

GLOBAL RETAIL NEWSLETTER

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SUMMARY

MARCH 2010

INTERNATIONAL

. Fragile confidence among investors : transactions in 2010 in the same level as in 2004
. In short : Matahari, Indonesia's largest department store chain, is acquired by CVC Capital Partners for US\$ 765 million... Global private equity firm Bain Capital is to acquire the master franchise of Domino's Pizza in Japan and will expand the geographic coverage of the fast food chain beyond Tokyo and Osaka... The Gruppo Coin merger with Upim variety stores will give birth to Italy's largest clothing retailer... Ikea market share... Austrian developer UBM is working on 3 shopping mall projects in Poland accounting for an investment of € 80 million in the cities of Gdynia, Lublin and Sosnowiec... 129 Karstadt department stores interest six potential buyers... Carrefour will sell its Moscow store and leasing rights to French Auchan and German Obi... The CBD-Pao de Açucar merger with Casas Bahia was stopped by the official competition authorities of Brazil, which continue their investigation of the deal... Chilean Cencosud announced that Peru's Wong family planned to sell its 2.28%-stake for \$ 176 million... American grocery magnate Ron Burkle is seeking to take the control of Barney's New York...

EUROPE

. Unibail-Rodamco acquires Simon Ivanhoe for € 715 million (\$ 976.6 million)
. Explosion of online retail sales

FRANCE

. The franchise sector in 2009
. The French furniture market was in sharp contrast in 2009
. Retif Group, Europe's largest shopfitting retailer, has reached an agreement on the restructuring of its debt
. Go Sport, back to profitability in 2009
. PPR : business improved in Q4
. Carrefour : net income fell 70% in 2009

GERMANY

. Retail sales decline in 2009. Competition between discount and supermarket chains

RUSSIAN FEDERATION

. Fast food chains : McDonald's celebrated its 20th birthday and Burger King has entered the market

SWEDEN

- . Hennes & Mauritz : monthly sales growth

UNITED KINGDOM

- . Asda is to open small urban stores

AMERICAS

UNITED STATES

- . Commercial property prospects fro 2010
- . Simon Property offered \$ 10 billion to buy General Growth Properties, its competitor
- . Wal-Mart : new organization for a greater efficiency in the management of the 3,700 U.S stores. Consolidation of some American operations through the breakdown of the country into 3 regions managed by different presidents
- . Whole Foods Market on the recovery way
- . The furniture market sees positive signs

VENEZUELA

- . Negotiations led by the government on the acquisition of Casino's stake in Cativen

ASIA

CHINA

- . Retail sales in 2009 hit \$ 183 billion, up 15.5%
- . Evolution of the Chinese consumer

INDIA

- . New global brands to enter the Indian market

JAPAN

- . Uniqlo is looking for acquisitions
- . Seven & I Holdings closed a new Seibu department store in central Tokyo at the end of December

MIDDLE EAST/NORTH AFRICA

- . Bloomingdale's opened stores for the 1st time outside the U.S. in Dubai Mall, Middle East's largest shopping mall on February 1
- . Carrefour in Iraq
- . Fnac is entering Morocco

You can also read the following studies :

✓ Retail Globalization

**A few lines from our articles in
GLOBAL RETAIL NEWSLETTER
MARCH 2010**

■ INTERNATIONAL RETAIL GLOBALIZATION

The report on the globalization of the retail trade by CB Richard Ellis shows that in 2008-9 some retailers had to put the brakes, even stop, their international expansion cautiously considering the economic context to survive. Others seized a new opportunity to grow their market share more rapidly than at home. Since, the environment changed highly.

Key factors.

The survey of 208 retailers in 67 countries shows that 46% were present in each of the world's three main regions. But, retail globalization is still in its infancy there.

United Kingdom remains the most attractive country for foreign retailers : 58% of them are present there. Generally, Europe is considered as the most international retail market.

Luxury retailers, present in more than 27 countries, and clothing/footwear retailers are much more international than those of other sectors.

London dominates the ranking with more than 60% of all surveyed retailers. Paris and New York are sitting in the second and 3rd positions and Dubai in the 4th.

Retailers from all sectors continued their expansion in 2008 despite the fast slowdown of the business : those surveyed were on average present in 16.5 foreign countries at the end of 2008 up from 14.7 countries at the end of 2007.

Retailers not only continued going international but global : more than 40% of all new openings in 2008 were outside their home markets.

Main beneficiaries of this globalization were emerging markets with Middle East, Asia and Eastern Europe dominating the new openings. Major franchise opportunities, particularly in Asia and Middle East, helped some retailers to enter new markets at least costs and low risks.

2007/8 Global country ranking

2008 rank	country	% of retailers present in country		2007 rank
		2008	2007	
1	United Kingdom	58%	55%	1
2	Spain	48	47	2
3	France	46	43	4
4	United Arab Emirates	45	39	6
5	Germany	45	44	3
6	China	42	37	10
7	Russia	42	38	9
8	Italy	41	40	5
9	Switzerland	40	38	8
10	United States	39	39	7
11	Belgium	38	34	12
12	Austria	38	36	11
13	Canada	37	31	18
14	Japan	37	33	13
15	Saudi Arabia	37	24	31
16	Singapore	36	33	14
17	Turkey	36	30	23
18	Hong Kong	34	31	19

Source : CB Richard Ellis, Special Report 2009

Retailers were looking for emerging countries mainly : Saudi Arabia jumped from the 31st ranking to the 15th, Kuwait from the 30th to the 19th, Turkey from 23rd to the 17th and China from the 10th to the 6th. Retailers were particularly attracted by the growing number of consumers, the availability of sites, the opening of new large shopping centers, factors being often determining to enter a new country.

To read the complete article, please contact :

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■ UNITED STATES

Wal-Mart : new organization for a greater efficiency in the management of the 3,700 U.S stores. Consolidation of some American operations through the breakdown of the country into 3 regions managed by different presidents.

Wal-Mart Stores consolidates logistics, real estate and store operations under the management of Bill Simon, Chief Operation Officer in the U.S. Andy Barron will be in charge of the store merchandising and strategy of the new units : Walmart West, Walmart South and Walmart North. This decision was taken for a greater efficiency and cost reduction leading to lower prices and growing sales.

World's largest retailer by sales creates also a new division, Global.com, to overview its global online activity and appointed Wan Ling Martello Chief Operating Officer. Raul Vazquez, former chief of Walmart.com in the U.S, is now president of Walmart West. In addition, 11,200 positions were cancelled in Sam's Clubs.

These changes happen under the management of Mike Duke, Chairman and ceo at the helm of the firm since February 1st, 2009 succeeding Lee Scott, who retired. The retailer also studied the ways to supply stores with merchandise better adapted to local tastes and analyzed the means to open stores in new markets as it has saturated many regions with large supercenters. Wal-Mart also signed a \$ 2 billion-sourcing agreement with Li & Fung Ltd from Canton that should lead to savings.

In the 4th quarter, thanks to the tight cost control, Wal-Mart posted a profit up 22.2% to \$ 4.63 billion on sales rising 4.5% to 113.65 billion helped by the international division up 19.5% to \$ 29.57 billion and to 200 new stores. But, same-store sales in the U.S slid 2% excluding fuel in the 13-week to January 29 due in particular to falling prices in grocery and electronics.

In full year 2009, sales rose 1% to \$ 405 billion and profit was 14.3 billion up from 13.4 billion one year earlier. International sales made more than \$ 100 billion for the 1st time (up 1.3%). Sam's Club sales dropped 0.4% to \$ 46.7 billion but improved by 3.8% in the 4th quarter (\$ 12.28 billion). For the current quarter, the giant expects U.S. same-store-sales to be stable, plus or minus a percentage point.

Last year, the giant added 3 million new sq.m of sales space including more than half outside the US.

■ JAPAN

JAPAN

Uniqlo is looking for acquisitions.

Fast Retailing, the Japanese mother company of the fast fashion Uniqlo and other brands (Comptoir des Cotonniers, Princesse Tam Tam and Theory), is seeking to invest \$ 11 billion to reinforce its global presence. It reaffirmed its goal to transform Uniqlo into a clothing giant worldwide and overtake Gap and H&M through acquisitions particularly in the U.S and in Europe. According to it, organic growth would take more

time. Its financial position is solid with roughly \$ 1.8 billion in cash and \$ 2.8 billion in net assets in the year to end of August. Annual sales were up 17% to 685 billion of yen and net income rose 14% to 49.80 billion. Uniqlo international sales accounted for 5.5% of the total, or \$ 419 million, and the other brands 8.1%.

Fast Retailing, Japan's leading clothing chain by sales, is in full contrast with other Japan major firms seeking to expand outside the archipelago but with less cash in this period of economic crisis.

Tadashi Yanai, one of Japan's richest men, who founded Fast Retailing in 1984, declared having learnt lessons from the past mistakes. In 2003, it closed 16 of its 21 shops in U.K (to grow to 14 later) and a small number in the U.S. due to poor performance. In the U.S. he kept only one, opened in 2006, in New York in the SoHo district. It was there convinced to continue expanding in major urban zones, which are more ready to accept foreign brands.

Uniqlo concentrates its growth efforts on Asia : China, Hong Kong, South Korea, Singapore and Taiwan, markets it considers as still under-developed compared to the U.S. and Europe. However, it declared it would not rush to open the 6 to 10 more sites in Paris before 2011 despite the early success met in the 1st unit opened in the Opera district, which generates the highest sales of all its 880 stores.

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