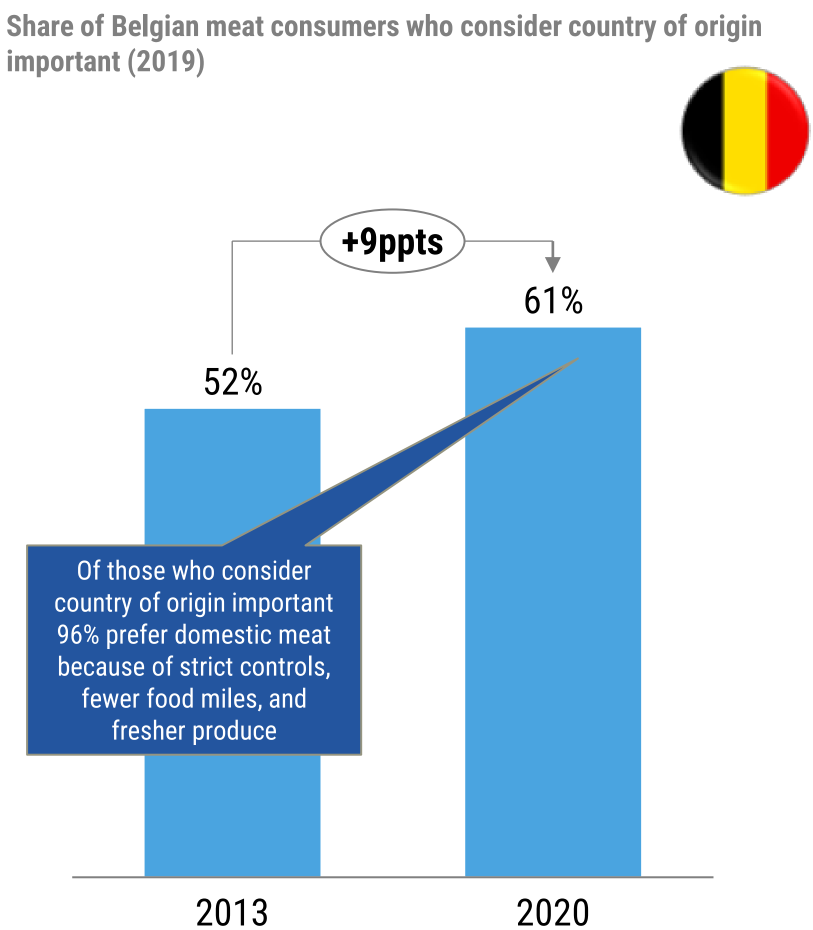


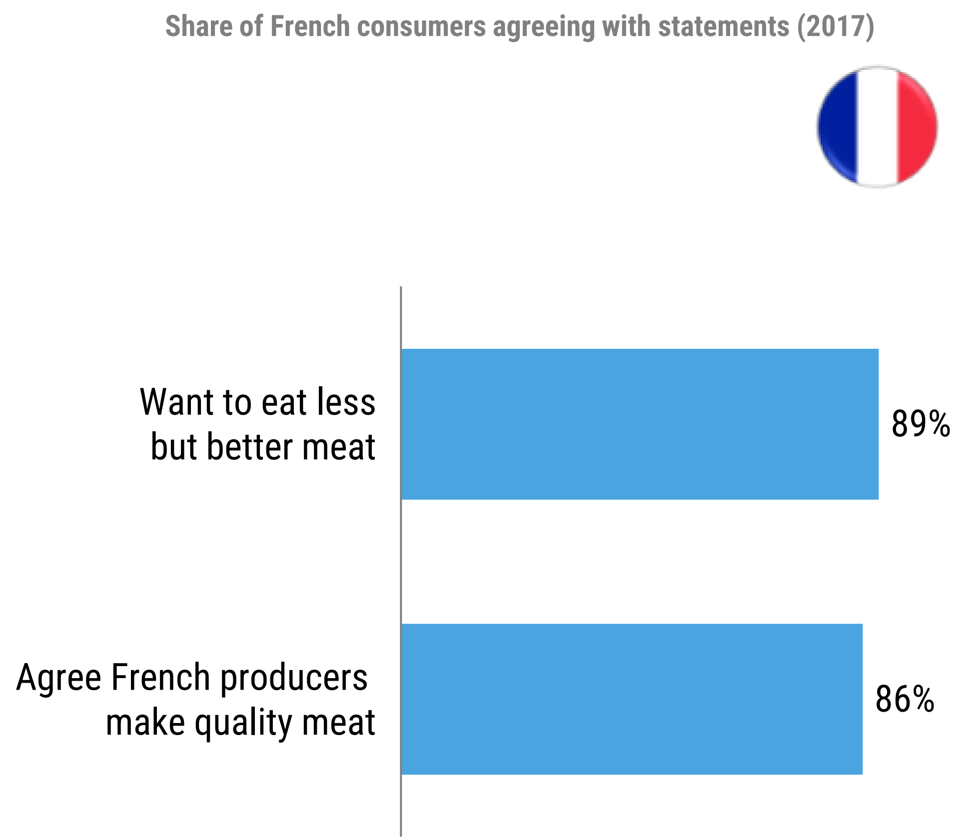


1. Western Europe defined as Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Italy, the Netherlands, Norway, Portugal, Ireland, Spain, Sweden, Switzerland, the UK
2. Europe defined as Western Europe (note 1) plus Austria, Bulgaria, Czech Republic, Hungary, Poland, Romania, Russia, Slovakia, Turkey and Ukraine

Source: GlobalData / Agriculture and Agri-Food Canada

Consumers are increasingly interested in ethical food and food origins, and have particular trust in local producers

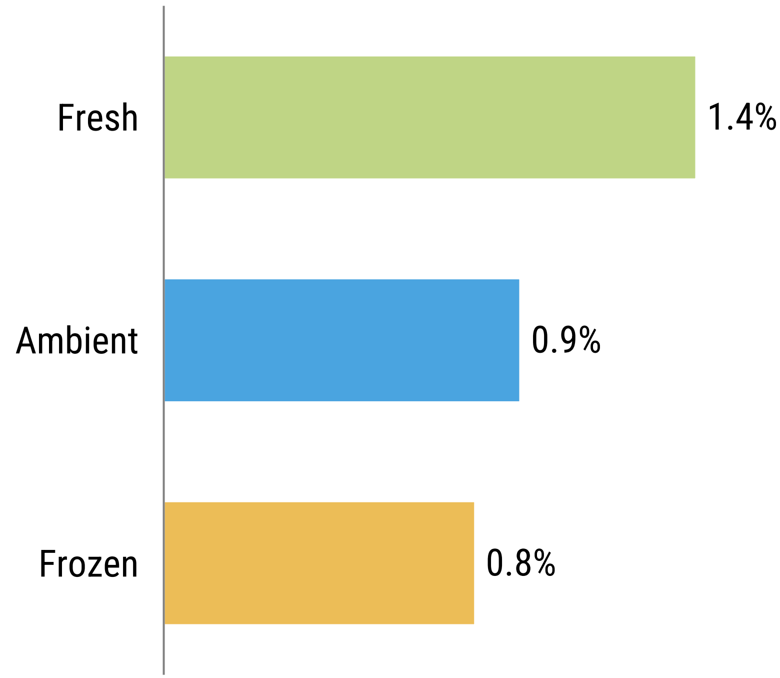




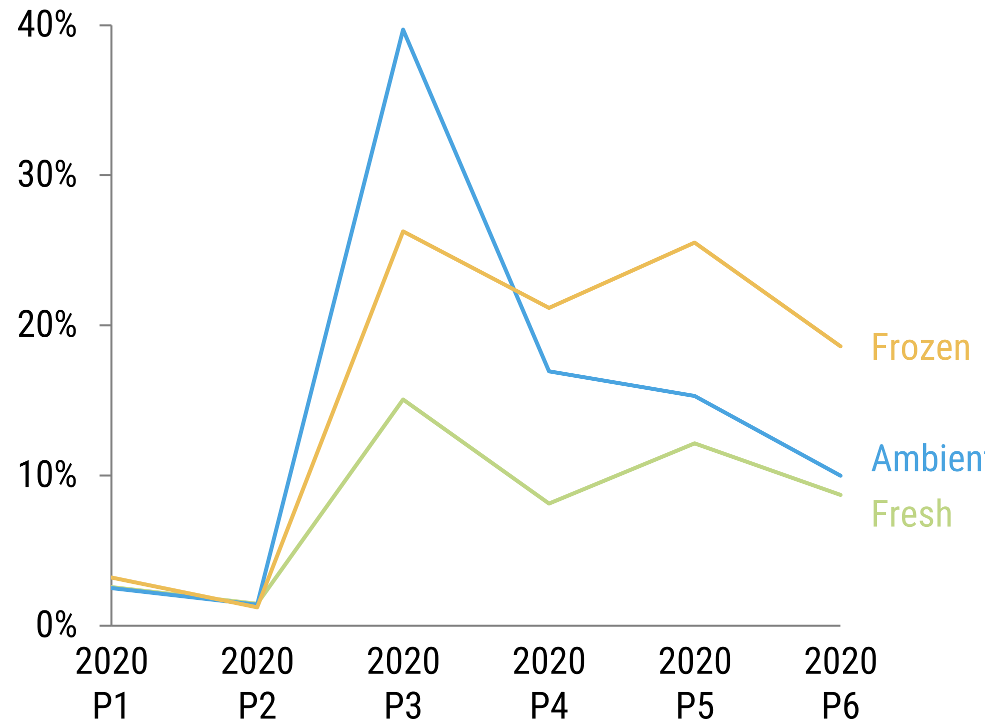
Source: Belgian Meat Office, Interbev / IPSOS

Before the Covid-19 pandemic reached Europe[1], fresh food had been the fastest growing segment of food sales, but during the crisis ambient and frozen food has grown faster

Annual growth in value of food sales by category 2019 vs 2018



Growth vs same 4-week period (P) in prior year (P6 ends 14/06/2020)



1. Data includes Germany, UK, France, Spain, Italy

Source: Nielsen

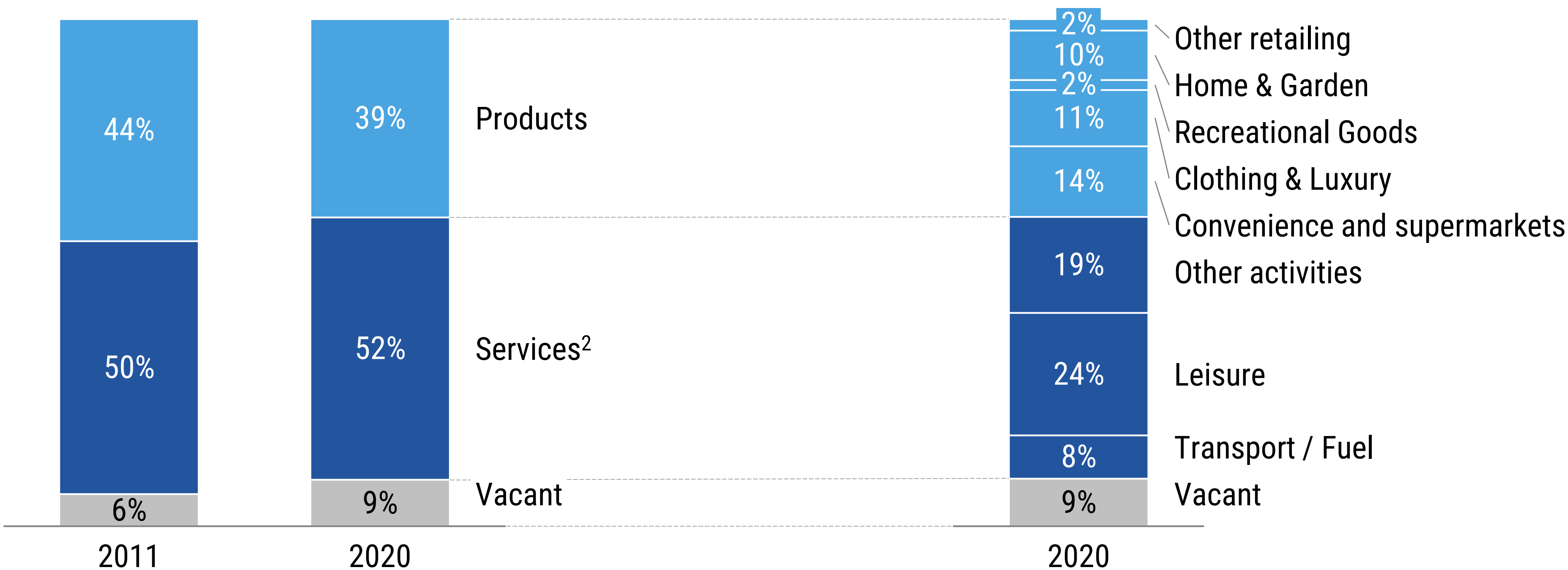
B3 Communities – Key messages

- There is a continued shift towards retail outlets being used more for services and away from selling goods: in the Benelux, only 4 in 10 retail units sell goods, 5 in 10 sell services, and 1 in 10 is empty
- Across Europe, the total number of retail stores fell 12% 2012-2017, although this masks national variation
  - Sharpest declines were in Southern Europe (e.g. Greece) and Eastern Europe (e.g. Poland)
  - Some countries saw an increase (e.g. Ireland, France)
- Store vacancy rates have been increasingly steadily in several European countries, a trend that is likely to be accelerated by the economic impact of the corona crisis
- Vacancy rates tend to be higher in smaller towns and smaller shopping centres
- Retailers contribute to maintaining cultural heritage, preserving buildings and investing in the environment surrounding them
- Retailers contribute to local life through volunteering in local communities, donations to local charities, and sponsorships of local sports teams, schools, and community organisations

The share of retail outlets selling goods is decreasing, as units are increasingly providing services rather than products

Share of Occupied Retail or Consumer-Service Outlet: Products vs Services (NL, BE, LU) 2020 vs 2011
%

Detailed Breakdown of Retail or Consumer-Service Outlet Usage (NL, BE, LU) 2020[1]
%

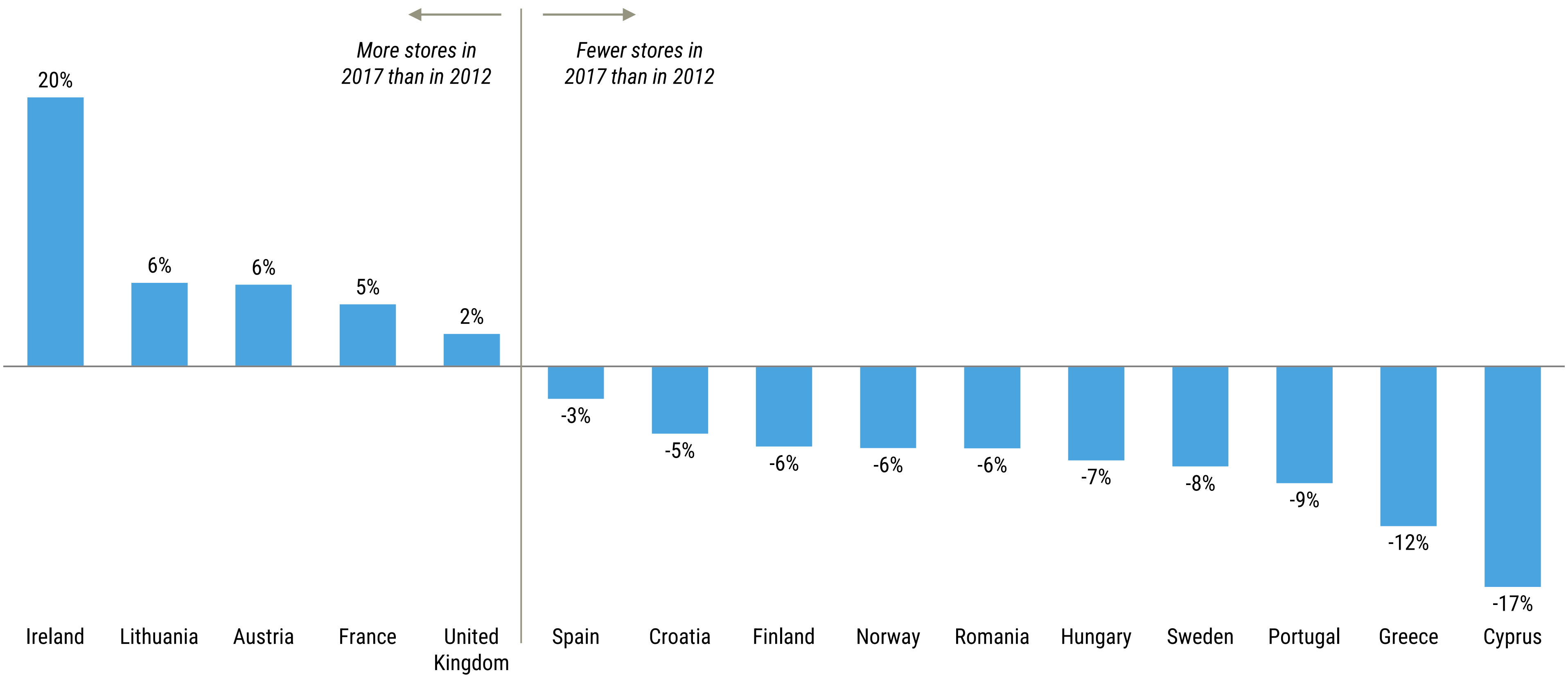


1. Data is for January 1st of each year
2. Consumer oriented services e.g. restaurants, hairdressers

Source: Locatus

More European countries lost retail units than gained them 2012-17

Change in Number of Retail Stores 2012-2017 by Country

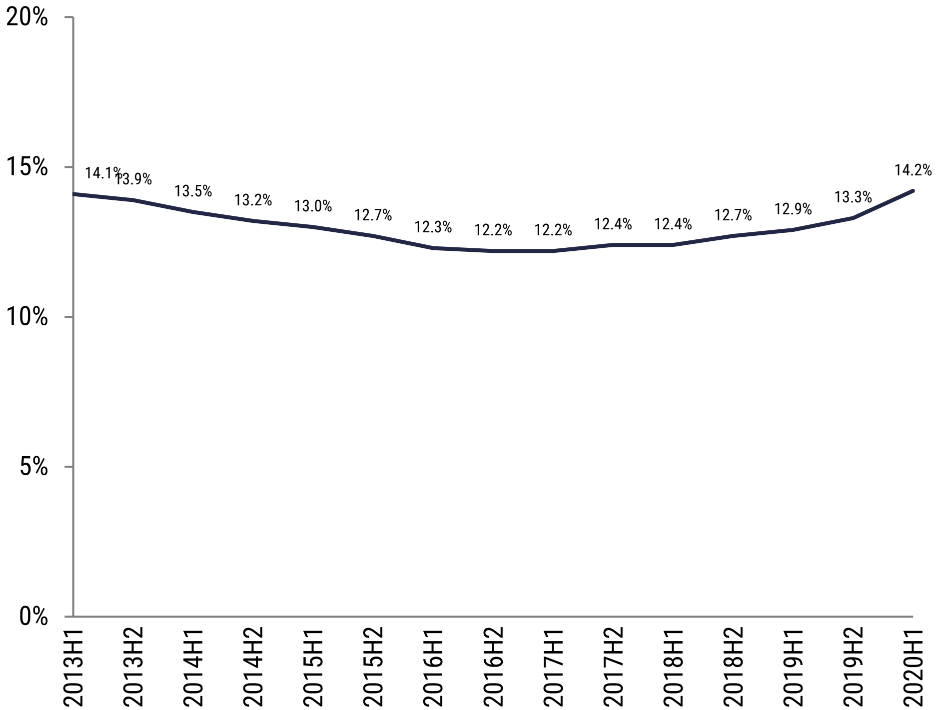


Source: Eurostat, EuroCommerce Analysis

Vacancy rates do not tell the full story – in the UK, for example, the vacancy rate is largely stable, but fewer total sites are available in the market as sites close down

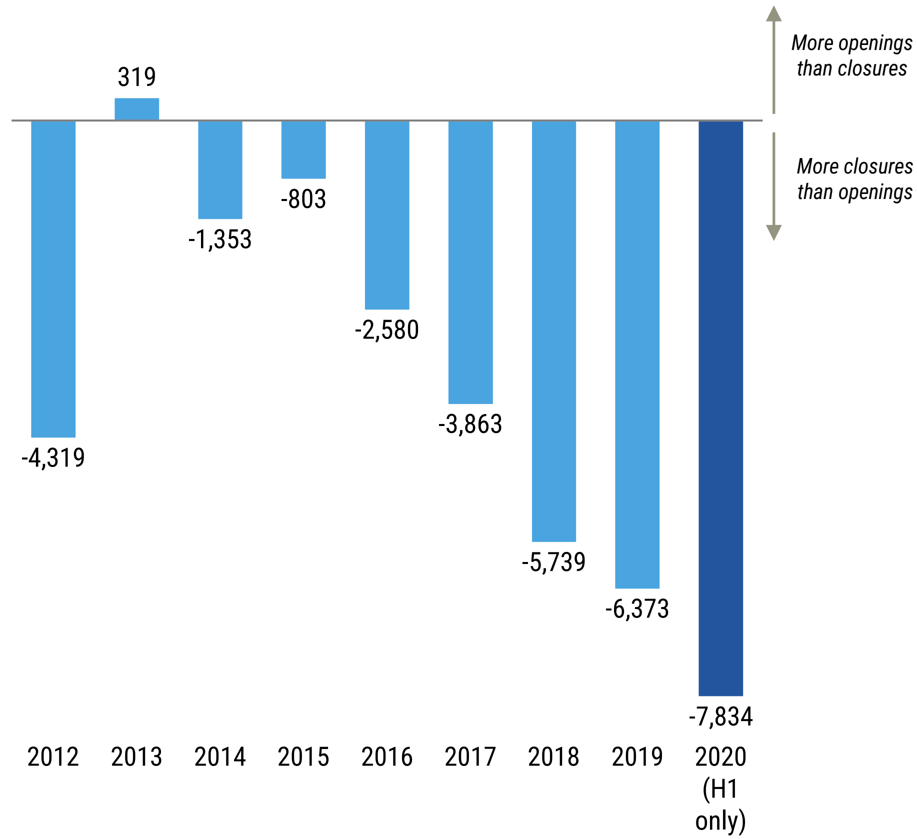
Retail Vacancy Rate – UK 2013H1-2020H1

%



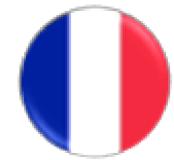
Net Additions of Retail Units – UK 2012-2020

#

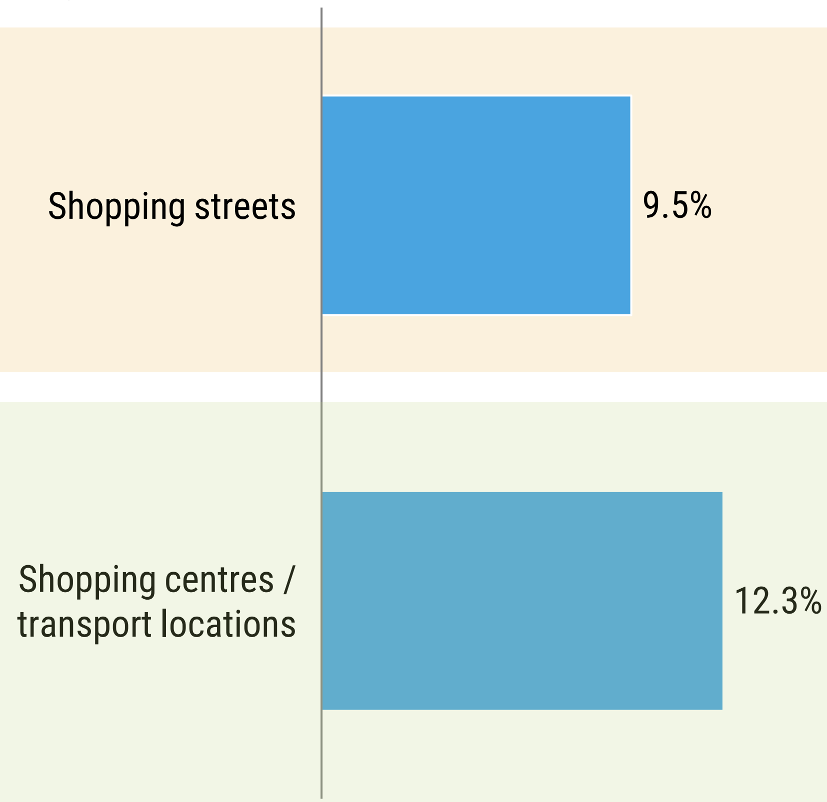


Source: Local Data Company

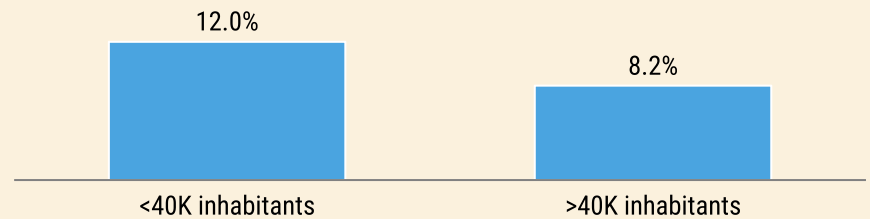
Store vacancy rates are particularly high in shopping centres and in smaller towns



France Vacancy Rate by Type of Site - 2019[1]
%



Shopping Street Vacancy Rate by Size of City - 2019[1]
%



Shopping Centre Vacancy Rate by Size of Centre - 2019[1]
%

1. Vacancy rate is number of empty commercial sites divided by total available sites

Source: Codata

Retailers play a central role in local communities, but they are disappearing fast

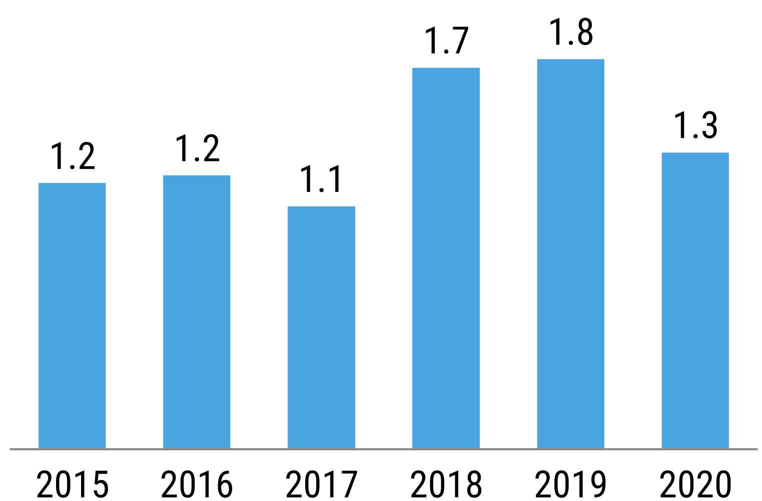
Closures per Store Opening Total 2015-2019 (H1 only)
Regional Breakdown

For every store that was opened, 1.36 stores were closed

Stores are closed much faster than they are opened

- In every year since 2015, more stores have closed than have been opened, and the ratio is highest in 2019, the most recent year with data available
- There is variation by region, with less densely populated and lower income areas suffering the fastest rates of store closures

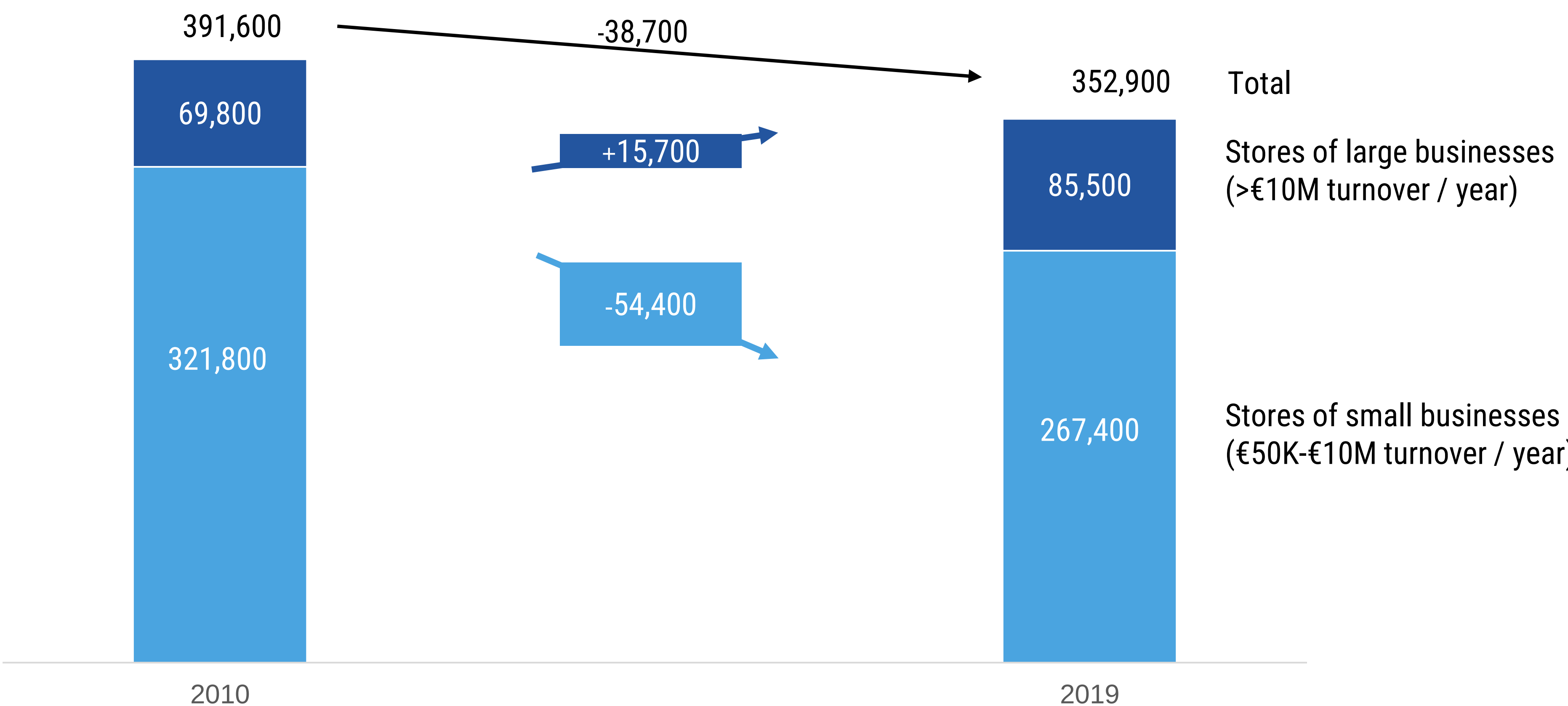
Closures per Store Opening 2015-2020 (H1 only)
Annual Breakdown



Source: PwC and Local Data Company

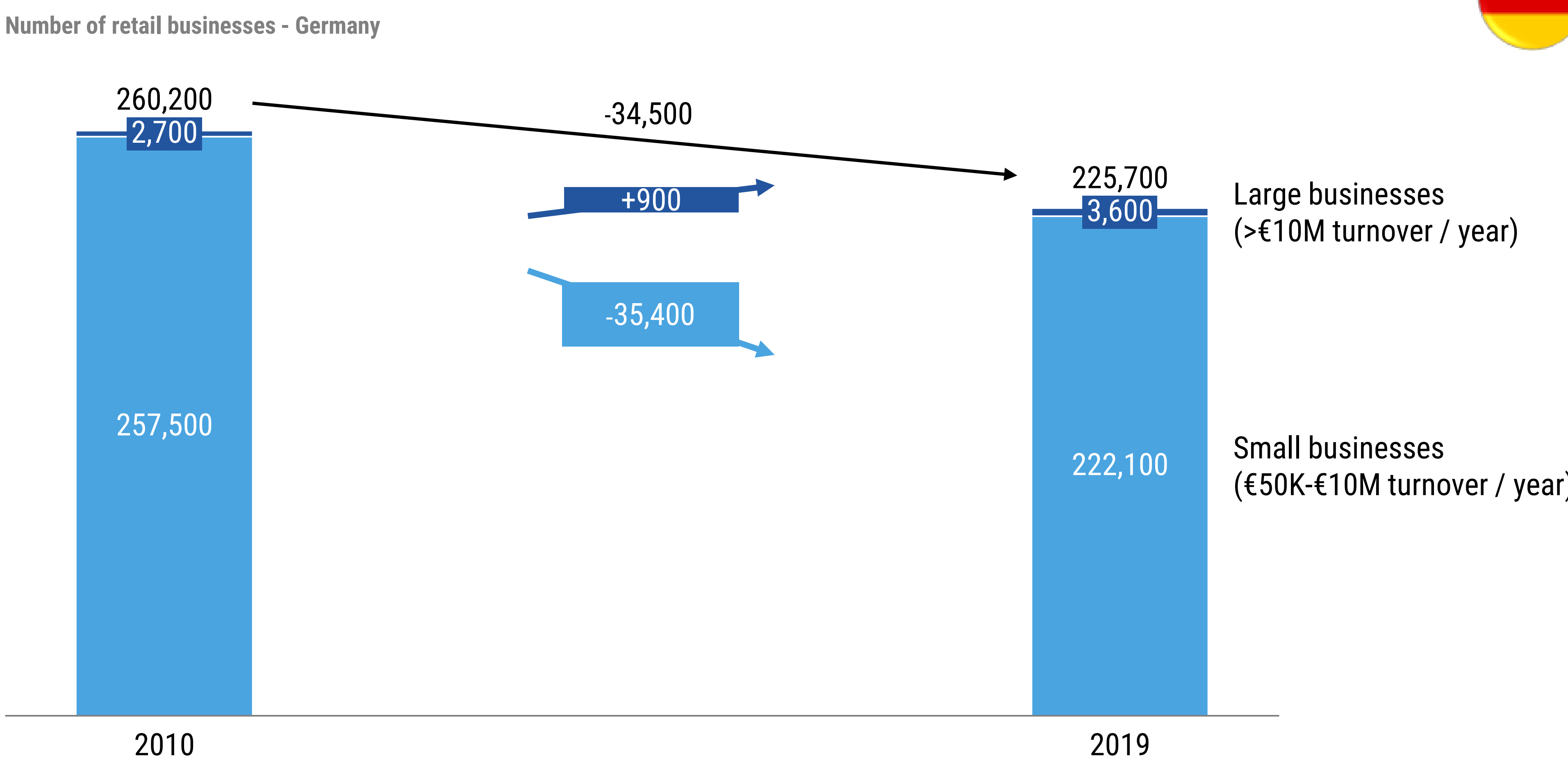
Germany has also seen a decrease in the number of physical stores, particularly those of small independent companies

Number of physical stores - Germany



Source: HDE, IFH Köln

Small, independent retail businesses are giving way to larger retail chains



Source: HDE, IFH Köln

B4 Social and Economic Context – Key messages

Slow economic growth

- Europe has been in a period of slow economic growth per capita for an extended period of time, lagging behind other global regions
- The IMF projects that the EU will suffer one of the sharpest economic contractions of all global regions in 2020 as a result of the Covid-19 pandemic, before recovering in 2021

Unemployment

- The Eurozone is characterised as having higher rates of headline unemployment compared to other advanced economies in the G7 and elsewhere; after an extended period of improvement 2013-2019, it is expected to increase again in 2020 and 2021

Unfavourable demographics

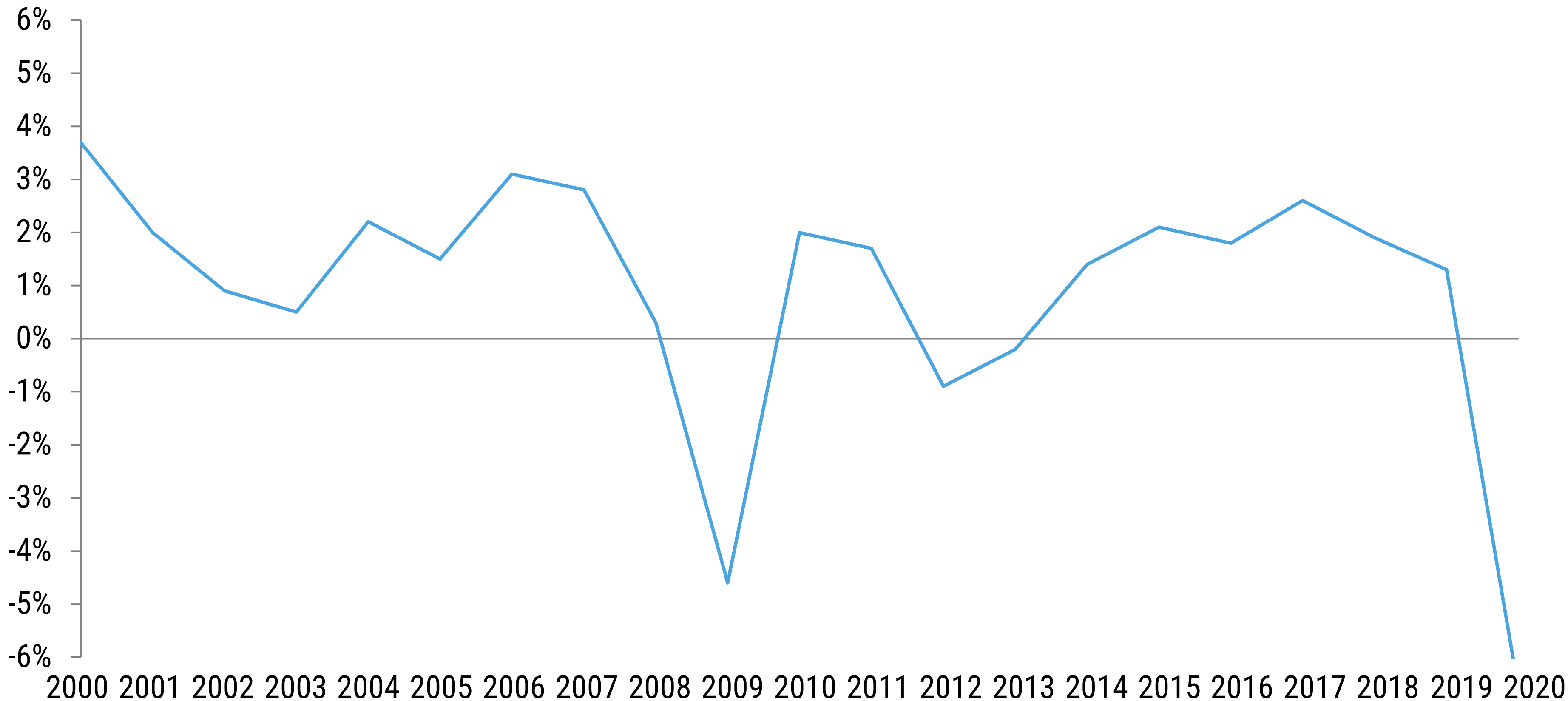
- Europe is characterised as having an older population than other world regions, and is continuing to age
  - Globally, 1 in 3 people are under 20 but in Europe it is only 1 in 5
  - By 2050, 35% of Europe’s residents will be aged 60 or older, compared to 25% today and only 13% in 1960
- While all other global regions are expected to see population growth over the next 30 years (global average: +25%), Europe is projected to see a 5% fall

Implications for European retailers

- This social and economic context provides a series of challenges for European retailers
  1. Low growth at home makes it hard for European retailers to continue to be global leaders
  2. Reduced available workforce for retail, which is traditionally very young
  3. Need to adapt products and operating models to suit the needs of a changing population

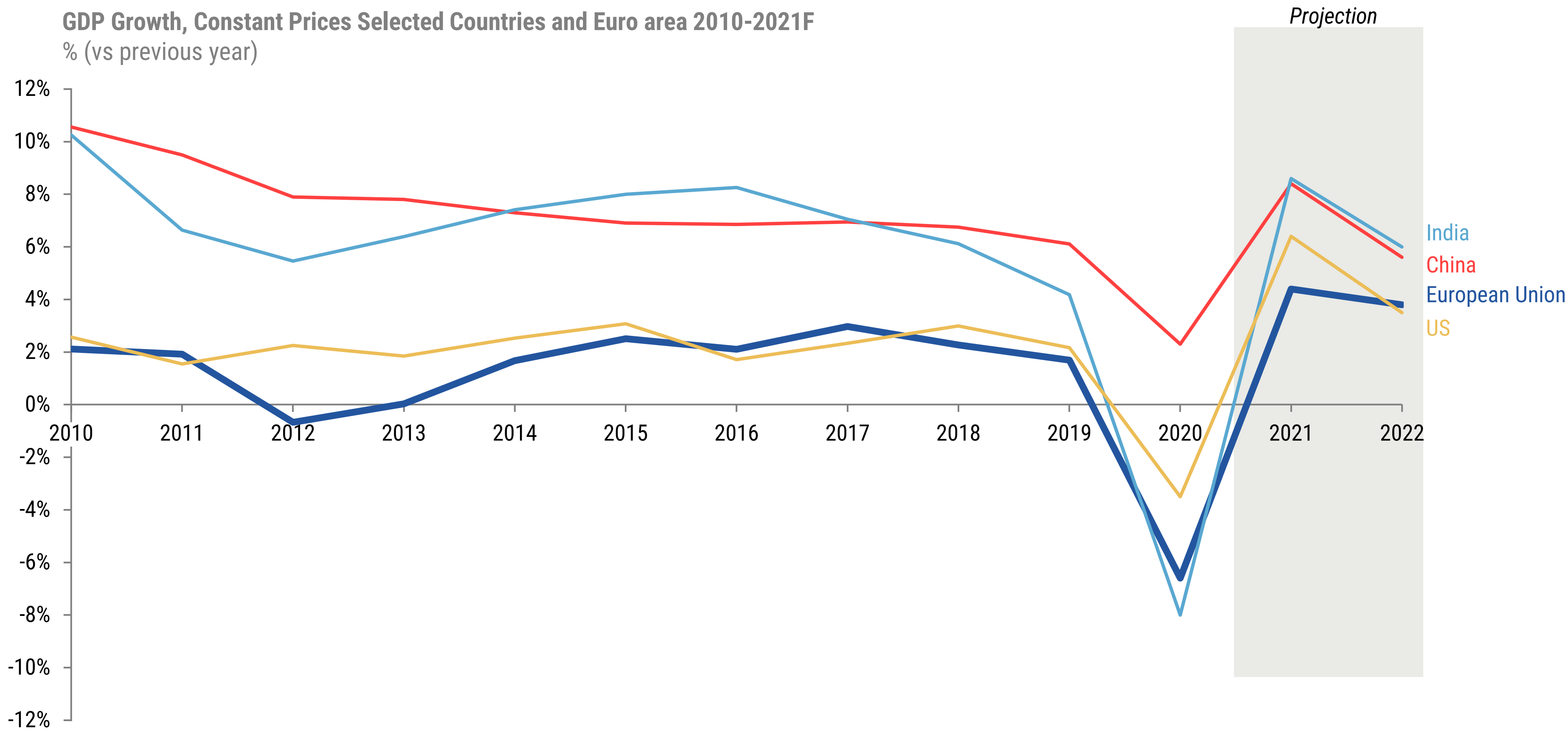
Europe has been in slow growth since the last recession, even before the Covid-19 impact

Real GDP Per Capita Change EU27 2000-2020
% (vs previous year)



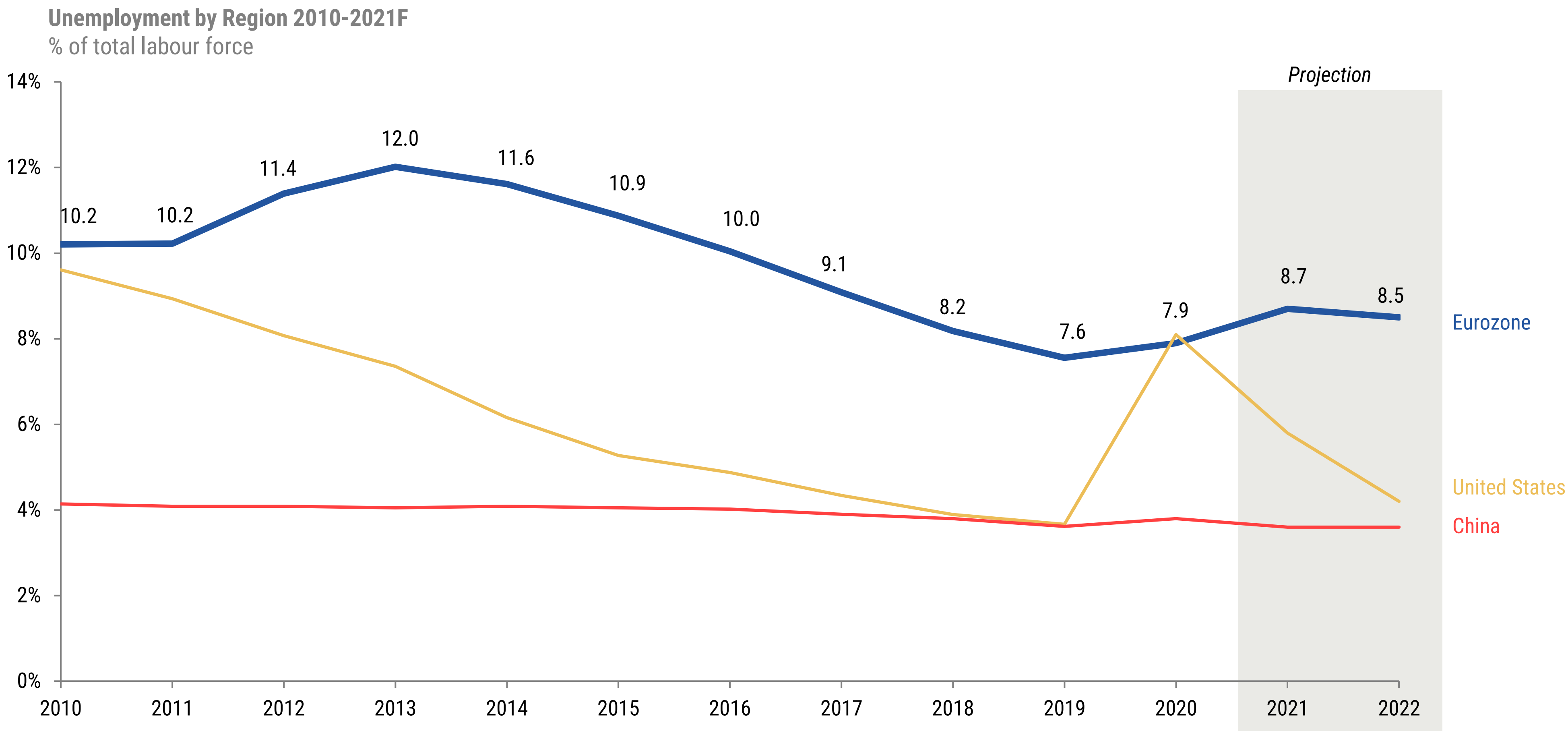
Source: Eurostat, calculation EuroCommerce

Europe has grown more slowly than other global regions, and is expected to suffer substantially from the Covid-19 pandemic, with a muted recovery



Source: IMF World Economic Outlook (April 2021)

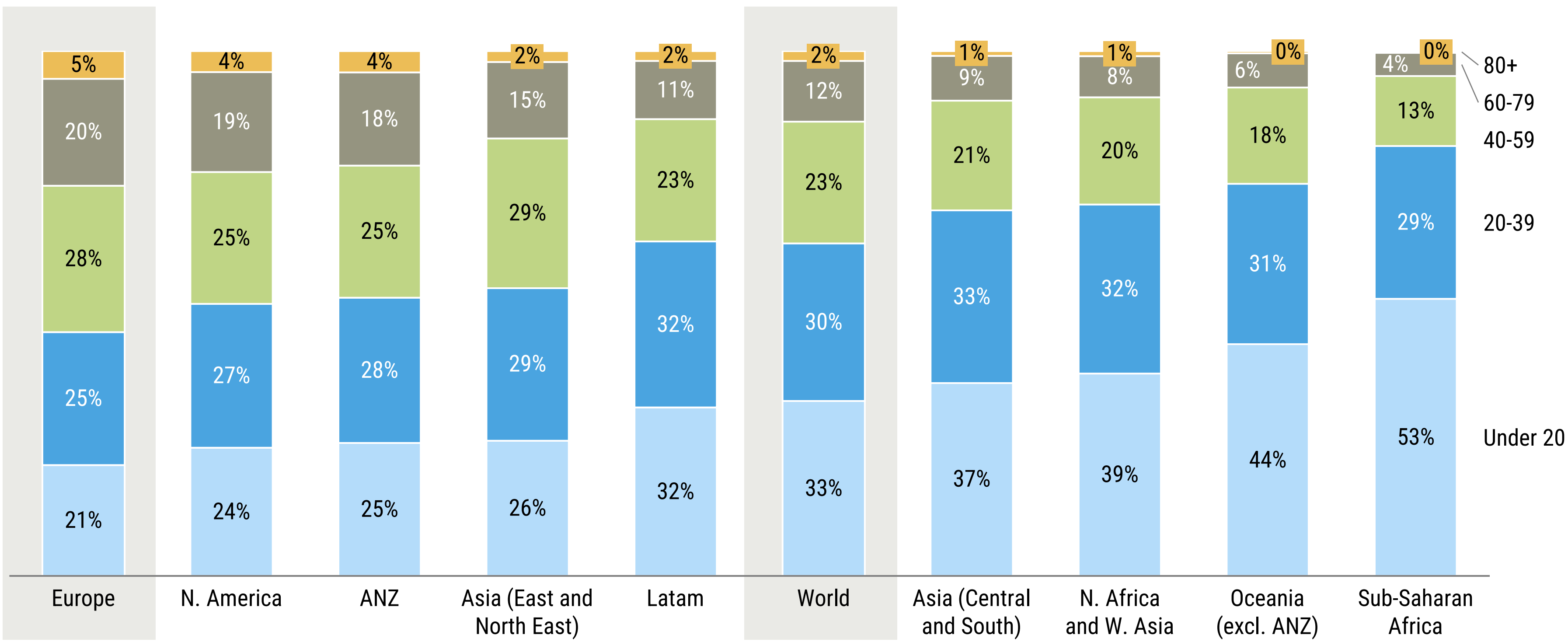
The Eurozone has had higher unemployment than the US and China since 2010; the crisis is expected to reverse some of the progress seen since the last financial crisis



Source: IMF World Economic Outlook (April 2021)

Europe has the oldest population of any world region today

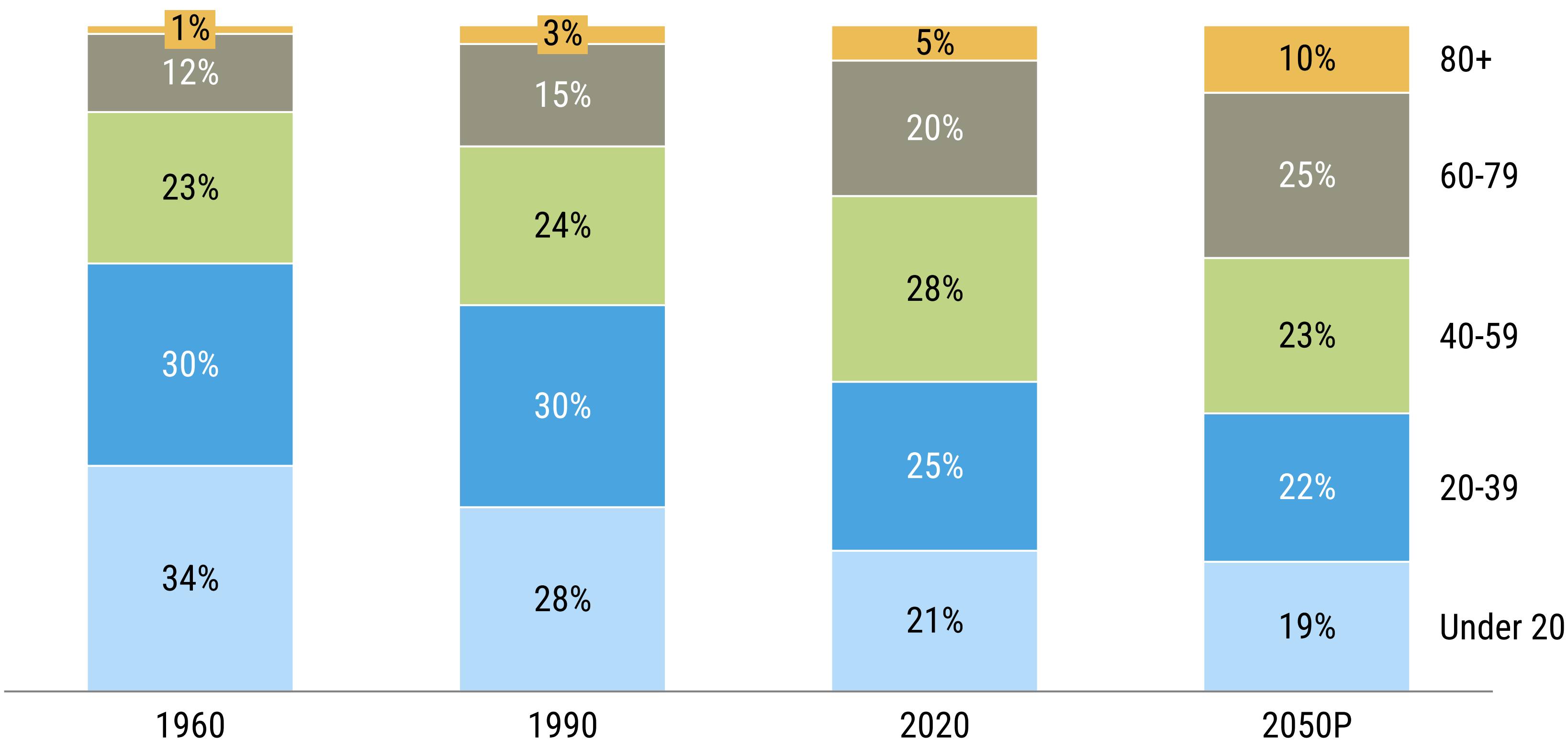
Age Distribution by Region 2020
% of population by age group



Source: United Nations

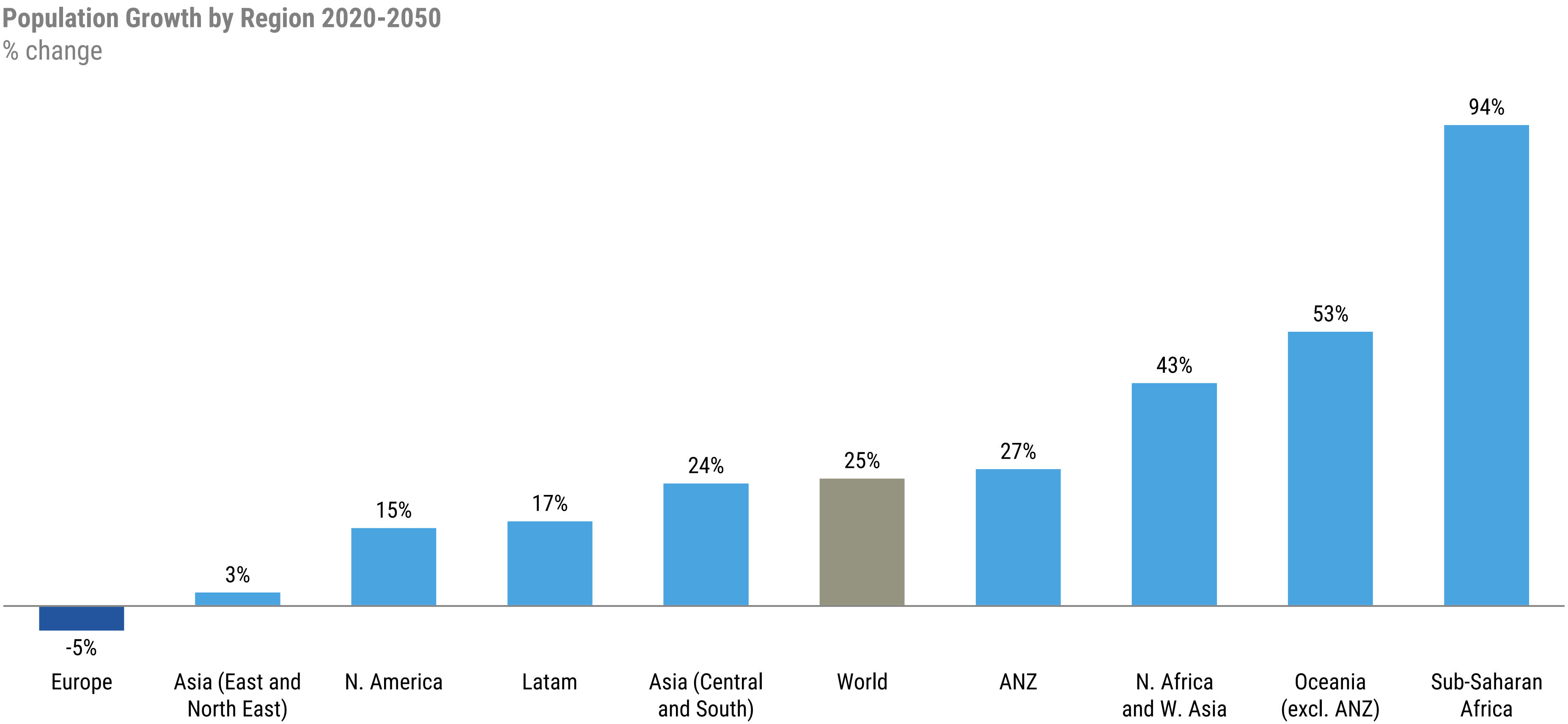
Europe is ageing - by 2050, 35% of European residents will be aged 60 or older, compared to 25% today and 13% in 1960

Share of European Population by Age Group: 1960 – 2050P
%



Source: Eurostat

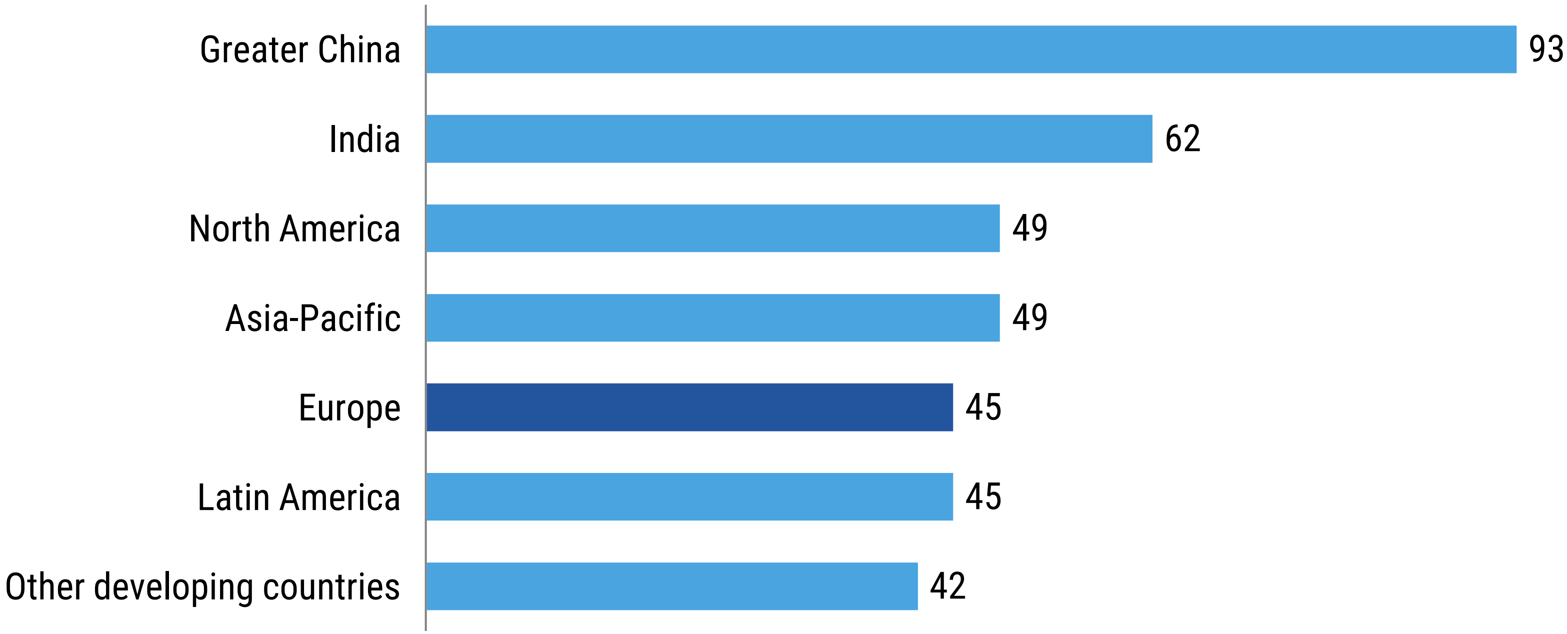
Europe's population is expected to fall 5% over the next 30 years, while the global population as a whole will grow ~25%



Source: United Nations

Executive confidence in future economic conditions is lower in Europe than in other leading global regions

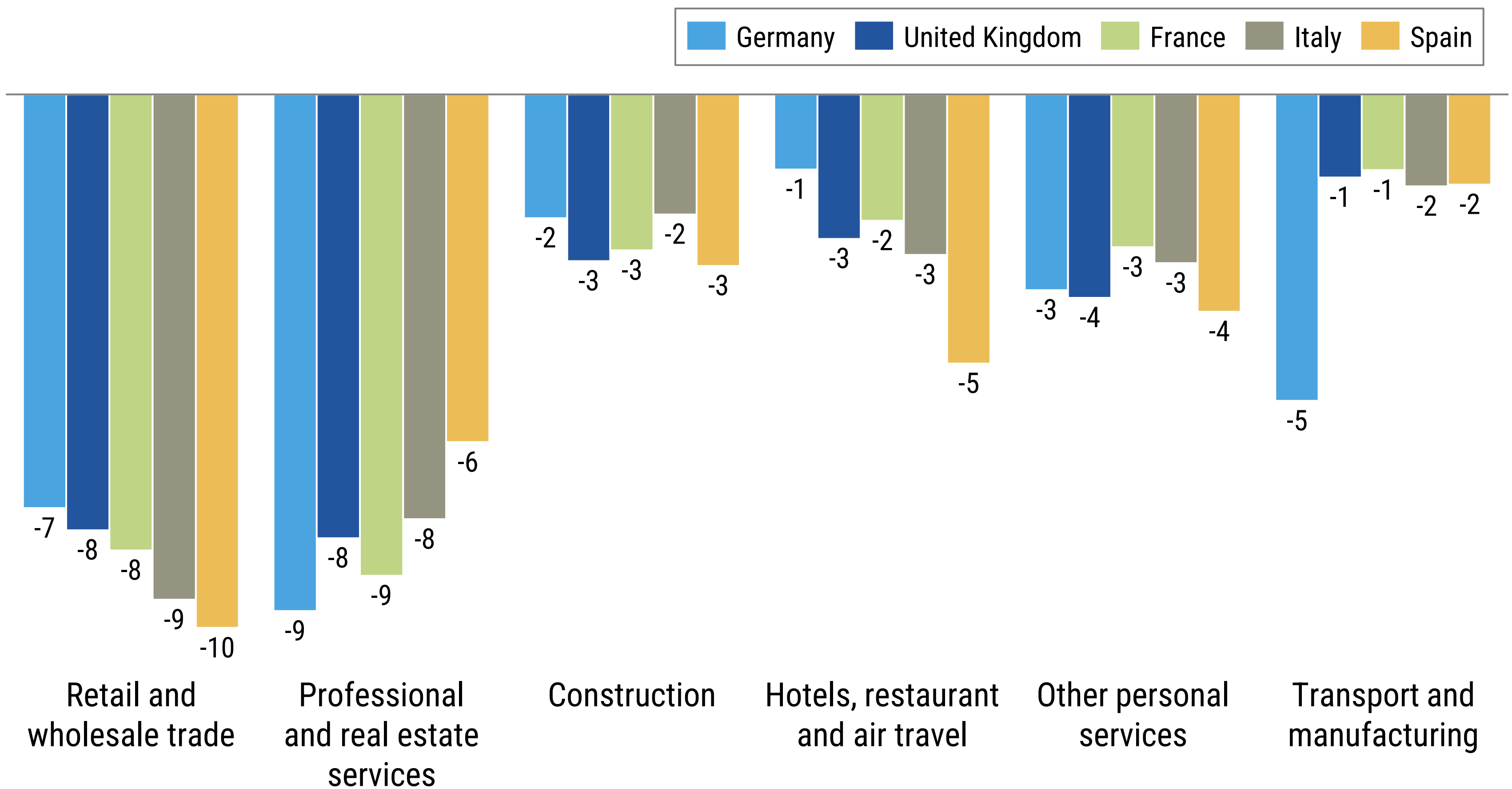
Confidence: Share of respondents expecting economic conditions in home country will be better in six months (September 2020)
%



Source: McKinsey

Shutdowns as a result of Covid-19 have an outsized impact on retail compared to other economic sectors

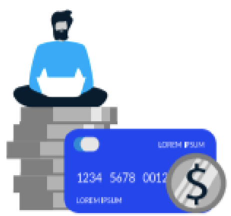
OECD estimate of impact of shutdowns on activity in selected advanced economics as % of GDP by sector



Source: OECD

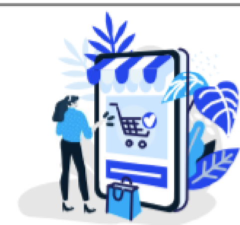
The Covid-19 pandemic and associated economic fallout has changed the retail industry

The new normal – 6 key topics changing the industry



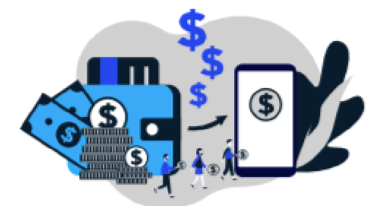
1. Value for money

>50% of consumers are looking for a way to save money



2. Flight to online

x2 to x6 increase in demand during April-July 2020 in retail industries not yet 'gone online'



3. Shock to loyalty

40-55% of consumer have tried different retailer/store/website and majority will stick

4. Homebody economy

60+% of consumers either started, increased or used at the same rate regionally available online streaming services

5. Health and hygiene

20-30% of consumers are citing cleaning and sanitization practices as #1 priority when deciding if and where to shop in-store

6. Sense of purpose

Split vote while many consumers have started to focus more on sustainability, others have deprioritized

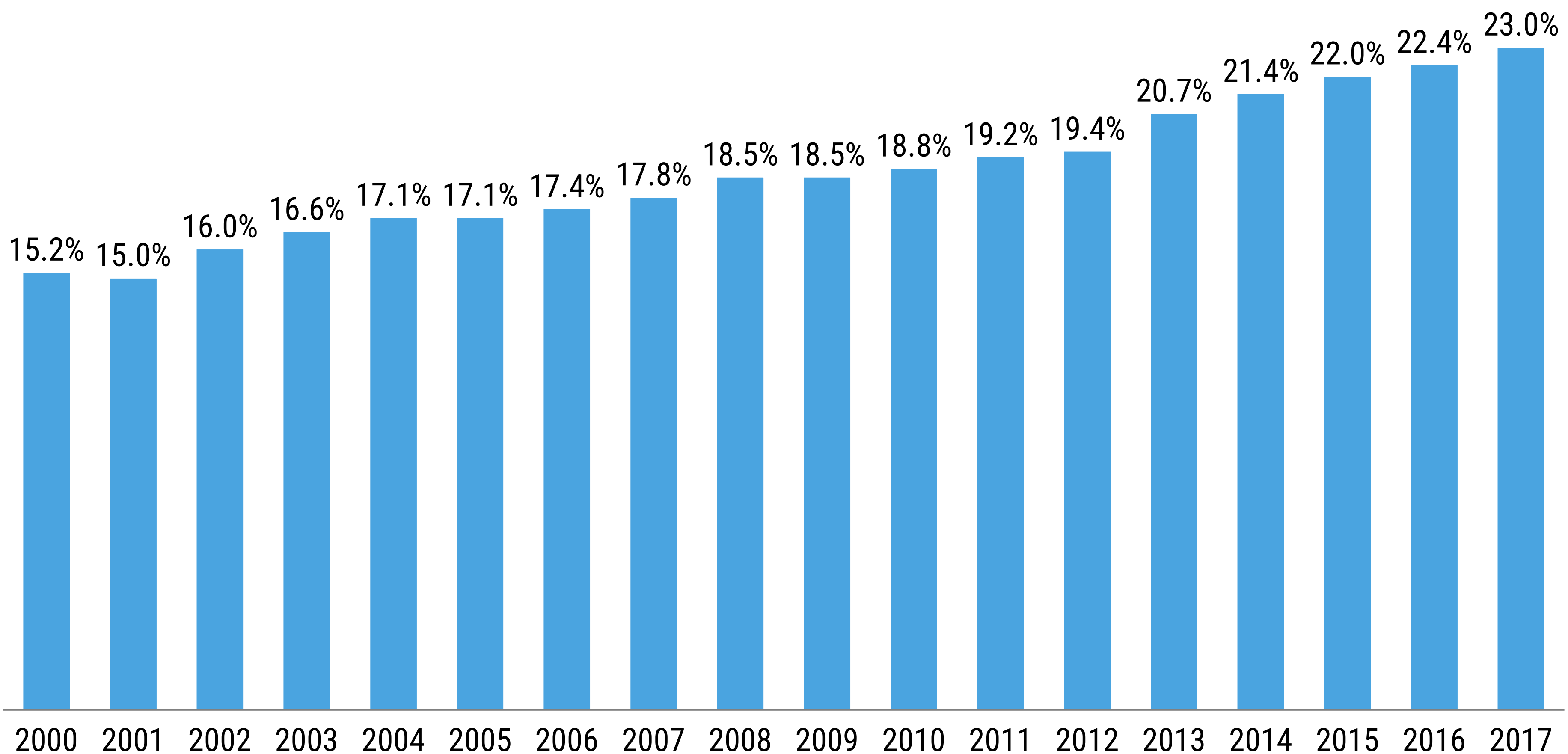
Source: McKinsey & Company COVID_19 Pulse Survey – population 18+ years

B5 Competitive Landscape – Key messages

- Competition is becoming increasingly digital, with e-commerce the fastest growing segment of European retailing
- In food retail, discount retailers are taking an increasing share of the European market, from 15% in 2001 to 23% in 2017
- This trend can be seen across countries, for example in the UK the market share growth of German discounters Aldi and Lidl has come entirely from the share of the largest grocery retailers; whilst Aldi and Lidl have gained 8.6ppts of market share 2010-2019, the "Big 4" have lost 8.7ppts
- Retail is a very competitive, low margin business, with profitability of even the largest retailers representing around 2-3% of sales, down from ~4% in 2010
- This stands in sharp contrast to the businesses which supply retailers: the largest FMCG companies generated an EBIT margin of 18.2% in 2018, a growth of 2.2ppts from 16.0% in 2010
- (Food) retail remains highly fragmented across Europe today, with no grocer having more than 7% of European market share
- There is a shift in food consumption from purchasing in retail channels to be consumed at home to purchasing in foodservice and horeca for consumption outside the home: this divergence in spending is clearest from 2013-2018
- This is part of a wider shift in household spending from spending on goods to spending on housing and services: spending on food, all beverages, clothing, furnishings and household equipment made up 27.4% of EU27 household consumption in 2017, down 2.5ppts from 29.9% in 2011
- European retailers provide global leadership
  - Europe has more of the world's largest retailers by HQ-location than any other global region (35%), ahead of North America (34%), and Asia-Pacific (23%)
  - Europe's large retailers are more internationalized than their global competitors – 41% of sales were from countries outside the HQ-country (vs 13% for North America, 11% for Asia-Pacific)

There has been a long and consistent increase in the share of grocery sales which happen in discounters in Europe

Discounter Share of Sales Europe 2000-2017[1]
%

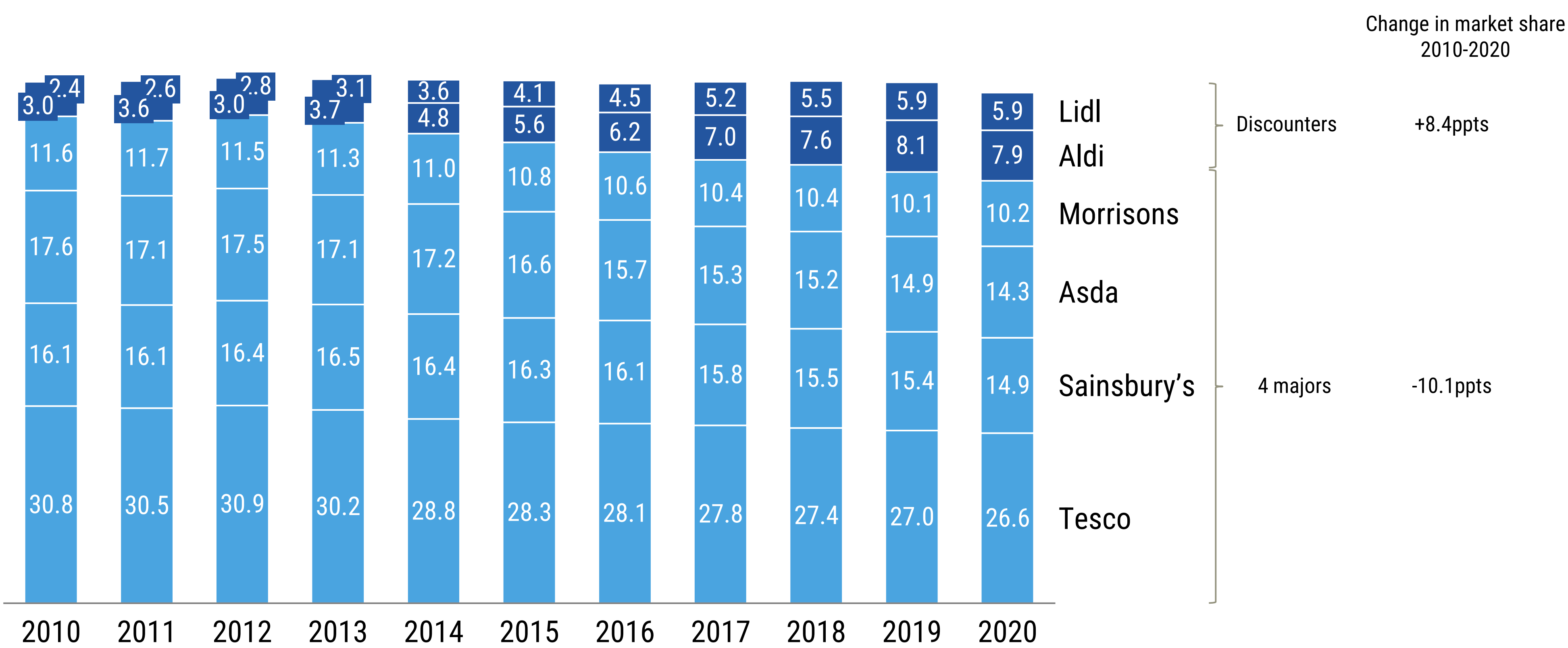


1. Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, UK

Source: Nielsen Discounter Database

B5: Competitive landscape

In the UK, this growth in the discounter channel has been at the expense of the major grocers

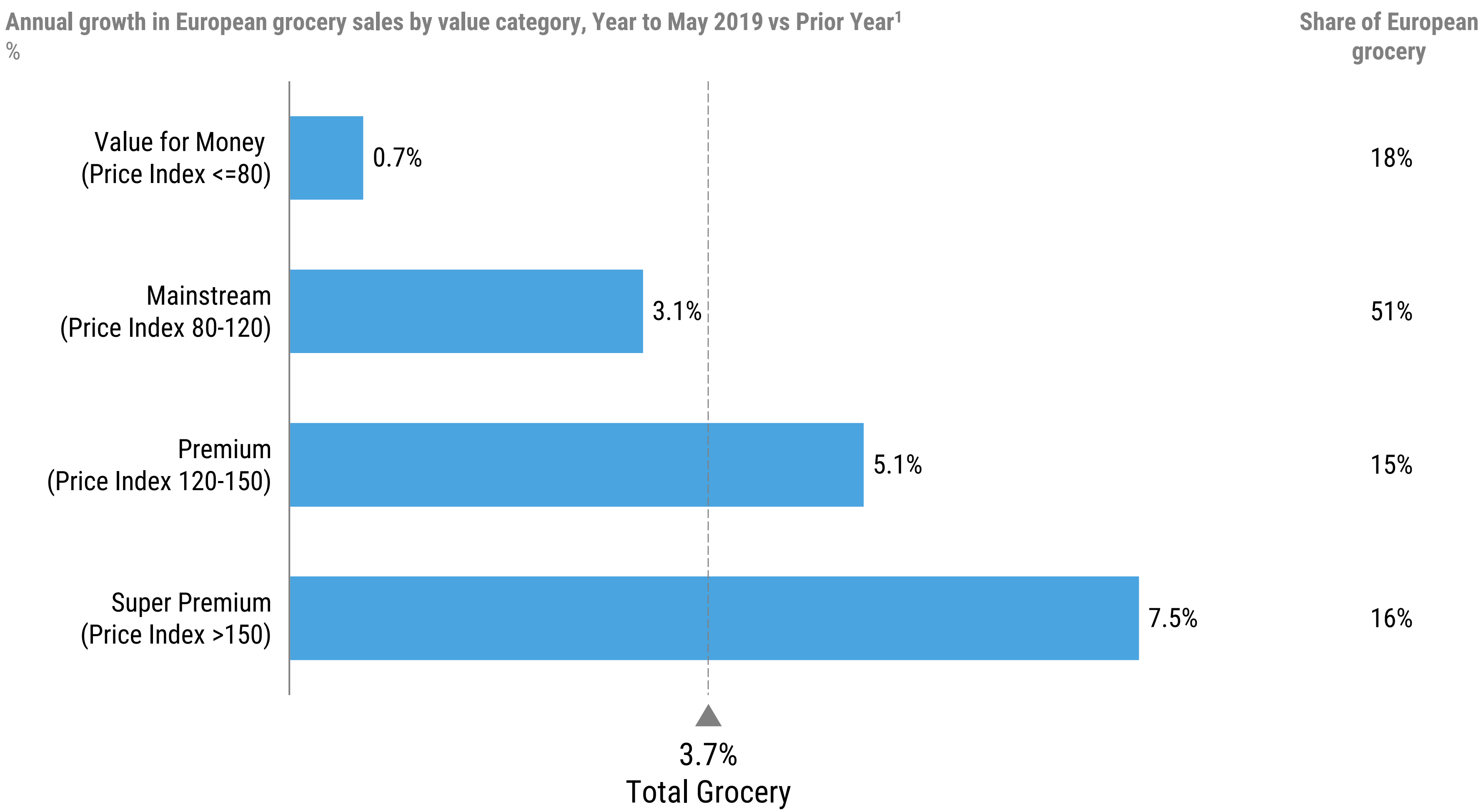


Company	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Lidl	2.4	2.6	2.8	3.1	3.6	4.1	4.5	5.2	5.5	5.9	5.9
Aldi	3.0	3.6	3.0	3.7	4.8	5.6	6.2	7.0	7.6	8.1	7.9
Morrisons	11.6	11.7	11.5	11.3	11.0	10.8	10.6	10.4	10.4	10.1	10.2
Asda	17.6	17.1	17.5	17.1	17.2	16.6	15.7	15.3	15.2	14.9	14.3
Sainsbury's	16.1	16.1	16.4	16.5	16.4	16.3	16.1	15.8	15.5	15.4	14.9
Tesco	30.8	30.5	30.9	30.2	28.8	28.3	28.1	27.8	27.4	27.0	26.6

1. Based on 12 weeks trading ending 08/08/10, 7/8/11, 19/8/12, 17/8/13, 18/8/14, 16/8/15, 14/8/16, 13/8/17, 12/8/18, 11/8/19, 09/08/2020

Source: Kantar Worldpanel

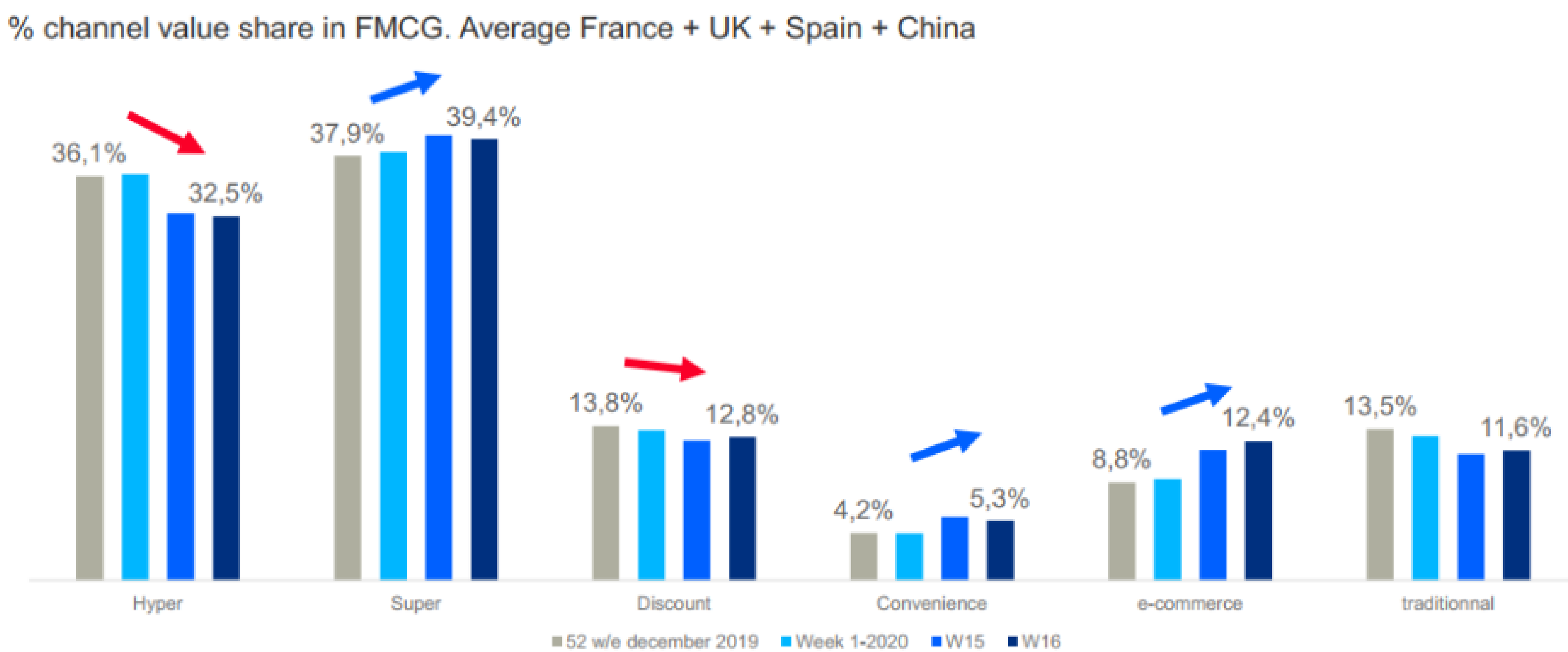
Customers are moving to more premium products for their grocery purchases; these are the fastest growing segments



1. Includes Austria, Belgium, Denmark, France, Germany, UK, Greece, Ireland, Italy, Netherlands, Norway, Poland, Portugal, Romania, Russia, Spain, Sweden, Switzerland and Turkey

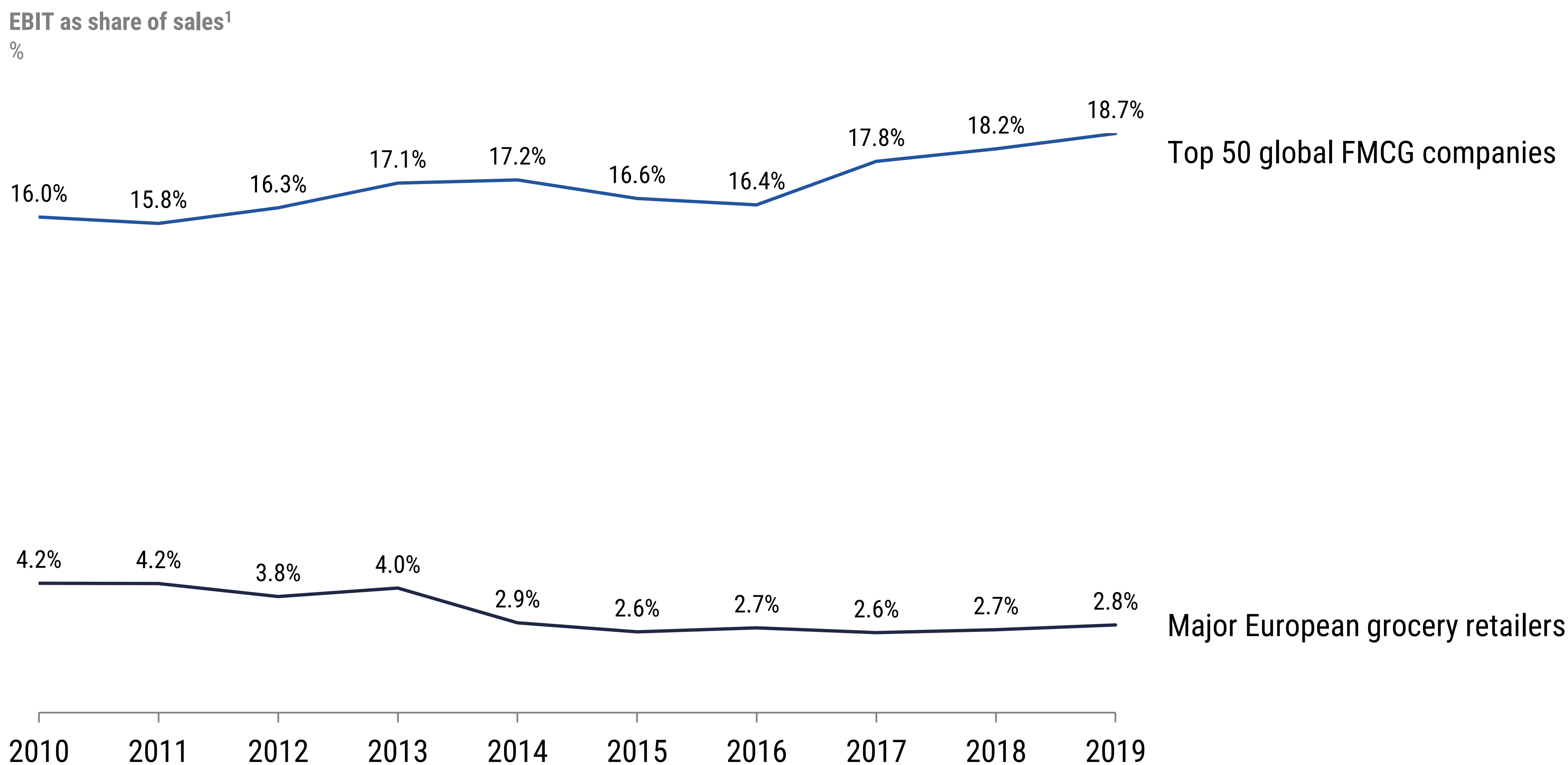
Source: Nielsen

E-commerce is the big winner from the pandemic in FMCG grocery retail while discounters are down short term



Source: Kantar; How COVID-19 is transforming FMCG and retail around the world

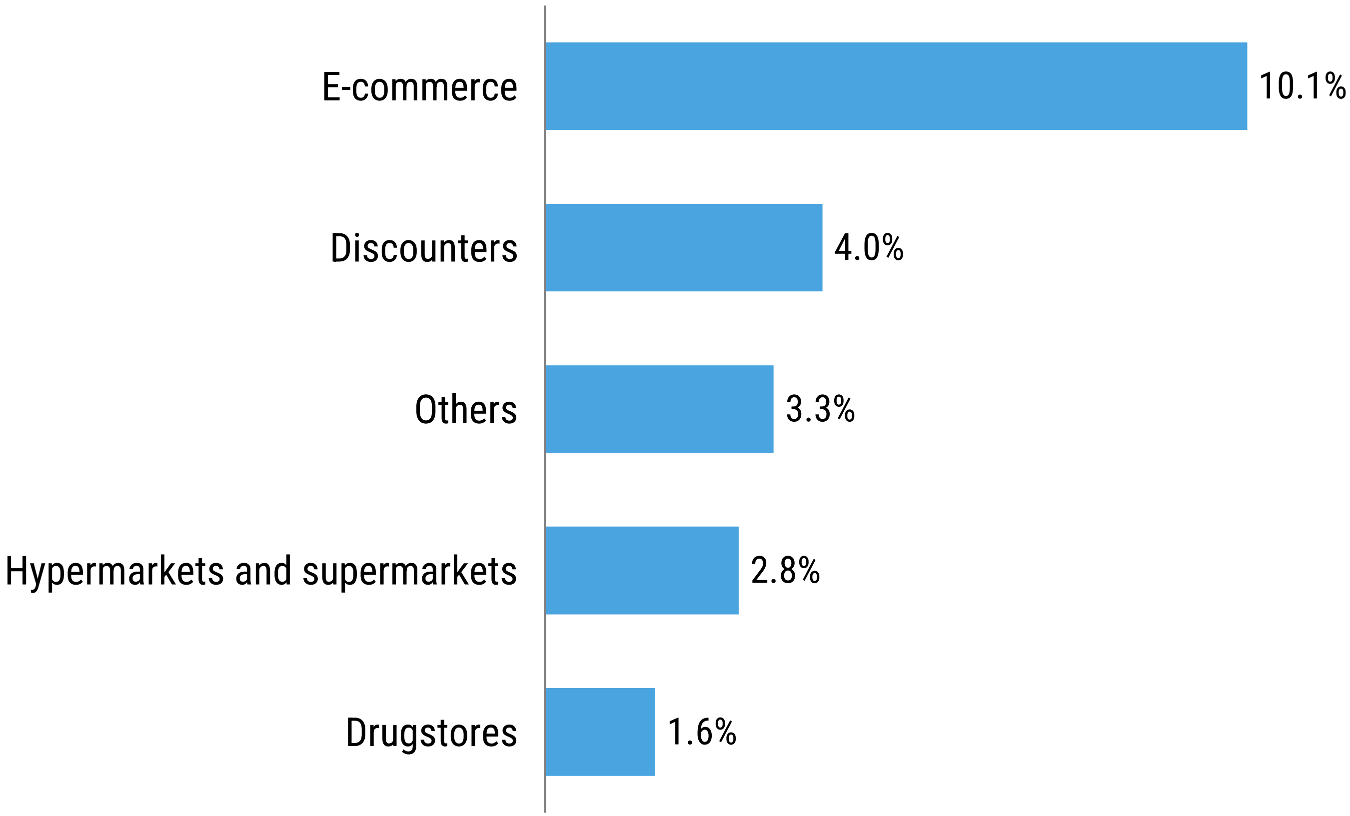
Retail is a low margin business; major suppliers are substantially more profitable



1. FCMG margin based on Top 50 global FMCG companies; retailers based on sample of large European food retail companies (Tesco, Carrefour, Rewe Group, Auchan, Ahold Delhaize, Mercadona, Jeronimo Martins, Sainsbury's, Casino, Metro, Colruyt)
Source: OC&C; Financial reports

Competition is increasingly digital; e-commerce is the fastest growing segment of European food retail

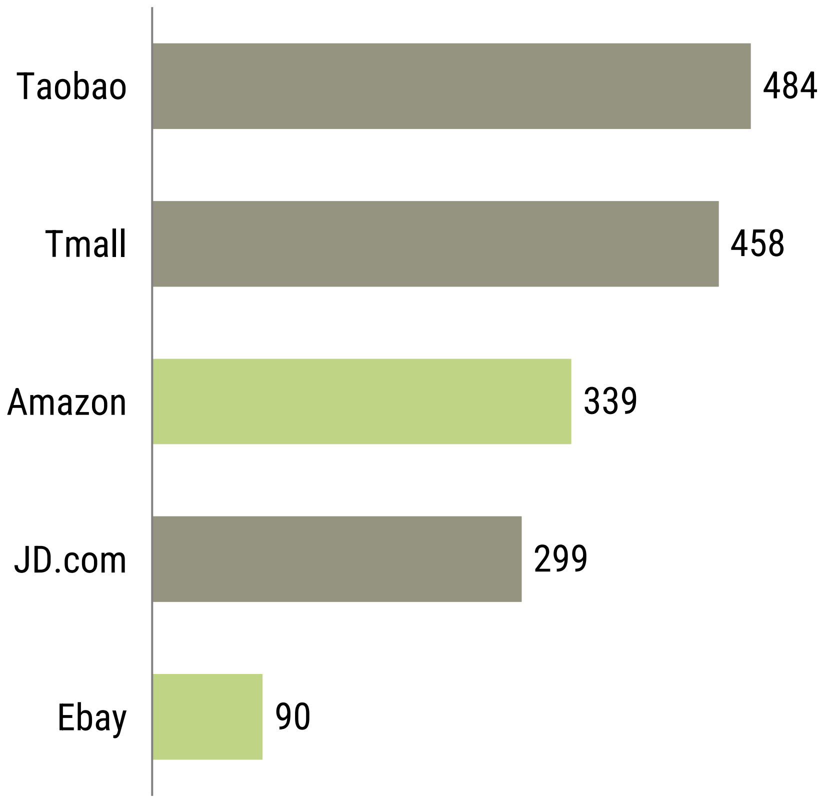
Growth in FMCG sales by Channel Year to Week 12 2020 vs 2019 – Seven European Countries
%



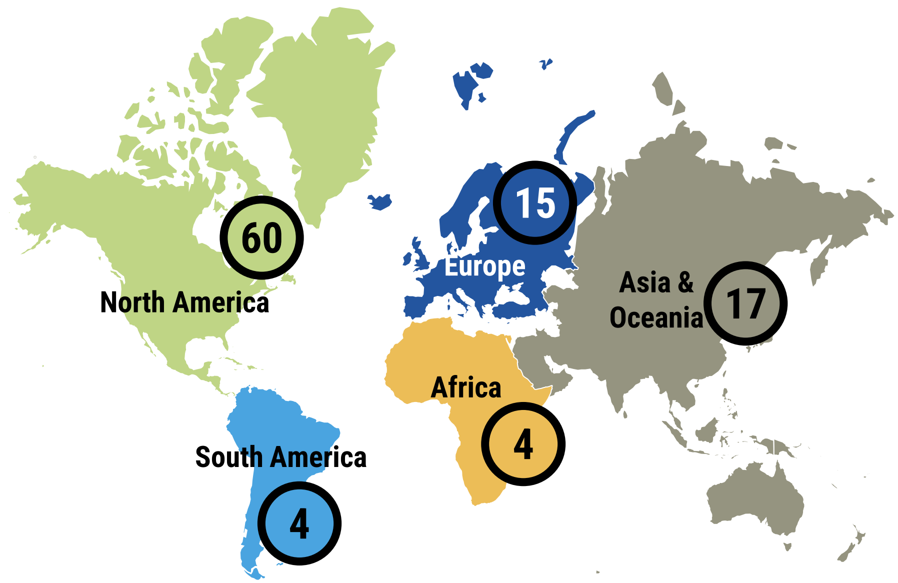
Source: Nielsen

The largest e-commerce platforms are not European: America has 60 of the largest 100 globally, and 3 of the largest 5 are headquartered in Asia

Largest global e-commerce platforms by Gross Merchandise Value – 2019[1]
$Bn



Number of 100 largest e-commerce platforms by region - 2019[1]



1. Gross Merchandise Value is the total value of goods sold on the marketplace. Companies are ranked by GMV from third-party merchants that sell on their sites, and does not include the sale of the marketplaces' own products
Source: Digital Commerce 360

Retail is generally highly fragmented, and grocery retailers have a more limited international presence than the largest FMCG companies who supply them

European Market Share of Largest European Grocery Retailers - 2018[1]

		Number of EU countries present
Schwarz-Gruppe	7.0%	25
Carrefour	4.0%	6
Aldi (Nord + Süd)	3.9%	15
Tesco	3.8%	7
Rewe Group	3.6%	10
Edeka	3.6%	1
Auchan	2.6%	8
E. Leclerc	2.4%	4
Metro AG	2.2%	15

Average = 10

EU Country Presence of Large FMCG Companies

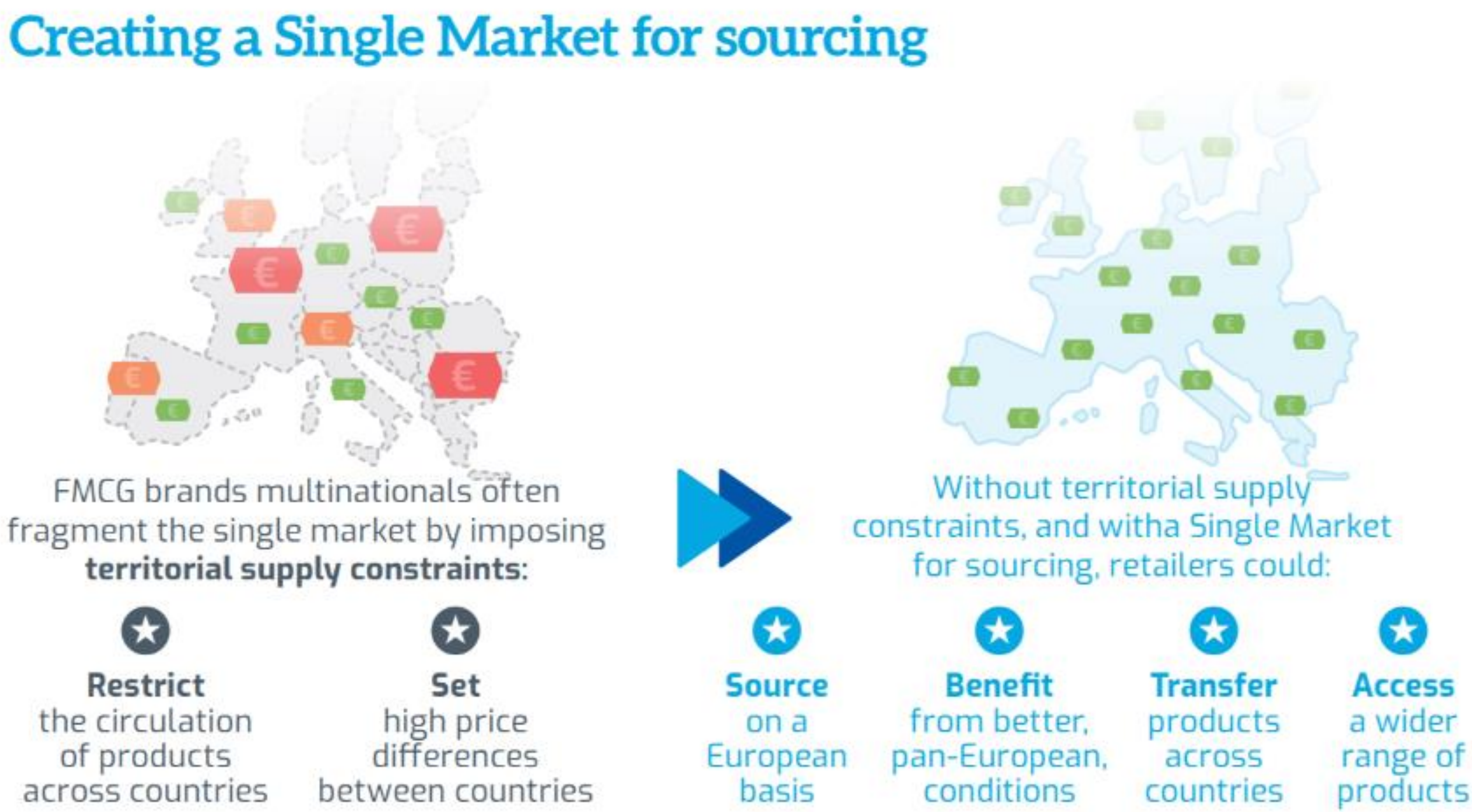
	Number of EU countries present
Nestlé	27
Procter and Gamble	27
PepsiCo	27
Unilever	27
AB InBev	14[2]
Coca Cola	27
L'Oréal	27
Danone	27
Heineken	27

Average = 26

1. This study included all organised trade companies dealing predominantly with FMCGs. LZ Retailytics refers to "Europe" as the total of 40 countries of Europe including Russia but excluding Armenia, Azerbaijan, Georgia and Turkey
2. Excludes countries where brands are manufactured and sold under licence by other companies

Source: LZ Retailytics, Company websites, Investor Presentation, EuroCommerce Analysis

Territorial Supply Constraints imposed by manufacturers restrict retailers' ability to source goods, raising consumer prices and manufacturer profits



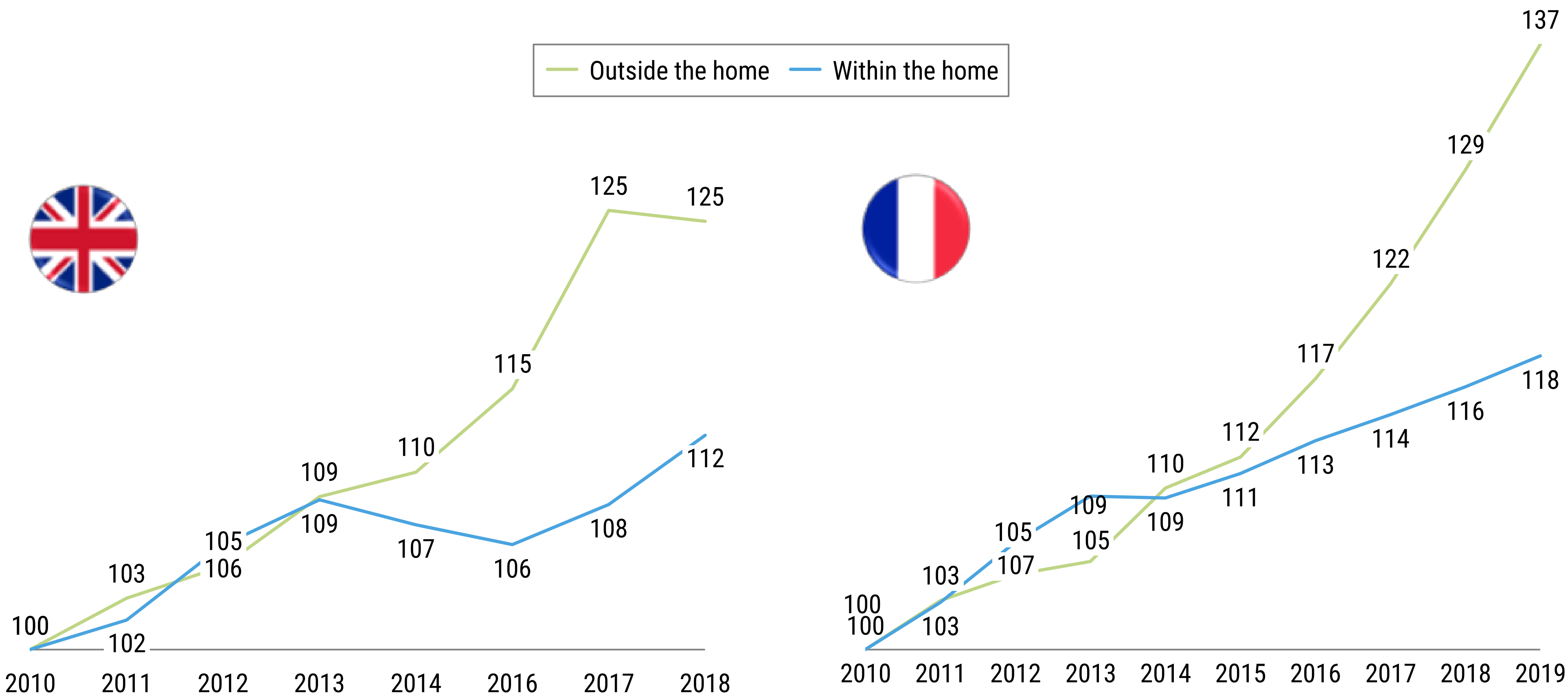
Source: EuroCommerce

Food retailers have formed national and international alliances to create synergies in product sourcing and development, and provide services

Source: EuroCommerce

Food consumption outside the home is growing faster than consumption at home

Household spending per person on food and non-alcoholic drinks by channel – UK 2010-2017/18[1]; France 2010-2019 (Index 2010=100)

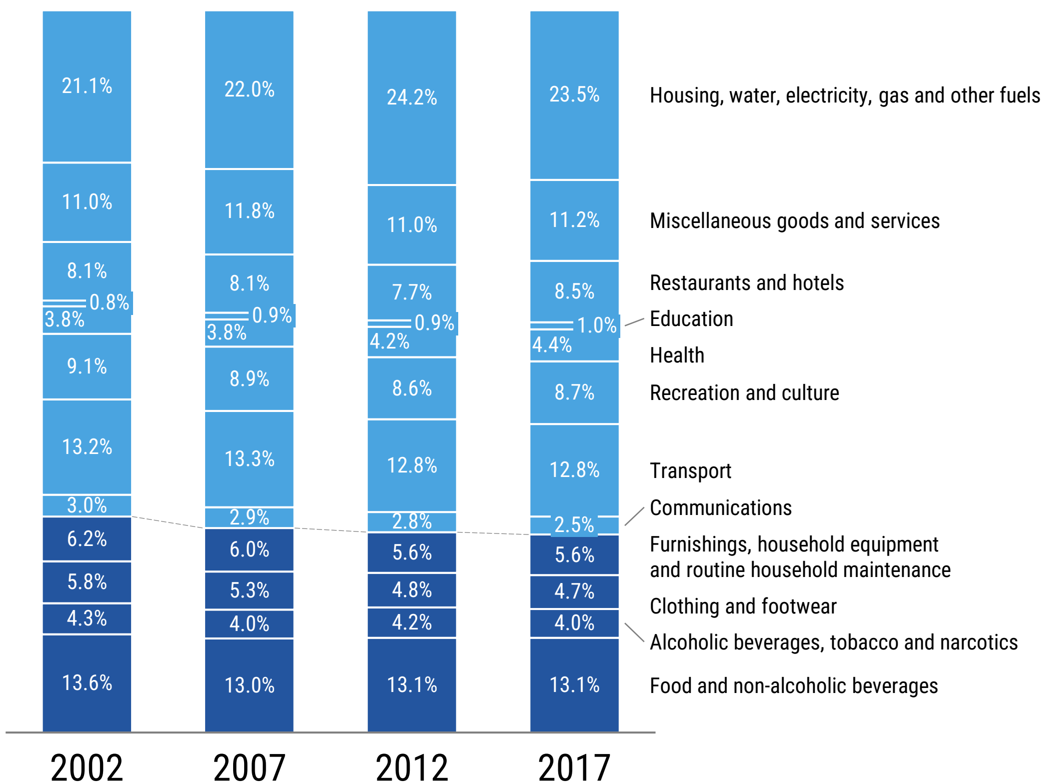


1. For the UK, Data series is calendar year for 2010-2014, financial year (ending 31/4) for 2016, 2017 and 2018

Source: Office for National Statistics, INSEE

Consumers are spending relatively less of their money on retail goods, with housing and utility costs in particular taking up a greater share of household consumption

EU27 Household Consumption Breakdown 2002-2017
% of total household consumption



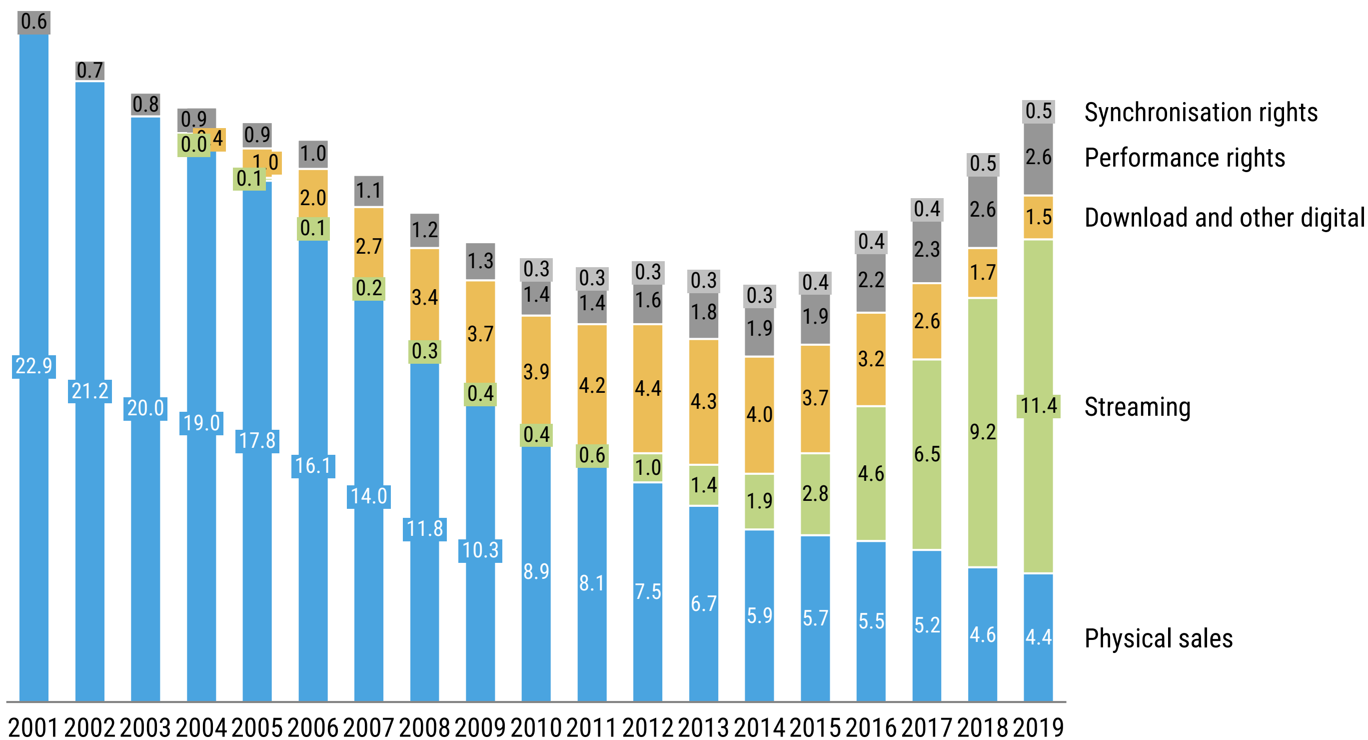
	2002	2017	Change in share of household consumption
Non-retail focused consumption	70.1%	72.6%	+2.5ppts
Retail focused consumption	29.9%	27.4%	-2.5ppts

Housing and utility costs account for 2.4ppts alone

Source: Eurostat, EuroCommerce analysis

Streaming and dematerialization has changed many supply chains away from physical stores and online retailers

Global recorded music revenue by source 2001-2019
$Bn



Impact of digitalization of recorded music on retail supply chain

- Sales of physical recorded music (whether through physical stores or online) have been falling every year since 2001
- Streaming is now the largest single source of revenue for recorded music
- Most streaming services are sold directly by the service provider (e.g. Spotify, Deezer, Apple), removing the need for a physical retail supply chain for recorded music

Source: IFPI Global Recorded Music Report 2019

New business models are emerging which disrupt the traditional retail value chain

Crowdfunding and fulfilment on demand bypass the retail need to hold stock, and allow manufacturers to test ideas before production

- Crowdfunding platforms allow manufacturers to raise money directly from consumers ahead of production, and to sell to consumers without going through a retailer
- Over $5bn has been pledged on Kickstart since launch, and over 7,000 projects have raised more than $100k

Marketplaces aggregate small suppliers and produce more direct access to consumers

- Marketplaces usually do not take ownership of stock, but facilitate transactions between buyers and sellers
- They aggregate demand from both buyers and sellers: in 2019, Etsy had over 2.5 million sellers and 39.4 million active buyers
- Some online marketplaces can also enable smaller retailers to reach a wider consumer base (e.g. Farfetch boutiques)

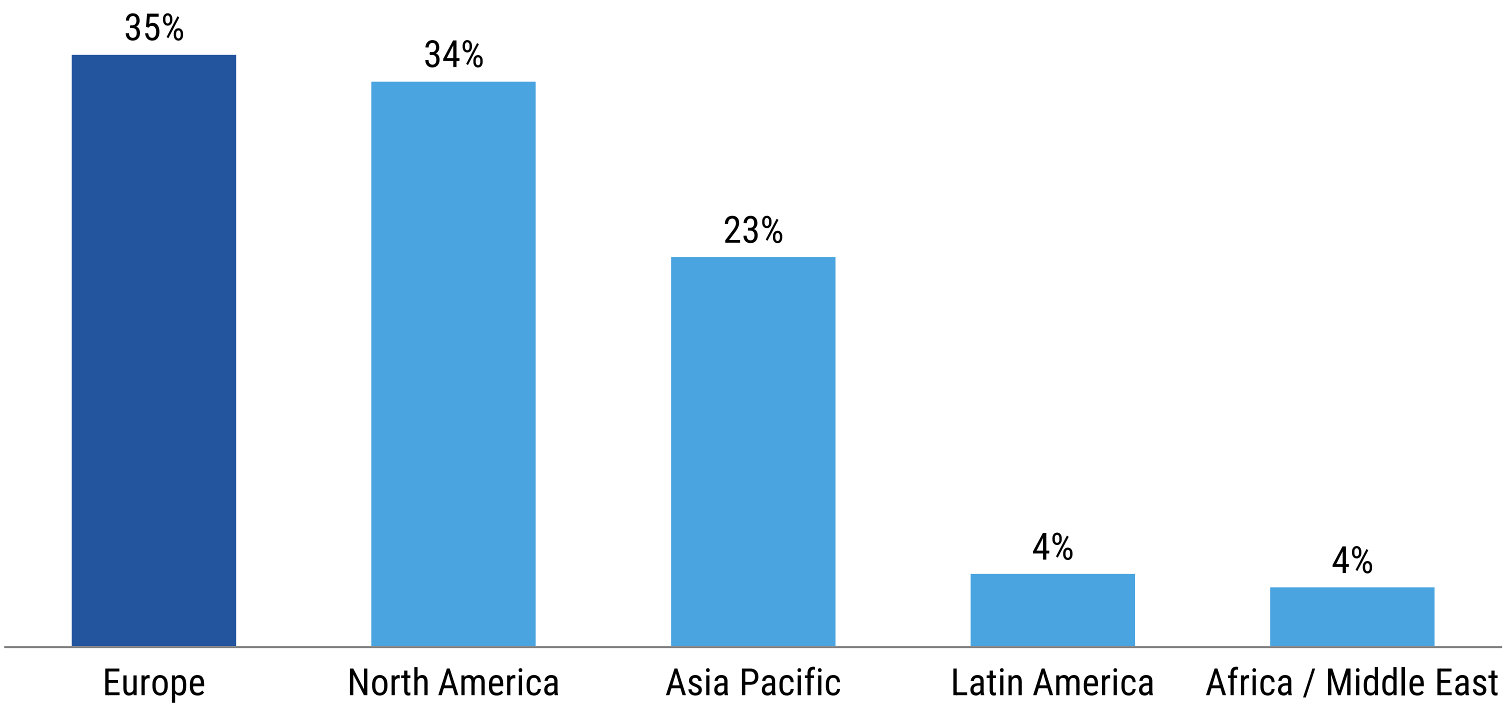
Brands selling Direct to Consumer (D2C) without intermediation

- Direct to consumer brands sell products directly to consumers; there has been particular growth in subscription based D2C
- Although popularised by start-ups, big manufacturers have got involved through investment (e.g. Unilever acquisition of Dollar Shave Club) or through copying the model (e.g. P&G and Gillette On Demand)
- Retailers have taken on elements of some D2C models, such as Amazon's Subscribe and Save or Stitch Fix style Personal Shopper by Prime Wardrobe

Source: Company websites, Press

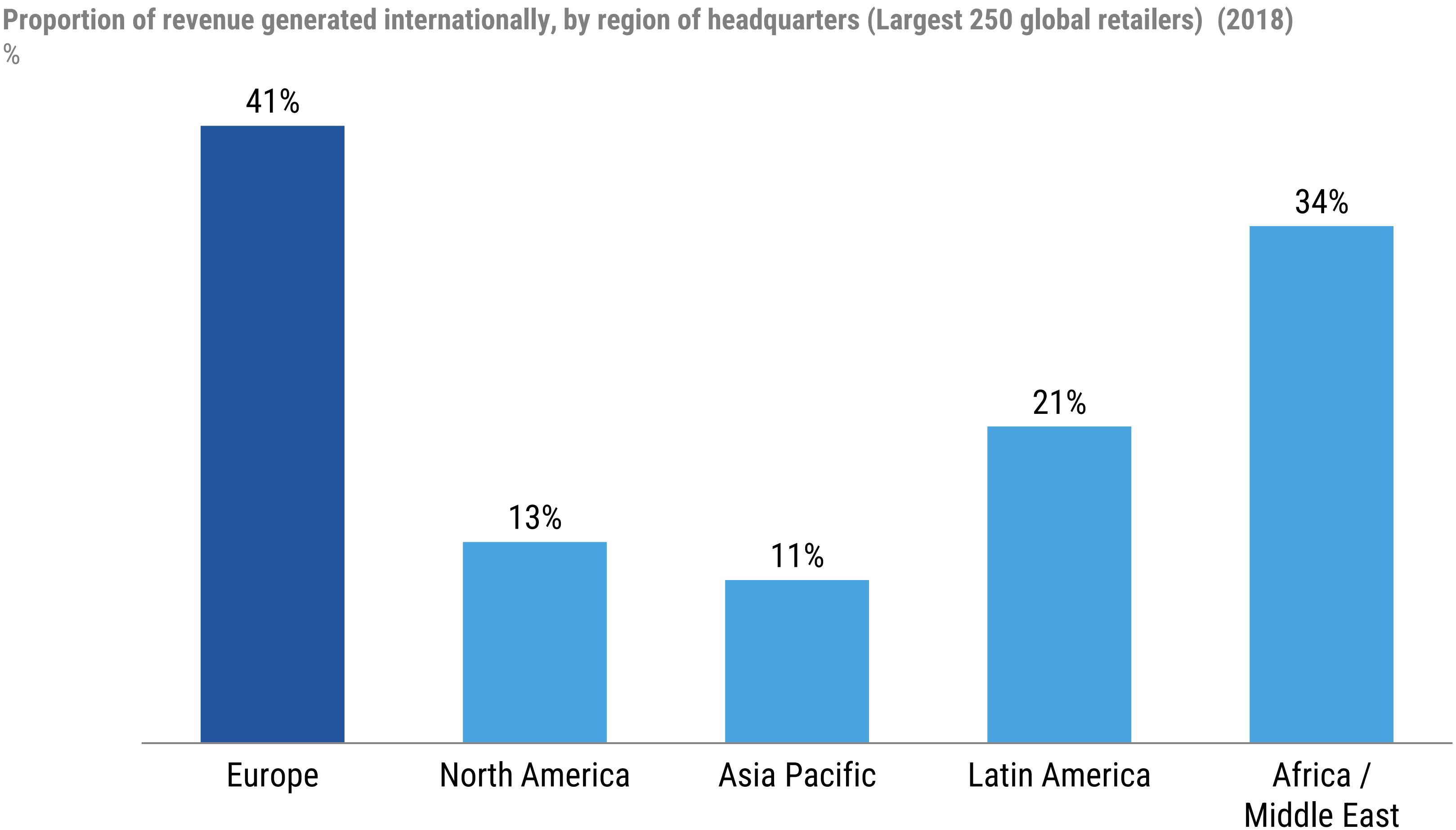
European retailers are global leaders

Share of retailers by region (Largest 250 global retailers) (2018)



Source: Deloitte Power of Global Retailing

European retailers are more international than retailers from other global regions



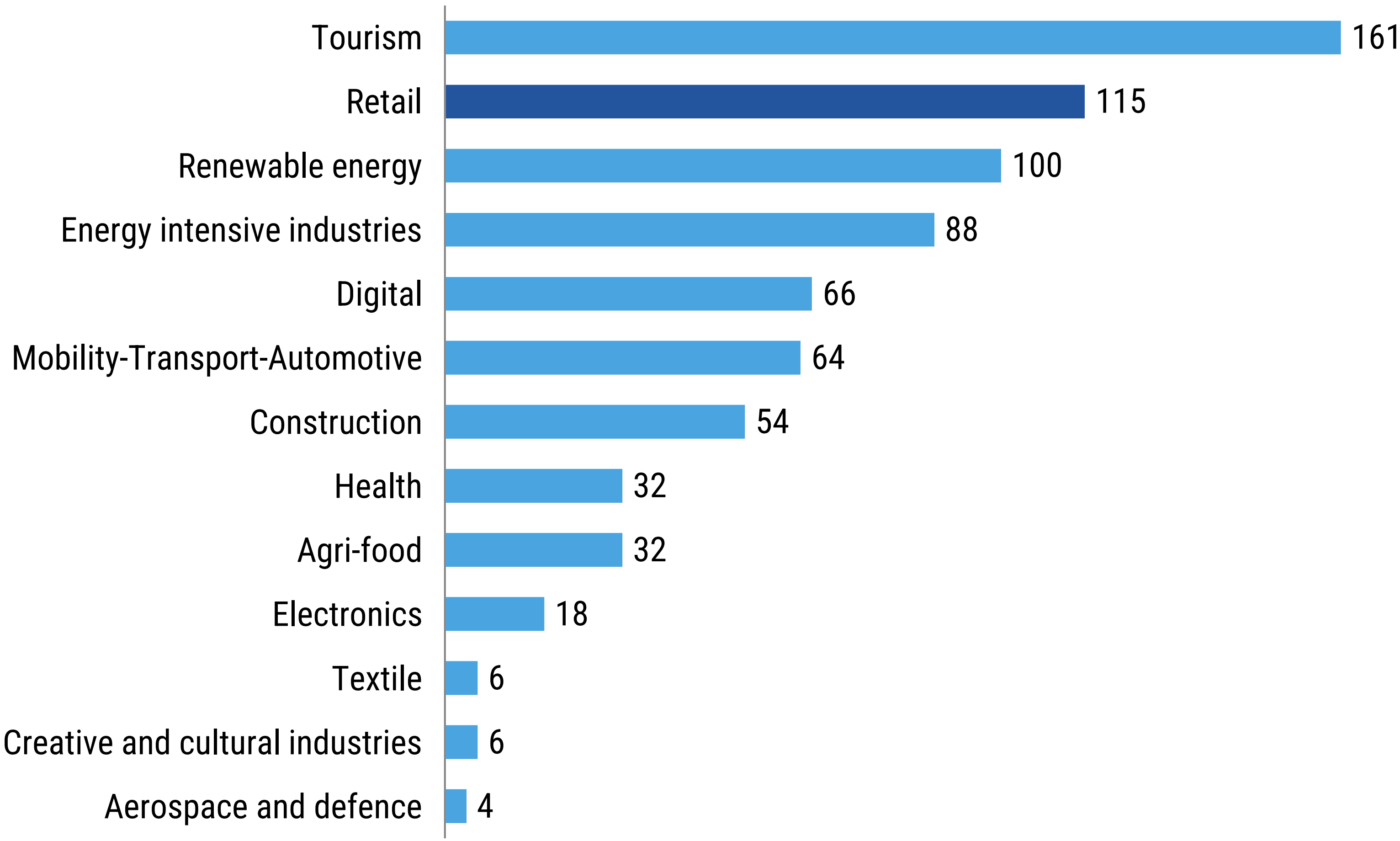
Source: Deloitte Power of Global Retailing

B6 Investments – Key messages

- To stay relevant, retailers invest significant amounts, more than most manufacturing sectors
- These investments include:
  - **Technology** (e.g. automation, artificial intelligence, blockchain to improve transparency and accountability along the value chain, and other technology across all activities to improve productivity)
  - **New stores and store refurbishments** - within grocery retail there is a shift from larger hypermarket formats to convenience formats and e-commerce (typically less profitable)
  - **People** - retailers have grown wages faster than most other sectors of the economy; and are investing in training and upskilling their staff

European Commission estimates that the retail ecosystem has a basic investment need of €115bn as a direct result of the Covid-19 crisis, more than all others (except tourism)

Basic investment needs due to direct impact of Covid-19 crisis (EU27)
€Bn

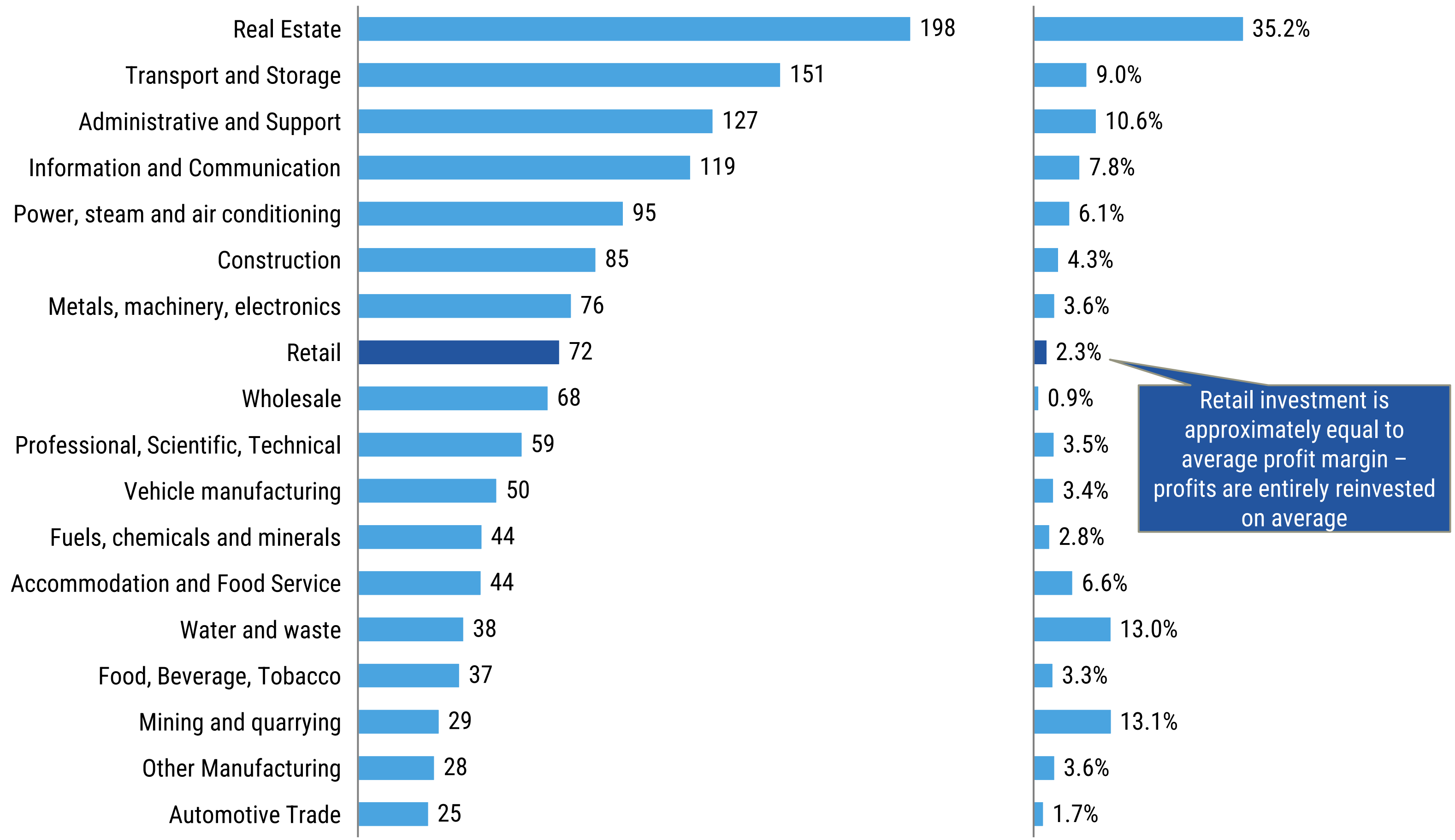


Source: European Commission “Identifying Europe’s recovery needs” (Annex II)

B6: Need for significant investments

Retailers are remarkably large investors, spending more on investment in tangible goods than almost every sector of manufacturing

Gross investment in tangible goods by sector 2018 – Europe (EU27, UK, NO, IS, CH)
€Bn; as % of turnover



Source: Eurostat

Retailers invest massively in new technologies such as artificial intelligence, robotics process automation, and blockchain

Research from Gartner shows that **77% of retailers** plan to deploy **Artificial Intelligence** by 2021

Amazon alone has over 100,000 **robots** working in its warehouses, and retailers are increasingly using robots in-store to provide customer service functions as well

Juniper Research estimates global retail investment on **Internet of Things** will reach **$4.3bn** by 2023, driven by RFID, heat sensors and resource & process optimisation

20% of smart speaker owners have used them to buy something via voice commerce; voice assistants are also used for product research and comparison

Retailers spent **$32bn** on **cloud computing** services in 2019 (Mordor Intelligence) with 16% growth forecasted to 2025

Covid-19 has accelerated the existing shift towards digital payments, including mobile payments

40% of retail executives consider in-store automation a **strategic imperative** (Capgemini)

Smart logistics investment is needed across the supply chain, from robots in warehouses to delivery drones covering the last mile

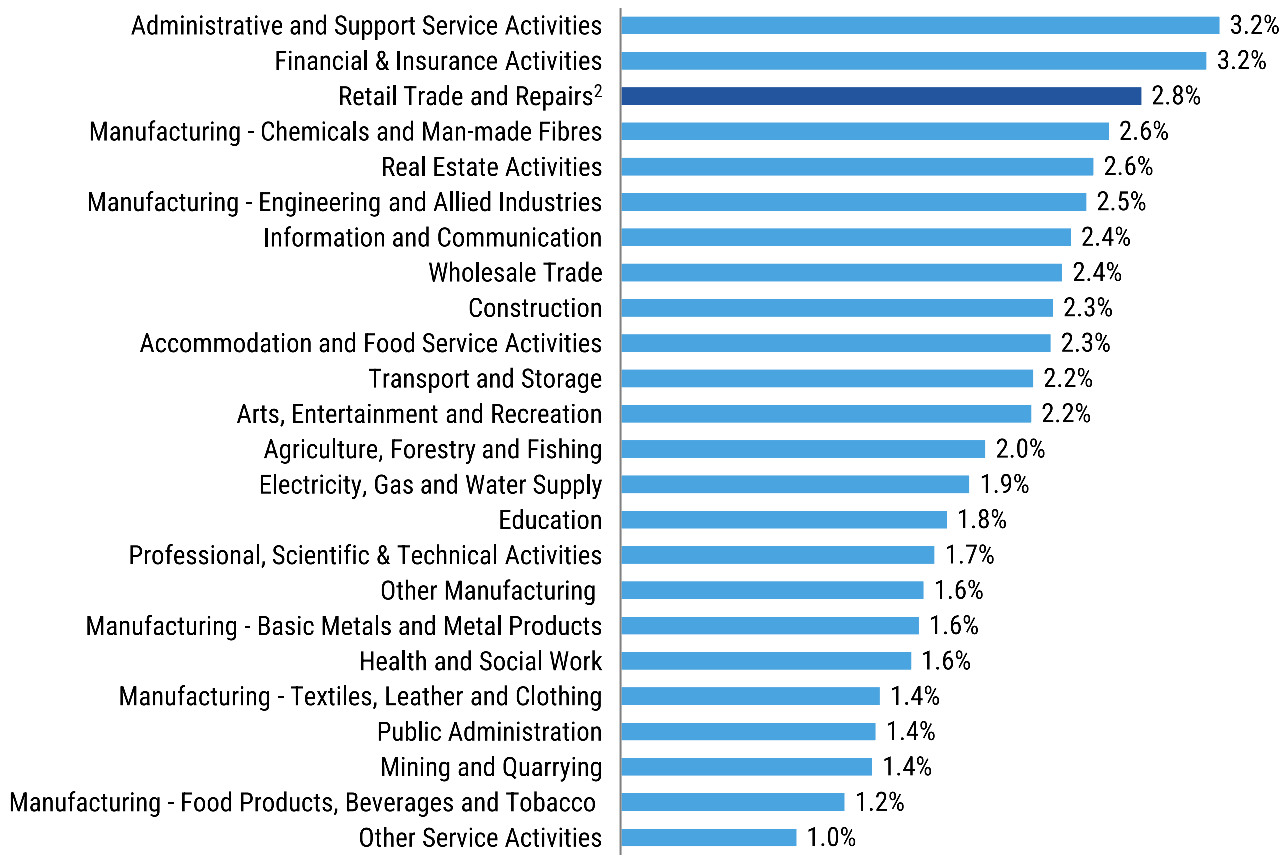
Retail is the largest commercial spender on **Augmented and Virtual Reality**, at **$1.5bn** in 2020 (IDC)

Retailers are using **blockchain** to allow payment (e.g. cryptocurrencies), track supply chain, and authenticate transactions

Source: Fung Business Intelligence, IDC, Mordor Intelligence, Capgemini, Gartner, Juniper Research

Retailers have grown wages faster than other sectors of the economy

Average Weekly Wages Growth by Sector 2010-2019 – UK[1]
Compound annualised growth rate (%)



1. Figures based on monthly data (equally weighting all 12 months)
2. Retail Trade and Repairs includes NACE codes G47 (Retail) and G45 (Automotive retail and trade) – no separate breakdown available

Source: Office for National Statistics

The value of European retail

C1 Consumers – Key messages

- Retailers provide choice, access, and convenience to consumers
  - Choice
    - Large number of products in one place
    - Multiple brands and suppliers for one type of product
    - Choice of branded products and retailer brand alternatives (private label)
    - Choice of sizes
    - Choice of products according to values, needs, identity: local, sustainability, health, ethnicity, …
    - Choice of store / retail banners
  - Access and convenience
    - Many different stores within walking or short driving distance
    - Many different formats (hypermarkets, supermarkets, convenience stores, specialist stores)
    - Multiple channels (stores, catalogues, and now online)
- Consumers regard retailers highly: across Europe, retailers are the most highly valued set of brands
- Retailers keep prices low by competing hard with each other
- Retailers guarantee consumers the quality and the safety of products they sell
- Retailers deliver a critical service: throughout the Covid crisis, where they could, retailers have remained open, ensuring citizens had access to food and what they needed throughout very difficult times

Even small retail stores carry thousands of products with hypermarkets offering the largest assortment range in store. E-commerce allows even wider offering

Food stores only – Europe[1]

Food retail format	Retail floor area (m^2)	Assortment (number of products/SKUs)
Hypermarkets[2]	3,000 - 10,000	20,000 - 100,000
Supermarkets	1,000 - 3,000	5,000 - 15,000
Small supermarkets / Discounters [3]	400 - 1500	1,500 - 4,000
On the Go / Proxy/ Traditional	50 - 300	1,000 - 2,000

Non-food retail stores often carry even more products[5,6] in store:

Retail category	Retail floor area (m^2)	Assortment (number of products/SKUs)
Departments store	20,000 -100,000	>100,000
Apparel	1,000 - 3,000	5,000 - 20,000
Furniture	3,000 - 10,000	10,000 - 45,000
Sport & Leisure	2,000 - 4,000	15,000 - 20,000
Consumer electronics	2,000 - 3,000	5,000 - 60,000
Do-it-yourself (DIY)	3,000 - 20,000	25,000 - 60,000
Webshops / Online marketplaces[4]	-	A few to several millions

1. Store formats and assortment range varies strongly from country to country and banner to banner. Data provided is based on a sample of Western European countries and banners
2. Hypermarkets can be as large as 20,000 sqm. Some hypermarkets claim upto 135,000 products. This often includes seasonal products and promotional items.
3. Typically, discounters have fewer products/SKUs than small supermarkets for a same floor area, as their business models is based on fewer products/SKUs, i.e. less choice, but larger volumes and therefore lower prices
4. Large variety between specialty e-commerce and large international player with a marketplace approach. In 2019, Amazon was reported to have close to 120 million products on sales, Zalando more than 1 million
5. Definition of number of products varies per retail category as different colours or sizes is considered a different product. All products are not present in every store with geographical assortment optimization
6. Many non-food retailers have an advanced omnichannel offering, whereby the product range that is typically available in stores is often multiplied by an even large range offered online (own webshop or online marketplace)

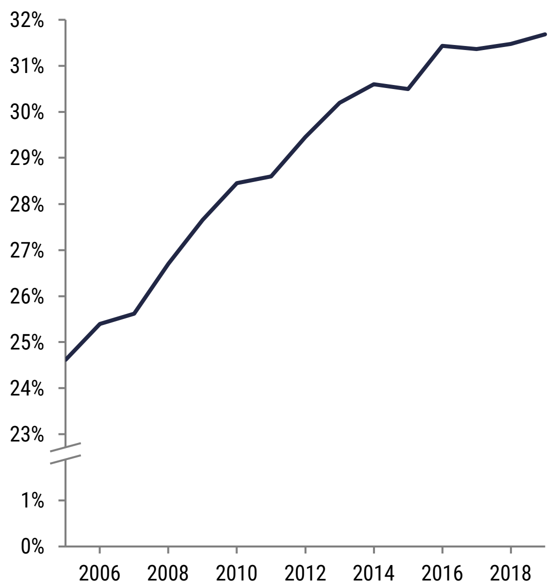
Source: EuroCommerce members (associations, companies), company annual reports, EuroCommerce analysis

C1: Consumers

Consumers recognise the value and quality of retailer brands (a.k.a. private labels)

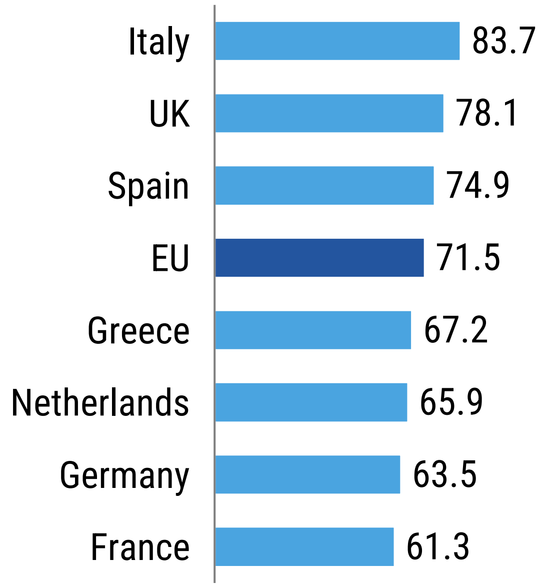
Private label is a growing share of total grocery spending

PL Share of Total Grocery Spending (EU[1])
%

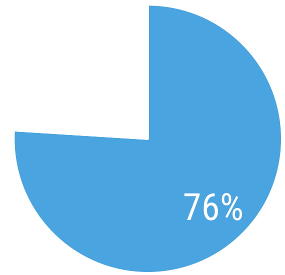


Consumers save ~30% when choosing a private label rather than a brand

PL Price Index vs Brand (2018)
Brand = 100

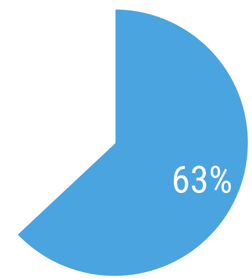


Consumers recognise that private label products are good value for money



76% of EU shoppers say that "private labels are usually extremely good value for money"

63% of EU shoppers say that "I am a smart shopper when I buy private-label products"



1. Data from Austria, Belgium, Czech Republic, Finland, France, Germany, Greece, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, UK

Source: Nielsen, IRI

Retailers help consumers make purchase choices in line with their values and wider choices through food and other labelling

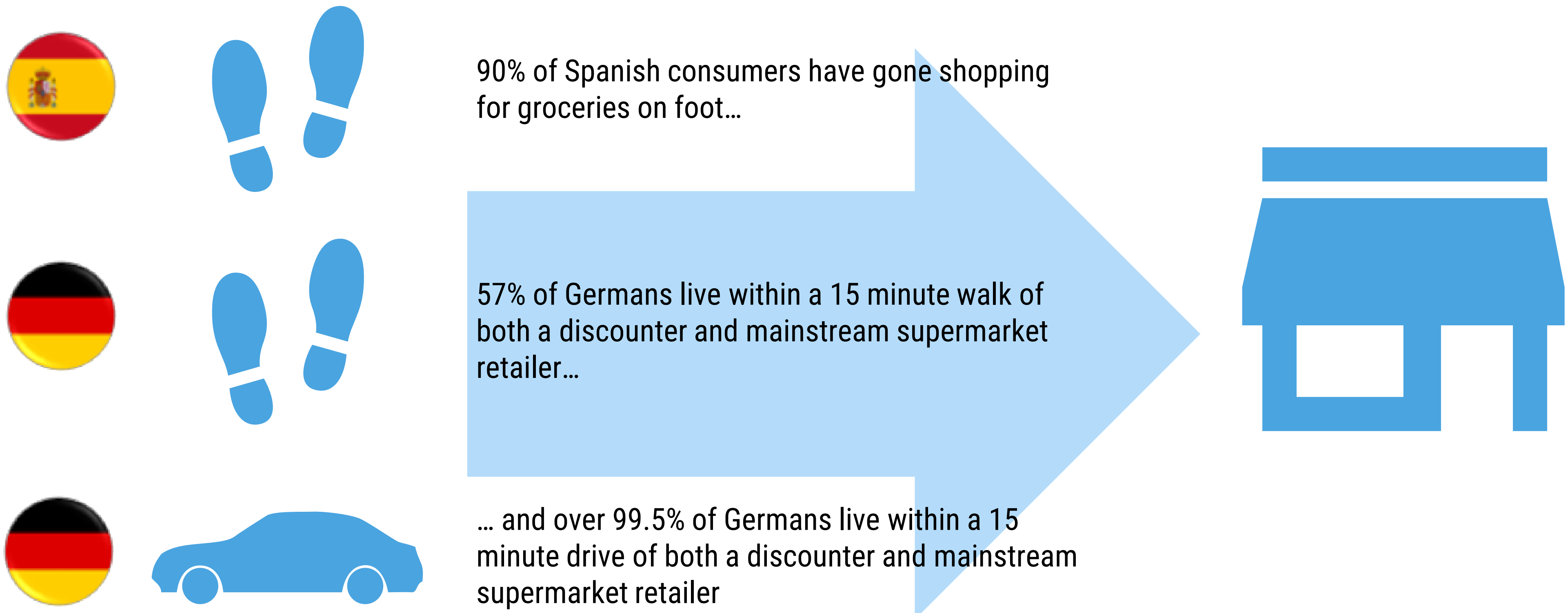
Healthy Choices

Ethical / Sustainable Choices

Personal / Cultural Choices

Source: EUFIC, Labelling Scheme Websites

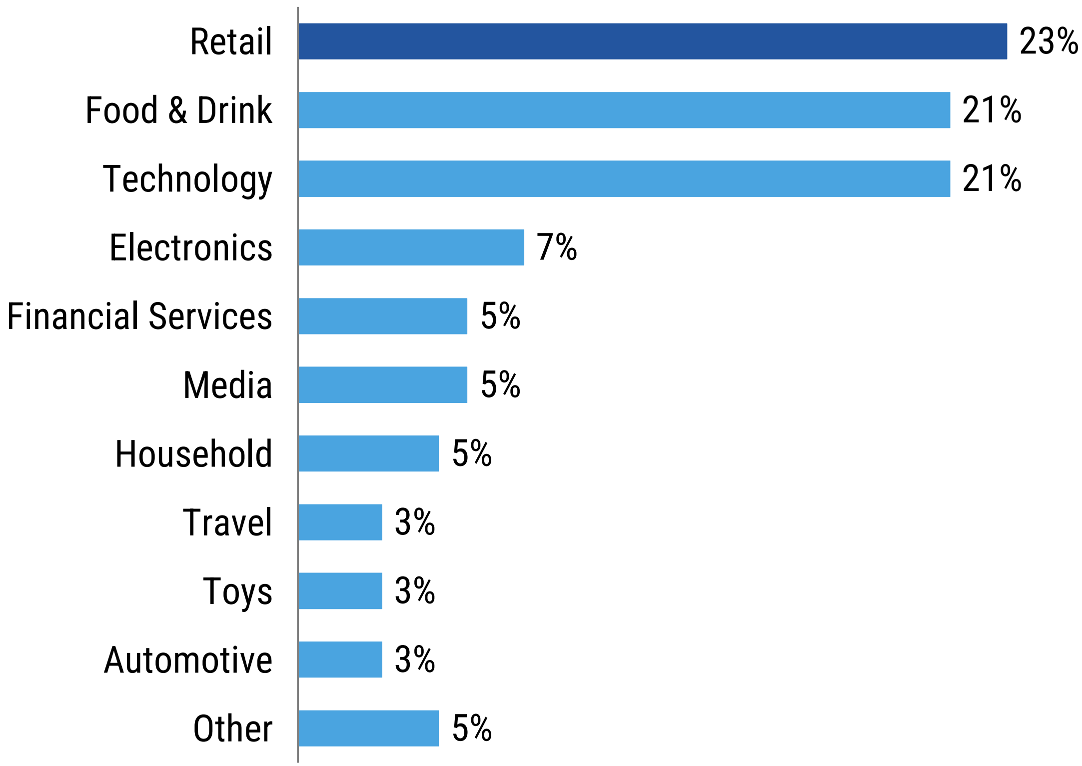
Food retailers are readily accessible to the whole population



Source: German Federal Institute of Rural Affairs, ASEDAS

Retailers make up 23% of the leading brands in Europe according to consumer attitudes

Share of Top European Brands by Sector – YouGov Brand Indexes (2018)
%

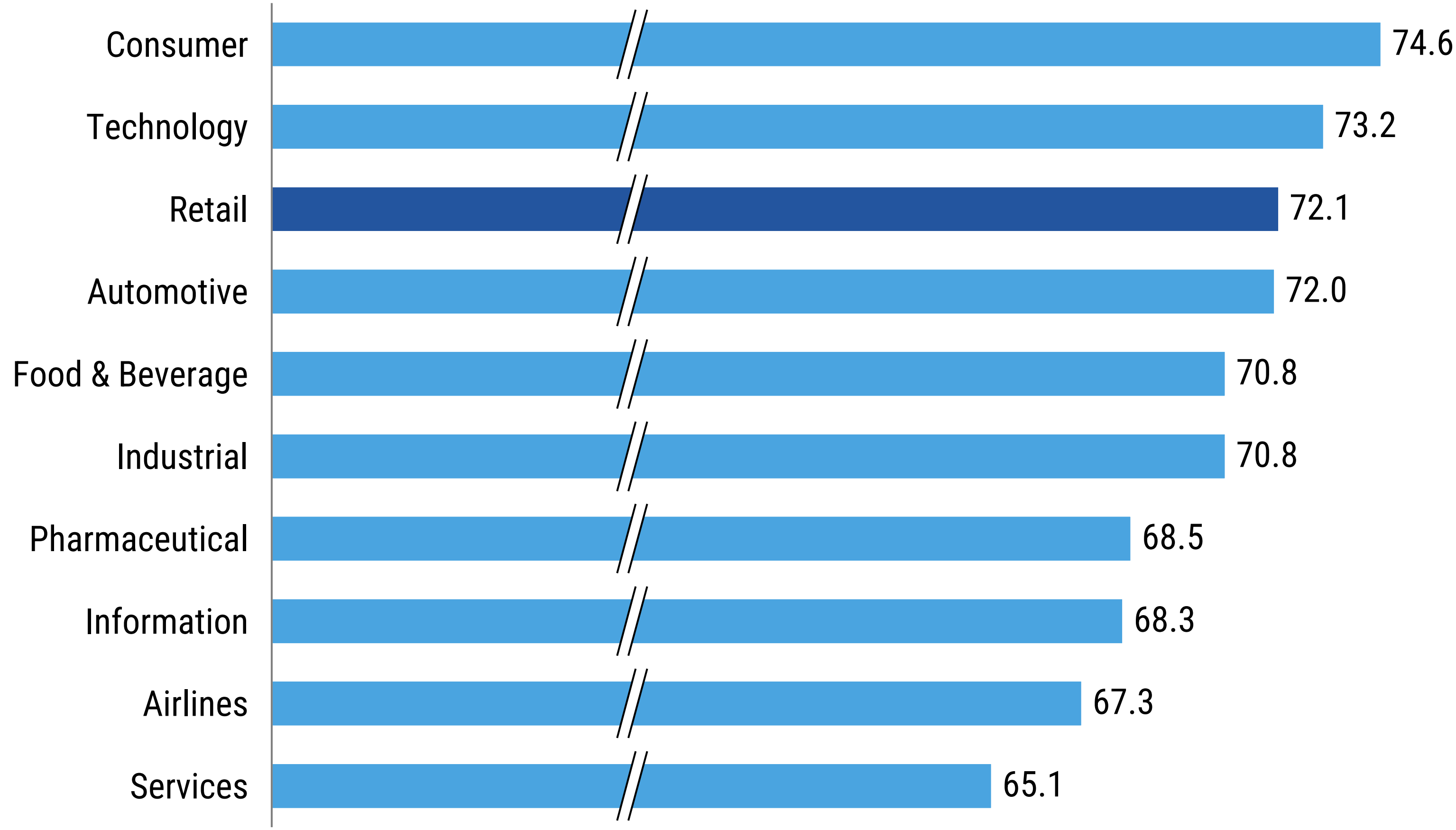


1. Countries included: DE, FR, IT, IT, ES, UK, DK, NO, FI, SE, IE, NL
2. Some brands appear multiple times (retailers and other categories)

Source: YouGov

Retail is one of the sectors with the highest consumer reputation overall

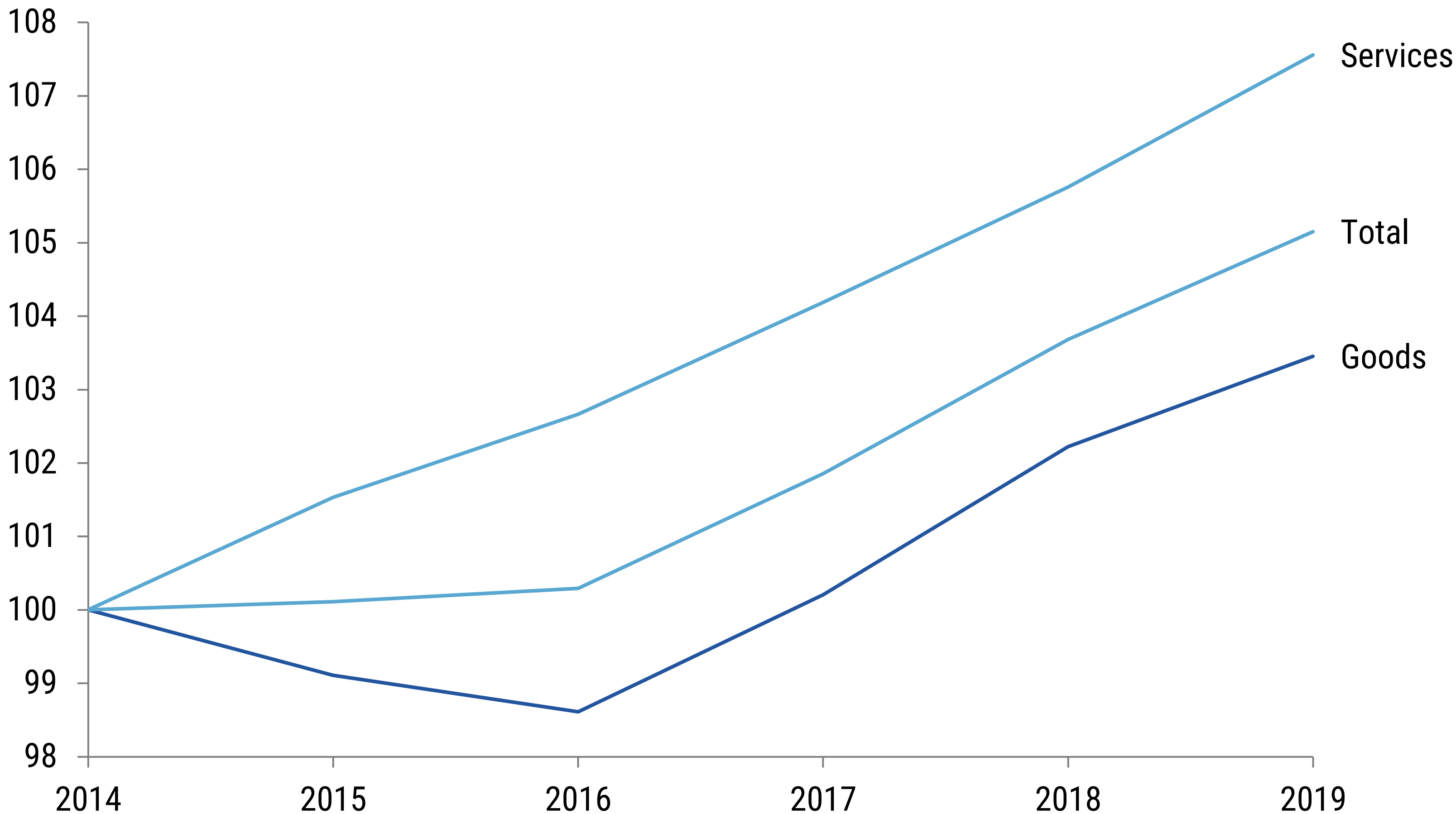
Pulse Score by Sector (EU5: France, Germany, Italy, Spain, UK) - 2019
#



Source: Reputation Institute

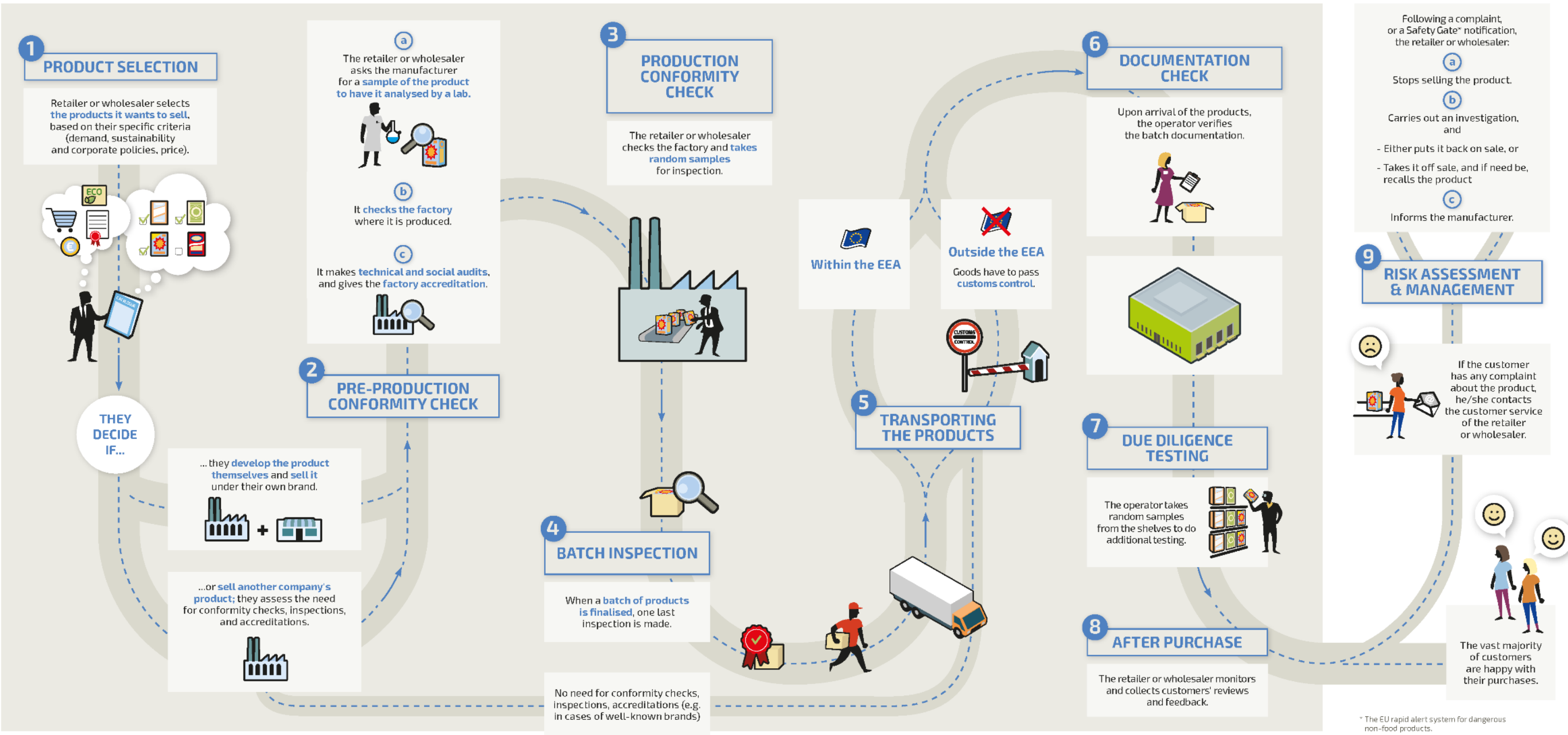
Retailers help to keeping price inflation of goods lower than service price inflation

EU27 Household Inflation 2014-2019
Index 2014=100



Source: Eurostat

Retailers guarantee the safety of products sold to consumers



Source: EuroCommerce – for high definition of the infographic, click here

Retailers use a range of certification schemes to ensure product quality, sustainability, and safety

Food safety schemes

Sustainability schemes

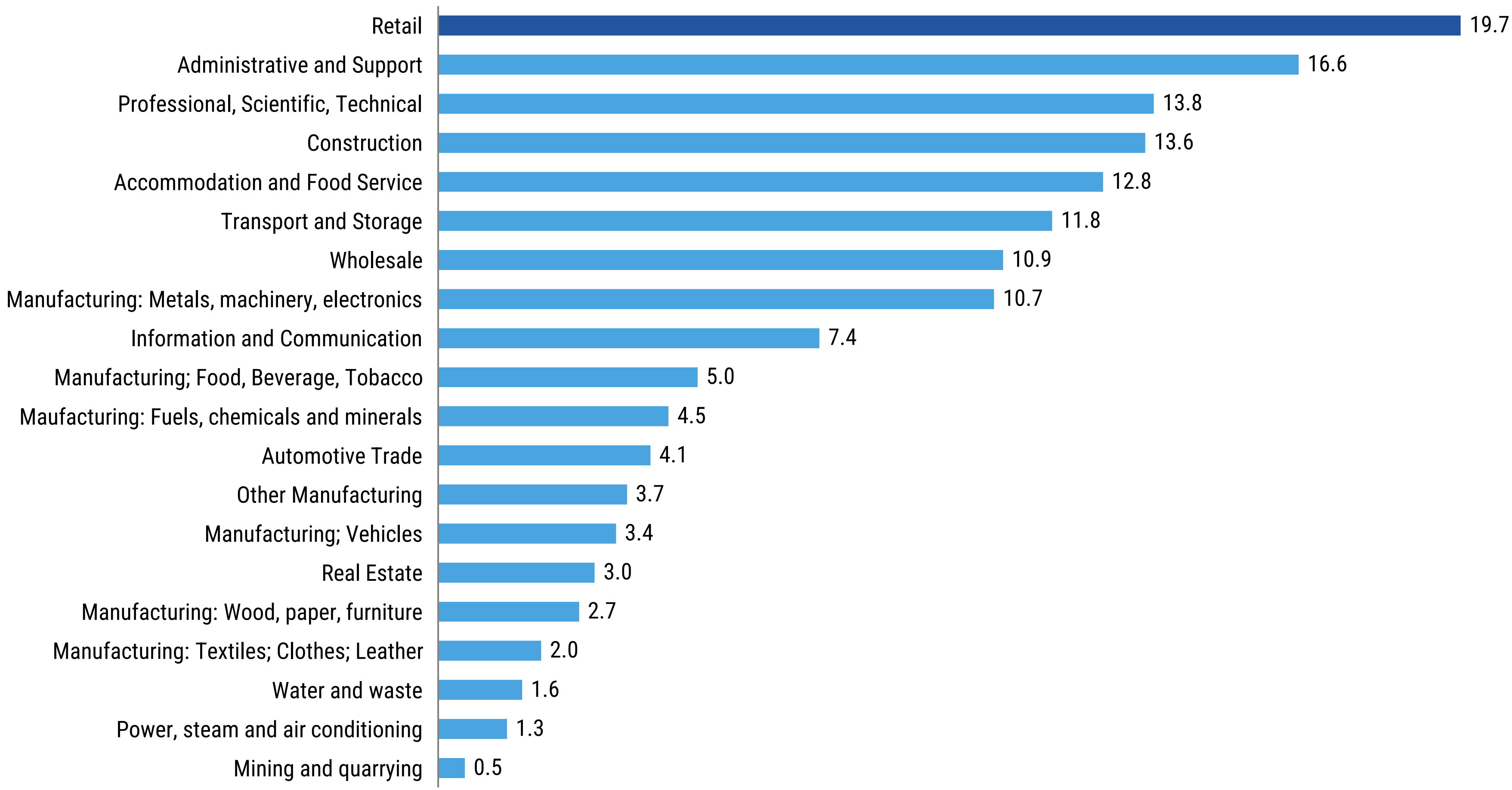
Source: EuroCommerce, Consumer Goods Forum, GFSI, Certification Scheme websites

C2 Workers – Key messages

- Retail is the largest sector in terms of employment, with nearly 20 million workers. In addition, it supports millions more jobs in indirect employment amongst suppliers, service providers, and partners
- Importantly, its contribution to employment is geographically spread: retail is in the top 3 industrial employers in 95% of Europe’s regions
- Furthermore, retail HQs provide high quality jobs outside of capital cities: less than 1 in 3 of the largest European retailers has their global headquarters in a national capital, compared to 1 in 2 of the largest European banks
- The sector is attractive, with high levels of satisfaction with working conditions and a strong variety of jobs, including in emerging areas like artificial intelligence and analytics
- Retailers provide substantial levels of training to their employees: over 5 million hours a year in Italy, and nearly 10 million hours a year in Spain
- Retail plays an important social role for many people who may have a harder time finding a (first) job
  - It is a key source of employment for women: 62% of the workforce (vs 46% in general working population)
  - It provides flexible jobs with about a third (32%) of part-time workers
  - Retail provides job opportunities for people with less experience and education. 80% of the workforce has no tertiary education. It is an important first entry into the workforce with 15% of retail workers in Europe aged under 25 (vs 9% in the general working population)
- Retail continues to play its role of “social elevator” with a real path from the shop floor to the boardroom

Retail is the #1 European employer, employing nearly 20 million people across Europe

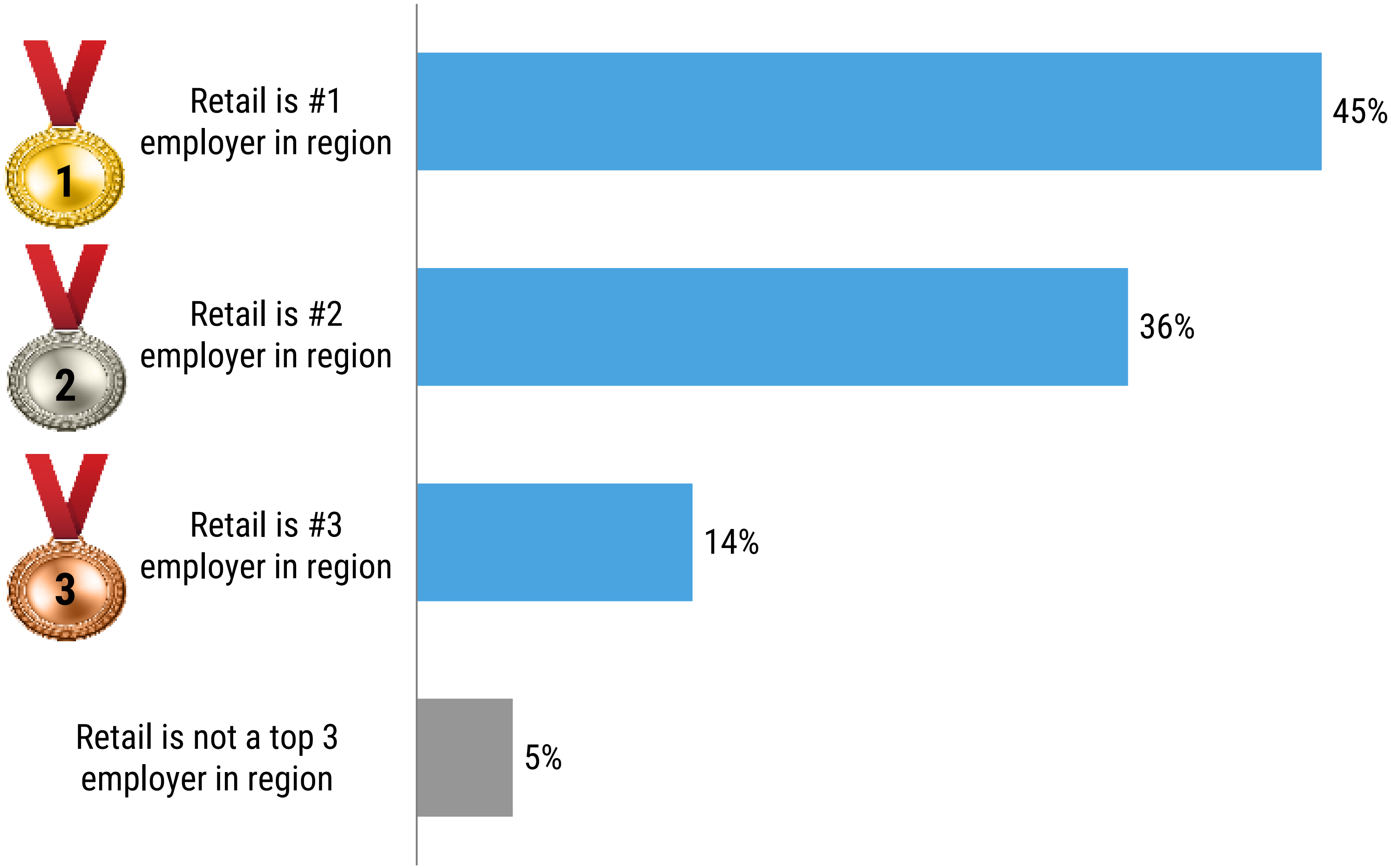
European[1] Persons Employed by Sector - 2017
Millions



1. EU27 plus UK, Switzerland, Norway and Iceland
Source: Eurostat Structural Business Statistics

In 95% of European regions retail is among the top 3 employers

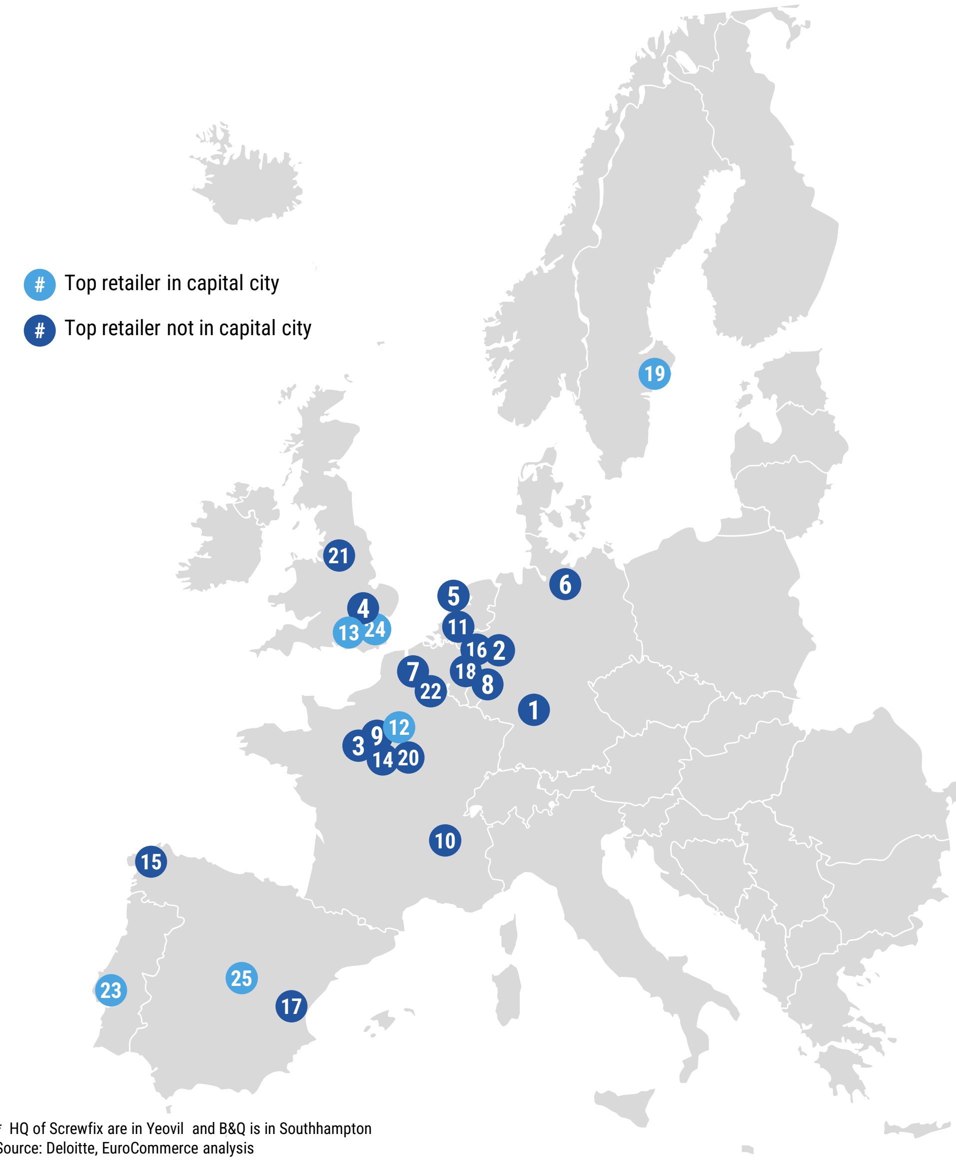
Retail sector ranking of regional employers (NUTS2 level)
% of NUTS2 regions[1]



1. Nomenclature of Territorial Units for Statistics

Source: Eurostat, EuroCommerce analysis

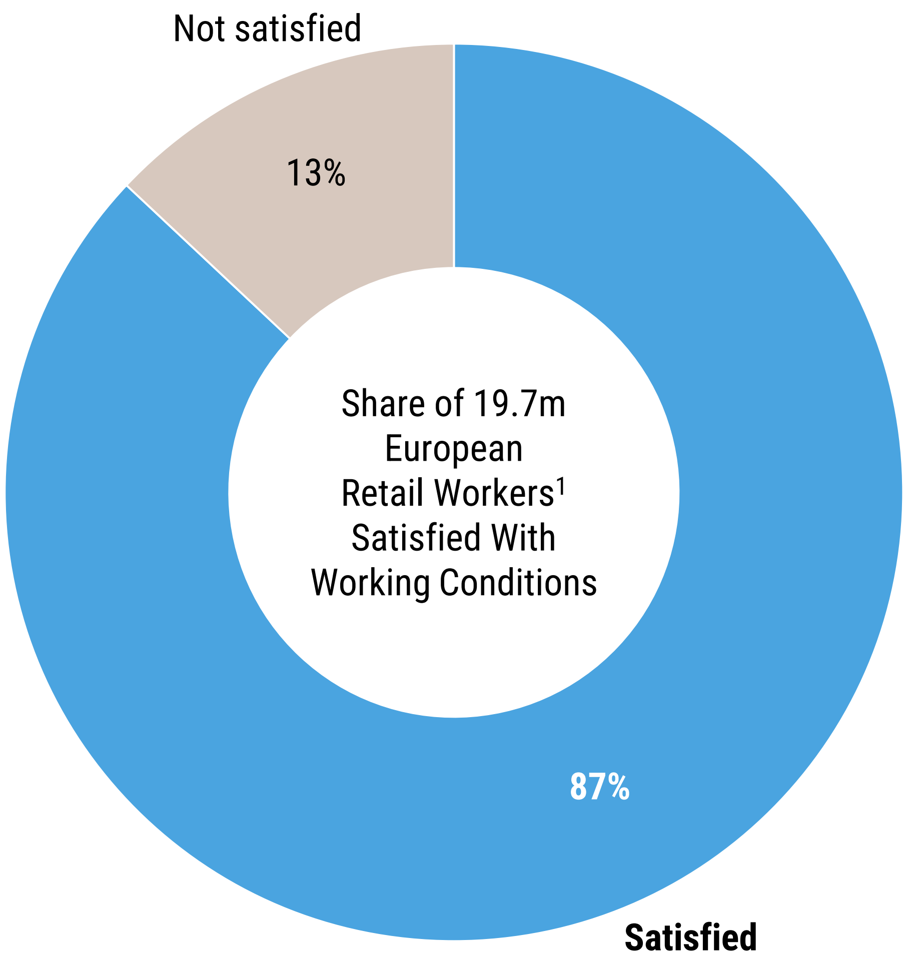
Retail HQs provide high quality jobs outside of capital cities



	Retailer	Headquarters
1	Schwarz	Neckarsulm
2	Aldi	Essen / Mülheim
3	Carrefour	Massy
4	Tesco	Welwyn Garden City
5	Ahold Delhaize	Zaandam
6	Edeka	Hamburg
7	Auchan	Croix
8	Rewe Group	Cologne
9	E. Leclerc	Ivry-sur-Seine
10	Casino	Saint-Étienne
11	Ikea	Leiden
12	LVMH	Paris
13	Sainsbury's	London
14	Intermarché	Bondoufle
15	Inditex	La Coruna
16	Metro AG	Düsseldorf
17	Mercadona	Valencia
18	Ceconomy	Düsseldorf
19	H&M	Stockholm
20	Système U	Rungis
21	Morrisons	Bradford
22	Groupe Adéo	Lille
23	Jeronimo Martins	Lisbon
24	Kingfisher	London*
25	El Corte Inglés	Madrid

* HQ of Screwfix are in Yeovil and B&Q is in Southhampton
Source: Deloitte, EuroCommerce analysis

European retail employees are generally satisfied with their working conditions

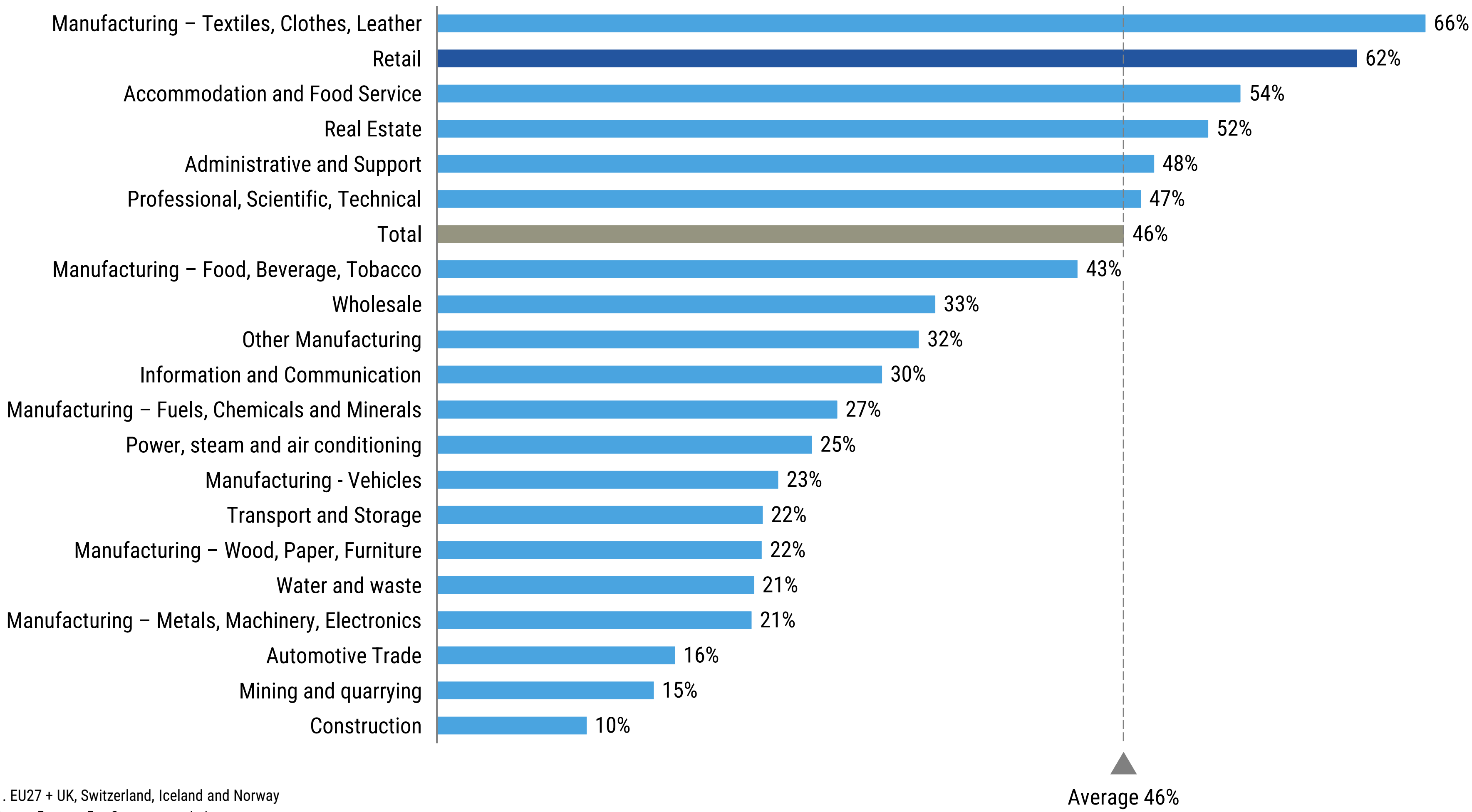


1. Based on EU27 + UK in 2015 (latest available European Working Conditions Survey, total EU28 n=35,765, retail workers n=4,474)

Source: IDEA Consult ; Eurofound; EuroCommerce; UNI Europa

Retail is a key source of employment for women, with 62% of retail workers being women, compared to an average of 46% in Europe as a whole

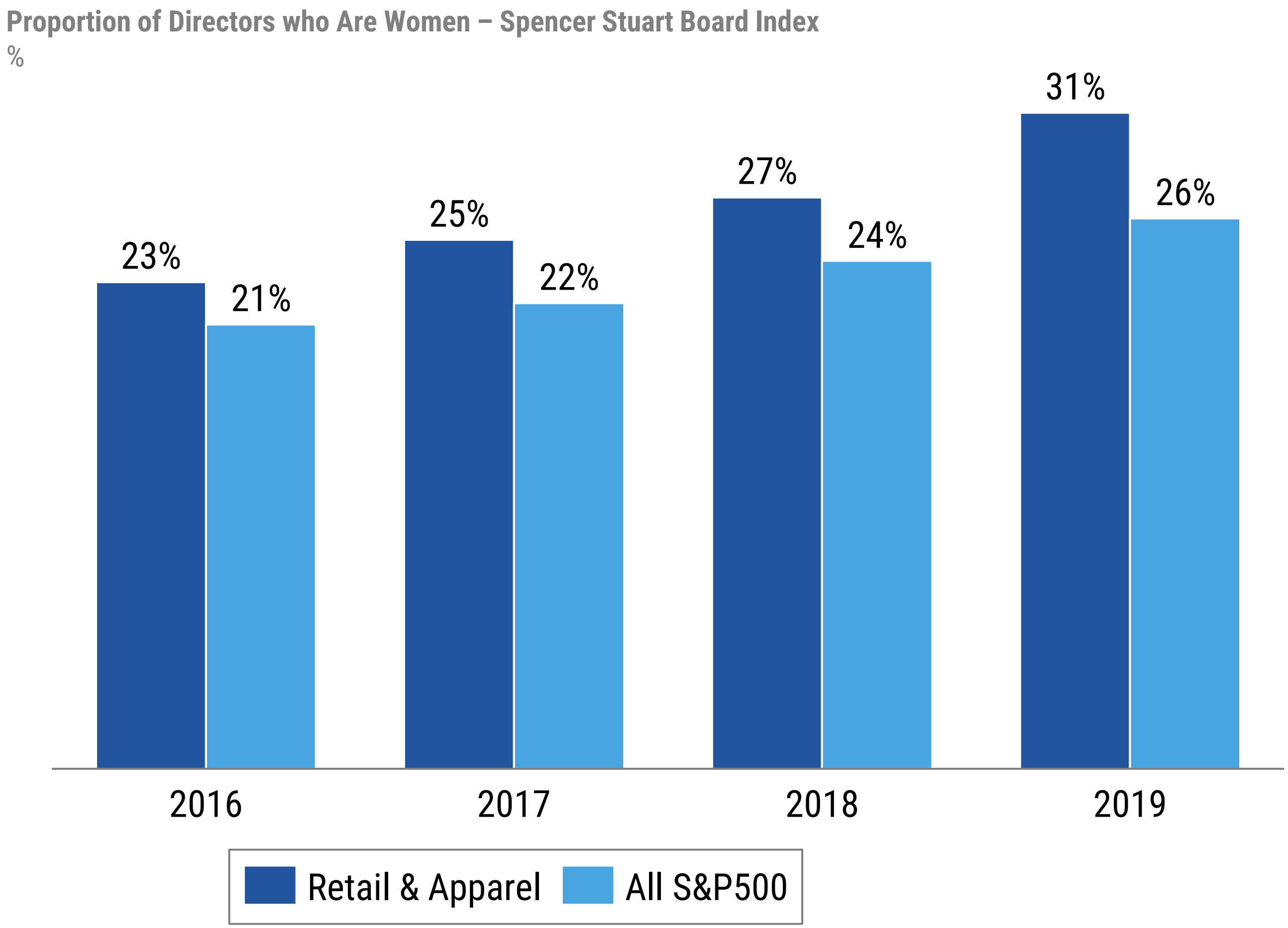
Women as Share of Workforce – Europe 2019[1]
%



1. EU27 + UK, Switzerland, Iceland and Norway

Source: Eurostat, EuroCommerce analysis

Women are an increasing share of retail company directors (and lead the rest of the market), but there is more to do to create a representative retail leadership



Source: Spencer Stuart Board Retail and Apparel Board Index

The LEAD network seeks to attract, retain, and advance women in retail and consumer goods companies across Europe

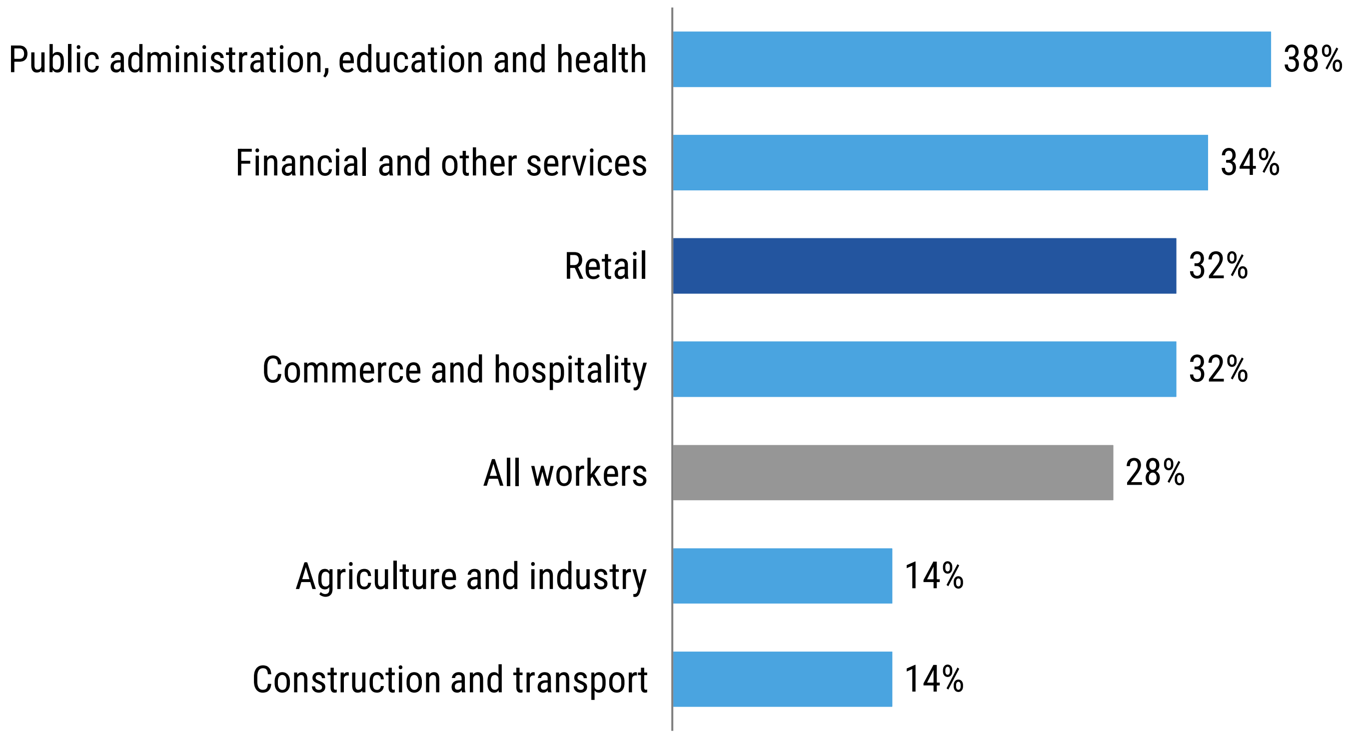
LEAD Network Case Study

Goals and Origins	Membership	Activities
• The mission of Leading Executives Advancing Diversity (LEAD Network) is to attract, retain and advance women in the retail and consumer goods industry in Europe through education, leadership, and business development • Officially founded as a non-profit organisation in 2014	• Membership of 7,000+ senior executives including women and men • These executives represent 200+ manufacturers and 100+ retailers across Europe (including the UK) • Local chapters in Germany, Spain, France, Netherlands, United Kingdom, Switzerland, and Turkey	• Mentorship programme • Local Roundtables (and virtual roundtables during the pandemic lockdown) • Job bank for LEAD network members • Interviews and other content from senior LEAD network members • Annual event gathers ~1,000 people from across Europe to discuss advancing diversity in European retail and consumer goods

Source: LEAD Network

Retail jobs are flexible with a high share of part-time workers at 32% of the workforce

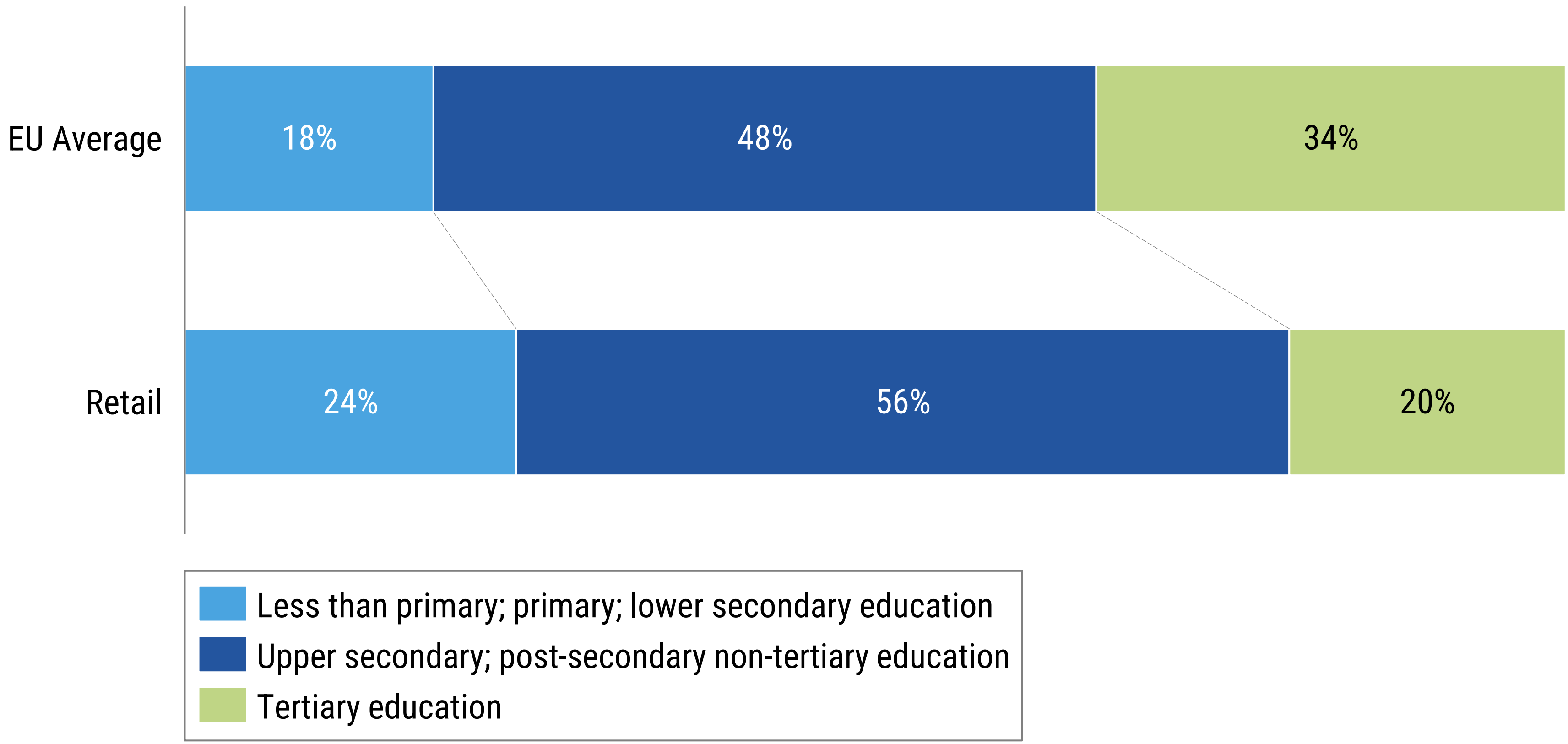
Part-time as share of workforce – EU27 + UK 2015[1]
%



1. Based on EU28 in 2015 (latest available European Working Conditions Survey)
Source: Eurofound, EuroCommerce analysis

Retail provides job opportunities for people with less experience and education

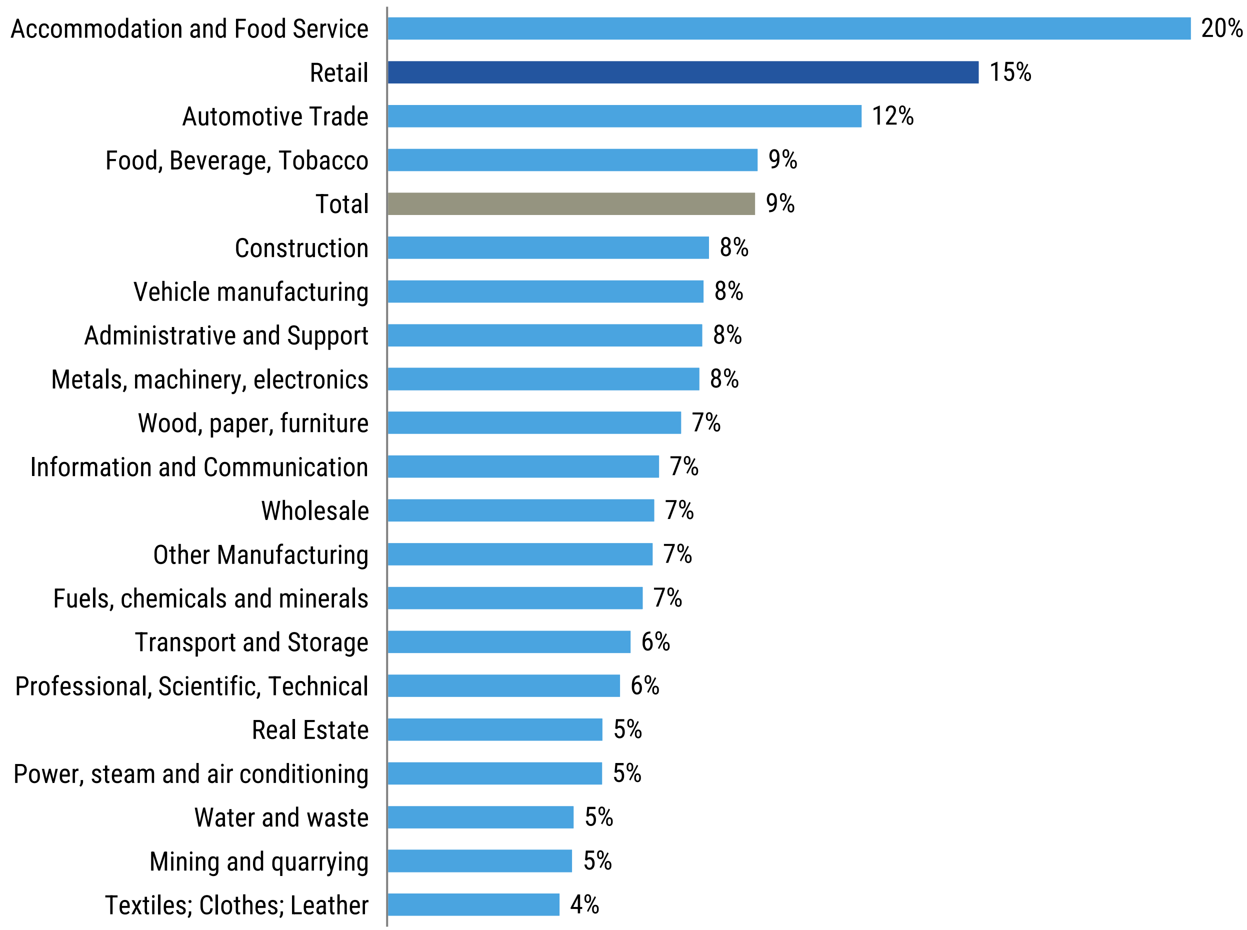
Share of Workforce by Level of Education – EU27 + UK 2015
%



Source: IDEA Consult ; Eurostat; EuroCommerce; UNI Europa

Retail is an important gateway to the workforce for many – 15% of retail workers in Europe are aged under 25

Share of Workforce Under 25 – Europe 2019[1]
%

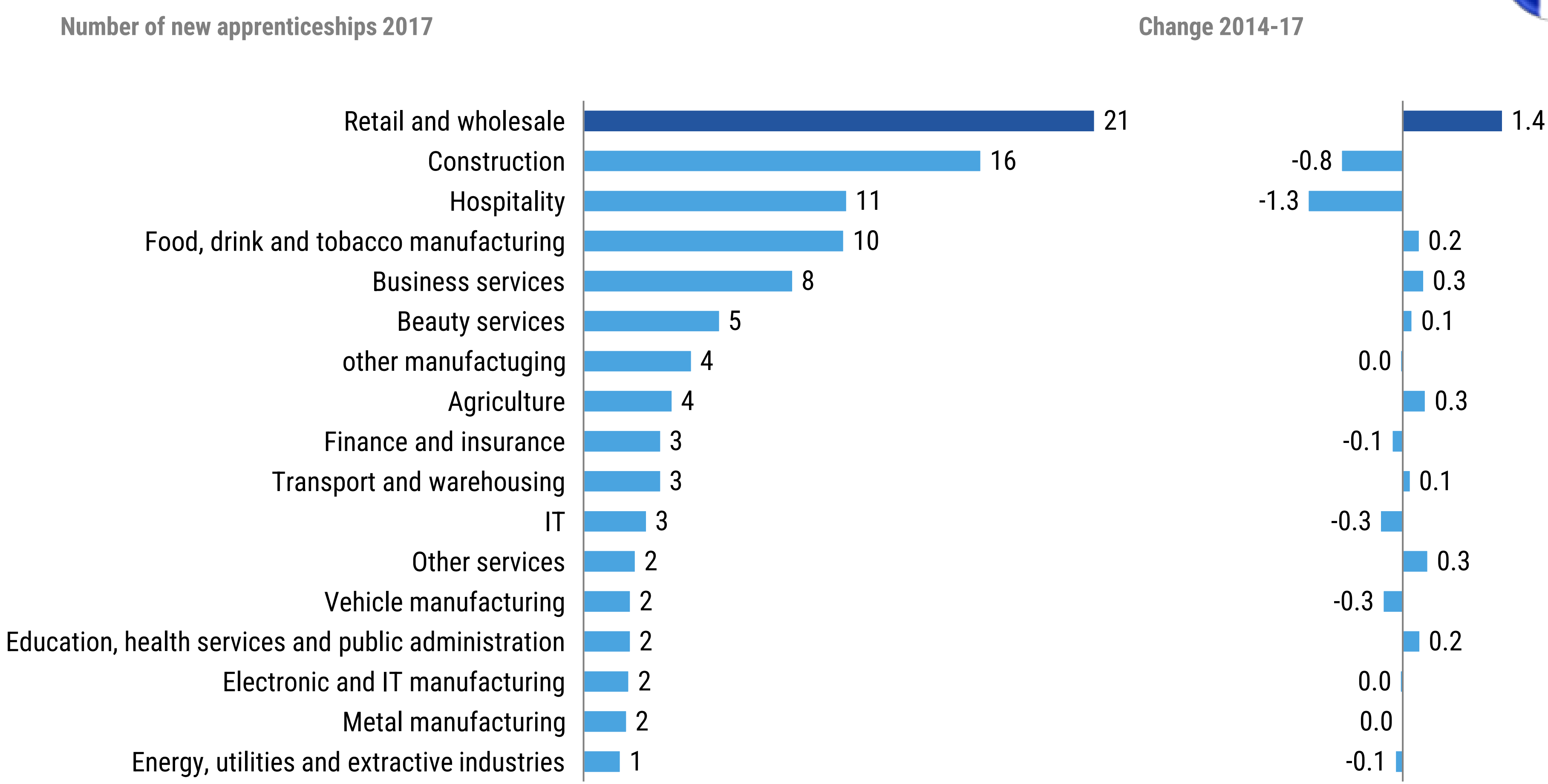


1. EU27 + UK, Switzerland, Iceland and Norway

Source: Eurostat, EuroCommerce analysis

Retail (and wholesale) is the leading provider of apprenticeships in France, and is growing the number of opportunities whilst some other sectors scale back

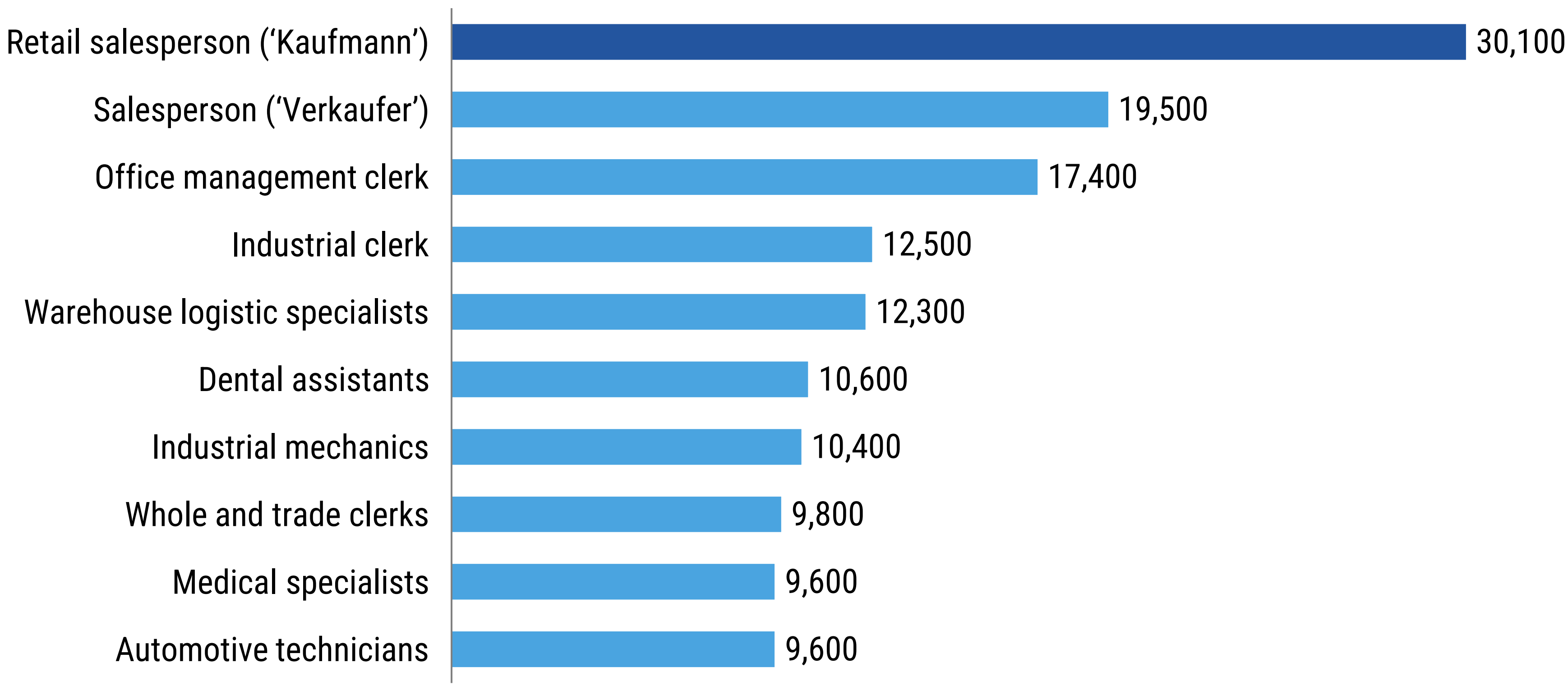
Apprenticeships – France
Thousands



Source: INSEE, EuroCommerce analysis

Retail salesperson is the most common apprenticeship scheme in Germany

Most common apprenticeships in Germany October 2019 – April 2020



Source: BDA

Retailers are providing training in the skills needed for the future

Case Study: E-commerce Merchant Apprenticeship in Germany

HDE Handelsverband Deutschland

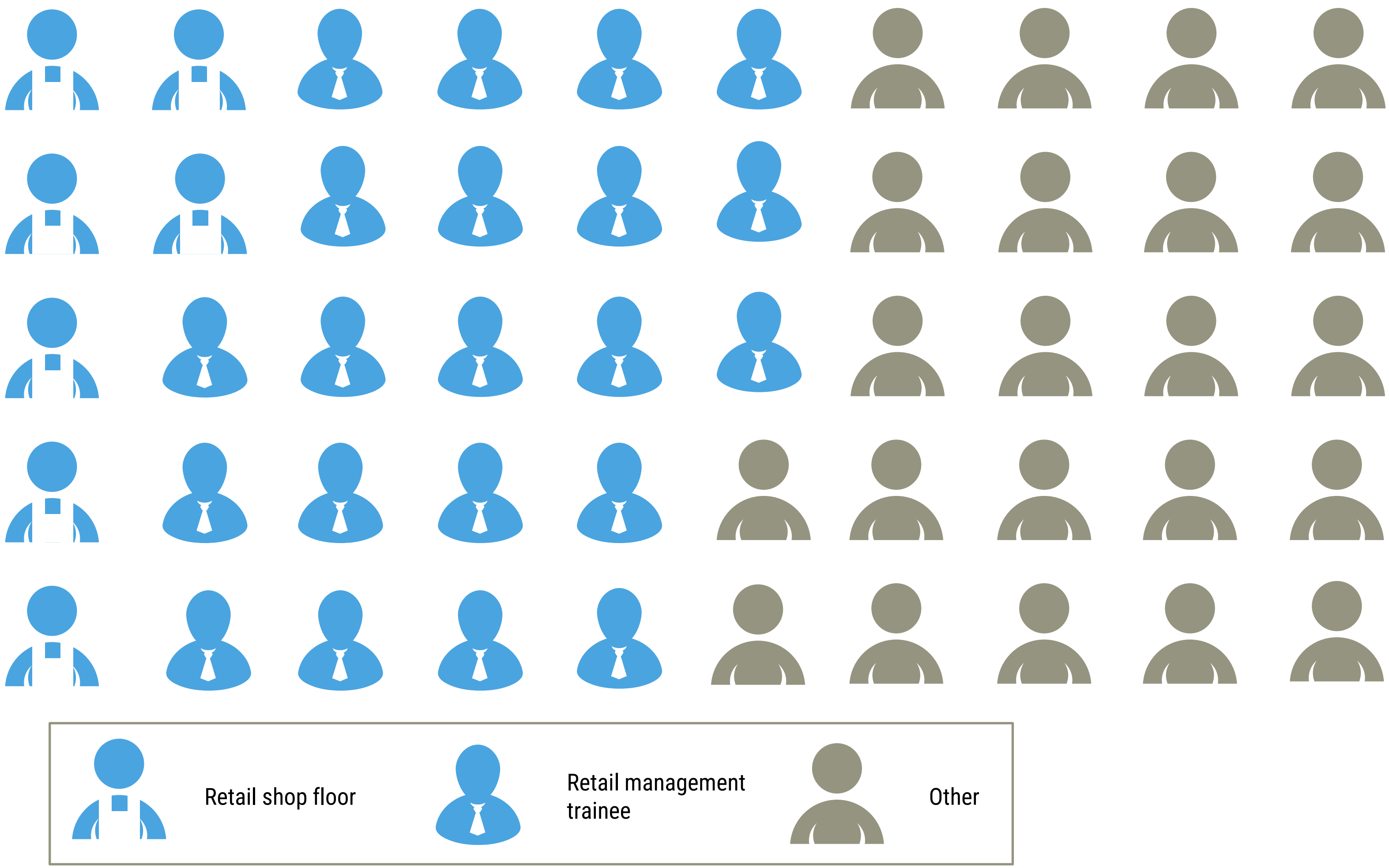
HDE (German Retail Federation) developed a new vocational apprenticeship to train new workers in e-commerce

- The new apprenticeship scheme was developed to solve two related problems:
  - German retailers cited a lack of suitable skilled workers as an obstacle for further growth in e-commerce
  - Existing apprenticeship programmes did not cover all of the skills needed in the emerging e-commerce field
- The training combines work for a retailer (online pureplay or omnichannel) and study at a vocational school – over 3 years, it provides 880 hours of direct education
- It does not require prior training or experience, making it broadly accessible to a wide range of people
- In the first year, almost 1,400 training contracts were signed, exceeding expectations

Source: HDE

There is a real path from the shop floor to the boardroom; most leading retail CEOs in a UK study had started their careers in retail

Career Start for CEOs of 50 Leading UK Retailers



Source: OC&C

Retail offers a wide variety of jobs; the current growth in automation and digitalization of retail is opening up an increasing number of new job opportunities

Emerging jobs in European retail

- Software developers
- Social media managers
- Mechanical engineers (e.g. robotics)
- Artificial intelligence / machine learning developers
- Customer experience leaders
- Influencer marketing manager

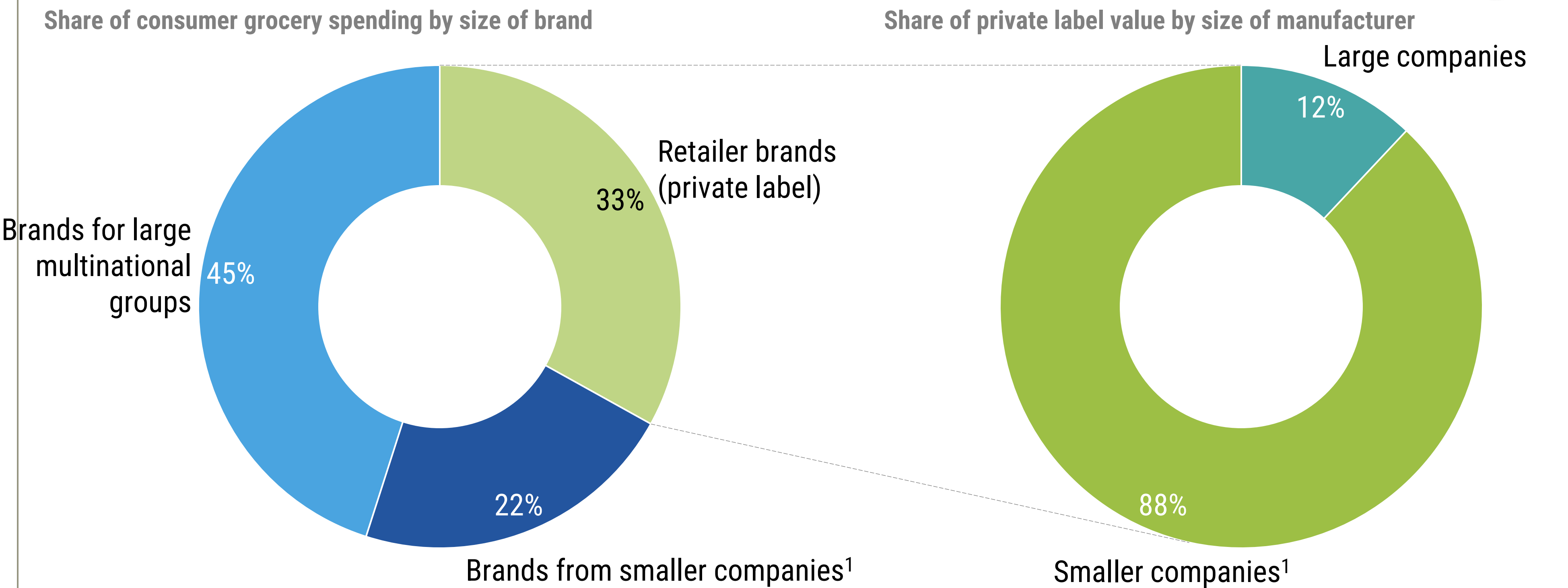
Source: National Retail Federation, EuroCommerce analysis

C3 Wider Economy – Key messages

- Retail consumption has a multiplier effect on the economy: as consumers spend money with retailers, this money flows through the supply chain to manufacturers and other suppliers, indirectly supporting a huge number of companies and jobs
- European retailers largely do not deal with farmers directly but with more profitable processors and manufacturers and many SME suppliers
- Retailers provide the route to market for manufacturers of all sizes; e.g. over half of sales in French supermarkets are of products manufactured by SMEs
- SMEs make up 99% of European retail businesses, employ 6 in 10 retail employees, and account for half of retail turnover and added value; the share of employees and turnover in larger retail businesses has increased since 2011, but only slightly
- Retailers are paying taxes to governments locally, and are closely involved in collecting taxes on behalf of governments
- Retailers are comparatively high spenders on advertising
- Retailers make use of a wide range of other business, putting them at the centre of a wide and complex market ecosystem
- Retail is the engine of town and city centre footfall; e.g. in Germany, 55% of visitors go to town to do shopping. Retail-driven footfall supports other local businesses, in particular cafés and restaurants
- Retailers are involved in providing new infrastructure such as electric car charging points and other services

European retailers provide the route to market for domestic and international manufacturers of all sizes in selling their goods

Case Study: French grocery retailers and SMEs (2017)



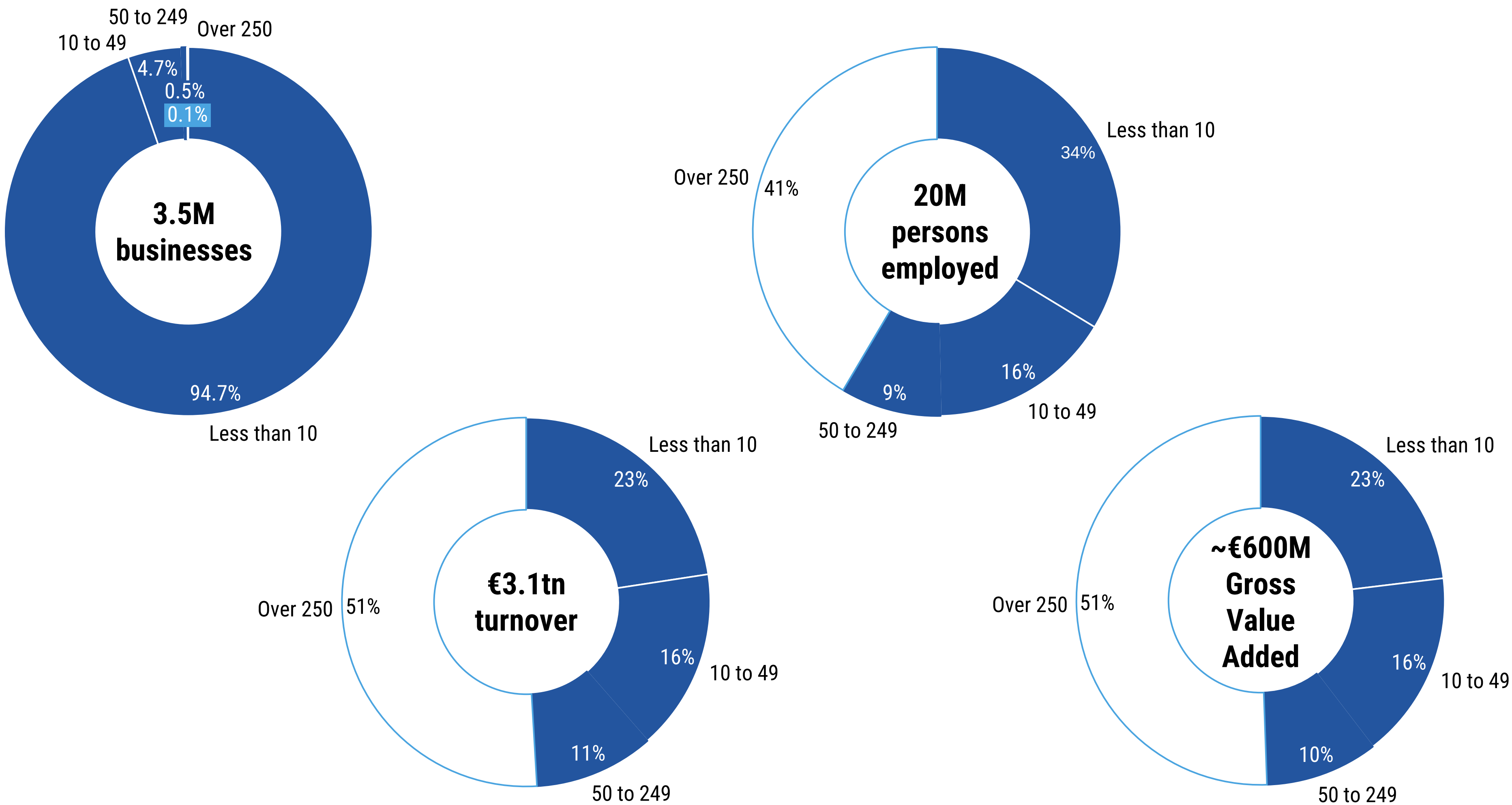
When including the production of private label products by small and mid-sized companies, small and mid-sized companies account for more than 50% of retail value of grocery sales in France

1. Includes TPE (i.e. micro enterprises <10 employees), PME (i.e. other SMEs, 10-249 employees) and ETI (i.e. intermediate size companies 250-4,999 employees)

Source: Nielsen PME et Commerce Mieux Travailler Ensemble 2018

>99% of EU27 retail businesses are SMEs, accounting for 60% of persons employed and half of retail turnover and added value

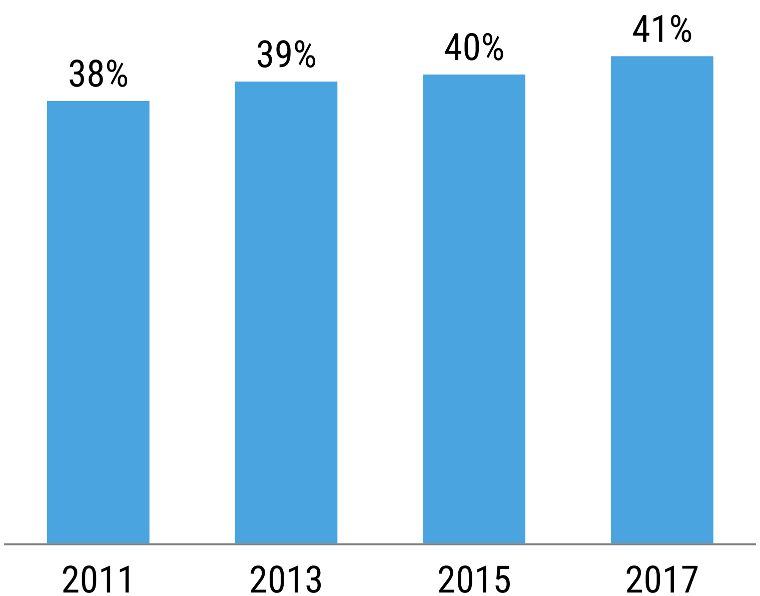
2017 data



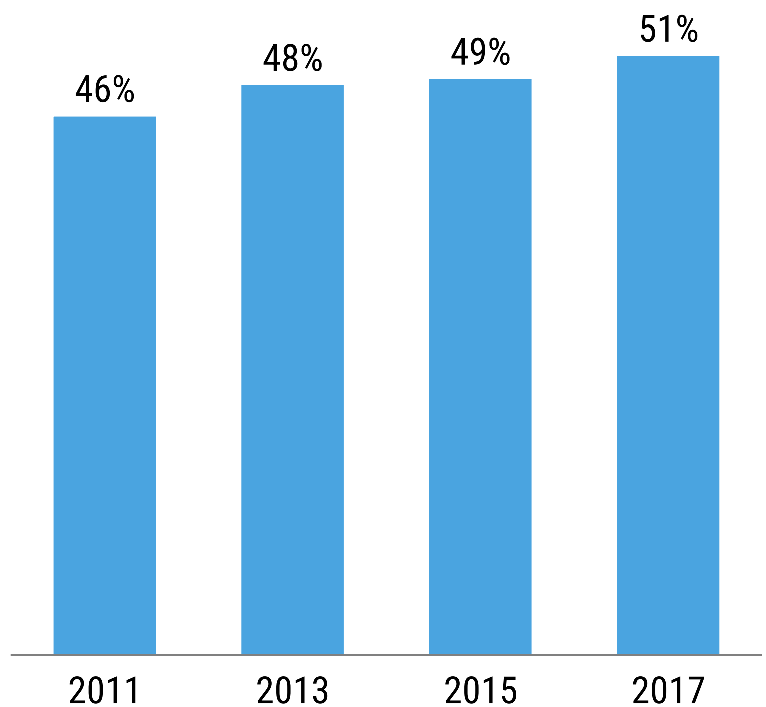
Source: Eurostat Business Demography

There is some growth in the share of employees and income for larger retail businesses; half of retail turnover is still in businesses with less than 250 employees

Share of persons employed in retail businesses with 250+ persons employed – Europe[1]
%



Share of retail turnover in retail businesses with 250+ persons employed – Europe[1]
%



1. EU27 plus UK, Switzerland, Norway, and Iceland

Source: Eurostat Business Demography

Retailers are involved in paying and collecting a wide variety of taxes

Simplified[1]
Not exhaustive

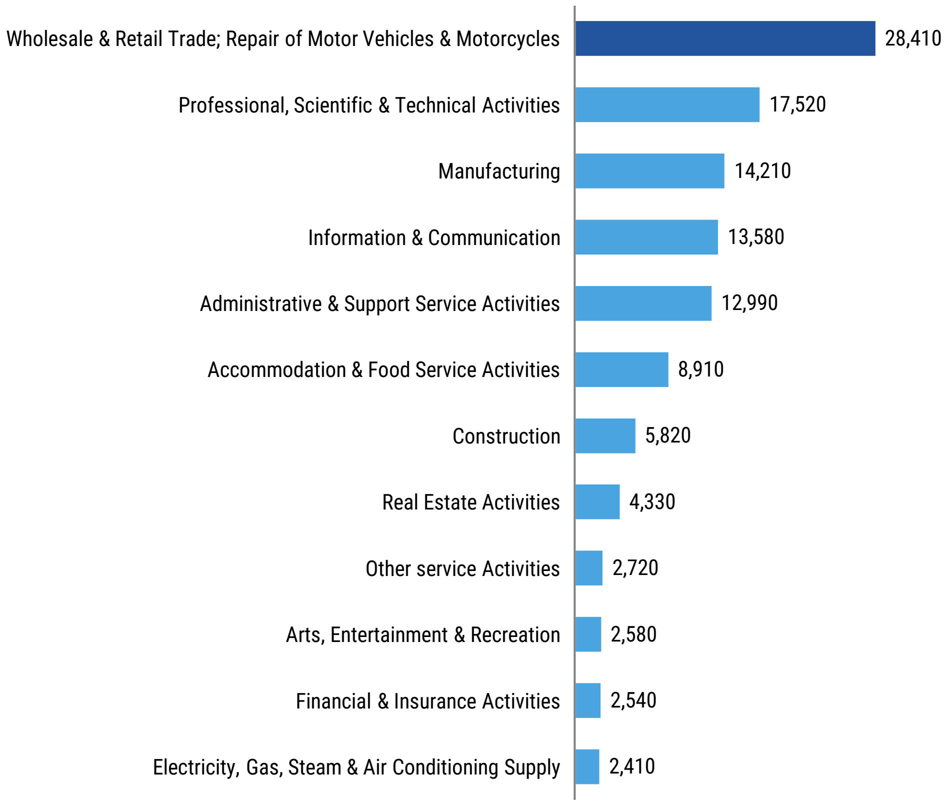
Tax category	Main retail taxes
Indirect taxes Collected by one entity in the supply chain, but passed on to other parts of the supply chain (including consumers) ~35% of EU27 + UK taxes 2017	**VAT** **Import duties**
Direct taxes Tax paid directly by a person or business to the government ~34% of EU27 + UK taxes 2017	**Corporate income tax** **Property taxes**
Mandatory social security contributions Paid by employers and employees into social insurance systems ~31% of EU27 + UK taxes 2017	**Employer social security contributions**

1. Structure of tax systems and roles of retailers differ substantially between countries

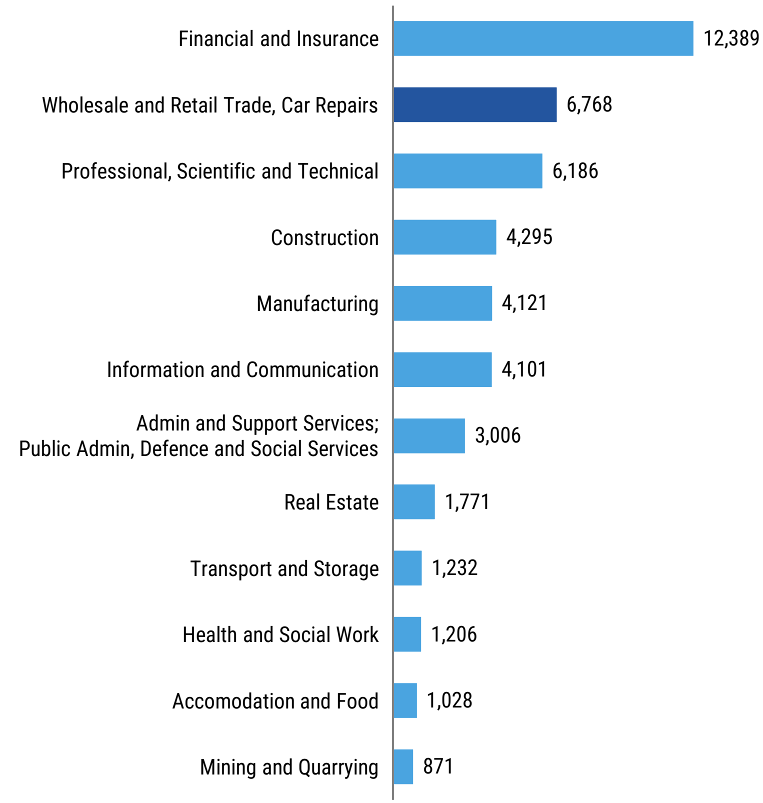
Source: OECD, European Commission, EuroCommerce analysis

Retailers are substantial payers of taxes

UK VAT receipts by industry sector (2018 £m)[1]



Corporate income tax payable by industry sector (2018 £m)[2]

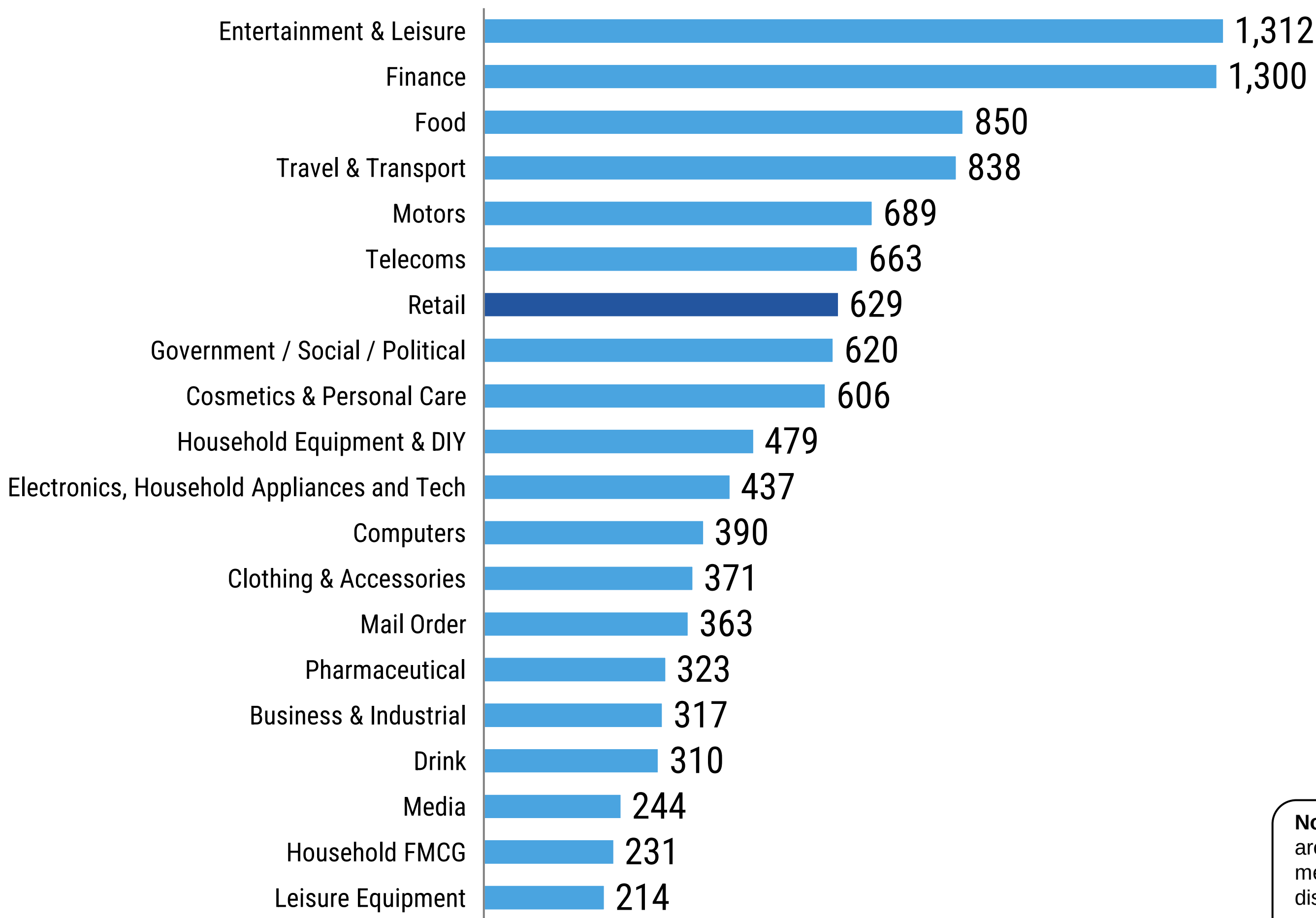


1. Net VAT receipts; top sectors only shown
2. Net corporate income tax; top sectors only shown

Source: HMRC

Retailers are comparatively high spenders on advertising

Annual Advertising Spending by Sector – UK 2017/18
£m



Note: Via retail media services, smaller suppliers are able to place their products in TV and print media at an affordable price, leveraging discounted buying achieved by large retailers ad spending

Source: GroupM

Retailers operate at the centre of wider supply chains and ecosystems

Source: Savills, McKinsey, WARC

Global retail leaders develop their own ecosystems, based on their data platforms

As consumers shift spending priorities from products to **experiences**, world-leading retailers will defend their **share of wallet** by offering more services. Their resulting **ecosystems** will be fueled by real-time **shopper data**, enabled by **smartphone proliferation**, **ultra-fast internet** and **AI-based data analytics**, leading to more **personalization** and **speed** in the detection of, and response to, new demand

Source: Edge: Future Retail Disruption

Retailers provide an opportunity for local producers to reach a larger market (1/3)

Case Studies: Retailer Initiatives to Support Local Producers

- Continente's "Producer Club" (Sonae) creates a direct link between individual Portuguese producers and the largest grocery retailer in Portugal
- Its mission is to promote Portuguese agriculture, support the sustainability of Portuguese producers, boost innovation and competitiveness, create added value products with high quality standards and offer the best of Portugal to customers
- Members of the Producer Club must comply with high standards on quality and food safety, sustainability, and innovation

- Kesko, the leading Finnish retailer, operates a "Thank the Producer" label, where the consumer price is slightly higher but paid back to the local producer
- In 2019, Kesko had 64 such producers
- By end 2019, products sold under the "Thank the Producer" model had earned nearly €3m in additional money for farmers

- SuperValu, the leading store brand of Musgrave in Ireland, operates the Food Academy programme to give small producers a big change
- The Food Academy supports small Irish businesses on their journey to becoming suppliers
- Over 300 Food Academy small producers are now in SuperValu stores, supporting over 1,130 jobs in Ireland

Source: Company Websites

Retailers provide an opportunity for local producers to reach a larger market (2/3)

Case Studies: Retailer Initiatives to Support Local Producers

REWE

- REWE local partnership is the group's binding code of conduct in place since January 2020
- Through the 'Local Partnerships', REWE is supporting the protection of local producers. In particular, independent retailers under the REWE umbrella have direct contractual relationships with farmers and producers, amounting to several thousand local partnerships
- It covers four different areas from the formulation of supply relationships and the payment of suppliers to the collaborative marketing and implementation of joint projects for animal welfare or environmental protection

SPAR

- SPAR cooperates with 7,000 organics farmers in Austria
- Cooperation between SPAR and innovative farmers is a win-win situation: farmers are given growth opportunities and customers benefit from the qualitatively extended range of products at SPAR
- One of them is Erich Stekovics, Austria's most innovative farmer and a pioneer in the field of maintaining biodiversity. Stekovics cultivates approx. 3,200 traditional varieties from mulberries to onions to tomatoes and chilies Many products from Stekovics' Farm are sold as SPAR private label and the range keeps on expanding

Esselunga

- For Esselunga, buying local is a way to support local economies but also a way to connect to seasons, regional varieties and people who grow local typicalities
- In 2019, 82% of the retailer's own-brand products were made in Italy and some 90% of suppliers of fruits and vegetables were Italian SMEs
- Esselunga also promotes products of excellence certified DOP, IGP, DOCG, DOC and IGT aware that they enhance the link with the territory, quality, safety, and production excellence. Over 2,000 of certified references, of which about 98% are made in Italy, were available in stores

Source: Company Websites

Retailers, in particular small local businesses, support their communities (3/3)

Case Study: Independent SME retailers in the Netherlands

SUSTAINABILITY

- Small, independent retailers are increasingly opting for solar panels, or for cooling units and lighting that use less energy. A quarter of them now have solar panels on their roof. One in three supermarkets uses a heat recovery system.
- Independent retailers who have a delivery service are increasingly opting for electric small trucks and bicycles. These are combined with charging points for electric cars or bicycles.
- To prevent food waste, shops are making soup from leftover vegetables which they then sell in the shop.

COOPERATION

- Independent retailers are at the heart of the community together. They understand and reinforce each other. They organise events for customers together whereby they join forces. For example, a kitchenware shop organised a cookery workshop together with a cheese and delicatessen shop.
- To keep the shopping district attractive, retailers also ensure that any empty properties remain appealing by creating a temporary window display.
- Many local retailers stock regional products from local producers Those regional products help define the shop’s local identity.

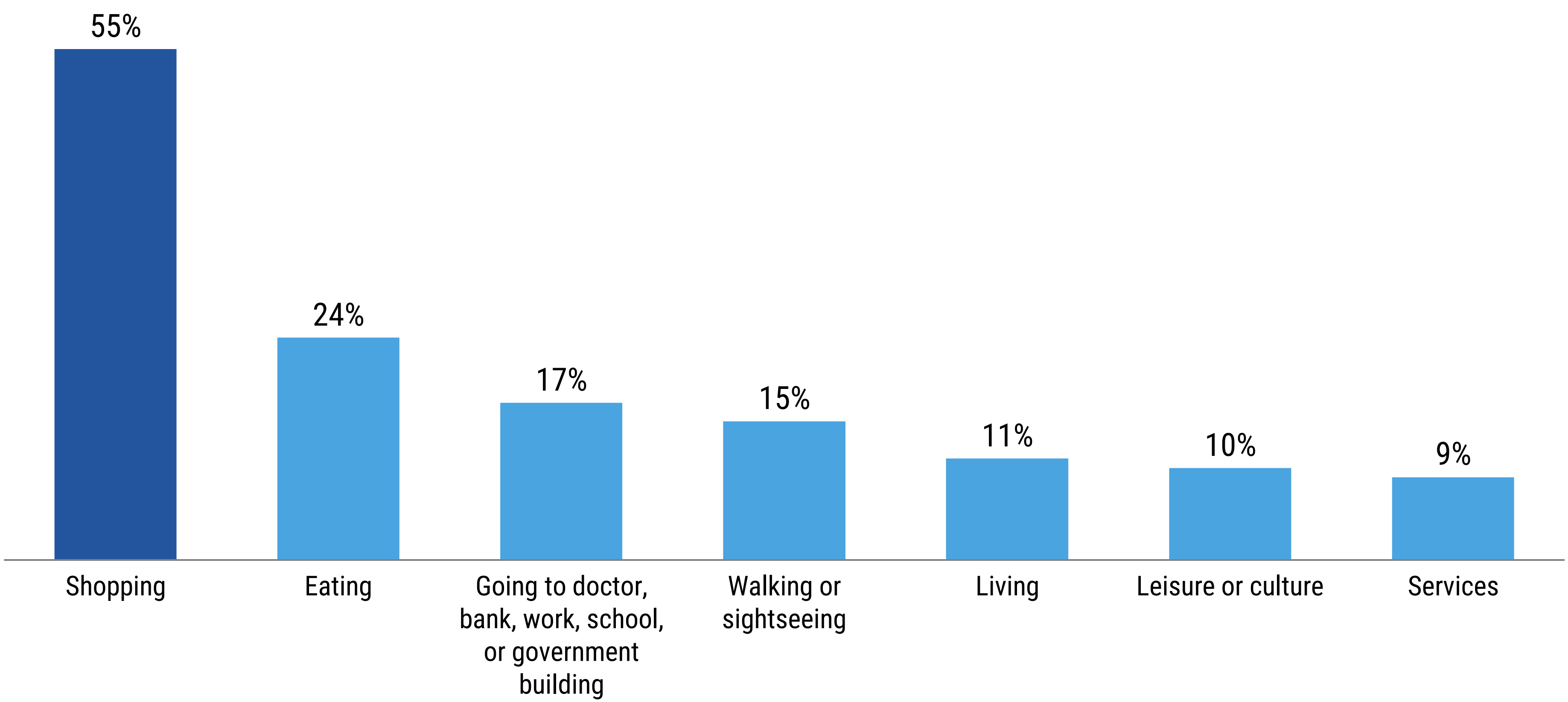
SPORTS AND CULTURE

- Independent retailers also play a role in promoting art and culture in the community. A lot of people don’t realise this. The Netherlands is rich in traditions, nationally but particularly also locally and regionally. These are the traditions that bind communities together and give them their own identity. As part of that community, the local retailer often plays an important facilitating role.
- Local retailers also work to keep various groups in the community active. They sponsor local sports clubs, they hold walks for the elderly or lonely people, or a sponsored run for children.

Source: Company Websites

Shopping is the main reason that people visit town centres

"Why are you in town today?"
% of respondents[1]



1. Responses sum to more than 100% because respondents were able to select more than one option

Source: Studie Vitale Innenstädte 2018, IFH Köln, HDE

Retailers are involved in providing new infrastructure such as charging points for electric cars and housing

Auchan provides electric vehicle charging at over 100 French stores (November 2020)

Tesco provides electric vehicle charging at 200 UK stores (July 2020)

Carrefour has charging stations in ~70 locations in France and Spain (November 2020)

Lidl has charging stations in ~700 locations in Europe (November 2020)

- Aldi plans to build homes above 30 of its German stores, reaching 2,000 dwellings in total
- These will be rented to students and others needing affordable accommodation

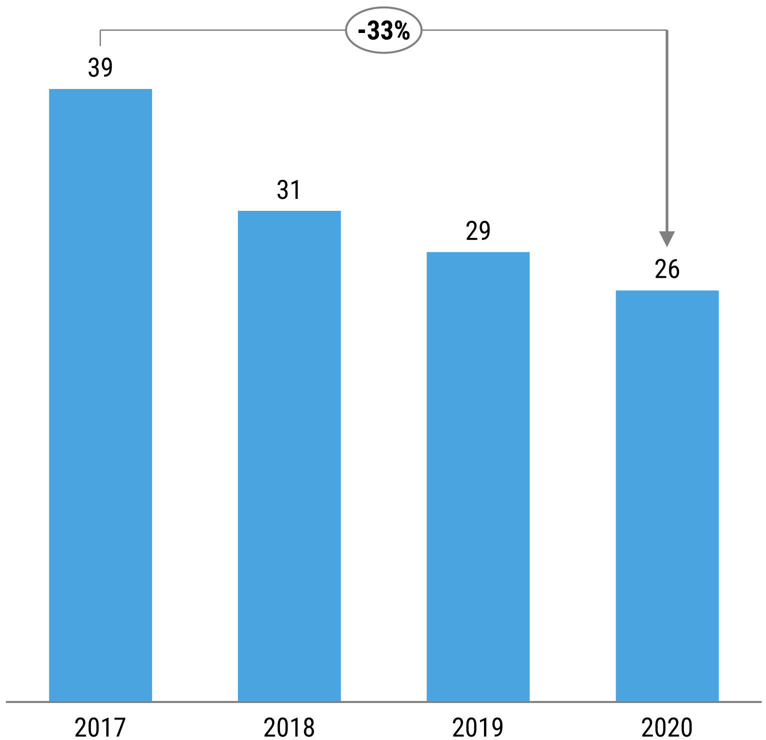
Source: Press; Company Websites; Chargemap

C4 Sustainability – Key messages

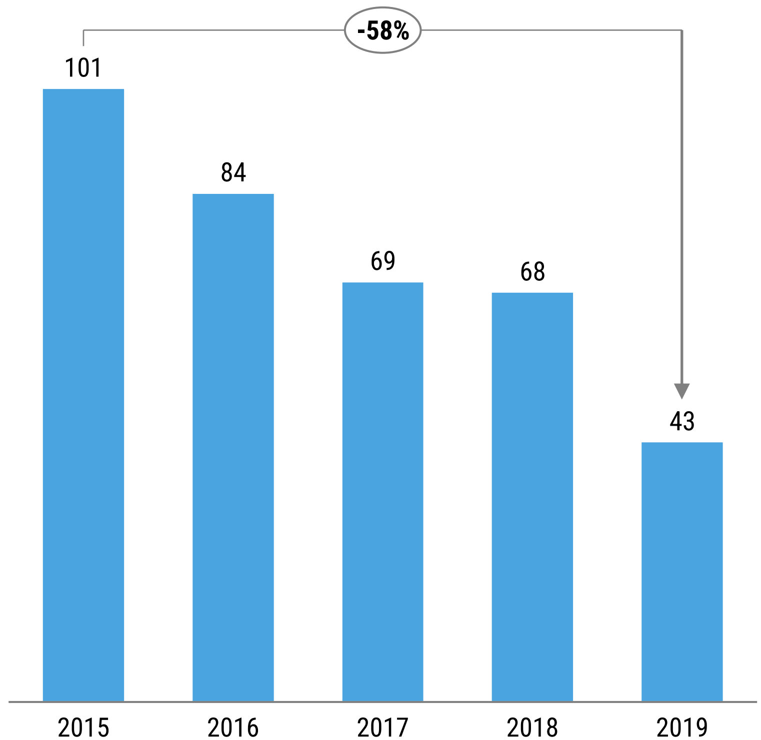
- Retailers have taken action to improve their impact on the environment
  - Reducing carbon emissions
  - Growing their use of renewable energy sources
  - Engaging with their supply chains to increase sustainability
  - Reducing food waste (whilst being responsible for only 5% of food waste)
  - Encouraging reuse or recycle (e.g. in clothes, furniture, electronics)
  - Reducing plastic packaging
  - Developing second hand business models
  - Developing and selling eco-designed products
- Grocery retailers are involved in leading and executing several public health initiatives, including
  - Reformulating products to reduce salt and calories
  - Rebalancing ranges to increase the share of healthier food
  - Providing informative labelling and packaging to help customers make informed choices
  - Adapting store layouts to encourage healthier choices
- Digital technology contributes to sustainability through improving supply chain traceability and reducing waste

Leading retailers have significantly reduced their CO2 emissions intensity

Tesco plc Net Carbon Intensity[1]
Kg CO2 equivalent / sqft of stores and distribution centres



Inditex Carbon Intensity
Kg CO2 equivalent / sqm of stores and distribution centres

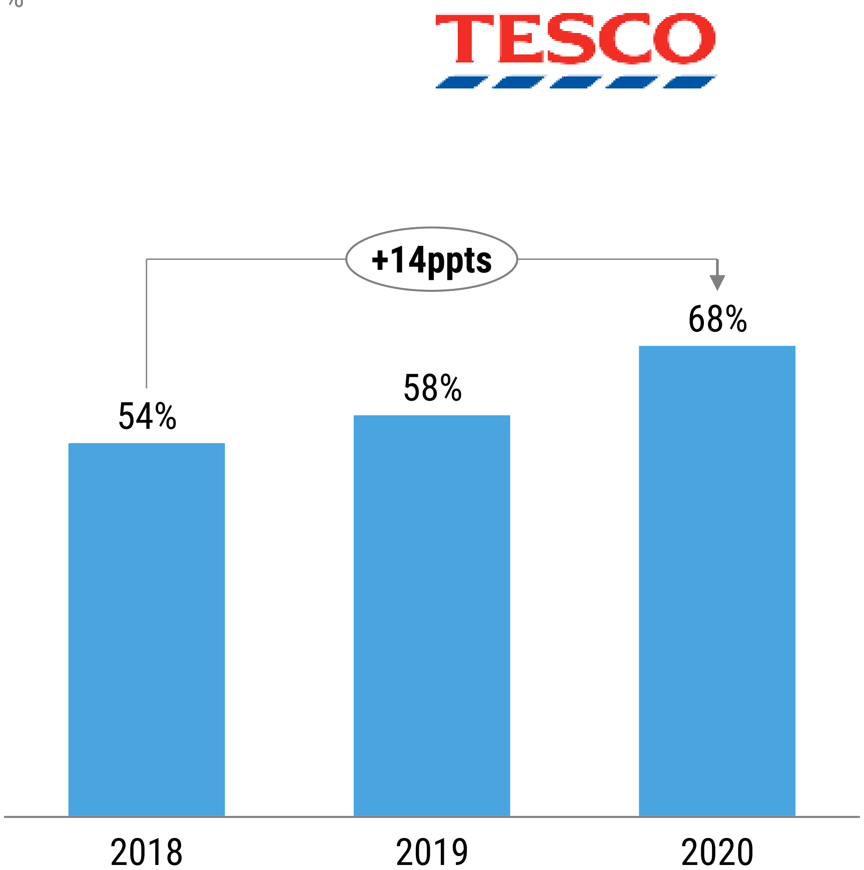


1. Tesco year end is last day of February in each year

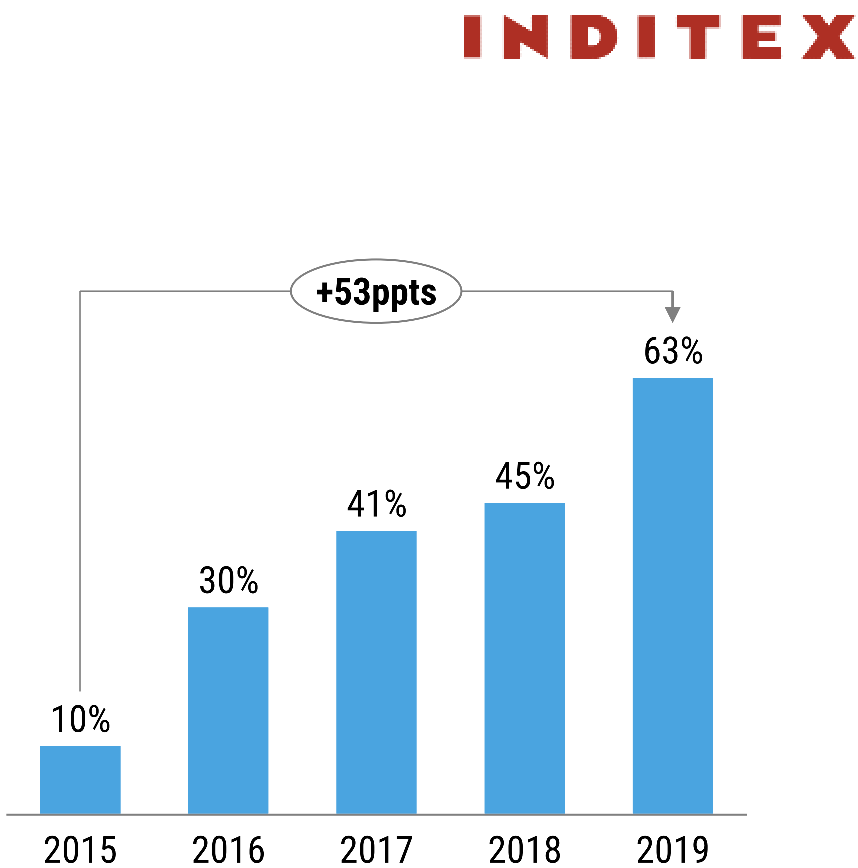
Source: Tesco plc Sustainability Report; Inditex Annual Report

Leading retailers have shifted towards renewable energy

Tesco plc Share of Electricity from Renewable Sources[1]
%



Inditex Share of Electricity from Renewable Sources
%

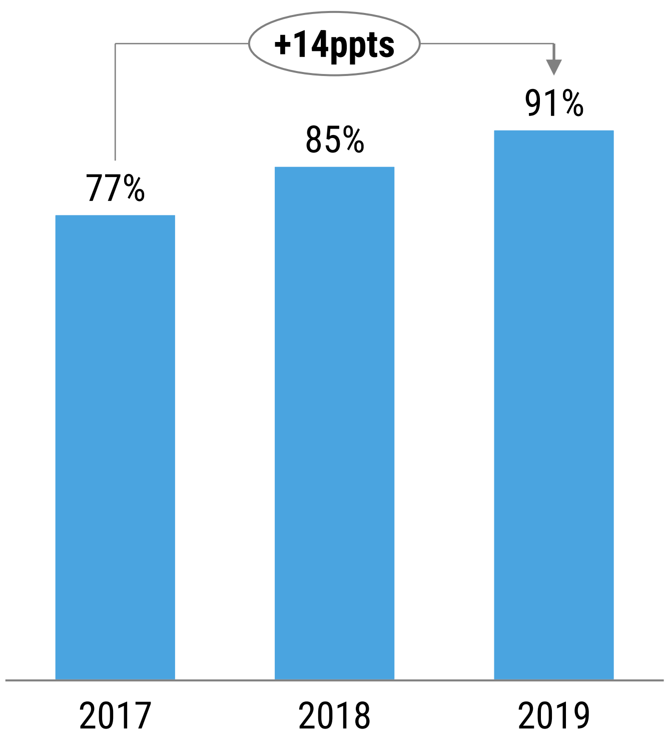


1. Tesco year end is last day of February in each year

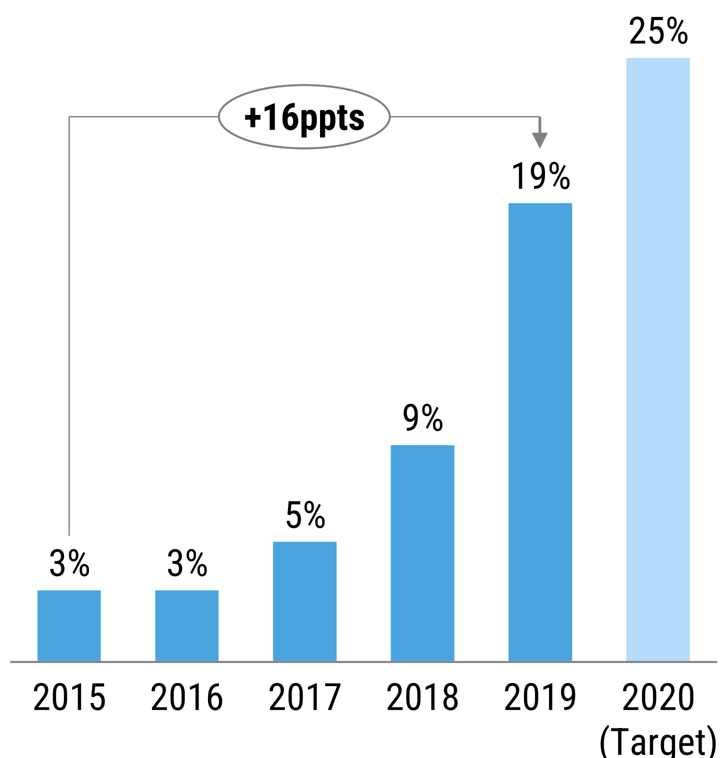
Source: Tesco plc Sustainability Report; Inditex Annual Report

Leading retailers increasingly sell recycled and certified products…

Ikea wood from FSC[1] certified or recycled sources



Inditex garment sales with Join Life label[2]



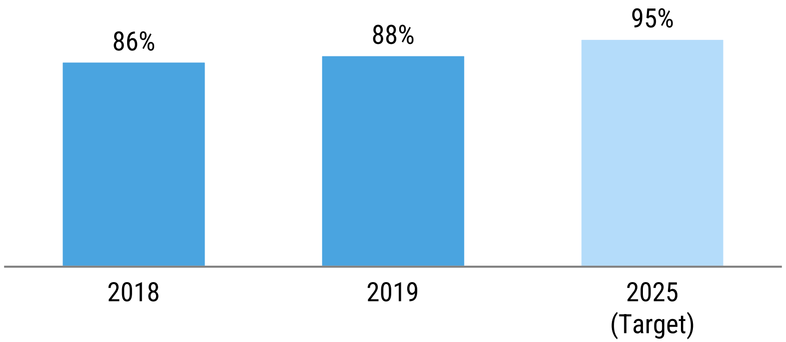
1. Forest Stewardship Council certification given to timber based products from responsible sources which are environmentally appropriate socially beneficial and economically viable
2. Join Life label applied only to products where Supplier has high grade on social audit and wet process assessment; products must additional have at least one of: sustainable material, reduced water consumption, renewable energy used in production

Source: Ikea Sustainability Report, Inditex Annual Report. Forest Stewardship Council

…and reducing the environmental impact of their packaging

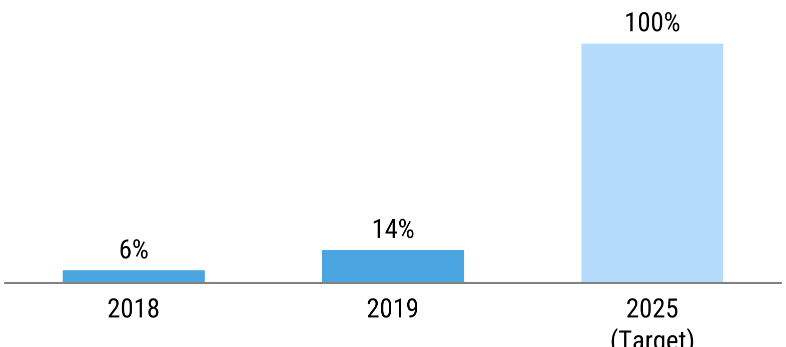
Share of packaging from more sustainable sources[1]

DECATHLON



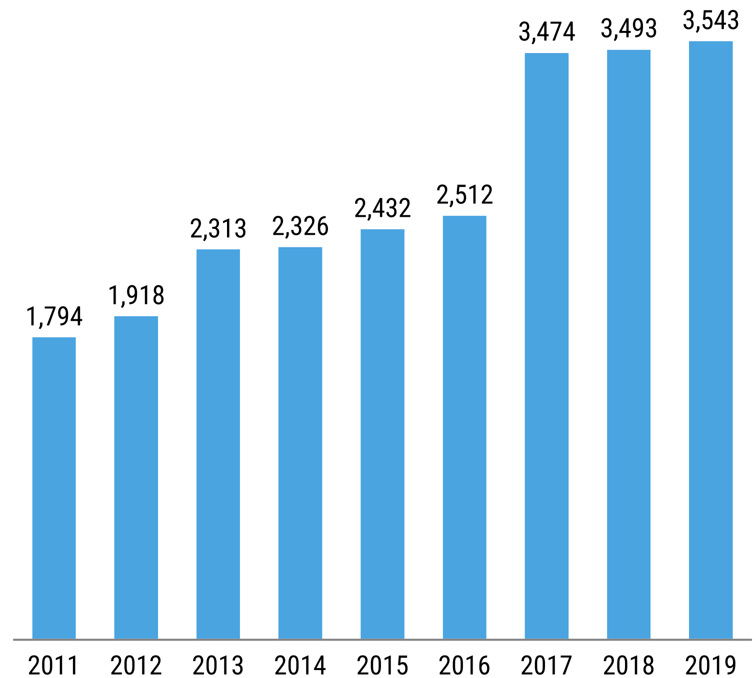
Proportion of paper packaging PEFC[2] or FSC[3] certified

DECATHLON



Tonnes of materials avoided by Packaging Ecodesign Project – Jerónimo Martins

Jerónimo Martins



1. "More sustainable sources" are paper and cardboard; focus is on removing plastic packaging
2. Programme for the Endorsement of Forest Certification granted to products with sustainable forest management; it is an international certification of national level sustainability certifications
3. Forest Stewardship Council certification given to timber-based products from responsible sources which are environmentally appropriate socially beneficial and economically viable

Source: Decathlon Extra Financial Annual Report, Jerónimo Martins Corporate Responsibility Report, Forest Stewardship Council, Programme for the Endorsement of Forest Certification

Retailers have made substantial pledges on plastics…

Case Study: Ellen MacArthur Foundation Global Commitment on Plastics

Not Exhaustive

Retailer Signatory Commitments

- *Take action to eliminate problematic or unnecessary plastic packaging by 2025*
- *Take action to move from single-use towards reuse models where relevant by 2025*
- *100% of plastic packaging to be reusable, recyclable, or compostable by 2025*
- *Set an ambitious 2025 recycled content target across all plastic packaging used*
- *Commit to collaborate towards increasing reuse / recycling / composting rates for plastic*
- *Report annually and publicly on progress towards meeting these commitments*

Source Ellen MacArthur Foundation

… that go beyond international targets

Case Study: Comeos Commitment on Plastic (Belgium)

	Belgian retailers' commitment 2025	EU commitment 2030
Plastic packaging recycling	65%	55%
Household packaging recycling	95%	70%

Case Study: Food Retailer Commitment on Plastic (Sweden)

Two clear goals

2022	All plastic packaging to be recyclable
2030	All plastic packaging to be recycled or renewable plastic

Three practical steps

- Build a new plastic sorting plant capable of dealing with total Swedish plastic packaging demands, in partnership with plastic industry (260m SEK)
- Introduction of cost-based fees for packaging based on the packaging's recyclability, incentivizing recyclable packaging
- Analysis and monitoring of current packaging recyclability, with commitment to successively increasing this amount

Retailers implement many initiatives to improve health

Reformulating Products and Reducing Portion Sizes of Unhealthy Foods

Rebalancing Product Ranges

Informative Packaging and Labelling

Store Design and Layout

Encouraging Healthy Lifestyles

EXAMPLES

- Lidl Reduction Strategy 2025 (DE) will reduce salt and sugar in own-brand products by 20%
- Carrefour Belgium has reformulated products to reduce salt, sugar and fat (in particular saturated and trans fat) in own brand products, eliminating the equivalent of 2 million sugar cubes
- Ahold Delhaize (NL, BE, PT, RO, EL) targets 45% of private label sales to come from nutritious products by 2025
- Retailers have introduced new own brand ranges to support healthy consumer choices (e.g. Tesco 'Big on Taste', Mercadona 'Superfood')
- Small independent retailers (NL) are cooperating locally with the Hartstichting (Heart Foundation) and nutritionists to provide health education, cooking lessons, and blood pressure measurement in store.They sponsor locals sports clubs, and organise gymnastics classes for the elderly and school runs for children.
- Retailers provide detailed information on the nutritional contents of food, going well beyond legal requirements through traffic light like systems (e.g. Nutri-score)
- Several retailers (e.g. Lidl and Tesco in the UK) have removed sweets and chocolates from checkout areas to help consumers make healthy choices.
- Retailers have lead initiatives encouraging consumers to lead healthy lifestyles, such as Colruyt's "Cooking Class" in Belgium which includes free lesson plans for healthy cooking and physical activity
- Since 2005, the Decathlon Foundation has supported 500 projects and 400,000 beneficiaries with sports as a way to improve health and social inclusion

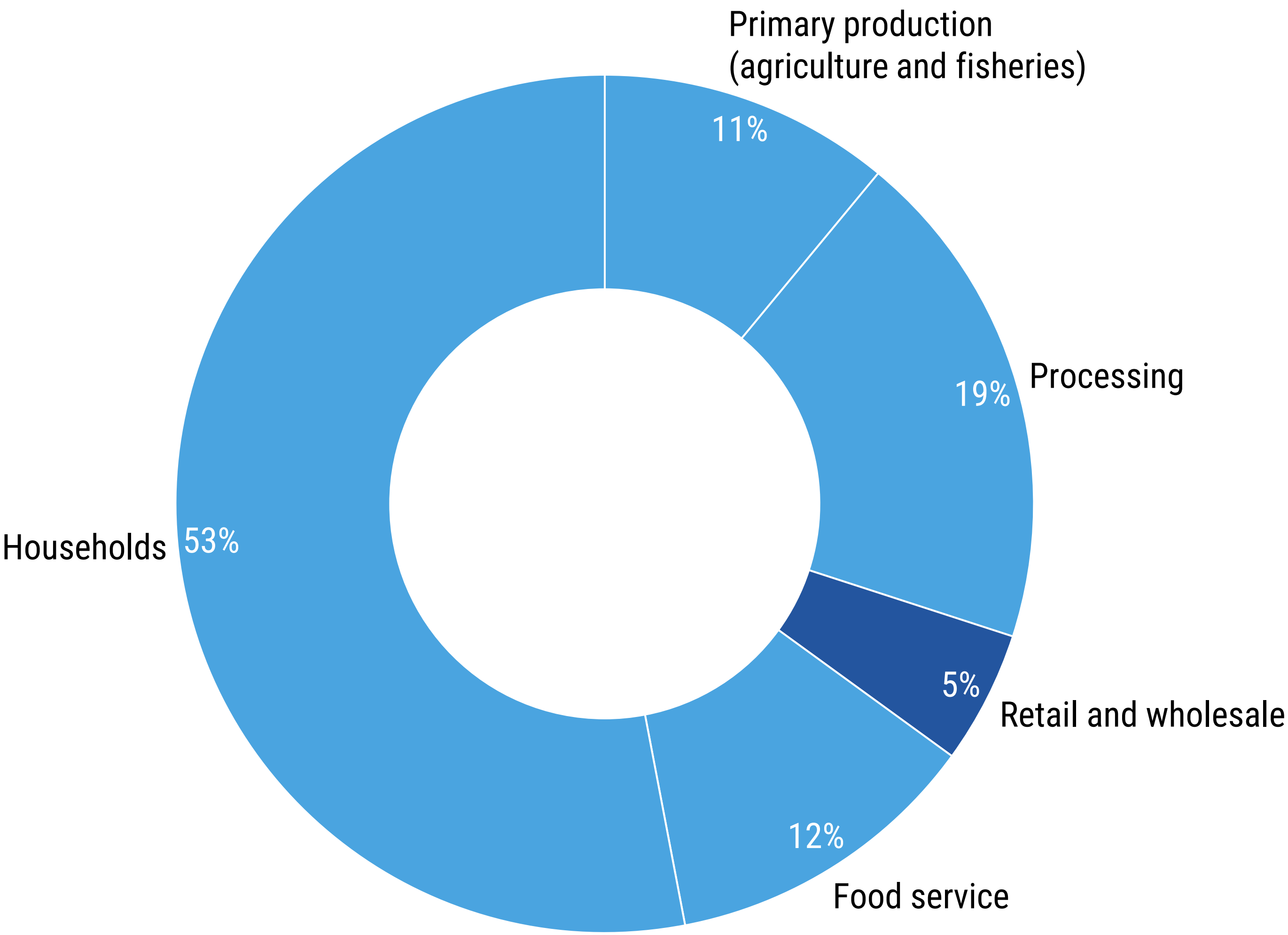
Source: EuroCommerce Members and Member Associations

In Spain, a multi-sector plan involving retailers, manufacturers, the government and other sectors has reduced salt, sugar, and fat in over 3,500 products since 2017

Source: AECOSAN

Retailers account for only 5% of food waste

Share of Food Waste by Value Chain Position (estimate for 2012) – EU27 + UK

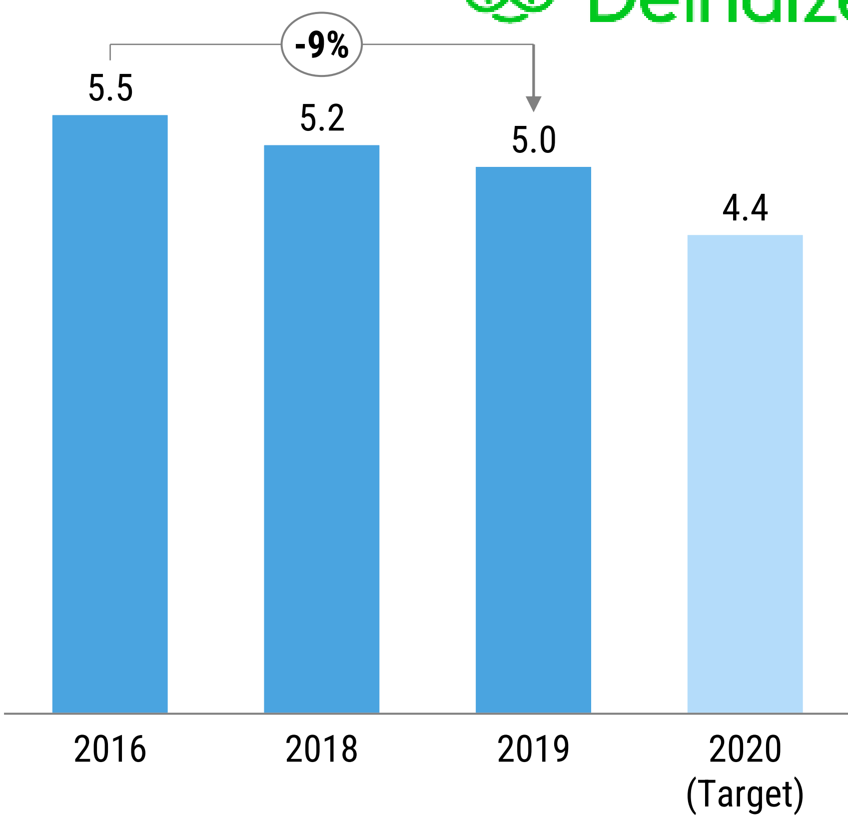


- With their very low margin levels, food retailers are very strongly focused on reducing losses in their operations, which typically is below 2% of sales
- For the remainder, many European retailers have partnered with NGOs or food banks to ensure that unsold food is given to the most needy populations

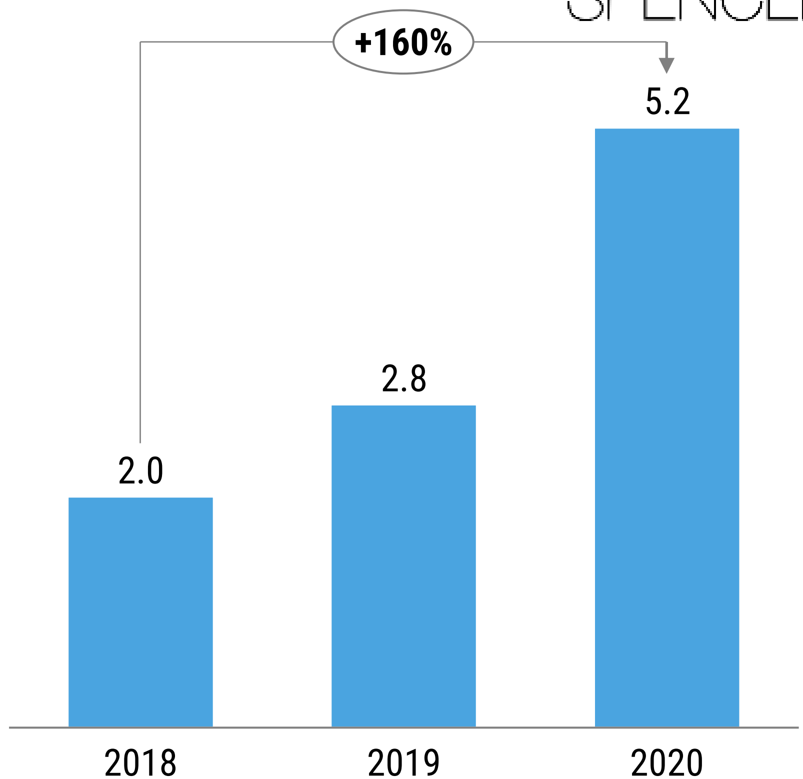
Source: European Commission FUSIONS Project

European food retailers have reduced their food waste and distributed more unsold food to charities

Ahold Delhaize Food Waste
Tonnes per €m food sales



Marks and Spencer food surplus distributed[1]
Millions of meal equivalents[2]



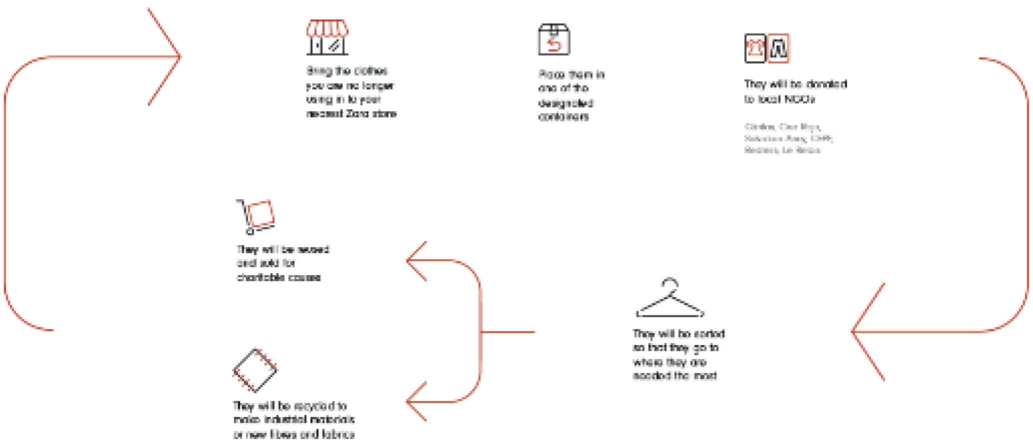
1. Marks and Spencer year end in March
2. Meal equivalents =420g of food

Source: Company reports

Leading apparel retailers collect used clothes for reuse or recyling

Inditex *Closing the Loop*

INDITEX



2,299 stores worldwide now have in-store collection bins, accepting any textiles (of any brand, in any state of repair)

>15,000 tons of garments collected in 2019

Expanding to home collection of garments (when delivering online orders) in Spain, Shanghai, Beijing, Paris, London, and New York

Marks and Spencer *Shwop*

MARKS & SPENCER OXFAM

All M&S clothing stores now have a “Shwop” box – customers can return any garments

These are then donated to Oxfam for resale, reuse, or recycling

>20 millions items collected since 2008, worth an estimated **£16 million** for Oxfam’s work

Source: Company Reports

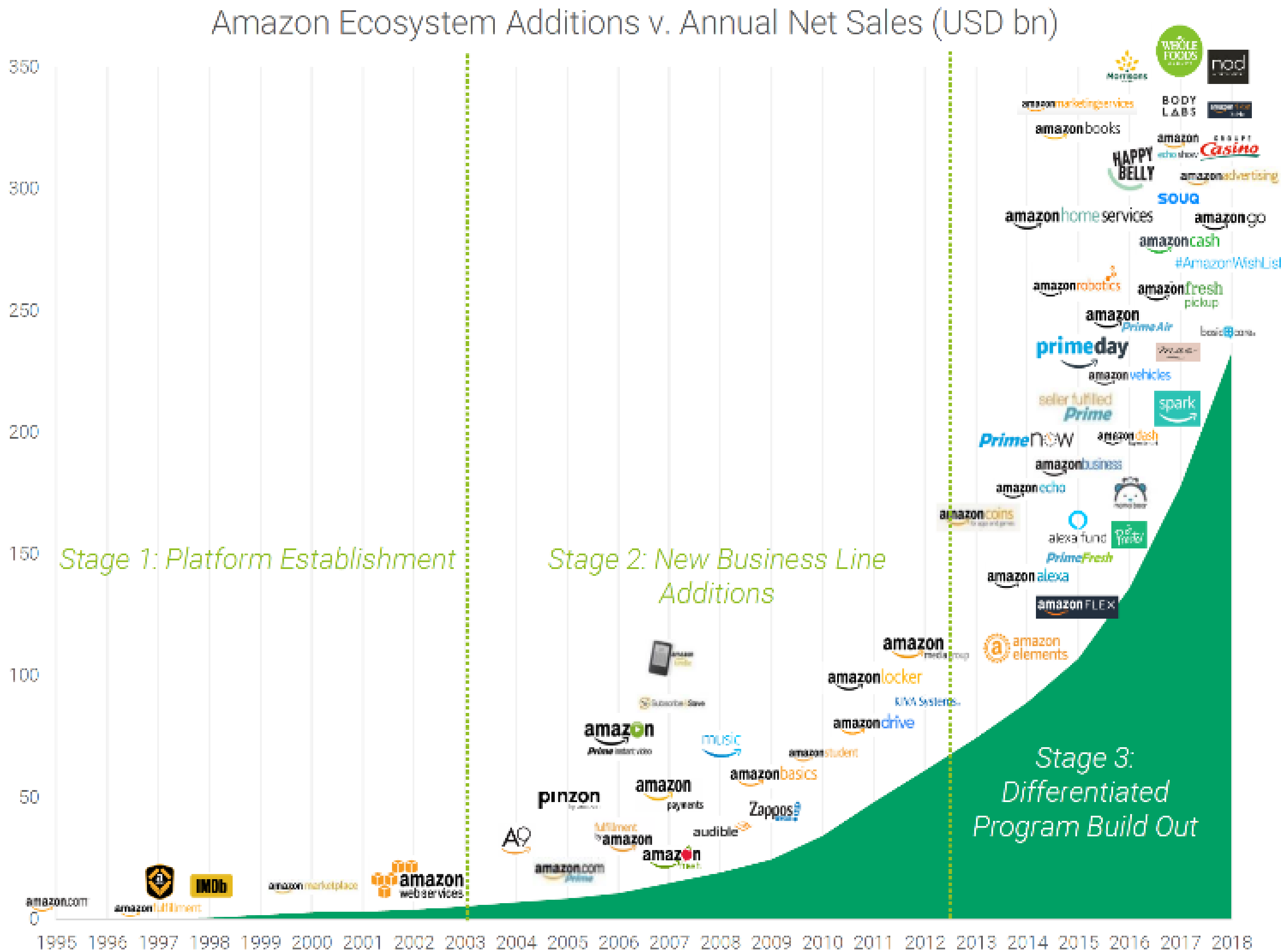
C5 Innovation – Key messages

- Retailers are a major source and driver of innovation
- Innovation in retail is a combination of change that is visible to and invisible to consumers
  - Retailers lead innovation through changes to their services and their products…
  - …and also to their operations
- Consumer demands on retailers are a driver of innovation
  - To provide better products
  - To provide more convenience
- Sustainability is a key driver of current innovation in retail
  - Lower impact packaging
  - Higher energy efficiency
  - More sustainable product development
- Costs also drive innovation
  - Reducing costs through operational improvements, automation, and product design

Innovation Profile: the Amazon ecosystem

Amazon has grown through consistently building its ecosystem depth

- Amazon provides physical store retail (mostly as Whole Foods) and leading e-commerce (both directly and through the Marketplace) as we would usually understand retail, but has grown its involvement in the retail value chain substantially
- Private label goods, finance, and fulfilment involvement are clear extensions of the customer facing component of retail…
- …but Amazon has also expanded into providing media content (as platform, commissioner, and even producer), social media / community services cloud computing, and even healthcare – all activities that lie mostly outside the traditional retail domain



Source: Edge

With technology, new shop models are changing the very idea of a retail store

Amazon Go

- Amazon Go is an emerging retail format where consumers can simply pick up goods which they wish to buy and walk out of the store, with artificial intelligencee identifying the items taken and charging customers accordingly
- Originally opened only to Amazon employees, there are now 27 Amazon Go stores in the United States and there are further planned openings
- In March 2020 Amazon adapted the “Just Walk Out” system so that the software can be licensed to other retailers

Amazon Go store in Seattle, US

Auchan Minute

- Small stores (<20 sqm) with small range of most important grocery items (~500 SKUs) can be open 24/7 without staff presence
- Customers pay with their smartphones
- Now more than 750 deployed in China

Source: LSA, Company Websites

Subscription loyalty cards are evolving broader range of benefits and services, and to encourage sustainable consumer choices

Members get 10% off two shopping trips per month, plus 10% off Tesco branded non-food items and double mobile data with Tesco Mobile

Members have access to faster delivery, annual Prime Day sales, Prime Video, Prime Music and Twitch Prime services

Cartao Continente has more than 4M subscribers and offers discounts across more than 20 distinct brands, including partnerships with airlines, pharmacies and restaurants

Members receive reductions of 5%-15% on products with high Nutri Score ratings, in addition to boosted discounts for members and loyalty points

Decathlon's loyalty schemes allow customers to return unwanted goods for longer, reducing waste, and to find sporting activities nearby, helping healthy lifestyles

Source: Company Websites

Leading European retailers

Top 50 global retailers (global retail sales 2019)

European retailers
Other retailers

	Company	$Bn
1	Wal-Mart	524.0
2	Amazon	158.4
3	Costco	153.0
4	Schwarz (Lidl, Kaufland)	126.1
5	Kroger	121.5
6	Walgreens Boots Alliance	116.0
7	Home Depot	110.2
8	Aldi	106.3
9	Carrefour	90.5
10	CVS	86.6
11	Tesco	81.3
12	Target	77.1
13	Ahold Delhaize	74.2
14	JD.com	73.9
15	Aeon	72.7
16	Lowe's	72.1
17	Albertsons	62.5
18	Edeka	61.2
19	Seven & i Holdings	58.6
20	Rewe Group	55.8
21	Auchan	51.3
22	Best Buy	43.6
23	E Leclerc	43.4
24	LVMH	41.8
25	Woolworths	41.8

	Company	$Bn
26	TJX	41.7
27	IKEA	41.6
28	Casino	38.8
29	Publix	38.0
30	Suning.com	36.7
31	J Sainsbury	36.3
32	Loblaw	35.5
33	ITM	35.4
34	Inditex (Zara, Massimo Dutti, Pull&Bear…)	31.6
35	HE Butt	28.2
36	Dollar General	27.8
37	X5 Retail	26.8
38	Mercadona	26.1
39	Metro AG	25.4
40	Coles	25.1
41	Migros Genossenschafts Bund	25.0
42	H&M	24.7
43	Macy's	24.6
44	Groupe Adeo	24.5
45	Ceconomy (MediaMarkt, Saturn)	24.2
46	Dollar General	23.6
47	Coop Group Switzerland	23.3
48	Système U	22.9
49	WM Morrison	22.4
50	AS Watson	21.6

Source: Deloitte Global Powers of Retail, Annual Reports

Top 50 European retailers (global retail sales 2019)

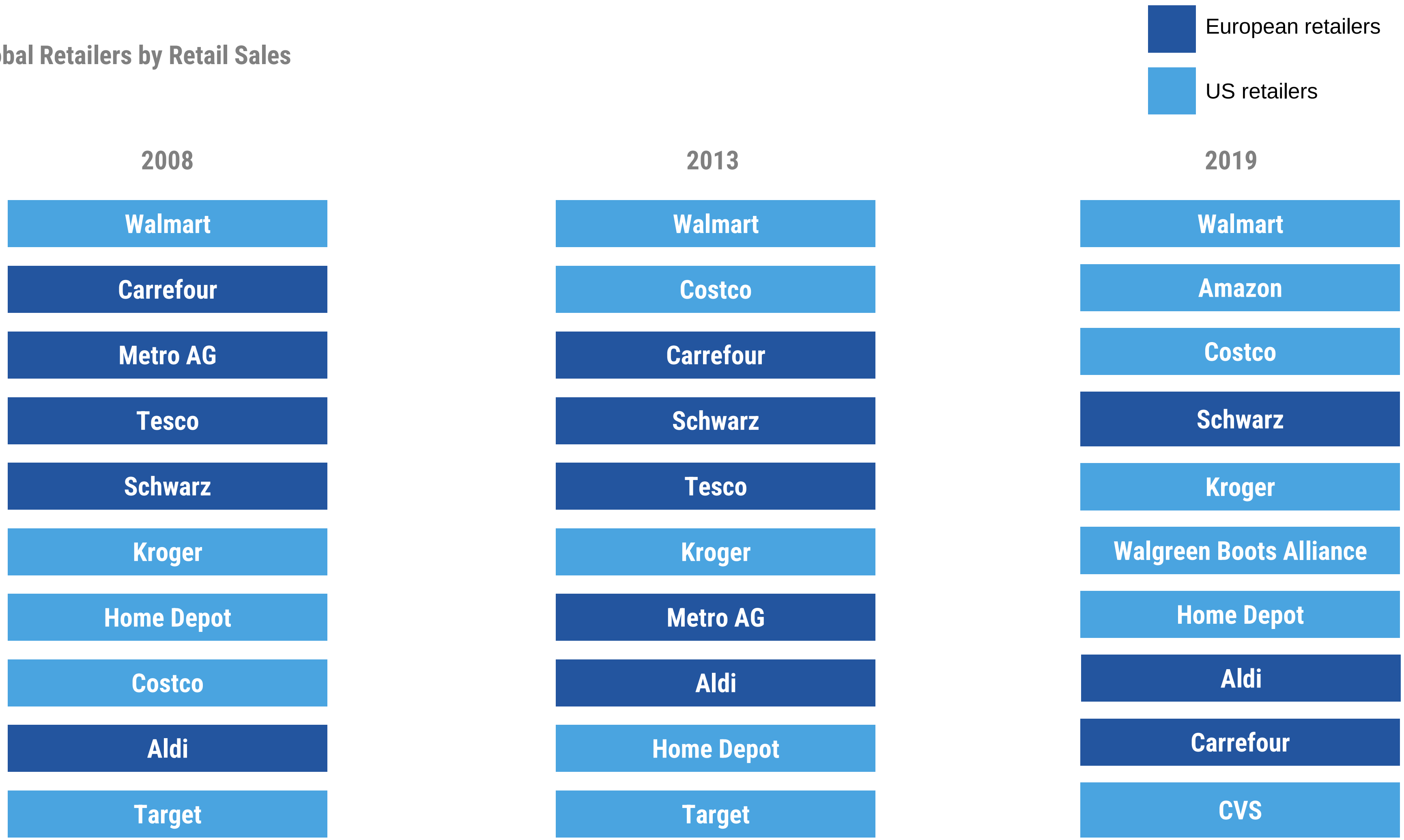
	Company	$Bn
1	Schwarz Group (Lidl-Kaufland)	126.1
2	Aldi	106.3
3	Carrefour	90.5
4	Tesco	81.3
5	Ahold Delhaize	74.2
6	Edeka	61.2
7	Rewe Group	55.8
8	Auchan	51.2
9	E Leclerc	43.4
10	LVMH	41.8
11	IKEA / INGKA	41.6
12	Casino	38.8
13	J Sainsbury	36.3
14	Intermarché Les Mousquetaires	35.4
15	Inditex	31.6
16	X5	26.8
17	Mercadona	26.1
18	Metro AG	25.3
19	Migros	25.0
20	H&M	24.7
21	Groupe Adeo (Leroy Merlin)	24.5
22	Ceconomy (Mediamarkt-Saturn)	24.2
23	Coop Switzerland	23.3
24	Système U	22.9
25	WM Morrisons	22.4

	Company	$Bn
26	Jerónimo Martins (Pingo Doce-Biedronka)	20.9
27	Kingfisher	14.7
28	El Corte Inglés	14.6
29	Conad	14.3
30	Décathlon	13.9
31	Coop Italia	13.5
32	Kering	13.5
33	John Lewis Partnership	13.0
34	Marks and Spencer	12.9
35	Dixons Carphone	12.9
36	Spar Austria	12.4
37	ICA Gruppen	12.2
38	Otto	11.9
39	S Group (SOK)	11.6
40	Dirk Rossmann	11.2
41	Richemont	11.1
42	dm-drogerie markt	10.8
43	NorgesGruppen	10.0
44	ABF / Primark	10.0
45	Coop UK	9.8
46	Signa (Karstadt-Kaufhof-Inno)	9.5
47	Esselunga	9.0
48	Cora-Louis Delhaize	8.9
49	Tengelmann	8.9
50	Colruyt Group	8.8

Source: Deloitte, Global Powers of Retail, 2021, Annual reports
Note: Several of these retail companies are cooperative structures, group of independent retailers, or franchise organisations, with therefore many small-and-medium sized enterprises underpinning these global leaders.

European retailers are less present in the Global Top 10 than 10 years ago

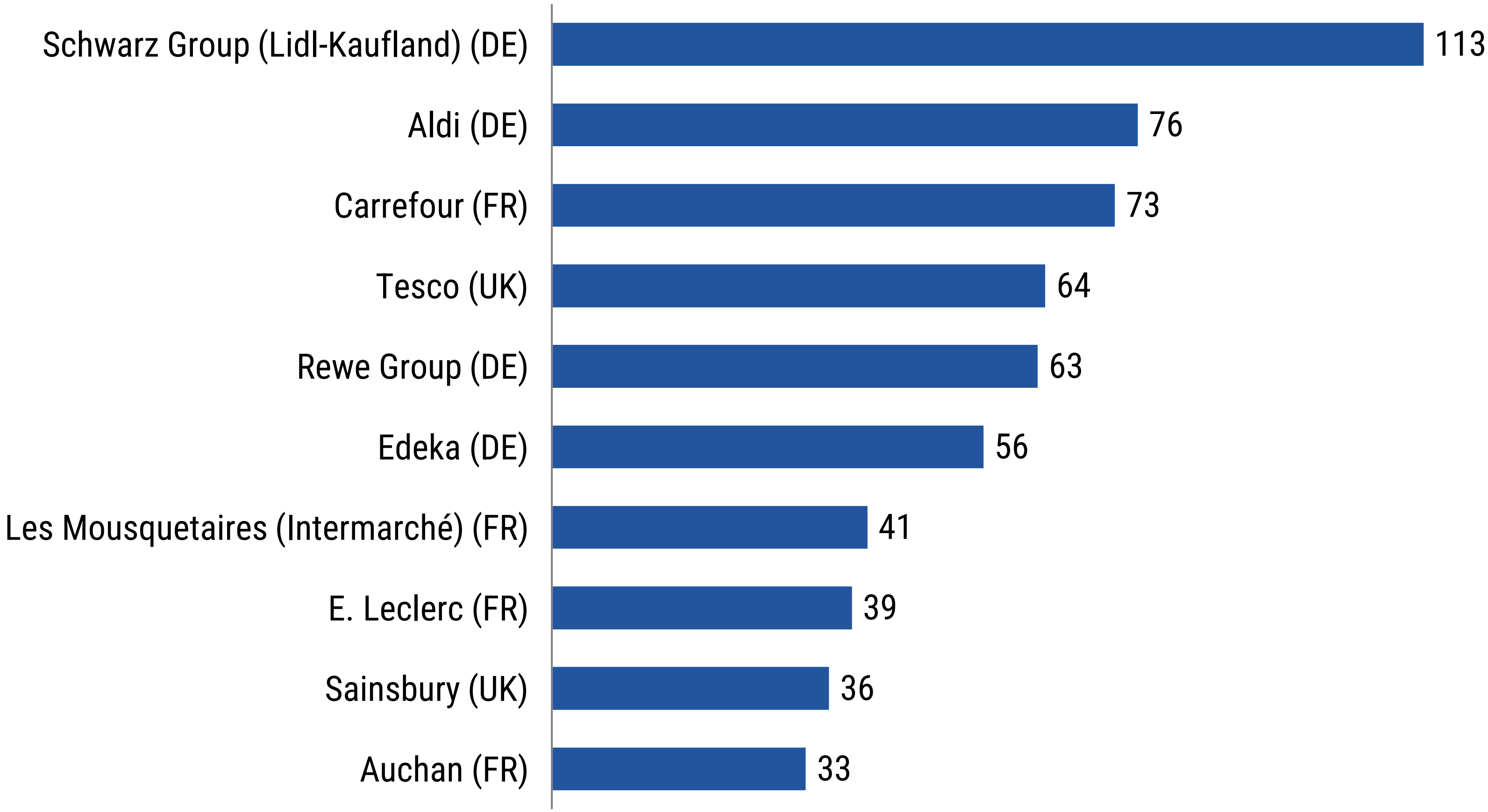
Top 10 Global Retailers by Retail Sales



Source: Deloitte Global Powers of Retail, EuroCommerce analysis

D: Top retailers

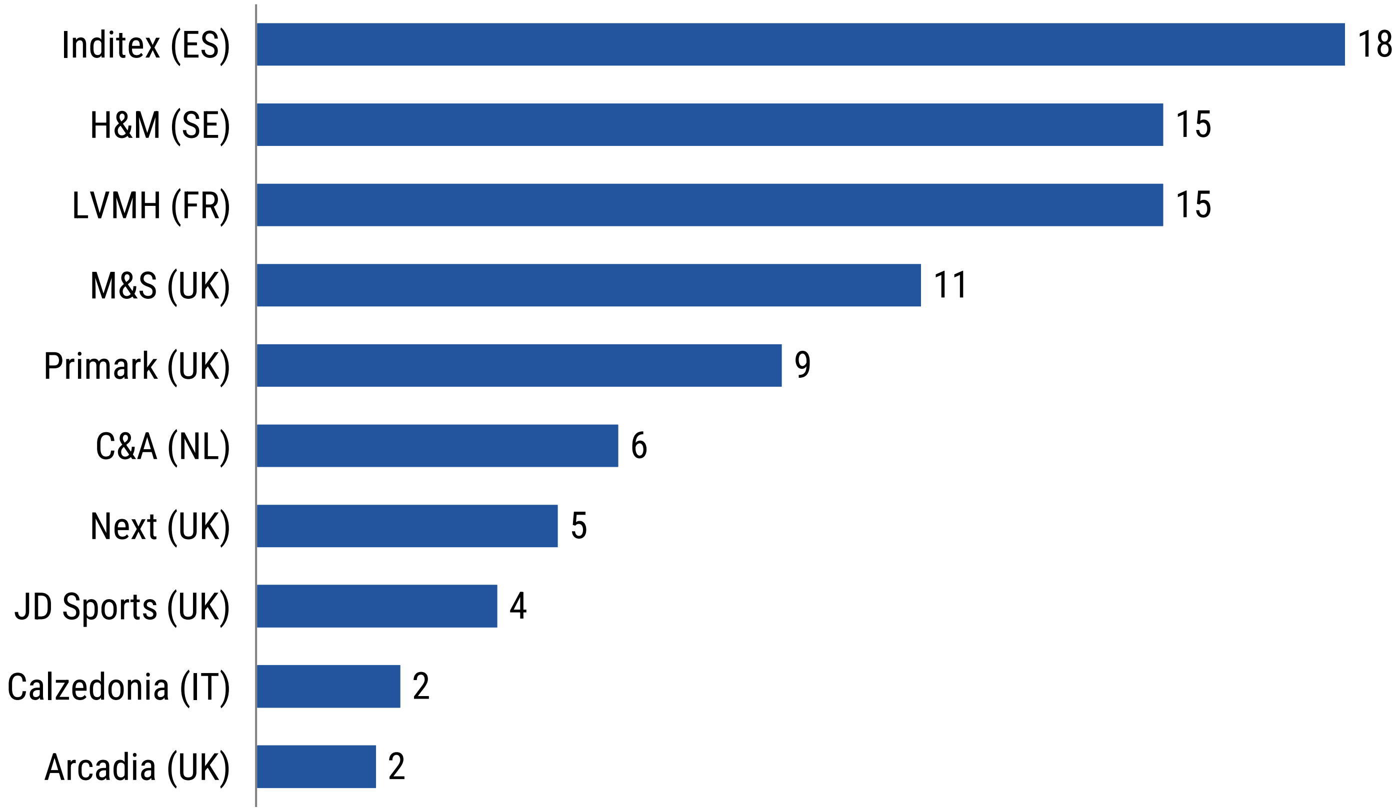
Top 10 European food retailers (European sales 2019, €bn)



Note: Several of these retail companies are cooperative structures, group of independent retailers, or franchise organisations, with therefore many small-and-medium sized enterprises underpinning these global leaders

Source: Retail Index

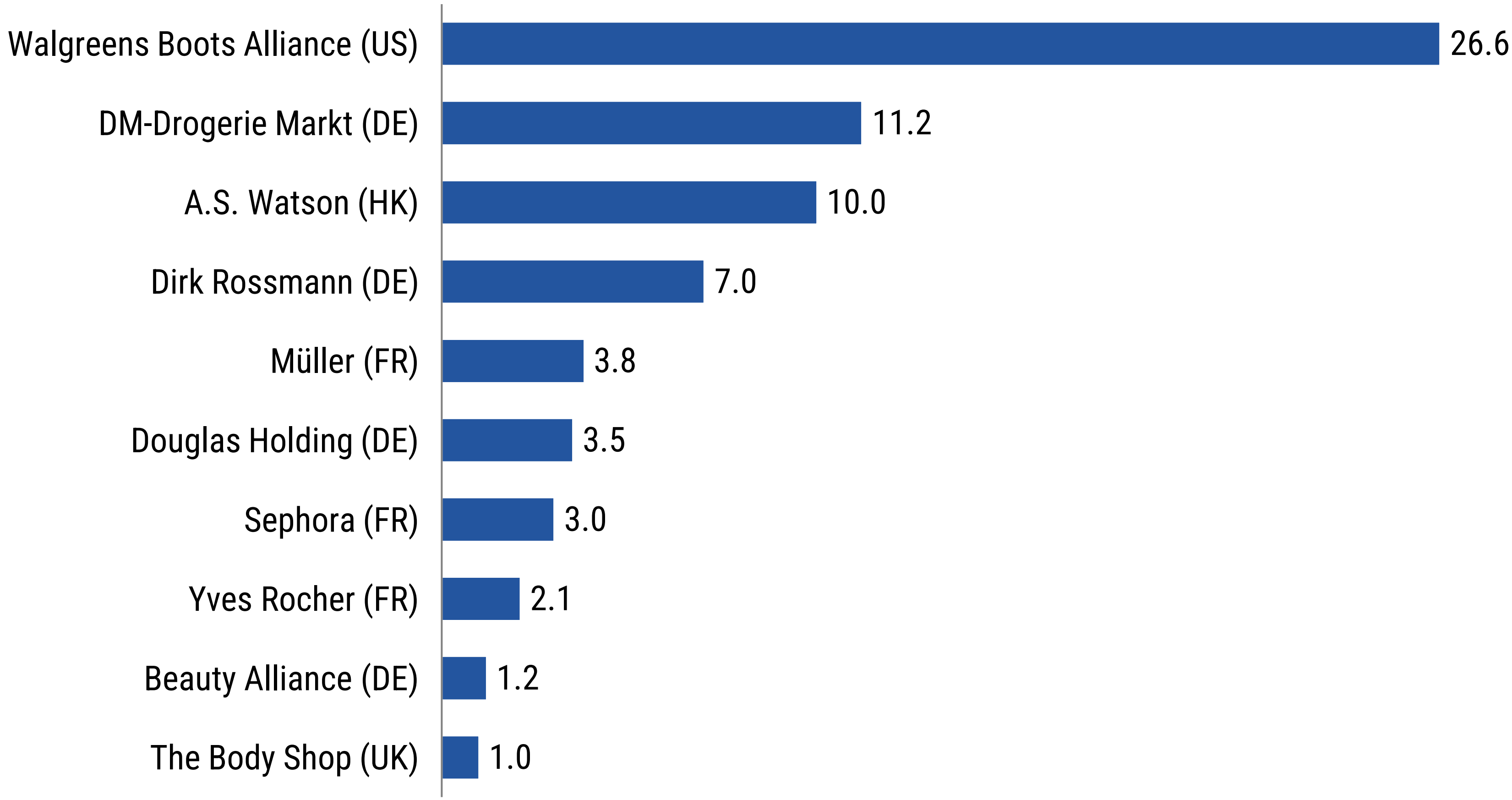
Top 10 European fashion and clothing retailers (European sales 2019, €bn)



Note: Values for C&A, Calzedonia and Arcadia are estimates

Source: Retail Index

Top 10 European personal care retailers (European sales 2019, €bn)

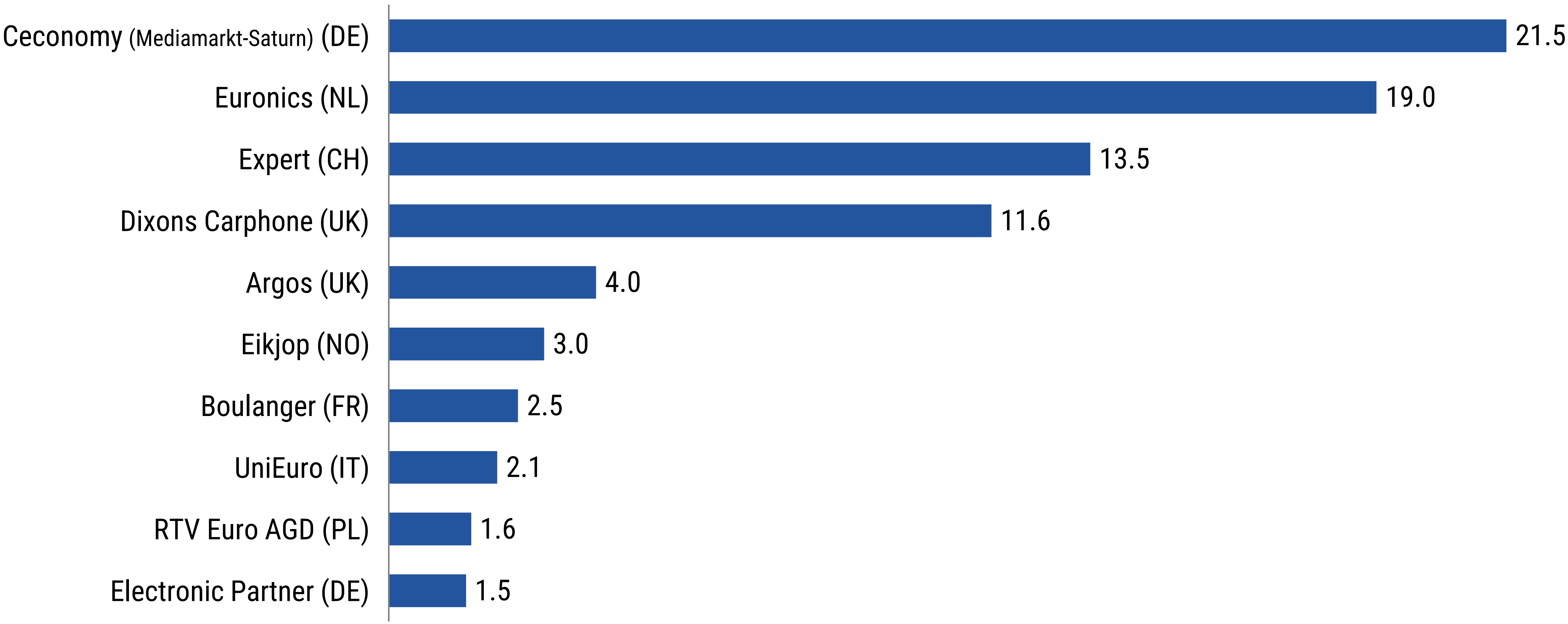


Note: Values for Müller, Sephora, Yves Rocher and The Body Shop are estimates; values for A.S. Watson, Sephora, Yves Rocher and The Body Shop are from 2018

Source: Retail Index

D: Top retailers

Top 10 European consumer electronics retailers (European sales 2019, €bn)

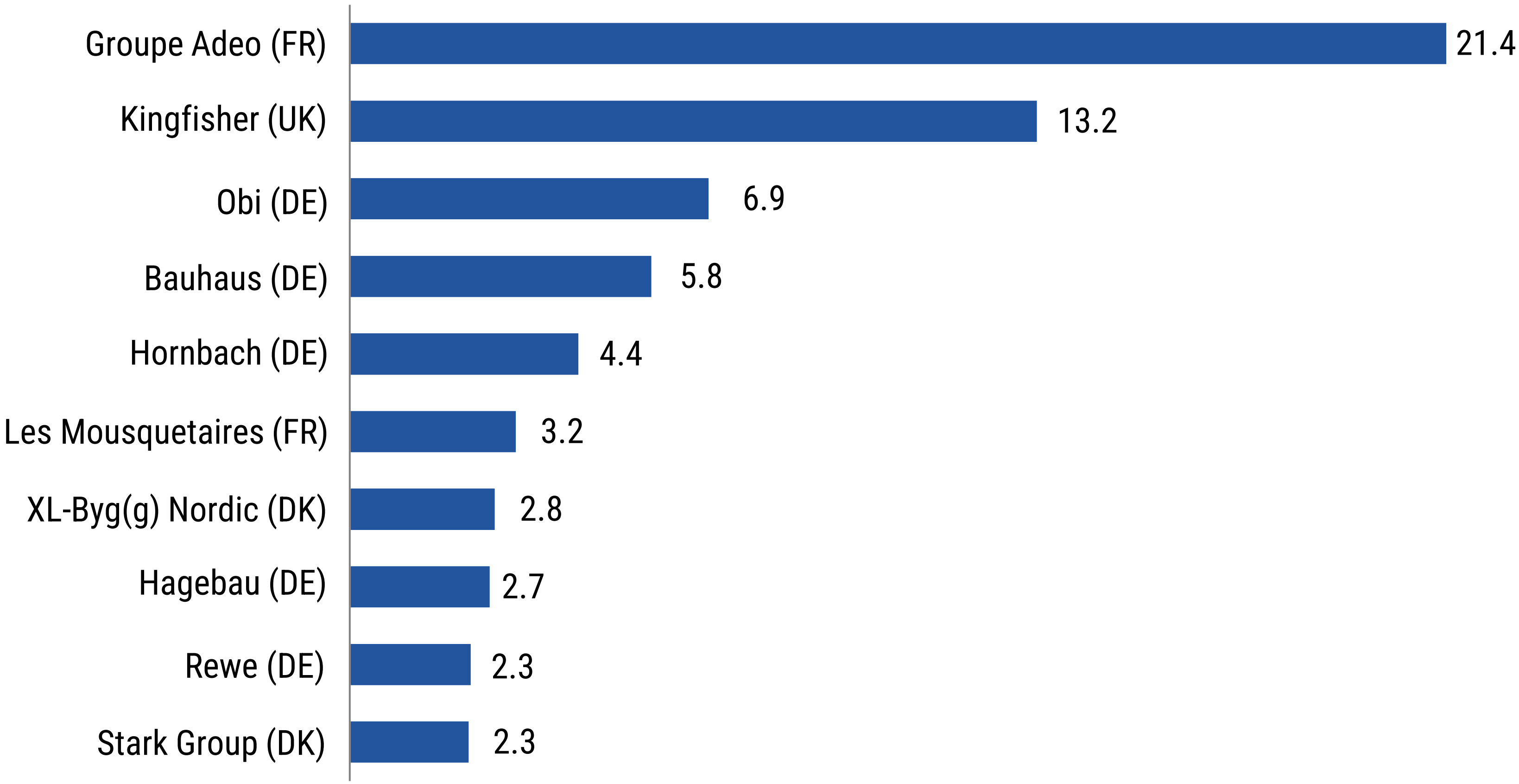


Notes:
Values for Euronics, Argos, and Elkjop are estimates. Value for RTV Euro AGD is for 2018
Some of these retail companies are cooperative structures, group of independent retailers, or franchise organisations, with therefore many small-and-medium sized enterprises underpinning these global leaders

Source: Retail Index

D: Top retailers

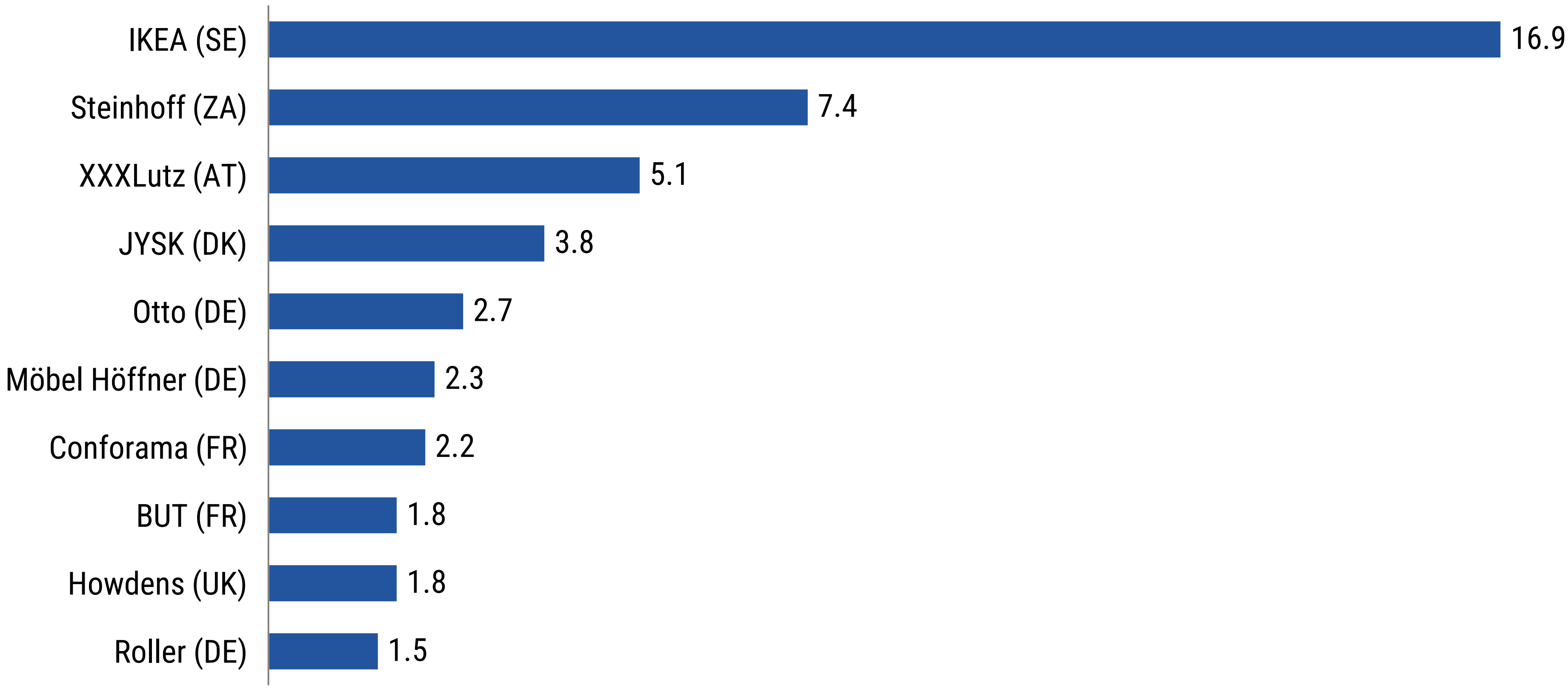
Top 10 European DIY / home improvement retailers (European sales 2019, €bn)



Notes:
Some of these retail companies are cooperative structures, group of independent retailers, or franchise organisations, with therefore many small-and-medium sized enterprises underpinning these global leaders
Values for Groupe Adeo, Leroy Merlin, Hagebau and Maxeda are estimates.
Leroy Merlin is part of Adeo Group. Adeo Group also owns other DIY banners such as Weldom, Bricocenter, Zodio, Aki, Bricoman or ProBox.

Source: EDRA

Top 10 European furniture retailers (European sales 2019, €bn)



Note: Value for Steinhoff is 2018 sales; value for Otto is estimated; Conforama was part of Steinhoff but since 2020 associated with BUT

Source: Retail Index

For further information, please contact:

Christian Verschueren, Director-General - guedes@eurocommerce.eu
Jean-Albert Nyssens, Chief economist – nyssens@eurocommerce.eu

Telephone: +32 2 738 06 40

www.eurocommerce.eu